SoftBank

This translation of the financial report was prepared for reference purposes only. Should there be any inconsistency between the translation and the original Japanese document, the latter shall prevail.

Consolidated Financial Report
For the Fiscal Year Ended March 31, 2020 (IFRS)

May 11, 2020

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(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	%
Fiscal year ended March 31, 2020	**4,861,247**	**4.4**	**911,725**	**11.4**	**811,195**	**8.7**	**506,668**	**2.5**	**473,135**	**2.3**	**497,048**	**1.9**
Fiscal year ended March 31, 2019	4,656,815	-	818,188	-	746,113	-	494,164	-	462,455	-	487,545	-
Fiscal year ended March 31, 2019 (before retrospective adjustment)	3,746,305		719,459		631,548		425,572		430,777		365,266	

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the Company	Ratio of profit before income taxes to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2020	**99.27**	**97.94**	**37.9**	**9.1**	**18.8**
Fiscal year ended March 31, 2019	96.60	95.91	32.8	9.4	17.6
Fiscal year ended March 31, 2019 (before retrospective adjustment)	89.99	89.35	40.8	11.4	19.2

Reference:
Share of losses of associates accounted for using the equity method is as follows:
Fiscal year ended March 31, 2020 ¥(46,060) million
Fiscal year ended March 31, 2019 ¥(6,276) million
Share of losses of associates accounted for using the equity method for the fiscal year ended March 31, 2019 before retrospective adjustment is ¥(25,337) million.

Notes:
(1) 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 fiscal year ended March 31, 2020 which includes acquisition of investments in Z Holdings Corporation.
(2) On October 1, 2019, Z Holdings Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name from Yahoo Japan 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	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	**9,792,258**	**1,707,564**	**1,000,546**	**10.2**	**211.03**
As of March 31, 2019	8,036,328	2,022,567	1,498,157	18.6	312.95
As of March 31, 2019 (before retrospective adjustment)	5,775,045	1,264,455	1,247,093	21.6	260.51

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 fiscal year ended March 31, 2020 which includes acquisition of investments in Z Holdings Corporation.

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2020	**1,249,535**	**(900,145)**	**(143,613)**	**1,143,808**
Fiscal year ended March 31, 2019	965,526	(586,272)	(429,158)	938,388
Fiscal year ended March 31, 2019 (before retrospective adjustment)	826,582	(614,738)	25,084	357,971

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 fiscal year ended March 31, 2020 which includes acquisition of investments in Z Holdings Corporation.

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the Company (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	-	0.00	-	37.50	37.50	179,518	38.8	11.8
Fiscal year ended March 31, 2020	-	42.50	-	42.50	85.00	404,082	85.6	32.4
Fiscal year ending March 31, 2021 (Forecast)	-	43.00	-	43.00	86.00		84.5	

Note: The dividend for fiscal year ended March 31, 2020 is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 21, 2020.

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2021

(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, 2021	4,900,000	0.8	920,000	0.9	485,000	2.5	101.76

Notes:

(1) The financial impact of the business integration of Z Holdings Corporation and LINE Corporation is not reflected in the consolidated financial result forecasts.

(2) The financial impact of outbreak of Coronavirus disease 2019 (COVID-19) is incorporated into the consolidated financial result forecasts the Company could estimate as of April 2020, but the forecasts may be revised depending on the situation.

* Notes

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

Newly consolidated: Three Companies

Company Names: Z Holdings 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 Fiscal Year Ended March 31, 2020" under "3. 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 "3. 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 March 31, 2020	4,787,145,170	shares
As of March 31, 2019	4,787,145,170	shares

[2] Number of shares of treasury stock

As of March 31, 2020	46,000,000	shares
As of March 31, 2019	-	shares

[3] Average number of shares outstanding during the period

Fiscal year ended March 31, 2020	4,766,177,965	shares
Fiscal year ended March 31, 2019	4,787,145,170	shares

*** This 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**

This document is based on the information available to SoftBank Corp. as of the time hereof and assumptions which it believes are reasonable. Statements contained herein that are not historical facts, including, without limitation, our plans, forecasts, strategies and beliefs about our business and financial prospects, are forward-looking statements. Forward-looking statements often include the words such as "targets", "plans", "believes", "hopes", "continues", "expects", "aims", "intends", "will", "may", "should", "would", "could" "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof. These forward-looking statements do not represent any guarantee by us or our management of future performance or of any specific outcome are subject to various risks and uncertainties, including, without limitation, general economic conditions, conditions in the Japanese telecommunications market, our ability to adopt new technologies and business models, competition with other mobile telecommunications providers, our ability to improve and maintain our telecommunications network, our reliance on third parties in conducting our business, including SoftBank Group Corp. and its other subsidiaries and associates, our major vendors and suppliers, and other third parties, risks relating to M&A and other strategic transactions, risks relating to information security and handling of personally identifiable information, changes in the substance and interpretation of other laws and regulations and other important factors, which may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

SoftBank Corp. expressly disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement in any document or generally to the extent allowed by law or stock exchange rule. Use of or reliance on the information in this material is at your own risk.

For assumptions underlying forecasts, notes on the use of forecasts and related matters, please see “(4) Forecasts” 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 fiscal year ended March 31, 2020, 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 consolidated financial statements of SoftBank Corp. and its subsidiaries. For details, refer to “(3) Transactions under common control” under “Note 2. Significant accounting policies” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” on page 30 of the appendix to this consolidated financial report.

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

On Monday, May 11, 2020 (JST), the Company will hold an earnings results briefing online for the media, institutional investors, and financial institutions. This earnings results briefing is scheduled to be broadcast on the Company’s website in both Japanese and English at https://www.softbank.jp/en/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
Z Holdings[1]	Z Holdings Corporation (standalone basis)
Z Holdings Group	Z Holdings Corporation and its subsidiaries
Yahoo Japan[2]	Yahoo Japan Corporation (standalone basis)

Notes:

1. On October 1, 2019, Z Holdings Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name from Yahoo Japan Corporation to Z Holdings Corporation. In this document, Z Holdings Corporation is referred to as “Z Holdings,” including transactions that were entered into prior to the name change.
2. Refers to Yahoo Japan Corporation, which succeeded the Yahoo! JAPAN business from Z Holdings as a result of the company split (absorption-type company split) conducted on October 1, 2019.

Reportable Segments

The Company made Z Holdings 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 Z Holdings becoming a subsidiary, the Company has retrospectively restated its comparison information (consolidated financial statements for the fiscal year ended March 31, 2019 and 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. SB Engineering Corp.[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, ZOZOTOWN* 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	Z Holdings Yahoo Japan eBOOK Initiative Japan Co., Ltd. Ikyu Corporation ASKUL Corporation ZOZO, Inc. 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. SB Technology Corp.[5] ITmedia Inc. Vector Inc. HAPSMobile Inc.

Notes:

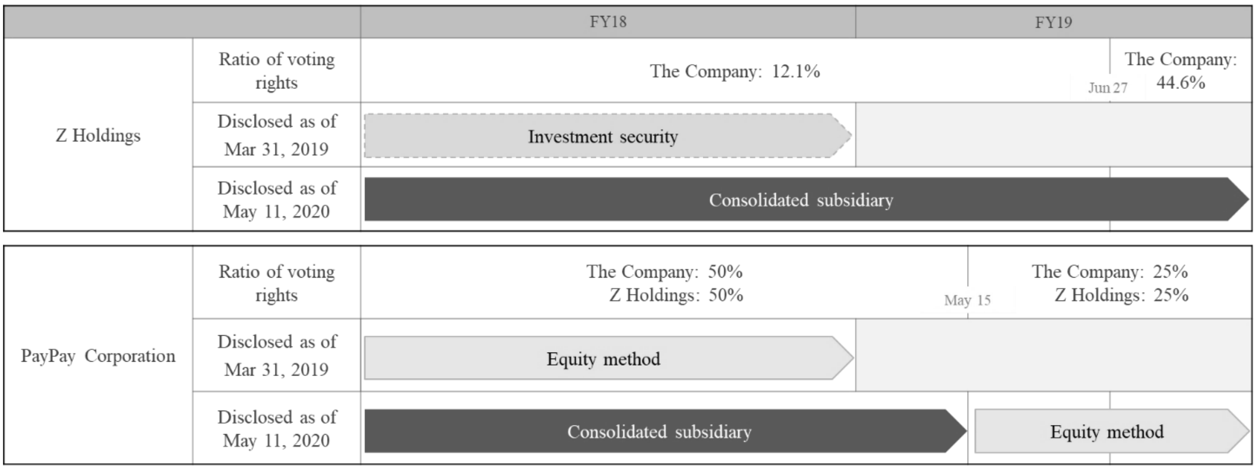
1. Segment income for reportable segments is calculated as follows:

   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 Z Holdings in a capital increase by third-party allotment with a payment date of June 27, 2019, thereby making Z Holdings a subsidiary of the Company. (For details, please see “(1) Acquisition of investments in Z Holdings Corporation” under “4. Business combinations” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”) This transaction has been accounted for as a transaction under common control, and the Z Holdings Group’s financial statements have

been consolidated as a part of the Group's 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. In January 2020, PayPay Corporation also conducted a third-party allotment of new shares to the Company and Z Holdings. However, since this is a non-voting preferred stock, the voting rights ownership ratio at the end of March 2020 remains unchanged as shown in the diagram below.

Accordingly, the Group has accounted for the common stock for PayPay Corporation as a subsidiary belonging to "Other" until May 14, 2019 and as an equity method associate from May 15, 2019 onward, and the non-voting preferred stock for PayPay Corporation is accounted for as equity instruments at FVTOCI.



