SoftBank Group

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

SoftBank Group Corp.
Consolidated Financial Report
For the nine-month period ended December 31, 2017 (IFRS)

Tokyo, February 7, 2018

1. Financial Highlights

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

(1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Nine-month period ended December 31, 2017	**¥6,811,274**	**3.5**	**¥1,148,829**	**23.6**	**¥563,804**	**(41.0)**	**¥1,202,745**	**34.8**	**¥1,014,944**	**20.0**	**¥1,641,278**	**74.7**
Nine-month period ended December 31, 2016	¥6,581,466	(0.3)	¥929,328	15.5	¥954,925	12.6	¥892,276	74.6	¥845,773	97.2	¥939,277	110.9

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month period ended December 31, 2017	**¥918.29**	**¥894.15**
Nine-month period ended December 31, 2016	¥758.90	¥751.58

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

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
As of December 31, 2017	**¥29,412,718**	**¥6,568,877**	**¥5,505,689**	**18.7**
As of March 31, 2017	¥24,634,212	¥4,469,730	¥3,586,352	14.6

2. Dividends

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

Note:
Revision of forecasts on the dividends: No

*** Notes**

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

Please refer to page 33 "(1) Significant Changes in Scope of Consolidation for the Nine-month Period Ended December 31, 2017" under "2. Notes to Summary Information" for details.

(2) Changes in accounting policies and accounting estimates

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

Please refer to page 33 "(2) Changes in Accounting Policies" and "(3) Changes in Accounting Estimates" under "2. Notes to Summary Information" for details.

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):
As of December 31, 2017: 1,100,660,365 shares
As of March 31, 2017: 1,100,660,365 shares

[2] Number of shares of treasury stock:
As of December 31, 2017: 11,161,873 shares
As of March 31, 2017: 11,378,076 shares

[3] Number of average shares outstanding during nine-month period (April-December):
As of December 31, 2017: 1,089,453,785 shares
As of December 31, 2016: 1,114,476,150 shares

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

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

Allocation of the consideration related to the consolidation of Arm in September 2016 was completed during the three-month period ended June 30, 2017. As a result, each financial figure has been revised retrospectively for the nine-month period ended December 31, 2016. Descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point in time and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On February 7, 2018, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at https://www.softbank.jp/en/corp/irinfo/. The Data Sheet will also be posted on the Company's website around 4 p.m. on the same day at https://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in this Appendix

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

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (standalone basis)
The Company	SoftBank Group Corp. and its subsidiaries
**Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.*	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Arm	Arm Holdings plc
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
The third quarter	Three-month period ended December 31, 2017
The period	Nine-month period ended December 31, 2017
The end of the third quarter	December 31, 2017
The previous fiscal year	Fiscal year ended March 31, 2017
The previous fiscal year-end	March 31, 2017

1. Results of Operations

(1) Overview of Results of Operations

1. Sales and income increased yoy
Net sales increased 3.5%
- Sales increased in all segments

Operating income increased 23.6%
- Income from SoftBank Vision Fund and Delta Fund of ¥236.4 billion
- Sprint's operating income surged

Net income attributable to owners of the parent increased 20.0%
- U.S. tax reform boosted Sprint's income by ¥687.7 billion

2. $27.5 billion invested to date at the SoftBank Vision Fund and Delta Fund segment
3. Consolidated Fortress

About the SoftBank Vision Fund and Delta Fund segment

The Company established the SoftBank Vision Fund and Delta Fund segment as a new reportable segment during the three months ended June 30, 2017 (the "first quarter") upon the first major closing of SoftBank Vision Fund on May 20, 2017.

About the Consolidation of Fortress

The Company acquired Fortress on December 27, 2017 for $3,162 million (¥358,612 million), making it a subsidiary. Consideration for the acquisition of $2,650 million (¥300,484 million), excluding the payment of $512 million (¥58,128 million) for a transaction that remunerates employees and principals of Fortress on the condition of continuing employment, has been allocated to the acquired assets and assumed liabilities based on the fair value as of the acquisition date (December 27, 2017), as follows. For details, see "Fortress" under "3. Business Combinations" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

	Fair value on acquisition date (Dec. 27, 2017)	
	Millions of U.S. dollars	Millions of yen
Consideration transferred	**2,650**	**300,484**
Fair value of assets and liabilities, and goodwill on the acquisition date		
Intangible assets	1,558	176,690
Other assets and liabilities (net)	797	90,383
Non-controlling interests	131	14,850
Goodwill	164	18,561

Note: The main component of intangible assets is management contracts of ¥128,323 million. The management contracts reflect excessive earnings power in the future expected from the agreement which Fortress entered into regarding the asset managements through funds. The management contracts will be amortized over 1.5 to 10 years on a straight-line method.

The results of operations of Fortress have been reflected since December 28, 2017 in "Other" in the Company's segments. Operating loss of Fortress was ¥4,262 million for the period. This included a one-time expense of ¥3,788 million for settlement of the restricted stock units held by employees and principals of Fortress prior to the acquisition date.

a. Consolidated Results of Operations

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Continuing operations				
Net sales	6,581,466	**6,811,274**	229,808	3.5%
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	929,328	**912,402**	(16,926)	(1.8%)
Operating income from SoftBank Vision Fund and Delta Fund	-	**236,427**	236,427	-
Operating income	929,328	**1,148,829**	219,501	23.6%
Income before income tax	954,925	**563,804**	(391,121)	(41.0%)
Net income from continuing operations	338,971	**1,202,745**	863,774	254.8%
Discontinued operations				
Net income from discontinued operations	553,305	-	(553,305)	-
Net income	892,276	**1,202,745**	310,469	34.8%
Net income attributable to owners of the parent	845,773	**1,014,944**	169,171	20.0%

Reference: Average exchange rates used for translations

	Fiscal year ended March 2017				Fiscal year ending March 2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
USD / JPY	¥109.07	¥102.91	¥108.72	¥113.76	¥111.61	¥111.38	¥112.74

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

Continuing Operations

(a) Net Sales

Net sales increased by ¥229,808 million (3.5%) year on year to ¥6,811,274 million. Net sales increased at the Domestic Telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, and the Arm segment. Arm’s net sales reflected results of operations of Arm since September 6, 2016.

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

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) decreased by ¥16,926 million (1.8%) year on year to ¥912,402 million. Segment income increased by ¥146,655 million in the Sprint segment. Meanwhile, segment income deteriorated by ¥38,786 million in the Domestic Telecommunications segment, ¥7,888 million in the Yahoo Japan segment, ¥59,781 million in the Distribution segment, and ¥31,787 million in the Arm segment. Segment loss of the Distribution segment included impairment loss of ¥ 50,497 million for Brightstar.

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

Operating income from SoftBank Vision Fund and Delta Fund was ¥236,427 million (not recorded in the same period of the previous fiscal year). This included unrealized gain on valuation of investments of ¥251,108 million, interest and dividend income from investments of ¥3,744 million, and operating expenses of ¥18,425 million. Unrealized gain on valuation of investments mainly reflected an increase in the fair value of NVIDIA Corporation (“NVIDIA”) shares held by SoftBank

Vision Fund and recorded as financial assets accounted for using FVTPL.

(d) Operating Income

As a result of (b) and (c), operating income increased by ¥219,501 million (23.6%) year on year to ¥1,148,829 million.

(e) Finance Cost

Finance cost increased by ¥39,974 million (11.6%) year on year to ¥383,337 million, mainly due to increases in interest expense of ¥33,255 million at SoftBank Group Corp. and ¥2,536 million at Sprint. Interest expense at Sprint declined year on year in U.S. dollar terms but increased in yen terms due to the weaker yen against the U.S. dollar.

(f) Income on Equity Method Investments

Income on equity method investments increased by ¥113,603 million (55.2%) year on year to ¥319,591 million. This was mainly due to an increase in income on equity method investments related to Alibaba of ¥123,644 million (59.0%) year on year to ¥333,256 million.

The difference between Alibaba's net income (IFRS basis) for the nine months ended September 30, 2017 ((A) in the table below) and net income (U.S. GAAP basis) ((B) below) is mainly due to a gain from remeasurement relating to business combination of CNY 22,400 million that arose in relation to consolidation of Cainiao Smart Logistics Network Limited in October 2017. This was recorded in net income in accordance with IFRSs as an out-of-period transaction.

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

	Nine months ended September 30[1]		
	2016	**2017**	Change
Alibaba			
Net income (US GAAP)	Million CNY 20,538	**Million CNY** (B) **42,998**	Million CNY 22,460
Net income (IFRSs)	Million CNY 41,913	**Million CNY** (A) **66,696**	Million CNY 24,783

	Nine months ended December 31		
	2016	**2017**	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of September 30	30.26%	**29.41%**	(0.85%)
Income on equity method investments	Million CNY 13,224	**Million CNY** **19,736**	Million CNY 6,512
(Reference) Effective exchange rate CNY/JPY	¥15.85	**¥16.89**	¥1.04
Income on equity method investments	Million yen 209,612	**Million yen** **333,256**	Million yen 123,644

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

(g) Gain on Sales of Shares of Associates

Gain on sales of shares of associates was ¥1,804 million (gain of ¥238,101 million in the same period of the previous fiscal year). In the same period of the previous fiscal year, the Company sold a portion of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership.[2]

(h) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥20,100 million (gain of ¥34,222 million in the same period of the previous fiscal year).

(i) Derivative Gain and Loss

Derivative loss was ¥485,198 million (loss of ¥95,875 million in the same period of the previous fiscal year). This was mainly attributable to a loss of ¥510,278 million recorded in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba shares (see Note below).

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

Note: For details of the variable prepaid forward contract, see "(2) Transaction for sale of Alibaba shares by variable prepaid forward contract" under "8. Interest-bearing debt" in "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes."

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

Changes in third-party interests in SoftBank Vision Fund and Delta Fund increased ¥108,163 million (negative impact on income; not recorded in the same period of the previous fiscal year). Of the third-party interests in SoftBank Vision Fund and Delta Fund presented in Condensed Interim Consolidated Statement of Financial Position, the fluctuations arising from SoftBank Vision Fund and Delta Fund's business activities was recorded as the changes.

(k) Other Non-operating Income and Loss

Other non-operating income was ¥50,178 million compared to a loss of ¥13,476 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		
	2016	**2017**	Primary components
Dilution gain from changes in equity interest	75,060	**38,922**	Private placement of new shares by Alibaba
Gain (loss) from financial instruments at FVTPL	(39,281)	**8,069**	Recognition of gain in the fair value of investments, primarily in Southeast Asia and India
Impairment loss on assets classified as held for sale	(42,540)	**-**	Loss due to a difference between the valuation of the 248,300,000 GungHo Online Entertainment, Inc. shares tendered by the Company in the same period of the previous fiscal year at the tender offer price of ¥294 per share and their carrying amount

Note: See "16. Other non-operating income (loss)" under "(6) Notes to Condensed Interim Consolidated Financial Statements" in "3. Condensed Interim Consolidated Financial Statements and Primary Notes" for details.

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

(l) Income before Income Tax

As a result of (d) to (k), income before income tax decreased by ¥391,121 million (41.0%) year on year to ¥563,804 million.

(m) Income Taxes

Income taxes were credited ¥638,941 million (profit), compared with an expense of ¥615,954 million for the same period of the previous fiscal year. Following the enactment of the U.S. Tax Cuts and Jobs Act in December 2017, deferred tax liabilities of ¥829,762 million was reversed at Sprint, resulting in a decline in income taxes of ¥818,342 million and an increase in other comprehensive income of ¥8,244 million. Details are as follows.

Reduction in the U.S. federal corporate tax rate

From January 1, 2018, the federal corporate tax rate was reduced from 35% to 21%. This resulted in a partial reversal of deferred tax liabilities of ¥593,137 million related to FCC licenses and other assets of Sprint that were recognized based on the previous income tax rate at the time of its acquisition in 2013. Income taxes decreased by ¥591,773 million.

Abolition of time limit on use of future loss carryforwards

Net operating losses generated in tax years beginning after December 31, 2017 may be carried forward indefinitely. For Sprint, its tax year starts from April, therefore net operating losses generated after April 1, 2018 may be carried forward indefinitely. In Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as FCC licenses, may be a source of future taxable income. As a result of this change, ¥236,625 million of deferred tax assets was recognized (offset by deferred tax liabilities). Income taxes decreased by ¥226,569 million, and other comprehensive income increased by ¥8,244 million.

(n) Net Income from Continuing Operations

As a result of (l) and (m), net income from continuing operations increased by ¥863,774 million (254.8%) year on year to ¥1,202,745 million.

Discontinued Operations

(o) Net Income from Discontinued Operations

Net income from discontinued operations was zero (income of ¥553,305 million in the same period of the previous fiscal year). Income after income tax from Supercell Oy of ¥28,246 million and after-tax gain on sale of Supercell shares of ¥525,059 million were recorded in the same period of the previous fiscal year. Supercell Oy was excluded from the scope of consolidation on July 29, 2016.

