

SoftBank Group Corp. : FY21Q3 Investor Briefing Q&A

February 10, 2022

Presenter:

Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO
Kazuko Kimiwada, Executive Corporate Officer, Head of Accounting Unit
Navneet Govil, Managing Partner, CFO, SB Investment Advisers

Speaker 1

Q1:

Like Goto-san mentioned earlier, financial markets are very unstable, but for the long term, to expand SoftBank Group Corp. (SBG)'s shareholder value, anything that you have made changes in terms of investment strategy? Anything that you stick to no matter how the environment changes? If you could give us a highlight on that, please.

A1:

(Govil) Yes, we are building a very diversified portfolio of companies that we are investing in. In Fund 2, we already have 209 portfolio companies. Our ticket sizes are smaller than in Fund 1 and we are very diversified across different sectors and geographies.

Q2:

Arm's valuation. There are a lot of media coverages here and there, but to put it simply, compared to NVIDIA who considered synergies, maybe it is difficult for you to deliver a valuation beyond NVIDIA's valuation. Also, the market has changed since the announcement. Maybe I should ask Goto-san. What is your current view with regard to Arm's valuation?

A2:

(Goto) The valuation differs by methodologies and purposes, so maybe we cannot speak broadly, but we would like to keep applying a conservative methodology for the valuation like we have been doing. For the future IPO, it is not appropriate for us to make any comment on the valuation for the future IPO.

Speaker 2

Q1:

The LATAM Fund. SBG has sold Sprint and, in the meantime, you have shares in T-Mobile and Deutsche Telekom. SoftBank has sold down and Arm is going to go public and exit. I believe that the companies are swimming down to the Vision Fund itself. But the question is the Latin Fund. I thought that because Marcelo Claure is there, you are running the LATAM Fund. That is a different organization from SBIA, so from the governance point of view or management point of view, I believe that the LATAM is a bit irregular. Are you willing to continue this business of the LATAM Fund? Because the reporting line looks different in terms of organization. Are you going to terminate or are you going to transfer to SBIA? We have a big question about how we should deal with this LATAM Fund going forward.

A1:

(Goto) We do not have any idea of stopping the LATAM Fund operation or anything because the Vision Fund has been covering around the world. That is in principle, but for the Latin American region, the LATAM Fund has been playing a key role for the investment in Latin America so that we can cover all over the world. So, what the LATAM Fund has been doing, their track record, and their future business will continue. At the same time, the leader, Marcelo, has resigned, so we understand your question. We need to make sure that we have a transparent governance structure,

including the Latin fund, and try to achieve the most optimized way. That is something that we are going to have further discussion internally.

Q2:

My next question is about the shareholder return or the return to shareholders. We believe that the buyback is important when you already have the funds and strategy. I thought that this time the buyback could wait until your announcement on Arm, but in January, actually you bought back more than in November and December last year, while you are seeing the LTV increasing. Is it only because the share price was declining during January? Why did you hit the gas in January for the buyback?

A2:

(Goto) Regarding the buyback, especially in January, we had quite a large size that we bought back. The reason for that was not only one reason, as a matter of fact. The main factor was that the discount was even wider at that moment. Considering that discount status, we thought that we should be making an action. That is the main factor.

When you see the share price declining, simply put, that is the kind of moment that we would rather like to buy back, but that is not simple math. Actually, we do need to check our loan-to-value (LTV). We need to check the balance with new investment activities because while we are keeping our financial discipline of LTV, if we want to do the buyback and we want to do the new investment, then we cannot keep our discipline anymore. So, if we would like to hit the gas on the buyback, then we need to slow down the new investment activities, for example. That kind of balancing in many areas is necessary whenever we decide on the buyback progress.

Q3:

You are receiving distributions from the Vision Fund. I am assuming that will be the mainstream for your revenue going forward. Then, do you have any idea to distribute to the shareholders the distributions from the Vision Fund? You are receiving distributions from the Vision Fund, and then you recycle those, but why do you not allocate those distributions to shareholders?

That is one idea I had because right now only Mr. Son (Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SBG) is getting a return based on his investment in Vision Fund 2. Why do you not create the same type of vehicle for SBG investors so that they can join and enjoy the distributions from the Vision Fund? Because right now only Mr. Son is taking a risk and getting a return, but with such a high-volatility share of SBG, we are taking a risk already, so I think that the people are feeling unfairness here. If it is not that, then the company receiving distributions from the Vision Fund and keeping it as a public company is a bit questionable for me. So, one idea I have been thinking of is to consider privatization or allocating such distributions to shareholders. Do you have any comments or ideas on that?

