

March 12, 2021
 Company name Rakuten, Inc.
 Representative Hiroshi Mikitani
 Chairman and CEO
 (Stock Code: 4755
 Tokyo Stock Exchange First Section)

Announcement of Issuance of New Shares and Disposal of Treasury Stock through Third-Party Allotment

At a Board of Directors meeting held today, Rakuten, Inc., (hereinafter “the Company”), resolved to issue new shares and dispose of treasury stock through third-party allotment (hereinafter the “Third-Party Allotment”), as described below.

1. Details of Offering

(1)	Payment date	From March 29, 2021 to April 30, 2021
(2)	Number of new shares to be issued and Number of treasury stock to be disposed of (Number of shares offered)	Total number of common shares as below (1+2): 211,656,500 shares 1. Number of newly issued common shares: 139,737,600 shares 2. Number of disposed treasury stocks: 71,918,900 shares
(3)	Issue price and Disposal price	JPY 1,145 per share
(4)	Amount of proceeds to be raised	JPY 242,346,692,500
(5)	Offering and disposal method (expected allotment)	By the Third-Party Allotment, the Company will allot 131,004,000 shares to Japan Post Holdings Co., Ltd., 57,382,900 shares to Image Frame Investment (HK) Limited, 14,536,000 shares to Walmart Inc., 4,366,800 shares to Mikitani Kosan, Inc. and 4,366,800 shares to Spirit Inc.
(6)	Others	Each of the above items is subject to the notified entries in force, based on the Financial Instruments and Exchange Act.

* Note: Payment of the Third-Party Allotment is expected to be on March 29, 2021.

2. Purpose and Reason for Offering

As the Rakuten Group’s mission continues to be “empowerment of people and society through innovation”, both in Japan and overseas, through businesses ranging from Internet services such as e-commerce, travel, and digital content to FinTech (financial) services such as credit card, banking, securities, electronic payment, mobile services such as the mobile carrier business and professional sports, we are leveraging technology through more than 70 services to contribute to users and local communities. By organically linking these services based on membership centered on Rakuten members, we have formed a unique “Rakuten Ecosystem” that cannot be found anywhere else. By creating an environment where members in Japan and overseas can easily browse and access multiple services, we are able to leverage Group synergies to maximize the lifetime value of each member and minimize customer acquisition costs, thereby maximizing Group profit.

In recent times, as “new lifestyles” emerge and evolve, e-commerce is playing an increasingly important role as basic infrastructure for living. Businesses that operate retail stores such as supermarkets are also required to provide services that are more convenient for users, not only providing services online, but also transcending the boundaries between online and offline (real stores) and driving a retail revolution in which

consumption and marketing are changing dramatically. In addition to this, the provision of stable logistics services has become a pressing issue, as the increase in delivery volume due to e-commerce growth has resulted in multiple redeliveries and labor shortages, while the needs of parcel senders and receivers continue to diversify. To further strengthen our e-commerce business and to respond to these broader issues impacting society, we are actively collaborating and making alliances with strategic partners like Japan Post Co., Ltd. (Headquarters: 2-3-1 Otemachi, Chiyoda-ku, Tokyo. Representative: Kazuhide Kinugawa, hereinafter “Japan Post”), and Walmart Inc. (Headquarters: Arkansas, USA, Representative: C. Douglas McMillon, hereinafter “Walmart”).

In April 2017, the Company and Japan Post, a consolidated subsidiary of Japan Post Holdings Co., Ltd. (Headquarters: 2-3-1 Otemachi, Chiyoda-ku, Tokyo. President: Masuda Hiroya, hereinafter “Japan Post Holdings”), announced a strengthening of our collaboration in e-commerce logistics to improve the efficiency of deliveries and reduce the ballooning of redeliveries. In January 2018, we launched a service that allows customers to pick up products purchased through the “Rakuten Ichiba” marketplace at post offices nationwide and Japan Post’s home delivery lockers “Hakoposu”. In December 2020, the Company and Japan Post announced the signing of a Memorandum of Understanding to aim to form a strategic partnership to realize a robust and sustainable logistics environment. This partnership envisions data sharing and leveraging each other’s significant assets and knowhow, including Japan Post’s nationwide distribution network with its enormous delivery volume and data, and Rakuten’s expertise in demand forecasting and logistics operational know-how of order data as developed through “Rakuten Ichiba”. In this way, we will promote the creation of a new logistics platform designed to meet the needs of all stakeholders, including companies sending packages, consumers receiving packages, and workers in the logistics industry.

