

## SoftBank Group Corp. : FY21Q4 Investor Briefing Q&A

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### Presenter:

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### Speaker 1

#### Q1:

I have one question to Goto-san on pages 37 and 38 of the Finance section, the cycle of investment and recovery. For FY2022, aside from the amount, regarding the cash generation and cash usage, what kind of idea do you have in terms of the amount of cash and where you want to use cash for? So, not numbers per se, but your views, thoughts, or direction. If you can share that with me, it would be great.

#### A1:

**Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO**  
For FY22, as you can see on slides 37 and 38, compared to FY21, I think the investment amount is going to be much smaller. On the chart specifically, it is 5.2 trillion yen here, but for FY22, it will be significantly less than that. Of course, depending on the market conditions, the net asset value might go down, so we would need to maybe slow down the investment further. Then, the size of investment would be even smaller. So, it is highly likely that new investment is smaller.

In this chart, this yellow part gets much smaller, but the question is “Do you want to do more share buyback?” Well, how we can finance the resources is something we need to look at, and the assumption should be not so much distribution from Vision Fund, but in the meantime, I think that we will still be able to access the multiple financing markets. So, this 3.3 trillion yen here can be something that we can utilize. Of course, we will stick to the principle of the cash position and LTV levels. I think that is how we are going to do it in FY22.

### Speaker 1

Thank you very much. Looking at the share rise today, it looks like the market was worried about a lot of stuff before today, but now you make it clear that you are in a defensive mode, but whenever you can be offensive, you turn to offense.

### Speaker 2

#### Q1:

Following up on a previous question. Regarding the 20.4% of LTV, I believe this is in the middle of the process, so compared to the end of March, right now we are in the middle of May, so the macroeconomics and the market have changed too. With that, I want to ask you about the net debt level. How far do you think you can minimize it? What is your comfortable level of net debt? If we discuss over LTV, then it may be difficult because there are many environmental factors, so I want to ask you about your comfortable level for the net debt.

#### A1:

**Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO**  
Thank you for your question. Regarding LTV, I do not think there is any change. This is the result. This is in the middle of the process and I think the LTV is changing every day. So, this is moving, but if it is changing every day, we can never be able to use this as an index. I think it is important to have the snapshot at the end of the quarter to share the LTV. 20.4% is the LTV at the end of March,

but your question is about the net debt. I think you are using this for a view on the safeness of our business, but actually net debt itself does not really translate into the safeness of the company from my perspective. Even if you have five trillion yen of net debt or 10 trillion yen of net debt, if you have a cash position to repay safely, I think that is something that you will be able to follow the rule of the Company for debt repayments. That is why I think we are focusing on LTV and cash position. Those two are the two main policies that we would like to keep and that is why we believe they are the best two policies that we should be sharing with you as an index for you on the safeness of the company.

**Q2:**

The second question of mine is on the buyback. You are making good progress and it seems like you will be able to complete it as scheduled. After then, what are you going to do once you complete your current ongoing projects? What kind of expectations should we have?

**A2:**

***Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO***

Regarding the second question about the buyback, we are aiming to complete this one trillion yen of buyback within the year we set. "What is next?" I think that is your question, once we complete the current one. That is something that we are studying and exploring internally. As I mentioned in the previous person's question, once we slow down the investment activities, we may see an even better LTV. "Well, we are improving the LTV, so the company is safe." That is not the end of the story. Actually, investment in buyback is one of the investment activities that we should be looking at as the overall investment strategy, as long as we can keep our financial policies. If we are still not sure about new investments to other companies, then I think the discussion is whether we should be replacing the source to buyback or not. This is just one idea or one concept. Based on our financial discipline, what should be the pace for new investment activities? If not, should we replace that to buyback?

**Q3:**

Thank you. My third question is again to Goto-san. In your presentation, the ecosystem centering Arm is something that you view right now. In the past 5-6 years, I feel that you are investing in Arm as a more pure investment type of concept. So, even after the IPO of this company, assuming that you will be keeping your majority ownership stake in Arm, what is your view on the opportunities of the future of Arm while being a majority shareholder of the company?

**A3:**

***Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO***

What Arm can bring to us includes technology or a new lifestyle or a new workstyle or any infrastructure parts of IT. I believe what they are designing is the very core or heart of technology. Without that, you cannot really run the infrastructure. So, how AI brings us to change the workstyle or lifestyle. Arm is the base for all of those changes. I believe Arm can be a very good contributor for our vision or concept for the future change of our lifestyle.

As Son-san (Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO) said yesterday's Earnings Results Briefing, with the development of Arm, they do not need immediate cash or immediate money. They have a strong position in the market and they have a strong expectation from their clients and partners. We would like to make sure that we can provide them the best support for them to grow further, so we have a vision for the investment to grow the information technology. Some of them have overlaps with what Arm is looking at. Arm can create new synergy groups in relation to AI technology revolutions and so on. That is something that we would like to see for the future. So, we would like to still keep the same vision, but use various options, including Arm.

Speaker 2  
Thank you.

**Speaker 3**

**Q1:**

Hello. The first question is for Goto-san. Congratulations on lowering your LTV despite this very difficult market situation. It seems though that the market is still tough for Q1. Maybe you are considering more asset-backed financing. Could you tell us about how the costs and availability of additional asset-backed financing is in this current market? Thank you.

**A1:**

***Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO***

Yes, thank you. For asset-backed financing, the source or the shares that we can use are mainly Alibaba as of today. For that, the share price is still kept very weak, but when it comes to derivative transactions, the demand has not really changed and actually it is still available. Finance cost wise, it is a satisfactory level. Such an offer has been proposed, so I believe in the meantime, we will still continuously consider and utilize Alibaba shares for asset-backed financing.

**Q2:**

Great, thank you. A second question for Navneet. You mentioned inflation and we are seeing a lot of reopening in many markets. Could you comment on which sectors or companies in the SoftBank Vision Fund or LatAm Fund are benefitting from those trends for travel or other areas? Thank you.

**A2:**

***Navneet Govil, Managing Partner CFO, SB Investment Advisors***

Thank you. Especially, some of the companies on the logistics and transportation side have benefitted in terms of inflation in the recent quarter.

Speaker 3  
Okay, thank you.

**Speaker 4**

**Q1:**

I have one question for Goto-san. Looking at the third page of the opening remarks, at the bottom, it says "preparing for further downside." You mentioned that for the next 6-12 months, you want to be conservative and careful, but what kind of event in the future will trigger you to go from defense mode to offense mode? Do you have any index or anything that you are looking at that could be a trigger to your change of stance from defense to offense? Thank you.

**A1:**

***Yoshimitsu Goto, Board Director, Corporate Officer, Senior Vice President, CFO, CISO & CSusO***

Thank you very much. I think the most obvious event is the equity market condition. When or if the trend changes, our stance or position will be very different, and valuation should go up. That could have a positive impact on the Arm IPO, so I think a better market condition is a very important trigger.

As I mentioned earlier, there are a lot of environmental factors that we should consider. For example, interest rates or commodity prices or a Russian invasion to Ukraine or some China risks. There are a lot of uncertainties. Also, how and when people around the world can feel more comfortable. I believe you feel the same way. Did I answer your question?

Speaker 4  
Yes, thank you. Thank you very much.

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