

February 12, 2019

Company name Rakuten, Inc.  
Representative Hiroshi Mikitani  
Chairman and CEO  
(Stock Code: 4755  
Tokyo Stock Exchange First Section)

## **Announcement of Agreement Regarding Group Reorganization**

Rakuten, Inc. (hereafter the “Company”) announces that at a board of directors meeting held today, as announced in the press release "Announcement of Group Reorganization by a Corporate Split" dated August 6, 2018, and in “Announcement of Partial Revision of Group Reorganization” dated January 18, 2019, with respect to reorganization within the group (hereafter the “Group Reorganization”), we concluded an absorption-type merger agreement with Rakuten Direct, Inc. a wholly-owned subsidiary of the Company, and we decided to approve the conclusion of an absorption-type split agreement for Rakuten Mobile Network Inc., Rakuten Card Co., Ltd., and Spotlight Inc.

The Group Reorganization is an absorption-type merger for wholly-owned subsidiaries of the Company, and an absorption split that allows the Company's wholly owned subsidiaries to succeed business divisions and shares, so disclosure items and contents are partially omitted.

### 1. Purpose and background

Please refer to “1. Purpose and background” in the press release “Announcement of Group Reorganization by a Corporate Split” dated August 6, 2018.

(For reference)

The Rakuten Group's core mission is to "contribute to society by creating value through innovation and entrepreneurship". We aim to continue to be a Global Innovation Company, not only provide highly satisfying services to users and business partners, but also supporting their growth, transforming and enriching society, and thereby maximizing corporate and shareholder value of the Group.

Currently, the Group does not limit its activities to e-commerce, but offers over 70 diverse services, from internet services such as travel, digital contents and communications, to FinTech (financial) services such as credit cards, banking, securities, insurance, and electronic money. These various services cover a wide range of life scenes and are organically linked together around membership, centering on Rakuten members, enhancing cross use activity by users within the Group's services, and expanding our own unique Rakuten Ecosystem.

Recently, we have launched a partnership with FC Barcelona and accelerated global development including service brand integration. Our global membership base now exceeds 1.3 billion members.

Global gross transaction value has surpassed 15 trillion yen and continues to grow. As the Group continues to drive interest from external stakeholders both in Japan and overseas, with the aim of further expanding the Rakuten Ecosystem, we have also decided to build new business portfolios by entering the MNO (Mobile Network Operator) business, by offering comprehensive logistics services in line with a vision for “One Delivery”, and by developing new services such as the C2C business and sharing economy services.

In the light of these developments, in order to realize further growth and development of the Rakuten Ecosystem and maximize corporate value, we have decided to implement a Group reorganization that will clarify accountability, further improve efficiency and allow for overall optimization of resources, by aiming to put in place a group structure that will enable flexible decision-making and business execution.

In order to offer services that maximize customer satisfaction, in each group company, we will aim to foster and revitalize entrepreneurship to an even higher level, pursue creative innovation to the full, as well as maximizing group synergies.

The Company will also continue to maintain its listing after the Group Reorganization, continuing to work to maximize corporate value by focusing on development of group wide global corporate strategy, strengthening governance and other key initiatives, and expanding our ecosystem centered upon internet services.

## 2. Method of the Group Reorganization

Please refer to “2. Method of Group Reorganization resolved at today’s Board of Directors meeting” in the press release “Announcement of Partial Revision of Group Reorganization” dated January 18, 2019.

### (1) Reorganization of internet services business

The Company is to be the succeeding company, and Rakuten Direct, Inc. as the company absorbed in the absorption-type merger (hereafter the “Absorption-type Merger”).

### (2) Reorganization of mobile business

With the absorption-type split of the Company, the MVNO business of the Company and the shares etc. of Rakuten Communications Corp. will transfer to Rakuten Mobile Network Inc. (hereafter the “Absorption-type Split 1”).

