SoftBank Group

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 3 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Three-month Period Ended June 30, 2018 (IFRS)

Tokyo, August 6, 2018

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, 2018	**¥2,272,783**	**4.0**	**¥714,993**	**49.2**	**¥572,304**	**637.8**	**¥328,120**	**974.4**	**¥313,687**	**-**	**¥311,528**	**33.4**
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	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Three-month period ended June 30, 2018	**¥281.55**	**¥280.14**
Three-month period ended June 30, 2017	¥5.07	¥4.22

(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, 2018	**¥32,268,364**	**¥6,821,174**	**¥5,689,782**	**17.6**
As of March 31, 2018	¥31,180,466	¥6,273,022	¥5,184,176	16.6

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2018	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2019	-				
Fiscal year ending March 31, 2019 (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): No
Newly consolidated: None
Excluded from consolidation: None

Note:

* Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) to (iii), is determined by using the financial statements.

On the other hand, for foreign subsidiaries that do not prepare stand-alone financial statements, information on the capital and net assets for those companies is not available. Therefore, Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is used to determine whether the companies are the specified subsidiaries.

For fund-type subsidiaries, the amount of net assets based on financial statements prepared in accordance with the corresponding laws and practices is used to determine the applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (ii).

(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 34 “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, 2018: 1,100,660,365 shares
As of March 31, 2018: 1,100,660,365 shares

[2] Number of shares of treasury stock:
As of June 30, 2018: 11,162,819 shares
As of March 31, 2018: 11,162,425 shares

[3] Number of average shares outstanding during three-month period (April-June):
As of June 30, 2018: 1,089,497,822 shares
As of June 30, 2017: 1,089,359,397 shares

*** This condensed interim consolidated financial report is not subject to interim review procedures by certified public accountants or an audit firm.**

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

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

On August 6, 2018 (JST), 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 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, unless otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	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
Arm	Arm Limited
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Brightstar	Brightstar Global Group Inc.
Alibaba	Alibaba Group Holding Limited
The first quarter	Three-month period ended June 30, 2018
The fiscal year	Fiscal year ending March 31, 2019
The previous fiscal year	Fiscal year ended March 31, 2018

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

- **Operating income: ¥715.0 billion (increased 49.2% yoy)**
  - Boosted by valuation gain of ¥244.9 billion at SoftBank Vision Fund: valuation gain of ¥164.3 billion was recorded for Flipkart based on the expected sales price, following the sales agreement
  - Recorded one-time gain of ¥161.3 billion following Arm's China business becoming an associate from a subsidiary due to the establishment of a joint venture
- **Net income attributable to owners of the parent: ¥313.7 billion (¥5.5 billion in the same period of the previous fiscal year)**
  - Recognized gain of ¥94.5 billion from financial instruments at FVTPL, reflecting higher fair values of both Uber[1] and Grab[1]

2. *Cluster of No.1 Strategy* progressed

- Sprint agreed to merge with T-Mobile
- SoftBank Corp. made a preliminary application to list its shares on the Tokyo Stock Exchange

3. Tender offer by SoftBank Corp. for Yahoo Japan Corporation shares and acquisition by Yahoo Japan Corporation of its own shares by self-tender offer

- Promoting further growth of SoftBank Corp. and Yahoo Japan Corporation

Adoption of IFRS 9 and IFRS 15

In the first quarter, the Company adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" (collectively, the "new standards"). The cumulative impact of the adoption of the new standards was recognized as an adjustment to the balance of retained earnings on the date of adoption (April 1, 2018) and the Company has not adjusted the presentation of information of the previous fiscal year. See "1. Significant accounting policies" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

Changes in Segment Classification

In accordance with changes in the Company's organization based on its unique organizational strategy, *Cluster of No.1 Strategy*, the Company has revised its segment classifications for management purposes since the first quarter, comprising six reportable segments: SoftBank, Sprint, Yahoo Japan, Arm, SoftBank Vision Fund and Delta Fund, and Brightstar. See "b. Results by Segment" for a summary of reportable segments.

[1] These investments are held by a wholly owned subsidiary of the Company.

a. Consolidated Results of Operations

(Millions of yen)

	Three months ended June 30 2017 Previous standards	**2018 New standards**	Change	Change %	Three months ended June 30, 2018 Impact of adopting new standards
Net sales	2,186,059	**2,272,783**	86,724	4.0%	25,453
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	374,044	**475,049**	101,005	27.0%	26,708
Operating income from SoftBank Vision Fund and Delta Fund	105,229	**239,944**	134,715	128.0%	-
Operating income	479,273	**714,993**	235,720	49.2%	26,708
Income before income tax	77,568	**572,304**	494,736	637.8%	31,570
Net income	30,540	**328,120**	297,580	974.4%	15,577
Net income attributable to owners of the parent	5,521	**313,687**	308,166	-	13,512

Notes:
1. The new standards have been adopted since the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the "previous standards." See "(3) Effect of adopting new standards and interpretations" under "1. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details regarding the financial impacts of adopting the new standards.
2. To enable investors to appropriately understand and assess the Company's management performance, the Company has presented operating income arising from SoftBank Vision Fund and Delta Fund separately from that of other segments in a subcategory under operating income in the condensed interim consolidated statement of income as "Operating income from SoftBank Vision Fund and Delta Fund."

Reference: Average exchange rates used for translations

	Fiscal year ended March 2018 Q1	Q2	Q3	Q4	Fiscal year ending March 2019 Q1
USD / JPY	¥111.61	¥111.38	¥112.74	¥108.85	¥108.71

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

(a) Net Sales

Net sales increased ¥86,724 million (4.0%) year on year, to ¥2,272,783 million. Net sales increased in the following segments: SoftBank, Yahoo Japan, and Brightstar. However, net sales decreased in the Sprint segment and the Arm segment.

(b) Operating Income (excluding income from SoftBank Vision Fund and Delta Fund)

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) increased ¥101,005 million (27.0%) year on year, to ¥475,049 million. Segment income increased ¥1,453 million in the SoftBank segment and ¥152,127 million in the Arm segment. However, segment income deteriorated ¥33,879 million in the Sprint segment, ¥12,154 million in the Yahoo Japan segment, and ¥4,017 million in the Brightstar segment.

The segment income of the Arm segment includes gain relating to loss of control over subsidiaries of ¥161,347 million, which was recognized due to Arm's Chinese subsidiary becoming an associate accounted for using the equity method, following the establishment of a joint venture.

(c) Operating Income from SoftBank Vision Fund and Delta Fund

Operating income from SoftBank Vision Fund and Delta Fund was ¥239,944 million (compared with income of ¥105,229 million in the same period of the previous fiscal year), out of which unrealized gain on valuation of investments at SoftBank Vision Fund was ¥244,902 million. This was mainly due to the recording of unrealized valuation gain of ¥164,253 million recognized accompanying the agreement on the sale of Flipkart Private Limited ("Flipkart"), and an increase in the fair values of WeWork Companies Inc. (collectively with its affiliates, "WeWork") and other investments. See "(e) SoftBank Vision Fund and Delta Fund Segment" under "b. Results by Segment" for details.

(d) Operating Income

As a result of (b) and (c), operating income increased ¥235,720 million (49.2%) year on year, to ¥714,993 million.

(e) Finance Cost

Finance cost increased ¥27,597 million (22.8%) year on year, to ¥148,467 million. Interest expense increased ¥17,442 million at SoftBank Group Corp., following the issuance of foreign currency-denominated senior notes in September 2017 and borrowings using Alibaba shares made through its wholly owned subsidiary in March 2018. Interest expenses arose at SoftBank Vision Fund from the partial crystallization of investment securities held. Further, interest expense at Sprint increased ¥2,357 million ($38 million) year on year due to spectrum financing that was closed in March 2018.

(Millions of yen)

	Three months ended June 30		
	2017	**2018**	Change
Finance Cost	(120,870)	**(148,467)**	(27,597)
SoftBank Group Corp.[2]	(41,528)	**(58,970)**	(17,442)
Sprint	(68,663)	**(71,020)**	(2,357)
Reference: In U.S. dollars	$(615) million	$(653) million	$(38) million

(f) Income on Equity Method Investments

Income on equity method investments increased ¥36,071 million year on year, to ¥37,705 million. This was mainly due to an increase of ¥22,869 million (231.5%) in income on equity method investments related to Alibaba, to ¥32,749 million.

The difference between Alibaba's net income (IFRS basis) for the three months ended March 31, 2018, ((A) in the table below) and net income (US GAAP basis) ((B) in the table below) is mainly due to the fact that certain investments of Alibaba are evaluated at fair value as financial instruments at FVTPL with its changes being recognized as gain or loss on an IFRS basis, while they are evaluated at acquisition cost on a US GAAP basis. For the three months ended March 31, 2017, the reconciliation adjustments to IFRSs included (i) a loss recognized for a change in fair value of the non-controlling interests of Alibaba on its subsidiaries, which is recorded as a financial liability under IFRSs due to a put option assigned onto, and (ii) a negative adjustment for gain on sales of financial instruments at FVTPL held by Alibaba, since valuation gain on the applicable FVTPL instruments had been recorded under IFRSs in the prior period.

[2] Includes interest expenses arising from borrowings by a wholly owned subsidiary using Alibaba shares

Reference: Net Income of Alibaba and the Company's Income on Equity Method Investments

	Three months ended March 31[3] 2017	2018	Change
Alibaba			
Net income (US GAAP)	Million CNY 10,647	**Million CNY (B) 7,669**	Million CNY (2,978)
Net income (IFRSs)	Million CNY 2,079	**Million CNY (A) 6,566**	Million CNY 4,487

	Three months ended June 30 2017	2018	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of March 31	29.86%	**29.33%**	(0.53) pp
Income on equity method investments	Million CNY 619	**Million CNY 1,930**	Million CNY 1,311
(Reference) Effective exchange rate CNY/JPY	¥15.96	**¥16.97**	¥1.01
Income on equity method investments	Million yen 9,880	**Million yen 32,749**	Million yen 22,869

(g) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥12,925 million (loss of ¥1,796 million in the same period of the previous fiscal year).

(h) Derivative Gain and Loss

Derivative loss was ¥54,080 million (loss of ¥257,059 million in the same period of the previous fiscal year). This was mainly attributable to losses on forward foreign exchange contracts related to loans to overseas subsidiaries and equity derivative transactions.

(i) Gain and Loss from Financial Instruments at FVTPL

Gain from financial instruments at FVTPL was ¥94,542 million (gain of ¥24,613 million in the same period of the previous fiscal year). This was mainly due to the uplift in the fair value of investments in Uber Technologies, Inc. ("Uber") and GRAB HOLDINGS INC. ("Grab") held by a wholly owned subsidiary of the Company.

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

(j) Changes in Third-party Interests in SoftBank Vision Fund and Delta Fund

The changes in third-party interests in SoftBank Vision Fund and Delta Fund amounted to an increase of ¥72,889 million, whose impact on income was negative (increase of ¥43,589 million in the same period of the previous fiscal year). The breakdown is as below:

(Millions of yen)

	Three months ended June 30	
	2017	**2018**
Changes in third-party interests of SoftBank Vision Fund	(43,589)	**(71,315)**
Attributable to investors entitled to fixed distribution	-	**(17,899)**
Attributable to investors entitled to performance-based distribution	(43,589)	**(53,416)**
Changes in third-party interests of Delta Fund	-	**(1,574)**
Attributable to investors entitled to fixed distribution	-	**(1,574)**
Changes in third-party interests of SoftBank Vision Fund and Delta Fund	(43,589)	**(72,889)**

The changes in third-party interests in SoftBank Vision Fund and Delta Fund are gain and loss on investments at the both Funds, net of management and performance fees payable to the Funds' manager SB Investment Advisers (UK) Limited (the Company's wholly owned subsidiary) and operating and other expenses of the Funds, distributed to third-party investors in proportion of their interests. The distribution is either fixed or performance-based. See "(a) Contribution from Limited Partners other than the Company" under "e. Contribution from Limited Partners to SoftBank Vision Fund and Delta Fund" in "(4) Significant accounting policies for SoftBank Vision Fund and Delta Fund" in "1. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

(k) Other Non-operating Income and Loss

Other non-operating loss was ¥12,425 million, compared with a loss of ¥4,638 million in the same period of the previous fiscal year. Loss on redemption of corporate bonds of ¥14,538 million was recognized owing to the early redemption of foreign currency-denominated senior notes issued in 2013.

(l) Income before Income Tax

As a result of (d) to (k), income before income tax increased ¥494,736 million (637.8%) year on year, to ¥572,304 million.

(m) Income Taxes

Income taxes were ¥244,184 million, compared with ¥47,028 million in the same period of the previous fiscal year. Capital gains on investments in entities that operate businesses in India are subject to tax in India. Consequently, a tax effect was recognized for the aforementioned unrealized valuation gain in Flipkart, which mainly operates businesses in India, and deferred tax of ¥71,746 million was recorded. The Company estimates that the sale of Flipkart shares will occur within 24 months of the inception of the investment and has calculated the deferred tax at 43.68%, being the Indian short-term capital gains tax rate expected to apply to the sale of Flipkart shares.

(n) Net Income

As a result of (l) and (m), net income increased ¥297,580 million (974.4%) year on year, to ¥328,120 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 increased ¥308,166 million year on year, to ¥313,687 million.

(p) Comprehensive Income

Comprehensive income increased ¥77,959 million year on year, to ¥311,528 million. Of this, comprehensive income attributable to owners of the parent increased ¥71,362 million, to ¥279,616 million.

Tender Offer by SoftBank Corp. for Yahoo Japan Corporation Shares and Acquisition by Yahoo Japan Corporation of Its Own Shares by Self-tender Offer

SoftBank Corp. is implementing a tender offer (the “Tender Offer”) for 613,888,888 common shares (equivalent to ¥221.0 billion) of Yahoo Japan Corporation between July 11 and August 8, 2018, for the purpose of acquiring a portion of the common shares of Yahoo Japan Corporation held by Altaba Inc. (“Altaba”) of the United States. Further, SoftBank Group Corp. decided to accept the self-tender offer (the “Self-tender Offer”) that Yahoo Japan Corporation is implementing for its own shares between July 11 and August 9, 2018, and tender 611,111,111 common shares (equivalent to ¥220.0 billion) of Yahoo Japan Corporation held by SoftBank Group Japan Corporation (“SBGJ”), a wholly owned subsidiary of the Company.

