

April 1, 2024

Company name: Rakuten Group, Inc.
Name of representative: Hiroshi Mikitani, Chairman and CEO
(Stock Code: 4755 Tokyo Stock Exchange Prime Market)
Inquiries: Kenji Hirose, Director and Group Executive Vice President CFO
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Company name: Rakuten Bank, Ltd.
Name of representative: Hiroyuki Nagai, President and CEO
(Stock Code: 5838 Tokyo Stock Exchange Prime Market)
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**Notice Concerning Execution of a Memorandum of Understanding
Regarding Reorganization of Rakuten's FinTech Business**

Rakuten Group, Inc. (Head Office: Setagaya-ku, Tokyo; Chairman and CEO: Hiroshi Mikitani; hereinafter the "Rakuten Group") and Rakuten Bank, Ltd. (Head office: Minato-ku, Tokyo; President and CEO: Hiroyuki Nagai; hereinafter the "Rakuten Bank") hereby announce that we have agreed to initiate discussions aimed at the reorganization of Rakuten Group's FinTech Business (hereinafter the "FinTech Business"), including Rakuten Bank (hereinafter the "Reorganization"), and, effective April 1, 2024, have executed a Memorandum of Understanding (hereinafter the "MOU") regarding the Reorganization.

1. Background and Purpose of the Reorganization

As the mission of Rakuten 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.

Each of our FinTech services continues to grow their membership base as more customers choose them to meet their everyday needs. Each FinTech service has been working to better collaborate to grow further in a cashless world. Meanwhile, the customer needs for financial

services are becoming increasingly diverse, demanding more seamless and flexible service operations.

In this context, Rakuten Group has been continuously considering its future strategies, optimal allocation of resources, and optimization of the group structure. As a result, given the aforementioned changes in the business environment, it has been deemed appropriate to initiate discussion on the Reorganization. This decision is based on the belief that enhancing the collaboration across FinTech Business, including prompt and flexible decision-making, along with the deepening of the collaboration including data integration and AI utilization, is crucial for providing innovative financial services and adding more value to customers. The Reorganization is expected to further expand the FinTech Business ecosystem and improve its competitive advantage, which in turn, is believed to accelerate the growth of the entire Rakuten Ecosystem and contribute to the enhancement of Rakuten Group's enterprise value. Rakuten Group will continue to consider the optimal group structure and capital structure while considering its financial soundness.

On the other hand, Rakuten Bank has been working to further expand the customer base, strengthen the revenue base, and capture growth in the FinTech domain, aiming to become a leading fintech company in the age of zero cash. Rakuten Bank is working towards realization of this business expansion, by efficiently acquiring new customers from Rakuten members who utilize the Rakuten Ecosystem, and collaborating with various Rakuten group companies. By offering banking services that address the financial transaction needs and funding demands existing within the Rakuten Ecosystem, it aims to increase its customer base and transaction opportunities, thereby further accelerating its business expansion. In our business for individual customers, we aim to become (1) "a bank as a main account" and (2) "safe, secure, and convenient bank" that leverages technologies and can be used anytime and anywhere. In our business for corporate customers, we will make use of technologies to provide one-stop banking services, including loans, currency exchange, and deposits tailored to the needs of our customers, with the aim of becoming (1) "a bank that provides convenience to all customers regardless of company size" and (2) "a banking partner to corporate managers".

In this context, Rakuten Bank has decided to proceed with further examination and discussions on the Reorganization, considering it to be an opportunity to achieve deeper collaboration with other companies in the FinTech Business. In our business for individual customers, the Reorganization aims to provide comprehensive financial services tailored to the lifecycle and life stages of customers, and, in our business for corporate customers, to promote and accelerate the penetration of Rakuten Bank's corporate services to the corporate customer base of the FinTech Business.

Both Rakuten Group and Rakuten Bank will continue to discuss and evaluate the Reorganization from the perspective of whether this will contribute to further sustainable growth

and enhance the enterprise value of both Rakuten Group and Rakuten Bank.

