

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, 2018 (IFRS)

Tokyo, February 6, 2019

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, 2018	¥7,168,452	5.2	¥1,859,007	61.8	¥1,809,834	221.0	¥1,574,457	30.9	¥1,538,396	51.6	¥1,408,776 (14.2)	
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	

	Basic earnings per share (yen)	Diluted earnings per share (yen)
Nine-month period ended December 31, 2018	¥1,389.72	¥1,380.75
Nine-month period ended December 31, 2017	¥918.29	¥894.15

(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, 2018	¥36,459,477	¥9,286,389	¥7,912,444	21.7
As of March 31, 2018	¥31,180,466	¥6,273,022	¥5,184,176	16.6

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2018	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2019	-	22.00	-		
Fiscal year ending March 31, 2019 (Forecasted)				22.00	44.00

Note:
Revision of forecasts on the dividends: No

*** Notes**

- (1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No
Newly consolidated: None
Excluded from consolidation: None

Note:

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

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

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

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

Please refer to page 37 “(1) Changes in Accounting Policies” and “(2) 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, 2018: 1,100,660,365 shares
 - As of March 31, 2018: 1,100,660,365 shares
- [2] Number of shares of treasury stock:
 - As of December 31, 2018: 10,423,553 shares
 - As of March 31, 2018: 11,162,425 shares
- [3] Number of average shares outstanding during nine-month period (April-December):
 - As of December 31, 2018: 1,089,778,735 shares
 - As of December 31, 2017: 1,089,453,785 shares

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

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

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

On February 6, 2019 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on the Company's website in both Japanese and English at <https://group.softbank/en/corp/irinfo/presentations/>. The Data Sheet will also be posted on the website around 4 p.m. on the same day at the same site.

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Definition of Company Names and Abbreviations Used in This Appendix

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

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

Adoption of IFRS 9 and IFRS 15

In the first quarter, the Company adopted IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” (collectively, the “new standards”). The cumulative impact of the adoption of the new standards was recognized as an adjustment to the balance of retained earnings on the date of adoption (April 1, 2018), and the Company has not adjusted the presentation of information of the previous fiscal year. In the tables of this appendix, figures for the same period of the previous fiscal year are presented under “previous standards,” and the impacts of adopting the new standards on the results of the fiscal year are represented under “impact of adopting new standards.” Further, in the consolidated statement of financial position, the cumulative impact of the adoption of the new standards was recognized as adjustments to the balances of retained earnings and accumulated other comprehensive income on the date of adoption. See “1. Significant accounting policies” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

Changes in Segment Classification

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

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

◆ **Operating income: ¥1,859.0 billion (increased 61.8% yoy)**

- Operating income from SoftBank Vision Fund and Delta Fund was ¥808.8 billion, reflecting the increase in the fair values of Uber, OYO, WeWork,¹ and other investments. A fall in NVIDIA's share price reduced valuation gain by ¥299.5 billion.

◆ **Net income attributable to owners of the parent: ¥1,538.4 billion (increased 51.6% yoy)**

- Derivative gain of ¥544.6 billion: ¥365.9 billion related to Alibaba shares and ¥249.5 billion related to NVIDIA shares, offsetting the majority of its valuation loss due to fall in share price.

- Income taxes of ¥235.4 billion: tax benefit of ¥405.6 billion through the use of loss carryforwards of a subsidiary that had not been recognized as deferred tax assets, for the disposal of SoftBank Corp. shares.

2. Highlights of operations

- Listing of SoftBank Corp.

- Merger of Sprint and T-Mobile was approved by the Committee on Foreign Investment in the United States (CFIUS). Review by the Federal Communications Commission (FCC) and other regulatory agencies is still underway.

- SoftBank Vision Fund investments to date: 49 investments totaling \$45.5 billion (excluding exited investments).

Listing of SoftBank Corp.

The Company's subsidiary SoftBank Corp. listed on the First Section of the Tokyo Stock Exchange on December 19, 2018. At the time of this listing, SoftBank Group Japan Corporation, a wholly owned subsidiary of the Company, disposed a portion of its holdings of SoftBank Corp. shares (33.50% of total shares issued) and received proceeds of ¥2,349,832 million. As a result, the Company's indirect ownership percentage of SoftBank Corp. changed from 99.99% to 66.49%. Since SoftBank Corp. remains a subsidiary of the Company, an amount equivalent to the gain on this disposal (after considering tax) has been recorded as capital surplus in the Company's condensed interim consolidated statement of financial position.

Initiatives Using Proceeds from the Disposal of SoftBank Corp. Shares

The Company aims to improve its financial position and enhance shareholder returns by using funds of ¥2,349,832 million (before considering tax for the fiscal year) raised through the disposal of a portion of SoftBank Corp. shares held at the listing of SoftBank Corp., while ensuring a good balance with strategic investments necessary for growth.

For the purpose of strengthening financial position, the Company repaid \$4.37 billion in January 2019, out of the borrowings made by its wholly owned subsidiary Skywalk Finance GK using Alibaba shares as collateral. The Company also acquired \$410 million and €520 million of its outstanding foreign currency-denominated senior notes.

For enhancing shareholder returns, on February 6, 2019, the Company resolved the repurchase of up to 112,000,000 shares (10.3% of total number of shares issued (excluding treasury stock)) with the maximum allowance of ¥600.0 billion.

a. Consolidated Results of Operations

	Nine months ended December 31				(Millions of yen)
	2017 Previous standards	2018 New standards	Change	Change %	Nine months ended December 31, 2018 Impact of adopting new standards
Net sales	6,811,274	7,168,452	357,178	5.2%	52,188
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	912,402	1,050,215	137,813	15.1%	96,648
Operating income from SoftBank Vision Fund and Delta Fund ²	236,427	808,792	572,365	242.1%	121,892
Operating income	1,148,829	1,859,007	710,178	61.8%	218,540
Income before income tax	563,804	1,809,834	1,246,030	221.0%	197,631
Net income	1,202,745	1,574,457	371,712	30.9%	186,291
Net income attributable to owners of the parent	1,014,944	1,538,396	523,452	51.6%	178,228

Reference: Average exchange rates used for translations

	Fiscal year ended March 2018				Fiscal year ending March 2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
USD / JPY	¥111.61	¥111.38	¥112.74	¥108.85	¥108.71	¥111.55	¥112.83

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

(a) Net Sales

Net sales increased ¥357,178 million (5.2%) year on year, to ¥7,168,452 million. Net sales increased in the following segments: SoftBank, Sprint, Yahoo Japan, and Brightstar. Net sales decreased in the Arm segment.

(b) Operating Income (Excluding Income from SoftBank Vision Fund and Delta Fund)

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) increased ¥137,813 million (15.1%) year on year, to ¥1,050,215 million. Segment income increased ¥29,057 million in the SoftBank segment, ¥159,070 million in the Arm segment, and ¥42,907 million in the Brightstar segment. However, segment income deteriorated ¥36,523 million in the Sprint segment and ¥25,158 million in the Yahoo Japan segment.

The segment income of the Arm segment includes gain relating to loss of control over subsidiaries of ¥176,261 million, which was recognized as a result of Arm's Chinese subsidiary becoming an associate accounted for using the equity method, following the establishment of a joint venture.

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

Operating income from SoftBank Vision Fund and Delta Fund was ¥808,792 million, compared with income of ¥236,427 million in the same period of the previous fiscal year. This was mainly due to the gains at SoftBank Vision Fund: realized gain of ¥146,682 million recorded on the sale of Flipkart Private Limited (“Flipkart”) shares in September 2018 and unrealized gain of ¥693,201 million recorded due to an increase in the fair values of Uber Technologies, Inc. (“Uber”), which was transferred from the Company to the Fund in the third quarter; Oravel Stays Private Limited (“OYO”); and WeWork Companies, Inc. (“WeWork”).

For the investment in NVIDIA Corporation (“NVIDIA”), unrealized loss on valuation of ¥299,539 million was recorded for the period due to a large fall in its share price in the third quarter, versus share price increase in the first and second quarters. Conversely, derivative gain of ¥249,509 million was recorded as non-operating income in relation to collar transactions using NVIDIA shares (see “(h) Derivative Gain and Loss” for details). The amount derived by subtracting derivative gain from unrealized loss on valuation for the period, before deduction of third-party interests, was ¥50,030 million.

Valuation Gain/Loss and Derivative Gain/Loss on NVIDIA Shares

	(Millions of yen)			
	Nine months ended December 31, 2018			
	Q1	Q2	Q3	Total
Unrealized gain/loss on valuation of investment	15,513	132,265	(447,317)	(299,539)
Operating income from SoftBank Vision Fund (A)	15,513	132,265	(447,317)	(299,539)
Derivative gain/loss (B)	1,197	(82,083)	330,395	249,509
After subtracting derivative gain/loss (before deducting third-party interests) (A) + (B)	16,710	50,182	(116,922)	(50,030)

Note: In January 2019, SoftBank Vision Fund disposed its entire holding of NVIDIA shares. See “b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business (Note 5)” under “(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the condensed interim consolidated statement of income” in “3. SoftBank Vision Fund and Delta Fund business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

(d) Operating Income

As a result of (b) and (c), operating income increased ¥710,178 million (61.8%) year on year, to ¥1,859,007 million.

(e) Finance Cost

Finance cost increased ¥96,059 million (25.1%) year on year, to ¥479,396 million. Interest expenses increased ¥47,567 million at SoftBank Group Corp.³ This was mainly due to an increase in interest-bearing debt associated with the issuance of foreign currency-denominated senior notes in September 2017 and the borrowings made by a wholly owned subsidiary of the Company using Alibaba shares. The Company also recognized ¥24,051 million in conjunction with the partial repayment of a senior loan, as a result of the full amortization of the unamortized balance of an amortized cost.

(Millions of yen)

	Nine months ended December 31		Change
	2017	2018	
Finance Cost	(383,337)	(479,396)	(96,059)
SoftBank Group Corp. ³	(143,771)	(191,338)	(47,567)
Sprint	(203,136)	(220,347)	(17,211)
Reference: In U.S. dollars	\$(1,814) million	\$(1,984) million	\$(170) million

(f) Income on Equity Method Investments

Income on equity method investments decreased ¥62,058 million (19.4%) year on year, to ¥257,533 million. This was mainly due to a decrease of ¥55,785 million (16.7%) in income on equity method investments related to Alibaba, to ¥277,471 million.

The Company applies the equity method to the financial statements of Alibaba on a three-month time lag. However, two transactions deemed of significant materiality in the three-month period ended December 31, 2018 were reflected in net income attributable to Alibaba on an IFRSs basis: 1) Koubei Holdings Limited becoming a subsidiary of Alibaba from an equity method associate, which resulted in an income from remeasuring its equity interest in the company, and 2) loss on valuation of some investments.

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

	Nine months ended September 30 ⁴		Change
	2017	2018	
Alibaba			
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (US GAAP)	42,998	36,522	(6,476)
	Million CNY	Million CNY	Million CNY
Net income attributable to Alibaba (IFRSs)	66,696	57,907	(8,789)

	Nine months ended December 31		Change
	2017	2018	
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of September 30	29.41%	29.07%	(0.34) pp
	Million CNY	Million CNY	Million CNY
Income on equity method investments	19,736	16,905	(2,831)
(Reference) Effective exchange rate CNY/JPY	¥16.89	¥16.41	¥(0.48)
	Million yen	Million yen	Million yen
Income on equity method investments	333,256	277,471	(55,785)

(g) Foreign Exchange Gain and Loss

Foreign exchange gain was ¥16,908 million, compared with a gain of ¥20,100 million in the same period of the previous fiscal year.

(h) Derivative Gain and Loss

Derivative gain was ¥544,574 million, compared with a loss of ¥485,198 million in the same period of the previous fiscal year. Due to a fall in the price of Alibaba shares from the previous fiscal year-end, derivative gain of ¥365,857 million was recorded in relation to a collar transaction embedded in the variable prepaid forward contract, compared with a loss of

¥510,278 million in the same period of the previous fiscal year. Derivative gain of ¥249,509 million was also recorded at SoftBank Vision Fund in relation to collar transactions utilizing NVIDIA shares.

(i) Gain and Loss from Financial Instruments at FVTPL

Gain from financial instruments at FVTPL was ¥48,964 million, compared with gain of ¥8,069 million in the same period of the previous fiscal year. This gain arises from the change in the fair values of investments held by the Company outside of SoftBank Vision Fund and Delta Fund. In the period, the gain was mainly attributable to an increase in the fair value of an investment in GM Cruise Holdings, LLC (“GM Cruise”).

Investments such as Uber and GRAB HOLDINGS INC. (“Grab”) were transferred into SoftBank Vision Fund from the Company in the third quarter. For these investments, the difference between the fair values at the previous fiscal year-end (or the acquisition cost during the period) and the transfer values to SoftBank Vision Fund was recorded in “(i) Gain and Loss from Financial Instruments at FVTPL.” The difference between the transfer values and the fair values at the end of the third quarter was recorded in “(c) Operating Income from SoftBank Vision Fund and Delta Fund.”

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

Changes in third-party interests in SoftBank Vision Fund and Delta Fund amounted to an increase of ¥453,529 million, compared with an increase of ¥108,163 million in the same period of the previous fiscal year. An increase in third-party interest is reflected as a decrease in the Company’s income. The breakdown is as below:

	(Millions of yen)	
	Nine months ended December 31	
	2017	2018
Changes in third-party interests in SoftBank Vision Fund	(106,450)	(448,651)
Attributable to investors entitled to fixed distribution	(19,168)	(61,861)
Attributable to investors entitled to performance-based distribution	(87,282)	(386,790)
Changes in third-party interests in Delta Fund	(1,713)	(4,878)
Attributable to investors entitled to fixed distribution	(1,713)	(4,878)
Changes in third-party interests in SoftBank Vision Fund and Delta Fund	(108,163)	(453,529)

Changes in third-party interests in SoftBank Vision Fund and Delta Fund indicate the sum of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions. The distributions are based on the gain and loss on investments at both Funds, net of management and performance fees payable to the Funds’ manager SBIA, the Company’s wholly owned subsidiary, and operating and other expenses of the Funds. See “(2) Third-party interests in SoftBank Vision Fund and Delta Fund” under “3. SoftBank Vision Fund and Delta Fund business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

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

Gain from remeasurement relating to discontinuing the use of the equity method, which was not recorded in the same period of the previous fiscal year, was ¥24,842 million. Because PT Tokopedia no longer qualified as an equity method

associate in the second quarter, the Company recorded a gain through remeasurement of its retained interest in PT Tokopedia at fair value on the date of discontinuing the use of the equity method.