(p) Net Income

As a result of (n) and (o), net income increased by ¥310,469 million (34.8%) year on year to ¥1,202,745 million.

(q) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as those of Sprint and Yahoo Japan Corporation from (p), net income attributable to owners of the parent increased by ¥169,171 million (20.0%) year on year to ¥1,014,944 million.

Of Sprint's decrease in income taxes of ¥818,342 million described in (m), ¥687,744 million was included in net income attributable to owners of the parent, corresponding to SoftBank Group Corp.'s 84.04% ownership stake in Sprint.

(r) Comprehensive Income

Comprehensive income increased by ¥702,001 million year on year to ¥1,641,278 million. Of this, comprehensive income attributable to owners of the parent increased by ¥566,901 million to ¥1,450,381 million.

b. Results by Segment

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

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

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

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

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

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

(a) Domestic Telecommunications Segment

1. **Subscriber increase of 1.13 million for smartphones and 1.07 million for *SoftBank Hikari* from previous fiscal year end**
   - Upfront investments of *Home Bundle Discount Hikari Set*, *Giga Monster* and collaboration with Yahoo Japan contributed, as well as the introduction of *Half Price Support*
2. **Sales increased 0.3% yoy. Segment income declined 6.0% yoy, within the range of the full-year forecast (maximum yoy decline of 7%)**
3. **Free cash flow of ¥399.9 billion, a steady progress on full-year forecast of over ¥500 billion**

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Net sales	2,400,670	**2,406,870**	6,200	0.3%
Segment income	651,484	**612,698**	(38,786)	(6.0%)
Depreciation and amortization	343,205	**351,322**	8,117	2.4%
Adjusted EBITDA	994,689	**964,020**	(30,669)	(3.1%)
Capital expenditures (acceptance basis)	182,556	**216,999**	34,443	18.9%
Free cash flow	434,896	**399,868**	(35,028)	(8.1%)
Reference:				
Adjusted free cash flow	480,825	**427,540**	(53,285)	(11.1%)

Note: Adjusted free cash flow is calculated by adding proceeds from the borrowings through the securitization of handset installment sales receivables and deducting repayments of such borrowings, to/from free cash flow.

OVERVIEW

Even as Japan's telecommunications market approaches maturity, to achieve medium- to long-term growth, the domestic telecommunications business is working to strengthen the foundation for future earnings by expanding smartphone and broadband subscribers and advancing investment for creating new earnings opportunities, while aiming to generate a stable free cash flow.

Main Initiatives

- Expand sales of *Home Bundle Discount Hikari Set*
  - Provide a discount on a smartphone and broadband bundle subscription
- Promote *SoftBank* brand differentiation strategy
  - High-volume flat-rate data plans *Giga Monster* (20GB) and *Ultra Giga Monster* (50G)
  - *Half Price Support* that effectively enables purchase of smartphones at half price
- Expand sales of sister brand *Y!mobile*
- Collaborate with Yahoo Japan Corporation focusing on e-commerce
- Expand business domain
  - Collaborate with the Company's investees such as WeWork Companies Inc. and Alibaba, and others
  - Invest in growth domains such as cyber security and FinTech

FINANCIAL RESULTS

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Telecom service revenue	1,828,791	**1,803,061**	(25,730)	(1.4%)
Mobile communications	1,434,260	**1,362,173**	(72,087)	(5.0%)
Telecom[3]	1,261,380	**1,192,402**	(68,978)	(5.5%)
Service[4]	172,880	**169,771**	(3,109)	(1.8%)
Broadband	194,749	**240,022**	45,273	23.2%
Fixed-line telecommunications	199,782	**200,866**	1,084	0.5%
Product and other sales	571,879	**603,809**	31,930	5.6%
Total net sales	2,400,670	**2,406,870**	6,200	0.3%

Net sales increased by ¥6,200 million (0.3%) year on year to ¥2,406,870 million. Of this, telecom service revenue decreased by ¥25,730 million (1.4%) to ¥1,803,061 million, and product and other sales increased by ¥31,930 million (5.6%) to ¥603,809 million.

Telecom service revenue decreased due to a ¥72,087 million (5.0%) year-on-year decrease in mobile communications revenue, reflecting a decrease in mobile data devices, an increase in the total amount of discounts (negative impact on revenue) associated with the growth in the cumulative number of applications of the *Home Bundle Discount Hikari Set*, and the introduction of *Half Price Support*.[5] Broadband revenue increased by ¥45,273 million (23.2%) in line with subscriber growth for the *SoftBank Hikari* fiber-optic service.

Product and other sales increased mainly due to an increase in sales of customer-premises equipment for broadband services and smartphones. Sales of smartphones increased due to an increase in the average shipment price of smartphones, despite a decline in the number of units shipped.

Segment income decreased by ¥38,786 million (6.0%) year on year to ¥612,698 million. This was due to an increase in operating expenses (cost of sales and selling, general and administrative expenses) of ¥44,986 million (2.6%) year on year, despite the increase in net sales.

The main year-on-year fluctuations in operating expenses were an increase of ¥21,983 million (11.6%) in telecommunications network charges, which accompanied the growth in the number of *SoftBank Hikari* subscribers. Cost of products also increased by ¥10,023 million (2.3%) due to an increase in the average purchase price of smartphones, despite a decline in the number of units shipped. Depreciation and amortization expenses increased by ¥8,117 million (2.4%) due to accelerating the depreciation of equipment that had become unnecessary ahead of the termination of 3G on 1.7 GHz services planned in March 2018. Expenses also increased by ¥7,845 million (73.2%) related to *Yahoo! Premium*[6] membership service offerings to smartphone customers and optional services for *SoftBank Hikari*. On the

[3] Telecom revenue of mobile communications services, etc., under the *SoftBank* and *Y!mobile* brands
[4] Device warranty service revenue, content-related revenues, advertising revenues, etc.
[5] Please see the next page for details regarding the impact of the *Half Price Support* program and the 48 monthly installment sales.
[6] An offering that allows smartphone subscribers an unlimited use of special offers without additional charges under *Yahoo! Premium* membership service, which is usually provided at a monthly charge of ¥462 by Yahoo Japan Corporation

other hand, sales commission fees decreased by ¥12,587 million (5.3%) due to a decline in the average cost of sales commission fees for smartphones.

Adjusted EBITDA decreased by ¥30,669 million (3.1%) year on year to ¥964,020 million.

Capital expenditures (acceptance basis) increased by ¥34,443 million (18.9%) to ¥216,999 million due to the expansion of service areas and improvement of quality for LTE network.

Free cash flow decreased by ¥35,028 million (8.1%) year on year to ¥399,868 million, mainly due to the decrease of adjusted EBITDA and an increase in the amount of income taxes paid. The amount of income taxes paid increased because the loss carryforwards fully utilized in the fiscal year ended March 2016 had subdued the amount of income taxes paid in the same period of the fiscal year. The loss carryforwards were exhausted in the fiscal year ended March 2016.

Forecast for the Fiscal Year Ending March 2018

- Segment income: maximum year-on-year decline of 7%
- Capital expenditure (acceptance basis): ¥392.5 billion (¥320.6 billion in the previous fiscal year)
- Free cash flow: continue to be over ¥500 billion (¥561.8 billion in the previous fiscal year)
  - Down year on year due to a negative impact from: a decrease in adjusted EBITDA due to upfront investments, an increase in income taxes paid due to the reason mentioned above, an increase in working capital mainly associated with the expansion of smartphone sales, and an increase in investments for expanding earnings opportunities

Reference: Impact of the *Half Price Support* program and 48 monthly installment sales

The *Half Price Support* program, which was launched in September 2017, enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining monthly payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments.

Revenues

Negative impact: The estimated waiver amount of installment payments less the estimated trade-in value of handsets is deducted from telecom revenue in the contract months. The impact is not included in the calculation of ARPU.

Positive impact: The monthly discount (negative impact on telecomm revenue) at 48 months installment payment program is less than the discount at 24 months installment program.

Cash flow from operating activities

Negative impact: The amount of handset payment received each month at 48 months installment payment program is less than that at 24 months installment program.

Positive impact: The monthly discount (negative impact on telecom revenue) at 48 months installment payment program is less than the discount at 24 months installment program.

OPERATIONS

Mobile Communications Service

Subscribers (Main Subscribers[7])

(Thousands)

	December 31, 2017	Change from March 31, 2017
Cumulative subscribers	**32,996**	596

Cumulative subscribers increased from the previous fiscal year-end, with smartphone net additions of 1,128,000.[8] In smartphones, the number of *Y!mobile* subscribers continued to grow steadily, while *SoftBank* subscribers also grew due to a successful promotion encouraging feature phone users to switch to smartphones. Conversely, subscribers for feature phones and mobile data communications devices declined from the previous fiscal year-end. Demand for mobile data communications devices continued to decline due to the impact of introducing *Giga Monster*.

Cumulative subscribers at the end of the third quarter included 182,000 subscribers to *Wireless Home Phone*, a new home-phone voice calling service using the mobile network, which was launched in July 2017.

Home Bundle Discount Hikari Set Applications

(Thousands)

	December 31, 2017	Change from March 31, 2017
Mobile communications service	**7,617**	1,588
Broadband service	**3,671**	766

Number of Units Sold (Main Subscribers)

(Thousands)

	Nine months ended December 31, 2017	YoY Change
Number of units sold	**7,782**	(61)
New subscriptions	**3,419**	70
Device upgrades	**4,363**	(131)

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

[7] The number of main subscribers includes subscribers to the *Wireless Home Phone* service. Number of units sold, ARPU, and churn rate are calculated and presented excluding this service.
[8] Net addition of cumulative smartphone subscribers. Includes device upgrades.

ARPU (Main Subscribers)

	Three months ended December 31, 2017	YoY Change
Total ARPU	**¥4,380**	¥(160)
Telecom ARPU	**¥3,820**	¥(160)
Service ARPU	**¥560**	¥0

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

Churn Rate (Main Subscribers)

	Three months ended December 31, 2017	YoY Change
Phone churn rate	**0.83%**	0.06 pp improvement
Churn rate	**1.10%**	0.14 pp improvement

The phone churn rate improved year on year, reflecting improved churn rates for both feature phones and smartphones. The improvement in the feature phone churn rate mainly reflected a successful promotion encouraging feature phone users to switch to smartphones. The improvement in smartphones reflected the expansion of *Home Bundle Discount Hikari Set* and a smaller-than-usual adverse impact from an increased churn rate in the autumn sales competition season.

Along with the improvement in the phone churn rate, cancellations for mobile data communications devices also declined, leading to a year-on-year improvement in the churn rate of main subscribers as well.

Broadband Service

Subscribers

	December 31, 2017	Change from March 31, 2017
Cumulative subscribers	6,832	687
SoftBank Hikari	4,666	1,074

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

(b) Sprint Segment

1. Segment income doubled yoy, with one-time gains and progress in cost reductions
2. Postpaid phone net additions for the 10th consecutive quarter
3. Aiming to increase cash capex for further network improvement

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Net sales	2,652,009	**2,722,153**	70,144	2.6%
Segment income	145,186	**291,841**	146,655	101.0%
Depreciation and amortization	645,486	**708,307**	62,821	9.7%
Other adjustments[9]	(2,949)	**(61,323)**	(58,374)	-
Adjusted EBITDA	787,723	**938,825**	151,102	19.2%

U.S. dollar-based results (IFRSs)				(Millions of U.S. dollars)
Net sales	24,808	**24,323**	(485)	(2.0%)
Cost of sales, and selling, general and administrative expenses	(23,139)	**(22,070)**	1,069	4.6%
Other operating income (loss)	(304)	**355**	659	-
Gain on spectrum license exchange	354	**479**	125	35.3%
Litigation	-	**366**	366	-
Gain (loss) on contract termination	(113)	**5**	118	-
Loss on disposal of property, plant and equipment	(370)	**(522)**	(152)	-
Others	(175)	**27**	202	-
Segment income	1,365	**2,608**	1,243	91.1%
Depreciation and amortization	6,038	**6,329**	291	4.8%
Other adjustments[9]	(38)	**(547)**	(509)	-
Adjusted EBITDA	7,365	**8,390**	1,025	13.9%

Reference: Disclosed by Sprint (U.S. GAAP)				(Millions of U.S. dollars)
Capital expenditure (cash base)	2,951	**4,286**	1,335	45.2%
Telecommunications network equipment	1,421	**2,499**	1,078	75.9%
Leased devices	1,530	**1,787**	257	16.8%
Adjusted free cash flow	527	**1,056**	529	100.4%

OVERVIEW

Sprint has been continuing its effort to establish a trajectory for long-term growth by increasing net sales together with implementing large-scale cost reductions. The Company continues to regard Sprint as a strategically important business. After considering various strategic options, the Company ceased merger discussions between Sprint and U.S. mobile operator T-Mobile US, Inc. in November 2017. Sprint will continue making a fullest use of its ample spectrum holdings

[9] Primary components include gain/loss from non-recurring factors, such as gain from spectrum license exchanges and income and loss on contract termination among items included in other operating income and loss, and negative impacts from hurricanes included in net sales and cost of sales and selling, general and administrative expenses.

to further improve network quality and increase customer values, aiming to expand sales by increasing the number of postpaid phone subscribers, which are its largest source of revenue and profit. In the fiscal year ending March 2019, Sprint expects to continue to increase network cash capital expenditure for promoting effective use of its spectrum. At the same time, Sprint will continue to reduce costs by increasing the efficiency of operational management. Sprint is also endeavoring to generate medium- to long-term synergies with the Company's other subsidiaries and investees.

