SoftBank Group

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 4 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the fiscal year ended March 31, 2017 (IFRS)

Tokyo, May 10, 2017

1. Financial Highlights

(Millions of yen; amounts are rounded off to the nearest million yen)

(1) Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2017	**¥8,901,004**	**0.2**	**¥1,025,999**	**12.9**	**¥712,526**	**(22.5)**	**¥1,474,430**	**164.1**	**¥1,426,308**	**200.8**	**¥1,433,901**	**452.4**
Fiscal year ended March 31, 2016	¥8,881,777	-	¥908,907	-	¥919,161	-	¥558,241	(26.9)	¥474,172	(29.1)	¥259,592	(77.0)

	Basic earnings per share (yen)	Diluted earnings per share (yen)	Ratio of net income to equity, attributable to owners of the parent (%)	Ratio of income before income tax to total assets (%)	Ratio of operating income to net sales (%)
Fiscal year ended March 31, 2017	**¥1,287.01**	**¥1,275.64**	**46.0**	**3.1**	**11.5**
Fiscal year ended March 31, 2016	¥402.49	¥388.32	17.4	4.4	10.2

Notes:

1. Income on equity method investments
   Fiscal year ended March 31, 2017: ¥ 321,550 million
   Fiscal year ended March 31, 2016: ¥ 375,397 million
2. Net sales, operating income, and income before income tax for the fiscal year ended March 31, 2017 are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales, operating income, and income before income tax for the fiscal year ended March 31, 2016 are not presented because corresponding amounts for the fiscal year ended March 31, 2016 are revised and presented respectively.
   Please refer to page 49 "Note 16. Discontinued operations" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements" for details.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)	Equity per share attributable to owners of the parent (yen)
As of March 31, 2017	**¥24,634,212**	**¥4,469,730**	**¥3,586,352**	**14.6**	**3,292.40**
As of March 31, 2016	¥20,707,192	¥3,505,271	¥2,613,613	12.6	2,278.85

SoftBank Group

(3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2017	**¥1,500,728**	**¥(4,213,597)**	**¥2,380,746**	**¥2,183,102**
Fiscal year ended March 31, 2016	¥940,186	¥(1,651,682)	¥43,270	¥2,569,607

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2016	-	20.00	-	21.00	41.00
Fiscal year ended March 31, 2017	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2018 (Forecasted)	-	22.00	-	22.00	44.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	(Millions of yen)	%	%
Fiscal year ended March 31, 2016	47,562	10.2	1.8
Fiscal year ended March 31, 2017	47,921	3.4	1.6
Fiscal year ending March 31, 2018 (Forecasted)		-	

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: Two companies
ARM PIPD Holdings One, LLC ARM PIPD Holdings Two, LLC
Excluded from consolidation: One company
Foxconn Ventures Pte. Ltd.

Please refer to page 26 "(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2017" under "3. Notes to Summary Information" for details.

(2) Changes in accounting policies and accounting estimates
[1] Changes in accounting policies required by IFRSs: No
[2] Changes in accounting policies other than those in [1]: No
[3] Changes in accounting estimates: Yes
Please refer to page 26 "(2) Changes in Accounting Estimates" under "3. Notes to Summary Information" for details.

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of March 31, 2017: 1,100,660,365 shares
As of March 31, 2016: 1,200,660,365 shares
[2] Number of treasury stocks:
As of March 31, 2017: 11,378,076 shares
As of March 31, 2016: 53,760,198 shares
[3] Number of average stocks during twelve-month period (April-March):
Fiscal year ended March 31, 2017: 1,108,236,739 shares
Fiscal year ended March 31, 2016: 1,178,097,662 shares

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2017	¥46,312	0.4	¥8,595	(25.1)	¥2,870,956	140.6	¥2,745,949	252.1
Fiscal year ended March 31, 2016	¥46,118	(2.8)	¥11,478	(56.5)	¥1,193,181	-	¥779,783	-

	Net income per share-basic (yen)	Net income per share-diluted (yen)
Fiscal year ended March 31, 2017	¥2,477.76	¥2,475.49
Fiscal year ended March 31, 2016	¥661.90	¥661.59

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2017	¥12,555,813	¥3,707,806	29.5	¥3,402.05
As of March 31, 2016	¥7,570,937	¥1,360,467	18.0	¥1,186.19

Note: Shareholders' equity (Non-consolidated)
As of March 31, 2017: ¥3,705,790 million
As of March 31, 2016: ¥1,360,447 million

(3) Differences in Non-Consolidated Operating Results from the Previous Fiscal Year

The increase in ordinary income and net income in the fiscal year ended March, 31 2017 from the previous fiscal year ended March, 31 2016 was mainly attributable to a ¥1,677,736 million year-on-year increase in dividends from subsidiaries and associates.

Financial Highlights (Non-Consolidated) are prepared in accordance with Accounting Principles Generally Accepted in Japan.

*** This consolidated financial report is not subject to audit procedures.**

*** Note to forecasts on the consolidated results of operations and other items**

The descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On May 10, 2017, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at http://www.softbank.jp/en/corp/irinfo/. The Earnings Results Data Sheet will also be posted on the Company's website around 4 p.m. on the same day at http://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in this Appendix

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

Company 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.*	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
ARM	ARM Holdings plc
Alibaba	Alibaba Group Holding Limited
Supercell	Supercell Oy
GungHo	GungHo Online Entertainment, Inc.
The fiscal year	Fiscal year ended March 31, 2017
The fourth quarter	Three-month period ended March 31, 2017
The fiscal year-end	March 31, 2017
The previous fiscal year-end	March 31, 2016

Consolidation of ARM

The Company consolidated ARM on September 5, 2016 following the completion of its acquisition. Accordingly, the Company established a new reportable segment, "ARM." For details of the acquisition of ARM, see "ARM" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 3. Business combinations."

