

August 10, 2023
Company name Rakuten Group, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755
Tokyo Stock Exchange Prime Market)

**Notice Regarding Business Succession to our Consolidated Subsidiary through
a Company Split (Simplified absorption-type split) and
Reorganization within the Group through Share Delivery at a Fintech Subsidiary**

At the Board of Directors meeting today, Rakuten Group, Inc., (hereinafter “the Company”) decided that with an effective date of November 1, 2023, Rakuten Pay (online payments) business and Rakuten Point (online) business will undergo a company split, and our consolidated subsidiary Rakuten Payment, Inc. (hereinafter “Rakuten Payment”) will be the successor company (hereinafter “Company Split”).

In addition, with an effective date of November 1, 2023, all shares of Rakuten Payment held by the Company (95.28% of the total number of issued shares of Rakuten Payment), through share delivery (hereinafter “Share Delivery”) will be transferred to Rakuten Card Co., Ltd. (hereinafter “Rakuten Card”), also a consolidated subsidiary of the Company.

Purpose of the reorganization

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.

The Company offers a wide range of products and services in the field of cashless payments that transcend online and offline barriers. Through our Rakuten Payment (online payments) business and Rakuten Point (online) business, we have increased the number of online transactions by providing a simple online payment service and a point service on the e-commerce sites of our partner companies. Rakuten Card plays a pioneering role in Japan in terms of both

gross transaction value and the number of users of credit card payments, which are used in various purchasing behaviors in an environment where cashless society is progressing. In addition, Rakuten Payment covers offline payment needs in a multifaceted manner through Rakuten Pay (app payments), Rakuten Edy, and Rakuten Point Card, etc.

The payment business, which has multifaceted touchpoints with customers, is very significant in the sense of attracting customers for various services developed by the Rakuten Group and guiding them to the Rakuten ecosystem. In this regard, Rakuten Pay (online payments) business and Rakuten Point (online) business will be consolidated into Rakuten Payment. Rakuten Card, which is one of the largest in gross shopping transaction value and by customer base in Japan, and Rakuten Payment, which has one of the best customer bases in Japan and various cashless payment protocols, will work together to promote the business, hence we decided on this reorganization because we believe that we can further improve synergies within the Rakuten Group. We believe that this reorganization will lead to the expansion of the Rakuten Group's customer base and the strengthening of our growth strategy, which in turn will contribute to the enhancement of corporate value.

In addition, by further strengthening the cooperative framework between Rakuten Card and Rakuten Payment, we believe that it will be possible to formulate strategies from a broad perspective for expanding the Rakuten ecosystem. Going forward, Rakuten Card, which will be the driving force behind the integrated payment business, will flexibly consider forming strategic partnerships with third parties and raising its own capital as necessary.

1. Summary of the Company Split

(1) Overview of the Company Split

With an effective date of November 1, 2023 (scheduled), Rakuten Pay (online payments) business and Rakuten Point (online) business operated by the Company will be transferred to Rakuten Payment through a company split (simplified absorption-type split).

i. Schedule of the reorganization

Resolution date by the Board of Directors	August 10, 2023
Contract date	August 10, 2023
Effective date of the company split	November 1, 2023 (expected)

Note: Since this company split corresponds to a simplified absorption-type split prescribed in Article 784, Paragraph 2 of the Company Act, a shareholder meeting to approve this company split will not be held.

(2) Method of the relevant reorganization

This is an absorption-type split in which the Company will be the splitting company and

Rakuten Payment will be the succeeding company.

- Rakuten Payment's shareholder composition

Current: 95% owned by the Company, 5% owned by Rakuten Bank

After November 1, 2023: Rakuten Card 95.28%, Rakuten Bank 4.72%

(3) Details of allotments related to the reorganization

Upon this Company Split, Rakuten Payment will issue and allot 16,500 shares of common stock to the Company.

(4) Handling of subscription rights to shares and bonds accompanying the company split

Not applicable

(5) Capital increase/decrease due to company split

There will be no increase or decrease in the capital of the Company due to the company split.

(6) Rights and obligations to be succeeded by the successor company

Of the rights and obligations related to the company split, such as assets, liabilities and contractual status, those specified in the absorption-type split agreement will be succeeded.

