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 six-month period ended September 30, 2017 (IFRS)

Tokyo, November 6, 2017

1. Financial Highlights

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

(1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Six-month period ended September 30, 2017	**¥4,411,135**	**3.3**	**¥874,839**	**35.1**	**¥219,021**	**(66.8)**	**¥143,742**	**(82.0)**	**¥102,622**	**(86.6)**	**¥514,591**	**635.5**
Six-month period ended September 30, 2016	¥4,271,834	(0.2)	¥647,363	2.4	¥659,044	(14.2)	¥800,215	57.3	¥765,516	79.4	¥69,963	(85.5)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Six-month period ended September 30, 2017	**¥88.29**	**¥84.97**
Six-month period ended September 30, 2016	¥679.09	¥675.18

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

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of September 30, 2017	**¥27,973,483**	**¥5,468,373**	**¥4,566,164**	**16.3**
As of March 31, 2017	¥24,634,212	¥4,469,730	¥3,586,352	14.6

2. Dividends

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

Note:
Revision of forecasts on the dividends: No

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: None

Excluded from consolidation: One company SoftBank Group Japan GK

Please refer to page 29 "(1) Significant Changes in Scope of Consolidation for the Six-month Period Ended September 30, 2017" under "2. Notes to Summary Information" for details.

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: Yes

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

Please refer to page 29 "(2) Changes in Accounting Policies" under "2. Notes to Summary Information" for details.

(3) Number of shares issued (common stock)

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

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

[2] Number of shares of treasury stock:

As of September 30, 2017:	11,159,776 shares
As of March 31, 2017:	11,378,076 shares

[3] Number of average shares outstanding during six-month period (April-September):

As of September 30, 2017:	1,089,430,669 shares
As of September 30, 2016:	1,127,267,175 shares

*** This interim consolidated financial report is not subject to interim review procedures.**

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

Allocation of the consideration related to the consolidation of Arm in September 2016 was completed during the three-month period ended June 30, 2017. As a result, each financial figure has been revised retrospectively for the six-month period ended September 30, 2016. 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 November 6, 2017, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at https://www.softbank.jp/en/corp/irinfo/. The 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

1. Results of Operations .... P. 2
(1) Overview of Results of Operations .... P. 2
a. Consolidated Results of Operations .... P. 2
b. Results by Segment .... P. 7
(2) Overview of Financial Position .... P. 22
(3) Overview of Cash Flows .... P. 27
(4) Forecasts .... P. 28

2. Notes to Summary Information .... P. 29
(1) Significant Changes in Scope of Consolidation for the Six-month Period Ended September 30, 2017 .... P. 29
(2) Changes in Accounting Policies .... P. 29

3. Condensed Interim Consolidated Financial Statements and Primary Notes .... P. 30
(1) Condensed Interim Consolidated Statement of Financial Position .... P. 31
(2) Condensed Interim Consolidated Statement of Income and Condensed Interim Consolidated Statement of Comprehensive Income .... P. 33
(3) Condensed Interim Consolidated Statement of Changes in Equity .... P. 37
(4) Condensed Interim Consolidated Statement of Cash Flows .... P. 39
(5) Significant Doubt about Going Concern Assumption .... P. 41
(6) Notes to Condensed Interim Consolidated Financial Statements .... P. 41

Definition of Company Names and Abbreviations Used in this Appendix

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

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (standalone basis)
The Company	SoftBank Group Corp. and its subsidiaries
**Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.*	
Sprint	Sprint Corporation
Arm	Arm Holdings plc
SVF	SoftBank Vision Fund (Note)
Alibaba	Alibaba Group Holding Limited
The second quarter	Three-month period ended September 30, 2017
The period	Six-month period ended September 30, 2017
The end of the second quarter	September 30, 2017
The previous fiscal year	Fiscal year ended March 31, 2017
The previous fiscal year-end	March 31, 2017

Note: SVF consists of a fund managed by SVF GP (Jersey) Limited ("Vision Fund"), a fund managed by SB Delta Fund GP (Jersey) Limited ("Delta Fund"), and advisory companies (SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned U.K. subsidiary of the Company, and US and Japanese advisory companies supporting SBIA) which will provide investment advice to each general partner.

1. Results of Operations

(1) Overview of Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Continuing operations				
Net sales	4,271,834	**4,411,135**	139,301	3.3%
Operating income (excluding income from SVF)	647,363	**688,601**	41,238	6.4%
Operating income from SVF	–	**186,238**	186,238	-
Operating income	647,363	**874,839**	227,476	35.1%
Income before income tax	659,044	**219,021**	(440,023)	(66.8%)
Net income from continuing operations	241,630	**143,742**	(97,888)	(40.5%)
Discontinued operations				
Net income from discontinued operations	558,585	**-**	(558,585)	-
Net income	800,215	**143,742**	(656,473)	(82.0%)
Net income attributable to owners of the parent	765,516	**102,622**	(662,894)	(86.6%)

Reference: Average exchange rates used for translations

				Fiscal year ended March 2017		Fiscal year ending March 2018
	Q1	Q2	Q3	Q4	Q1	Q2
USD / JPY	¥109.07	¥102.91	¥108.72	¥113.76	¥111.61	¥111.38

About SoftBank Vision Fund

The Company established the SVF segment as a new reportable segment during the three months ended June 30, 2017 (the "first quarter") upon SVF having completed its first major closing on May 20, 2017. To enable investors to appropriately understand and assess the Company's management performance, the Company has presented operating income arising from SVF separately from that of other segments in a subcategory under operating income in the Condensed Interim Consolidated Statement of Income as "Operating income from SVF." For further details of SVF, please refer to "2. SVF" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

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

(Continuing Operations)

(a) Net Sales

Net sales increased by ¥139,301 million (3.3%) year on year to ¥4,411,135 million. Net sales of the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the Arm segment increased. Arm's net sales reflected results of operations from September 6, 2016. Meanwhile, net sales of the Domestic Telecommunications segment decreased.

(b) Operating Income (excluding income from SVF)

Operating income (excluding income from SVF) increased by ¥41,238 million (6.4%) year on year to ¥688,601 million. Segment income increased by ¥97,611 million in the Sprint segment. Meanwhile, segment income decreased by ¥31,965 million in the Domestic Telecommunications segment, ¥6,681 million in the Yahoo Japan segment, ¥6,942 million in the Distribution segment, and ¥9,671 million in the Arm segment.

(c) Operating Income from SVF

Operating income from SVF was ¥186,238 million (not recorded in the same period of the previous fiscal year). The primary components were unrealized gain on valuation of investments of ¥194,336 million and operating expenses of ¥8,098 million. Unrealized gain on valuation of investments mainly reflects the recognition of an increase in the fair value of NVIDIA Corporation ("NVIDIA") shares held by SVF (as a financial asset at FVTPL) during the period.

(d) Operating Income

As a result of (b) and (c), operating income increased by ¥227,476 million (35.1%) year on year to ¥874,839 million.

(e) Finance Cost

Finance cost increased by ¥21,436 million (9.7%) year on year to ¥243,458 million, mainly due to increases in interest expense of ¥15,613 million at SoftBank Group Corp. and ¥3,812 million at Sprint from the same period of the previous fiscal year. Interest expense at Sprint declined year on year in U.S.-dollar terms but increased in yen terms due to the weaker yen against the U.S. dollar compared to the level a year ago.

(f) Income on Equity Method Investments

Income on equity method investments increased by ¥3,116 million (3.0%) year on year to ¥108,290 million. This was mainly due to an increase in income on equity method investments related to Alibaba of ¥10,975 million (10.1%) year on year to ¥119,643 million.

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

	Six months ended June 30[1] 2016	**2017**	Change
Alibaba			
Net income (US GAAP)	Million CNY 12,915	**Million CNY 25,330**	Million CNY 12,415
Net income (IFRSs)	Million CNY 21,097	**Million CNY 24,169**	Million CNY 3,072

	Six months ended September 30 2016	**2017**	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of June 30	30.70%	**29.48%**	(1.22%)
Income on equity method investments	Million CNY 6,879	**Million CNY 7,215**	Million CNY 336
(Reference) Effective exchange rate CNY/JPY	¥15.80	**¥16.58**	¥0.78
Income on equity method investments	Million yen 108,668	**Million yen 119,643**	Million yen 10,975

(g) Gain on Sales of Equity Method Associates

Gain on sales of equity method associates was ¥1,510 million (gain of ¥238,101 million in the same period of the previous fiscal year). In the same period of the previous fiscal year, the Company sold a portion of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership.[2]

(h) Exchange Gain and Loss

Foreign exchange gain was ¥10,942 million (gain of ¥83,071 million in the same period of the previous fiscal year). This was mainly attributable to a foreign exchange gain the Company had recorded in the same period of the previous fiscal year for the difference in the amount of borrowings made by SoftBank Group Corp. from a foreign subsidiary due to a difference in the foreign exchange rate between the time of borrowing and the time of repayment.

(i) Derivative Gain and Loss

Derivative loss was ¥504,681 million (loss of ¥170,058 million in the same period of the previous fiscal year). This was mainly attributable to a loss of ¥508,421 million recorded in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba shares (see Note below).

The collar transaction is measured at the end of each quarter based on fair value (primarily linked to the share price of Alibaba). The cumulative derivative gain and loss for the three years, from the conclusion of the variable prepaid forward

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

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

contract on June 10, 2016 until the settlement date, will be a loss of $900 million, equal to the amount of derivative assets initially recognized.

Note: For details of the variable prepaid forward contract, see “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “7. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(j) Changes in Third-party Interests in SVF

Changes in third-party interests in SVF increased ¥77,157 million (negative impact on income; not recorded in the same period of the previous fiscal year). Of the third-party interests in SVF presented in Condensed Interim Consolidated Statement of Financial Position, the amount of fluctuations arising from SVF’s business activities was recorded as changes in third-party interests in SVF.

(k) Other Non-operating Income and Loss

Other non-operating income was ¥48,736 million compared to a loss of ¥22,585 million in the same period of the previous fiscal year. The primary components for the period were as follows:

(Millions of yen)

	Six months ended September 30		
	2016	**2017**	Primary components
Dilution gain from changes in equity interest	74,741	**37,488**	Private placement of new shares by Alibaba
Gain (loss) from financial instruments at FVTPL	(58,140)	**10,207**	Recognition of gain in the fair value of investments, primarily in Southeast Asia and India, during the period
Impairment loss on assets classified as held for sale	(42,540)	**-**	Loss due to a difference between the valuation of the 248,300,000 GungHo Online Entertainment, Inc. shares tendered by the Company in the same period of the previous fiscal year at the tender offer price of ¥294 per share and their carrying amount on a consolidated basis

Note: See “15. Other non-operating income (loss)” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

(l) Income before Income Tax

As a result of (d) to (k), income before income tax decreased by ¥440,023 million (66.8%) year on year to ¥219,021 million.

(m) Income Taxes

Income taxes were ¥75,279 million, a decrease of ¥342,135 million (82.0%) year on year. The effective income tax rate for the period was 34.4%, compared to the statutory income tax rate of 31.69%. For operating income from income before income tax from SVF, tax effects are recognized, when necessary, in accordance with the rules of each country/region where the entities comprising SVF are based.

In the same period of the previous fiscal year, the Company recorded deferred tax liabilities of ¥752,203 million on its expected taxable income for the fiscal year ending March 2018 in relation to a transaction for the sale of a portion of Alibaba shares (including intragroup transactions). At the same time, the Company reversed deferred tax liabilities of ¥374,802 million previously recorded for temporary differences in the investment in Alibaba. The deferred tax liability of ¥752,203 million was reversed at the previous fiscal year-end, as taxation was no longer expected for the fiscal year ending

March 2018.

(n) Net Income from Continuing Operations

As a result of (l) and (m), net income from continuing operations decreased by ¥97,888 million (40.5%) year on year to ¥143,742 million.

(Discontinued Operations)

(o) Net Income from Discontinued Operations

Net income from discontinued operations was zero (income of ¥558,585 million in the same period of the previous fiscal year). Income after income tax from Supercell Oy of ¥28,246 million and after-tax gain on sale of Supercell shares of ¥530,339 million were recorded in the same period of the previous fiscal year. Supercell Oy was excluded from the scope of consolidation on July 29, 2016.