In addition to collaboration on deliveries from fulfillment centers operated by the Company, known as “RFC (Rakuten Fulfillment Center)”, the Company and Japan Post have collaborated on multiple fronts, including initiatives to reduce redelivery and special delivery rates for merchants on the “Rakuten Ichiba” marketplace. By strengthening cooperation through this alliance and building a new logistics digital transformation (“DX”) platform, the two companies also aim to encourage other e-commerce and logistics companies to participate in the platform, thereby contributing to the improvement of the logistics environment in Japan and to the realization of a sustainable society.

With this background, in addition to aiming to enhance logistics services through collaboration with the Japan Post Holdings Group (Japan Post Holdings and its affiliated companies; the same shall apply hereinafter), with its nationwide distribution network and huge delivery volume and data, the Company also sees significant potential to drive competitiveness and momentum through strengthening its relationship with the Japan Post Holdings Group in order to consider further alliances in FinTech, mobile consumer marketing, base station deployment and other fields. This is the background to our conclusion of a business alliance on March 12, 2021, between the Company, Japan Post Holdings, and its subsidiary Japan Post, as well as the Third-Party Allotment with Japan Post Holdings.

Hiroya Masuda, President, Japan Post Holdings, commented, “From the perspective of our Group strengths across a physical network of post offices nationwide and a robust logistics system, the cutting-edge digital technology and deep knowhow leveraged by the Rakuten Group in a diverse business portfolio of Internet services position them as an ideal partner. This alliance will further strengthen the relationship between our two groups, and going forward, we very much look forward to driving the momentum of our collaborations not only in logistics, but also mobile, digital transformation and a wide range of fields.”

Tencent Holdings Limited (Headquarters: Shenzhen, China, Representative: Ma, Huateng), hereinafter “Tencent”, the parent company of Image Frame Investment (HK) Limited (Registration address: Hong Kong, Representative: Ma, Huateng), hereinafter “Image Frame Investment”. Tencent and Rakuten have been in contact with each other for many years, especially on matters related to Internet development trends. From

the beginning of 2021, the Tencent Group (Tencent and its affiliated companies; the same shall apply hereinafter), had discussions with the Company regarding the subscription of the Company's shares. The Tencent Group is a global Internet company that provides communication, social, games, digital content, advertising, FinTech and cloud services. The Tencent Group operates the leading communication and social platforms in China, including Weixin and QQ. As globalization in the Internet and technology industries accelerates, we determined that strengthening our relationship with a leader in advanced technology such as the Tencent Group, with the aim of enhancing services through collaboration, has the potential to contribute to the competitiveness and momentum of the Rakuten Group. Potential areas for collaboration include digital entertainment and e-commerce. This is the background to our agreement to make the Third-Party Allotment to Tencent Group. According to guidance from Tencent, Tencent generally makes investments in other companies via investment holding companies; Image Frame Investment is an investment holding company that is 100% owned by Tencent, and they believe it is appropriate for this company to hold the Company's shares.

Martin Lau, Executive Director and President, Tencent Holdings, commented, "Rakuten has built a vibrant ecosystem through its membership and loyalty program, extending its unrivalled strength from e-commerce to FinTech and digital content. Tencent shares Rakuten's aspiration of creating value through innovation and empowerment for users and partners. We are excited to invest in Rakuten, supporting its evolution into a global innovation leader. We look forward to pursuing strategic cooperation across activities including digital entertainment and e-commerce, creating value for users and building the Internet ecosystem together."

In January 2018, the Company and Walmart announced a strategic alliance with the aim of expanding reach to users and improving services by leveraging the strengths of both companies in Japan and the United States. Since October 2018, we have seen significant and steady growth of the online grocery business "Rakuten Seiyu Net Super" that has been jointly operated through a joint venture of Seiyu owned only by the Company and the Walmart Group (Walmart and its affiliates; the same shall apply hereinafter) due to its wide range of products, sufficient delivery capacity to meet customer needs, and the strength of cooperation with Rakuten IDs. We are also collaborating to provide ebook service support in the United States with the "Rakuten Kobo" service. In addition, as part of the Company's drive to utilize the more than 100 million Rakuten members in Japan and technology owned by the Rakuten Group to support DX of Japanese retailers including Seiyu, in March 2021, the Company completed acquisition of a 20% stake in Seiyu through the newly established Rakuten DX Solutions, Inc. At the same time, the KKR Group (KKR & Co. Inc. and its affiliates; the same shall apply hereinafter) also completed acquisition of a 65% stake in Seiyu, and the Walmart Group continues to hold a 15% stake in Seiyu. By combining the strengths of the Rakuten Group, Walmart Group, and KKR Group, we will utilize various know-how in Online Merges with Offline (OMO) measures and data marketing, etc., to utilize DX in retailers of food and daily necessities nationwide and aim to evolve the format for physical stores.