FINANCIAL RESULTS

Results in U.S. dollars

Net sales decreased by $485 million (2.0%) year on year to $24,323 million. An increase in device revenue, which was driven by increases of sales of used devices to third parties and mobile handset lease revenues, was outweighed by a decline in telecom service revenue resulting from a change in the device insurance service and the introduction of sales promotions to acquire new customers.

Segment income increased by $1,243 million (91.1%) year on year to $2,608 million. Operating expenses (cost of sales and selling, general and administrative expenses) decreased by $1,069 million (4.6%) year on year due to a decline in expenses, mainly in relation to the network and the change in the device insurance service, more than offsetting the decrease in net sales. In addition, other operating income and loss improved by $659 million year on year.

The improvement in other operating income and loss was due to receiving settlements for certain patent infringement lawsuits, an increase in gain from spectrum license exchanges, and a decrease in loss on contract termination, among other factors, despite an increase in loss on disposal of property, plant and equipment due to changes of network plans.

Adjusted EBITDA increased by $1,025 million (13.9%) year on year to $8,390 million.

Adjusted free cash flow increased by $529 million (100.4%) year on year to $1,056 million (disclosed by Sprint, U.S. GAAP). The increase reflected an increase in net cash provided by operating activities, despite an increase in expenditure for acquisition of telecommunications network equipment and leased devices. Going forward, in order to differentiate itself from other operators, Sprint plans to invest more aggressively in its network and making full use of its ample spectrum.

Results in yen

In yen terms, net sales increased by ¥70,144 million (2.6%) year on year to ¥2,722,153 million, segment income increased by ¥146,655 million (101.0%) year on year to ¥291,841 million. Adjusted EBITDA also increased by ¥151,102 million (19.2%) year on year to ¥938,825 million. These increases reflected the weaker yen against the U.S. dollar compared to the same period of the previous fiscal year.

OPERATIONS

Cumulative Subscribers[10] [11]

(Thousands)

	December 31, 2017	Change from March 31, 2017
Postpaid	**31,942**	366
(incl.) Phone	**26,616**	537
Prepaid	**8,997**	309
Wholesale and affiliate	**13,642**	267
Total	**54,581**	942

Net Additions (Excluding special factors[11])

(Thousands)

	Three months ended December 31, 2017	YoY Change
Postpaid	**256**	(149)
(incl.) Phone	**184**	(184)
Prepaid	**63**	523
Wholesale and affiliate	**66**	(553)
Total	**385**	(179)

Postpaid phone subscriber net additions were subdued at 184,000 mostly due to an increase in deactivations. Prepaid subscribers marked net additions for the fourth consecutive quarter.

[10] Sprint is no longer reporting *Lifeline* program subscribers due to recent regulatory changes resulting in tighter program restrictions. Sprint has excluded them from its disclosure of the number of prepaid and wholesale and affiliate subscribers from the first quarter. Past figures have been retrospectively revised. The *Lifeline* program is a program where carriers in the U.S. receive a subsidy from a government fund to provide discounted services to low-income subscribers.

[11] Cumulative subscribers are impacted by the following special factors; however, these are not included in net additions (losses).
Factor 1: In May 2016, Sprint's affiliate company acquired another operator. An affiliate company refers to a local wireless operator that sells and provides Sprint-branded services and products with its own self-operated telecom network while paying Sprint for brand and spectrum usage. This resulted in adjustments to subscriber numbers that continued to occur during the period.
Factor 2: During the first quarter, 2,000 Wi-Fi connections were excluded from the postpaid subscriber base.
Factor 3: During the three-month period ended September 30, 2017, one of the prepaid data plans was discontinued. Accordingly, 49,000 prepaid subscribers for the plan were excluded from the prepaid subscriber base
Factor 4: During the third quarter, Sprint established a joint venture with PRWireless HoldCo, LLC. As a result, 169,000 prepaid subscribers were added.

Churn Rate[12] (Postpaid)

	Three months ended December 31, 2017	YoY Change
Postpaid phone churn rate	**1.71%**	0.14 pp deterioration
Postpaid churn rate	**1.80%**	0.13 pp deterioration

The postpaid phone churn rate deteriorated due to network quality in certain areas which has not sufficiently improved and the company's decision to shift its focus to selectively manage both higher ARPU customers and increasing customers rolling off device commitments, in order to maximize the net present value of the base. Introduction of unlimited data plans by other carriers in February 2017, which has followed Sprint, also gave an impact.

ABPU (Postpaid Phone)

	Three months ended December 31, 2017	YoY Change
ARPU	**$51.26**	$(5.86)
Average equipment billings per user	**$17.28**	$2.63
Postpaid phone ABPU	**$68.54**	$(3.23)

Postpaid phone ABPU decreased primarily due to the impacts of the change in the device insurance program in January 2017, promotions for new customers with multiple line subscriptions, and hurricane-related credits. Normalizing for the device insurance program change and hurricane-related credits, ABPU would have decreased less than 1% year on year.

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

(c) Yahoo Japan Segment

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Net sales	630,800	**651,544**	20,744	3.3%
Segment income	150,544	**142,656**	(7,888)	(5.2%)
Depreciation and amortization	28,631	**31,959**	3,328	11.6%
Gain from remeasurement relating to business combination	(19)	**-**	19	-
Other adjustments	-	**(7,896)**	(7,896)	-
Adjusted EBITDA	179,156	**166,719**	(12,437)	(6.9%)

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

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

(d) Distribution Segment

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Net sales	939,586	**1,024,811**	85,225	9.1%
Segment income (loss)	19,108	**(40,673)**	(59,781)	-
Depreciation and amortization	5,337	**5,175**	(162)	(3.0%)
Other adjustments	-	**50,497**	50,497	-
Adjusted EBITDA	24,445	**14,999**	(9,446)	(38.6%)

Impairment losses totaling ¥50,497 million was recorded on Brightstar's goodwill, intangible assets, and property, plant and equipment as their recoverable amounts fell below their carrying amounts as a result of a revision to Brightstar's business plan during the period. This dragged down segment income by ¥59,781 million year on year, resulting in a loss of ¥40,673 million for the period. Meanwhile, results of operations of SoftBank Commerce & Service Corp. have been solid, mainly due to a contribution from sales of PCs and servers to corporate customers.

(e) Arm Segment

1. U.S. dollar-based revenue increased 2% yoy in the third quarter
- Solid adoption of Arm technology continued in target markets of mobile, networking, servers and IoT

2. Continued reinforcement of R&D capability
- Headcount increased 856 (17.6%) from the previous fiscal year-end

(Millions of yen)

	Nine months ended December 31			
	2016	**2017**	Change	Change %
Net sales	68,855	**152,422**	83,567	121.4%
Segment income (loss)	9,922	**(21,865)**	(31,787)	-
Depreciation and amortization	18,199	**46,158**	27,959	153.6%
Gain from remeasurement relating to business combination	(18,168)	**-**	18,168	-
Other adjustments	25,780	**-**	(25,780)	-
Adjusted EBITDA	35,733	**24,293**	(11,440)	(32.0%)

Note: The Arm segment reflects Arm's results of operations since September 6, 2016. Retrospective adjustments were made to the figures for the same period of the previous fiscal year due to the completion of the purchase price allocation related to the acquisition of Arm.

OVERVIEW

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

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

FINANCIAL RESULTS

Net sales increased by ¥83,567 million (121.4%) year on year to ¥152,422 million. The main factor behind the increase was that Arm's results were reflected only since September 6 to December 31, 2016 in the same period of the previous fiscal year, while its results were reflected for the full nine months in the period.

Segment loss was ¥21,865 million, a deterioration of ¥31,787 million from the same period of the previous fiscal year. During the period, Arm increased the number of its employees, mainly engineers, by a net 856 people, up 17.6% overall from the end of the previous fiscal year, as it continues to strengthen its R&D capability. Arm has also been enhancing its employee compensation system, including the start of a new performance-linked incentive program. Operating expenses in the period also included ¥40,672 million in amortization expenses recorded for intangible assets recognized in the purchase price allocation for the Arm acquisition.

Adjusted EBITDA was ¥24,293 million, a decrease of ¥11,440 million (32.0%) year on year.

<u>Reference: Net sales in U.S. dollars</u>

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

(Millions of U.S. dollars)

	Fiscal year ended March 2017				**Fiscal year ending March 2018**	
	Q2		Q3	Full year	Q2	**Q3**
	Pro forma	Post-acquisition Sep 6 -30, 2016		Pro forma		
Technology licensing	89	38	229	601	123	**190**
Technology royalties	240	82	248	974	271	**297**
Software and services	24	20	31	114	28	**33**
Total net sales	353	140	508	1,689	422	**520**

Net sales for the third quarter were $520 million. Technology licensing revenue in the third quarter was up 54% from the prior quarter to $190 million. Technology licensing revenue was down 17% year on year. This was primarily caused by a strong quarter in the same period of the previous fiscal year due to a recovery in technology licensing following uncertainty in the previous period related to the acquisition of Arm by the Company.

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

Impact of Security Issues on Financial Results

Arm has been working with Intel Corporation, Advanced Micro Devices, Inc. and operating system vendors to develop mitigations for new methods ("Spectre" and "Meltdown") identified by third-party security researchers that can exploit certain high-end chips, some of which are based on a limited set of Arm *Cortex-A* processors. As a result, software mitigation measures have already been shared with Arm's partners.

The majority of Arm processors, including *Cortex-M* processors, which are pervasive in IoT devices, are not impacted by these methods. The Company does not expect any meaningful impact on revenue or segment income for the fiscal year ending March 2018.

OPERATIONS

Licensing

	Licenses signed October 1 to December 31, 2017	Cumulative number of licenses signed December 31, 2017
Classic (*Arm7, Arm9, Arm11*)	0	500
Cortex-A	19	322
Cortex-R	5	92
Cortex-M	17	472
Mali	7	166
Number of processor licenses signed	48	1,552

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

During the third quarter, Arm signed 48 processor licenses, reflecting the ongoing demand for Arm's latest technology. Of the customers signing licenses, 10 were new customers purchasing their very first Arm processor license. The customers who signed licenses with Arm in the third quarter intend to use Arm technology in a very broad range of end markets, including 5G cellular modems, automotive camera modules, digital TVs, IoT applications, and smartcards.

Royalty Units

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

	2016				**2017**
	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30	**Jul 1 to Sep 30**
Royalty units as reported by Arm's licensees	4.9 billion	5.1 billion	4.7 billion	5.1 billion	**5.7 billion**
Growth rate (yoy)	20%	24%	28%	25%	**17%**
Breakdown by processor family					
Classic (*Arm7, Arm9, Arm11*)	23%	19%	17%	18%	**17%**
Cortex-A	16%	22%	22%	20%	**17%**
Cortex-R	9%	7%	8%	9%	**7%**
Cortex-M	52%	52%	53%	53%	**59%**

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

Arm's licensees reported shipments of 5.7 billion Arm-based chips for the three-month period ended September 30, 2017. This reflects normal seasonality in terms of growth versus the previous quarter, up 12%, and strong growth of approximately 17% over the same period of the previous fiscal year reflecting strong demand for Arm-based chips.

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

(f) SoftBank Vision Fund and Delta Fund Segment

1. **Segment income of ¥236.4 billion, with a contribution from a rise in NVIDIA's share price**
2. **$27.5 billion invested to date in tech companies, including NVIDIA, Arm, and WeWork**
3. **Total committed capital of $97.7 billion**

OVERVIEW

The Company established the SoftBank Vision Fund and Delta Fund segment as a new reportable segment during the first quarter upon the first major closing of SoftBank Vision Fund on May 20, 2017. SoftBank Vision Fund aims to invest in companies across a wide range of technology sectors.

Outline of Funds in the Segment

As of December 31, 2017

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital	$91.7 billion *1	$6.0 billion *1
	SoftBank Group Corp.: $28.1 billion *2 Third-party investors: $63.6 billion *1	SoftBank Group Corp.: $4.4 billion Third-party investors: $1.6 billion *1
Limited partners	SoftBank Group Corp. Public Investment Fund Mubadala Investment Company Apple Foxconn Technology Group Qualcomm Incorporated Sharp Corporation	SoftBank Group Corp. Mubadala Investment Company
General partners	SVF GP (Jersey) Limited (The Company's wholly-owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly-owned overseas subsidiary)
Advisory company	The Company's wholly-owned subsidiaries (in Japan and the U.S.)	
Management company	The Company's wholly-owned subsidiary (in the U.K.)	
Investment period	Five years from the final closing[13] (in principle)	
Minimum fund life	12 years from the final closing[13] (in principle)	

Notes:
1. A portion of the capital committed by Mubadala Investment Company in SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both funds; hence, the total committed capital and remaining committed capital for each fund will change according to the status of contribution by Mubadala Investment Company in each fund.
2. The amount includes approximately $8.2 billion of an in-kind contribution of Arm shares.

