

July 21, 2021
Company name Rakuten Group, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755
Tokyo Stock Exchange First Section)

Announcement of Merger (Simplified Merger and Short form Merger)
of LOB, Inc.

At a Board of Directors meeting held today, Rakuten Group, Inc. (Chairman and CEO: Hiroshi Mikitani, hereinafter “the Company”) resolved to merge LOB, Inc. (CEO: Fumitaka Takebayashi, hereinafter “LOB”), a subsidiary of the Company, into the Company effective October 1, 2021, as outlined below. The Company plans to acquire 100% of the shares of LOB by September 30, 2021, and LOB is planned to be wholly-owned subsidiary of the Company. Therefore, since this merger is an absorption-type merger of LOB, the disclosure of certain items and details has been omitted.

1. Purpose of merger

LOB, as a subsidiary of the Company, has been developing products for the internet advertising and marketing support businesses. The Company decided to acquire 100% of the shares of LOB and conduct this merger, to increase operational efficiencies and to improve the quality of its services.

2. Summary of merger

(1) Schedule

Merger resolution by the Board of Directors	July 21, 2021
Merger contract date	July 28, 2021
Expected merger date (effective date)	October 1, 2021

(Note 1) According to simplified merger rules in Company Law article 796 clause 2, the Company is proceeding with the merger without receiving approval at the Annual General Shareholders Meeting.

(Note 2) According to short form merger rules in Company Law article 784 clause 1, LOB is proceeding with the merger without receiving approval at the Annual General Shareholders Meeting.

(2) Merger method

The Company shall be the surviving company under absorption-type merger, and LOB shall be dissolved.

(3) Merger ratio

Since this will be a merger of a wholly-owned subsidiary, there will be no issuance of new shares, no increase in shareholders' equity, and no payment for the merger.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares of the dissolved company

LOB has not issued any subscription rights to shares and any bonds with stock acquisition right.

3. Overview of companies in merger (As of December 31, 2020)

Company name	Rakuten Group, Inc. (Company surviving absorption type merger) *Company name was changed from Rakuten, Inc. on April 1, 2021	LOB, Inc. (Company absorbed in absorption type merger)
Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa, Setagaya-ku, Tokyo
Representative	Hiroshi Mikitani	Fumitaka Takebayashi
Main business	Internet Services, FinTech, Mobile, etc.	Internet advertising business and marketing support business, etc.
Shareholders' equity	205,924 million yen	15 million yen
Date of establishment	February 7, 1997	April 28, 2016
Outstanding no. of shares	1,434,573,900 shares	5,250 shares
Fiscal year end	December 31	December 31
Major shareholders and percentage of shares held	Crimson Group, LLC. 16.62% Hiroshi Mikitani 12.94%	Rakuten Group, Inc. 91.32% *Planned to be a wholly owned subsidiary of the Company on September 30, 2021

Business results

	Rakuten Group, Inc. (Consolidated, IFRS)
Fiscal year	Year ended December 31, 2020
Total equity (million yen)	629,014
Total assets (million yen)	12,524,438
Total equity attributable to owners of the parent company per share (yen)	446.78
Revenue (million yen)	1,455,538
Operating income (loss) (million yen)	(93,849)
Net income (loss)	(115,838)
Net income (loss) attributable to owners of the parent company (million yen)	(114,199)
Net income (loss) attributable to owners of the parent company per share (yen)	(84.00)

	LOB, Inc. (Non-consolidated, J-GAAP)
Fiscal year	Year ended December 31, 2020
Net assets (million yen)	30
Total assets (million yen)	135
Net assets per share (yen)	5,899.27
Revenue (million yen)	499
Operating income (million yen)	18
Ordinary income (million yen)	18
Net income (million yen)	2
Net income per share (yen)	531.75

4. Post-merger details

Following this merger, there are no changes to the business name, head office, title and name of representative, main business, shareholders equity and fiscal year end of the Company.

5. Impact on business results

Since this is a merger of a wholly-owned subsidiary, the impact on Rakuten Group consolidated financial performance is limited.