In the event that SoftBank Corp. purchases the maximum number of shares to be tendered by Altaba in the Tender Offer, and Yahoo Japan Corporation purchases all of the shares to be tendered by SBGJ in the Self-tender Offer, the shareholding ratio of Yahoo Japan Corporation shares held by the Company is expected to be 48.17% (all of which are indirect holdings through subsidiaries, including SoftBank Corp.’s shareholding of 12.08%), compared with 42.95% (all of which are indirect holdings through subsidiaries) as of the end of the first quarter.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. Previously, the Company had six reportable segments: Domestic Telecommunications, Sprint, Yahoo Japan, Distribution, Arm, and SoftBank Vision Fund and Delta Fund. In accordance with changes in the Company's organization based on its unique organizational strategy, *Cluster of No.1 Strategy*, the Company has revised its segment classifications for management purposes since the first quarter, comprising six reportable segments: SoftBank, Sprint, Yahoo Japan, Arm, SoftBank Vision Fund and Delta Fund, and Brightstar. SoftBank Commerce & Service Corp. (previously classified under the Distribution segment) has been added to the former Domestic Telecommunications segment to establish the SoftBank segment. As a result of the change in classification of SoftBank Commerce & Service Corp., the former Distribution segment has become the Brightstar segment. The following is a summary of the reclassified reportable segments.

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

Segments	Main businesses	Core companies
Reportable segments		
SoftBank	· Provision of mobile communications services, sale of mobile devices, provision of broadband and other fixed-line communications services in Japan · Sale of PC software, peripherals, and mobile device accessories in Japan	SoftBank Corp. Wireless City Planning Inc. SoftBank Commerce & Service Corp.
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
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools	Arm Limited
SoftBank Vision Fund and Delta Fund	· Investment activities by SoftBank Vision Fund · Investment activities by Delta Fund	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
Brightstar	· Distribution of mobile devices overseas	Brightstar Corp.
Other	· Alternative investment management business · Fukuoka SoftBank HAWKS-related businesses	Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp.

Note: Income and adjusted EBITDA of reportable segments are calculated as follows.
Segments excluding the SoftBank Vision Fund and Delta Fund segment
Segment income = net sales − operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss, for each segment
Adjusted EBITDA = segment income (loss) + depreciation and amortization ± other adjustments

SoftBank Vision Fund and Delta Fund segment
Segment income = gain and loss on investments at SoftBank Vision Fund + gain and loss on investments at Delta Fund − operating expenses
Adjusted EBITDA = segment income (loss) + depreciation and amortization ± unrealized gain and loss on valuation of investments

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

(a) SoftBank Segment

1. Steady customer base expansion: smartphone subscribers increased 580,000, and *SoftBank Hikari* subscribers increased 280,000 from the previous fiscal year-end
2. Segment income increased 0.7% yoy, to ¥221.8 billion, despite the negative impact of adopting the new standards
3. Adjusted Free cash flow increased 122.7% yoy, to ¥154.0 billion

(Millions of yen)

	Three months ended June 30 2017 Previous standards	 **2018** **New standards**	Change	Change %	Three months ended June 30, 2018 Impact of adopting new standards
Net sales	841,870	**880,460**	38,590	4.6%	(6,861)
Segment income	220,342	**221,795**	1,453	0.7%	(5,613)
Depreciation and amortization	113,196	**112,223**	(973)	(0.9%)	-
Adjusted EBITDA	333,538	**334,018**	480	0.1%	(5,613)
Capital expenditures (acceptance basis)	54,015	**73,069**	19,054	35.3%	-
Free cash flow	67,111	**137,698**	70,587	105.2%	-
Adjusted free cash flow*2	69,149	**154,001**	84,852	122.7%	-

Notes:
1. The new standards have been adopted since the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the "previous standards."
2. Proceeds from borrowings through the securitization of handset installment sales receivables are added to free cash flow, and repayments of those borrowings are deducted from free cash flow. Due to the introduction of 48 monthly installment sales for handsets, installment sales receivables (working capital) have increased. SoftBank Corp. is aiming to achieve stable cash flow generation through the securitization of said installment sales receivables.

OVERVIEW

As Japan's telecommunications market approaches maturity, SoftBank Corp. aims to strengthen the foundation for medium- to long-term earnings growth and generate stable free cash flow. Specifically, the company is working to increase the number of smartphone and broadband subscribers, and use the operational assets of telecommunications services to foster and expand new businesses under the *Beyond Carrier Strategy*.

Currently, in line with the Company's unique organizational strategy, *Cluster of No. 1 Strategy*, SoftBank Corp. is preparing for listing on the Tokyo Stock Exchange, and has made a preliminary application in July 2018. Through this action, SoftBank Corp. expects to be able to pursue its growth strategy with greater management autonomy and agility.

Main Recent Strategic Initiatives

- Respond to customers' various needs through three brands: *SoftBank*, *Y!mobile*, and *LINE MOBILE*[4]
- Differentiate from other carriers through collaboration with Yahoo Japan Corporation
  - Offering point and free use of member benefits to subscribers
  - Started the Tender Offer in July 2018 to strengthen the collaboration and promote further growth

[4] SoftBank Corp. began offering the brand in accordance with consolidation of LINE MOBILE Corporation on April 2, 2018.

- Promote the *Beyond Carrier Strategy*
  - Collaborated with investees of SoftBank Vision Fund, such as WeWork and One97 Communications Limited (PayTM), to help develop their businesses in Japanese market

FINANCIAL RESULTS

Since the first quarter, net sales are disclosed in three categories: Consumer, Enterprise, and Distribution**.**

Category Details

Consumer: Telecom services (mobile, broadband), products, etc., for retail customers

Enterprise: Mobile communications services and products, fixed-line communications services and products, solutions, etc., for enterprise customers

Distribution: Business of SoftBank Commerce & Service Corp.

Sales Breakdown

(Millions of yen)

	Three months ended June 30 2017 Previous standards	 **2018** **New standards**	Change	Change %
Consumer	612,463	**634,930**	22,467	3.7%
Telecom service revenue	479,278	**487,817**	8,539	1.8%
Mobile	406,311	**400,007**	(6,304)	(1.6%)
Broadband	72,967	**87,810**	14,843	20.3%
Product and other sales	133,185	**147,113**	13,928	10.5%
Enterprise	145,702	**147,106**	1,404	1.0%
Mobile	65,572	**64,199**	(1,373)	(2.1%)
Fixed-line telecommunications	52,779	**52,238**	(541)	(1.0%)
Solutions	27,351	**30,669**	3,318	12.1%
Distribution	70,848	**82,736**	11,888	16.8%
Others	12,857	**15,688**	2,831	22.0%
Total net sales	841,870	**880,460**	38,590	4.6%

Note: The new standards have been adopted since the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the “previous standards."

Net sales increased ¥38,590 million (4.6%) year on year, to ¥880,460 million. Of this, consumer revenue increased ¥22,467 million (3.7%), and distribution revenue increased ¥11,888 million (16.8%), respectively.

The increase in consumer revenue is attributable to an increase in revenues of product and other sales stemming from an increase in the average shipping price of smartphones, as well as to an increase in telecom service revenue resulting from an increase in broadband revenue. The increase in distribution revenue is mainly due to strong sales of software and PCs for enterprise customers.

Segment income increased ¥1,453 million (0.7%) year on year, to ¥221,795 million. While operating expenses (cost of sales and selling, general and administrative expenses) increased ¥37,137 million (6.0%) year on year, mainly reflecting an increase in the cost of products due to a higher average purchase price of smartphones, the increase in total net sales exceeded the rise in operating expenses. **Adjusted EBITDA increased ¥480 million (0.1%) year on year, to ¥334,018 million.**

The adoption of the new standards had negative impacts of ¥6,861 million on net sales, and ¥5,613 million on both segment income and adjusted EBITDA.

Capital expenditures, on basis of acceptance, increased ¥19,054 million (35.3%) year on year, to ¥73,069 million, due to initiatives to expand service areas and improve the quality of LTE services.

Adjusted free cash flow increased ¥84,852 million (122.7%) year on year, to ¥154,001 million. Working capital decreased due to a decrease in the inventory of mobile handsets.

For the SoftBank segment's non-audited information on the results of the previous fiscal year that the new standards applied to, see the Data Sheet published on the Company's website at: http://www.softbank.jp/en/corp/irinfo/presentations/

OPERATIONS

Mobile

Subscribers (Main Subscribers[5])

(Thousands)

	June 30, 2018	Change from March 31, 2018
Cumulative subscribers	**33,609**	434

Cumulative subscribers increased from the previous fiscal year-end due to smartphone net additions of 576,000. Net additions of smartphones were attributable to the steady growth in the number of *Y!mobile* and *SoftBank* subscribers, as well as to the addition of *LINE MOBILE* smartphone subscribers in accordance with consolidation of LINE MOBILE Corporation in April 2018.

Cumulative subscribers included 325,000 subscribers (an increase of 60,000 from the previous fiscal year-end) to *Wireless Home Phone*, a new home-phone voice calling service using the mobile network, which was launched in July 2017.

Home Bundle Discount Hikari Set Applications

(Thousands)

	June 30, 2018	Change from March 31, 2018
Mobile	**8,503**	355
Broadband	**4,045**	158

[5] The number of main subscribers includes subscribers to the *Wireless Home Phone* service. Number of units sold, ARPU, and churn rate are calculated and presented excluding this service.

Number of Units Sold (Main Subscribers)

(Thousands)

	Three months ended June 30, 2018	YoY Change
Number of units sold	**2,487**	89
New subscriptions	**1,103**	(18)
Device upgrades	**1,384**	107

The number of device upgrades increased year on year, mainly due to a higher number of users switching contracts between *Y!mobile* and *SoftBank* smartphones.

ARPU[6] (Main Subscribers)

	Three months ended June 30, 2018	YoY Change
ARPU	**4,320**	¥(50)

Note: The figure reflects the comparison after adopting IFRS 15 to certain elements of ARPU for both the first quarter and the same period of the previous fiscal year.

ARPU declined year on year, mainly due to the dilutive impact of an increased proportion of *Y!mobile* and *LINE MOBILE* smartphones, which have a lower service charge. The impact of telecommunications service discounts on ARPU has lessened due to reductions in discount amounts in ARPU related to the *Home Bundle Discount Hikari Set* and the introduction of a 48 monthly installment billing program.

Churn Rate (Main Subscribers)

	Three months ended June 30, 2018	YoY Change
Phone churn rate	**0.80%**	0.01 pp deterioration
Churn rate	**1.03%**	0.10 pp improvement

The churn rate improved, mainly due to the improved churn rates in mobile data communications devices.

Broadband

Subscribers

(Thousands)

	June 30, 2018	Change from March 31, 2018
Cumulative subscribers	**7,219**	179
SoftBank Hikari	**5,257**	283

The number of *SoftBank Hikari* subscribers increased, due to the steady sales bundled with smartphones to which the *Home Bundle Discount Hikari Set* applied.

[6] Reflects the impact of adopting IFRS 15 on re-allocation of revenue (e.g. allocation between communication service and product revenues as well as mobile and broadband revenues)

(b) Sprint Segment

1. Net sales were flat yoy on a U.S. dollar basis: telecom service revenue returned to sequential growth for the first time in nearly four years, excluding the impact of adopting the new standards
2. Postpaid phone net additions for the 12th consecutive quarter
3. Steady increase in adjusted EBITDA

(Millions of yen)

	Three months ended June 30				Three months ended June 30, 2018
	2017 Previous standards	**2018 New standards**	Change	Change %	Impact of adopting new standards
Net sales	910,423	**883,242**	(27,181)	(3.0%)	13,191
Segment income	131,987	**98,108**	(33,879)	(25.7%)	20,902
Depreciation and amortization	230,832	**253,535**	22,703	9.8%	-
Other adjustments[7]	(40,966)	**8,523**	49,489	-	-
Adjusted EBITDA	321,853	**360,166**	38,313	11.9%	20,902

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

	2017 Previous standards	**2018 New standards**	Change	Change %	Impact of adopting new standards
Net sales	8,157	**8,125**	(32)	(0.4%)	122
Cost of sales and selling, general and administrative expenses	7,235	**7,092**	(143)	(2.0%)	(70)
Other operating income (loss)	261	**(131)**	(392)	-	-
Segment income	1,183	**902**	(281)	(23.8%)	192
Depreciation and amortization	2,068	**2,332**	264	12.8%	-
Other adjustments[7]	(367)	**78**	445	-	-
Adjusted EBITDA	2,884	**3,312**	428	14.8%	192

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

	2017 Previous standards	**2018 New standards**	Change	Change %	Impact of adopting new standards
Network capital expenditures (cash basis)	1,151	**1,132**	(19)	(1.7%)	-
Adjusted free cash flow	368	**8**	(360)	(97.8%)	-

Note: The new standards have been adopted since the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the "previous standards."

OVERVIEW

Sprint continues to aim to expand its net sales by increasing the number of postpaid and prepaid phone subscribers and stabilizing its ARPU. To achieve this goal, Sprint has continued its effort to further improve network quality and increase customer value by leveraging its ample spectrum holdings. In the fiscal year, Sprint expects to further increase network cash capital expenditure to improve its network quality. At the same time, Sprint continues to aim to enhance its profitability by further improving operational efficiency.

Merger of Sprint and T-Mobile[8]
On April 29, 2018, Sprint and T-Mobile entered into a definitive agreement to merge in an all-stock transaction (the "Transaction"). Upon completion of the Transaction, the combined company is expected to become an equity method associate of the Company with an approximately 27.4% shareholding, and Sprint will no longer be a subsidiary of the Company.

[7] Primary components include gain and loss from non-recurring factors, such as gain from spectrum license exchanges and income and loss on contract termination among items included in other operating income and loss and merger-related expenses included in cost of sales and selling, general and administrative expenses.
[8] The Transaction is subject to Sprint and T-Mobile stockholder approvals, regulatory approvals, and other customary closing conditions. It is expected to close no later than the first half of 2019.

FINANCIAL RESULTS

Results in U.S. dollars

Net sales decreased $32 million (0.4%) year on year, to $8,125 million.

Telecom service revenue fell year on year due to the spread of promotional price plans for new customers and the negative impact of adopting the new standards. Excluding this negative impact, telecom service revenue achieved sequential quarterly growth for the first time in around four years due to ARPU bottoming out and expansion of the customer base.

Equipment revenue increased year on year as a result of the positive impact from the adoption of the new standards. Excluding this impact, equipment revenue was approximately unchanged as an increase in equipment rental revenue was offset by a decrease in equipment sales volume.

The adoption of the new standards had a $122 million positive impact on overall net sales.

Segment income decreased $281 million (23.8%) year on year, to $902 million. Cost of sales and selling, general and administrative expenses decreased $143 million (2.0%) year on year, to $7,092 million. Although depreciation expenses increased due to a rise in leased device assets, selling, general and administrative expenses decreased due to such factors as a decrease in cost of equipment and capitalization of costs to obtain contracts following the adoption of the new standards. On the other hand, other operating income and loss deteriorated $392 million year on year due to the absence of one-time gains recognized in the same period of the previous fiscal year, such as gain on spectrum license exchange. The adoption of the new standards had a $192 million positive impact on segment income.