[13] The Company expects the final closing of SoftBank Vision Fund to complete in the three month period ending June 30, 2018. The final closing of Delta Fund completed on September 27, 2017.

FINANCIAL RESULTS

(Millions of Yen)

	Nine months ended December 31	
	2016	**2017**
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Unrealized gain and loss on valuation of investments	-	**251,108**
Interest and dividend income from investments	-	**3,744**
Operating expenses	-	**(18,425)**
Segment income	-	**236,427**
Unrealized loss (gain) on valuation of investments	-	**(251,108)**
Adjusted EBITDA	-	**(14,681)**

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

Segment income for the period was ¥236,427 million due to the recording of an unrealized gain on valuation of investments of ¥251,108 million, mainly reflecting an increase in fair value of NVIDIA shares as a result of a rise in its market price.

Adjusted EBITDA was negative ¥14,681 million. Adjusted EBITDA is calculated by deducting unrealized gain and loss on valuation of investments from segment income.

Capital Deployment

As of December 31, 2017

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital			
SoftBank Vision Fund	**91.7** *1	28.1 *2	63.6 *1
Delta Fund	**6.0** *1	4.4	1.6 *1
Contributions from limited partners			
SoftBank Vision Fund	**20.8**	6.3	14.5
Delta Fund	**5.0**	3.7 *3	1.3
Remaining committed capital			
SoftBank Vision Fund	**70.9**	21.8	49.1
Delta Fund	**1.0**	0.7	0.3

Notes:
1. A portion of the capital committed by Mubadala Investment Company in SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both funds; hence, the total committed capital and remaining committed capital for each fund will change according to the status of contribution by Mubadala Investment Company in each fund.
2. The amount includes approximately $8.2 billion of an in-kind contribution of Arm shares.
3. The Company acquired investment securities in Xiaoju Kuaizhi Inc. (DiDi) and then transferred them to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.

Investment Status

The following are the investments acquired by SoftBank Vision Fund and Delta Fund or agreed to be transferred from the Company as of December 31, 2017. These exclude those investments subject to certain regulatory approvals.

(Billions of U.S. dollars)

	Acquisition cost	Fair value	Investees	
			Name (in alphabetical order)	Businesses
Investments acquired	27.4	29.7		
SoftBank Vision Fund			Arm Holdings plc	Semiconductor technology designer
			Brain Corporation	AI-based autonomous driving system developer
			Fanatics Holdings, Inc.	Online retailer of licensed sports merchandise
			Flipkart Limited (Flipkart)	e-commerce
			Guardant Health, Inc.	Cancer diagnosis through genomic analysis
			Improbable Worlds Limited	VR/AR development tools
			MapBox Inc.	Geographical information platform
			Nauto, Inc.	AI-based safe-driving support services
			NVIDIA Corporation	GPU developer
			One97 Communications Limited (PayTM)	Online payment services
			Oravel Stays Private Limited (OYO Rooms)	Hotel booking site
			OSIsoft LLC	Industrial IoT solutions
			PingAn Health Cloud Co. Limited	Online healthcare portal
			Plenty United Inc.	Indoor farm plant
			Roivant Sciences Ltd.	Biopharmaceutical drug developer
			Slack Technologies, Inc.	Business chat tool
			Vir Biotechnology, Inc.	Pharmaceutical drug development for infectious diseases using AI
			WeWork Companies Inc. (WeWork)	Co-working space services
			Zhongan Online P&C Insurance	Online insurance
Delta Fund			Xiaoju Kuaizhi Inc. (DiDi)	Ridesharing services
Investments agreed to be transferred from the Company	0.1	0.1		
Total	**27.5**	**29.8**		

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly-owned subsidiaries, of SoftBank Vision Fund. Regardless of the ownership percentage of SoftBank Vision Fund, all investments made through the investment holding entities are presented as investments made by SoftBank Vision Fund. Of the fair values in the above table, the values attributable to shareholders other than SoftBank Vision Fund is $1.2 billion.

(2) Overview of Financial Position

1. Progress on investments
- ¥2,658.0 billion in investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL

2. Financed ¥2,734.0 billion mainly for refinancing of the acquisition funds for Sprint and Arm
- Extended the borrowing periods

3. Sprint reversed deferred tax liabilities of ¥829.8 billion following the U.S. tax reform

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change	Change %
Total assets	24,634,212	**29,412,718**	4,778,506	19.4%
Total liabilities	20,164,482	**22,843,841**	2,679,359	13.3%
Total equity	4,469,730	**6,568,877**	2,099,147	47.0%

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

USD / JPY	¥112.19	**¥113.00**	¥0.81	0.7%
GBP / JPY	¥140.08	**¥151.95**	¥11.87	8.5%

(a) Current Assets

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Cash and cash equivalents	2,183,102	**3,340,352**	1,157,250
Trade and other receivables	2,121,619	**2,331,915**	210,296
Other financial assets	794,689	**208,117**	(586,572)
Inventories	341,344	**362,412**	21,068
Other current assets	283,221	**306,253**	23,032
Total current assets	5,723,975	**6,549,049**	825,074

Primary components of the change

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

(b) Non-current Assets

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Property, plant and equipment	3,977,254	**3,960,657**	(16,597)
Goodwill	4,175,464	**4,383,103**	207,639
(incl.) Arm	2,691,818	**2,921,831**	230,013
Intangible assets	6,946,639	**7,168,311**	221,672
Investments accounted for using the equity method	1,670,799	**2,303,274**	632,475
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	-	**2,658,043**	2,658,043
Investment securities	1,106,409	**1,116,746**	10,337
Other financial assets	445,858	**515,613**	69,755
Deferred tax assets	404,994	**526,978**	121,984
Other non-current assets	182,820	**230,944**	48,124
Total non-current assets	18,910,237	**22,863,669**	3,953,432

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Property, plant and equipment	Telecommunications network equipment at Sprint and SoftBank Corp. decreased due to depreciation exceeding the amount of newly acquired assets. On the other hand, leased mobile devices increased at Sprint due to new acquisitions.
Goodwill	Goodwill for Arm increased due to the weaker yen against the pound. On the other hand, goodwill for Brightstar was impaired.
Intangible assets	The Company newly recognized management contracts with the consolidation of Fortress. FCC licenses and others increased due to the weaker yen against the U.S. dollar.
Investments accounted for using the equity method	In addition to recording gain on equity-method investments, the consolidated carrying amount for Alibaba increased due to the weaker yen against the Chinese yuan.
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	Delta Fund made investments in DiDi and SoftBank Vision Fund made investments in WeWork and Flipkart, among others. NVIDIA shares were reclassified from “Investment securities” upon transfer from the Company.
Investment securities	NVIDIA shares were reclassified as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” upon transfer to SoftBank Vision Fund. On the other hand, the Company newly acquired ¥346,403 million in investment securities. This was executed with a plan to transfer around half of them to SoftBank Vision Fund.
Deferred tax assets	Deferred tax assets increased due to recording of a derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

(c) Current Liabilities

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Interest-bearing debt	2,694,093	**2,991,052**	296,959
SoftBank Group Corp.	1,139,734	**1,281,438**	141,704
Short-term borrowings	505,802	**556,900**	51,098
Current portion of long-term borrowings	433,983	**214,962**	(219,021)
Current portion of corporate bonds	119,947	**409,576**	289,629
Others	80,002	**100,000**	19,998
Sprint	536,897	**427,595**	(109,302)
Current portion of long-term borrowings	307,178	**208,306**	(98,872)
Current portion of corporate bonds	219,365	**209,666**	(9,699)
Others	10,354	**9,623**	(731)
SoftBank Vision Fund and Delta Fund	-	**308,450**	308,450
Short-term borrowings	-	**210,225**	210,225
Current portion of long-term borrowings	-	**98,225**	98,225
Others	1,017,462	**973,569**	(43,893)
Short-term borrowings	161,862	**98,767**	(63,095)
Current portion of long-term borrowings	387,349	**405,171**	17,822
Lease obligations	431,522	**453,320**	21,798
Others	36,729	**16,311**	(20,418)
Trade and other payables	1,607,453	**1,744,082**	136,629
Other financial liabilities	13,701	**22,752**	9,051
Income taxes payables	256,218	**105,208**	(151,010)
Provisions	56,362	**50,614**	(5,748)
Other current liabilities	599,096	**674,935**	75,839
Total current liabilities	5,226,923	**5,588,643**	361,720

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Current portion of long-term borrowings decreased due to borrowing mainly for refinancing of the acquisition funds for Sprint and Arm. Meanwhile, current portion of corporate bonds increased due to transfers from non-current liabilities. Sprint: Current portion of long-term borrowings decreased, mainly due to repayment of borrowings utilizing certain network equipment. SoftBank Vision Fund and Delta Fund: Borrowings were made mainly to increase capital efficiency in investments.
Income taxes payables	During the period, the Company paid income taxes recognized and accrued at the previous fiscal year-end, such as income taxes on gains from the sale of Supercell Oy shares.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Interest-bearing debt	12,164,277	**12,813,901**	649,624
SoftBank Group Corp.	6,378,194	**7,050,030**	671,836
Long-term borrowings	2,133,705	**2,478,143**	344,438
Corporate bonds	4,244,488	**4,571,887**	327,399
Others	1	**-**	(1)
Sprint	4,024,390	**3,708,896**	(315,494)
Long-term borrowings	1,044,116	**1,072,189**	28,073
Corporate bonds	2,954,300	**2,613,149**	(341,151)
Others	25,974	**23,558**	(2,416)
SoftBank Vision Fund and Delta Fund	-	**64,234**	64,234
Long-term borrowings	-	**64,234**	64,234
Others	1,761,693	**1,990,741**	229,048
Long-term borrowings	199,804	**378,802**	178,998
Financial liabilities relating to sale of shares by variable prepaid forward contract	715,448	**729,234**	13,786
Lease obligations	787,124	**766,368**	(20,756)
Others	59,317	**116,337**	57,020
Third-party interests in SoftBank Vision Fund and Delta Fund	-	**1,870,841**	1,870,841
Derivative financial liabilities	254,146	**721,775**	467,629
Other financial liabilities	33,083	**40,043**	6,960
Defined benefit liabilities	108,172	**107,247**	(925)
Provisions	138,730	**134,703**	(4,027)
Deferred tax liabilities	1,941,380	**1,265,430**	(675,950)
Other non-current liabilities	297,771	**301,258**	3,487
Total non-current liabilities	14,937,559	**17,255,198**	2,317,639

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Long-term borrowings increased due to borrowing mainly for refinancing of the acquisition funds for Sprint and Arm. Corporate bonds also increased due to the issuance of foreign currency-denominated straight corporate bonds of ¥676,558 million. Sprint: Corporate bonds decreased due to early redemptions of certain corporate bonds. SoftBank Vision Fund and Delta Fund: Borrowings were made to increase the capital efficiency of investments.
Third-party interests in SoftBank Vision Fund and Delta Fund	An amount of equity attributable to the third-party investors in SoftBank Vision Fund and Delta Fund was recorded.

Derivative financial liabilities	Derivative liabilities increased by ¥518,173 million due to recording derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.
Deferred tax liabilities	Sprint reversed deferred tax liabilities of ¥829,762 million following the enactment of the U.S. Tax Cuts and Jobs Act in December 2017. **Reduction in U.S. federal corporate tax rate** From January 1, 2018, the U.S. federal corporate tax rate was reduced from 35% to 21%. This resulted in a partial reversal of deferred tax liabilities of ¥593,137 million related to FCC licenses and other assets of Sprint that were recognized based on the previous income tax rate at the time of its acquisition in 2013. **Abolition of time limit on use of future loss carryforwards** Net operating losses generated in tax years beginning after December 31, 2017 may be carried forward indefinitely. For Sprint, its tax year starts from April, therefore net operating losses generated after April 1, 2018 may be carried forward indefinitely. In Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as FCC licenses, may be a source of future taxable income. As a result of this change, ¥236,625 million of deferred tax assets was recognized (offset by deferred tax liabilities).

