December 5, 2024

Company name Rakuten Group, Inc.

Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755
Tokyo Stock Exchange Prime Market)

Announcement Regarding the Issuance of USD-Denominated Undated Subordinated Notes (with an Interest Deferral Clause)

Rakuten Group, Inc. (hereinafter "the Company") announced that on December 4, 2024 (Europe and US time), it has determined the terms and conditions for the issuance of its USD-denominated undated subordinated notes (with an interest deferral clause) (hereinafter "the Undated Subordinated Notes").

The Undated Subordinated Notes are structured to be eligible for a 50% equity credit from rating agencies (S&P Global Ratings Japan Inc. (S&P), Rating and Investment Information, Inc. (R&I), and Japan Credit Rating Agency, Ltd. (JCR)), considering its characteristics similar to equity, such as no maturity date, optional deferral of interest, and its subordination in priority of payment to senior obligations. The Company intends to treat the entire amount of the Undated Subordinated Notes as equity under IFRS for purposes of its consolidated financial statements.

The net proceeds from the issuance of the Undated Subordinated Notes are primarily intended to be used to redeem or otherwise repurchase and cancel the 4th Subordinated Bond of JPY 50 billion (first call date: November 4, 2025) and the 2nd Subordinated Bond of JPY 26 billion (first call date: December 13, 2025). The Undated Subordinated Notes are assigned the same equity credit as the subordinated bonds subject to redemption or repurchase.

The funds for the refinancing of senior notes maturing in 2024 and 2025 have already been secured, and with the issuance of the Undated Subordinated Notes, all corporate bonds, including subordinated bonds, maturing or becoming callable by the end of 2025, will be fully addressed.

Note: This press release was not created for the purpose of soliciting investment or similar acts in any jurisdiction. In addition, this press release 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 terms and conditions are following:

1. Issuer	Rakuten Group, Inc.
2. Type	USD-denominated non-call 5-year undated subordinated notes (with an interest deferral clause)
3. Principal amount	USD 550 million (Approx. JPY 82.6 billion)
4. Offering price	100% of principal amount
5. Interest rate	Until (but not including) December 15, 2029, 8.125% per year (fixed interest rate). From (and including) December 15, 2029 to (but excluding) December 15, 2044, the interest rate is the sum of a base reference rate, the initial spread, and a step-up margin of 0.25%. From (and including) December 15, 2044, the interest rate is the sum of a base reference rate, the initial spread, and a step-up margin of 1.00% (December 15, 2049 if S&P assigns us an investment grade issuer credit rating).
6. Coupon rate after currency swap	5.20700% per year
7. Maturity date	No fixed redemption date (however, early redemption is possible at the discretion of the Company on December 15, 2029 and each interest payment date thereafter.)
8. Subordination	In the event of liquidation, bankruptcy or analogous proceedings, the Undated Subordinated Notes shall be subordinated to all senior indebtedness of the Company, rank substantially *pari passu* with senior preference shares of the Company (to the extent such preference shares are in issue) and any other parity obligations of the Company, and be senior to common stock of the Company.
9. Offering	The notes will be offered in overseas markets, centered on the United States, Europe, and Asia (however, in the United States, sales will be limited to qualified institutional investors in accordance with Rule 144A under the United States Securities Act of 1933, as amended).
10. Listing market	The Singapore Exchange Securities Trading Limited
11. Paying date	December 13, 2024

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12. Use of Proceeds	The Company intends to use the net proceeds from the sale of the notes to redeem or otherwise repurchase and cancel JPY 50 billion aggregate principal amount of 1.81% subordinated notes due November 4, 2055 and JPY 26 billion aggregate principal amount of 2.61% subordinated notes due December 13, 2055, in each case on or prior to their respective first call dates. Any remaining proceeds from the offering are expected to be used for general corporate purposes, including to repurchase or redeem Rakuten Group, Inc.'s outstanding senior notes.

End

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