

**Earnings Results  
for the Three-month Period  
Ended June 30, 2018**

**Investor Briefing**

**August 8, 2018**

**SoftBank Group Corp.**



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SoftBank Group Corp. adopted the International Financial Reporting Standards (IFRSs) from fiscal 2013. Figures for fiscal 2012 have also been presented in accordance with IFRSs.

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## Exchange rates used for translation

Average during quarter	FY2017				FY2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 USD	111.61	111.38	112.74	108.85	108.71			
1 GBP*	142.92	146.20	150.77	151.01	147.54			
EOQ	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31
1 USD				106.24	110.54			
1 GBP				148.84	144.59			
1 EUR				130.52	127.91			
1 CNY				16.92	16.66			

\*Monthly average rate of September 2016 (1 GBP = JPY 132.95) is used for translation of Arm results in FY16Q2

# Accounting

# Segments and Core Companies

FY17

Reportable segments	Core companies
<b>Domestic Telecommunications</b>	SoftBank Wireless City Planning
<b>Sprint</b>	Sprint
<b>Yahoo Japan</b>	Yahoo Japan ASKUL
<b>Distribution</b>	Brightstar SoftBank Commerce & Service
<b>Arm</b>	Arm
<b>SoftBank Vision Fund and Delta Fund</b>	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
<b>Other</b>	Fortress (Consolidated from Dec 2017) Fukuoka SoftBank HAWKS

FY18

Reportable segments	Core companies
<b>SoftBank</b>	SoftBank Wireless City Planning SoftBank Commerce & Service
<b>Sprint</b>	Sprint
<b>Yahoo Japan</b>	Yahoo Japan ASKUL
<b>Arm</b>	Arm
<b>SoftBank Vision Fund and Delta Fund</b>	SoftBank Vision Fund L.P. SB Delta Fund (Jersey) L.P.
<b>Brightstar</b>	Brightstar
<b>Other</b>	Fortress Fukuoka SoftBank HAWKS



# Adoption of IFRS 9 and IFRS 15 -1

## IFRS 9 (Financial Instruments)

### Primary changes in accounting treatment:

#### Recognition of changes in fair values of investment securities

Previous: Recognized as changes in Available-for-sale Financial Assets in Equity

New: **Recognized as Gain And Loss From Financial Instruments At FVTPL in P/L**

\*Classified as financial assets at FVTPL in principle, while some takes FVTOCI option. See FY18Q1 consolidated financial report page 54 for details.

### Method of retroactive adjustments:

Before FY18: Previous standard with no adjustments

FY2018 and after: New standards

The cumulative impact following the adoption of the new standard is **recognized as adjustments to the opening balance of Retained Earnings and Accumulated Other Comprehensive income.**

### Adjustments to the balance as of April 1, 2018:

Increase in Retained Earnings: + JPY 52.5 bn

Decrease in Accumulated Other Comprehensive Income: - JPY 52.5 bn

## IFRS 15 (Revenue from Contracts with Customers)

### Primary changes in accounting treatment:

#### (1) Customer acquisition costs (SB/Sprint) are

Previous: recognized as expenses when incurred

New: **capitalized as costs to obtain contracts and amortized**

#### (2) Performance fees (Fortress) are recognized

Previous: when the amounts are confirmed

New: **when nonoccurrence of a significant reduction in the performance fees is deemed to be highly probable**

#### (3) Presentation of net sales and costs of sales (Brightstar/Yahoo Japan) are changed:

aggregate amount < > net amount

### Method of retroactive adjustments :

Before FY18: Previous standard with no adjustments

FY2018 and after: New standards

The cumulative impact following the adoption of the new standard is **recognized as adjustments to the opening balance of Retained Earnings and Accumulated Other Comprehensive income.**

### Adjustments to the balance as of April 1, 2018:

Capitalization of costs to obtain contracts : + JPY 304.8 bn

Increase on retained earnings: + JPY 248.1 bn

※See "Effect of adopting new standards and interpretations" in FY18Q1 consolidated financial report page 52 for details.

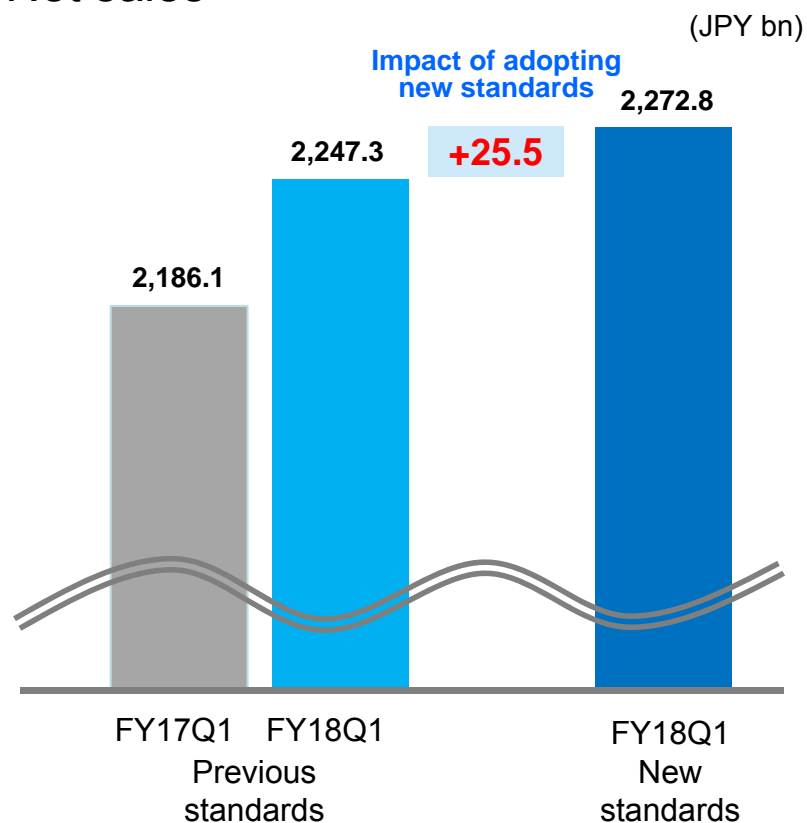
FVTOCI option: making an irrevocable election that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

# Adoption of IFRS 9 and IFRS 15 -2

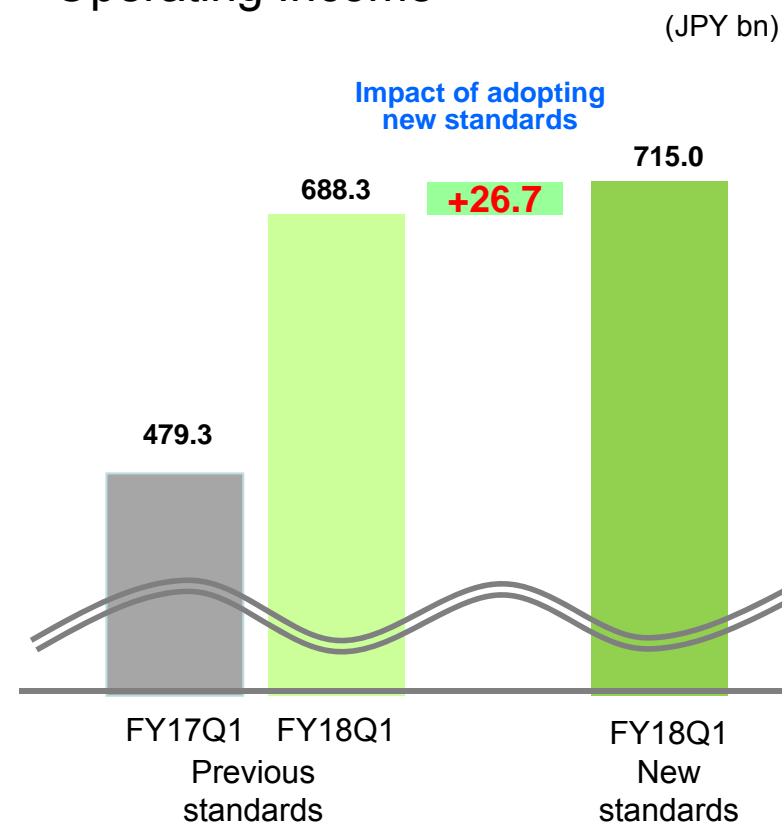
## Impact of adopting new standards on P/L:

Net sales: + JPY 25.5 bn, operating income: + JPY 26.7 bn

Net sales



Operating Income



# Consolidated P/L Summary (IFRSs)

1. One-time gain following Arm's China business becoming an associate from a subsidiary due to the establishment of joint venture: JPY 161.3 bn
2. Valuation gain at SoftBank Vision Fund: JPY 244.9 bn (mainly due to valuation gain of JPY 164.3 bn recorded for Flipkart based on the expected sales price)
3. Fair value increases in Uber, Grab and other financial instruments at FVTPL: JPY 94.5 bn

(JPY bn)

P/L item	FY17Q1	FY18Q1	Change	Primary changes	
<b>Net sales</b>	<b>2,186.1</b>	<b>2,272.8</b>	<b>+86.7</b>		
Operating income (excluding income from SoftBank Vision Fund and Delta Fund)	374.0	475.0	+101.0	① One-time gain of 161.3 following Arm's China business becoming an associate from a subsidiary due to the establishment of joint venture.	
Operating income from SoftBank Vision Fund and Delta Fund	105.2	239.9	+134.7	② SoftBank Vision Fund: unrealized gain on valuation of investments of 244.9 (see page 17-18).	
<b>Operating income</b>	<b>479.3</b>	<b>715.0</b>	<b>+235.7</b>		
Finance cost	-120.9	-148.5	-27.6		
Income on equity method investments	1.6	37.7	+36.1	+22.9	Increase in income on equity method investments related to Alibaba (see page 19).
Foreign exchange gain (loss)	-1.8	12.9	+14.7		
Derivative gain (loss)	-257.1	-54.1	+203.0	+238.3	Derivative loss on the collar transaction related to the monetization of Alibaba shares (see pages 20).
Gain (loss) from Financial Instruments at FVTPL	24.6	94.5	+69.9	③ Increase in the fair values of Uber, Grab, etc.	
Changes in third-party interests in SoftBank Vision Fund and Delta Fund	-43.6	-72.9	-29.3	(see page 17-18)	
SoftBank Vision Fund	-43.6	-71.3	-27.7	Attributable to investors entitled to fixed distribution: -17.9 Attributable to investors entitled to performance-based distribution: -53.4	
Delta Fund	-	1.6	-1.6	Attributable to investors entitled to fixed distribution: -1.6	
Other non-operating income (loss)	-4.6	-12.4	-7.8	Loss on redemption of corporate bonds (FY17: -7.2, FY18: -14.5). FY18: recognition of a loss for early redemption of foreign currency-denominated senior notes issued in 2013.	
<b>Income before income tax</b>	<b>77.6</b>	<b>572.3</b>	<b>+494.7</b>		
Income taxes	-47.0	-244.2	-197.2	-71.7	Recognition of tax effect with respect to the unrealized valuation gain in Flipkart.
<b>Net Income</b>	<b>30.5</b>	<b>328.1</b>	<b>+297.6</b>		
Net income attributable to non-controlling interests	25.0	14.4	-10.6		
<b>Net income attributable to owners of the parent</b>	<b>5.5</b>	<b>313.7</b>	<b>+308.2</b>		



# Consolidated B/S Summary (IFRSs) - 1

1. Reclassification of Flipkart shares as assets classified as held for sale, following the agreement on the sale (SoftBank Vision Fund)
2. Increase in investment securities of JPY 349.9 bn: investment in GM Cruise, increase in fair values of Uber and Grab

(JPY bn)

B/S item	Main items	As of Mar 2018	As of Jun 2018	Change	Primary changes
		<b>6,874.9</b>	<b>6,881.0</b>	<b>+6.1</b>	
Current assets	<b>Cash and cash equivalents</b>	3,334.7	2,728.3	-606.4	See Cash Flow on page 12 for details.
	<b>Assets classified as held for sale in SoftBank Vision Fund and Delta Fund</b>	-	439.8	+439.8	
	SoftBank Vision Fund	-	439.8	+439.8	① Flipkart shares.
	<b>Other financial assets</b>	519.4	788.5	+269.1	
		<b>24,305.6</b>	<b>25,387.4</b>	<b>+1,081.8</b>	
Non-current assets	<b>Property, plant and equipment</b>	3,856.8	3,975.9	+119.1	
	<b>Goodwill</b>	4,302.6	4,251.4	-51.2	See page 22.
	<b>Intangible assets</b>	6,784.6	6,931.4	+146.8	See page 22.
	<b>Cost to obtain contracts</b>	-	306.9	+306.9	Newly recorded due to the adoption of IFRS 15 (SB and Sprint).
	<b>Investments accounted for using the equity method</b>	2,328.6	2,433.0	+104.4	Arm China became an associate accounted for using the equity method from a subsidiary. Recognition of income on equity method investments of Alibaba.
	<b>Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL</b>	2,827.8	2,932.4	+104.6	See page 16 for details.
	SoftBank Vision Fund	2,296.6	2,378.7	+82.1	
	Delta Fund	531.2	553.7	+22.5	
	<b>Investment securities</b>	2,660.1	3,010.0	+349.9	② Investment in GM Cruise by a wholly owned subsidiary of the Company, and increase in fair values of Uber and Grab. These investments may be offered to SoftBank Vision Fund, subject to applicable consent and regulatory and other approvals.
	<b>Total assets</b>	<b>31,180.5</b>	<b>32,268.4</b>	<b>+1,087.9</b>	

# Consolidated B/S Summary (IFRSs) - 2

## 1. Refinancing of corporate bonds:

- Foreign currency-denominated senior notes: issuance totaling JPY 272.7 bn, early redemption totaling JPY357.6 bn
- Domestic straight corporate bonds: issuance of JPY 450 bn, redemption at maturity of JPY 400 bn

(JPY bn)

B/S item	Main items	As of Mar 2018	As of Jun 2018	Change	Primary changes
Current liabilities		<b>6,728.8</b>	<b>8,203.0</b>	<b>+1,474.2</b>	
	Short-term borrowings	957.6	889.2	-68.4	
	SoftBank Vision Fund	84.0	-	-84.0	
	Current portion of long-term borrowings	1,093.7	1,284.4	+190.7	
	SoftBank Vision Fund	313.1	544.2	+231.1	Crystallization of certain investment securities held.
	Current portion of corporate bonds	590.3	688.0	+97.7	
	SBG	399.8	299.4	-100.4	① Redemption of corporate bonds (-400), transfer from non-current (+299.4)
	Sprint	190.4	388.6	+198.2	Transfer from non-current
	Current portion of financial liabilities relating to sale of shares by variable prepaid forward contract	-	719.0	+719.0	Transfer of financial liabilities relating to sale of shares by variable prepaid forward contract for Alibaba shares from non-current (see page 20).
	Deposits for banking business	684.1	701.6	+17.5	Japan Net Bank.
Derivative financial liabilities	96.2	853.5	+757.3	Transfer of derivative liabilities relating to prepaid forward contract for Alibaba shares from non-current (see page 20).	
		<b>18,178.6</b>	<b>17,244.2</b>	<b>-934.6</b>	
Non-current liabilities	Long-term borrowings	5,121.6	5,235.1	+113.6	
	SBG	3,215.5	3,252.4	+36.9	
	Sprint	1,346.6	1,433.2	+86.6	
	SoftBank Vision Fund	101.3	70.8	-30.5	
	Corporate bonds	7,234.0	7,199.0	-35.0	
	SBG	4,516.9	4,596.2	+79.3	① Foreign currency-denominated senior notes: early redemption (-343.9), issuance (+265.0). Domestic straight corporate bonds: issuance (+444.8), transfer to current (-299.2).
	Sprint	2,612.2	2,497.8	-114.4	
	Financial liabilities relating to sale of shares by variable prepaid forward contract	688.3	-	-688.3	
	Third-party interests in SoftBank Vision Fund and Delta Fund	1804.0	2,012.7	+208.7	Changes due to progress in capital calls and Funds results (see page 17).
	SoftBank Vision Fund	1,659.7	1,861.8	+202.1	
Delta Fund	144.3	150.9	+6.6		
Derivative financial liabilities	865.4	125.2	-740.2		
Deferred tax liabilities	1,085.6	1,340.2	+254.6		
		<b>24,907.4</b>	<b>25,447.2</b>	<b>+539.8</b>	

# Consolidated B/S Summary (IFRSs) - 3

## 1. Cumulative impact of adopting the new standards (IFRS 9 & IFRS 15) of JPY 300.6 bn was recognized as adjustments to the opening balance of retained earnings (positive impact)

(JPY bn)

B/S item	Items	As of Mar 2018	As of Jun 2018	Change	Primary changes
Equity		<b>6,273.0</b>	<b>6,821.2</b>	<b>+548.2</b>	
	Common stock	238.8	238.8	-	
	Capital surplus	256.8	263.9	+7.1	
	Other equity instruments *	496.9	496.9	-	
	Retained earnings	3,940.3	4,531.0	+590.7	① Cumulative impact of adopting the new standards was recognized as adjustments to the opening balance of retained earnings: +300.6 (IFRS 9: +52.5, IFRS 15: +248.1). • Net income attributable to owners of parent: +313.7
	Treasury stock	-66.5	-66.5	-0.0	
	Accumulated other comprehensive income	318.0	225.7	-92.3	① Reclassification of available-for-sale financial assets as retained earnings following the adoption of the new standards: -57.8 (IFRS 9: -52.5, IFRS 15: -5.3)
	Non-controlling interests	1,088.8	1,131.4	+42.6	
	<b>Ratio of equity attributable to owners of the parent (equity ratio)</b>	<b>16.6%</b>	<b>17.6%</b>	<b>+1.0pp</b>	

\* USD-denominated undated subordinated notes issued in July 2017 by SBG, which were classified as equity instruments in accordance with IFRSs.

# Consolidated C/F Summary (IFRSs)

1. Acquisition of investments at SoftBank Vision Fund: JPY 177.0 bn
2. Refinancing by SBG: issuances and redemptions (incl. early redemption) of corporate bonds
3. Distributions from SoftBank Vision Fund to third-party investors: JPY 153.5 bn  
(fixed: JPY 34.8 bn, performance-based: JPY 118.7 bn)

(JPY bn)

C/F item	FY18Q1	Main breakdown	
<b>Cash flows from operating activities</b>	274.4	574.5	Subtotal of cash flows from operating activities.
		-160.6	Interest paid (SBG: -49.6, Sprint: -91.7).
		-150.1	Income taxes paid.
<b>Cash flows from investing activities</b>	892.1	-333.4	Purchase of property, plant and equipment, and intangible assets.
		-267.9	Payments for acquisition of investments. Investments in GM Cruise and others by a wholly owned subsidiary of the Company. GM Cruise and certain of these investments may be offered to SoftBank Vision Fund, subject to applicable consent and regulatory and other approvals. Japan Net Bank acquired investment securities held for investment.
		-177.0	① Payments for acquisition of investments by SoftBank Vision Fund and Delta Fund. SoftBank Vision Fund invested in Full Truck Alliance and others.
		56.8	Increase from loss of control over subsidiaries. Proceeds received to date relating to the sale of 51% equity interest in Arm China (deducted by cash and cash equivalents held by Arm China as of the date of loss of control).
<b>Cash flows from financing activities</b>	48.5	1,436.7	② Proceeds from interest-bearing debt. SBG: issuance of domestic straight corporate bond (450), issuance of foreign-currency denominated senior notes (272.7) SoftBank Vision Fund: crystallization of investment securities held (197.0) Sprint: borrowings through telecommunications network equipment and leased devices (144.1), borrowings through securitization of installment receivables (4.8) SB: borrowings through securitization of installment receivables (139.4)
		-1,389.0	② Repayment of interest-bearing debt. SBG: redemptions of corporate bonds (incl. early redemption) (-757.6) Sprint: repayment of borrowings (-151.9). SB: repayment of borrowings made through securitization of installment receivables (-123.1), repayment of lease obligations (-109.1)
		180.2	Contributions into SoftBank Vision Fund and Delta Fund from third-party investors.
		-161.3	③ Distribution/repayment from SoftBank Vision Fund and Delta Fund to third-party investors. SoftBank Vision Fund: fixed distributions (-34.8), performance-based distributions (-118.7), repayment (-4.6) Delta Fund: fixed distributions (-3.1)
<b>Cash and cash equivalents; opening balance</b>	<b>3,334.7</b>		
<b>Cash and cash equivalents; closing balance</b>	<b>2,728.3</b>		

# Outline of Funds in SoftBank Vision Fund and Delta Fund



As of June 30, 2018	SoftBank Vision Fund	Delta Fund
<b>Major limited partnership</b>	SoftBank Vision Fund L. P.	SB Delta Fund (Jersey) L. P.
<b>Total committed capital</b>	USD 91.7 bn <sup>*1</sup>	USD 6.0 bn <sup>*1</sup>
	SBG: USD 28.1 bn <sup>*2</sup> Third-party investors: USD 63.6 bn <sup>*1</sup>	SBG: USD 4.4 bn Third-party investors: USD 1.6 bn <sup>*1</sup>
<b>Limited partners</b>	SBG Public Investment Fund Mubadala Investment Company Apple Foxconn Technology Group Qualcomm Sharp	SBG Mubadala Investment Company
<b>General partners</b>	SVF GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)	SB Delta Fund GP (Jersey) Limited (The Company's wholly owned overseas subsidiary)
<b>Management company</b>	SBIA	SBIA
<b>Advisory company</b>	The Company's wholly-owned subsidiaries (in Japan and the US)	The Company's wholly-owned subsidiaries (in Japan and the US)
<b>Investment period</b>	5 years from the final closing <sup>*3</sup> (in principle)	5 years from the final closing (in principle)
<b>Minimum fund life</b>	12 years from the final closing <sup>*3</sup> (in principle)	12 years from the final closing (in principle)

SBIA: SB Investment Advisers (UK) Limited, the Company's wholly owned U.K. subsidiary

<sup>\*1</sup>. 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.

<sup>\*2</sup>. The amount includes approximately \$8.2 billion of an obligation to be satisfied by using Arm Limited shares.

<sup>\*3</sup>. The final closing of SoftBank Vision Fund has not been completed as of August 6, 2018.

# Capital Deployment of SoftBank Vision Fund and Delta Fund



(USD bn)

As of June 30, 2018	Total	The Company	Third-party investors
<b>Committed capital</b>			
SoftBank Vision Fund	91.7 <sup>*1</sup>	28.1 <sup>*2</sup>	63.6 <sup>*1</sup>
Delta Fund	6.0 <sup>*1</sup>	4.4	1.6 <sup>*1</sup>
<b>Contribution from limited partners<sup>*3</sup></b>			
SoftBank Vision Fund	23.5	7.1	16.4
Delta Fund	5.1	3.7 <sup>*4</sup>	1.4
<b>Remaining committed capital</b>			
SoftBank Vision Fund	68.2	21.0	47.2
Delta Fund	0.9 <sup>*5</sup>	0.7	0.2 <sup>*5</sup>

\*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 obligation to be satisfied by using 24.99% of Arm Limited shares. As a result of contributions made through the end of the first quarter, SoftBank Vision Fund held 21.96% of Arm Limited shares at the end of the first quarter.

\*3. The amount excludes the amount that was repaid to limited partners due to investment plan changes and other reasons after the contribution had been made.

\*4. The amount includes the value of the investment securities in DiDi acquired by the Company and then transferred to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.

\*5. When an investment is made from the remaining committed capital of the third-party investor at Delta Fund, the same amount is deducted from that investor's remaining committed capital at SoftBank Vision Fund.

# Investments of SoftBank Vision Fund and Delta Fund -1

	Investment portfolio (as of June 30, 2018)			
	Company names (in alphabetical order)	Businesses	Acquisition cost	Fair Value
<b>SoftBank Vision Fund*</b>	Arm Limited	Semiconductor technology designer	USD 27.1 bn	USD 32.5 bn
	Auto1 Group GmbH	Used car wholesaler in Europe		
	Brain Corporation	AI-based autonomous driving system developer		
	Cohesity, Inc.	Hyper-Converged data platform		
	Fanatics Holdings, Inc.	Online retailer of licensed sports merchandise		
	Flipkart Limited (Flipkart)	e-commerce		
	Full Truck Alliance Co. Ltd	Cargo truck matching platform		
	Guardant Health, Inc. (and its one affiliate)	Cancer diagnosis through genomic analysis		
	HealthKonnct 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		
	OneConnect Financial Technology Co., Ltd.	FinTech solutions		
	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 using AI			
Wag Labs, Inc	On-demand dog walking & dog care app			
WeWork Companies Inc. (and its three affiliates)	Co-working space services			
Zhongan Online P&C Insurance Co., Ltd	Online insurance			
Two other investments				
<b>Delta Fund</b>	Xiaoju Kuaizhi (DiDi)	Ridesharing services	USD 5.0bn	USD 5.0bn

\* 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. Some of the subsidiaries of Soft Bank Vision Fund have investors other than Soft Bank Vision Fund. Of the total fair values of investments by SoftBank Vision Fund at the end of the first quarter, \$1.4 billion belongs to those investors.

# Investments of SoftBank Vision Fund and Delta Fund -2

(USD bn)

As of June 30, 2018		Acquisition cost	Fair value
Investments acquired	SoftBank Vision Fund	27.1	32.5
	Delta Fund	5.0	5.0
Investments agreed to be transferred from the Company		0.1	0.1
<b>Total</b>		<b>32.2</b>	<b>37.6</b>
Excl. consolidated subsidiaries		-7.1	-7.1
<b>Total</b>		<b>25.1</b>	<b>30.5</b>

\*Arm

Exchange rate (USD/JPY)		-	JPY 110.54
<b>Amount recorded on B/S (JPY bn)</b>	SoftBank Vision Fund (Flipkart)	439.8	
	SoftBank Vision Fund	2,378.7	
	Delta Fund	553.6	

**Recorded as**  
**“Assets classified as held for sale from SoftBank Vision Fund and Delta Fund”**  
**“Investments from SoftBank Vision Fund and Delta Fund accounted for using FVTPL” on B/S**

\* The above table presents investments acquired by SoftBank Vision Fund and Delta Fund and investments agreed to be transferred to SoftBank Vision Fund from the Company.

\* 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. Some of the subsidiaries of Soft Bank Vision Fund have investors other than Soft Bank Vision Fund. Of the total fair values of investments by SoftBank Vision Fund at the end of the first quarter, \$1.4 billion belongs to those investors.



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

(Reference) Links with the consolidated financial statements

		(JPY bn)	Third-Party Interests in SoftBank Vision Fund and Delta Fund (Total of current liability and non-current liabilities)	P/L	C/F
<b>As of April 1, 2018</b>			1,844.7		
<b>Contributions from third-party investors</b>			180.2	-	180.2
	SoftBank Vision Fund		179.4		
	Delta Fund		0.8		
<b>Changes in third-party interests</b>			72.9	-72.9	-
Attributable to investors entitled to fixed distribution					
	SoftBank Vision Fund		17.9		
	Delta Fund		1.6		
Attributable to investors entitled to performance-based distribution					
	SoftBank Vision Fund		53.4		
<b>Distribution to third-party investors</b>			-156.6	-	-156.6
Fixed distributions					
	SoftBank Vision Fund		-34.8		
	Delta Fund		-3.1		
Performance-based distributions					
	SoftBank Vision Fund		-118.7		
<b>Repayment to third-party investors</b>			-4.6	-	-4.6
<b>Exchange differences on translating third-party interests in SoftBank Vision Fund and Delta Fund *</b>			76.2	-	-
<b>As of June 30, 2018</b>			2,012.7		

\* Included in "exchange differences on translating foreign operations" in statement of comprehensive income.

# Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in P/L

Income and loss arising from the SoftBank Vision Fund and Delta Fund business included in income before income tax in P/L are calculated by aggregating income and loss arising from SoftBank Vision Fund and Delta Fund, income and loss arising from each general partner, SBIA, and two advisory companies which support SBIA in the US and Japan. All inter-company transactions are eliminated.

(JPY bn)

P/L	FY17Q1	FY18Q1	Items
<b>Gain and loss on investments at SoftBank Vision Fund and Delta Fund</b>	<b>106.9</b>	<b>247.2</b>	
SoftBank Vision Fund	106.9	246.3	
Unrealized gain and loss on valuation of investments	106.9	244.9	Valuation gain of Flipkart shares (164.3), increase in fair values of WeWork and other investments
Interest and dividend income from investments	-	1.4	
Delta Fund	-	0.9	
Unrealized gain and loss on valuation of investments	-	0.9	
Operating expenses (including expenses not attributable to the Funds)	-1.6	-7.3	<ul style="list-style-type: none"> <li>Investment research and operating expenses arising from SBIA and other advisory companies</li> <li>Incorporation expenses of entities that comprise SoftBank Vision Fund and Delta Fund</li> </ul>
<b>Operating income from SoftBank Vision Fund and Delta Fund</b>	<b>105.2</b>	<b>239.9</b>	
Finance cost	-	-5.0	Interest expense on borrowings
Derivative gain and loss	-	1.2	
Change in third-party interests in SoftBank Vision Fund and Delta Fund	-43.6	-72.9	Fluctuations due to the results of SoftBank Vision Fund and Delta Fund out of third-party interests in SoftBank Vision Fund and Delta Fund
SoftBank Vision Fund	-43.6	-71.3	
Delta Fund	-	-1.6	
Other non-operating income and loss	-	-0.3	
<b>Income before income tax</b>	<b>61.7</b>	<b>162.9</b>	

\* "Realized gain and loss on sales of investments" is not recognized for FY18Q1.

\* A tax effect was recognized for unrealized valuation gain in Flipkart, and deferred tax of ¥71.7 billion was recorded. The Company estimates that the sale of Flipkart shares will occur within 24 months of the inception of the investment and has calculated the deferred tax at 43.68%, being the Indian short-term capital gains tax rate expected to apply to the sale of Flipkart shares.