*In addition, to be precise, 100% of the Seiyu shares held indirectly by the parent company are held by KKR, the Company, and Walmart Group.

With this background, in order to accelerate the autonomous growth of the Rakuten Ecosystem in Japan and globally, while further increasing capital efficiency, we have determined that Walmart's investment will contribute to the improvement of our corporate value and shareholder value. This is the background to our agreement to make the Third-Party Allotment to Walmart.

Judith McKenna, President and CEO of Walmart International, commented, "Around the world, we're making strategic equity investments to enable Walmart to benefit from future growth in a rapidly changing global retail environment. We have known and worked with Rakuten for a long time, and in many ways their ambitious journey to develop a world-class e-Commerce ecosystem mirrors our own."

Since 2010, the Rakuten Group has promoted the transition of the in-house official language into English, which is rare for a Japanese company, and has attracted diverse human resources, accelerating global

innovation. Currently, the Rakuten Group has a global membership base of more than 1.5 billion people and an annual gross transaction value of 19 trillion yen. Through partnerships with globally popular sports teams, we are working to raise awareness as a global brand, and through brand integration, we are strengthening the communication of the “Rakuten” brand to the world. With the vision of continuing to be a “global innovation company,” we will bring together our intellect, creativity, and thoughts to create a society where people around the world can lead happy lives and pursue their dreams. We aim to continue to drive innovations that redefine expectations through a corporate culture that aims to get things done.

In addition, as described below, the background of the Third-Party Allotment is the recognition that building a strong financial base is indispensable for the Rakuten Group's future sustainable growth and in the process of its consideration, Hiroshi Mikitani, Chairman and CEO of Rakuten, (hereinafter “Mr. Mikitani”) indicated his intention to further demonstrate his deep commitment to Rakuten’s mid- to long-term growth and shareholder value by contributing to the financial base of the company through the Third-Party Allotment of shares to parties related to him, and in addition to his existing holding. Mikitani Kosan, Inc. (hereinafter referred to as “Mikitani Kosan”) and Spirit Inc. (hereinafter referred to as “Spirit”), to which the allotment is planned, are asset management companies of Mr. Mikitani’s family.

Hiroshi Mikitani, Rakuten Chairman and CEO commented, “These new investments in Rakuten indicate both high expectations for the growth and impact of the Rakuten Ecosystem with the mobile service at its core, as well as great potential for further collaboration with leading companies from the world’s three leading economies.

In addition to the potential collaboration with the Japan Post Holdings Group on logistics, mobile and FinTech, the new potential for partnering with Tencent opens up a broad portfolio of opportunities, from digital entertainment, including online games, to e-commerce. We’re also excited to have Walmart’s financial commitment as they continue to invest in the future of retail.

I am also personally very excited to increase my family’s financial stake in Rakuten’s future vision of growth and empowerment of our stakeholders around the world.”

In the rapidly changing Internet industry, we believe that a strong financial base is necessary for the Rakuten Group to continue to grow in the future. In making the Third-Party Allotment, we considered various aspects such as debt financings including bank loans and corporate bonds as methods of raising funds that contribute to improving corporate value. However, in view of the financial situation of the Company at this time, the Third-Party Allotment will be used. In addition to the appropriate financing, the ability to strengthen the relationship with the planned allottees, and the more effective use of the proceeds to be raised from the Third-Party Allotment, from the perspective of effective use of shares, we have determined that the combination of the disposal of treasury stock through the Third-Party Allotment and the Third-Party Allotment through the issuance of new shares is optimal at this time, rather than the method of public offering or rights offering.

3. Amount of Proceeds to Be Raised, Use of Proceeds and Scheduled Expenditure

(1) Amount of fund to be raised

1	Total amount paid	242,346,692,500 yen
2	Estimated amount of issuance costs	500,000,000 yen
3	Approximate amount of deduction	241,846,692,500 yen

(Note) 1. Consumption tax, etc. is not included in the estimated issuance costs.

2. The breakdown of the estimated issuance costs is Advisory costs and securities registration statement preparation costs, etc.

(2) Specific use of proceeds to be raised

As stated in “2. Purpose and Reason for Offering,” the Rakuten Group has a basic management philosophy of “empowering people and society through innovation,” and to expand and strengthen the “Rakuten Ecosystem”, made up of the wide variety of services the Rakuten Group provides, for sustainable growth.