Note: For details about the transaction for sale of Alibaba shares by variable prepaid forward contract, see “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “8. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(e) Equity

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Total equity attributable to owners of the parent	3,586,352	**5,505,689**	1,919,337
Non-controlling interests	883,378	**1,063,188**	179,810
Total equity	4,469,730	**6,568,877**	2,099,147
Ratio of equity attributable to owners of the parent	14.6%	**18.7%**	4.1 pp

Equity attributable to owners of the parent

(Millions of yen)

	March 31, 2017	**December 31, 2017**	Change
Common stock	238,772	**238,772**	-
Capital surplus	245,706	**265,171**	19,465
Other equity instruments	-	**496,876**	496,876
Retained earnings	2,958,355	**3,931,828**	973,473
Treasury stock	(67,727)	**(66,453)**	1,274
Accumulated other comprehensive income	211,246	**639,495**	428,249
Available-for-sale financial assets	11,983	**74,938**	62,955
Cash flow hedges	(44,877)	**(56,477)**	(11,600)
Exchange differences on translating foreign operations	244,140	**621,034**	376,894
Total equity attributable to owners of the parent	3,586,352	**5,505,689**	1,919,337

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Other equity instruments	Newly recorded for USD-denominated Undated Subordinated Notes (the "Hybrid Notes") issued in July 2017 by SoftBank Group Corp. The Hybrid Notes are classified as equity instruments in accordance with IFRSs.
Retained earnings	Retained earnings increased as the Company recorded net income attributable to owners of the parent of ¥1,014,944 million.
Accumulated other comprehensive income	The weaker yen against the pound caused an increase in exchange differences on translating foreign operations related to Arm.

(3) Overview of Cash Flows

1. Progress on investments
- Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund of ¥2,021.3 billion

2. Long-term borrowings resulted in proceeds of ¥3,687.6 billion and repayments of ¥3,378.2 billion
- Borrowing mainly for refinancing of the acquisition funds for Sprint and Arm

3. SoftBank Group Corp. issued foreign currency denominated straight corporate bonds of ¥665.8 billion and hybrid bonds of ¥496.9 billion.

(Millions of yen)

	Nine months ended December 31		
	2016	**2017**	Change
Cash flows from operating activities	1,127,433	**883,775**	(243,658)
Cash flows from investing activities	(3,380,593)	**(2,728,404)**	652,189
Cash flows from financing activities	2,210,330	**2,975,356**	765,026

(a) Cash Flows from Operating Activities

Net cash provided by operating activities decreased by ¥243,658 million year on year. This mainly reflects the Company's receipt of a refund of ¥293,489 million for withholding income tax related to dividends within the group companies in the same period of the previous fiscal year. An additional factor was a year-on-year increase of ¥117,556 million in income taxes paid due to the payment in the period of income taxes related to the sale of Supercell Oy shares in the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components for the period

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(791,629) million	Sprint acquired telecommunications network equipment and leased devices, and SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(346,403) million	The Company acquired investment securities, around half of which was conducted with a plan of transferring to SoftBank Vision Fund.
Payments for acquisition of investment by SoftBank Vision Fund and Delta Fund ¥(2,021,298) million	This represents the payments for investments acquired by SoftBank Vision Fund and Delta Fund or agreed to be transferred from the Company. These mainly included investments in DiDi by Delta Fund, and WeWork and Flipkart by SoftBank Vision Fund.
Decrease from acquisition of control over subsidiaries ¥(261,859) million	This is primarily associated with acquisition of Fortress.
Payments for acquisition of marketable securities for short-term trading ¥(127,788) million Proceeds from sales/redemption of marketable securities for short-term trading ¥384,231 million Payments into time deposits ¥(103,771) million Proceeds from withdrawal of time deposits ¥467,499 million	These proceeds and payments are mainly associated with Sprint's short-term trading.

(c) Cash Flows from Financing Activities

Primary components of the period

Component	Primary details
Increases in short-term interest-bearing debt, net ¥312,582 million	
Proceeds from long-term interest-bearing debt ¥4,785,202 million	
Proceeds from long-term borrowings ¥3,687,621 million	SoftBank Group Corp. conducted borrowings mainly for refinancing of the acquisition funds for Sprint and Arm. In addition, SoftBank Corp. and Sprint conducted borrowings through securitization of receivables.
Proceeds from issuance of bonds ¥735,804 million	SoftBank Group Corp. issued foreign currency-denominated straight corporate bonds and Yahoo Japan Corporation issued straight corporate bonds.
Proceeds from sale and leaseback of newly acquired equipment ¥361,777 million	SoftBank Corp. conducted a sale and leaseback for a purchase of telecommunications network equipment by finance lease.
Repayment of long-term interest-bearing debt ¥(4,238,546) million	
Repayment of long-term borrowings ¥(3,378,241) million	SoftBank Group Corp. conducted borrowings mainly for refinancing the acquisition funds for Sprint and Arm. In addition, SoftBank Corp. and Sprint repaid borrowings made through securitization of receivables.
Redemption of corporate bonds ¥(459,903) million	Sprint redeemed corporate bonds (including early redemptions), and SoftBank Group Corp. redeemed corporate bonds upon maturity.
Repayment of lease obligations ¥(367,238) million	SoftBank Corp. repaid lease obligations for telecommunications network equipment.
Proceeds from contributions from third-party investors in SoftBank Vision Fund and Delta Fund ¥1,765,404 million	Cash contributions were received from third-party investors based on capital calls.
Proceeds from other equity instruments ¥496,876 million	SoftBank Group Corp. issued the Hybrid Notes. The Hybrid Notes are classified as equity instruments in accordance with IFRSs.

(4) Forecasts

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

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

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Nine-month Period Ended December 31, 2017

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

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

(2) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

The following standard is adopted from the nine-month period ended December 31, 2017.

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

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

(3) Changes in Accounting Estimates

(Assessment of useful lives of property, plant and equipment and intangible assets)

As a result of reviewing the efficient operation of communication equipment in SoftBank Corp., it became highly probable that certain communications equipment will be disposed and removed, and therefore, the useful lives were revised. With this change “Cost of sales” in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2017 increased by ¥14,010 million.

(Assessment of recoverability of deferred tax assets)

Net operating losses generated in tax years after December 31, 2017 may be carried forward indefinitely due to the enactment of the Tax Reform Act in December 2017 in the U.S. As a result of the reassessment of the recoverability of deferred tax assets in Sprint, certain deductible temporary differences from assets with indefinite lives, such as FCC licenses, where deferred tax assets were not recognized previously, are likely to be recoverable and deferred tax assets were recognized (offset by deferred tax liabilities). The details are described in “Note 7. Income taxes” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes (6) Notes to Condensed Interim Consolidated Financial Statements.”

(Impairment loss on goodwill and non-current assets)

As a result of revising the business plan of Brightstar in the Distribution segment, the recoverable amount of goodwill and non-current assets was less than its carrying amount and, therefore, the impairment loss was recognized for the three-month period ended December 31 2017. The details are described in “Note 13. Other operating loss Note 5” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes (6) Notes to Condensed Interim Consolidated Financial Statements.”

(Write-down of inventories)

As a result of revising the business plan of Sports Live Entertainment Corporation which operates a sports content distribution business, the net realizable value of inventories was less than its carrying amount and, therefore, the write-down was recognized for the three-month period ended December 31 2017. The details are described in “Note 13. Other operating loss Note 7” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes (6) Notes to Condensed Interim Consolidated Financial Statements.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

Company name / Abbreviation	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
*Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Arm	Arm Holdings plc
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited

“SVF” which was presented in the previous quarter has been changed to “SoftBank Vision Fund and Delta Fund” from three-month period ended December 31, 2017. Accordingly, the name of each account, segment and other item on these condensed interim consolidated financial statements is as the follows;

Condensed Interim Consolidated Statement of Financial Position

Previous	Current
Investments from SVF accounted for using FVTPL	Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL
Third-party interests in SVF	Third-party interests in SoftBank Vision Fund and Delta Fund

Condensed Interim Consolidated Statement of Income

Previous	Current
Operating income (excluding income from SVF)	Operating income (excluding income from SoftBank Vision Fund and Delta Fund)
Operating income from SVF	Operating income from SoftBank Vision Fund and Delta Fund
Change in third-party interests in SVF	Change in third-party interests in SoftBank Vision Fund and Delta Fund

Condensed Interim Consolidated Statement of Cash Flows

Previous	Current
Gain on investments at SVF	Gain on investments at SoftBank Vision Fund and Delta Fund
Change in third-party interests in SVF	Change in third-party interests in SoftBank Vision Fund and Delta Fund
Payments for acquisition of investments by SVF	Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund
Contributions into SVF from third-party investors	Contributions into SoftBank Vision Fund and Delta Fund from third-party investors

Segment information

Previous	Current
The SVF segment	The SoftBank Vision Fund and Delta Fund segment
Unrealized gain and loss on valuation of investments in SVF	Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	2,183,102	3,340,352
Trade and other receivables	2,121,619	2,331,915
Other financial assets	794,689	208,117
Inventories	341,344	362,412
Other current assets	283,221	306,253
Total current assets	5,723,975	6,549,049
Non-current assets		
Property, plant and equipment	3,977,254	3,960,657
Goodwill	4,175,464	4,383,103
Intangible assets	6,946,639	7,168,311
Investments accounted for using the equity method	1,670,799	2,303,274
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	-	2,658,043
Investment securities	1,106,409	1,116,746
Other financial assets	445,858	515,613
Deferred tax assets	404,994	526,978
Other non-current assets	182,820	230,944
Total non-current assets	18,910,237	22,863,669
Total assets	24,634,212	29,412,718

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,694,093	2,991,052
Trade and other payables	1,607,453	1,744,082
Other financial liabilities	13,701	22,752
Income taxes payables	256,218	105,208
Provisions	56,362	50,614
Other current liabilities	599,096	674,935
Total current liabilities	5,226,923	5,588,643
Non-current liabilities		
Interest-bearing debt	12,164,277	12,813,901
Third-party interests in SoftBank Vision Fund and Delta Fund	-	1,870,841
Derivative financial liabilities	254,146	721,775
Other financial liabilities	33,083	40,043
Defined benefit liabilities	108,172	107,247
Provisions	138,730	134,703
Deferred tax liabilities	1,941,380	1,265,430
Other non-current liabilities	297,771	301,258
Total non-current liabilities	14,937,559	17,255,198
Total liabilities	20,164,482	22,843,841
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	245,706	265,171
Other equity instruments	-	496,876
Retained earnings	2,958,355	3,931,828
Treasury stock	(67,727)	(66,453)
Accumulated other comprehensive income	211,246	639,495
Total equity attributable to owners of the parent	3,586,352	5,505,689
Non-controlling interests	883,378	1,063,188
Total equity	4,469,730	6,568,877
Total liabilities and equity	24,634,212	29,412,718

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

For the nine-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine-month period ended December 31, 2016*	Nine-month period ended December 31, 2017
Continuing operations		
Net sales	6,581,466	6,811,274
Cost of sales	(3,990,070)	(4,044,184)
Gross profit	2,591,396	2,767,090
Selling, general and administrative expenses	(1,612,620)	(1,827,083)
Gain from remeasurement relating to business combination	18,187	-
Other operating loss	(67,635)	(27,605)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	929,328	912,402
Operating income from SoftBank Vision Fund and Delta Fund	-	236,427
Operating income	929,328	1,148,829
Finance cost	(343,363)	(383,337)
Income on equity method investments	205,988	319,591
Gain on sales of shares of associates	238,101	1,804
Foreign exchange gain	34,222	20,100
Derivative loss	(95,875)	(485,198)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	(108,163)
Other non-operating income (loss)	(13,476)	50,178
Income before income tax	954,925	563,804
Income taxes	(615,954)	638,941
Net income from continuing operations	338,971	1,202,745
Discontinued operations		
Net income from discontinued operations	553,305	-
Net income	892,276	1,202,745
Net income attributable to		
Owners of the parent	845,773	1,014,944
Non-controlling interests	46,503	187,801
	892,276	1,202,745
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	268.17	918.29
Discontinued operations	490.73	-
Total basic earnings per share	758.90	918.29
Diluted earnings per share (yen)		
Continuing operations	261.16	894.15
Discontinued operations	490.42	-
Total diluted earnings per share	751.58	894.15

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

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine-month period ended December 31, 2016*	Nine-month period ended December 31, 2017
Net income	892,276	1,202,745
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-	8,552
Total items that will not be reclassified to profit or loss	-	8,552
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	29,043	48,156
Cash flow hedges	(4,369)	(10,804)
Exchange differences on translating foreign operations	49,953	382,058
Share of other comprehensive income of associates	(27,626)	10,571
Total items that may be reclassified subsequently to profit or loss	47,001	429,981
Total other comprehensive income, net of tax	47,001	438,533
Total comprehensive income	939,277	1,641,278
Total comprehensive income attributable to		
Owners of the parent	883,480	1,450,381
Non-controlling interests	55,797	190,897
	939,277	1,641,278