A3:

(Goto) Question regarding the distributions of Vision Fund 2, I understand that allocating to the shareholders of SBG is one idea. For the group management company, there are some opinions that we should return to the shareholders of the holding company or maybe spin off the vehicle so that the shareholders can access those distributions too. Your question is about the existence of a co-investment program. I understand that is another argument. Right now, Mr. Son himself is the only one who is a member of this co-investment program. What he needs to do is to play a key role as the fund manager of the Vision Fund and lead this Vision Fund vehicle. To enhance the performance of this leadership, we created this co-investment program, which is also beneficial for the shareholders of SBG, in a sense. That is why we resolved at the board of directors meeting. So, to make the best return to shareholders, we created this co-investment program, and we believe that makes sense. Based on that understanding, we created this group structure. I understand there are many ways of thinking about group structure. Ours may not be the correct one, but that is how we feel, we think, and we explore.

(Speaker 2) Thank you. This is just one idea I want you to keep in mind and think about when you have time.

(Goto) Thank you.

Speaker 3

Q1:

I have a question on page 23 of his presentation about LTV. I believe that LTV can be heavily impacted by the equity market. The LTV trend is going up, but it is still below 25%, so is it your view that you still have room to go, or do you need to have a discussion on how to control it and even make it lower than 21%? What is your view on this trend?

A1:

(Goto) As you pointed out, we do not see any problem with the current level of 21.6%. Looking at this chart though, it looks like it is getting closer and closer to 25% and at this run rate it may exceed 25%. Some people may be worried about that, but I disagree. Our job is to make sure that this line does not go over 25%. We have a lot of things that we can do to control. If unexpectedly a very significant event happens on the stock market, the LTV might be even heavily impacted, but when you talk about LTV, 25% is a very safe level in the first place, so getting closer to 25% does not necessarily mean it is risky or dangerous because 25% is a safe bar, if you will, in the first place. On top of that, we will make sure that we will not exceed 25%. That is the discipline we have in our policy.

Speaker 4

Q1:

It seems you had a very positive reception for SBG bonds in Japan. Globally, some are suggesting global funding rates may increase. What do you expect for the Japan market?

A1:

(Goto) I would like to answer your first question. With regard to the issuance, not only the domestic bonds, but we also issued global bonds in dollars and euros. We always monitor the market and we are always discussing internally. As of today, we do not have any immediate plan for the issuance, but we keep monitoring the market and investors' demand. At the same time, we need to check our redemption schedule so that we can explore the best timing for the next issuance. So, global issuance is something that we will keep considering and we would like to keep accessing, as well as the domestic market.

Q2:

Could you tell us how we should think about the timing to IPO for Vision Fund 2 maybe compared to Vision Fund 1, just as a general way of planning?

A2:

(Govil) With respect to your question on IPO timing, we generally invest in companies that we believe will list in two to five years, but we are seeing a very interesting trend with our Fund 2 companies. We have already had 13 listings to date, and if you look at the overall portfolio, 27% of the portfolio is public or exited after two years compared to Fund 1 where we have 59% of the portfolio that is public or exited after five years.

Speaker 5

Q1:

SoftBank has sold its interest in PayPay to the Vision Fund for 1.46 billion dollars. It implies a value of about five billion for PayPay. Two things. Can you clarify? Was that value less than when the

preference shares were done for PayPay in June last year? Secondly, what are your expectations or not for PayPay actually to IPO in the next year or so?

A1:

(Goto) With regard to PayPay's valuation, at a certain point or at a given point, we value the company based upon a third-party evaluation. Of course, there are different views on the valuation of a company, but we have certain rules in place to be able to give you a fair value from our perspective. With regard to listing opportunities, yes, that is one option, but we have not made any decision yet for timing.

Speaker 6

Q1:

We check every quarter's numbers. It is 21.6% as of December, so this is already the past figure. How are you surviving this quarter? Because the share price as of February 7 of the P&L was shown in the very last slide, and there was a 13 billion-dollar decrease. As of February 7, if no other environmental change happens, 22% or 23% will be the LTV we can expect. However, not the end of December, but as of today, after you are spending January and February with the share price, what is the current LTV? Based on that, how are you going to manage the speed of investment or the return to shareholders? Can you give us color on the current status of the LTV?