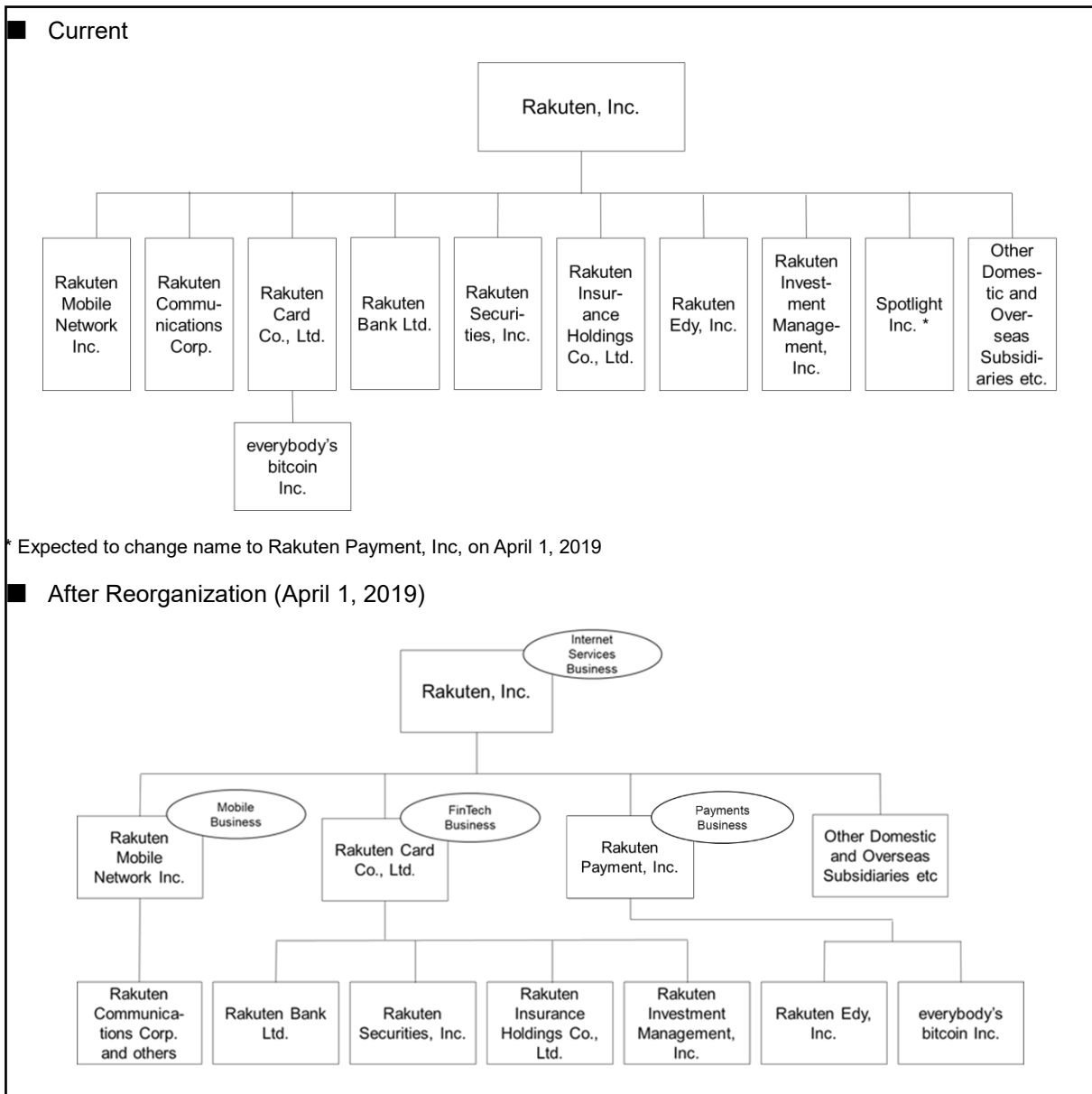
### (3) Reorganization of FinTech business

