

March 22, 2023

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

Notice of Listing Approval of Rakuten Bank, Ltd. and
Partial Offering of Shares Owned by Rakuten Group, Inc.

Rakuten Group, Inc. (hereinafter “the Company”) announces that today Tokyo Stock Exchange approved the new listing of common shares (hereinafter “Rakuten Bank shares”) of Rakuten Bank, Ltd. (hereinafter “Rakuten Bank”), a consolidated subsidiary of the Company, on the Tokyo Stock Exchange Prime Market.

The listing date on the Tokyo Stock Exchange Prime Market is scheduled for April 21, 2023 (Friday). From that date onwards, Rakuten Bank shares will be available for purchase and sale on this exchange. In addition, upon receiving this listing approval and in connection with the listing of Rakuten Bank shares, today we decided to sell a portion of the Rakuten Bank shares owned by the Company (the “Secondary Offering”).

1. Listing of Rakuten Bank

(1) Positioning of Rakuten Bank within the Rakuten Group

Up until now, Rakuten Group (hereinafter “the Group”) has set “empowering people and society through innovation” as its basic management philosophy. In Japan and overseas, we have developed more than 70 services in a wide range of fields including e-commerce, travel, Internet services such as digital contents, FinTech (financial) services such as credit cards, banking, securities, e-money and smartphone app payments, mobile services such as our mobile carrier business, and professional sports, all based on membership centered on Rakuten members. We have formed a unique “Rakuten Ecosystem” that connects services to each other. By creating an environment where members in Japan and overseas can use multiple services in a migratory and continuous manner, we aim for synergistic effects such as maximizing the lifetime value per member and minimizing customer acquisition costs, and for maximizing group profits.

The businesses that make up the Rakuten Ecosystem are divided into the Internet Services segment, the Mobile segment, and the Fintech segment. Rakuten Bank belongs to the Fintech segment and operates a banking business. It collaborates with other financial businesses such

as Rakuten Card Co., Ltd., Rakuten Securities Inc., Rakuten Wallet, Inc., Rakuten Life Insurance Co., Ltd., Rakuten General Insurance Co., Ltd., Rakuten Payment, Inc. and Rakuten Edy, Inc. Co., Ltd. by mutually guiding customers and providing banking services to these companies and their customers. In addition to the financial business, we are working on similar collaborations with businesses belonging to the Internet Services segment and the Mobile segment to create synergies.

(2) Purpose of listing

For more than 20 years since its establishment in 2001, Rakuten Bank has strived to provide more customers with highly convenient financial services using the Internet. We believe that these continuous efforts have helped Rakuten Bank to gain recognition for the convenience of its services is highly evaluated, and by the end of December 2022, the number of accounts exceeded 13.38 million. Many retail and corporate customers are now using Rakuten Bank. In addition, as one of the Group's Fintech companies, Rakuten Bank has collaborated with various financial businesses within the Group, to develop and provide customers with convenient, affordable, and unique services. In this way, Rakuten Bank recognizes that it has promoted the digitization of financial services as a pioneer of digital banks. Rakuten Bank positions this as its "First Growth Stage."

Through a listing, Rakuten Bank aims to implement growth strategies with a more autonomous management perspective, and to enable various growth and financial strategies, including its own fundraising. As announced on April 28, 2022, in the "Rakuten Bank Medium- to Long-Term Vision", Rakuten Bank is implementing a growth strategy in the "Second Growth Stage" based on its medium- to long-term vision, continuing to improve corporate value along with business expansion.

(3) Rakuten Bank shareholding policy

Expansion of the Rakuten Ecosystem is important for the further sustainable growth of the Group, and the Company intends that Rakuten Bank will remain an important consolidated subsidiary of the Company and continue to develop the Group, especially the FinTech business, even after the listing. We will continue to consider the organizational structure and capital structure of the Group in consideration of creditworthiness and financial soundness, and aim to maximize the growth and corporate value of the Group.

