



ANNUAL REPORT 2020 ▶

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This Annual Report contains forward-looking statements, beliefs or opinions regarding the Group, such as statements about the Group’s future business, future position and results of operations, including estimates, forecasts, targets and plans for the Group. Without limitation, forward-looking statements often include the words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “would”, “could”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof. Any forward-looking statements in this Annual Report are based on the current assumptions and beliefs of the Group in light of the information currently available to it as of the date hereof. Such forward-looking statements do not represent any guarantee by any member of the Group or its management of future performance and involve known and unknown risks, uncertainties and other factors, including but not limited to: the success of the Group’s business model; the Group’s ability to procure funding and the effect of its funding arrangements; key person risks relating to the management team of SBG; risks relating to and affecting the Group’s investment activities; risks relating to SoftBank Vision Fund L.P., its investments, investors and investees; risks relating to SoftBank Corp. and the success of its business; risks relating to law, regulation and regulatory regimes; risks relating to intellectual property; and litigation;, any of which may cause the Group’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking statements. For more information on these and other factors which may affect the Group’s results, performance, achievements, or financial position, see “Risk Factors” on SBG’s website at https://group.softbank/en/ir/investors/management_policy/risk_factor. None of the Group nor its management gives any assurances that the expectations expressed in these forward-looking statements will turn out to be correct, and actual results, performance or achievements could materially differ from expectations. Persons viewing this Annual Report should not place undue reliance on forward looking statements. The Company undertakes no obligation to update any of the forward-looking statements contained in this Annual Report or any other forward-looking statements the Company may make. Past performance is not an indicator of future results and the results of the Group in this Annual Report may not be indicative of, and are not an estimate, forecast or projection of the Group’s future results.

The Company does not guarantee the accuracy of information in this Annual Report regarding companies (including, but not limited to, those in which SB Funds (as defined below) have invested) other than the Group which has been quoted from public and other sources.

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Names of companies, products and services that appear in this Annual Report are trademarks or registered trademarks of their respective companies.

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The above disclaimers apply with equal force to the securities of any of the Group which are or may in the future be the subject of un-sponsored ADR programs, such as SoftBank Corp. or Z Holdings Corporation.

Notice Regarding Fund Information Contained in This Annual Report

This Annual Report is furnished to you for informational purposes and is not, and may not be relied on in any manner as, legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy limited partnership or comparable limited liability equity interests in any fund managed by a subsidiary of SoftBank Group Corp. (the “SB Fund Managers” and each an “SB Fund Manager”, and including SB Investment Advisers (UK) Ltd. and any affiliates thereof (“SBIA”)) (such funds together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle collectively, the “SB Funds” and each an “SB Fund”, including SoftBank Vision Fund L.P. (the “Vision Fund I”).).

None of the SB Funds, the SB Fund Managers, including SBIA, any successor or future fund managed by a SB Fund Manager, SoftBank Group Corp. or their respective affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of the SB Funds or any other entity referenced in this Annual Report, or future performance of any successor fund managed by a SB Fund Manager.

For the avoidance of doubt, the SB Funds are prior funds managed by an SB Fund Manager which are not being offered to investors. Information relating to the performance of the SB Funds or any other entity referenced in this Annual Report has been included for background purposes only and should not be considered an indication of the future performance of the relevant SB Fund, any other entity referenced in this Annual Report or any future fund managed by an SB Fund Manager. References to any specific investments of an SB Fund, to the extent included therein, are presented to illustrate the relevant SB Fund Manager's investment process and operating philosophy only and should not be construed as a recommendation of any particular investment or security. The investment performance of individual investments of an SB Fund may vary and the performance of the selected transactions is not necessarily indicative of the performance of all of the applicable prior investments. The specific investments identified and described in this Annual Report do not represent all of the investments made by the relevant SB Fund Manager, and no assumption should be made that investments identified and discussed therein were or will be profitable.

The performance of an SB Fund in this Annual Report is based on unrealized valuations of portfolio investments. Valuations of unrealized investments are based on assumptions and factors (including, for example, as of the date of the valuation, average multiples of comparable companies, and other considerations) that the relevant SB Fund Manager believes are reasonable under the circumstances relating to each particular investment. However, there can be no assurance that unrealized investments will be realized at the valuations indicated in this Annual Report or used to calculate the returns contained therein, and transaction costs connected with such realizations remain unknown and, therefore, are not factored into such calculations. Estimates of unrealized value are subject to numerous variables that change over time. The actual realized returns on the relevant SB Fund's unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the relevant SB Fund Manager's valuations are based.

Past performance is not necessarily indicative of future results. The performance of an SB Fund or any future fund managed by an SB Fund Manager may be materially lower than the performance information presented in this Annual Report. There can be no assurance that each SB Fund or any future fund managed by the relevant SB Fund Manager will achieve comparable results as those presented therein.

The actual realized return on unrealized investments by an SB Fund may differ materially from the performance information indicated in this Annual Report. No assumption should be made that investments identified and discussed in this Annual Report were or will be profitable, or that investments made in the future will be comparable in quality or performance to the investments described therein.

Third-party logos and vendor information included in this Annual Report are provided for illustrative purposes only. Inclusion of such logos does not imply affiliation with or endorsement by such firms or businesses. There is no guarantee that an SB Fund Manager, an SB Fund's portfolio companies, any future portfolio companies of a future fund managed by an SB Fund Manager or SoftBank Group Corp. will work with any of the firms or businesses whose logos are included in this Annual Report in the future.

SBIA manages separate and independent operations and processes from those of SoftBank Group Corp., and any SB Funds managed by SBIA, including Vision Fund I, are solely managed by SBIA.

Adoption of IFRSs

The Company has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) from the three-month period ended June 30, 2013 (the first quarter of the fiscal year ended March 31, 2014). The date of transition to IFRS was April 1, 2012. The financial data for the year ended March 31, 2013 has also been presented based on IFRS.

Definition of Terms

"Fiscal 2019" refers to the fiscal year ended March 31, 2020, and other fiscal years are referred to in a corresponding manner in this annual report. "FYE" denotes the fiscal year-end. For example, "FYE2019" denotes March 31, 2020, the last day of fiscal 2019.

Company Names







See page 110 for the abbreviations of subsidiary and associate company names.

Aim High

志
高
人

Our vision — what we are aspiring to achieve — is simple: more joy and inspiration to people around the globe. Partnering with companies that share the same vision, we are building a future in which the Information Revolution brings happier lives to everyone.

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Message from Our CEO

Leading the Digital Transformation While Increasing Shareholder Value

The COVID-19 crisis has created a new normal

Throughout human history, crises have forged a new normal. The cholera outbreak during the 19th century, for example, led to over one million fatalities worldwide. In a bid to eliminate the contamination of drinking water, one of the main causes of the cholera pandemic, sewer systems were constructed in major cities including London and Paris, which brought about the new normal of safe water. The Great Depression of 1929 created global havoc. In the U.S., the epicenter of the crisis, the economy deteriorated rapidly, and the unemployment rate hit 25%. Working to create jobs, the government launched a series of New Deal initiatives that resulted in widespread construction of much-needed infrastructure. With the completion of hydroelectric

dams and national roadways, the new normal of an electric-powered and automobile-based society came into full swing.

Currently, the novel coronavirus, COVID-19, is having a grave impact on people around the world. The number of global cases continues to increase, and human contact is subject to restrictions. The need to resolve the current situation is accelerating digital transformation at a dizzying pace while creating the new normal. Meetings, food delivery, education, medical care, shopping, and entertainment are all going online, and communication and interaction without human contact is spreading. Without doubt, this will shape the new normal in the future. Our history demonstrates that humanity will inevitably utilize its wisdom and do its utmost to solve any issue when confronted by a crisis.

Our portfolio companies are tackling the pandemic

Since our foundation, we have grown by driving the digital transformation. Our portfolio companies similarly have made hard-fought efforts to address the current COVID-19 crisis. Here, I would like to introduce some specific examples from portfolio companies of SoftBank Vision Fund (the "Vision Fund").

Uber Eats, a food delivery service operated by U.S.-based Uber Technologies, posted gross bookings of \$4.7 billion in the January to March quarter of 2020, up 52% year on year.*¹ DoorDash, also based in the U.S., and GRAB HOLDINGS out of Singapore are also seeing a rapid expansion of similar services. In



See page 11 for details of shareholder value.

the online medical care service area, Ping An Good Doctor, China's online healthcare ecosystem platform, had 1.11 billion visits to their app over the three-week period from January 20, 2020.*² Amid a rash of school closures, Zuoyebang Education, a provider of online educational services in China, reported a year-on-year increase of 52% in the number of monthly active users to 137 million in April 2020.*³ In the entertainment sector, ByteDance in China enjoyed more than 315 million global downloads of its TikTok social video-sharing app in the January to March quarter of 2020, presumably the highest for any app, surpassing WhatsApp and Facebook.*⁴ Slack Technologies, with its highly-rated service to support remote working, reported a 28% year-on-year increase in its customer base to 122,000 in April 2020.*⁵

Some of the Vision Fund's portfolio companies are working to respond directly to the COVID-19 crisis. Vir Biotechnology in the U.S. is using AI to develop treatment and vaccines. The company has identified thousands of candidate antibodies and plans to begin clinical trials of the two that exhibit the greatest potential this summer.*⁶ Roivant Sciences in the U.K. and Switzerland is developing therapeutic medicines for COVID-19 for acute respiratory distress syndrome.*⁷ I am very hopeful that we will be able to contribute to solving the problems that people around the world are facing today through the development of such treatments and vaccines.

Shareholder value exceeds the pre-pandemic level

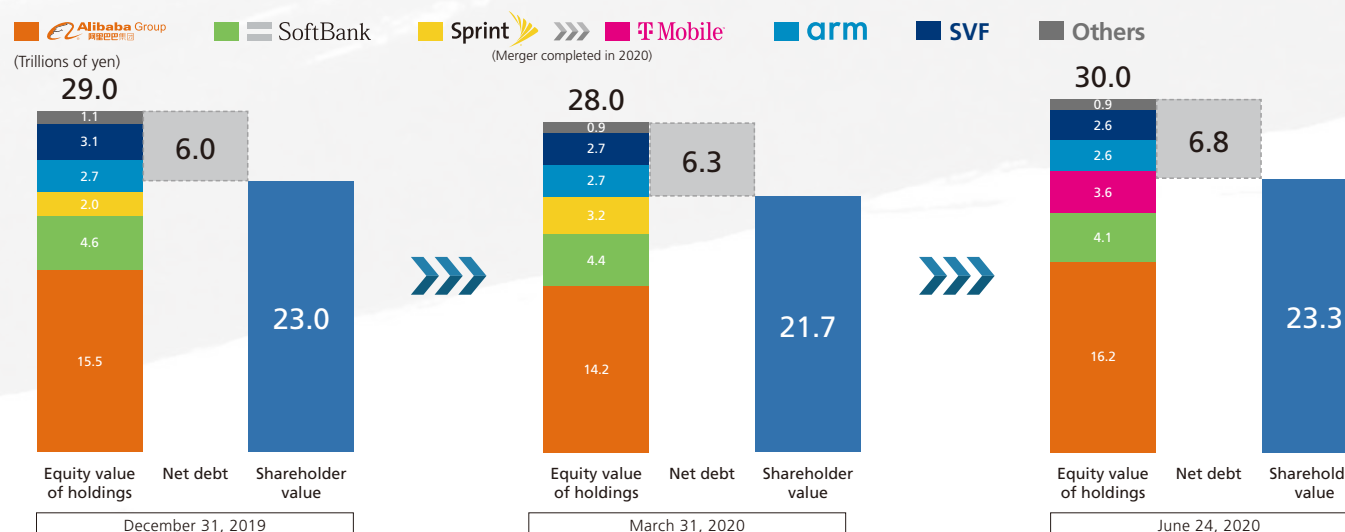
SoftBank Group Corp. ("SBG") now serves as a strategic holding company, not an operating company. Our unique investment portfolio includes blue-chip operating companies such as Alibaba, SoftBank Corp., Arm, and T-Mobile (most of the T-Mobile shares were sold in June 2020, as referred on the next page.). We also invest in "unicorns," private companies valued at more than \$1 billion at the time of investment, through our interest in SoftBank Vision Fund. I believe that shareholder value should be

used to properly evaluate a holding company like us. This is because our operating income, reported from an accounting perspective, cannot reflect changes in the value of certain asset holdings including Alibaba.

For example, before the COVID-19 outbreak began in earnest, the equity value of SBG's holdings stood at ¥29.0 trillion and its shareholder value after deducting net debt was ¥23.0 trillion as of December 31, 2019 (see graph below). While SBG incurred a record deficit in fiscal 2019 with an operating loss of ¥1.4 trillion and a net loss of ¥961.6 billion, more significantly, our shareholder value fell from ¥23.0 trillion to ¥21.7 trillion as of March 31, 2020. As of June 24,

- *1 Uber press release (May 7, 2020). Gross bookings defined as the total dollar value, including any applicable taxes, tolls, and fees without any adjustment for consumer discounts and refunds, driver and restaurant earnings, and driver incentives. Gross bookings do not include tips earned by drivers.
- *2 Ping An Good Doctor - Annual Report 2019
- *3 Zuoyebang Education Monthly users: Zuoyebang homework search app's monthly active users
- *4 Sensor Tower Blog as of April 29, 2020.
- *5 Slack investor presentation of first quarter fiscal year 2021. Customer base: sum of paid customers and newly added customers
- *6 Vir Biotechnology's press release on March 25, 2020
- *7 Roivant Sciences's press release on March 18, 2020

Trends in shareholder value*⁸



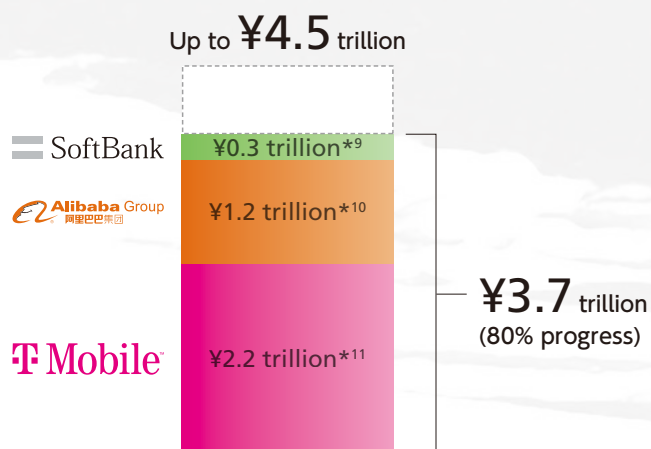
*⁸ Share price as of December 31, 2019: closing price as of December 30, 2019 (Japan), closing price as of December 31, 2019 (U.S.). Share price as of March 31, 2020: closing price as of March 31, 2020. Share price as of June 24, 2020: closing price as of June 24, 2020.

2020, however, the equity value of our holdings has improved to ¥30.0 trillion and shareholder value recovered to ¥23.3 trillion, both higher than the levels recorded prior to the COVID-19 crisis.

Progress in the sale and monetization of assets for share buybacks and debt reduction

Since our acquisition of Sprint in July 2013, the company was a consistent drag on earnings and had been cited as a financial concern, despite our enthusiasm over expansion into the U.S. telecommunications market. However, we completed the merger of Sprint with T-Mobile in April 2020 and made a

Progress in the sale and monetization of assets



*⁹ Transfer price (¥310.2 billion) for the transfer of a portion of SoftBank Corp. shares executed in May 2020
 *¹⁰ Sum of the amount (\$11.5 billion) procured through several prepaid forward contracts using Alibaba shares, including a forward contract, a floor contract, and a collar contract. The contracts were entered into in April and May 2020.
 *¹¹ Expected sale price. Total amount of sale price (\$20,115 million) as announced in "Number of Shares to be Transferred and Purchase Price for the Transfer of Shares of Equity Method Associate (T-Mobile US, Inc.)" dated June 24, 2020. \$1 = ¥106.53.

further decision in June 2020 to sell approximately 200 million of our roughly 300 million shares in T-Mobile (see page 238 for more details). Summarizing our investment performance in Sprint to date, I am confident that we have successfully increased the value of our investment and generated an adequate return. We will continue to hold our investments that are not subject to this sale and anticipate the return on our investment to be even greater as the value of T-Mobile further increases.

Amid the COVID-19 crisis, in light of SBG's stock price dropping to ¥2,609.50 on March 19, 2020, marking the largest ever discount for our shareholder value against our market capitalization, we

announced a program on March 23, 2020 to sell or monetize up to ¥4.5 trillion of assets held, and authorized the repurchase of up to ¥2.0 trillion of SBG common stock with the balance to be used for debt redemptions, bond buybacks, and to increase cash reserves. While there were some external doubts about the viability of the program, in the three months since our announcement, we have completed up to 80% of our ¥4.5 trillion target through the monetization of a portion of Alibaba shares, sale of a portion of SoftBank Corp. shares, and the previously mentioned sale of shares of T-Mobile common stock (see graph below). I am confident in our prospects for completing the remaining 20%.

*¹² Created by SBG based on publicly available historical information published by Alibaba. \$1 = ¥109.10 and CNY 6.967.

Alibaba and Arm both exhibit steady growth

Our largest stock holding is Alibaba. While share prices can fluctuate, what matters most is the value of a business itself, which can be read from its revenue and net income trends. In the fiscal year ended March 2020, Alibaba's revenue climbed 35% year on year to ¥8.0 trillion. Net income increased 42% year on year to ¥2.1 trillion.*¹² Amid the pandemic crisis, the use of e-commerce has surged, reaffirming its growing economic and social importance. I believe many first-time users have recognized the convenience that online tools can provide. As e-commerce takes a growing hold on people's lives in the future, it will undoubtedly become a part of the new normal.

Jack Yun Ma, a co-founder of Alibaba, resigned as a Board Director of SBG on June 25, 2020. I would like to extend my sincere gratitude for his many

contributions during his term in office. In conjunction, I resigned as a board director of Alibaba effective the same date. Even after my resignation, SBG continues to be Alibaba's largest shareholder and Alibaba remains our most important investment asset. Daniel Yong Zhang has now taken over as CEO of Alibaba. The fact that Jack and I are stepping down as Alibaba directors is also a reflection of the great faith we have in Daniel. We are looking to maintain our equity stake in Alibaba for as long as possible.

Let's move on to Arm, another valuable asset of ours. We acquired Arm in 2016 and hold high expectations that its value will continue to grow. Chips powered by Arm's technology serve as one of the foundations for the ongoing evolution of online services. Shipments of Arm-based chips have continued to increase, climbing to a cumulative total of 166 billion units in 2019. Arm technology is already being used in virtually all smartphones and is expanding into a wide range of other areas. In the server field, which is experiencing remarkable growth in recent years, Amazon.com's cloud business, Amazon Web Services (AWS), announced its new Graviton2 processor, which uses Arm's latest technology, in December 2019. In addition to increasing processing speed by up to 65% compared with existing servers, Graviton2 processors will help AWS customers secure cost savings of up to 40% by reducing energy consumption. With AWS, the world's largest cloud computing company,*¹³ adopting Arm technology, competitors will undoubtedly have to follow suit. I am convinced that Arm's share in the server market will grow by leaps and bounds in 2021 and throughout 2022.

Our vision remains consistent

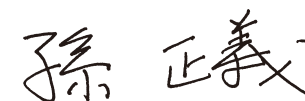
Let's take a big, overarching look at economic growth curves. The value of companies across the old economy may be stable, but it is not going to grow much. In contrast, the value of companies in the digital economy can grow on a quadratic curve, albeit with high volatility. It is no coincidence that the growth of Internet traffic is also exhibiting a quadratic curve. I firmly believe that the value of companies in the digital economy will expand in proportion to Internet traffic. As we focus on the digital economy, our shareholder value has also increased steadily along a quadratic curve. I remain confident that this growth will continue into the future.

In order to ensure this growth over the long-term, we are consistently strengthening our corporate governance. In addition to doubling the number of External Board Directors to four, we have approved the formation of a voluntary committee, Nominating & Compensation Committee. Through these initiatives, we are enhancing the independence, objectivity, and accountability of the decision-making process for the selection of Board Directors moving forward, and the fairness and transparency of the decision-making process for the compensation of Board Directors. Additionally, as an advisory body to the Board of Directors, the Nominating & Compensation Committee will be responsible for reviewing the following matters and providing recommendations to the Board of Directors: appointment and dismissal of Board Directors, overall compensation policy for Board Directors, and individual compensation for each Board Director. The Nomi-

nating & Compensation Committee will also have the ability to retain consultants and advisors, as necessary. Our latest efforts build on SBG's commitment to increase the diversity of the Board and add new and fresh perspectives, as well as bring our corporate governance in line with both global standards and the expectations of Japanese and international investors.

I recall announcing SoftBank's Next 30-Year Vision at our General Meeting of Shareholders in June 2010 on the occasion of our 30th anniversary. At that time, I forecast that a brain computer would become a reality, allowing us to coexist with intelligent robots within the next 30 years from 2010. I also claimed that the spread of IoT would inevitably connect every facet of life to the Internet, and that the cloud, which integrates all data, would evolve into humankind's greatest asset. Ten years later, with the rapid rise of AI, smart robots, and the cloud, I feel the future that we envisioned is steadily approaching. As reaffirmed in SoftBank's Next 30-Year Vision, the SoftBank Group has not wavered from its original goal of bringing happiness to everyone through the Information Revolution. We will continue to lead this Information Revolution to contribute to people's happiness.

*13 Canalis "Global cloud infrastructure market Q4 2019 and full year 2019"



Masayoshi Son
Chairman and CEO
July 2020

Our Goal

The SoftBank Group is guided by its corporate philosophy of “Information Revolution — Happiness for everyone.” We aim to maximize our corporate value while being a corporate group that provides essential technologies and services needed most by people around the world.

We see the Information Revolution, in which societies and lifestyles are transformed through developments in information technology (IT), as a major growth opportunity. In order to contribute to the well-being of all peoples over the long term through the Information Revolution, it is imperative that we identify the changes in social needs promptly

and continuously evolve in line with the technologies and business models that will drive the future. At present, the incorporation of artificial intelligence (AI) into various business models is starting to reshape value creation, and it will fundamentally redefine most industries. Moreover, to ensure that we capture the huge opportunities arising from the market expansion and creation of new industries driven by AI utilization, we are endeavoring to form a corporate group that will continue to grow for the next 300 years while implementing the *Cluster of No. 1 Strategy*, our unique strategy for orchestrating the organization.

Corporate Philosophy

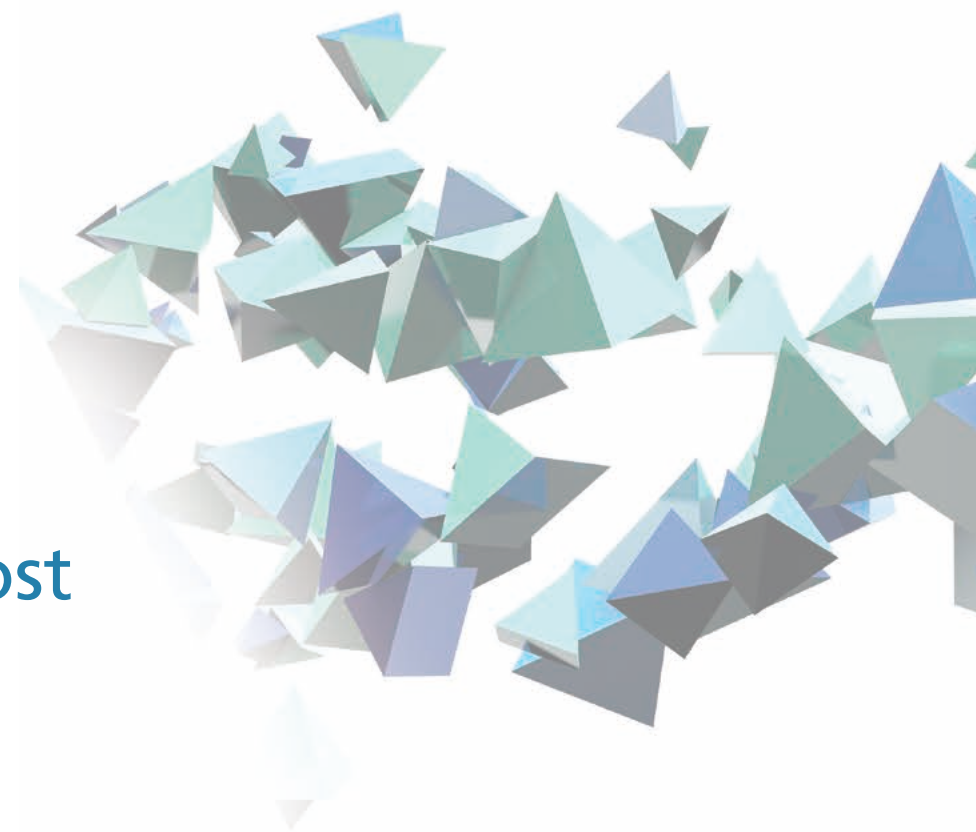
Information Revolution — Happiness for everyone

Vision

The corporate group needed most by people around the world



See “SoftBank’s Next 30-Year Vision” on our website for details of our Corporate Philosophy and Vision.



Maximizing Shareholder Value

Maximizing shareholder value through the *Cluster of No. 1 Strategy*

SoftBank Group Corp. (“SBG”), as a strategic investment holding company, exercises overall management of the investment portfolio comprising Group companies. Under this management system, SBG considers shareholder value as the most important management indicator, that is, the equity value of holdings of the entire investment portfolio less the net debt of SBG. We aim to maximize shareholder value over the medium to long term by working to expand the equity value of holdings of each Group company that forms part of the *Cluster of No. 1 Strategy*.

The *Cluster of No. 1 Strategy*

The goal of the *Cluster of No. 1 Strategy* is to form a diverse group of companies with outstanding technologies and business models in specific fields. Under

this strategy, the companies are encouraged to form synergies to evolve and grow together based on capital ties and a shared vision while making decisions independently. While influencing the decision-making of the forming the group under the strategy, we do not require ownership of majority equity interests or integration of brands, as we value the independence of each company. We believe this policy in ownership also allows a flexible exit from companies that have matured or not grown as expected, thereby enabling flexible replacements of the group companies.

The *Cluster of No. 1 AI Strategy* is a part of the *Cluster of No. 1 Strategy* that focuses on the potential of AI. Here, we are building a cluster through investments in No. 1 or potential No. 1 AI companies that will disrupt their respective industries.

In working on this organizational strategy, we are engaged in investment activities, primarily through SoftBank Vision Fund, which was launched in 2017.

 See page 11 for details of shareholder value.

Our Transformation

Our Vision Remains Unchanged. Our Business Areas Are Always Evolving.

The founding of SoftBank and the rise of the PC

From 1981: PC Software

Convinced of a surge of personal computers, we incorporated as SOFTBANK Corp. Japan in 1981 aiming to be a software bank that would serve as an infrastructure of the new information society. At the time of this foundation, we were primarily engaged in the distribution of packaged software. As a part of efforts to bring new business to Japan from the U.S. through “time machine management,” SoftBank Holdings Inc. was established in the U.S. in 1994 to identify investment opportunities in promising Internet-related companies. Yahoo! Inc., an upstart company then, was brought to our attention through one of SoftBank Holdings Inc.’s investments.

Boosting Internet and broadband penetration in Japan

From 1996: Internet and broadband

In 1996, Yahoo Japan Corporation (currently Z Holdings Corporation) was established through joint investment with Yahoo! Inc. of the U.S. Positioned as the “First Year of the Internet,” 1996 also saw the SoftBank Group take its first full-fledged step as an Internet company with moves to launch a number of Internet-related businesses and subsidiaries. In 2001, we entered the broadband market with the launch of *Yahoo! BB*, which was committed to widespread broadband use in Japan by providing faster and cheaper access to the Internet. This was followed by our acquisition of JAPAN TELECOM CO., LTD. in 2004 and subsequent entry into the fixed-line telecommunications business. In 2005, we acquired a professional baseball team, the Fukuoka Daiei HAWKS (currently the Fukuoka SoftBank HAWKS). In anticipation of entering the mobile communications business, this move helped to significantly enhance our corporate reputation and brand recognition.

The years around 2000 were also a time of strategic investment in Internet-related companies around the world. These investments included Alibaba.com Corporation (currently Alibaba), which is still growing rapidly as a leader in the explosively-expanding Chinese e-commerce.



Focusing on mobile broadband expansion

From 2006: Mobile broadband

Presaging the shift in the Internet's core user environment from PC to mobile, we acquired Vodafone K.K. in 2006. Launching mobile communication services under the *SoftBank* brand, we took steps to expand our customer base by introducing revolutionary tariffs, strengthening the network, and providing a wide variety of device choices. In 2008, we launched iPhone 3G as the first provider in Japan, contributing to a further boost in smartphone penetration in the domestic market. Fully leveraging the know-how cultivated in Japan, we entered the U.S. telecommunications market through acquisition of Sprint* in 2013.

* Merger with T-Mobile completed in April 2020.

Driving the Information Revolution forward - strategic investment holding company

From 2015: IoT and AI

In July 2015, we renamed ourselves to SoftBank Group Corp. to clarify our position as a strategic investment holding company. Then in September 2016, we acquired Arm, a U.K.-based major semiconductor design company that boasts over 90% share of the smartphone market and is expected to play a central role in the IoT sector. This was followed by the launch of SoftBank Vision Fund in May 2017, which was intended to make large-scale investments in high-growth-potential companies that are leveraging AI. In 2018, we pushed forward our transition to a strategic investment holding company by announcing the merger of Sprint and T-Mobile* in April and the listing of shares of SoftBank Corp., our domestic telecommunications business arm, in December. Looking ahead, we continue to aim to maximize our corporate value over the long term, through growing and evolving in concert with entrepreneurs who leverage innovative technologies to shape the future.

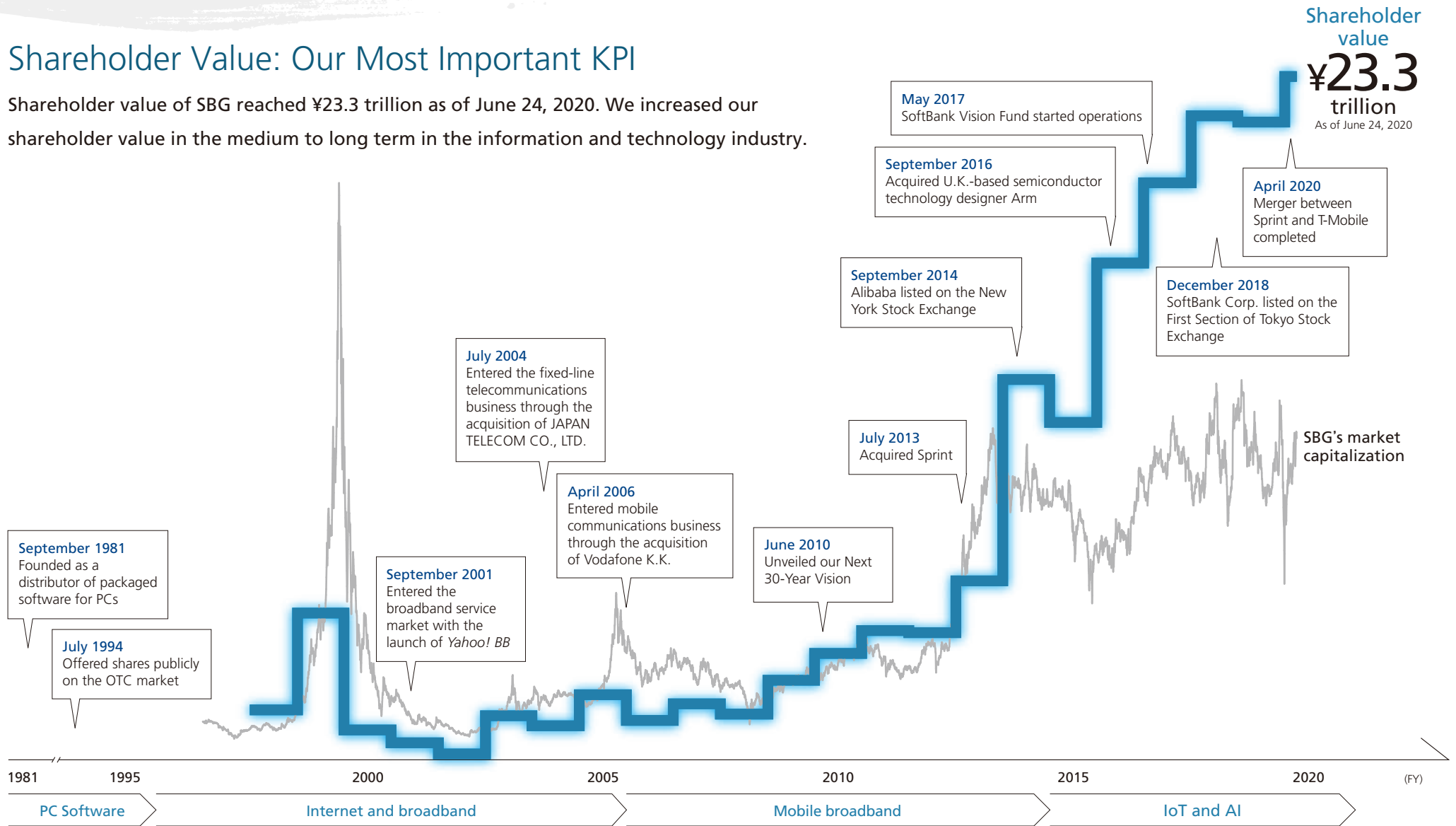


Note: iPhone is a trademark of Apple Inc., registered in the U.S. and other countries. TM and © 2020 Apple Inc. All rights reserved.

Our Path to Increasing Shareholder Value

Shareholder Value: Our Most Important KPI

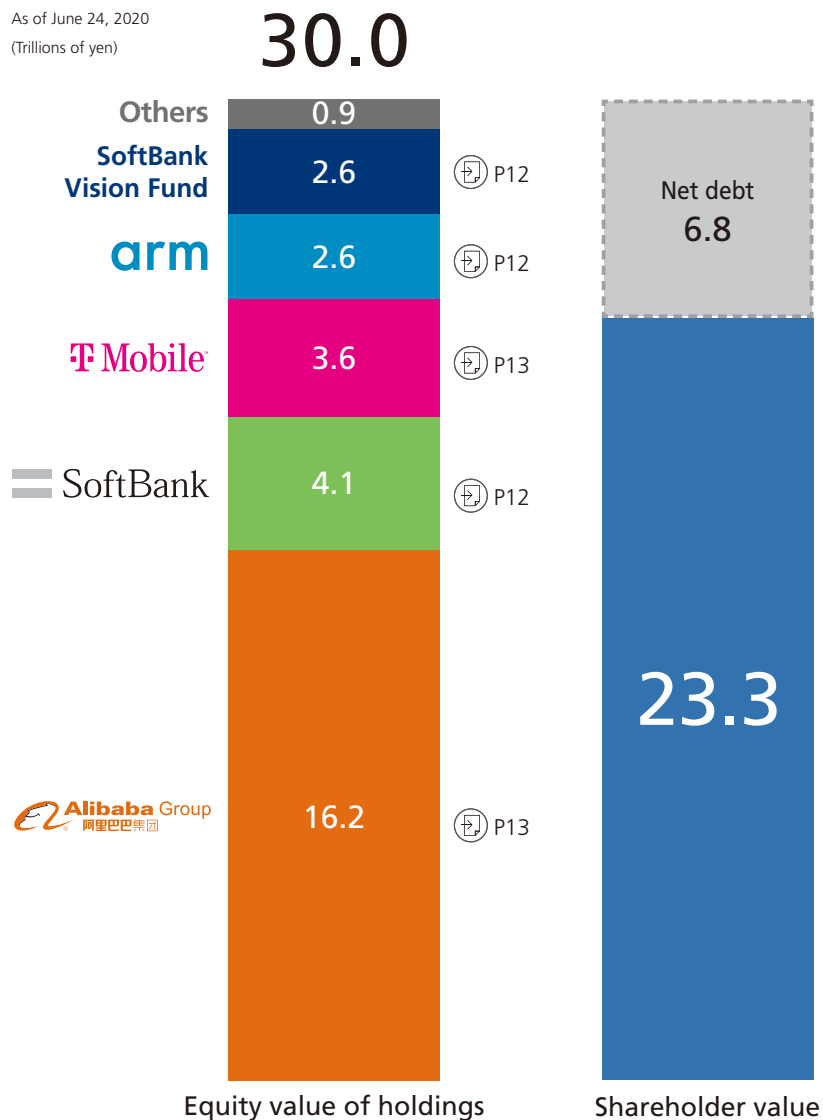
Shareholder value of SBG reached ¥23.3 trillion as of June 24, 2020. We increased our shareholder value in the medium to long term in the information and technology industry.



Note: Shareholder value and market capitalization based on the closing prices up to June 24, 2020. The changes in shareholder value are the Company estimates based on the information available to it and the accuracy or completeness of the information is not guaranteed. The figures are not audited. The changes in shareholder value do not guarantee future results and are not indicative of the price of SBG's common stock or any securities it holds, and should not form the basis of any investment decisions. Calculations are based on data before considering taxes unless otherwise stated.

How We Think About Shareholder Value

As of June 24, 2020
(Trillions of yen)



We evaluate the shareholder value of SBG as a strategic investment holding company as shown below.



Calculation of equity value of holdings

- Calculated mainly based on the fair value of unlisted shares, etc. held by SBG.
- Value equivalent to SBG's portion of SoftBank Vision Fund's holding value + performance fees accrued, etc.
- Calculated based on the acquisition cost, excluding the number of Arm shares held by SoftBank Vision Fund.
- The sum of (a) to (d) below
 - (a) Equity value of common stock of T-Mobile to be sold: aggregate sale price of the shares to be sold (\$20,115 million) before deducting underwriting discount and commission and certain other expenses, as announced in "Number of Shares to be Transferred and Purchase Price for the Transfer of Shares of Equity Method Associate (T-Mobile US, Inc.)" dated June 24, 2020
 - (b) Equity value of shares subject to call options: calculated by multiplying the number of shares subject to call options that Deutsche Telekom AG to receive (101,491,623 shares) by the share price of T-Mobile.
 - (c) Equity value of shares that are not subject to sale or call options: calculated by multiplying the number of shares held by SBG as of April 1, 2020 that are not subject to (a) or (b) mentioned above (4,800,000 shares), by the share price of T-Mobile.
 - (d) Fair value of the right to have common stock of T-Mobile (48,751,557 shares) re-issued to SBG by T-Mobile for no additional consideration under certain conditions
- Calculated by multiplying the number of SoftBank Corp. shares held by SBG by the share price of SoftBank Corp. (reflected the transfer of a portion of SoftBank Corp. shares executed in May 2020)
- Calculated by multiplying the number of Alibaba shares held by SBG as of December 31, 2019 by the share price of Alibaba.

Calculation of net debt

- Net debt = SBG net interest-bearing debt
- Net debt = SBG gross debt - SBG cash position, etc.
- SBG gross debt = SBG gross interest-bearing debt = consolidated gross debt - gross debt of subsidiaries (non-recourse)
- SBG gross debt: adjusted (e) to (h) below
 - (e) JPY Hybrid Bonds issued in September 2016: 50% of outstanding amount, which is recorded as debt in consolidated B/S, is treated as equity.
 - (f) USD Hybrid Notes issued in July 2017: 50% of outstanding amount, which is recorded as equity in consolidated B/S, is treated as debt.
 - (g) JPY Hybrid Loan executed in November 2017: 50% of outstanding amount, which is recorded as debt in consolidated B/S, is treated as equity.
 - (h) The sum of the amount (before deducting cost) procured through several prepaid forward contracts using Alibaba shares including a forward contract, a floor contract, and a collar contract. The contracts were entered into in April and May 2020.
- SBG cash position, etc.: considered the impacts (i) to (l) below
 - (i) Estimated cash proceeds and capital call payment related to the assets transfer to SVF from SBG that had been already completed by March 31, 2020.
 - (j) The sum of the amount procured through several prepaid forward contracts using Alibaba shares including a forward contract, a floor contract, and a collar contract. The contracts were entered into in April and May 2020.
 - (k) The total amount of SBG's share repurchase from April 1, 2020 to June 15, 2020
 - (l) Transfer price for the transfer of a portion of SoftBank Corp. shares executed in May 2020
- Consolidated gross debt = excluded cash position of banking business (The Japan Net Bank)
- Gross debt of subsidiaries (non-recourse) = total amount of gross interest-bearing debt of SoftBank Corp., Sprint, SVF, Arm, etc.

Note: Before considering taxes unless otherwise stated. Based on data as of March 31, 2020. The information herein is based on assumptions made by the Company and is not indicative of the price of SBG's common stock or any securities it holds and should not form the basis of any investment decisions.

SoftBank Vision Fund

Equity value of holdings: **¥2.6** trillion

SoftBank Vision Fund (the "Vision Fund") began its operations in 2017. With the committed capital as much as \$98.6 billion, the fund aims to maximize returns from a medium- to long-term perspective, through making large-scale investments in high-growth-potential companies that are leveraging AI, particularly in private companies valued at over \$1 billion at the time of investment, colloquially known as "unicorns." As of March 31, 2020, the fund held 88 investments at a cost totaling \$75.0 billion, with a fair value amounting to \$69.6 billion. While its investment period ended on September 12, 2019, its life will last until November 20, 2029, in principle.

We participate in the Vision Fund as a limited partner. In addition, SB Investment Advisers (UK) Limited, our wholly owned subsidiary, acts as the manager of the fund and is entitled to receive management fees and performance fees from the fund.



Rajeev Misra
Board Director, Executive Vice President,
SoftBank Group Corp.
CEO, SoftBank Investment Advisers

 See page 14 for details.

arm

Equity value of holdings: **¥2.6** trillion

Established in 1990, Arm is primarily involved in the business of licensing semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and related technologies. Shipments of Arm-based chips totaled 22.8 billion units in 2019 alone, for a cumulative total of 166 billion units. In fiscal 2019, the company's overall share of its related markets was 34%, with a 90% share of the mobile application processor market and a 75% share of the in-vehicle infotainment and advanced driver-assistance system processor markets.

Since our acquisition in September 2016, Arm has accelerated its investments in R&D by hiring more engineers. Those R&D investments are gradually bearing fruit. *Pelion*, a platform launched in 2019 that enables seamless and secure connection and management of IoT devices of all sizes and data of all amounts, is one example.



Simon Segars
Board Director, SoftBank Group Corp.
CEO, Arm Limited

 See page 22 for details.

SoftBank

Equity value of holdings: **¥4.1** trillion
(TSE: 9434)

SoftBank Corp., our main portfolio for businesses in Japan, aims to further grow its core telecommunications business under its *Beyond Carrier* strategy, as well as expand its non-telecommunications business through the growth of Z Holdings Corporation, which became a subsidiary in June 2019, and the creation of new businesses. As of March 31, 2020, the cumulative number of smartphone subscribers under its three brands — *SoftBank*, *Y!mobile*, and *LINE Mobile* — was 24.13 million, and the cumulative total of fiber-optic service contracts was 6.39 million. In the non-telecommunications domain, Z Holdings Corporation acquired ZOZO, Inc., an operator of an online apparel retailer, in November 2019, and is expanding new businesses through cooperation with SBG and the Vision Fund's portfolio companies, among others.

SoftBank Corp. listed its shares in December 2018 and has adopted a dividend policy with a consolidated payout ratio as high as 85%. The annual dividend our wholly owned subsidiary received from SoftBank Corp. in fiscal 2019 was ¥254.6 billion. This represents an important and stable source of cash.



Ken Miyauchi
Board Director, SoftBank Group Corp.
President & CEO, SoftBank Corp.

 See IR website of SoftBank Corp. for details.

Note: Equity value of holdings is as of June 24, 2020. See page 11 for shareholder value.



Equity value of holdings: **¥16.2 trillion**
(NYSE: BABA, HKSE: 9988)

Founded in 1999, Alibaba's mission is to "make it easy to do business anywhere." Its businesses include core commerce (e-commerce), cloud computing, and digital media and entertainment. Possessing the CtoC marketplace *Taobao* and the BtoC marketplace *Tmall*, the company boasts the world's largest gross market value of CNY 7.053 trillion, or \$1 trillion, for the year ended March 2020. Furthermore, Ant Small and Micro Financial Services Group Co., Ltd. (Ant Financial), in which the company holds a 33% stake, provide the electronic payment service *Alipay*. In September 2019, founder Jack Yun Ma resigned as chairman, and the company is advancing its growth strategy under the direction of his successor, CEO Daniel Yong Zhang.

We initially invested in Alibaba in 2000. Since then, we have built a close relationship with Alibaba over many years through the establishment of joint ventures and joint investments.



Daniel Yong Zhang
Chairman and CEO, Alibaba Group Holding Limited

See IR website of Alibaba for details.



Equity value of holdings: **¥3.6 trillion**
(NASDAQ: TMUS)

On April 1, 2020, SBG's subsidiary Sprint and T-Mobile US, Inc. completed a merger in an all-stock transaction that gave rise to a new combined company T-Mobile US, Inc. ("T-Mobile"). As of the completion of the merger, the ownership of T-Mobile was approximately 43% for Deutsche Telekom AG and approximately 24% for SBG, on a fully-diluted basis.

Subscribers of T-Mobile reached approximately 110 million (as of March 31, 2020),* closing in on the number of subscribers of Verizon Communications Inc. and AT&T Inc. T-Mobile plans to invest \$40 billion over the next three years to build the world's most advanced 5G network to cover the entire United States.

Subsequently, SBG announced on June 23, 2020 that it would sell up to a maximum of 198,314,426 shares of the 304,606,049 shares of common stock held in T-Mobile.

* The sum of T-Mobile's total branded customers and Sprint's postpaid and prepaid wireless connections.



Mike Sievert
CEO, T-Mobile US, Inc.

See page 25 for details.

Note: Equity value of holdings is as of June 24, 2020. See page 11 for shareholder value.

SoftBank Vision Fund: Investment Strategy

Built for Resilience



Rajeev Misra
Board Director, Executive Vice
President, SoftBank Group Corp.
CEO, SoftBank Investment Advisers

A pivotal year

Fiscal 2019 was a pivotal year for SoftBank Investment Advisers. While there were many successes to celebrate, we also encountered significant challenges, and we enter fiscal 2020 in the throes of the COVID-19 pandemic.

Since the inception of SoftBank Vision Fund (the “Vision Fund”), we have invested \$81.0 billion*¹ in 91 companies*². We have also returned \$10.7 billion*³ back to our limited partners, including SoftBank Group Corp. (“SBG”). Over the last 12 months, we made investments in 20 new portfolio companies

and completed 25 follow-ons. We partially exited our positions in Guardant Health, Ping An Good Doctor, Roivant Sciences, and Slack. Five more of our portfolio companies went public last year, and we believe more will this year. We have also started investing out of SoftBank Vision Fund 2,*⁴ with capital from SBG. At the end of fiscal 2019, we had already made six new investments from the new fund.

In fiscal 2019, the net asset value of the Vision Fund, excluding changes in capital from our investors, fell by \$14.8 billion. We exited our investments in one Consumer company at a loss. It is a reality of investing in startups that not every portfolio com-

pany will succeed. Fortunately, the failures usually surface early in a fund’s life. What is important is that we learn from our mistakes – and don’t repeat them. We have applied the lessons learned from these experiences to strengthen governance and our investment processes.

Built for resilience

We believe our portfolio is built for resilience. The Vision Fund is a long-term investment vehicle with a fund life up to 14 years.*⁵ In setting up the fund, we anticipated multiple cycles. With nearly 10 years remaining in the fund, we have the ability to look past short-term situations and focus on generating long-term, sustainable returns.

In September 2019, we completed the investment period for the Vision Fund. As of March 31, 2020, the remaining \$13.4 billion of undrawn capital in the Vision Fund will be used for follow-on investments and paying management fees, fund expenses, and the preferred equity coupons. This dry powder is significant and gives our founders comfort that we can continue to invest, where the incremental investments meet our risk-adjusted return threshold.

Impact of COVID-19

We invest in sectors that we believe are enabling the next stage of the information revolution. The COVID-19 pandemic has accelerated the disruption

*¹ SBG’s consolidated basis
*² Number of investments includes investments in portfolio companies made by the Vision Fund and joint ventures with existing portfolio companies from fund inception to March 31, 2020. It does not include hedges related to the investments.
*³ Distributions include realized proceeds and preferred equity coupon distributed or paid to limited partners from fund inception to March 31, 2020. They are net of return of rec callable utilized contributions that were simultaneously retained and reinvested and do not include the return of rec callable unutilized contributions.
*⁴ As of June 2020, SBG has made capital contributions to allow investments by SoftBank Vision Fund 2 (“SVF2”) in certain portfolio companies. The information included herein is made for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy limited partnership interests in any fund, including SVF2. SVF2 has yet to have an external close, and any potential third-party investors shall receive additional information related to any SVF2 investments prior to closing.
*⁵ From November 20, 2017 to November 20, 2029, in principle, with two optional one-year extensions

of traditional businesses across industries, from commerce, to education, to fintech, to food delivery, to health care, to insurance, and beyond.

Businesses that can adapt quickly should be able to recover better. With our encouragement, many of our portfolio companies have been on the path to profitability since September 2019. They have prepared for the worst, refocused on their core businesses, and eliminated underperforming initiatives. Some are also pursuing opportunities for consolidation to further strengthen their positions.

A strong balance sheet is also critical to surviving a crisis. While some have criticized our large checks, times like this underline the benefits of partnering with us. Unlike private equity-backed businesses, our companies are not leveraged and most of them have enough capital to last for the next 18-24 months.

There is even more reason for encouragement in countries that have emerged from lockdown, like China, Japan, and South Korea. 28% of our combined the Vision Fund and SoftBank Vision Fund 2*4 investments are in China, and many of our companies like Alibaba Local Services, Beike, ByteDance, Ping An Good Doctor, and Zuoyebang, are seeing their services adopted far faster than anticipated. Even companies negatively impacted by the pandemic are recovering. For example, DiDi's China ride sharing business has already returned to last year's levels.

While there could be more challenges to come, we have many reasons to believe that our portfolio companies are well positioned.

Social impact

I also want to share some examples of how our portfolio companies are advancing COVID-19 relief efforts. These include contributing resources, harnessing expertise, and innovating to help their communities respond to the virus' impact.

For example, Vir Biotechnology and Roivant Sciences are working on disease prevention and treatment. Others are providing critical medical supplies, donated meals, transportation, and housing to frontline health care workers. Flexport and Clutter are combining their shipment and storage capacity to deliver essential goods to the frontline. REEF and Uber have teamed up to better connect consumers with groceries and personal goods. We are proud of the goodwill and ingenuity of the people working at our portfolio companies.

Earlier this year, we launched EMERGE, a virtual program focused on accelerating diversity in tech and entrepreneurship by providing unprecedented access to the SoftBank Group ecosystem. EMERGE is an eight-week program that provides selected startups with access to the tools and network they need to scale their business. Our belief is that underrepresented founders often lack access to key networks and mentoring to scale their businesses and this program aims to address this gap and help bring more equality to tech and venture capital.

Looking ahead

Downturns are challenging, especially given the unpredictable nature of a pandemic. But difficult times often build resilient companies and set them up for future success. We believe the accelerated adoption of digital services brought about by COVID-19 will disproportionately benefit our companies.

The Vision Fund is already the world's largest collection of unicorns. Our portfolio companies are changing the way billions of people live and work, and are addressing some of the world's most critical challenges. While there is much uncertainty in the world, we remain steadfast in our belief that visionary founders leveraging data and AI will disrupt every part of the economy and create tremendous value in the years ahead.

SoftBank Vision Fund: In Focus

Investment results

As of March 31, 2020, in the nearly three years following the initial close, the Vision Fund has invested in 91 companies, including joint ventures, at a cumulative acquisition cost of \$81.0 billion.*¹ In fiscal 2019, the fund realized \$538 million*¹ from several exits (including partial) and had five portfolio companies going public. The fund distributed \$10.7 billion — on a cumulative basis — back to its limited partners, from both realized exits and portfolio financings.

Portfolio

The Vision Fund has invested in diverse geographies and sectors. By geography, 36% of the portfolio is held in the Americas, 18% in EMEA, and 46% held in Asia.*² We have invested in a range of business models and technologies, from foundational technological infrastructure that we believe the next generation of tech companies will rely on, to tech-enabled consumer services that are providing immense value for consumers.

Since the inception of the Vision Fund, eight portfolio companies have publicly listed, reflecting our progress to date as a relatively new fund investing in late stage companies. Each one demonstrates the appeal of our portfolio companies to the public markets and provides valuation transparency. Indeed, the eight public companies represent an additional \$10.1 billion*³ of available liquidity on our balance sheet.

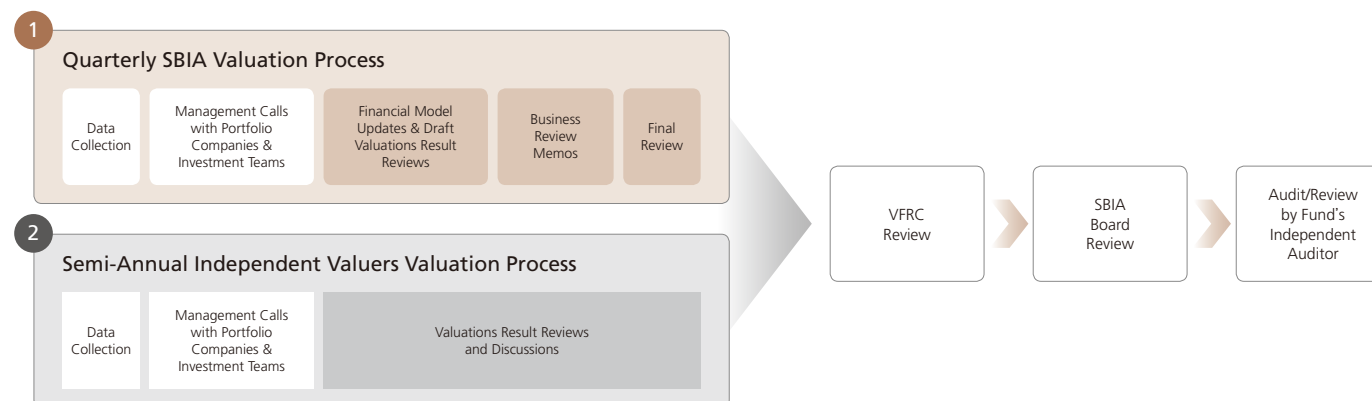
Sector-leading valuation disclosure and transparency

The Vision Fund's comprehensive and transparent valuation process reflects industry best practice. Every 90 days, we measure the fair value of the fund's investments. Each quarter we conduct a six-week valuation exercise through our in-house valuations team, and semi-annually independent valuers evaluate the portfolio separately and in parallel to our internal team.

This process begins with collecting company information, meeting with investment teams, and then analyzing all the information before generating valuation models. Valuations are then reviewed and approved by the Valuation and Financial Risk Committee (VFRC) of the investment manager, SB Investment Advisers (UK) Limited ("SBIA"), and submitted to the Board of Directors for final approval. At each fiscal year-end, valuations are subject to a full financial statement audit by the fund's independent auditor. This work is supported by rigorous parallel processes carried out by the fund's independent valuers.

*¹ SBG's consolidated basis
 *² Calculated as a percentage of total portfolio fair value as of March 31, 2020
 *³ As of March 31, 2020
 *⁴ There can be no assurance that the operations and/or processes of SBIA and the Vision Fund described herein will continue throughout the life of the Vision Fund or any successor fund managed by SBIA, and such processes and operations may change.

Valuation Process*⁴



The Vision Fund governance

Governance is critical to the long-term success of the Vision Fund. Three objectives underpin our focus on strong governance:

- Our fiduciary duty to the fund’s limited partners, which includes SBG
- Compliance with laws and regulations in the jurisdictions in which SBIA operates
- A desire to go beyond what is required in each location and align with the best practice in market standards. We strive for the best industry practices around the world.

While our investing activities are the most visible part of what SBIA does, behind the scenes, our firm has become a sophisticated global investment manager with robust teams and processes focused on governance, accountability, and transparency.

SBIA is regulated by five different regulatory bodies based on its registrations.*5 The result is global and locally applicable policies and procedures with mandatory requirements across the organization — from compliance to risk to audit — just to name a few.

More importantly, however, we strive to go further than merely complying with the requisite laws and regulations.

Governance framework

Our governance framework is focused on:

- Policy and standard setting
- Legal and regulatory compliance
- Governing bodies, including committees and Board-level roles
- Accountability and transparency
- Risk and performance management

While governance standards are high in each jurisdiction in which we operate in, we adopt the highest standard and apply it consistently across our global organization. This ensures uniform excellence in our culture of compliance, accountability, and transparency around the world.

Five facets of SBIA governance framework*4



Fund and manager governance

*5 As of June 2020

There are three layers of governance to SBIA and the Vision Fund’s activities that together form a comprehensive and transparent governance function.

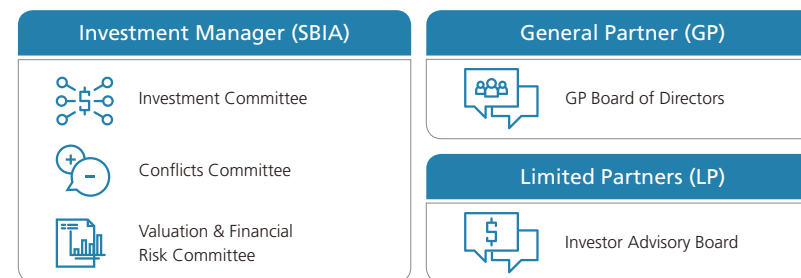
First, the Board of Directors of SBIA, has the overall responsibility for management of the fund. The Board oversees activities of SBIA and monitors compliance with its obligations to the fund and the limited partners. Decisions related to the management of the fund are made by certain committees of SBIA, including the Investment Committee, the Conflicts Committee and the Valuation and Financial Risk Committee.

Second, the Vision Fund’s general partner provides additional layers of oversight. It is responsible for

The Vision Fund governance*4

The Investment Manager’s Board of Directors oversees the Fund’s activities & monitors compliance

GP Board of Directors & Investor Advisory Board provide additional layers of governance



appointing the investment manager, approving the fund's financial statements, and ensuring compliance by the general partner and the Vision Fund with applicable legal and regulatory obligations in Jersey.

Third is the Investor Advisory Board (IAB), which is comprised of certain limited partners who are not affiliates of the general partner or the investment manager. It reviews and provides consent on matters including conflicts of interest and related party transactions. The investment manager, SBIA, is also required to provide confirmation to the IAB on matters such as compliance with laws and fund agreements.

SBIA also has clear governance at the organizational level. The Board of Directors also ensures SBIA operates within the applicable regulatory framework. Multiple committees oversee critical functions of SBIA, including the Operating Committee and the Conduct Committee, for example.

A powerful ecosystem

A highlight of fiscal 2019 was the progress we made bringing our portfolio leadership together to connect with one another. In September 2019, we held our first Sōzō Summit in Pasadena, California. Our

portfolio company CEOs, limited partners, and SBG equity investors came together to network, create value, and share best practices. It was an incredibly productive showcase of our ecosystem.

In SBIA's Operating Group, our team is focused on providing operational support to our portfolio companies and is leveraging the SoftBank Group ecosystem for value creation opportunities. In addition, our Capital Markets team is working to help our portfolio companies strengthen their balance sheets and optimize investment returns for our public securities.

Culture and people

At SBIA, we have worked hard to create an environment that celebrates the diversity of knowledge, background, and experience from across our global business. Our leadership team has backgrounds as CEOs, founders, and operators. To embed our cultural principles of teamwork, integrity and impact throughout our firm, we implemented a comprehensive program, which includes culture workshops and coaching, changes to hiring, review and compensation practices and quarterly surveys to measure our progress.

Impact of COVID-19

While our portfolio companies are prepared for more challenges to come—depending on how the pandemic unfolds—we believe the resilience of our portfolio may mean our recovery is faster than expected. As of June 2020, global markets are dealing with significant economic uncertainty. Looking ahead, however, we believe the Vision Fund is well positioned for several different economic scenarios.

Economy of SoftBank Vision Fund

The Vision Fund is managed by SBIA, SBG's wholly owned and independent subsidiary. SBG also participates in the Vision Fund as a limited partner.

As of March 31, 2020, the committed capital of the Vision Fund totaled \$98.6 billion. Of that, SBG has committed \$28.1 billion.*6

Contributions by the limited partners are classified as "Equity (performance-based distribution)" and "Preferred Equity (fixed distribution)" depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution. As a limited partner, SBG contributes to Equity.

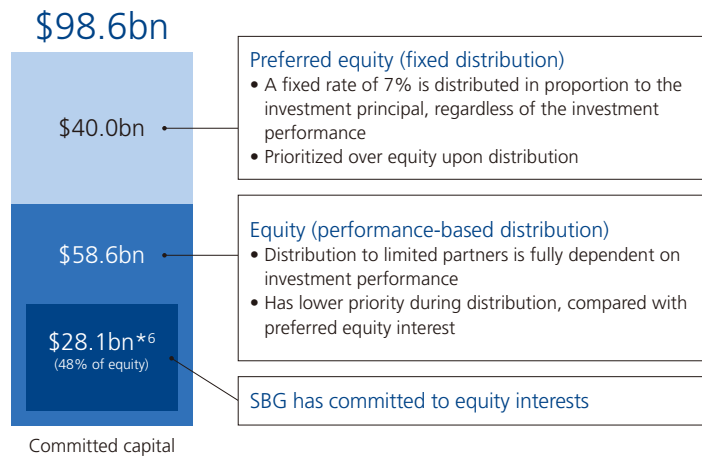
SBIA is entitled to receive management fees and performance fees, each of which is measured by reference to the investment activities of the Vision Fund. Management fees to SBIA are calculated by multiplying 1% per annum to equity contributions.

Once the Vision Fund exits or monetizes an investment, residual proceeds are distributed as illustrated below.

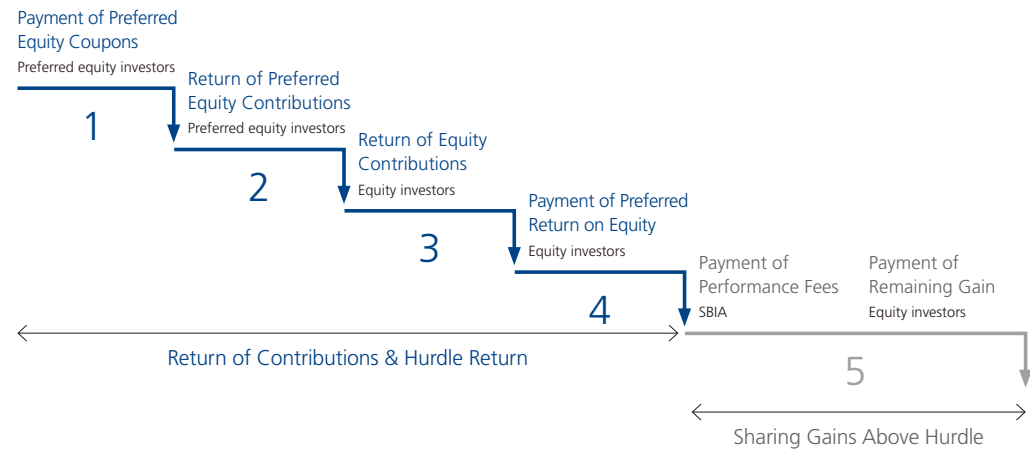
*6 Excludes \$5 billion earmarked for the incentive scheme related to the Vision Fund.

Capital structure

As of March 31, 2020



Distribution waterfall



Notes: 1. Fixed distribution is subject to the terms and conditions of the Vision Fund Limited Partnership Agreement; there can be no assurance that the fixed distribution percentage will reflect actual results for any limited partner.
 2. The information on this page is for illustrative purposes only. Any waterfall mechanics or capital distributions are subject in all cases to the Vision Fund fund documents.

SoftBank Vision Fund: Portfolio Companies

As of March 31, 2020



See page 21 for a complete list of SoftBank Vision Fund portfolio companies.

8 Public Listings Since Inception

 <p>NYSE: WORK Enterprise</p> <p>Slack is a global technology company that has transformed business communication. It is building the leading channel-based messaging platform, used by millions to align their teams, unify their systems, and drive their businesses forward. It was founded in 2009 by Stewart Butterfield and is headquartered in the U.S.</p>  <p>IPO date: Jun 20, 2019* * Slack went public via a direct listing.</p> <p>CEO: Stewart Butterfield</p>	 <p>NYSE: OCFT Fintech</p> <p>OneConnect is a Chinese company building technology platforms to connect financial institutions to each other, and was founded in 2015 by Ping An Financial Technology.</p> <p>IPO date: Dec 13, 2019</p>  <p>CEO: Ye Wangchun</p>	 <p>HKSE: 6060 Fintech</p> <p>ZhongAn Insurance is a Chinese online insurance company offering an ecosystem of tech powered insurance products to customers, and was founded in 2013 by Jiang Xing, Ant Financial, Tencent, and PingAn Insurance.</p> <p>IPO date: Sep 28, 2017</p>  <p>CEO: Jiang Xing</p>	 <p>NASDAQ: TXG Health Tech</p> <p>10x Genomics is an American life science technology company building products to interrogate, understand and master biology to advance human health, and was founded in 2012 by Serge Saxonov, Ben Hindson, and Kevin Ness.</p> <p>IPO date: Sep 12, 2019</p>  <p>CEO: Serge Saxonov</p>
 <p>NASDAQ: GH Health Tech</p> <p>Guardant Health is a leading precision oncology company focused on helping conquer cancer globally through use of its proprietary blood tests, vast data sets, and advanced analytics. The company was founded in 2013 by Helmy Eltoukhy and Amir Ali Talasaz and is headquartered in the U.S.</p> <p>IPO date: Oct 3, 2018</p>  <p>CEO: Helmy Eltoukhy</p>	 <p>HKSE: 1833 Health Tech</p> <p>Ping An Healthcare and Technology Company Limited is a leading one-stop healthcare ecosystem platform in China, combining "mobile health + AI technology". The company was founded in 2014.</p> <p>IPO date: May 4, 2018</p>  <p>CEO: Fang Weihao</p>	 <p>NASDAQ: VIR Health Tech</p> <p>Vir Biotechnology is an American biotechnology company combining immunologic insights with technology to treat and prevent infectious diseases, and was founded in 2017 by George Scangos.</p> <p>IPO date: Oct 10, 2019</p>  <p>CEO: George Scangos</p>	 <p>NYSE: UBER Transportation & Logistics</p> <p>Uber is an American multinational transportation technology company, offering services that include on-demand access to ride hailing, food delivery, and electric bikes and scooters. The company was founded in 2009.</p> <p>IPO date: May 10, 2019</p>  <p>CEO: Dara Khosrowshahi</p>

Note: The information is presented solely for illustrative purposes, has been selected in order to provide examples of SoftBank Vision Fund investments as of March 31, 2020 that have been publicly listed, and do not purport to be a complete list thereof. Individual investors' results may vary. References to specific investments should not be construed as a recommendation of any particular investment or security.

SoftBank Vision Fund: Portfolio Companies

As of March 31, 2020; excludes exited investments

Cumulative acquisition cost of investments: \$75.0 billion*

Total fair value of investments: \$69.6 billion*

Total of 88 Investments

Consumer

Brainbees Solutions Private Limited (First Cry)
 Brandless, Inc.
 ByteDance Ltd.
 Coupang LLC
 Esquared Capital Limited (Klook)
 Fanatics Holdings, Inc.
 GetYourGuide AG
 Grofers International Pte. Ltd.
 Oravel Stays Private Limited (OYO)
 OYO Hotels Japan (OYO's affiliate)
 OYO Technology & Hospitality (China) Pte. Ltd. (OYO's affiliate)
 Plenty United Inc.
 PT Tokopedia
 Zuoyebang Education Limited
 1 other investment

Enterprise

Automation Anywhere, Inc.
 Cohesity, Inc.
 Cohesity APJ Pte. Ltd. (Cohesity's affiliate)
 Globality, Inc.
 GPCY Holding (Gympass)
 MapBox Inc.
 OSISOFT LLC
 Slack Technologies, Inc.

Fintech

Creditas Financial Solutions, Ltd.
 Etechaces Marketing and Consulting Private Limited (Policybazaar)
 Greensill Capital Pty Ltd.
 Kabbage, Inc.
 OakNorth Holdings Limited
 One97 Communications Limited (PayTM)
 OneConnect Financial Technology Co., Ltd.
 Pollen, Inc. (C2FO)
 VNLife Corporation Joint Stock Company
 Zhongan Online P&C Insurance Co., Ltd.
 SVF Zen JVCo (Singapore) Pte.Ltd. (Zhongan's affiliate)

Frontier Tech

Arm Limited
 Brain Corporation
 CloudMinds Inc.
 Energy Vault, Inc.
 Fungible Inc.
 Improbable Worlds Limited
 Light Labs, Inc.
 Petuum Holdings Ltd.
 Zymergen, Inc.
 1 other investment

Health Tech

10x Genomics, Inc.
 CollectiveHealth, Inc.
 Good Doctor Technology Limited
 Guardant Health, Inc.
 Guardant Health AMEA, Inc. (Guardant Health's affiliate)
 HealthKconnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)
 Ping An Healthcare and Technology Company Limited (Ping An Good Doctor)
 Relay Therapeutics, Inc.
 Roivant Sciences Ltd.
 Vir Biotechnology, Inc.

Real Estate & Construction

CLUTTER INC.
 Katerra Inc.
 Katerra Middle East Inc. (Katerra's affiliate)
 OpenDoor Labs, Inc.
 The We Company
 WeWork Greater China Holding Company B.V (The We Company's affiliate)
 WeWork Asia Holding Company B.V (The We Company's affiliate)
 WeWork Japan GK (The We Company's affiliate)
 Urban Compass Inc. (Compass)
 View Inc.
 1 other investment

Transportation & Logistics

ANI Technologies Private Limited (Ola)
 APPARATE USA LLC (Uber ATG)
 Auto1 Group GmbH
 Cambridge Mobile Telematics Inc.
 Delhivery Private Limited
 Doordash, Inc.
 Fair Financial Corp.
 Flexport, Inc.
 Full Truck Alliance Co. Ltd
 SVF TRUCK (SINGAPORE) PTE. LTD. (Full Truck Alliance's affiliate)
 Getaround, Inc.
 GM Cruise Holdings LLC
 GRAB HOLDINGS INC. (Grab)
 Guazi.com Inc.
 Local Services Holding Limited (Alibaba Local Services)
 Loggi Technology International
 Nauto, Inc.
 Nuro, Inc.
 Rappi Inc.
 Reef Global Inc. (formerly ParkJockey)
 Uber Technologies, Inc. (Uber)
 Xiaoju Kuaizhi Inc. (DiDi)
 Zume, Inc.

* SBG's consolidated basis

Note: SoftBank Vision Fund investments presented herein are solely for illustrative purposes. References to individual investments should not be construed as a recommendation of any specific investment or security. As of March 31, 2020, SoftBank Vision Fund has exited its entire interests in Flipkart, NVIDIA, and other undisclosed investments.

Arm: Business Strategy

Investing in Technology for Smartphones, 5G Networking, and Servers



Simon Segars
Board Director, SoftBank Group Corp.
CEO, Arm Limited

Arm business strategy

In our fast-paced world, new applications, device categories and markets are continually emerging, many of which require advanced semiconductors to provide their capabilities. Since being acquired by SoftBank Group Corp. in 2016, Arm has significantly increased investment in R&D to ensure that it can develop technology suitable for all these new opportunities.

Arm's strategy is therefore to:

- Maintain market position in areas where it is already strong, such as smartphones, consumer electronics, and embedded computing;
- Increase royalty per chip by increasing value where it can provide more technology (graphics processors and machine learning processors) or more valuable technology (one that increases performance and security);
- Establish market leadership in emerging technology areas including autonomous vehicles, IoT, and augmented reality headsets;
- Introduce new business models to change competitive landscape, for example, directly licensing its technology to OEMs and cloud companies; and
- Create new revenue streams from IoT-managed services such as device management, connectivity management, and data management.

Leading the world in semiconductor technology

Arm is a global leader in the development of semiconductor technology and is central to the pervasive computing that is shaping today's connected world. Arm's processor technology is the world's most widely licensed and deployed semiconductor design of its kind and is used in virtually all smartphones, the majority of tablets and digital TVs, and a significant proportion of all chips with embedded processors. As new markets for electronics emerge, they are often based on Arm's advanced processor designs, including IoT, self-driving vehicles, and industrial automation.

Arm business model

Arm licenses processor designs to semiconductor companies that incorporate the technology into their computer chips. Licensees pay an up-front fee to gain access to our technology, and a royalty on every chip that uses one of our technology designs. Typically, the royalty is based on the selling price of the chip.

Each Arm design is suitable for a wide range of end applications and can be reused in a variety of chip families to address multiple markets. Each new chip family generates a new stream of royalties. An Arm design may be used in many different chips and may ship for more than 25 years.

Investing in growth markets

Arm is investing in technologies, markets, and industries that are going to transform the way we all live and work.

Smartphones will become smarter and more capable.

Although the number of smartphones sold each year may not be increasing, the intelligence of each smartphone is growing with every generation, and this is creating opportunities for Arm to provide both more technology and more intelligent technology to this important market. Future smartphones will have

built-in machine learning capability. They will learn how you use the smartphone and how that may change with the time of day or location, they will be able to understand your voice and follow spoken instructions and gestures, and they will be able to anticipate what you will need next based on your past pattern of behavior and what others are also doing with their devices.






Networking infrastructure and servers will become more scalable and energy efficient.

Demands from billions of 5G handsets and IoT devices will place more challenging requirements on operators and equipment vendors. Network nodes, such

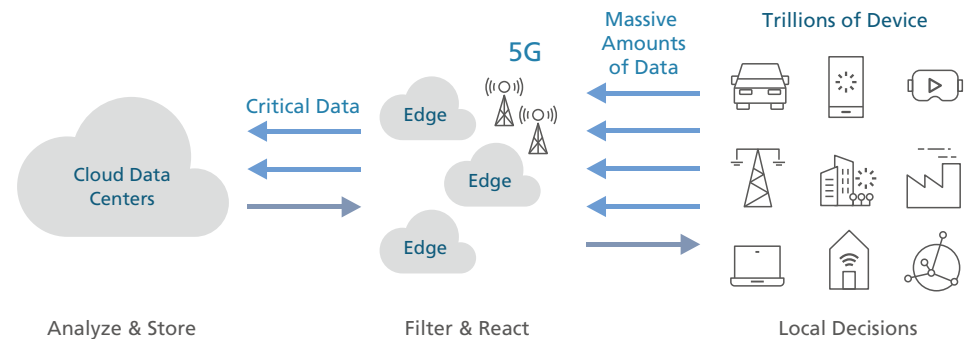
as base stations, switches, and routers, have limited capacity around power, space, and form factor, and are facing increasing demands to simultaneously handle a wide range of workloads from HD video streams to multitudes of events from IoT applications. Similarly, data centers need to provide services to increasing numbers of end users, while delivering a better level of cost and power efficiency. Today, we stream more data from the cloud (often as documents, photos, video, and music) than we upload. In the future, data being uploaded from IoT devices will overtake download data. This will place more challenging requirements on networks and data centers, creating opportunities for Arm technology.

*1 Based on Arm's internal modeling and analysis of the markets
*2 Includes processors for smartphones, tablets, and laptops

Market share

	FY2019	FY2028*1
 Mobile application processors*2	> 90%	> 90%
 Networking equipment	32%	> 65%
 Data center / cloud	5%	> 25%
 IoT application processor	90%	> 90%
 In-vehicle infotainment and driver assistance	> 75%	> 90%

Uploading data from IoT devices will overtake download data; requiring a redesign of global networks and creating opportunity for Arm's technology



Everything will become connected, creating an Internet of Things.

Already, devices that used to be merely electrical are now becoming smarter and connected with digital electronics: streetlights, elevators, parking meters, thermostats, etc. This is also happening in factories and warehouses where industrial automation is making systems more flexible and more efficient. Most of these digital connections are based on Arm technology, and over time we expect that there will be billions of Internet-connected devices. All of these will need to securely connect to the Internet and to be managed. This is creating opportunities for new products and services, and Arm intends to invest in this area, building on the strength of its very high market share in end devices.

Progress in fiscal 2019

In fiscal 2019, Arm steadily increased investment in R&D, increasing its headcount by another 751 employees, the majority being engineers. In addition, the first new technologies, that were only started after the acquisition by SoftBank Group Corp., were delivered to customers, creating new revenue streams. More generally, fiscal 2019 was a challenging year for the semiconductor industry, with relevant industry revenues increased only 0.6% year on year.

On the other hand, Arm made good progress in technology development for fiscal 2019. Some of Arm’s technology developments and customer

announcements are listed in the following table.






For cloud area, Arm-based “Fugaku” ranked as world’s fastest supercomputer in “TOP500,” a global ranking based on calculation speed of supercomputers, in June 2020. This award winning demonstrated how Arm’s customers can develop the most advanced technology.

Near-term challenges

Although Arm is focusing on investing for long-term growth, we cannot ignore near-term market conditions. Due to the outbreak of COVID-19, consumer spending and enterprise investment is likely to be lower, hence, reduction in GDP forecasts is expected. This may reduce royalty revenue (driven by chip sales) and license revenue (driven by our customers’

investment in R&D).

With an expectation that Arm will grow in the long term, fiscal 2020 remains an important year for Arm’s strategic progress. Arm is continuing to invest in R&D, and in 2020, Arm expects to deliver multiple new processors and related technology to our customers, and to start developing the next generation of technologies. In addition, some telecom companies are still intending to install or expand their 5G networking infrastructure which will drive a future upgrade cycle of smartphones. This year may also lead to changes in home-working, learning and interacting; leading to new increased investment in small office networking and mobile technology, and the infrastructure needed to connect us all to the Internet; helping to make society and enterprises more robust against any disruption.

Market	Arm’s technology development progress for fiscal 2019
 Mobile application processors*2	Announced a family of processors which will help provide AI and 5G capabilities to the next generation of smartphones due in 2020
 Networking equipment	Announced Project Cassini, an industry initiative to ensure a cloud native experience across a diverse and secure edge ecosystem
 Data center / cloud	Amazon Web Services Inc. announced that the first generation of Arm <i>Neoverse</i> processors is being used in their own-built Graviton2 server chips
 IoT application processor	Announced a new feature for embedded computing, <i>Arm Custom Instructions</i> , which allows chipmakers to optimize an Arm CPU to increase the performance for specific IoT and other applications
 In-vehicle infotainment and driver assistance	Established Autonomous Vehicle Computing Consortium (AVCC) with partners from the automotive industry to create technology standards that will help accelerate the arrival of self-driving cars

Merger of Sprint and T-Mobile and the Sale of T-Mobile Shares



On April 1, 2020, Sprint and T-Mobile US, Inc. completed a merger through an all-stock transaction (the "Merger").*¹ On that date, Sprint ceased to be a subsidiary of SBG and the new combined company T-Mobile became an equity method associate of SBG with an approximately 24% shareholding on a fully diluted basis.

Subsequently, SBG announced that it would sell up to 198,314,426 shares of the 304,606,049 shares of common stock held in T-Mobile (the "Sale") on June 23, 2020.*² On June 26, 2020 (Eastern Time), each of the transactions under the Sale was completed by T-Mobile for the public offering and private placement through the trust regarding T-Mobile shares in the U.S., resulting in the exclusion of T-Mobile from SBG's equity method associates.

In light of the Sale, the return on SBG's investment in Sprint is presented as follows. Sprint's acquisition cost totaled ¥2.1 trillion, of which ¥1.65 trillion was covered by debt, and our invested capital (i.e., the equity value portion) was ¥0.4 trillion. The overall value of our holding in T-Mobile as of June 24, 2020, as estimated based on the terms of the Sale, totaled ¥3.6 trillion. Assuming that the amount of debt had remained intact, we would have generated a nearly five-fold return, from acquisition cost of ¥0.4 trillion to ¥1.9 trillion, in about seven years, and the internal rate of return (IRR) on the equity value portion would be 25%.

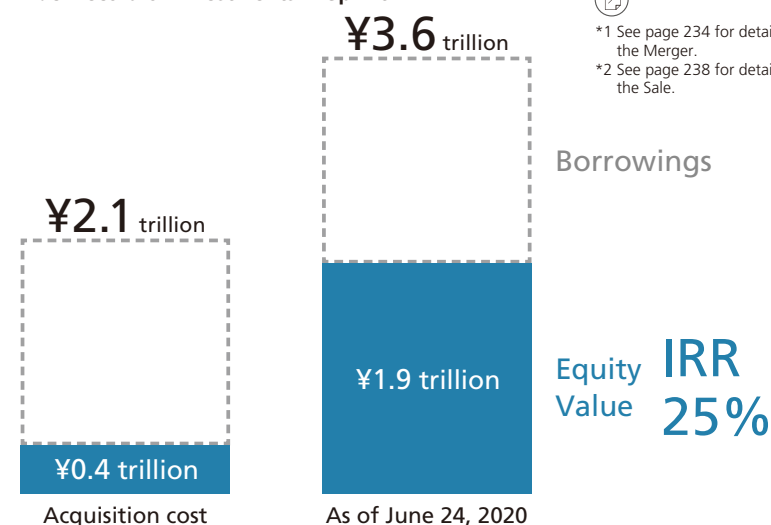


The impact on SBG's consolidated financial results will be as follows. In fiscal 2019, SBG had determined that completion of the Merger was "highly probable" as of March 31, 2020 and accordingly Sprint's net income and loss was presented as "net income or loss from discontinued operations," separate from continuing operations in the consolidated statement of income for fiscal 2019. Sprint's net income and loss for fiscal 2018 were also retrospectively revised and presented as "net income or loss from discontinued operations." In the consolidated statement of financial position for fiscal 2019, assets and liabilities of Sprint were presented as assets and liabilities held for sale.

In fiscal 2020, upon completion of the merger on April 1, 2020, SBG expects to record a gain of approximately ¥750 billion (before taxes) relating to loss of control of Sprint under net income from discontinued operations in our consolidated statement of income for the first quarter.

In addition, as a result of the completion of the transactions related to the Sale and the consequent removal of T-Mobile from SBG's equity method associates SBG expects to record a gain of approximately ¥600 billion (estimated amount) associated with the sale of T-Mobile shares in our consolidated statement of income for the first quarter.

Track record of investments in Sprint*³



*¹ See page 234 for details of the Merger.

*² See page 238 for details of the Sale.

