

eAccess Ltd.

RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

**AS OF AND FOR THE NINE MONTHS ENDED
DECEMBER 31, 2013**

Solely for your convenience, this document contains translations of certain Japanese yen amounts into U.S. dollar amounts. Unless indicated otherwise, the Japanese yen amounts in this document were converted into U.S. dollars at the exchange rate of \$1.00 = ¥105.25, the exchange rate in effect as of December 31, 2013, as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States. The translations into U.S. dollars set forth herein are for convenience only and are not audited. No representation is made that the Japanese yen amounts have been, could have been or could be converted into U.S. dollars at such rates or any other rate.

1. Qualitative Information regarding Settlement of Accounts for the Nine Months Ended December 31, 2013

Based on the share exchange agreement concluded between eAccess Ltd. (“the Company”) and SoftBank Corp. (“SoftBank”) on October 1, 2012 (as amended on November 2, 2012), the Company carried out the share exchange on January 1, 2013 whereby SoftBank became the wholly-owning parent company of the Company. SoftBank subsequently transferred some of the Company shares to companies outside its group on January 17, 2013.

After becoming a member of the SoftBank group (“the Group”), the Company has endeavored to contribute to the total growth of the business as well as the enhancement in corporate value for the Group by focusing on the expansion of mobile broadband business leveraging the business resources and expertise available across the Group.

For the nine months ended December 31, 2013 the Company’s total revenue decreased by 9.7% year on year to ¥147,683 million. On the other hand, operating profit increased by 81.5% year on year to ¥24,268 million, and recurring profit increased by 260.2% year on year to ¥18,077 million after recording non-operating loss of ¥6,191 million, net of non-operating income and expenses. As a result, net income increased to ¥20,330 million.

Operating results by business segment are as follows.

(¥ in millions)

	Nine months ended December 31, 2013	
	Revenue	Segment profit (Operating profit)
Mobile Business	127,107	18,379
Fixed Broadband Business	20,576	5,889
Total	147,683	24,268

In the Mobile Business, the Company has accumulated total number of subscribers of 4,497 thousand as of December 31, 2013, up 205 thousand, or 4.8%, from December 31, 2012. After reflection of business optimization initiative among the Group, the revenue

of Mobile Business for the period was ¥127,107 million, down 6.8% year on year, at the same time its segment profit (operating profit) was ¥18,379 million, up 238.1% year on year. This increase was primarily the result of decrease in marketing and advertising expenses as well as depreciation expenses.

In the Fixed Broadband Business, the accumulated total number of ADSL subscribers has shrunk to 996 thousand, down by 22.8% year on year as of December 31, 2013, mainly due to the penetration of high-speed mobile broadband services such as LTE. As a result, revenue for the period continued to decline by 24.1% year on year to ¥20,576 million and its segment profit (operating profit) declined by 25.8% year on year to ¥5,889 million.

2. Financial Statements

(1) Balance Sheets

(As of March 31, 2013 and December 31, 2013)

	(¥ in millions)		(\$ in thousands)	
	Prior Year End (As of March 31, 2013)	Current 3rd-qr End (As of December 31, 2013)		
(ASSETS)				
Current assets				
Cash and deposits	72,623	11,963	113,658	
Accounts receivable-trade	38,313	41,205	391,497	
Accounts receivable-other	4,263	687	6,527	
Merchandise	2,291	5,869	55,766	
Other current assets	5,920	7,268	69,052	
Deferred tax asset (short-term)	11,267	1,147	10,899	
Allowance for bad debt	(2,569)	(2,649)	(25,173)	
Total current assets	132,107	65,489	622,225	
Fixed assets				
Tangible fixed assets	151,740	151,958	1,443,785	
Intangible fixed assets	28,935	34,835	330,971	
Long-term other accounts receivable	0	0	0	
Fixed assets-other	26,988	36,372	345,581	
Deferred tax asset (long-term)	11,360	22,360	212,442	
Allowance for bad debt	(102)	(98)	(928)	
Total fixed assets	218,921	245,427	2,331,851	
Deferred assets	708	602	5,718	
TOTAL ASSETS	351,737	311,518	2,959,794	

