

FY2023 Second Quarter Consolidated Financial Results

August 10, 2023

Rakuten Group, Inc.



Topics

1 CEO Strategy

2 Q2/23 Business Updates

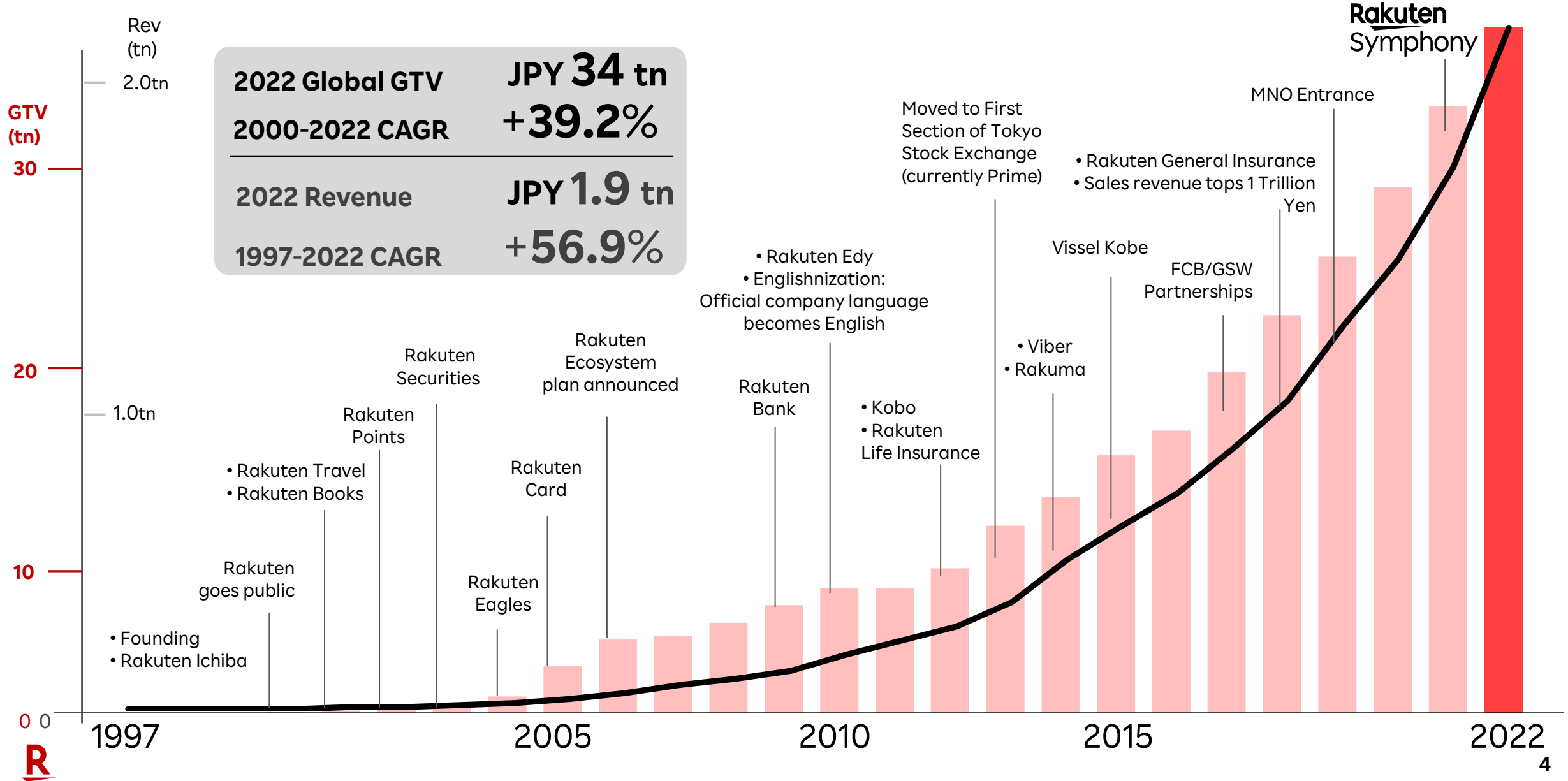
- ◆ Mobile
- ◆ Internet Services
- ◆ FinTech

3 Financial Strategy

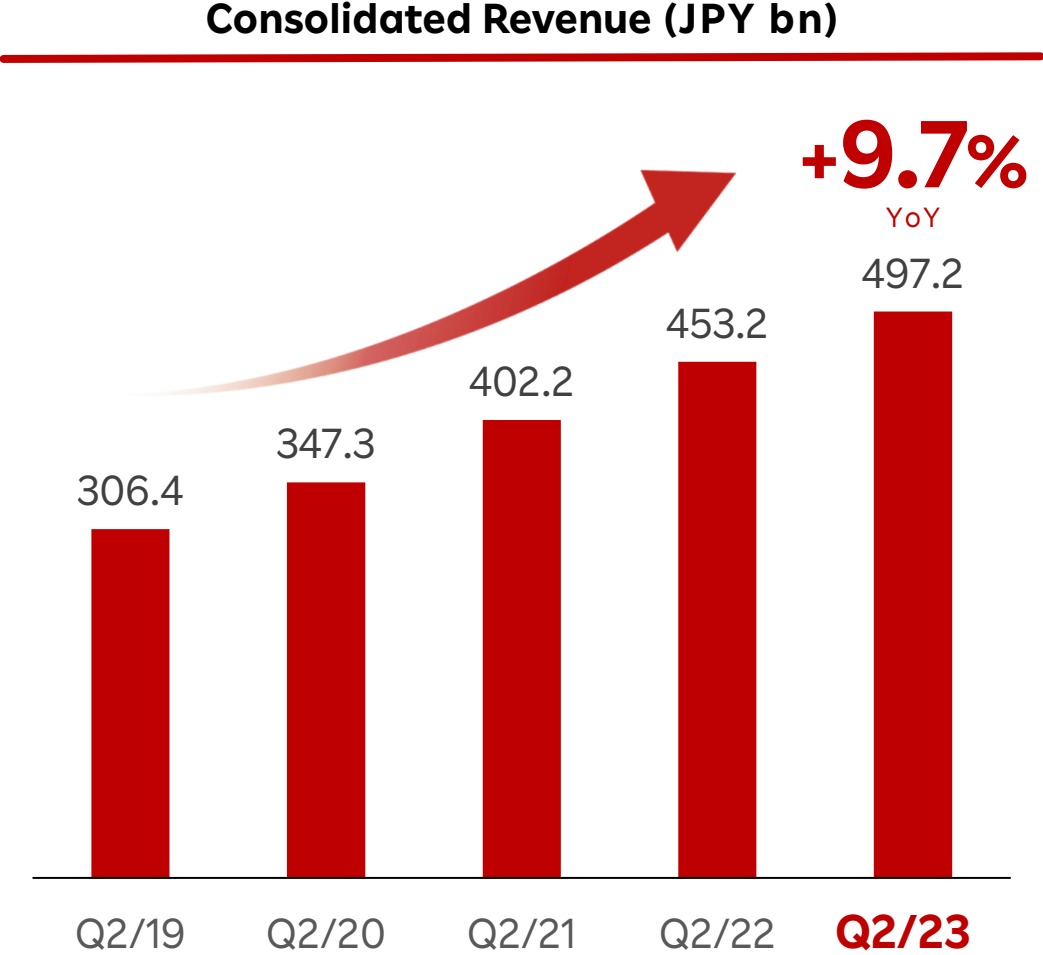
4 AI Strategy

1. CEO Summary

Annual Revenue Growth for 26 Consecutive Years Since the Founding



Q2/23 Consolidated Revenue



Very strong and consistent growth throughout the pandemic

Q2 Revenue growth

+ 9.7%
YoY

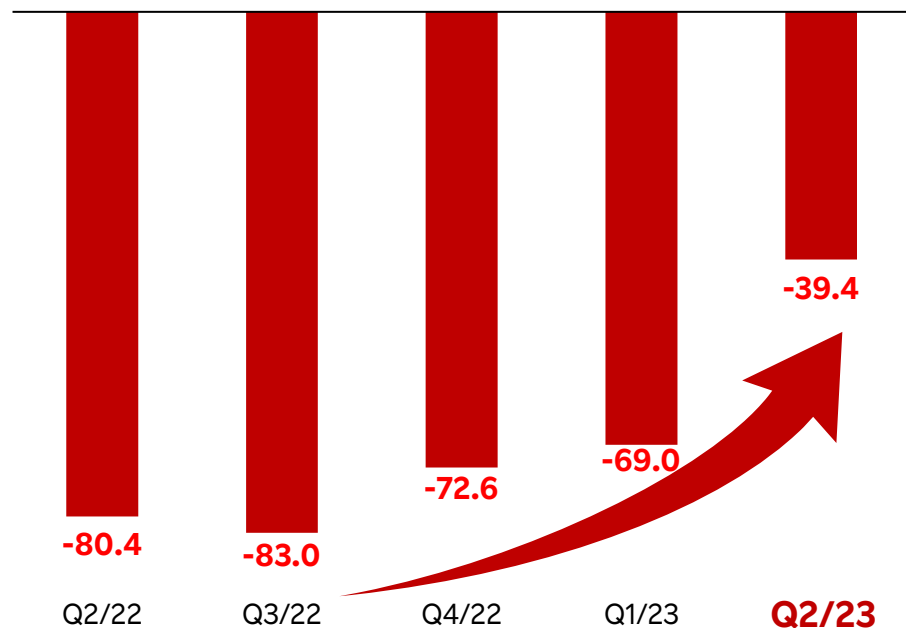


*Due to the introduction of IFRS 17, Revenue of Q2/22~Q1/23 were retroactively adjusted respectively.

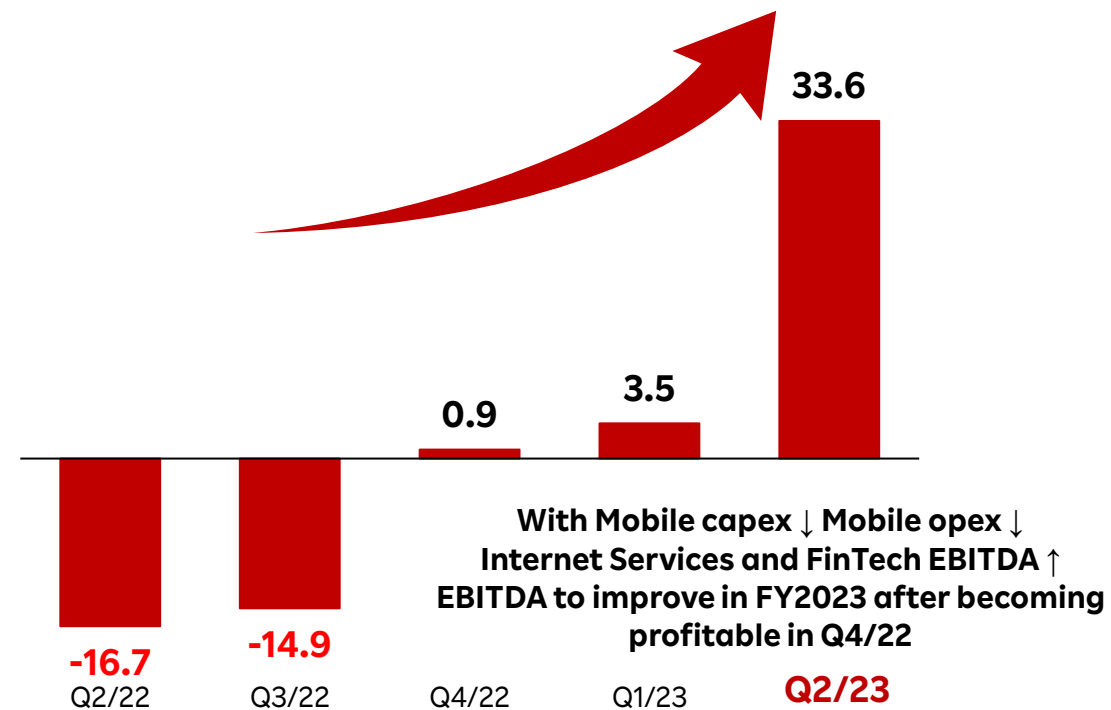
Continued Improvement of Rakuten Group Consolidated EBITDA

- Aiming for ongoing consolidated EBITDA profitability

Consolidated Non-GAAP OI (JPY bn)

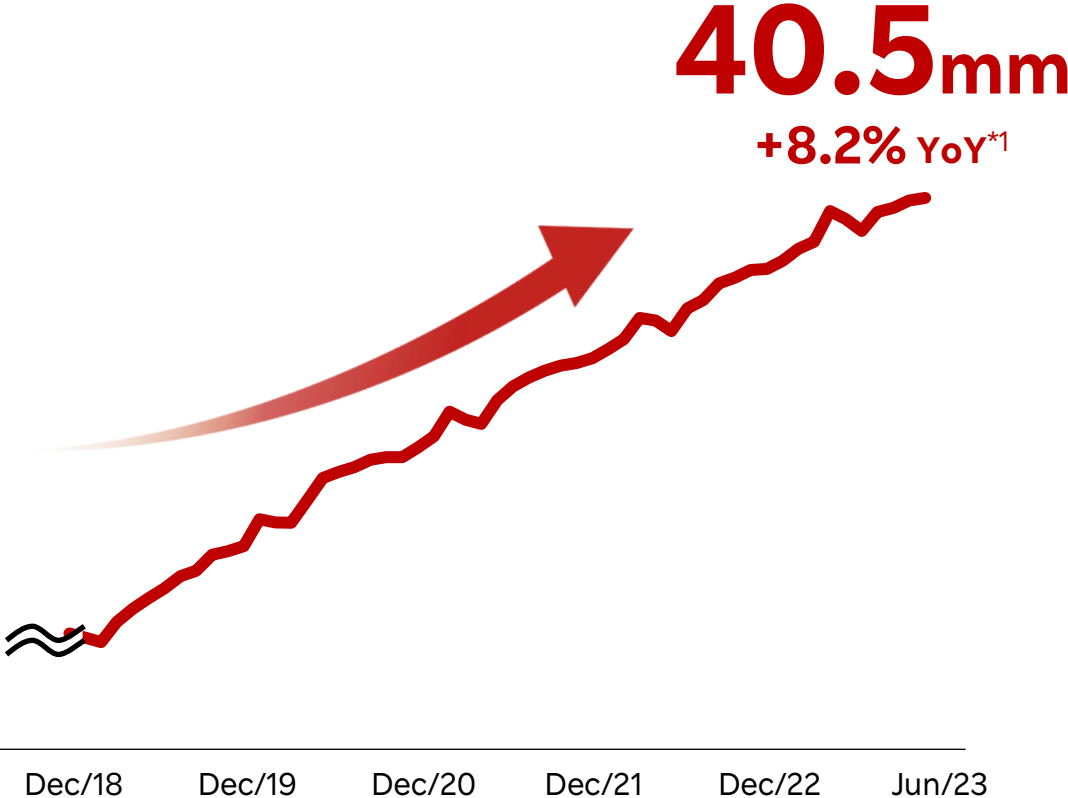


Consolidated EBITDA (JPY bn)

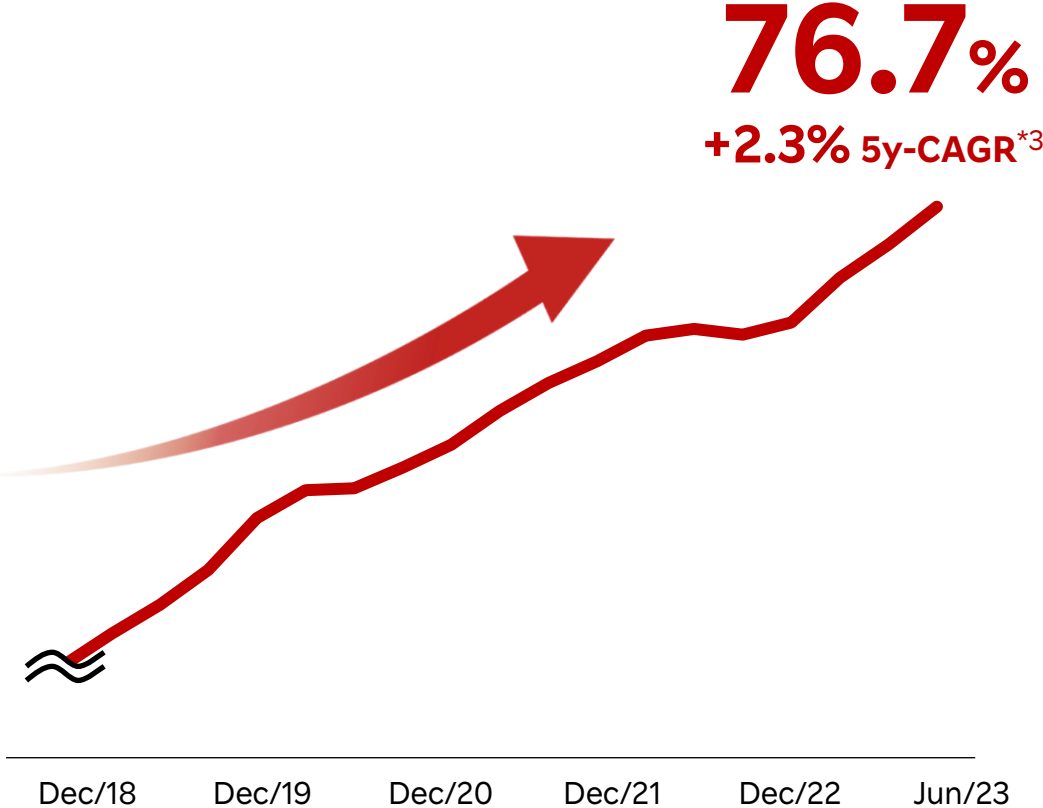


Rakuten Ecosystem as a Bedrock of Rakuten Group

Monthly Active User Growth in Japan



Ratio of Users of Two or More Services*2



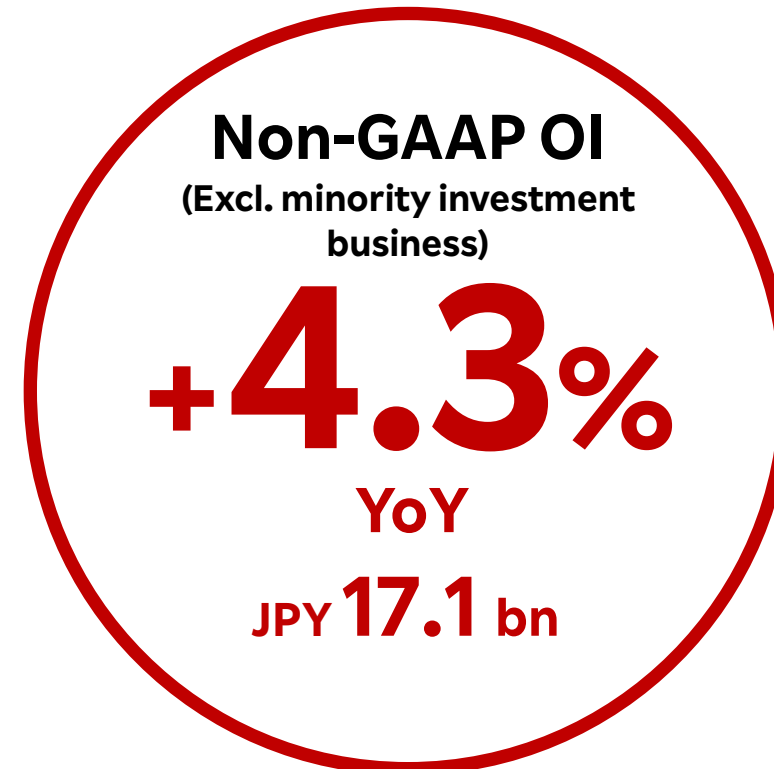
*1 Comparison of monthly active users in June 2023 versus June 2022.

*2 Percentage calculated by dividing the number of users of two or more services in the past 12 months by the number of users of all services in the past 12 months (as of the end of June 2023). (Limited to the use of services that can earn Rakuten Points.)

*3 Calculated by using monthly cross use ratio in from June 2018 to June 2023.

Internet Service Segment: Q2/23 Financial Highlights

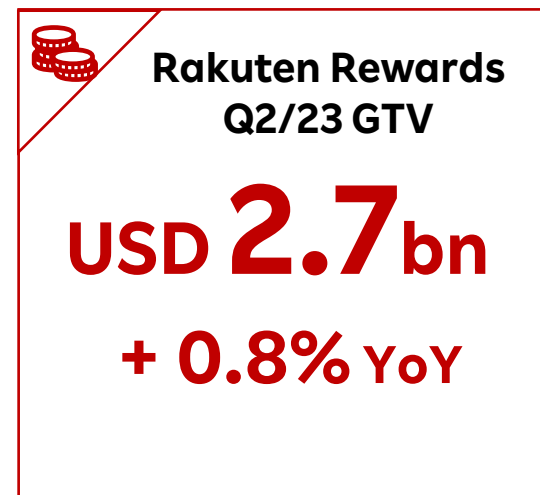
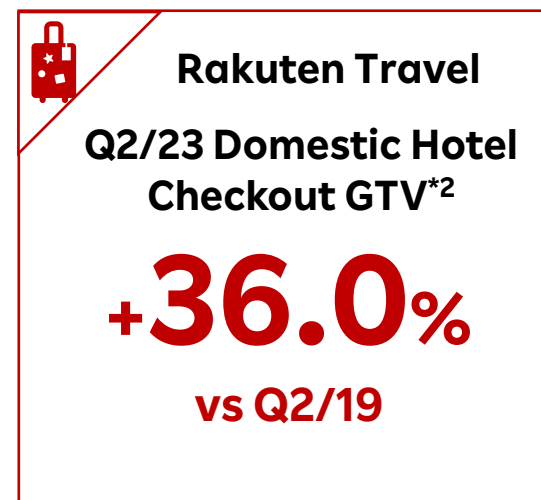
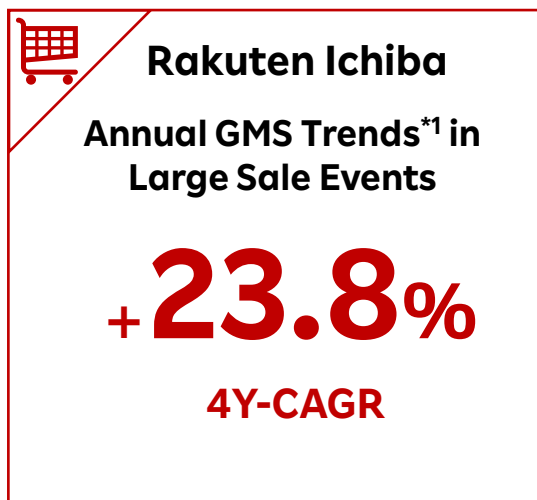
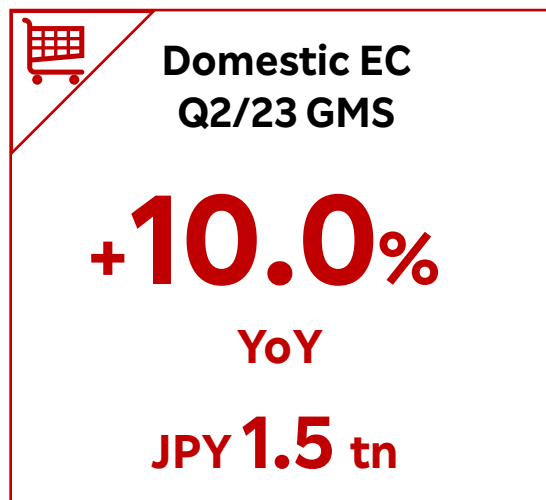
- Core Businesses and Growth Investment Businesses booked robust growths
- Other Internet Services showed a modest YoY recovery



+16.6% YoY

(excluding minority investment business and the SPU cost transfer from Rakuten Mobile implemented from Q1/23)

Internet Service Segment: Key KPIs



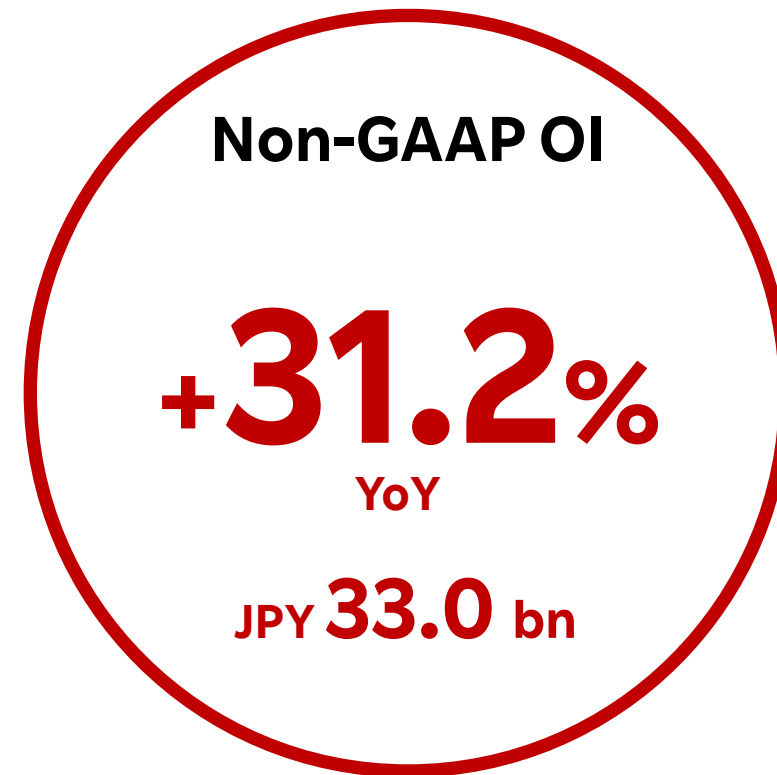
*¹ GMS from July of the previous year to June of the current year for large-scale sales campaigns (such as "Rakuten Super SALE" and "Shopping Marathon") conducted between 2019 and 2022.

*² Excluding corporate reservations.

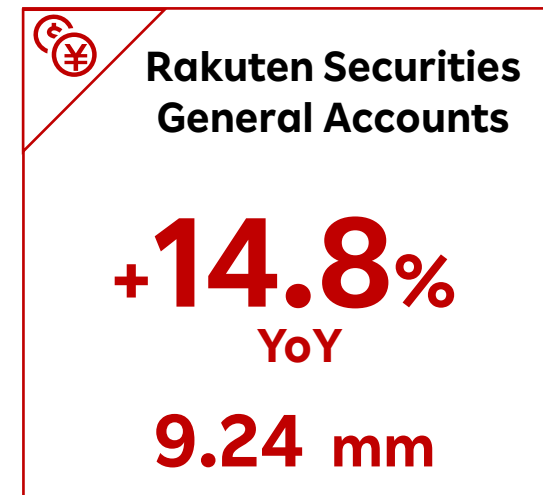
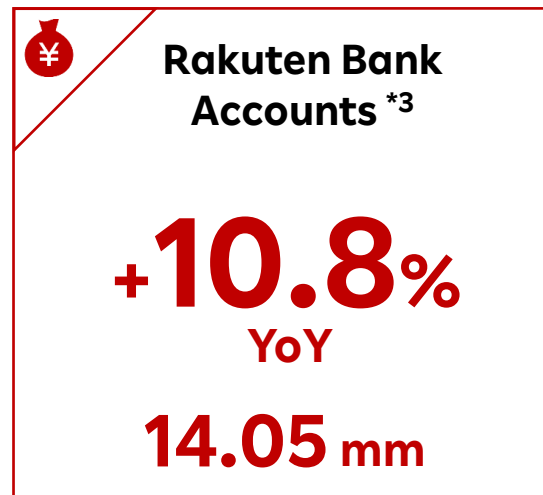
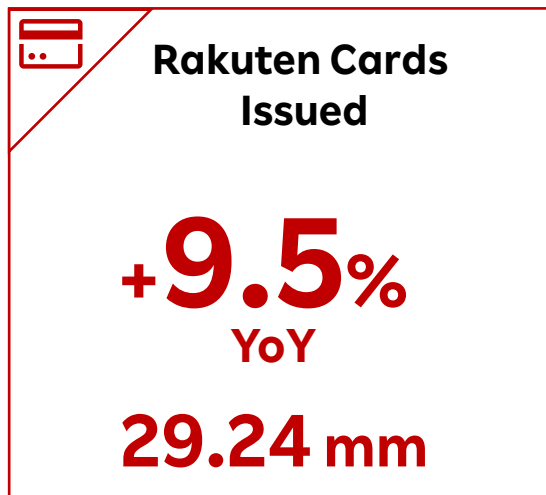
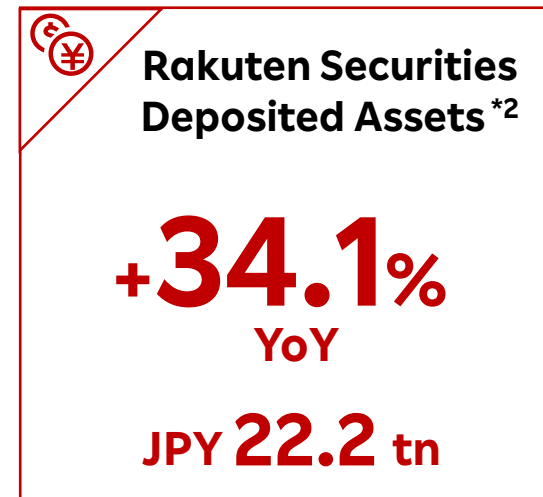
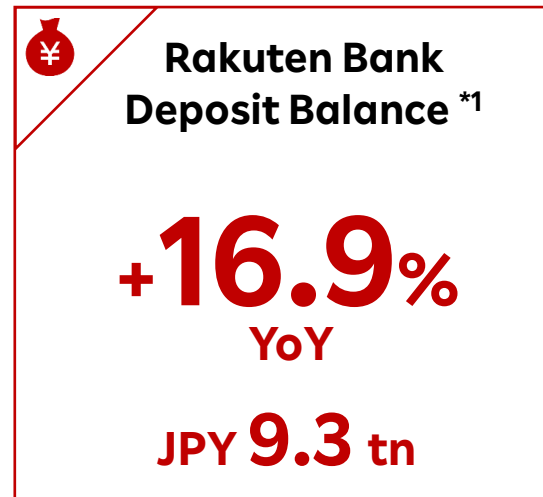
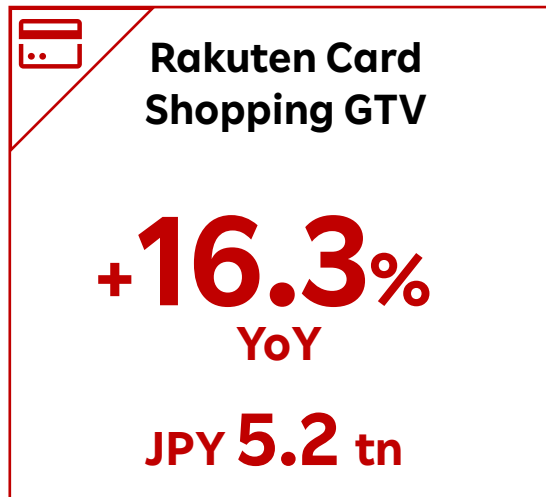
*³ Total of fashion-related genres (fashion, clothing accessories, sports, beauty, etc.) in Rakuten Ichiba and Rakuten Fashion.