In the third quarter the investment in PT Tokopedia was transferred from the Company to SoftBank Vision Fund. The difference between the carrying amount immediately before discontinuing the use of the equity method and the transfer value to SoftBank Vision Fund was recorded in “(k) Gain from Remeasurement Relating to Discontinuing the Use of the Equity Method.” The difference between the transfer value and the fair value at the end of the third quarter was recorded in “(c) Operating Income from SoftBank Vision Fund and Delta Fund.”

(l) Other Non-operating Income and Loss

Other non-operating loss was ¥9,069 million, compared with income of ¥43,913 million in the same period of the previous fiscal year. See “16. Other non-operating income” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details.

(m) Income before Income Tax

As a result of (d) to (l), income before income tax increased ¥1,246,030 million (221.0%) year on year, to ¥1,809,834 million.

(n) Income Taxes

Income taxes were ¥235,377 million, compared with a credit of ¥638,941 million (profit) in the same period of the previous fiscal year. The effective income tax rate of 13.0% was significantly lower than the statutory income tax rate of 31.46%. This was mainly due to the use of loss carryforwards that had not been recognized as deferred tax assets at SoftBank Group Japan Corporation, a wholly owned subsidiary of the Company, against the gain on disposal of a portion of its SoftBank Corp. shares (33.50% of total shares issued), when SoftBank Corp. was listed in December 2018. Mainly due to this impact, income taxes were reduced by ¥405,577 million.

(o) Net Income

As a result of (m) and (n), net income increased ¥371,712 million (30.9%) year on year, to ¥1,574,457 million.

(p) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as those of Yahoo Japan Corporation, Sprint, and SoftBank Corp. from (o), net income attributable to owners of the parent increased ¥523,452 million year on year, to ¥1,538,396 million.

The percentage of SoftBank Corp.’s net income attributable to non-controlling interests has increased since December 19, 2018, due to a decrease in the Company’s indirect ownership percentage of SoftBank Corp., from 99.99% to 66.49%.

(q) Comprehensive Income

Comprehensive income decreased ¥232,502 million year on year, to ¥1,408,776 million. Of this, comprehensive income attributable to owners of the parent decreased ¥93,538 million, to ¥1,356,843 million.

b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessment of performance are made. In accordance with changes in the Company's organization based on its unique organizational strategy, *Cluster of No.1 Strategy*, the Company revised its segment classifications for management purposes in the first quarter, comprising six reportable segments: SoftBank, Sprint, Yahoo Japan, Arm, SoftBank Vision Fund and Delta Fund, and Brightstar. The following is a summary of the reportable segments.

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

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

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

Segments excluding the SoftBank Vision Fund and Delta Fund segment

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

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

SoftBank Vision Fund and Delta Fund segment

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

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

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

(a) SoftBank Segment

1. Net sales increased 3.9% yoy, to ¥2,777.5 billion, driven by an expansion of the telecom service customer base and an increase in product sales and cloud services to enterprise customers.
2. Segment income increased 4.8% yoy, to ¥640.0 billion, mainly attributable to growth in telecom service revenue.
3. SoftBank Corp. was listed on the Tokyo Stock Exchange First Section on December 19, 2018.

	Nine months ended December 31				(Millions of yen)
	2017 Previous standards	2018 New standards	Change	Change %	Nine months ended December 31, 2018 Impact of adopting new standards
Net sales	2,674,172	2,777,522	103,350	3.9%	(24,538)
Segment income	610,925	639,982	29,057	4.8%	(2,249)
Depreciation and amortization	355,752	346,036	(9,716)	(2.7%)	-
Other adjustments	13,584	81	(13,503)	(99.4%)	-
Adjusted EBITDA	980,261	986,099	5,838	0.6%	(2,249)
Capital expenditures (acceptance basis)	221,455	263,624	42,169	19.0%	-

OVERVIEW

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

SoftBank Corp.'s main strategic initiatives include:

- Differentiating itself from other carriers by offering three brands – *SoftBank*, *Y!mobile*, and *LINE MOBILE* – to better address the various needs of customers and by providing free use of member benefits through collaboration with Yahoo Japan Corporation.
- Expanding new businesses by collaborating with companies with cutting-edge technologies and services, especially with the investees of the SoftBank Group:
 - Jointly rolled out the office-sharing services business in Japan with WeWork through WeWork Japan GK.
 - By utilizing the technology developed by One97 Communications Limited (PayTM), launched *PayPay* smartphone payment service, which uses QR code, through PayPay Corporation, a joint venture with Yahoo Japan Corporation.

WeWork Japan GK is an affiliate of SoftBank Corp. PayPay Corporation is a subsidiary of SoftBank Group Corp.

FINANCIAL RESULTS

Net sales increased ¥103,350 million (3.9%) year on year, to ¥2,777,522 million. This is mainly attributable to an increase in the enterprise business, with solid sales in PCs and servers and the expansion of cloud service licenses, as well as an increase in consumer telecom service revenue, driven by growth in *SoftBank Hikari* and smartphone subscribers.

Segment income increased ¥29,057 million (4.8%) year on year, to ¥639,982 million, mainly due to an increase in high-margin telecom service sales. **Adjusted EBITDA increased ¥5,838 million (0.6%) year on year, to ¥986,099 million.**

The adoption of the new standards had a negative impact of ¥24,538 million on net sales, and of ¥2,249 million on both segment income and adjusted EBITDA.

Capital expenditures, on the basis of acceptance, increased ¥42,169 million (19.0%) year on year, to ¥263,624 million, due to initiatives to expand service areas and improve the quality of LTE services.

The Differences in Figures of the Company's Softbank Segment and Softbank Corp. Financial Results

There are differences in figures in the financial results of the SoftBank segment in the Company's consolidated financial statements and those disclosed by SoftBank Corp. There are three main reasons for the difference in operating income in the same period of the previous fiscal year (a to c below), and mainly one reason for the difference in the period (c below).

a) Application of the new standards

The Company and SoftBank Corp. have adopted the new standards to their respective consolidated financial statements since the first quarter. The Company has not adjusted the presentation of information of the previous fiscal year, while SoftBank Corp. has made such adjustments.

b) Brand royalty

Until the previous fiscal year, SoftBank Corp. made royalty payments to the Company for use of the *SoftBank* brand trademark. SoftBank Corp. recorded a cost of ¥34,302 million for the payment in the same period of the previous fiscal year; however, it was not recorded as a cost for the SoftBank segment in the Company's consolidated financial statements, as it was eliminated as a transaction within the SoftBank segment. Royalty payment for use of the brand were no longer incurred in the period, since SoftBank Corp. acquired partial usage rights of the *SoftBank* brand trademark, which are effective indefinitely in principle, and paid compensation for the rights in a lump sum in March 2018.

c) Depreciation and amortization

When the Company acquired Vodafone K.K. (currently SoftBank Corp.) in April 2006, the Company evaluated all of the assets and liabilities of Vodafone K.K. at fair value at the time, while SoftBank Corp., as an acquired company, did not reevaluate the assets and liabilities at fair value in its consolidated statements of financial position. As a result, the non-current assets of SoftBank Corp. recorded in the Company's consolidated financial statements are lower than those recorded in SoftBank Corp.'s consolidated financial statements. Consequently, the amount of depreciation and amortization of the Company's SoftBank segment is lower than that of SoftBank Corp.

For further details on SoftBank Corp.'s operational and financial results, please refer to its website at:
www.softbank.jp/en/corp/ir/

(b) Sprint Segment

1. U.S. dollar-based quarterly wireless telecom service revenue in the third quarter increased year on year, excluding the impact of adopting the new standards.
2. Segment income decreased 12.5% yoy, to ¥255.3 billion, impacted by one-time gains in the same period of the previous fiscal year.
3. The merger with T-Mobile was approved by the Committee on Foreign Investment in the United States (CFIUS). Review by the Federal Communications Commission (FCC) and other regulatory agencies is still underway.

	(Millions of yen)				
	Nine months ended December 31				Nine months ended
	2017	2018			December 31, 2018
	Previous standards	New standards	Change	Change %	Impact of adopting new standards
Net sales	2,722,153	2,794,447	72,294	2.7%	43,836
Segment income	291,841	255,318	(36,523)	(12.5%)	74,828
Depreciation and amortization	708,307	784,013	75,706	10.7%	-
Other adjustments ⁵	(61,323)	40,800	102,123	-	-
Adjusted EBITDA	938,825	1,080,131	141,306	15.1%	74,828
U.S. dollar-based results (IFRSs)					
	(Millions of U.S. dollars)				
Net sales	24,323	25,159	836	3.4%	393
Cost of sales and selling, general and administrative expenses	22,070	22,221	151	0.7%	(280)
Other operating income (loss)	355	(633)	(988)	-	-
Segment income	2,608	2,305	(303)	(11.6%)	673
Depreciation and amortization	6,329	7,061	732	11.6%	-
Other adjustments ⁵	(547)	365	912	-	-
Adjusted EBITDA	8,390	9,731	1,341	16.0%	673
Reference: Disclosed by Sprint (US GAAP)					
	(Millions of U.S. dollars)				
Network capital expenditures (cash basis)	2,539	3,814	1,275	50.2%	-
Adjusted free cash flow	1,185	(375)	(1,560)	-	-

OVERVIEW

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

Merger of Sprint and T-Mobile

On April 29, 2018, Sprint and T-Mobile US Inc. (“T-Mobile”) entered into a definitive agreement to merge in an all-stock transaction (the “Transaction”). Upon completion of the Transaction, the combined company is expected to become an equity method associate of the Company with an approximately 27.4% shareholding, and Sprint will no longer be a subsidiary of the Company. The Transaction is subject to Sprint and T-Mobile stockholder approvals, regulatory approvals, and other customary closing conditions. To obtain regulatory approvals for the merger, Sprint and T-Mobile completed the Hart-Scotto-Rodino filing with the Department of Justice (DOJ). Furthermore, the parties filed merger applications with the Federal Communications Commission (FCC) and the Committee on Foreign Investment in the United States (CFIUS). As of the end of the third quarter, the Transaction received clearance from CFIUS, while review is still underway by DOJ, FCC, and other regulatory agencies. The Transaction is expected to close no later than the first half of 2019.

FINANCIAL RESULTS

Results in U.S. dollars

Net sales increased \$836 million (3.4%) year on year, to \$25,159 million. Of the net sales increase, \$393 million comes from adopting the new standards, with a negative impact on telecom service revenue and a positive impact on equipment revenue. Excluding these impacts, net sales increased \$443 million year on year. Although telecom service revenue fell mainly due to a decrease in wireline revenue, equipment revenue increased due to an increase in equipment rentals revenue.

Of telecom service revenue, excluding the negative impact of adopting the new standards, quarterly wireless telecom service revenue achieved year-on-year growth in both the second quarter and the third quarter. The customer base has been expanding steadily, and postpaid ARPU has been stabilizing.

Segment income decreased \$303 million (11.6%) year on year, to \$2,305 million.

Although net sales increased \$443 million year on year (excluding the impact of adopting the new standards) as mentioned above, operating expenses (cost of sales and selling, general and administrative expenses) increased \$431 million year on year (excluding the impact of adopting the new standards), mainly due to an increase in depreciation expenses following an increase of leased device assets.

Other operating income and loss deteriorated \$988 million year on year, due to the absence of one-time gains recognized in the same period of the previous fiscal year, such as a gain on spectrum license exchange. As a result, although the adoption of the new standards had a positive impact of \$673 million on segment income (\$393 million for the increase in net sales and \$280 million for the push-down of operating expenses), segment income decreased year on year.

Adjusted EBITDA increased \$1,341 million (16.0%) year on year, to \$9,731 million, which included the same amount of the positive impact as on segment income from the adoption of the new standards.

Adjusted free cash flow decreased \$1,560 million year on year, to negative \$375 million (as disclosed by Sprint, US GAAP). An increase in operating cash flows was more than offset by an increase in expenditures for the acquisition of equipment for the 5G network.

Results in yen

In yen terms, net sales increased ¥72,294 million (2.7%) year on year to ¥2,794,447 million, and segment income decreased ¥36,523 million (12.5%) to ¥255,318 million. Adjusted EBITDA increased ¥141,306 million (15.1%), to ¥1,080,131 million.

OPERATIONS

Cumulative Subscriber⁶

	December 31, 2018	Change from March 31, 2018
Postpaid	32,605	486
Postpaid phone	26,787	(26)
Prepaid	8,846	(143)
Wholesale and affiliate	13,044	(473)
Total	54,495	(130)

Net Additions⁷ (Excluding Special Factors)

	Three months ended December 31, 2018	YoY Change
Postpaid	309	53
Postpaid phone	(26)	(210)
Prepaid	(173)	(236)
Wholesale and affiliate	(88)	(154)
Total	48	(337)

Postpaid phone subscriber net loss was mostly a result of lower gross additions associated with the introduction of less promotional service pricing in July 2018 and higher churn as more customers rolled off promotional offers. Postpaid net additions included 107 thousand subscribers who migrated from the prepaid subscriber base.

Churn Rate (Postpaid)

	Three months ended December 31, 2018	YoY Change
Postpaid phone churn rate	1.84%	0.13 pp deterioration
Postpaid churn rate	1.85%	0.05 pp deterioration

ARPU (Postpaid)

	Three months ended December 31, 2018	YoY Change
Postpaid phone ARPU	\$50.01	\$(1.25)
Postpaid ARPU	\$43.64	\$(1.49)

Postpaid ARPU decreased \$1.49 year on year due to the adoption of new revenue standards, which had a \$0.96 negative impact, and to the increase in sales of smartwatches and automotive data devices, which generally have a lower ARPU than phones.

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

(c) Yahoo Japan Segment

	(Millions of yen)			
	Nine months ended December 31			
	2017	2018	Change	Change %
Net sales	645,406	702,871	57,465	8.9%
Segment income	140,486	115,328	(25,158)	(17.9%)
Depreciation and amortization	30,870	40,493	9,623	31.2%
Other adjustments	(7,896)	(3,751)	4,145	-
Adjusted EBITDA	163,460	152,070	(11,390)	(7.0%)

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

(d) Arm Segment
1. Net sales decreased 4.1% yoy

- Licensing revenue (U.S. dollar-based) decreased 27.7% yoy primarily due to the delay in signing new contracts in China in the first half of the fiscal year.
- Royalties revenue (U.S. dollar-based) increased only 4.0% yoy due to a slowdown in global smartphone demand, especially in China.