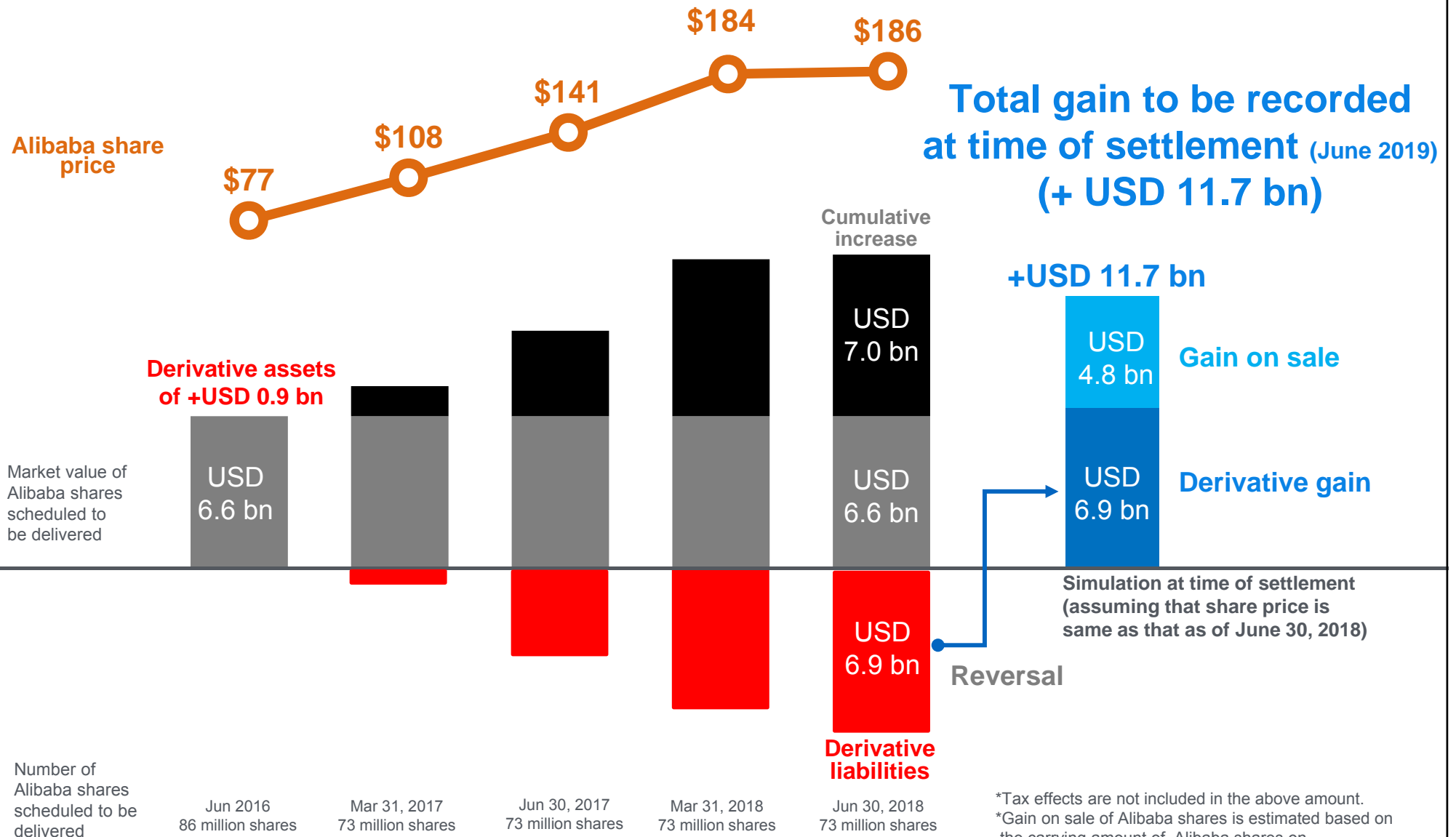
# Income on Equity Method Investments Related to Alibaba

	Alibaba			SoftBank Group			
	US GAAP	IFRSs					
				(CNY mil)			(JPY bn)
	Net income	Reconciliation to IFRSs	Net income	Ownership	Income on equity method investments	Exchange rate	Income on equity method investments
<b>FY17Q1</b>	10,647 (Jan - Mar)	-8,568 <sup>*1</sup>	2,079	Approx. 30%	619	JPY 15.96 / CNY	9.9
<b>FY18Q1</b>	7,669 (Jan - Mar)	-1,103 <sup>*2</sup>	6,566	Approx. 29%	1,930	JPY 16.97 / CNY	32.7

\*1 This includes: (i) a loss recognized for a change in fair value of the non-controlling interests of Alibaba on its subsidiaries, which is recorded as a financial liability under IFRSs due to a put option assigned onto, and (ii) a negative adjustment for gain on sales of financial instruments at FVTPL held by Alibaba, since valuation gain on the applicable FVTPL instruments had been recorded under IFRSs in the prior period.

\*2 The changes in fair value of financial assets at FVTPL (CNY -2,670 mil).

# Derivative Gain and Loss Relating to Variable Prepaid Forward Contract for Alibaba Shares



\*Tax effects are not included in the above amount.  
 \*Gain on sale of Alibaba shares is estimated based on the carrying amount of Alibaba shares on consolidated basis as of June 30, 2018.

# Appendix

# (Reference) Breakdown of Goodwill / Intangible Assets

(JPY bn)

B/S item	Main items	As of Mar 2017	As of Jun 2018	Change			Outline
				Amortization	Changes in exchange rate	Others	
<b>Goodwill</b>		<b>4,302.6</b>	<b>4,251.4</b>	-	<b>-67.6</b>	<b>+16.4</b>	
	<b>Arm</b>	2,851.4	2,770.0	-	-81.4	-	
	<b>SoftBank</b>	907.5	907.5	-	-	-	
	<b>Sprint</b>	312.8	325.5	-	+17.4	-	
<b>Main intangible assets</b>	<b>FCC licenses (non-amortized)</b>	<b>3,960.6</b>	<b>4,127.6</b>	-	<b>+160.4</b>	<b>+6.6</b>	
	<i>Sprint</i>	3,960.6	4,127.6	-	+160.4	+6.6	Increase in "others" mainly related to FCC licenses acquired through exchange of spectrum with other carriers (non-cash transaction).
	<b>Technologies</b>	<b>521.6</b>	<b>495.7</b>	<b>-11.2</b>	<b>-14.8</b>	-	
	Main b/d <i>Arm</i>	519.0	494.0	-10.3	-14.6	-	Amortized at straight-line method for 8-20 years.
	<b>Customer relationships</b>	<b>332.4</b>	<b>308.5</b>	<b>-24.7</b>	<b>+0.6</b>		
	Main b/d <i>Sprint</i>	116.8	103.8	-17.5	+4.4	-	Amortized at sum-of-the-months' digits method. Amortized for 8 years for postpaid.
	Main b/d <i>Arm</i>	140.6	133.6	-3.1	-4.0	-	Amortized at straight-line method for 13 years.
	<b>Trademarks</b>	<b>664.9</b>	<b>656.1</b>	-	<b>-25.5</b>	-	Excluding trademarks with finite useful lives.
	Main b/d <i>Sprint</i>	630.6	656.1	-	-25.5	-	
	<b>Management contracts</b>	<b>115.3</b>	<b>115.0</b>	<b>-5.0</b>	<b>+4.6</b>	-	
<i>Fortress</i>	115.3	115.0	-5.0	+4.6	-	Amortized at straight-line method for 1.5-10 years.	

\* The above are the amounts of goodwill recognized at the date of acquisition by the Company. They do not include goodwill recognized as a result of M&A executed by the relevant subsidiaries after their acquisition dates.

# Finance

# Main Activities in FY2018 (Investments and Funding)

Event		Amount	Timing
<b>Investment</b>	Investments made by SoftBank Vision Fund and Delta Fund	Accumulated investment amount: USD 32.1 bn  (Ref.) Total committed capital: USD 97.7 bn (incl. capital committed by SBG: USD 32.5bn)* <sup>1</sup>	By June 2018
<b>Funding</b>	Restructuring of foreign currency-dominated notes		
	Consent solicitation and exchange offer for 2015 USD and EUR-denominated senior notes		April 2018
	Early redemption of 2013 USD and EUR-denominated senior notes	Approx. JPY 350.0 bn* <sup>2</sup>	May 2018
	Issuance of USD and EUR-denominated senior notes for early redemption of 2013 Notes	Approx. JPY 270.0 bn* <sup>2</sup>	April 2018
	Issuance of domestic unsecured straight bonds (Refinance for JPY 400.0 bn of #43 Bond; Non-guaranteed)	JPY 450.0 bn	June 2018

\*1 The amount of capital committed by SBG in SoftBank Vision Fund includes approximately \$8.2 billion of an obligation to be satisfied by using Arm Limited shares.

\*2 Exchange rate on each press release is applied.





# **Preliminary Application for Listing of SoftBank Corp. Shares**

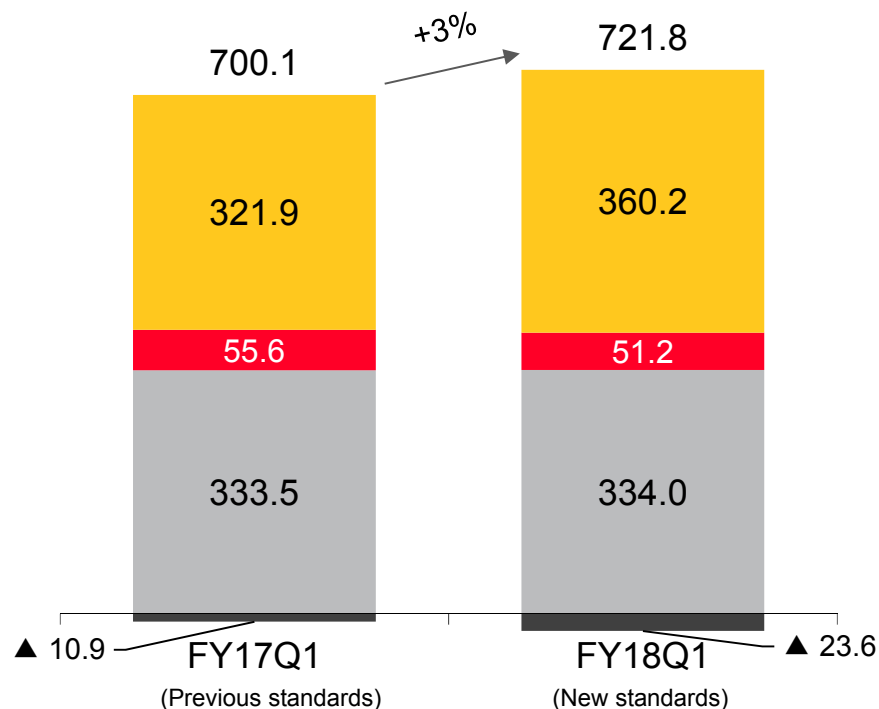
- Preparation towards listing is on track; securing managerial independence of SB and restructuring organization for its own growth.
- SB will play a central role in domestic businesses as a major consolidated subsidiary of SBG even after being listed.
- SBG will carefully focus on corporate and capital structures of the Group with ensuring robust financial discipline.

# Adjusted EBITDA and Adjusted EBITDA Margin (1)

Consolidated adjusted EBITDA has been stable.

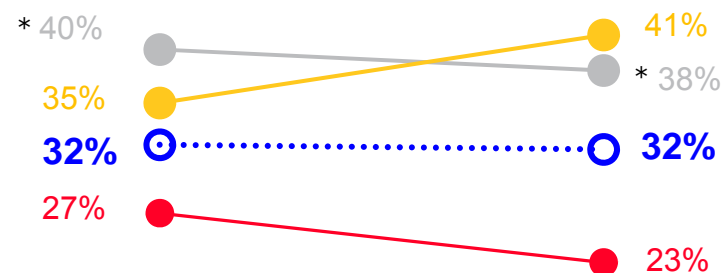
## Adjusted EBITDA

(JPY bn)  SoftBank Seg.  Yahoo Seg.  Sprint Seg.  Others



## Adjusted EBITDA Margin

 Consolidated  SoftBank Seg.  
 Yahoo Seg.  Sprint Seg.



\*The margin for the SoftBank segment would have remained at the same level yoy if the number in FY17Q1 is retroactively adjusted by the new accounting standards. Number after applications of the new standards for FY17 SoftBank segment is referential information with an adjustment for internal purpose, and it is non-audited.

\*1 Following the changes in segment classification in FY18Q1, SoftBank segment results for FY17Q1 were retroactively adjusted (SoftBank Commerce & Service Corp. which was previously classified under the Distribution segment, has been added to the former Domestic Telecommunications segment to establish the SoftBank segment).

\*2 "Others" of Adjusted EBITDA includes "Arm segment", "SoftBank Vision Fund and Delta Fund segment" and "Brightstar segment" (changed from "Distribution segment")

\*3 Adjusted EBITDA of the segments other than the SoftBank Vision Fund and Delta Fund segment = segment income (loss) + depreciation and amortization ± other adjustments.

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

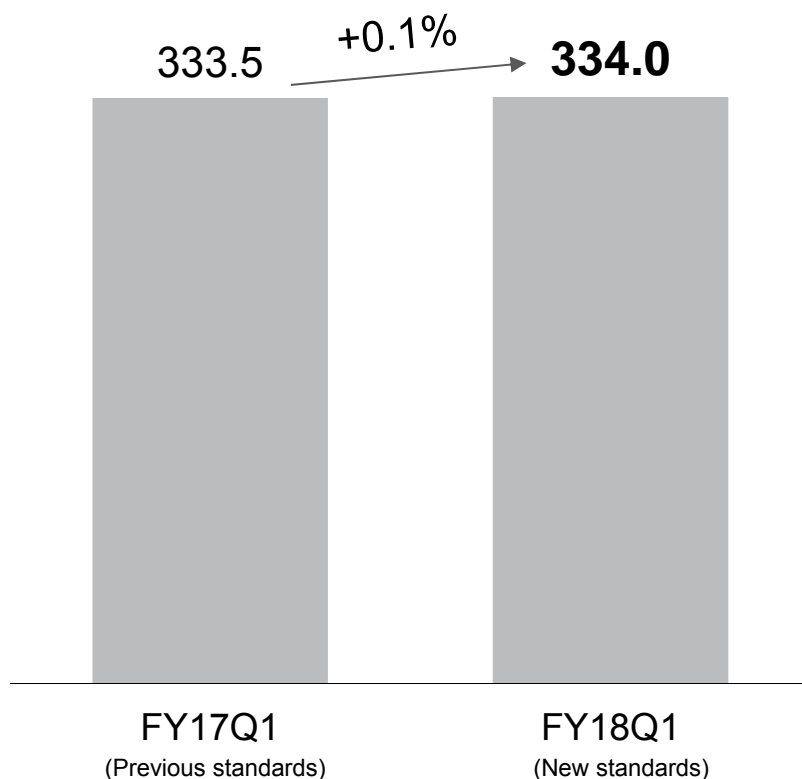
\*4 Adjusted EBITDA margin = adjusted EBITDA / net sales

# Adjusted EBITDA and Adjusted EBITDA Margin (2)

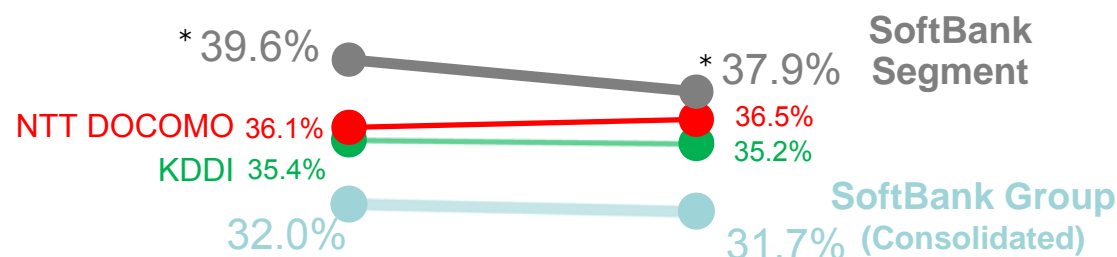
SoftBank segment has sustained high margin.

## Adjusted EBITDA (SoftBank segment)

(JPY bn)



## Adjusted EBITDA margin



\*Remain at the same level if the number in FY17Q1 is retroactively adjusted by new accounting standards.

\*1 Following the changes in segment classification in FY18Q1, SoftBank segment results for FY17Q1 were retroactively adjusted (SoftBank Commerce & Service Corp. which was previously classified under the Distribution segment, has been added to the former Domestic Telecommunications segment to establish the SoftBank segment).

\*2 Adjusted EBITDA of the SoftBank Group (Consolidated) = operating income (loss) + depreciation and amortization ± unrealized gain and loss on valuation of investments in SoftBank Vision Fund and Delta Fund segment ± other adjustments

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

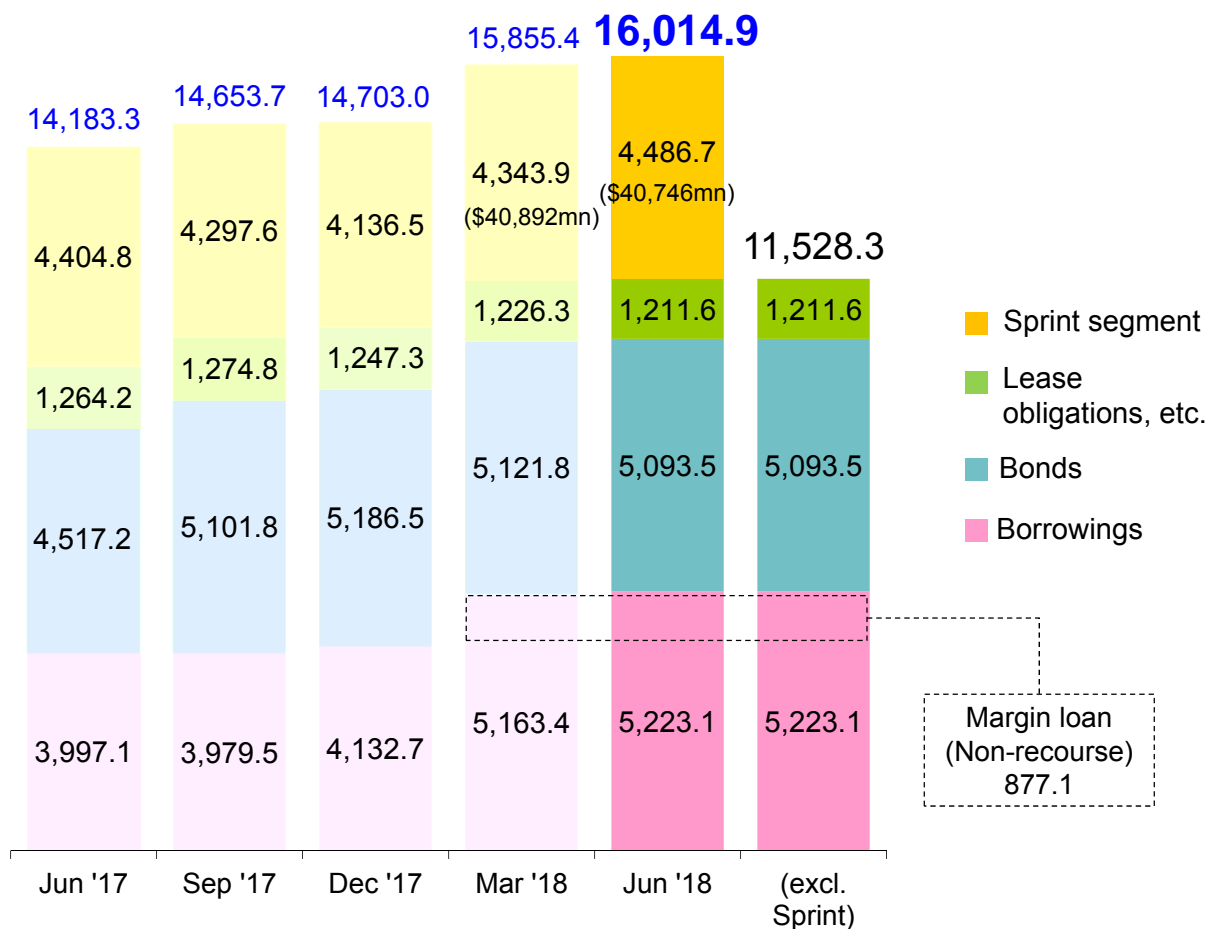
\*3 Adjusted EBITDA margin = adjusted EBITDA / net sales

\*4 Source: Prepared by SBG using data of each company. NTT DOCOMO and KDDI based on IFRSs. (The FY17Q1 result for NTT DOCOMO is retroactively adjusted following the change in its accounting standard to IFRSs from FY18Q1)

# Interest-bearing Debt (by Sprint / source of funding)

**Sprint debt increased due to forex rate change.**

(JPY bn)



Sprint segment *1	4,486.7	Major changes from Mar 2018
Borrowings	1,570.6	
Bonds	2,886.4	+83.9 (forex)
Other	29.6	

Lease Obligation etc.	1,211.6	
SBKK lease obligation etc.	1,087.8	
Other	123.8	

Bonds	5,093.5	
Straight bonds	2,352.9	
Subordinated bonds	1,305.1	
Foreign currency-denominated bonds	1,435.5	

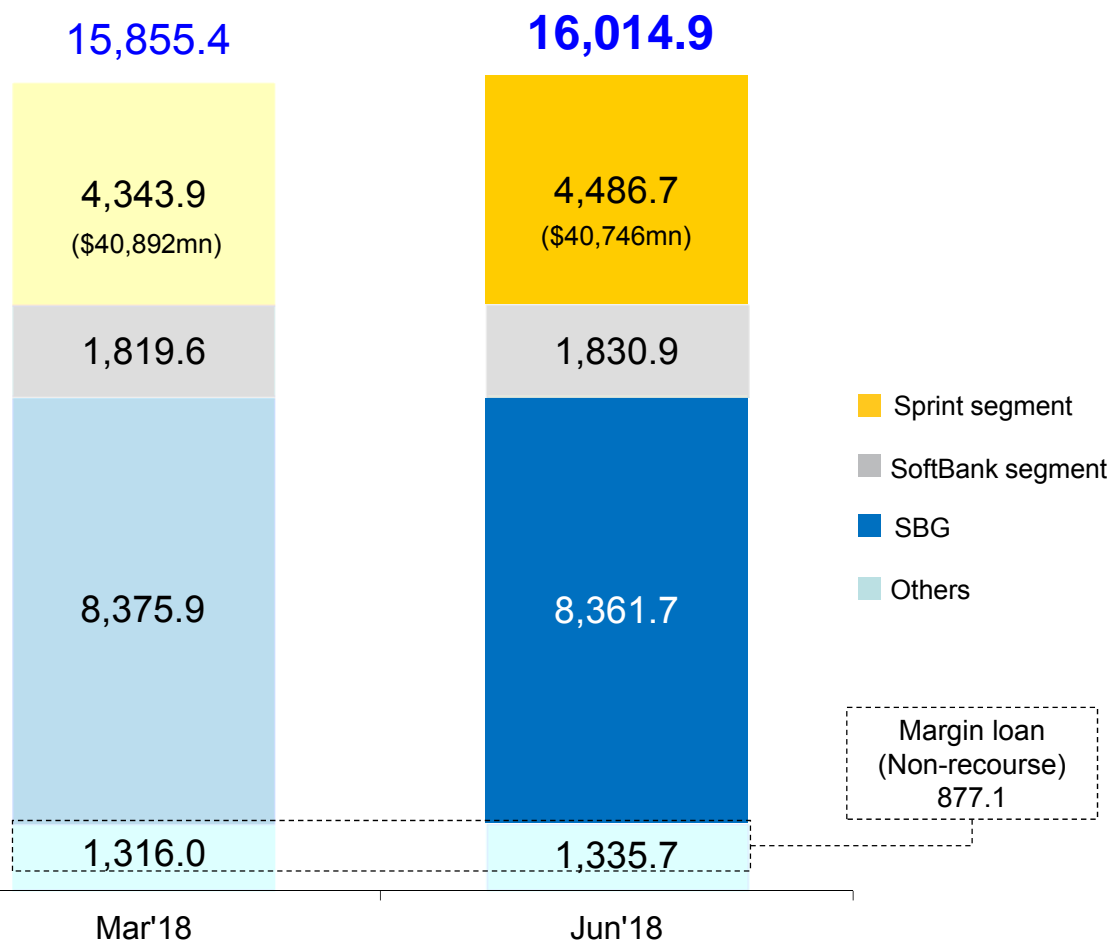
Borrowings	5,223.1	
SBG borrowings		
Bank loan	2,973.7	
Others	399.5	
SBKK securitization of receivables	627.8	
Borrowings at other subsidiaries	1,222.1	

\*1 Includes only net interest-bearing debt outside of consolidated SBG.

\*2 Financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares (JPY 719.0 bn), interest-bearing debt at SoftBank Vision Fund and Delta Fund (JPY 615.0bn) and deposits for banking business at The Japan Net Bank (JPY 725.5 bn) are not included.

# Interest-bearing Debt (by entity)

(JPY bn)



(JPY bn)

Sprint* <sup>1</sup>	4,486.7	Major changes from Mar 2018
Borrowings	1,570.6	
Bonds	2,886.4	+83.9 (forex)
Others	29.6	

SoftBank segment* <sup>1</sup>	1,830.9	
Borrowings and securitization of receivables	636.2	
Lease obligation etc.	1,194.8	

SBG	8,361.7	
Borrowings		
Bank loan	2,973.7	
Others	399.5	
Bonds	4,988.5	

Others	1,335.7	
Borrowings (Incl. Margin loan)	1,218.3	
Bonds	105.0	
Lease obligation etc.	16.8	

\*1 Includes only net interest-bearing debt outside of consolidated SBG.

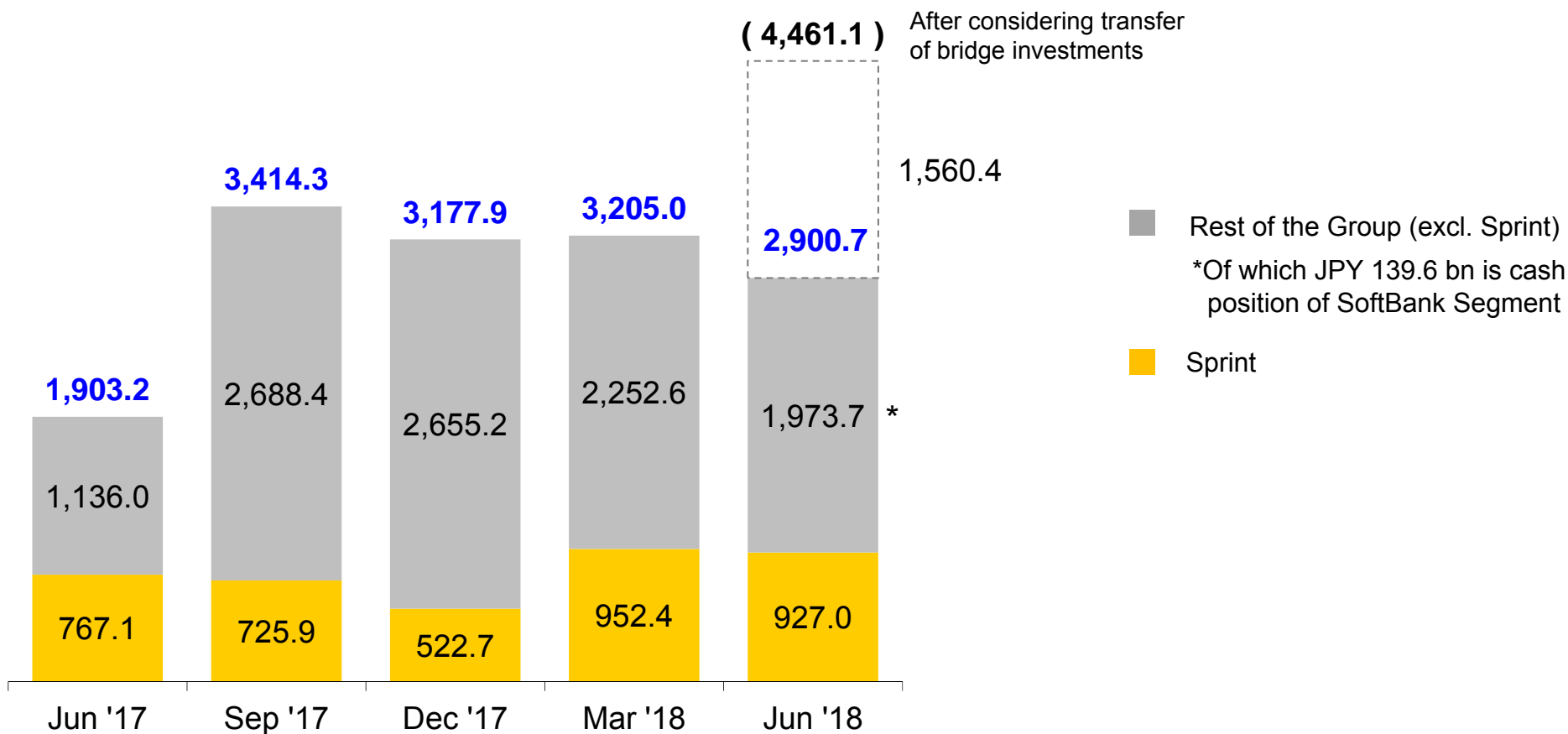
\*2 Excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares (JPY 719.0 bn), interest-bearing debt at SoftBank Vision Fund and Delta Fund (JPY 615.0 bn) and deposits for banking business at The Japan Net Bank (JPY 725.5 bn).

# Cash Position

Decreased since Mar'18 mainly due to bridge investments.

Excludes cash position of JPY 77.5 bn at SoftBank Vision Fund and Delta Fund and JPY 423.6 bn at The Japan Net Bank.

