SoftBank

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Consolidated Financial Report
For the Six Months Ended September 30, 2019 (IFRS)

November 5, 2019

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019

(1) Consolidated operating results (Percentages are shown as year-on-year changes)

	Revenue		Operating income		Profit before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	**2,373,104**	**6.0**	**551,964**	**6.5**	**514,243**	**5.3**	**346,581**	**2.2**	**327,424**	**4.1**	**345,147**	**2.7**
Six months ended September 30, 2018	2,238,386	-	518,203	-	488,489	-	339,284	-	314,605	-	335,999	-
Six months ended September 30, 2018 (before retrospective adjustment)	1,794,407		443,331		413,699		292,826		294,668		309,321	

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	**68.44**	**67.55**
Six months ended September 30, 2018	65.72	65.72
Six months ended September 30, 2018 (before retrospective adjustment)	61.55	61.55

Notes:

(1) Financial results for the six months ended September 30, 2018 presented in the table above reflect the impact of transactions under common control during the six months ended September 30, 2019 which includes acquisition of investments in Yahoo Japan Corporation.

(2) On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2019	**8,733,551**	**1,615,241**	**1,096,657**	**12.6**
As of March 31, 2019	8,036,328	2,022,567	1,498,157	18.6
As of March 31, 2019 (before retrospective adjustment)	5,775,045	1,264,455	1,247,093	21.6

Note: Financial results for the fiscal year ended March 31, 2019 presented in the table above reflect the impact of transactions under common control during the six months ended September 30, 2019 which includes acquisition of investments in Yahoo Japan Corporation.

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	0.00	-	37.50	37.50
Fiscal year ending March 31, 2020	-	42.50			
Fiscal year ending March 31, 2020 (Forecast)			-	42.50	85.00

Note: Revision to the forecast on dividends: No

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2020

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2020	4,800,000	3.1	890,000	8.8	480,000	3.8	100.27

Notes:

(1) Revision to the forecast on financial results: No

(2) The forecasts were made under the assumption that Yahoo Japan Corporation became a subsidiary at the beginning of fiscal year ending March 31, 2020.

(3) Percentages shown as year-on-year changes are using comparison information (non-audited) retrospectively restated to having accounted for Yahoo Japan Corporation as subsidiary from fiscal year ended March 31, 2019, as stated in Data Sheet.

(4) On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation.

* Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: Three Companies

Company Names: Yahoo Japan Corporation, ASKUL Corporation, The Japan Net Bank, Limited

Excluded from consolidation: None

Note: For details, refer to “(1) Significant Changes in Scope of Consolidation for the Six Months Ended September 30, 2019” under “2. Notes to Summary Information” on page 18 of the appendix to this consolidated financial report.

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRS: Yes

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

Note: For details, refer to “(2) Changes in Accounting Policies” under “2. Notes to Summary Information” on page 18 of the appendix to this consolidated financial report.

(3) Number of issued shares (common stock)

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

As of September 30, 2019	4,787,145,170 shares
As of March 31, 2019	4,787,145,170 shares

[2] Number of shares of treasury stock

As of September 30, 2019	20,469,700 shares
As of March 31, 2019	- shares

[3] Average number of shares outstanding during the period

Six months ended September 30, 2019	4,784,392,215 shares
Six months ended September 30, 2018	4,787,145,170 shares

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

*** Explanation on the proper use of the forecast on financial results and other notes**

Descriptions that refer to future events are estimated based on the information that the Company has obtained at the present point in time and assumptions which are deemed to be reasonable. However, actual results may significantly differ from these forecasts due to various factors.

For assumptions underlying forecasts, notes on the use of forecasts and related matters, please see "(4) Forecast" under "1. Results of Operations" on page 17 of the appendix to this consolidated financial report.

For subsidiaries acquired through common control transactions during the six months ended September 30, 2019, the Company accounts for those transactions based on the book value of SoftBank Group Corp., and regardless of the actual transaction date, retrospectively combines the financial statements of the acquired companies as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period, as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries. For details, refer to "Note 2. Significant accounting policies" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" on page 29 of the appendix to this consolidated financial report.

(How to obtain supplementary financial materials and information on the earnings results briefing)

On Tuesday, November 5, 2019 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing is scheduled to be broadcast live on the Company's website in both Japanese and English at https://www.softbank.jp/corp/ir/documents/presentations/. The Data Sheet is also scheduled to be posted on the Company's website concurrently with the earnings report, and the materials and videos to be used at the earnings results briefing, along with a summary of the main questions and answers, are scheduled to be posted on the Company's website promptly after the earnings results briefing.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in this Appendix

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

Company names / Abbreviations	Definition
The Company	SoftBank Corp. (standalone basis)
The Group	SoftBank Corp. and its subsidiaries
SoftBank Group Corp.	SoftBank Group Corp. (standalone basis)
SoftBank Group	SoftBank Group Corp. and its subsidiaries
Yahoo Japan*	Yahoo Japan Corporation (standalone basis)
Yahoo Japan Group	Yahoo Japan Corporation and its subsidiaries

*On October 1, 2019, Yahoo Japan transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation.

Reportable Segments

The Company made Yahoo Japan a subsidiary on June 27, 2019, and has therefore added the Yahoo segment as a reportable segment from the three months ended June 30, 2019 to make four reportable segments: Consumer segment, Enterprise segment, Distribution segment, and Yahoo segment. Following Yahoo Japan becoming a subsidiary, the Company has retrospectively restated its comparison information (Condensed Interim Consolidated Financial Statements for the six months and three months ended September 30, 2018, and Condensed Interim Consolidated Statements of Financial Position as of March 31, 2019). Please see Note 2 below for details.

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

Segments	Main business	Core companies
Reportable segments		
Consumer segment	・Provision of mobile communications services to individual customers ・Provision of broadband services ・Sale of mobile devices	The Company Wireless City Planning Inc. SB Mobile Service Corp. WILLCOM OKINAWA, Inc. LINE MOBILE Corporation
Enterprise segment	・Provision of mobile communications services to enterprise customers ・Provision of fixed-line communications services, such as data communications and fixed-line telephone services ・Provision of cloud, global, AI/IoT and other solution services	The Company Wireless City Planning Inc. Telecom Engineering CO., LTD.[4] IDC Frontier Inc.
Distribution segment	・Provision of products and services addressing ICT, cloud services, IoT solutions and other areas for enterprise customers ・Provision of mobile and PC peripherals, including accessories, as well as software, IoT products and other items for individual customers	SB C&S Corp.
Yahoo segment	・Provision of commerce-related services such as *YAHUOKU!*, *Yahoo! Shopping* and others ・Provision of membership services such as *Yahoo! Premium* ・Provision of financial and payment-related services such as credit cards ・Provision of advertising-related services such as paid search services and display advertising	Yahoo Japan eBOOK Initiative Japan Co., Ltd. Ikyu Corporation ASKUL Corporation YJ Card Corporation YJFX, Inc. The Japan Net Bank, Limited ValueCommerce Co., Ltd.
Other	・Provision of settlement services ・Online security trading service for smartphones ・Provision of online business solutions and services ・Planning and production of digital media and digital content ・Sales of download licenses for PC software and advertising sales ・R&D and manufacturing of network equipment, business planning, and activities for usage of frequency band, related to the HAPS business[3] ・Others	The Company SB Payment Service Corp. One Tap BUY Co., Ltd. SoftBank Technology Corp.[5] ITmedia Inc. Vector Inc. HAPSMobile Inc.

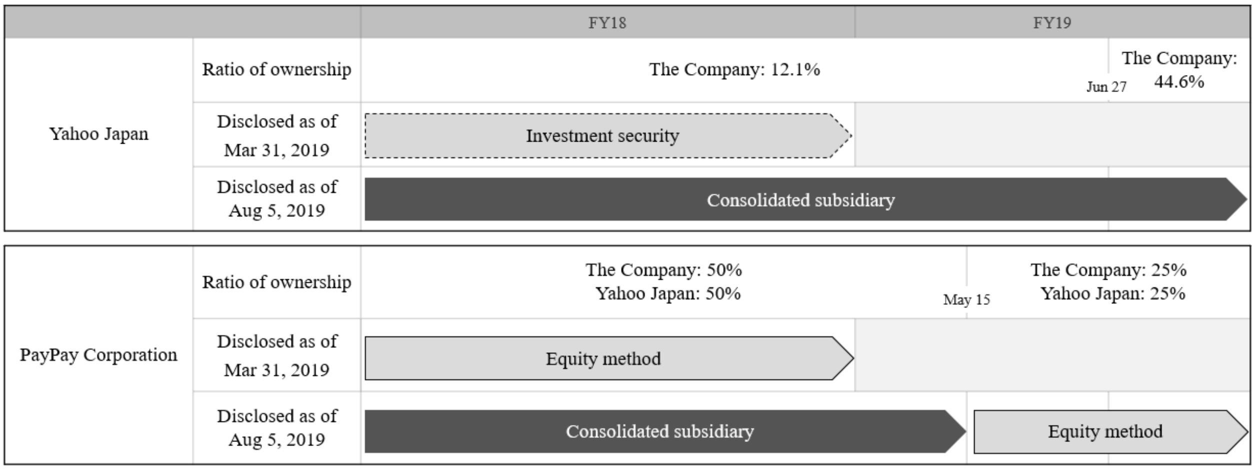
Notes:

1. Segment income for reportable segments is calculated as follows:

   Segment income = (revenue – operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss) in each segment

2. The Company purchased new shares issued by Yahoo Japan in a capital increase by third-party allotment with a payment date of June 27, 2019, thereby making Yahoo Japan a subsidiary of the Company. (For details, please see “4. Business Combinations” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes”). This transaction will be treated as transactions under common control, and the Yahoo Japan Group’s financial statements have been consolidated as a part of the Group’s Condensed Interim Consolidated Financial Statements retrospectively from April 1, 2018. Furthermore, PayPay Corporation conducted a third-

party allotment of new shares for ¥46,000 million to SoftBank Group Corp. on May 15, 2019, after which the Company's ratio of voting rights in PayPay Corporation changed as shown in the diagram below. Accordingly, the Company has accounted for PayPay Corporation as a subsidiary belonging to "Other" until May 14, 2019 and as an equity method associate from May 15, 2019 onward.



3. HAPS (High Altitude Platform Station) refers to systems where unmanned objects such as aircraft flying in the stratosphere can be operated like telecommunication base stations to deliver connectivity across wide areas.
4. On October 1, 2019, Telecom Engineering CO., LTD. was renamed as SB Engineering Corp.
5. On October 1, 2019, SoftBank Technology Corp. was renamed as SB Technology Corp.

Adoption of IFRS 16 "Leases"

The Group has adopted IFRS 16 "Leases" from the three months ended June 30, 2019. The Group has applied a modified retrospective approach and has not retrospectively revised comparison information (Condensed Interim Consolidated Financial Statements for the six months and three months ended September 30, 2018, and Condensed Interim Consolidated Statements of Financial Position as of March 31, 2019). For details, please see "(1) Adoption of new standards and interpretations" under "2. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

Furthermore, the main impacts on the Group of adopting the standard are as follows.

Condensed Interim Consolidated Statements of Financial Position

・Increase in assets due to recognition of right-of-use assets related to leases previously classified as operating leases

・Increase in interest-bearing debt due to recognition of lease liabilities related to leases previously classified as operating leases

Condensed Interim Consolidated Statements of Income

・Increase in depreciation and amortization associated with depreciation of recognized right-of-use assets and decrease of the amount previously recorded for operating lease payments

・Increase in interest expense due to recording interest expense as financing cost for recognized lease liabilities

Condensed Interim Consolidated Statements of Cash Flows

・Within the amount of operating lease payments, which were previously included in cash flows from operating activities, the amount corresponding to payment of principal on lease liabilities is now included in cash flows from financing activities, with a resulting increase in cash flows from operating activities and decrease in cash flows from financing activities.

1. Results of Operations

(1) Overview of Consolidated Results of Operations

a. Management Environment and the Group's Initiatives

In the fiscal year ending March 31, 2020, services of 5G (fifth generation mobile communications system), a next-generation communication standard that is expected to have an impact on most industries, will start. With 5G, Japanese telecommunications industry will enter a new stage. The characteristics of 5G include ultra-high speed, large capacity, low latency, and massive machine to machine connections. These are expected to promote the broad spread of IoT[1], in which objects will be linked and communicate with one another. Use of IoT is expected to enable creation of new businesses in various industries and to promote digital transformation[2] of companies themselves.

