
Q&A regarding Bond-Type Class Shares

Please refer to this Q&A that we have prepared as reference material relating to the Bond-Type Class Shares that we announced in our press release titled “Notice Regarding Partial Amendment to Articles of Incorporation and Shelf Registration with Respect to Issuance of Series 1 Bond-Type Class Shares” on May 24, 2023.

SoftBank Corp.

May 24, 2023

This material has been prepared solely for the benefit of the holders of shares of common stock of SoftBank Corp. (the “Company”) in evaluating the proposal of the Company for a partial amendment to the Articles of Incorporation scheduled to be submitted to the Company’s 37th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) planned to be held on June 20, 2023 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country. This material does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

Question	Answer
<p>1. What is the purpose of amendments to the Articles of Incorporation for the Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> • In order to continue to balance growth investment with a high level of shareholder returns while making growth investments related to advanced telecommunications and IT technologies and next-generation social infrastructure for the future, we have come to the conclusion that it would be desirable to enhance our capital and reinforce our financial base by incorporating equity financing in addition to debt financing, and in order to meet the needs of a wide range of investors, including retail investors, we intend to add provisions to the Articles of Incorporation for the issuance of new class shares, the Bond-Type Class Shares. • As the Bond-Type Class Shares will be an option as a financing method for us to realize an increase in equity capital to secure a sound financial base, we decided to make amendments to the Articles of Incorporation with the aim of pursuing flexible financing options for the future.
<p>2. Is it possible to use the Bond-Type Class Shares as takeover protection measures?</p>	<ul style="list-style-type: none"> • The Bond-Type Class Shares are considered ill-suited to takeover protection measures by their nature owing to the lack of the rights to vote at General Meetings of Shareholders and the lack of the rights to convert them into Common Shares, irrespective of the ownership ratio, and are not anticipated to be used in that manner. The matters which are required to be resolved at General Meetings of Class Shareholders comprising the holders of the Bond-Type Class Shares are more limited than those provided for in the Companies Act. Further, the Bond-Type Class Shares are not anticipated to be allotted to the holders of Common Shares by gratis allotment and others.
<p>3. While multiple series of the Bond-Type Class Shares are provided for in the proposed Articles of Incorporation, what are your thoughts on the specific issuances?</p>	<ul style="list-style-type: none"> • We expect that the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares will be issued for the purpose of raising funds for investment in growth and under appropriate issuance conditions based on the same method as the Book Building procedure by a wide range of investors. • In addition, since we intend that capital financing of equal or greater value shall be required in principle if we acquire (call) the Bond-Type Class Shares in exchange for cash, other series of the Bond-Type Class Shares may be issued for such acquisition.
<p>4. What are the characteristics of the Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> • While the Bond-Type Class Shares are shares provided for in the Companies Act, we envision a product nature that has a “bond” features, in consideration of the holders of Common Shares. • Specifically, the holders of the Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares and the Bond-Type Class Shares are non-participating class shares - no dividend is paid beyond the preferred dividend initially set.