In recent years, with the spread of mobile devices such as smartphones, changes in business and people's consumption behavior (“mobile shift”) have also progressed rapidly, and mobile is becoming central to the various services provided by the Rakuten Group, including online shopping, online finance, and online payments. In the “Rakuten Ecosystem”, which has expanded mainly in e-commerce and FinTech (financial services), the Rakuten Group believes that mobile services will play an even more important role in further maximizing synergies between businesses. Specifically, new users acquired through mobile services will be able to use e-commerce and FinTech services, and users who have previously used e-commerce and FinTech services will be newly added to mobile services. Using common “Rakuten IDs” shared across group services and the “Rakuten Points” loyalty program as hooks, cross-over activity rises by expanding the inflow of users into the “Rakuten Ecosystem” who then use multiple services. We expect to expand synergies within the Rakuten Group by promoting targeted and continuous use of our services.

Against this background, to further enhance the lifetime value (membership value) value of each user using Rakuten Group services and further evolve our position as a “Global Innovation Company” that brings benefits to society as a whole, the entire amount of the proceeds to be raised through the Third-Party Allotment are planned to be used by the end of December 2021 for investment and loan funds to Rakuten Mobile, Inc. (hereinafter referred to as “Rakuten Mobile”), a consolidated subsidiary of the Company. With the approval of the Minister of Internal Affairs and Communications, since April 2018, Rakuten Mobile has planned, implemented construction and conducted maintenance of specific base stations for the launch of 4th generation mobile communication systems (4G) and, since April 2019, 5th generation mobile communication systems (5G). By December 2021, Rakuten Mobile will use the proceeds invested and financed by the Company to develop specific base stations for the rollout of 4th generation mobile communication systems (4G) and 5th generation mobile communication systems (5G). The details are as follows.

Company name	Address	Business segment	Use of proceeds	Expected investment amount (JPY bn)	Scheduled implementation time of capital investment
Rakuten Mobile, Inc.	Setagaya-ku, Tokyo	Mobile	Base station equipment related to 4th generation mobile communication system (4G)	184	April to December 2021
			Base station equipment for 5th generation mobile communication system (5G)	31	April to December 2021
			Equipment common to 4G and 5G	25	April to December 2021

(Note) Equipment common to 4G and 5G is servers in data centers, etc.

4. Consideration of Rationality and Use of Proceeds

Regarding the amount of proceeds to be raised by the Third-Party Allotment, allocating them to the uses described in “3. Amount of Proceeds to Be Raised, Use of Proceeds and Scheduled Expenditure (2)” will contribute to the improvement of the corporate value of the Company. We believe that the above use of proceeds is reasonable for us.

5. Rationality of Offering Conditions

(1) Basis for calculation of amount to be paid and its specific contents

As a result of repeated discussions and negotiations with the planned allottees over the amount to be paid in this Third-Party Allocation, the amount to be paid was decided to be 1,145 yen per share, which is the average estimated common stock price over 30 days (February 12 to March 11, 2021) immediately prior to the resolution by the board of directors (hereinafter “Board of Directors Resolution”), rounded to the nearest yen (the same applies as per below).

The amount to be paid also conform to the “Guidelines on the handling of third party allotment” of the Japan

Securities Dealers Association, and the common stock price of Rakuten at the close on March 11, 2021, which is one business day prior to the resolution by the board of directors (hereinafter referred to “Board of Directors Resolution Date”) was 1,146 yen, which is a 0.1% discount to the amount to be paid per share (rounded to one decimal place, the same applies as per below). The amount to be paid per share is an 8.4% premium over the simple average closing price of 1,056 yen for the past 3 months up until the last business day, and a 5.0% premium over the simple average closing price of 1,090 yen for the last 6 months up until the last business day. Therefore, we have determined that it was not particularly advantageous for the allottees considering these time periods.

In addition, at the time of the Board of Directors Resolution for the capital increase with the Third-Party Allotment Capital on March 12, 2021, all audit and supervisory board members of the Company stated that the amount to be paid and the amount to be disposed of complied with “Handling of Third-Party Allotment Capital Increase” by the Japan Securities Dealers Association. We have received the opinion that it complies with the “Guidelines” and does not correspond to an amount that is particularly advantageous to the planned allottees.

Regarding the allotment to Mikitani Kosan and Spirit, asset management companies of Mr. Mikitani’s family, Mr. Mikitani has not participated in the deliberations and resolutions of the above Board of Directors from the viewpoint of avoiding potential perception of conflicts of interest.

(2) Grounds for determining that the issuance quantity, disposal quantity, and dilutive scale of shares are reasonable

Through the Third-Party Allotment, the number of shares to be allotted to the allottees is 211,656,500 shares (number of voting rights 2,116,565 units). This is equivalent to 14.8% dilution of the total number of issued shares of the Company as of December 31, 2020, which was 1,434,573,900 shares (15.5% dilution in the total number of voting rights of 13,622,991 units as of December 31, 2020). However, this Third-Party Allotment is to strengthen relations with the Japan Post Holdings Group, Tencent Group and Walmart Group for the sustainable growth of the Company and Mr. Mikitani’s commitments for realization of the growth of the Company and the enhancement of shareholder value over the medium to long term. Furthermore, maximizing the synergies of each business in an environment centered on mobile for all services will lead to the expansion of the Rakuten ecosystem, and mobile will play an important role in increasing its membership value. Therefore, we believe that the scale is reasonable and will contribute to an improvement in the corporate value of the Company, and ultimately lead to the improvement in profitability for existing shareholders.

