

August 4, 2021

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

Announcement of Accounting Treatment Regarding Acquisition (Consolidation) of AltioStar Networks, Inc.

Rakuten Group, Inc. (hereinafter “the Company”) announces that it expects to include a gain on step acquisitions for the third quarter of 2021 (July 1, 2021 to September 30, 2021) regarding additional acquisition of shares of AltioStar Networks, Inc. (hereinafter “AltioStar”) by Rakuten USA, Inc. (hereinafter “Rakuten USA”), a wholly-owned subsidiary of the Company and making it an indirect wholly-owned subsidiary of the Company as follows.

1. Details

Rakuten USA agreed with AltioStar, which provides 4G and 5G open virtualized RAN (Open vRAN) software, and the Company accounts for AltioStar by the equity-method, to acquire additional shares of AltioStar and make it an indirect wholly-owned subsidiary of the Company on August 4, 2021 (EDT). A total evaluation of AltioStar is USD 1 billion.

AltioStar already offers its suite of Open vRAN network functions on the Rakuten Communications Platform (RCP) which Rakuten Mobile provides. RCP is a fully virtualized, cloud-native telco platform which allows customers to easily and quickly build secure and open mobile networks at lower cost. RCP offers telcos, enterprises and government customers a marketplace from which they can select technologies to empower deployment of a 4G or 5G mobile network on Open RAN specifications. The Company decided on this acquisition to strengthen our partnership to accelerate deployment of software-centric, virtualized services for the mobile industry across the globe.

Along with this, in the third quarter of 2021 (July 1, 2021 to September 30, 2021), the Company plans to record approximately JPY 59 billion of a gain on step acquisitions as "other income" in the Consolidated Statements of Income. A final calculation of the gain is still under way and the amount is subject to change.

2. Impact on Financial Results and Earnings Forecasts

For the gain from the acquisition, we will promptly announce any matters that require disclosure in the future at the time the measurement of fair values of identifiable assets and liabilities is completed.