

June 5, 2018
SoftBank Group Corp.

Establishment of Joint Venture for China Business at Subsidiary Arm

SoftBank Group Corp. ("SBG") announces that it confirmed today that, on June 4, 2018, Arm Limited ("Arm"), a British subsidiary of SBG, agreed to sell a majority stake in its Chinese subsidiary, Arm Technology (China) Co., Ltd. ("Arm China"), to entities* (the "Direct Investors") representing certain financial investors and certain of Arm's ecosystem partners in order to form a joint venture for Arm's existing semiconductor technology IP business in China (the "Transaction").

1. Transaction Rationale

Arm has been very successful in licensing its technologies to Chinese semiconductor companies. Arm estimates that around 95% of all advanced chips designed in China in 2017 were based on Arm technology. In the fiscal year ended March 2018, Arm's semiconductor technology IP business in China made up around 20% of Arm's revenues. The Chinese market is valuable and distinctive from the rest of the world. Arm believes this joint venture, which will license Arm semiconductor technology to Chinese companies and locally develop Arm technology in China, will expand Arm's opportunities in the Chinese market.

2. Transaction Method

Under the terms of the Transaction, Arm will sell 51% of its equity interest in Arm China for USD 775.2 million to the Direct Investors. The Transaction is expected to close in June 2018, subject to the completion of customary filings and registrations and other customary conditions.

Arm will continue to receive a significant proportion of all licence, royalty, software and services revenues arising from Arm China's licensing of Arm semiconductor products.

3. Impact on Financial Results

In SBG's consolidated accounts, Arm China will no longer qualify as a subsidiary and will be excluded from the scope of consolidation upon completion of the Transaction. Arm China will then become an associate and will be accounted for under the equity method from that date.

In addition to the Transaction, SBG expects to record a gain from the sale of shares of subsidiaries and other items in its consolidated financial statements for the three-month period ending June 30, 2018. The details of the impact on SBG's consolidated financial results will be announced once they become certain.

* The names are not disclosed at the request of the relevant parties.