

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, 2018 (IFRS)

Tokyo, November 5, 2018

### 1. Financial Highlights

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

#### (1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Six-month period ended September 30, 2018</b>	<b>¥4,653,853</b>	<b>5.5</b>	<b>¥1,420,716</b>	<b>62.4</b>	<b>¥1,402,089</b>	<b>540.2</b>	<b>¥870,670</b>	<b>505.7</b>	<b>¥840,103</b>	<b>718.6</b>	<b>¥1,059,084</b>	<b>105.8</b>
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

	Basic earnings per share (yen)	Diluted earnings per share (yen)
<b>Six-month period ended September 30, 2018</b>	<b>¥756.22</b>	<b>¥752.26</b>
Six-month period ended September 30, 2017	¥88.29	¥84.97

#### (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 (%)
<b>As of September 30, 2018</b>	<b>¥33,807,555</b>	<b>¥7,343,144</b>	<b>¥6,345,035</b>	<b>18.8</b>
As of March 31, 2018	¥31,180,466	¥6,273,022	¥5,184,176	16.6

### 2. Dividends

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

Note:

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

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

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

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

Please refer to page 37 “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, 2018: 1,100,660,365 shares
  - As of March 31, 2018: 1,100,660,365 shares
- [2] Number of shares of treasury stock:
  - As of September 30, 2018: 10,563,436 shares
  - As of March 31, 2018: 11,162,425 shares
- [3] Number of average shares outstanding during six-month period (April-September):
  - As of September 30, 2018: 1,089,590,981 shares
  - As of September 30, 2017: 1,089,430,669 shares

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

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

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

On November 5, 2018 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at <https://group.softbank/en/corp/irinfo/presentations/>. The Data Sheet will also be posted on the Company’s website around 4 p.m. on the same day at <https://group.softbank/en/corp/irinfo/presentations/>.

## (Appendix)

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**Definition of Company Names and Abbreviations Used in This Appendix**

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

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
<i>*Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.</i>	
Sprint	Sprint Corporation
Arm	Arm Limited
SoftBank Vision Fund	SoftBank Vision Fund L.P.
	SoftBank Vision Fund (AIV M1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Alibaba	Alibaba Group Holding Limited
SBIA	SB Investment Advisers (UK) Limited
The first quarter	Three-month period ended June 30, 2018
The second quarter	Three-month period ended September 30, 2018
The period	Six-month period ended September 30, 2018
The fiscal year	Fiscal year ending March 31, 2019
The previous fiscal year	Fiscal year ended March 31, 2018

## 1. Results of Operations

### (1) Overview of Results of Operations

#### 1. Highlights of results

◆ **Operating income: ¥1,420.7 billion (increased 62.4% yoy)**

- SoftBank Vision Fund recorded realized gain of ¥146.7 billion on the sale of Flipkart shares and valuation gain of ¥503.8 billion due to an increase in the fair values of NVIDIA, OYO, and other investments

◆ **Net income attributable to owners of the parent: ¥840.1 billion (¥102.6 billion in the same period of the previous fiscal year)**

- Gain of ¥203.9 billion from financial instruments at FVTPL, reflecting the higher fair values of shares held

- Derivative gain of ¥42.4 billion (versus loss of ¥504.7 billion in the same period of the previous fiscal year), mainly related to Alibaba shares

#### 2. Cluster of No.1 Strategy progressed

◆ Merger of Sprint with T-Mobile: application documents filed with relevant regulatory authorities, review underway

◆ Listing of SoftBank Corp.: application made to list shares on the Tokyo Stock Exchange, review underway

#### Adoption of IFRS 9 and IFRS 15

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

#### Changes in Segment Classification

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

**a. Consolidated Results of Operations**

	Six months ended September 30				(Millions of yen)
	2017 Previous standards	2018 New standards	Change	Change %	Six months ended September 30, 2018 Impact of adopting new standards
Net sales	4,411,135	<b>4,653,853</b>	242,718	5.5%	39,413
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	688,601	<b>788,282</b>	99,681	14.5%	47,016
Operating income from SoftBank Vision Fund and Delta Fund	186,238	<b>632,434</b>	446,196	239.6%	28,959
Operating income	874,839	<b>1,420,716</b>	545,877	62.4%	75,975
Income before income tax	219,021	<b>1,402,089</b>	1,183,068	540.2%	97,898
Net income	143,742	<b>870,670</b>	726,928	505.7%	90,243
Net income attributable to owners of the parent	102,622	<b>840,103</b>	737,481	718.6%	84,834

**Notes:**

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

**Reference: Average exchange rates used for translations**

	Fiscal year ended March 2018				Fiscal year ending March 2019	
	Q1	Q2	Q3	Q4	Q1	Q2
USD / JPY	¥111.61	¥111.38	¥112.74	¥108.85	¥108.71	¥111.55

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

**(a) Net Sales**

Net sales increased ¥242,718 million (5.5%) year on year, to ¥4,653,853 million. Net sales increased in the following segments: SoftBank, Sprint, Yahoo Japan, and Brightstar. However, net sales decreased in the Arm segment.

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

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) increased ¥99,681 million (14.5%) year on year, to ¥788,282 million. Segment income increased ¥6,169 million in the SoftBank segment and ¥156,036 million in the Arm segment. However, segment income deteriorated ¥8,848 million in the Sprint segment, ¥13,512 million in the Yahoo Japan segment, and ¥8,505 million in the Brightstar segment.

The segment income of the Arm segment includes gain relating to loss of control over subsidiaries of ¥176,261 million, which was recognized due to Arm's Chinese subsidiary becoming an associate accounted for using the equity method,

following the establishment of a joint venture.

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

Operating income from SoftBank Vision Fund and Delta Fund was ¥632,434 million, compared with income of ¥186,238 million in the same period of the previous fiscal year. This was mainly due to the gains at SoftBank Vision Fund: realized gain of ¥146,682 million recorded on the sale of Flipkart Private Limited (“Flipkart”) shares and unrealized gain on valuation of ¥503,769 million recorded due to an increase in the fair values of NVIDIA Corporation (“NVIDIA”), Oravel Stays Private Limited (“OYO”),<sup>1</sup> and other investments. See “(e) SoftBank Vision Fund and Delta Fund Segment” under “b. Results by Segment” for details.

### (d) Operating Income

As a result of (b) and (c), operating income increased ¥545,877 million (62.4%) year on year, to ¥1,420,716 million.

### (e) Finance Cost

Finance cost increased ¥78,884 million (32.4%) year on year, to ¥322,342 million. Interest expense increased ¥54,398 million at SoftBank Group Corp. This was due mainly to an increase in interest-bearing debt associated with the issuance of foreign currency-denominated senior notes in September 2017 and the borrowings using Alibaba shares made by a wholly owned subsidiary of the Company in March 2018, as well as to the recognition of ¥24,051 million as a result of the full amortization of the unamortized balance of an amortized cost relating to the partial repayment of a senior loan.

	(Millions of yen)		
	Six months ended September 30		
	2017	2018	Change
Finance Cost	(243,458)	<b>(322,342)</b>	(78,884)
SoftBank Group Corp. <sup>2</sup>	(83,939)	<b>(138,337)</b>	(54,398)
Sprint	(136,563)	<b>(143,596)</b>	(7,033)
Reference: In U.S. dollars	\$(1,224) million	<b>\$(1,304) million</b>	\$(80) million

### (f) Income on Equity Method Investments

Income on equity method investments increased ¥2,048 million (1.9%) year on year, to ¥110,338 million. This was mainly due to an increase of ¥1,973 million (1.6%) in income on equity method investments related to Alibaba, to ¥121,616 million.

The difference between net income attributable to Alibaba on an IFRS basis ((A) in the table below) and on a US GAAP basis ((B) in the table below) for the six-month period ended June 30, 2018, is mainly due to the treatment of the compensation based on shares of Ant Small and Micro Financial Services (“Ant Financial”) offered by a major equity holder of Ant Financial to the employees of Alibaba. The increase in the fair value of Ant Financial, among others, was recognized as a cost based on US GAAP, but was not recognized as a cost based on IFRSs.

<sup>1</sup> The names of the investments of SoftBank Vision Fund are presented in the order of the size of the investments’ impact on the Company’s financial results, unless otherwise stated. The same rule applies throughout this appendix.

<sup>2</sup> Includes interest expenses arising from borrowings using Alibaba shares made by a wholly owned subsidiary

Reference: Net Income Attributable to Alibaba and the Company's Income on Equity Method Investments Related to

#### Alibaba

	Six months ended June 30 <sup>3</sup>		
	2017	2018	Change
<b>Alibaba</b>			
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (US GAAP)	25,330	<b>(B) 16,389</b>	(8,941)
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (IFRSs)	24,169	<b>(A) 25,041</b>	872
<hr/>			
	Six months ended September 30		
	2017	2018	Change
<b>Income on equity method investments related to Alibaba</b>			
(Reference) Interest ratio as of June 30	29.48%	<b>29.08%</b>	(0.40) pp
	Million CNY	Million CNY	Million CNY
Income on equity method investments	7,215	<b>7,349</b>	134
(Reference) Effective exchange rate CNY/JPY	¥16.58	<b>¥16.55</b>	¥(0.03)
	Million yen	Million yen	Million yen
Income on equity method investments	119,643	<b>121,616</b>	1,973

#### (g) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥29,942 million, compared with gain of ¥10,942 million in the same period of the previous fiscal year.

#### (h) Derivative Gain and Loss

Derivative gain was ¥42,407 million, compared with loss of ¥504,681 million in the same period of the previous fiscal year. Due to a fall in the price of Alibaba shares from the end of the previous fiscal year, derivative gain of ¥141,386 million was recorded in relation to a collar transaction embedded in the variable prepaid forward contract, compared with loss of ¥508,421 million in the same period of the previous fiscal year. On the other hand, derivative loss of ¥80,886 million was recorded at SoftBank Vision Fund in relation to borrowings utilizing a portion of shareholdings.

#### (i) Gain and Loss from Financial Instruments at FVTPL

Gain from financial instruments at FVTPL was ¥203,866 million, compared with gain of ¥10,207 million in the same period of the previous fiscal year. This gain arises from the change in the fair values of investments held by the Company outside of SoftBank Vision Fund and Delta Fund. In the period, the gain was mainly attributable to an increase in the fair value of the investment in Uber Technologies, Inc. ("Uber").

The investments in Uber, Xiaoju Kuaizhi Inc. ("DiDi"), GRAB HOLDINGS INC. ("Grab"), and ANI Technologies Private Limited ("Ola") held by the Company are not yet transferred to SoftBank Vision Fund as of September 30, 2018. The Company expects that the necessary procedures will be made in the future to obtain applicable consent from limited partners of the Fund and regulatory approvals for the transfer.

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

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

Changes in third-party interests in SoftBank Vision Fund and Delta Fund amounted to an increase of ¥199,757 million, compared with an increase of ¥77,157 million in the same period of the previous fiscal year. An increase in third-party interest is a negative on income. The breakdown is as below:

	(Millions of yen)	
	Six months ended September 30	
	2017	2018
Changes in third-party interests in SoftBank Vision Fund	(77,087)	<b>(196,541)</b>
Attributable to investors entitled to fixed distribution	(2,971)	<b>(37,441)</b>
Attributable to investors entitled to performance-based distribution	(74,116)	<b>(159,100)</b>
Changes in third-party interests in Delta Fund	(70)	<b>(3,216)</b>
Attributable to investors entitled to fixed distribution	(70)	<b>(3,216)</b>
<b>Changes in third-party interests in SoftBank Vision Fund and Delta Fund</b>	<b>(77,157)</b>	<b>(199,757)</b>

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

### (k) Gain from Remeasurement Relating to Discontinuing the Use of the Equity Method

Gain from remeasurement relating to discontinuing the use of the equity method, which was not recorded in the same period of the previous fiscal year, was ¥89,209 million. In September 2018, the Company entered into a voting proxy deed for the Company's equity method associate PT Tokopedia with one of its shareholders, which resulted in a decrease in the number of the voting rights exercisable by the Company, and subsequently PT Tokopedia no longer qualified as an equity method associate. The recorded gain arose from the remeasurement of the Company's retained interest in PT Tokopedia at fair value on the date of discontinuing the use of the equity method.

The Company recognized that the transfer of PT Tokopedia from the Company to SoftBank Vision Fund was agreed in October 2018.

### (l) Other Non-operating Income and Loss

Other non-operating income was ¥27,710 million, compared with income of ¥40,039 million in the same period of the previous fiscal year. See "14. Other non-operating income" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

### (m) Income before Income Tax

As a result of (d) to (l), income before income tax increased ¥1,183,068 million (540.2%) year on year, to ¥1,402,089 million.



**(n) Income Taxes**

Income taxes were ¥531,419 million, compared with ¥75,279 million in the same period of the previous fiscal year, and the effective income tax rate was 37.9%.<sup>4</sup> Capital gains on investments in entities that operate businesses in India are subject to tax in India. Consequently, current taxes of ¥64,892 million were recorded for the aforementioned realized gain in Flipkart, which mainly operates businesses in India. The sale of Flipkart shares occurred within 24 months of making the investment, and therefore was taxed at 43.68%, the Indian short-term capital gains tax rate.

**(o) Net Income**

As a result of (m) and (n), net income increased ¥726,928 million (505.7%) year on year, to ¥870,670 million.

**(p) 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 (o), net income attributable to owners of the parent increased ¥737,481 million year on year, to ¥840,103 million.

**(q) Comprehensive Income**

Comprehensive income increased ¥544,493 million year on year, to ¥1,059,084 million. Of this, comprehensive income attributable to owners of the parent increased ¥526,166 million, to ¥999,177 million.

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

During the second quarter, SoftBank Corp. acquired 613,888,900 shares (equivalent to ¥221.0 billion) of Yahoo Japan Corporation mainly from Altaba Inc. of the United States. Further, in relation to the acquisition by Yahoo Japan Corporation of its own shares by self-tender offer, SoftBank Group Japan Corporation, a wholly owned subsidiary of the Company, sold 611,109,700 Yahoo Japan Corporation shares (equivalent to ¥220.0 billion) to Yahoo Japan Corporation.

Consequently, as of September 28, 2018, the shareholding ratio of Yahoo Japan Corporation shares held by the Company is 48.16% (all of which are indirect holdings through subsidiaries, including SoftBank Corp.'s shareholding of 12.08%).