2. Structure of the Reorganization

We are considering integrating the entire FinTech businesses¹ including Rakuten Bank, Rakuten Card Co., Ltd., Rakuten Securities Holdings Co., Ltd. (hereinafter “Rakuten Securities HD”), Rakuten Insurance Holdings Co., Ltd., and other FinTech businesses into one group.

Even after the Reorganization, Rakuten Bank will continue to be an important consolidated subsidiary of Rakuten Group and the FinTech Business will continue to be the core business segment in the entire Rakuten group.

On November 9, 2023, we have notified that Rakuten Securities HD continues to maintain its policy to list in “Notice of Withdrawal of Application for Listing of Shares of Rakuten Securities Holdings, Inc. on the Tokyo Stock Exchange”. However, should the Reorganization be implemented as a result of the discussions going forward, we are planning to discuss with Rakuten Securities HD the possibility of not pursuing its initial public offering.

The above reflects our current considerations, contingent upon future discussions, as well as the regulatory approvals and licenses from supervisory authorities. There is a possibility that further reorganization of Rakuten Group may be necessary or that it may be concluded not to implement all or part of the Reorganization.

3. Matters regarding the Listing of Shares after the Reorganization

As of today, Rakuten Bank’s shares are listed on the Tokyo Stock Exchange Prime Market. We anticipate that the Rakuten Bank’s shares will be listed continuously on the Tokyo Stock Exchange Prime Market even after the completion of the Reorganization.

4. Measures to Ensure Fairness

Since Rakuten Group owns 85,962,580 shares of Rakuten Bank (shareholding ratio: 49.27%) and is a parent company of Rakuten Bank, the Reorganization falls under the category of a material transaction with the controlling shareholder for Rakuten Bank. Consequently, Rakuten Bank implemented measures to ensure the fairness in the Reorganization.

First, the Board of Directors of Rakuten Bank established an independent Special Committee (hereinafter the “Special Committee”) which consists of a total of six members: all independent outside directors of Rakuten Bank (Mr. Eiji Ebinuma, Mr. Michio Kayano, Mr. Masatsugu Nagato), and all independent outside audit and supervisory board members (Mr. Shinnosuke Yamada, Mr. Tadamichi Shibano, Mr. Toru Mimura), who are independent from Rakuten Group and have no interests in whether the Reorganization will be implemented. The Board of Directors of Rakuten Bank referred the following mandates (hereinafter “the Consulted Matters”) to the Special

1. Assuming Rakuten Wallet, Inc. to be out of the scope

Committee: 1) to consider whether the Board of Directors of Rakuten Bank should decide to implement the Reorganization and to make recommendations to the Board of Directors of Rakuten Bank on that matter; and 2) to examine whether the decision by the Board of Directors of Rakuten Bank to implement the Reorganization would not be disadvantageous to the minority shareholders of Rakuten Bank and to provide their opinions to the Board of Directors of Rakuten Bank.

For discussing the Reorganization, Rakuten Bank has established an internal team which is independent from Rakuten Group, and has retained independent advisors (Daiwa Securities Co., Ltd. as financial advisor and Mori Hamada & Matsumoto as legal advisor), with the approval from the Special Committee. Also, the Special Committee has retained Deloitte Tohmatsu Financial Advisory LLC as independent third-party valuation institution to evaluate the terms and conditions of the Reorganization.

In addition, before the execution of the MOU, the Board of Directors of Rakuten Bank has obtained the opinion (hereinafter the "Opinion") from the Special Committee stating that the Reorganization could be a meaningful measure from the perspective of enhancing Rakuten Bank's enterprise value, and the execution of the MOU and its announcement are deemed useful in advancing the thorough examination of the Reorganization, which requires the involvement of numerous stakeholders. Furthermore, the MOU does not impose any legal obligation on Rakuten Bank to execute the Reorganization. Therefore, the decision for the Board of Directors of Rakuten Bank to execute the MOU to initiate discussions on the Reorganization is not considered in particular unreasonable for Rakuten Bank and is not disadvantageous to the minority shareholders of Rakuten Bank. Considering the content of the Opinion, the Board of Directors of Rakuten Bank has decided to execute the MOU. As discussions will continue going forward, the Board of Directors of Rakuten Bank intends to respect the Special Committee's opinion to the utmost in any decision-making related to the Reorganization, and plans to obtain a written report regarding the Consulted Matters from the Special Committee stating that the Reorganization is not disadvantageous to the minority shareholders of Rakuten Bank before executing the definitive agreement related to the Reorganization. In case the Special Committee determines that any of the purpose, terms and conditions, or the process of the Reorganization is not appropriate, the Board of Directors of Rakuten Bank will decide not to proceed with the Reorganization.

