

May 13, 2019

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

Company name Gurunavi, Inc.  
Representative Seiichiro Kubo  
President  
(Stock Code: 2440  
Tokyo Stock Exchange First Section)

### **Notice Regarding Commencement of Talks for Strengthening Capital and Business Alliance**

Rakuten, Inc. (Head office: Setagaya-ku, Tokyo; Representative Director, Chairman, President and CEO: Hiroshi Mikitani, hereafter referred to as "Rakuten") and Gurunavi, Inc. (Head office: Chiyoda-ku, Tokyo; Representative director: Seiichiro Kubo, hereafter referred to as "Gurunavi") announces that Rakuten, at the Board of Directors meeting held on May 10, 2019, and Gurunavi, at the Board of Directors meeting held today, both resolved to conclude a memorandum of understanding (hereinafter referred to as the "Memorandum") to start discussions on strengthening the capital and business alliance between the two companies which has been progressing since July 2018.

#### 1. Purpose and Reasons for Strengthening the Capital and Business Alliance

Rakuten and Gurunavi signed a capital and business alliance agreement in July 2018, whereby Rakuten acquired 4,677,600 shares (9.60% of the total number of issued shares) of Gurunavi in August. Also, collaboration between Rakuten Member IDs and Gurunavi Member IDs started from October 2018, and we have promoted our business alliance mainly in the field of online reservations, making it possible to earn Rakuten Super Points for Gurunavi's online reservations, etc. In addition, we have been promoting various collaborations in fields other than online reservations. As a result of these efforts, for Rakuten, the Rakuten ecosystem has begun to expand in the restaurant area. In addition, for Gurunavi, there has been an acceleration in the pace of expansion of the number of Gurunavi members and online reservations, leading to the improvement of the customer referral capability to member restaurants.

Consumer needs for online reservations and points in the food service market are increasing, and the methods of information search have diversified. Rakuten has seen further expansion of the Rakuten ecosystem in the eating out area, and Gurunavi is seeing comprehensive support that goes beyond the promotion of sales to restaurants, as well as improving the customer referral capability to member restaurants for the convenience of consumers. In order to accelerate the strengthening and expansion of the two companies' businesses, and in order to strengthen the business alliance as described below, we wish to further develop collaboration between the two companies, and to strongly promote the capital and business alliance, by the dispatch of Rakuten executives to Gurunavi, and to change Gurunavi's management system.

## 2. Details of Strengthening the Capital and Business Alliance

### (1) Strengthening the business alliance

1. Strengthening collaboration to expand online reservations
2. Collaboration aimed at improving the value of the Gurunavi brand (such as improving the convenience of "Gurunavi" sites by utilizing Rakuten and Gurunavi knowledge)
3. Mutual use of data collected and accumulated by both companies
4. Enhancing sales and referrals to Rakuten and Gurunavi's services to each customer and member restaurants.

### (2) Strengthening the capital alliance

Rakuten plans to receive part of Gurunavi's shares held by Hisao Taki (an individual) who is Chairman and Representative Director of Gurunavi (hereinafter referred to as the "Transfer"), making the proportion of voting rights equivalent to 15% after the Transfer. Furthermore, the specific number of shares to be acquired, the acquisition method, and the acquisition date has not been determined at this time. Details of the Transfer will be announced promptly upon confirmation.

### (3) Dispatch of executives and change of management system

At Gurunavi's 30th Annual General Meeting of Shareholders scheduled for June 19, 2019, in addition to submitting a proposal for electing directors, it will include 2-3 persons appointed by Rakuten as candidates for director, and to strengthen the executive officer system, will abolish executive directors, planning to change the management system by transferring authority to executive officers. In addition, candidates for director appointed by Rakuten will include representative directors, and outside directors. Details of these matters will be announced from Gurunavi promptly upon confirmation.