Guided by its corporate philosophy of "Information Revolution—Happiness for everyone," the Group aims to be a corporate group that maximizes enterprise value while providing essential technologies and services to people around the world, through enhancing its telecommunication business and developing various new businesses in the information and technology fields. In the 5G era, under its Beyond Carrier strategy, the Group will continue to expand the customer base that it has developed in the telecommunications business, while also creating new businesses that leverage cutting-edge technologies such as IoT, AI[3], big data, and robotics, both by itself and through "co-creation" with partner companies. In doing so, the Group aims to solve various social issues facing Japan.

To strengthen its relationship with Yahoo Japan in the creation of such new businesses, the Company made Yahoo Japan a consolidated subsidiary in June 2019.[4] The Group's collaboration with Yahoo Japan prior to making it a subsidiary has mainly included initiatives in the telecommunications business field, such as a campaign to award up to 10% in points[5] to customers when they purchase products on *Yahoo! Shopping* and providing *Yahoo! Premium* benefits free of charge via links with *Yahoo! JAPAN ID*. With Yahoo Japan becoming a subsidiary, the Group will also promote non-telecommunication businesses such as FinTech in a more active and integrated manner. The two companies will optimize the management resources allocation based on an integrated strategy that enables them to maximize synergies. Combining the customer base that the Group has built in the telecommunications business and Yahoo Japan Group's internet service user base and big data, which are among the largest in Japan, the two companies aim to provide even more attractive and convenient services to a larger number of customers through leveraging smartphones.

To expand the customer base, following efforts in the previous fiscal year, the Group is providing services aligned to customers' needs through three brands: the *SoftBank* brand, a high-value-added brand for customers who require cutting-edge smartphones and mobile devices as well as high-volume flat-rate data plans; the *Y!mobile* brand, a brand that provides services for smartphones to customers who prefer low monthly communication charges; and the *LINE MOBILE* brand, which caters to the low price band by providing mainly online services targeting users in their teens and 20s. Under the *SoftBank* brand, the Group has already been providing the *Ultra Giga Monster Plus* plan, which separates handset payment and service fees, since the previous fiscal year. In light of the amended Telecommunications Business Act, from September 2019 the Group has transitioned to plans that have no provisions on contract periods or contract cancellation fees. Additionally, in October 2019 the Group also started to provide similar plans under the *Y!mobile* brand that have no provisions on contract periods or contract cancellation fees, and that separate handset payment and service fees. As a result, the number of smartphone subscribers as of September 30, 2019 had increased by 952 thousand from March 31, 2019. In broadband services, the Company has seen steady growth in the number of subscribers to the *SoftBank Hikari* high-speed Internet connection service for households, with an increase of 248 thousand from March 31, 2019. Additionally, in preparation for the roll-out of 5G, and aiming for early commercial launch, the Group is progressing research and development such as demonstration trials. In August 2019, the Company, working closely with Sharp Corporation, successfully performed a trial using 5G to realize multi-angle live broadcasting of high definition 8K video for an international basketball games held at Saitama Super Arena. In the trial, the Company achieved real-time transmission of video footage of the basketball game, which was filmed with two 8K camcorders installed in Saitama Super Arena, to the Odaiba Lab of 5G x IoT Studio (Koto-ku, Tokyo) through the Company's fiber-optic lines and 5G network. The video footage was viewed successfully at the Odaiba Lab using personal computers connected to high definition 8K monitors.

Looking at initiatives to expand new businesses, the Group is working to foster collaboration with companies that possess cutting-edge technologies and companies that provide solutions, including investees of SoftBank Group. Specifically, the Group is working to establish joint ventures with each partner company and expand new businesses. Since many of these joint ventures are equity method associates, they contribute to the Company's business results through the share of profit or loss of associates accounted for using the equity method.

PayPay Corporation ("PayPay"), which was established by the Company and Yahoo Japan, provides *PayPay*, a smartphone payment service using barcodes and QR codes. PayPay has continuously implemented various campaigns, with the aim of having customers use the service for daily payments. These campaigns have been successful, driving steady growth in the number of payments, while the number of registered users exceeded 14.70 million[6] in the first year since the service started. To encourage *PayPay* online usage, the Group changed the fixed period T Points awarded in campaigns for Yahoo-related services and so forth, to *PayPay Bonus Light* from August 2019. Moreover, the long-term contract rewards of *SoftBank* users were also changed to *PayPay Bonus*. Going forward, the Group will continue to expand the use of *PayPay* beyond the single function of payments, and aims to drive the evolution of *PayPay* into a tool that makes various aspects of daily life more convenient with smartphones, leveraging the characteristics of *PayPay* as a smartphone app. Collaborating with the new subsidiary Yahoo Japan Group, the Group will expand *PayPay* to a wide variety of services such as offline payments, online payments, payments of utility bills, and peer to peer transactions among individuals, and at the same time increase the number of stores where *PayPay* can be used. In the process, the Group will promote the business of PayPay as an important payment platform.

WeWork Japan, a joint venture between the Company and The We Company, which provides community-oriented working spaces in 122 cities in 32 countries around the world as of the end of September 2019, has opened 14 locations in Tokyo as well as 20 coworking spaces in cities throughout Japan comprising Yokohama, Osaka, Fukuoka and Nagoya.

DiDi Mobility Japan Corp. is a joint venture between the Company and transportation platform operator DiDi Chuxing Technology Co., Ltd. that offers a taxi-hailing platform in major Japanese cities. The Chinese DiDi application can be used "as is" to hail taxis in Japan. This has helped DiDi Mobility Japan Corp. to capture demand from Chinese tourists visiting Japan. Through various campaigns, DiDi Mobility Japan Corp. has also seen a steady increase in the number of taxis hailed by users in Japan.

The Company and Toyota Motor Corporation agreed to form a strategic partnership to facilitate the creation of mobility services. They established a joint venture, MONET Technologies Corporation ("MONET") and commenced joint business operations in February 2019. Subsequently, MONET concluded capital and business alliance agreements with Isuzu Motors Limited, Suzuki Motor Corporation, Subaru Corporation, Daihatsu Motor Co., Ltd., Hino Motors, Ltd., Honda Motor Co., Ltd. and Mazda Motor Corporation, respectively. In August 2019, MONET commenced trials of *MONET Biz*, a service that provides corporate customers with efficient joint operation and management of business vehicles, with the aim of reducing employees' travel time and realizing effective business vehicle usage. Another initiative is the MONET Consortium, which was launched to build a MaaS[7] open platform, and promote the spread of MaaS, resolve social issues in mobility, and create new value. As of the end of September 2019, 400 companies have joined the consortium. Through continuing efforts to conduct trials aimed at the commercialization of services, collaborate with local governments, and carry out the activities of the MONET Consortium, MONET aims to realize and promote the spread of innovative mobility services that will resolve social issues in Japan and enable new value creation.

In April 2019, OYO Hotels & Homes, which operates hotels and housing businesses in more than 800 cities in 80 countries[8] including Japan, announced the commencement of its hotel operations in Japan, through a joint venture, OYO Hotels Japan G.K., with the Company and SoftBank Vision Fund. OYO Hotels Japan G.K. will provide a full-scale technology led hospitality model to hoteliers across the country, as well as provide standardized, affordable and trusted options for both domestic and international business and leisure travelers.

Notes:

1. IoT stands for Internet of Things, a technology that will enable communications between all manner of things via the Internet.
2. Digital transformation refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
3. AI stands for artificial intelligence.
4. The Company acquired new shares issued by Yahoo Japan by third-party allotment on June 27, 2019, for which the Company was the allottee, for ¥456,466 million (the "Capital Increase by Third-Party Allotment"). In tandem with the Capital Increase by Third-Party Allotment, Yahoo Japan also conducted a tender offer for its own shares (the "Tender Offer") targeted at the Yahoo Japan Common Stock held by the Company's parent company, SoftBank Group Japan Corp. As a result of the Capital Increase by Third-Party Allotment and the Tender Offer, the Company's ratio of voting rights held in Yahoo Japan as of the end of June 2019 was 44.6%.
5. Includes T Points that can only be used at designated T Point partner merchants for a limited period.
6. Figure as of the end of September 2019.
7. MaaS: Mobility as a Service, referring to services that aim to resolve social issues related to mobility by optimizing demand and supply using data related to movement of vehicles and people.
8. Figures as of the end of September 2019.

b. Consolidated Results of Operations

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Revenue	2,238,386	**2,373,104**	134,718	6.0%
Operating income	518,203	**551,964**	33,761	6.5%
Profit before income taxes	488,489	**514,243**	25,754	5.3%
Income taxes	(149,205)	**(167,662)**	(18,457)	12.4%
Net income	339,284	**346,581**	7,297	2.2%
Net income attributable to:				
Owners of the Company	314,605	**327,424**	12,819	4.1%
Non-controlling interests	24,679	**19,157**	(5,522)	(22.4)%
Adjusted EBITDA[1]	767,896	**871,911**	104,015	13.5%

Notes:

1. Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments

2. The figures for the six-month period ended September 30, 2018 in the table above have been retrospectively revised to reflect transactions under common control conducted in the six-month period ended September 30, 2019, which include the acquisition of shares in Yahoo Japan. For figures before the retrospective revision, please refer to "(3) Transactions under common control" under "2. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

An overview of the consolidated results of operations for the six months ended September 30, 2019 is as follows:

(a) Revenue

For the six months ended September 30, 2019, revenue increased by ¥134,718 million (6.0%) year on year to ¥2,373,104 million. Revenue increased by ¥47,012 million in the Consumer segment, ¥12,497 million in the Enterprise segment, ¥53,499 million in the Distribution segment, and ¥20,354 million in the Yahoo segment.

(b) Operating income

For the six months ended September 30, 2019, operating income increased by ¥33,761 million (6.5%) year on year to ¥551,964 million. Operating income increased by ¥18,101 million in the Consumer segment, ¥3,862 million in the Enterprise segment and ¥2,603 million in the Distribution segment, while decreasing by ¥2,348 million in the Yahoo segment. Operating income under Others increased by ¥9,478 million. This increase was mainly because of the recording of a gain on loss of control due to the reclassification of Cybereason Japan Corp. from the Company's subsidiary to an equity method affiliate.

(c) Net income

Net income for the six months ended September 30, 2019 increased by ¥7,297 million (2.2%) year on year to ¥346,581 million. The increase in income taxes in the period under review was due to an increase in profit before income taxes and the impact of the use of loss carryforwards in the same period of the previous fiscal year. Share of losses of associates accounted for using the equity method increased by ¥15,876 million to ¥17,330 million. This increase was mainly due to initiatives undertaken to expand business at PayPay Corporation.

(d) Net income attributable to owners of the Company

For the six months ended September 30, 2019, net income attributable to owners of the Company increased by ¥12,819 million (4.1%) year on year to ¥327,424 million. In addition to the abovementioned increase in net income, this was due to a decrease in net income attributable to non-controlling interests. For the six months ended September 30, 2019, net income attributable to non-controlling interests decreased by ¥5,522 million (22.4%) year on year to ¥19,157 million, mainly reflecting a decrease in net income at Yahoo Japan.

(e) Adjusted EBITDA

For the six months ended September 30, 2019, adjusted EBITDA increased by ¥104,015 million (13.5%) year on year to ¥871,911 million. The increase mainly reflects, in addition to the increase in operating income, an increase of ¥72,758 million for depreciation and amortization due to transferring rents that were previously classified as operating leases to depreciation and interest expense due to the adoption of IFRS 16 from the period under review. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for more effective evaluation of its business performance.

c. Principal Operational Data

Mobile Communications Services

Figures represent the total number of mobile communications subscribers served by the Consumer segment and Enterprise segment. All operational data for mobile communications services includes the *SoftBank*, *Y!mobile* and *LINE MOBILE* brands.

(Thousands)

Cumulative Subscribers	March 31, 2019	**September 30, 2019**	Change
Total	44,536	**44,790**	254
Main subscribers*	34,741	**35,559**	818
Smartphones	22,082	**23,034**	952
Communication modules and others	7,738	**7,325**	(413)
PHS	2,057	**1,906**	(150)

(Thousands)

Net Additions	Six Months Ended September 30 2018	**2019**	Change
Main subscribers*	778	**818**	39
Smartphones	959	**952**	(7)

Churn Rate and Total ARPU		Three Months Ended September 30 2018	**2019**	Change
Main subscribers*	Churn rate	0.93%	**0.98%**	+0.04pp
	Total ARPU (yen)	4,330	**4,450**	120
	ARPU before discount (yen)	5,450	**5,190**	(260)
	Discount on ARPU (yen)	(1,120)	**(740)**	380
Smartphones	Churn rate	0.68%	**0.74%**	+0.07pp

Note: The number of main subscribers includes subscribers to the *Wireless Home Phone* service. ARPU and churn rate are calculated and presented excluding this service.