- i. As a result of the absorption-type split with the Company as the split company, the shares etc of the Company’s FinTech business, excluding the shares of Rakuten Card Co., Ltd. and Rakuten Edy, Inc., will transfer to Rakuten Card Co., Ltd., a wholly-owned subsidiary of the Company (hereafter the “Absorption-type Split 2”).
- ii. As a result of the absorption-type split with the Company as the split company, the Company’s payments-related businesses (Rakuten Pay business for real store payments, Point Partner

business, Edy business etc.) and shares of Rakuten, Edy Inc., will transfer to Spotlight Inc., expected to change name to Rakuten Payment, Inc, on April 1, 2019) (hereafter “Absorption-type Split 3”).

- iii. According to the absorption-type split with Rakuten Card Co., Ltd. as the split company, the shares of everybody’s bitcoin Inc. will transfer to Spotlight Inc. (hereafter “Absorption-type Split 4”). Since Absorption-type Split 4 is between wholly-owned subsidiaries of the Company, details are omitted.

(For reference) Group Structure after the Group Reorganization



### 3. Schedule of the group reorganization

Board meeting for absorption-type merger and split contract approval	February 12, 2019
Signing of absorption-type merger and split agreement	February 12, 2019
Effective Date	April 1, 2019 (planned)

Due to this partial change in the contents of the internal reorganization, in order to satisfy the requirement of a simplified reorganization (see note) under the Company Act, we will not be obtaining approval of the Annual General Shareholders meeting. Group reorganization of the mobile business and FinTech business are subject to the agreement of stakeholders including regulatory authorities, the acquisition of licenses and approvals and other various laws and regulations or contract procedures, and if it can be confirmed that there is no risk of serious hindrance to other businesses.

Note: Article 784, Paragraph 2 of the Company Act (Absorption-type split)

Article 796, Paragraph 2 of the Company Act (Absorption-type merger)

### 4. Overview of Group Reorganization

#### I. Absorption-type Merger

##### 1. Overview of Absorption-type Merger

According to simplified merger rules in Company Law article 796 clause 2 which related to the Company, and according to short form merger rules in Company Law article 784 clause 1 which relate to Rakuten Direct, Inc., the merger will proceed without receiving approval at the Annual General Shareholders Meeting.

##### (1) Method of the Absorption-type Merger

The Company is to be the successor company, and Rakuten Direct, Inc. as the company absorbed in the absorption-type merger.

##### (2) Details of allocation of the Absorption-type Merger

Since the Company owns all of the outstanding shares of Rakuten Direct, Inc. we will not issue or allocate shares or other funds, etc. upon the Absorption-type Merger.

##### (3) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Absorption-type Merger

Rakuten Direct, Inc., the dissolving company, has issued stock acquisition rights, but there is no change in the handling of stock acquisition rights by this Absorption-type Merger. In addition, the dissolving company has not issued bonds with stock acquisition rights.

2. Overview of companies in the Absorption-type Merger (As of December 31, 2018)

		Successor Company of Absorption-type Merger	Company Absorbed in Absorption-type Merger
(1)	Company name	Rakuten, Inc.	Rakuten Direct, Inc.
(2)	Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3)	Representative	Hiroshi Mikitani	Noriaki Komori
(4)	Main business	Internet services etc	Direct sales of drugs and daily necessities
(5)	Shareholders' equity	205,924 million yen	100 million yen
(6)	Date of establishment	February 7, 1997	November 8, 1994
(7)	Outstanding no. of shares	1,434,573,900 shares	7,104,405 shares
(8)	Fiscal year end	December 31	December 31
(9)	Major shareholders and percentage of shares held	Crimson Group, LLC. 16.75% Hiroshi Mikitani 13.04%	Rakuten, Inc. 100%

【Recent financial condition and business performance of the successor company (Rakuten, Inc.)】