FinTech Segment: Q2/23 Financial Highlights

- Non-GAAP operating income continued to achieve a strong growth with the tailwind of market conditions
- Cross-selling effect between Mobile and FinTech services is strengthening



FinTech Segment: Key KPIs



*1 Based on IFRS, Domestic subsidiaries consolidated

*2 Based on J-GAAP

*3 Rakuten Bank (non-consolidated)

Rakuten Mobile (Non-Consolidated): Q2/23 Financial Highlights

- Delivered continued loss improvement with cost reduction (optimization) initiatives
- Subscribers and ARPU both grew, leading to a strong revenue growth at Rakuten Mobile
- Churn rate dramatically improved with the launch of SAIKYO plan

Revenue

+13.3%

YoY

JPY **52.2** bn

Non-GAAP OI
Improvement

JPY **+37.2** bn

vs Q2/22

JPY **-78.9** bn


Non-GAAP EBITDA
Improvement

JPY **+42.6** bn

vs Q2/22


JPY **-42.7** bn

Mobile Segment: Key KPIs

 **4G Population Coverage*1**


99.9%

98.7 % covered by Rakuten network

 **MNO Subscribers as of June 2023 (B2C + B2B)**


4.81mm

+ 0.24 mm QoQ

 **MNO ARPU as of Q2/23 (B2C + B2B)**

JPY 2,010


JPY + 736 YoY

 **MNO Churn rate as of June 2023 (B2C + B2B)**

1.93 %

Adjusted MNO Churn rate*2 as of June 2023 (B2C + B2B)

1.40 %

 **Rakuten Symphony On track with PoCs and field trial**

25+

*1 * After June, 2023 (Planned). Rakuten network + partner network combined.. Population coverage is calculated based on areas where communication is available in 50% or more of the locations in approximately 500-meter plots used for the census.

*2 Excludes churn (B2C) within the same month as activation. Without cancellation fee, Rakuten Mobile is prone to be used as an origination carrier for MNP to receive points, etc. from destination carriers

Mobile Key Focus

Our Mission with the MNO Business

1

**Social
Contribution**

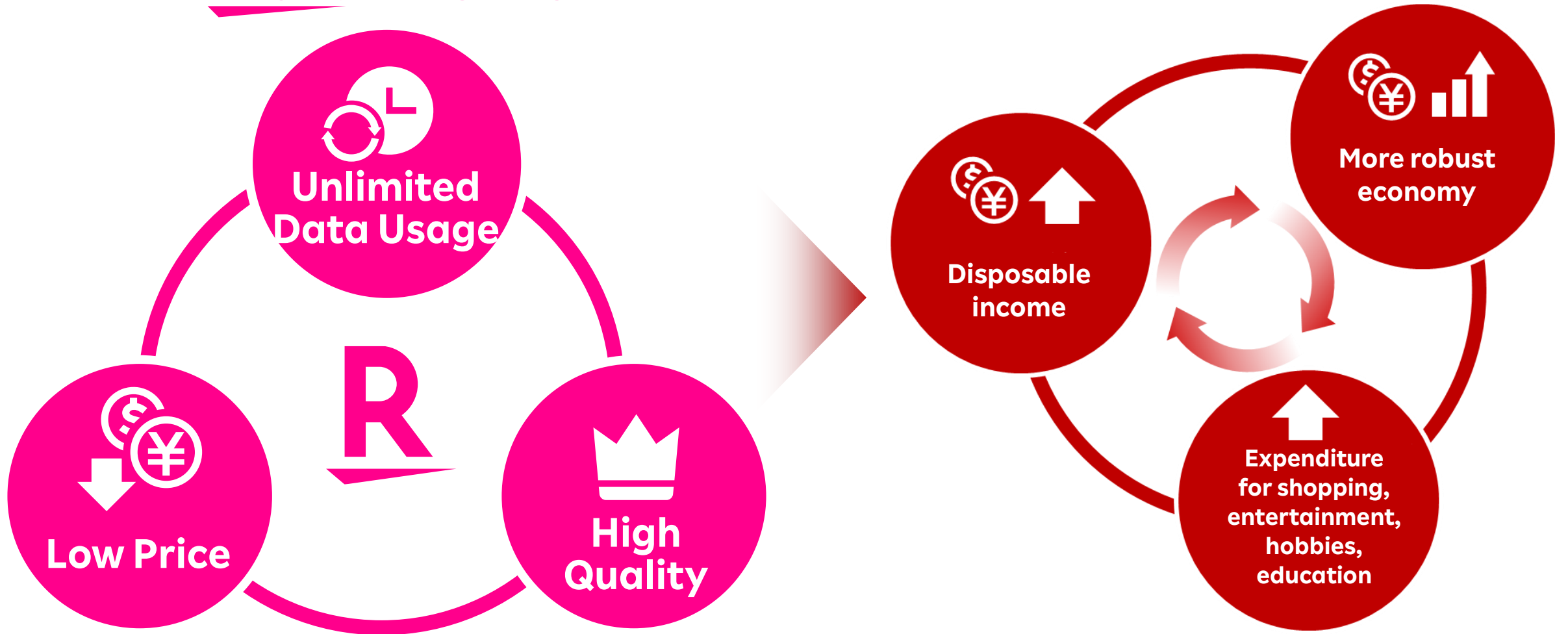
2

**Enhance
Rakuten Value**

1. Social Contribution

Realization of a Mobile Network with Unlimited Data Usage

Rakuten Mobile



Smartphones are Social Rights

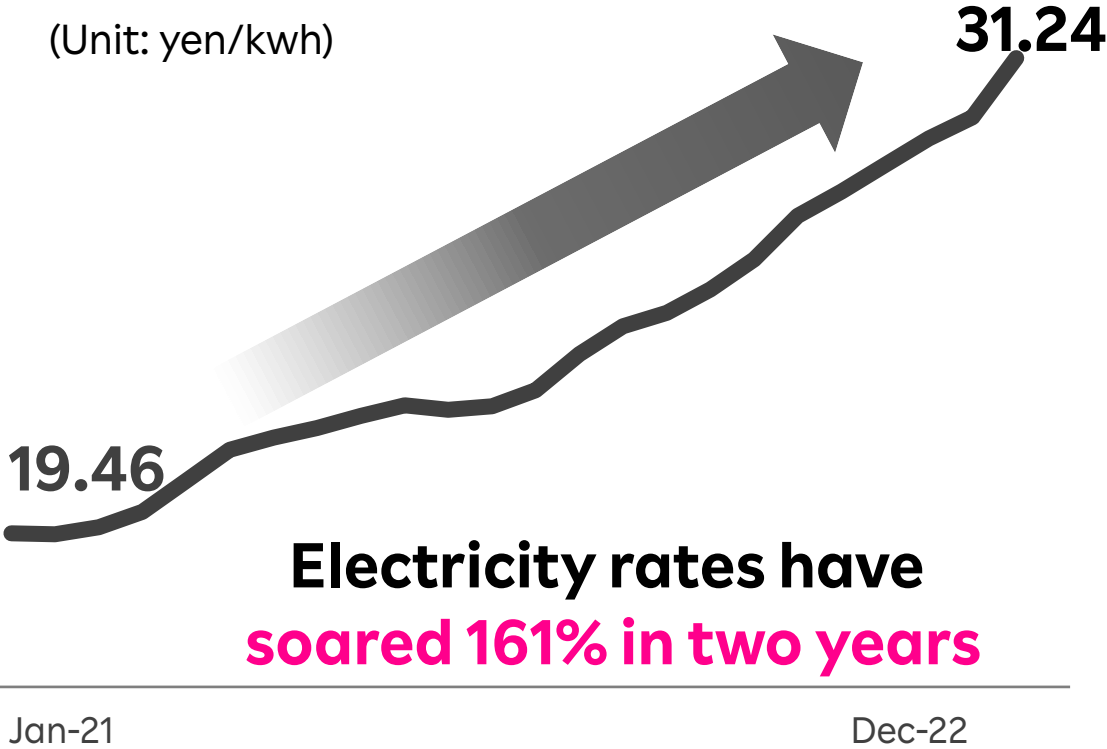
Contributing to Cost-of-Living Reductions Amid Rising Prices

Contribution from lower mobile prices: approx. JPY 4tn*3

Changes in electricity rates *1

(low-voltage, metered lighting)

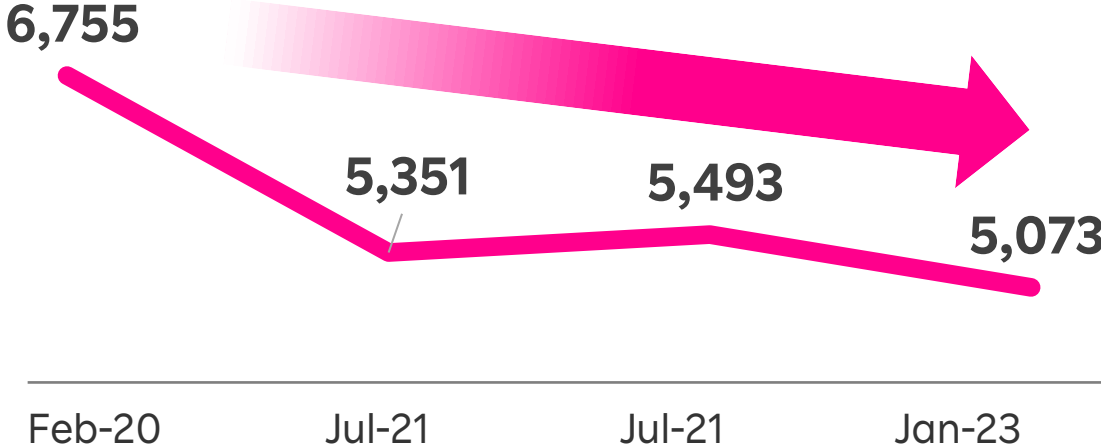
(Unit: yen/kwh)



Electricity rates have soared 161% in two years

Trends in Smartphone Pricing Plan*

(Average monthly usage fee of MNO smartphone users: JPY)



Rakuten's entry drove competition and lower prices for smartphone users in Japan

*2 Based on MM Research Institute's "Mobile phone monthly usage fees and service usage" survey.

*1 Source: Energy Information Center, Inc.

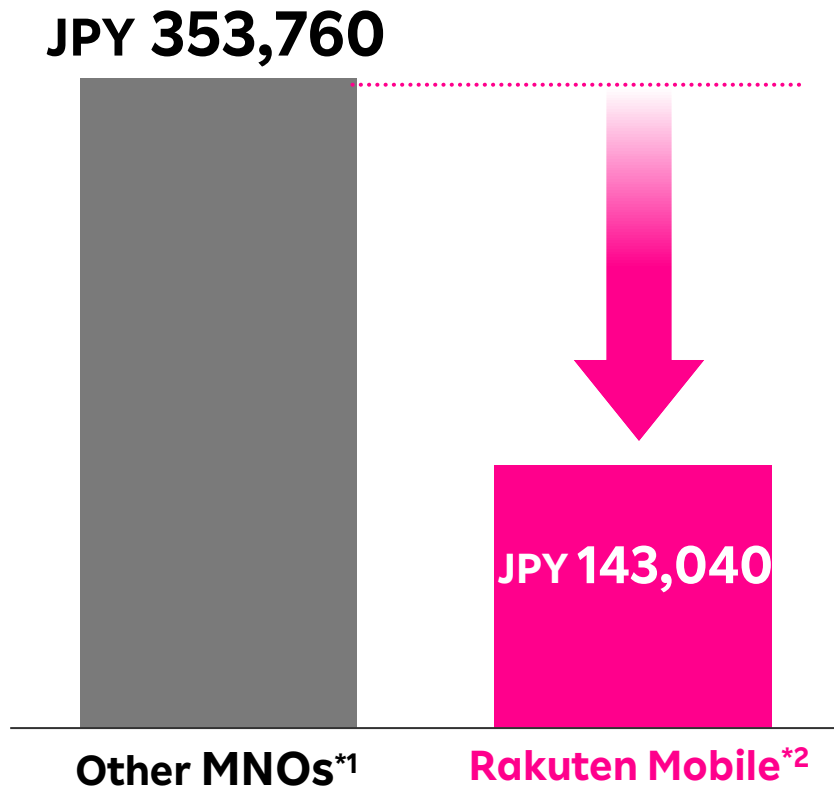
*2 Based on MM Research Institute's "Mobile phone monthly usage fees and service usage" survey.

*3 Calculated based on the 2020 household consumption of 280.5 trillion yen in the Cabinet Office "National Accounts" (October-December 2020 preliminary figures)



Contributing to Consumers' Cost-of-Living Reductions

Annual communication charges for a family of four (unlimited data calls)



Cost savings for a family of four

Approx. JPY **210,000** / year
Approx. JPY **2.1 million** / 10 years



Family trip



Investment



Tuition

*1 Unlimited data plans from docomo, au, and SoftBank with unlimited call options, taking into account family discounts.

*2 Assumes 4 people on Rakuten UN-LIMIT VII at ¥2,980 (unlimited data) (as of May 2023)

Rakuten Mobile Aims for...

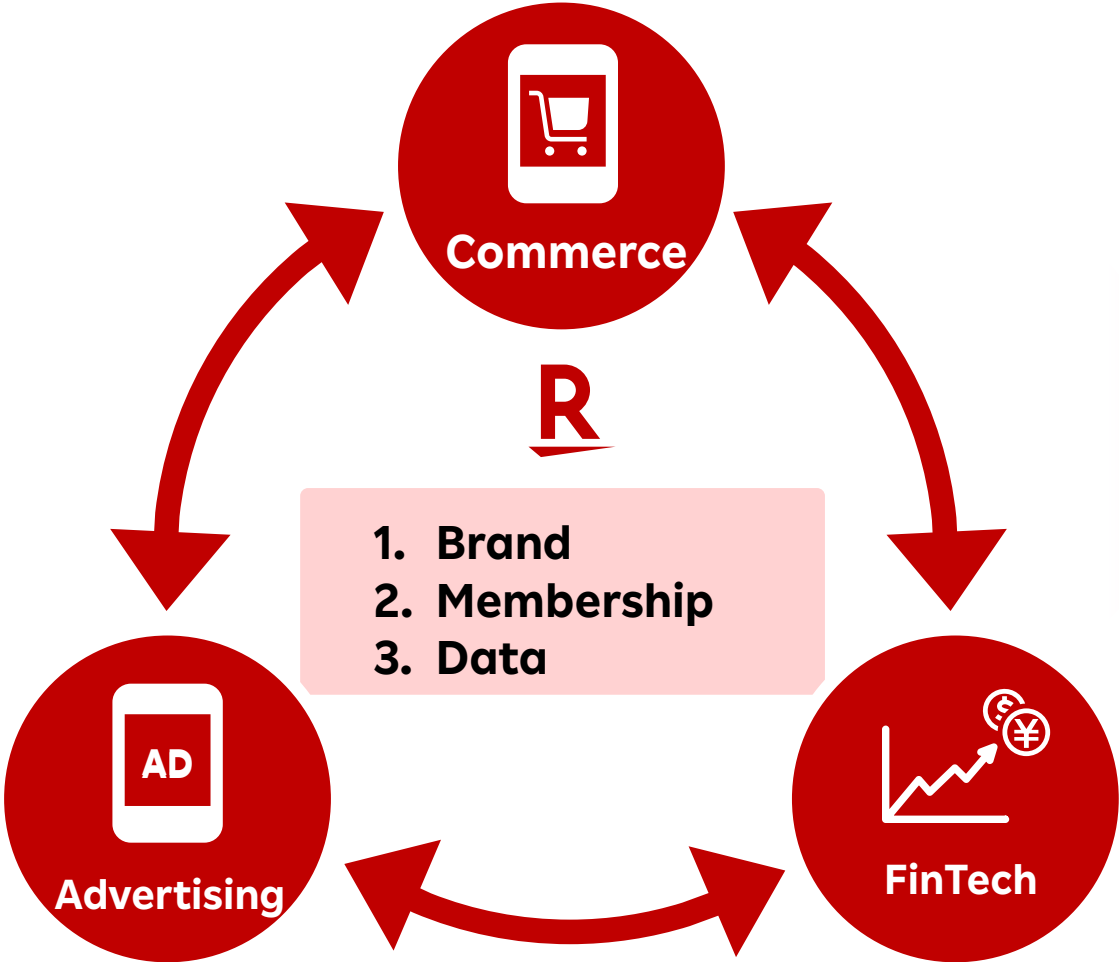
Democratization of the mobile market

Low cost, high quality, and unlimited and "unlimited" plans to create a society where all citizens can enjoy smartphones easily and freely

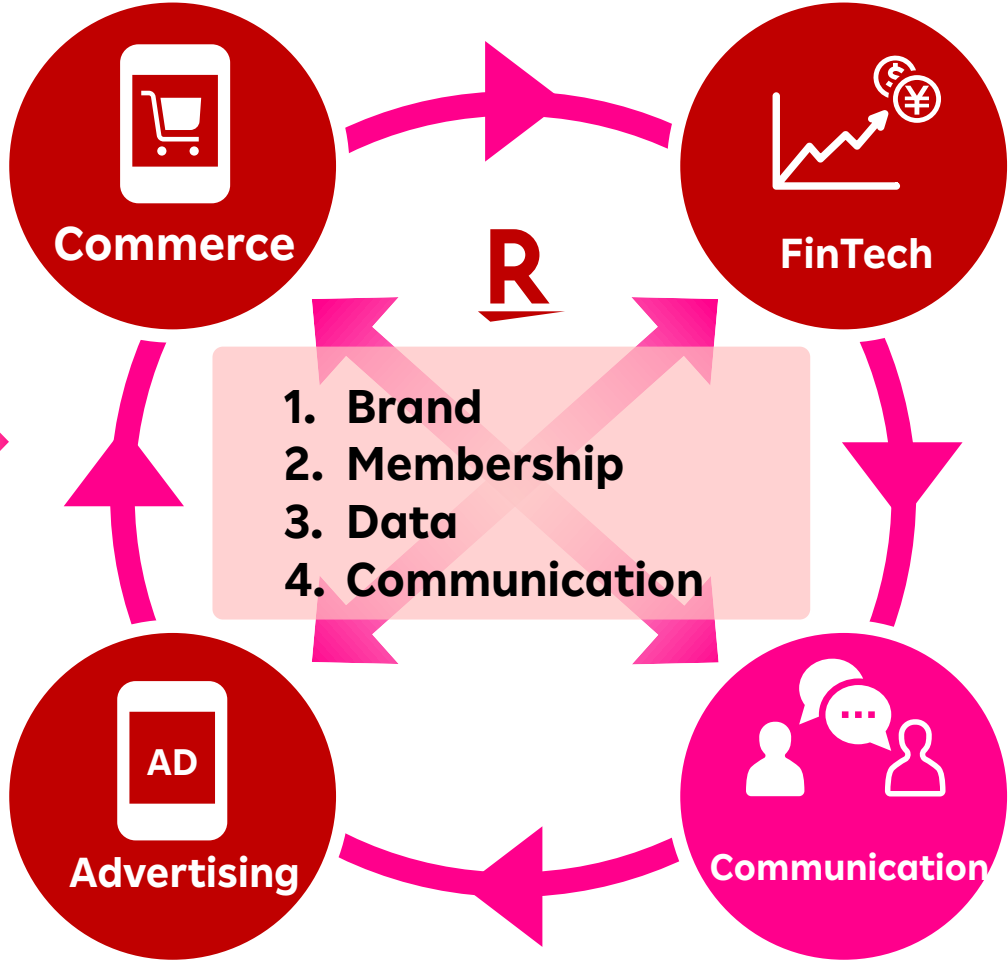
2. Enhance Rakuten Group Value

Ecosystem Evolution with Rakuten Mobile

Core Areas to Date

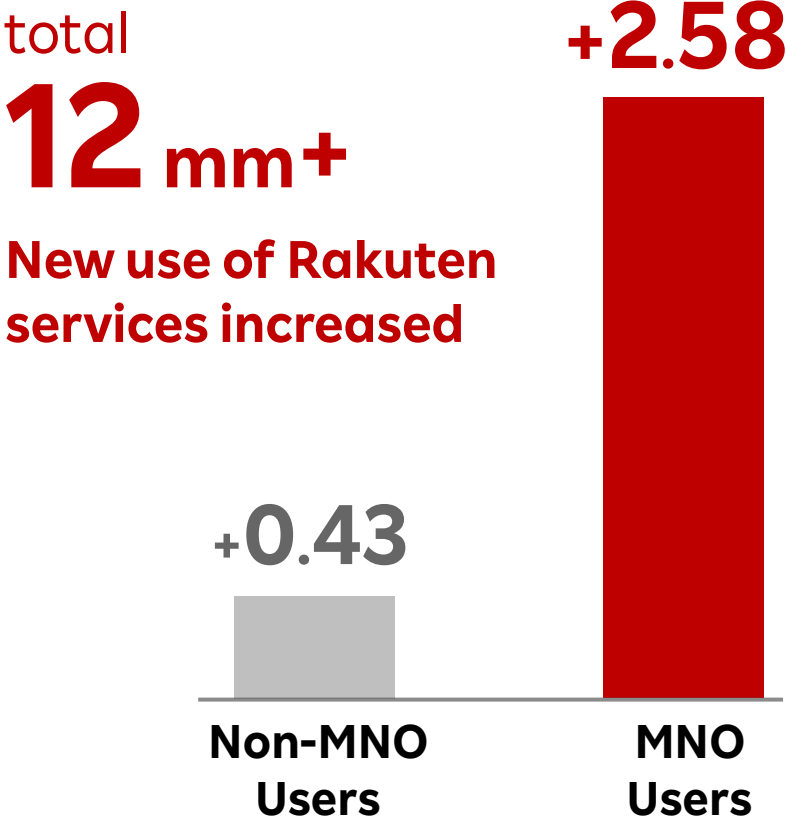


Future Core Areas



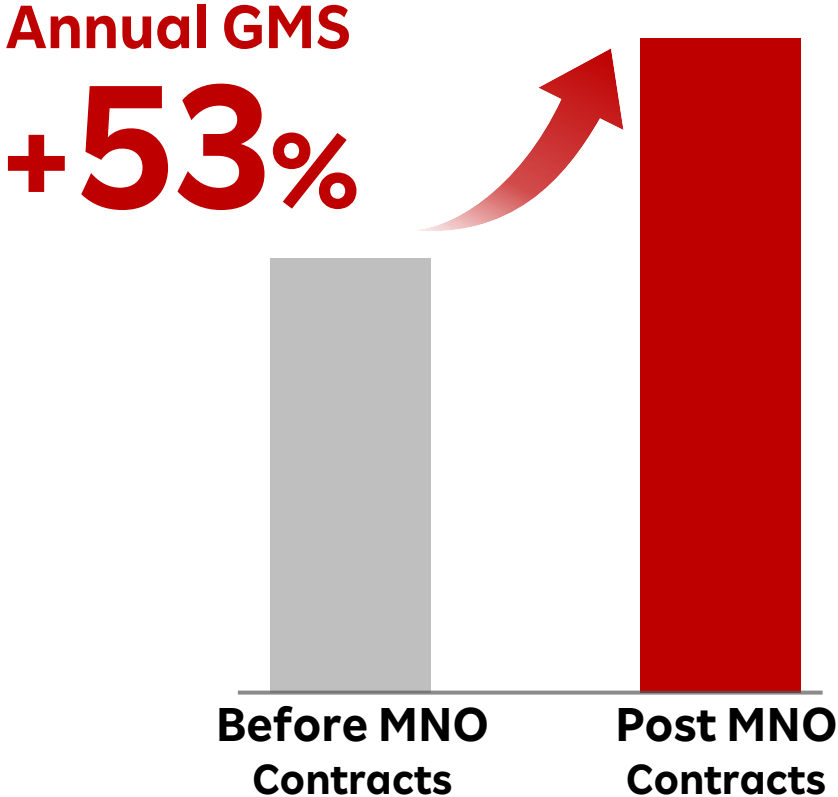
Increased Use of Services due to Rakuten Mobile Subscriptions

Average Increase in Service Use per Year



*MNO subscribed users : Users who have an MNO contract from April 2020 to July 2022. Non-MNO subscribers: Users who have used Rakuten services in the past year from the relevant month. Average increase in service use includes MNOs themselves.

GMS Increase Post MNO Contracts



* Users who have a contract with Rakuten Mobile between April 2020 and July 2022, and for whom 12 months or more have passed since the contract start. GSM growth is the weighted average of figures comparing GSM in the 12 months before the user's contract and the latest 12 months (2022/7~2023/6) for each contract start month

Ecosystem Uplift Impact on Rakuten Group

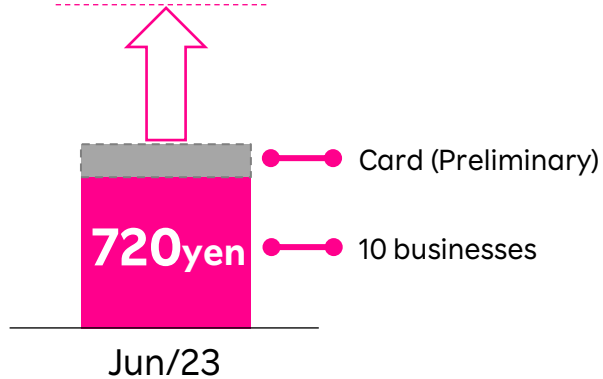
Rakuten Mobile

Gateway to Internet/FinTech Services
(promote usage / expand transaction volume)



Ecosystem ARPU Uplift*

Target: 1,500 yen



**Q2/23 Revenue Impact*
on Rakuten Group**

+9 bn yen



**Q2/23 EBITDA Impact*
on Rakuten Group**

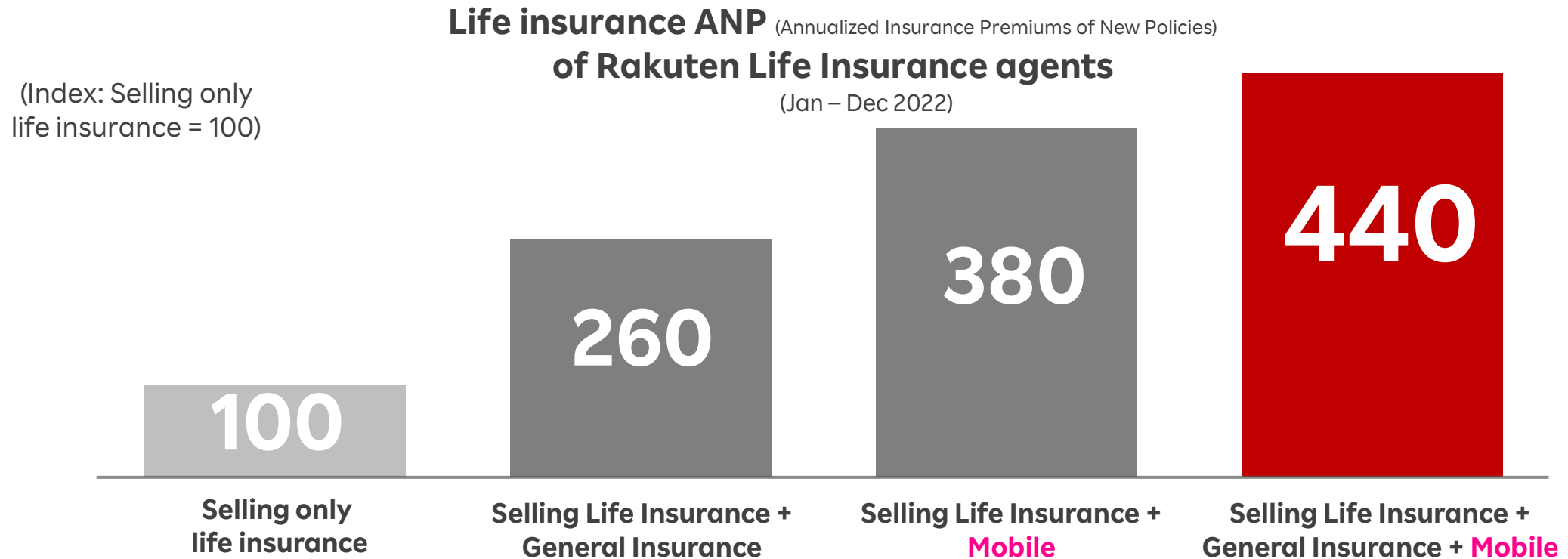
+5 bn yen



*Ecosystem Uplift is the difference in average revenue, operating income and EBITDA between MNO users and non-MNO users over the past year at ten businesses (Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay online payment). EBITDA is calculated by using each business's gross profit margin.

Cross-Sell Impact of Rakuten Mobile via Rakuten Life Insurance Agents

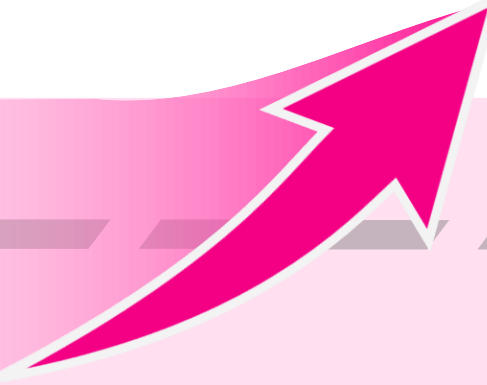
Life insurance agents with support from Rakuten Mobile cross-sell mobile subscriptions
Life insurance sales also improves through synergies



Rakuten Mobile

Making Strides in Phase 2

We're taking off!!