(JPY bn)



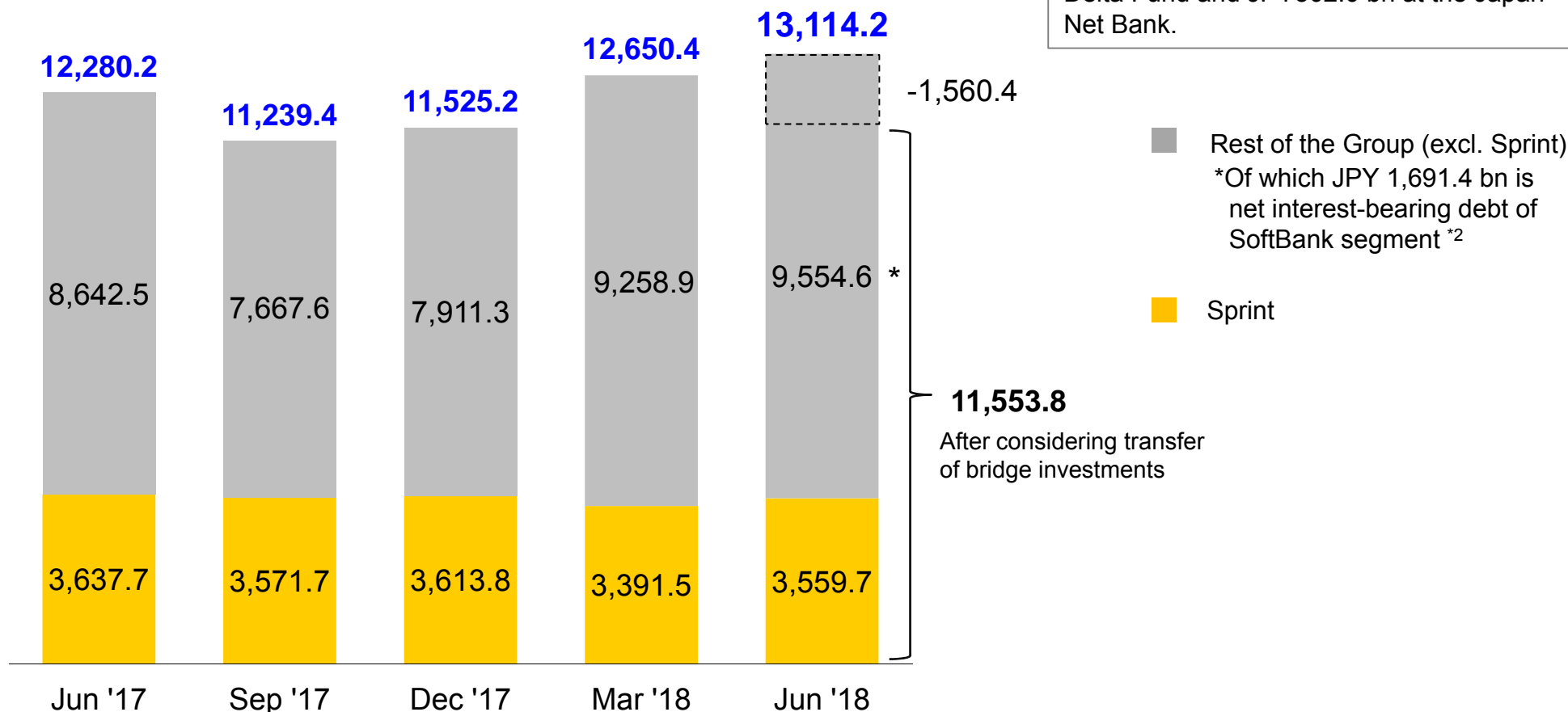
\*1 Cash position = cash and cash equivalents + short-term investments recorded as current assets

# Net Interest-bearing Debt

Decreased mainly due to bridge investments and forex rate.

(JPY bn)

Excludes net interest-bearing debt of JPY537.5 bn at SoftBank Vision Fund and Delta Fund and JPY302.0 bn at the Japan Net Bank.



\*1 Net interest-bearing debt = interest-bearing debt – cash position

\*2 Includes only net interest-bearing debt outside of consolidated SBG.

\*3 Excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares, net interest-bearing debt at SoftBank Vision Fund and Delta Fund and net interest-bearing debt (deposits for banking business – cash position) at The Japan Net Bank.

# Leverage Ratio and Investment Asset Value (LTV)

## Leverage Ratio

### SoftBank Segment

 **SoftBank**<sub>KK</sub>  
(incl. Sprint acquisition)

$$\frac{\text{Net interest-bearing debt (JPY 3.02 tn)}}{\text{Adjusted EBITDA (JPY 1.19 tn)}} = 2.5x$$

## Investment Asset Value (LTV)

### Holding Company (Other Businesses)

<Equity Holdings>

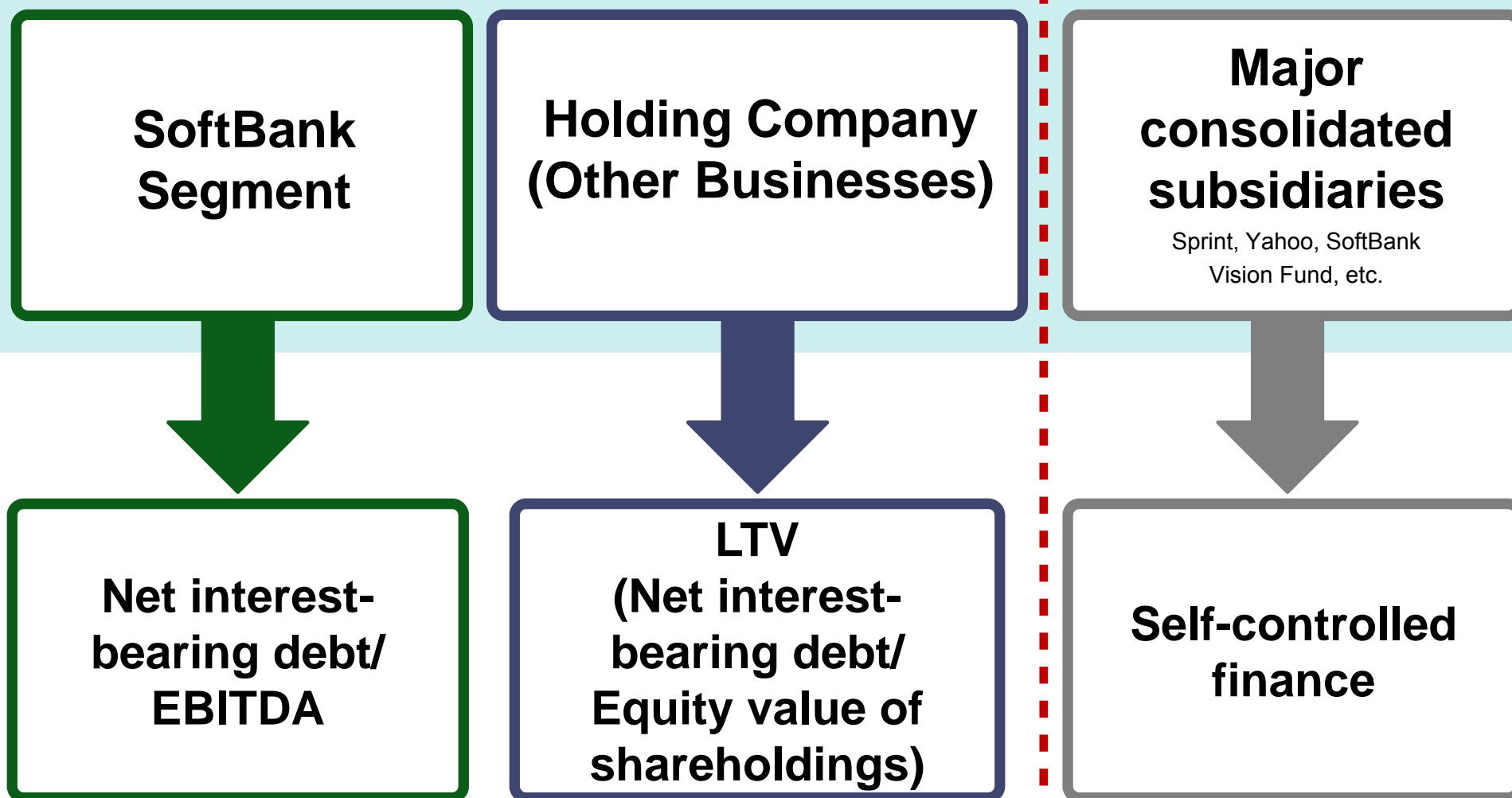


$$\frac{\text{Net interest-bearing debt (JPY 6.99 tn)}}{\text{Equity value of shareholdings (JPY 23.47 tn)}} = 29.8\%$$

24.7%  
\*After considering transfer of bridge investments



## Consolidated net interest-bearing debt



# Supplemental (2) Calculation of Leverage Ratio

**SoftBank Segment**  
**SoftBank** KK  
 (Incl. Sprint acquisition)

$$\frac{\text{(a) Net interest-bearing debt } 3.02\text{tn}}{\text{Adjusted EBITDA } 1.19\text{tn}} = 2.5x$$

<b>SoftBank Segment net interest-bearing debt</b>	<b>1.69</b>
+ Sprint acquisition cost <sup>*1</sup>	1.11
+ Cash out due to TOB for Yahoo Japan shares <sup>*2</sup>	0.22
<b>Adjusted net interest-bearing debt</b>	<b>(a) 3.02</b>

SoftBank Segment Net interest-bearing debt (JPY tn)	
Interest-bearing debt <sup>*3</sup>	1.83
Borrowing and securitization of receivables	0.64
Lease obligation, etc.	1.19
<b>Cash position</b>	<b>0.14</b>
<b>SoftBank Segment net interest-bearing debt</b>	<b>1.69</b>

<sup>\*1</sup> Some portion of Sprint acquisition loan which is assumed to repaid by cash flow from SoftBank segment is adjusted as interest-bearing debt of SoftBank segment.  
<sup>\*2</sup> Impact of tender offer by SoftBank Corp. for Yahoo Japan shares (future payment of approx. JPY 220.0 bn) is adjusted.  
<sup>\*3</sup> Includes only net interest-bearing debt outside of consolidated SBG.

# Supplemental (3) Calculation of Investment Asset Value (LTV)

**Holding Company**  
(Other Businesses)  
<Shareholdings>

$$\begin{array}{r}
 \text{(b) Net interest-bearing debt} \quad 6.99\text{tn} \\
 \hline
 \text{(c) Equity value of shareholdings} \quad 23.47\text{tn}
 \end{array}
 = 29.8\%$$

24.7%  
 \*After considering transfer of bridge investments

(JPY tn)

<b>Net interest-bearing debt<sup>*1</sup></b>	<b>13.11</b>	<b>Market cap of listed shares<sup>*5</sup></b>	<b>16.62</b>
<b>&lt;Excluding net interest-bearing debt of SoftBank Segment and major subsidiaries&gt;<sup>*2</sup></b>		Alibaba	13.36
– SoftBank segment <sup>*3</sup>	-3.02	Sprint	2.17
– Sprint	-3.56	Yahoo	1.02
– Yahoo (net cash)	0.30	Other listed share	0.06
– Arm (net cash)	0.20	<b>Arm (Acquisition cost – shares contributed)</b>	<b>2.74</b>
<b>Net interest-bearing debt at Holding Company</b>	<b>7.03</b>	Acquisition cost	3.55
<b>Other adjustment</b>	<b>-0.04</b>	Shares contributed to SoftBank Vision Fund	▲0.81
– Future proceeds from the sale of Supercell shares.	-0.02	<b>Investment assets under SoftBank Vision Fund<sup>*6</sup></b>	<b>1.37</b>
+ USD Hybrid Notes issued in Jul '17 <sup>*4</sup>	0.25	<b>Others<sup>*7</sup></b>	<b>2.74</b>
– JPY Hybrid Bonds issued in Sep '16	-0.23	<b>Equity value of shareholdings</b>	<b>(c) 23.47</b>
– JPY Hybrid Loan executed in Nov '17	-0.04		
<b>Adjusted net interest-bearing debt at Holding Company</b>	<b>(b) 6.99</b>		

\*1 Excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares, net interest-bearing debt at SoftBank Vision Fund and Delta Fund and net interesting-bearing debt (deposits for banking business – cash position) at The Japan Net Bank.

\*2 Includes only net interest-bearing debt outside of consolidated SBG.

\*3 Calculations referred in the previous page.

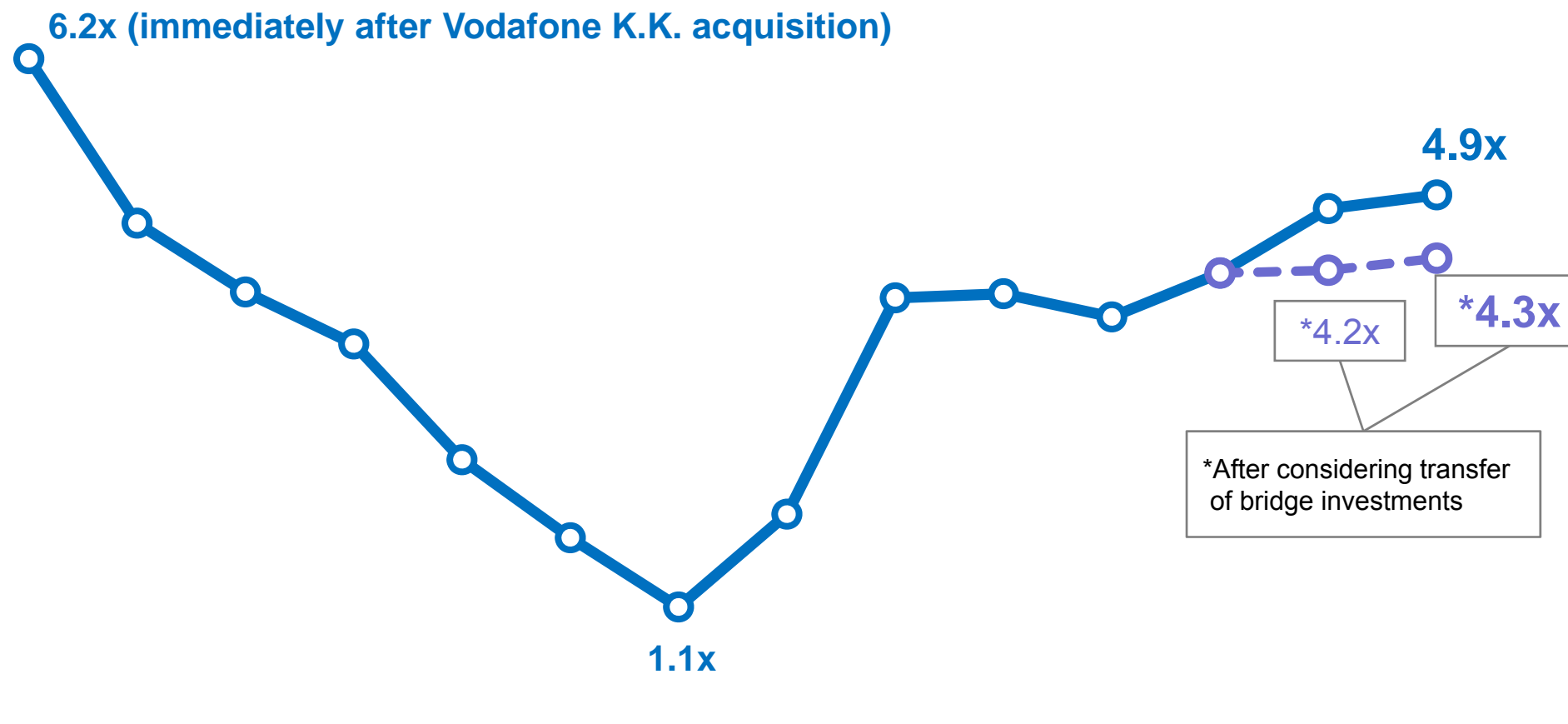
\*4 Fifty percent of outstanding amount, which is recorded as equity in consolidated BS, is treated as debt

\*5 Market value as of August 3, 2018. FX rate as of August 3, 2018 (USD1=JPY111.81)

\*6 SBG interests of fair value of investment assets held by SoftBank Vision Fund and Delta Fund (interest-bearing debt at SoftBank Vision Fund is deducted)

\*7 Total fair value of investments recorded on BS as of the end of June 2018

# Net Leverage Ratio (Consolidated)



Jun '06 Mar '07 Mar '08 Mar '09 Mar '10 Mar '11 Mar '12 Mar '13 Mar '14 Mar '15 Mar '16 Mar '17 Mar '18 Jun '18

\*1 Net leverage ratio = net interest-bearing debt / adjusted EBITDA

\*2 Until FY2011: JGAAP, including finance leases and preferred securities.

\*3 Adjusted EBITDA for FY2014 has been revised retroactively due to GungHo becoming an equity method associate. Adjusted EBITDA for FY 2015 includes Supercell.

\*4 Arm's adjusted EBITDA for March 2017 is annualized.

\*5 Cash position includes future proceeds from the sale of Supercell shares and cash to be reimbursed from SoftBank Vision Fund and Delta Fund for the investments that have been agreed to be transferred from SBG.

\*6 The presented interest-bearing debt excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares, net interest-bearing debt at SoftBank Vision Fund and Delta Fund and net interest-bearing debt (deposits for banking business – cash position) at The Japan Net Bank. 50% of the Hybrid Bonds (issued in Sep '16) and Hybrid Loan (borrowed in Nov '17) are treated as equity in calculation. 50% of the Hybrid Notes (issued in Jul '17, all of amount booked as equity in consolidated financial statement) is treated as interest-bearing debt in calculation.

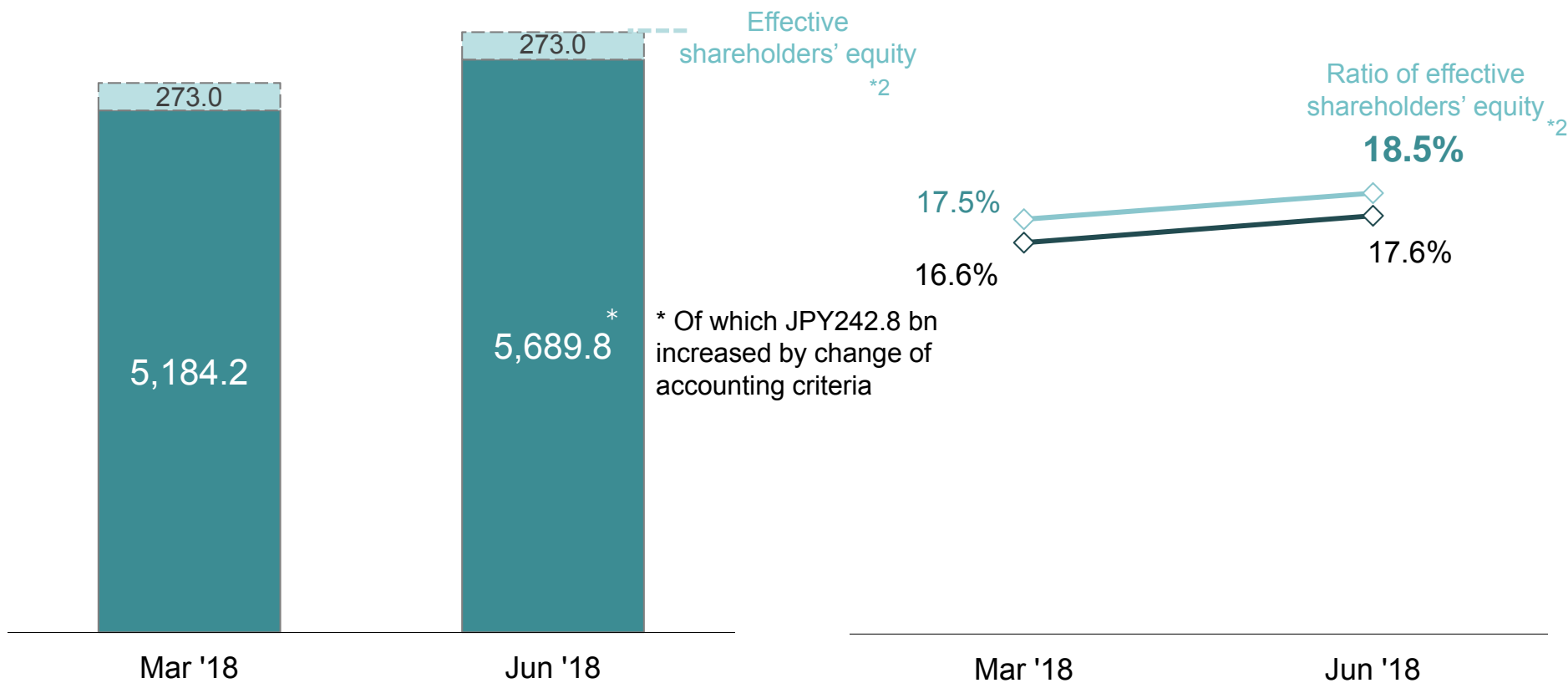
# Shareholders' Equity Ratio

Increased due to net income addition and adoption of new accounting standards.

Shareholders' equity <sup>\*1</sup>

Shareholders' equity ratio

(JPY bn)

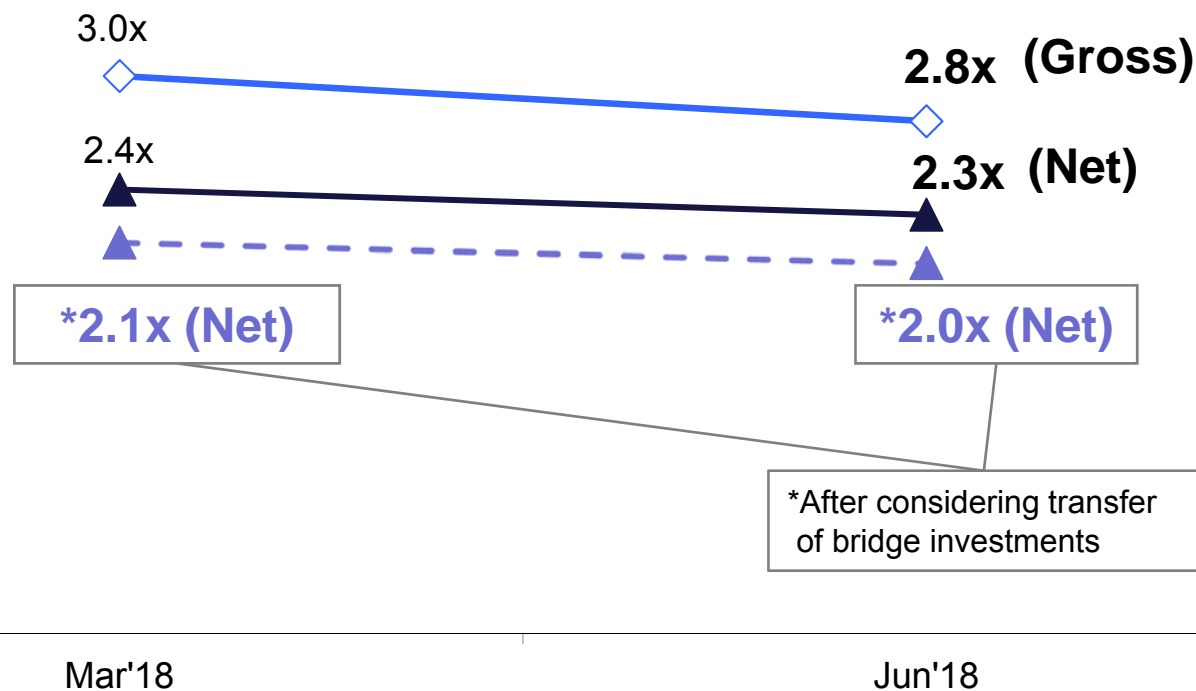


\*1 Shareholders' equity = equity attributable to owners of the parent

\*2 After considering adjustments related to Hybrid Notes issued in July 2017 and Hybrid Loan executed in November 2017, shown as reference.

# Debt / Equity Ratio

## Debt / equity ratio (gross / net)



\*1 Debt / equity ratio = interest-bearing debt / equity attributable to owners of the parent (shareholders' equity after considering adjustments related to hybrid bonds issued in September 2016 and hybrid notes issued in July 2017 and hybrid loan borrowed in November 2017)

\*2 Net debt/ equity ratio = net interest-bearing debt /equity attributable to owners of the parent (shareholders' equity after considering adjustments related to hybrid bonds issued in September 2016 and hybrid notes issued July 2017 and hybrid loan borrowed in November 2017)

\*3 The presented interest-bearing debt excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares, net interest-bearing debt at SoftBank Vision Fund and Delta Fund and net interesting-debt (deposits for banking business – cash position) at The Japan Net.

\*4 Cash position includes future proceeds from the sale of Supercell shares.

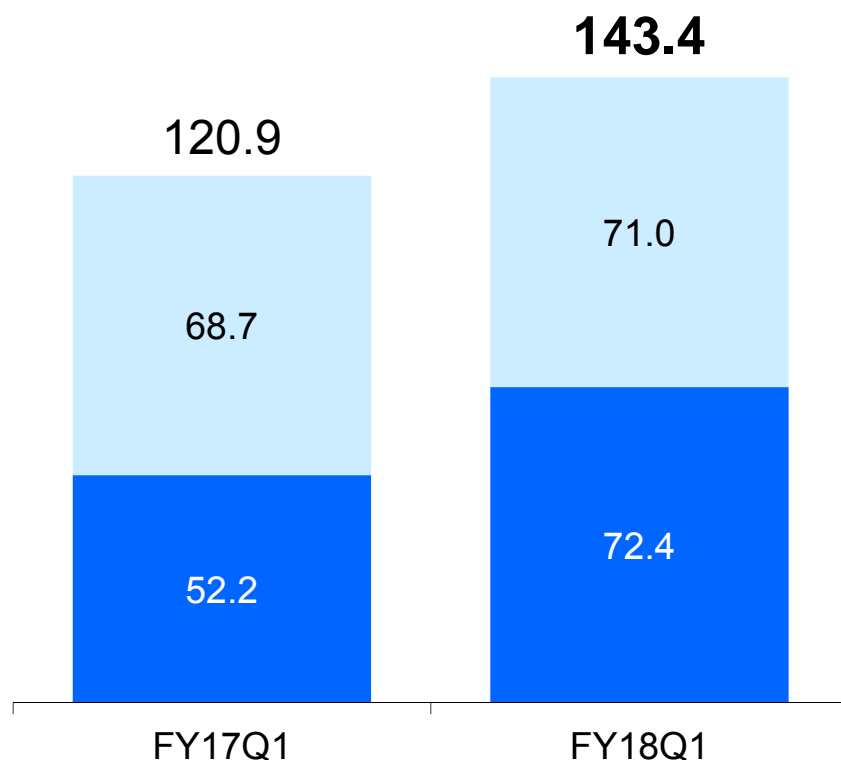
# Interest Expense

Interest expense increased due to foreign currency-denominated senior notes and margin loan.

## Interest expense (finance cost)

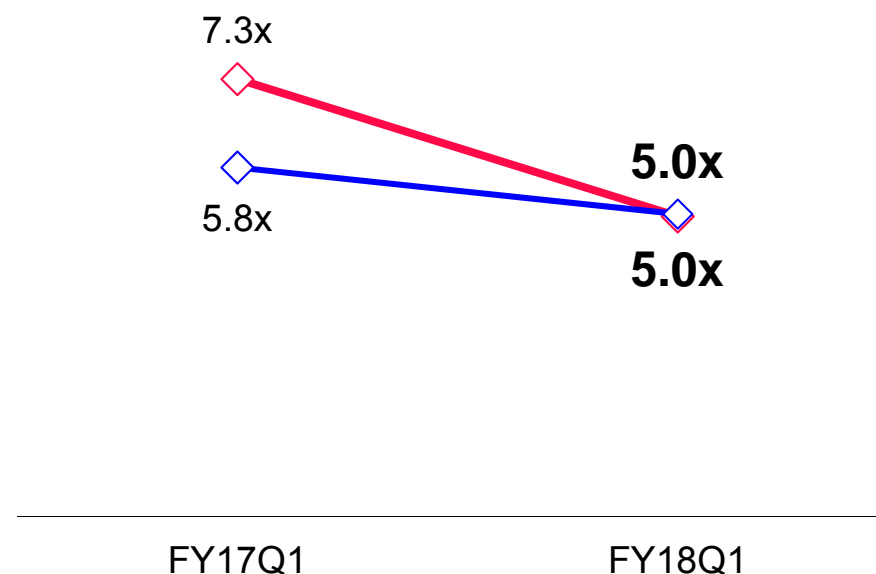
(JPY bn)

■ Rest of the Group (excl. Sprint)    ■ Sprint



## Interest coverage ratio

◆ Rest of the Group (excl. Sprint)    ◆ Consolidated



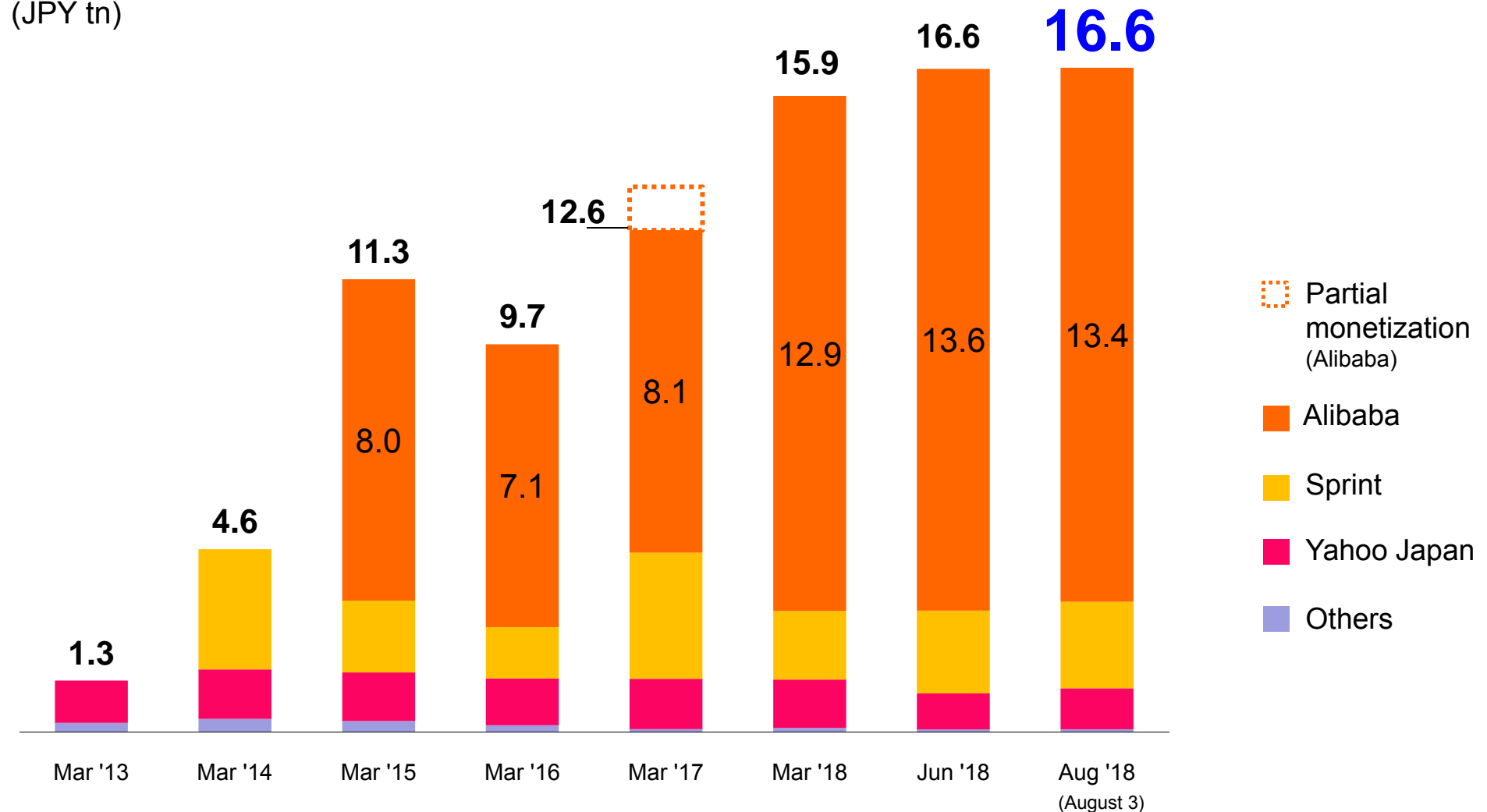
\*1 Interest expense (finance cost) excludes that of SoftBank Vision Fund and Delta Fund.