<sup>4</sup> Ratio of corporate income tax expenses to income before income tax

## b. Results by Segment

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

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

Segments	Main businesses	Core companies
Reportable segments		
SoftBank	<ul style="list-style-type: none"> <li>· Provision of mobile communications services, sale of mobile devices, provision of broadband and other fixed-line communications services in Japan</li> <li>· Sale of PC software, peripherals, and mobile device accessories in Japan</li> </ul>	SoftBank Corp. Wireless City Planning Inc. SoftBank Commerce & Service Corp.
Sprint	<ul style="list-style-type: none"> <li>· Provision of mobile communications services in the U.S.</li> <li>· Sale and lease of mobile devices and sale of accessories in the U.S.</li> <li>· Provision of fixed-line telecommunications services in the U.S.</li> </ul>	Sprint Corporation
Yahoo Japan	<ul style="list-style-type: none"> <li>· Internet advertising</li> <li>· e-commerce business</li> <li>· Membership services</li> </ul>	Yahoo Japan Corporation ASKUL Corporation
Arm	<ul style="list-style-type: none"> <li>· Design of microprocessor intellectual property and related technology</li> <li>· Sale of software tools</li> </ul>	Arm Limited
SoftBank Vision Fund and Delta Fund	<ul style="list-style-type: none"> <li>· Investment activities by SoftBank Vision Fund</li> <li>· Investment activities by Delta Fund</li> </ul>	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
Brightstar	<ul style="list-style-type: none"> <li>· Distribution of mobile devices overseas</li> </ul>	Brightstar Corp.
Other	<ul style="list-style-type: none"> <li>· Alternative investment management business</li> <li>· Fukuoka SoftBank HAWKS-related businesses</li> </ul>	Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp.

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

*Segments excluding the SoftBank Vision Fund and Delta Fund segment*

Segment income = net sales – operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss, for each segment

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

*SoftBank Vision Fund and Delta Fund segment*

Segment income = gain and loss on investments at SoftBank Vision Fund + gain and loss on investments at Delta Fund – operating expenses

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments + effect of foreign exchange translation)

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 <https://group.softbank/en/corp/irinfo/presentations/>.

**(a) SoftBank Segment**

1. Steady customer base expansion: smartphone subscribers increased 950,000, and *SoftBank Hikari* subscribers increased 520,000 from the previous fiscal year-end
2. Segment income increased 1.4% yoy, to ¥446.9 billion, despite the negative impact of adopting the new standards
3. Adjusted free cash flow was ¥145.0 billion, affected by the acquisition of Yahoo Japan Corporation shares for ¥221.0 billion

	Six months ended September 30				(Millions of yen)
	2017	2018	Change	Change %	Six months ended
	Previous standards	New standards			September 30, 2018
					Impact of adopting new standards
Net sales	1,706,562	<b>1,795,103</b>	88,541	5.2%	(17,993)
Segment income	440,776	<b>446,945</b>	6,169	1.4%	(12,356)
Depreciation and amortization	228,963	<b>225,709</b>	(3,254)	(1.4%)	-
Other adjustments	-	<b>81</b>	81	-	-
Adjusted EBITDA	669,739	<b>672,735</b>	2,996	0.4%	(12,356)
Capital expenditures (acceptance basis)	129,378	<b>183,989</b>	54,611	42.2%	-
Free cash flow	324,316	<b>129,791</b>	(194,525)	(60.0%)	-
Adjusted free cash flow <sup>*1</sup>	330,725	<b>145,005</b>	(185,720)	(56.2%)	-

Note: The new standards were adopted in the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the “previous standards.” The impacts of adopting new standards on the results of the period are presented under “impact of adopting new standards.”

Note:

1. Proceeds from borrowings through the securitization of handset installment sales receivables are added to free cash flow, and repayments of those borrowings are deducted from free cash flow.

**OVERVIEW**

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

Currently, in line with the Company’s unique organizational strategy, *Cluster of No. 1 Strategy*, SoftBank Corp. is preparing for the listing of its shares and has filed an application with the Tokyo Stock Exchange. Through this action, SoftBank Corp. will pursue its growth strategy with greater management autonomy and agility.

Recent Strategic Developments

- Offering three brands: *SoftBank*, *Y!mobile*, and *LINE MOBILE*<sup>5</sup> to better respond to customers’ various needs
- Collaborating with Yahoo Japan Corporation to differentiate from other carriers
  - Offering subscribers bonus points and free use of member benefits

<sup>5</sup> SoftBank Corp. began offering the brand in accordance with consolidation of LINE MOBILE Corporation on April 2, 2018.

- Acquired Yahoo Japan Corporation shares in August 2018 to further strengthen collaboration and promote growth
- Creating new businesses
  - Collaboration with investees of the SoftBank Group progressed:
    - Jointly rolled out the office-sharing services business of WeWork Companies Inc. (WeWork) in Japan
    - Began providing a taxi booking platform, in stages, through a joint venture with Didi Chuxing Technology Co. from September 2018
    - Launched *PayPay* smartphone payment service in September 2018, which uses QR code, through a joint venture with Yahoo Japan Corporation, and in collaboration with One97 Communications Limited (PayTM)
  - Announced an agreement with Toyota Motor Corporation in October 2018 on the establishment of a joint investment company with the aim of building a Mobility-as-a-Service (MaaS) business

## FINANCIAL RESULTS

Since the first quarter, net sales have been disclosed under three categories: Consumer, Enterprise, and Distribution.

### Category Details

Consumer:	Telecom service (mobile and broadband) and related products for retail customers
Enterprise:	Mobile communications services and related products, fixed-line communications services and related products, solutions for enterprise customers
Distribution:	Business of SoftBank Commerce & Service Corp.

## Sales Breakdown

	(Millions of yen)			
	Six months ended September 30			
	2017 Previous standards	<b>2018 New standards</b>	Change	Change %
Consumer	1,241,056	<b>1,287,303</b>	46,247	3.7%
Telecom service revenue	962,217	<b>979,312</b>	17,095	1.8%
Mobile	811,587	<b>803,567</b>	(8,020)	(1.0%)
Broadband	150,630	<b>175,745</b>	25,115	16.7%
Product and other sales	278,839	<b>307,991</b>	29,152	10.5%
Enterprise	292,170	<b>300,163</b>	7,993	2.7%
Mobile	129,268	<b>128,639</b>	(629)	(0.5%)
Fixed-line telecommunications	105,690	<b>105,917</b>	227	0.2%
Solutions	57,212	<b>65,607</b>	8,395	14.7%
Distribution	147,368	<b>175,737</b>	28,369	19.3%
Others	25,968	<b>31,900</b>	5,932	22.8%
<b>Total net sales</b>	<b>1,706,562</b>	<b>1,795,103</b>	<b>88,541</b>	<b>5.2%</b>

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

**Net sales increased ¥88,541 million (5.2%) year on year, to ¥1,795,103 million**, as consumer revenue increased ¥46,247 million (3.7%), and distribution revenue increased ¥28,369 million (19.3%).

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

**Segment income increased ¥6,169 million (1.4%) year on year, to ¥446,945 million.** Operating expenses (cost of sales and selling, general and administrative expenses) increased ¥82,291 million (6.5%) year on year, mainly reflecting an increase in the cost of products. However, the increase in total net sales, mainly contributed by the increase in telecom service revenue, exceeded the rise in operating expenses. **Adjusted EBITDA increased ¥2,996 million (0.4%) year on year, to ¥672,735 million.**

The adoption of the new standards had a negative impact of ¥17,993 million on net sales, and of ¥12,356 million on both segment income and adjusted EBITDA.

Capital expenditures, on basis of acceptance, increased ¥54,611 million (42.2%) year on year, to ¥183,989 million, due to initiatives to expand service areas and improve the quality of LTE services.

**Adjusted free cash flow decreased ¥185,720 million (56.2%) year on year, to ¥145,005 million.** This was mainly due to the acquisition of Yahoo Japan Corporation shares for ¥221,000 million.

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

## OPERATIONS

### Mobile

#### *Subscribers (Main Subscribers<sup>6</sup>)*

	(Thousands)		
	March 31, 2018	September 30, 2018	Change
Cumulative subscribers	33,175	33,954	778

Cumulative subscribers increased from the previous fiscal year-end due to smartphone net additions of 953,000. Net additions of smartphones were attributable to the strong growth in the number of *Y!mobile* and *SoftBank* subscribers, as well as to the addition of *LINE MOBILE* smartphone subscribers in accordance with the consolidation of *LINE MOBILE* Corporation in April 2018.

Cumulative subscribers included 376 thousand subscribers (an increase of 110 thousand from the previous fiscal year-end) to *Wireless Home Phone*, a new home-phone voice calling service using the mobile network, which was launched in July 2017.

#### *Home Bundle Discount Hikari Set Applications*

	(Thousands)		
	March 31, 2018	September 30, 2018	Change
Mobile	8,148	8,821	673
Broadband	3,887	4,202	314

<sup>6</sup> The number of main subscribers includes subscribers to the *Wireless Home Phone* service. Number of units sold, ARPU, and churn rate are calculated and presented excluding this service.

**Number of Units Sold (Main Subscribers)**

	Six months ended September 30		(Thousands)
	2017	2018	Change
Number of units sold	4,842	5,138	296
New subscriptions	2,264	2,303	39
Device upgrades	2,579	2,836	257

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

**ARPU<sup>7</sup> (Main Subscribers)**

	Three months ended September 30		Change
	2017	2018	
ARPU	¥4,370	¥4,330	¥(40)

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

ARPU declined year on year, mainly due to the dilutive impact of an increased proportion of *Y!mobile* and *LINE MOBILE* smartphones, both of which have a lower service charge. On the flip side, the negative impact of telecommunications service discounts on ARPU diminished due to a reduction in discount amounts in ARPU related to the *Home Bundle Discount Hikari Set* and to the introduction of a 48-month installment billing program.

**Churn Rate (Main Subscribers)**

	Three months ended September 30		Change
	2017	2018	
Phone churn rate	0.74%	0.71%	0.03 pp improvement
Churn rate	1.01%	0.93%	0.08 pp improvement

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

**Broadband**
**Subscribers**

			(Thousands)
	March 31, 2018	September 30, 2018	Change
Cumulative subscribers	7,039	7,385	345
<i>SoftBank Hikari</i>	4,974	5,499	525

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

<sup>7</sup> Reflects the impact of adopting IFRS 15 on the re-allocation of revenue (e.g., allocation between communications services and product revenues as well as mobile and broadband revenues)

**(b) Sprint Segment**

1. U.S. dollar-based quarterly wireless telecom service revenue returned to year-on-year growth for the first time in nearly five years on a U.S. dollar basis, excluding the impact of adopting the new standards
2. Adjusted free cash flow remained positive even after the expansion of capital expenditures for building the next-generation network
3. Completed filing of documents to obtain regulatory approvals for the merger with T-Mobile, review underway

	Six months ended September 30				(Millions of yen)
	2017	2018			Six months ended
	Previous	New	Change	Change %	September 30, 2018
	standards	standards			Impact of adopting
					new standards
Net sales	1,793,327	<b>1,824,024</b>	30,697	1.7%	31,487
Segment income	202,176	<b>193,328</b>	(8,848)	(4.4%)	46,060
Depreciation and amortization	463,991	<b>517,328</b>	53,337	11.5%	-
Other adjustments <sup>8</sup>	(37,136)	<b>16,540</b>	53,676	-	-
Adjusted EBITDA	629,031	<b>727,196</b>	98,165	15.6%	46,060
<b>U.S. dollar-based results (IFRSs)</b>					
					(Millions of U.S. dollars)
Net sales	16,084	<b>16,558</b>	474	2.9%	283
Cost of sales and selling, general and administrative expenses	14,415	<b>14,501</b>	86	0.6%	(134)
Other operating income (loss)	144	<b>(301)</b>	(445)	-	-
Segment income	1,813	<b>1,756</b>	(57)	(3.1%)	417
Depreciation and amortization	4,162	<b>4,697</b>	535	12.9%	-
Other adjustments <sup>8</sup>	(333)	<b>150</b>	483	-	-
Adjusted EBITDA	5,642	<b>6,603</b>	961	17.0%	417
<b>Reference: Disclosed by Sprint (US GAAP)</b>					
					(Millions of U.S. dollars)
Network capital expenditures (cash basis)	1,843	<b>2,398</b>	555	30.1%	-
Adjusted free cash flow	788	<b>533</b>	(255)	(32.4%)	-

Note: The new standards were adopted in the first quarter. Figures for the same period of the previous fiscal year, to which the new standards are not applied, are presented under the "previous standards." The impacts of adopting new standards on the results of the period are presented under "impact of adopting new standards."

**OVERVIEW**

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

<sup>8</sup> Primary components include gain and loss from non-recurring factors, such as gain on spectrum license exchange and income and loss on contract termination among items included in other operating income, and loss and merger-related expenses included in cost of sales and selling, general and administrative expenses.

### Merger of Sprint and T-Mobile<sup>9</sup>

On April 29, 2018, Sprint and T-Mobile US Inc. (“T-Mobile”) entered into a definitive agreement to merge in an all-stock transaction (the “Transaction”). Upon completion of the Transaction, the combined company is expected to become an equity method associate of the Company with an approximately 27.4% shareholding, and Sprint will no longer be a subsidiary of the Company. To obtain regulatory approvals for the merger, Sprint and T-Mobile completed the Hart-Scotto-Rodino filing with the Department of Justice on May 24, 2018. Furthermore, the parties filed with the Federal Communications Commission the merger applications on June 18, 2018 and the Federal Communications Commission accepted the applications for filing on July 18, 2018.

## FINANCIAL RESULTS

### Results in U.S. dollars

**Net sales increased \$474 million (2.9%) year on year, to \$16,558 million.** Of the net sales increase, \$283 million comes from adopting the new standards, with a negative impact on telecom service revenue and a positive impact on equipment revenue. Excluding these impacts, net sales increased year on year. Although telecom service revenue fell mainly due to the decrease in wireline revenue, equipment revenue increased due to the increase in equipment rentals revenue.

Of telecom service revenue, excluding the negative impact of adopting the new standards, quarterly wireless telecom service revenue achieved year-on-year growth for the three-month period ended September 30, 2018 for the first time in nearly five years. The customer base has been expanding steadily, and the postpaid ARPU has been stabilizing and increased from the prior quarter.

**Segment income decreased \$57 million (3.1%) year on year, to \$1,756 million.** The adoption of the new standards had a positive impact of \$417 million on segment income. Specifically, this was due to the abovementioned positive impact on net sales and the effect of reducing operating expenses (cost of sales and selling, general and administrative expenses) through the capitalization of costs to obtain contracts. However, even with this positive effect, operating expenses increased \$86 million (0.6%) year on year, to \$14,501 million. While the cost of equipment decreased, depreciation expenses increased due to a rise in leased device assets. Other operating income and loss deteriorated \$445 million year on year, due to the absence of one-time gains recognized in the same period of the previous fiscal year, such as gain on spectrum license exchange.

Adjusted EBITDA increased \$961 million (17.0 %) year on year, to \$6,603 million, which included the same amount of the positive impact as on segment income, due to the adoption of the new standards.