2020-2022 Phase 1

Speedy base station build-out

+

Established virtualization technology






+

Secured a stable customer base



**Established
foundation rapidly**

2023 Phase 2

- 1 Cost Reduction 
- 2 Network / UX Improvement  
- 3 Subscriber Acquisition with Sophisticated Marketing (Easy Sign-up & Activation, Referral) 
- 4 B2B 

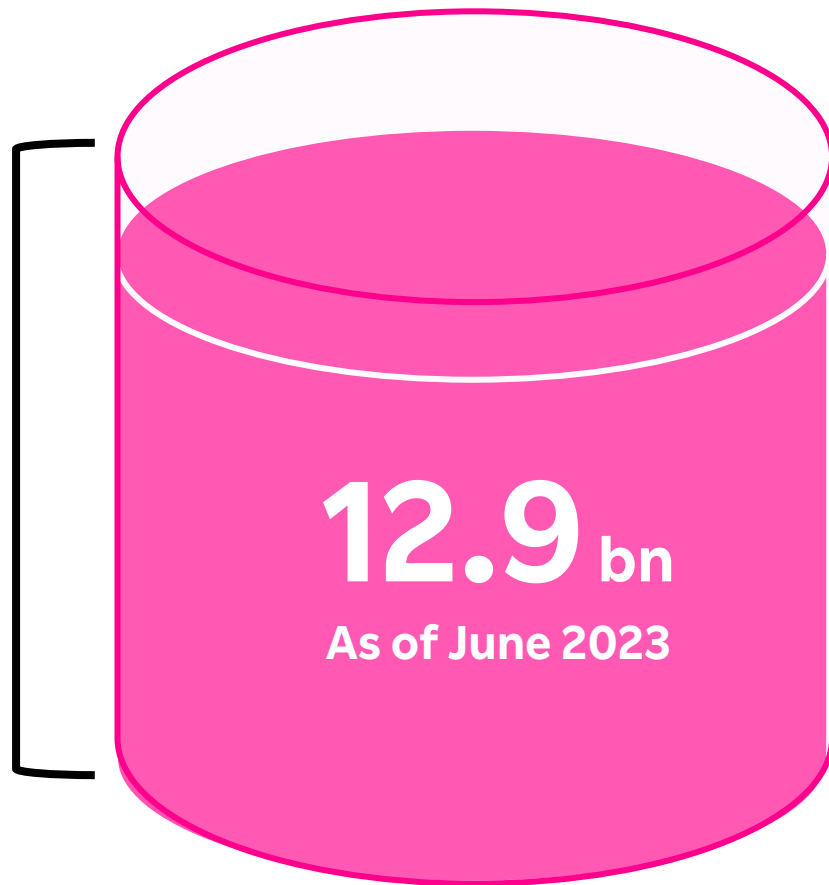
Establish lean management

2024- Phase 3

**On the road to becoming
profitable and
the No. 1 mobile carrier
in Japan**

Cost Optimization is Front-Loaded Compared to Plan

Cost Optimization Target
Sep/22 vs. Dec/23
approx.
JPY 15bn*/month



=

Already Achieved
86%
Cost Optimization Target

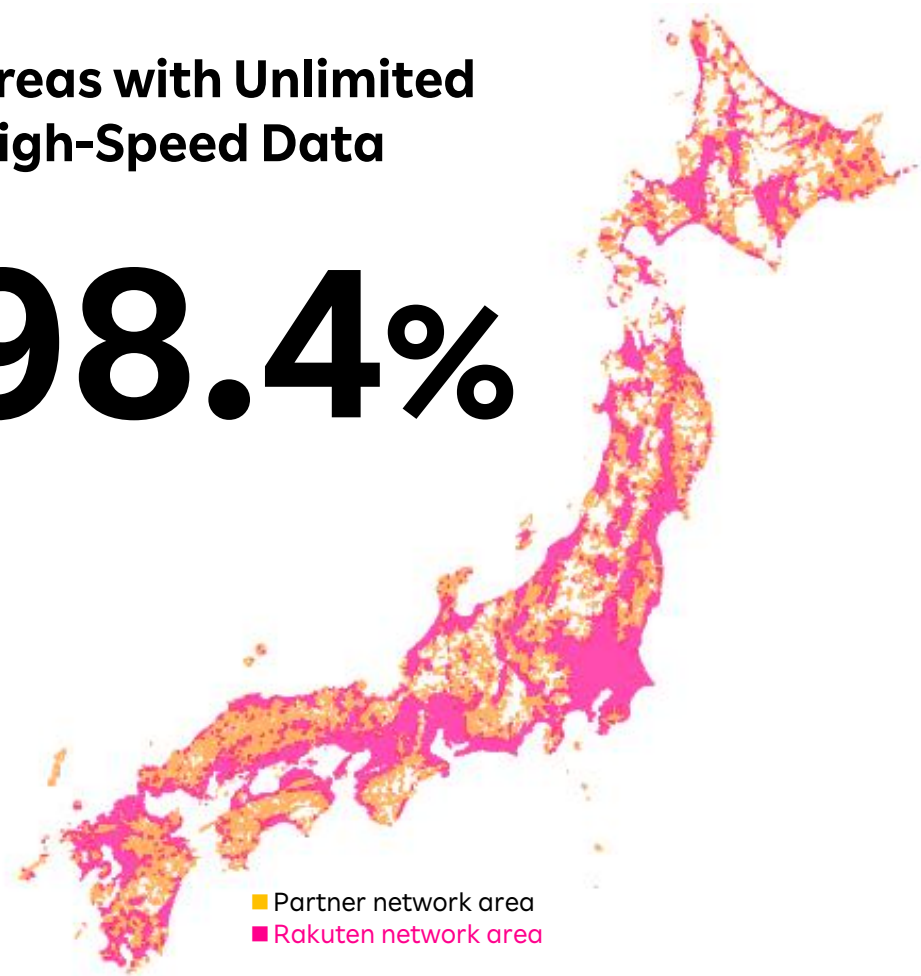
*Total of Network cost (excluding depreciation) + SG&A (JPY bn)

SAIKYO Plan Offers Unlimited Data Nationwide

As of April 2023

Areas with Unlimited High-Speed Data

98.4%

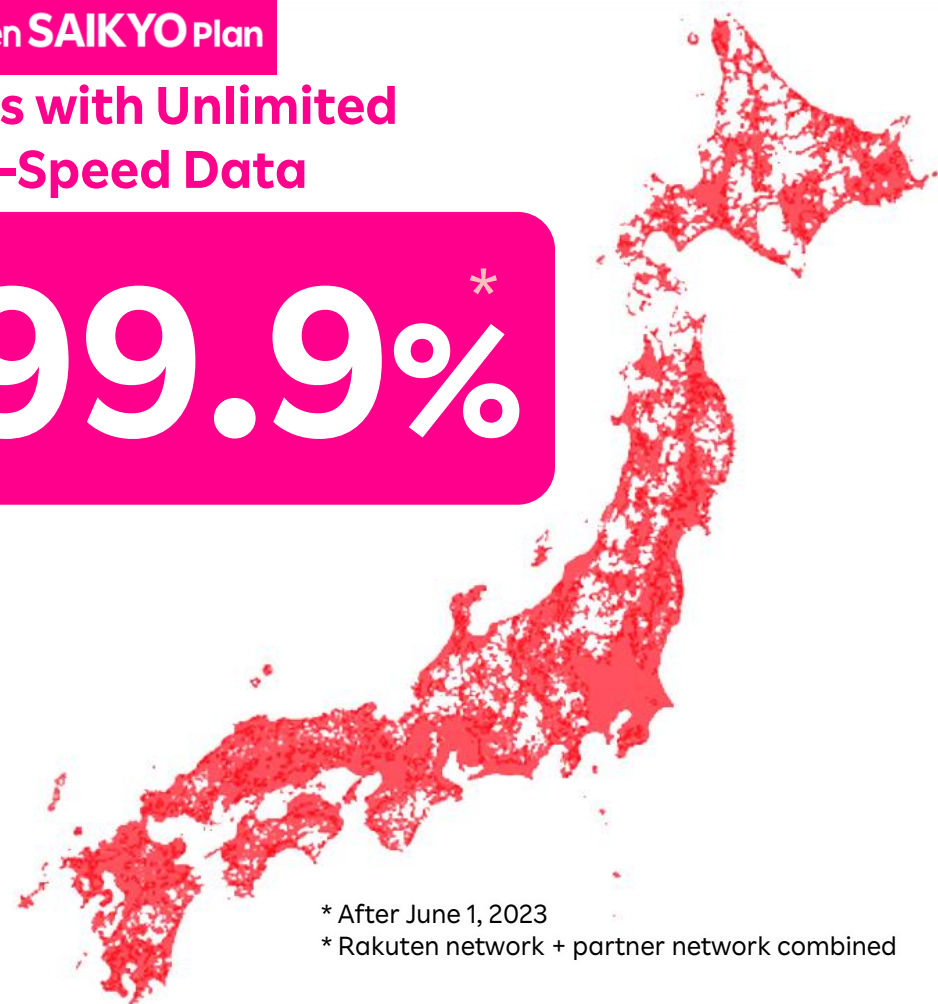


After June 2023

Rakuten SAIKYO Plan

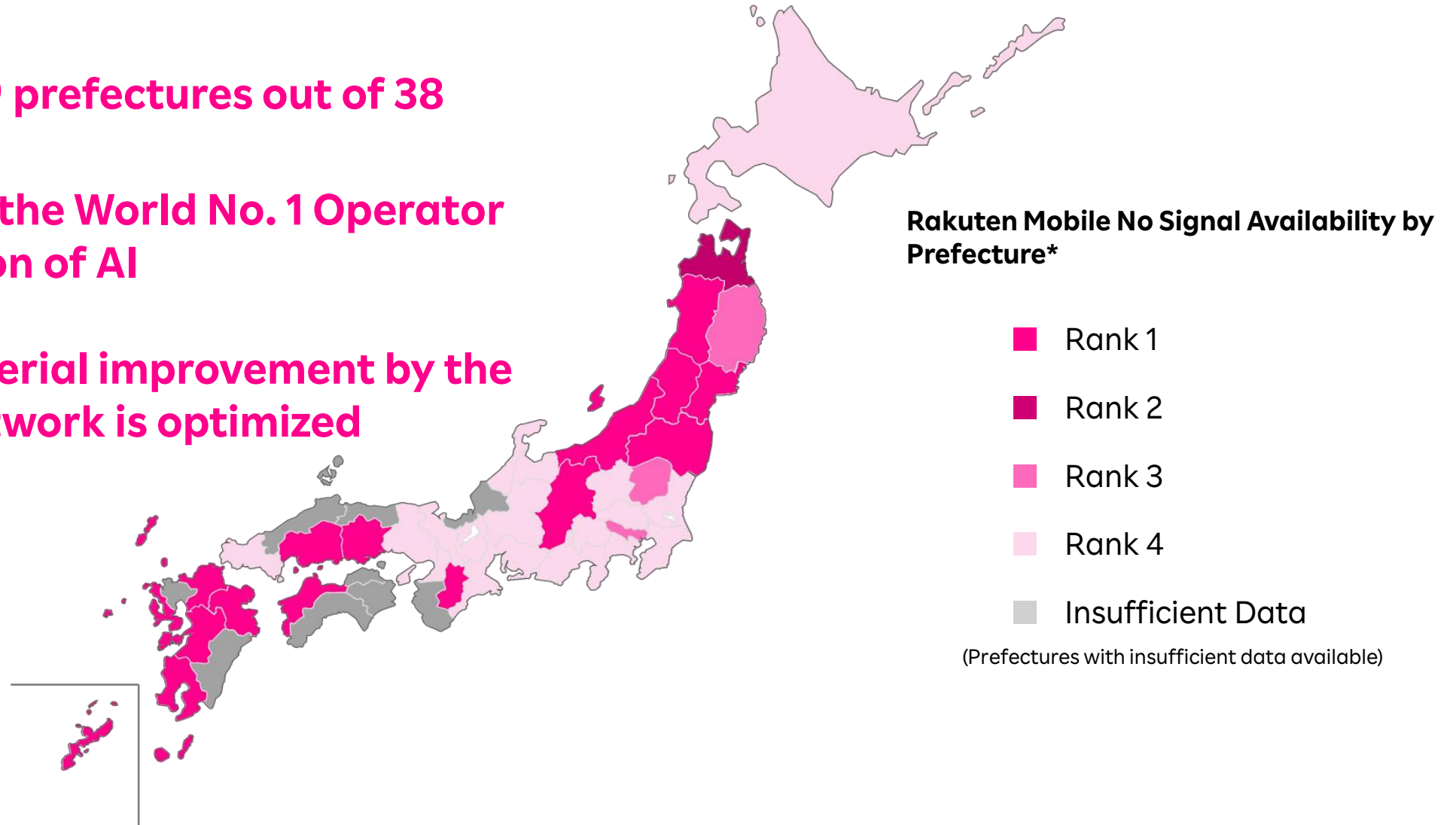
Areas with Unlimited High-Speed Data

99.9%*



Our Network Already Competitive before The New Roaming Agreement

- ✓ Rank **1** in **16** prefectures out of 38
- ✓ We aim to be the World No. 1 Operator with Utilization of AI
- ✓ Expect a material improvement by the fall as the network is optimized

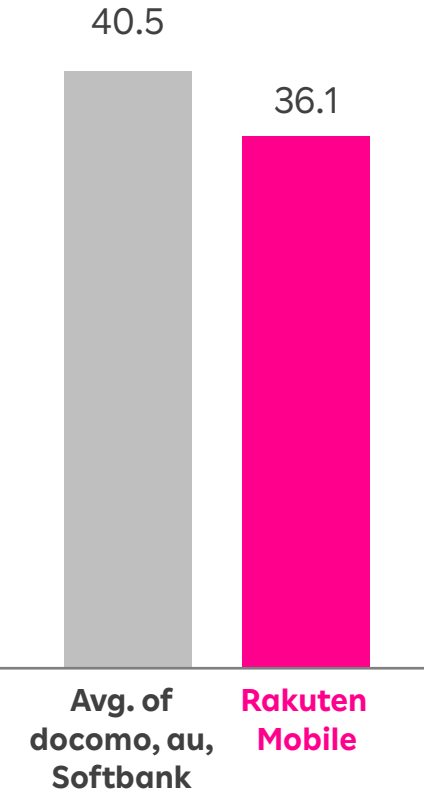


* The chart was created by the Rakuten Group, Inc. Based on independent analysis of mobile measurements recorded by Opensignal during the period June 30 - July 29, 2023 © 2023 Opensignal Limited.

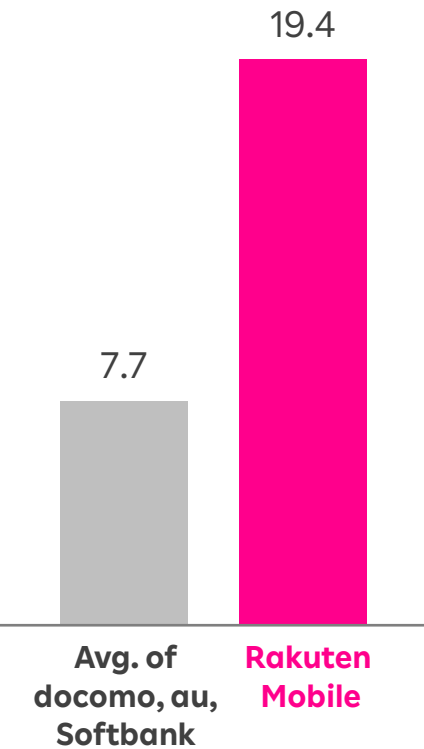
* No Signal Availability is the average proportion of time that users on an operator's network had no signal.

Network Speed Reported by Opensignal

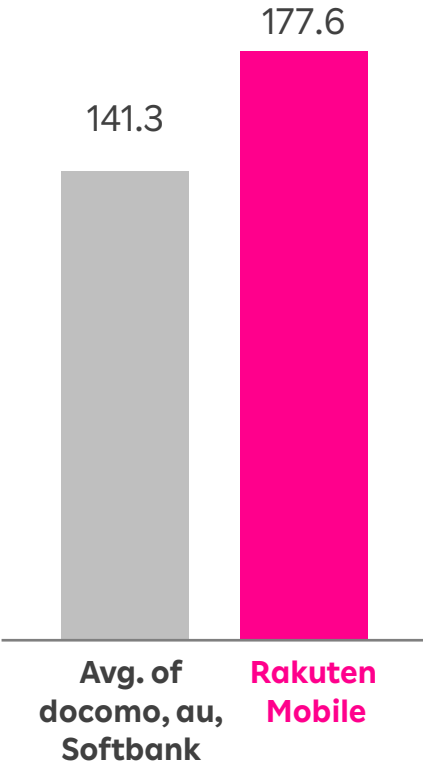
4G Download Speed (Mbps)



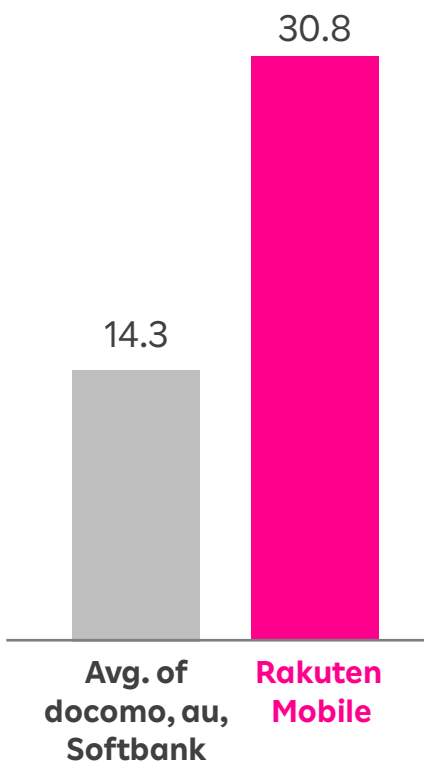
4G Upload Speed (Mbps)



5G Download Speed (Mbps)

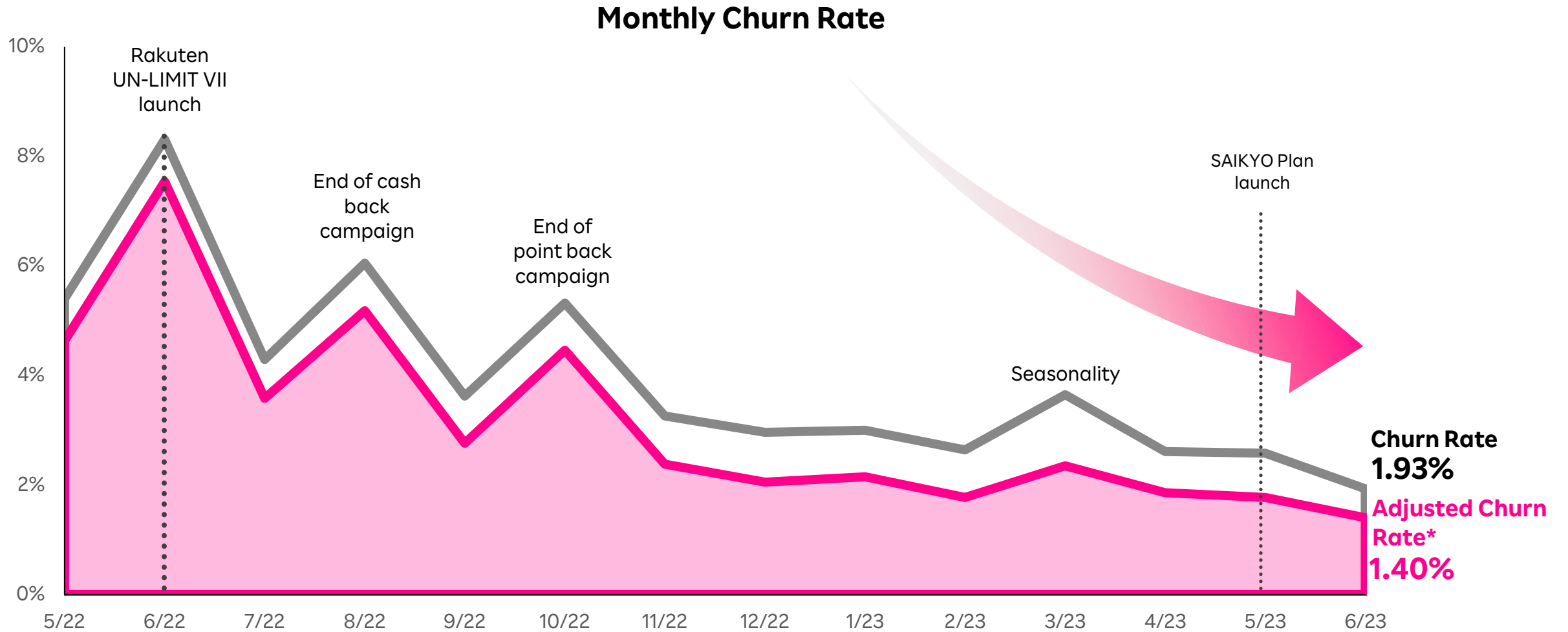


5G Upload Speed (Mbps)



* The chart was created by the Rakuten Group, Inc. From Opensignal analysis "Rakuten's improving experience is increasing competitive pressure in Japan, July 2023" based on independent analysis of mobile measurements recorded during the period April 1 - June 29, 2023 © 2023 Opensignal Limited.

Aiming for Churn (B2C + B2B) to Decline Further

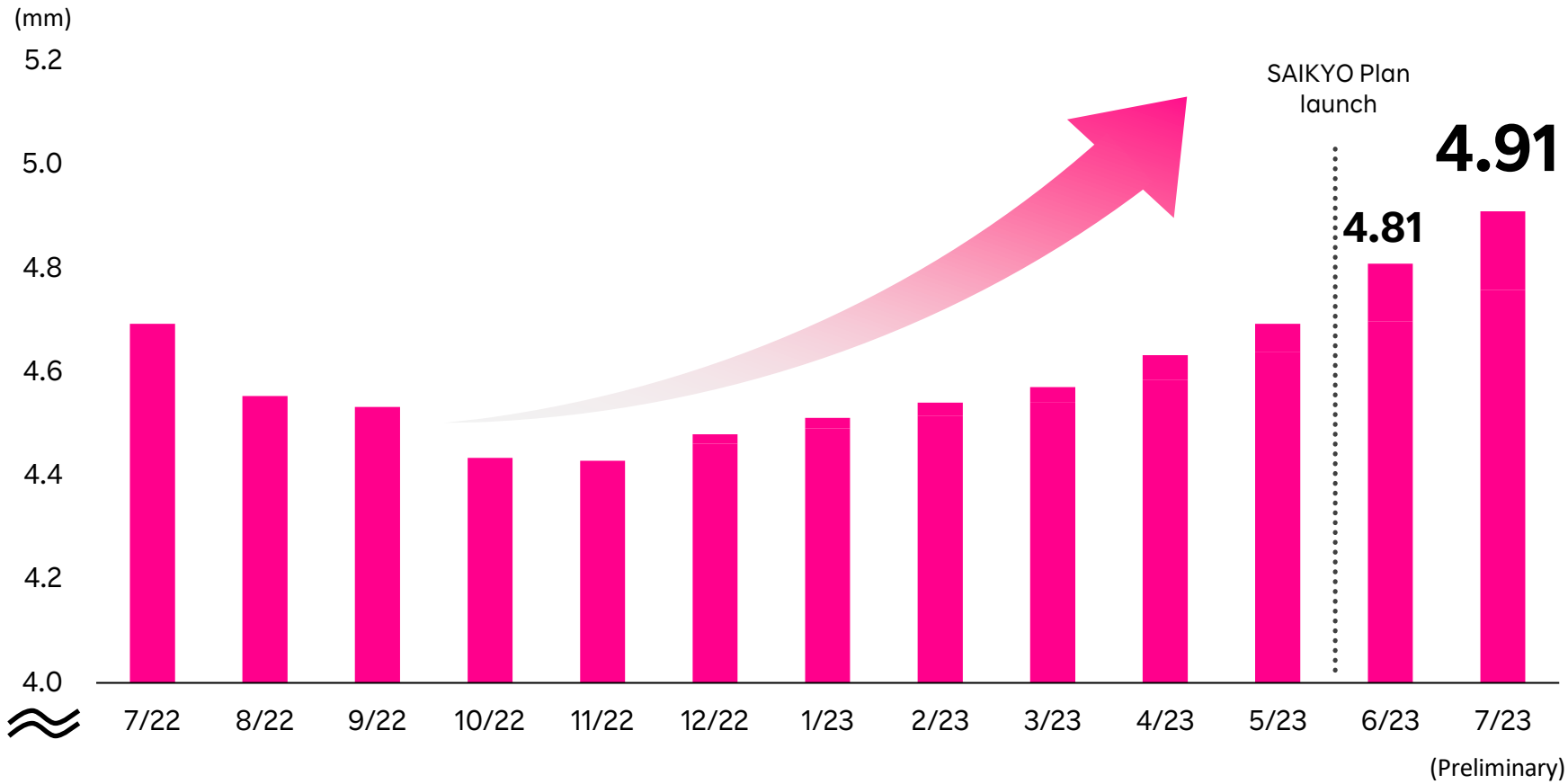


* Excludes churn (B2C) within the same month as activation. Without cancellation fee, Rakuten Mobile is prone to be used as an origination carrier for MNP to receive points, etc. from destination carriers

Subscriber Growth (B2C + B2B) to Accelerate

■ Network will be optimized by autumn 2023 followed by promotions/marketing

Number of Rakuten Mobile subscribers (MNO only, B2C + B2B)



Will hit
5 mm soon

Democratizing Corporate Mobile

Variety of potential customers

1. B2G2C: Empowering local governments

Low-cost smartphones for local governments

2. B2B / B2B2E: Empowering corporates

Corporate smartphones/support

3. B2B: Creating innovation through collaboration

Collaboration in MVNE/infrastructure



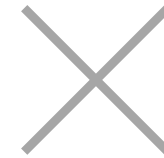
B2B Subs Target

1mm

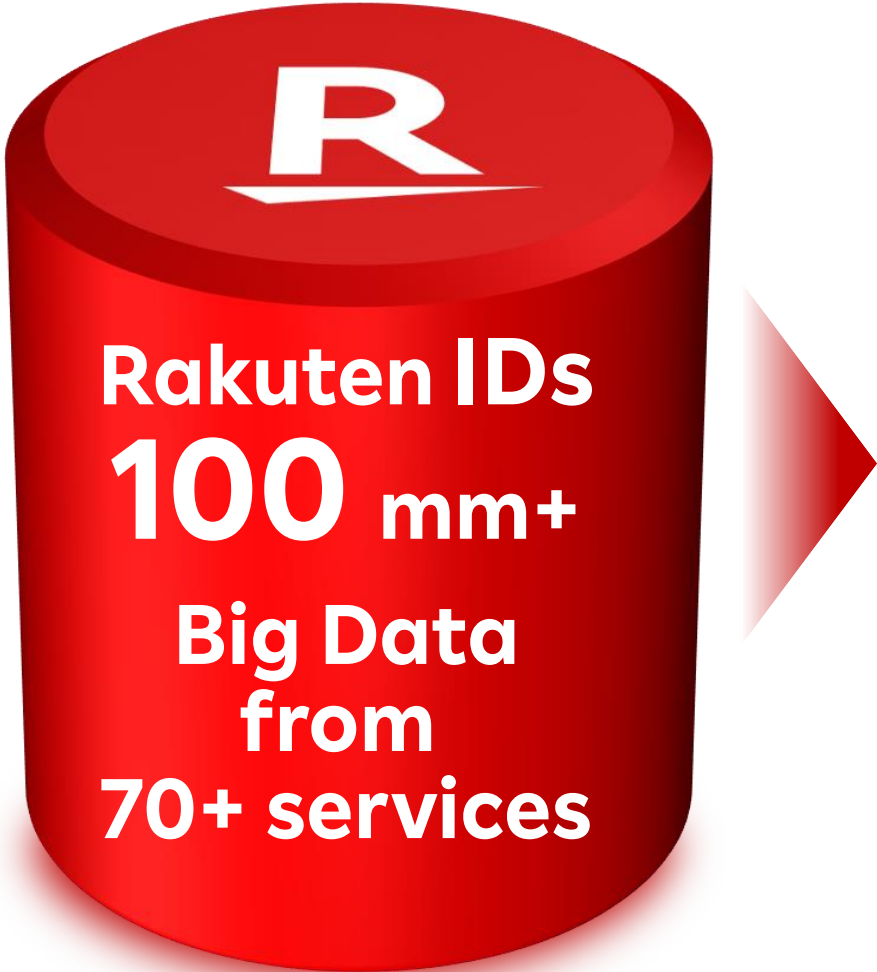


Data / AI

Memorandum of Understanding for Collaboration to Develop Services with State-of-the-Art AI Technology



Rakuten Holds the Largest Amount of Data in Japan

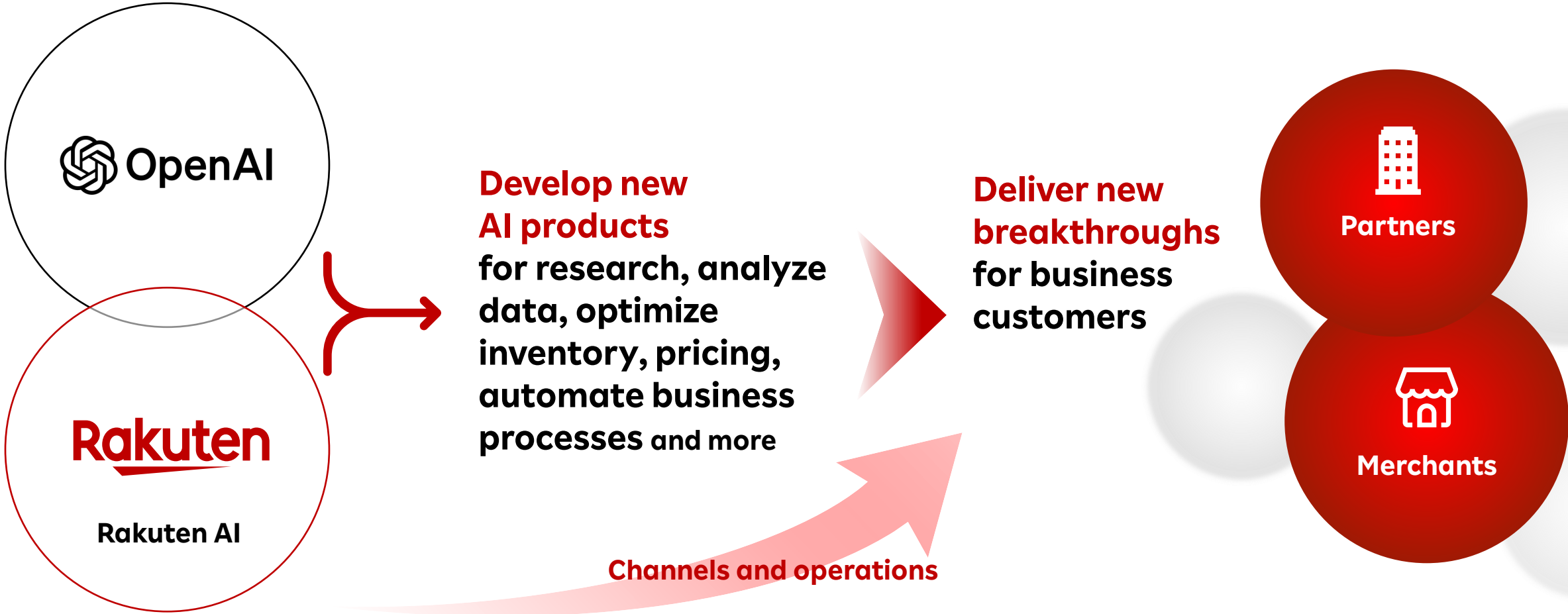


Marketing efficiency
20% increase

Operating efficiency
20% increase

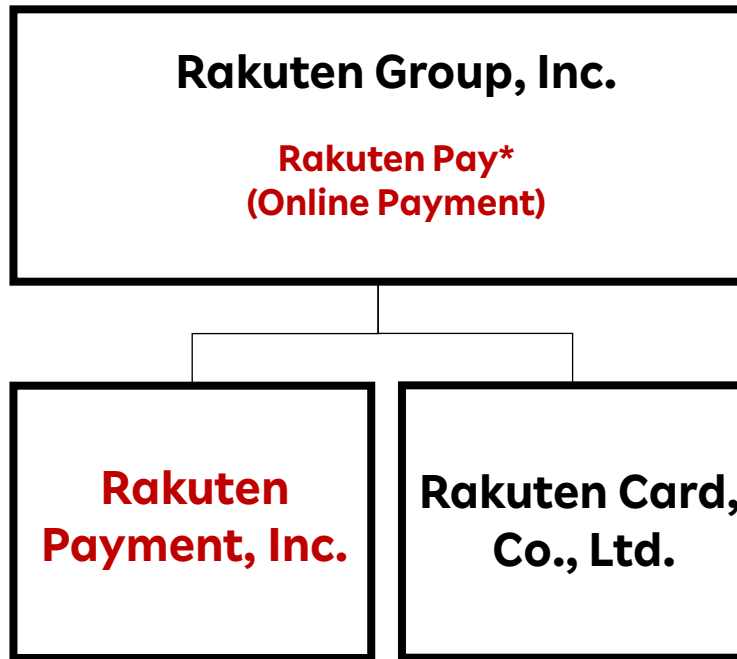
Clients' efficiency
20% increase

Not Just API Collaboration, But Exploring Mutually Beneficial Commercial Opportunities



