

May 16, 2023

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

Announcement Regarding the Issuance of New Shares through Public Offering and Third-Party Allotment

Rakuten Group, Inc. (head office: Setagaya-ku, Tokyo; Representative Director, Chairman, President and CEO: Hiroshi Mikitani; the “Company”) resolved to issue new shares through public offering and third-party allotment at its board of directors meeting held today, as described below.

Background and Purposes of the Fund Procurement

As the mission of the Rakuten Group (“the Group”) continues to be “empowerment of people and society through innovation,” both in Japan and overseas, through more than 70 services in a wide range of businesses including Internet services such as e-commerce, travel, and digital content; FinTech (financial) services such as credit cards, banking, securities, insurance, electronic money, and payment through mobile apps; mobile services such as the mobile carrier business; and professional sports, by organically linking these services based on a membership system centered around Rakuten members, we have formed the unique “Rakuten Ecosystem.” By creating an environment where members in Japan and overseas can easily browse and access multiple services, we aim to leverage Group synergies to maximize the lifetime value of each member and minimize customer acquisition costs, thereby maximizing Group profit. In recent years, with the steady advance of the user shift to mobile, the gross transaction value of “Rakuten Ichiba” and other services of the Company via mobile apps have been consistently on the rise. There is no doubt that mobile devices are the most important user touchpoint for the expansion of the Company’s existing services and new service development, and as 5G spreads and IoT (Internet of things) permeates society, we believe that mobile devices will become even more indispensable to people’s lives. The operation of the mobile business by the Group, which is developing a wide variety of services, is extremely important in terms of strengthening the “Rakuten Ecosystem,” and thereby realizing further growth of the Group and contributing to the enhancement of corporate value.

While focusing on further expansion of such mobile business, we recognize that the strengthening of our financial soundness is also an important issue. The Company has also worked to procure various non-interest-bearing debt (i.e., equity-type) funding, including the secondary offering of the shares of Rakuten Bank, Ltd. owned by the Company and the partial transfer of the shares of Rakuten Securities, Inc. to Mizuho Securities Co., Ltd. by Rakuten Securities Holdings, Inc. In addition, as already announced, we are preparing for the listing of Rakuten Securities Holdings, Inc., and we are also flexibly considering strategic business alliances for the parent company and subsidiaries.

Recently, as the trend of a gradual decline in operating loss in the mobile segment has become certain, future profitability is in sight, and the realization of the accelerated installation of base stations is expected to stabilize capital investment, we believe that it is now possible for us to foresee, to a considerable extent, the total amount of the funding necessary for the future growth of the mobile business. Under these circumstances, as announced in the “FY2022 Fourth Quarter and Full Year Consolidated Financial Results CEO

Group Strategy” dated February 14, 2023, under our policy of conducting disciplined management with due consideration to the balance between the growth investment and the mid- to long-term financial soundness and without excessive dependence on interest-bearing debt, we have determined that seeking funding through the issuance of new shares of the Company is the optimal financial strategy option.

Furthermore, we have also determined to implement the issuance of new shares through third-party allotment to Mikitani Kosan, Inc. (“Mikitani Kosan”) and Spirit Inc. (“Spirit”), which are companies relevant to Mr. Mikitani Representative Director, Chairman, President and CEO of the Company, CyberAgent, Inc. (“CyberAgent”) and TOKYU CORPORATION (“Tokyu”) (the “Parallel Third-Party Allotment”).

With respect to the Third-Party Allotment to Mikitani Kosan and Spirit the Company received an indication from Hiroshi Mikitani, Representative Director, Chairman, President, and CEO of the Company, of his intention to further demonstrate his deep commitment to the Company’s mid- to long-term growth and the improvement of shareholder value by contributing to the strong financial base of the Company through the acquisition of shares of the Company by parties related to him, in addition to his existing holding. The Company has also concluded that his determination to strengthen the Company’s financial base and the allotment of new shares to related parties based thereon will contribute to the Company’s mid- to long-term growth and the improvement of shareholder value.

In addition, by taking this opportunity of the Third-Party Allotment to CyberAgent, the Company aims to further enhance its services by collaborating with CyberAgent, which provides a variety of services in the Internet industry. The Company is considering collaborating by strengthening the sale of advertising media in Internet advertising, mutually providing content, etc. in the future.

Furthermore, with respect to the Third-Party Allotment to Tokyu, in July 2020, the Company and Tokyu jointly established “Rakuten Tokyu Planning, Inc.” to provide data marketing solutions that utilize the online and offline data accumulated by both companies, and since the commencement of its operation in September 2020, Rakuten Tokyu Planning, Inc. is developing solutions in the areas of Online Merges with Offline (OMO) in addition to the area of advertising and data marketing. By strengthening the relationship between the Company and Tokyu through the Third-Party Allotment, the Company aims to realize highly convenient services by breaking down the barriers between online and offline services along Tokyu-owned rail corridors.

The issuance of new shares will result in dilution of shareholders’ equity per share; however, we believe that further development of the Rakuten Ecosystem, caused by the expansion of the mobile business, the maximization of the lifetime value of each member, the improvement of the financial base and strengthening relationships with each Parallel third-party allottees etc., will lead to improvement of the Company’s corporate value and benefits for our existing shareholders.