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

Adoption of IFRS 16 "Leases"

The Group has adopted IFRS 16 "Leases" from the fiscal year ended March 31, 2020. The Group has applied a modified retrospective approach and has not retrospectively revised comparison information (consolidated financial statements for the fiscal year ended March 31, 2019 and consolidated statement of financial position as of March 31, 2019). For details, please see "(1) Application of new accounting standards and interpretations" under "2. Significant accounting policies" in "(6) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements and Primary Notes."

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

Consolidated Statement of Financial Position

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

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

Consolidated Statement 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

Consolidated Statement 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, resulting in an increase in cash flows from operating activities and a 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

The environment surrounding the world is undergoing a major transformation due to advances in digital technology. With the rapid penetration of AI[1], IoT[2] and utilization of big data and the digitalization of all aspects of people's lives and businesses, digital transformation[3] that changes the structure of the industry itself is occurring. In addition, the commercialization of the next-generation telecommunications standard 5G (fifth-generation mobile communications system), which has the advantages of ultra-high speed, large capacity, ultra-low latency, and massive machine connections, is expected to further accelerate this change.

In the Japanese telecommunications market, the business environment continues to undergo changes, including the strengthening of government policies to promote competition, the penetration of low-priced smartphone services by Mobile Virtual Network Operators (MVNOs), and the entry of new players from other industries. In the internet market, overseas companies, mainly those in the United States, continue to dominate the market, and competition is intensifying, particularly in the fields of e-commerce, finance and payments.

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 telecommunications 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, 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 Z Holdings in the creation of such new businesses, the Group made Z Holdings a consolidated subsidiary in June 2019.[4] The Group's collaboration with Z Holdings prior to making it a subsidiary has mainly included initiatives in the telecommunications business field, such as a campaign that offers extra benefits to *SoftBank* and *Y!mobile* smartphone customers when they use the services provided by Z Holdings and providing *Yahoo! Premium* benefits free of charge via links with *Yahoo! JAPAN ID*. With Z Holdings becoming a subsidiary, the Group will also promote non-telecommunications businesses such as FinTech in a more active and integrated manner. The two companies will optimize the allocation of management resources 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 the Z Holdings 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. Moreover, in December 2019, the Company, NAVER Corporation, Z Holdings and LINE Corporation concluded a definitive agreement ("Definitive Integration Agreement") for the business integration between Z Holdings and LINE Corporation ("Business Integration"). Z Holdings and LINE Corporation also entered into a capital alliance agreement[5]. The Group positions this transaction to be instrumental in increasing the corporate value of the Group by creating new business opportunities in the 5G era, through accelerating the growth of Z Holdings, a crucial component to the *Beyond Carrier* strategy.

To expand the customer base, following efforts in the previous fiscal year, the Company 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 Company abolished contract periods and cancellation fees from September 2019, and started offering the *Merihari Plan* in March 2020. The plan allows users to consume up to 50 GB of data, and a discount will automatically apply to months when users do not consume large amounts of data. Additionally, in October 2019, the Company started to provide plans under the *Y!mobile* brand that have no provisions on contract periods or cancellation fees and that separate handset payments and service fees. As a result, the number of smartphone subscribers as of March 31, 2020 had increased by 2,052 thousand from March 31, 2019. In broadband services, the Company has seen steady growth in the number of subscribers to *SoftBank Hikari,* a high-speed internet connection service for households, with an increase of 470 thousand from March 31, 2019.

Additionally, in March 2020, the Company launched 5G commercial services. Along with this launch, as a new service for the *SoftBank* brand, the Company also began offering *5G LAB*, a content distribution service that provides an immersive live viewing experience unique to the 5G era. *5G LAB* consists of *AR SQUARE*, *VR SQUARE* and *FR SQUARE*, which allow users to experience videos with 5G capability, as well as *GAME SQUARE* that enables users to experience stress-free cloud gaming. Users can enjoy this entertainment and sport-centered content with smartphones, tablets, and other devices even if they do not use our communications services. Going forward, the Company will continue to expand its 5G coverage while providing services that offer the potential to significantly change the way people work and their lifestyles.

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 the 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 affiliates accounted for using the equity method.

PayPay Corporation ("PayPay"), which was established by the Company and Z Holdings, 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 27 million in 18 months since the service started. The Group changed fixed-period T Points awarded in campaigns for Yahoo-related services and so forth to *PayPay Bonus Light* and long-term contract rewards of *SoftBank* users to *PayPay Bonus* from August 2019, and Yahoo Japan began offering *PayPay Mall* and *PayPay Flea Market* in October 2019. From January 2020, users can use *PayPay* not only for public utility bills, but also for bills for online purchase of goods and services provided by private companies in the form of a *PayPay Invoice* that can be paid through *PayPay*. Accordingly, *PayPay's* range of usage is expanding steadily. 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 "super app" that makes various aspects of daily life more convenient with smartphones, leveraging the characteristics of *PayPay* as a smartphone app. In collaboration with the new subsidiary Z Holdings 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-centric workspaces in 149 cities in 38 countries[6] around the world, has opened workspaces in 20 locations in Tokyo and 8 locations in other cities throughout Japan comprising Yokohama, Osaka, Fukuoka, Nagoya and Kobe.

DiDi Mobility Japan Corp. ("DiDi"), a joint venture between the Company and transportation platform operator DiDi Chuxing Technology Co., Ltd., offers a taxi-hailing platform in 25 prefectures nationwide.[7] DiDi achieved the number one monthly download in the taxi app category,[8] with the expansion of its service area. In November 2019, *DiDi,* a taxi-hailing app provided by DiDi, was linked with *PayPay* as the first new feature of "Mini App" in the *PayPay* app. The service enables users to complete all steps from hailing taxis to payments on the *PayPay* app. DiDi will continue to develop a variety of features that will improve convenience for both passengers and taxi companies.

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 Inc. ("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. MONET concluded agreements with Kosai City in January 2020, with Echizen City and Fukui Railway in February 2020, and with Hamamatsu City in March 2020. From December 2019 to January 2020, the Tokyo Metropolitan Government publicly invited a demonstration experiment to build a model for social implementation of MaaS[9]. As part of the experiment, MONET conducted a multi-modal demonstration experiment for tourism and commuting collaborating with multiple transportation companies. Another initiative is the MONET Consortium, which was launched to build an open MaaS platform, promote the spread of MaaS, resolve social issues in mobility, and create new value. At the end of March 2020, 531 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[7] including Japan, announced the establishment of a joint venture, OYO Hotels Japan G.K., with the Company and SoftBank Vision Fund. In October 2019, the joint venture officially commenced its full-scale hotel operations in Japan. OYO Hotels Japan G.K. will provide a hospitality model that is wholly technology led to hoteliers across the country, as well as providing standardized, affordable and trusted options for both domestic and international business and leisure travelers.

Notes:

1. AI stands for artificial intelligence.
2. IoT stands for internet of things, a technology that will enable communications between all manner of things via the internet.
3. Digital transformation refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
4. The Company acquired new shares issued by Z Holdings 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, Z Holdings also conducted a tender offer for its own shares (the "Tender Offer") targeted at the common stock of Z Holdings 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 Z Holdings as of the end of June 2019 was 44.6%.
5. The Business Integration is subject to receipt of required competition law and foreign exchange law and other clearances and permits required by applicable laws and regulations in each country as well as the satisfaction of other preconditions specified in the Definitive Integration Agreement.
6. Figures as of March 2020.
7. Figures as of the end of March 2020.
8. The number of taxi app downloads from July to December 2019 (iOS and Android combined) according to a survey by App Annie.
9. 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.

b. Consolidated Results of Operations

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Revenue	4,656,815	**4,861,247**	204,432	4.4%
Operating income	818,188	**911,725**	93,537	11.4%
Profit before income taxes	746,113	**811,195**	65,082	8.7%
Income taxes	(251,949)	**(304,527)**	(52,578)	20.9%
Net income	494,164	**506,668**	12,504	2.5%
Net income attributable to:				
Owners of the Company	462,455	**473,135**	10,680	2.3%
Non-controlling interests	31,709	**33,533**	1,824	5.8%
Adjusted EBITDA[1]	1,367,066	**1,606,529**	239,463	17.5%

Notes:

1. Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments
2. The figures for the fiscal year ended March 31, 2019 in the table above have been retrospectively revised to reflect transactions under common control conducted in the fiscal year ended March 31, 2020, which include the acquisition of shares in Z Holdings. For figures before the retrospective revision, please refer to “(3) Transactions under common control” under “2. Significant accounting policies” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

An overview of the consolidated results of operations for the fiscal year ended March 31, 2020 is as follows:

(a) Revenue

For the fiscal year ended March 31, 2020, revenue increased across all segments by ¥204,432 million (4.4%) year on year to ¥4,861,247 million. Revenue increased by ¥16,211 million in the Consumer segment, ¥18,393 million in the Enterprise segment, ¥65,144 million in the Distribution segment, and ¥98,516 million in the Yahoo segment.

(b) Operating income

For the fiscal year ended March 31, 2020, operating income increased across all segments by ¥93,537 million (11.4%) year on year to ¥911,725 million. Operating income increased by ¥19,834 million in the Consumer segment, ¥7,259 million in the Enterprise segment, ¥1,982 million in the Distribution segment, and ¥16,355 million in the Yahoo segment. Operating income under Others increased by ¥46,371 million. This increase was mainly due to the recording of less operating loss than in the previous year related to PayPay Corporation, which was accounted for as a subsidiary at that time, and the recording of a gain on loss of control due to the reclassification of Cybereason Japan Corp. from subsidiary of the Company to an equity method affiliate in the period under review.