6. Reasons for Selecting the Planned Allottees

(1) Overview of the planned allottees

Number of shares allocated to Japan Post Holdings Co., Ltd. 131,004,000 shares

(As of September 30, 2020)

(1) Company Name	Japan Post Holdings Co., Ltd.
(2) Head office	2-3-1 Otemachi, Chiyoda-ku, Tokyo
(3) Name and title of representative	Masuda Hiroya, Director and Representative Executive Officer, President & CEO
(4) Business description	Underwriting and holding shares issued by Japan Post, formulating and ensuring the implementation of the company's basic management policy, exercising its rights as a shareholder, etc. Disposal of shares of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., holding of the shares until disposal, exercise of rights as shareholders of these companies, etc.
(5) Stated capital	3,500 billion yen
(6) Date of establishment	January 23, 2006
(7) Number of issued shares	4,500,000,000 shares
(8) Fiscal year end	March 31
(9) Number of employees	250,255

(10)	Major shareholders and shareholding ratios	Minister of Finance (63.3%)		
(11)	Relationships between parties			
	Capital relationship	Not applicable		
	Personnel relationship	Not applicable		
	Business relationship	The Company and the planned allottee Japan Post Holdings have concluded an agreement for a business alliance covering strategic partnerships in the FinTech, mobile and other areas, as well as the logistics area. (As of March 12, 2021)		
	Applicability to related parties	Not applicable		
(12)	Business and financial performances for the most recent three years			
	Fiscal year	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
	Consolidated net assets	14,743,234	14,788,654	12,616,774
	Consolidated total assets	290,640,154	286,170,709	286,098,449
	Consolidated net assets per share (yen)	3,278.11	3,287.86	2,704.24
	Consolidated revenues	12,920,375	12,774,999	11,950,185
	Consolidated ordinary income	916,144	830,696	864,457
	Net income attributable to owners of parent	460,623	479,419	483,733
	Consolidated net income per share (yen)	112.97	118.57	119.64
	Dividend per share (yen)	57.00	50.00	50.00

(Unit: million yen, unless otherwise noted)

Japan Post Holdings is listed on the First Section of the Tokyo Stock Exchange, Inc. (hereinafter the “Tokyo Stock Exchange”), and in the matters related to its internal control system, etc. in the “Report on Corporate Governance” dated September 3, 2020 were submitted by Japan Post Holdings to the Tokyo Stock Exchange. The basic concept for exclusion, such as declaring the exclusion of antisocial forces, and the status of its maintenance are confirmed on the website of the Tokyo Stock Exchange. Based on the above, the Company has determined that Japan Post Holdings, its officers and major shareholders have nothing to do with antisocial forces, and has submitted a confirmation letter to the Tokyo Stock Exchange to that effect.

Number of shares allocated to Image Frame Investment 57,382,900 shares

(As of May 25, 2020)

(1)	Company Name	Image Frame Investment (HK) Limited
(2)	Head office	29th Floor, Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong
(3)	Name and title of representative	Ma, Huateng, Director
(4)	Business description	Investment holding company
(5)	Stated capital	1,000 Hong Kong dollars
(6)	Date of establishment	January 5, 2016
(7)	Number of issued shares	1,000 shares
(8)	Fiscal year end	December 31
(9)	Number of employees	0
(10)	Major shareholders	Tencent Holdings Limited (100%)

and shareholding ratios			
(11) Relationships between parties			
Capital relationship	Not applicable		
Personnel relationship	Not applicable		
Business relationship	Not applicable		
Applicability to related parties	Not applicable		
(12) Business and financial performances for the most recent three years			
Fiscal year	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019
Consolidated net assets	5,275	3,949	6,363
Consolidated total assets	15,302	28,802	42,435
Consolidated net assets per share (HKD)	5	4	6
Consolidated revenues	-	-	2
Consolidated operating income	119	(408)	(1,527)
Consolidated ordinary income	119	(408)	(1,527)
Net income attributable to owners of parent	5,275	(2,084)	(1,527)
Consolidated net income per share	5	(2)	(2)
Dividend per share (HKD)	-	-	-

(Unit: million Hong Kong dollars, unless otherwise noted)

In the share subscription agreement concluded with the allottee Image Frame Investment on March 12, 2021 (hereinafter referred to as the “Share Subscription Agreement”), we received a representation and warranty that it is not an antisocial force and has nothing to do with antisocial forces. In addition, we also requested an independent research organization (JP Research & Consulting Co., Ltd. 3-7-12 Toranomon, Minato-ku, Tokyo) to conduct a survey, and as a result, we received a report that Image Frame Investment was not involved in antisocial. Based on the above, the Company has determined that Image Frame Investment, Tencent, their officers and major shareholders have nothing to do with antisocial forces, and submitted a confirmation to that effect to the Tokyo Stock Exchange.