*³ Current (as of June 24, 2020) = (a) equity value of common stock of T-Mobile to be sold + (b) equity value of the shares subject to call options + (c) equity value of shares that are not subject to sale or call options + (d) fair value of the right to have common stock of T-Mobile (48,751,557 shares) re-issued to SBG.
 (a) Equity value of common stock of T-Mobile to be sold: equity value of the shares to be sold (\$20,115 million) as announced in "Number of Shares to be Transferred and Purchase Price for the Transfer of Shares of Equity Method Associate (T-Mobile US, Inc.)," dated June 24, 2020.
 (b) Equity value of shares subject to call options: calculated by multiplying the number of shares subject to call options that Deutsche Telekom AG to receive (101,491,623 shares) by closing price of common stock of T-Mobile as of June 24, 2020.
 (c) Equity value of shares that are not subject to sale or call options: calculated by multiplying the number of shares (4,800,000 shares) held by SBG at April 1, 2020 that are not subject to (a) or (b) mentioned above, by closing price of common stock of T-Mobile as of June 24, 2020.
 (d) Fair value of the right to have common stock of T-Mobile (48,751,557 shares) re-issued to SBG by T-Mobile for no additional consideration, if the trailing 45-day volume-weighted average price per share of T-Mobile common stock is equal to or greater than \$150 at any time during the period of April 1, 2022 to December 31, 2025. Expenses (\$300 million) to be paid to T-Mobile in relation to execution of sale and related transaction are taken into account. Acquisition cost excludes acquisition-related expenses. Borrowings refer to the amount of borrowings at the time of acquisition in JPY (¥1.65 trillion). IRR refers to equity IRR. SBG has agreed to indemnify T-Mobile and its subsidiaries against (i) any monetary losses arising out of or resulting from certain specified matters and (ii) the loss of value to T-Mobile and its subsidiaries arising out of or resulting from cessation of access to spectrum of Sprint or its subsidiaries under certain circumstances, subject to certain limitations and qualifications. Based on currently available information, SBG believes that its indemnification liability will not likely exceed \$200 million in the aggregate (taking into account the probability of indemnification claims and cost sharing with T-Mobile applicable to the first \$200 millions of certain losses). Such indemnification liability is excluded from the IRR calculation. \$1 = ¥106.53.

Message from Our CFO

Financial Management Adapting to Any Change



Yoshimitsu Goto
Board Director, Senior Vice
President, CFO, CISO & CSusO,
SoftBank Group Corp.
(Head of Finance Unit, Head of
Administration Unit)

Our strength stands out in face of the COVID-19 pandemic

As we enter 2020, the outbreak of the COVID-19 led to city lockdowns and border restrictions in many countries. These movements disrupted the flow of people and goods and cast a heavy shadow over world economy. Global stock markets plunged and economic environments remain shrouded in uncertainty. Under these circumstances, some people believe that we, as an investment company, have been seriously affected by the adverse effects of market conditions, but the reality is different. To begin with, an investment company like us can engage in cash

management that allows liquid cushion by reducing new investments when the environment is harsh. As the environment picks up, we can resume investments with close scrutiny as to when to take the offensive. Our portfolio is made up of quality companies that are less vulnerable to the impact of the pandemic. This makes us stand out from the rest. The equity value of holdings of SBG has risen to ¥30.0 trillion,^{*1} which is more than four times its net debt. In terms of liquidity, SBG maintains cash reserves of ¥3.0 trillion,^{*2} more than sufficient to redeem bonds for the upcoming two years. I would like to highlight here that SBG is well positioned to firmly maintain a high degree of financial safety.

Our portfolio consists of quality assets

As a holding company, SBG is not directly engaged in business operation. We strive to maximize shareholder value, which is calculated as the equity value of holdings less the net debt of SBG, while overseeing Group companies including subsidiaries as an investment portfolio. The total equity value of the portfolio currently stands at ¥30.0 trillion.^{*1} After deducting net debt, shareholder value comes in at ¥23.3 trillion,^{*1} far exceeding SBG's market capitalization. The quality of the asset is also important. Our portfolio is made up of companies that have a competitive edge over peers in each sector, with solid business models centered on telecommunications and e-commerce. It includes such companies as Alibaba, SoftBank Corp., and T-Mobile, whose shares are trending firmly compared with key stock market indexes. For example, Alibaba's business model, which revolves around the provision of such wide-ranging services as online shopping and cashless payments, meets consumer demand in shelter-in-place lifestyle. Telecommunications operators SoftBank Corp. and T-Mobile boast stable corporate values based on their indispensable roles as today's social infrastructure. As for Arm, in an era in which IT is recognized as integral to people's lives, we believe that IC chips powered by Arm technology are becoming increasingly valuable due to mounting demand for contactless services.

Thus, as an investment company, SBG is capable of controlling direct damage from the market conditions, managing a portfolio that demonstrates its strengths even in a challenging environment.



See page 11 "How We Think About Shareholder Value" for details on shareholder value.

^{*1} As of June 24, 2020

^{*2} As of May 18, 2020

Adhering strictly to a decade-old policy for total financial security

SBG is also distinguished by its extremely solid financial position. Our financial policy is grounded in lessons learned from the financial crisis in 2008. Despite the ample cash position at that time, our heavy indebtedness weighed down our reputation in the crisis that could be called a financial depression. This experience taught us the necessity of clearly articulating our financial policy that would engender confidence in both the stock and bond markets.

As a strategic investment holding company, SBG has set the loan-to-value (LTV)*³ ratio as its most

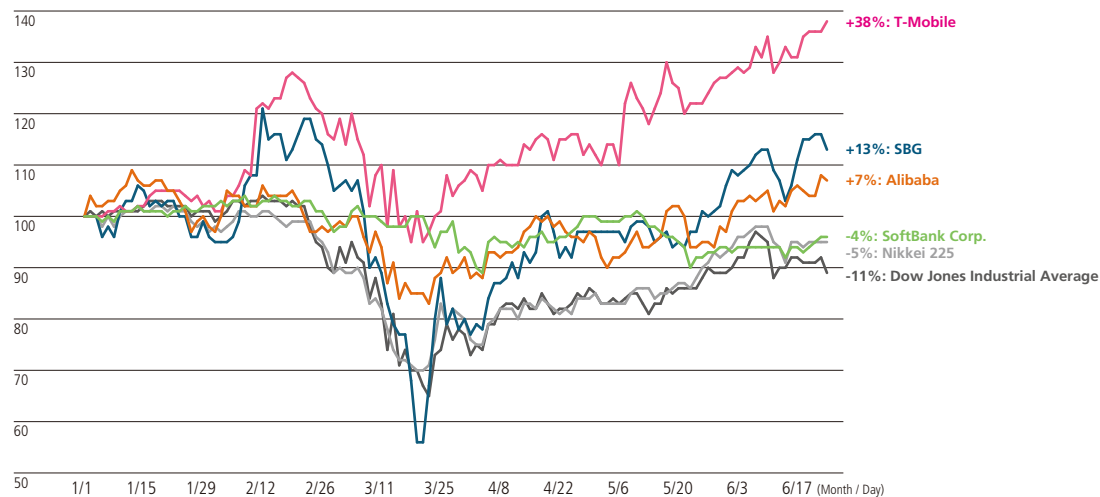
important financial indicator. LTV is calculated as the net debt of SBG divided by the equity value of holdings. Our policy is to keep LTV below 25% in normal times, with an upper threshold of 35% even in times of emergency. We believe that keeping LTV below 25% in normal times is a highly safe standard because even if share prices were to halve, LTV would increase only to 50%. SBG's most recent LTV came in at 14%,*² well below the guideline of 25%, trending at an extremely safe level in our view.

Another important financial indicator is cash position. SBG has set the policy of maintaining a cash position that is sufficient to redeem bonds for at least the coming two years. This not only helps allay

concerns over bond redemption, but also demonstrates that we, should the bond market temporarily stop functioning, would be able to redeem bonds through to the market's recovery. SBG currently maintains an ample cash position of ¥3.0 trillion,*² which is more than sufficient to cover the bonds due for redemption over the next two years. Taking also into consideration the steady stream of dividend income from subsidiaries, we would argue that our financial safety is assured.

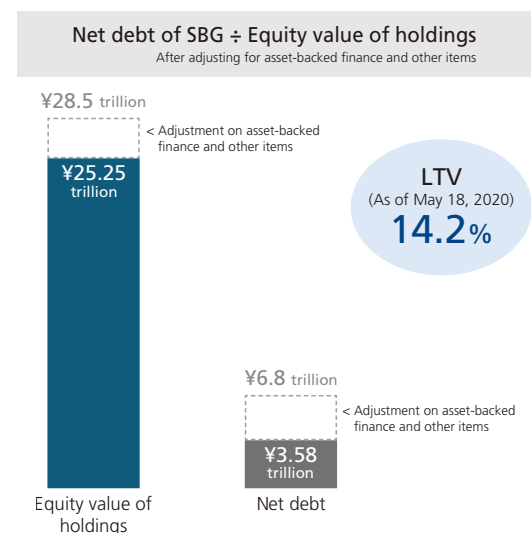
This financial policy, which we have adhered to for more than a decade since the financial crisis in 2008, has remained in full force during the recent COVID-19 pandemic. Given its incomparably stronger

Major portfolio stocks outperforming indexes



As of June 24, 2020. 100 = the closing price as of December 31, 2019

Our approach to Loan to Value (LTV)*³



*³ LTV is calculated as follows:
 $LTV = \text{Net debt} \div \text{Equity value of holdings}$
 Net debt: Excludes (a) to (c) below
 (a) The sum of the amount equivalent to the outstanding margin loan backed by Alibaba shares and the financial liabilities relating to the variable prepaid forward contract (collar contract) using Alibaba shares (entered into in November 2019).
 (b) The sum of the amount (before deducting cost) procured through several prepaid forward contracts using Alibaba shares, including a forward contract, a floor contract, and a collar contract. The contracts were entered into in April and May 2020.
 (c) The sum of the amount equivalent to the outstanding margin loan backed by SoftBank Corp. shares.
 Equity value of holdings: Excludes (d) to (f) below.
 (d) The sum of the amount equivalent to the outstanding margin loan backed by Alibaba shares and the amount to be settled at the maturity of the variable prepaid forward contract (collar contract) using Alibaba shares (entered into in November 2019) calculated based on the share price of Alibaba.
 (e) The sum of the amount to be settled at the maturity of the several prepaid forward contracts using Alibaba shares, including a forward contract, a floor contract, and a collar contract, calculated based on the share price of Alibaba. The contracts were entered into in April and May 2020.
 (f) The sum of the amount equivalent to the outstanding margin loan backed by SoftBank Corp. shares.

financial position than that during the financial crisis in 2008, I believe that SBG stands head and shoulders above any other company. I have total confidence in our financial position without any concern amid the pandemic.

Communication with the market is critical to the stable fund procurement

Ideally, an investment company's financial operations should focus on an approach whereby investment assets are sold at the right time and the proceeds are reinvested when new opportunities arise. However, investing in and selling assets require two entirely different decisions, which cannot always be made at the most desired time. Fundraising is therefore a

means through which to fill any funding gap and ultimately to increase the efficiency of investments. Continued and stable fund procurement provides us with the flexibility to undertake and recoup an investment at the right time.

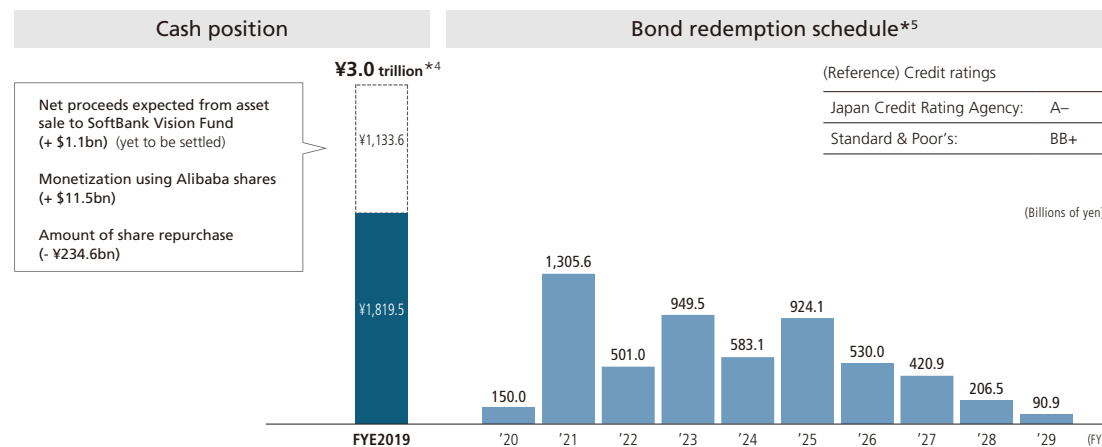
In fiscal 2019, our fundraising activities made further progress. In addition to borrowings from financial institutions and the issuance of corporate bonds, SBG procured funds through asset-backed financing, a method that employs shares for repayment, such as shares of Alibaba and SoftBank Corp. Unlike conventional financing, this approach does not impair SBG's credit and has been widely regarded by investors. As we flexibly procure fresh funds and refinance in light of the near-term business environment, investors have commented that our fast pace makes it difficult to

grasp the actual status of operations. To address these concerns, I believe sufficient disclosure and in-depth explanations are essential. For equity investors, it is vital that ample disclosure of information and dialogue would bring about investors' conviction about the value of our assets and the performance of our investment activities. Our efforts include disclosure of quarterly investor briefing materials for detailed information on accounting, finance, and SoftBank Vision Fund. Furthermore, we place equal emphasis on dialogue with bond investors as we do with equity investors. Trusting relationships built through dialogue are the key to flexible fund procurement as and when needed. Backed by these relationships, we will continue to issue products that are highly satisfactory to bond investors.

Fiscal 2020 financial policy

- Keep LTV below 25% in normal times, with an upper threshold of 35% even in times of emergency
- Maintain a cash position covering bond redemptions for at least the next two years
- Secure sustainable distribution and dividend income from SoftBank Vision Fund and other subsidiaries

Cash position and bond redemption schedule (As of May 18, 2020)



*4 Cash position = Cash and cash equivalents + Short-term investments recorded as current assets. SBG stand-alone basis. The value of cash position includes undrawn commitment line, consideration from asset sale to SoftBank Vision Fund, and the total proceeds from the monetization using Alibaba shares. Deducts the amount spent for share repurchase in April 2020.

*5 Outstanding balance as of March 31, 2020. Prepared on the assumption that hybrid notes will be redeemed on the first call dates. The contracted swap foreign exchange rate is used where applicable. \$1 = ¥108.83 is used elsewhere. Excludes bonds bought back and held in treasury.

¥4.5 trillion program aiming to deliver large-scale returns to shareholders and creditors

In March 2020, SBG announced a program to sell or monetize up to ¥4.5 trillion of assets held. The proceeds will be used for a buyback up to ¥2.0 trillion with the balance to be used for debt redemptions, bond buybacks, and increasing cash reserves.

The sale and monetization of assets held together with the share repurchase will be executed over the four quarters following the program's announcement. Progress of the program to date*6 includes: approximately ¥1.2 trillion through prepaid forward contracts using Alibaba shares; approximately ¥0.3 trillion through the sale of a portion of SoftBank Corp. shares, and; approximately ¥2.2 trillion*7 through the sale of T-Mobile shares. We are also making a good progress of share repurchase and financial improvement.

It is generally believed that the needs of equity investors, who expect growth in the value of stock as well as shareholder returns such as stable dividends and share buybacks, are incompatible with those of bond investors, who value interest income from debt and certainty of the repayment. However, this ¥4.5 trillion program balances the proceeds between shareholder returns and financial improvements, and takes full account of the different positions and perspectives of both investors. Equity investors can expect the share price discount to narrow, while bond investors can anticipate improvements in the balance sheet through substantial debt reduction

and enhanced cash reserves.

Improvement in our corporate governance also matters for increasing shareholder value. In June 2020, we took steps to further upgrade and expand the diversity of SBG's Board of Directors with the appointment of Lip-Bu Tan and Yuko Kawamoto as External Board Directors. Bearing in mind the importance to investors of the Board composition and the internal decision-making process adhering to the governance rules and being easy to understand, we intend to enhance the committees that support the Board to realize more transparent corporate governance. Moreover, as a member of the management team, I am dedicated to securing and training people who are capable of fulfilling their duties, and to enhancing employee satisfaction by continuously

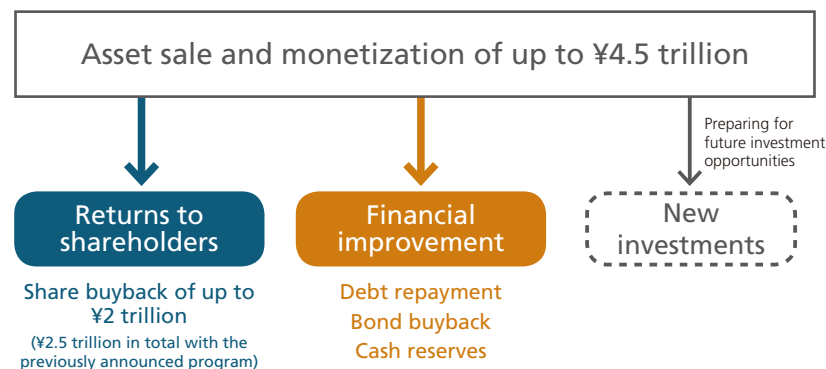
improving our personnel system and compensation schemes, while placing an emphasis on diversity among corporate officers as well as all employees.

In closing, it is my heartfelt wish that the COVID-19 pandemic will dissipate as quickly as possible. I am sure that I speak for the entire company as I voice our commitment to take full advantage of our internal and external networks to procure and provide antibody testing kits, protective suits, and other supplies to all who are in need at the earliest opportunity. By continuing to address such social issues, we also hope to further increase our shareholder value. As we work toward achieving our established goals, we kindly ask for the continued support and understanding of all stakeholders.

*6 As announced by June 24, 2020.

*7 Expected sale price. Total amount of sale price (\$20,115 million) as announced in "Number of Shares to be Transferred and Purchase Price for the Transfer of Shares of Equity Method Associate (T-Mobile US, Inc.)" dated June 24, 2020. \$1 = ¥106.53.

¥4.5 trillion program



Corporate Governance



For the latest information, see "Corporate Governance" on our website.

Based on SBG's Corporate Governance Report filed with the Tokyo Stock Exchange on June 26, 2020.

Basic views

The Company is guided by a fundamental concept of "free, fair, and innovative," and a corporate philosophy of "Information Revolution — Happiness for everyone." The Company aims to be a provider of essential technologies and services to people around the world while maximizing its corporate value. SBG recognizes that it is vital to maintain effective

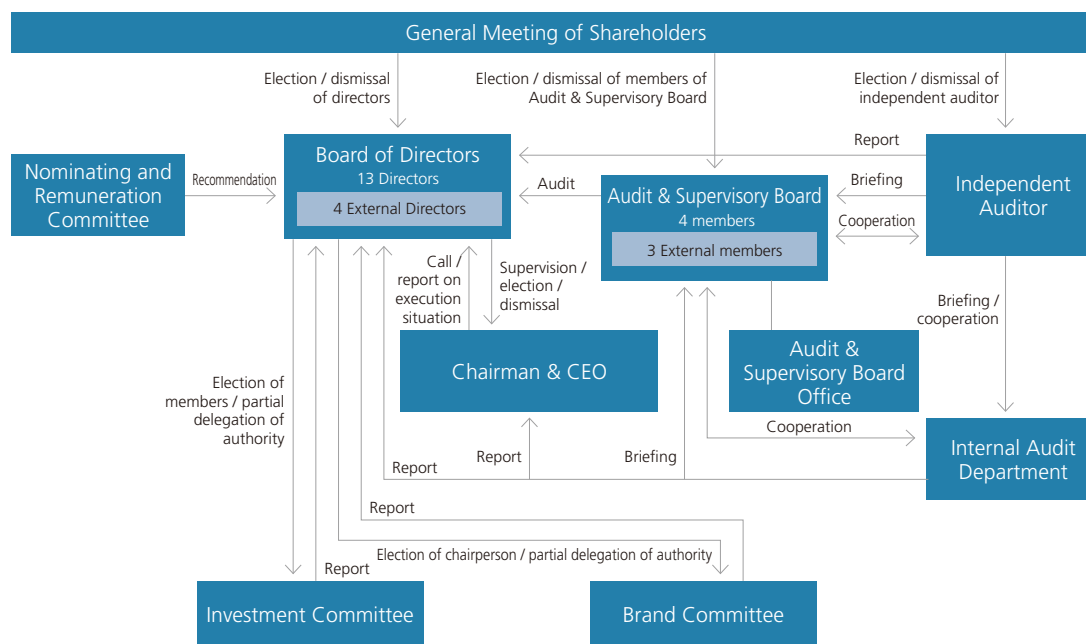
corporate governance in order to realize this vision. SBG continues to strengthen governance by taking measures such as formulating the SoftBank Group Charter to share the Group's fundamental concept and corporate philosophy, devising Group Company Management Regulations of the SoftBank Group to set out the management policy and management framework for Group companies, and establishing compliance with the SoftBank Group Code of

Conduct to prescribe policies to be followed by the Company and its Board Directors and employees.

Board of Directors

SBG's Board of Directors consists of 13 Board Directors, including four External Board Directors. The Chairman & CEO serves as the chairman of the Board. Agenda items for discussion at the Board

Corporate governance system



Corporate governance systems at a glance

Outline	Details
Organizational form	Company with Audit & Supervisory Board
Board Directors	Maximum number stipulated in the Articles of Incorporation 15
	Members (of which External Board Directors) 13 (4)
	Term of office 1 year
Audit & Supervisory Board members	Maximum number stipulated in the Articles of Incorporation 5
	Number of Audit & Supervisory Board members (of which External Audit & Supervisory Board members) 4 (3)
	Term of office 4 years
Number of Independent Officers	6 (4 External Board Directors and 2 External Audit & Supervisory Board members)
Voluntary committees of the Board of Directors	Nominating and Remuneration Committee, Investment Committee, Brand Committee

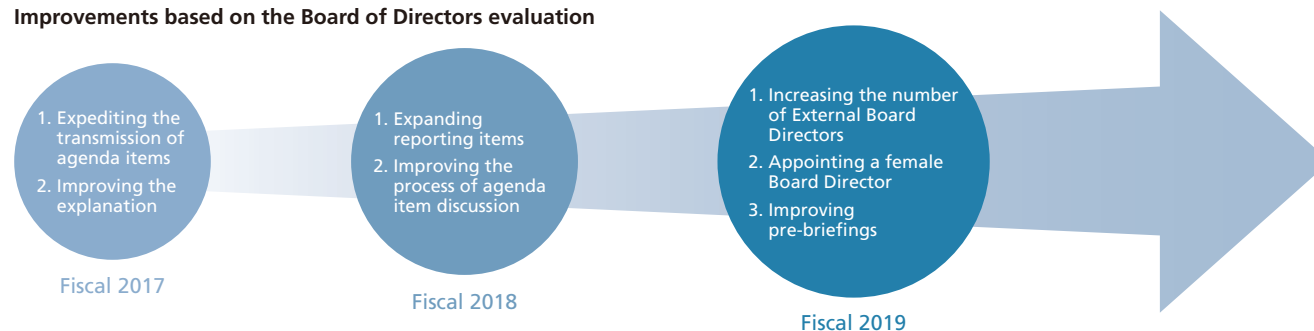
meetings are set forth in the Board of Directors Regulations. The Board discusses statutory matters, as well as critical matters related to business management, such as investments, loans, and borrowings that exceed a certain amount. In addition, Special Directors are put in place in accordance with Paragraph 1, Article 373 of the Companies Act, and matters related to “disposal and acceptance of important assets” and “borrowing in a significant amount” are resolved by the Board of Special Directors meeting for the purpose of prompt decision-making.

Summary of results of the Board of Directors evaluation

From November 2019 to April 2020, SBG had an independent organization conduct a questionnaire and interviews with its Board Directors (CEO, Executive Vice Presidents, and External Board Directors) and all of its Audit & Supervisory Board members about the composition, operation, and support systems of the Board of Directors, and conducted an evaluation of the effectiveness of the Board based on their results.

The evaluation results confirmed the overall efficacy of the Board. Meanwhile, in the questionnaire and interviews, it was often cited that management and oversight of Group companies and portfolio companies, as well as oversight of conflicts of interest, were especially important roles for the Board of Directors of SBG as a strategic investment holding company. In light of such roles of the Board, it was recognized that

Improvements based on the Board of Directors evaluation



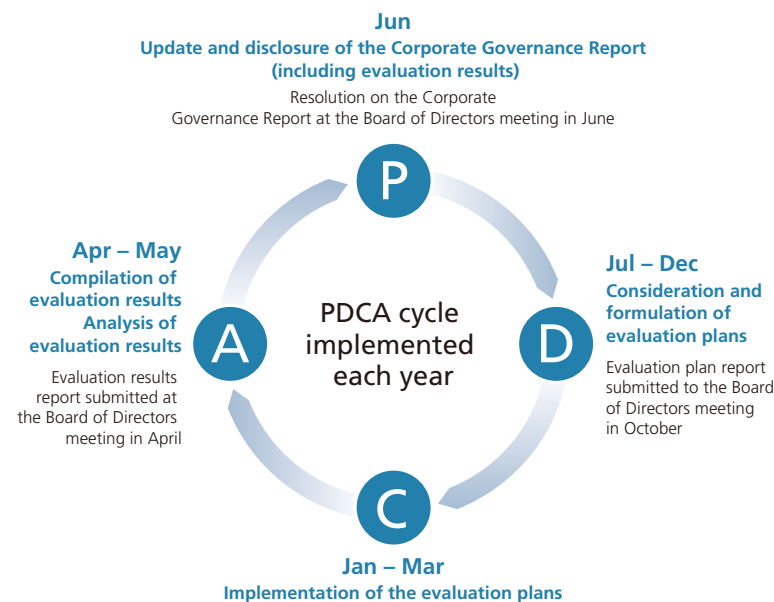
enhanced reporting on the status of Group companies and portfolio companies, as well as discussions on the management system for these companies, were needed. Also pointed out were the needs to increase the number of External Board Directors and to provide more detailed explanations at Board meetings and in the Board meeting materials, particularly with regard to investment projects.

The evaluation results were reported at the Board meeting in April 2020, and the Board has confirmed that it will make improvements with regard to their findings.

Nominating and Remuneration Committee

The Nominating and Remuneration Committee deliberates on standards for election and dismissal, proposals of candidates, individual remuneration, and policies concerning evaluation and remuneration for Board Directors, and reports the results of the deliberation to the Board of Directors. The Nominating

Board of Directors evaluation implementation schedule



and Remuneration Committee members are elected by the Board from among Board Directors, and a majority of the Committee members are Independent External Board Directors. The Committee currently comprises three Board Directors: Masami Iijima as the chairman of the committee, Independent External Board Director; Yutaka Matsuo, Independent External Board Director; and Masayoshi Son, Chairman & CEO.

Committees that make decisions on matters delegated authority by the Board of Directors

Investment Committee

The Investment Committee comprises six Board Directors: Masayoshi Son, Ronald D. Fisher, Marcelo Claire, Katsunori Sago, Rajeev Misra, and Yoshimitsu Goto. The Investment Committee makes decisions on matters set forth in the Regulations of the Investment Committee including investments, loans, and borrowings under a certain amount. Decisions are only approved by unanimous agreement. If a unanimous agreement is not reached, the matter is brought to the Board. All final decisions of the committee are reported to the Board.

Brand Committee

The Brand Committee comprises the chairman selected by the Board and four members appointed by the chairman, totaling five. Yoshimitsu Goto, Board Director and Senior Vice President, serves as the

chairman, while the four members are: Kazuko Kimiwada, Senior Vice President; Natsuko Oga, the head of the Corporate Legal Department; Takeaki Nukii, the head of the Corporate Communications Office; and Tatsuya Iida, the head of the General Administration Department. The committee makes decisions on matters set forth in the Regulations of the Brand Committee, including the management and licensing of the *SoftBank* brand. Decisions are only approved by unanimous agreement. All decisions made by the committee are reported to the Board.

Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board members attend the Board meetings, allowing them to monitor and verify the decision-making of the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, the Audit & Supervisory Board members receive regular reports from and conduct interviews as necessary with Board Directors, employees, and major subsidiaries' auditors and other personnel for auditing the execution of duties by the Board Directors of SBG. The Audit & Supervisory Board consists of four Audit & Supervisory Board members (two full-time members and two part-time members), including three external members chaired by a full-time, Internal Audit & Supervisory Board member. SBG ensures adequate independence of the three external members, who possess a wealth

of knowledge and experience in their professional roles as a lawyer, a Certified Public Accountant, or a Certified Tax Accountant. The Audit & Supervisory Board meets once a month, in principle. At these meetings, the audit policy and plan are formulated and details of various internal and external meetings attended only by full-time members are reported to part-time members. The Audit & Supervisory Board also explains details of the fiscal audit plan, interim audit status, and results of the audit to the Board. Furthermore, the Audit & Supervisory Board determines the appropriateness of reappointing the Independent Auditor each fiscal year.

Cooperation between the Audit & Supervisory Board members, the Independent Auditor, and the Internal Audit Department

The Audit & Supervisory Board members receive regular explanations from the Independent Auditor (Deloitte Touche Tohmatsu LLC) on the audit plan, quarterly reviews, the results of the audit, and other matters. The two parties also cooperate as necessary by exchanging information and opinions, among other measures. Furthermore, the Audit & Supervisory Board members receive explanations from the Internal Audit Department, which is responsible for SBG's internal audits, about the audit plan and the results of internal audits performed on each department of SBG and its major subsidiaries. The two parties also cooperate as

necessary by exchanging information and opinions, among other measures.

The Independent Auditor receives explanations from the Internal Audit Department on the audit plan and, when necessary, on the results of internal audits and other matters. The Internal Audit Department receives regular explanations from the Independent Auditor regarding the results of the audit and other matters. The two parties cooperate as necessary by exchanging information and opinions, among other measures.

Independence standards and qualifications for Independent Board Directors

SBG elects Independent External Board Directors in accordance with the independence criteria set by the Tokyo Stock Exchange. The Board elects External Board Director candidates who can contribute to increasing corporate value through their qualifications, ability, and deep knowledge in their fields of expertise. SBG also elects candidates for their ability to actively participate in constructive discussions and frankly express their opinions. SBG ensures adequate independence of the four External Board Directors, who bring a wealth of knowledge and experience to the Board related to business management and other matters. Each of the External Board Directors actively participates in discussions at the Board meetings and SBG makes management judgments and decisions based on these discussions.

Major activities, reason for appointment, etc. of External Board Director / External Audit & Supervisory Board Member

Name	Independent Officer		Major activities or reason for appointment	Attendance and attendance rate of meetings for FY2019		
External Board Directors	Masami Iijima	<input checked="" type="checkbox"/>	Activities	Makes remarks to support business judgments and decision-making based on his extensive knowledge and broad experience of corporate management and governance, acquired through his career as management of a trading conglomerate with global business development.	15 of 15 Board of Directors meetings (100%)	
	Yutaka Matsuo	<input checked="" type="checkbox"/>	Activities	Makes remarks to support business judgments and decision-making based on his extensive knowledge and broad experience of AI and other technologies as a leading expert in the field, acquired through his engagement in AI research over many years.	12 of 12 Board of Directors meetings (100%)	
	Lip-Bu Tan	<input checked="" type="checkbox"/>	Reasons for appointment	Since founding Walden International, Inc. in December 1987, Mr. Lip-Bu Tan has been active as a global venture capitalist investing in start-up companies focusing in sectors including semiconductor / components, cloud / edge infrastructure, data management and security, and AI / machine learning. He assumed the position of CEO of Cadence Design Systems, Inc. in October 2008 and led the management of the company for 12 years, playing a vital role in its growth. Also, having served as a director of Hewlett Packard Enterprises and Schneider Electric Corporation, he has extensive knowledge and experience related to investment and corporate management. SBG concludes that Lip-Bu Tan is an indispensable person for resolving SBG's important management issues and enabling the increase of its long-term corporate value, and has therefore appointed him as an External Board Director.	—	
	Yuko Kawamoto	<input checked="" type="checkbox"/>	Reasons for appointment	After joining McKinsey & Company in September 1988, Ms. Yuko Kawamoto assumed the position of Senior Expert in July 2001, and contributed to the company's growth. Also, after assuming the position of Professor of Graduate School of Finance, Accounting and Law, Waseda University (currently Waseda Business School (Graduate School of Business and Finance)) in April 2004, she served in various roles, including as a member of numerous finance-related government committees and as an outside director of financial institutions. She therefore has extensive knowledge and experience related to finance and corporate governance. SBG concludes that Yuko Kawamoto is an indispensable person for resolving SBG's important management issues and enabling the increase of its long-term corporate value, and has therefore appointed her as an External Board Director.	—	
	External Audit & Supervisory Board Members	Maurice Atsushi Toyama	<input checked="" type="checkbox"/>	Activities	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant, State of California, U.S.	15 of 15 Board of Directors meetings (100%) 10 of 10 Audit & Supervisory Board meetings (100%)
		Soichiro Uno	<input type="checkbox"/>	Activities	Makes remarks based on his extensive knowledge and experience as a lawyer.	15 of 15 Board of Directors meetings (100%) 10 of 10 Audit & Supervisory Board meetings (100%)
Hidekazu Kubokawa		<input checked="" type="checkbox"/>	Activities	Makes remarks based on his extensive knowledge and experience as a Certified Public Accountant and Tax Accountant.	15 of 15 Board of Directors meetings (100%) 10 of 10 Audit & Supervisory Board meetings (100%)	

Note: The major activities and meeting attendance of Yutaka Matsuo are since his appointment on June 19, 2019.

Disclosure of policy on determining remuneration amounts and calculation methods

Overview of the remuneration system for Board Directors and Audit & Supervisory Board members

While referring to results of a remuneration survey conducted by a specialized organization, SBG ensures the appropriateness of its remuneration system for Board Directors and Audit & Supervisory Board members, so that the system provides remuneration that is competitive enough to attract global talent. The total remuneration comprises both fixed and performance-linked remunerations. The performance-linked remuneration comprises cash bonuses based on short-term performance and share-based compensation based on medium- to long-term performance, and their proportion is determined individually. The remuneration for Board Directors whose main duty is to serve as officers of subsidiaries and Group companies is paid by those subsidiaries and Group companies, and such amounts are determined based on the remuneration policy of each company. The remuneration for External Board Directors and Audit & Supervisory Board members consists exclusively of fixed remuneration.

Calculation of performance-linked remuneration

The performance-linked remuneration is individually determined through a comprehensive approach whereby both individual performance based on the demonstration of capabilities and achievements of

Total amount of remuneration by title (fiscal 2019)

Title	Number of people	Subtotals for each type of remuneration (¥ million)			Total amount of remuneration (¥ million)
		Basic remuneration	Bonus	Share-based payment	
Board Directors (excluding External Board Directors)	5	704	550	91	1,345
External Board Directors	4	53	–	–	53
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	1	24	–	–	24
External Audit & Supervisory Board Members	3	48	–	–	48
Total	13	829	550	91	1,470

Notes: 1. Aside from the above, there was no remuneration paid to External Officers as Board Directors and Audit & Supervisory Board Members of the subsidiaries of SBG for this fiscal year.
 2. Pursuant to the resolution of the 38th Annual General Meeting of Shareholders held on June 20, 2018 regarding the annual aggregate remuneration of Board Directors, monetary remuneration shall not exceed ¥5,000 million per year, while remuneration in the form of stock acquisition rights allotted as stock options separately from the aforementioned remuneration shall not exceed ¥5,000 million per year.
 3. Pursuant to the resolution of the 10th Annual General Meeting of Shareholders held on June 28, 1990 regarding the annual aggregate remuneration of Audit & Supervisory Board Members, monetary remuneration shall not exceed ¥80 million per year.

Remuneration and other compensation paid to respective Board Directors (fiscal 2019)

Name	Amount of consolidated remuneration (¥ million)	Title	Company name	Subtotals for each type of remuneration (¥ million)			
				Basic remuneration	Bonus	Share-based payment (of which undetermined amount)	Others
Masayoshi Son	209	Board Director	SoftBank Group Corp.	120	–	–	–
			SoftBank Corp.	–	–	89 (–)	–
			SB Investment Advisers (US) Inc.	436	767	–	70
Ronald D. Fisher	680	Board Director	Sprint	54	–	54 (–)	–
			SOFTBANK Inc.	–	–	(701) (–)	–
Marcelo Claure	2,113	Board Director	SB Group US Inc.	1,417	–	–	114
			Sprint	110	–	303 (–)	169
Katsunori Sago	1,110	Board Director	SoftBank Group Corp.	560	550	–	–
Rajeev Misra	1,606	Board Director	SBIA	1,417	–	–	189
Ken Miyauchi	699	Board Director	SoftBank Group Corp.	–	–	91 (–)	–
			SoftBank Corp.	120	200	89 (–)	200*

Notes: 1. Only Board Directors whose total consolidated remuneration and other compensation is ¥100 million or more are listed.
 2. Company name and subtotals for each type of remuneration are stated based on the remuneration agreements between each Board Director and the Group.
 3. Share-based payment is an amount recognized and measured in accordance with IFRS 2 "Share-based Payment" and recorded on the consolidated statement of income of the fiscal year under review. Of the share-based payment, an amount of cash-settled share-based payment shall be determined based on the share price on the settlement date, but is calculated based on the share price on the last day of a fiscal year if such settlement date is not reached. If the share price falls from the last day of the previous fiscal year to the current fiscal year, an amount of the share-based payment for the current fiscal year may be negative.
 4. "Of which undetermined amount" included in share-based payment refers to an amount of cash-settled share-based payment that was calculated based on the share price on the last day of this fiscal year rather than based on the share price on the settlement date, which basically shall be used to determine the amount, as such settlement date was not reached then. This amount will fluctuate subject to the share price in the period up to the settlement date.
 * Other compensation paid to Ken Miyauchi from SoftBank Corp. represents remuneration in the form of restricted stock, which was introduced at the SoftBank Corp.'s 34th Annual General Meeting of Shareholders held on June 24, 2020. These restricted stocks will be granted on July 20, 2020, and will be recorded in the consolidated statement of income for the following fiscal year.

each officer, and SBG's business performance based on consolidated operating income, consolidated net income, stock prices, and other factors, are taken into account.

Approach concerning group management

Based on its unique organizational strategy, *Cluster of No. 1 Strategy*,* SBG will invest in subsidiaries and affiliates (for example, SoftBank Corp. and Arm) and investment funds (for example, SoftBank Vision Fund), to build a corporate group that operates a diverse range of businesses in the information and technology sector, and to maximize its medium- to long-term corporate value. In this process, each portfolio company will seek self-sustained growth, while SBG, as a strategic investment holding company, will support each portfolio company in its increase of corporate value by promoting collaboration among the portfolio companies leveraging the Group network.

Furthermore, SBG will confirm, or make reasonable efforts to ensure, that each portfolio company operates under standards of corporate governance that are substantially equivalent to the standards set forth in the Portfolio Company Governance and Investment Guidelines Policy of SBG (see below).

Basic views on the internal control system and the progress of system development

Please refer to the "Corporate Governance Report" of SBG for its basic views on the internal control system and the progress of system development.

Policy for constructive dialogue with shareholders

SBG works to promote constructive dialogue with shareholders and other investors by assigning IR duties to a Board Director, Senior Vice President and

CFO, and has established the Investor Relations Department as the responsible department. The department conducts IR activities in close coordination with related departments such as Accounting, Finance, Legal, and General Administration. SBG discloses this structure on its website and in its Corporate Governance Report.

The management and the Investor Relations Department respond to requests for dialogue from shareholders and other investors within reason, paying careful attention to the handling of material facts subject to insider trading regulations. In addition to individual discussions, SBG holds earnings results briefings and briefings for retail investors to explain the status of its businesses to shareholders and other investors. The Investor Relations Department compiles the opinions received from shareholders and other investors through dialogue and periodically reports them to management.



* See page 7 for details on the *Cluster of No. 1 Strategy*

Portfolio Company Governance and Investment Guidelines Policy

SBG has set out its "Portfolio Company Governance and Investment Guidelines Policy" to clarify the standards related to the corporate governance of portfolio companies that should be taken into account when SBG and its subsidiaries (including, in principle, SoftBank Vision Fund and other investment subsidiaries managed by SBG's subsidiaries) consider an investment. This policy covers a wide range of important corporate governance issues such as a portfolio company's composition of directors, founder and management rights, rights of shareholders (including matters on super-voting shares), and mitigation of potential conflicts of interest. The policy sets forth general principles, and allows for each investing entity to exercise discretion with certain limitations. Each investing entity is required to monitor the corporate governance of each portfolio company and regularly report the results to SBG.

Message from an External Board Director

Aligning Our Business with AI Macro Trends



Yutaka Matsuo
External Board Director,
Independent Officer
SoftBank Group Corp.

A roller coaster of a year

My involvement with the SoftBank Group began when I presented a keynote speech themed “Will AI Exceed Humans?” at SoftBank World 2016, an event for enterprise customers. Thereafter, I was invited to give a lecture at SoftBank Corp., where I discussed how AI would alter every aspect of life and legacy industries in particular and an opportunity for anyone to become the next tech giant by turning this AI-driven innovation into reality. Although Mr. Son was not present at the time, I believe that we have shared the same view towards AI ever since. Engaged

in the research of AI for some 24 years since 1996, I have sympathized with Mr. Son’s vision and his ability to consistently embrace the macro trends of each era. Moreover, I was impressed by the dynamic changes that he has triggered through his business over the past 30 to 40 years. For these reasons, I was genuinely pleased to join SBG as an External Board Director.

Since assuming office, however, these past 12 months have been quite a roller coaster ride. The Sōzō Summit, a SoftBank Vision Fund-related event held in the U.S. in September 2019, represented the pinnacle. I was amazed by how high SoftBank

Group’s global profile is, and I felt that perhaps it was all too good to be true. However, the subsequent withdrawal of WeWork’s IPO plan triggered many other issues, and the COVID-19 outbreak has placed considerable downward pressure on SBG’s financial results. Despite these peaks and troughs, I am confident in the current direction of the business and do feel there is no need to change the course given that AI will be changing the global macro trends. While we cannot fully avoid experiencing similar pitfalls in the short term, it is vital that we take a swift action after properly recognizing losses, to turn things around and deal with what happens next. I believe that the SoftBank Group is doing a fairly good job of handling this situation today.

The Board takes pains to discuss all sides of each issue

I feel that governance at SBG in general terms is functioning effectively. The Board of Directors is playing an appropriate role in checking and preventing contentious issues including conflicts of interest. In contrast to other general Japanese companies that tend to avoid sudden changes favoring the status quo, SBG is amazingly quick to update and properly optimize its strategies and forecasts.

Another distinguishing feature of SBG’s Board is the focus placed on promoting substantive discussion. In this sense, the Board serves as much more than a formal approval forum. Every effort is made

to deliberate all sides of each issue. A final decision is made after Board members including External Directors express their views drawing from their diverse backgrounds and nationalities and having thorough discussions with Mr. Son. I believe that this is the ideal decision-making process.

A system that enables vigorous debate with Mr. Son is imperative

Since Mr. Son has an extremely high understanding of and insight on technology as well as both the technical and general aspects of finance, it is not an easy task to engage in vigorous debate with him. Speaking about arguing with Mr. Son, it was unfortunate to hear that Mr. Tadashi Yanai, Chairman, President & CEO of FAST RETAILING CO., LTD., stepped down in December 2019 after serving as an SBG Board Director and Independent Officer for 18 years since 2001. Mr. Yanai was someone that was able to point out the flaws in Mr. Son's view and sometimes reject his view completely. With this said, I believe it is important to maintain a system under which Board members can freely express dissenting opinions even after Mr. Yanai's resignation. Moreover, while I have been pointing out any mistakes in Mr. Son's understanding of technology-related matters, I believe there is also a need for a solid framework that allows Board members to point out risks arising from adopting advanced finance schemes.

The election of two new External Directors and

one Internal Director at the Annual General Meeting of Shareholders of this year can be considered as a move to address this issue heads on. I strongly believe that the addition of Mr. Lip-Bu Tan, a corporate executive who has excelled as an international venture capitalist, Ms. Yuko Kawamoto, a professor at Waseda University's Graduate School of Business and Finance who boasts extensive knowledge of finance and governance, and Mr. Yoshimitsu Goto, CFO and head of finance unit at SBG, will further strengthen the governance function.

Immense change driven by AI

What I want to emphasize here is that, AI will generate greater changes than the Internet over the next 10 to 30 years. AI today is actually in a similar position to the Internet of two decades ago. While observing the surge of AI-related companies' valuation over the past year or two regardless of their quality, just like the rise and fall of the Internet bubble around 2000, I had a feeling that the "AI bubble" would eventually burst. I understand that we are experiencing a similar pattern triggered by the COVID-19 outbreak. I am, however, convinced that this is a short-term adjustment and I can confidently picture a long-term upward trend from a macro point of view.

I see this phase of making adjustment as a selection or screening period. Meaning, while companies with little or no profitability will fall by the wayside,

those with a proven track record or the potential for growth will survive. From a five- to ten- year perspective, companies that utilize AI to provide significant added value will continue to steadily expand and, therefore, investments in these companies should yield a return. Staying in line with the macro trend is extremely crucial in this instance. So as long as the direction of business remains aligned with macro trends, there is no reason for anxiety even in the event of a short-term decline. Specifically, I have little concern about SoftBank Vision Fund despite its recent substantial investment loss since the fund has a long lifespan of about 10 years remaining.

Online services have significantly increased, not only in Europe and the U.S., but also in Japan due to the COVID-19 outbreak. This trend towards the widespread use of online services, or the digitization of various activities, is encouraging automation and optimization through AI. Lack of digitization, which in turn prevented programming, has precluded the use of AI in certain areas to date. While the pandemic is a calamity without precedent, rather than wallowing in misery and despair, I believe that for us it is far more important to think of the current situations as a huge opportunity to make AI more widely adapted.

Message from an External Audit & Supervisory Board Member

Governance for a Strategic Investment Holding Company



Maurice Atsushi Toyama
Full-time Audit & Supervisory Board Member, Independent Officer, SoftBank Group Corp.
Certified Public Accountant, State of California, U.S.

A company with Audit & Supervisory Board system — the most suitable form of governance for the current situation

Currently, companies in Japan may choose one of the following three forms of corporate organization: company with Audit & Supervisory Board, company with three committees (nomination, audit, and remuneration), or company with supervisory committee. Among those, SBG has adopted the company with Audit & Supervisory Board system. Considering the composition of the board of many Japanese companies including SBG, I believe this is the most suitable form of governance to the current situation.

When I explain about Japan's Audit & Supervisory

Board system to people outside Japan, I often refer to it as the audit committee system in the U.S., however, there is a fundamental difference between the two. In many U.S. companies, external board directors make up the majority of the board of directors and provide direction and authorization of management's conduct of business while maintaining their independence. The role of the audit committee, a subcommittee of the board comprised of external board directors, is to provide oversight of audit plans and the results of the audits performed by the external auditors and internal audit departments. Direct audit or supervision of management's conduct of business is not their role. This is in contrast to many Japanese companies, including SBG. While the ma-

majority of the board is comprised of internal directors in charge of the conduct of business, majority of the Audit & Supervisory Board must be external members. This requirement enables Audit & Supervisory Board members to provide highly independent audit and supervision of board decisions and the conduct of directors in light of laws and regulations as well the articles of incorporation. For example they are not involved in the investment decision itself, as such decision is for the board of directors including external directors, to make. Audit & Supervisory Board members audit and supervise the decision to ensure the transactions are free of any conflicts of interest from a shareholder's perspective and that there is no violation of laws such as money laundering.

Monitoring overseas portfolio companies based on trust

Another feature of the Audit & Supervisory Board system is the presence of full-time auditors. SBG's Audit & Supervisory Board consists of four members, of which two are full-time members, including myself. Full-time Audit & Supervisory Board members collect necessary information through direct and daily communication with officers and employees of SBG and domestic and overseas Group companies. Previously, there was one full-time Audit & Supervisory Board member who was from within the company and was familiar with its internal movement. However, around the time of the acquisition of Sprint in 2013, SBG has rapidly expanded its overseas business. Under the necessity of closer monitoring Group companies, mainly overseas, I was appointed as a second full-

time Audit & Supervisory Board member in 2015. I am in a slightly unique position where, although I am an External Audit & Supervisory Board member, I am also a full-time member. Since then, I have frequently visited major overseas portfolio companies including Sprint, Arm, and Fortress as well as the U.S. and U.K. offices of SoftBank Investment Advisers, which manages SoftBank Vision Fund (the “Vision Fund”). Since I have built up trust relationship from these face-to-face communications, I am able to collect sufficient information through conference calls even under the current circumstances, where overseas business travel is restricted due to COVID-19.

Focusing on the flow of funds to understand the true nature

The change in its corporate name from SoftBank Corp. to SoftBank Group Corp. in 2015 symbolizes how SBG has transformed itself from a telecommunications operator to a strategic investment holding company. Following this, SBG is now subject to a different set of government agencies and laws and regulations, but the viewpoint of audit remains largely unchanged. The important point here is to ensure the proper conduct of business in compliance with laws and regulations as well as SBG’s Articles of Incorporation, and to secure the interests of shareholders. Having worked at an auditing firm for many years auditing companies across a wide range of business sectors, I feel prepared to address SBG’s business transformation.

SBG as a strategic investment holding company has increasingly been involved with complex transactions lately. However, it is not too difficult to understand the

true nature of each deal by tracking the final destination of funds rather than focusing too deeply on each detail. As SBG and the Vision Fund each engage in investment activities, it is sometimes pointed out that the differences between the two are difficult to understand from the outside. In contrast to SBG making strategic investments with a future perspective, the Vision Fund makes minority investments based on the *Cluster of No. 1 Strategy*.^{*} There is also a deadline for the life of the Vision Fund, although it still has around 10 years remaining. Again, to audit and supervise the conduct of the Vision Fund, it is important to keep an eye on the flow of funds. Conflicts of interest can be avoided by clearly prescribing who, between third-party investors or SBG, should receive the funds.

Key to the audit and supervision is information sharing through collaboration with the parties concerned. Audit & Supervisory Board members regularly communicate with the Independent Auditor and the Internal Audit Department to exchange information, including sharing matters of respective concern. In addition, a broad range of items are discussed at the Audit & Supervisory Board meetings, from details of internal briefings given by key departments, to even information obtained through informal channels, almost like rumors. I also share the latest information about overseas Group companies obtained through interviews, as well as information obtained from the overseas auditing firms of our portfolio companies. I will continue to cooperate and share information more closely with parties concerned and aim to build a more effective Audit & Supervisory Board system.

Addition of External Board Directors further strengthens governance

I have heard some concerns that the checks and balances on Chairman & CEO Masayoshi Son by the Board have weakened following the resignation of Tadashi Yanai, Chairman, President & CEO of FAST RETAILING CO., LTD., as an External Board Director in December 2019. It is true that Mr. Yanai’s presence was significant, but I believe these concerns are unfounded. Vigorous discussions continue to take place among the Directors, both Internal and External, with diverse backgrounds for appropriate decision-making. It is not solely Mr. Son and three Executive Vice Presidents who make final decisions. Internal Directors Simon Segars and Yasir O. Al-Rumayyan as well as External Board Directors Masami Iijima (Representative Director, Chairman of the Board of Directors, MITSUI & CO., LTD.) and Yutaka Matsuo (Professor, Graduate School of Engineering, the University of Tokyo), aggressively ask Mr. Son questions to the point and he sincerely replies to those questions.

However, if you think of this as a Board of Directors of a strategic investment holding company, I had a feeling that directors responsible for business operations were overrepresented and more external board directors with a background in finance were needed for objective and in-depth discussion on financial transactions. The election of Lip-Bu Tan and Yuko Kawamoto as External Board Directors at the recent Annual General Meeting of Shareholders is an excellent measure to address these concerns. Their addition to the Board is expected to further strengthen the governance function at SBG going forward.



^{*} See page 7 for details on the *Cluster of No. 1 Strategy*

Risk Management

Risk management system

In accordance with the Group Company Management Regulations, which define the basic approach to risk management at each Group company, the Company is appointing risk managers and building a system for reducing and preventing risks that arise in our business activities. A system is also in place to ensure that the occurrence of an incident that may have a material impact on the execution of business activities and reputation is immediately reported to SBG for an appropriate response as a group, in cooperation with Group companies as necessary.

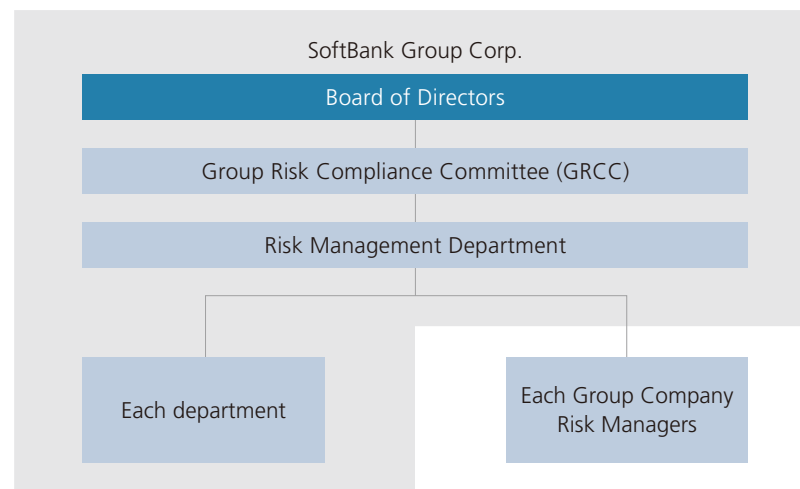
With regard to the risk management of SBG, the Risk Management Regulations define the roles and responsibilities of each department, such as reducing and preventing risks arising from its own businesses. In addition, the Risk Management Department of SBG periodically monitors and assesses the status of risk management by each department, in accordance with these regulations. Complementing these initiatives, the Group Risk and Compliance Committee (GRCC) was newly established in 2019 to oversee risk management across the group. The GRCC meets quarterly to discuss policies for risk management activities and material risks and countermeasures, thereby working to strengthen the risk management capabilities at the group level.

Risk management initiatives

To identify material risks at the group level and associated issues, the Group has set up and operates a risk management Plan-Do-Check-Act cycle under the supervision of the GRCC. In fiscal 2019, SBG collected information on risk assessments from 14 Group companies including major subsidiaries in each reportable segment, as well as from each department of SBG, under the leadership of the Risk Management Department. Based on the information

collected, SBG identified material risks at the group level by analyzing and evaluating the materiality and frequency of occurrence of the risks. The material risks identified are reported to the GRCC and the Board of Directors, and based on their discussions, countermeasures are examined and monitored to ensure its effectiveness. Through the continuous implementation of this cycle, we aim to identify and respond to risks in a timely manner, thereby minimizing losses in the Group.

Risk management system



Risk management PDCA cycle



Compliance

Commitment to complying with the law and integrity

The Company is committed to more than just complying with the law. We believe a commitment to integrity must be the foundation for our business. We strive to create an organization where every officer and employee demonstrates the highest degree of ethical conduct in every action they take.

We will continue to make a positive impact on the

world as a leading corporate citizen and as a valued neighbor in the communities where we work and live.

Organizational structure

GCO and CCOs

The Board of Directors of SBG has the exclusive authority to appoint a group compliance officer (GCO) as the chief officer responsible for compliance across the Company. In June 2020, Chad Fentress

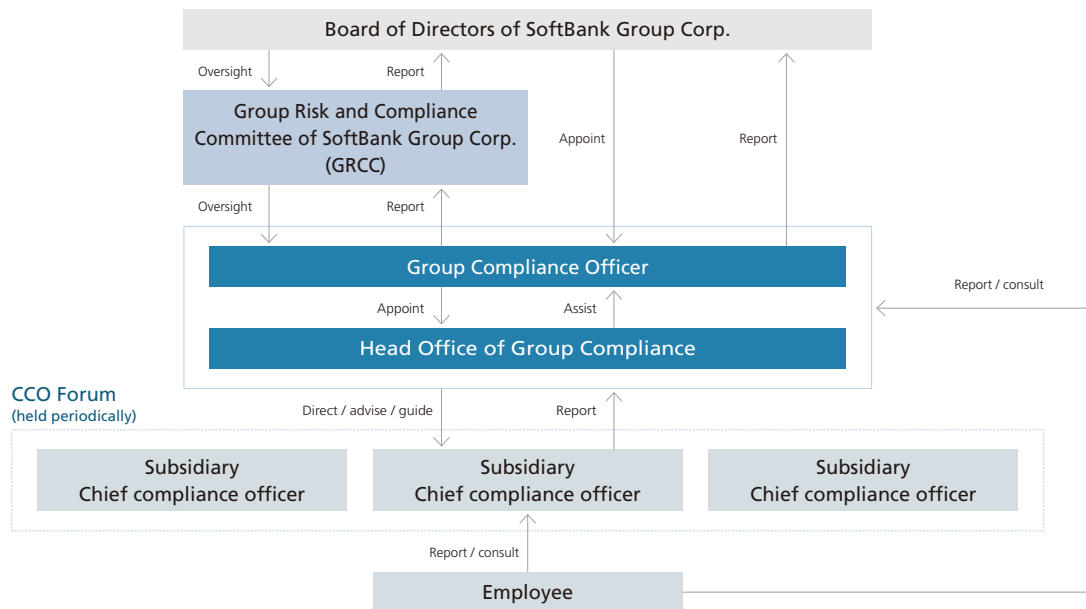
was appointed as the GCO. Similarly, each subsidiary appointed a chief compliance officer (CCO).

The GCO and CCOs have the responsibility to implement systems designed to ensure compliance with the laws and regulations and to promote ethical conduct. The GCO and CCOs also have the authority, and responsibility, to stop actions that may violate laws or company policies. The GCO and CCOs periodically report material incidents and risks together with activities of their ethics and compliance program to their respective boards.

In fiscal 2019, SBG held quarterly global CCO forums to mitigate risks, share best practices, and strengthen the relationship with subsidiaries. SBG will continue to hold the global CCO forum periodically in the future.

Group compliance structure

As of April 2020



Ethics and compliance program

The Company's ethics and compliance program is based on industry best practices and a continuous improvement model. By employing the Plan-Do-Check-Act cycle, we constantly evaluate the effectiveness of our program and make changes based on the results we measure and observe.

Oversight of program

The Group Risk and Compliance Committee (GRCC) provides oversight to the risk management and ethics and compliance programs of the Company. This committee members include senior leaders of SBG. The committee reviews risk assessments, risk mitigation, incidents, and other key performance indicators that measure the effectiveness and activities of the risk management and ethics and compliance programs. The committee reports regularly to SBG's Board of Directors on the effectiveness of those programs.

Code of Conduct and Group Policies

SBG first adopted the SoftBank Group Code of Conduct* in 2005. With our rapid business expansion across the globe, we substantially enhanced the SoftBank Group Code of Conduct and Group Policies in 2019. Our revised Code of Conduct is more comprehensive and enriched with specific examples, Q&As, definitions, and red flags to guide the Company's officers and employees to ethical conduct.

SBG implemented Group Policies that establish group-wide minimum requirements across key risk areas such as anti-corruption, competition, conflicts of interests, insider trading, economic sanctions, information security, privacy, human rights, brand management, and corporate governance. SBG continuously reviews and revises our Code of Conduct and Group Policies as appropriate.



* For details, see "SoftBank Group Code of Conduct" on our website.



Architecture of ethics and compliance program



Training and awareness

The Company conducts training and awareness-raising activities to ensure that officers and employees recognize risk areas and have the information they need to make the right choices. As one example of those activities, SBG holds a Compliance Awareness Month annually for officers and employees of main subsidiaries and conducts a compliance slogan contest. The winning compliance slogan will be used for communications from the GCO to our employees. SBG also provides training for directors, officers, and employees with respect to high risk areas such as bribery and corruption. Through these efforts, we strive to minimize risks and enhance management efficiency.

SBG implemented a global training system and is establishing minimum standards across the Company and standardizing training about the Code of Conduct and certain risk areas.

Monitor, audit, and review

The Company has implemented ethics and compliance helplines to assist employees, officers, or others such as business partners to ask for advice or to make reports of misconduct. These include a helpline hosted by an external legal counsel. Allegations and consultations can be made anonymously, as permitted by local laws and regulations. We received several hundred reports and requests for advice in fiscal 2019. We are also currently implementing a global ethics and compliance helpline across the Company

where users can easily report concerns or seek advice using a web-based tool. CCOs are responsible for maintaining helplines for their respective companies. Significant substantiated cases must be escalated to the GCO.

To measure its ethical culture, SBG conducts a regular employee survey. SBG uses the results of the survey to target messaging about our program or take other action as appropriate.



Top page of the “Compliance Awareness Month,” a special website for officers and employees for fiscal 2019

Sustainability

SoftBank Group Sustainability Vision
“Help shape the next 300 years for our future generations and the planet”

The corporate philosophy of the SoftBank Group, “Information Revolution — Happiness for everyone,” captures the determination to build a happier and more fulfilling future over the next 300 years and for generations to come. In order to create a world where future

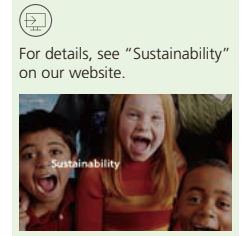
generations and the planet can coexist indefinitely, we will strive to realize a sustainable society by fulfilling our responsibility as a corporate group that leads the Information Revolution.

Sustainability promotion policy

1. SoftBank Group Sustainability Principles

SBG established “The SoftBank Group Sustainability Principles” as guidelines to support the sustainability

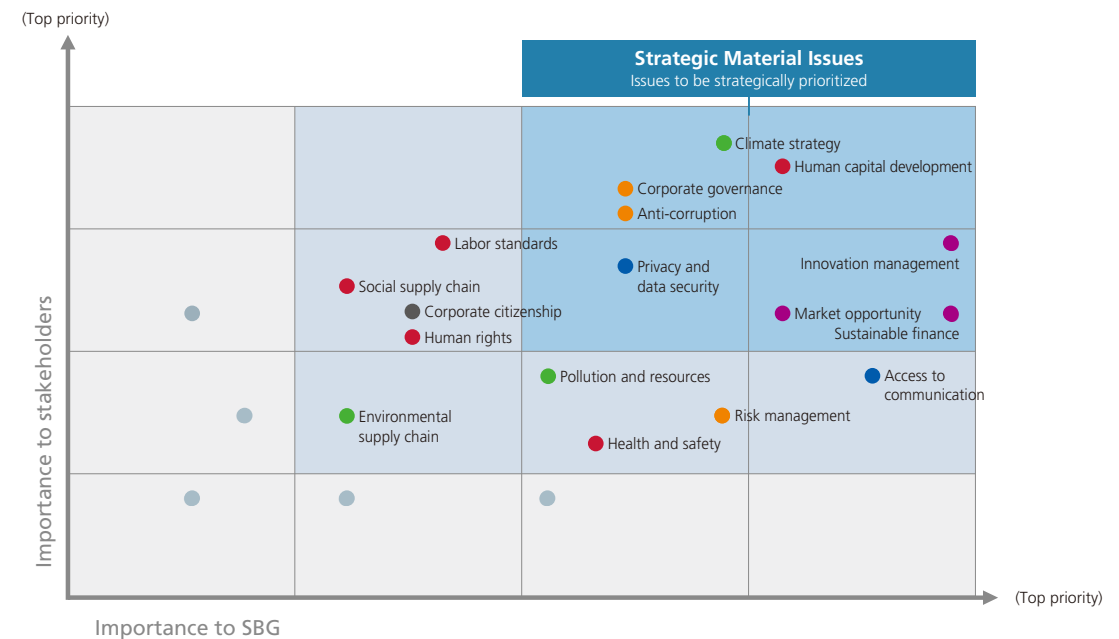
of the Group in order to ensure that the expectations of all stakeholders including customers, shareholders, creditors, business partners, and employees are the foundations of sustainable growth. Under these principles, we have identified six activity themes that enable Group companies to identify priority issues, in accordance with the characteristics of their respective businesses and the demands of society, and promote initiatives independently.



Activity themes and Material Issues

Activity themes	Material Issues
1. Drive sustainable growth and innovation in society by uniting wisdom and knowledge	<ul style="list-style-type: none"> • Innovation management • Sustainable finance • Market opportunity
2. Take responsibility by responding to emerging issues that come with technological advancement	<ul style="list-style-type: none"> • Access to communication • Privacy and data security
3. Ensure the growth of the future generations and our business by creating higher quality employment for all	<ul style="list-style-type: none"> • Human capital development • Health and safety • Labor standards • Human rights • Social supply chain
4. Leverage breakthrough technologies to resolve environmental issues, including energy problems	<ul style="list-style-type: none"> • Climate strategy • Pollution and resources • Environmental supply chain
5. Demonstrate highly transparent governance and integrity to win further trust of our stakeholders	<ul style="list-style-type: none"> • Risk management • Corporate governance • Anti-corruption
6. Maximize our potential as a group by joining forces with people around the world to make a positive impact on society	<ul style="list-style-type: none"> • Corporate citizenship

Strategic Material Issues



2. Strategic Material Issues


We have identified areas and themes that need to be strategically addressed as “Strategic Material Issues” by examining our sustainability issues. This process reflects both the expectations of stakeholders and the importance for the Group’s business. Through continuous efforts to address the Strategic Material Issues, we aim to become a corporate group that grows sustainably while harmonizing with the society.

3. Process for identifying Strategic Material Issues

Our Strategic Material Issues are identified through the following assessment process.

Step 1
Identification of Issues
Identify related social issues

Determine social issues in the social and business environments surrounding the Company’s major industries by referring to external guidelines, opinions from outside experts, and other related information.



Step 2

Materiality Analysis

Analyze the importance of social issues to society and the Company

Analyze the level of importance of each issue determined in Step 1 against the two axes of issues that the society, or stakeholders, considers important and issues that the Company considers important for sustainable growth.



Step 3

Identification of Material Issues

Identify the Strategic Material Issues that the Company should tackle through business practice

Identify Strategic Material Issues - material issues with top priority that the Company needs to address based on the results of analysis in Step 2.

4. Future initiatives

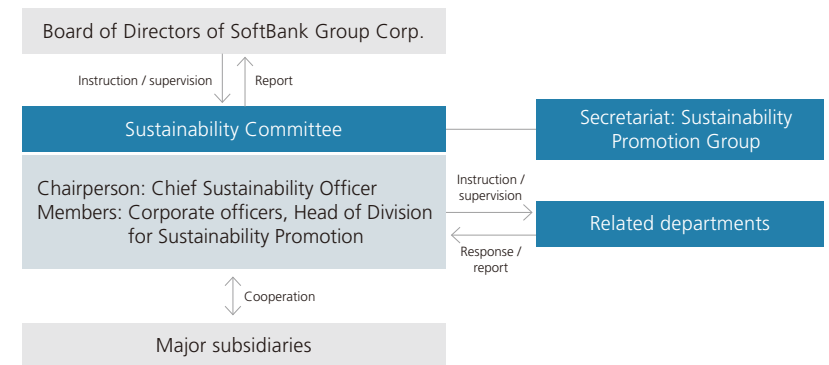
For the identified Strategic Material Issues, we will continue to work on setting targets for each issue. We will also review the Strategic Material Issues in response to changes in society and the environment, importance to stakeholders, changes in the business of each Group company, and other factors as a part of efforts to achieve sustainable growth of the Group as a whole.

Sustainability promotion structure

To further promote sustainability, Yoshimitsu Goto, Board Director and Senior Vice President of SBG, was appointed to the newly created position of Chief Sustainability Officer (CSusO), who is in charge of promoting sustainability.

SBG also established the Sustainability Committee, which is chaired by the CSusO and comprises of corporate officers and the Head of Division for Sustainability Promotion. The Sustainability Committee continuously discusses issues that are material to our sustainability and periodically reports to the Board of Directors. The Sustainability Committee also works closely with Group companies to enable the Group as a whole to promote sustainability.

Sustainability promotion structure



Our response to COVID-19

We are implementing various initiatives to prevent the spread of the pandemic and to help address its consequences.

SoftBank Group Corp.

SBG provides antibody test kits free of charge to medical institutions that in need to monitor the status of the pandemic. Approximately 246 thousand antibody test kits had been provided by the end of June 2020.

SBG also procures face masks, face shields, goggles, protective suits, gowns, and nitrile rubber gloves to supply at cost to medical and healthcare workers, among others, who are in need.



Delivery of antibody test kits

SoftBank Vision Fund

SoftBank Vision Fund portfolio companies have undertaken initiatives in response to COVID-19. Notable cases are presented as follows.

Medical response

Developing treatments and directly addressing health crisis

Fanatics	Fanatics converted one of its U.S. factories to produce masks and gowns from material used to manufacture MLB jerseys; donating them to hospitals and emergency personnel
Flexport	Flexport raised over \$8M and helped source, fund and deliver over 171M critical supplies
Roivant	Roivant is rapidly advancing clinical-stage trials for treatment of Acute Respiratory Distress Syndrome caused by COVID-19
VIR	Vir is isolating antibodies to potentially treat or prevent COVID-19 infections
Flexport + Clutter	In the U.S., Flexport and Clutter are working together to move Personal Protective Equipment (PPE) to the frontlines. Flexport is handling shipping and Clutter is providing storage facilities and delivering this protective gear to healthcare workers

Organizational response

Filling the gaps for governments, institutions, and employers

Collective Health	Collective Health launched a COVID-19 website to the public with 60-second Risk Assessment tool to encourage self-isolation
Greensill	Greensill launched a free app to help U.K. healthcare workers get paid every day, instead of waiting until the end of the month
Kabbage	Kabbage launched a free platform for SMEs to offer gift certificates to U.S. customers, so they can maintain income during the crisis
Mapbox	Mapbox is helping organizations, such as Centers for Disease Control and Prevention (CDC) and World Health Organization (WHO), with real-time data visualization of the outbreak to target support needs

Societal response

Supplying basic needs to vulnerable populations

DoorDash	DoorDash launched United Way partnership to deliver food and goods to vulnerable populations; opened up delivery fleet to U.S. city agencies and community organizations
OYO	OYO is providing free stays to healthcare workers in the U.S. and potentially other geographies; providing quarantine sites in India
Rappi	Rappi will deliver 500,000 free meals to hospital workers in Latin America
Uber	Uber is providing 14-day financial assistance to diagnosed drivers; pledged 10 million free rides and meals to healthcare workers worldwide
REEF + Uber	In the U.S., REEF Technology and Uber are partnering to deliver needed goods to consumers. REEF converted parking lots into fulfillment centers and launched its online "Stock-Up Mart" on UberEats' technology platform. UberEats manages last mile delivery of goods to consumers

Notes:

1. Data as of May 27, 2020. Press releases, etc. of each portfolio company. Portfolio company names have been abbreviated. See page 21 for details of SoftBank Vision Fund portfolio companies.
2. The information presented herein is provided for illustrative and informational purposes only and it should not be relied upon in any way. The information provided herein is subject to change as well as uncertainties and risks. SBIA has no obligation to update any information. References to select investments included herein should not be construed as a recommendation of any particular investment or security nor does the information herein constitute an offer to sell or a solicitation of an offer to buy limited partnership interests in any fund managed by SBIA.

Generation and promotion of renewable energy

In the aftermath of the accident at the Fukushima Daiichi Nuclear Power Station caused by the Great East Japan Earthquake in 2011, the Group entered the renewable energy business for a safe, secure, and sustainable supply of energy. As of March 31, 2020, SB Energy Corp., a subsidiary of SBG, has 41 solar power generation plants and two wind power generation plants in operation nationwide in Japan, with a total generation capacity of 491.1MW. Globally, SB Energy Corp. operates Tsetsii Wind Farm, its first wind power project in Mongolia's Gobi Desert, and solar power generation plants in India. The annual electricity supply from these renewable energy resources was 3,085GWh,*1 an increase of approximately 21% compared with the previous year, and equivalent to half of the annual power output of a standard nuclear power plant. The amount of CO₂ emission reduction attributable to this supply is 2.45 million tons*2 annually, an increase of approximately 20% compared with the previous year. This is equivalent to about 0.5% of the annual CO₂ emissions generated by all the power plants in Japan.

SBG has served as the secretariats of two organizations that were established to promote the spread of renewable energy in Japan since their foundation in July 2011: the Renewable Energy Governors' Alliance, which comprises of 34 prefectures in Japan, and the Renewable Energy Governors' Alliance for Designated Cities, which comprises of 19 ordinance-designated

cities. Moreover, Masayoshi Son, Chairman and CEO of SBG, serves as the Chairman of the Renewable Energy Institute, which he founded in August 2011 with the aim of building a society based on renewable energy. SBG and SB Energy Corp. are also founding members of the Japan Climate Initiative (JCI), a network of companies and municipal authorities in Japan that are focused on realizing the carbon-free society as defined by the Paris Agreement, as well as being founding members of several international organizations includ-

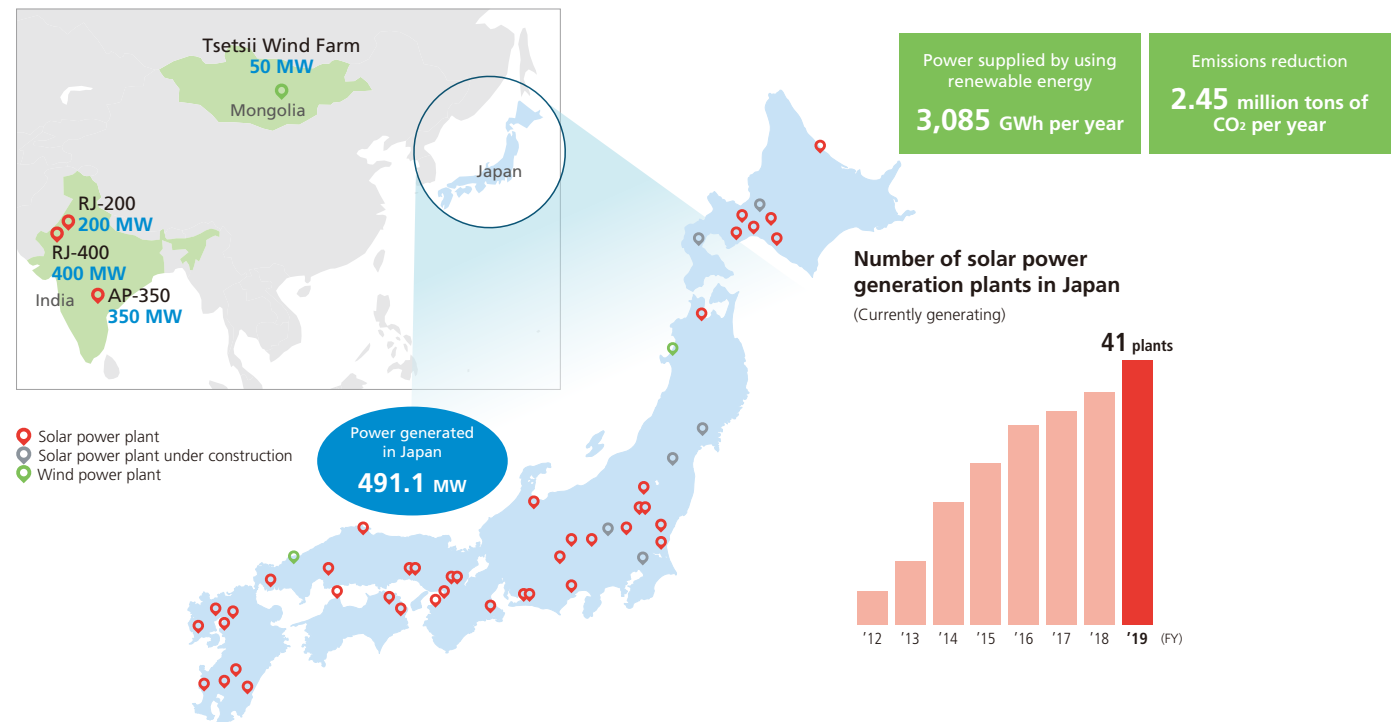
ing the International Solar Alliance (ISA) and the Global Energy Interconnection Development and Cooperation Organization (GEIDCO). SBG has made significant contributions to the advancement of renewable energy in Japan and overseas by actively participating in these related organizations.

With the development of AI and IoT, the accumulation of big data, and the electrification of mobility, global power usage is expected to increase significantly in the future. We will continue to engage in environmental activities, even including energy generation needed to promote an information-oriented society.

*1 Based on the expected annual power generation of respective power plants.
*2 The calculation of CO₂ emission reductions is based on the guidelines of the Ministry of Economy, Trade and Industry and Japan Photovoltaic Energy Association.