(c) Net income

Net income for the fiscal year ended March 31, 2020 increased by ¥12,504 million (2.5%) year on year to ¥506,668 million. The increase in income taxes in the period under review was mainly due to the recording of ¥19,504 million in income taxes related to the gain on intergroup transfer of shares of Z Holdings, following the conclusion of the Definitive Integration Agreement for the business integration between Z Holdings and LINE Corporation, and the impact of the use of loss carryforwards in the same period of the previous fiscal year, in addition to an increase in income tax associated with the increase in profit before income taxes. Share of losses of associates accounted for using the equity method increased by ¥39,784 million to ¥46,060 million. This increase was mainly due to initiatives undertaken to expand business at PayPay Corporation, which has been accounted for as an equity method affiliate since May 2019.

(d) Net income attributable to owners of the Company

For the fiscal year ended March 31, 2020, net income attributable to owners of the Company increased by ¥10,680 million (2.3%) year on year to ¥473,135 million. For the fiscal year ended March 31, 2020, net income attributable to non-controlling interests increased by ¥1,824 million (5.8%) year on year to ¥33,533 million, mainly due to the consolidation of ZOZO, Inc.

(e) Adjusted EBITDA

For the fiscal year ended March 31, 2020, adjusted EBITDA increased by ¥239,463 million (17.5%) year on year to ¥1,606,529 million. The increase mainly reflects, in addition to the increase in operating income, an increase of ¥141,921 million in 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	**March 31, 2020**	Change
Total	44,536	**45,778**	1,242
Main subscribers*	34,741	**36,499**	1,757
Smartphones	22,082	**24,134**	2,052
Communication modules and others	7,738	**7,663**	(75)
PHS	2,057	**1,616**	(440)

(Thousands)

	Fiscal Year Ended March 31		
Net Additions	2019	**2020**	Change
Main subscribers*	1,566	**1,757**	191
Smartphones	1,947	**2,052**	105

		Fiscal Year Ended March 31		
Churn Rate and Total ARPU		2019	**2020**	Change
Main subscribers*	Churn rate	1.07%	**0.96%**	-0.10pp
	Total ARPU (yen)	4,360	**4,420**	60
	ARPU before discount (yen)	5,420	**5,110**	(300)
	Discount on ARPU (yen)	(1,060)	**(700)**	360
Smartphones	Churn rate	0.83%	**0.70%**	-0.13pp

Note: The number of main subscribers includes subscribers to the *Wireless Home Phone* service that started in July 2017. 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	**March 31, 2020**	Change
Total	7,643	**7,846**	203
SoftBank Hikari	5,916	**6,387**	470
Yahoo! BB Hikari with FLET's	894	**786**	(108)
Yahoo! BB ADSL	833	**673**	(159)

<Definitions and Calculation Methods of Principal Operational Data>

Mobile Communications Services

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

* Smartphones covered by the *Smartphone Family Discount* and mobile data communication 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, and 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 Company 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 Company procures mobile devices from mobile device manufacturers and sells the mobile devices through distributors operating SoftBank shops, etc. The Company also sells mobile devices to individual customers.

Main initiatives in the fiscal year ended March 31, 2020

- In June 2019, the Company 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 with a 1 GB data allowance per month.
- In October 2019, the Company and WILLCOM OKINAWA, Inc. revised *Y!mobile* price plans for smartphones and increased 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 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)[2].
- In March 2020, under the *SoftBank* brand, the Company began offering *Tokusuru Support Plus*, a new program that reduces the burden of device payments for users. Under *Tokusuru Support Plus,* a customer paying for an eligible device over 48 installment payments, if the customer purchases a new eligible model at the Company after 25th months and satisfies certain conditions, including returning the old device that meets assessment criteria,[3] can have remaining installment payments waived (up to 24). In addition, the Company provides an option of awarding points etc. to customers who return old devices without purchasing new devices[4].
- In March 2020, the Company started offering the *Merihari Plan*, a service that, in addition to a data allowance of up to 50 GB[5], allows customers to have unlimited use of video and SNS services subject to *Unlimited Video and SNS*[6]. The *Merihari Plan* consists of the *Basic Plan* (voice/data) and the new *Data Plan Merihari*, and the monthly rate starts from ¥3,480 (excluding tax)[7] after various discounts. If monthly data usage, including the amount of data used for the services subject to *Unlimited Video and SNS*, is 2 GB or less, a discount of ¥1,500 will automatically apply, resulting in a monthly rate starting from ¥1,980 (excluding tax).
- In March 2020, the Company launched *SoftBank 5G*, a 5G commercial service that enables communications with ultra-high speed, large capacity, and ultra-low latency[8]. The new 5G service enables users to enjoy the *SoftBank 5G* network using 5G capable smartphones and other products by adding the *5G Basic Charge* of ¥1,000 (excluding tax) per month to their existing *SoftBank* price plans[9]. In addition, the monthly *5G Basic Charge* for using *SoftBank 5G* will be waived for two years through a campaign, allowing users to experience 5G with the same monthly charges as their existing price plans.

Notes:

1. In the case of 4G smartphones, the service includes the basic voice call plan, 1 GB data allowance (smartphone), option for semi-flat-rate voice calls and the discounts include the *First Year Discount* and *Small Capacity Discount*. In the case of 5G smartphones, the 5G free campaign is applied.
2. Assuming the service is *Smartphone Basic Plan S* and the discounts includes *New Subscription Discount* and *Home Bundle Discount Hikari Set (A)* or *Family Discount Service*.
3. The collection and assessment conditions specified by the Company must be satisfied. If the old device does not meet the assessment criteria specified by the Company, the customer is required to pay up to ¥22,000 (non-taxable) in addition to the collection of the device.
4. The collection and assessment conditions specified by the Company must be satisfied. If the old device does not meet the assessment criteria specified by the Company, the reward may not apply or the points etc. awarded to the customer may be reduced.
5. If data consumption exceeds 50 GB, the communication speed will be slowed down to 128 kbps at maximum for both uplink and downlink until the end of the monthly billing period. If data consumption exceeds 50 GB, purchasing additional data will enable customers to use data communication without speed limitation.
6. Subject services may vary.
7. Assuming the service is the *Merihari Plan* with 2 GB or less (including the use of the services subject to *Unlimited Video and SNS*), and the discounts include the *Half-year Discount* (for 6 months), the *Home Bundle Discount Hikari Set* and *Everybody Family Discount Plus*.
8. The service area is limited at the beginning. Refer to the service area map for details. https://www.softbank.jp/mobile/network/area/map/ (Japanese only)
9. Applicable to the *Merihari Plan*, *Mini Fit Plan*, *Smartphone Debut Plan*, and *Data Share Plan*.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Revenue	2,680,476	**2,696,687**	16,211	0.6%
Segment income	627,436	**647,270**	19,834	3.2%
Depreciation and amortization	342,044	**422,454**	80,410	23.5%

Breakdown of Revenue

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Telecom service revenues	1,989,717	**2,060,628**	70,911	3.6%
Mobile communications	1,628,640	**1,676,797**	48,157	3.0%
Broadband	361,077	**383,831**	22,754	6.3%
Revenues from sales of goods and others	690,759	**636,059**	(54,700)	(7.9)%
Total revenue	2,680,476	**2,696,687**	16,211	0.6%

Revenue increased by ¥16,211 million (0.6%) year on year to ¥2,696,687 million.

Telecom service revenues increased by ¥70,911 million (3.6%) year on year to ¥2,060,628 million. Within telecom service revenues, mobile communications revenue increased by ¥48,157 million (3.0%) 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 a so-called unbundled price plan that separates handset payments and service fees and longer installment contract periods for devices under this plan, despite a decline in service fees due to the introduction of the unbundled price plan and family discounts 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 ¥22,754 million (6.3%) year on year. 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 ¥54,700 million (7.9%) year on year to ¥636,059 million. This decrease was mainly due to a decrease in mobile device sales reflecting decreases in the unit prices and 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 ¥2,049,417 million, a decrease of ¥3,623 million (0.2%) year on year. This decrease was mainly due to decrease in cost of products in connection with a decline in the sales volume of mobile devices, while there was a increase in cost of products for the *Ouchi Denki* service, as well as increases in sales commissions and sales promotion expenses due to conducting aggressive sales activities. 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 ¥19,834 million (3.2%) year on year to ¥647,270 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 fiscal year ended March 31, 2020

- In April 2019, the Group started accepting applications for the *OTOKU HIKARI DENWA* fiber-optic IP telephone service for enterprise 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 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 the 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 strategy planning through to actual implementation.

- In February 2020, the Company received the following two certifications for the first time in Japan[2]: Microsoft Azure Expert Managed Service Provider (MSP), which is the top Microsoft Azure partner certification program by Microsoft Corporation, and Microsoft Azure Networking Managed Service Provider, which is a partner certification program specializing in Microsoft Azure networking services. These two certifications reflect the high recognition of the Company's extensive experience in deploying Microsoft Azure and related solutions in enterprises, as well as the high level of technical expertise in operating and managing them, through its *Multi-cloud Strategy*, which provides comprehensive solutions for a wide range of public clouds and related networks and security.

Notes:
1. 0AB-J numbers are fixed-line telephone numbers that begin with an area code, such as 03 (Tokyo) and 06 (Osaka).
2. As of February 5, 2020, per the Company's survey.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Revenue	620,483	**638,876**	18,393	3.0%
Segment income	76,348	**83,607**	7,259	9.5%
Depreciation and amortization	103,737	**157,937**	54,200	52.2%

Breakdown of Revenue

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Mobile	268,097	**275,072**	6,975	2.6%
Fixed-line	207,397	**194,593**	(12,804)	(6.2)%
Business solution and others	144,989	**169,211**	24,222	16.7%
Total revenue	620,483	**638,876**	18,393	3.0%

Revenue increased by ¥18,393 million (3.0%) year on year to ¥638,876 million. Mobile revenue increased by ¥6,975 million (2.6%) to ¥275,072 million, fixed-line revenue decreased by ¥12,804 million (6.2%) to ¥194,593 million, and business solution and others revenue increased by ¥24,222 million (16.7%) to ¥169,211 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 decrease in the unit price of telephone services and a large contract related to network construction that expired in the previous fiscal year.

