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 3 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the three-month period ended June 30, 2017 (IFRS)

Tokyo, August 7, 2017

1. Financial Highlights

(Millions of yen; amounts are rounded 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	%
Three-month period ended June 30, 2017	**¥2,186,059**	**2.8**	**¥479,273**	**50.1**	**¥77,568**	**(78.2)**	**¥30,540**	**(88.8)**	**¥5,521**	**(97.8)**	**¥233,569**	**-**
Three-month period ended June 30, 2016	¥2,126,521	2.9	¥319,236	0.2	¥356,361	(5.3)	¥272,351	8.9	¥254,157	19.1	¥(103,069)	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2017	**¥5.07**	**¥4.22**
Three-month period ended June 30, 2016	¥223.55	¥222.22

Note:
Net sales, operating income, and income before income tax are presented based on the amounts from continuing operations only.

(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 (%)
As of June 30, 2017	**¥24,883,131**	**¥4,654,749**	**¥3,773,017**	**15.2**
As of March 31, 2017	¥24,634,212	¥4,469,730	¥3,586,352	14.6

2. Dividends

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

Note:
Revision of forecasts on the dividends: No

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: None
Excluded from consolidation: One company SoftBank Group Japan GK

Please refer to page 27 “(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2017” under “2. Notes to Summary Information” for details.

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: Yes
[2] Changes in accounting policies other than those in [1]: No
[3] Changes in accounting estimates: No

Please refer to page 27 “(2) Changes in Accounting Policies” under “2. Notes to Summary Information” for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):

As of June 30, 2017:	1,100,660,365 shares
As of March 31, 2017:	1,100,660,365 shares

[2] Number of treasury stocks:

As of June 30, 2017:	11,158,876 shares
As of March 31, 2017:	11,378,076 shares

[3] Number of average stocks during three-month period (April-June):

As of June 30, 2017:	1,089,359,397 shares
As of June 30, 2016:	1,136,931,899 shares

*** This interim consolidated financial report is not subject to interim review 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 August 7, 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 https://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 https://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 names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (standalone 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
SVF	SoftBank Vision Fund (Note)
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2017
The end of the first quarter	June 30, 2017
The previous fiscal year	Fiscal year ended March 31, 2017
The previous fiscal year-end	March 31, 2017

Note:
SoftBank Vision Fund consists of several funds which are composed of the following entities;

- several general partners ("GPs"), each of which is a subsidiary of the Company;
- several limited partnerships managed by the GPs, mainly SoftBank Vision Fund L.P.;
- newly-established holding entities for several of the portfolio company investments; and
- SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned UK subsidiary of the Company, which will provide investment advice to each GP, and US and Japanese advisory companies supporting SBIA.

Refer to the following table for the relationships between each GP, the limited partnerships, and investments as of June 30, 2017.

Main GPs	Main limited partnerships	Main expected investments
SVF GP (Jersey) Limited	SoftBank Vision Fund L.P.	NVIDIA Corporation
	SoftBank Vision Fund (AIV M1) L.P.	Guardant Health, Inc.
	SoftBank Vision Fund (AIV M2) L.P.	N/A
	SoftBank Vision Fund (AIV S1) L.P.	N/A
SB Delta Fund GP (Jersey) Limited	SB Delta Fund (Jersey) L.P.	N/A

1. Results of Operations

(1) Overview of Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30 2016	Three months ended June 30 **2017**	Change	Change %
Continuing operations				
Net sales	2,126,521	**2,186,059**	59,538	2.8%
Operating income (excluding income from SVF)	319,236	**374,044**	54,808	17.2%
Operating income	319,236	**479,273**	160,037	50.1%
Income before income tax	356,361	**77,568**	(278,793)	(78.2%)
Net income from continuing operations	212,292	**30,540**	(181,752)	(85.6%)
Discontinued operations				
Net income from discontinued operations	60,059	**-**	(60,059)	-
Net income	272,351	**30,540**	(241,811)	(88.8%)
Net income attributable to owners of the parent	254,157	**5,521**	(248,636)	(97.8%)

Reference: Average exchange rates used for translation

	Fiscal year ended March 2017 Q1	Fiscal year ended March 2017 Q2	Fiscal year ended March 2017 Q3	Fiscal year ended March 2017 Q4	Fiscal year ending March 2018 Q1
USD / JPY	¥109.07	¥102.91	¥108.72	¥113.76	¥111.61

About SoftBank Vision Fund

The Company established the SVF segment as a new reportable segment during the first quarter upon SVF having completed its first major closing in May 20, 2017 (the “Initial Closing”).

To enable investors to appropriately understand and assess the Company’s management performance, the Company has presented operating income at two stages in the Condensed Interim Consolidated Statements of Income. “Operating income (excluding income from SVF)” excludes income and loss arising from the SVF segment, which is presented as “Operating income from SVF.” Operating income and loss from SVF includes gain and loss on investments at SVF (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SVF, investment research expenses arising from the GPs and advisory companies, and administrative expenses arising from each entity.

For further details of SVF, please refer to “2. SVF” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

An overview of the consolidated results of operations for the first quarter is as follows:

(Continuing Operations)

(a) Net Sales

Net sales increased by ¥59,538 million (2.8%) year on year to ¥2,186,059 million. Net sales of the Sprint segment and the Yahoo Japan segment increased, and the Arm segment was newly added. Meanwhile, net sales of the Domestic Telecommunications segment and the Distribution segment decreased.

(b) Operating Income (excluding income from SVF)

Operating income (excluding income from SVF) increased by ¥54,808 million (17.2%) year on year to ¥374,044 million. Segment income increased by ¥86,619 million in the Sprint segment and ¥1,276 million in the Yahoo Japan segment. Meanwhile, segment income decreased by ¥20,546 million in the Domestic Telecommunications segment and ¥4,315 in the Distribution segment, while the newly-established Arm segment posted a segment loss of ¥6,935 million.

(c) Operating Income

As a result of adding operating income from SVF (segment income of the SVF segment) of ¥105,229 million to (b), operating income increased by ¥160,037 million (50.1%) year on year to ¥479,273 million. As of the end of the first quarter, SVF had not made any investments. However, the changes in fair value from the previous fiscal year-end to the end of the first quarter of the investments that have been agreed to be transferred to SVF from the Company have been recognized as valuation gain.

For further details regarding significant accounting policies of SVF, please refer to "2. SVF" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(d) Finance Cost

Finance cost increased by ¥8,763million (7.8%) year on year to ¥120,870 million, due to an increase in interest expense at SoftBank Group Corp., although the interest expense at Sprint decreased.

(e) Income on Equity Method Investments

Income on equity method investments decreased by ¥33,832 million (95.4%) year on year to ¥1,634 million. This was mainly due to a decrease in income on equity method investments related to Alibaba of ¥27,002 million (73.2%) year on year to ¥9,880 million.

Alibaba's IFRS-based adjusted net income for the three months ended March 31, 2017[1] decreased by CNY 4,721 million (69.4%) year on year to CNY 2,078 million. Although Alibaba's U.S. GAAP-based net income continued to expand steadily, IFRS-based net income was significantly reduced after reconciliation adjustments that recognized (i) a loss on change in fair value of the non-controlling interests of Alibaba's subsidiaries (recognized as a financial liability due to the assignment of a put option) and (ii) a negative adjustment for gain on sales of financial instruments at FVTPL held by Alibaba (under IFRSs, a valuation gain on financial instruments at FVTPL had been previously recorded).

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[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. Adjustments are made for significant transactions or events that occurred during the intervening period and which were publicly announced by Alibaba.

(f) Gain on Sales of Equity Method Associates

Gain on sales of equity method associates was not recognized (gain of ¥204,233 million in the same period of the previous fiscal year). In the same period of the previous fiscal year, the Company sold a portion of Alibaba shares to Alibaba and two Singaporean sovereign wealth funds.

(g) Derivative Gain and Loss

Derivative loss was ¥257,059 million compared to a gain of ¥21,511 million in the same period of the previous fiscal year. This was mainly attributable to derivative loss of ¥259,677 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: For details of the variable prepaid forward contract, see "2. Transaction for sale of Alibaba shares by variable prepaid forward contract" under "7. Interest-bearing debt" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

(h) Changes in Third-Party Interests in SVF

Changes in third-party interests in SVF was an increase of ¥43,589 million (negative impact on income; not recorded in the same period of the previous fiscal year). SVF had not made any investments as of the end of the first quarter; however, within operating income from SVF, income attributable to third-party interests in SVF was recognized as an increase in third-party interests in SVF.

(i) Other Non-operating Income and Loss

Other non-operating income was ¥18,179 million compared to a loss of ¥111,978 million in the same period of the previous fiscal year. The primary components for the first quarter were as follows:

(Millions of yen)

	Three months ended June 30		
	2016	**2017**	Primary components
Gain (loss) from financial instruments at FVTPL	(30,283)	**24,613**	Recognition of gain for the change in the fair value of investments, primarily in Southeast Asia and India, from the previous fiscal year-end to the end of the first quarter
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 Online Entertainment, Inc. shares tendered by the Company in the same period of the previous fiscal year at the tender offer price of ¥294 per share and their carrying amount on a consolidated basis

Note: See "14. Other non-operating income (loss)" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

(j) Income before Income Tax

As a result of (c) to (i), income before income tax decreased by ¥278,793 million (78.2%) year on year to ¥77,568 million.

(k) Income Taxes

Income taxes were ¥47,028 million, a decrease of ¥97,041 million (67.4%) year on year. The effective income tax burden was 60.6% for the first quarter, compared with the statutory tax rate of 31.69%. This was mainly due to recording deferred tax liabilities for gains from spectrum license exchanges at Sprint, while deferred tax assets for losses excluding these gains at Sprint were not recorded.

Tax effects are recognized in principle for gain from financial instruments at FVTPL.

(l) Net Income from Continuing Operations

As a result of (j) and (k), net income from continuing operations decreased by ¥181,752 million (85.6%) year on year to ¥30,540 million.

