

FY2020 Second Quarter Consolidated Financial Results

August 11, 2020

Rakuten, Inc.





Consolidated Results

Q2/20 Results Highlights

- Consolidated revenue: +13.4% YoY
- Global GTV: +12.6% YoY
- Domestic E-Commerce GMS growth: +15.2% YoY
 - Shopping E-commerce GMS* growth +48.1% YoY
- GAAP OI: JPY 3.3bn due to sale of OverDrive
 - Non-GAAP OI: JPY -32.6bn due to mobile business and logistics investment
- Rakuten diversified ecosystem enabled solid growth
 - FinTech: Revenue growth +19.5% YoY, Non-GAAP OI +24.2% YoY
 - Businesses such as travel were negatively impacted by COVID-19, but showing gradual recovery
- Mobile business: Achieved 1mn applications

* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Q2/20 Business Summary

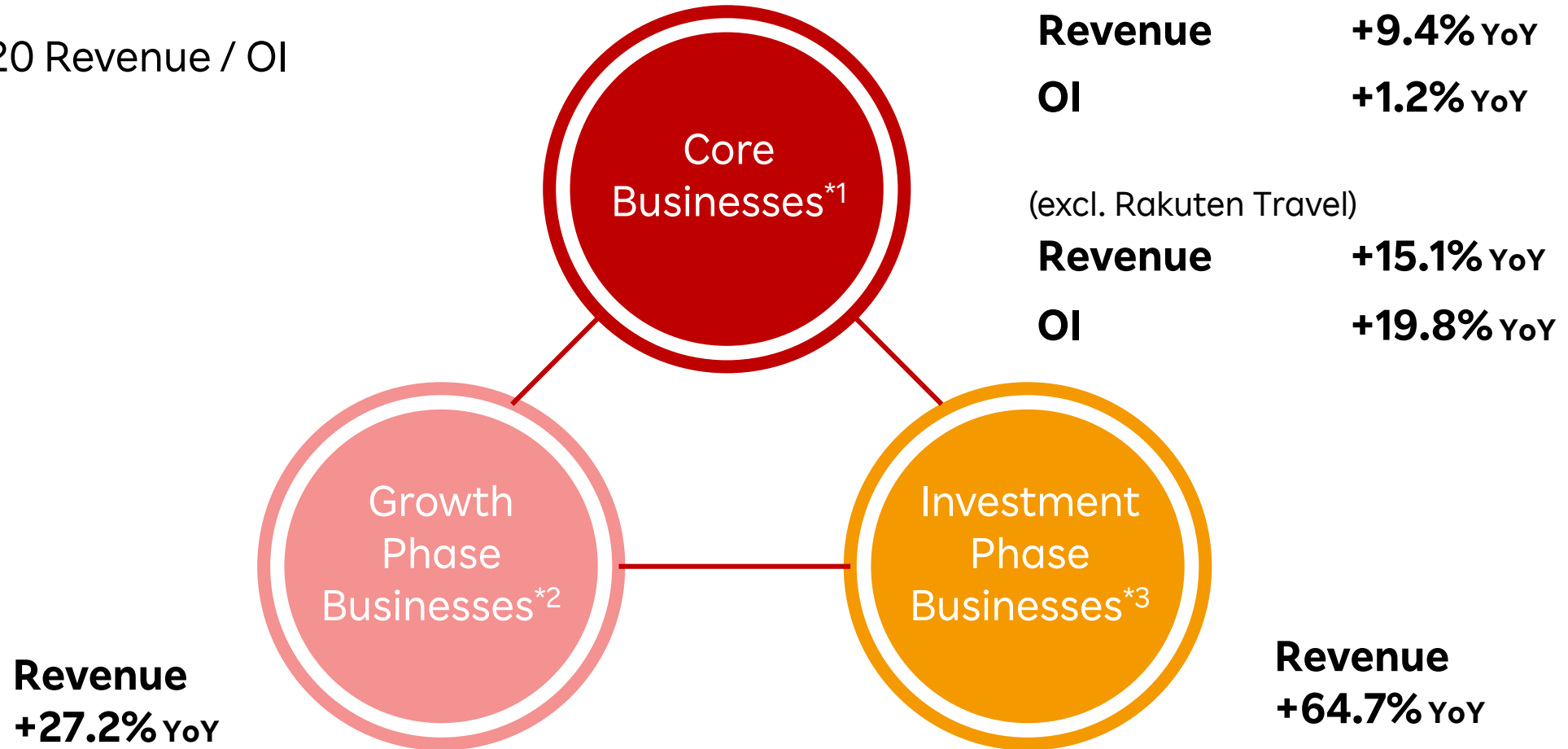
1. Strong Business Growth Amidst the Pandemic
2. Investing to Capture EC Growth Opportunities
 - Change of consumer behavior
 - Logistics and quality improvement activity
3. Steady MNO customer acquisition
4. RCP (Rakuten Communications Platform) strategy
5. Strength of Rakuten Ecosystem



1. Strong Business Growth Amidst the Pandemic

Business Strategy for Future Growth

■ Q2/20 Revenue / OI



*1 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*2 Includes C2C and 1st party businesses, etc

*3 Includes investment in Rakuten mobile and logistics business, etc.

How Rakuten Captures Changing Consumer Behavior

| Changing consumer behavior | Field | Impact | |
|--|---|--|---|
| Life Style Shift to online for social distancing | Online Shopping | Ichiba : GMS ↑ / Number of new and returning purchasers, orders ↑ Shopping EC Q2/20 GMS: +48.1% YoY | ↑ |
| | Online Banking Cashless Pay | Securities : Q2/20 Rev +29.3% YoY / OI +62.1% YoY Stock, FX transactions ↑ Card : Credit Card Shopping GTV Share ↑ | ↑ |
| | Digital Entertainment | Rakuten TV : Active Users +3.9mm QoQ Rakuten VIKI : Registered Users +3.7mm QoQ | ↑ |
| | Online Education | Rakuten Kobo : Revenue ↑ / Registered Users +1.9mm QoQ | ↑ |
| Work Style Work From Home | Mobile / 5G More data and connectivity | Rakuten Mobile : Strong growth in online applications. Achieved 1mm applications | ↑ |
| Communication Style Increase in data consumption Online group communication | | Rakuten Viber : Unique IDs +16.5mm QoQ | ↑ |

