November 13, 2024
Company name Rakuten Group, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755
Tokyo Stock Exchange Prime Market)

Announcement Regarding Strategic Capital and Business Alliance between Rakuten Card and Mizuho Financial Group

Rakuten Group, Inc. (Head Office: Setagaya-ku, Tokyo, Chairman and CEO: Hiroshi Mikitani; hereinafter “the Company”) announces that the Board of Directors resolved today its consolidated subsidiary Rakuten Card Co., Ltd. (Head Office: Minato-ku, Tokyo; President and CEO: Masayuki Hosaka; hereinafter “Rakuten Card”) and Mizuho Financial Group, Inc. (Headquarters: Chiyoda-ku, Tokyo; President & Group CEO: Masahiro Kihara; hereinafter “Mizuho FG") have today agreed to enter into a strategic capital and business alliance between the two companies (hereinafter "the Alliance").

In conjunction with this Alliance, the Company and Mizuho FG concluded a share transfer agreement today, with the Company transferring 14.99% of Rakuten Card’s common stock to Mizuho FG (hereinafter the "Share Transfer"). Even after the Share Transfer, Rakuten Card will remain a subsidiary of the Company, and will continue to be an important consolidated subsidiary embedded in the Rakuten Ecosystem. In addition, the Company and Mizuho FG signed a shareholders agreement (hereinafter, together with the Share Transfer agreement, the "Agreement") on the same date.

1. Background and significance of this alliance

Since the "Announcement Regarding Conclusion of Strategic Capital and Business Alliance between Rakuten Securities Holdings and Mizuho Securities” on October 7, 2022 and the "Announcement Regarding Strengthening of Strategic Capital and Business Alliance between Rakuten Securities Holdings and Mizuho Securities” on November 9, 2023, Mizuho FG has been deepening its efforts, including collaboration between the two Groups, to build new retail business models that combine both online and offline aspects in the asset building and asset management fields between Rakuten Securities Holdings, Inc. and Mizuho Securities Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President and CEO: Yoshiro Hamamoto; hereinafter "Mizuho Securities"). To further grow Rakuten Card, the core business of our FinTech operations, we aim to accelerate our collaboration with Mizuho FG and pursue growth opportunities in the corporate sector, which is expected to expand in the future, in addition to our strong business for individual customers. The Company believes that deepening and expanding its partnership with Mizuho FG, which has a broad customer base, will not only expand Rakuten Card's business areas and achieve sustainable growth, but also aim to further expand and develop the entire

Rakuten Fintech ecosystem with Rakuten Card at its core, which will contribute to enhancing the corporate value of the Company.

2. Details of capital and business alliance, etc.

(1) Details of the business partnership

The Company also today signed separate business agreements with Rakuten Card and Mizuho FG companies. For details, please see the press release "Rakuten Group, Rakuten Card, Mizuho Financial Group, Mizuho Bank, UC Card and Orient Corporation Form Business Alliance to Transform Digital Payments in Japan." By bringing together the strengths of each company, we aim to provide customers with more convenient and advantageous shopping experiences, and provide merchants with services that contribute to acquiring new customers and increasing sales. We will work together to create new innovative payment services that are unlike anything currently in the market. Through these efforts, we believe we can create new added value for both customers and merchants, stimulate consumption, and promote corporate growth, thereby contributing to the improvement of the corporate value of each company and ultimately to the development of the Japanese economy.

(2) Transfer amount and shareholding status before and after the transfer

Under this Agreement, the Company will transfer 14.99% of Rakuten Card's common stock to Mizuho FG. The transfer amount is expected to be 164,997 million yen.