(Discontinued Operations)

(m) Net Income from Discontinued Operations

Net income from discontinued operations was not recorded (income of ¥60,059 million in the same period of the previous fiscal year). Income after income tax from Supercell Oy of ¥21,117 million and deferred tax expenses for investment temporary differences of ¥38,942 million as a negative expense were recorded in the same period of the previous fiscal year. Supercell Oy was excluded from the scope of consolidation on July 29, 2016.

(n) Net Income

As a result of (l) and (m), net income decreased by ¥241,811 million (88.8%) year on year to ¥30,540 million.

(o) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as those of Yahoo Japan Corporation and Sprint from (n), net income attributable to owners of the parent decreased by ¥248,636 million (97.8%) year on year to ¥5,521 million.

(p) Comprehensive Income

Comprehensive income improved by ¥336,638 million year on year to ¥233,569 million. Of this, comprehensive income attributable to owners of the parent improved by ¥302,101 million year on year to ¥208,254 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 six reportable segments: Domestic Telecommunications, Sprint, Yahoo Japan, Distribution, Arm, and SVF. The Company established the SVF segment during the first quarter upon SVF having completed its Initial Closing in May 20, 2017.

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
SVF	· Investment activities by SoftBank Vision Fund	SoftBank Vision Fund L.P.
Other	· Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.

Note: Income of reportable segments is defined as operating income.
Adjusted EBITDA of each reportable segment is calculated as follows:
segment income (loss) + depreciation and amortization ± other adjustments
Adjusted EBITDA of the SVF segment is obtained by adding or deducting unrealized gain and loss on valuation of investments (gains are deducted).

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 www.softbank.jp/en/corp/irinfo/presentations/.

(a) Domestic Telecommunications Segment

1. **Free cash flow increased 9.8% yoy to ¥76.5 billion**
2. **Sales and income declined yoy due to focused promotions on the *Home Bundle Discount Hikari Set* and *Giga Monster* (net sales -0.8% yoy; segment income -8.6% yoy)**
3. **Brisk growth in smartphone and *SoftBank Hikari* fiber-optic service subscribers**

(Millions of yen)

	Three months ended June 30			
	2016	**2017**	Change	Change %
Net sales	761,763	**755,656**	(6,107)	(0.8%)
Segment income	239,013	**218,467**	(20,546)	(8.6%)
Depreciation and amortization	112,266	**111,006**	(1,260)	(1.1%)
Adjusted EBITDA	351,279	**329,473**	(21,806)	(6.2%)
Free cash flow	69,707	**76,514**	6,807	9.8%

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 sister 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)

	Three months ended June 30			
	2016	**2017**	Change	Change %
Telecom service revenue	605,751	**602,378**	(3,373)	(0.6%)
Mobile communications	480,067	**458,607**	(21,460)	(4.5%)
Telecom[2]	422,007	**402,908**	(19,099)	(4.5%)
Service[3]	58,060	**55,699**	(2,361)	(4.1%)
Broadband	59,237	**77,571**	18,334	31.0%
Fixed-line telecommunications	66,447	**66,200**	(247)	(0.4%)
Product and other sales	156,012	**153,278**	(2,734)	(1.8%)
Total net sales	761,763	**755,656**	(6,107)	(0.8%)

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

Net sales decreased by ¥6,107 million (0.8%) year on year to ¥755,656 million. Of this, telecom service revenue decreased by ¥3,373 million (0.6%) to ¥602,378 million and product and other sales decreased by ¥2,734 million (1.8%) to ¥153,278 million.

Telecom service revenue decreased due to a decrease in mobile communications revenue of ¥21,460 million (4.5%) year on year, reflecting 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*, as well as decreases in mobile data communications device and PHS subscribers. The decrease in mobile communications revenue was partially offset by an increase in broadband revenue of ¥18,334 million (31.0%) in line with subscriber growth for the *SoftBank Hikari* fiber-optic service.

Product and other sales decreased mainly due to lower shipments of mobile data communications devices.

Segment income decreased by ¥20,546 million (8.6%) year on year to ¥218,467 million. This was due to the decrease in net sales, as well as an increase in operating expenses (cost of sales and selling, general and administrative expenses) of 14,439 million (2.8%) year on year. The main fluctuations in operating expenses were as follows:

Components	YoY change (Millions of yen; %)	Main factors for the change
Cost of products	2,182 2.1%	Decrease in reversal of provision for mobile devices in inventories
Sales commission fees	(6,284) (8.1%)	・Decrease in the average cost of sales commission fees for smartphones ・Revised sales promotion for phones
Telecommunications network charges	8,067 13.5%	Increase in fiber-optic connection charges for *SoftBank Hikari*
Sales promotion expenses and advertising expenses	5,799 18.0%	・Focused efforts on expanding sales of *SoftBank Hikari* fiber-optic services and *Y!mobile* smartphones ・Enhanced measures for phone customers; *SUPER FRIDAY*,[4] awarded points to long-term users, and awarded additional points to users of Yahoo Japan Corporation e-commerce services
Depreciation and amortization	(1,260) (1.1%)	Impact of decrease in capital expenditures in recent years

Adjusted EBITDA decreased by ¥21,806 million (6.2%) year on year to ¥329,473 million.

Free cash flow increased by ¥6,807 million (9.8%) year on year to ¥76,514 million. This was due to a decline in expenditures for acquisition of telecommunications network equipment, which outweighed the decline in adjusted EBITDA.

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

Forecast for the Fiscal Year ending March 2018

For the fiscal year ending March 2018, segment income might decrease up to 7% year on year due to the impact of medium-term growth measures such as the *Home Bundle Discount Hikari Set*, *Giga Monster*, and strengthening collaboration with Yahoo Japan Corporation. Free cash flow is projected to be over ¥500.0 billion, following the previous fiscal year, even with an increase in capital expenditures and an increase in working capital associated with expansion of smartphone sales.

OPERATIONS

Mobile Communications Service

Subscribers (Main Subscribers)

(Thousands)

	March 31, 2017	**June 30, 2017**	Change
Cumulative subscribers	32,400	**32,448**	48

Cumulative subscribers increased from the previous fiscal year-end as smartphones marked significant net additions while feature phones and mobile data communications devices had net losses. In smartphones, the number of *Y!mobile* subscribers continued to grow steadily, while *SoftBank* subscribers also grew briskly with the success of a promotion encouraging customers to change over from feature phones. Mobile data communications 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, 2017	**June 30, 2017**	Change
Mobile communications service	6,030	**6,641**	611
Broadband service	2,904	**3,182**	278

Number of Units Sold (Main Subscribers)

(Thousands)

	Three months ended June 30		
	2016	**2017**	Change
New subscriptions	1,154	**1,121**	(33)
Device upgrades	1,199	**1,277**	77
Number of units sold	2,353	**2,397**	44

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

ARPU (Main Subscribers)

(Yen)

	Three months ended June 30		
	2016	**2017**	Change
Telecom ARPU	4,050	**3,830**	(220)
Service ARPU	560	**550**	(10)
Total ARPU	4,610	**4,380**	(230)

Total ARPU declined year on year, mainly due to the 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* in 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)

	Three months ended June 30		
	2016	**2017**	Change
Churn rate	1.13%	**1.13%**	-
Phone[5] churn rate	0.85%	**0.79%**	0.06 pp improvement

The overall churn rate was level year on year as the phone[5] churn rate improved while the mobile data communications device churn rate deteriorated. The phone churn rate improved due to fewer subscribers switching to other operators under the Mobile Number Portability (MNP) system and the expansion of the *Home Bundle Discount Hikari Set*. The mobile data communications device churn rate deteriorated due to a decline in demand for such devices following the introduction of *Giga Monster* price plans for smartphones.

Broadband Service

Subscribers

(Thousands)

	March 31, 2017	**June 30, 2017**	Change
SoftBank Hikari	3,592	**4,012**	420
Yahoo! BB hikari with FLET'S	1,385	**1,267**	(118)
Yahoo! BB ADSL	1,168	**1,124**	(45)
Cumulative subscribers	6,145	**6,403**	258

The number of broadband service subscribers increased during the first quarter, 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,* acquisition of new subscribers during the high season for moving house, and a focused campaign to encourage users to switch over from other telecom carriers' fiber-optic services.

[5] Smartphones and feature phones within main subscribers; includes voice SIM subscriptions.

(b) Sprint Segment

1. **Positive postpaid phone net additions for the eighth consecutive quarter**
2. **Segment income grew 2.9x yoy and net income turned positive, with a one-time gain and progress in cost reductions**
3. **Adjusted free cash flow continued to be positive**

(Millions of yen)

	Three months ended June 30			
	2016	**2017**	Change	Change %
Net sales	873,923	**910,423**	36,500	4.2%
Segment income	45,368	**131,987**	86,619	190.9%
Depreciation and amortization	214,049	**230,832**	16,783	7.8%
Other adjustments	12,277	**(40,966)**	(53,243)	-
Adjusted EBITDA	271,694	**321,853**	50,159	18.5%

U.S. dollar-based results (IFRSs) (Millions of U.S. dollars)

	2016	2017	Change	Change %
Net sales	8,012	**8,157**	145	1.8%
Segment income	416	**1,183**	767	184.4%
Depreciation and amortization	1,962	**2,068**	106	5.4%
Other adjustments	113	**(367)**	(480)	-
Adjusted EBITDA	2,491	**2,884**	393	15.8%

Reference: Disclosed by Sprint (U.S. GAAP) (Millions of U.S. dollars)

	2016	2017	Change	Change %
Adjusted free cash flow	466	**239**	(227)	(48.7%)

OVERVIEW

Sprint continued its effort to return to a growth trajectory by increasing net sales together with promoting large-scale cost reductions. To expand net sales, Sprint continues its effort to increase the number of postpaid phone subscribers, which are the largest source of revenue and profit, by making full use of its ample spectrum holdings in ongoing improvements to network quality and value proposition. In cost reductions, Sprint expects a continuing progress for the fiscal year ending March 2018 by increasing operational efficiency mainly related to its network.

