SoftBank Group

ANNUAL REPORT 2017

Disclaimers

- This annual report is made based on information available at the time of writing. Plans, forecasts, strategies, and other forward-looking statements in this report are not historical facts, and include elements of risk and uncertainty. Actual results may therefore differ materially from these forward-looking statements due to changes in the business environment and other factors.
- Information in this report regarding companies other than the Company is quoted from public and other sources. We do not guarantee the accuracy of this information.
- The Company expressly disclaims any obligation or responsibility to update, revise or supplement any forwardlooking statements in any presentation material or generally to any extent. Use of or reliance on the information in this annual report is at your own risk.

Adoption of IFRSs

- The Company has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) from the three month period ended June 30, 2013, the first quarter of the fiscal year ended March 31, 2014. The date of transition to IFRSs is April 1, 2012. The financial data for the year ended March 31, 2013 is also presented based on IFRSs.

Definition of Terms

- "Fiscal 2016" refers to the fiscal year ended March 31, 2017, and other fiscal years are referred to in a corresponding manner in this annual report. FYE denotes the fiscal year-end. For example, FYE2016 denotes March 31, 2017, the last day of fiscal 2016.

Company Names

- Unless specifically stated otherwise "SBG" refers to SoftBank Group Corp. and "the Company" refers to SoftBank Group Corp. and its subsidiaries. Please refer to page 90 for the abbreviation of subsidiaries' and associates' company names.

Regarding Trademarks

- Apple and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries. The trademark "iPhone" is used with a license from Aiphone K.K. App Store is a service mark of Apple Inc.
- Other names of companies, products, and services and such that appear in this annual report are trademarks or registered trademarks of their respective companies.





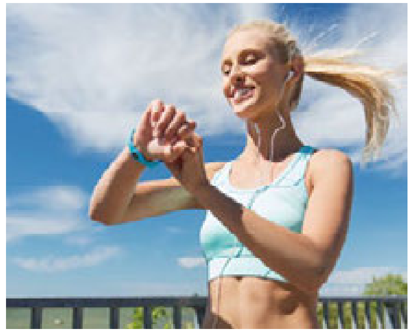


Our Philosophy

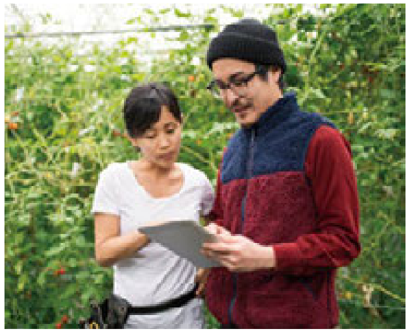
Information Revolution — Happiness for everyone

Our Vision

To be the corporate group needed most
by people around the world






Our vision is consistent.
Our strategy will evolve to maximize
the opportunities we will have.

The SoftBank Group published a large number of magazines dedicated to individual PC models, which were a novelty at the time. Examples include *Oh! PC* for the NEC PC series and *Oh! MZ* for the SHARP MZ series, both launched in 1982.

Revolution I

Pioneering software distribution in the PC era

1981 SoftBank Corp. Japan was founded as a software distribution and publishing company.

We built a nationwide PC software distribution network in Japan, based on a strong belief that the computer industry would drive the Information Revolution. We also made a series of investments in the U.S., including acquisition of the events division of Ziff Communications Company and Ziff-Davis Publishing Company. These investments led to an acquaintance with Yahoo! Inc.

Revolution II

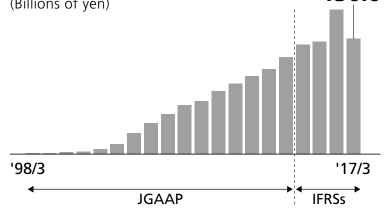
Creating new industries with the Internet

1996 Established Yahoo Japan Corporation as a joint venture with Yahoo! Inc.
Yahoo! JAPAN later became the unrivalled No. 1 web portal in Japan. In addition to leading the Information Revolution within Japan's nascent Internet industry, its services such as C2C e-commerce and advertising also demonstrated how the Internet can create completely new forms of industry.

2000's Made strategic investments in Internet companies globally.
Investees included Alibaba.com Corporation (currently Alibaba Group Holding Limited), which played a leading role in the huge expansion of Chinese e-commerce and continues to grow rapidly.

YAHOO! JAPAN

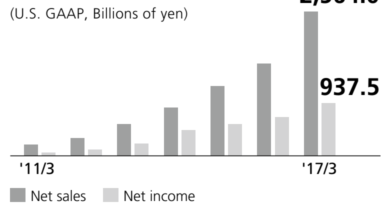
Net income
(Billions of yen)



Note: Net income attributable to owners of the parent

Alibaba Group 阿里巴巴集团

Net sales / Net income
(U.S. GAAP, Billions of yen)



Note: Created by the Company based on disclosure by Alibaba
CNY/JPY = ¥16.20
Net income is non-GAAP based.

Revolution III

Transforming content and communications through telecom and broadband services

2001 Launched *Yahoo! BB* broadband services.
We led the way to faster, more affordable telecom services. in Japan, dramatically increasing broadband users. *Yahoo! BB* also paved the way for the rapid rise of Internet content including video and games.

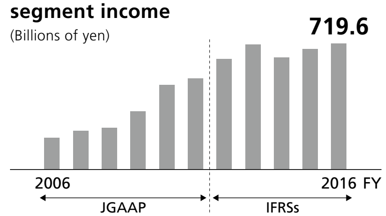
2006 Entered into the mobile business by acquiring Vodafone K.K.*
This new direction presaged the shift in the Internet's core user environment from PC to mobile. We enhanced its network infrastructure to accommodate large-volume data. As the first iPhone provider in Japan, we also boosted smartphone penetration in the domestic market.

2013 Entered the U.S. telecom market by acquiring Sprint Corporation.
In doing so, we fully leveraged know-how cultivated in Japan.

*Currently SoftBank Corp.

SoftBank

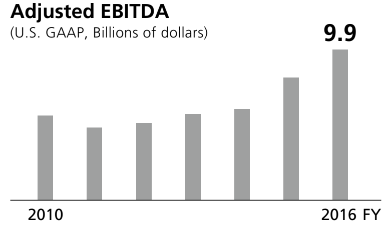
Domestic Telecommunications segment income
(Billions of yen)



Note: Fiscal 2006–2011 represent the total segment income of Mobile Communications, Broadband Infrastructure, and Fixed-line Telecommunications.
From fiscal 2012–2013: Mobile Communications segment income
From fiscal 2014: Domestic Telecommunications segment income

Sprint

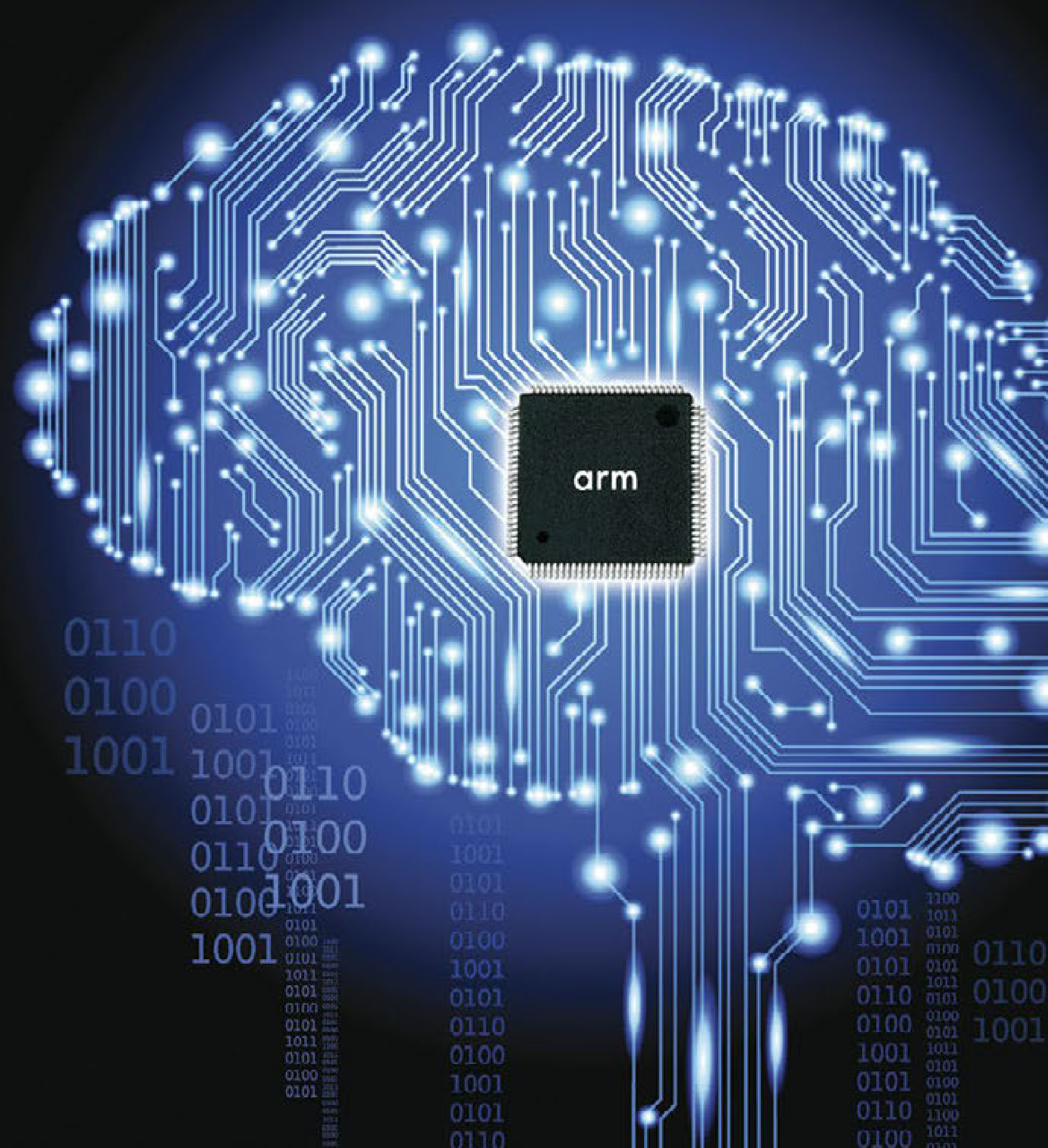
Adjusted EBITDA
(U.S. GAAP, Billions of dollars)



Revolution IV

Singularity: the next paradigm shift

Computers are becoming smarter, and within the next few decades Artificial Intelligence will exceed human intelligence. When this intelligence is combined with the sensors and controllers in the Internet of Things,* every kind of industry will be redefined, and we will have further accelerated the Information Revolution.



*The Internet of Things (IoT): A concept in which "things" such as products and equipment in everyday life are connected to the Internet

September 2016
Acquired Arm Holdings plc in the U.K.

Changing the world with IoT

Arm, a company with world-leading core technologies in semiconductor design, is set to be a key player in the IoT era.

With its distinctive secure and energy-efficient technologies, Arm processors are already in every smartphone on the planet, and are expected to play a leading role in powering the IoT era, where every “thing” will be connected to the Internet.

December 2016
Announced investment in OneWeb in the U.S.

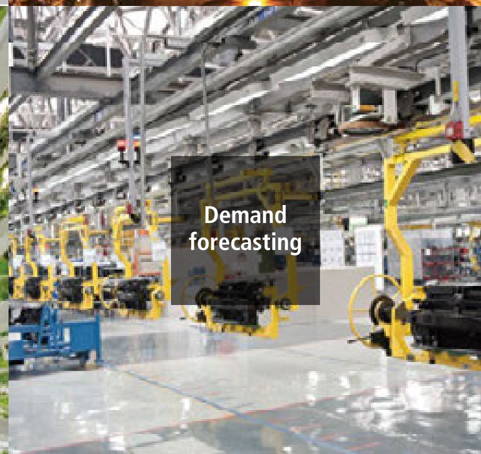
Reshaping telecommunications with LEO satellites

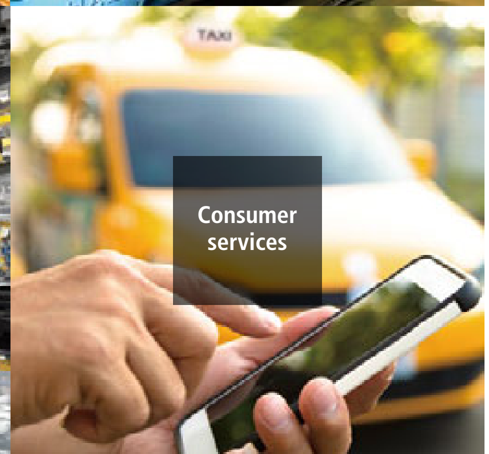
OneWeb seeks to provide Internet services with industry-leading speed, performance, and low latency around the globe. The company plans to achieve this by building a satellite constellation* composed of low earth orbit (LEO) satellites.

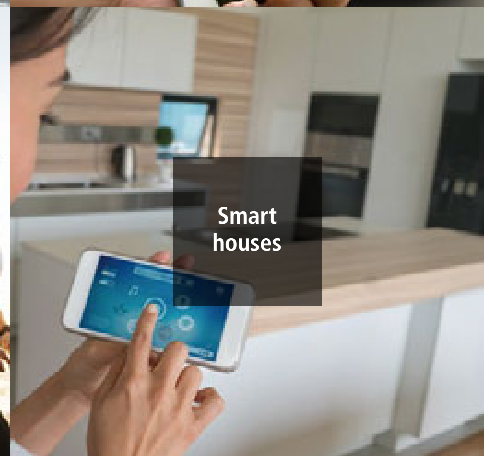
We aim to realize globally seamless access to high-speed connectivity anytime, anywhere.

*A group of artificial satellites working in concert

The Internet of Things will transform our daily lives and redefine all industries.







2017 The SoftBank Vision Fund started operations

Up to $100 billion will be inveseted in technology companies worldwide.

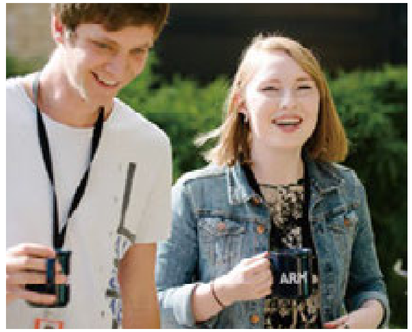
The SoftBank Vision Fund aims to invest in promising technology companies around the world. The fund completed its first major closing in May 2017, with committed capital of over $93 billion. The fund will make large-scale, long-term investments in companies and platform businesses that have the potential to spark the next generation of innovations.

We will utilize our abundant insight and business networks to support the growth of the fund's portfolio companies. In doing so, we aim to further accelerate the Information Revolution.

See page 22 for details of the SoftBank Vision Fund.







We continue to accelerate the Information Revolution.





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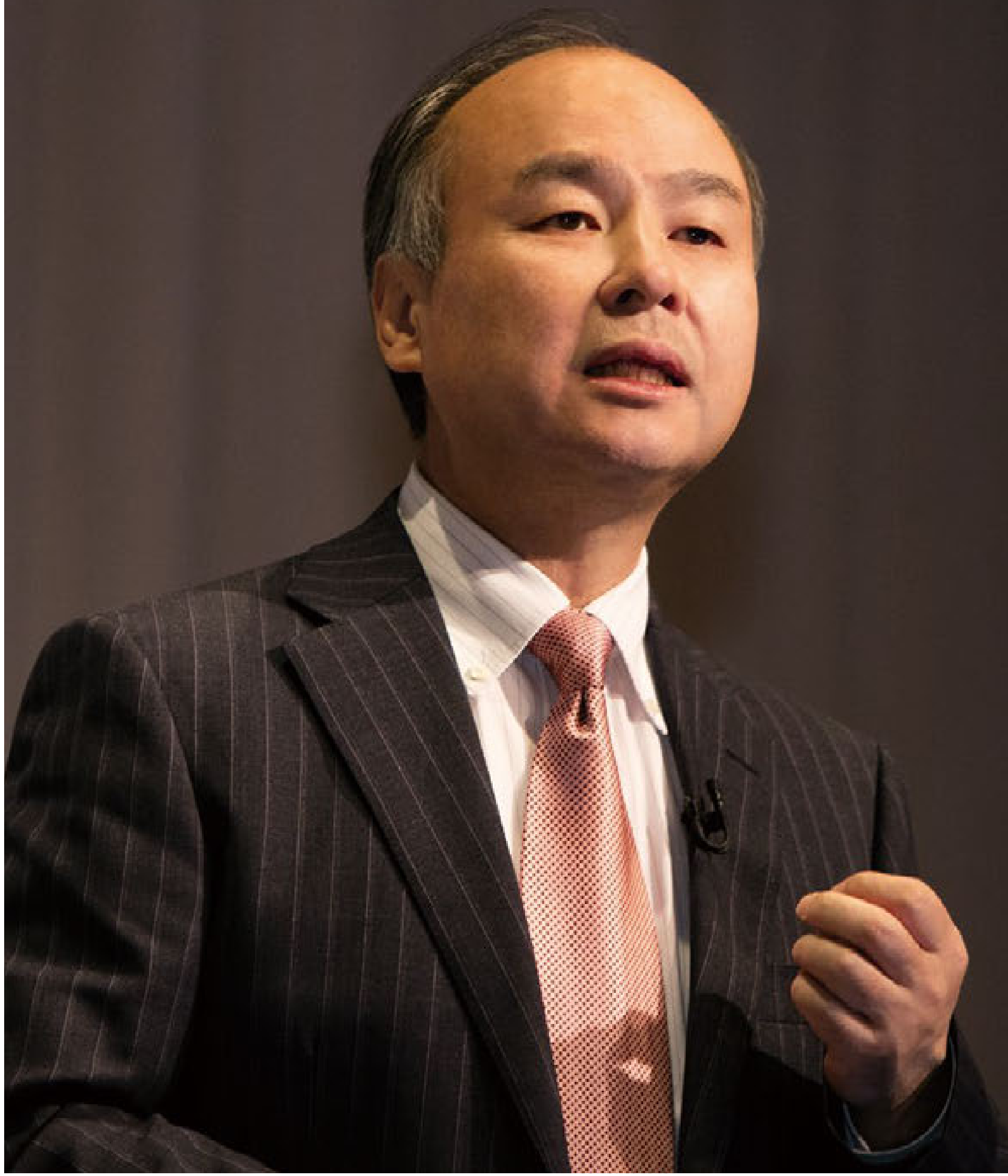
CEO Message



I'd like to shake up the world

I have an enduring admiration for Ryoma Sakamoto (1836-1867). In an era of upheaval in Japan, he wrote of his strong desire to reform his country, saying that he wanted to "shake up Japan." He went on to acquire advanced maritime technologies, and together with a group of like-minded companions, he pioneered a new era and paved the way for Japan's subsequent leap forward.

My own heart is set on a bigger goal, to "shake up the world." I want to smash the status quo through the power of the Information Revolution. We have acquired an expansive knowledge of technology and finance through our revolutionary journey, and last year, we acquired a like-minded companion in Arm. Now, we will use the SoftBank Vision Fund to expand our group of like-minded companions who will together help to drive the Information Revolution. As we transform the world to bring happiness to everyone, we will also strive to increase shareholder value even further.

Masayoshi Son
Chairman & CEO, SoftBank Group Corp.

CEO Message

On our journey to make the world a better place through leading the Information Revolution

Passing the ¥1 trillion operating income milestone

In 2001, we launched a comprehensive broadband service, *Yahoo! BB ADSL*, to transform Japan's Internet infrastructure, which was then said to be the slowest and most expensive in the world. It was the first move in our bold challenge to NTT, which dominated the telecommunications industry in Japan. The timing was right after the painful Internet bubble collapse of 2000, and our action led us into four consecutive years of losses from fiscal 2001 to fiscal 2004. Accumulated operating losses over this period totaled ¥196.2 billion, with net losses amounting to ¥355.7 billion.

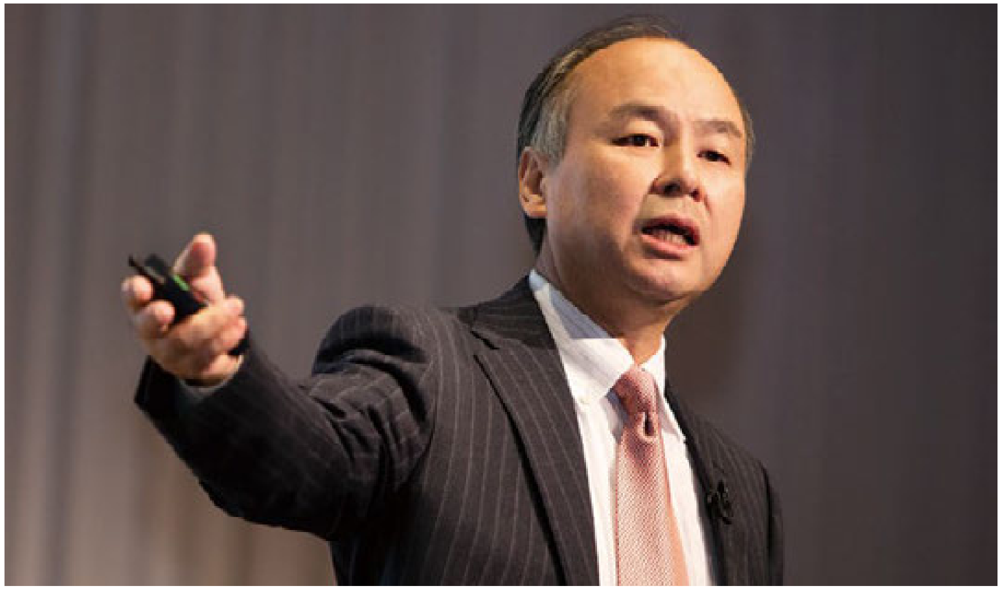
In the midst of these losses, at the General Meeting of Shareholders held in June 2004, I faced a storm of criticism. But at the urging of a certain shareholder, I spoke about my vision as follows: "You may think I'm boasting — but please listen. I want us to grow to such scale that we count our net sales in trillions by my forties, and operating income in trillions by my sixties. That's the kind of scale I am determined to achieve." I was 46. It was an outrageous statement considering our situation at the time; and yet, in fiscal 2016, we achieved net sales of ¥8.9 trillion, up 0.2% year on year, operating income of ¥1.0 trillion, up 12.9%, and net income, or net income attributable to owners of the parent, of ¥1.4 trillion, up 200.8%.

My boast of 13 years ago has been achieved; and yet I am not satisfied. I have a greater and more important ambition. That is to drive forward the Information Revolution — the third industrial revolution following the agricultural and industrial revolution and to reach the pinnacle of being a corporate group that has made a major contribution to making the world a better place for everyone. I feel compelled to scale this peak that lies before us. By achieving ¥1 trillion in operating income, we have but finally taken the first step on our long journey.

The arrival of the Singularity

Until now, human beings have been the most intelligent living thing on the earth, and we have made use of this intelligence. I am certain, however, that within this century, Artificial Intelligence (AI) will overtake human intelligence at a point that is referred to as the "Singularity." This will be the greatest paradigm shift in the history of humankind. The coming of the Singularity will redefine every industry, opening up new business opportunities for existing industries while also creating new industries.

The industrial revolution that took place from the mid-18th century to the 19th century brought rapid increases in convenience; at the same time, it caused a host of problems. The evolution of AI will gradually bring us face to face with problems in the



CEO Message

same way. The advance of automated driving technologies is about to bring us into a world that is free of traffic accidents. The average lifespan will eventually exceed 100 years. I am sure that we will gradually see the emergence of a world where the future can be predicted, and where we coexist with robots.

To enable further evolution of AI, it is vital that we enable machines to see, hear, touch, and smell information in the same way as human beings, and to learn autonomously and grow smarter. This learning is predicated on data, and chips play the essential role of digitizing information to create data. This data will lead AI to the Singularity, and in time, to "super intelligence" that far outstrips human intelligence.

Acquisition of Arm – the gem of the technology industry

The biggest global supplier of the technology used in these essential chips is Arm. Arm's processor designs enable outstanding power efficiency and Arm technology is used in the main chips in over 95% of smartphones today. I have been longing to get my hands on this hidden gem of the technology industry for over 10 years, and finally in September 2016, we managed to acquire it. One day, when I look back on my long life as an entrepreneur, I believe that Arm will stand out as the most important acquisition and investment I have made. That is how highly I regard it.

In fiscal 2016, 17.7 billion chips incorporating Arm technology were shipped. The total global population is 7.3 billion, so that works out to 2.4 chips per person – men, women, and children. What's more, these figures are continuing to expand exponentially. One day, Arm-based chips will not just be in smartphones, automobiles, and electronic devices; they'll also be in running shoes, glasses, and even milk containers.

Heading towards a connected world

Telecommunications are essential for realizing the true value of this multitude of chips. U.S. satellite telecommunications start-up OneWeb is expected to play a major role in realizing the world of the Internet of Things (IoT), where not only smartphones, PCs, and automobiles but all manner of things on the planet will be constantly connected.

Conventional telecommunications satellites orbit the earth at an altitude of around 36,000 km above the equator. OneWeb plans to launch more than 800 satellites that orbit the earth on a lower orbit of around 1,200 km, or 30 times closer, over a two-year period in 2019 and 2020. The satellites will be cheaper and will provide Internet access all over the planet, helping to realize IoT. In December 2016, we agreed to make a total investment of $1.0 billion in OneWeb, $0.47 billion of which has been invested as of June 30, 2017.

Our true business is not mobile telecommunications; it is the Information Revolution. We will make a concerted effort to drive the Information Revolution forward and usher in the IoT era as quickly as possible to realize a world where all manner of things on the planet will be connected.

SoftBank Vision Fund to accelerate the Information Revolution

To accelerate the Information Revolution from now on, we utilized our deep knowledge of technology and finance to establish the SoftBank Vision Fund ("SVF"). SBG's overseas subsidiary operates SVF as a general partner, while SBG invests in SVF as a limited partner.

The first major closing of the fund was completed in May 2017, with a capital commitment of over $93 billion, including $28 billion from SBG, as of May 20. To give some idea of the enormous scale of the fund, the total amount of capital raised over a year in 2016 by venture capitalists worldwide amounted to $64 billion. Other limited partners in SVF include the Public Investment Fund of the government of the Kingdom of Saudi Arabia ("PIF"), as well as Abu Dhabi-based Mubadala Investment Company of the UAE, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation.

By its nature, the fund is intended to maximize profits for its investors, but SVF has other objectives beyond the pursuit of profits. We will work to expand our corporate group of like-minded companions who will help us to drive the Information Revolution by investing in promising technology companies through SVF and its associated vehicles. One of our new companions is the abovementioned OneWeb. Others include the U.S. robot development

CEO Message

venture Boston Dynamics, Guardant Health, a U.S. company that offers pathology diagnosis services using blood tests, and Didi Chuxing, a taxi allocation platform service in China.

Guiding AI to maximize human happiness

In June 2017, we strengthened SBG's management team; we diversified the team by appointing global business leaders to help manage the expansion of our business activities. We appointed three additional directors: Marcelo Claure, who has been rebuilding Sprint as its CEO after its consolidation in 2013, Rajeev Misra, who is in charge of SVF, and Simon Segars, who is the CEO of Arm, and two external directors: Mark Schwartz, who is the former vice chairman of The Goldman Sachs Group, and Yasir O. Al-Rumayyan, who is head of investment at PIF.

As I said before, reaching operating income of ¥1 trillion in fiscal 2016 was but a milestone. We have much greater ambitions. We are facing the imminent birth of AI and superintelligence. Some fear that this could be a double-edged sword for humankind, threatening traditional jobs and ways of working. We will invest to ensure that these new technologies are beneficial to all, so that we are a company that makes a major contribution to making the world a better place for everyone. The SoftBank Group will strive to play a role in guiding our progress on these technologies in accordance with the principle "Information Revolution — Happiness for everyone," aiming to maximize human happiness and shareholder value.

July 2017
Masayoshi Son
Chairman & CEO, SoftBank Group Corp.

Domestic Telecommunications Business Strategy

Perpetual growth driven by an unchanging venture spirit

Ken Miyauchi
Representative director, president & COO, SoftBank Group Corp.
President & CEO, SoftBank Corp.

Steady growth of three brands in fiscal 2016

In fiscal 2016, we achieved steady growth with segment income climbing 5% year on year to ¥719.6 billion and free cash flow increasing 40% year on year to ¥561.8 billion. This was the result of developing the business by skillfully combining our three brands — the *SoftBank* and *Y!mobile* smartphone brands and the *SoftBank Hikari* fiber-optic service brand — under a single organization formed by the successful integration of the four domestic telecommunications companies in April 2015.

We recorded 360,000 net additions in main subscribers for the mobile communications service. Net additions in smartphones, where we have our greatest focus, were a few times greater than this number. This can be attributed to the aggressive promotion of our sister brand *Y!mobile* and the launch of a 20 GB monthly data plan named *Giga Monster* for our main brand, *SoftBank*. The new plan was very popular particularly with the younger demographic, who had been feeling constricted by data limits.

Cumulative subscribers for *SoftBank Hikari* nearly doubled in one year, showing the effect of introducing specialist sales personnel and other measures taken from the launch of this service in March 2015. The bundled discount for users of both the smartphone and the fiber-optic service also proved popular. While the burden of discounting communication charges is significant, the smartphone churn rate has reduced dramatically, as we intended.

Bold upfront investments to increase service value

The domestic telecommunications market itself doesn't leave much room for optimism. There is little scope for growth as the population is declining due to the low birthrate and population aging; meanwhile, MVNO's are continuing to emerge. To ensure that we can continue to grow over the medium term in this environment, we positioned fiscal 2016 and 2017 for upfront investments.

The investments are intended to increase customer satisfaction by enhancing the cost performance of our services from the users' perspective. ¥8,000 a month is a lot to pay for a smartphone for users who are only making phone calls and using email. On the other hand, the same ¥8,000 represents great value if they are using their smartphones for daily shopping and watching sports, or using them as car navigation systems or tools for work. If we can increase value while keeping price increases under control, we will see users become fans. Increasing the number of fans who continue using our services will ultimately lead to profit expansion.

The bundled discount and *Giga Monster* have been our biggest upfront investments. They have produced tangible increases in user value, although they have had a noticeable temporary negative impact on profit. Another upfront investment has been the strengthening of our alliance with Yahoo Japan Corporation. For example, from February to May 2017, we held a promotion for *SoftBank* smartphone users awarding them ten times the usual number of reward points when they bought something through *Yahoo! Shopping*. These kinds of measures have resulted in a steady increase in the frequency and amount of *SoftBank* and *Y!mobile* users' purchases through Yahoo Japan. They now account for around 30% of the gross

Domestic Telecommunications Business Strategy

merchandise value of Yahoo Japan's shopping services (March 2017 results).

Differentiation hinges on integration of OTT layers with Yahoo Japan

We are also integrating our over-the-top (OTT) services with those of Yahoo Japan. In June 2017, we began providing *Yahoo! Premium* (¥462 per month) free of charge to *SoftBank* smartphone users, having introduced the service for *Y!mobile* smartphone users in February. This is a major shift away from our previous approach, which was the same as our competitors, where we provided our own content services.

During the period when we were the sole iPhone retailer in Japan (July 2008 to September 2011), we had a clear point of difference from our competitors. Now, however, KDDI and NTT DOCOMO have also advanced with iPhone sale, so over the past few years, we have been working hard to figure out how we should differentiate ourselves. This integration of the OTT services is the result of a lot of thinking about how we can do something that other companies cannot imitate and that will increase cost performance for users. *Yahoo! JAPAN* offers a lot of unique and attractive services, such as shopping, movies, books, news, auctions, and restaurant and hotel reservations. We laid the foundation with *Giga Monster*, by enabling customers to use their smartphones without worrying about data consumption. Now, we aim to take our service value to a new level by providing them with unlimited use of *Yahoo! JAPAN* services.

In fiscal 2017, as each of these upfront investments – the bundled discount, *Giga Monster*, and the strengthened alliance with Yahoo Japan – will incur considerable expense, segment income might decrease up to 7% year on year. Nevertheless, we project free cash flow to be maintained over ¥500.0 billion.

Accelerating towards introduction of 5G

Strengthening the telecommunications network is the foundation of our competitive edge as a mobile telecommunications operator, and we haven't been idle in this regard. Last year, we stepped up our initiatives for introduction of 5G technology. To start, we launched the world's first commercial service using Massive MIMO spatial multiplexing technology, which is a powerful core technology for 5G. This significantly boosts capacity per base station, enabling us to achieve smooth communication environments in places that have tended to experience slower communication speeds, such as areas around railway stations and bustling urban spaces. We plan to continue rolling out cutting-edge technology ahead of other companies going forward.

We have also moved away from our previous approach of outsourcing everything to vendors, and we now have in-house engineers to take care of all aspects of our telecommunications network from design to monitoring. This approach enables us to obtain state-of-the-art technology quickly and at a low cost, and it also means we can carefully accumulate expertise and experience from repeated trial-and-error inside the company. We will soon see the rollout of 5G and the dawn of the IoT era. The domestic telecommunications business and its 5G networks will play a central role in the Group's grand strategy of connecting massive amounts of data collected by Arm technology-based chips embedded in various products and using AI to read and analyze it for commercialization. We have already started setting the stage for this next step.

Passing on the venture spirit to enable perpetual growth

With an eye on handing the reigns to the next generation, we appointed Jun Shimba and Yasuyuki Imai both to the position of representative director & COO. Mr. Shimba will be looking after the consumer business and Mr. Imai will take charge of our corporate business in April 2017. I will be spending much of my time on new fields, such as joint operations with Yahoo Japan and promoting cooperation with group companies and investees in Japan and overseas. Mr. Son is always saying that IoT will bring huge changes to every industry. That means that our field of information and communication technology (ICT) will become closely involved in all industries, which will increase our business scope at once. I aim to thoroughly incorporate these new areas in our business, significantly expanding our activities beyond telecommunications services.

Our unchanging philosophy is "Information Revolution – Happiness for everyone." Our true value lies in continuing to grow by predicting technology paradigm shifts and being first to build businesses that anticipate the next era. We have moved from the era of PCs to the eras of the Internet, broadband, and smartphones. Our ability to transform our business and continue to grow in step with the changing times comes down to our founding venture spirit, which enables swift management decision-making and steady execution. I am certain that passing on this DNA to the next generation will enable the Company to continue growing through the coming eras of IoT, AI, and robotics.

Sprint Business Strategy

Sprint has turned a corner

Marcelo Claure
Director, SoftBank Group Corp.
President & CEO, Sprint Corporation

Big step forward

I could not be more proud of Sprint's fiscal 2016 results, and what our team has accomplished to date at the half-way point of our five year turnaround plan. There is no better indicator of a successful turnaround than when a company returns to topline growth. That is exactly what we did in fiscal 2016, growing net operating revenue for the first time in three years.

Our discipline to transform our business and the underlying cost structure delivered a $2.1 billion reduction in cost of services and SG&A in fiscal 2016, and an impressive $3.4 billion of reductions in the last two years. This ability to grow revenue while cutting costs at the same time is a testament to the improved operational efficiency and momentum that delivered the highest adjusted EBITDA in nine years, the highest operating income in ten years, and positive adjusted free cash flow. We continue to have good momentum in our cost transformation as we head into fiscal 2017, and we are already developing initiatives for additional expense reductions in fiscal 2018 and beyond.

Growing connections

We more than doubled our postpaid phone net additions in fiscal 2016 and the prepaid business returned to growth as we exited fiscal 2016. We successfully balanced achieving our highest financial milestones in many years while significantly beating our two biggest competitors in the all-important postpaid phone net additions, as we added one million more than Verizon in the fiscal year and two million more than AT&T.

We delivered our lowest ever postpaid phone churn in fiscal 2016 at 1.48%. This shows that we are holding our ground in a market that remains highly competitive, with all carriers now offering unlimited data plans.

We continue to build our brand and value proposition on the back of our improved network. We have played to our strengths by making *Unlimited Freedom* our primary offer for postpaid, offering customers value and simplicity with a straight-forward plan and a reliable network. With the capacity and reliability of our LTE Plus network and the most spectrum per retail customer of any carrier, we are able to dramatically simplify our rate plans and give customers the peace of mind to not think about their data plans anymore.

Furthermore, we are optimizing and expanding our retail distribution to lower the average cost per transaction, increase our brand presence, and better serve our customers. We will continue to add more Sprint and Boost stores in fiscal 2017 while also updating existing stores to be more productive and more appealing.

Unleashing Sprint's spectrum advantage

Our network has been widely acclaimed as being the most improved network over the past year, as we demonstrated that having an award-winning network is not tied to how many billions of dollars you spend. Our LTE Plus network continues to improve and perform at best-ever levels, and we are delivering on our goal of unlocking the value of our spectrum holdings by densifying and optimizing our network to provide customers the best experience. Customers have told us the most important aspects of their wireless experience are network reliability and consistently high voice quality, and that's where Sprint's network continues to deliver. We are pleased that our overall network reliability continues to beat T-Mobile and performs within one

Sprint Business Strategy

percent of Verizon and AT&T, based on an analysis of Nielsen data.*

We hold more spectrum than any carrier in the U.S. with 204 MHz of spectrum nationwide, and more than 160 MHz of 2.5 GHz spectrum in the top 100 U.S. markets. This high-band 2.5 GHz spectrum is built to deliver large volumes of data at very fast speeds. However, it's no secret that high-band spectrum doesn't travel as far as mid- or low-band, particularly indoors. New technologies, such as High Performance User Equipment (HPUE), and Sprint Magic Box are designed to overcome this and improve 2.5 GHz performance.

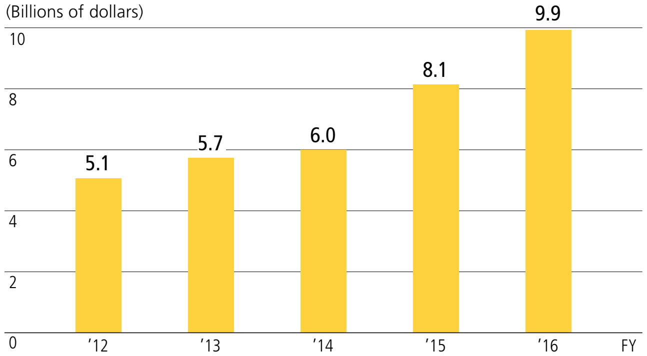
We helped develop HPUE, a breakthrough innovation that extends the coverage of its 2.5 GHz spectrum by up to 30 percent to nearly match its mid-band 1.9 GHz spectrum performance on capable devices. In one of the fastest progressions from global standard approval to commercial availability, HPUE-capable devices are already available to Sprint customers.

We also worked closely with our product partner, Airspan, to design Sprint Magic Box to leverage our deep spectrum asset. Magic Box is a low-cost, self-configuring LTE small cell that is being used to dramatically improve the user experience, both indoors and outdoors. Only Sprint, with its deep 2.5 GHz spectrum holdings, can dedicate spectrum for such a product that delivers a dramatic performance boost with zero backhaul and engineering costs.

With the deep spectrum position, we continue to improve coverage, reliability and speeds by adding more capacity where it's needed with a toolbox of solutions including three-channel carrier aggregation, HPUE and Sprint Magic Box. Our diverse toolbox of innovative and capital efficient solutions will enable us to reach our goal of having one of the best networks across the country in the future.

*Average network reliability (voice & data) based on Sprint's analysis of Nielsen drive test data in the top 106 metro markets, as of April 2017

Adjusted EBITDA (U.S. GAAP)



Strengthening the balance sheet

We continued to execute our financing strategy of diversifying funding sources, lowering cost of capital, and reducing future cash interest expenses.

In January 2017, we replaced our $3.3 billion unsecured revolving bank credit facility with a new $6 billion secured credit facility, consisting of a $4 billion seven-year term loan and a $2 billion four-year revolving bank credit facility. In combination with our previously placed $3.5 billion of spectrum-backed notes, we have raised $7.5 billion in two transactions with two things in common; both have an effective interest rate in the mid-three percent range, and both transactions were multiple times oversubscribed, demonstrating a renewed demand for Sprint paper as a result of our turnaround execution and improved balance sheet. Conversely, we have retired $3.3 billion of bonds that matured with coupons between 6 percent to 14.75 percent, which is a cost of debt two to four times higher than the new money coming in. We were also encouraged by Moody's recognition of the tremendous progress we have made and upgrade of our credit rating as a result of their confidence in our sustained operational performance and improved liquidity.

Having diversified our sources of funding and building liquidity, we are now delivering on the second phase of our financial strategy which is to materially reduce our interest expense. The third phase is to materially de-lever the company and reduce our net debt through sustained free cash flow generation.

Forging ahead

As we enter a highly anticipated period of strategic opportunities, our fiscal 2016 results demonstrate the strong operating momentum we have built. We have also generated significant shareholder value over the first half of our turnaround, and that gives us the confidence and the patience to evaluate any potential strategic opportunities. We are excited to carry our momentum forward to deliver more shareholder value in fiscal 2017, 2018 and beyond.

Arm Business Strategy

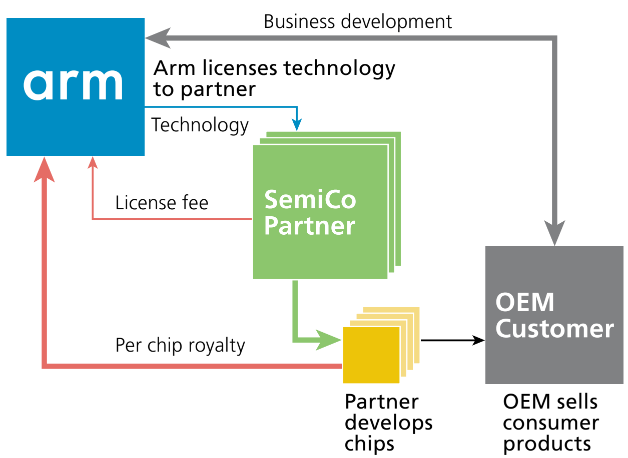
Creating the technology that shapes the connected world

Leadership in semiconductor technology

Arm is the world's leading designer of key technologies that are used in semiconductor computer chips. We are most known for designing the processors that are used in the main chip in nearly all the smartphones sold each year, and our technology can also be found in many other digital electronic devices from digital TVs to braking systems, smart sensors and the data centers that run the cloud.

The design of a new processor can take many years and a team of hundreds of highly specialized engineers. Arm licenses processor designs to semiconductor companies who incorporate Arm technology into their computer chips. Licensees pay an upfront fee to gain access to our technology. They can then incorporate our designs alongside their own technology to create smart, energy-efficient chips. Arm receives a royalty on every chip that uses one of our technology designs. Typically, our royalty is based on the selling price of the chip.

Arm business model



Each Arm design is suitable for a wide range of end applications and can be reused in different chip families addressing multiple markets. Each new chip family generates a new stream of royalties. An Arm design may be used in many different chips and may ship for over 25 years.

Joining the SoftBank Group

Since Arm was acquired on September 5, 2016, one of the most asked questions has been "What has changed at Arm?" Firstly, what has not changed. Arm's strategy and target markets remain the same, Arm's business model remains unchanged, and nearly all the leadership team remains in place, and we are all very excited by the new opportunities that we can now address.

As a listed company, we had shareholders who expected Arm to balance investment in R&D for long-term growth with delivering increased profits in the near-term. As part of the SoftBank Group, we can change how we achieve that balance; we will further increase investment today and develop more new technologies to achieve even greater returns in the future.

Arm is at the nexus of many important new technology trends that will shape the future of the connected world. Arm brings its insight into the SoftBank Group and will help the company position itself to best take advantage of the latest technologies as they arrive.

We share the same vision around AI, connectivity and IoT; these technologies are going to play an increasingly important role in the lives of every person and in every business and enterprise. Arm is going to be at the heart of

Arm Business Strategy

these new technologies and so the SoftBank Group will become increasingly essential to everyone.

Strategies for future growth

Arm has three main strategies to grow future revenues:

Increase investment in R&D to accelerate development of new technologies

Arm is expanding its R&D capability by hiring new engineering teams. Our engineers are based all over the world with our main design centers in Cambridge, San Jose, Austin and Shanghai. Over the next five years, we expect the number of engineers to nearly double.

Gain or maintain share in long-term growth markets

Arm has five target end markets:

- Mobile application processors: Arm has a very high share of the main application processor in smartphones and tablets, and now can start to gain share in laptops. In addition, Arm is developing new technologies for mobile devices related to virtual and augmented reality and artificial intelligence.
- Networking equipment: Arm has a growing share in networking equipment as operators seek to provide more services to consumers and enterprises.
- Servers: Large cloud companies are building ever larger data centers to manage more complex social networks and enterprise applications. This is resulting in new types of servers that are optimized for specific applications and less expensive to build and run, and many of these can include Arm technology.
- Automotive: Every year more, Arm technology is being integrated into cars, lorries and buses. Our technology is being used to control more efficient engines and in the advanced driver assistance systems that can be found in many cars today, and we are seeing even more innovations around fully self-driving vehicles.
- Embedded intelligence: Arm has a growing opportunity with simple devices, such as credit cards, thermostats and manufacturing equipment are becoming smarter, and we expect that opportunity to grow as more things become Internet connected, creating the Internet of Things.

Create new opportunities from IoT

Arm is investing in products and services that could generate new sustainable revenue streams in the future, especially in emerging technologies related to IoT. This is potentially a huge business opportunity as IoT starts to take shape and we begin to understand how businesses will create value and monetize these new markets. Arm intends to support these businesses with its technology and create new growth for decades to come.

Investing to shape the connected world

2016 was a very important year for Arm. As well as becoming part of the SoftBank Group, we also saw our customers ship nearly 18 billion chips in one year, taking the total number of Arm-based chips to more than 100 billion.

As part of the Group, we are continuing to evolve our strategy, and are further investing in new technologies that are taking us into some of the fastest growing and most rapidly changing markets. We believe that this connected world in which we live will lead to increasing market share for Arm, generating increased revenues and a sustainable business fit for long-term success.

Market share

	FY2016	FY2021 Target
Mobile application processors*	>90%	>90%
Networking equipment	17%	>40%
Servers	<1%	>20%
Embedded intelligence	30%	>40%
Automotive	10%	>20%

*Includes smartphones, tablets and laptops

Investment Strategy

Speeding up the Information Revolution through Investment

New growth opportunities as we get closer to the Singularity

The SoftBank Group has grown by anticipating paradigm shifts in technology and building businesses to take advantage of the next era. Amid the rapid changes in technology, business models, and market needs of the information industry, investment is an important way of seizing growth opportunities ahead of other companies. The Group considers investment an important growth strategy. Having made early investments in prospective growth markets, the Company has supported the growth of its investees. It has also accumulated diverse expertise through its investment activities, which has driven the growth of the entire Group. In 2000, the Group invested in Alibaba of China, which went on to achieve massive growth over the ensuring years, and continues to expand its business globally today.

The Group believes that the "Singularity," the point at which AI exceeds human intelligence, will arrive during this century, triggering the greatest paradigm shift in human history. The arrival of the Singularity will redefine every industry, and is expected to greatly expand existing business opportunities and to create new ones. To firmly grasp these huge opportunities, the SoftBank Vision Fund (the "Fund") was established.

Launch of the SoftBank Vision Fund

In May 2017, the Fund completed its first major closing with over $93 billion of committed capital. The Fund aims to make large-scale, long-term investments in companies and platform businesses that have the potential to spark the next generation of innovations. The Fund's activities cover a broad range from tech start-ups to major, multi-billion dollar companies looking for large investments to fund their growth, regardless of whether the companies are listed or unlisted or the size of the shareholding ratio. The Fund is expected to examine technology fields, including IoT, AI, and robotics. The Fund will invest with a long-term view, with an investment period of five years*1 and a fund period of at least 12 years*1 from the final closing. As a limited partner of the Fund, SBG has committed to investing up to $28 billion, including in-kind contributions. Other limited partners include the Public Investment Fund of the Kingdom of Saudi Arabia, the Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation.

The Fund will be operated by an SBG subsidiary acting as a general partner receiving investment advice*2 from several of SBG's wholly-owned subsidiaries (collectively, the "SoftBank Investment Advisers"). Rajeev Misra will serve as

Rajeev Misra
Director, SoftBank Group Corp.
CEO, SoftBank Investment Advisers

Rajeev Misra spent over 10 years at Deutsche Bank AG as global head of the fixed income division. When SoftBank acquired Vodafone K.K. (currently SoftBank Corp.) in 2006, Mr. Misra was involved in procuring funds for the acquisition at Deutsche Bank. He was a senior managing director and partner in the Fortress Investment Group's London office and served as global head of fixed income, currencies and commodities (FICC) at UBS Group AG between 2009 and 2013, and joined SB Group US, Inc. in November 2014. In June 2017, he was appointed director of SoftBank Group Corp. He has a B.S. in mechanical engineering, an M.S. in computer science, and an MBA from MIT Sloan School of Management.

Investment Strategy

the CEO of the SoftBank Investment Advisers and will be a member of the Investment Committee of the Fund. He will play a key role in all of the Fund's transactions, supported by a highly experienced global team working out of offices in London, San Carlos in the U.S., and Tokyo.

*1 With some exceptions
*2 After SBG's U.K. subsidiary has registered with the U.K. Financial Conduct Authority

Forming a Group of Like-minded Companies

The SoftBank Group will guide the Fund to success, maximizing its profits and realizing the Company's sustainable growth as a limited partner of the Fund. Furthermore, in addition to its capital connection with investees of the Fund and other forms, the Group aims to accelerate the information revolution even further by forming a corporate group of like-minded companions with a shared passion for "Information Revolution — Happiness for everyone."

To Be a Group of Like-minded Companies

Essential Information

Group Structure

The Company is a corporate group comprising the pure holding company SoftBank Group Corp. and 761 subsidiaries (as of March 31, 2017).

SoftBank Group

SoftBank Group Corp.
(a pure holding company)

Major subsidiaries

Domestic Telecommunications segment

SoftBank

SoftBank Corp.

Voting rights: **99.99** %

Sprint segment

Sprint

Sprint Corporation

Voting rights: **83.0** %

Yahoo Japan segment

YAHOO! JAPAN

Yahoo Japan Corporation

Voting rights: **43.0** %

Distribution segment

Brightstar Serving Wireless

Brightstar Global Group Inc.

Voting rights: **87.1** %

Arm segment

arm

Arm Holdings plc

Voting rights: **100** %

Major associates

Alibaba Group 阿里巴巴集团

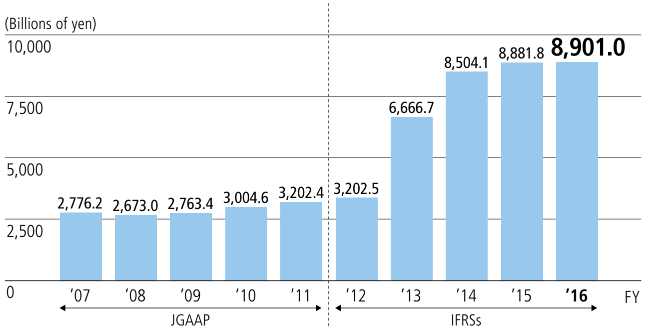
Alibaba Group Holding Limited

Voting rights: **29.5** %*

Note: The shares of voting rights in the subsidiaries and associates shown above are current as of March 31, 2017.
* West Raptor Holdings, LLC, a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with Mandatory Exchangeable Trust. Please refer to page 131 "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "19. Interest-bearing debt" in notes to consolidated financial statements for details.

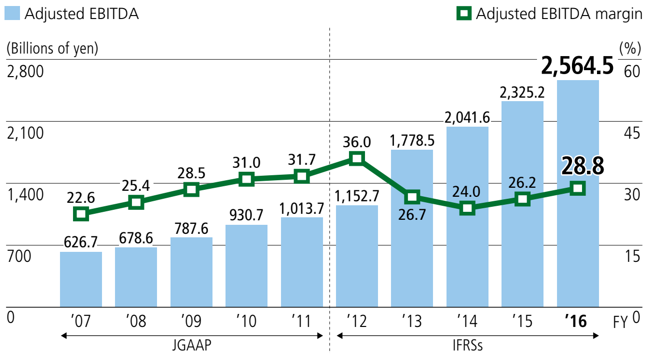
Graphs I

Net sales



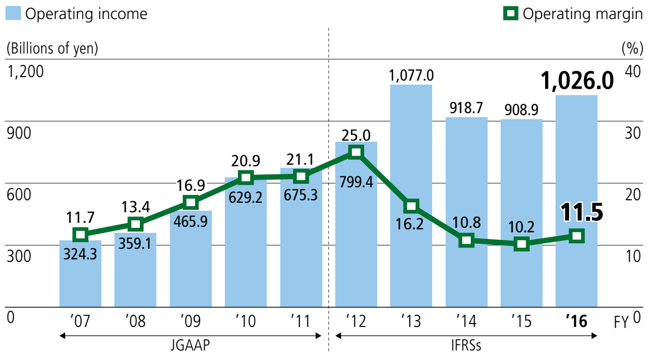
FY2016
Net sales **+ 0.2% YoY**

Adjusted EBITDA / Adjusted EBITDA margin



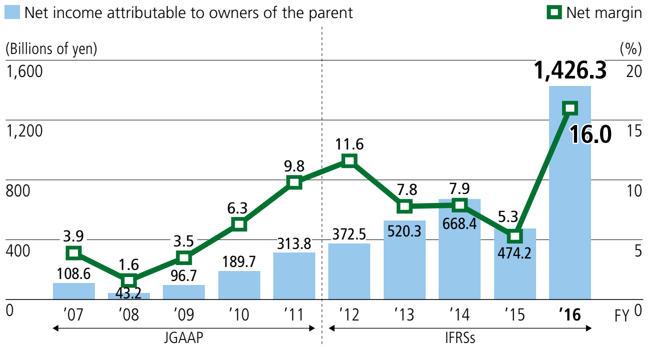
FY2016
Adjusted EBITDA **+ 10.3% YoY**
Adjusted EBITDA margin **28.8%**

Operating income / Operating margin



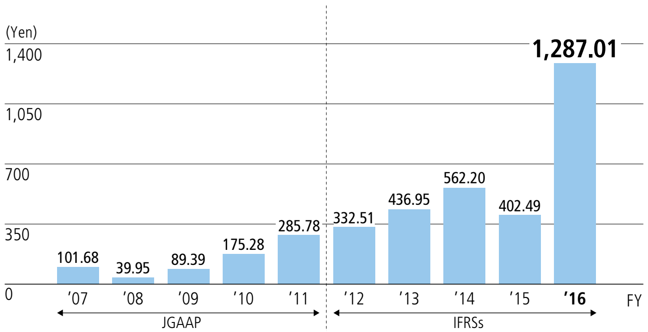
FY2016
Operating income **+ 12.9% YoY**
Operating margin **11.5%**

Net income attributable to owners of the parent / Net margin



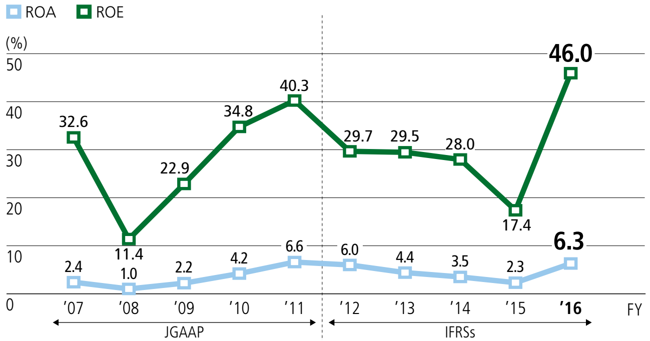
FY2016
Net income attributable to owners of the parent **+ 200.8% YoY**
Net margin **16.0%**

Basic EPS



FY2016
Basic EPS **¥1,287.01**
Diluted EPS **¥1,275.64**

ROA / ROE

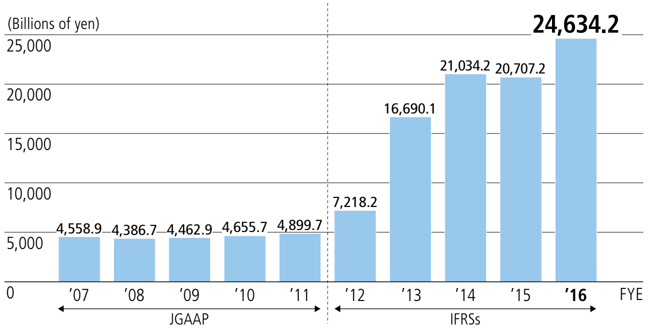


FY2016
ROA **6.3%**
ROE **46.0%**

Notes
1. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."
2. Net income attributable to owners of the parent refers to net income in JGAAP.
3. As of June 1, 2015, GungHo no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 are revised retrospectively and also presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo. The tender offer was executed from June 23, 2016 and completed on July 21, 2016.
4. The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations. Net income of Supercell for fiscal 2015 was revised retrospectively and presented under discontinued operations.

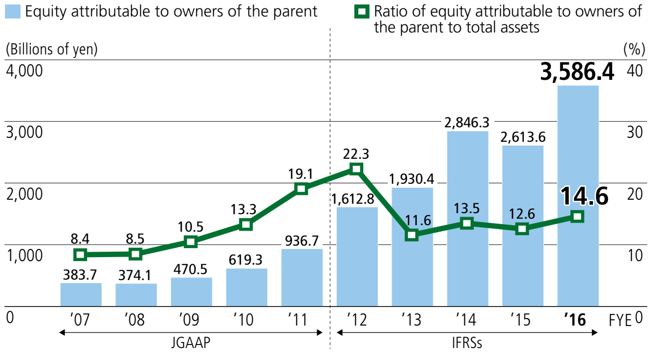
Graphs II

Total assets



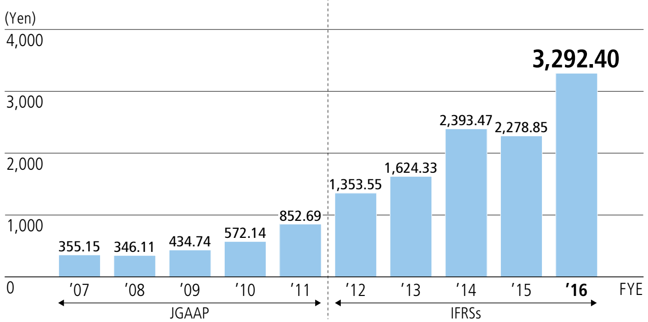
FYE2016
Total assets **¥24,634.2 billion**
+ 19.0% YoY

Equity attributable to owners of the parent / Ratio of equity attributable to owners of the parent to total assets



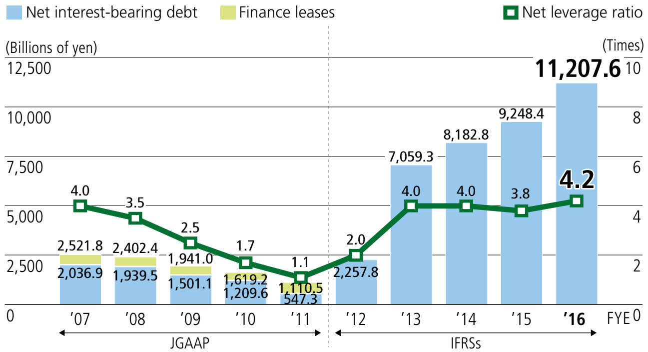
FYE2016
Equity attributable to owners of the parent **+ 37.2% YoY**
Ratio of equity attributable to owners of the parent to total assets **14.6%**

Equity per share attributable to owners of the parent



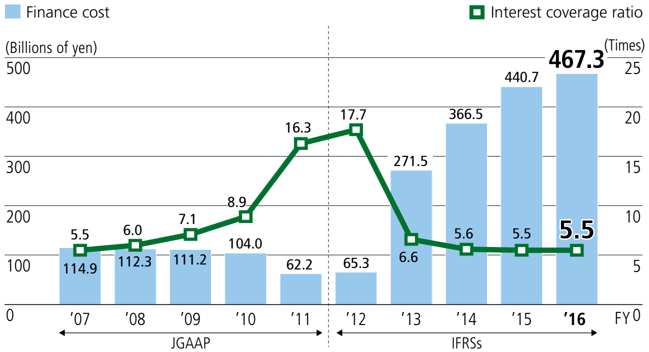
FYE2016
Equity per share attributable to owners of the parent **¥3,292.40**

Net interest-bearing debt / Net leverage ratio



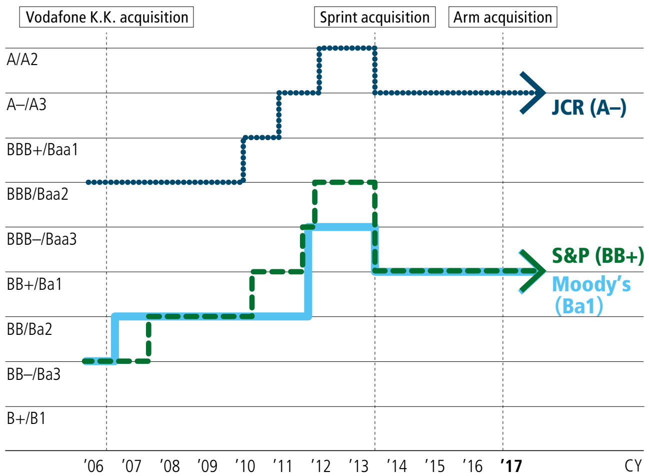
FYE2016
Net interest-bearing debt **¥11,207.6 billion**
Net leverage ratio **4.2 times**

Finance cost / Interest coverage ratio



FY2016
Finance cost **¥467.3 billion**
Interest coverage ratio **5.5 times**

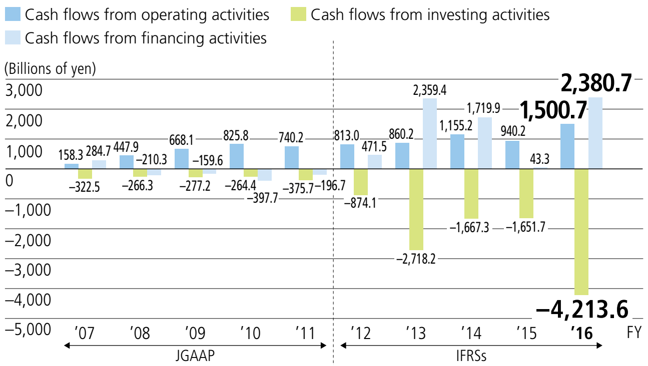
Credit ratings



Notes 1. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."
2. Equity attributable to owners of the parent refers to total shareholders' equity, equity per share attributable to owners of the parent refers to shareholders' equity per share, and finance cost refers to interest expense in JGAAP.
3. As of June 1, 2015, GungHo no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 are revised retrospectively and also presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo. The tender offer was executed from June 23, 2016 and completed on July 21, 2016.
4. The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations. Net income of Supercell for fiscal 2015 was revised retrospectively and presented under discontinued operations.