Broadband Services

Data for high-speed Internet connection services for households provided in the Consumer segment.

(Thousands)

Cumulative Subscribers	March 31, 2019	**September 30, 2019**	Change
Total	7,643	**7,757**	114
SoftBank Hikari	5,916	**6,164**	248
Yahoo! BB Hikari with FLET's	894	**836**	(58)
Yahoo! BB ADSL	833	**757**	(76)

<Definitions and Calculation Methods of Principal Operational Data>

Mobile Communications Services

Main subscribers: smartphones, feature phones, tablets, mobile data communications devices, *Wireless Home Phone,* and others

*Smartphones covered by the *Smartphone Family Discount* and mobile data communications devices covered by the *Data Card 2-Year Special Discount* are included in communication modules and others.

Communication modules and others: communication modules, *Mimamori Phone*, prepaid mobile phones, others

*Communication modules that use PHS networks are included under PHS.

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

(Calculation method)

Churn rate = number of churn / number of active subscribers

*Number of churn: the total number of subscribers who canceled the service during the relevant period. The number of churn excludes the number of subscribers who switch between *SoftBank*, *Y!mobile* and *LINE MOBILE* using Mobile Number Portability (MNP).

*Churn rate (smartphones): Churn rate for smartphone subscribers within main subscribers

ARPU: Average Revenue Per User per month (rounded to the nearest ¥10)

(Calculation method)

Total ARPU = (data-related revenue + basic monthly charges and voice-related revenue + device warranty service revenue + content-related revenue + advertising revenue, etc.) / number of active subscribers

* Data-related revenue: packet communication and flat-rate charges, basic monthly internet connection charges, etc.
* Basic monthly charges and voice-related revenue: basic monthly charges, voice call charges, revenues from incoming calls, etc.
* Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((cumulative subscribers at the beginning of the month + cumulative subscribers at the end of the month) / 2)

Discount on ARPU = monthly discount + broadband service bundle discount (including *Home Bundle Discount Hikari Set* and *Fiber-optic Discount*)

* The calculation of ARPU excludes discount on telecom service revenues relating to points awarded and *Half Price Support*.
* *Half Price Support* enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining monthly payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments. From September 12, 2019, the Company has stopped accepting new applications for *Half Price Support*.

Broadband Services

SoftBank Hikari: integrated service that combines fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (hereinafter, "NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereinafter, "NTT West") with an Internet Service Provider (ISP) service

(Cumulative Subscribers) the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete (includes the number of subscribers to *SoftBank Air*)

Yahoo! BB Hikari with FLET'S: ISP service offered as a package with NTT East and NTT West's *FLET'S Hikari Series* fiber-optic connection

(Cumulative Subscribers) the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and who are provided with services

Yahoo! BB ADSL: service combining an ADSL connection service and an ISP service

(Cumulative Subscribers) the number of users of *Yahoo! BB ADSL* for which the physical connection of an ADSL line at the central office of NTT East or NTT West is complete

Figures for "Change" in "c. Principal Operational Data" are calculated based on numbers before rounding. Accordingly, the figures for "Change" may not match the changes in figures calculated based on rounded numbers presented in "c. Principal Operational Data."

d. Results by Segment

(a) Consumer Segment

OVERVIEW

In the Consumer segment, the Group provides telecommunications services, such as mobile communications services, including sales of mobile devices and broadband services to individual customers in Japan. For mobile device sales, the Group procures mobile devices from mobile device manufacturers and sells the mobile devices through distributors operating SoftBank shops, etc. The Group also sells mobile devices to individual customers.

Main initiatives in the six months ended September 30, 2019

- In June 2019, the Group launched a new price plan, *Smartphone Debut Plan*, targeting non-smartphone users who will migrate to *SoftBank* smartphone users. This service is provided from ¥980 per month (excluding tax)[1] for one year that allows 1 GB data usage per month.
- In September 2019, the Company began offering new price plans for *SoftBank* customers that have no contract period or contract cancellation fee. Under the new price plans, basic charges that had previously varied with the type of devices used by customers, such as smartphones, tablets, feature phones, or mobile Wi-Fi routers, have been standardized. The *Ultra Giga Monster Plus* plan is offered at a monthly rate starting from ¥3,480 (excluding tax)[2], providing a 50 GB monthly data allowance and unlimited use of eligible video and social networking services without the consumption of the monthly data allowance. *Ultra Giga Monster Plus* includes *Basic Plan (voice calls)* and *Data Flat-rate 50GB Plus*.
- In September 2019, under the *SoftBank* brand, the Company began offering *Tokusuru Support*, a new program that reduces the burden of device charge payments. Under *Tokusuru Support,* a customer purchases an eligible device in 48 monthly installments and simultaneously signs up for this service. If the customer purchases a designated model according to the method prescribed by the Company after 24 monthly installments, the remaining monthly payments will be waived starting with the billing month after the billing month that contains the assessment completion date. Customers may sign up for *Tokusuru Support* with the payment of a monthly fee of ¥390 (non-taxable) for 24 months and benefit from the program whether they are *SoftBank* subscribers or not.
- In September 2019, the Company and WILLCOM OKINAWA, Inc. announced that they will revise *Y!mobile* price plans for smartphones and increase the data capacity of those plans. Under the revised price plans, monthly charges have been reduced compared with the previous price plans, and contract periods and contract cancellation fees have been abolished. As a result, customers will be able to use smartphones at a monthly rate starting from ¥1,480 (excluding tax)[3].

Notes:

1. Price assuming the service includes basic voice call plan, option for semi-flat-rate for voice calls, 1GB data allowance (smartphone), and discount includes *first year discount,* and *1 GB-only discount*.
2. Assuming the application of *first year discount* and *Home Bundle Discount Hikari Set*, as well as *Everybody Family Discount Plus* for a family of four persons or more.
3. Assuming the application of *Smartphone Basic Plan S, New Subscription Discount,* and *Home Bundle Discount Hikari Set (A)* or *Family Discount Service*.

FINANCIAL RESULTS

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Revenue	1,289,036	**1,336,048**	47,012	3.6%
Segment income	383,515	**401,616**	18,101	4.7%
Depreciation and amortization	169,576	**205,338**	35,762	21.1%

Breakdown of Revenue

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Telecom service revenues	981,045	**1,038,671**	57,626	5.9%
Mobile communications	805,300	**848,185**	42,885	5.3%
Broadband	175,745	**190,486**	14,741	8.4%
Revenues from sales of goods and others	307,991	**297,377**	(10,614)	(3.4)%
Total revenue	1,289,036	**1,336,048**	47,012	3.6%

Revenue increased by ¥47,012 million (3.6%) year on year to ¥1,336,048 million.

Telecom service revenues increased by ¥57,626 million (5.9%) year on year to ¥1,038,671 million. Within telecom service revenues, mobile communications revenue increased by ¥42,885 million (5.3%) year on year. This increase was mainly due to an increase in smartphone subscribers and a decrease in monthly discounts in line with an increase in subscribers to *Ultra Giga Monster Plus*, a plan that separates handset payment and service fees, as well as longer installment contract periods for devices under this plan, despite a decline in service fees due to the introduction of *Ultra Giga Monster Plus* and a decline in average unit price due to increases in the number of *Y!mobile* and *LINE mobile* subscribers.

Within telecom service revenues, broadband revenue increased by ¥14,741 million (8.4%). This increase was mainly due to an increase in subscribers to the *SoftBank Hikari* fiber-optic service.

Revenues from sales of goods and others decreased ¥10,614 million (3.4%) year on year to ¥297,377 million. This decrease was mainly due to a decrease in mobile device sales reflecting a decrease in the sales volume of mobile devices, while there was an increase in sales from the *Ouchi Denki* service in connection with an expansion in service areas.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥934,432 million, an increase of ¥28,911 million (3.2%) year on year. This increase was mainly due to increases in cost of products for the *Ouchi Denki* service, as well as increases in sales commissions and advertising expenses due to conducting aggressive sales activities, while there was a decrease in cost of products in connection with a decline in the sales volume of mobile devices. The increase in depreciation and amortization expenses was mainly due to a decrease in operating lease payments accompanied by an increase in depreciation expenses with the adoption of IFRS 16.

As a result, segment income increased by ¥18,101 million (4.7%) year on year to ¥401,616 million.

(b) Enterprise Segment

OVERVIEW

In the Enterprise segment, the Group provides a wide range of solutions for enterprise customers. These include mobile communications services, the *OTOKU Line* fixed-line telephone service, the *ConnecTalk* service enabling seamless internal line voice calling between mobile phones and fixed-line telephones, the *SmartVPN* VPN service and network services such as internet, data center services, cloud services and various solutions for enterprises such as AI, IoT, robotics, security, and digital marketing.

Main initiatives in the six months ended September 30, 2019

- In April 2019, the Group started accepting applications for the *OTOKU HIKARI DENWA* optical fiber IP telephone service for corporate customers, which provides a new option to meet their voice call needs. The *OTOKU HIKARI DENWA* service allows customers to use an IP phone without changing their current telephone number (0AB-J number)[1].
- In July 2019, the Company agreed to form a capital and business alliance with U.S.-based VANTIQ, Inc., which supplies event-driven application development platforms in the IoT business field. Through this alliance, the Company will strive to realize the supply of IoT platforms that perform real-time analysis and processing of immense amounts of data. As the alliance's first initiative, the Company has supplied an IoT platform in collaboration with VANTIQ, Inc. for the "Takeshiba District Development Plan (Provisional)[2]," a project undertaken by TOKYU LAND CORPORATION (hereinafter, "TOKYU LAND"). With this initiative, the Company is working to build a smart city that will contribute to district development and the solution of various issues.
- In August 2019, the Group won first place in the two categories of IoT/LPWA services and network services (wireless) in the Nikkei Computer Customer Satisfaction Survey 2019–2020[3].
- In September 2019, as part of digital transformation initiatives, the Company announced that it has concluded a business alliance agreement related to the use of IT in the freight transport field with CBcloud Co., Ltd.[4], which aims to use IT to create new value in the freight transport industry. This will enable the Company to utilize CBcloud's IT-based platforms and solutions in the light and general freight transport field, which is responsible for efficient delivery in the last one mile[5] of supply chains, an area targeted by the Company. In the process, the Company aims to solve various issues faced by the industry, such as structural reform of the freight transport industry and work environment improvement for the drivers of small and medium-sized freight transport businesses, along with facilitating automation and greater efficiency in the freight transport industry.
- In September 2019, as part of digital marketing initiatives, the Company, Hakuhodo Inc., and Arm Limited (hereinafter, "Arm") formed INCUDATA Corp., a joint venture that will support companies for self-transformation by utilizing data. In addition to SoftBank's proprietary data and Hakuhodo Group's consumer data, which are both sufficiently anonymized, INCUDATA Corp. will utilize Arm® Treasure Data™ enterprise CDP, Arm's customer data platform. With the combined data analysis technologies and know-how of the three companies, INCUDATA Corp. will offer individually optimized end-to-end solutions that cover from strategy planning through actual implementation.

Notes:

1. 0AB-J numbers are fixed-line telephone numbers that begin with an area code, such as 03 (Tokyo) and 06 (Osaka).
2. The "Takeshiba District Development Plan (Provisional)" is a project undertaken by TOKYU LAND. The project is scheduled to open in 2020 as one of Tokyo's "Urban Regeneration Step Up Projects." In accordance with the development policy for specified projects in the national strategic special zone plan, TOKYU LAND is working to create an international business hub comprising office and residential towers with a total floor space of approximately 200,000 m^2.

3. The Nikkei Computer Customer Satisfaction Survey 2019−2020 was planned and implemented by Nikkei Computer, an IT journal published by Nikkei Business Publications, Inc. (Nikkei BP). In the survey, supervisors responsible for deploying IT-related products and services, such as Chief Information Officers (CIOs) and general managers of information system departments, assess their level of satisfaction with IT vendors in a total of 28 categories covering IT-related products and services for corporate customers.
4. CBcloud Co., Ltd. supplies *PickGo*, a matching platform that instantly connects people who want to deliver packages with freelance drivers, and *ichimana*, a dynamic driver management system that uses AI and blockchain to optimize efficiency for fleet managers and drivers. CBcloud Co., Ltd. is working to solve various issues in the freight transport industry.
5. Last one mile: In logistics, the "last one mile" refers to the segment between the final delivery center in each region and the point of delivery of products to consignees such as companies and ordinary households.