**Adjusted free cash flow decreased \$255 million (32.4%) year on year, to \$533 million (as disclosed by Sprint, US GAAP).** An increase in operating cash flows was more than offset by an increase in expenditures for the acquisition of equipment for the next-generation network and the acquisition of rental devices.

<sup>9</sup> The Transaction is subject to Sprint and T-Mobile stockholder approvals, regulatory approvals, and other customary closing conditions. It is expected to close no later than the first half of 2019.



### Results in yen

In yen terms, net sales increased ¥30,697 million (1.7%) year on year to ¥1,824,024 million, and segment income decreased ¥8,848 million (4.4%) to ¥193,328 million. Adjusted EBITDA increased ¥98,165 million (15.6%), to ¥727,196 million.

## OPERATIONS

### Cumulative Subscribers<sup>10</sup>

	March 31, 2018	September 30, 2018	(Thousands) Change
Postpaid	32,119	<b>32,296</b>	177
Postpaid phone	26,813	<b>26,813</b>	0
Prepaid	8,989	<b>9,019</b>	30
Wholesale and affiliate	13,517	<b>13,232</b>	(285)
Total	54,625	<b>54,547</b>	(78)

### Net Additions<sup>11</sup> (Excluding Special Factors)

	Three months ended September 30		(Thousands) Change
	2017	2018	
Postpaid	168	<b>109</b>	(59)
Postpaid phone	279	<b>(34)</b>	(313)
Prepaid	95	<b>(14)</b>	(109)
Wholesale and affiliate	115	<b>(115)</b>	(230)
Total	378	<b>(20)</b>	(398)

Postpaid phone subscriber net loss was a result of lower gross additions associated with the introduction of less promotional service pricing in July 2018 and higher churn as more customers rolled off promotional offers. Postpaid net additions included 81,000 subscribers who migrated from the prepaid subscriber base.

### Churn Rate (Postpaid)

	Three months ended September 30		Change
	2017	2018	
Postpaid phone churn rate	1.59%	<b>1.73%</b>	0.14 pp deterioration
Postpaid churn rate	1.72%	<b>1.78%</b>	0.06 pp deterioration

<sup>10</sup> From the three-month period ended in March 31, 2018, as a result of the introduction of a non-Sprint branded postpaid plan allowing prepaid customers to purchase a device under an installment billing program, said prepaid customers are included in the postpaid subscriber base. A retroactive adjustment has not been made.

<sup>11</sup> Net additions exclude changes in the subscriber base resulting from such special factors as the acquisition of other companies by Sprint affiliate companies (regional telecom operators that use their own telecom networks to provide services under the Sprint brand), the discontinuation of certain service plans at Sprint, or the establishment of venture companies by Sprint.

**ARPU (Postpaid)**

	Three months ended September 30		Change
	2017 Previous standards	2018 New standards	
Postpaid phone ARPU	\$52.34	<b>\$50.16</b>	\$(2.18)
Postpaid ARPU	\$46.00	<b>\$43.99</b>	\$(2.01)

ARPU decreased year on year due to the spread of promotional rate plans. Sequentially, ARPU increased as a result of more customers rolling off promotional pricing. The adoption of the new standards had a \$1.00 negative impact on postpaid ARPU.

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

**(c) Yahoo Japan Segment**

	(Millions of yen)			
	Six months ended September 30		Change	Change %
	2017	2018		
Net sales	421,364	<b>453,640</b>	32,276	7.7%
Segment income	91,241	<b>77,729</b>	(13,512)	(14.8%)
Depreciation and amortization	20,090	<b>26,194</b>	6,104	30.4%
Other adjustments	(4,929)	<b>(3,751)</b>	1,178	-
Adjusted EBITDA	106,402	<b>100,172</b>	(6,230)	(5.9%)

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/](http://about.yahoo.co.jp/ir/en/).

#### (d) Arm Segment

##### 1. Establishment of joint venture for business in China

- ◆ By the end of the second quarter, the majority of Arm's existing contracts in China have been novated to Arm China
- ◆ Quarterly technology licensing revenue improved from the first quarter, and is expected to be fully restored to the normal level by the end of the fiscal year

##### 2. Continued reinforcement of R&D capability

- ◆ The number of employees increased net 104 people (2%) from the previous fiscal year-end, despite the transfer of 341 employees to Arm China

##### 3. Announced *Pelion* IoT platform following acquisitions of Treasure Data and Stream Technologies

	(Millions of yen)			
	Six months ended September 30			
	2017	2018	Change	Change %
Net sales	93,676	<b>91,693</b>	(1,983)	(2.1%)
Segment income	(14,794)	<b>141,242</b>	156,036	-
Depreciation and amortization	30,285	<b>37,652</b>	7,367	24.3%
Gain relating to loss of control over subsidiaries	-	<b>(176,261)</b>	(176,261)	-
Adjusted EBITDA	15,491	<b>2,633</b>	(12,858)	(83.0%)

Note: Depreciation and amortization includes amortization expenses of ¥30,208 million for the period and ¥26,796 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

#### OVERVIEW

Arm's operations are primarily the licensing of semiconductor intellectual property (IP), including the designs of energy-efficient microprocessors and associated technologies. Since becoming part of the Company, Arm has been accelerating investment in research and development by hiring more engineers. With the expansion of its engineering capability, Arm intends to develop new technologies faster, with a focus on artificial intelligence (AI), computer vision, and augmented reality. Arm is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things (IoT).

In August 2018, Arm announced the new *Pelion* IoT platform that enables enterprises to seamlessly and securely connect and manage IoT devices and data at any scale. The *Pelion* platform combines Arm's existing *Mbed Cloud* business with two new acquisitions, Treasure Data, Inc. and Stream Technologies Limited. Together these technologies will deliver IoT device management (secure and consistent IoT device provisioning, identity and access management and updates), IoT connectivity management (through relationships with multiple global operators), and IoT data management (analysis of trusted data, from individual devices to enterprise-wide deployments).

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

#### FINANCIAL RESULTS

**Net sales decreased ¥1,983 million (2.1%) year on year, to ¥91,693 million.** The novation process of existing contracts in China from Arm to Arm Technology (China) Co., Ltd. ("Arm China," see "Establishment of Joint Venture for China Business" below), which followed the establishment of a joint venture for the China business, resulted in a delay in

signing new contracts and consequently a lower-than-usual revenue received from Arm China. As a result, on a U.S. dollar basis, technology licensing revenue decreased year on year.

As of the end of the second quarter, the majority of existing contracts with Chinese companies have been transferred to Arm China. All major contract signings that were delayed during the period, for said reason, are still expected to be concluded within the fiscal year. As expected, technology licensing revenue in the second quarter (including the revenue received from Arm China) improved from the first quarter, and Arm expects quarterly licensing revenue to be fully restored to the normal level by the end of the fiscal year. As it takes several years to develop a new system on chip design, the delay in signing a contract is not expected to have an impact on the timing of chip shipments and the attendant technology royalty revenue.

Reference: Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	Six months ended September 30, 2017			Six months ended September 30, 2018		
	Q1	Q2	Total	Q1	Q2	Total
Technology licensing	149	123	272	85	124	<b>209</b>
Technology royalties	250	271	521	261	285	<b>546</b>
Software and services	29	28	57	35	47	<b>82</b>
<b>Total net sales</b>	<b>428</b>	<b>422</b>	<b>850</b>	<b>381</b>	<b>456</b>	<b>837</b>

**Segment income increased ¥156,036 million year on year, to ¥141,242 million.** This was mainly attributable to the recognition of gain relating to the loss of control over subsidiaries of ¥176,261 million as other operating income, as a result of Arm China becoming an associate accounted for using the equity method from a subsidiary.

Meanwhile, Arm continued to increase its R&D capability, which included hiring more R&D engineers and support staff. As a result, operating expenses (cost of sales and selling, general and administrative expenses) increased ¥18,242 million year on year. Arm's head count increased net 104 people (2%) from the previous fiscal year-end, despite the exclusion of 341 employees of Arm China from the head count upon June 26, 2018, the date on which the transaction to establish the joint venture for the China business was completed. Arm will continue to increase investment in R&D and steadily hire more engineers. Meanwhile, after two years of rapid growth, Arm expects that the investments in R&D will increase at a slower pace for the next few quarters as Arm focuses on integrating new employees into the company and improving productivity.

Adjusted EBITDA decreased ¥12,858 million (83.0%) year on year, to ¥2,633 million.

### Establishment of Joint Venture for the China Business

On June 26, 2018, Arm sold 51% of its equity interest in its wholly owned Chinese subsidiary, Arm China, for \$845 million to entities representing certain institutional investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's semiconductor technology IP business in China. As a result of this transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Accordingly, the Company recorded gain relating to loss of control over subsidiaries of ¥176,261 million.

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

## OPERATIONS

### Licensing

	Licenses signed July 1 to September 30, 2018	Cumulative number of licenses signed September 30, 2018
Classic ( <i>Arm7, Arm9, Arm11</i> )	-	499
<i>Cortex-A</i>	14	350
<i>Cortex-R</i>	5	100
<i>Cortex-M</i>	13	506
<i>Mali</i>	3	172
Number of processor licenses signed	35	1,627

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

Arm signed 35 processor licenses during the second quarter, including six licenses for new technologies that Arm has not yet announced, reflecting solid demand for Arm's latest technology. Of the customers signing new licenses, five 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, including automotive applications, sensors, servers, smartphones and surveillance cameras.

### Royalty Units

The following analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for the three-month period ended June 30, 2018, as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears: therefore, the current quarter's royalty unit analysis is based on chips shipped in the prior quarter. In contrast, royalty revenues are accrued in the same quarter the chips are shipped, based on estimates.

	2017				2018
	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
<b>Royalty units as reported by Arm's licensees</b>	5.1 billion	5.7 billion	5.8 billion	5.5 billion	<b>5.6 billion</b>
Growth rate (yoy)	25%	17%	14%	17%	<b>10%</b>
<u>Breakdown by processor family</u>					
Classic ( <i>Arm7, Arm9, Arm11</i> )	18%	17%	16%	14%	<b>10%</b>
<i>Cortex-A</i>	20%	17%	19%	20%	<b>21%</b>
<i>Cortex-R</i>	9%	7%	7%	8%	<b>8%</b>
<i>Cortex-M</i>	53%	59%	58%	58%	<b>61%</b>

Arm's licensees reported shipments of 5.6 billion Arm-based chips for the three-month period ended June 30, 2018. This takes Arm-based chip shipments for 2018 to 11.1 billion, indicating that Arm is on track to achieve its goal of 100 billion Arm-based chips reported as shipped in the four years following the acquisition by the Company, from 2017 to 2020 inclusive.

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](http://www.arm.com/company/investors).

**(e) SoftBank Vision Fund and Delta Fund Segment**
**1. Segment income of ¥632.4 billion**

SoftBank Vision Fund recorded realized gain of ¥146.7 billion on the sale of Flipkart shares and valuation gain of ¥503.8 billion due to an increase in fair values of NVIDIA, OYO, and other investment holdings

**2. Investments totaling \$28.1 billion to date at SoftBank Vision Fund amounted to fair value of \$35.8 billion (excluding the sold investment)<sup>12</sup>**
**3. Total committed capital of \$91.7 billion at SoftBank Vision Fund and \$6.0 billion at Delta Fund (as of September 30, 2018)**
**OVERVIEW**

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

**Outline of Funds in the Segment**

As of September 30, 2018

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollars)	91.7 <sup>*1 *2</sup>	6.0 <sup>*2</sup>
	SoftBank Group Corp.: 28.1 <sup>*3</sup> Third-party investors: 63.6 <sup>*2</sup>	SoftBank Group Corp.: 4.4 Third-party investors: 1.6 <sup>*2</sup>
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Five years from November 20, 2017 (in principle)	Five years from November 20, 2017 (in principle)
Minimum Fund life	Twelve years from November 20, 2017 (in principle)	Twelve years from November 20, 2017 (in principle)

**Notes:**

- On October 19, 2018, SoftBank Vision Fund completed an interim closing with additional committed capital of \$5 billion. This brought the total committed capital of the Fund to \$96.7 billion. The additional committed capital is intended for the installment of an incentive scheme for operations of SoftBank Vision Fund.
- A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both separate Funds; hence, the total committed capital and remaining committed capital for each separate Fund will change according to the status of contribution by third-party investors in each Fund.
- The amount includes approximately \$8.2 billion of an obligation to be satisfied by using Arm Limited shares.

<sup>12</sup> Includes the amount of investments made by holding entities that are jointly held by SoftBank Vision Fund and the Company's subsidiary

**FINANCIAL RESULTS**

	(Millions of yen)			
	Six months ended September 30		Change	Change %
	2017	2018		
Gain and loss on investments at SoftBank Vision Fund	194,336	<b>648,767</b>	454,431	233.8%
Realized gain and loss of investments	-	<b>146,682</b>	146,682	-
Unrealized gain and loss on valuation of investments	194,336	<b>503,769</b>	309,433	159.2%
Interest and dividend income from investments	-	<b>2,607</b>	2,607	-
Effect of foreign exchange translation	-	<b>(4,291)</b>	(4,291)	-
Gain and loss on investments at Delta Fund	-	<b>590</b>	590	-
Unrealized gain and loss on valuation of investments	-	<b>590</b>	590	-
Operating expenses	(8,098)	<b>(16,923)</b>	(8,825)	109.0%
Segment income	186,238	<b>632,434</b>	446,196	239.6%
Depreciation and amortization	-	<b>31</b>	31	-
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund				
Unrealized loss (gain) on valuation of investments	(194,336)	<b>(504,359)</b>	(310,023)	159.5%
Change in amount on valuation for the fiscal year	(194,336)	<b>(647,307)</b>	(452,971)	233.1%
Transfer to realized gain and loss <sup>*1</sup>	-	<b>142,948</b>	142,948	-
Effect of foreign exchange translation	-	<b>4,291</b>	4,291	-
Adjusted EBITDA	(8,098)	<b>132,397</b>	140,495	-

Note: The segment's results are calculated as follows:

Segment income = gain and loss on investments at SoftBank Vision Fund + gain and loss on investments at Delta Fund - operating expenses

Adjusted EBITDA = segment income (loss) + depreciation and amortization ± adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments + effect of foreign exchange translation)

Note:

1. Cumulative gain and loss on valuation of Flipkart shares that was recorded before the second quarter

**Segment income was ¥632,434 million (compared with ¥186,238 million in the same period of the previous fiscal year), of which gain on investments at SoftBank Vision Fund was ¥648,767 million.** This included realized gain on investments of ¥146,682 million and unrealized gain on valuation of investments of ¥503,769 million.

Realized gain on investments at SoftBank Vision Fund was recognized following the completion of the sale of Flipkart shares to WAL-MART INTERNATIONAL HOLDINGS, INC. The amount was recognized based on the sales value of approximately \$4 billion, net of amount deposited in escrow account<sup>13</sup>, etc.

