SoftBank Group

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 4 of this report.

SoftBank Group Corp.
Consolidated Financial Report
For the Fiscal Year Ended March 31, 2018 (IFRS)

Tokyo, May 9, 2018

1. Financial Highlights

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

(1) Results of Operations

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

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2018	**¥9,158,765**	**2.9**	**¥1,303,801**	**27.1**	**¥384,630**	**(46.0)**	**¥1,237,812**	**(16.0)**	**¥1,038,977**	**(27.2)**	**¥1,329,532**	**(7.3)**
Fiscal year ended March 31, 2017	¥8,901,004	0.2	¥1,025,999	12.9	¥712,526	(22.5)	¥1,474,430	164.1	¥1,426,308	200.8	¥1,433,901	452.4

	Basic earnings per share (yen)	Diluted earnings per share (yen)	Ratio of net income to equity, attributable to owners of the parent (%)	Ratio of income before income tax to total assets (%)	Ratio of operating income to net sales (%)
Fiscal year ended March 31, 2018	**¥933.54**	**¥908.38**	**23.7**	**1.4**	**14.2**
Fiscal year ended March 31, 2017	¥1,287.01	¥1,275.64	46.0	3.1	11.5

Notes:

1. Income on equity method investments
   Fiscal year ended March 31, 2018: ¥ 404,584 million
   Fiscal year ended March 31, 2017: ¥ 321,550 million
2. Net sales, operating income, and income before income tax are presented based on the amounts from continuing operations only.

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)	Equity per share attributable to owners of the parent (yen)
As of March 31, 2018	**¥31,180,466**	**¥6,273,022**	**¥5,184,176**	**16.6**	**4,302.26**
As of March 31, 2017	¥24,634,212	¥4,469,730	¥3,586,352	14.6	3,292.40

Note:
*"Equity per share attributable to owners of the parent" is based on "Equity attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

(3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2018	**¥1,088,623**	**¥(4,484,822)**	**¥4,626,421**	**¥3,334,650**
Fiscal year ended March 31, 2017	¥1,500,728	¥(4,213,597)	¥2,380,746	¥2,183,102

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal year ended March 31, 2017	-	22.00	-	22.00	44.00
Fiscal year ended March 31, 2018	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2019 (Forecasted)	-	22.00	-	22.00	44.00

	Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	(Millions of yen)	%	%
Fiscal year ended March 31, 2017	47,921	3.4	1.6
Fiscal year ended March 31, 2018	47,938	4.7	1.2
Fiscal year ending March 31, 2019 (Forecasted)		-	

*** Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes
Newly consolidated: One company
The Japan Net Bank, Limited
Excluded from consolidation: One company
SoftBank Group Japan GK

Notes:
1. Please refer to page 37 "(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2018" under "3. Notes to Summary Information" for details.
2. Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of the Cabinet Office Ordinance on Disclosure of Corporate Affairs 19.10 paragraph 1 through 3, relating to disclosures such as business operations, is determined by using the financial statements.

   On the other hand, for foreign subsidiaries that do not prepare stand-alone financial statements, the information of the capital and the net assets for these companies is not available. Therefore, the Cabinet Office Ordinance on Disclosure of Corporate Affairs 19.10 paragraph 1 is used to determine as to whether the companies are the specified subsidiaries.

   For fund-type subsidiaries, the amounts of the net assets based on the financial statements prepared in accordance with the corresponding laws and practices are used to determine the applicability of the Cabinet Office Ordinance on Disclosure of Corporate Affairs 19.10 paragraph 2.

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

(3) Number of shares issued (common stock)
[1] Number of shares issued (including treasury stock):
As of March 31, 2018: 1,100,660,365 shares
As of March 31, 2017: 1,100,660,365 shares
[2] Number of treasury stocks:
As of March 31, 2018: 11,162,425shares
As of March 31, 2017: 11,378,076 shares
[3] Number of average stocks during twelve-month period (April-March):
Fiscal year ended March 31, 2018: 1,089,464,753 shares
Fiscal year ended March 31, 2017: 1,108,236,739 shares

SoftBank Group

[For Reference]

Financial Highlights (Non-Consolidated)

(1) Non-Consolidated Results of Operations

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

	Net sales		Operating income		Ordinary income		Net income	
	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year ended March 31, 2018	¥44,051	(4.9)	¥(11,865)	-	¥(150,510)	-	¥204,676	(92.5)
Fiscal year ended March 31, 2017	¥46,312	0.4	¥8,595	(25.1)	¥2,870,956	140.6	¥2,745,949	252.1

	Net income per share-basic (yen)	Net income per share-diluted (yen)
Fiscal year ended March 31, 2018	¥187.87	¥187.64
Fiscal year ended March 31, 2017	¥2,477.76	¥2,475.49

(2) Non-Consolidated Financial Position

	Total assets	Net Assets	Equity ratio (%)	Shareholders' equity per share (yen)
As of March 31, 2018	¥14,836,396	¥3,876,390	26.1	¥3,549.97
As of March 31, 2017	¥12,555,813	¥3,707,806	29.5	¥3,402.05

Note: Shareholders' equity (Non-consolidated)
As of March 31, 2018: ¥3,867,685 million
As of March 31, 2017: ¥3,705,790 million

(3) Differences in Non-Consolidated Operating Results from the Previous Fiscal Year

The decrease in ordinary income and net income in the fiscal year ended March 31, 2018 from the previous fiscal year ended March 31, 2017 was mainly attributable to a ¥2,922,297 million year-on-year decrease in dividends from subsidiaries and associates.

Financial Highlights (Non-Consolidated) are prepared in accordance with Accounting Principles Generally Accepted in Japan.

*** This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing 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 May 9, 2018, the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcast live on our website in both Japanese and English at https://www.softbank.jp/en/corp/irinfo/. The Data Sheet will also be posted on the Company's website around 4 p.m. on the same day at https://www.softbank.jp/en/corp/irinfo/presentations/.

(Appendix)

Contents

Definition of Company Names and Abbreviations Used in This Appendix

Company names and abbreviations used in this appendix, 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
**Each of the following abbreviations indicates the respective company, and its subsidiaries, if any.*	
Sprint	Sprint Corporation
Brightstar	Brightstar Global Group Inc.
Arm	Arm Limited (see note below)
SoftBank Vision Fund	SoftBank Vision Fund L.P. SoftBank Vision Fund (AIV M1) L.P. SoftBank Vision Fund (AIV M2) L.P. SoftBank Vision Fund (AIV S1) L.P.
Delta Fund	SB Delta Fund (Jersey) L.P.
Fortress	Fortress Investment Group LLC
Alibaba	Alibaba Group Holding Limited
The fiscal year	Fiscal year ended March 31, 2018
The fourth quarter	Three-month period ended March 31, 2018
The fiscal year-end	March 31, 2018
The previous fiscal year-end	March 31, 2017

Note:

In the fourth quarter, the Company reorganized Arm Holdings plc and its subsidiaries. Following this reorganization, Arm Limited is listed as a principal business entity. SoftBank Group Corp. will use a portion of its Arm Limited shares to satisfy approximately $8.2 billion out of its total commitment to SoftBank Vision Fund. At the fiscal year-end, SoftBank Vision Fund held 19.7% stake in Arm Limited. At the time of completion of the commitment by SoftBank Group Corp. related to Arm Limited shares, SoftBank Vision Fund will hold a 24.99% stake in Arm Limited.

1. Results of Operations

(1) Overview of Results of Operations

1. Highlights of results

- **Net sales: ¥9,158.8 billion (increased 2.9% yoy)**
- **Operating income: ¥1,303.8 billion (increased 27.1% yoy)**
  - Boosted by ¥346.0 billion of gain on valuation of shares at SoftBank Vision Fund
- **Net income attributable to owners of the parent: ¥1,039.0 billion (decreased 27.2% yoy)**
  - Boost by Sprint's income of ¥685.0 billion arising from the U.S. tax reform and by income on equity method investments related to Alibaba of ¥424.8 billion
  - Derivative loss related to a forward contract on Alibaba shares of ¥604.2 billion was recorded. However, profits will be recorded in June 2019 on the reversal of derivative liabilities. The cumulative derivative loss of the contract over the three years will be converged to $900 million.

2. Progress on investments

- **$29.7 billion invested to date by SoftBank Vision Fund and Delta Fund[1]**
- **Aside from the above, the Company invested a total of $12.9 billion in Uber and DiDi[2]**

The SoftBank Vision Fund and Delta Fund Segment

The Company established the SoftBank Vision Fund and Delta Fund segment as a new reportable segment during the three months ended June 30, 2017 (the "first quarter"), upon the first major closing of SoftBank Vision Fund on May 20, 2017. To enable investors to appropriately understand and assess the Company's management performance, the Company has presented operating income arising from SoftBank Vision Fund and Delta Fund separately from that of other segments in a subcategory under operating income in the consolidated statement of income as "Operating income from SoftBank Vision Fund and Delta Fund."

Partial Changes to the Covenants of Notes Issued in 2015 and Their Exchange for Exchange Notes

On April 3, 2018, SoftBank Group Corp. carried out partial changes to the covenants of foreign currency-denominated senior notes issued in 2015 (the "Notes Issued in 2015") to match the covenants of foreign currency-denominated senior notes issued in September 2017 (the "Notes Issued in 2017"). However, SoftBank Group Corp. exchanged the Notes Issued in 2015 for newly issued notes (the "Exchange Notes," whose covenants matched those of the Notes Issued in 2017) with bondholders who were willing to make such an exchange.

Principal value of Notes Issued in 2015 before and after the exchange

	Unit	Principal value before exchange	Exchange Notes (a)	Notes Issued in 2015 (Remaining) (b)	Principal value after exchange (a)+(b)
USD-denominated	USD million	2,000	500	1,530	2,030
EUR-denominated	EUR million	2,250	1,170	1,190	2,360

The exchange of the Notes Issued in 2015 for the Exchange Notes was completed on April 3, 2018, however the accounting basis of the exchange was considered to be March 22, 2018, the exchange decision date. As a result, SoftBank Group Corp. derecognized the Notes Issued in 2015 and recognized the Exchange Notes in the fiscal year ended March 31, 2018. The expenses of ¥33,377 million related to the partial changes to the covenants and the exchange for Exchange Notes

1 This includes the amount of investments made by holding entities that are jointly held by SoftBank Vision Fund and the Company's subsidiary.
2 Investments in Uber Technologies, Inc. ("Uber") and Xiaoju Kuaizhi Inc. ("DiDi") may be offered to SoftBank Vision Fund in the future, subject to applicable consent and regulatory and other approvals.

(loss on exchange of corporate bonds, consent fees about changing certain conditions of covenants, and loss arising from cancelation of hedge accounting for the currency swaps) were recognized in the consolidated statement of income of the fiscal year ended March 31, 2018.

a. Consolidated Results of Operations

(Millions of yen)

	Fiscal year ended March 31 2017	**2018**	Change	Change %
Continuing operations				
Net sales	8,901,004	**9,158,765**	257,761	2.9%
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	1,025,999	**1,000,820**	(25,179)	(2.5%)
Operating income from SoftBank Vision Fund and Delta Fund	-	**302,981**	302,981	-
Operating income	1,025,999	**1,303,801**	277,802	27.1%
Income before income tax	712,526	**384,630**	(327,896)	(46.0%)
Net income from continuing operations	919,631	**1,237,812**	318,181	34.6%
Discontinued operations				
Net income from discontinued operations	554,799	-	(554,799)	-
Net income	1,474,430	**1,237,812**	(236,618)	(16.0%)
Net income attributable to owners of the parent	1,426,308	**1,038,977**	(387,331)	(27.2%)

Reference: Average exchange rates used for translations

				Fiscal year ended March 2017				Fiscal year ended March 2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
USD / JPY	¥109.07	¥102.91	¥108.72	¥113.76	¥111.61	¥111.38	¥112.74	¥108.85

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

Continuing Operations

(a) Net Sales

Net sales increased ¥257,761 million (2.9%) year on year, to ¥9,158,765 million. Net sales increased in the following segments: Domestic Telecommunications, Yahoo Japan, Distribution, and the Arm segment (Arm's net sales reflected results of operations of Arm from September 6, 2016, onward). However, net sales decreased in the Sprint segment.

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

Operating income (excluding income from SoftBank Vision Fund and Delta Fund) decreased ¥25,179 million (2.5%) year on year, to ¥1,000,820 million. Segment income deteriorated ¥36,576 million in the Domestic Telecommunications segment, ¥10,529 million in the Yahoo Japan segment, ¥20,971 million in the Distribution segment, and ¥44,299 million in the Arm segment. Meanwhile, segment income increased ¥92,860 million in the Sprint segment.

Segment loss in the Distribution segment included an impairment loss of ¥50,497 million for Brightstar.

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

Operating income from SoftBank Vision Fund and Delta Fund was ¥302,981 million (not recorded in the previous fiscal year). Unrealized gain on valuation of investments of ¥345,975 million mainly contributed to the income for the fiscal year, reflecting an increase in the fair value of NVIDIA Corporation ("NVIDIA") shares held by SoftBank Vision Fund and recorded as financial assets accounted for using FVTPL.

(d) Operating Income

As a result of (b) and (c), operating income increased ¥277,802 million (27.1%) year on year, to ¥1,303,801 million.

(e) Finance Cost

Finance cost increased ¥48,821 million (10.4%) year on year, to ¥516,132 million, mainly due to increases in interest expense of ¥39,692 million at SoftBank Group Corp.

Interest expense at Sprint declined ¥5,519 million (2.0%) ($106 million (4.2%)) year on year.

(f) Income on Equity Method Investments

Income on equity method investments increased ¥83,034 million (25.8%) year on year, to ¥404,584 million. This was mainly due to a year-on-year increase of ¥94,607 million (28.7%) in income on equity method investments related to Alibaba, to ¥424,771 million.

The difference between Alibaba's net income (IFRS basis) for the fiscal year ended December 31, 2017, ((A) in the table below) and net income (US GAAP basis) ((B) below) is mainly due to the impairment loss of CNY 18,116 million from investment in Alibaba Pictures Group Ltd that was recognized on a US GAAP basis, but not on an IFRS basis. A gain on revaluation of its equity interest in Alibaba Pictures Group was recognized in 2015, when Alibaba Pictures Group became an equity method associate on a US GAAP basis. However, a gain on revaluation was not recognized on an IFRS basis, since Alibaba Pictures Group remained a subsidiary. Consequently, there was a difference between the carrying amount of Alibaba Pictures Group Ltd on a US GAAP basis and on an IFRS basis.