FINANCIAL RESULTS

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Revenue	301,599	**314,096**	12,497	4.1%
Segment income	50,740	**54,602**	3,862	7.6%
Depreciation and amortization	51,436	**79,194**	27,758	54.0%

Breakdown of Revenue

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Mobile	130,654	**138,115**	7,461	5.7%
Fixed-line	105,917	**97,587**	(8,330)	(7.9)%
Business solution and others	65,028	**78,394**	13,366	20.6%
Total revenue	301,599	**314,096**	12,497	4.1%

Revenue increased by ¥12,497 million (4.1%) year on year to ¥314,096 million. Mobile revenue increased by ¥7,461 million (5.7%) to ¥138,115 million, fixed-line revenue decreased by ¥8,330 million (7.9%) to ¥97,587 million, and business solution and others revenue increased by ¥13,366 million (20.6%) to ¥78,394 million.

The increase in mobile revenue was mainly due to an increase in smartphone subscribers.

The decrease in fixed-line revenue was mainly due to a decline associated with a large contract related to network construction that expired in the previous fiscal year, and a decrease in the unit price of telephone services.

The increase in business solution and others revenue was mainly from increased revenue from sales of goods and sales from cloud services.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥259,494 million, an increase of ¥8,635 million (3.4%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in mobile and business solution revenues, and a temporary decline in costs due to the recording of a reversal related to an allowance for losses on orders received associated with the expiration of a large contract related to network construction in the previous fiscal year. Moreover, the increase in depreciation and amortization expenses was mainly due to a decrease in operating lease payments accompanied by an increase in depreciation expenses with the adoption of IFRS 16.

As a result, segment income increased by ¥3,862 million (7.6%) year on year to ¥54,602 million.

(c) Distribution Segment

OVERVIEW

In the Distribution segment, the Group provides cutting-edge products and services that accurately reflect the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing ICT, cloud services and IoT solutions. For individual customers, the Group undertakes the planning and supply of products and services across a wide range of areas such as mobile and PC peripherals, including accessories, as well as software and IoT products, as a manufacturer and distributor.

Main initiatives in the six months ended September 30, 2019

- In July 2019, SB C&S Corp. concluded a sales agency agreement with Splunk Inc. and began carrying licenses for services such as *Splunk Enterprise®,* a big data analysis software supplied by Splunk, and *Splunk Cloud®*, which makes *Splunk Enterprise* available as a SaaS (Software as a Service). With this license SB C&S Corp. started providing a data management platform that enables customers to harness big data to the fullest extent possible.
- In September 2019, SB C&S Corp. launched sales of an extensive lineup of products, including smartphone cases, glass and film screen protectors, and chargers, as accessories for iPhone 11 Pro, iPhone 11 Pro Max, and iPhone 11 under *SoftBank SELECTION*, a comprehensive smartphone accessories brand.

FINANCIAL RESULTS

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Revenue	191,619	245,118	53,499	27.9%
Segment income	8,401	11,004	2,603	31.0%
Depreciation and amortization	549	1,423	874	159.2%

Revenue increased by ¥53,499 million (27.9%) year on year to ¥245,118 million. This was mainly due to firm sales of existing products such as PCs and servers for enterprise customers, and an increase in stable revenue sources such as growth in the number of licenses for cloud services.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥234,114 million, an increase of ¥50,896 million (27.8%) year on year. This increase was mainly due to an increase in the cost of products owing to the increase in revenue.

As a result, segment income increased by ¥2,603 million (31.0%) year on year to ¥11,004 million.

(d) Yahoo Segment

OVERVIEW

In the Yahoo segment, the Group offers over 100 services that center on e-commerce, payment businesses, and media covering online to offline services in a comprehensive manner. In the commerce field, the Group provides e-commerce services such as *YAHUOKU!* and *Yahoo!Shopping*, as well as membership services such as *Yahoo!Premium* and financial and payment-related services such as credit cards, while in the media services field it provides internet advertising-related services.

Main initiatives in the six months ended September 30, 2019

- In June 2019, Yahoo Japan introduced *PayPay* online payments for its services such as *Yahoo! Shopping*.
- In July 2019, Yahoo Japan and Isetan Mitsukoshi Ltd. ("Isetan Mitsukoshi") developed a long skirt for women of small stature who are raising children, using the AI and big data technologies of *Yahoo! JAPAN*. The new product is offered through "arm in arm," Isetan Mitsukoshi's e-commerce brand.
- Looking ahead to the consumption tax increase in October 2019, Yahoo Japan published in August 2019 a feature article titled "The products that consumers purchased before the consumption tax hike," based on the purchasing data gathered when the consumption tax was raised previously in 2014.
- In August 2019, Yahoo Japan began offering *Yahoo!Kurashi*, a new service that enables people to confirm in advance the necessary procedures and documents that must be submitted when they move, get married or undergo other major life events, along with helping them to complete these procedures more efficiently.

FINANCIAL RESULTS

(Millions of yen)

	Six Months Ended September 30			
	2018	**2019**	Change	Change %
Revenue	463,790	**484,144**	20,354	4.4%
Segment income	78,009	**75,661**	(2,348)	(3.0)%

Depreciation and amortization	24,947	**36,153**	11,206	44.9%

Breakdown of Revenue

(Millions of yen)

	Six Months September June 30			
	2018	**2019**	Change	Change %
Commerce	314,273	**334,322**	20,049	6.4%
Media	146,621	**147,343**	722	0.5%
Other	2,896	**2,479**	(417)	(14.4)%
Total	463,790	**484,144**	20,354	4.4%

Revenue increased by ¥20,354 million (4.4%) year on year to ¥484,144 million. Of this, commerce revenue increased by ¥20,049 million (6.4%) year on year to ¥334,322 million, media revenue increased by ¥722 million (0.5%) year on year to ¥147,343 million, and other revenue decreased by ¥417 million (14.4%) year on year to ¥2,479 million.

The increase in commerce revenue was mainly due to an increase in revenue associated with an increase in transaction value in commerce services.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was ¥408,483 million, an increase of ¥22,702 million (5.9%) year on year. This increase mainly reflected an increase in costs accompanying the increase in revenues, as well as an increase in sales promotion expenses for expanding commerce services.

As a result, segment income decreased by 2,348 million (3.0%) year on year to ¥75,661 million.

(2) Overview of Consolidated Financial Position

(Millions of yen)

	March 31, 2019	**September 30, 2019**	Change	Change %
Current assets	2,965,692	**3,168,689**	202,997	6.8%
Non-current assets	5,070,636	**5,564,862**	494,226	9.7%
Total assets	8,036,328	**8,733,551**	697,223	8.7%
Current liabilities	3,316,999	**3,895,976**	578,977	17.5%
Non-current liabilities	2,696,762	**3,222,334**	525,572	19.5%
Total liabilities	6,013,761	**7,118,310**	1,104,549	18.4%
Total equity	2,022,567	**1,615,241**	(407,326)	(20.1)%

Note: The figures for March 31, 2019 in the table above have been retrospectively revised to reflect transactions under common control conducted in the six-month period ended September 30, 2019, which include the acquisition of shares in Yahoo Japan. For figures before the retrospective revision, please refer to "(3) Transactions under common control" under "2. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

ASSETS

Total assets amounted to ¥8,733,551 million as of September 30, 2019, an increase of ¥697,223 million (8.7%) from the previous fiscal year-end. This mainly reflected an increase of ¥476,819 million in assets due to the recognition of right-of-use assets related to lease transactions previously classified as operating leases with the adoption of IFRS 16, along with an increase of ¥215,976 million in cash and cash equivalents. The total increase of right-of-use assets from the previous fiscal year-end was ¥1,409,394 million, of which apart from the increase of ¥476,819 million due to the impact from adopting IFRS 16, an increase of ¥932,575 million was due to the reclassification from Property, plant and equipment.

LIABILITIES

Total liabilities amounted to ¥7,118,310 million as of September 30, 2019, an increase of ¥1,104,549 million (18.4%) from the previous fiscal year-end. The main change was an increase in interest-bearing debt, and the change primarily consisted of an increase in interest-bearing debt of ¥487,514 million due to an increase in lease liabilities related to lease transactions previously classified as operating leases with the adoption of IFRS 16, and increase in short-term borrowings of ¥240,000 million due to securitization of receivables for the additional acquisition of Yahoo Japan shares, an increase in short-term borrowings from banks of ¥150,000 million, and an increase of ¥229,254 million in unsecured bonds issued by Yahoo Japan in July 2019.

EQUITY

Total equity amounted to ¥1,615,241 million as of September 30, 2019, a decrease of ¥407,326 million (20.1%) from the previous fiscal year-end. The change was from an increase of ¥346,581 million due to the recording of net income for the six months ended September 30, 2019, and a decrease of ¥501,064 million due to the changes from transaction under common control, a decrease of ¥223,756 million due to cash dividends, and a decrease of ¥30,697 million due to purchase of treasury stock based on the share buyback program. The decrease of ¥501,064 million was mainly due to two accounting treatments. One is the deduction of the difference in the amount of equity acquired when Yahoo Japan became a subsidiary and the amount of consideration for the acquisition of Yahoo Japan shares from capital surplus rather than recognizing it as goodwill because the transaction was conducted as transaction under common control. Second is the accounting policy the Company adopted which reflect the surplus after the acquisition of Yahoo Japan by the Company. Under this policy, all the surplus recorded between the date of the acquisition of Yahoo Japan by the parent company SoftBank Group Corp. and date of acquisition by the Company was reversed, resulting in an increase in capital surplus and an decrease in retained earnings

(3) Overview of Consolidated Cash Flows

(Millions of yen)

	Six Months Ended September 30		
	2018	**2019**	Change
Net cash inflow from operating activities	564,292	**566,052**	1,760
Net cash outflow from investing activities	(324,890)	**(219,517)**	105,373
Net cash (outflow) inflow from financing activities	(297,082)	**(130,138)**	166,944
Cash and cash equivalents at the end of the period	930,953	**1,154,364**	223,411
Free cash flow	239,402	**346,535**	107,133
Transactions with the parent	47,239	**-**	(47,239)
Effect of securitization of installment sales receivables	9,413	**49,198**	39,785
Adjusted free cash flow[1]	296,054	**395,733**	99,679
Capital expenditures (acceptance basis, including the Yahoo Japan Group)	233,116	**222,741**	(10,375)
Capital expenditures (acceptance basis, excluding the Yahoo Japan Group)[2]	172,415	**115,966**	(56,449)

Notes:

1. Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)
2. Capital expenditures (acceptance basis, excluding the Yahoo Japan Group) exclude capital expenditures of the Yahoo Japan Group and investment in devices for rental services, and the impact of the adopting IFRS 16.

a. Cash flows from operating activities

In the six months ended September 30, 2019, the net cash inflow from operating activities was ¥566,052 million, an increase of ¥1,760 million year on year. This reflected an increase in cash due to the impact of adopting IFRS 16 in the period under review, whereas a tax refund related to consumption taxes was received in the same period of the previous fiscal year.

b. Cash flows from investing activities

In the six months ended September 30, 2019, the net cash outflow from investing activities was ¥219,517 million, a decrease of 105,373 million year on year. This was mainly due to a decrease in purchases of property, plant and equipment and intangible assets, an increase in proceeds from sales/redemptions of investments, and the impact of investment securities trading in the banking business.

c. Cash flows from financing activities

In the six months ended September 30, 2019, the net cash outflow from financing activities was ¥130,138 million. The cash outflow mainly includes ¥526,826 million for the purchase of treasury stock by subsidiaries including Yahoo Japan, and ¥195,042 million for the cash dividends paid. The cash inflow mainly includes ¥390,000 million short-term borrowings for the acquisition of additional Yahoo Japan shares and ¥229,254 million for unsecured bonds issued by Yahoo Japan. When compared year on year, the increase of cash outflow from the increase of cash dividends and purchase of treasury stock by subsidiaries, is offset by the increase of cash inflow from the increase of interest-bearing debt abovementioned and the absence of payment for purchase of subsidiaries' interests in the six months ended September 30, 2019. As a result, the net cash outflow from financing activities decreased by ¥166,944 million year on year.

d. Cash and cash equivalents at the end of the period

As a result of (a) through (c) above, cash and cash equivalents at September 30, 2019 were ¥1,154,364 million, an increase of ¥223,411 million year on year.

e. Adjusted free cash flow

In the six months ended September 30, 2019, adjusted free cash flow was positive ¥395,733 million, an increase of ¥99,679 million year on year. This increase was mainly due to an increase in free cash flow due to the impact of adopting IFRS 16, the absence of a one-time transaction with the parent company related to the payment of a brand usage charge for the period under review but recorded in the same period last fiscal year, and the effect of securitization of installment sales receivables.

f. Capital expenditures

In the six months ended September 30, 2019, capital expenditures (acceptance basis, including the Yahoo Japan Group) were ¥222,741 million, a decrease of ¥10,375 million year on year, mainly due to a decrease in capital investments in the LTE service.