2. Steady reinforcement of R&D capacity over medium to long term

- Arm launched further processors developed specifically for the automotive market, a direct result of the strategy of accelerated R&D over the past two years.
- Arm continuously evaluates the mix of R&D projects in which it is investing to ensure that ROI is maximized.

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2017	2018		
Net sales	152,422	146,119	(6,303)	(4.1%)
Segment income	(21,865)	137,205	159,070	-
Depreciation and amortization	46,158	49,395	3,237	7.0%
Gain relating to loss of control over subsidiaries	-	(176,261)	(176,261)	-
Adjusted EBITDA	24,293	10,339	(13,954)	(57.4%)

Note: Depreciation and amortization includes amortization expenses of ¥43,383 million for the period and ¥40,672 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

OVERVIEW

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

In 2018, Arm announced several new products that are a direct result of the accelerated R&D that Arm has executed over the past two years. This has included:

- *Pelion* IoT platform that enables enterprises to seamlessly and securely connect and manage IoT devices and data at any scale
- Two new processors developed specifically for the safety-critical applications within automotive applications (*Cortex-A76AE* and *Cortex-A65AE*)
- *Neoverse* family of processors developed for server and networking application. Amazon Web Services Inc. announced that the first generation of *Neoverse* technologies will be used in their own-built *Graviton* server chips, which would replace the previous generation of chips with a significant cost saving for its customers.

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

FINANCIAL RESULTS

Net sales decreased ¥6,303 million (4.1%) year on year, to ¥146,119 million. On a U.S. dollar basis, technology licensing revenue decreased 27.7% year on year. The novation process of existing contracts in China from Arm to Arm Technology (China) Co., Ltd. (“Arm China,” see “Establishment of Joint Venture for the China Business” below), which followed the establishment of a joint venture for the China business, resulted in a delay in signing new contracts and consequently a lower-than-usual revenue received from Arm China in the first half of the fiscal year. The novation process concluded in the third quarter, and quarterly technology licensing revenue received from Arm China has restored to the normal level, as expected.

Technology royalty revenue, on a U.S. dollar basis, increased 4.0% year on year. The growth rate has slowed down due to a weakening in global smartphone demand, especially in China. Royalty revenue growth is expected to be impacted by the slowdown in smartphone demand, but the growth rate is still expected to increase in the medium- to long-term as Arm gains share in secular growth markets such as networking, servers, and IoT.

Reference: Net sales in U.S. dollars

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

	(Millions of U.S. dollars)							
	Nine months ended December 31, 2017				Nine months ended December 31, 2018			
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total
Technology licensing	149	123	190	462	85	124	125	334
Technology royalties	250	271	297	818	261	285	305	851
Software and services	29	28	33	90	35	47	56	138
Total net sales	428	422	520	1,370	381	456	486	1,323

Segment income was ¥137,205 million, compared with loss of 21,865 million in the same period of the previous fiscal year. This was mainly attributable to the recognition of gain relating to the loss of control over subsidiaries of ¥176,261 million as other operating income, as a result of Arm China becoming an associate accounted for using the equity method from a subsidiary.

In the period, Arm continued to increase its R&D capacity, which included hiring more R&D engineers and support staff. As a result, operating expenses (cost of sales and selling, general and administrative expenses) increased ¥10,888 million year on year. Arm’s head count increased net 84 people (1.4%) from the previous fiscal year-end, despite the exclusion of 341 employees of Arm China from the head count upon June 26, 2018.

Arm will continue to strengthen its R&D capacity to build the technologies needed to meet the opportunities presented by machine learning, IoT, autonomous vehicles, among others. In the meantime, to ensure that ROI is maximized, it will also continuously evaluate the mix of R&D projects in which it is investing, as well as the locations of the engineering teams. From time to time, some engineers and project team members are transferred onto other projects or locations. During the third quarter, Arm restructured some R&D projects and office locations, and consequently Arm’s head count declined slightly in the third quarter. Although Arm's head count may grow at a slower rate in the near-term,

it is expected that Arm's head count growth will accelerate in the medium term, as Arm will continue to increase its R&D capacity through hiring engineers.

Adjusted EBITDA decreased ¥13,954 million (57.4%) year on year, to ¥10,339 million.

Establishment of Joint Venture for the China Business

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

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

OPERATIONS

Licensing

	Licenses signed October 1 to December 31, 2018	Cumulative number of licenses signed December 31, 2018
Classic (<i>Arm7, Arm9, Arm11</i>)	-	499
<i>Cortex-A</i>	8	353
<i>Cortex-R</i>	3	103
<i>Cortex-M</i>	21	525
<i>Mali</i>	10	182
Number of processor licenses signed	42	1,662

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

Arm signed 42 processor licenses during the third quarter, including four licenses for new technologies that Arm has not yet announced, reflecting solid demand for Arm's latest technology. Of the customers signing new licenses, six 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 smartphones, smartcards and low-power AI applications.

Royalty Units

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

	2017				2018
	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	5.7 billion	5.8 billion	5.5 billion	5.6 billion	6.2 billion
Growth rate (yoy)	17%	14%	17%	10%	9%
<u>Breakdown by processor family</u>					
Classic (<i>Arm7, Arm9, Arm11</i>)	17%	16%	14%	10%	9%
<i>Cortex-A</i>	17%	19%	20%	21%	18%
<i>Cortex-R</i>	7%	7%	8%	8%	10%
<i>Cortex-M</i>	59%	58%	58%	61%	63%

Arm's licensees reported shipments of 6.2 billion Arm-based chips for the three-month period ended September 30, 2018. With continuing demand for Arm-based chips in growth markets such as IoT and automotive, Arm is on track to achieve its goal of 100 billion Arm-based chips reported as shipped in the four years following the acquisition by the Company, from 2017 to 2020 inclusive (38.6 billion from January 2017 to September 2018).

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

(e) SoftBank Vision Fund and Delta Fund Segment

1. Segment income of ¥808.8 billion

- ◆ Gain and loss on investments at SoftBank Vision Fund of ¥838.7 billion
 - Valuation gain of ¥693.2 billion from the increase in the fair values of Uber, OYO, WeWork,¹ and other investments
 - A fall in NVIDIA's share price reduced valuation gain; however, the majority was offset by derivative gain (non-segment income) from hedging with collar transactions.
 - Realized gain of ¥146.7 billion from selling its entire holding of Flipkart shares

2. Progress of investments at SoftBank Vision Fund

- ◆ Acquired 49 investments to date at cost totaling \$45.5 billion, with fair value amounting to \$55.3 billion (excluding exited investments)⁸
 - Acquired nine investments, including Uber and Grab, from the Company totaling \$10.4 billion in the third quarter
- ◆ Total committed capital of \$97.0 billion

OVERVIEW

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

Outline of Funds in the Segment

As of December 31, 2018

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital (Billions of U.S. dollars)	97.0 ^{*1}	6.0
	SoftBank Group Corp.: 33.1 ^{*2} Third-party investors: 63.9 ^{*3}	SoftBank Group Corp.: 4.4 Third-party investors: 1.6 ^{*3}
General partner	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Investment period	Until November 20, 2022 (in principle)	Until November 20, 2022 (in principle)
Minimum Fund life	Until November 20, 2029 (in principle)	Until September 27, 2029 (in principle)

Notes:

1. SoftBank Vision Fund completed a total of two closings in the third quarter. As a result, SoftBank Vision Fund accepted the participation of new limited partners and acquired additional committed capital totaling \$5.3 billion.
2. The Company's committed capital to SoftBank Vision Fund includes approximately \$8.2 billion of an obligation to be satisfied by using Arm Limited shares and \$5.0 billion earmarked for use in an incentive scheme related to SoftBank Vision Fund.
3. A portion of the capital committed by third-party investors in both SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both separate Funds; hence, the total committed capital and remaining committed capital for each separate Fund will change according to the status of contribution by third-party investors in each Fund.

FINANCIAL RESULTS

	(Millions of yen)			
	Nine months ended December 31			
	2017	2018	Change	Change %
Gain and loss on investments at SoftBank Vision Fund	254,852	838,684	583,832	229.1%
Realized gain and loss of investments	-	146,682	146,682	-
Unrealized gain and loss on valuation of investments	251,108	693,201	442,093	176.1%
Interest and dividend income from investments	3,744	3,092	(652)	(17.4%)
Effect of foreign exchange translation	-	(4,291)	(4,291)	-
Gain and loss on investments at Delta Fund	-	95	95	-
Unrealized gain and loss on valuation of investments	-	95	95	-
Operating expenses	(18,425)	(29,987)	(11,562)	62.7%
Segment income	236,427	808,792	572,365	242.1%
Depreciation and amortization	-	48	48	-
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund				
Unrealized loss (gain) on valuation of investments	(251,108)	(693,296)	(442,188)	176.1%
Change in amount on valuation for the fiscal year	(251,108)	(836,244)	(585,136)	233.0%
Transfer to realized gain and loss ^{*1}	-	142,948	142,948	-
Effect of foreign exchange translation	-	4,291	4,291	-
Adjusted EBITDA	(14,681)	119,835	134,516	-

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

Segment income =

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

Adjusted EBITDA =

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

Note:

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

Segment income was ¥808,792 million, compared with ¥236,427 million in the same period of the previous fiscal year, of which gain on investments at SoftBank Vision Fund was ¥838,684 million. This included realized gain on investments of ¥146,682 million and unrealized gain on valuation of investments of ¥693,201 million.

Realized gain on investments at SoftBank Vision Fund was recognized following the completion of the sale of Flipkart shares to WAL-MART INTERNATIONAL HOLDINGS, INC. in September 2018. The amount was recognized based on the sales value of approximately \$4.0 billion, net of amount deposited in escrow account,⁹ etc. Capital gains on investments in entities that operate businesses in India are subject to tax in India. Consequently, outside segment income, current taxes of ¥64,892 million were recorded for the aforementioned realized gain in Flipkart, which mainly operates businesses in India. The sale of Flipkart shares occurred within 24 months of making the investment, and therefore was taxed at 43.68%, the Indian short-term capital gains tax rate.

Unrealized gain on valuation of investments at SoftBank Vision Fund for the period was recognized due to an increase in the fair value from the transfer value of the investment in Uber acquired from the Company in the third quarter, and an increase in the fair values of other investments such as OYO and WeWork. For the investment in NVIDIA, unrealized loss on valuation of ¥299,539 million was recorded for the period due to a large fall in its share price in the third quarter, versus share price increases in the first and second quarters.

Conversely, derivative gain of ¥249,509 million was recorded as non-operating income in relation to collar transactions using NVIDIA shares. The amount derived by subtracting derivative gain from the aforementioned unrealized loss

on valuation for the period, before deduction of third-party interests, was ¥50,030 million.

Adjusted EBITDA was ¥119,835 million, compared with negative ¥14,681 million in the same period of the previous fiscal year.

Capital Deployment

As of December 31, 2018

(Billions of U.S. dollars)			
	Total	The Company ^{*1}	Third-party investors
Committed capital			
SoftBank Vision Fund	97.0	33.1	63.9
Delta Fund	6.0	4.4	1.6
Contributions from limited partners¹⁰			
SoftBank Vision Fund	45.2	15.3	29.9
Delta Fund	5.1	3.7 ¹¹	1.4
Non-recallable contribution¹²			
SoftBank Vision Fund	2.5	0.9	1.6
Remaining committed capital			
SoftBank Vision Fund	49.3	16.9	32.4
Delta Fund ¹³	0.9	0.7	0.2

Note:

- The Company's committed capital includes approximately \$8.2 billion of obligation to be satisfied by using 24.99% of Arm Limited shares. The obligation was entirely satisfied by the end of the third quarter, resulting in SoftBank Vision Fund holding all of the applicable Arm Limited shares. The Company's committed capital also includes \$5.0 billion that is earmarked for use in an incentive scheme related to SoftBank Vision Fund.

Investees of SoftBank Vision Fund (as of December 31, 2018; excluding exited investments)

Cumulative acquisition cost of investments: \$45.5 billion

Total fair value of investments: \$55.3 billion

Sector	Name (in alphabetical order)
Semiconductors	Arm Limited
	* NVIDIA Corporation
AI, big data, robotics, and VR	Brain Corporation
	* HealthKconnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)
	Improbable Worlds Limited
	© Light Labs, Inc.
	MapBox Inc.
	Nauto, Inc.
	OSIsoft LLC
	©◆ Petuum Holdings Ltd.
On-demand economy	©◆ Doordash, Inc.
	© Full Truck Alliance Co. Ltd
	©◆ GRAB HOLDINGS INC. (Grab)
	© Local Services Holding Limited (Alibaba Local Services)

Sector	Name (in alphabetical order)
	◎ Loggi Technology International ◆ Oravel Stays Private Limited (OYO) (and its one affiliate) Ping An Healthcare and Technology Company Limited ◎◆ Uber Technologies, Inc. (Uber) Wag Labs, Inc. WeWork Companies Inc. (and its three affiliates) ◎ Zume, Inc. ◎ Zuoyebang Education Limited
E-commerce	Auto1 Group GmbH ◎ Brandless, Inc. ◎◆ Coupang LLC Fanatics Holdings, Inc. ◎ Globality, Inc. ◎◆ Grofers International Pte. Ltd. ◎ OpenDoor Labs, Inc. ◎◆ PT Tokopedia
Financial services	◎◆ Kabbage, Inc. One97 Communications Limited (PayTM) ◎ OneConnect Financial Technology Co., Ltd. * Zhongan Online P&C Insurance Co., Ltd.
Enterprise, media, and advertising	◎ AutomationAnywhere, Inc. ◎ Bytedance Ltd. ◎ Cohesity, Inc. Slack Technologies, Inc. Urban Compass, Inc. (Compass)
Life sciences	◎◆ 10x Genomics, Inc. * Guardant Health, Inc. (and its one affiliate) ◎ Relay Therapeutics, Inc. Roivant Sciences Ltd. Vir Biotechnology, Inc. ◎◆ Zymergen, Inc.
Smart cities	Katerra Inc. ◎ View Inc.
Clean tech	Plenty United Inc. One other investment
	Total of 49 investments

◎: New investments during the period

◆: Investments acquired from sale by the Company (See “INVESTMENTS ACQUIRED FROM SALE BY THE COMPANY” on the following page)

*: Listed securities

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly owned subsidiaries, of the Fund. Regardless of the ownership percentage of SoftBank Vision Fund, all investments made through the investment holding entities are calculated as investments made by SoftBank Vision Fund. Some of the subsidiaries of SoftBank Vision Fund have investors other than the Fund. Of the total fair values of investments by SoftBank Vision Fund at the end of the third quarter, \$1.7 billion belongs to those investors.