FINANCIAL RESULTS

Results in U.S. dollars

Net sales increased by $145 million (1.8%) year on year to $8,157 million. Device revenue increased due to the increased sales of used devices to third parties and an increase in mobile handset lease revenues. Meanwhile, telecom service revenue declined despite postpaid net additions, mainly due to the further penetration of lower rate plans offered in conjunction with device financing options and the dilutive impacts of a change in the device insurance service in January 2017.

Segment income increased by $767 million (184.4%) year on year to $1,183 million. This was due to the increase in net sales, as well as a decrease in operating expenses (cost of sales and selling, general and administrative expenses) of ¥129 million (1.8 %) year on year. Another contributing factor was the recording of gain on spectrum license exchange of $479 million under other operating income.

The main fluctuations in operating expenses were as follows:

Components	YoY change (Millions of U.S. dollars, %)	Main factors for the change
Cost of products	126 8.8%	Increase in the cost of handsets associated with sales of used devices to third parties
Depreciation and amortization	106 5.4%	Increase in leased device assets
Others	(361) (9.1%)	Reduction of network related expenses and expenses associated with the device insurance service

Adjusted EBITDA increased by $393 million (15.8%) year on year to $2,884 million.

Adjusted free cash flow declined by $227 million (48.7%) year on year to $239 million (disclosed by Sprint, U.S. GAAP). An increase in expenditure for acquisition of telecommunications network equipment and lower net proceeds of financings related to devices and receivables exceeded an increase in net cash provided by operating activities.

Results in yen

In yen terms, net sales increased by ¥36,500 million (4.2%) year on year to ¥910,423 million, segment income increased by ¥86,619 million (190.9%) year on year to ¥131,987 million, and adjusted EBITDA increased by ¥50,159 million (18.5%) year on year to ¥321,853 million.

OPERATIONS

Cumulative Subscribers[6]

(Thousands)

	March 31, 2017	**June 30, 2017**	Change	**Change excl. special factors[7]**
Postpaid	31,576	**31,518**	(58)	**(39)**
(incl.) Phone	26,079	**26,153**	74	**88**
Prepaid	8,688	**8,719**	31	**35**
Wholesale and affiliate	13,375	**13,461**	86	**65**
Cumulative subscribers	53,639	**53,698**	59	**61**

6 Sprint is no longer reporting Lifeline program subscribers due to recent regulatory changes resulting in tighter program restrictions. Sprint has excluded them from the number of prepaid and wholesale and affiliate subscribers for all periods presented, and therefore they do not match the Company's prior disclosures. See the "Earnings Results Data Sheet" on the Company's website for details. The Lifeline program is a program where carriers in the U.S. receive a subsidy from a government fund to provide discounted services to low-income subscribers.

7 Factor 1: In May 2016, Sprint's affiliate company acquired another operator. 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 adjustments to subscriber numbers that continued to occur after April 2017.

Factor 2: During the first quarter, 2,000 Wi-Fi connections were excluded from the postpaid subscriber base.

Net Additions (Losses)[6]

(Thousands)

	Three months ended June 30		
	2016	**2017**	Change
Postpaid	180	**(39)**	(219)
(incl.) Phone	173	**88**	(85)
Prepaid	(306)	**35**	341
Wholesale and affiliate	728	**65**	(663)
Total	602	**61**	(541)

Note: Excluding special factors[7]

Postpaid phone net subscriber additions were subdued at 88,000. New acquisitions increased, driven by various sales promotion measures including unlimited data plans, but were partially offset by an increase in deactivations due to further intensified competition.

Furthermore, a net loss in tablet subscribers outweighed the net addition in phone subscribers, resulting in a net loss in postpaid subscribers. Meanwhile, prepaid subscribers marked net addition again, continuing from the previous quarter.

Churn Rate (Postpaid)

	Three months ended June 30		
	2016	**2017**	Change
Postpaid phone churn rate	1.39%	**1.50%**	0.11 pp deterioration
Postpaid churn rate	1.56%	**1.65%**	0.09 pp deterioration

The postpaid phone churn rate increased due to intensified competition, as other operators introduced unlimited data plans in the previous quarter following Sprint.

In the first quarter, Sprint changed the definition of certain gross additions and deactivation for the postpaid subscribers. A newly-acquired customer who leaves shortly after activation was previously counted as a deactivation but is now counted as a deduction to gross additions. This change has no impact to net additions, but resulted in lower gross additions and lower deactivations by an equal amount in the quarter. Without this change, postpaid phone churn would have been 1.58%, and postpaid total churn would have been 1.73% in the quarter.

ABPU (Postpaid Phone)

(U.S. dollars)

	Three months ended June 30		
	2016	**2017**	Change
ARPU	59.20	**53.92**	(5.28)
Average equipment billings per user	12.97	**15.59**	2.62
Postpaid phone ABPU	72.17	**69.51**	(2.66)

Postpaid phone ABPU was relatively flat year on year, when adjusting for the dilutive impact of a change in the device insurance service in January 2017.

< Initiatives to Reduce Interest Expenses >

Sprint has started initiatives to reduce future interest payments while continuing to diversify its funding sources. During the first quarter, Sprint redeemed approximately $1.6 billion of high interest corporate bonds before maturity.

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

(c) Yahoo Japan Segment

(Millions of yen)

	Three months ended June 30 2016	2017	Change	Change %
Net sales	204,233	**211,459**	7,226	3.5%
Segment income	50,308	**51,584**	1,276	2.5%
Depreciation and amortization	9,167	**9,986**	819	8.9%
Other adjustments	-	**(4,929)**	(4,929)	-
Adjusted EBITDA	59,475	**56,641**	(2,834)	(4.8%)

More information about Yahoo Japan Corporation's financial results and business operations is available on the investor relations section of its website at about.yahoo.co.jp/ir/en/.

(d) Distribution Segment

(Millions of yen)

	Three months ended June 30 2016	2017	Change	Change %
Net sales	315,499	**297,755**	(17,744)	(5.6%)
Segment income	6,680	**2,365**	(4,315)	(64.6%)
Depreciation and amortization	1,789	**1,724**	(65)	(3.6%)
Adjusted EBITDA	8,469	**4,089**	(4,380)	(51.7%)

(e) Arm Segment

(Millions of yen)

	Three months ended June 30 2016	2017	Change	Change %
Net sales	-	**47,037**	47,037	-
Segment loss	-	**(6,935)**	(6,935)	-
Depreciation and amortization	-	**14,883**	14,883	-
Adjusted EBITDA	-	**7,948**	7,948	-

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. Since the acquisition, Arm has been accelerating investment in research and development by hiring more engineers. With the expansion of its engineering capability, Arm intends to develop new technologies faster, with a focus on artificial intelligence, computer vision, and augmented reality. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things (IoT).

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.

FINANCIAL RESULTS

Net sales totaled ¥47,037 million.

Segment loss was ¥6,935 million. During the first quarter, Arm increased its employees, mainly engineers, by a net 330 people, up 6.8% overall from the previous fiscal year-end aiming to further strengthen its R&D capability. Arm has also been enhancing the employee compensation system, including the start of a new performance-linked incentive program. Operating expenses also included ¥13,342 million of amortization expenses recorded for intangible assets recognized at the purchase price allocation for the Arm acquisition.

Adjusted EBITDA was ¥7,948 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)

	Fiscal year ended March 2017				**Fiscal year ending March 2018**
	Q2		Q3	Q4	**Q1**
	(Pro forma) 2016 Jul. 1 - Sep. 30	Post-acquisition 2016 Sep. 6 - 30			
Technology licensing	89	38	229	122	**149**
Technology royalties	240	82	248	258	**250**
Software and services	24	20	31	29	**29**
Total net sales	353	140	508	409	**428**

Net sales for the first quarter was $428 million. Technology licensing revenue can fluctuate quarter-to-quarter and licensing revenue reported in the first quarter was up 22% from the prior quarter to $149 million.

OPERATIONS

Licensing

	Licenses signed Apr.1 to June 30, 2017	Cumulative number of licenses signed June 30, 2017
Classic (*ARM7, ARM9, ARM11*)	-	500
Cortex-A	7	297
Cortex-R	5	83
Cortex-M	20	445
Mali	9	157
Number of processor licenses signed	41	1,482

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

During the first quarter, Arm signed 41 processor licenses, reflecting the ongoing demand for Arm's latest technology. Of the customers signing licenses, 13 were new customers purchasing their very first Arm processor license. The customers who signed licenses with Arm in the first quarter intend to use Arm technology in a very broad range of end markets, from connected sensors for IoT to smart consumer devices to machine-learning accelerator chips for servers.

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 March 31, 2017 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. 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 Jan. 1 to Mar. 31	
	2016	**2017**
Royalty units as reported by Arm's licensees	3.6 billion	**4.7 billion**
Breakdown by processor family		
Classic (*ARM7*, *ARM9*, *ARM11*)	26%	**17%**
Cortex-A	19%	**22%**
Cortex-R	7%	**8%**
Cortex-M	48%	**53%**

Arm's licensees reported shipments of 4.7 billion Arm-based chips for the three-month period ended March 31, 2017. This is an increase of approximately 28% over the same period of the previous fiscal 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.

(f) SVF Segment

(Millions of yen)

	Three months ended June 30			
	2016	**2017**	Change	Change %
Net sales	-	**-**	-	-
Segment income	-	**105,229**	105,229	-
Unrealized gain and loss on valuation of investments	-	**(106,871)**	(106,871)	-
Adjusted EBITDA	-	**(1,642)**	(1,642)	-

OVERVIEW

The Company established the SVF segment as a new reportable segment during the first quarter upon SVF having completed its Initial Closing in May 20, 2017. The SVF segment covers the investment activities of SVF and certain other investment vehicles managed or advised by SoftBank Investment Advisers. The purpose of SVF is to invest in companies across a wide range of technology sectors. SVF's investment period is, in principle, five years from its final closing, with a minimum life of 12 years. SVF's final closing is expected to occur no later than six months following the Initial Closing.