1. Issuance of New Shares through Public Offering

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|-----|---|--|
| (1) | Class and Number of Shares to be Offered | Total of (i) through (iii) below, 468,102,100 shares of common stock of the Company.
(i) As stated in (4)(i) below, 234,051,000 shares of common stock of the Company to be underwritten and purchased by the Japanese Underwriters in the Japanese Public Offering.
(ii) As stated in (4)(ii) below, 172,994,400 shares of common stock of the Company to be underwritten and purchased by the International Managers in the International Offering.
(iii) As stated in (4)(ii) below, up to an additional 61,056,700 shares of common stock of the Company to be newly issued and purchased by the International Managers in the International Offering upon exercise of the option granted to them. |
| (2) | Method of Determination of Amount to be Paid in | The amount to be paid in will be determined on any day in the period from May 24, 2023 (Wed.) to May 29, 2023 (Mon.) (such date, the "Pricing Date") in accordance with the method stated in Article 25 of the Rules Concerning Underwriting of Securities, etc., promulgated by the Japan Securities Dealers Association ("JSDA"). |
| (3) | Amount of Stated Capital and Additional Paid-in Capital to be Increased | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated pursuant to Article 14, paragraph 1 of the Regulations on Corporate Accounting, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the said maximum amount of stated capital increase. |
| (4) | Method of Offering | The Japanese offering and the international offering will be made simultaneously.
(i) Japanese Public Offering:
In the public offering for issuance of new shares to be made in Japan (the "Japanese Public Offering"), certain Japanese joint lead managers (collectively, the "Japanese Joint Lead Managers"), and other Japanese underwriters (collectively, the "Japanese Underwriters") shall underwrite and purchase all of the shares with respect to the Japanese Public Offering.
(ii) International Offering:
In the offering for the issuance of new shares to be made outside of Japan (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933, as amended) (the "International Offering"), certain international managers (collectively, the "International Managers" and collectively with the Japanese |

Underwriters, the “Underwriters”) shall severally but not jointly underwrite and purchase the aggregate number of all of the shares to be offered with respect to the International Offering. The International Managers have also been granted an option to purchase additional newly issued shares of common stock of the Company, as stated in (1)(iii) above.

With regard to the number of shares to be offered in (i) and (ii) above, the number of shares to be issued is planned to be 234,051,000 shares for the Japanese Public Offering and 234,051,100 shares for the International Offering (the International Managers will purchase 172,994,400 shares as described in (1)(ii) above initially and 61,056,700 additional newly issued shares of common stock of the Company upon exercise of the option granted to the International Managers described in (1)(iii) above). However, the final breakdown shall be determined on the Pricing Date by taking into account market demand and other conditions.

The issue price (offer price) with regard to each of the Japanese Public Offering and the International Offering shall be determined in accordance with the method stated in Article 25 of the Rules Concerning Underwriting of Securities, etc., promulgated by the JSDA, on the Pricing Date based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a figure between 0.90-1.00 (with any fraction less than 1 yen being rounded down), taking into account market demand and other conditions.

The joint global coordinators for the Japanese Public Offering and the International Offering will be certain Underwriters (collectively, the “Joint Global Coordinators”).

(5) Consideration for the Underwriters

The Company shall not pay any underwriting commissions to the Underwriters in the Japanese Public Offering and the International Offering; but rather, the aggregate amount of the difference between the issue price (offer price) in each offering and the amount to be paid to the Company by the Underwriters shall be allocated to the Underwriters as underwriting fees.

(6) Subscription Period (in Japanese Public Offering)

The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.

(7) Payment Date

The payment date shall be any day in the period from May 31, 2023 (Wed.) to June 5, 2023 (Mon.);

however, such day shall be the fifth business day immediately following the Pricing Date.

- (8) Subscription Unit 100 shares
- (9) The amount to be paid in, the amount of stated capital and additional paid-in capital to be increased, the issue price (the offer price), and any other matters necessary for the Japanese Public Offering and the International Offering will be determined at the discretion of the representative directors of the Company, other than Hiroshi Mikitani, or any person delegated by such representative directors.
- (10) The Japanese Public Offering shall be subject to effective registration under the Financial Instruments and Exchange Act of Japan.

2. Issuance of New Shares through Third-Party Allotment to Mikitani Kosan, Spirit, CyberAgent and Tokyu (Parallel Third-Party Allotment)

- (1) Class and Number of Shares to be Offered 78,799,000 shares of common stock of the Company
- (2) Method of Determination of Amount to be Paid in The amount to be paid in will be determined on the Pricing Date. The amount per share to be paid in shall be the same as the issue price (offer price) of the Japanese Public Offering.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated pursuant to Article 14, paragraph 1 of the Regulations on Corporate Accounting, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the additional paid-in capital to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the said maximum amount of stated capital increase.
- (4) Allottees and Number of Shares to be Allotted
 - Mikitani Kosan 28,142,500 shares
 - Spirit 28,142,500 shares
 - CyberAgent 18,761,700 shares
 - Tokyu 3,752,300 shares
- (5) Subscription Period The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date. The subscription period shall be the same as that for the Japanese Public Offering.
- (6) Payment Date The payment date shall be any day in the period from May 31, 2023 (Wed.) to June 5, 2023 (Mon.); however, such day shall be the fifth business day immediately following the Pricing Date and shall be the same as that of the Japanese Public Offering.
- (7) Subscription Unit 100 shares
- (8) The amount to be paid in, the amount of stated capital and additional paid-in capital to be increased, and any other matters necessary for the issuance of new shares through Parallel Third-Party Allotment will be determined at the discretion of the representative directors of the Company, other than Hiroshi Mikitani, or any person delegated by such representative directors.
- (9) The issuance of new shares through Parallel Third-Party Allotment shall be subject to effective registration under the Financial Instruments and Exchange Act of Japan. If the Japanese Public Offering and the International

Offering are canceled, the Parallel Third-Party Allotment will also be canceled. In addition, if any of the Parallel Third-Party Allotments is canceled, the other Parallel Third-Party Allotments, the Japanese Public Offering, and the International Offering may also be canceled.