Renewable energy projects of the SoftBank Group

As of March 31, 2020



Board Directors and Audit & Supervisory Board Members

As of June 25, 2020 (Numbers of shares held are as of March 31, 2020)

Directors



Chairman & CEO
Masayoshi Son

Sep 1981 Founded SOFTBANK Corp. Japan (currently SoftBank Group Corp.), Chairman & CEO
Jan 1996 President & CEO, Yahoo Japan Corporation (currently Z Holdings Corporation)
Oct 2005 Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
Apr 2006 Chairman of the Board, President & CEO, Vodafone K.K. (currently SoftBank Corp.)
Jun 2015 Director, Yahoo Japan Corporation (currently Z Holdings Corporation) (to present)
Sep 2016 Chairman and Executive Director, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
Jun 2017 Chairman & CEO, SoftBank Group Corp. (to present)
Mar 2018 Chairman and Director, Arm Limited (to present)
Apr 2018 Chairman, SoftBank Corp. (to present)

Number of shares held in SBG:
439,409 thousand shares



Board Director, Vice Chairman
Ronald D. Fisher

Jul 1984 President, Interactive Systems Corp.
Jan 1990 CEO, Phoenix Technologies Ltd.
Oct 1995 Director and President, SoftBank Holdings Inc. (currently Star Bright Holdings Inc.) (to present)
Jun 1997 Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
Jan 2014 Director, Brightstar Global Group Inc.
Aug 2014 Chairman, Brightstar Global Group Inc.
Sep 2016 Director, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
Dec 2016 Director, SB Investment Advisers (US) Inc.
Jun 2017 Board Director, Vice Chairman, SoftBank Group Corp. (to present)
Dec 2017 Director and Chairman, SB Investment Advisers (US) Inc. (to present)
Mar 2018 Director, Arm Limited (to present)

Number of shares held in SBG:
1,065 thousand shares



Board Director, Executive Vice President & COO
Marcelo Claure

Jun 1995 Owner, USA Wireless, Inc.
Oct 1996 President, Small World Communications, Inc.
Sep 1997 Founder, Chairman & CEO, Brightstar Corp.
Sep 2008 Owner, Bolivar Administracion, Inversiones Y Servicios Asociados S.R.L. (to present)
Aug 2014 President & CEO, Sprint Corporation
Jun 2017 Board Director, SoftBank Group Corp.
Mar 2018 Director, Arm Limited (to present)
May 2018 Executive Chairman, Sprint Corporation
Jun 2018 Board Director, Executive Vice President & COO, SoftBank Group Corp. (to present)
May 2019 Chairman of the Board, Fortress Investment Group LLC (to present)
Oct 2019 Director, Executive Chairman, The We Company (to present)
Apr 2020 Director, T-Mobile US Inc. (to present)

Number of shares held in SBG:
2,050 thousand shares



Board Director, Executive Vice President & CSO
Katsunori Sago

Apr 1992 Joined Goldman Sachs Japan
May 1997 Head of Derivatives Trading, Fixed Income Division, Goldman Sachs Japan
Jan 2007 Director, Co-head of Pan-Asia Equities Division and Fixed Income Currency and Commodities Division, Goldman Sachs Japan Co., Ltd.
Jan 2011 Director, Deputy President, Goldman Sachs Japan Co., Ltd.
Jul 2014 Vice Chairman, Goldman Sachs Japan Co., Ltd.
Feb 2015 Special Adviser to the Financial Services Agency
Jun 2015 Executive Vice President, JAPAN POST BANK Co., Ltd.
Jun 2016 Director and Representative Executive Vice President, JAPAN POST BANK Co., Ltd.
Jun 2018 Board Director, Executive Vice President & CSO, SoftBank Group Corp. (to present)

Number of shares held in SBG:
1,067 thousand shares

* CSO: Chief Strategy Officer



Board Director, Executive Vice President
Rajeev Misra

Dec 1985 Joined Los Alamos National Laboratory
Jul 1986 Joined Realty Technologies Pty Ltd
Aug 1991 Joined Merrill Lynch (currently Bank of America Merrill Lynch)
May 1997 Joined Deutsche Bank AG as Managing Director
May 2001 Global Head of Credit, Emerging Markets, Deutsche Bank AG
Apr 2009 Joined UBS Group AG
Jan 2010 Global Co-Head of Fixed Income, Currencies and Commodities, UBS Group AG
May 2014 Joined Fortress Investment Group LLC as Senior Managing Director and Partner
Nov 2014 Joined SoftBank as the Head of Strategic Finance for the Group
May 2017 CEO, SoftBank Investment Advisers, the manager of SoftBank Vision Fund (to present)
Jun 2017 Board Director, SoftBank Group Corp.
Dec 2017 Board Director, Fortress Investment Group LLC (to present)
Jun 2018 Board Director, Executive Vice President, SoftBank Group Corp. (to present)

Number of shares held in SBG:
5,039 thousand shares



Board Director, Senior Vice President, CFO, CISO & CSusO
Yoshimitsu Goto

Apr 1987 Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
Jun 2000 Joined SoftBank Corp. (currently SoftBank Group Corp.)
Oct 2000 Head of Finance Department, SoftBank Corp. (currently SoftBank Group Corp.)
Apr 2006 Director, Vodafone K.K. (currently SoftBank Corp.)
Jul 2012 Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Oct 2013 President & CEO and acting owner, Fukuoka SoftBank HAWKS Corp. (to present)
Jun 2014 Board Director, SoftBank Corp. (currently SoftBank Group Corp.)
Jun 2015 Corporate Officer, Senior Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
Jun 2017 Corporate Officer, Senior Vice President, SoftBank Group Corp.
Apr 2018 Corporate Officer, Senior Vice President & CFO & CISO, SoftBank Group Corp.
Jun 2020 Board Director, Senior Vice President, CFO, CISO & CSusO, SoftBank Group Corp. (to present)

Number of shares held in SBG:
1,079 thousand shares

* CISO: Chief Information Security Officer
* CSusO: Chief Sustainability Officer

Board Directors and Audit & Supervisory Board Members

As of June 25, 2020 (Numbers of shares held are as of March 31, 2020)

Directors



Board Director

Ken Miyauchi

Feb 1977 Joined Japan Management Association
 Oct 1984 Joined SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
 Feb 1988 Board Director, SOFTBANK Corp. Japan (currently SoftBank Group Corp.)
 Apr 2006 Executive Vice President, Director & COO, Vodafone K.K. (currently SoftBank Corp.)
 Jun 2007 Representative Director & COO, SoftBank Mobile Corp. (currently SoftBank Corp.)
 Jun 2012 Director, Yahoo Japan Corporation (currently Z Holdings Corporation) (to present)
 Jun 2013 Representative Board Director, Senior Executive Vice President, SoftBank Corp. (currently SoftBank Group Corp.)
 Apr 2015 President & CEO, SoftBank Mobile Corp. (currently SoftBank Corp.)
 Apr 2018 Board Director, SoftBank Group Corp. (to present)
 Jun 2018 President & CEO, SoftBank Corp. (to present)

Number of shares held in SBG:
2,832 thousand shares



Board Director

Simon Segars

Mar 1991 Joined Advanced RISC Machines Limited (currently Arm Limited)
 Feb 2001 Vice President Engineering, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Jan 2004 Executive Vice President Worldwide Sales, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Jan 2005 Executive Director, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Sep 2007 EVP and GM, Physical IP Division, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Jan 2013 President, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Jul 2013 CEO, ARM Holdings plc (currently SVF HOLDCO (UK) LIMITED)
 Mar 2014 Director, Global Semiconductor Alliance
 Feb 2015 Non-Executive Director, Dolby Laboratories, Inc. (to present)
 May 2017 Director, TechWorks, Inc. (to present)
 Jun 2017 Board Director, SoftBank Group Corp. (to present)
 Mar 2018 CEO, Arm Limited (to present)
 Oct 2018 Vice Chairman and Director, Global Semiconductor Alliance (to present)

Number of shares held in SBG:
-



Board Director

Yasir O. Al-Rumayyan

Dec 2010 CEO and Board Member, Saudi Fransi Capital LLC
 Feb 2014 Board Member, Saudi Stock Exchange (Tadawul)
 Sep 2015 Managing Director and Board Member, Public Investment Fund (PIF) of the Kingdom of Saudi Arabia
 Jun 2016 Board Member, Uber Technologies, Inc. (to present)
 Dec 2016 Chairman, Saudi Decision Support Center (to present)
 Jun 2017 Board Director, SoftBank Group Corp. (to present)
 Jul 2017 Chairman, Sanabil Investments (to present)
 May 2018 Director, Arm Limited (to present)
 May 2019 Governor and Board Member, Public Investment Fund (PIF) of the Kingdom of Saudi Arabia (to present)
 Sep 2019 Chairman of the Board, Saudi Aramco (to present)

Number of shares held in SBG:
-

Board Directors and Audit & Supervisory Board Members

As of June 25, 2020 (Numbers of shares held are as of March 31, 2020)

External Directors



Board Director, Independent Officer

Masami Iijima

Apr 1974 Joined MITSUI & CO., LTD.
 Apr 2006 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit, MITSUI & CO., LTD.
 Apr 2007 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit, MITSUI & CO., LTD.
 Apr 2008 Executive Managing Officer, MITSUI & CO., LTD.
 Jun 2008 Representative Director, Executive Managing Officer, MITSUI & CO., LTD.
 Oct 2008 Representative Director, Senior Executive Managing Officer, MITSUI & CO., LTD.
 Apr 2009 Representative Director, President and Chief Executive Officer, MITSUI & CO., LTD.
 Apr 2015 Representative Director, Chairman of the Board of Directors, MITSUI & CO., LTD. (to present)
 Jun 2016 Director, Ricoh Company, Ltd. (to present)
 Jun 2018 Board Director, SoftBank Group Corp. (to present)
 Jun 2019 Director, Isetan Mitsukoshi Holdings Ltd. (to present)
 Jun 2019 Counsellor, Bank of Japan (to present)

Number of shares held in SBG:
-



Board Director, Independent Officer

Yutaka Matsuo

Apr 2002 Researcher, National Institute of Advanced Industrial Science and Technology
 Aug 2005 Visiting Scholar, Stanford University
 Oct 2007 Associate Professor, Graduate School of Engineering, the University of Tokyo
 Apr 2019 Professor, Graduate School of Engineering, the University of Tokyo (to present)
 Jun 2019 Board Director, SoftBank Group Corp. (to present)

Number of shares held in SBG:
-



Board Director, Independent Officer

Lip-Bu Tan

Dec 1987 Founder and Chairman, Walden International, Inc. (to present)
 Oct 2008 CEO, Cadence Design Systems Inc. (to present)
 Nov 2015 Director of the Board, Hewlett Packard Enterprises (to present)
 Apr 2019 Director of the Board, Schneider Electric Corporation (to present)
 Jun 2020 Board Director, SoftBank Group Corp. (to present)

Number of shares held in SBG:
-



Board Director, Independent Officer

Yuko Kawamoto

Apr 1982 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
 Sep 1988 Joined McKinsey & Company, Inc.
 Jul 2001 Senior Expert, McKinsey & Company, Inc.
 Apr 2004 Professor, Graduate School of Finance, Accounting and Law, Waseda University (currently Waseda Business School (Graduate School of Business and Finance)) (to present)
 Jun 2004 Director, Osaka Exchange, Inc. (currently Japan Exchange Group)
 Jun 2006 Audit & Supervisory Board Member, Tokio Marine Holdings, Inc.
 Jun 2007 Director, EMOBILE Ltd. (currently SoftBank Corp.)
 Sep 2011 Director, Thomson Reuters Founders Share Company (to present)
 Jun 2013 Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
 Dec 2014 Commission Member, National Public Safety Commission
 Jun 2020 Director, Panasonic Corporation (to present)
 Jun 2020 Board Director, SoftBank Group Corp. (to present)

Number of shares held in SBG:
-

Board Directors and Audit & Supervisory Board Members

As of June 25, 2020 (Numbers of shares held are as of March 31, 2020)

Audit & Supervisory Board Member



Full-time Audit & Supervisory Board Member

Masato Suzuki

Apr 1975 Joined Mitsubishi Corporation
 Dec 1983 Master of Business Administration (MBA), School of Global Management (U.S.)
 Feb 2002 Joined SoftBank Corp. (currently SoftBank Group Corp.), General Manager of Legal Department
 Jul 2012 Corporate Officer, General Manager of Legal Department, SoftBank Corp. (currently SoftBank Group Corp.)
 Oct 2013 Corporate Officer, General Manager of Legal Department, SoftBank Corp. (currently SoftBank Group Corp.); Group Compliance Officer
 Sep 2016 Corporate Officer, Head of Legal Unit; General Manager of Legal Department of SoftBank Group Corp.; Group Compliance Officer
 Jun 2017 Full-time Audit & Supervisory Board Member, SoftBank Group Corp. (to present)

Number of shares held in SBG:
10 thousand shares

External Audit & Supervisory Board Members



Full-time Audit & Supervisory Board Member, Independent Officer

Maurice Atsushi Toyama

Certified Public Accountant, State of California, U.S.
 Sep 1977 Joined San Francisco office of Price Waterhouse (currently PricewaterhouseCoopers)
 Aug 1981 Certified Public Accountant, State of California, U.S.
 Jun 2006 Partner, PricewaterhouseCoopers Aarata
 Jun 2015 Full-time Audit & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

Number of shares held in SBG:
-



Audit & Supervisory Board Member

Soichiro Uno

Lawyer
 Apr 1988 Joined Nagashima & Ohno Law Office (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan
 Nov 1993 Passed the bar examination of the State of New York, U.S.
 Jan 2000 Partner, Nagashima Ohno & Tsunematsu (to present)
 Jun 2004 Audit & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.; to present)
 Jun 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (to present)
 Jun 2019 Director (Audit & Supervisory Committee Member), Terumo Corporation (to present)

Number of shares held in SBG:
-



Audit & Supervisory Board Member, Independent Officer

Hidekazu Kubokawa

Certified Public Accountant, Certified Tax Accountant
 Nov 1976 Joined Chuo Accounting Corporation
 Aug 1980 Registered as a Certified Public Accountant
 Jul 1986 Founded Kubokawa CPA Office (currently Yotsuya Partners Accounting Firm), Representative Partner (to present)
 Mar 1987 Registered as a Certified Tax Accountant
 Feb 1989 Audit & Supervisory Board Member, SOFTBANK Corp. Japan (currently SoftBank Group Corp.; to present)
 Mar 2000 Audit & Supervisory Board Member, Digital Arts Inc.
 Jun 2005 Corporate Auditor, KYORITSU PRINTING CO., LTD. (to present)
 Jun 2006 Auditor, Pado Corporation
 Aug 2011 Supervisory Director, HEIWA REAL ESTATE REIT, Inc.
 Jun 2016 Director (Audit & Supervisory Committee Member), Digital Arts Inc. (to present)

Number of shares held in SBG:
104 thousand shares

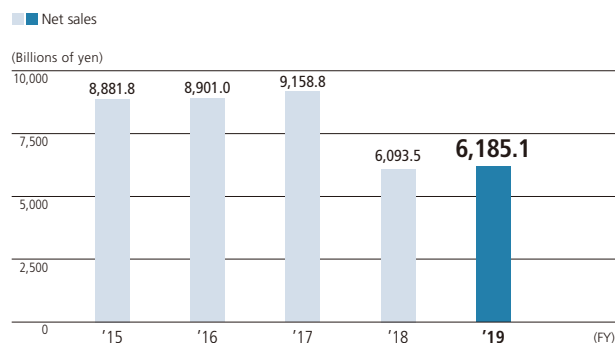
Financial Section

- ⊕ 053 Graphs: Key Consolidated Financial Data
- ⊕ 055 Eleven-Year Key Consolidated Financial Data
- ⊕ 057 Management's Discussion and Analysis of Results of Operations and Financial Position
- ⊕ 089 Risk Factors
- ⊕ 098 Consolidated Financial Statements
- ⊕ 109 Notes to Consolidated Financial Statements
- ⊕ 240 Independent Auditor's Report

Graphs I: Key Consolidated Financial Data

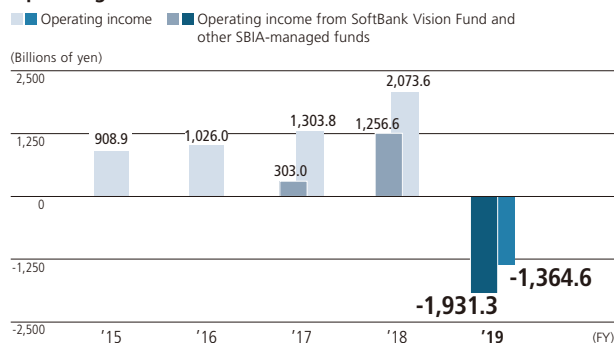
Fiscal years beginning April 1 and ending March 31 of the following year

Net sales



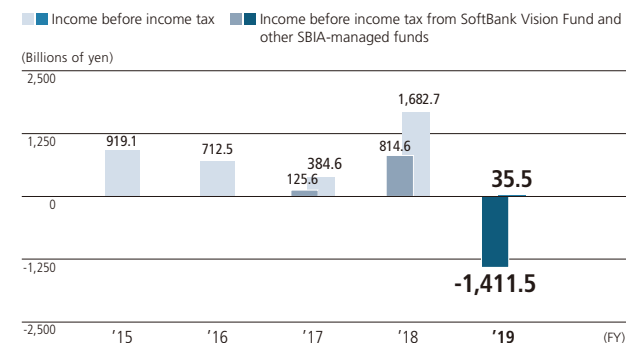
FY2019
Net sales **+1.5% YoY**

Operating income



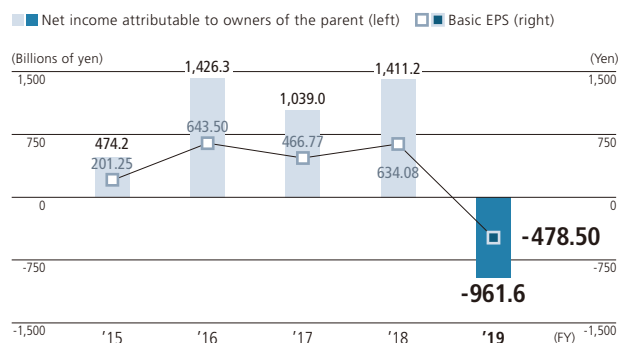
FY2019
Operating loss **deteriorated ¥3.4 trillion YoY**

Income before income tax



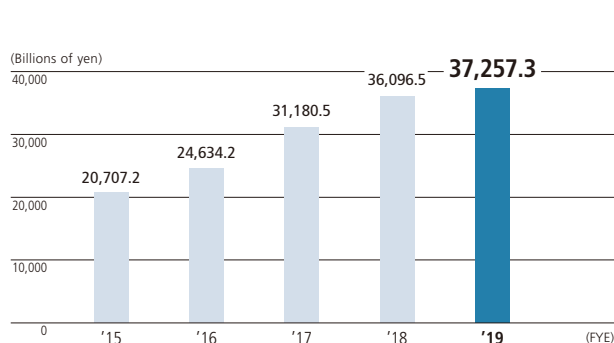
FY2019
Income before income tax **-97.9% YoY**

Net income attributable to owners of the parent / Basic EPS



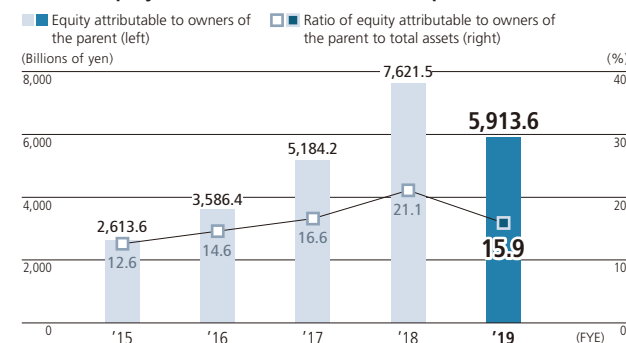
FY2019
Net loss attributable to owners of the parent **deteriorated ¥2.4 trillion YoY**
Basic EPS **¥(478.50)**
Diluted EPS **¥(485.33)**

Total assets



FYE2019
Total assets **+3.2% YoY**

Equity attributable to owners of the parent / Ratio of equity attributable to owners of the parent to total assets



FYE2019
Equity attributable to owners of the parent **-22.4% YoY**
Ratio of equity attributable to owners of the parent to total assets **15.9%**

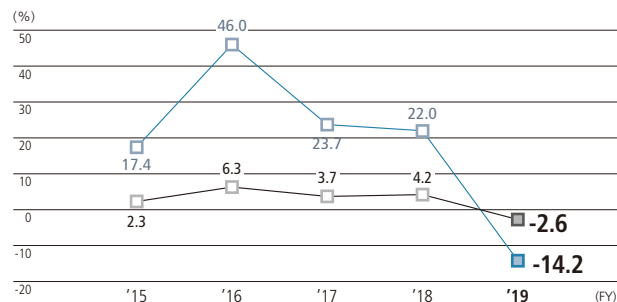
Notes: 1. Sprint was reclassified as a disposal group classified as held for sale at the end of FY2019. Net sales, operating income, and income before income taxes for FY2019 and FY2018 do not include Sprint's results.
2. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. Basic EPS has been retroactively adjusted to reflect the impact of the share split.
3. The Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in FY2018, and IFRS 16 "Leases" in FY2019. The information for each previous fiscal year has not been restated.

Graphs II: Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

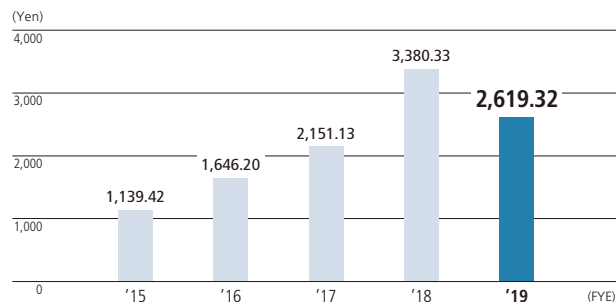
ROE / ROA

■ ROE ■ ROA



FY2019
ROE **-14.2%**
ROA **-2.6%**

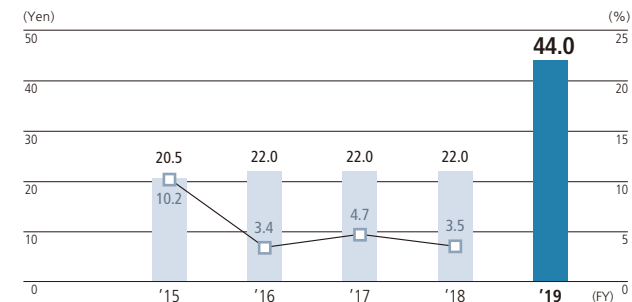
Equity per share attributable to owners of the parent



FYE2019
Equity per share attributable to owners of the parent **¥2,619.32**

Dividend per share / Payout ratio

■ Dividend per share (left) ■ Payout ratio (right)



FY2019
Dividend per share **Annual dividend: ¥44**

History of share repurchase

Total amount of repurchase (Maximum as per Board resolution)	Total number of shares repurchased (Maximum as per Board resolution)	Repurchase period (Repurchase period as per Board resolution)
¥10.8 billion	4,000,000	From Sep 2, 2011 to Sep 7, 2011
¥11.9 billion	5,028,800	From Oct 3, 2011 to Oct 5, 2011
¥32.5 billion	4,272,000	From Nov 1, 2013 to Nov 5, 2013
¥120 billion	15,795,000	From Aug 10, 2015 to Aug 17, 2015
¥500 billion	85,140,800	From Feb 16, 2016 to Aug 17, 2016
¥600 billion	55,753,200	From Feb 7, 2019 to May 14, 2019
¥500 billion	107,679,300	From Mar 16, 2020 to Jun 15, 2020
(¥500 billion)*1	(135,000,000)	(From Mar 18, 2020 to Mar 31, 2021)
(¥500 billion)*1	(115,000,000)	(From Jun 26, 2020 to Mar 31, 2021)

*1 On March 23, 2020, the Company announced the decision on a program to sell or monetize up to ¥4.5 trillion of assets it held. A part of the funds obtained from the sale and monetization will be used to repurchase up to ¥2 trillion of the Company's common stock. Based on the program, on May 15, 2020, the Company decided to repurchase up to ¥500 billion (up to 135,000,000 shares), and on June 25, 2020, the Company decided to repurchase up to ¥500 billion (up to 115,000,000 shares) of its own shares.

Market capitalization



Notes: 1. The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. Equity per share attributable to owners of the parent and dividend per share have been retroactively adjusted to reflect the impact of the share split.
 2. The Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in FY2018, and IFRS 16 "Leases" in FY2019. The information for each previous fiscal year has not been restated.

Eleven-Year Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

(Millions of yen)	JGAAP			IFRS		
	FY2009	FY2010	FY2011	FY2012	FY2013	
Net sales	2,763,406	3,004,640	3,202,436	3,202,536	6,666,651	
Operating income	465,871	629,163	675,283	799,399	1,077,044	
Income before income tax	289,250	480,613	632,257	715,504	924,049	
Net income attributable to owners of the parent	96,716	189,713	313,753	372,481	520,250	
Total assets	4,462,875	4,655,725	4,899,705	7,218,172	16,690,127	
Total equity attributable to owners of the parent	470,532	619,253	936,695	1,612,756	1,930,441	
Interest-bearing debt* ¹	2,195,471	2,075,801	1,568,126	3,707,853	9,170,053	
Net interest-bearing debt* ²	1,501,074	1,209,636	547,299	2,257,806	7,059,286	
Net cash provided by operating activities	668,050	825,837	740,227	813,025	860,245	
Net cash used in investing activities	(277,162)	(264,448)	(375,656)	(874,144)	(2,718,188)	
Net cash provided by (used in) financing activities	(159,563)	(397,728)	(196,667)	471,477	2,359,375	
Net increase (decrease) in cash and cash equivalents	230,719	159,457	168,069	417,944	524,433	
Cash and cash equivalents at the fiscal year-end	687,682	847,155	1,014,559	1,439,057	1,963,490	
Major indicators	(Units)					
ROA	%	2.2	4.2	6.6	6.0	4.4
ROE	%	22.9	34.8	40.3	29.7	29.5
Ratio of equity attributable to owners of the parent to total assets	%	10.5	13.3	19.1	22.3	11.6
Per share data*³	(Units)					
Basic EPS	¥	44.70	87.64	142.89	166.26	218.48
Diluted EPS	¥	43.20	84.29	139.38	164.04	217.34
Equity per share attributable to owners of the parent	¥	217.37	286.07	426.35	646.78	812.17
Dividend per share	¥	2.50	2.50	20.00	20.00	20.00
Others	(Units)					
Shares outstanding	'000	1,082,329	1,082,350	1,098,515	1,191,500	1,188,456
Number of subsidiaries		172	178	196	235	756
Number of associates		83	92	97	108	105
Number of public companies* ⁴		12	13	14	14	13
Number of employees (consolidated basis)		21,885	21,799	22,710	25,891	70,336

Eleven-Year Key Consolidated Financial Data

Fiscal years beginning April 1 and ending March 31 of the following year

(Millions of yen)	IFRS						
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	
Net sales	8,504,135	8,881,777	8,901,004	9,158,765	6,093,548	6,185,093	
Operating income	918,720	908,907	1,025,999	1,303,801	2,073,636	(1,364,633)	
Income before income tax	1,213,035	919,161	712,526	384,630	1,682,673	35,492	
Net income attributable to owners of the parent	668,361	474,172	1,426,308	1,038,977	1,411,199	(961,576)	
Total assets	21,034,169	20,707,192	24,634,212	31,180,466	36,096,476	37,257,292	
Total equity attributable to owners of the parent	2,846,306	2,613,613	3,586,352	5,184,176	7,621,481	5,913,613	
Interest-bearing debt*1	11,607,244	11,922,431	14,858,370	17,042,188	15,685,106	14,272,208	
Net interest-bearing debt*2	8,182,817	9,248,363	11,923,065	13,617,254	12,056,031	11,027,565	
Net cash provided by operating activities	1,155,174	940,186	1,500,728	1,088,623	1,171,864	1,117,879	
Net cash used in investing activities	(1,667,271)	(1,651,682)	(4,213,597)	(4,484,822)	(2,908,016)	(4,286,921)	
Net cash provided by (used in) financing activities	1,719,923	43,270	2,380,746	4,626,421	2,202,291	2,920,863	
Net increase (decrease) in cash and cash equivalents	1,295,163	(689,046)	(386,505)	1,151,548	523,868	(489,503)	
Cash and cash equivalents at the fiscal year-end	3,258,653	2,569,607	2,183,102	3,334,650	3,858,518	3,369,015	
Major indicators	(Units)						
ROA	%	3.5	2.3	6.3	3.7	4.2	(2.6)
ROE	%	28.0	17.4	46.0	23.7	22.0	(14.2)
Ratio of equity attributable to owners of the parent to total assets	%	13.5	12.6	14.6	16.6	21.1	15.9
Per share data*3	(Units)						
Basic EPS	¥	281.10	201.25	643.50	466.77	634.08	(478.50)
Diluted EPS	¥	279.38	194.16	637.82	454.19	628.27	(485.33)
Equity per share attributable to owners of the parent	¥	1,196.74	1,139.42	1,646.20	2,151.13	3,380.33	2,619.32
Dividend per share	¥	20.00	20.50	22.00	22.00	22.00	44.00
Others	(Units)						
Shares outstanding	'000	1,189,197	1,146,900	1,089,282	1,089,498	1,053,833	2,067,996
Number of subsidiaries		769	739	763	1,141	1,302	1,475
Number of associates		120	122	130	385	423	455
Number of public companies*4		14	12	12	18	19	21
Number of employees (consolidated basis)		66,154	63,591	68,402	74,952	76,866	80,909

Notes: 1. The Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" in FY2018, and IFRS 16 "Leases" in FY2019.

Terminology differences between JGAAP and IFRSs are as follows. (JGAAP / IFRSs)

- Income before income taxes and minority interests / income before income tax
- Ratio of total shareholders' equity / ratio of total equity attributable to owners of the parent
- Shareholders' equity per share / equity per share attributable to owners of the parent
- Net income / net income attributable to owners of the parent
- Net income per share / basic EPS
- Total shareholders' equity / total equity attributable to owners of the parent
- Diluted net income per share / diluted EPS

2. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."

3. As of June 1, 2015, GungHo Online Entertainment, Inc. ("GungHo") no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 were revised retrospectively and presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo, which was executed from June 23, 2016 and completed on July 21, 2016.

4. The Company sold all of its shares in Supercell Oy ("Supercell") to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations. Net income of Supercell for fiscal 2015 was revised retrospectively and presented under discontinued operations.

*1 Includes lease liabilities from fiscal 2019. Deposits for banking business of The Japan Net Bank are not included in interest-bearing debt.

*2 Calculated by subtracting cash position (cash and cash equivalents + short-term investments recorded as current assets (both excluding those of The Japan Net Bank)) from the presented interest-bearing debt.

*3 Basic EPS and diluted EPS are calculated based on net income attributable to owners of the parent (net income).

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. Per share information has been retroactively adjusted to reflect the impact of the share split.

*4 Number of subsidiaries and associates with publicly offered shares (including SFJ Capital Limited, which issued preferred (restricted voting) securities from fiscal 2011 to fiscal 2014)

Management's Discussion and Analysis of Results of Operations and Financial Position

As of June 25, 2020

Results of Operations

Highlights of results

1. Operating loss of ¥1.4 trillion (deteriorated ¥3.4 trillion yoy)

- Operating loss from SoftBank Vision Fund and other SBIA-managed funds of ¥1.9 trillion: Of this, unrealized valuation loss (net) was ¥1.9 trillion from investments held by SoftBank Vision Fund at the fiscal year-end. Fair values of Uber, WeWork and its three affiliates¹ decreased, and total fair value of other portfolio companies decreased significantly in the fourth quarter, primarily due to the impact of the COVID-19 outbreak.
- The SoftBank segment showed robust growth, with operating income increasing 7.4% yoy.

2. Net loss attributable to owners of the parent of ¥961.6 billion (deteriorated ¥2.4 trillion yoy)

- Income on equity method investments of ¥638.7 billion, including a gain of ¥286.5 billion associated with the receipt of Ant Financial shares by Alibaba.
- Dilution gain from changes in equity interest of ¥339.8 billion recorded mainly in conjunction with a new issuance of shares by Alibaba upon its listing in Hong Kong.
- Gain relating to settlement of variable prepaid forward contract using Alibaba shares of ¥1,218.5 billion: Impact on income was ¥856.8 billion, net of the ¥361.8 billion* impact on income taxes caused by a reversal of deferred tax assets.
- Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds of ¥540.9 billion
- Finance cost of ¥300.9 billion*
- Losses totaling ¥720.8 billion* recorded related to the investment in WeWork held by a wholly owned subsidiary of the Company (mainly recorded as loss from financial instruments at FVTPL and provisions for allowance for loan commitment losses and financial guarantee contract losses)

*recorded as cost for fiscal 2019

Adoption of IFRS 16

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

Main impacts of adopting IFRS 16

Consolidated Statement of Financial Position

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

Consolidated Statement of Income

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

Note: Abbreviations for Management's Discussion and Analysis of Results of Operations and Financial Position

The fiscal year / Fiscal 2019: Fiscal year ended March 31, 2020

The first quarter: Three-month period ended June 30, 2019

The second quarter: Three-month period ended September 30, 2019

The third quarter: Three-month period ended December 31, 2019

The fourth quarter: Three-month period ended March 31, 2020

The previous fiscal year / Fiscal 2018: Fiscal year ended March 31, 2019

The fiscal year-end: March 31, 2020

The previous fiscal year-end: March 31, 2019

Overall Results for Fiscal 2019

	(Millions of yen)			
	Fiscal 2018	Fiscal 2019	Change	Change %
Continued operations				
Net sales	6,093,548	6,185,093	91,545	1.5%
Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)	816,995	566,712	(250,283)	(30.6%)
Operating income from SoftBank Vision Fund and other SBIA-managed funds	1,256,641	(1,931,345)	(3,187,986)	–
Operating income	2,073,636	(1,364,633)	(3,438,269)	–
Finance cost	(341,937)	(300,948)	40,989	(12.0%)
Income on equity method investments	320,101	638,717	318,616	99.5%
Dilution gain from changes in equity interest	44,068	339,842	295,774	671.2%
Foreign exchange gain (loss)	10,894	(11,107)	(22,001)	–
Derivative gain (loss)	158,423	(71,811)	(230,234)	–
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	–	1,218,527	1,218,527	–
Gain (loss) from financial instruments at FVTPL*1	36,832	(668,463)	(705,295)	–
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds*2	(586,152)	540,930	1,127,082	–
Other non-operating loss	(33,192)	(285,562)	(252,370)	760.4%
Income before income tax	1,682,673	35,492	(1,647,181)	(97.9%)
Income taxes	(237,023)	(797,697)	(560,674)	236.5%
Net income from continuing operations	1,445,650	(762,205)	(2,207,855)	–
Discontinued operations				
Net income from discontinued operations	8,968	(38,555)	(47,523)	–
Net income	1,454,618	(800,760)	(2,255,378)	–
Net income attributable to owners of the parent	1,411,199	(961,576)	(2,372,775)	–
Total comprehensive income	1,502,295	(1,290,339)	(2,792,634)	–
Comprehensive income attributable to owners of the parent	1,440,235	(1,425,587)	(2,865,822)	–

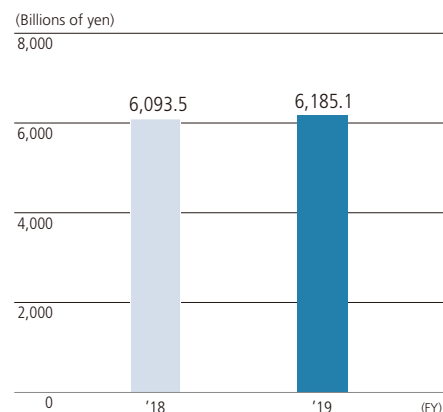
*1 Indicates gain and loss arising from changes in the fair values of investments held by the Company outside of SoftBank Vision Fund and other SBIA-managed funds.

*2 Indicates the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions. The distributions are based on the gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds, net of management and performance fees payable to SBIA, a wholly owned subsidiary of the Company, and operating and other expenses of SoftBank Vision Fund and other SBIA-managed funds. See "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" under "8. SoftBank Vision Fund and other SBIA-managed funds business" in "Notes to Consolidated Financial Statements" for details.

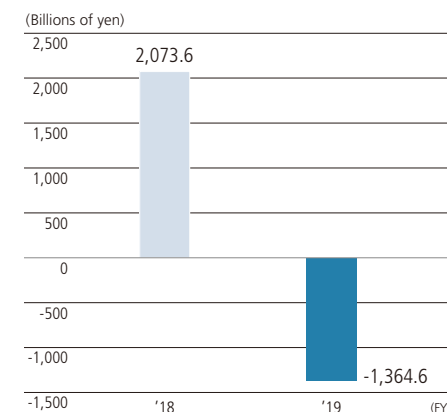
1. Net sales

Net sales increased ¥91,545 million (1.5%) year on year, to ¥6,185,093 million. Net sales increased in the SoftBank and Arm segments, but decreased in the Brightstar segment.

Net sales



Operating income



Exchange rates used for translations

Average rate for the quarter

	Fiscal 2018				Fiscal 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	¥108.71	¥111.55	¥112.83	¥110.46	¥110.00	¥107.70	¥108.98	¥109.22

Rates at the end of the period

	March 31, 2019	March 31, 2020
USD / JPY	¥110.99	¥108.83
GBP / JPY	¥144.98	¥133.32

2. Operating income

Operating loss was ¥1,364,633 million, deteriorating ¥3,438,269 million year on year.

Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds) decreased ¥ 250,283 million (30.6%) year on year, to ¥566,712 million. Segment income improved ¥63,505 million in the SoftBank segment and ¥18,068 million in the Brightstar segment. However, segment income deteriorated ¥176,785 million in the Arm segment and ¥159,496 million in the Other segment. Segment income in the Arm segment in the previous fiscal year included gain relating to loss of control over subsidiaries of ¥176,261 million, which was recognized as a result of Arm's Chinese subsidiary becoming a joint venture.

Operating loss from SoftBank Vision Fund and Other SBIA-Managed Funds deteriorated ¥3,187,986 million year on year, to ¥1,931,345 million. Unrealized loss on valuation of ¥1,869,283 million from investments held by SoftBank Vision Fund at the fiscal year-end was recorded due to a decrease in the fair values of investments including Uber Technologies, Inc. ("Uber") and WeWork and its three affiliates¹ along with a significant decrease in the total fair value of other portfolio companies in the fourth quarter, mainly due to the impact of the COVID-19 outbreak. See page 66 "SoftBank Vision Fund and Other SBIA-Managed Funds Segment" for details.

3. Income before income tax

Income before income tax decreased ¥1,647,181 million (97.9%) year on year, to ¥35,492 million. Major changes in non-operating income and loss are follows.

Finance cost decreased ¥40,989 million (12.0%) year on year, to ¥300,948 million. Interest expenses increased ¥17,313 million at SoftBank Corp. but decreased ¥51,826 million at SoftBank Group Corp. ("SBG").² This was mainly because SoftBank Corp. borrowed ¥1.6 trillion through a senior loan in August 2018 in preparation for listing and used the entire amount for repayment of its borrowings from SBG, which in turn used the entire amount to partially repay its own senior loan. This early repayment of borrowings resulted in a full amortization of borrowing expenses of ¥24,051 million, which also pushed up interest expense at SBG in the previous fiscal year.

	(Millions of yen)	
	Fiscal 2018	Fiscal 2019
Finance Cost	341,937	300,948
SoftBank Group Corp. ²	250,070	198,243
SoftBank Vision Fund and other SBIA-managed funds	33,140	22,459

Income on equity method investments increased ¥318,616 million (99.5%) year on year, to ¥638,717 million. Income on equity method investments related to Alibaba increased ¥321,458 million (94.9%) year on year, to ¥660,141 million. Alibaba received newly issued shares (a 33% equity interest) of Ant Small and Micro Financial Services Group Co., Ltd. ("Ant Financial," operator of the electronic payment service Alipay) in September 2019, pursuant to the 2014 share and asset purchase agreement, as amended, among Alibaba, Ant Financial, and others. The consideration paid by Alibaba to receive the newly issued 33% equity interest in Ant Financial was funded by payments from Ant Financial and its subsidiaries to Alibaba in consideration for certain intellectual property rights and assets held by Alibaba. Following this, Alibaba recorded a gain of CNY 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. This boosted income on equity method investments related to Alibaba by ¥286,473 million.

Net income attributable to Alibaba and the Company's income on equity method investments related to Alibaba

	Twelve months ended December 31		
	2018	2019	Change
Alibaba			
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (US GAAP)	69,642	172,126	102,484
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (IFRSs)	70,714	164,042	93,328
	Fiscal year ended March 31		
	2019	2020	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of December 31	29.12%	25.32%	(3.8) pp
	Million CNY	Million CNY	Million CNY
Income on equity method investments	20,644	42,510	21,866
(Reference) Effective exchange rate CNY / JPY	¥16.37	¥15.56	¥(0.81)
	Million CNY	Million CNY	Million CNY
Income on equity method investments	338,683	660,141	321,458

Dilution gain from changes in equity interest increased ¥295,774 million (671.2%) year on year, to ¥339,842 million. On November 26, 2019, Alibaba listed its shares on The Stock Exchange of Hong Kong Limited and newly issued 575 million shares of common stock, including a subsequent overallotment. Mainly due to this impact, the Company recorded a dilution gain from changes in equity interest of ¥339,374 million. There were no changes in the number of shares held by the Company and its wholly owned subsidiaries (5,390 million shares of common stock in total).

Foreign exchange loss deteriorated ¥22,001 million year on year, to ¥11,107 million.

Derivative loss deteriorated ¥230,234 million year on year, to ¥71,811 million. As described below in “Investments in WeWork,” the Company holds warrants that are convertible into preferred stock of WeWork at an exercise price of \$0.01 per share. The Company recorded a change of ¥76,259 million in the fair value of these warrants between the time of the contract and the fiscal year-end as a derivative loss. In the previous fiscal year, the Company recorded derivative gain of ¥177,373 million arising up to the point of settlement of a collar transaction related to NVIDIA Corporation shares in January 2019.

Gain relating to settlement of variable prepaid forward contract using Alibaba shares was recorded ¥1,218,527 million. In June 2019, the Company delivered 73 million American Depositary Shares of Alibaba to the Mandatory Exchangeable Trust (the “Trust”) for the settlement of the variable prepaid forward contract using Alibaba shares. This contract was entered into between the Company’s wholly owned subsidiary, West Raptor Holdings, LLC, and the Trust in June 2016 as part of the Company’s series of transactions monetizing a portion of its Alibaba holding.

Loss from financial instruments at FVTPL deteriorated ¥705,295 million year on year, to ¥668,463 million. Loss of ¥488,479 million was recorded due to decreases in the fair value of investments in WeWork held by the Company’s wholly owned subsidiary. See “Investments in WeWork” below for details.

Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds amounted to decrease ¥540,930 million, compared with an increase of ¥586,152 million in the previous fiscal year. A Decrease in third-party interest is reflected as an increase in the Company’s income.

Other non-operating loss increased ¥252,370 million (760.4%) year on year, to ¥285,562 million. The Company recorded provisions for allowance for financial guarantee contract losses and loan commitment losses of ¥52,349 million and ¥90,210 million, respectively, in connection with (a) credit support by the Company for a letter of credit facility provided by financial institutions and (c) purchase by the Company’s wholly owned subsidiary of unsecured notes to be issued by WeWork described in “(3) Credit Support and Notes Purchase” under “Investments in WeWork” below, due to expected credit loss exceeding the initially recognized amount less accumulated amortization.

In March 2020, OneWeb Global Limited (“OneWeb”), an equity method associate of the Company, filed for relief under Chapter 11 of the United States Bankruptcy Code. As a result, the Company recorded impairment loss on equity method investments of ¥49,198 million for investments made to OneWeb and provisions for doubtful accounts of ¥65,913 million related to the loans made to OneWeb.

See “Investments in WeWork” and “Investments and loans made to OneWeb” below, respectively, for details.

4. Net income attributable to owners of the parent

Net loss attributable to owners of the parent was ¥961,576 million, deteriorating ¥2,372,775 million year on year.

Income taxes increased ¥560,674 million year on year, to ¥797,697 million. The effective tax rate significantly exceeded the statutory income tax rate in Japan of 31.5%. This was mainly because deferred tax assets were not recognized for losses at entities in investment business, although income taxes were recorded at SoftBank Corp. and Yahoo Japan Corporation.

Net loss from discontinued operations deteriorated ¥47,523 million year on year, to ¥38,555 million. Net loss of Sprint from April 1, 2019 to March 31, 2020 was recorded.

5. Comprehensive income

Comprehensive loss deteriorated ¥2,792,634 million year on year, to ¥1,290,339 million. Of this, comprehensive loss attributable to owners of the parent deteriorated ¥2,865,822 million year on year, to ¥1,425,587 million.

Investments in WeWork

A wholly owned subsidiary of the Company (herein “Investments in WeWork”, 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”) has invested in WeWork, which operates the co-working “space-as-a-service” business WeWork. Separately, SoftBank Vision Fund has invested in WeWork and its three affiliates—WeWork Greater China Holding Company B.V. (“WeWork China”), WeWork Asia Holding Company B.V. (“WeWork Asia”), and WeWork Japan GK (“WeWork Japan”). As of March 31, 2020, the cumulative amount of investments by the WeWork Investment Subsidiary and SoftBank Vision Fund in WeWork totaled \$10.3 billion, with a carrying amount of \$2.4 billion.

The Company recognized that the fair value of WeWork’s entire equity decreased to \$7.8 billion as of September 30, 2019, reflecting WeWork’s withdrawal of its public offering plan and a significant revision of its business plan, as well as an agreement between the Company and WeWork on October 22, 2019, taking into account the effect of (1) to (4) below. The fair value of WeWork’s entire equity, calculated using the income approach (discounted cash flow method), was \$7.3 billion as of December 31, 2019 and \$2.9 billion as of March 31, 2020. The significant decline from December 31, 2019 to March 31, 2020 was due to, in light of the COVID-19 outbreak, (i) a significant reduction in the multiples used in calculating the terminal value to account for the decline in the share price of comparable peer public companies, and (ii) an increase in the discount rate to account for price changes in WeWork’s publicly traded senior unsecured notes.

In accordance with a change in WeWork’s corporate governance on October 30, 2019, the Company was given the right to nominate five out of the 10 directors on WeWork’s board of directors (with one of those five designated by SoftBank Vision Fund). As a result, WeWork became an associate of the Company as of such date.

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 are as follows. (1) to (3) are related to the WeWork Investment Subsidiary and (4) is related to SoftBank Vision Fund.

(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.

(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 such 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.

With the Company’s entry into the agreements regarding (a) and (c), as consideration, the Company has received warrants that are exercisable for WeWork preferred stock at an exercise price of \$0.01 per share. The warrants have become exercisable after receiving the necessary regulatory approvals; however, as of June 25, 2020, the Company has not exercised any of the warrants.

Regarding (b), the Company’s obligation to purchase or arrange for purchase such debt ceased to exist upon the termination of the Tender Offer as it was subject to and conditioned upon the completion of the Tender Offer.

(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. The exchange of WeWork Asia shares for WeWork's preferred stock at \$11.60 per share was completed in April 2020, while as of March 31, 2020, SoftBank Vision Fund and other parties remain in discussions with respect to the exchange of WeWork China shares for WeWork's preferred stock.

Upon completion of these transactions as contemplated in the agreement between the Company and WeWork dated October 22, 2019 (except for the Tender Offer that was terminated), the fully diluted economic ownership held by the Company (including SoftBank Vision Fund) of WeWork is greater than 50%. Since the Company will not hold a majority of voting rights at any general shareholders meeting or board of directors meeting and cannot control WeWork due to provisions of WeWork's certificate of incorporation and shareholders agreement, WeWork is not a subsidiary of the Company. There is no other party acting as the Company's de facto agent.

The investment in WeWork by the WeWork Investment Subsidiary consists of common stock, preferred stock, and a \$1.5 billion paid commitment, the full amount of which was paid on October 30, 2019 with the exercise price lowered to \$11.60 per share. In addition, the Company also owns warrants that are exercisable for preferred stock at an exercise price of \$0.01 per share that it acquired as consideration for the credit support and unsecured notes purchase commitment. The common stock is accounted for using the equity method from October 30, 2019, the date on which WeWork became an associate of the Company. The preferred stock, advance payment for investment, and warrants that are exercisable for preferred stock at \$0.01 per share are measured at fair value, with the change recorded as a gain or loss. See page 63 "Investments in WeWork by the WeWork Investment Subsidiary (as of March 31, 2020)" for details.

The (a) credit support for a \$1.75 billion letter of credit facility provided by financial institutions to WeWork in "(3) Credit Support and Notes Purchase" 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 ("loan commitment"). Upon the execution of the contract, for expected credit losses, the Company recorded allowance for financial guarantee contract losses of \$360 million (¥39,107 million) and allowance for loan commitment losses of \$508 million (¥55,088 million) under other financial liabilities (current) in the Consolidated Statement of Financial Position. 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 allowance for financial guarantee contract losses and loan commitment losses of \$479 million (¥52,349 million) and \$826 million (¥90,210 million), respectively. As of March 31, 2020, the Company recorded allowance for financial guarantee contract losses of \$819 million (¥89,202 million) and allowance for loan commitment losses of \$1,334 million (¥145,133 million) under other financial liabilities (current) in the Consolidated Statement of Financial Position.

With respect to SoftBank Vision Fund's investments in WeWork and its three affiliates—WeWork China, WeWork Asia, and WeWork Japan—both the common stock and preferred stock continue to be measured at fair value, with the change to be recorded as a gain or loss. As of March 31, 2020, the cumulative amount of these investments totaled \$4.3 billion, with fair value of \$0.9 billion.

Investments in WeWork by the WeWork Investment Subsidiary (as of March 31, 2020)

(Millions of U.S. dollars)

Investment type	Cumulative investment amount	Cumulative gain (loss)	Account in Consolidated Statement of Financial Position	Carrying amounts at the fiscal year-end	Account in Consolidated Statement of Income	Gain (loss) recorded in Consolidated Statement of Income						
						Q1	Q2	Q3	Q4	Fiscal 2019		
Common stock	4,500	(3,663)	Investment securities	–	Loss from financial instruments at FVTPL	Breakdown omitted		(769)	–	–	(417)	
			Investments accounted for using the equity method	14	Loss on equity method investments		–	*1 (29)	*1 (11)	*1 (40)		
					Other non-operating loss		–	*2 (78)	*2 (35)	*2 (113)		
Preferred stock				823				(2,901)	524	(533)	(3,075)	
\$1.5 billion paid commitment (Exercised on October 30, 2019 with the exercise price of \$11.60 per share, down from the original \$110.00 per share)	After exercise	After conversion*3	200	(138)	Investment securities		62	Gain (loss) from financial instruments at FVTPL	–	(51)	(87)	(138)
		Before conversion*4	1,300	(894)	Other financial assets		406		–	(331)	(563)	(894)
	Before exercise		–	–	Derivative financial liabilities	–	Derivative gain (loss)	*5 (1,011)	*5 1,196	–	–	
Warrants with exercise price of \$0.01 per share	Before exercise		–	*6 (703)	Derivative financial assets	*6 165		–	*6 (155)	*6 (548)	*6 (703)	
Total		6,000	(5,398)		1,470		2	(4,681)	1,076	(1,777)	(5,380)	
Liabilities related to financial guarantee contract		–	(459)	Other financial liabilities	819	Other non-operating income (loss)	–	–	–	*7 (459)	*7 (459)	
Liabilities related to loan commitment		–	(826)	Other financial liabilities	1,334	Other non-operating income (loss)	–	–	–	*8 (826)	*8 (826)	

*1 WeWork became the Company's associate on October 30, 2019. As a result, net loss of WeWork from October 30, 2019 to March 31, 2020 corresponding to the Company's holding of common stock (2.75% as of March 31, 2020; before dilution) was recorded.

*2 Indicates the impairment loss recorded due to the significant reduction in fair value of common stock.

*3 The \$200 million portion of the \$1.5 billion paid commitment was converted into preferred stock in November 2019.

*4 The \$1.3 billion portion of the \$1.5 billion paid commitment was paid in advance and later converted into preferred stock in April 2020.

*5 The Company recognized a cumulative valuation loss of \$1,196 million from the previous fiscal year-end to the second quarter-end, on the warrants held by the WeWork Investment Subsidiary (an unexecuted commitment of \$1.5 billion) and recorded it as derivative financial liabilities in the Condensed Interim Consolidated Statement of Financial Position. The Company also recorded the corresponding derivative loss in the Condensed Interim Consolidated Statement of Income for the six-month period ended September 30, 2019. At the third quarter-end, the entire amount of the relevant derivative financial liabilities was reversed, following the Company's payment of \$1.5 billion on October 30, 2019 after changing the terms and conditions of that payment obligation.

*6 The Company owns warrants that are convertible into preferred stock at an exercise price of \$0.01 per share that it acquired as consideration for the credit support and unsecured notes purchase commitment and recorded the fair value of \$868 million of such warrants at the time of the agreements as "derivative financial assets" in the Consolidated Statement of Financial Position. The Company afterwards recognized derivative loss on warrants with exercise price of \$0.01 per share mainly due to markdown of WeWork's entire equity value from \$7.8 billion as of September 30, 2019 to \$7.3 billion as of December 31, 2019 and to \$2.9 billion as of March 31, 2020.

*7 Loss on liabilities related to financial guarantee contract includes a gain of \$20 million arising from regular amortization and provisions for allowance for financial guarantee contract losses of \$479 million due to expected credit loss exceeding the initially recognized amount less accumulated amortization.

*8 The Company recorded provisions for allowance for loan commitment losses due to expected credit loss exceeding the initially recognized amount less accumulated amortization.

Investments in WeWork by SoftBank Vision Fund (as of March 31, 2020)

(Millions of U.S. dollars)

Investee	Investment type	Cumulative investment amount	Cumulative gain (loss)	Account in Consolidated Statement of Financial Position	Carrying amounts at the fiscal year-end	Account in Consolidated Statement of Income	Gain (loss) recorded in Consolidated Statement of Income				
							Q1	Q2	Q3	Q4	Fiscal 2019
WeWork	Common stock Preferred stock	3,000	(2,477)	Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	523	Operating income from SoftBank Vision Fund and other SBIA-managed funds	(32)	(3,043)	40	(472)	(3,507)
WeWork and its three affiliates (Total)	Common stock Preferred stock	1,250	(835)		415		(23)	(395)	(64)	(593)	(1,075)
Total		4,250	(3,312)		938		(55)	(3,438)	(24)	(1,065)	(4,582)

Investments and loans made to OneWeb

In March 2020, the communication satellite venture OneWeb, an equity method associate of the Company, filed for relief under Chapter 11 of the United States Bankruptcy Code. The Company recorded the following losses in relation to the investments and loans made to OneWeb. As of March 31, 2020, the carrying amount of assets related to the investments and loans made to OneWeb is zero.

(Millions of U.S. dollars)

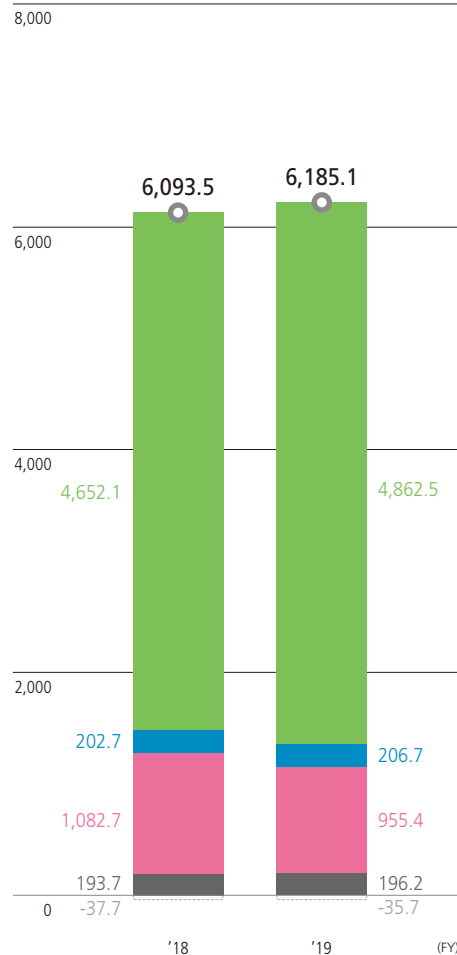
Types	Cumulative amount of investments and loans	Account in Consolidated Statement of Income	Income (loss) record in Consolidated Statement of Income	
			Fiscal 2018	Fiscal 2019
Common stock Preferred stock	1,000	Income (loss) on equity method investments	(34)	(67)
		Other non-operating income (loss) (Impairment loss on equity method investments)	(446)	(453)
Loans	487	Other non-operating income (loss) (interest income)	22	95
		Other non-operating income (loss) (provision for doubtful accounts)	—	(604)
Warrants	426	Gain (loss) from financial instruments at FVTPL	67	(493)
Loans to OneWeb's shareholder* ¹	110	Gain (loss) from financial instruments at FVTPL	(39)	(71)
Total	2,023		(430)	(1,593)

*1 Indicates the loans made by a wholly owned subsidiary of the Company to a shareholder of OneWeb. This shareholder has the option to repay the debt from the Company's wholly owned subsidiary in cash or in OneWeb shares it holds.

Summary of Segment Information

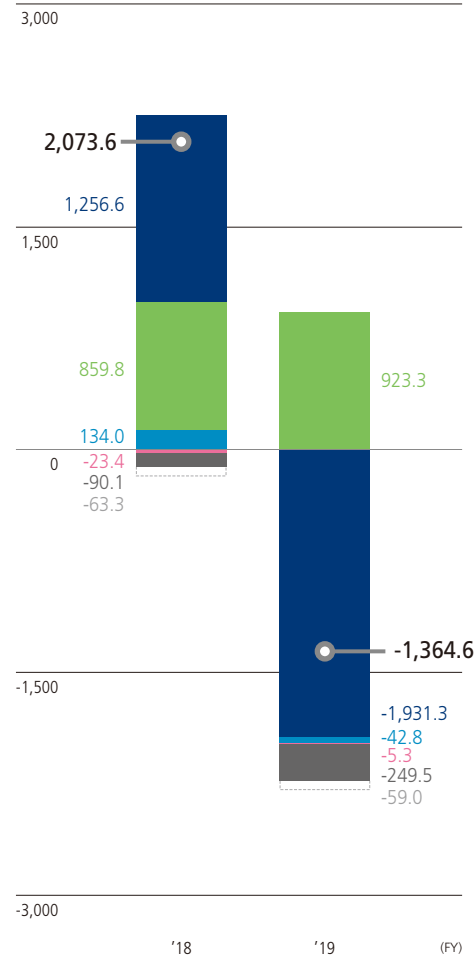
Net sales

(Billions of yen)



Segment income

(Billions of yen)



■ SoftBank Vision Fund and Other SBIA-Managed Funds*1 ■ SoftBank ■ Arm
 ■ Brightstar ■ Other*2 ■ Reconciliation ● Consolidated

*1 Net sales are not recorded for this segment as it is not engaged in the sale of goods and services.

*2 Other includes the business results from PayPay Corporation, Fukuoka SoftBank HAWKS Corp, Fortress Investment Group LLC, and investment fund business in Latin America.

Segments (Reportable segments)

SoftBank Vision Fund and Other SBIA-Managed Funds

Main businesses

- Investment activities by SoftBank Vision Fund

Core companies

- SB Investment Advisers (UK) Limited
- SoftBank Vision Fund L.P.

SoftBank

Main businesses

- Provision of mobile communications services, sale of mobile devices, and provision of broadband and other fixed-line communications services in Japan
- Internet advertising and e-commerce business

Core companies

- SoftBank Corp.
- Z Holdings Corporation

Arm

Main businesses

- Design of microprocessor intellectual property and related technology
- Sale of software tools and provision of software services

Core companies

- Arm Limited

Brightstar

Main businesses

- Distribution of mobile devices overseas

Core companies

- Brightstar Corp.

SoftBank Vision Fund and Other SBIA-Managed Funds Segment

1. Segment loss was ¥1.9 trillion due to investment loss (net) of ¥1.8 trillion

- SoftBank Vision Fund*¹
 - Unrealized loss on valuation of investments (net) of ¥1.9 trillion from investments held at the fiscal year-end: Fair values of Uber and WeWork and its three affiliates¹ decreased, and total fair value of other portfolio companies decreased significantly in the fourth quarter primarily due to the impact of the COVID-19 outbreak.
 - Realized gain on sales of investments of ¥58.3 billion: sold a portion of four portfolio companies' shares and all shares of a portfolio company.

2. Progress of investment and management at SoftBank Vision Fund

- Held 88 investments as of the fiscal year-end at cost totaling \$75.0 billion, with fair value amounting to \$69.6 billion (excluding exited investments). Cumulative gross realized gains*² since the fund inception, including exited investments, have reached \$4.8 billion.
- To prepare for the revenue disruption and lack of liquidity of portfolio companies resulting from the outbreak of COVID-19, SBIA is providing them operational support and guidance on strategy.

*1 Excludes the investment results of new investment vehicles, which are intended to hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned).

*2 Includes gains related to NVIDIA corporation shares recorded under non-operating income and loss, such as derivative gain from collar transactions using NVIDIA Corporation shares. Gross realized gains are before deducting third-party interests, tax, and expenses.

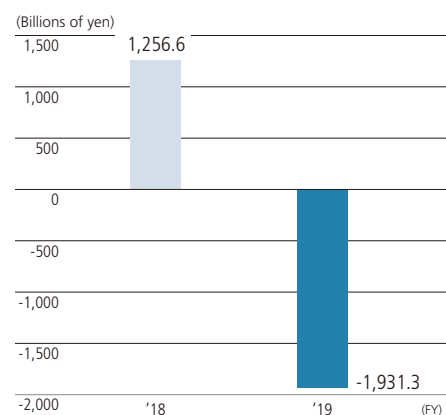
OVERVIEW

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

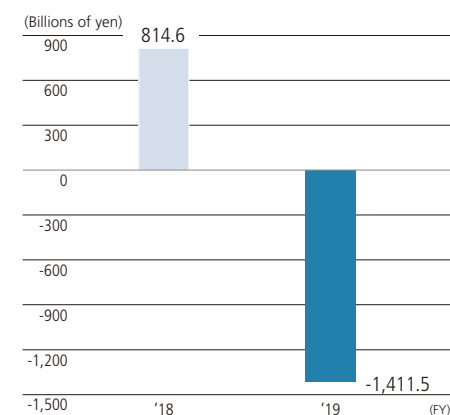
SoftBank Vision Fund began its operation in 2017. The fund aims to maximize returns from a medium- to long-term perspective, through making large-scale investments in high-growth-potential companies that are leveraging AI, particularly in private companies valued at over \$1 billion, colloquially known as "unicorns." The fund's investment period ended on September 12, 2019, but it is expected that the life of the fund will continue through November 20, 2029.

For details on the terms and conditions of distributions to limited partners in SoftBank Vision Fund and Delta Fund and the terms and conditions of management fees and performance fees to SBIA, see "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" and "(3) Management fees and performance fees to SBIA" under "8. SoftBank Vision Fund and other SBIA-managed funds business" in "Notes to Consolidated Financial Statements" respectively.

Segment income



Income before income tax



Outline of principal funds in the segment

As of March 31, 2020

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

*1 A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both such funds; hence, the total committed capital and remaining committed capital for each separate fund will change according to the status of contribution made by third-party investors in each such fund. During the second quarter, the sale of the investment in Xiaoju Kuaizhi Inc. ("DiDi") from Delta Fund to SoftBank Vision Fund was settled, and the proceeds from this sale were distributed to Delta Fund's limited partners, resulting in a return of limited partners' contributions. Consequently, the total committed capital of \$1.6 billion from third-party investors in Delta Fund has been reversed to SoftBank Vision Fund.

*2 The Company's committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

*3 SoftBank Vision Fund's investment period is stipulated to run either until November 20, 2022, or until the decision to end the investment period is made by SBIA, as the manager, after the accumulated investment account (amounts drawn down and invested and/or reserved to make investments) exceeds 85% of the total committed capital, whichever is earlier. On September 12, 2019, SBIA determined to end SoftBank Vision Fund's investment period after the accumulated investment amount exceeded 85% of the total committed capital. The remaining 15% of the total committed capital is reserved for follow-on investments in existing portfolio companies (including investments in joint ventures with them), fixed distributions, and finance related expenses. The investment period of Delta Fund also ended on September 12, 2019, following the ending of the investment period of SoftBank Vision Fund.

Capital deployment of SoftBank Vision Fund and Delta Fund

As of March 31, 2020

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)			
SoftBank Vision Fund	98.6	33.1 * ¹	65.5
Delta Fund	4.4	4.4	- * ²
Contributions from limited partners ³ (B)			
SoftBank Vision Fund	78.3	28.6	49.7
Delta Fund	3.8	3.8 ⁴	- * ²
Non-recallable contribution included in (B)			
SoftBank Vision Fund ⁵	(5.5)	(0.9)	(4.6)
Delta Fund ⁶	(3.5)	(3.5)	- * ²
Remaining committed capital (C) = (A) - (B)			
SoftBank Vision Fund	20.3	4.5	15.8
Delta Fund	0.6	0.6	- * ²

*1 The Company's committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation satisfied by using Arm Limited shares (all said shares have been contributed by the previous fiscal year-end) and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.

*2 During the second quarter, the sale of the investment in DiDi from Delta Fund to SoftBank Vision Fund was settled, and the proceeds from this sale were distributed to Delta Fund's limited partners, resulting in a return of limited partners' contributions. Consequently, the total committed capital of \$1.6 billion from third-party investors in Delta Fund has been reversed to SoftBank Vision Fund.

FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal 2018	Fiscal 2019	Change	Change %
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds	1,302,838	(1,844,867)	(3,147,705)	–
Realized gain and loss on sales of investments	296,531	58,340	(238,191)	(80.3%)
Unrealized gain and loss on valuation of investments	1,013,228	(1,917,694)	(2,930,922)	–
Change in valuation for the fiscal year	1,378,553	(1,877,682)	(3,256,235)	–
Reclassified to realized gain and loss recorded in the past fiscal year* ¹	(365,325)	(40,012)	325,313	–
Interest and dividend income from investments	4,522	12,848	8,326	184.1%
Derivative gain and loss	–	145	145	–
Effect of foreign exchange translation	(11,443)	1,494	12,937	–
Operating expenses	(46,197)	(86,478)	(40,281)	87.2%
Segment income	1,256,641	(1,931,345)	(3,187,986)	–
Finance cost (interest expenses)	(33,141)	(22,459)	10,682	(32.2%)
Foreign exchange gain and loss	68	321	253	372.1%
Derivative gain and loss	177,373	–	(177,373)	–
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(586,152)	540,930	1,127,082	–
Other non-operating income and loss	(232)	1,067	1,299	–
Income before income tax	814,557	(1,411,486)	(2,226,043)	–

*1 Following the sale of a portion of four portfolio companies' shares and all shares of a portfolio company in the fiscal year, the unrealized gain on valuation of investments of ¥40,012 million (net) recorded in the prior fiscal years for those exited investments were reclassified to "realized gain and loss on sale of investments."

Segment income

Segment loss was ¥1,931,345 million, compared with income of ¥1,256,641 million in the previous fiscal year. Of this, unrealized loss on valuation of investments from 88 investments held by SoftBank Vision Fund at the fiscal year-end was ¥1,869,283 million (\$17,263 million). This was attributable to a loss of \$5,179 million for investment in Uber due to a decline in its stock price, a loss of \$4,582 million for investments in WeWork and its three affiliates (for details, see page 61 "Investments in WeWork", and a total loss of \$7,502 million recorded for investments in other portfolio companies reflecting a significant decrease in fair value, primarily due to the impact of the COVID-19 outbreak. See table below for details.

(Breakdown of unrealized gain and loss on valuation of investments held by SoftBank Vision Fund at the fiscal year-end)

	(Millions of U.S. dollars)				
	Q1	Q2	Q3	Q4	Fiscal 2019
Uber	(1,076)	(3,536)	(162)	(405)	(5,179)
WeWork and its three affiliates	(55)	(3,438)	(24)	(1,065)	(4,582)
Other portfolio companies	4,877	(1,845)	(1,552)	(8,982)	(7,502)
Total	3,746	(8,819)	(1,738)	(10,452)	(17,263)

For the investments in other portfolio companies, a total valuation loss of \$8,982 million was recorded in the fourth quarter. Following the outbreak of COVID-19 from the beginning of 2020, although the fair values of some portfolio companies in e-commerce, health care, and other businesses increased as a result of their strong business performance, many portfolio companies' fair values decreased because their business activities have been disrupted and outlook for cash flows has deteriorated due to stagnant economic activity and lockdowns implemented globally. In particular, the total fair values of the Consumer sector, the Transportation & Logistics sector (excluding Uber), and the Real Estate & Construction sector (excluding WeWork and its three affiliates) declined by \$3,257 million, \$2,381 million, and \$2,196 million, respectively, and consequently the same amounts were recorded as losses.

Reference: Changes in fair value of investments held by SoftBank Vision Fund in fiscal 2019, U.S. dollar-based

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

	Fair value change in fiscal 2019	Investments	Unrealized gain and loss on valuation of investments recorded in fiscal 2019
Increase		19	\$3,473 million
Decrease		50	\$(20,736) million
No change		19	–
Total		88	\$(17,263) million

Realized gain on sales of investments of ¥58,340 million was recorded as a result of the sale of a portion of four portfolio companies' shares and all shares of a portfolio company.

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

 For details on fair value measurement, see "SoftBank Vision Fund Business Model and Accounting Treatment" on the Company's website at https://group.softbank/system/files/pdf/ir/presentations/2019/investor_20181107_02_en.pdf.

Impact of the COVID-19 outbreak

The stagnation in economic activity, restrictions on social outings, and stock market disruptions in various countries due to the outbreak of COVID-19, have had, and are expected to continue to have, a significant impact on the business activities and fair value measurement of the portfolio companies of SoftBank Vision Fund. While this has had a positive impact on the operations of some of the portfolio companies in businesses such as e-commerce and health care, it has disrupted the business activities of many of the portfolio companies and caused a deterioration in their results of operations and, ultimately, the fair value measured in the Company's consolidated financial statements. The fair value measurement of portfolio companies as of March 31, 2020 was based on current expected company-specific COVID-19 impact, liquidity positions of each company, market conditions and comparables, and increased market volatility.

SBIA has been working closely with SoftBank Vision Fund portfolio companies to help them prepare for further deterioration in business conditions including a possible decrease in revenue and the deterioration of liquidity by providing operational support and guidance on strategy, in order to reduce the adverse effects on their businesses due to the deterioration of the economic situation caused by the pandemic. In addition, SBIA has also advised portfolio companies to develop a clear plan for their currently available cash balance in order to optimize cost structures and create contingency plans and flexibility. SBIA has assessed companies by reference to their cash reserves and COVID-19 sensitivity based on their sector and business model, and made recommendations on (i) cash preservation, (ii) cost reductions, (iii) immediate actions and assessments, (iv) short-term considerations, (v) office space optimization based on physical and remote work, and (vi) confirmation of available government initiatives.

Portfolio of SoftBank Vision Fund and Delta Fund

SoftBank Vision Fund

As of March 31, 2020; excludes exited investments

(Billions of U.S. dollars)

Sector	Number of investments	Acquisition cost	Fair value	Change
Consumer	15	11.5	12.8	1.3
Enterprise	8	2.3	3.4	1.1
Fintech	11	4.9	4.8	(0.1)
Frontier Tech	10	10.8	10.4	(0.4)
Health Tech	10	2.5	4.8	2.3
Real Estate & Construction	11	9.9	4.6	(5.3)
Transportation & Logistics	23	33.1	28.8	(4.3)
Total	88	75.0	69.6	(5.4)

New investments in fiscal 2019

During the fiscal year, SoftBank Vision Fund made investments totaling \$15.6 billion, including follow-on investments.

Of these, the investments in ANI Technologies Private Limited (Ola) and WeWork China were purchased from the Company for \$950 million in total, the fair value at the time the Company made its decision to sell. These two investments were initially acquired by the Company in prior years with a total acquisition cost of \$696 million.

 See Page 21 for a complete list of SoftBank Vision Fund portfolio companies.

Investments purchased from the Company

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

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

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

Delta Fund

There were no investments held by Delta Fund as of the fiscal year-end.

SoftBank Segment (including former Yahoo Japan Segment)

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

FINANCIAL RESULTS

Both net sales and segment income increased year on year, driven by steady growth in the telecommunications business, especially services for retail consumers. Net sales growth was attributable to an increase in telecom service revenue from services for retail consumers, led by a steady expansion in the customer base. This expansion was demonstrated by the cumulative number of smartphone subscribers to the three brands—*SoftBank*, *Y!mobile*, and *LINE MOBILE*—increasing 2,050,000 from the previous fiscal year-end to 24.13 million, and the cumulative number of subscribers to SoftBank Hikari, a fiber-optic service, increasing 470,000 from the previous fiscal year-end to 6.39 million. Segment income also increased as a result of increased net sales.

Yahoo Japan Corporation (currently Z Holdings Corporation) became a subsidiary of SoftBank Corp. as of June 27, 2019. Accordingly, the results of the SoftBank segment are presented by retroactively including the results of Yahoo Japan Corporation since April 1, 2018. Operating income of Z Holdings Corporation in this segment increased 11.8% year on year. This was mainly due to consolidation of ZOZO, Inc. and an increase in net sales of existing e-commerce and advertising business.

Consolidation of ZOZO, Inc. by Z Holdings Corporation

On November 13, 2019, Z Holdings Corporation acquired 152,952,900 shares of common shares (50.1% of voting rights) of ZOZO, Inc., an operator of an online apparel retailer, for ¥400,737 million with the aim of strengthening its e-commerce business. Accordingly, on the same day ZOZO, Inc. became a subsidiary of the Company, as well as of SoftBank Corp. and Z Holdings Corporation. The results of the SoftBank segment are presented by including the results of ZOZO, Inc. from this date until the fiscal year-end. For details on the consolidation of ZOZO, Inc. see “9. Business combinations” under “Notes to Consolidated Financial Statements.”

Business integration of Z Holdings Corporation and LINE Corporation

In December 2019, Z Holdings Corporation and LINE Corporation, along with their respective parent

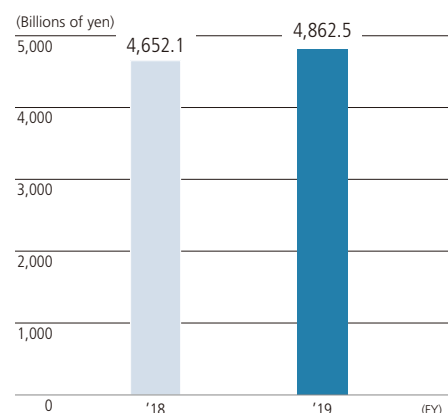
companies SoftBank Corp. and NAVER Corporation, concluded a four-way definitive agreement regarding a business integration (the “Business Integration”) with the aim of forming a world-leading AI technology company based in Japan and Asia. As part of the transaction to realize the Business Integration,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

Impact of the COVID-19 outbreak

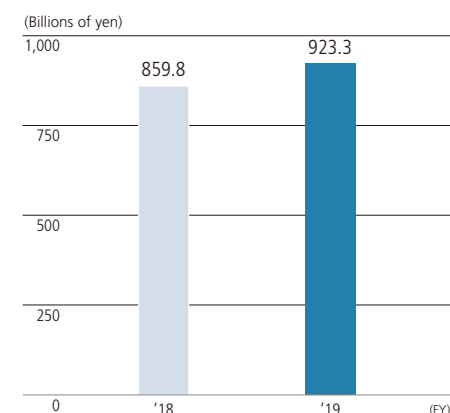
For SoftBank Corp., a stable trend in telecommunication service subscribers and an increase in data communication traffic as a result of the “stay at home” policy from the government is expected; however, a decline in shop traffic is also expected. For enterprise customers, although demand for remote working is expected to increase, there may also be some negative impact, such as a decrease in face-to-face sales opportunities. In addition, for Z Holdings Corporation, use of e-commerce is expected to increase, while the advertisement sales and use of hotel and restaurant reservation services are expected to decrease.

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

Net sales



Segment income



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

Arm Segment

1. Net sales increased 2.0% yoy. Segment income decreased substantially yoy, due to a one-time gain in the previous fiscal year.

- License revenue (U.S. dollar-based) increased 6.4% yoy, driven by delivery of new technologies to customers.
- Technology royalty revenue (U.S. dollar-based) decreased only 1.5% yoy, despite the impact from deterioration in business condition in the semiconductor industry.
- Segment income decreased yoy, due to a one-time gain of ¥176.3 billion from setting up a joint venture for business in China in the previous fiscal year.

2. Start of season to harvest returns from increasing R&D capacity

- Strong licensing of new technologies continued with six licenses signed in the fourth quarter for processors not yet announced.
- In the fourth quarter, Arm began delivering multiple new technologies including next generation Arm processors, triggering bookings from previous quarters to be recognized as revenues.

OVERVIEW

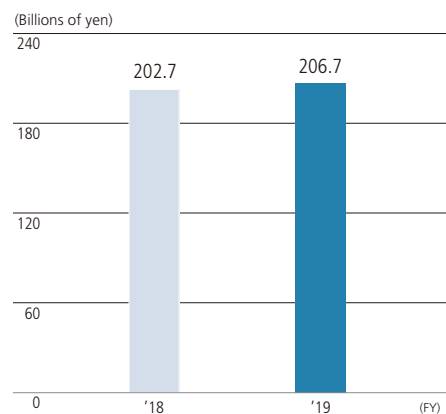
Arm's operations are primarily the licensing of semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies. Since becoming part of the Company, Arm has accelerated investment in R&D by hiring more engineers. With the expansion of its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

Industry trend and its impact

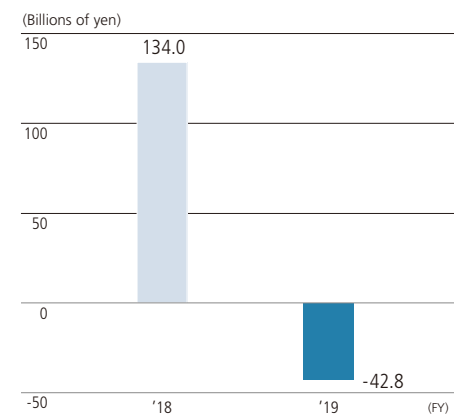
Semiconductor industry trends can have a significant impact on Arm's financial results. Revenue of parts of the semiconductor industry that are most relevant to Arm's business started to decline in late 2018, and continued to show year-on-year declines from November 2018 until a year-on-year increase of 1.0% was seen in October 2019.⁷ Despite this recent improvement, the industry remains vulnerable to ongoing trade disputes and sanctions against specific companies and is being exposed to the impact from the outbreak of COVID-19. For the next fiscal year, in the light of the COVID-19 outbreak, the shipment of consumer electronic devices may decrease, leading to lower technology royalty revenue, and semiconductor companies that face reduced revenues may delay licensing decisions, leading to lower technology licensing revenue. However, it is still early to anticipate the negative impact of the pandemic on the whole semiconductor industry or Arm.

As market conditions normalize, Arm expects that its business will continue to grow again. In addition, Arm is expecting that as technology becomes more advanced, its technology will be further utilized and opportunities will expand over the long term.

Net sales



Segment income



Note: Segment income includes amortization expenses of ¥50,544 million for the fiscal year and ¥56,535 million for the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

FINANCIAL RESULTS

Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based in U.S. dollars. Net sales increased 3.4% year on year on a U.S. dollar basis. Although the slowdown in the industry resulted in a decrease in royalty revenue, software and services revenue and licensing revenue increased.

Technology licensing

Technology licensing revenue increased 6.4% year on year. This was mainly due to the delivery of some of the new technologies to customers during the fourth quarter, for which Arm signed licenses in the fiscal year. These new technologies include new Arm processor products, specifically optimized for different end markets such as smartphones, servers, and automotive, and a new family of AI accelerators targeting mobile computing and IoT applications. Development of these new technologies was only started after the acquisition of Arm by the Company.

Although Arm signed licenses for some of these new technologies earlier in the fiscal year, revenue associated with these new technologies is only recognized when the technology is delivered to the customer. Arm was able to deliver some of these new technologies during the fourth quarter, resulting in record technology licensing revenue for Arm. During the fiscal year, Arm signed licenses for technologies that are not due to be delivered until next fiscal year or later, providing an underpin for future technology licensing revenues. As most of these new technologies are more advanced than existing technologies, there is an opportunity for higher royalty revenue per chip to boost Arm's technology royalty revenues for years to come.

Technology royalty

Technology royalty revenue decreased 1.5% year on year. This was mainly due to a deceleration in semiconductor demand including a weakening in global smartphone demand, combined with a general slowdown in global chip sales. Technology royalty revenue for the fourth quarter increased 11.3% compared with the same period of the previous fiscal year due to improving industry conditions and ramping shipment of 5G smartphones.

Software and services

Software and services revenue increased 23.0% year on year, mainly due to strong growth over the year of Arm's data management business, which was created following the acquisition of Treasure Data, Inc. in August 2018.

Segment income

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

Arm's head count as of the fiscal year-end increased net 751 people (12.5%) from the previous fiscal year-end. To maximize ROI, Arm continuously evaluates the mix of R&D projects in which it is investing, as well as the locations of its engineering teams.

Net sales in U.S. dollars

	(Millions of U.S. dollars)											
	Fiscal 2018					Fiscal 2019					YoY	
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Change	Change %
Technology licensing	85	124	125	213	547	125	87	130	240	582	35	6.4%
Technology royalties	261	285	305	247	1,098	240	254	312	275	1,081	(17)	(1.5%)
Software and services	35	47	56	53	191	53	55	63	64	235	44	23.0%
Total net sales	381	456	486	513	1,836	418	396	505	579	1,898	62	3.4%

OPERATIONS

Licensing

	Licenses signed in the fourth quarter	Cumulative number of licenses signed as of the fiscal year-end
Breakdown by processor family		
Classic (<i>Arm7, Arm9, Arm11</i>)	1	451
Cortex-A	14	405
Cortex-R	–	112
Cortex-M	10	595
Mali	9	204
Number of processor licenses signed . . .	34	1,767

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

Arm signed 34 processor licenses in the fourth quarter including six licenses for advanced new technologies that Arm has not yet announced. The customers who signed licenses with Arm in the fourth quarter intend to use Arm technologies in a very broad range of end markets, including smartphones, networking equipment, and advanced microcontrollers for IoT devices such as communication chips and sensors embedded in sports equipment.

Royalty units⁸

	2018	2019			
	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31
Royalty units as reported by					
Arm's licensees	5.4 billion	4.8 billion	5.6 billion	6.4 billion	6.0 billion
Growth rate (yoy)	(6.9%)	(9.4%)	0.2%	3.2%	11.1%

Arm's licensees reported shipments of 6.0 billion Arm-based chips for the three-month period ended December 31, 2019. Arm's unit shipments increased 11.1% year on year while shipments by the semiconductor industry as a whole increased slightly by 0.6%⁷ during the same period. However, as mentioned in "Industry trend and its impact" above, it is likely that fewer chips will be sold next fiscal year than otherwise would be due to the outbreak of COVID-19. Despite fewer chips being sold, Arm still expects to continue to maintain or gain share in its target end markets.

TECHNOLOGY DEVELOPMENT

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

Arm's primary investment areas and main developments in fiscal 2019

Mobile Computing

Opportunity	: Arm already has over 95% share of the main chips in mobile devices and, over time, has been successfully increasing royalties per chip.
Q1	: Arm announced a family of processors which will help provide AI and 5G capabilities to the next generation of smartphones due in 2020.
Q2	: Arm announced Total Compute, a new platform approach to develop IP for mobile devices and consumer electronics, which will deliver higher performance and greater security.
Q3	: Arm announced new AI processors that are scalable to add AI capability to a wide range of consumer devices such as mobile computing and portable gaming devices.

Infrastructure

Opportunity	: Arm has a growing share in networking infrastructure and a nascent share in data center servers.
Q1	: Marvell Technology Group Ltd. and Arm announced a strategic partnership to accelerate the development of technology needed for cloud companies to deploy Arm-based servers.
Q3	: <ul style="list-style-type: none">• Amazon Web Services Inc. announced that the first generation of Arm Neoverse processors is being used in their own-built Graviton2 server chips, which will be used to replace the current generations of server systems and show up to 40% cost savings for its customers.• Supercomputer Fugaku, jointly developed by RIKEN and Fujitsu Limited, has been awarded first place in the Green500 supercomputer list, a global ranking based on the energy efficiency of supercomputers, with their Arm-based high-performance chip.
Q4	: Marvell Technology Group Ltd. and Mellanox Technologies, Ltd. announced new families of SmartNICs, which offload various tasks from the main server chips in data centers.

Automotive

Opportunity	: As vehicles become smarter, they require more computational capability. Arm is well positioned to gain share by providing energy efficiency and Arm processor technology has already been licensed by most companies that develop automotive chips.
Q2	: Established the Autonomous Vehicle Computing Consortium (AVCC) with partners from the automotive industry to create technology standards that will help accelerate the arrival of self-driving cars.

IoT

Opportunity	: For IoT to reach its full potential, it must be secure against hacking and robust against faults. Arm has developed technology to secure and manage the data in IoT device networks.
Q1	: Samsung Electronics Co., Ltd. and Arm demonstrated a new manufacturing process for IoT chips.
Q2	: Arm announced a new feature Arm Custom Instructions. This allows chipmakers to optimize an Arm CPU to increase the performance for specific IoT and other applications.
Q4	: <ul style="list-style-type: none">• Bayer AG announced its usage of smart-label, created in collaboration between Arm and Vodafone Group, that uses cellular connected IoT which can strengthen tracking of products through the supply chain.• Arm announced a new CPU and machine-learning accelerator, bringing AI technology to IoT devices.

 For more information about Arm, its business, and its technology, visit its website at <https://www.arm.com>

Arm Segment Key Operational Data

Licensing

	FY2018	FY2019	FY2018				FY2019			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Number of processor licenses signed	125	147	16	35	42	32	28	34	51	34
Breakdown by processor family										
Classic (Arm7, Arm9, Arm11)	–	1	–	–	–	–	–	–	–	1
Cortex-A	35	53	3	14	8	10	7	13	19	14
Cortex-R	12	8	1	5	3	3	2	1	5	–
Cortex-M	59	65	11	13	21	14	19	18	18	10
Mali	19	20	1	3	10	5	–	2	9	9
Cumulative number of licenses signed			1,593	1,627	1,662	1,694	1,671	1,692	1,741	1,767
Breakdown by processor family										
Classic (Arm7, Arm9, Arm11)			499	499	499	499	452	451	451	451
Cortex-A			337	350	353	363	367	373	392	405
Cortex-R			95	100	103	106	109	109	113	112
Cortex-M			493	506	525	539	556	573	590	595
Mali			169	172	182	187	187	186	195	204
Companies signing licenses	85	93	12	26	27	20	24	21	24	24
Existing	66	71	9	21	21	15	18	14	17	22
New	19	22	3	5	6	5	6	7	7	2

Royalty units

(Billions)	CY2018	CY2019	CY2018				CY2019			
			Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Royalty units as reported by licensee										
Breakdown by processor family	22.5	22.8	5.3	5.6	6.2	5.4	4.8	5.6	6.4	6.0

Employees

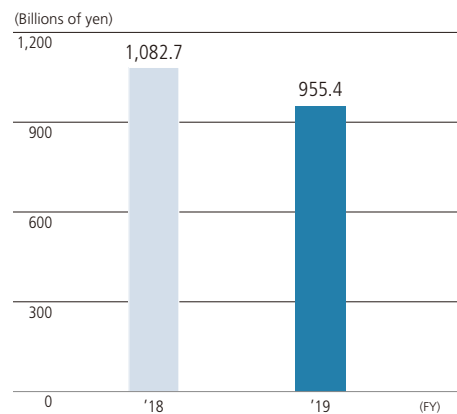
	FY2018	FY2019	FY2018				FY2019			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total number of employees			5,707	5,990	5,970	5,987	6,064	6,365	6,520	6,738
(incl.) Technical employees			4,697	4,940	4,887	4,858	4,882	5,126	5,181	5,375

Notes: 1. Total number of employees: include temporary employees.

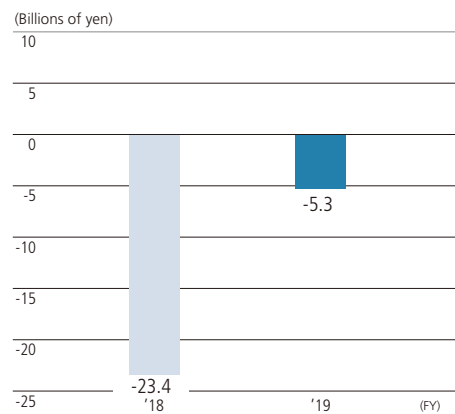
2. Technical employees: employees who work on the research, creation, maintenance, deployment and support of technology products and services of Arm.

Brightstar Segment

Net sales

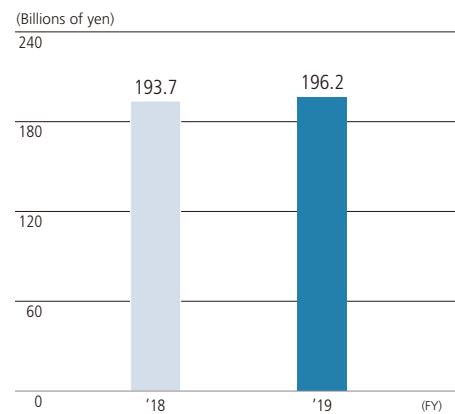


Segment income

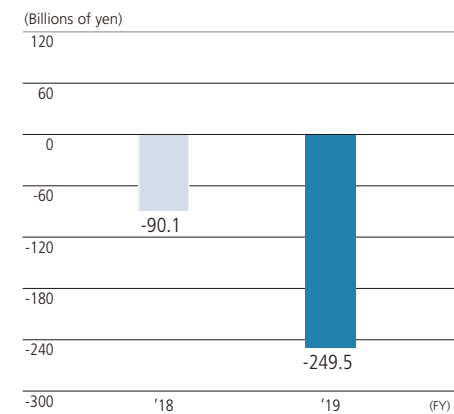


Other

Net sales



Segment income



Operating loss of ¥82,234 million was recorded at PayPay Corporation, which is engaged in smartphone payment services in Japan. This was mainly due to large-scale marketing promotions aimed at gaining users and driving service usage, and continued proactive measures to increase the number of stores where its services can be used.