Balance Sheets (Continued)

(As of March 31, 2013 and December 31, 2013)

	(¥ in millions)	(\$ in thousands)	
	Prior Year End (As of March 31, 2013)	Current 3rd-qr End (As of December 31, 2013)	
(LIABILITIES)			
Current liabilities			
Accounts payable-trade	4,320	7,623	72,424
Short-term bank Loan	6,300	74,000	703,088
Current portion of long-term debt	33,128	0	0
Current portion of lease obligations	8	1	12
Current portion of installment obligations	15,023	10,517	99,921
Other accounts payable	41,704	39,283	373,239
Other current liabilities	17,551	6,957	66,101
Total current liabilities	118,035	138,381	1,314,785
Long-term liabilities			
Long-term debt, less current portion	88,255	0	0
Bonds, less current maturities	63,611	73,234	695,808
Installment obligation, less current portion	4,251	1,953	18,557
Other long-term liabilities	869	936	8,888
Total long-term liabilities	156,986	76,122	723,253
TOTAL LIABILITIES	275,022	214,503	2,038,037
(NET ASSEIS)			
Shareholders' equity			
Capital stock	43,286	43,286	411,270
Capital surplus	74,034	74,034	703,411
Retained earnings	(40,779)	(20,450)	(194,296)
Total shareholders' equity	76,541	96,870	920,385
Valuation and translation adjustments	174	144	1,372
TOTAL NET ASSEIS	76,715	97,015	921,757
TOTAL LIABILITIES AND NET ASSEIS	351,737	311,518	2,959,794

(2) Statement of Operations

(For the nine months ended December 31, 2012 and 2013)

	Prior 3rd-qr (Nine months ended September 30, 2012)	(¥ in millions)		(\$ in thousands)
		Current 3rd-qr (Nine months ended December 31, 2013)		
Revenue	163,479	147,683		1,403,167
Cost of revenue	64,165	63,690		605,132
Gross profit	99,313	83,993		798,035
Selling, general and administrative expenses	85,940	59,726		567,464
Operating profit	13,374	24,268		230,571
Non-operating income	261	12,777		121,399.70
Non-operating expenses	8,617	18,968		180,218
Recurring profit	5,018	18,077		171,753
Non-recurring profit	1,850	1,404		13,339
Non-recurring loss	9,474	2		18
Income before income taxes	(2,606)	19,479		185,074
Corporate tax, ect	1,173	(851)		(8,081)
Net income	(1,433)	20,330		193,155

(3) Statement of Cash Flows

(For the nine months ended December 31, 2012 and 2013)

	(¥ in millions)		(\$ in thousands)	
	Prior 3rd-qr (Nine months ended December 31, 2012)	Current 3rd-qr (Nine months ended December 31, 2013)		
Cash flows from operating activities				
Income before income taxes	(2,606)	19,479	185,074	
Depreciation	28,739	21,442	203,727	
Decrease (increase) in working capital	17,639	(1,843)	(17,507)	
Interest paid	(6,298)	(5,823)	(55,327)	
Income taxes paid	(13)	(4,432)	(42,113)	
Net cash provided by operating activities	37,461	28,823	273,853	
Cash flows from investing activities				
Purchase of tangible fixed assets	(26,404)	(24,113)	(229,100)	
Purchase of intangible fixed assets	(6,447)	(10,805)		
Outlay of long-term prepaid expense	-	(954)	(9,066)	
Others	1,413	9,293	88,292	
Net cash provided by (used in) investing activities	(31,438)	(26,580)	(252,538)	
Cash flows from financing activities				
Repayments of capital lease obligations	(164)	(8)	(81)	
Proceeds from sales and redemption by installment payment	13,875	6,574	62,464	
Repayments of installment obligations	(13,341)	(13,379)	(127,116)	
Proceeds from short-term debt	12,600	137,000	1,301,663	
Repayments of short-term debt	(6,300)	(69,300)		
Proceeds from long-term debt	14,951	6,737	64,011	
Repayments of long-term debt	(18,573)	(128,120)	(1,217,294)	
Payments for arrangement of interest bearing debt	(1,072)	(1,529)	(14,530)	
Redemption of bonds	(12,240)	-	-	
Proceeds from settlement of derivatives	-	1,092		
Proceeds from stock issuance, net	565	(172)	-	
Purchase of preferred stock	(2,774)	-		
Dividends paid	(2,178)	(18)	(168)	
Net cash provided by (used in) financing activities	(14,652)	(61,122)	(580,735)	
Valuation adjustments in cash and cash equivalents	14	0	-	
Net change in cash and cash equivalents	(8,616)	(58,879)	(559,419)	
Cash and cash equivalents at the beginning of the period	38,412	70,841	673,077	
Cash and cash equivalents at the end of the period	29,796	11,963	113,658	