5. Measures to Avoid Conflicts of Interest

Since Rakuten Group owns 85,962,580 shares of Rakuten Bank (shareholding ratio: 49.27%) and is a parent company of Rakuten Bank, the Reorganization falls under the category of a material transaction with the controlling shareholder for Rakuten Bank. Consequently, Rakuten Bank established an independent Special Committee, as described in section 4, to avoid conflicts of interest between Rakuten Group and Rakuten Bank.

In addition, before the execution of the MOU, the Board of Directors of Rakuten Bank has obtained the Opinion from the Special Committee. Considering the content of the Opinion, the Board of Directors of Rakuten Bank has decided to execute the MOU. As discussions will continue going forward, the Board of Directors of Rakuten Bank intends to respect the Special Committee's opinion to the utmost in any decision-making related to the Reorganization, and plans to obtain a written report regarding the Consulted Matters from the Special Committee before executing the definitive agreement related to the Reorganization. In case the Special Committee determines that any of the purpose, terms and conditions, or the process of the Reorganization is not appropriate, the Board of Directors of Rakuten Bank will decide not to proceed with the Reorganization.

Hiroshi Mikitani, who is currently the Chairman and CEO of the Rakuten Group, and the Board of Director of Rakuten Bank, did not participate in the deliberations and resolutions of the Board of Directors of Rakuten Bank relating to the Reorganization. Hiroshi Mikitani will not participate in the deliberations and resolutions of the Board of Directors of Rakuten Bank regarding the Reorganization going forward as well.

6. Process of the Reorganization

Rakuten Group and Rakuten Bank will proceed with discussions towards entering into a definitive agreement related to the Reorganization, and obtain approval at the Rakuten Bank's shareholders' meeting (if necessary) and obtain the necessary approvals and licenses from regulatory authorities with the goal of promptly implementing the effects of the Reorganization. The Reorganization is expected to take effect in October 2024. However, the above schedule is subject to change depending on the results of future discussions, including those involving approvals and licenses from regulatory authorities.

7. Overview of the Companies (As of December 31, 2023)

(1) Name	Rakuten Group, Inc.
(2) Address	1-14-1 Tamagawa, Setagaya-ku, Tokyo
(3) Name and position of representative	Chairman and CEO Hiroshi Mikitani
(4) Description of business	Internet services, etc.
(5) Capital	446,769 million yen
(6) Date of Incorporation	February 7, 1997
(7) Outstanding Shares	2,142,140,300 shares
(8) Fiscal Term	December 31
(9) Major Shareholders and Shareholding Ratio	Crimson Group, LLC 10.57% Hiroshi Mikitani 8.23%

(10)	Business results and financial position of the previous fiscal year	Year ended December 31, 2023 (Consolidated, IFRS)
	Total equity attributable to owners of the parent company (million yen)	836,572
	Total assets (million yen)	22,625,576
	Total equity attributable to owners of the parent company per share (yen)	390.53
	Revenue (million yen)	2,071,315
	Operating Income (loss) (million yen)	(212,857)
	Income (loss) before income tax (million yen)	(217,741)
	Net income (loss) attributable to owners of the parent company (million yen)	(339,473)
	Net income (loss) attributable to owners of the parent company per share (yen)	(177.27)

(1)	Name	Rakuten Bank, Ltd.
(2)	Address	NBF Shinagawa Tower, 2-16-5 Konan Minato-ku Tokyo
(3)	Name and position of representative	President and CEO Hiroyuki Nagai
(4)	Description of business	Banking via Electronic Medium
(5)	Capital	32,616 million yen
(6)	Date of Incorporation	January 14, 2000
(7)	Outstanding Shares	174,482,380 shares
(8)	Fiscal Term	March 31
(9)	Major Shareholders and Shareholding Ratio	Rakuten Group, Inc. 49.27%
(10)	Business results and financial position of the previous fiscal year	Year ended March 31, 2023 (Consolidated, J-GAAP)
	Total net assets (million yen)	231,684
	Total assets (million yen)	11,589,508