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

	Twelve months ended December 31[3]		
	2016	**2017**	Change
Alibaba			
Net income (US GAAP)	Million CNY 38,393	**Million CNY** **(B) 67,071**	Million CNY 28,678
Net income (IFRSs)	Million CNY 62,885	**Million CNY** **(A) 84,893**	Million CNY 22,008

	Fiscal year ended March 31		
	2017	**2018**	Change
Income on equity method investments related to Alibaba			
(Reference) Interest ratio as of December 31	30.24%	**29.36%**	(0.88) pp
Income on equity method investments	Million CNY 19,570	**Million CNY** **25,088**	Million CNY 5,518
(Reference) Effective exchange rate CNY/JPY	¥16.87	**¥16.93**	¥0.06
Income on equity method investments	Million yen 330,164	**Million yen** **424,771**	Million yen 94,607

[3] 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.

(g) Gain on Sales of Shares of Associates

Gain on sales of shares of associates was ¥1,804 million (gain of ¥238,103 million in the previous fiscal year). In the previous fiscal year, the Company sold a portion of Alibaba shares to Alibaba, two Singaporean sovereign wealth funds, and Alibaba Partnership.[4]

(h) Foreign Exchange Gain and Loss

Foreign exchange loss was ¥34,518 million (gain of ¥53,336 million in the previous fiscal year).

(i) Derivative Gain and Loss

Derivative loss was ¥630,190 million (loss of ¥252,815 million in the previous fiscal year). This was mainly attributable to a loss of ¥604,156 million recorded in relation to a collar transaction embedded in a variable prepaid forward contract for Alibaba shares (see note below).

Regarding the collar transaction, the fair value (primarily linked to the share price of Alibaba) are measured at the end of each quarter and recognized as derivative liabilities, while changes are recognized as a gain or loss. However, the total amount of derivative liabilities will be reversed on the settlement date of the collar transaction (June 2019), and the same amount will be recognized as a gain. Consequently, the cumulative derivative gain and loss for the three years, from the conclusion of the variable prepaid forward contract in June 2016 until the settlement date, will be a loss of $900 million, equal to the amount of derivative assets initially recognized.

Note: See “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “7. Interest-bearing debt” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details of the variable prepaid forward contract.

(j) Gain and Loss from Financial Instruments at FVTPL

Loss from financial instruments at FVTPL was ¥68 million (loss of ¥160,419 million in the previous fiscal year). In the previous fiscal year, loss was recognized due to the change in the fair value of investments in India.

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

Changes in third-party interests in SoftBank Vision Fund and Delta Fund increased ¥160,382 million (negative impact on income; not recorded in the previous fiscal year). Of the third-party interests in SoftBank Vision Fund and Delta Fund presented in consolidated statement of financial position, the fluctuations arising from SoftBank Vision Fund and Delta Fund’s results were recorded as the changes.

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

(l) Other Non-operating Income and Loss

Other non-operating income was ¥15,731 million, compared with a loss of ¥45,917 million in the previous fiscal year. The primary components were as follows:

(Millions of yen)

	Fiscal year ended March 31		
	2017	**2018**	Primary components
Dilution gain from changes in equity interest	77,540	**45,186**	Private placement of new shares by Alibaba
Loss on exchange of corporate bonds	-	**(19,809)**	Recognition of loss on exchange of the Notes Issued in 2015 for the Exchange Notes
Loss on sales of cryptocurrency	-	**(18,890)**	Loss arising from sales of all bitcoins held by Fortress. The amount of loss represents the difference between the sales price of bitcoins and their fair value that was recognized in the consolidated statement of financial position at the acquisition date. Excluding the impact of purchase price accounting, Fortress realized a gain on the sale of cryptocurrency of $173 million, which represents the difference between the sales price and its original acquisition cost.
Impairment loss on assets classified as held for sale	(42,540)	**-**	Loss due to a difference between the valuation of the 248,300,000 GungHo Online Entertainment, Inc., shares tendered by the Company in the previous fiscal year at the tender offer price of ¥294 per share and their carrying amount
Loss on loss of control	(79,278)	**-**	Loss due to loss of control of SOFTBANK GROUP CAPITAL APAC PTE. LTD. (currently Foxconn Ventures Pte. Ltd.), which became an equity method associate in the previous fiscal year as a result of a private placement of new shares

Note: See “14. Other non-operating income (loss)” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details.

(m) Income before Income Tax

As a result of (d) to (l), income before income tax decreased ¥327,896 million (46.0%) year on year, to ¥384,630 million.

(n) Income Taxes

Income taxes were credited ¥853,182 million (profit), compared with a credit of ¥207,105 million in the previous fiscal year. This was mainly due to a decline in income taxes of ¥815,059 million at Sprint, which resulted from the enactment of the U.S. Tax Cuts and Jobs Act in December 2017.

Note: See “6. Income Taxes” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details.

(o) Net Income from Continuing Operations

As a result of (m) and (n), net income from continuing operations increased ¥318,181 million (34.6%) year on year, to ¥1,237,812 million.

Discontinued Operations

(p) Net Income from Discontinued Operations

Net income from discontinued operations was not recorded (income of ¥554,799 million in the previous fiscal year). Income after income tax from Supercell Oy of ¥28,246 million and after-tax gain on sale of Supercell shares of ¥526,553 million were recorded in the previous fiscal year. Supercell Oy was excluded from the scope of consolidation on July 29, 2016.

(q) Net Income

As a result of (o) and (p), net income decreased ¥236,618 million (16.0%) year on year, to ¥1,237,812 million.

(r) Net Income Attributable to Owners of the Parent

After deducting net income attributable to non-controlling interests such as those of Sprint and Yahoo Japan Corporation from (q), net income attributable to owners of the parent decreased ¥387,331 million (27.2%) year on year, to ¥1,038,977 million.

Of Sprint’s decrease in income taxes of ¥815,059 million described in (n), ¥684,964 million was included in net income attributable to owners of the parent, corresponding to the Company’s ownership stake in Sprint.

(s) Comprehensive Income

Comprehensive income decreased ¥104,369 million year on year, to ¥1,329,532 million. Of this, comprehensive income attributable to owners of the parent decreased ¥232,830 million, to ¥1,153,128 million.

b. Results by Segment

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

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

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

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

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

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

(a) Domestic Telecommunications Segment

1. **Up-front investments resulted in segment income decrease, but steady customer base expansion**
   - **Up-front investments in *Home Bundle Discount Hikari Set*, *Giga Monster*, *Half Price Support*, and collaboration with Yahoo Japan**
   - **Expanded customer base**
     - Smartphone subscribers increased 1.69 million, and *SoftBank Hikari* subscribers increased 1.38 million versus the previous fiscal year-end
   - **Segment income declined 5.1% yoy, to ¥683.0 billion**
     - The Company expects higher revenues and profit[5] in the fiscal year ending March 2019 by leveraging the expanded customer base
2. **Free cash flow decreased 9.0% yoy, to ¥511.5 billion**
   - **Stable cash flow generation continues**

(Millions of yen)

	Fiscal year ended March 31			
	2017	**2018**	Change	Change %
Net sales	3,193,791	**3,229,845**	36,054	1.1%
Segment income	719,572	**682,996**	(36,576)	(5.1%)
Depreciation and amortization	489,458	**499,188**	9,730	2.0%
Other adjustments	-	**(4,044)**	(4,044)	-
Adjusted EBITDA	1,209,030	**1,178,140**	(30,890)	(2.6%)
Capital expenditures (acceptance basis)	320,579	**370,387**	49,808	15.5%
Free cash flow	561,816	**511,530**	(50,286)	(9.0%)
Reference:				
Adjusted free cash flow (see note below)	619,646	**554,732**	(64,914)	(10.5%)

Note: Proceeds from borrowings through the securitization of handset installment sales receivables are added to free cash flow, and repayments of such borrowings are deducted from free cash flow. Due to the introduction of 48 monthly installment sales for handsets, installment sales receivables (working capital) have increased. The Company is aiming to achieve stable cash flow generation through the securitization of said installment sales receivables.

OVERVIEW

As Japan's telecommunications market approaches maturity, the Domestic Telecommunications segment is working to strengthen the foundation for medium- to long-term earnings growth. Specifically, it is working to increase the number of smartphone and broadband subscribers, and use the operational assets of telecommunications services to foster and expand new businesses under the Beyond Carrier strategy. At the same time, the segment is seeking to generate stable free cash flow.

<u>Main Initiatives</u>

- Expand sales of *Home Bundle Discount Hikari Set*
  - Provide a discount on a smartphone and broadband bundle subscription

[5] The Company plans to apply the new revenue recognition standard (IFRS15) from the fiscal year ending March 2019. However, the impact of this application is still being calculated. Comparisons of results of operations for the fiscal year and the forecast of results of operations for the fiscal year ending March 2019 are based on the current revenue recognition standard (IAS18).

- Promote *SoftBank* brand differentiation strategy
  - High-volume flat-rate data plans *Giga Monster* (20 GB) and *Ultra Giga Monster* (50 GB)
  - *Half Price Support* that effectively enables the purchase of smartphones at half price
- Expand sales of sister brand *Y!mobile* proactively
- Advance capital and operational tie-up with LINE MOBILE Corporation (became a consolidated subsidiary on April 2, 2018)
- Collaborate with Yahoo Japan Corporation focusing on e-commerce
- Expand business domain: Develop new businesses through the establishment of joint ventures or capital and operational tie-ups with the Company's investees
  - Participate in domestic operations of WeWork Companies Inc. through a joint venture with the company
  - Provide cloud services through a joint venture with Alibaba
  - Expand and improve security services for corporations through establishment of a joint venture with Cybereason Inc.
  - Participate in the FinTech field through the establishment of joint venture with Mizuho Bank, Ltd.
  - Establish an operational tie-up in the RPA[6] field with RPA Holdings, Inc.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal year ended March 31			
	2017	**2018**	Change	Change %
Telecom service revenue	2,423,105	**2,406,613**	(16,492)	(0.7%)
Mobile communications	1,886,640	**1,811,688**	(74,952)	(4.0%)
Telecom[7]	1,657,629	**1,583,022**	(74,607)	(4.5%)
Service[8]	229,011	**228,666**	(345)	(0.2%)
Broadband	268,954	**324,913**	55,959	20.8%
Fixed-line telecommunications	267,511	**270,012**	2,501	0.9%
Product and other sales	770,686	**823,232**	52,546	6.8%
Total net sales	3,193,791	**3,229,845**	36,054	1.1%

Net sales increased ¥36,054 million (1.1%) year on year, to ¥3,229,845 million. Of this, telecom service revenue decreased ¥16,492 million (0.7%), to ¥2,406,613 million, and product and other sales increased ¥52,546 million (6.8%), to ¥823,232 million.

The decrease of telecom service revenue is mainly due to a ¥74,952 million (4.0%) year-on-year decrease in mobile communications. The Domestic Telecommunications segment marked the fiscal year as a period to carry out up-front investments, especially placing a priority on expanding its customer base by increasing the number of smartphone and *SoftBank Hikari* subscribers. As a result, revenue from mobile communications declined mainly due to the impact of discounts offered through the promotions such as *Home Bundle Discount Hikari Set*, high-volume flat-rate data plans, and *Half Price Support*.

[6] Robotic Process Automation (use of software robots for process automation)
[7] Telecom revenue of mobile communications services, etc., under the *SoftBank* and *Y!mobile* brands
[8] Device warranty service revenue, content-related revenues, advertising revenues, etc.

On the other hand, the customer base is steadily expanding as planned, driven by continued improvement in churn rate and effective customer acquisition. The number of smartphone and *SoftBank Hikari* subscribers increased 1.69 million and 1.38 million, respectively, compared with the previous fiscal year. The Company expects to increase telecom service revenue in the fiscal year ending March 2019 by leveraging the growing customer base.[5]

Segment income decreased ¥36,576 million (5.1%) year on year, to ¥682,996 million. This was primarily due to the decline in revenue from mobile communications, as previously mentioned.

The major breakdown of operating expense (cost of sales and selling, general and administrative expenses) year-on-year increases of ¥76,674 million (3.1%) is as follows.

Primary yoy increase/decrease components	Key reasons for increase/decrease
Increase in telecommunications network charges ¥29,039 million, 11.6%	Increase in the cost of sales of broadband services following the rise in *Softbank Hikari* subscribers
Increase in cost of products ¥23,217 million, 3.9%	Rise in the average shipping price of smartphones
Increase in usage fees for content and other services ¥11,130 million, 38.2%	Start of provision of *Yahoo! Premium*[9] to smartphone customers, and growth in users of optional services for *SoftBank Hikari*
Increase in depreciation and amortization ¥9,730 million, 2.0%	Acceleration of the depreciation of certain equipment ahead of the termination of 3G services on 1.7 GHz in March 2018 due to the expected deployment of LTE in the future
Decrease in sales commission fees ¥(5,132) million, (1.5%)	Decline in average sales commission fees for smartphones

Adjusted EBITDA decreased ¥30,890 million (2.6%) year on year, to ¥1,178,140 million.

Capital expenditures (acceptance basis) increased ¥49,808 million (15.5%) year on year, to ¥370,387 million, due to the expansion of service areas and improvement in quality for LTE network.

Free cash flow decreased ¥50,286 million (9.0%) year on year, to ¥511,530 million, mainly due to an increase in mobile device inventories, the decrease in adjusted EBITDA, and an increase in the amount of income taxes paid. The amount of income taxes paid increased primarily because loss carryforwards fully utilized in the fiscal year ended March 2016 reduced the amount of income taxes paid in the fiscal year ended March 2017. The loss carryforwards were exhausted in the fiscal year ended March 2016.

[9] An offering that allows smartphone subscribers an unlimited use of special offers without additional charges under Yahoo! Premium membership service, which is usually provided at a monthly charge of ¥462 by Yahoo Japan Corporation.

Forecast for the Fiscal Year Ending March 2019

- Higher revenues and profit (see note below)
- Adjusted free cash flow: Minimum ¥500 billion

Note: The Company plans to apply the new revenue recognition standard (IFRS15) from the fiscal year ending March 2019. However, the impact of this application is still being calculated. Comparisons of results of operations for the fiscal year and the forecast of results of operations for the fiscal year ending March 2019 are based on the current revenue recognition standard (IAS18).