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

For the three-month period ended December 31

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three-month period ended December 31, 2016*	Three-month period ended December 31, 2017
Continuing operations		
Net sales	2,309,632	2,400,139
Cost of sales	(1,421,900)	(1,490,002)
Gross profit	887,732	910,137
Selling, general and administrative expenses	(588,534)	(639,305)
Other operating loss	(17,233)	(47,031)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	281,965	223,801
Operating income from SoftBank Vision Fund and Delta Fund	-	50,189
Operating income	281,965	273,990
Finance cost	(121,341)	(139,879)
Income on equity method investments	100,814	211,301
Foreign exchange gain (loss)	(48,849)	9,158
Derivative gain	74,183	19,483
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	(31,006)
Other non-operating income	9,109	1,736
Income before income tax	295,881	344,783
Income taxes	(198,540)	714,220
Net income from continuing operations	97,341	1,059,003
Discontinued operations		
Net income from discontinued operations	(5,280)	-
Net income	92,061	1,059,003
Net income attributable to		
Owners of the parent	80,257	912,322
Non-controlling interests	11,804	146,681
	92,061	1,059,003
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	78.55	829.96
Discontinued operations	(4.85)	-
Total basic earnings per share	73.70	829.96
Diluted earnings per share (yen)		
Continuing operations	75.00	809.15
Discontinued operations	(4.85)	-
Total diluted earnings per share	70.15	809.15

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

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three-month period ended December 31, 2016*	Three-month period ended December 31, 2017
Net income	92,061	1,059,003
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-	8,552
Total items that will not be reclassified to profit or loss	-	8,552
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	22,504	11,101
Cash flow hedges	318	1,119
Exchange differences on translating foreign operations	762,632	45,882
Share of other comprehensive income of associates	(8,201)	1,030
Total items that may be reclassified subsequently to profit or loss	777,253	59,132
Total other comprehensive income, net of tax	777,253	67,684
Total comprehensive income	869,314	1,126,687
Total comprehensive income attributable to		
Owners of the parent	816,138	977,370
Non-controlling interests	53,176	149,317
	869,314	1,126,687

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

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the 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	-	-	845,773	-	-	845,773	46,503	892,276
Other comprehensive income	-	-	-	-	37,707	37,707	9,294	47,001
Total comprehensive income	-	-	845,773	-	37,707	883,480	55,797	939,277
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	2,368,315	(68,859)	299,443	3,084,393	885,089	3,969,482

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

For the nine-month period ended December 31, 2017

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2017	238,772	245,706	-	2,958,355	(67,727)	211,246	3,586,352
Comprehensive income							
Net income	-	-	-	1,014,944	-	-	1,014,944
Other comprehensive income	-	-	-	-	-	435,437	435,437
Total comprehensive income	-	-	-	1,014,944	-	435,437	1,450,381
Transactions with owners and other transactions							
Issuance of other equity instruments	-	-	496,876	-	-	-	496,876
Cash dividends	-	-	-	(47,933)	-	-	(47,933)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	7,188	-	(7,188)	-
Purchase and disposal of treasury stock	-	-	-	(726)	1,274	-	548
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	(20,423)	-	-	-	-	(20,423)
Changes in associates' interests in their subsidiaries	-	(3,174)	-	-	-	-	(3,174)
Changes in interests in associates' capital surplus	-	38,397	-	-	-	-	38,397
Share-based payment transactions	-	4,665	-	-	-	-	4,665
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	19,465	496,876	(41,471)	1,274	(7,188)	468,956
As of December 31, 2017	238,772	265,171	496,876	3,931,828	(66,453)	639,495	5,505,689

	Non-controlling interests	Total equity
As of April 1, 2017	883,378	4,469,730
Comprehensive income		
Net income	187,801	1,202,745
Other comprehensive income	3,096	438,533
Total comprehensive income	190,897	1,641,278
Transactions with owners and other transactions		
Issuance of other equity instruments	-	496,876
Cash dividends	(30,781)	(78,714)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	548
Changes from business combination	14,972	14,972
Changes in interests in subsidiaries	(2,091)	(22,514)
Changes in associates' interests in their subsidiaries	-	(3,174)
Changes in interests in associates' capital surplus	-	38,397
Share-based payment transactions	7,522	12,187
Other	(709)	(709)
Total transactions with owners and other transactions	(11,087)	457,869
As of December 31, 2017	1,063,188	6,568,877

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Nine-month period ended December 31, 2016*	Nine-month period ended December 31, 2017
Cash flows from operating activities		
Net income	892,276	1,202,745
Depreciation and amortization	1,056,559	1,152,375
Gain from remeasurement relating to business combination	(18,187)	-
Gain on investments at SoftBank Vision Fund and Delta Fund	-	(254,852)
Finance cost	343,363	383,337
Income on equity method investments	(205,988)	(319,591)
Gain on sales of shares of associates	(238,101)	(1,804)
Derivative loss	95,875	485,198
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	108,163
Foreign exchange (gain) and other non-operating (income) and loss	(22,837)	(70,278)
Gain on sales of discontinued operations	(636,216)	-
Income taxes	733,526	(638,941)
Increase in trade and other receivables	(223,664)	(161,386)
Increase in inventories	(292,832)	(391,455)
Increase in trade and other payables	40,194	165,207
Other	3,044	(18,602)
Subtotal	1,527,012	1,640,116
Interest and dividends received	16,738	21,674
Interest paid	(378,065)	(397,073)
Income taxes paid	(354,655)	(472,211)
Income taxes refunded	316,403	91,269
Net cash provided by operating activities	1,127,433	883,775
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(671,797)	(791,629)
Payments for acquisition of investments	(440,211)	(346,403)
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	-	(2,021,298)
Proceeds from sales/redemption of investments	464,037	24,657
Decrease from acquisition of control over subsidiaries	(3,253,000)	(261,859)
Increase from loss of control over subsidiaries	725,302	-
Payments for acquisition of marketable securities for short-term trading	(250,902)	(127,788)
Proceeds from sales/redemption of marketable securities for short-term trading	119,063	384,231
Payments into time deposits	(290,570)	(103,771)
Proceeds from withdrawal of time deposits	172,797	467,499
Other	44,688	47,957
Net cash used in investing activities	(3,380,593)	(2,728,404)

(Millions of yen)

	Nine-month period ended December 31, 2016*	Nine-month period ended December 31, 2017
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	355,024	312,582
Proceeds from long-term interest-bearing debt	3,585,651	4,785,202
Repayment of long-term interest-bearing debt	(1,245,267)	(4,238,546)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	-	1,765,404
Distribution/redemption from SoftBank Vision Fund and Delta Fund to third-party investors	-	(20,918)
Proceeds from issuance of other equity instruments	-	496,876
Purchase of treasury stock	(350,843)	(36)
Cash dividends paid	(46,098)	(47,785)
Cash dividends paid to non-controlling interests	(41,934)	(29,577)
Other	(46,203)	(47,846)
Net cash provided by financing activities	2,210,330	2,975,356
Effect of exchange rate changes on cash and cash equivalents	(28,032)	26,523
(Decrease) increase in cash and cash equivalents	(70,862)	1,157,250
Cash and cash equivalents at the beginning of the period	2,569,607	2,183,102
Cash and cash equivalents at the end of the period	2,498,745	3,340,352

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

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

The SoftBank Vision Fund completed the initial closing in May 2017. Accordingly, the Company adopted accounting policies for SoftBank Vision Fund and Delta Fund as follows.

(1) Scope of consolidation for SoftBank Vision Fund and Delta Fund business

SoftBank Vision Fund and Delta Fund is managed by SB Investment Advisers (UK) Limited ("SBIA") which is regulated by the UK Financial Conduct Authority. Investment decisions for the various entities comprising SoftBank Vision Fund and Delta Fund are made by the Investment Committee established as a committee of SBIA. SBIA is a wholly-owned subsidiary of the Company, and as such the Company has control over limited partnerships and investment holding entities comprising SoftBank Vision Fund and Delta Fund as stipulated in IFRS 10 "Consolidated Financial Statements." Accordingly, all entities that comprise SoftBank Vision Fund and Delta Fund are consolidated by the Company. Intercompany transactions such as management fees and performance fees to SBIA paid or to be paid from SoftBank Vision Fund and Delta Fund, are eliminated in consolidation.

(2) Portfolio company investments made by SoftBank Vision Fund and Delta Fund

a. Investments in subsidiaries
The portfolio companies that the Company is deemed to control under IFRS 10 "Consolidated Financial Statements," are treated as subsidiaries of the Company. Accordingly, their results of operations, assets and liabilities are included in the Company's consolidated financial statements.

b. Investments other than subsidiaries
Investments other than subsidiaries made by SoftBank Vision Fund and Delta Fund including investments in associates of the Company are measured at fair value at the end of each quarter with the change during the reporting period recognized in profit or loss. Such investments that SoftBank Vision Fund and Delta Fund made are presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the condensed interim consolidated statement of financial position. The payments for these investments are presented as "Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund" under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

c. Investments made by the Company to transfer to SoftBank Vision Fund and Delta Fund
Investments made by SoftBank Group Corp. or its subsidiaries with the purpose of transferring to SoftBank Vision Fund and Delta Fund are presented as "Investment securities" in the condensed interim consolidated statement of financial position. Payments for the investments are presented as "Payments for acquisition of investments" under cash flows from investing activities in the condensed interim consolidated statement of cash flows. Once the investments are agreed to be transferred from the Company to SoftBank Vision Fund or Delta Fund, and regulatory approvals to make the investments by SoftBank Vision Fund or Delta Fund are obtained(such investments, "Agreed Transferable Investments"), the Company retroactively changes the presentation of these investments and the payments for the investments to the presentation as described in the above "b. Investments except for subsidiaries" from the date when the Company initially made these investments.

In cases where the Company's subsidiaries are investees and the Company is transferring those investments to SoftBank Vision Fund or Delta Fund, the investments are accounted for in accordance with the above "a. Investments in subsidiaries", regardless of whether the investments are Agreed Transferable Investments.

(3) Results from SoftBank Vision Fund and Delta Fund

Income and loss arising from SoftBank Vision Fund and Delta Fund business are separated from operating income and loss arising from other segments, recognized as a component of operating income, and presented as "Operating income from SoftBank Vision Fund and Delta Fund" in the condensed interim consolidated statement of income. Gain and loss on investments at SoftBank Vision Fund and Delta Fund (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA and other advisory companies, and administrative expenses arising from each entity, are included in "Operating income and loss from SoftBank Vision Fund and Delta Fund." The details are described in "Note 12. Operating income from SoftBank Vision Fund and Delta Fund."

Gain and loss arising from investments, which are made by SoftBank Vision Fund and Delta Fund although are not Agreed Transferable Investments, are presented as "Other non-operating income (loss) (or Gain (loss) from financial instruments at FVTPL)" in the condensed interim consolidated statement of income. Once the investments become Agreed Transferable Investments, the Company retroactively changes the presentation of gain and loss arising from the investments as "Operating income from SoftBank Vision Fund and Delta Fund" from the date when the Company initially made these investments.

(4) Contribution from Limited Partners to SoftBank Vision Fund and Delta Fund

a. Contribution from the Company to SoftBank Vision Fund and Delta Fund

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

(Execution of contribution using shares of Arm)

The Company will contribute approximately 24.99% of the total number of issued shares of Arm (the "Arm Shares"), all of which are owned by the Company, to SoftBank Vision Fund through an in-kind contribution (the "In-kind Contribution") in satisfaction of approximately \$8.2 billion of the Company's commitment to SoftBank Vision Fund.

The In-kind Contribution will be effectuated through the transfer of Arm Shares to SoftBank Vision Fund subject to the satisfaction of preconditions related to regulatory approvals prescribed in SoftBank Vision Fund's governing documents. Such conditions include clearance from the Committee on Foreign Investments in the United States in respect of the transfer of the Arm Shares. Pending the delivery of the Arm Shares to SoftBank Vision Fund following the satisfaction of such conditions, a portion of the Arm Shares has been pledged and, pursuant to future capital calls, will be pledged in favor of SoftBank Vision Fund.

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

b. Contribution from limited partners other than the Company to SoftBank Vision Fund and Delta Fund ("Third-Party Investors")

The interests attributable to Third-Party Investors are classified as financial liabilities, "Third-party interests in SoftBank Vision Fund and Delta Fund" in the condensed interim consolidated statement of financial position. Changes in the interests of Third-Party Investors are recognized through net profit or loss and presented as "Changes in third-party interests in SoftBank Vision Fund and Delta Fund" in non-operating income and loss in the condensed interim consolidated statement of income.

Contributions from Third-Party Investors to SoftBank Vision Fund and Delta Fund are included in "Contributions into SoftBank Vision Fund and Delta Fund from third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distribution to Third-Party investors and the redemption of investment from Third-Party investors are included in "Distribution/redemption from SoftBank Vision Fund and Delta Fund to third-party investors" under cash flows from financing activities in the condensed interim consolidated statement of cash flows.

2. Segment information

(1) Description of reportable segments

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

The Company has six reportable segments: the Domestic telecommunications segment, the Sprint segment, the Yahoo Japan segment, the Distribution segment, the Arm segment, and the SoftBank Vision Fund and Delta Fund segment.

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

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

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

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

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

The SoftBank Vision Fund and Delta Fund segment conducts investment activities in a wide range of technology sectors. The SoftBank Vision Fund and Delta Fund segment was newly established from the three-month period ended June 30, 2017, due to the completion of the Initial Closing for SoftBank Vision Fund in May 2017. The segment income of the SoftBank Vision Fund and Delta Fund segment consists of gain and loss arising from investments held by SoftBank Vision Fund and Delta Fund or the Agreed Transferable Investments (gain and loss on investments at SoftBank Vision Fund and Delta Fund), and operating expenses occurred in SoftBank Vision Fund and Delta Fund, SBIA and advisers.

