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 nine-month period ended December 31, 2016 (IFRS)

Tokyo, February 8, 2017

1. Financial Highlights

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

(1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Nine-month period ended December 31, 2016	**¥6,581,466**	**(0.3)**	**¥949,660**	**18.0**	**¥975,257**	**15.0**	**¥903,934**	**76.9**	**¥857,431**	**99.9**	**¥951,506**	**113.6**
Nine-month period ended December 31, 2015	¥6,603,835	-	¥804,692	-	¥848,105	-	¥511,102	(20.2)	¥428,972	(26.0)	¥445,436	(58.6)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month period ended December 31, 2016	**¥769.36**	**¥762.04**
Nine-month period ended December 31, 2015	¥362.80	¥351.42

Note:
Net sales, operating income, and income before income tax for the nine-month period ended December 31, 2016 are presented based on the amounts from continuing operations only. Year-on-year percentage changes in net sales, operating income, and income before income tax for the nine-month period ended December 31, 2015 are not presented because corresponding amounts for the nine-month period ended December 31, 2015 are revised and presented respectively.
Please refer to page 55 “Note 17. Discontinued operations” in “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements” for details.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of December 31, 2016	**¥24,867,038**	**¥3,981,711**	**¥3,096,622**	**12.5**
As of March 31, 2016	¥20,707,192	¥3,505,271	¥2,613,613	12.6

SoftBank Group

2. Dividends

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

Note:
Revision of forecasts on the dividends: No

3. Forecasts on the Consolidated Results of Operations for the Fiscal Year Ending March 2017 (April 1, 2016 – March 31, 2017)

Currently it is difficult to provide forecasts on the results in figures due to a large number of uncertain factors affecting the earnings. The Company will announce its forecasts on the consolidated results of operations when it becomes possible to make a rational projection.

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: Four companies
West Raptor Holdings, LLC SB HP HoldCo ARM PIPD Holdings One, LLC ARM PIPD Holdings Two, LLC

Please refer to page 26 "(1) Significant Changes in Scope of Consolidation for the Nine-month Period Ended December 31, 2016" in "2. Notes to Summary Information" for details.

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

Please refer to page 26 "(2) Changes in Accounting Estimates" in "2. Notes to Summary Information" for details.

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of December 31, 2016: 1,100,660,365 shares
As of March 31, 2016: 1,200,660,365 shares
[2] Number of treasury stocks:
As of December 31, 2016: 11,568,929 shares
As of March 31, 2016: 53,760,198 shares
[3] Number of average stocks during nine-month period (April-December):
As of December 31, 2016: 1,114,476,150 shares
As of December 31, 2015: 1,182,405,746 shares

*** Implementation status of interim review procedures**

This interim consolidated financial report is not subject to interim review procedures based on the Financial Instruments and Exchange Act, and the review procedures for the condensed interim consolidated financial statements were being conducted when this report was disclosed.

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

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

On February 8, 2017, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at http://www.softbank.jp/en/corp/irinfo/. The Earnings Results Data Sheet will also be posted on our website around 4 p.m. on the same day at http://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in this Appendix

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

Company Name / Abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
**Each of the following abbreviations indicates the respective company, and its subsidiaries if any.*	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
ARM	ARM Holdings plc
Alibaba	Alibaba Group Holding Limited
Supercell	Supercell Oy
GungHo	GungHo Online Entertainment, Inc.
The third quarter	Three-month period ended December 31, 2016
The period	Nine-month period ended December 31, 2016
The end of the third quarter	December 31, 2016
The previous fiscal year-end	March 31, 2016

Consolidation of ARM

The Company consolidated ARM on September 5, 2016 following the completion of its acquisition. Accordingly, the Company established a new reportable segment, “ARM.” See page 39 “ARM” under “3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 3. Business combinations” for details of the consolidation.

1. Qualitative Information Regarding Nine-month Period Results

(1) Qualitative Information Regarding Consolidated Results of Operations

a. Consolidated Results of Operations

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Continuing operations				
Net sales	6,603,835	**6,581,466**	(22,369)	(0.3%)
Operating income	804,692	**949,660**	144,968	18.0%
Income before income tax	848,105	**975,257**	127,152	15.0%
Net income from continuing operations	462,021	**350,629**	(111,392)	(24.1%)
Discontinued operations				
Net income from discontinued operations	49,081	**553,305**	504,224	-
Net income	511,102	**903,934**	392,832	76.9%
Net income attributable to owners of the parent	428,972	**857,431**	428,459	99.9%

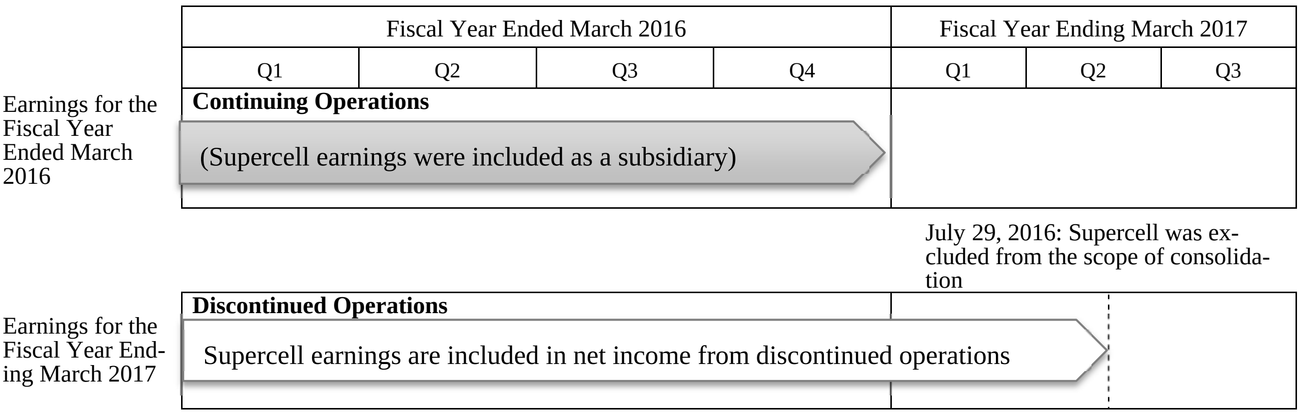
Reference: Average exchange rates used for translation

	Fiscal Year Ended March 2016				Fiscal Year Ending March 2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
USD / JPY	¥121.34	¥121.91	¥121.07	¥116.95	¥109.07	¥102.91	¥108.72

< Results Related to Supercell >

The Company sold all of its shares in Supercell to an affiliate of Tencent Holdings Limited on July 29, 2016. Accordingly, Supercell's net income until July 29, 2016 is presented as discontinued operations separately from continuing operations. Net income of Supercell for the same period of the previous fiscal year has been revised retrospectively and presented under discontinued operations. See page 56 "(2) Supercell" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 17. Discontinued operations" for details.

Supercell ceased to qualify as the Company's subsidiary and was therefore excluded from the scope of consolidation on July 29, 2016 when the shares were transferred.



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

(Continuing Operations)

(a) Net Sales

Net sales decreased by ¥22,369 million (0.3%) year on year to ¥6,581,466 million. Lower net sales of the Sprint segment and the Distribution segment outweighed increases in net sales of the Domestic Telecommunications segment and the Yahoo Japan segment, as well as the new addition of the ARM segment. The Sprint segment's sales increased in U.S. dollar terms, but declined in yen terms due to the impact of foreign exchange rate fluctuations.

(b) Operating Income

Operating income increased by ¥ 144,968 million (18.0%) year on year to ¥ 949,660 million. Segment income increased by ¥ 53,166 million in the Domestic Telecommunications segment, ¥ 85,698 million in the Sprint segment, and ¥ 20,420 million in the Distribution segment, in addition to the recognition of segment income of ¥30,254 million in the newly established ARM segment. On the other hand, segment income declined by ¥43,134 million in the Yahoo Japan segment, reflecting the inclusion in the same period of the previous fiscal year of gain from remeasurement relating to business combination of ¥59,441 million for the consolidation of ASKUL Corporation.

(c) Finance Cost

Finance cost increased by ¥13,879 million (4.2 %) year on year to ¥ 343,363 million, mainly due to an increase in interest expense in SoftBank Group Corp.

(d) Income on Equity Method Investments

Income on equity method investments decreased by ¥ 97,179 million (32.1%) year on year to ¥ 205,988 million. This was mainly due to a decline of ¥ 93,788 million in income on equity method investments related to Alibaba.

Alibaba's IFRS-based adjusted net income for the nine-month period ended September 30, 2016[1] decreased by CNY 6,189 million (12.9%) year on year to CNY 41,913 million ("A" in the table below). This primarily reflected a significant inflation of net income for the nine-month period ended September 30, 2015 (U.S. GAAP and IFRSs basis) ("B" and "C" in the table below) due to gain from remeasurement relating to business combination of CNY 18,602 million arising in relation to Alibaba Health Information Technology Limited in July 2015.

The reconciliations to IFRSs for the nine-month period ended September 30, 2016 ("D" in the table below) mainly reflects the amount of changes in the fair value of Alibaba's financial assets at FVTPL (Fair Value Through Profit or Loss) as income and loss. The reconciliations to IFRSs for the nine-month period ended September 30, 2015 ("E" in the table below) mainly incorporates the reversal of a gain on remeasurement of CNY 24,734 million included in net income on U.S. GAAP basis, shown as "B" in the table below. The gain had been recognized in association with the loss of control of Alibaba Pictures Group Ltd.

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

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

(Millions of Chinese yuan)

		Nine Months Ended September 30 2015		2016	Change
Alibaba					
Net income (U.S. GAAP)	B	56,490		**20,538**	(35,952)
Reconciliations to IFRSs	E	(8,388)	D	**21,375**	29,763
Net income (IFRSs)	C	48,102	A	**41,913**	(6,189)

	Nine Months Ended December 31 2015	2016	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of September 30	32.68%	**30.26%**	-
Income on equity method investments	million CNY 15,545	**million CNY** **13,224**	million CNY (2,321)
(Reference) Effective exchange rate: CNY / JPY	¥19.52	**¥15.85**	¥(3.67)
Income on equity method investments	million JPY 303,400	**million JPY** **209,612**	million JPY (93,788)

(e) Gain on Sales of Equity Method Associates

Gain on sales of equity method associates was ¥238,101 million compared to a gain of ¥3 million in the same period of the previous fiscal year. This was mainly due to the sale of a portion of Alibaba shares held by subsidiary SB CHINA HOLDINGS PTE LTD[2] ("SB China") to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership[3].

(f) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥34,222 million compared to a loss of ¥28,815 million in the same period of the previous fiscal year. This was mainly due to settlement and translation of foreign currency-denominated borrowings from a foreign subsidiary and foreign currency-denominated deposits.

(g) Derivative Gain and Loss

Derivative loss was ¥95,875 million compared to a gain of ¥ 3,331 million in the same period of the previous fiscal year. This was mainly attributable to loss on valuation of derivatives of ¥ 72,293 million recorded in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares. See page 47 "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 9. Interest-bearing debt" for details.

The collar transaction is measured at the end of each quarter based on fair value (primarily linked to the share price of Alibaba). The cumulative derivative gain and loss for the three years, from the conclusion of the variable prepaid forward contract on June 10, 2016 until the settlement date, will be a loss of $900 million, equal to the amount of derivative assets initially recognized.

[2] Currently SOFTBANK GROUP CAPITAL APAC PTE. LTD.
[3] Alibaba Partnership is not an affiliate of Alibaba.

(h) Other Non-operating Income and Loss

Other non-operating loss was ¥13,476 million compared to an income of ¥ 95,211 million in the same period of the previous fiscal year. The primary components for the period were as follows:

(Millions of yen)

	Nine Months Ended December 31		
	2015	**2016**	Details
Dilution gain from changes in equity interest	14,654	**75,060**	Private placement of new shares by Alibaba
Impairment loss on assets classified as held for sale	-	**(42,540)**	Loss in relation to the difference between the valuation of the 248,300,000 GungHo shares tendered by the Company, out of the 272,604,800 shares held, at the tender offer price of ¥294 per share and their carrying amount on a consolidated basis
Gain (loss) from financial instruments at FVTPL	108,426	**(39,281)**	Loss recorded as the amount of change in the fair value of the Company's investments, primarily in India, from the previous fiscal year-end to the end of the third quarter. (Of this, a gain of ¥16,133 million was due to foreign exchange rate fluctuation)

See page 55 "16. Other non-operating income (loss)" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

(i) Income before Income Tax

As a result of (b) to (h), income before income tax increased by ¥127,152 million (15.0%) year on year to ¥975,257 million.