(7) Expected debt fulfillment

We have determined that there is no problem with the prospect of fulfilling the obligations that the Company should bear in the company split.

2. Method of calculation of the details of the allotment related to the Company Split

Valuation was calculated by a third-party organization.

3. Overview of companies involved in the company split (As of June 30, 2023)

	Splitting company in absorption-type split	Successor company in absorption-type split
Company name	Rakuten Group, Inc.	Rakuten Payment, Inc.
Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	2-16-5 Konan, Minato-ku Tokyo
Representative	Hiroshi Mikitani	Shigenobu Kobayashi
Main business	Internet services, etc	Provision of payment settlement services and shared point services, etc.

Capital (million yen)	444,945 million yen	100 million yen
Date of establishment	February 7, 1997	April 1, 2019 (Note)
Outstanding no. of shares	2,138,419,700 shares	200,000 shares
Fiscal year end	December 31	December 31
Major shareholders and percentage of shares held	Crimson Group, LLC 10.59% Hiroshi Mikitani 8.25%	Rakuten Group, Inc. 95% Rakuten Bank 5%

(Note) Date when the trade name was changed to Rakuten Payment, Inc. due to the reorganization of the payment-related business.

Business results and financial position of the previous fiscal year

	Rakuten Group, Inc. (Consolidated, IFRS)
Fiscal year	Year ended December 31, 2022
Total equity attributable to owners of the parent company (million yen)	791,351
Total assets (million yen)	20,402,281
Total equity attributable to owners of the parent company per share (yen)	497.56
Revenue (million yen)	1,920,894
Operating Income (loss) (million yen)	(371,612)
Income (loss) before income tax (million yen)	(415,612)
Net income (loss) attributable to owners of the parent company (million yen)	(377,217)
Net income (loss) attributable to owners of the parent company per share (yen)	(237.73)

(Note) IFRS 17 “Insurance Contracts” was adopted from the beginning of the current fiscal year, and the cumulative impact amount due to the standard change is reflected as of January 1, 2022, the date after the adoption of the standard. As a result, the operating results and financial position for the immediately preceding fiscal year are figures after retroactive application of these standards.

	Rakuten Payment, Inc. (Non-Consolidated, J-GAAP)
Fiscal year	Year ended December 31, 2022
Total equity attributable to owners of the parent company (million yen) (Note)	9,293
Total assets (million yen)	107,616
Total equity attributable to owners of the parent company per share (yen)	46,465.49
Revenue (million yen)	41,712
Operating Income (loss) (million yen)	(5,855)
Income (loss) before income tax (million yen)	(7,619)
Net income (loss) attributable to owners of the parent company (million yen) (Note)	(6,902)
Net income (loss) attributable to owners of the parent company per share (yen) (Note)	(44,991.06)

(Note) Includes indirect holdings through Rakuten Bank, Ltd.

4. Overview of the parties involved in the reorganization

(1) Outline of businesses to be split or succeeded

Below, (1) Rakuten Pay (online payments), (2) Rakuten Point (online)

Rakuten members can use (1) An online payment service that allows you to use your Rakuten ID and password to make payments using credit card information that is linked to your Rakuten ID, as well as your "Rakuten Point" and "Rakuten Cash." and (2) a point service that allows them to accumulate Rakuten points by linking their Rakuten ID to the EC sites of merchants.

(2) Business results of the department to be split or succeeded

Rakuten Pay (online payments) business and Rakuten Point (online) business.

Revenue 3,840 million yen (fiscal year ending December 2022)

(3) Assets to be split or inherited

Rakuten Pay (online payments) and Rakuten Point (online) business assets and liabilities.

5. Situation after the reorganization

The company split will not change the Company's trade name, business description, head office location, representative, capital stock, or fiscal year end.

6. Future outlook

The impact of the company split on the Company's consolidated financial results will be minor.

■ Summary of the Share Delivery

1. Overview of Company Split

With an effective date of November 1, 2023 (expected), the shares held by Rakuten Payment, a consolidated subsidiary of the Company, are scheduled to be transferred to Rakuten Card, a consolidated subsidiary of Rakuten Payment, through a Share Delivery.