Unrealized gain on valuation of investments as (A) below, which was recorded for the first quarter following the agreement for the sale, was reclassified as realized gain as (B) below, following execution of the sale during the second quarter.

**(Quarterly breakdown of Flipkart-related gain and loss on investments at SoftBank Vision Fund)**

	(Billions of U.S. dollars)		
	Six month ended September 30, 2018		
	Q1	Q2	Total
Unrealized gain and loss on valuation of investments	1.5	(1.5)	-
Change in amount on valuation for the fiscal year	(A) 1.5	(0.2)	<b>1.3</b>
Transfer to realized gain and loss	-	(B) (1.3)	<b>(1.3)</b>
Realized gain and loss on investments	-	(B) 1.3	<b>1.3</b>

<sup>13</sup> Amount deposited for future indemnity claims



Unrealized gain on valuation of investments was recorded due to an increase in the fair values of NVIDIA, OYO, and other investments.

**Adjusted EBITDA was ¥132,397 million (compared with negative ¥8,098 million in the same period of the previous fiscal year).**

### Capital Deployment

As of September 30, 2018

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
<b>Committed capital</b>			
SoftBank Vision Fund	91.7 <sup>*1</sup>	28.1 <sup>*2</sup>	63.6 <sup>*1</sup>
Delta Fund	6.0 <sup>*1</sup>	4.4	1.6 <sup>*1</sup>
<b>Contributions from limited partners<sup>*3</sup></b>			
SoftBank Vision Fund	23.8	7.2	16.6
Delta Fund	5.1	3.7 <sup>*4</sup>	1.4
<b>Non-recallable contribution<sup>*5</sup></b>			
SoftBank Vision Fund	2.5	0.8	1.7
<b>Remaining committed capital</b>			
SoftBank Vision Fund	65.4	20.1	45.3
Delta Fund	0.9 <sup>*6</sup>	0.7	0.2 <sup>*6</sup>

Notes:

1. A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both separate Funds: hence, the total committed capital and remaining committed capital for each separate Fund will change according to the status of contribution by third-party investors in each Fund.
2. The amount includes approximately \$8.2 billion of obligation to be satisfied by using 24.99% of Arm Limited shares. As a result of contributions made through the end of the second quarter, SoftBank Vision Fund held 24.54% of Arm Limited shares at the end of the second quarter.
3. The amount excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
4. The amount includes the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.
5. The applicable principal for the investment, which was returned to limited partners after the sale of Flipkart shares.
6. When an investment is made from the remaining committed capital of the third-party investor at Delta Fund, the same amount is deducted from that investor's remaining committed capital at SoftBank Vision Fund.

### Investment Status

As of the end of the second quarter, the cumulative acquisition cost and fair value of investments of SoftBank Vision Fund was \$28.1 billion and \$35.8 billion, respectively (excluding the sold investment). The cumulative acquisition cost and the fair value of investment of Delta Fund was \$5 billion each.

### Investees of SoftBank Vision Fund (As of September 30, 2018)

Sector	Name (in alphabetical order)
Semiconductors	Arm Limited
	NVIDIA Corporation
AI, big data, robotics, and VR	Brain Corporation
	HealthKconnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)
	Improbable Worlds Limited
	⊙ Light Labs, Inc.
	MapBox Inc.
	Nauto, Inc.
	OSIssoft LLC
On-demand economy	⊙ Full Truck Alliance Co. Ltd
	⊙ Loggi Technology International
	⊙ OpenDoor Labs, Inc.
	Oravel Stays Private Limited (OYO) (and its one affiliate)
	Ping An Healthcare and Technology Company Limited
	Wag Labs, Inc
	WeWork Companies Inc. (and its three affiliates)
E-commerce	Auto1 Group GmbH
	⊙ Brandless, Inc.
	⊙ Coupang LLC
	Fanatics Holdings, Inc.
Financial services	One97 Communications Limited (PayTM)
	⊙ OneConnect Financial Technology Co., Ltd.
	Zhongan Online P&C Insurance Co., Ltd
Enterprise, media, and advertising	⊙ Bytedance Ltd.
	⊙ Cohesity, Inc.
	Slack Technologies, Inc.
	Urban Compass, Inc. (Compass)
Life sciences	Guardant Health, Inc. (and its one affiliate)
	Roivant Sciences Ltd.
	Vir Biotechnology, Inc.
Smart cities	Katerra Inc.
Clean tech	Plenty United Inc.
	One other investment
	Total 38 investments

⊙: New investments during the period

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly owned subsidiaries, of the Fund. Regardless of the ownership percentage of SoftBank Vision Fund, all investments made through the investment holding entities are calculated as investments made by SoftBank Vision Fund. Some of the subsidiaries of SoftBank Vision Fund

have investors other than the Fund. Of the total fair values of investments by SoftBank Vision Fund at the end of the second quarter, \$1.4 billion belongs to those investors.

### *Investments Acquired from the Company*

In addition to direct purchase, some investments of SoftBank Vision Fund are acquired from the sale by the Company, but only if they are in accordance with the Fund's investment eligibility criteria. There are two types of investments that could be sold to the Fund: (A) Investments that were acquired by the Company on the premise of offering the investment to SoftBank Vision Fund and that were in accordance with the investment eligibility criteria of the Fund at the time of acquisition ("Bridge Investments") and (B) other investments. Examples of (B) include investments that were made without the premise of offering the investment to the Fund at the time of acquisition, or, investments that were made with the premise of offering the investment to the Fund but were not in accordance with the investment eligibility criteria of the Fund at the time of acquisition and therefore require consent from the limited partners for selling to the Fund.

The Company recognizes that the transfer of such investments is agreed, at the timing when consent from investment committee and other bodies (and certain limited partner if applicable) at SoftBank Vision Fund and approvals from relevant regulatory authorities are obtained. Sales of these investments are intended to be made at the fair value at the time the Company offered the transfer, and this value will be the acquisition cost for SoftBank Vision Fund. These investments are presented as investments at the Fund in the Company's consolidated financial statements, after the Company recognizes that the transfer is agreed.

SoftBank Vision Fund acquired investments in Coupang and OYO from the Company in the second quarter. These investments fall into category (B) above. Please refer to the below table for details regarding Coupang and OYO, from acquisition by the Company to the transfer into SoftBank Vision Fund.

(Billions of U.S. dollars)

Investees	Date of acquisition by the Company	Acquisition cost by the Company	Fair value at the end of the first quarter	Sale price by the Company to SVF (Acquisition cost by SVF)
Coupang	May 2015	1.0	0.7	0.7
OYO	July 2015	0.1	0.2	0.2
Total		1.1	0.9	0.9

(Note) SVF: SoftBank Vision Fund

Of the investments held by the Company, the transfer of PT Tokopedia to SoftBank Vision Fund, which falls into category (B) above, was agreed in October 2018. Uber, DiDi, Grab, and Ola, which also fall into category (B) above, are not yet transferred to SoftBank Vision Fund as of September 30, 2018; however, the Company expects that the necessary procedures will be made in the future to obtain applicable consent from limited partners of the Fund and regulatory approvals for the transfer.

### **Investee of Delta Fund (As of September 30, 2018)**

Sector	Name
On-demand economy	Xiaoju Kuaizhi Inc. (DiDi)

**(f) Brightstar Segment**

	Six months ended September 30		(Millions of yen)	
	2017	2018	Change	Change %
Net sales	484,840	<b>525,001</b>	40,161	8.3%
Segment income	(368)	<b>(8,873)</b>	(8,505)	-
Depreciation and amortization	3,014	<b>2,559</b>	(455)	(15.1%)
Adjusted EBITDA	2,646	<b>(6,314)</b>	(8,960)	-

**(2) Overview of Financial Position**
**Status of investments**

- ◆ **Balance of investments from SoftBank Vision Fund of ¥3.7 trillion, up ¥917.7 billion from the previous fiscal year-end**
  - New investments were made
  - The fair values of NVIDIA, OYO and other investments increased
- ◆ **Balance of investments outside the Fund (investment securities) of ¥3.1 trillion, up ¥451.7 billion from the previous fiscal year-end**
  - New investments such as GM Cruise were made
  - The fair values of investments increased

**Adoption of IFRS 9 and IFRS 15**

In accordance with the adoption of IFRS 9 and IFRS 15 from the first quarter, the cumulative impact of retrospective adjustments was recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income as of April 1, 2018. See “(2) Effect of adopting new standards and interpretations” under “3. Significant Accounting Policies” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

			(Millions of yen)	
	March 31, 2018	September 30, 2018	Change	Change %
Total assets	31,180,466	<b>33,807,555</b>	2,627,089	8.4%
Total liabilities	24,907,444	<b>26,464,411</b>	1,556,967	6.3%
Total equity	6,273,022	<b>7,343,144</b>	1,070,122	17.1%
Reference: Exchange rate at the end of the period used for translations				
USD / JPY	¥106.24	¥113.57	¥7.33	6.9%
GBP / JPY	¥148.84	¥148.53	¥(0.31)	(0.2%)

**(a) Current Assets**

	(Millions of yen)		
	March 31, 2018	September 30, 2018	Change
Cash and cash equivalents	3,334,650	<b>3,161,672</b>	(172,978)
Trade and other receivables	2,314,353	<b>2,271,840</b>	(42,513)
Other financial assets	519,444	<b>651,640</b>	132,196
Inventories	362,041	<b>342,042</b>	(19,999)
Other current assets	344,374	<b>295,134</b>	(49,240)
<b>Total current assets</b>	<b>6,874,862</b>	<b>6,722,328</b>	(152,534)

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Cash and cash equivalents ¥3,161,672 million	See “(3) Cash Flow Overview” for details.
Other financial assets ¥651,640 million	<u>¥132,196 million increase</u> Sprint increased time deposits and acquired commercial paper, for short-term trading.

**(b) Non-current Assets**

	(Millions of yen)		
	March 31, 2018	September 30, 2018	Change
Property, plant and equipment	3,856,847	<b>4,088,420</b>	231,573
Goodwill	4,302,553	<b>4,407,705</b>	105,152
Arm	2,860,738	<b>2,912,474</b>	51,736
Intangible assets	6,784,550	<b>7,066,464</b>	281,914
Costs to obtain contracts	-	<b>313,421</b>	313,421
Investments accounted for using the equity method	2,328,617	<b>2,654,151</b>	325,534
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	<b>3,745,476</b>	917,692
SoftBank Vision Fund	2,296,584	<b>3,177,002</b>	880,418
Delta Fund	531,200	<b>568,474</b>	37,274
Investment securities	2,660,115	<b>3,111,785</b>	451,670
Other financial assets	676,392	<b>916,819</b>	240,427
Deferred tax assets	647,514	<b>568,412</b>	(79,102)
Other non-current assets	221,232	<b>212,574</b>	(8,658)
<b>Total non-current assets</b>	<b>24,305,604</b>	<b>27,085,227</b>	2,779,623

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Property, plant and equipment ¥4,088,420 million	<u>¥231,573 million increase</u> At Sprint, construction in progress increased due to growth in capital expenditures, and leased mobile devices for customers also increased.
Intangible assets ¥7,066,464 million	<u>¥281,914 million increase</u> FCC licenses increased due to a weaker yen against the U.S. dollar.
Costs to obtain contracts ¥313,421 million	Costs to obtain contracts at Sprint and SoftBank Corp. were newly recorded due to the adoption of the new standards.
Investments accounted for using the equity method ¥2,654,151 million	<u>¥325,534 million increase</u> Alibaba's consolidated carrying amount increased due to the recording of income on equity method investments. Also, Arm China, which was a subsidiary of Arm, became an associate accounted for using the equity method, whereby a consolidated carrying amount of ¥87,655 million was newly recorded.
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL ¥3,745,476 million	<u>SoftBank Vision Fund: ¥880,418 million increase</u> New investments were made. In addition, the fair values of investments increased. On the other hand, the Fund sold Flipkart shares.
Investment securities ¥3,111,785 million	<u>¥451,670 million increase</u> This includes investments outside SoftBank Vision Fund and Delta Fund. New investments were made by the Company in companies such as GM Cruise Holdings, LLC ("GM Cruise"), a developer of autonomous driving technology. Also, fair values of the Company's investments such as Uber increased. On the other hand, investments in Coupang and OYO were sold to SoftBank Vision Fund. The investments in Uber, DiDi, Grab, and Ola held by the Company are not yet transferred to SoftBank Vision Fund as of September 30, 2018. The Company expects that the necessary procedures will be made in the future to obtain applicable consent from limited partners of the Fund and regulatory approvals for the transfer.

**(c) Current Liabilities**

	March 31, 2018	September 30, 2018	(Millions of yen) Change
Interest-bearing debt	3,217,405	<b>4,972,455</b>	1,755,050
SoftBank Group Corp.	1,485,851	<b>1,903,905</b>	418,054
Short-term borrowings	771,275	<b>1,052,700</b>	281,425
Current portion of long-term borrowings	214,747	<b>79,597</b>	(135,150)
Current portion of corporate bonds	399,829	<b>698,608</b>	298,779
Others	100,000	<b>73,000</b>	27,000
SoftBank Corp.	803,055	<b>903,891</b>	100,836
Current portion of long-term borrowings	393,916	<b>492,836</b>	98,920
Current portion of lease obligations	393,282	<b>399,987</b>	6,705
Others	15,857	<b>11,068</b>	(4,789)
Sprint	364,245	<b>606,973</b>	242,728
Current portion of long-term borrowings	164,466	<b>175,098</b>	10,632
Current portion of corporate bonds	190,396	<b>422,101</b>	231,705
Others	9,383	<b>9,774</b>	391
SoftBank Vision Fund	397,095	<b>635,889</b>	238,794
Short-term borrowings	83,952	-	(83,952)
Current portion of long-term borrowings	313,143	<b>635,889</b>	322,746
Others	167,159	<b>921,797</b>	754,638
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract	-	<b>741,681</b>	741,681
Others	167,159	<b>180,116</b>	12,957
Deposits for banking business	684,091	<b>715,193</b>	31,102
Third-party interests in SoftBank Vision Fund and Delta Fund			
Delta Fund	40,713	<b>2,281</b>	(38,432)
SoftBank Vision Fund	39,193	<b>610</b>	(38,583)
Delta Fund	1,520	<b>1,671</b>	151
Trade and other payables	1,816,010	<b>1,813,230</b>	(2,780)
Derivative financial liabilities	96,241	<b>721,672</b>	625,431
Other financial liabilities	1,646	<b>2,618</b>	972
Income taxes payables	147,979	<b>166,939</b>	18,960
Provisions	65,709	<b>45,156</b>	(20,553)
Other current liabilities	658,961	<b>703,645</b>	44,684
<b>Total current liabilities</b>	<b>6,728,755</b>	<b>9,143,189</b>	2,414,434

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥4,972,455 million	
SoftBank Group Corp. ¥1,903,905 million	<u>¥418,054 million increase</u> · Current portion of corporate bonds increased ¥298,779 million, after transfer from non-current liabilities of corporate bonds that mature within a year. On the other hand, certain domestic straight corporate bonds were redeemed upon maturity. · Short-term borrowings increased ¥281,425 million due to new borrowings from financial institutions with the aim of enhancing cash on hand, among others.
Sprint ¥606,973 million	<u>¥242,728 million increase</u> Current portion of corporate bonds increased due to transfer from non-current liabilities of corporate bonds that mature within a year.
SoftBank Vision Fund ¥635,889 million	<u>¥238,794 million increase</u> SoftBank Vision Fund made borrowings by way of crystallizing a portion of its investment securities.
Others ¥921,797 million	<u>¥754,638 million increase</u> As the settlement date of a variable prepaid forward contract for Alibaba shares became due within a year, the related financial liabilities were transferred from non-current liabilities.
Derivative financial liabilities ¥721,672 million	<u>¥625,431 million increase</u> As the settlement date of a variable prepaid forward contract for Alibaba shares became due within a year, the derivative liabilities related to the embedded collar transaction were transferred from non-current liabilities.