[Notes]

Items subject to consumption tax, etc. are recorded at amounts exclusive of consumption taxes, etc.

Quarterly Results for Fiscal Year 3/2014 Supplemental Financial Information

(in million yen)

Fixed-line Business	Fiscal Year 3/2013					Fiscal Year 3/2014		
	1Q (4-6/2012)	2Q (7-9/2012)	3Q (10-12/2012)	4Q (1-3/2013)	Full-year/ Year-end	1Q (4-6/2013)	2Q (7-9/2013)	3Q (10-12/2013)
EBITDA	3,712	3,481	3,060	2,610	12,862	2,486	2,429	2,192
Capital expenditures	488	1,488	670	1,275	3,922	91	138	146
Net add subscribers (thousands)	-104	-86	-85	-93	-368	-84	-60	-57
Accumulated subscribers (thousands)	1,461	1,375	1,290	1,197	1,197	1,113	1,053	996
ARPU (yen/month)	1,987	1,983	1,977	1,979	1,982	1,981	1,971	1,976
Churn rate (%/month)	2.53%	2.22%	2.29%	2.63%	2.42%	2.59%	1.97%	1.96%
SAC (yen)	7,500	8,500	6,000	8,500	7,500	7,500	7,500	6,200

Note: EBITDA=Operating profit + Depreciation and amortization

Mobile Business	Fiscal Year 3/2013					Fiscal Year 3/2014		
	1Q (4-6/2012)	2Q (7-9/2012)	3Q (10-12/2012)	4Q (1-3/2013)	Full-year/ Year-end	1Q (4-6/2013)	2Q (7-9/2013)	3Q (10-12/2013)
EBITDA	10,834	11,912	13,834	8,792	45,373	14,281	13,093	13,906
Capital expenditures	6,781	9,284	9,721	16,844	42,631	9,604	8,131	10,816
Net add subscribers (thousands)	121	121	33	26	301	25	72	82
Accumulated subscribers (thousands)	4,138	4,259	4,292	4,319	4,319	4,343	4,415	4,497
ARPU (yen/month)	2,680	2,710	2,700	2,690	2,690	2,360	2,330	2,290
Churn rate (%/month)	1.45%	1.53%	1.48%	1.54%	1.50%	1.59%	2.10%	2.20%
SAC (yen)	15,000	13,000	20,000	23,000	17,000	24,500	24,500	24,500

Note: EBITDA=Operating profit + Depreciation and amortization + Loss on inventory valuation + Depreciation included in R&D expenses + Material items of cash income in the non-operating profit & non-recurring profit

Note: SAC includes variable costs only (retroactively adjusted for FY3/2012)

Note: Churn rate includes churn due to device upgrades in resale channel from FY3/2014

Note: Service revenue and associated direct service expenses in terms of MVNO business are recognized as net sales basis beginning FY3/2014