\*2 Interest Coverage Ratio = adjusted EBITDA / interest expense (finance cost)

# Market Cap: Major Listed Shareholdings of SBG and Its Wholly-owned Subsidiaries

Market value of listed shareholdings amount to JPY 17 tn.

(JPY tn)



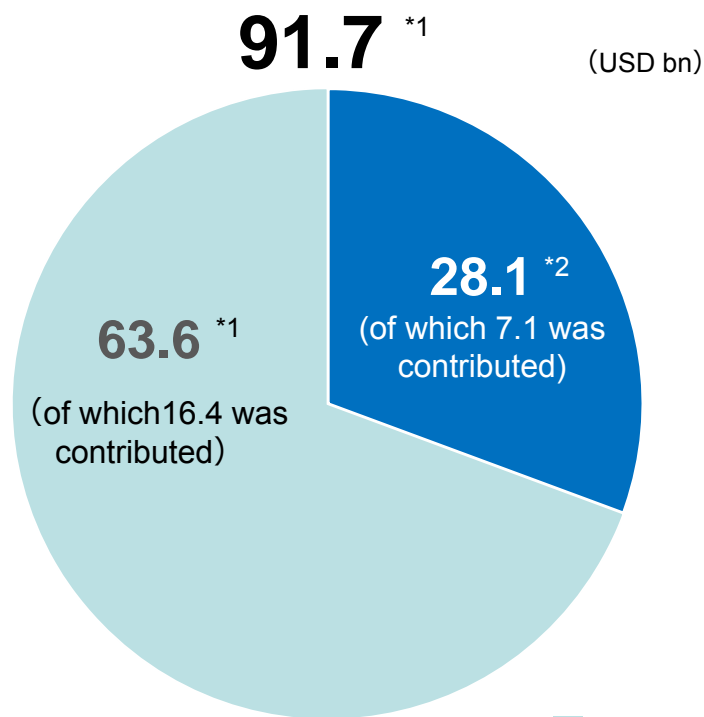
\* Prepared by SBG based on closing prices of each month-end, unless otherwise stated.



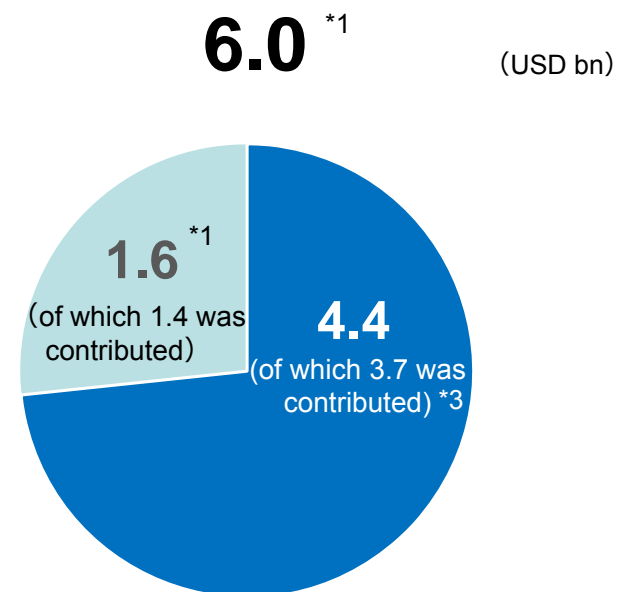
# Capital Commitment to SoftBank Vision Fund and Delta Fund

<Capital Commitment (as of June 30, 2018)>

## SoftBank Vision Fund



## Delta Fund



 Third-party LP commitment  
 SBG commitment

\*1 A portion of the capital committed by Mubadala Investment Company in SoftBank Vision Fund and Delta Fund has been committed in consideration of the total capital committed for both funds; hence, the total committed capital and remaining committed capital for each fund will change according to the status of contribution by Mubadala Investment Company in each fund.

\*2 The amount includes approximately \$8.2 billion of obligation to be satisfied by using 24.99% of Arm Limited shares.

\*3 The Company acquired investment securities in Xiaoju Kuaizhi Inc. (DiDi) and then transferred them to Delta Fund. The value of this transfer was offset against the amount of the Company's capital obligation to Delta Fund.

# Main Investment Portfolio of SoftBank Vision Fund

(as of August 6, 2018)

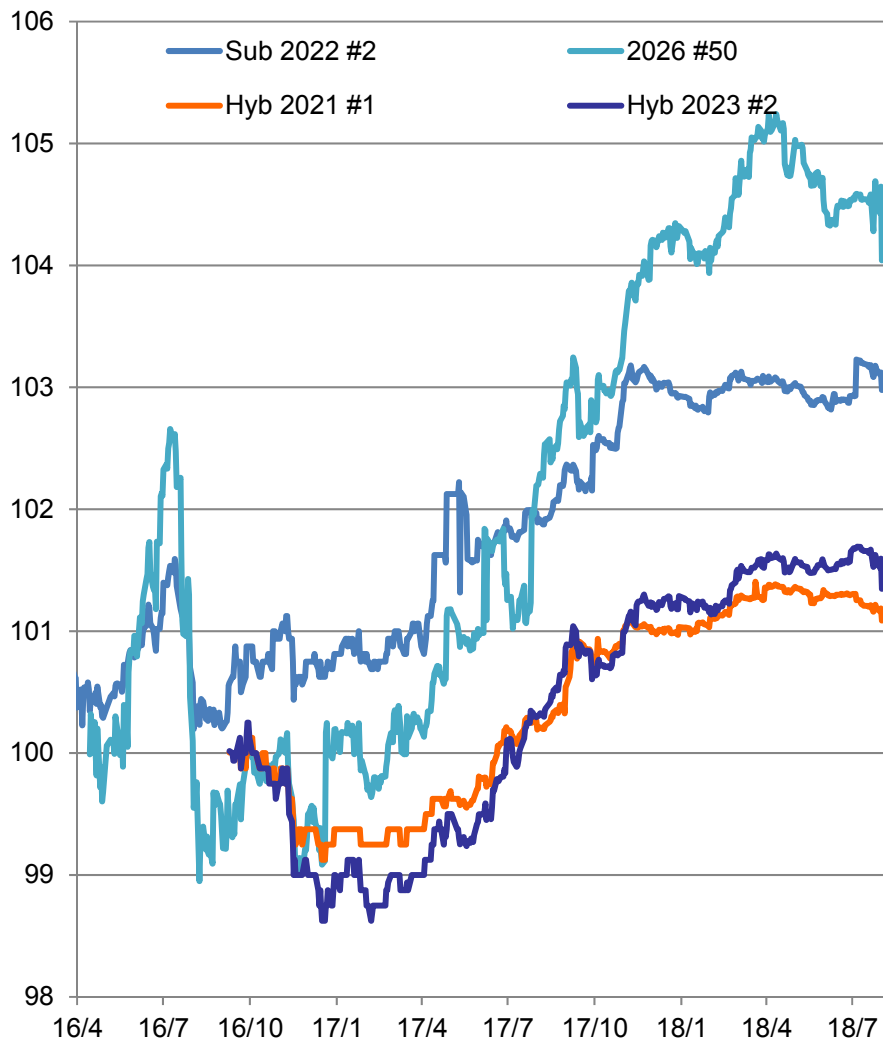


\*The investments presented herein are solely for illustrative purposes and have been selected to showcase the variety of investments. They do not purport to be a complete list thereof and are not indicative of future investments. No assumption should be made that the investments discussed herein were or will be profitable. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Specific investments described herein were selected by SBIA to highlight a representative sample of the range of the Vision Fund's investment activities and were not selected on the basis of performance. Selection criteria may involve elements of subjective judgment. References to investments included herein should not be construed as a recommendation of any particular investment or security.

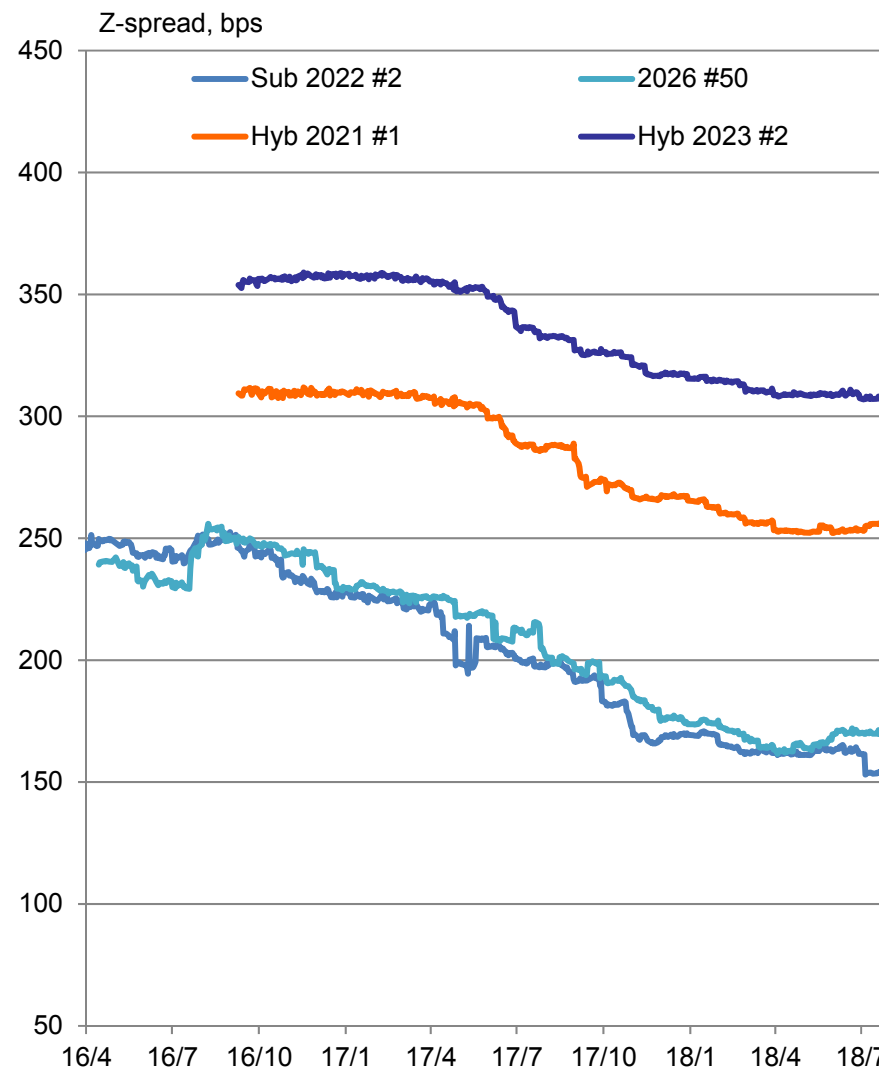
Certain "SoftBank Vision Fund" investments described herein have not yet been acquired by SVF and are subject to pending regulatory approvals. There can be no assurance that any pending acquisition will be consummated at all or on the current terms of the agreement.

# SBG: Price and Spread of JPY Bonds

## SBG JPY Bonds Price



## SBG JPY Bonds Spread

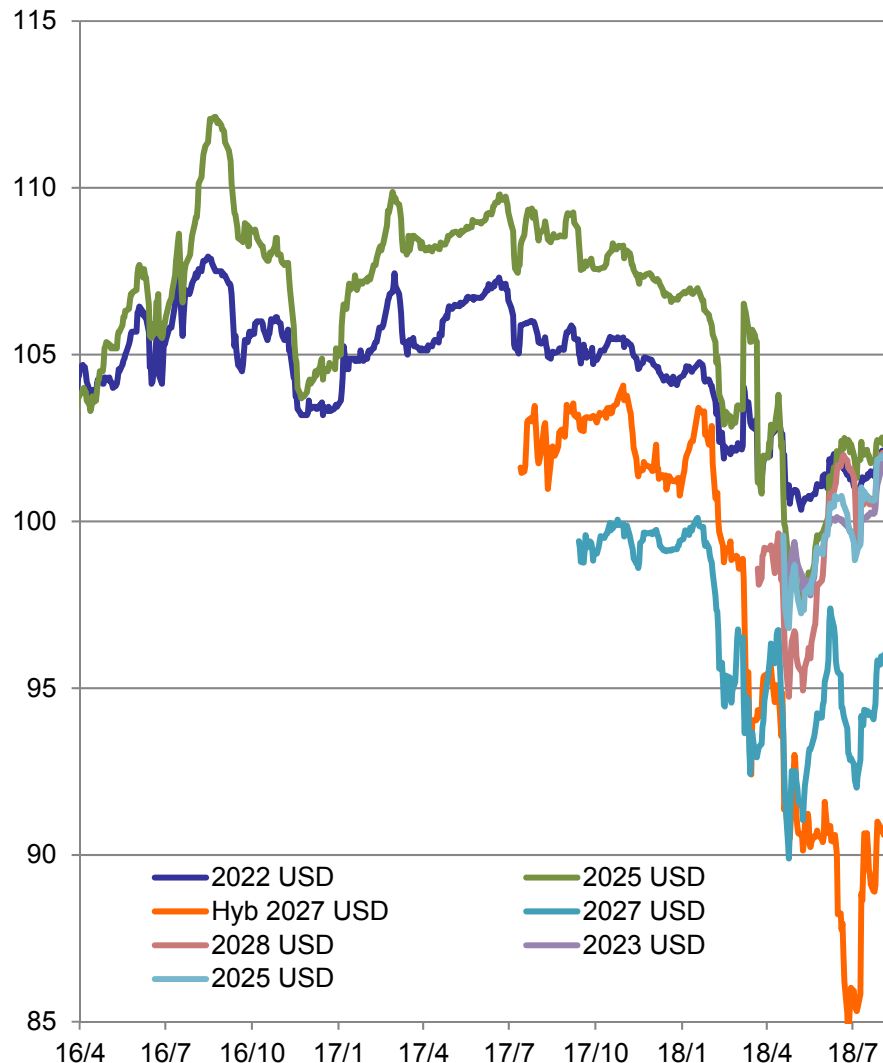


\*1 Prepared by SBG based on Bloomberg data. As of August 6, 2018.

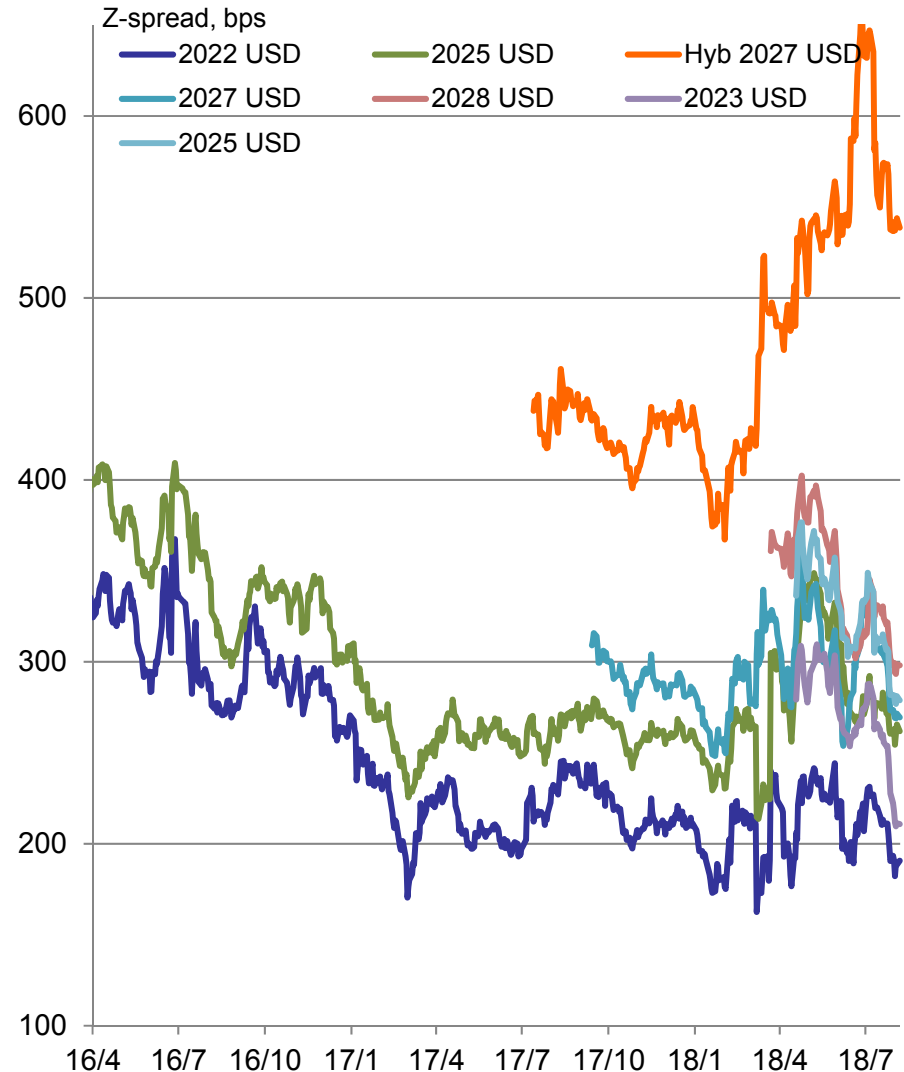
\*2 Maturity years for on Hybrid Notes refer to the first call year.

# SBG: Price and Spread of Foreign Currency Notes

## SBG Foreign Currency Notes Price (USD denominated notes)



## SBG Foreign Currency Notes Spread (USD denominated notes)

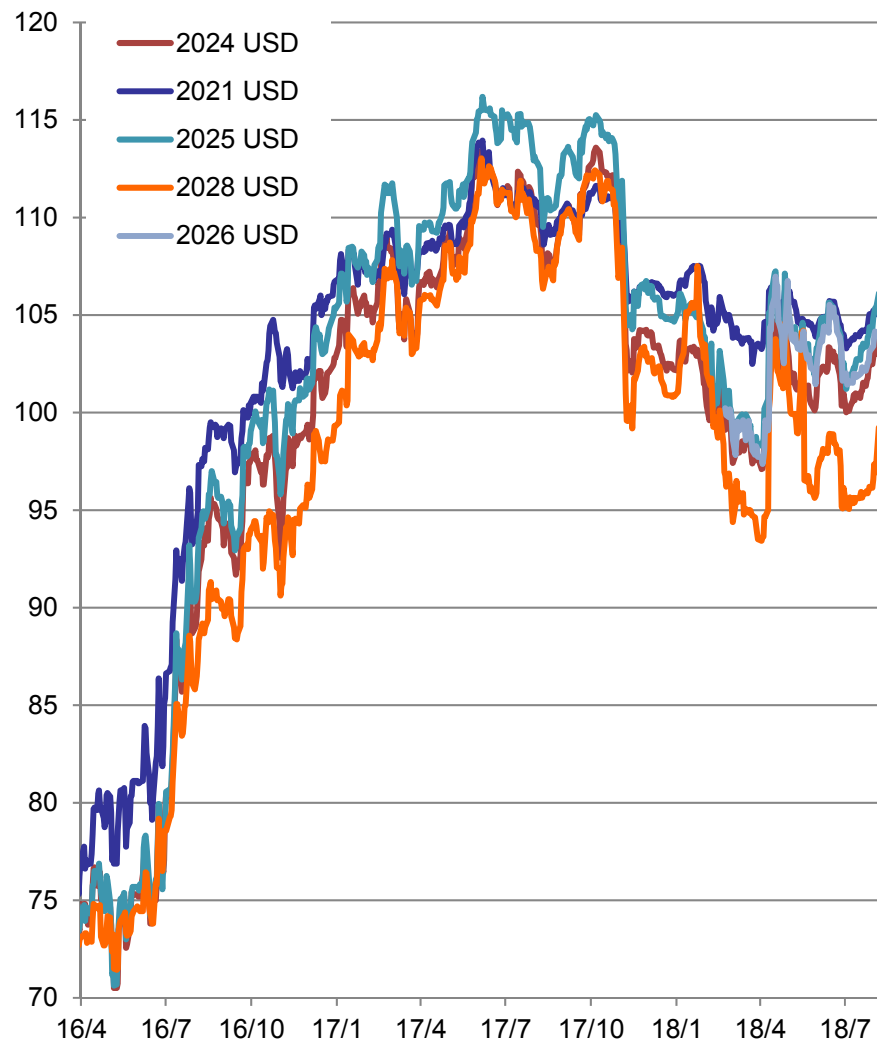


\*1 Prepared by SBG based on Bloomberg data. As of August 6, 2018.

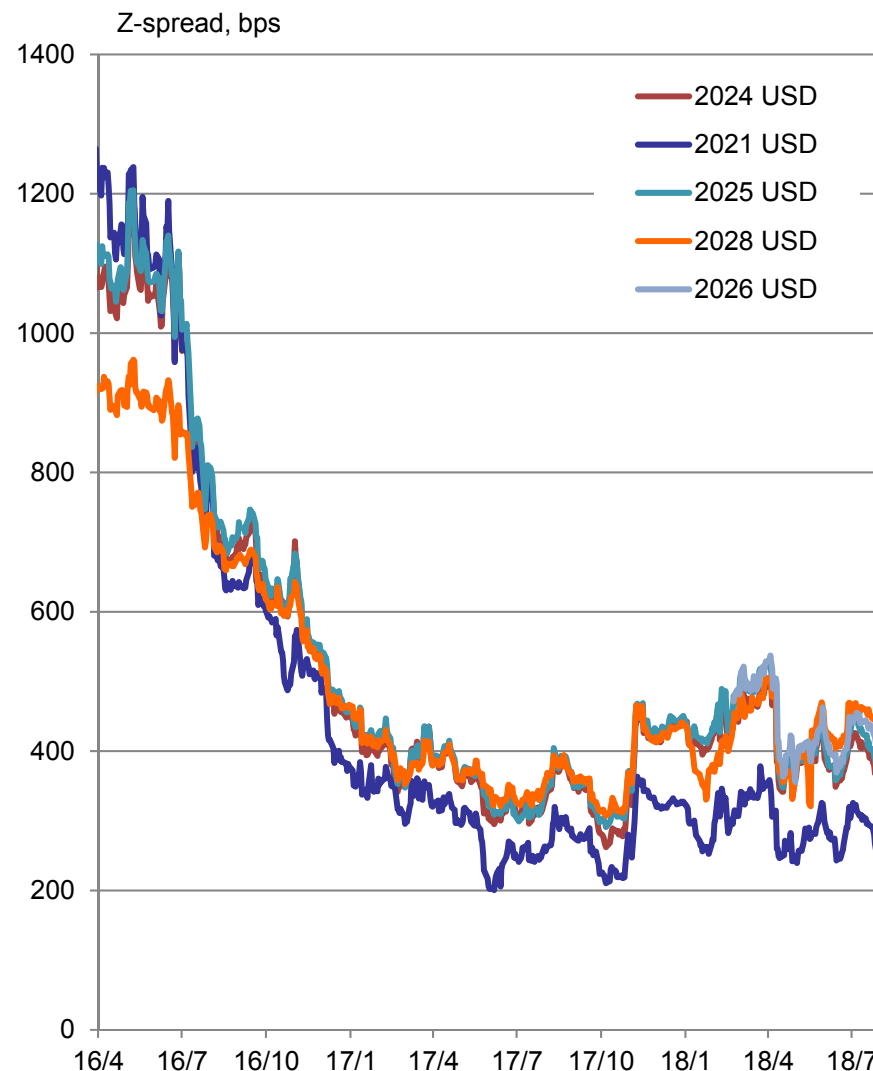
\*2 Maturity years for on Hybrid notes refer to the first call year.

# Sprint: Price and Spread of the Notes

## Sprint Senior Notes Price



## Sprint Senior Notes Spread



\*1 Prepared by SBG based on Bloomberg data. As of August 6, 2018.

\*2 All notes were issued by Sprint Corporation, except for 2028 USD Notes that were issued by Sprint Capital Corporation.

## Our Aim

- Pursue optimal leverage as a strategic holding company
- Well-protected financial management to be invulnerable for any environmental change

## Safety design (Stock)

- Leverage index: Manage LTV lower than 35%
- Cash position: Maintain a liquidity level that covers redemptions for at least the coming 2 years

## Safety design (Flow)

- Secure a continuous flow of dividend income
- Focus on the balance among recovery of investment, new investment, and debt repayment
- Proactively utilize non-recourse, asset-backed finance

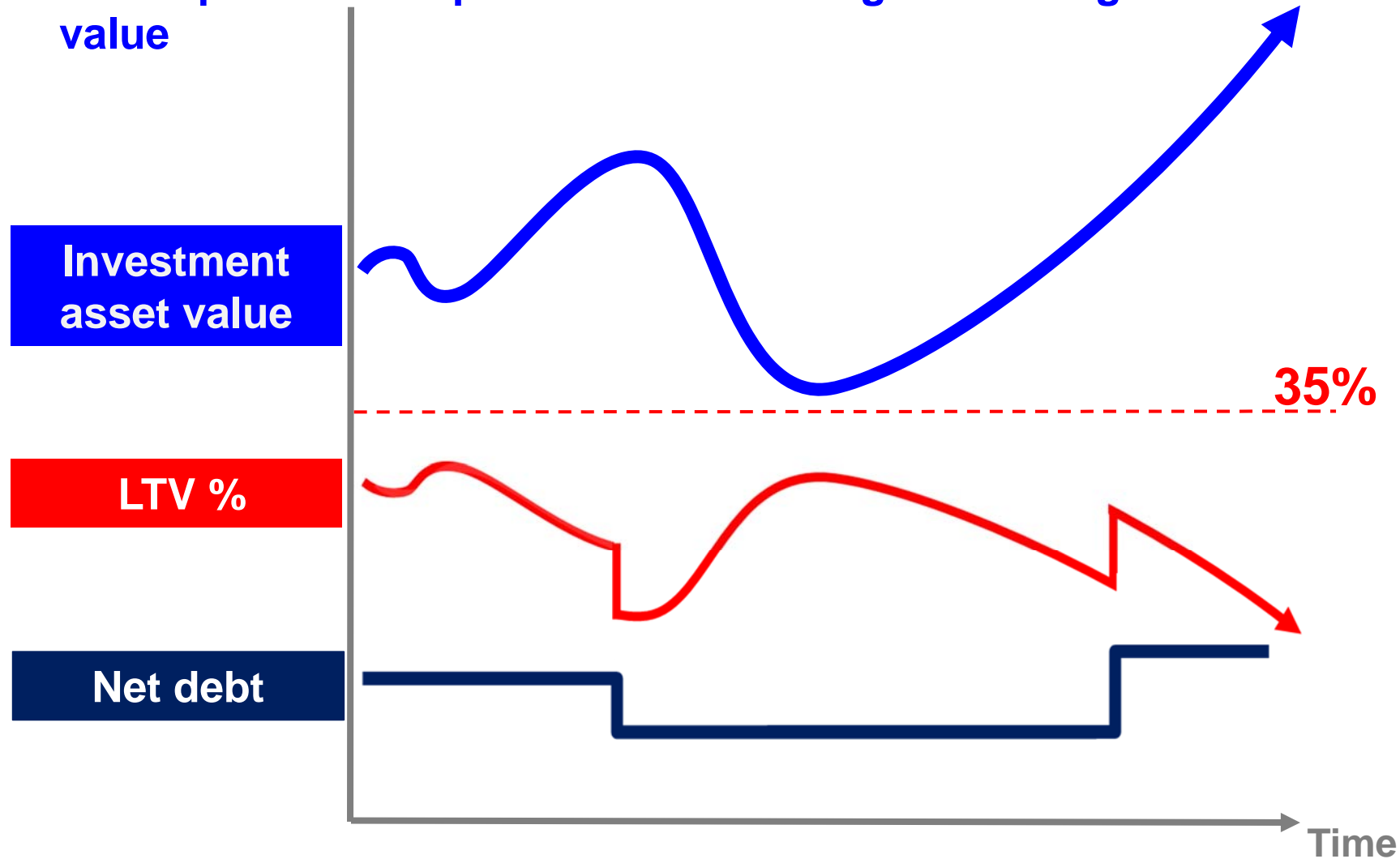
## Relationship with stakeholders

- Increase transparency of investment asset value with enhanced disclosure on SoftBank Vision Fund
- Share the Group's finance strategy after the listing of SoftBank Corp.
- Prioritize credit rating to secure financing optionality

**Consistently maintain various financing options**

# Expected Financial Management (illustrative)

- Seek to maximize enterprise value by maintaining optimal leverage through appropriate LTV management
- LTV expected to improve for mid-to long-term along with investment asset value



# Reference



# Subsidiary Guarantee on SBG Debts

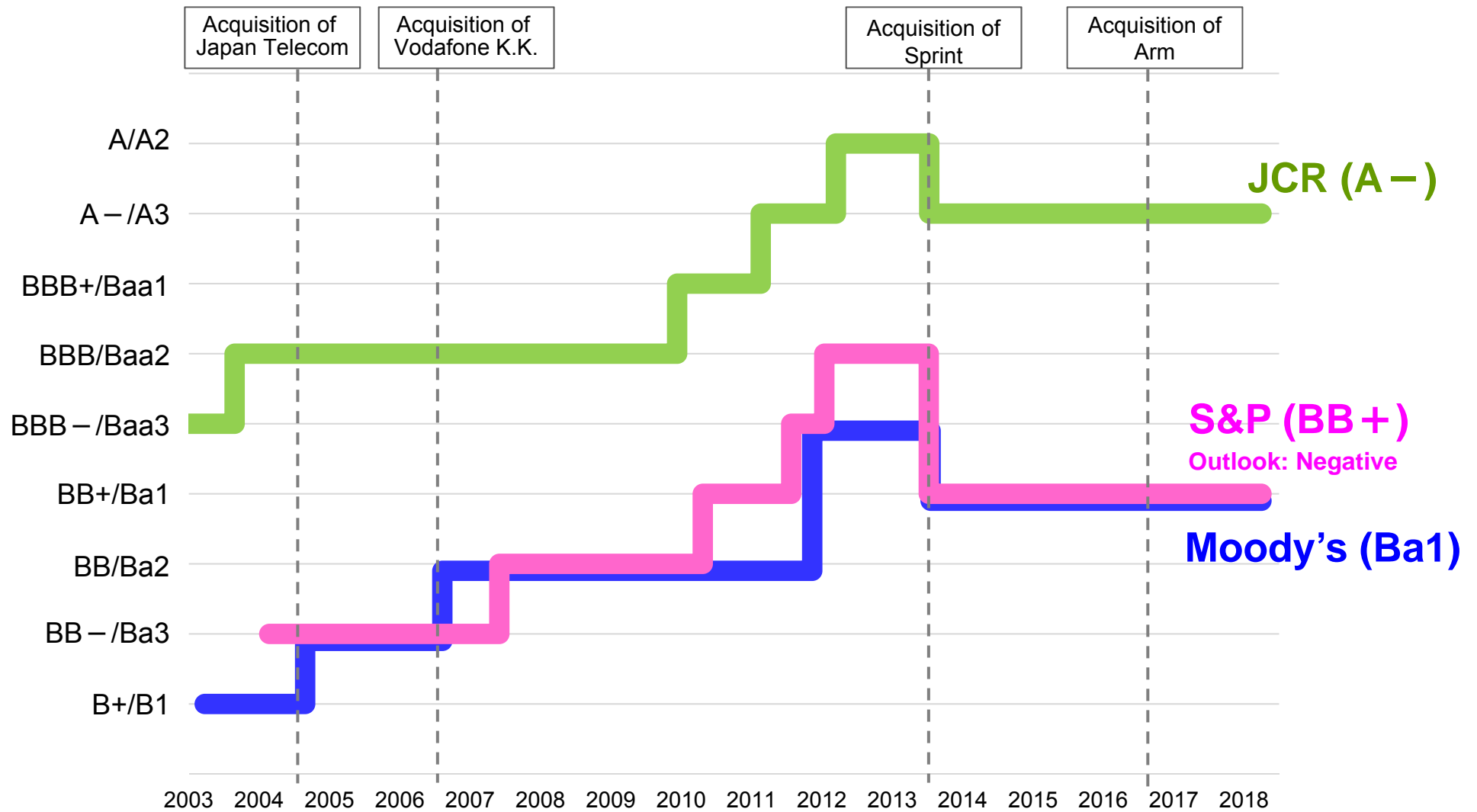
- After the listing of SoftBank Corp. is approved by TSE, guarantee on SBG debts will be released.
- All the senior unsecured debts of SBG will be pari passu after the guarantee release.