**(d) Non-current Liabilities**

	(Millions of yen)		
	March 31, 2018	September 30, 2018	Change
Interest-bearing debt	13,824,783	<b>13,015,302</b>	(809,481)
SoftBank Group Corp. <sup>14</sup>	7,732,330	<b>6,207,638</b>	(1,524,692)
Long-term borrowings <sup>14</sup>	3,215,459	<b>1,964,632</b>	(1,250,827)
Corporate bonds	4,516,871	<b>4,243,006</b>	(273,865)
SoftBank Corp.	896,435	<b>2,343,702</b>	1,447,267
Long-term borrowings	217,514	<b>1,650,934</b>	1,433,420
Lease obligations	670,862	<b>689,968</b>	19,106
Others	8,059	<b>2,800</b>	(5,259)
Sprint	3,979,705	<b>4,009,410</b>	29,705
Long-term borrowings	1,346,576	<b>1,449,819</b>	103,243
Corporate bonds	2,612,178	<b>2,540,993</b>	(71,185)
Others	20,951	<b>18,598</b>	(2,353)
SoftBank Vision Fund	101,312	-	(101,312)
Long-term borrowings	101,312	-	(101,312)
Others	1,115,001	<b>454,552</b>	(660,449)
Financial liabilities relating to sale of shares by variable prepaid forward contract	688,332	-	(688,332)
Others	426,669	<b>454,552</b>	27,883
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	<b>2,175,476</b>	371,510
SoftBank Vision Fund	1,659,665	<b>2,020,422</b>	360,757
Delta Fund	144,301	<b>155,054</b>	10,753
Derivative financial liabilities	865,402	<b>89,627</b>	(775,775)
Other financial liabilities	62,372	<b>72,623</b>	10,251
Defined benefit liabilities	100,486	<b>101,644</b>	1,158
Provisions	132,139	<b>151,339</b>	19,200
Deferred tax liabilities	1,085,626	<b>1,449,397</b>	363,771
Other non-current liabilities	303,915	<b>265,814</b>	(38,101)
<b>Total non-current liabilities</b>	<b>18,178,689</b>	<b>17,321,222</b>	<b>(857,467)</b>

<sup>14</sup> This includes borrowings using Alibaba shares made by a wholly owned subsidiary of the Company. The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥13,015,302 million	
SoftBank Group Corp. ¥6,207,638 million	<u>¥1,524,692 million decrease</u> · Long-term borrowings decreased ¥1,250,827 million. SoftBank Group Corp. repaid a portion of its senior loan before maturity in August 2018 by using ¥1.6 trillion, which was received from SoftBank Corp. as repayment of its borrowings from the company, as part of the preparations to list SoftBank Corp. shares. On the other hand, a wholly owned subsidiary of the Company made borrowings by using Alibaba shares.  · Corporate bonds decreased ¥273,865 million. Foreign currency-denominated senior notes totaling ¥357.6 billion issued in 2013 were redeemed before maturity. In addition, certain corporate bonds were transferred to current liabilities as they became due within a year. On the other hand, domestic straight corporate bonds of ¥450 billion and foreign currency-denominated senior notes totaling ¥272.7 billion were issued.
SoftBank Corp. ¥2,343,702 million	<u>¥1,447,267 million increase</u> SoftBank Corp. made new borrowings of ¥1.6 trillion through a senior loan as part of its preparations for listing.
Others ¥454,552 million	<u>¥660,449 million decrease</u> Financial liabilities related to the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.
Third-party interests in SoftBank Vision Fund and Delta Fund ¥2,175,476 million	<u>SoftBank Vision Fund: ¥360,757 million increase</u> See “6. Third-party interests in SoftBank Vision Fund and Delta Fund” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details of changes.
Derivative financial liabilities ¥89,627 million	<u>¥775,775 million decrease</u> Derivative liabilities relating to the embedded collar transaction in the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.
Deferred tax liabilities ¥1,449,397 million	<u>¥363,771 million increase</u> Deferred tax liabilities related to Sprint’s FCC licenses increased due to a weaker yen against the U.S. dollar.

**(e) Equity**

	(Millions of yen)		
	March 31, 2018	September 30, 2018	Change
Common stock	238,772	<b>238,772</b>	-
Capital surplus	256,768	<b>212,157</b>	(44,611)
Other equity instruments	496,876	<b>496,876</b>	-
Retained earnings	3,940,259	<b>5,041,182</b>	1,100,923
Treasury stock	(66,458)	<b>(62,896)</b>	3,562
Accumulated other comprehensive income	317,959	<b>418,944</b>	100,985
Available-for-sale financial assets	63,700	-	(63,700)
Equity financial assets at FVTOCI	-	<b>8,627</b>	8,627
Debt financial assets at FVTOCI	-	<b>(97)</b>	(97)
Cash flow hedges	(55,286)	<b>(79,334)</b>	(24,048)
Exchange differences on translating foreign operations	309,545	<b>489,748</b>	180,203
<b>Total equity attributable to owners of the parent</b>	<b>5,184,176</b>	<b>6,345,035</b>	<b>1,160,859</b>
Non-controlling interests	1,088,846	<b>998,109</b>	(90,737)
<b>Total equity</b>	<b>6,273,022</b>	<b>7,343,144</b>	<b>1,070,122</b>
Ratio of equity attributable to owners of the parent	16.6%	<b>18.8%</b>	2.2 pp

**Primary components of the change**

Components and balance	Changes from the previous fiscal year-end and main reasons
Capital surplus ¥212,157 million	<u>¥44,611 million decrease</u> As a result of SoftBank Corp.'s acquisition of Yahoo Japan Corporation shares and the acquisition by Yahoo Japan Corporation of its own shares, the shareholding ratio of Yahoo Japan Corporation shares held by the Company increased from 42.95% to 48.17%, depressing capital surplus by ¥56,632 million.
Retained earnings ¥5,041,182 million	<u>¥1,100,923 million increase</u> Net income attributable to owners of the parent of ¥840,103 million was recorded. Further, the cumulative impact of adopting the new standards of ¥300,615 million was recorded on April 1, 2018.
Accumulated other comprehensive income ¥418,944 million	<u>¥100,985 million increase</u> Exchange differences on translating foreign operations increased due to a weaker yen against the U.S. dollar. On the other hand, the cumulative impact of adopting the new standards of ¥57,828 million was reclassified as retained earnings on April 1, 2018.

### (3) Overview of Cash Flows

#### 1. Progress on investments at SoftBank Vision Fund

- ◆ Contributions from third-party investors of ¥393.4 billion → Payments for acquisition of investments of ¥362.3 billion
- ◆ Proceeds from sale of investments of ¥421.9 billion: sale of Flipkart shares
- ◆ Distribution/repayment to third-party investors of ¥391.1 billion: distributed proceeds from sale of Flipkart shares, among others, to third-party investors

#### 2. Dissolution of debtor-creditor relationship between SoftBank Group Corp. and SoftBank Corp. as part of preparations to list SoftBank Corp. shares

- ◆ SoftBank Corp. implemented borrowings through senior loan of ¥1.6 trillion and repaid the same amount borrowed from SoftBank Group Corp.
- ◆ SoftBank Group Corp. used the entire ¥1.6 trillion to partially repay its senior loan before maturity

(Millions of yen)

	Six months ended September 30		Change
	2017	2018	
Cash flows from operating activities	748,283	<b>782,775</b>	34,492
Cash flows from investing activities	(1,676,671)	<b>(1,118,068)</b>	558,603
Cash flows from financing activities	(2,191,780)	<b>62,945</b>	(2,128,835)

#### (a) Cash Flows from Operating Activities

Cash flows from operating activities increased ¥34,492 million year on year. Income taxes paid decreased ¥76,001 million year on year primarily due to the payment of income taxes for the sale of Supercell Oy shares in 2016, which was made in the same period of the previous fiscal year. Further, income taxes refund increased. On the other hand, interest paid increased due to higher level of borrowings.

#### (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 ¥(700,953) million	Sprint acquired leased devices and telecommunications network equipment. SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(408,791) million	A wholly owned subsidiary of the Company newly invested in GM Cruise, among others. In addition, Japan Net Bank Ltd. acquired securities held for investment.
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(362,331) million	SoftBank Vision Fund made new investments.
Proceeds from sale of investments by SoftBank Vision Fund and Delta Fund ¥421,921 million	SoftBank Vision Fund sold Flipkart shares.
Increase from loss of control over subsidiaries ¥83,653 million	The amount was obtained by deducting the cash and cash equivalents held by Arm China on the date of loss of control from the proceeds received related to the sale of equity interest in Arm China, which became an associate accounted for using the equity method following the establishment of a joint venture for Arm's China business.

Components	Primary details
Payments for acquisition of marketable securities for short-term trading ¥(225,297) million	These payment and proceeds are associated with short-term trading through the use of commercial paper, among others, at Sprint.
Proceeds from sales/redemption of marketable securities for short-term trading ¥195,897 million	
Payments into time deposits ¥(454,232) million	These payment and proceeds are associated with short-term trading at Sprint and Arm.
Proceeds from withdrawal of time deposits ¥444,742 million	

### (c) Cash Flows from Financing Activities

#### Primary components for the period

Component	Primary details
Proceeds from interest-bearing debt ¥4,507,706 million	
Proceeds from long-term borrowings ¥3,501,376 million	
SoftBank Corp. ¥1,859,485 million	As part of preparations for listing, SoftBank Corp. implemented borrowings of ¥1.6 trillion through a senior loan. Additionally, SoftBank Corp. borrowed through securitization of installment receivables. The proceeds from the senior loan were used to repay its borrowings from SoftBank Group Corp., which was eliminated as an intercompany transaction.
SoftBank Group Corp. ¥914,384 million	SoftBank Group Corp. procured funds to enhance its cash on hand. Further, a wholly owned subsidiary of the Company made borrowings <sup>15</sup> by using Alibaba shares.
Sprint ¥324,473 million	Sprint implemented borrowings through the securitization of receivables.
SoftBank Vision Fund ¥253,516 million	SoftBank Vision Fund crystallized some of its investment securities. The amount has been recorded as current portion of long-term borrowings in the condensed interim consolidated statement of financial position.
Proceeds from issuance of bonds ¥722,744 million	SoftBank Group Corp. issued ¥450 billion of domestic straight corporate bonds and foreign currency-denominated senior notes totaling ¥272.7 billion.
Proceeds from sale-leaseback of newly acquired equipment ¥283,586 million	SoftBank Corp. conducted a sale-leaseback for the purchase of telecommunications network equipment through financing leases.

<sup>15</sup> The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

Component	Primary details
Repayment of interest-bearing debt ¥(4,110,627) million	
Repayment of long-term borrowings ¥(3,078,687) million	
SoftBank Group Corp. ¥(2,109,719) million	SoftBank Group Corp. used all of the ¥1.6 trillion repayment received from SoftBank Corp. to partially repay its senior loan before maturity. Further, the company repaid borrowings made by using its commitment line.
Sprint ¥(318,660) million	Sprint repaid borrowings that were made by securitizing receivables and by using its spectrum holdings.
SoftBank Corp. ¥(310,050) million	SoftBank Corp. repaid borrowings made through the securitization of installment receivables.
SoftBank Vision Fund ¥(158,354) million	SoftBank Vision Fund repaid borrowings made by crystallizing its investment securities.
Redemption of corporate bonds ¥(757,640) million	SoftBank Group Corp. redeemed straight corporate bonds of ¥400 billion at maturity, in addition to early redemption of foreign currency-denominated senior notes issued in 2013 totaling ¥357.6 billion.
Repayment of lease obligations ¥(263,149) million	SoftBank Corp. repaid its lease obligations for telecommunications network equipment.
Contribution to SoftBank Vision Fund and Delta Fund from third-party investors ¥394,194 million	<ul style="list-style-type: none"> <li>· SoftBank Vision Fund received cash contributions from third-party investors based on capital calls.</li> <li>· Delta Fund received cash contributions from third-party investors based on capital calls.</li> </ul>
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors ¥(394,207) million	<ul style="list-style-type: none"> <li>· SoftBank Vision Fund made distributions of ¥195,180 million to third-party investors: performance-based distributions of ¥141,400 million and fixed distributions of ¥53,780 million. These were made by using the proceeds received from the sale of Flipkart shares, as well as partial monetization of the investment securities it possesses.</li> <li>· SoftBank Vision Fund repaid the principal for investments totaling ¥195,897 million to third-party investors mainly following the sale of Flipkart shares.</li> <li>· Delta Fund made fixed distributions based on the aggregated amount of investment.</li> </ul>
Payments for purchase of subsidiaries' interests from non-controlling interests ¥(228,641) million	SoftBank Corp. acquired shares of Yahoo Japan Corporation from Altaba Inc. through a tender offer.