In addition, the investment fund business in Latin America recorded operating loss of ¥62,212 million due to a decrease in the value of investment currencies such as the Brazilian real and a decrease in the fair values of investments.

Results of PayPay Corporation included in the Other segment

	(Millions of yen)			
	Fiscal 2018	Fiscal 2019	Change	Change %
Net sales	595	9,159	8,564	—
Operating income	(36,559)	(82,234)	(45,675)	—

Financial Position

1. Status of investments

- Carrying amount of investments from SoftBank Vision Fund of ¥6.7 trillion, decreased ¥434.0 billion from the previous fiscal year-end*¹
 - SoftBank Vision Fund made new investments, while the fair values of Uber, WeWork and its three affiliates¹ decreased, and the total fair value of other portfolio companies decreased significantly in the fourth quarter, primarily due to the impact of the COVID-19 outbreak.
- Carrying amount of investments in WeWork and its affiliates totaling ¥262.0 billion, decreased ¥603.3 billion from the previous fiscal year-end
 - Carrying amount of investments from a wholly owned subsidiary of the Company of ¥159.9 billion, decreased ¥115.5 billion from the previous fiscal year-end*²
 - Carrying amount of investments from SoftBank Vision Fund of ¥102.1 billion, decreased ¥487.8 billion from the previous fiscal year-end

2. Sprint business reclassified as a disposal group classified as held for sale at the end of fiscal 2019, presented separately*³

Assets: Presented as “assets classified as held for sale”

Liabilities: Presented as “liabilities directly relating to assets classified as held for sale”

Sprint’s interest-bearing debt and lease liabilities totaling ¥4.7 trillion (as of the fiscal year-end) was excluded from consolidated interest-bearing debt and lease liabilities

Equity: Presented as “accumulated other comprehensive income directly relating to assets classified as held for sale”

3. Financing activities

- Wholly owned subsidiaries of the Company conducting fund procurement procured a total of ¥1.1 trillion using Alibaba and SoftBank Corp. shares.
- SoftBank Vision Fund borrowed \$3.65 billion using a portion of its investments (while repaying a portion of principal in the fourth quarter), and borrowed from a line of credit set up mainly to increase the capital efficiency of its investments.

*1 Investment in Arm is not included in investments from SoftBank Vision Fund as Arm is a subsidiary of the Company.

*2 For details about investments in WeWork, see page 61 “Investments in WeWork.”

*3 For a breakdown of the main items presented in separate categories at the fiscal year-end, see “6. Discontinued operations” under “Notes to Consolidated Financial Statements.”

	(Millions of yen)			
	March 31, 2019	March 31, 2020	Change	Change %
Total assets	36,096,476	37,257,292	1,160,816	3.2%
Total liabilities	27,087,272	29,884,375	2,797,103	10.3%
Total equity	9,009,204	7,372,917	(1,636,287)	(18.2%)

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

Assets

	(Millions of yen)		
	March 31, 2019	March 31, 2020	Change
Cash and cash equivalents	3,858,518	3,369,015	(489,503)
Trade and other receivables	2,339,977	2,072,326	(267,651) A
Other financial assets	203,476	313,487	110,011
Inventories	365,260	185,097	(180,163) A
Other current assets	766,556	460,970	(305,586) B
Assets classified as held for sale	224,201	9,236,048	9,011,847 C
Total current assets	7,757,988	15,636,943	7,878,955
Property, plant and equipment	4,070,704	1,264,516	(2,806,188) D
Right-of-use assets	–	1,293,692	1,293,692 E
Goodwill	4,321,467	3,998,167	(323,300) F
Intangible assets	6,892,195	1,985,972	(4,906,223) G
Costs to obtain contracts	384,076	212,036	(172,040)
Investments accounted for using the equity method	2,641,045	3,240,361	599,316 H
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	7,115,629	6,892,232	(223,397) I
SoftBank Vision Fund and Delta Fund	7,115,629	6,681,671	(433,958)
Investment securities	924,614	1,211,511	286,897 J
Other financial assets	1,185,856	1,159,972	(25,884)
Deferred tax assets	586,943	221,371	(365,572) K
Other non-current assets	215,959	140,519	(75,440)
Total non-current assets	28,338,488	21,620,349	(6,718,139)
Total assets	36,096,476	37,257,292	1,160,816

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
Current assets	
A Trade and other receivable Inventories	At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's trade and other receivables and inventories totaling ¥483,223 million were reclassified as assets classified as held for sale.
B Other current assets	Other current assets were reduced by ¥422,648 million due to a refund of withholding income tax in July 2019 on dividends from SoftBank Group Japan Corporation ("SBGJ") to SBG. in the previous fiscal year.
C Assets classified as held for sale	<ul style="list-style-type: none"> • Assets classified as held for sale were reduced by ¥224,201 million due to the settlement in June 2019 of the variable prepaid forward contract using Alibaba shares concluded in 2016. • At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's assets totaling ¥9,236,048 million were presented separately under this classification.
Non-current assets	
D Property, plant and equipment	<ul style="list-style-type: none"> • Due to the adoption of IFRS 16, leased assets of ¥1,157,008 million, previously classified as financing leases and recorded as property, plant and equipment, were reclassified as right-of-use assets at the beginning of the fiscal year. This was mainly due to leased assets related to telecommunications equipment for SoftBank Corp. being reclassified as right-of-use assets. • Telecommunications equipment was regularly depreciated at SoftBank Corp. • At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's property, plant and equipment of ¥1,890,600 million was reclassified as assets classified as held for sale.
E Right-of-use assets	<ul style="list-style-type: none"> • Due to the adoption of IFRS 16, right-of-use assets of ¥1,368,144 million were newly recorded at the beginning of the fiscal year. This was mainly due to newly recorded right-of-use assets for operating leases related to telecommunications equipment and property at Sprint and SoftBank Corp. • Leased assets that had been included in property, plant and equipment were reclassified as right-of-use assets. • At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's right-of-use assets of ¥763,529 million were reclassified as assets classified as held for sale.

Components	Main reasons for changes from the previous fiscal year-end
F Goodwill	<ul style="list-style-type: none"> Following the consolidation of ZOZO, Inc., goodwill was newly recognized on the date when control was acquired. For details, see "9. Business combinations" in "Notes to Consolidated Financial Statements." Arm's goodwill decreased ¥223,377 million, due to a stronger yen against the British pound. At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's goodwill of ¥322,978 million was reclassified as assets classified as held for sale.
G Intangible assets	<ul style="list-style-type: none"> Following the consolidation of ZOZO, Inc., intangible assets such as customer relationships and trademarks were newly recognized on the date when control was acquired. For details, see "9. Business combinations" in "Notes to Consolidated Financial Statements." At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's intangible assets of ¥5,082,956 million were reclassified as assets classified as held for sale.
H Investments accounted for using the equity method	The consolidated carrying amount of Alibaba increased due to recording income on equity method investments and dilution gain from changes in equity interest.
I Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	SoftBank Vision Fund made investments of \$15.6 billion, while the fair values of investments in Uber and WeWork and its three affiliates ¹ decreased and the total fair value of other investments decreased significantly during the fourth quarter, mainly due to the impact of the COVID-19 outbreak. For details, see page 66 "SoftBank Vision Fund and Other SBIA-Managed Funds Segment."
J Investment securities	<ul style="list-style-type: none"> For details of investments in WeWork, see page 61 "Investments in WeWork." A wholly owned subsidiary of the Company made new investments totaling \$1.3 billion as the investment fund business in Latin America.
K Deferred tax assets	As a result of the settlement of the variable prepaid forward contract using Alibaba shares concluded in 2016, the corresponding deferred tax assets were reversed.

Liabilities

	March 31, 2019	March 31, 2020	Change	
Interest-bearing debt* ¹	3,480,960	3,845,153	364,193	
Lease liabilities* ¹	–	378,383	378,383	
Deposits for banking business	745,943	873,087	127,144	
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds* ²	29,677	24,691	(4,986)	
Trade and other payables	1,909,608	1,585,326	(324,282)	A
Derivative financial liabilities	767,714	9,267	(758,447)	B
Other financial liabilities	10,849	248,010	237,161	C
Income taxes payables	534,906	164,298	(370,608)	D
Provisions	43,685	11,448	(32,237)	
Other current liabilities	1,158,355	596,499	(561,856)	E
Liabilities directly relating to assets classified as held for sale	–	6,454,971	6,454,971	F
Total current liabilities	8,681,697	14,191,133	5,509,436	
Interest-bearing debt* ¹	12,204,146	9,286,729	(2,917,417)	
Lease liabilities* ¹	–	761,943	761,943	
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds* ²	4,107,288	4,559,728	452,440	
Derivative financial liabilities	130,545	128,075	(2,470)	
Other financial liabilities	57,115	77,207	20,092	
Provisions	157,478	88,791	(68,687)	
Deferred tax liabilities	1,391,072	711,216	(679,856)	G
Other non-current liabilities	357,931	79,553	(278,378)	H
Total non-current liabilities	18,405,575	15,693,242	(2,712,333)	
Total liabilities	27,087,272	29,884,375	2,797,103	

*¹ Due to the adoption of IFRS 16, lease liabilities of ¥1,449,326 million, for operating leases that were previously accounted for as leases, were newly recorded at the beginning of the fiscal year. In addition, lease obligations of ¥892,472 million related to finance leases, previously included in interest-bearing debt, were reclassified as lease liabilities.

*² See "(2) Third-party interests in SoftBank Vision Fund and Delta Fund" under "8. SoftBank Vision Fund and other SBIA-managed funds business" in "Notes to Consolidated Financial Statements" for details.

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
Current liabilities	
A Trade and other payables	At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's trade and other payables of ¥395,415 million were reclassified as liabilities directly related to assets classified as held for sale.
B Derivative financial liabilities	Derivative financial liabilities related to the embedded collar transaction in the variable prepaid forward contract using Alibaba shares concluded in 2016 decreased ¥749,846 million, due to settlement of the contract.
C Other financial liabilities	The Company recorded allowance for financial guarantee contract losses and loan commitment losses totaling ¥234,335 million at the fiscal year-end for expected credit losses for the financial guarantee contract and the loan commitment related to WeWork. For details, see page 61 "Investments in WeWork."
D Income taxes payables	Income tax of ¥321,290 million, which arose from a gain on the sale of SoftBank Corp. shares at SBGJ in the previous fiscal year, was paid.
E Other current liabilities	Withholding income tax of ¥422,648 million on dividends from SBGJ to SBG in the previous fiscal year was paid.
F Liabilities directly relating to assets classified as held for sale	At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's liabilities totaling ¥6,454,971 million were presented separately under this classification.
Non-current liabilities	
G Deferred tax liabilities	<ul style="list-style-type: none"> Deferred tax liabilities of ¥148,439 million were recorded at the fiscal year-end for intangible assets that were newly recognized following the consolidation of ZOZO, Inc. on the date when control was acquired. At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's deferred tax liabilities of ¥746,834 million were reclassified as liabilities directly related to assets classified as held for sale.
H Other non-current liabilities	At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's defined benefit liabilities and other liabilities of ¥209,515 million were reclassified as liabilities directly related to assets classified as held for sale.

Reference: Interest-bearing debt and lease liabilities (total of current liabilities and non-current liabilities)

	(Millions of yen)		
	March 31, 2019	March 31, 2020	Change
SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement* ¹	7,445,551	8,247,063	801,512
SoftBank Group Corp.	6,157,798	6,528,734	370,936
Borrowings	1,339,409	1,388,240	48,831
Corporate bonds	4,776,389	5,034,494	258,105
Others	42,000	106,000	64,000
Wholly owned subsidiaries conducting fund procurement* ¹	1,287,753	1,718,329	430,576
Borrowings	557,152	1,522,228	965,076
Financial liabilities relating to variable prepaid forward contract	730,601	196,101	(534,500)
SoftBank Vision Fund and Other SBIA-Managed Funds segment			
SoftBank Vision Fund	36,571	581,543	544,972
Borrowings	36,571	581,543	544,972
SBIA	–	535	535
Lease liabilities	–	535	535
SoftBank segment			
SoftBank Corp.	3,186,618	3,828,904	642,286
Borrowings	2,392,843	2,856,027	463,184
Corporate bonds	–	40,000	40,000
Lease obligations	786,174	–	(786,174)
Lease liabilities	–	832,877	832,877
Others	7,601	100,000	92,399
Z Holdings Corporation* ²	130,099	839,042	708,943
Borrowings	–	463,598	463,598
Corporate bonds	130,000	354,327	224,327
Lease obligations	99	–	(99)
Lease liabilities	–	21,117	21,117
Other subsidiaries	184,737	413,127	228,390
Others			
Other interest-bearing debt	273,152	259,801	(13,351)
Lease liabilities	–	102,193	102,193
A disposal group classified as held for sale			
Sprint	4,428,378	–	(4,428,378)
Total	15,685,106	14,272,208	(1,412,898)

*1 Indicates the interest-bearing debts of Skywalk Finance GK, which made borrowings using Alibaba shares, West Raptor Holdings, LLC, which concluded a variable prepaid forward contract using Alibaba shares, and Moonlight Finance GK (formerly Hinode 1 GK), which made borrowings using shares of SoftBank Corp. These interest-bearing debts are non-recourse to SoftBank Group Corp.

*2 Includes the interest-bearing debt and lease liabilities of Yahoo Japan Corporation.

Interest-bearing debt and lease liabilities

Reasons for changes from previous fiscal year-end at core companies

SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement

SoftBank Group Corp.

- SBG issued domestic straight corporate bonds totaling ¥1 trillion and redeemed corporate bonds of ¥700 billion as part of refinancing corporate bonds maturing in 2019 and 2020 onward.
- SBG issued commercial paper in the amount of ¥64.0 billion (net). Interest-bearing debt from this transaction is included in “Others.”

(Wholly owned subsidiaries conducting fund procurement)

Skywalk Finance GK

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

West Raptor Holdings, LLC

Financial liabilities related to a variable prepaid forward contract decreased by ¥730,601 million due to the settlement of the variable prepaid forward contract using Alibaba shares concluded in 2016. Financial liabilities relating to a variable prepaid forward contract of ¥196,101 million were recorded at the fiscal year-end following the conclusion of a new variable prepaid forward contract using Alibaba shares in November 2019.

Moonlight Finance GK (Formerly Hinode 1 GK)

Moonlight Finance GK borrowed ¥500 billion using SoftBank Corp. shares in February 2020.

SoftBank Vision Fund and Other SBIA-Managed Funds segment

- SoftBank Vision Fund borrowed \$3.65 billion for the purpose of monetizing a portion of its investments (the “Portfolio Financing Facility”) in July 2019. In March 2020, in light of current market conditions and the corresponding significant decrease in the market value of the listed shares pledged as collateral for the Portfolio Financing Facility, \$1.1 billion was repaid on the Portfolio Financing Facility using funds sourced by a capital call issued to all limited partners of SoftBank Vision Fund, including the Company. For details, see “24. Interest-bearing debt” under “Notes to Consolidated Financial Statements.”
- SoftBank Vision Fund also borrowed from a line of credit set up mainly to increase the capital efficiency to fund investments (the “Fund Level Facility”).

SoftBank segment

SoftBank Corp.

- SoftBank Corp. made borrowings to acquire Yahoo Japan Corporation (currently Z Holdings Corporation) shares and to replenish the reduced working capital resulting from this acquisition.
- Domestic straight corporate bonds totaling ¥40 billion were issued.
- Impacts of adopting IFRS 16 at the beginning of the fiscal year
 - Lease liabilities of ¥384,103 million were newly recorded for operating leases that were previously accounted for as leases.
 - Finance leases of ¥786,174 million, that were previously included in interest-bearing debt, were reclassified as lease liabilities.
- Liabilities related to lease transactions of software for telecommunications equipment were previously classified as lease obligations. Since the Company does not adopt IFRS 16 on leases of intangible assets, those liabilities were recorded as financial liabilities in borrowings based on IFRS 9, and retrospective adjustments have been made for the balance of the previous fiscal year-end. Borrowings of ¥218,986 million related to those transactions were included at the fiscal year-end (¥277,157 million at the previous fiscal year-end).

Z Holdings Corporation

- ¥400 billion was borrowed as funds for acquiring ZOZO, Inc. shares.
- Domestic straight corporate bonds totaling ¥230 billion were issued.

A disposal group classified as held for sale

At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint’s interest-bearing debt and lease liabilities totaling ¥4,709,749 million were reclassified as liabilities directly related to assets classified as held for sale, and excluded from consolidated interest-bearing debt and lease liabilities.

Equity

	(Millions of yen)		
	March 31, 2019	March 31, 2020	Change
Common stock	238,772	238,772	–
Capital surplus	1,467,762	1,490,325	22,563 A
Other equity instruments	496,876	496,876	–
Retained earnings	5,571,285	3,945,820	(1,625,465) B
Treasury stock	(443,482)	(101,616)	341,866 C
Accumulated other comprehensive income	290,268	(362,259)	(652,527) D
Accumulated other comprehensive income directly relating to assets classified as held for sale	–	205,695	205,695 E
Total equity attributable to owners of the parent	7,621,481	5,913,613	(1,707,868)
Non-controlling interests	1,387,723	1,459,304	71,581
Total equity	9,009,204	7,372,917	(1,636,287)

Reasons for changes by primary component

Components	Main reasons for changes from the previous fiscal year-end
A Capital surplus	Capital surplus increased as a result of a decrease in the Company's economic interests in Yahoo Japan Corporation (currently Z Holdings Corporation).
B Retained earnings	In addition to net loss attributable to owners of the parent of ¥961,576 million being recorded, retained earnings were reduced by ¥558,136 million* ¹ due to the retirement of 55,753 thousand shares of treasury stock in June 2019 (5.07% of the total number of issued shares before the retirement), and by ¥68,752 million due to a dividend payment. In addition, the cumulative impact of adopting IFRS 16 of ¥13,997 million was recorded as an increase in retained earnings on April 1, 2019.
C Treasury stock	<ul style="list-style-type: none"> • The Company repurchased 36,709 thousand of its own shares for ¥384.1 billion in the previous fiscal year and 19,044 thousand shares for ¥215.9 billion in the fiscal year. This is in accordance with a resolution of the Board of Directors on February 6, 2019 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥600 billion. • The Company retired the above mentioned treasury stock in June 2019. • The Company repurchased 4,720 thousand of its own shares for ¥16.0 billion in the fiscal year. This is in accordance with a resolution of the Board of Directors on March 13, 2020 to repurchase the Company's own shares, with a maximum total repurchase amount of ¥500 billion.
D Accumulated other comprehensive income	<ul style="list-style-type: none"> • Exchange differences from the translation of foreign operations, which arise from translating overseas subsidiaries and associates into yen, decreased ¥501,064 million due to a stronger yen against the major currencies. • At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's accumulated other comprehensive income of ¥205,695 million was reclassified.
E Accumulated other comprehensive income directly relating to assets classified as held for sale	At the fiscal year-end, subsequent to the reclassification of the Sprint business as a disposal group classified as held for sale, Sprint's accumulated other comprehensive income of ¥205,695 million was presented separately under this classification.

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

Cash Flows

1. Investing activities of SoftBank Vision Fund and Delta Fund*1

- Inflows: proceeds from sale of investments of ¥129.8 billion (cash flows from investing activities), proceeds from borrowings of ¥1,132.9 billion (cash flows from financing activities), contributions from third-party investors of ¥1,843.7 billion (cash flows from financing activities)
- Outflows: payments for acquisition of investments of ¥1,597.0 billion (cash flows from investing activities), repayment of borrowings of ¥594.1 billion (cash flows from financing activities), distribution/repayment to third-party investors of ¥7,713 billion (cash flows from financing activities)

2. Investing and financing activities of the Company

- Invested a total of \$3.5 billion in WeWork.
- Enhanced cash on hand: procured ¥648.0 billion using Alibaba shares and ¥500 billion using SoftBank Corp. shares.

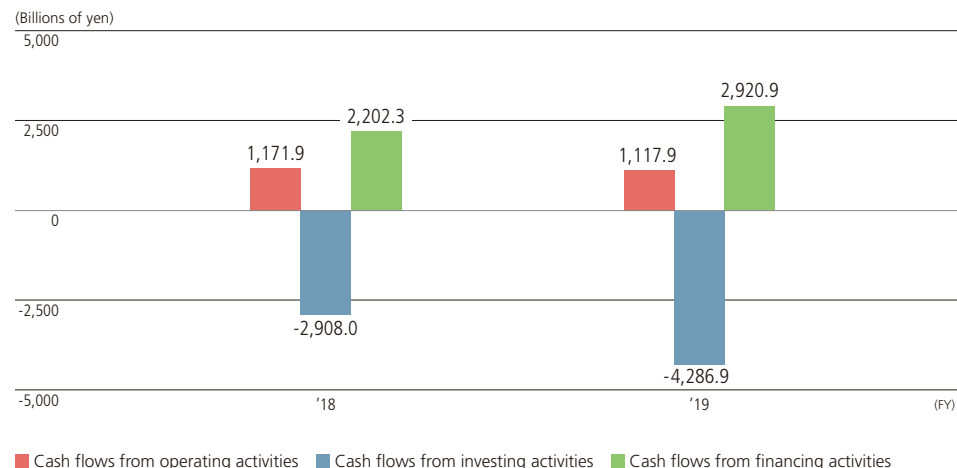
*1 Excludes the cash flows of new investment vehicles, which are intended to hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned). These investment vehicles made payments of \$2.0 billion for acquisitions of investments during the fiscal year.

	(Millions of yen)		
	Fiscal 2018	Fiscal 2019	Change
Cash flows from operating activities	1,171,864	1,117,879	(53,985)
Cash flows from investing activities	(2,908,016)	(4,286,921)	(1,378,905)
Cash flows from financing activities	2,202,291	2,920,863	718,572

Notes: 1. Cash flows from continuing operations and cash flows from discontinued operations are included. For details, see "6. Discontinued operations" in "Notes to Consolidated Financial Statements."

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

Cash flows from operating activities / Cash flows from investing activities / Cash flows from financing activities



Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

Primary components

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(1,232,551) million	Sprint acquired leased devices and telecommunications equipment for 5G, and SoftBank Corp. acquired telecommunications equipment including those for 5G.
Payments for acquisition of investments ¥(1,098,640) million	<ul style="list-style-type: none"> • A wholly owned subsidiary of the Company acquired preferred stock and common stock of WeWork totaling \$2.0 billion and paid \$1.5 billion related to the existing commitment of WeWork. • A wholly owned subsidiary of the Company made new investments totaling \$1.3 billion as the investment fund business in Latin America.
Payments for acquisitions of investment by SoftBank Vision Fund and other SBIA-managed funds ¥(1,816,291) million	SoftBank Vision Fund made investments. The newly established investment vehicles, which will hold certain investments that are expected to be treated as the initial investments of "SoftBank Vision Fund 2" (planned), made investments of \$2.0 billion.
Proceeds from sale of investments by SoftBank Vision Fund and other SBIA-managed funds ¥129,832 million	SoftBank Vision Fund sold a portion of four portfolio companies' shares and all shares of a portfolio company.
Payments for acquisition of control over subsidiaries ¥(388,259) million	Z Holdings Corporation acquired 152,952,900 shares of common shares (50.1% of voting rights) of ZOZO, Inc. for ¥400,737 million. The amount of payments for acquisition of control over subsidiaries was obtained by deducting cash and cash equivalents of ¥22,876 million held by ZOZO, Inc. on the date when control was acquired from the acquisition cost.

Cash Flows from Financing Activities

Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥133,173 million	SBG issued commercial paper in the amount of ¥49.0 billion (net), and SoftBank Corp. in the amount of ¥48.0 billion (net).
Proceeds from interest-bearing debt ¥8,601,926 million	
Proceeds from borrowings ¥7,043,561 million*1	<ul style="list-style-type: none"> • SBG made short-term borrowings of ¥1,910.1 billion, while the Company's wholly owned subsidiaries, Skywalk Finance GK and Moonlight Finance GK, borrowed \$4.37 billion using Alibaba shares and ¥500 billion using SoftBank Corp. shares, respectively. • SoftBank Vision Fund borrowed \$6.81 billion through the Fund Level Facility, which is a form of loan that allows borrowing up to a maximum amount of \$3.38 billion. In the fiscal year, SoftBank Vision Fund made several borrowings and repayments under the facility (see "Repayment of borrowings" below). • SoftBank Vision Fund borrowed \$3.65 billion through the Portfolio Financing Facility in July 2019. In March 2020, in light of current market conditions and the corresponding significant decrease in the market value of the listed shares pledged as collateral for the Portfolio Financing Facility, \$1.1 billion was repaid on the Portfolio Financing Facility using funds sourced by a capital call issued to all limited partners of SoftBank Vision Fund, including the Company. For details, see "24. Interest-bearing debt" in "Notes to Consolidated Financial Statements." • SoftBank Corp. borrowed ¥150.5 billion to finance the acquisition of Yahoo Japan Corporation (currently Z Holdings Corporation) shares, and additionally borrowed ¥325.0 billion for the purpose of refinancing the above borrowings into long-term borrowings and other reasons. The company also borrowed ¥857.6 billion through the sale of installment sales receivables and the sale and leaseback of telecommunications equipment. • Z Holdings Corporation borrowed ¥400 billion to fund its acquisition of ZOZO, Inc. shares. • Sprint borrowed \$4.7 billion in total through the securitization of receivables and term loans.
Proceeds from issuance of bonds ¥1,379,220 million	<ul style="list-style-type: none"> • SBG issued domestic straight corporate bonds totaling ¥1 trillion for the purpose of refinancing. • Z Holdings Corporation issued domestic straight corporate bonds totaling ¥230 billion. • SoftBank Corp. issued domestic straight corporate bonds totaling ¥40 billion. • Sprint issued straight corporate bonds totaling \$1 billion.

Components	Primary details
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract ¥179,145 million	West Raptor Holdings, LLC, the Company's wholly owned subsidiary, concluded a variable prepaid forward contract using Alibaba shares in November 2019 and received ¥179.1 billion.
Repayment of interest-bearing debt ¥(5,646,727) million	
Repayment of borrowings ¥(4,599,878) million*1	<ul style="list-style-type: none"> • SBG repaid short-term borrowings of ¥1,784.8 billion. • SoftBank Vision Fund repaid \$4.06 billion of borrowings under the Fund Level Facility and a total of \$1.41 billion of borrowings under the Portfolio Financing Facility, including the \$1.1 billion repaid in March 2020. For details, see "24. Interest-bearing debt" in "Notes to Consolidated Financial Statements." • SoftBank Corp. and Sprint repaid borrowings.
Redemption of corporate bonds ¥(1,036,765) million	<ul style="list-style-type: none"> • SBG redeemed domestic straight corporate bonds of ¥700 billion at maturity. • Sprint redeemed corporate bonds totaling \$3 billion.
Repayment of lease liabilities ¥(695,370) million	SoftBank Corp. and Sprint repaid lease liabilities related to telecommunications equipment.
Contributions to SoftBank Vision Fund and other SBIA-managed funds from third-party investors ¥1,843,660 million	SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds ¥(771,282) million	<ul style="list-style-type: none"> • SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling \$3.3 billion (¥357,302 million) in August 2019, using the proceeds from the Portfolio Financing Facility. Including this, the fund made distributions and principal repayments to third-party investors totaling ¥611,375 million during the fiscal year. • Delta Fund made distributions and repaid the principal for investments to third-party investors totaling ¥159,907 million, mainly by using the proceeds from the sale of DiDi shares to SoftBank Vision Fund.
Purchase of treasury stock ¥(231,980) million	SoftBank Group Corp. repurchased its own shares in the amount of ¥215.9 billion in the first quarter and ¥16.0 billion in the fourth quarter.

*1 Proceeds from borrowings and repayment of borrowings include proceeds of ¥4,060,150 million and outlays of ¥2,851,336 million, respectively, related to borrowings with a contracted term of one year or less.

Source of Capital and Liquidity

1. SBG's source of capital

SBG, as a strategic investment holding company, invests in a number of companies through direct investments (including investments made through wholly owned subsidiaries) such as in subsidiaries and associates, as well as through investment funds such as SoftBank Vision Fund. By way of collection of funds, SBG exits from investments whenever deemed appropriate, either by selling or monetizing, and receives dividends from portfolio companies or distributions from investment funds. SBG allocates these proceeds to new investments based on its growth strategies, as well as redirects to shareholder returns and debt repayments at appropriate times. SBG also raises funds through sources including loans from financial institutions and issuance of bonds to meet funding needs for its investment activities and debt repayments.

2. Major investments and realizations in fiscal 2019

The Company contributed \$11.1 billion to SoftBank Vision Fund (with the remaining committed capital at \$4.5 billion as of March 31, 2020). Meanwhile, the Company received distributions and repayments of principal for investments from SoftBank Vision Fund and Delta Fund.

3. Major procurement of funds in fiscal 2019

- The Company procured a total of ¥1.1 trillion using Alibaba and SoftBank Corp. shares to enhance cash on hand, through multiple wholly owned subsidiaries that conduct fund procurement.
- The Company issued domestic straight corporate bonds of ¥1 trillion to refinance bonds totaling ¥700 billion that matured in fiscal 2019 and bonds to mature in fiscal 2020 or later.

4. Share Repurchases

- The Company repurchased additional 19.04 million of own shares for ¥215.9 billion in fiscal 2019 (36.71 million of its own shares for ¥384.1 billion by the end of fiscal 2018), in accordance with a resolution of the Board of Directors on February 6, 2019 to repurchase own shares with a maximum total repurchase amount of ¥600 billion.
- The Company repurchased 4.72 million of own shares for ¥16.0 billion in fiscal 2019 in accordance with a resolution of the Board of Directors on March 13, 2020 to repurchase own shares with a maximum total repurchase amount of ¥500 billion.

5. Program regarding the sale or monetization of up to ¥4.5 trillion of assets held

At a Board of Directors meeting held on March 23, 2020, SBG approved the sale or monetization of up to ¥4.5 trillion of assets held (the “Program”). Under the Program, SBG is authorized to repurchase up to ¥2 trillion of its common stock, with the balance to be used for debt redemption, bond buybacks, and to increase cash reserves.

As a part of the Program, from April 2020, SBG procured an aggregate amount of \$13.7 billion by entering into several variable prepaid forward contracts using Alibaba shares with financial institutions through wholly owned subsidiaries that conduct fund procurement. SBG also sold a portion of its shares in SoftBank Corp. held through its wholly owned subsidiary, SoftBank Group Japan Corporation, for ¥310.2 billion. In parallel, the Board of Directors of SBG resolved to repurchase up to ¥500 billion of its own shares as part of the maximum ¥2 trillion repurchase of own shares under the Program on May 15, 2020.

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

SoftBank Group Corp. and wholly owned subsidiaries conducting fund procurement

SoftBank Group Corp.

Cash flows from financing activities

Proceeds in short-term interest-bearing debt, net ¥49,000 million	Procured funds through commercial paper.
Proceeds from borrowings ¥1,925,050 million	Made borrowings.
Repayment of borrowings ¥(1,864,638) million	Repaid borrowings.
Proceeds from issuance of bonds ¥1,000,000 million	Issued domestic straight corporate bonds for the purpose of refinancing.
Redemption of bonds ¥(700,000) million	Redeemed domestic straight corporate bonds at maturity.
Purchase of treasury stock ¥(231,980) million	Repurchased its own shares in the amount of ¥215.9 billion in the first quarter and ¥16.0 billion in the fourth quarter.

Wholly owned subsidiaries conducting fund procurement: Skywalk Finance GK, West Raptor Holdings, LLC, and Moonlight Finance GK

Cash flows from financing activities

Proceeds from borrowings ¥968,859 million	<ul style="list-style-type: none"> • Skywalk Finance GK borrowed \$4.37 billion using Alibaba shares. • Moonlight Finance GK borrowed ¥500 billion using SoftBank Corp. shares.
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract ¥179,145 million	In November 2019, West Raptor Holdings, LLC concluded a variable prepaid forward contract for Alibaba shares and received ¥179.1 billion.

SoftBank Vision Fund and Delta Fund*1

Cash flows from investing activities

Payments for acquisition of investments ¥(1,596,991) million

SoftBank Vision Fund made investments.

Proceeds from sales of investments ¥129,832 million

SoftBank Vision Fund sold a portion of four portfolio companies' shares and all shares of a portfolio company.

Cash flows from financing activities

Proceeds from borrowings ¥1,132,873 million

- SoftBank Vision Fund borrowed \$6.81 billion through the Fund Level Facility, which is a form of loan that allows borrowing up to a maximum amount of \$3.38 billion. In the fiscal year, SoftBank Vision Fund made several borrowings and repayments under the facility (see "Repayment of borrowings" below).

- SoftBank Vision Fund borrowed \$3.65 billion through the Portfolio Financing Facility in July 2019. In March 2020, in light of current market conditions and the corresponding significant decrease in the market value of the listed shares pledged as collateral for the Portfolio Financing Facility, \$1.1 billion was repaid on the Portfolio Financing Facility using funds sourced by a capital call issued to all limited partners of SoftBank Vision Fund, including the Company. For details, see "24. Interest-bearing debt" in "Notes to Consolidated Financial Statements."

Repayment of borrowings ¥(594,067) million

SoftBank Vision Fund repaid \$4.06 billion for borrowings made through the Fund Level Facility. In addition, the fund repaid a total of \$1.41 billion of the Portfolio Financing Facility, including \$1.1 billion repaid in March 2020. For details, see "24. Interest-bearing debt" under "Notes to Consolidated Financial Statements."

Contributions from third-party investors ¥1,843,660 million

SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.

Distribution/repayment to third-party investors ¥(771,282) million

- SoftBank Vision Fund made distributions and repaid the principal for investments to third-party investors totaling \$3.3 billion (¥357,302 million) in August 2019 using the proceeds from the Portfolio Financing Facility. Including this, the fund made distributions and principal repayments to third-party investors totaling ¥611,375 million during the fiscal year.
- Delta Fund made distributions and repaid the principal for investments to third-party investors totaling ¥159,907 million, mainly by using the proceeds from the sale of DiDi shares to SoftBank Vision Fund.

*1 Excludes cash flow of the investment vehicles that are to hold certain investments expected to be the initial investment of "SoftBank Vision Fund 2" (planned).

Notes for Management's Discussion and Analysis of Results of Operations and Financial Position

- 1 The names of the investments of SoftBank Vision Fund are presented in the order of the size of the investments' impact on the Company's financial results, unless otherwise stated.
- 2 The presentation of finance cost of SoftBank Group Corp. includes the interest expenses on interest-bearing debts of wholly owned subsidiaries conducting fund procurement, Skywalk Finance GK, West Raptor Holdings, LLC, and Moonlight Finance GK. These interest-bearing debts are not guaranteed by SoftBank Group Corp., hence, are non-recourse to the company.
- 3 Contributions from limited partners of SoftBank Vision Fund excludes the amount repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
- 4 The Company's obligation to Delta Fund is offset against the cost of the investment securities in DiDi acquired by the Company and then sold to Delta Fund.
- 5 Non-recallable contribution of SoftBank Vision Fund represents the applicable investment principal returned to limited partners using proceeds from the sale of Flipkart Private Limited shares and the Portfolio Financing Facility.
- 6 Non-recallable contribution of Delta Fund represents the applicable principal for the investment in DiDi, which was returned to limited partners after the sale of its shares to SoftBank Vision Fund.
- 7 World Semiconductor Trade Statistics (WSTS) as of February 2020. Excludes memory and analog chips, which do not contain processor technology. This data is compiled on the basis of data submitted by semiconductor companies participating in the survey.
- 8 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended December 31, 2019, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

Risk Factors

SBG is a strategic investment holding company that manages an investment portfolio formed through investments, made either directly or through investment funds, in a large number of companies. The investment portfolio encompasses SBG's subsidiaries and associates ("Group companies") and investments not included in the former (collectively, "portfolio companies," including Group companies). These portfolio companies operate in a wide range of markets globally. Accordingly, a variety of risks accompany the execution of SBG's investment activities and the portfolio companies' business activities. The major risks that SBG believes could significantly affect investors' investment decisions as of June 25, 2020 are outlined below. However, these risks do not include all the risks that SBG and portfolio companies could face and additional risks may arise in the future. Forward-looking statements were determined as of June 25, 2020, unless otherwise stated.

(1) Business Model

Based on its unique organizational strategy, the *Cluster of No. 1 Strategy* (see page 7 for details), SBG endeavors to enhance shareholder value.*¹ For that purpose, SBG has built an investment portfolio consisting of companies engaged in diverse businesses in the information and technology sectors, through direct investments (including investments made through wholly owned subsidiaries), including investments in Group companies (for example, SoftBank Corp., Arm, and Alibaba), as well as investments made through investment funds such as SoftBank Vision Fund. Through this process, SBG aims to increase the asset value of its portfolio companies by promoting business collaborations among them, leveraging its extensive network and expertise developed over the years. SBG also exits from those equity investments whenever deemed appropriate and allocates the proceeds to new investments based on its growth strategies. Those funds are also allocated to shareholder returns and debt repayments at appropriate times. If the stock markets deteriorate or portfolio companies' business development and results of operations fall substantially below expectations at the time when SBG made its investment decisions, the value of those assets (i.e., the equity value of SBG's holdings) could decrease and thereby lead to a decline in shareholder value and deterioration in LTV (Loan to Value).^{*2} In parallel, the recording of valuation losses on assets such as equity holdings could cause SBG's consolidated results of operations and financial position to deteriorate, thereby adversely affecting SBG's ability to make new investments and the success of its financial policies.

*1 Shareholder value = equity value of holdings – net debt. See page 11 for details.

*2 LTV = net debt ÷ equity value of holdings. See page 27 for details.

(2) Fund Procurement

SBG aims to meet the funding requirements for new investments on an ongoing basis, through measures such as selling equity assets, receiving dividends from portfolio companies, obtaining distributions from investment funds, and raising funds through asset-backed financing. This also applies to SBG's wholly owned subsidiaries that procure funds for SBG. If SBG is unable to dispose of equity assets or procure funds when the funds are needed for new investments, it could miss investment opportunities and its ability to continue to increase shareholder value may be compromised. For certain

asset-backed financing, in the event that the value of its eligible holdings declines due to a deterioration in the stock market or other factors, SBG may be required to post additional cash collateral or incur prepayment obligations. In addition, the company could find it difficult to raise fresh funds.

SBG also raises funds through sources including loans from financial institutions and the issuance of bonds to meet funding needs for its investment activities. If interest rates rise due to changes in monetary policies or in financial markets, or SBG's creditworthiness declines, due to a decrease in the value of owned assets or a deterioration in its results of operations, which could lead to a downgrade in SBG's credit ratings, SBG's financing costs could increase, thereby adversely affecting SBG's consolidated and non-consolidated results of operations. Further, an inability to raise funds at the planned timing, scale, or conditions could adversely affect SBG's investment activities (including investments through investment funds) and financial position.

SBG (including wholly owned subsidiaries that procure funds) may raise new funds, refinance, sell some of its assets, or take other measures to secure resources to repay its debt. SBG strives to maintain a sufficient cash position in a stable manner based on financial discipline, by raising funds at times it deems appropriate based on careful monitoring of market conditions. However, if faced with prolonged unfavorable funding conditions, SBG may be forced to dispose of equity assets on unfavorable terms or to execute unplanned equity asset disposals in order to secure resources for repayment, which could adversely affect the equity value of SBG's holdings, shareholder value, consolidated and non-consolidated results of operations, and investment performance.

Various covenants may be attached to SBG's debt, including loans from financial institutions and corporate bonds. If the possibility of a breach of any of these covenants arises and SBG is unable to take steps to avoid such breach, SBG may forfeit the benefit of the term with respect to such obligations and, accordingly, may be requested to make lump-sum repayments with respect to other obligations. As a result, SBG's creditworthiness and financial position could be significantly adversely affected.

(3) Management Team

The major portfolio companies and investment funds, in which SBG invests, are run autonomously by management teams led by their respective CEOs and other leaders. For example, Ken Miyauchi (Board Director of SBG) serves as President & CEO of SoftBank Corp., and Simon Segars (Board Director of SBG) serves as CEO of Arm. In addition, Rajeev Misra (Board Director and Executive Vice President of SBG) serves as CEO of SoftBank Investment Advisers, the manager of SoftBank Vision Fund.

Nevertheless, unforeseen situations with respect to key members of SBG's management, particularly Chairman and CEO of SBG and Group Representative Masayoshi Son, could impede the overall activities of SBG.

(4) Investment Activities

SBG engages in investment activities such as corporate acquisitions, establishment of subsidiaries and joint ventures, and investments in operating companies (including listed and unlisted companies),

holding companies (including companies that effectively control other companies through various contracts), and investment funds. These investment activities are subject to risks such as those stated in subsections a. through e. below, and, if these risks materialize, the asset value of portfolio companies (i.e., the equity value of SBG's holdings) could decrease, resulting in a decrease in shareholder value and deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

See "(5) SoftBank Vision Fund" and "(6) SoftBank Corp." for the specific risks related to SoftBank Vision Fund and SoftBank Corp., which have a particularly large impact on consolidated operating results.

a. Political situations, monetary and fiscal policies, and trends in international conditions

SBG invests in entities that operate not only in Japan, but also in countries and regions overseas, such as the United States, China, India, Europe, and Latin America. Therefore, if economic situations or financial markets in such countries and regions deteriorate due to changes in political situations, monetary and fiscal policies, international conditions such as trade disputes or conflicts, natural disasters, or public health crises such as the spread of infectious diseases (see "b. Outbreak of COVID-19"), the investment activities of SBG and the business activities of portfolio companies may not develop as expected. For example, SBG's execution and realization of investments could be delayed, the terms and conditions of investment realizations could deteriorate, or the businesses and results of operations of each portfolio company could be adversely affected by a decrease in demand for or a stagnation in the supply of their services and products. Further, with respect to investments in unlisted companies with low liquidity, if market conditions deteriorate sharply or other similar issues arise, SBG may not be able to sell its interests in such companies at the timing, scale, or conditions desired by SBG. As a result, the equity value of SBG's holdings, shareholder value, LTV, consolidated and non-consolidated results of operations and investment performance may be adversely affected.

Apart from this, SBG's foreign currency-denominated investments in overseas companies could incur losses due to changes in foreign exchange rates. Further, in the preparation of SBG's consolidated financial statements, the local currency-based revenues, expenses, assets, and liabilities of Arm and other overseas Group companies are converted into Japanese yen. Consequently, fluctuations in foreign exchange rates could adversely affect SBG's consolidated results of operations and financial position.

b. Outbreak of COVID-19

A specific example of the public health crisis referred to in "a. Political situations, monetary and fiscal policies, and trends in international conditions" is the outbreak of the novel coronavirus (COVID-19). The pandemic that began in early 2020 still does not appear to be under control, and it remains difficult to forecast the specific medium-term impact on the investment activities of SBG and the business activities of portfolio companies. The equity value of SBG's holdings has already been adversely

affected, with SoftBank Vision Fund recording an investment loss of ¥1.1 trillion in the fourth quarter of fiscal 2019 due to a decline in the fair value of its investees. If it takes longer than anticipated for the pandemic to end, the outlook for investment activities and the business activities of portfolio companies may remain uncertain for a long time into the next fiscal year. At this stage, the impact on the telecommunications business of SoftBank Corp., a core portfolio company, is expected to be immaterial. At Z Holdings Corporation, SoftBank Corp.'s subsidiary, while the use of e-commerce is expected to increase, the placements of advertising and the use of lodging and restaurant reservation services are expected to decrease. Arm, another core portfolio company, expects that a decline in shipments of consumer electronic devices could have an impact on technology royalty revenue, and that a delay in new licensing decisions of customers could have an impact on technology licensing revenue.

While many countries have implemented lockdowns and curfews, or similar restrictions, as well as border restrictions, SBG and many of its portfolio companies have actively continued their respective activities using video conferencing systems, business chat tools, etc. In such an environment, however, investment and business activities may be constrained, and if the impact of COVID-19 continues for a prolonged period, the equity value of SBG's holdings may decline, which could adversely affect shareholder value, LTV, consolidated and non-consolidated results of operations, and investment performance. For information on the impact of COVID-19 on SoftBank Vision Fund, see "k. Impact of COVID-19, etc." under "(5) SoftBank Vision Fund."

c. Investment regulations

The investment activities of SBG may require approvals and permissions from regulatory authorities of relevant countries or may be subject to restrictions on involvement in portfolio companies. In addition, new or stricter regulations on investment activities may be enacted in relevant countries. SBG addresses each of these regulations by ensuring close cooperation between its legal department and concerned parties, including external advisers. However, if the necessary approvals and permissions cannot be obtained or other restrictions cannot be avoided, SBG may be unable to successfully implement its investment plans.

For example, with respect to certain U.S. investments, SBG has entered into national security agreements with the companies that are considered covered investments (herein subsection c, the "covered companies") and the relevant regulatory authorities and agencies of U.S. government. Pursuant to these national security agreements, SBG and the covered companies have agreed to implement measures to safeguard U.S. national security. Implementing these measures could result in increased costs or constraints on selection of facilities, contracts, personnel, suppliers, and business operations within the U.S.

d. Investment decisions

SBG makes direct investments (including investments through wholly owned subsidiaries) without going through investment funds (for example, SoftBank Vision Fund). In the investment decision-making

process, SBG seeks to appropriately estimate the investment target's equity value and to assess risks related to the target's businesses, finances, corporate governance, compliance, and internal controls, by conducting due diligence on the target's business, technology, business model, market size, business plan, competitive environment, financial condition, legal compliance, etc. For this purpose, SBG ensures the involvement of, for example, outside financial, legal, and tax advisors, in addition to the relevant internal departments. In addition, an objective review of the adequacy of the due diligence findings is carried out by a dedicated review department. Based on the results of such reviews, investment decisions are made by the Board of Directors or the Investment Committee to which authority is delegated by the Board of Directors.

Particularly, with respect to the risks associated with the corporate governance of portfolio companies, SBG has set out its "Portfolio Company Governance and Investment Guidelines Policy" to clarify the standards related to the corporate governance of portfolio companies that should be taken into account when considering an investment by SBG and its subsidiaries (including, in principle, SoftBank Vision Fund and other investment subsidiaries managed by SBG's subsidiaries). This policy covers a wide range of important corporate governance issues, addressing matters such as a portfolio company's composition of directors, founder and management rights, rights of shareholders (including matters on super-voting shares), and mitigation of potential conflicts of interest. The policy sets forth general principles, and allows for each investing entity to exercise discretion with certain limitations. Each investing entity is required to monitor the corporate governance of each portfolio company and regularly report the results to SBG.

However, even with such a prudent investment decision-making process in place, there is still a possibility of overestimating the corporate value, technology, business model, or market size of an investment target, or underestimating risk. Investment decisions could also be made while misjudging the integrity of founders and managers who have a crucial influence. Consequently, after making an investment, the asset value of the investment (i.e., the equity value of SBG's holdings) could decrease, thereby leading to a decrease in shareholder value and deterioration of LTV. In parallel, the recording of valuation losses on assets such as SBG's equity holdings could adversely affect its consolidated results of operations and financial position.

e. Decrease in the asset value of portfolio companies

Even after making investments, SBG has a system in place in which major risk factors of portfolio companies are continuously monitored and reported to management, including financial and management information, key performance indicators, differences between business plans at the time of the investment decision and actual progress, and the status of corporate governance. In addition, based on the findings of the monitoring, SBG takes the necessary measures to improve the management of portfolio companies, such as providing the necessary advice, dispatching human resources at various levels, including officers and managers, and introducing business partners.

However, portfolio companies may be unable to develop businesses as envisioned by SBG at the time of the investment decision, due to factors including the obsolescence of portfolio companies'

technologies and business models and intensified competitive environments, in addition to the macro external factors described in "a. Political situations, monetary and fiscal policies, and trends in international conditions" and "b. Outbreak of COVID-19." This may lead to a significant deterioration in business performance or a drastic revision of their business plans. There is also a possibility that the portfolio companies may increase their capital, which could result in a significant dilution of the per-share value of such portfolio companies' shares. In such cases, the asset value of portfolio companies may decrease, and SBG may record valuation losses on financial assets such as shares, or impairment losses on goodwill; property, plant and equipment; and intangible assets incurred in connection with the investment, and may not receive the expected returns, such as profit sharing, from portfolio companies or be able to recover the investment.

Moreover, on a non-consolidated basis, any decline in the value of assets that were acquired through investment activities, including equity interests, could cause SBG to recognize a valuation loss, which could adversely affect SBG's results of operations and the distributable amount. Furthermore, a deterioration in the results of operations of portfolio companies could result in an inability to receive dividends from portfolio companies as expected, which could adversely affect cash flows.

In addition, SBG may provide temporary loans, loan guarantees, or whatever other financial supports it deems necessary to improve the shareholder value of portfolio companies, if they are unable to develop businesses as envisioned by SBG at the time of the investment decision, are unable to create desired synergies with other portfolio companies, or need more funds than anticipated for business development. This could increase SBG's exposure to those companies.

(5) SoftBank Vision Fund

SoftBank Vision Fund ("SVF") invests primarily in equity-related investments in the technology sector (including telecoms, internet and media). SVF is managed by SBG's wholly owned subsidiary in the U.K., SB Investment Advisers (UK) Limited ("SBIA"), which is authorized and regulated by the U.K.'s Financial Conduct Authority. SBG invests in SVF as a limited partner. Also, SBIA is entitled to receive management fees and performance fees, each of which is measured by reference to the investment activities of SVF.

As of March 31, 2020, the total committed capital for SVF was \$98.6 billion (including \$33.1 billion from SBG and its subsidiary),*³ cumulative contributions from limited partners were \$78.3 billion (including \$28.6 billion from SBG and its subsidiary), and remaining committed capital was \$20.3 billion (including \$4.5 billion from SBG and its subsidiary).

*³ Includes \$5.0 billion earmarked for use in an incentive scheme related to SVF.

SVF and SBIA are subject to particular risks, including those stated in subsections a. through k. below. SBIA has established a Risk Management Framework ("RMF") to embed risk management in the business and decision-making procedures across SBIA globally, but it may not be able to fully avoid the emergence of such risks. If any of these risks were to emerge, they could adversely affect the value of the investment portfolio of SVF, thereby deteriorating the financial results of SVF and SBIA. A decrease

in the value of investments in SVF could also adversely affect the equity value of SBG's holdings and thereby lead to a decline in shareholder value and deterioration in LTV. In parallel, the recording of such valuation losses on equity holdings could adversely affect SBG's consolidated results of operations and financial position.

In this section (5), the term "portfolio companies" refers to the investees of SVF.

RMF of SBIA

This framework covers all aspects of risk management (both operational and investment) and sets a framework for identifying, assessing and mitigating risks.

The principles underlining SBIA's RMF are:

- "Tone from the top" (i.e., the Board is ultimately responsible for risk management and risk should be taken into account in key business decisions)
- The establishment of an effective risk culture across the organization which supports the business to meet investors' expectations, the firm's strategic objectives, and regulatory requirements
- Identifying and mitigating risks in a forward-looking manner, allowing management to take proactive action as required to safeguard assets of limited partners and SBIA's reputation
- Ensuring that material existing or emerging risks are actively identified, measured, mitigated, monitored and reported
- Meeting the risk management requirements of local and Group regulators

a. Impact on the results of operations

All entities that comprise SVF are consolidated by SBG. Investments held by SVF are measured at fair value at the end of every quarter. Changes in fair value are recognized as gain and loss on investments (except for gain and loss on investments in subsidiaries) in operating income from SoftBank Vision Fund and other SBIA-managed funds in the consolidated statements of income. Fair value is measured by combining multiple methods, such as the price of recent transactions, discounted cash flow, and market comparable companies. A decline in the fair value of the investments—due to factors such as a deterioration in the results of operations of portfolio companies or a downturn in financial markets and economic conditions—could lead to a deterioration in the results of operations of SVF, which could have an adverse effect on SBG's consolidated results of operations and financial position. For fiscal 2019, operating loss from SoftBank Vision Fund and other SBIA-managed funds in SBG's consolidated results totalled ¥1.9 trillion. Further, on a non-consolidated basis, a deterioration in the results of operations of SVF could cause SBG to record a valuation loss on investment made as a limited partner, which could have an adverse effect on its results of operations and distributable amount.

The portfolio companies in which SVF has invested that SBG is deemed to control under IFRSs, are treated as subsidiaries of SBG. The results of operations as well as assets and liabilities of said subsidiaries are reflected in SBG's consolidated financial statements. Therefore, a deterioration in the results of operations of said portfolio companies that are subsidiaries could have an adverse effect on SBG's consolidated results of operations and financial position. Gain and loss on investments in said

subsidiaries that are recognized at SVF are eliminated in consolidation.

To ensure the appropriateness of fair value measurements, SVF has a robust valuation process, which is overseen by SBIA's Valuation and Financial Risk Committee ("VFRC"). VFRC follows SVF's valuation policy when valuing SVF's investments and valuations are prepared in line with IFRS 13 Fair Value Measurement and the International Private Equity and Venture Capital Valuation Guidelines. In addition to this, independent valuations of SVF's portfolio companies are conducted on a semi-annual basis by independent third-party valuation firms who have been appointed by SVF's investor advisory board. SBIA is required to take into account (to the extent appropriate in accordance with SBIA's regulatory obligations) all valuations received from such independent third-party valuation firms.

b. Investment performance

Net proceeds from the investment performance of SVF are distributed to limited partners, who comprise SBG and third-party investors. They are also distributed to SBIA as performance fees. If SVF experiences a deterioration in investment profitability and is unable to generate investment performance as planned, SBG could be unable to receive performance-based distributions as a limited partner in accordance with its expectations or could be unable to recover its capital contributions. SBIA may also be unable to receive performance fees in accordance with expectations.

Further, SBIA receives performance fees on the realization of gains, including after the disposition of investments, receipt of dividends from investments, and monetization of shares. Performance fees to SBIA from the monetization of investments were not paid to SBIA during the investment period of SVF (which ended on September 12, 2019). Instead, an amount equivalent to the performance fees attributable to SBIA was temporarily paid to the limited partners during the investment period, under the Limited Partnership Agreement. After the investment period, the equivalent amount was fully paid to SBIA as performance fees by March 31, 2020. After the investment period, however, the performance fees received are still subject to a clawback provision (a provision requiring the return of performance fees received in the past), which is triggered under certain conditions based on future investment performance. Therefore, if the investment performance of SVF does not exceed a certain level, SBIA may be unable to receive performance fees in accordance with expectations. Also, if the investment performance at the time of liquidation of SVF does not exceed a certain level, the amount of performance fees that have been received by SBIA up until then could be reduced, or SBIA may not be able to receive performance fees.

c. Leverage

SVF may utilize borrowings to bridge capital calls and incur leverage on a portfolio basis. For the purpose of this disclosure, "leverage" refers to any method by which SVF's exposure is increased and may take the form of direct borrowing, issuance of debt or mezzanine securities, trading on margin, use of derivative instruments and other forms of direct and indirect borrowings. All of these uses or exposures to leverage will increase the exposure of SVF's investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the

corresponding market of the investment. In the event an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of SVF's equity in such investment could be significantly reduced or even eliminated and, if such leverage has recourse to multiple investments, it may also reduce or eliminate the value of these other investments. In the event SVF is unable to generate sufficient returns to meet its obligations under borrowings, SVF may have to realize investments prematurely, adversely impacting returns to investors. During fiscal 2019, SVF borrowed \$3.65 billion for the purpose of monetizing a portion of its investments in July 2019. In March 2020, in light of market conditions and the corresponding significant decrease in the market value of the listed shares pledged as collateral for the borrowing, \$1.1 billion was repaid using funds sourced by a capital call issued to all limited partners of SVF, including SBG.

SBIA closely monitors SVF's leverage levels and associated cash flows, both in compliance with limitations set out in the SVF fund and facility documentation, and from an ongoing liability and pipeline investment perspective. Such leverage levels and any potential cash flow issues are reported to senior management by both the finance and investment risk teams for action. SVF has a strong liquidity position, with certain uncalled limited partner capital reserved in order to meet loan interest payments and other SVF liabilities. SBIA always aims to continue to maintain an adequate cash buffer for SVF.

d. Lack of opportunity to exit from investments

Due to the illiquid nature of many of the investments that SVF may acquire, SBIA is unable to predict with complete certainty what the exit strategy will ultimately be for any given position. Accordingly, there can be no assurance that the fund will be able to realize such investments in a timely manner. Consequently, the timing of cash distributions to investors is uncertain and unpredictable. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. SVF may be prohibited by contract or other limitations from selling certain securities for a period of time which may mean that SVF is unable to take advantage of favourable market prices.

Approval of an exit strategy is a key part of the SBIA Investment Committee's considerations and exit strategies are regularly reviewed and updated by SBIA's investment teams. Exit strategies are also stress tested under various market conditions by the investment risk team to allow for forward planning. SVF is a long-term investment fund vehicle with a life that ends on November 20, 2029, in principle. In setting up a long-term fund structure, it was anticipated that multiple economic downturns could occur and that some investments may take longer to exit than others.

e. Non-controlling investments and limited rights as shareholder

SVF may hold non-controlling interests in certain portfolio companies and, therefore, may have a limited ability to protect its interests in such companies and to influence such companies' management. In addition, SVF may invest alongside financial, strategic or other third-party co-investors (including Group companies) through joint ventures or other entities which may have larger or controlling ownership interests in such entities or portfolio companies. In such cases, SVF will rely significantly on the existing

management and board of directors of such companies, which may include representatives of other financial investors with whom SVF is not affiliated and whose interests may at times conflict with the interests of SVF.

f. Securing and retaining human resources

SBIA seeks to maximize the equity value of the investment funds that it manages, including SVF, by carefully selecting investments and promoting growth after investment through the provision of a wide range of support. For the success of these investment activities, it is essential to secure and retain capable personnel who possess broad knowledge of technology and financial markets as well as specialized skills in managing investment businesses. SBIA has broad investment and management capabilities, and ensures staff retention through various HR support programs; from training and development to moving staff across the organization to ensure they fulfil their potential. SBIA and its Remuneration Committee have a total compensation philosophy linked to performance that is believed to be very competitive against the market. However, the inability of SBIA to secure or retain an adequate number of such capable personnel (including in light of increasing competition among alternative asset firms; financial institutions; private equity, growth equity and venture capital firms; investment managers and other industry participants for hiring and retaining qualified investment professionals and other factors) could have an adverse effect on the maintenance or expansion of the investment scale and future investment performance of the investment funds it manages.

g. Limited partners

For each of SVF's investments, SBIA issues capital calls to its limited partners. The inability of limited partners to contribute capital for any reason could restrict the investment amounts of SVF and could result in it being unable to invest as planned. Whilst other limited partners are required to meet shortfall amounts, subject to certain limitations, as the interests in SVF are concentrated amongst a few significant investors, including SBG itself, the adverse impact of such limited partner's failure to comply with a capital call may be greater than it would be if the interests were held across a more diverse group of investors. In addition, certain third-party limited partners that provide large committed capital amounts have a veto for investments above a certain threshold amount, and the exercise of a veto could result in SBIA being unable to conduct investments as planned.

h. Regulation of new technologies or business models

SVF's portfolio includes companies that are advancing the use of or are conducting research and development in relation to new technologies such as AI and big data and companies that are rolling out new business models that are different from existing business models. The business fields in which these types of new technologies and business models are offered (for example, autonomous vehicles and ride-sharing services) may be subject to specific and strict regulations and licencing regimes in many countries and regions. With the development of related laws, the introduction of, or changes in, regulations could have an adverse effect by creating financial burdens or restrictions on portfolio

companies' business development and their results of operations by, for example, requiring portfolio companies to change, suspend, or discontinue the deployment of technologies, business models, or related research and development plans. Licenses and permits required to provide certain technology related services are subject to various conditions and there is no assurance that SVF's portfolio companies will be able to satisfy such conditions.

i. Concentration of investments in specific business fields

SVF holds investments in multiple companies in specific business fields, which in some cases leads to a high level of concentration of investments in said business fields. For example, SVF has invested in companies that provide ride-sharing services, including Uber Technologies, Inc., Xiaoju Kuaizhi Inc., and GRAB HOLDINGS INC. In such business fields, a deterioration in the business environment, such as sluggish demand or intensified market competition (including competition among portfolio companies), could result in a deterioration in the results of operations, such as a decrease in the profitability of a portfolio company, an inability to develop a business in accordance with expectations at the time of SVF's investment, or a deterioration in the market's valuation of said business fields. Such developments could adversely affect the results of operations or the fair value of portfolio companies.

Concentration risk is measured and reported by the SBIA investment risk team to SBIA senior management and considered by the members of SBIA's Investment Committee and board.

Diversification is implemented or the risk is accepted through the investment process, including review by SBIA's Investment Committee and, as required, SVF's investor advisory board.

j. Listed company holdings

SVF's investment portfolio may contain securities and debt issued by listed companies. Such investments may subject SVF to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies resulting from the availability of quoted market prices, increased obligations to disclose information regarding such companies, limitations on the ability of SVF to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees of SBIA, and increased costs associated with each of the aforementioned risks. In addition, securities traded on a public exchange are subject to such exchange's right to suspend or limit trading in certain or all securities that it lists. Such a suspension could render it temporarily impossible for SVF's positions to be liquidated, and thereby expose SVF to losses.

The primary mechanism employed to mitigate the market risk posed by the listed securities held by SVF following a liquidity event is to follow a deliberate plan for selling down the positions so as to minimize the market impact of SBIA's activity and maximize the value of the proceeds. In some cases, SBIA will also reduce its exposure by entering into derivative contracts (for example, by selling a covered call option). SBIA also examines whether to hedge the foreign-exchange risk should the securities be denominated in a currency whose exchange rate relative to USD is volatile.

The operational and compliance risks that arise while managing SVF's listed securities positions are managed through an appropriate control framework involving SBIA's middle office, compliance and operational risk functions, including the investment risk team. These controls include pre-trade approval processes, such as the approval of trading counterparties, and post-trade reconciliations and monitoring.

k. Impact of COVID-19, etc.

Concerns about the spread of COVID-19 and other outbreaks of health epidemics and contagious diseases in the past have caused governments at various times to take measures to prevent the spread of viruses, including restrictions on travel and public transport, tightened quarantine requirements, prolonged closures of workplaces, and mandatory arrangements for working from home. The outbreak of communicable diseases such as COVID-19 on a global scale may affect investment sentiment and result in volatility in global capital markets or adversely affect regional or global economies which may in turn give rise to significant costs to SVF and adversely affect SVF's business and financial results and reduce returns to limited partners, including SBG. In fiscal 2019, SVF recorded a net investment loss of ¥1.1 trillion for the fourth quarter primarily due to a decline in the fair values of its investments caused by the spread of COVID-19 and resulting global economic shock. It is possible that continued measures to prevent the spread of COVID-19 and other outbreaks of health epidemics and contagious diseases and/or absence due to illness and other impacts among portfolio companies' executives and employees will affect the business and financial returns of the portfolio companies in which SVF has invested.

In response to the COVID-19 pandemic, SBIA has been working closely with SVF portfolio companies and providing them operational support and guidance on strategy to help them prepare for further deterioration in business conditions including a possible decrease in revenue and the deterioration of liquidity, in order to reduce the adverse effects on their businesses due to the deterioration of the economic situation caused by the pandemic. SBIA has also advised portfolio companies to develop a clear plan for their currently available cash balance in order to optimize cost structures and create contingency plans and flexibility. SBIA has assessed companies by reference to their cash reserves and COVID-19 sensitivity based on their sector and business model, and made recommendations on (i) cash preservation, (ii) cost reductions, (iii) immediate actions and assessments, (iv) short-term considerations, (v) physical and remote work space management and (vi) identifying available government initiatives. In addition, SVF is a long-term investment fund vehicle with a life that ends on November 20, 2029, in principle, and the remaining life of SVF means that it has the ability to look past short-term unrealized mark-to-market volatility resulting from quarterly valuations and to focus on generating medium- and long-term realized returns. However, these efforts and the long-term nature of SVF may not be able to completely prevent the adverse impact on the business operations of all of SVF's portfolio companies.

Meanwhile, these factors may also affect or occur at all or a significant number of SVF's portfolio companies, including certain identified key persons of such companies, which could in turn lead to a disruption of SBIA's business activities and its ability to adequately source, conduct due diligence on and

monitor new and existing portfolio companies and otherwise perform its functions in respect of SVF. Similar considerations may also apply to other service providers of SVF, which could also adversely affect SVF and in turn, SBG's activities. SBIA has put in place a business continuity strategy and a crisis management team to ensure minimal disruption to its business processes as a result of a business continuity event, such as COVID-19.

(6) SoftBank Corp.

SoftBank Corp. and its subsidiaries (Z Holdings Corporation, for example) (collectively, "SoftBank Corp." in this section (6)) mainly conduct telecommunications, Internet advertising, and e-commerce businesses. There are particular risks associated with SoftBank Corp. including those stated in subsections a. through c. below. If the following risks materialize, SoftBank Corp.'s results of operations could be deteriorated, which could result in a decrease in asset value (i.e., the equity value of SBG's holdings), and thereby lead to a decrease in shareholder value and deterioration of LTV. In parallel, the recording of impairment losses on goodwill; property, plant and equipment; and intangible assets acquired through investment and the incorporation of SoftBank Corp.'s performance could also adversely affect SBG's consolidated results of operations and financial position.

a. Steady provision of services

(a) Capacity enhancement of telecommunications networks

To maintain and enhance the quality of its telecommunications services, SoftBank Corp. needs to, and systematically continues to, increase the capacity of its telecommunications networks (by securing required spectrum, for example) based on the forecast on future network traffic (communication volume). However, if the actual traffic is significantly higher than expected, or if SoftBank Corp. fails to increase network capacity in a timely manner, the quality and reliability of its services and corporate image may deteriorate, which may adversely affect its ability to acquire and retain customers. In addition, additional capital investment may be required, which may adversely affect the business development and results of operations of SoftBank Corp.

(b) Service disruptions or decline in quality due to system faults and other factors

If human error, equipment or system problems, cyberattacks by third parties, hacking or other unauthorized access occurs in the various services provided by SoftBank Corp., such as telecommunications networks and systems for customers, there is a possibility that a serious problem could occur, including an inability to provide services continuously or a decline in the quality of services. SoftBank Corp. has taken measures such as building redundancy into systems, clearly defining restoration procedures in preparation for incidents such as system faults, and creating appropriate capabilities that facilitate rapid recovery from system faults and similar problems should they occur. Even with these measures in place, if such disruptions or a decline in quality are not avoided and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. This could adversely affect

SoftBank Corp.'s business development and results of operations.

(c) Natural disasters, accidents, and other unpredictable events

SoftBank Corp. constructs and maintains telecommunications networks, information systems, and other systems necessary for the provision of various services, including Internet and telecommunications services. Natural disasters such as earthquakes, typhoons, floods, tsunamis, tornadoes, heavy rainfall, snowfall, or volcanic activity; other unexpected disruptions such as fires or power outages or shortages; or unpredictable events such as terrorist attacks or the spread of infectious diseases could interfere with the normal operation of telecommunications networks, information systems, and other systems. This could hinder the provision of various services by SoftBank Corp. In order to ensure that it can provide a stable telecommunications environment even in the aforementioned circumstances, SoftBank Corp. has introduced measures to build redundancy into networks and mitigate power outages at network centers and base stations. In addition, SoftBank Corp. has implemented measures such as spreading out network centers, data centers, and other key facilities throughout Japan, as part of efforts to mitigate the impact of the aforementioned circumstances on the provision of various services. Even with these measures in place, if the provision of various services is hindered, and these impacts become widespread and/or if significant time is required to restore services, SoftBank Corp.'s credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. Moreover, significant costs may be incurred by SoftBank Corp. for recovery and repair of telecommunications networks, information systems, and other systems. This could adversely affect SoftBank Corp.'s results of operations.

b. Dependence on management resources of other companies

(a) Use of facilities, etc. of other companies

SoftBank Corp. makes use of certain telecommunications lines and facilities owned by other operators when constructing the telecommunications networks required for providing telecommunications services. While SoftBank Corp. principally uses the telecommunications lines and facilities of multiple operators, SoftBank Corp.'s business activities and results of operations could be adversely affected if it becomes difficult to continue to use the facilities of these operators, or if usage agreements are revised on disadvantageous terms for SoftBank Corp., by, for example, increasing utilization or connection fees for those facilities.

(b) Use of Yahoo! brands

In the businesses of SoftBank Corp. and Yahoo Japan Corporation, SoftBank Corp. makes use of Yahoo! brands belonging to a subsidiary of U.S. company Verizon Communications Inc. in certain service names, such as *Yahoo! JAPAN*, *Y!mobile*, and *Yahoo! BB*. If SoftBank Corp. becomes unable to use these brands due to a drastic change in its relationship with the company or other reasons, SoftBank Corp.'s business activities could be adversely affected.

(c) Procurement of various equipment

SoftBank Corp. procures telecommunications equipment, network devices, and so forth (mobile devices and radio equipment for base stations, for example). As a general rule, SoftBank Corp. procures equipment from multiple suppliers to build its network. In some cases, however, it may remain highly dependent on specific companies for equipment. SoftBank Corp. may be unable to switch suppliers or equipment in a timely manner without requiring large cost outlays should problems occur with the procurement of equipment in a case where SoftBank Corp. relies heavily on a specific supplier. Such problems could include supply interruptions, delivery delays, order volume shortfalls, and defects. Suppliers may also cease to provide the maintenance and inspection services required for telecommunications equipment to maintain performance. Either of these situations could impede SoftBank Corp.'s provision of services, making it difficult to acquire and retain customers, or cause SoftBank Corp. to incur additional costs for changing a supplier, or cause a decline in sales of mobile devices. This could adversely affect SoftBank Corp.'s results of operations.

(d) Consignment of operations

SoftBank Corp. consigns certain sales activities, acquisition and retention of customers mainly for telecommunications services, and execution of other related operations in whole or part to subcontractors. In addition, SoftBank Corp.'s information search services make use of other companies' search engines and paid search advertising placement systems. SoftBank Corp. conducts credit investigations when it selects subcontractors and regularly monitors their results of operations and other conditions. If these subcontractors are unable to execute operations in line with SoftBank Corp.'s expectations, SoftBank Corp.'s business activities could be adversely affected.

As these subcontractors are responsible for the sale of SoftBank Corp.'s services and products, damage to the credibility or corporate image of these subcontractors would also have a negative impact on SoftBank Corp.'s credibility or corporate image. This could hinder business development and the acquisition and retention of customers, which could adversely affect SoftBank Corp.'s results of operations.

Furthermore, if these subcontractors should fail to comply with laws and regulations, SoftBank Corp. could receive a warning or administrative guidance from the relevant regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and SoftBank Corp.'s credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers. As a result, SoftBank Corp.'s results of operations could be adversely affected.

c. Leaks and inappropriate use of information

In its business operations, SoftBank Corp. handles customer information (including personal information) and other confidential information. SoftBank Corp. strives to build a framework to protect and manage information assets appropriately through measures including the appointment of a Chief

Information Security Officer and educational and training sessions on information security for officers and employees. SoftBank Corp. maintains and controls this level of information security through various measures. Specifically, SoftBank Corp. implements physical security control measures such as restricting access to work areas that involve customer information and other confidential information, and establishing room access management rules specific to those restricted areas. Certain conditions, such as the use of business PCs and the intranet and the status of access to internal servers by officers and employees, are monitored. SoftBank Corp. also conducts monitoring and defensive measures against unauthorized access via cyberattacks from outside the company.

Even with these measures in place, this information could be leaked, lost, or be used inappropriately in breach of laws and regulations or policies, or involved in a similar incident, either intentionally or accidentally by SoftBank Corp. (including officers and employees and people related to subcontractors), or through a malicious cyberattack, hacking, computer virus infection, or other form of unauthorized access by a third party or other means. Such an occurrence could damage SoftBank Corp.'s competitiveness, and incur significant costs to SoftBank Corp. for payment of damages and modification of security systems, in addition to having an adverse impact on SoftBank Corp.'s credibility or corporate image and making it difficult to acquire and retain customers. These outcomes could adversely affect SoftBank Corp.'s business development and results of operations.

(7) Laws, Regulations, and Systems

SBG is subject to the laws, regulations, systems, and so forth ("laws and regulations") in each country where it conducts its investment activities. Moreover, portfolio companies conduct business activities under laws and regulations in various fields in each country. Specifically, these range from laws and regulations pertaining to investments through to various laws and regulations pertaining to businesses such as telecommunications services, Internet advertising, e-commerce, energy, AI, robotics, ride sharing, finance and settlement services, and other business activities (including but not limited to laws and regulations related to business permits, import and export activities, protection of personal information and privacy, the environment, product liability, fair competition, consumer protection, anti-bribery, labor affairs, intellectual property, prevention of money laundering, taxation, and foreign exchange). SBG and its portfolio companies are affected by these laws and regulations both directly and indirectly.

Revisions to laws and regulations, the enforcement of new laws and regulations, or new interpretations and applications of laws and regulations (including amendments thereof) could hinder SBG's investment activities or its portfolio companies' business activities. For example, SBG may be unable to develop its investment activities, portfolio companies may be unable to develop their business activities in accordance with expectations, new investments or businesses may be restricted, or monetization of investments may be delayed or become impossible. In addition, incurring an increased financial burden could adversely affect SBG's consolidated and non-consolidated results of operations. The legal department of SBG collects information on new or revised laws and regulations, mainly related to investment activities, and receives advice from outside advisers.

Further, in countries and regions in which SBG or its portfolio companies conduct business activities, the introduction of or changes to tax laws or regulations or changes to their interpretations or enforcement or the incurrence of additional tax burdens due to differences of views with tax authorities could adversely affect SBG's consolidated and non-consolidated results of operations or financial position.

In addition, SBG has been undertaking measures to strengthen its Group compliance structure for complying with the law and to facilitate an improvement in the knowledge and awareness of officers and employees through training sessions and other means. In spite of such efforts, if SBG and its portfolio companies (including officers and employees) conduct activities in breach of those laws and regulations, regardless of whether they were aware of the breach or not, SBG and its portfolio companies may be subject to sanctions or guidance by government agencies (including deregistration, revocation of licenses and fines), or may face cancellation of business agreements by business partners. As a result, SBG's and its portfolio companies' credibility and corporate image may be impaired, or its business activities may be hindered. In addition, SBG may incur a financial burden, which could adversely affect SBG's results of operations and the asset value of its portfolio companies.

(8) Intellectual Property

Infringement of SBG's *SoftBank* brand by a third party could impair the corporate image or credibility of SBG and subsidiaries that employ the *SoftBank* brand. Additionally, infringement of Arm's intellectual property by a third party could have a negative impact on Arm's business development or results of operations. On the other hand, if portfolio companies were to unintentionally infringe on intellectual property rights held by a third party, such portfolio companies may be prevented from using the intellectual property or subjected to claims for compensatory damages, license fees, and so forth from the third party. In all cases, the equity value of SBG's holdings, shareholder value, LTV, and consolidated and non-consolidated results of operations could be adversely affected.

(9) Litigation

SBG faces the possibility of lawsuits by third parties claiming compensatory damages for the alleged infringement of rights or benefits. These third parties may include shareholders (including current and past shareholders of portfolio companies), portfolio companies, customers, business partners, and employees (including current and past employees of portfolio companies). Such lawsuits could hinder SBG's investment activities or may impair SBG's corporate image, as well as create a financial burden that could adversely affect SBG's consolidated and non-consolidated results of operations.

Consolidated Financial Statements

a. Consolidated Statement of Financial Position

ASSETS	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current assets				
Cash and cash equivalents	10	¥ 3,858,518	¥ 3,369,015	\$ 30,956,676
Trade and other receivables	11, 30	2,339,977	2,072,326	19,041,863
Other financial assets	12, 30	203,476	313,487	2,880,520
Inventories	13	365,260	185,097	1,700,790
Other current assets	14	766,556	460,970	4,235,689
Subtotal		7,533,787	6,400,895	58,815,538
Assets classified as held for sale	6, 15	224,201	9,236,048	84,866,746
Total current assets		7,757,988	15,636,943	143,682,284
Non-current assets				
Property, plant and equipment	16	4,070,704	1,264,516	11,619,186
Right-of-use assets	17	—	1,293,692	11,887,274
Goodwill	18	4,321,467	3,998,167	36,737,729
Intangible assets	18	6,892,195	1,985,972	18,248,387
Costs to obtain contracts		384,076	212,036	1,948,323
Investments accounted for using the equity method	21	2,641,045	3,240,361	29,774,520
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	30	7,115,629	6,892,232	63,330,258
Investment securities	30	924,614	1,211,511	11,132,142
Other financial assets	12, 30	1,185,856	1,159,972	10,658,568
Deferred tax assets	23	586,943	221,371	2,034,099
Other non-current assets	14	215,959	140,519	1,291,179
Total non-current assets		28,338,488	21,620,349	198,661,665
Total assets		¥36,096,476	¥37,257,292	\$342,343,949

LIABILITIES AND EQUITY	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current liabilities				
Interest-bearing debt	24, 30	¥ 3,480,960	¥ 3,845,153	\$ 35,331,738
Lease liabilities	19, 30	–	378,383	3,476,826
Deposits for banking business	25, 30	745,943	873,087	8,022,485
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	8, 30	29,677	24,691	226,877
Trade and other payables	26, 30	1,909,608	1,585,326	14,566,994
Derivative financial liabilities	30	767,714	9,267	85,151
Other financial liabilities	27, 30	10,849	248,010	2,278,875
Income taxes payables		534,906	164,298	1,509,676
Provisions	29	43,685	11,448	105,192
Other current liabilities	28	1,158,355	596,499	5,481,016
Subtotal		8,681,697	7,736,162	71,084,830
Liabilities directly relating to assets classified as held for sale	6	–	6,454,971	59,312,423
Total current liabilities		8,681,697	14,191,133	130,397,253
Non-current liabilities				
Interest-bearing debt	24, 30	12,204,146	9,286,729	85,332,436
Lease liabilities	19, 30	–	761,943	7,001,222
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	8, 30	4,107,288	4,559,728	41,897,712
Derivative financial liabilities	30	130,545	128,075	1,176,835
Other financial liabilities	30	57,115	77,207	709,428
Provisions	29	157,478	88,791	815,869
Deferred tax liabilities	23	1,391,072	711,216	6,535,110
Other non-current liabilities	28	357,931	79,553	730,983
Total non-current liabilities		18,405,575	15,693,242	144,199,595
Total liabilities		¥27,087,272	¥29,884,375	\$274,596,848

LIABILITIES AND EQUITY	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Equity				
Equity attributable to owners of the parent				
Common stock	35	¥ 238,772	¥ 238,772	\$ 2,193,991
Capital surplus	35	1,467,762	1,490,325	13,694,064
Other equity instruments	35	496,876	496,876	4,565,616
Retained earnings	35	5,571,285	3,945,820	36,256,731
Treasury stock	35	(443,482)	(101,616)	(933,713)
Accumulated other comprehensive income	35	290,268	(362,259)	(3,328,669)
Subtotal		7,621,481	5,707,918	52,448,020
Accumulated other comprehensive income directly relating to assets classified as held for sale	6	–	205,695	1,890,058
Total equity attributable to owners of the parent		7,621,481	5,913,613	54,338,078
Non-controlling interests	20	1,387,723	1,459,304	13,409,023
Total equity		9,009,204	7,372,917	67,747,101
Total liabilities and equity		¥36,096,476	¥37,257,292	\$342,343,949

b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Continuing operations¹				
Net sales	38	¥6,093,548	¥6,185,093	\$56,832,610
Cost of sales	39	(3,567,185)	(3,485,042)	(32,022,806)
Gross profit		2,526,363	2,700,051	24,809,804
Selling, general and administrative expenses	39	(1,866,315)	(2,024,167)	(18,599,348)
Gain relating to loss of control over subsidiaries	40	176,261	11,879	109,152
Other operating loss	41	(19,314)	(121,051)	(1,112,294)
Operating income (excluding income from SoftBank Vision Fund and other SBIA-managed funds)		816,995	566,712	5,207,314
Operating income from SoftBank Vision Fund and other SBIA-managed funds	8	1,256,641	(1,931,345)	(17,746,439)
Operating income		2,073,636	(1,364,633)	(12,539,125)
Finance cost	42	(341,937)	(300,948)	(2,765,304)
Income on equity method investments	43	320,101	638,717	5,868,942
Dilution gain from changes in equity interest	44	44,068	339,842	3,122,687
Foreign exchange gain (loss)		10,894	(11,107)	(102,058)
Derivative gain (loss)	45	158,423	(71,811)	(659,846)
Gain relating to settlement of variable prepaid forward contract using Alibaba shares	46	–	1,218,527	11,196,609
Gain (loss) from financial instruments at FVTPL	47	36,832	(668,463)	(6,142,268)
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	8	(586,152)	540,930	4,970,413
Other non-operating loss	48	(33,192)	(285,562)	(2,623,927)
Income before income tax		1,682,673	35,492	326,123
Income taxes	23	(237,023)	(797,697)	(7,329,753)
Net income from continuing operations		¥1,445,650	¥ (762,205)	\$ (7,003,630)
Discontinued operations¹				
Net income from discontinued operations	6	8,968	(38,555)	(354,268)
Net income		¥1,454,618	¥ (800,760)	\$ (7,357,898)
Net income attributable to				
Owners of the parent		¥1,411,199	¥ (961,576)	\$ (8,835,578)
Net income from continuing operations		1,402,756	(930,027)	(8,545,686)
Net income from discontinued operations		8,443	(31,549)	(289,892)
Non-controlling interests	20	43,419	160,816	1,477,680
Net income from continuing operations		42,894	167,822	1,542,056
Net income from discontinued operations		525	(7,006)	(64,376)
		¥1,454,618	¥ (800,760)	\$ (7,357,898)

Consolidated Statement of Income

	Notes	(Yen)	(Yen)	(U.S. dollars)
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Earnings per share²				
Basic earnings per share				
Continuing operations	50	¥630.19	¥(463.29)	\$(4.26)
Discontinued operations	50	3.89	(15.21)	(0.14)
Total basic earnings per share	50	¥634.08	¥(478.50)	\$(4.40)
Diluted earnings per share				
Continuing operations	50	¥624.45	¥(470.12)	\$(4.32)
Discontinued operations	50	3.82	(15.21)	(0.14)
Total diluted earnings per share	50	¥628.27	¥(485.33)	\$(4.46)

Notes:

- Continuing operations and discontinued operations are presented separately for the fiscal year ended March 31, 2020. In order to reflect the change, the presentation has been reclassified similarly for the fiscal year ended March 31, 2019. The details are described in "Note 6. Discontinued operations."
- The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2019.

