

July 30, 2018

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 Capital and Business Alliance Agreement
between Rakuten, Inc. and Gurunavi, Inc.**

Rakuten, Inc. (hereafter “Rakuten”) announces that Rakuten, at the Board of Directors meeting held on July 27, 2018, and Gurunavi, at the Board of Directors meeting held today, determined to enter into an agreement between the two parties on capital and business alliance (hereinafter such capital and business alliance shall be referred to as the “Capital and Business Alliance,” and such agreement on the Capital and Business Alliance shall be referred to as the “Capital and Business Alliance Agreement”) as detailed below:

1. Purpose and background of the Capital and Business Alliance

Rakuten Group has evolved from an operator of internet shopping mall into a conglomerate which now provides a wide range of services that cover scenes of everyday life such as internet services (online travel booking service, distribution of digital contents etc.), MVNO, telecommunication services (messaging apps etc.), and FinTech services (credit card, banking, security brokerage, insurance, digital money etc.). Rakuten has been endeavoring to offer membership services of great convenience based on the combination of the diverse services, common ID system and loyalty program that forms the core of a unique environment known as the “Rakuten Ecosystem.”

Upholding the mission to “Protect and nurture Japan’s food culture,” Gurunavi has established an online restaurant search site “GURUNAVI” and a 1,000-person strong support structure, which forms the business base of Gurunavi in tandem, and provided varieties of management support

services that place emphasis on sales promotion for restaurant owners and, at the same time, provided valuable information that may allow consumers to enjoy the best eating-out or dining-out experiences in marked contrast with their daily lives. Furthermore, in order to achieve medium- and long-term growth in business, Gurunavi works on (i) extending the sphere of its support service and find a better solution to the various problems that restaurant owners are tackling, (ii) developing a platform where consumers can enjoy eating out experiences with greater convenience and safety and (iii) building a new business for non-everyday occasions such as travel and going out closely related to eating-out.

Following the formation of Capital and Business Alliance, Rakuten and Gurunavi will enhance the tie-up associated with restaurant reservation service. The market survey of Ministry of Economy, Trade and Industry (METI) estimates the market size of the Japanese online restaurant reservation service at 450.2bn yen in 2017, showing a robust growth of 36.8% from the previous year¹. The online restaurant reservation service is positioned by both Rakuten and Gurunavi as a strategically important business, in terms of support for restaurants from the perspective of improving convenience for consumers and increasing demand for eating out (for Gurunavi) and in terms of extension of “Rakuten Ecosystem” into the “brick-and-mortar” side of business sphere (for Rakuten). So far, Rakuten and Gurunavi have launched various tie-up programs in this area. One example is a point conversion program from “Gurunavi Points,” a loyalty point Gurunavi members can earn by using online reservation and Gurunavi EC services, to “Rakuten Super Points” which started in March 2018. Similarly, the two parties agreed to tie up in the cultivation of new member stores for “Rakoo*,” a gourmet information website operated by Rakuten, from May 2018. Starting with the Capital and Business Alliance, the two parties will promote interactions between Rakuten and Gurunavi member systems as well as customer loyalty programs of Rakuten Super Points and Gurunavi Points as one of measures to enhance tie-up associated with restaurant reservation service.

Taking into consideration that both businesses have potential to create synergies, on top of the aforesaid initiatives, the two parties will enhance and expand their respective businesses by pushing ahead with other joint initiatives in the areas of service development and sales promotion responding to various problems facing restaurant owners and a wide range of consumer needs by making use of their brand reputation and accumulation of data.

(Note) Gourmet information website operated by Rakuten, former “Rakuten Dining.” Users can earn

¹ The Ministry of Economy, Trade and Industry (METI) wo parties on capital ance Agreement Bepment Status for Data-driven Society in Japan (E-Commerce Market Survey)”

“Rakuten Super Points” when paying with “Rakuten Card” at certain shops.

2. Details of the Capital and Business Alliance

(1) Details of business alliance

- (i) Step-by-step integration between Rakuten and Gurunavi member systems as well as customer loyalty programs of Rakuten Super Points and Gurunavi Points
- (ii) Implementation of measures toward promotion of the online reservation service of Gurunavi among Rakuten users
- (iii) Tie-up associated with sale of advertisement space on the websites operated by Rakuten and Gurunavi
- (iv) Arrangement to display “Rakuten card” and “Rakuten Pay” as payment instrument at the front of Gurunavi member restaurants
- (v) Promotion of services operated by Rakuten and Gurunavi to each other’s customers and new member stores

In addition, the two parties will continue to explore opportunities of tie-ups and sales promotion initiatives etc. based on their brand reputation and accumulation of data.

(2) Details of the capital alliance

On July 30, 2018, Rakuten entered into an agreement to acquire 4,677,600 shares in Gurunavi (hereinafter “Share Transfer”) currently under the ownership of Hisao Taki, Representative Director and Chairman of Gurunavi, through a secondary offering of shares. The shares will be transferred on August 22, 2018. For further details of the Share Transfer, please refer to the announcement “Notice Regarding Secondary Offering of Shares” announced by Gurunavi today.

