May 9, 2018
SoftBank Group Corp.

Recognition of Derivative Loss

SoftBank Group Corp. ("SBG") announces that it recognized derivative loss in its consolidated financial statements for the fiscal year ended March 2018 as follows.

1. Outline of derivative loss

SBG recorded derivative loss of JPY 630,190 million in its consolidated financial statements for the fiscal year ended March 2018. This was mainly attributable to a loss of JPY 604,156 million recorded in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba Group Holding Limited ("Alibaba") shares. For details of the contract, please refer to "SoftBank Announces a Minimum $7.9 Billion Monetization of its Alibaba Stake in Coordination with Alibaba Group" dated June 1, 2016.

Regarding the collar transaction, the fair value (primarily linked to the share price of Alibaba) are measured at the end of each quarter and recognized as derivative liabilities, while changes are recognized as a gain or loss. However, the total amount of derivative liabilities will be reversed on the settlement date of the collar transaction (June 2019), and the same amount will be recognized as a gain. Consequently, the cumulative derivative gain and loss for the three years, from the conclusion of the variable prepaid forward contract in June 2016 until the settlement date, will be a loss of USD 900 million, equal to the amount of derivative assets initially recognized.

2. Impact on SBG's financial results

For the impact of the aforementioned derivative loss on SBG's financial statements, please refer to SBG's Consolidated Financial Report for the fiscal year ended March 31, 2018 (IFRS) published today on May 9, 2018.