1. Results of Operations

(1) Overview of Results of Operations

a. Consolidated Results of Operations

(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%

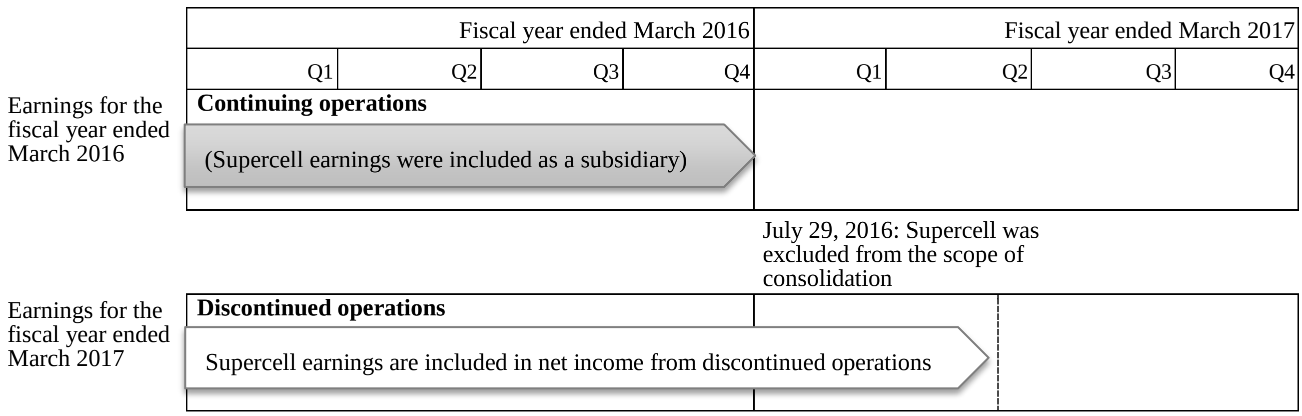
Reference: Average exchange rates used for translation

	Fiscal year ended March 2016 Q1	Q2	Q3	Q4	Fiscal year ended March 2017 Q1	Q2	Q3	Q4
USD / JPY	¥121.34	¥121.91	¥121.07	¥116.95	¥109.07	¥102.91	¥108.72	¥113.76

< Results Related to 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 the previous fiscal year 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.

Note: See "Supercell" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 16. Discontinued operations" for details.



An overview of the consolidated results of operations for the fiscal year is as follows:

(Continuing Operations)

(a) 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.

(b) 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 the previous fiscal year 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 (note) of impairment loss for the fiscal year on goodwill of Brightstar.

Note: See “10. Other operating loss” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements” for details.

(c) 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 SoftBank Group Corp.

(d) 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 reflects 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 the previous fiscal year mainly incorporates the reversal of a gain on remeasurement of CNY 24,734 million included in net income on 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.

(e) 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 the previous fiscal year. This was mainly due to the sale of a portion of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership[2].

(f) Derivative Gain and Loss

Derivative loss was ¥252,815 million compared to a gain of ¥12,788 million in the previous fiscal year. 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.

Note: See “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 7. Interest-bearing debt” for details.

(g) Gain and Loss from Financial Instruments at FVTPL

Loss on financial instruments at FVTPL was ¥160,419 million compared to a gain of ¥114,377 million in the previous fiscal year. 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 previous fiscal year-end to the fiscal year-end. 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.

(h) Other Non-operating Income and Loss

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

(Millions of yen)

	Fiscal year ended March 31		
	2016	**2017**	Primary components
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 on 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

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

Note: See “15. Other non-operating income (loss)” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements” for details.

(i) Income before Income Tax

As a result of (b) to (h), income before income tax decreased by ¥206,635 million (22.5%) year on year to ¥712,526 million.

(j) Income Taxes

Income taxes of ¥207,105 million were credited (profit) for the fiscal year compared to an expense of ¥422,677 million in the previous fiscal year.

The credited income taxes mainly accompanied a transaction (the “Transaction”) from June to August 2016 in which SoftBank Group Corp.’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 SoftBank Group Corp., SoftBank Group Corp.’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 the 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 the accounting base and the tax base) 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 the accounting base and the tax base of the Alibaba shares sold to WRH LLC.

For the nine month period ended December 31, 2016, SoftBank Group Corp. 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. SoftBank Group Corp. 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 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, SoftBank Group Corp. 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.

(k) Net Income from Continuing Operations

As a result of (i) and (j), net income from continuing operations increased by ¥423,147 million (85.2%) year on year to ¥919,631 million.

(Discontinued Operations)

(l) Net Income from Discontinued Operations

Net income from discontinued operations was ¥554,799 million, compared to ¥61,757 million in the previous fiscal year. 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 sale of Supercell shares of ¥526,553 million, which was not recorded in the previous fiscal year.

(m) Net Income

As a result of (k) and (l), net income increased by ¥916,189 million (164.1%) year on year to ¥1,474,430 million.

(n) Net Income Attributable to Owners of the Parent

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

(o) 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.

b. Results by Segment

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has five reportable segments: "Domestic Telecommunications," "Sprint," "Yahoo Japan," "Distribution," and "ARM." The Company has newly established the ARM segment following the consolidation of ARM on September 5, 2016.

The main businesses and core companies of each reportable segment are as follows:

Segments	Main businesses	Core companies
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.
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
Yahoo Japan	・Internet advertising ・e-commerce business ・Membership services	Yahoo Japan Corporation ASKUL Corporation
Distribution	・Distribution of mobile devices overseas ・Sale of PC software, peripherals, and mobile device accessories in Japan	Brightstar Corp. SoftBank Commerce & Service Corp.
ARM	・Design of microprocessor intellectual property and related technology ・Sale of software tools	ARM Holdings plc
Other	・Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.

Notes:

1. The calculation methods of segment income and adjusted EBITDA of reportable segments are as follows:
Segment income =
(net sales – operating expenses (cost of sales + selling, general and administrative expenses) ± gain (loss) from remeasurement relating to business combination ± other operating income (loss)) in each segment

Adjusted EBITDA =
(segment income (loss) + depreciation and amortization ± gain (loss) from remeasurement relating to business combination ± other adjustments) in each segment

2. "Other operating income (loss)" that was presented as an item to be excluded from segment income for calculation of adjusted EBITDA of each segment until the three-month period ended June 30, 2016 has been presented as "Other adjustments" since the three-month period ended September 30, 2016. "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

For historical principal operational data of each segment, their calculation methods and definitions of terms, see the "Earnings Results Data Sheet" on the Company's website at http://www.softbank.jp/en/corp/irinfo/presentations/.

(a) Domestic Telecommunications Segment

1. **Increase in net sales and income (net sales: +1.6% yoy; segment income: +4.5% yoy)**
2. **Brisk 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 the fiscal year ending March 2018, even with CAPEX increase

(Millions of yen)

	Fiscal year ended March 31			
	2016	**2017**	Change	Change %
Net sales	3,144,650	**3,193,791**	49,141	1.6%
Segment income	688,389	**719,572**	31,183	4.5%
Depreciation and amortization	474,948	**489,458**	14,510	3.1%
Other adjustments	-	**-**	-	-
Adjusted EBITDA	1,163,337	**1,209,030**	45,693	3.9%
Free cash flow	402,194	**561,816**	159,622	39.7%

< Overview >

The Company aims to generate a 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*. In other initiatives, the Company is collaborating with Yahoo Japan Corporation, mainly in e-commerce, aiming to encourage these smartphone subscribers to make even greater use of *Yahoo!* services.