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

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

Revenues

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

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

Cash flow from operating activities

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

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

OPERATIONS

Mobile Communications Service

Subscribers (Main Subscribers[10])

(Thousands)

	March 31, 2018	Change from March 31, 2017
Cumulative subscribers	**33,175**	775

Cumulative subscribers increased from the previous fiscal year-end due to smartphone net additions of 1,691,000.[11] Regarding smartphones, the number of *Y!mobile* subscribers continued to grow steadily, while *SoftBank* subscribers also grew due to a successful promotion encouraging feature phone users to switch to smartphones. In addition, tablets contributed to net additions. However, subscribers to feature phones and mobile data communications devices declined from the previous fiscal year-end. As for mobile data communications devices, a decrease in subscribers reflected the termination of 3G service on 1.7 GHz as well as a decline in demand from customers with both smartphone and data device subscription due to the introduction of *Giga Monster* for smartphones.

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

Cumulative subscribers at the fiscal year-end included 265,000 subscribers to *Wireless Home Phone*, a new home-phone voice calling service using the mobile network, which was launched in July 2017.

Home Bundle Discount Hikari Set Applications

(Thousands)

	March 31, 2018	Change from March 31, 2017
Mobile communications service	**8,148**	2,118
Broadband service	**3,887**	983

Number of Units Sold (Main Subscribers)

(Thousands)

	Fiscal year ended March 31, 2018	YoY Change
Number of units sold	**11,056**	(23)
New subscriptions	**5,050**	122
Device upgrades	**6,006**	(145)

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

ARPU (Main Subscribers)

	Fiscal year ended March 31, 2018	YoY Change
Total ARPU	**¥4,350**	¥(150)
Telecom ARPU	**¥3,800**	¥(150)
Service ARPU	**¥560**	¥0

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

However, on a sequential basis, the discount amount in telecom ARPU for the *Home Bundle Discount Hikari Set* has started to decrease since the three-month period ended December 31, 2017 (the “third quarter”).

Churn Rate (Main Subscribers)

	Fiscal year ended March 31, 2018	YoY Change
Phone churn rate	**0.86%**	0.03 pp improvement
Churn rate	**1.22%**	0.02 pp improvement

The phone churn rate improved year on year, reflecting improved churn rates for both feature phones and smartphones. The improvement in the feature phone churn rate reflected a decline in deactivations resulting from a successful promotion encouraging feature phone users to switch to smartphones. The improvement in the smartphone churn rate is due to the expansion of *Home Bundle Discount Hikari Set*.

Broadband Service

Subscribers

(Thousands)

	March 31, 2018	Change from March 31, 2017
Cumulative subscribers	**7,039**	894
SoftBank Hikari	**4,974**	1,382

The number of broadband service subscribers increased during the fiscal year, led by *SoftBank Hikari*. The proactive marketing of the *Home Bundle Discount Hikari Set* to smartphone customers was the main contributing factor to this increase.

(b) Sprint Segment

1. Record-high segment income with progress in cost reductions
2. Postpaid phone net additions for the 11th consecutive quarter
3. Planning to increase network cash capex for further network improvement

(Millions of yen)

	Fiscal year ended March 31 2017	**2018**	Change	Change %
Net sales	3,623,375	**3,601,961**	(21,414)	(0.6%)
Segment income	186,423	**279,283**	92,860	49.8%
Depreciation and amortization	885,845	**953,820**	67,975	7.7%
Other adjustments[12]	7,371	**(5,762)**	(13,133)	-
Adjusted EBITDA	1,079,639	**1,227,341**	147,702	13.7%

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

	2017	2018	Change	Change %
Net sales	33,347	**32,406**	(941)	(2.8%)
Cost of sales, and selling, general and administrative expenses	(31,083)	**(29,617)**	1,466	4.7%
Other operating income (loss)	(536)	**(296)**	240	-
Gain on spectrum license exchange	354	**479**	125	-
Litigation	(37)	**356**	393	-
Loss on disposal of property, plant and equipment	(512)	**(860)**	(348)	-
Gain (loss) on contract termination	(140)	**(224)**	(84)	-
Others	(201)	**(47)**	154	-
Segment income	1,728	**2,493**	765	44.3%
Depreciation and amortization	8,150	**8,584**	434	5.3%
Other adjustments[12]	53	**(37)**	(90)	-
Adjusted EBITDA	9,931	**11,040**	1,109	11.2%

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

	2017	2018	Change	Change %
Network capital expenditures (cash basis)	1,950	**3,319**	1,369	70.2%
Adjusted free cash flow	607	**945**	338	55.7%

OVERVIEW

Sprint continues to aim to expand its net sales by increasing the number of postpaid and prepaid phone subscribers and stabilize their 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 ending March 2019, Sprint expects to further increase network cash capital expenditure for improving its network quality. At the same time, Sprint continues to reduce costs by increasing the operational efficiency.

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

FINANCIAL RESULTS

Results in U.S. dollars

Net sales decreased by $941 million (2.8%) year on year to $32,406 million. A decline in telecom service revenue resulted from the introduction of sales promotions to acquire new customers and a change in the device insurance service. This was partially offset by an increase in equipment rental revenue.

Segment income increased $765 million (44.3%) year on year, to $2,493 million. Operating expenses (cost of sales and selling, general and administrative expenses) decreased $1,466 million (4.7%) year on year due to a decline in expenses, mainly relating to the network and the change in the device insurance service, more than offsetting the decrease in net sales. In addition, other operating loss improved $240 million year on year.

Within other operating loss, loss on contract termination totaling $229 million was recorded in the fourth quarter, when the contract cancellation was determined. Furthermore, under US GAAP, expenses are recorded in accordance with the actual decommissioning of equipment. As a result, under IFRSs, operating loss of $115 million was recorded, while under US GAAP, operating income of $236 million was recorded.

Adjusted EBITDA increased $1,109 million (11.2%) year on year, to $11,040 million.

Adjusted free cash flow increased $338 million (55.7%) year on year, to $945 million (disclosed by Sprint, US GAAP). The increase reflected an increase in net cash provided by operating activities, despite an increase in expenditures for the acquisition of rental devices and telecommunications network equipment. Going forward, in order to differentiate itself from other operators, Sprint will invest more aggressively in its network and leverage its ample spectrum holdings while building new cell sites to expand its coverage footprint.

Results in yen

In yen terms, net sales decreased ¥21,414 million (0.6%) year on year, to ¥3,601,961 million, and segment income increased ¥92,860 million (49.8%) year on year, to ¥279,283 million. Adjusted EBITDA also increased ¥147,702 million (13.7%) year on year, to ¥1,227,341 million.

OPERATIONS

Cumulative Subscribers[13 14 15]

(Thousands)

	March 31, 2018	Change from March 31, 2017
Postpaid	**32,119**	543
(incl.) Phone	**26,813**	734
Prepaid	**8,989**	301
Wholesale and affiliate	**13,517**	142
Total	**54,625**	986

Net Additions[15] *(Excluding Special Factors*[14]*)*

(Thousands)

	Three months ended March 31, 2018	YoY Change
Postpaid	**39**	157
(incl.) Phone	**55**	13
Prepaid	**170**	(25)
Wholesale and affiliate	**(165)**	(456)
Total	**44**	(324)

Postpaid phone subscriber net additions were subdued at 55,000. New acquisitions increased, driven by various sales promotion measures, but were partially offset by an increase in deactivations.

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

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

15 During the fiscal year, Sprint introduced a non-Sprint branded postpaid plan offering allowing prepaid customers to purchase a device under its install-ment billing program. As a result of this extension of credit, approximately 167,000 prepaid subscribers were migrated from the prepaid subscriber base into the postpaid subscriber base during the fourth quarter. Furthermore, net additions of postpaid subscribers and postpaid phone subscribers for the quarter included 44,000 such net migrations each. The historical numbers were not restated.

Churn Rate[16] (Postpaid)

	Three months ended March 31, 2018	YoY Change
Postpaid phone churn rate	**1.68%**	0.10 pp deterioration
Postpaid churn rate	**1.78%**	0.03 pp deterioration

The postpaid phone churn rate deteriorated due to the company's decision to shift its focus to selectively manage both higher ARPU customers and increasing customers rolling off device commitments, in order to maximize the net present value of the base. Introduction of unlimited data plans by other carriers in February 2017, which has followed Sprint, also gave an adverse impact.

ABPU (Postpaid Phone)

	Three months ended March 31, 2018	YoY Change
ARPU	**$50.44**	$(3.66)
Average equipment billings per user	**$18.07**	$3.51
Postpaid phone ABPU	**$68.51**	$(0.15)

Postpaid phone ABPU was relatively flat and ARPU declined due to the increased utilization of low-rate plans.

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

(c) Yahoo Japan Segment

(Millions of yen)

	Fiscal year ended March 31			
	2017	**2018**	Change	Change %
Net sales	853,458	**884,402**	30,944	3.6%
Segment income	189,819	**179,290**	(10,529)	(5.5%)
Depreciation and amortization	38,973	**45,193**	6,220	16.0%
Gain from remeasurement relating to business combination	(19)	**(372)**	(353)	-
Other adjustments	10,736	**(9,692)**	(20,428)	-
Adjusted EBITDA	239,509	**214,419**	(25,090)	(10.5%)

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/.

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

(d) Distribution Segment

(Millions of yen)

	Fiscal year ended March 31			
	2017	**2018**	Change	Change %
Net sales	1,295,374	**1,419,319**	123,945	9.6%
Segment loss	(10,047)	**(31,018)**	(20,971)	-
Depreciation and amortization	7,237	**6,695**	(542)	(7.5%)
Other adjustments	30,260	**50,497**	20,237	-
Adjusted EBITDA	27,450	**26,174**	(1,276)	(4.6%)

Impairment losses totaling ¥50,497 million were recorded on Brightstar's goodwill, intangible assets, and property, plant and equipment as their recoverable amounts fell below their carrying amounts as a result of a revision to Brightstar's business plan during the fiscal year (impairment loss on goodwill of ¥30,260 million was recognized in the previous fiscal year). This further deteriorated segment loss by ¥20,971 million year on year, resulting in a loss of ¥31,018 million for the fiscal year. Meanwhile, results of operations of SoftBank Commerce & Service Corp. have been solid, mainly due to a contribution from sales of PCs and servers to corporate customers.

(e) Arm Segment

1. U.S. dollar-based revenue increased 13% yoy in the fourth quarter
- Solid adoption of Arm technology continued in target markets of mobile, networking, servers, and IoT

2. Continued reinforcement of R&D capability
- Head count increased 1,034 (21%) from the previous fiscal year-end

(Millions of yen)

	Fiscal year ended March 31			
	2017	**2018**	Change	Change %
Net sales	112,902	**202,344**	89,442	79.2%
Segment income (loss)	12,919	**(31,380)**	(44,299)	-
Depreciation and amortization	32,523	**62,324**	29,801	91.6%
Gain from remeasurement relating to business combination	(18,168)	**-**	18,168	-
Other adjustments	25,780	**-**	(25,780)	-
Adjusted EBITDA	53,054	**30,944**	(22,110)	(41.7%)

Notes:
1. The Arm segment reflects Arm's results of operations since September 6, 2016.
2. Depreciation and amortization includes amortization expenses of ¥29,379 million for the previous fiscal year and ¥54,569 million for the fiscal year, which were 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 the acquisition, Arm has been accelerating investment in research and development by hiring more engineers. With the expansion of its engineering capability, Arm intends to develop new technologies faster, with a focus on artificial intelligence (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 February 2018, Arm announced a new suite of technology for AI including new highly scalable processors that will deliver enhanced machine learning and neural network functionality. The new Arm AI technology will be available in mid-2018.

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

FINANCIAL RESULTS

Net sales increased ¥89,442 million (79.2%) year on year, to ¥202,344 million. The main factor behind the increase was that Arm's results were reflected only since September 6, 2016 to March 31, 2017 in the previous fiscal year, while its results were reflected for the full twelve months in the fiscal year.

Segment loss was ¥31,380 million, a deterioration of ¥44,299 million from the same period of the previous fiscal year. During the fiscal year, Arm increased the number of its employees, mainly engineers, by a net 1,034 people, up 21% overall from the previous fiscal year-end, as it continues to strengthen its R&D capability. Arm has also been enhancing its employee compensation system, including the start of a new performance-linked incentive program. Operating expenses in the fiscal year also included ¥54,569 million in amortization expenses recorded for intangible assets recognized in the purchase price allocation for the Arm acquisition.

Adjusted EBITDA was ¥30,944 million, a decrease of ¥22,110 million (41.7%) year on year.

Reference: Net sales in U.S. dollars

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

(Millions of U.S. dollars)

	Fiscal year ended March 2017					**Fiscal year ended March 2018**				
	Q1 Pro forma	Q2 Pro forma	Q3	Q4	Full year Pro forma	Q1	Q2	Q3	**Q4**	Full year
Technology licensing	161	89	229	122	601	149	123	190	**156**	618
Technology royalties	228	240	248	258	974	250	271	297	**269**	1,087
Software and services	30	24	31	29	114	29	28	33	**36**	126
Total net sales	419	353	508	409	1,689	428	422	520	**461**	1,831

Note: Pro forma includes the periods prior to the acquisition of Arm by the Company on September 5, 2016.

Net sales for the fourth quarter increased 13% year on year to $461 million. Technology licensing revenue in the fourth quarter was up 28% year on year to $156 million, although down 18% from the prior quarter. As Arm signs a small number of high-value deals in most quarters along with a larger number of smaller deals, technology licensing revenue fluctuates from quarter to quarter in accordance with the number of high-value deals concluded. For the full-year, technology licensing revenue was $618 million, up 3% year-on-year from the previous fiscal year (April 1, 2016 to March 31, 2017 on a pro forma basis including the periods prior to the acquisition of Arm by the Company).

OPERATIONS

Licensing

	Licenses signed January 1 to March 31, 2018	Cumulative number of licenses signed March 31, 2018
Classic (*Arm7, Arm9, Arm11*)	-	499
Cortex-A	12	334
Cortex-R	2	94
Cortex-M	10	482
Mali	2	168
Number of processor licenses signed	26	1,577

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

During the fourth quarter, Arm signed 26 processor licenses, reflecting the ongoing demand for Arm's latest technology. Of the customers signing licenses, nine were new customers purchasing their very first Arm processor license. The customers who signed licenses with Arm in the fourth quarter intend to use Arm technology in a very broad range of end markets, including smartphones and laptops, AI chips for cloud applications, autonomous drones, servers, and networking equipment.