Q2/20 COVID-19 Impact on Domestic EC



* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Shopping E-commerce^{*1} Purchasers Expand Strongly

Q2/20
New Purchasers



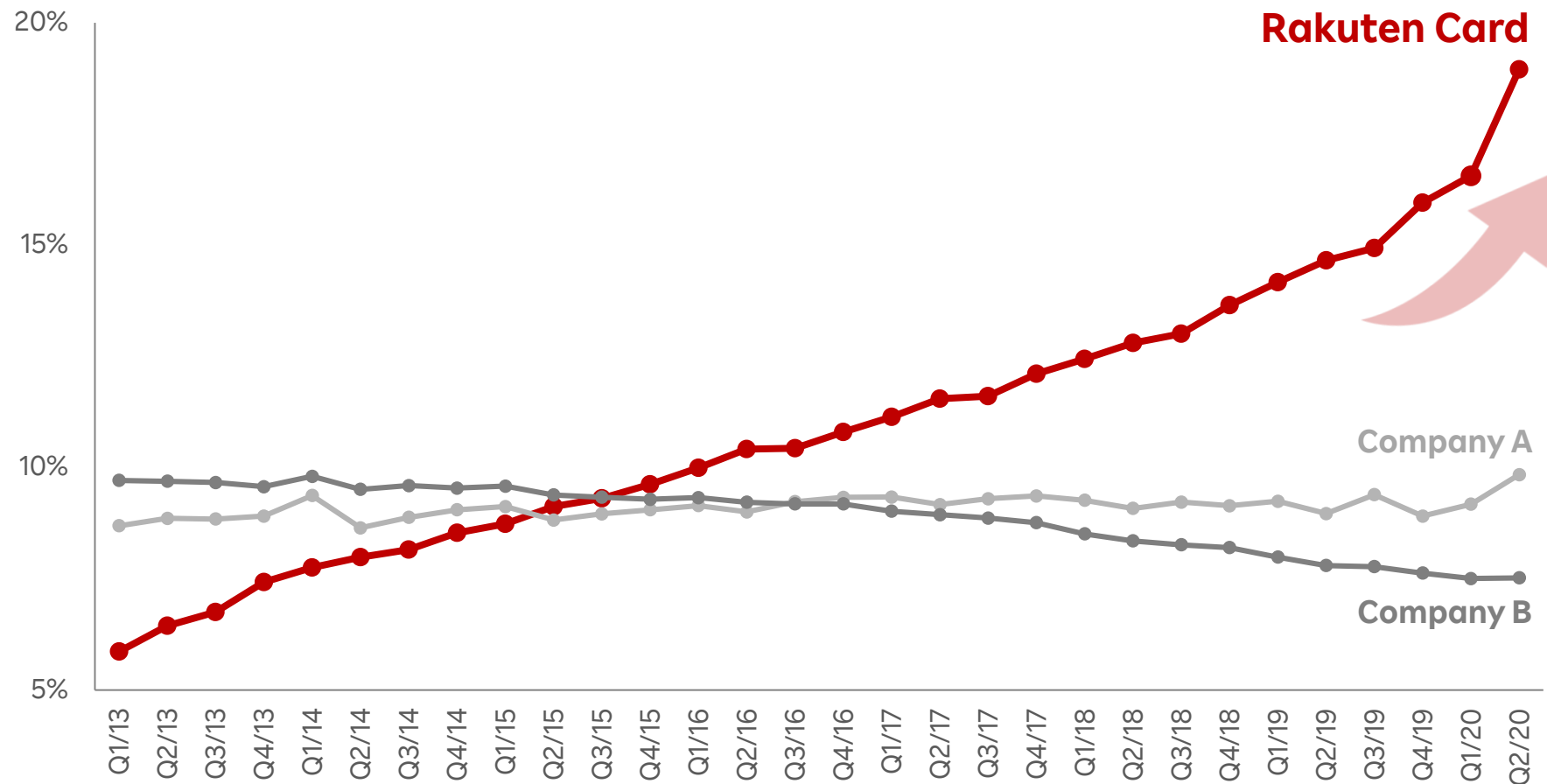
Q2/20
Returning Purchasers^{*2}



^{*1} Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

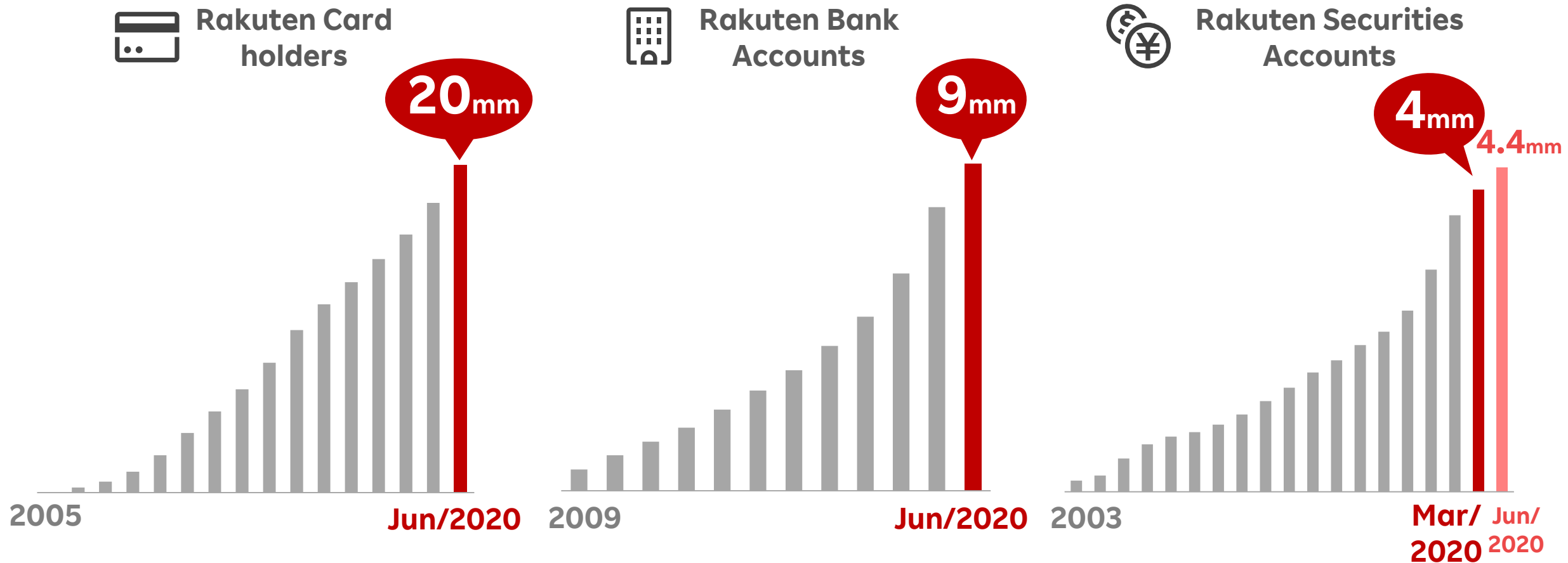
^{*2} Returning Purchasers: Purchasers who purchase after more than a year.

