



SoftBank and ARM Holdings

Strategic change and Organisations

LCDB7005

Student ID: 1813539

Module Leader: Dr. Gladius Kulothunga

Table of Contents

<i>I. Introduction.....</i>	<i>2</i>
<i>II. Information about the acquirer and acquiring companies.....</i>	<i>3</i>
1. SoftBank.....	3
2. ARM Holdings	5
<i>III. Merger and Acquisition: SoftBank and ARM Holdings.....</i>	<i>7</i>
1. Motives:.....	7
2. Internet of Things	9
3. Politics: Brexit	11
<i>IV. Post-acquisition and analysis.....</i>	<i>13</i>
<i>V. Conclusion.....</i>	<i>18</i>
<i>VI. Reference.....</i>	<i>18</i>
<i>VII. Bibiography.....</i>	<i>20</i>

I. Introduction

Restructuring an organization's business strategy is a compulsory action responding to the fast pace movement of technology and the rapid change of economy. As a general matter, business draws strategic changes with an aim of accomplish future desired condition and strengthening competitive advantages. The process requires sophisticated research and clear identification between strategic and organisational change. It concerns with awareness of new strategies driving ordinary business activities of the company to be extraordinary, which are few corporations succeed. Moreover, the foundation of this process is not only realigning a business to face with external influences but also to change business's mindset that determine a firm's openness to adapt strategic changes. The relevance of business strategic change has brought into attention of this paper's writer in developing a methodical review and analysis on a practical example of SoftBank and ARM Holdings.

In 2016, Masayoshi Son – Chairman of SoftBank Corp. – reached his name out of Pacific Asia for making the most valuable acquisition with a British high-tech firm – ARM Holdings, which created a tremor in the technology industry. It marked the moment that many British citizens, politicians and business had first heard of SoftBank. The acquisition has brought into attention of numerous journalists and financial researchers, however, there is no academic paper assessing this. Therefore, this paper attempts to deeply evaluate the need for strategic change under the case study of Softbank Corp and ARM Holdings acquisition via economical perspective and author's heuristic knowledge.

II. Information about the acquirer and acquiring companies

1. SoftBank

SoftBank Corp. to acquire ARM Holdings has been one of the technology mega-deals back in 2016 as it linked two companies with great synergy in technology industry and representing image of Asia and Europe.

SoftBank Corp. is a Japanese telecommunication company, which was established in 1986. Following SoftBank annual report published on the corporation's website, the annual revenue was approximately £66 million up to 2018 which led SoftBank to be the 7th largest company in Japan, likewise, it was recorded as the 72nd largest corporation by revenue worldwide (Softbank, 2018). In Asia, the company is famous for promoting Information Revolution since its founding to boost the social wellbeing and conducting business among Japan's telecommunications services and infrastructure – Internet of Things and Artificial Intelligence, energy, robots, Sprint, Yahoo! Japan and recently, ARM segments. It is interesting to notice that the corporation is a combination of various companies across geographies, it can be considered as a harmony of numerous exclusive chords.

In the field of domestic telecommunications, the company supplies devices to different clients including smartphone, telephone and tablet devices industry; voice call and landline services combining "OTOKU LINE" that helps reducing communication costs and managing tasks. In the beginning of the 21st century, domestic telecommunications were managed by three subsidiaries named SoftBank BB Corp., SoftBank Telecom

Corp. and Ymobile Corporation, where each of the subsidiaries provided distinct part of domestic telecommunications. SoftBank BB Corp. was the combination of other subsidiaries that focuses on supporting a forum of communication between corporations in different sectors or industries and related issues to broadband. SoftBank Telecom Corp. used to be named JAPAN TELECOM CO., LTD. before 2006 and it mainly concentrated on internet security and cloud service. Last but not least, Ymobile Corporation was established under a merger of eAccess and WILLCOM, which commenced with ADSL commercial service. However, in the first quarter of 2015, those three companies were merged into one company – SoftBank Mobile Corp.- then changed its name into SoftBank Corp. in the same year. After the merger, the corporation segregated household telecommunications into communication services and mobile marketing services.