Mikitani Kosan and Spirit have indicated that if the total amount to be paid in based on the issue price to be determined on the Pricing Date exceeds 15 billion yen each they will subscribe for the only the number of shares of common stock of the Company obtained by dividing 15 billion yen each by the issue price (rounded down to the nearest 100 shares); CyberAgent has indicated that if the total amount to be paid in based on the issue price to be determined on the Pricing Date exceeds 10 billion yen they will subscribe for the only the number of shares of common stock of the Company obtained by dividing 10 billion yen by the issue price (rounded down to the nearest 100 shares); and Tokyu has indicated that if the total amount to be paid in based on the issue price to be determined on the Pricing Date exceeds 2 billion yen Tokyu will subscribe for the only the number of shares of common stock of the Company obtained by dividing 2 billion yen by the issue price (rounded down to the nearest 100 shares). Shares of common stock of the Company that are not subscribed for will not be issued.

<Reference>

1. Change in the Total Number of Issued Shares as a Result of the Capital Increase by way of Issuance of New Shares through the Public Offering and the Third-Party Allotment

Total number of issued shares at present:	1,592,907,600	(As of May 16, 2023)
	shares	
Increase in number of shares as a result of the Capital Increase by way of issuance of new shares through public offering:	468,102,100	(Note 1)
	shares	
Total number of issued shares after the Capital Increase by way of issuance of new shares through public offering:	2,061,009,700	(Note 1)
	shares	
Increase in number of shares as a result of the issuance of new shares through Parallel Third-Party Allotment to Mikitani Kosan, Spirit, CyberAgent and Tokyu	78,799,000	(Note 2)
	shares	
Total number of issued shares after the issuance of new shares through Parallel Third-Party Allotment to Mikitani Kosan, Spirit, CyberAgent and Tokyu	2,139,808,700	(Note 2)
	shares	

(Notes) 1. These figures are based on the assumption that the International Managers will exercise all of their option set forth in (1)(iii) of “1. Issuance of New Shares through Public Offering” above.

2. These figures are based on the assumption that all of the shares to be offered set forth in (1) of “2. Issuance of New Shares through Third-Party Allotment to Mikitani Kosan, Spirit, CyberAgent and Tokyu (Parallel Third-Party Allotment)” above are subscribed for by the allottees and issued.

3. Our total number of outstanding shares as of May 16, 2023 does not include the number of shares issued upon exercise of stock acquisition rights from May 1, 2023 to May 16, 2023.

2. Use of Proceeds

(1) Use of Proceeds

The Company plans to apply the maximum total net proceeds in the aggregate amount of approximately 332,177,000,000 yen, including the net proceeds from the

Japanese Public Offering in the amount of approximately 145,311,000,000 yen; the maximum net proceeds from the International Offering, which was resolved by the board of directors of the Company on the same date as the Japanese Public Offering, in the amount of approximately 145,065,000,000 yen; the net proceeds from the Parallel Third-Party Allotment in the amount of approximately 41,801,000,000 yen, to fund the redemption of the 5th unsecured bonds due in June 2023 in an amount of 10,000 million yen; to fund the redemption of the 1st publicly offered subordinated bonds with initial voluntary redemption date in December 2023 in an amount of 68,000 million yen; to fund investments and loans to Rakuten Mobile, Inc., a consolidated subsidiary of the Company, by the end of December 2023 in an amount of 188,300 million yen; and to fund the redemption of commercial paper due at the end of December 2023 in an amount of 54,000 million yen, and plans to apply the remaining amount to fund all or part of the redemption of the dollar-denominated unsecured bonds due in November 2024.

With respect to the investment and loan funds to Rakuten Mobile, Inc., the Company plans to apply 40,000 million yen by the end of December 2023 for the capital investment concerning the base station and the like related to the 4th generation mobile communication system (4G) and 5th generation mobile communication systems (5G) and to apply 148,300 million yen by the end of December 2023 for working capital (terminal purchase funds, customer acquisition costs, and roaming costs).

The details of the capital investment plan to which the proceeds will be applied, as of May 16, 2023 (However, as of March 31, 2023 for the amount already paid for the anticipated investment amount.), are as follows.

Company Name	Address	Segment Name	Details of the Equipment	Anticipated Investment Amount (million yen)		Financing Methods	Start Year and Month	Completion Year and Month
				Total	Amount Already Paid			
Rakuten Mobile, Inc.	Setagaya-ku, Tokyo	Mobile businesses	Base stations related to 4G and 5G	200,000	62,470	Cash on hand, borrowings, bond issuance and new share issuance, etc.	January 2023	December 2023

We will properly manage the proceeds in the Company's bank deposit account until the proceeds are applied for each of the aforementioned purposes.

(2) Change in the Use of Proceeds Raised Last Time

Not applicable.

(3) Effects on Business Performance

The Company believes that this issuance of new shares will contribute to the improvement of midterm revenue and profits while strengthening its financial standing.

3. Distribution of Profit to Shareholders, etc.

(1) Basic Policy Concerning Profit Distributions

While taking into account the importance of making investments for mid- to long-term growth and ensuring sufficient internal reserves for the purpose of stabilizing our financial base, the Company strives to pay stable and continuous dividends.

(2) Rationale Underlying the Determinations on Dividends

In principle, the distribution of dividends of surplus is made once a year in the form of a year-end dividend. The Company will determine the matters stipulated in the provisions of Article 459, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended, the "Companies Act") by taking into account management circumstances and other factors.

(3) Use of Internal Reserves

As described in "(1) Basic Policy Concerning Profit Distributions" above.

(4) Status of Dividends for the Past Three Fiscal Years, etc.