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 December 31, 2017 as reported by licensees in royalty reports. Arm's licensees report their actual shipments of royalty units one quarter in arrears; therefore, the current quarter's royalty unit 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.

	2016				**2017**
	Oct 1 to Dec 31	Jan 1 to Mar 31	Apr 1 to Jun 30	Jul 1 to Sep 30	**Oct 1 to Dec 31**
Royalty units as reported by Arm's licensees	5.1 billion	4.7 billion	5.1 billion	5.7 billion	**5.8 billion**
Growth rate (yoy)	24%	28%	25%	17%	**14%**
Breakdown by processor family					
Classic (*Arm7, Arm9, Arm11*)	19%	17%	18%	17%	**16%**
Cortex-A	22%	22%	20%	17%	**19%**
Cortex-R	7%	8%	9%	7%	**7%**
Cortex-M	52%	53%	53%	59%	**58%**

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

Arm’s licensees reported shipments of 5.8 billion Arm-based chips for the three-month period ended December 31, 2017. This reflects normal seasonality in terms of growth versus the previous quarter, up 2%, and strong growth of 14% over the same period of the previous fiscal year reflecting strong demand for Arm-based chips.

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

(f) SoftBank Vision Fund and Delta Fund Segment

1. **Segment income of ¥303.0 billion, driven by a valuation gain from a rise in NVIDIA share price**
2. **$29.7 billion[17] invested to date in technology companies, including NVIDIA, Arm, and WeWork**
3. **Total committed capital of $97.7 billion**

OVERVIEW

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

Outline of Funds in the Segment

As of March 31, 2018

	SoftBank Vision Fund	Delta Fund
Major limited partnership	SoftBank Vision Fund L.P.	SB Delta Fund (Jersey) L.P.
Total committed capital	$91.7 billion *1 SoftBank Group Corp.: $28.1 billion *2 Third-party investors: $63.6 billion *1	$6.0 billion *1 SoftBank Group Corp.: $4.4 billion Third-party investors: $1.6 billion *1
Limited partners	SoftBank Group Corp. Public Investment Fund Mubadala Investment Company Apple Foxconn Technology Group Qualcomm Incorporated Sharp Corporation	SoftBank Group Corp. Mubadala Investment Company
General partners	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
Advisory company	The Company's wholly owned subsidiaries (in Japan and the U.S.)	
Management company	The Company's wholly owned subsidiary (in the U.K.)	
Investment period	Five years from the final closing*3 of SoftBank Vision Fund (in principle)	
Minimum fund life	Twelve years from the final closing*3 of SoftBank Vision Fund (in principle)	

Notes:

1. A portion of the capital committed by Mubadala Investment Company 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 Mubadala Investment Company in each fund.
2. The amount includes approximately $8.2 billion of an obligation to be satisfied by using Arm Limited shares.
3. The Company expects the final closing of SoftBank Vision Fund to complete in the three month period ending June 30, 2018. The first and final closing of Delta Fund was completed on September 27, 2017.

[17] This includes the amount of investments made by holding entities that are jointly held by SoftBank Vision Fund and the Company's subsidiary.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal year ended March 31 2017	**2018**
Gain and loss on investments at SoftBank Vision Fund and Delta Fund		
Unrealized gain and loss on valuation of investments	-	**345,975**
Interest and dividend income from investments	-	**6,120**
Operating expenses	-	**(49,114)**
Segment income	-	**302,981**
Depreciation and amortization	-	**1**
Unrealized loss (gain) on valuation of investments	-	**(345,975)**
Other adjustments	-	**20,502**
Adjusted EBITDA	-	**(22,491)**

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

Segment income was ¥302,981 million due to the recording of unrealized gain on valuation of investments of ¥345,975 million, mainly reflecting an increase in the fair value of NVIDIA shares as a result of a rise in its market price.

Adjusted EBITDA, which is calculated by deducting unrealized gain and loss on valuation of investments and other adjustments from segment income, was negative ¥22,491 million. Other adjustments represents expenses related to the establishment of SoftBank Vision Fund and Delta Fund, which was included in operating expenses.

Capital Deployment

As of March 31, 2018

(Billions of U.S. dollars)

	Total	The Company	Third-party investors
Committed capital			
SoftBank Vision Fund	**91.7** *1	28.1 *2	63.6 *1
Delta Fund	**6.0** *1	4.4	1.6 *1
Contributions from limited partners*3			
SoftBank Vision Fund	**21.2**	6.4	14.8
Delta Fund	**5.1**	3.7 *4	1.4
Remaining committed capital			
SoftBank Vision Fund	**70.5**	21.7	48.8
Delta Fund	**0.9** *5	0.7	0.2 *5

Notes:
1. A portion of the capital committed by Mubadala Investment Company 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 Mubadala Investment Company in each fund.
2. The amount includes approximately $8.2 billion of an obligation to be satisfied by using Arm Limited shares.
3. The amount excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.
4. The amount includes the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.
5. The remaining committed capital of third-party investors at Delta Fund may be used for SoftBank Vision Fund.

Investment Status

As of the fiscal year-end, the total acquisition cost and fair value of investments of SoftBank Vision Fund and Delta Fund was $29.7 billion and $33.0 billion, respectively (see note below). The following are the investees of the respective funds, as of the fiscal year-end.

Fund Name	Name (in alphabetical order)	Business
SoftBank Vision Fund	Arm Limited	Semiconductor technology designer
	Auto1 Group GmbH	Used car wholesaler in Europe
	Brain Corporation	AI-based autonomous driving system developer
	Fanatics Holdings, Inc.	Online retailer of licensed sports merchandise
	Flipkart Limited (Flipkart)	e-commerce
	Guardant Health, Inc.	Cancer diagnosis through genomic analysis
	HealthKonnect Medical and Health Technology Management Company Limited (Ping An Medical and Healthcare)	Managed care platform
	Improbable Worlds Limited	VR/AR development tools
	Katerra Inc.	End-to-end design & architecture technology platform
	MapBox Inc.	Geographical information platform
	Nauto, Inc.	AI-based safe-driving support services
	NVIDIA Corporation	GPU developer
	One97 Communications Limited (PayTM)	Online payment services
	Oravel Stays Private Limited (OYO Rooms)	Hotel booking site
	OSIsoft LLC	Industrial IoT solutions
	Ping An Healthcare and Technology Company Limited	Online healthcare portal
	Plenty United Inc.	Indoor farm plant
	Roivant Sciences Ltd.	Biopharmaceutical drug developer
	Slack Technologies, Inc.	Business chat tool
	Urban Compass, Inc. (Compass)	Real estate big data platform
	Vir Biotechnology, Inc.	Pharmaceutical drug development for infectious diseases using AI
	Wag Labs, Inc	On-demand dog walking & dog care app
	WeWork Companies Inc. (and its 3 affiliates)	Co-working space services
	Zhongan Online P&C Insurance Co., Ltd	Online insurance
Delta Fund	Xiaoju Kuaizhi Inc. (DiDi)	Ridesharing services

Note: SoftBank Vision Fund made some investments through investment holding entities that are subsidiaries, but not wholly owned subsidiaries, of SoftBank Vision Fund. Regardless of the ownership percentage of SoftBank Vision Fund, all investments made through the investment holding entities are calculated as investments made by SoftBank Vision Fund. Of the fair values of investments by SoftBank Vision Fund and Delta Fund at the fiscal year-end, the values attributable to shareholders other than SoftBank Vision Fund was $1.2 billion.

Investments Transferred from the Company to SoftBank Vision Fund or Delta Fund

There are certain cases in which investments of SoftBank Vision Fund or Delta Fund are made through the Company transferring its investment (the “Bridge Investments”) to respective funds. The Bridge Investments are transferred to SoftBank Vision Fund or Delta Fund only if all the necessary approvals by the investment committee of respective funds, among others, are obtained. The price of the Bridge Investments used for the transfer from the Company to SoftBank Vision Fund or Delta Fund is based on fair values at the time the Company and respective funds agreed on the transfer.

As of the fiscal year-end, the total acquisition cost and fair value of the investments of SoftBank Vision Fund or Delta Fund segment, including those agreed to be transferred from the Company out of the Bridge Investments, was $29.8 billion and $33.1 billion, respectively.

(2) Overview of Financial Position

1. Progress on investments
- $29.7 billion invested to date by SoftBank Vision Fund and Delta Fund[18]
- Aside from the above, the Company invested a total of $12.9 billion (¥1,378.8 billion) in Uber and DiDi[19]

2. Refinancing and diversified financings excecuted to secure funds for investments with extended periods
- Borrowed ¥2,734.0 billion mainly for refinancing of the acquisition funds for Sprint and Arm
- Raised $8 billion by using Alibaba shares, $3.35 billion and €2.25 billion through issuance of foreign currency-denominated bonds, and $4.5 billion through issuance of the Hybrid Notes

3. Consolidation of The Japan Net Bank brought ¥818.8 billion in assets and ¥754.9 billion in liabilities on February 1, 2018

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change	Change %
Total assets	24,634,212	**31,180,466**	6,546,254	26.6%
Total liabilities	20,164,482	**24,907,444**	4,742,962	23.5%
Total equity	4,469,730	**6,273,022**	1,803,292	40.3%

Reference: Exchange rate at the fiscal year-end used for translations

USD / JPY	¥112.19	¥106.24	¥(5.95)	(5.3%)
GBP / JPY	¥140.08	¥148.84	¥8.76	6.3%

(a) Current Assets

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Cash and cash equivalents	2,183,102	**3,334,650**	1,151,548
Trade and other receivables	2,121,619	**2,314,353**	192,734
Other financial assets	794,689	**519,444**	(275,245)
Inventories	341,344	**362,041**	20,697
Other current assets	283,221	**344,374**	61,153
Total current assets	5,723,975	**6,874,862**	1,150,887

Primary components of the change

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

[18] This includes the amount of investments made by holding entities that are jointly held by SoftBank Vision Fund and the Company’s subsidiary.
[19] The investments may be offered to SoftBank Vision Fund in the future, subject to applicable consent and regulatory and other approvals.

(b) Non-current Assets

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Property, plant and equipment	3,977,254	**3,856,847**	(120,407)
Goodwill	4,175,464	**4,302,553**	127,089
(incl.) Arm	2,691,818	**2,860,738**	168,920
Intangible assets	6,946,639	**6,784,550**	(162,089)
Investments accounted for using the equity method	1,670,799	**2,328,617**	657,818
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	-	**2,827,784**	2,827,784
Investment securities	1,106,409	**2,660,115**	1,553,706
Other financial assets	445,858	**676,392**	230,534
Deferred tax assets	404,994	**647,514**	242,520
Other non-current assets	182,820	**221,232**	38,412
Total non-current assets	18,910,237	**24,305,604**	5,395,367

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Property, plant and equipment	Telecommunications network equipment at SoftBank Corp. decreased due to depreciation exceeding the amount of newly acquired assets.
Goodwill	Goodwill for Arm increased due to the weaker yen against the pound. On the other hand, goodwill for Brightstar was impaired.
Intangible assets	FCC licenses and others decreased due to a stronger yen against the U.S. dollar. Meanwhile, the Company newly recognized management contracts of ¥115,333 million with the consolidation of Fortress.
Investments accounted for using the equity method	In addition to recording gain on equity method investments, the consolidated carrying amount for Alibaba increased due to a weaker yen against the Chinese yuan.
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	SoftBank Vision Fund made investments in WeWork Companies Inc. and Flipkart Limited, among others, and Delta Fund made investments in DiDi. NVIDIA shares were reclassified from "Investment securities" upon transfer from the Company.
Investment securities	NVIDIA shares were reclassified as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" upon transfer to SoftBank Vision Fund. On the other hand, the Company invested a total of $12.9 billion (¥1,378,831 million) in Uber and DiDi, which may be offered to SoftBank Vision Fund in the future.[20]
Deferred tax assets	Deferred tax assets increased due to recording of a derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares.

[20] Subject to applicable consent and regulatory and other approvals

(c) Current Liabilities

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Interest-bearing debt	2,694,093	**3,217,405**	523,312
SoftBank Group Corp.	1,139,734	**1,485,852**	346,118
Short-term borrowings	505,802	**771,275**	265,473
Current portion of long-term borrowings	433,983	**214,747**	(219,236)
Current portion of corporate bonds	119,947	**399,830**	279,883
Others	80,002	**100,000**	19,998
Sprint	536,897	**364,245**	(172,652)
Current portion of long-term borrowings	307,178	**164,466**	(142,712)
Current portion of corporate bonds	219,365	**190,396**	(28,969)
Others	10,354	**9,383**	(971)
SoftBank Vision Fund and Delta Fund	-	**397,095**	397,095
Short-term borrowings	-	**83,952**	83,952
Current portion of long-term borrowings	-	**313,143**	313,143
Others	1,017,462	**970,213**	(47,249)
Short-term borrowings	161,862	**102,346**	(59,516)
Current portion of long-term borrowings	387,349	**401,349**	14,000
Lease obligations	431,522	**450,611**	19,089
Others	36,729	**15,907**	(20,822)
Deposits for banking business	-	**684,091**	684,091
Third-party interests in SoftBank Vision Fund and Delta Fund	-	**40,713**	40,713
Trade and other payables	1,607,453	**1,816,010**	208,557
Other financial liabilities	13,701	**97,887**	84,186
Income taxes payables	256,218	**147,979**	(108,239)
Provisions	56,362	**65,709**	9,347
Other current liabilities	599,096	**658,961**	59,865
Total current liabilities	5,226,923	**6,728,755**	1,501,832

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: Short-term borrowings increased mainly through the use of a commitment line, and the current portion of corporate bonds increased due to transfers from non-current liabilities. Meanwhile, current portion of long-term borrowings decreased due to borrowing mainly for refinancing of the acquisition funds for Sprint and Arm. SoftBank Vision Fund and Delta Fund: Borrowings were made mainly to increase the capital efficiency of investments. Sprint: Current portion of long-term borrowings decreased, mainly due to repayment of borrowings utilizing certain network equipment.
Deposits for banking business	This was newly recognized in conjunction with The Japan Net Bank, which was formerly an equity method associate, becoming a subsidiary of Yahoo Japan Corporation.
Income taxes payables	The Company paid income taxes, such as those on gains from the sale of Supercell Oy shares and others, which were recognized and accrued at the previous fiscal year-end.