The increase in business solution and others revenue was mainly from increased revenue from cloud services, sales of goods and sales of outsourcing and professional 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 ¥555,269 million, an increase of ¥11,134 million (2.0%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in mobile and business solution and others revenues. 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 ¥7,259 million (9.5%) year on year to ¥83,607 million. Excluding the impact from the expiration of a large contract related to network construction in the previous fiscal year, operating income increased by ¥15,766 million (23.2%).

(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 fiscal year ended March 31, 2020

- In February 2020, SB C&S Corp.'s GLIDiC audio brand[1] launched "Sound Air TW-6000", a completely wireless earphone designed to reduce the burden on the ears and that provides a comfortable fit for customers who prefer small earphones.
- In March 2020, SB C&S Corp. launched PayCAS, a new service that includes payment devices and networks, initial setup, after-sales support and other related services in a single package, to companies considering the introduction of cashless services.
- In March 2020, SB C&S Corp. began offering Zoom video conferencing software from Zoom Video Communications, Inc. in the United States to promote telework and BCP[2].
- In March 2020, as the first distributor in Japan, SB C&S Corp. concluded a sales agent agreement with US-based iboss, Inc., which provides the iboss cloud platform, a cloud-based web gateway that enables secure web access, amid the increasing use of telework and cloud services by enterprises.

Notes:

1. GLIDiC: SB C&S Corp.'s brand name for audio products for mobile communications
2. BCP stands for Business Continuity Plan and refers to a plan to minimize damage in the event of a disaster or other emergency and to quickly restore or survive the business.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Revenue	417,297	**482,441**	65,144	15.6%
Segment income	15,182	**17,164**	1,982	13.1%
Depreciation and amortization	1,229	**3,052**	1,823	148.3%

Revenue increased by ¥65,144 million (15.6%) year on year to ¥482,441 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 ¥465,277 million, an increase of ¥63,162 million (15.7%) 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 ¥1,982 million (13.1%) year on year to ¥17,164 million.

(d) Yahoo Segment

OVERVIEW

In the Yahoo segment, the Group offers over 100 services that center on e-commerce, financial and payment-related 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!, Yahoo! Shopping* and *ZOZOTOWN*, 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 fiscal year ended March 31, 2020

- In October 2019, Yahoo Japan began offering *PayPay Mall*, a premium online shopping mall with strictly selected stores and value-for-money deals with points saving to *PayPay Balance* as e-money. *PayPay Mall* employs designs and functions optimized for each product category, such as home appliances and fashion, to make the visibility of information such as searches and price comparisons more user friendly.
- In October 2019, Yahoo Japan began offering *PayPay Flea Market*, which allows individuals to trade easily at fixed prices and offers value-for-money deals with points saving to *PayPay Balance* as e-money. *PayPay Flea Market* enables a smooth "flea market experience" that reduces the burden on users by simplifying transactions, such as by providing functions in the *PayPay Flea Market* app for price negotiations to save them time and effort.
- In November 2019, Z Holdings made ZOZO, Inc. a subsidiary. ZOZO, Inc. operates *ZOZOTOWN*, an online fashion shopping website. In December 2019, *ZOZOTOWN* launched its store in *PayPay Mall*.
- In March 2020, Z Holdings entered into a memorandum of understanding for a business alliance with Yamato Holdings Co., Ltd. Yamato Holdings Co., Ltd. plans to launch a new logistics service that handles everything from receiving orders to

shipping for stores in online shopping malls operated by Yahoo Japan in June 2020 and began accepting applications for this service from stores in Yahoo Japan online shopping malls in March 2020.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Revenue	954,426	**1,052,942**	98,516	10.3%
Segment income	135,921	**152,276**	16,355	12.0%
Depreciation and amortization	52,109	**83,209**	31,100	59.7%

Breakdown of Revenue

(Millions of yen)

	Fiscal Year Ended March 31			
	2019	**2020**	Change	Change %
Commerce	646,443	**740,465**	94,022	14.5%
Media	301,881	**307,673**	5,792	1.9%
Other	6,102	**4,804**	(1,298)	(21.3)%
Total	954,426	**1,052,942**	98,516	10.3%

Revenue increased by ¥98,516 million (10.3%) year on year to ¥1,052,942 million. Commerce revenue increased by ¥94,022 million (14.5%) to ¥740,465 million, media revenue increased by ¥5,792 million (1.9%) to ¥307,673 million, and other revenue decreased by ¥1,298 million (21.3%) to ¥4,804 million.

The increase in commerce revenue was mainly due to consolidation of ZOZO, Inc. and an increase in revenue associated with an increase in transaction value in existing 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 ¥900,666 million, an increase of ¥82,161 million (10.0%) year on year. This increase mainly reflected increases in selling, general and administrative expenses accompanying the consolidation of ZOZO, Inc., cost of sales associated with an increase in sales of other commerce services and depreciation expenses associated with an increase in software and servers.

As a result, segment income increased by ¥16,355 million (12.0%) year on year to ¥152,276 million.

(2) Overview of Consolidated Financial Position

(Millions of yen)

	March 31, 2019	**March 31, 2020**	Change	Change %
Current assets	2,965,692	**3,364,303**	398,611	13.4%
Non-current assets	5,070,636	**6,427,955**	1,357,319	26.8%
Total assets	8,036,328	**9,792,258**	1,755,930	21.8%
Current liabilities	3,316,999	**4,496,609**	1,179,610	35.6%
Non-current liabilities	2,696,762	**3,588,085**	891,323	33.1%
Total liabilities	6,013,761	**8,084,694**	2,070,933	34.4%
Total equity	2,022,567	**1,707,564**	(315,003)	(15.6)%

Note: The figures for the fiscal year ended March 31, 2019 in the table above have been retrospectively revised to reflect transactions under common control conducted in the fiscal year ended March 31, 2020, which include the acquisition of shares in Z Holdings. For figures before the retrospective revision, please refer to "(3) Transactions under common control" under "2. Significant accounting policies" in "(6) Notes to Consolidated Financial Statements" in "4. Consolidated Financial Statements and Primary Notes."

ASSETS

Total assets amounted to ¥9,792,258 million as of March 31, 2020, an increase of ¥1,755,930 million (21.8%) from the previous fiscal year-end. This mainly reflected an increase of ¥816,028 million in assets due to the consolidation of ZOZO, Inc. (including ¥212,911 million in goodwill, ¥316,650 million in customer relationships, and ¥178,720 million in trademarks), an increase of ¥484,679 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, an increase of ¥205,420 million in cash and cash equivalents, and an increase of ¥173,413 million in other financial assets mainly due to an increase in long-term installment receivables.

LIABILITIES

Total liabilities amounted to ¥8,084,694 million as of March 31, 2020, an increase of ¥2,070,933 million (34.4%) from the previous fiscal year-end. This was mainly due to new financing activities and an increase from the impact of adopting IFRS 16. The new financing primarily consisted of ¥400,000 million in borrowings for acquiring ZOZO, Inc. shares through tender offers by Z Holdings, ¥325,000 million in borrowings for the acquisition of additional shares of Z Holdings by the Company, and ¥230,000 million in unsecured bonds issued by Z Holdings. Interest-bearing debt increased by ¥499,358 million due to an increase in lease liabilities related to lease transactions previously classified as operating leases with the adoption of IFRS 16.

EQUITY

Total equity amounted to ¥1,707,564 million as of March 31, 2020, a decrease of ¥315,003 million (15.6%) from the previous fiscal year-end. The change was from increases of ¥506,668 million due to the recording of net income for the fiscal year ended March 31, 2020 and ¥185,750 million due to business combinations accompanying the consolidation of ZOZO, Inc., and decreases of ¥501,003 million due to the changes from a transaction under common control, ¥431,294 million due to cash dividends, and ¥68,709 million due to purchase of treasury stock based on the share buyback program. The decrease of ¥501,003 million was mainly due to two accounting treatments. One is the deduction of the difference in the amount of equity acquired when Z Holdings became a subsidiary and the amount of consideration for the acquisition of Z Holdings shares from capital surplus rather than recognizing it as goodwill because the transaction was conducted as a transaction under common control. Second is the accounting policy the Company adopted which reflects the surplus after the acquisition of Z Holdings by the Company. Under this policy, all surplus recorded between the date of the acquisition of Z Holdings by parent company SoftBank Group Corp. and the date of acquisition by the Company was reversed, resulting in an increase in capital surplus and a decrease in retained earnings.