	Condition of guarantee release	
<b>Bank loan*</b>	TSE approval of the listing of SoftBank Corp.	<div style="text-align: center;"> <div style="background-color: red; color: white; padding: 5px; margin-bottom: 5px;">Listing approval of TSE</div> <div style="font-size: 10px;">↓</div> <div style="background-color: #1a3d54; color: white; padding: 5px; margin-bottom: 5px;">Guarantee release</div> <div style="font-size: 10px;">↓</div> </div>
<b>Domestic unsecured senior bonds</b>	Guarantee release on bank loans	<div style="text-align: center;"> <div style="background-color: #1a3d54; color: white; padding: 5px; margin-bottom: 5px;">Guarantee release</div> <div style="font-size: 10px;">↓</div> </div>
<b>USD/EUR unsecured senior notes</b>	Guarantee release on all the other SBG debts	<div style="text-align: center;"> <div style="font-size: 20px; color: #1a3d54; margin-bottom: 5px;">⇩</div> <div style="background-color: #1a3d54; color: white; padding: 5px; margin-bottom: 5px;">Guarantee release</div> </div>

\*The loan agreement dated November 2, 2017, a part of which are applicable to the obligations for loans made to repay SBG's obligations pursuant to the loan agreement dated September 13, 2013.

**Domestic senior bonds issued in June (Total JPY 450 bn) is unguaranteed**

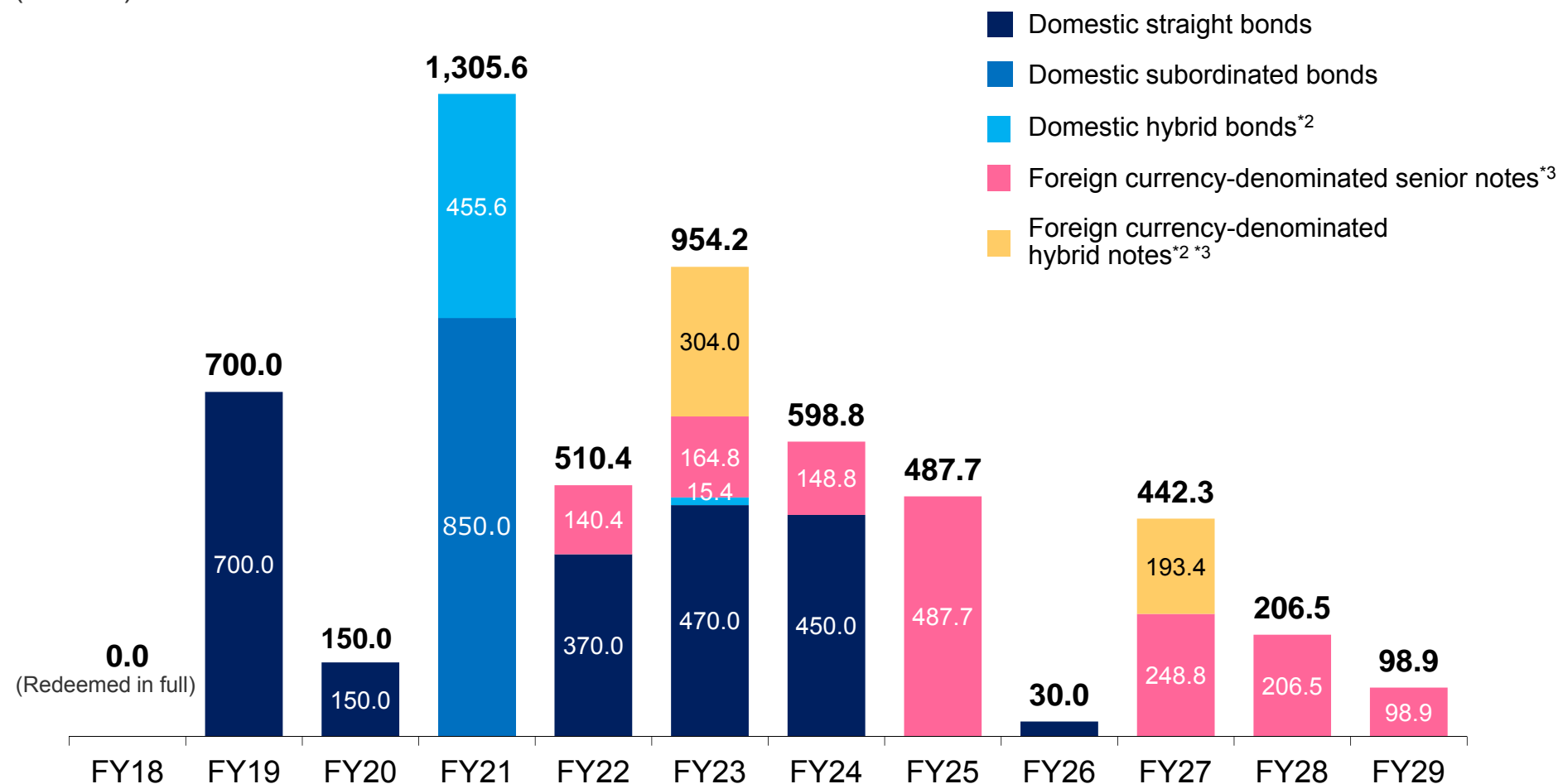
# SBG Credit Rating Trend



\*Calendar year

# SBG Bond Redemption Schedule

(JPY bn)



\*1 Amounts as of June 30, 2018

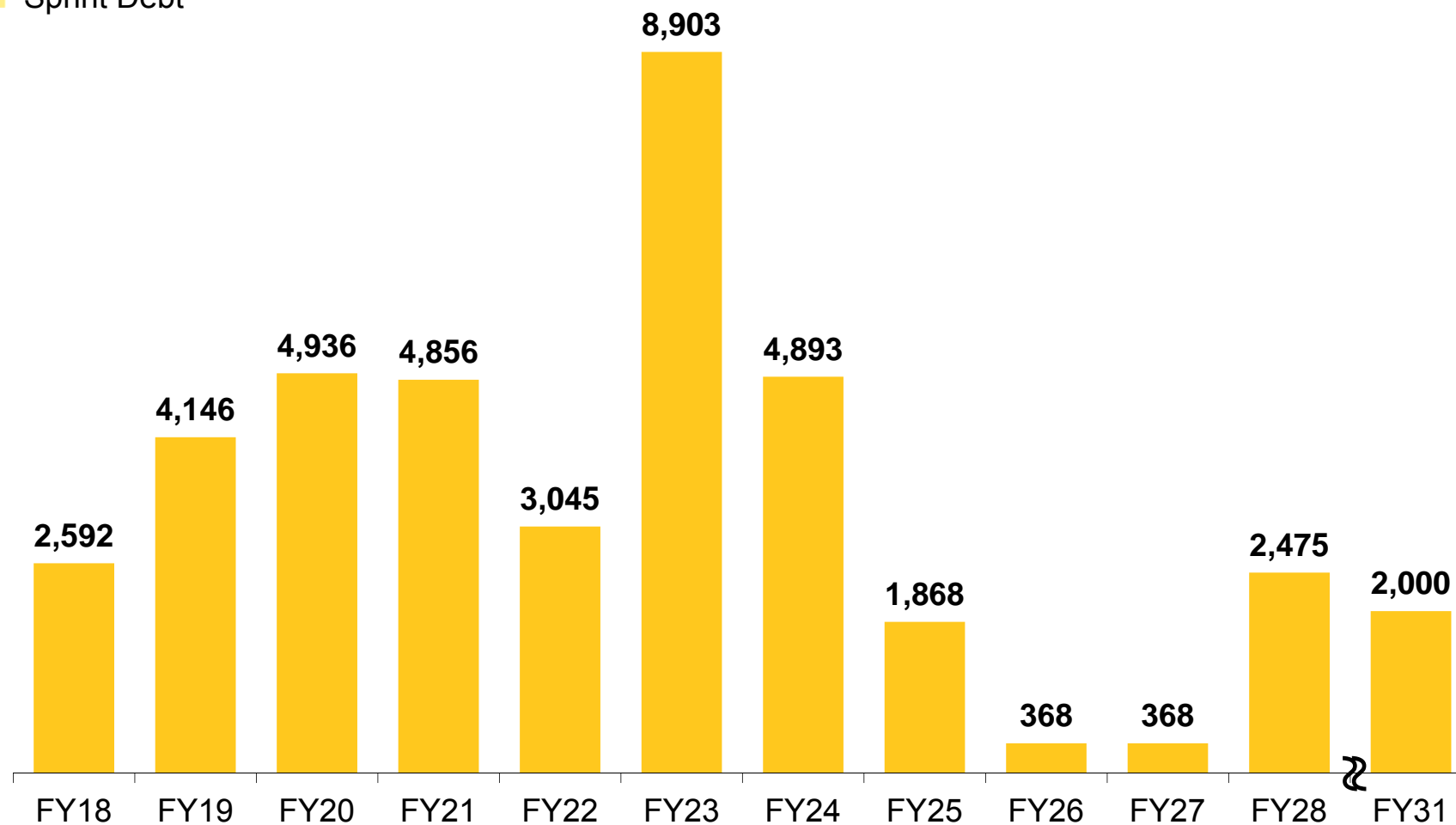
\*2 Prepared on the assumption that hybrid bonds are redeemed on the first call dates.

\*3 The contracted exchange rate is used for where swap contract is applicable. Otherwise, USD 1 = JPY 110.54 (as of June 30, 2018).

# Sprint Debt Maturities

(USD mil)

■ Sprint Debt

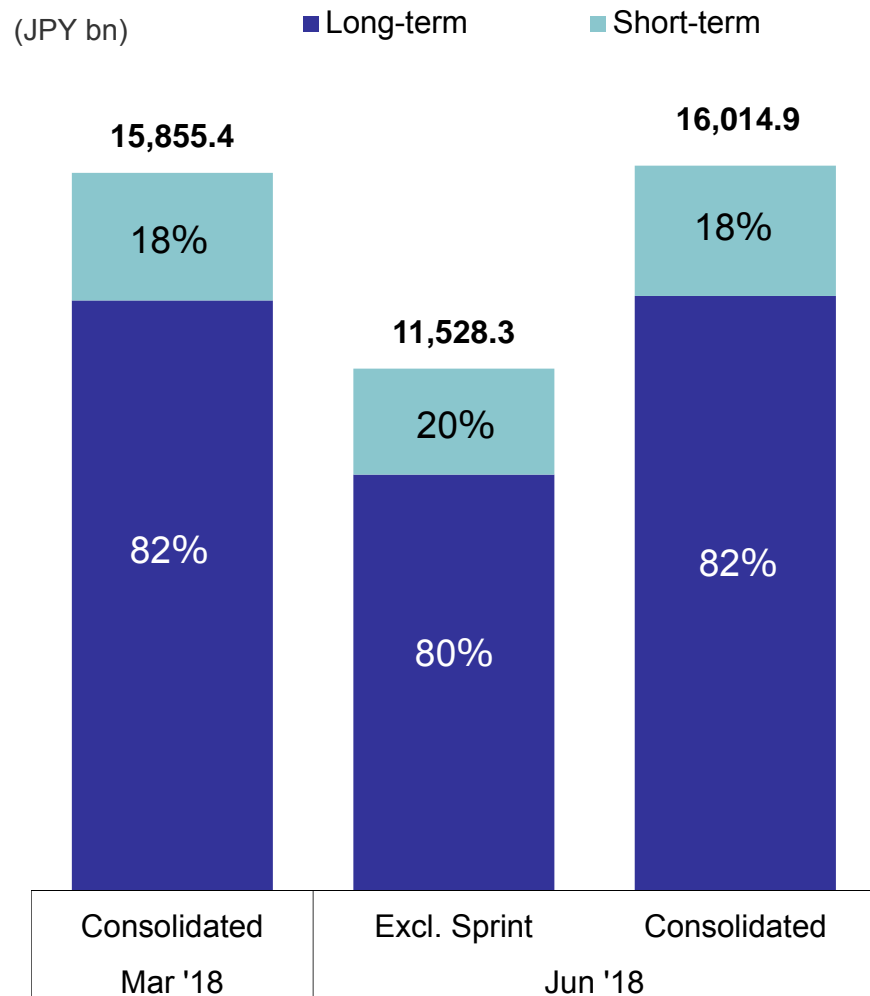


\*1 The balance as of June 30, 2018.

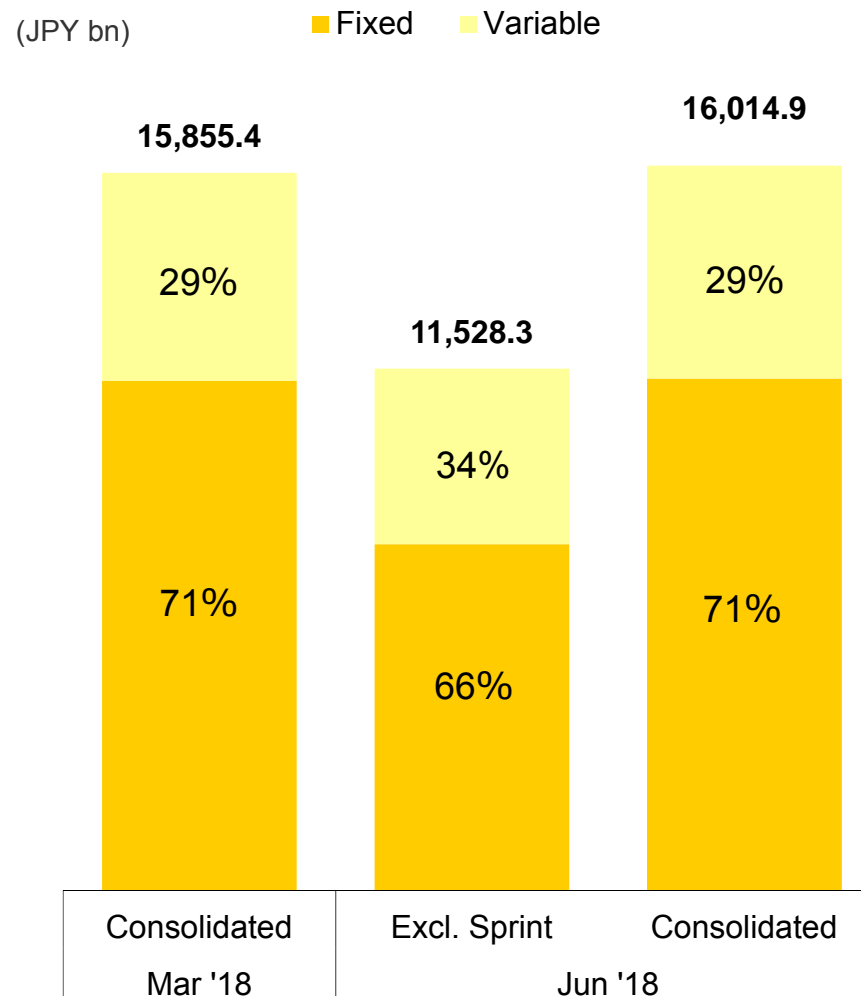
\*2 Created by SBG based on Sprint earning result material

# Interest-bearing Debt: Breakdown by Long/Short and Fixed/Variable

## Interest-bearing debt: Long / short ratio



## Interest-bearing debt: Fixed / variable ratio



\* The presented interest-bearing debt excludes financial liabilities relating to variable repaid forward contract for the sale of Alibaba shares, interest-bearing debt at SoftBank Vision Fund and Delta Fund and deposit for banking business at The Japan Net.

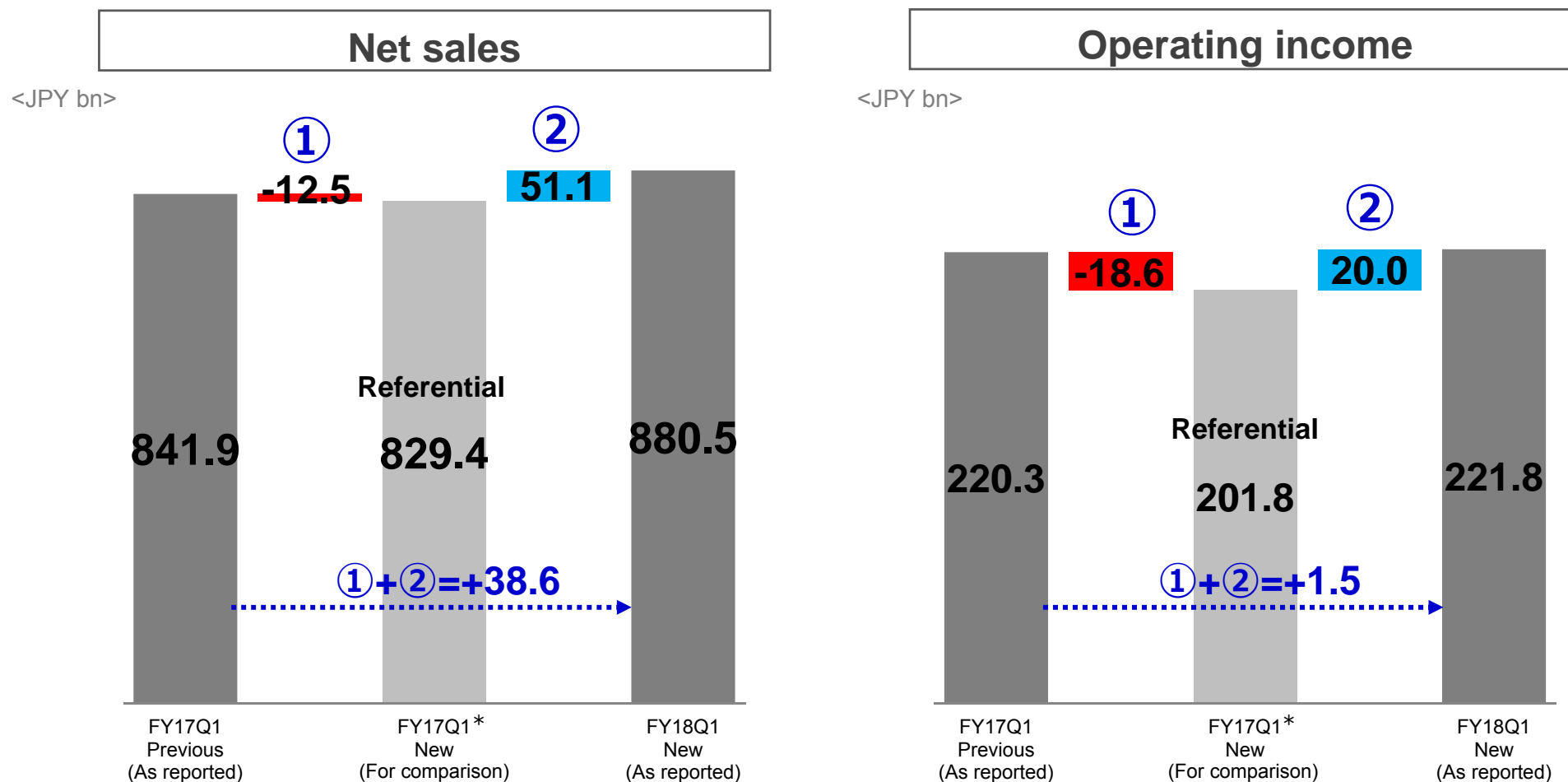
# SoftBank

## Progress on Preparation for Listing SoftBank Corp. Shares



# Basis of YoY Analysis at SoftBank Segment Presentation

- In the following presentation, new standards (IFRS 9 and 15) are adopted since FY18 is hypothetically applied to FY17 for comparison and referential purposes
- YoY analyses in this presentation will be based on ① difference at FY17Q1 due to new accounting standards, and ② difference resulting from business operations



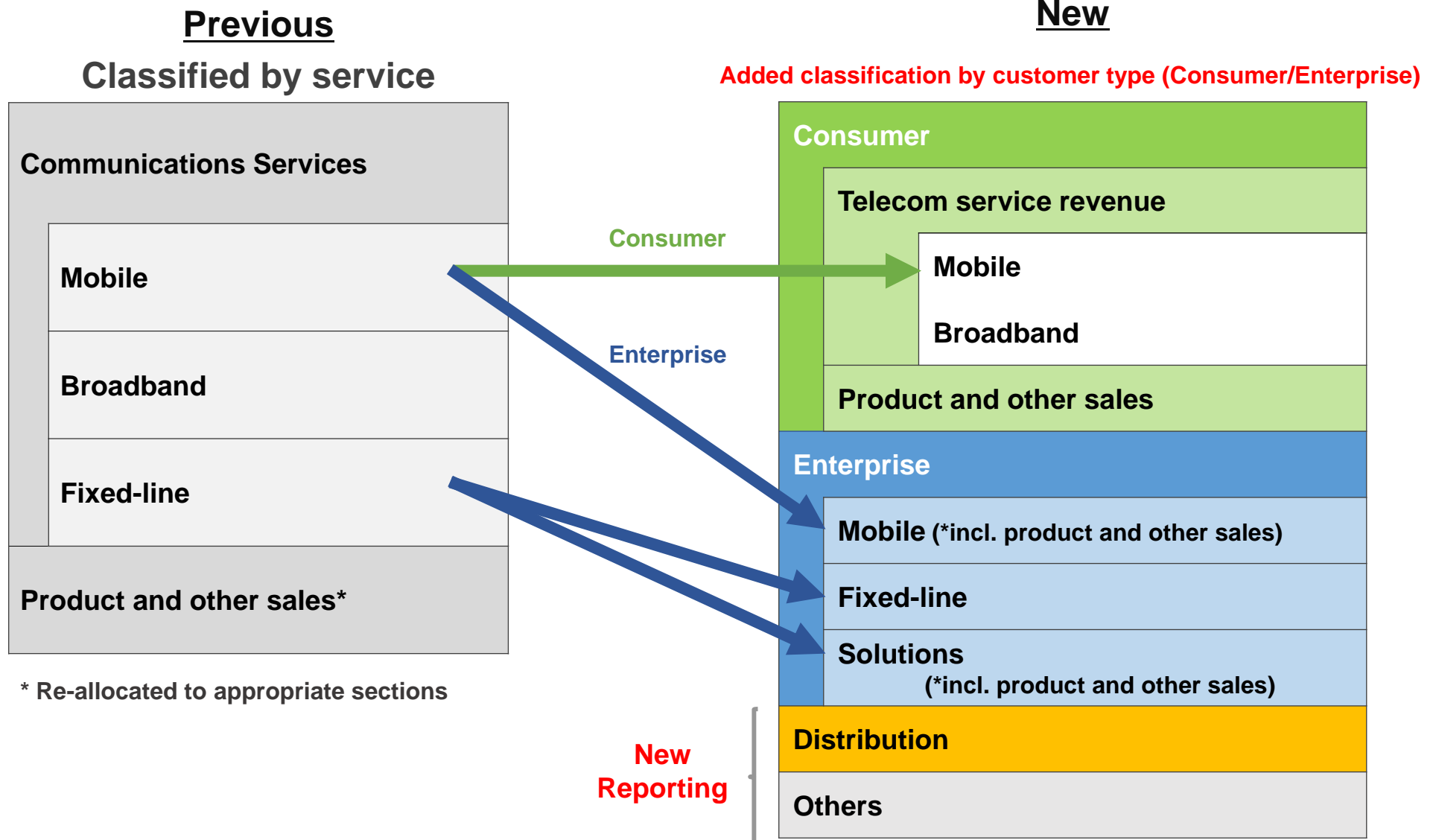
\*The figures for FY17Q1 after application of the new standards are referential information with an adjustment for internal management purpose. The figures are non-audited.

\*\*FY17Q1 results include subsidiaries transferred April 1, 2018.