In 2013, SoftBank acquired US telco Sprint for nearly £18 billion (\$22.2 billion) and Supercell, a Finnish games developer for £900 millions (\$1.5 billion) (SoftBank, no time). SoftBank has more than 80 percent voting rights in Sprint, which is an American firm supplying mobile communications and fixed-line telecommunications services(SoftBank, no time). Nevertheless, the Japanese company called off a deal to merge Sprint with T-mobile due to disagreements with contract's terms, despite its plan in enlarging Softbank's image and influence on American market. In the following year, the company continues pouring its capital into American market by establishing SoftBank International, which has been funding several Asian start-ups like DiDi in China, Tokopedia in Indonesia and Ola Cabs in India. Over the last 10 years, the

company spread its investment from small firms to big corporations that worth multibillion-dollar. It was recorded in Dealogic data, Softbank has made 140 deals in global merger and acquisition that costs \$82 billions (Dealogic, no time). Additionally, Yahoo! Japan was established as a joint venture between SoftBank and Altaba Inc., which was originally Yahoo Inc. and based in California, United States. Yahoo! Japan's main services are e-commerce such as business-to-customer e-commerce, e-marketing and other services via Yahoo News and auction site Yehouku from subsidiaries. This segment is ranked at the fourth place in the entity as its net profit was £ 4.5 billion (\$ 5.49 billion) in the last two quarters of 2017 (SoftBank, no time). In 2016, SoftBank decided to acquire Britain's biggest technology firm, ARM Holdings, who is considered as the "boss" of chips provider across technology industry. There are many mixed opinions from journalists, politicians, business men and CEO of both firms. In the next paragraph, this paper will introduce the reason why ARM Holdings worth £24 billion and how it transformed itself from a Cambridge barn to a global chip leader.

2. ARM Holdings

The Great Britain has been recognizing with a number of technology achievements since the beginning of 21st Century and had been claimed to own more than 33 percent of fastest-growing technology firms in Europe (Government-led Digital, Economy Council). Following Theresa May, post-Prime Minister, "British tech is growing over one-and-a-half times faster than the rest of the economy, adding more than £130bn to

our economy everyday” (Badshah, 2019). Therefore, the attraction of British technology industry for external investors is not in doubt. International technology investors guarantee to invest in current growing British technology industry as well as venture capitalists place them believe in start-ups companies, which in total worth more than 1.2 billion sterling (Badshah, 2019).

ARM Holdings, the FTSE 100 chip designer is proudly to represent the image and the brain of Britain as it provides distinctive products – chips that consumed by numerous brand like Apple, Samsung, Canon and Ford – Internet of Things (IoT), software and tools used in design and developments. The company was founded in 1990, however, its technology was first formed in the late 70s at Acorn Computers near Cambridge. It had begun to cooperate with Apple in generating Newton computer system before selling chip license to Apple’s mobile devices. Afterwards, ARM Holdings has set its finger in many different areas like fitness trackers, server farms, education and they have partnership with a number of famous technology firms as Microsoft, Sharp, GEC Plessy and other global companies in the same industry. Furthermore, as ARM Holdings has proficiency in producing “low-power processors”, it dominated the mobile phone transformation and re-connected with Apple in 2007 for the first Iphone that had “Samsung-manufactured ARM-designed chip” (Hern, 2015). ARM’s technology created an issue to other competitors – Window and Intel – since they are seeking ways to fit their technology with the low-power needs of smartphone in order to stand in the market. Intel claimed to discard the overabundance of business’s Pentium line, which consumes a lot of energy when presenting decreasing marginal returns.

Eventually, Intel switched to another chips that were met the qualification of current situation called Core chip – a low-powered chip used in laptops. However, it acquired such a time for Intel to introduce its mobile processors – Atom line (Hern, 2015).

Therefore, there is no doubt to say ARM Holdings is an important element to the advancement of technology. The company grew from strength to strength and has recorded incredible profit margins, which successfully spread its name out of a sloppy group of companies located in a business park outside of Cambridge. From a technological view, ARM Holdings is the foundation of global ecosystem, they act as technology innovator which authorizes top business and consumer brands around the globe. Based on the company's website, more than 45 million of ARM-based chips are utilized by thousands of internal partners to connect human being and upgrading life's experiences (ARM Holdings, no time).

III. Merger and Acquisition: SoftBank and ARM Holdings

1. Motives:

Information Revolution and its immeasurable advantage has always been looked at by SoftBank Group with the aim to advance human's wellbeing and society since its founding. SoftBank's vision is "becoming a corporate group that needed most by people around the world", thus, in order to accomplish this mission, SoftBank has been keeping its operation in the information industry as well as developing the Information Revolution with leading technology. Moreover, SoftBank aims to develop by establishing long-term partnerships with many superior corporations in the information

industry and this can be one of the reasons why SoftBank chose to acquire ARM Holdings.