INVESTMENTS ACQUIRED FROM SALE BY THE COMPANY

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

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

As for investments transferred during the period, the differences between the carrying amounts at the beginning of the period (or the acquisition cost during the period) and the sale values were recorded in non-operating income of the Company's consolidated statement of income, while the changes in fair values from the sale values (the acquisition value for the Fund) were recorded in segment income of the SoftBank Vision Fund and Delta Fund segment. The sale transactions for the transfer between the Company and SoftBank Vision Fund have been eliminated in the Company's consolidated financial statements.

Investments Acquired from Sale by the Company to SoftBank Vision Fund in the third quarter

In the third quarter, the Company sold the investments shown below to SoftBank Vision Fund. The sale price is based on the fair value at the time the Company made its decision at its applicable authority to offer the transfer.

Investees	(Billions of U.S. dollars)	
	Acquisition value by the Company	Sale value by the Company to SVF (Acquisition value by SVF)
Uber Technologies, Inc. (Uber)	7.7	7.7
GRAB HOLDINGS INC. (Grab)	1.2	1.5
Others	1.0	1.2
Total of 9 investments	9.9	10.4

Note: The above table presents main investments whose sale value were material, in order of the amount of value.

In addition, as of the end of the third quarter, the investment in Xiaoju Kuaizhi Inc. (DiDi), acquired at \$5.9 billion and currently held by the Company, has been agreed to be sold to SoftBank Vision Fund for \$6.8 billion.

Investee of Delta Fund (as of December 31, 2018)

Cumulative acquisition cost of investments: \$5.0 billion

Total fair value of investments: \$5.0 billion

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

(f) Brightstar Segment

	Nine months ended December 31		(Millions of yen)	
	2017	2018	Change	Change %
Net sales	783,669	812,471	28,802	3.7%
Segment income	(52,129)	(9,222)	42,907	-
Depreciation and amortization	4,449	4,991	542	12.2%
Other adjustment	50,497	-	(50,497)	-
Adjusted EBITDA	2,817	(4,231)	(7,048)	-

(g) Other and Reconciliation

	Nine months ended December 31					
	2017		2018		Change	
	Other	Reconciliation	Other	Reconciliation	Other	Reconciliation
Net sales	58,116	(224,664)	158,696	(223,674)	100,580	990
Segment income	(19,507)	(37,349)	(39,881)	(48,515)	(20,374)	(11,166)
Depreciation and amortization	5,637	1,202	28,674	611	23,037	(591)
Other adjustment	9,912	1,427	3,859	-	(6,053)	(1,427)
Adjusted EBITDA	(3,958)	(34,720)	(7,348)	(47,904)	(3,390)	(13,184)

Other segment loss was ¥39,881 million, compared with loss of ¥19,507 million in the same period of the previous fiscal year. This was mainly due to operating loss of ¥21,135 million at PayPay Corporation, which is engaged in smartphone payment services in Japan, as a result of its proactive measures to increase the number of users and stores where its services are usable.

(2) Overview of Financial Position

1. Disposal of 33.50% of SoftBank Corp. shares

- ◆ Received proceeds of ¥2.3 trillion.
- ◆ Capital surplus increased ¥1.2 trillion; ratio of equity attributable to owners of the parent increased 5.1 percentage points, to 21.7%.

2. Status of investments

- ◆ **Balance of investments from SoftBank Vision Fund of ¥6.0 trillion, up ¥3.7 trillion from the previous fiscal year-end**
 - 11 investments totaling \$11.3 billion were transferred from the Company in the period (including Uber and Grab¹); an investment in DiDi has been agreed to be transferred at \$6.8 billion.
 - The fair values of investments increased.
- ◆ **Balance of investment securities (investments outside the Fund) of ¥990.7 billion, down ¥1.7 trillion from the previous fiscal year-end**

	(Millions of yen)			
	March 31, 2018	December 31, 2018	Change	Change %
Total assets	31,180,466	36,459,477	5,279,011	16.9%
Total liabilities	24,907,444	27,173,088	2,265,644	9.1%
Total equity	6,273,022	9,286,389	3,013,367	48.0%
Reference: Exchange rate at the end of the period used for translations				
USD / JPY	¥106.24	¥111.00	¥4.76	4.5%
GBP / JPY	¥148.84	¥140.46	¥(8.38)	(5.6%)

(a) Current Assets

	(Millions of yen)		
	March 31, 2018	December 31, 2018	Change
Cash and cash equivalents	3,334,650	5,304,367	1,969,717
Trade and other receivables	2,314,353	2,412,906	98,553
Other financial assets	519,444	611,502	92,058
Inventories	362,041	392,850	30,809
Other current assets	344,374	319,056	(25,318)
Total current assets	6,874,862	9,040,681	2,165,819

Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Cash and cash equivalents ¥5,304,367 million	<u>¥1,969,717 million increase</u> Proceeds of ¥2,349,832 million were received from the disposal of a portion of SoftBank Corp. shares.

(b) Non-current Assets

	(Millions of yen)		
	March 31, 2018	December 31, 2018	Change
Property, plant and equipment	3,856,847	4,087,429	230,582
Goodwill	4,302,553	4,232,295	(70,258)
Intangible assets	6,784,550	6,887,784	103,234
Costs to obtain contracts	-	330,570	330,570
Investments accounted for using the equity method	2,328,617	2,718,708	390,091
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	6,508,438	3,680,654
SoftBank Vision Fund	2,296,584	5,953,314	3,656,730
Delta Fund	531,200	555,124	23,924
Investment securities ¹⁴	2,660,115	990,661	(1,669,454)
Other financial assets	676,392	960,544	284,152
Deferred tax assets	647,514	484,028	(163,486)
Other non-current assets	221,232	218,339	(2,893)
Total non-current assets	24,305,604	27,418,796	3,113,192

Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Property, plant and equipment ¥4,087,429 million	<u>¥230,582 million increase</u> Capital expenditures for the 5G network and leased mobile devices for customers increased at Sprint. Meanwhile, telecommunications equipment was regularly depreciated at SoftBank Corp.
Goodwill ¥4,232,295 million	<u>¥70,258 million decrease</u> Goodwill related to Arm decreased due to a stronger yen against the British pound.
Intangible assets ¥6,887,784 million	<u>¥103,234 million increase</u> · FCC licenses increased ¥192,913 million due to a weaker yen against the U.S. dollar. · Customer relationships decreased ¥66,669 million due to regular amortization at Sprint and Arm. · Technologies decreased ¥55,011 million due to regular amortization and a stronger yen against the British pound.
Costs to obtain contracts ¥330,570 million	Costs to obtain contracts at Sprint and SoftBank Corp. were newly recorded due to the adoption of the new standards.
Investments accounted for using the equity method ¥2,718,708 million	<u>¥390,091 million increase</u> Alibaba's consolidated carrying amount increased due to the recording of income on equity method investments. A consolidated carrying amount of ¥83,784 million was newly recorded as Arm China became an equity method associate.

Components and balance	Changes from the previous fiscal year-end and main reasons
<p>Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL ¥6,508,438 million</p>	<p><u>SoftBank Vision Fund: ¥3,656,730 million increase</u></p> <ul style="list-style-type: none"> · 11 investments totaling \$11.3 billion, including Uber and Grab,¹ were transferred from the Company in the period. An investment in DiDi has been agreed to be transferred at \$6.8 billion. · An increase in the fair value of the investment in Uber was recognized from its transfer price, and the fair values of other investments such as OYO and We-Work also increased. On the other hand, the fair value of NVIDIA decreased due to a fall in its share price. · The Fund sold Flipkart shares.
<p>Investment securities ¥990,661 million</p>	<p><u>¥1,669,454 million decrease</u></p> <ul style="list-style-type: none"> · Investments including Uber, Grab, and DiDi (total carrying amounts of ¥1,827,075 million at the previous fiscal year-end) that were transferred or agreed to be transferred to SoftBank Vision Fund were reclassified as investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL. · New investments including GM Cruise were made by a wholly owned subsidiary of the Company.

(c) Current Liabilities

	(Millions of yen)		
	March 31, 2018	December 31, 2018	Change
Interest-bearing debt	3,217,405	4,256,689	1,039,284
SoftBank Group Corp. ³	1,485,851	1,488,586	2,735
Short-term borrowings	771,275	395,850	(375,425)
Current portion of long-term borrowings ³	214,747	301,678	86,931
Current portion of corporate bonds	399,829	699,058	299,229
Others	100,000	92,000	(8,000)
SoftBank Corp.	803,055	894,906	91,851
Current portion of long-term borrowings	393,916	481,387	87,471
Current portion of lease obligations	393,282	403,801	10,519
Others	15,857	9,718	(6,139)
Sprint	364,245	399,092	34,847
Current portion of long-term borrowings	164,466	163,817	(649)
Current portion of corporate bonds	190,396	225,654	35,258
Others	9,383	9,621	238
SoftBank Vision Fund	397,095	629,337	232,242
Short-term borrowings	83,952	-	(83,952)
Current portion of long-term borrowings	313,143	629,337	316,194
Others	167,159	844,768	677,609
Current portion of financial liabilities relating to sale of shares by variable pre-paid forward contract	-	727,776	727,776
Others	167,159	116,992	(50,167)
Deposits for banking business	684,091	745,735	61,644
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	-	(40,713)
SoftBank Vision Fund	39,193	-	(39,193)
Delta Fund	1,520	-	(1,520)
Trade and other payables	1,816,010	1,862,928	46,918
Derivative financial liabilities	96,241	417,679	321,438
Other financial liabilities	1,646	10,579	8,933
Income taxes payables	147,979	485,385	337,406
Provisions	65,709	40,047	(25,662)
Other current liabilities	658,961	728,181	69,220
Total current liabilities	6,728,755	8,547,223	1,818,468

Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥4,256,689 million	<u>¥1,039,284 million increase</u>
SoftBank Group Corp. ¥1,488,586 million	<u>¥2,735 million increase</u> · Short-term borrowings decreased ¥375,425 million due to repayments. · Current portion of corporate bonds increased ¥299,229 million as corporate bonds that would mature within a year were transferred from non-current liabilities, while certain domestic straight corporate bonds were redeemed upon maturity. · Current portion of long-term borrowings increased ¥86,931 million. Out of the borrowings made through wholly owned subsidiary Skywalk Finance GK using Alibaba shares, ³ ¥222.0 billion was transferred from non-current liabilities upon it becoming scheduled to be repaid in January 2019.
SoftBank Vision Fund ¥629,337 million	<u>¥232,242 million increase</u> SoftBank Vision Fund made additional borrowings using NVIDIA shares through collar transactions. The borrowings have been made in several tranches since the previous fiscal year.
Others ¥844,768 million	<u>¥677,609 million increase</u> As the settlement date of a variable prepaid forward contract for Alibaba shares became due within a year, the related financial liabilities were transferred from non-current liabilities.
Derivative financial liabilities ¥417,679 million	<u>¥321,438 million increase</u> Derivative liabilities relating to the embedded collar transaction in the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.
Income taxes payables ¥485,385 million	<u>¥337,406 million increase</u> This mainly reflects the recording of an amount equivalent to taxes payable for the gain on disposal that arose at seller SoftBank Group Japan Corporation as a result of the disposal of SoftBank Corp. shares.

(d) Non-current Liabilities

	(Millions of yen)		
	March 31, 2018	December 31, 2018	Change
Interest-bearing debt	13,824,783	12,797,095	(1,027,688)
SoftBank Group Corp. ³	7,732,330	5,918,694	(1,813,636)
Long-term borrowings ³	3,215,459	1,720,106	(1,495,353)
Corporate bonds	4,516,871	4,198,588	(318,283)
SoftBank Corp.	896,435	2,379,307	1,482,872
Long-term borrowings	217,514	1,687,931	1,470,417
Lease obligations	670,862	690,431	19,569
Others	8,059	945	(7,114)
Sprint	3,979,705	4,025,236	45,531
Long-term borrowings	1,346,576	1,559,088	212,512
Corporate bonds	2,612,178	2,449,905	(162,273)
Others	20,951	16,243	(4,708)
SoftBank Vision Fund	101,312	-	(101,312)
Others	1,115,001	473,858	(641,143)
Financial liabilities relating to sale of shares by variable prepaid forward contract	688,332	-	(688,332)
Others	426,669	473,858	47,189
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	3,792,014	1,988,048
SoftBank Vision Fund	1,659,665	3,639,545	1,979,880
Delta Fund	144,301	152,469	8,168
Derivative financial liabilities	865,402	140,553	(724,849)
Other financial liabilities	62,372	60,164	(2,208)
Defined benefit liabilities	100,486	98,760	(1,726)
Provisions	132,139	156,847	24,708
Deferred tax liabilities	1,085,626	1,325,908	240,282
Other non-current liabilities	303,915	254,524	(49,391)
Total non-current liabilities	18,178,689	18,625,865	447,176

Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Interest-bearing debt ¥12,797,095 million	<u>¥1,027,688 million decrease</u>
SoftBank Group Corp. ³ ¥5,918,694 million	<u>¥1,813,636 million decrease</u> · Long-term borrowings decreased ¥1,495,353 million. SoftBank Group Corp. repaid a portion of its senior loan before maturity by using ¥1.6 trillion, which was received from SoftBank Corp. as repayment of its borrowings from the company, as part of the preparations to list SoftBank Corp. shares. · Corporate bonds decreased ¥318,283 million. Foreign currency-denominated senior notes totaling ¥357.6 billion were redeemed before maturity. In addition, certain corporate bonds were transferred to current liabilities as they became due within a year. On the other hand, corporate bonds totaling ¥722.7 billion were issued.
SoftBank Corp. ¥2,379,307 million	<u>¥1,482,872 million increase</u> SoftBank Corp. made new borrowings of ¥1.6 trillion through a senior loan as part of its preparations for listing.
Others ¥473,858 million	<u>¥641,143 million decrease</u> Financial liabilities related to the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.
Third-party interests in SoftBank Vision Fund and Delta Fund ¥3,792,014 million	<u>SoftBank Vision Fund: ¥1,979,880 million increase</u> See “(2) Third-party interests in SoftBank Vision Fund and Delta Fund” under “3. SoftBank Vision Fund and Delta Fund business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “3. Condensed Interim Consolidated Financial Statements and Primary Notes” for details of changes.
Derivative financial liabilities ¥140,553 million	<u>¥724,849 million decrease</u> Derivative liabilities relating to the embedded collar transaction in the variable prepaid forward contract for Alibaba shares were transferred to current liabilities.