< Financial Results >

(Millions of yen)

	Fiscal year ended March 31			
	2016	**2017**	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[3]	1,731,989	**1,657,629**	(74,360)	(4.3%)
Service[4]	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%

[3] Telecom revenue of mobile communications services, etc., under the *SoftBank* and *Y!mobile* brands
[4] 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 device 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 is 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*,[5] awarded points to long-term users and awarded additional points to users of Yahoo Japan Corporation e-commerce services)
Depreciation and amortization	14,510 3.1%	

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 is due to a decline in expenditure for acquisition of telecommunications equipment and an increase in adjusted EBITDA. The Company projects free cash flow for the fiscal year ending March 2018 to be around the same level, even with an increase in capital expenditure.

[5] A promotion awarding free coupons for fast food to *SoftBank* smartphone subscribers

< Operations >

Mobile Communications Service

Subscribers (Main Subscribers)

(Thousands)

	March 31, 2016	**March 31, 2017**	Change
Cumulative subscribers	32,038	**32,400**	362

Cumulative subscribers increased from the previous fiscal year-end as smartphones and tablets marked net additions while feature phones and mobile data communication 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.

Home Bundle Discount Hikari Set **Applications**

(Thousands)

	March 31, 2016	**March 31, 2017**	Change
Mobile communications service	2,969	**6,030**	3,061
Broadband service	1,438	**2,904**	1,467

Number of Units Sold (Main Subscribers)

(Thousands)

	Fiscal year ended March 31		
	2016	**2017**	Change
New subscriptions	5,441	**4,928**	(513)
Device upgrades	5,222	**6,151**	930
Number of units sold	10,662	**11,079**	417

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 communication 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)

(Yen / Month)

	Fiscal year ended March 31		
	2016	**2017**	Change
Telecom ARPU	4,150	**3,950**	(200)
Service ARPU	540	**550**	10
Total ARPU	4,700	**4,500**	(200)

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)

	Fiscal year ended March 31		
	2016	**2017**	Change
Churn rate	1.35%	**1.24%**	0.11 pp improvement
Phone[6] churn rate	1.16%	**0.89%**	0.27 pp improvement

The overall churn rate improved year on year, largely due to improvement in phone[6] 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 communication 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.

Broadband Service

Subscribers

(Thousands)

	March 31, 2016	**March 31, 2017**	Change
SoftBank Hikari	1,717	**3,592**	1,875
Yahoo! BB hikari with FLET'S	2,008	**1,385**	(623)
Yahoo! BB ADSL	1,354	**1,168**	(186)
Cumulative subscribers	5,079	**6,145**	1,066

The number of broadband service subscribers increased during the fiscal year, 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.

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

(b) Sprint Segment

1. **U.S. dollar-based net sales and income grew**
   (net sales: +3.6% yoy, segment income: 3.4x yoy)
2. **Postpaid phone net additions were 930,000 (more than doubled yoy)**
3. **Adjusted free cash flow turned positive**

(Millions of yen)

	Fiscal year ended March 31			
	2016	**2017**	Change	Change %
Net sales	3,871,647	**3,623,375**	(248,272)	(6.4%)
Segment income	61,485	**186,423**	124,938	203.2%
Depreciation and amortization	842,110	**885,845**	43,735	5.2%
Other adjustments	79,668	**7,371**	(72,297)	(90.7%)
Adjusted EBITDA	983,263	**1,079,639**	96,376	9.8%

U.S. dollar-based results (IFRSs)				(Millions of U.S. dollars)
Net sales	32,180	**33,347**	1,167	3.6%
Segment income	506	**1,728**	1,222	241.5%
Depreciation and amortization	7,004	**8,150**	1,146	16.4%
Other adjustments	662	**53**	(609)	(92.0%)
Adjusted EBITDA	8,172	**9,931**	1,759	21.5%

Reference: Disclosed by Sprint				(Millions of U.S. dollars)
Adjusted free cash flow	(1,404)	**607**	2,011	-

< 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.

< Financial Results >

Results in U.S. 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 is 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(note) improving by $437 million year on year. The main fluctuations in operating expenses were as follows:

Component	YoY change (Millions of U.S. 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.

Note: For details of other operating loss, see “10. Other operating loss” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements.”

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, adjusted EBITDA increased by ¥96,376 million (9.8%) year on year to ¥1,079,639 million.

< Operations >

Fiscal year

Cumulative Subscribers (Sprint Platform)

(Thousands)

	March 31, 2016	**March 31, 2017**	Change	**Change excl. special factors[7]**	(Ref.) Net adds (losses) April 1, 2015 to March 31, 2016
Postpaid	30,951	**31,576**	625	**811**	1,245
(incl.) Phone	25,316	**26,079**	763	**930**	438
Prepaid	14,397	**11,992**	(2,405)	**(1,079)**	(1,309)
Wholesale and affiliate	13,458	**16,134**	2,676	**2,149**	2,733
Cumulative subscribers	58,806	**59,702**	896	**1,881**	2,669

7 Special factors are detailed below.
Factor 1: The acquisition of a wholesale telecom network provider to Sprint, by Sprint’s affiliate company 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 270,000 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, 1,234,000 prepaid subscriptions and 21,000 affiliate subscriptions were cancelled.

Postpaid phone net additions for the fiscal year more than doubled year on year to 930 thousand. The net additions for the fiscal year 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.

The Fourth Quarter

Net Additions (Losses) (Sprint Platform)

(Thousands)

	Three months ended March 31		
	2016	**2017**	Change
Postpaid	56	**(118)**	(174)
(incl.) Phone	22	**42**	20
Prepaid	(264)	**180**	444
Wholesale and affiliate	655	**125**	(530)
Total	447	**187**	(260)

Note: Excluding special factors[7]

In the fourth quarter, 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.

Churn Rate (Sprint Platform Postpaid)

	Three months ended March 31		
	2016	**2017**	Change
Postpaid phone churn rate	1.56%	**1.58%**	0.02 pp deterioration
Postpaid churn rate	1.72%	**1.75%**	0.03 pp deterioration

Postpaid phone churn rate remained largely unchanged. Network improvements offset the impact of intensified competition following the introduction of unlimited data plans by other operators.