(3) Overview of Consolidated Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31		
	2018	**2019**	Change
Net cash inflow from operating activities	965,526	**1,249,535**	284,009
Net cash outflow from investing activities	(586,272)	**(900,145)**	(313,873)
Net cash (outflow) inflow from financing activities	(429,158)	**(143,613)**	285,545
Cash and cash equivalents at the end of the period	938,388	**1,143,808**	205,420
Free cash flow	379,254	**349,390**	(29,864)
Transactions with the parent	47,239	-	(47,239)
Effect of securitization of installment sales receivables	23,253	**30,071**	6,818
Adjusted free cash flow[1]	449,746	**379,461**	(70,285)
Capital expenditures (acceptance basis, including the Z Holdings Group)	498,401	**565,481**	67,080
Capital expenditures (acceptance basis, excluding the Z Holdings Group)[2]	381,600	**369,779**	(11,821)

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 Z Holdings Group) exclude capital expenditures of the Z Holdings Group, investments in devices for rental services, and the impact of adopting IFRS 16.

a. Cash flows from operating activities

In the fiscal year ended March 31, 2020, the net cash inflow from operating activities was ¥1,249,535 million, an increase of ¥284,009 million year on year. This reflected an increase in cash due to the impact of adopting IFRS 16 in the period under review and an increase in deposits in the banking business.

b. Cash flows from investing activities

In the fiscal year ended March 31, 2020, the net cash outflow from investing activities was ¥900,145 million, an increase of ¥313,873 million year on year. This was mainly due to cash paid for obtaining control of ZOZO, Inc. and make it a subsidiary.

c. Cash flows from financing activities

In the fiscal year ended March 31, 2020, the net cash outflow from financing activities was ¥143,613 million. Cash outflow mainly included ¥526,826 million in purchase of treasury stock by subsidiaries including Z Holdings and ¥397,496 million in cash dividends paid. Cash inflow mainly included ¥400,000 million in borrowings for the acquisition of shares of ZOZO, Inc. through a tender offer, ¥325,000 million in borrowings for the acquisition of additional shares of Z Holdings, and ¥230,000 million in unsecured bonds issued by Z Holdings. When compared year on year, the increase in cash outflow from the increase in cash dividends and purchase of treasury stock by subsidiaries is offset by the increase of cash inflow from the increase in the abovementioned interest-bearing debt and the absence of payment for purchase of subsidiaries' interests in the fiscal year ended March 31, 2020. As a result, the net cash from financing activities increased by ¥285,545 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 March 31, 2020 were ¥1,143,808 million, an increase of ¥205,420 million year on year.

e. Adjusted free cash flow

In the fiscal year ended March 31, 2020, adjusted free cash flow was positive ¥379,461 million, a decrease of ¥70,285 million year on year. This mainly reflects an increase in cash flow from operating activities and a decrease in cash flow from investing activities due to the acquisition of ZOZO, Inc.

f. Capital expenditures

In the fiscal year ended March 31, 2020, capital expenditures (acceptance basis, including the Z Holdings Group) were ¥565,481 million, an increase of ¥67,080 million year on year, mainly due to an increase resulting from the impact of adopting IFRS 16 and capital investments in 5G, despite a decrease in capital investments in the LTE service.

(4) Forecasts

Forecasts for the consolidated results ending March 31, 2021

(Billions of yen)

	Fiscal Year Ended March 31, 2020 (Actual)	Fiscal Year Ending March 31, 2021 (Forecast)	Change	Change %
Revenue	4,861.2	4,900.0	38.8	0.8%
Operating income	911.7	920.0	8.3	0.9%
Net income attributable to owners of the Company	473.1	485.0	11.9	2.5%

Note: The financial impact of the business integration of Z Holdings and LINE Corporation is not reflected in the consolidated financial result forecasts.

In the fiscal year ending March 31, 2021, the Group will continue to pursue its *Beyond Carrier* strategy with the aim of achieving continuous increases in corporate value.

In April 2020, under the concept of "A world where all things, information, and minds are connected", the Group identified six priority issues (materiality) to be addressed in order to achieve sustainable growth. The priority issues are: building society and industry through digital transformation, connecting people and information to create new excitement, creating new businesses through open innovation, contributing to the global environment with the power of technology, building high-quality social communication networks, and developing a resilient management foundation. The Group aims to solve social issues and achieve sustainable growth by addressing the priority issues and systematically resolving them.

With respect to the outbreak of COVID-19, in response to requests from medical institutions and other customers, the Company and WILLCOM OKINAWA, Inc. postponed the discontinuation of service plans for PHS, except the telemetering plan, from July 31, 2020 to January 31, 2021. The Company and WILLCOM OKINAWA, Inc. are offering up to 50 GB in additional data free of charge to support the use of smartphones by students in online classes. In addition, the Company and WILLCOM OKINAWA, Inc. are extending the payment of telecommunications charges for customers who request it. We will continue to actively implement what we can for society as a telecommunications carrier that is responsible for social infrastructure.

For the consolidated earnings forecast for the fiscal year ending March 31, 2021, we expect increases in both revenue and income due to the continuous increase in the number of smartphone subscribers and broadband subscribers and the growth in the enterprise business.

Due to the outbreak of COVID-19, there has been a sharp slowdown in economic activity and consequent deterioration in the economic environment. The main impacts on the Group are expected to include a stable trend in telecommunications service subscribers, a solid communication service revenue from an increase in data communication traffic as a result of the “Stay Home” request from the government, increased demand for remote working from enterprise customers, and an increase in e-commerce transaction value (merchandise) in Yahoo business. On the other hand, the impact on revenue is expected from a decline in mobile service and smartphone shop traffic, delays in new contract conclusion due to a decrease in face-to-face sales opportunities for enterprise customers, a decline in ad placements for certain industries, and a decrease in the usage of hotel and restaurant reservation business such as the Ikyu Corp. in the Yahoo business.

The consolidated earnings forecasts for the fiscal year ending March 31, 2021 are based on information available as of April 2020 regarding the aforementioned impact. We will continue to carefully assess the impact on the Group and immediately announce any necessary revisions in the future.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

We consider the return of profits to shareholders to be an important goal for our management along with the increase in corporate value. We believe we can achieve both a high rate of shareholder returns and growth investments based on our ability to make highly efficient investments in new businesses in cooperation with the SoftBank Group portfolio companies. To increase corporate value, we will make capital investments to enable early deployment of 5G nationwide, as well as continuing investments in new businesses. Our basic policy is to distribute surplus twice a year as interim and year-end dividends. Our dividend policy is to consider performance trends, financial condition and our dividend payout ratio on a comprehensive basis while paying attention to the stability and sustainability of dividends. Under this policy, we aim to pay stable per-share dividends, with a guideline dividend payout ratio to net income attributable to owners of the Company of approximately 85% on a consolidated basis.

In the fiscal year ended March 31, 2020, the year-end dividend per share is planned to be ¥42.5[1]. For the fiscal year ending March 31, 2021, the annual dividend per share is planned to be ¥86 (of which, the interim dividend is planned to be ¥43).

We will continue to grow both telecommunications business and new businesses, striving to increase our corporate value and make an appropriate return of profit to shareholders.

Notes:

This is planned to be raised as a resolution matter at the Board of Directors scheduled for May 21, 2020.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards (“IFRS”) to increase the international comparability of its financial information and to improve the convenience in capital markets.

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2020

(Specified subsidiary (three companies) newly consolidated)

The Company underwrote a capital increase by third-party allotment conducted by Z Holdings Corporation with a payment date of June 27, 2019. As a result of this transaction, the ratio of voting rights held by the Group in Z Holdings Corporation became 44.6%. In addition, officers from the Company were appointed as members of Z Holdings Corporation’s Board of Directors. As a result, Z Holdings Corporation 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 Z Holdings Corporation, 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 fiscal year ended March 31, 2020:

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 Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of April 1, 2018[1]	As of March 31, 2019[1]	As of March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	987,776	938,388	1,143,808
Trade and other receivables	1,678,086	1,695,952	1,800,301
Other financial assets	86,021	90,565	94,906
Inventories	143,367	132,820	96,896
Other current assets	141,022	107,967	228,392
Total current assets	3,036,272	2,965,692	3,364,303
Non-current assets			
Property, plant and equipment	1,833,813	1,791,260	986,095
Right-of-use assets	-	-	1,234,457
Goodwill	369,053	393,312	618,636
Intangible assets	1,205,294	1,212,390	1,709,511
Contract costs	175,763	211,733	212,638
Investments accounted for using the equity method	67,520	89,656	80,149
Investment securities	125,732	114,788	175,152
Investment securities in banking business	256,931	337,516	342,975
Other financial assets	536,615	736,490	905,562
Deferred tax assets	90,347	72,636	55,904
Other non-current assets	101,354	110,855	106,876
Total non-current assets	4,762,422	5,070,636	6,427,955
Total assets	7,798,694	8,036,328	9,792,258

(Millions of yen)

	As of April 1, 2018[1]	As of March 31, 2019[1]	As of March 31, 2020
LIABILITIES AND EQUITY			
Current liabilities			
Interest-bearing debt	2,301,959	953,730	1,811,281
Trade and other payables	1,175,104	1,214,190	1,253,766
Contract liabilities	112,329	126,354	127,652
Deposits for banking business	683,834	745,696	880,847
Other financial liabilities	3,819	3,217	3,779
Income taxes payable	129,975	115,485	153,371
Provisions	19,032	9,966	6,794
Other current liabilities	114,574	148,361	259,119
Total current liabilities	4,540,626	3,316,999	4,496,609
Non-current liabilities			
Interest-bearing debt	1,109,936	2,537,988	3,270,971
Other financial liabilities	28,052	38,637	36,765
Defined benefit liabilities	15,267	14,691	16,337
Provisions	54,159	72,675	83,871
Deferred tax liabilities	26,447	20,394	168,248
Other non-current liabilities	12,158	12,377	11,893
Total non-current liabilities	1,246,019	2,696,762	3,588,085
Total liabilities	5,786,645	6,013,761	8,084,694
Equity			
Equity attributable to owners of the Company			
Common stock	197,694	204,309	204,309
Capital surplus	185,720	111,826	(133,915)
Retained earnings	928,810	1,178,282	1,003,554
Treasury stock	-	-	(68,709)
Accumulated other comprehensive income	10,948	3,740	(4,693)
Total equity attributable to owners of the Company	1,323,172	1,498,157	1,000,546
Non-controlling interests	688,877	524,410	707,018
Total equity	2,012,049	2,022,567	1,707,564
Total liabilities and equity	7,798,694	8,036,328	9,792,258

Note:

1. As described in "(1) Acquisition of investments in Z Holdings Corporation" 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 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."