#### (4) Forecasts

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

## 2. Notes to Summary Information

### Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

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

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

### 3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

Company name / Abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
Sprint	Sprint Corporation
Arm	Arm Limited
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
SBIA	SB Investment Advisers (UK) Limited
Brightstar	Brightstar Global Group Inc.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited

**(1) Condensed Interim Consolidated Statement of Financial Position**

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,334,650	3,161,672
Trade and other receivables	2,314,353	2,271,840
Other financial assets	519,444	651,640
Inventories	362,041	342,042
Other current assets	344,374	295,134
Total current assets	6,874,862	6,722,328
<b>Non-current assets</b>		
Property, plant and equipment	3,856,847	4,088,420
Goodwill	4,302,553	4,407,705
Intangible assets	6,784,550	7,066,464
Costs to obtain contracts	-	313,421
Investments accounted for using the equity method	2,328,617	2,654,151
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	3,745,476
Investment securities	2,660,115	3,111,785
Other financial assets	676,392	916,819
Deferred tax assets	647,514	568,412
Other non-current assets	221,232	212,574
Total non-current assets	24,305,604	27,085,227
<b>Total assets</b>	31,180,466	33,807,555



	As of March 31, 2018	(Millions of yen) As of September 30, 2018
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	3,217,405	4,972,455
Deposits for banking business	684,091	715,193
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	2,281
Trade and other payables	1,816,010	1,813,230
Derivative financial liabilities	96,241	721,672
Other financial liabilities	1,646	2,618
Income taxes payables	147,979	166,939
Provisions	65,709	45,156
Other current liabilities	658,961	703,645
<b>Total current liabilities</b>	<b>6,728,755</b>	<b>9,143,189</b>
<b>Non-current liabilities</b>		
Interest-bearing debt	13,824,783	13,015,302
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	2,175,476
Derivative financial liabilities	865,402	89,627
Other financial liabilities	62,372	72,623
Defined benefit liabilities	100,486	101,644
Provisions	132,139	151,339
Deferred tax liabilities	1,085,626	1,449,397
Other non-current liabilities	303,915	265,814
<b>Total non-current liabilities</b>	<b>18,178,689</b>	<b>17,321,222</b>
<b>Total liabilities</b>	<b>24,907,444</b>	<b>26,464,411</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	256,768	212,157
Other equity instruments	496,876	496,876
Retained earnings	3,940,259	5,041,182
Treasury stock	(66,458)	(62,896)
Accumulated other comprehensive income	317,959	418,944
<b>Total equity attributable to owners of the parent</b>	<b>5,184,176</b>	<b>6,345,035</b>
<b>Non-controlling interests</b>	<b>1,088,846</b>	<b>998,109</b>
<b>Total equity</b>	<b>6,273,022</b>	<b>7,343,144</b>
<b>Total liabilities and equity</b>	<b>31,180,466</b>	<b>33,807,555</b>

**(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, 2017	Six-month period ended September 30, 2018
<b>Net sales</b>	4,411,135	4,653,853
Cost of sales	(2,554,182)	(2,722,539)
<b>Gross profit</b>	1,856,953	1,931,314
Selling, general and administrative expenses	(1,187,778)	(1,288,197)
Gain relating to loss of control over subsidiaries	-	176,261
Other operating income (loss)	19,426	(31,096)
<b>Operating income (excluding income from SoftBank Vision Fund and Delta Fund)</b>	688,601	788,282
Operating income from SoftBank Vision Fund and Delta Fund	186,238	632,434
<b>Operating income</b>	874,839	1,420,716
Finance cost	(243,458)	(322,342)
Income on equity method investments	108,290	110,338
Foreign exchange gain	10,942	29,942
Derivative gain (loss)	(504,681)	42,407
Gain from financial instruments at FVTPL	10,207	203,866
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(77,157)	(199,757)
Gain from remeasurement relating to discontinuing the use of the equity method	-	89,209
Other non-operating income	40,039	27,710
<b>Income before income tax</b>	219,021	1,402,089
Income taxes	(75,279)	(531,419)
<b>Net income</b>	143,742	870,670
<b>Net income attributable to</b>		
Owners of the parent	102,622	840,103
Non-controlling interests	41,120	30,567
	143,742	870,670
<b>Earnings per share</b>		
Basic earnings per share (yen)	88.29	756.22
Diluted earnings per share (yen)	84.97	752.26

Condensed Interim Consolidated Statement of Comprehensive Income

	Six-month period ended September 30, 2017	(Millions of yen) Six-month period ended September 30, 2018
<b>Net income</b>	143,742	870,670
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Equity financial assets at FVTOCI	-	(1,037)
Total items that will not be reclassified to profit or loss	-	(1,037)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Available-for-sale financial assets	37,055	-
Debt financial assets at FVTOCI	-	(689)
Cash flow hedges	(11,923)	(24,438)
Exchange differences on translating foreign operations	336,176	211,896
Share of other comprehensive income of associates accounted for using the equity method	9,541	2,682
Total items that may be reclassified subsequently to profit or loss	370,849	189,451
<b>Total other comprehensive income, net of tax</b>	370,849	188,414
<b>Total comprehensive income</b>	514,591	1,059,084
<b>Total comprehensive income attributable to</b>		
Owners of the parent	473,011	999,177
Non-controlling interests	41,580	59,907
	514,591	1,059,084

For the three-month period ended September 30

Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three-month period ended September 30, 2017	Three-month period ended September 30, 2018
<b>Net sales</b>	2,225,076	2,381,070
Cost of sales	(1,299,059)	(1,405,879)
<b>Gross profit</b>	926,017	975,191
Selling, general and administrative expenses	(598,417)	(660,212)
Gain relating to loss of control over subsidiaries	-	14,914
Other operating loss	(13,043)	(16,660)
<b>Operating income (excluding income from SoftBank Vision Fund and Delta Fund)</b>	314,557	313,233
Operating income from SoftBank Vision Fund and Delta Fund	81,009	392,490
<b>Operating income</b>	395,566	705,723
Finance cost	(122,588)	(173,875)
Income on equity method investments	106,656	72,633
Foreign exchange gain	12,738	17,017
Derivative gain (loss)	(247,622)	96,487
Gain (loss) from financial instruments at FVTPL	(14,406)	109,324
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(33,568)	(126,868)
Gain from remeasurement relating to discontinuing the use of the equity method	-	89,209
Other non-operating income	44,677	40,135
<b>Income before income tax</b>	141,453	829,785
Income taxes	(28,251)	(287,235)
<b>Net income</b>	113,202	542,550
<b>Net income attributable to</b>		
Owners of the parent	97,101	526,416
Non-controlling interests	16,101	16,134
	113,202	542,550
<b>Earnings per share</b>		
Basic earnings per share (yen)	83.22	474.66
Diluted earnings per share (yen)	80.83	471.89

Condensed Interim Consolidated Statement of Comprehensive Income

	Three-month period ended September 30, 2017	(Millions of yen) Three-month period ended September 30, 2018
<b>Net income</b>	113,202	542,550
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Equity financial assets at FVTOCI	-	(1,785)
Total items that will not be reclassified to profit or loss	-	(1,785)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Available-for-sale financial assets	12,733	-
Debt financial assets at FVTOCI	-	(724)
Cash flow hedges	(30,057)	(3,838)
Exchange differences on translating foreign operations	182,229	194,875
Share of other comprehensive income of associates accounted for using the equity method	2,915	16,478
Total items that may be reclassified subsequently to profit or loss	167,820	206,791
<b>Total other comprehensive income, net of tax</b>	167,820	205,006
<b>Total comprehensive income</b>	281,022	747,556
<b>Total comprehensive income attributable to</b>		
Owners of the parent	264,757	719,561
Non-controlling interests	16,265	27,995
	281,022	747,556

**(3) Condensed Interim Consolidated Statement of Changes in Equity**

For the six-month period ended September 30, 2017

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2017</b>	238,772	245,706	-	2,958,355	(67,727)	211,246	3,586,352
<b>Comprehensive income</b>							
Net income	-	-	-	102,622	-	-	102,622
Other comprehensive income	-	-	-	-	-	370,389	370,389
<b>Total comprehensive income</b>	-	-	-	102,622	-	370,389	473,011
<b>Transactions with owners and other transactions</b>							
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	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	33,321	496,876	(24,690)	1,294	-	506,801
<b>As of September 30, 2017</b>	<u>238,772</u>	<u>279,027</u>	<u>496,876</u>	<u>3,036,287</u>	<u>(66,433)</u>	<u>581,635</u>	<u>4,566,164</u>
	Non-controlling interests	Total equity					
<b>As of April 1, 2017</b>	883,378	4,469,730					
<b>Comprehensive income</b>							
Net income	41,120	143,742					
Other comprehensive income	460	370,849					
<b>Total comprehensive income</b>	41,580	514,591					
<b>Transactions with owners and other transactions</b>							
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)					
<b>Total transactions with owners and other transactions</b>	(22,749)	484,052					
<b>As of September 30, 2017</b>	<u>902,209</u>	<u>5,468,373</u>					

For the six-month period ended September 30, 2018

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2018</b>	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	-	-	-	300,615	-	(57,828)	242,787
<b>As of April 1, 2018 (after adjustments)</b>	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
<b>Comprehensive income</b>							
Net income	-	-	-	840,103	-	-	840,103
Other comprehensive income	-	-	-	-	-	159,074	159,074
<b>Total comprehensive income</b>	-	-	-	840,103	-	159,074	999,177
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(23,969)	-	-	(23,969)
Distribution to owners of other equity instruments	-	-	-	(16,087)	-	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	261	-	(261)	-
Purchase and disposal of treasury stock	-	902	-	-	3,562	-	4,464
Changes in interests in subsidiaries	-	(55,475)	-	-	-	-	(55,475)
Changes in associates' interests in their subsidiaries	-	4,042	-	-	-	-	4,042
Changes in interests in associates' capital surplus	-	2,133	-	-	-	-	2,133
Share-based payment transactions	-	3,103	-	-	-	-	3,103
Other	-	684	-	-	-	-	684
<b>Total transactions with owners and other transactions</b>	-	(44,611)	-	(39,795)	3,562	(261)	(81,105)
<b>As of September 30, 2018</b>	238,772	212,157	496,876	5,041,182	(62,896)	418,944	6,345,035

(Millions of yen)

	Non- controlling interests	Total equity
<b>As of April 1, 2018</b>	1,088,846	6,273,022
<b>Effect of retrospective adjustments due to adoption of new standards*</b>	21,300	264,087
<b>As of April 1, 2018 (after adjustments)</b>	1,110,146	6,537,109
<b>Comprehensive income</b>		
Net income	30,567	870,670
Other comprehensive income	29,340	188,414
<b>Total comprehensive income</b>	59,907	1,059,084
<b>Transactions with owners and other transactions</b>		
Cash dividends	(30,431)	(54,400)
Distribution to owners of other equity instruments	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	4,464
Changes in interests in subsidiaries	(139,281)	(194,756)
Changes in associates' interests in their subsidiaries	-	4,042
Changes in interests in associates' capital surplus	-	2,133
Share-based payment transactions	(2,040)	1,063
Other	(192)	492
<b>Total transactions with owners and other transactions</b>	(171,944)	(253,049)
<b>As of September 30, 2018</b>	998,109	7,343,144

Note:

\* In accordance with the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers," cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income. The details are described in "(2) Effect of adopting new standards and interpretations" under "1. Significant accounting policies."



**(4) Condensed Interim Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
<b>Cash flows from operating activities</b>		
Net income	143,742	870,670
Depreciation and amortization	750,507	824,516
Gain relating to loss of control over subsidiaries	-	(176,261)
Gain on investments at SoftBank Vision Fund and Delta Fund	(194,336)	(649,357)
Finance cost	243,458	322,342
Income on equity method investments	(108,290)	(110,338)
Derivative loss (gain)	504,681	(42,407)
Gain from financial instruments at FVTPL	(10,207)	(203,866)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	77,157	199,757
Gain from remeasurement relating to discontinuing the use of the equity method	-	(89,209)
Foreign exchange gain and other non-operating income	(50,981)	(57,652)
Income taxes	75,279	531,419
Decrease (increase) in trade and other receivables	10,373	(2,431)
Increase in inventories	(183,855)	(186,577)
Increase in trade and other payables	35,851	39,488
Other	(65,721)	(18,265)
Subtotal	1,227,658	1,251,829
Interest and dividends received	14,679	22,629
Interest paid	(239,445)	(322,087)
Income taxes paid	(342,967)	(266,966)
Income taxes refunded	88,358	97,370
Net cash provided by operating activities	748,283	782,775
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	(517,705)	(700,953)
Payments for acquisition of investments	(197,352)	(408,791)
Proceeds from sales/redemption of investments	14,409	173,344
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(1,253,341)	(362,331)
Proceeds from sales of an investment by SoftBank Vision Fund and Delta Fund	-	421,921
Payments for acquisition of control over subsidiaries	(4,321)	(64,028)
Proceeds from loss of control over subsidiaries, net	-	83,653
Payments for loan receivables	(40,770)	(190,660)
Payments for acquisition of marketable securities for short-term trading	(116,552)	(225,297)
Proceeds from sales/redemption of marketable securities for short-term trading	332,875	195,897
Payments into time deposits	(103,227)	(454,232)
Proceeds from withdrawal of time deposits	331,070	444,742
Other	(121,757)	(31,333)
Net cash used in investing activities	(1,676,671)	(1,118,068)

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
<b>Cash flows from financing activities</b>		
Proceeds in short-term interest-bearing debt, net	449,851	26,044
Proceeds from interest-bearing debt	1,529,137	4,507,706
Repayment of interest-bearing debt	(1,286,867)	(4,110,627)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	1,067,703	394,194
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	-	(394,207)
Purchase of shares of subsidiaries from non-controlling interests	(478)	(228,641)
Proceeds from issuance of other equity instruments	496,876	-
Distribution to owners of other equity instruments	-	(16,087)
Cash dividends paid	(23,981)	(23,949)
Cash dividends paid to non-controlling interests	(29,529)	(29,973)
Other	(10,932)	(61,515)
Net cash provided by financing activities	2,191,780	62,945
<b>Effect of exchange rate changes on cash and cash equivalents</b>	16,244	99,370
<b>Increase (decrease) in cash and cash equivalents</b>	1,279,636	(172,978)
<b>Cash and cash equivalents at the beginning of the period</b>	2,183,102	3,334,650
<b>Cash and cash equivalents at the end of the period</b>	3,462,738	3,161,672

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Notes to Condensed Interim Consolidated Financial Statements

### 1. Significant accounting policies

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

The details of significant accounting policies for SoftBank Vision Fund and Delta Fund are described in “(3) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment.”

#### (1) Adoption of new standards and interpretations

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

Standard/interpretation		Outline of the new/revised standards
IFRS 9	Financial Instruments	<p>IFRS 9 replaces the previous IAS 39. Main revisions are:</p> <ul style="list-style-type: none"> <li>• to revise classification into measurement categories of financial instruments (amortized cost and fair value) and measurement;</li> <li>• to revise the treatment of changes in fair value of financial liabilities measured at fair value;</li> <li>• to revise the eligibility requirement of hedged items and hedging instruments, and requirements related to the effectiveness of the hedge; and</li> <li>• to revise the measurement approach for impairment by introducing an impairment model based on the expected credit loss.</li> </ul>
IFRS 15	Revenue from Contracts with Customers	<p>IFRS 15 replaces the previous IAS 11 and IAS 18. Main revisions are:</p> <ul style="list-style-type: none"> <li>• to require revenue recognition by the following five steps:               <ol style="list-style-type: none"> <li>a. identify the contract with the customer</li> <li>b. identify the performance obligations in the contract</li> <li>c. determine the transaction price</li> <li>d. allocate the transaction price to each performance obligation in the contract</li> <li>e. recognize revenue when (or as) a performance obligation is satisfied</li> </ol> </li> <li>• to revise the treatment for contract costs, license and guarantee of products; and</li> <li>• to increase the disclosure related to revenue recognition.</li> </ul>

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

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

In accordance with the transitional provisions of IFRS 15, the Company applied this standard retrospectively to contracts that are not completed as of the date of initial application (April 1, 2018) and recognized the cumulative

effect of applying the standard as an adjustment to the opening retained earnings at the date of initial application. Accordingly, comparative information for the fiscal year ended March 31, 2018 is not restated.