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022
Basic Consolidated Loss Per Share	(84.00) yen	(87.62) yen	(235.00) yen
Annual Dividend Per Share	4.50 yen	4.50 yen	4.50 yen
Actual Consolidated Dividend Payout Ratio	-	-	-
Loss on Equity Attributable to Owners of the Parent Company	(17.0)%	(15.7)%	(39.1)%
Dividend on Equity Attributable to Owners of the Parent Company	0.9%	0.8%	0.7%

- (Notes)
1. The figures above are based on the International Financial Reporting Standards.
 2. The basic consolidated loss per share is calculated based on the average number of shares during the period.
 3. The actual consolidated dividend payout ratio is not presented because the consolidated loss is recorded.
 4. Loss on equity attributable to owners of the parent company is obtained by dividing the loss attributable to owners of the parent company by the equity attributable to owners of the parent company (average of the beginning and ending figures).
 5. Dividend on equity attributable to owners of the parent company is obtained by dividing the annual dividend per share by the equity attributable to owners of the parent company per share (average of the beginning and ending figures).

4. Others

(1) Specification of Distribution

Not applicable.

However, a third-party allotment will be conducted in parallel with the Japanese Public Offering and the International Offering. Upon the Parallel Third-Party Allotment, the Company will comply with the request of the Underwriters of the Japanese Public Offering pursuant to Article 2, paragraph 3 of the Rules Concerning Distribution to

Customers Related to Underwriting, etc. of Public Offering, etc. of Share Certificates, etc., promulgated by the JSDA, and if such Parallel Third-Party Allotment is conducted as a preferential allotment (which means selling to purchasers designated by the issuer and including acts that are substantially similar, such as suggesting purchasers) upon the Japanese Public Offering, it will substantially fall within the exceptions from the prohibition on preferential allotment prescribed in Article 2, paragraph 2 of the said rules. If the Japanese Public Offering and the International Offering are canceled, the Parallel Third-Party Allotment will also be canceled. In addition, if any of the Parallel Third-Party Allotments is canceled, the other Parallel Third-Party Allotments, the Japanese Public Offering, and the International Offering may also be canceled.

(2) Information on Dilution Effects from Potential Shares

The Company issues stock options based on the Companies Act. The details of the stock options are as described in the schedule. The ratio of the total outstanding shares as described in the schedule to be delivered to the total number of issued shares following the issuance of new shares through public offering and third-party allotment this time (the total number of issued shares based on the assumption that the International Managers will exercise all of the options granted thereto to purchase the additional newly issued shares of common stock of the Company in the International Offering and that all of the shares to be offered in the Parallel Third-Party Allotment are subscribed for by the allottees and issued) is expected to be 4.62%.

(3) Status of Equity Finance in the Past Three Years, etc.

(i) Status of Equity Finance

Capital Increase through Third-Party Allotment

(1)	Payment Date	March 29, 2021 and March 31, 2021
(2)	Amount of Proceeds	241,846,692,500 yen (net proceeds after expenses)
(3)	Issue Price	1,145 yen
(4)	Number of Issued Shares at the Time of the Offering	1,434,573,900 shares
(5)	Number of New Shares Issued and Number of Treasury Shares Disposed of through the Offering	Total number of shares of common stock set forth in (i) and (ii) below: 211,656,500 shares (i) Number of new shares issued: 139,737,600 shares of common stock (ii) Number of treasury shares disposed of: 71,918,900 shares
(6)	Total Number of Issued Shares After the Offering	1,574,311,500 shares
(7)	Allottees	Japan Post Holdings Co., Ltd.: 131,004,000 shares Image Frame Investment (HK) Limited: 57,382,900 shares Walmart Inc.: 14,536,000 shares Mikitani Kosan: 4,366,800 shares Spirit: 4,366,800 shares

(8) Initial Use of Proceeds at the Time of the Issuance	Capital investment funds for the development of specific base stations for the rollout of 4 th generation mobile communication systems (4G) and for the development of specific base stations for the expansion of 5 th generation mobile communication systems (5G) through investment in and loan to Rakuten Mobile, Inc., a consolidated subsidiary of the Company, of which the details are stated below. (i) Base station equipment related to 4 th generation mobile communication system (4G): 184 billion yen (ii) Base station equipment for 5 th generation mobile communication system (5G): 31 billion yen (iii) Equipment common to 4G and 5G: 25 billion yen
(9) Expected Time of Expenditure at the Time of Issuance	April 2021 to December 2021
(10) Current Condition of Allocation	The proceeds were allocated for use as set forth in the initial use of proceeds.

(Notes)1. Payment by Japan Post Holdings Co., Ltd., Walmart Inc., Mikitani Kosan, and Spirit was completed on March 29, 2021.

2. Payment by Image Frame Investment (HK) Limited was completed on March 31, 2021.

3. Equipment common to 4G and 5G is servers in data centers etc.

(ii) Changes in the Share Price in the Past Three Fiscal Years and Latest Share Price, etc.

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022	Fiscal Year Ending December 31, 2023
Opening	928 yen	995 yen	1,163 yen	591 yen
High	1,259 yen	1,545 yen	1,220 yen	749 yen
Low	636 yen	957 yen	576 yen	584 yen
Closing	994 yen	1,154 yen	596 yen	643 yen
Price-Earnings Ratio	-	-	-	-

(Notes) 1. The share prices for the year ending December 31, 2023 are the prices as of May 15, 2023.

2. The price-earnings ratio is not presented because the consolidated loss is recorded for the fiscal year ended December 31, 2020, the fiscal year ended December 31, 2021, and the fiscal year ended December 31, 2022. In addition, the price-earnings ratio is not presented for the year ending December 31, 2023 as it is still in the middle of the year.

(iii) Changes in the Holding Policies of the Allottees in the Capital Increase through Third-Party Allotment, etc. in the Past Five Years

Not applicable.