Reorganization to Enhance Synergy and Improve Transparency in the Value of FinTech Segment

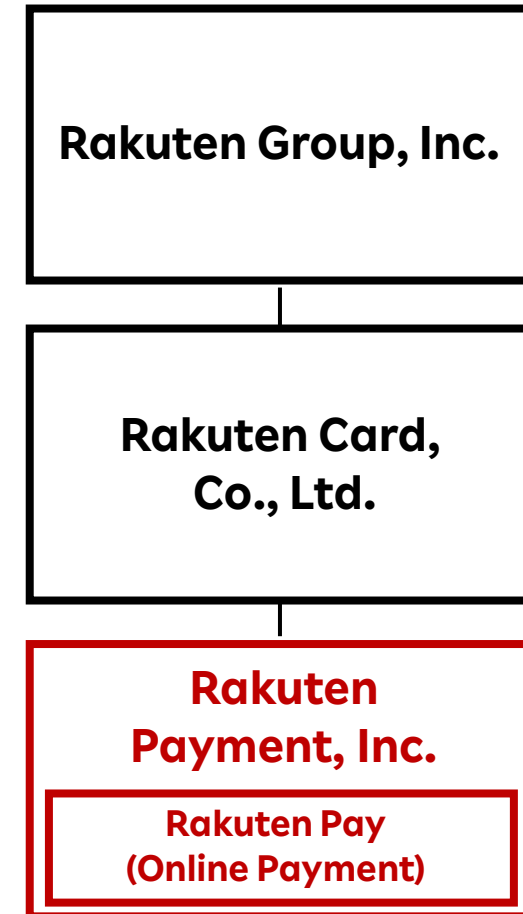
As is



**Realizing an
Integrated
Cashless
Payments
Company**

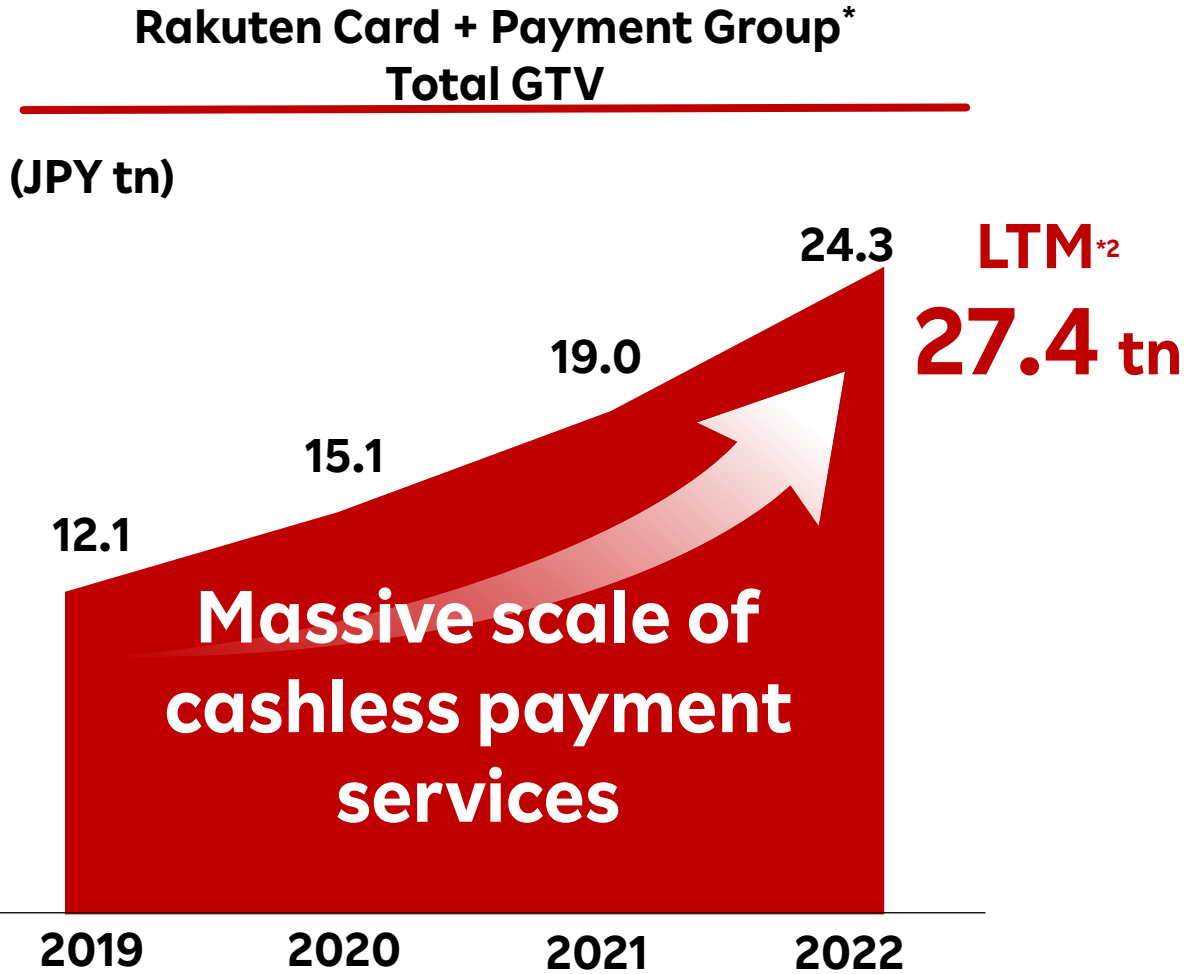


After reorganization
(November 1, 2023)



*1 Rakuten Pay (Online Payment) and Rakuten Point (Online)

Providing Integrated Service Value by Combining Rakuten Payment with Rakuten Card's Massive GTV



**Rakuten Group's Robust Synergies
+ Open Strategy
= Another Big Leap Forward**



*1 Payment Group: Rakuten Pay, Rakuten Point Card, Rakuten Edy, and Rakuten Cash. LTM is also including Rakuten Pay (Online payments) and Rakuten Point (Online)

*2 LTM (July 2022 –Jun 2023)

Newly Launched Comprehensive Offline Payment Device: Rakuten Pay Terminal

Rakuten Pay Terminal

QR Code

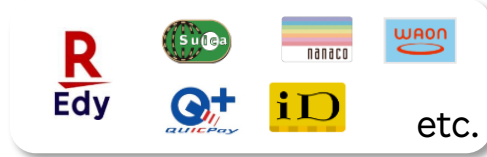


etc.

Credit Card



E-money



etc.

Points



Rakuten Mobile

Rakuten Mobile's 4G LTE support enables cashless payments without restricting users to specific locations, such as cash registers, etc.

*Plans to expand services after Fall 2023.

2. Q2/23 Segment Business Updates

Mobile Segment

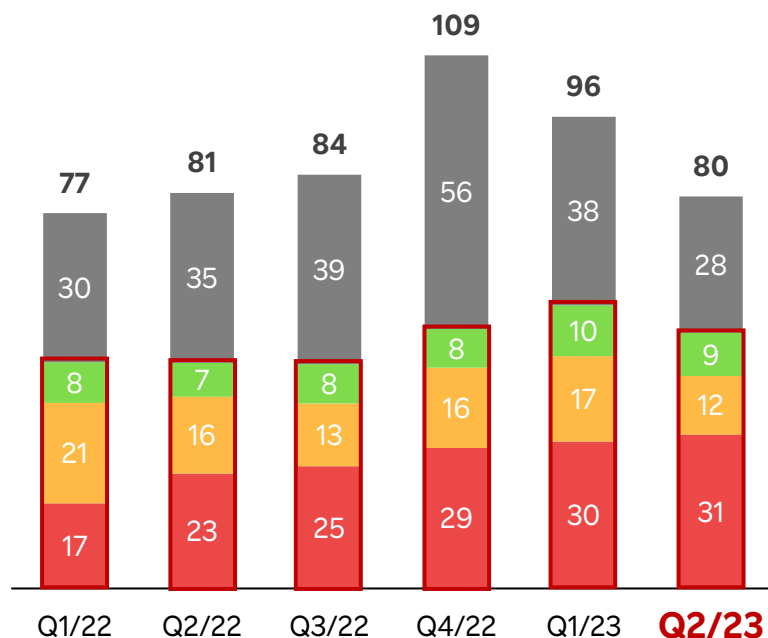
*Rounded to the nearest billions of yen.

Q2/23 (JPY bn)	Revenue	YoY	Operating Income	YoY
Rakuten Mobile	52.2	+13.3%	-78.9	JPY +37.2 bn
Others	27.8	-19.8%	-3.5	JPY +1.9 bn
Mobile Segment	80.1	-0.9%	-82.4	JPY +39.1 bn

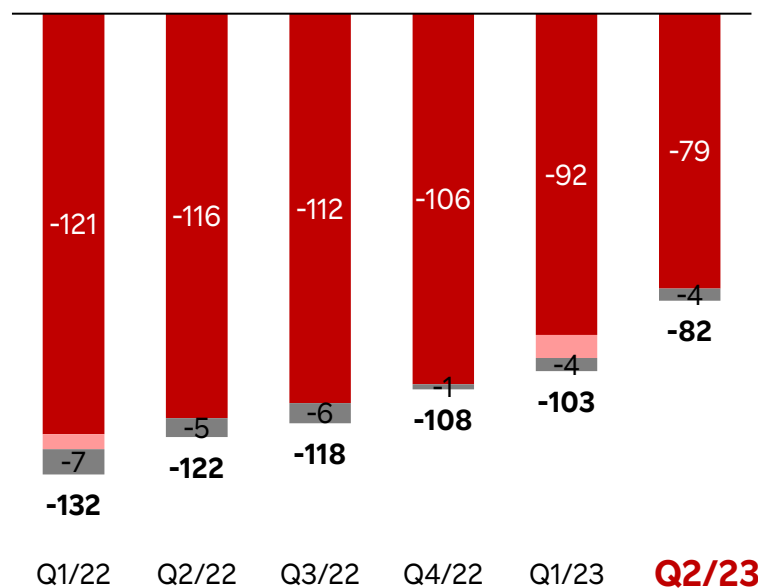
Track Record of Revenue Growth and Profit Improvement

(JPY bn)

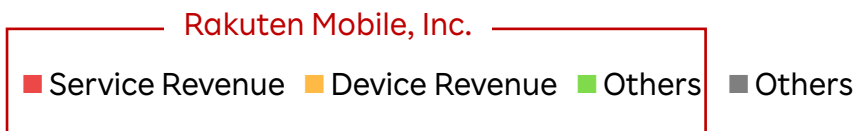
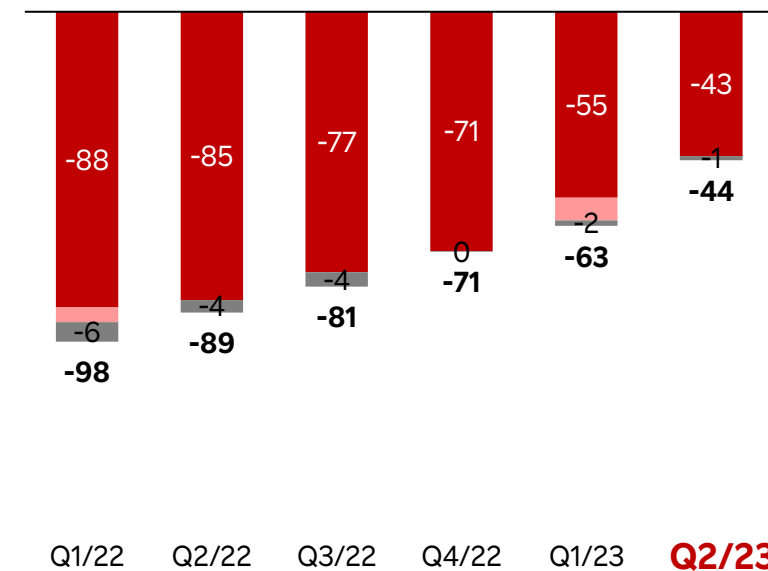
Mobile Segment Revenue*



Mobile Segment Operating Income*



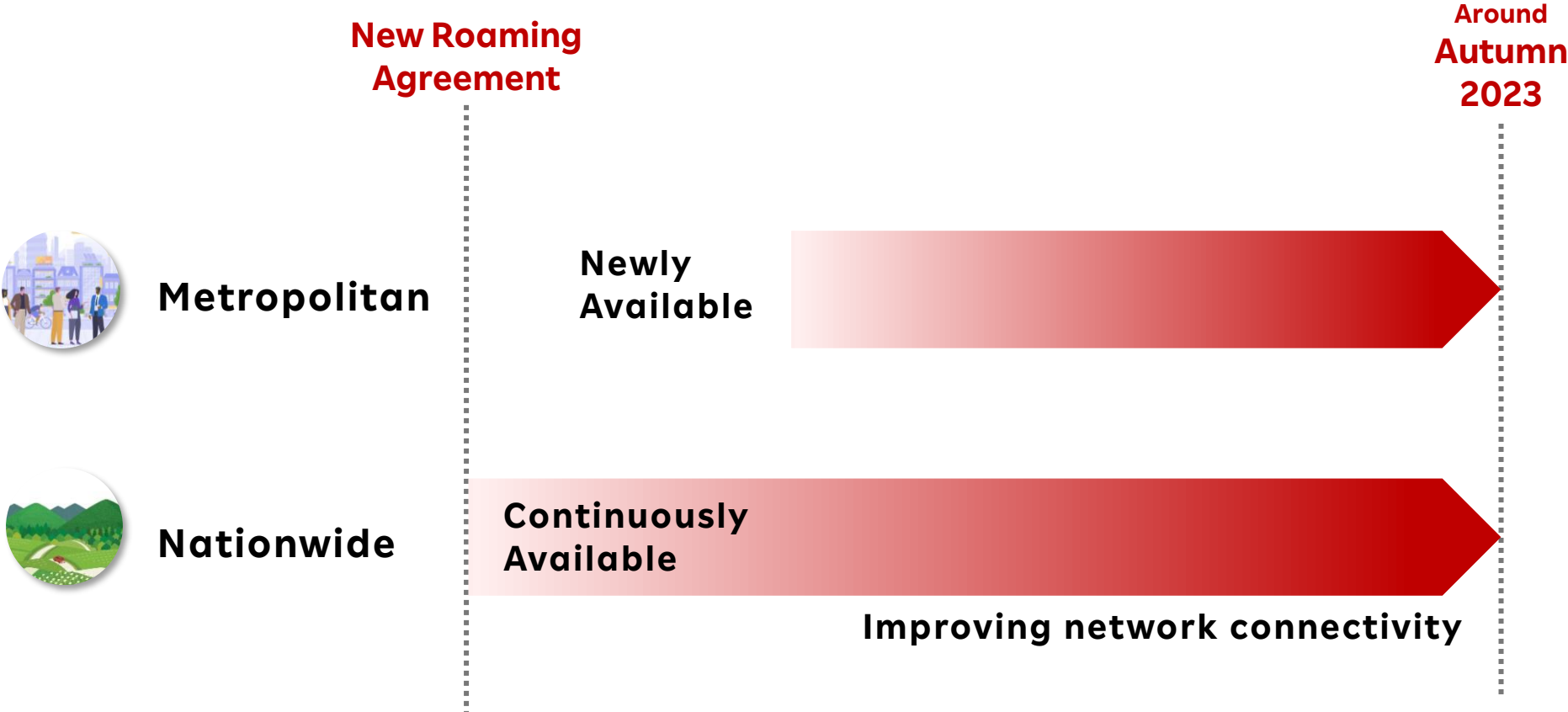
Mobile Segment EBITDA*



* At the beginning of Q1/23, a part of media and entertainment businesses previously included in the Mobile Segment was transferred to Internet Services segment. Previous quarters have been restated to reflect this reorganization.

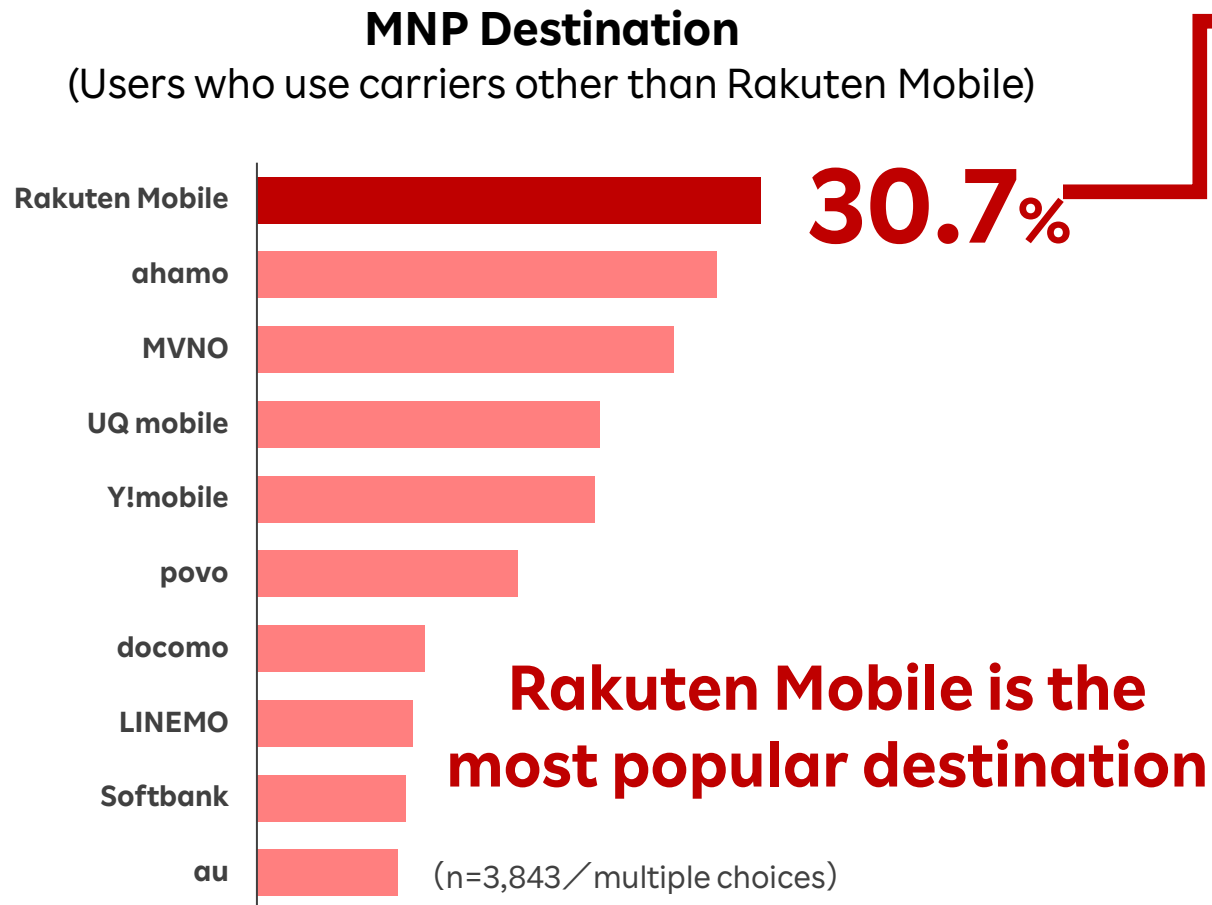
Network Quality Improvement Timeline

- Roaming connectivity will gradually improve according to the new agreement

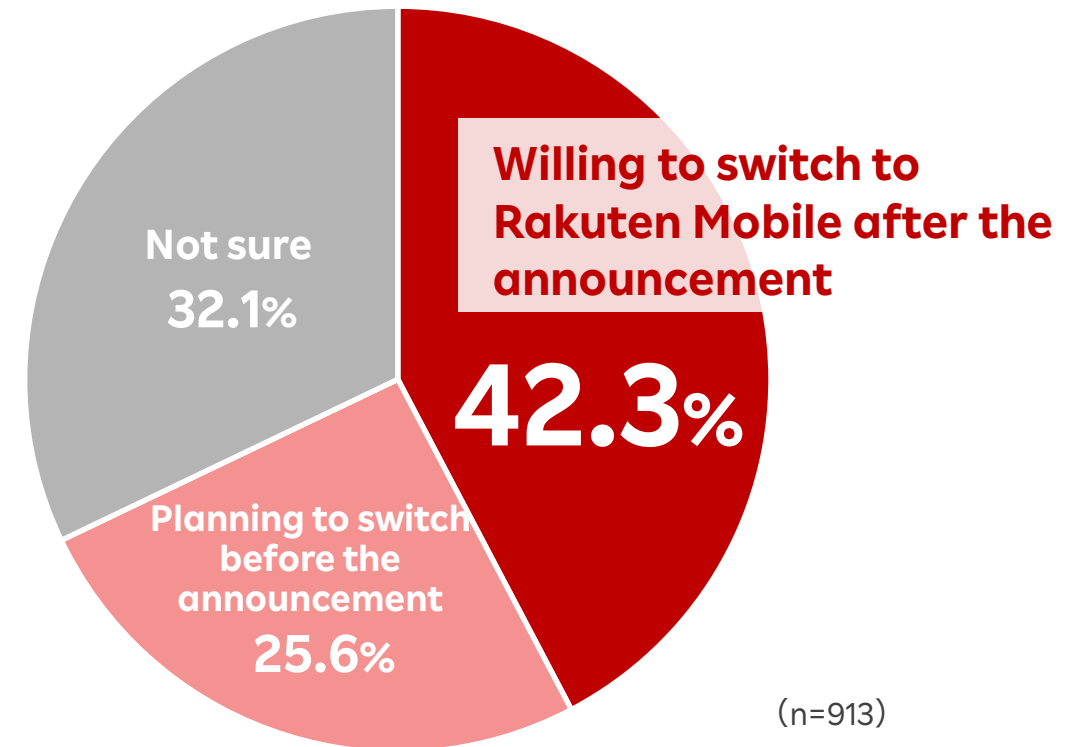


* The above diagram is an image. The actual roaming start timing will be decided after consultation with the other party, and the on-air schedule for each area will vary.

SAIKYO Plan will Accelerate Acquisition



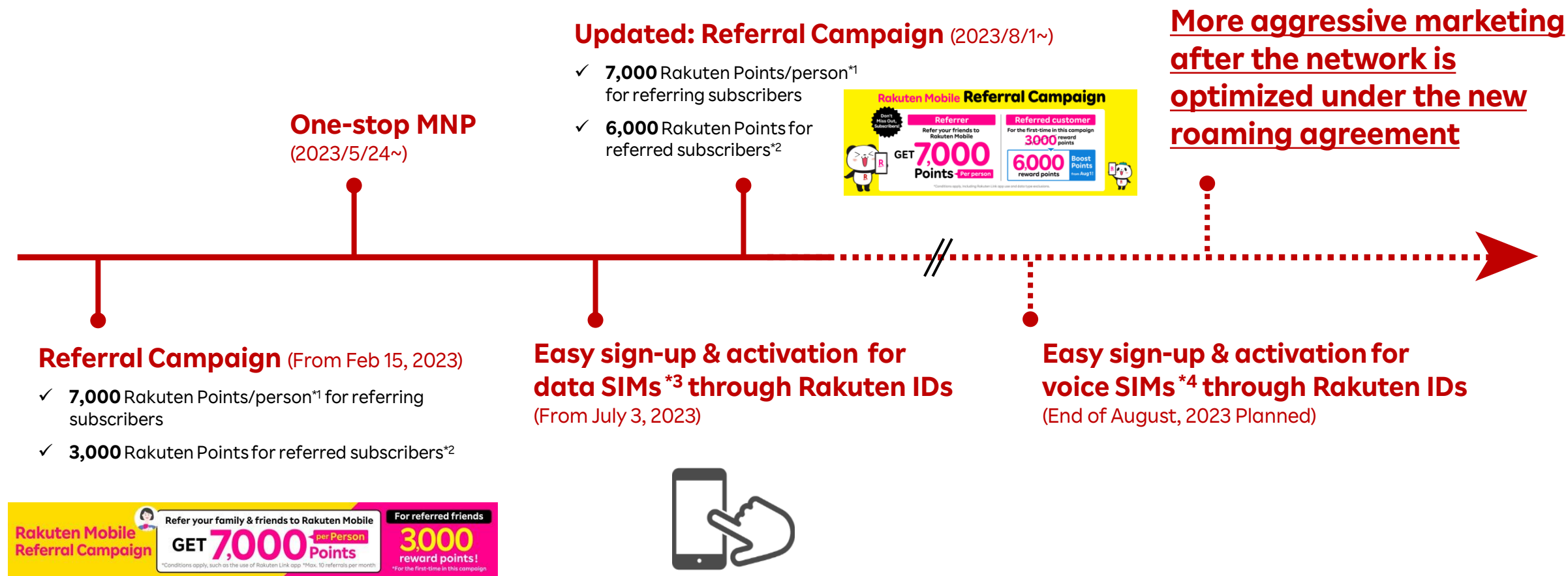
Did the announcement of the Rakuten's "SAIKYO plan" affect the intention to switch phone carriers?



*Source: MMDLabo, research on Rakuten Mobile SAIKYO plan, survey conducted between June 8, 2023 – June 12, 2023. https://mmdlabo.jp/investigation/detail_2219.html

Streamlined Application Process and Marketing Initiatives

■ We will accelerate marketing initiatives once new roaming adjustments are made



*12,000 points will be awarded at the end of the 4th and 5th months starting from the month the referred friends logged in with their Rakuten ID, and 3,000 points will be awarded at the end of the 6th month. These points are limited to six months. Up to 10 referrals can be made within the same month.

*2 Only for the first-time in this campaign.

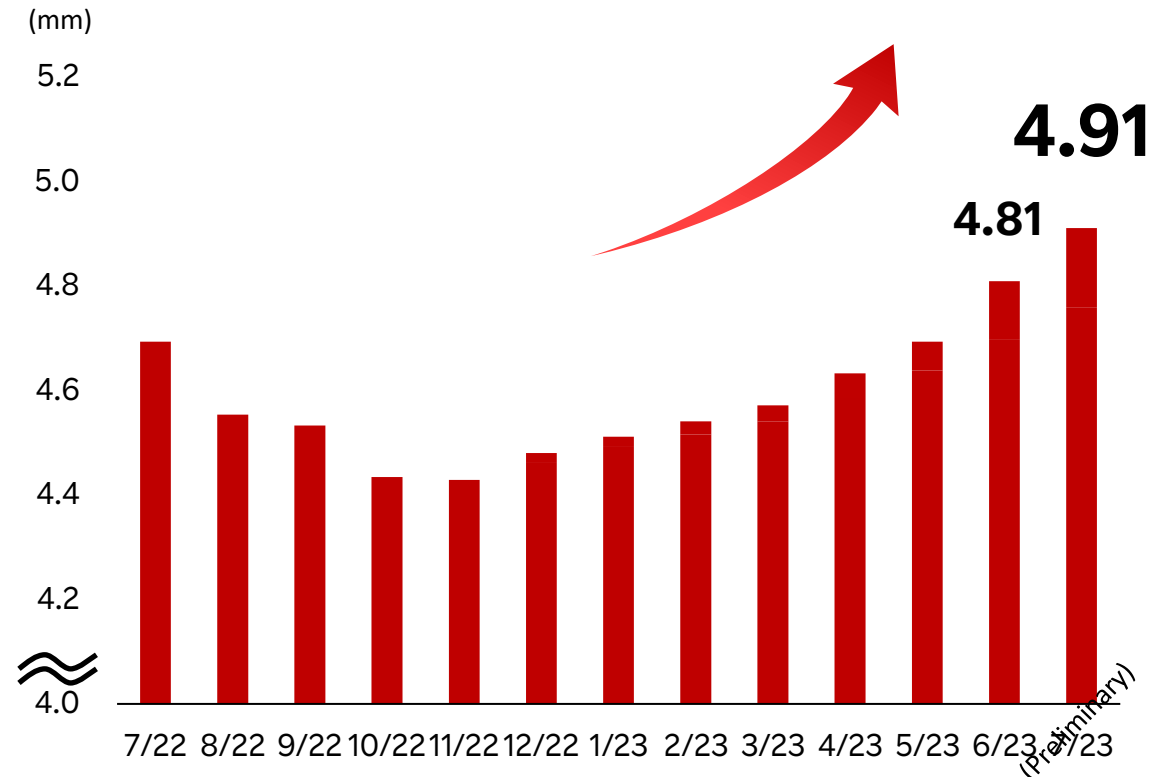
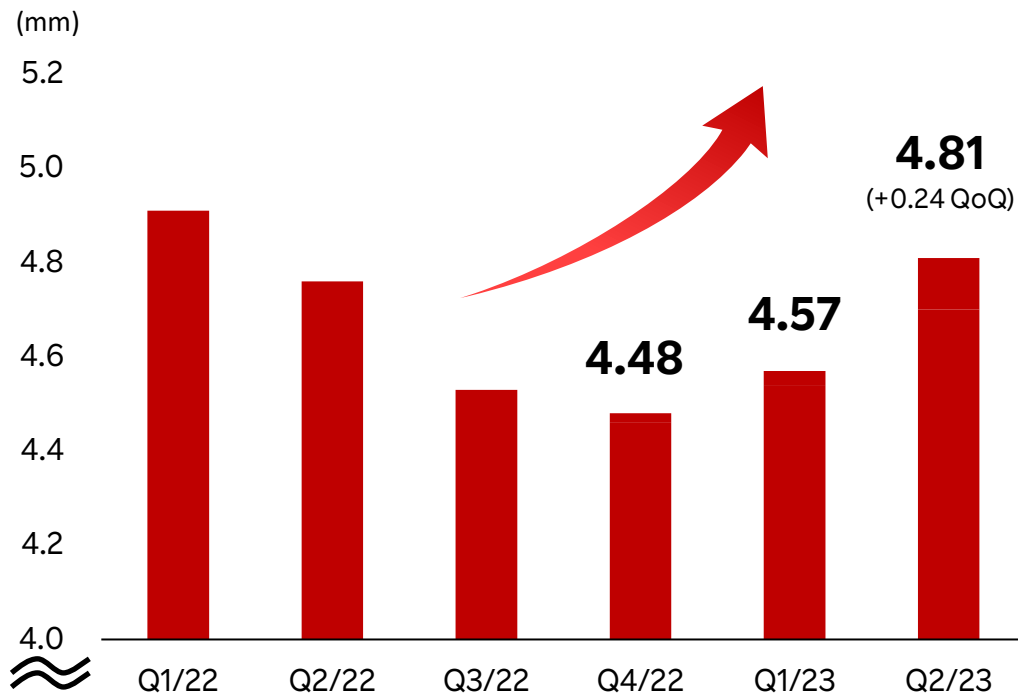
*3 To apply, there are some conditions such as the payment method being "Rakuten Card" and the contractor being over 18 years old. Please check the official website for details.