(d) Non-current Liabilities

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Interest-bearing debt	12,164,277	**13,824,783**	1,660,506
SoftBank Group Corp.[21]	6,378,194	**7,732,330**	1,354,136
Long-term borrowings[21]	2,133,705	**3,215,459**	1,081,754
Corporate bonds	4,244,488	**4,516,871**	272,383
Others	1	**-**	(1)
Sprint	4,024,390	**3,979,705**	(44,685)
Long-term borrowings	1,044,116	**1,346,576**	302,460
Corporate bonds	2,954,300	**2,612,178**	(342,122)
Others	25,974	**20,951**	(5,023)
SoftBank Vision Fund and Delta Fund	-	**101,312**	101,312
Long-term borrowings	-	**101,312**	101,312
Others	1,761,693	**2,011,436**	249,743
Long-term borrowings	199,804	**458,244**	258,440
Financial liabilities relating to sale of shares by variable prepaid forward contract	715,448	**688,332**	(27,116)
Lease obligations	787,124	**751,801**	(35,323)
Others	59,317	**113,059**	53,742
Third-party interests in SoftBank Vision Fund and Delta Fund	-	**1,803,966**	1,803,966
Derivative financial liabilities	254,146	**865,402**	611,256
Other financial liabilities	33,083	**62,372**	29,289
Defined benefit liabilities	108,172	**100,486**	(7,686)
Provisions	138,730	**132,139**	(6,591)
Deferred tax liabilities	1,941,380	**1,085,626**	(855,754)
Other non-current liabilities	297,771	**303,915**	6,144
Total non-current liabilities	14,937,559	**18,178,689**	3,241,130

[21] Includes borrowings using Alibaba shares made by wholly owned subsidiary of the Company

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Interest-bearing debt	SoftBank Group Corp.: · Long-term borrowings increased due to borrowing mainly for refinancing of the acquisition funds for Sprint and Arm, and borrowing of $8 billion (¥842.3 billion) using Alibaba shares[22] made by wholly owned subsidiary. · Corporate bonds increased due to the issuance of foreign currency-denominated straight corporate bonds of $3.35 billion and €2.25 billion (totaling ¥665.8 billion) in September 2017. This was partially offset by transferring certain straight corporate bonds to current liabilities as they becoming due within a year. · On April 3, 2018, SoftBank Group Corp. exchanged the Notes Issued in 2015 for the Exchange Notes, with bondholders who were willing to make such an exchange. However, the accounting basis of the exchange was considered to be March 22, 2018, the exchange decision date. As a result, the company derecognized the Notes Issued in 2015 and recognized the Exchange Notes. SoftBank Vision Fund and Delta Fund: Borrowings were made mainly to increase the capital efficiency of investments. Sprint: Long-term borrowings increased due to spectrum financing. Corporate bonds decreased due to early redemptions of certain corporate bonds and the transfer of certain straight corporate bonds to current liabilities as they becoming due within a year.
Third-party interests in SoftBank Vision Fund and Delta Fund	An amount of equity attributable to the third-party investors in SoftBank Vision Fund and Delta Fund was recorded.
Derivative financial liabilities	Derivative liabilities increased ¥570,191 million due to recording derivative loss in relation to a collar transaction included in a variable prepaid forward contract for Alibaba shares. Note: See “(2) Transaction for sale of Alibaba shares by variable prepaid forward contract” under “7. Interest-bearing debt” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details about the transaction for sale of Alibaba shares by variable prepaid forward contract.
Deferred tax liabilities	Sprint reversed deferred tax liabilities of ¥776,945 million following the enactment of the U.S. Tax Cuts and Jobs Act in December 2017. Note: See “6. Income Taxes” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes” for details.

[22] The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

(e) Equity

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Total equity attributable to owners of the parent	3,586,352	**5,184,176**	1,597,824
Non-controlling interests	883,378	**1,088,846**	205,468
Total equity	4,469,730	**6,273,022**	1,803,292
Ratio of equity attributable to owners of the parent	14.6%	**16.6%**	2.0 pp

Equity attributable to owners of the parent

(Millions of yen)

	March 31, 2017	**March 31, 2018**	Change
Common stock	238,772	**238,772**	-
Capital surplus	245,706	**256,768**	11,062
Other equity instruments	-	**496,876**	496,876
Retained earnings	2,958,355	**3,940,259**	981,904
Treasury stock	(67,727)	**(66,458)**	1,269
Accumulated other comprehensive income	211,246	**317,959**	106,713
Available-for-sale financial assets	11,983	**63,700**	51,717
Cash flow hedges	(44,877)	**(55,286)**	(10,409)
Exchange differences on translating foreign operations	244,140	**309,545**	65,405
Total equity attributable to owners of the parent	3,586,352	**5,184,176**	1,597,824

Primary components of the change

Components	Primary changes from the previous fiscal year-end
Other equity instruments	Newly recorded for USD-denominated Undated Subordinated Notes (the "Hybrid Notes") issued in July 2017 by SoftBank Group Corp. The Hybrid Notes are classified as equity instruments in accordance with IFRSs.
Retained earnings	Retained earnings increased as the Company recorded net income attributable to owners of the parent of ¥1,038,977 million.
Accumulated other comprehensive income	Although a stronger yen against the U.S. dollar caused a decrease in exchange differences on translating foreign operations related to Sprint and other entities, a weaker yen against the pound caused an increase in exchange differences on translating foreign operations related to Arm.

(3) Overview of Cash Flows

1. Progress on investments

- Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund of ¥2,263.3 billion
- Aside from the above, the Company invested a total of $12.9 billion (¥1,378.8 billion) in Uber and DiDi

2. Prolonged funds through refinancing of the acquisition funds for Sprint and Arm

- Borrowed ¥2,734.0 billion and repaid ¥2,691.3 billion

3. Diversified financings to secure funds for investment and other purposes

- Financed $8 billion by using Alibaba shares
- Raised $3.35 billion and €2.25 billion through the issuance of foreign currency-denominated bonds
- Raised $4.5 billion through the issuance of the Hybrid Notes

(Millions of yen)

	Fiscal year ended March 31		
	2017	**2018**	Change
Cash flows from operating activities	1,500,728	**1,088,623**	(412,105)
Cash flows from investing activities	(4,213,597)	**(4,484,822)**	(271,225)
Cash flows from financing activities	2,380,746	**4,626,421**	2,245,675

(a) Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥412,105 million year on year, mainly due to the Company's receipt of a refund of ¥293,489 million in the previous fiscal year for withholding income tax related to dividends among Group companies. Additionally, income taxes paid increased ¥128,219 million year-on-year due to the payment of income taxes for the sale of Supercell Oy shares, which was executed in the previous fiscal year.

(b) Cash Flows from Investing Activities

Primary components for the fiscal year

Components	Primary details
Outlays for purchase of property, plant and equipment and intangible assets ¥(1,064,835) million	Sprint acquired telecommunications network equipment and leased devices. SoftBank Corp. acquired telecommunications network equipment.
Payments for acquisition of investments ¥(1,735,694) million	The Company acquired investment securities. Of these, the investments in Uber and DiDi totaled $12.9 billion (¥1,378,831 million), which may be offered to SoftBank Vision Fund in the future.[23]
Payments for acquisition of investment by SoftBank Vision Fund and Delta Fund ¥(2,263,260) million	This represents the payments for investments acquired by SoftBank Vision Fund and Delta Fund or agreed to be transferred from the Company. These mainly included investments in WeWork Companies Inc. and Flipkart Limited by SoftBank Vision Fund and investments in DiDi by Delta Fund.
Increase from acquisition of control over subsidiaries ¥61,965 million	Consolidation of The Japan Net Bank resulted in proceeds of ¥337,224 million, due to recognizing the same amount of cash and cash equivalents that was held by the company on the acquisition date, while the consolidation was a non-cash transaction. This was partially offset by a payment of ¥275,259 million for the acquisition of Fortress.

[23] Subject to applicable consent and regulatory and other approvals

(c) Cash Flows from Financing Activities

Primary components for the fiscal year

Component	Primary details
Proceeds from interest-bearing debt ¥8,547,346 million	
Proceeds from borrowings ¥7,176,036 million	
SoftBank Group Corp. ¥4,761,200 million	SoftBank Group Corp. borrowed ¥2,734.0 billion mainly for refinancing of the acquisition funds for Sprint and Arm. Additionally, the Company's wholly owned subsidiary borrowed $8 billion (¥853.6 billion)[24] by using Alibaba shares.
Others	· Sprint borrowed ¥774,713 million through spectrum financing. · SoftBank Corp. borrowed ¥524,346 million through securitization of receivables.
Proceeds from issuance of bonds ¥899,079 million	
SoftBank Group Corp. ¥665,804 million	SoftBank Group Corp. issued foreign currency-denominated straight corporate bonds of $3.35 billion and €2.25 billion.
Others	Sprint issued straight corporate bonds of $1.5 billion (¥163,275 billion).
Repayment of interest-bearing debt ¥(6,003,188) million	
Repayment of borrowings ¥(4,988,513) million	
SoftBank Group Corp. ¥(3,598,900) million	SoftBank Group Corp. repaid the existing borrowings by conducting borrowings mainly for refinancing the acquisition funds for Sprint and Arm.
Others	· Sprint repaid borrowings of ¥559,992 million. · SoftBank Corp. repaid borrowings of ¥462,996 million made through securitization of receivables.
Redemption of corporate bonds ¥(474,975) million	
SoftBank Group Corp. ¥(120,000) million	SoftBank Group Corp. redeemed corporate bonds upon maturity.
Others	Sprint redeemed corporate bonds of ¥354,825 million (including early redemptions).
Contribution into SoftBank Vision Fund and Delta Fund from third-party investors ¥1,967,191 million	SoftBank Vision Fund and 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 ¥(187,061) million	SoftBank Vision Fund repaid a part of capital to third-party investors due to investment plan changes and other reasons after the contribution had been made. The fund also made fixed distributions.
Proceeds from issuances of other equity instruments ¥496,876 million	SoftBank Group Corp. issued the Hybrid Notes of $4.5 billion. The Hybrid Notes are classified as equity instruments in accordance with IFRSs.

[24] The borrowings are not guaranteed by SoftBank Group Corp., hence non-recourse to the company.

(4) Forecasts

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

For a forecast of the Domestic Telecommunications segment in the fiscal year ending March 2019, see “Forecast for the Fiscal Year Ending March 2019” under “Financial Results” in “(a) Domestic Telecommunications Segment” in “b. Results by Segment” in “ (1) Overview of Results of Operations.”

2. Basic Approach to the Selection of Accounting Standards

The Company has adopted International Financial Reporting Standards (“IFRSs”).

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2018

(Specified subsidiary (one company) included in the scope of consolidation)

The voting rights ratio in The Japan Net Bank, Limited held by the Company remains the same as before at 41.2% and the Company does not hold a majority of the voting rights. However, along with a modification of the shareholders agreement, the Company determined that it has control over The Japan Net bank, Limited by appointing the majority of The Japan Net Bank, Limited's directors by Yahoo Japan Corporation, which is a subsidiary of the Company, through a resolution in an Extraordinary Meeting of the Shareholders' of The Japan Net Bank, Limited held on February 1, 2018. The Japan Net Bank, Limited has become a subsidiary of the Company, changing from an associate, through the resolution.

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

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

(2) Changes in Accounting Policies

(Changes in accounting policies required by IFRSs)

The following standard was adopted in the fiscal year ended March 31, 2018.

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

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

(3) Changes in Accounting Estimates

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

As a result of reviewing the efficiency of communications equipment in SoftBank Corp., it became highly probable that certain communications equipment will be disposed and removed, and therefore, the useful lives were revised. Due to this change "Cost of sales" in the consolidated statement of income for the fiscal year ended March 31, 2018 increased by ¥22,712 million.

(Assessment of recoverability of deferred tax assets)

Net operating losses generated in tax years after December 31, 2017 may be carried forward indefinitely due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") in December 2017 in the U.S. As a result of the reassessment of the recoverability of deferred tax assets in Sprint, certain deductible temporary differences from assets with indefinite lives, such as FCC licenses, where deferred tax assets were not recognized previously, are likely to be recoverable and deferred tax assets were recognized (offset by deferred tax liabilities). The details are described in "Note 6. Income taxes" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements."

(Impairment loss on goodwill and non-current assets)

As a result of revising the business plan of Brightstar in the Distribution segment, the recoverable amount of goodwill and non-current assets was less than its carrying amount and, therefore, an impairment loss was recognized for the fiscal year ended March 31 2018. The details are described in "Note 11. Other operating loss Note 6" under "4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements."

(Write-down of inventories)

As a result of revising the business plan of Sports Live Entertainment Corporation which operates a sports content distribution business, the net realizable value of inventories was less than its carrying amount and, therefore, a write-down was recognized for the fiscal year ended March 31 2018. The details are described in “Note 11. Other operating loss Note 8” under “4. Consolidated Financial Statements and Primary Notes (6) Notes to Consolidated Financial Statements.”

4. Consolidated Financial Statements and Primary Notes

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

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

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

Note:
* In the fourth quarter, the Company reorganized Arm Holdings plc and its subsidiaries. Following this reorganization, Arm Limited is listed as a principal business entity. SoftBank Group Corp. will use a portion of its Arm Limited shares to satisfy approximately $8.2 billion out of its total commitment to SoftBank Vision Fund. At the fiscal year-end, SoftBank Vision Fund held 19.7% stake in Arm Limited. At the time of completion of the commitment by SoftBank Group Corp. related to Arm Limited shares, SoftBank Vision Fund will hold a 24.99% stake in Arm Limited.