	Rakuten, Inc. (Consolidated, IFRS)
Fiscal year	Year ended December 31, 2018
Total equity attributable to owners of the parent company (million yen)	774,473
Total assets (million yen)	7,345,002
Total equity attributable to owners of the parent company per share (yen)	572.83
Revenues (million yen)	1,101,480
Operating income (million yen)	170,425
Income before income tax (million yen)	165,423
Net income attributable to owners of the parent company (million yen)	142,282
Net income attributable to owners of the parent company per share (yen)	105.43

【Recent financial condition and business performance of the company absorbed (Rakuten Direct, Inc.)】

	Rakuten Direct, Inc. (Non-consolidated, J-GAAP)
Fiscal year	Year ended December 31, 2017
Net assets (million yen)	2,116
Total assets (million yen)	18,298
Net assets per share (yen)	296.53
Sales (million yen)	50,690
Operating loss (million yen)	(345)
Ordinary loss (million yen)	(307)
Net loss (million yen)	(341)
Net loss per share (yen)	(48.03)

3. Post-merger details of successor company

There will be no change due to the merger in trade name, head office location, title or name of the representative, business content, shareholders' equity, or fiscal year.

II. Absorption-type split 1

1. Overview of the Absorption-type Split 1

According to the simplified company split pertaining to the Company under article 784 clause 2 of the Company Act, the split will be executed without a resolution at the Annual general Shareholders Meeting. On the other hand, for Rakuten Mobile Network, Inc., the succeeding company, they shall obtain approval of the Annual General Shareholders Meeting, according to the absorption-type split under Article 795, clause 1 of the Company Act.

(1) Method of Absorption-type Split 1

The Company shall be the split company, with the Rakuten Mobile Network, Inc. as the successor company under an absorption-type split.

(2) Details of allocation of Absorption-type Split 1

All 58,000 shares of common stock issued by Rakuten Mobile Network, Inc. will be allocated to the Company.

(3) Treatment of stock acquisition rights and bonds with stock acquisition rights with this absorption-type company split

The Company has issued stock acquisition rights, but there is no change in the handling of these stock acquisition rights by Absorption-type Split 1. In addition, the Company has not issued bonds with stock acquisition rights.

(4) Reduction in shareholders' equity due to Absorption-type Split 1

There will be no reduction in shareholders' equity due to Absorption-type Split 1

(5) Rights and obligations to be succeeded by the successor company

Rakuten Mobile Network, Inc. the successor company, within the scope specified in the absorption-type company split agreement concerning Absorption-type Split 1, shall succeed the assets, liabilities and other rights and obligations as of the effective date of Absorption-type Split 1.

(6) Prospect of fulfillment of obligations

The Company considers that there is no issue in the continuity of performance regarding obligations to be borne by Rakuten Mobile Network, Inc., the succeeding company, after the effective date of Absorption-type Split 1.

2. Overview of companies in Absorption-type Split 1 (As of December 31, 2018)

		Split Company	Successor company
(1)	Company name	Rakuten, Inc.	Rakuten Mobile Network, Inc.
(2)	Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3)	Representative	Hiroshi Mikitani	Yoshihisa Yamada
(4)	Main business	Internet services etc	Telecommunications business
(5)	Shareholders' equity	205,924 million yen	2,100 million yen
(6)	Date of establishment	February 7, 1997	January 10, 2018
(7)	Outstanding no. of shares	1,434,573,900 shares	42,000 shares
(8)	Fiscal year end	December 31	December 31
(9)	Major shareholders and percentage of shares held	Crimson Group, LLC. 16.75% Hiroshi Mikitani 13.04%	Rakuten, Inc. 100%

【Latest financial condition and business results of split company (Rakuten, Inc.)】

See 4. Overview of the Group Reorganization, 1. Absorption-type Merger and 2. Overview of companies in the Absorption-type Merger - Latest financial condition and business performance of the Company as the surviving company is as written

【Latest financial condition and business results of successor company (Rakuten Mobile Network, Inc.)】

Rakuten Mobile Network, Inc. was founded on January 10, 2018, and since the approval of earnings of the first fiscal year at the Annual General Shareholders Meeting has not been conducted, it is not stated.