*4 There are conditions such as completion of user identity verification for Rakuten Bank, Rakuten Securities, and Rakuten Life Insurance.

Subscribers (B2C + B2B) to Accelerate

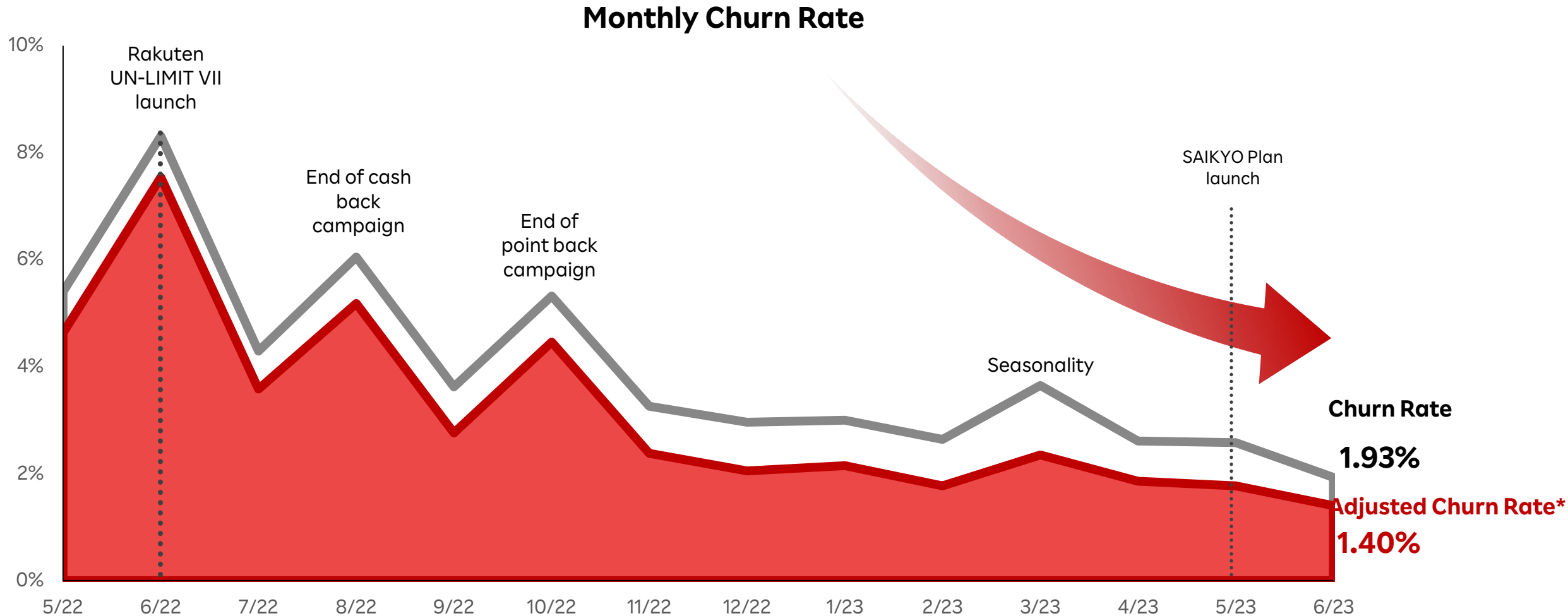
- After the launch of SAIKYO plan, net subscriber increased and subscribers trend accelerating
- Penetration rate in Tokyo 23 wards, Nagoya City, Osaka City is higher than other areas, with improving network with the new roaming agreement, nationwide penetration rate should catch up

Number of Rakuten Mobile subscribers (MNO only, B2C + B2B)



Aiming for Churn (B2C + B2B) to Decline Further

■ Churn is on the decline after June and will decline further as network quality improves

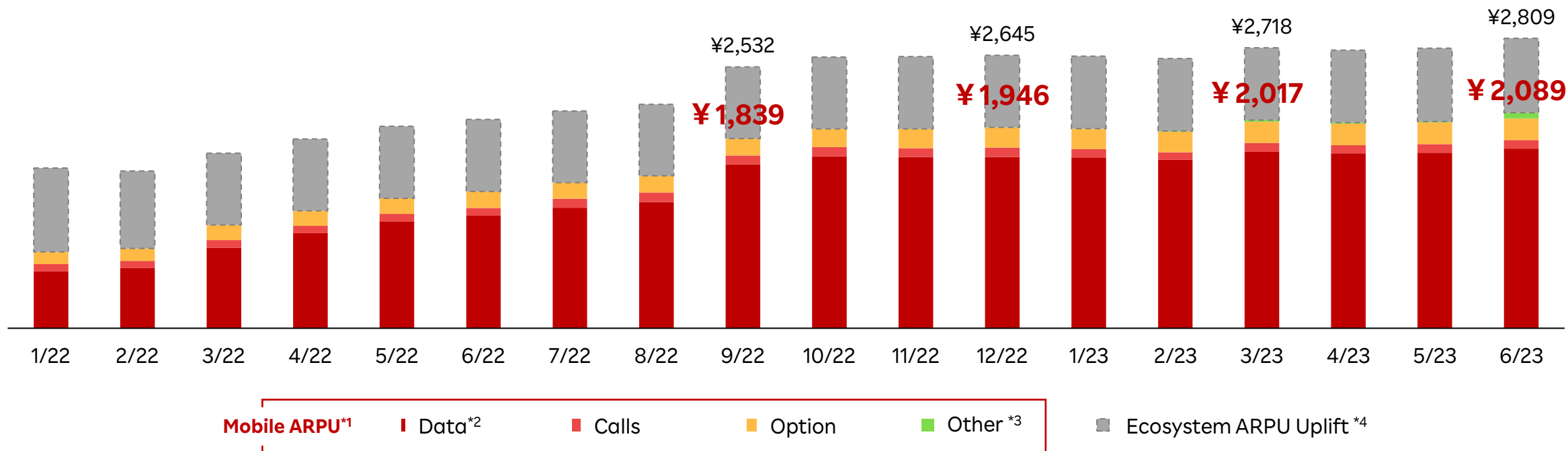


* Excludes churn (B2C) within the same month as activation. Without cancellation fee, Rakuten Mobile is prone to be used as an origination carrier for MNP to receive points, etc. from destination carriers

Growing ARPU (B2C + B2B)

■ ARPU is steadily increasing driven by data ARPU and option ARPU growth

Mobile ARPU + Ecosystem ARPU Uplift



*1 Due to a definition change for subscribers and revenue breakdown, past amounts have been retroactively adjusted. The breakdown of revenue and KPIs is disclosed as an indicator used by management in decision-making (business management indicator). Therefore, the scope of calculation and breakdown may change in the future, and retroactive adjustments may occur.

*2 Data ARPU: Point back campaign for users of less than 1GB during September-October 2022 are recorded as deduction from revenue. However, we include it in the calculation of ARPU here.

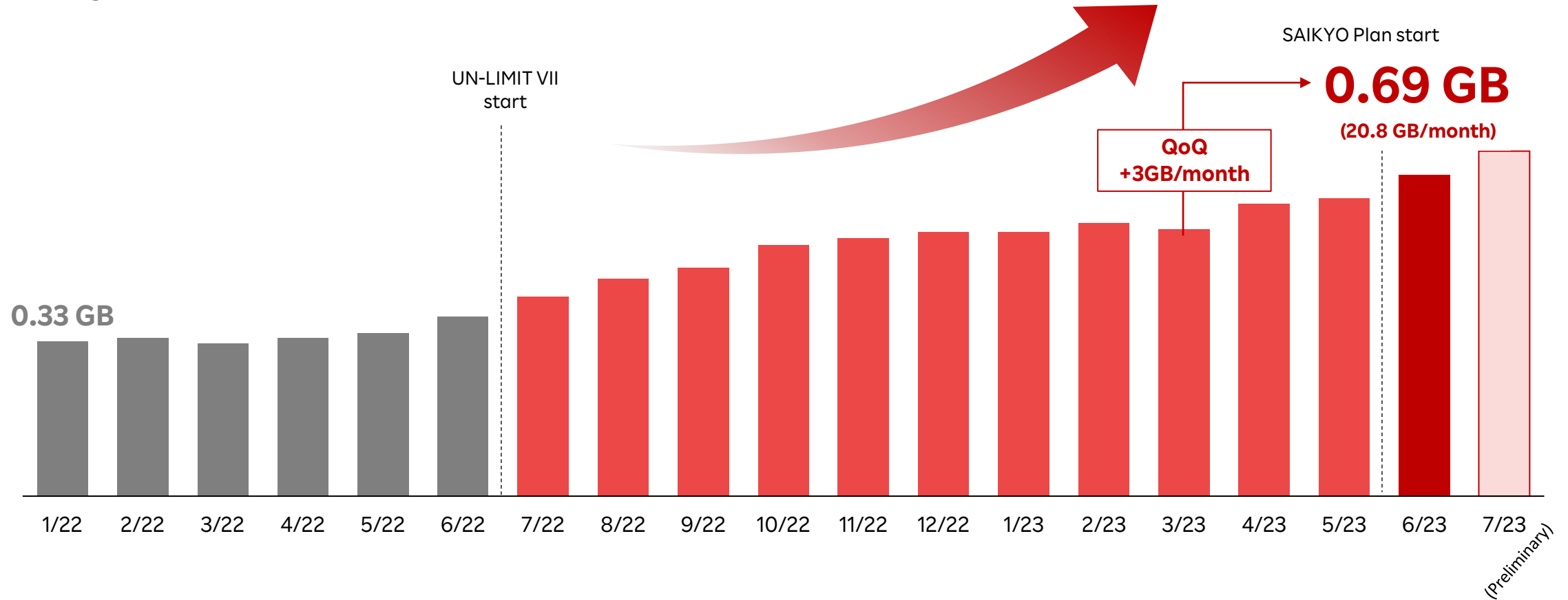
*3 Include advertising, B2B miscellaneous income

*4 Ecosystem ARPU Uplift: Difference in average revenue per person between MNO users and non-MNO users over the past year at ten businesses(Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay online payment). Calculated by comparing MNO users who have been contracted for more than 1 year and non-MNO users for comparison (Among users who are Rakuten active and have not signed an MNO contract in the past year from the corresponding contract month, users who have collected sales for the past year from the corresponding month). Due to the change in the target period for acquiring sample users, past amounts have been retroactively adjusted.

Average Data Volume (B2C)

- Data consumption has increased after the start of SAIKYO Plan

Average Data Volume per Day (GB)

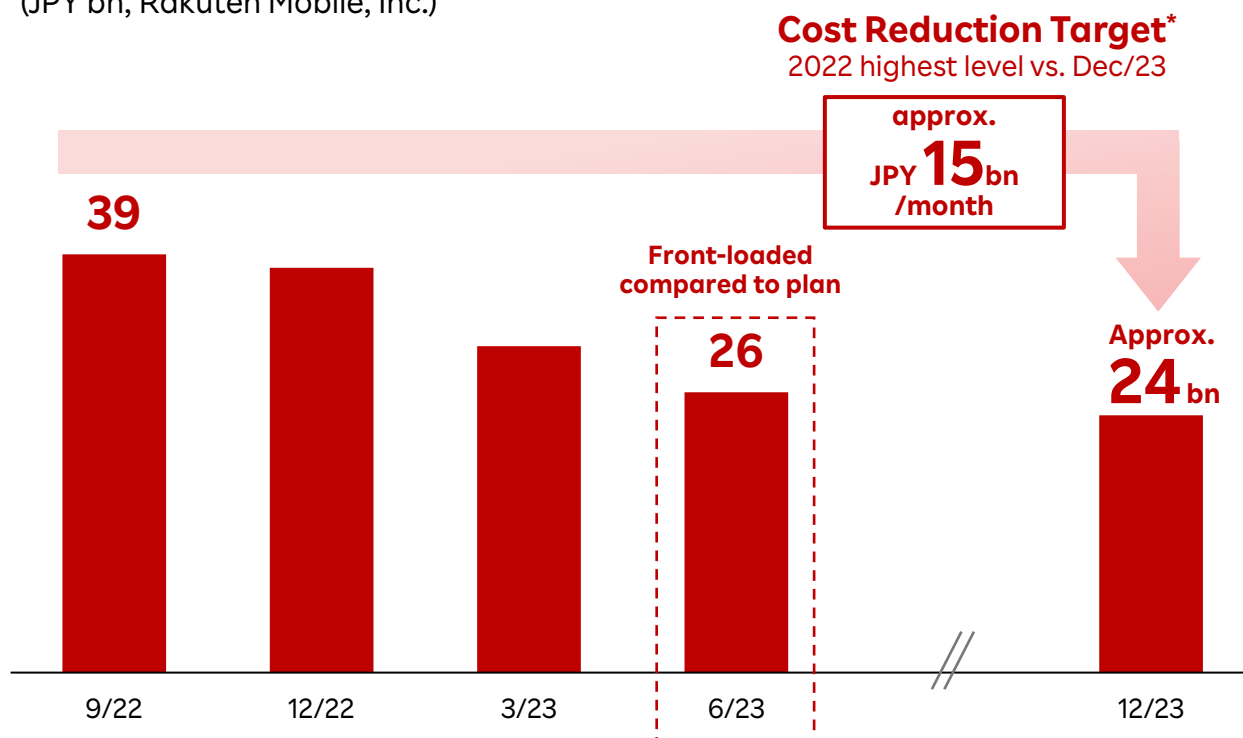


Cost Optimization Update

- Q1/23 and Q2/23 cost reduction significantly ahead of plan, already reaching Q3/23 target

Cost Optimization Target

(JPY bn, Rakuten Mobile, Inc.)



■ Total of Network cost (excluding depreciation) + SG&A (JPY bn)

Cost Reduction Major Items

Roaming cost

- Steady decline even under new roaming contract compared to FY2022 and will continuously decline going forward

Base station construction cost

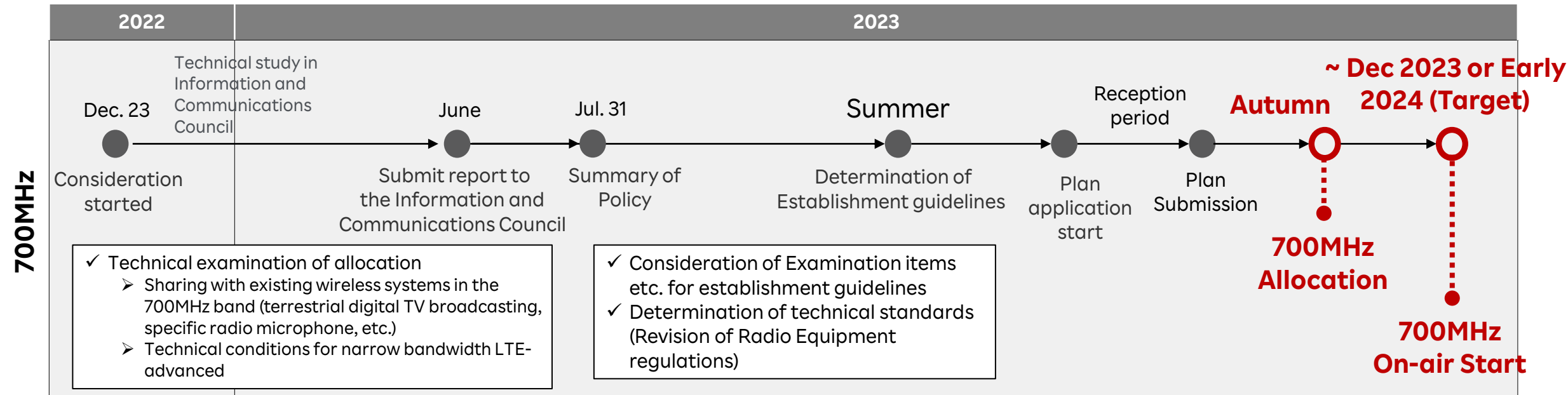
- Outsourcing for network construction
- Costly backhaul and spare fiber
- Logistics and network construction
- Personnel cost

Customer acquisition costs

- TVCM
- Shops

Platinum Band Allocation Schedule

- MIC has indicated that the policy is “To allocate 700MHz around autumn 2023”. We aim to start on-air in Dec. 2023 or early 2024.
- Continuing to pursue Platinum Band, analyzing opportunities in both 700MHz, 800MHz and 900MHz.

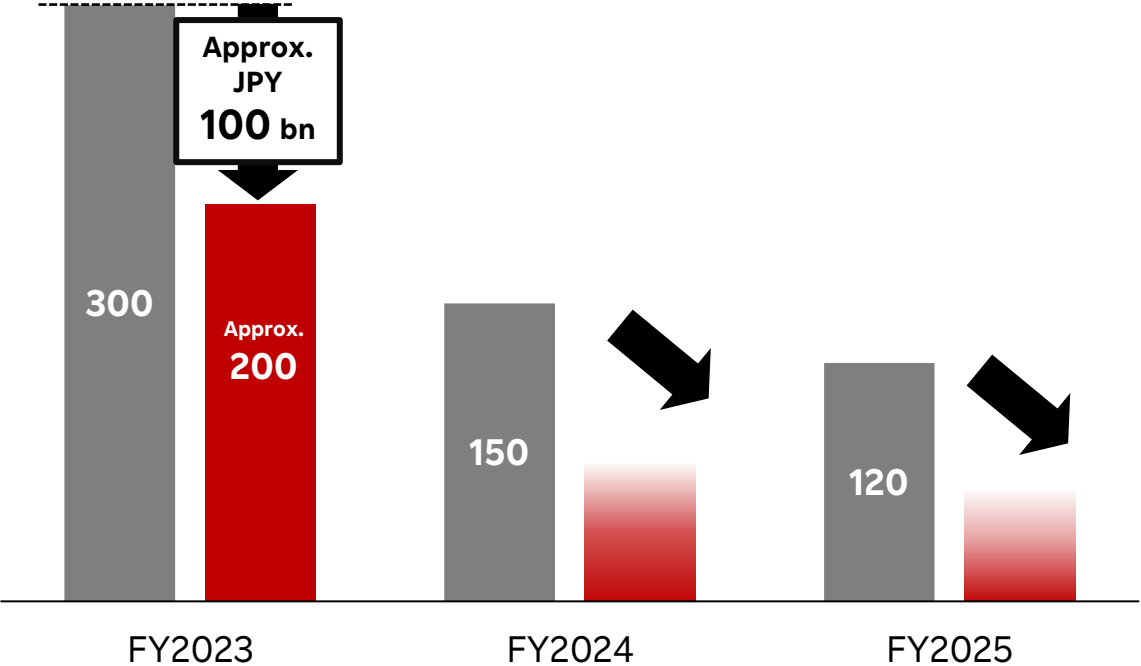


* Platinum Band has not been allocated to Rakuten Mobile as of August 2023.

Reduced Capex Plan

Capital Expenditure*1 *2 *3

■ Original Plan ■ Revised Plan Effective on June 2023



Aim to reduce Capex by
JPY 300 bn
(FY2023 ~ FY2025 total)

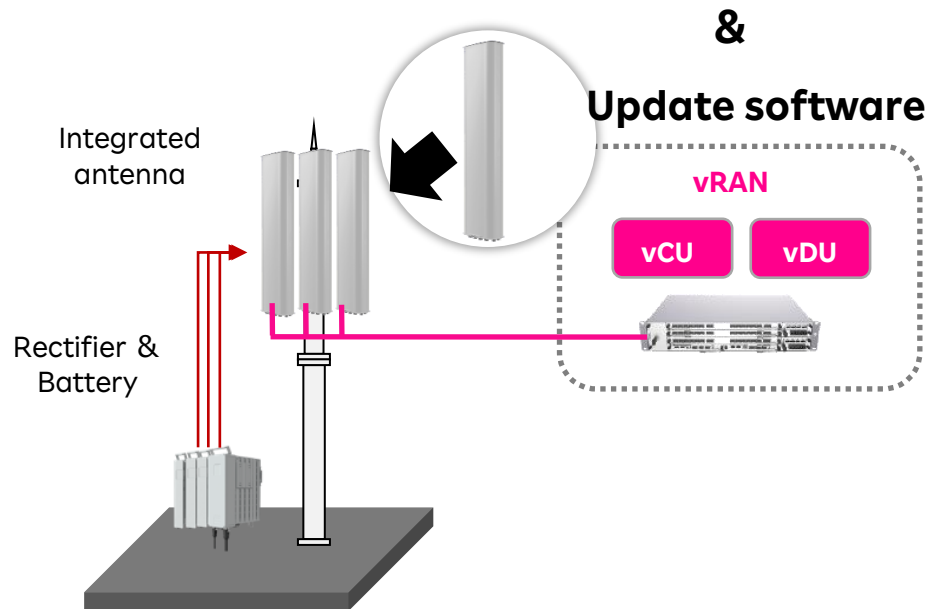
Platinum Band related capex
is partially included

*1 Including 1.7GHz, 3.7GHz, 28GHz, and indoors and excluding IFRS16 right-of-use assets, capitalization for specified base stations opening fee for 5G 1.7 GHz, etc.
*2 May be affected by the delivery status of equipment related to base station construction.
*3 Platinum Band related capital expenditure is not fully included.

Platinum Band related Capex should be at Low Cost

Illustrative Rakuten Mobile's Base Stations

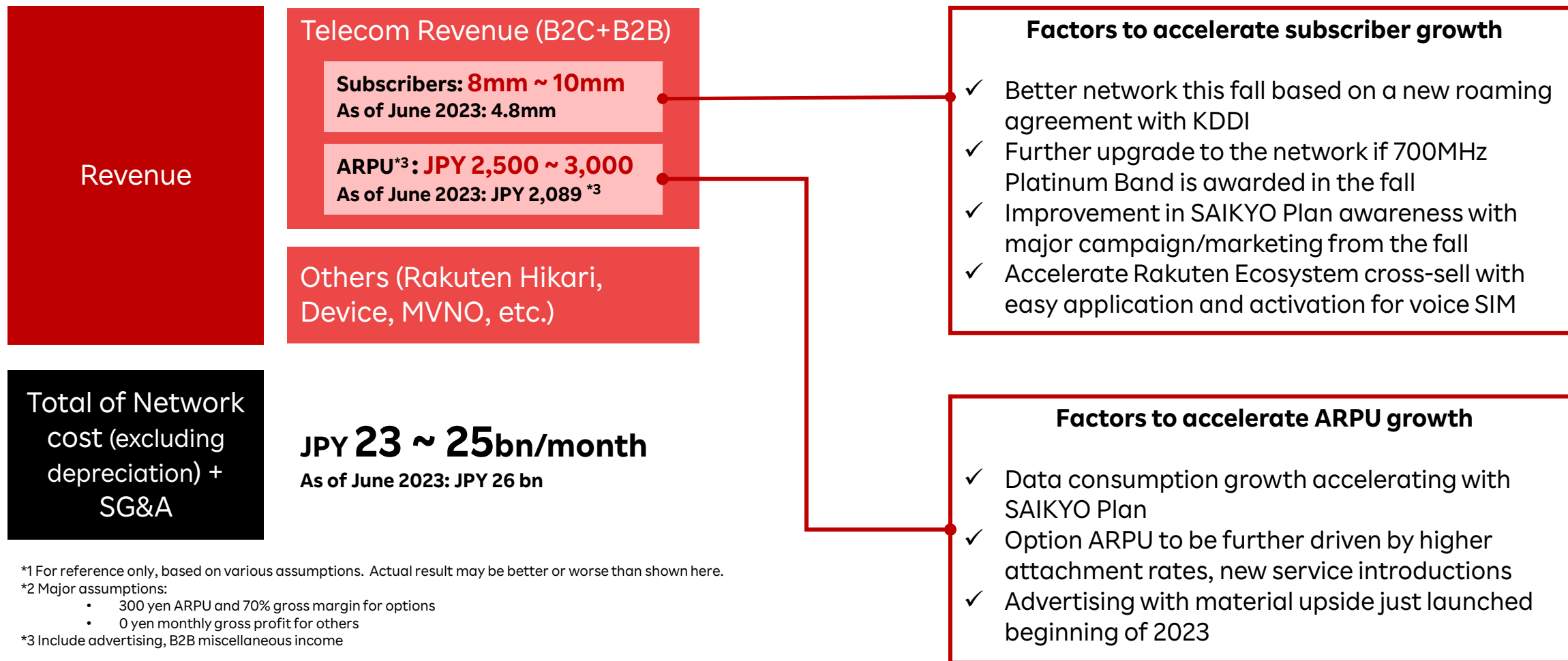
- ✓ Reuse of existing base stations
- ✓ Attach new antenna and radio to existing equipment



By utilizing network technology and our existing base station sites, **Platinum Band base stations buildout should be at low cost**

Rakuten Mobile, Inc. Breakeven Scenario (Reference Only)^{*1 *2}

- We aim to achieve monthly EBITDA breakeven as early as possible



*1 For reference only, based on various assumptions. Actual result may be better or worse than shown here.

*2 Major assumptions:

- 300 yen ARPU and 70% gross margin for options
- 0 yen monthly gross profit for others

*3 Include advertising, B2B miscellaneous income

Path to Becoming No. 1 Mobile Carrier

**Unique value that only
Rakuten Mobile can deliver to consumers**

Backed by

- **No. 1 Ecosystem**
- **Considerable cost structure advantage provided by latest network technology**



Rakuten Symphony

Programmable network

Rakuten Symphony: Q2/23 Business Unit Highlights

- Rakuten Symphony is maturing its products while succeeding to acquire multiple new telco and non-telco customers across all four business segments

Q2/23 Key Updates from each Business Unit

Cloud

Symcloud™ Storage

- Secured deal with **leading digital media company**

Symcloud™ Platform

- Secured global deal with **private 5G channel partner**

RAN

Product development

- Delivered features to satisfy **1,000+ customer requirements**

Brownfield traction

- Field activities in progress to **deliver brownfield solution** for deployment at **Tier 1 operator**

OSS/BSS

Site Management Suite

- Massive expansion of user base for entire US region (**3,000+ active users**)

Cloud-ecosystem

- Successful OSS deployment on all **three leading public clouds**

Internet Services

Rakuten Drive

- **Four key B2B contracts** nearing finalization with prominent resellers in Japan and Korea

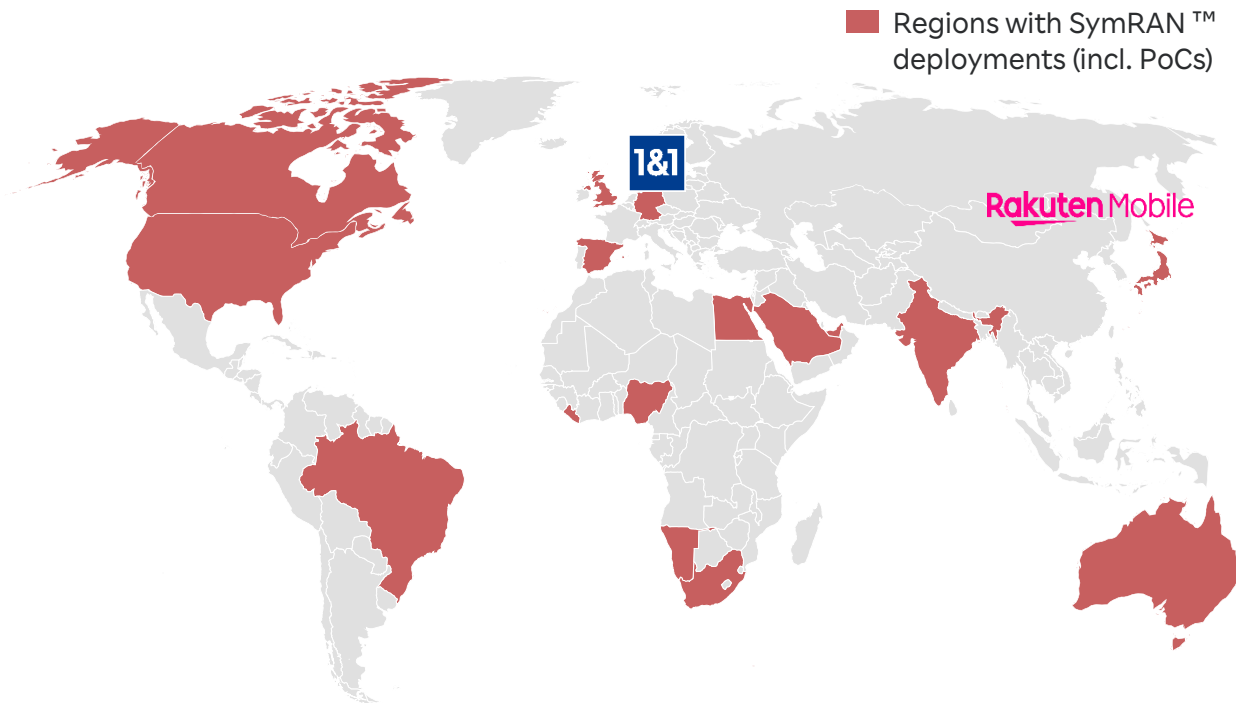
CPaaS

- Significant number of **customers added** - expecting a stable growth

Rakuten Symphony: Our Global Open RAN Deployment Strategy

- Continue delivering major milestones to anchor customers
- Penetrate the massive brownfield opportunity with our mature Open RAN solution

Our Global Open RAN Deployments to Date



We have a track record of **strong performance** across **25+ PoCs and field trials** with large brownfield operators around the world

Our Massive Brownfield Opportunity

The global **brownfield Open RAN TAM** is expected to be **many times larger** than greenfield*



Reach **feature parity** with legacy RAN **by Q3/23**; build trust by proving performance in first commercial Tier 1 brownfield deployment



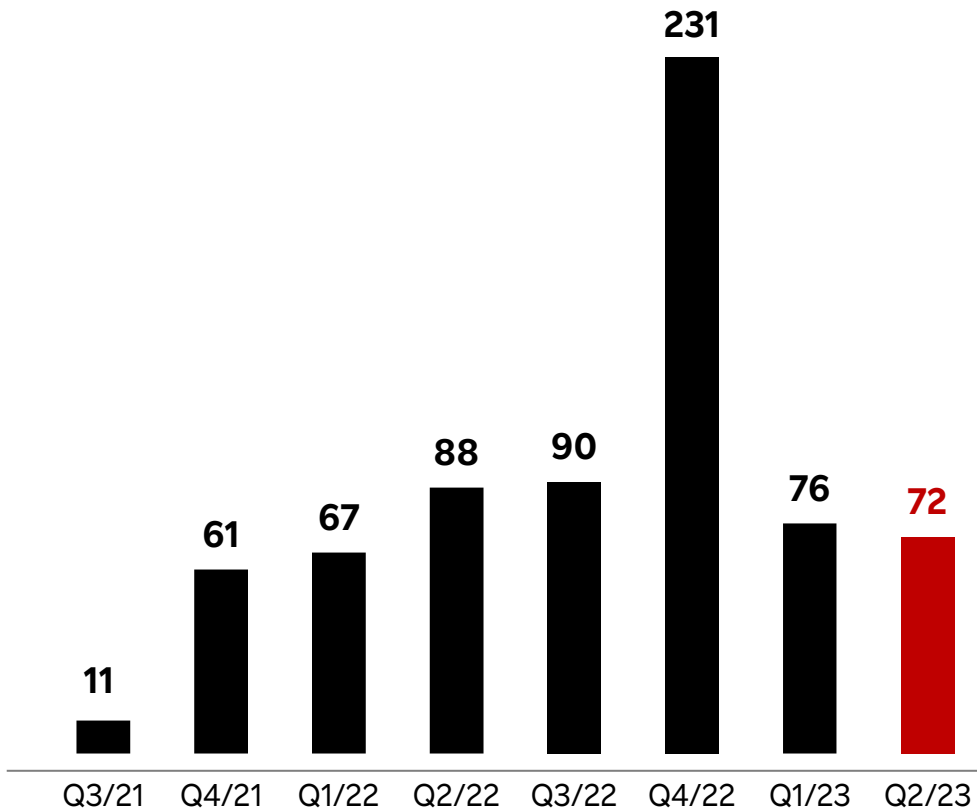
Engage in further brownfield opportunities with good market reputation and scale

Rakuten Symphony: Q2/23 Financial Results

■ Operating income improving under strict expense control

Revenue

Unit: USD (mm)



Q2/23 Financial Summary

Revenue decreased by 18.5% YoY mainly due to:

- Delivery progressed for our existing global customers but with more focus on our anchor clients
- Revenue tend to be uneven on a quarterly basis due to seasonality and hardware deliveries etc.
- More revenue expected to be recognized in Q3/23 and Q4/23 along with project delivery

Operating Loss improved mainly due to:

- Company-wide cost optimization initiatives

Our Key Financial Goal Remains to Achieve Profitability

VEON × Rakuten

VEON and Rakuten to Cooperate in Open RAN and Digital Services to Rebuild Ukraine's Infrastructure



Internet Services Segment

*Rounded to the nearest billions of yen.