Son has a high profile among Asia for being a strategic and lucrative investors, who changes turnovers from domestic telecoms into speculate in start-ups. He is recognised to have an offbeat visionary with numerous flourished investments, however, the acquisition of a controlling stake in Sprint has left Softbank in debts. Following Kim and Holton (2016), the Japanese group owned 11.9 trillion yen of interest-bearing debt, which nearly 4 times its core earnings and one of third of the debt stays at Sprint (Kim and Holton, 2016). At that time, SoftBank exited its investment with Alibaba by selling its shares and raised money through disposals. This action was believed to use for erasing the group's debt, but surprisingly, it was used to obtain ARM Holdings. The "unusual" decision had left with many confusions and it also recognised as an adventurous action of SoftBank to save the corporation from debt as well as bring Sprint back on track. From the side of ARM Holdings, Mr. Hauser suspected that for a company that has currently been in debt, the intention to use earnings from ARM to pay back its debt is extremely obvious.

In order to broaden a business's reputation, a company can choose to enlarge its business by creating home-grown business, merger and acquisition (M&A) or outsource. Home-grown business normally provides companies the proactive in management, quality control and reduce costs. However, the disadvantage is this process would consume a great amount of time. According to SoftBank's goal, the corporate endeavours to have to a long-term growth by building partnerships with first-

rate companies around the globe in the information industry that does not adhere any specific business models. This is clearly an ingenious strategy as it is not only save time setting up the business by utilise existed resources, but also reducing the barrier to entrance the market. Indeed, this strategy has been consistently adapted by Mr. Son with the aim to eliminate competitors in the same field and to enlarge the business by combining rival companies into one entity.

2. Internet of Things

Another motive from SoftBank comes from the benefits of Internet of Things, which can support the group to achieve its vision. IoT gathers every connected device into a worldwide network of distributed knowledge that discloses another planet of modernization and imagination. Additionally, a number of businesses has harvested substantial advantages by exploiting data constructed by large-scale Internet of Things deployments in order to conduct different chances and boost operations. Moreover, these data can be used to develop AI (artificial intelligence) as well as virtual and mixed reality.

Recently, the blossom of PC (personal computers) and mobile phone as well as the powerful expansion of opportunity introduced by IoT has drawn attention from numerous chipmakers including Intel and Qualcomm. Likewise, these corporates are the top 2 venture capitalists of investing in IoT start-ups according to CB Insights. Furthermore, the necessary to develop rapidly in the market of Internet of Things provoked various M&A in the semiconductor zone. For instance, Spansion and

Broadcom's were acquired by Cypress to boost exposure in IoT and in the aspect of automotive, Freescale was acquired by NXP. Sharing the same school of thought, the Japanese corporate has first expressed its desire to dig into IoT by setting joint venture with Aeris, an America-based Internet of Things. This joint venture was stated to adapt multiple segments and provides a variety of services combining IoT connectivity platform and IoT application middleware to accomplish IoT solutions for Japanese telematics market and the automotive industry (Tomas, 2018). Besides, it also helps Aeris to spread its name over other continents like Europe, India and United States. However, Aeris is not the leader of the IoT segment. It is worth noticing that there are various companies using services provided by Arm-based technology and Arm IoT platform to run machine and IoT devices. The reason behind is the British corporation has reputation for providing its technology in billions of devices and owning reliable security system for IoT instruments and assets such as sensor data or encryption keys (ARM, no time). Another point is although ARM Holdings did not attempt to sell its business in the first place, the British corporate was certainly able to identify for a competitive with Samsung or Intel while SoftBank made an offer.

Furthermore, Son had observed ARM Holdings for years and expressed that he has "long admired ARM as a world-renowned and highly respected technology company". He perceived that ARM plays a central role in the technology world that shifted the whole industry to IoT. Therefore, he believed acquiring ARM is an ultimate strategy for SoftBank as the Japanese company would like to conquer every significant chance offered by IoT.

3. Politics: Brexit

The acquisition occurred in June 2016 during the United Kingdom vote to leave the Europe. As the referendum resulted, Brexit has created anxieties among Britain, Europe and other countries because Brexit is assumed to be the incentive of decomposition and volatility in the EU as well as it might fluster the international financial market. During that time, there was a chaos in the Britain that Brexit could prompt “the next” recession, however, there was no evidence and confirmation about this concern at that moment. Notwithstanding, in 22nd of July 2016, the Purchasing Manager Index recorded a significant decline since 2009 that assuredly the doubt could occur in the UK. Moreover, the actual threat of Brexit posed in the UK is not only losing attention from demand, but also impoverishing the country’s economy in term of investment, trading and the growth of employment are destabilised. Therefore, from the point of economists and entrepreneurs’ view, Brexit could either be harmful or benefit for business in some aspects. In the case of SoftBank and ARM Holdings, the question is whether the acquisition is influenced by Brexit in a positive or a negative way?