(j) Income Taxes

Income taxes increased by ¥238,544 million (61.8%) year on year to ¥624,628 million.

The effective income tax rate for the period was 64.0% compared to the statutory tax rate of 31.69%. This mainly reflected an intragroup transaction involving the transfer of a portion of the Alibaba shares held by SB China, a wholly owned subsidiary of SoftBank Group Corp., to SoftBank Group Corp. and its wholly owned subsidiary.

As a result of this transaction, deferred tax liabilities of ¥735,829 million were recorded as expenses for the period. On the other hand, for the Alibaba shares that were transferred to SoftBank Group Corp., no deferred tax assets were recorded for differences between their carrying amount for tax purposes and their carrying amount on a consolidated basis (accounting perspective) as there are no plans to sell these shares in the near future. As a result, the effective income tax rate in the condensed interim consolidated statements of income for the period increased.

(k) Net Income from Continuing Operations

As a result of (i) and (j), net income from continuing operations decreased by ¥111,392 million (24.1%) year on year to ¥350,629 million.

(Discontinued Operations)

(l) Net Income from Discontinued Operations

Net income from discontinued operations was ¥553,305 million, compared to ¥49,081 million in the same period of the previous fiscal year. This was due to Supercell’s income after income tax of ¥28,246 million recorded for the period from April 1 to July 29, 2016, as well as after-tax gain on sale of Supercell shares of ¥525,059 million, which was not recorded in the same period of the previous fiscal year.

(m) Net Income

As a result of (k) and (l), net income increased by ¥392,832 million (76.9%) year on year to ¥903,934 million.

(n) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as Yahoo Japan Corporation and Sprint from (m), net income attributable to owners of the parent increased by ¥428,459 million (99.9%) year on year to ¥857,431 million.

(o) Comprehensive Income

Comprehensive income increased by ¥506,070 million year on year to ¥951,506 million. Of this, comprehensive income attributable to owners of the parent increased by ¥535,744 million year on year to ¥895,709 million.

b. Results by Segment

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

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

Segments	Main Businesses	Core Companies
Reportable segments		
Domestic Telecommunications	・Provision of mobile communications services in Japan ・Sale of mobile devices in Japan ・Provision of broadband services to retail customers in Japan ・Provision of telecom services to corporate customers in Japan, such as data communications and fixed-line telephone services	SoftBank Corp. Wireless City Planning Inc.
Sprint	・Provision of mobile communications services in the U.S. ・Sale and lease of mobile devices and sale of accessories in the U.S. ・Provision of fixed-line telecommunications services in the U.S.	Sprint Corporation
Yahoo Japan	・Internet advertising ・e-commerce business ・Membership services	Yahoo Japan Corporation ASKUL Corporation
Distribution	・Distribution of mobile devices overseas ・Sale of PC software, peripherals, and mobile device accessories in Japan	Brightstar Corp. SoftBank Commerce & Service Corp.
ARM	・Design of microprocessor intellectual property and related technology ・Sale of software tools	ARM Holdings plc
Other	・Fukuoka SoftBank HAWKS-related businesses	Fukuoka SoftBank HAWKS Corp.

Notes:

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

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

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

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

(a) Domestic Telecommunications Segment

1. **Increase in net sales and income (net sales: +2.5% yoy; segment income: +8.9% yoy)**
2. **Brisk growth in smartphone and *SoftBank Hikari* fiber-optic service subscribers**
3. **Free cash flow increased 81.7% yoy**
   Projecting ¥550 billion for the fiscal year ending March 2017

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Net sales	2,341,990	**2,400,670**	58,680	2.5%
Segment income	598,318	**651,484**	53,166	8.9%
Depreciation and amortization	331,866	**343,205**	11,339	3.4%
Other adjustments	-	**-**	-	-
Adjusted EBITDA	930,184	**994,689**	64,505	6.9%
Free cash flow	239,411	**434,896**	195,485	81.7%

< Overview >

SoftBank Corp. aims to ensure steady profit growth in the domestic telecom business under conditions of slower growth expected in the domestic telecom industry, especially in mobile communications services. SoftBank Corp. has concentrated its efforts on acquiring and maintaining "main subscribers," who are the users of smartphones, feature phones, tablets, and mobile data communication devices and are all sources of revenue and profit. Particularly, SoftBank Corp. puts its strongest emphasis on the acquisition and the improvement of the churn rate of smartphone users by focusing on the promotion of the *Home Bundle Discount Hikari Set*, which offers a discount on the communication charges of mobile communications services to customers subscribing to both mobile and broadband services such as *SoftBank Hikari*. SoftBank Corp. is also working to develop new peripheral services such as video streaming, electricity provision, and robotics, and to achieve further operational efficiency and cost reductions.

< Financial Results >

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Telecom service revenue	1,792,997	**1,828,791**	35,794	2.0%
Mobile communications	1,463,363	**1,434,260**	(29,103)	(2.0%)
Telecom[4]	1,300,147	**1,261,380**	(38,767)	(3.0%)
Service[5]	163,216	**172,880**	9,664	5.9%
Broadband	124,336	**194,749**	70,413	56.6%
Fixed-line telecommunications	205,298	**199,782**	(5,516)	(2.7%)
Product and other sales	548,993	**571,879**	22,886	4.2%
Total net sales	2,341,990	**2,400,670**	58,680	2.5%

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

The segment's net sales increased by ¥58,680 million (2.5%) year on year to ¥2,400,670 million. Of this, telecom service revenue increased by ¥35,794 million (2.0%) to ¥ 1,828,791 million and product and other sales increased by ¥22,886 million (4.2%) to ¥571,879 million.

The increase in telecom service revenue was due to an increase of ¥70,413 million (56.6%) in broadband revenue following subscriber growth for the *SoftBank Hikari* fiber-optic service. On the other hand, mobile communications revenue decreased by ¥29,103 million (2.0%) year on year to ¥1,434,260 million, mainly due to an increase in the total amount of discounts (negative impact on revenue) associated with growth in the cumulative number of applications of the *Home Bundle Discount Hikari Set* and a decrease in PHS subscribers.

The increase in product and other sales was mainly due to an increase in sales of terminals for broadband services on customer premises and *Y!mobile* smartphones. Gross profit on product sales improved significantly due to an increase in mobile device sales prices and an attendant increase in monthly installment payment amounts.

Operating expenses (cost of sales and selling, general and administrative expenses) increased by ¥5,514 million (0.3%) year on year to ¥1,749,186 million. The main fluctuations were as follows:

Component	YoY Change (Millions of yen; %)	Main Factors for the Change
Cost of products	(4,474) (1.0%)	・Fewer shipments of mobile data communication devices
Sales commission fees	(48,391) (16.8%)	・Decrease in average cost of sales commission fees for smartphones ・Revised various sales promotions for phones ・Decline in the number of new subscriptions
Telecommunications network charges	29,154 18.2%	・Increase in fiber-optic connection charges for *SoftBank Hikari*
Sales promotion expenses and advertising expenses	13,825 14.5%	・Focused efforts on expanding sales of *SoftBank Hikari* and *Y!mobile* smartphones ・Strengthened measures for phone customers ("*SUPER FRIDAY*"[6] and awarding points to long-term users)
Depreciation and amortization	11,339 3.4%	

As a result of the above, segment income increased by ¥53,166 million (8.9%) year on year to ¥651,484 million. Adjusted EBITDA increased by ¥64,505 million (6.9%) year on year to ¥994,689 million.

Free cash flow increased by ¥195,485 million (81.7%) year on year to ¥434,896 million. In addition to the above-mentioned increase in adjusted EBITDA, expenditure for acquisition of telecommunications equipment declined. The Company projects free cash flow for the fiscal year ending March 2017 to be ¥550,000 million.

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

< Operations >

Mobile Communications Service

Subscribers (Main Subscribers)

(Thousands)

	March 31, 2016	**December 31, 2016**	Change
Cumulative subscribers	32,038	**32,230**	193

During the period, smartphones and tablets marked net additions while feature phones and mobile data communication devices marked net losses. In particular, the number of subscribers for *Y!mobile* smartphones grew briskly. As a result, the cumulative number of subscribers increased during the period.

Mobile data communication devices saw a decline in demand for combined use with smartphones due to the introduction of 20 GB and 30 GB data flat rate (known as *Giga Monster*) plans in September 2016.

Home Bundle Discount Hikari Set **Applications**

(Thousands)

	March 31, 2016	**December 31, 2016**	Change
Mobile communications service	2,969	**5,149**	2,180
Broadband service	1,438	**2,527**	1,089

Number of Units Sold (Main Subscribers)

(Thousands)

	Nine Months Ended December 31		
	2015	**2016**	Change
New subscriptions	3,738	**3,349**	(388)
Device upgrades	3,945	**4,494**	549
Number of units sold	7,683	**7,843**	**160**

The number of units sold for mobile devices of main subscribers for the period increased, mainly due to increases in the number of units sold for smartphones. Particularly, increases in the number of units sold for *Y!mobile* smartphones accounted for a significant part of the increase. On the other hand, the number of units sold for mobile data communication devices declined.

ARPU (Main Subscribers)

(Yen / Month)

	Three Months Ended December 31		
	2015	**2016**	Change
Telecom ARPU	4,170	**3,980**	(190)
Service ARPU	560	**560**	-
Total ARPU	4,720	**4,530**	(190)

Total ARPU for the third quarter declined, mainly due to an increase in the compositional ratio of *Y!mobile* smartphones, which have a relatively low service charge, and an increase in the amount of discounts on telecom ARPU in conjunction with an increase in the cumulative number of applications of the *Home Bundle Discount Hikari Set*. This was partially offset by an increase in the compositional ratio of smartphone subscribers.

Churn Rate (Main Subscribers)

	Three Months Ended December 31		
	2015	**2016**	Change
Main subscriber churn rate	1.41%	**1.25%**	0.16 pp improvement
Phone[7] churn rate	1.21%	**0.89%**	0.32 pp improvement

An improvement in the churn rate for main subscribers for the third quarter mainly reflected an improvement in the churn rate for phones associated with less subscribers switching to other operators under the Mobile Number Portability (MNP) system and the expansion of the *Home Bundle Discount Hikari Set*. These improvements were partially offset by a deterioration of the churn rate for mobile data communication devices due to an increase in the number of customers who reached the end of their two-year contracts.

<u>Broadband Service</u>

Subscribers

(Thousands)

	March 31, 2016	**December 31, 2016**	Change
SoftBank Hikari	1,717	**3,141**	1,424
Yahoo! BB hikari with FLET'S	2,008	**1,505**	(503)
Yahoo! BB ADSL	1,354	**1,213**	(141)
Cumulative subscribers	5,079	**5,860**	780

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

[7] Smartphones and feature phones within main subscribers. Includes voice SIM subscriptions

(b) Sprint Segment

1. **U.S. dollar-based net sales and income grew**
   (net sales: +2.9% yoy, segment income increased by 2.8 times yoy)
2. **Postpaid net ports positive for the third quarter in a row; strong trend in net additions for postpaid phones**
3. **Progress in cost reductions**

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Net sales	2,927,742	**2,652,009**	(275,733)	(9.4%)
Segment income	59,488	**145,186**	85,698	144.1%
Depreciation and amortization	622,154	**645,486**	23,332	3.8%
Other adjustments	63,169	**(2,949)**	(66,118)	-
Adjusted EBITDA	744,811	**787,723**	42,912	5.8%

U.S. dollar-based results (IFRSs)				(Millions of U.S. dollars)
Net sales	24,109	**24,808**	699	2.9%
Segment income	489	**1,365**	876	179.1%
Depreciation and amortization	5,124	**6,038**	914	17.8%
Other adjustments	520	**(38)**	(558)	-
Adjusted EBITDA	6,133	**7,365**	1,232	20.1%

Reference: Disclosed by Sprint				(Millions of U.S. dollars)
Adjusted free cash flow	(2,007)	**527**	2,534	-

< Overview >

Sprint aims to return to a growth trajectory by increasing net sales while promoting large-scale cost reductions. With regard to net sales, Sprint is focusing on increasing the number of postpaid phone subscribers, which are its largest source of revenue and profit. In cost reductions, Sprint is making solid progress on achieving its target run rate[8] reduction of $2 billion or more exiting the fiscal year ending March 2017 and is targeting further cost reductions for the fiscal year ending March 2018 onward.