(p) Net Income

As a result of (n) and (o), net income decreased by ¥656,473 million (82.0%) year on year to ¥143,742 million.

(q) 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 (p), net income attributable to owners of the parent decreased by ¥662,894 million (86.6%) year on year to ¥102,622 million.

(r) Comprehensive Income

Comprehensive income increased by ¥444,628 million year on year to ¥514,591 million. Of this, comprehensive income attributable to owners of the parent increased by ¥405,669 million to ¥473,011 million.

b. Results by Segment

The Company's reportable segments are components of business activities for which decisions on resource allocation and assessment of performance are made. The Company has six reportable segments: Domestic Telecommunications, Sprint, Yahoo Japan, Distribution, Arm, and SVF. The Company established the SVF segment during the first quarter.

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

Segments	Main businesses	Core companies
Reportable segments		
Domestic Telecommunications	· Provision of mobile communications services in Japan · Sale of mobile devices in Japan · Provision of broadband services to retail customers in Japan · Provision of telecom services to corporate customers in Japan, such as data communications and fixed-line telephone services	SoftBank Corp. Wireless City Planning Inc.
Sprint	· Provision of mobile communications services in the U.S. · Sale and lease of mobile devices and sale of accessories in the U.S. · Provision of fixed-line telecommunications services in the U.S.	Sprint Corporation
Yahoo Japan	· Internet advertising · e-commerce business · Membership services	Yahoo Japan Corporation ASKUL Corporation
Distribution	· Distribution of mobile devices overseas · Sale of PC software, peripherals, and mobile device accessories in Japan	Brightstar Corp. SoftBank Commerce & Service Corp.
Arm	· Design of microprocessor intellectual property and related technology · Sale of software tools	Arm Holdings plc
SVF	· Investment activities by SoftBank Vision Fund	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
Other	· Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.

Note: Income and adjusted EBITDA of reportable segments are calculated as follows:

Segments excluding SVF

Segment income = net sales - operating expenses (cost of sales + selling, general and administrative expenses) ± gain and loss from remeasurement relating to business combination ± other operating income and loss, for each segment

Adjusted EBITDA =segment income (loss) + depreciation and amortization ± other adjustments

SVF segment

Segment income = gain and loss from investments at SVF (realized gain and loss on sales of investments + unrealized gain and loss on valuation of investments + interest and dividend income from investments) - operating expenses (selling, general and administrative expenses)

Adjusted EBITDA =segment income (loss) + depreciation and amortization ± unrealized gain and loss on valuation of investments ± other adjustments

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) Domestic Telecommunications Segment

1. **Upfront investments conducted; majorly focusing on the *Home Bundle Discount Hikari Set, Giga Monster*, and collaboration with Yahoo Japan.**
2. **Sales and income declined yoy due to increased upfront investments (net sales -1.6% yoy; segment income -6.9% yoy); smartphone and *SoftBank Hikari* fiber-optic service subscribers steadily grew from the previous fiscal year-end.**
3. **Forecasting free cash flow to be over ¥500 billion for the full fiscal year.**

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Net sales	1,554,566	**1,528,960**	(25,606)	(1.6%)
Segment income	465,933	**433,968**	(31,965)	(6.9%)
Depreciation and amortization	225,405	**225,693**	288	0.1%
Adjusted EBITDA	691,338	**659,661**	(31,677)	(4.6%)
Capital expenditures (acceptance basis)	106,190	**126,380**	20,190	19.0%
Free cash flow	326,005	**334,356**	8,351	2.6%

OVERVIEW

Even as Japan's telecommunications market approaches maturity, to achieve medium- to long-term growth, the domestic telecommunications business particularly focus on the expansion of smartphone subscribers to strengthen the foundation for future growth, while aiming to generating a stable free cash flow.

Specifically, the Company continues to focus on the acquisition of new smartphone subscribers and the maintenance of existing ones through various upfront investments. The Company is aggressively promoting the sales expansion of smartphones under *Y!mobile*, its mobile communications service sister brand, in the enlarging low-cost smartphone market. Under the *SoftBank* brand, the Company offers *20 GB Data Flat-rate* plan, known as "*Giga Monster,*" and *50 GB Data Flat-rate* plan, known as "*Ultra Giga Monster,*" and has also introduced a *Half Price Support*[3] program that effectively enables customers to purchase high-end smartphones at half-price. The Company is also promoting the *Home Bundle Discount Hikari Set*, which offers a discount on communication charges of mobile communications services, to customers subscribing to both mobile and broadband services such as *SoftBank Hikari*. Furthermore, the Company is striving to differentiate itself from other mobile operators and increase the value proposition by collaborating with Yahoo Japan Corporation to expand services for smartphone customers, mainly in e-commerce.

[3] A service that enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining monthly payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments

FINANCIAL RESULTS

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Telecom service revenue	1,215,251	**1,203,851**	(11,400)	(0.9%)
Mobile communications	958,158	**913,211**	(44,947)	(4.7%)
Telecom[4]	842,117	**801,037**	(41,080)	(4.9%)
Service[5]	116,041	**112,174**	(3,867)	(3.3%)
Broadband	123,852	**157,326**	33,474	27.0%
Fixed-line telecommunications	133,241	**133,314**	73	0.1%
Product and other sales	339,315	**325,109**	(14,206)	(4.2%)
Total net sales	1,554,566	**1,528,960**	(25,606)	(1.6%)

Net sales decreased by ¥25,606 million (1.6%) year on year to ¥1,528,960 million. Of this, telecom service revenue decreased by ¥11,400 million (0.9%) to ¥1,203,851 million and product and other sales decreased by ¥14,206 million (4.2%) to ¥325,109 million.

Telecom service revenue decreased due to a ¥44,947 million (4.7%) year-on-year decrease in mobile communications revenue, reflecting an increase in the total amount of discounts (negative impact on revenue) associated with the growth in the cumulative number of applications of the *Home Bundle Discount Hikari Set,* as well as to decreases in mobile data communications device and PHS subscribers. Broadband revenue increased by ¥33,474 million (27.0%), in line with subscriber growth for the *SoftBank Hikari* fiber-optic service.

Product and other sales decreased mainly due to a year-on-year decline in the number of high-end smartphone shipments for September.

Segment income decreased by ¥31,965 million (6.9%) year on year to ¥433,968 million. This was due to the decrease in net sales, as well as to an increase in operating expenses (cost of sales and selling, general and administrative expenses) of ¥6,359 million (0.6%) year on year.

Main year-on-year fluctuations in operating expenses were: an increase of ¥16,108 million (13.1%) in telecommunications network charges caused by the growth in the number of *SoftBank Hikari* subscribers associated with the sales expansion in the *Home Bundle Discount Hikari Set*, an increase of ¥5,100 million (7.5%) in sales promotion expenses and advertising expenses as a result of focused efforts on expanding sales of *SoftBank Hikari* fiber-optic services and *Y!mobile* smartphones, an increase of ¥4,952 million (74.3%) in expenses related to *Yahoo! Premium* membership service offerings to smartphone customers,[6] as well as optional services for *SoftBank Hikari*, and an increase of ¥7,356 million (6.0%) in outsourcing expenses and labor costs. On the other hand, cost of products decreased by ¥21,608 million (8.7%) year on year due to a decrease in shipments of phones. Sales commission fees also decreased by ¥8,573 million (5.6%), due to a decline in the average cost of sales commission fees for smartphones.

[4] Telecom revenue of mobile communications services, etc., under the *SoftBank* and *Y!mobile* brands
[5] Device warranty service revenue, content-related revenues, advertising revenues, etc.
[6] An offering that allows smartphone subscribers an unlimited use of special offers without additional charges under *Yahoo! Premium* membership service, which is originally provided at monthly charge of 462 yen by Yahoo Japan Corporation.

Adjusted EBITDA decreased by ¥31,677 million (4.6%) year on year to ¥659,661 million.

Capital expenditures (acceptance basis) increased by ¥20,190 million (19.0%) to ¥126,380 million, mainly due to the expansion of service areas and improvement of quality for LTE network.

Free cash flow increased by ¥8,351 million (2.6%) year on year to ¥334,356 million, due to the decrease of capital expenditures on a cash basis resulting from differences in the timing of recognition between acceptance and payment.

Forecast for the Fiscal Year Ending March 2018

For the fiscal year ending March 2018, segment income may decrease up to 7% year on year due to the impact of medium-term growth measures such as the *Home Bundle Discount Hikari Set*, *Giga Monster*, *Half Price Support* program, and the strengthening collaboration with Yahoo Japan Corporation. Capital expenditure (acceptance basis) is projected to be ¥392.5 billion (increase by 22.4% year on year).

Free cash flow is projected to be over ¥500 billion. Decrease in adjusted EBITDA and an increase in working capital associated with the expansion of smartphone sales will adversely affect free cash flow generation, together with an increase in investments for new businesses, while capital expenditure is expected to decrease on a cash basis due to differences in the timing of recognition between acceptance and payment.

OPERATIONS

Mobile Communications Service

Subscribers (Main Subscribers[7])

(Thousands)

	March 31, 2017	**September 30, 2017**	Change
Cumulative subscribers	32,400	**32,784**	384

Cumulative subscribers increased versus the previous fiscal year-end, as smartphones net additions of 808,000[8] offset net losses of feature phones and mobile data communications devices. In smartphones, the number of *Y!mobile* subscribers continued to grow steadily, while *SoftBank* subscribers also grew due to a success of a promotion encouraging feature phone users to switch to smartphones. Adversely, demand for mobile data communications devices continued to decline due to the impact of *Giga Monster*.

Cumulative subscribers at the end of the second quarter included 105,000 subscribers to *Wireless Home Phone*, a new home-phone voice calling service using the mobile network, launched in July 2017.

Home Bundle Discount Hikari Set Applications

(Thousands)

	March 31, 2017	**September 30, 2017**	Change
Mobile communications service	6,030	**7,135**	1,106
Broadband service	2,904	**3,434**	529

[7] Starting from the second quarter, 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.
[8] Net addition of cumulative smartphone subscribers. Includes device upgrades.

Number of Units Sold (Main Subscribers)

(Thousands)

	Six months ended September 30		
	2016	**2017**	Change
New subscriptions	2,277	**2,264**	(13)
Device upgrades	2,627	**2,579**	(49)
Number of units sold	4,904	**4,842**	(62)

The number of units sold for mobile devices of main subscribers decreased year on year, reflecting the decrease in the number of feature phones and mobile data communications devices sold due to the reasons described above.

ARPU (Main Subscribers)

(Yen)

	Three months ended September 30		
	2016	**2017**	Change
Telecom ARPU	4,020	**3,790**	(220)
Service ARPU	560	**550**	(10)
Total ARPU	4,570	**4,340**	(230)

Total ARPU declined year on year, due to the dilutive impact of an increased proportion of *Y!mobile* smartphones, which have a lower service charge. Further penetration of the *Home Bundle Discount Hikari Set* applications in the cumulative subscriber base also lowered total ARPU, by increasing the discount amount in telecom ARPU.

Churn Rate (Main Subscribers)

	Three months ended September 30		
	2016	**2017**	Change
Phone churn rate	0.78%	**0.74%**	0.04 pp improvement
Churn rate	1.06%	**1.01%**	0.05 pp improvement

The phone churn rate improved year on year. This mainly reflected a decrease in cancellations for feature phones following a promotion encouraging feature phone users to switch to smartphones. This also improved the overall churn rate, together with a decline in cancellations for mobile data communications devices.