(e) Equity

	(Millions of yen)		
	March 31, 2018	December 31, 2018	Change
Common stock	238,772	238,772	-
Capital surplus	256,768	1,445,053	1,188,285
Other equity instruments	496,876	496,876	-
Retained earnings	3,940,259	5,714,798	1,774,539
Treasury stock	(66,458)	(62,067)	4,391
Accumulated other comprehensive income	317,959	79,012	(238,947)
Available-for-sale financial assets	63,700	-	(63,700)
Equity financial assets at FVTOCI	-	5,040	5,040
Debt financial assets at FVTOCI	-	134	134
Cash flow hedges	(55,286)	(87,683)	(32,397)
Exchange differences on translating foreign operations	309,545	161,521	(148,024)
Total equity attributable to owners of the parent	5,184,176	7,912,444	2,728,268
Non-controlling interests	1,088,846	1,373,945	285,099
Total equity	6,273,022	9,286,389	3,013,367
Ratio of equity attributable to owners of the parent	16.6%	21.7%	5.1 pp

Primary components of the change

Components and balance	Changes from the previous fiscal year-end and main reasons
Capital surplus ¥1,445,053 million	<u>¥1,188,285 million increase</u> Capital surplus increased due to the disposal of SoftBank Corp. shares by a wholly owned subsidiary of the Company.
Retained earnings ¥5,714,798 million	<u>¥1,774,539 million increase</u> Net income attributable to owners of the parent of ¥1,538,396 million was recorded. The cumulative impact of adopting the new standards of ¥300,615 million was recorded on April 1, 2018.
Accumulated other comprehensive income ¥79,012 million	<u>¥238,947 million decrease</u> · Exchange differences on translating foreign operations decreased ¥148,024 million. The yen appreciated against the British pound while it depreciated against the U.S. dollar from the previous fiscal year-end. · The cumulative impact of adopting the new standards of ¥57,828 million was reclassified as retained earnings on April 1, 2018.

(3) Overview of Cash Flows

- 1. Proceeds of ¥2.3 trillion from the disposal of SoftBank Corp. shares; a portion of which was used for repayment of interest-bearing debt**
- 2. Progress of investments at SoftBank Vision Fund**
 - Contributions from third-party investors of ¥1.9 trillion; payments for acquisition of investments of ¥1.1 trillion
 - Proceeds from sale of investments of ¥421.9 billion: sale of Flipkart shares
 - Distribution/repayment to third-party investors of ¥455.3 billion: distributed proceeds from the sale of Flipkart shares, among others, to third-party investors

	(Millions of yen)		
	Nine months ended December 31		Change
	2017	2018	
Cash flows from operating activities	883,775	911,188	27,413
Cash flows from investing activities	(2,728,404)	(2,107,857)	620,547
Cash flows from financing activities	2,975,356	3,113,767	138,411

(a) Cash Flows from Operating Activities

Cash flows from operating activities increased ¥27,413 million year on year. Income taxes paid decreased ¥68,254 million year on year mainly due to the payment of income taxes for the sale of the Supercell Oy shares in 2016, which was paid in the same period of the previous fiscal year. Net income increased ¥371,712 million year on year but it included non-cash income such as unrealized gain on valuation of investments at SoftBank Vision Fund and derivative gain.

(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 ¥(1,065,660) million	Sprint acquired leased devices and telecommunications network equipment. SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(531,829) million	The Company made new investments, including an investment in GM Cruise made by a wholly owned subsidiary of the Company.
Payments for acquisitions of investment by SoftBank Vision Fund and Delta Fund ¥(1,143,044) million	SoftBank Vision Fund made new investments. For investments made in the period, see “Investees of SoftBank Vision Fund” under “(e) SoftBank Vision Fund and Delta Fund Investment Segment” in “b. Results by Segment” in “1. Results of Operations.” For the investees marked ◆, which were acquired from sale by the Company, the payments for the acquisition that had been initially made by the Company are included in “Payments for acquisition of investments” above (excluding payments for the investments acquired by the Company in prior fiscal years).
Proceeds from sale of investments by SoftBank Vision Fund and Delta Fund ¥421,921 million	SoftBank Vision Fund sold Flipkart shares.

(c) Cash Flows from Financing Activities
Primary components for the period

Component	Primary details
Proceeds from interest-bearing debt ¥5,455,766 million	
Proceeds from long-term borrowings ¥4,310,676 million	<ul style="list-style-type: none"> · As part of preparations for listing, SoftBank Corp. borrowed ¥1.6 trillion through a senior loan. The proceeds from the senior loan were used to repay its borrowings from SoftBank Group Corp., which was eliminated as an intercompany transaction. · Sprint implemented borrowings through the securitization of receivables and term loans.
Proceeds from issuance of bonds ¥747,744 million	SoftBank Group Corp. issued corporate bonds totaling ¥722.7 billion.
Repayment of interest-bearing debt ¥(5,732,283) million	
Repayment of long-term borrowings ¥(4,371,128) million	<ul style="list-style-type: none"> · SoftBank Group Corp. used all of the ¥1.6 trillion repayment received from SoftBank Corp. to partially repay its senior loan before maturity. · Sprint and SoftBank Corp. repaid borrowings that were mainly made by securitizing receivables.
Redemption of corporate bonds ¥(955,504) million	<ul style="list-style-type: none"> · SoftBank Group Corp. redeemed corporate bonds totaling ¥757.6 billion, including early redemption. · Sprint redeemed corporate bonds of \$1.8 billion at maturity.
Contribution to SoftBank Vision Fund and Delta Fund from third-party investors ¥1,892,414 million	<ul style="list-style-type: none"> · SoftBank Vision Fund received cash contributions from third-party investors based on capital calls. · Delta Fund received cash contributions from third-party investors based on capital calls.
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors ¥(455,280) million	<ul style="list-style-type: none"> · SoftBank Vision Fund made distributions of ¥255,040 million to third-party investors, including performance-based and fixed distributions, by using the proceeds received from the sale of Flipkart shares, as well as partial monetization of NVIDIA shares. · SoftBank Vision Fund repaid the principal for investments totaling ¥193,788 million to third-party investors mainly from the sale of Flipkart shares. · Delta Fund made fixed distributions based on the aggregated amount of investment.
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥2,350,262 million	Proceeds of ¥2,349,832 million were received from the disposal of a portion of SoftBank Corp. shares.
Purchase of shares of subsidiaries from non-controlling interests ¥(229,487) million	SoftBank Corp. acquired shares of Yahoo Japan Corporation from Altaba Inc. through a tender offer.

(4) Forecasts

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

Notes for “1. Results of Operations”

- ¹ The names of the investments of SoftBank Vision Fund are presented in the order of the size of the investments’ impact on the Company’s financial results, unless otherwise stated.
- ² To enable investors to appropriately understand and assess the Company’s management performance, the Company has presented operating income arising from SoftBank Vision Fund and Delta Fund separately from that of other segments in a subcategory under operating income as “Operating income from SoftBank Vision Fund and Delta Fund.”
- ³ The presentation of the interest-bearing debt and finance cost of SoftBank Group Corp. includes borrowings made by Skywalk Finance GK, a wholly owned subsidiary of the Company, using Alibaba shares. The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.
- ⁴ In its condensed interim consolidated statement of income, the Company applies the equity method to the financial statements of Alibaba on a three-month time lag, as it is impracticable to conform the reporting period of Alibaba due to the contract with Alibaba, among other reasons. However, the Company performs necessary adjustments for material transactions or events that arise during the lag period and which are publicly announced by Alibaba.
- ⁵ Other adjustments of the Sprint segment primarily include gain and loss from non-recurring factors, such as gain on spectrum license exchange and income and loss on contract termination among items included in other operating income, and loss and merger-related expenses included in cost of sales and selling, general and administrative expenses.
- ⁶ For Sprint’s cumulative subscribers, from the three-month period ended in March 31, 2018, as a result of the introduction of a non-Sprint branded postpaid plan allowing prepaid customers to purchase a device under an installment billing program, said prepaid customers are included in the postpaid subscriber base. A retroactive adjustment has not been made.
- ⁷ Sprint’s net additions exclude changes in the subscriber base resulting from such special factors as the acquisition of other companies by Sprint affiliate companies (regional telecom operators that use their own telecom networks to provide services under the Sprint brand), the discontinuation of certain service plans at Sprint, or the establishment of venture companies by Sprint.
- ⁸ The acquisition costs and fair values of the investments at SoftBank Vision Fund include the investments made by subsidiaries of the Company through investment holding entities that are subsidiaries of SoftBank Vision Fund.
- ⁹ Amount deposited for future indemnity claims
- ¹⁰ Contributions from limited partners of SoftBank Vision Fund excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
- ¹¹ The Company’s obligation to Delta Fund is offset against the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund.
- ¹² Non-recallable contribution of SoftBank Vision Fund represents the applicable principal for the investment, which was returned to limited partners after the sale of Flipkart shares.
- ¹³ When an investment is made from the remaining committed capital of the third-party investor at Delta Fund, the same amount is deducted from that investor’s remaining committed capital at SoftBank Vision Fund.
- ¹⁴ Investment securities are investments made by the Company outside of SoftBank Vision Fund and Delta Fund.

2. Notes to Summary Information

(1) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

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

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

(2) Changes in Accounting Estimates

(Impairment loss on equity method investments)

As a result of an impairment test which was conducted for an investment in OneWeb Global Limited, an equity method associate of the Company, impairment loss was recognized for the three-month period ended December 31, 2018. The details are described in “16. Other non-operating income (loss) Notes 2” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

(Changes in estimate for use of loss carryforwards)

On December 19, 2018, SoftBank Corp. shares were listed on the Tokyo Stock Exchange First Section and a portion of SoftBank Corp. shares held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed.

As a result of the transaction, for gain on sales of SoftBank Corp. shares generated in SoftBank Group Japan Corporation, a loss carryforward whose deferred tax asset was not recognized, was used and income taxes decreased. The details are described in “7. Income taxes” in “(6) Notes to Condensed Interim Consolidated Financial Statements” under “3. Condensed Interim Consolidated Financial Statements and Primary Notes.”

3. Condensed Interim Consolidated Financial Statements and Primary Notes

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

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

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

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	3,334,650	5,304,367
Trade and other receivables	2,314,353	2,412,906
Other financial assets	519,444	611,502
Inventories	362,041	392,850
Other current assets	344,374	319,056
Total current assets	6,874,862	9,040,681
Non-current assets		
Property, plant and equipment	3,856,847	4,087,429
Goodwill	4,302,553	4,232,295
Intangible assets	6,784,550	6,887,784
Costs to obtain contracts	-	330,570
Investments accounted for using the equity method	2,328,617	2,718,708
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	2,827,784	6,508,438
Investment securities	2,660,115	990,661
Other financial assets	676,392	960,544
Deferred tax assets	647,514	484,028
Other non-current assets	221,232	218,339
Total non-current assets	24,305,604	27,418,796
Total assets	31,180,466	36,459,477

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Liabilities and equity		
Current liabilities		
Interest-bearing debt	3,217,405	4,256,689
Deposits for banking business	684,091	745,735
Third-party interests in SoftBank Vision Fund and Delta Fund	40,713	-
Trade and other payables	1,816,010	1,862,928
Derivative financial liabilities	96,241	417,679
Other financial liabilities	1,646	10,579
Income taxes payables	147,979	485,385
Provisions	65,709	40,047
Other current liabilities	658,961	728,181
Total current liabilities	6,728,755	8,547,223
Non-current liabilities		
Interest-bearing debt	13,824,783	12,797,095
Third-party interests in SoftBank Vision Fund and Delta Fund	1,803,966	3,792,014
Derivative financial liabilities	865,402	140,553
Other financial liabilities	62,372	60,164
Defined benefit liabilities	100,486	98,760
Provisions	132,139	156,847
Deferred tax liabilities	1,085,626	1,325,908
Other non-current liabilities	303,915	254,524
Total non-current liabilities	18,178,689	18,625,865
Total liabilities	24,907,444	27,173,088
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	256,768	1,445,053
Other equity instruments	496,876	496,876
Retained earnings	3,940,259	5,714,798
Treasury stock	(66,458)	(62,067)
Accumulated other comprehensive income	317,959	79,012
Total equity attributable to owners of the parent	5,184,176	7,912,444
Non-controlling interests	1,088,846	1,373,945
Total equity	6,273,022	9,286,389
Total liabilities and equity	31,180,466	36,459,477

(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, 2017	Nine-month period ended December 31, 2018
Net sales	6,811,274	7,168,452
Cost of sales	(4,044,184)	(4,232,353)
Gross profit	2,767,090	2,936,099
Selling, general and administrative expenses	(1,827,083)	(1,991,415)
Gain relating to loss of control over subsidiaries	-	176,261
Other operating loss	(27,605)	(70,730)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	912,402	1,050,215
Operating income from SoftBank Vision Fund and Delta Fund	236,427	808,792
Operating income	1,148,829	1,859,007
Finance cost	(383,337)	(479,396)
Income on equity method investments	319,591	257,533
Foreign exchange gain	20,100	16,908
Derivative gain (loss)	(485,198)	544,574
Gain from financial instruments at FVTPL	8,069	48,964
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(108,163)	(453,529)
Gain from remeasurement relating to discontinuing the use of the equity method	-	24,842
Other non-operating income (loss)	43,913	(9,069)
Income before income tax	563,804	1,809,834
Income taxes	638,941	(235,377)
Net income	1,202,745	1,574,457
Net income attributable to		
Owners of the parent	1,014,944	1,538,396
Non-controlling interests	187,801	36,061
	1,202,745	1,574,457
Earnings per share		
Basic earnings per share (yen)	918.29	1,389.72
Diluted earnings per share (yen)	894.15	1,380.75

Condensed Interim Consolidated Statement of Comprehensive Income

	Nine-month period ended December 31, 2017	(Millions of yen) Nine-month period ended December 31, 2018
Net income	1,202,745	1,574,457
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	8,552	367
Equity financial assets at FVTOCI	-	(8,741)
Total items that will not be reclassified to profit or loss	8,552	(8,374)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	48,156	-
Debt financial assets at FVTOCI	-	435
Cash flow hedges	(10,804)	(33,382)
Exchange differences on translating foreign operations	382,058	(134,619)
Share of other comprehensive income of associates accounted for using the equity method	10,571	10,259
Total items that may be reclassified subsequently to profit or loss	429,981	(157,307)
Total other comprehensive income, net of tax	438,533	(165,681)
Total comprehensive income	1,641,278	1,408,776
Total comprehensive income attributable to		
Owners of the parent	1,450,381	1,356,843
Non-controlling interests	190,897	51,933
	1,641,278	1,408,776