< Financial Results >

Results in U.S. dollars

Net sales increased by $699 million (2.9%) year on year to $24,808 million with an increase in device revenues more than offsetting a decrease in telecom service revenue. Device revenue increased due to increases in lease revenue related to leased devices and in the number of mobile devices sold under the installment sales program. Telecom

[8] Estimated future figures based on the assumption at the time the plans were made

service revenue declined due to customers shifting to lower rate plans offered in conjunction with device financing programs and a decrease in prepaid subscribers.

Operating expenses (cost of sales and selling, general and administrative expenses) increased by $182 million (0.8%) year on year to $23,139 million. The main fluctuations were as follows:

Component	YoY Change (Millions of U.S. dollars, %)	Main Factors for the Change
Depreciation and amortization	914 17.8%	・An increase in leased devices
Cost of products	853 19.8%	・An increase in lease expenses related to leased devices ・An increase in the number of devices sold under the installment sales program
Others (networks, customer care and advertising, etc.)	(1,585) (11.7%)	・Progress in cost reduction initiatives

Other operating loss was $304 million, an improvement of $359 million year on year. See page 53 "12. Other operating loss" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements" for details.

As a result of the above, **segment income increased by $876 million (179.1%) year on year to $1,365 million** and adjusted EBITDA increased by $1,232 million (20.1%) year on year to $7,365 million.

Results in yen

The segment's net sales in yen terms decreased by ¥275,733 million (9.4%) year on year to ¥2,652,009 million due to the yen's appreciation. Segment income increased by ¥85,698 million (144.1%) year on year to ¥145,186 million and adjusted EBITDA increased by ¥42,912 million (5.8%) year on year to ¥787,723 million.

< Operations >

Number of Subscribers (Sprint Platform)

(Thousands)

	March 31, 2016	**December 31, 2016**	Change	Special Factors[9]	**Change Excl. Special Factors**
Postpaid	30,951	**31,694**	743	(186)	**929**
(incl.) Phone	25,316	**26,037**	721	(167)	**888**
Prepaid	14,397	**11,812**	(2,585)	(1,326)	**(1,259)**
Wholesale and affiliate	13,458	**16,009**	2,551	527	**2,024**
Cumulative subscribers	58,806	**59,515**	709	(985)	**1,694**

During the period, postpaid phone net additions were driven by an increase in subscriber acquisitions due to the introduction of attractive rate plans and effective advertising activities, and an improvement in the churn rate driven by network improvements. On the other hand, prepaid marked net losses due to continued, intensified competition.

ABPU (Sprint Platform Postpaid Phone)

(U.S. dollars / month)

	Three Months Ended December 31		
	2015	**2016**	Change
ARPU	60.30	**57.12**	(3.18)
Average equipment billings per user	10.69	**14.65**	3.96
Postpaid phone ABPU	70.99	**71.77**	0.78

Postpaid phone ABPU for the third quarter increased mainly due to an increase in the amount of average equipment billings per user outweighing a decrease in ARPU. ARPU declined mainly due to an increase in the compositional ratio of customers on lower rate plans offered in conjunction with device financing programs.

9 Special factors are detailed below.
Factor 1:
A series of transactions involving the acquisition of NTELOS Holdings Corp. (“NTELOS”), a then wholesale telecom network provider to Sprint, by Sprint’s affiliate company Shenandoah Telecommunications Company (“Shentel”) in May 2016 and subsequent acquisition of NTELOS’s spectrum assets and termination of existing wholesale arrangement with the company, followed by an amendment of the existing affiliate agreement with Shentel. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. Upon completion of the transactions, the number of former NTELOS subscribers are now accounted for under “affiliate” of Sprint, resulting in an increase of 270,000 in the cumulative number of subscribers. Furthermore, the number of Sprint subscribers who previously roamed on the NTELOS network and were accounted for as “postpaid” or “prepaid” are now accounted for under “affiliate” of Sprint (186,000 from postpaid and 92,000 from prepaid were reclassified as “affiliate”).
Factor 2:
Each of Sprint's prepaid brands had an active period for the line of between 60 and 150 days from the date of initial activation or replenishment. On December 31, 2016, Sprint unified the active period for the line as 60 days for all prepaid brands. As a result, 1,234,000 prepaid subscriptions and 21,000 affiliate subscriptions were cancelled.

Churn Rate (Sprint Platform Postpaid)

	Three Months Ended December 31		
	2015	**2016**	Change
Postpaid churn rate	1.62%	**1.67%**	0.05 pp deterioration
Postpaid phone churn rate	1.53%	**1.57%**	0.04 pp deterioration

The churn rate slightly deteriorated year on year, reflecting the impact of aggressive promotional offers from competitors. Although the postpaid churn rate for phones deteriorated year on year, the impact was absorbed by an increase in subscriber acquisitions that resulted in net subscriber additions.

< Spectrum Financing >

In October 2016, Sprint procured funds of $3.5 billion at an interest rate of 3.36%, about half its current effective interest rate, using its spectrum portfolio. The transaction was executed as part of a program enabling Sprint to procure a maximum of $7.0 billion backed by a small portion (approximately 14% on a MHz-pops[10] basis) of its total spectrum holdings.

Based on the improvement in Sprint's operational performance and liquidity, U.S. credit rating company Moody's Investors Service, Inc. upgraded Sprint's corporate family rating from B3 to B2 in January 2017.

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

(c) Yahoo Japan Segment

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Net sales	444,724	**630,800**	186,076	41.8%
Segment income	193,678	**150,544**	(43,134)	(22.3%)
Depreciation and amortization	22,010	**28,631**	6,621	30.1%
Gain on remeasurement relating to business combination	(59,441)	**(19)**	59,422	-
Other adjustments	-	**-**	-	-
Adjusted EBITDA	156,247	**179,156**	22,909	14.7%

(d) Distribution Segment

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Net sales	1,049,988	**939,586**	(110,402)	(10.5%)
Segment income (loss)	(1,312)	**19,108**	20,420	-
Depreciation and amortization	8,381	**5,337**	(3,044)	(36.3%)
Other adjustments	13,633	**-**	(13,633)	-
Adjusted EBITDA	20,702	**24,445**	3,743	18.1%

[10] The amount of spectrum in a given license or set of frequencies multiplied by the population covered by the geographic area of the spectrum license

(e) ARM Segment

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

(Millions of yen)

	Nine Months Ended December 31			
	2015	**2016**	Change	Change %
Net sales	-	**68,855**	68,855	-
Segment income	-	**30,254**	30,254	-
Depreciation and amortization	-	**2,325**	2,325	-
Gain from remeasurement relating to business combination	-	**(18,168)**	(18,168)	-
Other adjustments	-	**23,696**	23,696	-
Adjusted EBITDA	-	**38,107**	38,107	-

Note: The purchase price allocation for the ARM acquisition has not yet been completed. Accordingly, ARM's technology IP and other intangible assets have not been recognized. Once these assets are recognized on completion of purchase price allocation, a regular amortization will be implemented for such assets with definite useful lives, and the amortization cost from the date of acquisition of control will be retroactively recorded. See page 39 "ARM" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 3. Business combinations" for details of the consolidation of ARM.

< Overview >

ARM was consolidated into the Company on September 5, 2016, and now forms the ARM segment. ARM's operations are primarily the licensing of semiconductor intellectual property (IP) including the designs of energy-efficient microprocessors and associated technologies. In addition, ARM sells software tools used to enhance the cost-effectiveness and security of products that utilize chips containing ARM's technology. ARM also provides support, maintenance and training services. ARM designs technology that is suitable for a wide range of different chips that can be deployed into markets such as smartphones, digital TVs, smart cards, microcontrollers, automotive electronics, enterprise networking equipment and servers. ARM is also investing in creating new revenue streams from adjacent markets, especially in the Internet of Things.

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

< Financial Results >

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

Net sales totaled ¥68,855 million.

Segment income is obtained by deducting operating expenses (cost of sales and selling, general and administrative expenses) and adding or deducting the gain from remeasurement relating to business combination and other operating income (loss) from net sales. The Company recorded ¥18,168 million of gain from remeasurement relating to business combination as a result of re-evaluation at fair value of the equity interests of 1.4% in ARM that the Company already held on the acquisition date on September 5, 2016. Acquisition-related cost of ¥23,696 million was also recorded as other operating loss, associated with the Company's acquisition of ARM. As a result, segment income totaled ¥30,254 million.

Adjusted EBITDA was ¥38,107 million.

Reference: Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	(Pro Forma) July 1 to September 30, 2016	Post-acquisition September 6 to 30, 2016	October 1 to December 31, 2016
Technology licensing	89	38	229
Technology royalties	240	82	248
Software and services	24	20	31
Total net sales	353	140	508

Notes:
1. Pro forma data includes the period before the acquisition of control by the Company (September 5, 2016). It is unaudited and provided for reference purposes only.
2. Following the Company's acquisition of ARM, ARM has changed its accounting policy for the recognition of royalty revenue. Since the change, ARM accrues royalty revenue in the same quarter the chips are shipped by ARM's licensees, based on estimates. Revenue presented in the pro forma data above is presented for royalty revenue recorded prior to acquisition by the Company based on the accounting policy after the change.

U.S. dollar-based net sales of the ARM segment for the third quarter was $508 million. Technology licensing revenue can fluctuate between quarters and licensing revenue reported in the third quarter was exceptionally high. This was the result of certain technology license agreements that could have been signed in the prior quarter being delayed until the acquisition by the Company was completed.

< Operations >

Licensing

	Licenses Signed October 1 to December 31, 2016	Cumulative Number of Licenses Signed December 31, 2016
Classic	3	498
Cortex-A	7	282
Cortex-R	3	78
Cortex-M	22	419
Mali	8	151
Number of processor licenses signed	43	1,428

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

During the third quarter, ARM signed 43 processor licenses, reflecting the ongoing demand for ARM's latest technology. Eighteen of the customers signing licenses were new customers purchasing their very first ARM processor license. Most of these new customers are developing new products and services for the Internet of Things and this demonstrates how ARM's technology is becoming a platform in this new market.

Royalty Units

The following analysis is based on the actual shipments of royalty units (chips incorporating ARM technology) by ARM licensees for the three-month period ended September 30, 2016, as reported by licensees in royalty reports. This section is prepared solely for reference purposes to facilitate understanding of ARM's business operations. These include information prior to acquisition by the Company on September 5, 2016.

	Based on Shipments from July 1 to September 30	
	2015	**2016**
Royalty units as reported by ARM's licensees	4.0 billion	**4.9 billion**
Breakdown by processor family		
Classic	32%	**23%**
Cortex-A	18%	**16%**
Cortex-R	6%	**9%**
Cortex-M	44%	**52%**

ARM's licensees reported shipments of 4.9 billion ARM-based chips for the three-month period ended September 30, 2016. This is an increase of around 20% over the same period of the previous year.

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

(2) Qualitative Information Regarding Consolidated Financial Position

a. Assets, Liabilities and Equity

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change	Change %
Total assets	20,707,192	**24,867,038**	4,159,846	20.1%
Total liabilities	17,201,921	**20,885,327**	3,683,406	21.4%
Total equity	3,505,271	**3,981,711**	476,440	13.6%

Reference: Exchange rate at the end of the period used for translation				
USD / JPY	¥112.68	**¥116.49**	¥3.81	3.4%
GBP / JPY	¥161.92	**¥143.00**	¥(18.92)	(11.7%)

(a) Current Assets

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Cash and cash equivalents	2,569,607	**2,498,745**	(70,862)
Trade and other receivables	1,914,789	**2,108,867**	194,078
Other financial assets	152,858	**453,620**	300,762
Inventories	359,464	**411,105**	51,641
Other current assets	553,551	**276,729**	(276,822)
Total current assets	5,550,269	**5,749,066**	198,797

Primary Components of the Change

Component	Change from Previous Fiscal Year-end
Trade and other receivables	Installment sales receivable increased in line with an increase in the number of devices sold under the installment sales program at Sprint. Also, receivables of ARM were recorded in conjunction with its consolidation.
Other financial assets	Commercial paper for short-term investment and time deposits at Sprint increased. Also, time deposits and other financial assets of ARM were recorded in conjunction with its consolidation.
Other current assets	Withholding income tax of ¥293,489 million recorded at the previous fiscal year-end was refunded. The withholding income tax had been recorded related to dividends within the group companies.