Adjusted EBITDA increased $428 million (14.8 %) year on year, to $3,312 million, of which $192 million reflected the positive impact from the adoption of the new standards.

Adjusted free cash flow decreased $360 million (97.8%) year on year, to $8 million (as disclosed by Sprint, US GAAP). The decrease reflected an increase in expenditures for the acquisition of rental devices and lower net proceeds from the securitization of equipment installment receivables and telecom service receivables.

Results in yen

In yen terms, reflecting year-on-year appreciation of the yen against the U.S. dollar, net sales decreased ¥27,181 (3.0%) year on year to ¥883,242 million, and segment income decreased ¥33,879 million (25.7 %) to ¥98,108 million. Adjusted EBITDA increased ¥38,313 million (11.9%) to ¥360,166 million.

OPERATIONS

Cumulative Subscribers[9]

(Thousands)

	June 30, 2018	Change from March 31, 2018
Postpaid	**32,187**	68
Postpaid phone	**26,847**	34
Prepaid	**9,033**	44
Wholesale and affiliate	**13,347**	(170)
Total	**54,567**	(58)

Net Additions[10] *(Excluding Special Factors)*

(Thousands)

	Three months ended June 30, 2018	YoY Change
Postpaid	**123**	162
Postpaid phone	**87**	(1)
Prepaid	**3**	(32)
Wholesale and affiliate	**(69)**	(134)
Total	**57**	(4)

Postpaid phone subscriber net additions were flat year on year. Further, postpaid phone net additions included the migration of 71,000 subscribers from the prepaid subscriber base.

Churn Rate (Postpaid)

	Three months ended June 30, 2018	YoY Change
Postpaid phone churn rate	**1.55%**	0.05 pp deterioration
Postpaid churn rate	**1.63%**	0.02 pp improvement

ARPU (Postpaid)

	Three months ended June 30, 2018	YoY Change
Postpaid phone ARPU	**$49.57**	$(4.35)
Postpaid ARPU	**$43.55**	$(3.75)

ARPU decreased year on year due to the spread of low-rate plans.

Sequentially, postpaid ARPU increased as a result of more customers rolling off promotional pricing, excluding the $1.02 negative impact of the adoption of the new standards.

For more information on Sprint's US GAAP-based financial results and business operations, please refer to the investor relations section of its website at: investors.sprint.com/.

9 From the three-month period ended in March 2018, as a result of the introduction of a non-Sprint branded postpaid plan allowing prepaid customers to purchase a device under an installment billing program, said prepaid customers are included in the postpaid subscriber base. A retroactive adjustment has not been made.

10 Net additions exclude changes in the subscriber base due to such special factors as the acquisition of other companies by Sprint affiliate companies (regional telecom operators that use their own telecom networks to provide services under the Sprint brand), the discontinuation of certain service plans at Sprint, or the establishment of venture companies by Sprint.

(c) Yahoo Japan Segment

(Millions of yen)

	Three months ended June 30			
	2017	**2018**	Change	Change %
Net sales	209,383	**226,136**	16,753	8.0%
Segment income	50,904	**38,750**	(12,154)	(23.9%)
Depreciation and amortization	9,647	**12,441**	2,794	29.0%
Other adjustments	(4,929)	**-**	4,929	-
Adjusted EBITDA	55,622	**51,191**	(4,431)	(8.0%)

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) Arm Segment

1. Establishment of joint venture for business in China
- Recorded ¥161.3 billion of gain relating to loss of control following the China business becoming an associate from a subsidiary
- Net sales decreased 11.7% yoy: transition of contracts resulted in a delay in signing new contracts

2. Continued reinforcement of R&D capability
- In regions other than China, the number of employees increased steadily (increased 162 people (3%) from the previous fiscal year-end)

(Millions of yen)

	Three months ended June 30			
	2017	**2018**	Change	Change %
Net sales	47,037	**41,534**	(5,503)	(11.7%)
Segment income	(6,935)	**145,192**	152,127	-
Depreciation and amortization	14,883	**18,537**	3,654	24.6%
Gain relating to loss of control over subsidiaries	-	**(161,347)**	(161,347)	-
Adjusted EBITDA	7,948	**2,382**	(5,566)	(70.0%)

Note: Depreciation and amortization includes amortization expenses of ¥13,578 million for the first quarter and ¥13,342 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

Arm's operations are primarily the licensing of semiconductor intellectual property (IP), including the designs of energy-efficient microprocessors and associated technologies. Since becoming part of the Company, 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 (AI), computer vision, and augmented reality. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things (IoT). In May 2018, Arm announced a new suite of technology suitable for high-performance mobile devices from laptops to smartphones. This new technology will provide twice the performance when running applications on an

Arm-based PC, 30% more efficiency when running high-end games while also accelerating machine-learning functionality, and brings ultra-high definition (UHD) 8K video playback to mobile devices. Arm has already started licensing this technology to leading semiconductor companies and expects it to start appearing in chips in 2019.

Net sales of the segment comprise 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 decreased ¥5,503 million (11.7%) year on year, to ¥41,534 million. The novation process of existing contracts in China from Arm to Arm Technology (China) Co., Ltd. ("Arm China", see "Establishment of Joint Venture for China Business" below), which followed the establishment of a joint venture for the China business, resulted in a delay in signing new contracts. Consequently, on a U.S. dollar basis, technology licensing revenue decreased year on year. Contracts that were not signed in the first quarter, for said reason, are expected to be concluded later in the fiscal year. As it takes several years to develop a new system on chip design, the delay in signing a contract is not expected to have an impact on the timing of chip shipments and the attendant technology royalties revenue.

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)

	Three months ended June 30			
	2017	**2018**	Change	Change %
Technology licensing	149	**85**	(64)	(43%)
Technology royalties	250	**261**	11	4%
Software and services	29	**35**	6	21%
Total net sales	428	**381**	(47)	(11%)

Segment income was ¥145,192 million (loss of ¥6,935 million in the same period of the previous fiscal year). This was mainly attributable to the recognition of gain relating to the loss of control over subsidiaries of ¥161,347 million as other operating income, as a result of Arm China becoming an associate accounted for using the equity method from a subsidiary.

Meanwhile, Arm continued to increase its R&D capability, which included hiring more R&D engineers and support staff. As a result, operating expenses (cost of sales and selling, general and administrative expenses) increased ¥3,718 million year on year. Arm's head count decreased by net 179 people from the previous fiscal year-end, due to the exclusion of 341 employees of Arm China from the head count upon June 26, 2018, the date on which the transaction to establish the joint venture for China business was completed. However, in regions other than China, the number of Arm's employees increased 162 people from the previous fiscal year-end.

Adjusted EBITDA decreased ¥5,566 million (70.0%) year on year, to ¥2,382 million.

Establishment of Joint Venture for China Business

On June 26, 2018, Arm sold 51% of its equity interest in its wholly owned Chinese subsidiary, Arm China, for $775 million to entities representing certain institutional investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's semiconductor technology IP business in China. As a result of this transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Accordingly, the Company recorded gain relating to loss of control over subsidiaries of ¥161,347 million.

Arm will continue to receive a significant proportion of all license, royalty, software, and service revenues arising from Arm China's licensing of Arm semiconductor products, and record them as net sales. Arm China's labor costs are no longer included after it became an associate. However, Arm's business outside of China will continue to utilize services provided by Arm China employees, for which Arm will pay as if Arm China was a subcontractor and record the cost in operating expenses. The net impact on segment income in the medium term is expected to be minor.

OPERATIONS

Licensing

	Licenses signed April 1 to June 30, 2018	Cumulative number of licenses signed June 30, 2018
Classic (*Arm7, Arm9, Arm11*)	-	499
Cortex-A	3	337
Cortex-R	1	95
Cortex-M	11	493
Mali	1	169
Number of processor licenses signed	16	1,593

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

Arm signed 16 processor licenses during the first quarter, reflecting solid demand for Arm's latest technology, although a number of license agreements with Chinese companies were delayed due to the aforementioned impact of novation of legacy contracts from Arm to Arm China. Of the customers signing new licenses, three 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, including augmented reality systems, surveillance cameras, embedded computers, and PCs.

Royalty Units

The following analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended March 31, 2018, 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 analysis is 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.

	2017				**2018**
	Jan 1 to Mar 31	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31	**Jan 1 to Mar 31**
Royalty units as reported by Arm's licensees	4.7 billion	5.1 billion	5.7 billion	5.8 billion	**5.5 billion**
Growth rate (yoy)	28%	25%	17%	14%	**17%**
Breakdown by processor family					
Classic (*Arm7*, *Arm9*, *Arm11*)	17%	18%	17%	16%	**14%**
Cortex-A	22%	20%	17%	19%	**20%**
Cortex-R	8%	9%	7%	7%	**8%**
Cortex-M	53%	53%	59%	58%	**58%**

Arm's licensees reported shipments of 5.5 billion Arm-based chips for the three-month period ended March 31, 2018. This reflects normal seasonality in terms of growth versus the previous quarter, down 3%, and strong growth of 17% year on year, reflecting strong demand for Arm-based chips, especially in embedded markets such as microcontrollers and IoT.

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.

(e) SoftBank Vision Fund and Delta Fund Segment

1. **Segment income of ¥ 239.9 billion**
   - Valuation gain of ¥244.9 billion was recorded at SoftBank Vision Fund, due to agreed-to-be-sold Flipkart shares and rise in fair values of WeWork and other investment holdings
2. **Investments totaling $27.1 billion to date at SoftBank Vision Fund amounted to fair value of $32.5 billion[11]**
3. **Total committed capital of $ 97.7 billion at SoftBank Vision Fund and Delta Fund**

OVERVIEW

SoftBank Vision Fund began its operation in 2017. The Fund aims to conduct large-scale, long-term investment in companies and platform businesses that have the potential to bring about next-generation innovation. The Fund is managed by SB Investment Advisers (UK) Limited ("SBIA"), the Company's wholly owned U.K. subsidiary registered at The Financial Conduct Authority. The segment results include the results of the investment and operational activities of SoftBank Vision Fund and Delta Fund, which is also managed by SBIA.

Outline of Funds in the Segment

As of June 30, 2018

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollar)	91.7 *1	6.0 *1
	SoftBank Group Corp.: 28.1 *2 Third-party investors: 63.6 *1	SoftBank Group Corp.: 4.4 Third-party investors: 1.6 *1
Limited partners	SoftBank Group Corp. Public Investment Fund Mubadala Investment Company Apple Foxconn Technology Group Qualcomm Incorporated Sharp Corporation	SoftBank Group Corp. Mubadala Investment Company
General partners	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Management company	SBIA	SBIA
Advisory company	The Company's wholly owned subsidiaries (in Japan and the U.S.)	The Company's wholly owned subsidiaries (in Japan and the U.S.)
Investment period	Five years from the final closing*3 (in principle)	Five years from the final closing (in principle)
Minimum Fund life	Twelve years from the final closing*3 (in principle)	Twelve years from the final closing (in principle)

Notes:
1. A portion of the capital committed by Mubadala Investment Company in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both separate Funds: hence, the total committed capital and remaining committed capital for each separate Fund will change according to the status of contribution by Mubadala Investment Company in each Fund.
2. The amount includes approximately $8.2 billion of an obligation to be satisfied by using Arm Limited shares.
3. The final closing of SoftBank Vision Fund has not been completed as of the date of the publication of this report.

[11] Includes the amount of investments made by holding entities that are jointly held by SoftBank Vision Fund and the Company's subsidiary

FINANCIAL RESULTS

(Millions of yen)

	Three month ended June 30			
	2017	**2018**	Change	Change %
Gain and loss on investments at SoftBank Vision Fund	106,871	**246,311**	139,440	130.5%
Unrealized gain and loss on valuation of investments	106,871	**244,902**	138,031	129.2%
Interest and dividend income from investments	-	**1,409**	1,409	-
Gain and loss on investments at Delta Fund	-	**900**	900	-
Unrealized gain and loss on valuation of investments	-	**900**	900	-
Interest and dividend income from investments	-	-	-	-
Operating expenses	(1,642)	**(7,267)**	(5,625)	(342.6%)
Segment income	105,229	**239,944**	134,715	128.0%
Depreciation and amortization	-	**6**	6	-
Unrealized loss (gain) on valuation of investments	(106,871)	**(245,802)**	(138,931)	(130.0%)
Adjusted EBITDA	(1,642)	**(5,852)**	(4,210)	(256.4%)

Note: The segment's results are calculated as follows:
Segment income = gain and loss on investments at SoftBank Vision Fund + gain and loss on investments at Delta Fund - operating expenses
Adjusted EBITDA = segment income (loss) + depreciation and amortization ± unrealized gain and loss on valuation of investments

Segment income was ¥239,944 million (compared with income of ¥105,229 million in the same period of the previous fiscal year), out of which gain on investments at SoftBank Vision Fund was ¥246,311 million. The gain resulted from the recording of unrealized gain on valuation of investments of ¥244,902 million, mainly reflecting the valuation gain of ¥164,253 million for the higher fair value of Flipkart shares. The fair values of WeWork and other investments also increased.

The increase in the fair value of Flipkart was recognized to reflect the expected sales value of approximately $4 billion (subject to certain customary adjustments) pursuant to the agreement SoftBank Vision Fund entered into on May 9, 2018 to sell all of its shares (representing 19.95% of Flipkart shares on a fully diluted basis) to WAL-MART INTERNATIONAL HOLDINGS, INC. ("Walmart"). This has been taken into the fair value measurement at the end of the first quarter. As capital gains on investments in entities that operate business in India are subject to tax in India, the Company recognized the tax effect on the unrealized valuation gain for Flipkart and recorded deferred tax of ¥71,746 million in the condensed interim consolidated statement of income. The Company estimates that the sale of Flipkart shares will occur within 24 months of the inception of the investment and has calculated the deferred tax at 43.68%, being the Indian short-term capital gains tax rate expected to apply on the sale of Flipkart shares.

Gain on investments at Delta Fund was ¥900 million, reflecting the higher fair value of its investment.

Adjusted EBITDA, which is calculated by deducting depreciation and amortization and unrealized gain and loss on valuation of investments from segment income, was negative ¥5,852 million.

Capital Deployment

As of June 30, 2018

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital			
SoftBank Vision Fund	**91.7** *1	28.1 *2	63.6 *1
Delta Fund	**6.0** *1	4.4	1.6 *1
Contributions from limited partners*3			
SoftBank Vision Fund	**23.5**	7.1 *2	16.4
Delta Fund	**5.1**	3.7 *4	1.4
Remaining committed capital			
SoftBank Vision Fund	**68.2**	21.0	47.2
Delta Fund	**0.9** *5	0.7	0.2 *5

Notes:

1. A portion of the capital committed by Mubadala Investment Company in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both separate Funds: hence, the total committed capital and remaining committed capital for each separate Fund will change according to the status of contribution by Mubadala Investment Company in each Fund.
2. The amount includes approximately $8.2 billion of obligation to be satisfied by using 24.99% of Arm Limited shares. As a result of contributions made through the end of the first quarter, SoftBank Vision Fund held 21.96% of Arm Limited shares at the end of the first quarter.
3. The amount excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
4. The amount includes the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.
5. When an investment is made from the remaining committed capital of the third-party investor at Delta Fund, the same amount is deducted from that investor’s remaining committed capital at SoftBank Vision Fund.