Number of shares allocated to Walmart 14,536,000 shares

(As of January 31, 2020)

(1) Company Name	Walmart Inc.
(2) Head office	702 S.W. 8th Street, Bentonville, Arkansas 72716, United States
(3) Name and title of representative	C. Douglas McMillon, President and Chief Executive Officer
(4) Business description	Operation of retail chain stores dealing with foods, clothing and daily commodities
(5) Stated capital	283 million US dollars
(6) Date of establishment	October 31, 1969
(7) Number of issued shares	2,832,492,881 shares
(8) Fiscal year end	January 31
(9) Number of employees	(Consolidated) over 2,200,000
(10) Major shareholders and shareholding	Walton Enterprises, LLC (35.3%)、Walton Family Holdings Trust (14.8%) (As of April 9, 2020)

ratios			
(11) Relationships between parties			
Capital relationship	Not applicable		
Personnel relationship	Not applicable		
Business relationship	Rakuten and the allottee Walmart have executed a strategic alliance for the purpose of joint operation of an Internet-based supermarket.		
Applicability to related parties	Not applicable		
(12) Business and financial performances for the most recent three years			
Fiscal year	Year ended January 31, 2018	Year ended January 31, 2019	Year ended January 31, 2020
Consolidated net assets	77,869	72,496	74,669
Consolidated total assets	204,522	219,295	236,495
Consolidated net assets per share (USD)	26.38	25.19	26.36
Consolidated revenues	500,343	514,405	523,964
Consolidated operating income	20,437	21,957	20,568
Consolidated income before tax	15,123	11,460	20,116
Net income attributable to owners of parent	9,862	6,670	14,881
Consolidated net income per share (USD)	3.29	2.28	5.22
Dividend per share (USD)	2.04	2.08	2.12

(Unit: million US dollars unless otherwise noted)

Walmart is a listed company on the New York Stock Exchange and we received representations and warranties in the Share Subscription Agreement with Walmart that it is not an antisocial force or has nothing to do with antisocial forces. Based on the above, we have determined that Walmart, its officers and major shareholders have nothing to do with antisocial forces, and have submitted a confirmation letter to the Tokyo Stock Exchange to that effect.

Number of shares allocated to Mikitani Kosan 4,366,800 shares

(As of September 30, 2020)

(1) Company Name	Mikitani Kosan, Inc.
(2) Head office	Ark Hills Executive Tower N211, 14-5, Akasaka 1-chome, Minato Ward, Tokyo
(3) Name and title of representative	Hiroshi Mikitani, Director
(4) Business description	Holding, management of, and investment in securities
(5) Stated capital	3 million yen
(6) Date of establishment	Not disclosed since consent to disclosure has not been obtained.
(7) Number of issued shares	Not disclosed since consent to disclosure has not been obtained.
(8) Fiscal year end	Not disclosed since consent to disclosure has not been obtained.
(9) Number of employees	Not disclosed since consent to disclosure has not been obtained.
(10) Major shareholders and shareholding ratios	Kosuke Mikitani (100%)
(11) Relationships between parties	

Capital relationship	Not applicable
Personnel relationship	Representative Director of Rakuten took office as director
Business relationship	Not applicable
Applicability to related parties	Not applicable

Number of shares allocated to Spirit Inc. 4,366,800 shares

(As of September 30, 2020)

(1)	Company Name	Spirit Inc.
(2)	Head office	Ark Hills Executive Tower N211, 14-5, Akasaka 1-chome, Minato Ward, Tokyo
(3)	Name and title of representative	Hiroshi Mori, Director
(4)	Business description	Holding, management of, and investment in securities
(5)	Stated capital	20 million yen
(6)	Date of establishment	Not disclosed since consent to disclosure has not been obtained.
(7)	Number of issued shares	Not disclosed since consent to disclosure has not been obtained.
(8)	Fiscal year end	Not disclosed since consent to disclosure has not been obtained.
(9)	Number of employees	Not disclosed since consent to disclosure has not been obtained.
(10)	Major shareholders and shareholding ratios	Rina Mikitani (100%)
(11)	Relationships between parties	
	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
	Applicability to related parties	Not applicable

In the Share Subscription Agreement concluded with Mikitani Kosan and Spirit, the Company received representations and warranties that it is not an antisocial force and has nothing to do with antisocial forces. In addition, we also requested an independent research organization (JP Research & Consulting Co., Ltd. 3-7-12 Toranomon, Minato-ku, Tokyo) to conduct a survey, and as a result, we received a report that antisocial forces were not involved. Based on the above, the Company has determined that Mikitani Kosan, Spirit, their officers and major investors have nothing to do with antisocial forces, and submitted a confirmation letter to that effect to the Tokyo Stock Exchange.