(Note) Ratio to the total number of Gurunavi shares issued as of the end of June 2018 (48,675,100 shares): 9.60% (rounded off to two decimal places), ratio to the total number of voting rights as of the end of June 2018 (467,809 rights): 9.99% (rounded off to two decimal places)

(3) Dispatching of a member of board of directors

Under the Capital and Business Alliance Agreement between, Rakuten is to appoint one person (hereinafter “Candidate”) for election as a director of Gurunavi. In connection with this agreement, Gurunavi will submit a proposal relating to the election of directors including such Candidate appointed by Rakuten at the 30th Ordinary General Meeting of Shareholders to be held in June 2019.

3. Overview of the Capital and Business Alliance partner

(1)Rakuten

(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)	<table border="0"> <tr> <td>Crimson Group, LLC</td> <td>15.78%</td> </tr> <tr> <td>Hiroshi Mikitani</td> <td>12.28%</td> </tr> <tr> <td>Haruko Mikitani</td> <td>9.24%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>3.88%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>2.79%</td> </tr> <tr> <td>THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)</td> <td>1.76%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)</td> <td>1.61%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account #5)</td> <td>1.30%</td> </tr> <tr> <td>Culture Convenience Club Co., Ltd.</td> <td>1.30%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Operations Division, Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited)</td> <td>1.16%</td> </tr> </table>	Crimson Group, LLC	15.78%	Hiroshi Mikitani	12.28%	Haruko Mikitani	9.24%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.88%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.79%	THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.76%	JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement & Clearing Services Division, Mizuho Bank, Ltd.)	1.61%	Japan Trustee Services Bank, Ltd. (Trust Account #5)	1.30%	Culture Convenience Club Co., Ltd.	1.30%	STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Custody Operations Division, Tokyo Branch, The Hong Kong and Shanghai Banking Corporation Limited)	1.16%
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(8)	Relationship with Gurunavi																					
	Capital relationship	None																				
	Personal relationship	None																				
	Trade relationship	Joint operation of a customer loyalty program which allows customers to convert Gurunavi Points to Rakuten Super Points																				
	Related party status	None																				
(9)	Financial Position and Performance in the Past 3 Fiscal Years																					

Consolidated fiscal year ended	December 31, 2015	December 31, 2016	December 31, 2017
Total equity attributable to owners of the parent company	664,013	682,490	683,408
Total assets	4,269,953	4,604,672	6,184,299
Total equity attributable to owners of the parent company per Share (yen)	467.65	478.40	507.32
Revenue	713,555	781,916	944,474
Operating Income	94,689	78,512	149,344
Net income	45,885	38,435	110,488
Net Income Attributable to Owners of the Company	44,436	38,429	110,585
Basic Earnings per Share attributable to owners of the parent company (yen)	33.50	26.96	80.03
Dividend per Share (yen)	4.50	4.50	4.50

(Note) 1 As of December 31, 2017

2 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, Representative Director and President	
(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)	Hisao Taki	27.76%
	Japan Trustee Services Bank, Ltd. (Trust Account)	6.84%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.09%
	Japan Traffic Culture Association	3.98%

	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%
	Hiroko Taki	1.81%
	The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust TOKYU CORPORATION account)	1.50%
	Japan Trusty Services Bank, Ltd. (Trust Account #5)	1.23%

(8) Relationship with Rakuten

Capital Relationship	None
Personal Relationship	None
Trade Relationship	Joint operation of a customer loyalty program which allows customers to convert Gurunavi Points to Rakuten Super Points
Related Party Status	None

(9) Financial Position and Performance in the Past 3 Fiscal Years

Consolidated fiscal year ended	March 31, 2016	March 31, 2017	March 31, 2018
Consolidated net assets	20,296	18,038	19,186
Consolidated total assets	27,322	23,917	25,457
Consolidated net assets per Share (yen)	418.22	385.31	409.70
Consolidated net sales	34,617	36,979	36,226
Consolidated operating income	6,429	6,740	4,742
Consolidated ordinary income	6,492	6,813	4,809
Net income attributable to owners of parent	4,367	4,799	3,192
Consolidated basic earnings per Share (yen)	90.19	102.25	68.27
Annual dividends (yen)	38	42	44

(Note) 1 As of March 31, 2018

2 In millions of yen unless specified otherwise

4. Schedule

(1)	Date of the resolution by Rakuten's Board of Directors	July 27, 2018
(2)	Date of the resolution by Gurunavi's Board of Directors	July 30, 2018
(3)	Conclusion date of Capital and Business Alliance agreement	July 30, 2018
(4)	Conclusion date of share purchase agreement	July 30, 2018
(5)	Delivery date	August 22, 2018

5. Outlook

At present, it remains to be seen whether the Capital and Business Alliance may have any specific impact on the consolidated results of Rakuten and Gurunavi. We will promptly announce any matters that require disclosure in the future.