Investment Status

As of the end of the first quarter, the total acquisition cost and fair value of investments of SoftBank Vision Fund was $27.1 billion and $32.5 billion, respectively. The total acquisition cost and the fair value of investment of Delta Fund was $5.0 billion each. The following is the list of the investees of the two Funds, as of the end of the first quarter.

Investees of SoftBank Vision Fund

Name (in alphabetical order)	Business
Arm Limited	Semiconductor technology designer
Auto1 Group GmbH	Used car wholesaler in Europe
Brain Corporation	AI-based autonomous driving system developer
Cohesity, Inc.	Hyper-Converged data platform
Fanatics Holdings, Inc.	Online retailer of licensed sports merchandise
Flipkart Private Limited (Flipkart)	e-commerce
Full Truck Alliance Co., Ltd.	Cargo truck matching platform
Guardant Health, Inc. (and its one affiliate)	Cancer diagnosis through genomic analysis
HealthKonnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)	Managed care platform

Name (in alphabetical order)	Business
Improbable Worlds Limited	VR/AR development tools
Katerra Inc.	End-to-end design & architecture technology platform
MapBox Inc.	Geographical information platform
Nauto, Inc.	AI-based safe-driving support services
NVIDIA Corporation	GPU developer
One97 Communications Limited (PayTM)	Online payment services
OneConnect Financial Technology Co., Ltd.	FinTech solutions
Oravel Stays Private Limited (OYO Rooms)	Hotel booking site
OSIsoft LLC	Industrial IoT solutions
Ping An Healthcare and Technology Company Limited	Online healthcare portal
Plenty United Inc.	Indoor farm plant
Roivant Sciences Ltd.	Biopharmaceutical drug developer
Slack Technologies, Inc.	Business chat tool
Urban Compass, Inc. (Compass)	Real estate big data platform
Vir Biotechnology, Inc.	Pharmaceutical drug development using AI
Wag Labs, Inc	On-demand dog walking & dog care app
WeWork Companies Inc. (and its three affiliates)	Co-working space services
Zhongan Online P&C Insurance Co., Ltd	Online insurance
Two other investments	

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly owned subsidiaries, of SoftBank Vision Fund. Regardless of the ownership percentage of SoftBank Vision Fund, all investments made through the investment holding entities are calculated as investments made by SoftBank Vision Fund. Some of the subsidiaries of SoftBank Vision Fund have investors other than SoftBank Vision Fund. Of the total fair values of investments by SoftBank Vision Fund at the end of the first quarter, $1.4 billion belongs to those investors.

Investee of Delta Fund

Name	Business
Xiaoju Kuaizhi Inc. (DiDi)	Ridesharing services

Investments Transferred from the Company to SoftBank Vision Fund or Delta Fund

Some investments of SoftBank Vision Fund or Delta Fund are made by the Company transferring its investments to the two Funds. Such investment transfer is called “Bridge Investments.” Bridge Investments are executed only after the necessary approvals are given by the investment committee of each Fund, and at the prices based on the fair value at the time of the approval.

As of the end of the first quarter, the total acquisition cost and the fair value of the investments of the SoftBank Vision Fund, including those Bridge Investments whose transfer from the Company has been agreed upon, was $27.2 billion and $32.6 billion, respectively. There are no applicable investments for Delta Fund.

(f) Brightstar Segment

(Millions of yen)

	Three months ended June 30 2017	2018	Change	Change %
Net sales	220,128	**253,828**	33,700	15.3%
Segment income	(1,328)	**(5,345)**	(4,017)	-
Depreciation and amortization	1,486	**1,179**	(307)	(20.7%)
Adjusted EBITDA	158	**(4,166)**	(4,324)	-

(2) Overview of Financial Position

1. Status of investments

- **SoftBank Vision Fund**
  - Reclassified Flipkart shares with fair value of ¥439.8 billion as assets classified as held for sale, following the agreement on the sale to Walmart
- **Other**
  - The balance of investment securities increased ¥349.9 billion, to ¥3,010 billion
  - Invested in GM Cruise[12], and the fair values of Uber[12] and Grab[12] shares increased

2. Refinancing of corporate bonds executed by SoftBank Group Corp.

- Refinanced foreign currency-denominated senior notes for greater financial flexibility, with new issuance totaling ¥272.7 billion and early redemption totaling ¥357.6 billion
- Issued domestic straight corporate bonds of ¥450 billion and redeemed ¥400 billion at maturity

Adoption of IFRS 9 and IFRS 15

In accordance with the adoption of IFRS 9 and IFRS 15 from the first quarter, the cumulative impact of retrospective adjustments was recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income as of April 1, 2018. See “(3) Effect of adopting new standards and interpretations” under “3. Significant Accounting Policies” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change	Change %
Total assets	31,180,466	**32,268,364**	1,087,898	3.5%
Total liabilities	24,907,444	**25,447,190**	539,746	2.2%
Total equity	6,273,022	**6,821,174**	548,152	8.7%
Reference: Exchange rate at the end of the first quarter used for translations				
USD / JPY	¥106.24	¥110.54	¥4.30	4.0%
GBP / JPY	¥148.84	¥144.59	(¥4.25)	(2.9%)

[12] These investments are held by a wholly owned subsidiary of the Company.

(a) Current Assets

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Cash and cash equivalents	3,334,650	**2,728,279**	(606,371)
Trade and other receivables	2,314,353	**2,235,698**	(78,655)
Assets classified as held for sale from SoftBank Vision Fund and Delta Fund	-	**439,765**	439,765
SoftBank Vison Fund	-	**439,765**	439,765
Other financial assets	519,444	**788,540**	269,096
Inventories	362,041	**331,822**	(30,219)
Other current assets	344,374	**356,869**	12,495
Total current assets	6,874,862	**6,880,973**	6,111

Primary components of the change

Components and balance	Primary changes from the previous fiscal year-end and main reasons
Cash and cash equivalents ¥2,728,279 million	See “(3) Cash Flow Overview” for details.
Assets classified as held for sale in SoftBank Vision Fund and Delta Fund ¥439,765 million	SoftBank Vision Fund: ¥439,765 million increase Flipkart shares were transferred from investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL, following the agreement on the sale to Walmart.
Other financial assets ¥788,540 million	¥269,096 million increase Sprint acquired commercial paper held for short-term investment.

(b) Non-current Assets

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Property, plant and equipment	3,856,847	**3,975,908**	119,061
Goodwill	4,302,553	**4,251,373**	(51,180)
Arm	2,860,738	**2,784,384**	(76,354)
Intangible assets	6,784,550	**6,931,446**	146,896
Costs to obtain contracts	-	**306,888**	306,888
Investments accounted for using the equity method	2,328,617	**2,432,989**	104,372
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	**2,932,353**	104,569
SoftBank Vision Fund	2,296,584	**2,378,738**	82,154
Delta Fund	531,200	**553,615**	22,415
Investment securities	2,660,115	**3,010,041**	349,926
Other financial assets	676,392	**720,032**	43,640
Deferred tax assets	647,514	**620,733**	(26,781)
Other non-current assets	221,232	**205,628**	(15,604)
Total non-current assets	24,305,604	**25,387,391**	1,081,787

Primary components of the change

Components and balance	Primary changes from the previous fiscal year-end and main reasons
Property, plant and equipment ¥3,975,908 million	¥119,061 million increase At Sprint, construction in progress increased due to growth in capital expenditures, and leased mobile devices for customers also increased.
Intangible assets ¥6,931,446 million	¥146,896 million increase FCC licenses and others increased due to a weaker yen against the U.S. dollar.
Costs to obtain contracts ¥306,888 million	Costs to obtain contracts at SoftBank Corp. and Sprint was newly recorded due to the adoption of the new standards.
Investments accounted for using the equity method ¥2,432,989 million	¥104,372 million increase Arm China, which was a subsidiary of Arm, became an associate accounted for using the equity method, whereby a consolidated carrying amount of ¥77,948 million was newly recorded. Alibaba's consolidated carrying amount increased due to the recording of income on equity method investment.
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL ¥2,932,353 million	SoftBank Vision Fund: ¥82,154 million increase New investments were made in Full Truck Alliance Co., Ltd. ("Full Truck Alliance") and others. In addition, the fair values of WeWork and other investments increased. On the other hand, Flipkart shares were transferred to assets classified as held for sale from SoftBank Vision Fund and Delta Fund, following the agreement on the sale to Walmart. Delta Fund: ¥22,415 million increase The increase was due to a weaker yen against the U.S. dollar.
Investment securities ¥3,010,041 million	¥349,926 million increase At a wholly subsidiary of SoftBank Group Corp, new investments were made in GM Cruise Holdings, LLC ("GM Cruise"), a developer of autonomous driving technology, among others, and fair values of investments such as Uber and Grab increased. The investments in Uber, Grab, and certain of these new investments such as GM Cruise, may be offered to SoftBank Vision Fund in the future, subject to applicable consent and regulatory and other approvals.

(c) Current Liabilities

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Interest-bearing debt	3,217,405	**4,142,996**	925,591
SoftBank Group Corp.	1,485,851	**1,390,188**	(95,663)
Short-term borrowings	771,275	**782,870**	11,595
Current portion of long-term borrowings	214,747	**214,964**	217
Current portion of corporate bonds	399,829	**299,354**	(100,475)
Others	100,000	**93,000**	(7,000)
SoftBank Corp.	803,055	**790,139**	(12,916)
Current portion of long-term borrowings	393,916	**380,321**	(13,595)
Current portion of lease obligations	393,282	**397,388**	4,106
Others	15,857	**12,430**	(3,427)
Sprint	364,245	**535,717**	171,472
Current portion of long-term borrowings	164,466	**137,404**	(27,062)
Current portion of corporate bonds	190,396	**388,638**	198,242
Others	9,383	**9,675**	292
SoftBank Vision Fund	397,095	**544,168**	147,073
Short-term borrowings	83,952	**-**	(83,952)
Current portion of long-term borrowings	313,143	**544,168**	231,025
Others	167,159	**882,784**	715,625
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract	-	**719,037**	719,037
Others	167,159	**163,747**	(3,412)
Deposits for banking business	684,091	**701,638**	17,547
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	**-**	(40,713)
SoftBank Vision Fund	39,193	**-**	(39,193)
Delta Fund	1,520	**-**	(1,520)
Trade and other payables	1,816,010	**1,667,695**	(148,315)
Derivative financial liabilities	96,241	**853,527**	757,286
Other financial liabilities	1,646	**5,416**	3,770
Income taxes payables	147,979	**92,042**	(55,937)
Provisions	65,709	**61,312**	(4,397)
Other current liabilities	658,961	**678,425**	19,464
Total current liabilities	6,728,755	**8,203,051**	1,474,296

Primary components of the change

Components and balance	Primary changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥4,142,996 million	
SoftBank Group Corp. ¥1,390,188 million	¥95,663 million decrease Current portion of corporate bonds decreased ¥100,475 million due to the redemption of domestic straight corporate bonds, offsetting the corporate bonds that mature within a year being transferred from non-current liabilities.
Sprint ¥535,717 million	¥171,472 million increase Current portion of corporate bonds increased ¥198,242 million, as a result of the corporate bonds that mature within a year being transferred from non-current liabilities.
SoftBank Vision Fund ¥544,168 million	¥147,073 million increase SoftBank Vision Fund made borrowings by way of crystallizing its investment securities.
Others ¥882,784 million	¥715,625 million increase As the settlement date of a variable prepaid forward contract for Alibaba shares being within a year, the related financial liabilities were transferred from non-current liabilities.
Trade and other payables ¥1,667,695 million	¥148,315 million decrease While accrued payment for facilities and sales commissions to dealers were temporarily high at SoftBank Corp. at the previous fiscal year-end, it decreased after payment.
Derivative financial liabilities ¥853,527 million	¥757,286 million increase As the settlement date of a variable prepaid forward contract for Alibaba shares being within a year, the derivative liabilities related to the embedded collar transaction were transferred from non-current liabilities.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Interest-bearing debt	13,824,783	**13,205,962**	(618,821)
SoftBank Group Corp.[13]	7,732,330	**7,848,581**	116,251
Long-term borrowings[13]	3,215,459	**3,252,422**	36,963
Corporate bonds	4,516,871	**4,596,159**	79,288
SoftBank Corp.	896,435	**925,418**	28,983
Long-term borrowings	217,514	**247,476**	29,962
Lease obligations	670,862	**672,434**	1,572
Others	8,059	**5,508**	(2,551)
Sprint	3,979,705	**3,950,942**	(28,763)
Long-term borrowings	1,346,576	**1,433,207**	86,631
Corporate bonds	2,612,178	**2,497,808**	(114,370)
Others	20,951	**19,927**	(1,024)
SoftBank Vision Fund	101,312	**70,824**	(30,488)
Long-term borrowings	101,312	**70,824**	(30,488)
Others	1,115,001	**410,197**	(704,804)
Financial liabilities relating to sale of shares by variable prepaid forward contract	688,332	**-**	(688,332)
Others	426,669	**410,197**	(16,472)
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	**2,012,729**	208,763
SoftBank Vision Fund	1,659,665	**1,861,813**	202,148
Delta Fund	144,301	**150,916**	6,615
Derivative financial liabilities	865,402	**125,221**	(740,181)
Other financial liabilities	62,372	**68,954**	6,582
Defined benefit liabilities	100,486	**102,795**	2,309
Provisions	132,139	**134,739**	2,600
Deferred tax liabilities	1,085,626	**1,340,181**	254,555
Other non-current liabilities	303,915	**253,558**	(50,357)
Total non-current liabilities	18,178,689	**17,244,139**	(934,550)

[13] This includes borrowings using Alibaba shares made by a wholly owned subsidiary of the Company. The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

Primary components of the change

Components and balance	Primary changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥13,205,962 million	
SoftBank Group Corp ¥7,848,581 million	¥116,251 million increase Corporate bonds increased ¥79,288 million. Domestic straight corporate bonds of ¥450 billion and foreign currency-denominated senior notes totaling ¥272.7 billion were issued. On the other hand, foreign currency-denominated senior notes totaling ¥357.6 billion issued in 2013 were redeemed before maturity. In addition, certain corporate bonds were transferred to current liabilities as they becoming due within a year.
Sprint ¥3,950,942 million	¥28,763 million decrease Corporate bonds decreased ¥114,370 million due to the transfer of certain corporate bonds to current liabilities as they becoming due within a year. On the other hand, due to a weaker yen against the U.S. dollar, long-term borrowings increased ¥86,631 million.
Others ¥410,197 million	¥704,804 million decrease As the settlement date of a variable prepaid forward contract for Alibaba shares being within a year, the related financial liabilities were transferred to current liabilities.
Third-party interests in SoftBank Vision Fund and Delta Fund ¥2,012,729 million	SoftBank Vision Fund: ¥202,148 million increase Delta Fund: ¥6,615 million increase See “7. Third-party interests in SoftBank Vision Fund and Delta Fund” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.
Derivative financial liabilities ¥125,221 million	¥740,181 million decrease As the settlement date of a variable prepaid forward contract for Alibaba shares being within a year, the derivative liabilities relating to the embedded collar transaction were transferred to current liabilities.