<u>Broadband Service</u>

Subscribers

(Thousands)

	March 31, 2017	**September 30, 2017**	Change
SoftBank Hikari	3,592	**4,362**	770
Yahoo! BB hikari with FLET'S	1,385	**1,191**	(194)
Yahoo! BB ADSL	1,168	**1,084**	(84)
Cumulative subscribers	6,145	**6,636**	491

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

(b) Sprint Segment

1. **Positive postpaid phone net additions for the ninth consecutive quarter, with a brisk increase in customer acquisitions.**
2. **Segment income significantly increased yoy, with progress in cost reductions and one-time gains**
3. **Adjusted free cash flow decreased, with increased payments for the acquisition of telecom equipment; forecasting to be neutral for the full fiscal year.**

(Millions of yen)

	Six months ended September 30 2016	2017	Change	Change %
Net sales	1,722,537	**1,793,327**	70,790	4.1%
Segment income	104,565	**202,176**	97,611	93.3%
Depreciation and amortization	420,051	**463,991**	43,940	10.5%
Other adjustments[9]	(7,692)	**(37,136)**	(29,444)	-
Adjusted EBITDA	516,924	**629,031**	112,107	21.7%

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

	2016	2017	Change	Change %
Net sales	16,259	**16,084**	(175)	(1.1%)
Cost of services, and selling, general and administrative expenses	(15,118)	**(14,415)**	703	4.7%
Other operating income (loss)	(150)	**144**	294	-
Gain from spectrum license exchanges	354	**479**	125	35.3%
Income (loss) on contract termination	(113)	**5**	118	-
Loss on disposal of property, plant and equipment	(231)	**(399)**	(168)	-
Others	(160)	**59**	219	-
Segment income	991	**1,813**	822	82.9%
Depreciation and amortization	3,964	**4,162**	198	5.0%
Other adjustments[9]	(81)	**(333)**	(252)	-
Adjusted EBITDA	4,874	**5,642**	768	15.8%

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

	2016	2017	Change	Change %
Capital expenditure (cash base)	1,706	**2,908**	1,202	70.5%
Telecommunications network equipment	943	**1,803**	860	91.2%
Leased devices	763	**1,105**	342	44.8%
Adjusted free cash flow	1,173	**659**	(514)	(43.8%)

[9] Primary components include non-recurring income and loss, such as gain from spectrum license exchanges and gain and loss on contract termination, among items included in other operating income and loss.

OVERVIEW

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

FINANCIAL RESULTS

Results in U.S. dollars

Net sales decreased by $175 million (1.1%) year on year to $16,084 million. An increase in device revenue, which was driven by increases of used devices sales to third parties and mobile handset lease revenues, was outweighed by a decline in telecom service revenue resulting from the further penetration of lower rate plans and a change in the device insurance service.

Segment income increased by $822 million (82.9%) year on year to $1,813 million. Operating expenses (cost of sales and selling, general and administrative expenses) decreased by $703 million (4.7%) year on year due to continuous cost reductions, and other operating loss recorded in the same period of the previous fiscal year improved by $294 million in a positive turnaround, more than offsetting the decrease in net sales.

Main year-on-year fluctuations in operating expenses were: an increase of $198 million (5.0%) in depreciation and amortization associated with the increase of leased device assets. On the other hand, cost of products decreased by $167 million (5.3%) and other expenses decreased by $734 million (9.2%) mainly associated with the device insurance program and network related expenses. The decrease in cost of products was attributable to lower mix of installment billing sales of mobile handsets and elimination of mobile handset lease expenses associated with the termination of mobile device sales and leaseback transactions. This was partially offset by the increase in the cost of handsets associated with sales of used devices to third parties.

Other operating income and loss improved by $294 million year on year, due to an increase in gain from spectrum license exchanges and a decrease of loss on contract termination, despite recording a loss of $181 million on disposal of property, plant and equipment due to changes of network plans.

Adjusted EBITDA increased by $768 million (15.8%) year on year to $5,642 million.

Adjusted free cash flow declined by $514 million (43.8%) year on year to $659 million (disclosed by Sprint, U.S. GAAP). An increase in expenditure for acquisition of telecommunications network equipment and leased devices, together with lower net proceeds of financings related to devices and receivables (adjustments) exceeded an increase in net cash provided by operating activities.

Results in yen

In yen terms, net sales increased by ¥70,790 million (4.1%) year on year to ¥1,793,327 million, segment income increased by ¥97,611 million (93.3%) year on year to ¥202,176 million, and adjusted EBITDA increased by ¥112,107 million (21.7%) year on year to ¥629,031 million, reflecting the weaker yen against the U.S. dollar compared to the same period of the previous fiscal year.

OPERATIONS

Cumulative Subscribers[10]

(Thousands)

	March 31, 2017	**September 30, 2017**	Change	**Change excl. special factors**[11]
Postpaid	31,576	**31,686**	110	**129**
(incl.) Phone	26,079	**26,432**	353	**367**
Prepaid	8,688	**8,765**	77	**130**
Wholesale and affiliate	13,375	**13,576**	201	**180**
Cumulative subscribers	53,639	**54,027**	388	**439**

Net Additions (Losses)[10]

(Thousands)

	Three months ended September 30		
	2016	**2017**	Change
Postpaid	344	**168**	(176)
(incl.) Phone	347	**279**	(68)
Prepaid	(449)	**95**	544
Wholesale and affiliate	704	**115**	(589)
Total	599	**378**	(221)

Note: Excluding special factors[11]

Postpaid phone subscriber net additions were subdued at 279,000. New acquisitions steadily increased, driven by various sales promotion measures including unlimited data plans, but were partially offset by an increase in deactivations. Furthermore, prepaid subscribers marked net additions again for a third consecutive quarter.

Churn Rate (Postpaid)[12]

	Three months ended September 30		
	2016	**2017**	Change
Postpaid phone churn rate	1.37%	**1.59%**	0.22 pp deterioration
Postpaid churn rate	1.52%	**1.72%**	0.20 pp deterioration

The postpaid phone churn rate deteriorated due to an increase in customers rolling off device commitments and other carriers introducing unlimited data plans in February 2017, following Sprint.

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

[11] Factor 1: In May 2016, Sprint's affiliate company acquired another operator. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. This resulted in adjustments to subscriber numbers that continued to occur during the period.
Factor 2: During the first quarter, 2,000 Wi-Fi connections were excluded from the postpaid subscriber base.
Factor 3: During the second quarter, one of the prepaid data plans was discontinued. Accordingly, 49,000 prepaid subscribers for the plan were excluded from the prepaid subscriber base.

[12] In the first quarter, Sprint changed the definition of certain gross additions and deactivation for postpaid subscribers. A newly-acquired customer who leaves shortly after activation was previously counted as a deactivation but is now counted as a deduction to gross additions. This change has no impact to net additions, but resulted in lower gross additions and lower deactivations by an equal amount in the quarter.

ABPU (Postpaid Phone)

(U.S. dollars)

	Three months ended September 30		
	2016	**2017**	Change
ARPU	58.03	**52.34**	(5.69)
Average equipment billings per user	13.66	**16.61**	2.95
Postpaid phone ABPU	71.69	**68.95**	(2.74)

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

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

(c) Yahoo Japan Segment

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Net sales	409,497	**425,439**	15,942	3.9%
Segment income	99,371	**92,690**	(6,681)	(6.7%)
Depreciation and amortization	19,154	**20,813**	1,659	8.7%
Gain from remeasurement relating to business combination	(19)	**-**	19	-
Other adjustments	-	**(4,929)**	(4,929)	-
Adjusted EBITDA	118,506	**108,574**	(9,932)	(8.4%)

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

(d) Distribution Segment

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Net sales	626,356	**644,852**	18,496	3.0%
Segment income	14,305	**7,363**	(6,942)	(48.5%)
Depreciation and amortization	3,557	**3,491**	(66)	(1.9%)
Adjusted EBITDA	17,862	**10,854**	(7,008)	(39.2%)

(e) Arm Segment

(Millions of yen)

	Six months ended September 30			
	2016	**2017**	Change	Change %
Net sales	14,356	**93,676**	79,320	552.5%
Segment loss	(5,123)	**(14,794)**	(9,671)	-
Depreciation and amortization	4,476	**30,285**	25,809	576.6%
Gain from remeasurement relating to business combination	(18,168)	**-**	18,168	-
Other adjustments	25,466	**-**	(25,466)	-
Adjusted EBITDA	6,651	**15,491**	8,840	132.9%

Note: The Arm segment reflects the results of operations of Arm since September 6, 2016. Retrospective adjustments have been made to the figures for the six months ended September 30, 2016 due to the completion of purchase price allocation related to 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 the acquisition, Arm has been accelerating investment in research and development by hiring more engineers. With the expansion of its engineering capability, Arm intends to develop new technologies faster, with a focus on artificial intelligence, computer vision, and augmented reality. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things (IoT).

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

FINANCIAL RESULTS

Net sales increased by ¥79,320 million (552.5%) year on year to ¥93,676 million. The main factor behind the increase was that in the same period of the previous fiscal year Arm's results were reflected only from September 6 to 30, 2016, while its results are reflected for the full six months in the period.

Segment loss increased by ¥9,671 million year on year from ¥5,123 million in the same period of the previous fiscal year to ¥14,794 million. During the period, Arm increased the number of its employees, mainly engineers, by a net 686 people, up 14.1% overall from the end of the previous fiscal year as it continues to strengthen its R&D capability. Arm has also been enhancing its employee compensation system, including the start of a new performance-linked incentive program. Operating expenses in the period also included ¥26,796 million in amortization expenses recorded for intangible assets recognized in the purchase price allocation for the Arm acquisition.

Adjusted EBITDA was ¥15,491 million, an increase of ¥8,840 million (132.9%) year on year.

Reference: Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	Fiscal year ended March 2017				**Fiscal year ending March 2018**	
	Q1	Q2		Full year	Q1	**Q2**
	Pro forma	Pro forma	Post-acquisition Sep. 6 -30, 2016	Pro forma		
Technology licensing	161	89	38	601	149	**123**
Technology royalties	228	240	82	974	250	**271**
Software and services	30	24	20	114	29	**28**
Total net sales	419	353	140	1,689	428	**422**

Net sales for the second quarter were $422 million. Technology licensing revenue reported in the second quarter was down 17% from the prior quarter to $123 million. On a pro forma basis, technology licensing revenue was up 38% year on year. This was primarily caused by lower licensing activity in the same period of the previous fiscal year due to uncertainty related to the acquisition of Arm by the Company.

Technology licensing revenue tends to fluctuate quarter-to-quarter; however, Arm expects that it will be higher for this fiscal year than the previous fiscal year (April 1, 2016 to March 31, 2017 on pro forma basis including the periods prior to the acquisition of Arm by the Company), and that it will continue to grow over the long term.

OPERATIONS

Licensing

	Licenses signed July 1 to September 30, 2017	Cumulative number of licenses signed September 30, 2017
Classic (*Arm7, Arm9, Arm11*)	-	500
Cortex-A	7	304
Cortex-R	4	87
Cortex-M	11	456
Mali	4	161
Number of processor licenses signed	26	1,508

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

During the second quarter, Arm signed 26 processor licenses, reflecting the ongoing demand for Arm's latest technology. Of the customers signing licenses, 5 were new customers purchasing their very first Arm processor license. The customers who signed licenses with Arm in the second quarter intend to use Arm technology in a very broad range of end markets, from medical and automotive electronics to smartphones and digital TVs.

Royalty Units

The following analyses are based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended June 30, 2017 as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit analyses are based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates. This section is prepared solely for reference purposes to facilitate understanding of Arm's operations and includes information prior to acquisition by the Company on September 5, 2016.

	2016				**2017**
	Apr. 1 to Jun. 30	Jul. 1 to Sep. 30	Oct. 1 to Dec. 31	Jan. 1 to Mar. 31	**Apr. 1 to Jun. 30**
Royalty units as reported by Arm's licensees	4.0 billion	4.9 billion	5.1 billion	4.7 billion	**5.1 billion**
Growth rate (year-on-year)	12%	20%	24%	28%	**25%**
Breakdown by processor family					
Classic (*Arm7, Arm9, Arm11*)	24%	23%	19%	17%	**18%**
Cortex-A	19%	16%	22%	22%	**20%**
Cortex-R	7%	9%	7%	8%	**9%**
Cortex-M	50%	52%	52%	53%	**53%**

The semiconductor industry experiences some seasonality due to OEMs buying an increased number of chips particularly from July to December for consumer products sold over the Christmas and Chinese New Year shopping seasons. Arm is gaining share and thus grows faster than the overall industry, however being particularly exposed to consumer electronics markets, Arm can also be impacted by the industry's seasonality. As a result, unit shipments usually grow throughout the year, although unit shipments in the three months ending March 31 can be lower than the prior quarter.

