

Transcript: [Short Video] SoftBank Group Earnings : Q3 FY2024 by Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO & CISO

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Stargate & Cristal intelligence

At SoftBank World last October, Masa reaffirmed his vision of achieving Artificial Super Intelligence within 10 years. Since then, we have taken decisive steps to turn that vision into reality. In January, we announced "Stargate" in partnership with OpenAI and Oracle. Together, we will provide the massive computing power needed for AI's advancements. Over the next four years, we intend to invest \$500 billion, in stages, to build and operate

new AI infrastructure. We will use external funding alongside Stargate's equity funding on a project-by-project basis.

Building on this, in February, we announced another strategic partnership with OpenAI. We will develop and market "Cristal intelligence*," a customized AI agent designed to integrate corporate systems and data in efficient and secured manner. Here at SoftBank Group, we will be among the first to adopt this revolutionary AI at scale, rolling out Cristal intelligence across our entire organization, reinforcing our leadership in the AI revolution. We are not just imagining the future of AI—we are actively building it.

Net Asset Value (NAV)

Now, let's look at the numbers. Net Asset Value, our most important KPI, remains at historically high levels. As of the end of December, NAV stood at 29.3 trillion yen, slightly increasing from September. While Arm's stock price declined, this was partially offset by the weaker Yen against the dollar. With the recent rebound in Arm's stock, our pro-forma NAV has climbed to about 34 trillion yen.

Financial Results

Our net income for the nine months ended in December was 636.2 billion yen, a year-on-year improvement of about 1.1 trillion yen. T-Mobile's strong share performance was a key driver. In the December quarter, we recorded a net loss of 369.2 billion yen, mainly due to investment losses at SVF and foreign exchange losses from the weaker Yen against the U.S. dollar.

SoftBank Vision Funds

Last quarter, SoftBank Vision Funds posted a loss of 2.3 billion dollars. Vision Fund 1 posted a 1.0 billion-dollar loss, primarily due to declines in public investments like Coupang and DiDi, offsetting strong performances from Grab and others. Vision Fund 2 recorded a 1.2 billion-dollar loss due to weaker performance in select private companies. Both funds were also negatively impacted by the strong U.S. dollar following the transition to a new U.S. administration. In India, Swiggy went public, marking our third Indian IPO this fiscal year. We hold 33 billion dollars in late-stage investments and expect more IPOs beyond India. In September, Vision Fund 2 invested 500 million dollars in OpenAI, followed by a 1.5 billion dollars secondary investment in January. These investments were strategic milestones in our broader AI roadmap.

OpenAI is an important investee and a key business partner. We are turning our AI goals into concrete progress, enhancing our position in the AI landscape.

Arm

In the third quarter, Arm achieved record total revenue and a record royalty revenue, continuing its strong post-IPO trajectory. Growth was driven by the adoption and deployment of Arm v9 and early Compute Subsystems shipments. Arm-based chips are gaining traction in cloud services, setting the stage for more growth.

Financial Strategy

There is no change to our financial policy. We will keep our Loan-to-Value ratio below 25% in normal times and continue to hold 2 years' worth of bond redemptions in cash on our balance sheet. We are focused on growth -- with investments like Stargate and OpenAI -- while continuing to execute on our 500 billion yen share buyback. As of January-end, we have repurchased shares totaling 209.9 billion yen. With an LTV of 12.9% and cash position of 5 trillion yen, our financial position is strong. We will explore and utilize diverse financing strategies to drive initiatives like the Stargate Project and Cristal intelligence, while continuing to position ourselves for future investment opportunities.

* "Cristal intelligence" is a provisional name and not the official product name. The information contained in this document is based on the current plans and is subject to change, including specifications and other conditions, before the official release.