May 9, 2018
SoftBank Group Corp.

Reversal of Deferred Tax Liabilities and Recognition of Deferred Tax Assets

SoftBank Group Corp. ("SBG") announces that it partly reversed deferred tax liabilities and newly recognized deferred tax assets in its consolidated financial statements for the fiscal year ended March 2018 as follows.

1. Outline of reversal of deferred tax liabilities and recognition of deferred tax assets

Due to the enactment of the Tax Act in December 2017 in the U. S., a deferred tax liability of JPY 776,945 million (translated at the exchange rate as of March 31, 2018) at Sprint Corporation ("Sprint") was reversed for the fiscal year ended March 2018. Also income taxes in the consolidated statement of income decreased by JPY 815,059 million. The details are as follows.

(1) Reduction in the federal corporate tax rate

The federal corporate tax rate was reduced from 35% to 21% effective January 1, 2018. Due to the reduction, JPY 550,093 million of a part of deferred tax liabilities related to the FCC license and others, which was calculated based on the tax rate as of the acquisition date of Sprint in 2013, was reversed. Also, income taxes decreased by JPY 584,026 million.

(2) Abolition of time limit on use of future loss carryforwards

Net operating losses generated in tax years beginning after December 31, 2017 may be carried forward indefinitely. For Sprint, its tax year starts from April; therefore, net operating losses generated after April 1, 2018 may be carried forward indefinitely.

At Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as the FCC licenses, may be a source of future taxable income. As a result of this change, JPY 226,852 million of deferred tax assets were recognized (offset by deferred tax liabilities). Also, income taxes decreased by JPY 231,033 million.

2. Impact on SBG's financial results

For the impact of the aforementioned reversal of deferred tax liabilities and recognition of deferred tax assets 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.