

### **Our Standpoint on S&P's Announcement**

S&P Global Ratings Japan Inc. ("S&P") announced today that it has lowered its long-term issuer rating on SoftBank Group Corp. ("SBG") by one notch from "BB+".

Over the past year, our strict defensive financial management has strengthened our financial position as never before. It is extremely regrettable that our financial soundness was not properly assessed, and we will continue our dialogue with S&P.

Specifically, our cash position has increased by JPY 2.3 trillion from March 31, 2022, to JPY 5.1 trillion<sup>\*1</sup> (as of March 31, 2023). This amount is sufficient to cover bond redemptions for the next six years<sup>\*2</sup>, leaving no concern about debt redemptions. In addition, our LTV (loan-to-value, calculated as adjusted net interest-bearing debt ÷ equity value of holdings, the ratio of liabilities to holding assets) has improved by 9.4 percentage points from March 31, 2022, to 11.0%<sup>\*3</sup> (as of March 31, 2023). Our net interest-bearing debt has decreased to JPY 1.7 trillion, an improvement of JPY 3.0 trillion from March 31, 2022, as a result of reducing interest-bearing debt and augmenting cash position through the monetization of holding assets.

S&P has identified (1) proportion of listed assets and (2) LTV (as defined by S&P) as two criteria for a potential upgrade. Regarding (1) proportion of listed assets, this will improve significantly following the proposed initial public offering of Arm Limited ("Arm")<sup>\*4</sup>, which is currently in preparation. It should be noted that S&P's assessment of the proportion of listed assets excludes cash and deposits, etc. (JPY 5.1 trillion), which are the most liquid assets. Regarding (2) LTV, we have achieved a level that meets S&P's upgrade requirements for at least the past three years. We have strongly urged S&P to consider an upgrade once the proposed initial public offering of Arm is completed.

Utilizing our ample cash position, we have repurchased a total of USD 2.82 billion (face value) worth of foreign currency-denominated senior notes and USD-denominated perpetual hybrid notes during the fiscal year ended March 2023. We intend to continue actively repurchasing our notes while monitoring both domestic and overseas markets.

(Reference: Excerpts from presentation materials of Investor Briefing for the fiscal year ended March 31, 2023)

## Communication with Rating Agencies

### Improved our financials enough to eliminate credit rating agencies' concerns, with our management team in close communication

Rating agencies' concerns	Our current status
Proportion of listed assets not recovering	<p>The proportion is expected to <b>recover significantly when Arm's proposed initial public offering is completed.</b><sup>*1</sup></p> <p>The lower % of listed shares is mainly due to monetization. <b>The most liquid asset, cash,</b> increased significantly as a result of monetization.</p>
LTV deteriorating with a significant decline in portfolio value	LTV <b>significantly improved to 11.0%</b> in defense in a challenging environment.
Liquidity worsens as investment grow rapidly amid delays in recovering money from the funds	Secured <b>cash position of &gt;¥5T</b> with full control over investment pace.
High uncertainty and deterioration in overall investment environment	<b>Sign of recovery</b> in value of listed shares

\*1 The size and price range for the proposed offering have yet to be determined. The initial public offering is subject to market and other conditions and the completion of the SEC's review process. For details of Arm IPO Plans, see SBG's press release "Confidential Submission of Draft Registration Statement on Form F-1 by Arm Limited" dated on May 1, 2023 (<https://group.softbank/en/news/press/20230501>).

Finance 31

- \*1 Cash and cash equivalents + short term investments recorded as current assets + undrawn commitment line. SBG stand-alone basis (excluding SB Northstar)
- \*2 Excludes the USD 2 billion of USD-denominated perpetual hybrid notes which reach its 1st voluntary call date in July 2023 and JPY 15.4 billion of 2nd domestic hybrid notes which reach its 1st voluntary call date in September 2023 from the bond redemptions since funding for refinancing has been completed.
- \*3 Equity value of holdings and adjusted net interest-bearing debt each exclude amounts to be settled at maturity or borrowings that are part of asset-backed finance. The calculation of adjusted net interest-bearing debt excludes interest-bearing debt and cash and cash equivalents, etc., attributable to entities managed on a self-financing basis, such as SoftBank Corp. (including its subsidiaries such as Z Holdings Corporation and PayPay Corporation), SVF1, SVF2, LatAm Funds, and Arm, as well as SB Northstar.
- \*4 The size and price range for the proposed offering have yet to be determined. The initial public offering is subject to market and other conditions and the completion of the SEC's review process. For details of Arm IPO Plans, see SBG's press release "Confidential Submission of Draft Registration Statement on Form F-1 by Arm Limited" dated May 1, 2023.