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

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

(2) Net sales and income of reportable segments

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

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

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

For the nine-month period ended December 31, 2016

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	2,375,500	2,548,215	622,039	890,168	68,854	-	6,504,776
Intersegment	25,170	103,794	8,761	49,418	1	-	187,144
Total	2,400,670	2,652,009	630,800	939,586	68,855	-	6,691,920
Segment income	651,484	145,186	150,544	19,108	9,922	-	976,244
Reconciliation from segment income to adjusted EBITDA							
Segment income	651,484	145,186	150,544	19,108	9,922	-	976,244
Depreciation and amortization	343,205	645,486	28,631	5,337	18,199	-	1,040,858
EBITDA	994,689	790,672	179,175	24,445	28,121	-	2,017,102
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	-	(18,187)
Other adjustments	-	(2,949)	-	-	25,780	-	22,831
Adjusted EBITDA	994,689	787,723	179,156	24,445	35,733	-	2,021,746

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	76,690	-	6,581,466
Intersegment	16,958	(204,102)	-
Total	93,648	(204,102)	6,581,466
Segment income	(8,036)	(38,880)	929,328
Reconciliation from segment income to adjusted EBITDA			
Segment income	(8,036)	(38,880)	929,328
Depreciation and amortization	7,452	1,189	1,049,499
EBITDA	(584)	(37,691)	1,978,827
Gain from remeasurement relating to business combination	-	-	(18,187)
Other adjustments	-	8,283	31,114
Adjusted EBITDA	(584)	(29,408)	1,991,754

For the nine-month period ended December 31, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	2,378,916	2,573,024	639,127	982,331	152,420	-	6,725,818
Intersegment	27,954	149,129	12,417	42,480	2	-	231,982
Total	2,406,870	2,722,153	651,544	1,024,811	152,422	-	6,957,800
Segment income	612,698	291,841	142,656	(40,673)	(21,865)	236,427	1,221,084
Reconciliation from segment income to adjusted EBITDA							
Segment income	612,698	291,841	142,656	(40,673)	(21,865)	236,427	1,221,084
Depreciation and amortization	351,322	708,307	31,959	5,175	46,158	-	1,142,921
EBITDA	964,020	1,000,148	174,615	(35,498)	24,293	236,427	2,364,005
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	-	(251,108)	(251,108)
Other adjustments	-	(61,323)	(7,896)	50,497	-	-	(18,722)
Adjusted EBITDA	964,020	938,825	166,719	14,999	24,293	(14,681)	2,094,175

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	85,456	-	6,811,274
Intersegment	18,947	(250,929)	-
Total	104,403	(250,929)	6,811,274
Segment income	(35,047)	(37,208)	1,148,829
Reconciliation from segment income to adjusted EBITDA			
Segment income	(35,047)	(37,208)	1,148,829
Depreciation and amortization	8,252	1,202	1,152,375
EBITDA	(26,795)	(36,006)	2,301,204
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(251,108)
Other adjustments	23,496	1,427	6,201
Adjusted EBITDA	(3,299)	(34,579)	2,056,297

For the three-month period ended December 31, 2016

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	835,111	882,906	218,386	294,938	54,498	-	2,285,839
Intersegment	10,993	46,566	2,917	18,292	1	-	78,769
Total	846,104	929,472	221,303	313,230	54,499	-	2,364,608
Segment income	185,551	40,621	51,173	4,803	15,045	-	297,193
Reconciliation from segment income to adjusted EBITDA							
Segment income	185,551	40,621	51,173	4,803	15,045	-	297,193
Depreciation and amortization	117,800	225,435	9,477	1,780	13,723	-	368,215
EBITDA	303,351	266,056	60,650	6,583	28,768	-	665,408
Other adjustments	-	4,743	-	-	314	-	5,057
Adjusted EBITDA	303,351	270,799	60,650	6,583	29,082	-	670,465

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	23,793	-	2,309,632
Intersegment	5,722	(84,491)	-
Total	29,515	(84,491)	2,309,632
Segment income	(5,247)	(9,981)	281,965
Reconciliation from segment income to adjusted EBITDA			
Segment income	(5,247)	(9,981)	281,965
Depreciation and amortization	2,674	386	371,275
EBITDA	(2,573)	(9,595)	653,240
Other adjustments	-	176	5,233
Adjusted EBITDA	(2,573)	(9,419)	658,473

For the three-month period ended December 31, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	865,620	860,741	221,480	365,856	58,745	-	2,372,442
Intersegment	12,290	68,085	4,625	14,103	1	-	99,104
Total	877,910	928,826	226,105	379,959	58,746	-	2,471,546
Segment income	178,730	89,665	49,966	(48,036)	(7,071)	50,189	313,443
Reconciliation from segment income to adjusted EBITDA							
Segment income	178,730	89,665	49,966	(48,036)	(7,071)	50,189	313,443
Depreciation and amortization	125,629	244,316	11,146	1,684	15,873	-	398,648
EBITDA	304,359	333,981	61,112	(46,352)	8,802	50,189	712,091
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	-	(56,772)	(56,772)
Other adjustments	-	(24,187)	(2,967)	50,497	-	-	23,343
Adjusted EBITDA	304,359	309,794	58,145	4,145	8,802	(6,583)	678,662

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	27,697	-	2,400,139
Intersegment	5,749	(104,853)	-
Total	33,446	(104,853)	2,400,139
Segment income	(26,834)	(12,619)	273,990
Reconciliation from segment income to adjusted EBITDA			
Segment income	(26,834)	(12,619)	273,990
Depreciation and amortization	2,843	377	401,868
EBITDA	(23,991)	(12,242)	675,858
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(56,772)
Other adjustments	23,496	(110)	46,729
Adjusted EBITDA	(495)	(12,352)	665,815

3. Business combinations

For the nine-month period ended December 31, 2016

Arm

(1) Overview of consolidation

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

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

(2) Purpose of consolidation

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

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

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

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

・Maintain Arm’s dedication to innovation

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

・Increased investment to drive the next wave of innovation

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

・Shared culture and long-term vision

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

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

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

(3) Summary of Arm

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

(4) Acquisition date

September 5, 2016

(5) Consideration transferred and the component

(Millions of yen)

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

Acquisition-related costs of ¥25,780 million arising from the business combination are recognized in “Other operating loss.”

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

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

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

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

Notes:

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

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

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

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

(7) Payment for acquisition of control over subsidiaries

	(Millions of yen) Nine-month period ended December 31, 2016
Payment for the acquisition by cash	(3,319,137)
Foreign currency exchange gain relating to settlement*	52,856
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,249,297)

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

(8) Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2016, are ¥68,855 million and ¥18,566 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

For the nine-month period ended December 31, 2017

Fortess
(1) Overview of consolidation

The Company and Fortress entered into a definitive merger agreement under which the Company acquires Fortress for $3.3 billion in cash in February 2017. Under the term of the merger agreement, on December 27, 2017 the completion followed the satisfaction of all conditions to the closing of the transaction, including approval of the transaction by Fortress shareholders on July 12, 2017 and receipt of all necessary regulatory approvals. Each outstanding Fortress share was converted into the right to receive $8.08 per share in cash, with merger proceeds to be distributed in accordance with payment procedures outlined in Fortress's Definitive Proxy dated June 7, 2017 and the merger agreement incorporated. Actual payment amounted to $3.2 billion as a result of adjusting the impact of distributions and other after the date of merger agreement.

As a result of the transaction, the Company owned all equity interests of Fortress and Fortress became a wholly-owned subsidiary of the Company.

(2) Purpose of consolidation

The Company looks forward to benefitting from its leadership, road-based expertise and world-class investment platform. For the Company, this opportunity will immediately help expand our group capabilities, and, alongside SoftBank Vision Fund and Delta Fund platform, will accelerate our SoftBank 2.0 transformation strategy of bold, disciplined investment and world class execution to drive sustainable long-term growth.

(3) Summary of Fortress

(a) Name	Fortress Investment Group LLC
(b) Address	1345 Avenue of the Americas, New York, NY
(c) Name and title of representative	Peter L. Briger, Jr., Principal and Co-Chief Executive Officer Wesley R. Edens, Co-Founder, Principal and Co-Chief Executive Officer Randal A. Nardone, Co-Founder and Principal
(d) Nature of business	Alternative investment management business
(e) Date of incorporation	1998
(f) Consolidated net sales	$1,163,806 thousand (for the fiscal year ended December 31, 2016 under US GAAP)

(4) Acquisition date

December 27, 2017

(5) Consideration transferred and the component

(Millions of yen)

		Acquisition date (December 27, 2017)
Payment by cash		358,612
Payment not included in consideration transferred *		(58,128)
Total consideration transferred	A	300,484

Acquisition-related costs of ¥6,123 million arising from the business combination are recognized in “Other operating loss.”

Note:

* Payment not included in consideration transferred is the payment for a transaction, separate from the business combination, that remunerates employees and former owners of Fortress. For the payment, continuing employment is a condition. Depending on the period set in the condition, the Company recognized the payments of ¥16,954 million as “Other current assets” and ¥41,174 million as “Other non-current assets,” respectively.

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

(Millions of yen)

		Acquisition date (December 27, 2017)
Cash and cash equivalents		45,572
Trade and other receivables		43,851
Other current assets		11,021
Investments accounted for using the equity method		97,156
Intangible assets[1]		176,690
Non-current assets		30,621
Total assets		404,911
Current liabilities		60,048
Non-current liabilities		48,090
Total liabilities		108,138
Net assets	B	296,773
Non-controlling interests	C	14,850
Goodwill[2]	A-(B-C)	18,561

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Moreover, the above amounts, which are 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 (USD = JPY113.41) as of the acquisition date.

Notes:

1. Intangible assets

The components of intangible assets are as follows; the estimated useful lives are 3 years for software, from 1.5 to 10 years for management contracts, and 10 years for trademarks. The management contracts reflect excessive earnings in the future expected from the agreements which Fortress entered into regarding the asset management of their funds.

(Millions of yen)

	Acquisition date (December 27, 2017)
Software	1,762
Management contracts	128,323
Trademarks	5,103
Other	41,502
Total	176,690

2. Goodwill

Goodwill reflects excess earning power expected from future business development and the synergy with existing businesses.

(7) Payment for acquisition of control over subsidiaries

(Millions of yen)

	Nine-month period ended December 31, 2017
Payment for the acquisition by cash	(300,484)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	45,572
Payment for the acquisition of control over the subsidiary by cash	(254,912)

(8) Sales and net loss of the acquiree

The amount of the acquiree’s net loss before elimination of inter-company transactions after the acquisition date, which is recorded in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2017, is ¥2,639 million. No sales are recorded. In addition, amortization expenses related to intangible assets and other recognized on the acquisition date are included in the aforementioned net loss.

(9) Collateral

Based on a term loan agreement of $1.4 billion which was entered into to finance this acquisition, the equity interests of Fortress and 4 wholly-owned subsidiaries within this acquisition structure are pledged as collateral.

4. Other financial assets

The components of the carrying amounts of other financial assets are as follows:

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Current		
Marketable securities	277,895	29,080
Time deposits (maturities of three-month over)	458,495	103,006
Other	58,299	76,031
Total	794,689	208,117

5. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Buildings and structures	263,061	242,828
Telecommunications equipment	2,654,096	2,442,925
Furniture, fixtures, and equipment	627,730	815,590
Land	99,905	89,646
Construction in progress	302,177	301,385
Other	30,285	68,283
Total	3,977,254	3,960,657

6. Intangible assets

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

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Intangible assets with indefinite useful lives		
FCC licenses	4,100,651	4,209,572
Trademarks	703,031	705,442
Other	-	41,143
Intangible assets with finite useful lives		
Software	722,934	749,579
Technologies	522,894	542,469
Customer relationships	448,806	367,706
Management contracts*	-	127,639
Spectrum migration costs	103,814	98,820
Favorable lease contracts	104,754	97,461
Trademarks	57,532	61,528
Other	182,223	166,952
Total	6,946,639	7,168,311

Note:
* The management contracts reflect excessive earnings in the future expected from the agreements which Fortress entered into regarding the asset management of their funds.

7. Income taxes

Due to the enactment of the Tax Reform Act in December 2017 in the U. S., in Sprint, deferred tax liability of ¥829,762 million was reversed. Also income taxes decreased by ¥818,342 million and other comprehensive income increased by ¥8,244 million. The details are as follows.

(1) Reduction in the federal corporate tax rate

The federal corporate tax rate was reduced from 35% to 21% effective January 1, 2018.

Due to the reduction, ¥593,137 million of a part of deferred tax liabilities related to FCC license and others, which was calculated based on the tax rate as of the acquisition of Sprint in 2013, was reversed. Also income taxes are decreased by ¥591,773 million.