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

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019[2]	Fiscal year ended March 31, 2020[2]
Revenue	4,656,815	4,861,247
Cost of sales	(2,495,972)	(2,536,837)
Gross profit	2,160,843	2,324,410
Selling, general and administrative expenses	(1,339,656)	(1,418,815)
Other operating income	8,440	12,937
Other operating expenses	(11,439)	(6,807)
Operating income	818,188	911,725
Share of losses of associates accounted for using the equity method	(6,276)	(46,060)
Financing income	2,246	2,745
Financing costs	(58,023)	(60,921)
Gain on sales of equity method investments	2,592	10,591
Impairment loss on equity method investments	(12,614)	(6,885)
Profit before income taxes	746,113	811,195
Income taxes	(251,949)	(304,527)
Net income[1]	494,164	506,668
Net income attributable to		
Owners of the Company	462,455	473,135
Non-controlling interests	31,709	33,533
	494,164	506,668
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	96.60	99.27
Diluted earnings per share (Yen)	95.91	97.94

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the fiscal year ended March 31, 2019 and 2020 was generated from continuing operations.
2. As described in "(1) Acquisition of investments in Z Holdings Corporation" 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 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."

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019[1]	Fiscal year ended March 31, 2020[1]
Net income	494,164	506,668
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	1	41
Changes in the fair value of equity instruments at FVTOCI	(3,252)	(9,309)
Total items that will not be reclassified to profit or loss	(3,251)	(9,268)
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	1,080	(1,415)
Cash flow hedges	(4,675)	1,026
Exchange differences on translation of foreign operations	788	(536)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(561)	573
Total items that may be reclassified subsequently to profit or loss	(3,368)	(352)
Total other comprehensive income (loss), net of tax	(6,619)	(9,620)
Total comprehensive income	487,545	497,048
Total comprehensive income attributable to		
Owners of the Company	455,147	468,217
Non-controlling interests	32,398	28,831
	487,545	497,048

Note:

1. As described in "(1) Acquisition of investments in Z Holdings Corporation" 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 consolidated financial statements of SoftBank Corp. and its subsidiaries.

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2019

(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	-	-	462,455	-	-	462,455	31,709	494,164
Other comprehensive income (loss)	-	-	-	-	(7,308)	(7,308)	689	(6,619)
Total comprehensive income	-	-	462,455	-	(7,308)	455,147	32,398	487,545
Transactions with owners and other transactions								
Cash dividends[4]	-	-	(21,829)	-	-	(21,829)	(31,362)	(53,191)
Issuance of new shares	6,615	13,207	-	-	-	19,822	-	19,822
Purchase of treasury stock	-	-	-	-	-	-	-	-
Changes from transactions under common control[2, 3]	-	(240,330)	6,630	-	96	(233,604)	(3,874)	(237,478)
Changes from business combinations	-	-	-	-	-	-	4,422	4,422
Changes from loss of control	-	-	-	-	57	57	(230)	(173)
Changes in interests in subsidiaries[2, 4]	-	143,005	(197,837)	-	-	(54,832)	(169,719)	(224,551)
Changes in interests in existing subsidiaries	-	667	-	-	-	667	3,898	4,565
Share-based payment transactions	-	9,557	-	-	-	9,557	0	9,557
Transfer from accumulated other comprehensive income to retained earnings	-	-	53	-	(53)	-	-	-
Total transactions with owners and other transactions	6,615	(73,894)	(212,983)	-	100	(280,162)	(196,865)	(477,027)
As of March 31, 2019	204,309	111,826	1,178,282	-	3,740	1,498,157	524,410	2,022,567

For the fiscal year ended March 31, 2020

(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	-	-	473,135	-	-	473,135	33,533	506,668
Other comprehensive income (loss)	-	-	-	-	(4,918)	(4,918)	(4,702)	(9,620)
Total comprehensive income	-	-	473,135	-	(4,918)	468,217	28,831	497,048
Transactions with owners and other transactions								
Cash dividends[4]	-	-	(398,354)	-	-	(398,354)	(32,940)	(431,294)
Issuance of new shares	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(68,709)	-	(68,709)	-	(68,709)
Changes from transactions under common control[2, 3]	-	(246,996)	(249,991)	-	(2,415)	(499,402)	(1,601)	(501,003)
Changes from business combinations	-	-	-	-	-	-	185,827	185,827
Changes from loss of control	-	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	-	-	-	-	-	-	-
Changes in interests in existing subsidiaries	-	(3,676)	-	-	-	(3,676)	6,853	3,177
Share-based payment transactions	-	4,931	-	-	-	4,931	-	4,931
Transfer from accumulated other comprehensive income to retained earnings	-	-	1,100	-	(1,100)	-	-	-
Total transactions with owners and other transactions	-	(245,741)	(647,245)	(68,709)	(3,515)	(965,210)	158,139	(807,071)
As of March 31, 2020	204,309	(133,915)	1,003,554	(68,709)	(4,693)	1,000,546	707,018	1,707,564

Notes:

1. Upon adoption of IFRS 16 "Leases," the cumulative effect of initially applying this standard retrospectively on periods before the fiscal year ended March 31, 2020 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 "(1) Acquisition of investments in Z Holdings Corporation" 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 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) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019[1]	Fiscal year ended March 31, 2020[1]
Cash flows from operating activities		
Net income	494,164	506,668
Depreciation and amortization	504,482	675,241
Loss on disposal of property, plant and equipment and intangible assets	41,397	25,693
Gain relating to loss of control over subsidiaries	-	(12,937)
Financing income	(2,246)	(2,745)
Financing costs	58,023	60,921
Share of losses of associates accounted for using the equity method	6,276	46,060
Gain on sales of equity method investments	(2,592)	(10,591)
Impairment loss on equity method investments	12,614	6,885
Income taxes	251,949	304,527
(Increase) decrease in trade and other receivables	(151,938)	(150,408)
(Increase) decrease in inventories	11,189	40,801
Purchases of mobile devices leased to enterprise customers	(32,455)	(35,402)
Increase (decrease) in trade and other payables	43,653	28,742
Increase (decrease) in consumption taxes payable	51,897	8,827
Increase (decrease) in deposits in banking business	61,862	135,151
Other	(66,331)	(67,201)
Subtotal	1,281,944	1,560,232
Interest and dividends received	1,707	2,340
Interest paid	(71,096)	(60,464)
Income taxes paid	(256,852)	(258,430)
Income taxes refunded	9,823	5,857
Net cash inflow from operating activities	965,526	1,249,535
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(453,363)	(431,783)
Proceeds from sales of property, plant and equipment and intangible assets	1,371	2,947
Payments for acquisition of investments	(60,315)	(115,061)
Proceeds from sales/redemption of investments	31,966	42,412
Purchase of investment securities in banking business	(302,002)	(275,681)
Proceeds from sales/redemption of investment securities in banking business	197,321	272,312
Proceeds (payments) from (for) obtaining control of subsidiaries	96	(378,212)
Increase in loans issued	(2,976)	(3,110)
Proceeds from repayment of loans	7,073	1,536
Other	(5,443)	(15,505)
Net cash outflow from investing activities	(586,272)	(900,145)

(Millions of yen)

	Fiscal year ended March 31, 2019[1]	Fiscal year ended March 31, 2020[1]
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	(2,405)	88,800
Proceeds from interest-bearing debt	2,892,313	2,531,035
Repayment of interest-bearing debt	(2,810,327)	(1,692,530)
Proceeds from stock issuance to non-controlling interests	5,195	4,630
Purchase of treasury stock	-	(68,709)
Cash dividends paid	(22,056)	(397,496)
Cash dividends paid to non-controlling interests	(30,600)	(29,335)
Payment for purchase of subsidiaries' interests	(221,000)	-
Purchase of treasury stock by subsidiaries	(228,009)	(526,826)
Decrease from loss of control over subsidiaries	-	(30,717)
Other	(12,269)	(22,465)
Net cash outflow from financing activities	(429,158)	(143,613)
Effect of exchange rate changes on cash and cash equivalents	516	(357)
Increase (decrease) in cash and cash equivalents	(49,388)	205,420
Cash and cash equivalents at the beginning of the period	987,776	938,388
Cash and cash equivalents at the end of the period	938,388	1,143,808

Note:

1. As described in "(1) Acquisition of investments in Z Holdings Corporation" 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 consolidated financial statements of SoftBank Corp. and its subsidiaries.

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to 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, Z Holdings Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name from Yahoo Corporation. In the following notes to the consolidated financial statements, Z Holdings Corporation is referred to as "Z Holdings Corporation," 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

(1) Application of new accounting standards and interpretations

The Group has adopted the following accounting standards and interpretations from the fiscal year ended March 31, 2020.

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 applying this standard as an adjustment to the balance of assets, liabilities, and retained earnings on the date of initial application, April 1, 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 fiscal year ended March 31, 2020. In accordance with the transitional provisions of IFRS 16, the Group has elected not to restate comparative information. Therefore, except for leases of intangible assets, 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 over the estimated useful lives when it is certain that the lease transfers ownership of the underlying asset, or over the lease term or estimated useful lives whichever is shorter when it is not certain that the lease transfers ownership of the underlying asset. 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 receivables. Lease receivables are measured at amortized cost using the effective interest method. Interest income based on the effective interest rate is recognized in profit or loss.

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 consolidates 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 consolidated financial statements of the Group. On the actual transaction date, the equity of the acquired company that had been retroactively consolidated 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 consolidated statement of cash flows.

The effect of transactions under common control during the fiscal year ended March 31, 2020 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.”