In 23rd June 2016, the fall in sterling has made the British pound thirty percent lower than Japanese Yen, which made the acquisition of ARM Holdings more appealing for the Japanese Tech company (Waters, 2016). At that moment, the ARM’s share price was acting against the result of referendum as it rose fifteen percent, however, the deal was considered “cheap” as it was offset with the increase of eleven percent in

Japanese Yen comparing to the sterling. This recorded Brexit was an opportunism for Softbank to acquire ARM that the Japanese company saved twenty percent comparing to the start of 2016. Nevertheless, Mr. Son denied that his company did not set the deal based on Brexit, it was not an opportunity for him to purchase the firm because Softbank had researched and prepared for this acquisition before Brexit happened.

Based on the senior analyst at Forrester, Mr. Paul Miller, it was hard to neglect that the deal taken during Brexit was a coincidence (Burgess and Temperton, 2016). In his interview with Wired, he expressed that the decline in sterling after the referendum had said it all, the price for acquiring ARM was clearly cheaper than it was (Burgess and Temperton, 2016). Likewise, he added there was also an essential feature of “opportunism in the timing of the deal” and Softbank made a “cheaper catch” of ARM. Moreover, the deal was set after two weeks of negotiation and discussion; the speed of this action could be due to the fear of competitors might grasp this lucrative deal (Burgess and Temperton, 2016).

Nevertheless, it is normally called for political scrutiny, if the most powerful technology firm in Britain are being acquired by a foreign business. On the other hand, since the occur of Brexit, the deal offered by SoftBank was gladly received by UK politicians as it proved Brexit did not decrease oversea investors' interest in British economy. In details, after the acquisition between SoftBank and ARM Holdings, shareholders would instantly receive 43 percent of premium. From the point of views across UK, although the deal of 32 million U.S dollars was an appealing offer, the ownership of ARM should be retained as its potential ability in offering investors to expose globally. Withal,

detractors in the UK had bear in minds the assumption that if SoftBank's strategy and vision actualises in ten years, the price given for ARM is a discounted price.

The Chancellor, Philip Hammond expressed that SoftBank's deal was "ludicrous" as it was betting on ARM Holdings while Brexit began (Massoudi et al., 2016). Nonetheless, by betting on ARM with its superior technology on the IoT, it is recognised as a smart move and the automotive and infrastructure industry would be embellished by upgraded microchips in the near future. Correspondingly, Theresa May – the fformer Prime Minister – declare that all political bromides about stakeholder would be slashed immediately (Massoudi et al., 2016). May also referred to the case of AstraZeneca, which was sold to Pfizer under the permission of Cameron, had disclosed itself as a method to avoid tax combining with "a track record of asset stripping". Besides, in distinct views, AstraZeneca and ARM Holdings are the main pillars of Britain's conception in leading research and superior technology; thus, the welcome for SoftBank based on its sanity is an essential action to undertake.

IV. Post-acquisition and analysis

According to the research of Hitt et al. (2006), having ability to entry a new market or advance innovation and convert technology to respond with the market changes normally found in opportunities that M&A presents to business. Since the early of 21st Century, there has been a noteworthy growth in the number of cross-border M&A which has been a significant component in the international economy. Domestic M&A is typically different from cross-border M&A because the acquirer and the acquired

companies are normally facing issue of cultural conflict and cultural environment with M&A across border. This would create a post-acquisition anxiety among managers and board of directors due to the threat of disobedience from existed employees in following new principles and requirements. It is likely happened based on the level of trustworthy between employees and managers in the acquired firm as trust evolves over time. Moreover, it is clearly to observe that workers in the acquired company did not experience working with the acquiring company as well as being monitored under their management and norms, thus, it is improbable for the “buyer” to have a similar degree of trust from the acquired firm’s workers. Additionally, the elimination of redundancies regularly happened in the case of M&A that creates fear for employees in both acquiring and acquired firms that they might lose their positions. In return, workers might not fully commit to the acquiring firm’s management. Back to the case of SoftBank, Son declared that the head quarter of ARM will retain in Cambridge as well as the system of board directors.