(4) Lock-Up

In connection with the Japanese Public Offering and the International Offering, Mikitani Kosan, Spirit, CyberAgent and Tokyu have agreed with the Joint Global Coordinators and Japanese Joint Lead Managers not to conduct a sale or the like of the Company shares, including the shares of common stock of the Company acquired through the Parallel Third-Party Allotment, for a period commencing on the Pricing

Date and ending on the date 180 days from and including the delivery date of the Japanese Public Offering and the International Offering (the “Lock-up Period”), without the prior written consent of the Joint Global Coordinators and Japanese Joint Lead Managers, in principle. For the holding policies for the Company shares of the allottees, Mikitani Kosan, Spirit, CyberAgent and Tokyu, please refer to “(3) Holding Policy of the Allottees” in “7. Reasons for Selecting the Allottees, etc.” below.

In the case of the above, the Joint Global Coordinators and Japanese Joint Lead Managers have the power to cancel the substance of the agreement, in whole or in part even during the Lock-up Period.

In connection with the Japanese Public Offering and the International Offering, as a general rule, Crimson Group, LLC, Hiroshi Mikitani, and Haruko Mikitani, who are shareholders of the Company, have agreed with the Joint Global Coordinators not to conduct a sale or the like of the Company shares, securities convertible into or exchangeable for the Company shares, or securities that represent the right to acquire or receive the Company shares, during the Lock-up Period, without the prior written consent of the Joint Global Coordinators.

In the case of the above, the Joint Global Coordinators have the power to cancel the substance of the agreement, in whole or in part even during the Lock-up Period.

Furthermore, in connection with the Japanese Public Offering and the International Offering, the Company has agreed with the Joint Global Coordinators not to conduct an issuance or the like of the Company shares, securities convertible into or exchangeable for the Company shares, or securities that represent the right to acquire or receive the Company shares (excluding the issuance of new shares by way of the Japanese Public Offering, International Offering, Third-Party Allotment Capital Increase, and share splits, etc.), during the Lock-up Period, without the prior written consent of the Joint Global Coordinators.

In either of the aforementioned cases, the Joint Global Coordinators have the authority to cancel all or part of the relevant agreement, at their discretion, even during the Lock-up Period.

5. Consideration of Rationality and the Use of Proceeds

The amount of proceeds procured in the Japanese Public Offering, the International Offering and the Parallel Third-Party Allotment are planned to be allotted to repayment of interest-bearing debt as well as fund investments and loans to consolidated subsidiaries of the Company, etc., and we believe that it will contribute to the enhancement of the corporate value of the Company. Therefore, we believe that the use of proceeds is reasonable.

6. Reasonableness of the Issuance Terms and Conditions, etc. of the Parallel Third-Party Allotment

(1) Basis for the Calculation of the Amount to be Paid in and its Specific Details

The issue price (the amount to be paid in) for the Parallel Third-Party Allotment will be the same as the issue price of the Japanese Public Offering. The issue price of the Japanese Public Offering will be determined in accordance with the method stated in Article 25 of the Rules Concerning Underwriting of Securities, etc., promulgated by the JSDA.

Therefore, we believe that the determination method of the issue price (the amount to be paid in) for the Parallel Third-Party Allotment is appropriate and constitutes “a method for determining the amount to be paid in that is appropriate to realize payment in at a fair value” as set forth in Article 201, paragraph 2 of the Companies Act, and that the issue price (the amount to be paid in) for the Parallel Third-Party Allotment does not fall within the specially favorable terms as prescribed in the Companies Act. Furthermore, in regard to the Third-Party Allotment to Mikitani Kosan and Spirit, if the issue price (the amount to be paid in) is determined based on the share price on the day preceding the date of resolution of issuance, depending on the trend in the share

price on and after the date of resolution of issuance, the issue price (the amount to be paid in) of the Third-Party Allotment to Mikitani Kosan and Spirit (collectively, "such Third-Party Allotment") may fall below the issue price of the Japanese Public Offering. To avoid this, it is possible to determine the final issue price (the amount to be paid in) of such Third-Party Allotment having taken into account the issue price of the Japanese Public Offering (i.e., setting the final issue price (the amount to be paid in) of such Third-Party Allotment to the share price by the end of May 15, 2023 or the issue price of the Japanese Public Offering, whichever is higher); however, in this case, it may be difficult to implement such Third-Party Allotment on the same schedule as the Japanese Public Offering, and it may be difficult to properly conduct the book building for the Japanese Public Offering and the International Offering due to the fact that the specific amount of the final issue price (the amount to be paid in) of such Third-Party Allotment is unpredictable.

From the above perspective, (while the issue price (the amount to be paid in) of such Third-Party Allotment may fall below the share price on the day preceding the date of resolution of issuance, depending on the share price on the date of determination of the terms,) in order to stably operate, as a whole, such Third-Party Allotment and the Japanese Public Offering, the International Offering, and the Third-Party Allotment to other allottees which are to be conducted in parallel with such Third-Party Allotment, and to securely procure the funds necessary for the strengthening of the Company's financial base and for the mid- to long-term growth of the Company, we have determined that it is appropriate to set the issue price (the amount to be paid in) of such Third-Party Allotment to the same price as the issue price of the Japanese Public Offering.

Furthermore, in light of the need to strengthen the Company's financial base and for the mid- to long-term growth of the Company, in regard to the such Third-Party Allotment and the Japanese Public Offering, the International Offering, and the Third-Party Allotment to other allottees to be conducted in parallel with such Third-Party Allotment, we have concluded that, Hiroshi Mikitani (Representative Director, Chairman, President, and CEO of the Company) indicating his intention to further demonstrate his deep commitment to the Company's mid- to long-term growth and the improvement of shareholder value through the acquisition of the shares of common stock of the Company by Mikitani Kosan and Spirit at the issue price (the amount to be paid in) determined by the above method, and by making use of this, the Company's management working together to implement measures to further strengthen our financial base and for the Company's mid- to long-term growth, will contribute to the improvement of shareholder value.