Arm's licensees reported shipments of 5.1 billion Arm-based chips for the three-month period ended June 30, 2017. This reflects normal seasonality in terms of growth versus the previous quarter, up 8%, and strong growth of approximately 25% over the same period of the previous fiscal year reflecting strong demand for Arm-based chips.

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

(f) SVF Segment

OVERVIEW

The Company established the SVF segment as a new reportable segment during the first quarter, following SVF having completed its first major closing on May 20, 2017 with $93.2 billion in committed capital (the "Initial Closing"). The SVF segment covers the investment activities of SVF. The purpose of SVF is to invest in companies across a wide range of technology sectors. SVF's investment period is, in principle, five years from its final closing, with a minimum life of 12 years. In addition to the Company, investors in SVF include the Public Investment Fund of the Kingdom of Saudi Arabia, Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation or their respective affiliates, collectively the "Limited Partners." For details of SVF, see "2. SVF" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

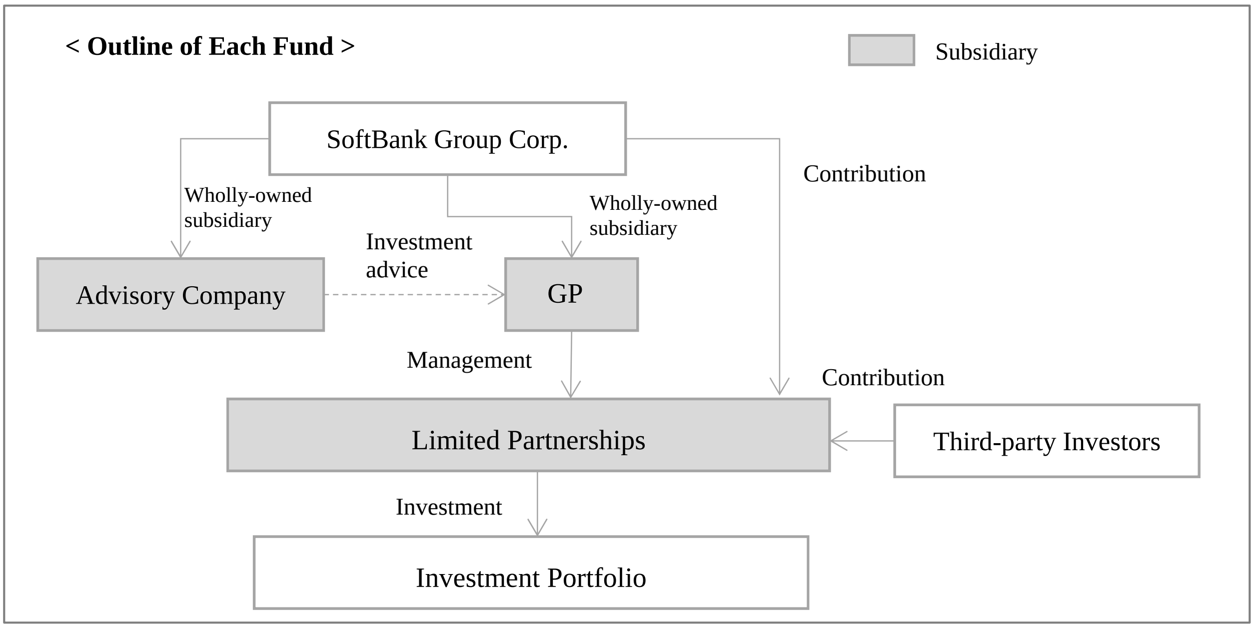
The total amount of committed capital as of September 30, 2017 was $97.7 billion, together with the Company's additional commitment after the Initial Closing. For details of capital commitment, see "*Capital Deployment of SVF*."

Structure of SVF

SVF consists of a fund managed by SVF GP (Jersey) Limited ("Vision Fund"), a fund managed by SB Delta Fund GP (Jersey) Limited ("Delta Fund"), and advisory companies (SB Investment Advisers (UK) Limited ("SBIA"), a wholly-owned UK subsidiary of the Company, and US and Japanese advisory companies supporting SBIA) which will provide investment advice to each general partner. The amount of capital commitment described above is the total amount of capital commitment in both funds, and the percentages of capital contribution by the Company are different for each fund.

Each fund consists of the following entities;

- a general partner ("GP") which is a subsidiary of the Company and
- several limited partnerships managed by the GP.



FINANCIAL RESULTS

(Millions of Yen)

	Six months ended September 30	
	2016	**2017**
Gain and loss on investments at SVF		
Unrealized gain and loss on valuation of investments	-	**194,336**
Operating expenses	-	**(8,098)**
Segment income	-	**186,238**
Unrealized loss (gain) on valuation of investments	-	**(194,336)**
Adjusted EBITDA	-	**(8,098)**

Note: The segment's results are calculated as follows:
Segment income = gain and loss on investments at SVF (realized gain and loss on sales of investments + unrealized gain and loss on valuation of investments + interest and dividend income from investments) – operating expenses (selling, general and administrative expenses)

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± unrealized gain and loss on valuation of investments ± other adjustments

Operating income and loss from the segment includes gain and loss on investments at SVF (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments) and operating expenses.[13] Investments of SVF, are in principle treated as financial assets at FVTPL. They are measured at fair value at the end of each quarter, and the change during the reporting period is recognized in profit or loss. Intercompany transactions, such as management fees and performance fees to the GPs or SBIA paid out from each limited partnership, are eliminated at consolidation. The results of operations, assets, and liabilities of SVF after eliminations are recorded in the Company's consolidated financial statements.

Segment income for the period was ¥186,238 million, due to recording of unrealized gain on valuation of investments of ¥194,336 million mainly in relation to an increase in fair value of NVIDIA shares as a result of its market price rise during the period.

Adjusted EBITDA was negative ¥8,098 million. Adjusted EBITDA is calculated by deducting unrealized gain and loss on valuation of investments from segment income.

[13] Include incorporation expenses of entities that comprise SVF, investment research expenses arising from the GPs and advisory companies, and administrative expenses arising from each entity

Investments of SVF

The following are the investments acquired by SVF or agreed to be transferred to SVF from the Company as of September 30, 2017. These investments exclude those subject to regulatory approval.

(Billions of U.S. dollars)

	Acquisition cost	Fair value	Main investees	
			Investees (in alphabetical order)	Businesses
Investments acquired by SVF	14.8	16.6	Arm Holdings plc (a part of the Company's holding)*1	Semiconductor technology designer
			Fanatics Holdings, Inc. (Fanatics)	Online retailer of licensed sports merchandise
			NVIDIA Corporation	GPU developer
			Roivant Sciences Ltd. (Roivant)	Biopharmaceutical drug developer
			Xiaoju Kuaizhi Inc. (DiDi) *2	Ridesharing services
Investments agreed to be transferred to SVF from the Company	3.6	3.6	OSIsoft LLC (OSIsoft)	Industrial IoT solutions
			WeWork Companies Inc. (WeWork)	Co-working space services
Total	**18.4**	**20.2**		

Capital Deployment of SVF

As of September 30, 2017

(Billions of U.S. dollars)

	SVF		The Company	Third-party investors
Committed capital as of the Initial Closing	93.2		28.0	65.2
Additional committed capital	4.5		4.5	-
Total committed capital	**97.7**		**32.5**	**65.2**
		In-kind contribution of Arm shares *1	8.2	
				9.6
		Transferred economic interest of Arm shares *1	3.8	
		Investments in DiDi *2	3.6	
Total contribution from Limited Partners	**17.0**		**7.4**	**9.6**
Remaining committed capital	**80.7**		**25.1**	**55.6**

Proceeds	
Contribution from Limited Partners	17.0
Proceeds from short-term interest-bearing debt	2.2
Total	**19.2**
Payments	
Acquisition of investment	(14.8)
Total	**(14.8)**

Notes:

1. Out of its total committed capital to SVF, the Company will contribute a part of its Arm shareholding to SVF through an in-kind contribution in satisfaction of approximately $8.2 billion. As of the end of the second quarter, the Company has pledged $4.1 billion of Arm shares in favor of SVF. Of this, economic interests equivalent to $3.8 billion were transferred to SVF. The difference between these two amounts arose from the difference in the timings of capital contribution from investors excluding the Company ("Third-party Investors"), which is expected to be dissolved as SVF receives contributions further. For details of the Company's contribution to SVF through Arm shares, see "(a) Contribution from the Company to SVF (Transfer of a portion of shares of Arm)" under "(2) Significant Accounting Policies" in "c. Contribution from Limited Partners to SVF" in "2. SVF" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."
2. The Company acquired investment securities in DiDi and then transferred them to SVF. The value of this transfer was offset against the amount of the Company's capital obligation to SVF. The investment in DiDi is from Delta Fund.

(2) Overview of Financial Position

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change	Change %
Total assets	24,634,212	**27,973,483**	3,339,271	13.6%
Total liabilities	20,164,482	**22,505,110**	2,340,628	11.6%
Total equity	4,469,730	**5,468,373**	998,643	22.3%

Reference: Exchange rate at the end of the period used for translation

USD / JPY	¥112.19	**¥112.73**	¥0.54	0.5%
GBP / JPY	¥140.08	**¥151.37**	¥11.29	8.1%

(a) Current Assets

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Cash and cash equivalents	2,183,102	**3,462,738**	1,279,636
Trade and other receivables	2,121,619	**2,138,920**	17,301
Other financial assets	794,689	**539,860**	(254,829)
Inventories	341,344	**339,648**	(1,696)
Other current assets	283,221	**281,662**	(1,559)
Total current assets	5,723,975	**6,762,828**	1,038,853

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Cash and cash equivalents	See “(3) Overview of Cash Flows” for details.
Other financial assets	Sprint sold part of commercial paper held for short-term investment, and cancelled time deposits.

(b) Non-current Assets

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Property, plant and equipment	3,977,254	**3,906,498**	(70,756)
Goodwill	4,175,464	**4,392,939**	217,475
(incl.) Arm	2,691,818	**2,908,705**	216,887
Intangible assets	6,946,639	**6,992,269**	45,630
Investments accounted for using the equity method	1,670,799	**1,962,664**	291,865
Investments from SVF accounted for using FVTPL	-	**1,853,055**	1,853,055
Investment securities	1,106,409	**936,130**	(170,279)
Other financial assets	445,858	**444,611**	(1,247)
Deferred tax assets	404,994	**533,720**	128,726
Other non-current assets	182,820	**188,769**	5,949
Total non-current assets	18,910,237	**21,210,655**	2,300,418

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Property, plant and equipment	Telecommunications network equipment of Sprint and SoftBank Corp. decreased due to depreciation exceeding the amount of newly-acquired assets.
Goodwill	Goodwill for Arm increased due to the weaker yen against the pound.
Investments accounted for using the equity method	In addition to recording gain on equity-method investments, the consolidated carrying amount for Alibaba increased due to the weaker yen against the Chinese yuan.
Investments from SVF accounted for using FVTPL	SVF made investments in DiDi, Roivant, and Fanatics, and agreed to acquire shares of WeWork and OSIsoft from the Company. NVIDIA shares were reclassified from “Investment securities” upon transfer to SVF from the Company.
Investment securities	NVIDIA shares were reclassified as “Investments from SVF accounted for using FVTPL.” On the other hand, the Company newly acquired ¥197,352 million in investment securities with a plan to transfer around half of them to SVF.
Deferred tax assets	Deferred tax assets increased due to recording of a derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