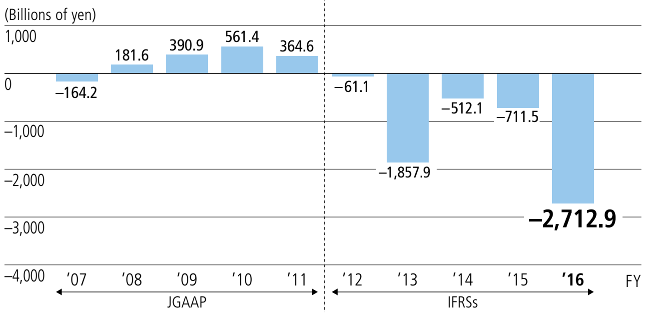
Graphs III

Cash flow



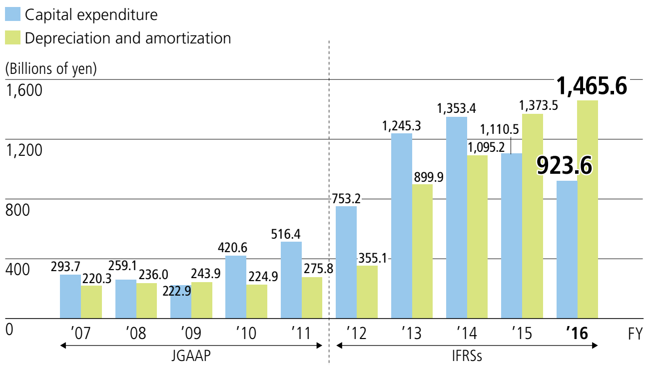
FY2016	
Cash flows from operating activities	¥1,500.7 billion
Cash flows from investing activities	–¥4,213.6 billion
Cash flows from financing activities	¥2,380.7 billion

Free cash flow



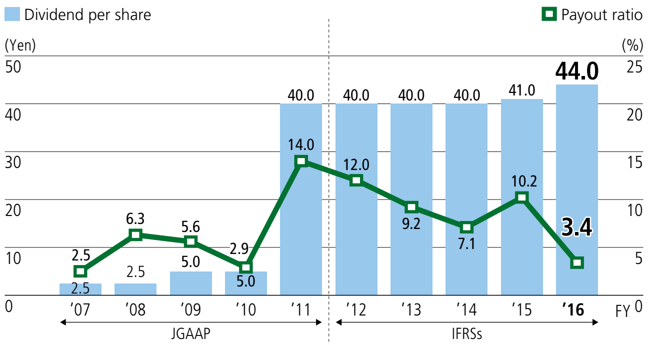
FY2016	
Free cash flow	–¥2,712.9 billion
	–¥2,001.4 billion YoY

Capital expenditure / Depreciation and amortization



FY2016	
Capital expenditure	¥923.6 billion
Depreciation and amortization	¥1,465.6 billion

Dividend per share / Payout ratio



FY2016	
Dividend per share	Interim dividend: ¥22
	Year-end dividend: ¥22

Market capitalization

Notes
1. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."
2. As of June 1, 2015, GungHo no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 are revised retrospectively and also presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo. The tender offer was executed from June 23, 2016 and completed on July 21, 2016.
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Eleven-year Summary

SoftBank Group Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

		JGAAP					
(Millions of yen)		FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Net sales		2,544,219	2,776,169	2,673,035	2,763,406	3,004,640	3,202,436
Adjusted EBITDA		525,428	626,662	678,636	787,631	930,730	1,013,716
Operating income		271,066	324,287	359,121	465,871	629,163	675,283
Income before income taxes and minority interests / income before income tax		208,574	225,887	107,338	289,250	480,613	632,257
Net income / net income attributable to owners of the parent		28,815	108,625	43,172	96,716	189,713	313,753
Total assets		4,310,853	4,558,902	4,386,672	4,462,875	4,655,725	4,899,705
Total shareholders' equity / total equity attributable to owners of the parent		282,950	383,743	374,094	470,532	619,253	936,695
Interest-bearing debt		2,544,404	2,532,969	2,400,391	2,195,471	2,075,801	1,568,126
Net interest-bearing debt		2,158,149	2,036,879	1,939,521	1,501,074	1,209,636	547,299
Net cash provided by (used in) operating activities		311,202	158,258	447,858	668,050	825,837	740,227
Net cash provided by (used in) investing activities		(2,097,937)	(322,461)	(266,295)	(277,162)	(264,448)	(375,656)
Net cash provided by (used in) financing activities		1,718,385	284,727	(210,348)	(159,563)	(397,728)	(196,667)
Net increase (decrease) in cash and cash equivalents		(65,277)	113,517	(31,169)	230,719	159,457	168,069
Cash and cash equivalents at the end of the year		377,521	490,267	457,644	687,682	847,155	1,014,559
Major indicators	(Units)						
Adjusted EBITDA margin	%	20.7	22.6	25.4	28.5	31.0	31.7
Operating margin	%	10.7	11.7	13.4	16.9	20.9	21.1
ROA	%	0.9	2.4	1.0	2.2	4.2	6.6
ROE	%	11.0	32.6	11.4	22.9	34.8	40.3
Equity ratio / ratio of equity attributable to owners of the parent to total assets	%	6.6	8.4	8.5	10.5	13.3	19.1
Debt / equity ratio	Times	9.0	6.6	6.4	4.7	3.4	1.7
Net debt / equity ratio	Times	7.6	5.3	5.2	3.2	2.0	0.6
Per share data*[1]	(Units)						
Net income / basic EPS	¥	27.31	101.68	39.95	89.39	175.28	285.78
Net income – diluted / diluted EPS	¥	26.62	95.90	38.64	86.39	168.57	278.75
Shareholders' equity / equity attributable to owners of the parent	¥	268.02	355.15	346.11	434.74	572.14	852.69
Cash dividends	¥	2.50	2.50	2.50	5.00	5.00	40.00
Others	(Units)						
Shares outstanding	'000	1,055,704	1,080,501	1,080,855	1,082,329	1,082,350	1,098,515
Subsidiaries		118	109	108	109	117	133
Associates		66	67	74	64	73	74
Number of public companies*[2]		11	14	13	12	13	14
Number of employees (consolidated basis)		17,804	19,040	21,048	21,885	21,799	22,710

*[1] Basic EPS and diluted EPS are calculated based on net income attributable to owners of the parent.

*[2] Number of subsidiaries and associates with publicly offered shares (including SFJ Capital Limited, which issued preferred (restricted voting) securities from fiscal 2011 to fiscal 2014).

Notes
1. Items where terminology differs between JGAAP and IFRSs are presented together in the style "JGAAP / IFRSs."
2. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."
3. As of June 1, 2015, GungHo no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 are revised retrospectively and also presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo. The tender offer was executed from June 23, 2016 and completed on July 21, 2016.
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Eleven-year Summary

SoftBank Group Corp. and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

(Millions of yen)		IFRSs FY2012	FY2013	FY2014	FY2015	FY2016
Net sales		3,202,536	6,666,651	8,504,135	8,881,777	**8,901,004**
Adjusted EBITDA		1,152,741	1,778,492	2,041,633	2,325,153	**2,564,467**
Operating income		799,399	1,077,044	918,720	908,907	**1,025,999**
Income before income taxes and minority interests / income before income tax		715,504	924,049	1,213,035	919,161	**712,526**
Net income / net income attributable to owners of the parent		372,481	520,250	668,361	474,172	**1,426,308**
Total assets		7,218,172	16,690,127	21,034,169	20,707,192	**24,634,212**
Total shareholders' equity / total equity attributable to owners of the parent		1,612,756	1,930,441	2,846,306	2,613,613	**3,586,352**
Interest-bearing debt		3,707,853	9,170,053	11,607,244	11,922,431	**14,142,922**
Net interest-bearing debt		2,257,806	7,059,286	8,182,817	9,248,363	**11,207,617**
Net cash provided by (used in) operating activities		813,025	860,245	1,155,174	940,186	**1,500,728**
Net cash provided by (used in) investing activities		(874,144)	(2,718,188)	(1,667,271)	(1,651,682)	**(4,213,597)**
Net cash provided by (used in) financing activities		471,477	2,359,375	1,719,923	43,270	**2,380,746**
Net increase (decrease) in cash and cash equivalents		417,944	524,433	1,295,163	(689,046)	**(386,505)**
Cash and cash equivalents at the end of the year		1,439,057	1,963,490	3,258,653	2,569,607	**2,183,102**
Major indicators	(Units)					
Adjusted EBITDA margin	%	36.0	26.7	24.0	26.2	**28.8**
Operating margin	%	25.0	16.2	10.8	10.2	**11.5**
ROA	%	6.0	4.4	3.5	2.3	**6.3**
ROE	%	29.7	29.5	28.0	17.4	**46.0**
Equity ratio / ratio of equity attributable to owners of the parent to total assets	%	22.3	11.6	13.5	12.6	**14.6**
Debt / equity ratio	Times	2.3	4.8	4.1	4.6	**3.6**
Net debt / equity ratio	Times	1.4	3.7	2.9	3.5	**2.9**
Per share data*[1]	(Units)					
Net income / basic EPS	¥	332.51	436.95	562.20	402.49	**1,287.01**
Net income – diluted / diluted EPS	¥	328.08	434.68	558.75	388.32	**1,275.64**
Shareholders' equity / equity attributable to owners of the parent	¥	1,353.55	1,624.33	2,393.47	2,278.85	**3,292.40**
Cash dividends	¥	40.00	40.00	40.00	41.00	**44.00**
Others	(Units)					
Shares outstanding	'000	1,191,500	1,188,456	1,189,197	1,146,900	**1,089,282**
Subsidiaries		230	756	769	739	**761**
Associates		100	105	120	135	**130**
Number of public companies*[2]		14	13	14	12	**12**
Number of employees (consolidated basis)		25,891	70,336	66,154	63,591	**68,402**

*[1] Basic EPS and diluted EPS are calculated based on net income attributable to owners of the parent.
*[2] Number of subsidiaries and associates with publicly offered shares (including SFJ Capital Limited, which issued preferred (restricted voting) securities from fiscal 2011 to fiscal 2014).

Notes 1. Items where terminology differs between JGAAP and IFRSs are presented together in the style "JGAAP / IFRSs."
2. The figures for fiscal 2013 have been retrospectively adjusted in accordance with the adoption of IFRIC 21 "Levies."
3. As of June 1, 2015, GungHo no longer qualified as a subsidiary and became an equity method associate. Accordingly, GungHo's net income and loss for the period from April 1, 2015 to June 1, 2015 are presented as discontinued operations. Its net income and loss for fiscal 2014 are revised retrospectively and also presented under discontinued operations. Furthermore, as of August 16, 2016, GungHo no longer qualified as an equity method associate. This is a result of a transaction where the Company tendered 245,592,400 of its shares in the tender offer by GungHo. The tender offer was executed from June 23, 2016 and completed on July 21, 2016.
4. The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations. Net income of Supercell for fiscal 2015 was revised retrospectively and presented under discontinued operations.

Summary of Segment Information

The Company has five reportable segments: Domestic Telecommunications, Sprint, Yahoo Japan, Distribution, and Arm.

Domestic Telecommunications

Share of net sales 35.2%

Main businesses

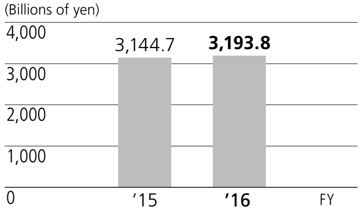
- Provision of mobile communications services in Japan
- Sale of mobile devices in Japan
- Provision of broadband services to retail customers in Japan
- Provision of telecom services to corporate customers in Japan, such as data communica-tions and fixed-line telephone services

Core companies

- SoftBank Corp.
- Wireless City Planning Inc.

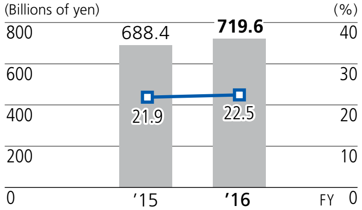
Net sales

(Billions of yen)



Segment income / Segment margin

(Billions of yen) (%)



Sprint

Share of net sales 39.9%

Main businesses

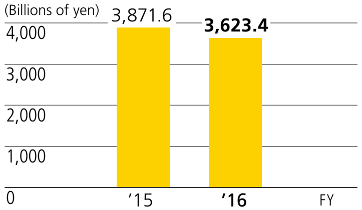
- Provision of mobile communications services in the U.S.
- Sale and lease of mobile devices and sale of accessories in the U.S.
- Provision of fixed-line telecommunications services in the U.S.

Core company

- Sprint Corporation

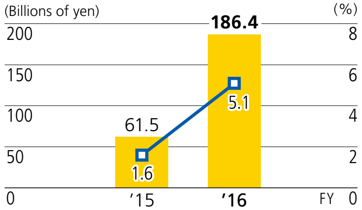
Net sales

(Billions of yen)



Segment income / Segment margin

(Billions of yen) (%)



Yahoo Japan

Share of net sales 9.4%

Main businesses

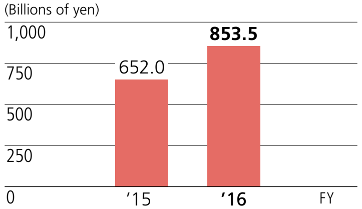
- Internet advertising
- E-commerce business
- Membership services

Core companies

- Yahoo Japan Corporation
- ASKUL Corporation

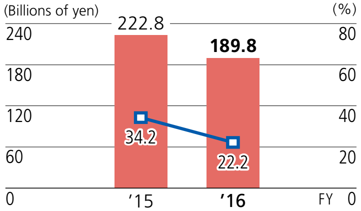
Net sales

(Billions of yen)



Segment income / Segment margin

(Billions of yen) (%)



Distribution

Share of net sales 14.3%

Main businesses

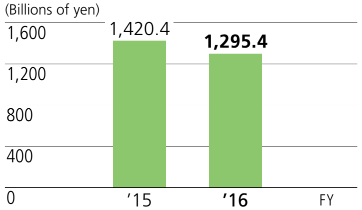
- Distribution of mobile devices overseas
- Sale of PC software, peripherals, and mobile device accessories in Japan

Core companies

- Brightstar Corp.
- SoftBank Commerce & Service Corp.

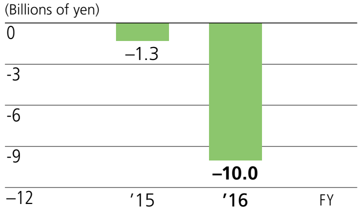
Net sales

(Billions of yen)



Segment loss

(Billions of yen)



Arm

Share of net sales 1.2%

Main businesses

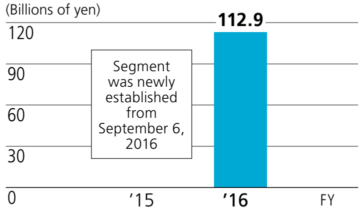
- Design of microprocessor intellectual property and related technology
- Sale of software tools

Core company

- Arm Holdings plc

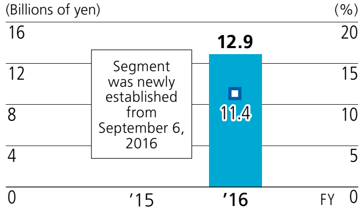
Net sales

(Billions of yen)



Segment income / Segment margin

(Billions of yen) (%)



Note: Share of net sales for each reportable segment is based on the total of all above segments.

Segment income | Segment margin

Major Subsidiaries and Associates (As of March 31, 2017)

Subsidiaries

Company name	Listed market	Fiscal year-end	Capital (Millions of yen)	Voting rights (%)	Main businesses
Domestic Telecommunications segment					
SoftBank Corp.		Mar	177,251	99.99	Provision of mobile communications services, sale of mobile devices, provision of broadband services to retail customers, provision of telecom services to corporate customers, such as data communications and fixed-line telephone services in Japan
Wireless City Planning Inc.*1		Mar	18,899	32.2	Planning and provision of mobile broadband services
SoftBank Payment Service Corp.		Mar	6,075	100	Settlement services, card services and related services
Sprint segment					
Sprint Corporation*2	NYSE	Mar	$39,891K	83.0	Holding company
Sprint Communications, Inc.*2		Mar	$1,180,954K	100	Provision of mobile communications services, sale and lease of mobile devices and sale of accessories, provision of fixed-line telecommunications services in the U.S.
Yahoo Japan segment					
Yahoo Japan Corporation*3	TSE First section	Mar	8,428	43.0	Operation of the *Yahoo! JAPAN* portal, sale of Internet advertising, operation of e-commerce sites, membership services
ValueCommerce Co., Ltd.	TSE First section	Dec	1,728	52.3	Ad affiliate marketing service, *StoreMatch* online advertising distribution service
ASKUL Corporation	TSE First section	May	21,189	45.3	Mail-order sales of stationery, services
eBOOK Initiative Japan Co., Ltd.	TSE First section	Mar	845	44.6	E-Book distribution
Distribution segment					
Brightstar Global Group Inc.		Dec	$3K	87.1	Holding company
Brightstar Corp.		Dec	$0K	100	Mobile device distribution, supply chain solutions, handset protection and insurance, buy-back and trade-in, omnichannel solutions and financial services
SoftBank Commerce & Service Corp.		Mar	500	100	Manufacture, distribution, and sale of ICT-related products, ICT-related services
Arm segment					
Arm Holdings plc		Mar	GBP716K	100	Holding company
Arm PIPD Holdings One, LLC*4*5		Dec	GBP500,166K	100	Holding company
Arm PIPD Holdings Two, LLC*4*5		Dec	GBP343,203K	100	Holding company
Arm Limited		Mar	GBP1,015K	100	Design of microprocessors intellectual property and related technology, sale of software tools
Company-wide (in common)					
SoftBank Group International GK*5*6		Mar	22	100	Holding company
SoftBank Group Japan GK*5*6		Mar	21	100	Holding company
SB Group US, Inc.		Mar	$0K	100	Holding company
SoftBank Group Capital Limited*7		Mar	$1,508K	100	Holding company

Company name	Listed market	Fiscal year-end	Capital (Millions of yen)	Voting rights (%)	Main businesses
Others					
SB Energy Corp.		Mar	2,588	100	Generation of electricity from renewable energy sources, supply and sale of electricity
Fukuoka SoftBank HAWKS Corp.		Feb	100	100	Ownership of professional baseball team, operation of baseball games, management and maintenance of baseball stadium and other sports facilities, distribution of video, voice and data content via media
SoftBank Robotics Group Corp.*8		Mar	28,507	60.0	Holding company
SoftBank Robotics Corp.		Mar	100	100	Development, sale and maintenance of humanoid robots and service robots
SBBM Corporation		Mar	10	100	Holding company
ITmedia Inc.	TSE Mothers	Mar	1,699	58.0	Operation of comprehensive IT information site *ITmedia*, etc.
SoftBank Technology Corp.	TSE First section	Mar	785	54.6	Solutions and services for online businesses
Vector Inc.	TSE JASDAQ standard	Mar	1,017	52.1	Operation, sale and marketing of online games, software downloads, advertising
SoftBank Ventures Korea Corp.		Dec	KRW18,000M	100	Holding company
SoftBank Korea Corp.		Dec	KRW2,200M	100	Holding company
Starburst I, Inc.		Mar	$216K	100	Holding company
SoftBank Holdings Inc.		Mar	$8K	100	Holding company
SoftBank America Inc.		Mar	$0K	100	Holding company
STARFISH I PTE. LTD.		Mar	101,179	100	Holding company
SB Pan Pacific Corporation		Mar	48,248	100	Holding company
Hayate Corporation		Mar	77,842	100	Holding company
West Raptor Holdings, LLC*4*5*9		Mar	$1,251,768K	100	Holding company

*1 On May 1, 2017, all shares of Wireless City Planning Inc. held by SBG were transferred to SoftBank Group International GK (“SBGI”).
*2 On April 4, 2017, all shares of Starburst I, Inc. held by SBG were transferred to SBGI. Starburst I, Inc. holds the shares of SBG’s subsidiary Sprint Corporation, which holds all shares of Sprint Communications, Inc.
*3 On June 1, 2017, all shares of Yahoo Japan Corporation held by SBG were transferred to SBGI.
*4 Capital represents the amount of capital contribution.
*5 The voting rights represent the Company’s entire contributions as percentage of capital.
*6 Effective as of April 24, 2017, SBGI merged with SoftBank Group Japan GK (“SBGJ”), with SBGI being a surviving company and SBGJ being dissolved.
*7 On April 27, 2016, SoftBank Group International Limited changed its company name to SoftBank Group Capital Limited.
*8 On November 1, 2016, SoftBank Robotics Holdings Corp. changed its company name to SoftBank Robotics Group Corp.
*9 West Raptor Holdings, LLC, a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with Mandatory Exchangeable Trust. Please refer to page 131 “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “19. Interest-bearing debt” in notes to consolidated financial statements for details.

Associates

Company name	Listed market	Fiscal year-end	Capital (Millions of yen)	Voting rights (%)	Main businesses
Yahoo Japan segment					
The Japan Net Bank, Limited		Mar	37,250	41.2	Banking business
BOOKOFF CORPORATION LIMITED	TSE First section	Mar	3,652	15.1	Reuse business
Others					
Foxconn Ventures Pte. Ltd.*[10]		Mar	$46K	36.4	Holding company
Scigineer Inc.	TSE Mothers	June	777	32.9	Provision of Internet marketing support services using the personalized engine *deqwas* for e-commerce business operators and retailers
HIKE GLOBAL PTE. LTD.		Mar	$266,433K	25.8	Holding company
Renren Inc.	NYSE	Dec	$1,025K	42.9	Investor company of a company operating *Renren.com* SNS site in China
Alibaba Group Holding Limited*[9]	NYSE	Mar	CNY 1,000K	29.5	Investor company of companies operating e-commerce sites *Alibaba.com*, *Taobao.com*, and *Tmall.com*
InMobi Pte. Ltd.		Mar	$358K	45.0	Mobile advertising services

*[10] On October 17, 2016, SB CHINA HOLDINGS PTE LTD changed its company name to SOFTBANK GROUP CAPITAL APAC PTE. LTD. Later on March 3, 2017, SOFTBANK GROUP CAPITAL APAC PTE. LTD. changed its company name to Foxconn Ventures Pte. Ltd.

Main overseas fund data

Fund name	Category*[11]	Principal investment region	Fund size	Commitment	Ownership*[12] (%)
Subsidiaries					
SoftBank Capital Fund '10 L.P.	A	U.S.	$122,449K	$100,000K	81.7
SoftBank Capital Fund '14 L.P.	A	U.S.	$46,000K	$45,540K	99.0
Associates					
SoftBank Capital Technology Fund III L.P.	B	U.S.	$232,750K	$131,000K	56.3

*[11] A: funds managed by the Company; B: funds other than category A
*[12] Holdings as percentage of fund size

Management Organization

For further details about corporate governance

Message from an External Director

Bringing in an independent view to the Board while thoroughly knowing the Company and its top management

Tadashi Yanai
External director, independent officer
Chairman, president & CEO, FAST RETAILING CO., LTD.

The Board discussions continue until consensus

When making a major decision, SBG's Board of Directors will continue to discuss it until all members reach a consensus. In the past year, several such decisions have been made that required ample discussion, including the Arm acquisition and establishment of the SoftBank Vision Fund. When considering the Arm acquisition, there were some who initially agreed with the acquisition strategy but questioned whether the price was too high. After vigorous discussion, all board members accepted and approved the proposal. The acquisition price is justified when considering the potential of the IoT era, in which Arm-based chips will be incorporated into all manner of products, and the potential for increased business opportunities resulting from having Arm and its world-class semiconductor design technology in the Group.

Regarding the SoftBank Vision Fund, all members of the Board of Directors were for the idea from the start. Personally, I believe that delegating large investment decisions to the fund will not only avoid damaging SBG's credit, it may even have the effect of increasing the company's creditworthiness.

Contribution as an external director

I have served as an external director of SBG since 2001. For me, an external director's job is to give advice based on a thorough knowledge of the Company's situation, growth trajectory, management character, and direction. Like Mr. Son, I am also an entrepreneur, but rather than a pioneer in emerging business areas, I am more focused on existing markets and business areas. I think this makes me well-suited for my role as an external director for SBG.

Also, as an external director, I am committed to preventing Mr. Son and SBG from making major mistakes. All industries have eventually benefited from the adoption of IT, and as we witness the latest industrial revolution today, the SoftBank Group shines as a major Japanese enterprise and makes an important contribution to the country. I have been an external director for SBG from its most difficult times through to today. At the same time, I am also chairman, president & CEO of FAST RETAILING CO., LTD., which has been expanding globally and has extensive experience in deploying IT into its business model. By combining the knowledge I have gained from my own company with my long experience as an external director of SBG, I believe I can give better advice and support good decision-making.

Developing the next generation of management

SBG has become a major corporate group and will continue to expand globally. As the Group operates multiple companies around the world, it recognizes the need to develop the next generation of management.

Recently, the number of board members has increased. Looking ahead, it will be important to nurture personnel for the executive officer class and strengthen the management team's capacity as business professionals.

I would like to see the next generation of management aim to be wise leaders who will truly bring benefits to our society. In the SoftBank Group's investment activities, for example, depending on the investment ratio and other factors, I believe we will see more cases where the Group needs to move beyond simple investment and become actively involved in the management of investees to harness further synergies between them. Developing a new generation of management to continue building on the Group's achievements so far will bring us another step closer to becoming a corporate group that will continue growing for 300 years.

Directors and Audit & Supervisory Board Members (As of June 21, 2017)

Directors

Chairman & CEO

Masayoshi Son

Sep	1981	Founded SoftBank Corp. Japan (currently SoftBank Group Corp.), chairman & CEO
Apr	1983	Chairman, SoftBank Japan (currently SoftBank Group Corp.)
Feb	1986	Chairman & CEO, SoftBank Japan (currently SoftBank Group Corp.)
Jan	1996	President & CEO, Yahoo Japan
Jul	1996	Chairman of the board, Yahoo Japan
Oct	2005	Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited; to present)
Apr	2006	Chairman of the board, president & CEO, Vodafone K.K. (currently SoftBank Corp.)
Jun	2007	Chairman & CEO, SoftBank Mobile (currently SoftBank Corp.)
Jul	2013	Chairman of the board, Sprint (to present)
Apr	2015	Chairman, SoftBank Mobile (currently SoftBank Corp.; to present)
Jun	2015	Director, Yahoo Japan (to present)
Sep	2016	Chairman and executive director, Arm Holdings plc (to present)
Jun	2017	Chairman & CEO, SoftBank Group Corp. (to present)

Representative director, president & COO

Ken Miyauchi

Feb	1977	Joined Japan Management Association
Oct	1984	Joined SoftBank Corp. Japan (currently SoftBank Group Corp.)
Feb	1988	Director, SoftBank Japan (currently SoftBank Group Corp.)
Apr	2006	Executive vice president, director & COO, Vodafone K.K. (currently SoftBank Corp.)
Jun	2007	Representative director & COO, SoftBank Mobile (currently SoftBank Corp.)
Jun	2012	Director, Yahoo Japan (to present)
Apr	2013	Representative director, executive vice president, SoftBank Corp. (currently SoftBank Group Corp.)
Jun	2013	Representative director, senior executive vice president, SoftBank Corp. (currently SoftBank Group Corp.)
Jan	2014	Director, Brightstar Global Group
Apr	2015	President & CEO, SoftBank Mobile (currently SoftBank Corp.; to present)
Jun	2015	Director, SoftBank Corp. (currently SoftBank Group Corp.)
Jun	2016	Representative director, president & COO, SoftBank Group Corp. (to present)

Director, vice chairman

Ronald D. Fisher

Jul	1984	President, Interactive Systems Corp.
Jan	1990	CEO, Phoenix Technologies Ltd.
Oct	1995	Director and president, SoftBank Holdings (to present)
Jun	1997	Director, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Jul	2013	Vice chairman of the board, Sprint (to present)
Jan	2014	Director, Brightstar Global Group
Aug	2014	Chairman, Brightstar Global Group (to present)
Sep	2016	Director, Arm Holdings plc (to present)
Jun	2017	Director, Vice chairman SoftBank Group Corp. (to present)

Directors and Audit & Supervisory Board Members (As of June 21, 2017)

Directors

Director

Marcelo Claure

Jun 1995	Owner, USA Wireless, Inc.
Oct 1996	President, Small World Communications, Inc.
Sep 1997	Founder, chairman & CEO, Brightstar Corp.
Jan 2005	Co-founder, One Laptop Per Child, Inc.
Sep 2008	Owner, Bolivar Administracion, Inversiones Y Servicios Asociados S.R.L. (to present)
Jan 2014	Member of the board, Sprint Corporation
Feb 2014	Founder, Miami Beckham United (to present)
Aug 2014	President & CEO, Sprint Corporation (to present)
Jan 2015	Member of the board, CTIA
May 2015	Member of the board, My Brother's Keeper Alliance
Jan 2016	Vice chairman of the board, CTIA
Jan 2017	Chairman of the board, CTIA (to present)
Jun 2017	Director, SoftBank Group Corp. (to present)

Director

Rajeev Misra

Dec 1985	Joined Los Alamos National Laboratory
Jul 1986	Joined Realty Technologies Pty Ltd
Aug 1991	Joined Merrill Lynch (currently Bank of America Merrill Lynch)
May 1997	Managing director, Deutsche Bank AG
May 2001	Global head of Credit and Emerging Markets, Deutsche Bank AG
Jan 2006	Member of the Engineering Board of Overseers, University of Pennsylvania (to present)
Apr 2009	Joined UBS Group AG
Jan 2010	Global co-head of Fixed Income, Currencies and Commodities, UBS Group AG
May 2014	Senior managing director and partner, Fortress Investment Group LLC
Nov 2014	Head of strategic finance, SoftBank Group (to present)
May 2017	CEO, SoftBank Investment Advisers* (to present)
Jun 2017	Director, SoftBank Group Corp. (to present)

*The company's wholly-owned subsidiaries, collectively called as SoftBank Investment Advisers, will advise the SoftBank Vision Fund.

Director

Simon Segars

Mar 1991	Joined Arm Holdings plc
Feb 2001	Vice president, Engineering, Arm Holdings plc
Jan 2004	Executive vice president, World Wide Sales, Arm Holdings plc
Jan 2005	Executive director, Arm Holdings plc
Sep 2007	EVP and GM, Physical IP Division, Arm Holdings plc
Jan 2013	President, Arm Holdings plc
Jul 2013	CEO, Arm Holdings plc (to present)
Feb 2015	Non-executive director, Dolby Laboratories, Inc. (to present)
Jun 2017	Director, SoftBank Group Corp. (to present)

Director

Yun Ma

Feb 1995	Founded China Pages, president
Jan 1998	President, MOFTEC EDI Centre
Jul 1999	Director, Alibaba.com Corporation (currently Alibaba Group Holding Limited)
Nov 1999	Director, chairman of the board and CEO, Alibaba Group Holding
Feb 2004	Chairman and CEO, Alibaba Group Holding
Jun 2007	Director, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Oct 2007	Non-executive director, chairman, Alibaba.com Limited
May 2013	Executive chairman, Alibaba Group Holding (to present)

Directors and Audit & Supervisory Board Members (As of June 21, 2017)

External Directors

Director, independent officer

Tadashi Yanai

Chairman, president & CEO,
FAST RETAILING CO., LTD.

Aug 1972	Joined Ogori Shoji Co., Ltd. (currently FAST RETAILING CO., LTD.)
Sep 1972	Director, Ogori Shoji Co., Ltd. (currently FAST RETAILING CO., LTD.)
Aug 1973	Senior managing director, Ogori Shoji Co., Ltd. (currently FAST RETAILING CO., LTD.)
Sep 1984	President & CEO, Ogori Shoji Co., Ltd. (currently FAST RETAILING CO., LTD.)
Jun 2001	Director, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Nov 2002	Chairman & CEO, FAST RETAILING CO., LTD.
Sep 2005	Chairman, president & CEO, FAST RETAILING CO., LTD. (to present)
Nov 2005	Chairman, president & CEO, UNIQLO CO., LTD. (to present)
Sep 2008	Chairman, GOV RETAILING CO., LTD. (currently G.U. CO., LTD.; to present)

Director, independent officer

Shigenobu Nagamori

Chairman of the board, president & CEO,
Nidec Corporation

Jul 1973	Founded Nidec Corporation Representative director and chairman, president and CEO
Mar 1997	Member of the board of directors and chairman of Read Electronics Corporation (currently Nidec-Read Corporation; to present)
Sep 2004	Member of the board of directors and chairman, Nidec Copal Electronics Corporation
Jun 2009	Member of the board of directors and chairman, Nidec Sankyo Corporation (to present)
Jun 2013	Member of the board of directors and chairman, Nidec-Shimpo Corporation (to present)
Jun 2014	Director, SoftBank Corp. (currently SoftBank Group Corp.; to present)
Oct 2014	Chairman of the board, president & CEO, Nidec (to present)
Oct 2015	Member of the board and chairman, Nidec Elesys Corporation (to present)

Director, independent officer

Mark Schwartz

Jul 1979	Joined the Investment Banking Division, Goldman, Sachs & Co.
Nov 1988	Partner, Goldman, Sachs & Co.
Nov 1996	Managing director, Goldman, Sachs & Co.
Jun 1997	President, Goldman Sachs Japan Co., Ltd.
Jul 1999	Chairman, Goldman Sachs-Asia
Jun 2001	Director of SoftBank Corp. (currently SoftBank Group Corp.)
Jan 2003	President and CEO, Soros Fund Management LLC
Jun 2004	Retired from the position of Director of SoftBank Corp. (currently SoftBank Group Corp.)
Jan 2006	Chairman, MissionPoint Capital Partners, LLC
Jun 2006	Director of SoftBank Corp. (currently SoftBank Group Corp.)
Jun 2012	Vice chairman, The Goldman Sachs Group, Inc.
Jun 2012	Chairman, Goldman Sachs Asia Pacific
Jun 2016	Retired from the position of Director of SoftBank Group Corp.
Jan 2017	Senior director, The Goldman Sachs Group, Inc. (to present)
Jan 2017	Senior director, Goldman, Sachs & Co. (to present)
Jun 2017	Director, SoftBank Group Corp. (to present)

Director, independent officer

Yasir O. Al-Rumayyan

Dec 2010	CEO and board member, Saudi Fransi Capital LLC
Feb 2014	Board member, Saudi Stock Exchange (Tadawul)
Sep 2015	Managing director and board member, Public Investment Fund (PIF) of Saudi Arabia (to present)
Jun 2016	Board member, Uber Technologies Inc. (to present)
Jun 2016	Board member, Saudi Aramco (to present)
Aug 2016	Board member, Saudi Industrial Development Fund (to present)
Jun 2017	Director, SoftBank Group Corp. (to present)

Directors and Audit & Supervisory Board Members (As of June 21, 2017)

Audit & Supervisory Board members

Full-time Audit & Supervisory Board member

Masato Suzaki

Apr	1975	Joined Mitsubishi Corporation
Dec	1983	Master of Business Administration (MBA), School of Global Management (U.S.)
Feb	2002	Joined SoftBank Corp. (currently SoftBank Group Corp.); general manager, legal department, SoftBank Corp. (currently SoftBank Group Corp.)
Jul	2012	Corporate Officer, general manager, legal department, SoftBank Corp. (currently SoftBank Group Corp.)
Oct	2013	Corporate Officer, general manager, legal department, SoftBank Corp. (currently SoftBank Group Corp.); Group Compliance Officer
Sep	2016	Corporate Officer, head of legal unit, general manager, legal department, SoftBank Group Corp.; Group Compliance Officer (to present)
Jun	2017	Full-time Audit & Supervisory Board member, SoftBank Group Corp. (to present)

External Audit & Supervisory Board members

Full-time Audit & Supervisory Board member, independent officer

Maurice Atsushi Toyama

Certified public accountant, State of California, U.S.

Sep	1977	Joined San Francisco office of Price Waterhouse (currently PricewaterhouseCoopers)
Aug	1981	Certified public accountant, State of California, U.S.
Jun	2006	Partner, PricewaterhouseCoopers Aarata
Jun	2015	Full-time Audit & Supervisory Board member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

Audit & Supervisory Board member

Soichiro Uno

Lawyer

Apr	1988	Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu), admitted to practice law in Japan
Nov	1993	Passed the bar examination of the State of New York, U.S.
Jan	2000	Partner, Nagashima Ohno & Tsunematsu (to present)
Jun	2004	Audit & Supervisory Board member, SoftBank Corp. (currently SoftBank Group Corp.; to present)

Audit & Supervisory Board member, independent officer

Hidekazu Kubokawa

Certified public accountant,
certified tax accountant

Nov	1976	Joined Chuo Accounting Corporation
Aug	1980	Registered as a certified public accountant
Jul	1986	Founded Kubokawa CPA Office (currently Yotsuya Partners Accounting Firm), representative partner (to present)
Mar	1987	Registered as certified tax accountant
Feb	1989	Audit & Supervisory Board member, SoftBank Corp. Japan (currently SoftBank Group Corp.; to present)
Mar	2000	Audit & Supervisory Board member, Digital Arts Inc.
Jun	2005	Corporate auditor, KYORITSU PRINTING CO., LTD. (to present)
Jun	2006	Auditor, Pado Corporation (to present)
Jun	2016	Director (Audit & Supervisory Committee member), Digital Arts Inc. (to present)

Compliance

The Company implements compliance to meet the expectations and demands of stakeholders, aiming to further enhance management efficiency and increase enterprise value.

As the holding company, SBG provides management and oversight of the companies in the Group through the SoftBank Group's Charter, which shares the Group's fundamental values and corporate philosophy, and the Group Company Management Regulations of the SoftBank Group, which sets out the management policy and management framework for group companies. SBG has also set out various policies that group companies, as well as their officers and employees, are to comply with.

Group companies that SBG considers to have sufficient internal processes already in place, such as listed companies, are deemed to be observing these rules and regulations. Certain group companies, such as special purpose companies, are able to opt out of these rules and regulations.

This section on management organization contains subsections addressing compliance, risk management, information security, and corporate social responsibility (CSR). Within these subsections, the "Company" refers to SBG and subsidiaries that have adopted and applied these rules and regulations, or are deemed to have done so.

1. Basic policy

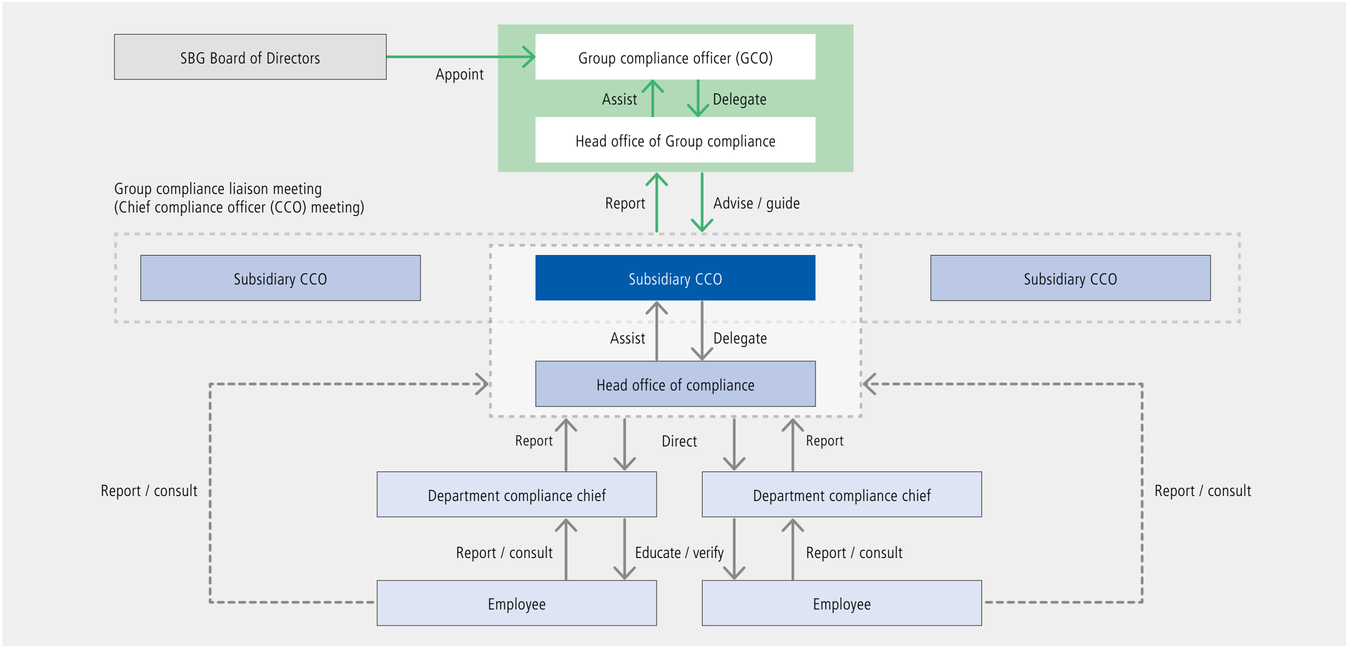
Approach to compliance

The Company considers it crucial to meet the expectations and demands of all stakeholders in the course of its business operations. The stakeholders include shareholders, customers, business partners, and local communities. To meet their expectations and demands, the Company strives to create an organization and an environment that enables every officer and employee to be fully aware of what is expected of them. As the officers and employees work together to ensure proper compliance throughout the organization, they will reduce risk, promote efficiency and increase enterprise value.

Compliance code

The awareness and conduct of every officer and employee is important for ensuring compliance. SBG has set forth the SoftBank Group's Officer and Employee Code of Conduct — a set of policies for conduct that must be observed when carrying out duties. To ensure that everyone follows this code of conduct, the Company provides officers and employees of the main subsidiaries in Japan with a Compliance Manual that provides clear and simple explanations of the code of conduct using examples and a Q&A format.

Group compliance structure (As of March 31, 2017)



Compliance

2. Compliance structure

An organizational structure centered on a GCO and CCOs

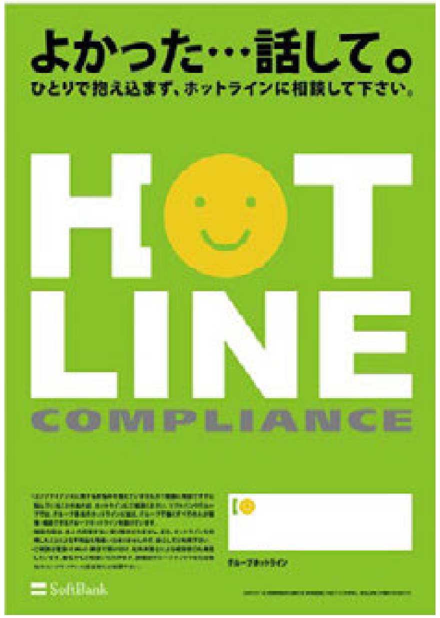
SBG appoints a group compliance officer (GCO) as the chief officer responsible for compliance for the Company. In addition, a chief compliance officer (CCO)* is appointed at each subsidiary. The GCO establishes and strengthens the compliance system for the Company, while providing advice and guidance to the CCOs of various subsidiaries as necessary. The CCOs formulate and implement policies at each group company and regularly report on compliance activities to the GCO.

The GCO and CCOs have discretionary authority to modify or stop actions that constitute actual or suspected compliance breaches. The Company has concentrated all compliance authority and responsibility in the GCO and CCOs for a swifter and more flexible organization.

*Certain group companies appoint a person in charge of compliance who corresponds to a CCO and have adopted a committee system.

Hotlines (whistle-blowing system)

The main subsidiaries have a hotline (whistle-blowing system) in place to receive reports from and provide consultations for officers and employees who discover compliance breaches or actions that may breach compliance. SBG has established a Group Hotline for the Company's officers and employees for cases where the response to a report at a subsidiary has been insufficient, or cases that have a major impact on the entire Company. All the hotlines have an internal contact point staffed by internal compliance personnel and an external contact point staffed by external lawyers. By establishing multiple contact points, the Company endeavors to identify risks at an early stage and prevent them from materializing.



Poster advertising the Group Hotline

3. Measures for enhancing awareness

There are a variety of compliance risks on the front lines of business. The Company conducts practical training and awareness-raising activities for various officer and employee levels to ensure that these personnel embrace a high awareness of compliance and can make decisions and act properly, as well as carry out their duties efficiently.

These activities take the form of a Compliance Awareness Month held annually for officers and employees of main subsidiaries in Japan and e-learning and tests carried out on the Group intranet throughout the year. The e-learning program explains possible risks and problems that could occur within the Company using specific examples familiar to officers and employees for each theme. Moreover, the Company conducts a Compliance Test for officers and employees to assess their own level of basic compliance knowledge and understanding. The test has been taken and passed by over 20,000 officers and employees.

The Company calls on its officers and employees to submit slogans for a Compliance Slogan Contest as one way to provide opportunities for them to review compliance issues in their immediate environments.

Compliance Awareness Month home screen on the Group intranet

4. Key challenges ahead

The Company will continue to step up risk management related to overseas legal systems as it expands its business into overseas markets. As part of this, the Company is revising its code of conduct, the SoftBank Group Officer and Employee Code of Conduct, and its compliance-related regulations. For example, the Company is promoting initiatives targeting the prevention of bribery of foreign officials and compliance with laws and regulations related to economic sanctions in each country.

Risk Management

The Company continuously strives to prevent the occurrence of potential risks as well as to minimize human, social, and economic loss in emergency situations where serious risks may materialize.

Risk management system

SBG defines risk as "the potential for loss or disadvantage occurring to the Company physically, financially, or in terms of corporate reputation." Responsible departments are designated to address various risks based on the Risk Management Regulations. The responsible departments manage risks and work to reduce risks and prevent their materialization. In addition, when an emergency occurs, rapid information sharing and appropriate responses are determined according to a designated escalation flow. In such situations, an Emergency Response Department will be established in accordance with the scale and urgency of the situation, and all the directors and employees of SBG will work in unison to minimize loss under the instructions of the Emergency Response Department.

Risk management initiatives

SBG identifies and manages risks, and where major risks are recognized, it oversees progress on risk assessment and analysis, as well as mitigations and responses, and periodically reports its findings to the Board of Directors.

In risk management initiatives at the Group level, including all subsidiaries, SBG centrally collects and manages information about material risks arising from the Company's businesses and activities to manage such risks, and, as the parent company, controls and manages potential risks for the entire Group.

Moreover, to respond to significant emergencies at subsidiaries, SBG has established a system in which the information is escalated from subsidiaries to SBG. This system enables an appropriate response as a corporate group and swift action.

Through these measures, SBG will take supervisory responsibility as the parent company and strengthen the risk and crisis management system for the entire Group.

Crisis management

SBG has taken the necessary steps to avoid or mitigate emergency situations, including setting up organizations, contact networks, necessary supplies, and manuals for responding in the event of an emergency.

In the telecommunications-related business, the related subsidiaries are working to ensure daily readiness for disasters and rapid restoration of communications equipment in the event of a disaster based on a belief that information functions as a lifeline. By doing so, they strive to enable customers to use services with a greater sense of security.

Communications equipment loading drill

SoftBank Corp. and Sprint, who run the telecommunications business in Japan and the U.S., respectively, have business continuity plans (BCPs) in place to minimize impact arising from emergencies. BCPs enable the companies to ensure the continuity of telecommunications services and the rapid restoration of service if communications happen to be disrupted during emergency situations such as natural disasters.

With the merger of the four domestic telecommunications companies in 2015, SoftBank Corp. revised its BCP. Further, in 2016, the company took steps to enhance the effectiveness of the plan by conducting drills for setting up and operating an Emergency Response Department in the event of an earthquake striking directly beneath Tokyo. SoftBank Corp. also conducted communications equipment loading drills with the Japan Ground Self-Defense Force and the Japan Coast Guard to prepare for transporting such equipment to areas that may become isolated due to communications being cut off, as well as drills for setting up and operating balloon-moored radio relay systems.

SoftBank Corp. has also drawn up the Disaster Operational Plan based on experience from the Great East Japan Earthquake. Under this plan, SoftBank Corp. is making an even greater effort to prepare disaster readiness systems, ensure the viability of key communication lines, improve the reliability of communications and other equipment, and streamline systems for rapid recovery. Through these efforts, it will continue to build a telecommunications network that is resilient to natural disasters.

Information Security

The Company recognizes that it has a social responsibility to appropriately manage information assets, including customers' personal information. The Company therefore works constantly to improve its information security.

Information security management system

The Company has formulated the SoftBank Group Information Security Policy for appropriate management and handling of information assets. The policy forms a common basis of understanding for all group companies as they work to implement a variety of countermeasures.

To implement information security management, the Company has established a group chief information security officer (GCISO), who is responsible for the entire Group, and chief information security officers (CISOs), who are responsible for each group company.

Through the CISOs, the GCISO works to accurately understand the information security status at each group company, and vigorously promotes information security countermeasure activities across the entire Group.

Security operation center

Specific initiatives

Based on the SoftBank Group Information Security Policy, the Company comprehensively conducts organizational, physical, human, and technological countermeasures. The Company takes measures to reduce the various information security risks, including increasingly advanced and complex cyber-attacks and unauthorized internal activities. Specifically, the Company has introduced an artificial intelligence-based attack detection system, and it collects information related to information security risks on a daily basis and shares useful information and directions for additional countermeasures with its group companies.

Moreover, in case an information security incident occurs at a group company, the Company has a framework for responding to the incident through designated channels for communication. After responding to an incident, the Company identifies issues and ensures that the lessons learned from the incident are put to good use.

Furthermore, at its main subsidiaries, security operation centers provide real-time monitoring to detect information security threats and unauthorized behavior to enhance countermeasures.

The Company also puts emphasis on improving the information security literacy of its officers and employees, and regularly conducts a variety of initiatives such as e-learning programs and training seminars.

Key challenges ahead

Amid a rapidly changing environment in and around its group companies, the Company needs to monitor the status of information security response at each group company.

The Company evaluates the results of this monitoring and takes steps to reduce information security risks at each group company. The Company also provides guidance to group companies to promote introduction of effective common countermeasures across the Group, which drives increased efficiency through group-wide cooperation.

Corporate Social Responsibility (CSR)

For further details about CSR

The Company seeks to contribute to society by bringing happiness to everyone through its business activities. Under the SoftBank Group CSR Principles, the Company is promoting its CSR activities prioritizing the following three themes.

1. Building a healthy Internet society	2. Cultivating a next generation that has dreams and aspirations	3. Protecting the planet's future through environmental protection

Short working hour program

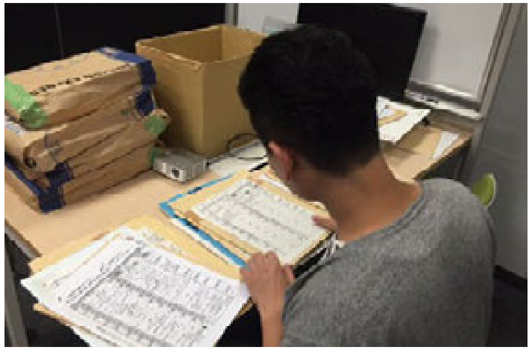
SoftBank Corp. introduced a short working hour program in September 2015 that offers an option of working less than 20 hours a week to people who have difficulty working for long hours due to a disability.

New employment program for people with disabilities

The short working hour program is designed to create a new employment system that enables participation by people who are otherwise willing to work but who have previously been denied opportunities because of disabilities. By establishing an environment that allows people to work for less than 20 hours a week, SoftBank Corp. aims to assist them to participate in work utilizing their skills and attributes. Currently, 20 employees* are working under this program.

SoftBank Corp. also published a guide on how to introduce the program in the hope of encouraging introduction by other companies and organizations. The guide provides expertise and knowledge necessary for introduction, such as preparation of internal systems, recruitment, post-introduction follow-up, and performance evaluations. In tandem with this, SoftBank Corp. holds seminars for companies and organizations.

*As of June 30, 2017



An employee working under the short working hour program

Pepper social contribution program

SBG loans the humanoid robot *Pepper* for free to municipalities and nonprofit organizations (NPOs) for a three-year period.

Using *Pepper* for programming classes and addressing social issues

School Challenge

School Challenge is a program for students, designed to help develop their logical thinking and problem-solving capabilities as well as creativity in preparation for the introduction of programming as a compulsory school subject in 2020.

In April 2017, SBG loaned around 2,000 *Peppers* to 282 public elementary and junior high schools in 17 municipalities to assist a total of 91,000 students in learning programming skills.

Social Challenge

SBG is loaning *Peppers* to 28 NPOs, general incorporated associations, and others with a view to employing *Pepper* in addressing social issues such as disaster recovery support, support for people with disabilities, welfare for seniors, and regional revitalization.

Learning programming skills through School Challenge

Financial Section

Financial Strategy

Balancing investment for growth and improvement of the financial position

Yoshimitsu Goto
Senior executive corporate officer,
head of Finance Unit,
SoftBank Group Corp.

Review of fiscal 2016

Fiscal 2016 was a busy year for the SBG's Finance Division. From June through August 2016, the Company raised $16.8 billion, mainly by monetizing a portion of its Alibaba shares and selling its Supercell shares, then in September, it completed the acquisition of Arm for approximately ¥3.3 trillion. In conjunction with the Arm acquisition, SBG raised ¥1 trillion through a bridge loan to finance a part of the acquisition price and issued its first hybrid bonds with the aim of increasing its cash on hand. I believe these financing activities were possible due to SBG's credit standing, which has been bolstered by its track record of continued growth and full utilization of its various assets. As a result, the Company was able to move swiftly and capture emerging growth opportunities.

One of Japan's largest share buybacks

Another major topic in fiscal 2016 was our execution of one of the largest ever share buybacks for a Japanese company. Following a Board of Directors' resolution in February 2016, SBG repurchased ¥500 billion worth of its own shares by August 2016. Furthermore, SBG retired 100 million shares of treasury stock (8.3% of the number of issued shares) in October.

The Company considers its credit investors to be its most important stakeholders alongside equity investors. While shareholder returns are always one of the Company's foremost priorities as a stock corporation, such returns should be delivered consistently with the interests of credit investors and maintain the creditworthiness of the Company. Therefore, the share buyback was funded through the sale of certain assets so that we could satisfy both equity and credit investors.

Significance of the SoftBank Vision Fund from a finance perspective

The Company has aggressively undertaken strategic investments, but there is a limit to the debt leverage that the Company alone can take on for continuing to make large investments. To accelerate our strategic investments, the SoftBank Vision Fund ("SVF") was established. SVF manages capital contributed by SBG and global investors (all sharing the same vision) as limited partners and is operated by the Company's overseas subsidiary, which is a general partner. Investments of $100 million or more within SVF's investment strategy are to be made through SVF in principle. SVF is a completely independent organization from a credit

Financial Strategy

and finance perspective, and the funds procured by SVF (other than contributions from SBG) will have no recourse to the Company. Therefore, participating in strategic investments through SVF will have less impact on the Company's financial position than conducting such investment activities on its own.

SBG will invest up to $28 billion in SVF in phases over the next five years. To fund these investments, SBG will contribute a portion of its Arm shares as an in-kind contribution.*1 It will also consider various forms of debt financing, including instruments that are eligible for a certain degree of equity treatment from a credit rating perspective, such as hybrid bonds, along with monetization of certain investment assets. In addition, some of the Company's shareholdings are also intended to be sold to SVF.

The Finance Division will help SBG succeed in raising these funds to satisfy its contribution to SVF, while concurrently improving its consolidated financial position. The entire division is united behind this mission.

*1 The in-kind contribution will be approximately 24.99% of the total number of issued shares of Arm or its operating subsidiary, which satisfies $8.2 billion of SBG's total contribution.

Initiatives for improving the Company's financial position

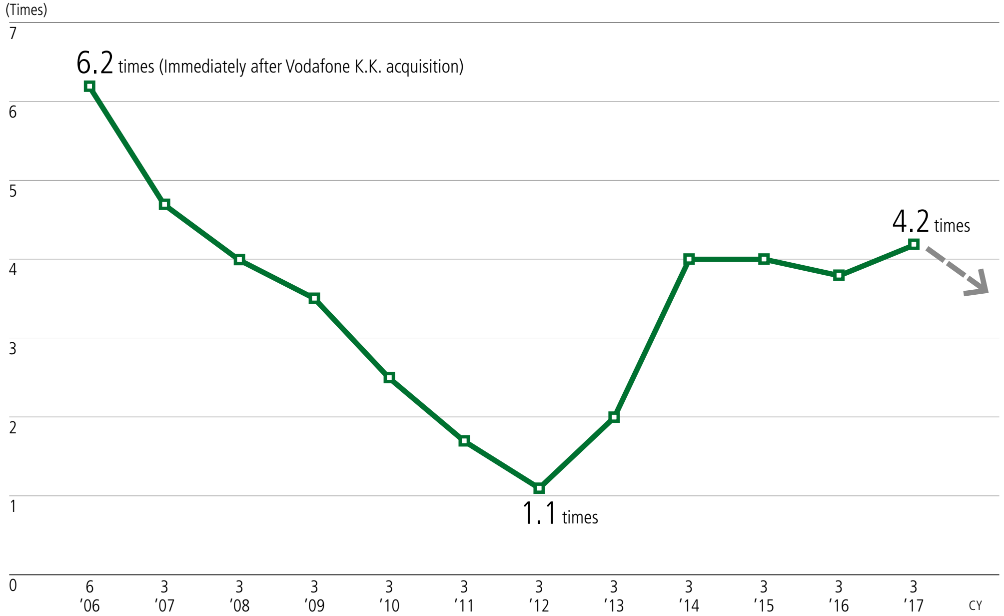
Following the acquisition of Arm, the Company's net leverage ratio (ratio of net interest-bearing debt to adjusted EBITDA) at the end of fiscal 2016 was 4.2 times,*2 having temporarily deteriorated by 0.4 of a point from the end of fiscal 2015. We will now work to bring the net leverage ratio back down, primarily by building up adjusted EBITDA over several years. Improving the Company's financial position will also increase the breadth of its fund procurement arrangements. This is an important theme for encouraging even more investors to consider investment opportunities in the Company.

*2 Calculated by treating 50% of the amount procured with hybrid bonds as equity. Arm's adjusted EBITDA has been annualized for the calculation.

Message to investors

SBG's Finance Division is committed to supporting rapid decision-making by management and contributing to maximization of the Company's enterprise value. Fiscal 2017 has witnessed the inauguration of SVF, and it will also prove to be the starting year of the SoftBank Group as a global enterprise. By providing solid support for this new beginning, the Finance Division will make every effort to ensure that the Company meets investors' expectations.

Net leverage ratio



Consolidated basis

Notes:
1. Net leverage ratio = net interest-bearing debt / adjusted EBITDA
2. Until fiscal 2011: JGAAP, including finance leases and preferred securities
3. Calculated by treating 50% of the amount procured with hybrid bonds as equity
4. Adjusted EBITDA for fiscal 2014 has been revised retrospectively due to GungHo becoming an equity method associate.
5. Adjusted EBITDA for fiscal 2016 is calculated by annualizing adjusted EBITDA of the Arm segment.

Management's Discussion and Analysis of Results of Operations and Financial Position

- **Operating income: ¥1.0 trillion (up 12.9% yoy) with Sprint turnaround**
- **Net income attributable to owners of the parent: ¥1.4 trillion (increased 3x yoy)**
- **Acquired Arm in September 2016**

Analysis of consolidated results of operations

Overall results for fiscal 2016

(Millions of yen)

	Fiscal year ended March 31			
	2016	2017	Change	Change %
Continuing operations				
Net sales	8,881,777	**8,901,004**	19,227	0.2 %
Operating income	908,907	**1,025,999**	117,092	12.9 %
Income before income tax	919,161	**712,526**	(206,635)	(22.5)%
Net income from continuing operations	496,484	**919,631**	423,147	85.2 %
Discontinued operations				
Net income from discontinued operations	61,757	**554,799**	493,042	–
Net income	558,241	**1,474,430**	916,189	164.1 %
Net income attributable to owners of the parent	474,172	**1,426,308**	952,136	200.8 %

Reference: Average exchange rates used for translation

(Yen)

	Fiscal 2015				Fiscal 2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	121.34	121.91	121.07	116.95	109.07	102.91	108.72	113.76

Note: Abbreviations for accounting periods used in Management's Discussion and Analysis of Results of Operations and Financial Position are as follows: "fiscal 2016" for the fiscal year ended March 31, 2017, "fiscal 2015" for the fiscal year ended March 31, 2016, and "fiscal 2017" for the fiscal year ending March 31, 2018.

(Continuing operations)

1. Net sales

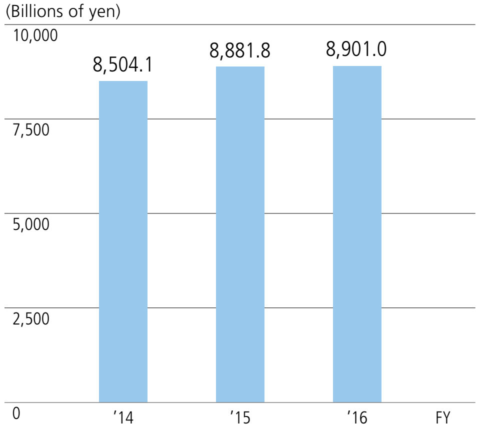
Net sales increased by ¥19,227 million (0.2%) year on year to ¥8,901,004 million. Net sales of the Domestic Telecommunications segment and the Yahoo Japan segment increased, and the Arm segment was newly added. Meanwhile, net sales of the Sprint segment and the Distribution segment decreased. Net sales of the Sprint segment increased in U.S. dollar terms but declined in yen terms due to the stronger yen.

2. Operating income

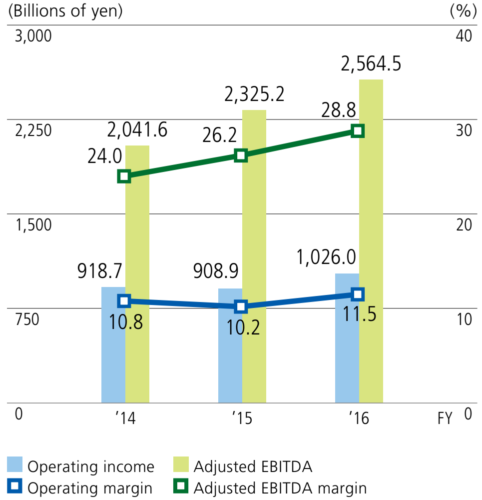
Operating income increased by ¥117,092 million (12.9%) year on year to ¥1,025,999 million. Segment income increased by ¥31,183 million in the Domestic Telecommunications segment and ¥124,938 million in the Sprint segment. The newly established Arm segment also added ¥12,919 million of segment income.

On the other hand, segment income declined by ¥32,968 million in the Yahoo Japan segment, reflecting the inclusion in fiscal 2015 of gain from remeasurement relating to business combination of ¥59,441 million for the consolidation of ASKUL Corporation. Segment loss in the Distribution segment deteriorated by ¥8,763 million to ¥10,047 million. This included ¥30,260 million of impairment loss for fiscal 2016 on goodwill of Brightstar.

Net sales



Operating income / Operating margin
Adjusted EBITDA / Adjusted EBITDA margin



3. Income before income tax

Income before income tax decreased by ¥206,635 million (22.5%) year on year to ¥712,526 million.

(a) Finance cost

Finance cost increased by ¥26,567 million (6.0%) year on year to ¥467,311 million, mainly due to an increase in interest expense at SBG.

(b) Income on equity method investments

Income on equity method investments decreased by ¥53,847 million (14.3%) year on year to ¥321,550 million. This was mainly due to a decline in income on equity method investments related to Alibaba.

Alibaba's IFRS-based adjusted net income for the twelve months ended December 31, 2016*[1] increased by CNY 4,692 million (7.6%) year on year to CNY 66,045 million. However, the Company's income on equity method investments in Alibaba declined by ¥50,491 million (13.3%) to ¥330,164 million due to the stronger yen and a decrease in the Company's interest ratio in Alibaba following the sale of a portion of Alibaba shares.

Reconciliations to IFRSs for the twelve months ended December 31, 2016 mainly reflect the amount of changes in the fair value of Alibaba's financial instruments at FVTPL (Fair Value Through Profit or Loss) as income and loss. Reconciliations to IFRSs for the same period of fiscal 2015 mainly incorporate the reversal of a gain on remeasurement of CNY 24,734 million included in net income on a U.S. GAAP basis. The gain had been recognized in association with loss of control of Alibaba Pictures Group Ltd.

*[1] The Company applies the equity method to the financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba, among others. However, the Company performs necessary adjustments for material transactions or events arising during the lag period and publicly announced by Alibaba.

(c) Gain on sales of equity method associates

Gain on sales of equity method associates was ¥238,103 million compared to a gain of ¥12,428 million in fiscal 2015. This was mainly due to the sale of a portion of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership.*[2]

*[2] Alibaba Partnership is not an associate of Alibaba.

(d) Derivative gain and loss

Derivative loss was ¥252,815 million compared to a gain of ¥12,788 million in fiscal 2015. This was mainly attributable to loss on valuation of derivatives of ¥232,729 million recorded in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

The collar transaction is measured at the end of each quarter based on fair value (primarily linked to the share price of Alibaba). The cumulative derivative gain and loss for the three years from the conclusion of the variable prepaid forward contract on June 10, 2016 until the settlement date will be a loss of $900 million, equal to the amount of derivative assets initially recognized.

(e) Gain and loss from financial instruments at FVTPL

Loss from financial instruments at FVTPL was ¥160,419 million compared to a gain of ¥114,377 million in fiscal 2015. This mainly resulted from recording a loss as the amount of changes in the fair value of the Company's financial instruments at FVTPL from the end of fiscal 2015 to the end of fiscal 2016. Financial instruments at FVTPL included preferred shares of Jasper Infotech Private Limited, which operates the e-commerce website *snapdeal.com* in India, and ANI Technologies Private Limited, which operates the taxi booking platform *Ola* also in India.

(f) Other non-operating income and loss

Other non-operating income was ¥7,419 million compared to a loss of ¥63,992 million in fiscal 2015. The primary components for fiscal 2016 were as follows:

(Millions of yen)

	Fiscal year ended March 31		Primary components
	2016	2017	
Dilution gain from changes in equity interest	14,903	77,540	· Gain from private placement of new shares by Alibaba
Foreign exchange gain and loss	(41,414)	53,336	· Gain from settlement and translation of foreign currency-denominated borrowings from a foreign subsidiary
Loss relating to loss of control	–	(79,278)	· Loss due to SOFTBANK GROUP CAPITAL APAC PTE. LTD. becoming an equity method associate as a result of a private placement of new shares
Impairment loss on assets classified as held for sale	–	(42,540)	· Loss due to a difference between the valuation of the 248,300,000 GungHo shares tendered by the Company, out of the 272,604,800 shares held, at the tender offer price of ¥294 per share and their carrying amount on a consolidated basis

4. Net income from continuing operations

Net income from continuing operations increased by ¥423,147 million (85.2%) year on year to ¥919,631 million.