Rakuten Card Shopping GTV Share Expanding Rapidly



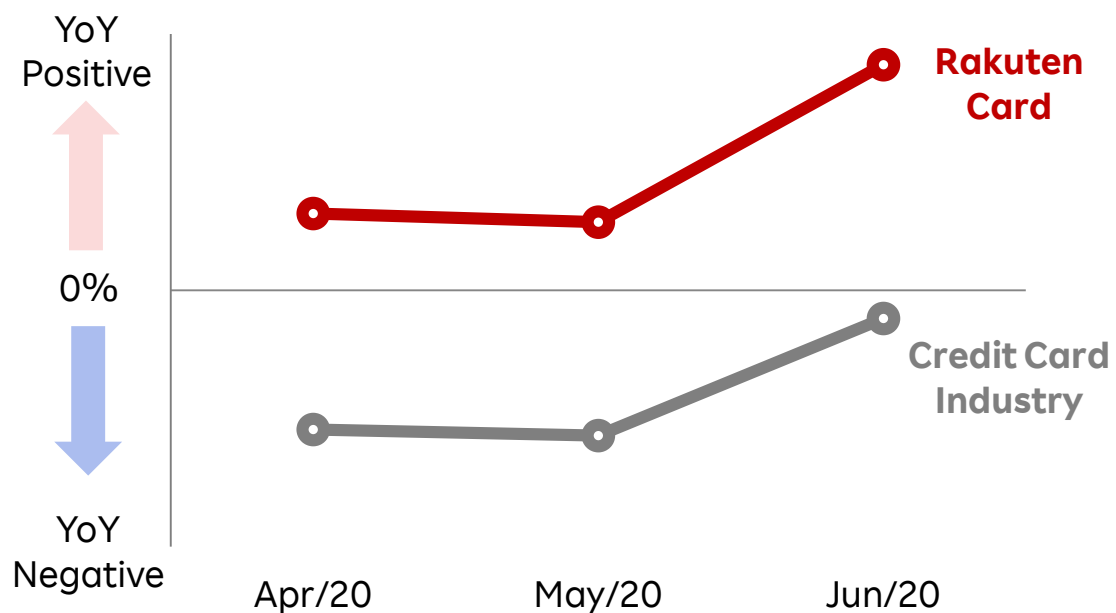
No.1
in Credit Card
Shopping GTV

Recent Milestones in FinTech



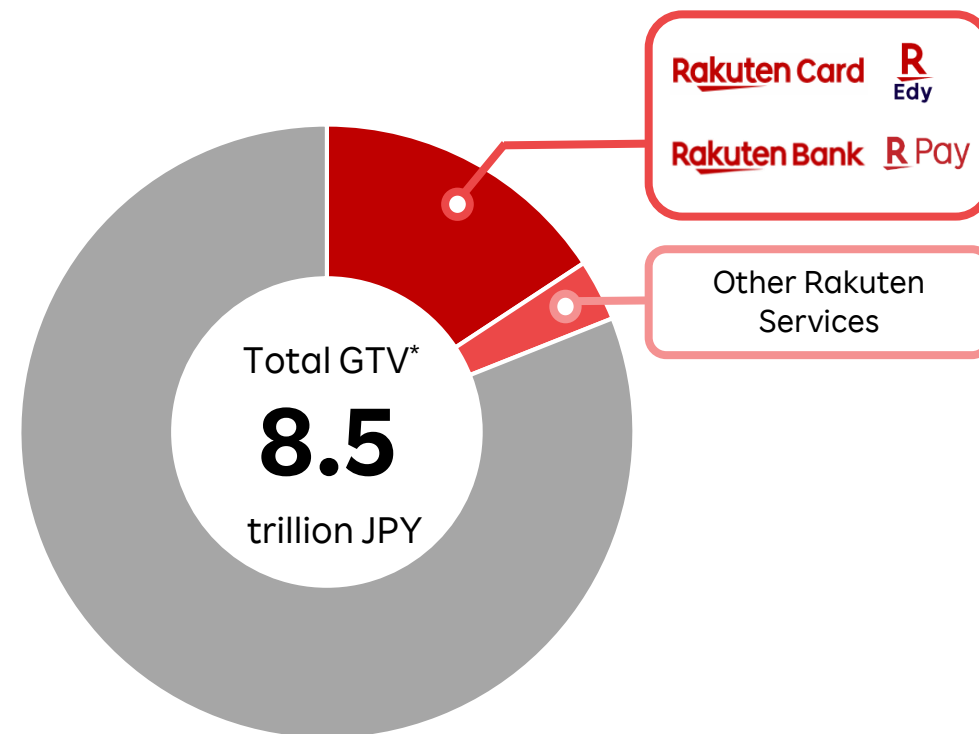
Rakuten Group in a Strong Position to Capture Cashless

Shopping GTV Growth Outperform the Market (YoY)