For details of SVF, see "2. SVF" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

Initial Closing of SVF

Date: May 20, 2017

Committed capital: $93.2 billion

Limited partners and their committed capital;

SoftBank Group Corp.: maximum $28 billion, including in-kind contributions;

The Public Investment Fund of the Kingdom of Saudi Arabia, the Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation: maximum $65.2 billion in total

Structure of SVF

SVF consists of several funds which are composed of the following entities;

- several GPs, each of which is a subsidiary of the Company;
- several limited partnerships managed by the GPs, mainly SoftBank Vision Fund L.P.;
- newly-established holding entities for several of the portfolio company investments ; and
- SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned UK subsidiary of the Company, which will provide investment advice to each GP, and US and Japanese advisory companies supporting SBIA.

Refer to the following table for the relationships between each GP, the limited partnerships, and investments as of June 30, 2017.

Main GPs	Main limited partnerships	Main expected investments
SVF GP (Jersey) Limited	SoftBank Vision Fund L.P.	NVIDIA Corporation
	SoftBank Vision Fund (AIV M1) L.P.	Guardant Health, Inc.
	SoftBank Vision Fund (AIV M2) L.P.	N/A
	SoftBank Vision Fund (AIV S1) L.P.	N/A
SB Delta Fund GP (Jersey) Limited	SB Delta Fund (Jersey) L.P.	N/A

The GPs will receive investment advice and certain investment execution and other services from SBIA once SBIA is registered with the UK Financial Conduct Authority (FCA). Investment decisions for the various entities comprising SVF are made by the Investment Committee established at the GPs or expected to be established at SBIA.

Results from the SVF segment

The portfolio companies that the Company is deemed to control under IFRSs are treated as subsidiaries of the Company and their results of operations, assets, and liabilities are included in the Company's consolidated financial statements. Investments except for subsidiaries made by SVF, including investments in associates, are in principle treated as financial assets at FVTPL, and they are measured at fair value at the end of each quarter, and the change during the reporting period is recognized in profit or loss.

Operating income and loss from the segment includes gain and loss on investments at SVF (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SVF, investment research expenses arising from the GPs and advisory companies, and administrative expenses arising from each entity.

Intercompany transactions, such as management fees and performance fees to the GPs or SBIA paid out from each limited partnership, are eliminated in consolidation. The results of operations, assets, and liabilities of SVF after eliminations are recorded in the Company's consolidated financial statements.

FINANCIAL RESULTS

Segment income was ¥105,229 million. The first quarter results primarily included unrealized gain and loss on valuation of investments that have been agreed to be transferred to SVF from the Company. These assets are expected to be transferred to SVF prior to the end of September 2017. As of the end of the first quarter, no investments were made by SVF. The breakdown of segment income was as follows:

(Millions of yen)

	Three months ended June 30		
	2016	**2017**	Major components
Gain and loss on investments			
Unrealized gain and loss on valuation of investments	-	**106,871**	The Company recorded changes in fair value during the first quarter for the shares of NVIDIA Corporation, which are currently held by the Company and agreed to be transferred to SVF.
Operating expenses	-	**(1,642)**	Expenses for incorporation and administrations
Segment income	-	**105,229**	

Adjusted EBITDA was negative ¥1,642 million. Adjusted EBITDA was obtained by deducting unrealized gain and loss on investments from segment income.

Investments of SVF

The following are the main investments currently held by the Company that had been agreed to be transferred to SVF as of the end of the first quarter. These are presented as “Investments from SVF accounted for using FVTPL” in the Company’s condensed interim consolidated financial statements.

Main expected investments	Main businesses
Subsidiary	
N /A	
Financial assets at FVTPL	
NVIDIA Corporation	Graphics processing unit (GPU) developer
Guardant Health, Inc.	Blood-based genomic cancer testing service

(2) Overview of Financial Position

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change	Change %
Total assets	24,634,212	**24,883,131**	248,919	1.0%
Total liabilities	20,164,482	**20,228,382**	63,900	0.3%
Total equity	4,469,730	**4,654,749**	185,019	4.1%

Reference: Exchange rate at the end of the first quarter used for translation

USD / JPY	¥112.19	¥112.00	(¥0.19)	(0.2%)
GBP / JPY	¥140.08	¥145.79	¥5.71	4.1%

(a) Current Assets

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Cash and cash equivalents	2,183,102	**1,287,970**	(895,132)
Trade and other receivables	2,121,619	**2,075,324**	(46,295)
Other financial assets	794,689	**669,443**	(125,246)
Inventories	341,344	**355,956**	14,612
Other current assets	283,221	**378,416**	95,195
Total current assets	5,723,975	**4,767,109**	(956,866)

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Cash and cash equivalents	Decreased mainly due to payments for acquisition of the following investment securities: ・Payments for acquisition of investments of ¥864,699 million These payments were mainly for investments executed by the Company with the plan of transferring them to SVF. ・Payments for acquisition of investments by SVF of ¥47,992 million These payments were for the investments that have been agreed to be transferred to SVF from among the investments executed by the Company with the plan of transferring them to SVF. See "(3) Overview of Cash Flows" for details of the other changes.
Other financial assets	Sprint sold part of commercial paper held for short-term investment.

(b) Non-current Assets

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Property, plant and equipment	3,977,254	**3,909,531**	(67,723)
(incl.) Sprint	1,926,072	**1,892,462**	(33,610)
Goodwill	4,175,464	**4,278,730**	103,266
(incl.) Arm	2,691,818	**2,797,046**	105,228
Intangible assets	6,946,639	**6,972,312**	25,673
FCC licenses[8]	4,100,651	**4,148,514**	47,863
Technologies	522,894	**539,330**	16,436
Customer relationships	448,806	**422,522**	(26,284)
Trademarks	760,563	**759,019**	(1,544)
Software	722,934	**727,118**	4,184
Others	390,791	**375,809**	(14,982)
Investments accounted for using the equity method	1,670,799	**1,687,057**	16,258
Investments from SVF accounted for using FVTPL	-	**483,278**	483,278
Investment securities	1,106,409	**1,698,344**	591,935
Other financial assets	445,858	**442,334**	(3,524)
Deferred tax assets	404,994	**457,648**	52,654
Other non-current assets	182,820	**186,788**	3,968
Total non-current assets	18,910,237	**20,116,022**	1,205,785

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Property, plant and equipment	Telecommunications network equipment of Sprint and SoftBank Corp. decreased due to depreciation exceeding the amount of newly-acquired assets.
Goodwill	Goodwill for Arm increased due to the weaker yen against the pound.
Investments from SVF accounted for using FVTPL	The Company recorded fair values at the end of the first quarter of investments that have been agreed to be transferred to SVF. This includes the shares of NVIDIA Corporation that were reclassified from "Investment securities" and investment securities that were newly acquired during the first quarter.
Investment securities	The Company executed an additional investment in Xiaoju Kuaizhi Inc., which operates a ride-sharing service in China, and newly-acquired investment securities such as OSIsoft LLC, which provides industrial IoT solutions, with the plan of transferring them to SVF. Meanwhile, the Company reclassified the shares of NVIDIA Corporation that have been agreed to be transferred to SVF from the Company, to investments from SVF accounted for using FVTPL.

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

(c) Current Liabilities

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Interest-bearing debt	2,694,093	**3,287,520**	593,427
SoftBank Group Corp.	1,139,734	**1,748,048**	608,314
Short-term borrowings	505,802	**701,613**	195,811
Current portion of long-term borrowings	433,983	**434,389**	406
Current portion of corporate bonds	119,947	**519,045**	399,098
Others	80,002	**93,001**	12,999
Sprint	536,897	**545,859**	8,962
Current portion of long-term borrowings	307,178	**363,193**	56,015
Current portion of corporate bonds	219,365	**173,785**	(45,580)
Others	10,354	**8,881**	(1,473)
Others	1,017,462	**993,613**	(23,849)
Short-term borrowings	161,862	**129,988**	(31,874)
Current portion of long-term borrowings	387,349	**396,618**	9,269
Lease obligations	431,522	**440,306**	8,784
Others	36,729	**26,701**	(10,028)
Trade and other payables	1,607,453	**1,466,494**	(140,959)
Other financial liabilities	13,701	**15,074**	1,373
Income taxes payables	256,218	**77,190**	(179,028)
Provisions	56,362	**53,762**	(2,600)
Other current liabilities	599,096	**638,465**	39,369
Total current liabilities	5,226,923	**5,538,505**	311,582

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Current portion of corporate bonds increased, mainly due to transfers from non-current liabilities as the redemption became due within one year, as well as an increase in short-term borrowings due to drawing down of credit line facility. Sprint: Current portion of long-term borrowings 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 early redemptions of certain corporate bonds.
Trade and other payables	Trade and other payables decreased at SoftBank Corp. due to a temporary increase at the previous fiscal year-end in sales commissions paid to dealers and accounts payable for mobile devices. Trade and other payables also decreased at Sprint as accounts payable-other related to telecommunications network equipment decreased after making payments.
Income taxes payables	During the first quarter, the Company paid income taxes recognized and accrued at the previous fiscal year-end, such as income taxes on gains from the sale of Supercell Oy shares.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Interest-bearing debt	12,164,277	**11,612,879**	(551,398)
SoftBank Group Corp.	6,378,194	**6,006,599**	(371,595)
Long-term borrowings	2,133,705	**2,136,530**	2,825
Corporate bonds	4,244,488	**3,870,069**	(374,419)
Others	1	**－**	(1)
Sprint	4,024,390	**3,858,951**	(165,439)
Long-term borrowings	1,044,116	**1,030,560**	(13,556)
Corporate bonds	2,954,300	**2,804,227**	(150,073)
Others	25,974	**24,164**	(1,810)
Others	1,761,693	**1,747,329**	(14,364)
Long-term borrowings	199,804	**197,958**	(1,846)
Financial liabilities relating to sale of shares by variable prepaid forward contract	715,448	**717,073**	1,625
Lease obligations	787,124	**779,037**	(8,087)
Others	59,317	**53,261**	(6,056)
Derivative financial liabilities	254,146	**471,889**	217,743
Other financial liabilities	33,083	**73,226**	40,143
Defined benefit liabilities	108,172	**108,018**	(154)
Provisions	138,730	**137,747**	(983)
Deferred tax liabilities	1,941,380	**1,987,361**	45,981
Other non-current liabilities	297,771	**298,757**	986
Total non-current liabilities	14,937,559	**14,689,877**	(247,682)