(b) Non-current Assets

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Property, plant and equipment	4,183,507	**4,086,655**	(96,852)
(incl.) Sprint	2,055,371	**2,052,615**	(2,756)
Goodwill	1,609,789	**4,858,998**	3,249,209
(incl.) ARM	-	**3,329,300**	3,329,300
(incl.) Sprint	331,811	**343,433**	11,622
Intangible assets	6,439,145	**6,473,924**	34,779
FCC licenses[11]	4,060,750	**4,254,312**	193,562
Trademarks	760,703	**783,599**	22,896
Customer relationships	439,800	**343,405**	(96,395)
Software	782,148	**744,563**	(37,585)
Game titles	59,844	**-**	(59,844)
Others	335,900	**348,045**	12,145
Investments accounted for using the equity method	1,588,270	**1,551,177**	(37,093)
Other financial assets	970,874	**1,614,428**	643,554
Deferred tax assets	172,864	**351,000**	178,136
Other non-current assets	192,474	**181,790**	(10,684)
Total non-current assets	15,156,923	**19,117,972**	3,961,049

Primary Components of the Change

Component	Change from Previous Fiscal Year-end
Goodwill	Since purchase price allocation relating to the acquisition of ARM has not yet been completed, provisional goodwill of ¥3,213,929 million was recorded as the difference between the acquisition price of ¥3,369,087 million and the net amount of ARM's assets and liabilities at the date of acquisition of control. See page 39 "ARM" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 3. Business combinations" for details of the consolidation of ARM.
Intangible assets	FCC licenses increased, mainly due to the yen's depreciation against the U.S. dollar from the previous fiscal year-end. Meanwhile, customer relationships decreased, mainly due to regular amortization. Game titles decreased to a balance of zero due to the sale of all shares of Supercell.
Other financial assets	The Company made additional investments into existing investees and newly acquired investment securities.

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

(c) Current Liabilities

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Interest-bearing debt	2,646,609	**3,435,463**	788,854
(incl.) SoftBank Group Corp.	1,051,782	**1,517,573**	465,791
(incl.) Sprint	676,948	**968,032**	291,084
Short-term borrowings	515,408	**824,830**	309,422
(incl.) SoftBank Group Corp.	227,050	**506,460**	279,410
Current portion of long-term borrowings	743,225	**1,186,163**	442,938
(incl.) SoftBank Group Corp.	313,853	**434,389**	120,536
(incl.) Sprint	82,032	**376,043**	294,011
Current portion of corporate bonds	900,685	**855,738**	(44,947)
Current portion of lease obligations	396,992	**431,180**	34,188
Others	90,299	**137,552**	47,253
Trade and other payables	1,621,195	**1,689,245**	68,050
Other financial liabilities	6,531	**21,734**	15,203
Income taxes payables	140,351	**201,115**	60,764
Provisions	56,120	**59,857**	3,737
Other current liabilities	694,965	**595,844**	(99,121)
Total current liabilities	5,165,771	**6,003,258**	837,487

Primary Components of the Change

Component	Change from Previous Fiscal Year-end
Interest-bearing debt	SoftBank Group Corp.: Short-term borrowings increased by ¥279,410 million through financings to enhance cash on hand. Current portion of long-term borrowings also increased by ¥120,536 million, mainly due to transfers from non-current liabilities as the repayment became due within one year. Sprint: Current portion of long-term borrowings increased by ¥294,011 million due to financing using leased devices, network equipment and part of its spectrum assets.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Interest-bearing debt	9,275,822	**11,480,302**	2,204,480
(incl.) SoftBank Group Corp.	4,995,621	**6,177,469**	1,181,848
(incl.) Sprint	3,297,900	**3,554,003**	256,103
Long-term borrowings	1,785,500	**2,986,659**	1,201,159
(incl.) SoftBank Group Corp.	1,572,011	**2,342,487**	770,476
(incl.) Sprint	80,082	**459,331**	379,249
Corporate bonds	6,611,947	**6,906,913**	294,966
(incl.) SoftBank Group Corp.	3,423,609	**3,834,982**	411,373
(incl.) Sprint	3,188,238	**3,071,881**	(116,357)
Lease obligations	815,194	**819,000**	3,806
Financial liabilities relating to sale of shares by variable prepaid forward contract	-	**739,930**	739,930
Installment payables	63,181	**27,800**	(35,381)
Other financial liabilities	95,664	**111,982**	16,318
Defined benefit liabilities	123,759	**124,613**	854
Provisions	118,876	**127,468**	8,592
Deferred tax liabilities	2,083,164	**2,725,607**	642,443
Other non-current liabilities	338,865	**312,097**	(26,768)
Total non-current liabilities	12,036,150	**14,882,069**	2,845,919

Primary Components of the Change

Component	Change from Previous Fiscal Year-end
Interest-bearing debt	SoftBank Group Corp.: Long-term borrowings increased by ¥770,476 million, partly because of a borrowing of ¥1 trillion made to finance a portion of the consideration payable in the acquisition of ARM. Corporate bonds increased by ¥411,373 million, mainly due to issuance of corporate bonds and hybrid bonds totaling ¥521,000 million. Sprint: Long-term borrowings increased by ¥379,249 million due to financing using part of Sprint's spectrum assets, as well as its network equipment and leased devices. Corporate bonds decreased by ¥116,357 million, mainly due to the transfer to current liabilities of corporate bonds that became due for redemption within one year. Financial liabilities were recognized based on a variable prepaid forward contract relating to the sale of Alibaba shares. Based on the same transaction, derivative assets of ¥14,835 million were also recorded in other financial assets (non-current assets) at the end of the third quarter. See page 47 "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "3. Condensed Interim Consolidated Financial Statements (6) Notes to Condensed Interim Consolidated Financial Statements 9. Interest-bearing debt" for details.

(e) Equity

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Total equity attributable to owners of the parent	2,613,613	**3,096,622**	483,009
Non-controlling interests	891,658	**885,089**	(6,569)
Total equity	3,505,271	**3,981,711**	476,440
Ratio of equity attributable to owners of the parent	12.6%	**12.5%**	(0.1pp)

(Equity Attributable to Owners of the Parent)

(Millions of yen)

	March 31, 2016	**December 31, 2016**	Change
Common stock	238,772	**238,772**	-
Capital surplus	261,234	**246,722**	(14,512)
Retained earnings	2,166,623	**2,379,973**	213,350
Treasury stock	(314,752)	**(68,859)**	245,893
Accumulated other comprehensive income	261,736	**300,014**	38,278
Available-for-sale financial assets	32,594	**38,591**	5,997
Cash flow hedges	(40,088)	**(44,606)**	(4,518)
Exchange differences on translating foreign operations	269,230	**306,029**	36,799
Total equity attributable to owners of the parent	2,613,613	**3,096,622**	483,009

Primary Components of the Change

Component	Change from Previous Fiscal Year-end
Retained earnings	The Company recorded net income attributable to owners of the parent of ¥857,431 million but also retired 100 million shares of treasury stock (8.33% of the total number of issued shares before the retirement) in October 2016, resulting in a decrease in retained earnings by ¥595,195 million.
Treasury stock	On February 15, 2016 the Board of Directors passed a resolution repurchasing shares of SoftBank Group Corp. up to a maximum total repurchase amount of ¥500,000 million. Accordingly, the Company completed the acquisition of 27.07 million shares of treasury stock for ¥149,173 million during the fiscal year ended March 2016 and 58.07 million shares of treasury stock for ¥350,826 million during the period. After the acquisition was completed, the shares were retired as detailed above in October 2016.

b. Cash Flows

(Millions of yen)

	Nine Months Ended December 31		
	2015	**2016**	Change
Cash flows from operating activities	566,846	**1,129,516**	562,670
Cash flows from investing activities	(1,334,845)	**(3,382,676)**	(2,047,831)
Cash flows from financing activities	270,227	**2,210,330**	1,940,103

(a) Cash Flows from Operating Activities

Net cash provided by operating activities increased by ¥562,670 million compared with the same period of the previous fiscal year. The main factor was a year-on-year decrease of ¥536,469 million in income taxes paid (net of refund). The Company was eligible for a total refund of ¥904,688 million on withholding taxes of ¥904,688 million paid related to dividends within the group companies in the same period of the previous fiscal year. Of this, the Company received a refund of ¥611,199 million in the same period of the previous fiscal year and the remaining ¥293,489 million during the period.

(b) Cash Flows from Investing Activities

Primary Components of the Period

Component	Details
Outlays for purchase of property, plant and equipment and intangible assets ¥(671,797) million	SoftBank Corp. and Sprint acquired telecommunications equipment.
Payments for acquisition of investments ¥(440,211) million	The Company made additional investments in existing investees and newly acquired investment securities.
Proceeds from sales/redemption of investments ¥464,037 million	The Company sold Alibaba and GungHo shares.
Payment for acquisition of control over subsidiaries ¥(3,255,083) million	The Company acquired ARM.
Proceeds from loss of control over subsidiaries ¥725,302 million	This represents the sum of $7.2 billion received in July 2016 (first installment) and October 2016 (second installment) as part of a total of three installments to be received as the sale price for the all shares of Supercell on July 29, 2016, minus the amount of cash and cash equivalents held by Supercell at the time of sale.

(c) Cash Flows from Financing Activities

Primary Components of the Period

Component	Details
Proceeds from short-term interest-bearing debt ¥355,024 million	SoftBank Group Corp. procured funds to enhance its cash on hand.
Proceeds from long-term interest-bearing debt ¥3,585,651 million	
Proceeds from long-term borrowings ¥2,113,485 million	SoftBank Group Corp. made a borrowing of ¥1 trillion to finance a portion of the consideration payable in the acquisition of ARM. Furthermore, Sprint procured funds using part of its spectrum assets, as well as its network equipment and leased mobile devices. SoftBank Corp. also made a borrowing through securitization of installment sales receivables.
Proceeds from issuance of corporate bonds ¥521,000 million	SoftBank Group Corp. issued straight corporate bonds and hybrid bonds.
Proceeds from sale and leaseback of newly acquired equipment ¥372,730 million	SoftBank Corp. conducted a sale and leaseback for a purchase of telecommunications equipment by finance lease.
Proceeds from advances received for sale of shares by variable prepaid forward contract ¥578,436 million	The Company received advances for sale after concluding a variable prepaid forward contract for the sale of Alibaba shares.
Repayment of long-term interest-bearing debt ¥(1,245,267) million	
Repayment of long-term borrowings ¥(519,536) million	SoftBank Corp. repaid borrowings made through securitization of installment sales receivables. Sprint and SoftBank Group Corp. also repaid borrowings.
Redemption of corporate bonds ¥(350,081) million	Sprint and SoftBank Group Corp. redeemed corporate bonds.
Repayment of lease obligations ¥(338,717) million	SoftBank Corp. repaid lease obligations for telecommunications equipment and related items.
Payment for purchase of treasury stock ¥(350,843) million	

(3) Qualitative Information Regarding Forecasts on Consolidated Results of Operations

Currently it is difficult to provide forecasts on the results in figures due to a large number of uncertain factors affecting earnings. The Company will announce its forecasts on the consolidated results of operations when it becomes possible to make a rational projection.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Nine-month Period Ended December 31, 2016

(Specified subsidiary (four companies) newly consolidated)

West Raptor Holdings LLC was established on April 27, 2016, SB HP HoldCo was established on July 6, 2016, and became subsidiaries of the Company. In addition, ARM Holdings plc became a wholly-owned subsidiary of the Company on September 5, 2016 and subsequently ARM PIPD Holdings One, LLC and ARM PIPD Holdings Two, LLC, which are subsidiaries of ARM Holdings plc, became subsidiaries of the Company.

