

October 28, 2016

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

Announcement of Acquisition of Soukai Drug Co., Ltd.

At a Board of Directors meeting held today, Rakuten, Inc. (hereinafter the “Company”) resolved to acquire all the outstanding shares of Soukai Drug Co., Ltd. (hereinafter “Soukai Drug”), an internet-based seller of a wide range of household products, for a total consideration of JPY 8.9 billion in cash, as outlined below:

1. Purpose of Acquisition

The company, with a corporate philosophy of empowering people and society through innovation, has been developing the business of “Rakuten Ichiba”, an internet-based shopping mall, which is a marketplace for connecting merchants and consumers. With “Rakuten Ichiba” at the core and through M&A, we have advanced into travel, securities, credit cards, banking, and other multiple branches of businesses by expanding our “Rakuten Ecosystem” as a one-stop service provider for users with Rakuten IDs. Furthermore, the company is aiming to solidify its domestic business foundation of Rakuten Ichiba, and therefore, engaging in improving its delivery system as well as strengthening product genre strategies.

Soukai Drug, established in the year 2000, is an E-Commerce company specialized in selling a wide range of products, starting from mineral water, health food, and detergents, expanding into everyday necessities like kitchen appliances at affordable prices. Additionally, Soukai Drug has been stimulating the E-Commerce industry by winning the “Rakuten Shop of the Year” grand prize for 7 consecutive years. Recently, they have been reinforcing product categories like baby and pet related items with increased assortment, and beverage products with specialized shops.

The company highly considers household goods and daily necessities to be a growing area of E-Commerce. Therefore, we decided on this acquisition in order to strengthen our genre strategy. We will enhance our first party business in E-Commerce for household goods and daily necessities, be more competitive in the most important purchase decision factors in this genre such as product pricing and delivery services, and thereby lead the company towards increasing customer satisfaction. Furthermore, with deepened collaboration with previously acquired wholly owned subsidiary Kenko.com, we are expecting to expand sales volume, increase efficiency of system and logistics infrastructure, optimize operating resources like personnel and network/data, and realize rapid implementation of business

synergies.

2. Summary of Soukai Drug

(1)	Name of the Company	Soukai Drug Co., Ltd.		
(2)	Head Office	Kojimachisanha Building 1 st floor, 3-5, Nibancho, Chiyoda-ku, Kojimachi Tokyo		
(3)	Name and title of representative	Representative Director & CEO Noriaki Komori		
(4)	Nature of Business	E-Commerce Service		
(5)	Shareholders' Equity	JPY 305,646 thousand (As of March, 2016)		
(6)	Date of establishment	August 11, 2000		
(7)	Major shareholders and percentage of shares held	SUMITOMO CORPORATION 94.58%		
(8)	Relations between Rakuten Group and Soukai Drug	Capital relations	No relations	
		Personnel relations	No relations	
		Transaction relations	Business relations exist	
(9)	Last three years' consolidated operating results and financial position (Unit: million yen (excluding consolidated net assets per share, consolidated net income per share and dividend per share.))			
	Fiscal Term	March 2014	March 2015	March 2016
	Consolidated Revenue	19,538	25,764	31,080

※The above operational results are unaudited.

3. Summary of the shareholder of the company being acquired

The main shareholders of the company being acquired are as follows. The concerned company's shareholding before the acquisition was 94.58%.

1) SUMITOMO CORPORATION (As of March 2016)

(1)	Name	SUMITOMO CORPORATION
(2)	Head Office	8-11 Harumi 1-chome, Chuo-ku, Tokyo, Japan
(3)	President and CEO	Kuniharu Nakamura
(4)	Business	General trading company
(5)	Capital	JPY 219.3 billion
(6)	Date of establishment	December 24, 1919
(7)	Shareholders' Equity	JPY 2,251,509 million
(8)	Total Assets	JPY 7,449,203 million

(9) Main shareholdings	THE MASTER TRUST BANK OF JAPAN, LTD. : 5.65% JAPAN TRUSTEE SERVICES BANK, LTD. : 4.73% LIBERTY PROGRAMMING JAPAN, LLC : 3.65% JP MORGAN CHASE BANK 385632 : 3.29% SUMITOMO LIFE INSURANCE COMPANY : 2.47%
(10) Relations with the concerned company and Rakuten Group	There is no shareholding, personnel or transaction related relationship with the concerned company

4. Number of Shares Acquired, Acquisition Price and State of Share Ownership Before and After Acquisition

(1) Number of shares held before transfer	0 shares (number of voting rights: 0) (Percent of voting rights: 0.0%)
(2) Number of shares acquired	Acquired shares from existing shareholders:103,492 shares (number of voting rights: 103,492)
(3) Acquisition price	About JPY 8.4 billion
(4) Number of shares held after transfer	103,492 shares (Number of voting rights103,492) New shares to issue: Not decided at present (Percent of voting rights: 94.58%)

For this acquisition, we are planning to utilize our own cash reserves.

5. Schedule

(1) Resolution at the Board of Directors' meeting	October 28, 2016
(2) Execution of investment agreement	October 28, 2016
(3) Close of the Transaction	December 2016 (planned)

6. Future Outlook

The potential impact on the Company's earnings results from this new subsidiary is at present difficult to estimate. From hereon, the Company will consider trading conditions and make a disclosure in a timely and appropriate manner. In addition, the amount of goodwill, and valuation and time period of amortization of intangible assets will be decided based on its evaluation from now.