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Corporate bonds decreased, due to transfers to current liabilities of corporate bonds with maturities of less than one year. Sprint: Corporate bonds decreased, due to early redemptions of certain corporate bonds.
Derivative financial liabilities	Derivative liabilities increased by ¥260,340 million due to recording derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

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 “7. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(e) Equity

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Total equity attributable to owners of the parent	3,586,352	**3,773,017**	186,665
Non-controlling interests	883,378	**881,732**	(1,646)
Total equity	4,469,730	**4,654,749**	185,019
Ratio of equity attributable to owners of the parent	14.6%	**15.2%**	0.6 pp

Equity attributable to owners of the parent

(Millions of yen)

	March 31, 2017	**June 30, 2017**	Change
Common stock	**238,772**	**238,772**	-
Capital surplus	**245,706**	**247,505**	1,799
Retained earnings	**2,958,355**	**2,939,186**	(19,169)
Treasury stock	**(67,727)**	**(66,425)**	1,302
Accumulated other comprehensive income	**211,246**	**413,979**	202,733
Available-for-sale financial assets	**11,983**	**41,574**	29,591
Cash flow hedges	**(44,877)**	**(26,583)**	18,294
Exchange differences on translating foreign operations	**244,140**	**398,988**	154,848
Total equity attributable to owners of the parent	**3,586,352**	**3,773,017**	186,665

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Retained earnings	The Company recorded net income attributable to owners of the parent of ¥5,521 million. Meanwhile, cash dividends of ¥23,964 million were paid for the year-end dividend for the fiscal year ended March 31, 2017.
Accumulated other comprehensive income	The weaker yen against the pound caused an increase in exchange differences on translating foreign operations related to Arm.

(3) Overview of Cash Flows

(Millions of yen)

	Three months ended June 30		
	2016	**2017**	Change
Cash flows from operating activities	252,734	**195,954**	(56,780)
Cash flows from investing activities	(154,840)	**(1,068,352)**	(913,512)
Cash flows from financing activities	679,598	**(26,022)**	(705,620)

(a) Cash Flows from Operating Activities

Net cash provided by operating activities decreased by ¥56,780 million year on year. This mainly reflects a year-on-year increase of ¥113,637 million in income taxes paid due to the payment in the first quarter of income taxes related to the sale of Supercell Oy shares in the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components of the first quarter

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(284,038) million	Sprint acquired telecommunications network equipment and leased devices, and SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(864,699) million	This mainly represents the payments for investments executed by the Company with the plan of transferring them to SVF. Investments during the first quarter included Xiaoju Kuaizhi Inc. and OSIsoft LLC.
Payments for acquisition of investment by SVF ¥(47,992) million	This represents the payments for investments executed by the Company during the first quarter that have been agreed to be transferred to SVF.
Payments for acquisition of marketable securities for short-term trading ¥(77,066) million Proceeds from sales/redemption of marketable securities for short-term trading ¥178,134 million	These proceeds and payments are mainly associated with Sprint’s short-term trading.

(c) Cash Flows from Financing Activities

Primary components of the first quarter

Component	Primary details
Increases in short-term interest-bearing debt, net ¥176,788 million	SoftBank Group Corp. procured funds to enhance its cash on hand.
Proceeds from long-term interest-bearing debt ¥335,513 million	
Proceeds from long-term borrowings ¥219,167 million	SoftBank Corp. made a borrowing through securitization of installment sales receivables. Sprint made borrowings through the sale of future lease receivables and the securitization of installment sales receivables.
Proceeds from sale and leaseback of newly acquired equipment ¥116,346 million	SoftBank Corp. conducted a sale and leaseback for a purchase of telecommunications network equipment by finance lease.
Repayment of long-term interest-bearing debt ¥(480,920) million	
Repayment of long-term borrowings ¥(169,289) million	SoftBank Corp. repaid borrowings made through securitization of installment sales receivables. Sprint also repaid borrowings.
Redemption of corporate bonds ¥(177,328) million	Sprint conducted early redemptions of certain corporate bonds.
Repayment of lease obligations ¥(118,610) million	SoftBank Corp. repaid lease obligations for telecommunications network equipment.

(4) Forecasts

The Company does not give forecasts of consolidated results of operations as they are difficult to project due to a numerous uncertainties affecting earnings. For forecasts of the Domestic Telecommunications segment, see “Forecast for the Fiscal Year ending March 2018” of “(a) Domestic Telecommunications Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three-month Period Ended June 30, 2017

(Specified subsidiary (one company) excluded from the scope of consolidation)

SoftBank Group International GK and SoftBank Group Japan GK conducted an absorption-type merger, with SoftBank Group International GK as the surviving company, effective on April 24, 2017. As a result of the merger, SoftBank Group Japan GK was dissolved and excluded from the scope of consolidation.

(2) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

The following standard is adopted from the three-month period ended June 30, 2017.

Standard	Interpretation	Outline of the new/revised standard
IAS 7 (amendment)	Statement of Cash Flows	Requirement for additional disclosure related to changes in liabilities arising from financing activities.

There is no significant impact on the condensed interim consolidated financial statements due to the adoption of the above standard.

3. Condensed Interim Consolidated Financial Statements and Primary Notes

(Definitions of company names and abbreviations used in the condensed interim consolidated financial statements and primary notes)

Company names and abbreviations used in the condensed interim consolidated financial statements and primary 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.	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Arm	Arm Holdings plc
SVF	SoftBank Vision Fund*
Alibaba	Alibaba Group Holding Limited

Note:
* SVF consists of several funds which are composed of the following entities;
- several general partners ("GPs"), each of which is a subsidiary of the Company;
- several limited partnerships, managed by the GPs, mainly SoftBank Vision Fund L.P.;
- newly-established holding entities for several of the portfolio company investments; and
- SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned UK subsidiary of the Company, which will provide investment advice to each GP, and US and Japanese advisory companies supporting SBIA.

The relationship between each general partner, the limited partnerships, and main investments as of June 30, 2017 is as follows.

Main General Partner (GP)	Main Limited Partnerships	Main Expected Investments
SVF GP (Jersey) Limited	SoftBank Vision Fund L.P.	NVIDIA Corporation
	SoftBank Vision Fund (AIV M1) L.P.	Guardant Health, Inc.
	SoftBank Vision Fund (AIV M2) L.P.	N/A
	SoftBank Vision Fund (AIV S1) L.P.	N/A
SB Delta Fund GP (Jersey) Limited	SB Delta Fund (Jersey) L.P.	N/A

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	2,183,102	1,287,970
Trade and other receivables	2,121,619	2,075,324
Other financial assets	794,689	669,443
Inventories	341,344	355,956
Other current assets	283,221	378,416
Total current assets	5,723,975	4,767,109
Non-current assets		
Property, plant and equipment	3,977,254	3,909,531
Goodwill	4,175,464	4,278,730
Intangible assets	6,946,639	6,972,312
Investments accounted for using the equity method	1,670,799	1,687,057
Investments from SVF accounted for using FVTPL	-	483,278
Investment securities	1,106,409	1,698,344
Other financial assets	445,858	442,334
Deferred tax assets	404,994	457,648
Other non-current assets	182,820	186,788
Total non-current assets	18,910,237	20,116,022
Total assets	24,634,212	24,883,131

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,694,093	3,287,520
Trade and other payables	1,607,453	1,466,494
Other financial liabilities	13,701	15,074
Income taxes payables	256,218	77,190
Provisions	56,362	53,762
Other current liabilities	599,096	638,465
Total current liabilities	5,226,923	5,538,505
Non-current liabilities		
Interest-bearing debt	12,164,277	11,612,879
Derivative financial liabilities	254,146	471,889
Other financial liabilities	33,083	73,226
Defined benefit liabilities	108,172	108,018
Provisions	138,730	137,747
Deferred tax liabilities	1,941,380	1,987,361
Other non-current liabilities	297,771	298,757
Total non-current liabilities	14,937,559	14,689,877
Total liabilities	20,164,482	20,228,382
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	245,706	247,505
Retained earnings	2,958,355	2,939,186
Treasury stock	(67,727)	(66,425)
Accumulated other comprehensive income	211,246	413,979
Total equity attributable to owners of the parent	3,586,352	3,773,017
Non-controlling interests	883,378	881,732
Total equity	4,469,730	4,654,749
Total liabilities and equity	24,634,212	24,883,131

(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Continuing operations		
Net sales	2,126,521	2,186,059
Cost of sales	(1,267,273)	(1,255,123)
Gross profit	859,248	930,936
Selling, general and administrative expenses	(507,841)	(589,361)
Other operating income (loss)	(32,171)	32,469
Operating income (excluding income from SVF)	319,236	374,044
Operating income from SVF	-	105,229
Operating income	319,236	479,273
Finance cost	(112,107)	(120,870)
Income on equity method investments	35,466	1,634
Gain on sales of shares of associates	204,233	-
Derivative gain (loss)	21,511	(257,059)
Change in third-party interests in SVF	-	(43,589)
Other non-operating income (loss)	(111,978)	18,179
Income before income tax	356,361	77,568
Income taxes	(144,069)	(47,028)
Net income from continuing operations	212,292	30,540
Discontinued operations		
Net income from discontinued operations	60,059	-
Net income	272,351	30,540
Net income attributable to		
Owners of the parent	254,157	5,521
Non-controlling interests	18,194	25,019
	272,351	30,540
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	174.93	5.07
Discontinued operations	48.62	-
Total basic earnings per share	223.55	5.07
Diluted earnings per share (yen)		
Continuing operations	173.61	4.22
Discontinued operations	48.61	-
Total diluted earnings per share	222.22	4.22