(4) Forecasts

The full-year consolidated results forecast is for revenue of ¥4,800,000 million, operating income of ¥890,000 million, and net income attributable to owners of the Company of ¥480,000 million. The forecast remains unchanged from the consolidated results forecast announced on May 8, 2019 in the Consolidated Financial Report for the Fiscal Year Ended March 31, 2019.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Six Months Ended September 30, 2019

(Specified subsidiary (three companies) newly consolidated)

The Company underwrote a capital increase by third-party allotment conducted by Yahoo Japan Corporation (“Yahoo”) with a payment date of June 27, 2019. As a result of this transaction, the ratio of voting rights held by the Group in Yahoo became 44.6%. In addition, officers from the Company were appointed as members of Yahoo’s Board of Directors. As a result, Yahoo is considered substantially controlled by the Company and became a subsidiary of the Company.

Subsequently, ASKUL Corporation and The Japan Net Bank, Limited, which are subsidiaries of Yahoo, became subsidiaries of the Company.

(2) Changes in Accounting Policies

(Changes in accounting policies required by IFRS)

The Group has adopted the following standard from the three months ended June 30, 2019:

Standard	Outline of the new/revised standards
IFRS 16 “Leases”	Revisions to accounting for leases

For details, refer to “Note 2. Significant accounting policies” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2019[1]	As of September 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	938,388	1,154,364
Trade and other receivables	1,695,952	1,687,457
Other financial assets	90,565	100,102
Inventories	132,820	106,097
Other current assets	107,967	120,669
Total current assets	2,965,692	3,168,689
Non-current assets		
Property, plant and equipment	1,791,260	788,407
Right-of-use assets	-	1,409,394
Goodwill	393,312	395,862
Intangible assets	1,212,390	1,205,267
Contract costs	211,733	219,542
Investments accounted for using the equity method	89,656	108,668
Investment securities	114,788	128,680
Investment securities in banking business	337,516	324,003
Other financial assets	736,490	826,970
Deferred tax assets	72,636	45,134
Other non-current assets	110,855	112,935
Total non-current assets	5,070,636	5,564,862
Total assets	8,036,328	8,733,551

(Millions of yen)

	As of March 31, 2019[1]	As of September 30, 2019
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	953,730	1,669,247
Trade and other payables	1,214,190	1,050,924
Contract liabilities	126,354	127,445
Deposits for banking business	745,696	797,436
Other financial liabilities	3,217	2,949
Income taxes payable	115,485	124,773
Provisions	9,966	8,155
Other current liabilities	148,361	115,047
Total current liabilities	3,316,999	3,895,976
Non-current liabilities		
Interest-bearing debt	2,537,988	3,059,343
Other financial liabilities	38,637	38,035
Defined benefit liabilities	14,691	14,648
Provisions	72,675	74,981
Deferred tax liabilities	20,394	22,886
Other non-current liabilities	12,377	12,441
Total non-current liabilities	2,696,762	3,222,334
Total liabilities	6,013,761	7,118,310
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	111,826	(132,170)
Retained earnings	1,178,282	1,057,207
Treasury stock	-	(30,697)
Accumulated other comprehensive income	3,740	(1,992)
Total equity attributable to owners of the Company	1,498,157	1,096,657
Non-controlling interests	524,410	518,584
Total equity	2,022,567	1,615,241
Total liabilities and equity	8,036,328	8,733,551

Note:

1. As described in “Acquisition of investments in Yahoo” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries. For further details, refer to “(3) Transactions under common control” in “Note 2. Significant accounting policies.”

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

For the six months ended September 30, 2018 and 2019

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2018[2]	Six months ended September 30, 2019[2]
Revenue	2,238,386	2,373,104
Cost of sales	(1,136,673)	(1,201,209)
Gross profit	1,101,713	1,171,895
Selling, general and administrative expenses	(587,180)	(631,916)
Other operating income	8,440	11,985
Other operating expenses	(4,770)	-
Operating income	518,203	551,964
Share of losses of associates accounted for using the equity method	(1,454)	(17,330)
Financing income	2,430	3,898
Financing costs	(31,131)	(29,745)
Gain on sales of equity method investments	441	5,456
Profit before income taxes	488,489	514,243
Income taxes	(149,205)	(167,662)
Net income[1]	339,284	346,581
Net income attributable to		
Owners of the Company	314,605	327,424
Non-controlling interests	24,679	19,157
	339,284	346,581
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	65.72	68.44
Diluted earnings per share (Yen)	65.72	67.55

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the six months ended September 30, 2018 and 2019 was generated from continuing operations.
2. As described in “Acquisition of investments in Yahoo” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries. For further details, refer to “(3) Transactions under common control” in “Note 2. Significant accounting policies.”

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2018[1]	Six months ended September 30, 2019[1]
Net income	339,284	346,581
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at FVTOCI	(1,946)	(1,497)
Total items that will not be reclassified to profit or loss	(1,946)	(1,497)
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(491)	704
Cash flow hedges	(1,966)	(473)
Exchange differences on translation of foreign operations	1,397	(746)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(279)	578
Total items that may be reclassified subsequently to profit or loss	(1,339)	63
Total other comprehensive income (loss), net of tax	(3,285)	(1,434)
Total comprehensive income	335,999	345,147
Total comprehensive income attributable to		
Owners of the Company	310,263	326,028
Non-controlling interests	25,736	19,119
	335,999	345,147

Note:

1. As described in “Acquisition of investments in Yahoo” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

For the three months ended September 30, 2018 and 2019

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three months ended September 30, 2018[2]	Three months ended September 30, 2019
Revenue	1,137,419	1,208,248
Cost of sales	(582,998)	(621,431)
Gross profit	554,421	586,817
Selling, general and administrative expenses	(299,096)	(315,696)
Other operating income	8,440	11,985
Other operating expenses	(4,770)	-
Operating income	258,995	283,106
Share of losses of associates accounted for using the equity method	(1,144)	(11,616)
Financing income	1,256	425
Financing costs	(14,870)	(17,210)
Gain on sales of equity method investments	441	-
Profit before income taxes	244,678	254,705
Income taxes	(80,087)	(80,740)
Net income[1]	164,591	173,965
Net income attributable to		
Owners of the Company	153,161	162,627
Non-controlling interests	11,430	11,338
	164,591	173,965
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	31.99	34.01
Diluted earnings per share (Yen)	31.99	33.56

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended September 30, 2018 and 2019 was generated from continuing operations.
2. As described in "Acquisition of investments in Yahoo" under "Note 4. Business combinations," transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2018[1]	Three months ended September 30, 2019
Net income	164,591	173,965
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at FVTOCI	(937)	(1,008)
Total items that will not be reclassified to profit or loss	(937)	(1,008)
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(708)	(60)
Cash flow hedges	(1,966)	215
Exchange differences on translation of foreign operations	649	40
Share of other comprehensive income (loss) of associates accounted for using the equity method	358	4
Total items that may be reclassified subsequently to profit or loss	(1,667)	199
Total other comprehensive income (loss), net of tax	(2,604)	(809)
Total comprehensive income	161,987	173,156
Total comprehensive income attributable to		
Owners of the Company	150,169	161,738
Non-controlling interests	11,818	11,418
	161,987	173,156

Note:

1. As described in "Acquisition of investments in Yahoo" under "Note 4. Business combinations," transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended September 30, 2018

(Millions of yen)

	Equity attributable to owners of the Company							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
As of April 1, 2018	197,694	204,906	458,230	-	5,743	866,573	18,687	885,260
Retrospective adjustments from transactions under common control[2]	-	(19,186)	470,580	-	5,205	456,599	670,190	1,126,789
As of April 1, 2018, restated	197,694	185,720	928,810	-	10,948	1,323,172	688,877	2,012,049
Comprehensive income								
Net income	-	-	314,605	-	-	314,605	24,679	339,284
Other comprehensive income (loss)	-	-	-	-	(4,342)	(4,342)	1,057	(3,285)
Total comprehensive income	-	-	314,605	-	(4,342)	310,263	25,736	335,999
Transactions with owners and other transactions								
Cash dividends[4]	-	-	(21,829)	-	-	(21,829)	(29,989)	(51,818)
Issuance of new shares	6,615	13,207	-	-	-	19,822	-	19,822
Purchase of treasury stock	-	-	-	-	-	-	-	-
Changes from transactions under common control[2, 3]	-	(240,080)	7,944	-	(14)	(232,150)	(3,962)	(236,112)
Changes from business combinations	-	-	-	-	-	-	4,422	4,422
Changes from loss of control	-	-	-	-	-	-	(228)	(228)
Changes in interests in subsidiaries[2, 4]	-	141,980	(197,757)	-	-	(55,777)	(169,545)	(225,322)
Changes in interests in existing subsidiaries	-	38	-	-	-	38	2,543	2,581
Share-based payment transactions	-	4,654	-	-	-	4,654	0	4,654
Transfer from accumulated other comprehensive income to retained earnings	-	-	347	-	(347)	-	-	-
Total transactions with owners and other transactions	6,615	(80,201)	(211,295)	-	(361)	(285,242)	(196,759)	(482,001)
As of September 30, 2018	204,309	105,519	1,032,120	-	6,245	1,348,193	517,854	1,866,047

For the six months ended September 30, 2019

(Millions of yen)

	Equity attributable to owners of the Company							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehen-sive income (loss)	Total	Non-controlling interests	Total equity
As of April 1, 2019	204,309	111,826	1,178,282	-	3,740	1,498,157	524,410	2,022,567
Cumulative effect of adopting a new accounting standard[1]	-	-	(618)	-	-	(618)	(4,362)	(4,980)
As of April 1, 2019, restated	204,309	111,826	1,177,664	-	3,740	1,497,539	520,048	2,017,587
Comprehensive income								
Net income	-	-	327,424	-	-	327,424	19,157	346,581
Other comprehensive income (loss)	-	-	-	-	(1,396)	(1,396)	(38)	(1,434)
Total comprehensive income	-	-	327,424	-	(1,396)	326,028	19,119	345,147
Transactions with owners and other transactions								
Cash dividends[4]	-	-	(195,771)	-	-	(195,771)	(27,985)	(223,756)
Issuance of new shares	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(30,697)	-	(30,697)	-	(30,697)
Changes from transactions under common control[2, 3]	-	(245,514)	(254,031)	-	(2,415)	(501,960)	896	(501,064)
Changes from business combinations	-	-	-	-	-	-	-	-
Changes from loss of control	-	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	-	-	-	-	-	-	-
Changes in interests in existing subsidiaries	-	(1,768)	-	-	-	(1,768)	6,506	4,738
Share-based payment transactions	-	3,286	-	-	-	3,286	-	3,286
Transfer from accumulated other comprehensive income to retained earnings	-	-	1,921	-	(1,921)	-	-	-
Total transactions with owners and other transactions	-	(243,996)	(447,881)	(30,697)	(4,336)	(726,910)	(20,583)	(747,493)
As of September 30, 2019	204,309	(132,170)	1,057,207	(30,697)	(1,992)	1,096,657	518,584	1,615,241

Notes:

1. Upon adoption of IFRS 16 “Leases,” the cumulative effect of initially applying this standard retrospectively on periods before the six months ended September 30, 2019 was recognized as an adjustment to the opening balance of retained earnings as of April 1, 2019.
2. As described in “(2) Acquisition of investments in subsidiaries and associates” and “Acquisition of investments in Yahoo” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries. For further details, refer to “(3) Transactions under common control” under “Note 2. Significant accounting policies.”
3. The changes in “Capital surplus” and “Retained earnings” represent the differences between the amount paid by SoftBank Corp. for subsidiaries that were acquired under common control and SoftBank Group Corp.’s book value of the subsidiaries at the time of acquisition.
4. In relation to transactions under common control, any equity transactions undertaken by subsidiaries under common control with entities outside of SoftBank Corp. and its subsidiaries before the date of the actual transaction by SoftBank Corp. are included within “Cash dividends” and “Changes in interests in subsidiaries.”