(2) Changes in Accounting Estimates

(Assessment of recoverability of deferred tax assets)

The Company assessed the recoverability of unrecognized deferred tax assets and estimated, due to a sale of an equity method associate by the Company, that it was probable that taxable profits will be available against which net operating loss carryforwards and deductible temporary differences can be utilized in SoftBank Group Corp. Accordingly, ¥60,451 million of deferred tax assets was recorded. Due to this change in accounting estimate, income tax expenses decreased by ¥60,451 million and net income from continuing operations and net income increased by ¥60,451 million respectively for the nine-month period ended December 31, 2016.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	2,569,607	2,498,745
Trade and other receivables	1,914,789	2,108,867
Other financial assets	152,858	453,620
Inventories	359,464	411,105
Other current assets	553,551	276,729
Total current assets	5,550,269	5,749,066
Non-current assets		
Property, plant and equipment	4,183,507	4,086,655
Goodwill	1,609,789	4,858,998
Intangible assets	6,439,145	6,473,924
Investments accounted for using the equity method	1,588,270	1,551,177
Other financial assets	970,874	1,614,428
Deferred tax assets	172,864	351,000
Other non-current assets	192,474	181,790
Total non-current assets	15,156,923	19,117,972
Total assets	20,707,192	24,867,038

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,646,609	3,435,463
Trade and other payables	1,621,195	1,689,245
Other financial liabilities	6,531	21,734
Income taxes payables	140,351	201,115
Provisions	56,120	59,857
Other current liabilities	694,965	595,844
Total current liabilities	5,165,771	6,003,258
Non-current liabilities		
Interest-bearing debt	9,275,822	11,480,302
Other financial liabilities	95,664	111,982
Defined benefit liabilities	123,759	124,613
Provisions	118,876	127,468
Deferred tax liabilities	2,083,164	2,725,607
Other non-current liabilities	338,865	312,097
Total non-current liabilities	12,036,150	14,882,069
Total liabilities	17,201,921	20,885,327
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	261,234	246,722
Retained earnings	2,166,623	2,379,973
Treasury stock	(314,752)	(68,859)
Accumulated other comprehensive income	261,736	300,014
Total equity attributable to owners of the parent	2,613,613	3,096,622
Non-controlling interests	891,658	885,089
Total equity	3,505,271	3,981,711
Total liabilities and equity	20,707,192	24,867,038

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

For the nine-month period ended December 31

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Nine-month period ended December 31, 2015*	Nine-month period ended December 31, 2016
Continuing operations		
Net sales	6,603,835	6,581,466
Cost of sales	(4,026,139)	(3,990,070)
Gross profit	2,577,696	2,591,396
Selling, general and administrative expenses	(1,732,287)	(1,594,371)
Gain from remeasurement relating to business combination	59,441	18,187
Other operating loss	(100,158)	(65,552)
Operating income	804,692	949,660
Finance cost	(329,484)	(343,363)
Income on equity method investments	303,167	205,988
Gain on sales of equity method associates	3	238,101
Foreign exchange gain (loss)	(28,815)	34,222
Derivative gain (loss)	3,331	(95,875)
Other non-operating income (loss)	95,211	(13,476)
Income before income tax	848,105	975,257
Income taxes	(386,084)	(624,628)
Net income from continuing operations	462,021	350,629
Discontinued operations		
Net income from discontinued operations	49,081	553,305
Net income	511,102	903,934
Net income attributable to		
Owners of the parent	428,972	857,431
Non-controlling interests	82,130	46,503
	511,102	903,934
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	338.77	278.63
Discontinued operations	24.03	490.73
Total basic earnings per share	362.80	769.36
Diluted earnings per share (yen)		
Continuing operations	327.41	271.62
Discontinued operations	24.01	490.42
Total diluted earnings per share	351.42	762.04

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 17. Discontinued operations."

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Net income	511,102	903,934
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(6)	-
Total items that will not be reclassified to profit or loss	(6)	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	16,458	29,043
Cash flow hedges	(33,727)	(4,369)
Exchange differences on translating foreign operations	(46,927)	50,524
Share of other comprehensive income of associates	(1,464)	(27,626)
Total items that may be reclassified subsequently to profit or loss	(65,660)	47,572
Total other comprehensive income, net of tax	(65,666)	47,572
Total comprehensive income	445,436	951,506
Total comprehensive income attributable to		
Owners of the parent	359,965	895,709
Non-controlling interests	85,471	55,797
	445,436	951,506

For the three-month period ended December 31

Condensed Interim Consolidated Statements of Income

(Millions of yen)

	Three-month period ended December 31, 2015*	Three-month period ended December 31, 2016
Continuing operations		
Net sales	2,322,637	2,309,632
Cost of sales	(1,476,191)	(1,421,900)
Gross profit	846,446	887,732
Selling, general and administrative expenses	(608,813)	(574,783)
Other operating loss	(64,858)	(17,233)
Operating income	172,775	295,716
Finance cost	(113,816)	(121,341)
Income on equity method investments	38,581	100,814
Foreign exchange loss	(25,174)	(48,849)
Derivative gain	10,217	74,183
Other non-operating income (loss)	(2,199)	9,109
Income before income tax	80,384	309,632
Income taxes	(94,441)	(201,366)
Net income (loss) from continuing operations	(14,057)	108,266
Discontinued operations		
Net income (loss) from discontinued operations	16,534	(5,280)
Net income	2,477	102,986
Net income attributable to		
Owners of the parent	2,289	91,182
Non-controlling interests	188	11,804
	2,477	102,986
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		
Continuing operations	(8.93)	88.58
Discontinued operations	10.88	(4.85)
Total basic earnings per share	1.95	83.73
Diluted earnings per share (yen)		
Continuing operations	(10.77)	85.02
Discontinued operations	10.88	(4.85)
Total diluted earnings per share	0.11	80.17

Note:
* Continuing operations and discontinued operations are revised and presented separately. The details are described in "Note 17. Discontinued operations."

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended December 31, 2015	Three-month period ended December 31, 2016
Net income	2,477	102,986
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	2,030	22,504
Cash flow hedges	(18,618)	318
Exchange differences on translating foreign operations	(21,460)	763,291
Share of other comprehensive income of associates	(716)	(8,201)
Total items that may be reclassified subsequently to profit or loss	(38,764)	777,912
Total other comprehensive income, net of tax	(38,764)	777,912
Total comprehensive income	(36,287)	880,898
Total comprehensive income attributable to		
Owners of the parent	(38,120)	827,722
Non-controlling interests	1,833	53,176
	(36,287)	880,898

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the nine-month period ended December 31, 2015

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2015	238,772	374,845	1,740,686	(48,383)	540,386	2,846,306	1,006,871	3,853,177
Comprehensive income								
Net income	-	-	428,972	-	-	428,972	82,130	511,102
Other comprehensive income	-	-	-	-	(69,007)	(69,007)	3,341	(65,666)
Total comprehensive income	-	-	428,972	-	(69,007)	359,965	85,471	445,436
Transactions with owners and other transactions								
Cash dividends	-	-	(47,261)	-	-	(47,261)	(30,031)	(77,292)
Transfer of accumulated other comprehensive income to retained earnings	-	-	(6)	-	6	-	-	-
Purchase and disposal of treasury stock	-	-	(1,232)	(117,343)	-	(118,575)	-	(118,575)
Changes from business combination	-	-	-	-	-	-	53,067	53,067
Changes from loss of control	-	-	-	-	-	-	(96,060)	(96,060)
Changes in interests in subsidiaries	-	(127,251)	-	-	-	(127,251)	(94,571)	(221,822)
Changes in associates' interests in their subsidiaries	-	14,617	-	-	-	14,617	-	14,617
Share-based payment transactions	-	(3,891)	-	-	-	(3,891)	5,518	1,627
Other	-	3,022	-	-	-	3,022	(1,690)	1,332
Total transactions with owners and other transactions	-	(113,503)	(48,499)	(117,343)	6	(279,339)	(163,767)	(443,106)
As of December 31, 2015	238,772	261,342	2,121,159	(165,726)	471,385	2,926,932	928,575	3,855,507

For the nine-month period ended December 31, 2016

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	891,658	3,505,271
Comprehensive income								
Net income	-	-	857,431	-	-	857,431	46,503	903,934
Other comprehensive income	-	-	-	-	38,278	38,278	9,294	47,572
Total comprehensive income	-	-	857,431	-	38,278	895,709	55,797	951,506
Transactions with owners and other transactions								
Cash dividends	-	-	(48,042)	-	-	(48,042)	(43,416)	(91,458)
Purchase and disposal of treasury stock	-	-	(844)	(349,302)	-	(350,146)	-	(350,146)
Retirement of treasury stock	-	-	(595,195)	595,195	-	-	-	-
Changes from business combination	-	-	-	-	-	-	2,218	2,218
Changes from loss of control	-	-	-	-	-	-	(25,565)	(25,565)
Changes in interests in subsidiaries	-	(170)	-	-	-	(170)	3,019	2,849
Changes in associates' interests in their subsidiaries	-	(475)	-	-	-	(475)	-	(475)
Changes in interests in associates' capital surplus	-	(15,595)	-	-	-	(15,595)	-	(15,595)
Share-based payment transactions	-	1,728	-	-	-	1,728	2,284	4,012
Other	-	-	-	-	-	-	(906)	(906)
Total transactions with owners and other transactions	-	(14,512)	(644,081)	245,893	-	(412,700)	(62,366)	(475,066)
As of December 31, 2016	238,772	246,722	2,379,973	(68,859)	300,014	3,096,622	885,089	3,981,711

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Cash flows from operating activities		
Net income	511,102	903,934
Depreciation and amortization	1,016,496	1,040,685
Gain from remeasurement relating to business combination	(59,441)	(18,187)
Finance cost	329,485	343,363
Income on equity method investments	(303,167)	(205,988)
Gain on sales of equity method associates	(3)	(238,101)
Derivative (gain) loss	(3,331)	95,875
Foreign exchange (gain) loss and other non-operating (income) loss	(66,009)	(22,837)
Gain on sales of discontinued operations	-	(636,216)
Income taxes	403,573	742,199
Increase in trade and other receivables	(30,175)	(223,664)
Increase in inventories	(291,449)	(292,832)
(Decrease) increase in trade and other payables	(5,829)	40,194
Other	(19,159)	670
Subtotal	1,482,093	1,529,095
Interest and dividends received	8,086	16,738
Interest paid	(348,612)	(378,065)
Income taxes paid	(1,216,709)	(354,655)
Income taxes refund	641,988	316,403
Net cash provided by operating activities	566,846	1,129,516
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(1,092,761)	(671,797)
Proceeds from sales of property, plant and equipment, and intangible assets	146,603	15,538
Payments for acquisition of investments	(352,932)	(440,211)
Proceeds from sales/redemption of investments	19,550	464,037
Increase (decrease) from acquisition of control over subsidiaries	28,834	(3,255,083)
(Decrease) increase from loss of control over subsidiaries	(63,070)	725,302
Payments for acquisition of marketable securities for short-term trading	(71,308)	(250,902)
Proceeds from sales/redemption of marketable securities for short-term trading	145,486	119,063
Other	(95,247)	(88,623)
Net cash used in investing activities	(1,334,845)	(3,382,676)
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	46,231	355,024
Proceeds from long-term interest-bearing debt	1,826,661	3,585,651
Repayment of long-term interest-bearing debt	(1,172,999)	(1,245,267)
Payments for purchase of subsidiaries’ interests from non-controlling interests	(253,860)	(18,150)
Purchase of treasury stock	(120,037)	(350,843)
Cash dividends paid	(47,021)	(46,098)
Cash dividends paid to non-controlling interests	(29,350)	(41,934)
Other	20,602	(28,053)
Net cash provided by financing activities	270,227	2,210,330
Effect of exchange rate changes on cash and cash equivalents	9,030	(28,032)
Decrease in cash and cash equivalents	(488,742)	(70,862)
Cash and cash equivalents at the beginning of the period	3,258,653	2,569,607
Cash and cash equivalents at the end of the period	2,769,911	2,498,745

(5) Significant Doubt about Going-concern Assumption

For the nine-month period ended December 31, 2016

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Definition of company names and abbreviations used in the notes

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

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

2. Significant accounting policies

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

Revenue

ARM segment

In the ARM segment, revenues are generated mainly from sales of licenses to ARM's technology and royalties arising from the resulting sale of licensees' ARM's technology-based products.

License revenue are recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the products sold, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred and the amount of revenue related to the transaction can be measured reliably.

Royalty revenues are earned on sales by the Company's customers of products containing ARM's technology. Royalty revenues are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue can be reliably measured. Royalties are recognized on an accrual basis in the quarter in which the customers ship products containing ARM's technology, using an estimate based on sales trends and product information.

3. Business combinations

For the nine-month period ended December 31, 2015

ASKUL Corporation

(1) Overview of consolidation

ASKUL Corporation, the Company's associate which primarily conducts mail order services for office supplies, became the Company's subsidiary on August 27, 2015 as a result of ASKUL Corporation's acquisition of its own treasury stock as resolved by its Board of Directors on May 19, 2015. As a result of ASKUL Corporation's acquisition of its own treasury stock, the ownership ratio of ASKUL Corporation's voting rights held by the Company rose from 41.7% (as of May 20, 2015) to 44.4% (as of August 27, 2015). The Company did not yet hold the majority of the voting rights of ASKUL Corporation; however, considering the dispersion of voting rights in ASKUL Corporation and the voting patterns exercised in ASKUL Corporation's past shareholders' meetings, etc., the Company judged that it has substantial control of ASKUL Corporation and has converted it to a consolidated subsidiary.