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and cash equivalents	2,183,102	3,334,650
Trade and other receivables	2,121,619	2,314,353
Other financial assets	794,689	519,444
Inventories	341,344	362,041
Other current assets	283,221	344,374
Total current assets	5,723,975	6,874,862
Non-current assets		
Property, plant and equipment	3,977,254	3,856,847
Goodwill	4,175,464	4,302,553
Intangible assets	6,946,639	6,784,550
Investments accounted for using the equity method	1,670,799	2,328,617
Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL	-	2,827,784
Investment securities	1,106,409	2,660,115
Other financial assets	445,858	676,392
Deferred tax assets	404,994	647,514
Other non-current assets	182,820	221,232
Total non-current assets	18,910,237	24,305,604
Total assets	24,634,212	31,180,466

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities and equity		
Current liabilities		
Interest-bearing debt	2,694,093	3,217,405
Deposits for banking business	-	684,091
Third-party interests in SoftBank Vision Fund and Delta Fund	-	40,713
Trade and other payables	1,607,453	1,816,010
Other financial liabilities	13,701	97,887
Income taxes payables	256,218	147,979
Provisions	56,362	65,709
Other current liabilities	599,096	658,961
Total current liabilities	5,226,923	6,728,755
Non-current liabilities		
Interest-bearing debt	12,164,277	13,824,783
Third-party interests in SoftBank Vision Fund and Delta Fund	-	1,803,966
Derivative financial liabilities	254,146	865,402
Other financial liabilities	33,083	62,372
Defined benefit liabilities	108,172	100,486
Provisions	138,730	132,139
Deferred tax liabilities	1,941,380	1,085,626
Other non-current liabilities	297,771	303,915
Total non-current liabilities	14,937,559	18,178,689
Total liabilities	20,164,482	24,907,444
Equity		
Equity attributable to owners of the parent		
Common stock	238,772	238,772
Capital surplus	245,706	256,768
Other equity instruments	-	496,876
Retained earnings	2,958,355	3,940,259
Treasury stock	(67,727)	(66,458)
Accumulated other comprehensive income	211,246	317,959
Total equity attributable to owners of the parent	3,586,352	5,184,176
Non-controlling interests	883,378	1,088,846
Total equity	4,469,730	6,273,022
Total liabilities and equity	24,634,212	31,180,466

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

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Continuing operations		
Net sales	8,901,004	9,158,765
Cost of sales	(5,472,238)	(5,527,577)
Gross profit	3,428,766	3,631,188
Selling, general and administrative expenses	(2,277,251)	(2,552,664)
Gain from remeasurement relating to business combination	18,187	372
Other operating loss	(143,703)	(78,076)
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	1,025,999	1,000,820
Operating income from SoftBank Vision Fund and Delta Fund	-	302,981
Operating income	1,025,999	1,303,801
Finance cost	(467,311)	(516,132)
Income on equity method investments	321,550	404,584
Gain on sales of shares of associates	238,103	1,804
Foreign exchange gain (loss)	53,336	(34,518)
Derivative loss	(252,815)	(630,190)
Loss from financial instruments at FVTPL	(160,419)	(68)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	(160,382)
Other non-operating income (loss)	(45,917)	15,731
Income before income tax	712,526	384,630
Income taxes	207,105	853,182
Net income from continuing operations	919,631	1,237,812
Discontinued operations		
Net income from discontinued operations	554,799	-
Net income	1,474,430	1,237,812
Net income attributable to		
Owners of the parent	1,426,308	1,038,977
Non-controlling interests	48,122	198,835
	1,474,430	1,237,812
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	792.16	933.54
Discontinued operations	494.85	-
Total basic earnings per share	1,287.01	933.54
Diluted earnings per share (yen)		
Continuing operations	781.25	908.38
Discontinued operations	494.39	-
Total diluted earnings per share	1,275.64	908.38

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	1,474,430	1,237,812
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	12,200	8,795
Total items that will not be reclassified to profit or loss	12,200	8,795
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	5,628	29,640
Cash flow hedges	(7,454)	(9,682)
Exchange differences on translating foreign operations	(20,500)	42,920
Share of other comprehensive income of associates	(30,403)	20,047
Total items that may be reclassified subsequently to profit or loss	(52,729)	82,925
Total other comprehensive income, net of tax	(40,529)	91,720
Total comprehensive income	1,433,901	1,329,532
Total comprehensive income attributable to		
Owners of the parent	1,385,958	1,153,128
Non-controlling interests	47,943	176,404
	1,433,901	1,329,532

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2017

(Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	238,772	261,234	2,166,623	(314,752)	261,736	2,613,613	891,658	3,505,271
Comprehensive income								
Net income	-	-	1,426,308	-	-	1,426,308	48,122	1,474,430
Other comprehensive income	-	-	-	-	(40,350)	(40,350)	(179)	(40,529)
Total comprehensive income	-	-	1,426,308	-	(40,350)	1,385,958	47,943	1,433,901
Transactions with owners and other transactions								
Cash dividends	-	-	(48,042)	-	-	(48,042)	(43,467)	(91,509)
Transfer of accumulated other comprehensive income to retained earnings	-	-	10,140	-	(10,140)	-	-	-
Purchase and disposal of treasury stock	-	-	(1,479)	(348,170)	-	(349,649)	-	(349,649)
Retirement of treasury stock	-	-	(595,195)	595,195	-	-	-	-
Changes from business combination	-	-	-	-	-	-	2,218	2,218
Changes from loss of control	-	-	-	-	-	-	(25,997)	(25,997)
Changes in interests in subsidiaries	-	1,670	-	-	-	1,670	6,189	7,859
Changes in associates' interests in their subsidiaries	-	(4,236)	-	-	-	(4,236)	-	(4,236)
Changes in interests in associates' capital surplus	-	(15,360)	-	-	-	(15,360)	-	(15,360)
Share-based payment transactions	-	2,398	-	-	-	2,398	8,087	10,485
Other	-	-	-	-	-	-	(3,253)	(3,253)
Total transactions with owners and other transactions	-	(15,528)	(634,576)	247,025	(10,140)	(413,219)	(56,223)	(469,442)
As of March 31, 2017	238,772	245,706	2,958,355	(67,727)	211,246	3,586,352	883,378	4,469,730

For the fiscal year ended March 31, 2018

(Millions of yen)

	Equity attributable to owners of the parent						
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
As of April 1, 2017	238,772	245,706	-	2,958,355	(67,727)	211,246	3,586,352
Comprehensive income							
Net income	-	-	-	1,038,977	-	-	1,038,977
Other comprehensive income	-	-	-	-	-	114,151	114,151
Total comprehensive income	-	-	-	1,038,977	-	114,151	1,153,128
Transactions with owners and other transactions							
Issuance of other equity instruments	-	-	496,876	-	-	-	496,876
Cash dividends	-	-	-	(47,933)	-	-	(47,933)
Distribution to owners of other equity instruments	-	-	-	(15,852)	-	-	(15,852)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	7,438	-	(7,438)	-
Purchase and disposal of treasury stock	-	-	-	(726)	1,269	-	543
Changes from business combination	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	(31,293)	-	-	-	-	(31,293)
Changes in associates' interests in their subsidiaries	-	(5,133)	-	-	-	-	(5,133)
Changes in interests in associates' capital surplus	-	40,820	-	-	-	-	40,820
Share-based payment transactions	-	6,668	-	-	-	-	6,668
Other	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	11,062	496,876	(57,073)	1,269	(7,438)	444,696
As of March 31, 2018	238,772	256,768	496,876	3,940,259	(66,458)	317,959	5,184,176

	Non-controlling interests	Total equity
As of April 1, 2017	883,378	4,469,730
Comprehensive income		
Net income	198,835	1,237,812
Other comprehensive income	(22,431)	91,720
Total comprehensive income	176,404	1,329,532
Transactions with owners and other transactions		
Issuance of other equity instruments	-	496,876
Cash dividends	(30,889)	(78,822)
Distribution to owners of other equity instruments	-	(15,852)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	543
Changes from business combination	52,673	52,673
Changes in interests in subsidiaries	(4,410)	(35,703)
Changes in associates' interests in their subsidiaries	-	(5,133)
Changes in interests in associates' capital surplus	-	40,820
Share-based payment transactions	12,131	18,799
Other	(441)	(441)
Total transactions with owners and other transactions	29,064	473,760
As of March 31, 2018	1,088,846	6,273,022

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Net income	1,474,430	1,237,812
Depreciation and amortization	1,472,669	1,585,873
Gain from remeasurement relating to business combination	(18,187)	(372)
Gain on investments at SoftBank Vision Fund and Delta Fund	-	(352,095)
Finance cost	467,311	516,132
Income on equity method investments	(321,550)	(404,584)
Gain on sales of shares of associates	(238,103)	(1,804)
Derivative loss	252,815	630,190
Loss from financial instruments at FVTPL	160,419	68
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	160,382
Foreign exchange (gain) loss and other non-operating (income) loss	(9,511)	18,787
Gain on sales of discontinued operations	(636,216)	-
Income taxes	(91,028)	(853,182)
Increase in trade and other receivables	(275,771)	(170,067)
Increase in inventories	(268,312)	(521,000)
Increase in trade and other payables	15,871	173,038
Other	46,587	(30,003)
Subtotal	2,031,424	1,989,175
Interest and dividends received	29,502	31,987
Interest paid	(519,373)	(541,011)
Income taxes paid	(359,209)	(487,428)
Income taxes refunded	318,384	95,900
Net cash provided by operating activities	1,500,728	1,088,623
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(923,502)	(1,064,835)
Payments for acquisition of investments	(688,916)	(1,735,694)
Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund	-	(2,263,260)
Proceeds from sales/redemption of investments	482,128	53,786
(Decrease) increase from acquisition of control over subsidiaries	(3,254,104)	61,965
Increase from loss of control over subsidiaries	723,544	-
Payments for acquisition of marketable securities for short-term trading	(503,767)	(208,244)
Proceeds from sales/redemption of marketable securities for short-term trading	239,730	399,963
Payments into time deposits	(638,914)	(297,483)
Proceeds from withdrawal of time deposits	283,419	467,708
Other	66,785	101,272
Net cash used in investing activities	(4,213,597)	(4,484,822)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	360,216	(40,829)
Proceeds from interest-bearing debt	4,792,530	8,547,346
Repayment of interest-bearing debt	(2,283,067)	(6,003,188)
Contributions into SoftBank Vision Fund and Delta Fund from third-party investors	-	1,967,191
Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors	-	(187,061)
Proceeds from issuance of other equity instruments	-	496,876
Distribution to owners of other equity instruments	-	(15,852)
Purchase of treasury stock	(350,857)	(41)
Cash dividends paid	(46,273)	(47,918)
Cash dividends paid to non-controlling interests	(42,599)	(30,285)
Other	(49,204)	(59,818)
Net cash provided by financing activities	2,380,746	4,626,421
Effect of exchange rate changes on cash and cash equivalents	(54,382)	(78,674)
(Decrease) increase in cash and cash equivalents	(386,505)	1,151,548
Cash and cash equivalents at the beginning of the period	2,569,607	2,183,102
Cash and cash equivalents at the end of the period	2,183,102	3,334,650

(5) Significant Doubt about Going Concern Assumption

There are no applicable items.

(6) Notes to Consolidated Financial Statements

1. Significant accounting policies

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

(1) Consolidation of the SoftBank Vision Fund and Delta Fund business by the Company

SoftBank Vision Fund and Delta Fund are Limited Partnerships established by the General Partner which is a wholly-owned subsidiary 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 SB Investment Advisers (UK) Limited ("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.

(2) 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 consolidated financial statements.

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

b. Investments in associates

Of the portfolio company investments made by SoftBank Vision Fund and Delta 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.

The investments in associates of the Company made by SoftBank Vision Fund and Delta Fund are accounted for as financial assets measured at fair value through profit or loss ("financial assets at FVTPL") in accordance with IAS 28. 18, and presented as "Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL" in the 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 consolidated statement of cash flows.

c. Other investments

Investments other than those in subsidiaries or associates 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 consolidated statement of financial position and the consolidated statement of cash flows are the same as the above "b. Investments in associates."

(3) 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 consolidated statement of income. Gain and loss arising from “(2) Portfolio company investments made by SoftBank Vision Fund and Delta Fund” (realized gain and loss on sales of investments, unrealized gain and loss on valuation of investments, interest and dividend income from investments, except for gain and loss on investments in subsidiaries) and operating expenses such as incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund, investment research expenses arising from SBIA and other Japan and U.S. advisory companies which support SBIA, and administrative expenses arising from each entity, are included in “Operating income from SoftBank Vision Fund and Delta Fund.”

(4) Investments made by the Company based on the premise of transferring to SoftBank Vision Fund and Delta Fund

Investments in associates or other investments made by SoftBank Group Corp. or its subsidiaries based on the premise of transferring to SoftBank Vision Fund and Delta Fund are designated as financial assets at FVTPL. In cases where the investees are the Company’s subsidiaries and the Company is transferring those investments to SoftBank Vision Fund, the investments are accounted for in accordance with the above “a. Investments in subsidiaries” under “(2) Portfolio company investments made by SoftBank Vision Fund and Delta Fund,” regardless of whether the investments are agreed to be transferred.

a. Investments made in the current fiscal year based on the premise of transfer

If the investments are agreed to be transferred from the Company to SoftBank Vision Fund or Delta Fund, and regulatory approval to make the investments by SoftBank Vision Fund or Delta Fund is obtained (such investments, “Agreed Transferable Investments”) as of the end of the current fiscal year, the Company presents items relevant to those investments as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position, “Operating income from SoftBank Vision Fund and Delta Fund” in the 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 consolidated statement of cash flows, as though SoftBank Vision Fund and Delta Fund made those investments from the date when the Company had initially made the investments.

On the other hand, if the investments have not yet become the Agreed Transferable Investments as of the end of the current fiscal year, the Company presents items relevant to those investments as “Investment securities” in the consolidated statement of financial position, “Loss from financial instruments at FVTPL (Other non-operating income (loss))” in the consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows.

b. Investments made prior to the current fiscal year based on the premise of transfer

If the investments become the Agreed Transferable Investments in the current fiscal year, the Company presents items relevant to those investments as “Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” in the consolidated statement of financial position and “Operating income from SoftBank Vision Fund and Delta Fund” in the consolidated statement of income for the current fiscal year, as though the investments were agreed to be transferred at the beginning of the current fiscal year. In such case, corresponding comparative information for the previous fiscal year is presented as “Investment securities” in the consolidated statement of financial position, “Loss from financial instruments at FVTPL (Other non-operating income (loss))” in the consolidated statement of income, and “Payments for acquisition of investments” under cash flows from investing activities in the consolidated statement of cash flows.

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

SoftBank Vision Fund and Delta Fund call capital 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 consolidated statement of financial position, due to the predetermined finite life (at least 12 years from the final closing) and contractual payment provision to each of the limited partners 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 “Changes in third-party interests in SoftBank Vision Fund and Delta Fund” in the 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 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 consolidated statement of cash flows.

Uncalled committed capital from Third-Party Investors is not subject to IAS 39, “Financial Instruments: Recognition and Measurement,” and therefore such amount is not recorded in the consolidated statement of financial position. Uncalled committed capital from Third-Party Investors for SoftBank Vision Fund and Delta Fund as of March 31, 2018 is $49.0 billion.

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.