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2018[1]	Six months ended September 30, 2019[1]
Cash flows from operating activities		
Net income	339,284	346,581
Depreciation and amortization	249,066	327,283
Loss on disposal of property, plant and equipment and intangible assets	4,297	4,649
Gain relating to loss of control over subsidiaries	-	(11,985)
Financing income	(2,430)	(3,898)
Financing costs	31,131	29,745
Share of losses of associates accounted for using the equity method	1,454	17,330
Gain on sales of equity method investments	(441)	(5,456)
Income taxes	149,205	167,662
(Increase) decrease in trade and other receivables	(14,676)	(29,689)
(Increase) decrease in inventories	40,367	26,613
(Increase) decrease in contract assets	(2,222)	(21,359)
(Increase) decrease in contract costs	18,399	(7,809)
Purchases of mobile devices leased to enterprise customers	(15,227)	(17,713)
Increase (decrease) in trade and other payables	(75,549)	(62,393)
Increase (decrease) in consumption taxes payable	56,713	(7,648)
Increase (decrease) in deposits in banking business	31,097	51,740
Other	(78,572)	(88,299)
Subtotal	731,896	715,354
Interest and dividends received	1,444	1,662
Interest paid	(47,628)	(26,396)
Income taxes paid	(130,943)	(130,296)
Income taxes refunded	9,523	5,728
Net cash inflow from operating activities	564,292	566,052
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(257,096)	(223,879)
Proceeds from sales of property, plant and equipment and intangible assets	192	2,302
Payments for acquisition of investments	(33,671)	(35,889)
Proceeds from sales/redemption of investments	13,768	25,909
Purchase of investment securities in banking business	(150,794)	(119,023)
Proceeds from sales/redemption of investment securities in banking business	102,115	134,942
Proceeds from obtaining control of subsidiaries	49	-
Increase in loans issued	(2,043)	(1,926)
Proceeds from repayment of loans	6,557	609
Other	(3,967)	(2,562)
Net cash outflow from investing activities	(324,890)	(219,517)

	Six months ended September 30, 2018[1]	Six months ended September 30, 2019[1]
		(Millions of yen)
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	51,031	400,803
Proceeds from interest-bearing debt	2,380,954	979,969
Repayment of interest-bearing debt	(2,229,673)	(705,849)
Proceeds from stock issuance to non-controlling interests	2,914	4,046
Purchase of treasury stock	-	(30,697)
Cash dividends paid	(22,009)	(195,042)
Cash dividends paid to non-controlling interests	(29,812)	(24,598)
Payment for purchase of subsidiaries' interests	(221,000)	-
Purchase of treasury stock by subsidiaries	(227,163)	(526,826)
Decrease from loss of control over subsidiaries	-	(30,717)
Other	(2,324)	(1,227)
Net cash inflow (outflow) from financing activities	(297,082)	(130,138)
Effect of exchange rate changes on cash and cash equivalents	857	(421)
Increase in cash and cash equivalents	(56,823)	215,976
Cash and cash equivalents at the beginning of the period	987,776	938,388
Cash and cash equivalents at the end of the period	930,953	1,154,364

Note:

1. As described in “Acquisition of investments in Yahoo” under “Note 4. Business combinations,” transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of SoftBank Corp. and its subsidiaries.

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. (the "Company") is a corporation (kabushiki kaisha) under the Companies Act of Japan and is domiciled in Japan. The registered address of its head office is 9-1 Higashi-shimbashi 1-chome, Minato-ku, Tokyo, Japan. These consolidated financial statements are comprised of the Company and its subsidiaries (the "Group"). The parent of the Company is SoftBank Group Japan Corporation ("SBGJ"). The ultimate parent company of the Company is SoftBank Group Corp. ("SBG").

SoftBank Group International GK changed its name to SoftBank Group Japan Corporation as of June 15, 2018 with a corporate form change from a limited liability company (godo kaisha) to a corporation (kabushiki kaisha). In the following notes to the consolidated financial statements, SoftBank Group Japan Corporation is referred to as "SBGJ," including transactions that were entered into prior to the name change.

On October 1, 2019, Yahoo transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation. In the following notes to the consolidated financial statements, Z Holdings Corporation is referred to as "Yahoo," including transactions that were entered into prior to the name change.

The Group is engaged in a variety of businesses in the telecommunication and information technology industry centering on its Consumer, Enterprise, Distribution, and Yahoo businesses. For details, refer to "(1) Summary of reportable segments" under "Note 5. Segment information."

2. Significant accounting policies

The significant accounting policies applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements as of and for the fiscal year ended March 31, 2019, except for the items below. Income tax expenses for the six months ended September 30, 2019 are calculated based on the estimated annual effective income tax rate. In addition, defined benefit liabilities as of September 30, 2019 are calculated using reasonable estimates based on the results of actuarial calculations as of March 31, 2019.

(1) Application of new accounting standards and interpretations

The Group has adopted the following accounting standards and interpretations from the three months ended June 30, 2019.

a. IFRS 16 "Leases"

IFRS 16 "Leases" primarily replaces the previous IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement Contains a Lease." Under the new standard, the distinction between finance leases and operating leases in lessee accounting is removed, and for all leases in principle, a right-of-use asset and a lease liability are recognized. The standard permits either a full retrospective or a modified retrospective approach for adoption. The accounting for lessors does not change significantly.

The Group applied the modified retrospective approach in accordance with the transitional provisions of IFRS 16 by recognizing the cumulative effect of initially applying this standard as an adjustment to the opening balance of assets, liabilities, and retained earnings for the six months ended September 30, 2019. Therefore, except for leases of intangible assets, comparative figures have not been restated.

The Group does not apply IFRS 16 to leases of intangible assets. As a result, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," comparative figures related to leases of intangible assets have been restated. For details, refer to "Note 6. Interest-bearing debt."

The Group uses the practical expedient that allows the Group not to review whether contractual arrangements are, or contain, a lease upon adoption of IFRS 16. Therefore, excluding the abovementioned lease contracts of intangible assets, as of the date of adoption, the Company applied IFRS 16 to the contracts that were identified as leases prior to the adoption in accordance with the previous IAS 17 and IFRIC 4. IFRS 16 was not applied to the contracts that were not identified as leases.

Of the practical expedients permitted upon making retrospective adjustments to each lease pursuant to the modified retrospective approach, the Group utilizes the following:

・Approach to rely on its assessment of whether leases are onerous applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” immediately before the date of initial application of IFRS 16 as an alternative to IAS 36 “Impairment of Assets” and to adjust the right-of-use asset at the date of initial application of IFRS 16 by the amount of any provision for onerous leases recognized immediately before the date of initial application of IFRS 16

・Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application of IFRS16

・Use of hindsight in determining the lease term at the date of initial application of IFRS 16

Upon adoption of IFRS 16, the Group recognizes lease liabilities for leases that were previously classified as operating leases in accordance with the principles of IAS 17. It is required that these liabilities are measured at the present value of the lease payments that are not paid at that date, discounted using the incremental borrowing rate as of April 1, 2019. The weighted average of lessee’s incremental borrowing rate applied to lease liabilities is 1.09%. The right-of-use assets are measured using either of the following:

・Measurements of lease liabilities adjusted by the amount of any prepaid or accrued lease payments; or

・Carrying amounts calculated as if IFRS 16 were applied from the start of the lease. The lessee’s incremental borrowing rate at the date of initial application shall be used as a discount rate.

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

	(Millions of yen)
Undiscounted future minimum lease payments under operating leases as of March 31, 2019	474,012
Discounts for future minimum lease payments under abovementioned operating leases	(20,608)
Discounted future minimum lease payments under operating leases as of April 1, 2019	453,404
Liabilities for leases that were classified as finance leases	876,484
Adjustments due to the reassessment of lease term	58,837
Adjustments due to other factors	(11,176)
Lease liabilities as of April 1, 2019	1,377,549

In addition to the above, the primary effect of adopting IFRS 16 is that ¥1,131,712 million of property, plant and equipment recognized as finance leases under IAS 17 were reclassified to right-of-use assets. As a result, right-of-use assets increased by ¥1,620,843 million.

b. Other standards and interpretations

There is no significant impact from the application of other standards and interpretations.

(2) Significant accounting policies in accordance with application of new accounting standards and interpretations

Leases

The Group has adopted IFRS 16 from the three months ended June 30, 2019. In accordance with the transitional provisions of IFRS 16, the Group has elected not to restate comparative information. Therefore, comparative information is presented in accordance with IAS 17.

At the inception of a contract, the Group determines whether contractual arrangements are, or contain, a lease. The lease terms are the non-cancelable period of a lease, together with the 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.

(As lessee)

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Group accounts for each lease component as a lease separately from non-lease components 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) Leases of intangible assets

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

(c) Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date. The Group initially measures right-of-use assets at cost. The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date less any lease incentives received, any initial direct costs incurred, and a total 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.

Subsequent to initial recognition, a right-of-use asset is depreciated using the straight-line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of a right-of-use asset are determined in the same manner as property, plant and equipment. Right-of-use assets are measured at cost less accumulated depreciation and impairment losses.

(d) Lease liability

The Group recognizes a lease liability at the lease commencement date. After the lease commencement date, the lease liability is initially measured at the present value of the future lease payments for the lease term. 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 incremental borrowing rate is used.

The lease payments included in the measurement of the lease liability primarily comprise fixed lease payments, lease payments for an extended term if it is reasonably certain to exercise an extension option, and payments of penalties for terminating the lease excluding the case where it is reasonably certain not to exercise an early termination option.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured if there is a change in future lease payments resulting from a change in an index or a rate, a change in the amounts expected to be payable under a residual value guarantee, or a change in the assessment of possibility of exercising an extension option or a termination option.

If a lease liability is remeasured, the amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. However, if the amount of decrease in liability resulting from the remeasurement of the lease liability is greater than the carrying amount of the right-of-use asset, any remaining amount after reducing the right-of-use asset to zero is recognized as profit or loss.

(As lessor)

(a) Separating components of a contract

For a contract that is, or contains, a lease, the Group allocates the consideration in the contract to lease components and non-lease components in accordance with IFRS 15 "Revenue from contracts with customers."

(b) Lease classification

At the inception of a lease contract, the Group determines the classification of a lease as either a finance lease or 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. If the lease term is for the major part of the economic life of the underlying asset, or the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, it is deemed that substantially all the risks and rewards incidental to ownership of an underlying asset are transferred.

(c) Sublease classification

If the Group is a party to a sublease contract, the head lease (as lessee) and the sublease (as lessor) are accounted for separately. In classifying a sublease as a finance lease or an operating lease, the Group considers the risks, rewards, and useful life of a right-of-use asset recognized by the Group in the head lease rather than the assets subject to lease.

(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 receivable. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest rate is recognized in profit.

Lease payments under operating leases are recognized in income on a straight-line basis.

(3) Transactions under common control

For transactions under common control (all of the combining companies or businesses that are ultimately controlled by the same party or parties both before and after the business combination, and their control is other than temporary), the Group accounts for those transactions based on the carrying amount of the parent company's assets and liabilities, and regardless of the actual date of the transaction under common control, retrospectively combines the financial statements of the acquired companies as if such transactions were executed by the Group on the later of the date when the parent obtained control of the transferred companies prior to the transfer, or the opening balance sheet date of the comparative period as part of the condensed interim consolidated financial statements of the Group. On the actual transaction date, the equity of the acquired company that had been retroactively combined is reversed, and the difference between the purchase price and the carrying amount of the equity is recognized in "Capital surplus."

When the Group loses control over a subsidiary as a result of transactions under common control, these are accounted for as equity transactions and the difference between the equity of the subsidiary immediately before loss of control and the ownership interests after loss of control is recognized in "Capital surplus."

Payment for the purchase of the equity interest of subsidiaries, purchase of treasury stock by subsidiaries, and decrease from loss of control over subsidiaries, through transactions under common control, are presented in cash flows from financing activities in the condensed interim consolidated statement of cash flows.

The effect of transactions under common control during the six months ended September 30, 2019 is presented in the tables below.

Consolidated Statement of Financial Position

As of April 1, 2018

(Millions of yen)

	Before retrospective adjustment	Effect of transactions under common control	After retrospective adjustment
ASSETS			
Current assets			
Cash and cash equivalents	121,043	866,733	987,776
Trade and other receivables	1,186,754	491,332	1,678,086
Other financial assets	6,251	79,770	86,021
Inventories	125,645	17,722	143,367
Other current assets	129,387	11,635	141,022
Non-current assets			
Property, plant and equipment	1,707,289	126,524	1,833,813
Goodwill	187,489	181,564	369,053
Intangible assets	1,051,293	154,001	1,205,294
Contract costs	174,314	1,449	175,763
Investments accounted for using the equity method	56,325	11,195	67,520
Investment securities[1]	-	125,732	125,732
Investment securities in banking business	-	256,931	256,931
Other financial assets	414,094	122,521	536,615
Deferred tax assets	58,495	31,852	90,347
Other non-current assets	87,188	14,166	101,354
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing debt	2,260,435	41,524	2,301,959
Trade and other payables	841,536	333,568	1,175,104
Contract liabilities	100,676	11,653	112,329
Deposits for banking business	-	683,834	683,834
Other financial liabilities	-	3,819	3,819
Income taxes payable	100,878	29,097	129,975
Provisions	16,407	2,625	19,032
Other current liabilities	77,542	37,032	114,574
Non-current liabilities			
Interest-bearing debt	966,098	143,838	1,109,936
Other financial liabilities	3,127	24,925	28,052
Defined benefit liabilities	12,031	3,236	15,267
Provisions	34,493	19,666	54,159
Deferred tax liabilities	-	26,447	26,447
Other non-current liabilities	7,084	5,074	12,158
Equity			
Common stock	197,694	-	197,694
Capital surplus	204,906	(19,186)	185,720
Retained earnings	458,230	470,580	928,810
Accumulated other comprehensive income (loss)	5,743	5,205	10,948
Non-controlling interests	18,687	670,190	688,877

Note:

1. The amount of ¥59,216 million which was previously included in "Other financial assets" has been reclassified to "Investment securities."