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Net income	272,351	30,540
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	9	-
Total items that will not be reclassified to profit or loss	9	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	14,909	24,322
Cash flow hedges	(18,556)	18,134
Exchange differences on translating foreign operations	(356,970)	153,947
Share of other comprehensive income of associates	(14,812)	6,626
Total items that may be reclassified subsequently to profit or loss	(375,429)	203,029
Total other comprehensive income, net of tax	(375,420)	203,029
Total comprehensive income	(103,069)	233,569
Total comprehensive income attributable to		
Owners of the parent	(93,847)	208,254
Non-controlling interests	(9,222)	25,315
	(103,069)	233,569

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the three-month period ended June 30, 2016

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Subtotal	Accumulated other comprehensive income directly associated with assets classified as held for sale	Total
As of April 1, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	-	2,613,613
Comprehensive income								
Net income	-	-	254,157	-	-	254,157	-	254,157
Other comprehensive income	-	-	-	-	(348,004)	(348,004)	-	(348,004)
Total comprehensive income	-	-	254,157	-	(348,004)	(93,847)	-	(93,847)
Transactions with owners and other transactions								
Cash dividends	-	-	(24,085)	-	-	(24,085)	-	(24,085)
Transfer of accumulated other comprehensive income to retained earnings	-	-	9	-	(9)	-	-	-
Purchase and disposal of treasury stock	-	-	(230)	(80,090)	-	(80,320)	-	(80,320)
Changes in interests in subsidiaries	-	(933)	-	-	-	(933)	-	(933)
Changes in associates' interests in their subsidiaries	-	(326)	-	-	-	(326)	-	(326)
Share-based payment transactions	-	(34)	-	-	-	(34)	-	(34)
Transfer to held for sale	-	-	-	-	32,977	32,977	(32,977)	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	(1,293)	(24,306)	(80,090)	32,968	(72,721)	(32,977)	(105,698)
As of June 30, 2016	238,772	259,941	2,396,474	(394,842)	(53,300)	2,447,045	(32,977)	2,414,068

	Non-controlling interests	Total equity
As of April 1, 2016	891,658	3,505,271
Comprehensive income		
Net income	18,194	272,351
Other comprehensive income	(27,416)	(375,420)
Total comprehensive income	(9,222)	(103,069)
Transactions with owners and other transactions		
Cash dividends	(29,027)	(53,112)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(80,320)
Changes in interests in subsidiaries	3,948	3,015
Changes in associates' interests in their subsidiaries	-	(326)
Share-based payment transactions	2,786	2,752
Transfer to held for sale	-	-
Other	(2,215)	(2,215)
Total transactions with owners and other transactions	(24,508)	(130,206)
As of June 30, 2016	857,928	3,271,996

For the three-month period ended June 30, 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, 2017	238,772	245,706	2,958,355	(67,727)	211,246	3,586,352	883,378	4,469,730
Comprehensive income								
Net income	-	-	5,521	-	-	5,521	25,019	30,540
Other comprehensive income	-	-	-	-	202,733	202,733	296	203,029
Total comprehensive income	-	-	5,521	-	202,733	208,254	25,315	233,569
Transactions with owners and other transactions								
Cash dividends	-	-	(23,964)	-	-	(23,964)	(29,421)	(53,385)
Purchase and disposal of treasury stock	-	-	(726)	1,302	-	576	-	576
Changes in interests in subsidiaries	-	(2,995)	-	-	-	(2,995)	3,106	111
Changes in associates' interests in their subsidiaries	-	4,061	-	-	-	4,061	-	4,061
Changes in interests in associates' capital surplus	-	49	-	-	-	49	-	49
Share-based payment transactions	-	684	-	-	-	684	(399)	285
Other	-	-	-	-	-	-	(247)	(247)
Total transactions with owners and other transactions	-	1,799	(24,690)	1,302	-	(21,589)	(26,961)	(48,550)
As of June 30, 2017	238,772	247,505	2,939,186	(66,425)	413,979	3,773,017	881,732	4,654,749

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Cash flows from operating activities		
Net income	272,351	30,540
Depreciation and amortization	345,392	371,991
Gain on investments at SVF	-	(106,871)
Finance cost	112,107	120,870
Income on equity method investments	(35,466)	(1,634)
Gain on sales of shares of associates	(204,233)	-
Derivative (gain) loss	(21,511)	257,059
Change in third-party interests in SVF	-	43,589
Other non-operating loss (income)	110,365	(18,179)
Income taxes	111,057	47,028
Decrease in trade and other receivables	62,083	61,489
Increase in inventories	(67,016)	(98,530)
Decrease in trade and other payables	(118,394)	(66,365)
Other	(56,867)	(88,292)
Subtotal	509,868	552,695
Interest and dividends received	5,945	5,681
Interest paid	(126,007)	(111,708)
Income taxes paid	(137,322)	(250,959)
Income taxes refunded	250	245
Net cash provided by operating activities	252,734	195,954
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(234,160)	(284,038)
Payments for acquisition of investments	(109,157)	(864,699)
Payments for acquisition of investments by SVF	-	(47,992)
Proceeds from sales/redemption of investments	322,788	5,867
Payments for acquisition of marketable securities for short-term trading	(70,099)	(77,066)
Proceeds from sales/redemption of marketable securities for short-term trading	5,866	178,134
Payments into time deposits	(74,921)	(91,366)
Proceeds from withdrawal of time deposits	700	127,841
Other	4,143	(15,033)
Net cash used in investing activities	(154,840)	(1,068,352)
Cash flows from financing activities		
(Decrease) increase in short-term interest-bearing debt, net	(21,413)	176,788
Proceeds from long-term interest-bearing debt	1,202,251	335,513
Repayment of long-term interest-bearing debt	(360,155)	(480,920)
Purchase of treasury stock	(80,515)	(8)
Cash dividends paid	(23,195)	(23,162)
Cash dividends paid to non-controlling interests	(28,982)	(28,995)
Other	(8,393)	(5,238)
Net cash provided by (used in) financing activities	679,598	(26,022)
Effect of exchange rate changes on cash and cash equivalents	(77,367)	3,288
Decrease in cash and cash equivalents arising from transfer to assets classified as held for sale	(38,433)	-
Increase (decrease) in cash and cash equivalents	661,692	(895,132)
Cash and cash equivalents at the beginning of the period	2,569,607	2,183,102
Cash and cash equivalents at the end of the period	3,231,299	1,287,970

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

The Company has newly adopted accounting policies due to completion of the first closing of SVF in May 2017. The details are described in "Note 2. SVF."

2. SVF

(1) Summary of the transaction

a. First major closing

SVF, which is included in the scope of consolidation of the Company, completed its first major closing on May 20, 2017 with $93.2 billion of committed capital ("Initial Closing"). In addition to the Company, investors in SVF include the Public Investment Fund of the Kingdom of Saudi Arabia, the Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation or their respective affiliates, collectively the "Limited Partners." The final closing of SVF is expected to occur no later than six months following the Initial Closing.

Under the Initial Closing, the Company has committed a maximum of $28 billion of capital to SVF, which includes in-kind contributions. The other Limited Partners ("Third-Party Investors") have committed a maximum aggregate amount of $65.2 billion.

The Company established "the SVF segment" during the three-month period ended June 30, 2017 as a new reportable segment due to the completion of the Initial Closing. The details are described in "Note 3. Segment information."

b. Structure of SVF

SVF consists of several funds which are composed of the following entities;

- several general partners ("GPs"), each of which is a subsidiary of the Company;
- several limited partnerships managed by the GPs, mainly SoftBank Vision Fund L.P.;
- newly-established holding entities for several of the portfolio company investments; and
- SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned UK subsidiary of the Company, which will provide investment advice to each GP, and US and Japanese advisory companies supporting SBIA.

The relationship between each general partner, the limited partnerships, and main investments as of June 30, 2017 is as follows.

Main General Partner (GP)	Main Limited Partnerships	Main Expected Investments
SVF GP (Jersey) Limited	SoftBank Vision Fund L.P.	NVIDIA Corporation
	SoftBank Vision Fund (AIV M1) L.P.	Guardant Health, Inc.
	SoftBank Vision Fund (AIV M2) L.P.	N/A
	SoftBank Vision Fund (AIV S1) L.P.	N/A
SB Delta Fund GP (Jersey) Limited	SB Delta Fund (Jersey) L.P.	N/A

The GPs will receive investment advice and certain investment execution and other services from SBIA once SBIA is registered with the UK Financial Conduct Authority. Investment decisions for the various entities comprising SVF are made by the Investment Committee established at the GPs or expected to be established at SBIA. GP and SBIA are wholly-owned subsidiaries of the Company, as such the Company has control over SVF's limited partnerships and holding entities as stipulated in IFRS 10 "Consolidated Financial Statements." Accordingly, all entities that comprise SVF are consolidated by the Company. Intercompany transactions such as management fees and performance fees to the GPs or SBIA paid out from each limited partnership, are eliminated in consolidation. The results of operation, assets and liabilities of SVF after eliminations are recorded in the Company's consolidated financial statements.

(2) Significant accounting policies

a. Portfolio company investments made by SVF

SVF will use the Limited Partners' committed capital to invest mainly in companies that have superior technologies or business models, and are expected to experience strong growth over the next five years from the final closing.

(a) Investments to subsidiaries

The portfolio companies that the Company is deemed to control under IFRS 10 are treated as subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's consolidated financial statements. As of June 30, 2017, there were no such investments made by SVF.

The Company will transfer a portion of its shares of Arm Holdings plc ("Arm") to SVF, and Arm will continue to be a subsidiary of the Company. The details are described in "(a) Contribution from the Company to SVF (Transfer of a portion of shares of Arm)" under "c. Contribution from Limited Partners to SVF."