For the three-month period ended December 31

Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three-month period ended December 31, 2017	Three-month period ended December 31, 2018
Net sales	2,400,139	2,514,599
Cost of sales	(1,490,002)	(1,509,814)
Gross profit	910,137	1,004,785
Selling, general and administrative expenses	(639,305)	(703,218)
Other operating loss	(47,031)	(39,634)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	223,801	261,933
Operating income from SoftBank Vision Fund and Delta Fund	50,189	176,358
Operating income	273,990	438,291
Finance cost	(139,879)	(157,054)
Income on equity method investments	211,301	147,195
Foreign exchange gain (loss)	9,158	(13,034)
Derivative gain	19,483	502,167
Loss from financial instruments at FVTPL	(2,138)	(154,902)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(31,006)	(253,772)
Loss from remeasurement relating to discontinuing the use of the equity method	-	(64,367)
Other non-operating income (loss)	3,874	(36,779)
Income before income tax	344,783	407,745
Income taxes	714,220	296,042
Net income	1,059,003	703,787
Net income attributable to		
Owners of the parent	912,322	698,293
Non-controlling interests	146,681	5,494
	1,059,003	703,787
Earnings per share		
Basic earnings per share (yen)	829.96	633.42
Diluted earnings per share (yen)	809.15	629.32

Condensed Interim Consolidated Statement of Comprehensive Income

	Three-month period ended December 31, 2017	(Millions of yen) Three-month period ended December 31, 2018
Net income	1,059,003	703,787
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	8,552	367
Equity financial assets at FVTOCI	-	(7,704)
Total items that will not be reclassified to profit or loss	8,552	(7,337)
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	11,101	-
Debt financial assets at FVTOCI	-	1,124
Cash flow hedges	1,119	(8,944)
Exchange differences on translating foreign operations	45,882	(346,515)
Share of other comprehensive income of associates accounted for using the equity method	1,030	7,577
Total items that may be reclassified subsequently to profit or loss	59,132	(346,758)
Total other comprehensive income, net of tax	67,684	(354,095)
Total comprehensive income	1,126,687	349,692
Total comprehensive income attributable to		
Owners of the parent	977,370	357,666
Non-controlling interests	149,317	(7,974)
	1,126,687	349,692

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2017

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
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	<u>238,772</u>	<u>265,171</u>	<u>496,876</u>	<u>3,931,828</u>	<u>(66,453)</u>	<u>639,495</u>	<u>5,505,689</u>
		Non-controlling interests					
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		<u>1,063,188</u>	<u>6,568,877</u>				

For the nine-month period ended December 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
As of April 1, 2018	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176
Effect of retrospective adjustments due to adoption of new standards*	-	-	-	300,615	-	(57,828)	242,787
As of April 1, 2018 (after adjustments)	238,772	256,768	496,876	4,240,874	(66,458)	260,131	5,426,963
Comprehensive income							
Net income	-	-	-	1,538,396	-	-	1,538,396
Other comprehensive income	-	-	-	-	-	(181,553)	(181,553)
Total comprehensive income	-	-	-	1,538,396	-	(181,553)	1,356,843
Transactions with owners and other transactions							
Cash dividends	-	-	-	(47,951)	-	-	(47,951)
Distribution to owners of other equity instruments	-	-	-	(16,087)	-	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	(434)	-	434	-
Purchase and disposal of treasury stock	-	1,114	-	-	4,391	-	5,505
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	1,165,362	-	-	-	-	1,165,362
Changes in associates' interests in their subsidiaries	-	14,105	-	-	-	-	14,105
Changes in interests in associates' capital surplus	-	2,338	-	-	-	-	2,338
Share-based payment transactions	-	4,682	-	-	-	-	4,682
Other	-	684	-	-	-	-	684
Total transactions with owners and other transactions	-	1,188,285	-	(64,472)	4,391	434	1,128,638
As of December 31, 2018	<u>238,772</u>	<u>1,445,053</u>	<u>496,876</u>	<u>5,714,798</u>	<u>(62,067)</u>	<u>79,012</u>	<u>7,912,444</u>

(Millions of yen)

	Non- controlling interests	Total equity
As of April 1, 2018	1,088,846	6,273,022
Effect of retrospective adjustments due to adoption of new standards*	21,300	264,087
As of April 1, 2018 (after adjustments)	1,110,146	6,537,109
Comprehensive income		
Net income	36,061	1,574,457
Other comprehensive income	15,872	(165,681)
Total comprehensive income	51,933	1,408,776
Transactions with owners and other transactions		
Cash dividends	(30,513)	(78,464)
Distribution to owners of other equity instruments	-	(16,087)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	5,505
Changes from business combination	6,115	6,115
Changes in interests in subsidiaries	234,813	1,400,175
Changes in associates' interests in their subsidiaries	-	14,105
Changes in interests in associates' capital surplus	-	2,338
Share-based payment transactions	1,660	6,342
Other	(209)	475
Total transactions with owners and other transactions	211,866	1,340,504
As of December 31, 2018	1,373,945	9,286,389

Note:

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

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Cash flows from operating activities		
Net income	1,202,745	1,574,457
Depreciation and amortization	1,152,375	1,254,261
Gain relating to loss of control over subsidiaries	-	(176,261)
Gain on investments at SoftBank Vision Fund and Delta Fund	(254,852)	(838,779)
Finance cost	383,337	479,396
Income on equity method investments	(319,591)	(257,533)
Derivative loss (gain)	485,198	(544,574)
Gain from financial instruments at FVTPL	(8,069)	(48,964)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	108,163	453,529
Gain from remeasurement relating to discontinuing the use of the equity method	-	(24,842)
Foreign exchange (gain) and other non-operating (income) loss	(64,013)	(7,839)
Income taxes	(638,941)	235,377
Increase in trade and other receivables	(161,386)	(250,005)
Increase in inventories	(391,455)	(396,730)
Increase in trade and other payables	165,207	137,600
Other	(18,602)	46,938
Subtotal	1,640,116	1,636,031
Interest and dividends received	21,674	35,520
Interest paid	(397,073)	(455,447)
Income taxes paid	(472,211)	(403,957)
Income taxes refunded	91,269	99,041
Net cash provided by operating activities	883,775	911,188
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(791,629)	(1,065,660)
Payments for acquisition of investments	(346,403)	(531,829)
Proceeds from sales/redemption of investments	24,657	232,334
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	(2,021,298)	(1,143,044)
Proceeds from sales of an investment by SoftBank Vision Fund and Delta Fund	-	421,921
Payments for acquisition of control over subsidiaries	(261,859)	(63,980)
Proceeds from loss of control over subsidiaries, net	-	91,253
Payments for loan receivables	(110,032)	(250,875)
Payments for acquisition of marketable securities for short-term trading	(127,788)	(277,800)
Proceeds from sales/redemption of marketable securities for short-term trading	384,231	290,368
Payments into time deposits	(103,771)	(454,475)
Proceeds from withdrawal of time deposits	467,499	693,460
Other	157,989	(49,530)
Net cash used in investing activities	(2,728,404)	(2,107,857)

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Cash flows from financing activities		
Proceeds in short-term interest-bearing debt, net	312,582	(7,646)
Proceeds from interest-bearing debt	4,785,202	5,455,766
Repayment of interest-bearing debt	(4,238,546)	(5,732,283)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	1,765,404	1,892,414
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	(20,918)	(455,280)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	-	2,350,262
Purchase of shares of subsidiaries from non-controlling interests	(31,919)	(229,487)
Proceeds from issuance of other equity instruments	496,876	-
Distribution to owners of other equity instruments	-	(16,087)
Cash dividends paid	(47,785)	(47,806)
Cash dividends paid to non-controlling interests	(29,577)	(29,966)
Other	(15,963)	(66,120)
Net cash provided by financing activities	2,975,356	3,113,767
Effect of exchange rate changes on cash and cash equivalents	26,523	52,619
Increase in cash and cash equivalents	1,157,250	1,969,717
Cash and cash equivalents at the beginning of the period	2,183,102	3,334,650
Cash and cash equivalents at the end of the period	3,340,352	5,304,367

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Significant accounting policies

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

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

(1) Adoption of new standards and interpretations

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

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

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

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

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

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

(2) Effect of adopting new standards and interpretations

Financial impacts of applying “IFRS 9 Financial Instruments” and “IFRS 15 Revenue from Contracts with Customers” on condensed interim consolidated statement of financial position as of April 1, 2018 and condensed interim consolidated financial statements for the nine-month period ended December 31, 2018 are as follows:

(Condensed Interim Consolidated Statement of Financial Position)

As of April 1, 2018

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

(Condensed Interim Consolidated Statement of Financial Position)
 As of December 31, 2018

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
ASSETS				
Trade and other receivables	2,394,605	70	18,231	2,412,906
Inventories	395,246	-	(2,396)	392,850
Other current assets ¹	276,468	(119)	42,707	319,056
Intangible assets	6,907,688	-	(19,904)	6,887,784
Costs to obtain contracts ²	-	-	330,570	330,570
Deferred tax assets	544,081	31	(60,084)	484,028
Other non-current assets ¹	213,706	-	4,633	218,339
LIABILITIES AND EQUITY				
Trade and other payables ¹	1,941,003	-	(78,075)	1,862,928
Other current liabilities ¹	667,652	-	60,529	728,181
Deferred tax liabilities	1,268,761	-	57,147	1,325,908
Other non-current liabilities ¹	322,265	-	(67,741)	254,524
Retained earnings ^{1,2,5}	5,236,695	166,558	311,545	5,714,798
Accumulated other comprehensive income ⁵	245,583	(166,555)	(16)	79,012
Non-controlling interests	1,342,947	(22)	31,020	1,373,945

(Condensed Interim Consolidated Statements of Income)
 Nine-month period ended December 31, 2018

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	(Millions of yen) After adoption
Net sales ¹	7,116,264	-	52,188	7,168,452
Cost of sales	(4,220,258)	-	(12,095)	(4,232,353)
Gross profit	2,896,006	-	40,093	2,936,099
Selling, general and administrative expenses ²	(2,048,203)	4,765	52,023	(1,991,415)
Operating income from SoftBank Vision Fund and Delta Fund ⁵	686,900	121,892	-	808,792
Operating income	1,640,467	126,657	91,883	1,859,007
Income on equity method investments	272,618	(15,085)	-	257,533
Gain from financial instruments at FVTPL ⁵	44,079	4,885	-	48,964
Other non-operating income ^{3,5}	1,584	(10,653)	-	(9,069)
Income taxes	(224,037)	8,249	(19,589)	(235,377)
Net income	1,388,166	114,053	72,238	1,574,457
Basic earnings per share (yen)	1,226.18	105.30	58.24	1,389.72
Diluted earnings per share (yen)	1,217.50	105.12	58.13	1,380.75

(Condensed Interim Consolidated Statements of Comprehensive Income)

Nine-month period ended December 31, 2018

(Millions of yen)

	Before adoption	IFRS 9 Adjustment amount	IFRS 15 Adjustment amount	After adoption
Net income	1,388,166	114,053	72,238	1,574,457
Other comprehensive income, net of tax				
Items that will not be reclassified to profit or loss				
Equity financial assets at FVTOCI ³	-	(8,741)	-	(8,741)
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial assets ^{3,4,5}	114,557	(114,557)	-	-
Debt financial assets at FVTOCI ⁴	-	435	-	435
Exchange differences on translating foreign operations	(134,247)	1	(373)	(134,619)
Share of other comprehensive income of associates accounted for using the equity method ⁵	(1,894)	12,153	-	10,259

Notes:

1. Mobile telecommunications services and sales of mobile handsets

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

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

2. Capitalization of costs to obtain contracts

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

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

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

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

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

As of April 1, 2018

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

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

As of April 1, 2018

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

6. Financial assets previously designated as financial assets at FVTPL are classified as financial assets at FVTPL in accordance with the criteria regarding the classification under IFRS 9.
7. Financial assets previously classified as available-for-sale are classified as equity financial assets at FVTOCI by making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.
8. Financial assets previously classified as available-for-sale are classified as debt financial assets at FVTOCI since they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

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

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

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

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

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

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

(a) Investments in subsidiaries

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

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

(b) Investments in associates and joint ventures

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

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

(c) Other investments

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

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

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

d. Bridge Investments

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

(a) Investments made in the nine-month period ended December 31, 2018

If the transfer is agreed in the nine-month period ended December 31, 2018, the Company presents items relevant to those investments as if SoftBank Vision Fund and Delta Fund had made those investments from the date when the Company initially made the investments. Those items would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

On the other hand, if the investments have not yet been agreed as of December 31, 2018, the Company presents items relevant to those investments as “Investment securities” in the condensed interim consolidated statement of financial position, “Gain from financial instruments at FVTPL” in the condensed interim consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

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

i. Investments for which the transfer is agreed in the nine-month period ended December 31, 2018

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

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

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

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

For investments that are not Bridge Investments, when the transfer is agreed, the Company continues to apply the same accounting treatment followed in the periods prior to the agreement. They are accounted for as financial assets at FVTPL for the nine-month period ended December 31, 2018.

If the transfer is agreed in the nine-month period ended December 31, 2018, the Company presents the carrying amounts of those investments as of December 31, 2018 as if the investments had been made by SoftBank Vision Fund on the date the transfer was agreed. Those investments would be presented as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position as of December 31, 2018, the difference between the carrying amount and the transferred amount and the respective gain and loss on those investments arising from the difference between the transferred amount and fair value as of December 31, 2018 as “Gain and loss from financial instruments at FVTPL” and “Operating income from SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of income for the nine-month period ended December 31, 2018, respectively, and payments for acquisition of such investments as “Payments for acquisition of investments” under cash flows from investing activities in the condensed interim consolidated statement of cash flows for the nine-month period ended December 31, 2018.

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

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

(a) Contribution from Limited Partners other than the Company

The interests attributable to limited partners of SoftBank Vision Fund and Delta Fund other than the Company (“Third-Party Investors”) are classified as financial liabilities, “Third-party interests in SoftBank Vision Fund and Delta Fund” in the condensed interim consolidated statement of financial position, due to the predetermined finite life (in principle, until November 20, 2029 for SoftBank Vision Fund and until September 27, 2029 for Delta Fund) and contractual payment provision to each of the limited partners at the end of the finite life within SoftBank Vision Fund and Delta Fund’s limited partnership agreements. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the limited partnership agreement in a theoretical liquidation scenario at the end of each quarter.