(e) Equity

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Total equity attributable to owners of the parent	5,184,176	**5,689,782**	505,606
Non-controlling interests	1,088,846	**1,131,392**	42,546
Total equity	6,273,022	**6,821,174**	548,152
Ratio of equity attributable to owners of the parent	16.6%	**17.6%**	1.0 pp

Equity attributable to owners of the parent

(Millions of yen)

	March 31, 2018	**June 30, 2018**	Change
Common stock	238,772	**238,772**	-
Capital surplus	256,768	**263,944**	7,176
Other equity instruments	496,876	**496,876**	-
Retained earnings	3,940,259	**4,530,979**	590,720
Treasury stock	(66,458)	**(66,462)**	(4)
Accumulated other comprehensive income	317,959	**225,673**	(92,286)
Available-for-sale financial assets	63,700	**-**	(63,700)
Equity financial assets at FVTOCI	-	**10,132**	10,132
Debt financial assets at FVTOCI	-	**55**	55
Cash flow hedges	(55,286)	**(75,495)**	(20,209)
Exchange rate differences on translating foreign operations	309,545	**290,981**	(18,564)
Total equity attributable to owners of the parent	5,184,176	**5,689,782**	505,606

Primary components of the change

Components and balance	Primary changes from the previous fiscal year-end and main reasons
Retained earnings ¥4,530,979 million	¥590,720 million increase The cumulative impact of adopting the new standards of ¥300,615 million was recorded on April 1, 2018. Net income attributable to owners of the parent of ¥313,687 million was also recorded.
Accumulated other comprehensive income ¥225,673 million	¥92,286 million decrease The cumulative impact of adopting the new standards of ¥57,828 million was reclassified as retained earnings on April 1, 2018.

(3) Overview of Cash Flows

1. Progress on investments at SoftBank Vision Fund
- Payments for acquisition of investments of ¥177.0 billion
- Distributed ¥153.5 billion as proceeds from partial monetization of investments, among others, to third-party investors

2. Issuance and redemption of bonds by SoftBank Group Corp.
- Issued domestic straight corporate bonds of ¥450 billion and foreign currency-denominated senior notes totaling ¥272.7 billion
- Redemption of matured domestic straight corporate bonds of ¥400 billion, and early redemption of foreign currency-denominated senior notes totaling ¥357.6 billion

(Millions of yen)

	Three months ended June 30		
	2017	**2018**	Change
Cash flows from operating activities	195,954	**274,419**	78,465
Cash flows from investing activities	(1,068,352)	**(892,109)**	176,243
Cash flows from financing activities	(26,022)	**(48,508)**	(22,486)

(a) Cash Flows from Operating Activities

Cash flows from operating activities increased ¥78,465 million year on year. Income taxes paid decreased ¥100,818 million year on year primarily due to the payment of income taxes for the sale of Supercell Oy shares in 2016, which was made in the same period of the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components for the first quarter

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(333,374) million	Sprint acquired telecommunications network equipment and leased devices. SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(267,903) million	A wholly owned subsidiary of the Company newly invested in GM Cruise, among others. GM Cruise and certain of these new investments may be offered to SoftBank Vision Fund in the future, subject to applicable consent and regulatory and other approvals. In addition, Japan Net Bank Ltd. acquired securities held for investment.
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(176,963) million	SoftBank Vision Fund made several new investments totaling ¥176,963 million, such as Full Truck Alliance.
Increase from loss of control over subsidiaries ¥56,826 million	The amount was obtained by deducting the cash and cash equivalents held by Arm China on the date of loss of control from the proceeds received to date related to the sale of equity interest in Arm China, which became an associate accounted for using the equity method following the establishment of a joint venture for Arm's China business.
Payment for the acquisition of short-term investment securities ¥(140,640) million	Sprint acquired commercial paper held for short-term investment.
Payments into time deposits ¥(244,107) million Proceeds from withdrawal of time deposits ¥199,305 million	These payment and proceeds are associated with short-term trading at Sprint and Arm.

(c) Cash Flows from Financing Activities

Primary components for the first quarter

Component	Primary details
Proceeds from interest-bearing debt ¥1,436,683 million	
Proceeds from long-term borrowings ¥588,956 million	
SoftBank Vision Fund ¥196,967 million	SoftBank Vision Fund crystallized some of its investment securities. The amount has been recorded as long-term borrowings in the condensed interim consolidated statement of financial position.

Component	Primary details
Others	· Sprint borrowed ¥148,926 million by using its telecommunications network equipment and leased devices. · SoftBank Corp. borrowed ¥139,449 million through securitization of installment receivables.
Proceeds from issuance of bonds ¥722,744 million	SoftBank Group Corp. issued ¥450 billion of domestic straight corporate bonds and foreign currency-denominated senior notes totaling ¥272.7 billion.
Proceeds from sale-leaseback of newly acquired equipment ¥124,983 million	SoftBank Corp. conducted a sale-leaseback for the purchase of telecommunications network equipment through financing leases.
Repayment of interest-bearing debt ¥(1,388,998) million	
Repayment of long-term borrowings ¥(499,775) million	· Sprint repaid borrowings of ¥151,928 million. · SoftBank Corp. repaid borrowings of ¥123,082 million made through the securitization of installment receivables.
Redemption of corporate bonds ¥(757,640) million	SoftBank Group Corp. redeemed straight corporate bonds of ¥400 billion at maturity, in addition to early redemption of foreign currency-denominated senior notes issued in 2013 totaling ¥357.6 billion.
Repayment of lease obligations ¥(125,106) million	SoftBank Corp. repaid its lease obligations for telecommunications network equipment.
Contribution to SoftBank Vision Fund and Delta Fund from third-party investors ¥180,212 million	· SoftBank Vision Fund received cash contributions of ¥179,449 million from third-party investors based on capital calls. · Delta Fund received cash contributions of ¥763 million from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors ¥(161,259) million	· SoftBank Vision Fund made both fixed and performance-based distributions to third-party investors from the proceeds received from monetizing the investment securities it possesses. The Fund also made fixed distributions based on the aggregated amount of investment in the first quarter. The total amount of fixed distribution was ¥34,835 million and performance-based distribution was ¥118,684 million. · Delta Fund made fixed distributions based on the aggregated amount of investment in the first quarter.

(4) Forecasts

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

2. Notes to Summary Information

Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" were adopted during the three-month period ended June 30, 2018.

The details are described in "1. Significant accounting policies" in "(6) Notes to Condensed Interim Consolidated Financial Statements" under "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

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
Arm	Arm Limited
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	3,334,650	2,728,279
Trade and other receivables	2,314,353	2,235,698
Assets classified as held for sale in SoftBank Vision Fund and Delta Fund	-	439,765
Other financial assets	519,444	788,540
Inventories	362,041	331,822
Other current assets	344,374	356,869
Total current assets	6,874,862	6,880,973
Non-current assets		
Property, plant and equipment	3,856,847	3,975,908
Goodwill	4,302,553	4,251,373
Intangible assets	6,784,550	6,931,446
Costs to obtain contracts	-	306,888
Investments accounted for using the equity method	2,328,617	2,432,989
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	2,932,353
Investment securities	2,660,115	3,010,041
Other financial assets	676,392	720,032
Deferred tax assets	647,514	620,733
Other non-current assets	221,232	205,628
Total non-current assets	24,305,604	25,387,391
Total assets	31,180,466	32,268,364

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,217,405	4,142,996
Deposits for banking business	684,091	701,638
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	-
Trade and other payables	1,816,010	1,667,695
Derivative financial liabilities	96,241	853,527
Other financial liabilities	1,646	5,416
Income taxes payables	147,979	92,042
Provisions	65,709	61,312
Other current liabilities	658,961	678,425
Total current liabilities	6,728,755	8,203,051
Non-current liabilities		
Interest-bearing debt	13,824,783	13,205,962
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	2,012,729
Derivative financial liabilities	865,402	125,221
Other financial liabilities	62,372	68,954
Defined benefit liabilities	100,486	102,795
Provisions	132,139	134,739
Deferred tax liabilities	1,085,626	1,340,181
Other non-current liabilities	303,915	253,558
Total non-current liabilities	18,178,689	17,244,139
Total liabilities	24,907,444	25,447,190
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	256,768	263,944
Other equity instruments	496,876	496,876
Retained earnings	3,940,259	4,530,979
Treasury stock	(66,458)	(66,462)
Accumulated other comprehensive income	317,959	225,673
Total equity attributable to owners of the parent	5,184,176	5,689,782
Non-controlling interests	1,088,846	1,131,392
Total equity	6,273,022	6,821,174
Total liabilities and equity	31,180,466	32,268,364

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

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Net sales	2,186,059	2,272,783
Cost of sales	(1,255,123)	(1,316,660)
Gross profit	930,936	956,123
Selling, general and administrative expenses	(589,361)	(627,985)
Gain relating to loss of control over subsidiaries	-	161,347
Other operating income (loss)	32,469	(14,436)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	374,044	475,049
Operating income from SoftBank Vision Fund and Delta Fund	105,229	239,944
Operating income	479,273	714,993
Finance cost	(120,870)	(148,467)
Income on equity method investments	1,634	37,705
Foreign exchange gain (loss)	(1,796)	12,925
Derivative loss	(257,059)	(54,080)
Gain from financial instruments at FVTPL	24,613	94,542
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(43,589)	(72,889)
Other non-operating loss	(4,638)	(12,425)
Income before income tax	77,568	572,304
Income taxes	(47,028)	(244,184)
Net income	30,540	328,120
Net income attributable to		
Owners of the parent	5,521	313,687
Non-controlling interests	25,019	14,433
	30,540	328,120
Earnings per share		
Basic earnings per share (yen)	5.07	281.55
Diluted earnings per share (yen)	4.22	280.14

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Net income	30,540	328,120
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Equity financial assets at FVTOCI	-	748
Total items that will not be reclassified to profit or loss	-	748
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	24,322	-
Debt financial assets at FVTOCI	-	35
Cash flow hedges	18,134	(20,600)
Exchange differences on translating foreign operations	153,947	17,021
Share of other comprehensive income of associates accounted for using the equity method	6,626	(13,796)
Total items that may be reclassified subsequently to profit or loss	203,029	(17,340)
Total other comprehensive income, net of tax	203,029	(16,592)
Total comprehensive income	233,569	311,528
Total comprehensive income attributable to		
Owners of the parent	208,254	279,616
Non-controlling interests	25,315	31,912
	233,569	311,528

(3) Condensed Interim Consolidated Statement of Changes in Equity

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

For the three-month period ended June 30, 2018

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2018	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	300,615	-	(57,828)	242,787
As of April 1, 2018 (after adjustments)	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
Comprehensive income							
Net income	-	-	-	313,687	-	-	313,687
Other comprehensive income	-	-	-	-	-	(34,071)	(34,071)
Total comprehensive income	-	-	-	313,687	-	(34,071)	279,616
Transactions with owners and other transactions							
Cash dividends	-	-	-	(23,969)	-	-	(23,969)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	387	-	(387)	-
Purchase and disposal of treasury stock	-	-	-	-	(4)	-	(4)
Changes in interests in subsidiaries	-	197	-	-	-	-	197
Changes in associates' interests in their subsidiaries	-	4,541	-	-	-	-	4,541
Changes in interests in associates' capital surplus	-	(250)	-	-	-	-	(250)
Share-based payment transactions	-	2,004	-	-	-	-	2,004
Other	-	684	-	-	-	-	684
Total transactions with owners and other transactions	-	7,176	-	(23,582)	(4)	(387)	(16,797)
As of June 30, 2018	238,772	263,944	496,876	4,530,979	(66,462)	225,673	5,689,782

(Millions of yen)

	Non-controlling interests	Total equity
As of April 1, 2018	1,088,846	6,273,022
Effect of retrospective adjustments due to adoption of new standards*	21,300	264,087
As of April 1, 2018 (after adjustments)	1,110,146	6,537,109
Comprehensive income		
Net income	14,433	328,120
Other comprehensive income	17,479	(16,592)
Total comprehensive income	31,912	311,528
Transactions with owners and other transactions		
Cash dividends	(29,483)	(53,452)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(4)
Changes in interests in subsidiaries	18,195	18,392
Changes in associates' interests in their subsidiaries	-	4,541
Changes in interests in associates' capital surplus	-	(250)
Share-based payment transactions	1,170	3,174
Other	(548)	136
Total transactions with owners and other transactions	(10,666)	(27,463)
As of June 30, 2018	1,131,392	6,821,174

Note:
* In accordance with the adoption of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers,” cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income. The details are described in “(3) Effect of adopting new standards and interpretations” in “1. Significant accounting policies” under “(6) Notes to Condensed Interim Consolidated Financial Statements.”