The Company intends to maintain the status of Rakuten Bank as a consolidated subsidiary even after Rakuten Bank is listed. Rakuten Bank provides customers with convenience and price competitiveness, which are different from other Internet banks, by utilizing the Rakuten Ecosystem through Rakuten points, brand and name recognition, and reciprocal customer

referrals with Group companies. We believe that synergies with the Rakuten Ecosystem contribute to efficient acquisition of new customers and customer retention. This should contribute to maximizing the corporate value of Rakuten Bank and the Group. Because we envision a mutually-beneficial relationship as independent companies after the listing, in the event that the relationship between Rakuten Bank and the Group changes in the future, and maintaining the position of Rakuten Bank as a consolidated subsidiary of the Company may not necessarily contribute to improving the corporate value of both parties, we will consider whether or not to maintain Rakuten Bank as a consolidated subsidiary of the Company.

As the management company of the Group, the Company has concluded basic management agreements with listed subsidiaries. The agreements stipulate that the personnel rights of listed subsidiaries be respected, with the basic philosophy of the Group, “Rakuten Shugi”, and establishing “Core Policies”, which are the basic matters of governance of the Rakuten Group, and the “Rakuten Group Corporate Ethics Charter”, which is the basic matter that directors and employees must comply with. We respect the independence of management required from the perspective of public interest, under relevant laws, and the independence required as a listed subsidiary. We respect the fact that listed subsidiaries have established a system in which appropriate checks on governance are working, such as actively appointing directors from outside the Group.

The Company plans to take necessary measures to ensure sound and appropriate management of Rakuten Bank’s operations should its business conditions worsen. In addition, even if the Company’s business conditions worsen, we will not request support such as capital investment or financing from Rakuten Bank.

At Rakuten Bank, more than half of the directors are independent outside directors. Furthermore, Rakuten Bank has established a special advisory committee consisting of independent outside directors and independent outside auditors. When making management policy decisions based on requests from the Company related to the Group’s business strategies, Rakuten Bank will consider interrelated personnel affairs between Rakuten Bank and the Group, and execute transactions and actions with the Group taking into account the arm’s length rule and transactions involving conflicts of interest. Rakuten Bank aims to verify the validity of such actions from the viewpoint of ensuring sound and appropriate operation of Rakuten Bank’s business.

In addition, regarding the execution of transactions and actions with related parties, the necessity of transactions and the appropriateness of transaction conditions are verified from the perspective of protection of minority shareholders. We believe that Rakuten Bank’s board of directors will evaluate and improve its effectiveness to ensure sufficient independence even after going public in the future. The Company respects the independence of Rakuten Bank and supports more autonomous management, and we expect Rakuten Bank to achieve greater

corporate value through the listing.

2. Overview of Rakuten Bank

(1) Name	Rakuten Bank, Ltd.
(2) Head office address	2-16-5 Konan, Minato-ku, Tokyo
(3) Representative	Hiroyuki Nagai, President
(4) Business outline	Banking
(5) Share capital	25,954 million yen (March 22, 2023)
(6) Date of start of business	July 2001

3. Outline of subscription and Secondary Offering of Rakuten Bank shares following listing

Number of Rakuten Bank shares 5,555,500 shares
shares in
subscription

Number of Rakuten Bank shares 53,951,300 shares
shares to be
sold

Domestic offering 28,363,400 shares by underwriter's purchase and underwriting
Overseas offering 25,587,900 shares
The final breakdown will be determined on the selling price determination date, considering demand and other factors within the above total number of shares to be sold.

Over-allotment offering (*)

Rakuten Bank shares upper limit 4,463,000 shares

Delivery date April 21, 2023

(*) With regard to the domestic offering and the domestic Secondary Offering by way of purchase and underwriting by the underwriters, in consideration of the demand situation, Daiwa Securities Co., Ltd. may conduct a Secondary Offering in Japan through over-allotment of the Rakuten Bank shares that Daiwa Securities Co., Ltd. will borrow, up to 4,463,000 shares from the Company. In connection with this, Daiwa Securities Co., Ltd. has the right to receive an allotment of Rakuten Bank shares newly issued by Rakuten Bank at the same price as the underwriting price of Rakuten Bank shares, up to 4,463,000 shares (hereinafter referred to as the "Greenshoe Option"), scheduled to be granted by Rakuten Bank with an exercise deadline of May 19, 2023.