(2) Reasons for selecting the planned allottees

Please refer to above: 2. "Purpose and Reason for Offering".

(3) Holding policy of the planned allottees

The Company has received an explanation that the shares to be acquired by Japan Post Holdings, Image Frame Investment and Walmart, which are to be allotted through the Third-Party Allotment, will be held for a long period of time. They have agreed to obtain prior written consent of the Company if the Company's shares held are to be transferred to a third party within 6 months from the payment date of the Shares.

In addition, it has been explained that the shares to be acquired by Mikitani Kosan and Spirit, which are scheduled to be allotted through this Third-Party Allotment, will be held for a long period of time.

Furthermore, if either party transfers all or part of the Company's common stock acquired through the Third-Party Allotment within two years from the payment due date, either party will report the details to the Company in writing. It is agreed that the Company will report the contents of the report to Tokyo Stock Exchange, and that the contents of the report will be available for public inspection. We are planning to obtain a written

commitment to this effect.

(4) Contents confirmed about the existence of property required for payment of the planned allocation by allottees

Japan Post Holdings

The Company has received a representation and warranty that it has the necessary and sufficient funds for payment by Japan Post Holdings in the Share Subscription Agreement concluded with Japan Post Holdings. In addition, according to the quarterly consolidated financial statements stated in the third quarter report submitted by Japan Post Holdings to the Kanto Finance Bureau on February 12, 2021, we have confirmed that Japan Post Holdings has cash and deposits in excess of the amount equivalent to the funds required for payment of the Third-Party Allotment.

Image Frame Investment

In the Share Subscription Agreement concluded with Image Frame Investment, the Company has received a representation and warranty that it has the necessary and sufficient funds for payment. In addition, for Tencent, the parent company of Image Frame Investment, we received a written commitment that Tencent will provide Image Frame Investment with funds equivalent to the payment amount when making payments for this Third-Party Allotment. As a result of checking the financial statements for the third quarter of Tencent's most recent fiscal year ending December 2020, we confirmed Tencent holds cash and deposits in an amount equivalent to or more than the funds required for payment of this Third-Party Allotment.

Walmart

The Company has received a representation and warranty that it has the necessary and sufficient funds for the payment by Walmart in the Share Subscription Agreement concluded with Walmart. In addition, according to Walmart's financial statements from February 1, 2020 to October 31, 2020 (submitted on November 17, 2020.), we have confirmed that it has cash and deposits in excess of the amount equivalent to the funds required for payment of this Third-Party Allotment

Mikitani Kosan and Spirit

In the Share Subscription Agreement concluded with Mikitani Kosan and Spirit, the Company received representations and warranties that Mikitani Kosan and Spirit has the necessary and sufficient funds for payment. We have confirmed that both Mikitani Kosan's and Spirit's deposit balance certificates holds the necessary funds for the payment related to the Third-Party Allotment.

7. Major Shareholders and Shareholding Ratio after Offering

Before Offering (as of December 31, 2020)		After Offering	
Crimson Group, LLC	16.62%	Crimson Group, LLC	14.38%
Hiroshi Mikitani	12.94%	Hiroshi Mikitani	11.20%
Haruko Mikitani	9.73%	Haruko Mikitani	8.43%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.00%	Japan Post Holdings Co., Ltd.	8.32%
Custody Bank of Japan, Ltd. (Trust Account)	3.48%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.20%
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY (Standing proxy: Hong Kong Shanghai Bank, Tokyo Branch, Custody Operations Department)	2.12%	Image Frame Investment (HK) Limited	3.65%
Custody Bank of Japan, Ltd. (Trust Account 7)	1.51%	Custody Bank of Japan, Ltd. (Trust Account)	3.01%
THE BANK OF NEW YORK MELON 140051 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)	1.40%	NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY (Standing proxy: Hong Kong Shanghai Bank, Tokyo Branch, Custody Operations Department)	1.84%
Culture Convenience Club Co.,Ltd.	1.17%	Custody Bank of Japan, Ltd. (Trust	1.31%

		Account 7)	
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)	1.09%	THE BANK OF NEW YORK MELON 140051 (Standing proxy: Mizuho Bank, Ltd. Settlement Sales Department)	1.21%

(Notes)

1. The shareholding ratio before the offering is based on the register of shareholders as of December 31, 2020.
2. The shareholding ratio is a ratio to the number of outstanding shares (excluding treasury shares) of Rakuten, rounded to two decimal places.
3. The major shareholders and their shareholding ratio after the offering is calculated by adding the number of shares to be disposed of through the disposition of treasury shares to the status of major shareholders and their shareholding ratio before the offering.