Consolidated Statement of Income

For the fiscal year ended March 31, 2019

(Millions of yen)

	Before retrospective adjustment	Effect of transactions under common control	After retrospective adjustment
Revenue	3,746,305	910,510	4,656,815
Cost of sales	(2,114,948)	(381,024)	(2,495,972)
Gross profit	1,631,357	529,486	2,160,843
Selling, general and administrative expenses	(911,817)	(427,839)	(1,339,656)
Other operating income	4,689	3,751	8,440
Other operating expenses	(4,770)	(6,669)	(11,439)
Operating income	719,459	98,729	818,188
Share of losses of associates accounted for using the equity method	(25,337)	19,061	(6,276)
Financing income	1,648	598	2,246
Financing costs	(57,130)	(893)	(58,023)
Gain on sales of equity method investments	5,522	(2,930)	2,592
Impairment loss on equity method investments	(12,614)	-	(12,614)
Profit before income taxes	631,548	114,565	746,113
Income taxes	(205,976)	(45,973)	(251,949)
Net income	425,572	68,592	494,164
Net income attributable to			
Owners of the Company	430,777	31,678	462,455
Non-controlling interests	(5,205)	36,914	31,709
Earnings per share attributable to owners of the Company			
Basic earnings per share (Yen)	89.99	6.61	96.60
Diluted earnings per share (Yen)	89.35	6.56	95.91

(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 *ZOZOTOWN* and *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.

ZOZO Inc. operates *ZOZOTOWN* and sells goods on consignment basis to individual users as an agent of each brand opening a store as a tenant in *ZOZOTOWN*. Consignment sales commission based on gross merchandise value multiplied by sales commission rate is recognized as revenue when the customer obtains control of 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 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.

(1) Significant judgments

Significant judgments that affect the amounts recognized in the Group's consolidated financial statements are as follows:

a. Judgments of whether an entity is controlled by the Company in determining the scope of consolidation

The Company assesses whether or not it has the ability to control subsidiaries based on whether the Company has the practical ability to direct the relevant activities of the subsidiary unilaterally. In making this judgment, the Company considers the absolute size of its equity share, voting interest, contractual rights, and any other factors that may indicate the Company's ability to direct the relevant activities of the entity. Upon completion of the assessment, the Company will then determine if the subsidiary should be consolidated, accounted for using the equity method, or accounted for as an investment.

b. Judgments for accounting treatment of contracts including leases

Fiscal year ended March 31, 2019

Determining whether an arrangement contains a lease

The Group assesses its contractual arrangements in order to determine whether contractual arrangements are, or contain, a lease. In making this judgment, the Group assesses whether the fulfillment of any given contractual arrangement is dependent on the use of a specific asset and if the arrangement conveys a right to use the underlying asset. The judgement is primarily applied to contractual arrangements, and as a lessee, the Group enters into contractual arrangements for the usage of transmission lines, network equipment, and land and buildings for the placement of network equipment.

Lease classification

The Group also applies judgment in determining the classification of a lease as either a finance lease or operating lease. In determining whether a lease is a finance lease, the Group assesses the following:

(a) if the lease transfers all the risks and rewards associated with the ownership of the asset;

(b) if ownership of the asset will transfer to the lessee at the conclusion of the lease;

(c) whether the lessee will have the ability to purchase the leased asset at a cost significantly below the asset's fair value;

(d) whether the term of the lease is for a major part of the asset's useful economic life; and

(e) the level of risk that the Group retains in relation to the asset.

If one or a combination of the above is present in relation to the lease, the Group classifies the lease as a finance lease, and all other leases are classified as operating leases.

The Group applies the above judgments in both its position as lessee and lessor.

Fiscal year ended March 31, 2020

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.

Lease classification

The Group also applies judgment in determining the classification of a lease as either a finance lease or operating lease. In determining whether a lease is a finance lease, the Group assesses the following:

(a) if the lease transfers all the risks and rewards associated with the ownership of the asset;

(b) if ownership of the asset will transfer to the lessee at the conclusion of the lease;

(c) whether the lessee will have the ability to purchase the leased asset at a cost significantly below the asset's fair value;

(d) whether the term of the lease is for a major part of the asset's useful economic life; and

(e) the level of risk that the Group retains in relation to the asset.

If one or a combination of the above is present in relation to the lease, the Group classifies the lease as a finance lease, and all other leases are classified as operating leases.

c. Judgments for accounting for revenue recognition

Principal versus agent considerations

Gross versus net presentation

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating expenses. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be a principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities, or cash flows.

Timing of revenue recognition for indirect sales

When the Group enters into indirect sales, management determines whether a dealer acts as either an agent or principal. When a dealer acts as a principal for the Group, revenue is recognized when control of the underlying inventory has been transferred to the dealer. When a dealer acts as an agent, revenue is recognized when control of the underlying inventory is transferred to the customer that the dealer has sold to. In performing its assessment, management considers whether control is transferred upon delivery of inventory to the dealer. Where management determines that a dealer acts as a principal, revenue is recognized upon delivery of inventory to the dealer. Alternatively, where the dealer is determined to be acting as an agent, revenue is recognized when goods or services are received by the customer.

Judgements for determining "contractual period" and whether an arrangement contains a "material right"

The Group determines the duration of contract (i.e. contractual period) during which the parties to the contract have their current enforceable rights and obligations based on the terms and conditions of the contract with the customer.

In addition, the Group determines whether the option will provide a "material right" to the customer if the customer has the option to renew the contract based on the terms and conditions of the contract with the customer and if the customer may receive a discount for future telecommunications services by exercising the option. If the Group determines that the option provides a "material right" to the customer, it identifies the option as a separate performance obligation. As a practical alternative to estimating the stand-alone selling price of the option, the Group allocates the transaction price to the telecommunications services pertaining to the option by reference to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the customer.

(2) Significant estimates

Uncertainties involved in estimates and assumptions made by management that carry with them the risk of significant adjustments to the carrying amounts of assets and liabilities during the next fiscal year are summarized as follows:

a. Estimated fair value measurement and impairment loss of intangible assets and goodwill acquired by business combinations

The Group recognizes intangible assets and goodwill acquired by business combinations at fair value as of the date of obtaining control. At the allocation of consideration transferred of business combinations, management's judgements and estimates may have a material impact on the consolidated financial statements of the Group. Intangible assets, such as customer relationships and trademarks, and goodwill recognized by business combinations are measured based on assumptions such as estimated future cash flow, discount rate, diminishing rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

In assessing intangible assets and goodwill for impairment, the Group need to estimate the recoverable amount of the cash-generating unit and the recoverable amount are measured based on assumptions such as useful lives of assets, estimated future cash flow expected to be generated by cash-generating unit, expected market growth rate, expected market share, expected growth rate and discount rate.

These assumptions determined by management's best estimates may be affected by the fluctuation of future uncertain economic conditions and may have a material impact on the consolidated financial statements of the Group when the assumptions need to be revised.

b. Estimated residual values and useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent a significant portion of the total assets of the Group. Estimates and assumptions made may have a material impact on their carrying amounts and related depreciation and amortization.

The depreciation charge for an asset is derived using estimates of its expected useful life and in the case of property, plant and equipment, expected residual value. Changes to an asset's expected useful life or residual value could result in material adjustments to both the consolidated statement of financial position and consolidated statement of income. Management determines the useful lives and residual values for assets when they are acquired or generated based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology, expected costs to be incurred upon disposal, expected availability period, estimated diminishing rate of existing customers, number of production or similar units expected to be obtained from the asset and any related contractual arrangements that would be indicative of the useful life of an asset.

c. Fair value measurement of financial instruments

In evaluating the fair value of certain financial instruments, the Group uses valuation techniques that use unobservable inputs in the market. Unobservable inputs may be affected by the consequences of uncertain changes in economic conditions in the future and may have a material impact on the consolidated financial statements if any revaluation is required.

d. Estimated amortization period of contract acquisition costs

Contract acquisition costs are amortized on a straight-line basis over the period during which goods or services directly related to such costs are expected to be provided. The amortization period is determined taking into account relevant factors such as churn rate and estimated period until the customer trades in their used handset to upgrade to a designated new model based on conditions of contracts and past performance data.

Changes in amortization period of contract acquisition costs may have a material impact on consolidated financial statements of the Group.

4. Business combinations

Fiscal year ended March 31, 2019

(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 Z Holdings Corporation, 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 Z Holdings Corporation as a subsidiary, Vector Inc. is retrospectively consolidated as a subsidiary from the opening balance sheet date of the comparative period as part of the consolidated financial statements of the Group, as a result of adding up the Vector Inc. equity interests held by Z Holdings Corporation.

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 consolidates 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.

Fiscal year ended March 31, 2020

(1) Acquisition of investments in Z Holdings Corporation

a. Summary of acquisition

The Company underwrote a capital increase by third-party allotment conducted by Z Holdings Corporation. 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 Z Holdings Corporation 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 Z Holdings Corporation 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 Z Holdings Corporation became 44.6%. In addition, officers from the Company were appointed as members of Z Holdings Corporation's Board of Directors. As a result, Z Holdings Corporation is considered substantially controlled by the Company and became a subsidiary of the Company.

Z Holdings Corporation 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 consolidates the financial statements of the acquired companies as if such transaction was executed by the Group on April 1, 2018 as part of the consolidated financial statements of the Group. For details of the impact of the transaction on the consolidated statement of financial position and the consolidated statement of income previously disclosed, refer to "(3) Transactions under common control" under "Note 2. Significant accounting policies."

(2) Acquisition of ZOZO, Inc.