A1:

(Goto) Well, actually Mr. Son said that he checks the LTV four times a day. Is it really the right thing to do? That is another question, but actually he does check those LTV figures four times a day. Of course, the share price changes the impact, but it is a bit difficult to talk about the LTV on a daily basis. While we see the decline of the share price of ours or the share price of Alibaba, of course that is going to be negatively impacting our LTV. If you pick up Alibaba shares, actually their volatility is really high, so we cannot be too happy or too sad about the movements of share prices. That is why we showed the quarterly base of the figures, so that you can check the past. We do have several data with us on an everyday basis to manage, and based on the situation, we change the medicine or change the number of pills we take. We do not want to use too strong of a treatment or sometimes we may need to have good care so we need to have several pills together. If the movement is within our expectation, then I believe that we can manage a LTV for the 25% range.

I hesitate to make any specific comments on the detailed management of those. The movement of Alibaba, with our holding of 25%, can be something you can expect. Of course, when there is any movement dramatically, we have a measure or preparation to make an action to it.

Q2:

I am looking at the segment-based pretax gain in the October-December quarter, and the listed securities' price is down. We knew that for December, so we thought that it was going to be a loss, but actually it was a profit, pretax. With regard to Vision Fund 1, the private companies' evaluation is increasing. I believe that is the reason. Also, the recent round pushed the valuation which offset with the decrease of listed securities.

My question is, for the fourth quarter of January to March, while you are spending January and February, those listed securities and your investment portfolio are decreasing, which is a negative effect to you, but also you have IPO-filed companies and SPAC-announced companies increasing. So, is the private companies' markup trend going to increase? Will you be able to continuously keep this trend of the markup for the private companies from January to March?

A2:

(Govil) We obviously monitor the markets very closely and we will see where the markets are. Accordingly, we will be able to determine whether we will take an uplift or a markdown. But what is more important is that we invest in companies that have strong fundamentals, and even though

there is market volatility, we are able to essentially look through short-term market cycles. That is why our fund life is anywhere between 12 to 15 years for the two funds. Our focus is on investing in companies with the strongest fundamentals and prospects.

Disclaimers

This presentation provides relevant information about SoftBank Group Corp. ("SBG") and its subsidiaries (together with SBG, the "Company") and its affiliates (together with the Company, the "Group") and does not constitute or form any solicitation of investment including any offer to buy or subscribe for any securities in any jurisdiction.

This presentation contains forward-looking statements, beliefs or opinions regarding the Group, such as statements about the Group's future business, future position and results of operations, including estimates, forecasts, targets and plans for the Group. Without limitation, forward-looking statements often include the words such as "targets", "plans", "believes", "hopes", "continues", "expects", "aims", "intends", "will", "may", "should", "would", "could", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof. Any forward-looking statements in this presentation are based on the current assumptions and beliefs of the Group in light of the information currently available to it as of the date hereof. Such forward-looking statements do not represent any guarantee by any member of the Group or its management of future performance and involve known and unknown risks, uncertainties and other factors, including but not limited to: the success of the Group's business model; the Group's ability to procure funding and the effect of its funding arrangements; key person risks relating to the management team of SBG; risks relating to and affecting the Group's investment activities; risks relating to SB Fund (defined as below), its investments, investors and investees; risks relating to SoftBank Corp. and the success of its business; risks relating to law, regulation and regulatory regimes; risks relating to intellectual property; litigation; and other factors, any of which may cause the Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking statements. For more information on these and other factors which may affect the Group's results, performance, achievements, or financial position, see "Risk Factors" on SBG's website at https://group.softbank/en/ir/investors/management_policy/risk_factor. None of the Group nor its management gives any assurances that the expectations expressed in these forward-looking statements will turn out to be correct, and actual results, performance, achievements or financial position could materially differ from expectations. Persons viewing this presentation should not place undue reliance on forward looking statements. The Company undertakes no obligation to update any of the forward-looking statements contained in this presentation or any other forward-looking statements the Company may make. Past performance is not an indicator of future results and the results of the Group in this presentation may not be indicative of, and are not an estimate, forecast or projection of the Group's future results.

The Company does not guarantee the accuracy or completeness of information in this presentation regarding companies (including, but not limited to, those in which SB Funds have invested) other than the Group which has been quoted from public and other sources.

Regarding Trademarks

Names of companies, products and services that appear in this presentation are trademarks or registered trademarks of their respective companies.

Important Notice – Trading of SBG Common Stock, Disclaimer Regarding Un-sponsored American Depository Receipts.

SBG encourages anyone interested in buying or selling its common stock to do so on the Tokyo Stock Exchange, which is where its common stock is listed and primarily trades. SBG's disclosures are not intended to facilitate trades in, and should not be relied on for decisions to trade, un-sponsored American Depository Receipts ("ADRs").