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

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

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

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

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

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

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

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

(2) Net sales and income of reportable segments

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

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

Income and loss, which 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 this income and losses are excluded from segment performance. Discontinued operations are not included.

For the fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	3,156,825	3,459,142	841,581	1,228,051	112,901	-	8,798,500
Intersegment	36,966	164,233	11,877	67,323	1	-	280,400
Total	3,193,791	3,623,375	853,458	1,295,374	112,902	-	9,078,900
Segment income	719,572	186,423	189,819	(10,047)	12,919	-	1,098,686
Reconciliation from segment income to adjusted EBITDA							
Segment income	719,572	186,423	189,819	(10,047)	12,919	-	1,098,686
Depreciation and amortization	489,458	885,845	38,973	7,237	32,523	-	1,454,036
EBITDA	1,209,030	1,072,268	228,792	(2,810)	45,442	-	2,552,722
Gain from remeasurement relating to business combination	-	-	(19)	-	(18,168)	-	(18,187)
Other adjustments	-	7,371	10,736	30,260	25,780	-	74,147
Adjusted EBITDA	1,209,030	1,079,639	239,509	27,450	53,054	-	2,608,682

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	102,504	-	8,901,004
Intersegment	25,804	(306,204)	-
Total	128,308	(306,204)	8,901,004
Segment income	(16,573)	(56,114)	1,025,999
Reconciliation from segment income to adjusted EBITDA			
Segment income	(16,573)	(56,114)	1,025,999
Depreciation and amortization	9,984	1,589	1,465,609
EBITDA	(6,589)	(54,525)	2,491,608
Gain from remeasurement relating to business combination	-	-	(18,187)
Other adjustments	8,052	8,847	91,046
Adjusted EBITDA	1,463	(45,678)	2,564,467

For the fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments						
	Domestic Telecommu-nications	Sprint	Yahoo Japan	Distribution	Arm	SoftBank Vision Fund and Delta Fund	Total
Net sales							
Customers	3,188,416	3,403,820	866,627	1,360,656	202,338	-	9,021,857
Intersegment	41,429	198,141	17,775	58,663	6	-	316,014
Total	3,229,845	3,601,961	884,402	1,419,319	202,344	-	9,337,871
Segment income	682,996	279,283	179,290	(31,018)	(31,380)	302,981	1,382,152
Reconciliation from segment income to adjusted EBITDA							
Segment income	682,996	279,283	179,290	(31,018)	(31,380)	302,981	1,382,152
Depreciation and amortization	499,188	953,820	45,193	6,695	62,324	1	1,567,221
EBITDA	1,182,184	1,233,103	224,483	(24,323)	30,944	302,982	2,949,373
Gain from remeasurement relating to business combination	-	-	(372)	-	-	-	(372)
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	-	-	-	(345,975)	(345,975)
Other adjustments*	(4,044)	(5,762)	(9,692)	50,497	-	20,502	51,501
Adjusted EBITDA	1,178,140	1,227,341	214,419	26,174	30,944	(22,491)	2,654,527

(Millions of yen)

	Other	Reconcili-ations	Consoli-dated
Net sales			
Customers	136,908	-	9,158,765
Intersegment	25,467	(341,481)	-
Total	162,375	(341,481)	9,158,765
Segment income	(36,874)	(41,477)	1,303,801
Reconciliation from segment income to adjusted EBITDA			
Segment income	(36,874)	(41,477)	1,303,801
Depreciation and amortization	17,144	1,508	1,585,873
EBITDA	(19,730)	(39,969)	2,889,674
Gain from remeasurement relating to business combination	-	-	(372)
Unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund	-	-	(345,975)
Other adjustments*	8,712	1,577	61,790
Adjusted EBITDA	(11,018)	(38,392)	2,605,117

Note:

*"Other adjustments" in SoftBank Vision Fund and Delta Fund segment represent expenses related to establishment of SoftBank Vision Fund and Delta Fund.

3. Business combinations

For the fiscal year ended March 31, 2017

(1) Arm

a. Overview of combination

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

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

b. Purpose of acquisition

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

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

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

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

・Maintain Arm’s dedication to innovation

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

・Increased investment to drive the next wave of innovation

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

・Shared culture and long-term vision

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

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

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

c. Summary of Arm

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

d. Acquisition date

September 5, 2016

e. Consideration transferred and the component

(Millions of yen)

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

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

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

f. Fair value of assets and liabilities, and goodwill on the acquisition date[1]

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

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

Notes:

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

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

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

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

g. Payment for acquisition of control over subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2017
Payment for the acquisition by cash	(3,319,137)
Foreign currency exchange gain relating to settlement*	52,856
Cash and cash equivalents held by the acquiree at the time of acquisition of control	16,984
Payment for the acquisition of control over the subsidiary by cash	(3,249,297)

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

h. Sales and net income of the acquiree

The amounts of the acquiree's sales and net income before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2017, are ¥112,902 million and ¥17,272 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net income.

For the fiscal year ended March 31, 2018

(2) Fortess
a. Overview of combination

The Company and Fortress entered into a definitive merger agreement under which the Company acquires Fortress for $3.3 billion in cash in February 2017. The acquisition was completed on December 27, 2017 upon satisfaction of all necessary conditions defined in the terms of the merger agreement including approval of the transaction by Fortress shareholders on July 12, 2017 and receipt of all necessary regulatory approvals. Each outstanding Fortress share was converted into the right to receive $8.08 per share in cash, with merger proceeds to be distributed in accordance with payment procedures outlined in Fortress's Definitive Proxy dated June 7, 2017 and the merger agreement incorporated therein. Actual payment amounted to $3.1 billion as a result of adjusting for the impact of distributions and other factors after the date of the merger agreement.

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

b. Purpose of acquisition

The Company expects that leadership, broad-based expertise and the world-class investment platform of Fortress will foster the Company expanding group capabilities and accelerating our SoftBank 2.0 transformation strategy of bold, disciplined investment and world class execution to drive sustainable long-term growth.

c. Summary of Fortress

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

d. Acquisition date

December 27, 2017

e. Consideration transferred and the component

		(Millions of yen) Acquisition date (December 27, 2017)
Payment by cash		353,966
Payment not included in consideration transferred *		(58,128)
Total consideration transferred	A	295,838

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

Note:
* Payment not included in consideration transferred is the payment for a transaction, separate from the business combination, that remunerates employees and former owners of Fortress. For the payment, continuing employment is a condition. The Company recognized “Other current assets” amounting to ¥16,954 million and “Other non-current assets” amounting to ¥41,174 million in accordance with the employment period defined in the condition.

f. Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

		(Millions of yen) Acquisition date (December 27, 2017)
Cash and cash equivalents		45,572
Trade and other receivables		47,379
Other current assets		6,472
Investments accounted for using the equity method		104,087
Intangible assets[1]		176,690
Non-current assets		30,621
Total assets		410,821
Current liabilities		62,800
Non-current liabilities		51,609
Total liabilities		114,409
Net assets	B	296,412
Non-controlling interests[2]	C	14,849
Goodwill[3]	A-(B-C)	14,275

Consideration transferred is allocated to acquired assets and assumed liabilities based on the fair value on the acquisition date. Moreover, the above amounts, which are fair values based on the best estimate at present, may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date may be obtained.

The amounts of assets and liabilities on the acquisition date have been revised for the three-month period ended March 31, 2018 and are as follows: trade and other receivables and investment accounted for using the equity method have increased by ¥3,528 million and ¥6,931 million, respectively; and current liabilities and non-current liabilities including deferred tax liabilities have increased by ¥2,752 million and ¥3,519 million, respectively. As a result, goodwill has decreased by ¥4,286 million.

The above amount is translated at the exchange rate (USD = JPY113.41) as of the acquisition date.

Notes:

1. Intangible assets

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

(Millions of yen)

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

2. Non-controlling interests

Non-controlling interests are from subsidiaries of Fortress, and they are measured based on the proportionate interests after the acquisition in the identifiable net assets of the acquiree at the acquisition date.

3. Goodwill

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

g. Payment for acquisition of control over subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2018
Payment for the acquisition by cash	(295,838)
Cash and cash equivalents held by the acquiree at the time of acquisition of control	45,572
Payment for the acquisition of control over the subsidiary by cash	(250,266)

h. Sales and net loss of the acquiree

The amounts of the acquiree's sales and net loss before elimination of inter-company transactions after the acquisition date, which are recorded in the consolidated statement of income for the fiscal year ended March 31, 2018, are ¥20,525 million and ¥15,201 million, respectively. In addition, amortization expenses related to intangible assets recognized on the acquisition date are included in the aforementioned net loss.

i. Collateral

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

(3) The Japan Net Bank, Limited

a. Overview of combination

The Board of Directors meeting of Yahoo Japan Corporation held on August 1, 2017 resolved to modify the shareholders agreement with Sumitomo Mitsui Banking Corporation on The Japan Net Bank, Limited and Yahoo Japan Corporation entered into a modified agreement with Sumitomo Mitsui Banking Corporation. Along with such modification, the Company consolidated The Japan Net Bank, Limited by appointing the majority of The Japan Net Bank, Limited's directors, through a resolution in an Extraordinary Meeting of the Shareholders' of The Japan Net Bank, Limited held on February 1, 2018.

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

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

The voting rights ratio in The Japan Net Bank, Limited held by the Company remains the same as before at 41.2% and the Company does not hold a majority of the voting rights. However, the Company made The Japan Net Bank, Limited its consolidated subsidiary by appointing the majority of The Japan Net Bank, Limited's directors through a resolution in an Extraordinary Meeting of the Shareholders' of The Japan Net Bank, Limited held on February 1, 2018.

b. Summary of acquiree

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

c. Acquisition date

February 1, 2018

d. Consideration transferred and the component

(Millions of yen)

	Acquisition date (February 1, 2018)
Fair value of equity interest in The Japan Net Bank, Limited already held at the time of the acquisition	26,224
Total consideration transferred	26,224

As a result of the revaluation of equity interests already held at the time of the acquisition of control by the Company in The Japan Net Bank, Limited at fair value on the acquisition date, the Company recognized a gain on the acquisition of ¥372 million for the fiscal year ended March 31, 2018. This gain is presented as "Gain from remeasurement relating to business combination" in the consolidated statement of income.

e. Fair value of assets and liabilities, and non-controlling interests on the acquisition date

(Millions of yen)

		Acquisition date (February 1, 2018)
Cash and cash equivalents		337,224
Other current assets		133,782
Investment securities		244,044
Other non-current assets		103,746
Total assets		818,796
Deposits for banking business (current)		711,317
Other current liabilities		17,278
Non-current liabilities		26,277
Total liabilities		754,872
Net assets	A	63,924
Non-controlling interests*	B	37,700
Net amount	A-B	26,224

Note:
* Non-controlling interests
Non-controlling interests are measured based on the proportionate interests in the fair value of the identifiable net assets of the acquiree.

f. Proceeds from acquisition of control over subsidiaries

(Millions of yen)

	Fiscal year ended March 31, 2018
Cash and cash equivalents held by the acquiree at the time of acquisition of control	337,224
Proceeds in cash from the acquisition of control over the subsidiary	337,224

g. Sales and net income of the acquiree

The amounts of the acquiree’s sales and net income after the acquisition date are immaterial.

4. Property, plant and equipment

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Buildings and structures	263,061	231,895
Telecommunications equipment	2,654,096	2,345,098
Furniture, fixtures, and equipment	627,730	820,391
Land	99,905	88,300
Construction in progress	302,177	293,761
Other	30,285	77,402
Total	3,977,254	3,856,847

5. Intangible assets

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

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Intangible assets with indefinite useful lives		
FCC licenses	4,100,651	3,960,597
Trademarks	703,031	664,878
Other	-	12,226
Intangible assets with finite useful lives		
Software	722,934	739,901
Technologies	522,894	521,603
Customer relationships	448,806	332,444
Spectrum migration costs	103,814	125,866
Management contracts*	-	115,333
Favorable lease contracts	104,754	89,278
Trademarks	57,532	57,357
Other	182,223	165,067
Total	6,946,639	6,784,550

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. Income taxes

Due to the enactment of the Tax Act in December 2017 in the U. S., a deferred tax liability of ¥776,945 million (translated at the exchange rate as of March 31, 2018) at Sprint was reversed. Also income taxes in the consolidated statement of income decreased by ¥815,059 million and other comprehensive income increased by ¥8,244 million. The details are as follows.

(1) Reduction in the federal corporate tax rate

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

Due to the reduction, ¥550,093 million of a part of deferred tax liabilities related to the FCC license and others, which was calculated based on the tax rate as of the acquisition date of Sprint in 2013, was reversed. Also, income taxes decreased by ¥584,026 million.

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

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

At Sprint, for certain deductible temporary differences where deferred tax assets could not be previously realized, it was likely to be recoverable because the taxable temporary differences from assets with indefinite lives, such as the FCC licenses, may be a source of future taxable income. As a result of this change, ¥226,852 million of deferred tax assets were recognized (offset by deferred tax liabilities). Also, income taxes decreased by ¥231,033 million and other comprehensive income increased by ¥8,244 million.

7. Interest-bearing debt

(1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Current		
Short-term borrowings[1]	667,664	957,573
Commercial paper	80,000	100,000
Current portion of long-term borrowings[1]	1,128,510	1,093,705
Current portion of corporate bonds	339,462	590,277
Current portion of lease obligations	438,284	455,670
Current portion of installment payables	40,173	20,180
Total	2,694,093	3,217,405
Non-current		
Long-term borrowings[1,2]	3,377,625	5,121,591
Corporate bonds	7,233,838	7,234,049
Lease obligations	807,606	766,204
Financial liabilities relating to sale of shares by variable prepaid forward contract[3]	715,448	688,332
Installment payables	29,760	14,607
Total	12,164,277	13,824,783

Notes:

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

	As of March 31, 2017	As of March 31, 2018
Current		
Short-term borrowings	-	87,259
Current portion of long-term borrowings	-	313,143
Total	-	400,402
Non-current		
Long-term borrowings	-	108,749
Total	-	108,749
SoftBank Vision Fund and Delta Fund interest-bearing debt (before elimination of inter-company transactions)	-	509,151
Eliminated amount of inter-company transactions	-	(10,744)
SoftBank Vision Fund and Delta Fund interest-bearing debt (after elimination of inter-company transactions)	-	498,407

Investments from SoftBank Vision Fund and Delta Fund aggregating ¥718,803 million accounted for using FVTPL are pledged as collateral for ¥498,407 million of interest-bearing debt, which is included in the above table.