(c) Current Liabilities

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Interest-bearing debt	2,694,093	**4,355,422**	1,661,329
SoftBank Group Corp.	1,139,734	**2,674,717**	1,534,983
Short-term borrowings	505,802	**737,573**	231,771
Current portion of long-term borrowings	433,983	**1,427,824**	993,841
Current portion of corporate bonds	119,947	**409,320**	289,373
Others	80,002	**100,000**	19,998
Sprint	536,897	**438,622**	(98,275)
Current portion of long-term borrowings	307,178	**357,853**	50,675
Current portion of corporate bonds	219,365	**71,232**	(148,133)
Others	10,354	**9,537**	(817)
SVF	-	**244,522**	244,522
Short-term borrowings	-	**244,522**	244,522
Others	1,017,462	**997,561**	(19,901)
Short-term borrowings	161,862	**118,875**	(42,987)
Current portion of long-term borrowings	387,349	**404,966**	17,617
Lease obligations	431,522	**446,980**	15,458
Others	36,729	**26,740**	(9,989)
Trade and other payables	1,607,453	**1,610,697**	3,244
Other financial liabilities	13,701	**15,987**	2,286
Income taxes payables	256,218	**153,390**	(102,828)
Provisions	56,362	**50,844**	(5,518)
Other current liabilities	599,096	**574,091**	(25,005)
Total current liabilities	5,226,923	**6,760,431**	1,533,508

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: The current portion of long-term borrowings increased due to the transfer from non-current liabilities of a bridge loan of ¥1 trillion related to the acquisition of Arm. The current portion of long-term bonds also increased due to transfers from non-current liabilities, and short-term borrowings increased through the use of a commitment line. The above bridge loan of ¥1 trillion related to the acquisition of Arm is to be refinanced in November 2017 as long-term funds. Sprint: Current portion of long-term borrowings increased, mainly due to transfers from non-current liabilities as the repayment became due within one year. Meanwhile, the current portion of corporate bonds decreased due to redemptions of corporate bonds. SVF: Short-term borrowings were conducted, mainly to increase capital efficiency in investments.
Income taxes payables	During the period, the Company paid income taxes recognized and accrued at the previous fiscal year-end, such as income taxes on gains from the sale of Supercell Oy shares.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Interest-bearing debt	12,164,277	**11,267,395**	(896,882)
SoftBank Group Corp.	6,378,194	**5,491,171**	(887,023)
Long-term borrowings	2,133,705	**933,745**	(1,199,960)
Corporate bonds	4,244,488	**4,557,426**	312,938
Others	1	**-**	(1)
Sprint	4,024,390	**3,858,981**	(165,409)
Long-term borrowings	1,044,116	**1,017,110**	(27,006)
Corporate bonds	2,954,300	**2,819,317**	(134,983)
Others	25,974	**22,554**	(3,420)
Others	1,761,693	**1,917,243**	155,550
Long-term borrowings	199,804	**356,493**	156,689
Financial liabilities relating to sale of shares by variable prepaid forward contract	715,448	**724,613**	9,165
Lease obligations	787,124	**786,339**	(785)
Others	59,317	**49,798**	(9,519)
Third-party interests in SVF	-	**1,158,643**	1,158,643
Derivative financial liabilities	254,146	**731,320**	477,174
Other financial liabilities	33,083	**23,817**	(9,266)
Defined benefit liabilities	108,172	**107,394**	(778)
Provisions	138,730	**136,612**	(2,118)
Deferred tax liabilities	1,941,380	**2,029,906**	88,526
Other non-current liabilities	297,771	**289,592**	(8,179)
Total non-current liabilities	14,937,559	**15,744,679**	807,120

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Long-term borrowings decreased due to the transfer to current liabilities of the bridge loan for the Arm acquisition. Meanwhile, corporate bonds increased due to the issuance of foreign currency-denominated straight corporate bonds of ¥676,558 million. Long-term borrowings are expected to increase due to the aforementioned refinancing. Sprint: Corporate bonds decreased due to early redemptions of certain corporate bonds.
Third-party interests in SVF	An amount of equity attributable to the third-party investors in SVF was recorded.
Derivative financial liabilities	Derivative liabilities increased by ¥514,735 million due to recording derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

Note: For details about the transaction for sale of Alibaba shares by variable prepaid forward contract, see “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “7. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(e) Equity

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Total equity attributable to owners of the parent	3,586,352	**4,566,164**	979,812
Non-controlling interests	883,378	**902,209**	18,831
Total equity	4,469,730	**5,468,373**	998,643
Ratio of equity attributable to owners of the parent	14.6%	**16.3%**	1.7 pp

Equity attributable to owners of the parent

(Millions of yen)

	March 31, 2017	**September 30, 2017**	Change
Common stock	238,772	**238,772**	-
Capital surplus	245,706	**279,027**	33,321
Other equity instruments	-	**496,876**	496,876
Retained earnings	2,958,355	**3,036,287**	77,932
Treasury stock	(67,727)	**(66,433)**	1,294
Accumulated other comprehensive income	211,246	**581,635**	370,389
Available-for-sale financial assets	11,983	**60,614**	48,631
Cash flow hedges	(44,877)	**(57,011)**	(12,134)
Exchange differences on translating foreign operations	244,140	**578,032**	333,892
Total equity attributable to owners of the parent	3,586,352	**4,566,164**	979,812

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Other equity instruments	Newly recorded for USD-denominated Undated Subordinated Notes (the "Hybrid Notes") issued in July 2017 by SoftBank Group Corp. The Hybrid Notes are classified as equity instruments with IFRSs.
Retained earnings	Retained earnings increased as the Company recorded net income attributable to owners of the parent of ¥102,622 million.
Accumulated other comprehensive income	The weaker yen against the pound caused an increase in exchange differences on translating foreign operations related to Arm.

(3) Overview of Cash Flows

(Millions of yen)

	Six months ended September 30 2016	**2017**	Change
Cash flows from operating activities	1,015,601	**748,283**	(267,318)
Cash flows from investing activities	(3,163,397)	**(1,676,671)**	1,486,726
Cash flows from financing activities	2,420,036	**2,191,780**	(228,256)

(a) Cash Flows from Operating Activities

Net cash provided by operating activities decreased by ¥267,318 million year on year. This mainly reflects the Company's receipt of a refund of ¥293,489 million for withholding income tax related to dividends within the group companies in the same period of the previous fiscal year. An additional factor was a year-on-year increase of ¥101,730 million in income taxes paid due to the payment in the period of income taxes related to the sale of Supercell Oy shares in the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components for the period

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(517,705) million	Sprint acquired telecommunications network equipment and leased devices, and SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(197,352) million	The Company acquired investments. Around half of them were conducted with a plan of transferring them to SVF.
Payments for acquisition of investment by SVF ¥(1,253,341) million	This represents the payments for investments acquired by SVF or agreed to be transferred to SVF from the Company. These mainly included investments in DiDi, WeWork, Roivant, OSIsoft, and Fanatics.
Payments for acquisition of marketable securities for short-term trading ¥(116,552) million Proceeds from sales/redemption of marketable securities for short-term trading ¥332,875 million Payments into time deposits ¥(103,227) million Proceeds from withdrawal of time deposits ¥331,070 million	These proceeds and payments are mainly associated with Sprint's short-term trading.

(c) Cash Flows from Financing Activities

Primary components of the period

Component	Primary details
Increases in short-term interest-bearing debt, net ¥449,851 million	SoftBank Group Corp. procured funds to enhance its cash on hand.
(incl.) SVF ¥241,594 million	SVF conducted borrowings to increase capital efficiency in investments.
Proceeds from long-term interest-bearing debt ¥1,529,137 million	
Proceeds from long-term borrowings ¥607,942 million	SoftBank Corp. and Sprint made borrowings through securitization of receivables.
Proceeds from issuance of bonds ¥665,804 million	SoftBank Group Corp. issued foreign currency-denominated straight corporate bonds.
Proceeds from sale and leaseback of newly acquired equipment ¥255,391 million	SoftBank Corp. conducted a sale and leaseback for a purchase of telecommunications network equipment by finance lease.
Repayment of long-term interest-bearing debt ¥(1,286,867) million	
Repayment of long-term borrowings ¥(632,750) million	SoftBank Corp. and Sprint repaid borrowings made through securitization of receivables. SoftBank Group Corp. also repaid borrowings.
Redemption of corporate bonds ¥(388,938) million	Sprint redeemed corporate bonds (including early redemptions), and SoftBank Group Corp. redeemed corporate bonds upon maturity.
Repayment of lease obligations ¥(245,725) million	SoftBank Corp. repaid lease obligations for telecommunications network equipment.
Proceeds from contributions from third-party investors in SVF ¥1,067,703 million	SVF received cash contribution from third-party investors based on capital calls.
Proceeds from other equity instruments ¥496,876 million	SoftBank Group Corp. issued the Hybrid Notes. The Hybrid Notes are classified as equity instruments with IFRSs.

(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.

For forecasts of the Domestic Telecommunications segment, see “Forecast for the Fiscal Year Ending March 2018” of “(a) Domestic Telecommunications Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”

2. Notes to Summary Information

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

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

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

(2) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

The following standard is adopted from the six-month period ended September 30, 2017.

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

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

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

Company names and abbreviations used in the condensed interim consolidated financial statements and primary notes, except as otherwise stated or interpreted differently in the context, are as follows:

Company name / Abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Arm	Arm Holdings plc
SVF	SoftBank Vision Fund*
Alibaba	Alibaba Group Holding Limited

Note:
* SVF consists of a fund managed by SVF GP (Jersey) Limited (“Vision Fund”), a fund managed by SB Delta Fund GP (Jersey) Limited (“Delta Fund”), and advisory companies (SB Investment Advisers (UK) Limited (“SBIA”), a wholly-owned UK subsidiary of the Company, and US and Japanese advisory companies supporting SBIA) which will provide investment advice to each general partner.

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	2,183,102	3,462,738
Trade and other receivables	2,121,619	2,138,920
Other financial assets	794,689	539,860
Inventories	341,344	339,648
Other current assets	283,221	281,662
Total current assets	5,723,975	6,762,828
Non-current assets		
Property, plant and equipment	3,977,254	3,906,498
Goodwill	4,175,464	4,392,939
Intangible assets	6,946,639	6,992,269
Investments accounted for using the equity method	1,670,799	1,962,664
Investments from SVF accounted for using FVTPL	-	1,853,055
Investment securities	1,106,409	936,130
Other financial assets	445,858	444,611
Deferred tax assets	404,994	533,720
Other non-current assets	182,820	188,769
Total non-current assets	18,910,237	21,210,655
Total assets	24,634,212	27,973,483

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,694,093	4,355,422
Trade and other payables	1,607,453	1,610,697
Other financial liabilities	13,701	15,987
Income taxes payables	256,218	153,390
Provisions	56,362	50,844
Other current liabilities	599,096	574,091
Total current liabilities	5,226,923	6,760,431
Non-current liabilities		
Interest-bearing debt	12,164,277	11,267,395
Third-party interests in SVF	-	1,158,643
Derivative financial liabilities	254,146	731,320
Other financial liabilities	33,083	23,817
Defined benefit liabilities	108,172	107,394
Provisions	138,730	136,612
Deferred tax liabilities	1,941,380	2,029,906
Other non-current liabilities	297,771	289,592
Total non-current liabilities	14,937,559	15,744,679
Total liabilities	20,164,482	22,505,110
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	245,706	279,027
Other equity instruments	-	496,876
Retained earnings	2,958,355	3,036,287
Treasury stock	(67,727)	(66,433)
Accumulated other comprehensive income	211,246	581,635
Total equity attributable to owners of the parent	3,586,352	4,566,164
Non-controlling interests	883,378	902,209
Total equity	4,469,730	5,468,373
Total liabilities and equity	24,634,212	27,973,483

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

For the six-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six-month period ended September 30, 2016*	Six-month period ended September 30, 2017
Continuing operations		
Net sales	4,271,834	4,411,135
Cost of sales	(2,568,170)	(2,554,182)
Gross profit	1,703,664	1,856,953
Selling, general and administrative expenses	(1,024,086)	(1,187,778)
Gain from remeasurement relating to business combination	18,187	-
Other operating income (loss)	(50,402)	19,426
Operating income (excluding income from SVF)	647,363	688,601
Operating income from SVF	-	186,238
Operating income	647,363	874,839
Finance cost	(222,022)	(243,458)
Income on equity method investments	105,174	108,290
Gain on sales of shares of associates	238,101	1,510
Foreign exchange gain	83,071	10,942
Derivative loss	(170,058)	(504,681)
Change in third-party interests in SVF	-	(77,157)
Other non-operating income (loss)	(22,585)	48,736
Income before income tax	659,044	219,021
Income taxes	(417,414)	(75,279)
Net income from continuing operations	241,630	143,742
Discontinued operations		
Net income from discontinued operations	558,585	-
Net income	800,215	143,742
Net income attributable to		
Owners of the parent	765,516	102,622
Non-controlling interests	34,699	41,120
	800,215	143,742
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	189.24	88.29
Discontinued operations	489.85	-
Total basic earnings per share	679.09	88.29
Diluted earnings per share (yen)		
Continuing operations	185.58	84.97
Discontinued operations	489.60	-
Total diluted earnings per share	675.18	84.97