ABPU (Sprint Platform Postpaid Phone)

(U.S. dollars / month)

	Three months ended March 31		
	2016	**2017**	Change
ARPU	59.45	**54.10**	(5.35)
Average equipment billings per user	12.08	**14.56**	2.48
Postpaid phone ABPU	71.53	**68.66**	(2.87)

Postpaid phone ABPU 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 the fiscal year, Sprint introduced initiatives to reduce future interest payments 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[8] as of the fiscal year-end was $10.9 billion, up $5.2 billion from the previous fiscal year-end. A vendor finance facility of $1.2 billion is also available for the purchase of 2.5 GHz network equipment.

More information about Sprint's U.S. GAAP-based financial results and business operations can be found on the investor relations section of its website at http://investors.sprint.com/.

(c) Yahoo Japan Segment

(Millions of yen)

	Fiscal year ended March 31			
	2016	**2017**	Change	Change %
Net sales	652,031	**853,458**	201,427	30.9%
Segment income	222,787	**189,819**	(32,968)	(14.8%)
Depreciation and amortization	32,695	**38,973**	6,278	19.2%
Gain on remeasurement relating to business combination	(59,441)	**(19)**	59,422	-
Other adjustments	-	**10,736**	10,736	-
Adjusted EBITDA	196,041	**239,509**	43,468	22.2%

(d) Distribution Segment

(Millions of yen)

	Fiscal year ended March 31			
	2016	**2017**	Change	Change %
Net sales	1,420,416	**1,295,374**	(125,042)	(8.8%)
Segment loss	(1,284)	**(10,047)**	(8,763)	-
Depreciation and amortization	10,268	**7,237**	(3,031)	(29.5%)
Other adjustments	16,466	**30,260**	13,794	83.8%
Adjusted EBITDA	25,450	**27,450**	2,000	7.9%

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

(e) ARM Segment

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

(Millions of yen)

	Fiscal year ended December 31			
	2016	**2017**	Change	Change %
Net sales	-	**112,902**	112,902	-
Segment income	-	**12,919**	12,919	-
Depreciation and amortization	-	**32,523**	32,523	-
Gain from remeasurement relating to business combination	-	**(18,168)**	(18,168)	-
Other adjustments	-	**25,780**	25,780	-
Adjusted EBITDA	-	**53,054**	53,054	-

< 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.

< 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 March 31, 2017
	million GBP	million JPY	(years)		million JPY
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**			

Note: See "ARM" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 3. Business combinations" for details of the purchase price allocation for ARM.

< 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 re-evaluation 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 U.S. dollars

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

(Millions of U.S. dollars)

	(Pro forma) July 1 to September 30, 2016	Post-acquisition 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.

Net sales for the fourth quarter was $409 million. Technology licensing revenue can fluctuate quarter-to-quarter and licensing revenue reported in the fourth quarter was within the expected range.

< Operations >

Licensing

	Licenses signed January 1 to March 31, 2017	Cumulative number of licenses signed March 31, 2017
Classic (*ARM7*, *ARM9*, *ARM11*)	2	500
Cortex-A	6	290
Cortex-R	0	78
Cortex-M	15	425
Mali	2	149
Number of processor licenses signed	25	1,442

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

During the fourth quarter, 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

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.

	Based on shipments from October 1 to December 31	
	2015	**2016**
Royalty units as reported by ARM's licensees	4.1 billion	**5.1 billion**
Breakdown by processor family		
Classic (*ARM7*, *ARM9*, *ARM11*)	32%	**19%**
Cortex-A	18%	**22%**
Cortex-R	6%	**7%**
Cortex-M	44%	**52%**

ARM's licensees reported shipments of 5.1 billion ARM-based chips for the three-month period ended December 31, 2016. This is an increase of around 24% over the same period of the previous year.

More information about ARM, its business and its technology can be found on the investor relations section of ARM's website at www.arm.com/company/investors.

(2) Overview of Financial Position

(Millions of yen)

	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)

	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 from the previous fiscal year-end
Cash and cash equivalents	See “(3) 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 previous fiscal year-end in relation to dividends within the group companies.

(b) Non-current Assets

(Millions of yen)

	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[9]	4,060,750	**4,100,651**	39,901
Technologies	-	**522,894**	522,894
Customer relationships	439,800	**447,061**	7,261
(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	**392,536**	56,636
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

Primary components of the change

Component	Primary changes from the previous fiscal year-end
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.

Note: For details of the purchase price allocation for ARM, see "ARM" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 3. Business combinations." Purchase price allocation may be revised within one year from the acquisition date.

[9] Licenses issued by the U.S. Federal Communications Commission for use of specified spectrum

(c) Current Liabilities

(Millions of yen)

	March 31, 2016	**March 31, 2017**	Change
Interest-bearing debt	2,646,609	**2,694,093**	47,484
SoftBank Group Corp.	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)
Other	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 from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: 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)

	March 31, 2016	**March 31, 2017**	Change
Interest-bearing debt	9,275,822	**12,164,277**	2,888,455
SoftBank Group Corp.	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 from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: 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. (note) Based on the same transaction, derivative liabilities of ¥143,935 million were also recorded in other financial liabilities.

Note: For details about the transaction for sale of Alibaba shares by variable prepaid forward contract, see "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements 7. Interest-bearing debt."

(e) Equity

(Millions of yen)

	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	12.6%	**14.6%**	2.0 pp

(Millions of yen)

	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 from the previous fiscal year-end
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 the fiscal year. 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 the previous fiscal year.

(3) Overview of Cash Flows

(Millions of yen)

	Fiscal year ended March 31		
	2016	**2017**	Change
Cash flows from operating activities	940,186	**1,500,728**	560,542
Cash flows from investing activities	(1,651,682)	**(4,213,597)**	(2,561,915)
Cash flows from financing activities	43,270	**2,380,746**	2,337,476

(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). Withholding taxes (net of refund) related to dividends within the group companies was ¥611,199 million in the previous fiscal year. On the contrary, the company received a related refund of ¥293,489 million in the fiscal year as the remaining balance of total refund of ¥904,688 million for the same transaction. This resulted in a year-on-year decrease in income taxes paid (net of refund).

(b) Cash Flows from Investing Activities

Primary components of the fiscal year

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 the 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 the fiscal year

Component	Primary details
Proceeds from short-term interest-bearing debt ¥360,216 million	SoftBank Group Corp. procured funds to enhance 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. SoftBank Group Corp. 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	SoftBank Group Corp. 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 SoftBank Group Corp. also repaid borrowings.
Redemption of corporate bonds ¥(862,281) million	SoftBank Group Corp. and Sprint redeemed corporate bonds.
Repayment of lease obligations ¥(459,788) million	SoftBank Corp. repaid lease obligations for telecommunications equipment.
Payment for purchase of treasury stock ¥(350,857) million	

(4) Forecasts

The Company withholds forecasts as they are difficult to project due to a numerous uncertainties affecting earnings.