*METI, Statistical survey of specified service, Credit Card category

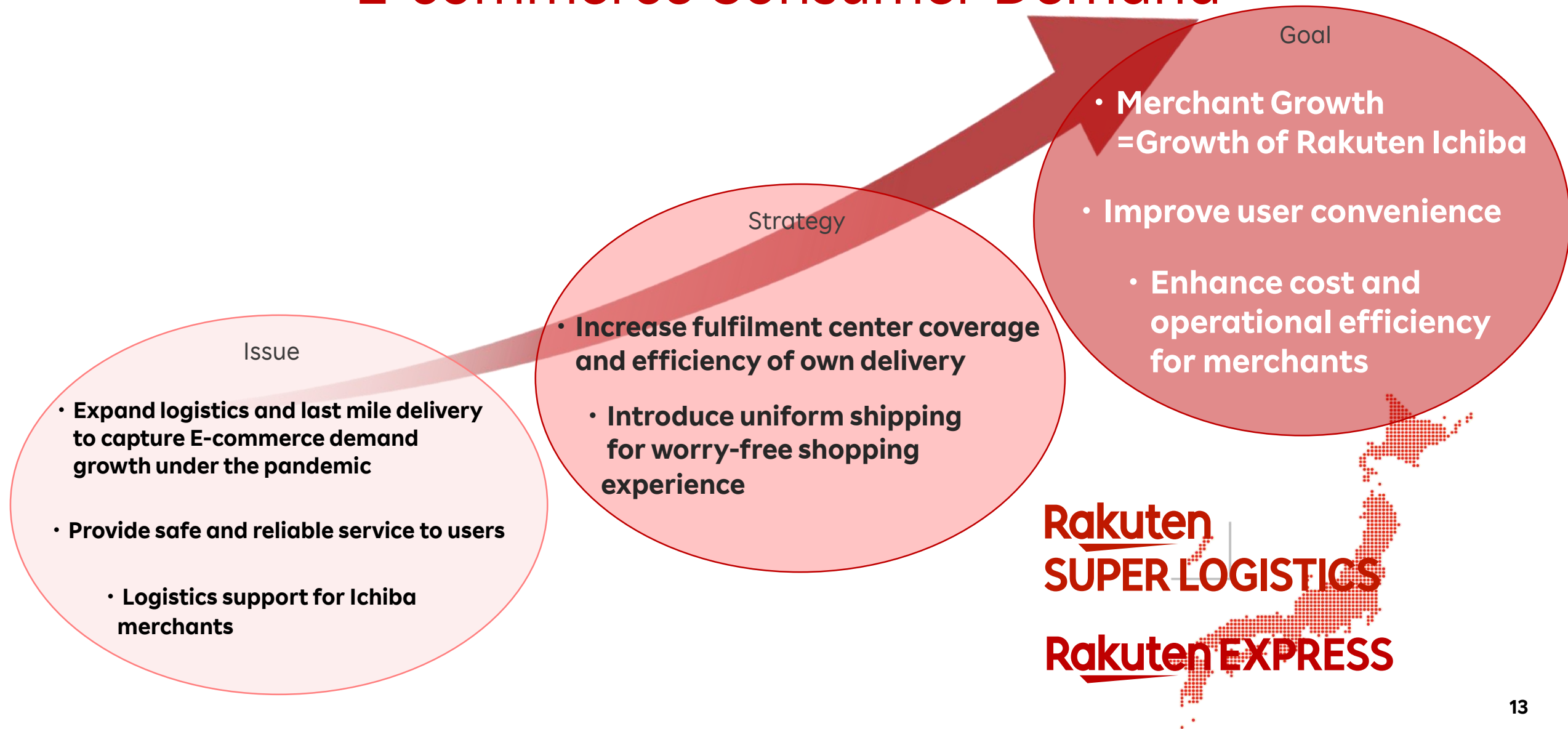
Rakuten Group: Strong Position to Capture Cashless



*METI, Point Reward Project for Consumers using Cashless Payment, GTV for Oct 1, 2019 ~Apr 13, 2020