4. Number of shares owned by Rakuten Group, Inc. and shareholding ratio

	Number of shares held	Ownership ratio
Before listing (Before the above subscription and the Secondary Offering)	164,463,880 shares	100.00%
After listing (After the above subscription and the Secondary Offering)	110,512,580 shares	63.33%

* Ownership ratio is the percentage of the number of shares held to the total number of issued shares.

*The number of shares held, and the ownership ratio after listing are calculated assuming that over-allotment of Rakuten Bank shares is implemented to the maximum extent and the Greenshoe Option is exercised in full. If the Greenshoe Option is not exercised at all, the number of shares held by Rakuten Group, Inc. will be 110,512,580 shares, and the ownership ratio will be 64.99%.

5. Approach to listing of subsidiaries, etc

In order for the Group to continue to sustainably grow in the rapidly changing Internet industry, we need to establish a system that enables prompt decision-making in each business, while further increasing the capital efficiency of each business, considering changes in the environment surrounding each business. We believe that it is important to improve the competitiveness and mobility of the Group through constructive measures. In addition, we believe the expansion and autonomous acceleration of the Rakuten Ecosystem through the further enhancement of services, based on the high level of expertise of each business, through advanced technology and the enhancement of the value of each business, will contribute to maximizing the corporate value of the Group. It is our policy for listed subsidiaries that they maintain their independence, by building and operating a system that ensures their independence from the Company, giving due consideration to the protection of minority shareholders.

Based on this concept, the Company will continuously consider the organizational structure and capital structure of the Group, in consideration of its creditworthiness and financial soundness, while aiming to maximize the growth and corporate value of the Group. Hence the possibility of listing a subsidiary is one of many options.

As announced in the “Announcement Regarding Start of Preparation for the Initial Public Offering of Rakuten Securities, Inc.” dated May 24, 2022 and the “Announcement Regarding the Establishment of Rakuten Securities Holdings and Reorganization of Securities Business”, dated August 10, 2022, on October 3, 2022, we established Rakuten Securities Holdings, Inc. (“Rakuten Securities HD”), our consolidated subsidiary, and are currently

preparing for an IPO.

When considering whether to start listing preparations for a subsidiary that is considering listing, the main point of contention is the impact on the Rakuten Ecosystem due to the emergence of minority shareholders, which would reduce the speed of management decision-making and execution of management strategies. In this regard, Rakuten Bank and Rakuten Securities HD, which are under the supervision of the Financial Services Agency, have already maintained an extremely high level of management independence under the direction of the authorities even at the time of the start of preparations for listing, and the decision was based on the belief that listing would not significantly change this situation.

Currently, there are no plans to list subsidiaries other than Rakuten Bank and Rakuten Securities HD.

6. Future outlook

In the Company's consolidated financial statements, Rakuten Bank will continue to be a consolidated subsidiary of the Company even after the Secondary Offering. The amount equivalent to the sale proceeds (after deducting expenses and taxes) in the Secondary Offering is expected to be recorded as a capital surplus in the consolidated statement of financial position. We will promptly announce the specific impact on our consolidated financial statements as soon as it becomes clear.

Note: This disclosure document is a press release to publicly announce the approval of the initial listing of Rakuten Bank shares on the Tokyo Stock Exchange and the accompanying sale of a portion of the shares owned by the Company. It was not created for the purpose of soliciting investment or similar acts. Please make your own judgement when making an investment decision regarding the public offering and Secondary Offering of Rakuten Bank shares as resolved at the Rakuten Bank board of directors meeting held on March 22, 2023, the "Prospectus for Issuance of New Shares and Secondary Offering of Shares" prepared by Rakuten Bank (and corrections). The "Prospectus for Issuance of New Shares and Secondary Offering of Shares" (and corrections) can be obtained from the underwriting securities companies.

In addition, this disclosure document is not part of an investment offer for any securities. This disclosure document is a statement to publicly announce the possibility of the listing of shares and issuing new shares of a group company, and was not prepared for the purpose of soliciting investment or similar acts both in Japan and overseas. This disclosure document does not constitute an offer of securities in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended,

and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. No public offering will be made in the United States.