As for the determination method of the issue price (the amount to be paid in), all four auditors (of which three are outside auditors) expressed the opinion that such determination method is legal and valid at the board of directors meeting held on May 16, 2023 (Tue.). In regard to the Third-Party Allotment to Mikitani Kosan and Spirit, which are the asset management companies of Hiroshi Mikitani's family, in order to avoid the suspicion of any conflict of interest, Hiroshi Mikitani did not participate in the deliberations and resolutions of the board of directors meeting above.

(2) Grounds of the Decision that the Amount of Issuance and the Scale of the Dilution of Shares are Reasonable

The number of shares to be issued through the Parallel Third-Party Allotment is 78,799,000 shares (787,990 voting rights), and the ratio thereof to the total number of issued shares of the Company as of May 16, 2023, 1,592,907,600 shares, is 4.95% (the ratio thereof to the total number of voting rights as of December 31, 2022, 15,898,056 voting rights is 4.96%). The maximum number of shares to be issued through the Japanese Public Offering, the International Offering, and the Parallel Third-Party Allotment, is 546,901,100 shares (5,469,011 voting rights in maximum),

and the ratio thereof to the total number of issued shares of the Company as of May 16, 2023, 1,592,907,600 shares, is 34.33% in maximum (the ratio thereof to the total number of voting rights as of December 31, 2022 is 34.40%). Thus, this results in a dilution of the shares; however, as stated in “(1) Use of Proceeds” in “2. Use of Proceeds” above, the Company plans to allot the procured proceeds to repayment of interest-bearing debt and fund investments and loans to consolidated subsidiaries of the Company, etc., and as it will contribute to the enhancement of the corporate value of the Company, we have determined that the amount of issuance and the scale of the dilution of shares are reasonable.

(Note) Our total number of outstanding shares as of May 16, 2023 does not include the number of shares issued upon exercise of stock acquisition rights from May 1, 2023 to May 16, 2023.

7. Reasons for Selecting the Allottees, etc.

(1) Overview of the Allottees

Number of shares allocated to Mikitani Kosan: 28,142,500 shares

(As of May 16, 2023)

(i)	Company Name	Mikitani Kosan, Inc.	
(ii)	Head Office	N211, ARK Hills Executive Tower, 1-14-5 Akasaka, Minato-ku, Tokyo	
(iii)	Name and Title of Representative	Hiroshi Mikitani, Director	
(iv)	Business Description	Holding, management of, and investment in securities	
(v)	Stated Capital	3 million yen	
(vi)	Date of Establishment	Not disclosed since consent to disclosure has not been obtained.	
(vii)	Number of Issued Shares	Not disclosed since consent to disclosure has not been obtained.	
(viii)	Fiscal Year End	Not disclosed since consent to disclosure has not been obtained.	
(ix)	Number of Employees	Not disclosed since consent to disclosure has not been obtained.	
(x)	Major Shareholders and Shareholding Ratio	Kosuke Mikitani (100%)	
(xi)	Relationship Between Parties	Capital Relationship	The allottee holds 4,366,800 shares of common stock of the Company (as of May 16, 2023)
		Personnel Relationship	Representative Director, Chairman, President and CEO of the Company took office as director
		Business Relationship	Not applicable
		Applicability to Related Parties	Not applicable

Number of shares allocated to Spirit: 28,142,500 shares

(As of May 16, 2023)

(i)	Company Name	Spirit Inc.	
(ii)	Head Office	N211, ARK Hills Executive Tower, 1-14-5 Akasaka, Minato-ku, Tokyo	
(iii)	Name and Title of Representative	Hiroshi Mori, Director	
(iv)	Business Description	Holding, management of, and investment in securities	
(v)	Stated Capital	20 million yen	
(vi)	Date of Establishment	Not disclosed since consent to disclosure has not been obtained.	
(vii)	Number of Issued Shares	Not disclosed since consent to disclosure has not been obtained.	
(viii)	Fiscal Year End	Not disclosed since consent to disclosure has not been obtained.	
(ix)	Number of Employees	Not disclosed since consent to disclosure has not been obtained.	
(x)	Major Shareholders and Shareholding Ratio	Rina Mikitani (100%)	
(xi)	Relationship Between Parties	Capital Relationship	The allottee holds 4,366,800 shares of common stock of the Company (as of May 16, 2023)
		Personnel Relationship	Not applicable
		Business Relationship	Not applicable
		Applicability to Related Parties	Not applicable

Number of shares allocated to CyberAgent: 18,761,700 shares

(As of March 31, 2023)

(i)	Company Name	CyberAgent, Inc.
(ii)	Head Office	40-1 Udagawacho Shibuya-ku, Tokyo
(iii)	Name and Title of Representative	Susumu Fujita, Representative Director, Chief Executive Officer, and President
(iv)	Business Description	Media business, Internet advertising business, game business, investment development business, etc.
(v)	Stated Capital	7,313 million yen
(vi)	Date of Establishment	March 18, 1998
(vii)	Number of Issued Shares	506,073,600 shares
(viii)	Fiscal Year End	September
(ix)	Number of Employees	6,337 (As of September 30, 2022)
(x)	Main Clients	-
(xi)	Main Banks	-
(xii)	Major Shareholders and	Susumu Fujita: 17.61%

