

## **Sale of All Shares in Subsidiary Arm Limited**

SoftBank Group Corp. ("SBG") announced today that on September 13, 2020 (U.S. time), SoftBank Group Capital Limited, a wholly owned subsidiary ("SBGC"), and the SoftBank Vision Fund have entered into a definitive agreement with NVIDIA Corporation ("NVIDIA"), a U.S.-based semiconductor manufacturer, whereby SBG will sell all of its shares in wholly owned subsidiary Arm Limited ("Arm") held by SBGC and the SoftBank Vision Fund to NVIDIA in a transaction value up to USD 40 billion (approximately JPY 4.2 trillion\*) (the "Transaction").

The Transaction is subject to regulatory approvals (including those of the U.K., China, the European Union, and the U.S.) and other customary closing conditions. The Transaction is expected to take approximately 18 months to close.

\* USD 1 = JPY 106

### **1. Purpose of the Transaction**

Since the acquisition in September 2016 for USD 31.0 billion, Arm has been one of the most important assets of SBG, a strategic holding company. After consideration of its original plan to relist Arm on a stand-alone basis as compared to a combination with NVIDIA, SBG concluded that the latter approach is better suited to realize Arm's potential and will help increase SBG's shareholder value. SBG expects the combination will create the world's leading computing company for the age of artificial intelligence, accelerating innovation while expanding into large, high-growth markets – bringing together NVIDIA, the premier AI computing company, and Arm, the world's most pervasive computing platform. The Transaction will in no way change SBG's belief in the power and potential of Arm's technology, and SBG will remain committed to Arm's long-term success as a significant strategic shareholder in NVIDIA, working to enhance NVIDIA's and, consequently, SBG's shareholder value.

### **2. Summary of the Transaction**

- SBG will sell all of its shares in Arm held by SBGC and the SoftBank Vision Fund to NVIDIA in a transaction value at up to USD 40 billion (approximately JPY 4.2 trillion). Of the USD 40 billion, USD 2 billion will be paid in cash to Arm at signing, and USD 10 billion in cash and USD 21.5 billion in NVIDIA common stock (44,366,423 shares, of which USD 1 billion in NVIDIA stock (2,063,554 shares) will be subject to an escrow to satisfy certain indemnification obligations of SBGC and the SoftBank Vision Fund in the definitive

agreement for the Transaction) will be paid to SBGC and the SoftBank Vision Fund at closing. An earn-out of up to USD 5 billion is payable to SBGC and the SoftBank Vision Fund subject to satisfaction of specific financial performance targets of Arm in the definitive agreement, and, if earned, SBG has the option to elect for the earn-out to be paid either in NVIDIA common stock or cash.

- An additional USD 1.5 billion in NVIDIA stock awards will be granted to Arm employees.
- The number of NVIDIA shares representing USD 21.5 billion (44,366,423 shares) was determined based on a price of USD 484.6007 per share (the average of the daily closing prices of NVIDIA common shares for the 30 consecutive trading days ended September 10, 2020, rounded up to four decimal points).
- Upon closing of the Transaction, SBG and the SoftBank Vision Fund expect to receive in the aggregate approximately 6.7-8.1% of outstanding NVIDIA shares, depending on the final amount of the earn-out (if any). NVIDIA is not expected to become a subsidiary or affiliate of SBG following the completion of the Transaction.
- Arm’s Internet-of-Things Services Group (ISG) business will be carved out from Arm prior to the closing of the Transaction. Accordingly, the ISG business is not within the scope of the Transaction.
- Concurrently with the execution of the definitive agreement for the Transaction, NVIDIA and Arm entered into a license agreement under which Arm grants NVIDIA a license for all existing and future Arm products, services, tools, and other commercial offerings of Arm’s IP Products Group (IPG) business.

### 3. About Arm

(1) Name	Arm Limited	
(2) Address	Cambridge, United Kingdom	
(3) Name and title of representative	Simon Segars, Chief Executive Officer	
(4) Nature of business	Design of microprocessor intellectual property and related technology, sale of software tools and provision of software services	
(5) Share capital	GBP 1,025 thousand	
(6) Established	October 1990	
(7) Major shareholders and their holdings	SoftBank Group Capital Limited 75.01% SVF HOLDCO (UK) LIMITED 24.99%	
(8) Relations between SBG and Arm	Capital	Arm is a wholly owned subsidiary of SBG.
	Personnel	Simon Segars, Arm’s Chief Executive Officer, concurrently serves as a Board Director of SBG. Masayoshi Son, SBG’s Chairman & CEO, serves as Arm’s Chairman and Director. In addition, Ronald D. Fisher (SBG’s Board Director, Vice Chairman), Marcelo Claure (SBG’s Board Director,

		Executive Vice President & COO), and Yasir O. Al-Rumayyan (SBG's Board Director) serve on Arm's Directors.	
	Business	There is no business relationship between SBG and Arm.	
(9) Consolidated operating results and financial position in the past three years (in millions of GBP excluding per share data)			
	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
Net sales	1,368	1,388	1,492
Operating income (loss)	99	75	34
Net income (loss)	31	1,015	(63)
Total equity	2,336	3,463*	3,473
Total asset	2,909	4,212*	4,663
Net income (loss) per share (GBP) (Note1)	0.03	0.99	(0.06)
Dividend per share (GBP)	-	-	-

\*These numbers have been restated as compared to previously presented results.