Consolidated Statement of Financial Position

As of March 31, 2019

(Millions of yen)

	Before retrospective adjustment	Effect of transactions under common control	After retrospective adjustment
ASSETS			
Current assets			
Cash and cash equivalents	357,971	580,417	938,388
Trade and other receivables	1,186,904	509,048	1,695,952
Other financial assets	1,652	88,913	90,565
Inventories	114,321	18,499	132,820
Other current assets	95,474	12,493	107,967
Non-current assets			
Property, plant and equipment	1,657,254	134,006	1,791,260
Goodwill	198,461	194,851	393,312
Intangible assets	1,046,010	166,380	1,212,390
Contract costs	208,114	3,619	211,733
Investments accounted for using the equity method	68,341	21,315	89,656
Investment securities[1]	-	114,788	114,788
Investment securities in banking business	-	337,516	337,516
Other financial assets	716,500	19,990	736,490
Deferred tax assets	36,611	36,025	72,636
Other non-current assets	87,432	23,423	110,855
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing debt	909,944	43,786	953,730
Trade and other payables	817,532	396,658	1,214,190
Contract liabilities	113,950	12,404	126,354
Deposits for banking business	-	745,696	745,696
Other financial liabilities	-	3,217	3,217
Income taxes payable	91,310	24,175	115,485
Provisions	7,909	2,057	9,966
Other current liabilities	105,630	42,731	148,361
Non-current liabilities			
Interest-bearing debt	2,379,497	158,491	2,537,988
Other financial liabilities	11,583	27,054	38,637
Defined benefit liabilities	11,087	3,604	14,691
Provisions	54,750	17,925	72,675
Deferred tax liabilities	-	20,394	20,394
Other non-current liabilities	7,398	4,979	12,377
Equity			
Common stock	204,309	-	204,309
Capital surplus	202,685	(90,859)	111,826
Retained earnings	893,880	284,402	1,178,282
Accumulated other comprehensive income (loss)	(53,781)	57,521	3,740
Non-controlling interests	17,362	507,048	524,410

Note:

1. The amount of ¥59,045 million which was previously included in “Other financial assets” has been reclassified to “Investment securities.”

Condensed Interim Consolidated Statement of Income

For the six months ended September 30, 2018

(Millions of yen)

	Before retrospective adjustment	Effect of transactions under common control	After retrospective adjustment
Revenue	1,794,407	443,979	2,238,386
Cost of sales	(950,401)	(186,272)	(1,136,673)
Gross profit	844,006	257,707	1,101,713
Selling, general and administrative expenses	(400,594)	(186,586)	(587,180)
Other operating income	4,689	3,751	8,440
Other operating expenses	(4,770)	-	(4,770)
Operating income	443,331	74,872	518,203
Share of losses of associates accounted for using the equity method	(3,252)	1,798	(1,454)
Financing income	1,066	1,364	2,430
Financing costs	(31,137)	6	(31,131)
Gain on sales of equity method investments	3,691	(3,250)	441
Profit before income taxes	413,699	74,790	488,489
Income taxes	(120,873)	(28,332)	(149,205)
Net income	292,826	46,458	339,284
Net income attributable to			
Owners of the Company	294,668	19,937	314,605
Non-controlling interests	(1,842)	26,521	24,679
Earnings per share attributable to owners of the Company			
Basic earnings per share (Yen)	61.55	4.17	65.72
Diluted earnings per share (Yen)	61.55	4.17	65.72

(4) Significant accounting policies for Yahoo business

Revenue

Revenues in the commerce business consist of revenues from sale of goods by the ASKUL Group, e-commerce-related services such as *YAHUOKU!*, and membership services such as *Yahoo! Premium.*

Revenues from sale of goods by the ASKUL Group 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.

Yahoo provides online auction services through *YAHUOKU!* to individual users and corporations. System usage fees charged to the sellers according to auction proceeds are recognized as revenue when the auction transactions are completed.

Yahoo sells 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.

Revenues in the media business consist of revenues from paid search advertising, display advertising and other 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.

3. Significant judgments and estimates

In preparing the condensed interim consolidated financial statements under IFRS, management makes judgments, estimates, and assumptions that affect the application of accounting policies and reported 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 respective 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 future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2019 except for the following items:

Judgments for accounting treatment of contracts including leases

Determining whether an arrangement contains a lease

At the inception of a contract, the Group determines whether contractual arrangements are, or contain, a lease. It is determined that 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. In determining whether the right to control the use of an identified asset is conveyed, the Group assesses the following:

(a) The contract includes the use of an identified asset and the lessor does not have the substantive right to substitute the asset.

(b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

(c) The customer has the right to direct the use of the asset. If the decisions about how and for what purpose the asset is used are predetermined, it is determined that the customer has the right to direct the use of the asset if either of the following is satisfied:

i. the customer has the right to operate the asset; or

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

4. Business combinations

Six months ended September 30, 2018

(1) Acquisition of LINE MOBILE Corporation

Summary of acquisition

On April 2, 2018, the Company acquired 51% of the equity interest of LINE MOBILE Corporation ("LINE MOBILE") for ¥10,400 million in cash. LINE MOBILE operates an MVNO (mobile virtual network operator) business and provides internet access services, telecommunications, internet telephony, and other information and communications services.

The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the date of obtaining control:

(Millions of yen)

		Acquisition date (April 2, 2018)
Cash and cash equivalents		11,513
Trade receivables		1,299
Other current assets		252
Non-current assets		22
Total assets		13,086
Current liabilities		4,059
Non-current liabilities		3
Total liabilities		4,062
Net assets	A	9,024
Non-controlling interests[1]	B	4,422
Acquisition cost	C	10,400
Goodwill[2]	C-(A-B)	5,798

Notes:

1. Non-controlling interests that give the holder a pro-rata share of the net assets of the acquiree at the time of liquidation are measured at the recognized amounts of the acquiree's identifiable net assets as of the date of obtaining control, multiplied by the ratio of the non-controlling interests as of the date of obtaining control after the business combination.
2. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Company and the acquiree.

The table below shows proceeds from obtaining control of the subsidiary:

(Millions of yen)

	Acquisition date (April 2, 2018)
Cash and cash equivalents held by the acquiree at the time of obtaining control	11,513
Consideration paid in cash	(10,400)
Cash received from obtaining control of the subsidiary	1,113

Revenue and net income of the acquiree:

Description is omitted as the revenue and net income of the acquiree after the date of obtaining control are immaterial.

(2) Acquisition of investments in subsidiaries and associates

a. Summary of acquisition

On April 1, 2018, the Company acquired the shares of domestic subsidiaries and associates owned by SBGJ through the issuance of 176,197 thousand shares of the Company with an equivalent value of ¥109,771 million. On May 1, 2018, the Company acquired the shares of domestic subsidiaries owned by Yahoo, which is a subsidiary of SBG, through a cash payment of ¥19,500 million. As a result of these transactions, the number of subsidiaries and associates of the Company increased by 41 companies.

The major subsidiaries and associates acquired are as follows:

Subsidiaries:

Company name	Business description
SB Media Holdings Corp.	Intermediate holdings company that owns ITmedia Inc. and others
SoftBank Technology Corp.[1]	Online business solutions and services
SB Players Corp.	Solution services for government

Note:

1.On October 1, 2019, SoftBank Technology Corp. changed its name to SB Technology Corp..

Associates:

Company name	Business description
Vector Inc.[1]	Software sales and advertising sales
Geniee, Inc.	Marketing technology business
Scigineer Inc.	Internet marketing support services

Note:

1.Following the acquisition of Yahoo as a subsidiary, Vector Inc. is retrospectively consolidated as a subsidiary from the opening balance sheet date of the comparative period as part of this condensed interim consolidated financial statements of the Group, as a result of adding up the Vector Inc. equity interests held by Yahoo.

b. Summary of accounting treatment

The acquisition of the subsidiaries above was accounted for as a transaction under common control. For transactions under common control, the Company accounts for those transactions based on the book value of SBG, and regardless of the actual transaction date, retrospectively combines the financial statements of the acquired companies as if such transactions were executed by the Group on the later of the date when the parent, SBG, obtained control of the transferred companies prior to the transfer or the opening balance sheet date of the comparative period as part of the consolidated financial statements of the Group.

The equity interests of the associates acquired in the transaction above are accounted for using the equity method starting on the date on which they were acquired by the Company.

Six months ended September 30, 2019

Acquisition of investments in Yahoo

a. Summary of acquisition

The Company underwrote a capital increase by third-party allotment conducted by Yahoo. The purpose of the underwriting is to further enhance growth, development, and corporate value of the Group by jointly and actively developing non-telecommunications business including FinTech as well as making optimal deployment of management resources between the Company and Yahoo based on an integrated strategy so as to maximize synergy effects. On June 27, 2019, the Company acquired 1,511,478 thousand new shares issued by Yahoo for ¥456,466 million. As a result of this transaction, together with 613,889 thousand shares the Company acquired for ¥221,000 million excluding transaction costs in August 2018, the ratio of voting rights held by the Group in Yahoo became 44.6%. In addition, officers from the Company were appointed as members of Yahoo's Board of Directors. As a result, Yahoo is considered substantially controlled by the Company and became a subsidiary of the Company.

Yahoo is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement - and finance-related services, all of those are provided via the internet for small to medium-sized businesses and individual customers. The "Media business" mainly comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services.

b. Summary of accounting treatment

The abovementioned transaction was accounted for as a transaction under common control. For transactions under common control, the Company accounts for this transaction based on the book value of SBG, and regardless of the actual transaction date, retrospectively combines the financial statements of the acquired companies as if such transaction was executed by the Group on April 1, 2018 as part of the condensed interim consolidated financial statements of the Group. For details of the impact of the transaction on the consolidated statement of financial position and the condensed interim consolidated statement of income previously disclosed, refer to "(3) Transactions under common control" in "Note 2. Significant accounting policies."

5. Segment information

(1) Summary of reportable segments

The reportable segments of the Group are based on operating segments for which separate financial information is available, and which the Board of Directors (the Group's chief operating decision maker) regularly reviews to determine the allocation of management resources and evaluate their performance. The Group has "Consumer," "Enterprise," "Distribution," and "Yahoo" as its reportable segments. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the "Consumer" segment, the Group provides mobile communications and broadband services to individual customers. In mobile communications services, the Group provides mobile communications services under the *SoftBank*, *Y!mobile*, and *LINE MOBILE* brands, and sells mobile devices such as phones and tablets. In broadband services, the Group provides internet services, including *SoftBank Hikari*, and sells and rents related customer-premises equipment for broadband services.

In the "Enterprise" segment, the Group provides a wide range of services to enterprise customers, including mobile communications services, voice call services and fixed-line communications services, data transmission and dedicated services, telecommunications consulting and construction for telecommunications carriers and general service providers, rental and maintenance of telecommunications facilities, housing, data center services, and sales and rental of telecommunications equipment.

In the "Distribution" segment, the Group provides hardware, software, and services in relation to ICT, cloud, and IoT solutions to enterprise customers. The Group also provides PC software, IoT products, and mobile device accessories to individual customers.

In the "Yahoo" segment, the Group is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement- and finance-related services, all of those are provided via the internet for small to medium-sized businesses and individual customers. Under the "Media business," the Group comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services. The "Yahoo" segment was newly established from the six months ended September 30, 2019, due to consolidation of Yahoo in June 2019.

Information not included in the preceding reportable segments is summarized in "Other." "Other" mainly includes operating results of subsidiaries, such as SB Payment Service Corp., One Tap BUY Co., Ltd., and others.

"Adjustments" includes eliminations of intersegment transactions and expenses not allocated to each reportable segment.

The following segment information includes the financial information of subsidiaries acquired through common control transactions by September 30, 2019 because the Group retrospectively consolidates these subsidiaries as if they are acquired on the date of the opening balance sheet date of the comparative period, that is April 1, 2018, based on the accounting policy of the Group.