(g) Income taxes

Income taxes of ¥207,105 million were credited (profit) for fiscal 2016 compared to an expense of ¥422,677 million in fiscal 2015. The credited income taxes mainly accompanied a transaction (the "Transaction") from June to August 2016 in which SBG's then wholly-owned subsidiary, SOFTBANK GROUP CAPITAL APAC PTE. LTD. ("APAC," currently Foxconn Ventures Pte. Ltd., a joint venture of Foxconn Technology Group of Taiwan and the Company), sold a portion of its Alibaba shares to SBG, SBG's wholly-owned subsidiary West Raptor Holdings, LLC ("WRH LLC"), and third parties. As a consequence of the Transaction, the tax basis of Alibaba shares exceeded its consolidated carrying amount on an accounting basis. The Company therefore reversed deferred tax liabilities of ¥382,604 million previously recorded for the temporary differences (between the consolidated carrying amount on an accounting basis and a tax basis) in the investment in Alibaba. Also, because the Company plans to sell these shares in 2019, the Company recognized deferred tax assets of ¥179,373 million for the temporary difference between the carrying amount on an accounting basis and a tax basis of the Alibaba shares sold to WRH LLC.

For the nine-month period ended December 31, 2016, SBG had recognized deferred tax liabilities of ¥913,012 million on its expected taxable income for the next fiscal year (April 1, 2017 to March 31, 2018) out of the Transaction. SBG had also recorded deferred tax assets of ¥60,451 million, as it was deemed probable that, in conjunction with the Transaction, taxable profit would be available against which carryforwards and deductible temporary differences could be utilized. However, because ownership of APAC's outstanding shares was below 50% on March 31, 2017 and taxable profit was not expected at SBG for the next fiscal year, SBG did not recognize any deferred tax liabilities relating to the Transaction for the fiscal year ended March 2017. In addition, SBG did not recognize any deferred tax assets for the fiscal year ended March 2017, as it was deemed probable that taxable profit would not be available against which carryforwards and deductible temporary differences could be utilized.

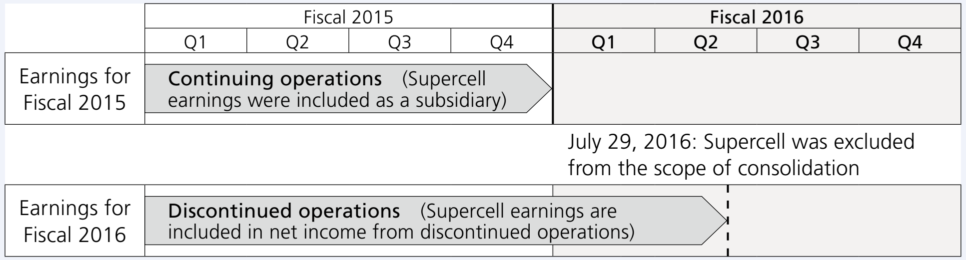
(Discontinued operations)

5. Net income from discontinued operations

Net income from discontinued operations was ¥554,799 million compared to ¥61,757 million in fiscal 2015. This was due to Supercell's income after income tax of ¥28,246 million recorded for the period from April 1 to July 29, 2016, as well as after-tax gain on the sale of Supercell shares of ¥526,553 million, which was not recorded in fiscal 2015.

In detail (1) Results of Supercell

The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations, separately from continuing operations. Net income of Supercell for fiscal 2015 has been revised retrospectively and presented under discontinued operations. Supercell ceased to qualify as the Company's subsidiary and was therefore excluded from the scope of consolidation on July 29, 2016 when the shares were transferred.



6. Net income and net income attributable to owners of the parent

Net income amounted to ¥1,474,430 million, an increase of ¥916,189 million (164.1%) year on year.

After deducting net income attributable to non-controlling interests such as Yahoo Japan and Sprint from net income, net income attributable to owners of the parent increased by ¥952,136 million (200.8%) year on year to ¥1,426,308 million.

7. Comprehensive income

Comprehensive income increased by ¥1,174,309 million year on year to ¥1,433,901 million. Of this, comprehensive income attributable to owners of the parent increased by ¥1,190,094 million year on year to ¥1,385,958 million.

In detail (2) Effective income tax rate and loss carryforwards

Effective income tax rate for continuing operations

	Fiscal 2015		Fiscal 2016	
	Tax rate	Amount (Millions of yen)	Tax rate	Amount (Millions of yen)
Income before income tax		919,161		712,526
Statutory income tax rate	33.1 %	303,918	31.7 %	225,799
(Main factors of difference)				
- Impact from intragroup sale of shares of associates	–	–	(76.3)%	(543,411)
- Impact from reassessment of the recoverability of deferred tax assets	17.4 %	159,571	15.9 %	113,109
- Effect from profit or loss that is excluded from taxable gain or loss	2.2 %	20,096	(7.5)%	(53,284)
- Loss associated with loss of control of subsidiaries	–	–	3.1 %	22,195
- Difference in tax rate applied to subsidiaries	(2.2)%	(20,044)	1.1 %	8,163
- Gain from remeasurement relating to business combination	(2.1)%	(19,651)	(0.8)%	(5,757)
- Impairment loss on goodwill	–	–	1.3 %	9,589
- Others	(2.4)%	(21,213)	2.2 %	16,492
Effective income tax rate	46.0 %	422,677	(29.1)%	(207,105)

Loss carryforwards (as of March 31, 2017)

(Millions of yen)

Company	Deferred tax assets	Valuation allowance	Deferred tax assets on the balance sheet
Sprint	764,234	(764,234)	–
SBG	32,546	(32,546)	–
Others	60,274	(52,157)	8,117
Total	857,054	(848,937)	8,117

Outline of each segment (as of March 31, 2017)

	Segments	Main businesses	Core companies	Number of employees
Reportable segments	Domestic Telecommunications	• Provision of mobile communications services in Japan • Sale of mobile devices in Japan • Provision of broadband services to retail customers in Japan • Provision of telecom services to corporate customers in Japan, such as data communications and fixed-line telephone services	SoftBank Corp. Wireless City Planning Inc.	17,899
Reportable segments	Sprint	• Provision of mobile communications services in the U.S. • Sale and lease of mobile devices and sale of accessories in the U.S. • Provision of fixed-line telecommunications services in the U.S.	Sprint Corporation	24,845
Reportable segments	Yahoo Japan	• Internet advertising • E-commerce business • Membership services	Yahoo Japan Corporation ASKUL Corporation	11,013
Reportable segments	Distribution	• Distribution of mobile devices overseas • Sale of PC software, peripherals, and mobile device accessories in Japan	Brightstar Corp. SoftBank Commerce & Service Corp.	7,019
Reportable segments	Arm	• Design of microprocessor intellectual property and related technology • Sale of software tools	Arm Holdings plc	4,748
Other		• Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.	2,611
			Total*3	68,402

*3 Includes 267 employees who engage in Company-wide common operations, such as in SBG.

Reportable segment analysis

Segment financial data

SBG and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

(Millions of yen)	FY2015	FY2016	FY2015 Q1	FY2015 Q2	FY2015 Q3	FY2015 Q4	FY2016 Q1	FY2016 Q2	FY2016 Q3	FY2016 Q4
Reportable segments										
Domestic Telecommunications segment										
Net sales	3,144,650	3,193,791	722,570	785,498	833,922	802,660	761,763	792,803	846,104	793,121
Segment income	688,389	719,572	215,049	210,911	172,358	90,071	239,013	226,920	185,551	68,088
Segment margin (%)	21.9	22.5	29.8	26.9	20.7	11.2	31.4	28.6	21.9	8.6
Depreciation and amortization	474,948	489,458	107,798	110,911	113,157	143,082	112,266	113,139	117,800	146,253
Other adjustments	–	–	–	–	–	–	–	–	–	–
Adjusted EBITDA	1,163,337	1,209,030	322,847	321,822	285,515	233,153	351,279	340,059	303,351	214,341
Adjusted EBITDA margin (%)	37.0	37.9	44.7	41.0	34.2	29.0	46.1	42.9	35.9	27.0
Capital expenditure (acceptance basis)	412,580	320,579	72,664	88,519	89,950	161,447	50,752	55,438	76,366	138,023
Sprint segment										
Net sales	3,871,647	3,623,375	973,994	972,184	981,564	943,905	873,923	848,614	929,472	971,366
Segment income (loss)	61,485	186,423	69,588	11,797	(21,897)	1,997	45,368	59,197	40,621	41,237
Segment margin (%)	1.6	5.1	7.1	1.2	–	0.2	5.2	7.0	4.4	4.2
Depreciation and amortization	842,110	885,845	190,278	207,901	223,975	219,956	214,049	206,002	225,435	240,359
Other adjustments	79,668	7,371	(694)	29,908	33,955	16,499	12,277	(19,969)	4,743	10,320
Adjusted EBITDA	983,263	1,079,639	259,172	249,606	236,033	238,452	271,694	245,230	270,799	291,916
Adjusted EBITDA margin (%)	25.4	29.8	26.6	25.7	24.0	25.3	31.1	28.9	29.1	30.1
Capital expenditure (acceptance basis)	622,366	477,694	160,367	165,421	194,848	101,730	79,200	78,715	145,185	174,594
Yahoo Japan segment										
Net sales	652,031	853,458	110,455	138,313	195,956	207,307	204,233	205,264	221,303	222,658
Segment income	222,787	189,819	48,852	102,043	42,783	29,109	50,308	49,063	51,173	39,275
Segment margin (%)	34.2	22.2	44.2	73.8	21.8	14.0	24.6	23.9	23.1	17.6
Depreciation and amortization	32,695	38,973	5,646	7,287	9,077	10,685	9,167	9,987	9,477	10,342
Gain from remeasurement relating to business combination	(59,441)	(19)	–	(59,441)	–	–	–	(19)	–	–
Other adjustments	–	10,736	–	–	–	–	–	–	–	10,736
Adjusted EBITDA	196,041	239,509	54,498	49,889	51,860	39,794	59,475	59,031	60,650	60,353
Adjusted EBITDA margin (%)	30.1	28.1	49.3	36.1	26.5	19.2	29.1	28.8	27.4	27.1
Capital expenditure (acceptance basis)	52,186	64,727	7,196	16,921	9,904	18,165	12,078	18,421	18,595	15,633

Notes 1. Segment income = (net sales – operating expenses (cost of sales + selling, general and administrative expenses) ± gain (loss) from remeasurement relating in each segment to business combination ± other operating income (loss)) in each segment
2. Adjusted EBITDA in each segment = (segment income (loss) + depreciation and amortization ± gain (loss) from remeasurement relating to business combination ± other adjustments) in each segment

Segment financial data

SBG and its subsidiaries Fiscal years beginning April 1 and ended March 31 of the following year

(Millions of yen)	FY2015	FY2016	FY2015 Q1	FY2015 Q2	FY2015 Q3	FY2015 Q4	FY2016 Q1	FY2016 Q2	FY2016 Q3	FY2016 Q4
Reportable segments										
Distribution segment										
Net sales	1,420,416	1,295,374	303,743	362,985	383,260	370,428	315,499	310,857	313,230	355,788
Segment income (loss)	(1,284)	(10,047)	411	3,726	(5,449)	28	6,680	7,625	4,803	(29,155)
Segment margin (%)	–	–	0.1	1.0	–	0.0	2.1	2.5	1.5	–
Depreciation and amortization	10,268	7,237	2,406	3,385	2,590	1,887	1,789	1,768	1,780	1,900
Other adjustments	16,466	30,260	–	–	13,633	2,833	–	–	–	30,260
Adjusted EBITDA	25,450	27,450	2,817	7,111	10,774	4,748	8,469	9,393	6,583	3,005
Adjusted EBITDA margin (%)	1.8	2.1	0.9	2.0	2.8	1.3	2.7	3.0	2.1	0.8
Capital expenditure (acceptance basis)	9,158	6,522	1,896	2,086	2,354	2,822	1,148	1,474	1,877	2,023
Arm segment*										
Net sales	–	112,902	–	–	–	–	–	14,356	54,499	44,047
Segment income (loss)	–	12,919	–	–	–	–	–	(5,123)	15,045	2,997
Segment margin (%)	–	11.4	–	–	–	–	–	–	27.6	6.8
Depreciation and amortization	–	32,523	–	–	–	–	–	4,476	13,723	14,324
Gain from remeasurement relating to business combination	–	(18,168)	–	–	–	–	–	(18,168)	–	–
Other adjustments	–	25,780	–	–	–	–	–	25,466	314	–
Adjusted EBITDA	–	53,054	–	–	–	–	–	6,651	29,082	17,321
Adjusted EBITDA margin (%)	–	47.0	–	–	–	–	–	46.3	53.4	39.3
Capital expenditure (acceptance basis)	–	5,042	–	–	–	–	–	760	1,828	2,454
Consolidated										
Net sales	8,881,777	8,901,004	2,066,518	2,214,680	2,322,637	2,277,942	2,126,521	2,145,313	2,309,632	2,319,538
Operating income	908,907	1,025,999	318,557	313,360	172,775	104,215	319,236	328,127	281,965	96,671
Operating margin (%)	10.2	11.5	15.4	14.1	7.4	4.6	15.0	15.3	12.2	4.2
Depreciation and amortization	1,373,467	1,465,609	310,393	332,312	351,569	379,193	340,009	338,215	371,275	416,110
Gain from remeasurement relating to business combination	(59,441)	(18,187)	–	(59,441)	–	–	–	(18,187)	–	–
Other adjustments	102,220	91,046	(694)	35,994	47,588	19,332	19,105	6,776	5,233	59,932
Adjusted EBITDA	2,325,153	2,564,467	628,256	622,225	571,932	502,740	678,350	654,931	658,473	572,713
Adjusted EBITDA margin (%)	26.2	28.8	30.4	28.1	24.6	22.1	31.9	30.5	28.5	24.7
Capital expenditure (acceptance basis)	1,110,474	923,592	243,062	275,232	303,755	288,425	149,029	162,498	247,168	364,897

*In the Arm segment, the earnings reflect the results of Arm's operations since September 6, 2016.

Notes 1. Segment income = (net sales – operating expenses (cost of sales + selling, general and administrative expenses) ± gain (loss) from remeasurement relating in each segment to business combination ± other operating income (loss)) in each segment
2. Adjusted EBITDA in each segment = (segment income (loss) + depreciation and amortization ± gain (loss) from remeasurement relating to business combination ± other adjustments) in each segment

Domestic Telecommunications segment Principal operational data

	Units	FY2015	FY2016	FY2015 Q1	FY2015 Q2	FY2015 Q3	FY2015 Q4	FY2016 Q1	FY2016 Q2	FY2016 Q3	FY2016 Q4
Mobile communications service											
Main subscribers											
Cumulative subscribers	Thousands	32,038	32,400	31,570	31,611	31,686	32,038	32,149	32,301	32,230	32,400
Net additions	Thousands	488	362	21	41	74	352	112	151	(70)	169
Total ARPU	Yen	4,700	4,500	4,660	4,720	4,720	4,680	4,610	4,570	4,530	4,310
Telecom ARPU	Yen	4,150	3,950	4,140	4,190	4,170	4,110	4,050	4,020	3,980	3,760
Service ARPU	Yen	540	550	520	540	560	560	560	560	560	550
Churn rate	%	1.35	1.24	1.24	1.28	1.41	1.49	1.13	1.06	1.25	1.53
Phone	%	1.16	0.89	1.07	1.11	1.21	1.26	0.85	0.78	0.89	1.04
Units sold	Thousands	10,662	11,079	2,198	2,470	3,015	2,979	2,353	2,551	2,939	3,236
New subscriptions	Thousands	5,441	4,928	1,169	1,212	1,356	1,703	1,154	1,123	1,072	1,579
Device upgrades	Thousands	5,222	6,151	1,029	1,258	1,659	1,276	1,199	1,428	1,867	1,657
Cumulative applications for the *Home Bundle Discount Hikari Set*											
Mobile communications service	Thousands	2,969	6,030	639	1,315	2,085	2,969	3,702	4,419	5,149	6,030
Broadband service	Thousands	1,438	2,904	326	660	1,038	1,438	1,790	2,158	2,527	2,904
Overall mobile communications											
Cumulative subscribers	Thousands	43,584	42,666	44,417	44,117	43,748	43,584	43,207	43,056	42,826	42,666
Main subscribers	Thousands	32,038	32,400	31,570	31,611	31,686	32,038	32,149	32,301	32,230	32,400
Communication modules	Thousands	7,548	6,910	8,317	8,149	7,891	7,548	7,215	7,045	7,037	6,910
PHS	Thousands	3,998	3,356	4,530	4,356	4,171	3,998	3,842	3,710	3,559	3,356
Broadband service											
Subscribers											
Cumulative subscribers	Thousands	5,079	6,145	4,452	4,602	4,847	5,079	5,345	5,600	5,860	6,145
SoftBank Hikari	Thousands	1,717	3,592	341	715	1,218	1,717	2,243	2,699	3,141	3,592
Yahoo! BB hikari with FLET'S	Thousands	2,008	1,385	2,610	2,435	2,225	2,008	1,797	1,641	1,505	1,385
Yahoo! BB ADSL	Thousands	1,354	1,168	1,501	1,452	1,404	1,354	1,305	1,261	1,213	1,168
ARPU											
SoftBank Hikari	Yen	4,930	4,900	4,270	4,980	5,060	4,940	4,960	4,960	4,910	4,810
Yahoo! BB hikari with FLET'S	Yen	1,840	1,810	1,830	1,860	1,830	1,820	1,810	1,810	1,810	1,800
Yahoo! BB ADSL	Yen	2,640	2,510	2,680	2,660	2,630	2,590	2,560	2,530	2,490	2,450

Notes
1. For details on definitions and calculation methods of principal operational data, please refer to the Glossary on page 184.
2. Main subscribers: smartphones, feature phones, tablets, mobile data communications devices and others
3. Phone: Smartphones and feature phones within main subscribers; includes voice SIM subscriptions.
4. Communication modules: communication modules, *Mimamori Phone*, prepaid mobile phones and others (Communication modules that use PHS networks are included under PHS)
5. *Home Bundle Discount Hikari Set*: a discount on the communication charges of mobile communications services to customers subscribing to bundled packages combining mobile communications services
6. ARPU: Average Revenue Per User per month
7. Telecom ARPU is calculated by dividing data-related revenue, basic monthly charges, and voice-related revenues by the number of active subscribers.
8. Service ARPU is calculated by dividing device warranty service revenue, advertising revenue, content-related revenues, etc., by the number of active subscribers.

Sprint segment Principal operational data

				FY2015				FY2016			
	Units	FY2015	**FY2016**	Q1	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Cumulative subscribers											
Sprint total	Thousands	58,806	**59,702**	57,668	58,578	58,359	58,806	**59,453**	**60,193**	**59,515**	**59,702**
Sprint platform	Thousands	58,806	**59,702**	56,812	57,868	58,359	58,806	**59,453**	**60,193**	**59,515**	**59,702**
Postpaid	Thousands	30,951	**31,576**	30,016	30,394	30,895	30,951	**30,945**	**31,289**	**31,694**	**31,576**
Phone	Thousands	25,316	**26,079**	24,866	24,928	25,294	25,316	**25,322**	**25,669**	**26,037**	**26,079**
Prepaid	Thousands	14,397	**11,992**	15,340	15,152	14,661	14,397	**13,974**	**13,547**	**11,812**	**11,992**
Wholesale and affiliate	Thousands	13,458	**16,134**	11,456	12,322	12,803	13,458	**14,534**	**15,357**	**16,009**	**16,134**
Clearwire	Thousands	–	**–**	856	710	–	–	**–**	**–**	**–**	**–**
Sprint platform											
Net additions	Thousands	2,669	**1,881**	675	1,056	491	447	**377**	**740**	**577**	**187**
Postpaid	Thousands	1,245	**811**	310	378	501	56	**180**	**344**	**405**	**(118)**
Phone	Thousands	438	**930**	(12)	62	366	22	**173**	**347**	**368**	**42**
Prepaid	Thousands	(1,309)	**(1,079)**	(366)	(188)	(491)	(264)	**(331)**	**(427)**	**(501)**	**180**
Wholesale and affiliate	Thousands	2,733	**2,149**	731	866	481	655	**528**	**823**	**673**	**125**
Postpaid phone ABPU	$	–	**–**	69.91	70.62	70.99	71.53	**72.17**	**71.69**	**71.77**	**68.66**
ARPU											
Postpaid	$	–	**–**	55.48	53.99	52.48	51.68	**51.54**	**50.54**	**49.70**	**47.34**
Prepaid	$	–	**–**	27.81	27.66	27.44	27.72	**27.34**	**27.31**	**27.61**	**30.08**
Churn rate											
Postpaid	%	–	**–**	1.56	1.54	1.62	1.72	**1.56**	**1.52**	**1.67**	**1.75**
Phone	%	–	**–**	1.49	1.49	1.53	1.56	**1.39**	**1.37**	**1.57**	**1.58**
Prepaid	%	–	**–**	5.08	5.06	5.82	5.65	**5.55**	**5.63**	**5.80**	**4.99**

Notes
1. For details on definitions and calculation methods of principal operational data, please refer to the Glossary on page 185.
2. Cumulative subscribers and net additions include the number of communication module service subscribers.
3. Phones: smartphones and feature phones
4. ABPU: Average Billings Per User per month (rounded to the nearest $.01)
5. ARPU: Average Revenue Per User per month (rounded to the nearest $.01)
6. Net additions exclude the impact of the following two factors:
   (1) Sprint's affiliate company acquired a wholesale telecom network provider to Sprint in May 2016. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. This resulted in an increase of 270 thousand in the cumulative number of subscribers on the Sprint platform. Furthermore, certain existing subscribers were reclassified.
   (2) Each of Sprint's prepaid brands had an active period for the line of between 60 and 150 days from the date of initial activation or replenishment. On December 31, 2016, Sprint unified the active period for the line as 60 days for all prepaid brands. As a result, 1,234,000 prepaid subscriptions and 21,000 affiliate subscriptions were cancelled. The number of these cancellations is excluded from calculation of the churn rate.

Arm segment Principal operational data

Licensing

			FY2015				FY2016			
	FY2015	FY2016	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Processor licenses signed	182	113	54	38	51	39	25	20	43	25
Breakdown by processor family										
Classic (*Arm7*, *Arm9*, *Arm11*)	6	8	1	1	2	2	2	1	3	2
Cortex-A	46	21	16	10	12	8	6	2	7	6
Cortex-R	19	9	8	2	4	5	2	4	3	0
Cortex-M	86	60	20	19	25	22	13	10	22	15
Mali	25	15	9	6	8	2	2	3	8	2
Cumulative number of licenses signed	1,361	1,442	1,280	1,302	1,348	1,361	1,379	1,396	1,428	1,442
Breakdown by processor family										
Classic (*Arm7*, *Arm9*, *Arm11*)	502	500	529	516	517	502	502	503	498	500
Cortex-A	270	290	248	257	265	270	274	275	282	290
Cortex-R	69	78	59	61	65	69	71	75	78	78
Cortex-M	381	425	320	338	363	381	391	400	419	425
Mali	139	149	124	130	138	139	141	143	151	149
Companies signing licenses	104	94	31	26	27	27	23	18	34	25
Existing	52	49	19	12	17	11	14	12	16	13
New	52	45	12	14	10	16	9	6	18	12

Note: Cumulative number of licenses signed includes extant licenses that are expected to generate royalties.

Royality units

				CY2015				CY2016			
	Units	CY2015	CY2016	Jan - Mar	Apr - Jun	July - Sep	Oct - Dec	Jan - Mar	Apr - Jun	July - Sep	Oct - Dec
Royalty units as reported by licensee	Billions	151	177	34	36	40	41	36	40	49	51
Breakdown by processor family											
Classic (*Arm7*, *Arm9*, *Arm11*)		33%	23%	36%	33%	32%	32%	26%	24%	23%	19%
Cortex-A		17%	19%	17%	17%	18%	18%	19%	19%	16%	22%
Cortex-R		7%	7%	7%	7%	6%	6%	7%	7%	9%	7%
Cortex-M		43%	51%	40%	43%	44%	44%	48%	50%	52%	52%

Employees

			FY2015				FY2016			
	FY2015	FY2016	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total number of employees	4,064	4,852	3,524	3,852	3,975	4,064	4,227	4,438	4,584	4,852
(incl.) Technical employees	3,262	3,960	2,765	3,048	3,136	3,262	3,409	3,602	3,736	3,960
Geographical breakdown										
U.K.	1,609	1,937	1,466	1,529	1,577	1,609	1,695	1,770	1,853	1,937
Rest of Europe	654	829	506	613	628	654	684	723	742	829
U.S.	935	1,080	776	854	905	935	957	991	1,020	1,080
Asia	325	422	287	315	324	325	354	388	397	422
India	541	584	489	541	541	541	537	566	572	584

Notes 1. Number of employees at Arm includes temporary employees.
2. Technical employees: employees who work on the research, creation, maintenance, deployment and support of technology products and services of Arm

Domestic Telecommunications segment

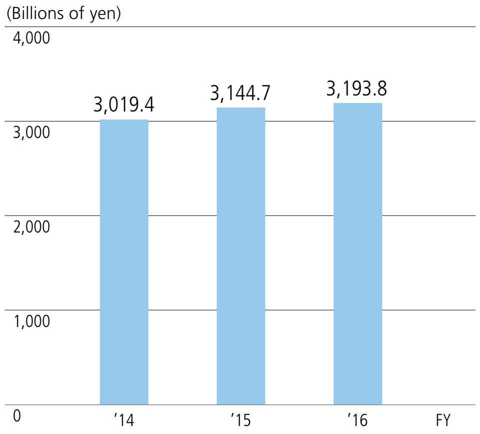
1. Increase in net sales and income (net sales: up 1.6% yoy; segment income: up 4.5% yoy)
2. Brisk yoy growth in smartphone and *SoftBank Hikari* fiber-optic service subscribers
3. Free cash flow increased 39.7% yoy to ¥561.8 billion
   Projecting the same level for fiscal 2017, even with CAPEX increase

Overview

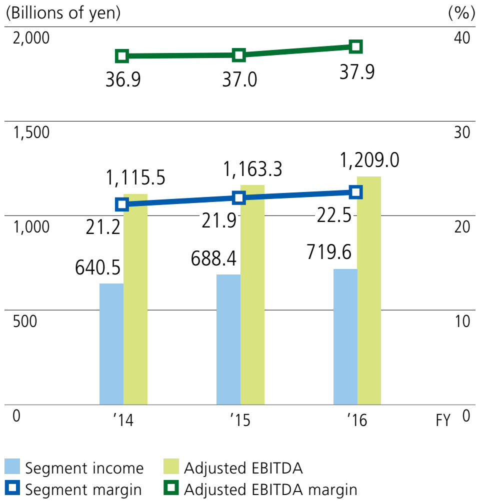
The Company aims to generate stable free cash flow from the domestic telecommunications business, even as Japan's telecommunications market approaches maturity. To achieve this goal, the Company is making efforts to expand the number of smartphone subscribers while streamlining its capital investment.

Specifically, the Company is focusing on promoting the *Home Bundle Discount Hikari Set*, which offers a discount on the communication charges of mobile communications services to customers subscribing to both mobile and broadband services such as *SoftBank Hikari*, as a means of acquiring and retaining smartphone subscribers. Furthermore, as the low-cost smartphone market expands, the Company is also aggressively promoting expansion of the mobile communications service sub-brand *Y!mobile*. The Company is also strengthening a tie-up between its mobile communications business and Yahoo Japan Corporation, especially in e-commerce, aiming to encourage these smartphone subscribers to make even greater use of services provided by Yahoo Japan.

Net sales



Segment income / Segment margin
Adjusted EBITDA / Adjusted EBITDA margin



Financial results

Breakdown of net sales

(Millions of yen)

	Fiscal 2015	Fiscal 2016	Change	Change %
Telecom service revenue	2,405,047	**2,423,105**	18,058	0.8%
Mobile communications	1,953,363	**1,886,640**	(66,723)	(3.4)%
Telecom*1	1,731,989	**1,657,629**	(74,360)	(4.3)%
Service*2	221,374	**229,011**	7,637	3.4%
Broadband	177,009	**268,954**	91,945	51.9%
Fixed-line telecommunications	274,675	**267,511**	(7,164)	(2.6)%
Product and other sales	739,603	**770,686**	31,083	4.2%
Total net sales	3,144,650	**3,193,791**	49,141	1.6%

*1 Telecom revenue of mobile communications services, etc., under the *SoftBank* and *Y!mobile* brands
*2 Device warranty service revenue, content-related revenues, advertising revenues, etc.

Net sales increased by ¥49,141 million (1.6%) year on year to ¥3,193,791 million. Of this, telecom service revenue increased by ¥18,058 million (0.8%) to ¥2,423,105 million and product and other sales increased by ¥31,083 million (4.2%) to ¥770,686 million.

Telecom service revenue increased due to an increase in broadband revenue of ¥91,945 million (51.9%) which accompanied subscriber growth for the *SoftBank Hikari* fiber-optic service. On the other hand, mobile communications revenue decreased by ¥66,723 million (3.4%) year on year to ¥1,886,640 million, mainly due to an increase in the total amount of discounts (negative impact on revenue) associated with growth in the cumulative number of applications of the *Home Bundle Discount Hikari Set*. Decreases in mobile data communications devices and PHS subscribers also caused the revenue decrease.

Product and other sales increased mainly due to an increase in revenue of customer-premises equipment for broadband services and *Y!mobile* smartphones.

Segment income increased by ¥31,183 million (4.5%) year on year to ¥719,572 million. This was due to operating expenses (cost of sales and selling, general and administrative expenses) increasing by a mere ¥17,958 million (0.7%) year on year for an increase in net sales. The main fluctuations in operating expenses were as follows:

Component	YoY change (Millions of yen; %)	Main factors for the change
Cost of products	10,776 1.8%	· Increase in the number of smartphone shipments
Sales commission fees	(65,991) (16.1)%	· Decrease in average cost of sales commission fees for smartphones · Revised sales promotions for phones
Telecommunications network charges	32,450 14.8%	· Increase in fiber-optic connection charges for *SoftBank Hikari*
Sales promotion expenses and advertising expenses	26,787 19.1%	· Focused efforts on expanding sales of *SoftBank Hikari* and *Y!mobile* smartphones · Enhanced measures for phone customers (*SUPER FRIDAY*,*3 awarded points to long-term users and awarded additional points to users of Yahoo Japan e-commerce services)
Depreciation and amortization	14,510 3.1%	

*3 A promotion awarding free coupons for fast food to *SoftBank* smartphone subscribers

Adjusted EBITDA increased by ¥45,693 million (3.9%) year on year to ¥1,209,030 million.

Free cash flow increased by ¥159,622 million (39.7%) year on year to ¥561,816 million. This was due to a decline in expenditure for acquisition of telecommunications equipment and an increase in adjusted EBITDA. The Company projects free cash flow for fiscal 2017 to be around the same level, even with an increase in capital expenditure.

Operations

Mobile communications service

FYE 2016

Subscribers (main subscribers)

Cumulative subscribers 32,400 thousand (+ 362 yoy)

Cumulative subscribers increased from the end of fiscal 2015 as smartphones and tablets marked net additions while feature phones and mobile data communications devices marked net losses. In smartphones, the number of *Y!mobile* subscribers grew briskly. Mobile data communication devices saw a decline in demand due to the introduction of *Data Flat-rate (20 GB)* and *Data Flat-rate (30 GB)* (collectively known as *Giga Monster*) for smartphones in September 2016.

FY 2016

Number of units sold (main subscribers)

Number of units sold	11,079 thousand (+ 417 yoy)
New subscriptions	4,928 thousand (- 513 yoy)
Device upgrades	6,151 thousand (+ 930 yoy)

The number of units sold for mobile devices of main subscribers increased year on year, mainly due to increases in the number of units sold for smartphones. In new subscriptions, the number of units sold for *Y!mobile* smartphones increased, while that of mobile data communications devices declined for the reason described above. In device upgrades, both *SoftBank* and *Y!mobile* smartphones saw brisk numbers of units sold.

ARPU (main subscribers)

Total ARPU	¥4,500 (- ¥200 yoy)
Telecom ARPU	¥3,950 (- ¥200 yoy)
Service ARPU	¥550 (+ ¥10 yoy)

Total ARPU declined year on year, mainly due to a dilutive impact of an increase in the compositional ratio of *Y!mobile* smartphones, which have a relatively low service charge. Further penetration of the *Home Bundle Discount Hikari Set* to the subscriber base also lowered ARPU by increasing the discount amount on telecom ARPU. These impacts were partially offset by an increase in the compositional ratio of smartphone subscribers.

Churn rate (main subscribers)

Churn rate 1.24% (-0.11 pp yoy)

Phone*4 0.89% (-0.27 pp yoy)

The overall churn rate improved year on year, largely due to improvement in the phone*4 churn rate. This improvement is attributable to fewer subscribers switching to other operators under the Mobile Number Portability (MNP) system and the expansion of the *Home Bundle Discount Hikari Set*. Separately, the mobile data communications device churn rate deteriorated due to an increase in the number of customers who reached the end of their two-year contracts, and a decline in demand for such devices due to the introduction of *Giga Monster* for smartphones.

*4 Smartphones and feature phones within main subscribers; includes voice SIM subscriptions.

Broadband service

FYE 2016

Cumulative subscribers	6,145 thousand (+ 1,066 yoy)
SoftBank Hikari	3,592 thousand (+ 1,875 yoy)
Yahoo! BB hikari with FLET'S	1,385 thousand (- 623 yoy)
Yahoo! BB ADSL	1,168 thousand (- 186 yoy)

The number of broadband service subscribers increased during fiscal 2016, led by *SoftBank Hikari*. The number of *SoftBank Hikari* subscribers successfully increased due to focused efforts to expand sales of the *Home Bundle Discount Hikari Set* and an aggressive campaign to encourage users to switch over from other telecom carriers' fiber-optic services.

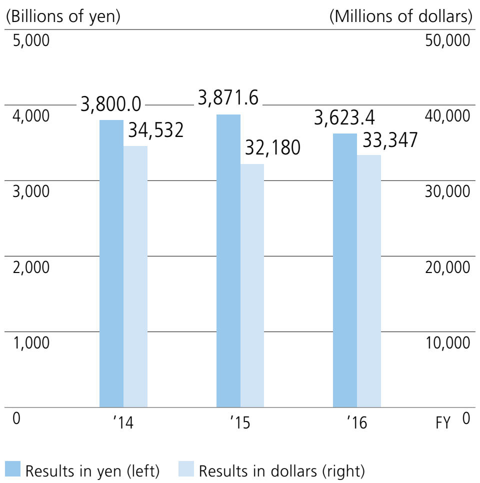
Sprint segment

1. Dollar-based net sales and income grew (net sales: up 3.6% yoy, segment income: increased 3.4× yoy)
2. Postpaid phone net additions were 930,000 (more than doubled yoy)
3. Adjusted free cash flow turned positive

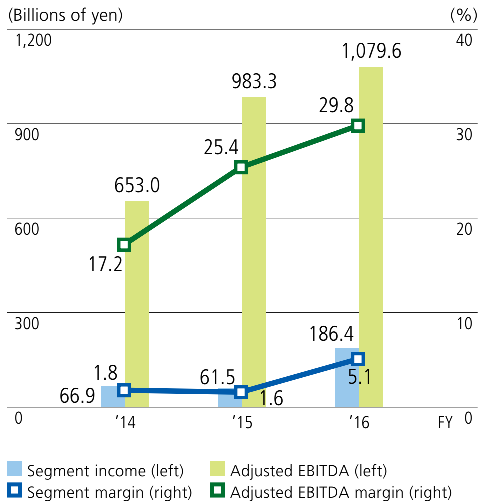
Overview

Sprint continued its effort to return to a growth trajectory by increasing net sales together with promoting large-scale cost reductions. With regard to net sales, Sprint continued its effort to enlarge the number of postpaid phone subscribers, which are the largest source of revenue and profit, and managed to achieve their annual positive net additions for a second consecutive year. In cost reductions, Sprint achieved significant reductions, mainly in network-related expenses, by increasing its operational efficiency.

Net sales



Segment income / Segment margin
Adjusted EBITDA / Adjusted EBITDA margin



Reference: U.S. dollar-based results (IFRSs)

(Millions of dollars)

	FY2014	FY2015	FY2016
Segment income	643	506	1,728
Adjusted EBITDA	5,960	8,172	9,931

Financial results

Results in dollars

Net sales increased by $1,167 million (3.6%) year on year to $33,347 million with an increase in device revenues more than offsetting a decrease in telecom service revenue. Telecom service revenue declined despite postpaid net additions, due to penetration of lower rate plans offered in conjunction with device financing and a decrease in prepaid subscribers. Device revenue increased due to increases in the number of handsets sold under device financing programs.

Segment income increased by $1,222 million (241.5%) year on year to $1,728 million. This was due to operating expenses (cost of sales and selling, general and administrative expenses) increasing by a mere ¥382 million (1.2%) year on year for an increase in net sales, and other operating loss improving by $437 million year on year. The main fluctuations in operating expenses were as follows:

Component	YoY change (Millions of dollars; %)	Main factors for the change
Depreciation and amortization	1,146 16.4%	· Increase in leased devices
Cost of products	1,273 21.6%	· Increase in the number of devices sold under the installment sales program
Others (networks, customer care and advertising, etc.)	(2,037) (11.4)%	· Progress in cost reduction

Adjusted EBITDA increased by $1,759 million (21.5%) year on year to $9,931 million.

Adjusted free cash flow turned to a positive $607 million (disclosed by Sprint). Expenditure for acquisition of telecommunications equipment declined and adjusted EBITDA increased as described above.

Results in yen

Stronger yen caused comparatively lower results in yen terms. Net sales decreased by ¥248,272 million (6.4%) year on year to ¥3,623,375 million, segment income increased by ¥124,938 million (203.2%) year on year to ¥186,423 million, and adjusted EBITDA increased by ¥96,376 million (9.8%) year on year to ¥1,079,639 million.

Operations

FYE 2016

Cumulative subscribers (Sprint platform)	59,702 thousand (+ 1,881 yoy)
Postpaid	31,576 thousand (+ 811 yoy)
Phone	26,079 thousand (+ 930 yoy)
Prepaid	11,992 thousand (- 1,079 yoy)
Wholesale and affiliate	16,134 thousand (+ 2,149 yoy)

(Year-on-year changes exclude special factors*5)

Postpaid phone net additions for fiscal 2016 more than doubled year on year to 930 thousand. The net additions for fiscal 2016 were due to an increase in new acquisitions led by an improved value proposition, including the promotion of unlimited data plans. Prepaid subscribers marked net losses due to intensified competition.

FY2016 / Q4

Net additions (losses) (Sprint platform)	187 thousand (- 260 yoy)
Postpaid	(118) thousand (- 174 yoy)
Phone	42 thousand (+ 20 yoy)
Prepaid	180 thousand (+ 444 yoy)
Wholesale and affiliate	125 thousand (- 530 yoy)

(Excluding special factors*5)

In the fourth quarter of fiscal 2016, overall postpaid subscribers decreased due to a continuing decline in tablets. However, postpaid phone subscribers continued to mark net additions due to brisk subscriber acquisitions. Prepaid subscribers marked net additions for the first time in eight quarters.

*5 Special factors are detailed below.
Factor 1: Sprint's affiliate company acquired a wholesale telecom network provider to Sprint in May 2016. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. This resulted in an increase of 270 thousand in the cumulative number of subscribers on the Sprint platform. Furthermore, certain existing subscribers were reclassified.
Factor 2: Each of Sprint's prepaid brands had an active period for the line of between 60 and 150 days from the date of initial activation or replenishment. On December 31, 2016, Sprint unified the active period for the line as 60 days for all prepaid brands. As a result, 1,234 thousand prepaid subscriptions and 21 thousand affiliate subscriptions were cancelled.

Churn rate (Sprint platform: postpaid)

Postpaid phone churn rate	1.58% (+0.02 pp yoy)
Postpaid churn rate	1.75% (+0.03 pp yoy)

The postpaid phone churn rate for the fourth quarter of fiscal 2016 remained largely unchanged year on year. Network improvements offset the impact of intensified competition following the introduction of unlimited data plans by other operators.

ABPU (Sprint platform: postpaid phone)

Postpaid phone ABPU	$68.66 (- $2.87 yoy)
ARPU	$54.10 (- $5.35 yoy)
Average equipment billings per user	$14.56 (+ $2.48 yoy)

Postpaid phone ABPU for the fourth quarter of fiscal 2016 was relatively flat year on year, normalizing for a change in the device insurance program starting from January 2017, which had a dilutive impact of approximately $2.50.

Initiatives to reduce interest expenses

During fiscal 2016, Sprint introduced initiatives to reduce future interest expenses while continuing to diversify its funding sources. Sprint procured funds at lower interest rates while redeeming bonds with higher interest rates upon maturity. Sprint procured $3.5 billion using part of its spectrum assets in October 2016 and procured a loan of $4 billion in February 2017. Both of these financing transactions were executed at interest rates approximately half of Sprint's current effective interest rate.

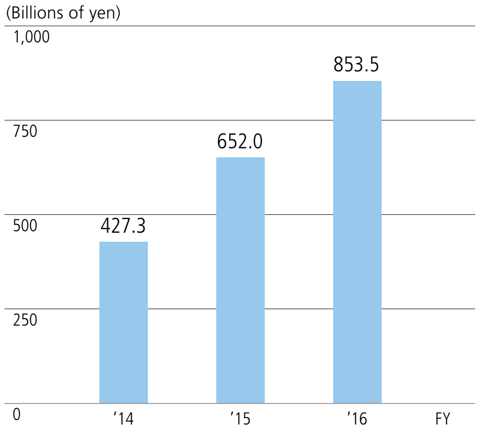
Sprint's liquidity*[6] as of the end of fiscal 2016 was $10.9 billion, up $5.2 billion from the end of fiscal 2015. A vendor finance facility of $1.2 billion is also available for the purchase of 2.5 GHz network equipment.

*[6] Cash, cash equivalents short-term investments, undrawn borrowing capacity under the revolving bank credit facility and securitization of receivables, among others

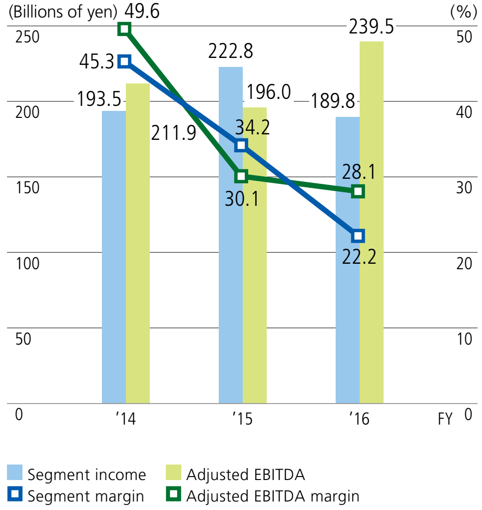
More information about Sprint, its U.S. GAAP-based financial results and business operations is available on Sprint's website

Yahoo Japan segment

Net sales

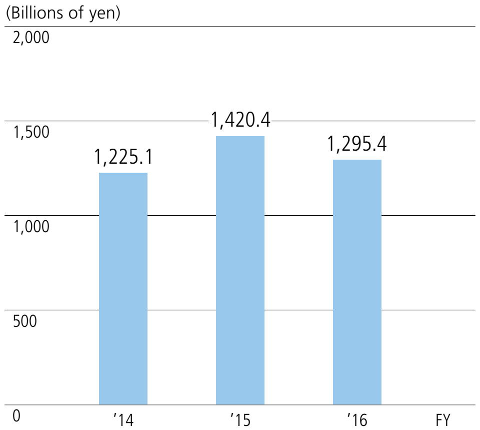


Segment income / Segment margin Adjusted EBITDA / Adjusted EBITDA margin

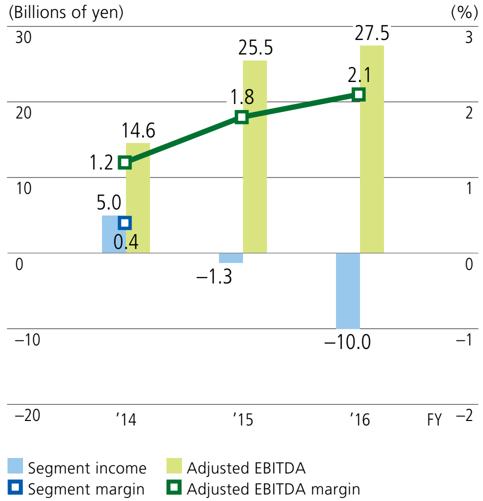


Distribution segment

Net sales



Segment income / Segment margin Adjusted EBITDA / Adjusted EBITDA margin



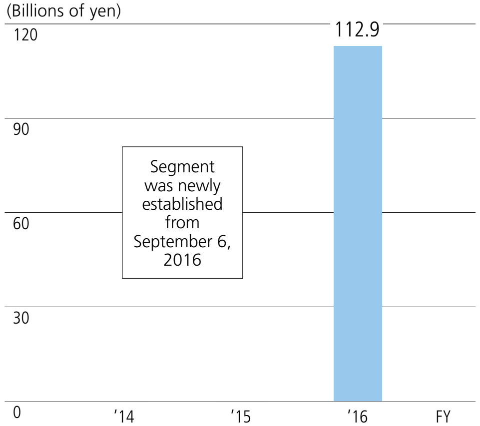
Arm segment

Overview

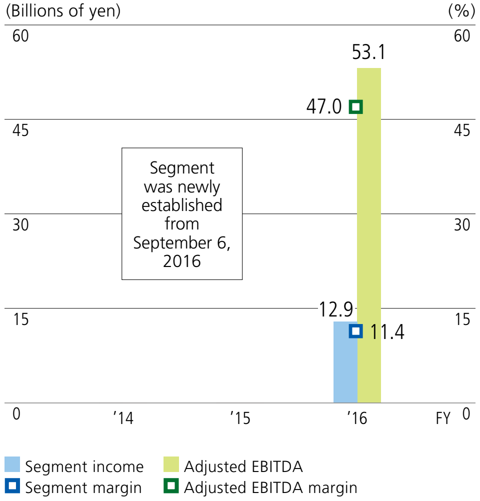
Arm was consolidated into the Company on September 5, 2016, and now forms the Arm segment. Arm's operations are primarily the licensing of semiconductor intellectual property (IP) including the designs of energy-efficient microprocessors and associated technologies. In addition, Arm sells software tools used to enhance the cost-effectiveness and security of products that utilize chips containing Arm technology. Arm also provides support, maintenance and training services. Arm designs technology that is suitable for a wide range of different chips that can be deployed into markets such as smartphones, digital TVs, smart cards, microcontrollers, automotive electronics, enterprise networking equipment, and servers. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things.

Net sales are comprised of (i) licenses to Arm technology, (ii) royalties arising from the resulting sale of licensees' products based on Arm technology, and (iii) revenues from the sale of software tools.

Net sales



Segment income / Segment margin
Adjusted EBITDA / Adjusted EBITDA margin



Financial results

In the Arm segment, earnings reflect the results of Arm's operations since September 6, 2016.

Net sales totaled ¥112,902 million.

Segment income was ¥12,919 million. Segment income is obtained by deducting operating expenses (cost of sales and selling, general and administrative expenses) and adding or deducting gain from remeasurement relating to business combination and other operating income and loss from net sales. Operating expenses include ¥29,379 million of amortization expenses recorded since the acquisition date for intangible assets recognized at the purchase price allocation for the Arm acquisition. The Company also recorded ¥18,168 million of gain from remeasurement relating to business combination as a result of reevaluation at fair value of the equity interest of 1.4% in Arm that the Company already held on the acquisition date. Costs of ¥25,780 million associated with the Company's acquisition of Arm were also recorded as other operating loss.

Adjusted EBITDA was ¥53,054 million.

Reference: Net sales in dollars

Net sales in this section are presented in dollar terms as Arm's revenue is primarily dollar-based.

(Millions of dollars)

	(Pro forma)	Post acquisition		
	July 1 to September 30, 2016	September 6 to 30, 2016	October 1 to December 31, 2016	January 1 to March 31, 2017
Technology licensing	89	38	229	122
Technology royalties	240	82	248	258
Software and services	24	20	31	29
Total net sales	353	140	508	409

Notes
1. Pro forma data includes the period before the acquisition of control by the Company (September 5, 2016). It is unaudited and provided for information only.
2. Following the Company's acquisition of Arm, Arm has changed its accounting policy for the recognition of royalty revenues. Since the change, Arm accrues royalty revenue in the same quarter the chips are shipped by Arm's licensees, based on estimates. Pro forma revenue above is presented for royalty revenue recorded prior to acquisition by the Company based on the accounting policy after the change.

In detail (3) Purchase price allocation for the Arm acquisition

Subsequent to the acquisition of Arm, the consideration was allocated to the following acquired assets and assumed liabilities based on their fair value on the acquisition date of September 5, 2016 (the "purchase price allocation"). Of the intangible assets, assets with definite useful lives have been retroactively amortized from the acquisition date.

The purchase price allocation may be revised within one year of the acquisition date.

	Fair value on acquisition date (September 5, 2016)		Amortization period	Amortization method	Amortization from acquisition date to FYE 2016
	(Millions of pounds sterling)	(Millions of yen)	(Years)		(Millions of yen)
Consideration transferred	24,372	3,367,004			
Acquired assets and assumed liabilities					
Technologies	3,892	537,680	8-20	Straight line	22,301
Customer relationships	1,076	148,649	13	Straight line	6,647
Trademarks	43	5,940	8	Straight line	431
Other assets and liabilities (net)	172	23,824			
Goodwill	19,189	2,650,911			
Total	24,372	3,367,004			

Operations

Licensing

Licenses signed (FY2016/Q4): 25

Cumulative number of licenses signed (FYE 2016): 1,442

Note: Cumulative number of licenses signed includes extant licenses that are expected to generate royalties.

During the fourth quarter of fiscal 2016, Arm signed 25 processor licenses, reflecting the ongoing demand for Arm's latest technology. Of the customers signing licenses, 11 were new customers purchasing their very first Arm processor license. Most of these new customers are developing new products and services for the Internet of Things and this demonstrates how Arm's technology is becoming a platform in this new market.

Royalty units

Royalty units (Oct. 1 to Dec. 31, 2016): 5.1 billion (up approx. 24% yoy)

Breakdown by processor family

Classic (*Arm7*, *Arm9*, *Arm11*)	19%
Cortex-A	22%
Cortex-R	7%
Cortex-M	52%

The following analyses are based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended December 31, 2016 as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analyses are based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates, as noted in "Financial results."

This section is prepared solely for reference purposes to facilitate understanding of Arm's operations and includes information prior to acquisition by the Company on September 5, 2016.

More information about Arm, its business and its technology is available on Arm's website

Overview of financial position

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change	Change %
Total assets	20,707,192	**24,634,212**	3,927,020	19.0%
Total liabilities	17,201,921	**20,164,482**	2,962,561	17.2%
Total equity	3,505,271	**4,469,730**	964,459	27.5%
Reference: Exchange rate at the fiscal year-end used for translation				
USD / JPY	112.68	**112.19**	(0.49)	(0.4)%
GBP / JPY	161.92	**140.08**	(21.84)	(13.5)%

(a) Current assets

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change
Cash and cash equivalents	2,569,607	**2,183,102**	(386,505)
Trade and other receivables	1,914,789	**2,121,619**	206,830
Other financial assets	152,858	**794,689**	641,831
Inventories	359,464	**341,344**	(18,120)
Other current assets	553,551	**283,221**	(270,330)
Total current assets	5,550,269	**5,723,975**	173,706

Primary components of the change

Component	Primary changes during fiscal 2016
Cash and cash equivalents	See "Overview of cash flows" for details of the change.
Other financial assets	Commercial paper for short-term investment and time deposits at Sprint increased. Also, time deposits and other financial assets of Arm were recorded in conjunction with its acquisition.
Other current assets	The Company received an entire refund of ¥293,489 million for withholding income tax that was recorded at the end of fiscal 2015 in relation to dividends within the group companies.

(b) Non-current assets

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change
Property, plant and equipment	4,183,507	**3,977,254**	(206,253)
(incl.) *Sprint*	2,055,371	**1,926,072**	(129,299)
Goodwill	1,609,789	**4,175,464**	2,565,675
(incl.) *Arm*	–	**2,691,818**	2,691,818
Intangible assets	6,439,145	**6,946,639**	507,494
FCC licenses*7	4,060,750	**4,100,651**	39,901
Technologies	–	**522,894**	522,894
Customer relationships	439,800	**448,806**	9,006
(incl.) *Sprint*	324,269	**209,838**	(114,431)
(incl.) *Arm*	–	**144,496**	144,496
Trademarks	760,703	**760,563**	(140)
Software	782,148	**722,934**	(59,214)
Game titles	59,844	**–**	(59,844)
Others	335,900	**390,791**	54,891
Investments accounted for using the equity method	1,588,270	**1,670,799**	82,529
Other financial assets	970,874	**1,552,267**	581,393
Deferred tax assets	172,864	**404,994**	232,130
Other non-current assets	192,474	**182,820**	(9,654)
Total non-current assets	15,156,923	**18,910,237**	3,753,314

*7 Licenses issued by the U.S. Federal Communications Commission for use of specified spectrum

Primary components of the change

Component	Primary changes during fiscal 2016
Property, plant and equipment	Network equipment of Sprint and SoftBank Corp. decreased due to depreciation exceeding the amount of newly acquired assets.
Goodwill	Goodwill for Arm on the acquisition date was recognized.
Intangible assets	· Arm's intangible assets (technologies, customer relationships, and trademarks) on the acquisition date were recognized. · Game titles decreased to a balance of zero due to the sale of all shares of Supercell.
Other financial assets	The Company made additional investments into existing investees and newly acquired investment securities.

(c) Current liabilities

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change
Interest-bearing debt	2,646,609	**2,694,093**	47,484
SBG	1,051,782	**1,139,734**	87,952
Short-term borrowings	227,050	**505,802**	278,752
Current portion of long-term borrowings	313,853	**433,983**	120,130
Current portion of corporate bonds	468,877	**119,947**	(348,930)
Others	42,002	**80,002**	38,000
Sprint	676,948	**536,897**	(140,051)
Short-term borrowings	148,465	**–**	(148,465)
Current portion of long-term borrowings	82,032	**307,178**	225,146
Current portion of corporate bonds	431,808	**219,365**	(212,443)
Others	14,643	**10,354**	(4,289)
Others	917,879	**1,017,462**	99,583
Short-term borrowings	139,893	**161,862**	21,969
Current portion of long-term borrowings	347,340	**387,349**	40,009
Lease obligations	389,109	**431,522**	42,413
Others	41,537	**36,729**	(4,808)
Trade and other payables	1,621,195	**1,607,453**	(13,742)
Other financial liabilities	6,531	**13,701**	7,170
Income taxes payables	140,351	**256,218**	115,867
Provisions	56,120	**56,362**	242
Other current liabilities	694,965	**599,096**	(95,869)
Total current liabilities	5,165,771	**5,226,923**	61,152

Primary components of the change

Component	Primary changes during fiscal 2016
Interest-bearing debt	SBG: Short-term borrowings increased through financing to enhance cash on hand. Current portion of long-term borrowings also increased, mainly due to transfers from non-current liabilities as the repayment became due within one year. Meanwhile, the current portion of corporate bonds decreased due to redemptions upon maturity. Sprint: Current portion of long-term borrowings increased due to financing using network equipment, part of spectrum assets, and leased mobile devices. Meanwhile, the current portion of corporate bonds decreased due to redemptions upon maturity, and the balance of short-term borrowings was reduced to zero due to repayment.

(d) Non-current liabilities

(Millions of yen)

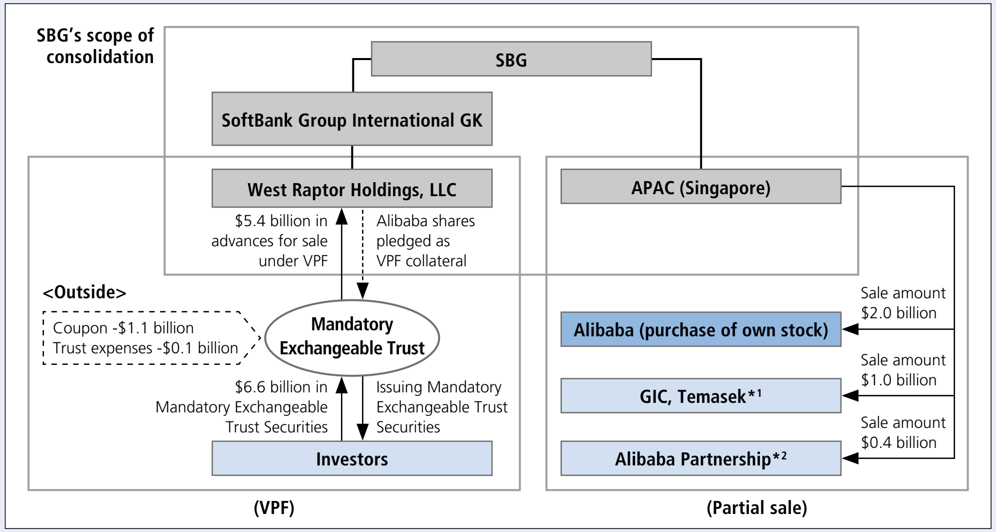
Item	March 31, 2016	March 31, 2017	Change
Interest-bearing debt	9,275,822	**12,164,277**	2,888,455
SBG	4,995,621	**6,378,194**	1,382,573
Long-term borrowings	1,572,011	**2,133,705**	561,694
Corporate bonds	3,423,609	**4,244,488**	820,879
Others	1	**1**	0
Sprint	3,297,900	**4,024,390**	726,490
Long-term borrowings	80,082	**1,044,116**	964,034
Corporate bonds	3,188,238	**2,954,300**	(233,938)
Others	29,580	**25,974**	(3,606)
Others	982,301	**1,761,693**	779,392
Long-term borrowings	133,407	**199,804**	66,397
Financial liabilities relating to sale of shares by variable prepaid forward contract	–	**715,448**	715,448
Lease obligations	787,831	**787,124**	(707)
Others	61,063	**59,317**	(1,746)
Other financial liabilities	95,664	**287,229**	191,565
Defined benefit liabilities	123,759	**108,172**	(15,587)
Provisions	118,876	**138,730**	19,854
Deferred tax liabilities	2,083,164	**1,941,380**	(141,784)
Other non-current liabilities	338,865	**297,771**	(41,094)
Total non-current liabilities	12,036,150	**14,937,559**	2,901,409

Primary components of the change

Component	Primary changes during fiscal 2016
Interest-bearing debt	SBG: Long-term borrowings increased due to a borrowing of ¥1 trillion made as a part of financing to acquire Arm. Corporate bonds increased, mainly due to issuance of corporate bonds and hybrid bonds totaling ¥971,000 million. Sprint: Long-term borrowings increased due to a term loan of $4 billion executed in February 2017 and spectrum financing, as well as securitization of installment sales receivables and telecommunications service receivables. Corporate bonds decreased due to reclassification to current liabilities of bonds with maturities of less than one year. Others: Financial liabilities relating to sale of shares by variable prepaid forward contract were recognized based on a sale of Alibaba shares. Based on the same transaction, derivative liabilities of ¥143,935 million were also recorded in other financial liabilities.

In detail (4) Partial monetization of Alibaba shares

Overview of the variable prepaid forward contract (VPF) and partial sale (As of the transactions in June 2016)



*1 GIC: a wholly-owned subsidiary of GIC Private Limited; Temasek: a wholly-owned subsidiary of Temasek Holdings Private Limited
*2 Alibaba Partnership is not an associate of Alibaba.

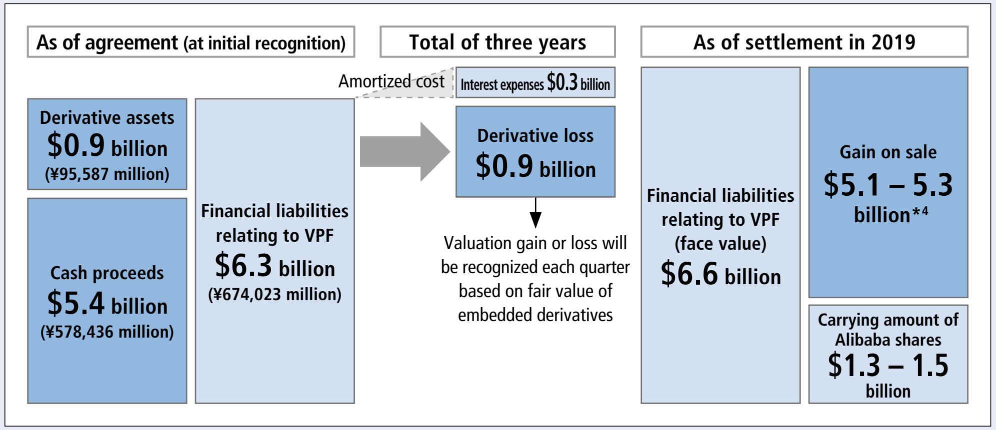
Overview of the VPF

On June 10, 2016, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract ("VPF") to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust (the "Trust"), and received proceeds of ¥578,436 million ($5.4 billion) as advances for sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities"), which are mandatorily exchangeable into American depositary shares ("ADSs") of Alibaba.

The proceeds from the sale received by WRH LLC from the Trust were $5.4 billion after deducting the amounts for U.S. Treasury securities to be purchased by the Trust to fund distributions on the Trust Securities and for the expenses to issue Trust Securities from the total amount of Trust Securities issuance of $6.6 billion.

Impact of VPF for sale of Alibaba shares on consolidated financial statements



*4 The number of Alibaba shares used to be settled varies between 73 million and 86 million depending on share price in three years' time. The carrying amount of Alibaba shares and gain on sale are provisionally calculated using the consolidated carrying amount at March 31, 2016.

The settlement by Alibaba shares based on the VPF is conducted concurrently with the exchange of Trust Securities. At the exchange date, which is expected to be the first scheduled trading day after June 1, 2019, Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the VPF is determined by this number of ADSs. A cap and a floor are set for the number of shares settled and the VPF is classified as a hybrid financial instrument with embedded derivatives of a collar transaction.

The Company accounts for the VPF by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets.

Subsequent to initial recognition, financial liabilities relating to sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥715,448 million is recognized as financial liabilities relating to sale of shares by variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥143,935 million is recognized as derivative liabilities in other financial liabilities (non-current liabilities) in the consolidated statements of financial position as of March 31, 2017. ¥232,729 million is recognized as a derivative loss in the consolidated statements of income for fiscal 2016. The cumulative derivative income and loss for the three years, from the conclusion of the variable prepaid forward contract on June 10, 2016 until the settlement date, would be a loss of $0.9 billion and this equals the amount of derivative assets initially recognized.

(e) Equity

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change
Total equity attributable to owners of the parent	2,613,613	**3,586,352**	972,739
Non-controlling interests	891,658	**883,378**	(8,280)
Total equity	3,505,271	**4,469,730**	964,459
Ratio of equity attributable to owners of the parent to total assets	12.6%	**14.6%**	2.0 pp

Equity attributable to owners of the parent

(Millions of yen)

Item	March 31, 2016	March 31, 2017	Change
Common stock	238,772	**238,772**	–
Capital surplus	261,234	**245,706**	(15,528)
Retained earnings	2,166,623	**2,958,355**	791,732
Treasury stock	(314,752)	**(67,727)**	247,025
Accumulated other comprehensive income	261,736	**211,246**	(50,490)
Available-for-sale financial assets	32,594	**11,983**	(20,611)
Cash flow hedges	(40,088)	**(44,877)**	(4,789)
Exchange differences on translating foreign operations	269,230	**244,140**	(25,090)
Total equity attributable to owners of the parent	2,613,613	**3,586,352**	972,739

Primary components of the change

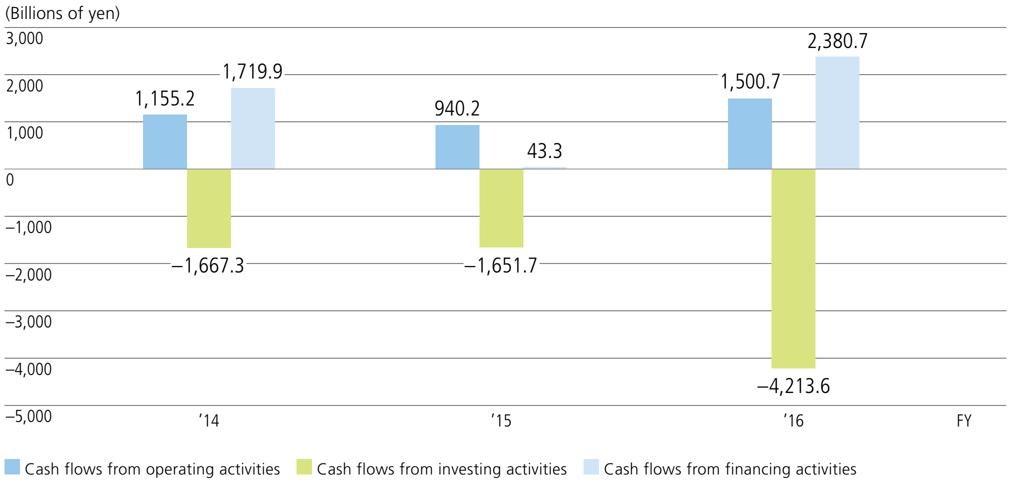
Component	Primary changes during fiscal 2016
Retained earnings	The Company recorded net income attributable to owners of the parent of ¥1,426,308 million. However, retirement of 100 million shares of treasury stock (8.33% of the total number of issued shares before the retirement) in October 2016 resulted in a deduction of ¥595,195 million in retained earnings.
Treasury stock	The Company retired a part of treasury stock in October 2016, after repurchasing 58.07 million shares for ¥350,826 million during fiscal 2016. This repurchase concluded a buyback program of up to ¥500,000 million resolved by the Board of Directors on February 15, 2016, under which the Company had repurchased 27.07 million shares for ¥149,173 million during fiscal 2015.