(1) Schedule for delivery of shares

Preparation of share delivery plan	October 2023 (expected)
General meeting of shareholders by the share delivery parent company pertaining to the approval of the share delivery plan	October 2023 (expected)
Subsidiary share transfer application deadline	October 2023 (expected)
Effective date of Share Delivery	November 1, 2023 (expected)

(Note) The detailed schedule will be disclosed as soon as it is decided.

(2) Method of Delivery of Shares

Rakuten Card, a consolidated subsidiary of the Company, will be the parent company for the Share Delivery, and Rakuten Payment will be the subsidiary company for the Share Delivery.

• Shareholder composition of Rakuten Payment

Currently: The Company 95%, Rakuten Bank 5%

After November 1, 2023 (expected): Rakuten Card 95.28%, Rakuten Bank 4.72%

(3) Details of allotment related to Share Delivery

Nothing has been decided at this time. We will promptly disclose it as soon as it is decided.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

Accompanying the Share Delivery

Not applicable

2. Concept of calculation of allotment details related to the Share Delivery

We will promptly disclose the allocation details as soon as they are determined.

3. Overview of the companies involved in the share delivery (as of December 31, 2022)

	Share Delivery Parent Company
Company name	Rakuten Card Co., Ltd.
Head office	2-6-21 Minami Aoyama, Minato-ku, Tokyo
Representative	Masayuki Hosaka
Main business	Credit cards, card loans, credit guarantee services, etc.
Capital (million yen)	19,323 million yen
Date of establishment	December 6, 2001
Outstanding no. of shares	78,649 shares
Fiscal year end	December 31
Major shareholders and percentage of shares held	Rakuten Group, Inc. 100%

Operating results and financial condition for the most recent fiscal year

	Rakuten Card Co., Ltd. (Consolidated, IFRS)
Fiscal year	Year ended December 31, 2022
Total equity attributable to owners of the parent company (million yen)	126,964
Total assets (million yen)	4,087,679
Total equity attributable to owners of the parent company per share (yen)	1,614,305.26
Revenue (million yen)	381,832
Operating Income (loss) (million yen)	52,683
Income (loss) before income tax (million yen)	52,550
Net income (loss) attributable to owners of the parent company (million yen)	49,674
Net income (loss) attributable to owners of the parent	631,588.07

company per share (yen)	
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(Note 1) IFRS 17 “Insurance Contracts” was adopted from the beginning of the current fiscal year, and the cumulative impact amount due to the standard change is reflected as of January 1, 2022, the date after the adoption of the standard. As a result, the operating results and financial position for the immediately preceding fiscal year are figures after retroactive application of these standards.

(Note 2) The outline of the Share Delivery subsidiary is omitted in this section as it is described in the Company Split outline above.

4. Status after Share Delivery

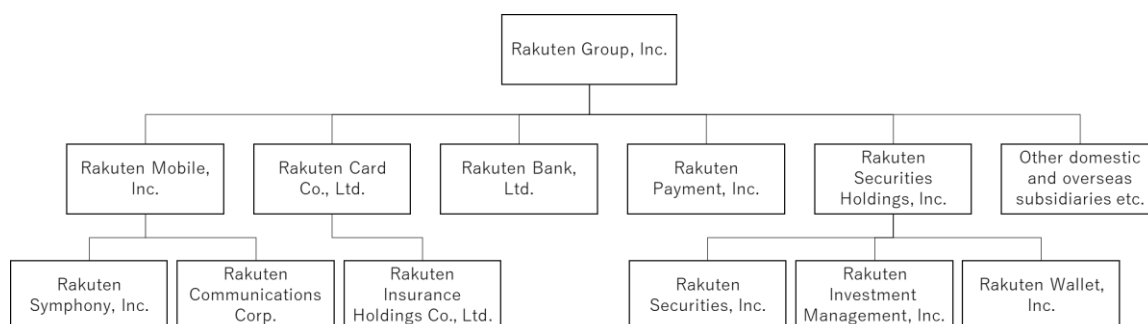
There will be no change in the trade name, location, title and name of the representative, line of business, or fiscal year-end of the parent company and subsidiary. Other information such as capital has not been finalized at this time.

5. Future Outlook

Due to the organizational restructuring between our consolidated subsidiaries, the impact of this share delivery on our consolidated results will be minor.

(Reference) Group organization chart after reorganization

■ Current



■ After reorganization (November 1, 2023: expected)