2. Investing to Capture EC Growth Opportunities

Strategies for Capturing E-commerce Consumer Demand



Expansion of Logistics Centers

**Rakuten
SUPER LOGISTICS**

**New
Chiba:Narashino**

Opened on June 15, 2020



Coming soon

Kanagawa: Chuorinkan

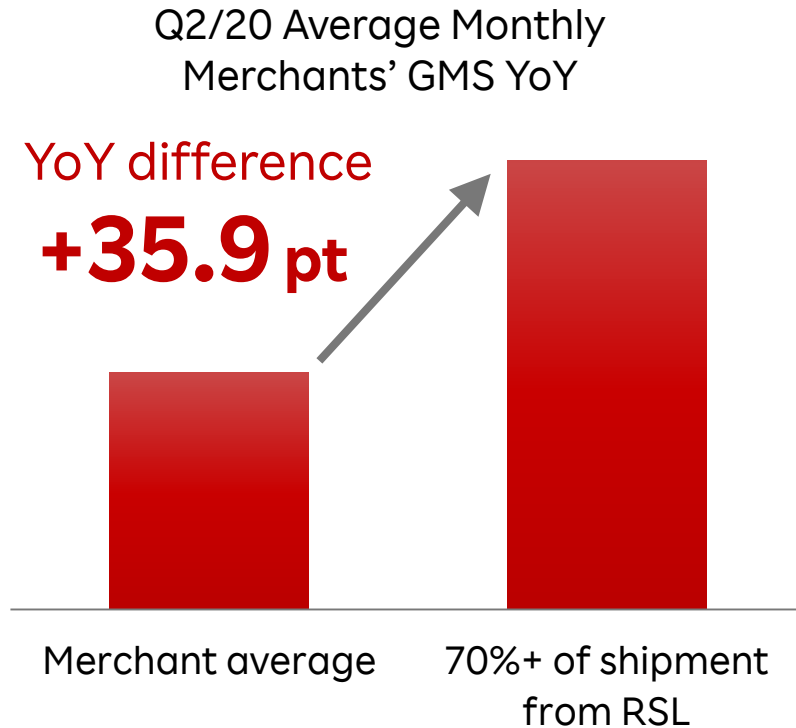
First half of 2021



Osaka:Hirakata
Hyogo:Kawanishi,
Amagasaki

Chiba: Ichikawa,
Nagareyama
Kanagawa: Sagamihara

Rakuten Super Logistics (RSL) contribution to Merchant's GMS growth



**Merchants utilize
Rakuten Super Logistics
realize higher growth rate**

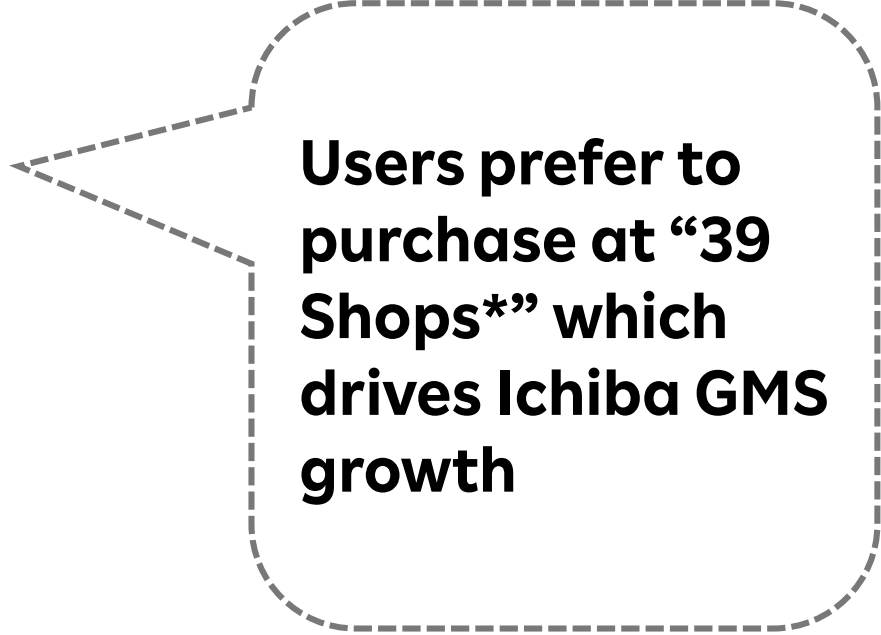
Reasons why RSL merchants can grow faster

| | |
|--|---|
| “Asuraku” (Next day delivery) | Free up labor |
| High quality packaging | Estimated delivery time (Start end of 2020) |
| Lower logistics cost | “Matomete Haiso” (Send items in one box) (Planned) |

Introduction of Uniform Shipping boosted Ichiba Growth

Ichiba launched Uniform shipping for purchases **over JPY 3,980** on March 18

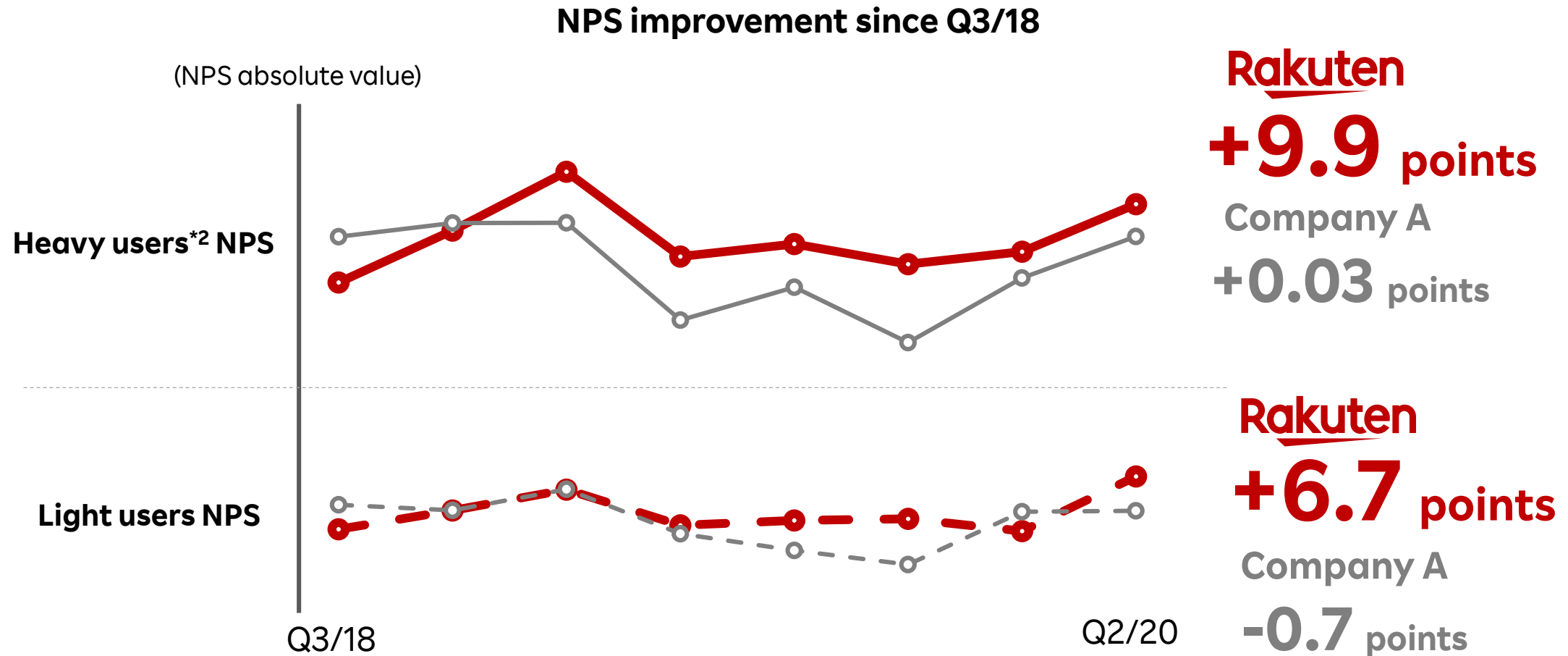
**Merchants including
shipping fee (“39
shops^{*}”) GMS YoY
grow strongly since
it’s launch**



**Users prefer to
purchase at “39
Shops^{*}” which
drives Ichiba GMS
growth**

*“39 shops” = merchants including shipping fee above the threshold of 3,980 yen. In Japanese, “39” is pronounced as “Thank you.”