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six-month period ended September 30, 2016*	Six-month period ended September 30, 2017
Net income	800,215	143,742
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	6,539	37,055
Cash flow hedges	(4,687)	(11,923)
Exchange differences on translating foreign operations	(712,679)	336,176
Share of other comprehensive income of associates	(19,425)	9,541
Total items that may be reclassified subsequently to profit or loss	(730,252)	370,849
Total other comprehensive income, net of tax	(730,252)	370,849
Total comprehensive income	69,963	514,591
Total comprehensive income attributable to		
Owners of the parent	67,342	473,011
Non-controlling interests	2,621	41,580
	69,963	514,591

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

For the three-month period ended September 30

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended September 30, 2016*	Three-month period ended September 30, 2017
Continuing operations		
Net sales	2,145,313	2,225,076
Cost of sales	(1,300,897)	(1,299,059)
Gross profit	844,416	926,017
Selling, general and administrative expenses	(516,245)	(598,417)
Gain from remeasurement relating to business combination	18,187	-
Other operating loss	(18,231)	(13,043)
Operating income (excluding income from SVF)	328,127	314,557
Operating income from SVF	-	81,009
Operating income	328,127	395,566
Finance cost	(109,915)	(122,588)
Income on equity method investments	69,708	106,656
Foreign exchange gain	125,990	12,738
Derivative loss	(191,569)	(247,622)
Change in third-party interests in SVF	-	(33,568)
Other non-operating income	80,342	30,271
Income before income tax	302,683	141,453
Income taxes	(273,345)	(28,251)
Net income from continuing operations	29,338	113,202
Discontinued operations		
Net income from discontinued operations	498,526	-
Net income	527,864	113,202
Net income attributable to		
Owners of the parent	511,359	97,101
Non-controlling interests	16,505	16,101
	527,864	113,202
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	12.93	83.22
Discontinued operations	444.58	-
Total basic earnings per share	457.51	83.22
Diluted earnings per share (yen)		
Continuing operations	10.14	80.83
Discontinued operations	444.36	-
Total diluted earnings per share	454.50	80.83

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended September 30, 2016*	Three-month period ended September 30, 2017
Net income	527,864	113,202
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(9)	-
Total items that will not be reclassified to profit or loss	(9)	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(8,370)	12,733
Cash flow hedges	13,869	(30,057)
Exchange differences on translating foreign operations	(355,709)	182,229
Share of other comprehensive income of associates	(4,613)	2,915
Total items that may be reclassified subsequently to profit or loss	(354,823)	167,820
Total other comprehensive income, net of tax	(354,832)	167,820
Total comprehensive income	173,032	281,022
Total comprehensive income attributable to		
Owners of the parent	161,189	264,757
Non-controlling interests	11,843	16,265
	173,032	281,022

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 30, 2016*

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	891,658	3,505,271
Comprehensive income								
Net income	-	-	765,516	-	-	765,516	34,699	800,215
Other comprehensive income	-	-	-	-	(698,174)	(698,174)	(32,078)	(730,252)
Total comprehensive income	-	-	765,516	-	(698,174)	67,342	2,621	69,963
Transactions with owners and other transactions								
Cash dividends	-	-	(24,085)	-	-	(24,085)	(42,623)	(66,708)
Purchase and disposal of treasury stock	-	-	(409)	(350,078)	-	(350,487)	-	(350,487)
Changes from business combination	-	-	-	-	-	-	2,218	2,218
Changes from loss of control	-	-	-	-	-	-	(25,156)	(25,156)
Changes in interests in subsidiaries	-	(356)	-	-	-	(356)	3,186	2,830
Changes in associates' interests in their subsidiaries	-	(475)	-	-	-	(475)	-	(475)
Changes in interests in associates' capital surplus	-	(15,189)	-	-	-	(15,189)	-	(15,189)
Share-based payment transactions	-	1,074	-	-	-	1,074	5,013	6,087
Other	-	-	-	-	-	-	(2,677)	(2,677)
Total transactions with owners and other transactions	-	(14,946)	(24,494)	(350,078)	-	(389,518)	(60,039)	(449,557)
As of September 30, 2016	238,772	246,288	2,907,645	(664,830)	(436,438)	2,291,437	834,240	3,125,677

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

For the six-month period ended September 30, 2017

(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, 2017	238,772	245,706	-	2,958,355	(67,727)	211,246	3,586,352
Comprehensive income							
Net income	-	-	-	102,622	-	-	102,622
Other comprehensive income	-	-	-	-	-	370,389	370,389
Total comprehensive income	-	-	-	102,622	-	370,389	473,011
Transactions with owners and other transactions							
Issuance of other equity instruments	-	-	496,876	-	-	-	496,876
Cash dividends	-	-	-	(23,964)	-	-	(23,964)
Purchase and disposal of treasury stock	-	-	-	(726)	1,294	-	568
Changes in interests in subsidiaries	-	(4,164)	-	-	-	-	(4,164)
Changes in associates' interests in their subsidiaries	-	(3,256)	-	-	-	-	(3,256)
Changes in interests in associates' capital surplus	-	38,058	-	-	-	-	38,058
Share-based payment transactions	-	2,683	-	-	-	-	2,683
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	33,321	496,876	(24,690)	1,294	-	506,801
As of September 30, 2017	238,772	279,027	496,876	3,036,287	(66,433)	581,635	4,566,164

	Non-controlling interests	Total equity
As of April 1, 2017	883,378	4,469,730
Comprehensive income		
Net income	41,120	143,742
Other comprehensive income	460	370,849
Total comprehensive income	41,580	514,591
Transactions with owners and other transactions		
Issuance of other equity instruments	-	496,876
Cash dividends	(29,963)	(53,927)
Purchase and disposal of treasury stock	-	568
Changes in interests in subsidiaries	6,372	2,208
Changes in associates' interests in their subsidiaries	-	(3,256)
Changes in interests in associates' capital surplus	-	38,058
Share-based payment transactions	3,087	5,770
Other	(2,245)	(2,245)
Total transactions with owners and other transactions	(22,749)	484,052
As of September 30, 2017	902,209	5,468,373

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2016*	Six-month period ended September 30, 2017
Cash flows from operating activities		
Net income	800,215	143,742
Depreciation and amortization	685,284	750,507
Gain from remeasurement relating to business combination	(18,187)	-
Gain on investments at SVF	-	(194,336)
Finance cost	222,022	243,458
Income on equity method investments	(105,174)	(108,290)
Gain on sales of shares of associates	(238,101)	(1,510)
Derivative loss	170,058	504,681
Change in third-party interests in SVF	-	77,157
Foreign exchange gain and other non-operating (income) and loss	(62,578)	(59,678)
Gain on sales of discontinued operations	(636,216)	-
Income taxes	529,706	75,279
Decrease in trade and other receivables	13,224	10,373
Increase in inventories	(151,281)	(183,855)
(Decrease) increase in trade and other payables	(21,000)	35,851
Other	(8,890)	(65,721)
Subtotal	1,179,082	1,227,658
Interest and dividends received	11,841	14,679
Interest paid	(249,973)	(239,445)
Income taxes paid	(241,237)	(342,967)
Income taxes refunded	315,888	88,358
Net cash provided by operating activities	1,015,601	748,283
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(441,471)	(517,705)
Payments for acquisition of investments	(130,193)	(197,352)
Payments for acquisition of investments by SVF	-	(1,253,341)
Proceeds from sales/redemption of investments	451,484	14,409
Decrease from acquisition of control over subsidiaries	(3,250,572)	(4,321)
Increase from loss of control over subsidiaries	340,888	-
Payments for acquisition of marketable securities for short-term trading	(126,087)	(116,552)
Proceeds from sales/redemption of marketable securities for short-term trading	60,768	332,875
Payments into time deposits	(154,010)	(103,227)
Proceeds from withdrawal of time deposits	63,289	331,070
Other	22,507	(162,527)
Net cash used in investing activities	(3,163,397)	(1,676,671)
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	616,770	449,851
Proceeds from long-term interest-bearing debt	2,966,588	1,529,137
Repayment of long-term interest-bearing debt	(729,885)	(1,286,867)
Contributions into SVF from third-party investors	-	1,067,703
Proceeds from issuance of other equity instruments	-	496,876
Purchase of treasury stock	(350,834)	(16)
Cash dividends paid	(24,060)	(23,981)
Cash dividends paid to non-controlling interests	(41,819)	(29,529)
Other	(16,724)	(11,394)
Net cash provided by financing activities	2,420,036	2,191,780
Effect of exchange rate changes on cash and cash equivalents	(165,991)	16,244
Increase in cash and cash equivalents	106,249	1,279,636
Cash and cash equivalents at the beginning of the period	2,569,607	2,183,102
Cash and cash equivalents at the end of the period	2,675,856	3,462,738

Note:
* Retrospective adjustments are made due to the completion of allocation of the consideration related to the consolidation of Arm in September 2016 during the three-month period ended June 30, 2017.

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

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

2. SVF

(1) Summary of the transaction

a. First major closing

SVF, which is included in the scope of consolidation of the Company, completed its first major closing on May 20, 2017 with $93.2 billion of committed capital (“Initial Closing”). In addition to the Company, investors in SVF include the Public Investment Fund of the Kingdom of Saudi Arabia, the Mubadala Investment Company of the United Arab Emirates, Apple, Foxconn Technology Group, Qualcomm Incorporated, and Sharp Corporation or their respective affiliates, collectively the “Limited Partners.”

The total amount of capital commitment as of September 30, 2017, by addition of the Company’s commitment, amounts to $97.7 billion. Of this, the Company has committed a maximum of $32.5 billion of capital to SVF, which includes in-kind contributions. The other Limited Partners (“Third-Party Investors”) have committed a maximum aggregate amount of $65.2 billion.

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

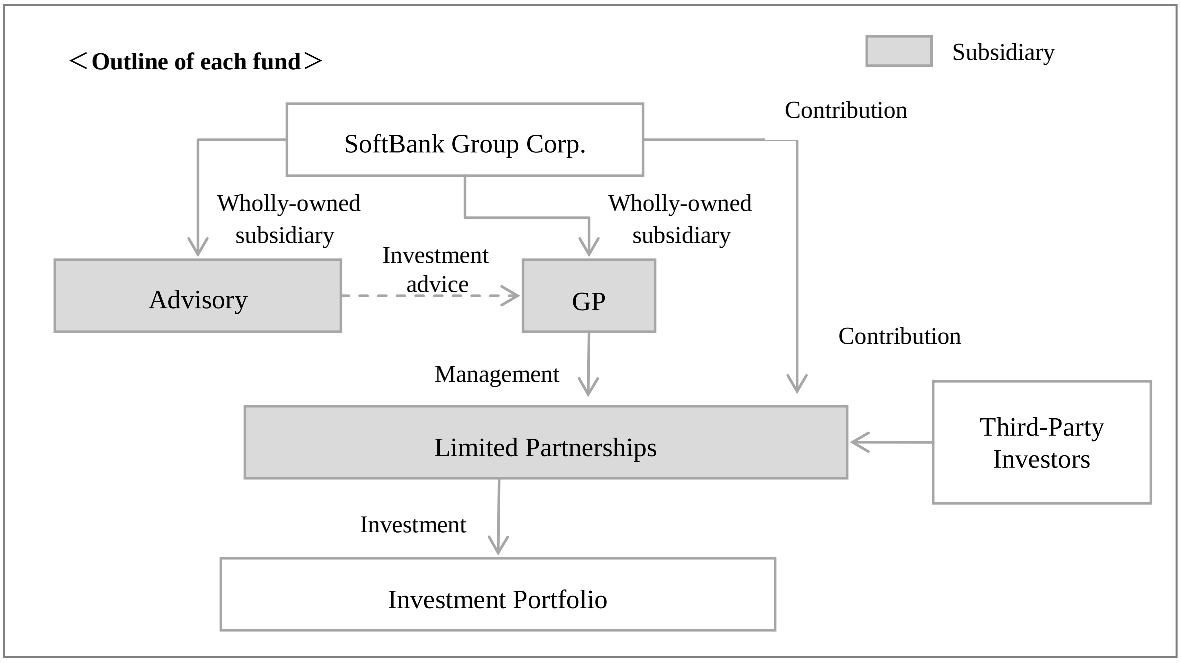
b. Structure of SVF

SVF consists of a fund managed by SVF GP (Jersey) Limited (“Vision Fund”), a fund managed by SB Delta Fund GP (Jersey) Limited (“Delta Fund”), and advisory companies (SB Investment Advisers (UK) Limited (“SBIA”), a wholly-owned UK subsidiary of the Company, and US and Japanese advisory companies supporting SBIA) which will provide investment advice to each general partner. The amount of capital commitment described above a. is total amount of capital commitment in both funds and the percentages of capital contribution by the Company are different for each fund.

