

December 25, 2019

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

Announcement of Agreement Regarding Transfer of All Shares of OverDrive Holdings, Inc.

Rakuten, Inc. (Chairman and CEO: Hiroshi Mikitani, hereinafter “the Company”) announces that today Rakuten USA, Inc., a wholly-owned, direct subsidiary of the Company (hereinafter the “Seller”) has concluded a stock purchase agreement (hereinafter the “Agreement”) with Aragon Parent Corporation (Representative: Richard Sarnoff, hereinafter the “Purchaser”) under which all shares of OverDrive Holdings, Inc. (hereinafter “OverDrive Holdings” and, together with its subsidiaries, “OverDrive”) indirectly held by the Company and directly held by the Seller will be sold and transferred to the Purchaser.

1. Purpose and background of the Agreement

Since its establishment in 1986, OverDrive has provided eBooks and audio books to libraries and educational institutions, and has steadily expanded its business results since joining the Rakuten Group. We decided on a transfer of the shares in consideration of optimizing the allocation of Rakuten Group resources.

2. Overview of the consolidated subsidiary to be transferred

(1) Company name	OverDrive Holdings, Inc.
(2) Headquarter	One OverDrive Way Cleveland, OH 44125 USA
(3) Representative	President and CEO Steve Potash
(4) Date of establishment	July 23, 1986
(5) Capital stock	USD 1 (As of September 30, 2019)
(6) Number of employees	359 (As of November 30, 2019)
(7) Business	Distribution of digital eBooks, audiobooks and magazines for library and schools

(8) Relationship between the Company and OverDrive Holdings	Capital	100% owned by Rakuten USA, Inc. which is a wholly-owned subsidiary of the Company
	Personnel	Four executive officers of the Company joined OverDrive Holdings as directors. An executive officer of the Company joined OverDrive Holdings as a director, President & CEO.
	Business	There is no highly important operational relationship
(9) Financial Position and Performance in the Past 3 Fiscal Years	The Company refrains from disclosing at the request of transferee	

3. Overview of the Purchaser

(1) Company name	Aragorn Parent Corporation	
(2) Headquarter	c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, Suite 4200, New York, New York 10019 USA	
(3) Representative	Richard Sarnoff	
(4) Date of establishment	December 19, 2019	
(5) Purpose of establishment	Holding company formed for the purpose of acquiring OverDrive	
(6) Overview of fund manager	Company name	Kohlberg Kravis Roberts & Co. L.P.
	Headquarter	9 West 57th Street, Suite 4200 New York, New York 10019 USA
	Representative	Co-Chairmen and Co-CEOs Henry R. Kravis, George R. Roberts
	Business	Management of multiple alternative asset classes, including private equity, energy, infrastructure and real estate.
(7) Relationship between the Company and Purchaser	Relationship between the Company and Purchaser	None
	Relationship between the Company and fund manager	None

*Total investment amount, investors, investment ratio, overview of investors and capital stock of fund manager are not to be disclosed at the request of transferee.

4. The number of shares to be transferred and shareholding status before and after the transfer

(1)	Number of shares held before the transfer	100 shares (Number of voting rights: 100, holding ratio: 100%)
(2)	Number of shares to be transferred	100 shares (Number of voting rights: 100)
(3)	Number of shares held after the transfer	0 shares (Number of voting rights: 0, holding ratio: 0%)

*Transfer price is not to be disclosed at the agreement with transferee. The price has been determined rationally by mutual agreement of both parties.

5. Schedule

(1)	Date of conclusion of the agreement	December 24th, 2019 (EST) December 25th, 2019 (JST)
(2)	Date of the transfer of the shares	End of January 2020 (Planned)

6. Impact on business performance

The company will separately announce the gain from sales of shares in OverDrive once it is determined following the completion of the calculation of the carrying amount of OverDrive on a consolidated basis book value as of the time of sale. However, the Company currently expects to record around a JPY 40 billion gain in FY2020 Q1.

*The estimated gain is calculated based on the consolidated basis book value at FY2019 Q3.