(2) Summary of acquiree

Name	ASKUL Corporation
Business description	Mail-order business for stationery, other products and services

(3) Acquisition date

August 27, 2015

(4) Consideration transferred and the components

(Millions of yen)

		Acquisition date (August 27, 2015)
Fair value of equity interest in ASKUL Corporation already held at the time of the acquisition		93,611
Total consideration transferred	A	93,611

As a result of the reevaluation of equity interest already held at the time of the acquisition of control by the Company in ASKUL Corporation at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥59,441 million. This gain is presented as "Gain from remeasurement relating to business combination" in the condensed interim consolidated statements of income.

(5) Fair values of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (August 27, 2015)
Trade and other receivables		45,365
Other current assets		44,751
Tangible assets		32,315
Intangible assets		69,124
Other non-current assets		8,394
Total assets		199,949
Current liabilities		71,495
Non-current liabilities		34,586
Total liabilities		106,081
Net assets	B	93,868
Non-controlling interests[1]	C	54,036
Goodwill[2]	A-(B-C)	53,779

Notes:

1. Non-controlling interests

   Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured based on the proportionate interests at the acquisition date in the identifiable net assets of the acquiree at the acquisition date.

2. Goodwill

   Goodwill reflects excess earning power expected from the future business development and the synergy between the Company and the acquiree.

(6) Proceeds from acquisition of control over subsidiaries

	(Millions of yen) Acquisition date (August 27, 2015)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	31,291
Proceeds in cash from the acquisition of control over the subsidiary	31,291

(7) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the nine-month period ended December 31, 2015, are ¥104,699 million and ¥1,003 million, respectively.

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

For the nine-month period ended December 31, 2016

ARM

(1) Overview of consolidation

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

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

(2) Purpose of consolidation

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

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

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

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

・Maintain ARM’s dedication to innovation

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

・Increased investment to drive the next wave of innovation

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

・Shared culture and long-term vision

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

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

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

(3) Summary of ARM

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

(4) Acquisition date

September 5, 2016

(5) Consideration transferred and the component

(Millions of yen)

		Acquisition date (September 5, 2016)
Payment for the acquisition by cash		3,321,220
Fair value of equity interest in ARM already held at the time of the acquisition		47,867
Total consideration transferred	A	3,369,087

Acquisition-related costs of ¥23,696 million arising from the business combination are recognized in “Other operating loss.”

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

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

		(Millions of yen) Acquisition date (September 5, 2016)
Cash and cash equivalents		16,984
Trade and other receivables		59,782
Other current assets		119,090
Non-current assets		31,878
Total assets		227,734
Current liabilities		65,149
Non-current liabilities		7,427
Total liabilities		72,576
Net assets	B	155,158
Goodwill*	A-B	3,213,929

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date; however, certain intangible assets related to technology IP and other are under identification and measurement, and therefore, not allocated to intangible assets at present. The above amounts will be revised after identification and measurement are completed. Moreover, the above amounts, which are provisional fair values based on the best estimate at present, may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

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

Note:
* Goodwill reflects excess earning power expected from the future business development, congregative human resource related to research and development, and the synergy between the Company and the acquiree.

(7) Payment for acquisition of control over subsidiaries

	(Millions of yen) Nine-month period ended December 31, 2016
Payment for the acquisition by cash	(3,321,220)
Foreign exchange gain relating to settlement*	52,897
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,251,339)

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

(8) Sales and net income of the acquiree

The amounts of the acquiree’s sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statements of income for the nine-month period ended December 31, 2016, are ¥68,855 million and ¥28,140 million, respectively. In addition, amortization expenses related to intangible assets, whose allocation of consideration transferred has not been completed, are not recognized.

4. Segment information

(1) Description of reportable segments

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

The Company has five reportable segments: the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the ARM segment.

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

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

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

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

The ARM segment provides, though ARM, designs of microprocessor intellectual property and related technology, and the sale of software tools. The ARM segment was newly established from the three-month period ended September 30, 2016, by the consolidation of ARM in September 2016. Operating results of ARM after the acquisition date is included in the ARM segment.

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

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

(2) Net sales and income of reportable segments

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

The Company also discloses EBITDA (i.e., segment income and loss after addition of depreciation and amortization) and Adjusted EBITDA (i.e., EBITDA after deduction of gain from remeasurement relating to business combination, addition or deduction of other adjustments (gains are deducted)) by each reportable segment. "Other adjustments" are special items such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

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

Discontinued operations are not included. The details are described in "Note 17. Discontinued operations."

For the nine-month period ended December 31, 2015

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	2,315,819	2,783,054	438,337	994,506	-	6,531,716	72,119	-	6,603,835
Intersegment	26,171	144,688	6,387	55,482	-	232,728	13,648	(246,376)	-
Total	2,341,990	2,927,742	444,724	1,049,988	-	6,764,444	85,767	(246,376)	6,603,835
Segment income (loss)	598,318	59,488	193,678	(1,312)	-	850,172	(11,404)	(34,076)	804,692
Reconciliation from segment income to adjusted EBITDA									
Segment income (loss)	598,318	59,488	193,678	(1,312)	-	850,172	(11,404)	(34,076)	804,692
Depreciation and amortization	331,866	622,154	22,010	8,381	-	984,411	8,614	1,249	994,274
EBITDA	930,184	681,642	215,688	7,069	-	1,834,583	(2,790)	(32,827)	1,798,966
Gain from remeasurement relating to business combination	-	-	(59,441)	-	-	(59,441)	-	-	(59,441)
Other adjustments	-	63,169	-	13,633	-	76,802	6,086	-	82,888
Adjusted EBITDA	930,184	744,811	156,247	20,702	-	1,851,944	3,296	(32,827)	1,822,413

For the nine-month period ended December 31, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations*	Consoli-dated
Net sales									
Customers	2,375,500	2,548,215	622,039	890,168	68,854	6,504,776	76,690	-	6,581,466
Intersegment	25,170	103,794	8,761	49,418	1	187,144	16,958	(204,102)	-
Total	2,400,670	2,652,009	630,800	939,586	68,855	6,691,920	93,648	(204,102)	6,581,466
Segment income	651,484	145,186	150,544	19,108	30,254	996,576	(8,036)	(38,880)	949,660
Reconciliation from segment income to adjusted EBITDA									
Segment income	651,484	145,186	150,544	19,108	30,254	996,576	(8,036)	(38,880)	949,660
Depreciation and amortization	343,205	645,486	28,631	5,337	2,325	1,024,984	7,452	1,189	1,033,625
EBITDA	994,689	790,672	179,175	24,445	32,579	2,021,560	(584)	(37,691)	1,983,285
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	(18,187)	-	-	(18,187)
Other adjustments	-	(2,949)	-	-	23,696	20,747	-	8,283	29,030
Adjusted EBITDA	994,689	787,723	179,156	24,445	38,107	2,024,120	(584)	(29,408)	1,994,128

Note:

* ¥8,283 million of expenses arising from the resignation of Nikesh Arora from his role as a director is included in “Reconciliations” for the nine-month period ended December 31, 2016. The details are described in “Note 12. Other operating loss.”

For the three-month period ended December 31, 2015

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	822,347	915,526	193,627	365,919	-	2,297,419	25,218	-	2,322,637
Intersegment	11,575	66,038	2,329	17,341	-	97,283	4,449	(101,732)	-
Total	833,922	981,564	195,956	383,260	-	2,394,702	29,667	(101,732)	2,322,637
Segment income (loss)	172,358	(21,897)	42,783	(5,449)	-	187,795	(2,646)	(12,374)	172,775
Reconciliation from segment income to adjusted EBITDA									
Segment income (loss)	172,358	(21,897)	42,783	(5,449)	-	187,795	(2,646)	(12,374)	172,775
Depreciation and amortization	113,157	223,975	9,077	2,590	-	348,799	2,385	385	351,569
EBITDA	285,515	202,078	51,860	(2,859)	-	536,594	(261)	(11,989)	524,344
Other adjustments	-	33,955	-	13,633	-	47,588	-	-	47,588
Adjusted EBITDA	285,515	236,033	51,860	10,774	-	584,182	(261)	(11,989)	571,932

For the three-month period ended December 31, 2016

(Millions of yen)

	Reportable segments								
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	ARM	Total	Other	Reconcili-ations	Consoli-dated
Net sales									
Customers	835,111	882,906	218,386	294,938	54,498	2,285,839	23,793	-	2,309,632
Intersegment	10,993	46,566	2,917	18,292	1	78,769	5,722	(84,491)	-
Total	846,104	929,472	221,303	313,230	54,499	2,364,608	29,515	(84,491)	2,309,632
Segment income	185,551	40,621	51,173	4,803	28,796	310,944	(5,247)	(9,981)	295,716
Reconciliation from segment income to adjusted EBITDA									
Segment income	185,551	40,621	51,173	4,803	28,796	310,944	(5,247)	(9,981)	295,716
Depreciation and amortization	117,800	225,435	9,477	1,780	1,761	356,253	2,674	386	359,313
EBITDA	303,351	266,056	60,650	6,583	30,557	667,197	(2,573)	(9,595)	655,029
Other adjustments	-	4,743	-	-	314	5,057	-	176	5,233
Adjusted EBITDA	303,351	270,799	60,650	6,583	30,871	672,254	(2,573)	(9,419)	660,262

5. Handset sale-leaseback

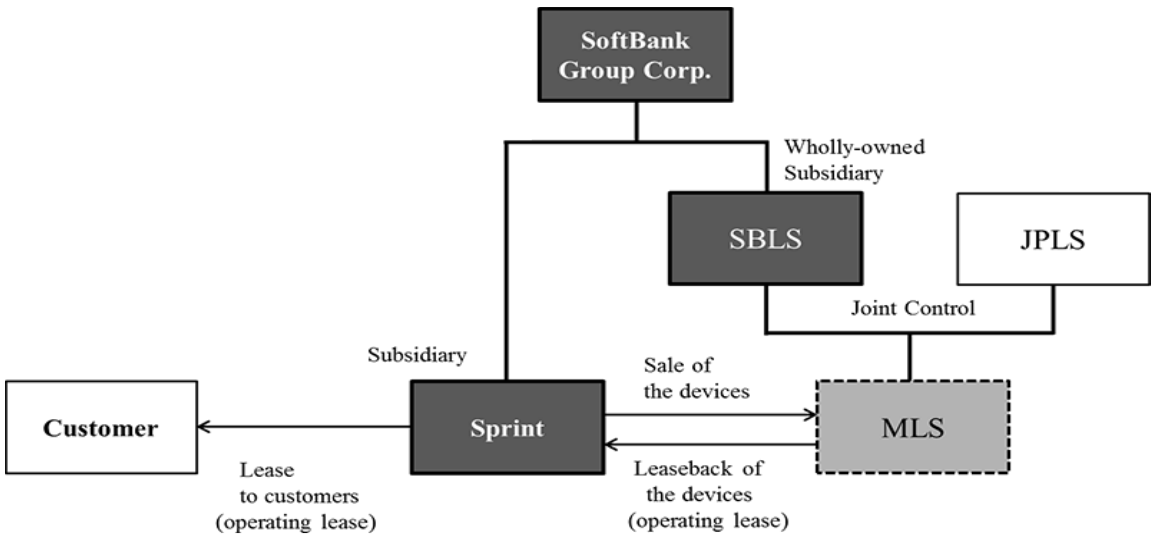
In November 2015, Sprint entered into agreements (Handset Sale-Leaseback) to sell and leaseback certain leased devices, with Mobile Leasing Solutions, LLC (MLS) and conducted the first Handset Sale-Leaseback transaction (Tranche 1 transaction).

MLS was established for the leasing business by SBLS HD US, Inc. (SBLS), a wholly-owned subsidiary of SoftBank Group Corp. and JPLS HD US, Inc. (JPLS), a company formed by Japanese leasing companies. It is contractually agreed that significant management policy and operating decision of MLS require the unanimous consent of its board of directors designated by SBLS and JPLS. Accordingly, the Company accounts for MLS under the equity method as a joint venture.