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

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

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

(b) Contribution from the Company

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

2. Segment information

(1) Description of reportable segments

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

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

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

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

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

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

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

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

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

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

Segment information for the nine-month period ended December 31, 2017 and the three-month period ended December 31, 2017 is presented based on the reportable segments after the change.

(2) Net sales and income of reportable segments

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

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

“Other adjustments” are special items, such as acquisition-related costs and impairment loss mainly included in other operating income and loss.

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

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

For the nine-month period ended December 31, 2017

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	2,643,783	2,573,024	628,050	152,420	-	763,422	6,760,699
Intersegment	30,389	149,129	17,356	2	-	20,247	217,123
Total	<u>2,674,172</u>	<u>2,722,153</u>	<u>645,406</u>	<u>152,422</u>	<u>-</u>	<u>783,669</u>	<u>6,977,822</u>
Segment income	610,925	291,841	140,486	(21,865)	236,427	(52,129)	1,205,685
Reconciliation of segment income to adjusted EBITDA							
Segment income	610,925	291,841	140,486	(21,865)	236,427	(52,129)	1,205,685
Depreciation and amortization	355,752	708,307	30,870	46,158	-	4,449	1,145,536
EBITDA	<u>966,677</u>	<u>1,000,148</u>	<u>171,356</u>	<u>24,293</u>	<u>236,427</u>	<u>(47,680)</u>	<u>2,351,221</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(251,108)	-	(251,108)
Other adjustments	13,584	(61,323)	(7,896)	-	-	50,497	(5,138)
Adjusted EBITDA	<u>980,261</u>	<u>938,825</u>	<u>163,460</u>	<u>24,293</u>	<u>(14,681)</u>	<u>2,817</u>	<u>2,094,975</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	50,575	-	6,811,274
Intersegment	7,541	(224,664)	-
Total	<u>58,116</u>	<u>(224,664)</u>	<u>6,811,274</u>
Segment income	(19,507)	(37,349)	1,148,829
Reconciliation of segment income to adjusted EBITDA			
Segment income	(19,507)	(37,349)	1,148,829
Depreciation and amortization	5,637	1,202	1,152,375
EBITDA	<u>(13,870)</u>	<u>(36,147)</u>	<u>2,301,204</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(251,108)
Other adjustments	9,912	1,427	6,201
Adjusted EBITDA	<u>(3,958)</u>	<u>(34,720)</u>	<u>2,056,297</u>

For the nine-month period ended December 31, 2018

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	2,747,466	2,645,659	686,236	146,043	-	793,192	7,018,596
Intersegment	30,056	148,788	16,635	76	-	19,279	214,834
Total	<u>2,777,522</u>	<u>2,794,447</u>	<u>702,871</u>	<u>146,119</u>	<u>-</u>	<u>812,471</u>	<u>7,233,430</u>
Segment income	639,982	255,318	115,328	137,205	808,792	(9,222)	1,947,403
Reconciliation of segment income to adjusted EBITDA							
Segment income	639,982	255,318	115,328	137,205	808,792	(9,222)	1,947,403
Depreciation and amortization	346,036	784,013	40,493	49,395	48	4,991	1,224,976
EBITDA	<u>986,018</u>	<u>1,039,331</u>	<u>155,821</u>	<u>186,600</u>	<u>808,840</u>	<u>(4,231)</u>	<u>3,172,379</u>
Gain relating to loss of control over subsidiaries	-	-	-	(176,261)	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(693,296)	-	(693,296)
Effect of foreign exchange translation	-	-	-	-	4,291	-	4,291
Other adjustments	<u>81</u>	<u>40,800</u>	<u>(3,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,130</u>
Adjusted EBITDA	<u><u>986,099</u></u>	<u><u>1,080,131</u></u>	<u><u>152,070</u></u>	<u><u>10,339</u></u>	<u><u>119,835</u></u>	<u><u>(4,231)</u></u>	<u><u>2,344,243</u></u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	149,856	-	7,168,452
Intersegment	8,840	(223,674)	-
Total	<u>158,696</u>	<u>(223,674)</u>	<u>7,168,452</u>
Segment income	(39,881)	(48,515)	1,859,007
Reconciliation of segment income to adjusted EBITDA			
Segment income	(39,881)	(48,515)	1,859,007
Depreciation and amortization	28,674	611	1,254,261
EBITDA	<u>(11,207)</u>	<u>(47,904)</u>	<u>3,113,268</u>
Gain relating to loss of control over subsidiaries	-	-	(176,261)
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(693,296)
Effect of foreign exchange translation	-	-	4,291
Other adjustments	<u>3,859</u>	<u>-</u>	<u>40,989</u>
Adjusted EBITDA	<u><u>(7,348)</u></u>	<u><u>(47,904)</u></u>	<u><u>2,288,991</u></u>

For the three-month period ended December 31, 2017

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	955,062	860,741	217,725	58,745	-	291,798	2,384,071
Intersegment	12,548	68,085	6,317	1	-	7,031	93,982
Total	<u>967,610</u>	<u>928,826</u>	<u>224,042</u>	<u>58,746</u>	<u>-</u>	<u>298,829</u>	<u>2,478,053</u>
Segment income	170,149	89,665	49,245	(7,071)	50,189	(51,761)	300,416
Reconciliation of segment income to adjusted EBITDA							
Segment income	170,149	89,665	49,245	(7,071)	50,189	(51,761)	300,416
Depreciation and amortization	126,789	244,316	10,780	15,873	-	1,435	399,193
EBITDA	<u>296,938</u>	<u>333,981</u>	<u>60,025</u>	<u>8,802</u>	<u>50,189</u>	<u>(50,326)</u>	<u>699,609</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(56,772)	-	(56,772)
Other adjustments	13,584	(24,187)	(2,967)	-	-	50,497	36,927
Adjusted EBITDA	<u>310,522</u>	<u>309,794</u>	<u>57,058</u>	<u>8,802</u>	<u>(6,583)</u>	<u>171</u>	<u>679,764</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	16,068	-	2,400,139
Intersegment	2,053	(96,035)	-
Total	<u>18,121</u>	<u>(96,035)</u>	<u>2,400,139</u>
Segment income	(13,807)	(12,619)	273,990
Reconciliation of segment income to adjusted EBITDA			
Segment income	(13,807)	(12,619)	273,990
Depreciation and amortization	2,298	377	401,868
EBITDA	<u>(11,509)</u>	<u>(12,242)</u>	<u>675,858</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(56,772)
Other adjustments	9,912	(110)	46,729
Adjusted EBITDA	<u>(1,597)</u>	<u>(12,352)</u>	<u>665,815</u>

For the three-month period ended December 31, 2018

(Millions of yen)

	Reportable segments						Total
	SoftBank	Sprint	Yahoo Japan	Arm	SoftBank Vision Fund and Delta Fund	Brightstar	
Net sales							
Customers	970,181	904,070	243,742	54,352	-	281,371	2,453,716
Intersegment	12,238	66,353	5,489	74	-	6,099	90,253
Total	<u>982,419</u>	<u>970,423</u>	<u>249,231</u>	<u>54,426</u>	<u>-</u>	<u>287,470</u>	<u>2,543,969</u>
Segment income	193,037	61,990	37,599	(4,037)	176,358	(349)	464,598
Reconciliation of segment income to adjusted EBITDA							
Segment income	193,037	61,990	37,599	(4,037)	176,358	(349)	464,598
Depreciation and amortization	120,327	266,685	14,299	11,743	17	2,432	415,503
EBITDA	<u>313,364</u>	<u>328,675</u>	<u>51,898</u>	<u>7,706</u>	<u>176,375</u>	<u>2,083</u>	<u>880,101</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund							
Unrealized gain (loss) on valuation of investments	-	-	-	-	(188,937)	-	(188,937)
Other adjustments	-	24,260	-	-	-	-	24,260
Adjusted EBITDA	<u>313,364</u>	<u>352,935</u>	<u>51,898</u>	<u>7,706</u>	<u>(12,562)</u>	<u>2,083</u>	<u>715,424</u>

(Millions of yen)

	Other	Reconciliations	Consolidated
Net sales			
Customers	60,883	-	2,514,599
Intersegment	3,002	(93,255)	-
Total	<u>63,885</u>	<u>(93,255)</u>	<u>2,514,599</u>
Segment income	(14,765)	(11,542)	438,291
Reconciliation of segment income to adjusted EBITDA			
Segment income	(14,765)	(11,542)	438,291
Depreciation and amortization	14,139	103	429,745
EBITDA	<u>(626)</u>	<u>(11,439)</u>	<u>868,036</u>
Adjustments relating to investments in SoftBank Vision Fund and Delta Fund			
Unrealized gain (loss) on valuation of investments	-	-	(188,937)
Other adjustments	2,285	-	26,545
Adjusted EBITDA	<u>1,659</u>	<u>(11,439)</u>	<u>705,644</u>

3. SoftBank Vision Fund and Delta Fund business

(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the condensed interim consolidated statement of income

a. Overview

Income and loss arising from the SoftBank Vision Fund and Delta Fund business in the condensed interim consolidated statement of income consist of income and loss arising from all entities, which are various entities comprising SoftBank Vision Fund and Delta Fund, each General Partner, and SBIA as a manager of each fund. Income and loss arising from the SoftBank Vision Fund and Delta Fund attributable to Third-Party Investors are accounted for as a component of non-operating income or loss, and presented as “Change in third-party interests in SoftBank Vision Fund and Delta Fund.” As a result, income before income tax from SoftBank Vision Fund and Delta Fund business includes income and loss attributable to the Company as a limited Partner, management fees and performance fees to SBIA.

b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business

The following table shows income and loss arising from the SoftBank Vision Fund and Delta Fund business.

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Realized gain and loss on sales of an investment ¹	-	146,682
Unrealized gain and loss on valuation of investments ²	251,108	693,296
Interest and dividend income from investments	3,744	3,092
Effect of foreign exchange translation ³	-	(4,291)
	<u>254,852</u>	<u>838,779</u>
Operating expenses	<u>(18,425)</u>	<u>(29,987)</u>
Operating income from SoftBank Vision Fund and Delta Fund	236,427	808,792
Finance cost (interest expenses) ⁴	(1,665)	(18,919)
Foreign exchange gain and loss	17	66
Derivative gain and loss ⁵	10,529	249,439
Change in third-party interests in SoftBank Vision Fund and Delta Fund	(108,163)	(453,529)
Other non-operating income and loss	<u>(2,420)</u>	<u>(910)</u>
Income before income tax	<u><u>134,725</u></u>	<u><u>584,939</u></u>

Notes:

1. SoftBank Vision Fund sold the shares in Flipkart Private Limited (“Flipkart”) in August 2018. The gain realized on the sale is translated using the average foreign currency exchange rate for the three-month period ended in September 30, 2018.

2. For investments transferred or agreed to be transferred from the Company to Softbank Vision Fund, gain and loss on those investments arising from difference between transferred amount and fair value as of each accounting period end (“gain and loss from the difference”) are presented as “Operating income from SoftBank Vision Fund and Delta Fund.” In the three-month period ended December 31, 2018, certain investments were transferred or agreed to transfer. In the six-month period ended September 30, 2018, the “gain and loss from the difference” relating to those investments were presented as “Gain from financial instruments at FVTPL” of ¥124,092 million and “Gain from remeasurement relating to discontinuing the use of the equity method” of ¥67,306 million, respectively. In the condensed interim consolidated statement of income for the nine-month period ended December 31, 2018, the “gain and loss from the difference” are presented as “Operating income from SoftBank

Vision Fund and Delta Fund.” The details of “Gain from remeasurement relating to discontinuing the use of the equity method” are described in “Note 15. Gain from remeasurement relating to discontinuing the use of the equity method.”

3. Mainly, the effect of foreign exchange translation is derived by the difference between the average foreign currency exchange rate prevailing in the three-month period ended in June 2018 that was used to calculate the unrealized gain on the investment in Flipkart and the average foreign currency exchange rate used to calculate the realized gain.
4. The amount before elimination of inter-company transactions is ¥(19,236) million for the nine-month period ended December 31, 2018 (¥(1,708) million for the nine-month period ended December 31, 2017).
5. Mainly derivative gain arising from collar transactions whose underlying is NVIDIA Corporation (“NVIDIA”) shares.

On January 10, 2019, SoftBank Vision Fund determined to exit its investment in NVIDIA (the carrying amount as of December 31, 2018 is ¥398,240 million). SoftBank Vision Fund had entered into collar transactions utilizing NVIDIA shares for financing and on January 25, 2019, SoftBank Vision Fund executed an early unwind of the collar transactions by unwinding the options and electing to deliver the NVIDIA shares for the repayment of current portion of long-term borrowings (the carrying amount as of December 31, 2018 is ¥629,337 million). Derivative assets of ¥246,004 million (recorded as “Other financial assets” under current assets) and derivative liabilities of ¥1,228 million (recorded as “Derivative financial liabilities” under current liabilities), which were recorded related to the collar transactions in the condensed interim consolidated statement of financial position as of December 31, 2018, were derecognized at the date of unwinding the collar transactions. In addition, NVIDIA shares not utilizing the collar transactions were sold on January 22, 2019. The Company is currently evaluating the potential impacts related to these transactions on the consolidated statement of income and the consolidated statement of cash flows for the fiscal year ending March 31, 2019.

(2) Third-party interests in SoftBank Vision Fund and Delta Fund

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

	Third-party interests (Total of current liabilities and non-current liabilities)	(Millions of yen)	
		(For reference purposes only)	
		Links with the condensed interim consolidated financial statements	
		Consolidated statement of income (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2018	1,844,679		
Contributions from third-party investors	1,892,414	-	1,892,414
Changes in third-party interests	453,529	(453,529)	-
Attributable to investors entitled to fixed distribution	66,739		
Attributable to investors entitled to performance-based distribution	386,790		
Distribution to third-party investors	(261,492)	-	(261,492)
Fixed distributions	(85,257)		
Performance-based distributions ¹	(176,235)		
Repayment to third-party investors	(193,788)	-	(193,788)
Exchange differences on translating third-party interests ²	56,672	-	-
As of December 31, 2018	<u>3,792,014</u>		

Notes:

1. SBIA has a right to receive performance fees based on investment performance of SoftBank Vision Fund and Delta Fund. However, performance fees from monetization of investments are not paid to SBIA during the investment period of Softbank Vision Fund (in principle, until November 20, 2022), instead equivalent amount as the performance fees attributable to SBIA is temporarily paid to the limited partners during the period, under a limited partnership agreement. After the investment period, the equivalent amount is distributed to SBIA as a performance fee, which is given priority over performance-based distribution to limited partners from monetization of investments in post-investment period. The equivalent amount as the performance fees attributable to SBIA, which were temporarily paid to the limited partners, is ¥(47,979) million for the nine-month period ended December 31, 2018.
2. Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

(3) Uncalled committed capital from Third-Party Investors

Uncalled committed capital from Third-Party Investors as of December 31, 2018 is \$32.6 billion.