Overview of cash flows

(a) Cash flows from operating activities

Net cash provided by operating activities increased by ¥560,542 million year on year. This was due to a decrease of ¥542,833 million in income taxes paid (net of refund). The Company received tax refunds of ¥611,119 million in fiscal 2015 and ¥293,480 million in fiscal 2016, for a total refund of ¥904,688 million on withholding income taxes of ¥904,688 million paid in relation to intragroup dividends in fiscal 2015. This resulted in a year-on-year decrease in income taxes paid (net of refund).

Cash flows



(b) Cash flows from investing activities

Primary components of fiscal 2016

Component	Primary details
Outlays for purchase of property, plant and equipment, and intangible assets ¥(923,502) million	Sprint acquired telecommunications network equipment and leased devices, and SoftBank Corp. acquired telecommunications equipment.
Payments for acquisition of investments ¥(688,916) million	The Company made additional investments in existing investees and newly acquired investment securities.
Proceeds from sales/redemption of investments ¥482,128 million	The Company sold Alibaba and GungHo shares.
Payment for acquisition of control over subsidiaries ¥(3,254,104) million	The Company acquired Arm.
Proceeds from loss of control over subsidiaries ¥723,544 million	This represents the sum of $7.2 billion received in July 2016 (first installment) and October 2016 (second installment) as part of a total of three installments to be received as the sale price for all shares of Supercell on July 29, 2016, minus the amount of cash and cash equivalents held by Supercell at the time of sale.
Payments for acquisition of marketable securities for short-term trading ¥(503,767) million Proceeds from sales/redemption of marketable securities for short-term trading ¥239,730 million Payments into time deposits ¥(638,914) million Proceeds from withdrawal of time deposits ¥283,419 million	These proceeds and payments are mainly associated with Sprint's short-term trading.

(c) Cash flows from financing activities

Primary components of fiscal 2016

Component	Primary details
Proceeds from short-term interest-bearing debt ¥360,216 million	SBG procured funds to increase its cash on hand.
Proceeds from long-term interest-bearing debt ¥4,792,530 million	
Proceeds from long-term borrowings ¥2,715,725 million	Sprint executed a term loan of $4 billion and procured funds using part of its spectrum portfolio and network equipment. SBG made a borrowing of ¥1 trillion to finance a portion of the consideration payable in the acquisition of Arm. SoftBank Corp. also made a borrowing through securitization of installment sales receivables.
Proceeds from issuance of corporate bonds ¥1,006,000 million	SBG issued straight corporate bonds and hybrid bonds.
Proceeds from sale and leaseback of newly acquired equipment ¥492,369 million	SoftBank Corp. conducted a sale and leaseback for a purchase of telecommunications equipment by finance lease.
Proceeds from advances received for sale of shares by variable prepaid forward contract ¥578,436 million	The Company received advances for sale after concluding a variable prepaid forward contract for the sale of Alibaba shares.
Repayment of long-term interest-bearing debt ¥(2,283,067) million	
Repayment of long-term borrowings ¥(920,315) million	SoftBank Corp. repaid borrowings made through securitization of installment sales receivable. Sprint and SBG also repaid borrowings.
Redemption of corporate bonds ¥(862,281) million	SBG and Sprint redeemed corporate bonds.
Repayment of lease obligations ¥(459,788) million	SBG repaid lease obligations for telecommunications equipment.
Payment for purchase of treasury stock ¥(350,857) million	

Forecasts for fiscal 2017

The Company does not give forecasts as they are difficult to project due to numerous uncertainties affecting earnings.

Fundamental policy for distribution of profit and dividend for fiscal 2016

SBG aims to maintain a good balance between aggressive investment for sustainable growth and shareholder returns, while maintaining a sound financial position. As part of its shareholder returns, SBG has a basic policy of paying two dividends from surplus each fiscal year as an interim dividend and a year-end dividend, pursuant to the Articles of Incorporation, which allow payment of an interim dividend subject to a resolution passed by the Board of Directors.

For fiscal 2016, SBG raised the year-end dividend to ¥22 per share (total cash dividend amount: ¥23,964 million), an increase of ¥1 from the year-end dividend for fiscal 2015. Together with the interim dividend of ¥22 per share paid in December 2016, this brought the annual dividend for fiscal 2016 to ¥44 per share (total cash dividend amount: ¥47,921 million), an increase of ¥3 year on year.

The increase reflects SBG's intention to maintain the total amount of the annual cash dividend for fiscal 2016 at the same level as fiscal 2015 even after a 5.0% year-on-year decrease in the total number of shares issued (excluding treasury stock) as of March 31, 2017. The decrease in the total number of shares issued was largely a result of SBG's share repurchase of 58.07 million shares for ¥350,826 million in fiscal 2016. The share repurchase was conducted pursuant to a resolution passed by the Board of Directors on February 15, 2016 regarding share repurchases of up to ¥500 billion, under which 27.07 million shares had already been acquired during fiscal 2015 for ¥149,173 million.

Risk factors

SBG and its subsidiaries and associates (collectively, the "Group") operate in a wide range of markets in Japan and overseas, and therefore face a variety of risks in its operations. The major risks envisaged by the Group as of June 21, 2017 that could significantly affect investors' investment decisions are outlined below. If any of these risks were to emerge, the securities issued by SBG, such as shares and corporate bonds, could fall in value or otherwise be impacted. Moreover, these risks do not include all of the risks that the Group could face in the course of carrying out its future business operations. Forward-looking statements were determined as of June 21, 2017, unless otherwise stated.

(1) Economic conditions

Demand for services and products provided by the Group (including but not limited to telecommunications services and Internet advertising) is subject to economic conditions, mainly in Japan, the U.S., and China. Therefore, deterioration of the business climate in each country and changes in the economic structure attendant on demographic changes, such as the aging and decline of the population in Japan, could impact the Group's results of operations.

(2) Foreign exchange rate fluctuations

In the preparation of SBG's consolidated financial statements, the local-currency based revenues and expenses of Sprint and other overseas group companies are converted into Japanese yen at the average exchange rate for each quarter, and their assets and liabilities are converted at the exchange rate on the last day of the quarter. Consequently, fluctuations in the foreign exchange rate could impact the Group's results of operations and financial position.

The Group invests in overseas companies. If the Group sells its foreign currency-denominated assets when the yen has changed significantly in value from the time of investment, it may incur foreign exchange losses, which could also impact the Group's results of operations.

(3) Management team

Unforeseen situations concerning key members of management—especially chairman & CEO of SBG and Group representative Masayoshi Son—could impede the Group's business development.

(4) Response to technology and business models

The Group's primary business domain is the information industry, which is subject to rapid changes in technology and business models. If for some reason, the Group is unable to develop or introduce outstanding, up-to-date technologies or business models, its service offerings will lose competitiveness in the markets, making it difficult to acquire and retain customers. This could impact the Group's results of operations.

(5) Competition

In certain instances, the Group's competitors, including but not limited to mobile communications operators and Mobile Virtual Network Operators (MVNOs), may have a competitive advantage over the Group in terms of capital, technology development capabilities, price competitiveness, customer base, sales capability, brands, or public recognition, for example. If these competitors were to sell services and products that harness these competitive advantages to a greater extent than at present, the Group may be placed at a disadvantage in sales competition, or may be unable to provide services and products, or acquire or retain customers as anticipated. This could impact the Group's results of operations.

Moreover, the Group's competitive edge may be diminished if the Group's competitors deploy equivalent or better services and products to those the Group had introduced ahead of its competitors or those which were highly competitive at the time of introduction by the Group. This could impact the Group's business development and results of operations.

(6) Capacity enhancement in telecommunications networks

To maintain and enhance the quality of telecommunications services, the Group must continuously increase the capacity of its telecommunications networks based on predictions of the amount of future network traffic. The Group thus plans to systematically increase network capacity. However, if the actual amount of network traffic were to drastically exceed the Group's predictions, or if the Group were not to carry out network capacity enhancement (including but not limited to securing the required spectrum), service quality could be adversely affected, making it difficult to acquire and retain customers. In this case, the Group would also need to execute additional capital expenditure. These outcomes could impact the Group's results of operations and financial position.

(7) Dependence on management resources of other companies

a. Use of facilities, etc., of other companies

The Group makes use of certain telecommunications lines and facilities owned by other operators when constructing the telecommunications networks required for providing telecommunications services. The Group's business development and results of operations could therefore be impacted if for some reason it became difficult to continue to use those facilities, or if utilization or connection rates for those facilities were to be increased.

b. Procurement of various equipment

The Group procures telecommunications equipment, network devices, and so forth (including but not limited to mobile devices and radio equipment for mobile phone base stations) from other companies. The Group may be unable to switch suppliers or equipment in a timely manner should problems occur with the procurement of equipment in a case where the Group relies heavily on a specific supplier. Such problems could include supply interruptions, delivery delays, order volume shortfalls, and defects. Suppliers may also cease providing the maintenance and inspection services required for telecommunications equipment to maintain performance. Either of these situations could impede the Group's provision of services, making it difficult to acquire and retain customers, or cause the Group to incur additional costs for changing a supplier, or cause a decline in sales of telecommunications equipment. This could impact the Group's results of operations.

c. Consignment of operations

The Group consigns sales activities, acquisition and retention of customers mainly for telecommunications services, and the execution of other related operations in whole or part to subcontractors. The Group's business development could therefore be impacted if for some reason these subcontractors are unable to execute operations in line with the Group's expectations.

The Group also has networks of subcontractors responsible for the sale of the Group's services and products. Damage to the credibility or image of these subcontractors would also have a negative impact on the Group's credibility or corporate image. This could hinder business development and the acquisition and retention of customers, which could impact the Group's results of operations. Furthermore, if these subcontractors should fail to comply with laws and regulations, the Group could receive a warning or administrative guidance from the regulatory authorities, or be investigated for non-fulfillment of its supervisory responsibility, and the Group's credibility or corporate image could deteriorate as a result, making it difficult to acquire and retain customers. These could impact the Group's results of operations.

d. Business alliances and joint ventures

The Group develops its business in Japan and overseas through business alliances, joint ventures and so forth with other companies. If these partner companies should have a significant change of business strategy or these business alliances or joint ventures experience a material deterioration in their results of operations or financial position, it is possible that anticipated results may not be obtained from the partnerships or that it may become difficult to continue the business alliances or joint ventures. In addition, it is also possible that execution of business alliances or joint ventures with a particular third party could preclude the execution of business alliances, joint ventures and so forth with other parties. Such events could impact the Group's business development and results of operations.

e. Use of *Yahoo!* brands

In Japan, the Group makes use of *Yahoo!* brands belonging to U.S. company Verizon Communications Inc.* in certain service names such as *Yahoo! JAPAN*, *Y!mobile*, *Yahoo! Keitai*, and *Yahoo! BB*. If the Group were to become unable to use these brands due to a drastic change in its relationship with Verizon Communications Inc. or other reasons, the Group may be prevented from developing businesses as anticipated.

*In conjunction with the acquisition of Yahoo! Inc.'s Internet business by Verizon Comunications Inc. in June 2017, *Yahoo!* brands were transferred to Verizon Comunications Inc.

(8) Renewable energy business

In renewable energy business, the amount of power generated could be lower than anticipated due to weather conditions such as sunlight and wind force. Moreover, if power generation facilities or facilities for connecting with power company transmission lines become faulty such as being damaged due to a natural disaster or other event, the amount of power generated and the amount of power sold could decline dramatically. These could impact the Group's results of operations.

(9) Information leaks

In its business operations, the Group handles customer information (including personal information) and other confidential information. This information could be leaked, lost, or involved in a similar incident, either intentionally or accidentally by the Group (including officers and employees of the Group and people related to subcontractors), or through a malicious cyber-attack by a third party or other means. Such an occurrence could damage the Group's competitiveness, and incur significant costs to the Group for payment of damages and modification of security systems, in addition to having an adverse impact on the Group's credibility or corporate image and making it difficult to acquire and retain customers. These outcomes could impact the Group's results of operations.

(10) Service disruptions or decline in quality due to human error and other factors

In its provision of various services, including telecommunications services, there is a possibility that a major problem could occur if the Group became unable to continuously provide the services, or suffered a decline in the quality of the services, due to human error, serious problems with equipment or systems, or other causes. If such disruptions or declines in quality were to become widespread and/or significant time were required to restore services, the Group's credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. This could impact the Group's results of operations.

(11) Natural disasters, accidents and other unpredictable events

The Group constructs and maintains telecommunications networks, information systems, and other systems necessary for the provision of various services, including Internet and telecommunications services. Natural disasters, such as earthquakes, typhoons, hurricanes, flooding, tsunamis, tornadoes, heavy rainfall, snowfall, or volcanic activity, other unexpected disruptions such as fires, power outages or shortages, or incidents such as terrorist attacks, cyber-attacks, unauthorized access or infection by computer viruses could interfere with the normal operation of telecommunications networks and information systems and others. This could hinder the provision of various services by the Group.

If these impacts were to become widespread and/or significant time were required to restore services, the Group's credibility or corporate image could deteriorate, making it difficult to acquire and retain customers. Moreover, significant costs may be incurred by the Group for recovery and repair of the telecommunications networks, information systems, and others. This could impact the Group's results of operations. In Japan, the head offices and business offices of various group companies are concentrated in the Tokyo metropolitan area. The possibility therefore exists that a major earthquake or other force majeure event in the area could incapacitate these business locations, impeding the continuity of the Group's business.

(12) Fund procurement and leasing

The Group procures the funds it requires for developing its business by borrowing from financial institutions, issuing corporate bonds, and other sources. The Group also executes capital expenditure utilizing leases. The cost of procuring funds could increase because of rising interest rates or a decline in the Group's creditworthiness stemming mainly from a downgrading of the credit ratings of SBG or its subsidiaries. Such an increase in fund procurement costs could impact the Group's results of operations. Furthermore, depending on the financial market conditions and the credit standings of SBG or its subsidiaries, the Group may be unable to procure funds or structure leases as planned. This could impact the Group's business development, results of operations, and financial position.

The Group may sell some of its assets or take other measures to secure resources for repaying the procured funds (excluding the debts non-recourse to SBG). This could impact the Group's results of operations and business development.

In addition, various covenants are attached to the Group's borrowings from financial institutions, corporate bonds, and other transactions. If the potential arises for any of these covenants to be breached and the Group is unable to take steps to avoid breaching them, the Group could forfeit the benefit of term relating to the obligation concerned, and in conjunction with this forfeit the Group could be requested to repay other borrowings in one lump sum as well. As a result, the Group's financial position could be impacted.

(13) Investment activities

The Group conducts investment activities for the purpose of setting up new businesses, and expanding existing businesses. Such activities include corporate acquisitions, establishment of joint ventures and subsidiaries, and acquisitions of interests in operating companies or holding companies (including companies that effectively control other companies through various contracts) and funds. For example, SBG acquired U.K. company Arm Holdings plc ("Arm") in September 2016. For major risks related to the business of Arm, see "(24) Arm Holdings plc." Furthermore, SBG makes investments in the SoftBank Vision Fund as a limited partner, which is managed by one of SBG's overseas subsidiaries as a general partner. For major risks related to investments in the fund, see "(14) SoftBank Vision Fund."

There is a risk that an investee, that is included in the Group's consolidated results, could underperform, thereby having a negative impact on the Group's results of operations and financial position. In addition, if an investee is unable to conduct its business as anticipated at the time of investment, SBG's results of operations and financial position could be impacted, due to write-downs on assets recognized in conjunction with the investment activities including goodwill, property, plant and equipment, intangible assets or financial assets such as shares. Also any decline in the value of assets that were obtained through these investment activities, including investment equities, could cause SBG to recognize a valuation loss which could have an attendant impact on SBG's results of operations and distributable amount in its non-consolidated financial statements.

For fiscal 2016, SBG recorded loss from financial instruments at FVTPL of ¥160,419 million in its consolidated financial statements. Financial instruments at FVTPL included preferred shares of Jasper Infotech Private Limited, who operates "snapdeal.com," an e-commerce site in India, and ANI Technologies Private Limited, who operates "Ola," a taxi booking platform also in India. Furthermore, SBG recognized loss on valuation of shares of subsidiaries and associates of ¥114,059 million as special loss in its non-consolidated financial statements for fiscal 2016. The loss represented impairments of SBG's investments in subsidiaries and associates, including STARFISH I PTE LTD, an intermediate holding company that owns preferred shares in Jasper Infotech Private Limited.

In addition, an investee may be facing internal control problems or may be conducting unlawful activities. If such issues cannot be corrected at an early stage after the investment, the Group's credibility and corporate image may be impaired, and there could be an impact on the Group's results of operations and financial position.

Moreover, if the Group is unable to secure sufficient human resources and other management resources for the start-up of new businesses and other projects, or to allocate sufficient management resources to the investees and the Group's existing businesses, it could impact the Group's results of operations and business development activities.

(14) SoftBank Vision Fund

The SoftBank Vision Fund ("SVF"), which was established overseas, started its operation in May 2017. SVF seeks to acquire minority and majority interests in both private and public companies, from emerging technology businesses to established, multi-billion dollar companies requiring substantial growth funding across a wide range of technology sectors, as long as the investments fall within SVF's investment strategy. Investments of $100 million or more within SVF's investment strategy are generally required to be carried out through SVF or its associated vehicles, with SBG making certain other investments, including (but not limited to) investments not meeting the $100 million threshold, strategic investments at the operating company level, and/or other investments that do not fall within SVF's investment strategy and criteria. An overseas subsidiary of SBG manages SVF as its general partner (the "General Partner"), and the General Partner will be advised by another overseas subsidiary in the U.K. following such entity's registration with the U.K. Financial Conduct Authority.

The investment decisions of SVF will be made by an investment committee expected to be established at the abovementioned subsidiary in the U.K. Furthermore, SBG invests in SVF as its limited partner. Committed capital to SVF totals $93.2 billion as of May 20, 2017, with the committed capital from SBG being $28 billion, including contribution of shares of Arm Holdings plc or its certain operating subsidiaries by in-kind contribution in satisfaction of approximately $8.2 billion. The final closing of SVF is expected to occur no later than six months following the abovementioned date.

If SVF does not realize the anticipated return on its investments, the SBG's overseas subsidiary may be unable to sufficiently obtain carried interest that would be anticipated when SVF's performance reaches or exceeds a certain level; moreover, SBG may be unable to realize the anticipated return on its investment into SVF as a limited partner.

SVF will be consolidated by SBG and therefore its operational results, assets and liabilities will be included in SBG's consolidated financial statements. The portfolio companies of SVF that SBG is deemed to control from an IFRSs perspective will be treated as subsidiaries of SBG and their results of operations, assets and liabilities will be included in SBG's consolidated financial statements and therefore could have a negative impact on the Group's results of operations and financial position. Investments that do not qualify as subsidiaries of SBG for consolidation purposes will be measured at fair value at each quarter-end in principle, with the changes to be recognized as net income or loss. A decline in the fair value of these investments could have a negative impact on the Group's results of operations and financial position.

In addition, any decline in the value of SVF following a decline in the value of its investment equity could cause SBG to recognize a valuation loss in association with SVF, which could have an attendant impact on SBG's results of operations and distributable amount in its non-consolidated financial statements.

(15) Support for subsidiaries and others

The Group occasionally provides subsidiaries and others with financial assistance through loans, guarantees, and other means, when it deems such assistance to be necessary. For example, if Sprint and Brightstar are unable to conduct business as anticipated at the time of the acquisition, unable to create sufficient synergies with other subsidiaries and associates, or require more funds than anticipated to develop their businesses, the Group may provide them with financial assistance such as loans. If the supported subsidiaries and others are unable to conduct business as the Group expects, it could impact the Group's results of operations and financial position.

(16) Country risk

The Group conducts business and investment overseas in the U.S., China, India, Europe and Central and South American countries, and other countries and regions. The enactment of or revisions to the laws or regulations of these countries or regions that differ from Japan, or a change in their enforcement as practiced by prior or existing administrations, could prevent the Group from conducting business activities as anticipated, or delay or prevent the recovery of its investments or have other effects with a consequent impact on the Group's results of operations and financial position. In addition, such enactment of and revision to laws or various regulations, or changes in their implementation by governments, could also restrict the Group from engaging in new businesses or investments, or prevent the Group from carrying out its strategy as anticipated.

Moreover, the occurrence of political, social, or economic turbulence in such countries and regions, due to the outbreak of wars, conflicts, and terror attacks, the enactment of economic sanctions, the outbreak of communicable diseases, and other events, could prevent the Group from carrying out its business activities as anticipated, or delay or prevent the recovery of its investments.

(17) Laws, regulations and systems

The Group conducts its business and investments under laws, regulations, systems, and so forth in various fields in each country, and is affected by these both directly and indirectly. Specifically, these range from laws, regulations, systems, and so forth pertaining to the telecommunications business (including but not limited to the Telecommunications Business Act and Radio Act in Japan, and similar corresponding laws in the U.S.) to various laws, regulations, systems, and so forth pertaining to businesses such as Internet advertising, e-commerce, energy, robotics, finance and settlement services, and other general corporate business activities (including but not limited to laws, regulations, systems, and so forth related to the environment, product liability, fair competition, consumer protection, privacy protection, anti-bribery, labor affairs, intellectual property, prevention of money laundering, taxation, foreign exchange, business and investment permits, and import and export activities). If the Group (including officers and employees) conducts activities in breach of those laws, regulations, systems, and so forth the Group may be subject to sanctions or guidance by government agencies (including but not limited to deregistration, revocation of licenses and fines), or may face cancellation of business agreements by business partners, regardless of whether the violation was deliberate or not. As a result, the Group's credibility and corporate image may be impaired, or its business development may be hindered. In addition, the Group may incur a financial burden and it could impact the Group's results of operations. Furthermore, revisions to such laws, regulations, systems, and so forth or the enforcement of new laws, regulations, systems, and so forth or new interpretations and applications of laws, regulations, systems and so forth (including amendments thereof) could create a hindrance to the Group's business development or incur or increase a financial burden on the Group. This could impact the Group's results of operations.

(18) Changes in accounting and taxation systems

The introduction of new accounting or taxation systems, or changes to existing systems, and the occurrence of an additional tax burden due to differences of views with the tax authorities could impact the Group's results of operations and its financial position.

(19) Measures to protect U.S. national security

SBG, Sprint Corporation, and Sprint Communications, Inc. ("Both Sprints" herein (19)) have entered into a National Security Agreement with the United States Department of Defense (DoD), the United States Department of Homeland Security (DHS), and the United States Department of Justice (DOJ). Under the National Security Agreement, SBG and Both Sprints have agreed to implement certain measures to protect U.S. national security. Implementing these measures could increase costs, and limit control over certain U.S. facilities, contracts, personnel, vendor selection, and business operations. This could impact the Group's results of operations.

(20) Regulations about health risks associated with electromagnetic waves

There have been some research results that have indicated the possibility that electromagnetic waves emitted from mobile devices and base stations have adverse health effects, such as increasing the risk of cancer. The International Commission on Non-Ionizing Radiation Protection (ICNIRP) has prescribed guidelines relating to the amplitudes of these electromagnetic waves. The World Health Organization (WHO) has issued an opinion that there is no convincing evidence that electromagnetic waves have adverse effects on health when their amplitude is within the reference values in the ICNIRP's guidelines, and recommends that all countries adopt them. The Group complies with a policy for protection from electromagnetic waves based on the ICNIRP guidelines in Japan, and complies with the requirements of the Federal Communications Commission (FCC) in the U.S. However, the WHO and other organizations continue to conduct research and investigations, the results of which may lead to regulations being revised in the future, or new regulations being introduced. Complying with such revision or introduction of regulations may incur costs, or may restrict the Group's business operations, which could impact the Group's results of operations. Moreover, regardless of the presence of such regulations, concerns over the adverse effects on health associated with use of mobile devices could make it difficult for the Group to acquire and retain customers, which could impact the Group's results of operations.

(21) Intellectual property

If the Group were to unintentionally infringe on intellectual property rights held by a third party, it may be prevented from using the intellectual property or subjected to claims for compensatory damages or license fees from the third party. Such actions could impact the Group's results of operations.

On the other hand, if intellectual property held by the Group, such as the *SoftBank* brand or the *Sprint* brand, were infringed upon by a third party, such an infringement might have a negative impact on the Group's credibility or on its corporate reputation.

(22) Litigation

The Group faces the possibility of lawsuits by third parties claiming compensatory damages for the alleged infringement of rights or benefits. These third parties may include customers, business partners, shareholders (including shareholders of subsidiaries, affiliates, and investees), and employees. Such lawsuits could hinder the Group's business development or may impair the Group's corporate image, as well as create a financial burden that could impact the Group's results of operations.

(23) Administrative sanctions and other orders

The Group may be subject to administrative sanctions and guidance by government agencies. Such administrative actions may hinder the Group's business development and may create a financial burden that could impact the Group's results of operations

(24) Arm Holdings plc

On September 5, 2016 (GMT), SBG purchased all of Arm's issued and to be issued shares for cash, for a total acquisition price amounting to approximately £24.0 billion (approximately ¥3.3 trillion).

Major risks identified by the Company related to Arm are outlined below.

a. Adverse impact on growth and/or reduction in value of intellectual property ("IP") due to a change in the industry business dynamic

Arm works in the highly competitive and fast-moving semiconductor industry. Many companies within this industry are well resourced and may consider processor and physical IP as attractive markets for them to enter.

Startups and open source technology initiatives could develop alternative ways for companies to design their chips. The cost of developing software is increasing in many end markets, which may also result in new technologies that might not suit Arm's current product portfolio or skill set.

If Arm is not able to adapt to these changes, it could have an adverse impact on growth and/or reduction in value of IP.

b. Decline in market share due to a competitor's product or technology

Arm faces competition both from large semiconductor companies and from smaller IP companies, which develop and license semiconductor IP.

Intel Corporation is developing x86-based processors for use in PCs and servers, and is looking to deploy these chips in markets such as enterprise and embedded markets, including networking infrastructure and the Internet of Things. There are many small semiconductor IP companies competing with Arm, especially in emerging markets, such as the Internet of Things where there are lower barriers to entry.

Any success by Arm's competitors could result in a decline in revenue to Arm.

c. Challenges managing the business in new geographic markets

Chinese semiconductor companies have become responsible for an increasingly significant proportion of Arm's revenues, and it expects that proportion to continue to grow. Arm will continue to develop its organization in China, and to invest in people and infrastructure to have the right structure and processes for the Chinese market.

Arm has little knowledge and experience of the markets in Russia, South America and Africa, which have different political and regulatory cultures to the markets in which Arm is established. In these regions, local governments are supporting and funding local technology companies, which could give rise to new competitors and new markets.

d. Arm's technology not meeting customer requirements in the future

The technology industry is characterized by rapid change, as new innovation continually improves the way that chips are designed and manufactured, how they are deployed by OEMs and how they are used by consumers. These changes may not favor Arm or its business model, requiring Arm to either change its investment approach or risk losing share. Arm would become less profitable as a result of such a market change.

e. Increase of the risk to Arm's growth ambitions due to significant concentration in its customer base

Changes in technology trends and/or economic conditions may cause further consolidation of companies in the semiconductor sector, thereby reducing the number of customers that Arm may sell its technology to and potentially making Arm more dependent on a smaller number of customers. Any change to the product plans of a major customer may have an impact on the technology that Arm develops, and so result in both additional costs and a delay in revenues.

f. Arm's people, processes and/or infrastructure not being adequately scalable to meet its growth ambitions

Arm has grown its headcount rapidly over the last few years, as it has hired more engineers to develop the next generation of processors and the supporting technology that its customers need. If this growth rate continues, Arm may find its existing organizational structure, culture and infrastructure cannot be adapted to meet the greater number of staff.

g. Significant damage to the brand and reputation

Arm's technology is used in billions of consumer and enterprise products, many of which are depended on by individuals and businesses, and are used to store, manage or transmit huge amounts of personal, confidential or proprietary information. A fault or bug associated with one of Arm's products could damage Arm's corporate reputation and lead to a loss of brand value. Arm's technology is becoming increasingly complex, which could increase the likelihood of a fault or bug.

h. Possibility of lawsuits by third parties claiming that Arm has infringed their proprietary rights

Whilst Arm takes great care to establish and maintain the integrity of its products, it may have to protect its intellectual property or defend its technology against claims that it has infringed others' proprietary rights. From time to time, third parties may assert patent, copyright and other intellectual property rights to its technologies. Any claim brought against Arm or its licensees could result in substantial costs and it may be bound to indemnify its licensees under the terms of its license agreements.

i. Arm and its customers fail to invest in the ecosystem of developers who build Arm-based products and services

Arm processors often run software created by independent software vendors (ISVs) or through consortiums of companies working together. Each end market has its own ecosystem of consortia and ISVs. These ecosystems need to be supported by engineers from Arm and its customers, and through direct monetary investment. Insufficient investment may result in the ecosystems providing better support for products based on non-Arm-based technology leading to equipment manufacturers not choosing Arm-based chips, leading to a reduction in Arm revenues.

Significant contracts

Not applicable in fiscal 2016.

R&D activities

R&D expenditures for fiscal 2016 totaled ¥64,459 million. Of this, R&D expenditure in the Arm segment was ¥56,033 million. The R&D in this segment is mainly for semiconductor intellectual property, such as designs of energy-efficient microprocessors and associated technologies.

Consolidated Financial Statements

a. Consolidated Statement of Financial Position

ASSETS	Notes	(Millions of yen) As of March 31, 2016	As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Current assets				
Cash and cash equivalents	7	¥ 2,569,607	¥ 2,183,102	$ 19,458,971
Trade and other receivables	8, 25	1,914,789	2,121,619	18,910,946
Other financial assets	9, 25	152,858	794,689	7,083,421
Inventories	10	359,464	341,344	3,042,553
Other current assets	11	553,551	283,221	2,524,477
Total current assets		5,550,269	5,723,975	51,020,368
Non-current assets				
Property, plant and equipment	12	4,183,507	3,977,254	35,451,056
Goodwill	13	1,609,789	4,175,464	37,217,791
Intangible assets	13	6,439,145	6,946,639	61,918,522
Investments accounted for using the equity method	16	1,588,270	1,670,799	14,892,584
Other financial assets	9, 25	970,874	1,552,267	13,836,055
Deferred tax assets	18	172,864	404,994	3,609,894
Other non-current assets	11	192,474	182,820	1,629,557
Total non-current assets		15,156,923	18,910,237	168,555,459
Total assets		¥20,707,192	¥24,634,212	$219,575,827

LIABILITIES AND EQUITY	Notes	(Millions of yen) As of March 31, 2016	(Millions of yen) As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Current liabilities				
Interest-bearing debt	19, 25	¥ 2,646,609	¥ 2,694,093	$ 24,013,664
Trade and other payables	20, 25	1,621,195	1,607,453	14,327,953
Other financial liabilities	25	6,531	13,701	122,123
Income taxes payables		140,351	256,218	2,283,786
Provisions	23	56,120	56,362	502,380
Other current liabilities	22	694,965	599,096	5,340,013
Total current liabilities		5,165,771	5,226,923	46,589,919
Non-current liabilities				
Interest-bearing debt	19, 25	9,275,822	12,164,277	108,425,680
Other financial liabilities	21, 25	95,664	287,229	2,560,201
Defined benefit liabilities	24	123,759	108,172	964,186
Provisions	23	118,876	138,730	1,236,563
Deferred tax liabilities	18	2,083,164	1,941,380	17,304,394
Other non-current liabilities	22	338,865	297,771	2,654,167
Total non-current liabilities		12,036,150	14,937,559	133,145,191
Total liabilities		17,201,921	20,164,482	179,735,110
Equity				
Equity attributable to owners of the parent				
Common stock	30	238,772	238,772	2,128,282
Capital surplus	30	261,234	245,706	2,190,088
Retained earnings	30	2,166,623	2,958,355	26,369,151
Treasury stock	30	(314,752)	(67,727)	(603,681)
Accumulated other comprehensive income	30	261,736	211,246	1,882,931
Total equity attributable to owners of the parent		2,613,613	3,586,352	31,966,771
Non-controlling interests		891,658	883,378	7,873,946
Total equity		3,505,271	4,469,730	39,840,717
Total liabilities and equity		¥20,707,192	¥24,634,212	$219,575,827

b. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	Fiscal year ended March 31, 2016 (Millions of yen)	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2017 (Thousands of U.S. dollars)
Continuing operations				
Net sales	33	¥ 8,881,777	¥ 8,901,004	$ 79,338,658
Cost of sales	34	(5,518,104)	(5,472,238)	(48,776,522)
Gross profit		3,363,673	3,428,766	30,562,136
Selling, general and administrative expenses	34	(2,374,955)	(2,277,251)	(20,298,164)
Gain from remeasurement relating to business combination	5	59,441	18,187	162,109
Other operating loss	35	(139,252)	(143,703)	(1,280,890)
Operating income		908,907	1,025,999	9,145,191
Finance cost	36	(440,744)	(467,311)	(4,165,353)
Income on equity method investments	16	375,397	321,550	2,866,120
Gain on sales of shares of associates	37	12,428	238,103	2,122,319
Derivative gain (loss)	38	12,788	(252,815)	(2,253,454)
Gain (loss) from financial instruments at FVTPL	39	114,377	(160,419)	(1,429,887)
Other non-operating income (loss)	26, 40	(63,992)	7,419	66,129
Income before income tax		919,161	712,526	6,351,065
Income taxes	18	(422,677)	207,105	1,846,020
Net income from continuing operations		496,484	919,631	8,197,085
Discontinued operations				
Net income from discontinued operations	42	61,757	554,799	4,945,174
Net income		¥ 558,241	¥ 1,474,430	$ 13,142,259
Net income attributable to				
Owners of the parent		¥ 474,172	¥ 1,426,308	$ 12,713,326
Non-controlling interests		84,069	48,122	428,933
		¥ 558,241	¥ 1,474,430	$ 13,142,259

	Notes	Fiscal year ended March 31, 2016 (Yen)	Fiscal year ended March 31, 2017 (Yen)	Fiscal year ended March 31, 2017 (U.S. dollars)
Earnings per share attributable to owners of the parent				
Basic earnings per share				
Continuing operations	43	¥370.05	¥ 792.16	$ 7.06
Discontinued operations	43	32.44	494.85	4.41
Total basic earnings per share	43	¥402.49	¥1,287.01	$11.47
Diluted earnings per share				
Continuing operations	43	¥355.90	¥ 781.25	$ 6.96
Discontinued operations	43	32.42	494.39	4.41
Total diluted earnings per share	43	¥388.32	¥1,275.64	$11.37

Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	(Thousands of U.S. dollars) Fiscal year ended March 31, 2017
Net income		¥ 558,241	¥1,474,430	$13,142,259
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	24, 41	342	12,200	108,744
Total items that will not be reclassified to profit or loss		342	12,200	108,744
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets	25, 41	(4,906)	5,628	50,166
Cash flow hedges	25, 41	(31,992)	(7,454)	(66,441)
Exchange differences on translating foreign operations	29, 41	(289,735)	(20,500)	(182,726)
Share of other comprehensive income of associates	16, 41	27,642	(30,403)	(270,996)
Total items that may be reclassified subsequently to profit or loss		(298,991)	(52,729)	(469,997)
Total other comprehensive income, net of tax		(298,649)	(40,529)	(361,253)
Total comprehensive income		¥ 259,592	¥1,433,901	$12,781,006
Total comprehensive income attributable to				
Owners of the parent		¥ 195,864	¥1,385,958	$12,353,668
Non-controlling interests		63,728	47,943	427,338
		¥ 259,592	¥1,433,901	$12,781,006

Note:
Income taxes related to the components of other comprehensive income are described in "Note 41. Other comprehensive income."

c. Consolidated Statement of Changes in Equity

(Millions of yen)

For the fiscal year ended March 31, 2016	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent							
As of April 1, 2015		¥238,772	¥ 374,845	¥1,740,686	¥ (48,383)	¥ 540,386	¥2,846,306	¥1,006,871	¥3,853,177
Comprehensive income									
Net income		–	–	474,172	–	–	474,172	84,069	558,241
Other comprehensive income		–	–	–	–	(278,308)	(278,308)	(20,341)	(298,649)
Total comprehensive income		–	–	474,172	–	(278,308)	195,864	63,728	259,592
Transactions with owners and other transactions									
Cash dividends	31	–	–	(47,261)	–	–	(47,261)	(46,719)	(93,980)
Transfer of accumulated other comprehensive income to retained earnings		–	–	342	–	(342)	–	–	–
Purchase and disposal of treasury stock	30	–	–	(1,316)	(266,369)	–	(267,685)	–	(267,685)
Changes from business combination	5	–	–	–	–	–	–	54,409	54,409
Changes from loss of control		–	–	–	–	–	–	(96,060)	(96,060)
Changes in interests in subsidiaries	30	–	(128,912)	–	–	–	(128,912)	(94,567)	(223,479)
Changes in associates' interests in their subsidiaries		–	15,736	–	–	–	15,736	–	15,736
Share-based payment transactions		–	(3,457)	–	–	–	(3,457)	5,943	2,486
Other		–	3,022	–	–	–	3,022	(1,947)	1,075
Total transactions with owners and other transactions		–	(113,611)	(48,235)	(266,369)	(342)	(428,557)	(178,941)	(607,498)
As of March 31, 2016		¥238,772	¥ 261,234	¥2,166,623	¥(314,752)	¥ 261,736	¥2,613,613	¥ 891,658	¥3,505,271

(Millions of yen)

For the fiscal year ended March 31, 2017	Notes	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent							
As of April 1, 2016		¥238,772	¥261,234	¥2,166,623	¥(314,752)	¥261,736	¥2,613,613	¥891,658	¥3,505,271
Comprehensive income									
Net income		–	–	1,426,308	–	–	1,426,308	48,122	1,474,430
Other comprehensive income		–	–	–	–	(40,350)	(40,350)	(179)	(40,529)
Total comprehensive income		–	–	1,426,308	–	(40,350)	1,385,958	47,943	1,433,901
Transactions with owners and other transactions									
Cash dividends	31	–	–	(48,042)	–	–	(48,042)	(43,467)	(91,509)
Transfer of accumulated other comprehensive income to retained earnings		–	–	10,140	–	(10,140)	–	–	–
Purchase and disposal of treasury stock	30	–	–	(1,479)	(348,170)	–	(349,649)	–	(349,649)
Retirement of treasury stock	30	–	–	(595,195)	595,195	–	–	–	–
Changes from business combination	5	–	–	–	–	–	–	2,218	2,218
Changes from loss of control		–	–	–	–	–	–	(25,997)	(25,997)
Changes in interests in subsidiaries		–	1,670	–	–	–	1,670	6,189	7,859
Changes in associates' interests in their subsidiaries		–	(4,236)	–	–	–	(4,236)	–	(4,236)
Changes in interest in associates' capital surplus		–	(15,360)	–	–	–	(15,360)	–	(15,360)
Share-based payment transactions		–	2,398	–	–	–	2,398	8,087	10,485
Other		–	–	–	–	–	–	(3,253)	(3,253)
Total transactions with owners and other transactions		–	(15,528)	(634,576)	247,025	(10,140)	(413,219)	(56,223)	(469,442)
As of March 31, 2017		¥238,772	¥245,706	¥2,958,355	¥ (67,727)	¥211,246	¥3,586,352	¥883,378	¥4,469,730

(Thousands of U.S. dollars)

For the fiscal year ended March 31, 2017	Notes	Equity attributable to owners of the parent: Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016		$2,128,282	$2,328,496	$19,312,087	$(2,805,526)	$2,332,971	$23,296,310	$7,947,749	$31,244,059
Comprehensive income									
Net income		–	–	12,713,326	–	–	12,713,326	428,933	13,142,259
Other comprehensive income		–	–	–	–	(359,658)	(359,658)	(1,595)	(361,253)
Total comprehensive income		–	–	12,713,326	–	(359,658)	12,353,668	427,338	12,781,006
Transactions with owners and other transactions									
Cash dividends	31	–	–	(428,220)	–	–	(428,220)	(387,441)	(815,661)
Transfer of accumulated other comprehensive income to retained earnings		–	–	90,382	–	(90,382)	–	–	–
Purchase and disposal of treasury stock	30	–	–	(13,183)	(3,103,396)	–	(3,116,579)	–	(3,116,579)
Retirement of treasury stock	30	–	–	(5,305,241)	5,305,241	–	–	–	–
Changes from business combination	5	–	–	–	–	–	–	19,770	19,770
Changes from loss of control		–	–	–	–	–	–	(231,723)	(231,723)
Changes in interests in subsidiaries		–	14,885	–	–	–	14,885	55,165	70,050
Changes in associates' interests in their subsidiaries		–	(37,757)	–	–	–	(37,757)	–	(37,757)
Changes in interest in associates' capital surplus		–	(136,911)	–	–	–	(136,911)	–	(136,911)
Share-based payment transactions		–	21,375	–	–	–	21,375	72,083	93,458
Other		–	–	–	–	–	–	(28,995)	(28,995)
Total transactions with owners and other transactions		–	(138,408)	(5,656,262)	2,201,845	(90,382)	(3,683,207)	(501,141)	(4,184,348)
As of March 31, 2017		$2,128,282	$2,190,088	$26,369,151	$ (603,681)	$1,882,931	$31,966,771	$7,873,946	$39,840,717

d. Consolidated Statement of Cash Flows

	Notes	(Millions of yen) Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	(Thousands of U.S. dollars) Fiscal year ended March 31, 2017
Cash flows from operating activities				
Net income		¥ 558,241	¥1,474,430	$13,142,259
Depreciation and amortization		1,401,329	1,472,669	13,126,562
Gain from remeasurement relating to business combination		(59,441)	(18,187)	(162,109)
Finance cost		440,745	467,311	4,165,353
Income on equity method investments		(375,397)	(321,550)	(2,866,120)
Gain on sales of shares of associates		(12,428)	(238,103)	(2,122,319)
Derivative (gain) loss		(12,788)	252,815	2,253,454
(Gain) loss from financial instruments at FVTPL		(114,377)	160,419	1,429,887
Other non-operating loss (income)		67,836	(9,511)	(84,776)
Gain on sales of discontinued operations	44	–	(636,216)	(5,670,880)
Income taxes		443,984	(91,028)	(811,374)
Increase in trade and other receivables		(50,740)	(275,771)	(2,458,071)
Increase in inventories		(404,933)	(268,312)	(2,391,586)
(Decrease) increase in trade and other payables		(698)	15,871	141,465
Other		91,656	46,587	415,252
Subtotal		1,972,989	2,031,424	18,106,997
Interest and dividends received		12,072	29,502	262,965
Interest paid		(461,217)	(519,373)	(4,629,405)
Income taxes paid	44	(1,230,087)	(359,209)	(3,201,792)
Income taxes refunded	44	646,429	318,384	2,837,900
Net cash provided by operating activities		940,186	1,500,728	13,376,665

	Notes	Fiscal year ended March 31, 2016 (Millions of yen)	Fiscal year ended March 31, 2017 (Millions of yen)	Fiscal year ended March 31, 2017 (Thousands of U.S. dollars)
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets	44	¥(1,360,960)	¥ (923,502)	$ (8,231,589)
Proceeds from sales of property, plant and equipment, and intangible assets	44	150,956	34,566	308,102
Payments for acquisition of investments		(407,754)	(688,916)	(6,140,619)
Proceeds from sales/redemption of investments	44	58,161	482,128	4,297,424
Decrease from acquisition of control over subsidiaries	5	(61,670)	(3,254,104)	(29,005,295)
(Decrease) increase from loss of control over subsidiaries	44	(63,070)	723,544	6,449,274
Payments for acquisition of marketable securities for short-term trading		(94,349)	(503,767)	(4,490,302)
Proceeds from sales/redemption of marketable securities for short-term trading		189,844	239,730	2,136,821
Payments into time deposits		(45,748)	(638,914)	(5,694,928)
Proceeds from withdrawal of time deposits		40,907	283,419	2,526,241
Other		(57,999)	32,219	287,183
Net cash used in investing activities		(1,651,682)	(4,213,597)	(37,557,688)
Cash flows from financing activities				
Increase in short-term interest-bearing debt, net	19	128,135	360,216	3,210,767
Proceeds from long-term interest-bearing debt	19	2,129,683	4,792,530	42,717,978
Repayment of long-term interest-bearing debt	19	(1,604,768)	(2,283,067)	(20,350,004)
Payment for purchase of subsidiaries' interests from non-controlling interests	44	(267,276)	(18,600)	(165,790)
Purchase of treasury stock		(269,214)	(350,857)	(3,127,346)
Cash dividends paid		(47,219)	(46,273)	(412,452)
Cash dividends paid to non-controlling interests		(47,497)	(42,599)	(379,704)
Other		21,426	(30,604)	(272,788)
Net cash provided by financing activities		43,270	2,380,746	21,220,661
Effect of exchange rate changes on cash and cash equivalents		(20,820)	(54,382)	(484,731)
Decrease in cash and cash equivalents		(689,046)	(386,505)	(3,445,093)
Cash and cash equivalents at the beginning of the year	7	3,258,653	2,569,607	22,904,064
Cash and cash equivalents at the end of the year	7	¥ 2,569,607	¥ 2,183,102	$19,458,971

Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Group Corp. is a corporation domiciled in Japan. The registered address of SoftBank Group Corp.'s head office is disclosed on our website (https://www.softbank.jp/). These consolidated financial statements are composed of SoftBank Group Corp. and its subsidiaries (the "Company"). The Company engages in various businesses in the information industry, with its base in the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the Arm segment. The details are described in "(1) Description of reportable segments" in "Note 6. Segment information."

2. Basis of preparation of consolidated financial statements

(1) Compliance with IFRSs

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(2) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain items, such as financial instruments, that are measured at fair value as described in "Note 3. Significant accounting policies."

(3) Presentation currency and unit of currency

These consolidated financial statements have been presented in Japanese yen, which is the currency of the primary economic environment of SoftBank Group Corp. ("functional currency"), and yen amounts are rounded to the nearest million.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to $1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(4) Changes in presentation

(Consolidated statement of income)

a. "Gain on sales of shares of associates" which was included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥12,428 million which was included in "Other non-operating income (loss)" in the consolidated statement of income for the fiscal year ended March 31, 2016, is reclassified as "Gain on sales of shares of associates."

b. "Derivative gain (loss)" which was included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥12,788 million which was included in "Other non-operating income (loss)" in the consolidated statement of income for the fiscal year ended March 31, 2016, is reclassified as "Derivative gain (loss)."

c. "Gain (loss) from financial instruments at FVTPL" which was included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥114,377 million which was included in "Other non-operating income (loss)" in the consolidated statement of income for the fiscal year ended March 31, 2016, is reclassified as "Gain (loss) from financial instruments at FVTPL."

d. "Dilution gain from changes in equity interest" which was separately presented for the fiscal year ended March 31, 2016 is included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2017 since the significance of the amount decreased. In order to reflect the change, ¥14,903 million which was separately presented as "Dilution gain from changes in equity interest" in the consolidated statement of income for the fiscal year ended March 31, 2016, is included in "Other non-operating income (loss)."

(Consolidated statement of cash flows)

a. "Gain on sales of shares of associates" which was included in "Other non-operating loss (income)" in net cash provided by operating activities for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥(12,428) million which was included in "Other non-operating loss (income)" in net cash provided by operating activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is reclassified as "Gain on sales of shares of associates" in net cash provided by operating activities.

b. "Derivative (gain) loss" which was included in "Other non-operating loss (income)" in net cash provided by operating activities for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥(12,788) million which was included in "Other non-operating loss (income)" in net cash provided by operating activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is reclassified as "Derivative (gain) loss" in net cash provided by operating activities.

c. "(Gain) loss from financial instruments at FVTPL" which was included in "Other non-operating loss (income)" in net cash provided by operating activities for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥(114,377) million which was included in "Other non-operating loss (income)" in net cash provided by operating activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is reclassified as "(Gain) loss from financial instruments at FVTPL" in net cash provided by operating activities.

d. "Dilution gain from changes in equity interest" which was separately presented in net cash provided by operating activities for the fiscal year ended March 31, 2016 is included in "Other non-operating income (loss)" for the fiscal year ended March 31, 2017 since the significance of the amount decreased. In order to reflect the change, ¥(14,903) million which was separately presented as "Dilution gain from changes in equity interest" in net cash provided by operating activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is included in "Other non-operating loss (income)" in net cash provided by operating activities.

e. "Payments into time deposits" which was included in "Other" in net cash used in investing activities for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥(45,748) million which was included in "Other" in net cash used in investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is reclassified as "Payments into time deposits" in net cash used in investing activities.

f. "Proceeds from withdrawal of time deposits" which was included in "Other" in net cash used in investing activities for the fiscal year ended March 31, 2016 is separately presented for the fiscal year ended March 31, 2017 since the significance of the amount increased. In order to reflect the change, ¥40,907 million which was included in "Other" in net cash used in investing activities in the consolidated statement of cash flows for the fiscal year ended March 31, 2016, is reclassified as "Proceeds from withdrawal of time deposits" in net cash used in investing activities.

(5) New standards and interpretations not yet adopted by the Company

New standards and interpretations which are newly established or amended before the approval date of the consolidated financial statements, and are not yet adopted by the Company, and which may have potential impacts, are as follows. The Company is currently evaluating the potential impacts.

Standard / interpretation		Mandatory adoption (From the year beginning)	To be adopted by the Group	Outline of the new / revised standards
IFRS 9	Financial Instruments	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 9 replaces a part of the previous IAS 39. Main revisions are: to revise classification into measurement categories of financial instruments (amortized costs and fair values) and measurement; to revise the treatment of changes in fair value of financial liabilities measured at fair value; to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.
IFRS 15	Revenue from contracts with customers (and clarification to IFRS 15)	January 1, 2018	From the fiscal year ending March 31, 2019	IFRS 15 (clarification to IFRS 15 is included) replaces the previous IAS 11 and IAS 18. Main revisions are: to require revenue recognition by the following five steps: a. identify the contract with the customer b. identify the performance obligations in the contract c. determine the transaction price d. allocate the transaction price to each performance obligation in the contract e. recognize revenue when (or as) a performance obligation is satisfied to revise the treatment for contract costs, license and guarantee of products; and to increase the disclosure related to revenue recognition.
IFRS 16	Leases	January 1, 2019	From the fiscal year ending March 31, 2020	IFRS 16 replaces the previous IAS 17 and IFRIC 4. Main revisions are: Revision to apply a control model to the identification of leases and distinguishing between leases and service contracts; and Revision to eliminate lease classification and recognition of assets and liabilities for all leases by the lessee.
IAS 7 (Amendment)	Statement of cash flows	January 1, 2017	From the fiscal year ending March 31, 2018	Requirement for additional disclosure related to changes in liabilities arising from financing activities.

(6) Definition of company name and abbreviation used in the notes

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

Company name / Abbreviation	Definition
"SoftBank Group Corp."	SoftBank Group Corp. (stand-alone basis)
The "Company"	SoftBank Group Corp. and its subsidiaries
Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
"Arm"	Arm Holdings plc
"Sprint"	Sprint Corporation
"Sprint Communications"	Sprint Communications, Inc.
"Brightstar"	Brightstar Global Group Inc.
"Clearwire"	Clearwire Corporation
"Supercell"	Supercell Oy
"Alibaba"	Alibaba Group Holding Limited
"GungHo"	GungHo Online Entertainment, Inc.
"WCP"	Wireless City Planning Inc.

3. Significant accounting policies

Accounting policies the Company has adopted have been applied consistently to all periods presented in these consolidated financial statements.

(1) Basis of consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by SoftBank Group Corp.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries' financial statements are consolidated from the date when control is acquired ("acquisition date") until the date when the control is lost.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

Non-controlling interests consist of those interests at the acquisition date and any adjustments for subsequent changes in those interests.

Total comprehensive income of subsidiaries is generally attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intragroup balances and transactions and unrealized gain or loss arising from intragroup transactions are eliminated on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent.

When SoftBank Group Corp. loses control of a subsidiary, a gain or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the net carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when control is lost.

Any amounts previously recognized in accumulated other comprehensive income in relation to the former subsidiaries are reclassified to profit or loss.

b. Associates and joint ventures

An associate is an entity over which SoftBank Group Corp. has significant influence in the financial and operating policy decisions, but does not have control or joint control.

A joint venture is an investment which parties including SoftBank Group Corp. have joint control based on the contractual arrangement that requires unanimous consent related to significant decisions of the business activities and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment is adjusted thereafter to recognize the Company's interest of the profit or loss and other comprehensive income from the date of acquisition to the date of loss of significant influence.

However, regarding preferred stock investment in associates, when the feature of preferred stock is substantively different from common stock, it is not accounted for using the equity method, and it is designated as financial assets at fair value through profit or loss ("financial assets at FVTPL"). Please refer to "(4) Financial instruments" in "Note 3. Significant accounting policies" for details.

When the losses of an associate and a joint venture exceed the Company's interest in the associate and the joint venture, long-term interests that, in substance, form a part of the net investment in the company are decreased to zero, and no additional loss is recognized except when the Company incurs legal or constructive obligations to or makes payments on behalf of the associate and the joint venture.

Unrealized gains or losses on intercompany transactions with associates and joint ventures are added to or deducted from the carrying amount of the investments only to the extent of the Company's interests in the associates and the joint ventures.

Any excess in the cost of acquisition of an associate and a joint venture over the Company's interest of the net fair value of the identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill and included within the carrying amount of the investments in associates and joint ventures.

Because goodwill is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investments in associates and joint ventures, including goodwill, is tested for impairment as a single asset whenever objective evidence indicates that the investment may be impaired.

The Company applies the equity method to the financial statements of Alibaba, an associate of the Company, on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(2) Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date.

The consideration transferred in a business combination is measured as the sum of the assets transferred by the Company, liabilities assumed by the Company from the former owners of the acquiree, and the fair value at the acquisition date of the equity interests issued by the Company. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets or disposal groups that are classified as held-for-sale are measured in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations."

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired at the acquisition date is recorded as goodwill. If the consideration transferred and the amount of any non-controlling interest in the acquiree is less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized immediately in profit or loss.

On an acquisition-by-acquisition basis, the Company chooses a measurement basis of non-controlling interests at either fair value or by the proportionate share of the non-controlling interests in the recognized amounts of the acquiree's identifiable net assets. When a business combination is achieved in stages, the Company's previously held interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from changes in the value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the fiscal year, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The Company retrospectively adjusts the provisional amounts recognized at the acquisition date as an adjustment during the measurement period when new information about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognized amounts for the business combination. The measurement period shall not exceed one year from the acquisition date.

Goodwill arising in business combinations that occurred before the date of transition to IFRSs is carried over at the carrying amount under the previous accounting principles (Japanese Generally Accepted Accounting Principles, "JGAAP") as of the date of transition to IFRSs, and recorded by that amount after an impairment test.

(3) Foreign currency translation

a. Transactions denominated in foreign currencies

The financial statements of each group company are prepared in their functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated into the functional currency at the rates prevailing at the end of the fiscal year. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured.

Exchange differences arising from translation are recognized in profit or loss, except for exchange differences arising from non-monetary available-for-sale financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

b. Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using exchange rates prevailing at the end of the fiscal year.

Income, expenses and cash flows are translated into Japanese yen by using the average exchange rates for each quarter. When the translated amounts do not approximate the amounts translated by the exchange rates at the dates of the transactions, the exchange rates at the transaction dates are used for the translation.

The exchange rates used in the translation are described in "Note 29. Foreign currency exchange rates."

Exchange differences arising from translating the financial statements of foreign operations are recognized in other comprehensive income and cumulative differences are included in accumulated other comprehensive income.

These cumulative differences are reclassified from equity to profit or loss when the Company loses control or significant influence over the foreign operation.

(4) Financial instruments

a. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract provision of the instrument.

Financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets at FVTPL and financial liabilities at fair value through profit or loss ("financial liabilities at FVTPL") are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL and financial liabilities at FVTPL are recognized in profit or loss.

b. Non-derivative financial assets

Non-derivative financial assets are classified as "financial assets at FVTPL," "held-to-maturity investments," "loans and receivables," or "available-for-sale financial assets." The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

All purchases and sales of financial assets made in a regular way are recognized and derecognized on a trade date basis. Purchases and sales made in a regular way refer to acquiring or disposing financial assets under a contract that requires the delivery of assets within a time frame established by regulation or convention in the marketplace.

(a) Financial assets at FVTPL

Financial assets are classified as "financial assets at FVTPL" when they are held for trading purposes or designated as financial assets at FVTPL.

Financial assets other than derivatives, which are mainly acquired to be sold in the short-term, are classified as held for trading purposes.

The Company designates a financial asset as a financial asset at FVTPL upon initial recognition, if:

- the financial assets are managed in accordance with the Company's documented risk management policy or investment strategy; and
- its performance is reviewed on the fair value basis by the Company's management to make decisions about the investment plan.

Also, if the Company is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets at FVTPL.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss. Fair value of financial assets at FVTPL is measured in the manner described in "(1) Categorization by level within the fair value hierarchy" in "Note 26. Fair value of financial instruments."

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity investments."

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables."

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(d) Available-for-sale financial assets

Non-derivative financial assets are classified as "available-for-sale financial assets," if:

- they are designated as "available-for-sale financial assets"; or
- they are classified as neither "financial assets at FVTPL," "held-to-maturity investments," nor "loans and receivables."

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Fair value of available-for-sale financial assets is measured in the manner described in "(1) Categorization by level within the fair value hierarchy" in "Note 26. Fair value of financial instruments." Exchange differences arising on monetary financial assets classified as available-for-sale financial assets, interest income calculated using the effective interest method relating to available-for-sale financial assets, and dividends received are recognized in profit or loss.

(e) Impairment of financial assets

Among financial assets other than those at FVTPL, available-for-sale equity instruments are assessed for any objective evidence of impairment at the end of the fiscal year and at the end of each quarter, and the other assets are assessed for any objective evidence of impairment at the end of the fiscal year. Financial assets are impaired when there is objective evidence that loss events occurred subsequent to initial recognition of the financial assets and when estimated negative future cash flows of the financial assets from those events can be reasonably estimated.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value below the cost is considered to be objective evidence of impairment. In addition, objective evidence of impairment of all financial assets could include:

- significant financial difficulty of the issuer or borrower;
- breach of contract, such as a default or delinquency in interest or principal payments;
- high possibilities of borrowers' bankruptcy or entering financial reorganization; or
- disappearance of an active market for the financial assets.

The Company assesses the existence of objective evidence of impairment individually for independently significant assets or collectively for assets with no individual significance.

When there is objective evidence of impairment on loans and receivables or held-to-maturity investments, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognized in profit or loss as an impairment loss. The impairment loss is recognized through the use of an allowance account, and the carrying amount of a loan and receivable is written off against the allowance account when it is considered uncollectible.

The carrying amount of held-to-maturity investments is reduced by the impairment loss directly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been, had the impairment not been recognized.

When there is objective evidence that an available-for-sale financial asset is impaired, previously recognized accumulated other comprehensive income is transferred to profit or loss. Impairment losses on equity instruments classified as available-for-sale financial assets are not reversed.

(f) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

c. Non-derivative financial liabilities

Non-derivative financial liabilities are classified into "financial liabilities at FVTPL" or "financial liabilities measured at amortized cost" and the classification is determined at initial recognition.

Non-derivative financial liabilities are classified into "financial liabilities at FVTPL" when the entire hybrid contract, including more than one embedded derivatives, is designated and accounted for as a financial liability at FVTPL. Subsequent to initial recognition, liabilities at FVTPL are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

The Company derecognizes financial liabilities when the Company's obligations are discharged, canceled or expired.

d. Derivatives and hedge accounting

(a) Derivatives

The Company is engaged in derivative transactions, including foreign currency forward contracts, currency swaps, and collar transactions in order to manage its exposure to foreign exchange rate, interest rate, and share price risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured at their fair values at the end of fiscal year. Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified into "financial assets at FVTPL" and derivative financial liabilities not designated as hedging instruments are classified into "financial liabilities at FVTPL."

(b) Hedge accounting

The Company designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Company formally designates and documents the hedge relationship qualifying for hedge accounting, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Company evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognized in other comprehensive income and accumulated in equity. Accumulated other comprehensive income is transferred to profit or loss through a line item relating to the hedged item in the consolidated statement of income in the periods when the cash flows from the hedged item affect profit or loss. Any ineffective portion of changes in fair value of derivatives is recognized immediately in profit or loss.

When the hedged forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains or losses previously recognized in accumulated other comprehensive income and includes them in the initial amount of the cost of the non-financial asset or non-financial liability (basis adjustment).

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised or when the hedge no longer meets the criteria for hedge accounting.

When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remain in equity and are reclassified to profit or loss when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses recognized in accumulated other comprehensive income are reclassified immediately to profit or loss.

(c) Embedded derivatives

Derivatives embedded in non-derivative host contracts (“embedded derivatives”) are separated from the host contracts and accounted for as separate derivatives when their economic characteristics and risks are not closely related to those of the host contracts and the whole financial instruments, including embedded derivatives, are not measured at FVTPL. If the Company is required to separate an embedded derivative from its host contract, but is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, the entire hybrid contract is designated and accounted for as financial assets or financial liabilities at FVTPL.

e. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amounts are presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term investments with maturities of three months or less that are readily convertible to cash and subject to insignificant risk of change in value.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories mainly consist of mobile handsets and accessories. Their costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are mainly calculated by the moving-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(7) Property, plant and equipment

Property, plant and equipment are measured on a historical cost basis, less accumulated depreciation and accumulated impairment losses. Historical cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration.

Property, plant and equipment are depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the cost of an asset, less its residual value. Land and construction in progress are not depreciated.

The estimated useful lives of major components of property, plant and equipment are as follows:

Buildings and structures	
Buildings	12 - 50 years
Other	5 - 15 years
Telecommunications equipment	
Wireless equipment, switching equipment and other network equipment	5 - 30 years
Towers	15 - 42 years
Other	5 - 40 years
Furniture, fixtures and equipment	
Leased mobile devices	2 - 3 years
Other	4 - 10 years

The depreciation methods, useful lives, and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Assets held under finance leases are depreciated over their estimated useful lives when there is certainty that ownership will be obtained by the end of the lease term. However, when there is no certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term or their estimated useful lives.

(8) Goodwill

Please refer to “(2) Business combinations” in “Note 3. Significant accounting policies” for the measurement of goodwill at initial recognition. Goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill has been allocated, and annually, regardless of any indication of impairment. Impairment is described in “(11) Impairment of property, plant and equipment, intangible assets and goodwill” in “Note 3. Significant accounting policies.”

The Company’s policy for goodwill arising from the acquisition of an associate is described in “(1) Basis of consolidation” in “Note 3. Significant accounting policies.”

(9) Intangible assets

Intangible assets are measured at historical cost, less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill upon initial recognition and are measured at fair value at the acquisition date. Any internally-generated research and development expenditure is recognized as an expense in the period in which it is incurred, except for expenditures on development activities eligible for capitalization (internally-generated intangible assets). The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets all of the capitalization criteria to the date the development is completed.

There are intangible assets with finite useful lives and intangible assets with indefinite useful lives.

The intangible assets with finite useful lives are amortized over the estimated useful lives. Amortization of the customer relationships is mainly calculated by the sum-of-the-digits method and intangible assets with finite useful lives other than customer relationships are amortized by the straight-line method.