Net assets per share (yen)	1,295.31
Ordinary income (million yen)	120,445
Ordinary profit (loss) (million yen)	38,746
Profit (loss) attributable to owners of parent (million yen)	27,692
Profit (loss) per share (yen)	168.37

(1) Name	Rakuten Card Co., Ltd.
(2) Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo
(3) Name and position of representative	President Masayuki Hosaka
(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) Major Shareholders and Shareholding Ratio	Rakuten Group, Inc. 100%
(10) Business results and financial position of the previous fiscal year	Year ended December 31, 2023 (Consolidated, IFRS)
Total equity attributable to owners of the parent company (million yen)	147,230
Total assets (million yen)	4,190,330
Total equity attributable to owners of the parent company per share (yen)	1,750,071.85
Revenue (million yen)	406,350
Operating Income (loss) (million yen)	69,560
Income (loss) before income tax (million yen)	69,204
Net income (loss) attributable to owners of the parent company (million yen)	48,484

Net income (loss) attributable to owners of the parent company per share (yen)	609,363.82
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(1) Name	Rakuten Securities Holdings, Inc.
(2) Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo
(3) Name and position of representative	President Yuji Kusunoki
(4) Description of business	Business management of group subsidiaries and related operations
(5) Capital	10,350 million yen
(6) Date of Incorporation	October 3, 2022
(7) Outstanding Shares	396,646,000 shares
(8) Fiscal Term	December 31
(9) Major Shareholders and Shareholding Ratio	Rakuten Group, Inc. 100%

* Since Rakuten Securities Holdings, Inc. is a holding company, showing the financials of the operating subsidiaries related to the Reorganization.

(1) Name	Rakuten Securities, Inc.
(2) Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo
(3) Name and position of representative	President Yuji Kusunoki
(4) Description of business	Services related to financial product transactions over the internet (Trading of securities and brokerage services, securities offerings and sales, investment advice and agency services, investment management services, and commodity futures trading, etc.)
(5) Capital	19,495 million yen
(6) Date of Incorporation	March 24, 1999
(7) Outstanding Shares	190,799 shares
(8) Fiscal Term	December 31
(9) Major Shareholders and Shareholding Ratio	Rakuten Securities Holdings, Inc. 51.0% Mizuho Securities Co., Ltd. 49.0%

(10) Business results and financial position of the previous fiscal year	Year ended December 31, 2023 (Consolidated, J-GAAP)
Total equity attributable to owners of the parent company (million yen)	160,139
Total assets (million yen)	3,627,425
Total equity attributable to owners of the parent company per share (yen)	839,312.20
Revenue (Operating Revenue) (million yen)	110,877
Income (loss) before income tax (million yen)	28,186
Net income (loss) attributable to owners of the parent company (million yen)	17,356
Net income (loss) attributable to owners of the parent company per share (yen)	90,965.82

(1) Name	Rakuten Investment Management, Inc.
(2) Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo
(3) Name and position of representative	President Masayuki Azuma
(4) Description of business	1. Invest management business as defined by the Financial Instruments and Exchange Act 2. Investment advisory and agency business as defined by the Financial Instruments and Exchange Act 3. Type-II Financial Instruments Business as defined by the Financial Instruments and Exchange Act 4. Other businesses that Financial Instruments Business Operators can operate under the Financial Instruments and Exchange Act 5. All businesses related or incidental to the

	above items
(5) Capital	150 million yen
(6) Date of Incorporation	December 28, 2006
(7) Outstanding Shares	13,000 shares
(8) Fiscal Term	December 31
(9) Major Shareholders and Shareholding Ratio	Rakuten Securities Holdings, Inc. 100%
(10) Business results and financial position of the previous fiscal year	Year ended December 31, 2023 (Non-consolidated, J-GAAP)
Total equity attributable to owners of the parent company (million yen)	3,410
Total assets (million yen)	4,684
Total equity attributable to owners of the parent company per share (yen)	262,334.11
Revenue (Operating Revenue) (million yen)	3,465
Income (loss) before income tax (million yen)	692
Net income (loss) attributable to owners of the parent company (million yen)	484
Net income (loss) attributable to owners of the parent company per share (yen)	37,292.63