(2) Effect of adopting new standards and interpretations

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

(Condensed Interim Consolidated Statement of Financial Position)

As of April 1, 2018

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

## (Condensed Interim Consolidated Statement of Financial Position)

As of September 30, 2018

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
<b>ASSETS</b>				
Trade and other receivables	2,262,773	70	8,997	2,271,840
Inventories	344,592	-	(2,550)	342,042
Other current assets <sup>1</sup>	263,428	(140)	31,846	295,134
Intangible assets	7,082,755	-	(16,291)	7,066,464
Costs to obtain contracts <sup>2</sup>	-	-	313,421	313,421
Deferred tax assets	619,219	31	(50,838)	568,412
Other non-current assets <sup>1</sup>	216,150	-	(3,576)	212,574
<b>LIABILITIES AND EQUITY</b>				
Trade and other payables <sup>1</sup>	1,881,558	-	(68,328)	1,813,230
Other current liabilities <sup>1</sup>	655,476	-	48,169	703,645
Deferred tax liabilities	1,392,588	-	56,809	1,449,397
Other non-current liabilities <sup>1</sup>	334,123	-	(68,309)	265,814
Retained earnings <sup>1,2,5</sup>	4,655,475	105,184	280,523	5,041,182
Accumulated other comprehensive income <sup>5</sup>	519,921	(105,198)	4,221	418,944
Non-controlling interests	969,541	(22)	28,590	998,109

## (Condensed Interim Consolidated Statements of Income)

Six-month period ended September 30, 2018

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
Net sales <sup>1</sup>	4,614,440	-	39,413	4,653,853
Cost of sales	(2,708,930)	-	(13,609)	(2,722,539)
Gross profit	1,905,510	-	25,804	1,931,314
Selling, general and administrative expenses <sup>2</sup>	(1,309,194)	(11)	21,008	(1,288,197)
Operating income from SoftBank Vision Fund and Delta Fund <sup>5</sup>	603,475	28,959	-	632,434
Operating income	1,344,741	28,954	47,021	1,420,716
Income on equity method investments	112,041	(1,703)	-	110,338
Gain from financial instruments at FVTPL <sup>5</sup>	167,359	36,507	-	203,866
Other non-operating income <sup>3,5</sup>	40,304	(12,594)	-	27,710
Income taxes	(523,764)	1,005	(8,660)	(531,419)
Net income	780,427	52,169	38,074	870,670
Basic earnings per share (yen)	678.36	48.08	29.78	756.22
Diluted earnings per share (yen)	674.54	48.00	29.72	752.26

(Condensed Interim Consolidated Statements of Comprehensive Income)

Six-month period ended September 30, 2018

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
Net income	780,427	52,169	38,074	870,670
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Equity financial assets at FVTOCI <sup>3</sup>	-	(1,037)	-	(1,037)
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets <sup>3,4,5</sup>	53,211	(53,211)	-	-
Debt financial assets at FVTOCI <sup>4</sup>	-	(689)	-	(689)
Exchange differences on translating foreign operations	210,819	-	1,077	211,896
Share of other comprehensive income of associates accounted for using the equity method <sup>5</sup>	1,459	1,223	-	2,682

Notes:

## 1. Mobile telecommunications services and sales of mobile handsets

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

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

## 2. Capitalization of costs to obtain contracts

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

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

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

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

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

As of April 1, 2018

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

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

As of April 1, 2018

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

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

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

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

(3) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment

For Softbank Vision Fund and Delta Fund, the Company applies the same accounting policies as follows.

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

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

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

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

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

(c) Other investments

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

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

Income and loss arising from the SoftBank Vision Fund and Delta Fund business are separated from operating income and loss arising from other businesses, recognized as a component of operating income, and presented as “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income. Gain and loss arising from “b. Portfolio company investments made by SoftBank Vision Fund and Delta Fund” (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA and other Japan and U.S. advisory companies which support SBIA, and administrative expenses arising from each entity, are included in “Operating income from SoftBank Vision Fund and Delta Fund.”



#### d. Bridge Investments

Investments acquired by SoftBank Group Corp. or its subsidiaries with the premise of offering to SoftBank Vision Fund and Delta Fund and were made in accordance with the investment eligibility criteria of the SoftBank Vision Fund at the time of acquisition (“Bridge Investments”) are accounted for as financial assets at FVTPL. The Company recognizes the decision for the transfer of such investments after the Company obtains consent from the investment committee and other bodies (and certain limited partners, if applicable) at SoftBank Vision Fund and approvals from relevant regulatory authorities. The Company changes the presentation of Bridge Investments in its consolidated financial statements in the annual period in which the Company recognizes the decision to transfer such investments (hereafter phrased as “the transfer is agreed”) as further described below.

##### (a) Investments made in the six-month period ended September 30, 2018

If the transfer is agreed in the six-month period ended September 30, 2018, the Company presents items relevant to those investments as if SoftBank Vision Fund and Delta Fund had made those investments from the date when the Company initially made the investments. Those items would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

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

##### (b) Investments made on or prior to March 31, 2018

###### i. Investments for which the transfer is agreed in the six-month period ended September 30, 2018

If the transfer is agreed in the six-month period ended September 30, 2018, the Company presents the carrying amounts of those investments as if the investments had been agreed to be transferred at April 1, 2018. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of September 30, 2018 and with the respective gain and loss on those investments as “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income for the six-month period ended September 30, 2018. For the periods prior to April 1, 2018, the following presentation would be applied. The carrying amounts of those investments are presented as “Investment securities” in the condensed interim consolidated statement of financial position as of March 31, 2018, gain and loss on investments as “Gain from financial instruments at FVTPL” in the condensed interim consolidated statement of income for the six-month period ended September 30, 2017, and payments for acquisition of investments as “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the six-month period ended 30, 2017.

###### ii. Investments for which the transfer is agreed on or prior to March 31, 2018

If the transfer is agreed on or prior to March 31, 2018, the Company presents the carrying amounts of those investments as if the investments had been agreed to be transferred at April 1, 2017. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of March 31, 2018 and the respective gain and loss on those investments as “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income for the six-month period ended September 30, 2018, and payments for acquisition of investments as “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the six-month period ended September 30, 2017.

#### e. Investments that are not Bridge Investments and for which the transfer is agreed

For investments that are not Bridge Investments, when the transfer is agreed, the Company continues to apply the same accounting treatment followed in the periods prior to the agreement. They are accounted for as financial assets at FVTPL for the six-month period ended September 30, 2018.

If the transfer is agreed in the six-month period ended September 30, 2018, the Company presents the carrying amounts of those investments as of September 30, 2018 as if the investments had been made by SoftBank Vision Fund on the date the transfer was agreed. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of September 30, 2018, the difference between the carrying amount and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value as of September 30, 2018 as “Gain and loss from financial instruments at FVTPL” and “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income for the six-month period ended September 30, 2018, respectively, and payments for acquisition of such investments as “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the six-month period ended 30, 2018.

f. Contribution from limited Partners to SoftBank Vision Fund and Delta Fund

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

(a) Contribution from Limited Partners other than the Company

The interests attributable to limited partners of SoftBank Vision Fund and Delta Fund other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of financial position, due to the predetermined finite life (at least 12 years from November 20, 2017) and contractual payment provision to each of the limited partners at the end of the finite life within SoftBank Vision Fund and Delta Fund’s limited partnership agreements. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

“Third-party interests in SoftBank Vision Fund and Delta Fund” fluctuate due to the results of SoftBank Vision Fund and Delta Fund in addition to contributions from Third-Party Investors in satisfaction of Capital Calls, and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SoftBank Vision Fund and Delta Fund are presented as “Change in third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income.

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

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

(b) Contribution from the Company

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

## 2. Segment information

### (1) Description of reportable segments

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

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

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

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

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

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

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

The Brightstar segment provides, through Brightstar, distribution of mobile devices overseas.

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

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

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

### (2) Net sales and income of reportable segments

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

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization excluding amortization relating to costs to obtain contracts) and adjusted EBITDA (i.e., EBITDA after addition or deduction of gain relating to loss of control over subsidiaries, adjustments relating to investments in SoftBank Vision Fund and Delta Fund (unrealized gain and loss on valuation of investments and effect of foreign exchange translation), 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.

Adjusted EBITDA in SoftBank Vision Fund and Delta Fund segment is defined as the total amount of difference between the realized amount by sales of investments and acquisition costs (“realized gain and loss from sales of investments”) and interest and dividend income from investments with deduction of operating expenses (excluding depreciation and amortization).

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

For the six-month period ended September 30, 2017

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	1,688,721	1,712,283	410,325	93,675	-	471,624	4,376,628
Intersegment	17,841	81,044	11,039	1	-	13,216	123,141
Total	<u>1,706,562</u>	<u>1,793,327</u>	<u>421,364</u>	<u>93,676</u>	<u>-</u>	<u>484,840</u>	<u>4,499,769</u>
Segment income	440,776	202,176	91,241	(14,794)	186,238	(368)	905,269
Reconciliation of segment income to adjusted EBITDA							
Segment income	440,776	202,176	91,241	(14,794)	186,238	(368)	905,269
Depreciation and amortization	<u>228,963</u>	<u>463,991</u>	<u>20,090</u>	<u>30,285</u>	<u>-</u>	<u>3,014</u>	<u>746,343</u>
EBITDA	<u>669,739</u>	<u>666,167</u>	<u>111,331</u>	<u>15,491</u>	<u>186,238</u>	<u>2,646</u>	<u>1,651,612</u>
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	(194,336)	-	(194,336)
Other adjustments	-	(37,136)	(4,929)	-	-	-	(42,065)
Adjusted EBITDA	<u>669,739</u>	<u>629,031</u>	<u>106,402</u>	<u>15,491</u>	<u>(8,098)</u>	<u>2,646</u>	<u>1,415,211</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	34,507	-	4,411,135
Intersegment	<u>5,488</u>	<u>(128,629)</u>	<u>-</u>
Total	<u>39,995</u>	<u>(128,629)</u>	<u>4,411,135</u>
Segment income	(5,700)	(24,730)	874,839
Reconciliation of segment income to adjusted EBITDA			
Segment income	(5,700)	(24,730)	874,839
Depreciation and amortization	<u>3,339</u>	<u>825</u>	<u>750,507</u>
EBITDA	<u>(2,361)</u>	<u>(23,905)</u>	<u>1,625,346</u>
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(194,336)
Other adjustments	-	1,537	(40,528)
Adjusted EBITDA	<u>(2,361)</u>	<u>(22,368)</u>	<u>1,390,482</u>

For the six-month period ended September 30, 2018

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	1,777,285	1,741,589	442,494	91,691	-	511,821	4,564,880
Intersegment	17,818	82,435	11,146	2	-	13,180	124,581
Total	<u>1,795,103</u>	<u>1,824,024</u>	<u>453,640</u>	<u>91,693</u>	<u>-</u>	<u>525,001</u>	<u>4,689,461</u>
Segment income	446,945	193,328	77,729	141,242	632,434	(8,873)	1,482,805
Reconciliation of segment income to adjusted EBITDA							
Segment income	446,945	193,328	77,729	141,242	632,434	(8,873)	1,482,805
Depreciation and amortization	225,709	517,328	26,194	37,652	31	2,559	809,473
EBITDA	<u>672,654</u>	<u>710,656</u>	<u>103,923</u>	<u>178,894</u>	<u>632,465</u>	<u>(6,314)</u>	<u>2,292,278</u>
Gain relating to loss of control over subsidiaries	-	-	-	(176,261)	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(504,359)	-	(504,359)
Effect of foreign exchange translation	-	-	-	-	4,291	-	4,291
Other adjustments	81	16,540	(3,751)	-	-	-	12,870
Adjusted EBITDA	<u>672,735</u>	<u>727,196</u>	<u>100,172</u>	<u>2,633</u>	<u>132,397</u>	<u>(6,314)</u>	<u>1,628,819</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	88,973	-	4,653,853
Intersegment	5,838	(130,419)	-
Total	<u>94,811</u>	<u>(130,419)</u>	<u>4,653,853</u>
Segment income	(25,116)	(36,973)	1,420,716
Reconciliation of segment income to adjusted EBITDA			
Segment income	(25,116)	(36,973)	1,420,716
Depreciation and amortization	14,535	508	824,516
EBITDA	<u>(10,581)</u>	<u>(36,465)</u>	<u>2,245,232</u>
Gain relating to loss of control over subsidiaries	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(504,359)
Effect of foreign exchange translation	-	-	4,291
Other adjustments	1,574	-	14,444
Adjusted EBITDA	<u>(9,007)</u>	<u>(36,465)</u>	<u>1,583,347</u>

For the three-month period ended September 30, 2017

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	857,372	837,263	206,146	46,639	-	257,971	2,205,391
Intersegment	7,320	45,641	5,835	-	-	6,741	65,537
Total	<u>864,692</u>	<u>882,904</u>	<u>211,981</u>	<u>46,639</u>	<u>-</u>	<u>264,712</u>	<u>2,270,928</u>
Segment income	220,434	70,189	40,337	(7,859)	81,009	960	405,070
Reconciliation of segment income to adjusted EBITDA							
Segment income	220,434	70,189	40,337	(7,859)	81,009	960	405,070
Depreciation and amortization	115,767	233,159	10,443	15,402	-	1,528	376,299
EBITDA	<u>336,201</u>	<u>303,348</u>	<u>50,780</u>	<u>7,543</u>	<u>81,009</u>	<u>2,488</u>	<u>781,369</u>
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	(87,465)	-	(87,465)
Other adjustments	-	3,830	-	-	-	-	3,830
Adjusted EBITDA	<u>336,201</u>	<u>307,178</u>	<u>50,780</u>	<u>7,543</u>	<u>(6,456)</u>	<u>2,488</u>	<u>697,734</u>

(Millions of yen)