The acquisition of ARM Holdings proposed by SoftBank had created a chaos in the technology industry, especially between rival firms such as Apple, Samsung and Qualcomm. These companies utilised low-power chips designed by ARM and are paying attention to the Internet of Things, however, they have never bear in mind the thought of acquiring ARM. Therefore, the offer made by SoftBank surprised rival firms in technology industry. In another aspect, ARM is a well-known firm with stable growth and it has adequate “cash reserve” that able ARM to grow in long-term. Moreover, as ARM is being the world’s leader in chips, the British firm has never had purpose of

being acquired, which it once denied offer of acquisition by Intel. In addition, in the case that the trend of using mobile phone, especially smartphone declined or there were substitutes of smartphone, the revenue of ARM Holdings would barely decrease in the long-term as these contexts would definitely affect the firm in short-term. The reason is they are the centre of IoT, the more develop the technology, the better the performance of ARM Holdings. Therefore, from the perspective of author, the acquisition of ARM Holdings with SoftBank might not carry synergies in competition and technology. Nevertheless, the offer presented by SoftBank is seemed to be appealing and tempting with an assurance of not making any amendment in ARM's technology as well as location of ARM's head quarter and board of directors. This term pointed out that SoftBank would like to retain the essence of ARM Holdings in its motherland, likewise, SoftBank might be afraid that changing the head quarter of ARM would affect productivity as well as element of creativity. Furthermore, based on the legal binding, the Japanese company declared that it would contribute to reduce the unemployment rate in the UK by creating more jobs for British. On Telegraph, since the acquisition in 2016, ARM has recruited 1000 employees and the number of employees has increased to 2543 from 2173 in 2018 (Field, 2018).

Furthermore, the merger of SoftBank and ARM Holdings is a horizontal merger because the merger is taken between two firms in an identical industry. The competition is normally more competitive as it is in a same industry, this means the synergy and promising benefits would be more preeminent for both firms. Additionally, by merging horizontal would reduce the cost of R&D (research and development) as

two companies have already surpassed in technology industry. From the point of SoftBank, this horizontal merger brought benefits and increase the firm's profitability by adding additional line of business, indeed, it helps SoftBank to pay back its debts.

In chart below, it is presenting SoftBank's financial position after acquired ARM Holdings in the year of 2017 and 2018.

Financial Position

	(Millions of yen)	
	FY2017	FY2018
Total assets	5,305,567	5,775,045
Total equity	885,260	1,264,455
Interest-bearing debt	3,226,533	3,289,441
Net interest-bearing debt	3,105,490	2,931,470

(SoftBank, 2018)

From the financial position highlight recorded on SoftBank's website, it is clearly seen that the figure of Interest-bearing debt increased from 2017 to 2018 after the acquisition with ARM Holdings. As a basic financial knowledge, the increase in Interest-bearing debt could be due to the release of bonds or the company acquired more debt from other financial sources. Nevertheless, the Japanese company pronounce no bonds have been issued by the firm in recent years, thus, this assumption is neglected. Switching to another point, the reason behind why Interest-bearing debt of 2018 is higher than 2017 might be the firm increased its liabilities. However, it is interesting to notice that both current liabilities and non-liabilities recorded in the financial statement

of the year ending 2017 and 2018 decreased steadily as well as the Net interesting-bearing debt declined nearly 10 percent. Therefore, it can be easily understand that supplier or financial institutions tightened credit on SoftBank and the company had utilised its cash to pay back its debt.

For additional prove, by looking at the cash flows of SoftBank during 2017-2018, it is evidently seen that the outflow money is smaller the inflow money, which indicates the company has gained more revenue after the acquisition of ARM. Furthermore, the figure of outflow declines which means the capital expenditure reduces or the firm gained revenue from disposal that indicates non-cash expense diminishes. On the other hand, it would be considered that SoftBank has gained more reputation among technology market or its business strategy performs well that extent its credit days as well as reduce the power of suppliers.

Cash Flows

	(Millions of yen)	
	FY2017	FY2018
Net cash inflow from operating activities	726,598	826,582
Net cash outflow from investing activities	(621,391)	(614,738)
Net cash (outflow) inflow from financing activities	(55,073)	25,084
Adjusted free cash flow ¹³	508,007	292,078

(SoftBank, 2018)

V. Conclusion

In conclusion, the acquisition between SoftBank and ARM Holdings has marked a history milestone in not only the technology industry itself, but also in the record of European M&A cases. It has raised concerns across researchers, journalists in the domain of technology and finance, also people living in the United Kingdom. In a daring term, SoftBank is now “speaking” the Queen’s language and has broadened its image across EU. This strategic change of SoftBank is a notable and reckless strategy that not any particular firm could acquire, the Japanese has bet most of its “life” on this acquisition. Last but not least, since the acquisition, SoftBank has proved that its strategy was a sound move which was expressed on its financial statement.