The estimated useful lives of major categories of intangible assets with finite useful lives are as follows:

Software	
Software related to wireless equipment	5 - 10 years
Other	3 - 5 years
Technologies	8 - 20 years
Customer relationships	4 - 24 years
Favorable lease contracts	7 - 23 years
Trademarks (with finite useful lives)	8 - 34 years
Spectrum migration costs	18 years
Other	5 - 20 years

Amortization methods, useful lives and residual values of assets are reviewed at the end of each fiscal year, and any changes are applied prospectively as a change in accounting estimate.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms.

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of the existing users from the 900 MHz band, which SoftBank Corp. acquired, to the other frequency spectrum based on the termination campaign. Useful lives are estimated based on the actual utilization of the frequency spectrum in the past.

Intangible assets with indefinite useful lives are as follows:

- Licenses using specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC licenses")
- Trademarks (with indefinite useful lives)

As long as the Company acts within the requirements of the regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it has been determined that FCC licenses have indefinite useful lives.

The Company determined that "Sprint," "Boost Mobile" and other trademarks have indefinite useful lives as they can be legally utilized continuously as long as the business continues and management's current plans are to offer services under these trademarks for the foreseeable future.

The intangible assets with indefinite useful lives and the intangible assets that are not yet available for use are not amortized. The impairment of these assets is described in "(11) Impairment of property, plant and equipment, intangible assets and goodwill" in "Note 3. Significant accounting policies."

(10) Leases

The assessment of whether an arrangement is a lease or contains a lease is made on a basis of all the facts and circumstances at the inception of the arrangement.

Leases are classified as finance leases whenever all the risks and rewards of ownership of assets are substantially transferred to the lessee. All other leases are classified as operating leases. It is determined that all the risks and rewards of ownership of assets are transferred to the lessee when the lease terms account for most of the economic useful lives of the assets, or the present values of the total minimum lease payments are almost equal to the fair values of the assets. The lease terms are the total of the non-cancelable period and the period which is deemed to be reasonably certain that the renewal option will be exercised at the inception of the leases.

a. Finance leases

(The Company as lessee)

At inception, the Company initially recognizes finance leases as assets and the lease obligation at the amount equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Subsequent to initial recognition, the accounting policy for assets held under finance leases is consistent with that of assets that are owned. Lease payments are apportioned between finance cost and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

b. Operating leases

(The Company as lessee)

Gross operating lease payments are recognized as expenses on a straight-line basis over the relevant lease terms.

(The Company as lessor)
Gross operating lease incomes are recognized as revenues on a straight-line basis over the relevant lease terms.

(11) Impairment of property, plant and equipment, intangible assets and goodwill

a. Impairment of property, plant and equipment and intangible assets
At the end of the fiscal year, the Company determines whether there is any indication that property, plant and equipment and intangible assets may be impaired.

If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually regardless of whether there is any indication of impairment.

The recoverable amount is the higher of fair value less costs to sell, or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

At the end of the fiscal year, the Company evaluates whether there is any indication that an impairment loss recognized in prior years for assets other than goodwill has decreased or extinguished. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount of an asset or cash-generating unit is estimated to be higher than its carrying amount, a reversal of an impairment loss is recognized, to the extent that the increased carrying amount does not exceed the lower of the recoverable amount or the carrying amount (less depreciation and amortization) that would have been recognized, had no impairment loss been recognized.

b. Impairment of goodwill
At the end of the fiscal year and at the end of each quarter, the Company determines whether there is any indication that goodwill may be impaired.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the business combination, and it is tested for impairment annually, regardless of any indication of impairment, and when there is an indication that the cash-generating unit or groups of cash-generating units may be impaired. If, at the time of the impairment test, the recoverable amount of the cash-generating unit or groups of cash-generating units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or groups of cash-generating units and then to the other assets pro rata based on the carrying amount of each asset in the unit or groups of cash-generating units.

Any impairment loss for goodwill is recognized directly in profit or loss and is not reversed in subsequent periods.

(12) Retirement benefits

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Company primarily adopts defined contribution pension plans.

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2006 and 2007. Liabilities for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until they are paid in the form of a lump sum at the time of future retirement of employees.

Sprint has frozen its defined benefit pension plans since December 2005. Liabilities for the defined benefit pension plans are recognized as defined benefit liabilities until they are paid as pensions after the time of retirement of employees.

a. Defined contribution plans
Contributions paid for defined contribution plans are recognized as expenses in the period in which the employees render the related service. Contributions payable are recognized as liabilities.

b. Defined benefit plans
The liability recognized in respect of the defined benefit plans (the defined benefit liability) is the present value of the defined benefit obligation less the fair value of plan assets at the end of the fiscal year.

The defined benefit obligation is determined by independent actuaries using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high-quality corporate bonds over the approximate period of the benefit payments.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and remeasurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above.

The liabilities for the frozen defined benefit plans are calculated on the basis of retirement benefits vested at the time the plans were frozen. Therefore, service cost is not incurred for those defined benefit plans.

The Company's remeasurements, which comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest), are recognized in other comprehensive income and transferred to retained earnings immediately from accumulated other comprehensive income.

(13) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the estimated future cash flows, discounted using a pre-tax rate reflecting the time value of money and the specific risks of the liability, after taking into account the risks and uncertainties surrounding the obligation at the end of the fiscal year.

The Company recognizes asset retirement obligations, restructuring provisions, provisions for loss on interest repayment, and provisions for onerous contract as provisions.

Restructuring provisions are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation to those who will be affected that the Company will carry out the restructuring by starting implementation of the plan or announcing the main features of the plan.

Restructuring provisions are mainly related to network shutdown and backhaul access contracts. The details of the restructuring provision are described in "Note 23. Provisions."

Provision for loss on interest repayment is recorded based on an amount representing future expected claims in order to prepare for future claims by debtors and other, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act.

(14) Treasury stock

When the Company acquires its own equity share capital ("treasury stock"), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity. No gain or loss is recognized on the purchase, sale, or cancellation of the treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(15) Assets or disposal groups classified as held for sale

Assets or disposal groups, whose recoveries are expected principally through sale transactions rather than continuing use, are classified as held for sale when it is probable that the sale will be completed within one year, they are available for immediate sale in their present condition, and management commits to a plan to sell.

The Company, when committed to a sale plan involving loss of control of a subsidiary, classifies assets and liabilities of the subsidiary as held for sale when the above criteria are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of the carrying amounts and fair values less costs to sell and depreciation of property, plant and equipment and amortization of intangible assets are not conducted after the classification.

(16) Share-based payments

The Company grants stock options and restricted stock unit awards as equity-settled share-based compensation and cash-settled share-based compensation.

Equity-settled share-based compensation is measured at fair value at the grant date. The fair value of stock options is calculated using the Black-Scholes model and other, and the fair value of restricted stock units is calculated using the share price at the date of grant.

The fair value determined at the grant date is expensed over the vesting period, based on the estimate of stock options or restricted stock units that will eventually vest, with a corresponding increase in equity.

The Company regularly reviews the assumptions made and revises estimates of the number of stock options or restricted stock units that are expected to vest, when necessary.

Cash-settled share-based compensation is accounted for as liabilities and is measured initially at the fair value of the award. The fair value of the liabilities is remeasured on each closing date and the settlement date, and changes in fair values are recognized in profit or loss.

(17) Revenue

The Company's accounting policy for revenue recognition by major categories is as follows:

Domestic Telecommunications segment and Sprint segment

a. Mobile Communications service and sales of mobile handsets

The Company provides mobile telecommunications services, which consist of voice communications and data transmission to subscribers, and sells mobile handsets and accessories to customers.

In the Mobile Communications service, revenues are mainly generated from basic monthly charges, telecom service ("revenues from the mobile telecommunications service") and other fees. Also, revenues from the sale of mobile handsets ("revenues from the sale of mobile handsets") are generated from the sale of mobile handsets and accessories to subscribers or dealers.

The business flow of the above transactions consists of "Indirect sales," where the Company sells mobile handsets to dealers and enters into telecommunications services contracts with subscribers through dealers, and "Direct sales," where the Company sells mobile handsets to subscribers and enters into telecommunications services contracts directly with subscribers. The revenues are recognized respectively as follows:

(a) Indirect sales

Revenues from the sale of mobile handsets are recognized when mobile handsets are delivered to dealers, which is when risk and economic value are deemed to be transferred. Commission fees paid to dealers related to the sales of mobile handsets are deducted from revenues.

The mobile telecommunications services are recognized as revenue when services are provided to subscribers. Discounts are deducted from revenues from monthly mobile telecommunications services as a discount of mobile telecommunications charges.

Activation fees are deferred upon entering into the contract and recognized as revenues over the estimated average contract period. Upgrade fees are recognized as revenues over the estimated average usage period of handsets with the subscribers. Direct costs related to activation are deferred to the extent of the activation fees and upgrade fees and are amortized over the respective same period.

(b) Direct sales

In direct transactions, as the revenue from the sales of mobile handsets and the mobile telecommunications services, including the fees, are considered to be one transaction, the total amount of revenues is allocated to mobile handsets and telecommunications service on the basis of the fair value ratio.

When handsets are sold in installments, revenue from the sales of mobile handsets is recognized based on the fair value ratio when handsets are delivered to the subscribers. When handsets are sold in lump-sum payment, the maximum amount of revenues to be recognized by the sale of mobile handsets is set by the amounts to be received from subscribers at the sales of the mobile handsets. The amount of revenue allocated to the mobile telecommunication services is recognized when the service is provided to the subscribers.

b. Fixed-line Telecommunications service

In the Fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services, Internet provider charges, ADSL service fees, IP telephony service fees, and the usage of the network (“revenues from fixed-line telecommunications service”).

Revenues from fixed-line telecommunications services are recognized as revenues when services are provided to subscribers, based upon fixed monthly charges plus the usage of the network.

Yahoo Japan segment

In the Yahoo Japan segment, revenues are generated mainly from sponsored search advertising, display advertising, e-commerce related commission fees, revenue from membership and product sales.

Sponsored search advertising revenue is recognized when a visitor to the website clicks the advertisement. Display advertising comprises premium advertising, Yahoo! Display Ad Network (“YDN”) and other services. Revenue from premium advertising is recognized over a period in which related advertisement is displayed. Revenue from YDN is recognized when a visitor to the website clicks the advertisement on the page with the related content. Revenue from e-commerce related commission fees is recognized when the transaction occurs. Revenue from membership fees is recognized over an effective period of the membership. Revenue from product sales is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Distribution segment

In the Distribution segment, revenues are generated mainly from distribution of mobile handsets to telecommunication service providers and retailers overseas, and sales of PC software, peripherals, and mobile handset accessories in Japan. Revenue in the Distribution segment is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably. For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

Arm segment

In the Arm segment, revenue is generated mainly from sales of licenses to Arm's technology and royalties arising from the resulting sale of licensees' Arm's technology-based products.

License revenue is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow into the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Royalty revenue is earned on sales of products containing Arm's technology by the Company's customers. Royalty revenue is recognized when it is probable that the economic benefits associated with the transaction will flow into the Company, and the amount of revenue can be reliably measured. Royalty revenue is recognized on an accrual basis in the quarter in which the customers ship products containing Arm's technology, using an estimate based on sales trends and product information.

(18) Sales commission fees

The Company pays sales commission fees when dealers sell the Company's mobile handsets to subscribers or acquire and retain engagement of telecommunications service between the Company and subscribers. Commission fees related to the sales of mobile handsets are deducted from the revenues from the sales of mobile handsets. Commission fees related to the acquisition and retention of engagement of telecommunications service are recognized as selling, general and administrative expenses.

(19) Income tax

Income tax expense is composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized. The recoverability of deferred tax assets is reassessed at the end of the fiscal year.

Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income.

Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax liabilities are basically recognized for taxable temporary differences, except for:

- temporary differences arising from the initial recognition of assets and liabilities, and related transactions other than business combinations, that affect neither the accounting profit nor the taxable profit;
- taxable temporary differences arising from the initial recognition of goodwill; and
- taxable temporary differences associated with investments in subsidiaries and associates, where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

(20) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

Diluted earnings per share assume full conversion of the issued potential stocks having a dilutive effect, with an adjustment for net income attributable to owners of the parent and the weighted-average number of ordinary shares (after adjusting for treasury stocks) outstanding for the period.

4. Significant judgments and estimates

In preparing consolidated financial statements under IFRSs, management makes judgments, estimates, and assumptions that affect the application of accounting policies and carrying 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 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 the future periods. Significant judgments, estimates and assumptions that affect the amounts recognized in the Company's consolidated financial statements are as follows:

- judgments of whether an entity is controlled by the Company in determining the scope of consolidation ((1) in "Note 3. Significant accounting policies" and "Note 15. Major subsidiaries");
- significant judgments for the determination of joint ventures ((1) in "Note 3. Significant accounting policies" and (3) in "Note 14. Leases");
- estimates for impairment of investments accounted for using the equity method ((1) in "Note 3. Significant accounting policies");
- estimates of fair value of assets acquired and the liabilities assumed in a business combination ((2) in "Note 3. Significant accounting policies" and "Note 5. Business combinations");
- fair value measurement of financial assets at FVTPL, financial liabilities at FVTPL, and available-for-sale financial assets ((4) in "Note 3. Significant accounting policies," (1) (2) in "Note 26. Fair value of financial instruments" and "Note 39. Gain and loss from financial instruments at FVTPL");
- estimates for impairment of financial assets measured at amortized cost ((4) in "Note 3. Significant accounting policies" and "Note 40. Other non-operating income and loss");
- estimates of residual value and useful life of property, plant and equipment and intangible assets ((7) and (9) in "Note 3. Significant accounting policies");
- judgments and estimates for accounting treatment of contracts including leases ((10) in "Note 3. Significant accounting policies" and "Note 14. Leases");
- estimates for impairment of property, plant and equipment, intangible assets and goodwill ((11) in "Note 3. Significant accounting policies," "Note 13. Goodwill and intangible assets" and "Note 35. Other operating income and loss");
- measurement of defined benefit obligation ((12) in "Note 3. Significant accounting policies" and (2) in "Note 24. Retirement benefits");
- judgments and estimates for recognition and measurement on provisions ((13) in "Note 3. Significant accounting policies" and "Note 23. Provisions");
- assessment of recoverability of deferred tax assets ((19) in "Note 3. Significant accounting policies" and (4) in "Note 18. Income taxes"); and
- recognition of liabilities and expenses related to contingencies ("Note 35. Other operating income and loss" and (b) (3) b. in "Note 46. Contingency").

Relating to a transaction in which SoftBank Group Corp.'s then wholly-owned subsidiary, SOFTBANK GROUP

CAPITAL APAC PTE. LTD. ("APAC," currently Foxconn Ventures Pte. Ltd.), sold a portion of its Alibaba shares to SoftBank Group Corp., SoftBank Group Corp.'s wholly-owned subsidiary West Raptor Holdings, LLC, and third parties, for the nine-month period ended December 31, 2016, the Company had recognized deferred tax liabilities of ¥913,012 million ($8,138,087 thousand) on SoftBank Group Corp.'s expected taxable income for the next fiscal year (April 1, 2017 to March 31, 2018). SoftBank Group Corp. had also recorded deferred tax assets of ¥60,451 million ($538,827 thousand), as it was deemed probable that, in conjunction with the transaction, taxable profit would be available against which carryforwards and a deductible temporary differences could be utilized. However, because ownership of APAC's outstanding shares was below 50% on March 31, 2017 and taxable profit was not expected at SoftBank Group Corp. for the next fiscal year, the Company did not recognize any deferred tax liabilities relating to the transaction for the fiscal year ended March 2017. In addition, SoftBank Group Corp. did not recognize any deferred tax assets for the fiscal year ended March 2017, as it was deemed probable that taxable profit would not be available against which carryforwards and deductible temporary differences could be utilized.

5. Business combinations

For the fiscal year ended March 31, 2016

(1) ASKUL Corporation

a. Overview of consolidation

ASKUL Corporation, an associate of the Company, which primarily conducts mail order services for office supplies, became the Company's subsidiary on August 27, 2015 as a result of ASKUL Corporation's acquisition of its own treasury stock as resolved by its Board of Directors on May 19, 2015. As a result of ASKUL Corporation's acquisition of its own treasury stock, the ownership ratio of ASKUL Corporation's voting rights held by the Company rose from 41.7% (as of May 20, 2015) to 44.4% (as of August 27, 2015). The Company did not yet hold the majority of the voting rights of ASKUL Corporation; however, considering relevant facts such as the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders meetings, the Company determined that it substantially has control of ASKUL Corporation as a consolidated subsidiary.

b. Summary of the acquiree

Name	ASKUL Corporation
Business description	Mail-order business for office supplies, such as stationery, other products and services

c. Acquisition date

August 27, 2015

d. Consideration transferred and its components

		(Millions of yen) Acquisition date (August 27, 2015)
Fair value of equity interest in ASKUL Corporation already held at the time of the acquisition		¥93,611
Total consideration transferred	A	¥93,611

As a result of the remeasurement of equity interest previously held at the time of the acquisition of control by the Company in ASKUL Corporation at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥59,441 million for the fiscal year ended March 31, 2016. This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

e. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (August 27, 2015)
Trade and other receivables		¥ 45,365
Other current assets		44,751
Property, plant and equipment		32,315
Intangible assets		69,124
Other non-current assets		8,394
Total assets		199,949
Current liabilities		71,495
Non-current liabilities		34,586
Total liabilities		106,081
Net assets	B	93,868
Non-controlling interests[1]	C	54,036
Goodwill[2]	A–(B–C)	¥ 53,779

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.
2. Goodwill
Goodwill reflects an excess earning power expected from the future business development and the synergy between the Company and the acquiree.

f. Proceeds from acquisition of control over subsidiaries

(Millions of yen)

	Acquisition date (August 27, 2015)
Cash and cash equivalents held by the acquiree at the acquisition of control	¥31,291
Proceeds in cash from the acquisition of control over the subsidiary	¥31,291

g. Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2016, are ¥189,013 million and ¥2,970 million, respectively.

In addition, the above net income includes amortization expenses, which are related to intangible assets recognized at the acquisition date, and other expenses.

(2) Ikyu Corporation

a. Overview of consolidation

The Company, for the purpose of ensuring the effectiveness of growth through the e-Commerce Revolution, which is strategically important for Yahoo Japan Corporation, has been performing a tender offer for Ikyu Corporation's shares, which was resolved at Yahoo Japan Corporation's Board of Directors' meeting held on December 15, 2015. The tender offer ended on February 3, 2016 and then Yahoo Japan Corporation acquired 27,480,682 shares of Ikyu Corporation's common shares at ¥94,341 million in cash. Consequently, the Company's voting rights ratio for Ikyu Corporation has become 94.3% and Ikyu Corporation has been converted to a consolidated subsidiary.

b. Summary of the acquiree

Name	Ikyu Corporation
Business description	Operation of various Internet sites that provide reservation services for hotels, restaurants, and other.

c. Acquisition date

February 3, 2016

d. Consideration transferred and its components

(Millions of yen)

		Acquisition date (February 3, 2016)
Payment by cash		¥94,341
Total consideration transferred	A	¥94,341

e. Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Millions of yen)

		Acquisition date (February 3, 2016)
Current assets		¥ 8,934
Intangible assets		26,183
Other non-current assets		1,130
Total assets		36,247
Current liabilities		4,270
Non-current liabilities		8,177
Total liabilities		12,447
Net assets	B	23,800
Non-controlling interests[1]	C	1,503
Goodwill[2]	A–(B–C)	¥72,044

Notes:
1. Non-controlling interests
Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.
2. Goodwill
Goodwill reflects an excess earning power expected from the future business development and the synergy between the Company and the acquiree.

f. Payment for acquisition of control over subsidiaries

(Millions of yen)

	Acquisition date (February 3, 2016)
Payment for the acquisition by cash	¥(94,341)
Cash and cash equivalents held by the acquiree at the acquisition of control	4,016
Payment for the acquisition of control over the subsidiary by cash	¥(90,325)

g. Sales and net income of the acquiree

The amounts of the acquiree's sales and net income after the acquisition date are immaterial.

For the fiscal year ended March 31, 2017

(3) Arm

a. Overview of consolidation

On July 18, 2016 (GMT), the Company and Arm, located in the United Kingdom, entered into an agreement on the terms of a recommended all cash acquisition of the entire issued and to be issued share capital of Arm by the Company for a total acquisition price of approximately £24.0 billion (approximately ¥3.3 trillion) by means of an English court-sanctioned scheme of arrangement ("Acquisition"). The Acquisition was approved at Arm's general meeting of shareholders held on August 30, 2016, and at the English court hearing held on September 1, 2016, and came into effect on September 5, 2016.

As a result of the transaction, Arm became a wholly-owned subsidiary of the Company.

b. Purpose of consolidation

The Company believes Arm is one of the world's leading technology companies, with strong capabilities in global semiconductor intellectual property and the "Internet of Things," and a proven track record of innovation.

The board and management of the Company believe that the acquisition of Arm by the Company will deliver the following benefits:

- Support and accelerate Arm's position as the global leader in intellectual property licensing and R&D outsourcing for semiconductor companies
  The Company's deep industry expertise and global network of relationships will accelerate adoption of Arm's intellectual property across existing and new markets.
- Maintain Arm's dedication to innovation
  The Company intends to sustain Arm's long-term focus on generating more value per device, and driving licensing wins and future royalty streams in new growth categories, specifically "Enterprise and Embedded Intelligence."
- Increased investment to drive the next wave of innovation
  The Company intends to support Arm's multiple growth initiatives by investing in engineering talent and complementary acquisitions with the aim of ensuring Arm maintains a R&D edge over existing and emerging competitors. The Company believes such an investment strategy in long-term growth will be easier to execute as a non-listed company.
- Shared culture and long-term vision
  The Company believes the two companies share the same technology-oriented culture, long-term vision, focus on innovation and commitment to attracting, developing and retaining top talent. These common values will be the foundation for the strong strategic partnership necessary to capture the significant opportunities ahead.
- Maintain and grow the UK's leadership in science and technology
  The Company is investing in the UK as a world leader in science and technology development and innovation and, as evidence of this, intends to invest in multiple Arm growth initiatives, at least doubling the number of Arm employees in the UK over the next five years.

c. Summary of Arm

(a) Name	Arm Holdings plc
(b) Address	110 Fulbourn Road, Cambridge CB1 9NJ, United Kingdom
(c) Name and title of representative	Simon Segars, Chief Executive Officer
(d) Nature of business	• Design of microprocessor intellectual property and related technology • Sale of software tools
(e) Share capital	£0.7 million (as of December 31, 2015)
(f) Date of incorporation	October 16, 1990
(g) Consolidated net sales	£968 million (for the fiscal year ended December 31, 2015 under IFRSs)

d. Acquisition date

September 5, 2016

e. Consideration transferred and the component

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (September 5, 2016)	Acquisition date (September 5, 2016)
Payment for the acquisition by cash		¥3,319,137	$29,584,963
Fair value of equity interest in Arm already held at the time of the acquisition		47,867	426,660
Total consideration transferred	A	¥3,367,004	$30,011,623

Acquisition-related costs of ¥25,780 million ($229,789 thousand) arising from the business combination are recognized in "Other operating loss."

As a result of the remeasurement of 1.4% equity interest at fair value which was already held by the Company at the time of the acquisition of control in Arm, the Company recognized a gain of ¥18,168 million ($161,940 thousand) through the step acquisition. This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

f. Fair value of assets and liabilities, and goodwill on the acquisition date

		(Millions of yen)	(Thousands of U.S. dollars)
		Acquisition date (September 5, 2016)	Acquisition date (September 5, 2016)
Cash and cash equivalents		¥ 16,984	$ 151,386
Trade and other receivables		59,782	532,864
Other current assets		119,090	1,061,503
Intangible assets[1]		693,432	6,180,872
Other non-current assets		23,649	210,794
Total assets		912,937	8,137,419
Current liabilities		61,930	552,010
Deferred tax liabilities		127,622	1,137,552
Other non-current liabilities		7,292	64,998
Total liabilities		196,844	1,754,560
Net assets	B	716,093	6,382,859
Goodwill[2]	A–B	¥2,650,911	$23,628,764

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Moreover, the above amounts, which are fair values based on the best estimate at present, may change in a year after the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

The amounts of assets and liabilities on the acquisition date have been revised for the three-month period ended March 31, 2017 as follows: technologies, customer relationships, and trademarks are newly recognized; intangible assets and deferred tax liabilities have increased by ¥692,269 million ($6,170,505 thousand) and ¥126,714 million ($1,129,459 thousand); and goodwill has decreased by ¥563,018 million ($5,018,433 thousand). The above amount is translated at the exchange rate (GBP = JPY138.15) as of the acquisition date.

In addition, ¥29,379 million ($261,868 thousand) of amortization expenses related to intangible assets newly recognized has been recorded as “selling, general and administrative expenses” as a result of retrospective amortization from the acquisition date.

Notes:
1. The components of intangible assets are as follows; the estimated useful lives are from 8 to 20 years for technologies, 13 years for customer relationships, and 8 years for trademarks.

	(Millions of yen)	(Thousands of U.S. dollars)
	Acquisition date (September 5, 2016)	Acquisition date (September 5, 2016)
Technologies	¥537,680	$4,792,584
Customer relationships	148,649	1,324,975
Trademarks	5,940	52,946
Other	1,163	10,367
Total	¥693,432	$6,180,872

2. Goodwill reflects excess earning power expected from future business development, congregative human resources related to research and development, and the synergy between the Company and the acquiree.

g. Payment for acquisition of control over subsidiaries

	(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Payment for the acquisition by cash	¥(3,319,137)	$(29,584,963)
Foreign currency exchange gain relating to settlement*	52,856	471,129
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984	151,386
Payment for the acquisition of control over the subsidiary by cash	¥(3,249,297)	$(28,962,448)

Note:
* Fluctuation in foreign currency exchange rates arising from the acquisition date to the settlement date (September 15, 2016).

h. Sales and net income of the acquiree

The amounts of the acquiree’s sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2017, are ¥112,902 million ($1,006,346 thousand) and ¥17,272 million ($153,953 thousand), respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

(4) Consolidated net sales and consolidated net income and loss assuming that the business combinations were completed at the beginning of the fiscal year

For the fiscal year ended March 31, 2016

The following is pro forma information (unaudited) of consolidated performance of the Company for the fiscal year ended March 31, 2016, assuming that the business combinations of ASKUL Corporation and Ikyu Corporation were completed and controls were acquired as of April 1, 2015.

	(Millions of yen) Fiscal year ended March 31, 2016
Sales (pro forma)	¥9,278,092
Net income (pro forma)	¥ 559,178

For the fiscal year ended March 31, 2017

The following is pro forma information (unaudited) of consolidated performance of the Company for the fiscal year ended March 31, 2017, assuming that the business combination of Arm was completed and control was acquired as of April 1, 2016.

	(Millions of yen) Fiscal year ended March 31, 2017	(Thousands of U.S. dollars) Fiscal year ended March 31, 2017
Sales (pro forma)	¥8,970,264	$79,956,003
Net income (pro forma)	¥1,482,045	$13,210,135

6. Segment information

(1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

The Company has five reportable segments: the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the Arm segment.

The Domestic Telecommunications segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, telecommunication services such as fixed-line telephone and data communications services for corporate customers, and broadband services for retail customers in Japan.

The Sprint segment provides, through Sprint, mobile communication services, sale and lease of mobile devices, sale of mobile device accessories, and fixed-line telecommunications services in the U.S.

The Yahoo Japan segment provides, mainly through Yahoo Japan Corporation, Internet-based advertising business, e-commerce business, and membership services.

The Distribution segment provides, through Brightstar, distribution of mobile devices overseas, and through SoftBank Commerce & Service Corp., sale of mobile device accessories, PC software, and peripherals in Japan.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, and the sale of software tools. The Arm segment was newly established from the fiscal year ended March 31, 2017, by the consolidation of Arm in September 2016. Operating results of Arm after the acquisition date is included in the Arm segment.

Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly Fukuoka SoftBank HAWKS-related business.

"Reconciliations" includes an elimination of intersegment transactions and the corporate general expenses unallocated to each reportable segment. Expenses arising mainly from SoftBank Group Corp. and SB Group US, Inc., which manages and supervises investment activities in the Internet, communication, and media fields overseas, are included in the corporate general expenses.

(2) Net sales and income of reportable segments

Accounting policies for reportable segments are the same as the policies described in "Note 3. Significant accounting policies."

Income of reportable segments is defined as "Operating income." Intersegment transaction prices are determined under the same general business conditions as applied for external customers.

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization) and Adjusted EBITDA (i.e., EBITDA after deduction of gain from remeasurement relating to a business combination, addition or deduction of other adjustments (gains are deducted)) by each reportable segment. "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

Income and loss, which are not attributable to operating income and loss, such as financial cost and income and loss on equity method investments, are not managed by each reportable segment and therefore these income and losses are excluded from the segment performance.

Discontinued operations are not included. The details are described in "Note 42. Discontinued operations."

For the fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	Total	Other	Reconciliations	Consolidated
Net sales									
Customers	¥3,106,855	¥3,688,498	¥642,880	¥1,345,856	¥ –	¥8,784,089	¥ 97,688	¥ –	¥8,881,777
Intersegment	37,795	183,149	9,151	74,560	–	304,655	21,280	(325,935)	–
Total	¥3,144,650	¥3,871,647	¥652,031	¥1,420,416	¥ –	¥9,088,744	¥118,968	¥(325,935)	¥8,881,777
Segment income	688,389	61,485	222,787	(1,284)	–	971,377	(17,310)	(45,160)	908,907
Reconciliation from segment income to adjusted EBITDA									
Segment income	688,389	61,485	222,787	(1,284)	–	971,377	(17,310)	(45,160)	908,907
Depreciation and amortization	474,948	842,110	32,695	10,268	–	1,360,021	11,810	1,636	1,373,467
EBITDA	1,163,337	903,595	255,482	8,984	–	2,331,398	(5,500)	(43,524)	2,282,374
Gain from remeasurement relating to business combination	–	–	(59,441)	–	–	(59,441)	–	–	(59,441)
Other adjustments	–	79,668	–	16,466	–	96,134	6,086	–	102,220
Adjusted EBITDA	¥1,163,337	¥ 983,263	¥196,041	¥ 25,450	¥ –	¥2,368,091	¥ 586	¥ (43,524)	¥2,325,153

For the fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments								
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	Total	Other	Reconciliations*	Consolidated
Net sales									
Customers	¥3,156,825	¥3,459,142	¥841,581	¥1,228,051	¥112,901	¥8,798,500	¥102,504	¥ –	¥8,901,004
Intersegment	36,966	164,233	11,877	67,323	1	280,400	25,804	(306,204)	–
Total	¥3,193,791	¥3,623,375	¥853,458	¥1,295,374	¥112,902	¥9,078,900	¥128,308	¥(306,204)	¥8,901,004
Segment income	719,572	186,423	189,819	(10,047)	12,919	1,098,686	(16,573)	(56,114)	1,025,999
Reconciliation from segment income to adjusted EBITDA									
Segment income	719,572	186,423	189,819	(10,047)	12,919	1,098,686	(16,573)	(56,114)	1,025,999
Depreciation and amortization	489,458	885,845	38,973	7,237	32,523	1,454,036	9,984	1,589	1,465,609
EBITDA	1,209,030	1,072,268	228,792	(2,810)	45,442	2,552,722	(6,589)	(54,525)	2,491,608
Gain from remeasurement relating to business combination	–	–	(19)	–	(18,168)	(18,187)	–	–	(18,187)
Other adjustments	–	7,371	10,736	30,260	25,780	74,147	8,052	8,847	91,046
Adjusted EBITDA	¥1,209,030	¥1,079,639	¥239,509	¥ 27,450	¥ 53,054	¥2,608,682	¥ 1,463	¥ (45,678)	¥2,564,467

(Thousands of U.S. dollars)

	Reportable segments								
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	Total	Other	Reconciliations*	Consolidated
Net sales									
Customers	$28,138,203	$30,832,891	$7,501,390	$10,946,172	$1,006,337	$78,424,993	$ 913,665	$ –	$79,338,658
Intersegment	329,495	1,463,882	105,866	600,080	9	2,499,332	230,002	(2,729,334)	–
Total	$28,467,698	$32,296,773	$7,607,256	$11,546,252	$1,006,346	$80,924,325	$1,143,667	$(2,729,334)	$79,338,658
Segment income	6,413,869	1,661,672	1,691,942	(89,553)	115,153	9,793,083	(147,723)	(500,169)	9,145,191
Reconciliation from segment income to adjusted EBITDA									
Segment income	6,413,869	1,661,672	1,691,942	(89,553)	115,153	9,793,083	(147,723)	(500,169)	9,145,191
Depreciation and amortization	4,362,760	7,895,936	347,384	64,506	289,892	12,960,478	88,992	14,163	13,063,633
EBITDA	10,776,629	9,557,608	2,039,326	(25,047)	405,045	22,753,561	(58,731)	(486,006)	22,208,824
Gain from remeasurement relating to business combination	–	–	(169)	–	(161,940)	(162,109)	–	–	(162,109)
Other adjustments	–	65,701	95,695	269,721	229,789	660,906	71,771	78,857	811,534
Adjusted EBITDA	$10,776,629	$ 9,623,309	$2,134,852	$ 244,674	$ 472,894	$23,252,358	$ 13,040	$ (407,149)	$22,858,249

Note:
* ¥8,847 million ($78,857 thousand) of expenses arising from the resignation of Nikesh Arora from his position as a director is included in "Reconciliations" for the fiscal year ended March 31, 2017. The details are described in "(2) Remuneration for major executives" in "Note 45. Related party transactions."

(3) Geographical information

a. Net sales to external customers

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Japan	¥4,090,986	¥4,359,888	$38,861,645
U.S.	4,157,020	3,962,325	35,317,987
Other	633,771	578,791	5,159,026
Total	¥8,881,777	¥8,901,004	$79,338,658

Sales are categorized based on the location of external customers.

b. Non-current assets (excluding financial assets and deferred tax assets)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Japan	¥ 4,212,343	¥ 4,072,675	$ 36,301,587
U.S.	8,019,523	7,772,859	69,282,993
U.K.	4,720	3,373,592	30,070,345
Other	188,329	63,051	562,001
Total	¥12,424,915	¥15,282,177	$136,216,926

7. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Cash and demand deposits	¥1,979,642	¥1,592,709	$14,196,533
Time deposits (maturities of three-month or less)	404,434	411,518	3,668,045
MMF	137,390	120,149	1,070,942
Other	48,141	58,726	523,451
Total	¥2,569,607	¥2,183,102	$19,458,971

Cash and demand deposits as of March 31, 2016 include ¥120,998 million of cash in trust established for SoftBank Group Corp.'s acquisition of its own treasury stock (As of March 31, 2017: ¥ zero).

The amount of cash and cash equivalents pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

8. Trade and other receivables

The components of trade and other receivables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Trade receivables	¥1,320,862	¥1,493,857	$13,315,420
Installment receivables	511,980	537,164	4,787,985
Other	127,253	154,031	1,372,948
Allowance for doubtful accounts	(45,306)	(63,433)	(565,407)
Total	¥1,914,789	¥2,121,619	$18,910,946

Installment receivables represent receivables arising from the Company's advance payments to dealers on behalf of its customers who chose to purchase mobile handsets by installments in indirect sales. The amounts are charged to customers together with telecommunication service fees over the periods of installment payments.

The period of installment payments for the receivables above is within 24 months. As such, the amounts due within a year after the period end date are included in "Trade and other receivables," and those after one year are included in "Other financial assets (non-current)."

9. Other financial assets

The components of other financial assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current			
Marketable securities	¥ 29,596	¥ 277,895	$ 2,477,003
Time deposits (maturities of three-month over)	32,313	458,495	4,086,772
Other	90,949	58,299	519,646
Total	¥152,858	¥ 794,689	$ 7,083,421
Non-current			
Installment receivables	175,061	230,495	2,054,506
Investment securities	650,169	1,106,409	9,861,922
Other	180,482	247,281	2,204,127
Allowance for doubtful accounts	(34,838)	(31,918)	(284,500)
Total	¥970,874	¥1,552,267	$13,836,055

Installment receivables are described in "Note 8. Trade and other receivables."

10. Inventories

The components of inventories are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Merchandise and finished products	¥333,085	¥297,077	$2,647,981
Other	26,379	44,267	394,572
Total	¥359,464	¥341,344	$3,042,553

The amount of inventories pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

Write-downs of inventories recognized as an expense during the fiscal year are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Write-downs of inventories	¥29,504	¥25,300	$225,510

11. Other current assets and other non-current assets

The components of other current assets and other non-current assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current			
Prepaid expense	¥171,991	¥143,258	$1,276,923
Tax receivable*	332,339	91,566	816,169
Other	49,221	48,397	431,385
Total	¥553,551	¥283,221	$2,524,477
Non-current			
Long-term prepaid expense	178,162	171,805	1,531,375
Other	14,312	11,015	98,182
Total	¥192,474	¥182,820	$1,629,557

Note:
* Tax receivable is mainly withholding income tax related to dividends within the group companies.

12. Property, plant and equipment

Changes in property, plant and equipment at historical cost, are as follows:

(Millions of yen)

Historical cost	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2015	¥412,543	¥5,231,946	¥ 546,822	¥97,348	¥318,732	¥25,003	¥6,632,394
Purchases	9,727	17,390	304,128	297	453,104	5,072	789,718
Business combinations	13,816	13	1,566	9,436	2,256	5,959	33,046
Disposals	(4,583)	(225,109)	(256,500)	(677)	(25,013)	(6,116)	(517,998)
Transfer of accounts	22,840	486,911	350,812	–	(542,613)	3,458	321,408
Exchange differences	(12,253)	(141,152)	(44,233)	(1,348)	(7,195)	(2,784)	(208,965)
Other	(13,344)	(2,833)	(1,196)	13	(3,302)	658	(20,004)
As of March 31, 2016	428,746	5,367,166	901,399	105,069	195,969	31,250	7,029,599
Purchases	13,904	19,502	231,857	348	363,935	8,485	638,031
Business combinations	259	–	1,582	–	127	8,146	10,114
Disposals	(19,132)	(190,213)	(303,098)	(5,020)	(10,759)	(3,524)	(531,746)
Transfer of accounts	20,118	195,251	359,536	5	(242,786)	8,609	340,733
Exchange differences	24	(8,127)	6,341	(89)	2,197	713	1,059
Other	8,840	13,831	5,198	(400)	(3,379)	(3,932)	20,158
As of March 31, 2017	¥452,759	¥5,397,410	¥1,202,815	¥99,913	¥305,304	¥49,747	¥7,507,948

(Thousands of U.S. dollars)

Historical cost	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2016	$3,821,606	$47,839,968	$ 8,034,576	$936,527	$1,746,760	$278,545	$62,657,982
Purchases	123,933	173,830	2,066,646	3,102	3,243,917	75,630	5,687,058
Business combinations	2,309	–	14,101	–	1,132	72,609	90,151
Disposals	(170,532)	(1,695,454)	(2,701,649)	(44,746)	(95,900)	(31,411)	(4,739,692)
Transfer of accounts	179,320	1,740,360	3,204,706	45	(2,164,061)	76,737	3,037,107
Exchange differences	214	(72,440)	56,520	(793)	19,583	6,355	9,439
Other	78,795	123,282	46,332	(3,565)	(30,119)	(35,048)	179,677
As of March 31, 2017	$4,035,645	$48,109,546	$10,721,232	$890,570	$2,721,312	$443,417	$66,921,722

Changes in the accumulated depreciation and impairment losses of property, plant and equipment are as follows:

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of April 1, 2015	¥(144,910)	¥(1,980,273)	¥(181,517)	¥(6)	¥ (387)	¥ (7,853)	¥(2,314,946)
Depreciation	(33,650)	(618,930)	(281,695)	–	–	(5,831)	(940,106)
Impairment loss	(639)	–	(1,151)	(1)	(24,977)	(946)	(27,714)
Disposals	4,105	212,607	92,354	–	23,751	2,665	335,482
Transfer of accounts	(16)	1,802	34,828	–	–	3	36,617
Exchange differences	4,116	48,826	12,471	–	100	1,960	67,473
Other	(3,183)	355	590	–	–	(660)	(2,898)
As of March 31, 2016	(174,177)	(2,335,613)	(324,120)	(7)	(1,513)	(10,662)	(2,846,092)
Depreciation	(37,248)	(557,896)	(440,026)	–	–	(6,572)	(1,041,742)
Impairment loss	(15)	–	(3,497)	–	(2,332)	–	(5,844)
Disposals	12,290	161,937	197,339	–	320	1,100	372,986
Transfer of accounts	56	(730)	9,252	–	2	(6)	8,574
Exchange differences	(197)	(5,573)	(5,449)	(1)	6	(115)	(11,329)
Other	9,593	(5,439)	(8,584)	–	390	(3,207)	(7,247)
As of March 31, 2017	¥(189,698)	¥(2,743,314)	¥(575,085)	¥(8)	¥(3,127)	¥(19,462)	¥(3,530,694)

(Thousands of U.S. dollars)

Accumulated depreciation and impairment losses	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2016	$(1,552,518)	$(20,818,371)	$(2,889,028)	$(62)	$(13,486)	$ (95,035)	$(25,368,500)
Depreciation	(332,008)	(4,972,778)	(3,922,150)	–	–	(58,580)	(9,285,516)
Impairment loss	(134)	–	(31,170)	–	(20,786)	–	(52,090)
Disposals	109,546	1,443,417	1,758,971	–	2,853	9,805	3,324,592
Transfer of accounts	499	(6,507)	82,467	–	18	(53)	76,424
Exchange differences	(1,756)	(49,674)	(48,569)	(10)	53	(1,025)	(100,981)
Other	85,507	(48,480)	(76,513)	–	3,476	(28,585)	(64,595)
As of March 31, 2017	$(1,690,864)	$(24,452,393)	$(5,125,992)	$(72)	$(27,872)	$(173,473)	$(31,470,666)

The components of the carrying amounts of property, plant and equipment are as follows:

(Millions of yen)

Carrying amounts	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2016	¥254,569	¥3,031,553	¥577,279	¥105,062	¥194,456	¥20,588	¥4,183,507
As of March 31, 2017	¥263,061	¥2,654,096	¥627,730	¥ 99,905	¥302,177	¥30,285	¥3,977,254

(Thousands of U.S. dollars)

Carrying amounts	Buildings and structures	Telecommunications equipment	Furniture, fixtures, and equipment	Land	Construction in progress	Other	Total
As of March 31, 2017	$2,344,781	$23,657,153	$5,595,240	$890,498	$2,693,440	$269,944	$35,451,056

The amounts of "Other" included in "Buildings and structures" for the fiscal year ended March 31, 2016 and for the fiscal year ended March 31, 2017 are recorded mainly due to the change in accounting estimate of asset retirement obligations in Sprint. The details are described in "Note 23. Provisions."

The amount of "Other" included in "Telecommunications equipment" for the fiscal year ended March 31, 2017 is recorded mainly due to the changes in accounting estimate of asset retirement obligations in SoftBank Corp. The details are described in "Note 23. Provisions."

The decrease resulting from "Disposals" in "Furniture, fixtures, and equipment" includes ¥222,750 million, which is a historical cost of certain leased devices sold from Sprint to Mobile Leasing Solutions, LLC, and ¥(59,730) million of accumulated depreciation and impairment losses for the fiscal year ended March 31, 2016. The details are described in "(3) Handset sale-leaseback" in "Note 14. Leases."

The amounts of "Transfer of accounts" in "Furniture, fixtures, and equipment" for the fiscal year ended March 31, 2016 and for the fiscal year ended March 31, 2017 are mainly due to the transfer of leased devices from "Inventories" in current assets.

Impairment loss is included in "Other operating loss" in the consolidated statement of income. The details are described in "Note 35. Other operating loss."

The carrying amounts of finance lease assets included in property, plant and equipment are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Buildings and structures	¥ 11,781	¥ 10,090	$ 89,937
Telecommunications equipment	1,069,694	1,150,560	10,255,459
Furniture, fixtures, and equipment	49,415	36,046	321,294
Construction in progress	73	50	446
Other	4,050	7,038	62,733
Total	¥1,135,013	¥1,203,784	$10,729,869

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The amount of property, plant and equipment pledged as collateral for interest-bearing debt or other is described in "(5) Assets pledged as collateral" in "Note 19. Interest-bearing debt."

Assets with limited property rights due to installment purchases are described in "(6) Assets with limited property rights" in "Note 19. Interest-bearing debt."

13. Goodwill and intangible assets

Changes in goodwill and intangible assets at historical cost are as follows:

(Millions of yen)

		Intangible assets with indefinite useful lives		Intangible assets with finite useful lives								
Historical cost	Goodwill	FCC licenses	Trademarks	Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	Total
As of April 1, 2015	¥1,673,151	¥4,320,296	¥734,655	¥1,363,940	¥ –	¥979,860	¥176,933	¥192,536	¥63,210	¥54,569	¥168,385	¥8,054,384
Purchases	–	10,389	–	85,036	–	–	–	–	29	–	186,534	281,988
Internal development	–	–	–	4,353	–	–	–	–	–	–	14,446	18,799
Business combinations	128,774	–	30,250	8,797	–	56,680	–	–	–	–	827	96,554
Loss of control	(146,032)	–	–	(3,831)	–	–	–	(77,796)	(47)	–	(1,766)	(83,440)
Disposals	–	–	–	(62,928)	–	–	(307)	–	(48)	–	(1,275)	(64,558)
Transfer of accounts	–	–	(114)	177,792	–	–	–	–	7	62,664	(233,501)	6,848
Exchange differences	(30,072)	(269,935)	(46,911)	(25,021)	–	(55,663)	(11,016)	(2,306)	(3,909)	–	(4,024)	(418,785)
Other	(158)	–	–	875	–	228	–	–	3	–	1,404	2,510
As of March 31, 2016	1,625,663	4,060,750	717,880	1,549,013	–	981,105	165,610	112,434	59,245	117,233	131,030	7,894,300
Purchases	–	17,454	–	55,551	–	1,837	–	–	22	–	177,169	252,033
Internal development	–	–	–	5,265	–	–	–	–	–	–	18,989	24,254
Business combinations	2,659,035	–	–	2,142	538,076	149,215	–	–	5,946	–	445	695,824
Loss of control	(89,834)	–	–	(99)	–	–	–	(101,842)	–	–	(241)	(102,182)
Disposals	–	–	–	(79,614)	–	(109)	(1,367)	–	(256)	–	(1,329)	(82,675)
Transfer of accounts	–	–	1	114,764	–	23	–	–	–	–	(114,927)	(139)
Exchange differences	26,734	(13,939)	(3,625)	(1,185)	7,119	(2,968)	(758)	(10,592)	(185)	–	(867)	(27,000)
Other	–	36,386	1	2,405	–	518	–	–	56	–	(696)	38,670
As of March 31, 2017	¥4,221,598	¥4,100,651	¥714,257	¥1,648,242	¥545,195	¥1,129,621	¥163,485	¥ –	¥64,828	¥117,233	¥209,573	¥8,693,085

(Thousands of U.S. dollars)

Historical cost	Goodwill	Intangible assets with indefinite useful lives: FCC licenses	Intangible assets with indefinite useful lives: Trademarks	Intangible assets with finite useful lives: Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	Total
As of March 31, 2016	$14,490,267	$36,195,294	$6,398,788	$13,807,050	$ –	$8,745,030	$1,476,157	$1,002,175	$528,078	$1,044,951	$1,167,929	$70,365,452
Purchases	–	155,575	–	495,151	–	16,374	–	–	196	–	1,579,188	2,246,484
Internal development	–	–	–	46,929	–	–	–	–	–	–	169,258	216,187
Business combinations	23,701,177	–	–	19,092	4,796,114	1,330,021	–	–	52,999	–	3,966	6,202,192
Loss of control	(800,731)	–	–	(882)	–	–	–	(907,764)	–	–	(2,148)	(910,794)
Disposals	–	–	–	(709,635)	–	(972)	(12,185)	–	(2,282)	–	(11,846)	(736,920)
Transfer of accounts	–	–	9	1,022,943	–	205	–	–	–	–	(1,024,396)	(1,239)
Exchange differences	238,291	(124,245)	(32,312)	(10,562)	63,455	(26,454)	(6,757)	(94,411)	(1,649)	–	(7,728)	(240,663)
Other	–	324,325	9	21,437	–	4,617	–	–	499	–	(6,204)	344,683
As of March 31, 2017	$37,629,004	$36,550,949	$6,366,494	$14,691,523	$4,859,569	$10,068,821	$1,457,215	$ –	$577,841	$1,044,951	$1,868,019	$77,485,382

Changes in the accumulated amortization and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

Accumulated amortization and impairment losses	Goodwill	Intangible assets with indefinite useful lives: FCC licenses	Intangible assets with indefinite useful lives: Trademarks	Intangible assets with finite useful lives: Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	Total
As of April 1, 2015	¥ (9,788)	¥ –	¥ (7,404)	¥(606,074)	¥ –	¥(397,637)	¥(31,742)	¥(83,325)	¥(3,627)	¥ (1,019)	¥(19,974)	¥(1,150,802)
Amortization	–	–	–	(228,753)	–	(173,860)	–	(26,951)	(1,932)	(5,742)	(5,175)	(442,413)
Impairment loss	(6,086)	–	(4,125)	(589)	–	(1,342)	–	–	–	–	(51)	(6,107)
Loss of control	–	–	–	2,521	–	–	–	56,186	7	–	446	59,160
Disposals	–	–	–	59,984	–	–	–	–	48	–	54	60,086
Exchange differences	–	–	286	11,573	–	31,383	3,110	1,500	325	–	746	48,923
Other	–	–	–	(5,527)	–	151	(17,736)	–	–	–	(890)	(24,002)
As of March 31, 2016	(15,874)	–	(11,243)	(766,865)	–	(541,305)	(46,368)	(52,590)	(5,179)	(6,761)	(24,844)	(1,455,155)
Amortization	–	–	–	(228,538)	(22,301)	(137,608)	–	(6,851)	(2,161)	(6,658)	(4,280)	(408,397)
Impairment loss	(30,260)	–	–	(1,327)	–	–	–	–	–	–	(714)	(2,041)
Loss of control	–	–	–	74	–	–	–	54,206	–	–	119	54,399
Disposals	–	–	–	78,284	–	77	1,367	–	100	–	1,021	80,849
Exchange differences	–	–	17	(883)	–	(1,405)	(227)	5,235	(34)	–	332	3,035
Other	–	–	–	(6,053)	–	(574)	(13,503)	–	(22)	–	1,016	(19,136)
As of March 31, 2017	¥(46,134)	¥ –	¥(11,226)	¥(925,308)	¥(22,301)	¥(680,815)	¥(58,731)	¥ –	¥(7,296)	¥(13,419)	¥(27,350)	¥(1,746,446)

(Thousands of U.S. dollars)

Accumulated amortization and impairment losses	Goodwill	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives								Total
		FCC licenses	Trademarks	Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	
As of March 31, 2016	$(141,492)	$ –	$(100,214)	$(6,835,413)	$ –	$(4,824,895)	$(413,299)	$(468,758)	$(46,163)	$ (60,264)	$(221,446)	$(12,970,452)
Amortization	–	–	–	(2,037,062)	(198,779)	(1,226,562)	–	(61,066)	(19,262)	(59,346)	(38,150)	(3,640,227)
Impairment loss	(269,721)	–	–	(11,828)	–	–	–	–	–	–	(6,364)	(18,192)
Loss of control	–	–	–	660	–	–	–	483,162	–	–	1,061	484,883
Disposals	–	–	–	697,781	–	686	12,185	–	891	–	9,101	720,644
Exchange differences	–	–	152	(7,871)	–	(12,524)	(2,023)	46,662	(303)	–	2,959	27,052
Other	–	–	–	(53,954)	–	(5,116)	(120,358)	–	(196)	–	9,056	(170,568)
As of March 31, 2017	$(411,213)	$ –	$(100,062)	$(8,247,687)	$(198,779)	$(6,068,411)	$(523,495)	$ –	$(65,033)	$(119,610)	$(243,783)	$(15,566,860)

The carrying amounts of goodwill and intangible assets are as follows:

(Millions of yen)

Carrying amounts	Goodwill	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives								Total
		FCC licenses	Trademarks	Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	
As of March 31, 2016	¥1,609,789	¥4,060,750	¥706,637	¥782,148	¥ –	¥439,800	¥119,242	¥59,844	¥54,066	¥110,472	¥106,186	¥6,439,145
As of March 31, 2017	¥4,175,464	¥4,100,651	¥703,031	¥722,934	¥522,894	¥448,806	¥104,754	¥ –	¥57,532	¥103,814	¥182,223	¥6,946,639

(Thousands of U.S. dollars)

Carrying amounts	Goodwill	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives								Total
		FCC licenses	Trademarks	Software	Technologies	Customer relationships	Favorable lease contracts	Game titles	Trademarks	Spectrum migration costs	Other	
As of March 31, 2017	$37,217,791	$36,550,949	$6,266,432	$6,443,836	$4,660,790	$4,000,410	$933,720	$ –	$512,808	$925,341	$1,624,236	$61,918,522

"FCC licenses" are licenses to use a specific frequency spectrum granted by the U.S. Federal Communications Commission ("FCC"). As long as the Company acts within the requirements of regulatory authorities, the renewal and extension of FCC licenses are reasonably certain at minimal cost. Therefore, it is determined that FCC licenses have indefinite useful lives.

The Company determined that the "Sprint" and "Boost Mobile" trademarks have indefinite useful lives as they can be legally utilized continuously as long as the business continues and management's current plans are to offer services under these trademarks for the foreseeable future.

Technologies reflect excessive earning capacity in the future expected from technologies of the acquiree that had been already developed, or was already well-advanced in development, at the time of the business combinations.

Customer relationships reflect excessive earning capacity in the future expected from the existing customers of the acquiree at the time of the business combinations.

Favorable lease contracts are recognized as intangible assets based on the estimated fair value of the favorable portion of future cash flows if, at the time of business combinations, the terms of operating lease contracts in which the acquiree is the lessee are favorable compared to market terms at acquisition date. Reversal of favorable lease contracts is recognized as operating lease payments.

Game titles reflect excessive earning capacity in the future expected from the existing game titles of the acquiree at the time of the business combinations.

Spectrum migration costs are the amounts that the Company incurred in connection with the costs arising from the migration of the existing users from the 900 MHz band, which SoftBank Corp. acquired, to the other frequency spectrum based on the termination campaign.

Amortization is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of income.

Impairment losses are included in "Other operating loss" in the consolidated statement of income. The details are described in "Note 35. Other operating loss."

The amount of "Other" included in "FCC licenses" for the fiscal year ended March 31, 2017 is recognized due to exchange of certain spectrum with other carriers. The details are described in "Note 35. Other operating loss."

Increase due to "Business combinations" is as follows:

For the fiscal year ended March 31, 2016
As a result of consolidating ASKUL Corporation as a subsidiary in August 2015, the Company recognized customer relationships of ¥40,680 million and trademarks of ¥20,130 million. The details are described in "(1) ASKUL Corporation" in "Note 5. Business combinations."

As a result of consolidating Ikyu Corporation as a subsidiary in February 2016, the Company recognized customer relationships of ¥16,000 million and trademarks of ¥10,120 million. The details are described in "(2) Ikyu Corporation" in "Note 5. Business combinations."

For the fiscal year ended March 31, 2017
As a result of consolidating Arm as a subsidiary in September 2016, the Company recognized goodwill of ¥2,650,911 million ($23,628,764 thousand), technologies of ¥537,680 million ($4,792,584 thousand), customer relationships of ¥148,649 million ($1,324,975 thousand), and trademarks of ¥5,940 million ($52,946 thousand). The details are described in "(3) Arm" in "Note 5. Business combinations."

Decrease due to "Loss of control" is as follows:

For the fiscal year ended March 31, 2016
As a result of losing control of GungHo as a subsidiary in June 2015, game titles decreased by ¥21,610 million. The details are described in "(1) GungHo" in "Note 42. Discontinued operations."

For the fiscal year ended March 31, 2017
As a result of losing control of Supercell as a subsidiary in July 2016, game titles decreased by ¥47,636 million ($424,601 thousand). The details are described in "(2) Supercell" in "Note 42. Discontinued operations."

The carrying amount of internally-generated intangible assets included in the intangible assets is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Software	¥47,200	¥50,919	$453,864

The carrying amounts of finance leased assets included in the intangible assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Software	¥290,460	¥297,531	$2,652,028

Finance lease obligations of the Company are pledged through the lessor's retaining the property right of lease assets.

The intangible assets with limited property rights due to installment purchase are described in "(6) Assets with limited property rights" in "Note 19. Interest-bearing debt."

Research and development costs included in "Cost of sales" and "Selling, general and administrative expenses" are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Research and development costs	¥6,242	¥64,459	$574,552

Increase in research and development costs for the fiscal year ended March 31, 2017 is mainly due to the consolidation of Arm.

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies arising from the combination.

Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash-generating units or cash-generating unit groups are as follows:

Goodwill

Reportable segments	Cash-generating unit or Cash-generating unit groups	(Millions of yen) As of March 31, 2016	As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Domestic Telecommunications	SoftBank[1]	¥ 908,720	¥ 909,463	$ 8,106,453
Sprint	Sprint	331,811	330,726	2,947,910
Yahoo Japan	Yahoo[2]	16,519	16,519	147,241
	Marketing solution	9,821	9,821	87,539
	Shopping	56,600	58,159	518,397
	Ikyu	72,044	72,044	642,161
	Settlement finance	20,891	20,891	186,211
	Other	–	1,524	13,584
	Subtotal	175,875	178,958	1,595,133
Distribution	Brightstar	90,657	60,394	538,319
Arm	Arm	–	2,691,818	23,993,386
-	Other	102,726	4,105	36,590
Total		¥1,609,789	¥4,175,464	$37,217,791

Notes:
1. SoftBank comprises SoftBank Corp. and WCP.
2. Goodwill is allocated to "Yahoo" because the benefits are expected to be realized from Yahoo Japan as a whole, not from individual cash-generating units in Yahoo Japan.

Intangible assets with indefinite useful lives

Reportable segments	Cash-generating unit	(Millions of yen) As of March 31, 2016	As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Sprint	Sprint	¥4,729,506	¥4,766,499	$42,485,952
Yahoo Japan	Shopping	20,130	20,130	179,428
	Ikyu	10,120	10,120	90,204
	Subtotal	30,250	30,250	269,632
Distribution	Brightstar US and Canada region	3,042	3,030	27,008
	Brightstar Asia and Oceania region	1,753	1,613	14,377
	Brightstar Europe and Africa region	2,836	2,290	20,412
	Subtotal	7,631	6,933	61,797
Total		¥4,767,387	¥4,803,682	$42,817,381

The recoverable amount of each cash-generating unit or cash-generating unit group is measured as follows:

Value in use: SoftBank, Marketing solution, Shopping, Settlement finance, Ikyu, Brightstar, Brightstar US and Canada region, Brightstar Latin America region, Brightstar Asia and Oceania region, Brightstar Europe and Africa region, and SoftBank Commerce & Service Corp.

Fair value less disposal cost: Sprint, Yahoo, and Arm

Value in use is assessed by discounting to the present value the estimated cash flows in the next five years based on the financial budget approved by the management, which reflects past experience and external information, using the pre-tax discount rate of 7.21%-16.17% of the cash-generating unit or cash-generating unit groups (5.12%-22.11% for the fiscal year ended March 31, 2016). The cash flows from after five years are assumed to increase on the basis of the growth rate of 0%-2.34% (0%-3.81% for the fiscal year ended March 31, 2016).

In Sprint and Yahoo, the fair value less disposal cost is measured based on active market prices and in Arm, it is measured by discounting the cash flows which are estimated based on the business plans for the next 10 years while taking into account the future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 9%. The cash flows from after 10 years are assumed on the basis of the growth rate of 19% on the 11th year and 10% on the 12th year. The cash flows from the 13th year onward are assumed to increase on the basis of the growth rate of 2%. Fair value is classified into level 3 as its fair value is measured using unobservable inputs.

Goodwill of Brightstar had been allocated to the entirety of Brightstar (a group of cash-generating units), which had bundled five cash-generating units (Brightstar's US & Canada, Latin America, Asia & Oceania, SoftBank Commerce & Service Corp., and Europe & Africa); however, in March 2017, its goodwill was reallocated to Brightstar, which bundled four cash-generating units except for SoftBank Commerce & Service Corp. due to the determination of business reorganization in the Distribution segment. Since impairment indicators existed, the impairment test was conducted on goodwill and intangible assets with indefinite useful lives. As a result, the recoverable amount of goodwill was less than its carrying amount and, therefore, ¥30,260 million ($269,721 thousand) of impairment loss on goodwill was recorded. Value in use was used as the recoverable amount and estimated future cash flow plan of four cash-generating units approved by the management was calculated using a pre-tax discount rate of 10.97%-16.17%.

Other than the above, as a result of an annual impairment test of goodwill and intangible assets with indefinite useful lives for cash-generating units or cash-generating unit groups, no impairment loss was recognized.

As a result of reviewing the business plan of Brightstar's Latin America region, goodwill and intangible assets with indefinite useful lives were tested for impairment because there was an indication of impairment for the fiscal year ended March 31, 2016. As a result, the recoverable amount became negative and therefore the carrying amount of assets related to the cash-generating unit was reduced to zero. Impairment loss on property, plant and equipment was ¥8,070 million and impairment loss on intangible assets was ¥5,563 million. Value in use was used as the recoverable amount and calculated by discounting management's approved estimated future cash flow plan using a pre-tax discount rate of 22.11%. In addition, impairment loss of ¥6,086 million for goodwill allocated to cash-generating unit groups of Other is recognized.

The Company determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if major assumptions used in the impairment test change to a reasonably foreseeable extent.

14. Leases

(1) Finance leases

(As lessee)

The Company has leased assets, including wireless equipment, switching equipment, power supply systems and transmission facilities.

The components of finance lease obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
The total minimum lease payments			
Within 1 year	¥ 417,891	¥ 458,234	$ 4,084,446
1 to 5 years	836,142	827,253	7,373,679
Over 5 years	5,542	2,573	22,934
Total	1,259,575	1,288,060	11,481,059
Deduction -future financial expense	(47,389)	(42,170)	(375,880)
Present value of finance lease obligations	¥1,212,186	¥1,245,890	$11,105,179

The components of the present value of finance lease obligations are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Within 1 year	¥ 396,992	¥ 438,284	$ 3,906,623
1 to 5 years	809,799	805,085	7,176,085
Over 5 years	5,395	2,521	22,471
Total	¥1,212,186	¥1,245,890	$11,105,179

The outstanding balance by year of maturity of financial lease obligations is described in "(2) Financial risk management c. Liquidity risk" in "Note 25. Financial instrument."

Certain lease contracts have financial covenants. Major contents are described in "(3) Financial covenants" in "Note 19. Interest-bearing debt."

The components of the future minimum lease payments receivable under non-cancelable subleases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Total	¥27,964	¥28,006	$249,630

(2) Operating leases

(As lessee)

The Company leases towers, land and buildings for the placement of telecommunications equipment, frequency spectrum, and telecommunication lines under operating leases. Certain operating lease contracts have automatic renewal options and escalation clauses.

In addition to the non-cancelable period, an automatic renewal option is included in the lease term to the extent that, at the inception of the lease, it is reasonably certain that the option will be exercised. For operating leases with escalation clauses or a portion of which is free of charge, the total lease payment amount is amortized over the lease term by the straight line method.

Cell site leases

Cell site leases in the U.S. are generally provided by the cell phone tower operators who provide tower and ground space to place Sprint-owned antennae, radio, and related equipment. The contract terms generally provide for an initial non-cancelable term of 5 to 12 years with up to five renewal options for five years each. At the establishment of the cell sites leases, it is assumed that at least one renewal option is exercised for contracts less than 10 years.

Cell site leases in Japan contain only land or buildings for the placement of cell sites. Most of the contract terms are 10 years or 20 years. At the establishment of the cell site leases, it is reasonably certain that they will be used until the contract term expires.

Spectrum leases (U.S.)

U.S. leased spectrum agreements have renewal options. For those contracts, it is reasonably certain that, at the inception of the transaction, all the renewal options will be used and terms including renewal terms are up to 30 years.

The components of the future minimum lease payments related to non-cancelable operating leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Within 1 year	¥ 434,831	¥ 377,393	$ 3,363,874
1 to 5 years	1,246,531	1,216,504	10,843,248
Over 5 years	1,207,512	1,051,701	9,374,285
Total	¥2,888,874	¥2,645,598	$23,581,407

Operating lease payments recognized as expenses for the fiscal year ended March 31, 2017 totaled ¥494,579 million ($4,408,405 thousand) (for the fiscal year ended March 31, 2016: ¥471,057 million).