(2) Abolition of time limit on use of future loss carryforwards

Net operating losses generated in tax years beginning after December 31, 2017 may be carried forward indefinitely. For Sprint, its tax year starts from April, therefore net operating losses generated after April 1, 2018 may be carried forward indefinitely.

In Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as FCC licenses, may be a source of future taxable income. As a result of this change, ¥236,625 million of deferred tax assets were recognized (offset by deferred tax liabilities). Also income taxes decreased by ¥226,569 million and other comprehensive income increased by ¥8,244 million.

8. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Current		
Short-term borrowings[1]	667,664	865,892
Commercial paper	80,000	100,000
Current portion of long-term borrowings[1]	1,128,510	926,664
Current portion of corporate bonds	339,462	619,292
Current portion of lease obligations	438,284	458,812
Current portion of installment payables	40,173	20,392
Total	2,694,093	2,991,052
Non-current		
Long-term borrowings[1]	3,377,625	3,993,368
Corporate bonds	7,233,838	7,290,036
Lease obligations	807,606	782,973
Financial liabilities relating to sale of shares by variable prepaid forward contract[2]	715,448	729,234
Installment payables	29,760	18,290
Total	12,164,277	12,813,901

Notes:

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

	As of March 31, 2017	As of December 31, 2017
Current		
Short-term borrowings	-	213,735
Current portion of long-term borrowings	-	98,225
Total	-	311,960
Non-current		
Long-term borrowings	-	66,494
Total	-	66,494
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	-	378,454
Eliminated amount of inter-company transactions	-	(5,770)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	-	372,684

¥ 659,658 million of investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL is pledged as collateral for ¥326,309 million of interest-bearing debt and the amount is included in the above table.

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

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

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

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

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

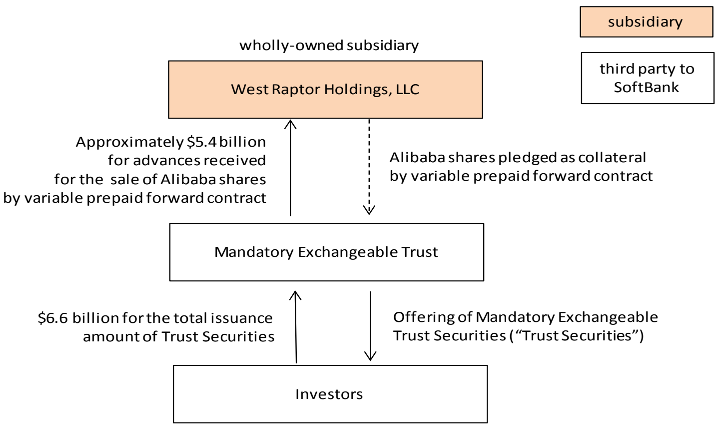
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥729,234 million (¥715,448 million as of March 31, 2017) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥662,108 million (¥143,935 million as of March 31, 2017) is recognized as derivative financial liabilities (non-current liabilities) in the condensed interim consolidated statement of financial position as of December 31, 2017; ¥510,278 million (¥72,293 million of derivative loss for the nine-month period ended December 31, 2016) is recognized as a derivative loss in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2017.

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

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

Alibaba shares held by WRH LLC are pledged as collateral. The Company applies the equity method to these shares and they are included in "Investments accounted for using the equity method" in the condensed interim consolidated statement of financial position as of December 31, 2017. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥209,464 million as of December 31, 2017 (¥154,440 million as of March 31, 2017).

Outline of the transaction



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

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

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Net increase of short-term borrowings	300,024	292,582
Net increase of commercial paper	55,000	20,000
Total	355,024	312,582

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

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

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Proceeds from long-term borrowings	2,113,485	3,687,621
Proceeds from issuance of corporate bonds	521,000	735,804
Proceeds from sale and leaseback of newly acquired equipment	372,730	361,777
Proceeds from advances received for sale of shares by variable prepaid forward contract	578,436	-
Total	3,585,651	4,785,202

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

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

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Repayment of long-term borrowings	(519,536)	(3,378,241)
Redemption of corporate bonds	(350,081)	(459,903)
Repayment of lease obligations	(338,717)	(367,238)
Payment of installment payables	(36,933)	(33,164)
Total	(1,245,267)	(4,238,546)

9. Foreign currency exchange rates

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

(1) Rate at the end of the period

(yen)

	As of March 31, 2017	As of December 31, 2017
USD	112.19	113.00
GBP	140.08	151.95

(2) Average rate for the quarter

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
GBP*	-	132.95	135.56

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

For the nine-month period ended December 31, 2017

(yen)

	Three-month period ended June 30, 2017	Three-month period ended September 30, 2017	Three-month period ended December 31, 2017
USD	111.61	111.38	112.74
GBP	142.92	146.20	150.77

10. Equity

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Available-for-sale financial assets	11,983	74,938
Cash flow hedges	(44,877)	(56,477)
Exchange differences on translating foreign operations	244,140	621,034
Total	211,246	639,495

11. Other equity instruments

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

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

Also, as of December 31, 2017, accrued interest, which is not recognized as distribution to owners of other equity instruments because the payment has not been determined yet, is ¥14,508 million.

In addition, the payment was determined after January 1, 2018 and ¥15,852 million of the payment including the above accrued interest has been completed on the interest payment date, January 19, 2018.

The details of the Hybrid Notes are as follows:

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

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

12. Operating income from SoftBank Vision Fund and Delta Fund

The components of operating income from SoftBank Vision Fund and Delta Fund are as follows:

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Gain and loss on investments at SoftBank Vision Fund and Delta Fund*		
Unrealized gain and loss on valuation of investments	-	251,108
Interest and dividend income from investments	-	3,744
Operating expenses	-	(18,425)
Total	-	236,427

Note:
* "Realized gain and loss on sales of investments" is not recognized for the nine-month period ended December 31, 2017.

13. Other operating loss

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

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Sprint segment		
Gain on spectrum license exchange[1]	36,385	53,435
Litigation[2]	-	41,247
Gain and loss on contract termination	(12,287)	558
Loss on disposal of property, plant and equipment[3]	(39,617)	(58,344)
U.S. state tax charge	(10,600)	-
Other	(7,453)	3,023
Yahoo Japan segment		
Insurance income[4]	-	4,929
Other	-	2,967
Distribution segment		
Impairment loss on goodwill[5]	-	(43,128)
Impairment loss on non-current assets[5]	-	(7,369)
Arm segment		
Acquisition-related costs	(25,780)	-
Company-wide		
Expenses resulting from resignation of director[6]	(8,283)	(1,427)
Other		
Write-down of inventories[7]	-	(13,585)
Acquisition-related costs[8]	-	(6,123)
Other	-	(3,788)
Total	(67,635)	(27,605)

Notes:

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

2. Mainly, net benefit in litigation associated with legal settlements for patent infringement lawsuits.

3. For the nine-month period ended December 31, 2017, mainly, ¥20,171 million of loss related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint's network plans and ¥38,842 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the scheduled customer lease terms where customers did not return the devices to Sprint are recognized.

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

5. Impairment losses at Brightstar. Goodwill of Brightstar is allocated to the entirety of Brightstar (a group of cash-generating units), which had bundled four cash-generating units (Brightstar's US & Canada, Latin America, Asia & Oceania, and Europe & Africa), and intangible assets with indefinite useful lives other than goodwill are allocated to three cash generating units (Brightstar's US & Canada, Asia & Oceania, and Europe & Africa), respectively. The business plan of Brightstar was revised for the nine-month period ended December 31, 2017, and indicators of impairment existed at all cash-generating units and a group of cash-generating units of Brightstar wherein goodwill and intangible assets with indefinite useful lives of Brightstar are allocated, therefore the impairment test was conducted on all cash-generating units and a group of cash-generating units. As a result of the impairment test, an impairment loss was recognized because the recoverable amounts of Brightstar (a group of cash-generating units) and Brightstar's Europe & Africa cash-generating unit were less than those carrying amounts. Impairment losses on goodwill, intangible assets, and property, plant and equipment were ¥43,128 million, ¥6,630 million, and ¥739 million, respectively.

Fair value less disposal cost is used as the recoverable amount and measured with the income approach and the market approach. Under the income approach, it is measured by discounting cash flows which are estimated based on business plans for the next 10 years while taking into account future cash flows that market participants would expect to receive in accordance with their assumptions discounted to the present value using a post-tax discount rate of 10.5-11%. The cash flows from after 10 years are assumed on the basis of a 3% growth rate. Under the market approach, EV/EBITDA of similar companies which are comparable to Brightstar Global Group Inc. is used.

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

   In addition to the entire expense whose payment amount is defined, the Company measured the expense based on the SoftBank Group Corp. share price as of December 31, 2016 and recorded an expense of ¥3,266 million during the nine-month period ended December 31, 2016. The expense is remeasured every quarter end based on the share price of SoftBank Group Corp. until the determination of the payment amount, and the changes are recognized through profit or loss.

7. As a result of revising the business plan of Sports Live Entertainment Corporation which operates a sports content distribution business, the net realizable value of inventories was less than its carrying amount and, therefore, a write-down was recognized.

8. Expenses arising from the business combination of Fortress. The details are described in “Note 3. Business combinations.”

14. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017
Interest expenses*	(343,363)	(383,337)

Note:
*¥(1,665) million of interest expenses recorded in SoftBank Vision Fund and Delta Fund is included in the above interest expense for the nine-month period ended December 31, 2017 (¥(1,708) million before elimination of inter-company transactions).

15. Derivative loss

¥510,278 million of derivative loss (¥72,293 million of derivative loss for the nine-month period ended December 31, 2016) related to Alibaba shares collar transaction included in variable prepaid forward contract was recorded. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 8. 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, 2016	Nine-month period ended December 31, 2017
Dilution gain from changes in equity interest[1]	75,060	38,922
Gain and loss from financial instruments at FVTPL[2]	(39,281)	8,069
Impairment loss on assets classified as held for sale	(42,540)	-
Other	(6,715)	3,187
Total	(13,476)	50,178

Notes:

1. Mainly, gain arising from changes in Alibaba's equity interest held by the Company, due to the exercise of stock options and the allocation of new shares to a third party in Alibaba.

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

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

(1) Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund

For the nine-month period ended December 31, 2017

¥812,042 million which was included in "Payments for acquisition of investments" in cash flows from investing activities for the three-month period ended June 30, 2017 is reclassified as investments transferred to SoftBank Vision Fund and Delta Fund from the Company or the Agreed Transferable Investments for the three-month period ended September 30, 2017, and accordingly the amount is reclassified as "Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund" under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the nine-month period ended December 31, 2017.

(2) Contributions into SoftBank Vision Fund and Delta Fund from third-party investors

For the nine-month period ended December 31, 2017

The amount is after deducting ¥15,450 million that was returned to Third-Party Investors of SoftBank Vision Fund due to the change in an investment plan after the contribution from Third-Party Investors.

18. Significant subsequent events

(1) Acquisition of shares of Uber Technologies, Inc. ("Uber")

An overseas subsidiary of SoftBank Group Corp. and Uber, an operator of a ride-sharing service, entered into an agreement by December 31, 2017 that the overseas subsidiary purchases issued and to be issued share capital of Uber for a total amount of $7.67 billion and the acquisition was completed on January 18, 2018.

Uber is not classified as a subsidiary nor an associate of the Company.

The impact of this agreement on the operating results as of March 31, 2018, has not been determined at present.

(2) Acquisition of shares of Xiaoju Kuaizhi Inc. (“DiDi”)

An overseas subsidiary of SoftBank Group Corp. and DiDi, an operator of a ride-sharing service in China, entered into an agreement that an overseas subsidiary would purchase issued and to be issued share capital of DiDi for a total amount of $4.58 billion and of this, $3.59 billion of shares were purchased on January 11, 2018. Agreements with DiDi and existing shareholders relating to $4.39 billion of $4.58 billion were executed by December 31, 2017, and the remaining $0.19 billion were executed in January, 2018.

DiDi is not classified as a subsidiary nor an associate of the Company after the closing of this transaction.

The impact of this agreement on the operating results as of March 31, 2018, has not been determined at present.

(3) Consolidation of The Japan Net Bank, Limited

Yahoo Japan Corporation consolidated The Japan Net Bank, Limited (“The Japan Net Bank”) by appointing the majority of The Japan Net Bank’s directors, through a resolution in an Extraordinary Meeting of the Shareholders’ of The Japan Net Bank held on February 1, 2018.

In addition, calculation of fair value of acquired assets and assumed liabilities on the acquisition date has not been completed at present and therefore detailed information on the accounting treatment for the business combination including fair values of goodwill, acquired assets, and assumed liabilities on the acquisition date has not been disclosed.

a. Overview of consolidation

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

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

The voting rights ratio in The Japan Net Bank held by the Company remains the same as before at 41.16% and the Company does not hold a majority. However, the Company made The Japan Net Bank its consolidated subsidiary by appointing the majority of The Japan Net Bank’s directors through a resolution in an Extraordinary Meeting of the Shareholders’ of The Japan Net Bank held on February 1, 2018.

b. Summary of acquiree

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

c. Acquisition date

February 1, 2018