# Change in Revenue Reporting

- Changed revenue reporting classifications in FY18Q1

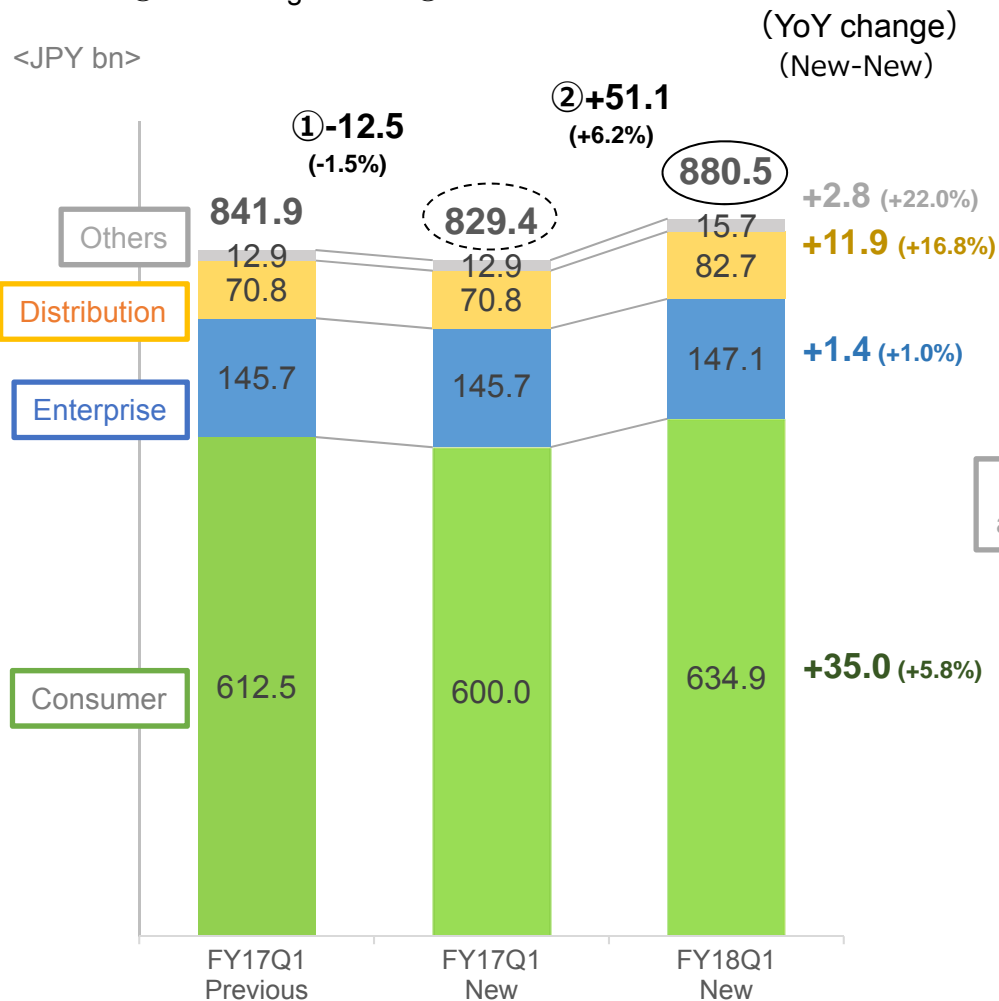


# 1. Net Sales

- FY18Q1 sales was JPY880.5 bn (②: +51.1 bn YoY)
- Strong growth in BB drove Consumer sales, while mobile communications showed steady growth

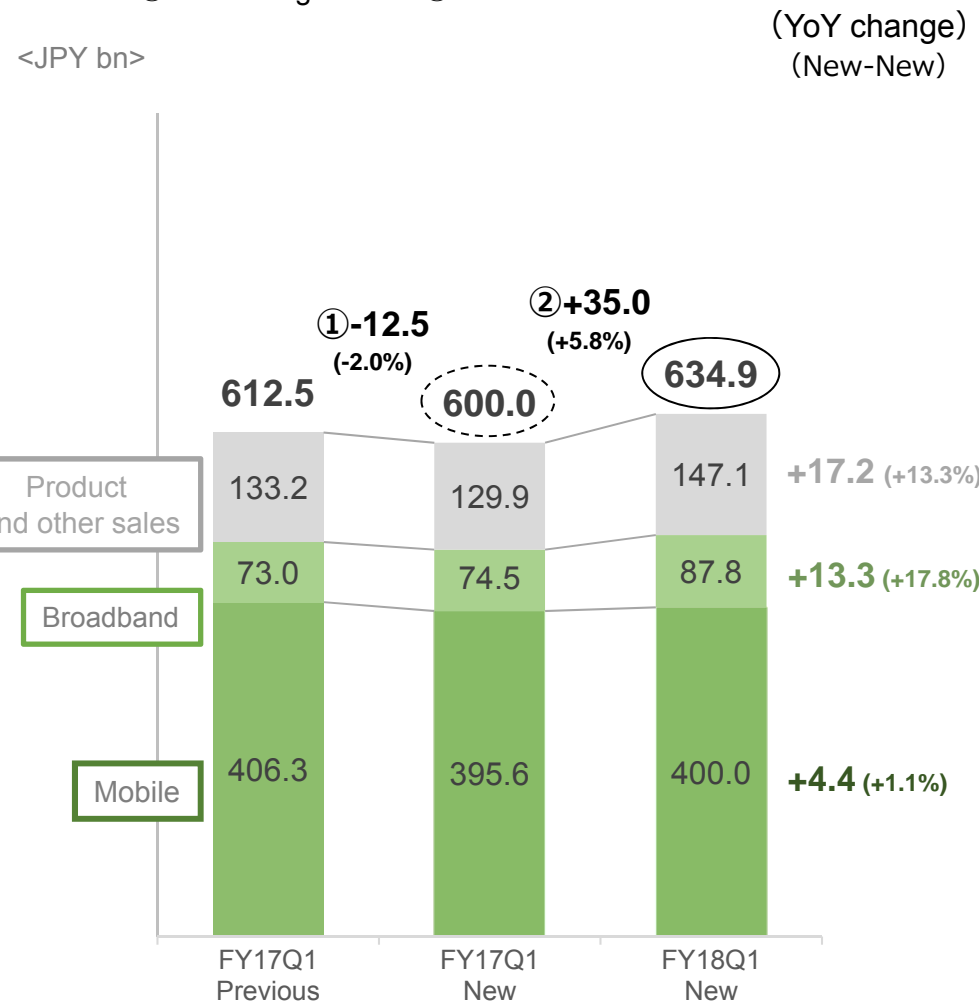
## Breakdown by service

①Accounting factor ②Business factor



## Consumer breakdown

①Accounting factor ②Business factor

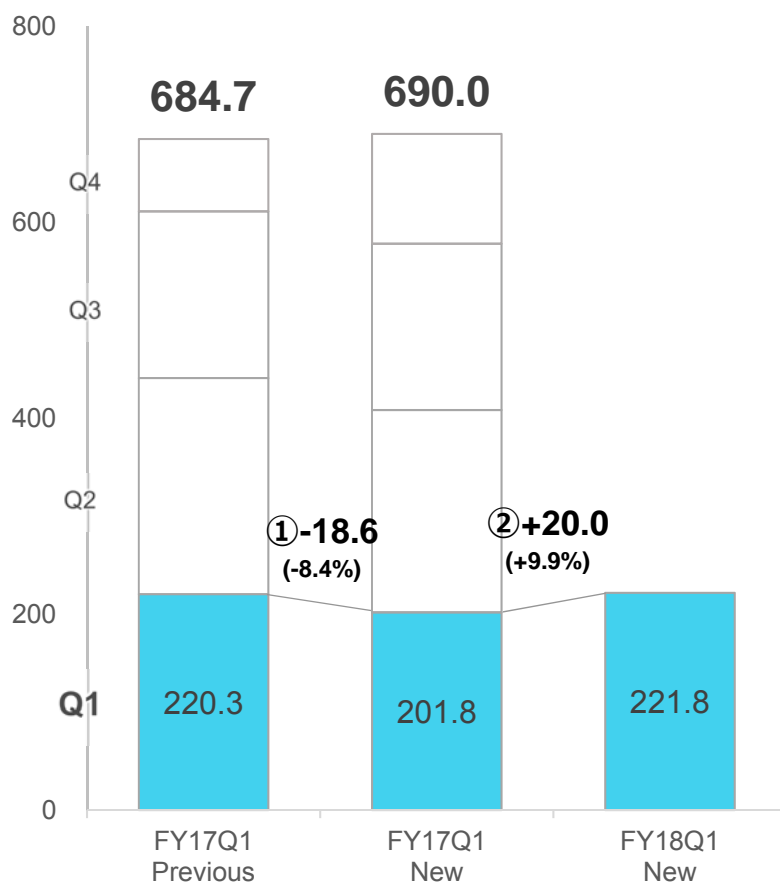


# 2. Operating Income / Adjusted EBITDA

➤ FY18Q1 operating income was JPY 221.8 bn, +20.0 bn (+9.9%) YoY

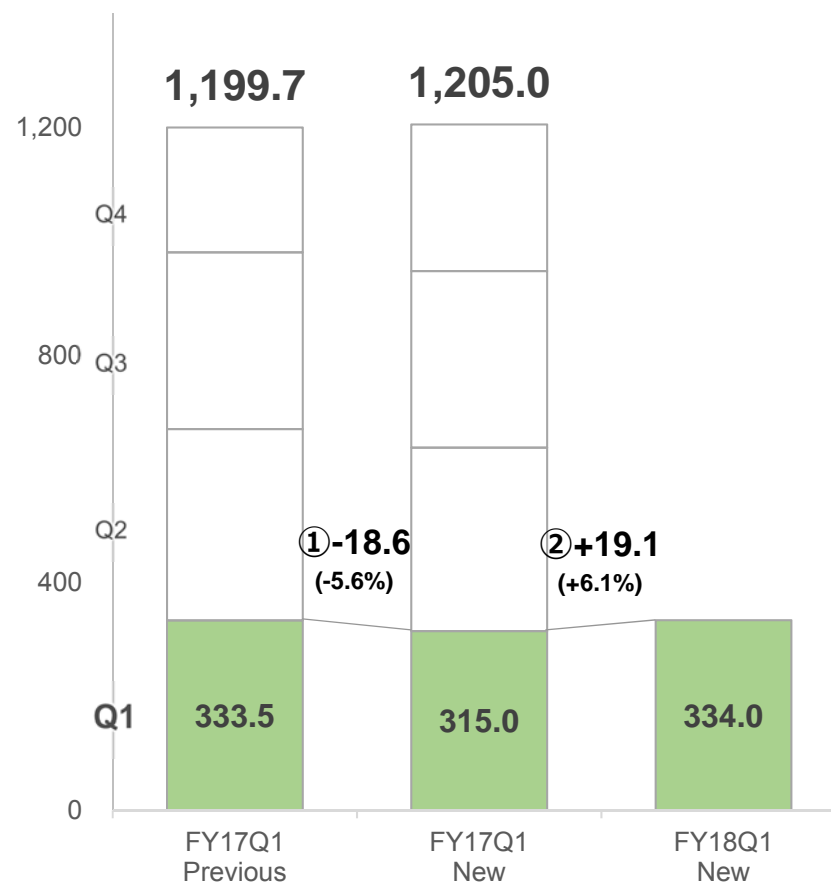
## Operating income / Segment income

①Accounting factor ②Business factor (YoY change)  
<JPY bn>



## Adjusted EBITDA

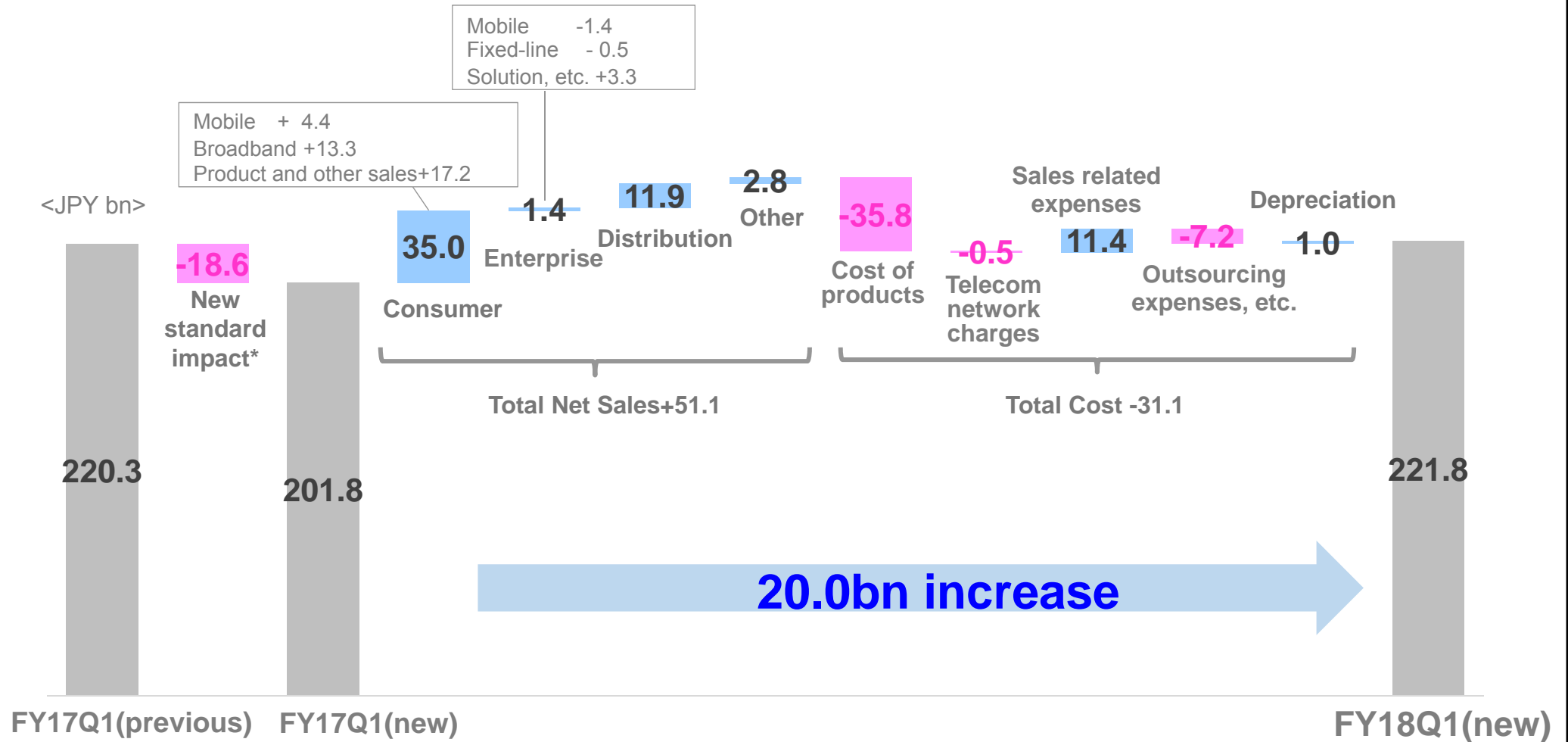
①Accounting factor ②Business factor (YoY change)  
<JPY bn>



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

# 3. Segment Income YoY Analysis

- Topline growth in all business sections
- Successfully reduced cost mainly in Sales related expenses

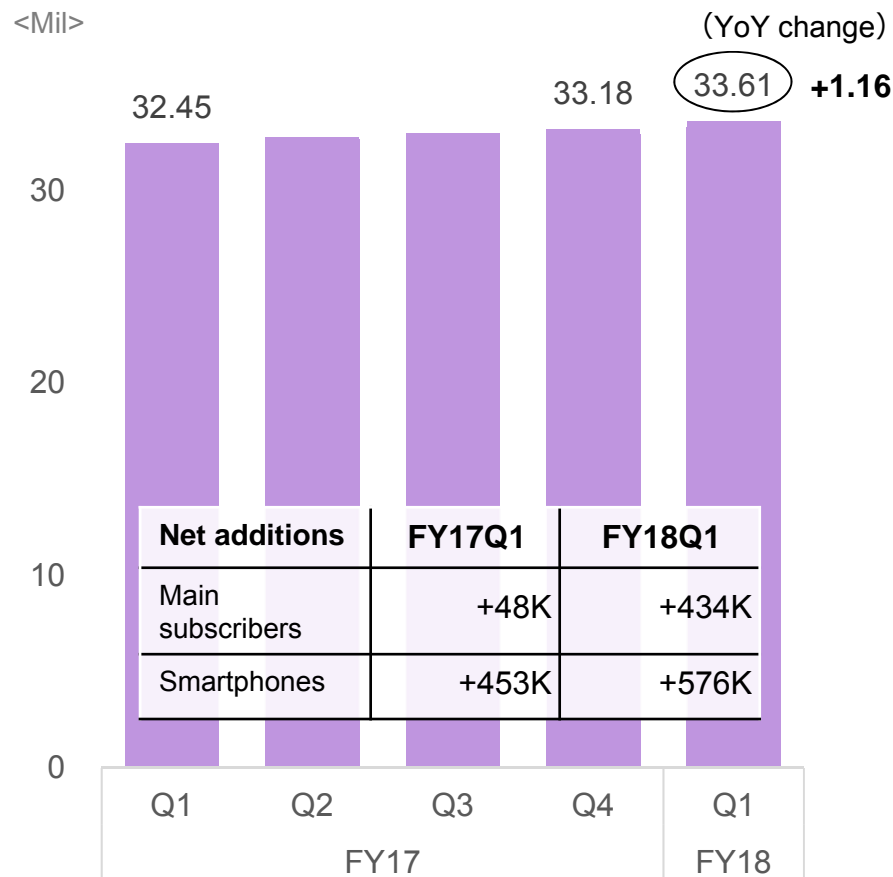


\*Impact on Application of IFRS15 "Revenue from Contracts with Customers"

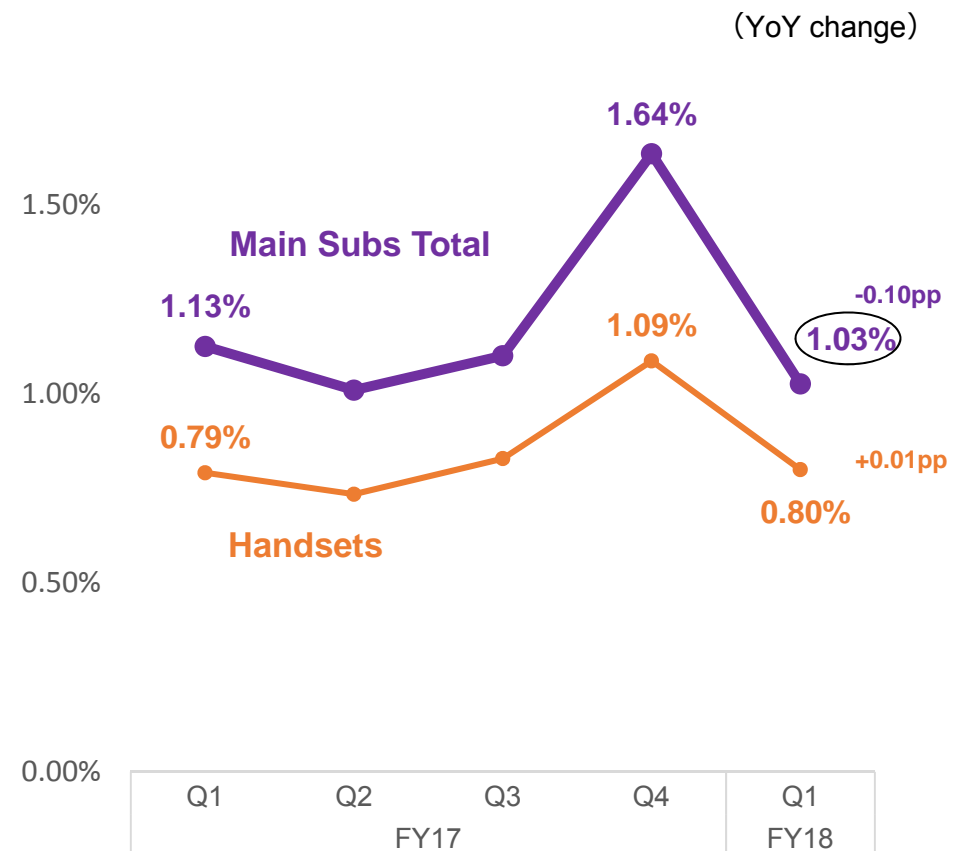
# 4. Mobile Subscribers and Churn Rate (main subscribers)

- Subscribers: main subs increased 434K YoY due to steady growth of smartphone net adds (plus *LINE MOBILE* starting FY18Q1)
- Churn rate: FY18Q1 churn rate improved YoY by 0.10pp for main subs and deteriorated by 0.01pp for handsets

### Cumulative subscribers



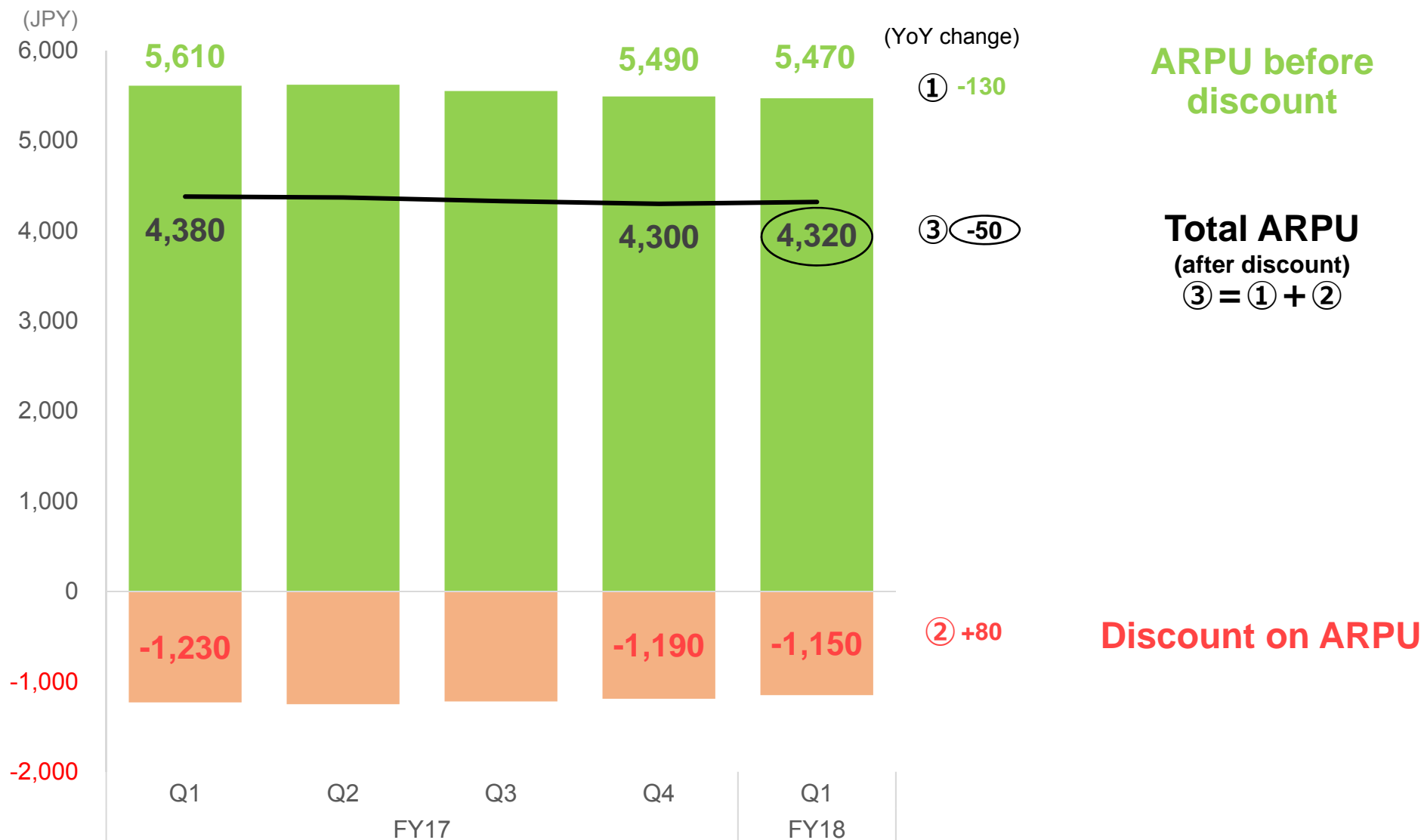
### Churn rate



\* FY18Q1 cumulative subs include 325K *Wireless Home Phone* subscribers. \*\* See page 73 for definitions of main subscribers and churn rate.

# 5. ARPU (main subscribers)

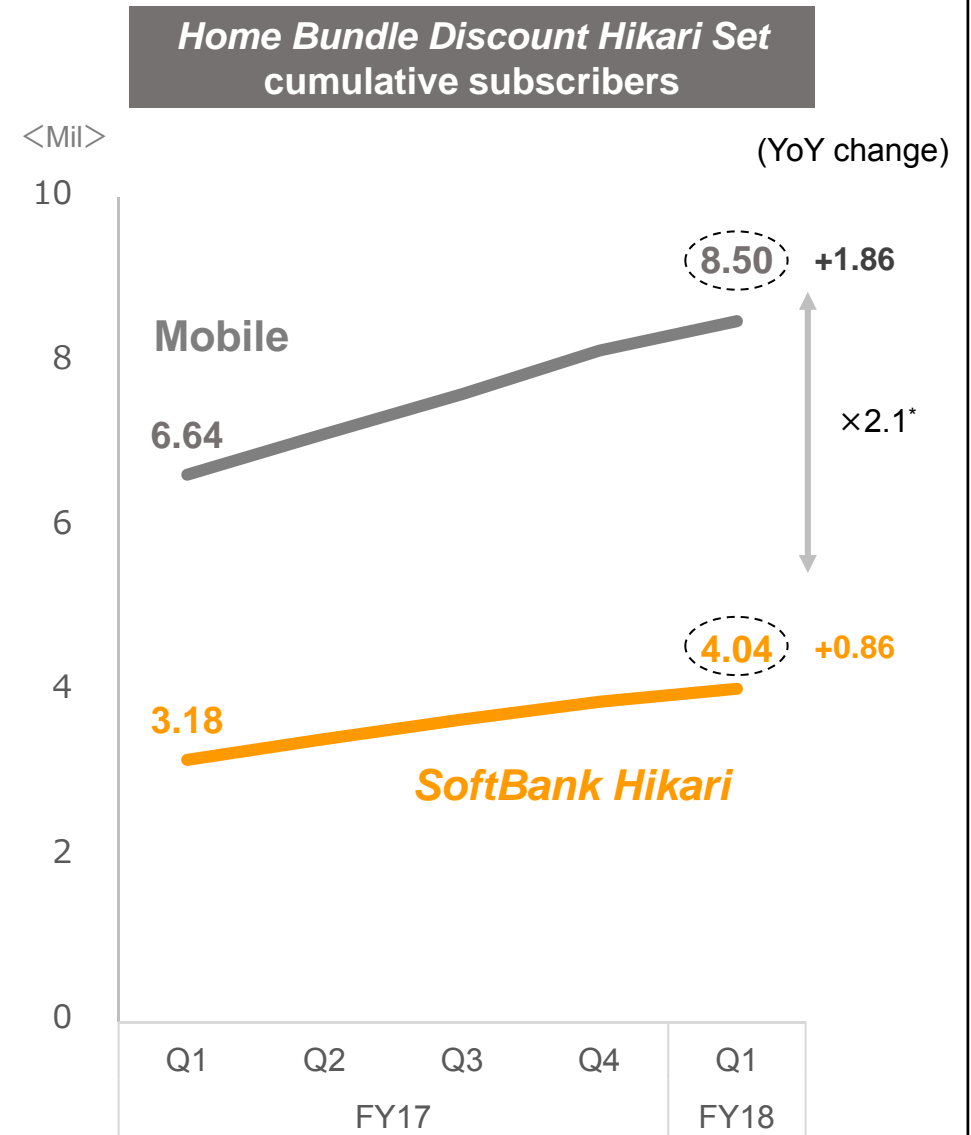
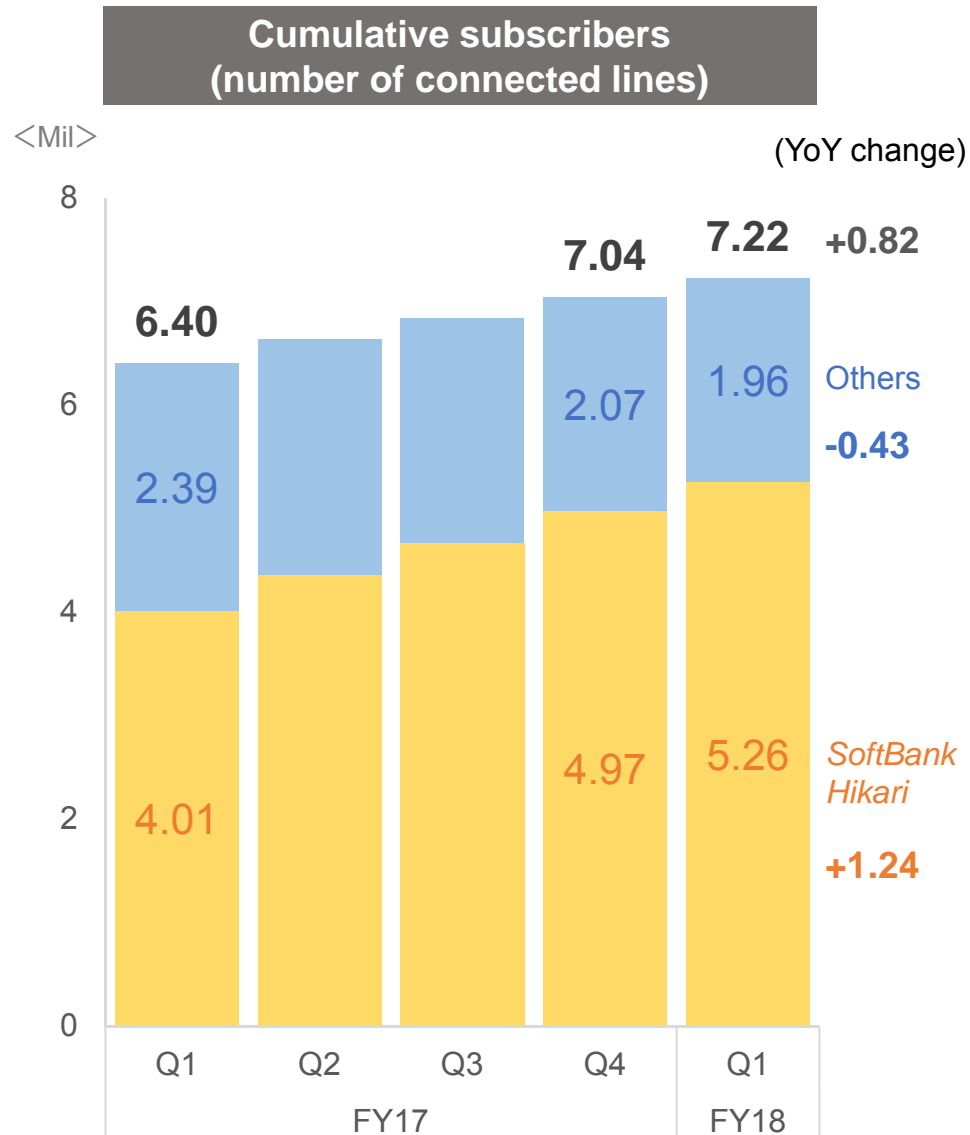
- Q1 total ARPU decreased by JPY 50 YoY: Dilutive impact of *Y!mobile* and *LINE MOBILE* smartphones drove down ARPU
- Discount on ARPU improved due to decrease of monthly discounts



\*Revenue deductions relating to points and *Half Price Support* are not included in calculation of ARPU. \*\*Includes IFRS15 impact.