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Cash flows from operating activities		
Net income	30,540	328,120
Depreciation and amortization	371,991	405,153
Gain relating to loss of control over subsidiaries	-	(161,347)
Gain on investments at SoftBank Vision Fund and Delta Fund	(106,871)	(247,211)
Finance cost	120,870	148,467
Income on equity method investments	(1,634)	(37,705)
Derivative loss	257,059	54,080
Gain from financial instruments at FVTPL	(24,613)	(94,542)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	43,589	72,889
Foreign exchange loss (gain) and other non-operating loss	6,434	(500)
Income taxes	47,028	244,184
Decrease in trade and other receivables	61,489	63,741
Increase in inventories	(98,530)	(78,014)
Decrease in trade and other payables	(66,365)	(98,806)
Other	(88,292)	(24,059)
Subtotal	552,695	574,450
Interest and dividends received	5,681	10,314
Interest paid	(111,708)	(160,620)
Income taxes paid	(250,959)	(150,141)
Income taxes refunded	245	416
Net cash provided by operating activities	195,954	274,419
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(284,038)	(333,374)
Payments for acquisition of investments	(864,699)	(267,903)
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(47,992)	(176,963)
Proceeds from sales/redemption of investments	5,867	78,703
Proceeds from loss of control over subsidiaries, net	-	56,826
Payments for acquisition of marketable securities for short-term trading	(77,066)	(140,640)
Proceeds from sales/redemption of marketable securities for short-term trading	178,134	37,093
Payments into time deposits	(91,366)	(244,107)
Proceeds from withdrawal of time deposits	127,841	199,305
Other	(15,033)	(101,049)
Net cash used in investing activities	(1,068,352)	(892,109)

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	176,788	612
Proceeds from interest-bearing debt	335,513	1,436,683
Repayment of interest-bearing debt	(480,920)	(1,388,998)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	-	180,212
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	-	(161,259)
Cash dividends paid	(23,162)	(23,365)
Cash dividends paid to non-controlling interests	(28,995)	(29,348)
Other	(5,246)	(63,045)
Net cash used in financing activities	(26,022)	(48,508)
Effect of exchange rate changes on cash and cash equivalents	3,288	59,827
Decrease in cash and cash equivalents	(895,132)	(606,371)
Cash and cash equivalents at the beginning of the period	2,183,102	3,334,650
Cash and cash equivalents at the end of the period	1,287,970	2,728,279

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

Significant accounting policies applied to this condensed interim consolidated financial statements are the same as the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2018, except for the following. In addition, income taxes for the three-month period ended June 30, 2018 are calculated based on the estimated effective tax rate and certain defined benefit liabilities for the three-month period ended June 30, 2018 are calculated by predictive computation based on a reasonable estimation in accordance with the results of an actuarial calculation as of March 31, 2018.

Significant accounting policies for SoftBank Vision Fund and Delta Fund are the same as the fiscal year ended March 31, 2018. The details are described in “(4) Significant accounting policies for SoftBank Vision Fund and Delta Fund.”

(1) Adoption of new standards and interpretations

The Company has adopted the following standards during the three-month period ended June 30, 2018.

Standard/interpretation		Outline of the new/revised standards
IFRS 9	Financial Instruments	IFRS 9 replaces the previous IAS 39. Main revisions are: ・to revise classification into measurement categories of financial instruments (amortized cost and fair value) and measurement; ・to revise the treatment of changes in fair value of financial liabilities measured at fair value; ・to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and ・to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.
IFRS 15	Revenue from Contracts with Customers	IFRS 15 replaces the previous IAS 11 and IAS 18. Main revisions are: ・to require revenue recognition by the following five steps: a. identify the contract with the customer b. identify the performance obligations in the contract c. determine the transaction price d. allocate the transaction price to each performance obligation in the contract e. recognize revenue when (or as) a performance obligation is satisfied ・to revise the treatment for contract costs, license and guarantee of products; and ・to increase the disclosure related to revenue recognition.

There are no significant impacts on the condensed interim consolidated financial statements due to the adoption of the other new standards or interpretations.

In accordance with the transitional provisions of IFRS 9, the Company applied this standard retrospectively to financial instruments held as of the date of initial application (April 1, 2018) and recognized the cumulative effect of applying the standard as an adjustment to the opening retained earnings and accumulated other comprehensive income at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 is not restated.

In accordance with the transitional provisions of IFRS 15, the Company applied this standard retrospectively to contracts that are not completed as of the date of initial application (April 1, 2018) and recognized the cumulative effect of applying the standard as an adjustment to the opening retained earnings at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 is not restated.

(2) Significant accounting policies changed due to the adoption of new standards and interpretations

a. Financial instruments

The Company has adopted IFRS 9 from the three-month period ended June 30, 2018. The Company has elected not to restate comparative information in accordance with the transition requirements of IFRS 9. Therefore, the comparative information complies with IAS 39. Accounting policies applied for the three-month period ended June 30, 2018 are as follows:

(a) Financial instruments

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

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

(b) Non-derivative financial assets

Non-derivative financial assets are classified as “financial assets at amortized cost,” “debt financial assets at fair value through other comprehensive income (“debt financial assets at FVTOCI”),” “equity financial assets at fair value through other comprehensive income (“equity financial assets at FVTOCI”),” and “financial assets at FVTPL.” The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

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

i. Financial assets measured at amortized cost

Financial assets are classified as “financial assets at amortized cost” if both of the following conditions are met:

- the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

ii. Debt financial assets at FVTOCI

Financial assets are classified as “debt financial assets at FVTOCI” if both of the following conditions are met:

- the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at FVTOCI are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on monetary financial assets classified as debt financial assets at FVTOCI and interest income calculated using the effective interest method relating to debt financial assets at FVTOCI are recognized in profit or loss.

iii. Equity financial assets at FVTOCI

At initial recognition, the Company has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as “equity financial assets at FVTOCI.” Subsequent to initial recognition, equity financial assets at FVTOCI are measured at fair value and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When financial assets are derecognized or there is a significant or prolonged decline in fair value below the cost, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at FVTOCI are recognized in profit or loss.

iv. Financial assets at FVTPL

Financial assets are classified as “financial assets at FVTPL,” if they are classified as neither “financial assets at amortized cost,” “debt financial assets at FVTOCI,” nor “equity financial assets at FVTOCI.” Please refer to “(4) Significant accounting policies for SoftBank Vision Fund and Delta Fund” for details of “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position. Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

v. Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets at amortized cost, debt financial assets at FVTOCI, and contract assets under IFRS 15 “Revenue from Contracts with Customers.” At each fiscal period-end, the Company assesses whether the credit risk on financial assets has increased significantly since initial recognition. If the credit risk on financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses. If the credit risk on financial assets has increased significantly since initial recognition or for credit impaired financial assets, the Company measures the allowance account for the financial assets at an amount equal to the lifetime expected credit losses. However, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables and contract assets.

Expected credit losses are estimated in a way that reflects the following:

・an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
・the time value of money; and
・reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Provision of the loss allowance relating to the measurement is recognized in profit or loss. Reversal of the loss allowance is also recognized in profit or loss when events that reduce the loss allowance occur in subsequent periods.

The carrying amount of financial assets is directly reduced against the loss allowance when the Company has no reasonable expectations of recovering financial assets in its entirety or a portion thereof.

vi. Derecognition of financial assets

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

(c) Non-derivative financial liabilities

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

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

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

The Company derecognizes financial liabilities when the Company’s obligations are met, or debt is discharged or cancelled or expires.

(d) Derivatives and hedge accounting

i. Derivatives

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

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

ii. Hedge accounting

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

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

(i) there is an economic relationship between the hedged item and the hedging instrument;

(ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item the Company actually hedges and the quantity of the hedging instrument the Company actually uses to hedge the quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains the same, the Company adjusts the hedge ratio so that the hedging relationship becomes effective again.

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

When the hedged forecasted transaction subsequently results in the recognition of non-financial assets or non-financial liabilities, the Company transfers the accumulated other comprehensive income previously recognized in other comprehensive income and includes them in the measurement of initial cost of the non-financial assets or non-financial liabilities (basis adjustment).

The Company discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria, such as instances when the hedging instrument expires or is sold, terminated or exercised.

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

iii. Embedded derivatives

Derivatives embedded in non-derivative financial assets host contracts (“embedded derivatives”) are not separated from the host contracts and accounted for as hybrid contracts in its entirety.

When the economic characteristics and risks of the derivatives embedded in non-derivative financial liabilities host contracts (“embedded derivatives”) are not closely related to the economic characteristics and risks of the host contracts and the whole financial instruments, including the embedded derivatives, are not classified as financial liabilities at FVTPL, the embedded derivatives are separated from the host contracts and accounted for separately as derivatives. If it is required to separate embedded derivatives from its host contracts, but the Company is unable to measure the embedded derivatives separately either at acquisition or at the end of a subsequent fiscal period, the Company designates and accounts for the entire hybrid contract as financial liabilities at FVTPL.

b. Revenue

The company has adopted IFRS 15 from the three-month period ended June 30, 2018. The Company has elected not to restate comparative information in accordance with the transition requirements of IFRS 15. Therefore, the comparative information complies with IAS 11 and IAS 18. Accounting policies applied for the three-month period ended June 30, 2018 are as follows.

Also, the Company has changed the reporting segment from the three-month period ended June 30, 2018. Please refer to “Note 2. Segment information” for details.

The Company’s accounting policy for revenue recognition is as follows:

<u>SoftBank segment and Sprint segment</u>

In the SoftBank segment and Sprint segment, the Company mainly provides mobile telecommunications services, sales of mobile handsets, and fixed-line telecommunications services. In the SoftBank segment, the Company also provides broadband services and distribution services.

(a) Mobile telecommunications services and sales of mobile handsets

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

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

The business flow of the above transactions consists of "Indirect sales," where the Company sells mobile handsets to dealers and enters into telecommunications service contracts with subscribers through dealers, and "Direct sales," where the Company sells mobile handsets to subscribers and enters into telecommunications service contracts directly with subscribers.

Revenues from the mobile telecommunications service are invoiced to subscribers on a monthly basis and the invoice is due within a short time frame. Revenues from the sale of mobile handsets in "Indirect sales" are invoiced when the mobile handsets are sold to dealers, and most of the invoices are due within a short time frame. Revenues from the sale of mobile handsets in "Direct sales" are invoiced either in a lump-sum, where payments are made in full upon sale, or in installments, where the installments are invoiced on a monthly basis over the installment period and the invoice is due within a short time frame. The Company has determined that these transaction prices do not include a significant financing component arising from the timing of payments, and therefore, does not adjust for such financing component.

The Company has obligations for returns and refunds for mobile telecommunications services and sales of mobile handsets over a certain period of time after contract inception. The estimated amount of obligations for returns and refunds is determined by type of product and service based on past experiences and is deducted from the transaction prices.

In the SoftBank segment, the Company provides extended warranty for mobile handsets as an optional service and such service is considered as a separate performance obligation in the contract under which such service is provided.

Revenues from the sale of mobile handsets that are subject to lease contracts are recognized over the lease term under operating leases, and recognized at inception under finance leases.

Under the prepaid contracts, prepaid amounts from the customer are recognized as contract liabilities and reversed based on the ratio of usage to the total expected usage amount, and then recognized as revenue.

i. Indirect sales

Revenues from the sale of mobile handsets are recognized as revenue when mobile handsets are delivered to dealers, which is when dealers deemed to obtain control of the mobile handsets. In the SoftBank segment, commission fees paid to dealers related to the sales of mobile handsets are estimated based on experience and deducted from revenues.

Mobile telecommunications services are recognized as revenue when services are provided to subscribers. Discounts on the communication charges are deducted from mobile telecommunications service revenues.

Activation fees and upgrade fees are recognized as contract liabilities and reversed as the Company provides mobile telecommunications services and then recognized as revenue.

ii. Direct sales

As the revenues from the sales of mobile handsets and the mobile telecommunications services, including the fees, are considered to be one transaction, the total transaction price is allocated to mobile handsets and mobile telecommunications services on the basis of the stand-alone selling price ratio. Discounts for both the sale of mobile handsets and mobile telecommunications charges are deducted from the total transaction price.

As a result of the price allocation above, if the revenue recognized at the sales of mobile handsets exceeds the consideration received from subscribers, the difference will be recognized as contract assets, and transferred to trade receivables when the right to invoice is established as mobile telecommunications services are provided. If the consideration received from subscribers exceeds the revenue recognized at the sales of mobile handset, the difference will be recognized as contract liabilities. Those contract liabilities will be reversed as the Company provides mobile telecommunications services and recognized as revenue.

A stand-alone selling price for the mobile handsets and mobile telecommunications services are observable selling prices when the Company sells the mobile handsets and mobile telecommunications service separately to customers at the start of the contract.

The amount allocated to the sale of mobile handsets is recognized when mobile handsets are delivered to subscribers which is when the subscribers obtain control of mobile handsets.

The amount allocated to mobile telecommunications services is recognized when the service is provided to subscribers.

Contract assets are included in “Other current assets” or “Other non-current assets and contract liabilities are included in “Other current liabilities” or “Other non-current liabilities in the condensed interim consolidated statement of financial position.

(b) Fixed-line Telecommunications service

In the fixed-line Telecommunications service, revenues are generated mainly from voice communications and digital data transmission services (“revenues from fixed-line telecommunications service”).

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

The Company’s accounting policy for revenue recognition of broadband services and distribution services in the SoftBank segment is as follows:

(c) Broadband services

For broadband services, revenues are mainly generated from basic monthly charges, telecom services (“revenues from broadband services”) primarily related to internet connection, and other fees.

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

(d) Distribution services

For distribution services, revenues are generated mainly from the sales of PC software, peripherals and mobile handsets accessories in Japan. Revenues from distribution services are recognized when the customer deems to have acquired control over the goods, which is the point in time at which the goods are delivered to the customer.

For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

Yahoo Japan segment

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

Sponsored search advertising revenue is recognized when a visitor to the website clicks the advertisement.

Display advertising comprises premium advertising, Yahoo! Display Ad Network (“YDN”) and other services.

Revenue from premium advertising is recognized over a period in which related advertisement is displayed.

Revenue from YDN is recognized when a visitor to the website clicks the advertisement on the webpage with the related content.

Revenue from product sales is recognized when the customer obtains control of a product, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product.

Revenue from e-commerce related commission fees is mainly generated from Yahoo! Auctions. Yahoo! Auctions provides online auction services to individual and corporate customers. When products are sold, system usage fee for successful bid from the sellers are recognized as revenue at the time of closing of sales.

Revenue from membership fees is generated from the sale of “Yahoo! Premium,” which provides various benefits to individual customers and is recognized over the membership periods.

Arm segment

In the Arm segment, revenue is mainly generated from licenses to Arm’s technology and the royalties arising from the subsequent sale of licensees’ chips that contain Arm’s technology.

The license revenue related to right to use intellectual property is recognized when the customer obtains control of the license, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from the license.

Royalty revenues are generated from the sale of the licensees’ chips that contain Arm technology and are recognized at the time of licensee’s chip sales. The Company estimates the royalty revenue that will be generated from the licensee’s chip sales in the current quarter. These are then trued-up in the subsequent quarter following the receipt of the licensees’ royalty report.

Brightstar segment

In the Brightstar segment, revenues are generated mainly from distribution of mobile handsets to telecommunications service providers and retailers overseas.

Revenue in the Brightstar segment is recognized when the customer obtains control of a product, which is the point in time at which the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product.

For transactions conducted by the Company on behalf of third parties, revenue is presented on a net basis by excluding payment to third parties from the total consideration received from customers.

c. Costs to obtain contracts

The Company recognizes the costs that would not have been incurred if the telecommunications service contract had not been obtained and that are expected to be recovered, as assets from the costs to obtain contracts. The Company capitalizes mainly the sales commissions that the Company pays to dealers for obtaining and maintaining mobile telecommunications service contracts with subscribers.