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income		¥1,454,618	¥ (800,760)	\$ (7,357,898)
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	49	(1,204)	(21,281)	(195,544)
Equity financial assets at FVTOCI	30, 49	(3,664)	(6,245)	(57,383)
Total items that will not be reclassified to profit or loss		(4,868)	(27,526)	(252,927)
Items that may be reclassified subsequently to profit or loss				
Debt financial assets at FVTOCI	30, 49	1,145	(1,502)	(13,801)
Cash flow hedges	30, 49	8,766	56,157	516,007
Exchange differences on translating foreign operations	34, 49	27,228	(521,620)	(4,792,980)
Share of other comprehensive income of associates	21, 49	15,406	4,912	45,134
Total items that may be reclassified subsequently to profit or loss		52,545	(462,053)	(4,245,640)
Total other comprehensive income, net of tax		47,677	(489,579)	(4,498,567)
Total comprehensive income		¥1,502,295	¥(1,290,339)	\$ (11,856,465)
Total comprehensive income*				
Comprehensive income from continuing operations		1,376,061	(1,169,573)	(10,746,789)
Comprehensive income from discontinued operations	6	126,234	(120,766)	(1,109,676)
Total comprehensive income attributable to*				
Owners of the parent		¥1,440,235	¥(1,425,587)	\$ (13,099,210)
Comprehensive income from continuing operations		1,330,698	(1,329,357)	(12,214,987)
Comprehensive income from discontinued operations		109,537	(96,230)	(884,223)
Non-controlling interests		62,060	135,248	1,242,745
		¥1,502,295	¥(1,290,339)	\$ (11,856,465)

Note:

*The details of discontinued operations are described in "Note 6. Discontinued operations."

c. Consolidated Statement of Changes in Equity

		(Millions of yen)									
		Equity attributable to owners of the parent							Non-controlling interests	Total equity	
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total			
For the fiscal year ended March 31, 2019		Notes									
As of April 1, 2018			¥238,772	¥256,768	¥496,876	¥3,940,259	¥(66,458)	¥317,959	¥5,184,176	¥1,088,846	¥6,273,022
Effect of retrospective adjustments due to adoption of new standards*			-	-	-	300,615	-	(57,828)	242,787	21,300	264,087
As of April 1, 2018 (after adjustments)			238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963	1,110,146	6,537,109
Comprehensive income											
Net income			-	-	-	1,411,199	-	-	1,411,199	43,419	1,454,618
Other comprehensive income			-	-	-	-	-	29,036	29,036	18,641	47,677
Total comprehensive income			-	-	-	1,411,199	-	29,036	1,440,235	62,060	1,502,295
Transactions with owners and other transactions											
Cash dividends		36	-	-	-	(47,951)	-	-	(47,951)	(30,907)	(78,858)
Distribution to owners of other equity instruments		35	-	-	-	(31,736)	-	-	(31,736)	-	(31,736)
Transfer of accumulated other comprehensive income to retained earnings			-	-	-	(1,101)	-	1,101	-	-	-
Purchase and disposal of treasury stock		35	-	739	-	-	(377,024)	-	(376,285)	-	(376,285)
Changes from business combination			-	-	-	-	-	-	-	6,115	6,115
Changes in interests in subsidiaries		35	-	1,164,459	-	-	-	-	1,164,459	236,191	1,400,650
Changes in associates' interests in their subsidiaries			-	41,579	-	-	-	-	41,579	-	41,579
Changes in interests in associates' capital surplus			-	(1,832)	-	-	-	-	(1,832)	-	(1,832)
Share-based payment transactions			-	6,049	-	-	-	-	6,049	2,414	8,463
Other			-	-	-	-	-	-	-	1,704	1,704
Total transactions with owners and other transactions			-	1,210,994	-	(80,788)	(377,024)	1,101	754,283	215,517	969,800
As of March 31, 2019			¥238,772	¥1,467,762	¥496,876	¥5,571,285	¥(443,482)	¥290,268	¥7,621,481	¥1,387,723	¥9,009,204

Note:

*In accordance with the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income.

(Millions of yen)

For the fiscal year ended March 31, 2020	Notes	Equity attributable to owners of the parent										
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
As of April 1, 2019		¥238,772	¥1,467,762	¥496,876	¥5,571,285	¥(443,482)	¥ 290,268	¥7,621,481	¥ –	¥7,621,481	¥1,387,723	¥9,009,204
Effect of retrospective adjustments due to adoption of new standards*	4	–	–	–	13,997	–	–	13,997	–	13,997	(1,357)	12,640
As of April 1, 2019 (after adjustments)		238,772	1,467,762	496,876	5,585,282	(443,482)	290,268	7,635,478	–	7,635,478	1,386,366	9,021,844
Comprehensive income												
Net income		–	–	–	(961,576)	–	–	(961,576)	–	(961,576)	160,816	(800,760)
Other comprehensive income		–	–	–	–	–	(464,011)	(464,011)	–	(464,011)	(25,568)	(489,579)
Total comprehensive income		–	–	–	(961,576)	–	(464,011)	(1,425,587)	–	(1,425,587)	135,248	(1,290,339)
Transactions with owners and other transactions												
Cash dividends	36	–	–	–	(68,752)	–	–	(68,752)	–	(68,752)	(157,894)	(226,646)
Distribution to owners of other equity instruments	35	–	–	–	(31,071)	–	–	(31,071)	–	(31,071)	–	(31,071)
Transfer of accumulated other comprehensive income to retained earnings		–	–	–	(17,179)	–	17,179	–	–	–	–	–
Purchase and disposal of treasury stock	35	–	(739)	–	(2,748)	(216,270)	–	(219,757)	–	(219,757)	–	(219,757)
Retirement of treasury stock	35	–	–	–	(558,136)	558,136	–	–	–	–	–	–
Changes from business combination	9	–	–	–	–	–	–	–	–	–	191,325	191,325
Changes in interests in subsidiaries	35	–	42,358	–	–	–	–	42,358	–	42,358	(94,359)	(52,001)
Changes in associates' interests in their subsidiaries		–	(24,843)	–	–	–	–	(24,843)	–	(24,843)	–	(24,843)
Changes in interests in associates' capital surplus		–	3,583	–	–	–	–	3,583	–	3,583	–	3,583
Share-based payment transactions		–	2,204	–	–	–	–	2,204	–	2,204	(750)	1,454
Transfer of accumulated other comprehensive income held for sale	6	–	–	–	–	–	(205,695)	(205,695)	205,695	–	–	–
Other		–	–	–	–	–	–	–	–	–	(632)	(632)
Total transactions with owners and other transactions		–	22,563	–	(677,886)	341,866	(188,516)	(501,973)	205,695	(296,278)	(62,310)	(358,588)
As of March 31, 2020		¥238,772	¥1,490,325	¥496,876	¥3,945,820	¥(101,616)	¥(362,259)	¥5,707,918	¥205,695	¥5,913,613	¥1,459,304	¥7,372,917

(Thousands of U.S. dollars)

	Notes	Equity attributable to owners of the parent										
		Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly relating to assets classified as held for sale	Total	Non-controlling interests	Total equity
As of April 1, 2019		\$2,193,991	\$13,486,741	\$4,565,616	\$51,192,548	\$(4,074,998)	\$ 2,667,169	\$70,031,067	\$ –	\$70,031,067	\$12,751,291	\$82,782,358
Effect of retrospective adjustments due to adoption of new standards*	4	–	–	–	128,613	–	–	128,613	–	128,613	(12,469)	116,144
As of April 1, 2019 (after adjustments)		2,193,991	13,486,741	4,565,616	51,321,161	(4,074,998)	2,667,169	70,159,680	–	70,159,680	12,738,822	82,898,502
Comprehensive income												
Net income		–	–	–	(8,835,578)	–	–	(8,835,578)	–	(8,835,578)	1,477,680	(7,357,898)
Other comprehensive income		–	–	–	–	–	(4,263,632)	(4,263,632)	–	(4,263,632)	(234,935)	(4,498,567)
Total comprehensive income		–	–	–	(8,835,578)	–	(4,263,632)	(13,099,210)	–	(13,099,210)	1,242,745	(11,856,465)
Transactions with owners and other transactions												
Cash dividends	36	–	–	–	(631,738)	–	–	(631,738)	–	(631,738)	(1,450,831)	(2,082,569)
Distribution to owners of other equity instruments	35	–	–	–	(285,500)	–	–	(285,500)	–	(285,500)	–	(285,500)
Transfer of accumulated other comprehensive income to retained earnings		–	–	–	(157,852)	–	157,852	–	–	–	–	–
Purchase and disposal of treasury stock	35	–	(6,791)	–	(25,250)	(1,987,227)	–	(2,019,268)	–	(2,019,268)	–	(2,019,268)
Retirement of treasury stock	35	–	–	–	(5,128,512)	5,128,512	–	–	–	–	–	–
Changes from business combination	9	–	–	–	–	–	–	–	–	–	1,758,017	1,758,017
Changes in interests in subsidiaries	35	–	389,212	–	–	–	–	389,212	–	389,212	(867,031)	(477,819)
Changes in associates' interests in their subsidiaries		–	(228,273)	–	–	–	–	(228,273)	–	(228,273)	–	(228,273)
Changes in interests in associates' capital surplus		–	32,923	–	–	–	–	32,923	–	32,923	–	32,923
Share-based payment transactions		–	20,252	–	–	–	–	20,252	–	20,252	(6,892)	13,360
Transfer of accumulated other comprehensive income held for sale	6	–	–	–	–	–	(1,890,058)	(1,890,058)	1,890,058	–	–	–
Other		–	–	–	–	–	–	–	–	–	(5,807)	(5,807)
Total transactions with owners and other transactions		–	207,323	–	(6,228,852)	3,141,285	(1,732,206)	(4,612,450)	1,890,058	(2,722,392)	(572,544)	(3,294,936)
As of March 31, 2020		\$2,193,991	\$13,694,064	\$4,565,616	\$36,256,731	\$(933,713)	\$(3,328,669)	\$52,448,020	\$1,890,058	\$54,338,078	\$13,409,023	\$67,747,101

Note:

*As a result of the adoption of IFRS 16 "Leases," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings. The details are described in "(3) Effect of adopting new standards and interpretations" under "Note 4. Changes in accounting policies."

d. Consolidated Statement of Cash Flows

	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities				
Net income from continuing operations		¥1,445,650	¥ (762,205)	\$ (7,003,630)
Net income from discontinued operations		8,968	(38,555)	(354,268)
Net income		1,454,618	(800,760)	(7,357,898)
Depreciation and amortization		1,694,187	2,051,472	18,850,243
Gain relating to loss of control over subsidiaries		(176,261)	(11,879)	(109,152)
(Gain) loss on investments at SoftBank Vision Fund and other SBIA-managed funds	8	(1,302,838)	1,844,867	16,951,824
Finance cost		633,769	613,483	5,637,076
Income on equity method investments		(316,794)	(636,555)	(5,849,077)
Dilution gain from changes in equity interest		(44,068)	(339,842)	(3,122,687)
Derivative (gain) loss		(158,230)	66,660	612,515
Gain relating to settlement of variable prepaid forward contract using Alibaba shares		–	(1,218,527)	(11,196,609)
(Gain) loss from financial instruments at FVTPL		(38,443)	668,405	6,141,735
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds		586,152	(540,930)	(4,970,413)
Foreign exchange (gain) loss and other non-operating loss		243	290,578	2,670,018
Income taxes		236,684	688,704	6,328,254
Increase in trade and other receivables		(189,651)	(242,697)	(2,230,056)
Increase in inventories		(470,686)	(374,722)	(3,443,187)
Increase in trade and other payables		108,223	88,728	815,290
Other		44,660	276,332	2,539,118
Subtotal		2,061,565	2,423,317	22,266,994
Interest and dividends received		49,966	49,688	456,565
Interest paid		(608,146)	(597,772)	(5,492,713)
Income taxes paid	51	(434,360)	(1,201,986)	(11,044,620)
Income taxes refunded	51	102,839	444,632	4,085,565
Net cash provided by operating activities		1,171,864	1,117,879	10,271,791

	Notes	(Millions of yen)		(Thousands of U.S. dollars)
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets	51	(1,364,954)	(1,232,551)	(11,325,471)
Payments for acquisition of investments		(822,628)	(1,098,640)	(10,095,011)
Proceeds from sales/redemption of investments		292,582	283,892	2,608,582
Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds		(1,576,790)	(1,816,291)	(16,689,249)
Proceeds from sales of investments by SoftBank Vision Fund and other SBIA-managed funds		428,865	129,832	1,192,980
Payments for acquisition of control over subsidiaries	9	(65,134)	(388,259)	(3,567,573)
Proceeds from loss of control over subsidiaries		91,016	2,506	23,027
Payments for acquisition of marketable securities for short-term trading		(298,620)	(245,070)	(2,251,861)
Proceeds from sales/redemption of marketable securities for short-term trading		344,031	86,449	794,349
Payments for loan receivables		(302,531)	(210,379)	(1,933,097)
Collection of loan receivables		47,895	95,134	874,152
Payments into time deposits		(454,544)	(10,583)	(97,243)
Proceeds from withdrawal of time deposits		752,808	693	6,368
Other		19,988	116,346	1,069,063
Net cash used in investing activities		(2,908,016)	(4,286,921)	(39,390,984)
Cash flows from financing activities				
Proceeds in short-term interest-bearing debt, net	24	(65,411)	133,173	1,223,679
Proceeds from interest-bearing debt	24	6,189,112	8,601,926	79,040,026
Repayment of interest-bearing debt	24	(7,128,379)	(5,646,727)	(51,885,758)
Repayment of lease liabilities		–	(695,370)	(6,389,507)
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	8	2,133,682	1,843,660	16,940,733
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	8	(486,388)	(771,282)	(7,087,035)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	51	2,350,262	435	3,997
Purchase of shares of subsidiaries from non-controlling interests		(229,818)	(82,932)	(762,033)
Distribution to owners of other equity instruments		(31,736)	(31,071)	(285,500)
Purchase of treasury stock		(384,102)	(231,980)	(2,131,581)
Cash dividends paid		(47,918)	(68,659)	(630,883)
Cash dividends paid to non-controlling interests	20	(30,901)	(156,999)	(1,442,608)
Other		(66,112)	26,689	245,237
Net cash provided by financing activities		2,202,291	2,920,863	26,838,767
Effect of exchange rate changes on cash and cash equivalents		57,729	(342)	(3,144)
Decrease in cash and cash equivalents relating to transfer of assets classified as held for sale	6	–	(240,982)	(2,214,298)
Increase (decrease) in cash and cash equivalents		523,868	(489,503)	(4,497,868)
Cash and cash equivalents at the beginning of the year		3,334,650	3,858,518	35,454,544
Cash and cash equivalents at the end of the year		¥3,858,518	¥3,369,015	\$ 30,956,676

Note:

*Cash flows from continuing operations and cash flows from discontinued operations are included. The details are described in "Note 6. Discontinued operations."

Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (<https://group.softbank/en/>). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its core business lying in the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment. The details are described in "(1) Description of reportable segments" under "Note 7. Segment information." In addition, for the fiscal year ended March 31, 2020, Sprint has been classified as discontinued operations as it is highly probable that Sprint will merge with T-Mobile and will no longer be a subsidiary of the Company. The details are described in "Note 6. Discontinued operations."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value as described in "Note 3. Significant accounting policies."

(3) Presentation currency and unit of currency

These consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Group Corp. ("functional currency"), and yen amounts are rounded to the nearest million.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside of Japan and have been made at a rate of ¥108.83 to \$1, the approximate rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(4) Changes in presentation

(Consolidated statement of financial position)

Amounts presented under "Other non-current liabilities" for the fiscal year ended March 31, 2020 include "Defined benefit liabilities" which was separately presented as non-current liabilities for the fiscal year ended March 31, 2019 since the amount decreased and became not significant. In order to reflect the change, ¥99,351 million, which was separately presented as

"Defined benefit liabilities" previously in the consolidated statement of financial position as of March 31, 2019, is now included in "Other non-current liabilities."

(Consolidated statement of income)

- a. Continuing operations and discontinued operations are separately presented for the fiscal year ended March 31, 2020. In order to reflect the change, the presentation has been similarly reclassified for the fiscal year ended March 31, 2019. The details are described in "Note 6. Discontinued operations."
- b. Amounts presented under "Dilution gain from changes in equity interest" were previously included in "Other non-operating income" for the fiscal year ended March 31, 2019 and separately presented for the fiscal year ended March 31, 2020 since the amount increased and became significant. In order to reflect the change, ¥44,068 million, which was previously included in "Other non-operating income" in the consolidated statement of income for the fiscal year ended March 31, 2019 was reclassified as "Dilution gain from changes in equity interest."

(Consolidated statement of cash flows)

- a. Net income from continuing operations and net income from discontinued operations are separately presented for the fiscal year ended March 31, 2020. In order to reflect the change, the presentation has been similarly reclassified for the fiscal year ended March 31, 2019. The details are described in "Note 6. Discontinued operations."
- b. Amounts presented under "Dilution gain from changes in equity interest" were previously included in "Foreign exchange (gain) loss and other non-operating loss" in cash flows from operating activities for the fiscal year ended March 31, 2019 and separately presented for the fiscal year ended March 31, 2020 since the amount increased and became significant. In order to reflect the change, ¥(44,068) million, which was previously included in "Foreign exchange (gain) loss and other non-operating loss" in cash flows from operating activities for the fiscal year ended March 31, 2019 was reclassified as "Dilution gain from changes in equity interest" in cash flows from operating activities.

(5) New standards and interpretations not yet adopted by the Company

There is no significant impact to the consolidated financial statements related to new standards and interpretations not yet adopted by the Company.

(6) Definition of company names and abbreviations used in annual report 2020 including this note

“Co. Ltd.,” “Corporation,” etc., are omitted from the names of companies and organizations in principle.

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

Company name / Abbreviation	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
The Group	Softbank Group Corp. and its subsidiaries and associates
* Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
SoftBank Vision Fund, Vision Fund or SVF	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
T-Mobile	T-Mobile US, Inc.

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

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

Consolidated Statement of Cash Flows

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

Segment information

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

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements. The Company has adopted IFRS 16 during the three-month period ended June 30, 2019. The Company has elected not to restate comparative information in accordance with the transition requirements of IFRS 16. Therefore, the comparative information

complies with the previous accounting policies.

Please refer to “(21) Significant accounting policies for the SoftBank Vision Fund and Other SBIA-Managed Funds segment” for details of SoftBank Vision Fund and Other SBIA-Managed Funds.

(1) Basis of consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Group Corp.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Please refer to “a. Consolidation of SoftBank Vision Fund and Delta Fund by the Company” under “(21) Significant accounting policies for the SoftBank Vision Fund and Other SBIA-Managed Funds segment” for details of SoftBank Vision Fund and Delta Fund.

The subsidiaries’ financial statements are consolidated from the date when control is acquired (“acquisition date”) until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Group Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when control is lost.

Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates and joint ventures

An associate is an entity over which SoftBank Group Corp. has significant influence in the financial and operating policy decisions, but does not have control or joint control.

A joint venture is an investment which parties including SoftBank Group Corp. have joint control based on the contractual arrangement that requires unanimous consent related to significant decisions of the business activities and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method or accounted for using FVTPL.

(a) Investments accounted for using the equity method

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment is adjusted thereafter to recognize the Company’s interest in the profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

When the losses of an associate and a joint venture exceed the Company’s interest in the associate and the joint venture, long-term interests that, in substance, form a part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate and the joint venture.

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Company’s interests in the associates and the joint ventures.

Any excess in the cost of acquisition of an associate and a joint venture over the Company’s interest of 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 the investments in associates and joint ventures.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investments in associates and joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impractical to conform 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 were publicly announced by Alibaba.

(b) Investments accounted for using FVTPL

Among the investments in associates, investments directly made by SoftBank Vision Fund and Delta Fund, investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund, and preferred stock investments whose feature is substantively different from common stock, are not accounted for using the equity method. These investments are classified as financial assets measured at fair value through profit or loss ("financial assets at FVTPL"). For the Company's accounting policy for the financial assets at FVTPL, please refer to "(4) Financial instruments." Also, please refer to "b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund – (b) Investments in associates and joint ventures" under "(21) Significant accounting policies for the SoftBank Vision Fund and Other SBIA-Managed Funds segment" for details of SoftBank Vision Fund and Delta Fund.

(2) 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 the resulting gain or loss, 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 using the same accounting treatment as the Company disposes the interests.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its consolidated 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, "JGAAP") as of the date of transition to IFRSs, and recorded by that amount after an impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each group company are prepared in their 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 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, expenses and cash flows are translated into Japanese yen by 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.

The exchange rates used in the translation are described in "Note 34. Foreign currency exchange rates."

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.

(4) Financial instruments

a. Financial instruments

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

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 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 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 "(21) Significant accounting policies for the 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 measured 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 a financial liability at FVTPL. Subsequent to initial recognition, 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 or 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 rate, interest rate, and share price risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of 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.

e. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three months or less that are readily convertible to cash and subject to insignificant risk of change in value.

(6) 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.

(7) Property, plant and equipment

Property, plant and equipment 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 and equipment	
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.

(8) Goodwill

Please refer to “(2) 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 “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill.”

The Company’s policy for goodwill arising from the acquisition of an associate is described in “(1) Basis of consolidation.”

(9) 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 SoftBank Corp. incurred in connection with the costs arising from the migration of 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 “(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill.”

In addition, the Company does not apply IFRS 16 to leases of intangible assets.

(10) Leases

The Company has adopted IFRS 16 during the three-month period ended June 30, 2019. As described in (2) Significant accounting policies changed due to the adoption of new standards and

interpretations” under “Note 4. Changes in accounting policies,” except for lease transactions of intangible assets restated, the Company has elected not to restate comparative information in accordance with the transitional provision of IFRS 16. Therefore, except for lease transactions of intangible assets, the comparative information for the fiscal year ended March 31, 2019 complies with IAS 17. Accounting policies for the fiscal year ended March 31, 2020 are as follows.

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.

- The use of the identified asset is specified in a contract and the lessor does not have the right to substitute the asset.
- Throughout the period of use, the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset.
- 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. The details of lease terms by asset classes for right-of-use assets held for leases are described in "Note 17. Right-of-use assets."

(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 payment is substantially all the amount of fair value of the asset.

(c) Sublease classification

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

(d) Recognition and measurement

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.

(11) 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 the 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.

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 pre-tax 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 has decreased or extinguished. 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 that 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 is not reversed in subsequent periods.

(12) Retirement benefits

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution

plans.

The Company primarily adopts defined contribution pension 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.

a. Defined contribution plans

Contributions paid for defined contribution plans are recognized as expenses in the period in which the employees render the related service. Contributions payable are recognized as liabilities.

b. Defined benefit plans

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.

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

(13) 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 pre-tax 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 mainly asset retirement obligations and provisions for loss on interest

repayment as provisions.

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

(14) Treasury stock

When the Company acquires its own equity share capital (“treasury stock”), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(15) Assets or disposal groups classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is highly probable that the sale will be completed within one year, are available for immediate sale in their present condition, and management commits to a plan to sell.

The Company, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

(16) Share-based payments

The Company grants stock options and restricted stock unit awards as equity-settled share-based compensation and cash-settled share-based compensation.

Equity-settled share-based compensation is measured at fair value on the grant date. The fair value of stock options is calculated using models such as the Black-Scholes model, and the fair value of restricted stock units is calculated using the share price on the date of grant.

The fair value determined on the grant date is expensed over the vesting period, based on the estimated stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

Cash-settled share-based compensation is accounted for as liabilities and is measured initially at the fair value of the award. The fair value of the liabilities is remeasured on each closing date and the settlement date, and changes in fair values are recognized in profit or loss.

(17) Revenue

The Company has changed the reporting segment from the three-month period ended June 30, 2019. Please refer to “Note 7. Segment information” for details.

The Company’s 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 call services, data transmission services, and related optional services to subscribers, and sells mobile devices to customers.

In providing mobile communications services, sales revenue is mainly generated from basic monthly charges, mobile communications services, and other fees. Revenues from the sales of mobile devices are generated from the 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 mobile communications service contracts with subscribers through dealers, and “Direct” sales, where the Group sells mobile devices to subscribers and enters into mobile communications service contracts directly with subscribers.

In mobile communications services, the contractual period is defined as the period during which the parties to the contract have present enforceable rights and obligations based on the terms and conditions of the contract with the subscriber. In addition, if the Company determines that an option to renew the contract is granted to the subscriber and the option provides a “material right” to the subscriber, it identifies the option as a separate performance obligation. As a practical alternative to estimating the stand-alone selling price of an option identified as a separate performance obligation, the SoftBank segment allocates the transaction price to the telecommunications services pertaining to the option, referring to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the subscriber.

Basic charges and mobile communications service fees are billed to subscribers on a monthly basis and are generally due within a short period of time. Mobile device payments for indirect sales are billed to dealers at the time of sale to the respective dealers and are generally due within a short period of time. In addition, mobile device payments for direct sales can be paid in full at the time of sale or paid in monthly installment over the contract period, normally due within a short period of time. As a result of both quantitative and qualitative analysis, the Company has determined that these transaction prices do not include significant financing components due to the timing of payment, and accordingly, they have not been adjusted for such financing components. When the period between the revenue recognition and the

payment is one year or less, the Company does not make an adjustment for significant financing components, as a practical expedient.

For mobile communications services and sales of mobile devices, the Company is obligated to allow returns and provide refunds for a certain period of time after the inception of the contract. Return and refund obligations are estimated and deducted from transaction prices for each type of good and service based on historical experience.

The SoftBank segment provides optional additional warranty services for mobile devices. Under the contracts in which these services are provided, the services are identified as separate performance obligations, and are recognized as revenue when they are provided to subscribers.

(a) Indirect sales

Revenues from the sales of mobile devices are recognized when mobile devices are delivered to dealers, which is when dealers are deemed to have obtained control over the mobile devices. Dealers involved in indirect sales have the primary responsibility for fulfilling contracts, carry all inventory risk, and may independently establish their own inventory pricing. Accordingly, the SoftBank segment considers that dealers involved in indirect sales act as principals.

Basic monthly charges and mobile communications service fees are recognized as revenue when mobile communications services are provided to subscribers. Discounts on mobile communications charges are deducted from the revenues recognized from monthly mobile communications services. Commission fees paid to dealers related to the sales of mobile devices are deducted from sales.

Other fees are primarily made up of activation fees received at the inception of the contract and upgrade fees. These fees are recognized as contract liabilities, then reversed when the mobile communications services are provided, and are recognized as revenue.

(b) Direct sales

For direct sales, as the revenues from the sales of mobile devices and mobile communications services, including related fees, are considered to be one transaction, the total amount of transactions is allocated to sales of mobile devices and mobile communications service revenue based on the ratio of their stand-alone selling prices. Discounts on mobile communications charges related to mobile communications service revenue are deducted from the total transaction prices.

In addition, if the amount of revenue recognized at the time of sales of mobile devices exceeds the amount of consideration received from the subscribers, the difference is recognized as contract assets and subsequently transferred to trade receivables when the claim is determined as a result of the provision of mobile communications services. If the amount of revenue recognized at the time of sale of mobile devices is less than the amount of consideration received from the subscribers, the difference is recognized as contract liabilities, which is then reversed when the mobile communications services are provided, and is recognized as revenue.

Stand-alone selling prices of mobile devices and mobile communications services are priced at their observable prices when the mobile devices and mobile communications services are sold

independently to customers at the inception of the contract.

The amount allocated to sale of mobile device is recognized as revenue at the time of delivery to the subscribers, representing the point in time when subscribers are considered to have obtained control of the mobile devices. Amounts allocated to mobile communications service revenues are recognized as revenue when services are provided to subscribers.

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 services

For broadband services, revenues are mainly generated from basic monthly charges and telecommunications services fees primarily related to Internet connection ("revenues from broadband services"), and other fees.

Revenues from broadband services are recognized when services are provided to subscribers, based upon fixed monthly charges plus the fees charged for usage of the network. Activation fees are recognized as contract liabilities when received, which are then reversed when the broadband services are provided, and are recognized as revenue.

c. Fixed-line communications service

Revenues from fixed-line communications services mainly consist of voice telecommunications service fees and data transmission service fees. Revenues from fixed-line communications services are recognized when services are provided to subscribers, based on fixed monthly charges and the fees charged for usage of the network.

d. Distribution services

Revenues in the Distribution services are mainly generated from the sales of hardware, software, and services in relation to Information and Communication Technology ("ICT"), cloud and Internet of Things ("IoT") solutions for enterprise customers. Revenues are also driven by the sales of PC software, IoT products, and mobile device accessories for individual customers.

Revenues in the Distribution services are recognized as revenue at the time of delivery to customers, representing the point in time when the customers are deemed to have obtained control over the goods and other items.

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

e. Internet advertising

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 mainly comprises premium advertising, Yahoo! Display Ad Network (YDN) and others.

Revenues from premium advertising are recognized over the period in which the related advertisement is displayed.

Revenues from Yahoo! Display Ad Network (YDN) are recognized based on the per-click rate set by a customer when a visitor of the website clicks the advertisement on the page with the related content.

f. E-commerce business

Revenues from sale of goods are recognized when a customer obtains control of goods, that is, at the time the customer has the ability to direct the use of goods and to obtain substantially all of the remaining economic benefits from the goods.

Revenue from e-commerce related commission fees is mainly generated from Yahoo! Auctions. Yahoo! Auctions provides online auction services to individual and corporate customers. System usage fees charged to the sellers according to auction proceeds are recognized as revenue when the auction transactions are completed.

Revenue from membership fees is generated from the sale of the Yahoo! Premium service to individual users with which they can enjoy a variety of membership privileges. Its revenues are recognized over the period during which the membership is valid.

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 telecommunications 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.

(18) Costs to obtain contracts

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

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

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

(19) Income tax

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, and related transactions other than business combinations, that affect neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

(20) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assumes full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

(21) 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 same accounting policies as follows.

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. The payments for these investments are presented as "Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds" under cash flows from investing activities in the consolidated statement of cash flows.

(c) Other investments

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

c. Presentation of the results from the SoftBank Vision Fund and 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, and “Payments for acquisition of investments by SoftBank Vision Fund and other SBIA-managed funds” under cash flows from investing activities in the consolidated statement of cash flows.

On the other hand, if the investments have not yet been agreed 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, “Gain (loss) from financial instruments at FVTPL” in the consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows.

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, and payments for acquisition of such investments as “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows.

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.

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

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

(b) Contribution from the Company

Contributions from the Company as limited partners to SoftBank Vision Fund and Delta Fund are eliminated in consolidation.

4. Changes in accounting policies

(1) Adoption of new standards and interpretations

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

Standard/interpretation	Outline of the new/revised standards
IFRS 16 Leases	<p>IFRS 16 replaces the previous IAS 17 and IFRIC 4. Main revisions are:</p> <ul style="list-style-type: none"> 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 are no significant impacts on the consolidated financial statements due to the adoption of new accounting standards or interpretations other than IFRS16.

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

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

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

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

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

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

at the date of initial adoption for leases previously classified as an operating lease applying IAS 17 at an amount equal to the lease liability.

(3) 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 and, therefore, restated comparative information on leases of intangible assets for the fiscal year ended March 31, 2019 in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." As a result, the presentation method of the Company's borrowings for certain software development has been changed. The details are described in "(1) Components of interest-bearing debt" under "24. Interest-bearing debt."

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

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

	(Millions of yen)	(Thousands of U.S. dollars)
Undiscounted future minimum lease payments payable under operating leases as of March 31, 2019	¥1,917,239	\$17,616,824
Adjustments by discounting the future minimum lease payments payable under operating leases above	(206,046)	(1,893,283)
Discounted future minimum lease payments payable under operating leases as of April 1, 2019	1,711,193	15,723,541
Lease obligations relating to leases that were classified as a finance lease	879,723	8,083,460
Adjustments attributable to revision of the lease term	(124,242)	(1,141,615)
Effect from the classification of non-lease component	(121,406)	(1,115,556)
Adjustments attributable to other factors	(3,470)	(31,885)
Lease liabilities as of April 1, 2019	¥2,341,798	\$21,517,945

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 (\$10,631,333 thousand) and right-of-use assets increased by ¥2,525,152 million (\$23,202,720 thousand).

5. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are based on management's best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of its estimates or assumptions, however, actual results in the future may differ from those projected estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- significant judgments of whether an entity is controlled by the Company in determining the scope of consolidation ((1) and (21) in "Note 3. Significant accounting policies" and "Note 20. Major subsidiaries");
- significant judgments for the determination of the scope and accounting treatment of associates ((1) and (21) in "Note 3. Significant accounting policies" and "Note 21. Investments accounted for using the equity method");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies" and "Note 48. Other non-operating loss");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 9. Business combinations");
- fair value measurement of financial assets at FVTPL, debt financial assets at FVTOCI, and equity financial assets at FVTOCI ((4) and (21) in "Note 3. Significant accounting policies," "Note 8. SoftBank Vision Fund and other SBIA-managed funds business," (2) in "Note 31. Fair value of financial instruments," and "Note 47. Gain (loss) from financial instruments at FVTPL");
- estimates for impairment of financial assets measured at amortize cost ((4) in "Note 3. Significant accounting policies," and "Note 48. Other non-operating loss");
- fair value measurement of derivatives (including embedded derivatives) ((4) in "Note 3. Significant accounting policies" and (2) in "Note 31. Fair value of financial instruments");
- estimates for residual value and useful life of property, plant and equipment, right-of-use assets, and intangible assets ((7), (9), and (10) in "Note 3. Significant accounting policies").

- estimates for impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 18. Goodwill and intangible assets" and "Note 41. Other operating loss");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies," "Note 17. Right-of-use assets," and "Note 19. Leases");
- judgments and estimates for recognition and measurement on provisions ((13) in "Note 3. Significant accounting policies" and "Note 29. Provisions");
- judgments and estimates for salability relating to classification as held for sale ((15) in "Note 3. Significant accounting policies," "Note 6. Discontinued operations," and "Note 15. Assets classified as held for sale");
- judgments and estimates for revenue recognition and measurement ((17) in "Note 3. Significant accounting policies" and "Note 38. Net sales");
- estimates for amortization period of costs to obtain contracts ((18) in "Note 3. Significant accounting policies");
- assessment of recoverability of deferred tax assets ((19) in "Note 3. Significant accounting policies" and (2) and (4) in "Note 23. Income taxes");
- estimates for measurement of contribution from Third-party interests to SoftBank Vision Fund and Delta Fund ((21) in "Note 3. Significant accounting policies" and (2) in "Note 8. SoftBank Vision Fund and Other SBIA-Managed Funds business");
- recognition of liabilities and expenses related to contingencies ("Note 53. Contingency"); and
- 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 been adversely effected, with SoftBank Vision Fund recording an investment loss of ¥1.1 trillion (\$10.1 billion) in the fourth quarter due to a decline in the fair value of its investments. However, for business other than the investment businesses, the impact on the latest results was limited. The duration and extent of the effects over the longer term 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 consolidated financial statements including those associated with the evaluation 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.

6. Discontinued operations

As of March 31, 2020, it is highly probable that Sprint will merge with T-Mobile and will no longer be a subsidiary of the Company. Accordingly, assets, liabilities, and accumulated other comprehensive income of Sprint are reclassified as a disposal group classified 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. Operating results related to Sprint are presented separately from continuing operations, as discontinued operations, in the consolidated statement of income.

In addition, 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 from that date. The details are described in “(1) Completion of merger of Sprint and T-Mobile” under “Note 56. Significant subsequent events.”

(1) Disposal group classified as held for sale

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Assets classified as held for sale			
Cash and cash equivalents	¥–	¥ 240,982	\$ 2,214,298
Trade and other receivables	–	385,511	3,542,323
Other financial assets	–	7,166	65,846
Inventories	–	97,712	897,841
Other current assets	–	131,240	1,205,916
Total current assets	–	862,611	7,926,224
Property, plant and equipment	–	1,890,600	17,372,048
Right-of-use assets	–	763,529	7,015,795
Goodwill	–	322,978	2,967,729
Intangible assets	–	5,082,956	46,705,467
Costs to obtain contracts	–	196,438	1,804,999
Investments accounted for using the equity method	–	3,049	28,016
Investment securities	–	3,225	29,633
Other financial assets	–	47,140	433,153
Other non-current assets	–	63,522	583,682
Total non-current assets	–	8,373,437	76,940,522
Total assets	¥–	¥9,236,048	\$84,866,746
Liabilities directly relating to assets classified as held for sale			
Interest-bearing debt	–	331,881	3,049,536
Lease liabilities	–	202,743	1,862,933
Trade and other payables	–	395,415	3,633,327
Income taxes payables	–	1,949	17,909
Provisions	–	8,720	80,125
Other current liabilities	–	292,041	2,683,460
Total current liabilities	–	1,232,749	11,327,290
Interest-bearing debt	–	3,591,777	33,003,556
Lease liabilities	–	583,348	5,360,176
Derivative financial liabilities	–	5,189	47,680
Other financial liabilities	–	4,298	39,493
Provisions	–	81,261	746,678
Deferred tax liabilities	–	746,834	6,862,391
Other non-current liabilities	–	209,515	1,925,159
Total non-current liabilities	–	5,222,222	47,985,133
Total liabilities	¥–	¥6,454,971	\$59,312,423

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Accumulated other comprehensive income directly relating to assets classified as held for sale			
Cash flow hedges	¥–	¥ (3,454)	\$ (31,738)
Exchange differences on translating foreign operations	–	209,149	1,921,796
Total accumulated other comprehensive income	¥–	¥205,695	\$1,890,058

(2) Results of operations from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	¥3,508,688	¥3,321,535	\$30,520,399
Cost of sales	(2,180,486)	(2,131,312)	(19,583,865)
Selling, general and administrative expenses	(920,359)	(956,029)	(8,784,609)
Other operating loss	(127,548)	(78,346)	(719,893)
Non-operating loss	(271,666)	(303,396)	(2,787,798)
Income from discontinued operations before income tax	8,629	(147,548)	(1,355,766)
Income taxes	339	108,993	1,001,498
Net income from discontinued operations	¥ 8,968	¥ (38,555)	\$ (354,268)
Net income from discontinued operations	8,968	(38,555)	(354,268)
Other comprehensive income from discontinued operations	117,266	(82,211)	(755,408)
Comprehensive income from discontinued operations	¥ 126,234	¥ (120,766)	\$ (1,109,676)

(3) Cash flows from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities	¥593,341	¥ 641,013	\$ 5,890,040
Cash flows from investing activities	(526,928)	(549,794)	(5,051,861)
Cash flows from financing activities	(51,115)	(612,373)	(5,626,877)
	¥ 15,298	¥(521,154)	\$ (4,788,698)

7. Segment information

(1) Description of reportable segments

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

For the fiscal year ended March 31, 2019, the Company had six reportable segments, the SoftBank segment, the Sprint segment, the Yahoo Japan segment, the Arm segment, the SoftBank Vision Fund and Delta Fund segment, and the Brightstar segment. However, from the three-month period ended June 30, 2019, in accordance with the consolidation of Yahoo Japan Corporation by SoftBank Corp., business segments which are regularly reviewed by the Company's Board of Directors have been changed. Accordingly, the Company revised its segment classifications to the following five reportable segments: the SoftBank Vision Fund and Delta Fund segment, the SoftBank segment, the Sprint segment, the Arm segment, and the Brightstar segment. The "SoftBank Vision Fund and Delta Fund segment" was renamed to the "SoftBank Vision Fund and Other SBIA-Managed Funds segment" from the three-month period ended December 31, 2019. In addition, from the three-month period ended March 31, 2020, Sprint has been classified as discontinued operations as it is highly probable that Sprint will merge with T-Mobile and will no longer be a subsidiary of the Company. Accordingly, the Sprint segment is excluded from reportable segments.

As a result, for the fiscal year ended March 31, 2020, the Company has four reportable segments: the SoftBank Vision Fund and Other SBIA-Managed Funds segment, the SoftBank segment, the Arm segment, and the Brightstar segment.

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

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

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

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

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

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

Segment information for the fiscal year ended March 31, 2019 is presented based on the reportable segments after the aforementioned change.

(2) Net sales and income of reportable segments

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

Under the Company’s management system, SoftBank Group Corp., a strategic holding company, exercises overall control over its investment portfolio comprising the group companies. Based on this system, the Company focuses on the maximization of shareholder value (calculated as equity value of holdings – net interest-bearing debt) over the medium to long term, and endeavors to increase the equity value of holdings. As a result, EBITDA and adjusted EBITDA which were previously disclosed, are no longer disclosed for the three-month period ended June 30, 2019 as they are no longer considered as major management indicators provided for periodic reports to the management.

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

Discontinued operations are not included. The details are described in “Note 6. Discontinued operations.”

For the fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments							
	SoftBank Vision Fund and Other SBI-A-Managed Funds	SoftBank	Arm	Brightstar	Total	Other	Reconciliations	Consolidated
Net sales								
Customers	¥ –	¥4,626,597	¥202,616	¥1,082,669	¥5,911,882	¥181,666	¥ –	¥6,093,548
Intersegment	–	25,519	83	–	25,602	12,076	(37,678)	–
Total	¥ –	¥4,652,116	¥202,699	¥1,082,669	¥5,937,484	¥193,742	¥(37,678)	¥6,093,548
Segment income	1,256,641	859,809	133,966	(23,396)	2,227,020	(90,053)	(63,331)	2,073,636
Depreciation and amortization	89	543,006	66,730	5,929	615,754	36,776	699	653,229
Gain relating to loss of control over subsidiaries	–	–	176,261	–	176,261	–	–	176,261

For the fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments							
	SoftBank Vision Fund and Other SBI-A-Managed Funds	SoftBank	Arm	Brightstar	Total	Other	Reconciliations	Consolidated
Net sales								
Customers	¥ –	¥4,843,657	¥206,277	¥955,415	¥6,005,349	¥179,744	¥ –	¥6,185,093
Intersegment	–	18,827	375	–	19,202	16,442	(35,644)	–
Total	¥ –	¥4,862,484	¥206,652	¥955,415	¥6,024,551	¥196,186	¥(35,644)	¥6,185,093
Segment income	(1,931,345)	923,314	(42,819)	(5,328)	(1,056,178)	(249,549)	(58,906)	(1,364,633)
Depreciation and amortization	402	701,984	74,095	7,442	783,923	46,961	1,133	832,017
Gain relating to loss of control over subsidiaries	–	11,879	–	–	11,879	–	–	11,879

(Thousands of U.S. dollars)

	Reportable segments							
	SoftBank Vision Fund and Other SBI-A-Managed Funds	SoftBank	Arm	Brightstar	Total	Other	Reconciliations	Consolidated
Net sales								
Customers	\$ –	\$44,506,634	\$1,895,406	\$8,778,967	\$55,181,007	\$1,651,603	\$ –	\$56,832,610
Intersegment	–	172,995	3,445	–	176,440	151,080	(327,520)	–
Total	\$ –	\$44,679,629	\$1,898,851	\$8,778,967	\$55,357,447	\$1,802,683	\$(327,520)	\$56,832,610
Segment income	(17,746,439)	8,484,003	(393,448)	(48,958)	(9,704,842)	(2,293,017)	(541,266)	(12,539,125)
Depreciation and amortization	3,694	6,450,280	680,832	68,382	7,203,188	431,508	10,411	7,645,107
Gain relating to loss of control over subsidiaries	–	109,152	–	–	109,152	–	–	109,152

(3) Geographical information

a. Net sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Japan	¥4,658,433	¥4,882,590	\$44,864,376
U.S.	718,610	629,988	5,788,735
Other	716,505	672,515	6,179,499
Total	¥6,093,548	¥6,185,093	\$56,832,610

Sales are categorized based on the location of external customers.

b. Non-current assets (excluding financial assets and deferred tax assets)

As of March 31, 2020, non-current assets of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Japan	¥ 4,151,534	¥5,337,087	\$49,040,586
U.K.	3,406,626	3,119,675	28,665,579
U.S.	8,220,717	289,850	2,663,328
Other	105,524	148,290	1,362,585
Total	¥15,884,401	¥8,894,902	\$81,732,078

8. 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)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Gain and loss on investments at SoftBank Vision Fund and other SBIA-managed funds			
Realized gain and loss on sales of investments ¹	¥ 296,531	¥ 58,340	\$ 536,065
Unrealized gain and loss on valuation of investments			
Change in valuation for the fiscal year ²	1,378,553	(1,877,682)	(17,253,349)
Reclassified to realized gain and loss recorded in the past fiscal year ³	(365,325)	(40,012)	(367,656)
Interest and dividend income from investments	4,522	12,848	118,056
Derivative gain and loss	–	145	1,332
Effect of foreign exchange translation ⁴	(11,443)	1,494	13,728
	1,302,838	(1,844,867)	(16,951,824)
Operating expenses	(46,197)	(86,478)	(794,615)
Operating income from SoftBank Vision Fund and other SBIA-managed funds	1,256,641	(1,931,345)	(17,746,439)
Finance cost (interest expenses)	(33,141)	(22,459)	(206,368)
Foreign exchange gain and loss	68	321	2,950
Derivative gain and loss ⁵	177,373	–	–
Change in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	(586,152)	540,930	4,970,413
Other non-operating income and loss	(232)	1,067	9,804
Income before income tax	¥ 814,557	¥(1,411,486)	\$ (12,969,640)

Notes:

1. SoftBank Vision Fund sold the shares in Flipkart Private Limited and the gain realized on the sale is ¥146,682 million for the fiscal year ended March 31, 2019. In January 2019, SoftBank Vision Fund executed an unwind of the collar transactions that had been entered into in November 2017 and thereafter, and utilized the NVIDIA Corporation ("NVIDIA") shares for the repayment of borrowings. The gain of the NVIDIA shares used for the repayment was treated as realized gain. In addition, NVIDIA shares not utilizing the collar transactions were all sold in January 2019. The total amount of unrealized gain and loss is recorded as "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the fiscal year ended March 31, 2018 and the amount of changes in fair value of NVIDIA shares in the fiscal year ended March 31, 2019 is recorded as "Realized gain and loss on sales of an investment." The gains and losses arising from the collar transactions are recorded as "Derivative gain and loss."

2. For investments transferred or agreed to be transferred from the Company to SoftBank Vision Fund, gain and loss on those investments arising from difference between transferred amount and fair value as of each accounting period end (“gain and loss from the difference”) are presented as “Operating income from SoftBank Vision Fund and other SBIA-managed funds.” In the three-month period ended March 31, 2019, certain investments were transferred or agreed to be transferred. In the nine-month period ended December 31, 2018, the gain and loss from the difference relating to those investments were presented as “Gain from financial instruments at FVTPL” of ¥65,843 million. In the consolidated statement of income for the fiscal year ended March 31, 2019, the gain and loss from the difference are presented as “Operating income from SoftBank Vision Fund and other SBIA-managed funds.”
3. This 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.
4. Unrealized gains and losses on investments are translated using the average exchange rate for the quarter in which the gains and losses were recognized, while realized gains and losses on disposal of investments are translated using the average exchange rate for the quarter in which the shares were disposed of. “Foreign currency translation effects” arise from the different foreign currency exchange rates used for unrealized gains and losses and realized gains and losses.
5. Derivative gain arising from collar transactions whose underlying is NVIDIA shares for the fiscal year ended March 31, 2019.

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

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

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

Performance-based distributions attributed to limited partners, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance of 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)		
	(For reference purposes only) Links with the consolidated financial statements		
Third-party interests (Total of current liabilities and non-current liabilities)	Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)	
(Breakdown)			
As of April 1, 2019	¥4,136,965		
Contributions from third-party investors	1,843,660	–	1,843,660
Changes in third-party interests. . .	(540,930)	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)	–	(771,282)
Exchange differences on translating third-party interests ¹	(83,994)	–	–
As of March 31, 2020 ²	¥4,584,419		

	(Thousands of U.S. dollars)		
	(For reference purposes only) Links with the consolidated financial statements		
Third-party interests (Total of current liabilities and non-current liabilities)	Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)	
(Breakdown)			
As of April 1, 2019	\$38,013,094		
Contributions from third-party investors	16,940,733	–	16,940,733
Changes in third-party interests	(4,970,413)	4,970,413	–
Attributable to investors entitled to fixed distribution		1,651,916	
Attributable to investors entitled to performance-based distribution		(6,622,329)	
Distribution/repayment to third-party investors	(7,087,035)	–	(7,087,035)
Exchange differences on translating third-party interests ¹	(771,790)	–	–
As of March 31, 2020 ²	\$42,124,589		

Notes:

- Exchange differences were included in "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.
- Of third-party interests as of March 31, 2020, the amount attributable to investors entitled to fixed distribution is ¥2,881,868 million (\$26,480,456 thousand) and of this amount, the amount of unpaid fixed distributions is ¥24,691 million (\$226,877 thousand).

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. 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, \$439 million (¥47,943 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.

9. Business combinations

For the fiscal year ended March 31, 2020
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 (\$3,682,229 thousand). 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 (\$3,675,457 thousand).

(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)	(Thousands of U.S. dollars)
		Acquisition date (November 13, 2019)	Acquisition date (November 13, 2019)
Payment by cash		¥400,737	\$3,682,229
Total consideration transferred	A	¥400,737	\$3,682,229

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

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (November 13, 2019)	Acquisition date (November 13, 2019)
Cash and cash equivalents		¥ 22,876	\$ 210,199
Trade and other receivables		30,443	279,730
Other current assets		7,770	71,396
Property, plant and equipment		8,610	79,114
Right-of-use assets		20,964	192,631
Intangible assets ¹		503,017	4,622,044
Other non-current assets		13,799	126,794
Total assets		607,479	5,581,908
Interest-bearing debt (current)		22,000	202,150
Lease liabilities (current)		3,854	35,413
Trade and other payables		28,362	260,608
Other current liabilities		9,263	85,114
Lease liabilities (non-current)		16,735	153,772
Deferred tax liabilities		150,269	1,380,768
Other non-current liabilities		3,420	31,427
Total liabilities		233,903	2,149,252
Net assets	B	373,576	3,432,656
Non-controlling interests ²	C	185,750	1,706,790
Goodwill ³	A - (B - C)	¥212,911	\$1,956,363

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. There is no change from the initial provisional amount to the final amount.

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. In addition, intangible assets, such as customer relationships and trademarks, and goodwill recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, diminishing rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (November 13, 2019)	Acquisition date (November 13, 2019)
Intangible assets with indefinite useful lives		
Trademarks	¥178,720	\$1,642,194
Intangible assets with finite useful lives		
Customer relationships	322,070	2,959,386
Other	2,227	20,464
Total	¥503,017	\$4,622,044

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)	(Thousands of U.S. dollars)
	Acquisition date (November 13, 2019)	Acquisition date (November 13, 2019)
Payment for the acquisition by cash	¥(400,737)	\$(3,682,229)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	22,876	210,199
Payment for the acquisition of control over the subsidiary by cash	¥(377,861)	\$(3,472,030)

(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 (\$527,998 thousand) and ¥5,773 million (\$53,046 thousand), respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

(8) Consolidated net sales and consolidated net income assuming that the business combinations were completed at the beginning of the fiscal year

The following is pro forma information (unaudited) of the consolidated performance of the Company for the fiscal year ended March 31, 2020, assuming that the business combinations of ZOZO, Inc. were completed and control was acquired as of April 1, 2019.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Sales (pro forma)	¥6,252,172	\$57,448,975
Net income (pro forma)	¥ (798,430)	\$ (7,336,488)

10. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

As of March 31, 2020, cash and cash equivalents of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020
Cash and demand deposits ^{1,2}	¥2,387,533	\$3,054,482
Time deposits (maturities of less than three months)	802,797	173,850
MMF	532,509	132,071
Other	135,679	8,612
Total	¥3,858,518	\$3,369,015
		\$28,066,544
		1,597,446
		1,213,553
		79,133
		\$30,956,676

Notes:

- A subsidiary operating a 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 (\$2,865,910 thousand) (as of March 31, 2019: ¥237,018 million) of deposits at the Bank of Japan, which is more than the legal reserve requirement.
- Cash and demand deposits as of March 31, 2020 includes money in trust of ¥3,969 million (\$36,470 thousand) to set up for the purchase of treasury stocks by SoftBank Group Corp. (as of March 31, 2019: ¥15,956 million).

The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" under "Note 24. Interest-bearing debt."

11. Trade and other receivables

The components of trade and other receivables are as follows:

As of March 31, 2020, trade and other receivables of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Trade receivables	¥1,702,466	¥1,432,614	\$13,163,778
Installment receivables ¹	435,059	410,343	3,770,495
Deposits for banking business ²	53,772	33,341	306,359
Other	209,811	223,961	2,057,897
Allowance for doubtful accounts	(61,131)	(27,933)	(256,666)
Total	¥2,339,977	¥2,072,326	\$19,041,863

Notes:

1. Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile devices by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.

The period of installment payments for the receivables above is mainly within 24–48 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."

2. The amount is related to The Japan Net Bank, Limited.

12. Other financial assets

The components of other financial assets are as follows:

As of March 31, 2020, other financial assets of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current			
Marketable securities	¥ 84,153	¥ 230,234	\$ 2,115,538
Time deposits (maturities of more than three months)	614	9,925	91,197
Other	118,709	73,328	673,785
Total	¥ 203,476	¥ 313,487	\$ 2,880,520
Non-current			
Installment receivables ¹	414,593	493,526	4,534,834
Loan receivables ^{2,3}	211,280	233,521	2,145,741
Deposits for banking business ⁴	147,977	201,770	1,853,992
Lease and guarantee deposits	53,332	61,327	563,512
Advance payments ⁵	166,485	44,161	405,780
Other	231,106	268,207	2,464,458
Allowance for doubtful accounts ³	(38,917)	(142,540)	(1,309,749)
Total	¥1,185,856	¥1,159,972	\$10,658,568

Notes:

1. Installment receivables are described in "Note 11. Trade and other receivables."

2. Amount includes ¥108,992 million of convertible promissory note issued by WeWork as of March 31, 2019.

3. Amounts include ¥65,913 million (\$605,651 thousand) (as of March 31, 2019: ¥35,441 million) of loan re-claimable and ¥65,913 million (\$605,651 thousand) (as of March 31, 2019: none) of allowance for doubtful accounts related to OneWeb Global Limited, an equity method associated of the Company as of March 31, 2020.

4. The amount is related to The Japan Net Bank, Limited.

5. Advance payments are related to the purchase of WeWork shares.

13. Inventories

The components of inventories are as follows:

As of March 31, 2020, inventories of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Merchandise and finished products	¥346,378	¥169,431	\$1,556,841
Other	18,882	15,666	143,949
Total	¥365,260	¥185,097	\$1,700,790

The amount of inventories pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" under "Note 24. Interest-bearing debt."

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Write-downs of inventories	¥32,063	¥25,979	\$238,712

14. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

As of March 31, 2020, other current assets and other non-current assets of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current			
Tax receivable ¹	¥498,026	¥291,579	\$2,679,215
Prepaid expense	123,929	77,077	708,233
Contract assets ²	113,209	65,544	602,260
Other	31,392	26,770	245,981
Total	¥766,556	¥460,970	\$4,235,689
Non-current			
Long-term prepaid expense	174,811	125,618	1,154,259
Other	41,148	14,901	136,920
Total	¥215,959	¥140,519	\$1,291,179

Notes:

1. Tax receivable as of March 31, 2019 includes withholding income tax of ¥422,648 million related to dividends within the group companies. The withholding income tax was refunded in July 2019. In addition, tax receivable as of March 31, 2020 includes the withholding income tax of ¥167,097 million (\$1,535,395 thousand) related to dividends within the group companies and ¥78,801 million (\$724,074 thousand) related to deemed dividends, respectively.
2. Contract assets are recognized as assets in accordance with the adoption of IFRS 15, "Revenue from Contracts with Customers."

15. Assets classified as held for sale

(1) Sprint

As of March 31, 2020, it is highly probable that Sprint will merge with T-Mobile and will no longer be a subsidiary of the Company. Accordingly, assets of Sprint were transferred to "Assets classified as held for sale." The details are described in "Note 6. Discontinued operations."

(2) Sale of Alibaba shares by variable prepaid forward contract

On June 10, 2016, the Company entered into a variable prepaid forward contract to sell Alibaba shares with Mandatory Exchangeable Trust, and received proceeds of \$5.4 billion (¥578,436 million) as advances on the sale. The Company had the option to settle the variable prepaid forward contract by either delivering cash, a combination of cash and Alibaba shares, or Alibaba shares.

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

The contract was subsequently settled with Alibaba shares on June 3, 2019. The details are described in "Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."

16. Property, plant and equipment

For the fiscal year ended March 31, 2019

Changes in property, plant and equipment at historical cost, are as follows:

	(Millions of yen)							
Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2018	¥437,533	¥5,396,424	¥ 82,862	¥1,445,006	¥88,308	¥294,881	¥20,756	¥7,765,770
Purchases	26,773	14,748	39,934	296,325	–	700,902	4,216	1,082,898
Business combinations	2,749	–	2,428	344	114	100	63	5,798
Disposals	(12,771)	(214,222)	(3,519)	(632,811)	(992)	(48,940)	(625)	(913,880)
Transfer of accounts	19,009	500,669	7,987	609,299	55	(563,406)	15	573,628
Exchange differences	7,966	92,323	(652)	50,837	825	9,587	243	161,129
Other	(7,244)	7,189	(677)	(1,860)	2	(5,586)	91	(8,085)
As of March 31, 2019	¥474,015	¥5,797,131	¥128,363	¥1,767,140	¥88,312	¥387,538	¥24,759	¥8,667,258

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

	(Millions of yen)							
Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2018	¥(205,638)	¥(3,051,326)	¥(17,294)	¥(624,615)	¥(8)	¥(1,120)	¥(8,922)	¥(3,908,923)
Depreciation	(30,740)	(565,809)	(11,951)	(577,338)	–	–	(3,044)	(1,188,882)
Impairment loss	–	–	–	–	–	–	–	–
Disposals	8,854	162,760	3,203	386,962	–	26	576	562,381
Transfer of accounts	(7)	27	(2,788)	3,390	–	964	672	2,258
Exchange differences	(3,778)	(52,406)	270	(19,832)	–	–	(14)	(75,760)
Other	9,080	3,011	(1,204)	1,474	–	–	11	12,372
As of March 31, 2019	¥(222,229)	¥(3,503,743)	¥(29,764)	¥(829,959)	¥(8)	¥(130)	¥(10,721)	¥(4,596,554)

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

	(Millions of yen)							
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2019	¥251,786	¥2,293,388	¥98,599	¥937,181	¥88,304	¥387,408	¥14,038	¥4,070,704

The carrying amounts of finance lease assets included in property, plant and equipment are as follows:

	(Millions of yen)
	As of March 31, 2019
Buildings and structures	¥ 33,616
Telecommunications equipment	1,002,889
Machinery and equipment	13,862
Furniture, fixtures, and equipment	43,537
Construction in progress	3
Other	1,584
Total	¥1,095,491

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" under "Note 24. Interest-bearing debt."

Property, plant and equipment with restrictions on rights are described in "(5) Assets with restrictions on rights" under "Note 24. Interest-bearing debt."

For the fiscal year ended March 31, 2020

Changes in property, plant and equipment at historical cost, are as follows:

(Millions of yen)

Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019	¥474,015	¥5,797,131	¥128,363	¥1,767,140	¥88,312	¥387,538	¥24,759	¥8,667,258
Effect of retrospective adjustments due to the adoption of new standards*	(51,484)	(2,163,285)	(22,932)	(72,373)	–	(3)	(65)	(2,310,142)
As of April 1, 2019 (after adjustments)	422,531	3,633,846	105,431	1,694,767	88,312	387,535	24,694	6,357,116
Purchases	10,187	25,952	50,039	203,051	685	578,739	7,891	876,544
Business combinations	2,749	–	–	3,985	–	1,871	5	8,610
Disposals	(70,372)	(473,804)	(2,440)	(845,139)	(7,141)	(23,839)	(811)	(1,423,546)
Transfer of accounts	29,493	875,539	5,059	634,452	40	(592,426)	8,301	960,458
Exchange differences	(3,449)	(45,810)	(9,779)	(26,072)	(321)	(6,701)	(1,137)	(93,269)
Transfer to assets classified as held for sale	(148,757)	(2,340,869)	(2,316)	(1,209,051)	(10,603)	(161,467)	(2,832)	(3,875,895)
Other	12,629	7,374	1,285	5,502	–	(2,359)	(665)	23,766
As of March 31, 2020	¥255,011	¥1,682,228	¥147,279	¥ 461,495	¥70,972	¥181,353	¥35,446	¥2,833,784

(Thousands of U.S. dollars)

Historical cost	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019	\$4,355,555	\$53,267,766	\$1,179,482	\$16,237,618	\$811,467	\$3,560,948	\$227,502	\$79,640,338
Effect of retrospective adjustments due to the adoption of new standards*	(473,068)	(19,877,653)	(210,714)	(665,010)	–	(28)	(597)	(21,227,070)
As of April 1, 2019 (after adjustments)	3,882,487	33,390,113	968,768	15,572,608	811,467	3,560,920	226,905	58,413,268
Purchases	93,605	238,464	459,790	1,865,763	6,294	5,317,826	72,508	8,054,250
Business combinations	25,260	–	–	36,617	–	17,192	45	79,114
Disposals	(646,623)	(4,353,616)	(22,420)	(7,765,680)	(65,616)	(219,048)	(7,452)	(13,080,455)
Transfer of accounts	271,001	8,045,015	46,485	5,829,753	368	(5,443,591)	76,275	8,825,306
Exchange differences	(31,692)	(420,932)	(89,856)	(239,566)	(2,950)	(61,573)	(10,447)	(857,016)
Transfer to assets classified as held for sale	(1,366,875)	(21,509,409)	(21,281)	(11,109,538)	(97,427)	(1,483,663)	(26,022)	(35,614,215)
Other	116,042	67,757	11,808	50,556	–	(21,675)	(6,111)	218,377
As of March 31, 2020	\$2,343,205	\$15,457,392	\$1,353,294	\$ 4,240,513	\$652,136	\$1,666,388	\$325,701	\$26,038,629

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019	¥(222,229)	¥(3,503,743)	¥(29,764)	¥(829,959)	¥(8)	¥ (130)	¥(10,721)	¥(4,596,554)
Effect of retrospective adjustments due to the adoption of new standards*	18,225	1,099,297	7,722	29,231	–	–	20	1,154,495
As of April 1, 2019 (after adjustments)	(204,004)	(2,404,446)	(22,042)	(800,728)	(8)	(130)	(10,701)	(3,442,059)
Depreciation	(32,867)	(407,937)	(12,418)	(526,302)	–	–	(4,130)	(983,654)
Impairment loss	(20,465)	(4,053)	(156)	(1,136)	(2,123)	(4,306)	(4)	(32,243)
Disposals	49,788	445,143	2,119	552,678	2,123	4,355	516	1,056,722
Transfer of accounts	413	(181,149)	1,189	(5,840)	–	2	(12)	(185,397)
Exchange differences	1,733	28,593	1,116	11,013	–	–	302	42,757
Transfer to assets classified as held for sale	83,685	1,424,636	1,747	474,599	–	–	628	1,985,295
Other	738	(905)	(79)	(5,857)	–	(5,244)	658	(10,689)
As of March 31, 2020	¥(120,979)	¥(1,100,118)	¥(28,524)	¥(301,573)	¥(8)	¥(5,323)	¥(12,743)	¥(1,569,268)

(Thousands of U.S. dollars)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2019	\$(2,041,983)	\$(32,194,643)	\$(273,491)	\$(7,626,197)	\$(73)	\$ (1,194)	\$ (98,512)	\$(42,236,093)
Effect of retrospective adjustments due to the adoption of new standards*	167,463	10,101,048	70,955	268,593	–	–	184	10,608,243
As of April 1, 2019 (after adjustments)	(1,874,520)	(22,093,595)	(202,536)	(7,357,604)	(73)	(1,194)	(98,328)	(31,627,850)
Depreciation	(302,003)	(3,748,387)	(114,105)	(4,836,001)	–	–	(37,949)	(9,038,445)
Impairment loss	(188,046)	(37,242)	(1,433)	(10,438)	(19,507)	(39,566)	(37)	(296,269)
Disposals	457,484	4,090,260	19,471	5,078,361	19,507	40,017	4,741	9,709,841
Transfer of accounts	3,795	(1,664,513)	10,925	(53,662)	–	18	(110)	(1,703,547)
Exchange differences	15,924	262,731	10,255	101,195	–	–	2,775	392,880
Transfer to assets classified as held for sale	768,952	13,090,471	16,053	4,360,921	–	–	5,770	18,242,167
Other	6,781	(8,316)	(727)	(53,819)	–	(48,186)	6,047	(98,220)
As of March 31, 2020	\$(1,111,633)	\$(10,108,591)	\$(262,097)	\$(2,771,047)	\$(73)	\$(48,911)	\$(117,091)	\$(14,419,443)

The amount of “Transfer of accounts” includes the amount transferred from “Right-of-use assets” as a result of the termination of lease contracts as lessee and the transfer of the ownership of the assets to the Company.

	(Millions of yen)		(Thousands of U.S. dollars)	
	Historical cost	Accumulated depreciation and impairment losses	Historical cost	Accumulated depreciation and impairment losses
Buildings and structures	¥ 3,955	¥ (1,823)	\$ 36,341	\$ (16,751)
Telecommunications equipment	358,224	(182,308)	3,291,592	(1,675,163)
Furniture, fixtures, and equipment	32,357	(21,490)	297,317	(197,464)
Total	¥394,536	¥(205,621)	\$3,625,250	\$(1,889,378)

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

	(Millions of yen)							
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020.	¥134,032	¥582,110	¥118,755	¥159,922	¥70,964	¥176,030	¥22,703	¥1,264,516

	(Thousands of U.S. dollars)							
Carrying amounts	Buildings and structures	Telecommunications equipment	Machinery and equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2020.	\$1,231,572	\$5,348,801	\$1,091,197	\$1,469,466	\$652,063	\$1,617,477	\$208,610	\$11,619,186

Note:
* As a result of the adoption of IFRS 16, assets recognized under finance leases as a lessee that were previously included in property, plant and equipment, are reclassified to right-of-use assets. The details are described in "Note 17. Right-of-use assets."

Assets subject to operating leases as a lessor are included in the table above. These assets primarily comprise leased mobile devices, which are included in "Furniture, fixtures, and equipment." Changes in the historical cost, accumulated depreciation and impairment losses and carrying amounts for "Furniture, fixtures, and equipment" which includes the assets subject to operating leases as a lessor, are follows:

Historical cost	(Thousands of U.S. dollars)	
	(Millions of yen)	(Thousands of U.S. dollars)
	Furniture, fixtures, and equipment	
As of April 1, 2019	¥1,341,947	\$12,330,671
Purchases	173,060	1,590,187
Business combinations.	—	—
Disposals.	(810,422)	(7,446,678)
Transfer of accounts	599,768	5,511,054
Exchange differences.	(23,502)	(215,951)
Transfer to assets classified as held for sale	(1,114,037)	(10,236,488)
Other	2,412	22,163
As of March 31, 2020.	¥ 169,226	\$ 1,554,958

Carrying amount	(Thousands of U.S. dollars)	
	(Millions of yen)	(Thousands of U.S. dollars)
	Furniture, fixtures, and equipment	
As of March 31, 2020.	¥43,276	\$397,648

The amount of "Transfer of accounts" in "Furniture, fixtures, and equipment" for the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020 is mainly due to the transfer of leased devices from "Inventories" under current assets.

Impairment loss is included in "Other operating loss" and "Net income from discontinued operations" in the consolidated statement of income. The details are described in "Note 41. Other operating loss."

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(4) Assets pledged as collateral" under "Note 24. Interest-bearing debt."

Property, plant and equipment with restrictions on rights are described in "(5) Assets with restrictions on rights" under "Note 24. Interest-bearing debt."

Accumulated depreciation and impairment losses	(Thousands of U.S. dollars)	
	(Millions of yen)	(Thousands of U.S. dollars)
	Furniture, fixtures, and equipment	
As of April 1, 2019	¥(595,676)	\$(5,473,455)
Depreciation	(471,401)	(4,331,536)
Impairment loss.	(685)	(6,294)
Disposals.	516,585	4,746,715
Transfer of accounts	(925)	(8,499)
Exchange differences.	9,280	85,271
Transfer to assets classified as held for sale	418,975	3,849,812
Other	(2,103)	(19,324)
As of March 31, 2020.	¥(125,950)	\$(1,157,310)

17. Right-of-use assets

The components of the carrying amounts of right-of-use assets are as follows:

Carrying amounts	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Telecommunications equipment	¥–	¥816,546	\$ 7,502,950
Real estate for			
telecommunications business	–	219,149	2,013,682
Offices, warehouses and other properties . . .	–	229,496	2,108,757
Other	–	28,501	261,885
Total	¥–	¥1,293,692	\$11,887,274

Note:

* Right-of-use assets increased by ¥217,277 million (\$1,996,481 thousand) for the fiscal year ended March 31, 2020. Of this amount, ¥20,964 million (\$192,631 thousand) is from the acquisition of ZOZO, Inc.

The components of depreciation of right-of-use assets are as follows:

Depreciation	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Telecommunications equipment	¥–	¥(223,869)	\$(2,057,052)
Real estate for			
telecommunications business	–	(48,120)	(442,157)
Offices, warehouses and other properties . . .	–	(56,163)	(516,062)
Other	–	(17,373)	(159,635)
Total	¥–	¥(345,525)	\$(3,174,906)

The Company enters into lease transactions of telecommunications equipment, real estate for the telecommunications business and offices, warehouses and other properties mainly to facilitate efficient use of cash.

Many of the lease contracts include an option to terminate or extend the lease in order to enhance operational flexibility. Most of these options can be exercised by the Company without consent from the other party after a certain prior notice period. In determining the lease term, all relevant facts and circumstances that create an economic incentive not to exercise the option to extend or terminate the lease are considered. In addition, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in the facts and circumstances that affects that assessment.

Telecommunications equipment

The Company's telecommunications equipment leases contain telecommunications machinery and equipment and transmission facilities that are used for the telecommunications business. Most of these lease contracts include an option to terminate or extend the lease. The lease term of these lease

transactions are mainly 5 years or 10 years. The Company may extend a lease of transmission facilities beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Telecommunications equipment" are mainly comprised of those classified as "Telecommunications equipment" in property, plant and equipment.

Real estate for the telecommunications business

Leases of real estate for the telecommunications business entered into by the Company contain land to place towers or pillars for the placement of cell site equipment, spaces of buildings and structures for the placement of cell site equipment and land and buildings or a portion thereof for the placement of telecommunications equipment. Most of these lease contracts include an option to terminate or extend the lease. The lease terms of the leases of land and spaces of buildings and structures for the placement of cell site equipment are mainly 10 years to 20 years. The lease terms of other leases are mainly 20 years for land and buildings and three years for a portion thereof. The Company may extend a lease beyond the initial lease term as needed to provide telecommunication services in a stable manner. In such a case, the lease term is generally expected to be extended by the same period as the initial term of the contract. The right-of-use assets classified as "Real estate for the telecommunications business" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

Offices, warehouses and other properties

Leases of offices, warehouses and other properties entered into by the Company mainly contain real estate for offices, warehouses and real estate for stores. Most of these leases include an option to extend the lease that can be exercised by the Company without consent from the other party. The lease terms of these leases are mainly 5 years to 22 years for offices, mainly 3 years to 15 years for warehouses, and mainly 3 years for stores. The Company may extend a lease beyond the initial lease term as needed to continue its business. The right-of-use assets classified as "Offices, warehouses and other properties" are mainly comprised of those classified as "Buildings and structures" or "Land" in property, plant and equipment.

Other

Other leases entered into by the Company mainly contain mobile devices for rent and equipment for solar power generation. The right-of-use assets classified as "Other" are mainly comprised of "Furniture, fixtures, and equipment" and "Other" that are classified as property, plant and equipment.

18. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

Historical cost	Intangible assets with indefinite useful lives							Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other		
As of April 1, 2018 ¹	¥4,381,242	¥678,258	¥3,960,597	¥12,226	¥1,738,147	¥1,061,341	¥587,722	¥146,078	¥120,210	¥66,928	¥46,367	¥90,992	¥196,595	¥8,705,461	
Purchases	–	–	17,942	–	35,368	–	–	–	–	7	–	–	231,478	284,795	
Internal development	–	–	–	–	4,052	–	–	–	–	–	–	–	60,100	64,152	
Business combinations	75,342	197	–	–	439	7,415	9,822	–	–	240	–	–	547	18,660	
Disposals	–	–	–	–	(144,908)	–	–	–	–	(34)	–	(5,290)	(14,570)	(164,802)	
Transfer of accounts	–	–	–	–	205,747	–	–	43,402	–	14	–	–	(264,757)	(15,594)	
Exchange differences	(54,842)	29,048	177,088	537	17,891	27,642	(15,253)	–	5,375	2,518	2,073	3,986	2,220	253,125	
Other	1,494	5	(501)	–	177	(985)	–	–	–	(50)	–	–	490	(864)	
As of March 31, 2019	4,403,236	707,508	4,155,126	12,763	1,856,913	1,095,413	582,291	189,480	125,585	69,623	48,440	89,688	212,103	9,144,933	
Effect of retrospective adjustments due to the adoption of new standards ²	–	–	–	–	–	–	–	–	–	–	(48,440)	–	–	(48,440)	
As of April 1, 2019 (after adjustments)	4,403,236	707,508	4,155,126	12,763	1,856,913	1,095,413	582,291	189,480	125,585	69,623	–	89,688	212,103	9,096,493	
Purchases	–	–	13,699	–	56,082	–	–	–	–	19	–	–	229,051	298,851	
Internal development	–	–	–	–	3,793	–	–	–	–	–	–	–	38,102	41,895	
Business combinations	233,812	178,720	–	–	1,813	322,070	–	–	–	73	–	–	341	503,017	
Disposals	–	–	–	–	(170,467)	–	–	–	–	(57,794)	–	(744)	(8,029)	(237,034)	
Transfer of accounts	–	–	–	(5,243)	188,562	–	–	–	–	11	–	–	(183,189)	141	
Exchange differences	(234,923)	(13,042)	(80,914)	(222)	(8,789)	(27,432)	(46,562)	–	(2,444)	(607)	–	(1,749)	(3,365)	(185,126)	
Transfer to assets classified as held for sale	(322,978)	(645,906)	(4,091,250)	–	(343,142)	(714,251)	–	–	–	–	–	(87,195)	(100,591)	(5,982,335)	
Other	(612)	–	3,339	(6)	6,905	1,971	–	–	–	63	–	–	1,079	13,351	
As of March 31, 2020	¥4,078,535	¥227,280	¥–	¥7,292	¥1,591,670	¥677,771	¥535,729	¥189,480	¥123,141	¥11,388	¥–	¥–	¥185,502	¥3,549,253	

(Thousands of U.S. dollars)

Historical cost	Intangible assets with indefinite useful lives							Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other		
As of March 31, 2019	\$40,459,763	\$6,501,038	\$38,179,969	\$117,275	\$17,062,510	\$10,065,359	\$5,350,464	\$1,741,064	\$1,153,956	\$639,741	\$445,098	\$824,111	\$1,948,939	\$84,029,524	
Effect of retrospective adjustments due to the adoption of new standards ² . . .	-	-	-	-	-	-	-	-	-	-	(445,098)	-	-	(445,098)	
As of April 1, 2019 (after adjustments) . .	40,459,763	6,501,038	38,179,969	117,275	17,062,510	10,065,359	5,350,464	1,741,064	1,153,956	639,741	-	824,111	1,948,939	83,584,426	
Purchases	-	-	125,875	-	515,317	-	-	-	-	175	-	-	2,104,668	2,746,035	
Internal development	-	-	-	-	34,853	-	-	-	-	-	-	-	350,105	384,958	
Business combinations	2,148,415	1,642,194	-	-	16,659	2,959,386	-	-	-	671	-	-	3,134	4,622,044	
Disposals	-	-	-	-	(1,566,360)	-	-	-	-	(531,048)	-	(6,836)	(73,776)	(2,178,020)	
Transfer of accounts	-	-	-	(48,176)	1,732,629	-	-	-	-	101	-	-	(1,683,258)	1,296	
Exchange differences	(2,158,624)	(119,837)	(743,490)	(2,040)	(80,759)	(252,063)	(427,842)	-	(22,457)	(5,578)	-	(16,071)	(30,920)	(1,701,057)	
Transfer to assets classified as held for sale	(2,967,729)	(5,935,000)	(37,593,035)	-	(3,153,009)	(6,562,997)	-	-	-	-	-	(801,204)	(924,295)	(54,969,540)	
Other	(5,623)	-	30,681	(55)	63,447	18,111	-	-	-	578	-	-	9,915	122,677	
As of March 31, 2020	\$37,476,202	\$2,088,395	\$-	\$ 67,004	\$14,625,287	\$ 6,227,796	\$4,922,622	\$1,741,064	\$1,131,499	\$104,640	\$-	\$-	\$1,704,512	\$32,612,819	

Notes:

- The Company does not apply IFRS 16 to leases of intangible assets. Accordingly, the presentation of favorable lease contracts related to FCC licenses that were identified in business combinations in the past and were previously included in "Favorable lease contracts" has been changed to "FCC licenses" with finite useful lives.
- As a result of the adoption of IFRS 16, "Favorable lease contracts," except for those related to FCC licenses, that were previously recognized as intangible assets have been reclassified to relevant right-of-use assets.

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

Accumulated amortization and impairment losses	Intangible assets with indefinite useful lives							Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other		
As of April 1, 2018 ¹	¥(78,689)	¥(13,380)	¥-	¥-	¥ (998,246)	¥(728,897)	¥ (66,119)	¥(20,212)	¥ (4,877)	¥(9,571)	¥(29,821)	¥(18,260)	¥(31,528)	¥(1,920,911)	
Amortization	-	-	-	-	(248,999)	(90,814)	(42,175)	(9,746)	(25,759)	(3,085)	-	-	(4,790)	(425,368)	
Impairment loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	136,247	-	-	-	-	29	-	5,290	272	141,838	
Exchange differences	(3,080)	(267)	-	-	(9,676)	(25,418)	1,884	-	(226)	(320)	(1,337)	(817)	109	(36,068)	
Other	-	-	-	-	3,640	(1,256)	(3,997)	-	-	50	(4,056)	(7,809)	1,199	(12,229)	
As of March 31, 2019	(81,769)	(13,647)	-	-	(1,117,034)	(846,385)	(110,407)	(29,958)	(30,862)	(12,897)	(35,214)	(21,596)	(34,738)	(2,252,738)	
Effect of retrospective adjustments due to the adoption of new standards ²	-	-	-	-	-	-	-	-	-	-	35,214	-	-	35,214	
As of April 1, 2019 (after adjustments)	(81,769)	(13,647)	-	-	(1,117,034)	(846,385)	(110,407)	(29,958)	(30,862)	(12,897)	-	(21,596)	(34,738)	(2,217,524)	
Amortization	-	-	-	-	(258,081)	(68,823)	(40,019)	(10,752)	(21,097)	(48,369)	-	-	(8,151)	(455,292)	
Impairment loss	-	-	-	-	(1,154)	-	-	-	(25,710)	(1)	-	-	(18,126)	(44,991)	
Disposals	-	-	-	-	161,804	-	-	-	-	56,997	-	744	3,139	222,684	
Exchange differences	1,401	121	-	-	4,582	16,400	10,318	-	725	204	-	428	495	33,273	
Transfer to assets classified as held for sale	-	-	-	-	171,905	695,734	-	-	-	-	-	24,292	7,448	899,379	
Other	-	-	-	-	5,644	-	-	-	-	(7)	-	(3,868)	(2,579)	(810)	
As of March 31, 2020	¥(80,368)	¥(13,526)	¥-	¥-	¥(1,032,334)	¥(203,074)	¥(140,108)	¥(40,710)	¥(76,944)	¥(4,073)	¥-	¥-	¥(52,512)	¥(1,563,281)	

(Thousands of U.S. dollars)

Accumulated amortization and impairment losses	Intangible assets with indefinite useful lives							Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other		
As of March 31, 2019	\$(751,346)	\$(125,397)	\$-	\$-	\$(10,264,026)	\$(7,777,130)	\$(1,014,490)	\$(275,273)	\$(283,580)	\$(118,506)	\$(323,569)	\$(198,438)	\$(319,197)	\$(20,699,606)	
Effect of retrospective adjustments due to the adoption of new standards ²	-	-	-	-	-	-	-	-	-	-	323,569	-	-	323,569	
As of April 1, 2019 (after adjustments)	(751,346)	(125,397)	-	-	(10,264,026)	(7,777,130)	(1,014,490)	(275,273)	(283,580)	(118,506)	-	(198,438)	(319,197)	(20,376,037)	
Amortization	-	-	-	-	(2,371,414)	(632,390)	(367,720)	(98,797)	(193,853)	(444,445)	-	-	(74,897)	(4,183,516)	
Impairment loss	-	-	-	-	(10,604)	-	-	-	(236,240)	(9)	-	-	(166,553)	(413,406)	
Disposals	-	-	-	-	1,486,759	-	-	-	-	523,726	-	6,836	28,843	2,046,164	
Exchange differences	12,873	1,111	-	-	42,102	150,694	94,808	-	6,662	1,874	-	3,933	4,548	305,732	
Transfer to assets classified as held for sale	-	-	-	-	1,579,574	6,392,851	-	-	-	-	-	223,211	68,437	8,264,073	
Other	-	-	-	-	51,861	-	-	-	-	(65)	-	(35,542)	(23,696)	(7,442)	
As of March 31, 2020	\$(738,473)	\$(124,286)	\$-	\$-	\$(9,485,748)	\$(1,865,975)	\$(1,287,402)	\$(374,070)	\$(707,011)	\$(37,425)	\$-	\$-	\$(482,515)	\$(14,364,432)	

Notes:

1. The Company does not apply IFRS 16 to leases of intangible assets. Accordingly, the presentation of favorable lease contracts related to FCC licenses that were identified in business combinations in the past and were previously included in "Favorable lease contracts" has been changed to "FCC licenses" with finite useful lives.
2. As a result of the adoption of IFRS 16, "Favorable lease contracts," except for those related to FCC licenses, that were previously recognized as intangible assets have been reclassified to relevant right-of-use assets.

The carrying amounts of goodwill and intangible assets are as follows:

Carrying amounts	Intangible assets with indefinite useful lives						Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other	
As of March 31, 2019	¥4,321,467	¥693,861	¥4,155,126	¥12,763	¥739,879	¥249,028	¥471,884	¥159,522	¥94,723	¥56,726	¥13,226	¥68,092	¥177,365	¥6,892,195
As of March 31, 2020	¥3,998,167	¥213,754	¥ -	¥ 7,292	¥559,336	¥474,697	¥395,621	¥148,770	¥46,197	¥ 7,315	¥ -	¥ -	¥132,990	¥1,985,972

Carrying amounts	Intangible assets with indefinite useful lives						Intangible assets with finite useful lives							Total
	Goodwill	Trademarks	FCC licenses	Other	Software	Customer relationships	Technologies	Spectrum migration costs	Management contracts	Trademarks	Favorable lease contracts	FCC licenses	Other	
As of March 31, 2020	\$36,737,729	\$1,964,109	\$-	\$67,004	\$5,139,539	\$4,361,821	\$3,635,220	\$1,366,994	\$424,488	\$67,215	\$-	\$-	\$1,221,997	\$18,248,387

The Company determined that the "Sprint," "Boost Mobile," and "ZOZO" trademarks have indefinite useful lives as they can be legally utilized indefinitely as long as the business continues and management's current plans are to offer services under these trademarks for the foreseeable future.