NPS*¹ improvement vs Competition



*¹Net Promoter Score (NPS) Survey: Conducted by Rakuten through external panel

*²Heavy users of Rakuten include Diamond/Platinum rank. Heavy users of company A are paid members

3. Successful MNO Customer Acquisition

Accelerating Mobile Customer Acquisition

Applications Exceeded

1 million

Within 3 months of Launch

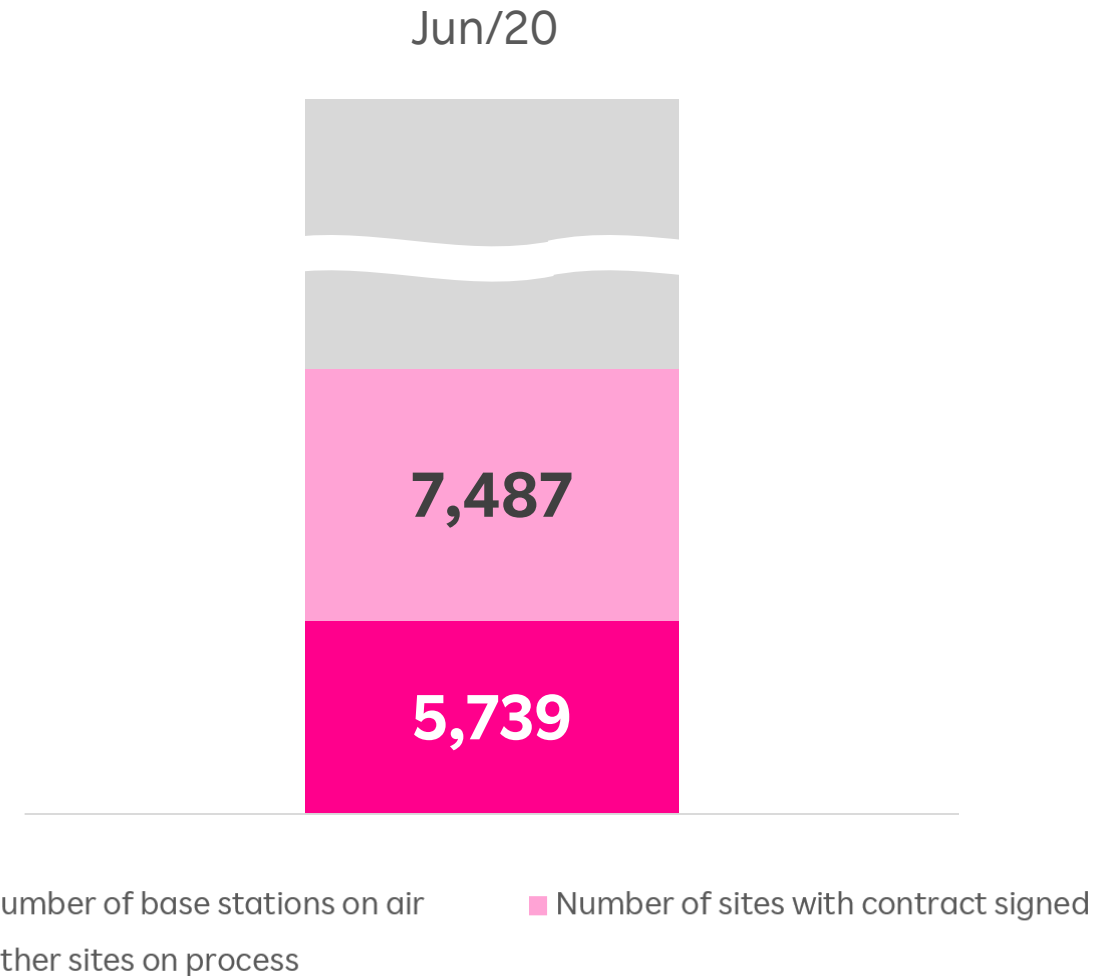
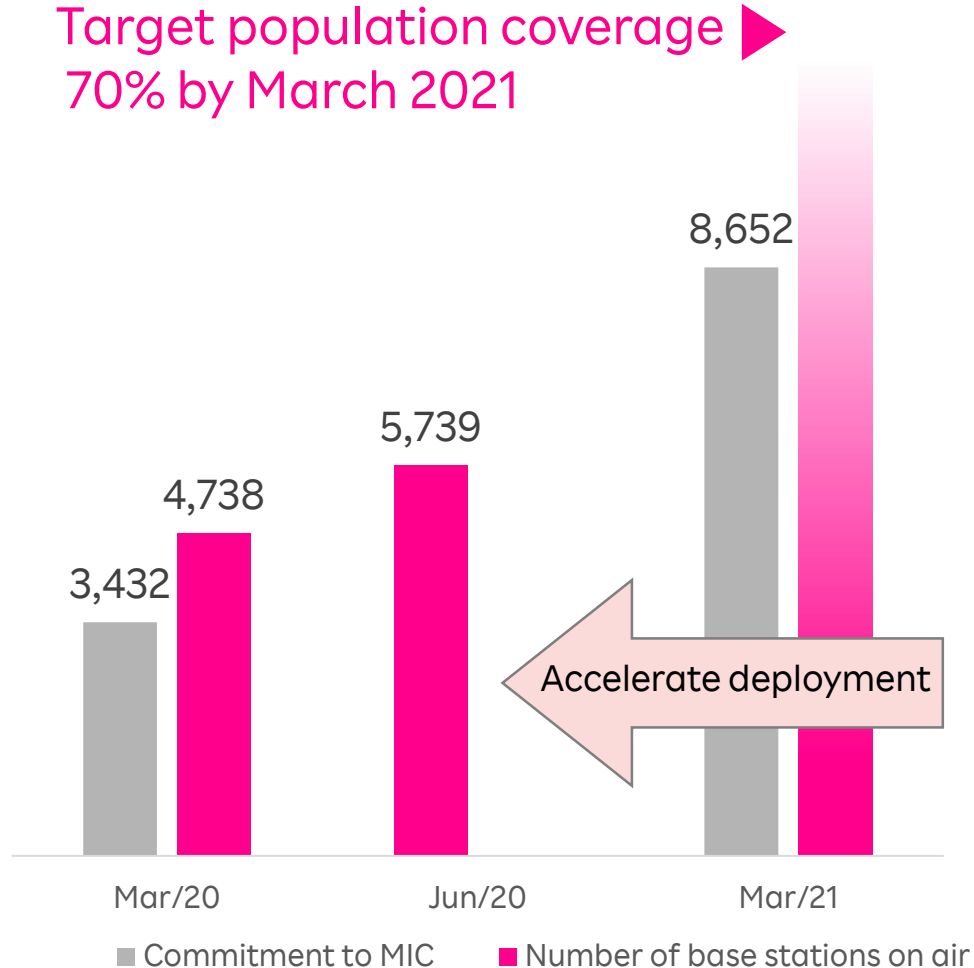
Launch of Rakuten Mobile TV Commercial in July