2. ¥363,384 million of Alibaba shares (carrying amount on a consolidated basis) held by a wholly-owned subsidiary of the Company, is pledged as collateral for ¥842,313 million of long-term borrowings of the subsidiary as of March 31, 2018. The borrowings include an early settlement clause and an early settlement may be elected under certain circumstances such as a significant decrease in the fair value of pledged Alibaba shares. The borrowings are non-recourse debts, and therefore, SoftBank Group Corp. will not be responsible for the borrowings. The creditors would be able to dispose the asset pledged as collateral upon a circumstance where the early settlement was demanded and the subsidiary did not repay the borrowings, accordingly.

3. 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.

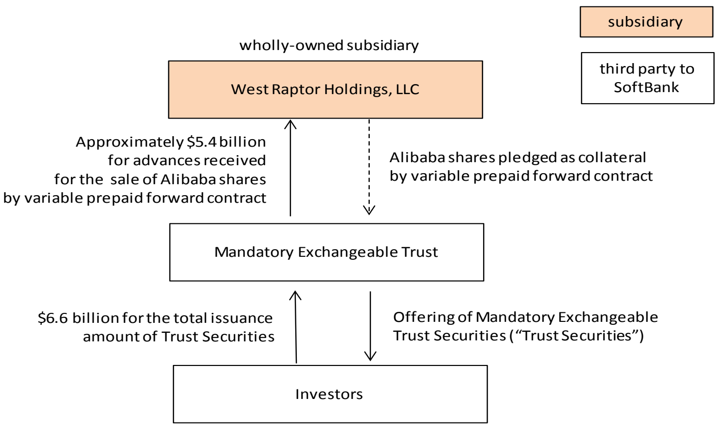
The Company accounts for the variable prepaid forward contract by bifurcating the main contracts and embedded derivatives. The Company received ¥578,436 million and initially recognized ¥674,023 million as financial liabilities relating to the sale of shares through the variable prepaid forward contract 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; ¥688,332 million (¥715,448 million as of March 31, 2017) is recognized as financial liabilities relating to the sale of shares through the variable prepaid forward contract in interest-bearing debt (non-current liabilities) and ¥714,126 million (¥143,935 million as of March 31, 2017) is recognized as derivative financial liabilities (non-current liabilities) in the consolidated statement of financial position as of March 31, 2018; ¥604,156 million (¥232,729 million of derivative loss for the fiscal year ended March 31, 2017) is recognized as a derivative loss in the consolidated statement of income for the fiscal year ended March 31, 2018.

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 consolidated statement of financial position as of March 31, 2018. The carrying amount of Alibaba shares pledged as collateral by the Company is ¥217,182 million as of March 31, 2018 (¥154,440 million as of March 31, 2017).

Outline of the transaction



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

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net increase (decrease) of short-term borrowings	322,216	(60,829)
Net increase of commercial paper	38,000	20,000
Total	360,216	(40,829)

(4) Components of proceeds from interest-bearing debt

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Proceeds from borrowings	2,715,725	7,176,036
Proceeds from issuance of corporate bonds	1,006,000	899,079
Proceeds from sale-leaseback of newly acquired equipment	492,369	472,231
Proceeds from advances received for sale of shares by variable prepaid forward contract	578,436	-
Total	4,792,530	8,547,346

(5) Components of repayment of interest-bearing debt

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Repayment of borrowings	(920,315)	(4,988,513)
Redemption of corporate bonds	(862,281)	(474,975)
Repayment of lease obligations	(459,788)	(502,520)
Payment of installment payables	(40,683)	(37,180)
Total	(2,283,067)	(6,003,188)

8. Foreign currency exchange rates

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

(1) Rate at the end of the period

(yen)

	As of March 31, 2017	As of March 31, 2018
USD	112.19	106.24
GBP	140.08	148.84

(2) Average rate for the quarter

For the fiscal year ended March 31, 2017

(yen)

	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016	Three-month period ended December 31, 2016	Three-month period ended March 31, 2017
USD	109.07	102.91	108.72	113.76
GBP*	-	132.95	135.56	141.33

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

For the fiscal year ended March 31, 2018

(yen)

	Three-month period ended June 30, 2017	Three-month period ended September 30, 2017	Three-month period ended December 31, 2017	Three-month period ended March 31, 2018
USD	111.61	111.38	112.74	108.85
GBP	142.92	146.20	150.77	151.01

9. Equity

The components of accumulated other comprehensive income are as follows:

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Available-for-sale financial assets	11,983	63,700
Cash flow hedges	(44,877)	(55,286)
Exchange differences on translating foreign operations	244,140	309,545
Total	211,246	317,959

10. Other equity instruments

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

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

The payment of interest was completed on the interest payment date, January 19, 2018 and “Retained earnings” decreased by ¥15,852 million as “Distribution to owners of other equity instruments” in the consolidated statement of changes in equity.

Also, as of March 31, 2018, accrued interest, which is not recognized as a distribution to owners of other equity instruments because the payment has not yet been determined, is ¥6,062 million.

The details of the Hybrid Notes are as follows:

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

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

11. Other operating loss

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Domestic Telecommunications segment		
Gain on derecognition of accrual in relation to spectrum migration costs	-	4,044
Sprint segment		
Gain on spectrum license exchange[1]	36,385	53,435
Litigation[2]	(4,209)	40,159
Loss on disposal of property, plant and equipment[3]	(55,727)	(95,213)
Loss on contract termination[4]	(15,399)	(24,411)
U.S. state tax charge	(10,600)	-
Other	(10,478)	(4,996)
Yahoo Japan segment		
Insurance income[5]	-	4,973
Loss on disaster	(13,006)	-
Other	2,269	4,719
Distribution segment		
Impairment loss on goodwill[6]	(30,260)	(43,128)
Impairment loss on non-current assets[6]	-	(7,369)
Arm segment		
Acquisition-related costs	(25,780)	-
Company-wide		
Expenses resulting from resignation of director[7]	(8,847)	(1,577)
Other		
Income and loss on equity method investments at Fortress	-	14,953
Write-down of inventories[8]	-	(13,754)
Acquisition-related costs[9]	-	(6,123)
Impairment loss on assets	(8,051)	-
Other	-	(3,788)
Total	(143,703)	(78,076)

Notes:

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

2. Mainly, net benefits in litigation associated with legal settlements for patent infringement lawsuits for the fiscal year ended March 31, 2018.

3. Mainly, ¥40,805 million of loss related to cell site construction costs that are no longer expected to be used as a result of changes in Sprint’s network plans and ¥55,108 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 fiscal year ended March 31, 2018.

4. Loss mainly resulting from termination of network contracts is recognized for the fiscal year ended March 31, 2018.

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

6. Impairment losses at Brightstar. The goodwill of Brightstar is allocated to the entire Brightstar entity, which is made up of four cash-generating units (Brightstar’s US & Canada, Latin America, Asia & Oceania, and Europe & Africa units). Intangible assets with indefinite useful lives other than goodwill are allocated to three of the cash

generating units (Brightstar's US & Canada, Asia & Oceania, and Europe & Africa units). The business plan of Brightstar was revised during the fiscal year ended March 31, 2018, and indicators of impairment were identified at all of the cash-generating units. This included impairment indicators where intangible assets with indefinite useful lives were allocated as well as the entire Brightstar entity where goodwill is allocated. Therefore, the impairment test was conducted on these cash-generating units and the entire Brightstar entity. As a result of the impairment test, an impairment loss was recognized because the recoverable amounts of Brightstar (the entire entity) and Brightstar's Europe & Africa cash-generating unit were less than the carrying amounts. Impairment losses on goodwill, intangible assets, and property, plant and equipment were ¥43,128 million, ¥6,717 million, and ¥652 million, respectively.

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

7. Expenses resulting from the resignation of Nikesh Arora from his position as a director. Resignation expenses consist of expenses for which payment amounts were defined at the date of the resignation and expenses for which payment amounts were defined depending on the share price of SoftBank Group Corp in June and March 2018, when the payments were made. In addition to the entire expense for which payment amount is defined, the Company accrued an expense of ¥3,830 million, for the fiscal year ended March 31, 2017, based on the SoftBank Group Corp. share price as of March 31, 2017, and recorded an expense of ¥1,577 million which is determined between the accrued amount and the determined amount during the fiscal year ended March 31, 2018

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

9. Expenses arising from the business combination of Fortress. The details are described in "(2) Fortress" under "Note 3. Business combinations."

12. Finance cost

The components of finance cost are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Interest expenses	(467,311)	(516,132)

13. Derivative loss

A derivative loss was recorded for ¥604,156 million (a derivative loss of ¥232,729 million for the fiscal year ended March 31, 2017) 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 7. Interest-bearing debt."

14. Other non-operating income (loss)

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Dilution gain from changes in equity interest[1]	77,540	45,186
Loss on exchage of coroporate bonds[2]	-	(19,809)
Loss on sales of cryptocurrency[3]	-	(18,890)
Loss relating to loss of control	(79,278)	-
Impairment loss on assets classified as held for sale	(42,540)	-
Other	(1,639)	9,244
Total	(45,917)	15,731

Notes:

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

2. On March 7, 2018, SoftBank Group Corp. announced an exchange offer with respect to newly issued notes (the “Exchange Notes”) or a consent solicitation for an amendment of terms and conditions, to the bondholders of foreign-currency-denominated senior notes issued in 2015 (the “Existing Notes”). Issuance of the Exchange Notes to the bondholders who tendered for exchange the Existing Notes to the Exchange Notes was completed on April 3, 2018, however, under requirements of IFRSs, the extinguishment of the Existing Notes and the exchange to the Exchange Notes, was considered to be satisfied on March 22, 2018, the exchange decision date. As a result, SoftBank Group Corp. derecognized the Existing Notes and recognized the Exchange Notes. Also, the difference between the carrying amount of the Existing Notes and face value of the Exchange Notes was recognized as a loss.

3. Loss arising from sales of all bitcoin held by Fortress. The amount of loss represents the difference between the sales price and the fair value of bitcoin which was recognized in the consolidated statement of financial position at the acquisition date.

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

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Gain and loss on investments at SoftBank Vision Fund and Delta Fund[1]		
Unrealized gain and loss on valuation of investments	-	345,975
Interest and dividend income from investments	-	6,120
	-	352,095
Operating expenses	-	(49,114)
Operating income from SoftBank Vision Fund and Delta Fund	-	302,981
Finance cost[2]	-	(7,801)
Derivative gain and loss	-	(8,902)
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-	(160,382)
Other non-operating income and loss	-	(281)
Income before income tax	-	125,615

Notes:
1. “Realized gain and loss on sales of investments” is not recognized for the fiscal year ended March 31, 2018.

2. The amount before elimination of inter-company transactions is ¥(7,895) million.

16. Earnings per share

(1) Basic earnings per share

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income attributable to ordinary shareholders of the parent (Millions of yen)		
Net income attributable to owners of the parent	1,426,308	1,038,977
Net income not-attributable to ordinary shareholders of the parent*	-	(21,914)
Net income used in the calculation of basic earnings per share	1,426,308	1,017,063
(Details)		
Continuing operations	877,902	1,017,063
Discontinued operations	548,406	-
Weighted-average number of ordinary shares (Thousands of shares)	1,108,237	1,089,465
Basic earnings per share (yen)		
Continuing operations	792.16	933.54
Discontinued operations	494.85	-
Total	1,287.01	933.54

Note:
* Net income not-attributable to ordinary shareholders of the parent represents net income attributable to owners of other equity instruments.

(2) Diluted earnings per share

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Diluted net income attributable to ordinary shareholders of the parent (Millions of yen)		
Continuing operations		
Net income from continuing operations used in the calculation of basic earnings per share	877,902	1,017,063
Effect of dilutive securities issued by subsidiaries and associates	(11,299)	(26,190)
Sub total	866,603	990,873
Discontinued operations		
Net income from discontinued operations used in the calculation of basic earnings per share	548,406	-
Sub total	548,406	-
Total	1,415,009	990,873
Weighted-average number of ordinary shares used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of ordinary shares	1,108,237	1,089,465
Adjustments:		
Stock acquisition rights	1,018	1,343
Total	1,109,255	1,090,808
Diluted earnings per share (yen)		
Continuing operations	781.25	908.38
Discontinued operations	494.39	-
Total	1,275.64	908.38

17. Supplemental information to the consolidated statement of cash flows

(1) Gain and loss on investments at SoftBank Vision Fund and Delta Fund

For the fiscal year ended March 31, 2018

The details of gain and loss on investments at SoftBank Vision Fund and Delta Fund are described in "Note 15. Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in the consolidated statement of income."

(2) Distribution and repayment from SoftBank Vision Fund and Delta Fund to Third-Party Investors

For the fiscal year ended March 31, 2018

The distributions and repayments from SoftBank Vision Fund and Delta Fund to Third-Party Investors are ¥(20,918) million and ¥(166,143) million respectively.

(3) Significant non-cash transactions

The Japan Net Bank, Limited has become a subsidiary of the Company for the fiscal year ended March 31, 2018 by appointing the majority of The Japan Net Bank, Limited's directors from Yahoo Japan Corporation, which is a subsidiary of the Company, and the transaction related to this business combination is classified as a non-cash transaction because the business combination is conducted without cash outlay. The details are described in "(3) The Japan Net Bank, Limited" under "Note 3. Business combinations."

18. Significant subsequent events

Sprint's merger with T-Mobile US, Inc. (de-consolidation)

On April 29, 2018 (EST), Sprint and T-Mobile US, Inc. ("T-Mobile") have entered into a definitive agreement to merge in an all-stock transaction at a fixed exchange ratio of 0.10256 T-Mobile shares for each Sprint share (or the equivalent of 9.75 Sprint shares for each T-Mobile share).

The transaction is subject to Sprint and T-Mobile stockholder approval, regulatory approvals and other customary closing conditions. The transaction is expected to close no later than the first half of 2019.

After the transaction, Deutsche Telekom AG and the Company are expected to hold approximately 41.7% and 27.4% of diluted economic ownership of the combined company "New T-Mobile," respectively, with the remaining approximately 30.9% held by the public. The Board will consist of 14 directors: 9 nominated by Deutsche Telekom AG and 4 nominated by the Company. Upon completion of the transaction, New T-Mobile is expected to become an equity method associate of the Company, and Sprint is likely to be de-consolidated from the Company.

<After the transaction>