(As lessor)
Sprint provides a device leasing program to its qualifying subscribers in the U.S. and SoftBank Corp. provides device rental service to corporate customers in Japan. The Company classifies substantially all transactions as operating leases along with the device leasing program and device rental service. At the end of the lease term of the device leasing program at Sprint, the subscriber has the option to turn in their device, continue leasing their device, or purchase the device. Since device leases are provided on the condition that subscribers maintain telecommunication services with the Company, the amount of revenue from these transactions is separated into the amount of payments to be received for device leases and other elements based on the fair value of telecommunication service and lease.
The components of the future minimum lease payments receivable under non-cancelable operating leases are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	**As of March 31, 2017**	**As of March 31, 2017**
Within 1 year	¥292,923	**¥287,176**	**$2,559,729**
1 to 5 years	99,141	**54,198**	**483,091**
Over 5 years	1,701	**1,097**	**9,778**
Total	¥393,765	**¥342,471**	**$3,052,598**

(3) Handset sale-leaseback

In November 2015, Sprint entered into agreements (Handset Sale-Leaseback) to sell and leaseback certain leased devices, with Mobile Leasing Solutions, LLC (MLS) and conducted the first Handset Sale-Leaseback transaction (Tranche 1 transaction).

MLS was established for the leasing business by SBLS HD US, Inc. (SBLS), a wholly-owned subsidiary of SoftBank Group Corp. and JPLS HD US, Inc. (JPLS), a company formed by Japanese leasing companies. It is contractually agreed that significant management policies and operating decisions of MLS require the unanimous consent of its Board of Directors designated by SBLS and JPLS. Accordingly, the Company accounts for MLS under the equity method as a joint venture.

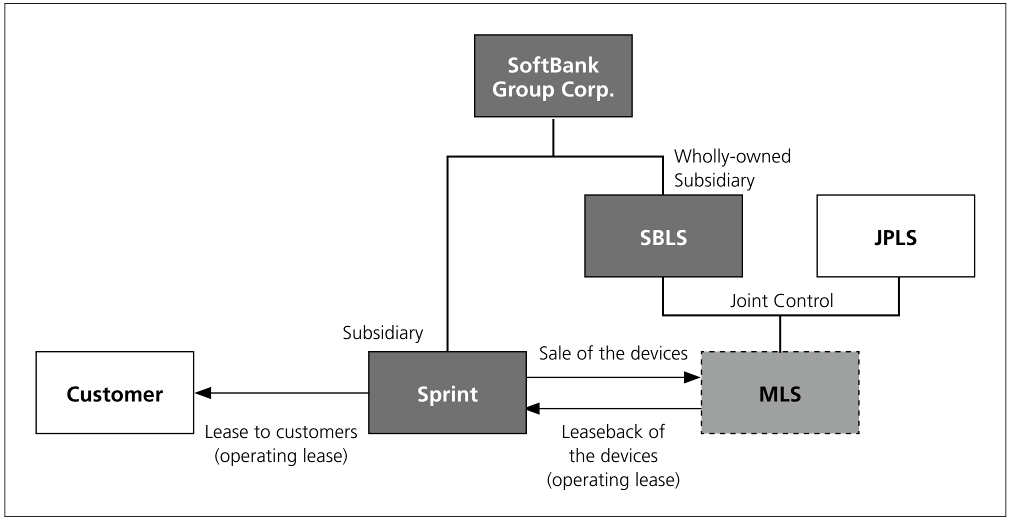
Under this transaction, Sprint sold the devices and transferred the associated certain specified customer lease end rights and obligations to MLS in exchange for proceeds, and a portion of the proceeds will be settled at the end of the agreement as a deferred purchase price receivable. Simultaneously with the sale of the devices and transfer of certain specified customer lease end rights and obligations, MLS leased back each device to Sprint pursuant to the Master Lease Agreement in exchange for monthly rental payments to be made by Sprint to MLS. In addition, Brightstar has a contractual agreement with MLS to provide reverse logistics and remarketing services to MLS with respect to the devices that are returned to MLS. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of the transaction.

Sprint derecognized the devices from property, plant and equipment when they were sold to MLS under the Tranche 1 transaction; however, in December 2016, it terminated the Tranche 1 transaction by repurchasing the devices and related customer lease end rights and obligations from MLS. As a result, Sprint recognized the devices, inventories and other totaling $477 million (¥55,548 million) and $16 million (¥1,826 million) respectively. The impact on the condensed interim consolidated statements of income from the termination is immaterial.

The future minimum lease payments receivable during the period under the transaction is ¥45,843 million ($408,619 thousand) (for the fiscal year ended March 31, 2016: ¥28,385 million).

Of the transactions, the contractual detail of the second Handset Sale-Leaseback transaction conducted in May 2016 is different from that of the Tranche 1 transaction and certain risks related to ownership of the leased devices are not transferred and are retained in Sprint, therefore, borrowings are recognized as fund procurements utilizing the leased devices.

Outline of the transaction*



Note:
* In order to represent the main point of the transaction, the outline shows only the main components related to the transaction and the relationship between the Company and each company in a simplified manner.

15. Major subsidiaries

(1) Organizational structure

The Company's major subsidiaries are as follows:

Company Name	Reportable segments	Location	Ownership percentage of voting rights (%) As of March 31, 2016	As of March 31, 2017
SoftBank Corp.	Domestic Telecommunications	Tokyo	99.99	99.99
Wireless City Planning Inc.[1]	Domestic Telecommunications	Tokyo	32.2	32.2
SoftBank Payment Service Corp.	Domestic Telecommunications	Tokyo	100	100
Sprint Corporation	Sprint	U.S.	83.4	83.0
Sprint Communications, Inc.	Sprint	U.S.	100	100
Yahoo Japan Corporation[2]	Yahoo Japan	Tokyo	43.0	43.0
ValueCommerce Co., Ltd.	Yahoo Japan	Tokyo	50.5	52.3
ASKUL Corporation[3]	Yahoo Japan	Tokyo	44.4	45.3
eBOOK Initiative Japan Co., Ltd.[4]	Yahoo Japan	Tokyo	–	44.6
Brightstar Global Group Inc.	Distribution	U.S.	95.5	87.1
Brightstar Corp.	Distribution	U.S.	100	100
SoftBank Commerce & Service Corp.	Distribution	Tokyo	100	100
Arm Holdings plc	Arm	U.K.	–	100
Arm PIPD Holdings One, LLC	Arm	U.S.	–	100
Arm PIPD Holdings Two, LLC	Arm	U.S.	–	100
Arm Limited	Arm	U.K.	–	100
SoftBank Group International GK[5]	Company-wide	Tokyo	100	100
SoftBank Group Japan GK[5]	Company-wide	Tokyo	100	100
SB Group US, Inc.	Company-wide	U.S.	100	100
SoftBank Group Capital Limited[6]	Company-wide	U.K.	100	100
SB Energy Corp.	Other	Tokyo	100	100
Fukuoka SoftBank HAWKS Corp.	Other	Fukuoka	100	100
SoftBank Robotics Group Corp.[7]	Other	Tokyo	60.0	60.0
SoftBank Robotics Corp.	Other	Tokyo	100	100
SBBM Corporation	Other	Tokyo	100	100
ITmedia Inc.	Other	Tokyo	57.9	58.0
SoftBank Technology Corp.	Other	Tokyo	55.7	54.6
Vector Inc.	Other	Tokyo	52.1	52.1
SoftBank Ventures Korea Corp.	Other	South Korea	100	100
SoftBank Korea Corp.	Other	South Korea	100	100
Starburst I, Inc.	Other	U.S.	100	100
SoftBank Holdings Inc.	Other	U.S.	100	100
SoftBank America Inc.	Other	U.S.	100	100
SoftBank Capital Fund' 10 L.P.	Other	U.S.	81.7	81.7
SoftBank Capital Fund' 14 L.P.	Other	U.S.	99.0	99.0
STARFISH I PTE. LTD.	Other	Singapore	100	100
SB Pan Pacific Corporation	Other	Micronesia	100	100
Hayate Corporation	Other	Micronesia	100	100
West Raptor Holdings, LLC	Other	U.S.	–	100

Notes:
1. The Company does not own the majority of WCP's voting rights. However, the Company determined that it has control over WCP and included it into the scope of consolidation, considering the fact that SoftBank Group Corp.'s directors, SoftBank Corp.'s directors and corporate officers constitute the majority of members of WCP's Board of Directors and that WCP's business activities significantly depend on the Company.
2. The Company does not own the majority of Yahoo Japan Corporation's voting rights. However, the Company determined that it has control over Yahoo Japan Corporation and included it into the scope of consolidation, considering the fact that the Company holds 43.0% of the voting rights of Yahoo Japan Corporation and SoftBank Group Corp.'s directors and SoftBank Corp.'s directors constitute the majority of the members of Yahoo Japan Corporation's Board of Directors.
3. The Company does not own the majority of ASKUL Corporation's voting rights. However, the Company determined that it has control over ASKUL Corporation and included it into the scope of consolidation, considering the fact that the Company holds 45.3% of the voting rights of ASKUL Corporation, the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders meetings.
4. The Company does not own the majority of eBOOK Initiative Japan Co., Ltd.'s voting rights. However, the Company determined that it has control over eBOOK Initiative Japan Co., Ltd. and included it into the scope of consolidation, considering the fact that the Company holds 44.6% of the voting rights of eBOOK Initiative Japan Co., Ltd., and Yahoo Japan Corporation's directors and its employees constitute the majority of the members of eBOOK Initiative Japan Co., Ltd.'s Board of Directors.
5. SoftBank Group International GK and SoftBank Group Japan GK conducted an absorption type merger with SoftBank Group International GK being the surviving company, effective on April 24, 2017.
6. SoftBank Group International Limited changed its company name to SoftBank Group Capital Limited on April 27, 2016.
7. SoftBank Robotics Holdings Corp. changed its company name to SoftBank Robotics Group Corp. on November 1, 2016.

(2) Summarized consolidated financial information and other information on subsidiaries with significant non-controlling interests

a. Sprint (Sprint Corporation and its group companies)

(a) General information

	As of March 31, 2016	As of March 31, 2017
Ownership ratio of the non-controlling interests (%)	16.6	17.0

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥286,199	¥274,376	$2,445,637

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net loss allocated to the non-controlling interests of subsidiary group	¥(39,387)	¥(24,295)	$(216,552)

(b) Summarized consolidated financial information

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current assets	¥ 899,704	¥1,583,724	$14,116,445
Non-current assets	7,958,438	7,790,217	69,437,713
Current liabilities	1,527,507	1,424,313	12,695,543
Non-current liabilities	5,362,584	6,108,478	54,447,616
Net assets	1,968,051	1,841,150	16,410,999

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net sales	¥3,871,647	¥3,623,375	$32,296,773
Net loss	(230,380)	(148,261)	(1,321,517)
Total comprehensive income	(232,734)	(160,823)	(1,433,488)

No dividends were paid to non-controlling interests by Sprint for the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net cash provided by operating activities	¥ 361,001	¥ 373,446	$ 3,328,692
Net cash used in investing activities	(685,226)	(1,011,880)	(9,019,342)
Net cash provided by financing activities	155,915	658,123	5,866,147
Effect of exchange rate changes on cash and cash equivalents	(16,029)	4,750	42,339
(Decrease) increase in cash and cash equivalents	¥(184,339)	¥ 24,439	$ 217,836

b. Yahoo (Yahoo Japan Corporation and its group companies)

(a) General information

	As of March 31, 2016	As of March 31, 2017
Ownership ratio of the non-controlling interests (%)	57.0	57.0

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Accumulated amount attributable to the non-controlling interests of subsidiary group	¥539,584	¥583,106	$5,197,486

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net income allocated to the non-controlling interests of subsidiary group	¥97,909	¥73,172	$652,215

(b) Summarized consolidated financial information

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current assets	¥806,380	¥ 966,818	$8,617,684
Non-current assets	555,000	585,974	5,223,051
Current liabilities	366,023	416,168	3,709,493
Non-current liabilities	64,012	119,334	1,063,678
Net assets	931,345	1,017,290	9,067,564

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net sales	¥652,327	¥853,730	$7,609,680
Net income	172,492	132,634	1,182,227
Total comprehensive income	173,504	134,436	1,198,289

Dividends paid to the non-controlling interests by Yahoo Japan Corporation for the fiscal year ended March 31, 2017 is ¥28,748 million ($256,244 thousand) (For the fiscal year ended March 31, 2016: ¥28,733 million).

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net cash provided by operating activities	¥ 107,519	¥128,627	$1,146,511
Net cash used in investing activities	(112,647)	(58,651)	(522,783)
Net cash (used in) provided by financing activities	(49,358)	23,996	213,887
Effect of exchange rate changes on cash and cash equivalents	(286)	(70)	(624)
(Decrease) increase in cash and cash equivalents	¥ (54,772)	¥ 93,902	$ 836,991

16. Investments accounted for using the equity method

(1) Summarized consolidated financial information and other of the significant associates

Alibaba Group Holding Limited

a. General information

Alibaba (registered in Cayman) operates online marketplaces “Taobao Marketplace,” “Tmall,” “Alibaba.com” and other through its group company.

b. Summarized consolidated financial information

IFRSs summarized consolidated financial information for Alibaba is as follows.

The Company applies the equity method to the consolidated financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba to that of the Company due to the contract with Alibaba. Also, this note discloses the summarized consolidated financial information of Alibaba on a three-month time lag. Adjustments are made for significant transactions or events which occurred during the intervening period and which were publicly announced by Alibaba.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current assets	¥2,637,889	¥2,944,857	$26,248,837
Non-current assets	3,755,127	5,301,646	47,255,959
Current liabilities	989,195	1,546,084	13,780,943
Non-current liabilities	1,094,527	1,528,963	13,628,336
Equity			
Total equity attributable to owners of the parent	3,580,184	4,373,539	38,983,323
Non-controlling interests	729,110	797,917	7,112,194

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net sales	¥1,771,778	¥2,337,597	$20,836,055
Net income	1,177,794	1,026,796	9,152,295
Other comprehensive income, net of tax	122,648	(120,129)	(1,070,764)
Total comprehensive income	¥1,300,442	¥ 906,667	$ 8,081,531

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net income attributable to owners of the parent	¥1,175,236	¥1,062,873	$ 9,473,866
Other comprehensive income attributable to owners of the parent, net of tax	122,254	(130,113)	(1,159,756)
Total comprehensive income attributable to owners of the parent	¥1,297,490	¥ 932,760	$ 8,314,110

There was no dividend received from Alibaba for the fiscal years ended March 31, 2016 and 2017.

The reconciliation between total equity attributable to owners of the parent based on the summarized consolidated financial information above and the carrying amount of the interests in Alibaba is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Total equity attributable to owners of the parent	¥3,580,184	¥4,373,539	$38,983,323
Interest ratio (%)	32.60	30.05	30.05
Interests of the Company	1,167,140	1,314,249	11,714,493
Goodwill	137,705	139,290	1,241,555
Accumulated amortization of goodwill on the IFRSs transition date[1]	(7,989)	(6,899)	(61,494)
Stock acquisition rights	(62,980)	(80,326)	(715,982)
Other[2]	(32,329)	(30,068)	(268,010)
Carrying amount of the interests in Alibaba	¥1,201,547	¥1,336,246	$11,910,562

Notes:
1. Goodwill recorded by Alibaba from business combinations before the IFRSs transition date was amortized over the periods in which economic benefits were reasonably expected to be realized, when the Company applied the equity method to the investment in Alibaba under previous accounting principles (JGAAP). The adjustment amount above reflects the accumulated amortization of goodwill at the date of transition to IFRSs.
2. Other relates to adjustments mainly related to organization restructurings such as the transfer of Taobao shares in 2005 and the purchase of treasury stocks by Alibaba from Yahoo! Inc. in the U.S. in 2012.

c. Fair value of investment in Alibaba

The fair value of the investment in Alibaba based on market price is ¥9,036,776 million ($80,548,855 thousand) as of March 31, 2017 (As of March 31, 2016: ¥7,103,981 million).

(2) Aggregated information on investment in insignificant associates and joint ventures

The aggregated information of insignificant investments accounted for using the equity method, other than (1) above (total amount of the Company's interests), is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Carrying amount of the interests			
Associates	¥380,511	¥327,184	$2,916,338
Joint ventures	6,212	7,369	65,684
Total	¥386,723	¥334,553	$2,982,022

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net income			
Associates	¥(3,775)	¥(9,159)	$(81,638)
Joint ventures	(1,483)	545	4,858
Total	¥(5,258)	¥(8,614)	$(76,780)
Other comprehensive income, net of tax			
Associates	(417)	481	4,287
Joint ventures	(779)	658	5,865
Total	¥(1,196)	¥ 1,139	$ 10,152
Total comprehensive income			
Associates	(4,192)	(8,678)	(77,351)
Joint ventures	(2,262)	1,203	10,723
Total	¥(6,454)	¥(7,475)	$(66,628)

17. Structured entities

(1) Consolidated structured entities

The Company owns investment funds which are structured entities consolidated by the Company. These funds are structured as venture funds in the form of partnerships and limited partnerships for investment, and designed so that the voting rights or similar rights are not determinant in evaluating control. The Company evaluated that it controls the operation of those structured entities.

The Company is engaged in investment commitment contracts with certain consolidated structured entities.

The Company has not provided, nor intends to provide, any significant financial support or other significant support to the consolidated structured entities without contractual obligation.

(2) Unconsolidated structured entities

The Company owns investment funds, which are structured entities unconsolidated by the Company. These funds are structured as venture funds in the form of partnerships, limited partnerships for investment and investment trusts, and designed so that the voting rights or similar rights are not determinant in evaluating control. The third parties control the operation of these structured entities. The funds are financed by the subscription by its partners.

The scale of the unconsolidated structured entities, the carrying amount of the investment in the entities by the Company, and the potential maximum loss exposure of the Company are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Total assets of the unconsolidated structured entities (aggregate amount)	¥629,519	¥523,860	$4,669,400
The maximum loss exposure of the Company			
The carrying amount of the investment recognized by the Company	75,733	62,079	553,338
Commitment contracts related to additional investment	16,437	18,540	165,255
Total	¥ 92,170	¥ 80,619	$ 718,593

The investment recognized by the Company is included in "Investments accounted for using the equity method" or "Other financial assets (non-current)" in the consolidated statement of financial position. There is no liability to recognize related to unconsolidated structured entities.

The potential maximum loss exposure incurred from the involvement with the structured entities is limited to the total of the carrying amount of the Company's investment and commitment regarding additional investment.

The Company's maximum loss exposure represents the potential maximum loss amount, and does not indicate any estimated loss amount by being involved with structured entities.

The Company has not provided, nor intends to provide, any financial support or other significant support to the unconsolidated structured entities above without contractual obligation.

18. Income taxes

(1) Tax expenses

The components of income tax expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Current tax expenses	¥(219,931)	**¥(317,676)**	**$(2,831,589)**
Deferred tax expenses	(202,746)	**524,781**	**4,677,609**
Total	¥(422,677)	**¥ 207,105**	**$ 1,846,020**

There is a reduction of current tax expense due to the benefit from net operating loss carryforwards, tax credit carryforwards and temporary differences that occurred in previous periods and that were unaccompanied by the recognition of deferred tax assets. The reduction of current tax expense for the year ended March 31, 2017 was ¥33,768 million ($300,989 thousand) (for the fiscal year ended March 31, 2016: ¥30,023 million).

(2) Reconciliation of the statutory effective tax rate and actual tax rate

The reconciliation of the statutory effective tax rate and actual tax rate is as follows. The actual tax rate represents the ratio of income tax expenses to income before income tax.

(Unit :%)

	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**
Statutory effective tax rate	33.1	**31.7**
Effect to temporary difference associated with investment by sales of shares of associates between consolidated subsidiaries	–	**(76.3)**
Effect from evaluating recoverability of deferred tax assets	17.4	**15.9**
Effect from profit or loss that does not impact taxable gain or loss	2.2	**(7.5)**
Aggregation of income earned by controlled foreign companies	–	**3.8**
Loss relating to loss of control	–	**3.1**
Impairment loss on goodwill	–	**1.3**
Difference in tax rate applied to subsidiaries	(2.2)	**1.1**
Gain from remeasurement relating to business combination	(2.1)	**(0.8)**
Change of deferred tax assets and liabilities by the change of effective tax rate	(1.7)	**(0.4)**
Other	(0.7)	**(1.0)**
Actual tax rate	46.0	**(29.1)**

The Company is subject to income taxes, residence taxes and deductible enterprise taxes. The statutory effective tax rate for the fiscal year ended March 31, 2017 based on these taxes is 31.7% (for the fiscal year ended March 31, 2016: 33.1%), except for foreign subsidiaries that are subject to income taxes at their respective locations.

In Japan, as the Act on the Partial Revision of the Income Tax Act (Article 15, 2016) and the Local Tax Law (Article 13, 2016) were enacted in the Diet on March 29, 2016, the statutory effective tax rate was changed from the fiscal year on and after April 1, 2016.

(3) Movement of deferred tax assets and deferred tax liabilities

The movement of deferred tax assets and deferred tax liabilities is as follows:

For the fiscal year ended March 31, 2016

(Millions of yen)

	As of March 31, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	Exchange differences	Other	As of March 31, 2016
Deferred tax assets							
Property, plant and equipment	¥ 72,624	¥ 49,136	¥ –	¥ 1,089	¥ (4,047)	¥ 433	¥ 119,235
Accrued expenses and other liabilities	267,229	(51,870)	202	1,765	(7,760)	(1,036)	208,530
Net operating loss carryforwards and tax credit carryforwards[1]	127,548	(43,307)	–	1,230	(5,054)	3	80,420
Temporary difference associated with investment in subsidiaries, associates and joint ventures	137	2,351	–	–	(20)	–	2,468
Other	104,819	(20,643)	8	5	(2,082)	97	82,204
Total	572,357	(64,333)	210	4,089	(18,963)	(503)	492,857
Deferred tax liabilities							
FCC licenses	(1,508,886)	(23,510)	–	–	95,552	–	(1,436,844)
Customer relationships	(216,238)	68,289	–	(18,285)	8,194	–	(158,040)
Trademarks	(298,794)	510	–	(9,759)	18,558	670	(288,815)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[2]	(256,430)	(114,516)	28,478	–	191	(8,154)	(350,431)
Other	(109,136)	(69,186)	(5,048)	(3,596)	6,891	11,048	(169,027)
Total	(2,389,484)	(138,413)	23,430	(31,640)	129,386	3,564	(2,403,157)
Net	¥(1,817,127)	¥(202,746)	¥23,640	¥(27,551)	¥110,423	¥ 3,061	¥(1,910,300)

Notes:
1. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2015 or 2016, in the amount of ¥10,306 million for the fiscal year ended March 31, 2016. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
2. The increase in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is mainly due to the recognition of deferred tax liabilities on temporary differences on investment which mainly arose from dilution gain from changes in equity interest and income on equity method investments related to Alibaba. The amount of deferred tax liability recognized as of March 31, 2016 is ¥327,343 million.

For the fiscal year ended March 31, 2017

(Millions of yen)

	As of March 31, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Business combination[1]	Exchange differences	Other	As of March 31, 2017
Deferred tax assets							
Property, plant and equipment	¥ 119,235	¥ 5,282	¥ –	¥ –	¥ 509	¥ 2	¥ 125,028
Accrued expenses and other liabilities	208,530	(51,483)	(27)	45	(2,032)	(1,183)	153,850
Net operating loss carryforwards and tax credit carryforwards[2]	80,420	(66,226)	–	9,831	(4,465)	51	19,611
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	2,468	227,630	–	–	(2)	–	230,096
Other	82,204	(15,949)	195	1,027	(298)	3,247	70,426
Total	492,857	99,254	168	10,903	(6,288)	2,117	599,011
Deferred tax liabilities							
FCC licenses	(1,436,844)	(19,567)	–	–	3,960	–	(1,452,451)
Customer relationships	(158,040)	50,760	–	(27,233)	1,686	–	(132,827)
Trademarks	(288,815)	1,070	–	(1,100)	1,210	–	(287,635)
Technologies	–	8,312	–	(98,381)	(1,089)	–	(91,158)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[4]	(350,431)	333,388	849	–	32	5,757	(10,405)
Other	(169,027)	51,564	(16,606)	(832)	3,342	(29,362)*5	(160,921)
Total	(2,403,157)	425,527	(15,757)	(127,546)	9,141	(23,605)	(2,135,397)
Net	¥(1,910,300)	¥524,781	¥(15,589)	¥(116,643)	¥ 2,853	¥(21,488)	¥(1,536,386)

(Thousands of U.S. dollars)

	As of March 31, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Business combination[1]	Exchange differences	Other	As of March 31, 2017
Deferred tax assets							
Property, plant and equipment	$ 1,062,795	$ 47,081	$ –	$ –	$ 4,537	$ 18	$ 1,114,431
Accrued expenses and other liabilities	1,858,722	(458,891)	(241)	401	(18,112)	(10,545)	1,371,334
Net operating loss carryforwards and tax credit carryforwards[2]	716,820	(590,302)	–	87,628	(39,799)	455	174,802
Temporary difference associated with investment in subsidiaries, associates and joint ventures[3]	21,998	2,028,969	–	–	(18)	–	2,050,949
Other	732,722	(142,161)	1,738	9,154	(2,656)	28,942	627,739
Total	4,393,057	884,696	1,497	97,183	(56,048)	18,870	5,339,255
Deferred tax liabilities							
FCC licenses	(12,807,238)	(174,409)	–	–	35,297	–	(12,946,350)
Customer relationships	(1,408,682)	452,447	–	(242,740)	15,028	–	(1,183,947)
Trademarks	(2,574,338)	9,537	–	(9,805)	10,785	–	(2,563,821)
Technologies	–	74,089	–	(876,914)	(9,707)	–	(812,532)
Temporary difference associated with investment in subsidiaries, associates and joint ventures[4]	(3,123,549)	2,971,637	7,568	–	285	51,315	(92,744)
Other	(1,506,613)	459,612	(148,017)	(7,416)	29,790	(261,717)*5	(1,434,361)
Total	(21,420,420)	3,792,913	(140,449)	(1,136,875)	81,478	(210,402)	(19,033,755)
Net	$(17,027,363)	$4,677,609	$(138,952)	$(1,039,692)	$ 25,430	$(191,532)	$(13,694,500)

Notes:
1. The increase from "Business combination" is mainly due to the consolidation of Arm. The details are described in "(3) Arm" in "Note 5. Business combinations."
2. The Company recognizes deferred tax assets related to the entities that recorded a loss in either the fiscal year ended March 31, 2016 or 2017, in the amount of ¥11,062 million ($98,601 thousand) for the fiscal year ended March 31, 2017. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be utilized.
3. The increase in deferred tax assets from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is due to the recognition of deferred tax assets on temporary differences on investment which arose from changes in the carrying amount on a tax basis, due to the sales of Alibaba shares to a subsidiary of the Company. The amount of deferred tax assets recognized as of March 31, 2017 is ¥229,980 million ($2,049,915 thousand).
4. The decrease in deferred tax liabilities from "Temporary difference associated with investment in subsidiaries, associates and joint ventures" is mainly due to the write-off of deferred tax liabilities on temporary differences on investment which arose from sales of Alibaba shares. The amount of deferred tax liabilities recognized as of March 31, 2017 is ¥7,747 million ($69,053 thousand).
5. The increase in deferred tax liabilities from "Other" is mainly due to the recognition of deferred tax liabilities of ¥38,979 million ($347,437 thousand) for taxable profits in the foreseeable future, resulting from the sales of Supercell shares to a foreign subsidiary of the Company. In addition, deferred tax expenses of ¥38,979 million ($347,437 thousand) is included in "Net income from discontinued operations" in the consolidated statement of income for the fiscal year ended March 31, 2017.

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Deferred tax assets	¥ 172,864	¥ 404,994	$ 3,609,894
Deferred tax liabilities	(2,083,164)	(1,941,380)	(17,304,394)
Net	¥(1,910,300)	¥(1,536,386)	$(13,694,500)

(4) Deductible temporary differences, net operating loss carryforwards and tax credit carryforwards, unaccompanied by the recognition of deferred tax assets

Deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards unaccompanied by the recognition of deferred tax assets are as follows. The amounts below are on a tax basis.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Deductible temporary differences	¥ 404,965	¥ 609,386	$ 5,431,732
Net operating loss carryforwards	954,868	852,142	7,595,525
Tax credit carryforwards	37,711	39,148	348,944
Total	¥1,397,544	¥1,500,676	$13,376,201

Expiration of net operating loss carryforwards and tax credit carryforwards unaccompanied by recognition of deferred tax assets is as follows. There is no deductible temporary difference with an expiry date.

	(Millions of yen)		(Thousands of U.S. dollars)
Net operating loss carryforwards (tax basis)	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
1st year	¥ 25,096	¥ 18,692	$ 166,610
2nd year	10,421	14,978	133,506
3rd year	6,198	21,021	187,370
4th year	10,679	20,621	183,804
5th year and thereafter and no expiry date	902,474	776,830	6,924,235
Total	¥954,868	¥852,142	$7,595,525

	(Millions of yen)		(Thousands of U.S. dollars)
Tax credit carryforwards (tax basis)	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
1st year	¥ 297	¥ 8,254	$ 73,572
2nd year	8,097	1,183	10,545
3rd year	1,189	2,438	21,731
4th year	2,449	2,598	23,157
5th year and thereafter and no expiry date	25,679	24,675	219,939
Total	¥37,711	¥39,148	$348,944

In addition to the above, total deductible temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax assets related to the investment in subsidiaries, associates and joint ventures as of March 31, 2017 are ¥2,652,745 million ($23,645,111 thousand) (as of March 31, 2016: ¥2,154,301 million).

(5) Taxable temporary differences unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries

Total taxable temporary differences (before multiplying by the tax rate) unaccompanied by the recognition of deferred tax liabilities related to the investment in subsidiaries as of March 31, 2017 are ¥1,645,736 million ($14,669,186 thousand) (as of March 31, 2016: ¥1,128,346 million).

19. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)		
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017	Average interest rate (%)[1]	Maturity[2]
Current					
Short-term borrowings	¥ 515,408	¥ 667,664	$ 5,951,190	1.13	–
Commercial paper	42,000	80,000	713,076	0.07	–
Current portion of long-term borrowings	743,225	1,128,510	10,058,918	1.77	–
Current portion of corporate bonds[4]	900,685	339,462	3,025,778	5.68	–
Current portion of lease obligations	396,992	438,284	3,906,623	1.89	–
Current portion of installment payables	48,299	40,173	358,079	1.81	–
Total	¥2,646,609	¥ 2,694,093	$ 24,013,664		
Non-current					
Long-term borrowings	1,785,500	3,377,625	30,106,293	1.86	Jul. 2018 - Feb. 2026
Corporate bonds[4]	6,611,947	7,233,838	64,478,456	4.69	Jun. 2018 - Sep. 2043
Lease obligations	815,194	807,606	7,198,556	1.93	Apr. 2018 - Apr. 2026
Financial liabilities relating to the sale of shares by variable prepaid forward contract[3]	–	715,448	6,377,110	1.59	Jun. 2019
Installment payables	63,181	29,760	265,265	2.48	Apr. 2018 - Nov. 2021
Total	¥9,275,822	¥12,164,277	$108,425,680		

Notes:
1. Average interest rate represents the weighted-average interest rate to the balance as of March 31, 2017.
2. Maturity represents the maturity of the outstanding balance as of March 31, 2017.
3. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract.”

4. A summary of the issuance condition of bonds is as follows:

Company name / Name of bond	Date of issuance	Balance of issue amount[5]	As of March 31, 2016 (Millions of yen)[6]	**As of March 31, 2017 (Millions of yen)[6]**	**As of March 31, 2017 (Thousands of U.S. dollars)[6]**	Interest rate (%)	Date of maturity
SoftBank Group Corp.							
35th Unsecured Straight Bond	Jan. 25, 2011	¥ 10,000 million	¥ 9,988	**¥ 9,995 (9,995)**	**$ 89,090 (89,090)**	1.66	Jan. 25, 2018
36th Unsecured Straight Bond	Jun. 17, 2011	–	99,982 (99,982)	**–**	**–**	1.00	Jun. 17, 2016
39th Unsecured Straight Bond	Sep. 24, 2012	¥100,000 million	99,852	**99,956 (99,956)**	**890,953 (890,953)**	0.74	Sep. 22, 2017
40th Unsecured Straight Bond	Sep. 14, 2012	¥ 10,000 million	9,986	**9,996 (9,996)**	**89,099 (89,099)**	0.73	Sep. 14, 2017
41st Unsecured Straight Bond	Mar. 12, 2013	–	298,957 (298,957)	**–**	**–**	1.47	Mar. 10, 2017
42nd Unsecured Straight Bond	Mar. 1, 2013	–	69,938 (69,938)	**–**	**–**	1.47	Mar. 1, 2017
43rd Unsecured Straight Bond	Jun. 20, 2013	¥400,000 million	397,795	**398,813**	**3,554,800**	1.74	Jun. 20, 2018
44th Unsecured Straight Bond	Nov. 29, 2013	¥ 50,000 million	49,850	**49,883**	**444,630**	1.69	Nov. 27, 2020
45th Unsecured Straight Bond	May 30, 2014	¥300,000 million	297,608	**298,384**	**2,659,631**	1.45	May 30, 2019
46th Unsecured Straight Bond	Sep. 12, 2014	¥400,000 million	396,497	**397,522**	**3,543,293**	1.26	Sep. 12, 2019
47th Unsecured Straight Bond	Jun. 18, 2015	¥100,000 million	98,919	**99,178**	**884,018**	1.36	Jun. 18, 2020
48th Unsecured Straight Bond	Dec. 10, 2015	¥370,000 million	365,529	**366,200**	**3,264,106**	2.13	Dec. 9, 2022
49th Unsecured Straight Bond	Apr. 20, 2016	¥ 20,000 million	–	**19,919**	**177,547**	1.94	Apr. 20, 2023
50th Unsecured Straight Bond	Apr. 20, 2016	¥ 30,000 million	–	**29,862**	**266,173**	2.48	Apr. 20, 2026
51st Unsecured Straight Bond	Mar. 16, 2017	¥400,000 million	–	**394,989**	**3,520,715**	2.03	Mar. 15, 2024
52nd Unsecured Straight Bond	Mar. 8, 2017	¥ 50,000 million	–	**49,777**	**443,685**	2.03	Mar. 8, 2024
USD-denominated Senior Notes due 2020	Apr. 23, 2013	$2,485 million	277,330	**276,791**	**2,467,163**	4.50	Apr. 15, 2020
USD-denominated Senior Notes due 2022	Jul. 28, 2015	$1,000 million	110,982	**110,770**	**987,343**	5.38	Jul. 30, 2022
USD-denominated Senior Notes due 2025	Jul. 28, 2015	$1,000 million	110,921	**110,628**	**986,077**	6.00	Jul. 30, 2025
Euro-denominated Senior Notes due 2020	Apr. 23, 2013	€ 625 million	78,951	**74,263**	**661,940**	4.63	Apr. 15, 2020
Euro-denominated Senior Notes due 2022	Jul. 28, 2015	€ 500 million	62,834	**59,094**	**526,731**	4.00	Jul. 30, 2022
Euro-denominated Senior Notes due 2025	Jul. 28, 2015	€1,250 million	157,167	**147,681**	**1,316,347**	4.75	Jul. 30, 2025
Euro-denominated Senior Notes due 2027	Jul. 28, 2015	€ 500 million	62,797	**58,995**	**525,849**	5.25	Jul. 30, 2027
1st Unsecured Subordinated Corporate Bond	Dec. 19, 2014	¥400,000 million	393,792	**394,887**	**3,519,806**	2.50	Dec. 17, 2021
2nd Unsecured Subordinated Corporate Bond	Feb. 9, 2015	¥450,000 million	442,811	**444,043**	**3,957,954**	2.50	Feb. 9, 2022
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[7,8]	Sep. 16, 2016	¥55,600 million	–	**55,080**	**490,953**	3.00	Sep. 13, 2041
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[7,9]	Sep. 16, 2016	¥15,400 million	–	**15,251**	**135,939**	3.50	Sep. 16, 2043
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)[7,10]	Sep. 30, 2016	¥400,000 million	–	**392,478**	**3,498,333**	3.00	Sep. 30, 2041
Subtotal			3,892,486 (468,877)	**4,364,435 (119,947)**	**38,902,175 (1,069,142)**		

Company name / Name of bond	Date of issuance	Balance of issue amount[5]	As of March 31, 2016 (Millions of yen)[6]	As of March 31, 2017 (Millions of yen)[6]	As of March 31, 2017 (Thousands of U.S. dollars)[6]	Interest rate (%)	Date of maturity
Sprint Corporation							
7.25% Notes due 2021	Sep. 11, 2013	$2,250 million	¥ 250,800	¥ 250,207	$ 2,230,208	7.25	Sep. 15, 2021
7.875% Notes due 2023	Sep. 11, 2013	$4,250 million	473,274	471,965	4,206,837	7.88	Sep. 15, 2023
7.125% Notes due 2024	Dec. 12, 2013	$2,500 million	278,258	277,466	2,473,179	7.13	Jun. 15, 2024
7.625% Notes due 2025	Feb. 24, 2015	$1,500 million	166,942	166,449	1,483,635	7.63	Feb. 15, 2025
Subtotal			1,169,274	1,166,087	10,393,859		
Sprint Communications, Inc.[11]							
Export Development Canada Facility (Tranche 3) [12, 13]	Dec. 17, 2014	$ 300 million	33,677	33,562	299,153	3.48	Dec. 17, 2019
Export Development Canada Facility (Tranche 4) [14]	Dec. 15, 2015	–	28,120	–	–	6.23	Dec. 15, 2017
6% Senior Notes due 2016	Nov. 20, 2006	–	228,186 (228,186)	–	–	6.00	Dec. 1, 2016
9.125% Senior Notes due 2017	Mar. 1, 2012	–	117,175 (117,175)	–	–	9.13	Mar. 1, 2017
8.375% Senior Notes due 2017	Aug. 13, 2009	$1,300 million	152,808	147,604 (147,604)	1,315,661 (1,315,661)	8.38	Aug. 15, 2017
9% Guaranteed Notes due 2018	Nov. 9, 2011	$3,000 million	367,908	355,457	3,168,348	9.00	Nov. 15, 2018
7% Guaranteed Notes due 2020	Mar. 1, 2012	$1,000 million	118,404	116,549	1,038,854	7.00	Mar. 1, 2020
7% Senior Notes due 2020	Aug. 14, 2012	$1,500 million	173,618	171,923	1,532,427	7.00	Aug. 15, 2020
11.5% Senior Notes due 2021	Nov. 9, 2011	$1,000 million	140,716	135,814	1,210,571	11.50	Nov. 15, 2021
9.25% Debentures due 2022[13]	Apr. 15, 1992	$ 200 million	25,979	25,382	226,241	9.25	Apr. 15, 2022
6% Senior Notes due 2022	Nov. 14, 2012	$2,280 million	254,072	253,323	2,257,983	6.00	Nov. 15, 2022
Subtotal			1,640,663 (345,361)	1,239,614 (147,604)	11,049,238 (1,315,661)		

Company name / Name of bond	Date of issuance	Balance of issue amount[5]	As of March 31, 2016 (Millions of yen)[6]	As of March 31, 2017 (Millions of yen)[6]	As of March 31, 2017 (Thousands of U.S. dollars)[6]	Interest rate (%)	Date of maturity
Sprint Capital Corporation[11]							
6.9% Senior Notes due 2019	May 6, 1999	$ 1,729 million	¥ 198,603	¥ 196,611	$ 1,752,482	6.90	May 1, 2019
6.875% Senior Notes due 2028	Nov. 16, 1998	$ 2,475 million	260,812	260,563	2,322,515	6.88	Nov. 15, 2028
8.75% Senior Notes due 2032	Mar. 14, 2002	$ 2,000 million	240,571	239,029	2,130,574	8.75	Mar. 15, 2032
Subtotal			699,986	696,203	6,205,571		
Clearwire Communications LLC[11]							
14.75% First-Priority Senior Secured Notes due 2016[13]	Jan. 27, 2012	–	36,374 (36,374)	–	–	14.75	Dec. 1, 2016
8.25% Exchangeable Notes due 2040	Dec. 8, 2010	$ 629 million	73,749 (50,073)	71,761 (71,761)	639,638 (639,638)	8.25	Dec. 1, 2040
Subtotal			110,123 (86,447)	71,761 (71,761)	639,638 (639,638)		
Other companies							
Straight Bond	May 25, 2012 - Feb. 28, 2017	¥35,200 million	100	35,200 (150)	313,753 (1,337)	0.04 – 0.70	May 25, 2017 - Feb. 28, 2024
Subtotal			100	35,200 (150)	313,753 (1,337)		
Total			¥7,512,632 (900,685)	¥7,573,300 (339,462)	$67,504,234 (3,025,778)		

Notes:
5. Balance of issue amount is as of March 31, 2017.
6. Figures in parentheses as of March 31, 2016 and March 31, 2017 represent the current portion.
7. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.
8. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date after September 16, 2021.
9. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date after September 16, 2023.
10. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date after September 30, 2021.
11. Sprint Communications, Inc., Sprint Capital Corporation and Clearwire Communications LLC are Sprint Corporation's subsidiaries.
12. The interest rates are floating interest rates, and the above interest rates represent the rates as of March 31, 2017.
13. Collateral is pledged against these bonds. The details are described in "(5) Assets pledged as collateral."
14. The notes are redeemed early as of March 31, 2017. The interest rates are floating interest rates, and the above interest rates represent the rates at the time of redemption.

(2) Transaction for sale of Alibaba shares by variable prepaid forward contract

On June 10, 2016, West Raptor Holdings, LLC ("WRH LLC"), a wholly-owned subsidiary of the Company, entered into a variable prepaid forward contract to sell Alibaba shares with a newly formed trust, Mandatory Exchangeable Trust (the "Trust"), and received proceeds of ¥578,436 million ($5.4 billion) as advances received on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities ("Trust Securities") which are mandatorily exchangeable into American depositary shares ("ADSs") of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and to cover expenses for the issuance of the Trust Securities.

The settlement of the Alibaba shares based on the variable prepaid forward contract is conducted concurrently with the exchange of Trust Securities. At the exchange date, which is expected to be the first scheduled trading day after June 1, 2019, Trust Securities are exchanged for a certain number of ADSs, determined by reference to the trading price of the ADSs at that time, and the number of Alibaba shares sold by the variable prepaid forward contract is determined by this number of ADSs. A cap and a floor are set for the number of shares settled, and the variable prepaid forward contract is classified as a hybrid financial instrument with embedded derivatives of collar transaction.

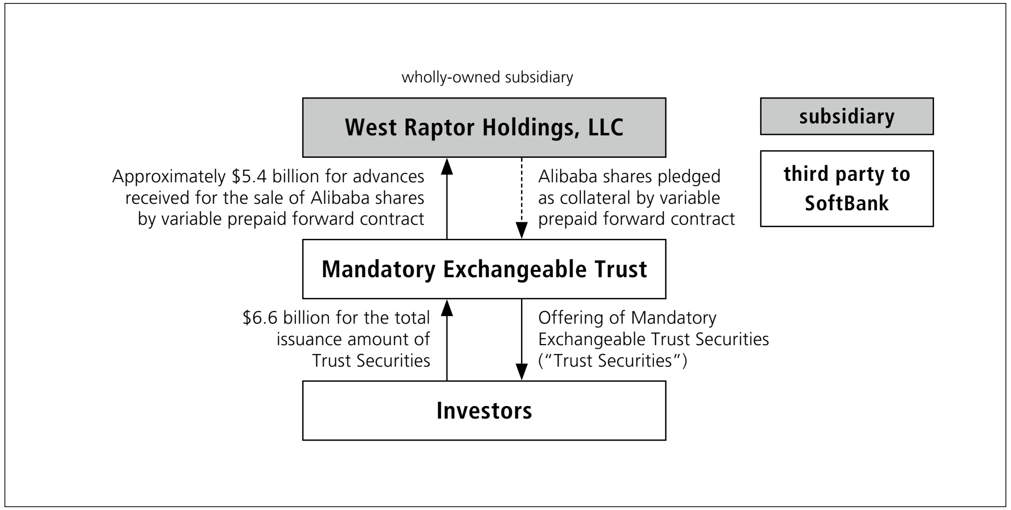
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million ($5,155,860 thousand) and initially recognized ¥674,023 million ($6,007,871 thousand) as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million ($852,010 thousand) as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥715,448 million ($6,377,110 thousand) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥143,935 million ($1,282,958 thousand) is recognized as derivative liabilities in other financial liabilities (non-current liabilities) in the consolidated statement of financial position as of March 31, 2017; ¥232,729 million ($2,074,418 thousand) is recognized as a derivative loss in the consolidated statement of income for the fiscal year ended March 31, 2017. The details are described in "(2) Financial risk management a. Market risk (b) Price risk" in "Note 25. Financial instruments."

WRH LLC has the option ("cash settlement option") to settle the variable prepaid forward contract by either delivering cash or a combination of cash and Alibaba shares. If WRH LLC elects the cash settlement option, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the transaction price of ADSs, will be paid.

Also, WRH LLC has the option ("early settlement option") to settle the variable prepaid forward contract prior to the scheduled settlement date. Settlement of the variable prepaid forward contract may be made prior to the scheduled settlement date if WRH LLC elects the early settlement option or under certain circumstances.

Alibaba shares held by WRH LLC are pledged as collateral. The Company applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the consolidated statement of financial position as of March 31, 2017. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥154,440 million ($1,376,593 thousand) as of March 31, 2017.

Outline of the transaction



Note:
In order to represent the main point of the transaction, the outline shows only the main components related to the transaction and the relationship between the Company and each company in a simplified manner.

(3) Financial covenants

a. Financial covenants on interest-bearing debts of SoftBank Group Corp.
   SoftBank Group Corp.'s interest-bearing debt includes financial covenants and the major financial covenants are as follows:
   (a) The amount of SoftBank Group Corp.'s net assets at the end of the fiscal year must not fall below 75% of SoftBank Group Corp.'s net assets at the end of the previous year.
   (b) The consolidated statement of financial position of the Company at the end of the fiscal year must not show a net capital deficiency. The statement of financial position of SoftBank Corp. at the end of the fiscal year must not show a net capital deficiency.

(c) In the Company's consolidated financial statements, operating income (loss) or net income (loss) attributable to the owner of the parent company must not result in losses for two consecutive years.

(d) Adjusted net interest-bearing debts[1] or leverage ratios[2] designated in the loan agreement must not exceed certain respective amounts or numbers at the end of each annual reporting period and at the end of the second quarter. The threshold amounts of adjusted net interest-bearing debts and leverage ratios shall be softened when the balance of cash and cash equivalents and the fair value of particular listed shares held by SoftBank Group Corp. exceed certain amounts, respectively.

Notes:
1. Adjusted net interest-bearing debts:
Amounts deducting cash and cash equivalents from interest-bearing debts in the consolidated statement of financial position. Certain adjustments are made such as excluding certain listed subsidiaries such as Sprint from the subject.
2. Leverage ratio:
Adjusted net interest-bearing debt / adjusted EBITDA[3]
3. Adjusted EBITDA:
Certain adjustments are made to EBITDA such as excluding listed subsidiaries such as Sprint.

b. Financial covenants on interest-bearing debts of Sprint

Major covenants on the interest-bearing debt issued by Sprint are as follows:

(a) Holders of a portion ($24.1 billion) of interest-bearing debts of Sprint are provided with the right to require Sprint to repurchase the interest-bearing debts if there is a change of control and if there is a decline, to a certain extent, in ratings of the applicable interest-bearing debts by the Rating Services.

(b) It is required that as of the last day of each quarter, Sprint's ratio of total indebtedness[1] to adjusted EBITDA[2] should not exceed a certain threshold level. Exceeding the ratio could result in the maturities being accelerated. The limit for the ratio was 6.00 as of March 31, 2017.

Notes:
1. Total indebtedness:
The sum of Sprint's outstanding debt (excluding trade payables) and guarantee of indebtedness, with certain adjustments defined in contracts with lenders.
2. Adjusted EBITDA:
Trailing four quarters EBITDA including adjustments defined in contract with lenders.

(4) Borrowings related to equity securities lending contract

The Company entered into a securities lending contract regarding stocks of certain subsidiaries. As of March 31, 2017, the amount of the received cash is recognized as short-term borrowings of ¥399,402 million ($3,560,050 thousand) (as of March 31, 2016: ¥149,050 million) and included in interest-bearing debt.

(5) Assets pledged as collateral

Assets pledged as collateral for liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Cash and cash equivalents	¥ 496	¥ 325	$ 2,897
Trade and other receivables	9,248	7,154	63,767
Other financial assets (current)[1]	31,131	4,397	39,192
Inventories	2,704	2,818	25,118
Property, plant and equipment	238,127	661,029	5,892,050
Investments accounted for using the equity method[2]	–	154,440	1,376,593
Total	¥281,706	¥830,163	$7,399,617

Liabilities related to these assets pledged as collateral are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Trade and other payables[1]	¥ 21,623	¥ 4,397	$ 39,192
Interest-bearing debt			
Short-term borrowings	6,695	179	1,596
Current portion of long-term borrowings	82,031	204,426	1,822,141
Long-term borrowings	80,082	79,071	704,796
Financial liabilities relating to sale of shares by variable prepaid forward contract[2]	–	715,448	6,377,110
Total	¥190,431	¥1,003,521	$8,944,835

Other than the above, the following assets are pledged as collateral.

a. Sprint

As of March 31, 2016, approximately $13.6 billion (before consolidation adjustments) in the assets of a subsidiary, Clearwire Communications LLC, is pledged as collateral for the $0.3 billion corporate bond issued by Clearwire Communications LLC.

As of March 31, 2017, approximately $74.4 billion (before consolidation adjustments) in the assets of Sprint is pledged as collateral for approximately the $8.3 billion borrowing and corporate bonds.

b. Brightstar

As of March 31, 2017, approximately $2.0 billion (before consolidation adjustments) (for the fiscal year ended March 31, 2016: $2.8 billion) of the assets of Brightstar were pledged as collateral on the $0.7 billion (as of March 31, 2016: $0.7 billion) borrowing.

Notes:
1. These are trade payables for Brightstar; "Derivative deposits" included in "Other financial assets (current)" that are pledged as collateral.
2. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(6) Assets with limited property rights

Assets with limited property rights due to the installment purchase are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Property, plant and equipment	¥109,602	¥ 80,847	$720,626
Intangible assets	35,286	26,376	235,101
Other non-current assets	69	19	169
Total	¥144,957	¥107,242	$955,896

Liabilities related to the assets with limited property rights above are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Interest-bearing debt			
Current portion of installment payables	¥ 41,538	¥36,580	$326,054
Installment payables	60,963	24,268	216,312
Total	¥102,501	¥60,848	$542,366

Other than the above, the lessor retains the property rights of leased assets in finance lease obligations. The details are described in "Note 12. Property, plant and equipment," "Note 13. Goodwill and intangible assets" and "Note 14. Leases."

(7) Components of increase in short-term interest-bearing debt, net

The components of "Increase in short-term interest-bearing debt, net" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net increase of short-term borrowings	¥118,135	¥322,216	$2,872,056
Net increase of commercial paper	10,000	38,000	338,711
Total	¥128,135	¥360,216	$3,210,767

(8) Components of proceeds from long-term interest-bearing debt

The components of "Proceeds from long-term interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Proceeds from long-term borrowings	¥ 557,072	¥2,715,725	$24,206,480
Proceeds from issuance of corporate bonds	1,053,258	1,006,000	8,966,931
Proceeds from sale-leaseback of newly acquired equipment	519,353	492,369	4,388,707
Proceeds from advances received for sale of shares by variable prepaid forward contract*	–	578,436	5,155,860
Total	¥2,129,683	¥4,792,530	$42,717,978

Note:
* The amount was received as advances for sale of Alibaba shares by variable prepaid forward contract. The variable prepaid forward contract is a hybrid financial instrument. Regarding the proceeds of ¥578,436 million ($5,155,860 thousand), financial liabilities relating to the sale of shares through the variable prepaid forward contract and derivatives are accounted for and recorded separately. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(9) Components of repayment of long-term interest-bearing debt

The components of "Repayment of long-term interest-bearing debt" in the consolidated statement of cash flows are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Repayment of long-term borrowings	¥ (684,397)	¥ (920,315)	$ (8,203,182)
Redemption of corporate bonds	(203,281)	(862,281)	(7,685,899)
Payment of lease obligations	(468,061)	(459,788)	(4,098,298)
Payment of installment payables	(49,029)	(40,683)	(362,625)
Redemption of preferred securities	(200,000)	–	–
Total	¥(1,604,768)	¥(2,283,067)	$(20,350,004)

20. Trade and other payables

The components of trade and other payables are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Operating payables	¥1,492,481	¥1,460,839	$13,021,116
Other	128,714	146,614	1,306,837
Total	¥1,621,195	¥1,607,453	$14,327,953

21. Other financial liabilities

The components of other financial liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Non-current			
Derivative financial liabilities	¥71,677	¥254,146	$2,265,318
Other	23,987	33,083	294,883
Total	¥95,664	¥287,229	$2,560,201

22. Other current liabilities and other non-current liabilities

The components of other current liabilities and other non-current liabilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Current			
Deferred revenue	¥295,129	¥219,305	$1,954,764
Short-term accrued employee benefits	129,006	126,628	1,128,692
Accrued interest expense	84,761	80,231	715,135
Consumption tax payable and other	118,070	107,902	961,779
Other	67,999	65,030	579,643
Total	¥694,965	¥599,096	$5,340,013
Non-current			
Deferred revenue	¥125,778	¥102,270	$ 911,579
Unfavorable lease contracts	93,618	73,408	654,319
Other	119,469	122,093	1,088,269
Total	¥338,865	¥297,771	$2,654,167

Unfavorable lease contracts were recognized as liabilities based on the estimated fair value of the unfavorable portion of future cash flows if, at the time of business combination of Sprint, the terms of operating lease contracts in which the acquiree is the lessee are unfavorable compared to market terms. Reversal of unfavorable lease contracts is deducted from operating lease expense.

23. Provisions

The changes in the provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Provision for onerous contract	Other	Total
As of April 1, 2016	¥ 81,875	¥ 37,000	¥20,281	¥16,683	¥19,157	¥174,996
Recognition of provisions	7,535	9,542	–	2,330	4,070	23,477
Interest due to passage of time	4,916	2,006	–	–	700	7,622
Used	(12,041)	(15,972)	(3,391)	(4,430)	(5,533)	(41,367)
Reversal of provisions	–	(4,117)	–	–	(413)	(4,530)
Change in estimate[1]	32,528	1,690	–	–	556	34,774
Exchange differences	850	(252)	–	–	(192)	406
Other	(57)	–	–	–	(229)	(286)
As of March 31, 2017	¥115,606	¥ 29,897	¥16,890	¥14,583	¥18,116	¥195,092
Current liabilities	¥ 20,221	¥ 14,671	¥ 2,788	¥ 6,085	¥12,597	¥ 56,362
Non-current liabilities	95,385	15,226	14,102	8,498	5,519	138,730
Total	¥115,606	¥ 29,897	¥16,890	¥14,583	¥18,116	¥195,092

(Thousands of U.S. dollars)

	Asset retirement obligations	Restructuring provisions	Provision for loss on interest repayment	Provision for onerous contract	Other	Total
As of April 1, 2016	$ 729,789	$ 329,798	$180,774	$148,703	$170,754	$1,559,818
Recognition of provisions	67,163	85,052	–	20,768	36,278	209,261
Interest due to passage of time	43,819	17,880	–	–	6,239	67,938
Used	(107,327)	(142,366)	(30,226)	(39,486)	(49,318)	(368,723)
Reversal of provisions	–	(36,697)	–	–	(3,681)	(40,378)
Change in estimate[1]	289,937	15,064	–	–	4,956	309,957
Exchange differences	7,576	(2,246)	–	–	(1,711)	3,619
Other	(509)	–	–	–	(2,040)	(2,549)
As of March 31, 2017	$1,030,448	$ 266,485	$150,548	$129,985	$161,477	$1,738,943
Current liabilities	$ 180,239	$ 130,769	$ 24,851	$ 54,238	$112,283	$ 502,380
Non-current liabilities	850,209	135,716	125,697	75,747	49,194	1,236,563
Total	$1,030,448	$ 266,485	$150,548	$129,985	$161,477	$1,738,943

Notes:
1. Sprint reflected current market assessment of specific risk in the estimate of discount rate. As a result, the discount rate in Sprint decreased for the year ended March 31, 2017. With this change, the amount of “Provisions” and “Property, plant and equipment” in the consolidated statement of financial position as of March 31, 2017 increased by ¥21,351 million ($202 million) and ¥13,920 million ($131 million) respectively. Also, the amount of “Cost of sales” in the consolidated statement of income for the year ended March 31, 2017 increased by ¥5,185 million ($49 million) and “Other operating loss” decreased by ¥2,246 million ($22 million).
2. SoftBank Corp. considered the demand of communication traffic, efficient operation of communication equipment and equipment replacement. As a result, it has become highly probable that certain communications equipment will be disposed, and SoftBank Corp. recognized asset retirement obligations. With this change, the amount of “Provisions” and “Property, plant and equipment” in the consolidated statement of financial position as of March 31, 2017 increased by ¥13,802 million ($123,023 thousand) and ¥11,418 million ($101,774 thousand) respectively. Also, the amount of “Cost of sales” in the consolidated statement of income for the year ended March 31, 2017 increased by ¥2,387 million ($21,276 thousand).

Asset retirement obligations

Asset retirement obligations are recognized by the reasonably estimated amount required for the removal of equipment, such as part of base stations, certain offices (including the head office), data centers and network centers. The estimate is based on the assumption at present and is subject to changes depending on revised future assumptions.

Restructuring provision

The restructuring provision consists mainly of a network shutdown provision and backhaul[2] access provision.

(Network shutdown provision)

The network shutdown provision resulted from Sprint recognizing lease exit costs mainly related to the shutdown of the Nextel and Clearwire platform. The majority of the remaining network shutdown provision is expected to be utilized within 5-7 years. The amount and timing of these costs are estimated based upon current network plans which are subject to modification.

(Backhaul access provision)

The backhaul access provision reflects exit costs related to payments that will continue to be made under Sprint's backhaul access contracts for which it will no longer be receiving any economic benefit. The majority of the backhaul access provision relates to Sprint's network modernization activities and is expected to be utilized by December 31, 2018. The amount and timing of these costs are estimates based upon current network plans which are subject to modifications.

Note:
[2] Backhaul is an intermediary network that connects the cell towers to the local switching center.

Provision for loss on interest repayment

Provision for loss on interest repayment is recorded based on an amount representing future expected claims in order to prepare for future claims by debtors and others, for repayment of interest paid in excess of the rate permitted under the Interest Rate Restriction Act. The amount of claims for the interest repayment might fluctuate from changes in market environment and other factors.

Provision for onerous contract

SoftBank Corp. recognized provision for the excess of expected future cost of delivery for a contracted communication service over its contracted amount.

Most of the provision is expected to be used by March 31, 2019. The amount and the expected timing of payment are based on the current network plan and are subject to change.

24. Retirement benefits

The Company primarily has defined contribution pension plans for its employees.

(1) Defined contribution plans

Retirement benefit cost of defined contribution plans is as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Retirement benefit cost of defined contribution plans	¥10,678	**¥8,676**	**$77,333**

(2) Defined benefit plans

(Japan)

SoftBank Corp. has frozen its defined benefit lump-sum plans since March 2007 and 2006. All of the employees who worked at SoftBank Corp. at the time when the defined benefit lump-sum plans were frozen are still maintained within the frozen defined benefit lump-sum plans.

SoftBank Corp. is responsible for providing the defined benefit lump-sum plans to recipients directly. Obligations for the frozen defined benefit lump-sum plans are recognized as defined benefit liabilities until the benefits are paid to employees in the form of a lump sum payment at the time of retirement.

(U.S.)

Sprint has a defined benefit pension plan for certain employees. Sprint has frozen its defined benefit pension plan since December 2005. Obligations for the frozen defined benefit pension plan are recognized as defined benefit liabilities until the benefits are paid to employees at the time of retirement.

a. Changes in the present value of defined benefit obligations and the fair value of plan assets

Changes in the present value of defined benefit obligations and the fair value of plan assets are as follows:

For the fiscal year ended March 31, 2016

(Millions of yen)

	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2015	¥13,667	¥ 114,615	¥ 128,282
Changes in the present value of defined benefit obligations:			
As of April 1, 2015	13,667	275,461	289,128
Business combination	2,024	–	2,024
Service cost	351	33	384
Interest cost	112	11,269	11,381
Remeasurements:			
Actuarial gains (losses) arising from changes in demographic assumptions	2	(7,405)	(7,403)
Actuarial gains (losses) arising from changes in financial assumptions	698	(3,872)	(3,174)
Experience adjustments	3	1,238	1,241
Benefits paid	(1,071)	(9,647)	(10,718)
Exchange differences	–	(17,098)	(17,098)
Other	(185)	(1,070)	(1,255)
As of March 31, 2016	15,601	248,909	264,510
Changes in the fair value of plan assets:			
As of April 1, 2015	–	(160,846)	(160,846)
Interest income	–	(6,597)	(6,597)
Remeasurements:			
Return on plan assets	–	9,196	9,196
Benefits paid	–	8,411	8,411
Employer contributions	–	(743)	(743)
Exchange differences	–	9,828	9,828
As of March 31, 2016	–	(140,751)	(140,751)
Defined benefit liabilities, net			
As of March 31, 2016	¥15,601	¥ 108,158	¥ 123,759

For the fiscal year ended March 31, 2017

(Millions of yen)

	Japan	U.S.	Total
Defined benefit liabilities, net			
As of April 1, 2016	¥15,601	¥ 108,158	¥ 123,759
Changes in the present value of defined benefit obligations:			
As of April 1, 2016	15,601	248,909	264,510
Service cost	512	1	513
Interest cost	(5)	10,047	10,042
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	(3,687)	(3,687)
Actuarial losses arising from changes in financial assumptions	(89)	(54)	(143)
Experience adjustments	(2)	(201)	(203)
Benefits paid	(752)	(9,768)	(10,520)
Exchange differences	–	(625)	(625)
Other	(132)	(218)	(350)
As of March 31, 2017	15,133	244,404	259,537
Changes in the fair value of plan assets:			
As of April 1, 2016	–	(140,751)	(140,751)
Interest income	–	(5,786)	(5,786)
Remeasurements:			
Return on plan assets	–	(8,194)	(8,194)
Benefits paid	–	9,190	9,190
Employer contributions	–	(6,080)	(6,080)
Exchange differences	–	256	256
As of March 31, 2017	–	(151,365)	(151,365)
Defined benefit liabilities, net			
As of March 31, 2017	¥15,133	¥ 93,039	¥ 108,172

	Japan	U.S.	Total
			(Thousands of U.S. dollars)
Defined benefit liabilities, net			
As of April 1, 2016	$139,059	$ 964,061	$ 1,103,120
Changes in the present value of defined benefit obligations:			
As of April 1, 2016	139,059	2,218,638	2,357,697
Service cost	4,564	9	4,573
Interest cost	(44)	89,553	89,509
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions	–	(32,864)	(32,864)
Actuarial losses arising from changes in financial assumptions	(794)	(481)	(1,275)
Experience adjustments	(17)	(1,792)	(1,809)
Benefits paid	(6,703)	(87,067)	(93,770)
Exchange differences	–	(5,570)	(5,570)
Other	(1,178)	(1,942)	(3,120)
As of March 31, 2017	134,887	2,178,484	2,313,371
Changes in the fair value of plan assets:			
As of April 1, 2016	–	(1,254,577)	(1,254,577)
Interest income	–	(51,573)	(51,573)
Remeasurements:			
Return on plan assets	–	(73,037)	(73,037)
Benefits paid	–	81,915	81,915
Employer contributions	–	(54,194)	(54,194)
Exchange differences	–	2,281	2,281
As of March 31, 2017	–	(1,349,185)	(1,349,185)
Defined benefit liabilities, net			
As of March 31, 2017	$134,887	$ 829,299	$ 964,186

b. Fair value of plan assets

Fair value of plan assets is as follows:

As of March 31, 2016
(U.S.)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
			(Millions of yen)
U.S. equities	¥24,020	¥12,287	¥ 36,307
International equities (other than U.S.)	10,598	10,897	21,495
Fixed-income investments	–	45,224	45,224
Real estate investments	–	15,737	15,737
Other	8,287	13,701	21,988
Total	¥42,905	¥97,846	¥140,751

As of March 31, 2017
(U.S.)

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
			(Millions of yen)
U.S. equities	¥25,061	¥ 26,074	¥ 51,135
International equities (other than U.S.)	11,843	108	11,951
Fixed-income investments	–	47,653	47,653
Real estate investments	–	14,862	14,862
Other	11,962	13,802	25,764
Total	¥48,866	¥102,499	¥151,365

	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
			(Thousands of U.S. dollars)
U.S. equities	$223,380	$232,409	$ 455,789
International equities (other than U.S.)	105,562	963	106,525
Fixed-income investments	–	424,753	424,753
Real estate investments	–	132,472	132,472
Other	106,623	123,023	229,646
Total	$435,565	$913,620	$1,349,185

The targeted investment allocation ratio is set based on an asset allocation policy for the investment portfolio of the pension plan to achieve a long-term nominal rate of return, net of fees, which exceeds the plan's long-term expected rate of return on investments for funding purposes.