	Other	Reconcili- ations	Consoli- dated
Net sales			
Customers	19,685	-	2,225,076
Intersegment	2,901	(68,438)	-
Total	<u>22,586</u>	<u>(68,438)</u>	<u>2,225,076</u>
Segment income	(1,170)	(8,334)	395,566
Reconciliation of segment income to adjusted EBITDA			
Segment income	(1,170)	(8,334)	395,566
Depreciation and amortization	1,806	411	378,516
EBITDA	<u>636</u>	<u>(7,923)</u>	<u>774,082</u>
Unrealized gain (loss) on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(87,465)
Other adjustments	-	(75)	3,755
Adjusted EBITDA	<u>636</u>	<u>(7,998)</u>	<u>690,372</u>

For the three-month period ended September 30, 2018

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	907,411	899,101	222,225	50,158	-	264,415	2,343,310
Intersegment	7,232	41,681	5,279	1	-	6,758	60,951
Total	914,643	940,782	227,504	50,159	-	271,173	2,404,261
Segment income	225,150	95,220	38,979	(3,950)	392,490	(3,528)	744,361
Reconciliation of segment income to adjusted EBITDA							
Segment income	225,150	95,220	38,979	(3,950)	392,490	(3,528)	744,361
Depreciation and amortization	113,486	263,793	13,753	19,115	25	1,380	411,552
EBITDA	338,636	359,013	52,732	15,165	392,515	(2,148)	1,155,913
Gain relating to loss of control over subsidiaries	-	-	-	(14,914)	-	-	(14,914)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(258,557)	-	(258,557)
Effect of foreign exchange translation	-	-	-	-	4,291	-	4,291
Other adjustments	81	8,017	(3,751)	-	-	-	4,347
Adjusted EBITDA	338,717	367,030	48,981	251	138,249	(2,148)	891,080

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	37,760	-	2,381,070
Intersegment	3,371	(64,322)	-
Total	41,131	(64,322)	2,381,070
Segment income	(17,192)	(21,446)	705,723
Reconciliation of segment income to adjusted EBITDA			
Segment income	(17,192)	(21,446)	705,723
Depreciation and amortization	7,630	181	419,363
EBITDA	(9,562)	(21,265)	1,125,086
Gain relating to loss of control over subsidiaries	-	-	(14,914)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(258,557)
Effect of foreign exchange translation	-	-	4,291
Other adjustments	1,342	-	5,689
Adjusted EBITDA	(8,220)	(21,265)	861,595

### 3. Property, plant and equipment

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

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
Buildings and structures	231,895	255,738
Telecommunications equipment	2,345,098	2,293,704
Furniture, fixtures, and equipment	820,391	901,343
Land	88,300	88,924
Construction in progress	293,761	468,873
Other	77,402	79,838
Total	<u>3,856,847</u>	<u>4,088,420</u>

### 4. Intangible assets

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

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
Intangible assets with indefinite useful lives		
FCC licenses	3,960,597	4,241,346
Trademarks	664,878	708,030
Other	12,226	13,060
Intangible assets with finite useful lives		
Software	739,901	724,021
Technologies	521,603	495,429
Customer relationships	332,444	290,964
Spectrum migration costs	125,866	153,223
Management contracts*	115,333	113,039
Favorable lease contracts	89,278	87,321
Trademarks	57,357	59,393
Other	165,067	180,638
Total	<u>6,784,550</u>	<u>7,066,464</u>

Note:

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



## 5. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
<b>Current</b>		
Short-term borrowings <sup>1</sup>	957,573	1,179,478
Commercial paper	100,000	73,000
Current portion of long-term borrowings <sup>1</sup>	1,093,705	1,389,948
Current portion of corporate bonds	590,277	1,120,734
Current portion of lease obligations	455,670	452,018
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract <sup>2</sup>	-	741,680
Current portion of installment payables	20,180	15,597
Total	3,217,405	4,972,455
<b>Non-current</b>		
Long-term borrowings <sup>1</sup>	5,121,591	5,323,955
Corporate bonds	7,234,049	6,888,999
Lease obligations	766,204	793,133
Financial liabilities relating to sale of shares by variable prepaid forward contract <sup>2</sup>	688,332	-
Installment payables	14,607	9,215
Total	13,824,783	13,015,302

Notes:

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

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
<b>Current</b>		
Short-term borrowings	87,259	101,905
Current portion of long-term borrowings	313,143	635,889
Total	400,402	737,794
<b>Non-current</b>		
Long-term borrowings	108,749	13,141
Total	108,749	13,141
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	509,151	750,935
Eliminated amount of inter-company transactions	(10,744)	(115,046)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	498,407	635,889

2. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract.”

(2) Transaction for sale of Alibaba shares by variable prepaid forward contract

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

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

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

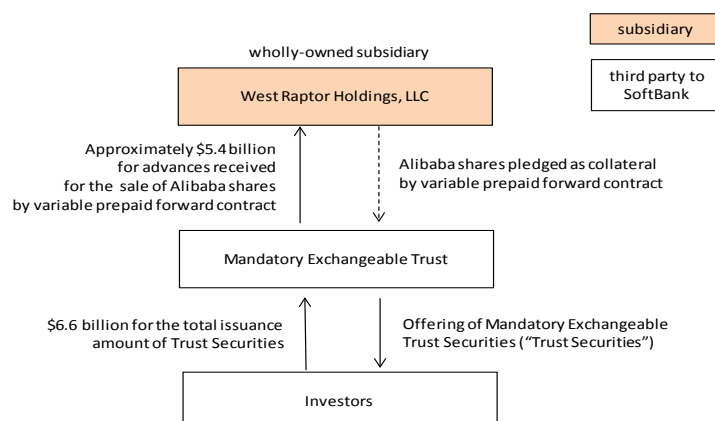
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥741,680 million is recognized as the current portion of financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (current liabilities) (¥688,332 million recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) as of March 31, 2018) and ¥620,020 million is recognized as derivative financial liabilities (current liabilities) in the condensed interim consolidated statement of financial position as of September 30, 2018 (¥714,126 million recognized as derivative financial liabilities (non-current liabilities) as of March 31, 2018); ¥141,386 million is recognized as a derivative gain in the condensed interim consolidated statement of income for the six-month period ended September 30, 2018 (¥508,421 million of derivative loss 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 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, 2018. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥230,669 million as of September 30, 2018 (¥217,182 million as of March 31, 2018).

### Outline of the transaction



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

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Net increase of short-term borrowings	429,851	53,044
Net increase (decrease) of commercial paper	20,000	(27,000)
Total	<u>449,851</u>	<u>26,044</u>

### (4) Components of proceeds from interest-bearing debt

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Proceeds from borrowings	607,942	3,501,376
Proceeds from issuance of corporate bonds	665,804	722,744
Proceeds from sale-leaseback of newly acquired equipment	255,391	283,586
Total	<u>1,529,137</u>	<u>4,507,706</u>

### (5) Components of repayment of interest-bearing debt

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Repayment of borrowings	(632,750)	(3,078,687)
Redemption of corporate bonds	(388,938)	(757,640)
Repayment of lease obligations	(245,725)	(263,149)
Payment of installment payables	(19,454)	(11,151)
Total	<u>(1,286,867)</u>	<u>(4,110,627)</u>

## 6. Third-party interests in SoftBank Vision Fund and Delta Fund

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

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only)	
		Links with the condensed interim consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2018	1,844,679		
Contributions from third-party investors	394,194	-	394,194
Changes in third-party interests	199,757	(199,757)	-
Attributable to investors entitled to fixed distribution	40,657		
Attributable to investors entitled to performance-based distribution	159,100		
Distribution to third-party investors	(198,310)	-	(198,310)
Fixed distributions	(56,910)		
Performance-based distributions <sup>1</sup>	(141,400)		
Repayment to third-party investors	(195,897)	-	(195,897)
Exchange differences on translating third-party interests <sup>2</sup>	133,334	-	-
As of September 30, 2018	<u>2,177,757</u>		

### Notes:

- SBIA has a right to receive performance fees based on investment performance of SoftBank Vision Fund and Delta Fund. However, performance fees from monetization of investments are not paid to SBIA during the investment period of Softbank Vision Fund (five years from November 20, 2017), instead equivalent amount as the performance fees attributable to SBIA is temporarily paid to the limited partners during the period, under a limited partnership agreement. After the investment period, the equivalent amount is distributed to SBIA as a performance fee, which is given priority over performance-based distribution to limited partners from monetization of investments in post-investment period. The equivalent amount as the performance fees attributable to SBIA, which were temporarily paid to the limited partners, is ¥(47,979) million for the six-month period ended September 30, 2018.
- Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

In addition, uncalled committed capital from Third-Party Investors as of September 30, 2018 is \$45.5 billion.

## 7. 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

	As of March 31, 2018	As of September 30, 2018
USD	106.24	113.57
GBP	148.84	148.53

(Yen)

### (2) Average rate for the quarter

For the six-month period ended September 30, 2017

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

(Yen)

For the six-month period ended September 30, 2018

	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018
USD	108.71	111.55
GBP	147.54	145.84

(Yen)

## 8. Equity

### (1) Capital surplus

For the six-month period ended September 30, 2018, SoftBank Corp. acquired Yahoo Japan Corporation shares mainly from Altaba Inc. at ¥221.0 billion (ownership percentage 10.78%). In addition, Yahoo Japan Corporation acquired its own shares from SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, at ¥220.0 billion (ownership percentage 10.73%). As a result of the transaction, the ownership percentage in Yahoo Japan Corporation by the Company has changed from 42.95 % to 48.17%. Subsequently, ¥56,632 million is deducted from capital surplus as “Changes in interests in subsidiaries.”

### (2) Other equity instruments

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

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

### (3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2018	(Millions of yen) As of September 30, 2018
Available-for-sale financial assets	63,700	-
Equity financial assets at FVTOCI	-	8,627
Debt financial assets at FVTOCI	-	(97)
Cash flow hedges	(55,286)	(79,334)
Exchange differences on translating foreign operations	309,545	489,748
Total	317,959	418,944

Note:

In accordance with the adoption of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers,” cumulative effects of retrospective adjustments are recognized as adjustments to the opening balance of retained earnings and accumulated other comprehensive income. The details are described in “(2) Effect of adopting new standards and interpretations” under “Note 1. Significant accounting policies.”

## 9. Gain relating to loss of control over subsidiaries

On June 26, 2018, Arm Limited, a British subsidiary of the Company, sold a 51% equity interest in its Chinese subsidiary, Arm Technology (China) Co., Ltd. (“Arm China”), for \$845 million to entities representing certain institutional investors and certain of Arm’s ecosystem partners in order to form a joint venture for Arm’s semiconductor technology IP business in China.

As a result of the transaction, Arm China is no longer considered as a subsidiary of the Company and has become an associate accounted for using the equity method. Gain relating to loss of control over subsidiaries recognized arising from the transaction is ¥176,261 million.

## 10. Other operating income (loss)

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
SoftBank segment		
Other	-	(81)
Sprint segment		
Loss on disposal of property, plant and equipment*	(44,497)	(37,960)
Reversal of favorable lease	-	(3,810)
Gain on contract termination	558	7,606
Gain on spectrum license exchange	53,435	-
Legal reserves	6,186	-
Other	352	972
Yahoo Japan segment		
Gain from remeasurement relating to business combination	-	3,751
Insurance income	4,929	-
Company-wide		
Expenses resulting from resignation of director	(1,537)	-
Other		
Loss on equity method investments at Fortress	-	(1,574)
Total	<u>19,426</u>	<u>(31,096)</u>

Note:

\* ¥30,365 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the end of the scheduled customer lease terms, where customers did not return the devices to Sprint, are recognized for the six-month period ended September 30, 2018.

## 11. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Interest expenses	<u>(243,458)</u>	<u>(322,342)</u>

## 12. Derivative gain (loss)

A derivative gain was recorded for ¥141,386 million related to the Alibaba share collar transaction included in the variable prepaid forward contract. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 5. Interest-bearing debt.”

In addition, derivative loss was recorded for ¥80,886 million related to borrowings by SoftBank Vision Fund using shares.

### 13. Gain from remeasurement relating to discontinuing the use of the equity method

In September 2018, regarding PT Tokopedia in Indonesia, an equity method associate, the voting proxy deed was entered into between the Company and a shareholder of PT Tokopedia. As a result, the number of voting rights in PT Tokopedia exercisable by the Company decreased and the Company has no significant influence over PT Tokopedia. Consequently, PT Tokopedia is no longer qualified as an equity method associate.

The gain from remeasurement of equity interests in PT Tokopedia continuously held by the Company at fair value on the date of discontinuing the use of the equity method is ¥89,209 million.

In addition, all investments in PT Tokopedia are agreed to be transferred from the Company to SoftBank Vision Fund in October 2018. The details of accounting treatment for the transfer are described in “e. Investments that are not Bridge Investments and for which the transfer is agreed” in “(3) Significant accounting policies for SoftBank Vision Fund and Delta Fund segment” under “Note 1. Significant accounting policies.”

### 14. Other non-operating income

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Dilution gain from changes in equity interest*	37,488	30,214
Interest income	8,636	15,200
Loss on redemption of corporate bonds	(7,207)	(14,538)
Other	1,122	(3,166)
Total	40,039	27,710

Note:

\* Mainly, dilution gain arising from changes in Alibaba’s equity interest held by the Company due to the exercise of stock options in Alibaba.



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

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

	(Millions of yen)	
	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Realized gain and loss from sales of an investment <sup>1</sup>	-	146,682
Unrealized gain and loss on valuation of investments	194,336	504,359
Interest and dividend income from investments	-	2,607
Effect of foreign exchange translation <sup>2</sup>	-	(4,291)
	<u>194,336</u>	<u>649,357</u>
Operating expenses	(8,098)	(16,923)
Operating income from SoftBank Vision Fund and Delta Fund	186,238	632,434
Finance cost (interest expense) <sup>3</sup>	(220)	(11,711)
Foreign exchange gain and loss	20	(22)
Derivative gain and loss	-	(80,953)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(77,157)	(199,757)
Other non-operating income and loss	(1,800)	(535)
Income before income tax	<u>107,081</u>	<u>339,456</u>

Notes:

1. SoftBank Vision Fund sold the shares in Flipkart Private Limited (“Flipkart”) in August 2018. The gain realized on the sale is translated using the average foreign currency exchange rate for the three-month period ended in September 30, 2018.
2. Mainly, the effect of foreign exchange translation is derived by the difference between the average foreign currency exchange rate prevailing in the three-month period ended in June 2018 that was used to calculate the unrealized gain on the investment in Flipkart and the average foreign currency exchange rate used to calculate the realized gain.
3. The amount before elimination of inter-company transactions is ¥(11,901) million for the six-month period ended September 30, 2018 (¥(235) million for the six-month period ended September 30, 2017).

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

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

For the six-month period ended September 30, 2018

The distributions and repayments from SoftBank Vision Fund and Delta Fund to third-party investors are ¥(198,310) million and ¥(195,897) million respectively.