

Summary of Q&As of Investor Briefing “Accounting Treatments for SoftBank Vision Fund”

September 1, 2017

Q1. How is the cash contributed by the third-party investors to SoftBank Vision Fund (“SVF”) presented on the balance sheet?

A1. As SVF is a subsidiary of SoftBank Group Corp. (“SBG”), such cash is included in cash and cash equivalents on the consolidated balance sheet. Cash and cash equivalents held by SVF are used at the discretion of SVF and SBG does not have free access to those.

Q2. What do you think about the impacts of tax on income generated at SVF?

A2. The tax impact for the capital gain depends on different scenarios in which the capital gain is recognized. For the tax impact for performance-based fees, we expect the applicable tax rate to be below 20% as SVF is subject to the UK tax regulations. Furthermore, we also expect to recognize a provision for the deferred tax for a portion of unrealized gain or loss from portfolio companies attributable to SBG as an investor in SVF.

Q3. Are the numbers on the Slide 14 close to the factual numbers? The slide shows that the total amount of capital called 1,000 is consist of 300 from SBG, 300 from the third-parties investing to equity (performance-based distribution type), and 400 from the third-parties investing to preferred equity (fixed distribution type). Is it fair to assume that the breakdown of the third-party investors between performance-based distribution type and fixed distribution type is almost equivalent to this case study?

A3. All of the conditions and amounts shown in case studies on the material are all assumptions for an illustrative purpose and provided to help investors’ better understanding. We remind you that they do not represent the factual conditions or amounts stipulated in the agreements or contracts related to SVF.

Q4. Slide 15 shows allocation of valuation gains. Could you explain the waterfall (the order in which a fund makes distributions to investors) in case of valuation losses?

A4. Even in a case of valuation losses, fixed distribution is planned to be made. As shown on the slide, performance fees are subject to a clawback provision (fees already paid must be paid back under certain conditions). We refrain from elaborating details about the distribution as this is outside the scope of today’s seminar, the purpose of which is explaining accounting treatments. However, the distribution waterfall is not particularly unique when compared with other funds.

Q5. Please elaborate how bridge investments, which are investments temporarily made by SBG on behalf of SVF, are presented on the consolidated statements of cash flows? When a bridge investment made in a certain fiscal year and transferred to SVF in the same fiscal year, how these transactions are presented?

A5. A bridge investment made by SBG that is agreed to be transferred to SVF during the same fiscal year is reclassified to "Payments for acquisition of investments by SVF." We plan to add notes for the changes in the presentation in the financial statements if any. However, disclosure policy for comparative information for bridge investments that are transferred to SVF in the following fiscal year is internally under discussion.

Q6. How are capital calls and investments from SVF presented on the SBG consolidated statements of cash flows when SBG satisfies its capital contribution by transferring a portion of shares of Arm Holdings plc ("Arm")?

A6. The transaction is presented as the case study below. Please note that an in-kind contribution of Arm shares from SBG to SVF is an intercompany transaction and therefore is not presented on the SBG consolidated statements of cash flows.

<Case study>

- The amount of capital called by SVF is 130, including 30 contributed by SBG through an in-kind contribution of Arm shares.

- SVF makes investments not through SBG (i.e. NOT a bridge investment by SBG).

[Cash flows from investing activities] "Payments for acquisition of investments by SVF" (100): payment of 100 due to acquisition of shares of an investee not through SBG

[Cash flows from financing activities] "Contributions into SVF from third-party interests in SVF" 100: capital contributed by the third-party investors, which is calculated by deducting SBG's contribution 30 from the total capital called 130

Q7. On Slide 22, do we need to consider any impact of non-controlling interests for Arm's business results on the consolidated net income?

A7. The interests attributable to third-party investors in the SVF are not recognized as non-controlling interests. Changes in fair value of investments attributable to the third-party investors are recognized as "Changes in third-party interests in SVF" in non-operating income or loss.

Q8. Related to Slides 20 and 22, is it fair to say that the difference between SVF segment income on segment information and operating income from SVF on the consolidated income statement represents valuation gain or loss in SVF related to SBG's subsidiaries including Arm?

A8. In principle, yes.