Shareholding Ratio	The Master Trust Bank of Japan ,Ltd. (Trust Account): 16.18% Custody Bank of Japan, Ltd. (Trust Account): 6.99% THE BANK OF NEW YORK MELLON 140051 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department): 3.13% SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch, Custody Service): 2.32% JP MORGAN CHASE BANK 385635 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department): 1.91% STATE STREET BANK AND TRUST COMPANY 505225 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department): 1.52% STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department): 1.46% BNYM AS AGT/CLTS 10 PERSENT (Standing Proxy: MUFG Bank, Ltd.): 1.21% RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT (Standing Proxy: Citibank, N.A., Tokyo Branch): 1.17%	
(xiii) Relationship Between Parties	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	CyberAgent is an advertiser in the advertising transaction with the Company.
	Applicability to Related Parties	Not applicable

Number of shares allocated to Tokyu: 3,752,300 shares

(As of March 31, 2022)

(i) Company Name	TOKYU CORPORATION
(ii) Head Office	5-6 Nampeidai-cho, Shibuya-ku, Tokyo
(iii) Name and Title of Representative	Kazuo Takahashi, President & Representative Director
(iv) Business Description	Railway business, real estate business, etc.
(v) Stated Capital	121,724,000,000 yen
(vi) Date of Establishment	September 2, 1922
(vii) Number of Issued Shares	624,869,876 shares
(viii) Fiscal Year End	March
(ix) Number of Employees	24,364
(x) Main Clients	-
(xi) Main Banks	-
(xii) Major Shareholders and	The Master Trust Bank of Japan ,Ltd. (14.27%) The Dai-ichi Life Insurance Company, Limited (5.12%)

Note: This disclosure document is a press release to publicly announce the issuance of new shares through public offering and other related matters mentioned above. It was not created for the purpose of soliciting investment or similar acts in any jurisdiction. In addition, this disclosure document does not constitute an offer to sell or a solicitation of an offer to purchase any 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. The securities referred to above will not be publicly offered or sold in the United States.

Shareholding Ratio	Custody Bank of Japan, Ltd. (Trust Account) (4.37%) Nippon Life Insurance Company (3.89%) Sumitomo Mitsui Trust Bank, Limited (3.70%) Mizuho Bank, Ltd. (1.64%) Taiyo Life Insurance Company (1.58%) Mitsubishi UFJ Trust and Banking Corporation (1.55%) MUFG Bank, Ltd. (1.48%) STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department) (1.44%)	
(xiii) Relationship Between Parties	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	The Company and Tokyu jointly established Rakuten Tokyu Planning, Inc. in July 2020 and are strengthening their collaboration in order to foster new purchasing habits and customer experiences that combine the assets of both companies.
	Applicability to Related Parties	Not applicable

In the each Share Subscription Agreement to be concluded on the Pricing Date with Mikitani Kosan, Spirit, CyberAgent and Tokyu, the Company agreed to receive representations and warranties that it is not an antisocial force and has nothing to do with antisocial forces. In addition, we also requested that an independent research organization (JP Research & Consulting, Inc. 3-7-12 Toranomon, Minato-ku, Tokyo) conduct a survey, and as a result, we received a report that antisocial forces were not involved with Mikitani Kosan and Spirit.

CyberAgent is listed on the Tokyo Stock Exchange, and the Company has determined, by confirming the basic concept of the exclusion of antisocial forces and the status of the system in place at CyberAgent, which are set forth as matters related to CyberAgent's internal control system, etc. in the "Report on Corporate Governance" submitted by CyberAgent to the Tokyo Stock Exchange on December 9, 2022, that CyberAgent and its officers have no relation to antisocial forces.

Tokyu is listed on the Tokyo Stock Exchange, and the Company has determined, by confirming the basic concept of the exclusion of antisocial forces and the status of the system in place at Tokyu, which are set forth as matters related to Tokyu's internal control system, etc. in the "Report on Corporate Governance" submitted by Tokyu to the Tokyo Stock Exchange on September 30, 2022, that Tokyu and its officers have no relation to antisocial forces. Based on the above, the Company has determined that Mikitani Kosan, Spirit, their officers, major investors, CyberAgent, Tokyu and their officers have nothing to do with antisocial forces, and it has submitted a confirmation letter to that effect to the Tokyo Stock Exchange.

(2) Reasons for Selecting the Allottees

The background of the Parallel Third-Party Allotment is the recognition that building a strong financial base is indispensable for the Company Group's (the Company and its affiliates) future sustainable growth, and in the process of its consideration, Hiroshi

Mikitani, Representative Director, Chairman, President and CEO of the Company, indicated his intention to further demonstrate his deep commitment to the Company's mid- to long-term growth and the improvement of shareholder value by contributing to the strong financial base of the Company through a Parallel Third-Party Allotment of shares to parties related to him, and in addition to his existing holding. The Company has also concluded that his determination to strengthen the Company's financial base and the allotment of new shares to related parties based thereon will contribute to the Company's mid- to long-term growth and the improvement of shareholder value. Mikitani Kosan and Spirit, the allottees, are asset management companies of Hiroshi Mikitani's family.

CyberAgent is one of Japan's leading Internet companies with a focus on the Internet field and developing media, Internet advertising, and game businesses, and the Company has been exchanging opinions with CyberAgent on trends in the Internet industry for many years. The Company aims to further enhance its services by collaborating with this allottee who provides a variety of services in the Internet industry; therefore, the Company has agreed to implement the Third-Party Allotment to CyberAgent. The Company is considering collaboration with CyberAgent by strengthening the sale of advertising media in Internet advertising, mutually providing content, etc. in the future.