Each fund consists of the following entities;

・ a general partner (“GP”) which is a subsidiary of the Company; and

・ several limited partnerships managed by the GP.



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

(2) Significant accounting policies

a. Portfolio company investments made by SVF

SVF uses the Limited Partners' committed capital to invest in companies that fall within the SVF's investment strategy, mainly consisting of companies that have superior technologies or business models, and are expected to experience strong growth over the next five years from the final closing.

(a) Investments in subsidiaries

The portfolio companies that the Company is deemed to control under IFRS 10 "Consolidated Financial Statements," are treated as subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's consolidated financial statements. The Company will transfer, a portion of its shares of Arm Holdings plc ("Arm") which has been pledged, to SVF, and Arm will continue to be a subsidiary of the Company. The details are described in "(a) Contribution from the Company to SVF (Transfer of a portion of shares of Arm)" under "c. Contribution from Limited Partners to SVF."

(b) Investments except for subsidiaries

Investments except for subsidiaries made by SVF, including investments in associates, are managed in accordance with SVF's documented risk management policy or investment strategy, and the performance of each investment is reviewed on a fair value basis. Performance evaluation and investment decisions are made by the relevant GP and the information is provided to the Company's management; therefore, these investments are recorded as financial assets at FVTPL upon initial recognition. Accordingly, these investments are measured at fair value at the end of each quarter and the change during the reporting period is recognized in profit or loss. Such investments that SVF made or investments that the Company and SVF agreed to transfer to SVF from the Company are presented as "Investments from SVF accounted for using FVTPL" in the condensed interim consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SVF" under cash flows from investing activities in the condensed interim consolidated statement of cash flows. Also, payments for acquisition of investments, which were presented as “Payments for acquisition of investments” for the three-month period ended June 30, 2017 and have been agreed to be transferred to SVF from the Company for the three-month period ended September 30, 2017, are included in “Payments for acquisition of investments by SVF” for the six-month period ended September 30, 2017.

b. Results from SVF

Income and loss arising from the SVF segment are separated from operating income and loss arising from other segments, recognized as a component of operating income, and presented as “Operating income from SVF” in the condensed interim consolidated statement of income. Gain and loss on investments at SVF (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SVF, investment research expenses arising from the GP and advisory companies, and administrative expenses arising from each entity, are included in “Operating income and loss from SVF.” The details are described in “Note 11. Operating income from SVF.”

c. Contribution from Limited Partners to SVF

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

Uncalled committed capital from Third-Party Investors is deemed to be a loan commitment and not subject to IAS 39, “Financial Instruments: Recognition and Measurement,” and therefore this amount is not recorded in the consolidated statement of financial position. As of the end of September 2017, SVF had $55.6 billion of uncalled committed capital from Third-Party Investors.

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

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

At each Capital Call, the Company is obligated and will be obligated to contribute a portion of the Arm Shares with a value equivalent to the amount of the Capital Call issued to the Company. After (and to the extent that) the aggregate amount of the Capital Calls issued to the Company exceeds approximately $8.2 billion, the aggregate value of the In-kind Contribution (the “Excess Amount”), the Company will contribute cash in satisfaction of the Excess Amount. The In-kind Contribution will be effectuated through the transfer of Arm Shares to SVF, subject to the satisfaction of preconditions related to regulatory approvals prescribed in SVF’s documents. Such conditions include clearance from the Committee on Foreign Investments in the United States in respect of the transfer of the Arm Shares. Pending delivery of the Arm Shares to SVF following satisfaction of such conditions, a portion of the Arm Shares has been pledged and, pursuant to future Capital Calls, will be pledged in favor of SVF. As of the end of September 2017, the Company has pledged $4.1 billion of Arm Shares.

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

(b) Contribution from Third-Party Investors to SVF

The interests attributable to Third-Party Investors are classified as financial liabilities, “Third-party interests in SVF” in the 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 within the limited partnership agreement. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario, and are disclosed on the consolidated statement of financial position as a liability. Changes in the interests of Third-Party Investors are recognized through net profit or loss and presented as “Changes in third-party interests in SVF” in non-operating income and loss in the condensed interim consolidated statement of income.

Contributions from Third-Party Investors to SVF are included in “Contributions into SVF from third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

3. Segment information

(1) Description of reportable segments

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

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

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

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

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

The SVF segment conducts, through SVF, investment activities in a wide range of technology sectors. The SVF segment was newly established from the three-month period ended June 30, 2017, due to the completion of the Initial Closing in May 2017. The segment income of the SVF segment consists of gain and loss arising from investments, including investments in the Company's subsidiaries, held by SVF and agreed to be transferred to SVF (gain and loss on investments at SVF), and operating expenses occurred in SVF.

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

“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 manages and supervises investment activities in the Internet, communication, and media fields overseas, are included in corporate general expenses.

(2) Net sales and income of reportable segments

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

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization) and Adjusted EBITDA (i.e., EBITDA after addition or deduction of unrealized gain and loss on valuation of investments and other adjustments (gains are deducted)) by each reportable segment. “Other adjustments” are special items, such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

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

For the six-month period ended September 30, 2016

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	1,540,389	1,665,309	403,653	595,230	14,356	-	4,218,937
Intersegment	14,177	57,228	5,844	31,126	-	-	108,375
Total	1,554,566	1,722,537	409,497	626,356	14,356	-	4,327,312
Segment income	465,933	104,565	99,371	14,305	(5,123)	-	679,051
Reconciliation from segment income to adjusted EBITDA							
Segment income	465,933	104,565	99,371	14,305	(5,123)	-	679,051
Depreciation and amortization	225,405	420,051	19,154	3,557	4,476	-	672,643
EBITDA	691,338	524,616	118,525	17,862	(647)	-	1,351,694
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	-	(18,187)
Other adjustments	-	(7,692)	-	-	25,466	-	17,774
Adjusted EBITDA	691,338	516,924	118,506	17,862	6,651	-	1,351,281

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	52,897	-	4,271,834
Intersegment	11,236	(119,611)	-
Total	64,133	(119,611)	4,271,834
Segment income	(2,789)	(28,899)	647,363
Reconciliation from segment income to adjusted EBITDA			
Segment income	(2,789)	(28,899)	647,363
Depreciation and amortization	4,778	803	678,224
EBITDA	1,989	(28,096)	1,325,587
Gain from remeasurement relating to business combination	-	-	(18,187)
Other adjustments	-	8,107	25,881
Adjusted EBITDA	1,989	(19,989)	1,333,281

For the six-month period ended September 30, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	1,513,296	1,712,283	417,647	616,475	93,675	-	4,353,376
Intersegment	15,664	81,044	7,792	28,377	1	-	132,878
Total	1,528,960	1,793,327	425,439	644,852	93,676	-	4,486,254
Segment income	433,968	202,176	92,690	7,363	(14,794)	186,238	907,641
Reconciliation from segment income to adjusted EBITDA							
Segment income	433,968	202,176	92,690	7,363	(14,794)	186,238	907,641
Depreciation and amortization	225,693	463,991	20,813	3,491	30,285	-	744,273
EBITDA	659,661	666,167	113,503	10,854	15,491	186,238	1,651,914
Unrealized gain and loss on valuation of investments in SVF	-	-	-	-	-	(194,336)	(194,336)
Other adjustments	-	(37,136)	(4,929)	-	-	-	(42,065)
Adjusted EBITDA	659,661	629,031	108,574	10,854	15,491	(8,098)	1,415,513

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	57,759	-	4,411,135
Intersegment	13,198	(146,076)	-
Total	70,957	(146,076)	4,411,135
Segment income	(8,213)	(24,589)	874,839
Reconciliation from segment income to adjusted EBITDA			
Segment income	(8,213)	(24,589)	874,839
Depreciation and amortization	5,409	825	750,507
EBITDA	(2,804)	(23,764)	1,625,346
Unrealized gain and loss on valuation of investments in SVF	-	-	(194,336)
Other adjustments	-	1,537	(40,528)
Adjusted EBITDA	(2,804)	(22,227)	1,390,482

For the three-month period ended September 30, 2016

(Millions of yen)

	Reportable segments						
	Domestic Telecommunications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	785,727	817,211	202,261	295,082	14,356	-	2,114,637
Intersegment	7,076	31,403	3,003	15,775	-	-	57,257
Total	792,803	848,614	205,264	310,857	14,356	-	2,171,894
Segment income	226,920	59,197	49,063	7,625	(5,123)	-	337,682
Reconciliation from segment income to adjusted EBITDA							
Segment income	226,920	59,197	49,063	7,625	(5,123)	-	337,682
Depreciation and amortization	113,139	206,002	9,987	1,768	4,476	-	335,372
EBITDA	340,059	265,199	59,050	9,393	(647)	-	673,054
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	-	(18,187)
Other adjustments	-	(19,969)	-	-	25,466	-	5,497
Adjusted EBITDA	340,059	245,230	59,031	9,393	6,651	-	660,364

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	30,676	-	2,145,313
Intersegment	6,150	(63,407)	-
Total	36,826	(63,407)	2,145,313
Segment income	1,669	(11,224)	328,127
Reconciliation from segment income to adjusted EBITDA			
Segment income	1,669	(11,224)	328,127
Depreciation and amortization	2,420	423	338,215
EBITDA	4,089	(10,801)	666,342
Gain from remeasurement relating to business combination	-	-	(18,187)
Other adjustments	-	1,279	6,776
Adjusted EBITDA	4,089	(9,522)	654,931

For the three-month period ended September 30, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SVF	Total
Net sales							
Customers	766,267	837,263	209,730	333,471	46,639	-	2,193,370
Intersegment	7,037	45,641	4,250	13,626	-	-	70,554
Total	773,304	882,904	213,980	347,097	46,639	-	2,263,924
Segment income	215,501	70,189	41,106	4,998	(7,859)	81,009	404,944
Reconciliation from segment income to adjusted EBITDA							
Segment income	215,501	70,189	41,106	4,998	(7,859)	81,009	404,944
Depreciation and amortization	114,687	233,159	10,827	1,767	15,402	-	375,842
EBITDA	330,188	303,348	51,933	6,765	7,543	81,009	780,786
Unrealized gain and loss on valuation of investments in SVF	-	-	-	-	-	(87,465)	(87,465)
Other adjustments	-	3,830	-	-	-	-	3,830
Adjusted EBITDA	330,188	307,178	51,933	6,765	7,543	(6,456)	697,151

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	31,706	-	2,225,076
Intersegment	6,384	(76,938)	-
Total	38,090	(76,938)	2,225,076
Segment income	(1,466)	(7,912)	395,566
Reconciliation from segment income to adjusted EBITDA			
Segment income	(1,466)	(7,912)	395,566
Depreciation and amortization	2,263	411	378,516
EBITDA	797	(7,501)	774,082
Unrealized gain and loss on valuation of investments in SVF	-	-	(87,465)
Other adjustments	-	(75)	3,755
Adjusted EBITDA	797	(7,576)	690,372

4. Business combinations

For the six-month period ended September 30, 2016

Arm
(1) Overview of consolidation

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

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

(2) Purpose of consolidation

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

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

・Support and accelerate Arm’s position as the global leader in intellectual property licensing and R&D outsourcing for semiconductor companies

The Company’s deep industry expertise and global network of relationships will accelerate adoption of Arm’s intellectual property across existing and new markets.