Q2/23 (JPY bn)	Revenue	YoY	Operating Income	YoY
Domestic E-Commerce ^{*1}	216.7	+13.5%	20.6	+2.0%
Core Businesses ^{*1}	186.8	+12.9%	31.3	+4.2%
Growth Investment Businesses ^{*2}	29.9	+17.3%	-10.8	JPY -0.9 bn
Others Internet Services ^{*3}	78.0	+7.0%	-6.1	JPY -4.7 bn
Others (excluding Minority Investment) ^{*3}	78.0	+7.0%	-3.5	JPY +0.3 bn
Internet Service Total	294.7	+11.7%	14.5	-23.0%

*1 From Q1/23, a part of the SPU costs was transferred from Rakuten Mobile to Rakuten Ichiba. Past figures have not been retroactively adjusted.

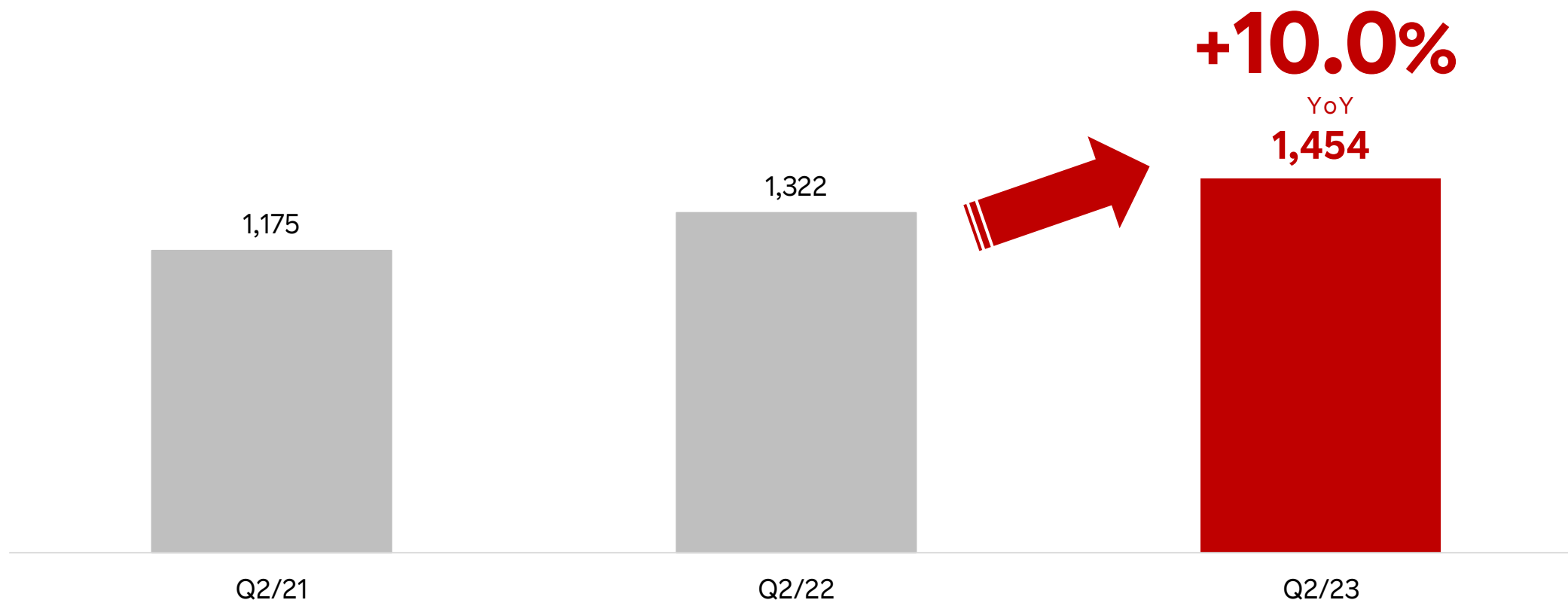
*2 From Q1/23, Rakuten Tickets was transferred from Mobile segment to Internet Service segment (Growth Investment Business of Domestic EC category). Point Gallery was transferred from Other Internet Services to Domestic EC (Core Business of Domestic EC category). Past figures have been retroactively adjusted.

*3 From Q1/23, Contents Media, Streaming JP, NBA Broadcast, Rakuten TV Europe, IP Content, and Pacific League, etc. were transferred from Mobile segment to Internet Services Others segment. Past figures have been retroactively adjusted.

Q2/23 Domestic E-Commerce GMS Highlights

- Domestic E-Commerce GMS ^{*1*2*3} achieved consistent and robust growth in the post-pandemic period

Domestic E-Commerce GMS (JPY bn)



*1 Domestic E-commerce GMS (excludes certain tax-exempt businesses, includes consumption tax.) is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Books Network, Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24, Car, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, Rakuten Ticket and cross boarder trading, etc.

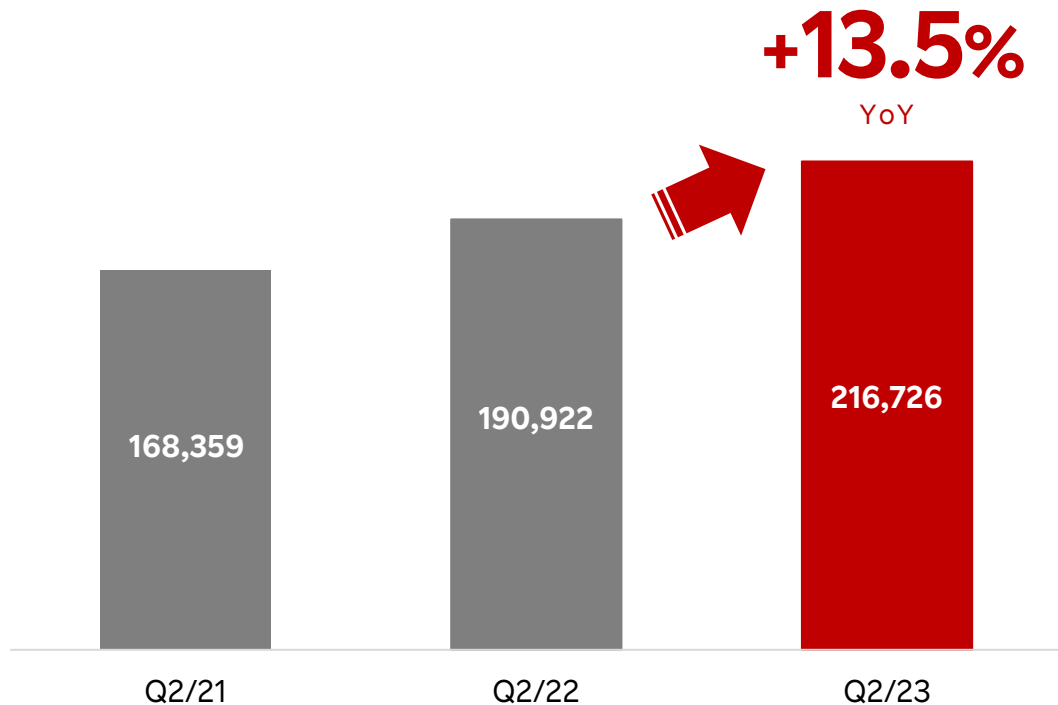
*2 From Q1/23, Rakuten Ticket was transferred from Others segment to Domestic E-commerce segment. Past figures have been retroactively adjusted.

*3 From Q2/23, a portion of Domestic E-commerce GMS definitions, etc. have been revised. Past figures have been retroactively adjusted.

Q2/23 Domestic E-Commerce Financial Highlights

- Revenue achieved robust growth exceeding the GMS growth rate, mainly due to growth in the advertising business
- Without SPU cost from re-allocation from Rakuten Mobile*, operating income growth would have been 12.0%

**DomesticEC
Revenue (JPY mm)**

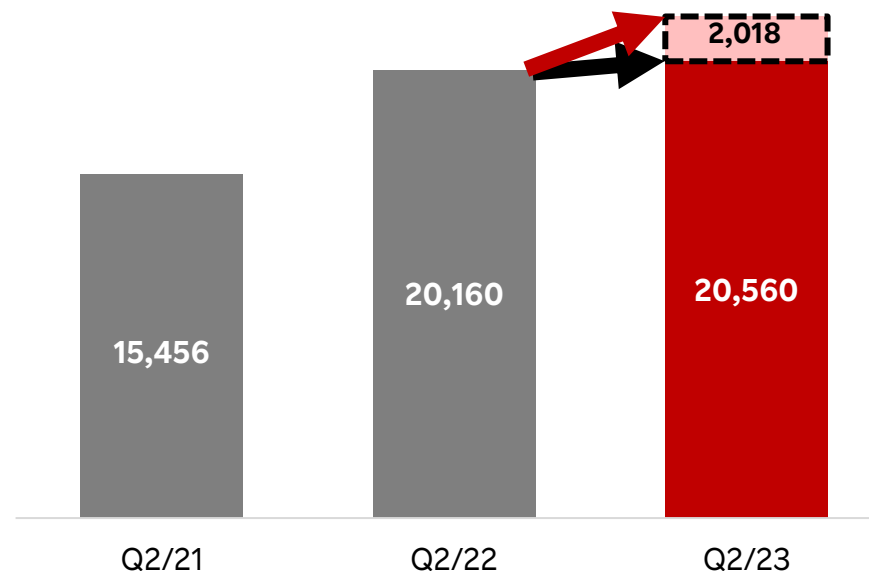


**Domestic EC
Non-GAAP Operating Income (JPY mm)**

 SPU cost from re-allocation from Rakuten Mobile

**Adjusted Figures
(Not including SPU cost)**

+12.0%
YoY

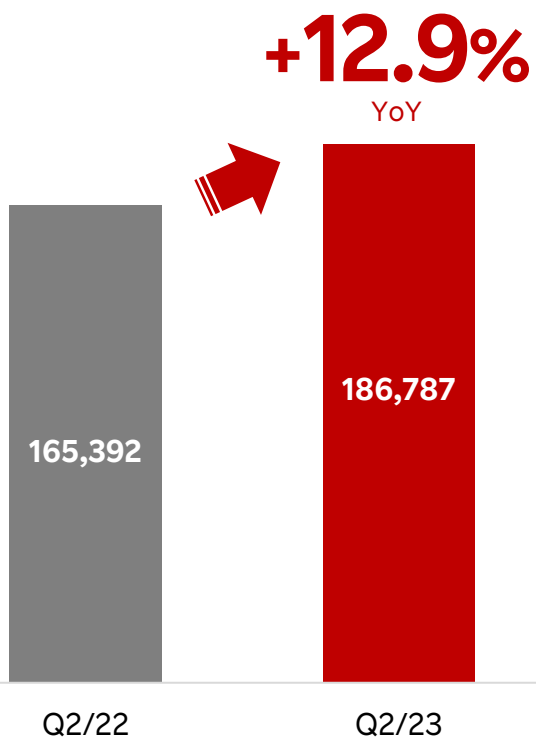


* From Q1/23, a part of the SPU costs was transferred from Rakuten Mobile to Rakuten Ichiba. Past figures have not been retroactively adjusted.

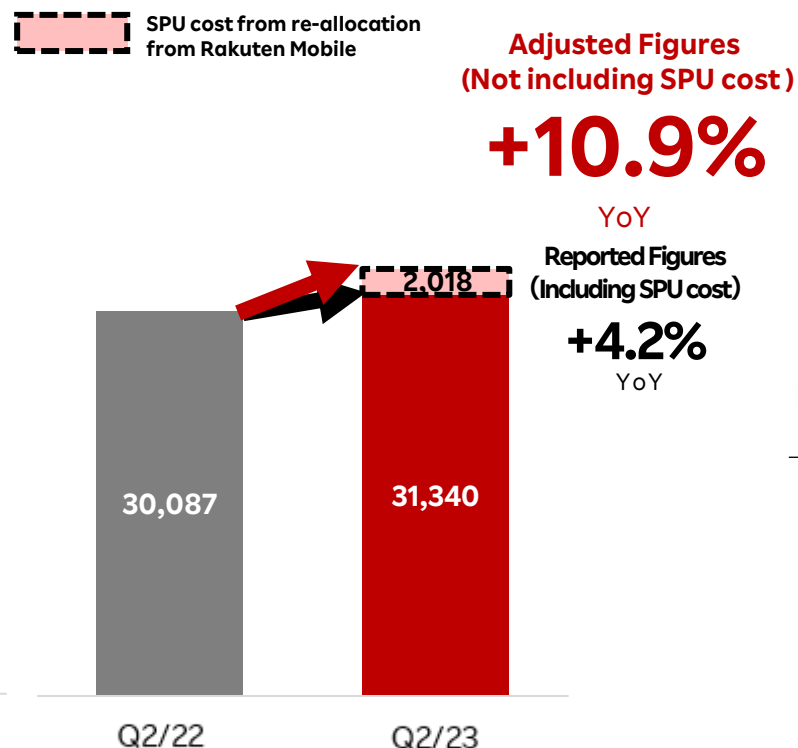
Q2/23 Domestic E-Commerce Core Businesses Financial Highlights

- Revenue and operating income of Domestic E-Commerce Core Businesses*1 achieved strong growth, and KPIs for Rakuten Ichiba and Rakuten Travel both continued to show solid growth
- Although operating income has been affected by the transfer cost of personnel from Rakuten Mobile as well as from the re-allocation of SPU costs, personnel from Rakuten Mobile will contribute to further Domestic E-commerce revenue growth in the near future

Core Businesses Revenue (JPY mm)



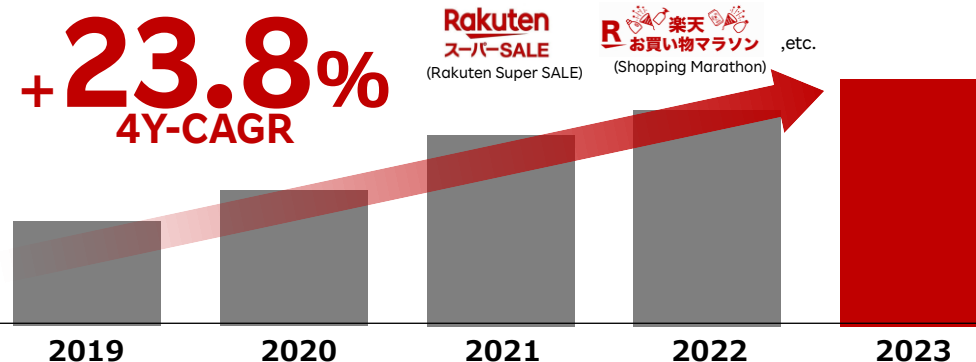
Core Businesses Non-GAAP Operating Income (JPY mm)



Core Businesses Major KPIs

Rakuten (Rakuten Ichiba)

Annual GMS Trends*2 in Large Sale Events



Rakuten Travel

Q2/23 Domestic Hotel Checkout GTV*3



Overwhelmingly Outpacing Industry Growth*5

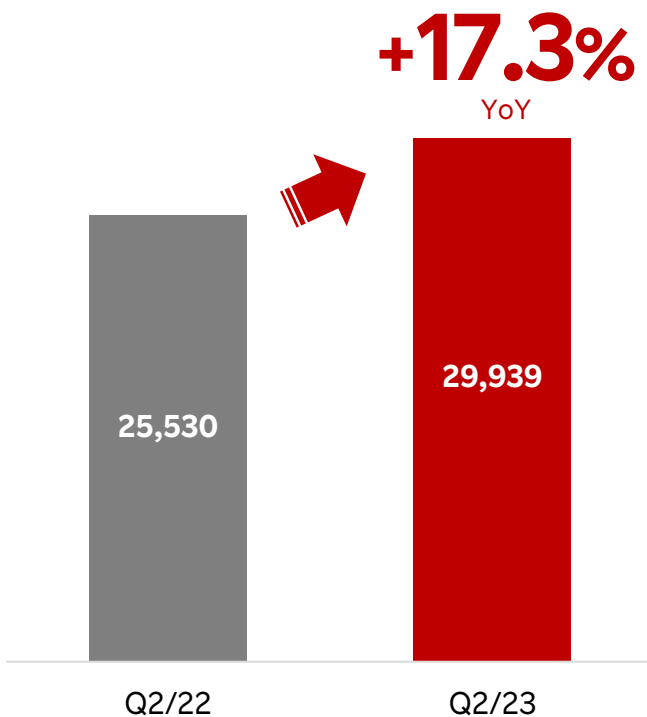
Avg. over 60pt*6

*1 Rakuten Ichiba, Rakuten Travel, Books Network, Golf business, Rakuten Dream businesses, Open Commerce, Hunglead, BIC, Home Life Direct, and Car etc.
 *2 GMS from July of the previous year to June of the current year for large-scale sales campaigns (such as "Rakuten Super SALE" and "Shopping Marathon") conducted between 2019 and 2022.
 *3 Excluding corporate reservations
 *4 2023 GMS versus 2019 GMS
 *5 Japan Tourism Agency, Flash Report on Major Travel Agency Transaction Amounts.
 *6 Average monthly difference between Rakuten Travel GMS Yo4Y and Industry GMS Yo4Y (Jan/23 – Jun/23)

Q2/23 Domestic E-Commerce Growth Investment Businesses Financial Highlights

- For the Logistics Business (RSL^{*1}), which accounts for a large portion of Growth Investment Businesses^{*2}, both the number of merchants using RSL and shipment volume grew strongly
- Merchants using RSL have a higher GMS growth rate than stores not using RSL. The Logistics Business is making a significant contribution to the improvement of GMS in Domestic E-Commerce

Growth Investment Businesses
Revenue (JPY mm)



Logistics Business

Number of merchants under contract

+32.5%

Jun/23 vs Jun/22

Shipment Volume (RSL)

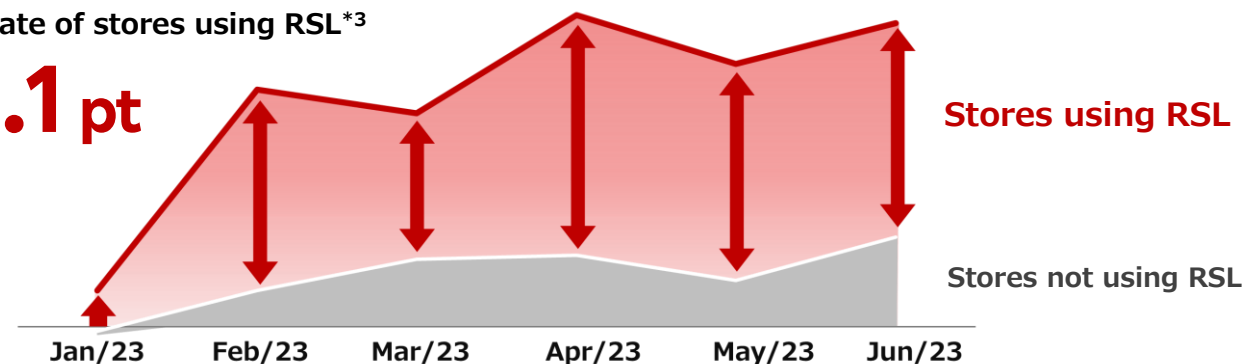
+62.9%

Q2/19-Q2/23 CAGR

GMS in "Rakuten Ichiba" (YoY)

Average growth rate of stores using RSL^{*3}

+9.1 pt



*1 Rakuten Super Logistics

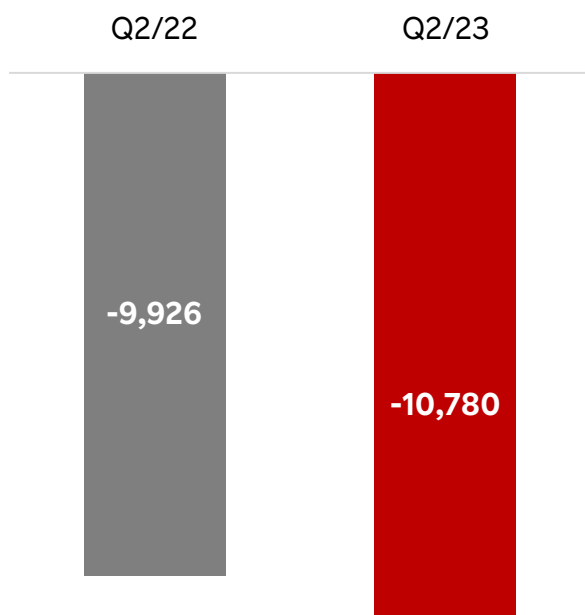
*2 Fashion 1st Party, C2C, Rakuten Seiyu Netsuper, Logistics business, Rakuten Beauty, Dining, Rakuten Ticket and cross border trading etc.

*3 Merchants that ship 80% or more of their "Rakuten Ichiba" orders via RSL are defined as merchants that have adopted RSL. Difference in GMS YoY between merchants using RSL and merchants not using RSL, averaged from January to June 2023

Q2/23 Domestic E-Commerce Growth Investment Businesses Financial Highlights

- Despite the lack of improvement in operating income, we have diligently implemented comprehensive cost controls. Several Growth Investment businesses are showing a positive trend towards profitability, and we are pursuing early breakeven
- Within the Logistics business, we anticipate enhancing profitability by optimizing delivery efficiency, including the promotion of direct delivery

Growth Investment Businesses Non-GAAP Operating Income (JPY mm)



Logistics Business

Improving Efficiency in Delivery Methods

Efficiency improvement through cooperation with Japan Post and JP Rakuten Logistics



Direct delivery has been launched and being implemented gradually. It will contribute greatly to enhancing profitability.

* Rakuten Fulfillment Center (Operated by JP Rakuten Logistics)

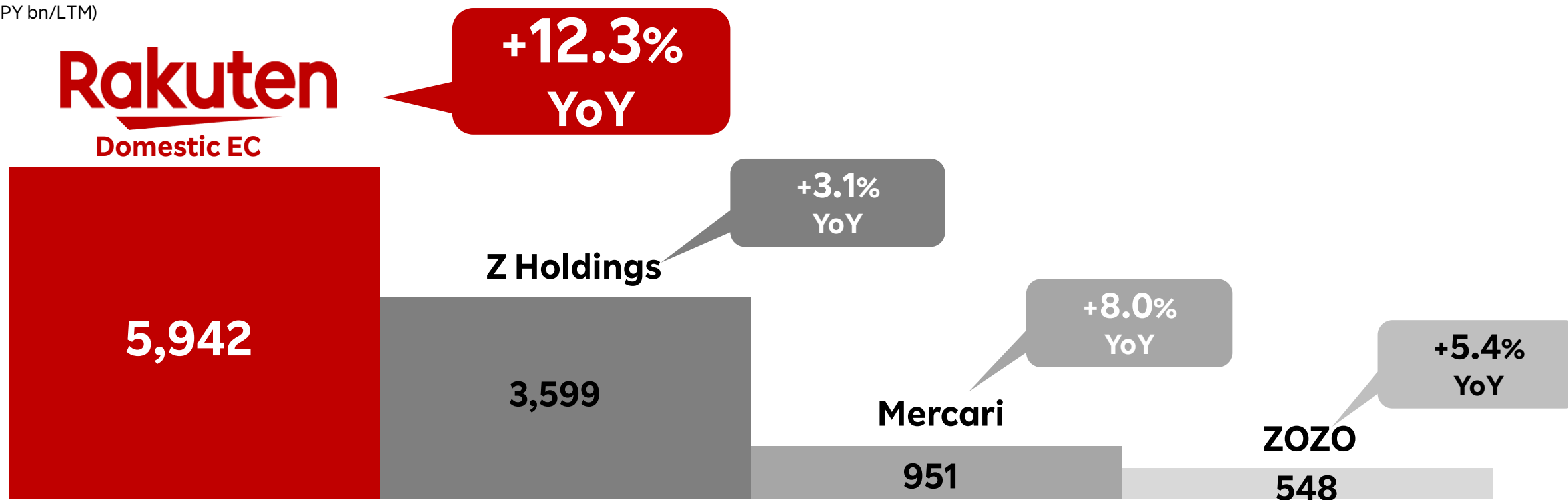
Overwhelming Growth and Scale of Rakuten's Domestic E-Commerce in Japan

- Rakuten's Domestic E-Commerce is one of the largest in the Japanese E-Commerce industry and its growth rate also outstrips that of its competitors

Rakuten Domestic EC's presence in Japan

Last Twelve Months (LTM) GMS Comparison with Major Domestic EC Competitors*2

(JPY bn/LTM)



*1 Total of fashion-related genres (fashion, clothing accessories, sports, beauty, etc.) in Rakuten Ichiba and Rakuten Fashion

*2 GMS for Last Twelve Months from the most recently disclosed period ※As of August 9, 2023

-Z Holdings: GMS in Domestic Merchandise Transaction Value and Domestic Services Transaction Value

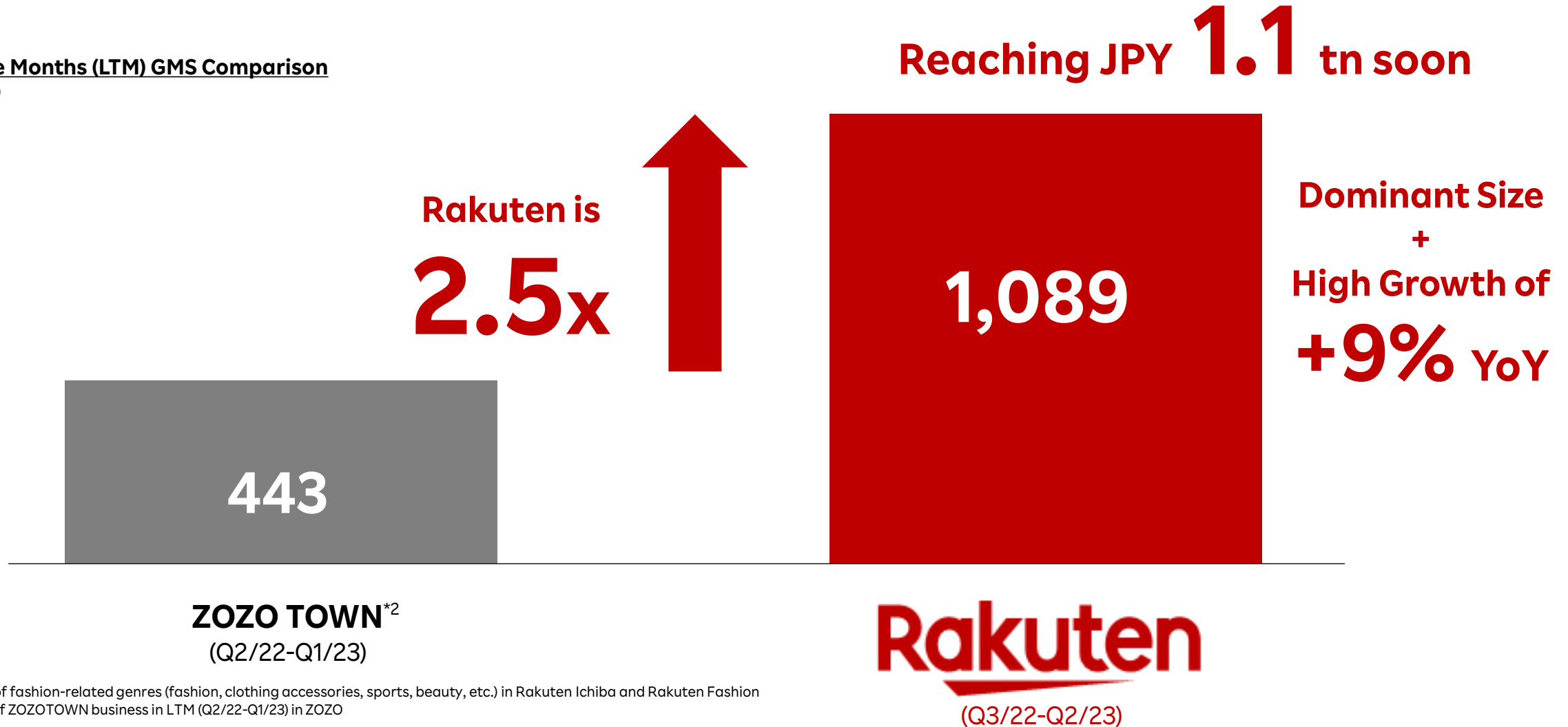
-Mercari: GMV in Japan

-ZOZO: Gross Merchandise Value

Rakuten's Overwhelming Growth and Scale in Fashion Industry

- Rakuten's Fashion Business*1 has enjoyed faster growth despite being the largest in terms of GMS in Japan