Under this transaction, Sprint sold the devices and transferred the associated certain specified customer lease end rights and obligations to MLS in exchange for proceeds, and a portion of the proceeds will be settled at the end of the agreement as a deferred purchase price receivable. Simultaneously with the sale of the devices and transfer of certain specified customer lease end rights and obligations, MLS leased back each device to Sprint pursuant to the Master Lease Agreement in exchange for monthly rental payments to be made by Sprint to MLS. In addition, Brightstar has a contractual agreement with MLS to provide reverse logistics and remarketing services to MLS with respect to the devices that are returned to MLS. The terms and conditions of the transaction are negotiated and determined based on the market price and the content of transaction.

Sprint derecognized the devices from property, plant and equipment when they were sold to MLS under the Tranche 1 transaction; however, in December 2016, it terminated Tranche 1 transaction by repurchasing the devices and related customer lease end rights and obligations from MLS. As a result, Sprint recognized the devices, inventories and other again totaling $477 million (¥55,548 million) and $16 million (¥1,826 million) respectively. The impact on the condensed interim consolidated statements of income from the termination is immaterial.

Outline of the transaction*



Note:
* This chart only refers to major transactions and the relationship between the Company and major parties to provide an outline of the transaction.

6. Other current assets

The components of other current assets are as follows:

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Prepaid expenses	171,991	139,304
Tax receivable*	332,339	97,524
Other	49,221	39,901
Total	553,551	276,729

Note:
* Tax receivable includes withholding income tax of ¥293,489 million related to dividends within the group companies as of March 31, 2016.

7. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Buildings and structures	254,569	273,065
Telecommunications equipment	3,031,553	2,784,833
Equipment and fixtures	577,279	684,632
Land	105,062	105,663
Construction in progress	194,456	205,612
Other	20,588	32,850
Total	4,183,507	4,086,655

8. Intangible assets

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

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Intangible assets with indefinite useful lives		
FCC licenses	4,060,750	4,254,312
Trademarks	706,637	729,207
Intangible assets with finite useful lives		
Software	782,148	744,563
Customer relationships	439,800	343,405
Favorable lease contracts	119,242	112,169
Spectrum migration costs	110,472	105,478
Trademarks	54,066	54,392
Game titles*	59,844	-
Other	106,186	130,398
Total	6,439,145	6,473,924

Note:
* Decrease resulting from exclusion of Supercell from the scope of consolidation of the Company. The details are described in "(2) Supercell" in "Note 17. Discontinued operations" and "(7) (Decrease) increase from loss of control over subsidiaries" in "Note 18. Supplemental information to the condensed interim consolidated statements of cash flows."

9. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Current		
Short-term borrowings	515,408	824,830
Commercial paper	42,000	97,000
Current portion of long-term borrowings	743,225	1,186,163
Current portion of corporate bonds	900,685	855,738
Current portion of lease obligations	396,992	431,180
Current portion of installment payables	48,299	40,552
Total	2,646,609	3,435,463
Non-current		
Long-term borrowings	1,785,500	2,986,659
Corporate bonds	6,611,947	6,906,913
Lease obligations	815,194	819,000
Financial liabilities relating to sale of shares by variable prepaid forward contract*	-	739,930
Installment payables	63,181	27,800
Total	9,275,822	11,480,302

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

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

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

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

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

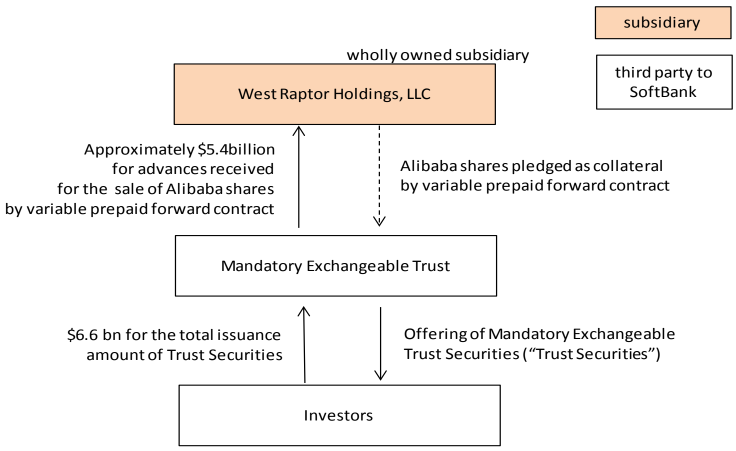
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to sale of shares by variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to sale of shares by variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value. ¥739,930 million is recognized as financial liabilities relating to sale of shares by variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥14,835 million is recognized as derivative assets in other financial assets (non-current assets) in the condensed interim consolidated statements of financial position as of December 31, 2016. ¥72,293 million is recognized as a derivative loss in the condensed interim consolidated statements of income for the nine-month period ended December 31, 2016. Please refer to "Note 15. Derivative gain (loss)."

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

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

Alibaba shares held by WRH LLC are pledged as collateral, which are equivalent to 3.4% of total voting rights of Alibaba. The Company continuously applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the condensed interim consolidated statements of financial position as of December 31, 2016. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥145,037 million as of December 31, 2016.

Outline of the transaction



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

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

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Net increase of short-term borrowings	46,231	300,024
Net increase of commercial paper	-	55,000
Total	46,231	355,024

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

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

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Proceeds from long-term borrowings	368,156	2,113,485
Proceeds from issuance of corporate bonds[1,6]	1,053,258	521,000
Proceeds from sale and leaseback of newly acquired equipment	405,247	372,730
Proceeds from advances received for sale of shares by variable prepaid forward contract[11]	-	578,436
Total	1,826,661	3,585,651

Notes:
1. Corporate bonds issued for the nine-month period ended December 31, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
47th Unsecured Straight Corporate Bond	June 18, 2015	¥100,000 million	1.36%	June 18, 2020
USD-denominated Senior Notes due 2022	July 28, 2015	$1,000 million ¥124,120 million[2]	5.38% 2.98%[3]	July 30, 2022
USD-denominated Senior Notes due 2025	July 28, 2015	$1,000 million ¥124,120 million[2]	6.00% 3.44%[3]	July 30, 2025
Euro-denominated Senior Notes due 2022	July 28, 2015	€500 million ¥67,722 million[2]	4.00% 3.73%[3]	July 30, 2022
Euro-denominated Senior Notes due 2025	July 28, 2015	€1,250 million ¥169,306 million[2]	4.75% 4.25%[3]	July 30, 2025
Euro-denominated Senior Notes due 2027	July 28, 2015	€500 million ¥67,722 million[2]	5.25% 4.72%[3]	July 30, 2027
48th Unsecured Straight Corporate Bond	Dec.10, 2015	¥370,000 million	2.13%	Dec. 9, 2022
Sprint Communications, Inc.[4]				
Export Development Canada Facility (Tranche 4)	Dec.15, 2015	$250 million ¥30,268 million	6.23%[5]	Dec.15, 2017

Notes:
2. Stated amounts are cash outflows at the time of redemption, which are fixed by the currency swap contracts designated as cash flow hedges.

3. Interest rates are after considering the effect of exchange from fixed interest rates denominated in foreign currencies to fixed interest rates in Japanese yen by the currency swap contracts designated as cash flow hedges.

4. Sprint Communications, Inc. is a subsidiary of Sprint.

5. The corporate bond has a floating interest rate and the interest rate stated above is as of December 31, 2016.

6. Corporate bonds issued for the nine-month period ended December 31, 2016 are as follows:

Company name / Name of bonds	Date of issuance	Total amount of issuance	Interest rate	Date of maturity
SoftBank Group Corp.				
49th Unsecured Straight Corporate Bond	April 20, 2016	¥20,000 million	1.94%	April 20, 2023
50th Unsecured Straight Corporate Bond	April 20, 2016	¥30,000 million	2.48%	April 20, 2026
1st Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	Sept.16, 2016	¥55,600 million	3.00%[7]	Sept. 13, 2041[8]
2nd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	Sept. 16, 2016	¥15,400 million	3.50%[7]	Sept. 16, 2043[9]
3rd Unsecured Subordinated Bonds with interest deferrable clause and early redeemable option (with a subordination provision)	Sept. 30, 2016	¥400,000 million	3.00%[7]	Sept. 30, 2041[10]

Notes:

7. The interest rate stated above is at the time of issuance. The bond has a step-up coupon provision and its interest rate may increase in the future.

8. The bond has an early redeemable option at the Company's discretion from September 16, 2021 and each interest date after September 16, 2021.

9. The bond has an early redeemable option at the Company's discretion from September 16, 2023 and each interest date after September 16, 2023.

10. The bond has an early redeemable option at the Company's discretion from September 30, 2021 and each interest date after September 30, 2021.

11. The amount was received as advances for sale of Alibaba shares by variable prepaid forward contract. The variable prepaid forward contract is a hybrid financial instrument. Regarding the proceeds of ¥578,436 million, financial liabilities relating to sale of shares by variable prepaid forward contract and derivatives are accounted for and recorded separately. The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract."

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

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

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Repayment of long-term borrowings	(413,351)	(519,536)
Redemption of corporate bonds[1,4]	(158,281)	(350,081)
Repayment of lease obligations	(358,502)	(338,717)
Payment of installment payables	(42,865)	(36,933)
Redemption of preferred securities	(200,000)	-
Total	(1,172,999)	(1,245,267)

Notes:

1. Major Corporate bonds redeemed for the nine-month period ended December 31, 2015 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Group Corp.				
32nd Unsecured Straight Corporate Bond	June 2, 2010	¥25,000 million	1.67%	June 2, 2015
Sprint Communications, Inc.[2]				
Export Development Canada Facility (Tranche 2)	Jan. 20, 2011	$500 million ¥60,535 million	4.08%[3]	Dec.15, 2015
Brightstar Corp.				
9.50% senior notes due 2016	Nov. 30, 2010	$350 million ¥42,375 million	9.50%	Dec.11, 2015
7.25% senior notes due 2018	July 31, 2013	$250 million ¥30,268 million	7.25%	Dec.11, 2015

Notes:

2. Sprint Communications, Inc. is a subsidiary of Sprint.

3. The corporate bond has a floating interest rate and the interest rate stated above is at the time of redemption.

4. Major corporate bonds redeemed for the nine-month period ended December 31, 2016 are as follows:

Company name / Name of bonds	Date of issuance	Amount of redemption	Interest rate	Date of redemption
SoftBank Group Corp.				
36th Unsecured Straight Corporate Bond	June 17, 2011	¥100,000 million	1.00%	June 17, 2016
Sprint Communications, Inc.[2]				
6.00% senior notes due 2016	Nov. 20, 2006	$2,000 million ¥217,440 million	6.00%	Dec.1, 2016
Clearwire Communications LLC[5]				
14.75% secured notes due 2016	Jan. 27, 2012	$300 million ¥32,616 million	14.75%	Dec.1, 2016

Notes:

5. Clearwire Communications LLC is a subsidiary of Sprint.

10. Foreign exchange rates

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

(1) Rate at the end of the period

(yen)

	As of March 31, 2016	As of December 31, 2016
USD	112.68	116.49
GBP	161.92	143.00

(2) Average rate for the quarter

For the nine-month period ended December 31, 2015

(yen)

	Three-month period ended June 30, 2015	Three-month period ended September 30, 2015	Three-month period ended December 31, 2015
USD	121.34	121.91	121.07

For the nine-month period ended December 31, 2016

(yen)

	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016	Three-month period ended December 31, 2016
USD	109.07	102.91	108.72

11. Equity

(1) Capital surplus

For the nine-month period ended December 31, 2015

The Company acquired an additional 24.1% of shares of Supercell, a subsidiary of the Company, from existing shareholders and the Company's ownership in Supercell became 77.8%. In connection with this transaction, ¥120,847 million is deducted from capital surplus as "Changes in interests in subsidiaries."

(2) Treasury stock

For the nine-month period ended December 31, 2016

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

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Available-for-sale financial assets	32,594	38,591
Cash flow hedges	(40,088)	(44,606)
Exchange differences on translating foreign operations	269,230	306,029
Total	261,736	300,014

12. Other operating loss

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

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Sprint segment		
Gain on spectrum license exchange[1]	-	36,385
Loss on disposal of property, plant and equipment[2]	(17,270)	(39,617)
Loss on contract termination[3]	-	(12,287)
U.S. state tax charge	-	(10,600)
Severance costs associated with reduction in work force of Sprint	(23,556)	(1,557)
Legal reserves	(21,682)	-
Impairment loss on non-current assets[4]	(10,403)	-
Other	(7,528)	(5,897)
Distribution segment		
Impairment loss on non-current assets[5]	(13,633)	-
ARM segment		
Acquisition-related costs[6]	-	(23,696)
Company-wide		
Expenses resulting from resignation of director[7]	-	(8,283)
Other	(6,086)	-
Total	(100,158)	(65,552)

Notes:

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

2. Loss on disposal that mainly resulted from the write-off of leased devices associated with lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint. ¥7,801 million of net loss recognized upon the sale of devices to Mobile Leasing Solutions, LLC under the Handset Sale-Leaseback transaction for the nine-month period ended December 31, 2015. The details are described in “Note 5. Handset sale-leaseback.”