・Maintain Arm’s dedication to innovation

The Company intends to sustain Arm’s long-term focus on generating more value per device, and driving licensing wins and future royalty streams in new growth categories, specifically “Enterprise and Embedded Intelligence.”

・Increased investment to drive the next wave of innovation

The Company intends to support Arm’s multiple growth initiatives by investing in engineering talent and complementary acquisitions with the aim of ensuring Arm maintains an R&D edge over existing and emerging competitors. The Company believes such an investment strategy in long-term growth will be easier to execute as a non-listed company.

・Shared culture and long-term vision

The Company believes the two companies share the same technology-oriented culture, long-term vision, focus on innovation and commitment to attracting, developing and retaining top talent. These common values will be the foundation for a strong strategic partnership necessary to capture the significant opportunities ahead.

・Maintain and grow the UK’s leadership in science and technology

The Company is investing in the UK as a world leader in science and technology development and innovation and, as evidence of this, intends to invest in multiple Arm growth initiatives, at least doubling the number of Arm employees in the UK over the next five years.

(3) Summary of Arm

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

(4) Acquisition date

September 5, 2016

(5) Consideration transferred and the component

(Millions of yen)

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

Acquisition-related costs of ¥25,466 million arising from the business combination are recognized in “Other operating loss.”

As a result of the reevaluation of the 1.4% equity interest already held by the Company at the time of the acquisition of control in Arm at fair value, the Company recognized a gain of ¥18,168 million through the step acquisition. This gain is presented as “Gain from remeasurement relating to business combination” in the condensed interim consolidated statement of income.

(6) Fair value of assets and liabilities, and goodwill on the acquisition date[1]

		(Millions of yen) Acquisition date (September 5, 2016)
Cash and cash equivalents		16,984
Trade and other receivables		59,782
Other current assets		119,090
Intangible assets[2]		698,682
Other non-current assets		23,649
Total assets		918,187
Current liabilities		61,930
Deferred tax liabilities		128,580
Other non-current liabilities		7,292
Total liabilities		197,802
Net assets	B	720,385
Goodwill[3]	A-B	2,646,619

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

Notes:

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

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

	(Millions of yen) Acquisition date (September 5, 2016)
Technologies	542,930
Customer relationships	148,649
Trademarks	5,940
Other	1,163
Total	698,682

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

(7) Payment for acquisition of control over subsidiaries

(Millions of yen)

	Six-month period ended September 30, 2016
Payment for the acquisition by cash	(3,319,137)
Foreign currency exchange gain relating to settlement*	52,856
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,249,297)

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

(8) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statement of income for the six-month period ended September 30, 2016, are ¥14,356 million and ¥6,730 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

5. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Buildings and structures	263,061	258,280
Telecommunications equipment	2,654,096	2,489,687
Furniture, fixtures, and equipment	627,730	699,720
Land	99,905	100,191
Construction in progress	302,177	290,605
Other	30,285	68,015
Total	3,977,254	3,906,498

6. Intangible assets

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

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Intangible assets with indefinite useful lives		
FCC licenses	4,100,651	4,175,222
Trademarks	703,031	706,338
Intangible assets with finite useful lives		
Software	722,934	718,856
Technologies	522,894	550,431
Customer relationships	448,806	399,190
Spectrum migration costs	103,814	100,485
Favorable lease contracts	104,754	99,350
Trademarks	57,532	56,951
Other	182,223	185,446
Total	6,946,639	6,992,269

7. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Current		
Short-term borrowings[1]	667,664	1,100,970
Commercial paper	80,000	100,000
Current portion of long-term borrowings	1,128,510	2,190,643
Current portion of corporate bonds	339,462	480,602
Current portion of lease obligations	438,284	452,626
Current portion of installment payables	40,173	30,581
Total	2,694,093	4,355,422
Non-current		
Long-term borrowings	3,377,625	2,307,348
Corporate bonds	7,233,838	7,411,769
Lease obligations	807,606	804,097
Financial liabilities relating to sale of shares by variable prepaid forward contract[2]	715,448	724,613
Installment payables	29,760	19,568
Total	12,164,277	11,267,395

Notes:
1. ¥244,522 million of short-term borrowings by SVF is included in the balance of short-term borrowings as of September 30, 2017.

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 to cover expenses for the issuance of the Trust Securities.

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

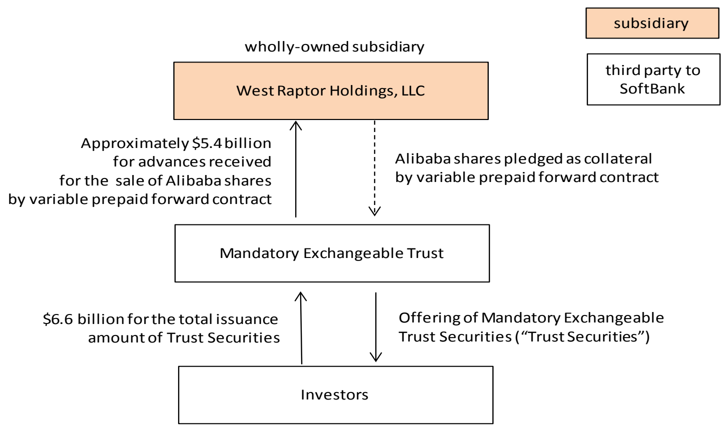
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥724,613 million (¥715,448 million as of March 31, 2017) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥658,670 million (¥143,935 million as of March 31, 2017) is recognized as derivative financial liabilities (non-current liabilities) in the condensed interim consolidated statement of financial position as of September 30, 2017; ¥508,421 million (¥199,189 million of derivative loss for the six-month period ended September 30, 2016) is recognized as a derivative loss in the condensed interim consolidated statement of income for the six-month period ended September 30, 2017.

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

Also, WRH LLC has the option (“early settlement option”) to settle the variable prepaid forward contract prior to the scheduled settlement date. Settlement of the variable prepaid forward contract may be made prior to the scheduled settlement date if WRH LLC elects the early settlement option or under certain other 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 September 30, 2017. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥181,264 million as of September 30, 2017 (¥154,440 million as of March 31, 2017).

Outline of the transaction



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

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

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Net increase of short-term borrowings*	574,770	429,851
Net increase of commercial paper	42,000	20,000
Total	616,770	449,851

Note:
* ¥241,594 million of net increase of short-term borrowings by SVF is included in the amount of net increase of short-term borrowings for the six-month period ended September 30, 2017.

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

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

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Proceeds from long-term borrowings	1,570,087	607,942
Proceeds from issuance of corporate bonds	521,000	665,804
Proceeds from sale and leaseback of newly acquired equipment	297,065	255,391
Proceeds from advances received for sale of shares by variable prepaid forward contract	578,436	-
Total	2,966,588	1,529,137

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

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

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Repayment of long-term borrowings	(384,655)	(632,750)
Redemption of corporate bonds	(100,000)	(388,938)
Repayment of lease obligations	(223,649)	(245,725)
Payment of installment payables	(21,581)	(19,454)
Total	(729,885)	(1,286,867)

8. Foreign currency exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

(1) Rate at the end of the period

(yen)

	As of March 31, 2017	As of September 30, 2017
USD	112.19	112.73
GBP	140.08	151.37

(2) Average rate for the quarter

For the six-month period ended September 30, 2016

(yen)

	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016
USD	109.07	102.91
GBP*	-	132.95

Note:
* Average rate described for the three-month period ended September 30, 2016 is the average rate for a month period of September 2016.

For the six-month period ended September 30, 2017

(yen)

	Three-month period ended June 30, 2017	Three-month period ended September 30, 2017
USD	111.61	111.38
GBP	142.92	146.20

9. Equity

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Available-for-sale financial assets	11,983	60,614
Cash flow hedges	(44,877)	(57,011)
Exchange differences on translating foreign operations	244,140	578,032
Total	211,246	581,635

10. Other equity instruments

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

The Hybrid Notes are classified as equity instruments in accordance with International Financial Reporting Standards because the Company has the option to defer interest payments, the notes have no maturity date, and the Company has an unconditional right to avoid delivering cash or another financial asset except for distribution of residual assets on liquidation. As a result of this transaction, ¥496,876 million (after deducting ¥7,034 million of transaction costs) of “Other equity instruments” is increased in equity in the condensed interim consolidated statement of financial position. The corresponding amount is recorded as “Proceeds from issuance of other equity instruments” under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

Also, as of September 30, 2017, accrued interest, which is not recognized as distribution to owners of other equity instruments because the payment has not been determined yet, is ¥6,433 million.

The details of the Hybrid Notes are as follows:

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

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

11. Operating income from SVF

The components of operating income from SVF are as follows:

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Gain and loss on investments at SVF*		
Unrealized gain and loss on valuation of investments	-	194,336
Operating expenses	-	(8,098)
Total	-	186,238

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

12. Other operating income (loss)

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

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Sprint segment		
Gain on spectrum license exchange[1]	36,420	53,435
Legal reserves[2]	-	6,186
Gain and loss on contract termination	(12,287)	558
Loss on disposal of property, plant and equipment[3]	(24,522)	(44,497)
U.S. state tax charge	(10,600)	-
Other	(5,840)	352
Yahoo Japan segment		
Insurance income[4]	-	4,929
Arm segment		
Acquisition-related costs	(25,466)	-
Company-wide		
Expenses resulting from resignation of director[5]	(8,107)	(1,537)
Total	(50,402)	19,426

Notes:

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

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

3. For the six-month period ended September 30, 2017, mainly, ¥20,171 million of loss related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans and ¥24,995 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint are recognized.

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

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

In addition to the entire expense whose payment amount is defined, the Company measured the expense based on the SoftBank Group Corp. share price as of September 30, 2016 and recorded an expense of ¥3,090 million during the six-month period ended September 30, 2016. The expense is remeasured every quarter end based on the share price of SoftBank Group Corp. until the determination of the payment amount, and the changes are recognized through profit or loss.

13. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Interest expenses	(222,022)	(243,458)

14. Derivative loss

¥508,421 million of derivative loss (¥199,189 million of derivative loss for the six-month period ended September 30, 2016) related to collar transaction included in variable prepaid forward contract was recorded. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 7. Interest-bearing debt.”

15. Other non-operating income (loss)

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

(Millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Dilution gain from changes in equity interest[1]	74,741	37,488
Gain and loss from financial instruments at FVTPL[2]	(58,140)	10,207
Impairment loss on assets classified as held for sale	(42,540)	-
Other	3,354	1,041
Total	(22,585)	48,736

Notes:

1. Mainly, gain arising from changes in Alibaba’s equity interest held by the Company, due to the exercise of stock options and the allocation of new shares to a third party in Alibaba.
2. Gain and loss arising from financial instruments at FVTPL consist mainly of changes in fair value of preferred stock investments including embedded derivatives designated as financial assets at FVTPL.

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

(1) Payments for acquisition of investments by SVF

For the six-month period ended September 30, 2017

¥812,042 million which was included in “Payments for acquisition of investments ” in cash flows from investing activities for the three-month period ended June 30, 2017 is reclassified as investments transferred to SVF from the Company or investments agreed to be transferred to SVF from the Company for the three-month period ended September 30, 2017, and accordingly the amount is reclassified as “Payments for acquisition of investments by SVF” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the six-month period ended September 30, 2017.

(2) “Other” in cash flows from investing activities

For the six-month period ended September 30, 2017

“Other” in cash flows from investing activities includes ¥157,436 million of proceeds from borrowings, which is deposited in an escrow account, for the expected acquisition of Fortress Investment Group LLC.