- **83% of Japanese want mobile prices to be reduced*.**
- **Unlimited data and voice at half the industry price.**
- **No conditions.**
- **No cancellation fee.**

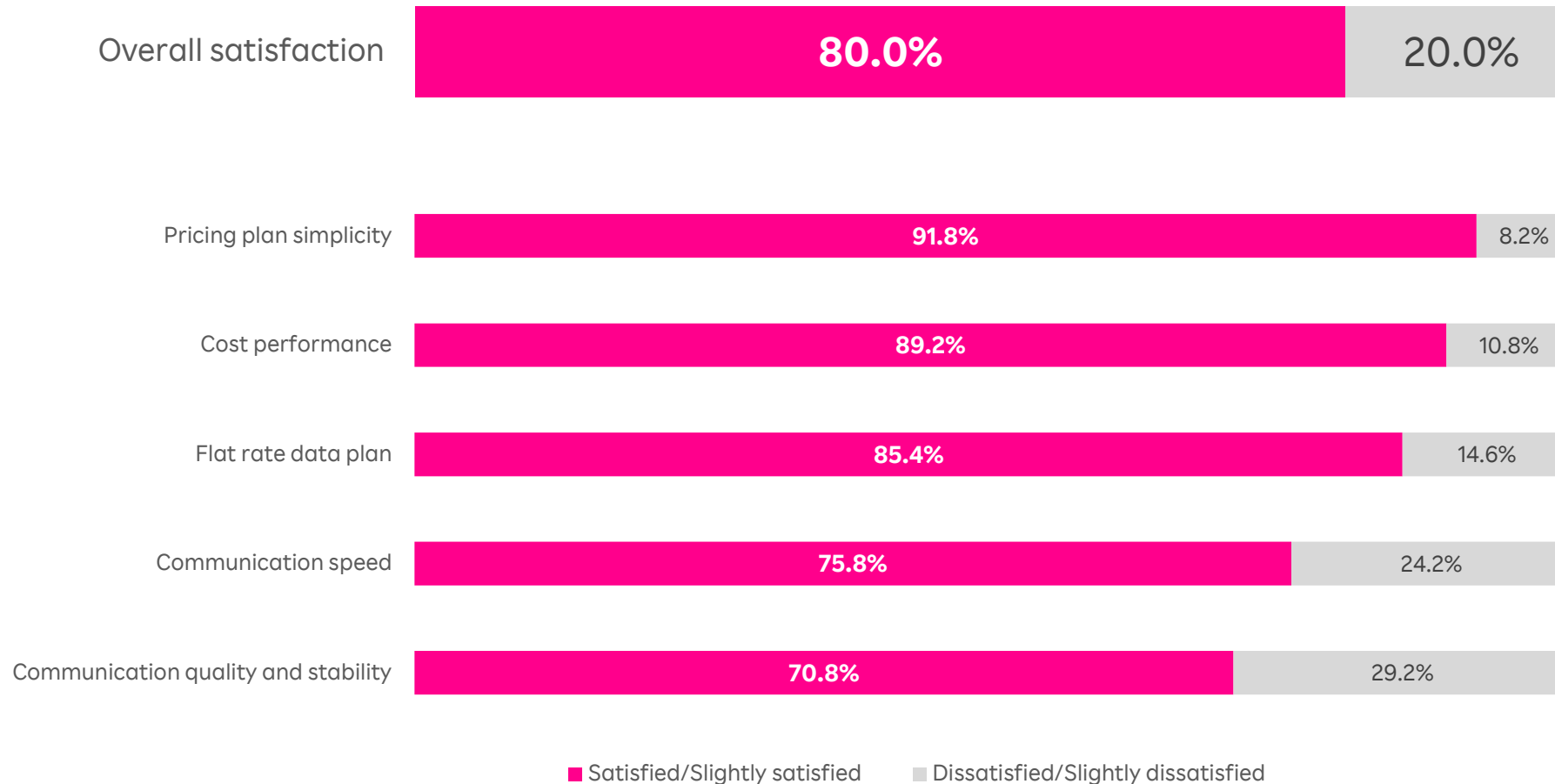
* Calculate the opinions of smartphone users based on the data from the Consumer Affairs Agency “Results of a price monitor survey for January 2019 (preliminary report)”,

Base Station Buildout Ahead of Plan

Target population coverage
70% by March 2021



Rakuten UN-LIMIT User Satisfaction High



* Source: MMD labo, June 2020 User survey after starting of “Rakuten UN-LIMIT”

Rakuten Mobile 5G Launch in Fall 2020

Efficient 5G roll out by software upgrade and antenna installation

Development of 5G Core

Rakuten Mobile



NEC

Agreement on joint development of Stand Alone 5G core network with container technology

Rakuten Mobile



経済産業省
Ministry of Economy, Trade and Industry



新エネルギー・産業技術総合開発機構
New Energy and Industrial Technology Development Organization

Designated two R&D projects in the "Research and Development Project for Enhancement of the bases for post-5G information and communication systems"

4. RCP (Rakuten Communications Platform) strategy

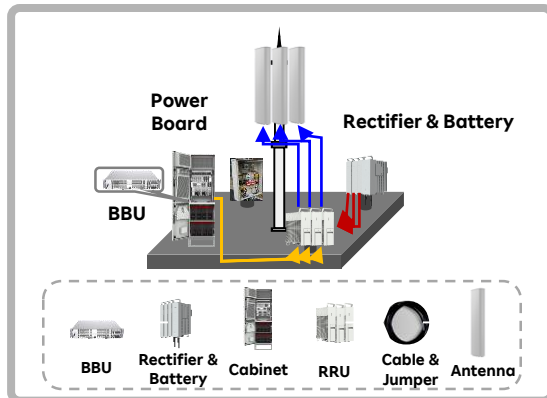
Next Generation Global 5G Leader

Japan MNO Service

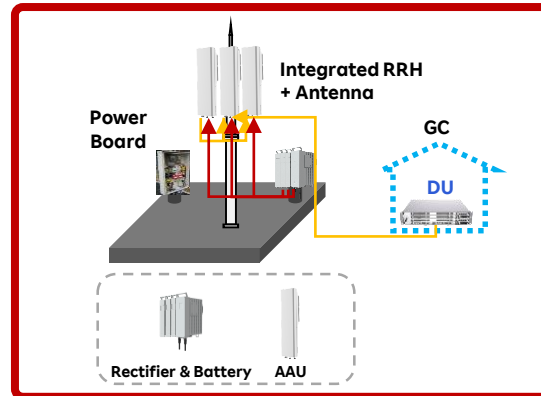
Developed and Deployed World's First Fully Virtualized Network