# 6. Developments in Broadband

- 5.26mil *SoftBank Hikari* subs at FY18Q1-end; steady growth of new acquisitions
- 8.50mil subs to *Home Bundle Discount Hikari Set*



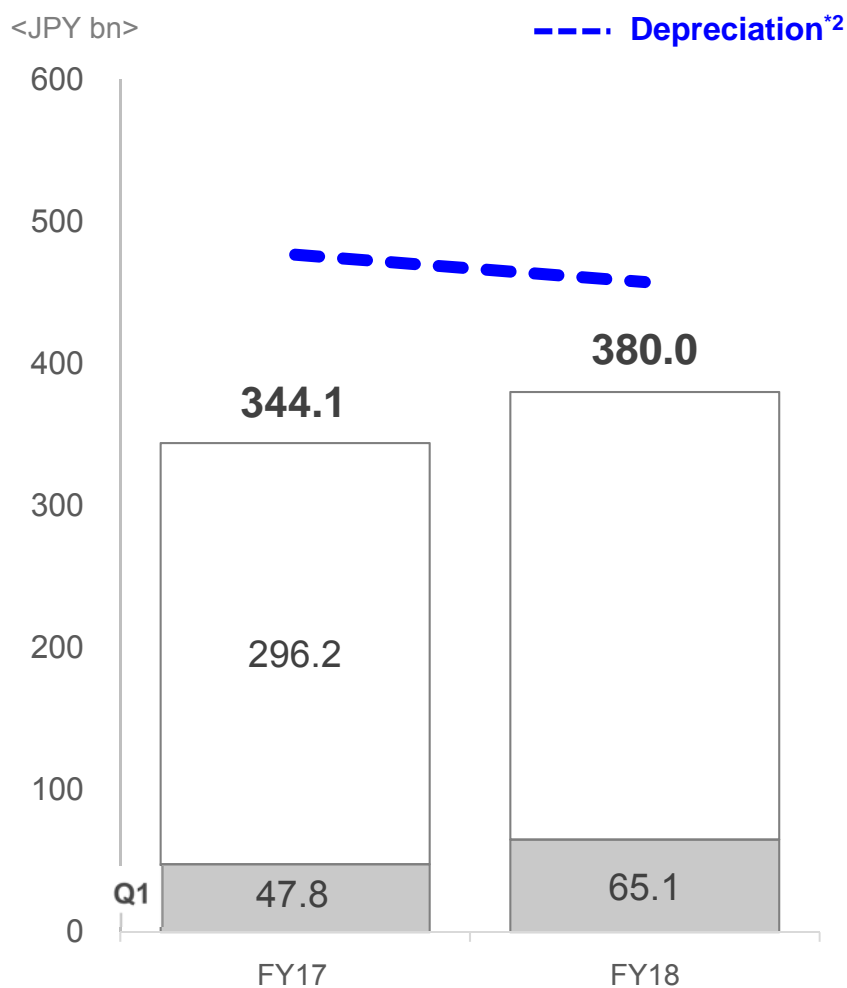
\*SoftBank Hikari includes SoftBank Air

\* Mobile lines under bundled discount per *SoftBank Hikari* line **63**

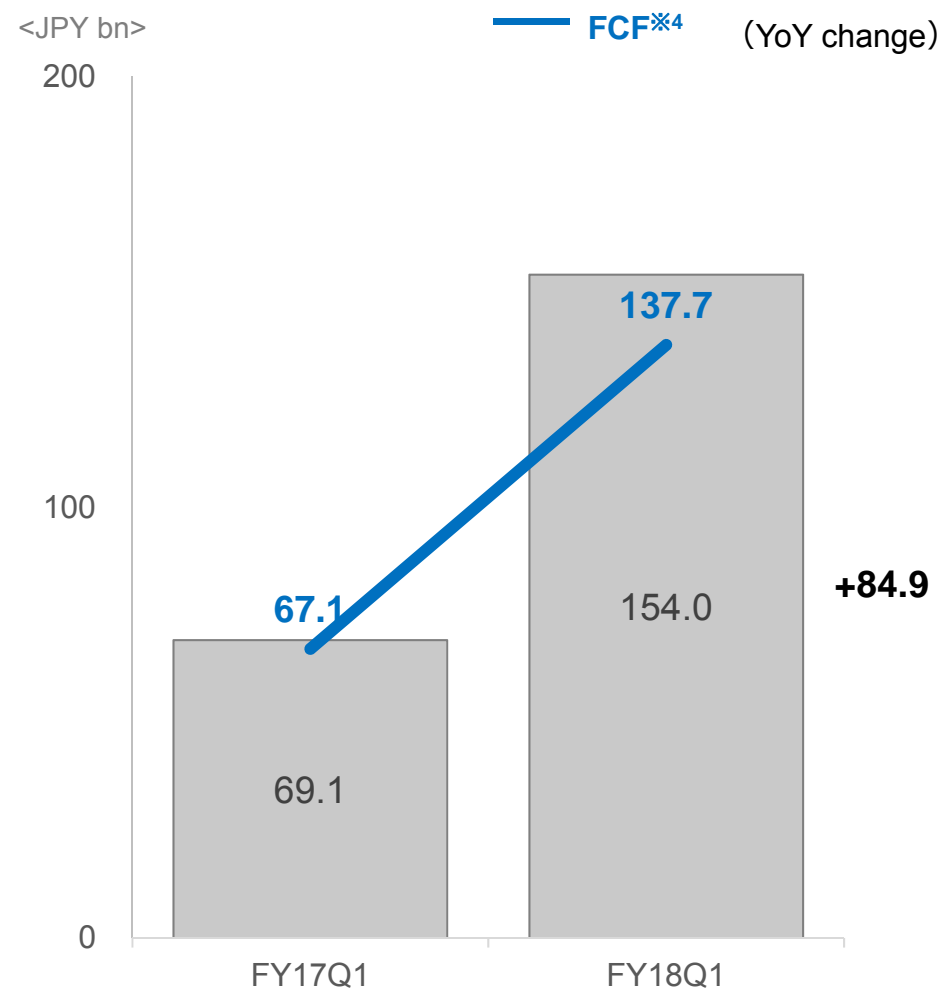
# 7. Capex / Adjusted Free Cash Flow

- Focusing on expansion of LTE service area and improvement of network quality, FY18Q1 capex was JPY 65.1 bn
- Adjusted FCF steadily heading for goal of JPY 500 bn for FY18 (excluding impact from purchase of YJ shares)

**Capex\*1**



**Adjusted free cash flow\*3\*4**



\*1 Capex: Acceptance basis. Excludes capex of rental handsets.  
 \*2 Depreciation: Includes disposal. Excludes depreciation of rental handsets.

\*3 Adj. FCF = FCF + proceeds from securitization of installment receivables - their repayment  
 \*4 Excludes intercompany transactions between SBG and SoftBank Corp.



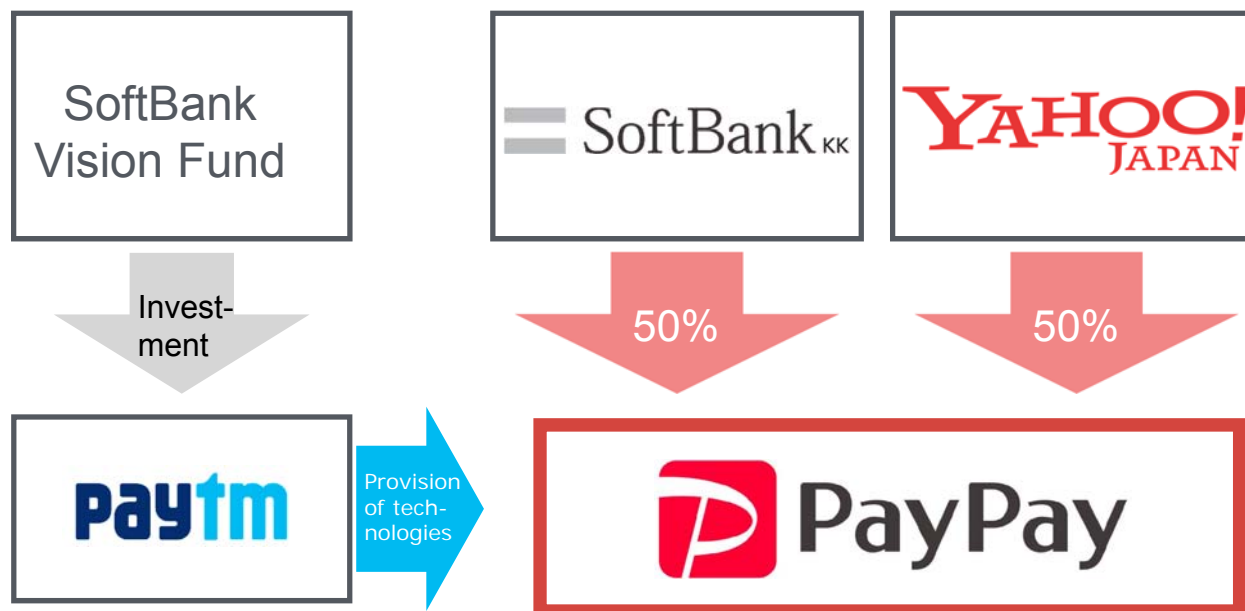
# 8. Further Growth Opportunities



## Deploy potential cutting-edge business models in Japan

\*Certain "SoftBankVision Fund" investments described herein are subject to pending regulatory approvals. The future operating plans described above are based on the beliefs of SoftBank Corp. at this time and nothing contained herein should be relied upon as a promise or representation as to future operating plans of SVF and its portfolio companies and/or SoftBank Corp. All such operating plans are subject to the requirements and limitations of the relevant offering documents and/or governing agreements, including all notice and consent requirements, as applicable. Accordingly, there can be no assurance that the operating plans and models described herein will be implemented and actual results may be significantly different. Nothing presented herein should be construed as a recommendation of any investment or security. There is no guarantee that any joint venture will be consummated on the terms expressed herein or at all, or that the joint venture will be successful.

# 9. Establishment of JV with Yahoo

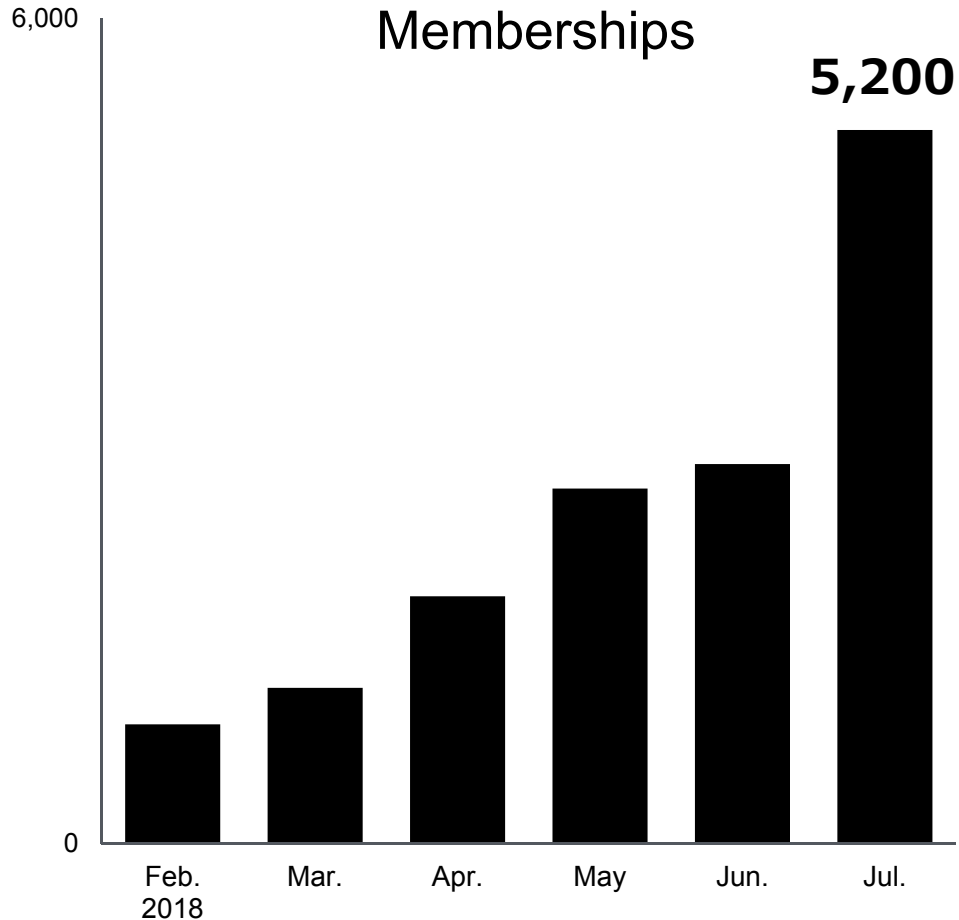


## Collaboration to provide smartphone payment service

\*PayPay is an equity method associate of SoftBank Corp. and Yahoo Japan Corp., and also a consolidated subsidiary of SoftBank Group Corp.

\*\*The information presented herein is for illustrative purposes only and should not be construed as a recommendation of any investment or security. There is no guarantee that any joint venture will be consummated on the terms expressed herein or at all, or that the joint venture will be successful.

# 10. WeWork Japan



(Source) WeWork Japan

(Photo credits) WeWork

## Accelerate business in Japan

\*Past performance is not indicative of future results. There can be no assurances that historical trends will continue throughout the life of the Fund.

Nothing herein should be construed as a recommendation of any investment or security.

\*\*Figures are as of the last month of the quarter, on a beginning-of-month basis

# 11. Establishment of JV with DiDi



**Launch trial operations in autumn**

\* Investments in DiDi are held by SB Delta Fund (Jersey) L.P. and other subsidiaries of SoftBank Group Corp. outside SoftBank Vision Fund.

\*\* This page is based on the press release announced on July 19, 2018.

\*\*\* Nothing herein should be construed as a recommendation of any investment or security.

# 12. Expansion of New Business Areas

For DiDi logo: \*DiDi Mobility Japan Corp.  
For WeWork logo: \*WeWork Japan GK

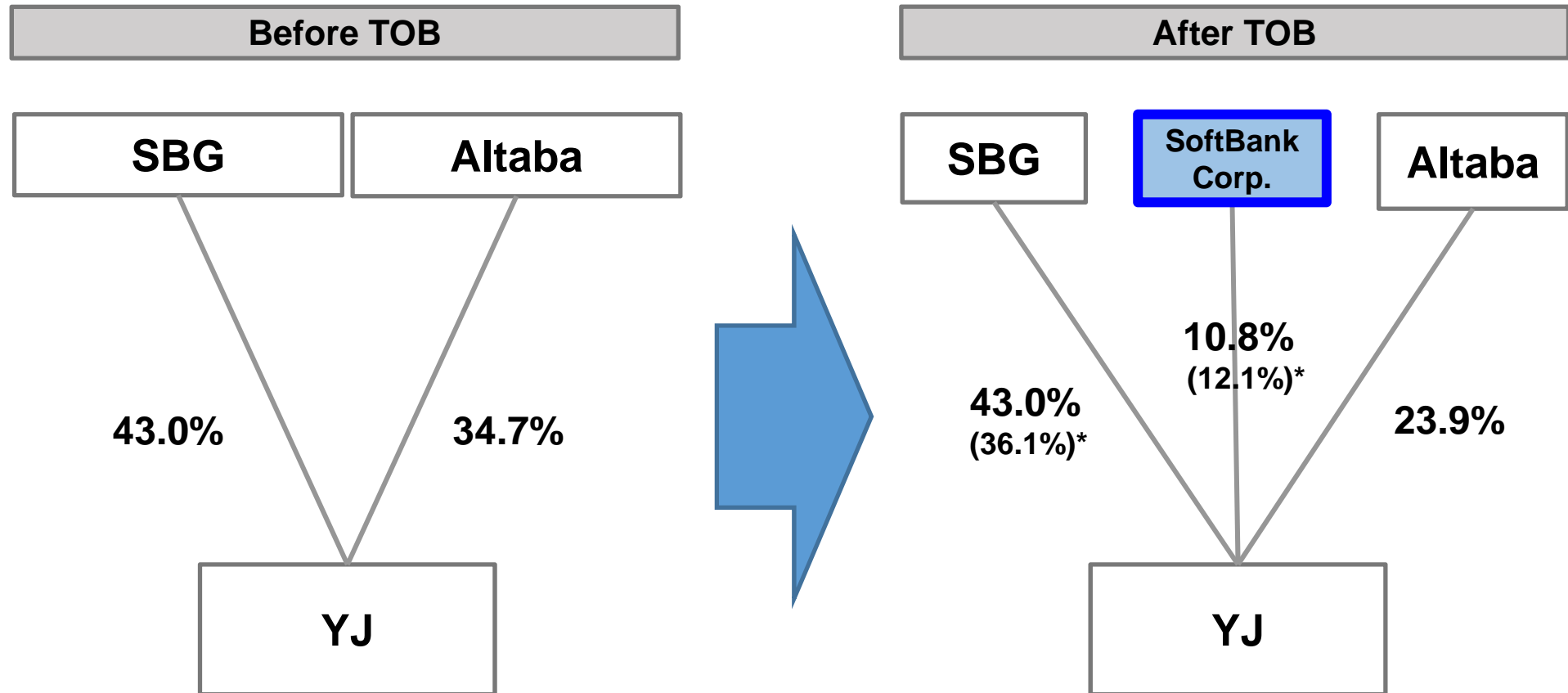
FinTech	Robotics	Sharing economy	Security
PayPay (JV) J.Score (JV) One Tap BUY (Subsidiary) <small>(smartphone-based securities trading market)</small> TBCASoft (Investment) <small>(blockchain)</small>	SoftBank Robotics (Collaboration) Boston Dynamics (Collaboration) brain corp (Collaboration)	DiDi (JV) wework (JV)	cybereason (JV) ZIMPERIUM (Investment) Dome9 (Investment)
AI	IoT	Cloud	Others
(IBM Watson) (Collaboration) FINDABILITY SCIENCES (JV)	aeris (JV) handy Japan (Investment)	SB Cloud (JV) packet (Investment)	SB Drive (Subsidiary) mysta (JV)

## Developing in Japanese market

\*Certain joint ventures and collaborations of SoftBank Corp., Vision Fund and SoftBank Group Corp. portfolio companies and investments identified herein are provided solely for illustrative purposes and does not purport to be a complete listing of all such collaborations or joint ventures. SoftBank Group Corp., SoftBank Corp. and the Vision Fund each have different strategies and objectives with respect to their investments and portfolio company operations. There is no guarantee that any joint venture will be consummated on the terms expressed herein or at all, or that the joint venture will be successful. References to such portfolio companies and investments should not be a recommendation of any particular investment.

# 13. Tender offer by SoftBank Corp. for YJ shares

- Strengthening the alliance between SoftBank Corp. and YJ
- Increased managerial freedom for YJ by dissolving JVA between SBG and Altaba



\*SoftBank Corp.'s expected shareholding after YJ's self-TOB and disposal of treasury shares

# 14. FY2018 Forecast

**1 Increase in revenue / profit<sup>\*1</sup>**

**2 Generate stable FCF (JPY 500bn)<sup>\*2</sup>**

Excl. impact of YJ shares acquisition

**3 Promote “Beyond Carrier” strategy & enhance collaboration with SVF**

**4 Preparation for IPO**

\*1 Comparison based on new standards (IFRS 9 and 15).

Number after application of the new standards for FY17 SoftBank Segment is referential information with an adjustment for internal management purpose, and it is non-audited.

\*2 Adjusted FCF.

**(For reference) Net Sales**

(JPY bn)

	FY17Q1 (Previous)	Reference FY17Q1 (New)	FY18Q1 (New)	YoY (New)
<b>Consumer</b>	612.5	<b>600.0</b>	<b>634.9</b>	<b>35.0</b>
<b>Telecom service revenue</b>	479.3	<b>470.1</b>	<b>487.8</b>	<b>17.7</b>
<b>Mobile</b>	406.3	<b>395.6</b>	<b>400.0</b>	<b>4.4</b>
<b>Broadband</b>	73.0	<b>74.5</b>	<b>87.8</b>	<b>13.3</b>
<b>Product and other sales</b>	133.2	<b>129.9</b>	<b>147.1</b>	<b>17.2</b>
<b>Enterprise</b>	145.7	<b>145.7</b>	<b>147.1</b>	<b>1.4</b>
<b>Mobile</b>	65.6	<b>65.6</b>	<b>64.2</b>	<b>-1.4</b>
<b>Fixed-line</b>	52.8	<b>52.8</b>	<b>52.2</b>	<b>-0.5</b>
<b>Solutions, etc.</b>	27.4	<b>27.4</b>	<b>30.7</b>	<b>3.3</b>
<b>Distribution</b>	70.8	<b>70.8</b>	<b>82.7</b>	<b>11.9</b>
<b>Others</b>	12.9	<b>12.9</b>	<b>15.7</b>	<b>2.8</b>
<b>Total</b>	841.9	<b>829.4</b>	<b>880.5</b>	<b>51.1</b>



## Definition and Calculation Method of Principal Operational Data

### i. Mobile

All data on mobile communications service includes *SoftBank*, *Y!mobile* and *LINE MOBILE* brands.

**Each category includes the services as follows.**

**Main subscribers:** smartphones, feature phones, tablets, mobile data communications devices, *Wireless Home Phone* and others

\* Smartphones to which the *Smartphone Family Discount* are applied and mobile data communications devices to which the *Data Card 2-Year Special Discount* are applied are included under communication modules.

**Communication modules:** communication modules, *Mimamori Phone*, prepaid mobile phones and others

**PHS :** PHS

#### **Principal Operational Data for Main Subscribers**

**ARPU:** Average Revenue Per User per month

Total ARPU = (data-related revenue + basic monthly charge and voice-related revenues + device warrantee services + content-related revenues + advertising revenue, etc.) / number of active subscribers (rounded to the nearest JPY 10)

\*Data-related revenues = data-related revenue (packet communication and flat-rate charges, basic monthly Internet connection charges etc.

\*Revenues from incoming calls = interconnection charges received from other operators for voice calls from their customers on their network to *SoftBank*, *Y!mobile* and *LINE MOBILE* phones as a charge for the services provided in the SoftBank Corp. service area

**Discount on ARPU** = monthly discount + broadband service bundle discount (including *Home Bundle Discount Hikari Set*, *Fiber-optic Discount*)

**Number of active subscribers:** the total of the monthly numbers of active subscribers for the relevant period ((subscribers at the beginning of the month + subscribers at the end of the month) / 2)

**Churn rate:** average monthly churn rate

Churn rate = number of churn / number of active subscribers for the relevant period (rounded to the nearest 0.01%)

Number of churn excludes the number of subscribers who switch between *SoftBank*, *Y!mobile*, and *LINE MOBILE* using Mobile Number Portability (MNP).

\*Phone churn rate: churn rate for smartphones and feature phones within main subscribers, including voice SIM subscriptions

**Units sold:** the total number of new subscriptions and device upgrades. New subscriptions where customers switch between *SoftBank*, *Y!mobile* and *LINE MOBILE* using MNP are included in the number of device upgrades.

\*ARPU, churn rate and number of units sold are calculated and presented excluding revenues or subscribers to the *Wireless Home Phone*.

**Home Bundle Discount Hikari Set:** a discount on the communication charges of mobile communications services to customers subscribing to bundled packages combining mobile communications services

\* Cumulative applications for the *Home Bundle Discount Hikari Set*: includes subscribers for *Fiber-optic Discount* applied to the *Y!mobile* brand mobile communications services. Includes that of fiber-optic lines as long as the discount is applied to the associated mobile communications services, even if physical connection of the fiber optic line is not complete at the central office of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (“NTT East”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (“NTT West”).

### ii. Broadband

#### **Subscribers:**

*SoftBank Hikari* subscribers: number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete. Includes the number of subscribers to *SoftBank Air*.

*Yahoo! BB hikari with FLET'S* subscribers: number of users of *Yahoo! BB hikari with FLET'S* for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and who are provided with services

*Yahoo! BB ADSL* subscribers: number of users of *Yahoo! BB ADSL* for which physical connection of an ADSL line at the central office of NTT East or NTT West is complete

# Sprint



**Q1**  
FY 2018

**RESULTS**

SoftBank Investor Briefing

August 8<sup>th</sup>, 2018

# Cautionary Statement

## SAFE HARBOR

This release includes “forward-looking statements” within the meaning of the securities laws. The words “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan”, “outlook,” “providing guidance,” and similar expressions are intended to identify information that is not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to our network, cost reductions, connections growth, and liquidity; and statements expressing general views about future operating results — are forward-looking statements. Forward-looking statements are estimates and projections reflecting management’s judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, the development and deployment of new technologies and services; efficiencies and cost savings of new technologies and services; customer and network usage; connection growth and retention; service, speed, coverage and quality; availability of devices; availability of various financings, including any leasing transactions; the timing of various events and the economic environment. Sprint believes these forward-looking statements are reasonable; however, you should not place undue reliance on forward-looking statements, which are based on current expectations and speak only as of the date when made. Sprint undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our company's historical experience and our present expectations or projections. Factors that might cause such differences include, but are not limited to, those discussed in Sprint Corporation’s Annual Report on Form 10-K for the fiscal year ended March 31, 2018. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

# FY1Q 2018 Highlights

## Wireless Service Revenue<sup>[1]</sup>

**GREW**

sequentially for the first time in more than four years



[1] excluding the impact of the new revenue recognition standard

## Adjusted EBITDA



**HIGHEST**

in more than eleven years

## Net Income



delivered for the 3rd consecutive quarter

## Operating Income



delivered for the 10th consecutive quarter

## Adjusted Free Cash Flow



**POSITIVE**

five of the last six quarters

## Retail Phone Net Additions

**6**

consecutive quarters of net additions



## Network **MOST IMPROVED**<sup>[2]</sup>

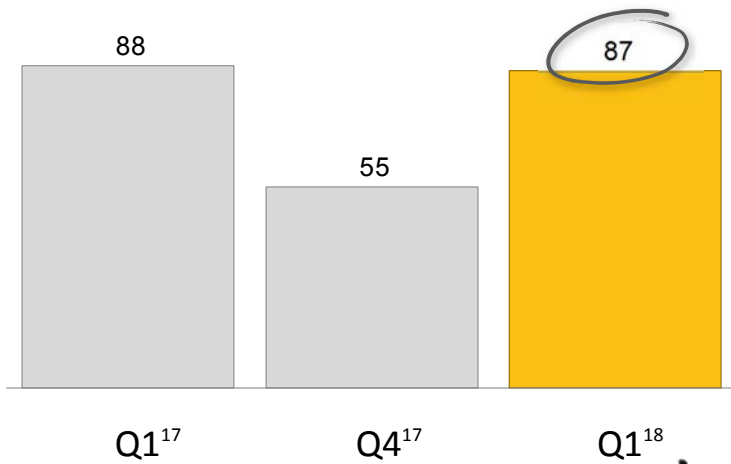
average download speeds



[2] Sprint is the most improved network according to Ookla® as shown in Speedtest Intelligence® data1, and PCMag's 2018 Fastest Mobile Networks. In both, the company's year-over-year increase in national average download speeds outpaced the competitors, including an 87 percent lift reported in PCMag's annual tests.

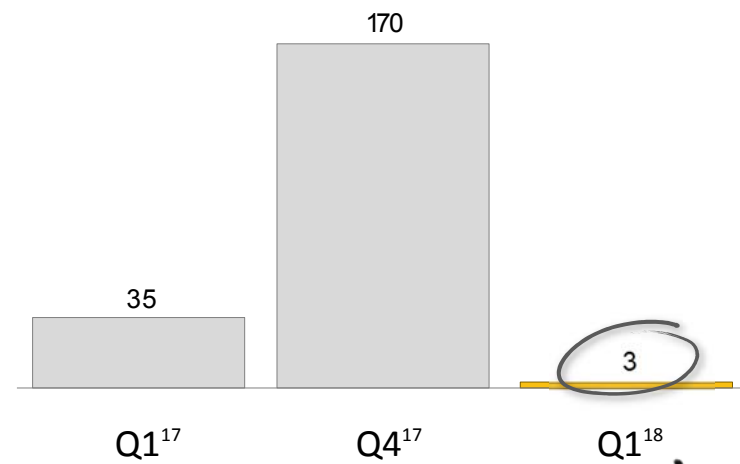
# Growing Connections

Postpaid Phone Net Adds  
Results in Thousands



**12** consecutive quarters of  
**GROWTH**

Prepaid Net Adds  
Results in Thousands



**6** consecutive quarters of  
**GROWTH**

# Network Built For Unlimited



Tri-Band  
Existing Sites  
800 MHz, 1.9 GHz, 2.5 GHz  
2.5 GHz  
deployed on  
nearly two-  
thirds of our  
macro sites

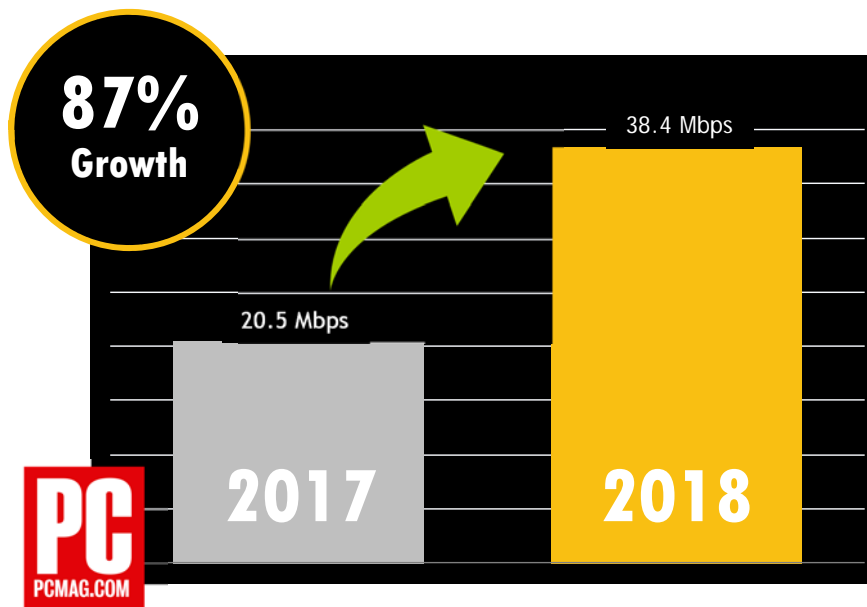


Outdoor  
Small Cells  
More than  
15K on air



Magic Box  
Distributed  
more than  
260K to date

## Most Improved Year-Over-Year



National Average Download Speed

Reported from pcmag.com with permission. © 2018 Ziff Davis, LLC. All Rights Reserved.