FCC licenses are licenses to use a specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC"). As long as the Company acts within the requirements of regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of the business combinations.

Technologies reflect excessive earning capacity in the future expected from technologies of the acquiree that had been already developed, or was already well-advanced in development, at the time of the business combinations.

Spectrum migration costs are the amounts that SoftBank Corp. incurred in connection with the migration of existing users from the frequency spectrum, which SoftBank Corp. acquired, to the other frequency spectrum in accordance with the termination promotion measures prescribed in the Radio Act.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms at acquisition date. Reversal of favorable lease contracts is recognized as operating lease payments for the fiscal year ended March 31, 2019.

Amortization is included in "Cost of sales," "Selling, general and administrative expenses," "Operating income from SoftBank Vision Fund and other SBIA-managed funds," and "Net income from discontinued operations" in the consolidated statement of income.

Impairment losses are included in "Other operating loss" in the consolidated statement of income. The details are described in "Note 41. Other operating loss."

Increase due to "Business combinations" is as follows:

For the fiscal year ended March 31, 2020
As a result of consolidating ZOZO, Inc. as a subsidiary in November 2019, the Company recognized goodwill of ¥212,911 million (\$1,956,363 thousand), trademarks of ¥178,720 million (\$1,642,194 thousand) (intangible assets with indefinite useful lives), customer relationships of ¥322,070 million (\$2,959,386 thousand), and other of ¥2,227 million (\$20,463 thousand). The details are described in "Note 9. Business combinations."

The carrying amount of internally-generated intangible assets included in the intangible assets is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Software	¥84,347	¥76,134	\$699,568

The Company does not applied IFRS 16 to leases of intangible assets. Therefore, since finance lease assets arising from lease transactions of software are recognized as intangible assets, the note for the carrying amounts of finance lease assets relating to software, which was disclosed in the financial statements for the fiscal year ended March 31, 2019, is not disclosed. The intangible assets with restrictions on rights arising from these transactions are described in “(5) Assets with restrictions on rights c. Assets under lease contracts for intangible assets” under “Note 24. Interest-bearing debt.”

The intangible assets with restrictions on rights due to installment purchase are described in “(5) Assets with restrictions on rights a. Assets with restrictions on rights due to the installment purchase” under “Note 24. Interest-bearing debt.”

Research and development costs included in “Cost of sales” and “Selling, general and administrative expenses” are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Research and development costs	¥165,682	¥167,095	\$1,535,376

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash-generating units or cash-generating unit groups are as follows:

Goodwill

Reportable segments	Cash-generating unit or Cash-generating unit groups	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
SoftBank	SoftBank ¹	¥ 920,479	¥ 922,459	\$ 8,476,146
	Yahoo ²	16,519	16,519	151,787
	Marketing solution . .	23,108	32,625	299,779
	Shopping	58,136	272,560	2,504,456
	Ikyu	72,044	72,044	661,987
	Finance ³	20,891	23,504	215,970
	Other	1,524	2,181	20,041
	Subtotal	1,112,701	1,341,892	12,330,166
Arm	Arm	2,833,051	2,607,318	23,957,714
Brightstar	Brightstar	18,831	18,770	172,471
	– Other	27,495	30,187	277,378
Sprint (discontinued operations)	Sprint ⁴	329,389	–	–
Total		¥4,321,467	¥3,998,167	\$36,737,729

Intangible assets with indefinite useful lives

Reportable segments	Cash-generating unit	(Millions of yen)		(Thousands of U.S. dollars)
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
SoftBank	Shopping	¥ 20,130	¥ 198,850	\$ 1,827,162
	Ikyu	10,120	10,120	92,989
	Subtotal	30,250	208,970	1,920,151
Brightstar	Brightstar US and Canada region . . .	3,191	3,129	28,751
	Brightstar Asia and Oceania region . . .	1,695	1,655	15,207
	Subtotal	4,886	4,784	43,958
–	Other	12,763	7,292	67,004
Sprint (discontinued operations)	Sprint ⁴	4,813,851	–	–
Total		¥4,861,750	¥ 221,046	\$ 2,031,113

Notes:

- SoftBank comprises SoftBank Corp. and others.
- Goodwill is allocated to “Yahoo” because the benefits are expected to be realized from Z Holdings Corporation and its group companies as a whole, not from individual cash-generating units in the SoftBank segment.
- The cash-generating unit for the fiscal year ended March 31, 2019 was “Settlement finance,” however it was changed to “Finance” since the settlement part was allocated to “Shopping” and “Other.”
- As of March 31, 2020, “Sprint” is excluded from the reportable segments since Sprint is reclassified as a disposal group classified as held for sale. The details are described in “Note 6. Discontinued operations.”

The recoverable amount of each cash-generating unit or cash-generating unit group is measured as follows:

For the fiscal year ended March 31, 2019

Value in use: Marketing solution, Shopping, Settlement finance, and Ikyu

Fair value less disposal cost: SoftBank, Sprint, Yahoo, Arm, Brightstar, Brightstar US and Canada region, and Brightstar Asia and Oceania region

For the fiscal year ended March 31, 2020

Value in use: Marketing solution, Shopping, Finance, and Ikyu

Fair value less disposal cost: SoftBank, Yahoo, Arm, Brightstar, Brightstar US and Canada region, and Brightstar Asia and Oceania region

Value in use is assessed by discounting to the present value the estimated cash flows over the next five years based on the financial budget approved by the management, which reflects past experience and external information, using the pre-tax discount rate of 7.8%-9.6% of the cash-generating unit or cash-generating unit group (for the fiscal year ended March 31, 2019: 9.1%-12.0%). The cash flows from after five years are assumed to increase on the basis of the growth rate of 0.6% (for the fiscal year ended March 31, 2019: 0.7%).

For SoftBank and Yahoo, the fair value less disposal cost is measured mainly based on active market prices.

For Arm, it is measured by discounting the cash flows which are estimated based on the business plans for the next nine years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 13.0% (for the fiscal year ended March 31, 2019: 10.6%). The cash flows from after nine years are assumed on the basis of the growth rate of 21.2% on the 10th year, 18.5% on the 11th year, 15.7% on the 12th year, 13.0% on the 13th year, and 10.2% on the 14th year (for the fiscal year ended March 31, 2019: 19.2% on the 11th year, 9.9% on the 12th year, and 3.9% on the 13th year, and 2.3% on the 14th year). The cash flows from the 15th year onward are assumed to increase on the basis of the growth rate of 2.0% (for the fiscal year ended March 31, 2019: 2.0% from the 15th year onward). Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

In Brightstar (cash-generating unit group), Brightstar US and Canada region, and Brightstar Asia and Oceania region, it is measured using the income approach and the market approach. Under the income approach, fair value is measured by discounting cash flows which are estimated based on business plans for the next 10 years while taking into account future cash flows that market participants would expect to receive in accordance with their assumptions, discounted to the present value using a post-tax discount rate of 10.0-12.5% (for the fiscal year ended March 31, 2019: 10.0-13.0%). The cash flows from after 10 years are assumed on the basis of a 2.0% growth rate (for the fiscal year ended March

31, 2019: 2.5%). Under the market approach, EV/EBITDA of similar companies which are comparable to the respective companies is used. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

Other than the above, as a result of an annual impairment test of goodwill and intangible assets with indefinite useful lives for cash-generating units or cash-generating unit groups, no impairment loss was recognized.

For Arm, assumptions used for the fair value measurement of the impairment test on goodwill and intangible assets with indefinite useful lives include management's significant judgments and estimates. Changes in precondition in business plans, such as a decline of the overall IoT market growth, an increase in competitive companies' market share and a decrease in Arm's market share, and an increase in risk of M&A achievement, could impact the estimated fair value, potentially leading to a future material impairment of goodwill or intangible assets with indefinite useful lives.

The recoverable amount of the cash generation unit for shopping may equal to its carrying amount on the assumption that the pre-tax discount rate increases approximately 2% or permanent growth rate decreases approximately 3%.

The Company determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

19. Leases

For the fiscal year ended March 31, 2019

(1) Finance leases

(As lessee)

The Company has leased assets, including wireless equipment, switching equipment, power supply systems and transmission facilities.

The components of finance lease obligations are as follows:

	(Millions of yen)
	As of March 31, 2019
The total minimum lease payments	
Within 1 year	¥346,277
1 to 5 years	555,832
Over 5 years	19,334
Total	921,443
Deduction—future financial expense	(28,971)
Present value of finance lease obligations	¥892,472

The components of the present value of finance lease obligations are as follows:

	(Millions of yen)
	As of March 31, 2019
Within 1 year	¥334,517
1 to 5 years	542,715
Over 5 years	15,240
Total	¥892,472

The outstanding balance by year of maturity of financial lease obligations is described in “(2) Financial risk management c. Liquidity risk” under “Note 30. Financial instruments.”

Certain lease contracts have financial covenants. Major contents are described in “(2) Financial covenants” under “Note 24. Interest-bearing debt.”

The Company does not apply IFRS 16 to leases of intangible assets. As a result, the presentation of the components of finance lease obligations and the present value of finance lease obligations as of March 31, 2019 is restated. The details are described in “Notes 5” in “(1) Components of interest-bearing debt” under “Note 24. Interest-bearing debt.”

The components of the future minimum lease payments receivable under non-cancelable subleases are as follows:

	(Millions of yen)
	As of March 31, 2019
Future minimum lease payments receivable	¥33,660

(2) Operating leases

(As lessee)

The Company leases towers, land and buildings for the placement of telecommunications equipment, and telecommunication lines under operating leases. Certain operating lease contracts have automatic renewal options and escalation clauses.

In addition to the non-cancelable period, an automatic renewal option is included in the lease term to the extent that, at the inception of the lease, it is reasonably certain that the option will be exercised. For operating leases with escalation clauses or a portion of which is free of charge, the total lease payment amount is amortized over the lease term by the straight line method.

Cell site leases

Cell site leases in the U.S. are generally provided by the cell phone tower operators who provide tower and ground space to place Sprint-owned antennae, radio, and related equipment. The contract terms generally provide for an initial non-cancelable term of 5 to 12 years with up to five renewal options for

five years each. At the establishment of the cell site leases, it is assumed that at least one renewal option is exercised for contracts less than 10 years.

Cell site leases in Japan contain only land or buildings for the placement of cell sites. Most of the contract terms are 10 years or 20 years. At the establishment of the cell site leases, it is reasonably certain that they will be used until the contract term expires.

The components of the future minimum lease payments related to non-cancelable operating leases are as follows:

	(Millions of yen)
	As of March 31, 2019
Within 1 year	¥ 379,470
1 to 5 years	1,019,023
Over 5 years	518,746
Total	¥1,917,239

Note:

* Before applying IFRS 16, commitments under Sprint’s lease agreements for spectrum licenses held by third parties were included in the disclosure for the future minimum lease payments payable under non-cancelable operating leases, as they were deemed to be equivalent to operating leases. These commitments, however, are not included in the table above because they are not leases within the scope of IFRS 16.

The Company passed a resolution to relocate its head office at the Board of Directors meeting held in January 2019, and entered into a building lease contract with a 20-year contract period from September 2020, effective January 23, 2019.

In the contract, non-cancelable period is determined during the contract period and an option to cancel the contract after the non-cancelable period is granted. Planned total payment amount (including area maintenance fees) during the contract period is ¥200,955 million.

Operating lease payments recognized as expenses for the fiscal year ended March 31, 2019 totaled ¥157,317 million.

(As lessor)

Sprint provides a device leasing program to its qualifying subscribers in the U.S. and SoftBank Corp. provides device rental service to corporate customers in Japan. The Company classifies certain transactions as operating leases for the device leasing program and device rental service. At the end of the lease term of the device leasing program at Sprint, the subscriber has the option to turn in their device, continue leasing their device, or purchase their device. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is separated into the amount of payments to be received for device leases and other elements based on the fair value of telecommunication service and lease.

The components of the future minimum lease payments receivable under non-cancelable operating leases are as follows:

	(Millions of yen)
	As of March 31, 2019
Within 1 year	¥409,615
1 to 5 years	74,503
Over 5 years	2,163
Total	¥486,281

For the fiscal year ended March 31, 2020

(As lessee)

(1) Right-of-use assets

The details of the components of the carrying amounts of the right-of-use assets by class of underlying asset, the components of depreciation by asset class, and an increase in the right-of-use assets, are described in "Note 17. Right-of-use assets."

(2) Lease liabilities

The details of the outstanding balance by year of maturity of lease liabilities are described in "(b) Analysis of financial liabilities by maturities" in "(2) Financial risk management c. Liquidity risk" under "Note 30. Financial instruments."

The amount of the lease liabilities as of March 31, 2020 is ¥1,140,326 million (\$10,478,048 thousand). The weighted average interest rate for the lease liabilities as of March 31, 2020 is 1.52 % and their due dates range from April 2020 to September 2049.

The details of interest expense on lease liabilities are described in "Note 42. Finance cost."

(3) Total cash outflow

The details of total cash outflow for leases are described in "Note 51. Supplemental information to the consolidated statement of cash flows."

(4) Leases not yet commenced to which the Company is committed

Some of the Company's contracts are not reflected in the measurement of lease liabilities because they have a fixed-term building lease contract or fixed-term building lease reservation contract, but the lease term has not yet started. The underlying asset of the right-of-use assets held under the lease contract is all classified as offices and warehouses, and the lease start date is after April 1, 2020, and the contract term is 6 to 20 years. The total amount to be paid after April 1, 2020 (or for the fiscal year ending March 31, 2021) is ¥234,703 million (\$2,156,602 thousand).

(As lessor)

The Company provides device rental services to corporate customers in Japan. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is allocated between the amount to be received for leases and other elements based on the fair value of device leases and telecommunication services.

At the end of the lease term, the Company sells leased devices to entities providing trade-in service. To manage residual asset risk associated with devices, the trade-in prices are obtained from multiple entities and monitored on a regular basis.

(1) Finance leases

The components of revenue recognized for finance leases are as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2020
Selling profit or loss, net	¥2,053	\$18,864
Finance income on the net investment in the lease	113	1,038
Total	¥2,166	\$19,902

Of this amount, revenue recognized for subleases is ¥975 million (\$8,959 thousand).

The maturity analysis of the undiscounted total lease payments and the net investment in the lease at the end of the fiscal year is as follows:

As of March 31, 2020

	(Millions of yen)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year	¥13,908	¥ (99)	¥-	¥13,809
1 to 2 years	7,936	(53)	-	7,883
2 to 3 years	3,113	(20)	-	3,093
3 to 4 years	567	(3)	-	564
4 to 5 years	153	-	-	153
Over 5 years	-	-	-	-
Total	¥25,677	¥(175)	¥-	¥25,502

	(Thousands of U.S. dollars)			
	Undiscounted total lease payments	Unearned finance income relating to the lease payments receivable	Discounted unguaranteed residual value	Net investment in the lease
Within 1 year	\$127,796	\$ (910)	\$-	\$126,886
1 to 2 years	72,921	(487)	-	72,434
2 to 3 years	28,604	(184)	-	28,420
3 to 4 years	5,210	(28)	-	5,182
4 to 5 years	1,406	-	-	1,406
Over 5 years	-	-	-	-
Total	\$235,937	\$(1,609)	\$-	\$234,328

(2) Operating leases

Analysis of maturities for operating leases is as follows:

As of March 31, 2020

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2020
Within 1 year	¥25,429	\$233,658
1 to 2 years	13,203	121,318
2 to 3 years	4,585	42,130
3 to 4 years	427	3,924
4 to 5 years	400	3,675
Over 5 years	2,657	24,414
Total	¥46,701	\$429,119

Lease income (excluding income relating to variable lease payments that do not depend on an index or a rate) for operating leases for the fiscal year ended March 31, 2020 is ¥57,771 million (\$530,837 thousand). Of this amount, income from subleases is ¥30,531 million (\$280,538 thousand).

Changes in historical cost, changes in the accumulated depreciation and impairment losses, and the carrying amounts of property, plant and equipment underlying operating leases are described in "Note 16. Property, plant and equipment."

20. Major subsidiaries

(1) Organizational structure

The Company's major subsidiaries are as follows:

Major subsidiaries as of March 31, 2020

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%)	
			As of March 31, 2019	As of March 31, 2020
SB Investment Advisers (UK) Limited	SoftBank Vision Fund and Other SBIA-Managed Funds	U.K.	100	100
SoftBank Vision Fund L.P. ¹	SoftBank Vision Fund and Other SBIA-Managed Funds	Bailiwick of Jersey	–	–
SoftBank Vision Fund (AIV M1) L.P. ¹	SoftBank Vision Fund and Other SBIA-Managed Funds	U.S.	–	–
SoftBank Vision Fund (AIV M2) L.P. ¹	SoftBank Vision Fund and Other SBIA-Managed Funds	U.S.	–	–
SoftBank Vision Fund (AIV M3) L.P. ¹	SoftBank Vision Fund and Other SBIA-Managed Funds	U.S.	–	–
SoftBank Vision Fund (AIV S1) L.P. ¹	SoftBank Vision Fund and Other SBIA-Managed Funds	U.S.	–	–
SoftBank Corp.	SoftBank	Tokyo	66.5	67.1
SB C&S Corp.	SoftBank	Tokyo	100	100
Wireless City Planning Inc. ²	SoftBank	Tokyo	32.2	32.2
SB Technology Corp.	SoftBank	Tokyo	54.1	53.3
ITmedia Inc.	SoftBank	Tokyo	53.6	52.8
Vector Inc. ³	SoftBank	Tokyo	52.1	42.4
Z Holdings Corporation ⁴	SoftBank	Tokyo	48.2	45.5
Yahoo Japan Corporation	SoftBank	Tokyo	–	100
ValueCommerce Co., Ltd.	SoftBank	Tokyo	52.0	52.0
ZOZO, Inc.	SoftBank	Chiba	–	50.1
The Japan Net Bank, Limited ⁵	SoftBank	Tokyo	46.6	46.6
ASKUL Corporation ⁶	SoftBank	Tokyo	45.1	45.1
eBOOK Initiative Japan Co., Ltd. ⁷	SoftBank	Tokyo	43.6	43.5
Arm Limited	Arm	U.K.	100	100
Arm PIPD Holdings One, LLC	Arm	U.S.	100	100
Arm PIPD Holdings Two, LLC	Arm	U.S.	100	100
Brightstar Global Group Inc.	Brightstar	U.S.	89.5	89.9
Brightstar Corp.	Brightstar	U.S.	100	100
SoftBank Group Japan Corporation	Company-wide	Tokyo	100	100
SoftBank Group Capital Limited	Company-wide	U.K.	100	100
SB Group US, Inc.	Company-wide	U.S.	100	100
Fortress Investment Group LLC	Other	U.S.	100	100
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	100
SLA ADVISERS CORP.	Other	U.S.	–	100
SB Energy Corp.	Other	Tokyo	100	100
PayPay Corporation	Other	Tokyo	100	100
Boston Dynamics, Inc.	Other	U.S.	100	100
SoftBank Robotics Group Corp.	Other	Tokyo	69.7	74.5
Skywalk Finance GK	Other	Tokyo	100	100
SoftBank Ventures Asia Corp.	Other	South Korea	100	100
SoftBank Korea Corp.	Other	South Korea	100	100
SB Pan Pacific Corporation	Other	Micronesia	100	100
STARFISH I PTE. LTD.	Other	Singapore	100	100
Starburst I, Inc.	Other	U.S.	100	100
West Raptor Holdings, LLC	Other	U.S.	100	100
Hayate Corporation	Other	Micronesia	100	100
Sprint Corporation	Sprint (discontinued operations)	U.S.	84.4	83.7
Sprint Communications, Inc.	Sprint (discontinued operations)	U.S.	100	100

Notes:

- Limited partnerships are deemed as structured entities and the voting rights are not described. The details are described in “(1) Consolidated structured entities” under “Note 22. Structured entities.”
- The Company does not own the majority of Wireless City Planning Inc.’s voting rights. However, the Company determined that it has substantial control over Wireless City Planning Inc. and included it in the scope of consolidation, considering the fact that SoftBank Group Corp.’s directors, SoftBank Corp.’s directors and corporate officers constitute the majority of members of Wireless City Planning Inc.’s Board of Directors and that Wireless City Planning Inc.’s business activities significantly depend on the Company.
- The Company does not own the majority of Vector Inc.’s voting rights. However, the Company determined that it has substantial control over Vector Inc. and included it in the scope of consolidation, considering the fact that the Company holds 42.4% of the voting rights of Vector Inc., the dispersion of voting rights in Vector Inc. and the voting patterns exercised in Vector Inc.’s past shareholders meetings.
- The Company does not own the majority of Z Holdings Corporation’s voting rights. However, the Company determined that it has substantial control over Z Holdings Corporation and included it in the scope of consolidation, considering the fact that the Company holds 45.5% of the voting rights of Z Holdings Corporation and directors from the Company constitute the majority of the members of Z Holdings Corporation’s Board of Directors.
- The Company does not own the majority of The Japan Net Bank, Limited’s voting rights. However, the Company determined that it has substantial control over The Japan Net Bank, Limited and included it in the scope of consolidation, considering the fact that the Company holds 46.6% of the voting rights of The Japan Net Bank, Limited and directors from the Company constitute the majority of the members of The Japan Net Bank, Limited’s Board of Directors.
- The Company does not own the majority of ASKUL Corporation’s voting rights. However, the Company determined that it has substantial control over ASKUL Corporation and included it in the scope of consolidation, considering the fact that the Company holds 45.1% of the voting rights of ASKUL Corporation, the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation’s past shareholders meetings.
- The Company does not own the majority of eBook Initiative Japan Co., Ltd.’s voting rights. However, the Company determined that it has substantial control over eBook Initiative Japan Co., Ltd. and included it in the scope of consolidation, considering the fact that the Company holds 43.5% of the voting rights of eBook Initiative Japan Co., Ltd., and directors from the Company constitute the majority of the members of eBook Initiative Japan Co., Ltd.’s Board of Directors.

(2) Summarized consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. SoftBank Corp. (SoftBank Corp. and its group companies)

As a result of the consolidation of Yahoo Japan Corporation (subsequently renamed as Z Holdings Corporation) by SoftBank Corp. in June 2019, the amounts arising from Yahoo Japan Corporation and its group companies are included in (a) General information and (b) Summarized consolidated financial information as of March 31, 2020 and for the fiscal year ended March 31, 2020.

(a) General information

	As of March 31, 2019	As of March 31, 2020
Ownership ratio of the non-controlling interests (%)	33.5	32.9

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥375,168	¥1,041,328	\$9,568,391

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income allocated to the non-controlling interests of subsidiary group	¥13,925	¥208,836	\$1,918,919

(b) Summarized consolidated financial information

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current assets	¥1,756,322	¥3,364,303	\$30,913,379
Non-current assets	4,742,159	7,148,056	65,680,934
Current liabilities	2,046,275	4,496,609	41,317,734
Non-current liabilities	2,464,315	3,588,085	32,969,632
Net assets	1,987,891	2,427,665	22,306,947

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	¥3,746,305	¥4,861,247	\$44,668,262
Net income	425,572	506,668	4,655,591
Comprehensive income	365,266	497,048	4,567,197

Dividends paid to the non-controlling interests by SoftBank Corp. for the fiscal year ended March 31, 2020 are ¥127,184 million (\$1,168,648 thousand) (for the fiscal year ended March 31, 2019: no dividends).

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net cash provided by operating activities	¥826,582	¥1,249,535	\$11,481,531
Net cash used in investing activities	(614,738)	(900,145)	(8,271,111)
Net cash provided by (used in) financing activities	25,084	(143,613)	(1,319,609)
Effect of exchange rate changes on cash and cash equivalents	–	(357)	(3,280)
Increase in cash and cash equivalents	¥236,928	¥ 205,420	\$ 1,887,531

b. Yahoo Japan Corporation (subsequently renamed as Z Holdings Corporation) (Yahoo Japan Corporation and its group companies)

As a result of the consolidation of Yahoo Japan Corporation (subsequently renamed as Z Holdings Corporation) by SoftBank Corp. in June 2019, the amounts arising from Yahoo Japan Corporation and its group companies are included in (a) General information and (b) Summarized consolidated financial information under "a. SoftBank Corp. (SoftBank Corp. and its group companies)" as of March 31, 2020 and for the fiscal year ended March 31, 2020.

(a) General information

	As of March 31, 2019	As of March 31, 2020
Ownership ratio of the non-controlling interests (%)	51.8	—

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥564,222	¥—	\$—

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income allocated to the non-controlling interests of subsidiary group	¥46,964	¥—	\$—

(b) Summarized consolidated financial information

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current assets	¥1,224,363	¥—	\$—
Non-current assets	1,221,286	—	—
Current liabilities	1,277,527	—	—
Non-current liabilities	241,551	—	—
Net assets	926,571	—	—

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	¥954,714	¥—	\$—
Net income	77,828	—	—
Comprehensive income	83,554	—	—

Dividends paid to the non-controlling interests by Yahoo Japan Corporation (subsequently renamed as Z Holdings Corporation) for the fiscal year ended March 31, 2019 are ¥28,795 million.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net cash provided by operating activities	¥151,369	¥—	\$—
Net cash used in investing activities	(213,605)	—	—
Net cash used in financing activities	(263,303)	—	—
Effect of exchange rate changes on cash and cash equivalents	515	—	—
Decrease in cash and cash equivalents	¥(325,024)	¥—	\$—

c. Sprint (Sprint Corporation and its group companies)

(a) General information

	As of March 31, 2019	As of March 31, 2020
Ownership ratio of the non-controlling interests (%)	15.6	16.3

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥430,518	¥424,746	\$3,902,839

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income (loss) allocated to the non-controlling interests of subsidiary group	¥525	¥(7,006)	\$(64,376)

(b) Summarized consolidated financial information

As of March 31, 2020, Sprint was reclassified as a disposal group classified as held for sale and therefore the summarized consolidated financial information for the fiscal year ended March 31, 2020 is not described. The details are described in "Note 6. Discontinued operations." In addition, the details of the comparative information for Sprint's business results and cash flows for the fiscal year ended March 31, 2019 are described in "Note 6. Discontinued operations."

No dividends were paid to non-controlling interests by Sprint for the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current assets	¥1,430,756	¥-	\$-
Non-current assets	7,999,031	-	-
Current liabilities	1,382,646	-	-
Non-current liabilities	5,174,812	-	-
Net assets	2,872,329	-	-

21. Investments accounted for using the equity method

(1) Summarized consolidated financial information and other of the significant associates

a. Alibaba Group Holding Limited

(a) General information

Alibaba (registered in Cayman) operates online marketplaces "Taobao Marketplace," "Tmall," "Alibaba.com" and other through its group company.

(b) Summarized consolidated financial information

IFRSs summarized consolidated financial information for Alibaba is as follows.

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current assets	¥ 4,415,376	¥ 7,032,939	\$ 64,623,165
Non-current assets	10,590,078	12,600,850	115,784,710
Current liabilities	3,470,290	4,016,839	36,909,300
Non-current liabilities	2,523,846	3,057,346	28,092,860
Equity			
Total equity attributable to owners of the parent	7,855,322	11,505,557	105,720,454
Non-controlling interests	1,155,996	1,054,047	9,685,261

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	¥5,735,529	¥7,636,828	\$70,172,085
Net income	1,036,961	2,412,694	22,169,383
Other comprehensive income, net of tax	52,670	(7,568)	(69,539)
Total comprehensive income	¥1,089,631	¥2,405,126	\$22,099,844

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income attributable to owners of the parent	¥1,161,072	¥2,546,831	\$23,401,920
Other comprehensive income attributable to owners of the parent, net of tax	43,394	(11,664)	(107,176)
Total comprehensive income attributable to owners of the parent	¥1,204,466	¥2,535,167	\$23,294,744

There were no dividends received from Alibaba for the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Total equity attributable to owners of the parent	¥7,855,322	¥11,505,557	\$105,720,454
Interest ratio (%)	26.26	25.28	25.28
Interests of the Company	2,062,807	2,908,605	26,726,133
Goodwill	161,277	145,258	1,334,724
Accumulated amortization of goodwill on the IFRSs transition date ¹	(6,095)	(5,454)	(50,115)
Warrants	(125,695)	(146,357)	(1,344,822)
Other ²	(29,801)	(41,132)	(377,948)
Carrying amount of the interests in Alibaba	¥2,062,493	¥ 2,860,920	\$ 26,287,972

Notes:

- Goodwill recorded by Alibaba from business combinations before the IFRSs transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.
- Other relates to adjustments mainly related to organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

(c) Fair value of investment in Alibaba

The fair value of the investment in Alibaba based on market price is ¥14,103,354 million (\$129,590,683 thousand) as of March 31, 2020 (as of March 31, 2019: ¥13,643,692 million).

b. The We Company

In accordance with the agreement between the Company and WeWork dated on October 22, 2019, WeWork's corporate governance was changed on October 30, 2019 and the Company was given the right to nominate five out of the 10 directors on WeWork's Board of Directors. As a result, WeWork became an associate of the Company as of such date.

Since the Company will not hold a majority of voting rights at any general shareholders meeting or Board of Directors meeting and cannot control WeWork due to provisions of WeWork's certificate of incorporation and shareholders agreement, WeWork is not a subsidiary of the Company. There is no other party acting as the Company's de facto agent.

Details and progress of the agreement between the Company and WeWork dated October 22, 2019 are described in "(3) Details and progress of the agreement between the Company and WeWork."

(a) General information

WeWork (registered in the U.S.) operates the co-working space business "WeWork" all over the world mainly in North America, Europe, and China.

(b) Ownership percentage of voting rights

The Company owns 20.12% of shares (voting right basis before dilution) issued by WeWork. Ownership percentage of voting rights held by the Company is restricted as 49.9% due to provisions of WeWork's certificate of incorporation and shareholders agreement even though the Company owns the majority of shares issued by WeWork on a voting rights basis.

(c) Measurement

The Company's wholly owned subsidiary other than SoftBank Vision Fund (herein "Investments in WeWork," 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") and SoftBank Vision Fund have invested in WeWork. Shares held by SoftBank Vision Fund are measured by fair value and accounted for as financial instruments at FVTPL. Preferred shares held by the WeWork Investment Subsidiary are measured at fair value and accounted for as financial instruments at FVTPL and ordinary shares are accounted for under equity method. In addition, the Company's holding of common shares measured at equity method is 2.75%.

(d) Summarized consolidated financial information

IFRSs summarized consolidated financial information for WeWork is as follows.

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2020
Current assets	¥ 238,250	\$ 2,189,194
Non-current assets	3,183,818	29,254,966
Current liabilities	531,300	4,881,926
Non-current liabilities	2,684,816	24,669,815
Equity		
Total equity attributable to owners of the parent	107,414	986,989
Non-controlling interests	98,538	905,430

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. The above amounts were measured at fair value based on the best estimation at the present moment and an adjustment may be made during the measurement period when new information about fact and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net sales	¥ 186,311	\$ 1,711,945
Net loss	(214,201)	(1,968,216)
Other comprehensive income, net of tax	6,234	57,282
Total comprehensive income	¥(207,967)	\$(1,910,934)

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net loss attributable to owners of the parent	¥(161,229)	\$(1,481,476)
Other comprehensive income attributable to owners of the parent, net of tax	5,380	49,435
Total comprehensive income attributable to owners of the parent	¥(155,849)	\$(1,432,041)

WeWork became an associate of the Company on October 30, 2019, therefore, information related to comprehensive income from October 30, 2019 to March 31, 2020 is disclosed.

There was no dividend received from WeWork for the fiscal year ended March 31, 2020.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in WeWork is as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2020	As of March 31, 2020
Total equity attributable to owners of the parent	¥107,414	\$986,989
Interest ratio (%)	2.75	2.75
Interests of the Company	2,954	27,143
Consolidation adjustments and other adjustments	(1,461)	(13,424)
Carrying amount of the interests in WeWork	¥ 1,493	\$ 13,719

(2) Aggregated information on investment in insignificant associates and joint ventures

The aggregated information of insignificant investments accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020
Carrying amount of the interests		
Associates	¥575,436	¥366,495
Joint ventures	3,116	11,453
Total	¥578,552	¥377,948

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net loss		
Associates	¥(20,385)	¥(15,709)
Joint ventures	(1,505)	(1,281)
Total	¥(21,890)	¥(16,990)
Other comprehensive income, net of tax		
Associates	2,640	(1,209)
Joint ventures	(12)	65
Total	¥ 2,628	¥ (1,144)
Total comprehensive income		
Associates	(17,745)	(16,918)
Joint ventures	(1,517)	(1,216)
Total	¥(19,262)	¥(18,134)

(3) 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:

- a. 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.

b. 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.

c. 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 (\$865,524 thousand) was recognized as “Derivative assets” when the Company entered into the agreement. The Company recorded ¥76,259 million (\$700,717 thousand) 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 (\$359,340 thousand) for the financial guarantee contract and ¥55,088 million (\$506,184 thousand) 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 (\$481,016 thousand) and ¥90,210 million (\$828,907 thousand) under “Other non-operating loss” in the consolidated statement of income. As of March 31, 2020, the Company recorded allowance for loss on valuation of ¥89,202 million (\$819,645 thousand) for the financial guarantee contract and ¥145,133 million (\$1,333,575 thousand) for the loan commitment under “Other financial liabilities (current)” in the consolidated statement of financial position.

d. 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.

22. Structured entities

(1) Consolidated structured entities

The Company owns investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnerships and limited partnerships for investment, and designed so that the voting rights or similar rights are not determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

Please refer to “a. Consolidation of SoftBank Vision Fund and Delta Fund by the Company” in “(21) Significant accounting policies for the SoftBank Vision Fund and Other SBIA-Managed Funds segment” under “Note 3. Significant accounting policies” for evaluation of control over the following entities that comprise the SoftBank Vision Fund and Delta Fund business.

Company Name	Location
SoftBank Vision Fund L.P.	Bailiwick of Jersey
SoftBank Vision Fund (AIV M1) L.P.	U.S.
SoftBank Vision Fund (AIV M2) L.P.	U.S.
SoftBank Vision Fund (AIV M3) L.P.	U.S.
SoftBank Vision Fund (AIV S1) L.P.	U.S.
SB Delta Fund (Jersey) L.P.	Bailiwick of Jersey

The Company is engaged in investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

(2) Unconsolidated structured entities

The Company owns investment funds, which are structured entities that are not consolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights are not determinant in evaluating control. Third parties control the operation of these structured entities. The funds are financed by the subscription by its partners.

The scale of the structured entities which are not consolidated, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Total assets of the unconsolidated structured entities (aggregate amount)	¥1,566,213	¥1,615,039	\$14,840,017
The maximum loss exposure of the Company			
The carrying amount of the investment recognized by the Company	161,643	170,916	1,570,486
Commitment contracts related to additional investment	82,291	111,763	1,026,950
Total	¥ 243,934	¥ 282,679	\$2,597,436

The investment recognized by the Company is included in “Investments accounted for using the equity method” or “Investment securities” in the consolidated statement of financial position. There is no liability to recognize related to unconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company's investment and commitment regarding additional investment.

The Company's maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide, any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.

23. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Current tax expenses	¥ (3,065)	¥(299,020)	\$(2,747,588)
Deferred tax expenses.	(233,958)	(498,677)	(4,582,165)
Total	¥(237,023)	¥(797,697)	\$(7,329,753)

Current tax expenses include tax loss forward previously unrecognized, tax credit and the benefit arising from certain temporary differences in the previous years. The reduction of current tax expense for the fiscal year ended March 31, 2020 was ¥77,440 million (\$711,569 thousand) (for the fiscal year ended March 31, 2019: ¥494,161 million).

The reduction of current tax expense for the fiscal year ended March 31, 2019 is mainly due to the disposal of a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, along with the listing of SoftBank Corp. shares. The details are described in “Notes 2” under “(2) Reconciliation of the statutory effective tax rate and actual tax rate.”

The amount of deferred tax expenses arising from write-off of deferred tax assets or reversal of the write-off of deferred tax assets recorded in the previous years is included. As a result, the increase of deferred tax expenses for the fiscal year ended March 31, 2020 was ¥905 million (\$8,316 thousand) (for the fiscal year ended March 31, 2019: the reduction of ¥2,197 million).

(2) Reconciliation of the statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

	(Unit :%)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Statutory effective tax rate ¹	31.5	31.5
Effect from profit or loss that does not impact taxable gain or loss . . .	(8.2)	1,207.7
Effect from evaluating recoverability of deferred tax assets	(17.4) ²	1,073.0
Distribution from SoftBank Vision Fund and Delta Fund	6.1	(334.3)
Difference of tax rate adapted by subsidiaries	(0.8)	123.5
Taxation at foreign locations	0.6	84.0
Temporary difference associated with investment in subsidiaries . . .	(2.7)	67.0
Income and loss on equity method investments	2.0	33.1
Aggregation of income earned by controlled foreign companies . . .	2.7	1.8
Other	0.3	(39.8)
Actual tax rate	14.1	2,247.5

Notes:

1. The Company is subject to income taxes, residence taxes and deductible enterprise taxes. The statutory effective tax rate for the fiscal year ended March 31, 2020 based on these taxes is 31.5% (for the fiscal year ended March 31, 2019: 31.5%), except for foreign subsidiaries that are subject to income taxes at their respective locations.
2. On December 19, 2018, SoftBank Corp. shares were listed on the Tokyo Stock Exchange First Section. Along with the listing, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed and ¥2,349,832 million of proceeds was received. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%. As SoftBank Corp. remains a subsidiary, ¥750,804 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”
In regard to the transaction, a loss carryforward whose deferred tax asset was not recognized, was used and income taxes decreased by ¥345,228 million. Accordingly, a deductible temporary difference, associated with an investment in SoftBank Corp. whose deferred tax asset was not recognized, was reversed and income taxes decreased by ¥60,349 million.

(3) Movement of deferred tax assets and deferred tax liabilities

The movement of deferred tax assets and deferred tax liabilities is as follows:

For the fiscal year ended March 31, 2019

	(Millions of yen)							
	As of March 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	Exchange differences	Effect of retrospective adjustments due to adop- tion of new standards	Other	As of March 31, 2019
Deferred tax assets								
Property, plant and equipment	¥ 255,053	¥(140,167)	¥ –	¥ 2	¥ 13,182	¥ –	¥ (4,404)	¥ 123,666
Accrued expenses and other liabilities	207,904	(18,508)	893	64	5,186	(20,310)	3,186	178,415
Net operating loss carryforwards and tax credit carryforwards ¹	21,996	212,975	–	547	(421)	–	(692)	234,405
Temporary difference associated with investment in subsidiaries, associates and joint ventures	386,711	(12,334)	(14)	(4,096)	125	(2,507)	3,917	371,802
Unrealized gain	112,511	(11,130)	–	–	–	–	–	101,381
Allowance for doubtful accounts	31,744	(565)	–	–	696	–	(404)	31,471
Other	72,704	16,168	2,223	940	(2,609)	15,239	4,641	109,306
Total	1,088,623	46,439	3,102	(2,543)	16,159	(7,578)	6,244	1,150,446
Deferred tax liabilities								
FCC licenses	(933,601)	(11,808)	–	–	(41,613)	–	–	(987,022)
Customer relationships	(74,765)	24,381	–	–	(632)	–	–	(51,016)
Trademarks	(183,046)	1,421	–	–	(7,712)	–	(948)	(190,285)
Technologies	(89,890)	(14,795)	–	–	2,720	–	–	(101,965)
Temporary difference associated with investment in subsidiaries, associates and joint ventures ²	(35,052)	(254,683)	(993)	–	(26)	–	(14,458)	(305,212)
Contract assets and costs to obtain contracts	–	(27,589)	–	–	(1,568)	(91,774)	–	(120,931)
Investment securities	(81,028)	26,036	2,724	–	(1,954)	–	727	(53,495)
Other	(129,353)	(16,983)	(262)	(3,046)	(3,289)	3,530	4,754	(144,649)
Total	(1,526,735)	(274,020)	1,469	(3,046)	(54,074)	(88,244)	(9,925)	(1,954,575)
Net	¥ (438,112)	¥(227,581)	¥4,571	¥(5,589)	¥(37,915)	¥(95,822)	¥ (3,681)	¥ (804,129)

Notes:

1. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2018 or 2019, in the amount of ¥27,769 million for the fiscal year ended March 31, 2019. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
2. The increases in deferred tax liabilities from “Temporary difference associated with investment in subsidiaries, associates and joint ventures” as of March 31, 2019 are mainly due to ¥119,306 million of the recognition of deferred tax liabilities on temporary differences on reserved profit of SoftBank Vision Fund and Delta Fund and ¥125,579 million of the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares.

For the fiscal year ended March 31, 2020

(Millions of yen)

	As of March 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Business combination ¹	Exchange differences	Effect of retrospec- tive adjustments due to adoption of new standards	Transfer to liabilities relating to assets classified as held for sale	Other	As of March 31, 2020
Deferred tax assets									
Property, plant and equipment	¥ 123,666	¥ (76,619)	¥ –	¥ 944	¥ (1,640)	¥ 108	¥ –	¥ (9,760)	¥ 36,699
Accrued expenses and other liabilities	178,415	25,512	5,982	1,887	(1,534)	(30,125)	(79,283)	(6,445)	94,409
Net operating loss carryforwards and tax credit carryforwards ²	234,405	217,393	–	41	(4,317)	–	(420,837)	4,148	30,833
Temporary difference associated with investment in subsidiaries, associates and joint ventures ³	371,802	(345,672)	7	–	(156)	–	–	(4,017)	21,964
Unrealized gain	101,381	(11,004)	–	–	–	–	–	–	90,377
Allowance for doubtful accounts	31,471	3,566	–	–	(296)	–	(14,652)	90	20,179
Other	109,306	(36,834)	(112)	6,181	(942)	29,769	(36,162)	27,044	98,250
Total	1,150,446	(223,658)	5,877	9,053	(8,885)	(248)	(550,934)	11,060	392,711
Deferred tax liabilities									
FCC licenses	(987,022)	(9,322)	–	–	19,219	–	977,206	(81)	–
Customer relationships	(51,016)	15,188	–	(96,785)	2,053	–	4,416	(86)	(126,230)
Trademarks	(190,285)	12,372	–	(53,473)	3,506	–	162,299	–	(65,581)
Technologies	(101,965)	(1,193)	–	–	8,321	–	–	–	(94,837)
Temporary difference associated with investment in subsidiaries, associates and joint ventures ⁴	(305,212)	(144,064)	53,294	–	1,278	–	–	13,267	(381,437)
Contract assets and costs to obtain contracts	(120,931)	(14,392)	–	–	863	–	50,395	–	(84,065)
Investment securities	(53,495)	16,529	4,805	(25)	563	–	–	(480)	(32,103)
Other	(144,649)	(36,757)	(7,770)	(526)	1,972	(2,599)	103,452	(11,426)	(98,303)
Total	(1,954,575)	(161,639)	50,329	(150,809)	37,775	(2,599)	1,297,768	1,194	(882,556)
Net	¥ (804,129)	¥(385,297)	¥56,206	¥(141,756)	¥28,890	¥ (2,847)	¥ 746,834	¥ 12,254	¥(489,845)

(Thousands of U.S. dollars)

	As of March 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Business combination ¹	Exchange differences	Effect of retrospec- tive adjustments due to adoption of new standards	Transfer to liabilities relating to assets classified as held for sale	Other	As of March 31, 2020
Deferred tax assets									
Property, plant and equipment	\$ 1,136,323	\$ (704,025)	\$ –	\$ 8,674	\$(15,069)	\$ 992	\$ –	\$ (89,681)	\$ 337,214
Accrued expenses and other liabilities	1,639,392	234,421	54,966	17,339	(14,095)	(276,808)	(728,503)	(59,221)	867,491
Net operating loss carryforwards and tax credit carryforwards ²	2,153,863	1,997,547	–	377	(39,667)	–	(3,866,921)	38,114	283,313
Temporary difference associated with investment in subsidiaries, associates and joint ventures ³	3,416,356	(3,176,257)	64	–	(1,433)	–	–	(36,911)	201,819
Unrealized gain	931,554	(101,112)	–	–	–	–	–	–	830,442
Allowance for doubtful accounts	289,176	32,767	–	–	(2,720)	–	(134,632)	827	185,418
Other	1,004,373	(338,454)	(1,029)	56,795	(8,656)	273,537	(332,280)	248,498	902,784
Total	10,571,037	(2,055,113)	54,001	83,185	(81,640)	(2,279)	(5,062,336)	101,626	3,608,481
Deferred tax liabilities									
FCC licenses	(9,069,393)	(85,657)	–	–	176,597	–	8,979,197	(744)	–
Customer relationships	(468,768)	139,557	–	(889,323)	18,864	–	40,578	(790)	(1,159,882)
Trademarks	(1,748,461)	113,682	–	(491,344)	32,215	–	1,491,308	–	(602,600)
Technologies	(936,920)	(10,962)	–	–	76,459	–	–	–	(871,423)
Temporary difference associated with investment in subsidiaries, associates and joint ventures ⁴	(2,804,484)	(1,323,753)	489,700	–	11,743	–	–	121,906	(3,504,888)
Contract assets and costs to obtain contracts	(1,111,192)	(132,243)	–	–	7,930	–	463,062	–	(772,443)
Investment securities	(491,546)	151,879	44,151	(230)	5,173	–	–	(4,411)	(294,984)
Other	(1,329,128)	(337,746)	(71,395)	(4,833)	18,120	(23,881)	950,582	(104,991)	(903,272)
Total	(17,959,892)	(1,485,243)	462,456	(1,385,730)	347,101	(23,881)	11,924,727	10,970	(8,109,492)
Net	\$ (7,388,855)	\$(3,540,356)	\$516,457	\$(1,302,545)	\$265,461	\$ (26,160)	\$ 6,862,391	\$ 112,596	\$(4,501,011)

Notes:

- The increase from "Business combination" is mainly due to the consolidation of ZOZO, Inc. The details are described in "Note 9. Business combinations."
- The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2019 or 2020, in the amount of ¥21,327 million (\$195,966 thousand) for the fiscal year ended March 31, 2020. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
- The decreases in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2020 are mainly due to ¥361,752 million (\$3,324,010 thousand) of reversal of deferred tax assets which were recorded for the previous fiscal year related to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in "Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."
- The increases in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" as of March 31, 2020 are mainly due to the increase of ¥250,404 million (\$2,300,873 thousand) in relation to the recognition of deferred tax liabilities on temporary differences on investment in Alibaba shares. The decrease of ¥119,306 million (\$1,096,260 thousand) in relation to the reversal of deferred tax liabilities recognized in the previous fiscal year due to the decrease in reserved profit of SoftBank Vision Fund and Delta Fund.

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Deferred tax assets	¥ 586,943	¥ 221,371	\$ 2,034,099
Deferred tax liabilities	(1,391,072)	(711,216)	(6,535,110)
Net	¥ (804,129)	¥(489,845)	\$(4,501,011)

(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are on a tax basis.

As of March 31, 2020, deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards of Sprint are not included as Sprint is reclassified as a disposal group classified as held for sale.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Deductible temporary differences	¥ 216,639	¥ 472,965	\$ 4,345,905
Net operating loss carryforwards	1,323,524	1,053,189	9,677,379
Tax credit carryforwards	31,513	15,890	146,008
Total	¥1,571,676	¥1,542,044	\$14,169,292

Expiration of net operating loss carryforwards and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with an expiry date.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Net operating loss carryforwards (tax basis)			
1st year	¥ 20,616	¥ 5,694	\$ 52,320
2nd year	14,861	3,193	29,339
3rd year	11,879	2,942	27,033
4th year	8,955	6,480	59,542
5th year and thereafter and no expiry date . .	1,267,213	1,034,880	9,509,145
Total	¥1,323,524	¥1,053,189	\$9,677,379

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Tax credit carryforwards (tax basis)			
1st year	¥ 2,419	¥ –	\$ –
2nd year	2,571	–	–
3rd year	1,591	–	–
4th year	830	1,045	9,602
5th year and thereafter and no expiry date . .	24,102	14,845	136,406
Total	¥31,513	¥15,890	\$146,008

In addition to the above, total future deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries, associates and joint ventures as of March 31, 2020 are ¥2,353,908 million (\$21,629,220 thousand) (as of March 31, 2019: ¥1,128,590 million).

(5) Future taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries

Total future taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2020 are ¥1,282,990 million (\$11,788,937 thousand) (as of March 31, 2019: ¥1,841,053 million).

24. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

As of March 31, 2020, interest-bearing debt of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)	Average interest rate (%) ¹	Maturity ²
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020		
Current					
Short-term borrowings ^{3,4}	¥ 499,179	¥1,529,458	\$14,053,643	1.25	–
Commercial paper	42,000	206,000	1,892,860	0.06	–
Current portion of long-term borrowings ^{3,5,6}	820,899	1,949,571	17,913,912	1.80	–
Current portion of corporate bonds ¹⁰	1,042,253	159,938	1,469,613	1.38	–
Current portion of installment payables	11,511	186	1,710	1.76	–
Current portion of financial liabilities relating to the sale of shares by variable prepaid forward contract ⁷	730,601	–	–	–	–
Current portion of lease obligations ⁸	334,517	–	–	–	–
Total	¥ 3,480,960	¥3,845,153	\$35,331,738		
Non-current					
Long-term borrowings ^{3,5,6}	5,102,091	3,821,473	35,114,151	1.73	Apr. 2021–Nov. 2044
Corporate bonds ¹⁰	6,538,785	5,268,883	48,413,884	2.60	Dec. 2021–Sep. 2043
Installment payables	5,315	272	2,499	1.76	Apr. 2021–Jul. 2027
Financial liabilities relating to the sale of shares by variable prepaid forward contract ⁹	–	196,101	1,801,902	1.65	Oct. 2021–Nov. 2021
Lease obligations ⁸	557,955	–	–	–	–
Total	¥12,204,146	¥9,286,729	\$85,332,436		

Notes:

- Average interest rate represents the weighted-average interest rate to the balance as of March 31, 2020.
- Maturity represents the maturity of the outstanding balance as of March 31, 2020.
- The short-term borrowings, current portion of long-term borrowings, and long-term borrowings as of March 31, 2020 include ¥408,465 million (\$3,753,239 thousand) (as of March 31, 2019: ¥36,571 million), ¥10,883 million (\$100,000 thousand), and ¥162,195 million (\$1,490,352 thousand) of borrowings in SoftBank Vision Fund, respectively.
- The increases in short-term borrowings for the fiscal year ended March 31, 2020 are mainly due to increases of ¥463,598 million (\$4,259,836 thousand), ¥371,894 million (\$3,417,201 thousand), and ¥128,372 million (\$1,179,564 thousand) in Z Holdings Corporation, SoftBank Vision Fund, and SoftBank Corp., respectively.
- In the SoftBank segment, the Company is a party to lease transactions of software mainly in relation to telecommunications equipment. The Company has not applied IFRS 16 to leases of intangible assets. Accordingly, liabilities associated with the aforementioned transactions that were previously recognized as lease obligations are, after applying IFRS 16, accounted for as financial liabilities under IFRS 9 and are included in the current portion of long-term borrowings and long-term borrowings. Consequently, the related amounts as of March 31, 2019 have been restated accordingly. The current portion of long-term borrowings and long-term borrowings as of March 31, 2020 include ¥89,759 million (\$824,763 thousand) (as of March 31, 2019: ¥102,879 million) and ¥143,700 million (\$1,320,408 thousand) (as of March 31, 2019: ¥191,297 million) of borrowings from these transactions, respectively.
- The Company raises funds through sale and leaseback transactions for certain telecommunications equipment used in the SoftBank segment. Sale and leaseback transactions executed after the adoption of IFRS 16 are not accounted for as sales since they do not meet the conditions for revenue recognition under IFRS 15. Accordingly, funds raised through such transactions are accounted for as long-term borrowings. Borrowings associated with such transactions included in the current portion of long-term borrowings and long-term borrowings as of March 31, 2020 are ¥81,383 million (\$747,799 thousand) and ¥220,947 million (\$2,030,203 thousand), respectively. Of these transactions, transactions executed prior to the date of adoption of IFRS 16 are, in accordance with the transitional provisions of IFRS 16, continue to be accounted for as leases after the adoption of IFRS 16.
- Decrease was due to the settlement of the variable prepaid forward contract using Alibaba shares. The details are described in "Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."
- As a result of the adoption of IFRS 16, liabilities that were previously recorded as "Lease obligations" are reclassified to "Lease liabilities" and are presented separately in the consolidated statement of financial position.
- 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 \$1.65 billion (¥179,145 million). 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 (\$46,026 thousand) 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 for financial institutions. 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. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥54,453 million (\$500,349 thousand) as of March 31, 2020.

10. A summary of the issuance conditions of the bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount ¹¹	As of March 31, 2019 (Millions of yen) ¹²	As of March 31, 2020 (Millions of yen) ¹²	As of March 31, 2020 (Thousands of U.S. dollars) ¹²	Interest rate (%)	Date of maturity
SoftBank Group Corp.							
44th Unsecured Straight Bond	Nov. 29, 2013	¥ 50,000 million	¥ 49,950	¥ 49,981 (49,981)	\$ 459,258 (459,258)	1.69	Nov. 27, 2020
45th Unsecured Straight Bond	May 30, 2014	–	299,935 (299,935)	–	–	1.45	May 30, 2019
46th Unsecured Straight Bond	Sep. 12, 2014	–	399,573 (399,573)	–	–	1.26	Sep. 12, 2019
47th Unsecured Straight Bond	Jun. 18, 2015	¥100,000 million	99,697	99,957 (99,957)	918,469 (918,469)	1.36	Jun. 18, 2020
48th Unsecured Straight Bond	Dec. 10, 2015	¥370,000 million	367,541	368,212	3,383,369	2.13	Dec. 9, 2022
49th Unsecured Straight Bond	Apr. 20, 2016	¥ 20,000 million	19,946	19,959	183,396	1.94	Apr. 20, 2023
50th Unsecured Straight Bond	Apr. 20, 2016	¥ 30,000 million	29,892	29,908	274,814	2.48	Apr. 20, 2026
51st Unsecured Straight Bond	Mar. 16, 2017	¥400,000 million	396,438	397,162	3,649,380	2.03	Mar. 15, 2024
52nd Unsecured Straight Bond	Mar. 8, 2017	¥ 50,000 million	49,841	49,874	458,274	2.03	Mar. 8, 2024
53rd Unsecured Straight Bond	Jun. 20, 2018	¥410,000 million	405,569	406,427	3,734,513	1.57	Jun. 14, 2024
54th Unsecured Straight Bond	Jun. 12, 2018	¥ 40,000 million	39,848	39,877	366,416	1.57	Jun. 12, 2024
55th Unsecured Straight Bond	Apr. 26, 2019	¥500,000 million	–	494,784	4,546,393	1.64	Apr. 25, 2025
56th Unsecured Straight Bond	Sep. 20, 2019	¥400,000 million	–	395,406	3,633,245	1.38	Sep.17, 2026
57th Unsecured Straight Bond	Sep. 12, 2019	¥100,000 million	–	99,599	915,180	1.38	Sep.11, 2026
USD-denominated Senior Notes due 2022 ^{13,14}	Jul. 28, 2015	\$ 819 million	81,783	80,386	738,638	5.38	Jul. 30, 2022
USD-denominated Senior Notes due 2023 . . .	Apr. 20, 2018	\$ 300 million	32,949	32,393	297,648	5.50	Apr. 20, 2023
USD-denominated Senior Notes due 2024 ¹⁴	Sep. 19, 2017	\$ 1,350 million	132,694	130,360	1,197,831	4.75	Sep. 19, 2024
USD-denominated Senior Notes due 2025 ^{13,14}	Jul. 28, 2015	\$ 712 million	75,475	74,132	681,172	6.00	Jul. 30, 2025
USD-denominated Senior Notes due April 2025	Apr. 20, 2018	\$ 450 million	49,385	48,516	445,796	6.13	Apr. 20, 2025
USD-denominated Senior Notes due 2027 ¹⁴	Sep. 19, 2017	\$ 2,000 million	201,221	197,566	1,815,363	5.13	Sep. 19, 2027
USD-denominated Senior Notes due 2028 ¹³	Apr. 3, 2018	\$ 500 million	54,874	53,873	495,020	6.25	Apr. 15, 2028
Euro-denominated Senior Notes due 2022 ¹³	Jul. 28, 2015	€ 287 million	35,395	34,059	312,956	4.00	Jul. 30, 2022
Euro-denominated Senior Notes due 2023 . . .	Apr. 20, 2018	€ 1,000 million	123,269	118,621	1,089,966	4.00	Apr. 20, 2023
Euro-denominated Senior Notes due 2025 ¹⁴	Sep. 19, 2017	€ 1,500 million	135,615	130,376	1,197,978	3.13	Sep. 19, 2025
Euro-denominated Senior Notes due 2025 ¹³	Jul. 28, 2015	€ 689 million	84,943	81,663	750,372	4.75	Jul. 30, 2025
Euro-denominated Senior Notes due April 2025 ¹⁴	Apr. 20, 2018	€ 450 million	48,073	46,227	424,763	4.50	Apr. 20, 2025
Euro-denominated Senior Notes due 2027 ¹³	Jul. 28, 2015	€ 211 million	25,917	24,912	228,907	5.25	Jul. 30, 2027
Euro-denominated Senior Notes due 2028 ¹³	Apr. 3, 2018	€ 1,174 million	144,577	138,933	1,276,606	5.00	Apr. 15, 2028
Euro-denominated Senior Notes due 2029 ¹⁴	Sep. 19, 2017	€ 750 million	84,925	81,602	749,812	4.00	Sep. 19, 2029
1st Unsecured Subordinated Corporate Bond	Dec. 19, 2014	¥400,000 million	397,078	398,174	3,658,679	2.50	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond	Feb. 9, 2015	¥450,000 million	446,508	447,741	4,114,132	2.50	Feb. 9, 2022
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) ^{15,16}	Sep. 16, 2016	¥ 55,600 million	55,122	55,144	506,699	3.00	Sep. 13, 2041
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) ^{15,17} . . .	Sep. 16, 2016	¥ 15,400 million	15,262	15,268	140,292	3.50	Sep. 16, 2043
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision) ^{15,18}	Sep. 30, 2016	¥400,000 million	393,094	393,402	3,614,830	3.00	Sep. 30, 2041

Company name / Name of bond	Date of issuance	Balance of issue amount ¹¹	As of March 31, 2019 (Millions of yen) ¹²	As of March 31, 2020 (Millions of yen) ¹²	As of March 31, 2020 (Thousands of U.S. dollars) ¹²	Interest rate (%)	Date of maturity
Subtotal			4,776,389 (699,508)	5,034,494 (149,938)	46,260,167 (1,377,727)		
Z Holdings Corporation							
10th Straight Bond (3 years)	Jul. 31, 2019	¥ 60,000 million	–	59,869	550,115	0.04	Jul. 29, 2022
11th Straight Bond (5 years)	Jul. 31, 2019	¥ 50,000 million	–	49,853	458,081	0.18	Jul. 31, 2024
12th Straight Bond (7 years)	Jul. 31, 2019	¥ 70,000 million	–	69,788	641,257	0.37	Jul. 31, 2026
13th Straight Bond (10 years)	Jul. 31, 2019	¥ 50,000 million	–	49,817	457,751	0.46	Jul. 31, 2029
Other (JPY-denominated Straight Bonds)	Feb. 28, 2017–Dec. 6, 2018	¥125,000 million	130,000 (5,000)	125,000 (10,000)	1,148,580 (91,886)	0.04–0.50	Feb. 28, 2020–Dec 6, 2028
Subtotal			130,000 (5,000)	354,327 (10,000)	3,255,784 (91,886)		
SoftBank Corp.							
The first-the fourth Unsecured Straight Bonds	Mar. 18, 2020	¥ 40,000 million	–	40,000	367,546	0.13–0.50	Mar. 17, 2023–Mar. 18, 2030
Subtotal			–	40,000	367,546		
Sprint Corporation¹⁹							
7.25% Senior notes due 2021.	Sep. 11, 2013	–	248,095	–	–	–	–
7.875% Senior notes due 2023.	Sep. 11, 2013	–	467,008	–	–	–	–
7.125% Senior notes due 2024.	Dec. 12, 2013	–	274,486	–	–	–	–
7.625% Senior notes due 2025.	Feb. 24, 2015	–	164,619	–	–	–	–
7.625% Senior notes due 2026.	Feb. 22, 2018	–	163,560	–	–	–	–
Subtotal			1,317,768	–	–		
Sprint Communications, Inc.^{19,20}							
Export Development Canada Facility (Tranche 3)	Dec. 17, 2014	–	33,265 (33,265)	–	–	–	–
7% Guaranteed notes due 2020.	Mar. 1, 2012	–	112,422 (112,422)	–	–	–	–
7% Senior notes due 2020	Aug. 14, 2012	–	167,809	–	–	–	–
11.5% Senior notes due 2021.	Nov. 9, 2011	–	124,865	–	–	–	–
6% Senior notes due 2022	Nov. 14, 2012	–	250,672	–	–	–	–
Subtotal			689,033 (145,687)	–	–		
Sprint Capital Corporation^{19,20}							
6.9% Senior notes due 2019.	May 6, 1999	–	192,058 (192,058)	–	–	–	–
6.875% Senior notes due 2028.	Nov. 16, 1998	–	249,158	–	–	–	–
8.75% Senior notes due 2032.	Mar. 14, 2002	–	226,632	–	–	–	–
Subtotal			667,848 (192,058)	–	–		
Total			¥7,581,038 (1,042,253)	¥5,428,821 (159,938)	\$49,883,497 (1,469,613)		

Notes:

11. Balance of issue amount is as of March 31, 2020.
12. Figures in parentheses as of March 31, 2019 and March 31, 2020 represent the current portion.
13. On March 7, 2018, SoftBank Group Corp. announced an exchange offer with respect to newly issued notes (the "Exchange Notes") or a consent solicitation for an amendment of terms and conditions, to the bondholders of foreign-currency-denominated senior notes issued in 2015 (the "Existing Notes"). Issuance of the Exchange Notes to the bondholders who tendered for exchange the Existing Notes to the Exchange Notes was completed on April 3, 2018, however, under requirements of IFRSs, the extinguishment of the Existing Notes and the exchange to the Exchange Notes, was considered to be satisfied on March 22, 2018, the exchange decision date. As a result, SoftBank Group Corp. derecognized the Existing Notes and recognized the Exchange Notes.
14. On January 28, 2019, SoftBank Group Corp. conducted the purchase of a portion of the senior notes. The carrying amounts of these notes, equivalent to these face amounts, were reduced since the extinguishment of these notes as financial liabilities are considered to be satisfied under requirements of IFRSs.
15. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.
16. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date on or after September 16, 2021.
17. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date on or after September 16, 2023.
18. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date on or after September 30, 2021.
19. As of March 31, 2020, Sprint was reclassified as a disposal group classified as held for sale and therefore the balance of issue amount, interest rate, and date of maturity are not described.
20. Sprint Communications, Inc. and Sprint Capital Corporation are Sprint Corporation's subsidiaries.

(2) Financial covenants

a. 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 fiscal 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 must not show a net capital deficiency. The statement of financial position 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 debts¹ or leverage ratios² 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 EBITDA³
3. Adjusted EBITDA:
Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint

b. Financial covenants on interest-bearing debts of SoftBank Corp.

Major covenants on the interest-bearing debt issued by SoftBank Corp. are as follows:

- (a) The amount of SoftBank Corp.'s equity in the consolidated statement of financial position at the end of the fiscal year and at the end of the second quarter must not fall below 75% of SoftBank Corp.'s equity at the end of the previous year and the second quarter.
- (b) The amount of SoftBank Corp.'s net assets in the non-consolidated balance sheet at the end of the fiscal 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 year and the second quarter.
- (c) In the 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 the SoftBank Corp.'s non-consolidated statement of income, operating income (loss) or net income (loss) must not result in losses for two consecutive years.
- (e) Net leverage ratios¹ of SoftBank Corp. must not exceed certain numbers at the end of the fiscal year and at the end of the second quarter.

Notes:

1. Net leverage ratio:
Net debt² / adjusted EBITDA³
2. Net debt:
The amount of interest-bearing debt shown in SoftBank Corp.'s consolidated statement of financial position 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 financial institutions.

c. Financial covenants on interest-bearing debts of Z Holdings Corporation

Z Holdings Corporation's interest-bearing debt includes financial covenants and 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 fiscal 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 fiscal 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 fiscal 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 ratios¹ 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 debt² / Adjusted EBITDA³
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.

(3) Borrowings related to equity securities lending contract

For the fiscal year ended March 31, 2019

The Company entered into a securities lending contract regarding stocks of certain subsidiaries. As of March 31, 2019, the amount of the cash received is recognized as short-term borrowings of ¥199,200 million and included in "Interest-bearing debt."

(4) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Cash and cash equivalents	¥ 7,461	¥ 3,309	\$ 30,405
Trade and other receivables	14,202	7,024	64,541
Other financial assets (current) ¹	12,280	21,981	201,976
Inventories	–	1,803	16,567
Other current assets	1,640	173	1,590
Assets classified as held for sale ²	224,201	–	–
Property, plant and equipment	638,388	100,040	919,232
Right-of-use assets	–	1,851	17,008
Intangible assets	8,147	9,200	84,536
Investments accounted for using the equity method ^{2,3,4}	559,656	776,309	7,133,226
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL ¹	–	857,356	7,877,938
Investment securities	10,352	10,184	93,577
Other financial assets (non-current)	–	1,646	15,125
Total	¥1,476,327	¥1,790,876	\$16,455,721

Liabilities related to these assets pledged as collateral are as follows:

	(Millions of yen)			(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020	As of March 31, 2020
Interest-bearing debt				
Short-term borrowings	¥ 4,472	¥ 354	\$ 3,253	
Current portion of long-term borrowings ^{1,3}	140,077	1,041,811	9,572,829	
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract ²	730,601	–	–	
Installment payables (current)	623	–	–	
Long-term borrowings ^{1,3,5}	811,865	748,131	6,874,309	
Financial liabilities relating to sale of shares by variable prepaid forward contract ⁴	–	196,101	1,801,902	
Installment payables (non-current)	1,672	–	–	
Derivative financial liabilities (current)	–	657	6,037	
Derivative financial liabilities (non-current)	278	347	3,188	
Total	¥1,689,588	¥1,987,401	\$18,261,518	

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 enforce security and 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 ¥102,125 million (\$938,390 thousand) 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 (\$164,927 thousand) 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 (\$7,801,966 thousand) of the listed shares held by SoftBank Vision Fund and ¥10,883 million (\$100,000 thousand) of cash (the carrying amounts of each asset as of March 31, 2020) were pledged as collateral for ¥162,195 million (\$1,490,352 thousand) of long-term borrowings and ¥10,883 million (\$100,000 thousand) 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. ¥263,457 million of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥730,601 million of financial liability for variable prepaid forward contract as of March 31, 2019. Alibaba shares pledged as collateral are recorded for ¥224,201 million as "Assets classified as held for sale" and for ¥39,256 million as "Investments accounted for using the equity method" in the consolidated statement of financial position. The details are described in "Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."
3. ¥721,856 million (\$6,632,877 thousand) (as of March 31, 2019: ¥520,400 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 (\$9,444,445 thousand) of current portion of long-term borrowings of the subsidiary as of March 31, 2020 (as of March 31, 2019: ¥557,152 million of long-term borrowings). 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.

4. ¥54,453 million (\$500,349 thousand) of Alibaba shares (carrying amount on a consolidated basis) is pledged as collateral for ¥196,101 million (\$1,801,902 thousand) of financial liability for variable prepaid forward contract as of March 31, 2020. The details are described in "Notes 9" under "(1) Components of interest-bearing debt."
5. 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 (\$4,570,027 thousand) 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

As of March 31, 2020, \$1.4 billion (as of March 31, 2019: \$1.8 billion) (before consolidation adjustments) of the assets of Brightstar were pledged as collateral on the \$0.2 billion (as of March 31, 2019: \$0.5 billion) borrowing.

b. Fortress

As of March 31, 2020, based on a term loan agreement of \$1.0 billion (as of March 31, 2019: \$1.2 billion) which was entered into to finance the acquisition of Fortress; the equity interests of Fortress and four wholly-owned subsidiaries within the acquisition structure are pledged as collateral.

c. Other

As of March 31, 2020, ¥47,831 million (\$439,502 thousand) (as of March 31, 2019: ¥61,595 million) of "Investment securities" is pledged as collateral for financing and exchange settlement by a subsidiary operating banking business. Also, "Other financial assets (non-current)" include ¥115,273 million (\$1,059,202 thousand) (as of March 31, 2019: ¥77,655 million) of margin deposits with central counterparties.

(5) Assets with restrictions on rights

a. Assets with restrictions on rights due to the installment purchase

Assets with restrictions on rights due to the installment purchase are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Property, plant and equipment	¥15,861	¥538	\$4,943
Intangible assets	4,666	1	10
Total	¥20,527	¥539	\$4,953

Liabilities related to the assets with restrictions on rights are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Interest-bearing debt			
Current portion of installment payables . . .	¥7,601	¥185	\$1,700
Installment payables	686	272	2,499
Total	¥8,287	¥457	\$4,199

b. 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)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Property, plant and equipment	¥-	¥287,417	\$2,640,972

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Interest-bearing debt			
Current portion of long-term borrowings . .	¥-	¥ 81,383	\$ 747,799
Long-term borrowings	-	220,947	2,030,203
Total	¥-	¥302,330	\$2,778,002

c. 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 are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Intangible assets	¥333,619	¥348,522	\$3,202,444

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

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Interest-bearing debt			
Current portion of long-term borrowings	¥104,729	¥107,690	\$ 989,525
Long-term borrowings	198,947	208,896	1,919,471
Total	¥303,676	¥316,586	\$2,908,996

(6) Assets with restrictions on use

The carrying amount of assets with restrictions on use (sale, transfer, disposal or dividend distributions, and other) based on the guarantee contracts within the group for fund procurements is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Investments accounted for using FVTPL	¥-	¥33,660	\$309,290
Investments accounted for using the equity method	53,437	1,426	13,103

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

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net (decrease) increase of short-term borrowings	¥ (7,411)	¥ 36,173	\$ 332,381
Net (decrease) increase of commercial paper	(58,000)	97,000	891,298
Total	¥(65,411)	¥133,173	\$1,223,679

(8) Components of proceeds from interest-bearing debt

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Proceeds from borrowings ^{1,2}	¥5,080,337	¥7,043,561	\$64,720,767
Proceeds from issuance of corporate bonds	747,744	1,379,220	12,673,160
Proceeds from procurement relating to settlement of shares by variable prepaid forward contract ³	-	179,145	1,646,099
Proceeds from sale-leaseback of newly acquired equipment ^{1,2}	361,031	-	-
Total	¥6,189,112	¥8,601,926	\$79,040,026

Notes:

- The Company conducts sales and leaseback transactions for intangible assets. For the fiscal year ended March 31, 2020, the Company does not apply IFRS 16 to leases for intangible assets. Accordingly, the amount related to the transaction for the fiscal year ended March 31, 2019, is restated from "Proceeds from sale-leaseback of newly acquired equipment" to "Proceeds from borrowings."
- The Company procures funds through sales and leaseback transactions for certain telecommunications equipment utilized in the SoftBank segment. Of these transactions, transactions conducted after the adoption of IFRS 16 are not accounted for as sales since the transfer of the assets do not meet the requirement under the IFRS 15. Accordingly, the amount related to the transaction after the initial adoption of IFRS 16, is restated from "Proceeds from sale-leaseback of newly acquired equipment" to "Proceeds from borrowings."
- The amount is procured under the variable prepaid forward contract using Alibaba shares. The details are described in "Notes 9" under "(1) Components of interest-bearing debt."

(9) Components of repayment of interest-bearing debt

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Repayment of borrowings ¹	¥(5,627,315)	¥(4,599,878)	\$(42,266,636)
Redemption of corporate bonds	(1,061,732)	(1,036,765)	(9,526,463)
Repayment of installment payables	(18,671)	(10,084)	(92,659)
Repayment of lease obligations ^{1,2}	(420,661)	-	-
Total	¥(7,128,379)	¥(5,646,727)	\$(51,885,758)

Notes:

- The Company does not apply IFRS 16 to leases for intangible assets. Accordingly, the amount related to the transaction for the fiscal year ended March 31, 2019, is restated from "Payment of lease obligations" to "Repayment of borrowings."
- As a result of the adoption of IFRS 16, the amount previously presented as "Repayment of lease obligations" is reclassified as "Repayment of lease liabilities" in the consolidated statement of cash flows.

25. Deposits for banking business

The components of deposits for a banking business are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Ordinary deposits	¥643,249	¥770,572	\$7,080,511
Time deposits	102,694	102,515	941,974
Total	¥745,943	¥873,087	\$8,022,485

The amounts are related to The Japan Net Bank, Limited.

26. Trade and other payables

The components of trade and other payables are as follows:

As of March 31, 2020, trade and other payables of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Trade payables	¥1,697,556	¥1,290,182	\$11,855,022
Other	212,052	295,144	2,711,972
Total	¥1,909,608	¥1,585,326	\$14,566,994

27. Other financial liabilities (current)

The components of other financial liabilities (current) are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Allowance for loan commitment losses ¹	¥ –	¥145,133	\$1,333,575
Allowance for financial guarantee contract losses ²	–	96,756	889,056
Other	10,849	6,121	56,244
Total	¥10,849	¥248,010	\$2,278,875

Notes:

- Balance as of March 31, 2020 is ¥145,133 million (\$1,333,575 thousand) of allowance for loan commitment losses related to acquire unsecured notes issued by WeWork. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 21. Investments accounted for using the equity method."
- As of March 31, 2020, ¥89,202 million (\$819,645 thousand) of allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions is included. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 21. Investments accounted for using the equity method."

28. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows.

As of March 31, 2020, other current liabilities and other non-current liabilities of Sprint are reclassified as a disposal group classified as held for sale. The details are described in "Note 6. Discontinued operations."

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current			
Accrued employee benefits	¥ 201,979	¥163,097	\$1,498,640
Contract liabilities ¹	252,812	141,454	1,299,770
Withholding income tax ²	428,796	131,024	1,203,933
Consumption tax payable and other	112,090	66,369	609,841
Accrued interest expense	69,977	32,164	295,544
Deferred revenue	35,339	4,640	42,635
Other	57,362	57,751	530,653
Total	¥1,158,355	¥596,499	\$5,481,016
Non-current			
Defined benefit liabilities ³	99,351	16,448	151,135
Deferred revenue	26,515	151	1,387
Unfavorable lease contracts ⁴	38,235	–	–
Other	193,830	62,954	578,461
Total	¥ 357,931	¥ 79,553	\$ 730,983

Notes:

- Contract liabilities are recognized as liabilities as a result of applying IFRS 15, "Revenue from contracts with customers."
- Withholding income tax as of March 31, 2020 includes the amount of ¥122,548 million (\$1,126,050 thousand) (as of March 31, 2019: ¥422,648 million) which is related to dividends within the group companies. The Company paid the withholding income tax in April, 2020 (as of March 31, 2019: paid in April, 2019).
- Defined benefit liabilities as of March 31, 2019 mainly consist of the amount of ¥84,550 million for Sprint and of ¥11,044 million for SoftBank Corp. Defined benefit liabilities as of March 31, 2020 mainly consist of the amount of ¥10,467 million (\$96,178 thousand) for SoftBank Corp. and of ¥2,744 million (\$25,214 thousand) for ASKUL Corporation.
- Unfavorable lease contracts were recognized as liabilities based on the estimated fair value of the unfavorable portion of future cash flows if, at the time of the business combination of Sprint, the terms of operating lease contracts in which the acquiree is the lessee are unfavorable compared to market terms. Reversal of unfavorable lease contracts is recorded as a deduction of operating lease expense.

29. Provisions

The changes in the provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Other	Total
As of April 1, 2019	¥145,690	¥ 29,770	¥12,017	¥13,686	¥201,163
Effect of retrospective adjustments due to adoption of new standards ¹	–	(10,324)	–	(1,679)	(12,003)
As of April 1, 2019 (after adjustments)	145,690	19,446	12,017	12,007	189,160
Recognition of provisions	7,983	317	–	11,258	19,558
Interest due to passage of time	5,291	608	–	77	5,976
Used	(13,096)	(7,958)	(1,941)	(7,851)	(30,846)
Reversal of provisions	–	(7,989)	–	(673)	(8,662)
Change in estimate	14,721	104	–	–	14,825
Exchange differences	(1,508)	(371)	–	(422)	(2,301)
Transfer to liabilities directly relating to assets classified as held for sale	(81,108)	(4,237)	–	(4,636)	(89,981)
Other	2,261	80	–	169	2,510
As of March 31, 2020	¥ 80,234	¥ –	¥10,076	¥ 9,929	¥100,239
Current liabilities	¥ 4,510	¥ –	¥ 1,753	¥ 5,185	¥ 11,448
Non-current liabilities	75,724	–	8,323	4,744	88,791
Total	¥ 80,234	¥ –	¥10,076	¥ 9,929	¥100,239

(Thousands of U.S. dollars)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Other	Total
As of April 1, 2019	\$1,338,693	\$273,546	\$110,420	\$125,756	\$1,848,415
Effect of retrospective adjustments due to adoption of new standards ¹	–	(94,864)	–	(15,427)	(110,291)
As of April 1, 2019 (after adjustments)	1,338,693	178,682	110,420	110,329	1,738,124
Recognition of provisions	73,352	2,913	–	103,446	179,711
Interest due to passage of time	48,617	5,586	–	708	54,911
Used	(120,334)	(73,123)	(17,835)	(72,141)	(283,433)
Reversal of provisions	–	(73,408)	–	(6,184)	(79,592)
Change in estimate	135,266	956	–	–	136,222
Exchange differences	(13,856)	(3,409)	–	(3,878)	(21,143)
Transfer to liabilities directly relating to assets classified as held for sale	(745,272)	(38,932)	–	(42,599)	(826,803)
Other	20,776	735	–	1,552	23,063
As of March 31, 2020	\$ 737,242	\$ –	\$ 92,585	\$ 91,233	\$ 921,060
Current liabilities	\$ 41,441	\$ –	\$ 16,108	\$ 47,643	\$ 105,192
Non-current liabilities	695,801	–	76,477	43,590	815,868
Total	\$ 737,242	\$ –	\$ 92,585	\$ 91,233	\$ 921,060

Notes:

1. As a result of the adoption of IFRS 16, the amount of provisions related to operating leases by the lessee that was previously included in "Restructuring provisions" and "Other" are deducted from right-of-use assets.

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers and network centers. The estimate is based on the assumption at present and is subject to changes depending on revised future assumptions.

Restructuring provision

The restructuring provision consists mainly of a network shutdown provision and backhaul² access provision.

(Network shutdown provision)

The network shutdown provision resulted from Sprint recognizing lease exit costs mainly related to the shutdown of the Nextel and Clearwire platform.

(Backhaul access provision)

The backhaul access provision reflects exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. The majority of the backhaul access provision relates to Sprint's network modernization activities.

Notes:

2. Backhaul is an intermediary network that connects the cell towers to the local switching center.

Provision for loss on interest repayment

Provision for loss on interest repayment is recorded by the subsidiaries operating card business, based on an amount representing future expected claims in order to prepare for future claims by debtors and others, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act. The amount of claims for the interest repayment might fluctuate from changes in market environment and other factors.

30. Financial instruments

(1) Capital management

Our policy is to realize and maintain optimum capital composition to maintain mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

Note:

Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Equity capital	¥7,621,481	¥5,913,613	\$54,338,078
Equity capital ratio (%)	21.1	15.9	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws. The details regarding the financial covenants related to interest-bearing debt are described in "(2) Financial covenants" under "Note 24. Interest-bearing debt".

(2) Financial risk management

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.

a. Market risk

(a) Foreign exchange risk

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

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also uses foreign currency forward contracts, foreign currency swap contracts, and interest rate currency swap contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments related to U.S. dollars, our major foreign currency, for subsidiaries whose functional currency is Japanese yen is as follows:

U.S. Dollar (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Net exposure affecting income before income tax [in asset (liability) position]	¥198,110	¥(252,961)	\$(2,324,368)
Net exposure affecting other comprehensive income [in asset position]	6,906	21,627	198,723

Other than the table presented above, major exposures to foreign exchange risk on subsidiaries whose functional currency is not Japanese yen are as follows:

U.S. Dollar (Functional currency: British pound)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Net exposure affecting income before income tax [in asset position]	¥56,634	¥110,355	\$1,014,013

Indian Rupee (Functional currency: U.S. Dollar)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Net exposure affecting income before income tax [in asset position]	¥(6,163)	¥86,815	\$797,712

Net exposure affecting income before income tax comprises the foreign exchange risk exposures from monetary financial instruments denominated in a foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income comprises the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecasted transactions.

The table below presents the effect of a 1% appreciation of the Japanese yen on income before income tax and other comprehensive income (before tax effect) regarding the financial instruments with the above foreign exchange risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in “(3) Foreign exchange sensitivity analysis for exchange difference on translating foreign operations” under “Note 34. Foreign currency exchange rates.”

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Increase (decrease) in income before income tax	¥(1,981)	¥2,530	\$23,247
Decrease in other comprehensive income before tax effect	(69)	(216)	(1,985)

The table below presents the effect of a 1% appreciation of the British pound against the U.S. Dollar on income before income tax :

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Decrease in income before income tax	¥(566)	¥(1,104)	\$(10,144)

The table below presents the effect of a 1% appreciation of the U.S. Dollar against the Indian Rupee on income before income tax:

Indian Rupee

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Increase (decrease) in income before income tax	¥62	¥(868)	\$(7,976)

ii. Foreign currency exchange contracts

Foreign currency exchange contracts, foreign currency swap contracts, and interest rate currency swap contracts are entered into, to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign currency exchange contracts are as follows. Interest rate currency swap contracts are described in "(c) Interest rate risk".

Foreign currency exchange contracts to which hedge accounting is applied

As of March 31, 2019

	(Millions of yen)				Average rate
	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	
Currency swap contracts					
Receipt in U.S. dollars / payment in yen . . .	¥ 646,210 (646,210)	¥6,597	¥ (42,769)	¥ 10,478	¥113.34 per \$1
Receipt in Euro / payment in yen . . .	734,603 (734,603)	–	(69,441)	(51,031)	¥132.61 per €1
Total . . .	¥ 1,380,813 (1,380,813)	¥6,597	¥(112,210)	¥(40,553)	

As of March 31, 2020

	(Millions of yen)					(Thousands of U.S. dollars)			
	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments
Currency swap contracts									
Receipt in U.S. dollars / payment in yen	¥ 646,210 (646,210)	¥29,422	¥ (18,273)	¥ 47,321	¥113.34 per \$1	\$ 5,937,792 (5,937,792)	\$270,348	\$(167,904)	\$ 434,816
Receipt in Euro / payment in yen	734,603 (734,603)	–	(89,755)	(20,314)	¥132.61 per €1	6,750,005 (6,750,005)	–	(824,727)	(186,658)
Total	¥ 1,380,813 (1,380,813)	¥29,422	¥(108,028)	¥ 27,007		\$12,687,797 (12,687,797)	\$270,348	\$(992,631)	\$ 248,158

The carrying amounts of the derivative financial assets designated as hedging instruments are recorded as either "Other financial assets" or "Derivative financial liabilities" in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current assets or non-current-liabilities.