8. Future Outlook

Rakuten expects the Third-Party Allotment will contribute to enhancement of corporate value over the medium to long term, and its effects on its forthcoming consolidated operating results to be minor.

9. Disclosure Regarding Procedures under Code of Corporate Conduct

There is no requirement for the receipt of an independent third party opinion and the procedures for shareholder approval under Article 432 of the Securities Listing Regulations promulgated by the Tokyo Stock Exchange, because the Third-Party Allotment (i) will result in dilution of less than 25% and (ii) will not result in a change of a controlling shareholder.

10. Operating Results and Equity Finance for Most Recent Three Year

(1) Operating Results for Most Recent Three Years (Consolidated)

	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
Consolidated revenues	1,101,480 million yen	1,263,932 million yen	1,455,538 million yen
Consolidated operating income	170,425 million yen	72,745 million yen	(93,849 million yen)
Consolidated ordinary income	165,423 million yen	(44,558 million yen)	(151,016 million yen)
Net income attributable to owners of parent	142,282 million yen	(31,888 million yen)	(114,199 million yen)
Consolidated net income per share	105.43 yen	(23.55 yen)	(84.00 yen)
Dividend per share	4.50 yen	4.50 yen	4.50 yen
Consolidated net assets per share	572.83 yen	542.43 yen	446.78 yen

(2) Current Number of Outstanding Shares and Dilutive Shares (as of December 31, 2020)

	Number of shares	Ratio to number of outstanding shares
Number of issued shares	1,434,573,900 shares	100%
Number of dilutive shares at current conversion price (exercise price)	—	—
Number of dilutive shares at lowest conversion price (exercise price)	—	—
Number of dilutive shares at highest conversion price (exercise price)	—	—

(3) Recent Stock Prices

① Stock Prices for Last Three Years

	Year ended December	Year ended December	Year ended December
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	31, 2018	31, 2019	31, 2020
Opening	1,044 yen	713 yen	928 yen
High	1,045 yen	1,313 yen	1,259 yen
Low	700 yen	710 yen	636 yen
Closing	736 yen	935 yen	994 yen

② Stock Prices for Most Recent Six Months

	2020 October	November	December	2021 January	February	March
Opening	1,176 yen	1,005 yen	1,148 yen	995 yen	1,028 yen	1,200 yen
High	1,259 yen	1,201 yen	1,162 yen	1,084 yen	1,222 yen	1,203 yen
Low	1,012 yen	1,000 yen	963 yen	957 yen	1,001 yen	1,105 yen
Closing	1,015 yen	1,169 yen	994 yen	1,029 yen	1,191 yen	1,146 yen

(Note) 1. March 2021 prices refer to March 1 to 11, 2021.

③ Stock Price on Business Day Immediately Preceding Date of Resolution Authorizing Issuance

	March 11, 2021
Opening	1,121 yen
High	1,148 yen
Low	1,119 yen
Closing	1,146 yen

(4) Equity Finance in Last Three Years

Not applicable.

11. Details of Offering

(1)	Payment date	From March 29, 2021 to April 30, 2021
(2)	Number of new shares to be issued and Number of treasury stock to be disposed of (Number of shares offered)	Total number of common shares as below (1+2): 211,656,500 shares 1. Number of newly issued common shares: 139,737,600 shares 2. Number of disposed treasury stocks: 71,918,900 shares
(3)	Issue price and Disposal price	JPY 1,145 per share
(4)	Amount of proceeds to be raised	JPY 242,346,692,500
(5)	Offering and disposal method (expected allotment)	By the Third-Party Allotment, the Company will allot 131,004,000 shares to Japan Post Holdings Co., Ltd., 57,382,900 shares to Image Frame Investment (HK) Limited, 14,536,000 shares to Walmart Inc., 4,366,800 shares to Mikitani Kosan, Inc. and 4,366,800 shares to Spirit Inc.
(6)	Others	Each of the above items is subject to the notified entries in force, based on the Financial Instruments and Exchange Act.

* Note: Payment of the Third-Party Allotment is expected to be on March 29, 2021.