### 3. Overview of business divisions and shares to be split or succeeded

#### (1) Business divisions and shares to be split or succeeded

All businesses belonging to the Communications & Energy Company (excluding Aquafadas business, Viber global business, telecommunications business and business conducted by the MNO Business Preparation Office) and all shares of Rakuten Communications Corp. which is a wholly owned subsidiary of the Company

#### (2) Financial results of divisions to be split (Fiscal year ended December 31, 2018)

Revenue of divisions to be split: 50,107 million yen.

\* Since "sales" indicates sales to external customers, this is the estimated amount at the present time, so the amount actually divided may differ from the above.

#### (3) Items and amounts of assets and liabilities to be split or succeeded (as of December 31, 2018)

Current assets (million yen)	13,177	Current liabilities (million yen)	9,889
Fixed assets (million yen)	14,135	Fixed liabilities (million yen)	-
Total assets (million yen)	27,312	Total liabilities (million yen)	9,889

Note: We will finalize the above amount by adding/subtracting any increase/decrease up until the effective date.

### 4. Details of successor company after Absorption-type Split 1 (planned) (as of April 1 2019)

	Successor company
(1) Company name	Rakuten Mobile Network, Inc.
(2) Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3) Representative	Yoshihisa Yamada
(4) Main Business	Telecommunications business
(5) Shareholders' equity	2,100 million yen
(6) Fiscal year end	December 31

### III. Absorption-type split 2

#### 1. Overview of Absorption-type Split 2

According to the simplified company split pertaining to the Company under article 784 clause 2 of the Company Act, whilst Rakuten Card Co., Ltd., a successor company, pertains to a simplified split prescribed in Article 796, Paragraph 1 of the Company Act, neither will obtain approval for an absorption-type split at the Annual General Shareholders meeting.

#### (1) Method of the Absorption-type Split 2

The Company shall be the split company, and Rakuten Card Co., Ltd. as the successor company



in an absorption-type split

(2) Details of allocation of Absorption-type Split 2

This absorption-type split shall be made with no consideration and no shares or other money shall be allocated.

(3) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying Absorption-type Split 2.

Although the Company has issued stock acquisition rights, there is no change in the handling of these stock acquisition rights by Absorption-type Split 2. In addition, the Company has not issued bonds with stock acquisition rights.

(4) Reduction in shareholders' equity due to the Absorption-type Split 2

There will be no reduction in shareholders' equity due to the Absorption-type Split 2.

(5) Rights and obligations to be succeeded by successor company

Rakuten Card Co., Ltd., the successor company, to the extent specified in the absorption-type split agreement for Absorption-type Split 2, shall succeed the assets, liabilities and other rights and obligations as of the effective date of Absorption-type Split 2.

(6) Prospect of fulfillment of obligations

The Company judges there is no issue in the certainty of fulfillment of the obligations to be borne by Rakuten Card Co., Ltd., the successor company, after the date of Absorption-type Split 2.

2. Overview of companies in Absorption-type Split 2 (As of December 31 2018)

		Split company	Successor company
(1)	Company name	Rakuten, Inc.	Rakuten Card Co., Ltd.
(2)	Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3)	Representative	Hiroshi Mikitani	Masayuki Hosaka
(4)	Main business	Internet services etc	Credit card business etc
(5)	Shareholders' equity	205,924 million yen	19,323 million yen
(6)	Date of establishment	February 7, 1997	December 6, 2001
(7)	Outstanding no. of shares	1,434,573,900 shares	78,649 shares
(8)	Fiscal year end	December 31	December 31
(9)	Major shareholders and percentage of shares held	Crimson Group, LLC. 16.75% Hiroshi Mikitani 13.04%	Rakuten, Inc. 100%

【Latest Business results of the split company (Rakuten, Inc.)】

Please refer to 4. Overview of Group Reorganization, I. Overview of Companies in absorption-type merger - Recent financial condition and business performance of the successor company (Rakuten, Inc.)