The above foreign currency exchange contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments as to whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments as to whether the changes in values of the hedged items and hedging instruments offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge have no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Currency swap contracts			
Balance at the beginning of the period	¥(59,744)	¥(43,752)	\$(402,022)
Amount incurred	473	17,465	160,480
Reclassification adjustments ¹	15,519	42,801	393,283
Balance at the end of the period ²	¥(43,752)	¥ 16,514	\$ 151,741

Notes:

1. Reclassification adjustments are the amounts of accumulated other comprehensive income transferred to profit or loss relating to the hedged item when the hedged item affects profit or loss, and are recorded as "Derivative gain and loss" in the consolidated statement of income. For the fiscal year ended March 31, 2020, the amount of ¥2,956 million (\$27,162 thousand) (for the fiscal year ended March 31, 2019: ¥ (4,888) million) transferred from cash flow hedge to profit or loss is included in reclassification adjustments. The transfer arises from discontinued hedging relationships when a forecasted transaction is no longer expected to occur, although hedge accounting has been applied.
2. For the fiscal year ended March 31, 2020 accumulated other comprehensive income after tax includes ¥12,359 million (\$113,562 thousand) (as of March 31, 2019: ¥15,315 million) related to discontinued hedging accounting.

Foreign currency exchange contracts to which hedge accounting is not applied

	As of March 31, 2019		(Millions of yen)		As of March 31, 2020		(Thousands of U.S. dollars)		As of March 31, 2020	
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities	
Foreign currency forward contracts	¥ 317,802 (1,301)	¥ 5,273	¥ (1,462)	¥ 125,499 (17,262)	¥ 5,729	¥ (2,168)	\$ 1,153,165 (158,615)	\$ 52,642	\$ (19,921)	
Currency swap contracts	126,200 (115,050)	3	(9,941)	152,834 (139,180)	3,232	(9,735)	1,404,337 (1,278,875)	29,697	(89,451)	
Foreign exchange margin transactions*	587,224 (-)	17,054	(2,014)	581,384 (-)	24,792	(2,462)	5,342,130 (-)	227,805	(22,622)	
Total	¥1,031,226 (116,351)	¥22,330	¥(13,417)	¥ 859,717 (156,442)	¥33,753	¥(14,365)	\$ 7,899,632 (1,437,490)	\$310,144	\$(131,994)	

Note:

*Foreign exchange margin transactions are operated by the subsidiary, YJFX, Inc.'s foreign exchange margin transactions business.

(b) Price risk

As part of the business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

The Company manages this risk by continuously monitoring the financial condition of security issuers and stock market fluctuations.

i. Price sensitivity analysis

The table below presents the effect of a 10% decrease in market price regarding the securities and related derivative instruments traded in active markets on income before income tax and other comprehensive income before tax effect, assuming that all other factors are constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Decrease in income before income tax	¥(61,221)	¥(134,395)	\$(1,234,908)
Decrease in other comprehensive income before tax effect	¥ (3,399)	¥ (1,110)	\$ (10,199)

ii. Option contracts

The details of option contracts are as follows:

Option contracts to which hedge accounting is not applied

	(Millions of yen)						(Thousands of U.S. dollars)		
	As of March 31, 2019			As of March 31, 2020			As of March 31, 2020		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
	Assets	Liabilities		Assets	Liabilities		Assets	Liabilities	
WeWork warrants ¹	¥ 277,475 (166,485)	¥ -	¥ -	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -
WeWork warrants with exercise price of \$0.01 per share ²	-	-	-	141 (141)	17,936	-	1,296 (1,296)	164,807	-
Embedded collar transaction in the variable prepaid forward contract using Alibaba shares ³	732,534 (-)	-	(749,846)	-	-	-	-	-	-
Variable prepaid forward contract using Alibaba shares ⁴	-	-	-	201,277 (201,277)	5,009	-	1,849,462 (1,849,462)	46,026	-
Call option (Buyer)	41,786 (41,786)	4,038	-	50,680 (49,077)	2,804	-	465,680 (450,951)	25,765	-
Call option (Seller)	-	-	-	9,604 (-)	-	(657)	88,248 (-)	-	(6,037)
Forward contracts	379,984 (-)	-	(14,390)	784 (-)	-	(221)	7,204 (-)	-	(2,031)
Total	¥1,431,779 (208,271)	¥4,038	¥(764,236)	¥ 262,486 (250,495)	¥25,749	¥ (878)	\$ 2,411,890 (2,301,709)	\$236,598	\$(8,068)

Notes:

1. As of March 31, 2019, the Company held the warrants that were convertible into preferred stock of WeWork in the amount equivalent to \$2.5 billion. In April, 2019, the Company paid the amount of \$1.0 billion to WeWork as consideration and converted to a portion of the preferred stock. For the remaining \$1.5 billion portion of warrants, the terms and conditions are changed in the exercise price and the date of conversion in October, 2019. The amount of contract for the \$1.5 billion portion reduced as a result of making the payment before the date of conversion. The details of the \$1.5 billion portion of warrants are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 21. Investments accounted for using the equity method."

2. The warrants that are convertible into preferred stock at an exercise price of \$0.01 per share that the Company acquired the warrants convertible into preferred stock at an exercise price of \$0.01 per share as consideration for the purchase commitment of the unsecured notes issued by WeWork and the credit support for the payment guarantees which financial institutions provide for WeWork. The details are described in "(3) Details and progress of the agreement between the Company and WeWork" under "Note 21. Investments accounted for using the equity method."
3. The decrease was due to the settlement in June, 2019 of the variable prepaid forward contract using Alibaba shares made in June of 2016. The details are described in "Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares."
4. The amount includes the variable prepaid forward contract using Alibaba shares concluded in November 2019. The details are described in "(1) Components of interest-bearing debt (Notes.9)" under "Note 24. Interest-bearing debt."

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates, and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. 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 debt, the Company continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of a 1% increase in interest rates regarding the floating interest rate debt on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

	Fiscal year ended March 31, 2019	(Millions of yen) Fiscal year ended March 31, 2020	(Thousands of U.S. dollars) Fiscal year ended March 31, 2020
Decrease in income before income tax	¥(35,675)	¥(53,507)	\$(491,657)

ii. Interest rate contracts

The details of interest rate contracts are as follows:

Interest rate contracts to which hedge accounting is applied

	(Millions of yen)										(Thousands of U.S. dollars)			
	As of March 31, 2019					As of March 31, 2020					As of March 31, 2020			
	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments	Average rate	Contract amounts (of which: maturing in more than one year)	Assets	Carrying amount (fair value) Liabilities	Changes in the fair value of hedging instruments used for recognition of the ineffective portion of hedging instruments
Interest rate swap														
Variable receipts / fixed payments	¥ 722,480 (722,480)	¥1,419	¥(6,824)	¥(9,760)	1.97%	¥ 500,500 (500,000)	¥ –	¥(5,325)	¥80	1.96%	\$ 4,598,916 (4,594,321)	\$ –	\$(48,930)	\$735

The carrying amounts of the derivative financial assets designated as hedging instruments are recorded as either "Other financial assets" or "Derivative financial liabilities" in the consolidated statement of financial position. The outstanding balance of those maturing in more than one year are classified as non-current assets or non-current liabilities.

The above interest rate contracts are designated as cash flow hedges. At the inception of the hedging relationship, the hedge ratio of the hedging relationship is determined based on the quantity of the hedged items and the quantity of the hedging instruments, basically in the ratio of one to one.

For the purpose of hedge effectiveness assessment, the Company conducts the qualitative assessments whether the significant conditions of hedged items and hedging instruments are met or closely matched, or the quantitative assessments whether the changes in values of the hedged items and hedging instruments are in the relationship to offset each other against the same risk. The Company confirms if there is an economic relationship between the hedged items and hedging instruments through them.

Any ineffective portion of the hedge have no significance in amounts. The change in values of hedged items used to recognize the ineffective portion as a basis are similar to the changes in fair value of hedging instruments.

Changes in the accumulated other comprehensive income after tax related to the derivatives designated as hedging instruments are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Interest rate swap			
Balance at the beginning of the period	¥ 4,458	¥(2,039)	\$(18,736)
Amount incurred	(7,035)	(5,405)	(49,665)
Reclassification adjustments*	538	604	5,551
Transfer to accumulated other comprehensive income directly relating to assets classified as held for sale	–	3,454	31,738
Balance at the end of the period	¥(2,039)	¥(3,386)	\$(31,112)

Note:
*Reclassification adjustments represent amounts of accumulated other comprehensive income transferred to profit or loss when the hedged item affects profit or loss, and are recorded as "Derivative gain and loss" in the consolidated statement of income. For the fiscal years ended March 31, 2019 and 2020, there were no transactions for which hedge accounting was discontinued because the hedged transactions had not been expected to occur.

Interest rate contracts to which hedge accounting is not applied

	(Millions of yen)						(Thousands of U.S. dollars)		
	As of March 31, 2019			As of March 31, 2020			As of March 31, 2020		
	Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)		Contract amounts (of which: maturing in more than one year)	Carrying amount (fair value)	
	Assets	Liabilities		Assets	Liabilities		Assets	Liabilities	
Interest rate swap	¥ 131,111 (129,151)	¥ –	¥(1,011)	¥ 386,763 (114,688)	¥ 7	¥ (8,690)	\$ 3,553,827 (1,053,827)	\$ 64	\$(79,849)
Interest rate currency swap	29,564 (29,007)	151	(561)	21,862 (21,862)	371	–	200,882 (200,882)	3,409	–
Interest rate cap	332,970 (–)	6	–	–	–	–	–	–	–
Total	¥ 493,645 (158,158)	¥157	¥(1,572)	¥ 408,625 (136,550)	¥378	¥ (8,690)	\$3,754,709 (1,254,709)	\$3,473	\$(79,849)

b. Credit risk

In the course of the Company's business, trade and other receivables, and other financial assets (including deposits, equity securities, bonds, and derivatives) are exposed to the 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 its credit risk, the Company performs controls around the due date and balance for each customer in accordance with its internal customer credit management rules and regularly monitors major customers' credit status.

Derivative transactions executed and maintained by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions, and those transactions engaged in are limited to those with financial institutions with high credit ratings in order to reduce the risk.

The carrying amount of financial instruments, net of impairment, is presented in the consolidated statement of financial position, and the amount of lending commitments and guaranteed obligations, represent the Company's maximum exposure to credit risk on financial assets. The values of collateral held and other credit enhancements are not included.

For trade receivables, contract assets, and lending commitments, the Company measures the lifetime expected credit risk. For receivables other than trade receivables, contract assets, and lending commitments, the Company measures future expected credit losses in consideration of the assessment of significant increase of credit risk. The Company determines whether a significant increase of credit risk has been achieved or not based on the movement of occurrence of default. In the determination process, past due information, deterioration of operating results, and external credit ratings are considered. For receivables other than trade receivables

and contract assets, the Company measures the expected credit losses at the amount of the 12-month expected credit losses. However, when there is a significant increase of credit risk after initial recognition, the expected credit losses are measured at the amount of lifetime expected credit losses.

The Company groups financial assets with no individual significance based on the characteristics of credit risk and the type of transactions. The Company then assesses the existence of objective evidence of impairment for each group considering the past default rate.

The Company measures expected credit losses individually for each receivable as financial assets that have been impaired when the events of default as detailed below have occurred, resulting in estimated negative future cash flows of the financial assets.

- Significant financial difficulty of the issuer or borrower
- Breach of contract, such as a default or delinquency in interest or principal payments
- High possibility of bankruptcy or entering financial reorganization

For credit-impaired financial assets, when it is probable that the Company will not collect the entire amount of or a part of the financial assets, the impairment losses are directly deducted from the carrying amount.

Details of lending commitments and credit guarantees are described in "(1) Lending commitments" and "(2) Credit guarantees" under "Note 53. Contingency."

There were no financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2019 and 2020.

(a) Carrying amounts of financial assets subject to allowance for doubtful accounts

i. Trade receivables

Exposure to credit risk on contractual assets is included in trade receivables. Since trade receivables attributable to the credit card business include interest income, the Company measures expected credit losses for those receivables by using the same method for the receivables other than trade receivables. Exposure to credit risk on trade receivables attributable to the credit card business is included in the receivables other than trade receivables.

The table below presents the carrying amounts related to an aging analysis of trade receivables and allowance for doubtful accounts.

As of March 31, 2019

	(Millions of yen)						Total
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due More than 1 year	
Trade receivables	¥1,472,660	¥115,705	¥27,267	¥17,837	¥12,112	¥11,267	¥1,656,848
Allowance for doubtful accounts	(27,054)	(3,996)	(6,882)	(4,568)	(4,947)	(6,532)	(53,979)
Total							¥1,602,869

As of March 31, 2020

	(Millions of yen)						Total
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due More than 1 year	
Trade receivables	¥1,105,791	¥65,753	¥33,181	¥16,954	¥8,734	¥11,364	¥1,241,777
Allowance for doubtful accounts	(3,490)	(935)	(1,736)	(1,858)	(4,484)	(7,109)	(19,612)
Total							¥1,222,165

	(Thousands of U.S. dollars)						Total
	Before due	Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Past due More than 1 year	
Trade receivables	\$10,160,719	\$604,181	\$304,888	\$155,784	\$80,254	\$104,419	\$11,410,245
Allowance for doubtful accounts	(32,068)	(8,591)	(15,951)	(17,072)	(41,202)	(65,324)	(180,208)
Total							\$11,230,037

ii. Financial assets other than trade receivables

The table below presents an aging analysis of financial assets other than trade receivables. The amounts in the analysis are presented at the carrying amount before netting the allowance for doubtful accounts.

As of March 31, 2019

	(Millions of yen)				
	Carrying amounts				
	12 month expected credit losses		Lifetime expected credit losses		
	Before due	Past due	Other than credit-impaired financial assets Past due	Credit-impaired financial assets Past due	Total
Other receivables	¥ 850,533	¥16,675	¥2,433	¥ 7,732	¥ 877,373
Investment securities	327,069	-	-	-	327,069
Other financial assets	1,035,740	7,801	1,824	36,594	1,081,959
Total	¥2,213,342	¥24,476	¥4,257	¥44,326	¥2,286,401

Investment securities are mostly debt financial assets at FVTOCI.

As of March 31, 2020

	(Millions of yen)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses			Purchased or originated credit-impaired financial assets
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets	Total	
Other receivables	¥ 886,355	¥25,891	¥ 1,293	¥11,481	¥ -	¥ 925,020
Investment securities	331,671	-	-	-	-	331,671
Other financial assets	1,107,957	12,622	47,676	45,839	67,630	1,281,724
Total	¥2,325,983	¥38,513	¥48,969	¥57,320	¥67,630	¥2,538,415

	(Thousands of U.S. dollars)					
	Carrying amounts					
	12 month expected credit losses		Lifetime expected credit losses			Purchased or originated credit-impaired financial assets
	Before due	Past due	Other than credit-impaired financial assets	Credit-impaired financial assets	Total	
Other receivables	\$ 8,144,402	\$237,903	\$ 11,881	\$105,495	\$ -	\$ 8,499,681
Investment securities	3,047,606	-	-	-	-	3,047,606
Other financial assets	10,180,621	115,979	438,078	421,198	621,428	11,777,304
Total	\$21,372,629	\$353,882	\$449,959	\$526,693	\$621,428	\$23,324,591

Investment securities are mostly debt financial assets at FVTOCI.

(b) Changes in allowance for doubtful accounts

Allowance for doubtful accounts related to contract assets are included in trade receivables. In addition, trade receivables generated by the credit card business includes interest income. The Company measures expected credit losses for receivables generated by the credit card business by using the same method for the receivables other than trade receivables. As a result, the allowance for doubtful accounts are included in the financial assets other than trade receivables.

i. Trade receivables

The table below presents changes in the allowance for doubtful accounts for trade receivables.

For the fiscal year ended March 31, 2019

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	¥ 37,640	¥ 15,958	¥ 53,598
Effect of retrospective adjustments due to adoption of new standards	38	—	38
Balance at the beginning of the period (after adjustments)	37,678	15,958	53,636
Provisions	42,409	7,220	49,629
Utilized	(34,979)	(10,951)	(45,930)
Other	(7,176)	3,820	(3,356)
Balance at the end of the period	¥ 37,932	¥ 16,047	¥ 53,979

For the fiscal year ended March 31, 2019, there were no changes in gross carrying amounts of trade receivables that affected the allowance for doubtful accounts.

For the fiscal year ended March 31, 2020

	(Millions of yen)		
	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	¥ 37,932	¥ 16,047	¥ 53,979
Provisions	58,419	7,740	66,159
Utilized	(52,721)	(13,535)	(66,256)
Transfer to assets classified as held for sale	(33,701)	(2,772)	(36,473)
Other	(3,768)	5,971	2,203
Balance at the end of the period	¥ 6,161	¥ 13,451	¥ 19,612

(Thousands of U.S. dollars)

	Allowance for doubtful accounts		
	Lifetime expected credit losses		
	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	\$ 348,544	\$ 147,450	\$ 495,994
Provisions	536,791	71,120	607,911
Utilized	(484,434)	(124,369)	(608,803)
Transfer to assets classified as held for sale	(309,666)	(25,471)	(335,137)
Other	(34,625)	54,868	20,243
Balance at the end of the period	\$ 56,610	\$ 123,598	\$ 180,208

ii. Financial assets other than trade receivables

The table below presents changes in the allowance for doubtful accounts for financial assets other than trade receivables. The allowance for doubtful accounts is mainly for loans.

For the fiscal year ended March 31, 2019

	(Millions of yen)			
	Allowance for doubtful accounts			
	Lifetime expected credit losses			
	12 month expected credit losses	Other than credit-impaired financial assets	Credit-impaired financial assets	Total
Balance at the beginning of the period	¥3,031	¥1,330	¥31,889	¥36,250
Provisions	2,275	717	16,093	19,085
Utilized	(799)	(4)	(9,029)	(9,832)
Other	554	11	1	566
Balance at the end of the period	¥5,061	¥2,054	¥38,954	¥46,069

For the fiscal year ended March 31, 2019, there were no changes in gross carrying amounts of financial assets other than trade receivables that affected the allowance for doubtful accounts.

For the fiscal year ended March 31, 2020

	(Millions of yen)				
	Allowance for doubtful accounts				
	12 month expected credit losses	Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
Other than credit-impaired financial assets		Credit-impaired financial assets			
Balance at the beginning of the period	¥5,061	¥ 2,054	¥38,954	¥ –	¥ 46,069
Provisions	6,322	33,521	17,379	65,913*	123,135
Utilized	(1,833)	(57)	(11,091)	–	(12,981)
Transfer to assets classified as held for sale	(2,778)	–	–	–	(2,778)
Other	(1,006)	(2,029)	451	–	(2,584)
Balance at the end of the period	¥5,766	¥ 33,489	¥45,693	¥65,913	¥150,861

	(Thousands of U.S. dollars)				
	Allowance for doubtful accounts				
	12 month expected credit losses	Lifetime expected credit losses		Purchased or originated credit-impaired financial assets	Total
Other than credit-impaired financial assets		Credit-impaired financial assets			
Balance at the beginning of the period	\$46,504	\$ 18,873	\$357,934	\$ –	\$ 423,311
Provisions	58,091	308,012	159,690	605,651*	1,131,444
Utilized	(16,843)	(524)	(101,911)	–	(119,278)
Transfer to assets classified as held for sale	(25,526)	–	–	–	(25,526)
Other	(9,244)	(18,644)	4,144	–	(23,744)
Balance at the end of the period	\$52,982	\$307,717	\$419,857	\$605,651	\$1,386,207

Note:

*For the fiscal year ended March 31, 2020, the Company recorded the total amount of ¥13,265 million (\$121,887 thousand) as undiscounted expected losses at initial recognition of the allowance for doubtful accounts related to purchased or originated credit-impaired financial assets.

Provisions for and reversal of doubtful accounts are recorded in “Selling, general and administrative expenses” and “Other non-operating income (loss)” in the consolidated statement of income.

c. 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 the issuance of bonds and commercial paper and securitization, taking market conditions and its current/non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and a money management fund.

The Company also continuously monitors its forecasted and actual cash flows and liquid funds.

(a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. The Company's credit facilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Credit facilities	¥3,404,119	¥3,649,205	\$33,531,241
Drawn	1,828,968	3,121,343	28,680,906
Undrawn	¥1,575,151	¥ 527,862	\$ 4,850,335

Note:

Certain commitments above contain financial covenants. The details are described in “(2) Financial covenants” under “Note 24. Interest-bearing debt.”

(b) Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis:

As of March 31, 2019

	(Millions of yen)							
	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 499,179	¥ 499,979	¥ 499,979	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	42,000	42,000	42,000	–	–	–	–	–
Long-term borrowings								
(including current portion) ¹	5,922,990	5,988,463	822,374	1,649,701	637,052	572,225	1,103,646	1,203,465
Corporate bonds								
(including current portion) ²	7,581,038	7,641,406	1,041,234	326,485	1,225,718	766,176	1,129,565	3,152,228
Lease obligations ¹	892,472	892,472	334,517	242,036	162,398	99,640	38,641	15,240
Financial liability for variable prepaid forward contract	730,601	732,534	732,534	–	–	–	–	–
Installment payables	16,826	17,173	11,734	2,723	2,238	404	46	28
Deposits for banking business ³	768,048	768,224	745,953	6,038	5,951	3,160	2,773	4,349
Third-party interests in SoftBank Vision Fund and Delta Fund	4,136,965	4,136,965 ⁴	29,677 ⁵	–	–	–	–	4,107,288 ⁶
Trade and other payables	1,909,608	1,909,608	1,871,807	9,002	3,589	2,107	127	22,976
Other financial liabilities	45,859	45,859	10,789	9,090	3,862	3,791	2,202	16,125
Total	22,545,586	22,674,683	6,142,598	2,245,075	2,040,808	1,447,503	2,277,000	8,521,699
Derivative financial liabilities⁷								
Derivative financial liabilities								
Foreign currency exchange contracts ⁸	125,627	125,627	(8,523)	(11,331)	(10,513)	15,016	2,582	138,396
Option contracts	764,236	764,979	764,979	–	–	–	–	–
Interest rate contracts	8,396	7,816	1,799	1,242	1,732	1,501	868	674
Total	¥ 898,259	¥ 898,422	¥ 758,255	¥ (10,089)	¥ (8,781)	¥ 16,517	¥ 3,450	¥ 139,070

Notes:

- The Company does not apply IFRS 16 to leases of intangible assets. As a result, the liabilities related to these transactions have been reclassified from "Lease obligations" to "Long-term borrowings (including current portion)," the financial liabilities in accordance with IFRS 9, and presented in the above table after the retrospective adjustments.
- Regarding USD-denominated Senior Notes due 2020 and EUR-denominated Senior Notes due 2020 which were issued on April 23, 2013, the original due date was April 15, 2020; however, the outstanding amount of ¥345,581 million was redeemed on May 21, 2018.
- Deposits for the banking business payable on demand are included in "Within 1 year."
- The amount represents the amounts that would have been distributed to Third-party Investors in accordance with the limited partnership agreement if SoftBank Vision Fund and Delta Fund had been liquidated as of March 31, 2019.
- The amount represents the contractual distributions or repayments to be made within a year that have been announced from SoftBank Vision Fund and Delta Fund to Third-party Investors as of March 31, 2019.
- When disposal of investments becomes relatively certain, the portion of third-party interests in SoftBank Vision Fund and Delta Fund which is available for distributions and repayments will be broken down by corresponding maturity dates.
- Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.
- Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

As of March 31, 2020

(Millions of yen)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
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	906,918	558,319	951,273	142,641
Corporate bonds (including current portion)	5,428,821	5,470,964	160,000	865,000	580,079	652,199	666,458	2,547,228
Financial liability for variable prepaid forward contract	196,101	201,277	–	201,277	–	–	–	–
Installment payables	458	458	186	146	54	44	13	15
Lease liabilities	1,140,326	1,140,326	378,383	267,701	175,577	96,091	45,992	176,582
Deposits for banking business ¹	894,124	894,250	873,099	6,770	6,278	2,661	2,331	3,111
Third-party interests in SoftBank								
Vision Fund and other SBIA-managed Funds	4,584,419	4,584,419 ²	24,691 ³	–	–	–	–	4,559,728 ⁴
Trade and other payables	1,585,326	1,585,326	1,560,287	7,693	2,779	158	1	14,408
Other financial liabilities ⁵	304,180	304,180	248,010	9,243	20,783	2,769	3,393	19,982
Total	¥21,640,257	¥21,722,929	¥6,937,947	¥2,647,117	¥1,692,468	¥1,312,241	¥1,669,461	¥7,463,695
Derivative financial liabilities⁶								
Derivative financial liabilities								
Foreign currency exchange contracts ⁷	¥ 122,393	¥122,393	¥ 2,209	¥ (2,346)	¥ 18,980	¥ 13,285	¥ (947)	¥ 91,212
Option contracts	878	878	878	–	–	–	–	–
Interest rate contracts	14,015	14,421	6,618	2,961	2,440	1,205	424	773
Other	56	56	56	–	–	–	–	–
Total	¥ 137,342	¥ 137,748	¥ 9,761	¥ 615	¥ 21,420	¥ 14,490	¥ (523)	¥ 91,985

As of March 31, 2020

(Thousands of U.S. dollars)

	Carrying amount	Aggregation of redemption schedule	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	\$ 14,053,643	\$ 14,077,074	\$14,077,074	\$ –	\$ –	\$ –	\$ –	\$ –
Commercial paper	1,892,860	1,892,860	1,892,860	–	–	–	–	–
Long-term borrowings (including current portion)	53,028,063	53,328,319	17,966,396	11,846,798	8,333,346	5,130,194	8,740,908	1,310,677
Corporate bonds (including current portion)	49,883,497	50,270,734	1,470,182	7,948,176	5,330,139	5,992,824	6,123,845	23,405,568
Financial liability for variable prepaid forward contract	1,801,902	1,849,462	–	1,849,462	–	–	–	–
Installment payables	4,208	4,208	1,709	1,342	496	404	119	138
Lease liabilities	10,478,048	10,478,048	3,476,826	2,459,809	1,613,314	882,946	422,604	1,622,549
Deposits for banking business ¹	8,215,786	8,216,944	8,022,595	62,207	57,686	24,451	21,419	28,586
Third-party interests in SoftBank								
Vision Fund and other SBIA-managed Funds	42,124,589	42,124,589 ²	226,877 ³	–	–	–	–	41,897,712 ⁴
Trade and other payables	14,566,994	14,566,994	14,336,920	70,688	25,535	1,452	9	132,390
Other financial liabilities ⁵	2,795,001	2,795,001	2,278,875	84,931	190,968	25,443	31,177	183,607
Total	\$198,844,591	\$199,604,233	\$63,750,314	\$24,323,413	\$15,551,484	\$12,057,714	\$15,340,081	\$68,581,227
Derivative financial liabilities⁶								
Derivative financial liabilities								
Foreign currency exchange contracts ⁷	\$ 1,124,626	\$ 1,124,626	\$ 20,298	\$ (21,557)	\$ 174,401	\$ 122,071	\$ (8,702)	\$ 838,115
Option contracts	8,068	8,068	8,068	–	–	–	–	–
Interest rate contracts	128,779	132,509	60,810	27,208	22,420	11,072	3,896	7,103
Other	514	514	514	–	–	–	–	–
Total	\$ 1,261,987	\$ 1,265,717	\$ 89,690	\$ 5,651	\$ 196,821	\$ 133,143	\$ (4,806)	\$ 845,218

Notes:

1. Deposits for the banking business payable on demand are included in "Within 1 year."
2. The amount represents the amounts that would have been distributed to Third-party Investors in accordance with the limited partnership agreement if SoftBank Vision Fund had been liquidated as of March 31, 2020.
3. The amount represents the contractual distributions or repayments to be made within a year that have been announced from SoftBank Vision Fund to Third-party Investors as of March 31, 2020.
4. When disposal of investments becomes relatively certain, the portion of third-party interests in SoftBank Vision Fund which is available for distributions and repayments will be broken down by corresponding maturity dates.
5. The amounts of "Carrying amount" and "Within 1 year" include ¥145,133 million (\$1,333,575 thousand) of provisions for allowance for loan commitment losses related to acquire unsecured notes issued by WeWork and allowance for loss on valuation of ¥89,202 million (\$819,645 thousand) for the financial guarantee contract related to the credit support provided by financial institutions to WeWork. The Details are described in "(3) Details and progress of the agreement between the Company and WeWork" under Note 21. Investments accounted for using the equity method."
6. Only if the contractual maturities are essential for an understanding of the timing of the cash flow, derivative financial liabilities are included in the above chart and disclosed.
7. Aggregation of redemption schedule and the breakdown by maturity are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

In addition to the amounts presented above, the Company has lending commitments and credit guarantees, which are detailed in "(1) Lending commitments" and "(2) Credit guarantees" in "Note 53. Contingency."

Average interest rates of the interest-bearing debts and lease liabilities are described in "(1) Component of interest-bearing debt" in "Note 24. Interest-bearing debt" and "Note 19. Leases."

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2019

	(Millions of yen)					
	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥2,339,977	¥ 2,339,977
Other financial assets	39,044	–	45,914	1,300	117,218	203,476
Non-current assets						
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	7,115,629	–	–	–	–	7,115,629
Investment securities	495,901	–	302,938	101,574	24,201	924,614
Other financial assets	295,873	8,016	–	411	881,556	1,185,856
Total	¥7,946,447	¥8,016	¥348,852	¥103,285	¥3,362,952	¥11,769,552
	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total		
Financial liabilities						
Current liabilities						
Interest-bearing debt	¥ –	¥ –	¥ 3,480,960	¥ 3,480,960		
Deposits for banking business	–	–	745,943	745,943		
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	29,677	29,677		
Trade and other payables	–	–	1,909,608	1,909,608		
Derivative financial liabilities	767,714	–	–	767,714		
Other financial liabilities	–	–	10,849	10,849		
Non-current liabilities						
Interest-bearing debt	–	–	12,204,146	12,204,146		
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	4,107,288	4,107,288		
Derivative financial liabilities	11,511	119,034	–	130,545		
Other financial liabilities	–	–	57,115	57,115		
Total	¥779,225	¥119,034	¥22,545,586	¥23,443,845		

As of March 31, 2020

(Millions of yen)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥2,072,326	¥ 2,072,326
Other financial assets	197,194	–	46,736	1,600	67,957	313,487
Non-current assets						
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	6,892,232	–	–	–	–	6,892,232
Investment securities	809,233	–	308,345	70,607	23,326	1,211,511
Other financial assets	107,044	29,422	–	370	1,023,136	1,159,972
Total	¥8,005,703	¥29,422	¥355,081	¥72,577	¥3,186,745	¥11,649,528

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt	¥ –	¥ –	¥ 3,845,153	¥ –	¥ 3,845,153
Lease liabilities	–	–	378,383	–	378,383
Deposits for banking business	–	–	873,087	–	873,087
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	24,691	–	24,691
Trade and other payables	–	–	1,585,326	–	1,585,326
Derivative financial liabilities	9,266	1	–	–	9,267
Other financial liabilities	–	–	6,122	241,888	248,010
Non-current liabilities					
Interest-bearing debt	–	–	9,286,729	–	9,286,729
Lease liabilities	–	–	761,943	–	761,943
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	4,559,728	–	4,559,728
Derivative financial liabilities	14,723	113,352	–	–	128,075
Other financial liabilities	16,434	–	57,360	3,413	77,207
Total	¥40,423	¥113,353	¥21,378,522	¥245,301	¥21,777,599

As of March 31, 2020

(Thousands of U.S. dollars)

	Financial assets at FVTPL	Derivatives designated as hedges	Debt financial assets at FVTOCI	Equity financial assets at FVTOCI	Financial assets at amortized cost	Total
Financial assets						
Current assets						
Trade and other receivables	\$ –	\$ –	\$ –	\$ –	\$19,041,863	\$ 19,041,863
Other financial assets	1,811,945	–	429,440	14,702	624,433	2,880,520
Non-current assets						
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	63,330,258	–	–	–	–	63,330,258
Investment securities	7,435,753	–	2,833,272	648,783	214,334	11,132,142
Other financial assets	983,589	270,348	–	3,400	9,401,231	10,658,568
Total	\$73,561,545	\$270,348	\$3,262,712	\$666,885	\$29,281,861	\$107,043,351

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Lending commitments and financial guarantee contracts	Total
Financial liabilities					
Current liabilities					
Interest-bearing debt	\$ –	\$ –	\$ 35,331,738	\$ –	\$ 35,331,738
Lease liabilities	–	–	3,476,826	–	3,476,826
Deposits for banking business	–	–	8,022,485	–	8,022,485
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	226,877	–	226,877
Trade and other payables	–	–	14,566,994	–	14,566,994
Derivative financial liabilities	85,142	9	–	–	85,151
Other financial liabilities	–	–	56,253	2,222,622	2,278,875
Non-current liabilities					
Interest-bearing debt	–	–	85,332,436	–	85,332,436
Lease liabilities	–	–	7,001,222	–	7,001,222
Third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	41,897,712	–	41,897,712
Derivative financial liabilities	135,283	1,041,552	–	–	1,176,835
Other financial liabilities	151,007	–	527,060	31,361	709,428
Total	\$371,432	\$1,041,561	\$196,439,603	\$2,253,983	\$200,106,579

The Company generally classifies financial instruments as “financial assets at FVTPL.” Certain equity instruments are used as business investments to generate business synergies. As a result, for such investments, the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income, not in profit or loss, and classified them as “equity financial assets at FVTOCI.”

Major components and fair values of the equity financial assets at FVTOCI are as follows.

As of March 31, 2019

Names	(Millions of yen)
	Fair value
GungHo Online Entertainment, Inc.	¥ 10,011
RPA Holdings, Inc.	4,308
Guidewire Software Inc.	2,600
GameWith, Inc.	2,173
istyle Inc.	1,695
Other	82,498
Total	¥103,285

As of March 31, 2020

Names	(Millions of yen)	(Thousands of U.S. dollars)
	Fair value	Fair value
Retty Inc.	¥ 3,672	\$ 33,741
HOPU-ARM Innovation Fund, L.P.	2,804	25,765
COCON Inc.	2,129	19,563
OpenStreet Co., Ltd	1,973	18,129
Zimperium, Inc.	1,859	17,082
Other	60,140	552,604
Total	¥72,577	\$666,884

The Company sells (or derecognize) equity financial assets at FVTOCI when those assets no longer match the Company's investment strategies. The table below presents fair value on the date of sale and accumulated gains or losses related to the sales of equity financial assets at FVTOCI that were sold during the year.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Fair value on the date of sale	¥19,031	¥26,363	\$242,240
Accumulated gains related to the sales	3,005	2,297	21,106

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. For the fiscal year ended March 31, 2020, ¥1,339 million (\$12,304 thousand) (For the fiscal year ended March 31, 2019: ¥275 million) was transferred from "Other comprehensive income" to "Retained earnings."

31. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The fair value hierarchy is defined as follows in descending order of level:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter.

There were no transfers between Level 1 and Level 2 during the fiscal years ended March 31, 2019 and 2020.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

As of March 31, 2019

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL . . .	¥307,851	¥ –	¥6,807,778	¥7,115,629
Equity securities	100,684	–	321,308	421,992
Bonds and loans	2,703	288,015	133,144	423,862
Derivative financial assets				
Foreign currency exchange contracts	–	28,927	–	28,927
Option contracts	–	3,836	202	4,038
Interest rate contracts	–	1,576	–	1,576
Other	6,882	10,538	393,156	410,576
Total	¥418,120	¥332,892	¥7,655,588	¥8,406,600
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	¥ –	¥125,627	¥ –	¥ 125,627
Option contracts	–	764,236	–	764,236
Interest rate contracts	–	8,396	–	8,396
Total	¥ –	¥898,259	¥ –	¥ 898,259

As of March 31, 2020

	(Millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL . . .	¥1,104,339	¥ –	¥5,787,893	¥6,892,232
Equity securities	82,753	–	634,157	716,910
Bonds and loans	5,301	247,181	56,824	309,306
Derivative financial assets				
Foreign currency exchange contracts	–	63,175	–	63,175
Option contracts	–	7,812	17,937	25,749
Interest rate contracts	–	378	–	378
Other	–	63	–	63
Other	168,070	6,290	280,610	454,970
Total	¥1,360,463	¥324,899	¥6,777,421	¥8,462,783
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	¥ –	¥122,393	¥ –	¥ 122,393
Option contracts	–	657	221	878
Interest rate contracts	–	14,015	–	14,015
Other	–	56	–	56
Other	–	–	16,434	16,434
Total	¥ –	¥137,121	¥ 16,655	¥ 153,776

	(Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	\$10,147,377	\$ –	\$53,182,881	\$63,330,258
Equity securities	760,388	–	5,827,042	6,587,430
Bonds and loans	48,709	2,271,258	522,135	2,842,102
Derivative financial assets				
Foreign currency exchange contracts	–	580,493	–	580,493
Option contracts	–	71,782	164,816	236,598
Interest rate contracts	–	3,473	–	3,473
Other	–	579	–	579
Other	1,544,335	57,796	2,578,426	4,180,557
Total	\$12,500,809	\$2,985,381	\$62,275,300	\$77,761,490
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	\$ –	\$1,124,626	\$ –	\$ 1,124,626
Option contracts	–	6,036	2,031	8,067
Interest rate contracts	–	128,779	–	128,779
Other	–	515	–	515
Other	–	–	151,006	151,006
Total	\$ –	\$1,259,956	\$ 153,037	\$ 1,412,993

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

- a. Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL, Equity securities, and bonds, and loans

Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL, Equity securities, bonds, and loans are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as Level 1.

If such prices are unavailable, and if prices of recent arm's-length transactions or equity financing are available, they are measured using recent transaction prices adjusting for performance of the market and company performance.

In the absence of a recent transaction, market approach, cost approach, or income approach is applied for the enterprise valuation. The market approach is used to the extent comparable guidelines for public companies are available. The market approach is a valuation method using

figures from the financial statements of the subject companies and valuation multiple of comparable companies, such as Enterprise Value (EV)/Revenue and EV/EBITDA. The cost approach is a valuation method using net assets on balance sheet of subject companies for calculation of stock value. The income approach is used when reliable cash flow projections are available. Under this approach, the present value is calculated by discounting estimated future cash flows at the discount rate and the future cash flows are estimated by taking into consideration several assumptions, including the revenue growth rate.

The enterprise value which is calculated by the above method is allocated to shareholder's value of each class of shares depending on the capital structures of the investments. For the allocation, an option pricing model, which values each individual security in the capital structure based on its unique rights and preferences, and a waterfall approach, which allocates value based on the seniority of each security in the event of a liquidation are mainly used.

The financial instruments are classified as Level 2 if all significant inputs, such as quoted prices and discount rates used for the measurement are observable, and they are classified as Level 3 when they are measured using significant unobservable inputs.

- b. Derivative financial assets and derivative financial liabilities

The fair value of derivative financial instruments is measured using valuation techniques including a discounted cash flows model, or using quoted prices in inactive markets. Derivative financial instruments are classified as Level 2 if all significant inputs, such as foreign currency exchange rates and discount rates used for the measurement, are observable; and they are classified as Level 3 when they are measured using significant unobservable inputs.

(2) Fair value measurements of financial instruments that are categorized as Level 3

- a. Valuation techniques and inputs

The following table shows information about the valuation techniques used and the significant unobservable inputs used in the Level 3 fair value measurements.

- (a) Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL

For Level 3 fair value measurements of investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL, the Company mainly uses price of the recent transactions method and the discounted cash flow method. The following table shows the fair value of the investments measured by each valuation techniques. When a combination of multiple valuation techniques is applied, aggregated amounts of fair value are presented for each combination of valuation techniques.

Valuation techniques	(Millions of yen)		(Thousands of U.S. dollars)
	Fair value		
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Discounted cash flow	¥ 277,615	¥2,163,880	\$19,883,120
Recent transactions	3,525,146	1,567,914	14,407,002
Discounted cash flow / Market comparable companies	97,116	1,090,088	10,016,429
Recent transactions / Discounted cash flow	1,644,479	766,600	7,044,014
Discounted cash flow / Net asset value	–	134,125	1,232,427
Recent transactions / Discounted cash flow / Other ¹	1,263,422	–	–
Other	–	65,286	599,890
Total	¥6,807,778	¥5,787,893	\$53,182,882

Notes:

1. IPO scenario was considered.

The valuation techniques and the inputs are as follows.

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs	
		As of March 31, 2019	As of March 31, 2020
Discounted cash flow	Cost of capital	11.0% – 50.0%	11.0% – 85.7%
	EBITDA ratio ²	X3.7 – X22.0	X8.0 – X25.6
	Revenue multiple ²	X2.0 – X15.0	X1.5 – X11.0
	Gross merchandise value multiple ²	–	X0.6 – X1.5
	Price to earnings ratio ²	–	X9.0 – X30.0
	Permanent growth rate	1.4% – 3.1%	0.0% – 3.2%
Market comparable companies	EBITDA ratio	–	X10.5 – X21.0
	Revenue multiple	X1.5	X0.4 – X5.5

2. EBITDA ratio, revenue multiple, gross merchandise value multiple or price to earnings ratio of market comparable companies are used for recurring measurement of fair value.

(b) Financial assets including “Other financial assets” and “Investment securities”

For Level 3 fair value measurements of investments, the price of recent investments is mainly adopted considering the rights and preferential rights of shares. The following table shows information about the other valuation techniques used and the significant unobservable inputs used in the fair value measurement.

Valuation techniques	Unobservable inputs	Ranges of unobservable inputs	
		As of March 31, 2019	As of March 31, 2020
Equity securities			
Market comparable companies	Revenue multiple	X1.8 – X5.0	X1.5 – X8.5
	Gross merchandise value multiple	–	X0.8
Discounted cash flow	Cost of capital	16.0%	15.0% – 40.0%
	EBITDA ratio ³	–	X6.0 – X13.2
	Permanent growth rate	4.4%	–
Derivative financial assets			
Discounted cash flow	Cost of capital	–	40.0%
	EBITDA ratio ³	–	X8.0
Other			
Discounted cash flow	Cost of capital	–	40.0%
	EBITDA ratio ³	–	X8.0

3. EBITDA ratio of market comparable companies is used for recurring measurement of fair value.

b. Sensitivity Analysis

Of the above unobservable inputs, EBITDA ratio, revenue multiples, gross profit margin, price to earnings ratio, and permanent growth rate have a positive correlation with the fair value of equity securities, whereas the cost of capital and the cost of debt have a negative correlation with the fair value of equity securities.

c. Valuation processes

(a) Valuation processes at SoftBank Vision Fund and Delta Fund

The valuations are prepared by the valuation team of SBIA in accordance with the SBIA Global Valuation Policy and International Private Equity and Venture Capital Valuation Guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments that are subject to fair value measurement. The valuation team of SBIA may engage external specialists with a high level of knowledge and experience as needed, in determining the fair value of certain complex financial instruments. The valuations are then reviewed by the Valuation and Financial Risk Committee (“VFRC”), established as a committee of SBIA, which reports the result of their review to SBIA’s Board of Directors on a quarterly basis. The VFRC reviews the reasonableness of significant inputs and assumptions as well as the valuation results. In addition, the VFRC considers the appropriateness of the choice of valuation methodology.

(b) Valuation processes at entities other than SoftBank Vision Fund and Delta Fund
Fair value is measured by the Company's personnel in the finance, treasury and accounting departments based on internal guidelines on a quarterly basis, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value. For the fair value measurements of the financial instruments that require both high level of knowledge and experiences, and that has a significance in amount, the Company may engage external specialists. Thereafter, management responsible for the valuation processes approves the results of fair value measurements by the Company's personnel and the valuation by the external specialists performed at the end of each quarter after reviewing the analysis of fair value changes and other content.

- d. Roll forward of financial instruments categorized as Level 3
Roll forward of financial instruments categorized as Level 3 is as follows:

For the fiscal year ended March 31, 2019

	(Millions of yen)				
Financial assets	Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Equity securities	Bonds and loans	Derivative financial assets	Other
As of April 1, 2018	¥2,108,981	¥2,206,134	¥ 3,942	¥5,474	¥ 94,302
Gains or losses					
Net income	1,367,746	(37,530)	(6,347)	115	5,522
Other comprehensive income	66,020	94,425	1,665	(54)	2,063
Purchases	1,576,440	254,231	21,742	–	278,955
Sales	(421,921)	(45,379)	(940)	–	(11,432)
Investments transferred or agreed to be transferred from the Company to SoftBank Vision Fund	2,201,137	(2,178,879)	(16,925)	(5,333)	–
Loans	–	–	186,579	–	–
Transfer relating to applying the use of the equity method	–	(123,455)	–	–	–
Transfer relating to discontinuing the use of the equity method	–	135,477	–	–	–
Transfers to Level 1 due to listing	(90,625)	(3,904)	–	–	–
Other	–	20,188	(56,572)	–	23,746
As of March 31, 2019	¥6,807,778	¥ 321,308	¥133,144	¥ 202	¥393,156
Gains or losses recognized in net income on financial instruments held at March 31, 2019	¥1,213,633	¥ 15,175	¥ (7,490)	¥ 115	¥ 6,296

For the fiscal year ended March 31, 2020

	(Millions of yen)				
Financial assets	Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Equity securities	Bonds and loans	Derivative financial assets	Other
As of April 1, 2019	¥ 6,807,778	¥ 321,308	¥133,144	¥ 202	¥ 393,156
Gains or losses					
Net income	(1,510,902)	(439,644)	(26,130)	(71,925)	(201,497)
Other comprehensive income	(113,201)	(4,001)	(3,403)	1	(6,383)
Purchases	1,814,220	443,459	1,110	–	390,031
Sales	(25,585)	(16,917)	(771)	–	(25,832)
Loans	–	–	20,473	–	–
Investments transferred or agreed to be transferred from the Company to SoftBank Vision Fund	104,500	(104,500)	–	–	–
Transfers to Level 1 due to listing	(1,288,917)	(11,556)	–	–	–
Conversions into equity securities	–	352,049	(94,358)	–	(257,691)
Other	–	93,959	26,759	89,659	(11,174)
As of March 31, 2020	¥ 5,787,893	¥ 634,157	¥ 56,824	¥ 17,937	¥ 280,610
Gains or losses recognized in net income on financial instruments held at March 31, 2020	¥(1,413,025)	¥(455,201)	¥ (14,783)	¥ (76,259)	¥(167,585)

	(Millions of yen)	
Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2019	¥ –	¥ –
Gains or losses		
Net income	222	99
Other comprehensive income	(1)	–
Other	–	16,335
As of March 31, 2020	221	16,434
Losses recognized in net income on financial instruments held at March 31, 2020	¥222	¥ 99

(Thousands of U.S. dollars)

Financial assets	Investments from SoftBank Vision Fund and other SBIA-managed funds accounted for using FVTPL	Equity securities	Bonds and loans	Derivative financial assets	Other
As of April 1, 2019	\$62,554,241	\$ 2,952,384	\$1,223,413	\$ 1,856	\$ 3,612,570
Gains or losses					
Net income	(13,883,139)	(4,039,732)	(240,099)	\$(660,893)	(1,851,484)
Other comprehensive income	(1,040,164)	(36,764)	(31,269)	9	(58,651)
Purchases	16,670,220	4,074,786	10,199	–	3,583,856
Sales	(235,091)	(155,444)	(7,084)	–	(237,361)
Loans	–	–	188,119	–	–
Investments transferred or agreed to be transferred from the Company to SoftBank Vision Fund	960,213	(960,213)	–	–	–
Transfers to Level 1 due to listing	(11,843,399)	(106,184)	–	–	–
Conversions into equity securities	–	3,234,853	(867,022)	–	(2,367,831)
Other	–	863,356	245,878	823,844	(102,673)
As of March 31, 2020	\$53,182,881	\$ 5,827,042	\$ 522,135	\$ 164,816	\$ 2,578,426
Gains or losses recognized in net income on financial instruments held at March 31, 2020	\$(12,983,782)	\$(4,182,679)	\$(135,836)	\$(700,717)	\$(1,539,879)

(Thousands of U.S. dollars)

Financial liabilities	Derivative financial liabilities	Other
As of April 1, 2019	\$ –	\$ –
Gains or losses		
Net income	2,040	910
Other comprehensive income	(9)	–
Other	–	150,096
As of March 31, 2020	\$2,031	\$151,006
Losses recognized in net income on financial instruments held at March 31, 2020	\$2,040	\$ 910

Gains or losses recognized in net income are included in “Other operating loss,” “Operating income from SoftBank Vision Fund and other SBIA-managed funds,” “Derivative gain (loss),” and “Gain (loss) from financial instruments at FVTPL” in the consolidated statement of income. Gains or losses recognized in other comprehensive income, net of tax, are included in “Equity financial assets at FVTOCI,” “Debt financial assets at FVTOCI” and “Exchange differences on

translating foreign operations” in the consolidated statement of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

As of March 31, 2019

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings	¥ 5,102,091	¥1,225,008	¥3,137,252	¥ 779,132	¥ 5,141,392
Corporate bonds	6,538,785	2,431,566	4,334,799	–	6,766,365
Lease obligations	557,955	–	164	565,647	565,811
Installment payables	5,315	–	–	5,513	5,513
Total	¥12,204,146	¥3,656,574	¥7,472,215	¥1,350,292	¥12,479,081

The Company does not apply IFRS 16 to leases of intangible assets. Accordingly, liabilities associated with the aforementioned transactions are accounted for as financial liabilities under IFRS 9 and are included in “Long-term borrowings.”

As of March 31, 2020

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings	¥3,821,473	¥ –	¥3,095,567	¥707,064	¥3,802,631
Corporate bonds	5,268,883	–	4,888,602	–	4,888,602
Total	¥9,090,356	¥ –	¥7,984,169	¥707,064	¥8,691,233

(Thousands of U.S. dollars)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Interest bearing debt (Non-current)					
Long-term borrowings	\$35,114,151	\$ –	\$28,444,059	\$6,496,959	\$34,941,018
Corporate bonds	48,413,884	–	44,919,618	–	44,919,618
Total	\$83,528,035	\$ –	\$73,363,677	\$6,496,959	\$79,860,636

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. 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.

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

a. Long-term borrowings

Fair values of the non-current portion of long-term borrowings are measured using quoted prices in active markets if such prices are available, and the measurement is categorized as Level 1. Where such prices in active markets are not available, fair values of the non-current portion of long-term borrowings are measured based on the discounted cash flow method using observable inputs such as market interest rates, and the measurement is categorized as Level 2. Fair values of the non-current portion of long-term borrowings are measured based on the 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. Those borrowings are categorized as Level 3.

b. Corporate bonds (non-current portion)

Fair values of the non-current portion of corporate bonds are mainly categorized as Level 1 or Level 2. When the fair value is measured using quoted prices in active markets for identical bonds, it is categorized as Level 1. When the fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as Level 2.

c. Lease obligations

Fair values of the non-current portion of lease obligations are mainly measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 3. Also, the fair value amount of the non-current portion of lease obligations which are categorized as Level 2 is insignificant.

d. Installment payables

Fair values of the non-current portion of installment payables are measured based on the discounted cash flow method using an interest rate adjusted for the remaining repayment period and credit risks, and the measurement are categorized as Level 3.

32. Transfers of financial assets

The Company enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of receivables related to installment receivables recognized from the mobile devices sales business.

For the transactions, the Company transfers receivables to financial institutions and acquired cash and a subordinate interest in the transferred receivables for financing purposes. The receivables sold are not derecognized because in each transaction, the Company retains a subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables are included in "Interest-bearing debt" under current liabilities and non-current liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Carrying amount of transferred assets	¥1,070,696	¥ 794,514	\$ 7,300,505
Carrying amount of related liabilities	(949,374)	(706,091)	(6,488,018)
(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)			
Fair value of transferred assets	¥1,070,696	¥ 794,514	\$ 7,300,505
Fair value of related liabilities	(948,688)	(706,015)	(6,487,319)
Net position	¥ 122,008	¥ 88,499	\$ 813,186

The difference between transferred assets and related liabilities is the subordinate interest which the Company retains on securitization.

In addition, the Company enters into securitization transactions involving a part of the monthly lump sum payment receivables included in loans in the card business. However, there are securitization receivables for which the Company bears a credit risk until collection and is obligated to pay retrospectively if a debtor does not pay. Those securitization receivables are not derecognized because they do not meet the derecognized criteria. Cash received from transferring the receivables are included in "Interest-bearing debt" under current liabilities.

Carrying amount of the receivables transferred and related liability in financial assets transferred by the method not to meet the derecognized criteria as of March 31, 2020 is ¥1,361 million (\$12,506 thousand) and ¥60,000 million (\$551,319 thousand,) respectively. The liability is settled without significant delay when a debtor pay for receivables transferred, but the Company cannot use the receivables transferred until the settlement of the liability or payment from the debtor are completed. The discrepancy between receivables transferred and related liabilities are mainly due to the amount of loan collection in card business.

33. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are not offset as they do not meet certain or all criteria of offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of March 31, 2019

	(Millions of yen)				
Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥169,649	¥(91,150)	¥78,499	¥(33,156)	¥45,343
Other financial assets	8,338	(462)	7,876	(7,227)	649
Total	¥177,987	¥(91,612)	¥86,375	¥(40,383)	¥45,992

	(Millions of yen)				
Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥297,005	¥(91,150)	¥205,855	¥(32,986)	¥172,869
Derivative financial liabilities	137,000	(462)	136,538	(7,272)	129,266
Other financial liabilities	294	—	294	(125)	169
Total	¥434,299	¥(91,612)	¥342,687	¥(40,383)	¥302,304

As of March 31, 2020

	(Millions of yen)				
Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥202,518	¥(90,066)	¥112,452	¥(17,110)	¥95,342
Other financial assets	30,855	—	30,855	(30,660)	195
Total	¥233,373	¥(90,066)	¥143,307	¥(47,770)	¥95,537

	(Millions of yen)				
Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥294,143	¥(90,066)	¥204,077	¥(16,552)	¥187,525
Derivative financial liabilities	121,707	—	121,707	(30,691)	91,016
Other financial liabilities	713	—	713	(527)	186
Total	¥416,563	¥(90,066)	¥326,497	¥(47,770)	¥278,727

(Thousands of U.S. dollars)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	\$1,860,865	\$(827,584)	\$1,033,281	\$(157,217)	\$876,064
Other financial assets	283,516	–	283,516	(281,724)	1,792
Total	\$2,144,381	\$(827,584)	\$1,316,797	\$(438,941)	\$877,856

(Thousands of U.S. dollars)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	\$2,702,775	\$(827,584)	\$1,875,191	\$(152,090)	\$1,723,101
Derivative financial liabilities	1,118,322	–	1,118,322	(282,009)	836,313
Other financial liabilities	6,552	–	6,552	(4,842)	1,710
Total	\$3,827,649	\$(827,584)	\$3,000,065	\$(438,941)	\$2,561,124

34. Foreign currency exchange rates

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

(1) Rate at the end of the period

	As of March 31, 2019	As of March 31, 2020
U.S. dollars	¥110.99	¥108.83
British pound	¥144.98	¥133.32
Chinese yuan	¥ 16.47	¥ 15.31

(2) Average rate for the quarter

For the fiscal year ended March 31, 2019

	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018	Three-month period ended December 31, 2018	Three-month period ended March 31, 2019
U.S. dollars	¥108.71	¥111.55	¥112.83	¥110.46
British pound	¥147.54	¥145.84	¥144.48	¥143.99
Chinese yuan	¥ 16.97	¥ 16.40	¥ 16.31	¥ 16.37

For the fiscal year ended March 31, 2020

	Three-month period ended June 30, 2019	Three-month period ended September 30, 2019	Three-month period ended December 31, 2019	Three-month period ended March 31, 2020
U.S. dollars	¥110.00	¥107.70	¥108.98	¥109.22
British pound	¥140.88	¥132.73	¥139.55	¥140.20
Chinese yuan	¥ 16.13	¥ 15.37	¥ 15.46	¥ 15.56

(3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar, British pound and Chinese yuan, which are the main foreign currencies of the Company, regarding the translation of assets, liabilities, and interests in net assets of foreign operations into the presentation currency, assuming that all other factors are constant.

Impact of exchange differences on translating foreign operations (decrease in equity)

	(Millions of yen)			(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020	
U.S. dollar	¥(38,583)	¥(64,180)	¥(64,180)	\$(589,727)
British pound	(36,275)	(33,010)	(33,010)	(303,317)
Chinese yuan	(20,625)	(28,609)	(28,609)	(262,878)

35. Equity

(1) Common stock

a. Shares authorized

The number of shares authorized to be issued is as follows:

	(Thousands of shares)	
	As of March 31, 2019	As of March 31, 2020
Ordinary shares ³	3,600,000	7,200,000

b. Shares issued

Changes in the number of shares issued are as follows:

	(Thousands of shares)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Balance at the beginning of the year	1,100,660	1,100,660
Increase during the year ³	–	1,044,907
Decrease during the year ⁴	–	(55,753)
Balance at the end of the year	1,100,660	2,089,814

Notes:

- Shares issued by the Company is common stock with no par value.
- Shares issued have been fully paid.
- For the fiscal year ended March 31, 2020, the increase of the total number of shares authorized and the total number of shares issued during the year are due to a share split that the Company conducted at a ratio of two-for-one effective June 28, 2019 under the resolution passed at the Board of Directors meeting held on May 9, 2019.
- For the fiscal year ended March 31, 2020, the decrease was primarily due to the resolution passed at the Board of Directors meeting held on May 30, 2019. The Company retired 55,753 thousand shares of treasury stock on June 10, 2019.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan (the “Companies Act”), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

For the fiscal year ended March 31, 2019

- In August, 2018, SoftBank Corp. acquired Z Holdings Corporation shares mainly from Altaba Inc. for ¥221.0 billion (ownership percentage 10.78%). In addition, Z Holdings Corporation acquired its own shares from SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, for ¥220.0 billion (ownership percentage 10.73%). As a result of the transaction, the ownership percentage in Z Holdings Corporation by the Company changed from 42.95% to 48.17%. Along with the transaction, ¥56,632 million was deducted from “Capital surplus” as “Changes in interests in subsidiaries.”

- On December 19, 2018, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed of. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%. Associated with this transaction, ¥1,221,363 million, the amount equivalent to the gain on the disposal of interests in subsidiaries, was recorded in “Changes in interests in subsidiaries” under “Capital surplus.”

For the fiscal year ended March 31, 2020

On June 27, 2019, Z Holdings Corporation issued 1,511,478,050 new shares for ¥456.5 billion (\$4,194,615 thousand) to SoftBank Corp. through a third-party allotment (the “Third-Party Allotment”). Z Holdings Corporation also implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the “Tender Offer”), and SoftBank Group Corp. accepted the Tender Offer and tendered its holding of common shares of Z Holdings Corporation, held by its wholly-owned subsidiary SoftBank Group Japan Corporation. As a result, 1,792,819,200 of these shares (equivalent to ¥514.5 billion (\$4,727,557 thousand)) were sold to Z Holdings Corporation on June 27, 2019.

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

Associated with this transaction, ¥91,431 million (\$840,127 thousand) was increased in “Changes in interests in subsidiary” under “Capital surplus.”

(3) Other equity instruments

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

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

Payments of interest were completed on the interest payment dates, July 19, 2019 and January 21, 2020, and “Retained earnings” decreased by ¥15,344 million (\$140,991 thousand) and ¥15,727 million (\$144,510 thousand) (for the fiscal year ended March 31, 2019: decreased by ¥16,087 million and ¥15,649 million on July 19, 2018 and January 22, 2019), respectively, as “Distribution to owners of other equity instruments” in the consolidated statement of changes in equity.

In addition, 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 (\$57,061 thousand) as of March 31, 2020 (¥6,333 million as of March 31, 2019).

(4) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend of retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(5) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Balance at the beginning of the year	11,162	46,827
Increase during the year ^{1,2}	36,713	33,340
Decrease during the year ³	(1,048)	(58,349)
Balance at the end of the year	46,827	21,818

Notes:

1. The number of shares of treasury stock acquired based on the resolution passed at the Board of Directors' meeting for the fiscal year ended March 31, 2019 was 36,709 thousand and total acquisition cost was ¥384,068 million.
2. For the fiscal year ended March 31, 2020, due to purchases of treasury stock under the resolutions passed at the Board of Directors meetings held on February 6, 2019 and March 13, 2020, the number of treasury stock increased by 19,044 thousand shares (amount purchased ¥215,931 million (\$1,984,113 thousand)) and by 4,720 thousand shares (amount purchased ¥16,028 million (\$147,276 thousand,)) respectively. In addition, under the resolution passed at the Board of Directors meeting held on May 9, 2019, the Company conducted a share split at a ratio of two-for-one effective June 28, 2019 and the number of treasury stock increased by 9,573 thousand shares.
3. Under the resolution passed at the Board of Directors meeting held on May 30, 2019, the Company retired its treasury stock of 55,753 thousand shares on June 10, 2019. As a result of the transaction, “Retained earnings” and “Treasury stock” decreased by ¥558,136 million (\$5,128,512 thousand), respectively.

(6) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows.

	(Millions of yen)						
	Remeasurements of defined benefit plan	Available-for-sale financial assets	Equity financial assets at FVTOCI	Debt financial assets at FVTOCI	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2018	¥ –	¥ 63,700	¥ –	¥ –	¥(55,286)	¥ 309,545	¥ 317,959
Effect of retrospective adjustments due to adoption of new standards*	–	(63,700)	11,127	41	–	(5,296)	(57,828)
As of April 1, 2018 (after adjustments)	–	–	11,127	41	(55,286)	304,249	260,131
Other comprehensive income (attributable to owners of the parent)	(1,376)	–	(4,191)	226	9,495	24,882	29,036
Transfer to retained earnings	1,376	–	(275)	–	–	–	1,101
As of March 31, 2019	¥ –	¥ –	¥ 6,661	¥267	¥(45,791)	¥ 329,131	¥ 290,268
Other comprehensive income (attributable to owners of the parent)	(18,518)	–	(207)	313	55,465	(501,064)	(464,011)
Transfer to retained earnings	18,518	–	(1,339)	–	–	–	17,179
Transfer of accumulated other comprehensive income directly relating to assets classified as held for sale	–	–	–	–	3,454	(209,149)	(205,695)
As of March 31, 2020	¥ –	¥ –	¥ 5,115	¥580	¥ 13,128	¥(381,082)	¥(362,259)

	(Thousands of U.S. dollars)						
	Remeasurements of defined benefit plan	Available-for-sale financial assets	Equity financial assets at FVTOCI	Debt financial assets at FVTOCI	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2019	\$ –	\$ –	\$ 61,206	\$2,453	\$(420,757)	\$ 3,024,267	\$ 2,667,169
Other comprehensive income (attributable to owners of the parent)	(170,155)	–	(1,902)	2,876	509,648	(4,604,099)	(4,263,632)
Transfer to retained earnings	170,155	–	(12,303)	–	–	–	157,852
Transfer of accumulated other comprehensive income directly relating to assets classified as held for sale	–	–	(1)	–	31,738	(1,921,795)	(1,890,058)
As of March 31, 2020	\$ –	\$ –	\$ 47,000	\$5,329	\$ 120,629	\$(3,501,627)	\$(3,328,669)

The above amount is presented net of the tax effect. The amount of income taxes on each item in other comprehensive income is described in "Note 49. Other comprehensive income."

Note:

* In accordance with the adoption of IFRS 9, "Financial Instruments," and IFRS 15, "Revenue from Contracts with Customers," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income.

36. Dividends

In accordance with the Companies Act, SoftBank Group Corp. has prescribed in its articles of incorporation that semiannual interim dividends may be paid once a year upon resolution by the Board of Directors.

Dividends paid are as follows:

For the fiscal year ended March 31, 2019

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 20, 2018.	Common stock	¥22*		¥23,969		March 31, 2018	June 21, 2018
Board of directors' meeting held on October 31, 2018 . . .	Common stock	22*		23,982		September 30, 2018	December 10, 2018

For the fiscal year ended March 31, 2020

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 19, 2019.	Common stock	¥22*	\$0.20	¥23,184	\$213,029	March 31, 2019	June 20, 2019
Board of directors' meeting held on October 16, 2019 . . .	Common stock	22	0.20	45,567	418,699	September 30, 2019	December 9, 2019

Note:

* The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. "Dividends per share" is calculated assuming that the share split was conducted at the beginning of the fiscal year.

Dividends which will become effective during the fiscal year ending March 31, 2021 are as follows:

Resolution	Class of shares	Dividends per share		Total dividends		Record date	Effective date
		(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)		
Shareholders' meeting held on June 25, 2020.	Common stock	¥22	\$0.20	¥45,496	\$418,046	March 31, 2020	June 26, 2020

37. Share-based payment transactions

The Company grants stock options and restricted stock units (“RSUs”) as share-based payment awards.

Share-based payment awards are granted to the Company’s directors and employees based on the terms resolved at the Company’s shareholders’ meeting or Board of Directors’ meeting.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability amounts recognized from share-based payment awards are as follows:

Expense arising from share-based payment

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Equity-settled	¥12,950	¥7,612	\$69,944
Cash-settled	5,771	334	3,069
Total	¥18,721	¥7,946	\$73,103

Liability arising from share-based payment

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Liability arising from share-based payment . . .	¥12,246	¥2,491	\$22,889
Liability vested in the above	91	64	588

(1) Stock option plan

a. Details of the stock option plan

The Company grants stock options as equity-settled share-based payments and cash-settled share-based payments. The details of the Company’s stock option plan for the years ended March 31, 2019 and 2020 are as follows:

(a) SoftBank Group Corp.

SoftBank Group Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Group Corp.

The Company conducted a share split at a ratio of two-for-one effective June 28, 2019. The amounts of “Stock options” for each fiscal year are recorded after adjustments of the share split.

Year issued/Name	Grant date	Due date for exercise
2016 July Stock Acquisition Rights ¹	July 28, 2016	July 31, 2022
2017 February Stock Acquisition Rights ¹	February 27, 2017	February 28, 2023
2017 July Stock Acquisition Rights ¹	July 28, 2017	July 31, 2023
2018 August Stock Acquisition Rights ²	August 31, 2018	August 31, 2025
2019 July Stock Acquisition Rights ³	August 13, 2019	August 31, 2025
2019 November Stock Acquisition Rights ⁴	December 23, 2019	December 31, 2026

Notes:

1. Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is 3 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in “a” through “d” below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

- from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition right
- from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” above
- from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” and “b” above
- from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” through “c” above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

3. Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 2 years.

The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in “a” through “d” below when the number of shares granted by the stock acquisition rights initially allotted is over 800. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.

- from September 1, 2021 through August 31, 2022: 25% of the allocated amount of stock acquisition rights
- from September 1, 2022 through August 31, 2023: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” above
- from September 1, 2023 through August 31, 2024: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” and “b” above
- from September 1, 2024 through August 31, 2025: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period “a” through “c” above

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

4. Vesting condition

Stock options vest when the service period requirements are met, and the vesting period is approximately 3 years.

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

(b) SoftBank Corp.

SoftBank Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Corp.

Year issued/Name	Grant date	Due date for exercise
2018 March Stock Acquisition Rights*	March 30, 2018	March 31, 2025

Note:

*Vesting condition

In case the common stock of SoftBank Corp. are newly listed on the financial instruments market established by the financial instruments exchange by March 31, 2020, an entitled person is able to exercise these rights.

- Also, the number of these rights which an entitled person is able to exercise is as follows
- i. where the total number of shares granted by the stock acquisition rights initially allotted is from 3,000 to less than 12,000 shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
 - a. up to 30% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
 - b. up to 60% of the total allotted rights including the rights exercised during the period of (a) is exercisable from April 1, 2021 to March 31, 2022.
 - c. up to 100% of the total allotted rights including the rights exercised during the period of (a) and (b) is exercisable from April 1, 2022 to March 31, 2025.
 - ii. i. where the total number of shares granted by the stock acquisition rights initially allotted is 12,000 or more shares, the number of the stock acquisition rights which an entitled person is able to exercise is limited to the following number during the following period.
 - a. up to 20% of the total allotted rights is exercisable from April 1, 2020 to March 31, 2021.
 - b. up to 40% of the total allotted rights including the rights exercised during the period of (a) is exercisable from April 1, 2021 to March 31, 2022.
 - c. up to 60% of the total allotted rights including the rights exercised during the period of (a) and (b) is exercisable from April 1, 2022 to March 31, 2023.
 - d. up to 80% of the total allotted rights including the rights exercised during the period of (a), (b), and (c) is exercisable from April 1, 2023 to March 31, 2024.
 - e. up to 100% of the total allotted rights including the rights exercised during the period of (a), (b), (c), and (d) is exercisable from April 1, 2024 to March 31, 2025.

When an eligible person (director, employee or executive officer) retires, the unexercised acquisition rights are forfeited. However, this shall not apply in the case of a good cause, such as resignation due to expiration of the term or mandatory retirement.

(c) Z Holdings Corporation

Z Holdings Corporation grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by Z Holdings Corporation.

Year issued/Name	Grant date	Due date for exercise
2008 ¹	From May 9, 2008 through February 10, 2009	From April 25, 2018 through January 27, 2019
2009 ¹	From May 12, 2009 through February 10, 2010	From April 28, 2019 through January 27, 2020
2010 ¹	From May 11, 2010 through February 8, 2011	From April 27, 2020 through January 25, 2021
2011 ¹	From June 3, 2011 through February 17, 2012	From May 20, 2021 through February 3, 2022
2012		
1st ¹	May 16, 2012	May 2, 2022
2nd ²	March 1, 2013	February 28, 2023
2013		
1st ³	May 17, 2013	May 16, 2023
2nd ⁴	November 19, 2013	November 18, 2023
2014		
1st ⁴	May 26, 2014	May 25, 2024

Notes:

1. Vesting condition

Rights are mainly starting to vest in stages after 2 years from the grant date. One-half of the total grant vests after 2 years from the grant date, and one fourth grant vests per year for the subsequent 2 years. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition

Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.

- i. If the operating income exceeds ¥250 billion
 - Period of achievement: By fiscal year March 2016 Exercisable ratio: 20%
 - Period of achievement: By fiscal year March 2017 Exercisable ratio: 14%
 - Period of achievement: By fiscal year March 2018 Exercisable ratio: 8%
 - Period of achievement: By fiscal year March 2019 Exercisable ratio: 2%
- ii. If the operating income exceeds ¥330 billion
 - Period of achievement: By fiscal year March 2016 Exercisable ratio: 80%
 - Period of achievement: By fiscal year March 2017 Exercisable ratio: 56%
 - Period of achievement: By fiscal year March 2018 Exercisable ratio: 32%
 - Period of achievement: By fiscal year March 2019 Exercisable ratio: 8%

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

3. Vesting condition

Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.

- i. If the operating income exceeds ¥250 billion Exercisable ratio: 20%
- ii. If the operating income exceeds ¥330 billion Exercisable ratio: 80%

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

4. Vesting condition

Rights vest once the operating income for the fiscal year exceeds ¥330 billion in either of the period from the fiscal year ended in March 2015 through the fiscal year ending in March 2019. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

b. Fair value of stock options granted during the period

Weighted-average fair value and fair value measurement at the measurement date of the stock options granted during the period are as follows:

(a) SoftBank Group Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥4,768 (\$43.81) (for the fiscal year ended March 31, 2019: ¥5,052).

Fair value is measured as follows:

Fiscal year ended March 31, 2019	
Year issued/Name	2018 August stock acquisition rights
Valuation method used	Black-Scholes model (Yen)
Key inputs and assumptions:	
Weighted-average stock price	¥5,150
Weighted-average exercise price	¥1
Volatility of stock price*	33.89 – 36.54%
Estimated residual period	3 – 6 years
Estimated dividend	¥22/per share
Risk-free interest rate	(0.09) – (0.03)%

Fiscal year ended March 31, 2020				
Year issued/Name	2019 July stock acquisition rights		2019 November stock acquisition rights	
	(Yen)	(USD)	(Yen)	(USD)
Valuation method used	Black-Scholes model		Black-Scholes model	
Key inputs and assumptions:				
Weighted-average stock price	¥4,895	\$44.98	¥4,663	\$42.85
Weighted-average exercise price	¥1	\$0.01	¥1	\$0.01
Volatility of stock price*	32.10 – 36.44%		31.90%	
Estimated residual period	2 – 5 years		3 years	
Estimated dividend	¥22/ per share	\$0.20/ per share	¥22/ per share	\$0.20/ per share
Risk-free interest rate	(0.31) – (0.26)%		(0.09)%	

Note:

*Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

(b) SoftBank Corp.

There are no stock options granted during the fiscal years ended March 31, 2019 and 2020.

(c) Z Holdings Corporation

There are no stock options granted during the fiscal years ended March 31, 2019 and 2020.

c. Changes in stock options during the period and the condition of stock options at the period end

Such changes during the period and at the period end are as follows:

(a) SoftBank Group Corp.

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance –					
Unexercised	18,384,000	¥4,016	17,561,200	¥3,802	\$34.94
Granted	1,439,400	1	267,000	1	0.01
Forfeited	(165,400)	3,573	(170,300)	3,007	27.63
Exercised	(2,096,800)	3,080	(3,140,200)	3,206	29.46
Matured	–	–	–	–	–
Ending balance –					
Unexercised	17,561,200	¥3,802	14,517,700	¥3,871	\$35.57
Ending balance –					
Exercisable	6,368,000	¥3,121	12,902,000	¥4,355	\$40.02

The unexercised options as of March 31, 2020 are as follows:

(Yen)	Range of exercise price (USD)	Number of shares	(Yen)	Weighted-average remaining contract period (year)	
				Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥ 1	\$ 0.01	1,615,700	¥ 1	\$ 0.01	5.5
3,080	28.30	3,255,000	3,080	28.30	2.3
4,446	40.85	150,000	4,446	40.85	2.9
4,791	44.02	9,497,000	4,791	44.02	3.3
Total		14,517,700	¥3,871	\$35.57	3.3

(b) SoftBank Corp.

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance –					
Unexercised	120,002,300	¥623	117,776,100	¥623	\$5.72
Granted	–	–	–	–	–
Forfeited	(2,226,200)	623	(2,682,600)	623	5.72
Exercised	–	–	–	–	–
Ending balance –					
Unexercised	117,776,100	623	115,093,500	623	5.72
Ending balance –					
Exercisable	–	¥ –	–	¥ –	\$ –

Of the ending balance exercisable, the weighted-average exercise price as of March 31, 2020 was ¥623 (\$5.72) and the weighted average remaining contract period was 5 years.

(c) Z Holdings Corporation

	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance –					
Unexercised	55,987,100	¥430	47,246,200	¥431	\$3.96
Granted	–	–	–	–	–
Forfeited	(8,171,800)	420	(45,951,600)	435	4.00
Exercised	(86,100)	306	(131,900)	305	2.80
Matured	(483,000)	424	(345,300)	305	2.80
Ending balance –					
Unexercised	47,246,200	431	817,400	303	2.78
Ending balance –					
Exercisable	1,393,200	¥305	817,400	¥303	\$2.78

The unexercised options as of March 31, 2020 are as follows:

(Yen)	Range of exercise price (USD)	Number of shares	(Yen)	Weighted-average remaining contract period (USD) (year)	
¥201–¥300	\$1.85–\$2.76	469,500	¥271	\$2.49	1.4
301– 400	2.77– 3.68	347,900	345	3.17	0.3
Total		817,400	¥303	\$2.78	1.0

d. Stock options exercised during the period

Weighted-average stock prices at the date exercised, for those stock options that were exercised during the period are as follows:

(a) SoftBank Group Corp.

Year issued/ Name	Fiscal year ended March 31, 2019		Year issued/ Name	Fiscal year ended March 31, 2020		
	Number of shares exercised	Weighted-average stock price at exercise (Yen)		Number of shares exercised	Weighted-average stock price at exercise (USD)	
2016 July Stock Acquisition Rights	2,096,800	¥4,781	2016 – July Stock Acquisition Rights	2,900,800	¥5,278	\$48.50
			2017 – February Stock Acquisition Rights	40,000	5,250	48.24
			2017 – July Stock Acquisition Rights	199,400	5,366	49.31

(b) SoftBank Corp.

There was no applicable information.

(c) Z Holdings Corporation

Year issued/Name	Fiscal year ended March 31, 2019		Year issued/Name	Fiscal year ended March 31, 2020		
	Number of shares exercised	Weighted-average stock price at exercise (Yen)		Number of shares exercised	Weighted-average stock price at exercise (USD)	
2008	17,700	¥444	2008	–	¥ –	\$ –
2009	18,100	429	2009	14,100	352	3.23
2010	5,300	481	2010	52,100	415	3.81
2011	30,000	364	2011	63,100	358	3.29
2012	15,000	387	2012	2,600	401	3.68

(2) Restricted stock unit plan

The Company adopts restricted stock unit (“RSU”) plans where the Company grants stocks, the transfer of which is restricted for a certain period until vested, and is accounted for as equity-settled share-based payment.

The details of the Company’s RSU plans for the years ended March 31, 2020 are as follows:

Arm

In December 2019, Arm granted shares of Arm Limited as RSUs to all employees of Arm and its group companies (the “Arm Group”).

RSUs vest upon the achievement of certain performance thresholds of the enterprise value. The fair value of the RSUs is measured using the Monte Carlo option pricing model at the time of grant. The RSUs are forfeited if the employee leaves the Arm Group before the RSUs vest. The cliff vesting period is 4.5 years. The RSUs are accounted for as equity-settled share based payment. However, they will be accounted for as cash-settled share based payment under certain future conditions based on the terms of the RSUs.

The number of RSUs granted for the fiscal year ended March 31, 2020 was 16,596,749 units. The weighted-average fair value of RSUs granted for the fiscal year ended March 31, 2020 was £10.66 per unit.

38. Net sales

(1) Breakdown of net sales

The components of net sales are as follows.

	Fiscal year ended March 31, 2019	(Millions of yen) Fiscal year ended March 31, 2020	(Thousands of U.S. dollars) Fiscal year ended March 31, 2020
SoftBank segment			
Telecommunications			
Retail consumer			
Telecom service revenue			
Wireless telecom services	¥1,591,009	¥1,649,551	\$15,157,135
Broadband services	361,076	383,783	3,526,445
Products and other sales	690,759	636,059	5,844,519
Business	615,496	626,795	5,759,395
Distribution	377,051	439,674	4,040,007
Yahoo			
Advertising	323,272	340,693	3,130,506
Business	396,827	472,655	4,343,058
Personal	201,792	215,544	1,980,557
Other	1,648	2,585	23,753
Other	67,667	76,318	701,259
Subtotal	4,626,597	4,843,657	44,506,634
Arm segment			
License revenue	60,823	60,567	556,529
Royalty revenue	122,725	120,725	1,109,299
Other	19,068	24,985	229,578
Subtotal	202,616	206,277	1,895,406
Brightstar segment			
Products and other sales	385,901	369,788	3,397,850
Service revenue	696,768	585,627	5,381,117
Subtotal	1,082,669	955,415	8,778,967
Other	181,666	179,744	1,651,603
Total	¥6,093,548	¥6,185,093	\$56,832,610

The above amount of net sales for the fiscal year ended March 30, 2020 includes ¥121,149 million (\$1,113,195 thousand) (for the fiscal year ended March 31, 2019: ¥101,659 million) of revenue from other withholdings, excluding those arising from IFRS 15.

(2) Contract balance

The components of contract balances are as follows.

As of March 31, 2020, contract balance of Sprint is not included as Sprint is reclassified as a disposal group classified as held for sale.

	(Millions of yen)			(Thousands of U.S. dollars)
	As of April 1, 2018	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Receivables arising from contracts with customers	¥1,312,989	¥1,336,584	¥999,951	\$9,188,193
Contract assets	72,484	140,586	66,538	611,394
Contract liabilities	253,101	274,252	167,615	1,540,154

Contractual assets generally increase when the Company transfers goods or services to a customer (excluding claims for which the right to remuneration is unconditional) before the customer pays the consideration or before the payment becomes due and decrease when the Company bills the customer.

Contractual liabilities generally increase when the Company receives consideration from a customer prior to the transfer of goods or services to the customer and decrease when the Company meets its performance obligations.

For the year ended March 31, 2020, impairment loss on receivables related to revenue from contracts with customers was ¥13,412 million (\$123,238 thousand) (for the fiscal year ended March 31, 2019: ¥15,371 million.)

Of the amount of net sales recognized for the year ended March 31, 2020, ¥91,174 million (\$837,765 thousand) was included in the beginning balance of contract liabilities as of that date (for the fiscal year ended March 31, 2019: ¥92,129 million.)

(3) Transaction price allocated to unsatisfied performance obligations

The aggregate amount of transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2020 is ¥157,100 million (\$1,443,535 thousand) (as of March 31, 2019: ¥798,528 million.)

As of March 31, 2020, transaction price allocated to remaining performance obligation in the contract of Sprint are reclassified as a disposal group classified as held for sale.

The unsatisfied performance obligations arise primarily from mobile communications services and mobile device rental services in the enterprise business, and are expected to be recognized as revenue primarily within three years.

The Company applies practical expedients and the above amount does not include the transaction prices allocated to residual performance obligation of which the consideration received from customers is at an amount that directly corresponds to the transaction values and service delivery contracts with an original expected duration of one year or less.

39. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cost of goods sold	¥(2,180,837)	¥(2,039,336)	\$(18,738,730)
Depreciation and amortization	(653,229)	(832,017)	(7,645,107)
Employees benefit cost	(591,653)	(622,265)	(5,717,771)
Sales commissions and sales promotion expenses	(442,401)	(483,367)	(4,441,487)
Service outsourcing expenses	(228,292)	(261,948)	(2,406,947)
Telecommunications equipment usage fees	(215,662)	(216,304)	(1,987,540)
Amortization of contract acquisition cost and contract performance cost	(175,151)	(191,585)	(1,760,406)
Operating lease expenses	(157,317)	–	–
Other	(835,155)	(948,865)	(8,718,781)
Total	¥(5,479,697)	¥(5,595,687)	\$(51,416,769)

“Depreciation and amortization” includes disposal of “Property, plant and equipment,” “Right-of-use assets,” and “Intangible assets” as well as amortization of long-term prepaid expenses which are recorded in “Other non-current assets” in the consolidated statement of financial position.

The operating costs, which are included in “Operating income from SoftBank Vision Fund and other SBIA-managed funds” in the consolidated statement of income, are included in the amounts above. Details are described in “Note 8. SoftBank Vision Fund and other SBIA-managed funds business.”

As a result of the adoption of IFRS 16, the “Operating lease expenses” that were previously accounted and recorded as expenses are recorded as depreciation of the right-of-use assets recognized.

For the fiscal year ended March 31, 2020, ¥345,525 million (\$3,174,906 thousand) of depreciation of the right-of use assets were recorded in “Depreciation and amortization”

40. Gain relating to loss of control over subsidiaries

For the fiscal year ended March 31, 2019

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

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

41. Other operating loss

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

	(Millions of yen)		(Thousands of U.S. dollar)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
SoftBank segment			
Impairment loss on assets	¥ (6,669)	¥ (3,404)	\$ (31,278)
Gain from remeasurement relating to business combination	3,751	–	–
Other	(81)	–	–
Other			
Loss relating to investment fund business in Latin America	–	(62,212)	(571,644)
Impairment loss on assets ¹	–	(46,044)	(423,082)
Loss on equity method investments at Fortress	(1,473)	(14,442)	(132,702)
Loss on liquidation of a subsidiary ²	(14,842)	–	–
Other	–	5,051	46,412
Total	¥(19,314)	¥(121,051)	\$(1,112,294)

Notes:

- The primary component for the fiscal year ended March 31, 2020 was the amount of ¥25,710 million (\$236,240 thousand) of impairment loss for the management contracts, which was recognized because the recoverable amounts of management contracts were less than the carrying amounts.
- This is due to the realization of a foreign currency translation adjustment resulting from the liquidation of Kahon 2 Oy for the fiscal year ended March 31, 2019.