2. Basic Approach to the Selection of Accounting Standards

The Company has adopted International Financial Reporting Standards (“IFRSs”).

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2017

(Specified subsidiary (two companies) newly consolidated)

ARM Holdings plc became a wholly-owned subsidiary of the Company on September 5, 2016 and accordingly ARM PIPD Holdings One, LLC and ARM PIPD Holdings Two, LLC, which are subsidiaries of ARM Holdings plc, became subsidiaries of the Company.

(Specified subsidiary (one company) excluded from consolidation)

Due to the decrease in the percentage of voting rights resulting from the allocation of new shares to a third party, SOFTBANK GROUP CAPITAL APAC PTE. LTD. became an equity method associate and no longer qualified as a subsidiary of the Company. SOFTBANK GROUP CAPITAL APAC PTE. LTD. changed its company name to Foxconn Ventures Pte. Ltd. on March 3, 2017.

(2) Changes in Accounting Estimates

(Impairment of goodwill)

Due to the reallocation of goodwill of Brightstar resulting from the determination of business reorganization in the Distribution segment in March 2017, the recoverable amount of goodwill was less than its carrying amount and, therefore, impairment loss was recorded. The details are described in “Note 10. Other operating loss Note 5” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements.”

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	2,569,607	2,183,102
Trade and other receivables	1,914,789	2,121,619
Other financial assets	152,858	794,689
Inventories	359,464	341,344
Other current assets	553,551	283,221
Total current assets	5,550,269	5,723,975
Non-current assets		
Property, plant and equipment	4,183,507	3,977,254
Goodwill	1,609,789	4,175,464
Intangible assets	6,439,145	6,946,639
Investments accounted for using the equity method	1,588,270	1,670,799
Other financial assets	970,874	1,552,267
Deferred tax assets	172,864	404,994
Other non-current assets	192,474	182,820
Total non-current assets	15,156,923	18,910,237
Total assets	20,707,192	24,634,212

	As of March 31, 2016	As of March 31, 2017
		(Millions of yen)
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,646,609	2,694,093
Trade and other payables	1,621,195	1,607,453
Other financial liabilities	6,531	13,701
Income taxes payables	140,351	256,218
Provisions	56,120	56,362
Other current liabilities	694,965	599,096
Total current liabilities	5,165,771	5,226,923
Non-current liabilities		
Interest-bearing debt	9,275,822	12,164,277
Other financial liabilities	95,664	287,229
Defined benefit liabilities	123,759	108,172
Provisions	118,876	138,730
Deferred tax liabilities	2,083,164	1,941,380
Other non-current liabilities	338,865	297,771
Total non-current liabilities	12,036,150	14,937,559
Total liabilities	17,201,921	20,164,482
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	261,234	245,706
Retained earnings	2,166,623	2,958,355
Treasury stock	(314,752)	(67,727)
Accumulated other comprehensive income	261,736	211,246
Total equity attributable to owners of the parent	2,613,613	3,586,352
Non-controlling interests	891,658	883,378
Total equity	3,505,271	4,469,730
Total liabilities and equity	20,707,192	24,634,212

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016*	Fiscal year ended March 31, 2017
Continuing operations		
Net sales	8,881,777	8,901,004
Cost of sales	(5,518,104)	(5,472,238)
Gross profit	3,363,673	3,428,766
Selling, general and administrative expenses	(2,374,955)	(2,277,251)
Gain from remeasurement relating to business combination	59,441	18,187
Other operating loss	(139,252)	(143,703)
Operating income	908,907	1,025,999
Finance cost	(440,744)	(467,311)
Income on equity method investments	375,397	321,550
Gain on sales of equity method associates	12,428	238,103
Derivative gain (loss)	12,788	(252,815)
Gain (loss) from financial instruments at FVTPL	114,377	(160,419)
Other non-operating income (loss)	(63,992)	7,419
Income before income tax	919,161	712,526
Income taxes	(422,677)	207,105
Net income from continuing operations	496,484	919,631
Discontinued operations		
Net income from discontinued operations	61,757	554,799
Net income	558,241	1,474,430
Net income attributable to		
Owners of the parent	474,172	1,426,308
Non-controlling interests	84,069	48,122
	558,241	1,474,430
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	370.05	792.16
Discontinued operations	32.44	494.85
Total basic earnings per share	402.49	1,287.01
Diluted earnings per share (yen)		
Continuing operations	355.90	781.25
Discontinued operations	32.42	494.39
Total diluted earnings per share	388.32	1,275.64

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in “Note 16. Discontinued operations.”

Consolidated Statements of Comprehensive Income

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
		(Millions of yen)
Net income	558,241	1,474,430
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	342	12,200
Total items that will not be reclassified to profit or loss	342	12,200
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(4,906)	5,628
Cash flow hedges	(31,992)	(7,454)
Exchange differences on translating foreign operations	(289,735)	(20,500)
Share of other comprehensive income of associates	27,642	(30,403)
Total items that may be reclassified subsequently to profit or loss	(298,991)	(52,729)
Total other comprehensive income, net of tax	(298,649)	(40,529)
Total comprehensive income	259,592	1,433,901
Total comprehensive income attributable to		
Owners of the parent	195,864	1,385,958
Non-controlling interests	63,728	47,943
	259,592	1,433,901

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2016

(Millions of yen)

	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, 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	-	-	(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	-	-	(1,316)	(266,369)	-	(267,685)	-	(267,685)
Changes from business combination	-	-	-	-	-	-	54,409	54,409
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(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

For the fiscal year ended March 31, 2017

(Millions of yen)