(b) Investments except for subsidiaries

Investments except for subsidiaries made by SVF, including investments in associates, are managed in accordance with SVF's documented risk management policy or investment strategy, and the performance of each investment is reviewed on a fair value basis. Performance evaluation and investment decisions are made by the relevant GP and the information is provided to the Company's management; therefore, these investments are recorded as financial assets at FVTPL upon initial recognition. Accordingly, these investments are measured at fair value at the end of each quarter and the change during the reporting period is recognized in profit or loss. Such investments that SVF made or investments that the Company and SVF agreed to transfer to SVF from the Company are presented as "Investments from SVF accounted for using FVTPL" in the condensed interim consolidated statements of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SVF" under cash flows from investing activities in the condensed interim consolidated statements of cash flows.

b. Results from SVF

Income and loss arising from the SVF segment are separated from operating income and loss arising from other segments, recognized as a component of operating income, and presented as "Operating income from SVF" in the condensed interim consolidated statements of income. Gain and loss on investments at SVF (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SVF, investment research expenses arising from GP and advisory companies, and administrative expenses arising from each entity, are included in "Operating income and loss from SVF." The details are described in "Note 10. Operating income from SVF."

c. Contribution from Limited Partners to SVF

SVF draws down a portion of its committed capital from its Limited Partners (a "Capital Call").

Uncalled committed capital from Third-Party Investors is deemed to be a loan commitments and not subject to IAS 39, "Financial Instruments: Recognition and Measurement," and therefore this amount is not recorded in the consolidated statements of financial position.

(a) Contribution from the Company to SVF (Transfer of a portion of shares of Arm)

The Company will contribute approximately 24.99% of the total number of issued shares of Arm (the “Arm Shares”), all of which is owned by the Company, to SVF through an in-kind contribution (the “In-kind Contribution”) in satisfaction of approximately $8.2 billion of the Company’s $28 billion commitment to SVF.

At the Capital Call, the Company will be obligated to contribute a portion of the Arm Shares with a value equivalent to the amount of the Capital Call issued to the Company. After (and to the extent that) the aggregate amount of the Capital Call issued to the Company exceeds approximately $8.2 billion, the aggregate value of the In-kind Contribution, the Company will contribute cash in satisfaction of the Capital Calls. The In-kind Contribution will be effected through the transfer of Arm shares to SVF, subject to the satisfaction of preconditions related to regulatory approvals prescribed in SVF’s documents. Such conditions include clearance from the Committee on Foreign Investments in the United States in respect of the transfer of the Arm Shares. Pending delivery of the Arm Shares to SVF following satisfaction of such conditions, a relevant portion of the Arm Shares will be pledged in favor of SVF.

After the completion of the In-kind Contribution of Arm Shares, Arm will continue to be a consolidated subsidiary of the Company.

(b) Contribution from Third-Party Investors to SVF

The interests attributable to Third-Party Investors are classified as financial liabilities, “Third-party interests in SVF” in the consolidated statements of financial position, due to the predetermined finite life (at least 12 years from the final closing) and contractual payment provision to each of the Limited Partners within the limited partnership agreement. The amounts equivalent to the liabilities are recorded as “Other financial liabilities” of non-current liabilities in the condensed interim consolidated statements of financial position as of June 30, 2017. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario, and are disclosed on the consolidated statements of financial position as a liability. Changes in the interests of Third-Party Investors are recognized through net profit or loss and presented as “Changes in third-party interests in SVF” in non-operating income and loss in the condensed interim consolidated statements of income.

Contributions from Third-Party Investors to SVF will be included in “Contributions into SVF from third-party investors” under cash flows from financing activities in the consolidated statements of cash flows. There were no such contributions for the three-month period ended June 30, 2017.

3. 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 six reportable segments: the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SVF segment.

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

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

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

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

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, and the sale of software tools.

The SVF segment conducts, through SVF, investment activities in a wide range of technology sectors. The SVF segment was newly established from the three-month period ended June 30, 2017, after the completion of the Initial Closing. Gain and loss on investments related to the shares agreed to be transferred to SVF and SVF's operating expenses are included in the reportable segment information for the three-month period ended June 30, 2017.

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 addition or deduction of unrealized gain and loss on valuation of investments and 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.

For the three-month period ended June 30, 2016

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	754,662	848,098	201,392	300,148	-	-	2,104,300
Intersegment	7,101	25,825	2,841	15,351	-	-	51,118
Total	761,763	873,923	204,233	315,499	-	-	2,155,418
Segment income	239,013	45,368	50,308	6,680	-	-	341,369
Reconciliation from segment income to adjusted EBITDA							
Segment income	239,013	45,368	50,308	6,680	-	-	341,369
Depreciation and amortization	112,266	214,049	9,167	1,789	-	-	337,271
EBITDA	351,279	259,417	59,475	8,469	-	-	678,640
Other adjustments	-	12,277	-	-	-	-	12,277
Adjusted EBITDA	351,279	271,694	59,475	8,469	-	-	690,917

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	22,221	-	2,126,521
Intersegment	5,086	(56,204)	-
Total	27,307	(56,204)	2,126,521
Segment income	(4,458)	(17,675)	319,236
Reconciliation from segment income to adjusted EBITDA			
Segment income	(4,458)	(17,675)	319,236
Depreciation and amortization	2,358	380	340,009
EBITDA	(2,100)	(17,295)	659,245
Other adjustments	-	6,828	19,105
Adjusted EBITDA	(2,100)	(10,467)	678,350

For the three-month period ended June 30, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	747,029	875,020	207,917	283,004	47,036	-	2,160,006
Intersegment	8,627	35,403	3,542	14,751	1	-	62,324
Total	755,656	910,423	211,459	297,755	47,037	-	2,222,330
Segment income	218,467	131,987	51,584	2,365	(6,935)	105,229	502,697
Reconciliation from segment income to adjusted EBITDA							
Segment income	218,467	131,987	51,584	2,365	(6,935)	105,229	502,697
Depreciation and amortization	111,006	230,832	9,986	1,724	14,883	-	368,431
EBITDA	329,473	362,819	61,570	4,089	7,948	105,229	871,128
Unrealized gain and loss on valuation of investments in SVF	-	-	-	-	-	(106,871)	(106,871)
Other adjustments	-	(40,966)	(4,929)	-	-	-	(45,895)
Adjusted EBITDA	329,473	321,853	56,641	4,089	7,948	(1,642)	718,362

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	26,053	-	2,186,059
Intersegment	6,814	(69,138)	-
Total	32,867	(69,138)	2,186,059
Segment income	(6,747)	(16,677)	479,273
Reconciliation from segment income to adjusted EBITDA			
Segment income	(6,747)	(16,677)	479,273
Depreciation and amortization	3,146	414	371,991
EBITDA	(3,601)	(16,263)	851,264
Unrealized gain and loss on valuation of investments in SVF	-	-	(106,871)
Other adjustments	-	1,612	(44,283)
Adjusted EBITDA	(3,601)	(14,651)	700,110

4. Business combinations

Arm (adjustment of the provisional amount)

On September 5, 2016, the Company acquired all shares of Arm and Arm became a wholly-owned subsidiary of the Company. Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Allocation of the consideration was completed during the three-month period ended June 30, 2017. The details of the adjustments from the provisional amounts are as follows. Due to the additional analysis on the fair value of technologies, intangible assets increased by ¥5,250 million and deferred tax liabilities increased by ¥958 million. As a result, goodwill decreased by ¥4,292 million.

(1) 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

(2) 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		698,682
Other non-current assets		23,649
Total assets		918,187
Current liabilities		61,930
Deferred tax liabilities		128,580
Other non-current liabilities		7,292
Total liabilities		197,802
Net assets	B	720,385
Goodwill	A-B	2,646,619

The above amount is translated at the exchange rate (GBP = JPY138.15) as of the acquisition date.

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, 2017	As of June 30, 2017
Buildings and structures	263,061	261,629
Telecommunications equipment	2,654,096	2,554,895
Equipment and fixtures	627,730	650,775
Land	99,905	99,830
Construction in progress	302,177	274,425
Other	30,285	67,977
Total	3,977,254	3,909,531

6. Intangible assets

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

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Intangible assets with indefinite useful lives		
FCC licenses	4,100,651	4,148,514
Trademarks	703,031	701,980
Intangible assets with finite useful lives		
Software	722,934	727,118
Technologies	522,894	539,330
Customer relationships	448,806	422,522
Spectrum migration costs	103,814	102,149
Favorable lease contracts	104,754	101,384
Trademarks	57,532	57,039
Other	182,223	172,276
Total	6,946,639	6,972,312

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, 2017	As of June 30, 2017
Current		
Short-term borrowings	667,664	831,601
Commercial paper	80,000	93,000
Current portion of long-term borrowings	1,128,510	1,194,200
Current portion of corporate bonds	339,462	692,880
Current portion of lease obligations	438,284	446,485
Current portion of installment payables	40,173	29,354
Total	2,694,093	3,287,520
Non-current		
Long-term borrowings	3,377,625	3,365,048
Corporate bonds	7,233,838	6,709,322
Lease obligations	807,606	798,084
Financial liabilities relating to sale of shares by variable prepaid forward contract*	715,448	717,073
Installment payables	29,760	23,352
Total	12,164,277	11,612,879

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 on the sale.

The Trust, on the other hand, utilized Alibaba shares scheduled to be transferred from WRH LLC at the time of settlement under the contract and issued $6.6 billion of Mandatory Exchangeable Trust Securities (“Trust Securities”) which are mandatorily exchangeable into American depositary shares (“ADSs”) of Alibaba. The proceeds from the sale received by WRH LLC from the Trust was $5.4 billion, which is after certain amounts from the $6.6 billion total of Trust Securities were deducted in order to purchase U.S. Treasury securities, which would fund distributions on the Trust Securities, and to cover expenses for the issuance of the Trust Securities.