Last Twelve Months (LTM) GMS Comparison
(JPY bn/LTM)



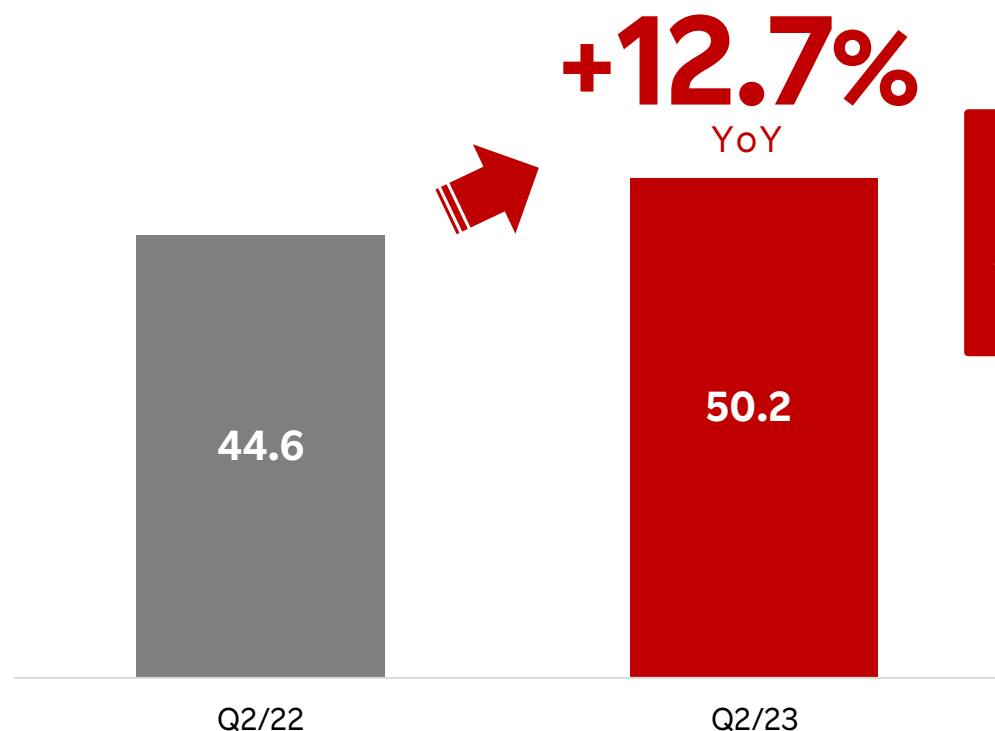
*1 Total of fashion-related genres (fashion, clothing accessories, sports, beauty, etc.) in Rakuten Ichiba and Rakuten Fashion

*2 GMS of ZOZO TOWN business in LTM (Q2/22-Q1/23) in ZOZO

Strong Growth of Rakuten Advertising Business

- Rakuten Advertising business*1 continued to achieve strong growth, aiming to achieve JPY 200bn revenue in FY2023
- Rakuten Advertising business*1 revenue is comparable to the advertising-related revenue of Major TV broadcasters, and with the high growth potential of the internet advertising industry, Rakuten Advertising business is expected to grow faster and further

Rakuten Advertising Revenue (JPY bn)



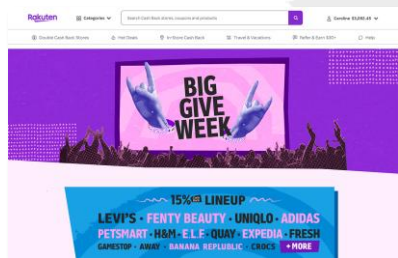
	Major TV Broadcasters*2	Last Twelve Months Ad-Related Revenue (JPY bn)*2
1	Fuji Media Holdings	424.8
2	Nippon Television Holdings	381.5
3	TBS Holdings	290.3
4	TV ASAHI HOLDINGS	229.4
	Rakuten (Advertising Business)	
5	TV Tokyo Holdings	149.3

*1 Total domestic advertising revenue recorded in each segment (Internet Services, FinTech, Mobile) (including internal transactions)
 *2 SPEEDA 「Terrestrial Television Broadcasting」 ※Limited to listed companies. Refer to segment data from SPEEDA (Last Twelve Months)
 - Fuji Media Holdings: Media & Content Segment Revenue
 - Nippon Television Holdings: Media Content Business Revenue
 - TBS Holdings: Media and Content Revenue
 - TV ASAHI HOLDINGS: TV Broadcasting Business Revenue
 - TV Tokyo Holdings : Consolidated Revenue

Strong Global Customer Base in Other Internet Services

- The global customer base of Rakuten services, which operate businesses around the world, are steadily expanding

Rakuten
(Rakuten Rewards)

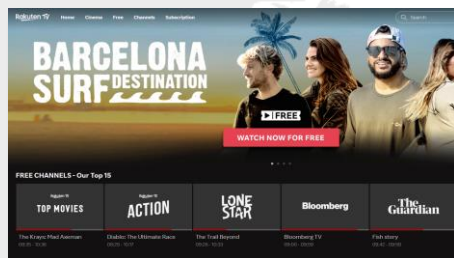


GMS
Q2/23

+0.8%
YoY

USD **2.7** bn

Rakuten TV



Total Users*
(As of the end of Jun/23)

+42.1%
YoY

77.7 mm

Rakuten kobo



Registered Users
(As of the end of Jun/23)

+6.7%
YoY

62.7 mm

Rakuten Viber



Registered Users
(As of the end of Jun/23)

+5.9%
YoY

1.5 bn

Rakuten VIKI



Registered Users
(As of the end of Jun/23)

+25.2%
YoY

74.6 mm

* Total number of registered users and non-registered AVOD (Advertising Video On Demand) users. From Q2/23, the definition of Rakuten TV registered users has been updated to exclude users who cancelled their membership. Previous quarters have been retroactively adjusted.

FinTech Segment

*Rounded to the nearest billions of yen.

Q2/23 (JPY bn)	Revenue	YoY	Operating Income	YoY
Rakuten Card	78.9	+8.9%	13.3	+5.7%
Rakuten Bank Listed on TSE in April	31.4	+11.5%	12.0	+22.9%
Rakuten Securities* ¹ Applied for listing on TSE in July	29.5	+25.6%	9.9	+138.9%
Insurance Business* ^{2*3}	21.1	-4.0%	2.0	+42.6%
Rakuten Payment* ⁴	17.0	+47.1%	-2.8	JPY -1.4 bn
Others* ⁵	3.0	+54.1%	-1.4	JPY - 0.0 bn
FinTech Total	181.0	+13.3%	33.0	+31.2%

*1 Rakuten Securities includes Rakuten Securities Inc. and its off-shore subsidiaries.

*2 Insurance Business includes Life Insurance, General Insurance, and Insurance Agency.

*3 Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023). Revenue and Operating income of Q2/22 was retroactively adjusted.

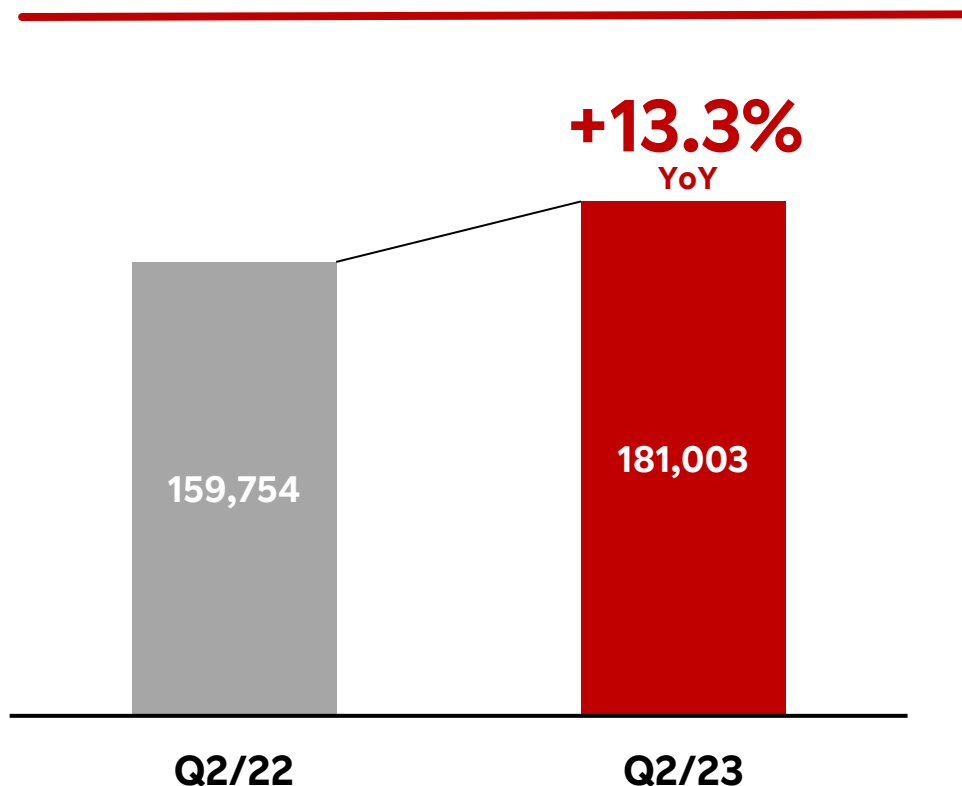
*4 Payment includes Rakuten Pay, Rakuten Edy, and Point Partner.

*5 Others include Rakuten Card's off-shore subsidiaries, Rakuten Bank's off-shore subsidiaries, Rakuten Securities HD Inc., Rakuten Wallet, Inc., and Rakuten Investment Management, Inc. etc.

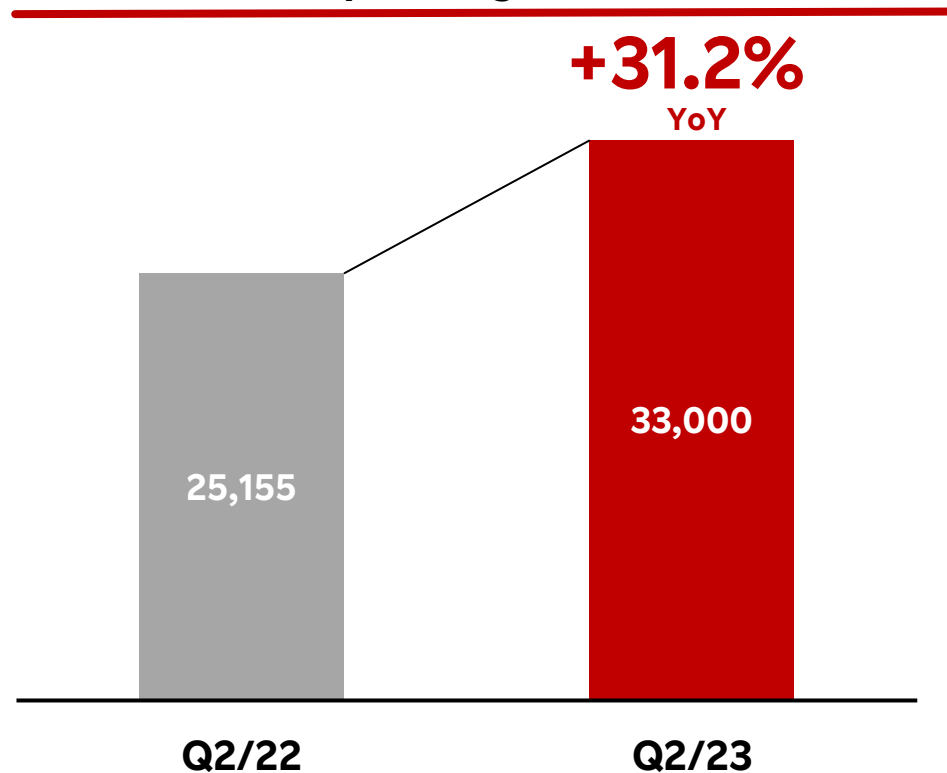
FinTech Segment: Financial Highlights

- FinTech segment achieved robust growth with the tailwind of market conditions and advantage in marketing and operating efficiency based on Rakuten Ecosystem
- Operating income: +31.2% YoY

Revenue (JPY mm) *

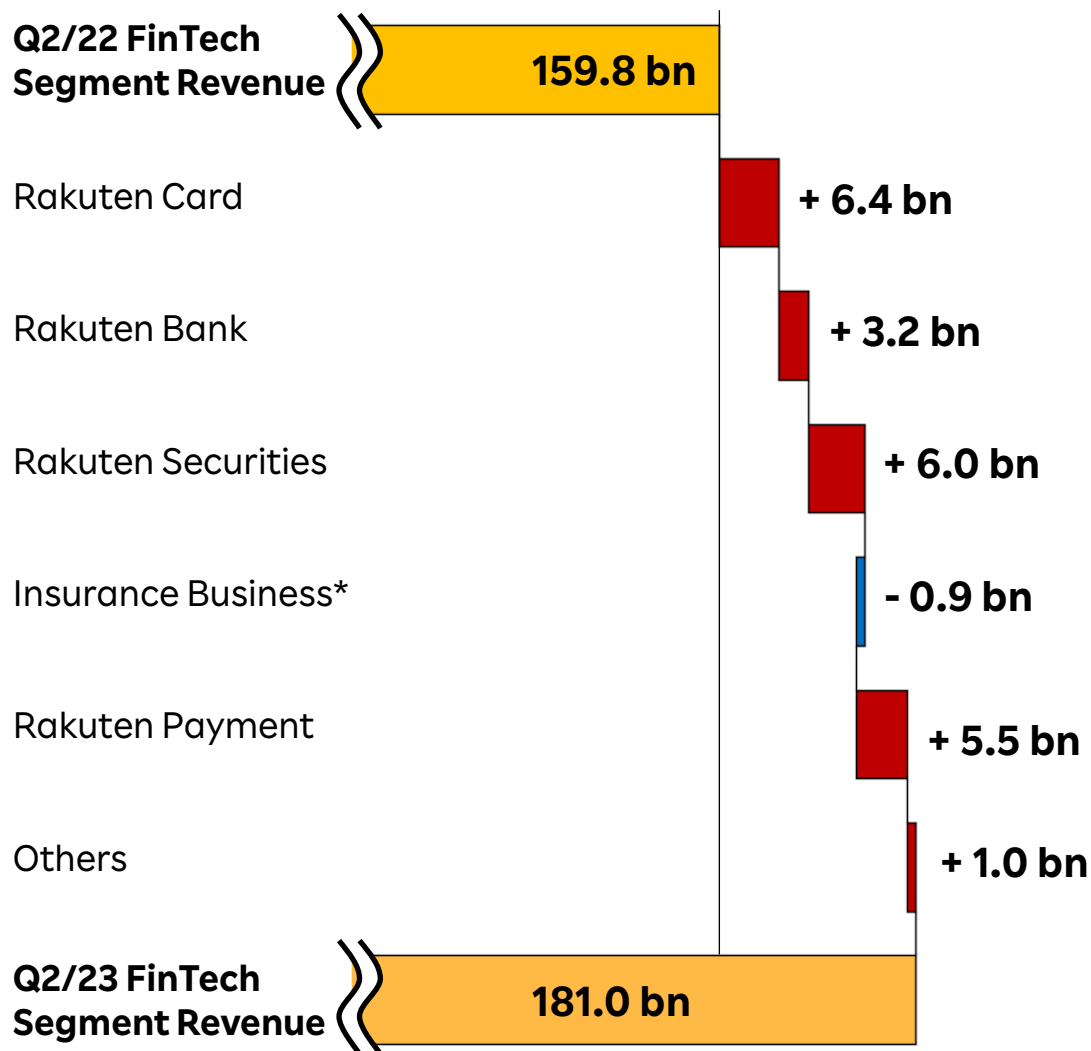


Non-GAAP Operating Income (JPY mm) *



* Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023). Revenue and Operating income of Q2/22 was retroactively adjusted.

FinTech Segment: Breakdown of Revenue Growth (+13.3% YoY)



Rakuten Card continued to grow shopping GTV at a high rate of +16.3% YoY. Revenue from installment payment also achieved +28.1% YoY growth.

Rakuten Bank achieved solid growth due to strong interest income backed by growth in the balance of trust beneficiary rights of Rakuten Card receivables, investment condominium loans, and loans through alliances, etc.

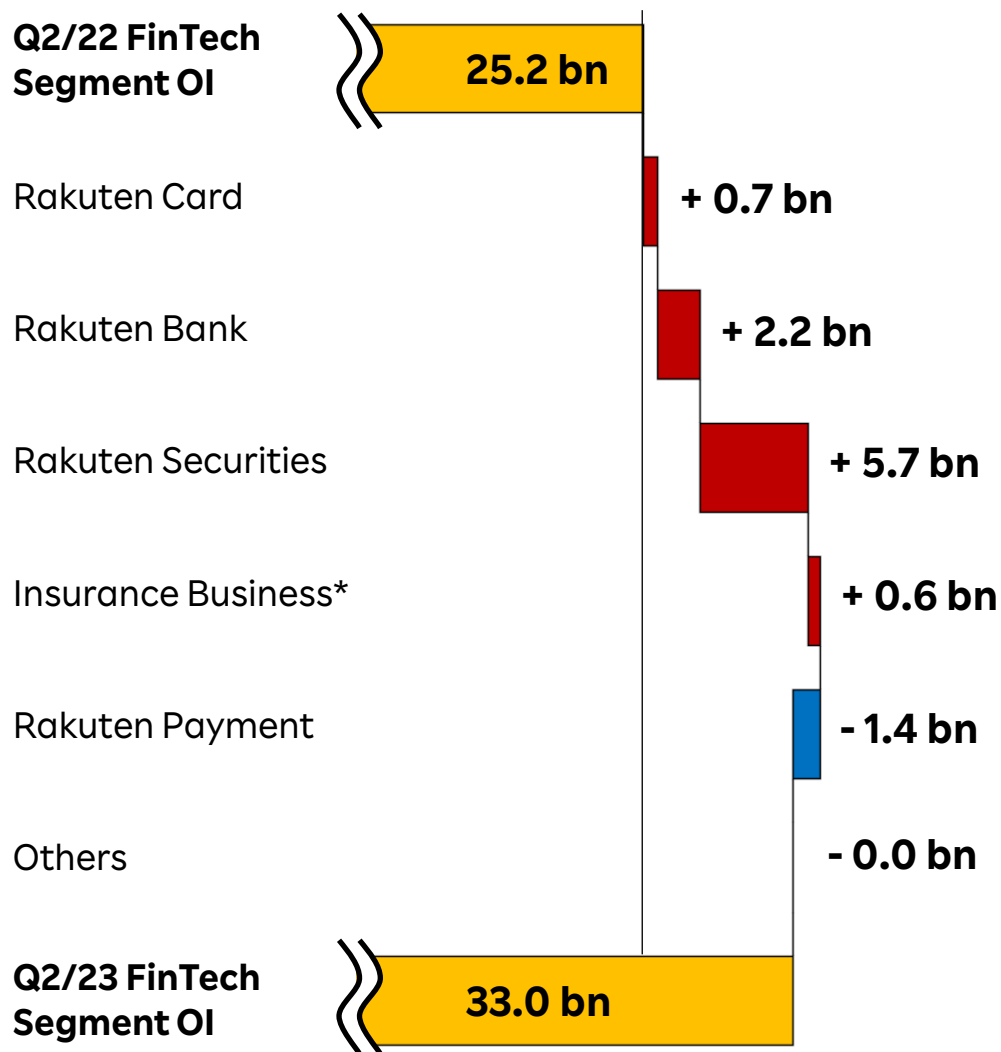
Rakuten Securities started trading of domestic shares smaller than one trading unit. A high growth, with a tailwind of favorable market conditions.

Insurance Business: The number of banks using our group credit insurance increased, contributing to growth in life insurance. At General Insurance, reinsurance claims for the current fiscal year decreased due to the cancellation of a portion of reinsurance in the previous fiscal year.

Rakuten Payment increased revenue with the expansion of number of stores and users.

* Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023). Revenue and Operating income of Q2/22 was retroactively adjusted.

FinTech Segment: Breakdown of Operating Income Growth (+31.2% YoY)



Rakuten Card recorded a temporary increase in expenses due to enhanced customer acquisition, such as rewarding 10,000 points for a new card issuance, as well as increase in some expenses due to business expansion.

Rakuten Bank and **Rakuten Securities** achieved high profit growth owing to very positive revenue growth and continued cost control .

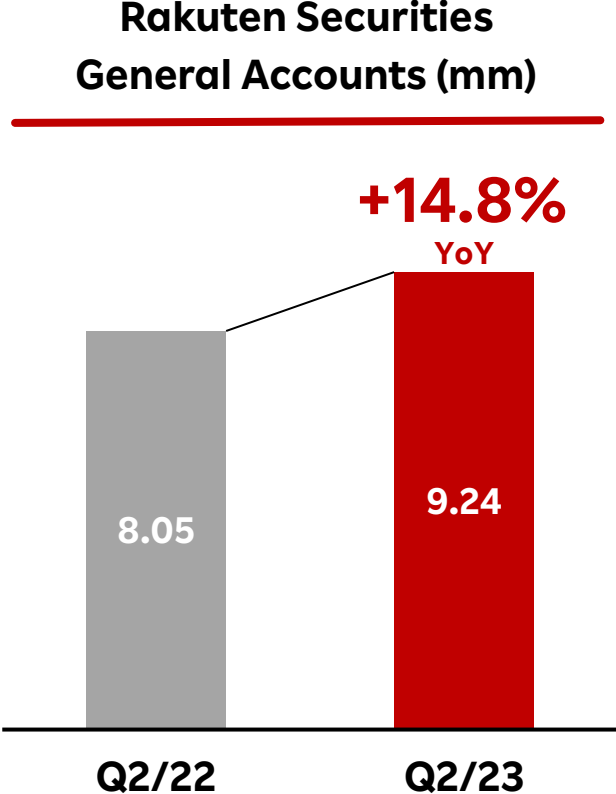
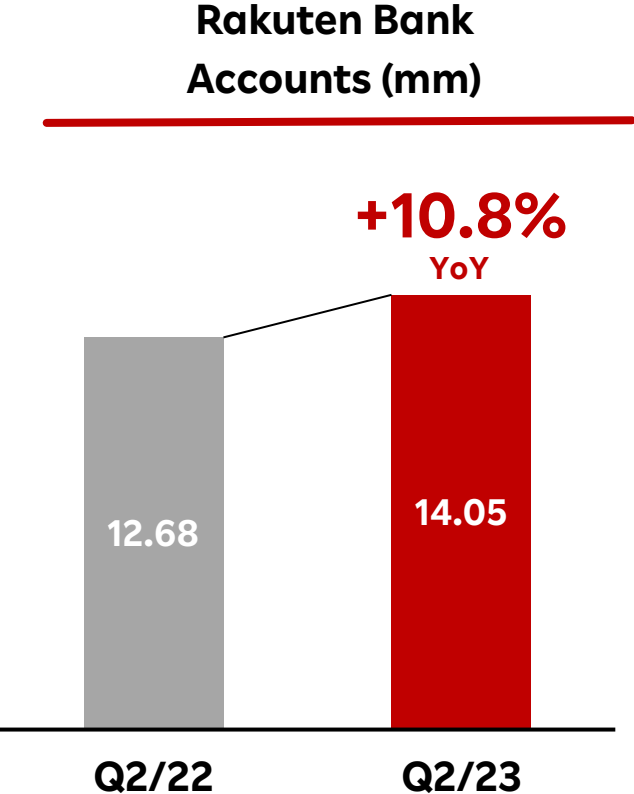
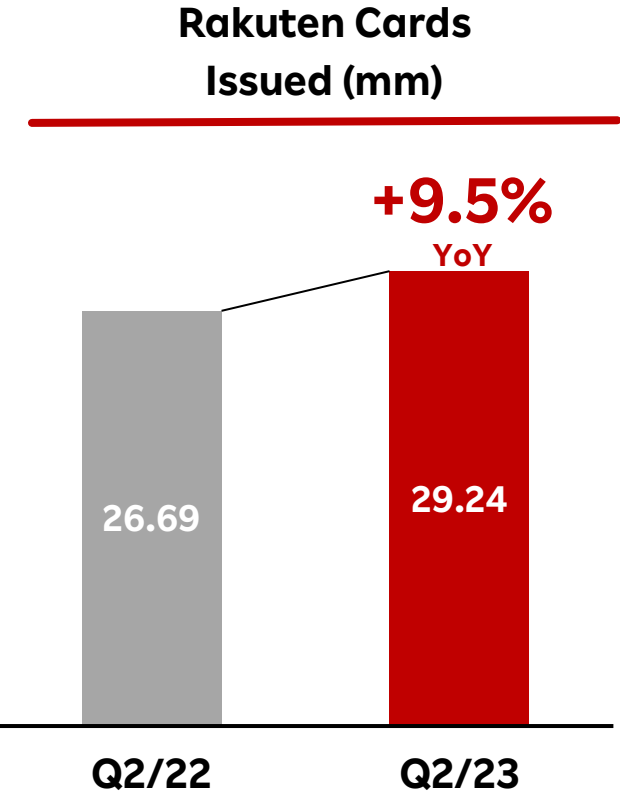
Insurance business booked an increase due to a decrease in insurance claim payments resulting from stabilization of covid-19 and cost control by improving operational efficiency through usage of AI etc..

Rakuten Payment decrease in profit due to aggressive investments to expand utilization.

* Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023). Revenue and Operating income of Q2/22 was retroactively adjusted.

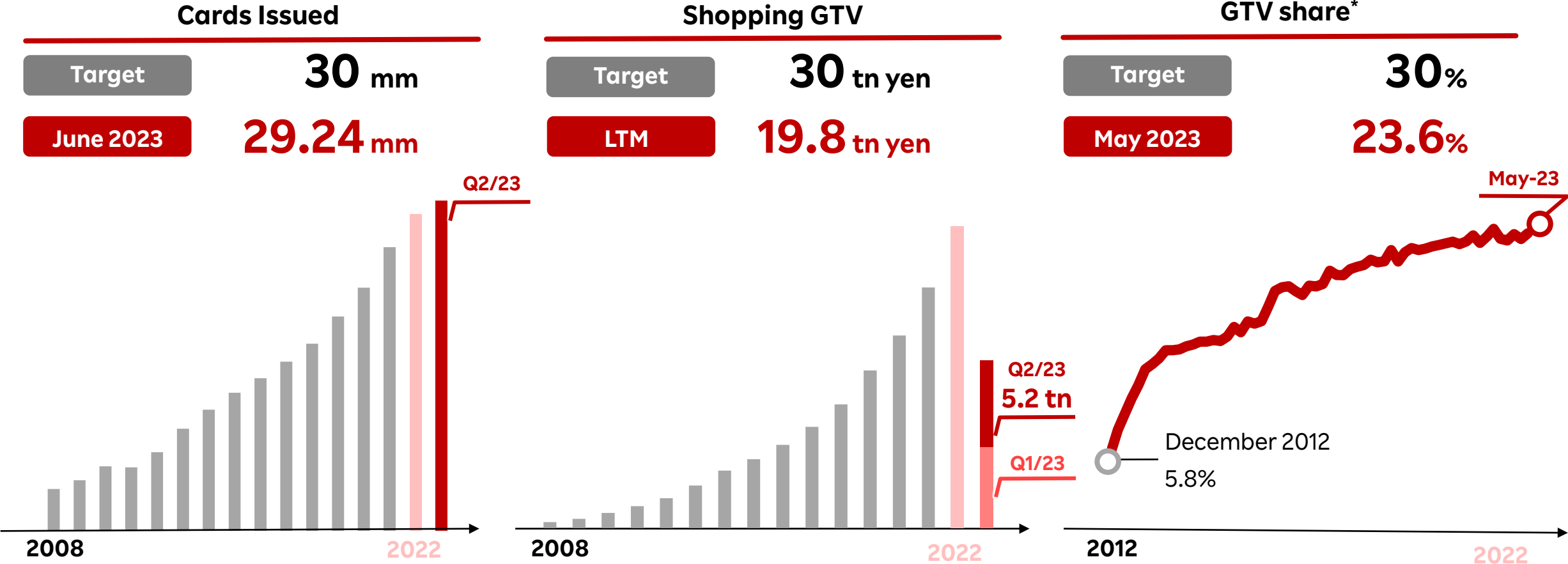
FinTech Segment: Membership Growth

■ Each service continued strong membership growth



Rakuten Card: Each KPI Moving towards “Triple 3”

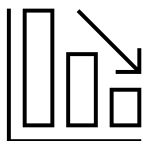
■ Shopping GTV in Q2: +16.3% YoY. Solid growth recorded towards “Triple 3”



* Calculated based on “Ministry of Economy, Trade and Industry, Specified Service Industry Statistics Survey, Credit Card Industry.”