	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	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	-	-	(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	-	-	(1,479)	(348,170)	-	(349,649)	-	(349,649)
Retirement of treasury stock	-	-	(595,195)	595,195	-	-	-	-
Changes from business combination	-	-	-	-	-	-	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 interests 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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Net income	558,241	1,474,430
Depreciation and amortization	1,401,329	1,472,669
Gain from remeasurement relating to business combination	(59,441)	(18,187)
Finance cost	440,745	467,311
Income on equity method investments	(375,397)	(321,550)
Gain on sales of equity method associates	(12,428)	(238,103)
Derivative (gain) loss	(12,788)	252,815
(Gain) loss from financial instruments at FVTPL	(114,377)	160,419
Other non-operating loss (income)	67,836	(9,511)
Gain on sales of discontinued operations	-	(636,216)
Income taxes	443,984	(91,028)
Increase in trade and other receivables	(50,740)	(275,771)
Increase in inventories	(404,933)	(268,312)
(Decrease) increase in trade and other payables	(698)	15,871
Other	91,656	46,587
Subtotal	1,972,989	2,031,424
Interest and dividends received	12,072	29,502
Interest paid	(461,217)	(519,373)
Income taxes paid	(1,230,087)	(359,209)
Income taxes refunded	646,429	318,384
Net cash provided by operating activities	940,186	1,500,728
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(1,360,960)	(923,502)
Proceeds from sales of property, plant and equipment, and intangible assets	150,956	34,566
Payments for acquisition of investments	(407,754)	(688,916)
Proceeds from sales/redemption of investments	58,161	482,128
Decrease from acquisition of control over subsidiaries	(61,670)	(3,254,104)
(Decrease) increase from loss of control over subsidiaries	(63,070)	723,544
Payments for acquisition of marketable securities for short-term trading	(94,349)	(503,767)
Proceeds from sales/redemption of marketable securities for short-term trading	189,844	239,730
Payments into time deposits	(45,748)	(638,914)
Proceeds from withdrawal of time deposits	40,907	283,419
Other	(57,999)	32,219
Net cash used in investing activities	(1,651,682)	(4,213,597)
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	128,135	360,216
Proceeds from long-term interest-bearing debt	2,129,683	4,792,530
Repayment of long-term interest-bearing debt	(1,604,768)	(2,283,067)
Payments for purchase of subsidiaries' interests from non-controlling interests	(267,276)	(18,600)
Purchase of treasury stock	(269,214)	(350,857)
Cash dividends paid	(47,219)	(46,273)
Cash dividends paid to non-controlling interests	(47,497)	(42,599)
Other	21,426	(30,604)
Net cash provided by financing activities	43,270	2,380,746
Effect of exchange rate changes on cash and cash equivalents	(20,820)	(54,382)
Decrease in cash and cash equivalents	(689,046)	(386,505)
Cash and cash equivalents at the beginning of the year	3,258,653	2,569,607
Cash and cash equivalents at the end of the year	2,569,607	2,183,102

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Consolidated Financial Statements

1. Definition of company names and abbreviations 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
Brightstar	Brightstar Global Group Inc.
Alibaba	Alibaba Group Holding Limited
GungHo	GungHo Online Entertainment, Inc.
Supercell	Supercell Oy

2. Significant accounting policies

The Company has newly adopted the following accounting policy due to the consolidation of ARM from September 2016.

<u>Revenue</u>

ARM segment

In the ARM segment, revenue is generated mainly from sales of licenses to sell 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 to 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 by the Company's customers of products containing ARM's technology. Royalty revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue can be reliably measured. Royalties are 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.

3. Business combinations

ARM

(1) Overview of consolidation

On July 18, 2016 (GMT), the Company and ARM of 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 amounting to 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.

(2) 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.

(3) 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 IFRS)

(4) Acquisition date

September 5, 2016

(5) Consideration transferred and the component

(Millions of yen)

		Acquisition date (September 5, 2016)
Payment for the acquisition by cash		3,319,137
Fair value of equity interest in ARM already held at the time of the acquisition		47,867
Total consideration transferred	A	3,367,004

Acquisition-related costs of ¥25,780 million 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 through the step acquisition. This gain is presented as “Gain from remeasurement relating to business combination” in the consolidated statements of income.

(6) Fair value of assets and liabilities, and goodwill on the acquisition date

		(Millions of yen) Acquisition date (September 5, 2016)
Cash and cash equivalents		16,984
Trade and other receivables		59,782
Other current assets		119,090
Intangible assets[1]		693,432
Other non-current assets		23,649
Total assets		912,937
Current liabilities		61,930
Deferred tax liabilities		127,622
Other non-current liabilities		7,292
Total liabilities		196,844
Net assets	B	716,093
Goodwill[2]	A-B	2,650,911

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 from 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 and ¥126,714 million; and goodwill has decreased by ¥563,018 million. The above amount is translated at the exchange rate (GBP = JPY138.15) as of the acquisition date.

In addition, ¥29,379 million 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) Acquisition date (September 5, 2016)
Technologies	537,680
Customer relationships	148,649
Trademarks	5,940
Other	1,163
Total	693,432

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.

(7) Payment for acquisition of control over subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2017
Payment for the acquisition by cash	(3,319,137)
Foreign exchange gain relating to settlement*	52,856
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,249,297)

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

(8) 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 statements of income for the fiscal year ended March 31, 2017, are ¥112,902 million and ¥17,272 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

4. 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 communications 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

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 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 16. Discontinued operations."

For the fiscal year ended March 31, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
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 (loss)	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 (loss)	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 Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations*	Consoli-dated
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 (loss)	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 (loss)	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

Note:
* ¥8,847 million 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 “Note 10. Other operating loss.”

5. Property, plant and equipment

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

(Millions of yen)

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

6. Intangible assets

The components of the carrying amounts of intangible assets are as follows:

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Intangible assets with indefinite useful lives		
FCC licenses	4,060,750	4,100,651
Trademarks	706,637	703,031
Intangible assets with finite useful lives		
Software	782,148	722,934
Technologies[1]	-	522,894
Customer relationships	439,800	447,061
Favorable lease contracts	119,242	104,754
Spectrum migration costs	110,472	103,814
Trademarks	54,066	57,532
Game titles[2]	59,844	-
Other	106,186	183,968
Total	6,439,145	6,946,639

Notes:

1. Intangible assets recognized due to the consolidation of ARM in September 2016. The details are described in “(6) Fair value of assets and liabilities, and goodwill on the acquisition date” under “Note 3. Business combinations.”
2. Decrease resulting from exclusion of Supercell from the scope of consolidation of the Company. The details are described in “Note 16. Discontinued operations” and in “(4) (Decrease) increase from loss of control over subsidiaries” under “Note 18. Supplemental information to the consolidated statements of cash flows.”

7. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Current		
Short-term borrowings	515,408	667,664
Commercial paper	42,000	80,000
Current portion of long-term borrowings	743,225	1,128,510
Current portion of corporate bonds	900,685	339,462
Current portion of lease obligations	396,992	438,284
Current portion of installment payables	48,299	40,173
Total	2,646,609	2,694,093
Non-current		
Long-term borrowings	1,785,500	3,377,625
Corporate bonds	6,611,947	7,233,838
Lease obligations	815,194	807,606
Financial liabilities relating to sale of shares by variable prepaid forward contract*	-	715,448
Installment payables	63,181	29,760
Total	9,275,822	12,164,277

Note:
* The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

(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 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 sale received by WRH LLC from the Trust is $5.4 billion and this is after the deduction of the amounts from $6.6 billion of the total amount of Trust Securities issuance for the purchase of U.S. Treasury securities in order to fund distributions on the Trust Securities and for the expenses in order to issue Trust Securities.