The costs to obtain contracts are amortized on a straight-line basis over the period during which goods or services related to such costs are expected to be provided. At each fiscal year-end and quarterly period-end, the Company assesses the capitalized costs to obtain contracts for impairment.

Using a practical expedient in accordance with IFRS 15, the Company accounts for the costs to obtain contracts as expenses when incurred if the amortization period of the costs to obtain contracts is one year or less.

(3) Effect of adopting new standards and interpretations

Financial impacts of applying “IFRS 9 Financial Instruments” and “IFRS 15 Revenue from Contracts with Customers” on condensed interim consolidated statement of financial position as of April 1, 2018 and condensed interim consolidated financial statements for the three-month period ended June 30, 2018 are as follows:

(Condensed Interim Consolidated Statement of Financial Position)

As of April 1, 2018

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
ASSETS				
Trade and other receivables	2,314,353	75	6,580	2,321,008
Inventories	362,041	-	(2,539)	359,502
Other current assets[1]	344,374	(177)	12,416	356,613
Intangible assets	6,784,550	-	(13,271)	6,771,279
Costs to obtain contracts[2]	-	-	304,778	304,778
Deferred tax assets	647,514	31	(54,466)	593,079
Other non-current assets[1]	221,232	-	(21,999)	199,233
LIABILITIES AND EQUITY				
Trade and other payables[1]	1,816,010	-	(62,238)	1,753,772
Other current liabilities[1]	658,961	-	46,900	705,861
Deferred tax liabilities	1,085,626	-	41,387	1,127,013
Other non-current liabilities[1]	303,915	-	(58,029)	245,886
Retained earnings[1,2,5]	3,940,259	52,537	248,078	4,240,874
Accumulated other comprehensive Income[5]	317,959	(52,531)	(5,297)	260,131
Non-controlling interests	1,088,846	(22)	21,322	1,110,146

(Condensed Interim Consolidated Statement of Financial Position)
As of June 30, 2018

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
ASSETS				
Trade and other receivables	2,224,428	70	11,200	2,235,698
Inventories	334,257	-	(2,435)	331,822
Other current assets[1]	334,455	(137)	22,551	356,869
Intangible assets	6,945,824	-	(14,378)	6,931,446
Costs to obtain contracts[2]	-	-	306,888	306,888
Deferred tax assets	673,213	220	(52,700)	620,733
Other non-current assets[1]	218,937	-	(13,309)	205,628
LIABILITIES AND EQUITY				
Trade and other payables[1]	1,735,820	-	(68,125)	1,667,695
Other current liabilities[1]	626,265	-	52,160	678,425
Deferred tax liabilities	1,290,306	(33)	49,908	1,340,181
Other non-current liabilities[1]	320,871	-	(67,313)	253,558
Retained earnings[1,2,5]	4,216,467	47,516	266,996	4,530,979
Accumulated other comprehensive Income[5]	272,241	(47,305)	737	225,673
Non-controlling interests	1,107,493	(22)	23,921	1,131,392

(Condensed Interim Consolidated Statements of Income)
Three-month period ended June 30, 2018

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
Net sales[1]	2,247,330	-	25,453	2,272,783
Cost of sales	(1,310,382)	-	(6,278)	(1,316,660)
Gross profit	936,948	-	19,175	956,123
Selling, general and administrative expenses[2]	(635,775)	(14)	7,804	(627,985)
Other operating loss	(14,179)	66	(323)	(14,436)
Operating income	688,285	52	26,656	714,993
Income on equity method investments	35,701	2,004	-	37,705
Gain from financial instruments at FVTPL[5]	81,831	12,711	-	94,542
Other non-operating loss[3,5]	(2,714)	(9,711)	-	(12,425)
Income taxes	(228,191)	(10,955)	(5,038)	(244,184)
Net income	312,543	(5,899)	21,476	328,120

(Condensed Interim Consolidated Statements of Comprehensive Income)

Three-month period ended June 30, 2018

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
Net income	312,543	(5,899)	21,476	328,120
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Equity financial assets at FVTOCI[3]	-	748	-	748
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets[3,4,5]	(6,529)	6,529	-	-
Debt financial assets at FVTOCI[4]	-	35	-	35
Exchange differences on translating foreign operations	16,876	-	145	17,021
Share of other comprehensive income of associates accounted for using the equity method[5]	(11,726)	(2,070)	-	(13,796)

Notes:

1. Mobile telecommunications services and sales of mobile handsets

   There are various changes related to the allocation of transaction prices to revenues from the mobile telecommunications service and revenues from the sale of mobile handsets as well as timing of revenue recognition. The main changes result from changes in accounting treatment for wireless subsidy contracts and changes in the period during which revenue from activation fees and upgrade fees are deferred. The Company previously deferred direct costs related to activation over the same period as the revenue from activation fees and upgrade fees. As a result of adopting IFRS 15, the Company recognizes direct costs related to activation as expenses when incurred, except for costs related to obtain contracts.

   In addition, interest incurred on an installment contract entered into between the Company and a subscriber is not a significant financing component under IFRS 15. Therefore, the Company does not adjust the financing component for installment receivables at contract inception.

2. Capitalization of costs to obtain contracts

   The Company's existing approach is to recognize sales commissions to dealers related to mobile telecommunications service contracts as expenses when incurred. As a result of adopting IFRS 15, the Company capitalizes the sales commissions that would not have been incurred if the mobile telecommunications service contract had not been obtained and that are expected to be recovered, as the costs to obtain contracts. The costs to obtain contracts are amortized on a straight-line basis over the period during which services related to such costs are expected to be provided.

3. Financial assets previously classified as available-for-sale are classified as equity financial assets at FVTOCI by making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

4. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI taking into account the business model and cash flow characteristics.

5. Financial assets previously classified as available-for-sale other than financial assets described in the above Notes 3 and Notes 4 are classified as financial assets at FVTPL.

There are no significant impacts on basic earnings per share and diluted earnings per share for the three-month period ended June 30, 2018.

Major effects on the carrying amount from the change in classification of financial assets due to the adoption of IFRS 9 as of April 1, 2018 are as follows. There are no changes in classification and carrying amount of financial liabilities.

As of April 1, 2018

(Millions of yen)

Previous standard (IAS 39)		Change in classification			New standard (IFRS 9)	
Classification of financial assets	Carrying amount	Available-for-sale to financial assets at FVTPL	Available-for-sale to financial assets at amortized cost	Loan and receivables to financial assets at FVTPL	Classification of financial assets	Carrying amount
Financial assets at FVTPL	4,749,563	501,941	-	3,655	Financial assets at FVTPL	5,255,159
Derivatives designated as hedging instruments	4,358	-	-	-	Derivatives designated as hedging instruments	4,358
Available-for- sale	860,147	(501,941)	(100)	-	Debt financial assets at FVTOCI	249,427
					Equity financial assets at FVTOCI	108,679
Held-to-maturity	116,172	-	100	(3,655)	Financial assets at amortized cost	3,380,465
Loan and receivables	3,267,848					
Total	8,998,088	-	-	-	Total	8,998,088

Measurement categories under IAS 39 and IFRS 9 for the Company's major financial assets as of April 1, 2018 are as follows. There are no change in measurement categories and carrying amount of financial liabilities

As of April 1, 2018

(Millions of yen)

Major financial assets	Previous standard (IAS 39)		New standard (IFRS 9)	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Equity securities				
Investments from SoftBank Vision Fund and Delta Fund	FVTPL	2,817,160	FVTPL[6]	2,817,160
Other equity securities	Available-for-sale	525,951	FVTOCI[7]	102,368
			FVTPL	423,583
	FVTPL	1,802,152	FVTPL[6]	1,802,152
Bonds	Available-for-sale	240,921	Amortized cost	100
			FVTOCI[8]	224,090
			FVTPL	16,731
Trade and other receivables	Amortized cost	2,314,353	Amortized cost	2,314,428

6. Financial assets previously designated as financial assets at FVTPL are classified as financial assets at FVTPL in accordance with the criteria regarding the classification under IFRS 9.

7. Financial assets previously classified as available-for-sale are classified as equity financial assets at FVTOCI by making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

8. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI since they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(4) Significant accounting policies for SoftBank Vision Fund and Delta Fund

For Softbank Vision Fund and Delta Fund, the Company continues to apply the same accounting policies as those for the fiscal year ended March 31, 2018 as follows.

a. Consolidation of the SoftBank Vision Fund and Delta Fund business by the Company

SoftBank Vision Fund and Delta Fund are Limited Partnerships established by their respective General Partners which are wholly-owned subsidiaries of the Company, and by their form of organization, qualify as structured entities. SoftBank Vision Fund and Delta Fund are consolidated by the Company for the following reasons.

The various entities comprising SoftBank Vision Fund and Delta Fund make investment decisions through their respective Investment Committee, which were established as committees of SB Investment Advisers (UK) Limited ("SBIA"). SBIA is an advisory company and is a wholly-owned subsidiary of the Company. As such, the Company has power as defined under IFRS 10 "Consolidated Financial Statements" over SoftBank Vision Fund and Delta Fund. Furthermore, SBIA receives performance fees and the Company receives distributions attributable to Limited Partners based on the investment performance as returns from the Funds. The Company has the ability to affect those returns through its power over the Funds, and therefore, the Company is deemed to have control as stipulated in IFRS 10 over each Fund.

Inter-company transactions such as management fees and performance fees to SBIA paid or to be paid from SoftBank Vision Fund and Delta Fund are eliminated in consolidation.

b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund

(a) Investments in subsidiaries

Of the portfolio company investments made by SoftBank Vision Fund, the portfolio companies that the Company is deemed to control under IFRS 10 are subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's condensed interim consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in the SoftBank Vision Fund are eliminated in consolidation.

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SoftBank Vision Fund, the portfolio companies over which the Company has significant influence under IAS 28 "Investments in Associates and Joint Ventures" are associates of the Company, and the portfolio companies are joint ventures of the SoftBank Vision Fund when, as defined under IFRS 11 "Joint Arrangements," the SoftBank Vision Fund has joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SoftBank Vision Fund are accounted for as financial assets at FVTPL in accordance with paragraph 18 of IAS 28, and presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the condensed interim consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund" under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by the SoftBank Vision Fund and Delta Fund are accounted for as financial assets at FVTPL. The presentation of these investments in the condensed interim consolidated statement of financial position and the condensed interim consolidated statement of cash flows are the same as the above "(b) Investments in associates and joint ventures."

c. Presentation of the results from the SoftBank Vision Fund and Delta Fund business

Income and loss arising from the SoftBank Vision Fund and Delta Fund business are separated from operating income and loss arising from other businesses, recognized as a component of operating income, and presented as "Operating income from SoftBank Vision Fund and Delta Fund" in the condensed interim consolidated statement of income. Gain and loss arising from "b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund" (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 SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA and other Japan and U.S. advisory companies which support SBIA, and administrative expenses arising from each entity, are included in “Operating income from SoftBank Vision Fund and Delta Fund.”

d. Investments made by the Company based on the premise of transferring to SoftBank Vision Fund and Delta Fund

Investments in associates, joint ventures or other investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund are recognized as financial assets at FVTPL. In cases where the investees are the Company’s subsidiaries and the Company is transferring those investments to SoftBank Vision Fund, the investments are accounted for in accordance with the above “(a) Investments in subsidiaries” under “b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund,” regardless of whether the investments are agreed to be transferred.

(a) Investments made in the three-month period ended June 30, 2018 based on the premise of transfer

If the investments are agreed to be transferred from the Company to SoftBank Vision Fund or Delta Fund, and regulatory approval to make the investments by SoftBank Vision Fund or Delta Fund is obtained (such investments are referred to as “Agreed Transferable Investments”) as of June 30, 2018, the Company presents items relevant to those investments as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows, as if SoftBank Vision Fund and Delta Fund had made those investments from the date when the Company initially made the investments.

On the other hand, if the investments have not yet become the Agreed Transferable Investments as of June 30, 2018, the Company presents items relevant to those investments as “Investment securities” in the condensed interim consolidated statement of financial position, “Gain from financial instruments at FVTPL” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

(b) Investments made on or prior to March 31, 2018 based on the premise of transfer

If the investments become the Agreed Transferable Investments in the three-month period ended June 30, 2018, the Company presents the carrying amounts of those investments as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of June 30, 2018 and gain and loss on investments as “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income for the three-month period ended June 30, 2018, as if the investments had been agreed to be transferred at April 1, 2018. In such case, the carrying amounts of those investments are presented as “Investment securities” in the condensed interim consolidated statement of financial position as of March 31, 2018, gain and loss on investments as “Gain from financial instruments at FVTPL” in the condensed interim consolidated statement of income for the three-month period ended June 30, 2017, and payments for acquisition of investments as “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the three-month period ended June 30, 2017.

e. Contribution from Limited Partners to SoftBank Vision Fund and Delta Fund

SoftBank Vision Fund and Delta Fund issue capital calls from their respective limited partners (“Capital Call”).

(a) Contribution from Limited Partners other than the Company

The interests attributable to limited partners of SoftBank Vision Fund and Delta Fund other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement 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 at the end of the finite life within SoftBank Vision Fund and Delta Fund’s limited partnership agreements. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying 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 at the end of each quarter.

“Third-party interests in SoftBank Vision Fund and Delta Fund” fluctuate due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Calls, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SoftBank

Vision Fund and Delta Fund are presented as “Change in third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income.

Contributions from Third-Party Investors to SoftBank Vision Fund and Delta Fund are included in “Contributions into SoftBank Vision Fund and Delta Fund from third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9, “Financial Instruments,” and therefore such amount is not recorded in the condensed interim consolidated statement of financial position.

(b) Contribution from the Company

Contribution from the Company to SoftBank Vision Fund and Delta Fund as a limited partner is eliminated in consolidation.

2. 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.

For the fiscal year ended March 31, 2018, the Company had six reportable segments, the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SoftBank Vision Fund and Delta Fund segment. However, from the three-month period ended June 30, 2018, in accordance with changes in the Company's organization based on its unique organizational strategy, Cluster of No.1 Strategy, the Company has revised its segment classifications to the following six reportable segments: the SoftBank segment, the Sprint segment, the Yahoo Japan segment, the Arm segment, the SoftBank Vision Fund and Delta Fund segment, and the Brightstar segment.

The SoftBank segment provides, mainly through SoftBank Corp., mobile communications services, sale of mobile devices, fixed-line telecommunication services such as broadband services in Japan, and through SoftBank Commerce & Service Corp., sale of mobile device accessories, PC software, and peripherals in Japan.

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

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

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

The SoftBank Vision Fund and Delta Fund segment conducts investment activities in a wide range of technology sectors. The segment income of the SoftBank Vision Fund and Delta Fund segment consists of gain and loss arising from investments, including subsidiaries, held by SoftBank Vision Fund and Delta Fund or the Agreed Transferable Investments (gain and loss on investments at SoftBank Vision Fund and Delta Fund), and operating expenses and other expenses incurred in SoftBank Vision Fund and Delta Fund, SBIA and advisory companies in the U.S. and Japan.