【Recent financial condition and business performance of the successor company (Rakuten Card Co., Ltd.)】

	Rakuten Card Co., Ltd. (Non-consolidated, J-GAAP)
Fiscal year	Year ended December 31, 2017
Net assets (million yen)	96,253
Total assets (million yen)	1,412,874
Net assets per share (yen)	1,223,836.5
Revenue (million yen)	234,580
Operating income (million yen)	23,845
Ordinary income (million yen)	23,846
Net income (million yen)	16,640
Net income per share (yen)	211,575.55

3. Outline of Shares to be Split

(1) Details of shares to be split

All the shares of the following affiliated companies the Company owns shall be succeeded

- Rakuten Bank, Ltd. (However, if whilst trying to become a holder of the voting rights of Rakuten Bank, Ltd, authorization under the Banking Act cannot be obtained, it shall not be succeeded).
- Rakuten Securities, Inc.
- Rakuten Investment Management, Inc.
- Rakuten Insurance Holdings Co., Ltd. (However, if whilst trying to become a holder of the voting rights of Rakuten Insurance Holdings Co., Ltd., authorization under the Insurance Business Act cannot be obtained, it shall not be succeeded).

(2) Items and amounts of assets and liabilities to be split or succeeded (as of December 31, 2018).

Current assets (million yen)	-	Current liabilities (million yen)	-
Fixed assets (million yen)	178,415	Fixed liabilities (million yen)	-
Total assets	178,415	Total liabilities	-

(million yen)		(million yen)	
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Note: We will finalize the above amount by adding/subtracting any increase/decrease up until the effective date.

#### 4. Details of successor company after Absorption-type Split 2 (planned) (as of April 1 2019 )

	Successor company
(1) Company name	Rakuten Card Co., Ltd.
(2) Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3) Representative	Masayuki Hosaka
(4) Main Business	Credit card business etc
(5) Shareholders' equity	19,323 million yen
(6) Fiscal year end	December 31

#### IV. Absorption-type Split 3

##### 1. Overview of Absorption-type Split 3

According to the simplified company split pertaining to the Company under article 784 clause 2 of the Company Act, the Company shall not obtain approval for an absorption-type split at the Annual General Shareholders meeting. On the other hand, for Spotlight Inc., the succeeding company, they shall obtain approval of the Annual General Shareholders Meeting, according to the absorption-type split under Article 795, Clause 1 of the Company Act.

##### (1) Method of Absorption-type Split 3

With the Company as the split company, Spotlight Inc. shall be the succeeding company under an absorption-type split.

##### (2) Details of allocation for Absorption-type Split 3

Spotlight Inc., the successor company, shall issue 82,662 shares of common stock to the Company.

##### (3) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights with Absorption-type Split 3

Although the Company has issued stock acquisition rights, there will be no change in the handling of these stock acquisition rights by Absorption-type Split 3. In addition, the Company has not issued bonds with stock acquisition rights.

##### (4) Reduction in shareholders' equity due to the Absorption-type Split 3

There will be no reduction in shareholders' equity due to the Absorption-type Split 3.

##### (5) Rights and obligations to be succeeded by the successor company

Spotlight Inc., the succeeding company, to the extent prescribed in the absorption-type split agreement in Absorption-type Split 3, shall succeed the assets, liabilities and other rights and obligations as of the effective date of Absorption-type Split 3.

(6) Prospect of fulfillment of obligations

The Company considers that there is no issue with the certainty of performance regarding the obligations to be borne by Spotlight Inc., the successor company, after the effective date of Absorption-type Split 3.