(1) Name	Rakuten Insurance Holdings Co., Ltd.
(2) Address	2-6-21 Minami Aoyama, Minato-ku, Tokyo
(3) Name and position of representative	President Yuzo Hashiya
(4) Description of business	Management of subsidiaries operating insurance and insurance agency business and ancillary business
(5) Capital	9,911 million yen
(6) Date of Incorporation	July 2, 2018

(7)	Outstanding Shares	18,534 shares
(8)	Fiscal Term	March 31
(9)	Major Shareholders and Shareholding Ratio	Rakuten Card Co., Ltd. 100%
(10)	Business results and financial position of the previous fiscal year	Year ended March 31, 2023 (Consolidated, J-GAAP)
	Total equity attributable to owners of the parent company (million yen)	9,012
	Total assets (million yen)	339,185
	Total equity attributable to owners of the parent company per share (yen)	486,294.24
	Revenue (million yen)	133,684
	Operating Income (loss) (million yen)	1,122
	Net income (loss) attributable to owners of the parent company (million yen)	909
	Net income (loss) attributable to owners of the parent company per share (yen)	49,094.57

8. Future Outlook

As described in section 6, Rakuten Group and Rakuten Bank will proceed with discussions towards entering into a definitive agreement related to the Reorganization, and obtain approval at the Rakuten Bank's shareholders' meeting (if necessary) and obtain the necessary approvals and licenses from regulatory authorities with the goal of promptly implementing the effects of the Reorganization. The Reorganization is expected to take effect in October 2024. However, the above schedule is subject to change depending on the results of future discussions, including those involving approvals and licenses from regulatory authorities. We will promptly announce any matters that require disclosure.

9. Transactions etc. with Controlling Shareholder

(1) Applicability of transactions, etc. with the controlling shareholder and compliance with the policy on measures to protect minority shareholders

Since Rakuten Group owns 85,962,580 shares of Rakuten Bank (shareholding ratio: 49.27%) and is a parent company of Rakuten Bank, the Reorganization falls under the category of a

material transaction with the controlling shareholder for Rakuten Bank.

In the “Guidelines Concerning Measures to Protect Minority Shareholders in Transactions with Controlling Shareholders”, which is disclosed in Rakuten Bank’s Corporate Governance Report on November 7, 2023, Rakuten Bank established a “Special Advisory Committee” comprising of independent officers, and Rakuten Bank stipulates the requirement to seek consultation or post-factum reporting of the Special Advisory Committee for any transactions with Rakuten Group.

As described in section 4 and section 5, Rakuten Bank has established the Special Committee, which is the same members as the Special Supervisory Committee, as a measure to avoid conflicts of interest between Rakuten Group and Rakuten Bank and to ensure the fairness of the Reorganization. We believe that such measures are in compliance with the aforementioned policy.

(2) Measures to ensure fairness and avoid conflicts of interest

As described in section 4 and section 5, Rakuten Bank has implemented measures to avoid conflicts of interest between Rakuten Group and Rakuten Bank and to ensure the fairness of the Reorganization.

(3) Overview of the opinions obtained from parties with no interests in the controlling shareholder regarding the matter that the relevant transactions, etc. are not disadvantageous to the minority shareholders

The Board of Directors of Rakuten Bank has established the Special Committee as a measure to avoid conflicts of interest between Rakuten Group and Rakuten Bank and to ensure the fairness of the Reorganization and has obtained the Opinion from the Special Committee for the execution of the MOU. In addition, the Board of Directors of Rakuten Bank intends to respect the Special Committee’s opinion to the utmost in any decision-making related to the Reorganization, and plans to obtain a written report regarding the Consulted Matters from the Special Committee before executing the definitive agreement related to the Reorganization. For details, please see section 4 and section 5 above.