The Brightstar segment provides, through Brightstar, distribution of mobile devices overseas. Information on business segments which are not included in the reportable segments is classified in "Other." "Other" includes mainly Fortress and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" include 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 manage and supervise investment activities in the Internet, communication, and media fields overseas, are included in corporate general expenses.

Segment information for the three-month period ended June 30, 2017 is presented based on the reportable segments after the change.

(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 excluding amortization relating to costs to obtain contracts) and Adjusted EBITDA (i.e., EBITDA after addition or deduction of unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund 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 is not attributable to operating income and loss, such as financial cost and income and loss on equity method investments, is not managed by each reportable segment and therefore this income and losses are excluded from segment performance.

For the three-month period ended June 30, 2017

(Millions of yen)

	Reportable segments						
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	Total
Net sales							
Customers	831,349	875,020	204,179	47,036	-	213,653	2,171,237
Intersegment	10,521	35,403	5,204	1	-	6,475	57,604
Total	841,870	910,423	209,383	47,037	-	220,128	2,228,841
Segment income	220,342	131,987	50,904	(6,935)	105,229	(1,328)	500,199
Reconciliation of segment income to adjusted EBITDA							
Segment income	220,342	131,987	50,904	(6,935)	105,229	(1,328)	500,199
Depreciation and amortization	113,196	230,832	9,647	14,883	-	1,486	370,044
EBITDA	333,538	362,819	60,551	7,948	105,229	158	870,243
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	(106,871)	-	(106,871)
Other adjustments	-	(40,966)	(4,929)	-	-	-	(45,895)
Adjusted EBITDA	333,538	321,853	55,622	7,948	(1,642)	158	717,477

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	14,822	-	2,186,059
Intersegment	2,587	(60,191)	-
Total	17,409	(60,191)	2,186,059
Segment income	(4,530)	(16,396)	479,273
Reconciliation of segment income to adjusted EBITDA			
Segment income	(4,530)	(16,396)	479,273
Depreciation and amortization	1,533	414	371,991
EBITDA	(2,997)	(15,982)	851,264
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(106,871)
Other adjustments	-	1,612	(44,283)
Adjusted EBITDA	(2,997)	(14,370)	700,110

For the three-month period ended June 30, 2018

(Millions of yen)

	Reportable segments						
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	Total
Net sales							
Customers	869,874	842,488	220,269	41,533	-	247,406	2,221,570
Intersegment	10,586	40,754	5,867	1	-	6,422	63,630
Total	880,460	883,242	226,136	41,534	-	253,828	2,285,200
Segment income	221,795	98,108	38,750	145,192	239,944	(5,345)	738,444
Reconciliation of segment income to adjusted EBITDA							
Segment income	221,795	98,108	38,750	145,192	239,944	(5,345)	738,444
Depreciation and amortization	112,223	253,535	12,441	18,537	6	1,179	397,921
EBITDA	334,018	351,643	51,191	163,729	239,950	(4,166)	1,136,365
Gain relating to loss of control over subsidiaries	-	-	-	(161,347)	-	-	(161,347)
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	(245,802)	-	(245,802)
Other adjustments	-	8,523	-	-	-	-	8,523
Adjusted EBITDA	334,018	360,166	51,191	2,382	(5,852)	(4,166)	737,739

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	51,213	-	2,272,783
Intersegment	2,467	(66,097)	-
Total	53,680	(66,097)	2,272,783
Segment income	(7,924)	(15,527)	714,993
Reconciliation of segment income to adjusted EBITDA			
Segment income	(7,924)	(15,527)	714,993
Depreciation and amortization	6,905	327	405,153
EBITDA	(1,019)	(15,200)	1,120,146
Gain relating to loss of control over subsidiaries	-	-	(161,347)
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(245,802)
Other adjustments	232	-	8,755
Adjusted EBITDA	(787)	(15,200)	721,752

3. Assets classified as held for sale in SoftBank Vision Fund and Delta Fund

The Company reclassified all of its Flipkart Private Limited shares held by Softbank Vision Fund to "Assets classified as held for sale in SoftBank Vision Fund and Delta Fund" in the condensed interim consolidated statement of financial position as of June 30, 2018, as Softbank Vision Fund entered into a share purchase agreement with WAL-MART INTERNATIONAL HOLDINGS, INC. on May 9, 2018.

4. 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, 2018	As of June 30, 2018
Buildings and structures	231,895	238,276
Telecommunications equipment	2,345,098	2,314,142
Furniture, fixtures, and equipment	820,391	877,519
Land	88,300	89,171
Construction in progress	293,761	376,550
Other	77,402	80,250
Total	3,856,847	3,975,908

5. Intangible assets

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

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Intangible assets with indefinite useful lives		
FCC licenses	3,960,597	4,127,602
Trademarks	664,878	690,477
Other	12,226	12,711
Intangible assets with finite useful lives		
Software	739,901	731,764
Technologies	521,603	495,669
Customer relationships	332,444	308,451
Spectrum migration costs	125,866	139,604
Management contracts*	115,333	114,968
Favorable lease contracts	89,278	87,008
Trademarks	57,357	58,565
Other	165,067	164,627
Total	6,784,550	6,931,446

Note:

* The management contracts reflect excess earnings in the future expected from the agreements which Fortress entered into regarding the management of assets under their funds.

6. 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, 2018	As of June 30, 2018
Current		
Short-term borrowings[1]	957,573	889,195
Commercial paper	100,000	93,000
Current portion of long-term borrowings[1]	1,093,705	1,284,352
Current portion of corporate bonds	590,277	688,017
Current portion of lease obligations	455,670	452,449
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract[2]	-	719,037
Current portion of installment payables	20,180	16,946
Total	3,217,405	4,142,996
Non-current		
Long-term borrowings[1]	5,121,591	5,235,143
Corporate bonds	7,234,049	7,198,967
Lease obligations	766,204	760,122
Financial liabilities relating to sale of shares by variable prepaid forward contract[2]	688,332	-
Installment payables	14,607	11,730
Total	13,824,783	13,205,962

Notes:

1. The amounts of SoftBank Vision Fund and Delta Fund interest-bearing debt included in the above components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Current		
Short-term borrowings	87,259	3,436
Current portion of long-term borrowings	313,143	544,168
Total	400,402	547,604
Non-current		
Long-term borrowings	108,749	83,537
Total	108,749	83,537
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	509,151	631,141
Eliminated amount of inter-company transactions	(10,744)	(16,149)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	498,407	614,992

2. 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 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 a collar transaction.

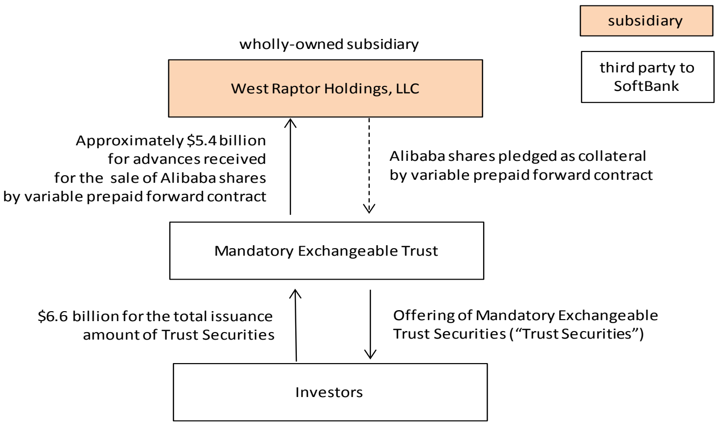
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract 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; ¥719,037 million (¥688,332 million recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) as of March 31, 2018) is recognized as the current portion of financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (current liabilities) and ¥764,761 million (¥714,126 million recognized as derivative financial liabilities (non-current liabilities) as of March 31, 2018) is recognized as derivative financial liabilities (current liabilities) in the condensed interim consolidated statement of financial position as of June 30, 2018; ¥21,371 million (¥259,677 million of derivative loss for the three-month period ended June 30, 2017) is recognized as a derivative loss in the condensed interim consolidated statement of income for the three-month period ended June 30, 2018.

WRH LLC has the option ("cash settlement option") to settle the variable prepaid forward contract by either delivering cash or a combination of cash and Alibaba shares. If WRH LLC elects the cash settlement option, the cash equivalent to the fair value of the number of shares for the settlement, which is determined by the transaction price of ADSs, will be paid.

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

Alibaba shares held by WRH LLC are pledged as collateral. The Company applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the condensed interim consolidated statement of financial position as of June 30, 2018. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥217,275 million as of June 30, 2018 (¥217,182 million as of March 31, 2018).

Outline of the transaction



(3) Components of proceeds in short-term interest-bearing debt, net

The components of "Proceeds in short-term interest-bearing debt, net" in the condensed interim consolidated statement of cash flows are as follows:

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Net increase of short-term borrowings	163,788	7,612
Net increase (decrease) of commercial paper	13,000	(7,000)
Total	176,788	612

(4) Components of proceeds from interest-bearing debt

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

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Proceeds from borrowings	219,167	588,956
Proceeds from issuance of corporate bonds	-	722,744
Proceeds from sale-leaseback of newly acquired equipment	116,346	124,983
Total	335,513	1,436,683

(5) Components of repayment of interest-bearing debt

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

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Repayment of borrowings	(169,289)	(499,775)
Redemption of corporate bonds	(177,328)	(757,640)
Repayment of lease obligations	(118,610)	(125,106)
Payment of installment payables	(15,693)	(6,477)
Total	(480,920)	(1,388,998)

7. Third-party interests in SoftBank Vision Fund and Delta Fund

Changes in interests attributable to Third-Party Investors ("Third-party interests in SoftBank Vision Fund and Delta Fund") are as follows:

(Millions of yen)

	Third-party interests (Total of current liabilities and non-current liabilities)	(Breakdown)	(For reference purposes only) Links with the condensed interim consolidated financial statements: Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2018	1,844,679			
Contributions from third-party investors	180,212		-	180,212
Changes in third-party interests	72,889		(72,889)	-
Attributable to investors entitled to fixed distribution		19,473		
Attributable to investors entitled to performance-based distribution		53,416		
Distribution to third-party investors	(156,649)		-	(156,649)
Fixed distributions		(37,965)		
Performance-based distributions		(118,684)		
Repayment to third-party investors	(4,610)		-	(4,610)
Exchange differences on translating third-party interests*	76,208		-	-
As of June 30, 2018	2,012,729			

Note:
* Exchange differences were included in "Exchange differences on translating foreign operations" in the condensed interim consolidated statement of comprehensive income.

In addition, uncalled committed capital from Third-Party Investors as of June 30, 2018 are $47.4 billion.

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, 2018	As of June 30, 2018
USD	106.24	110.54
GBP	148.84	144.59

(2) Average rate for the quarter

(Yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
USD	111.61	108.71
GBP	142.92	147.54

9. Other equity instruments

On July 19, 2017, the Company issued USD-denominated Undated Subordinated Non-Call 6 years (“NC6”) Resettable Notes and USD-denominated Undated Subordinated Non-Call 10 years (“NC10”) Resettable Notes (collectively, the “Hybrid Notes”).

The Hybrid Notes are classified as equity instruments in accordance with IFRSs because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for distribution of residual assets on liquidation.

10. Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Available-for-sale financial assets	63,700	-
Equity financial assets at FVTOCI	-	10,132
Debt financial assets at FVTOCI	-	55
Cash flow hedges	(55,286)	(75,495)
Exchange differences on translating foreign operations	309,545	290,981
Total	317,959	225,673

Note:
In accordance with the adoption of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers,” cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income. The details are described in “(3) Effect of adopting new standards and interpretations” under “Note 1. Significant accounting policies.”

11. Gain relating to loss of control over subsidiaries

On June 26, 2018, Arm Limited, a British subsidiary of the Company, sold a 51% equity interest in its Chinese subsidiary, Arm Technology (China) Co., Ltd. ("Arm China"), for $775 million to entities representing certain institutional investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's semiconductor technology IP business in China.

As a result of the transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Gain relating to loss of control over subsidiaries recognized arising from the transaction is ¥161,347 million.

12. Other operating income (loss)

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

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Sprint segment		
Loss on disposal of property, plant and equipment*	(31,955)	(13,445)
Reversal of favorable lease	-	(3,810)
Gain on contract termination	558	3,060
Gain on spectrum license exchange	53,435	-
Legal reserves	6,186	-
Other	928	(9)
Yahoo Japan segment		
Insurance income	4,929	-
Company-wide		
Expenses resulting from resignation of director	(1,612)	-
Other		
Loss on equity method investments at Fortress	-	(232)
Total	32,469	(14,436)

Note:
* ¥13,445 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the end of the scheduled customer lease terms where customers did not return the devices to Sprint are recognized for the three-month period ended June 30, 2018.

13. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Interest expenses	(120,870)	(148,467)

14. Other non-operating loss

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

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Interst income	3,236	6,623
Loss on redemption of corporate bonds	(7,207)	(14,538)
Other	(667)	(4,510)
Total	(4,638)	(12,425)

15. Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the condensed interim consolidated statement of income

Income and loss arising from the SoftBank Vision Fund and Delta Fund business included above the income before income tax line in the condensed interim consolidated statement of income are calculated by aggregating income and loss arising from SoftBank Vision Fund and Delta Fund, income and loss arising from each general partner, income and loss arising from SBIA and two advisory companies which support SBIA in the U.S. and Japan. All inter-company transactions have also been eliminated.

(Millions of yen)

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2018
Gain and loss on investments at SoftBank Vision Fund and Delta Fund[1]		
Unrealized gain and loss on valuation of investments	106,871	245,802
Interest and dividend income from investments	-	1,409
	106,871	247,211
Operating expenses	(1,642)	(7,267)
Operating income from SoftBank Vision Fund and Delta Fund	105,229	239,944
Finance cost[2]	-	(5,031)
Foreign exchange gain and loss	10	(40)
Derivative gain and loss	-	1,197
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(43,589)	(72,889)
Other non-operating income and loss	-	(276)
Income before income tax	61,650	162,905

Notes:

1. “Realized gain and loss on sales of investments” is not recognized for the three-month period ended June 30, 2018.
2. The amount before elimination of inter-company transactions is ¥(5,120) million for the three-month period ended June 30, 2018.

16. Supplemental information to the condensed interim consolidated statement of cash flows

Distribution and repayment from SoftBank Vision Fund and Delta Fund to third-party investors

For the three-month period ended June 30, 2018

The distributions and repayments from SoftBank Vision Fund and Delta Fund to third-party investors are ¥(156,649) million and ¥(4,610) million respectively.