The settlement by 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.

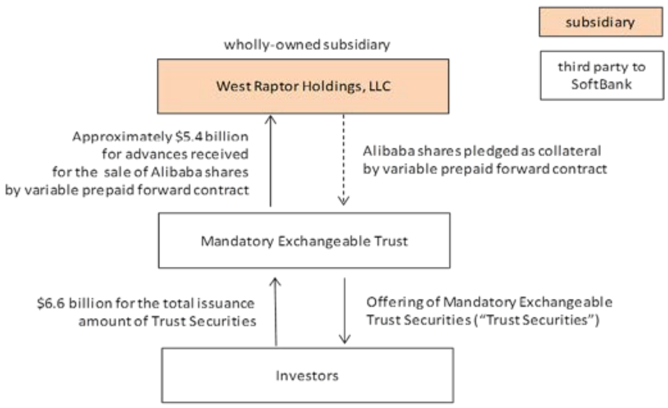
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to sale of shares by variable prepaid forward contract and ¥95,587 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 the fiscal year ended March 31, 2017.

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, 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 continuously applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the consolidated statements of financial position as of March 31, 2017. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥154,440 million as of March 31, 2017.

Outline of the transaction



(3) Components of increase in short-term interest-bearing debt

The components of "Increase in short-term interest-bearing debt, net" in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net increase of short-term borrowings	118,135	322,216
Net increase of commercial paper	10,000	38,000
Total	128,135	360,216

(4) Components of proceeds from long-term interest-bearing debt

The components of “Proceeds from long-term interest-bearing debt” in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Proceeds from long-term borrowings	557,072	2,715,725
Proceeds from issuance of corporate bonds	1,053,258	1,006,000
Proceeds from sale and leaseback of newly acquired equipment	519,353	492,369
Proceeds from advances received for sale of shares by variable prepaid forward contract*	-	578,436
Total	2,129,683	4,792,530

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, financial liabilities relating to sale of shares by 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.”

(5) Components of repayment of long-term interest-bearing debt

The components of “Repayment of long-term interest-bearing debt” in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Repayment of long-term borrowings	(684,397)	(920,315)
Redemption of corporate bonds	(203,281)	(862,281)
Repayment of lease obligations	(468,061)	(459,788)
Payment of installment payables	(49,029)	(40,683)
Redemption of preferred securities	(200,000)	-
Total	(1,604,768)	(2,283,067)

8. Foreign exchange rates

Exchange rates of the major currencies used for translating 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
USD	112.68	112.19
GBP	161.92	140.08

(2) Average rate for the quarter

For the fiscal year ended March 31, 2016

(yen)

	Three-month period ended June 30, 2015	Three-month period ended September 30, 2015	Three-month period ended December 31, 2015	Three-month period 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-month period ended June 30, 2016	Three-month period ended September 30, 2016	Three-month period ended December 31, 2016	Three-month period ended March 31, 2017
U.S. dollars	109.07	102.91	108.72	113.76

9. Equity

(1) Treasury stock

The Company conducted the retirement of 100,000 thousand shares of treasury stock on October 31, 2016, pursuant to the Board of Directors' resolution passed on October 7, 2016. As a result, retained earnings and treasury stock have decreased by ¥595,195 million respectively.

(2) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Available-for-sale financial assets	32,594	11,983
Cash flow hedges	(40,088)	(44,877)
Exchange differences on translating foreign operations	269,230	244,140
Total	261,736	211,246

10. Other operating loss

The components of other operating income and loss are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Sprint segment		
Gain on spectrum license exchange[1]	-	36,385
Loss on disposal of property, plant and equipment[2]	(37,032)	(55,727)
Loss on contract termination[3]	-	(15,399)
U.S. state tax charge	-	(10,600)
Legal reserves	(23,437)	(4,209)
Severance costs associated with reduction in workforce of Sprint	(26,079)	(2,277)
Impairment loss on non-current assets	(19,881)	-
Other	(10,271)	(8,201)
Yahoo segment		
Loss on disaster[4]	-	(13,006)
Other	-	2,269
Distribution segment		
Impairment loss on goodwill[5]	-	(30,260)
Impairment loss on non-current assets	(13,633)	-
Other	(2,833)	-
ARM segment		
Acquisition-related costs[6]	-	(25,780)
Company-wide		
Expenses resulting from resignation of director[7]	-	(8,847)
Other		
Impairment loss on non-current assets[8]	-	(8,051)
Other	(6,086)	-
Total	(139,252)	(143,703)

Notes:

1. License exchange gain resulting from exchange of certain spectrum with other carriers (non-cash transaction). The spectrum is recorded as FCC licenses in intangible assets.

2. Loss on disposal that mainly resulting from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint.

3. Loss mainly resulting from termination of wholesale contracts with NTELOS Holdings Corp.

4. In February 2017, a fire incident occurred at a logistics center of ASKUL Corporation, namely ASKUL Logi PARK Tokyo Metropolitan. The fire inflicted damage on ASKUL Corporation’s non-current assets and inventories resulting in a temporary operation shutdown. The loss from the fire incident consists of ¥10,230 million of damage on non-current assets, ¥2,510 million of destroyed inventories, and ¥266 million of related costs.

5. 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 the 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 of impairment loss on goodwill was recorded. Value in use was used as the recoverable amount and calculated by discounting

the management approved estimated future cash flow plan of four cash-generating units by 10.97%-16.17%, the weighted average capital cost before tax.

6. Expenses arising from the business combination of ARM. The details are described in "Note 3. Business combinations."

7. Expenses resulting from the resignation of Nikesh Arora from his position as a director. 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, respectively. The Company measured the expenses based on the SoftBank Group Corp. share price as of June 30, 2016, and recorded the entire expense 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 or loss. The expenses were ¥3,830 million for the fiscal year ended March 31, 2017.

   In addition to the above resignation expense, the Company purchased the shares of associate companies from Nikesh Arora for ¥10,744 million, which were previously granted to him in December 2014. Purchase price by the Company was determined based on negotiation with reference to the recent transaction price.

8. As a result of reviewing the business plan of SoftBank Robotics Corp., the recoverable amount was less than its carrying amount and, therefore, the related carrying amount was reduced to ¥3,471 million of its value in use.

11. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Interest expenses	(440,744)	(467,311)

12. Gain on sales of equity method associates

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 transaction, ¥234,418 million was recorded as a gain on sales of equity method associates.

The total amount of sale price is ¥359,704 million ($3.4 billion), of which the sale price to Alibaba is ¥212,920 million ($2.0 billion). The sale price is determined by negotiation in reference to the market price.

Note:
*Alibaba Partnership is not an associate of Alibaba.

13. Derivative gain (loss)

¥232,729 million of derivative loss related to collar transaction included in variable prepaid forward contract was recorded. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 7. Interest-bearing debt."

14. Gain (loss) from financial instruments at FVTPL

Gain or loss arising from financial instruments at FVTPL consists mainly of changes in fair value of preferred stock investment including embedded derivatives, such as ANI Technologies Pvt. Ltd and Jasper Infotech Private Limited in India, designated as financial assets at FVTPL.

15. Other non-operating income (loss)

The components of other non-operating income and loss are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Foreign exchange gain and loss	(41,414)	53,336
Impairment loss on securities	(32,759)	(6,098)
Dilution gain from changes in equity interest[1]	14,903	77,540
Loss relating to loss of control[2]	-	(79,278)
Impairment loss on assets classified as held for sale[3]	-	(42,540)
Provision of allowance for doubtful accounts	(21,253)	(60)
Other	16,531	4,519
Total	(63,992)	7,419

Notes:

1. Mainly, gain arising from changes in Alibaba's equity interest held by the Company, due to the exercise of stock options issued by Alibaba and the allocation of new shares to a third party.

2. The Company, on February 24, 2017, 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 became 45.5% and the entity has become an equity method associate and no longer qualified as a subsidiary for the Company from March 3, 2017. Loss relating to loss of control recognized from the transaction is ¥79,278 million. Of this, the amount relating to the loss of control, which is transferred from accumulated other comprehensive income to net loss, is ¥131,529 million and gain from remeasurement relating to applying equity method is ¥52,251 million.

3. The Company transferred a portion of its GungHo shares to assets classified as held for sale as the Company tendered in the Tender Offer by GungHo for the three-month period ended June 30, 2016. Accordingly, the carrying amounts of the shares were decreased to the fair values after deducting expenses (Tender Offer price) arising from sale and ¥42,540 million 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 for the three-month period ended September 30, 2016.

16. Discontinued operations

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 of the Company.

Operating results related to Supercell for the fiscal year ended March 31, 2016, and for the fiscal year ended March 31, 2017 are presented as discontinued operations separately from continuing 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)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Revenue	271,772	80,735
Expense	(185,169)	(46,075)
Income before income tax from discontinued operations	86,603	34,660
Income taxes	(17,878)	(6,414)
Income after income tax from discontinued operations	68,725	28,246
Gain on sales of discontinued operations	-	636,216
Income taxes recognized from sales of discontinued operations	-	(109,663)
Net income from discontinued operations	68,725	554,799

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

b. Cash flows from discontinued operations

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net cash provided by operating activities	107,071	44,065
Net cash provided by (used in) investing activities	17,055	(166)
Net cash used in financing activities	(32,578)	(17,557)
Total	91,548	26,342

17. Earnings per share

(1) Basic earnings per share

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the parent		
Continuing operations	435,957	877,902
Net income attributable to owners of the parent		
Discontinued operations	38,215	548,406
Total	474,172	1,426,308
Weighted-average number of ordinary shares (Thousands of shares)	1,178,098	1,108,237
Basic earnings per share (yen)		
Continuing operations	370.05	792.16
Discontinued operations	32.44	494.85
Total	402.49	1,287.01

(2) Diluted earnings per share

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Continuing operations		
Net income from continuing operations used in the calculation of basic earnings per share	435,957	877,902
Effect of dilutive securities issued by subsidiaries and associates	(16,475)	(11,299)
Sub total	419,482	866,603
Discontinued operations		
Net income from discontinued operations used in the calculation of basic earnings per share	38,215	548,406
Sub total	38,215	548,406
Total	457,697	1,415,009
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of ordinary shares	1,178,098	1,108,237
Adjustments:		
Stock acquisition rights	556	1,018
Total	1,178,654	1,109,255
Diluted earnings per share (yen)		
Continuing operations	355.90	781.25
Discontinued operations	32.42	494.39
Total	388.32	1,275.64

18. Supplemental information to the consolidated statements of cash flows

For the fiscal year ended March 31, 2017

(1) Gain on sales of discontinued operations

Gain on sales of subsidiaries arising from sale of Supercell shares. The details are described in “Note 16. Discontinued operations.”

(2) Income taxes paid and income taxes refunded

Payment of withholding income tax related to dividends within the group companies of ¥85,048 million is included in “Income taxes paid,” and a refund of the withholding income tax of ¥293,489 million is included in “Income taxes refunded,” respectively.

(3) Proceeds from sales and redemption of investments

Proceeds related to sales of Alibaba shares of ¥359,704 million ($3.4 billion) are included. The details are described in “Note 12. Gain on sales of equity method associates.”

(4) (Decrease) increase from loss of control over subsidiaries

The relation between consideration 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 consideration received for sale of Supercell shares and “Increase from loss of control over subsidiaries”

	(Millions of yen)
Consideration received for sale	769,844
The amount of receivable for sale	(19,693)
Cash and cash equivalents held at the time of loss of control	(27,143)
Changes in foreign exchange from the date of loss of control*	(884)
Increase from loss of control over subsidiaries	722,124

Note:
*Changes in foreign exchange from the date of loss of control to the date of partial proceeds received for sale and the proceeds were not received on the date of loss of control.

b. The components of assets and liabilities at the date of loss of control

	(Millions of yen) At the date of loss of control (July 29, 2016)
The components of assets	
Current assets	125,523
Game titles	47,636
Goodwill	84,487
Other non-current assets	6,077
The components of liabilities	
Deferred revenue (current)	96,919
Other current liabilities	5,593
Non-current liabilities	23,778

19. Significant subsequent events

Investment in Xiaoju Kuaizhi Inc.

On April 17, 2017, an overseas subsidiary of SoftBank Group Corp. and Xiaoju Kuaizhi Inc. (“Kuaizhi”), the operator of a taxi allocation service in China, entered into an agreement whereby the overseas subsidiary will make a total investment of $5.0 billion (approximately ¥550,000 million) in Kuaizhi. Kuaizhi will not be classified as a subsidiary or an associate of the Company after the investment, continuously.

The impact of this agreement on the operating results as of March 31, 2018 has not been determined at present.