(Note 1) In the fiscal year ended March 2020, Arm divided its 1,025,234 GBP 1 ordinary shares into 1,025,234,000 ordinary shares of GBP 0.001 each, all periods are presented on a comparable basis of GBP 0.001 shares.

#### 4. About NVIDIA

(1) Name	NVIDIA Corporation	
(2) Address	California, United States	
(3) Name and title of representative	Jensen Huang, Founder, President and CEO	
(4) Nature of business	Manufacture and sale of semiconductors	
(5) Share capital	USD 1 million	
(6) Established	April 1993	
(7) Major shareholders and their holdings*	The Vanguard Group, Inc. 7.68% FMR LLC 7.28% BlackRock, Inc. 6.55%	
(8) Relations between SBG and NVIDIA	Capital	SBG held 476,162 shares in NVIDIA as of June 30, 2020, solely for investment purpose.
	Personnel	Not applicable
	Business	There is no business relationship between SBG and NVIDIA.

\*Based on information about NVIDIA's beneficial shareholders as of March 22, 2020, as set out in the company's annual report 2020.

## 5. Ownership in Arm before and after the Transaction

Number of shares held before the Transaction	1,025,234,000 shares (Voting rights ownership ratio: 100%)
Number of shares to be sold	1,025,234,000 shares
Number of shares to be held after the Transaction	0 shares (Voting rights ownership ratio: 0%)

## 6. Schedule

Conclusion of definitive agreement	September 13, 2020 (U.S. time)
Closing of the Transaction	By around March 2022 (expected)

## 7. Comment from Masayoshi Son, Chairman and CEO of SBG

NVIDIA is the perfect partner for Arm. Since acquiring Arm, we have honored our commitments and invested heavily in people, technology and R&D, thereby expanding the business into new areas with high growth potential. Joining forces with a world leader in technology innovation creates new and exciting opportunities for Arm. This is a compelling combination that projects Arm, Cambridge and the U.K. to the forefront of some of the most exciting technological innovations of our time and is why SBG is excited to invest in Arm's long-term success as a major shareholder in NVIDIA. We look forward to supporting the continued success of the combined business.

## 8. Impact on SBG's consolidated financial results

The impact of the Transaction on SBG's consolidated financial results will be announced when available. Upon completion of the Transaction, Arm will cease to be a subsidiary of SBG and will no longer be consolidated into SBG's financial results; however, as the Transaction is subject to regulatory approvals, including those of the U.K., China, the European Union, and the U.S., Arm will continue to be treated as a continuing operation in SBG's consolidated statements of income until the closing of the Transaction is considered highly probable.

## Net sales and income before income tax (segment income) for the fiscal year ended March 2020

	Consolidated	Arm segment
	Millions of yen	Millions of yen
Net sales	6,185,093	206,652
Income before income tax (segment income)	35,492	(38,963)

**Reference: Consolidated financial results forecast for the fiscal year ending March 2021 and actual for the fiscal year ended March 2020**

	Net sales	Income before income tax	Net income attributable to owners of the parent
Forecast for the fiscal year ending March 2021	-	-	-
Actual for the fiscal year ended March 2020	Millions of yen 6,185,093	Millions of yen 35,492	Millions of yen (961,576)

SBG does not give forecasts of consolidated results of operations as they are difficult to project due to numerous uncertainties affecting earnings.

**Cautionary Statement Regarding Forward Looking Statements**

This document contains "forward-looking statements". You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the current expectations, estimates, beliefs, assumptions, and projections of SBG's senior management about future events. Statements that include words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "potential," "continue," "goals," "targets" and variations of these words (or negatives of these words) or similar expressions of a future or forward-looking nature identify forward-looking statements. In addition, any statements that refer to projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Although SBG believes the expectations reflected in any forward-looking statements are reasonable, they involve known and unknown risks and uncertainties, are not guarantees of future performance, and actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Any or all of SBG's forward-looking statements may prove to be incorrect. Consequently, no forward-looking statements may be guaranteed and there can be no assurance that the actual results or developments anticipated by such forward looking statements will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, SBG, NVIDIA, Arm or their businesses or operations. Factors which could cause SBG's actual results to differ from those projected or contemplated in any such forward-looking statements include, but are not limited to, the following factors: the risk that the Transaction may not be completed in a timely manner or at all, which may adversely affect SBG's business and the price of its stock; uncertainties as to the timing of the consummation of the Transaction and the failure to satisfy the conditions to the consummation of the Transaction, including the receipt of certain governmental and regulatory approvals; the potential for regulatory authorities to require divestitures, behavioral remedies or other concessions in order to obtain their approval of the Transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive agreement for the Transaction; the potential impact of the announcement or consummation of the Transaction on the parties' relationships with customers, suppliers and other third parties; and other risks described in SBG's, NVIDIA's and Arm's public disclosures and NVIDIA's filings with the SEC. The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the documents that NVIDIA files with the SEC on Forms 10-K, 10-Q, and 8-K. These filings identify and address other important risks and uncertainties that could cause events and results to differ materially from those contained in the forward-looking statements set forth in this document. SBG can give no assurance that the conditions to the Transaction will be satisfied. SBG does not intend, and assumes no obligation, to revise or update any forward-looking statements.