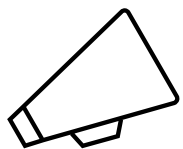
3. Financial Strategy

Our Commitment: Disciplined Financial Policy



No additional gross debt

- Reduce total debt amount as much as possible by equity-related financing
- Proactive debt maturity management
- Aim to achieve non-FinTech leverage levels^{*1} of around 5x in the mid term



Committed to the early redemption of JPY 68bn subordinated bond at the 1st call date (Dec 2023)



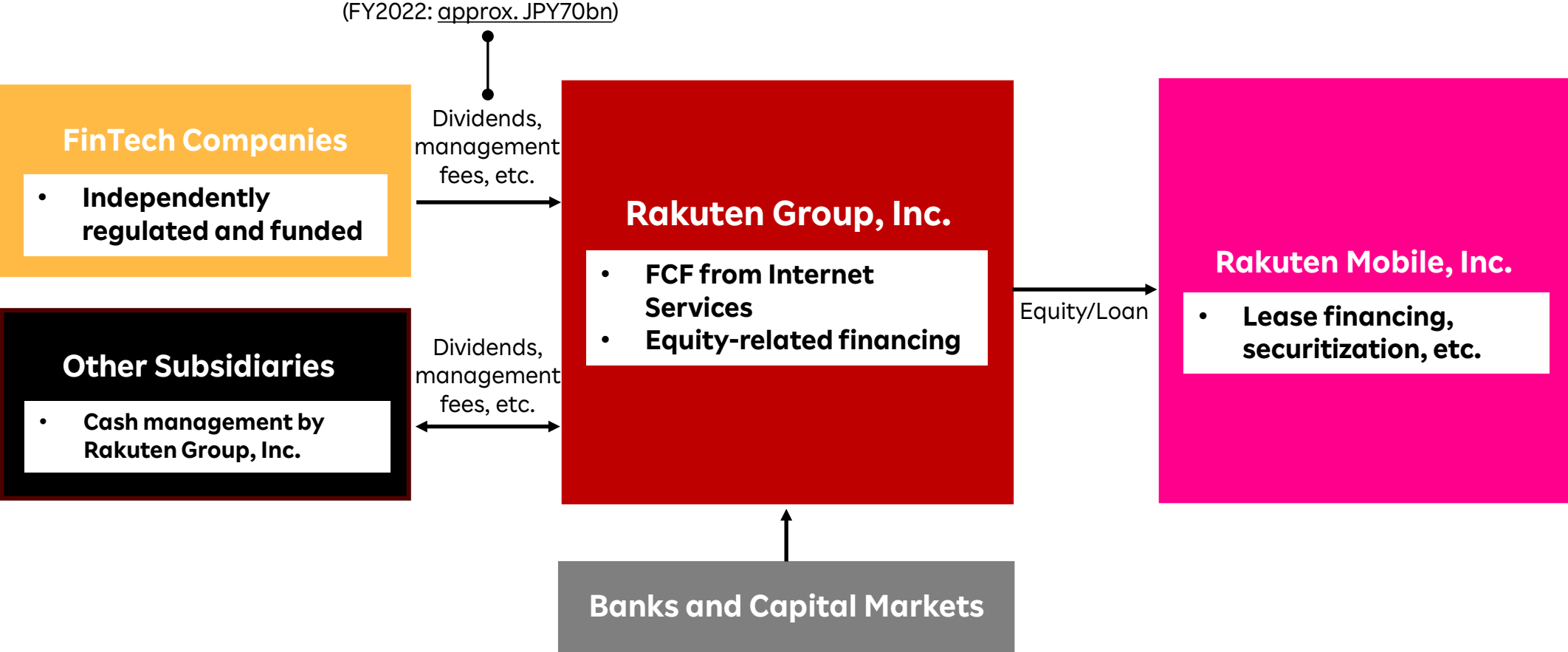
Robust levels of liquidity and continued support from relationship banks

- Adequate minimum cash balance
- JPY 150bn commitment line (undrawn^{*2})

*1: Non-consolidated net debt / non-FinTech (Internet Services + Mobile) EBITDA

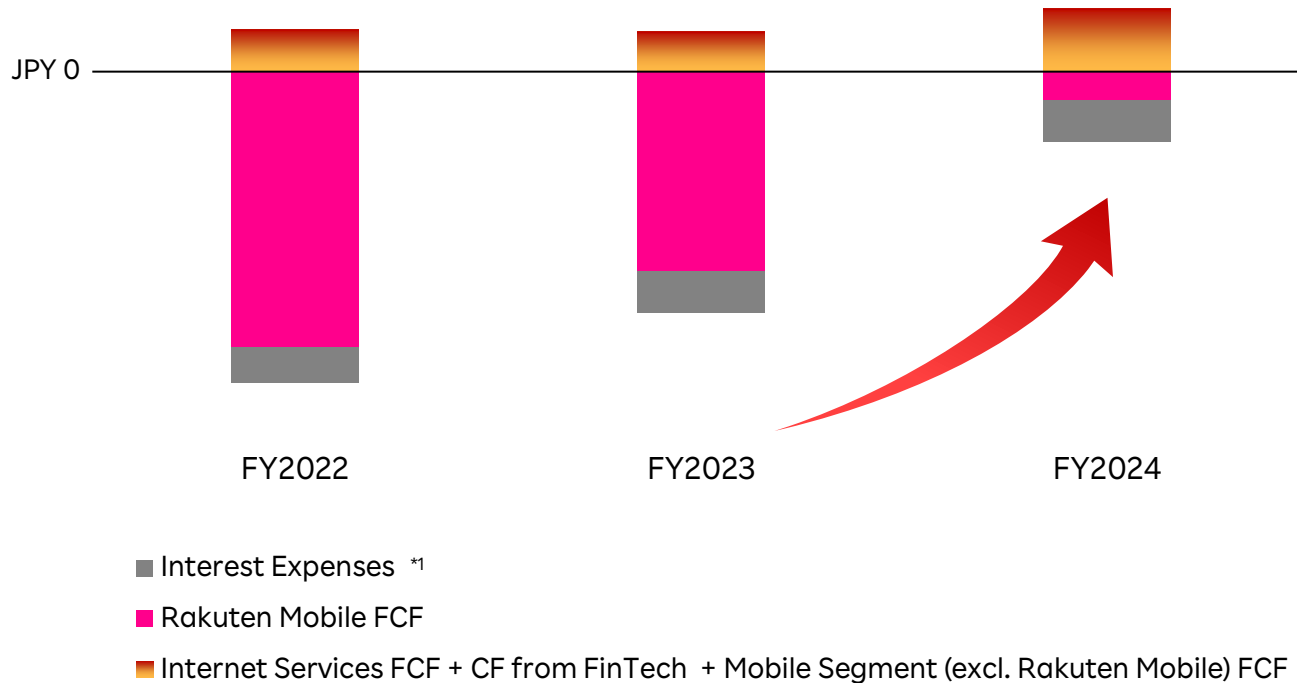
*2: As of June 30, 2023.

Rakuten Mobile Funding Flow



Path to Self-Funding

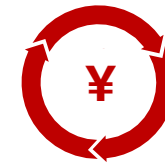
Illustrative Rakuten Group Cash Flow Target



*1 Interest expense and IFRS 16 cash out at non-Fintech entities. Assumes refinancing of existing bonds.
 *2 Based on preliminary budget

FY2024~*2

Aiming to Establish Self-Funding through



Significant improvement in Mobile Segment FCF

EBITDA is improving steadily
 Significantly reduced Capex after FY2024

Growing Internet Services FCF

Growing CF from FinTech

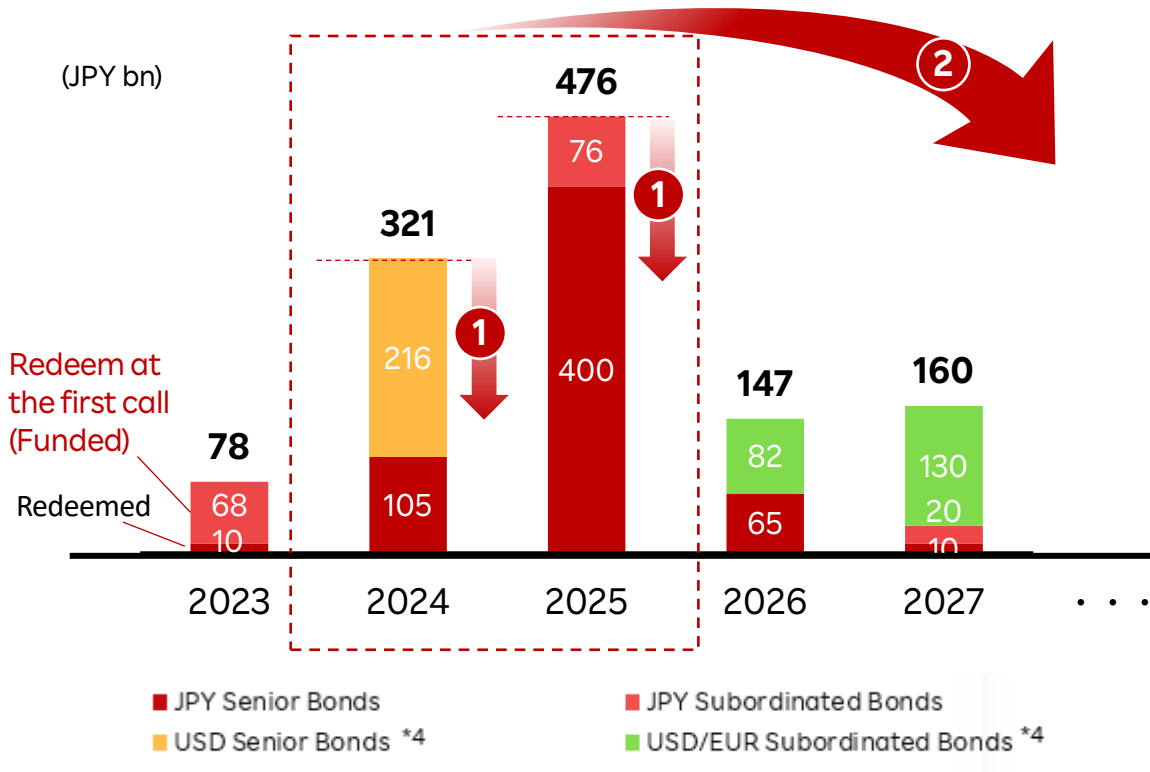
Dividends, Management fee, etc.
 (FY2022: approx. JPY 70bn)

CF from equity-related financings if necessary

Proactive Management of Bond Maturity

- 1 Use of equity-related financings to reduce gross debt
- 2 Proactive debt maturity management under consideration

Rakuten Group, Inc. Bond Maturity Schedule *1*2*3



Sources for Bond Redemption

- 1 Use of equity-related financings to reduce gross debt
 - ✓ Rakuten Capital portfolio remaining (unrealized) value of JPY 89.3bn (as of June 2023)
 - ✓ Planned IPO of Rakuten Securities Holdings
 - ✓ Strategic partnership for Rakuten Symphony
 - ✓ Strategic partnership in FinTech



- 2 Proactive maturity ladder control

*1: As of June 30, 2023. Issue amount basis.

*2: Assuming subordinated bonds will be redeemed at each 1st call date.

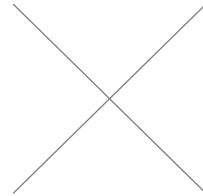
*3: This does not include the maturity schedule of other debt outside of bonds.

*4: The swap contracted exchange rate is used for USD/EUR-denominated bonds except 2022 USD denominated bonds to which FX rate of USD/JPY = 133.1 as of March 31, 2023 is used.

4. AI Strategy

Our Vision:

Augment human creativity with the power of AI

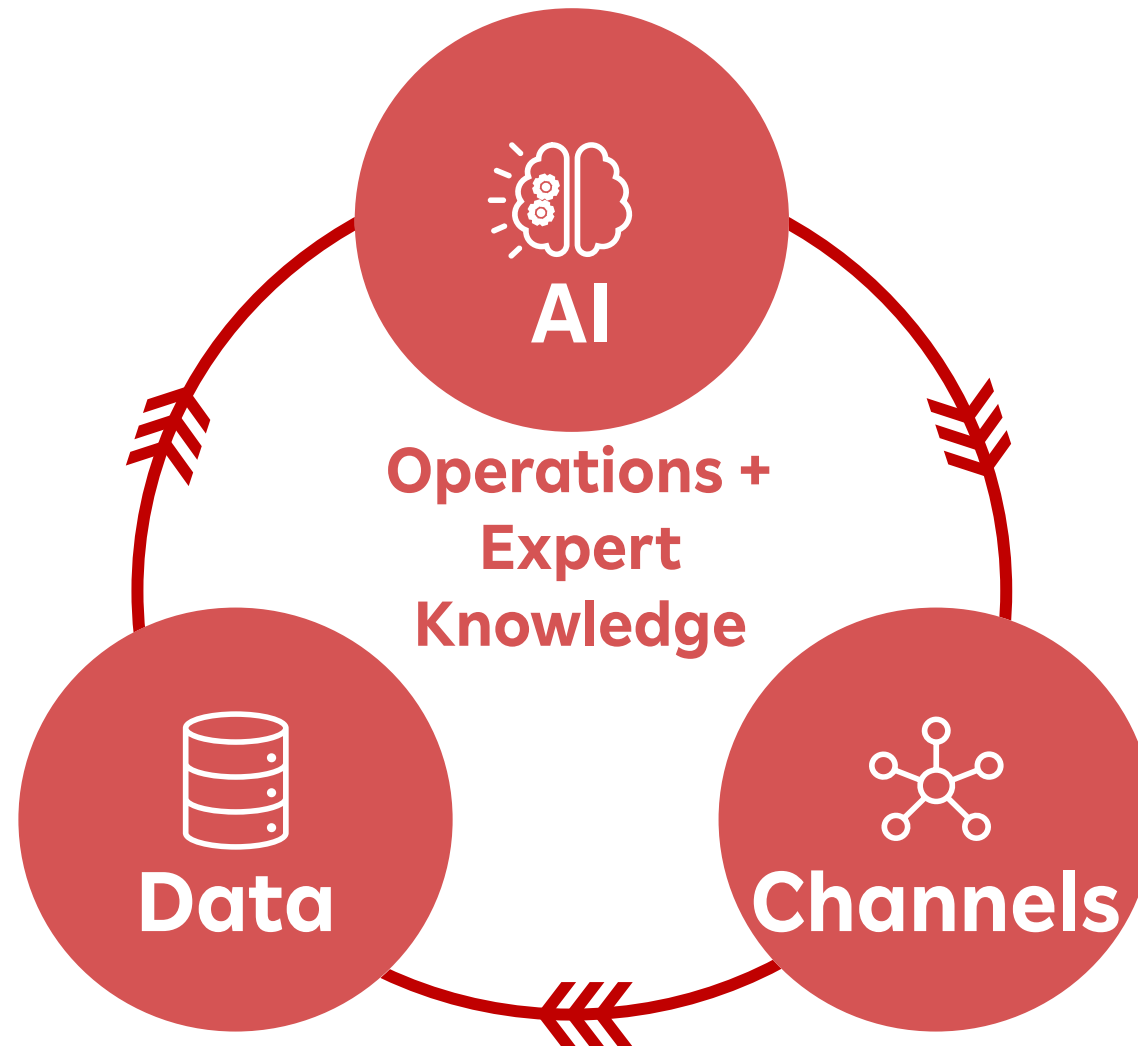


“Ensure that artificial general intelligence
benefits all of humanity”

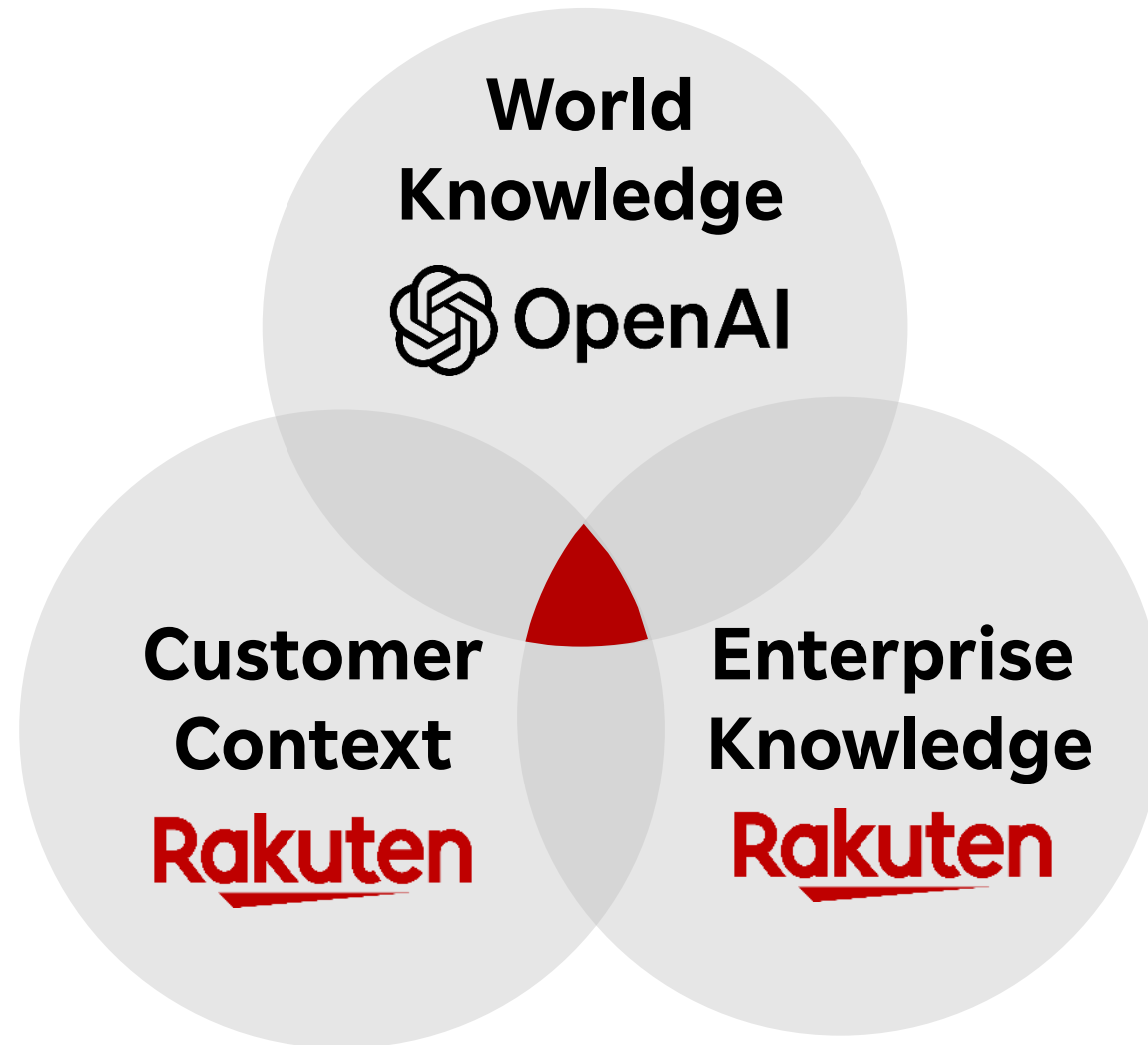
“**Contribute to society** by creating value
through innovation and
entrepreneurship”

Our Strategy:

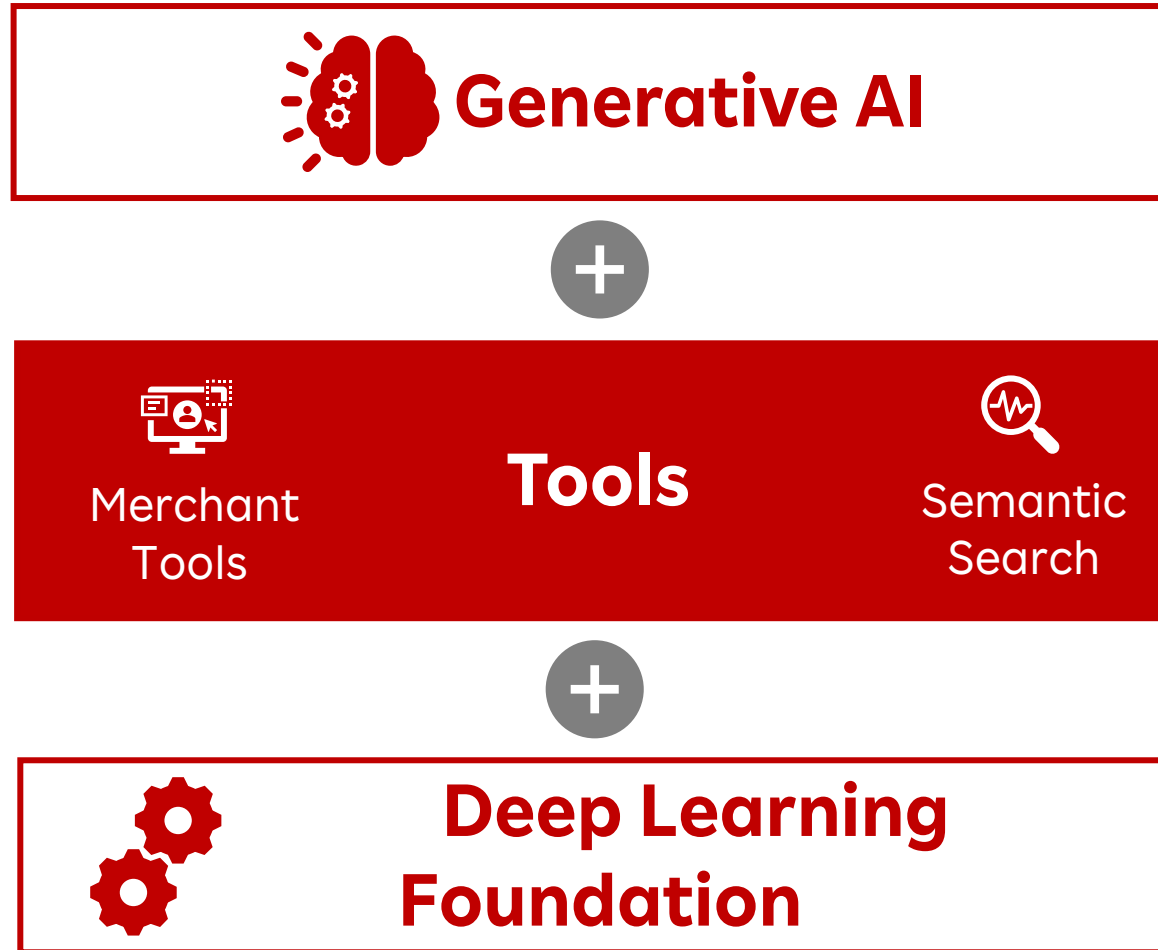
Combine Rakuten's unique data with the latest AI technology to benefit consumers, corporate functions and businesses.



Build a Solid Foundation by Combining World Knowledge, Enterprise Knowledge, and Customer Context



Use **Retrieval Augmented Generation*** to ensure Rakuten AI has real-time information



* Retrieval Augmented Generation: A technology to search for information not included in the AI model at the time it was built and uses the search results to create responses.

Leverage the Reach of Our Ecosystem Online + Offline to Bring AI to Millions of Customers, Merchants and Partners



1.7B global members



3.6T Rakuten Points issued
as of June 2023

620B+ Rakuten Points
issued
in 2022

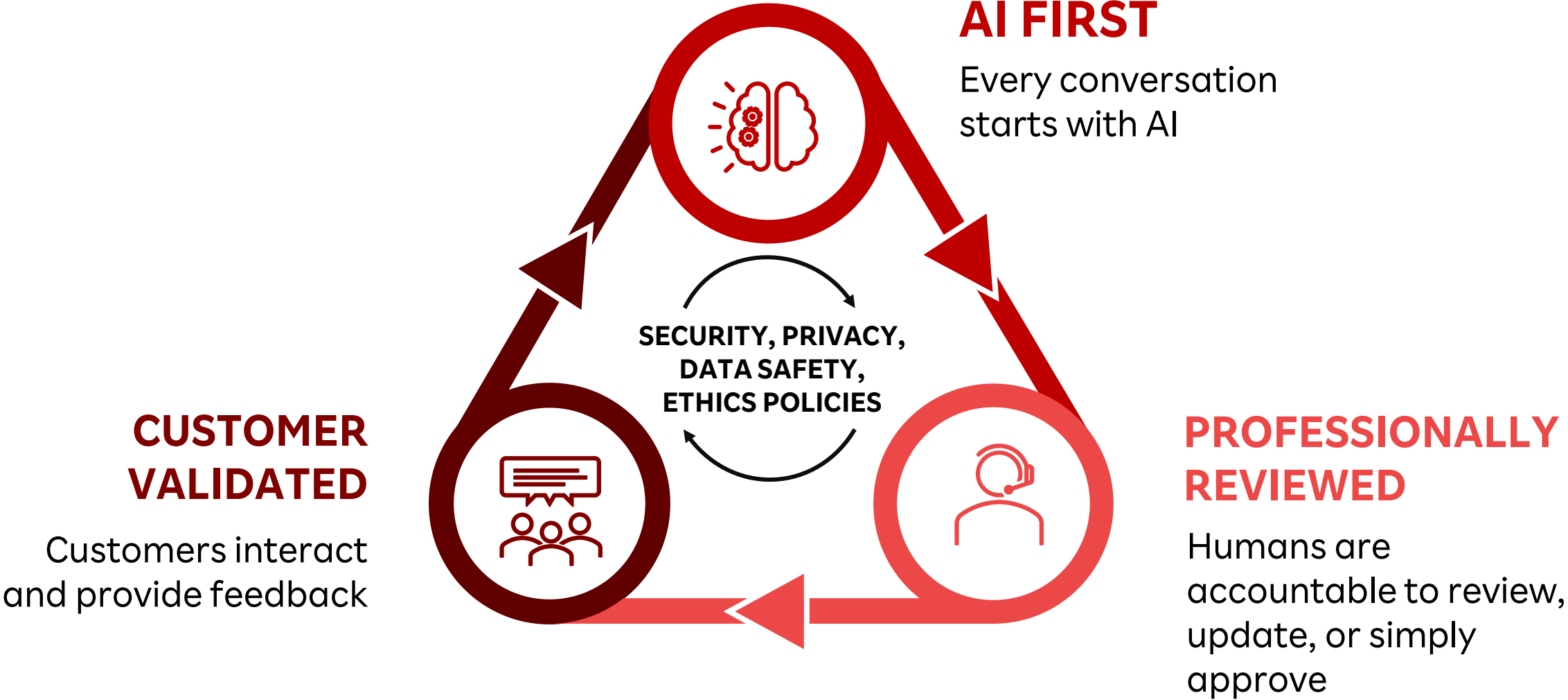


29.24M Rakuten Cards
issued



6M+ locations where
Rakuten Pay, Rakuten
Edy, and Rakuten
Point Card can be used
in Japan

Drive Growth with a Rapid “Flywheel” among AI, Experts, & Customers



Our Roadmap:

**Empowering Rakuten's ecosystem of consumers, merchants,
and partners with AI-enhanced services**

Wave 1

**Rapid prototyping
and experimentation**

Wave 2

**Rakuten AI for business
and corporate functions**

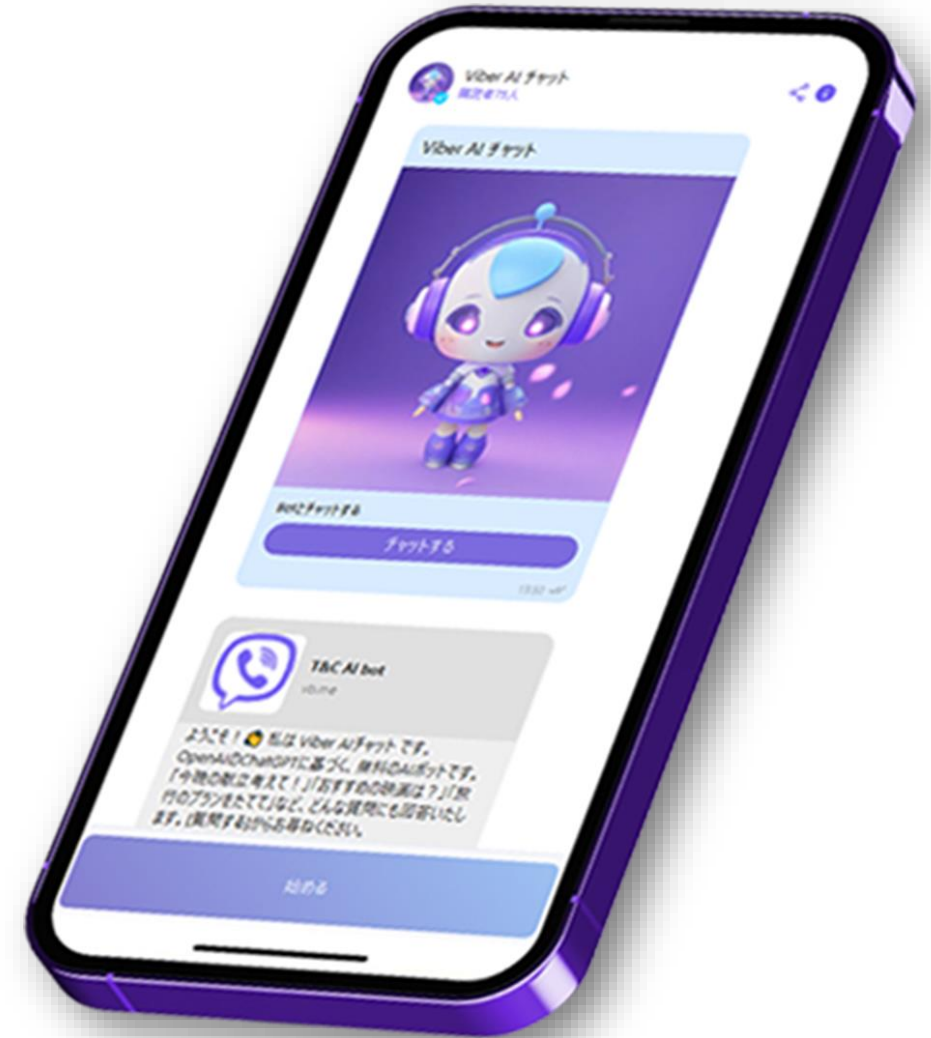
Wave 3

**Rakuten AI
for consumers**

Rakuten Viber

ChatGPT-powered “Viber AI Chat” helps members make the most of every moment

English version released in Feb 2023,
Japanese version in May 2023.
8M messages sent in Japan.



Rakuten 楽天証券

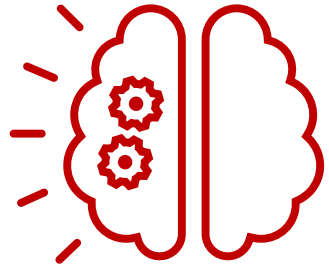
Chat GPT-powered “Investment AI Assistant,”
will guide the investors to the
information needed

Industry-first Customer facing*
ChatGPT-powered service



*Comparison of major online securities (top 5 companies by number of accounts: au Kabu.com Securities, SBI Securities, Matsui Securities, Monex, Rakuten Securities (in alphabetical order)) (July 19, 2023, Rakuten Securities survey)

The future of the Rakuten Insurance Group is **AI powered**



Rakuten ×
AI

Live Today

Agent Support

Areas in Exploration

Claim Handling

Fraud Detection

Operations

Marketing + Sales

Pricing + Underwriting

Our Roadmap:

**Empowering Rakuten's ecosystem of consumers, merchants,
and partners with AI-enhanced services**

Wave 1

**Rapid prototyping
and experimentation**

Wave 2

**Rakuten AI for business
and corporate functions**

Wave 3

**Rakuten AI
for consumers**

Augmenting **Human Creativity** with the Power of **AI**

A unique capacity for creativity,
emotions, and empathy

A unique capacity to synthesize,
create, and automate

Human Creativity

A unique capacity for creativity, emotions, and empathy

Unlimited potential & possibilities

AI

A unique capacity to synthesize, create, and automate

Rakuten

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