VI. Reference

1. ARM Holdings (No time) Why ARM. Available at: <https://www.arm.com/why-arm/how-iot-and-ip-work-together> (Accessed: 3rd September 2019).
2. Badshad, N. (2019) *More than a third of Europe's fastest growing tech firms are in UK- study.* The Guardian. Available at: <https://www.theguardian.com/technology/2019/jun/10/more-than-a-third-of-europes-fastest-growing-tech-firms-are-in-uk-study> (Accessed: 2nd September 2019)
3. Burgess, M., Temperton, J. (2016) Brexit 'opportunism' could save Softbank billions on ARM deal. Available at: <https://www.wired.co.uk/article/arm-softbank-deal-price-brexit-bidding-war> (Accessed: 5th September 2019).
4. Dealogic (No time) SoftBank/ ARM Holdings – second largest semiconductor M&A deal on record. Available at: <https://www.dealogic.com/insight/31-6bn-bid-softbank-arm-holdings-second-largest-semiconductor-deal-record/>(Accessed: 2nd September 2019).
5. Field, M. (2018) *ARM hires 2000 staff since £24bn Softbank sale.* Telegraph. Available at: <https://www.telegraph.co.uk/technology/2018/10/05/arm-hires-2000-staff-since-24bn-softbank-sale/>(Accessed: 1st September 2019).
6. Hern, A. (2015) *ARM: Britain's most successful tech company you've never heard of.* The Guardian. Available at: <https://www.theguardian.com/technology/2015/nov/29/arm-cambridge-britain-tech-company-iphone> (Accessed: 2nd September 2019).

7. Hitt, M. A., Franklin, V., Zhu, H. (2006) *Culture, institutions and international strategy*. Journal of International Management, 12, pp. 222-234
8. Kim, C. K. and Holton, K. (2016) SoftBank to buy UK chip designer ARM in \$32 billion cash deal. Reuters. Available at: <https://www.reuters.com/article/us-arm-holdings-m-a-softbank-group/softbank-to-buy-uk-chip-designer-arm-in-32-billion-cash-deal-idUSKCN0ZY03B> (Accessed 3rd September 2019).
9. Massoudi, A., Fontanella-Khan, J., Waters, R. (2016) SoftBank to acquire UK's ARM Holdings for £24.3bn. Financial Times. Available at: <https://www.ft.com/content/235b1af4-4c7f-11e6-8172-e39ecd3b86fc> (Accessed: 5th September 2019).
10. SoftBank (2018) Consolidated Financial Report For the Nine Months Ended December 31, 2018. Available at: https://cdn.softbank.jp/en/corp/set/data/ir/documents/financial_reports/fy2018/pdf/fy2018q3_financial_report.pdf (Accessed: 1st September 2019).
11. SoftBank (2018) Financial Information TOP. Available at: <https://www.softbank.jp/en/corp/ir/financials/highlights/> (Accessed: 1st September 2019).
12. Tomas, J. P. (2018) SoftBank makes new deal to expand its IoT business. Available at: <https://enterpriseiotinsights.com/20180103/internet-of-things/softbank-inks-deal-expand-iot-business-tag23> (Accessed: 3rd September 2019).

13. Waters, R. (2016) SoftBank strikes while Brexit iron is hot. Financial Times.

Available at: <https://www.ft.com/content/9fad673e-4c9c-11e6-8172-e39ecd3b86fc> (Accessed: 5th September 2019).

VII. Bibliography

Financial Position

(Millions of yen)		
	FY2017	FY2018
Total assets	5,305,567	5,775,045
Total equity	885,260	1,264,455
Interest-bearing debt	3,226,533	3,289,441
Net interest-bearing debt	3,105,490	2,931,470

Cash Flows

(Millions of yen)		
	FY2017	FY2018
Net cash inflow from operating activities	726,598	826,582
Net cash outflow from investing activities	(621,391)	(614,738)
Net cash (outflow) inflow from financing activities	(55,073)	25,084
Adjusted free cash flow ¹³	508,007	292,078