The plan's long-term expected rate of return on investments for funding purposes is 7.75% as of March 31, 2017 (7.75% as of March 31, 2016). The current targeted investment allocation ratio is disclosed below. Actual allocations are allowed to deviate from target allocation percentages within a range for each asset class as defined in the investment policy.

Targeted investment allocation ratio (%)

	As of March 31, 2016	As of March 31, 2017
U.S. equities	38	**38**
International equities (other than U.S.)	16	**16**
Fixed-income investments	28	**28**
Real estate investments	9	**9**
Other	9	**9**

c. Actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations are as follows:

	As of March 31, 2016		As of March 31, 2017	
	Japan	U.S.	Japan	U.S.
Discount rate (%)	0.2	4.3	**0.3**	**4.3**

d. Sensitivity analysis

Sensitivity is analyzed at the end of the period based on the movement of reasonably estimable assumptions. The sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in reality, the movement of other actuarial assumptions may change.

The effect of the movements in significant actuarial assumptions used to determine the defined benefit obligations is as follows:

As of March 31, 2016

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	0.5% increase	Decrease of ¥604 million	Decrease of ¥16,902 million	Decrease of ¥17,506 million
	0.5% decrease	Increase of ¥648 million	Increase of ¥19,944 million	Increase of ¥20,592 million

As of March 31, 2017

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	**0.5% increase**	**Decrease of ¥538 million**	**Decrease of ¥16,380 million**	**Decrease of ¥16,918 million**
	0.5% decrease	**Increase of ¥575 million**	**Increase of ¥18,511 million**	**Increase of ¥19,086 million**

	Changes in rate	Effect on defined benefit obligations: Japan	U.S.	Total
Discount rate	**0.5% increase**	**Decrease of $4,796 thousand**	**Decrease of $146,002 thousand**	**Decrease of $150,798 thousand**
	0.5% decrease	**Increase of $5,125 thousand**	**Increase of $164,997 thousand**	**Increase of $170,122 thousand**

e. Effects on future cash flows

(a) Funding for the plan and expected contributions to the plan for the next fiscal year

(U.S.)

The policy is to contribute the necessary amount to the plan in order to meet the minimum funding requirement, based on related regulations. The amount to be contributed to the plan for the year ending March 31, 2018 is expected to be ¥4,936 million ($43,997 thousand).

(b) Maturity analysis of the defined benefit obligation

(Japan)

As of March 31, 2017, the weighted-average duration of the defined benefit obligation is 8.9 years.

(U.S.)

As of March 31, 2017, the weighted-average duration of the defined benefit obligation is 15.2 years.

25. Financial instruments

(1) Capital management

Our policy is to realize and maintain optimum capital composition to maintain mid- and long-term sustainable growth and maximize our corporate value.

Major indicators used for our capital management are as follows:

- Equity capital
- Equity capital ratio

Note:
Equity capital is the amount of "Equity attributable to owners of the parent." Equity capital ratio represents "Equity attributable to owners of the parent" divided by "Total liabilities and equity."

Equity capital and the equity capital ratio are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Equity capital	¥2,613,613	¥3,586,352	$31,966,771
Equity capital ratio (%)	12.6	14.6	

The Company is not subject to regulatory capital requirements imposed by outside institutions other than general capital requirements under the Companies Act of Japan and other laws. Also, for details regarding our financial covenants related to interest-bearing debt, please see "(3) Financial covenants" in "Note 19. Interest-bearing debt".

(2) Financial risk management

As we operate in a wide range of markets, the Company faces a variety of financial risks (foreign exchange risk, price risk, interest rate risk, credit risk, and liquidity risk) in its operations. The Company manages its risks based on established policies to prevent and reduce these financial risks.

Derivative transactions entered into by the Company are conducted and controlled based on the Company's internal rules and procedures for derivative transactions and are limited to the extent of actual demands.

a. Market risk

(a) Foreign exchange risk

The Company is engaged in international businesses through investments, financial contributions and the establishment of joint ventures. The Company undertakes transactions denominated in foreign currencies with foreign parties and, through lending to and borrowings from foreign subsidiaries. Consequently, there is foreign exchange risk that arises from changes in currency rates mainly in the U.S. dollar, Indian Rupee, and British pound.

To manage this risk, the Company continuously monitors exchange rates and manages exchange rate exposures. The Company also uses foreign currency forward contracts to hedge the risk.

i. Foreign exchange sensitivity analysis

Exposure to foreign exchange risk on financial instruments related to U.S. dollars and Indian Rupees, our major foreign currencies, for subsidiaries whose functional currency is Japanese yen is as follows:

U.S. Dollar (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Net exposure affecting income before income tax [in asset position]	¥86,102	¥468,193	$4,173,215
Net exposure affecting other comprehensive income [in asset position]	83,466	194,966	1,737,820

Indian Rupee (Functional currency: Japanese yen)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Net exposure affecting income before income tax [in asset position]	¥214,290	¥116,169	$1,035,467

Other than the tables presented above, major exposure to foreign exchange risk on subsidiaries whose functional currency is not Japanese yen is as follows:

U.S. Dollar (Functional currency: British pound)

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Net exposure affecting income before income tax [in (liability) asset position]	¥(386)	¥87,649	$781,255

Net exposure affecting income before income tax comprises the foreign exchange risk exposures from monetary financial instruments denominated in a foreign currency (including those used in internal transactions) whose exchange differences are recognized in profit or loss and the foreign exchange risk exposures from derivatives related to forecast transactions.

Net exposure affecting other comprehensive income comprises the foreign exchange risk exposures from available-for-sale financial assets whose exchange differences are recognized in other comprehensive income and foreign exchange risk exposures from derivatives (cash flow hedge) related to forecasted transactions.

The table below presents the effect of a 1% appreciation of the Japanese yen on income before income tax and other comprehensive income (before tax effect) regarding the financial instruments with the above foreign exchange risk exposure, assuming that all other factors are constant. The analysis does not include the effect of translating assets and liabilities of foreign operations into the presentation currency, which is detailed in "Note 29. Foreign currency exchange rates."

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Decrease in income before income tax	¥(861)	**¥(4,682)**	**$(41,733)**
Decrease in other comprehensive income before tax effect	(835)	**(1,950)**	**(17,381)**

Indian Rupee

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Decrease in income before income tax	¥(2,143)	**¥(1,162)**	**$(10,357)**

The table below presents the effect of a 1% appreciation of the British pound against the U.S. dollar on income before income tax:

U.S. Dollar

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Increase (decrease) in income before income tax	¥4	**¥(876)**	**$(7,808)**

ii. Foreign currency exchange contracts

Foreign currency exchange contracts are entered into, to reduce exposure to foreign exchange risk on the amount to be paid or received in certain transactions denominated in foreign currencies.

The details of foreign currency exchange contracts are as follows:

Foreign currency exchange contracts to which hedge accounting is applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		**As of March 31, 2017**		**As of March 31, 2017**	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Foreign currency forward contracts	¥ 571 (–)	¥ (38)	**¥ 166 (–)**	**¥ (3)**	**$ 1,479 (–)**	**$ (27)**
Currency swap contracts	877,373 (877,373)	(40,306)	**877,373 (877,373)**	**(72,658)**	**7,820,421 (7,820,421)**	**(647,633)**
Total	¥ 877,944 (877,373)	¥(40,344)	**¥ 877,539 (877,373)**	**¥(72,661)**	**$ 7,821,900 (7,820,421)**	**$(647,660)**

The above foreign currency exchange contracts are designated as cash flow hedges.

Foreign currency exchange contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		As of March 31, 2017		As of March 31, 2017	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Foreign currency forward contracts	¥273,476 (–)	¥ 9,445	¥ 818,424 (–)	¥ 2,213	$ 7,294,982 (–)	$ 19,725
Currency swap contracts	15,430 (–)	159	11,653 (–)	(19)	103,868 (–)	(169)
Foreign exchange margin transactions*	581,379 (–)	17,113	548,786 (–)	13,398	4,891,577 (–)	119,423
Total	¥870,285 (–)	¥26,717	¥1,378,863 (–)	¥15,592	$12,290,427 (–)	$138,979

Note:
* Foreign exchange margin transactions are operated by the subsidiary, YJFX, Inc.'s foreign exchange margin transactions business.

(b) Price risk

For the purpose of business strategy, the Company holds securities traded in active markets, including listed stock, and is exposed to market price fluctuation risk.

To manage this risk, the Company continuously monitors the financial condition of security issuers and stock market fluctuations.

i. Price sensitivity analysis

The table below presents the effect of a 10% decrease in market price regarding the securities traded in active markets on income before income tax and other comprehensive income before tax effect, assuming that all other factors are constant.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Decrease in income before income tax	¥ –	¥(32,843)	$(292,744)
Decrease in other comprehensive income before tax effect	(7,381)	(7,884)	(70,274)

Also, the Company entered into a variable prepaid forward contract which is settled by Alibaba shares held by the Company. The contract includes a collar transaction that a cap and floor are set for the number of shares settled. The collar transaction is classified as a derivative instrument and its fair value is affected by the price of Alibaba shares. Derivative gain and loss, which occurred depending on fluctuation of the price of Alibaba shares, are recognized through profit or loss.

Fair value of the collar transaction is composed of intrinsic value and time value. The effect of a 10% increase in the price of Alibaba shares on income before income tax due to fluctuation of intrinsic value is a loss of $800,000 thousand, assuming that all other factors are constant. In case of consideration of time value, the impact of the loss is decreased.

Further, derivative gain and loss resulting from this collar transaction is fixed to a loss of $900,000 thousand during three-year period from initial recognition date of the derivative instruments, in June 2016, to settlement date of Alibaba shares.

The details of the variable prepaid forward contract and the collar transaction are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 19. Interest-bearing debt".

ii. Option contracts

The details of option contracts are as follows:

Option contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		As of March 31, 2017		As of March 31, 2017	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Collar transaction	¥ –	¥ –	¥ 740,454 (740,454)	¥(143,934)	$ 6,600,000 (6,600,000)	$(1,282,949)
Put option	–	–	56,095 (56,095)	(8,630)	500,000 (500,000)	(76,923)
Stock acquisition rights	40,512 (11,082)	2,424	9,713 (9,713)	6,208	86,576 (86,576)	55,335
Total	40,512 ¥(11,082)	¥2,424	¥ 806,262 (806,262)	¥(146,356)	$ 7,186,576 (7,186,576)	$(1,304,537)

(c) Interest rate risk

The Company raises funds through issuing interest-bearing debt. Certain interest-bearing debt is issued with floating interest rates, and is exposed to interest rate risk.

Interest-bearing debt with floating interest rates has the risk of increased interest expenses due to rising interest rates. In order to prevent and reduce interest rate fluctuation risk, the Company maintains an appropriate mixture of fixed and floating interest rate debt. For certain borrowings and bonds with floating interest rates, the Company also utilizes derivative transactions, such as interest rate swaps, in order to hedge interest rate fluctuation risk, converting floating interests into fixed interests. For floating interest rate debt, the Company continuously monitors interest rate fluctuations.

i. Interest rate sensitivity analysis

The table below presents the effect of a 1% increase in interest rates regarding the floating interest rate debt on income before income tax in the consolidated statement of income, assuming that all other factors are constant. The analysis does not include floating interest rate debt whose interests are fixed by interest rate swaps and other derivative transactions.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Decrease in income before income tax	¥(25,788)	¥(39,412)	$(351,297)

ii. Interest rate contracts

The details of interest rate contracts are as follows:

Interest rate contracts to which hedge accounting is applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		As of March 31, 2017		As of March 31, 2017	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Interest rate swap	¥ 10,500 (10,500)	¥(75)	¥ 234,880 (224,880)	¥(250)	$ 2,093,591 (2,004,457)	$(2,228)

The above interest rate swap contract is designated as a cash flow hedge.

Interest rate contracts to which hedge accounting is not applied

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		As of March 31, 2017		As of March 31, 2017	
	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value	Contract amounts (of which: maturing in more than one year)	Fair value
Interest rate cap	–	–	¥ 132,945 (132,945)	¥1,039	$ 1,184,999 (1,184,999)	$9,261

b. Credit risk

In the course of the Company’s business, trade and other receivables, and other financial assets (including deposits, equity securities and derivatives) are exposed to the credit risk of its counterparties.

In order to prevent and reduce the risk, the Company does not expose itself to significant concentrations of credit risk for such receivables and financial assets. To manage its credit risk, the Company performs due date controls and balance controls for each customer in accordance with its internal customer credit management rules and regularly monitors major customers’ credit status.

The carrying amount of financial instruments, net of impairment, which is presented in the consolidated statement of financial position, as well as the amount of lending commitments and guaranteed obligations, represents the Company’s maximum exposure to credit risk on financial assets. The value of collateral held and other credit enhancements are not included. The details of lending commitments and guaranteed obligations are described in “(1) Lending commitments” and “(2) Credit guarantees” in “Note 46. Contingency.”

There were no financial or non-financial assets acquired as a result of foreclosure of collateral or enforcement of other credit enhancements during the years ended March 31, 2016 and 2017.

(a) Financial assets not impaired individually

The table below presents an aging analysis of financial assets not impaired individually. The amounts in the analysis are presented at the carrying amount before netting allowance for doubtful accounts.

As of March 31, 2016

(Millions of yen)

	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Trade and other receivables	¥1,780,714	¥116,450	¥21,484	¥14,427	¥10,180	¥13,666	¥1,956,921
Other financial assets	298,838	2,288	823	1,562	1,973	660	306,144
Total	¥2,079,552	¥118,738	¥22,307	¥15,989	¥12,153	¥14,326	2,263,065
Allowance for doubtful accounts							(45,262)
Total							¥2,217,803

As of March 31, 2017

(Millions of yen)

	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Trade and other receivables	¥2,012,007	¥101,366	¥31,017	¥13,845	¥13,956	¥5,724	¥2,177,915
Other financial assets	415,413	12	27	66	162	287	415,967
Total	¥2,427,420	¥101,378	¥31,044	¥13,911	¥14,118	¥6,011	2,593,882
Allowance for doubtful accounts							(60,156)
Total							¥2,533,726

(Thousands of U.S. dollars)

	Before due	Past due					Total
		Within 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	More than 1 year	
Trade and other receivables	$17,933,925	$903,521	$276,468	$123,407	$124,396	$51,021	$19,412,738
Other financial assets	3,702,763	107	241	588	1,444	2,558	3,707,701
Total	$21,636,688	$903,628	$276,709	$123,995	$125,840	$53,579	23,120,439
Allowance for doubtful accounts							(536,198)
Total							$22,584,241

(b) Individually impaired financial assets

Individually impaired financial assets are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	**As of March 31, 2017**	**As of March 31, 2017**
Trade and other receivables	¥ 3,174	**¥ 7,137**	**$ 63,615**
Other financial assets	32,588	**28,909**	**257,679**
Allowance for doubtful accounts	(34,882)	**(35,195)**	**(313,709)**
Total	¥ 880	**¥ 851**	**$ 7,585**

(c) Allowance for doubtful accounts

The table below presents changes in the allowance for doubtful accounts. The allowance for doubtful accounts is mainly for trade receivables to the customers and loans.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Balance at the beginning of the period	¥ 82,185	**¥ 80,144**	**$ 714,360**
Provisions	86,056	**65,612**	**584,829**
Utilized	(85,771)	**(50,078)**	**(446,368)**
Other	(2,326)	**(327)**	**(2,914)**
Balance at the end of the period	¥ 80,144	**¥ 95,351**	**$ 849,907**

Provisions for and reversal of doubtful accounts are recorded in "Selling, general and administrative expenses" and "Other non-operating income (loss)" in the consolidated statement of income.

c. Liquidity risk

In order to prevent and reduce liquidity risk, the Company maintains access to diversified fundraising sources including both indirect financing, such as bank loans and leases, and direct financing, such as issuance of bonds and commercial paper and securitization, taking market conditions and its current/non-current debt ratios into consideration. As for fund management, the Company invests its funds in short-term deposits and a money management fund.

The Company also continuously monitors its forecasted and actual cash flows and liquid funds.

(a) Commitment lines of credit and other credit facilities

The Company has entered into commitment lines of credit and other credit facilities with various financial institutions to reduce liquidity risk. The Company's credit facilities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	**As of March 31, 2017**	**As of March 31, 2017**
Credit facilities	¥3,035,457	**¥4,085,912**	**$36,419,574**
Drawn	2,255,182	**3,406,044**	**30,359,604**
Undrawn	¥ 780,275	**¥ 679,868**	**$ 6,059,970**

Note:
Certain commitments above contain financial covenants. Please see "(3) Financial covenants" in "Note 19. Interest-bearing debt" for details.

(b) Analysis of financial liabilities by maturities

The table below presents the analysis of financial liabilities (including derivatives) by maturities. The receivables and payables arising from derivative transactions are shown on a net basis:

As of March 31, 2016

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 515,408	¥ 517,573	¥ 517,573	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	42,000	42,000	42,000	–	–	–	–	–
Long-term borrowings (including current portion)	2,528,725	2,553,233	744,977	608,689	461,394	470,216	264,730	3,227
Corporate bonds (including current portion)	7,512,632	7,482,796	891,917	294,754	738,040	1,041,354	643,402	3,873,329
Lease obligations	1,212,186	1,212,186	396,992	331,509	254,849	157,628	65,813	5,395
Installment payables	111,480	112,110	48,925	38,845	16,116	8,224	–	–
Trade and other payables	1,621,195	1,621,195	1,612,100	3,230	1,936	1,973	168	1,788
Other financial liabilities	26,069	26,069	2,083	2,840	3,533	1,459	1,264	14,890
Total	13,569,695	13,567,162	4,256,567	1,279,867	1,475,868	1,680,854	975,377	3,898,629
Derivative financial liabilities								
Other financial liabilities								
Foreign currency exchange contracts*	76,051	76,051	(1,286)	(5,475)	(5,118)	(4,706)	(2,468)	95,104
Interest rate swap contracts	75	75	–	69	–	–	6	–
Total	¥ 76,126	¥ 76,126	¥ (1,286)	¥ (5,406)	¥ (5,118)	¥ (4,706)	¥ (2,462)	¥ 95,104

Note:
* Contractual cash flow and breakdown by maturities are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

As of March 31, 2017

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	¥ 667,664	¥ 668,506	¥ 668,506	¥ –	¥ –	¥ –	¥ –	¥ –
Commercial paper	80,000	80,000	80,000	–	–	–	–	–
Long-term borrowings (including current portion)	4,506,135	4,558,688	1,132,653	1,955,143	584,852	373,082	79,281	433,677
Corporate bonds (including current portion)	7,573,300	7,575,400	336,591	736,620	1,044,869	671,946	1,229,618	3,555,756
Lease obligations	1,245,890	1,245,890	438,284	351,248	243,853	153,596	56,388	2,521
Financial liability for variable prepaid forward contract	715,448	740,454	–	–	740,454	–	–	–
Installment payables	69,933	71,004	40,376	17,804	9,879	1,683	1,262	–
Trade and other payables	1,607,453	1,607,453	1,585,746	11,021	8,558	1,804	91	233
Other financial liabilities	40,419	40,419	7,336	15,309	4,725	413	158	12,478
Total	16,506,242	16,587,814	4,289,492	3,087,145	2,637,190	1,202,524	1,366,798	4,004,665
Derivative financial liabilities								
Other financial liabilities								
Foreign currency exchange contracts*	107,697	107,697	1,898	(4,108)	(3,689)	3,064	(2,627)	113,159
Option contracts	152,564	152,564	–	8,629	143,935	–	–	–
Interest rate contracts	250	250	22	–	–	5	223	–
Total	¥ 260,511	¥ 260,511	¥ 1,920	¥ 4,521	¥ 140,246	¥ 3,069	¥ (2,404)	¥ 113,159

(Thousands of U.S. dollars)

	Carrying amount	Contractual cash flows	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Interest-bearing debt								
Short-term borrowings	$ 5,951,190	$ 5,958,695	$ 5,958,695	$ –	$ –	$ –	$ –	$ –
Commercial paper	713,076	713,076	713,076	–	–	–	–	–
Long-term borrowings (including current portion)	40,165,211	40,633,639	10,095,847	17,427,070	5,213,049	3,325,448	706,667	3,865,558
Corporate bonds (including current portion)	67,504,234	67,522,952	3,000,187	6,565,826	9,313,388	5,989,357	10,960,139	31,694,055
Lease obligations	11,105,179	11,105,179	3,906,622	3,130,832	2,173,572	1,369,070	502,612	22,471
Financial liability for variable prepaid forward contract	6,377,110	6,600,000	–	–	6,600,000	–	–	–
Installment payables	623,344	632,891	359,890	158,695	88,056	15,001	11,249	–
Trade and other payables	14,327,953	14,327,953	14,134,468	98,235	76,281	16,080	811	2,078
Other financial liabilities	360,272	360,272	65,389	136,456	42,116	3,682	1,408	111,221
Total	147,127,569	147,854,657	38,234,174	27,517,114	23,506,462	10,718,638	12,182,886	35,695,383
Derivative financial liabilities								
Other financial liabilities								
Foreign currency exchange contracts*	959,952	959,952	16,918	(36,616)	(32,882)	27,311	(23,416)	1,008,637
Option contracts	1,359,872	1,359,872	–	76,914	1,282,958	–	–	–
Interest rate contracts	2,228	2,228	196	–	–	44	1,988	–
Total	$ 2,322,052	$ 2,322,052	$ 17,114	$ 40,298	$ 1,250,076	$ 27,355	$ (21,428)	$ 1,008,637

Note:
* Contractual cash flows and the breakdown by maturities are presented on a discounted cash flow basis for currency swap contracts included in the foreign currency exchange contracts.

In addition to the amounts presented above, the Company has lending commitments and guaranteed obligations, which are detailed in "(1) Lending commitments" and "(2) Credit guarantees" in "Note 46. Contingency." Average interest rates of the interest-bearing debts are described in "(1) Component of interest-bearing debt" in "Note 19. Interest-bearing debt."

(3) Categories of financial instruments

Components of financial instruments (excluding cash and cash equivalents) by category are as follows:

As of March 31, 2016

(Millions of yen)

	Financial assets at FVTPL*	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥1,914,789	¥1,914,789
Other financial assets	37,136	–	23,487	100	92,135	152,858
Non-current assets						
Other financial assets	308,493	31,297	344,299	–	286,785	970,874
Total	¥345,629	¥31,297	¥367,786	¥100	¥2,293,709	¥3,038,521

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ –	¥ –	¥ 2,646,609	¥ 2,646,609
Trade and other payables	–	–	1,621,195	1,621,195
Other financial liabilities	4,410	39	2,082	6,531
Non-current liabilities				
Interest-bearing debt	–	–	9,275,822	9,275,822
Other financial liabilities	–	71,677	23,987	95,664
Total	¥ 4,410	¥71,716	¥13,569,695	¥13,645,821

Note:
* Among the financial assets at FVTPL, the amount of financial assets designated as financial assets at fair value through profit or loss is ¥306,070 million.

As of March 31, 2017

(Millions of yen)

	Financial assets at FVTPL[1]	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	¥ –	¥ –	¥ –	¥ –	¥2,121,619	¥2,121,619
Other financial assets	23,373	–	574	276,120	494,622	794,689
Non-current assets						
Other financial assets	596,257	28,695	517,334	–	409,981	1,552,267
Total	¥619,630	¥28,695	¥517,908	¥276,120	¥3,026,222	¥4,468,575

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	¥ 43,164[2]	¥ –	¥ 2,650,929	¥ 2,694,093
Trade and other payables	–	–	1,607,453	1,607,453
Other financial liabilities	6,341	24	7,336	13,701
Non-current liabilities				
Interest-bearing debt	–	–	12,164,277	12,164,277
Other financial liabilities	152,564	101,582	33,083	287,229
Total	¥202,069	¥101,606	¥16,463,078	¥16,766,753

(Thousands of U.S. dollars)

	Financial assets at FVTPL[1]	Derivatives designated as hedges	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables	Total
Financial assets						
Current assets						
Trade and other receivables	$ –	$ –	$ –	$ –	$18,910,946	$18,910,946
Other financial assets	208,334	–	5,116	2,461,182	4,408,789	7,083,421
Non-current assets						
Other financial assets	5,314,707	255,771	4,611,231	–	3,654,346	13,836,055
Total	$5,523,041	$255,771	$4,616,347	$2,461,182	$26,974,081	$39,830,422

	Financial liabilities at FVTPL	Derivatives designated as hedges	Financial liabilities at amortized cost	Total
Financial liabilities				
Current liabilities				
Interest-bearing debt	$ 384,740[2]	$ –	$ 23,628,924	$ 24,013,664
Trade and other payables	–	–	14,327,953	14,327,953
Other financial liabilities	56,520	214	65,389	122,123
Non-current liabilities				
Interest-bearing debt	–	–	108,425,680	108,425,680
Other financial liabilities	1,359,872	905,446	294,883	2,560,201
Total	$1,801,132	$905,660	$146,742,829	$149,449,621

Notes:
1. Among the financial assets at FVTPL, the amount of financial assets designated as financial assets at fair value through profit or loss is ¥589,250 million ($5,252,251 thousand).
2. Regarding Handset Sale-Leaseback Tranche 2 financing obligation that Sprint implemented in May 2016, the Company designated it as a financial liability that is measured at fair value though profit or loss. This is a transaction with MLS which is a joint venture of the Company. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of transaction.

26. Fair value of financial instruments

(1) Categorization by level within the fair value hierarchy

Financial instruments that are measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy based on the observability and significance of inputs used for the measurement.

The fair value hierarchy is defined as follows in descending order of level:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is measured using inputs other than Level 1 that are observable, either directly or indirectly.

Level 3: Fair value is measured using unobservable inputs.

If the fair value measurement uses different levels of inputs, the fair value is categorized based on the lowest level of input that is significant to the entire fair value measurement.

Transfers between levels of the fair value hierarchy are recognized as if they have occurred at the beginning of each quarter.

There were no transfers between Level 1 and Level 2 during the fiscal years ended March 31, 2016 and 2017.

The table below presents financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy.

As of March 31, 2016

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥73,807	¥ –	¥549,480	¥623,287
Bonds	–	8,273	1,548	9,821
Derivative financial assets				
Foreign currency exchange contracts	–	62,424	–	62,424
Stock acquisition rights	–	–	2,424	2,424
Other	–	27,736	19,020	46,756
Total	73,807	98,433	572,472	744,712
Financial liabilities				
Derivative financial liabilities				
Foreign currency exchange contracts	–	76,051	–	76,051
Interest rate swap contracts	–	75	–	75
Total	¥ –	¥76,126	¥ –	¥ 76,126

As of March 31, 2017

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	¥407,271	¥ –	¥668,334	¥1,075,605
Bonds	–	7,837	1,132	8,969
Derivative financial assets				
Foreign currency exchange contracts	–	50,627	–	50,627
Option contracts	–	–	6,208	6,208
Interest rate contracts	–	1,039	–	1,039
Other	–	1,501	22,284	23,785
Total	407,271	61,004	697,958	1,166,233
Financial liabilities				
Interest-bearing borrowings	–	–	43,164	43,164
Derivative financial liabilities				
Foreign currency exchange contracts	–	107,697	–	107,697
Option contracts	–	152,564	–	152,564
Interest rate contracts	–	250	–	250
Total	¥ –	¥260,511	¥ 43,164	¥ 303,675

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Financial assets				
Equity securities	$3,630,190	$ –	$5,957,162	$9,587,352
Bonds	–	69,855	10,090	79,945
Derivative financial assets				
Foreign currency exchange contracts	–	451,261	–	451,261
Option contracts	–	–	55,335	55,335
Interest rate contracts	–	9,260	–	9,260
Other	–	13,379	198,627	212,006
Total	3,630,190	543,755	6,221,214	10,395,159
Financial liabilities				
Interest-bearing borrowings	–	–	384,740	384,740
Derivative financial liabilities				
Foreign currency exchange contracts	–	959,952	–	959,952
Option contracts	–	1,359,871	–	1,359,871
Interest rate contracts	–	2,229	–	2,229
Total	$ –	$2,322,052	$ 384,740	$2,706,792

The major valuation techniques for financial instruments measured at fair value on a recurring basis are as follows:

a. Equity securities and bonds
Equity securities and bonds are measured using quoted prices in active markets for identical assets or liabilities if such prices are available, and are classified as Level 1. Where such quoted prices in active markets for identical assets or liabilities are not available, they are measured using quoted prices for identical assets or liabilities in markets that are not active, quoted prices of comparable companies and valuation techniques such as the discounted cash flow model. They are classified as Level 2 if all significant inputs such as quoted prices and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as Level 3.

b. Derivative financial assets and derivative financial liabilities
The fair value of derivative financial instruments is measured using valuation techniques such as the discounted cash flows model. Derivative financial instruments are classified as Level 2 if all significant inputs such as foreign currency exchange rates and discount rates that are used for the measurement are observable, whereas if inputs include significant unobservable inputs, they are classified as Level 3.

c. Interest-bearing debt
The fair value of interest-bearing debt is measured using the discounted cash flows model. The model uses unobservable inputs, such as customer churn rates, customer upgrade probabilities, and the likelihood that Sprint will elect the Exchange Option[1] versus the termination option[2] upon customer upgrade, resulting in a Level 3 classification.

Notes:
1. The option to transfer the title in the new device to the borrower in exchange for the title in the original device upon customer upgrade, in order to continue the borrowings
2. The option that Sprint terminates the borrowings

(2) Fair value measurements of financial instruments that are categorized as Level 3

a. Valuation techniques and inputs
The following table shows information about the valuation techniques used and the significant unobservable inputs used in the Level 3 fair value measurements.

Equity securities

		Ranges of unobservable inputs	
Valuation techniques	Unobservable inputs	As of March 31, 2016	**As of March 31, 2017**
Price of recent investment	Discount for lack of marketability	10.0%–45.0%	**10.0%–35.0%**
	Control premium	5.0%–10.0%	**5.0%–10.0%**
Discounted cash flow	Cost of capital	16.9%	–
	Perpetual growth rate	5.2%	–
	Discount for lack of marketability	15.0%	–
	Discount for non-control interest	17.0%	–

b. Sensitivity Analysis
Of the above unobservable inputs, perpetual growth rate and control premiums have a positive correlation with the fair value of equity securities, whereas cost of capital, discount for non-controling interest, and discount for lack of marketability have a negative correlation with the fair value of equity securities.

c. Valuation processes
Fair value is measured by our personnel in the treasury and accounting departments based on internal regulations, using the most appropriate valuation techniques and inputs that reflect the nature, characteristics and risks of the financial instruments subject to fair value. The fair value of financial instruments that require a high level of knowledge and experience for the valuation is measured by external specialists if the amount of such financial instruments is material. The result of the measurement conducted at the end of each quarter, including the valuation by the external specialists, is reported to the Company's Board of Directors after the analysis of fair value changes and other contents are reviewed and approved by the head of the department.

d. Roll forward of financial instruments categorized as Level 3

Roll forward of financial instruments categorized as Level 3 is as follows:

For the fiscal year ended March 31, 2016

(Millions of yen)

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2015	¥242,754	¥ 3,258	¥1,144	¥12,528
Gains or losses				
Net income	89,308	(7,528)	1,704	–
Other comprehensive income	(18,629)	(314)	–	859
Purchases	247,508	1,292	363	6,271
Sales	(11,361)	(500)	–	(1,739)
Transfers to Level 1 due to listing	(8,206)	–	–	–
Transfers to Level 3*	17,067	6,812	–	–
Other	(8,961)	(1,472)	(787)	1,101
As of March 31, 2016	¥549,480	¥ 1,548	¥2,424	¥19,020
Gains or losses recognized in net income on financial instruments held at March 31, 2016	¥ 85,536	¥(7,786)	¥1,704	¥ –

Note:

* Equity securities are transferred from Level 1 to Level 3 and bonds are transferred from Level 2 to Level 3 as it became difficult to obtain their observable inputs. Also, impairment losses for these equity securities and bonds are recognized after transferred to Level 3. The details are described in Note 1 in "Note 40. Other non-operating income and loss."

For the fiscal year ended March 31, 2017

(Millions of yen)

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
As of April 1, 2016	¥ 549,480	¥1,548	¥2,424	¥19,020
Gains or losses				
Net income	(154,374)	9	3,821	(1,291)
Other comprehensive income	12,871	13	(37)	12
Purchases	262,627	251	–	9,342
Sales	(4,435)	(640)	–	(3,692)
Transfers to Level 1 due to listing	(553)	–	–	–
Other	2,718	(49)	–	(1,107)
As of March 31, 2017	¥ 668,334	¥1,132	¥6,208	¥22,284
Gains or losses recognized in net income on financial instruments held at March 31, 2017	¥(153,340)	¥ –	¥3,821	¥ (1,293)

(Millions of yen)

Financial liabilities	Interest-bearing debt
As of April 1, 2016	¥ –
Gains or losses	
Net income	4,593
Other comprehensive income	1,111
Borrowings	115,116
Repayments and Redemptions	(77,656)
As of March 31, 2017	¥ 43,164
Gains or losses recognized in net income on financial instruments held at March 31, 2017	¥ 2,395

Financial assets	Equity securities	Bonds	Derivative financial assets	Other
	(Thousands of U.S. dollars)			
As of April 1, 2016	$ 4,897,763	$13,798	$21,606	$169,534
Gains or losses				
Net income	(1,376,006)	81	34,059	(11,508)
Other comprehensive income	114,725	116	(330)	107
Purchases	2,340,913	2,237	–	83,269
Sales	(39,531)	(5,705)	–	(32,908)
Transfers to Level 1 due to listing	(4,929)	–	–	–
Other	24,227	(437)	–	(9,867)
As of March 31, 2017	$ 5,957,162	$10,090	$55,335	$198,627
Gains or losses recognized in net income on financial instruments held at March 31, 2017	$(1,366,788)	$ –	$34,059	$ (11,525)

Financial liabilities	Interest-bearing debt
	(Thousands of U.S. dollars)
As of April 1, 2016	$ –
Gains or losses	
Net income	40,939
Other comprehensive income	9,903
Borrowings	1,026,081
Repayments and Redemptions	(692,183)
As of March 31, 2017	$ 384,740
Gains or losses recognized in net income on financial instruments held at March 31, 2017	$ 21,348

Gains or losses recognized in profit or loss are included in "Derivative gain (loss)," "Gain (loss) from financial instruments at FVTPL," and "Other non-operating income (loss)" in the consolidated statement of income. Gains or losses recognized in other comprehensive income, net of tax, are included in "Available-for-sale financial assets" and "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.

(3) Carrying amounts and fair values of financial instruments

The table below presents carrying amounts and fair values of financial instruments.

	(Millions of yen)				(Thousands of U.S. dollars)	
	As of March 31, 2016		As of March 31, 2017		As of March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current						
Interest-bearing debt						
Long-term borrowings	¥1,785,500	¥1,797,632	¥ 3,377,625	¥ 3,436,955	$ 30,106,293	$ 30,635,128
Corporate bonds	6,611,947	6,099,330	7,233,838	7,590,748	64,478,456	67,659,756
Lease obligations	815,194	817,057	807,606	818,686	7,198,556	7,297,317
Installment payables	63,181	64,280	29,760	30,908	265,265	275,497
Total	¥9,275,822	¥8,778,299	¥11,448,829	¥11,877,297	$102,048,570	$105,867,698

Financial instruments whose carrying amounts are reasonably similar to fair values are not included in the table above. Financial instruments that are measured at fair value on a recurring basis are also excluded because their fair values are the same as their carrying amounts.

The major valuation techniques for fair value measurements of the above financial liabilities are as follows:

a. Long-term borrowings
Fair values of the non-current portion of long-term borrowings with floating interest rates are measured based on the discounted cash flow method using observable inputs such as market interests, and the measurement is categorized as Level 2. Fair values of the non-current portion of long-term borrowings with fixed rates are measured based on the discounted cash flow method using an interest rate including the credit spread that would be used for a borrowing with the same terms and maturity. Those borrowings are categorized as Level 3.

b. Corporate bonds
Fair values of the non-current portion of corporate bonds are mainly categorized as Level 1 or Level 2. When the fair value is measured using quoted prices in active markets for identical bonds, it is categorized as Level 1. When the fair value is measured using quoted prices that are observable in markets that are not active for identical bonds, it is categorized as Level 2. The fair value of corporate bond categorized as Level 3 is immaterial.

c. Lease obligations
Fair values of the non-current portion of lease obligations are measured based on the discounted cash flow method using an interest rate considering the period until payment and credit risk, and are categorized as Level 2.

d. Installment payables
Fair values of the non-current portion of installment payables are measured based on the discounted cash flow method using an interest rate adjusted for the remaining repayment period and credit risks, and the measurement are categorized as Level 2.

27. Transfers of financial assets

The Company enters into securitization transactions involving trade and installment receivables.

The major securitization transactions involve the securitization of receivables related to wireless service charges due from subscribers and installment receivables recognized from the mobile handset sales business. For each transaction, the Company transferred receivables to financial institutions and acquired cash and subordinate interest in the transferred receivables for financing purposes. The receivables sold are not derecognized because in each transaction, the Company retains subordinate interest and, therefore, substantially retains all the risks and rewards of ownership of the transferred assets. Cash received from transferring the receivables are included in “Interest-bearing debt” under current liabilities and non-current liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	**As of March 31, 2017**	**As of March 31, 2017**
Carrying amount of transferred assets	¥ 857,186	**¥1,020,257**	**$ 9,094,010**
Carrying amount of related liabilities	(624,563)	**(735,205)**	**(6,553,213)**
(Fair value of financial assets and financial liabilities where related liabilities have recourse only to the transferred assets)			
Fair value of transferred assets	¥ 857,186	**¥1,020,257**	**$ 9,094,010**
Fair value of related liabilities	(624,096)	**(735,880)**	**(6,559,230)**
Net position	¥ 233,090	**¥ 284,377**	**$ 2,534,780**

The difference between transferred assets and related liabilities is the subordinate interest which the Company retains on securitization.

28. Offsetting financial assets and liabilities

The following table presents the amount of financial assets and liabilities offset in the consolidated statement of financial position, as well as the amount of financial assets and liabilities that are under enforceable master netting agreements or similar contracts, but are not offset as they do not meet certain or all criteria of offsetting.

Rights to offset based on the enforceable master netting agreements or similar contracts are enforceable only in certain events such as bankruptcy or obligation default of the counterparty.

As of March 31, 2016

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥114,777	¥(77,751)	¥37,026	¥(22,550)	¥14,476
Other financial assets	39,089	–	39,089	(36,094)	2,995
Total	¥153,866	¥(77,751)	¥76,115	¥(58,644)	¥17,471

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥173,966	¥(77,751)	¥ 96,215	¥(22,418)	¥ 73,797
Other financial liabilities	71,243	–	71,243	(36,227)	35,016
Total	¥245,209	¥(77,751)	¥167,458	¥(58,645)	¥108,813

As of March 31, 2017

(Millions of yen)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	¥129,790	¥(90,319)	¥39,471	¥(26,134)	¥13,337
Other financial assets	31,736	(133)	31,603	(31,551)	52
Total	¥161,526	¥(90,452)	¥71,074	¥(57,685)	¥13,389

(Millions of yen)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	¥221,274	¥(90,452)	¥130,822	¥(25,975)	¥104,847
Other financial liabilities	112,971	–	112,971	(31,710)	81,261
Total	¥334,245	¥(90,452)	¥243,793	¥(57,685)	¥186,108

(Thousands of U.S. dollars)

Financial assets	Gross amount of financial assets	Gross amount of financial liabilities offset against financial assets	Net amount of financial assets presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other receivables	$1,156,877	$(805,054)	$351,823	$(232,944)	$118,879
Other financial assets	282,877	(1,185)	281,692	(281,228)	464
Total	$1,439,754	$(806,239)	$633,515	$(514,172)	$119,343

(Thousands of U.S. dollars)

Financial liabilities	Gross amount of financial liabilities	Gross amount of financial assets offset against financial liabilities	Net amount of financial liabilities presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position	Net amount
Trade and other payables	$1,972,314	$(806,239)	$1,166,075	$(231,526)	$ 934,549
Other financial liabilities	1,006,962	–	1,006,962	(282,646)	724,316
Total	$2,979,276	$(806,239)	$2,173,037	$(514,172)	$1,658,865

29. Foreign currency exchange rates

Exchange rates of the major currencies used for translating the financial statements of foreign operations are as follows:

(1) Rate at the end of the period

(Yen)

	As of March 31, 2016	As of March 31, 2017
U.S. dollars	¥112.68	¥112.19
British pound	161.92	140.08

(2) Average rate for the quarter

For the fiscal year ended March 31, 2016

(Yen)

	Three months ended June 30, 2015	Three months ended September 30, 2015	Three months ended December 31, 2015	Three months ended March 31, 2016
U.S. dollars	¥121.34	¥121.91	¥121.07	¥116.95

For the fiscal year ended March 31, 2017

(Yen)

	Three months ended June 30, 2016	Three months ended September 30, 2016	Three months ended December 31,2016	Three months ended March 31, 2017
U.S. dollars	¥109.07	¥102.91	¥108.72	¥113.76

(3) Foreign exchange sensitivity analysis for exchange differences on translating foreign operations

The table below presents the effect of a 1% appreciation of the Japanese yen against the U.S. dollar, British pound and Chinese yuan, which are the main foreign currencies of the Company, regarding the translation of assets, liabilities, and interests in net assets in foreign operations into the presentation currency, assuming that all other factors are constant.

Impact of exchange differences on translating foreign operations (decrease in equity)

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
U.S. dollar	¥(28,673)	¥(31,910)	$(284,428)
British pound	–	(34,325)	(305,954)
Chinese yuan	(12,016)	(13,362)	(119,102)

30. Equity

(1) Common stock

a. Shares authorized

The number of shares authorized to be issued is as follows:

(Thousands of shares)

	March 31, 2016	March 31, 2017
Ordinary shares	3,600,000	**3,600,000**

b. Shares issued

Changes in the number of shares issued are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Balance at the beginning of the year	1,200,660	**1,200,660**
Increase during the year	–	–
Decrease during the year[3]	–	**(100,000)**
Balance at the end of the year	1,200,660	**1,100,660**

Notes:
1. Shares issued by the Company is common stock with no par value.
2. Shares issued have been fully paid.
3. The Company retired 100,000 thousand shares of treasury stock on October 31, 2016.

(2) Capital surplus

Capital surplus of the Company includes additional paid-in capital, which is legal capital surplus. Under the Companies Act of Japan (the"Companies Act"), at least 50% of the proceeds upon issuance of equity instruments shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

For the fiscal year ended March 31, 2016

The Company acquired an additional 24.1% shares of Supercell, a subsidiary of the Company, from existing shareholders and the Company's ownership in Supercell became 77.8%. In connection with this transaction, ¥120,847 million is deducted from capital surplus as "Changes in interests in subsidiaries."

(3) Retained earnings

Retained earnings of the Company include the reserve legally required as legal retained earnings. The Companies Act provides that 10% of the dividend of retained earnings shall be appropriated as legal capital surplus or as legal retained earnings until their aggregate amount equals 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Treasury stock

The Companies Act provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Changes in treasury stock are as follows:

(Thousands of shares)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Balance at the beginning of the year	11,463	**53,760**
Increase during the year	42,873	**58,073**
Decrease during the year	(576)	**(100,455)**
Balance at the end of the year	53,760	**11,378**

Notes:
1. The number of shares of treasury stock acquired based on the resolution passed at the Board of Directors' meeting for the fiscal year ended March 31, 2017 was 58,069 thousand and total acquisition cost was ¥350,826 million ($3,127,070 thousand). (The number of shares of treasury stock acquired based on the resolution passed at the Board of Directors' meeting for the fiscal year ended March 31, 2016 was 42,867 thousand, and total acquisition cost was ¥269,173 million.)
2. Based on the resolution passed at the Board of Directors' meeting held on October 7, 2016, the Company retired its treasury stock of 100,000 thousand shares on October 31, 2016. As a result, "Retained earnings" and "Treasury stock" are decreased by ¥595,195 million ($5,305,241 thousand).

(5) Accumulated other comprehensive income

The changes in the accumulated other comprehensive income are as follows:

(Millions of yen)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of April 1, 2015	¥ –	¥14,524	¥ (7,345)	¥533,207	¥540,386
Other comprehensive income (attributable to owners of the parent)	342	18,070	(32,743)	(263,977)	(278,308)
Transfer to retained earnings	(342)	–	–	–	(342)
As of March 31, 2016	–	32,594	(40,088)	269,230	261,736
Other comprehensive income (attributable to owners of the parent)	10,140	(20,611)	(4,789)	(25,090)	(40,350)
Transfer to retained earnings	(10,140)	–	–	–	(10,140)
As of March 31, 2017	¥ –	¥11,983	¥(44,877)	¥244,140	¥211,246

(Thousands of U.S. dollars)

	Remeasurements of defined benefit plan	Available-for-sale financial assets	Cash flow hedges	Exchange differences on translating foreign operations	Total
As of March 31, 2016	$ –	$290,525	$(357,322)	$2,399,768	$2,332,971
Other comprehensive income (attributable to owners of the parent)	90,382	(183,715)	(42,687)	(223,638)	(359,658)
Transfer to retained earnings	(90,382)	–	–	–	(90,382)
As of March 31, 2017	$ –	$106,810	$(400,009)	$2,176,130	$1,882,931

Note:
The above amount is presented net of tax effect. The amount of income taxes on each item in other comprehensive income is described in “Note 41. Other comprehensive income.”

31. Dividends

In accordance with the Companies Act, SoftBank Group Corp. has prescribed in its articles of incorporation that semiannual interim dividends may be paid once a year upon resolution by the Board of Directors.

Dividends paid are as follows:

For the fiscal year ended March 31, 2016

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Shareholders' meeting held on June 19, 2015	Common stock	¥20	¥23,784	March 31, 2015	June 22, 2015
Board of Directors' meeting held on October 22, 2015	Common stock	20	23,477	September 30, 2015	December 14, 2015

For the fiscal year ended March 31, 2017

		Dividends per share		Total dividends			
Resolution	Class of shares	(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 22, 2016	Common stock	¥21	$0.19	¥24,085	$214,680	March 31, 2016	June 23, 2016
Board of Directors' meeting held on October 27, 2016	Common stock	22	0.20	23,957	213,540	September 30, 2016	December 12, 2016

Dividends which will become effective during the fiscal year ending March 31, 2018 are as follows:

		Dividends per share		Total dividends			
Resolution	Class of shares	(Yen)	(USD)	(Millions of yen)	(Thousands of U.S. dollars)	Record date	Effective date
Shareholders' meeting held on June 21, 2017	Common stock	¥22	$0.20	¥23,964	$213,602	March 31, 2017	June 22, 2017

32. Share-based payment transactions

The Company grants stock options, restricted stock units and phantom stock as share-based payment awards.

Share-based payment awards are granted to the Company's directors, employees and other service providers, based on the terms resolved at the Company's shareholders' meeting or Board of Directors meeting.

Share-based payment awards are accounted for as equity-settled share-based payments and cash-settled share-based payments. Expense and liability recognized from share-based payment awards are as follows:

Expense arising from share-based payment

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Equity-settled	¥10,661	¥13,301	$118,558
Cash-settled	6,900	7,877	70,211
Total	¥17,561	¥21,178	$188,769

Liability arising from share-based payment

	(Millions of yen)		(Thousands of U.S. dollars)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
Liability arising from share-based payment	¥9,151	¥8,162	$72,752
Liability vested in the above	–	–	–

(1) Stock option plan

a. Details of the stock option plan

The Company grants stock options as equity-settled share-based payment and cash-settled share-based payment. The details of the Company's stock option plan for the years ended March 31, 2016 and 2017 are as follows:

(a) SoftBank Group Corp.

SoftBank Group Corp. grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by SoftBank Group Corp.

Year issued / Name	Grant date	Due date for exercise
2010 - 6th Stock Acquisition Rights[1]	August 27, 2010	June 30, 2017
2013 - 7th Stock Acquisition Rights[2]	July 31, 2013	June 30, 2021
2016 July Stock Acquisition Rights[3]	July 28, 2016	July 31, 2022
2017 February Stock Acquisition Rights[3]	February 27, 2017	February 28, 2023

Notes:

1. Vesting condition
   A person entitled to the vested stock acquisition rights ("entitled person") is able to exercise these rights only when all the following conditions are satisfied:
   a. total free cash flows in the consolidated statement of cash flows for the years ended in March 2010, 2011 and 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on Financial Instruments and Exchange Act exceed ¥1.0 trillion;
   b. net interest-bearing debt in the consolidated balance sheet for the year ended in March 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on Financial Instruments and Exchange Act is less than ¥0.97 trillion; and,
   c. total operating income in the consolidated statement of income for the years ended in March 2011 and 2012 in the Annual Securities Report filed by SoftBank Group Corp. based on Financial Instruments and Exchange Act exceeds ¥1.1 trillion.

   The amount of the stock acquisition rights exercisable by an entitled person is limited as prescribed in "a" through "d" below. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.
   a. from July 1, 2012 through June 30, 2013: 25% of the allocated amount of stock acquisition rights
   b. from July 1, 2013 through June 30, 2014: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" above
   c. from July 1, 2014 through June 30, 2015: 75% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" and "b" above
   d. from July 1, 2015 through June 30, 2017: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" through "c" above

   Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition
   The stock acquisition rights expired as the rights were unable to meet the vesting condition. The vesting condition is as follows;

   A person entitled to vested stock acquisition rights ("entitled person") is able to exercise these rights only when operating income in the consolidated statement of income for the year ended in March 2016 in the Annual Securities Report to be filed by SoftBank Group Corp. based on the Financial Instruments and Exchange Act in June 2016 ("target index") exceeds 1.2 trillion Yen ("target amount"). SoftBank Group Corp. may change the target index or target amount within a reasonable range due to changes in accounting policies or other factors, if necessary.
   The amount of the stock acquisition rights exercisable in the period "a" through "c" below by an entitled person who was granted and allocated stock acquisition rights of 10,000 or more in total, is limited as below. Fractional points, if any, of the exercisable stock acquisition rights are rounded down.
   a. from July 1, 2016 to June 30, 2017: 25% of the allocated amount of stock acquisition rights
   b. from July 1, 2017 to June 30, 2018: 50% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" above
   c. from July 1, 2018 to June 30, 2021: 100% of the allocated amount of stock acquisition rights along with the stock acquisition rights exercised in the period "a" and "b" above

   Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

3. Vesting condition
   Stock options vest when the service period requirements are met, and the vesting period is 2 years.
   Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

(b) Sprint

Sprint grants stock options to its directors, employees and other service providers. Shares granted by the exercise of stock options are those issued by Sprint Corporation.

Year issued / Name	Grant date	Due date for exercise
Nextel Incentive Equity Plan	From May 24, 2004 through May 26, 2005	From May 24, 2014 through May 26, 2015
1997 Long-term Incentive Program	From February 8, 2005 through February 27, 2007	From February 8, 2015 through February 27, 2017
2007 Omnibus Incentive Plan	From July 9, 2007 through May 31, 2015	From July 9, 2017 through May 31, 2025
2015 Omnibus Incentive Plan	From August 25, 2015 through February 2, 2017	From August 25, 2025 through February 2, 2027

Note:
Vesting condition
Generally, stock options vest when service period requirements are met. The vesting period is generally 3 years and vests each period equally.

(c) Supercell

Supercell grants stock options to its employees. Shares granted by the exercise of stock options are those issued by Supercell Oy. Also, in July 2016, Supercell was excluded from the scope of consolidation.

Year issued / Name	Grant date	Due date for exercise
Supercell Oy Share option program	From March 31, 2011 through April 1, 2014	From September 17, 2014 through March 31, 2021

Note:
Vesting condition
Stock options vest when service period requirements are met. The vesting period is within 4 years. 25% of options vest after 1 year from the conclusion of the share payment contract or the beginning of service. The residual options vest each month equally over the next 3 years.

(d) Brightstar

Brightstar grants stock options as equity-settled share-based payments and cash-settled share-based payments to its directors, employees and other service providers.

Year issued / Name	Grant date	Due date for exercise
Brightstar Global Group Inc. 2006 Stock Incentive Plan[1]	From July 12, 2006 through January 21, 2014	From July 12, 2016 through January 21, 2024
Brightstar Global Group Inc. 2016 Stock Incentive Plan[2]	March 15, 2016	From January 1, 2017 through February 28, 2017

Notes:
1. Vesting condition
Generally, stock options vest when the service period requirements are met. Rights vest equally over a 4 year period. Brightstar Corp. has the option to settle either by Brightstar Global Group Inc. shares or cash when options are exercised and those are accounted for as equity-settled share-based payments. Shares granted by the exercise of stock options are those issued by Brightstar Global Group Inc.

2. Vesting condition
Stock options vest when the service period requirements are met. The vesting period is within 1 year. Brightstar Corp. has the option to settle either by Brightstar Global Group Inc. shares or cash when options are exercised and those are accounted for as cash-settled share-based payments.

(e) Yahoo Japan Corporation

Yahoo Japan Corporation grants stock options to its directors and employees. Shares granted by the exercise of stock options are those issued by Yahoo Japan Corporation.

Year issued / Name	Grant date	Due date for exercise
2006 [1]	From September 6, 2006 through February 7, 2007	From August 23, 2016 through January 24, 2017
2007 [1]	From May 8, 2007 through February 13, 2008	From April 24, 2017 through January 30, 2018
2008 [1]	From May 9, 2008 through February 10, 2009	From April 25, 2018 through January 27, 2019
2009 [1]	From May 12, 2009 through February 10, 2010	From April 28, 2019 through January 27, 2020
2010 [1]	From May 11, 2010 through February 8, 2011	From April 27, 2020 through January 25, 2021
2011 [1]	From June 3, 2011 through February 17, 2012	From May 20, 2021 through February 3, 2022
2012		
1st [1]	From May 16, 2012	From May 2, 2022
2nd [2]	through March 1, 2013	through February 28, 2023
2013		
1st [3]	From May 17, 2013	From May 16, 2023
2nd [4]	through November 19, 2013	through November 18, 2023
2014		
1st [4]	May 26, 2014	May 25, 2024

Notes:
1. Vesting condition
Rights are mainly starting to vest in stages after 2 years from the grant date. One-half of the total grant vests after 2 years from the grant date, and one fourth grant vests per year for the subsequent 2 years. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

2. Vesting condition
Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.
(i) If the operating income exceeds ¥250 billion
Period of achievement: By fiscal year March 2016 Exercisable ratio: 20%
Period of achievement: By fiscal year March 2017 Exercisable ratio: 14%
Period of achievement: By fiscal year March 2018 Exercisable ratio: 8%
Period of achievement: By fiscal year March 2019 Exercisable ratio: 2%

(ii) If the operating income exceeds ¥330 billion
Period of achievement: By fiscal year March 2016 Exercisable ratio: 80%
Period of achievement: By fiscal year March 2017 Exercisable ratio: 56%
Period of achievement: By fiscal year March 2018 Exercisable ratio: 32%
Period of achievement: By fiscal year March 2019 Exercisable ratio: 8%

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

3. Vesting condition
Rights vest according to the amount of operating income achieved as specified in either (i) or (ii) below in the period from the fiscal year ended in March 2014 through the fiscal year ending in March 2019.
(i) If the operating income exceeds ¥250 billion Exercisable ratio: 20%
(ii) If the operating income exceeds ¥330 billion Exercisable ratio: 80%

Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

4. Vesting condition
Rights vest once the operating income for the fiscal year exceeds ¥330 billion in either of the period from the fiscal year ended in March 2015 through the fiscal year ending in March 2019. Vesting requires continuous service from the grant date to the vesting date. When an eligible person retires, vested acquisition rights are forfeited.

b. Fair value of stock options granted during the period

Weighted-average fair value and fair value measurement, at the measurement date of the stock options granted during the period are as follows:

(a) SoftBank Group Corp.

The weighted-average fair value at the measurement date of the stock options granted during the period is ¥1,318 ($11.75).

Fair value is measured as follows:

Fiscal year ended March 31, 2017

Year issued / Name	2016 July stock acquisition rights		2017 February stock acquisition rights	
Valuation method used	Black-Scholes model		Black-Scholes model	
	(Yen)	(USD)	(Yen)	(USD)
Key inputs and assumptions:				
Weighted-average stock price	¥5,366	$47.83	¥8,393	$74.81
Weighted-average exercise price	¥6,159	$54.90	¥8,891	$79.25
Volatility of stock price*	39.87%		38.38%	
Estimated residual period	4 years		4 years	
Estimated dividend	¥41/per share	$0.37/per share	¥44/per share	$0.39/per share
Risk-free interest rate	(0.38)%		(0.15)%	

Note:
* Volatility of the stock price is calculated based on the performance of the stock price for the most recent period depending on the period to maturity.

(b) Sprint

The weighted-average fair value at the measurement date of the stock options granted during the period is $2.23.

Fair value is measured as follows:

	Fiscal year ended March 31, 2017
Year issued / Name	2015 Omnibus incentive plan
Valuation method used	Black-Scholes model
Key inputs and assumptions:	
Weighted-average stock price	$3.79
Weighted-average exercise price	$3.72
Volatility of stock price*	64.47%
Estimated residual period	6 years
Estimated dividend	–
Risk-free interest rate	1.48%

Note:
* Volatility of stock price is calculated based on an implied volatility, measured by the stock price and option price of Sprint at the calculation date.

c. Changes in stock options during the period and the condition of stock options at the period end

Changes in stock options during the period and the condition of stock options at the period end are as follows:

(a) SoftBank Group Corp.

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance – Unexercised	11,495,500	¥4,516	689,700	¥2,625	$23.40
Granted	–	–	4,364,000	6,218	55.42
Forfeited	(10,229,800)	4,750	(12,000)	4,098	36.53
Exercised	(576,000)	2,625	(455,300)	2,625	23.40
Ending balance – Unexercised	689,700	2,625	4,586,400	6,040	53.84
Ending balance – Exercisable	689,700	¥2,625	227,400	¥2,625	$23.40

(b) Sprint

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Number of shares	Weighted-average exercise price (USD)	Number of shares	Weighted-average exercise price (USD)
Beginning balance – Unexercised	39,861,827	$ 5.34	40,742,546	$4.69
Granted	12,290,437	4.66	12,075,685	3.72
Forfeited	(6,735,629)	5.42	(3,410,819)	4.62
Exercised	(1,439,758)	2.43	(11,653,873)	3.93
Matured	(3,234,331)	12.06	(574,253)	7.96
Ending balance – Unexercised	40,742,546	4.69	37,179,286	4.57
Ending balance – Exercisable	20,866,540	$ 4.10	16,852,255	$4.74

The unexercised options as of March 31, 2017 are as follows:

Range of exercise price (USD)	Number of shares	Weighted-average exercise price(USD)	Weighted-average remaining contract period (year)
$0.00 – $3.00	2,923,458	$2.08	5.25
3.01 – 4.00	13,050,212	3.43	7.58
4.01 – 5.00	12,947,337	4.65	7.36
5.01 – 6.00	3,859,625	5.61	6.47
6.01 – 7.00	756,646	6.21	9.42
7.01 – 10.00	3,642,008	8.92	7.31
Total	37,179,286	$4.57	7.22

(c) Supercell

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Number of shares	Weighted-average exercise price (EUR)	Number of shares	Weighted-average exercise price (EUR)
Beginning balance – Unexercised	1,854,701	€5.24	1,062,495	€ 5.78
Granted	–	–	–	–
Forfeited	(462,279)	5.47	(220,164)	3.85
Exercised	(329,927)	3.17	(139,385)	17.91
Decrease due to loss of control*	–	–	(702,946)	3.98
Ending balance – Unexercised	1,062,495	5.78	–	–
Ending balance – Exercisable	318,972	€4.34	–	€ –

Note:
* In July 2016, Supercell was excluded from the scope of consolidation.

(d) Brightstar

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Number of shares	Weighted-average exercise price (USD)	Number of shares	Weighted-average exercise price (USD)
Beginning balance – Unexercised	1,464,993	$27.51	609,920	$14.00
Granted	366,772	5.45	–	–
Repurchased*	(621,367)	28.85	–	–
Forfeited	(600,478)	26.37	(10,000)	33.25
Matured	–	–	(376,483)	6.06
Ending balance – Unexercised	609,920	14.00	223,437	26.53
Ending balance – Exercisable	206,898	$26.33	217,812	$26.46

Note:
* Brightstar Corp. repurchased outstanding stock options held by existing employees for cash consideration of $1.00 per stock option in December 2015

The unexercised options as of March 31, 2017, are as follows:

Range of exercise price (USD)	Number of shares	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
$15.00	34,000	$15.00	2.06
20.00	8,500	20.00	0.32
29.00	180,937	29.00	5.76
Total	223,437	$26.53	4.99

(e) Yahoo Japan Corporation

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017		
	Number of shares	Weighted-average exercise price (Yen)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)
Beginning balance – Unexercised	65,586,700	¥429	63,973,500	¥429	$3.82
Granted	–	–	–	–	–
Forfeited	(1,260,700)	450	(2,088,700)	445	3.97
Exercised	(346,400)	331	(286,200)	347	3.09
Matured	(6,100)	680	(343,300)	471	4.20
Ending balance – Unexercised	63,973,500	429	61,255,300	429	3.82
Ending balance – Exercisable	3,522,500	¥360	2,899,300	¥346	$3.08

The unexercised options as of March 31, 2017 are as follows:

Range of exercise price (Yen)	Range of exercise price (USD)	Number of shares	Weighted-average exercise price (Yen)	Weighted-average exercise price (USD)	Weighted-average remaining contract period (year)
¥201 – ¥300	$1.79 – $2.67	841,200	¥270	$2.41	4.4
301 – 400	2.68 – 3.56	24,797,500	324	2.89	5.8
401 – 500	3.57 – 4.46	10,962,200	486	4.33	5.9
501 – 600	4.47 – 5.35	24,654,400	514	4.58	6.6
Total		61,255,300	¥429	$3.82	6.1

d. Stock options exercised during the period

Weighted-average stock prices at the date exercised, for those stock options that were exercised during the period are as follows:

(a) SoftBank Group Corp.

Fiscal year ended March 31, 2016			Fiscal year ended March 31, 2017			
Year issued/ Name	Number of shares exercised	Weighted - average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	(Yen)	Weighted-average stock price at exercise (USD)
2010 - 6th Stock Acquisition Rights	576,000	¥7,021	2010 - 6th Stock Acquisition Rights	455,300	¥7,291	$64.99

(b) Sprint

Fiscal year ended March 31, 2016			Fiscal year ended March 31, 2017		
Year issued/ Name	Number of shares exercised	Weighted-average stock price at exercise (USD)	Year issued / Name	Number of shares exercised	Weighted-average stock price at exercise (USD)
2007 Omnibus Incentive Plan . . .	1,439,758	$4.41	2007 Omnibus Incentive Plan . . .	11,566,044	$7.33
			2015 Omnibus Incentive Plan . . .	87,829	$7.50

(c) Yahoo Japan Corporation

Fiscal year ended March 31, 2016			Fiscal year ended March 31, 2017			
Year issued/ Name	Number of shares exercised	Weighted-average stock price at exercise (Yen)	Year issued / Name	Number of shares exercised	(Yen)	Weighted-average stock price at exercise (USD)
2006	9,900	¥550	2006	31,600	¥491	$4.38
2007	34,400	530	2007	51,200	525	4.68
2008	49,900	523	2008	22,900	505	4.50
2009	46,000	505	2009	37,300	510	4.55
2010	80,500	508	2010	58,000	521	4.64
2011	116,500	504	2011	69,100	501	4.47
2012	9,200	500	2012	16,100	501	4.47

Note:

Weighted-average stock price at exercise is not calculated for the Supercell Stock option plan since Supercell Oy shares are not publicly traded.

(2) Restricted stock unit plan

The Company adopts restricted stock unit (“RSU”) plans where the Company grants stocks, the transfer of which is restricted for a certain period until vested, and is accounted for as equity-settled share-based payment.

The details of the Company’s RSU plans for the years ended March 31, 2016 and 2017 are as follows:

a. Sprint

Sprint grants shares of Sprint Corporation as RSUs to its directors, employees and other service providers.

The fair value of the RSU is generally measured based on the closing price of the stock on the date of grant.

RSU generally has performance and service requirements or service requirements only, with vesting periods ranging from one to three years.

During the year ended March 31, 2017, Sprint granted performance-based RSUs that will be earned upon the achievement of certain market conditions, which are based on the Sprint share price. The fair value of these market-based RSUs is estimated at the date of grant using the Monte Carlo valuation methodology, which incorporates into the valuation the possibility that the market condition may not be satisfied. These market-based RSUs will vest 50% over four years from the grant date and 50% over five years from the grant date.