2. Overview of companies in Absorption-type Split 4 (As of December 31, 2018)

		Split company	Successor company
(1)	Company name	Rakuten, Inc.	Spotlight Inc. (Expected to change its name to Rakuten Payment, Inc. on April 1, 2019)
(2)	Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	36-1 Udagawa-cho, Shibuya-ku, Tokyo
(3)	Representative	Hiroshi Mikitani	Tomoya Ikemoto
(4)	Main business	Internet services etc	Development and operation of store visit promotion services
(5)	Shareholders' equity	205,924 million yen	100 million yen
(6)	Date of establishment	February 7, 1997	May 27, 2011
(7)	Outstanding no. of shares	1,434,573,900 shares	17,338 shares
(8)	Fiscal year end	December 31	December 31
(9)	Major shareholders and percentage of shares held	Crimson Group, LLC. 16.75% Hiroshi Mikitani 13.04%	Rakuten, Inc. 100%

【Latest Business results of the split company (Rakuten, Inc.)】

Please refer to 4. Overview of Group Reorganization, I. Overview of Companies in absorption-type merger - Recent financial condition and business performance of the successor company (Rakuten, Inc.)

【Latest Business results of the successor company (Spotlight Inc.)】

	Spotlight Inc. (Non-consolidated, J-GAAP)
Fiscal year	Year ended December 31, 2017
Net assets (million yen)	(343)
Total assets (million yen)	277
Net assets per share (yen)	(19,829.94)
Revenue (million yen)	375

Operating loss (million yen)	(44)
Ordinary loss (million yen)	(49)
Net loss (million yen)	(50)
Net loss per share (yen)	(2,891.71)

### 3. Outline of shares and business divisions to be split

#### (1) Details of shares and business divisions to be split

Payment business belonging to the FinTech Group Company (excluding businesses comprising Rakuten Cash business and the Credit Card Service Development Group affiliated with the Financial Services Development Division of the Payment Systems Department, the Payment Platform Development Group, Payment Technology & Architecture Group, Rakuten Pay Group, Data Analytics Group and Data Analytics Group Data Analytics team) and shares of Rakuten Edy, Inc., a wholly owned subsidiary of the Company.

#### (2) Business results of divisions to be split (Fiscal year ended December 2018)

Revenue of divisions to be split: 15,798 million yen

\* Since "revenue" indicates revenue to external customers, it is the estimated amount at the present time, so the amount of the split companies may differ from the above.

#### (3) Items and amounts of assets and liabilities to be split or succeeded (as of December 31, 2018)

Current assets (million yen)	19,308	Current liabilities (million yen)	18,754
Fixed assets (million yen)	4,195	Fixed liabilities (million yen)	-
Total assets (million yen)	23,504	Total liabilities (million yen)	18,754

Note: We will finalize the above amount by adding/subtracting any increase/decrease up until the effective date.

### 4. Details of successor company after Absorption-type Split 3 (planned) (as of April 1, 2019)

	Successor company in the absorption-type split
(1) Company name	Rakuten Payment Inc.
(2) Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3) Representative	Koichi Nakamura
(4) Main Business	Payment-related business
(5) Shareholders' equity	100 million yen
(6) Fiscal year end	December 31

5. Status of the split company after the Group Reorganization

	Company in the absorption-type split
(1) Company name	Rakuten, Inc.
(2) Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3) Representative	Hiroshi Mikitani
(4) Main Business	Internet services etc
(5) Shareholders' equity	205,924 million yen
(6) Fiscal year end	December 31

6. Impact on business results

Since through the Absorption-type Merger, with Rakuten Direct, Inc. absorbed, and according to Absorption-type Splits 1 to 3 of successor companies Rakuten Mobile Network, Inc., Rakuten Card Co., Ltd., and Spotlight Inc., wholly-owned subsidiaries of the Company, the impact on Rakuten Group consolidated financial performance is limited.