

August 25, 2021

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

Announcement of Signing of a Memorandum of Understanding Regarding Revision of a Capital and Business Alliance with Gurunavi, Inc.

Rakuten Group, Inc. (hereinafter “Rakuten”) announces that today Rakuten and Gurunavi, Inc. (hereinafter “Gurunavi”) signed a memorandum of understanding regarding revision of the contract on strengthening the capital and business alliance agreed on May 22, 2019. Before this agreement, Rakuten and Gurunavi entered into a capital and business alliance agreement on July 30, 2018.

1. Purpose and Reasons for the Revision of the Capital and Business Alliance

Rakuten and Gurunavi signed a capital and business alliance agreement in July 2018, whereby Rakuten acquired 4,677,600 shares (9.61% of the total number of issued shares) of Gurunavi in August 2018. Also, integration of Rakuten member IDs and Gurunavi member IDs started from October 2018, and we have promoted our business alliance mainly in the field of online reservations on Gurunavi, making it possible to earn Rakuten Super Points for Gurunavi's online reservations.

In addition, after Rakuten acquired an additional 2,339,700 shares (4.81% of the total number of issued shares) of Gurunavi in May 2019, we strengthened the alliance through collaboration between “Rakuten Realtime Takeout”, a takeout support service for restaurants which Rakuten started amidst the Coronavirus crisis, and the Gurunavi website, etc, from July 2020. Due to these initiatives, Rakuten is improving the convenience of services through the ability of Gurunavi to attract customers and huge network of restaurants. In addition, by utilizing the “Rakuten Ecosystem” to increase touch points with users and enhance the value provided, Gurunavi is accelerating the expansion of number of Gurunavi users and online reservations, aiming for improvement in the ability to send customers to member restaurants.

In order to further strengthen future collaboration and aim for further growth, in July 2021, Rakuten transferred “Rakuten Delivery” and “Rakuten Realtime Takeout” to Gurunavi. Even after the succession, we have been expanding and deepening collaboration between the two companies by continuing to link Rakuten and Gurunavi member IDs and points.

Rakuten and Gurunavi will continue to strengthen cross-use promotion of eat-in reservations, delivery, and takeout, for both users and restaurants. In the future, Gurunavi will build a third-party marketplace service in deliveries through the development of a delivery network, etc, to support restaurants that do not provide their own delivery services. We aim to realize early entry, enhance the competitiveness of services, and build new revenue sources for restaurants. In order to promote these initiatives, we implemented the revision of the capital and business alliance at this time. Rakuten will further increase the value of the provision of services to Rakuten members, aiming to expand the “Rakuten Ecosystem”, and Gurunavi will expand and strengthen support for restaurants.

Rakuten agreed to underwrite Gurunavi’s common shares (2,257,300 shares) by a way of third-party allotment on August 25, 2021. Payment is planned to be on October 4, 2021.

2. Contents of the memorandum of understanding regarding revision of the capital and business alliance

Rakuten and Gurunavi agreed to revise the contents of the business alliance based on the capital and business alliance agreement before the revision, to the terms as below, based on the memorandum of understanding regarding the revision of the capital and business alliance.

- (1) Collaboration aiming to expand Gurunavi's online reservations and improve Gurunavi's brand value, such as linking member IDs, granting “Rakuten Super Points” for Gurunavi's online reservations, and improve the convenience of the Gurunavi website utilizing the know-how of Gurunavi and Rakuten, etc.
- (2) Coordination of sales activities for users and restaurants of the services operated by Rakuten and Gurunavi.
- (3) Creation of synergies in new business areas (food delivery business, etc).

3. Overview of companies involved in the memorandum of understanding regarding the revision of the capital and business alliance

(1) Overview of Rakuten (As of December 31, 2020)

(1)	Company name	Rakuten Group, Inc. *Company name was changed from Rakuten, Inc. on April 1, 2021
(2)	Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3)	Representative	Hiroshi Mikitani, Chairman, President and CEO
(4)	Main business	Internet Services, FinTech, Mobile, etc.
(5)	Capital	205,924 million yen
(6)	Date of establishment	February 7, 1997

(7)	Major shareholders and percentage of shares held	Crimson Group, LLC (16.62%) Hiroshi Mikitani (12.94%)		
(8)	Relationship between Rakuten and Gurunavi			
	Capital	Rakuten holds 7,017,300 shares of Gurunavi (shareholding ratio 14.42% of outstanding no. of shares).		
	Personnel	2 executives of Rakuten are serving as outside directors of Gurunavi. In addition, employees are seconded to both Gurunavi and Rakuten and its consolidated subsidiaries.		
	Business	Coordination of member IDs and point services, and sales of products and services of both companies, to collaborate and promote usage of services.		
	Related party status	Rakuten is an “any other associated company” and is the largest and major shareholder of Gurunavi. Also, Gurunavi is an equity-method affiliate of Rakuten.		
(9)	Financial position and business performance for the last three years			
	Fiscal year (consolidated)	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	Total equity	776,207	737,200	629,014
	Total assets	7,345,002	9,165,697	12,524,438
	Total equity attributable to owners of the Company per share (yen)	572.83	542.43	446.78
	Revenue	1,101,480	1,263,932	1,455,538
	Operating income (loss)	170,425	72,745	(93,849)
	Net income (loss)	141,889	(33,068)	(115,838)
	Net income (loss) attributable to owners of the Company	142,282	(31,888)	(114,199)
	Basic earnings (loss) per share attributable to owners of the Company (yen)	105.43	(23.55)	(84.00)
Dividend per share (yen)	4.50	4.50	4.50	

* Note 1: In millions of yen unless specified otherwise.

2: The shareholding ratio is calculated based on the total number of shares issued after deduction of treasury stock.

(2) Overview of Gurunavi (As of March 31, 2021)

(1)	Company name	Gurunavi, Inc.		
(2)	Head office	1-2-2 Yurakucho, Chiyoda-ku, Tokyo		
(3)	Representative	Akio Sugihara, President and Representative Director		
(4)	Main business	Web-based information provision relating to restaurants etc. using the platform of PC and smartphones etc. Provision of support service associated with the management of restaurants etc. and other related business		
(5)	Capital	2,334 million yen		
(6)	Date of establishment	October 2, 1989		
(7)	Major shareholders and percentage of shares held	Rakuten Group, Inc. (14.96%) Hisao Taki (12.72%)		
(8)	Financial position and business performance for the last three years			
	Fiscal year (consolidated)	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
	Net assets	18,704	19,270	9,375
	Total assets	23,797	23,979	13,567
	Net assets per share (yen)	398.48	409.90	198.02
	Net sales	32,728	30,927	16,181
	Operating income	1,216	1,826	(7,423)
	Ordinary income	1,289	1,894	(7,269)
	Net income attributable to owners of the parent	581	949	(9,704)
	Basic earnings per share (yen)	12.42	20.26	(206.90)
	Dividend per share (yen)	8.00	8.00	-

* Note 1: In millions of yen unless specified otherwise.

2: The shareholding ratio is calculated based on the total number of shares issued after deduction of treasury stock.

4. Outlook

At present, the specific impact on earnings is undecided. We will promptly announce any matters that require disclosure in the future.