Summary of acquisition

Z Holdings Corporation, a subsidiary of the Company, conducted a tender offer for the common stock of ZOZO, Inc., which was resolved at its Board of Directors' meeting held on September 12, 2019 for the purpose of strengthening clothing/fashion e-commerce category in order to further expand its e-commerce business. The tender offer was completed on November 13, 2019, and Z Holdings Corporation acquired 152,953 thousand common stock of ZOZO, Inc. for ¥400,737 million in cash. Z Holdings Corporation acquired 50.1% of the equity interest of ZOZO, Inc., and ZOZO, Inc. became a subsidiary of the Group. In addition, in order to procure part of the fund necessary to acquire the target shares for this business combination, Z Holdings Corporation made a borrowing of ¥400,000 million. For further details of this borrowing, refer to "Note 6. Interest-bearing debt."

The business of ZOZO, Inc. is planning and operation of fashion online shopping website *ZOZOTOWN*, planning and development of private brand *ZOZO*, customer support and operation of logistics center *ZOZOBASE*.

The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the date of obtaining control[1]:

		(Millions of yen) Acquisition date (November 13, 2019)
Cash and cash equivalents		22,876
Trade and other receivables		30,443
Other current assets		7,770
Property, plant and equipment		8,610
Right-of-use assets		20,964
Intangible assets[2]		503,017
Other non-current assets		13,799
Total assets		607,479
Interest-bearing debt (current and non-current)		42,589
Trade and other payables		28,362
Other current liabilities		9,263
Deferred tax liabilities		150,269
Other non-current liabilities		3,420
Total liabilities		233,903
Net assets	A	373,576
Non-controlling interests[3]	B	185,750
Acquisition cost	C	400,737
Goodwill[4]	C-(A-B)	212,911

Notes:

1. Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration transferred was completed in the three months ended March 31, 2020. There is no adjustment between the initial provisional amount and final amount.
2. The amount of intangible assets includes ¥502,199 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The estimated useful lives of customer relationships are from 18 to 25 years, and trademarks are classified as intangible assets with indefinite useful lives.

	(Millions of yen) Acquisition date (November 13, 2019)
Customer relationships	322,070
Trademarks	178,720
Other identifiable assets	1,409
Total	502,199

3. 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.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

The table below shows payments for obtaining control of the subsidiary:

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

Revenue and net income of the acquiree:

The revenue and net income of the acquiree recorded in the consolidated statement of income for the fiscal year ended March 31, 2020 on and after the date of obtaining control are ¥57,463 million and ¥5,773 million, respectively.

Net income above includes depreciation of intangible assets recognized as of the date of obtaining control.

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 due to consolidation of Z Holdings Corporation 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 March 31, 2020 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.

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	2,663,805	610,669	380,806	931,541	4,586,821	69,994	-	4,656,815
Intersegment revenue or transferred revenue	16,671	9,814	36,491	22,885	85,861	23,004	(108,865)	-
Total	2,680,476	620,483	417,297	954,426	4,672,682	92,998	(108,865)	4,656,815
Segment income	627,436	76,348	15,182	135,921	854,887	(35,536)	(1,163)	818,188
Depreciation and amortization[1]	342,044	103,737	1,229	52,109	499,119	5,363	-	504,482

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments							
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	2,685,035	627,746	440,200	1,030,589	4,783,570	77,677	-	4,861,247
Intersegment revenue or transferred revenue	11,652	11,130	42,241	22,353	87,376	30,438	(117,814)	-
Total	2,696,687	638,876	482,441	1,052,942	4,870,946	108,115	(117,814)	4,861,247
Segment income	647,270	83,607	17,164	152,276	900,317	10,835	573	911,725
Depreciation and amortization[1]	422,454	157,937	3,052	83,209	666,652	8,589	-	675,241

Note:

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

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Segment income	818,188	911,725
Share of losses of associates accounted for using the equity method	(6,276)	(46,060)
Financing income	2,246	2,745
Financing costs	(58,023)	(60,921)
Gains on sales of equity method investments	2,592	10,591
Impairment loss on equity method investments	(12,614)	(6,885)
Profit before income taxes	746,113	811,195

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Current		
Short-term borrowings[1, 2]	41,120	577,371
Commercial papers	-	100,000
Current portion of long-term borrowings[3, 4]	571,681	758,522
Current portion of corporate bonds	5,000	10,000
Current portion of lease obligations[5]	328,326	-
Current portion of lease liabilities[5]	-	365,202
Current portion of installment payables	7,603	186
Total	953,730	1,811,281
Non-current		
Long-term borrowings[2, 3, 4]	1,864,143	2,212,677
Corporate bonds	125,000	384,327
Lease obligations[5]	548,158	-
Lease liabilities[5]	-	673,694
Installment payables	687	273
Total	2,537,988	3,270,971

Notes:

1. On November 14, 2019, Z Holdings Corporation, a subsidiary of the Company entered into a loan agreement. Summary of the loan agreement is as follows:

(1) Lender:	5 financial institutions
(2) Amount of borrowing:	¥400,000 million
(3) Interest rate:	Bank base rate + Spread
(4) Execution date:	November 19, 2019
(5) Maturity:	November 14, 2020

2. On October 24, 2019, the Company entered into a loan agreement and on October 31, 2019, the Company repaid in full ¥150,000 million of short-term borrowings under a loan agreement which the Company contracted on June 21, 2019. Summary of the loan agreement which the Company contracted on October 24, 2019 is as follows:

(1) Lender:	16 financial institutions
(2) Amount of borrowing:	¥325,000 million
(3) Interest rate:	Bank base rate + Spread
(4) Execution date:	October 31, 2019
(5) Maturity:	Repayments of the borrowings start from the last business day of March 2020 and are to be made every six months thereafter, ending on the last business day of September 2024.

3. 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 March 31, 2020 are ¥89,759 million and ¥143,700 million, respectively (¥102,879 million and ¥191,297 million, respectively as of March 31, 2019).

4. For certain network equipment, the Group raises capital through sale and leaseback transactions. Of these transactions, for those executed after the date of adoption of IFRS 16, the transfers of assets under the transactions 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 March 31, 2020 are ¥81,383 million and ¥220,947 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.

5. The Group has adopted IFRS 16 from the fiscal year ended March 31, 2020. Therefore, the Group recognizes lease liabilities for leases as of March 31, 2020 rather than lease obligations. For further details, refer to "(1) Application of new accounting standards and interpretations" under "Note 2. Significant accounting policies."

7. Equity

(1) Common stock and capital surplus

Fiscal year ended March 31, 2019

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" under "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.

Fiscal year ended March 31, 2020

There are no significant equity transactions to be disclosed.

(2) Treasury stock

Changes in treasury stock are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Balance at the beginning of the period	-	-
Increase during the period[1]	-	46,000
Decrease during the period	-	-
Balance at the end of the period	-	46,000

Note:

1. For the fiscal year ended March 31, 2020, due to a purchase of treasury stock under the resolution passed at the Board of Directors' meeting held on July 24, 2019, the number of treasury stock increased by 46,000 thousand shares and total acquisition cost was ¥68,709 million.

8. Dividends

Dividends paid are as follows:

The Company

Fiscal year ended March 31, 2019

There are no significant dividends paid to be disclosed.

Fiscal year ended March 31, 2020

(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
Board of Directors' meeting held on October 28, 2019	Common stock	42.50	202,584	September 30, 2019	December 6, 2019

(2) Dividends whose record date is in the fiscal year ended March 31, 2020, but whose effective date is after March 31, 2020

The following resolution is scheduled for the Board of Directors' meeting held on May 21, 2020.

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, 2020	Common stock	42.50	201,499	March 31, 2020	June 10, 2020

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 Z Holdings Corporation and SB Technology Corp. (formerly SoftBank Technology Corp.) and before the date of the transaction under common control are included in "Cash dividends" in the consolidated statement of changes in equity.

Z Holdings Corporation

Fiscal year ended March 31, 2019

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. At the Board of Directors Meeting held on May 31, 2018, Z Holdings Corporation resolved to change the scheduled dividend payment date (effective date) from June 5, 2018 to June 26, 2018.

Fiscal year ended March 31, 2020

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.

SB Technology Corp. (formerly SoftBank Technology Corp.)

Fiscal year ended March 31, 2019

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.

Fiscal year ended March 31, 2020

There are no significant dividends paid to be disclosed.

9. Revenue

The components of revenue are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Consumer business		
Telecommunications service revenues		
Mobile communications	1,612,077	1,665,192
Broadband	360,969	383,784
Revenues from sales of goods and others	690,759	636,059
Subtotal	2,663,805	2,685,035
Enterprise business		
Mobile communications[3]	262,701	267,294
Fixed-line	204,202	192,536
Business solution services and others[3]	143,766	167,916
Subtotal	610,669	627,746
Distribution business	380,806	440,200
Yahoo business		
Commerce	628,159	721,351
Media	300,718	307,107
Other	2,664	2,131
Subtotal	931,541	1,030,589
Other	69,994	77,677
Total	4,656,815	4,861,247

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 fiscal year ended March 31, 2019 and 2020 were ¥95,727 million and ¥108,880 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 fiscal year ended March 31, 2019 and 2020 were ¥324,375 million and ¥345,255 million, respectively. Revenues from sales of goods and others for the fiscal year ended March 31, 2019 and 2020 were ¥82,092 million and ¥89,955 million, respectively.

10. Earnings per share

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

Fiscal year ended March 31, 2019 and 2020

(1) Basic earnings per share

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	462,455	473,135
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,787,145	4,766,178
Basic earnings per share (Yen)	96.60	99.27

(2) Diluted earnings per share

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	462,455	473,135
Effect of dilutive securities issued by subsidiaries and associates	(12)	(10)
Total	462,443	473,125
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	4,766,178
Increase in the number of shares of common stock due to stock acquisition rights	34,251	64,457
Total	4,821,396	4,830,635
Diluted earnings per share (Yen)	95.91	97.94

11. Subsequent events

There are no significant subsequent events to be disclosed.