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

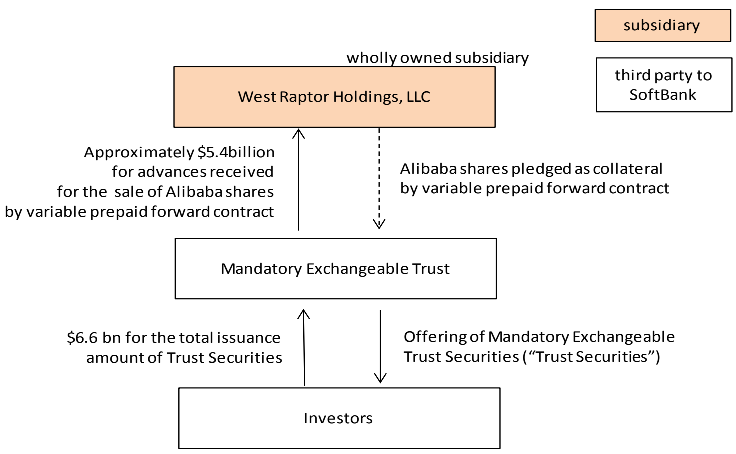
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥717,073 million (¥715,448 million as of March 31, 2017) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥404,275 million (¥143,935 million as of March 31, 2017) is recognized as derivative financial liabilities (non-current liabilities) in the condensed interim consolidated statements of financial position as of June 30, 2017; ¥259,677 million (¥5,878 million of derivative loss for the three-month period ended June 30, 2016) is recognized as a derivative loss in the condensed interim consolidated statements of income for the three-month period ended June 30, 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, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the transaction price of ADSs, will be paid.

Also, WRH LLC has the option ("early settlement option") to settle the variable prepaid forward contract prior to the scheduled settlement date. Settlement of the variable prepaid forward contract may be made prior to the scheduled settlement date if WRH LLC elects the early settlement option or under certain circumstances.

Alibaba shares held by WRH LLC are pledged as collateral. The Company continues to apply the equity method to these shares and they are included in "Investments accounted for using the equity method" in the condensed interim consolidated statements of financial position as of June 30, 2017. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥156,746 million as of June 30, 2017 (¥154,440 million as of March 31, 2017).

Outline of the transaction



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

The components of "(Decrease) increase in short-term interest-bearing debt, net" in the condensed interim consolidated statements of cash flows are as follows:

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Net (decrease) increase of short-term borrowings	(8,413)	163,788
Net (decrease) increase of commercial paper	(13,000)	13,000
Total	(21,413)	176,788

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

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

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Proceeds from long-term borrowings	438,163	219,167
Proceeds from issuance of corporate bonds	50,000	-
Proceeds from sale and leaseback of newly acquired equipment	135,652	116,346
Proceeds from advances received for sale of shares by variable prepaid forward contract	578,436	-
Total	1,202,251	335,513

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

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

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Repayment of long-term borrowings	(135,756)	(169,289)
Redemption of corporate bonds	(100,000)	(177,328)
Repayment of lease obligations	(106,181)	(118,610)
Payment of installment payables	(18,218)	(15,693)
Total	(360,155)	(480,920)

8. Foreign currency 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, 2017	As of June 30, 2017
USD	112.19	112.00
GBP	140.08	145.79

(2) Average rate for the quarter

(yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
USD	109.07	111.61
GBP	155.63	142.92

9. Equity

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Available-for-sale financial assets	11,983	41,574
Cash flow hedges	(44,877)	(26,583)
Exchange differences on translating foreign operations	244,140	398,988
Total	211,246	413,979

10. Operating income from SVF

The components of operating income from SVF are as follows:

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Gain and loss on investments at SVF*		
Unrealized gain and loss on valuation of investments	-	106,871
Operating expenses	-	(1,642)
Total	-	105,229

Note:
* "Realized gain and loss on sales of investments" and "Interest and dividend income from investments" are not recognized for the three-month period ended June 30, 2017.

11. Other operating income (loss)

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

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Sprint segment		
Gain on spectrum license exchange[1]	-	53,435
Legal reserves[2]	-	6,186
Gain and loss on contract termination	(12,287)	558
Loss on disposal of property, plant and equipment[3]	(13,066)	(31,955)
Other	10	928
Yahoo Japan segment		
Insurance income[4]	-	4,929
Company-wide		
Expenses resulting from resignation of director[5]	(6,828)	(1,612)
Total	(32,171)	32,469

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

2. Legal reserves recorded in the previous year were reduced due to the favorable development in pending legal proceedings.

3. For the three-month period ended June 30, 2017, mainly, ¥20,171 million of loss related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans and ¥12,453 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint are recognized.

4. Insurance proceeds related to a fire incident which occurred at a logistics center of ASKUL Corporation (ASKUL Logi PARK Tokyo Metropolitan) in February 2017.

5. Expense resulting from resignation of Nikesh Arora from his position as a director. Resignation expense consists of expenses which payment amounts are defined and expense which payment amount is to be defined depending on the future share price of SoftBank Group Corp. shares. Expense based on the share price is settled in two installments on June 2017 and March 2018. Payment amount is determined based on the share price of June 2017 and March 2018 respectively.

   In addition to the entire expense which payment amount is defined, the Company measured the expense based on SoftBank Group Corp. share price as of June 30, 2016 and recorded the expense of ¥1,811 million during the three-month period ended June 30, 2016. The expense is remeasured every quarter end based on the stock price of SoftBank Group Corp. until the determination of payment amount, and the changes are recognized through profit or loss.

12. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Interest expenses	(112,107)	(120,870)

13. Derivative gain (loss)

¥259,677 million of derivative loss (¥5,878 million of derivative loss for the three-month period ended June 30, 2016) 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" under "Note 7. Interest-bearing debt."

14. Other non-operating income (loss)

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

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017
Foreign exchange loss	(42,919)	(1,796)
Gain and loss from financial instruments at FVTPL*	(30,283)	24,613
Impairment loss on assets classified as held for sale	(42,540)	-
Other	3,764	(4,638)
Total	(111,978)	18,179

Note:
* Gain and loss arising from financial instruments at FVTPL consist mainly of changes in fair value of preferred stock investment including embedded derivatives designated as financial assets at FVTPL.

15. Significant subsequent events

(1) Issuance of USD-denominated Undated Hybrid Notes (with an Optional Interest Deferral)

On July 19, 2017, the Company issued USD-denominated Undated Subordinated NC6 Resettable Notes and USD-denominated Undated Subordinated NC10 Resettable Notes (collectively, the "Hybrid Notes").

The Hybrid Notes are classified as equity instruments in accordance with International Financial Reporting Standards because the Company has the option to defer interest payments, the notes have no maturity date, and their payment priority in the event of bankruptcy is subordinated to senior indebtedness, and other factors. They will be recorded as "equity" in the Company's consolidated financial statements.

The details of the Hybrid Notes are as follows:

	Undated Subordinated NC6 Resettable Notes	Undated Subordinated NC10 Resettable Notes
1. Total amount of issue	USD 2.75 billion (JPY 307.9 billion)	USD 1.75 billion (JPY 196.0 billion)
2. Issue price	100% of the principal amount	100% of the principal amount
3. Initial interest rate*	6.000% per annum	6.875% per annum
4. Maturity date	None (Perpetual)	None (Perpetual)
5. Optional redemption	The Company may, at its discretion, redeem the NC6 Notes on the first call date on July 19, 2023 or any interest payment date thereafter.	The Company may, at its discretion, redeem the NC10 Notes on the first call date on July 19, 2027 or any interest payment date thereafter.
6. Interest payment	Payable semi-annually in arrear on January 19 and July 19 each year	
7. Expected closing date	July 19, 2017	
8. Collateral	None	
9. Guarantee	None	
10. Covenants	None	
11. Subordination	In the event of bankruptcy, etc., the Hybrid Notes shall be subordinated to all the Company's senior indebtedness (including domestic subordinated bonds issued in 2014 and 2015 by the Company) and shall rank substantially *pari passu* with the domestic hybrid bonds issued in 2016 by the Company and its senior preference shares (if issued in the future) and senior to the Company's common stock.	
12. Listing	Singapore Exchange Securities Trading Limited	
13. Use of proceeds	The Company intends to use the proceeds of issuance of the Hybrid Notes for general corporate purposes.	

Note:
* There is a step-up interest provision on the Undated Subordinated NC6 Resettable Note of 25bps on July 19, 2023 and additional 75bps on July 19, 2038, and on the Undated Subordinated NC10 Resettable Note of 25bps on July 19, 2027 and additional 75bps on July 19, 2042.

(2) Consolidation of The Japan Net Bank, Limited

Yahoo Japan Corporation, at the Board of Directors' meeting held by August 1, 2017, resolved to modify the shareholders agreement with Sumitomo Mitsui Banking Corporation on The Japan Net Bank, Limited ("The Japan Net Bank") and entered into a modified agreement with Sumitomo Mitsui Banking Corporation. Along with such modification, Yahoo Japan Corporation plans to consolidate The Japan Net Bank by sending the majority of The Japan Net Bank's directors in the months ahead subject to the approval by the authorities concerned.

a. Overview of consolidation

In the Yahoo Japan segment, since its commencement of new strategies in the Commerce Business in October 2013, transaction volume has rapidly increased by means of various measures such as waiving store tenant fees, point reward measures, and start of the Credit Card business. It is believed to strengthen its financial and payment business further is necessary in order to revitalize the Commerce Business from here on. The ecosystem of its services in the Yahoo Japan segment will be reinforced through the consolidation of The Japan Net Bank.

In addition, Yahoo Japan Corporation will lead the management of The Japan Net Bank through the consolidation and utilize the customer base and multi big data that Yahoo Group has fostered thus far to provide high value-added financial services for The Japan Net Bank customers.

The voting rights ratio in The Japan Net Bank held by the Company remains the same as before at 41.16% and the Company does not hold a majority. However, the Company will make The Japan Net Bank its consolidated subsidiary by sending the majority of The Japan Net Bank's directors through the resolution in the Extraordinary Meeting of the Shareholders' of The Japan Net Bank planned to be held in October 2017.

b. Summary of acquiree

Name	The Japan Net Bank, Limited
Nature of business	Banking business

c. Acquisition date

The entity will be a consolidated subsidiary through the resolution in Extraordinary Meeting of the Shareholders' of The Japan Net Bank planned to be held in October 2017. The date of the Meeting has not yet been determined at present.

d. Financial impact

The financial impact from the consolidation of The Japan Net Bank has not yet been determined at present.