The number of RSUs granted for the fiscal year ended March 31, 2017 was 54,729,219 units. The weighted-average fair value of RSUs granted for the fiscal year ended March 31, 2017 was $5.64 per unit.

b. Galaxy Investment Holdings, Inc.

Galaxy Investment Holdings, Inc. grants RSUs to its director with the option to settle either by Sprint Corporation shares held by Galaxy Investment Holdings, Inc. or cash. As Galaxy Investment Holdings, Inc. has the option to settle by cash instead of Sprint Corporation shares, this RSU grant has been accounted for as an equity-settled share-based payment. The fair value of the RSUs is measured based on the stock price as of the date of the grant.

RSU vests equally each year over four years, with continuous service required through each vesting date.

c. Supercell

Supercell grants shares of Supercell Oy as RSU to its employees. The RSU plan is accounted for as an equity-settled share-based payment even though Supercell has the option to settle some of the RSU in cash when the options are exercised instead of Supercell Oy shares. RSU granted for the fiscal year ended March 31, 2017 was 12,000 units. The fair value of the RSU is intrinsic value measured using the discount cash flow method or guideline public companies method. The weighted-average fair value of the RSU granted for the fiscal year ended March 31, 2017 was €102.35 per unit.

RSU vests equally each year over four years, with continuous service required through each vesting date.

Also, in July 2016, Supercell was excluded from the scope of consideration.

(3) Phantom stock

The Company adopts phantom stock awards where the Company pays in cash based on the stock price at the vesting date, and they are accounted for as cash-settled share-based payments.

The details of phantom stock for the fiscal years ended March 31, 2016 and 2017 are as follows:

SoftBank Group Corp., SB Group US, Inc., and SoftBank Holdings, Inc.

SoftBank Group Corp., SB Group US, Inc., and SoftBank Holdings, Inc. granted phantom stock, which is based on the shares of SoftBank Group Corp., to their directors, employees, and other service providers.

It requires one to have continued employment from the grant date through the vesting date. The amount of settlement at the vesting date is determined based on the share per unit. The details of vesting conditions are as follows:

The number of units and vesting conditions as of March 31, 2017

unit	Vesting condition
3,278,641	The initial vesting date is four years from the first date of service. A quarter of the total vests on the initial vesting date and quarter of the total vests every two years thereafter.
740,691	It vests fully when five years pass from the first date of the service period.
2,206,900	Vesting periods are mainly four or five years from the first date of service, or service provided, and vests over those periods.

33. Net sales

The components of net sales are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Domestic Telecommunications segment			
Telecom service revenue	¥2,395,925	¥2,413,429	$21,511,980
Products and other sales	710,930	743,396	6,626,223
Total	3,106,855	3,156,825	28,138,203
Sprint segment			
Telecom service revenue	3,501,532	3,120,616	27,815,456
Products and other sales	186,966	338,526	3,017,435
Total	3,688,498	3,459,142	30,832,891
Yahoo Japan segment			
Net sales from rendering of services	461,420	519,350	4,629,200
Net sales from sale of goods	181,460	322,231	2,872,190
Total	642,880	841,581	7,501,390
Distribution segment	1,345,856	1,228,051	10,946,172
Arm segment	–	112,901	1,006,337
Other	97,688	102,504	913,665
Total	¥8,881,777	¥8,901,004	$79,338,658

34. Cost of sales and selling, general and administrative expenses

The components of cost of sales and selling, general and administrative expenses are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Cost of goods sold	¥(2,370,094)	**¥(2,433,370)**	**$(21,689,723)**
Depreciation and amortization	(1,373,467)	**(1,465,609)**	**(13,063,633)**
Sales commissions and sales promotion expenses	(1,073,036)	**(954,998)**	**(8,512,327)**
Employees and directors benefit cost	(558,433)	**(569,414)**	**(5,075,443)**
Operating lease expenses	(471,057)	**(494,579)**	**(4,408,405)**
Telecommunications equipment usage fees	(513,411)	**(429,176)**	**(3,825,439)**
Service outsourcing expenses	(282,074)	**(290,681)**	**(2,590,971)**
Other	(1,251,487)	**(1,111,662)**	**(9,908,745)**
Total	¥(7,893,059)	**¥(7,749,489)**	**$(69,074,686)**

"Depreciation and amortization" includes disposal of "Property, plant and equipment" and "Intangible assets" as well as amortization of long-term prepaid expenses which are recorded in "Other non-current assets" in the consolidated statement of financial position.

35. Other operating loss

The components of other operating income and loss are as follows:

	(Millions of yen)		(Thousands of U.S. dollar)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Sprint segment:			
Gain on spectrum license exchange[1]	¥ –	**¥ 36,385**	**$ 324,316**
Loss on disposal of property, plant, and equipment[2]	(37,032)	**(55,727)**	**(496,720)**
Loss on contract termination[3]	–	**(15,399)**	**(137,258)**
U.S. state tax charge	–	**(10,600)**	**(94,483)**
Legal reserves	(23,437)	**(4,209)**	**(37,517)**
Severance costs associated with reduction in the workforce	(26,079)	**(2,277)**	**(20,296)**
Impairment loss on non-current assets[4]	(19,881)	**–**	**–**
Other	(10,271)	**(8,201)**	**(73,099)**
Yahoo Japan segment:			
Loss on disaster[5]	–	**(13,006)**	**(115,928)**
Other	–	**2,269**	**20,225**
Distribution segment:			
Impairment loss on goodwill[6]	–	**(30,260)**	**(269,721)**
Impairment loss on non-current assets[7]	(13,633)	**–**	**–**
Other	(2,833)	**–**	**–**
Arm segment:			
Acquisition-related costs[8]	–	**(25,780)**	**(229,789)**
Company-wide:			
Expense resulting from resignation of director[9]	–	**(8,847)**	**(78,857)**
Other:			
Impairment loss on assets[10]	–	**(8,051)**	**(71,763)**
Other	(6,086)	**–**	**–**
Total	¥(139,252)	**¥(143,703)**	**$(1,280,890)**

Notes:
1. License exchange gain resulting from the exchange of certain spectrum licenses, which is recorded as FCC licenses in intangible assets, with other carriers (non-cash transaction).
2. Loss mainly resulting from the write-off of leased devices associated with lease cancellations prior to scheduled customer lease terms where customers did not return the devices to Sprint. In fiscal year ended March 31, 2016, ¥6,684 million of loss was recognized upon the sale of devices to Mobile Leasing Solutions, LLC under the Handset Sale-Leaseback transaction. Regarding the Handset Sale-Leaseback transaction, the details are described in "Note 14. Leases."
3. Loss mainly resulting from termination of wholesale contracts with NTELOS Holdings Corp.
4. Impairments are primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans.

5. In February 2017, a fire incident occurred at a logistics center of ASKUL, namely, ASKUL Logi PARK Tokyo Metropolitan. The fire inflicted damage on ASKUL's non-current assets and inventories resulting in a temporary operation shutdown. The loss from the fire incident consists of ¥10,230 million ($91,185 thousand) of damage on non-current assets, ¥2,510 million ($22,373 thousand) of destroyed inventories, and ¥266 million ($2,371 thousand) of related costs.
6. Goodwill of Brightstar had been allocated in its entirety to Brightstar (a group of cash-generating units), which had bundled five cash-generating units (Brightstar's US and Canada region, Latin America region, Asia & Oceania region, SoftBank Commerce & Service Corp., and Europe and Africa region); however, in March 2017, its goodwill was reallocated to Brightstar, which bundled four cash-generating units, except for SoftBank Commerce & Service Corp., due to the decision to reorganize the Distribution segment. As impairment indicators existed, the impairment test was conducted on goodwill and intangible assets with indefinite useful lives. As a result, the recoverable amount of goodwill was less than its carrying amount, and therefore, ¥30,260 million ($269,721 thousand) of impairment loss on goodwill was recorded as "Other operating loss". Value in use was used as the recoverable amount and calculated by discounting the management-approved estimated future cash flow plan of the four cash-generating units by 10.97% - 16.17%, the weighted-average capital cost before tax.
7. As a result of revising the business plan of the Brightstar's Latin America region, the recoverable amount became negative and, therefore, the carrying amount related to the cash-generating unit was reduced to ¥0. Impairment loss on property, plant, and equipment was ¥8,070 million and impairment loss on intangible assets was ¥5,563 million.Value in use was used as the recoverable amount and calculated by discounting management approved estimated future cashflow plan by 22.11%, weighted average capital cost before tax.
8. Expenses arising from the business combination of Arm. The details of the business combination are described in "(3) Arm" in "Note 5. Business combinations".
9. Expenses resulting from the resignation of Nikesh Arora from his position as a director. The details are described in "(2) Remuneration for major executives" in "Note 45. Related party transactions."
10. As a result of revising the business plan of SoftBank Robotics Corp., the recoverable amount was less than its carrying amount, and therefore the related carrying amount of assets was reduced to its recoverable amount of ¥3,471 million ($30,939 thousand) determined based on its value in use.

36. Finance cost

The components of finance cost are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Interest expense*	¥(440,744)	**¥(467,311)**	**$(4,165,353)**

Note:
* Interest expense was mainly from financial liabilities measured at amortized cost.

37. Gain on sales of shares of associates

For the fiscal year ended March 31, 2017

The Company sold a portion of its Alibaba shares to Alibaba, Gamlight Pte Ltd, a wholly-owned subsidiary of GIC Private Limited, and Aranda Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Private Limited on June 13, 2016, and to Alibaba Partnership* on July 11, 2016. As a result of the transactions, ¥ 234,418 million ($2,089,473 thousand) was recorded as a gain on sales of shares of associates.

The aggregate amount of its sale was ¥ 359,704 million ($3.4 billion), of which the sale price for Alibaba was ¥ 212,920 million ($2.0 billion). The sale price was determined by negotiation with reference to the market price of Alibaba shares.

Note:
* Alibaba Partnership is not an associate of Alibaba.

38. Derivative gain and loss

For the fiscal year ended March 31, 2017

Derivative loss of ¥232,729 million ($2,074,418 thousand) was recorded related to a collar transaction included in a variable prepaid forward contract. The details of the variable prepaid forward contract are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 19. Interest-bearing debt"

39. Gain and loss from financial instruments at FVTPL

For the fiscal year ended March 31, 2017

Loss from financial instruments at FVTPL mainly consists of changes in fair value of preferred stock investments, including embedded derivatives, such as ANI Technologies Pvt. Ltd and Jasper Infotech Private Limited in India, designated as financial assets at FVTPL.

40. Other non-operating income and loss

The components of other non-operating income and loss are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Foreign currency exchange gain and loss	¥ (41,414)	**¥ 53,336**	**$ 475,408**
Impairment loss on securities[1]	(32,759)	**(6,098)**	**(54,354)**
Dilution gain from changes in equity interest[2]	14,903	**77,540**	**691,149**
Loss relating to loss of control[3]	–	**(79,278)**	**(706,641)**
Impairment loss on assets classified as held for sale[4]	–	**(42,540)**	**(379,178)**
Provision of allowance for doubtful accounts[1]	(21,253)	**(60)**	**(535)**
Other	16,531	**4,519**	**40,280**
Total	¥ (63,992)	**¥ 7,419**	**$ 66,129**

Notes:
1. Shares and loans related to investments of PT Trikomsel Oke Tbk. in Indonesia were impaired as the investment amounts and the loans amount were not expected to be collected. As a result, impairment loss on securities and provision of allowance for doubtful accounts totaling ¥38,185 million were recorded for the fiscal year ended March 31, 2016.
2. Gain arising from changes in Alibaba's equity interest held by the Company mainly due to the exercise of stock options issued by Alibaba and the allocation of new shares to a third party.
3. On February 24, 2017, the Company entered into an agreement with Foxconn Technology Group in Taiwan to establish a joint venture through its wholly-owned subsidiary, SOFTBANK GROUP CAPITAL APAC PTE. LTD. SOFTBANK GROUP CAPITAL APAC PTE. LTD. accordingly issued new ordinary shares to Foxconn (Far East) Limited on March 3, 2017, and changed its name to Foxconn Ventures Pte. Ltd. as of the same date. As a result of the transaction, the percentage of voting rights of Foxconn Ventures Pte. Ltd. held by the Company was reduced to 45.5% and the entity has become an equity method associate and no longer qualified as a consolidated subsidiary of the Company from March 3, 2017. The loss relating to the loss of control resulting from the transaction was ¥79,278 million ($706,641 thousand). Of this amount, the amount that was transferred from accumulated other comprehensive income to net loss due to the loss of control was ¥131,529 million ($1,172,377 thousand) and the gain from remeasurement relating to applying the equity method was ¥52,251 million ($465,737 thousand).

4. The Company transferred a portion of its GungHo shares to assets classified as held for sale as the Company tendered in a Tender Offer by GungHo in the three month period ended June 30, 2016. Accordingly, the carrying amounts of the shares were reduced to the fair values after deducting expenses arising from the sale (Tender Offer price), and ¥42,540 million ($379,178 thousand) was recorded as an impairment loss on assets classified as held for sale. As a result of the transaction, GungHo is no longer qualified as an equity method associate in the three month period ended September 30, 2016. The details are described in "(1)GungHo" in "Note 42. Discontinued operations."

41. Other comprehensive income

The table below presents the amount arising during the year, reclassification adjustments to profit or loss and the income tax effect of each item in other comprehensive income.

For the fiscal year ended March 31, 2016

(Millions of yen)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 140	¥ –	¥ 140	¥ 202	¥ 342
Total	140	–	140	202	342
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	(32,338)	32,685	347	(5,253)	(4,906)
Cash flow hedges	(91,449)	59,223	(32,226)	234	(31,992)
Exchange differences on translating foreign operations	(328,860)	–	(328,860)	39,125	(289,735)
Share of other comprehensive income of associates	38,760	(450)	38,310	(10,668)	27,642
Total	(413,887)	91,458	(322,429)	23,438	(298,991)
Total other comprehensive income	¥(413,747)	¥91,458	¥(322,289)	¥ 23,640	¥(298,649)

For the fiscal year ended March 31, 2017

(Millions of yen)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	¥ 12,227	¥ –	¥12,227	¥ (27)	¥12,200
Total	12,227	–	12,227	(27)	12,200
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	21,204	908	22,112	(16,484)	5,628
Cash flow hedges	(32,479)	24,930	(7,549)	95	(7,454)
Exchange differences on translating foreign operations	(185,792)	175,002	(10,790)	(9,710)	(20,500)
Share of other comprehensive income of associates	(41,130)	190	(40,940)	10,537	(30,403)
Total	(238,197)	201,030	(37,167)	(15,562)	(52,729)
Total other comprehensive income	¥(225,970)	¥201,030	¥(24,940)	¥(15,589)	¥(40,529)

(Thousands of U.S. dollars)

	Amount arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	$ 108,985	$ –	$ 108,985	$ (241)	$ 108,744
Total	108,985	–	108,985	(241)	108,744
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	189,002	8,093	197,095	(146,929)	50,166
Cash flow hedges	(289,500)	222,212	(67,288)	847	(66,441)
Exchange differences on translating foreign operations	(1,656,048)	1,559,872	(96,176)	(86,550)	(182,726)
Share of other comprehensive income of associates	(366,611)	1,694	(364,917)	93,921	(270,996)
Total	(2,123,157)	1,791,871	(331,286)	(138,711)	(469,997)
Total other comprehensive income	$(2,014,172)	$1,791,871	$(222,301)	$(138,952)	$(361,253)

42. Discontinued operations

(1) GungHo

SoftBank Group Corp. entered into an agreement to tender in the Tender Offer for 188,235,200 shares, a portion of the common shares of GungHo held by SoftBank Group Corp. on April 28, 2015. The Tender Offer was completed on June 1, 2015 and 188,235,200 common shares of GungHo held by SoftBank Group Corp. were transferred to GungHo for ¥80,000 million.

An agreement between Heartis G.K. (“Heartis”) and Son Holdings Inc. to extinguish the pledge on 100,000,000 shares, out of the common shares of GungHo held by Heartis, was executed and the Agreement on Exercise of Voting Rights* for the 100,000,000 shares was terminated effective on June 1, 2015.

As a result of the transactions, GungHo was no longer qualified as a subsidiary and became an equity method associate on June 1, 2015.

Operating results related to GungHo from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the consolidated statement of income.

Note:

* Heartis (Taizo Son’s asset management company, the second largest shareholder of GungHo, and Taizo Son, chairman of GungHo is the representative director), and Masayoshi Son, chairman and CEO of SoftBank Group Corp., entered into a Memorandum of Understanding (the “MOU”) on Exercise of Voting Rights for Deferment of Execution of Pledges, on April 1, 2013. Under the MOU, all of GungHo common shares held by Heartis were pledged to Son Holdings, Masayoshi Son’s asset management company and in order to defer the execution of pledges, Heartis agreed to act on behalf of Masayoshi Son at the shareholders’ meeting of GungHo, for the voting rights related to 213,080,000 shares (ownership ratio: 18.50%) out of the common shares of GungHo held by Heartis. In addition, the title of Taizo Son was changed from chairman of GungHo to director of GungHo, effective on March 22, 2016.

Also, regarding a portion of the Company’s GungHo shares, the Company tendered in the Tender Offer by GungHo from June 23, 2016. The Tender Offer was completed on July 21, 2016 and 245,592,400 shares of its GungHo shares had sold by the Tender Offer. As a result of the transaction, GungHo is no longer qualified as an equity method associate on August 16, 2016.

The operating results and cash flows from discontinued operations are as follows:

a. Operating results from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Revenue	¥ 26,604	¥–	$–
Expense	(17,404)	–	–
Income before income tax from discontinued operations	9,200	–	–
Income taxes	(3,568)	–	–
Income after income tax from discontinued operations	5,632	–	–
Loss relating to loss of control in discontinued operations	(12,739)	–	–
Deferred tax expenses for investment temporary differences	139	–	–
Net loss from discontinued operations	¥ (6,968)	¥–	$–

In addition, the above net income from discontinued operations includes amortization expenses that are related to intangible assets recognized at the acquisition date.

b. Cash flows from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net cash provided by operating activities	¥16,051	¥–	$–
Net cash used in investing activities	(735)	–	–
Net cash used in financing activities	(86)	–	–
Total	¥15,230	¥–	$–

(2) Supercell

The Company entered into a definitive agreement with Tencent Holdings Limited and its affiliate (the "Tencent affiliate"), Supercell and other parties on June 21, 2016 to sell all of its shares of Supercell to the Tencent affiliate. The shares were transferred on July 29, 2016, and as of the date of transfer of the shares, Supercell was excluded from the scope of consolidation.

Operating results related to Supercell for the fiscal year ended March 31, 2016 and 2017, are presented separately from continuing operations, as discontinued operations, in the consolidated statements of income.

The operating results and cash flows from discontinued operations are as follows:

a. Operating results from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Revenue	¥271,772	¥ 80,735	$ 719,627
Expense	(185,169)	(46,075)	(410,687)
Income before income tax from discontinued operations	86,603	34,660	308,940
Income taxes	(17,878)	(6,414)	(57,171)
Income after income tax from discontinued operations	68,725	28,246	251,769
Gain on sales of discontinued operations	–	636,216	5,670,880
Income taxes recognized from sales of discontinued operations	–	(109,663)	(977,476)
Net income from discontinued operations	¥ 68,725	¥554,799	$4,945,173

In addition, the above net income from discontinued operations includes amortization expenses that are related to intangible assets recognized at the acquisition date.

b. Cash flows from discontinued operations

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net cash provided by operating activities	¥107,071	¥44,065	$392,771
Net cash provided by (used in) investing activities	17,055	(166)	(1,480)
Net cash used in financing activities	(32,578)	(17,557)	(156,493)
Total	¥ 91,548	¥26,342	$234,798

43. Earnings per share

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

(1) Basic earnings per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Net income used in the calculation of basic earnings per share			
Net income attributable to owners of the parent Continuing operations	¥435,957	¥ 877,902	$ 7,825,136
Net income attributable to owners of the parent Discontinued operations	38,215	548,406	4,888,190
Total	¥474,172	¥1,426,308	$12,713,326

	(Thousands of shares)	
Weighted-average number of ordinary shares	1,178,098	1,108,237

	(Yen)		(USD)
Basic earnings per share			
Continuing operations	¥370.05	¥ 792.16	$ 7.06
Discontinued operations	32.44	494.85	4.41
Total	¥402.49	¥1,287.01	$11.47

(2) Diluted earnings per share

		(Millions of yen)	(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	**Fiscal year ended March 31, 2017**	**Fiscal year ended March 31, 2017**
Net income used in the calculation of diluted earnings per share			
Continuing operations			
Net income from continuing operations used in the calculation of basic earnings per share	¥435,957	**¥ 877,902**	**$ 7,825,136**
Effect of dilutive securities issued by subsidiaries and associates	(16,475)	**(11,299)**	**(100,713)**
Sub total	419,482	**866,603**	**7,724,423**
Discontinued operations			
Net income from discontinued operations used in the calculation of basic earnings per share	38,215	**548,406**	**4,888,190**
Sub total	38,215	**548,406**	**4,888,190**
Total	¥457,697	**¥1,415,009**	**$12,612,613**

		(Thousands of shares)
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share		
Weighted-average number of ordinary shares	1,178,098	**1,108,237**
Adjustments:		
Warrants and corporate bonds with stock acquisition rights	556	**1,018**
Total	1,178,654	**1,109,255**

		(Yen)	(USD)
Diluted earnings per share			
Continuing operations	¥355.90	**¥ 781.25**	**$ 6.96**
Discontinued operations	32.42	**494.39**	**4.41**
Total	¥388.32	**¥1,275.64**	**$11.37**

44. Supplemental information to the consolidated statement of cash flows

(1) Scope of purchase of property, plant and equipment and intangible assets

"Purchase of property, plant and equipment, and intangible assets" includes cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the consolidated statement of financial position.

(2) Presentation of cash flows regarding financing leases

For the purchase of telecommunication equipment through financing leases, the Company purchases, assembles, installs and inspects the equipment due to the nature of the equipment. Then the Company sells the equipment to lease companies for sale-leaseback purposes and recognizes it as a leased asset.

The cash outflows from the purchase of the equipment from vendors are included in "Purchase of property, plant and equipment, and intangible assets" under cash flows from investing activities, and the cash inflows from the sale of the equipment to lease companies are included in "Proceeds from long-term interest-bearing debt" under cash flows from financing activities.

(3) Gain on sales of discontinued operations

For the fiscal year ended March 31, 2017

Gain on sales of subsidiaries is arising from sale of Supercell shares. The details are described in "(2) Supercell" in "Note 42. Discontinued operations."

(4) Income taxes paid and income taxes refunded

For the fiscal year ended March 31, 2016

Payment of withholding income tax related to dividends within the group companies of ¥904,688 million is included in "Income taxes paid," and refund of the withholding income tax of ¥611,199 million is included in "Income taxes refunded."

For the fiscal year ended March 31, 2017

Payment of withholding income tax related to dividends within the group companies of ¥85,048 million ($758,071 thousand) is included in "Income taxes paid," and refund of the withholding income tax of ¥293,489 million ($2,616,000 thousand) is included in "Income taxes refunded."

(5) Proceeds from sales of property, plant and equipment, and intangible assets

For the fiscal year ended March 31, 2016

Proceeds of ¥137,593 million which Sprint received from Mobile Leasing Solutions, LLC through a handset sale-leaseback transaction in December 2015 are included in "Proceeds from sales of property, plant and equipment, and intangible assets." The details are described in "(3) Handset sale-leaseback" in "Note 14. Leases."

(6) Proceeds from sales and redemption of investments

For the fiscal year ended March 31, 2017

Proceeds related to sales of Alibaba shares of ¥359,704 million ($3.4 billion) are included. The details are described in "Note 37. Gain on sales of shares of associates."

(7) Decrease and increase from loss of control over subsidiaries

For the fiscal year ended March 31, 2016

Decrease from loss of control over subsidiaries is the amount of cash and cash equivalents held by GungHo at the time of loss of control.

For the fiscal year ended March 31, 2017

The relation between proceeds received for sale of Supercell shares and increase from loss of control over subsidiaries and components of assets and liabilities at the date of loss of control over Supercell are as follows:

a. The relation between proceeds received for sale of Supercell shares and increase from loss of control over subsidiaries

	(Millions of yen)	(Thousand of U.S. dollars)
Proceeds received for sale	¥769,844	$6,861,966
The amount of receivables for sale	(19,693)	(175,533)
Cash and cash equivalents held at the time of loss of control	(27,143)	(241,938)
Effect of exchange rate changes from the date of loss of control*	(884)	(7,879)
Increase from loss of control over subsidiaries	¥722,124	$6,436,616

Note:
* Effect of exchange rate changes from the date of loss of control to the date of payment on the amount of receivable for sale as of the date of loss of control.

b. The components of assets and liabilities as of the date of loss of control

	(Millions of yen) At the date of loss of control (July 29, 2016)	(Thousand of U.S. dollars) At the date of loss of control (July 29, 2016)
The components of assets:		
Current assets	¥125,523	$1,118,843
Game titles	47,636	424,601
Goodwill	84,487	753,071
Other non-current assets	6,077	54,167
The components of liabilities:		
Deferred revenue (current)	96,919	863,883
Other current liabilities	5,593	49,853
Non-current liabilities	¥ 23,778	$ 211,944

(8) Payments for purchase of subsidiaries' interests from non-controlling interests

For the fiscal year ended March 31, 2016

"Payments for purchase of subsidiaries' interests from non-controlling interests" is mainly due to the additional purchase of shares of Supercell and Sprint from existing shareholders.

(9) Significant non-cash transactions

Significant non-cash investing and financing activities are as follows:

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2017
Transfer of leased devices from inventories to property, plant and equipment	¥389,480	¥317,180	$2,827,168
Embedded derivative included in a variable prepaid forward contract*	–	95,587	852,010

Note:
* The details are described in "(2) Transaction for sales of Alibaba shares by variable prepaid forward contract" in "Note 19. Interest-bearing debt."

In addition to the above, ASKUL Corporation has become a subsidiary of the Company for the fiscal year ended March 31, 2016 and the transaction related to this business combination is classified as a non-cash transaction because it was conducted by ASKUL Corporation's acquisition of its own treasury stock. The details are described in "Note 5. Business combinations."

45. Related party transactions

(1) Related party transactions and balances

Related party transactions of the Company were as follows:

For the fiscal year ended March 31, 2016

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 3 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	¥10,061	¥ –
		Advance payment for temporary expense	253	22
		Payment of equipment usage[1]	42	–
		Guarantee deposits received	–	178
Taizo Son (Heartis GK and 6 other companies)[2]	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	225	–
		Payment of outsourcing fees[3]	95	12
		Provision of ordinary services[3]	19	2
Yun Ma (Alipay Singapore E-Commerce Pte Ltd[4])	Director of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Payment of outsourcing fees[3]	727	727
Kazuhiko Fujihara[5]	Director	Exercise of stock acquisition rights	98	–

Notes:
1. Equipment usage fees are determined based on the ratio of usage.
2. Relative of Chairman & CEO Masayoshi Son, Taizo Son holds more than one-half of the voting rights of these companies.
3. The terms and conditions of transactions are negotiated and determined considering the market price and the contents of the transaction.
4. Yun Ma, director of SoftBank Group Corp., holds over half of voting rights of this company.
5. Retired from the position of director as of June 19, 2015.

For the fiscal year ended March 31, 2017

(Millions of yen)

Name of the company or individual	Nature of relationship	Nature of transaction	Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	¥11,026	¥ –
		Advance payment for temporary expense	233	23
		Payment of equipment usage[1]	43	–
		Guarantee deposits refunded (net for its received)	4	175
Nikesh Arora	Director[2]	Purchase of the Company's associates shares[3]	10,744	–
		Dividend paid from SoftBank Group Corp.	200	–
Taizo Son (Heartis GK and 2 other companies)[4]	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	43	–
		Payment of outsourcing fees[5]	14	–

Name of the company or individual	Nature of relationship	Nature of transaction	(Thousands of U.S. dollars) Amount of transaction	Balance at period-end
Masayoshi Son (Son Asset Management LLC and 4 other companies)	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	$98,280	$ –
		Advance payment for temporary expense	2,077	205
		Payment of equipment usage[1]	383	–
		Guarantee deposits refunded (net for its received)	36	1,560
Nikesh Arora	Director[2]	Purchase of the Company's associates shares[3]	95,766	–
		Dividend paid from SoftBank Group Corp.	1,783	–
Taizo Son (Heartis GK and 2 other companies)[4]	Relative of Chairman & CEO of SoftBank Group Corp. and related entities of which the relative holds more than one-half of the voting rights	Dividend paid from SoftBank Group Corp.	383	–
		Payment of outsourcing fees[5]	125	–

Notes:
1. Equipment usage fees are determined based on the ratio of usage.
2. Retired from the position of Representative Director, President&COO as of June 22, 2016.
3. At the time of retirement of the officer, the Company purchased the shares of associate companies which were granted to him in December 2014. Purchase price by the Company was determined based on negotiation with reference to the recent transaction price.
4. Relative of Chairman & CEO Masayoshi Son, Taizo Son holds over half of the voting rights of these companies.
5. The terms and conditions of transactions are negotiated and determined considering the market price and the contents of the transaction.

(2) Remuneration for major executives

Remuneration for major executives is as follows:

	(Millions of yen) Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	(Thousands of U.S. dollars) Fiscal year ended March 31, 2017
Short-term benefits	¥ 7,038	¥ 2,093	$ 18,656
Share-based payments	5,821	4,860	43,319
Expenses resulting from the resignation of director	–	8,847	78,857
Retirement benefits	4	9	81
Total	¥12,863	¥15,809	$140,913

Notes:
1. Remuneration for major executives represents remuneration for the directors of SoftBank Group Corp. (including external directors) and the directors at the significant subsidiaries. Marcelo Claure, CEO of Sprint, and Simon Segars, CEO of Arm, are the directors at the significant subsidiaries. Simon Segars became the director at the significant subsidiaries because the Company had completed to acquire 100% of ownership of Arm on September 5, 2016.
2. The amount of remuneration to Nikesh Arora, which is included in the table above is as follows:
For the fiscal year ended March 31, 2016: ¥8,042 million
(Short-term benefits of ¥5,375 million and share-based compensation of ¥2,667 million)
For the fiscal year ended March 31, 2017: ¥10,346 million ($92,219 thousand)
(Short-term benefits of ¥303 million ($2,701 thousand), share-based compensation of ¥1,196 million ($10,660 thousand), and resignation expense of ¥8,847 million ($78,857 thousand))
Nikesh Arora retired from the position of director of SoftBank Group Corp. at the closing of the Annual General Meeting of Shareholders held on June 22, 2016.
Resignation expenses consist of expenses in which payment amounts are defined and expenses in which payment amounts are to be defined depending on the future share price of SoftBank Group Corp. shares. Expenses based on the share price will be settled in two installments, scheduled on June 2017 and March 2018. Payment amount will be determined based on the share price of June 2017 and March 2018. The Company measured the expenses based on the SoftBank Group Corp. share price as of June 30, 2016, and recorded the entire expenses for the three-month period ended June 30, 2016. The expenses will be remeasured every quarter end based on the stock price of SoftBank Group Corp. until the determination of payment amount, and the changes will be recognized through profit and loss. The expenses were ¥3,830 million ($34,139 thousand) for the fiscal year ended March 31, 2017.
In addition to the above resignation expenses, the Company purchased the shares of associate companies from Nikesh Arora, which were previously granted to him in December 2014. The details are described in "(1) Related party transactions and balances."

46. Contingency

(1) Lending commitments

The details of lending commitments, which are mainly related to cashing service incidental to the credit card business, are as follows:

	(Millions of yen) As of March 31, 2016	As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Lending commitments	¥196,937	¥313,688	$2,796,042
Funded	9,355	13,967	124,494
Unfunded	¥187,582	¥299,721	$2,671,548

Also, maturities of unfunded lending commitments are within 1 year because they are payable on demand.

(2) Credit guarantees

Guarantees that the Company provides when loans are taken from affiliate financial institutions to individuals regarding the credit guarantee business are as follows:

	(Millions of yen) As of March 31, 2016	As of March 31, 2017	(Thousands of U.S. dollars) As of March 31, 2017
Total amount of financial guarantee contract	¥13,822	¥16,632	$148,249
Guarantee balance	10,418	12,997	115,848

Also, maturities of guarantee balance for credit guarantee are within 1 year because they are payable on demand.

(3) Litigation

SoftBank Group Corp. and certain subsidiaries are currently party to a number of pending legal and administrative proceedings. As it is difficult to reasonably estimate the final results of such matters, reserves have not been recorded. Based on the information currently available, we do not expect that the results of these proceedings will have a material adverse effect on our financial position or results of operations.

a. Litigation in which SoftBank Corp. is involved as a party

(a) On April 30, 2015, SoftBank Corp. filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. (“JPiT”), claiming for payment of remuneration, etc., for additional services provided in connection with the installation of telecommunication lines, etc., that were ordered by JPiT in relation to a project to migrate the communication network connecting approximately 27,000 sites (postal offices, etc.) existing countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, SoftBank Corp. was requested by JPiT to carry out, among other services, installation services for telecommunication lines for Japan Post Group’s business sites existing countrywide. SoftBank Corp. performed such services, and upon JPiT’s request, SoftBank Corp. also performed services that exceeded the scope of services stipulated in the contract.

Although SoftBank Corp. negotiated with JPiT over an extended period regarding the remuneration, etc. (approximately ¥14.9 billion), for these additional services, SoftBank Corp. and JPiT were unable to arrive at a settlement. Accordingly, SoftBank Corp. duly filed the lawsuit, claiming for payment of remuneration, etc., for such additional services.

(b) On April 30, 2015, JPiT filed a lawsuit against SoftBank Corp. and Nomura Research Institute, Ltd. (“NRI”) as co-defendants.

In this lawsuit, JPiT alleges that SoftBank Corp. and NRI delayed performance, etc., of the ordered services related to the project for migration to the 5th PNET mentioned in (a) above, and alleges that such delay caused damages to JPiT (¥16.15 billion). JPiT made joint and several claims against both SoftBank Corp. and NRI for such alleged damages.

SoftBank Corp. intends to fully contest JPiT’s claims in this lawsuit.

The order to consolidate lawsuit (b) above with lawsuit (a) above was made on July 29, 2015. SoftBank Corp. modified the amount of claim from approximately ¥14.9 billion to approximately ¥20.4 billion on November 13, 2015, and also modified the amount of claim from approximately ¥20.4 billion to approximately ¥22.3 billion on October 12, 2016, as a result of a review of the remuneration etc. with respect to additional services regarding the lawsuit (a) above.

b. Legal and administrative proceedings to which Sprint and its subsidiaries are party

(a) In March 2009, a stockholder brought suit, Bennett v. Sprint Nextel Corp., in the U.S. District Court for the District of Kansas (the “Bennett case”), alleging that Sprint Communications and three of its former officers violated Section 10(b) of the Exchange Act and Rule 10b-5 by failing to adequately disclose certain alleged operational difficulties subsequent to the Sprint-Nextel merger, and by purportedly issuing false and misleading statements regarding the write-down of goodwill. The district court granted final approval of a settlement in August 2015, which did not have a material impact on our financial statements. Five stockholder derivative suits related to the Bennett case were filed against Sprint Communications and certain present and/or former officers and directors. The first, Murphy v. Forsee, was filed in state court in Kansas on April 8, 2009, was moved to federal court, and was stayed by the court pending resolution of the motion to dismiss the Bennett case; the second, Randolph v. Forsee, filed on July 15, 2010, in the state court in Kansas, was moved to federal court, and was remanded back to state court; the third, Ross-Williams v. Bennett, et al., was filed in state court in Kansas on February 1, 2011; the fourth, Price v. Forsee, et al., was filed in state court in Kansas on April 15, 2011; and the fifth, Hartleib v. Forsee, et. al., was filed in federal court in Kansas on July 14, 2011. These cases were essentially stayed while the Bennett case was pending, and Sprint has reached an agreement in principle to settle the matters, by agreeing to some governance provisions and by paying plaintiffs' attorneys fees in an immaterial amount. The court approved the settlement, but reduced the plaintiff's attorneys fees; the attorneys fees issue is on appeal.

(b) On April 19, 2012, the New York Attorney General filed a complaint alleging that Sprint Communications had fraudulently failed to collect and pay more than $100 million in New York sales taxes on receipts from its sale of wireless telephone services since July 2005. The complaint also seeks recovery of triple damages under the State False Claims Act, as well as penalties and interest. Sprint Communications moved to dismiss the complaint on June 14, 2012. On July 1, 2013, the court entered an order denying the motion to dismiss in large part, although it did dismiss certain counts or parts of certain counts. Sprint Communications appealed that order and the intermediate appellate court affirmed the order of the trial court. On October 20, 2015, the Court of Appeals of New York affirmed the decision of the appellate court that the tax statute requires Sprint Communications to collect and remit the disputed taxes. Sprint Communications’ petition for certiorari to the US Supreme Court on grounds of federal preemption was denied. Through the year ended March 31, 2017, Sprint Communications accrued approximately $200 million in association with this matter. The parties are now engaged in discovery in the trial court. Sprint Communications will continue to defend this matter vigorously.

Eight related stockholder derivative suits have been filed against Sprint Communications and certain current and former officers and directors. Each suit alleges generally that the individual defendants breached their fiduciary duties to Sprint Communications and its stockholders by allegedly permitting, and failing to disclose, the actions alleged in the suit filed by the New York Attorney General. One suit, filed by the Louisiana Municipal Police Employees Retirement System, was dismissed by a federal court. Two suits were filed in state court in Johnson County, Kansas, and one of those suits was dismissed as premature and five suits are pending in federal court in Kansas. The remaining Kansas suits have been stayed pending resolution of the New York Attorney

General's suit.

(c) Sprint Communications is also a defendant in a complaint filed by several stockholders of Clearwire Corporation asserting claims for breach of fiduciary duty by Sprint Communications and related claims and otherwise challenging the Clearwire acquisition. ACP Master, LTD., et al. v. Sprint Nextel Corp., et al., was filed on April 26, 2013, in Chancery Court in Delaware. Plaintiffs in the ACP Master, LTD. suit have also filed suit requesting an appraisal of the fair value of their Clearwire stock. A trial related to those cases took place in October 2016 and November 2016; the parties have submitted their post-trial briefing, and oral argument was held on April 25, 2017. Sprint Communications, Inc. is awaiting a decision on such cases.

(d) Sprint is currently involved in numerous court actions alleging that Sprint is infringing various patents. Most of these cases effectively seek only monetary damages. A small number of these cases are brought by companies that sell products and seek injunctive relief as well. These cases have progressed to various degrees and a small number may go to trial if they are not otherwise resolved. Adverse resolution of these cases could require Sprint to pay significant damages, cease certain activities, or cease selling the relevant products and services. In many circumstances, Sprint would be indemnified for monetary losses that it incurs with respect to the actions of its suppliers or service providers.

(e) In October 2013, the FCC Enforcement Bureau began to issue notices of apparent liability (“NALs”) to other Lifeline providers, imposing fines for intracarrier duplicate accounts identified by the government during its audit function. Those audits also identified a small percentage of potentially duplicative intracarrier accounts related to Sprint’s Assurance Wireless business. No NAL has yet been issued with respect to Sprint, and Sprint does not know if one will be issued.

Further, Sprint is not able to reasonably estimate the amount of any claim for penalties that might be asserted.

(f) Various other suits, inquiries, proceedings, and claims, either asserted or unasserted, including purported class actions typical for a large business enterprise and intellectual property matters, are possible or pending against Sprint or its subsidiaries. During the year ended March 31, 2017, Sprint recorded a $103 million charge associated with a state tax matter. If Sprint’s interpretation of certain laws or regulations, including those related to various federal or state matters, such as sales, use or property taxes, or other charges, were found to be mistaken, it could result in payments by Sprint.

c. Legal and administrative proceedings to which Brightstar Corp. and its subsidiaries are party
Brightstar Corp. and its subsidiaries are party to various legal and administrative proceedings globally and particularly in Latin American countries, including disputes relating to tax, labor, contract, and other currently pending matters. This litigation mainly consists of five administrative proceedings initiated by tax authorities in Brazil against the subsidiary of Brightstar Corp. involving failure by such entity to pay a portion of taxes owed due to, e.g., differences in understanding between such entity and the tax authorities, for which such authorities have claimed an aggregate of $120 million. One of these five administrative proceedings has been filed; however, a subsidiary of Brightstar Corp. has filed an Annulment Action in October 2015 requesting that the case be returned to the administrative level.

47. Purchase commitments

(1) Conditional commitments on investment in WorldVu Satellites Limited (“OneWeb”) and Intelsat S.A. (“Intelsat”) and a conditional service purchase commitment with OneWeb

The Company had investments of $0.68 billion and $1.73 billion in OneWeb and Intelsat, respectively, as of March 31, 2017. Such investments are intended to support the construction of satellite communication systems and operations to provide affordable, high-speed, low-latency Internet to rural and remote communities around the world.

In accordance with a share purchase agreement between the Company and OneWeb with a total investment amount of $1 billion, the Company invested $0.32 billion in the fiscal year ended March 31, 2017, and further invested $0.15 billion in April 2017. With respect to the remaining conditional investment commitment of $0.53 billion, the Company will invest such amount upon OneWeb obtaining certain financing and approvals from relevant regulatory authorities.

The total investment of $1.73 billion in Intelsat was subject to the consummation of the merger between OneWeb and Intelsat (the “Merger”) and the receipt of approvals from relevant regulatory authorities. As Intelsat was unable to reach an agreement with certain existing Intelsat bondholders on the terms of proposed debt exchange offers, which was a condition to the Merger, the Company’s conditional investment commitment in Intelsat terminated and, consequently, the Company will no longer be investing in Intelsat.

In addition, the Company has a conditional purchase commitment of $4 billion for satellite communication service capacity to the OneWeb group as of March 31, 2017. The minimum payment of $4 billion is subject to OneWeb achieving certain service levels, which are set forth in two stages and include, among other things, the positioning of a particular number of satellites on prescribed orbital planes in operation. An initial payment of $0.5 billion will be made within 12 months of OneWeb completing the first service level, and the remaining $3.5 billion will be paid within 48 months of OneWeb completing the second service level.

(2) Commitment to acquire Fortress Investment Group LLC (“Fortress”)

The Company will acquire 100% of the outstanding shares of Fortress for approximately $3.3 billion. The closing of the acquisition is subject to the satisfaction of customary conditions, such as certain regulatory approvals. The Company is planning to bring in partners for a portion of the investment following the closing of this acquisition.

With regard to the acquisition above, on June 12, 2017, the Company entered into a new credit agreement in relation to a 5 year $1.4 billion term loan facility and 4.5 year $90 million revolving facility with financial institutions. The shares of Fortress and the shares of subsidiaries (a holding company) that will hold the shares of Fortress will be pledged as collateral of the new credit agreement.

(3) Other

Except for the above (1) and (2), the Company had commitments to purchase services and goods of ¥1,613,695 million ($14,383,590 thousand) as of March 31, 2017 (March 31, 2016: ¥1,496,500 million).

Purchase commitments are mainly outstanding contracts related to purchases of telecommunications equipment, purchases of mobile handsets, connection with other telecommunications operators, and investments.

48. Subsequent events

(1) Investment in Xiaoju Kuaizhi Inc. (“Kuaizhi”)

An overseas subsidiary of SoftBank Group Corp. made a total investment of $5.0 billion in Kuaizhi, the operator of a taxi allocation service in China, as of May 26, 2017. Kuaizhi is not classified as a subsidiary or an associate of the Company after the investment.

The impact of this agreement on the operating results as of March 31, 2018, has not been determined at present.

(2) SoftBank Vision Fund’s First Major Closing

SoftBank Vision Fund (the “Fund”) established by an overseas subsidiary of the Company completed its first major closing on May 20, 2017 with $93.2 billion of committed capital (“Initial Closing”). In addition to SoftBank Group Corp., the investors in the Fund (the “Limited Partners”) also include the Public Investment Fund of the Kingdom of Saudi Arabia, the Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation or their respective affiliates. The final closing of the Fund is expected to occur no later than six months following the Initial Closing. Under the Initial Closing, SoftBank Group Corp. has committed a maximum of $28 billion of capital, which includes the In-kind Contribution (defined below), and the other Limited Partners have committed a maximum aggregate amount of $65.2 billion of capital for the Fund.

a. Summary of the Fund

The arrival of the Singularity, the point at which Artificial Intelligence (AI) exceeds human intelligence, will redefine every industry, and is expected to greatly expand existing business opportunities and to create new ones. The Fund has been established to firmly grasp these business opportunities. The Fund will invest mainly in companies that have superior technologies or business models, and are expected to experience strong growth.

The Company will pursue maximizing returns in the Fund, while maintaining its own sustainable growth, as an investor in the Fund for a minimum of twelve years’ duration.

An overseas subsidiary of the Company will manage the Fund as its general partner, and it will be advised by another overseas subsidiary in the U.K. following that entity’s registration with the UK Financial Conduct Authority, (the “Investment Management Company”). The investment decisions of the Fund will be made based on the decisions of the Investment Committee, which is expected to be established at the Investment Management Company, and since the Company has control as stipulated in IFRS 10 “Consolidated Financial Statements” over the Fund through these subsidiaries, the Fund will be consolidated by the Company.

Therefore, the results of operations, assets and liabilities of the Fund will be included in the Company’s consolidated financial statements. The portfolio companies that the Company is deemed to control under IFRS are treated as subsidiaries of the Company and their results of operations, assets and liabilities are included in the consolidated financial statements of the Company. In principle, other investments in the Fund are measured at fair value at the end of each quarter, and the change is recognized in profit or loss.

b. Transfer of the partial shares of Arm

The Company will contribute approximately 24.99% of the total number of issued shares of Arm (the “Arm Shares”) to the Fund, by an in-kind contribution (the “In-kind Contribution”) in satisfaction of approximately US $8.2 billion of the Company’s US $28 billion commitment to the Fund.

When the Fund draws down a portion of its committed capital from its Limited Partners (a “Capital Call”), the Company will be obligated to contribute a portion of the Arm Shares with a value equivalent to the amount of the Capital Call issued to the Company. After (and to the extent that) the aggregate amount of Capital Call issued to the Company exceeds approximately $8.2 billion, the aggregate value of the In-kind Contribution, the Company will contribute cash in satisfaction of Capital Calls. The In-kind Contribution will be effected through the transfer of Arm shares to the Fund, subject to the satisfaction of preconditions related to regulatory approvals prescribed in the Fund documents. Such conditions include clearance from the Committee on Foreign Investments in the United States in respect of the transfer of the Arm Shares. Pending delivery of the Arm Shares to the Fund following satisfaction of such conditions, a relevant portion of the Arm Shares will be pledged in favor of the Fund.

After the completion of the In-kind Contribution of Arm Shares, Arm will continue to be a consolidated subsidiary of the Company.

c. Impact on the Consolidated Financial Results

The impact from the Transactions on the consolidated financial results for the fiscal year ending March 31, 2018 has not yet been determined.

49. Approval of consolidated financial statements

The consolidated financial statements have been approved by the Company’s CEO, Masayoshi Son, as of June 21, 2017.

Independent Auditor's Report

SoftBank Group Corp. and its Consolidated Subsidiaries

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

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Fax: +81 (3) 6720 8205
www.deloitte.com/jp

To the Board of Directors of SoftBank Group Corp.:

We have audited the accompanying consolidated statement of financial position of SoftBank Group Corp. and its subsidiaries (the "Company") as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to consolidated financial statements, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SoftBank Group Corp. and its subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 (3) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2017

Member of
Deloitte Touche Tohmatsu Limited

Corporate Information

Corporate Data

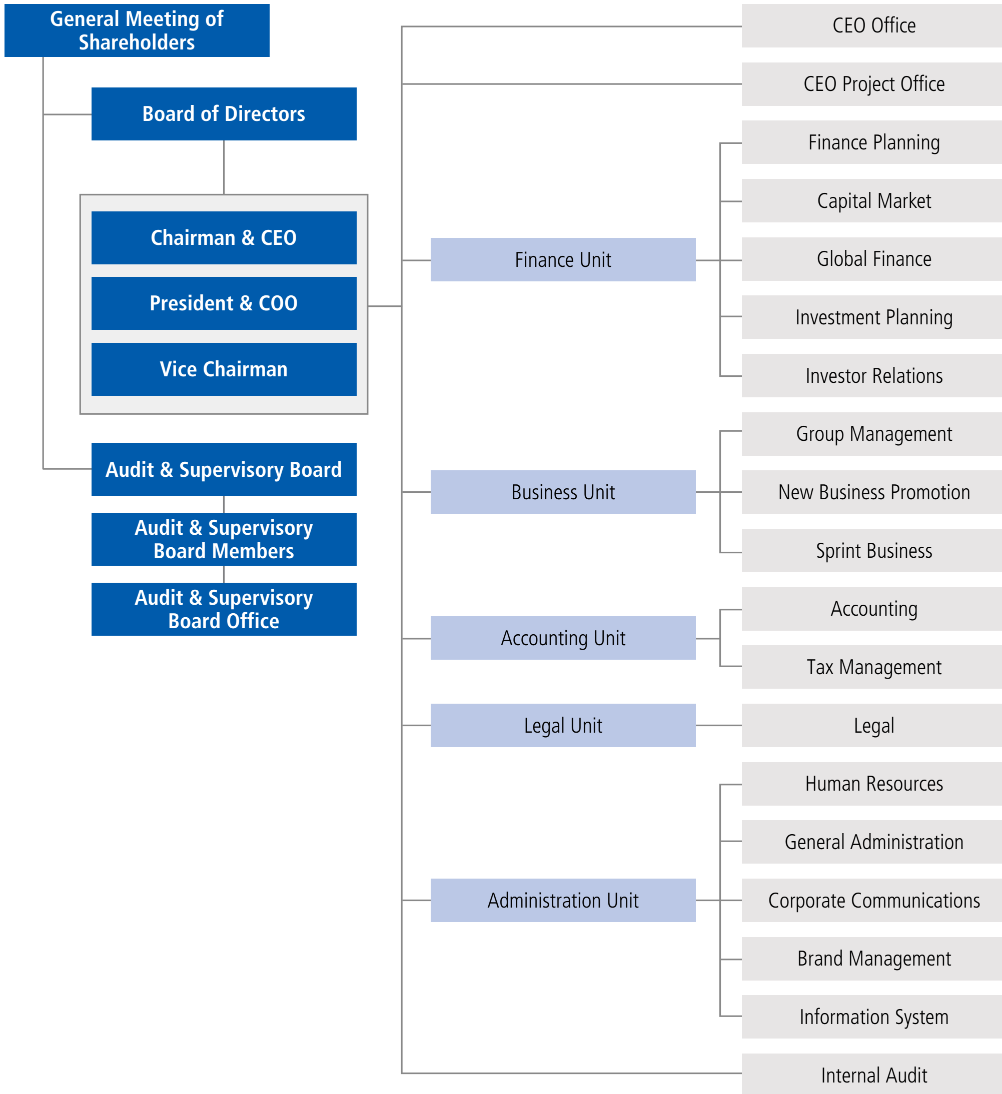
As of March 31, 2017

Corporate name	SoftBank Group Corp.
Founded	September 3, 1981
Corporate headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7303
Telephone number	+81-3-6889-2000
Representatives*	Masayoshi Son, Chairman & CEO Ken Miyauchi, Representative Director, President & COO
Share capital	¥238.8 billion
Subsidiaries	761
Associates	130
Number of employees	199 (consolidated basis: 68,402)
Main business	Pure holding company
Independent auditor	Deloitte Touche Tohmatsu LLC
Official social media accounts (available in Japanese only)	Facebook Our official page Twitter @SoftBank_Group Other official accounts

*As of June 21, 2017

Organizational structure

As of July 1, 2017

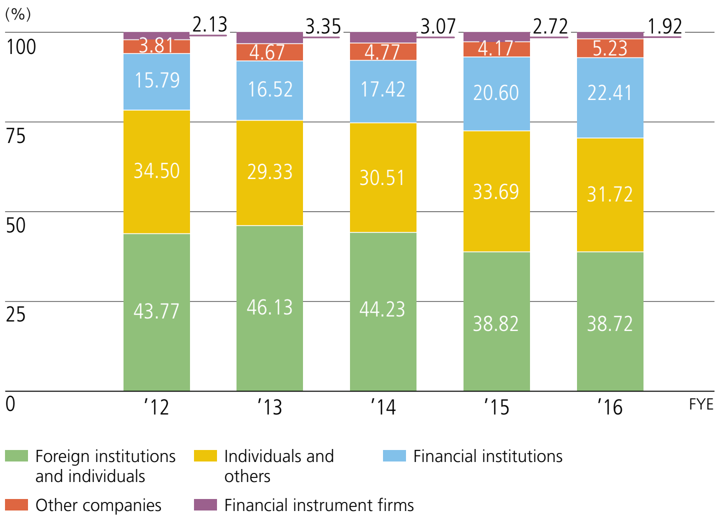


Stock Information

As of March 31, 2017

Shareholder registrar	Mitsubishi UFJ Trust and Banking Corporation
Stock exchange registration	TSE First Section
Stock code	9984
Number of shares	
Shares authorized	3,600,000,000
Shares issued	1,100,660,365 (including 11,378,076 of treasury stock)
Number of shareholders	214,465

Shareholding structure



Major shareholders

Name	Number of shares (thousands)	% of issued shares
Masayoshi Son	231,205	21.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	84,509	7.76
Japan Trustee Services Bank, Ltd. (Trust Account)	64,041	5.88
JP MORGAN CHASE BANK 380055	42,071	3.86
Japan Trustee Services Bank, Ltd. (Trust Account 5)	16,323	1.50
CBNY-GOVERNMENT OF NORWAY	13,865	1.27
THE BANK OF NEW YORK MELLON SA/NV 10	12,352	1.13
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	12,102	1.11
Japan Trustee Services Bank, Ltd. (Trust Account 1)	12,088	1.11
Japan Trustee Services Bank, Ltd. (Trust Account 2)	11,967	1.10
Top 10 shareholders	500,523	45.95

Notes 1. On October 31, 2016, 100,000,000 shares of treasury stock were retired.
2. Percentage of issued shares is calculated by deducting treasury stock (11,378,076 shares).
3. Of the above numbers of shares held, those held by The Master Trust Bank of Japan, Ltd., Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. are all related to trust operations.
4. As for principal shareholders, the number of shares held effectively by Mr. Masayoshi Son, verified by SBG, is presented as has been hitherto on a combined basis (by means of name-based aggregation), while those held by other principal shareholders are presented precisely as reported in the register of shareholders.

Stock price and trading volume

Note: Stock prices and trading volumes are averages for each month.

Glossary

This glossary offers definitions for terms used in this report. The glossary terms are divided into business-related, technical-related, and financial-related sections, and are listed alphabetically.

Business-related terms

Domestic Telecommunications segment

Mobile communications service

ARPU (Average Revenue Per User) (main subscribers)

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

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

Telecom ARPU = (data-related revenue (packet communication and flat-rate charges, basic monthly Internet connection charges, etc.) + basic monthly charge and voice-related revenues (basic monthly usage charges, voice call charges, revenues from incoming calls, etc.)) / number of active subscribers

Service ARPU = (device warranty services, content-related revenues, advertising revenue, etc.) / number of active subscribers

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

Revenues from incoming calls: interconnection charges received from other operators for voice calls from their customers on their network to *SoftBank* and *Y!mobile* phones as a charge for the services provided in the SoftBank Corp. service area

Churn rate (main subscribers)

Churn rate (average monthly churn rate) = number of churn / number of active subscribers (rounded to the nearest 0.01%)

Number of churn: the total number of subscribers that churned during the relevant period
The number of churn excludes the number of subscribers who switch between *SoftBank* and *Y!mobile* using MNP.

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

Number of units sold (main subscribers)

The total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank* and *Y!mobile* using MNP are included in the number of device upgrades.

Numbers of handsets shipped (main subscribers)

The number of devices shipped (sold) to dealers. Includes the number of devices sold to customers at stores operated by SoftBank Corp. and the SoftBank ONLINE SHOP.

Subscribers (main subscribers)

The following categories serve as cover-all terms for the service contracts described.

Main subscribers: smartphones,*1 feature phones, tablets, mobile data communications devices,*2 others
Communication modules: communication modules,*3 *Mimamori Phone*, prepaid mobile phones, others
PHS: PHS

*1 Smartphones to which the *Smartphone Family Discount* is applied are included under communication modules.
*2 Mobile data communications devices to which the *Data Card 2-year Special Discount* is applied are included under communication modules.
*3 Communication modules that use PHS networks are included under PHS.

Broadband service

ARPU (Average Revenue Per User)

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

ARPU = revenue of each broadband service / number of active subscribers

SoftBank Hikari ARPU = *SoftBank Hikari* revenue (basic monthly charge + provider charge + *Hikari BB* unit rental charge + *White hikari Phone* and *BB Phone* voice call charge + optional service charges, etc.) / the number of active *SoftBank Hikari* subscribers

*Calculation of *SoftBank Hikari* ARPU includes revenues and subscribers of *SoftBank Air*.

Yahoo! BB hikari with FLET'S ARPU = *Yahoo! BB hikari with FLET'S* revenue (provider charge + *Hikari BB* unit rental charge + *BB Phone* voice call charge + optional service charges, etc. (excluding usage charges for *FLET'S hikari* and *FLET'S hikari LIGHT*)) / the number of active *Yahoo! BB hikari with FLET'S* subscribers

Yahoo! BB ADSL ARPU = *Yahoo! BB ADSL* revenue (basic monthly charge + provider charge + modem rental charge + *BB Phone* voice call charge + optional service charges, etc.) / number of active *Yahoo! BB ADSL* subscribers

Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

Services

SoftBank Hikari
A fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION ("NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION ("NTT West")

SoftBank Air
A high-speed wireless Internet service provided through the *Air terminal* (connection device)

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

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

Subscribers

SoftBank Hikari subscribers
Number of users for which the 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 subscribers
Number of users of *Yahoo! BB hikari with FLET'S* for which the 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 subscribers
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

Glossary

Others

Cumulative applications for the *Home Bundle Discount Hikari Set*
Includes subscribers for the *Fiber-optic Discount* applied to the *Y!mobile* brand mobile communications services. Includes that of fiber-optic lines as long as the discount is applied to the associated mobile communications services, even if physical connection of the fiber-optic line is not complete at the central office of NTT East and NTT West.

Home Bundle Discount Hikari Set
A discount on the communication charges of mobile communications services to customers subscribing to bundled packages combining mobile communications services (applicable for smartphones, feature phones, and tablets among main subscribers) and broadband services such as *SoftBank Hikari*

OTT (Over The Top)
OTT can refer to an operator that provides content and services such as video and audio without owning the telecommunications infrastructure required for distribution by using lines provided by a telecommunications operator; or it can refer to the content and services themselves. Recently, telecommunications operators are beginning to provide multi-platform OTT-type content and services.

Sprint segment

ABPU (Average Billings Per User, Sprint platform)
Average Billings Per User per month
ABPU = (telecom revenue + equipment billings) / number of active subscribers (rounded to the nearest $.01)
Equipment billings: the sum of lease fees under the leasing program and installment billings under the installment billing program.

ARPU (Average Revenue Per User, Sprint platform)
Average Revenue Per User per month
ARPU = telecom revenue / number of active subscribers (rounded to the nearest $.01)
Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)
*ABPU / ARPU for postpaid phones are calculated by dividing the relevant telecom revenue and equipment billings by its number of active subscribers.

Churn rate (Sprint platform)
Average monthly churn rate
Churn rate = number of deactivations / number of active subscribers (rounded to the nearest 0.01%)
Deactivations: the total number of subscribers that churned during the relevant period. The number of deactivations excludes the number of subscribers who switch between prepaid and postpaid.
Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

Arm segment

Products

Cortex
Arm's *Cortex* family comprises Arm's latest processor cores. The family is split into three series:
A-series targeting applications processors running complex operating systems
R-series targeting real-time deeply embedded markets
M-series addressing the needs of the low-cost microcontroller markets

Mali
The *Mali* family of multimedia processors deliver high-quality multimedia images without compromising performance, power consumption or system cost. Arm develops industry-leading IP for 3D graphics, video processor and imaging technology that provides customers with an integrated multimedia platform, which can be embedded in their chip, and is becoming increasingly important in devices such as mobile computers, portable media players and digital TVs.

Others

Royalty units
Arm technology-based chip manufactured and / or shipped by licensees

Technical-related terms

5G wireless communication system
The fifth generation (5G) wireless communication system is the proposed next generation telecommunication standard, aiming at: higher communication speed over 10 Gbps, lower latency below 1 ms, and higher reliability of 99.999%. The specification of the standard is expected to be developed within 2017.

Carrier aggregation
A wireless communication technology for aggregating multiple carriers (radio transmission waves) together to achieve faster communication speeds

HPUE (High Performance User Equipment)
An international standard technical specification introduced in December 2016, designed to improve the communication environment by increasing the radio wave output power of devices such as smartphones and tablets. The introduction of HPUE expands area coverage by 30%, on a par with areas built using the 1.9 GHz band.

LTE (Long Term Evolution)
A wireless communication standard that builds on the third-generation (3G) mobile communications standard. LTE achieves higher communication speeds than 3G, and makes highly efficient use of spectrum. There are two LTE systems: FDD (Frequency Division Duplex) and TDD (Time Division Duplex). The FDD system assigns uplink and downlink communications to a pair of different bandwidths, and is referred to as FDD-LTE. The TDD system uses the same bandwidth for both uplink and downlink, switching the communication time between uplink and downlink, and is referred to as TD-LTE. A faster and more advanced successor of LTE, LTE-Advanced is a fourth generation (4G) high-speed wireless communication standard, capable of downlink speeds of more than 1 Gbps under certain system configurations.

MVNO (Mobile Virtual Network Operator)
A mobile communications service provider that borrows its mobile network from a mobile network operator

PHS (Personal Handy-phone System)
A wireless communication standard that uses the 1.9 GHz band. The standard is noted for high-quality sound, low-level electromagnetic radiation, and low power consumption.

Glossary

Financial-related terms

Adjusted EBITDA
Adjusted EBITDA = operating income (loss) + depreciation and amortization ± gain (loss) from remeasurement relating to business combination ± other operating income (loss)

Adjusted EBITDA margin
Adjusted EBITDA margin = adjusted EBITDA / net sales

Adjusted free cash flow
Adjusted free cash flow = cash flows from operating activities + cash flows from investing activities (excluding short-term investments) + the proceeds from sales of future lease receivables, net of repayments

Debt / equity ratio
Debt / equity ratio = interest-bearing debt / equity attributable to owners of the parent (total shareholders' equity)

Free cash flow
Free cash flow = cash flows from operating activities + cash flows from investing activities

Interest coverage ratio
Interest coverage ratio = adjusted EBITDA / finance cost (interest expense)

For calculation of the interest coverage ratio for fiscal 2016, adjusted EBITDA includes annualized adjusted EBITDA of the Arm segment.

Net debt / equity ratio
Net debt / equity ratio = net interest-bearing debt / equity attributable to owners of the parent (total shareholders' equity)

Net interest-bearing debt
Net interest-bearing debt = interest-bearing debt – cash position

Interest-bearing debt excludes financial liabilities relating to sale of Alibaba shares by variable prepaid forward contract.

Interest-bearing debt (JGAAP): short-term borrowings + commercial paper + current portion of corporate bonds + corporate bonds + long-term debt. Lease obligations are excluded. For fiscal 2009 and fiscal 2010, this excludes the corporate bonds (WBS Class B2 Funding Notes, issued by J-WBS Funding K.K.) with a face value of ¥27.0 billion acquired by the Company during fiscal 2009 that were issued under the whole business securitization scheme associated with the acquisition of Vodafone K.K.

Cash position: cash and cash equivalents + short-term investments recorded as current assets. For fiscal 2010 this excludes Yahoo! Inc. shares that were held by a subsidiary in the U.S.

Net leverage ratio
Net leverage ratio = net interest-bearing debt / adjusted EBITDA

For calculation of the net leverage ratio:
- Net interest-bearing debt excludes 50% of the amount raised by hybrid bonds deeming it equity and it is calculated as the sum of interest-bearing debt and finance leases under JGAAP until fiscal 2011.
- Adjusted EBITDA includes annualized adjusted EBITDA of the Arm segment for fiscal 2016.

Ratio of equity attributable to owners of the parent to total assets (equity ratio)
Ratio of equity attributable to owners of the parent to total assets (equity ratio) = equity attributable to owners of the parent / total assets

Equity attributable to owners of the parent includes 50% of the amount raised by hybrid bonds deeming it equity.

ROA
ROA = net income attributable to owners of the parent (net income) / average total assets for the period

ROE
ROE = net income attributable to owners of the parent (net income) / average equity attributable to owners of the parent (total shareholders' equity) for the period

Note: Items where terminology differs between JGAAP and IFRSs are presented together, with JGAAP shown within brackets.

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