42. Finance cost

The components of finance cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Interest expenses*	¥(341,937)	¥(300,948)	\$(2,765,304)

Note:

- * "Interest expenses" are incurred mainly by financial liabilities measured at amortized cost. For the fiscal year ended March 31, 2020. The amount of lease expenses incurred from lease liabilities which was recorded in "Interest expenses" was ¥ (20,268) million (\$ (186,235) thousand.)

43. Income on equity method investments

For the fiscal year ended March 31, 2020

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 (\$2,632,298 thousand) of income on equity method investments.

44. Dilution gain from changes in equity interest

For the fiscal year ended March 31, 2020

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 (\$2,678,958 thousand) of dilution gain from changes in equity interest related to Alibaba.

45. Derivative gain (loss)

For the fiscal year ended March 31, 2019

Derivative gain of ¥177,373 million was recorded in SoftBank Vision Fund. The details are described in "b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business" in "(1) Income and loss arising from the SoftBank Vision Fund and other SBIA-managed funds business included in the consolidated statement of income" under "Note 8. SoftBank Vision Fund and other SBIA-managed funds business."

46. 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 (\$11,196,609 thousand) 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. Alibaba shares pledged as collateral were recorded as "Assets classified as held for sale" of ¥224,201 million and "Investments accounted for using the equity method" of ¥39,256 million, were included in the consolidated statement of financial position as of March 31, 2019.

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

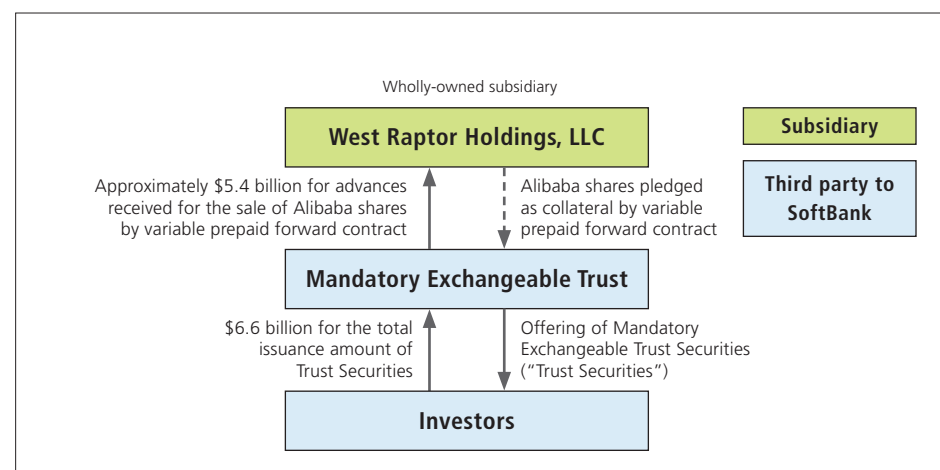
WRH LLC entered into the variable prepaid forward contract on June 10, 2016, and received proceeds of \$5.4 billion (¥578,436 million) as advances received on the sale.

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

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

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

Outline of the transaction



47. Gain (loss) from financial instruments at FVTPL

For the fiscal year ended March 31, 2019

Gain and loss from financial instruments at FVTPL mainly consists of dividend income, interest income, gain and loss on sales, and valuation gain and loss arising from financial assets classified as financial assets at FVTPL.

For the fiscal year ended March 31, 2020

The amount of ¥488,479 million (\$4,488,459 thousand) 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.

48. Other non-operating loss

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

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Interest income	¥ 14,016	¥ 34,587	\$ 317,808
Provisions for allowance for doubtful accounts ¹	(357)	(102,947)	(945,943)
Provisions for allowance for loan commitment losses ²	–	(90,210)	(828,907)
Impairment loss on equity method investments ¹	(54,977)	(73,721)	(677,396)
Provisions for allowance for financial guarantee contract losses ³	–	(59,902)	(550,418)
Gain from remeasurement relating to discontinuing the use of the equity method ⁴	24,842	–	–
Loss on redemption of corporate bonds	(14,538)	–	–
Other	(2,178)	6,631	60,929
Total	¥(33,192)	¥(285,562)	\$(2,623,927)

Notes:

- For the fiscal year ended March 31, 2019, the Company conducted an impairment test for the equity method investments in OneWeb Global Limited because the financial results and the most recent business plan have declined below its original business plan. As a result, the Company recorded an impairment loss on equity method investments of ¥49,549 million for investments made to OneWeb Global Limited. On March 27, 2020 (EST), OneWeb Global Limited, an equity method associate of the Company, filed for relief under Chapter 11 of the United States 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 impairment loss of ¥49,198 million (\$452,063 thousand) was recorded. In addition, loan receivable of ¥65,913 million (\$605,651 thousand) 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 (\$500,368 thousand) was recorded as "loss arising from financial instrument at FVTPL" in the consolidated statement of income for the fiscal year ended March 31, 2020.
- For the fiscal year ended March 31, 2020, ¥90,210 million (\$828,907 thousand) of provisions for allowance for loan commitment losses related to acquire unsecured notes issued by WeWork was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in "Note 27. Other financial liabilities (current) (Notes 1)."
- For the fiscal year ended March 31, 2020, ¥52,349 million (\$481,016 thousand) of provisions for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded as expected credit losses were higher than the amount less accumulated amortization after the initial recognition. The details are described in "Note 27. Other financial liabilities (current) (Notes 2)."

- Gain from remeasurement relating to discontinuing the use of the equity method was recorded for ¥ 21,903 million related to PT Tokopedia in Indonesia, previously accounted for by the equity method. In September 2018, a voting proxy deed was entered into between the Company and a shareholder of PT Tokopedia. As a result, the number of voting rights in PT Tokopedia exercisable by the Company decreased and the Company had no significant influence over PT Tokopedia. Consequently, PT Tokopedia was no longer qualified as an equity method associate and equity interests in PT Tokopedia, continuously held by the Company on the date the use of the equity method was discontinued, was remeasured. All investments in PT Tokopedia were subsequently transferred from the Company to SoftBank Vision Fund in the three-month period ended December 31, 2018. As a result of the discontinuing the use of the equity method for PT Tokopedia, and subsequent to the transfer of PT Tokopedia shares to SoftBank Vision Fund, ¥21,903 million arising from the difference between the carrying amount before discontinuing the use of the equity method and the transferred amount was recorded as "Gain from remeasurement relating to discontinuing the use of the equity method," and ¥67,306 million arising from the difference between the transferred amount and the fair value on the date of discontinuing the use of the equity method was recorded as "Operating income from SoftBank Vision Fund and other SBIA-managed funds" in the consolidated statement of income for the fiscal year ended March 31, 2019.

49. Other comprehensive income

The table below presents the amount arising during the year, reclassification adjustments to profit or loss and the income tax effect of each item in other comprehensive income.

For the fiscal year ended March 31, 2019

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
(Millions of yen)					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ (2,094)	¥ –	¥ (2,094)	¥ 890	¥ (1,204)
Equity financial assets at FVTOCI	(5,934)	–	(5,934)	2,270	(3,664)
Total	(8,028)	–	(8,028)	3,160	(4,868)
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	1,775	(124)	1,651	(506)	1,145
Cash flow hedges	(10,312)	16,298	5,986	2,780	8,766
Exchange differences on translating foreign operations	11,491	16,470	27,961	(733)	27,228
Share of other comprehensive income of associates	15,536	–	15,536	(130)	15,406
Total	18,490	32,644	51,134	1,411	52,545
Total other comprehensive income	¥10,462	¥32,644	¥43,106	¥4,571	¥47,677

For the fiscal year ended March 31, 2020

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
(Millions of yen)					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ (27,264)	¥ –	¥ (27,264)	¥ 5,983	¥ (21,281)
Equity financial assets at FVTOCI	(10,658)	–	(10,658)	4,413	(6,245)
Total	(37,922)	–	(37,922)	10,396	(27,526)
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	(1,501)	(516)	(2,017)	515	(1,502)
Cash flow hedges	20,879	43,817	64,696	(8,539)	56,157
Exchange differences on translating foreign operations	(574,539)	8	(574,531)	52,911	(521,620)
Share of other comprehensive income of associates	3,989	–	3,989	923	4,912
Total	(551,172)	43,309	(507,863)	45,810	(462,053)
Total other comprehensive income	¥(589,094)	¥43,309	¥(545,785)	¥56,206	¥(489,579)

(Thousands of U.S. dollars)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	\$ (250,519)	\$ –	\$ (250,519)	\$ 54,975	\$ (195,544)
Equity financial assets at FVTOCI	(97,933)	–	(97,933)	40,550	(57,383)
Total	(348,452)	–	(348,452)	95,525	(252,927)
Items that may be reclassified subsequently to profit or loss					
Debt financial assets at FVTOCI	(13,792)	(4,741)	(18,533)	4,732	(13,801)
Cash flow hedges	191,850	402,618	594,468	(78,461)	516,007
Exchange differences on translating foreign operations	(5,279,234)	74	(5,279,160)	486,180	(4,792,980)
Share of other comprehensive income of associates	36,653	–	36,653	8,481	45,134
Total	(5,064,523)	397,951	(4,666,572)	420,932	(4,245,640)
Total other comprehensive income	\$(5,412,975)	\$397,951	\$(5,015,024)	\$516,457	\$(4,498,567)

50. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

(1) Basic earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Net income attributable to ordinary shareholders of the parent			
Net income attributable to owners of the parent	¥1,411,199	¥(961,576)	\$(8,835,578)
Net income not-attributable to ordinary shareholders of the parent ²	(32,007)	(30,948)	(284,370)
Net income used in the calculation of basic earnings per share	¥1,379,192	¥(992,524)	\$(9,119,948)
Net income used in the calculation of basic earnings per share			
Net income from continuing operations attributable to ordinary shareholders of the parent	¥1,370,749	¥(960,975)	\$(8,830,057)
Net income from discontinued operations attributable to ordinary shareholders of the parent	8,443	(31,549)	(289,892)
Total	¥1,379,192	¥(992,524)	\$(9,119,948)
Weighted-average number of ordinary shares	(Thousands of shares)		
	2,175,123	2,074,225	
Basic earnings per share	(Yen)		(USD)
Continuing operations	¥630.19	¥(463.29)	\$(4.26)
Discontinued operations	3.89	(15.21)	(0.14)
Total	¥634.08	¥(478.50)	\$(4.40)

(2) Diluted earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Diluted net income attributable to ordinary shareholders of the parent			
Continuing operations			
Net income from continuing operations used in the calculation of basic earnings per share	¥1,370,749	¥(960,975)	\$(8,830,057)
Effect of dilutive securities issued by subsidiaries and associates	(10,087)	(14,151)	(130,028)
Subtotal	¥1,360,662	¥(975,126)	\$(8,960,085)
Discontinued operations			
Net income from discontinued operations used in the calculation of basic earnings per share	¥8,443	¥(31,549)	\$(289,892)
Effect of dilutive securities issued by subsidiaries and associates	(134)	—	—
Subtotal	¥8,309	¥(31,549)	\$(289,892)
Total	¥1,368,971	¥(1,006,675)	\$(9,249,977)
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share	(Thousands of shares)		
Weighted-average number of ordinary shares	2,175,123	2,074,225	
Adjustments			
Stock acquisition rights ³	3,844	—	
Total	2,178,967	2,074,225	
Diluted earnings per share	(Yen)		(USD)
Continuing operations	¥624.45	¥(470.12)	\$(4.32)
Discontinued operations	3.82	(15.21)	(0.14)
Total	¥628.27	¥(485.33)	\$(4.46)

Notes:

- The Company conducted a two-for-one share split effective June 28, 2019. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.
- Net income not-attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.
- Stock acquisition rights are not included in the calculation for "Diluted earnings per share" as it has an antidilutive effect for the calculation for the fiscal year ended March 31, 2020.

51. Supplemental information to the consolidated statement of cash flows

(1) Scope of purchase of property, plant and equipment and intangible assets

“Purchase of property, plant and equipment, and intangible assets” includes cash outflows from long-term prepaid expenses that are included in “Other non-current assets” in the consolidated statement of financial position.

(2) Income taxes paid and income taxes refunded

For the fiscal year ended March 31, 2019

Refund of the withholding income tax of ¥87,094 million is included in “Income taxes refunded.”

For the fiscal year ended March 31, 2020

Payment of withholding income tax related to dividends within the group companies of ¥470,259 million (\$4,321,042 thousand), payment of income tax mainly related to gain on sales of SoftBank Corp. shares held by SoftBank Group Japan Corporation in December 2018 of ¥321,290 million (\$2,952,219 thousand), and payment of income tax related to deemed dividends on sales of Z Holdings Corporation shares held by SoftBank Group Japan Corporation due to an acquisition of its own shares through the Tender Offer by Z Holdings Corporation of ¥78,801 million (\$724,074 thousand) are included in “Income taxes paid.”

In addition, refunded withholding income tax related to dividends within the group companies of ¥422,648 million (\$3,883,562 thousand) million is included in “Income taxes refunded.”

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

For the fiscal year ended March 31, 2019

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

(4) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

For the fiscal year ended March 31, 2019

	(Millions of yen)		
	Interest-bearing debt	Derivatives related to corporate bond	Third-party interests in SoftBank Vision Fund and other SBIA-managed funds
As of April 1, 2018	¥17,042,188	¥139,191	¥1,844,679
(a) Changes arising from financing cash flows			
Proceeds in short-term interest-bearing debt, net.	(65,411)	—	—
Proceeds from interest-bearing debt.	6,189,112	—	—
Repayment of interest-bearing debt.	(7,128,379)	—	—
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	—	—	2,133,682
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	—	—	(486,388)
Other (Payments for cancellation).	—	(24,098)	—
(b) The effect of changes in foreign exchange rates	277,581	—	58,840
(c) Changes in fair values	—	377	—
(d) Changes in third-party interests in SoftBank Vision Fund and other SBIA-managed funds.	—	—	586,152
(e) Non-cash transactions *	(621,938)	—	—
(f) Other changes	(8,047)	—	—
As of March 31, 2019.	¥15,685,106	¥115,470	¥4,136,965

Note:

* Non-cash transactions are incurred by utilizing the NVIDIA shares for the repayment of borrowings. The details are described in “(6) Significant non-cash transactions.”

For the fiscal year ended March 31, 2020

	(Millions of yen)			
	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SoftBank Vision Fund and other SBIA-managed funds
As of April 1, 2019	¥15,685,106	¥ –	¥115,470	¥4,136,965
Effect of retrospective adjustments due to adoption of new standards	(892,472)	2,341,798	–	–
As of April 1, 2019 (after adjustments)	¥14,792,634	¥2,341,798	¥115,470	¥4,136,965
(a) Changes arising from financing cash flows				
Proceeds in short-term interest-bearing debt, net	133,172	–	–	–
Proceeds from interest-bearing debt	8,601,926	–	–	–
Repayment of interest-bearing debt	(5,646,727)	–	–	–
Repayment of lease liabilities	–	(695,370)	–	–
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	–	–	–	1,843,660
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	–	–	–	(771,282)
(b) Changes from acquisition or loss of control over subsidiaries and other businesses ¹	21,989	21,497	–	–
(c) The effect of changes in foreign exchange rates	(145,545)	(84,075)	–	(83,994)
(d) Changes in fair values	–	–	(27,007)	–
(e) Changes in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	–	(540,930)
(f) Non-cash transactions ^{2,3}	(715,044)	325,554	–	–
(g) Transfer to liabilities directly relating to assets classified as held for sale	(3,923,658)	(786,091)	–	–
(h) Other changes	13,134	17,013	(9,857)	–
As of March 31, 2020	¥13,131,882	¥1,140,326	¥ 78,606	¥4,584,419

(Thousands of U.S. dollars)

	Interest-bearing debt	Lease liabilities	Derivatives related to corporate bond	Third-party interests in SoftBank Vision Fund and other SBIA-managed funds
As of April 1, 2019	\$144,124,837	\$ –	\$1,061,013	\$38,013,094
Effect of retrospective adjustments due to adoption of new standards	(8,200,607)	21,517,945	–	–
As of April 1, 2019 (after adjustments)	\$135,924,230	\$21,517,945	\$1,061,013	\$38,013,094
(a) Changes arising from financing cash flows				
Proceeds in short-term interest-bearing debt, net	1,223,679	–	–	–
Proceeds from interest-bearing debt	79,040,026	–	–	–
Repayment of interest-bearing debt	(51,885,758)	–	–	–
Repayment of lease liabilities	–	(6,389,507)	–	–
Contributions into SoftBank Vision Fund and other SBIA-managed funds from third-party investors	–	–	–	16,940,733
Distribution/repayment from SoftBank Vision Fund and other SBIA-managed funds to third-party investors	–	–	–	(7,087,035)
(b) Changes from acquisition or loss of control over subsidiaries and other businesses ¹	202,049	197,528	–	–
(c) The effect of changes in foreign exchange rates	(1,337,361)	(772,535)	–	(771,790)
(d) Changes in fair values	–	–	(248,158)	–
(e) Changes in third-party interests in SoftBank Vision Fund and other SBIA-managed funds	–	–	–	(4,970,413)
(f) Non-cash transactions ^{2,3}	(6,570,284)	2,991,399	–	–
(g) Transfer to liabilities directly relating to assets classified as held for sale	(36,053,092)	(7,223,109)	–	–
(h) Other changes	120,685	156,327	(90,573)	–
As of March 31, 2020	\$120,664,174	\$10,478,048	\$ 722,282	\$42,124,589

Notes:

1. As a result of the consolidation of ZOZO, Inc. The details are described in “Note 9. Business combinations.”
2. The decrease of interest-bearing debt was made due to the delivery the Alibaba shares for the repayment of current portion of long-term borrowings . The details are described in “(6) Significant non-cash transactions.”
3. The increase of lease liabilities was mainly as a result of remeasurement of the lease liabilities and the lease transactions executed after the adoption of IFRS 16.

(5) Cash outflows related to lease

The total amount of cash outflows related to lease was ¥787,726 million (\$7,238,133 thousand.)

(6) Significant non-cash transactions

Significant non-cash transactions and financing activities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Transfer of leased devices from inventories to property, plant and equipment	¥547,491	¥548,375	\$5,038,822
Increase in right-of-use assets related to lease transactions	—	332,066	3,051,236

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

Also, for the fiscal year ended March 31, 2020, ¥715,044 million (\$6,570,284 thousand) of current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and ¥474,468 million (\$4,359,717 thousand) of derivative financial liabilities (current) recognized for sale of Alibaba shares by variable prepaid forward contract were settled with Alibaba shares. The details are described in “Note 46. Gain relating to settlement of variable prepaid forward contract using Alibaba shares.”

52. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Company were as follows:

For the fiscal year ended March 31, 2019

a. Incentive program

The Company loaned a total of ¥22,220 million, which was designated for use for the purchase of SoftBank Group Corp. shares in August 2018 to certain executives of the Company as a part of the incentive plan. The transactions between the Company and the related parties regarding this transaction were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Amount of transaction	Balance at period-end
Marcelo Claire	Director	Lending of loans receivable		
		(net of receipt) ^{1, 3, 4, 5}	¥11,109	¥11,109
		Interest receipt ^{1, 3, 4, 5}	213	213
Katsunori Sago	Director	Lending of loans receivable		
		(net of receipt) ^{2, 3, 5}	5,554	5,554
		Interest receipt ^{2, 3, 5}	52	52
		Borrowing of loans payable ²	3,000	3,000
		Interest payment ²	27	27
Ken Miyauchi	Director	Lending of loans receivable		
		(net of receipt) ^{2, 3, 5}	5,555	5,555
		Interest receipt ^{2, 3, 5}	52	52

Notes:

- The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.
- The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.
- 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 the part of 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").
- When the fair 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 establish a collateral over additional property.
- 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.

Other than the preceding, the Company loaned ¥5,555 million to a non-Director executive of the Company. The executive is not a related party who needs to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the executive recognized for the fiscal year ended March 31, 2019 and the outstanding balance were as follows.

For the fiscal year ended March 31, 2019

Nature of transaction	(Millions of yen)	
	Amount of transaction	Balance at period end
Lending of loans receivable (net of receipt) ^{2, 3, 5}	¥5,554	¥5,554
Interest receipt ^{2, 3, 5}	52	52

b. Other related party transactions

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen) (Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2019 Amount of transaction	As of March 31, 2019 Balance at period end
WeWork ⁶	Associate	Lending of loans by convertible notes	¥111,550 (\$1,000,000) ⁷	¥108,992 (\$1,000,000)
		Advance payment for investment	165,690 (\$1,500,000) ⁷	166,485 (\$1,500,000)
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	11,487	—
		Advance payment for temporary expense	296	24
		Payment for equipment usage ⁸	42	—
		Guarantee deposits refunded	—	174
Mistletoe Venture Partners, Inc. ("Mistletoe") ⁹	Related entity of which a close family member of Chairman & CEO of SoftBank Group Corp. holds more than one-half of the voting rights	Receipt of capital contribution from Mistletoe to a subsidiary ¹⁰	75	76 ¹¹

- The Company and WeWork, an associate of the Company that develops office sharing services, entered into an agreement for the Company to acquire issued and to-be-issued share capital of WeWork in the fiscal year ended March 31, 2019. The total acquisition price is \$6.0 billion. Of this amount, the Company invested \$2.5 billion by March 31, 2019 and made a payment of \$2.0 billion in April, 2019. Transaction price was determined based on negotiation with reference to the corporate valuation by a third-party valuation agency. The impact of this agreement on the operating results as of March 31, 2020, has not been determined at present.
- The amounts represent the original contract amounts recorded in U.S. dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.
- Equipment usage fees are determined based on the ratio of usage.
- Taizo Son, relative of Chairman & CEO Masayoshi Son, holds over half of the voting rights of this company.
- This represents the received amount of contribution to DEEPCORE TOKYO 1, and the terms and conditions of the transaction are determined as same as other limited liability union members.
- The balance at period end represents the sum of the total investment amount and the cumulative investment partnership gains as of March 31, 2019.

For the fiscal year ended March 31, 2020

a. Incentive program

The Company provides loans to certain executives of the Company as a part of the incentive program, which was designated for use for the purchase of SoftBank Group Corp. shares.

(a) Incentive program approved in April and July 2018

The Company loaned an additional ¥10,992 million (\$101,002 thousand) in February 2020 as a part of the incentive program that the Board approved in April 2018. Regarding the incentive program approved in April and July 2018, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire	Director	Lending of loans receivable (net of receipt) ^{1, 3, 4, 5}	¥ –	¥11,109
		Interest receipt ^{1, 3, 4, 5}	327	274
Katsunori Sago	Director	Lending of loans receivable (net of receipt) ^{2, 3, 5}	–	5,554
		Interest receipt ^{2, 3, 5}	81	67
		Repayment of borrowing ²	3,000	–
		Interest payment ²	42	–
Rajeev Misra	Director	Lending of loans receivable (net of receipt) ^{1, 3, 4, 5}	10,992	10,992
		Interest receipt ^{1, 3, 4, 5}	43	43
Ken Miyauchi	Director	Lending of loans receivable (net of receipt) ^{2, 3, 5}	–	5,555
		Interest receipt ^{2, 3, 5}	81	67

(Thousands of U.S. dollars)

Name of the company or individual	Nature of relationship	Nature of transaction	Fiscal year ended	As of
			March 31, 2020	March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire	Director	Lending of loans receivable (net of receipt) ^{1, 3, 4, 5}	\$ –	\$102,077
		Interest receipt ^{1, 3, 4, 5}	3,005	2,518
Katsunori Sago	Director	Lending of loans receivable (net of receipt) ^{2, 3, 5}	–	51,034
		Interest receipt ^{2, 3, 5}	744	616
		Repayment of borrowing ²	27,566	–
		Interest payment ²	386	–
Rajeev Misra	Director	Lending of loans receivable (net of receipt) ^{1, 3, 4, 5}	101,002	101,002
		Interest receipt ^{1, 3, 4, 5}	395	395
Ken Miyauchi	Director	Lending of loans receivable (net of receipt) ^{2, 3, 5}	–	51,043
		Interest receipt ^{2, 3, 5}	744	616

Notes:

- The interest rate for the loan is 2.94% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2028, and the borrower is required to make a single payment at maturity. However, SoftBank Group Corp. and the borrower may agree to extend the term of the loan for an additional five-year period to May 31, 2033, and the borrower may prepay all or any portion of the loan at any time voluntarily. Additionally, the borrower may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loan, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rate for the deposit is the same as the rate for the loan.
- The interest rates for the loans are the 1.45% of fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The maturity date for the loans is May 31, 2023, and the borrowers are required to make a single payment at maturity. However, SoftBank Group Corp. and the borrowers may agree to extend the term of the loan for two additional five-year periods to May 31, 2033, and the borrowers may prepay all or any portion of the loans at any time voluntarily. Additionally, the borrowers may deposit with SoftBank Group Corp. any amount of cash equal to or less than the then-outstanding principal amount of the loans, and SoftBank Group Corp. will account for the deposit as loan payables on the balance sheet. The interest rates for the deposits are the same as the rates for the loans.
- 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 the part of 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").
- When the fair 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 establish a collateral over additional property.
- 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.

Other than the preceding, the Company provides loans to a non-Director executive of the Company based on the same incentive programs. The executive is not a related party who needs to be disclosed herein according to IAS 24.

The amount of the transactions between the Company and the executive recognized for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Nature of transaction	(Millions of yen)	
	Fiscal year ended March 31, 2020	As of March 31, 2020
	Amount of transaction	Balance at period-end
Lending of loans receivable (net of receipt) ^{2, 3, 5}	¥ —	¥5,554
Interest receipt ^{2, 3, 5}	81	67
Borrowing of loans payable ²	700	700
Interest payment ²	7	7

Nature of transaction	(Thousands of U.S. dollars)	
	Fiscal year ended March 31, 2020	As of March 31, 2020
	Amount of transaction	Balance at period-end
Lending of loans receivable (net of receipt) ^{2, 3, 5}	\$ —	\$51,034
Interest receipt ^{2, 3, 5}	744	616
Borrowing of loans payable ²	6,432	6,432
Interest payment ²	64	64

(b) Incentive program approved in February 2020

As a part of the incentive program that the Board of Directors approved in February 2020, the Company loaned an additional ¥32,976 million (\$303,005 thousand) in the same month. Regarding the incentive program approved in February 2020, the amount of the transactions between the Company and the related parties for the fiscal year ended March 31, 2020 and the outstanding balance were as follows.

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire (Claire Holdings LLC)	Director and related entities of which he holds more than one-half of the voting rights	Lending of loans receivable	¥16,488	¥16,488
		(net of receipt) ^{6, 7, 8, 9}		
		Interest receipt ^{6, 7, 8, 9}	43	43
Rajeev Misra	Director	Lending of loans receivable	16,488	16,488
		(net of receipt) ^{6, 7, 8, 9}		
		Interest receipt ^{6, 7, 8, 9}	43	43

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars)	
			Fiscal year ended March 31, 2020	As of March 31, 2020
			Amount of transaction	Balance at period-end
Marcelo Claire (Claire Holdings LLC)	Director and related entities of which he holds more than one-half of the voting rights	Lending of loans receivable	\$151,502	\$151,502
		(net of receipt) ^{6, 7, 8, 9}		
		Interest receipt ^{6, 7, 8, 9}	395	395
Rajeev Misra	Director	Lending of loans receivable	151,502	151,502
		(net of receipt) ^{6, 7, 8, 9}		
		Interest receipt ^{6, 7, 8, 9}	395	395

6. The interest rate for the loan is 1.93% of the fixed rate, which was rationally determined in reference to market interest rates and actual interest rates of SoftBank Group Corp. for other borrowings with periods similar to the period of the loans. The borrower is required to pay the outstanding principal amount of the loan in a single payment on the seventh anniversary of the funding date. 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.

7. The transfer of SoftBank Group Corp. shares purchased through the loan is restricted for the twelve-month period succeeding the effective date of the agreement. Then, the number of shares available for transfer will increase by 20% every three months, and all shares will become available for transfer after exceeding twenty four months.

8. 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").

9. 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.

b. Other related party transactions

Related party transactions of the Company were as follows:

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Fiscal year ended	As of
			March 31, 2020	March 31, 2020
			Amount of transaction	Balance at period end
WeWork ¹	Associate	Conversion of convertible note into preferred stock ²	¥107,700	¥ –
		Conversion of advance payment for investment into preferred stock ³	161,550	–
		Investment in preferred stock by advance payment for investment	131,796	–
		Advance payment for investment ⁴	141,674	44,161
		Credit support for letter of credit facility ⁵	–	–
		Receipt of WeWork warrants with exercise price of USD 0.01 per share ⁶	–	–
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	17,230	–
		Advance payment for temporary expense	359	127
		Payment for equipment usage ⁸	39	–
		Guarantee deposits refunded	–	174
		Guarantee for intergroup loans ⁹	–	–
Ken Miyauchi	Director	Dividend paid from SoftBank Group Corp.	103	–
		Exercise of stock acquisition rights	1,540	–
Taizo Son (SON Financial Inc. and 3 other companies) ¹⁰	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	173	–
		Receipt of capital contribution from Mistletoe to a subsidiary ¹¹	75	146 ¹²

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars)	
			Fiscal year ended	As of
			March 31, 2020	March 31, 2020
			Amount of transaction	Balance at period end
WeWork ¹	Associate	Conversion of convertible note into preferred stock ²	\$1,000,000 ⁷	\$ –
		Conversion of advance payment for investment into preferred stock ³	1,500,000 ⁷	–
		Investment in preferred stock by advance payment for investment	1,200,000 ⁷	–
		Advance payment for investment ⁴	1,300,000 ⁷	405,780
		Credit support for letter of credit facility ⁵	–	–
		Receipt of WeWork warrants with Exercise Price of USD 0.01 per share ⁶	–	–
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	158,320	–
		Advance payment for temporary expense	3,299	1,167
		Payment for equipment usage ⁸	358	–
		Guarantee deposits refunded	–	1,599
		Guarantee for intergroup loans ⁹	–	–
Ken Miyauchi	Director	Dividend paid from SoftBank Group Corp.	946	–
		Exercise of stock acquisition rights	14,151	–
Taizo Son (SON Financial Inc. and 3 other companies) ¹⁰	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	1,590	–
		Receipt of capital contribution from Mistletoe to a subsidiary ¹¹	689	1,342 ¹²

- As of March 31, 2019, WeWork was an associate of the Company. However, in accordance with the change in WeWork's corporate governance, WeWork was no longer an associate of the Company for the three-months period ended June, 30, 2019. During the three-month period ended December 31, 2019, WeWork became the Company's associate due to the change in WeWork's corporate governance. The table above presents the transactions including the period during which WeWork was not an associate of the Company.
- For the fiscal year ended March 31, 2019, the Company provided a loan of \$1.0 billion through a convertible note, and it was converted into preferred stock for the fiscal year ended March 31, 2020.
- For the fiscal year ended March 31, 2019, the Company provided a loan of \$1.5 billion as advance payment for investment, and it was converted into preferred stock for the fiscal year ended March 31, 2020.
- The advance payment for investment which is not converted into preferred stock as of March 31, 2020. The outstanding balance is the fair value of the advanced payment for investment as of March 31, 2020.
- The Company offers to WeWork the credit support for a \$1.75 billion letter of credit facility provided by financial institutions. The details are described in "(3) Details and progress of the agreement between the Company and WeWork." under "Note 21. Investments accounted for using the equity method" and in "(2) Credit guarantees" under "Note 53. Contingency."
- WeWork warrants with exercise price of \$0.01 per share, which the Company has received as a consideration for the purchase of unsecured warrants issued by WeWork and for the credit support for a letter of credit facility. The details are described in "(3) Details and progress of the agreement between the Company and WeWork." under "Note 21. Investments accounted for using the equity method" and in "(b) Price risk, ii. Option contracts" in "(2) Financial risk management, a. Market risk" under "Note 30. Financial instruments."
- The amounts represent the original contract amounts recorded in U. S. dollars, and are not the translations of Japanese yen amounts into U.S. dollar amounts.
- Equipment usage fees are determined based on the ratio of usage.
- Masayoshi Son has given a payment undertaking to a subsidiary of the Company in relation to a loan (the "guaranteed loan") made by such subsidiary to another subsidiary of the Company, which loan is associated with an incentive scheme related to SoftBank Vision Fund. The guaranteed loan is for the principal amount of up to \$2 billion, with an interest rate of 3.674% per annum. The balance of the guaranteed loan including accrued interest thereon as of March 31, 2020 is ¥181,215 million (\$1,665,120 thousand.) Following the winding up of the incentive scheme, if there is any outstanding balance of the guaranteed loan after other repayment obligations are met, Masayoshi Son will be liable under the terms of the payment undertaking to pay to a subsidiary of the Company the outstanding balance. There is no guarantee fee and no right of reimbursement against the subsidiary of the Company for amounts paid pursuant to the payment undertaking.
- Taizo Son, relative of Chairman & CEO Masayoshi Son, holds over half of the voting rights of this company.
- This represents the received amount of contribution to DEEPCORE TOKYO 1 by Mistletoe Venture Partners, Inc. and the terms and conditions of the transaction are determined as same as other limited liability union members.
- The balance at period end represents the total investment amount less cumulative investment partnership losses as of March 31, 2020.

(2) Remuneration for executives

Remuneration for executives is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Short-term benefits	¥5,455	¥6,077	\$55,839
Share-based payments	3,979	6	55
Retirement benefits	34	16	148
Total	¥9,468	¥6,099	\$56,042

Note:

* Remuneration for major executives represents remuneration for the directors of SoftBank Group Corp. (including external directors).

Other than the above, certain executives of SoftBank Group Corp. have each, as a limited partner, participated in a fund (an associate of the Company) which is managed by SBIA. Under the limited partnership agreement of the fund, these executives are exempt from paying any management or performance fees that are payable by the other limited partners of the fund.

With regard to the distributions made by the fund for the fiscal year ended March 31 2020, the executives are each exempt from paying any performance fees which are, in aggregate, equivalent to ¥964 million (\$8,858 thousand.)

53. Contingency

(1) Lending commitments

The components of lending commitments are as follows.

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.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Lending commitments	¥4,184,284	¥5,083,157	\$46,707,314
Funded	327,376	511,092	4,696,242
Unfunded	¥3,856,908	¥4,572,065	\$42,011,072

Due to the nature of the credit limits, that they are the maximum amounts which the credit card members are allowed to spend any time within the range but 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 1 year because they are payable on demand.

Expected credit loss that could arise resulting from the execution of the above loan commitments are described in "b. Credit risk" in "(2) Financial risk management" under "Note 30. Financial instruments."

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. As of March 31, 2020, the Company recorded allowance for loss on valuation of ¥145,133 million (\$1,333,575 thousand) (as of March 31, 2019: none) for the loan commitment under "Other financial liabilities (current)" in the consolidated statement of financial position. The details are described in "(3) Details and progress of the agreement between the Company and WeWork." under "Note 21. Investments accounted for using the equity method."

(2) Credit guarantees

Guarantees that the Company provides are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Total amount of financial guarantee contract	¥15,030	¥304,478	\$2,797,740
Guarantee balance	7,810	244,482	2,246,458

The Company has provided credit support (financial guarantee contract) for a \$1.75 billion letter of credit facility to WeWork by financial institutions from the fiscal year ended March 31, 2020. As of March 31, 2020, the Company recorded ¥190,453 million (\$1,750,005 thousand) (as of March 31, 2019: none) of the total amount of the guarantee contract related to the financial guarantee contract and ¥145,338 million (\$1,335,459 thousand) (as of March 31, 2019: none) of the guarantee balance.

In addition, as of March 31, 2020, the Company recorded allowance for financial guarantee contract losses of ¥89,202 million (\$819,645 thousand) (as of March 31, 2019: none) under “Other financial liabilities (current)” in the consolidated statement of financial position.

The details are described in “(3) Details and progress of the agreement between the Company and WeWork” under “Note 21. Investments accounted for using the equity method.”

In addition, the Company's wholly owned subsidiaries provide credit guarantees when financial institutions and others provide funds.

Also, maturities of guarantee balance for credit guarantee are within 1 year because they are payable on demand.

(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 SoftBank Group Corp. 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 (herein after referred to as the “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. Legal and administrative proceedings to which Sprint and its subsidiaries are 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 a purchase price of 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.

54. Purchase commitments

The WeWork Investment Subsidiary launched the Tender Offer worth up to \$3.0 billion (¥326,490 million) from shareholders of WeWork other than the Company 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. The details are described in "(3) Details and progress of the agreement between the Company and WeWork." Under "21. Investments accounted for using the equity method."

SoftBank Corp., NAVER Corporation, Z Holdings Corporation (a consolidated subsidiary of SoftBank Corp.), and LINE Corporation (a consolidated subsidiary of NAVER Corporation), have on December 23, 2019 entered into a business integration agreement, which is the legally-binding agreement regarding the Business Integration between ZHD and its subsidiaries and LINE Corporation and its subsidiaries ("Business Integration"). SoftBank Corp. and NAVER Corporation have entered into a legally-binding transaction agreement regarding the Definitive Integration Agreement and joint venture agreement.

As one step in the series of transactions to realize the Business Integration, the Company and NAVER Corporation or its wholly owned subsidiary will implement the joint tender offer for the purpose of taking LINE Corporation private, and an absorption-type merger will be conducted between Shiodome Z Holdings Co., Ltd.* (the "Merger") as the company ceasing to exist in the Merger and LINE Corporation as the surviving company, and 180,882,293 new LINE Corporation shares will be issued in consideration of the Merger, all of which will be allocated to SoftBank Corp.

The Business Integration is subject to receipt of required competition law and foreign exchange law

and other clearances and permits.

The details are described in "55. Additional Information (Business Integration of Z Holdings Corporation and LINE Corporation)."

Note:

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

Other than the above, the Company had commitments to purchase services and goods of ¥1,244,242 million (\$11,432,895 thousand) as of March 31, 2020 (¥3,044,846 million as of March 31, 2019). Purchase commitments are mainly outstanding contracts related to investments, purchases of telecommunications equipment, and purchases of mobile devices. There were no leases not yet commenced to which the Company is committed in the balance of purchase commitment. The details are described in "(4) Leases not yet commenced to which the Company is committed" under "Note 19. Leases"

As of March 31, 2020, purchase commitments of Sprint are reclassified as a disposal group classified as held for sale.

55. Additional information

(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, Fintech¹, advertising, and O2O² 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 Shares¹ 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 SoftBank³.
- 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 Merger⁴, 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”).

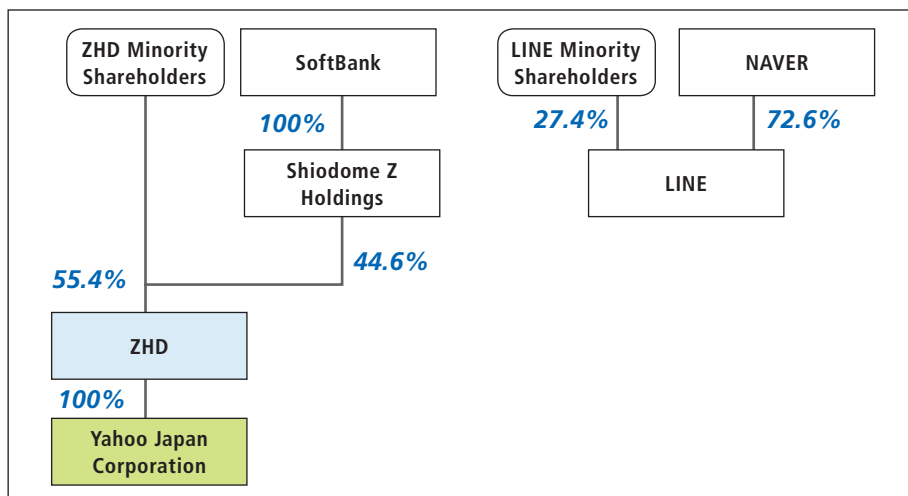
Notes:

1. Line common shares, share options and the convertible bonds, and American depository 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.

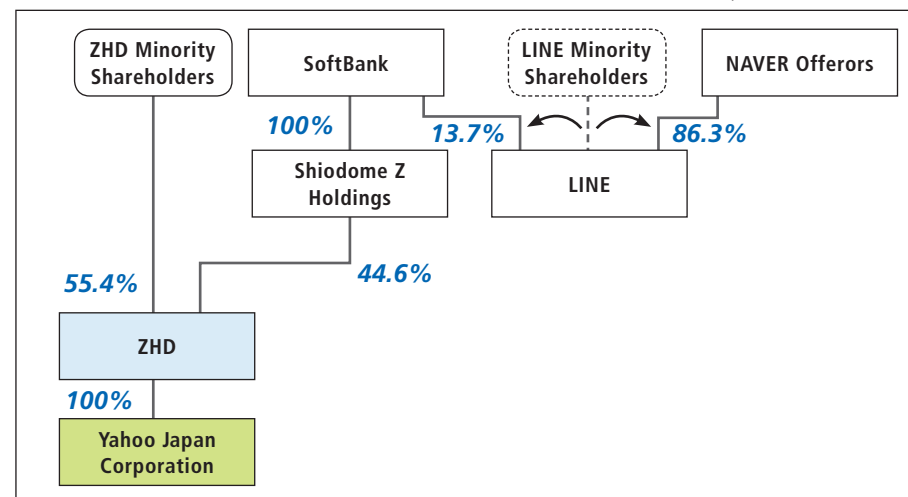
The details of the method of Business Integration are described in “Schematic Diagram of the Business Integration” below.

Schematic Diagram of the Business Integration

As of December 23, 2019

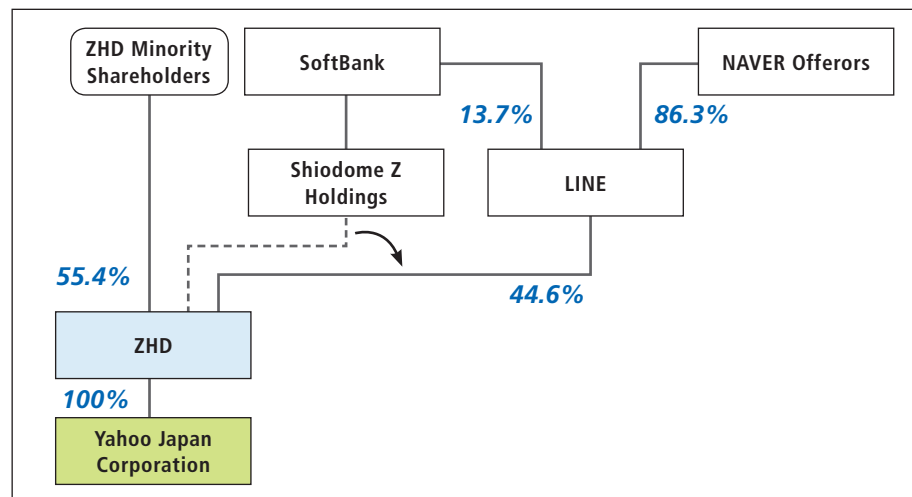


① The Joint Tender Offer (Joint tender offer for LINE shares, etc.) and ② the Squeeze-out



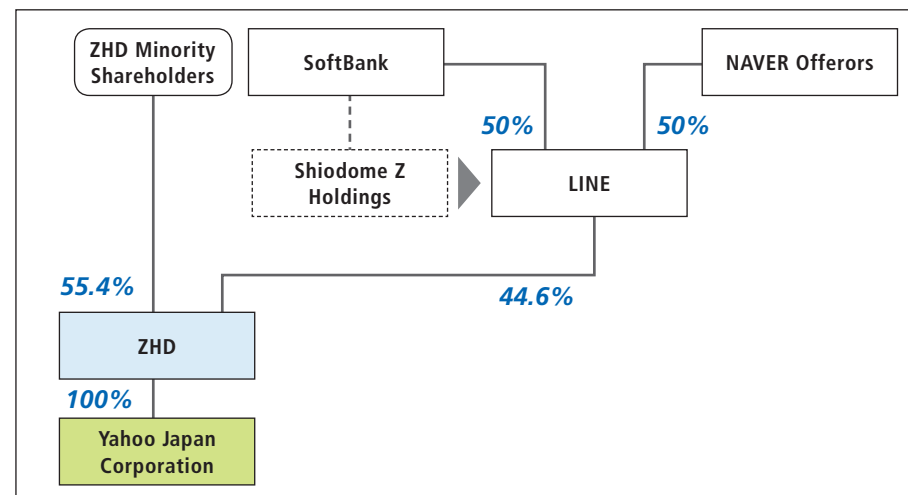
- ① SoftBank and the NAVER Offerors will jointly conduct the Joint Tender Offer for the purpose of taking LINE private. The commencement of the Joint Tender Offer is targeted to occur during the period from May to June 2020, and the Tender Offer Period is intended to be at least 30 business days, but 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 (\$3,418 million), 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.

③ The Tender Offer for ZHD Shares and ④ the Bond Issuance (Issuance of corporate bond by LINE)



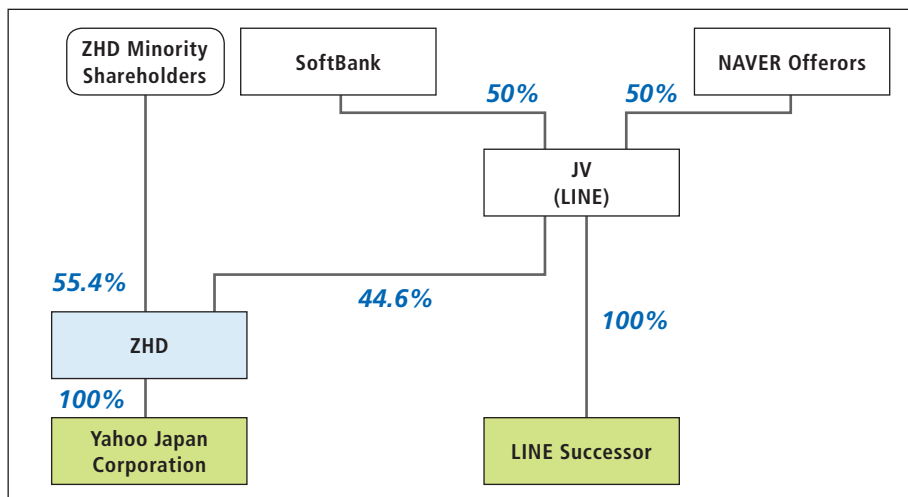
- ③ LINE will conduct the Tender Offer for ZHD Shares for the purpose of acquiring all ZHD shares held by Shiodome Z Holdings. The commencement of the Tender Offer for ZHD Shares is targeted to occur in early September 2020, but it is difficult to accurately predict the amount of time required for procedures 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 (\$3.2) (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 (\$3.2), then the amount of (i) or (ii), whichever is less than ¥348 (\$3.2)); 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.

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)



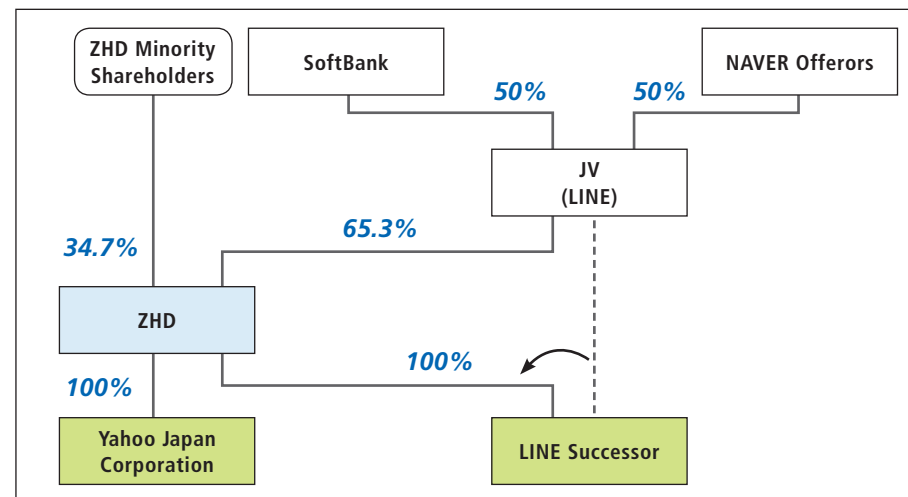
- ⑤ After completion of the settlement of the Tender Offer for ZHD Shares, the Merger will be conducted with Shiodome Z Holdings as the company ceasing to exist in the Merger and LINE as the surviving company. Assuming the total number of issued and outstanding LINE Shares and shares of ZHD is that of 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)



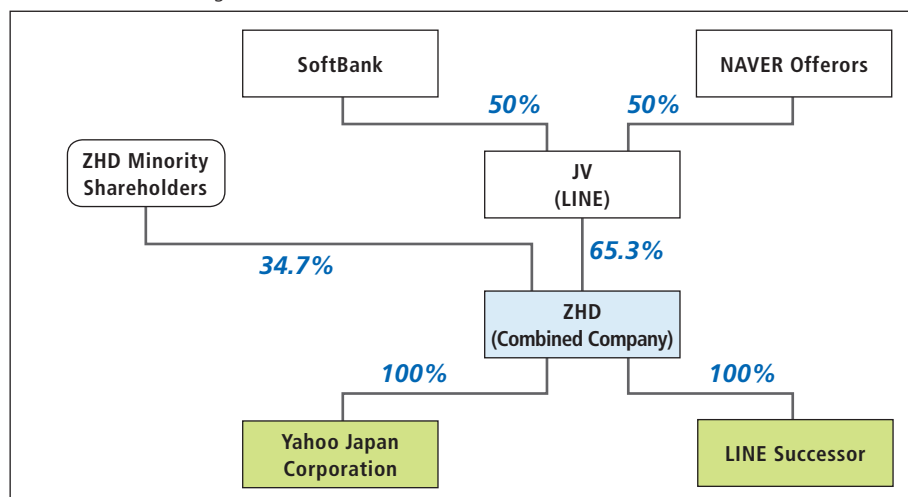
⑦ At the same time the Merger becomes effective, LINE will contribute all of its business (except for its shares in ZHD and the status, rights, and obligations in connection with the contracts entered into by LINE with respect to the Business Integration and any other rights and obligations specified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

⑧ The Share Exchange (Share exchange between ZHD and LINE)



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.

After the Business Integration



(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	¥96,535 million (\$887,026 thousand) (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	¥10 million (\$92 thousand) (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	¥96,535 million (\$887,026 thousand) (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	¥237,404 million (\$2,181,421 thousand) (as of September 30, 2019)	¥150 million (\$1,378 thousand) (as of the founding date of December 13, 2019)																				
⑥ Major shareholders and shareholding ratios*(as of September 30, 2019)	<table border="1"> <tr> <td>SoftBank Corp.</td> <td>44.6%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505325</td> <td>3.0%</td> </tr> <tr> <td>SSBTC CLIENT OMNIBUS ACCOUNT</td> <td>1.9%</td> </tr> <tr> <td>JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)</td> <td>1.8%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>1.8%</td> </tr> <tr> <td>GOLDMAN, SACHS & CO. REG</td> <td>1.7%</td> </tr> <tr> <td>JP MORGAN BANK LUXEMBOURG S. A. 1300000</td> <td>1.5%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385632</td> <td>1.2%</td> </tr> <tr> <td>BBH FOR FIDELITY LOW- PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)</td> <td>1.1%</td> </tr> <tr> <td>JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)</td> <td>1.0%</td> </tr> </table>	SoftBank Corp.	44.6%	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%	LINE Corporation 100%
SoftBank Corp.	44.6%																					
STATE STREET BANK AND TRUST COMPANY 505325	3.0%																					
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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.

56. 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 waived 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

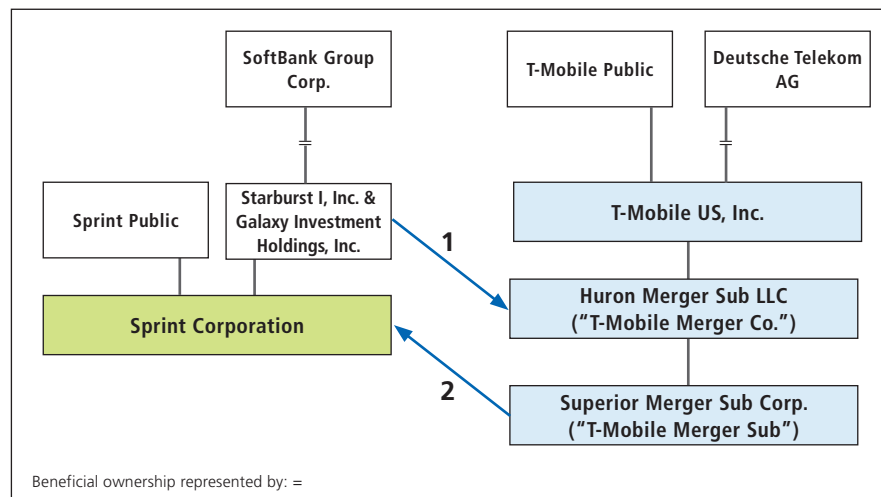
The Company assumes that the transaction will benefit the Company’s shareholders by giving the Company an equity interest in a stronger and more competitive combined company that itself will benefit from significant expected synergies.

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



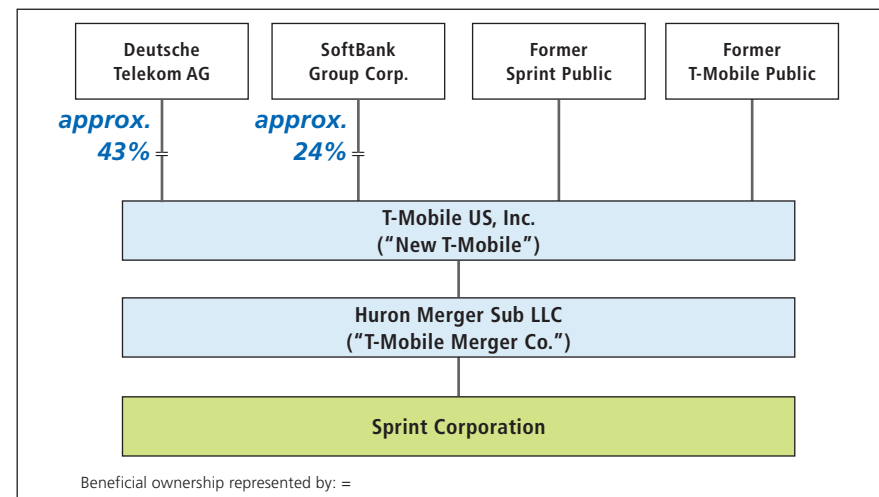
On April 1, 2020, each of Starburst I, Inc. and Galaxy Investment Holdings, Inc. merged with and into Huron Merger Sub LLC, a U.S. subsidiary owned directly by T-Mobile (“T-Mobile Merger Co.”), with T-Mobile Merger Co. as the surviving company (the “HoldCo Mergers”).

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 \$150 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	304,606,049 shares (number of voting rights: 304,606,049) 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 amount of ¥750,000 million (\$6,891,482 thousand) before tax effect arising from the difference between the total fair value of acquired New T-Mobile shares (304,606,049 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."

(2) Partial implementation of the ¥4.5 trillion (\$41 billion) program to repurchase treasury stock and reduce debt

As announced in "SoftBank announces ¥4.5 trillion (\$41 billion) program to repurchase shares and reduce debt" on March 23, 2020 (the "Announcement"), the Company decided on a policy of the sale or monetization of up to ¥4.5 trillion (\$ 41 billion) of assets held by the Company over the four quarters following the Announcement.

As a part of this program, the Company executed "a. Conclusion of the prepaid forward contracts using Alibaba shares," "c. Implementation of the partial transfer of SoftBank Corp.'s shares," "d. Commencement of the transactions to transfer T-Mobile shares" for the purpose of selling or monetizing of the assets held by the Company.

As described in the Announcement, the Company plans to use the funds raised from the above transactions for the repurchase of up to ¥2 trillion (\$18.4 billion) of its common stock (including "b. Approval to repurchase of treasury stock") with the balance to be used for debt redemptions, bond buybacks and increase cash reserves. Until they are used for the planned share repurchase and debt reductions, the Company may invest the funds raised in high quality, highly liquid securities and other instruments in addition to holding in cash and deposits, while being firmly committed to its existing financial policies on LTV and cash on hand. In addition, of those acquired funds, approximately ¥1 trillion (\$9.2 billion) is invested in highly liquid stocks as of the Company's filing date of the securities report for the fiscal year ended March 31, 2020.

a. Conclusion of the prepaid forward contracts using Alibaba shares

From April to June, 2020, West Raptor Holdings 2, LLC ("WRH2 LLC"), Skybridge LLC, and Skylark 2020 Holdings Limited ("Skylark Limited") wholly-owned subsidiaries of the Company, entered into several prepaid forward contracts using Alibaba shares with financial institutions and procured aggregated amount of \$13.7 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.

(d) Collar Contract and Call Spread Procured amount \$2.2 billion

The settlement is expected from May, 2024 to June 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 cap and a floor are set for the price of shares settled. In addition to the prepaid forward contract, the Call Spread (combination of long position of call option and short position of call option with different strike prices) contract is entered into in preparation for Alibaba shares price rise. A portion of the procured amount is used for the payment of option premium.

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

WRH2 LLC, Skybridge LLC, and Skylark Limited 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, Skybridge LLC, and Skylark Limited elect 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 WRH2 LLC, Skybridge LLC, and Skylark Limited 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 an equity method associate of the company after the completion of these transactions because the Company still has significant influence over Alibaba via voting rights. The carrying amount of Alibaba shares pledged as collateral by the Company as of March 31, 2020 is ¥364,170 million (\$3,346,228 thousand.)

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

b. Approval to repurchase of treasury stock

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

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 (\$4,594.3 million) (maximum)
(d) Repurchase period	From May 18, 2020 to March 31, 2021

c. Implementation of the partial transfer of SoftBank Corp.’s shares

SoftBank Group Corp. decided to transfer 240,000,000 shares, a portion of 3,182,919,470 shares of common stock of its subsidiary SoftBank Corp. (the “Transfer”) which it holds through its wholly owned subsidiary SoftBank Group Japan Corporation (“SBGJ”).

The closing of the sale was completed on May 22, 2020 at the transfer price of ¥310,200 million (\$2,850,317 thousand.)

(a) Outline of SoftBank Corp.

(a) Name	SoftBank Corp.
(b) Headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo
(c) Name and title of representative	Ken Miyauchi, President & CEO
(d) Nature of business	Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and Internet Service Providers (“ISPs”)
(e) Major shareholders and their holdings (fully diluted basis*)	¥204,309 million (\$1,877,322 thousand) (as of March 31, 2020)

(b) Number of shares to be transferred and number of shares indirectly held by SoftBank Group Corp. through SBGJ before/after the Transfer

(a) Number of shares held before the Transfer	3,182,919,470 shares (Shareholding ratio: 67.1%)
(b) Number of shares planned to be transferred	240,000,000 shares (Shareholding ratio: 5.0%)
(c) Number of shares to be held after the Transfer	2,942,919,470 shares (Shareholding ratio: 62.1%)

Note:

* Shareholding ratios indicate the ratio of the number of shares to the total number of shares outstanding (excluding treasury stock) of 4,741,145,170 as of March 31, 2020, as disclosed by SoftBank Corp. at "Consolidated financial report for the fiscal year ended March 31, 2020."

(c) Impact on consolidated financial results

As SoftBank Corp. will continue to be a subsidiary of SoftBank Group Corp. after the Transfer, the amount equivalent to the gain on sale (after taxation) from the Transfer will be recorded as additional paid-in capital in the consolidated statement of financial position. In addition, there will be an effect of lowering corporate income taxes, which will be recognized as a positive impact on net income. This is due to the use of loss carryforwards at SBGJ, which had not been recognized as deferred tax assets, against the gain on sale of SoftBank Corp. shares upon the Transfer. The impact of the transactions on the Company's consolidated financial results for the fiscal year ending March 31, 2021 has not been determined.

d. Commencement of the transactions to transfer T-Mobile shares

On June 23, 2020, the Company decided to commence transactions to transfer shares of common stock of T-Mobile, an equity method associate of the Company, which it holds through its subsidiary.

(a) Outline of the Transfer

The Company is expected to transfer to T-Mobile up to 198,314,426 shares of common stock of T-Mobile (the "Released Shares") through its subsidiary (the "Transfer").

T-Mobile will dispose of the shares transferred from its subsidiary through a public offering in the United States, a private placement through a trust issuing cash mandatory exchangeable trust securities, a rights offering * and a sale to Marcelo Claure, one of its directors, with the proceeds being transferred to the Company's subsidiary (collectively, the "Related Transactions").

In connection with the consummation of the Transfer and Related Transactions, the Company has agreed to pay T-Mobile \$300 million and reimburse all of T-Mobile's fees and expenses for the Related Transactions.

The aggregate transaction price for the Transfer is equal to the proceeds received by T-Mobile in the Related Transactions, which is equal to the sum of the aggregate transaction price in each Related Transaction (up to \$20,115 million) as described below (b), less underwriting discount and commission and certain other expenses.

Note:

* The Company, Deutsche Telekom, Marcelo Claure and certain of their respective affiliates have agreed to waive their rights to participate in the rights offering.

(b) Number of shares to be transferred and transaction price

(i) Shares to be transferred in the U.S. public offering by T-Mobile and transaction price thereof	143,392,582 shares (up to 154,147,026 shares if the underwriters exercise in full their option to purchase additional shares) Transaction price per share \$103.00 Aggregate transaction price \$14,769 million (up to \$15,877 million if abovementioned option is exercised)
(ii) Shares to be transferred to the Trust from T-Mobile in a private offering through the Trust and transaction price thereof	18,062,698 shares (up to 19,417,400 shares if the Initial purchasers in this offering exercise in full their option to purchase additional securities) Aggregate transaction price \$1,570 million (up to \$1,689 million if abovementioned option is exercised) ¹
(iii) Shares to be transferred to the shareholders in the rights offering by T-Mobile and transaction price thereof ²	Up to 19,750,000 shares Transaction price per share \$103.00 ³ Aggregate transaction price \$2,034 million
(iv) Shares to be transferred to Marcelo Claure, a director of T-Mobile and transaction price thereof	5,000,000 shares Transaction price per share \$103.00 ³ Aggregate transaction price \$515 million

Notes:

1. As part of the transaction price, T-Mobile will receive notes and T-Mobile, in turn, will pay by transferring such notes to the Company's subsidiary.
2. The subscription rights will expire at 5:00 p.m., EST, on July 27, 2020, unless extended.
3. At the same price per share as the common stock sold in the U.S. public offering by T-Mobile.

(c) Outline of the Transfer of shares upon exercise of call options by Deutsche Telekom

As part of the transactions, Deutsche Telekom will receive call options (the "Call Options") over 101,491,623 shares of common stock of T-Mobile which the Company holds through its subsidiary:

- (i) For a call option over 44,905,479 shares out of the 101,491,623 shares, a strike price of the call option is equal to the lower of the market price per share of T-Mobile's common stock at the close of the market on June 19, 2020 and the volume-weighted average price of the offer price of the Released Shares sold in underwritten public offerings.
- (ii) For a call option over 56,586,144 shares out of the 101,491,623 shares, a strike price of the call option is equal to the average of the 20-day volume-weighted average price of the shares of T-Mobile common stock immediately prior to exercise.

Note:

For the call option described in item (i) above, the Company's subsidiary has issued a call option to T-Mobile Agent LLC ("T-Mobile Agent"), a wholly owned subsidiary of T-Mobile, and T-Mobile Agent has issued a back-to-back call option to Deutsche Telekom. Upon exercise of such options, Deutsche Telekom will acquire from T-Mobile Agent the same number of shares on the same economic terms as T-Mobile Agent is entitled to acquire from the Company's subsidiary. For the call option described in item (ii) above, the Company's subsidiary has issued a call option to Deutsche Telekom, and Deutsche Telekom will acquire the relevant number of shares upon exercise. The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

(d) Number of shares to be transferred, number of shares subject to the Call Options and number of shares held by the Company before/after the transactions

(i) Number of shares held before the Transfer	304,606,049 shares
(ii) Number of the Released Shares	Up to 198,314,426 shares
(iii) Number of shares held after the Transfer ¹	106,291,623 shares
(iv) Number of shares subject to the Call Options	101,491,623 shares
(v) Number of shares held after the Call Options are exercised ²	4,800,000 shares

Notes:

1. Calculated on the assumption that the maximum shares as referred to in (ii) are transferred.
2. Calculated on the assumption that the Call Options are fully exercised.

(e) Outlook and Impact on the Company's Consolidated Financial Results

The Company expects the delivery of the shares of T-Mobile common stock to T-Mobile through its subsidiary to be completed on June 26, 2020 (EST,) however, the transactions presented in (iii) and (iv) under "(b) Number of shares to be transferred and transaction price" are expected to be completed in or after July, 2020. After the completion of the Transfer on June 26, 2020, T-Mobile will no longer be an equity method associate of the Company. The Impact of the gain or loss on sale of shares of associates related to the Transfer and revaluation gain or loss of the shares that continues to be held by the Company in its consolidated financial results for the fiscal year ending March 31, 2021 has not been determined.

57. Approval of consolidated financial statements

The consolidated financial statements have been approved by the Company's CEO, Masayoshi Son, as of June 24, 2020.

Independent Auditor's Report

SoftBank Group Corp. and its Consolidated Subsidiaries



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To the Board of Directors of SoftBank Group Corp.:

Opinion

We have audited the consolidated financial statements of SoftBank Group Corp. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 (3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

- As discussed in Note 56. Subsequent events (1), Sprint Corporation, a subsidiary of the Company merged with T-Mobile US, Inc. on April 1, 2020 and T-Mobile US, Inc. became an equity method associate of the Company.
- As discussed in Note 56. Subsequent events (2) d., On June 23, 2020, the Company decided to commence transactions to transfer a portion of T-Mobile shares. After the transactions, T-Mobile will no longer be an equity method associate of the Company.
- As discussed in Note 56. Subsequent events (2) a., the Company executed a series of financing transactions which involve monetizing a portion of the ordinary shares of Alibaba Group Holding Limited held by its wholly-owned subsidiaries, West Raptor Holdings 2, LLC, Skybridge LLC, and Skylark 2020 Holdings Limited.
Our opinion is not modified in respect of these matters.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Independent Auditor's Report

SoftBank Group Corp. and its Consolidated Subsidiaries

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2020

Member of
Deloitte Touche Tohmatsu Limited

Major Subsidiaries and Associates

As of March 31, 2020

Subsidiaries

Company name	Capital (Millions of yen)	Voting rights (%)	Main businesses
SoftBank Vision Fund and Other SBIA-Managed Funds Segment			
SB Investment Advisers (UK) Limited	\$576K	100	Management of SoftBank Vision Fund
SoftBank Segment			
SoftBank Corp. * ¹	204,309	67.1	Provision of mobile communications services; sale of mobile devices; provision of broadband and other fixed-line communications services in Japan
SB C&S Corp.	500	100	Manufacture, distribution, and sale of IT-related products and provision of IT-related services
Wireless City Planning Inc.	18,899	32.2	Planning and provision of mobile broadband services
SB Technology Corp. * ²	1,176	53.3	Solutions and services for online businesses
ITmedia Inc.	1,735	52.8	Operation of comprehensive IT information site <i>ITmedia</i>
Vector Inc.	1,018	42.4	PC software downloads and advertising
Z Holdings Corporation * ³	237,422	45.5	Holding company
Yahoo Japan Corporation * ³	199,250	100	Internet advertising and e-commerce business
ValueCommerce Co., Ltd.	1,728	52.0	Affiliate advertising marketing service; <i>StoreMatch</i> online advertising distribution service
ZOZO, Inc.	1,359	50.1	Planning and operation of fashion e-commerce website; operational support of brands' own e-commerce website; operation of fashion coordination app
The Japan Net Bank, Limited	37,250	46.6	Banking
ASKUL Corporation	21,189	45.1	Mail-order sale of stationery and services
eBOOK Initiative Japan Co., Ltd.	900	43.5	E-book distribution
Arm Segment			
Arm Limited	GBP 1,025K	100	Design of microprocessor intellectual property and related technology; sale of software tools and provision of software services
Arm PIPD Holdings One, LLC * ⁴ * ⁵	GBP 500,166K	100	Holding company
Arm PIPD Holdings Two, LLC * ⁴ * ⁵	GBP 343,203K	100	Holding company
Brightstar Segment			
Brightstar Global Group Inc.	\$3K	89.9	Holding company
Brightstar Corp.	\$0K	100	Distribution of mobile devices outside Japan
Company-wide			
SoftBank Group Japan Corporation	25	100	Holding company
SoftBank Group Capital Limited	\$5,508K	100	Holding company
SB Group US, Inc.	\$0K	100	Management of overseas investment

Major Subsidiaries and Associates

As of March 31, 2020

Company name	Capital (Millions of yen)	Voting rights (%)	Main businesses
Others			
Fortress Investment Group LLC ^{*5 *6}	–	100	Alternative investment management business
Fukuoka SoftBank HAWKS Corp.	100	100	Ownership of professional baseball team; operation of baseball games; management and maintenance of baseball stadium and other sports facilities; distribution of video, voice, and data content via media
SLA ADVISERS CORP.	\$0K	100	Management of fund in Latin America
SB Energy Corp.	4,770	100	Generation of electricity from renewable energy sources; supply and sale of electricity
PayPay Corporation	81,000	100	Smartphone payment business
Boston Dynamics, Inc.	\$256,805K	100	Design and development of mobile robots
SoftBank Robotics Group Corp.	20,600	74.5	Holding company
Skywalk Finance GK ^{*5 *7}	0	100	Holding company
SoftBank Ventures Asia Corp.	KRW 18,000M	100	Management of fund in Asia
SoftBank Korea Corp.	KRW 2,200M	100	Holding company
SB Pan Pacific Corporation	48,248	100	Holding company
STARFISH I PTE. LTD.	101,386	100	Holding company
Starburst I, Inc. ^{*9}	\$216K	100	Holding company
West Raptor Holdings, LLC ^{*4 *5 *8}	\$1,251,768K	100	Holding company
Hayate Corporation	77,842	100	Holding company
Sprint (business as a disposal group classified as held for sale)			
Sprint Corporation ^{*9}	\$41,161K	83.7	Holding company
Sprint Communications, Inc. ^{*9}	\$1,180,954K	100	Provision of mobile communications services in the U.S.; sale and lease of mobile devices and sale of accessories in the U.S.; provision of fixed-line telecommunications services in the U.S.

^{*1} On May 22, 2020, the Company's wholly owned subsidiary SoftBank Group Japan Corporation ("SBGJ") sold a portion of its holdings of SoftBank Corp. ("SB") shares, which resulted in the Company holding voting rights of 62.1%.

^{*2} On October 1, 2019, SoftBank Technology Corp. changed its name to SB Technology Corp.

^{*3} Yahoo Japan Corporation (currently Z Holdings Corporation, "Yahoo Japan") implemented a tender offer for its own shares from May 9, 2019 to June 5, 2019 (the "Tender Offer"). SBGJ tendered entire shares and sold a portion of shares in Yahoo Japan. On June 27, 2019, Yahoo Japan issued new shares to SB through a third-party allotment (the "Third-Party Allotment," and together with the Tender Offer, the "Transactions"), where SB purchased all shares. As a result of the Transactions, the voting rights held by SBGJ in Yahoo Japan became 45.5% from 48.2%. Yahoo Japan then became a subsidiary of SB, as SB was deemed to effectively control Yahoo Japan by dispatching officers as board members and other activities to Yahoo Japan, in conjunction with the Transaction. Subsequently on October 1, 2019, for the purpose of transitioning to a holding company structure, Yahoo Japan made a company split (absorption-type company split) by transferring its business to Kioicho Bunkatstjunbi Kabushiki Kaisha and Kioicho Kin'yu Bunkatstjunbi Kabushiki Kaisha, and changed its own trade name to Z Holdings Corporation. On the same date, Kioicho Bunkatstjunbi Kabushiki Kaisha and Kioicho Kin'yu Bunkatstjunbi Kabushiki Kaisha were renamed Yahoo Japan Corporation and Z Financial Corporation, respectively.

^{*4} Capital represents the amount of capital contribution.

^{*5} The voting rights represent SBGJ's entire contributions as percentage of capital.

^{*6} Since Fortress Investment Group LLC does not prepare stand-alone financial statements, no capital amounts are presented.

^{*7} Skywalk Finance GK uses its holdings of Alibaba shares as collateral for its borrowings.

^{*8} On June 3, 2019, West Raptor Holdings, LLC sold a portion of its holdings of Alibaba shares.

^{*9} On April 1, 2020 (ET), Sprint and T-Mobile completed the merger in an all-stock transaction (the "Transaction"). Upon completion of the Transaction, the combined company T-Mobile US, Inc. became an equity method associate of SBGJ, and Sprint ceased to be a subsidiary of SBGJ. Starburst I, Inc. ("Starburst") and Galaxy Investment Holdings, Inc. ("Galaxy"), which owned shares of Sprint, merged with Huron Merger Sub LLC, a U.S. subsidiary owned directly by T-Mobile, with Huron Merger Sub LLC being a surviving entity and Starburst and Galaxy being dissolved.

On June 23, 2020, SBGJ announced to commence transactions to transfer shares of common stock of T-Mobile US, Inc., which it holds through its subsidiary (the "Transactions"). In the Transactions, SBGJ is expected to transfer a portion of its shares to T-Mobile US, Inc. (the "Transfer"). On June 26, 2020 (ET), each of the transactions under the Transfer was completed by T-Mobile for the public offering and private placement through the trust regarding T-Mobile shares in the U.S., resulting in the exclusion of T-Mobile from SBGJ's equity method associates. In the Transactions, Deutsche Telekom AG received call options (the "Call Options") over a portion of shares of T-Mobile US, Inc. held by SBGJ. The relevant shares will be transferred to Deutsche Telekom upon exercise of the Call Options. The Call Options expire on June 22, 2024, unless certain events occur that trigger an earlier expiration date.

Major Subsidiaries and Associates

As of March 31, 2020

Associates

Company name	Capital (Millions of yen)	Voting rights (%)	Main businesses
SoftBank Segment			
Scigineer Inc.	800	32.1	Provision of Internet marketing support services using the personalized engine deqwas for e-commerce business operators and retailers
Geniee, Inc.	1,545	31.3	Advertising technology business
SRE Holdings Corporation	3,538	24.3	Real estate business; IT platform business; AI solution business
Others			
Alibaba Group Holding Limited *7 *8	CNY 1,000K	25.1	Investor company of companies operating e-commerce business; cloud computing; digital media and entertainment
The We Company	\$197K	20.1	Provision of co-working space service
InMobi Pte. Ltd.	\$379K	45.0	Mobile advertising services
Foxconn Ventures Pte. Ltd.	\$46K	36.4	Holding company

Main Overseas Fund Data

Subsidiaries

Fund name	Capital accepted	Investment ratio (%)	Main businesses
SoftBank Vision Fund and Other SBIA-Managed Funds Segment			
SoftBank Vision Fund L.P. *10	\$73B	33.6	Investment activities by SoftBank Vision Fund

*10 The capital accepted of SoftBank Vision Fund L.P. includes the capital accepted by alternative investment vehicles.
Investment ratio of SoftBank Vision Fund L.P. includes incentive scheme related to SoftBank Vision Fund.

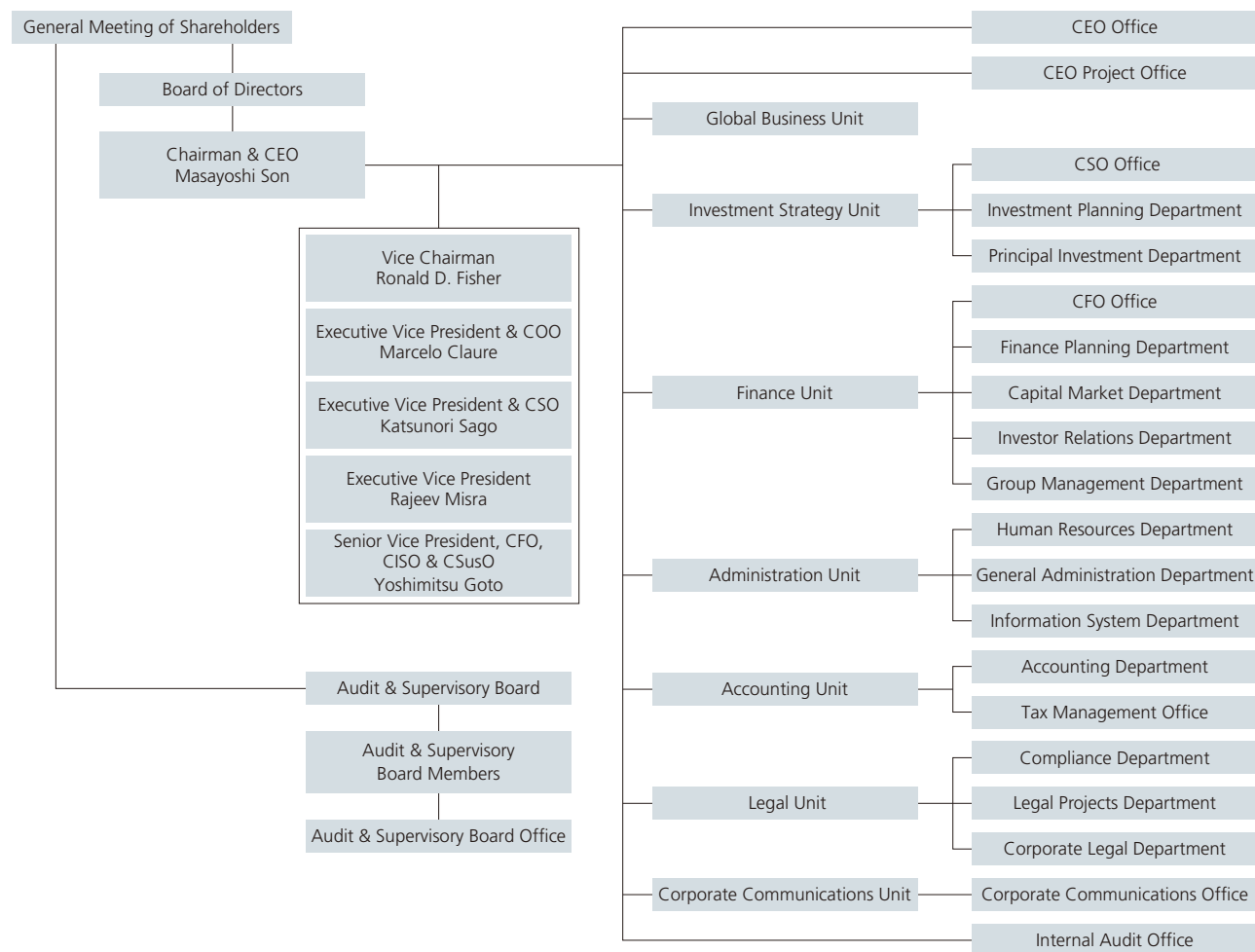
Corporate Data

As of March 31, 2020

Corporate name	SoftBank Group Corp.
Founded	September 3, 1981
Corporate headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7303
Telephone number	+81-3-6889-2000
Representatives	Masayoshi Son, Chairman & CEO
Share capital	¥238.8 billion
Number of subsidiaries	1,475
Number of associates	455
Number of joint ventures	27
Number of employees	224 (consolidated basis: 80,909)
Main business	Pure holding company
Independent auditor	Deloitte Touche Tohmatsu LLC

Organizational structure

As of June 25, 2020



Stock Information

As of March 31, 2020

Shareholder registrar Mitsubishi UFJ Trust and Banking Corporation

Stock exchange registration TSE First Section

Stock code 9984

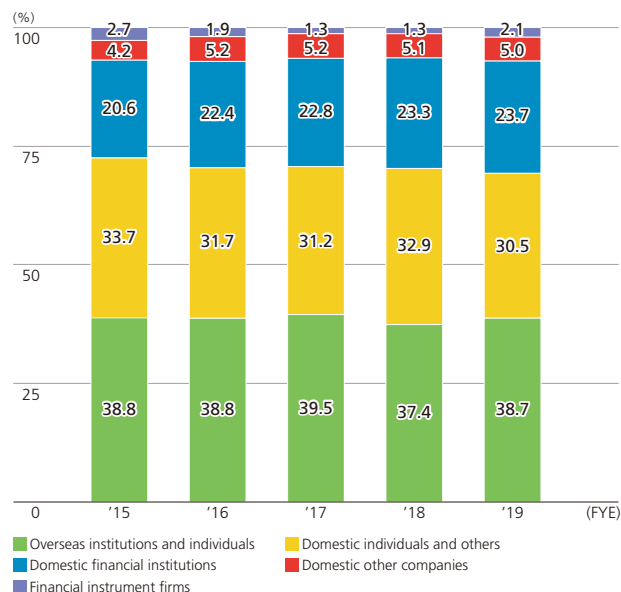
Number of shares

Shares authorized 7,200,000,000

Shares issued 2,089,814,330
(including 21,818,471 of treasury stock)

Number of shareholders 218,820

Shareholding structure



Major shareholders

Name of shareholders	Number of shares held (thousands)	Percentage of total shares issued (%)
Masayoshi Son	439,409	21.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	211,993	10.25
Japan Trustee Services Bank, Ltd. (Trust Account)	121,332	5.87
JP MORGAN CHASE BANK 385632	58,990	2.85
J. P. MORGAN BANK LUXEMBOURG S. A. 1300000	37,678	1.82
Japan Trustee Services Bank, Ltd. (Trust Account 5)	31,717	1.53
SSBTC CLIENT OMNIBUS ACCOUNT	30,908	1.49
JP MORGAN CHASE BANK 380763	29,066	1.41
JP MORGAN CHASE BANK 385151	28,352	1.37
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	23,617	1.14
Top 10 Shareholders	1,013,062	48.99

Notes:

- On June 10, 2019, SoftBank Group Corp. retired 55,753,200 shares of the treasury stock.
- On June 28, 2019, SoftBank Group Corp. conducted a share split at a ratio of two-for-one.
- Percentage of total shares issued is calculated by deducting treasury stock (21,818,471 shares).
- Of the above numbers of shares held, those held by The Master Trust Bank of Japan, Ltd. and Japan Trustee Services Bank, Ltd. are all related to trust operations.
- As for major shareholders, the number of shares held effectively by Masayoshi Son, verified by SoftBank Group Corp., is presented as has been hitherto on a combined basis (by means of name-based aggregation), while those held by other major shareholders are presented precisely as reported in the register of shareholders.

Stock price and trading volume



Note: Stock prices and trading volumes are averages for each month. The above stock price and trading volume data have been adjusted to take into account the share split on June 28, 2019.

SoftBank Group Corp.

Stock code: TSE 9984

<https://group.softbank/en/>