### 3. Overview of the Parties Involved in Strengthening the Capital and Business Alliance

#### (1) Outline of Rakuten (as of December 31, 2018)

(1)	Company Name	Rakuten, Inc.																				
(2)	Head Office	1-14-1 Tamagawa, Setagaya-ku, Tokyo																				
(3)	Representative	Hiroshi Mikitani, Chairman, President and CEO																				
(4)	Description of Business	Internet Services, FinTech etc.																				
(5)	Capital	205,924 million yen																				
(6)	Founded	February 7, 1997																				
(7)	Major Shareholders and Shareholding Ratio (Percentage of owned shares in the total number of issued shares excluding treasury shares)	<table border="0"> <tr> <td>Crimson Group, LLC</td> <td>16.75%</td> </tr> <tr> <td>Hiroshi Mikitani</td> <td>13.04%</td> </tr> <tr> <td>Haruko Mikitani</td> <td>9.81%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>4.63%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>3.88%</td> </tr> <tr> <td>Culture Convenience Club Co., Ltd.</td> <td>1.31%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account no. 5)</td> <td>1.29%</td> </tr> <tr> <td>GIC PRIVATE LIMITED – C (Standing proxy: Settlement Division, Mitsubishi UFG Bank)</td> <td>1.12%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd)</td> <td>1.10%</td> </tr> <tr> <td>THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)</td> <td>1.08%</td> </tr> </table>	Crimson Group, LLC	16.75%	Hiroshi Mikitani	13.04%	Haruko Mikitani	9.81%	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.63%	Japan Trustee Services Bank, Ltd. (Trust Account)	3.88%	Culture Convenience Club Co., Ltd.	1.31%	Japan Trustee Services Bank, Ltd. (Trust Account no. 5)	1.29%	GIC PRIVATE LIMITED – C (Standing proxy: Settlement Division, Mitsubishi UFG Bank)	1.12%	STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd)	1.10%	THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement Sales Division, Mizuho Bank, Ltd.)	1.08%
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(8)	Relationship with Gurunavi																					
	Capital relationship	Rakuten holds 4,677,600 shares of Gurunavi (9.60% of the total number of issued shares).																				
	Personnel relationship	None																				
	Business relationship	Coordination of member IDs and point services, and sales of products and services of both companies, to collaborate and promote usage of services.																				
	Related party status	None																				

(9) Financial Position and Performance in the Past 3 Fiscal Years			
Consolidated fiscal year ended	December 31, 2016	December 31, 2017	December 31, 2018
Total equity attributable to owners of the parent company	682,490	683,408	776,207
Total assets	4,604,672	6,184,299	7,345,002
Total equity attributable to owners of the parent company per Share (yen)	478.40	507.32	572.83
Revenue	781,916	944,474	1,101,480
Operating Income	78,512	149,344	170,425
Net income	38,435	110,488	141,889
Net Income Attributable to Owners of the Company	38,429	110,585	142,282
Basic Earnings per Share attributable to owners of the parent company (yen)	26.96	80.03	105.43
Dividend per Share (yen)	4.50	4.50	4.50

(Note) In millions of yen unless specified otherwise

(2) Gurunavi

(1) Company Name	Gurunavi, Inc.		
(2) Head Office	1-2-2 Yurakucho, Chiyoda-ku, Tokyo		
(3) Representative	Seiichiro Kubo, President and Representative Director		
(4) Description of Business	Web-based information provision relating to restaurants etc. using the platform of PC and smartphones etc. Provision of support service associated with the management of restaurants etc. and other related business		
(5) Capital	2,334 million yen		
(6) Founded	October 2, 1989		
(7) Major Shareholders and Shareholding Ratio (Percentage of owned shares in the total number of issued shares excluding treasury shares)	Hisao Taki	17.74%	
	Rakuten, Inc.	9.99%	
	Japan Traffic Culture Association	3.98%	
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.55%	
	Odakyu Electric Railway Co., Ltd.	2.41%	

	Tokyo Metro Co., Ltd.	2.08%		
	Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Keikyu Corporation account) re-trust trustees, Trust & Custody Services Bank, Ltd.	1.93%		
	Japan Trustee Services Bank, Ltd. (Trust Account no. 9)	1.87%		
	BARCLAYS BANK PLC A/C CLIENT SEGREGATED A/C PB CAYMAN CLIENTS	1.84%		
	Hiroko Taki	1.81%		
(8)	Relationship with Rakuten			
	Capital Relationship	Rakuten holds 4,677,600 shares of Gurunavi (9.60% of the total number of issued shares).		
	Personnel Relationship	None		
	Business Relationship	Coordination of member IDs and point services, and sales of products and services of both companies, to collaborate and promote usage of services.		
	Related Party Status	None		
(9)	Financial Position and Performance in the Past 3 Fiscal Years			
	Consolidated fiscal year ended	March 31, 2017	March 31, 2018	March 31, 2019
	Consolidated net assets	18,038	19,186	18,704
	Consolidated total assets	23,917	25,457	23,797
	Consolidated net assets per Share (yen)	385.31	409.70	398.48
	Consolidated net sales	36,979	36,226	32,728
	Consolidated operating income	6,740	4,742	1,216
	Consolidated ordinary income	6,813	4,809	1,289
	Net income attributable to owners of parent	4,799	3,192	581
	Consolidated basic earnings per Share (yen)	102.25	68.27	12.42
	Annual dividends (yen)	42	44	8

#### 4. Schedule

(1)	Date of the resolution by Rakuten's Board of Directors to conclude the Memorandum	May 10, 2019
(2)	Date of the resolution by Gurunavi's Board of Directors to conclude the memorandum	May 13, 2019
(3)	Conclusion date of capital and business alliance agreement	May 22, 2019 (planned)
(4)	Conclusion date of share purchase agreement	May 22, 2019 (planned)
(5)	Delivery date	Second half of May 2019 (planned)

#### 5. Outlook

At present, it remains to be seen whether there may be any specific impact on the consolidated results. We will promptly announce any matters that require disclosure in the future.