4. Property, plant and equipment

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

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Buildings and structures	231,895	249,261
Telecommunications equipment	2,345,098	2,278,545
Furniture, fixtures, and equipment	820,391	938,280
Land	88,300	88,519
Construction in progress	293,761	421,808
Other	77,402	111,016
Total	3,856,847	4,087,429

5. Intangible assets

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

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Intangible assets with indefinite useful lives		
FCC licenses	3,960,597	4,153,510
Trademarks	664,878	692,614
Other	12,226	12,763
Intangible assets with finite useful lives		
Software	739,901	711,591
Technologies	521,603	466,592
Customer relationships	332,444	265,775
Spectrum migration costs	125,866	150,703
Management contracts*	115,333	99,530
Favorable lease contracts	89,278	83,320
Trademarks	57,357	57,364
Other	165,067	194,022
Total	6,784,550	6,887,784

Note:

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

6. Investment securities

Of investment securities held by the Company, investment securities transferred or agreed to be transferred from the Company to Softbank Vision Fund were transferred from “Investment securities” to “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the condensed interim consolidated statement of financial position in the nine-month period ended December 31, 2018. The carrying amount of the investment securities is ¥1,827,075 million as of March 31, 2018.

7. Income taxes

On December 19, 2018, SoftBank Corp. shares were listed on the Tokyo Stock Exchange First Section. Along with the listing, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed and ¥2,349,832 million of proceeds was received. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%. As SoftBank Corp. remains a subsidiary, ¥750,804 million, the equivalent amount of income taxes for gain on sales of SoftBank Corp. shares on a consolidation basis, is deducted from capital surplus as “Changes in interests in subsidiaries.”

In regard to the transaction, a loss carryforward whose deferred tax asset was not recognized, was used and income taxes decreased by ¥345,228 million. Accordingly, a deductible temporary difference, associated with an investment in SoftBank Corp. whose deferred tax asset was not recognized, was reversed and income taxes decreased by ¥60,349 million.

8. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Current		
Short-term borrowings ¹	957,573	468,300
Commercial paper	100,000	92,000
Current portion of long-term borrowings ¹	1,093,705	1,582,624
Current portion of corporate bonds	590,277	924,712
Current portion of lease obligations	455,670	447,195
Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract ²	-	727,776
Current portion of installment payables	20,180	14,082
Total	3,217,405	4,256,689
Non-current		
Long-term borrowings ¹	5,121,591	5,227,190
Corporate bonds	7,234,049	6,778,493
Lease obligations	766,204	784,793
Financial liabilities relating to sale of shares by variable prepaid forward contract ²	688,332	-
Installment payables	14,607	6,619
Total	13,824,783	12,797,095

Notes:

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

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Current		
Short-term borrowings	87,259	873,141
Current portion of long-term borrowings	313,143	629,337
Total	<u>400,402</u>	<u>1,502,478</u>
Non-current		
Long-term borrowings	108,749	12,845
Total	<u>108,749</u>	<u>12,845</u>
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	509,151	1,515,323
Eliminated amount of inter-company transactions	<u>(10,744)</u>	<u>(885,986)</u>
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	<u>498,407</u>	<u>629,337</u>

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

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

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

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

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

The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract and ¥95,587 million as derivative assets. Subsequent to initial recognition, financial liabilities relating to the sale of shares through the variable prepaid forward contract are measured at amortized cost and embedded derivatives are measured at fair value; ¥727,776 million is recognized as the current portion of financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (current liabilities) (¥688,332 million recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) as of March 31, 2018) and ¥385,158 million is recognized as derivative financial liabilities (current liabilities) in the condensed interim consolidated statement of financial position as of December 31, 2018 (¥714,126 million recognized as derivative financial liabilities (non-current liabilities) as of March 31, 2018); ¥365,857 million is recognized as a derivative gain in the condensed interim

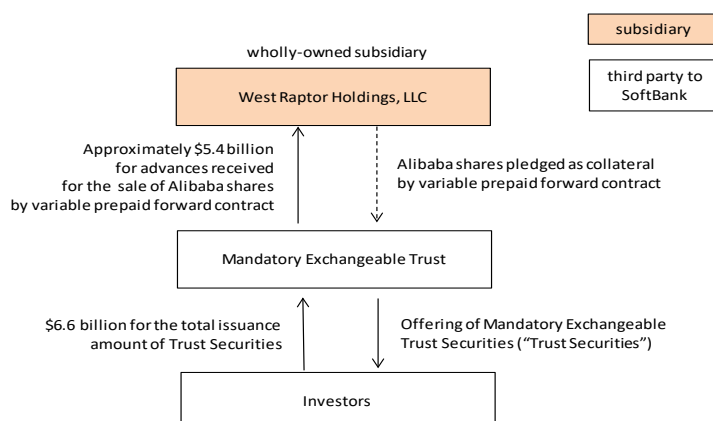
consolidated statement of income for the nine-month period ended December 31, 2018 (¥510,278 million of derivative loss for the nine-month period ended December 31, 2017).

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 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, 2018. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥246,507 million as of December 31, 2018 (¥217,182 million as of March 31, 2018).

Outline of the transaction



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

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

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Net increase of short-term borrowings	292,582	354
Net increase (decrease) of commercial paper	20,000	(8,000)
Total	312,582	(7,646)

(4) Components of proceeds from interest-bearing debt

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

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Proceeds from borrowings	3,687,621	4,310,676
Proceeds from issuance of corporate bonds	735,804	747,744
Proceeds from sale-leaseback of newly acquired equipment	361,777	397,346
Total	<u>4,785,202</u>	<u>5,455,766</u>

(5) Components of repayment of interest-bearing debt

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

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Repayment of borrowings	(3,378,241)	(4,371,128)
Redemption of corporate bonds	(459,903)	(955,504)
Repayment of lease obligations	(367,238)	(390,676)
Payment of installment payables	(33,164)	(14,975)
Total	<u>(4,238,546)</u>	<u>(5,732,283)</u>

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, 2018	As of December 31, 2018
USD	106.24	111.00
GBP	148.84	140.46

(2) Average rate for the quarter

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

For the nine-month period ended December 31, 2018

	(Yen)		
	Three-month period ended June 30, 2018	Three-month period ended September 30, 2018	Three-month period ended December 31, 2018
USD	108.71	111.55	112.83
GBP	147.54	145.84	144.48

10. Equity

(1) Capital surplus

For the nine-month period ended December 31, 2018

- a. In August, 2018, SoftBank Corp. acquired Yahoo Japan Corporation shares mainly from Altaba Inc. at ¥221.0 billion (ownership percentage 10.78%). In addition, Yahoo Japan Corporation acquired its own shares from SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, at ¥220.0 billion (ownership percentage 10.73%). As a result of the transaction, the ownership percentage in Yahoo Japan Corporation by the Company has changed from 42.95 % to 48.17%. Subsequently, ¥56,632 million is deducted from capital surplus as “Changes in interests in subsidiaries.”
- b. On December 19, 2018, a portion of SoftBank Corp. shares (ownership percentage 33.50%) held by SoftBank Group Japan Corporation, a wholly-owned subsidiary of the Company, was disposed. As a result, the ownership percentage in SoftBank Corp. by the Company has changed from 99.99% to 66.49%.

Associated with the transaction, ¥1,221,363 million, the amount equivalent to gain on the disposal of SoftBank Corp. shares after considering taxes on a consolidation basis, is recorded as “Changes in interests in subsidiaries” under capital surplus.

(2) Other equity instruments

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

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

(3) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2018	(Millions of yen) As of December 31, 2018
Available-for-sale financial assets	63,700	-
Equity financial assets at FVTOCI	-	5,040
Debt financial assets at FVTOCI	-	134
Cash flow hedges	(55,286)	(87,683)
Exchange differences on translating foreign operations	309,545	161,521
Total	317,959	79,012

Note:

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

11. Gain relating to loss of control over subsidiaries

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

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

12. Other operating loss

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

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
SoftBank segment		
Write-down of inventories	(13,585)	-
Other	-	(81)
Sprint segment		
Loss on disposal of property, plant and equipment*	(58,344)	(71,721)
Legal reserves	41,247	(5,607)
Reversal of favorable lease	-	(3,810)
Gain on contract termination	558	10,834
Gain on spectrum license exchange	53,435	-
Other	3,023	(237)
Yahoo Japan segment		
Gain from remeasurement relating to business combination	-	3,751
Insurance income	4,929	-
Other	2,967	-
Brightstar segment		
Impairment loss on goodwill	(43,128)	-
Impairment loss on non-current assets	(7,369)	-
Company-wide		
Expenses resulting from resignation of director	(1,427)	-
Other		
Loss on equity method investments at Fortress	-	(3,859)
Acquisition-related costs	(6,123)	-
Other	(3,788)	-
Total	<u>(27,605)</u>	<u>(70,730)</u>

Note:

* ¥50,901 million of loss resulted from the write-off of leased devices related to lease cancellations prior to the end of the scheduled customer lease terms, where customers did not return the devices to Sprint, are recognized for the nine-month period ended December 31, 2018.

13. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2018
Interest expenses	<u>(383,337)</u>	<u>(479,396)</u>

14. Derivative gain

For the nine-month period ended December 31, 2018

A derivative gain was recorded for ¥365,857 million related to the Alibaba share collar transaction included in the variable prepaid forward contract. The details are described in “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “Note 8. Interest-bearing debt.”

In addition, derivative gain was recorded in SoftBank Vision Fund. The details are described in “b. Income and loss arising from the SoftBank Vision Fund and Delta Fund business” in “(1) Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the condensed interim consolidated statement of income” under “Note 3. SoftBank Vision Fund and Delta Fund business.”

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

Gain from remeasurement relating to discontinuing the use of the equity method was recorded for ¥ 21,903 million related to PT Tokopedia in Indonesia, an equity method associate of the Company.

In September 2018, regarding PT Tokopedia, an equity method associate, the voting proxy deed was entered into between the Company and a shareholder of PT Tokopedia. As a result, the number of voting rights in PT Tokopedia exercisable by the Company decreased and the Company had no significant influence over PT Tokopedia. Consequently, PT Tokopedia was no longer qualified as an equity method associate and equity interests in PT Tokopedia continuously held by the Company on the date of discontinuing the use of the equity method was remeasured. All investments in PT Tokopedia were subsequently transferred from the Company to SoftBank Vision Fund in the three-month period ended December 31, 2018.

As a result of the discontinuing the use of the equity method for PT Tokopedia, ¥89,209 million of “Gain from remeasurement relating to discontinuing the use of the equity method” was recorded for the six-month period ended September 30, 2018. Subsequent to the transferring PT Tokopedia shares to SoftBank Vision Fund, ¥21,903 million arising from difference between the carrying amount before discontinuing the use of the equity method and the transferred amount is recorded as “Gain from remeasurement relating to discontinuing the use of the equity method” and ¥67,306 million arising from difference between transferred amount and fair value on the date of discontinuing the use of the equity method is recorded as “Operating income from SoftBank Vision Fund and Delta Fund” for the nine-month period ended December 31, 2018.

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, 2017	Nine-month period ended December 31, 2018
Dilution gain from changes in equity interest ¹	38,922	33,064
Interest income	14,067	22,628
Impairment loss on equity method investments ²	(6,294)	(47,909)
Loss on redemption of corporate bonds	(7,207)	(14,538)
Other	4,425	(2,314)
Total	43,913	(9,069)

Notes:

1. Mainly, dilution gain arising from changes in Alibaba's equity interest held by the Company due to the exercise of stock options in Alibaba.
2. In regard to the investment in OneWeb Global Limited, its business result and recent business plan were less than those at the initial investment by the Company and therefore an impairment test was conducted and ¥45,043 million of impairment loss was recognized for the nine-month period ended December 31, 2018. Fair value less disposal cost measured using the cost approach was used for the recoverable amount of investment in OneWeb Global Limited.

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

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

For the nine-month period ended December 31, 2018

The distributions and repayments from SoftBank Vision Fund and Delta Fund to third-party investors are ¥(261,492) million and ¥(193,788) million respectively. The details are described in “(2) Third-party interests in SoftBank Vision Fund and Delta Fund” under “3. SoftBank Vision Fund and Delta Fund business.”

- (2) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the nine-month period ended December 31, 2018

¥2,349,832 million of proceeds received by sales of SoftBank Corp. shares is included in “Proceeds from the partial sales of shares of subsidiaries to non-controlling interests.”

18. Significant subsequent events

- (1) Repayment and purchase back for interest-bearing debt

In January, 2019, the Company repaid a portion of long-term borrowings for which Alibaba shares, held by a subsidiary of the Company, were pledged as collateral (\$4.37 billion) and purchased back a portion of USD- and EUR-denominated Senior Notes (\$0.41 billion and €0.52 billion) using the capital raised mainly by the new listing of SoftBank Corp. shares on December 19, 2018. These transactions were taken to improve the Company's financial position.

The interest bearing debt of ¥222,000 million and ¥373,247 million are included in “Interest-bearing debt (current liabilities) and “Interest-bearing debt (non-current liabilities) respectively, in the condensed interim consolidated

statement of financial position as of December 31, 2018. The impact of expenses arising from the transaction on the financial results for the fiscal year ending March 31, 2019 is immaterial.

(2) Repurchase of treasury shares

On February 6, 2019, SoftBank Group Corp., at the Board of Directors meeting, resolved the repurchase of treasury shares pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3. The details are as follows:

a. Purpose of the share repurchase

To improve shareholder returns.

b. Details of the share repurchase

(a) Class of shares to be repurchased	Common stock of SoftBank Group Corp.
(b) Total number of repurchased shares	112,000,000 (maximum) (10.3% of the total number of shares issued (excluding treasury stock))
(c) Total repurchase cost	¥600.0 billion (maximum)
(d) Method of repurchase	Open market purchase through a trust bank
(e) Repurchase period	From February 7, 2019 to January 31, 2020