SBG has not and does not participate in, support, encourage, or otherwise consent to the creation of any un-sponsored ADR programs or the issuance or trading of any ADRs issued thereunder in respect of its common stock. SBG does not represent to any ADR holder, bank or depository institution, nor should any such person or entity form the belief, that (i) SBG has any reporting obligations within the meaning of the U.S. Securities Exchange Act of 1934 ("Exchange Act") or (ii) SBG's website will contain on an ongoing basis all information necessary for SBG to maintain an exemption from registering its common stock under the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

To the maximum extent permitted by applicable law, SBG and the Group disclaim any responsibility or liability to ADR holders, banks, depository institutions, or any other entities or individuals in connection with any un-sponsored ADRs representing its common stock.

The above disclaimers apply with equal force to the securities of any of the Group which are or may in the future be the subject of un-sponsored ADR programs, such as SoftBank Corp. or Z Holdings Corporation.

Notice regarding Fund Information contained in this Presentation

This presentation is furnished to you for informational purposes and is not, and may not be relied on in any manner as, legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy limited partnership or comparable limited liability equity interests in any fund managed by a subsidiary of SBG, including SB Global Advisers Limited ("SBGA"), SB Investment Advisers (UK) Limited ("SBIA"), SBLA Advisers Corp. ("SBLA") and any of their respective affiliates (collectively, the "SB Fund Managers" and each an "SB Fund Manager") (such funds together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle collectively, the "SB Funds" and each an "SB Fund"). For the avoidance of doubt, the SB Funds include, among other funds, SoftBank Vision Fund L.P. (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the "Vision Fund I" or "SVF1"), which are managed by SBIA and its affiliates, SoftBank Vision Fund II-2 L.P. (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the "Vision Fund II" or "SVF2"), which are managed by SBGA and its affiliates, SBLA Latin America Fund LLC (together with, as the context may require, any parallel fund, feeder fund, co-investment vehicle or alternative investment vehicle, the "SoftBank Latin America Fund" or "LatAm Fund"), which is managed by SBLA and its affiliates.

None of the SB Funds (including the Vision Fund I, Vision Fund II and SoftBank Latin America Fund), the SB Fund Managers any successor or future fund managed by a SB Fund Manager, SBG or their respective affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of the SB Funds or any other entity referenced in this presentation, or future performance of any successor or the future fund managed by a SB Fund Manager.

Information relating to the performance of the SB Funds or any other entity referenced in this presentation has been included for background purposes only and should not be considered an indication of the future performance of the relevant SB Fund, any other entity referenced in this presentation or any future fund managed by an SB Fund Manager. References to any specific investments of an SB Fund, to the extent included therein, are presented to illustrate the relevant SB Fund Manager's investment process and operating philosophy only and should not be construed as a recommendation of any particular investment or security. The investment performance of individual investments of an SB Fund may vary and the performance of the selected transactions is not necessarily indicative of the performance of all of the applicable prior investments. The specific investments identified and described in this presentation do not represent all of the investments made by the relevant SB Fund Manager, and no assumption should be made that investments identified and discussed therein were or will be profitable.

The performance of an SB Fund in this presentation is based on unrealized valuations of portfolio investments. Valuations of unrealized investments are based on assumptions and factors (including, for example, as of the date of the valuation, average multiples of comparable companies, and other considerations) that the relevant SB Fund Manager believes are reasonable under the circumstances relating to each particular investment. However, there can be no assurance that unrealized investments will be realized at the valuations indicated in this presentation or used to calculate the returns contained therein, and transaction costs connected with such realizations remain unknown and, therefore, are not factored into such calculations. Estimates of unrealized value are subject to numerous variables that change over time. The actual realized returns on the relevant SB Fund's unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the relevant SB Fund Manager's valuations are based.

Past performance is not necessarily indicative of future results. The performance of an SB Fund or any future fund managed by an SB Fund Manager may be materially lower than the performance information presented in this presentation. There can be no assurance that each SB Fund or any future fund managed by the relevant SB Fund Manager will achieve comparable results as those presented therein.

Third-party logos and vendor information included in this presentation are provided for illustrative purposes only. Inclusion of such logos does not imply affiliation with or endorsement by such firms or businesses. There is no guarantee that an SB Fund Manager, an SB Fund's portfolio companies, any future portfolio companies of a future fund managed by an SB Fund Manager or SBG will work with any of the firms or businesses whose logos are included in this presentation in the future. SBGA, SBIA and SBLA manage separate and independent operations and processes from each other and those of SBG in the management of Vision Fund II, Vision Fund I and Latam Fund, respectively. Any SB Funds managed by SBGA, SBIA or SBLA are solely managed by SBGA, SBIA or SBLA respectively.