3. Overview of Rakuten Card (as of December 31, 2023)

(1)	Name	Rakuten Card Co., Ltd.		
(2)	Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo		
(3)	Name and position of representative	Masayuki Hosaka, President		
(4)	Description of business	Credit cards, card loans, credit guarantee services, etc.		
(5)	Capital	19,323 million yen		
(6)	Date of incorporation	December 6, 2001		
(7)	Outstanding shares	84,128 shares		
(8)	Fiscal term	December 31		
(9)	Number of employees	4,380		
(10)	Major customers	Retail customers		
(11)	Main banks	Rakuten Bank, Ltd., Mizuho Bank, Ltd.		
(12)	Major shareholders and shareholding ratio	Rakuten Group, Inc. 100%		
(13)	Relationship between Rakuten Group and this company			
	Capital	Rakuten Group is a parent company of Rakuten Card and owns 84,128 shares (100.00% of shareholding) of Rakuten Card common stock as of today.		
	Personnel	As of today, 4 directors of Rakuten Group also serve as directors of Rakuten Card.		
	Business transactions	There are transactions between Rakuten Card and Rakuten Group, including dividend payments, management guidance fees, brand royalty payments, and business outsourcing transactions.		
	Status as related parties	Rakuten Group is a parent company of Rakuten Card, and therefore Rakuten Card is a related party to Rakuten Group		
(14)	Business results and financial position of the latest 3 fiscal years	Consolidated, IFRS		
		Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
	Total equity attributable to owners of the parent company (million yen)	513,040	126,964	147,230
	Total assets (million yen)	13,884,877	4,087,679	4,190,330
	Total equity attributable to owners of the parent company per share (yen)	6,523,158.50	1,614,305.26	1,750,071.85
	Revenue (million yen)	375,096	381,832	406,350
	Operating income (million yen)	52,567	52,683	69,560
	Income before income tax (million yen)	52,509	52,550	69,204
	Net income attributable to owners of the parent company (million yen)	66,299	49,674	48,484
	Net income attributable to owners of the parent company per share (yen)	854,494.23	631,588.07	609,363.82

*Consolidated Basis: Consolidated subsidiaries include Rakuten Insurance Holdings Co., Ltd., Rakuten Life Insurance Co., Ltd., Rakuten General Insurance Co., Ltd., Rakuten Payment, Inc., Rakuten Edy, Inc., etc.

4. Overview of the Alliance partner (As of March 31, 2024)

(1)	Name	Mizuho Financial Group, Inc.		
(2)	Address	Otemachi Tower, 1-5-5 Otemachi, Chiyoda-ku, Tokyo		
(3)	Name and position of representative	Masahiro Kihara, President & Group CEO		
(4)	Description of business	Management of bank holding company, bank, securities company, and other companies that can be subsidiaries under the Banking Act, as well as related operations, and other businesses that a bank holding company is permitted to engage in under the Banking Act.		
(5)	Capital	JPY 2,256.8 billion		
(6)	Date of incorporation	January 8, 2003		
(7)	Consolidated net assets	JPY 10,312.1 billion		
(8)	Consolidated assets	JPY 278,672.2 billion		
(9)	Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (trustee account) 15.44% Custody Bank of Japan, Ltd. (trustee account) 5.18% JPMorgan Securities Japan Co., Ltd.2.05%. State Street Bank West Client– Treaty 505234 2.04% JPMorgan Chase Bank 385781 1.38% SMBC Nikko Securities Inc 1.26% SSBTC Client Omnibus Account 1.18% Goldman Sachs Japan, Co., Ltd. BNYM 1.08% Custody Bank of Japan, Ltd. (taxable trust money account) 1.02% Custody Bank of Japan, Ltd. (trustee account 4) 0.96%		
(10)	Business results and financial position of the latest 3 fiscal years	Consolidated, J-GAAP		
		Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2024
	Total net assets (million yen)	9,201,031	9,208,463	10,312,135
	Total assets (million yen)	237,066,142	254,258,203	278,672,151
	Total net assets per share of common stock (yen)	3,581.39	3,603.98	4,037.28
	Ordinary income (million yen)	3,963,091	5,778,772	8,744,458
	Ordinary profit (million yen)	559,847	789,606	914,047
	Income before income taxes (million yen)	603,872	778,964	955,035
	Profit attributable to owners of parent (million yen)	530,479	555,527	678,993
	Net income per share of common stock (million yen)	209.27	219.20	267.88

5. Schedule

(1) Date of Board of Directors November 13, 2024

(2) Date of signing of the agreement November 13, 2024

(3) Date of execution of share transfer (planned) December 1, 2024

6. Impact on financial results

In connection with this transaction, the Company will record a special profit of 159,353 million yen from the gain on the sale of affiliated companies in its non-consolidated financial statements for the fiscal year ending December 2024. As Rakuten Card will remain a consolidated subsidiary of the Company even after this agreement is concluded, there will be no material impact on the company's consolidated financial results.