In July 2020, the Company and the allottee, Tokyu, jointly established "Rakuten Tokyu Planning, Inc." to provide data marketing solutions that utilize the online and offline data accumulated by both companies, and the operation was commenced in September 2020. In October 2021, Rakuten Tokyu Planning, Inc. launched its first initiative in Rakuten's ID marketing solution "RMP – Omni Commerce," which is based on offline purchase data, by adding new data from supermarkets operated by Tokyu Store Corporation to the "Instore Tracking" menu, which is capable of measuring the effectiveness of web advertisements such as display advertisements and video advertisements placed by both companies based on purchases made at actual stores, and expanding its functionality. Furthermore, with the cooperation of Rakuten Tokyu Planning, Inc. in the data marketing business, we verified the effects at the "Tokyu Store" supermarkets operated by Tokyu Store Corporation, and in December 2021, developed and launched "Marketing View Premium," a DX solution tool that analyzes consumer needs for the retail and restaurant industries.

In addition to the areas of advertising and data marketing, Rakuten Tokyu Planning, Inc. is also developing solutions in the area of Online Merges with Offline (OMO). By strengthening its relationship with Tokyu, the Company aims to realize highly convenient services by breaking down the barriers between online and offline services along Tokyu-owned rail corridors; therefore, the Company has agreed to implement the Third-Party Allotment to Tokyu.

(3) Holding Policy of the Allottees

The Company has received an explanation that the shares to be acquired by Mikitani Kosan, Spirit, CyberAgent and Tokyu, the allottees will be held for a long period of time.

Furthermore, the Company plans to obtain a written commitment from Mikitani Kosan, Spirit, CyberAgent and Tokyu, the allottees, stating in their agreement that, if Mikitani Kosan, Spirit, CyberAgent and Tokyu transfer all or part of the shares of common stock of the Company acquired through the Parallel Third-Party Allotment within two years from the payment date, Mikitani Kosan, Spirit CyberAgent and Tokyu will report the details of such transfer to the Company in writing; that the Company will report the details of such report to the Tokyo Stock Exchange, and that the details of such report will be made available for public inspection. In addition, the allottees have agreed with the Joint Global Coordinators and Japanese Joint Lead Managers not to conduct a sale or the like of the Company shares, including the shares of common stock of the Company acquired through the Parallel Third-Party Allotment, during the Lock-up Period,

without the prior written consent of the Joint Global Coordinators and Japanese Joint Lead Managers, in principle.

(4) Contents Confirmed about the Existence of Property Required for Payment of the Allocation by Allottees

The Company has confirmed with the allottees, Mikitani Kosan and Spirit, the method of procurement of the funds required for payment of the new shares to be allotted thereto; it was explained to us that their policy is to procure funds through loans given by a Japanese Lead Manager to related parties and corporations of Mikitani Kosan and Spirit. After confirming the agreement(s) for said loan, we have determined that there are no issues with the funds required for payment by the allottees, Mikitani Kosan and Spirit, as the procurement of the funds is certain. Based on the status of cash and deposits and the like in the quarterly consolidated balance sheets in the second quarter report for the 26th term submitted by the allottee, CyberAgent, to the Director-General of the Kanto Local Finance Bureau on April 27, 2023, the Company has confirmed that CyberAgent has sufficient funds to make payment for the Third-Party Allotment. Based on the status of cash and deposits and the like in the quarterly consolidated balance sheets in the third quarter report for the 154th term submitted by the allottee, Tokyu, to the Director-General of the Kanto Local Finance Bureau on February 13, 2023, we have confirmed that Tokyu has sufficient funds to make payment for the Third-Party Allotment.

8. Major Shareholders and Shareholding Ratio after Offering

Before Offering (as of December 31, 2022)		After Offering	
Crimson Group, LLC	14.24%	Crimson Group, LLC	10.59%
Hiroshi Mikitani	11.09%	Hiroshi Mikitani	8.25%
The Master Trust Bank of Japan, Ltd. (Trust Account)	9.02%	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.72%
Haruko Mikitani	8.34%	Haruko Mikitani	6.21%
Japan Post Holdings Co., Ltd.	8.24%	Japan Post Holdings Co., Ltd.	6.13%
MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	3.68%	MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	2.74%
Custody Bank of Japan, Ltd. (Trust Account)	2.57%	Custody Bank of Japan, Ltd. (Trust Account)	1.92%
GOLDMAN SACHS INTERNATIONAL (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	1.77%	Mikitani Kosan, Inc.	1.52%
THE BANK OF NEW YORK MELLON 140051 (Standing Proxy: Mizuho Bank, Ltd. Settlement Sales Department)	1.39%	Spirit Inc.	1.52%
J.P. MORGAN SECURITIES PLC FOR ANDON BEHALF OF ITS CLIENTS JPMSP RECLIENT ASSETS-SEGR ACCT (Standing Proxy: Citibank, N.A., Tokyo Branch)	0.93%	GOLDMAN SACHS INTERNATIONAL (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	1.32%

(Notes) 1. The shareholding ratio before offering is based on the register of shareholders as of December 31, 2022.

2. The shareholding ratio is the ratio to the total number of issued shares (excluding treasury shares) of the Company, rounded to two decimal places.
3. The shareholding ratio after offering is obtained by adding the number of shares to be increased through the Japanese Public Offering, International Offering and Parallel Third-Party Allotment to the number of shares held and the total number of issued shares as of December 31, 2022, based on the assumption that the International Managers will exercise all of the options granted thereto to purchase the additional newly issued shares of common stock of the Company in the International Offering, and that all subscriptions for the all shares of the Parallel Third-Party Allotment have been implemented by allottees and issued.

9. Disclosure Regarding Procedures under Code of Corporate Conduct

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

(Reference)

As of April 30, 2023 we had 98,893,300 shares subject to stock options.

End