# MASSIVE MIMO

Building  
America's  
Mobile



Network



# 2.5 GHz

s p e c t r u m

# Industry Leading Unlimited Plans

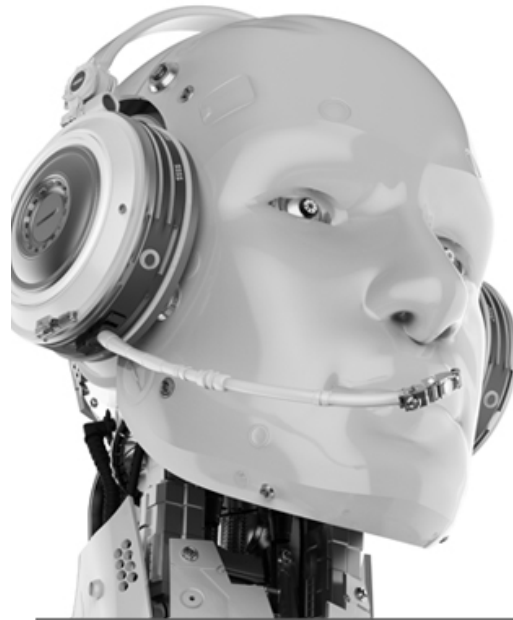
	Unlimited Basic	Unlimited Plus	Unlimited Military	Unlimited <sup>55</sup>
Bundled Extras	<b>hulu</b>	<b>hulu</b> <b>TIDAL</b>	<b>hulu</b>	
Mobile Hotspot	500MB LTE	15GB LTE	500MB LTE	3G Unlimited
Video Streaming	DVD-quality Streaming (480p)	Full HD Streaming (1080p)	DVD-quality Streaming (480p)	DVD-quality Streaming (480p)
Canada/Mexico Roaming	Unlimited talk, text, 5GB of 4G LTE data	Unlimited talk, text, 10GB of 4G LTE data	Unlimited talk, text, 5GB of 4G LTE data	Unlimited text & 2G data
Global Roaming	Text & Data in over 185 worldwide destinations	Text & Data in over 185 worldwide destinations	Text & Data in over 185 worldwide destinations	Text & Data in over 185 worldwide destinations



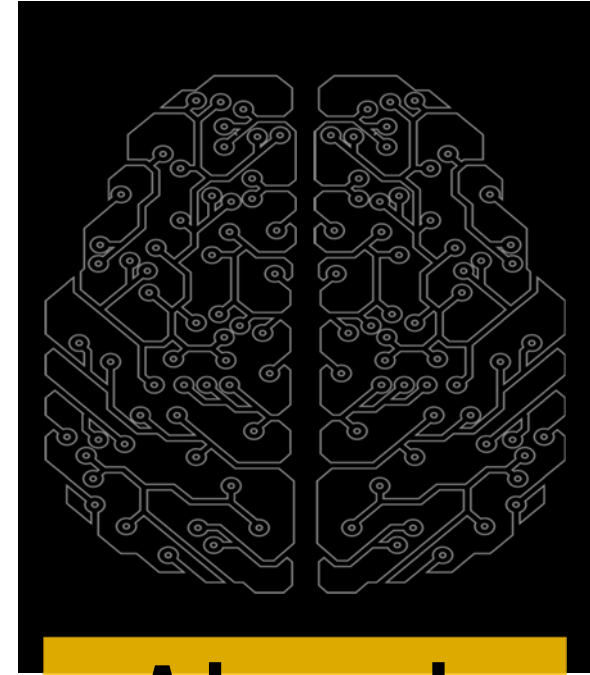
# Digital Transformation



**Digital  
Sales**



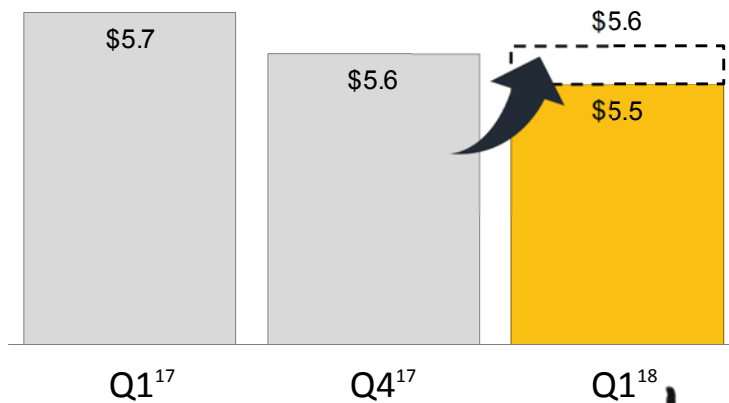
**Virtual  
Agents / AI**



**Advanced  
Analytics**

# Revenue Growth

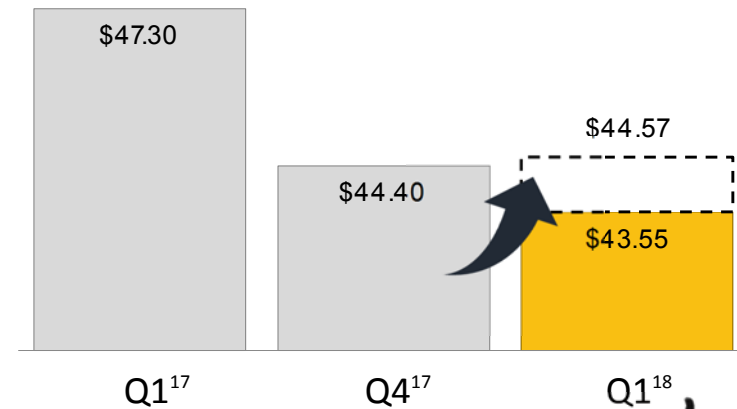
Wireless Service Revenue  
Dollars in Billions



New revenue standard impact

**GREW**  
sequentially for the first time  
in more than 4 years<sup>[1]</sup>

Postpaid Average Revenue per User  
(ARPU)



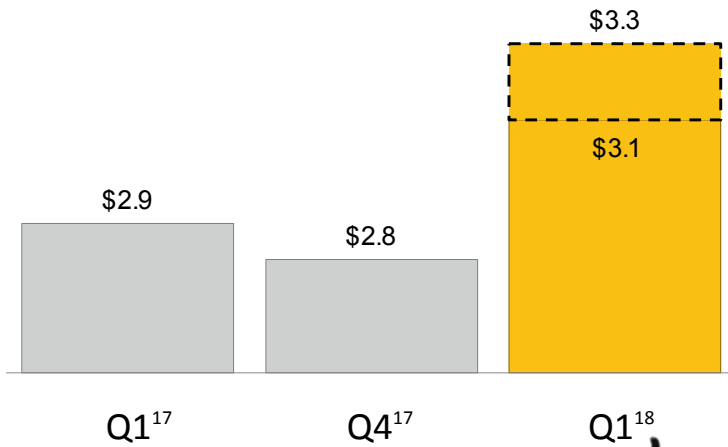
New revenue standard impact

**GREW**  
sequentially for the first time  
in nearly 5 years<sup>[1]</sup>

[1] excluding the impact of the new revenue recognition standard

# Improving Profitability

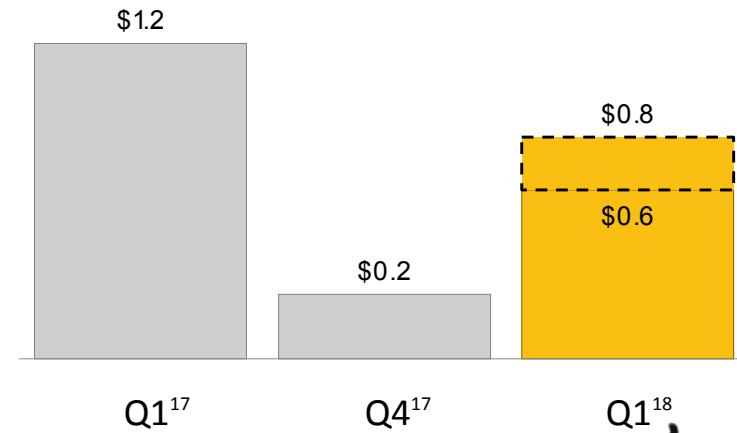
Adjusted EBITDA  
Dollars in Billions



New revenue standard impact

**HIGHEST**  
in more than 11 years

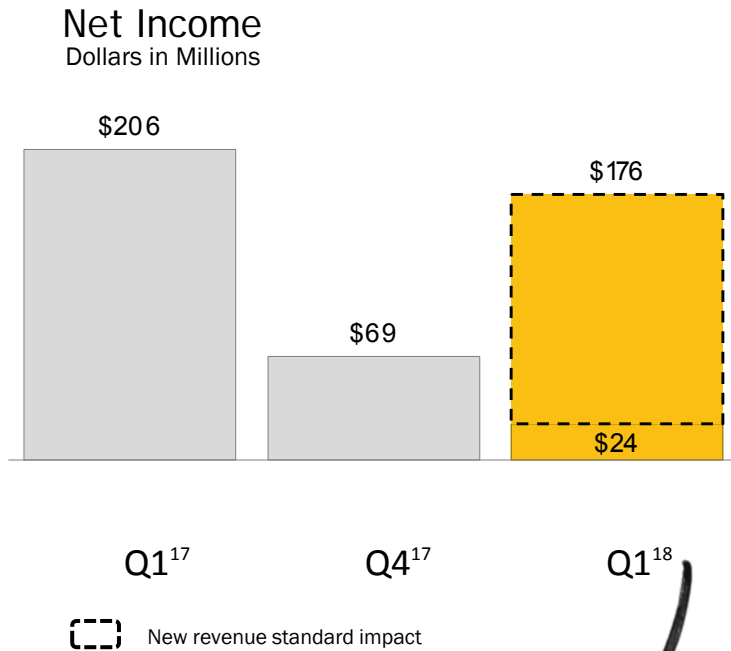
Operating Income  
Dollars in Billions



New revenue standard impact

**10** CONSECUTIVE  
quarters of  
operating income

# Net Income

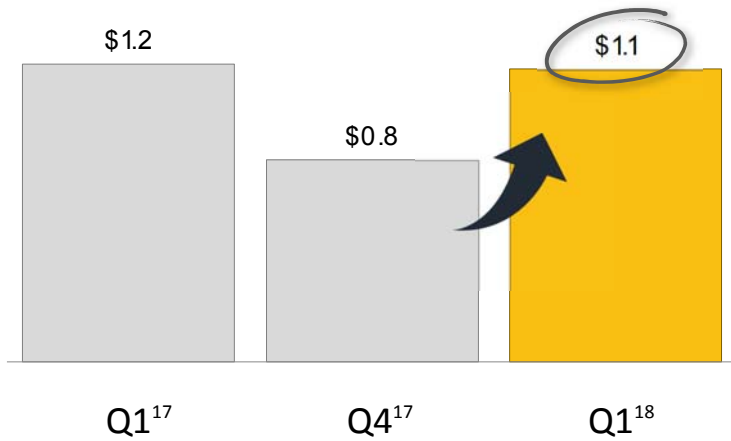


**3** CONSECUTIVE  
quarters of  
net income

(actual dollars)	Q1 <sup>18</sup>	Q1 <sup>17</sup>	Change
Basic EPS (excl. ASC 606 impact)	\$0.01	\$0.05	(\$0.04)
Merger and Other Non-Recurring	(\$0.03)	(\$0.06)	\$0.03
Spectrum license exchanges, after tax		\$0.07	(\$0.07)

# Capex & Adjusted Free Cash Flow

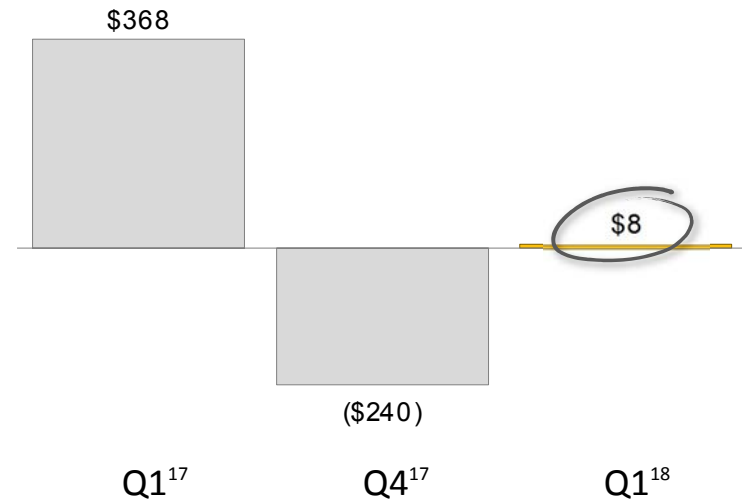
Cash Capex<sup>[1]</sup>  
Dollars in Billions



Ramping Up  
**Next-Gen Network  
Initiatives**

[1] excludes capitalized device leases

Adjusted Free Cash Flow  
Dollars in Millions



**POSITIVE**  
5 out of last 6 quarters

FISCAL YEAR  
**2018**  
Guidance

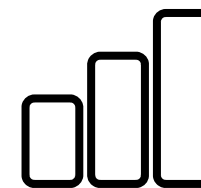


### Adjusted EBITDA

\$12.0 billion to  
\$12.5 billion

As Reported

\$11.3-\$11.8B excluding the  
impact of the new revenue  
recognition accounting  
standard



### Cash Capex

\$5.0 billion to  
\$6.0 billion

excluding  
leased devices

A yellow graphic consisting of several curved, overlapping shapes that resemble a fan or a stylized flame, positioned on the left side of the page.

# Appendix

# Revenue Recognition Changes

## IMPACT FROM NEW REVENUE STANDARD

Three months ended June 30, 2018

<i>(in millions)</i>	As Reported - New Revenue Standard	Previous Revenue Standard	Difference
<b>Net operating revenues</b>			
Service revenue	\$ 5,740	\$ 5,883	\$ (143)
Equipment sales	1,173	892	281
Equipment rentals	1,212	1,228	(16)
<b>Total net operating revenues</b>	<b>8,125</b>	<b>8,003</b>	<b>122</b>
<b>Net operating expenses</b>			
Cost of services	1,677	1,688	(11)
Cost of equipment sales	1,270	1,248	22
Cost of equipment rentals	124	124	-
Selling, general and administrative	1,867	1,948	(81)
Depreciation - network and other	1,023	1,023	-
Depreciation - equipment rentals	1,136	1,136	-
Amortization	171	171	-
Other, net	42	42	-
<b>Total net operating expenses</b>	<b>7,310</b>	<b>7,380</b>	<b>(70)</b>
<b>Operating income</b>	<b>815</b>	<b>623</b>	<b>192</b>
Total other expense	(595)	(595)	-
<b>Income before taxes</b>	<b>220</b>	<b>28</b>	<b>192</b>
Income tax expense	(47)	(7)	(40)
<b>Net income</b>	<b>173</b>	<b>21</b>	<b>152</b>
Less: Net loss attributable to noncontrolling interests	3	3	-
<b>Net income attributable to Sprint</b>	<b>\$ 176</b>	<b>\$ 24</b>	<b>\$ 152</b>
<b>Adjusted EBITDA*</b>	<b>\$ 3,280</b>	<b>\$ 3,088</b>	<b>\$ 192</b>

Non-GAAP Financial Measures:



**Arm**



# Arm China

A Joint Venture: Built on strong foundations

SKYMAN

## Arm has great success in China

**150**  
Licensees

**20%**

Arm's revenues  
comes from Chinese  
based companies

**10bn**

Chips shipped by Chinese  
partners using ARM processor  
technology

**95%**

Chinese designed SoC  
based on ARM  
processor technology

## China landscape

China is investing to become a net exporter of semiconductors

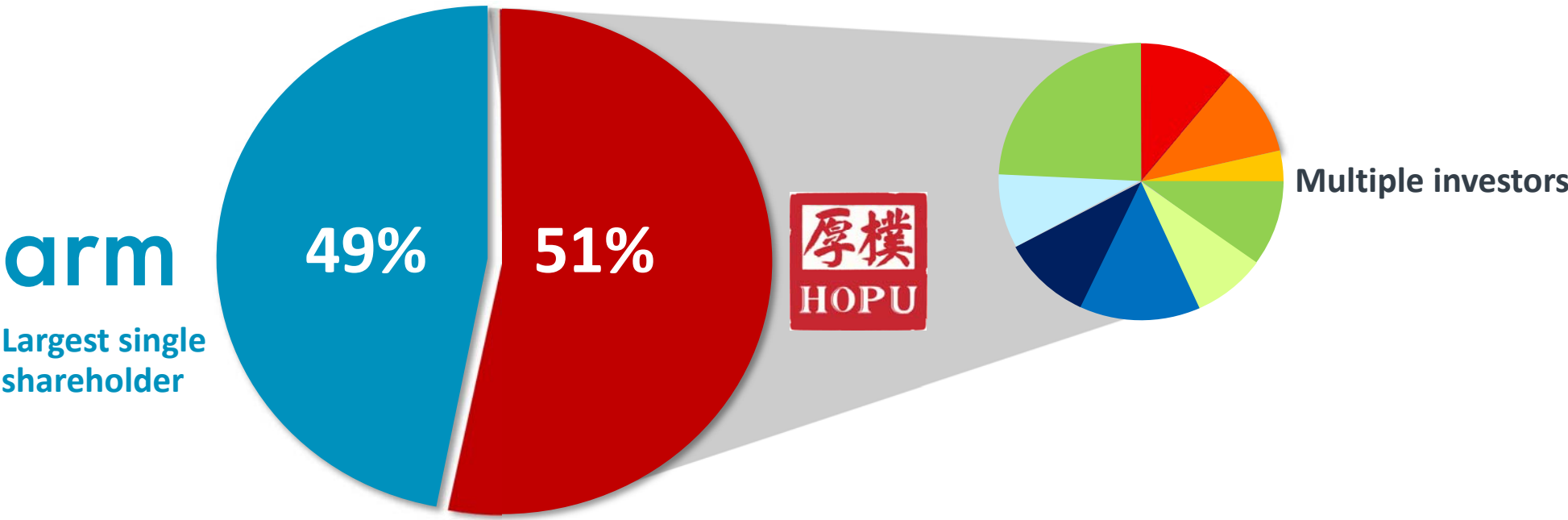
China already has world class chip developers

Some companies desire technology optimised for local market

Some Government projects are accessible to technology

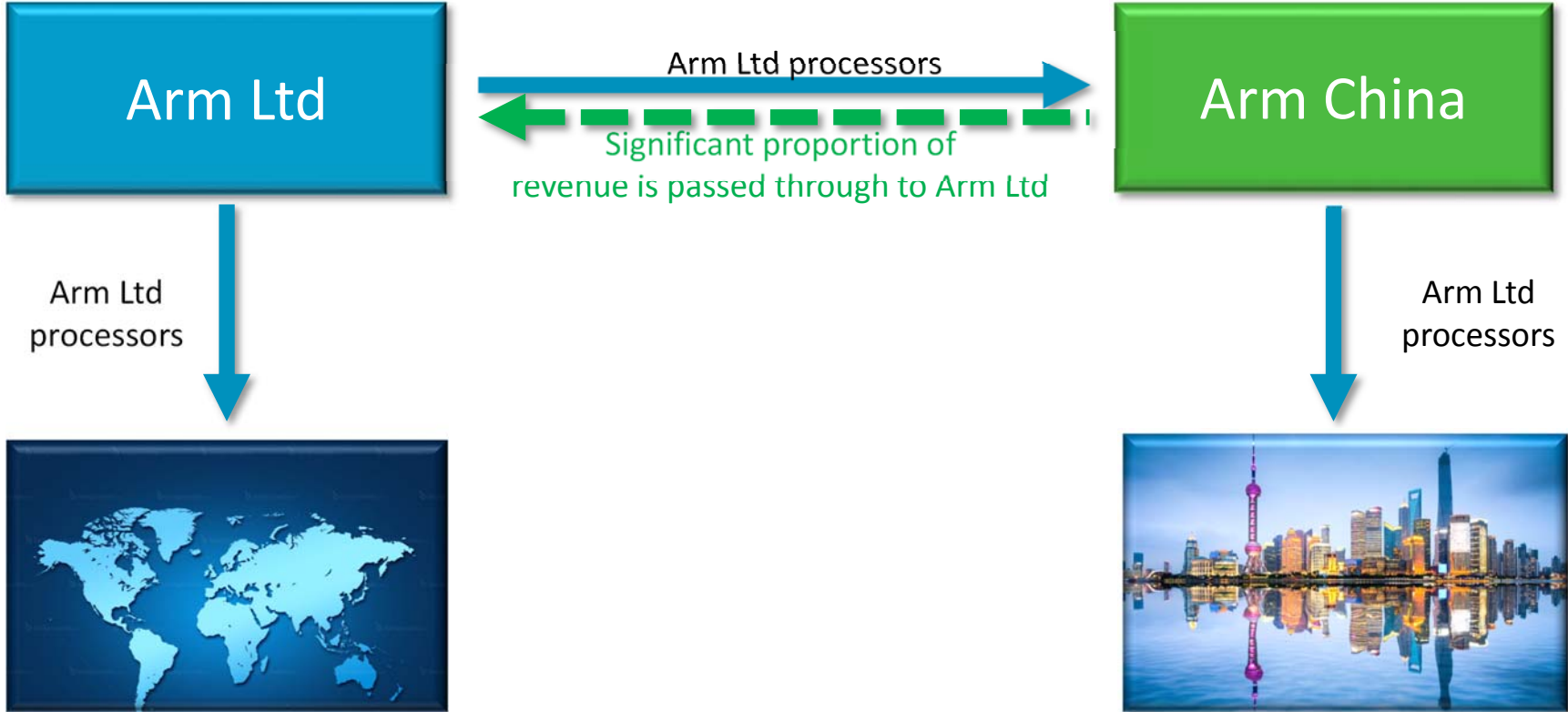
- Chinese developed
- Chinese owned
- Chinese controlled

# Arm decided to create “Arm China” Joint Venture

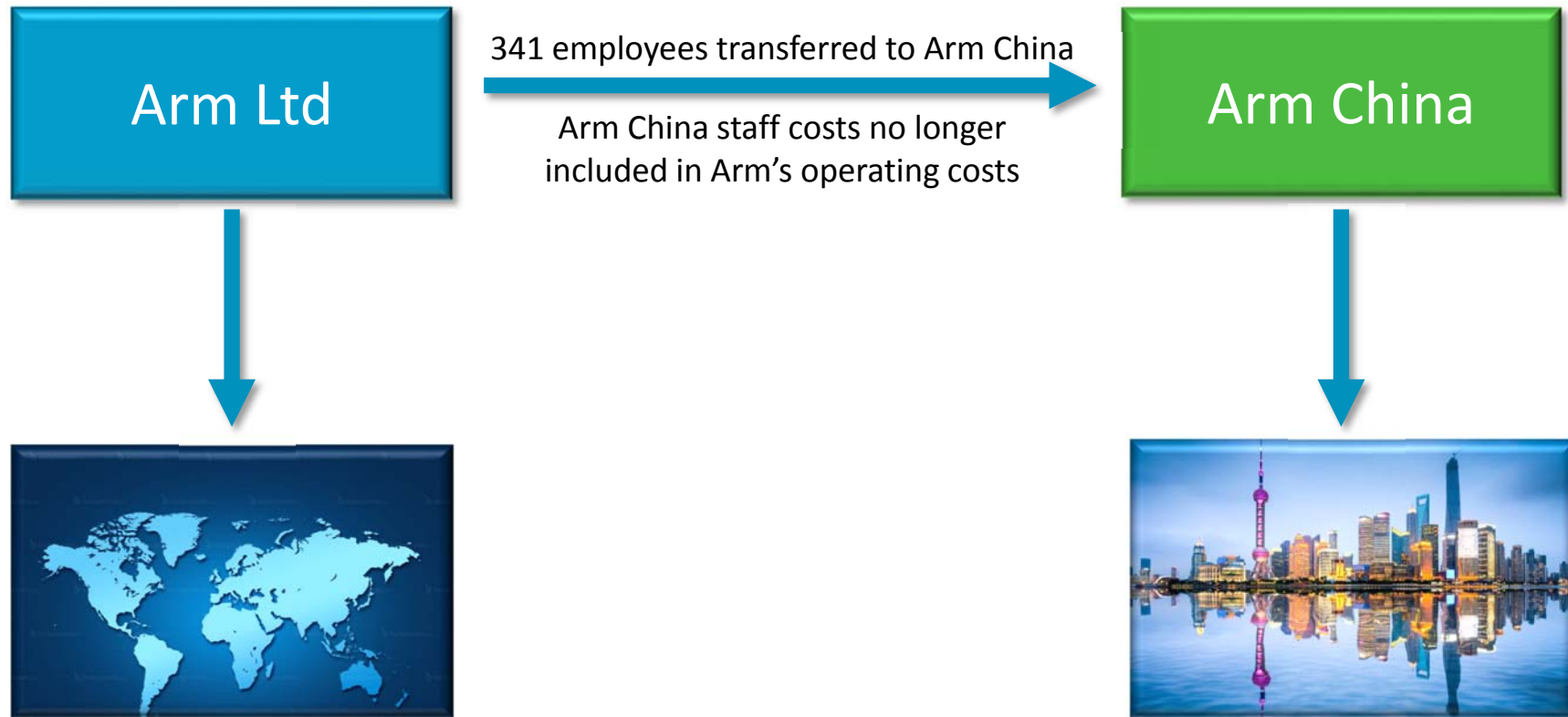


Arm receives \$775.2m for 51% stake in Arm China

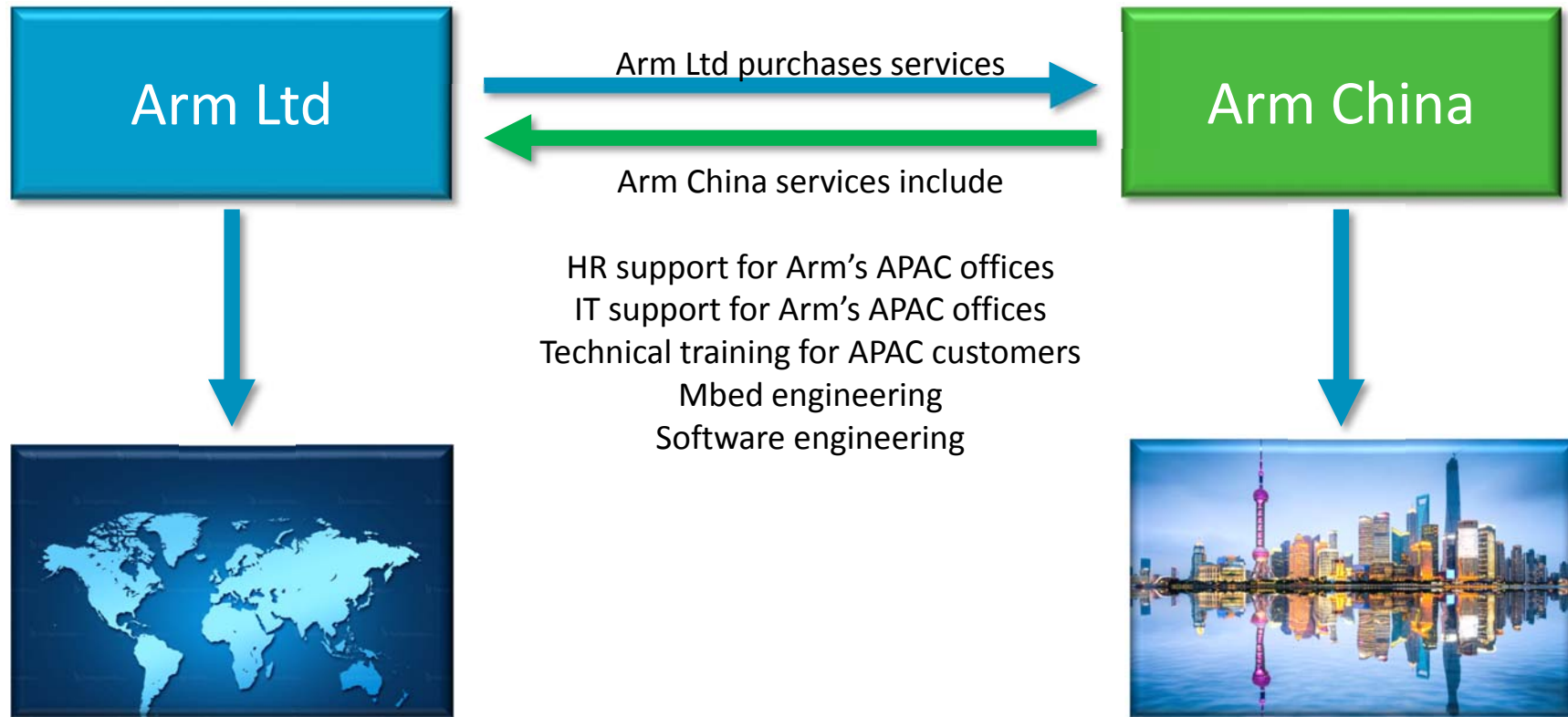
# Revenue share from Arm China back to Arm Limited



# Arm Ltd transferred all China-based employees to Arm China



# Arm China provides services to Arm Limited globally





# Establishing Arm China in Q1 2018

**Arm China JV started in April 2018**

**Sale of 51% stake occurred 26 June 2018**

**341 employees transferred to Arm China**

**Contracts for 150 customers being novated**

**Novation has delayed contract signing in Q1**

**Delayed contracts are expected to sign later in FY2018**

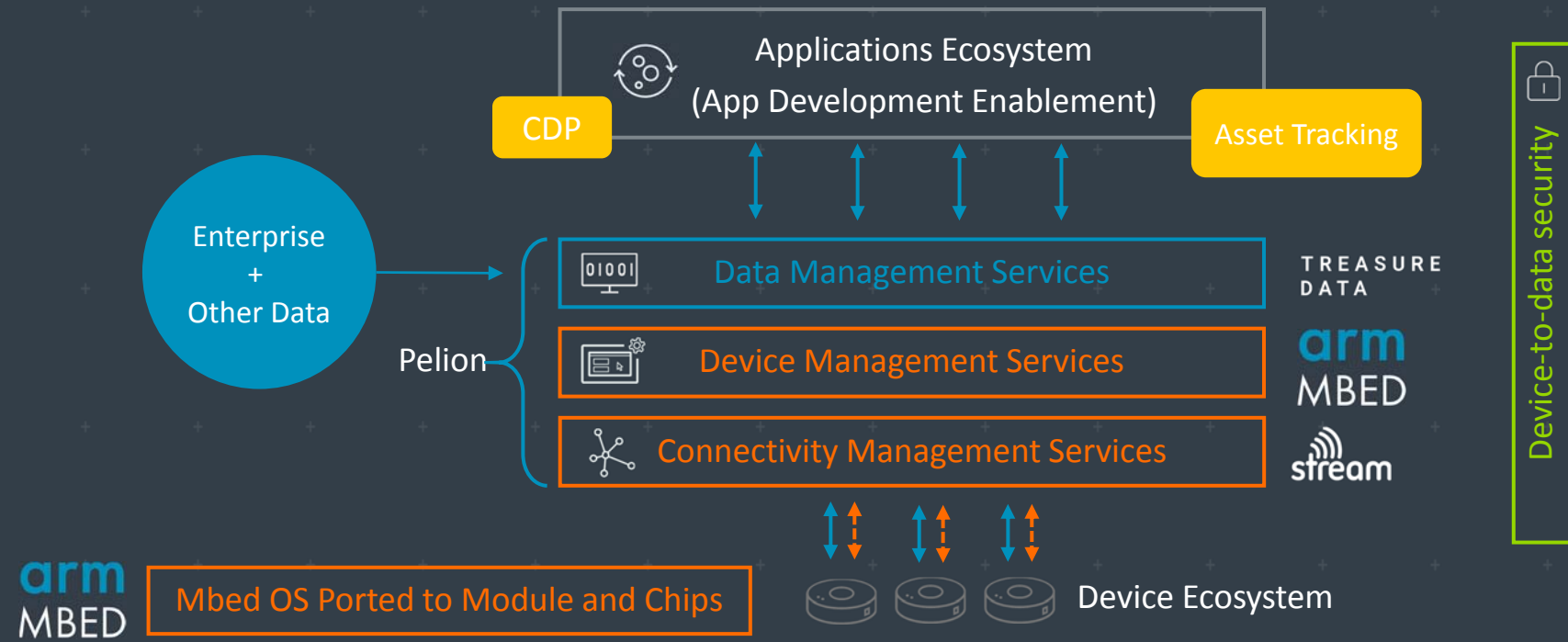


Data

Control

# Arm Pelion IoT Platform

End-to-end services built on Arm IPG+ISG security framework



arm MBED

Mbed OS Ported to Module and Chips