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

4. Impairments are primarily related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint’s network plans.

5. As a result of reviewing the business plan of Brightstar Global Group Inc.’s Latin America region, the recoverable amount became negative and therefore the carrying amount related to the cash-generating unit was reduced to zero. Impairment loss on property, plant and equipment was ¥8,070 million and impairment loss on intangible assets was ¥5,563 million. Value in use was used as the recoverable amount and calculated by discounting a management approved estimated future cashflow plan by 22.11%, weighted average capital cost before tax.

   Goodwill of Brightstar Global Group Inc. is allocated to the entirety of Brightstar Global Group Inc. (a group of cash-generating units) which bundles five cash-generating units in the Distribution segment. As a result of the impairment test on the entirety of Brightstar Global Group Inc., subsequent to the recognition of the impairment loss in Brightstar Global Group Inc.’s Latin America region for the nine-month period ended December 31, 2015, the recoverable amount exceeded the carrying amount, and therefore the impairment loss on the goodwill allocated to the entirety of Brightstar Global Group Inc. is not recognized.

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

7. Expenses resulting from the resignation of Nikesh Arora from his position as a director. Resignation expenses consist of expenses in which payment amounts are defined and expenses in which payment amounts are to be defined depending on the future share price of SoftBank Group Corp. shares. Expenses based on the share price will be settled in two installments, scheduled on June 2017 and March 2018. Payment amount will be determined based on the share price of June 2017 and March 2018, respectively. The Company measured the expenses based on the SoftBank Group Corp. share price as of June 30, 2016, and recorded the entire expense for the three-month period ended June 30, 2016. The expenses will be remeasured every quarter end based on the stock price of SoftBank Group Corp. until the determination of payment amount, and the changes will be recognized through profit or loss. The expenses were ¥3,266 million for the nine-month period ended December 31, 2016.

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

13. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Interest expenses	(329,484)	(343,363)

14. Gain on sales of equity method associates

For the nine-month period ended December 31, 2016

The Company sold a portion of its Alibaba shares to Alibaba, Gamlight Pte Ltd, a wholly-owned subsidiary of GIC Private Limited, and Aranda Investments Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings Private Limited on June 13, 2016, and to Alibaba Partnership* on July 11, 2016. As a result of the transaction, ¥234,418 million was recorded as a gain on sales of equity method associates.

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

As a result of the sale, the Company held 29.9% of the voting rights of Alibaba as of December 31, 2016.

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

15. Derivative gain (loss)

For the nine-month period ended December 31, 2016

¥72,293 million of derivative loss related to collar transaction included in variable prepaid forward contract was recorded. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” in “Note 9. Interest-bearing debt.”

16. Other non-operating income (loss)

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

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Impairment loss on securities[1]	(21,572)	(4,211)
Dilution gain from changes in equity interest	14,654	75,060
Gain and loss from financial instruments at FVTPL[2]	108,426	(39,281)
Impairment loss on assets classified as held for sale[3]	-	(42,540)
Provision of allowance for doubtful accounts[1]	(20,534)	-
Other	14,237	(2,504)
Total	95,211	(13,476)

Notes:

1. Shares and debt interests related to investments of PT Trikomsel Oke Tbk. in Indonesia were impaired as the investments amount and the debt interests amount were not expected to be collected. As a result, impairment loss on securities and provision of allowance for doubtful accounts totaling ¥38,185 million were recorded for the nine-month period ended December 31, 2015.

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

3. The Company transferred a portion of its GungHo shares to assets classified as held for sale as the Company tendered in the Tender Offer by GungHo for the three-month period ended June 30, 2016. Accordingly, the carrying amounts of the shares were decreased to the fair values after deducting expenses (Tender Offer price) arising from sale and ¥42,540 million was recorded as an impairment loss on assets classified as held for sale. As a result of the transaction, GungHo is no longer qualified as an equity method associate for the three-month period ended September 30, 2016. The details are described in “(1) GungHo” in “Note 17. Discontinued operations.”

17. Discontinued operations

(1) GungHo

SoftBank Group Corp. entered into an agreement to tender in the Tender Offer for 188,235,200 shares, a portion of the common shares of GungHo held by SoftBank Group Corp, on April 28, 2015. The Tender Offer was completed on June 1, 2015, and 188,235,200 common shares of GungHo held by Softbank Group Corp. were transferred to GungHo for ¥80,000 million.

An agreement between Heartis G.K. (“Heartis”) and Son Holdings Inc. to extinguish the pledge on 100,000,000 shares, out of the common shares of GungHo held by Heartis, was executed and the Agreement on Exercise of Voting Rights[*] for the 100,000,000 shares was terminated effective on June 1, 2015.

As a result of the transactions, GungHo was no longer qualified as a subsidiary and became an equity method associate on June 1, 2015.

Operating results associated with GungHo from April 1, 2015 to June 1, 2015 are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statements of income.

Note:

* Heartis (Taizo Son’s asset management company, the second largest shareholder of GungHo, and Taizo Son, chairman of GungHo is the representative director), and Masayoshi Son, chairman and CEO of SoftBank Group Corp., entered into a Memorandum of Understanding on Exercise of Voting Rights for Deferment of Execution of Pledges (the “MOU”), on April 1, 2013. Under the MOU, all of GungHo common shares held by Heartis were pledged to Son Holdings, Masayoshi Son’s asset management company and in order to defer the execution of

pledges, Heartis agreed to act on behalf of Masayoshi Son at the shareholders' meeting of GungHo, for the voting rights related to 213,080,000 shares (ownership ratio: 18.50%) out of the common shares of GungHo held by Heartis. In addition, the title of Taizo Son was changed from chairman of GungHo to director of GungHo, effective on March 22, 2016.

A portion of GungHo common shares held by the Company were tendered in the Tender Offer by GungHo from June 23, 2016. The transaction was completed on July 21, 2016, and 245,592,400 shares of GungHo held by the Company were tendered. As a result of the transaction, GungHo is no longer qualified as an equity method associate of the Company from August 16, 2016.

The operating results and cash flows from discontinued operations are as follows:

a. Operating results from discontinued operations

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Revenue	26,604	-
Expenses	(17,404)	-
Income before income tax from discontinued operations	9,200	-
Income taxes	(3,568)	-
Income after income tax from discontinued operations	5,632	-
Loss associated with loss of control in discontinued operations	(12,739)	-
Deferred tax expenses for temporary differences associated with investment	139	-
Net loss from discontinued operations	(6,968)	-

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

b. Cash flows from discontinued operations

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Net cash provided by operating activities	16,051	-
Net cash used in investing activities	(735)	-
Net cash used in financing activities	(86)	-
Total	15,230	-

(2) Supercell

The Company entered into a definitive agreement with Tencent Holdings Limited and its affiliate ("Tencent affiliate"), Supercell and other parties on June 21, 2016 to sell all of its shares of Supercell, to Tencent affiliate. The shares were transferred on July 29, 2016, and as of the date of transfer of the shares, Supercell was excluded from the scope of consolidation of the Company.

Operating results related to Supercell for the nine-month period ended December 31, 2015, and for the nine-month period ended December 31, 2016 are presented as discontinued operations separately from continuing operations in the condensed interim consolidated statements of income.

The operating results and cash flows from discontinued operations are as follows:

a. Operating results from discontinued operations

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Revenue	206,371	80,735
Expense	(136,262)	(46,075)
Income before income tax from discontinued operations	70,109	34,660
Income taxes	(14,060)	(6,414)
Income after income tax from discontinued operations	56,049	28,246
Gain on sales of discontinued operations	-	636,216
Income taxes recognized from sales of discontinued operations	-	(111,157)
Net income from discontinued operations	56,049	553,305

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

b. Cash flows from discontinued operations

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Net cash provided by operating activities	84,525	44,065
Net cash used in investing activities	(37,688)	(166)
Net cash used in financing activities	(14,980)	(17,557)
Total	31,857	26,342

18. Supplemental information to the condensed interim consolidated statements of cash flows

(1) Scope of purchase of property, plant and equipment, and intangible assets

"Purchase of property, plant and equipment, and intangible assets" includes a portion of cash outflows from long-term prepaid expenses that are included in "Other non-current assets" in the condensed interim consolidated statements of financial position.

(2) Presentation of cash flow regarding finance leases

Once the Company purchases telecommunications equipment for the purpose of assembly, installation and inspection, the Company sells the equipment to lease companies for sale and leaseback purposes. The leased asset and lease obligation are recorded in the condensed interim consolidated statements of financial position.

The cash outflows from the purchase of the equipment from vendors are included in "Purchase of property, plant and equipment, and intangible assets" under cash flows from investing activities, and the cash inflows from the sale of the equipment to lease companies are included in "Proceeds from long-term interest-bearing debt" under cash flows from financing activities.

(3) Gain on sales of discontinued operations

For the nine-month period ended December 31, 2016

Gain on sales of subsidiaries arising from sale of Supercell shares. The details are described in "(2) Supercell" in "Note 17. Discontinued operations."

(4) Income taxes paid and income taxes refund

For the nine-month period ended December 31, 2015

Payment of withholding income tax related to dividends within the group companies of ¥904,688 million is included in "Income taxes paid," and refund of the withholding income tax of ¥611,199 million is included in "Income taxes refund," respectively.

For the nine-month period ended December 31, 2016

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

(5) Proceeds from sales of property, plant and equipment, and intangible assets

For the nine-month period ended December 31, 2015

Proceeds of ¥137,593 million which Sprint received from Mobile Leasing Solutions, LLC through Handset Sale-Leaseback transaction in December 2015 are included in "Proceeds from sales of property, plant and equipment, and intangible assets." The details are described in "Note 5. Handset sale-leaseback."

(6) Proceeds from sales and redemption of investments

For the nine-month period ended December 31, 2016

Proceeds related to sales of Alibaba shares of ¥359,704 million ($3.4 billion) are included. The details are described in "Note 14. Gain on sales of equity method associates."

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

For the nine-month period ended December 31, 2015

"Decrease from loss of control over subsidiaries" is the amount of cash and cash equivalents held by GungHo at the time of loss of control.

For the nine-month period ended December 31, 2016

The relation between consideration received for sale of Supercell shares and "Increase from loss of control over subsidiaries" and components of assets and liabilities at the date of loss of control over Supercell are as follows:

a. The relation between consideration received for sale of Supercell shares and "Increase from loss of control over subsidiaries"

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

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

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

(Millions of yen)

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

(8) Payments for purchase of subsidiaries' equity from non-controlling interests

For the nine-month period ended December 31, 2015

"Payments for purchase of subsidiaries' equity from non-controlling interests" is mainly due to the additional purchase of shares of Supercell and Sprint from existing shareholders respectively.

(9) Significant non-cash transactions

Significant non-cash investing and financing activities are as follows:

(Millions of yen)

	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2016
Transfer of leased devices from inventories to property, plant and equipment	318,520	244,488
Embedded derivatives included in sale of shares by variable prepaid forward contract*	-	95,587

Note:
* The details are described in "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" in "Note 9. Interest-bearing debt."

In addition to the above, ASKUL Corporation became a subsidiary of the Company for the nine-month period ended December 31, 2015, and the transaction related to this business combination is classified as a non-cash transaction because it was conducted by ASKUL Corporation's acquisition of its own treasury stock. The details are described in "Note 3. Business combinations."

19. Significant subsequent events

On February 3, 2017, Sprint entered into a new credit agreement for $6.0 billion, consisting of a $4.0 billion, seven-year secured term loan that matures in February 2024 and a $2.0 billion secured revolving bank credit facility* that expires in February 2021. The term loan has an interest rate equal to LIBOR plus 250 basis points and the bank facility has an interest rate equal to LIBOR plus a spread that varies depending on Sprint's leverage ratio. The new credit facility replaced the $3.3 billion unsecured revolving bank credit facility that was due to expire in February 2018.

Note:
* A form of loan that allows borrowing within a specified period and maximum amount.