June 4, 2019
SoftBank Group Corp.

# Settlement of Sale of Alibaba Shares by Variable Prepaid Forward Contract

SoftBank Group Corp. ("SBG") today announced that on June 3, 2019, West Raptor Holdings, LLC ("WRH LLC"), a wholly owned subsidiary of SBG, delivered 73 million American depositary shares ("ADSs") of Alibaba Group Holding Limited ("Alibaba") in settlement of a variable prepaid forward contract to sell Alibaba shares (the "Contract"), as described below. The Contract, which was entered into between WRH LLC and Mandatory Exchangeable Trust (the "Trust") in June 2016, was part of a series of transactions to monetize a portion of SBG's Alibaba shareholdings announced in that month (see "Reference: Timely Disclosure Materials on the Transactions for Monetizing a Portion of Alibaba Stake" below).

In June 2016, WRH LLC received from the Trust USD 5.4 billion, equivalent to the net proceeds received by the Trust from its issuance of mandatory exchangeable trust securities ("Trust Securities") exchangeable into ADSs of Alibaba, of which the total offering size was USD 6.6 billion.

**Impact on Financial Results**

The Contract included embedded derivatives of a collar transaction (the "Derivatives"), which set a cap and a floor for the number of shares to be delivered at the time of settlement. As a result of the Contract, in SBG's consolidated statement of financial position as of March 31, 2019, JPY 730,601 million was recognized as the current portion of financial liabilities relating to sale of shares by variable prepaid forward contract and JPY 749,846 million was recognized as derivatives financial liabilities.[1] With the settlement of the Contract, SBG expects to record a pre-tax profit of approximately JPY 1.2 trillion, mainly consisting of (i) an amount equivalent to the gain on sale, which is the difference between the settlement amount and the consolidated carrying amount of the 73 million shares used for the settlement and (ii) a gain from reversal of derivative financial liabilities, in its consolidated financial statements for the three-month period ending June 30, 2019. This transaction generates non-cash profit.

After the settlement of the Contract, SBG and its subsidiaries collectively hold 674 million[2] Alibaba shares, or 26.0% of Alibaba's total outstanding shares as of March 31, 2019.

Notes:

1. This is the net amount of (a) the amount of derivative assets recorded at the initial recognition of the Derivatives (June 2016) and (b) accumulated valuation loss that was recorded as derivative gain and loss in the period from June 2016 to March 31, 2019 based on the fair value of the Derivative (mainly linked to the share price of Alibaba).

2. Of the 86 million shares of Alibaba shares pledged to the Trust under the Contract, 13 million shares that were not used for the settlement have been released to WRH LLC from the Trust. The number of shares held by SBG and its subsidiaries after the settlement of the Contract includes such shares.

(Reference: Timely Disclosure Materials on the Transactions for Monetizing a Portion of Alibaba Stake)

- "SoftBank Announces a Minimum $7.9 Billion Monetization of its Alibaba Stake in Coordination with Alibaba Group" dated June 1, 2016
- "Notice of Pricing of Monetization and Additional Sale of Shareholding in Alibaba Group Holding Limited" dated June 2, 2016
- "SoftBank Group Announces Exercise of Over-Allotment Option in Offering of Securities Tied to Shares of Alibaba Group" dated June 3, 2016
- "The Expected Impact on Consolidated Financial Results of SoftBank Group Corp. from Monetization of its Alibaba Stake" dated June 15, 2016