(2) Segment revenue, income, and other information of reportable segments

Income of reportable segments is defined as "Operating income." Intersegment transaction prices are determined by taking into consideration the equivalent prices for an arm's length transaction or gross costs after price negotiation.

Income and loss which are not attributable to operating income and loss, such as financing income, financing costs, and income and loss on equity method investments, are not managed by each reportable segment and therefore these income and losses are excluded from segment income. Assets and liabilities are not allocated to reportable segments and are not monitored by the Board of Directors.

Six months ended September 30, 2018

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	1,282,297	298,195	174,483	453,245	2,208,220	30,166	-	2,238,386
Intersegment revenue or transferred revenue	6,739	3,404	17,136	10,545	37,824	11,220	(49,044)	-
Total	1,289,036	301,599	191,619	463,790	2,246,044	41,386	(49,044)	2,238,386
Segment income	383,515	50,740	8,401	78,009	520,665	(959)	(1,503)	518,203
Depreciation and amortization[1]	169,576	51,436	549	24,947	246,508	2,558	-	249,066

Six months ended September 30, 2019

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	1,328,786	309,224	226,303	473,588	2,337,901	35,203	-	2,373,104
Intersegment revenue or transferred revenue	7,262	4,872	18,815	10,556	41,505	12,984	(54,489)	-
Total	1,336,048	314,096	245,118	484,144	2,379,406	48,187	(54,489)	2,373,104
Segment income	401,616	54,602	11,004	75,661	542,883	8,519	562	551,964
Depreciation and amortization[1]	205,338	79,194	1,423	36,153	322,108	5,175	-	327,283

Note:

1. Depreciation and amortization includes amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the condensed interim consolidated statement of financial position.

Reconciliations of segment income to consolidated profit before income taxes are as follows:

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Segment income	518,203	551,964
Share of losses of associates accounted for using the equity method	(1,454)	(17,330)
Financing income	2,430	3,898
Financing costs	(31,131)	(29,745)
Gains on sales of equity method investments	441	5,456
Profit before income taxes	488,489	514,243

Three months ended September 30, 2018

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	649,675	152,101	92,510	227,730	1,122,016	15,403	-	1,137,419
Intersegment revenue or transferred revenue	4,056	1,730	6,860	4,960	17,606	5,771	(23,377)	-
Total	653,731	153,831	99,370	232,690	1,139,622	21,174	(23,377)	1,137,419
Segment income	192,247	26,827	4,411	38,667	262,152	(2,842)	(315)	258,995
Depreciation and amortization[1]	84,989	25,880	286	12,635	123,790	1,297	-	125,087

Three months ended September 30, 2019

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	674,707	156,785	118,624	240,130	1,190,246	18,002	-	1,208,248
Intersegment revenue or transferred revenue	3,271	2,861	10,076	5,380	21,588	6,885	(28,473)	-
Total	677,978	159,646	128,700	245,510	1,211,834	24,887	(28,473)	1,208,248
Segment income	195,879	26,461	5,725	39,497	267,562	15,615	(71)	283,106
Depreciation and amortization[1]	103,101	39,352	737	18,328	161,518	1,722	-	163,240

Note:

1. Depreciation and amortization includes amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the condensed interim consolidated statement of financial position.

Reconciliations of segment income to consolidated profit before income taxes are as follows:

(Millions of yen)

	Three months ended September 30, 2018	Three months ended September 30, 2019
Segment income	258,995	283,106
Share of losses of associates accounted for using the equity method	(1,144)	(11,616)
Financing income	1,256	425
Financing costs	(14,870)	(17,210)
Gains on sales of equity method investments	441	-
Profit before income taxes	244,678	254,705

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Current		
Short-term borrowings[1]	41,120	571,633
Commercial papers	-	41,000
Current portion of long-term borrowings[2, 3]	571,681	640,556
Current portion of lease obligations[4]	328,326	-
Current portion of lease liabilities[4]	-	408,211
Current portion of corporate bonds	5,000	5,000
Current portion of installment payables	7,603	2,847
Total	953,730	1,669,247
Non-current		
Long-term borrowings[2, 3]	1,864,143	1,930,597
Lease obligations[4]	548,158	-
Lease liabilities[4]	-	774,127
Corporate bonds	125,000	354,254
Installment payables	687	365
Total	2,537,988	3,059,343

Notes:

1. On June 21, 2019, the Company entered into a loan agreement. Summary of the loan agreement is as follows.

(1) Lender:	Mizuho Bank, Ltd.
(2) Amount of borrowing:	¥150,000 million
(3) Interest rate:	Bank base rate + Spread
(4) Execution date:	June 26, 2019
(5) Maturity:	Last business day of June 2020

2. As described in "(1) Application of new accounting standards and interpretations" under "Note 2. Significant accounting policies," the Group does not apply IFRS 16 to leases of intangible assets. Consequently, obligations associated with the leases of software that were previously recorded as lease obligations are included in current portion of long-term borrowings and long-term borrowings as financial liabilities under IFRS 9, and are restated by component as of March 31, 2019. Borrowings associated with such transactions included in current portion of long-term borrowings and long-term borrowings as of September 30, 2019 are ¥99,983 million and ¥165,288 million, respectively (¥102,879 million and ¥191,297 million, respectively as of March 31, 2019).

3. For certain network equipment, the Group raises capital through a series of transactions comprising purchasing contracts and lease agreements. Of these transactions, for those executed after the date of adoption of IFRS 16, the transfers of assets under the purchasing contracts do not satisfy the requirements of IFRS 15 and therefore are not accounted for as sales. Accordingly, capital raised through such transactions is accounted for as long-term borrowings. Borrowings associated with such transactions included in current portion of long-term borrowings and long-term borrowings as of September 30, 2019 are ¥45,639 million and ¥127,697 million, 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, accounted for as leases even after the adoption of IFRS 16.

4. The Group has adopted IFRS 16 from the three months ended June 30, 2019. Therefore, the Group recognizes lease liabilities for leases as of September 30, 2019 rather than lease obligations. For further details, refer to "(1) Application of new accounting standards and interpretations" in "Note 2. Significant accounting policies."

7. Equity

(1) Common stock and capital surplus

Six months ended September 30, 2018

After the Company acquired the shares of domestic subsidiaries and associates owned by SBGJ through an equity issuance on April 1, 2018, the number of shares issued increased by 176,197 thousand shares. For details, refer to "(2) Acquisition of investments in subsidiaries and associates" in "Note 4. Business combinations."

As a result of the issuance of the shares, common stock and capital surplus increased by ¥6,615 million and ¥6,615 million under the Companies Act of Japan, respectively.

In addition to the above, the differences between related fair values of investments in associates accounted for using the equity method at the time of acquisition and the amounts of common stock and capital surplus increased by the issuance of the shares were recognized in capital surplus

Six months ended September 30, 2019

There are no significant equity transactions to be disclosed.

(2) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Balance at the beginning of the period	-	-
Increase during the period[1]	-	20,470
Decrease during the period	-	-
Balance at the end of the period	-	20,470

Note:

1. For the six months ended September 30, 2019, due to a purchase of treasury stock under the resolution passed at the Board of Director meeting held on July 24, 2019, the number of treasury stock increased by 20,470 thousand shares (amount purchased ¥30,697 million).

8. Dividends

Dividends paid are as follows:

The Company

Six months ended September 30, 2018

There are no significant dividends paid to be disclosed.

Six months ended September 30, 2019

(1) Dividends paid

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2019	Common stock	37.50	179,518	March 31, 2019	June 10, 2019

(2) Dividends whose record date is in the six months ended September 30, 2019 but whose effective date is after September 30, 2019

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors' meeting held on October 28, 2019	Common stock	42.50	202,584	September 30, 2019	December 6, 2019

Transactions under common control result in the Group retrospectively combining the financial statements of the acquired companies as if such transactions were executed by the Group on the later of the date when the parent, SBG, obtained control of the transferred companies prior to the transfer or the opening balance sheet date of the earliest comparative period as part of the consolidated financial statements of the Group. As a result, the following dividends paid by Yahoo and SoftBank Technology Corp.(currently SB Technology Corp.) and before the date of the transaction under common control are included in “Cash dividends” in the condensed interim consolidated statement of changes in equity.

Yahoo

Six months ended September 30, 2018

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)[1]	Record date	Effective date[2]
Board of Directors' meeting held on April 27, 2018	Common stock	8.86	50,449	March 31, 2018	June 26, 2018

Notes:

1. The amount of dividends paid to owners of the Company was ¥21,668 million.
2. In the Board of Directors Meeting held on May 31, 2018, Yahoo resolved to change the scheduled dividend payment date (effective date) from June 5, 2018 to June 26, 2018.

Six months ended September 30, 2019

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)[1]	Record date	Effective date
Board of Directors' meeting held on May 16, 2019	Common stock	8.86	45,042	March 31, 2019	June 4, 2019

Note:

1. The amount of dividends paid to owners of the Company was ¥16,253 million

SoftBank Technology Corp. (currently SB Technology Corp.)

Six months ended September 30, 2018

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)[1]	Record date	Effective date
General Meeting of Shareholders held on June 18, 2018	Common stock	15.00	297	March 31, 2018	June 19, 2018

Note:

1. The amount of dividends paid to owners of the Company was ¥161 million.

Six months ended September 30, 2019

There are no significant dividends paid to be disclosed.

9. Revenue

The components of revenue are as follows:

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Consumer business		
Telecommunications service revenues		
Mobile communications	798,611	840,953
Broadband	175,695	190,456
Revenues from sales of goods and others	307,991	297,377
Subtotal	1,282,297	1,328,786
Enterprise business		
Mobile communications[3]	128,232	134,560
Fixed-line	105,516	96,947
Business solution services and others[3]	64,447	77,717
Subtotal	298,195	309,224
Distribution business	174,483	226,303
Yahoo business		
Commerce	306,257	325,495
Media	145,942	147,077
Other	1,046	1,016
Subtotal	453,245	473,588
Other	30,166	35,203
Total	2,238,386	2,373,104

Notes:

1. The components of revenue represent sales to external customers.
2. The components of revenue include revenue from leases and others. Revenue from leases and others for the six months ended September 30, 2019 and 2018 were ¥52,762 million and ¥47,820 million, respectively.
3. Mobile communications and business solution services and others within the Enterprise business include telecommunications service revenues and revenues from sales of goods and others. Telecommunications service revenues for the six months ended September 30, 2019 and 2018 were ¥166,804 million and ¥155,762 million, respectively. Revenues from sales of goods and others for the six months ended September 30, 2019 and 2018 were ¥45,473 million and ¥36,917 million, respectively.

10. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

Six months ended September 30, 2018 and 2019

(1) Basic earnings per share

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	314,605	327,424
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,787,145	4,784,392
Basic earnings per share (Yen)	65.72	68.44

(2) Diluted earnings per share

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	314,605	327,424
Effect of dilutive securities issued by subsidiaries and associates	(8)	(5)
Total	314,597	327,419
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of shares of common stock outstanding	4,787,145	4,784,392
Increase in the number of shares of common stock due to stock acquisition rights	-	63,023
Total	4,787,145	4,847,415
Diluted earnings per share (Yen)	65.72	67.55

Three months ended September 30, 2018 and 2019

(1) Basic earnings per share

	Three months ended September 30, 2018	Three months ended September 30, 2019
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	153,161	162,627
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,787,145	4,781,669
Basic earnings per share (Yen)	31.99	34.01

(2) Diluted earnings per share

	Three months ended September 30, 2018	Three months ended September 30, 2019
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	153,161	162,627
Effect of dilutive securities issued by subsidiaries and associates	(5)	(2)
Total	153,156	162,625
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of shares of common stock outstanding	4,787,145	4,781,669
Increase in the number of shares of common stock due to stock acquisition rights	-	64,742
Total	4,787,145	4,846,411
Diluted earnings per share (Yen)	31.99	33.56

11. Subsequent events

The loan agreement

On October 24, 2019, the Company entered into a loan agreement with 16 financial institutions. Under the loan agreement, on October 31, 2019, the Company borrowed an aggregate of ¥325,000 million without any collateral or guarantee. The Company used this loan to cover expenditures related to the acquisition of new shares of Yahoo's common stock in June 2019, and to repay existing borrowings made for the acquisition under a loan agreement which the Company contracted in the same month.

The details of the loan agreement which the Company contracted on October 24, 2019 are as follows:

Interest on the borrowings under the loan agreement will accrue on a floating rate based on a spread over one-month TIBOR. The Company will repay the borrowings by the last business day of September 2024.