Question	Answer
<p>5. Will the Bond-Type Class Shares cause any disadvantages to the holders of Common Shares?</p>	<ul style="list-style-type: none"> • Since the holders of the Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares, the Bond-Type Class Shares do not cause dilution of the rights to vote. • The shares are non-participating class shares - no dividend is paid beyond the preferred dividend initially set, and only the holders of Common Shares have the right to participate in dividends beyond that. • We believe that we can secure a sound financial base while taking into more consideration the impact on ROE and EPS, etc. for Common Shares ^(*), compared to a capital increase through the issuance of Common Shares.
<p>6. Have bond-type class shares been issued in the past?</p>	<ul style="list-style-type: none"> • We recognize the past cases of bond-type class shares issued by other companies by way of third-party allotment. • Meanwhile, the Bond-Type Class Shares will be a new design for bond-type class shares in Japan, differing significantly from the past ones - they can provide a wide range of investors with investment opportunities as any future issuance of Bond-Type Class Shares is anticipated to be through a public offering, and obtaining capitalization certification (50% of the amount of funds raised) from the rating agencies (R&I and JCR) and a listing application for the Prime Market of the Tokyo Stock Exchange is planned to be made.
<p>7. What does “product nature similar to that of hybrid bonds” mean?</p>	<ul style="list-style-type: none"> • We are considering that the product design of the Bond-Type Class Shares that can be certified as capitalized (50% of the amount of funds raised) by the rating agencies (R&I and JCR), which is similar to hybrid bonds. • The dividend is fixed for approximately the first five years, and after the elapse of five years from the issuance, we may acquire (call) the Bond-Type Class Shares in exchange for cash in an amount equal to the issue price plus adjustments for accrued dividend, etc.
<p>8. What is the difference between the Bond-Type Class Shares and hybrid bonds?</p>	<ul style="list-style-type: none"> • The Bond-Type Class Shares differ significantly from ordinary hybrid bonds in that they allow for increased equity for accounting purposes. • In addition, the Bond-Type Class Shares will be a product available for investment by a wide range of investors through listing on the Tokyo Stock Exchange.
<p>9. What is the expected role of hybrid capital in the financial strategy and positioning of that in the capital structure?</p>	<ul style="list-style-type: none"> • Considering the feasibility of increased investment for continuous growth, we expect the Bond-Type Class Shares to contribute to our financial soundness as a capital buffer without dilution of the rights to vote of Common Shares. • We believe that it is a useful method for pursuing optimal financing options for our business and financial strategies going forward since it will lead us to secure a variety of financing methods.

*1 On the assumption that the relevant amounts of the Bond-Type Class Shares (paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares

Question	Answer
<p>10. What format of the issuance is planned?</p>	<ul style="list-style-type: none"> • Although the specific format of the issuance has not yet been determined at this time, if we issue the Bond-Type Class Shares, we plan to make them available for investment by a wide range of investors including retail investors through a public offering in Japan. • We plan to make the Bond-Type Class Shares also available for investment by the holders of the Common Shares.
<p>11. When is the planned timing of the issuance of the Series 1 Bond-Type Class Shares and how much is the planned amount of the issuance of the Series 1 Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> • Although the specific timing of the issuance has not yet been determined at this time, if the proposal of amendments to the Articles of Incorporation for the Bond-Type Class Shares is approved at the General Meeting of Shareholders, we expect to issue Series 1 Bond-Type Class Shares on the order of up to 120 billion yen in the fiscal year ending March 31, 2024, depending on the market conditions.
<p>12. What are your thoughts on the product nature and amount of the issuance of the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> • The product nature of the Series 2 Bond-Type Class Shares and subsequent series of Bond-Type Class Shares are anticipated to be substantially the same as that of the Series 1 Bond-Type Class Shares. Since the holders of these series of Bond-Type Class Shares do not have the rights to vote or to convert them into Common Shares, the shares do not cause dilution of the rights to vote. The issuance of such shares, if any, will be determined based on comprehensive consideration of future capital needs and market trends, but at this time, the offering size of the future series is anticipated to be substantially the same as that of the Series 1 Bond-Type Class Shares.
<p>13. Why is the annual dividend rate range anticipated to be from 2% to 4%?</p>	<ul style="list-style-type: none"> • Under the current market conditions, taking into account the product nature of the position between equity and debt, we anticipate the annual dividend rate to be within a range from the coupon of our senior bonds to the dividend yield on our Common Shares.
<p>14. What is the reason for considering listing the Bond-Type Class Shares on the Tokyo Stock Exchange?</p>	<ul style="list-style-type: none"> • In order to make the Bond-Type Class Shares available for investment by a wide range of investors, we believe it is important to increase recognition of the shares and provide trading opportunities by listing them on the Tokyo Stock Exchange.
<p>15. Is it planned to acquire (call) the Bond-Type Class Shares in exchange for cash after five years from the issuance?</p>	<ul style="list-style-type: none"> • We will determine whether to acquire (call) the Bond-Type Class Shares in exchange for cash, taking into consideration our business and financial strategy at the time, market conditions and other factors. • We fully understand that, as is customary in the market for hybrid financing, many investors expect to be called when the dividend rate is stepped up.
<p>16. Will the issuance of the Bond-Type Class Shares affect your dividend policy on the Common Shares?</p>	<ul style="list-style-type: none"> • Our dividend policy of maintaining a high level of shareholder returns remains unchanged. There is no change to our dividend forecast for this fiscal year.