- Redefined how mobile telco networks are designed, built, operated
- Significant reduction in CAPEX and OPEX due to virtualization, automation and open architecture

Traditional Site Deployment



Rakuten Virtualized Site Deployment



~40% lower CAPEX
~30% lower OPEX

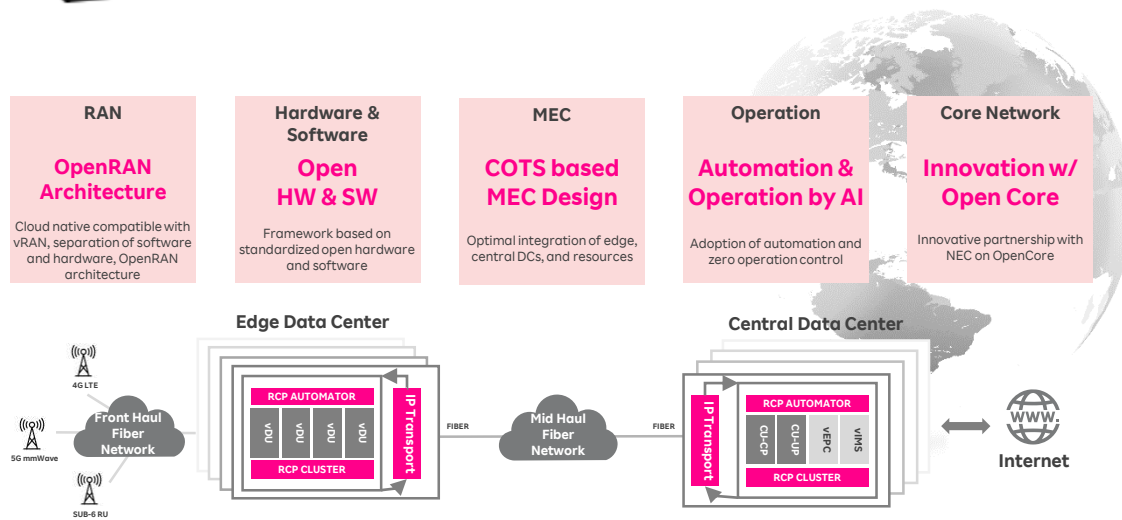
Going Global

Targeting the \$1tn+ Mobile industry via Innovation

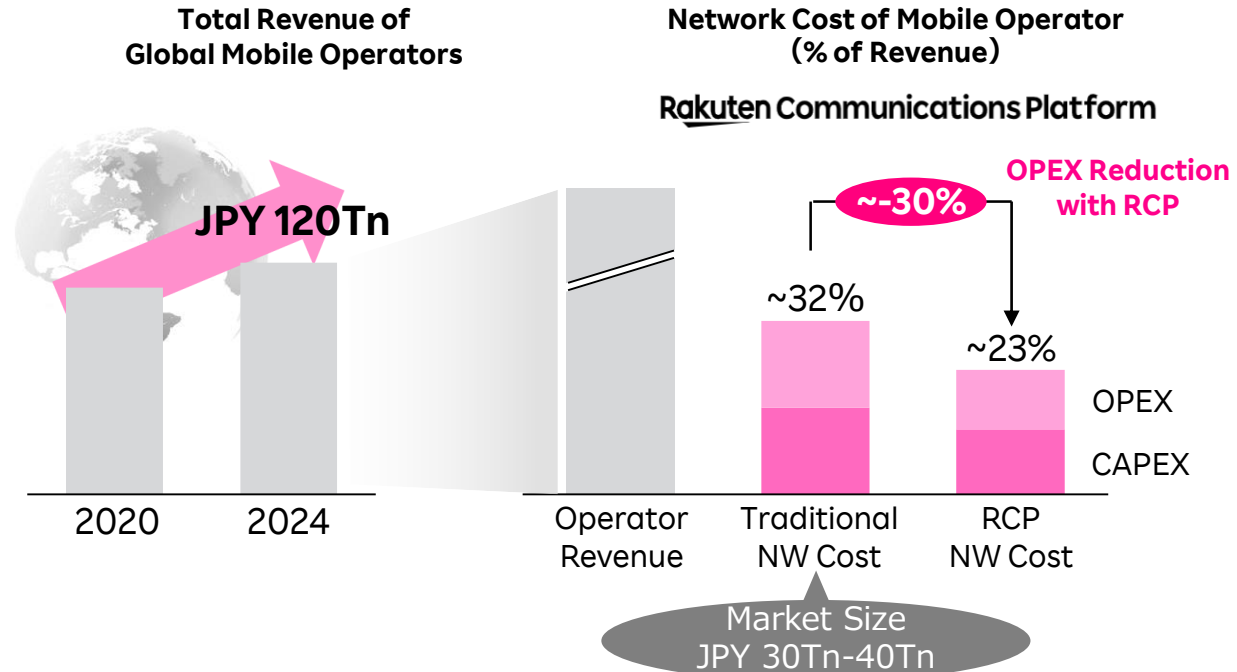
"Rakuten...launched the first full-scale virtualized network on April 8th... it may prove as momentous as Amazon's launch in 2006 of its trailblazing cloud-computing arm." Economist April 8, 2020

RCP (Rakuten Communications Platform)

Rakuten Communications Platform



- Avoid lock-in by specific vendors
- Quick adoption of additional services for network operation with marketplace type app store
- Network optimization using AI as a basic function, contributing to operational improvement
- Economic solution for expensive 5G infrastructure investment



Redefining how mobile telco networks are designed, built, and operated

5. Strength of Rakuten Ecosystem

Rakuten Ecosystem: Digital and Diverse With Strong and Stable Growth

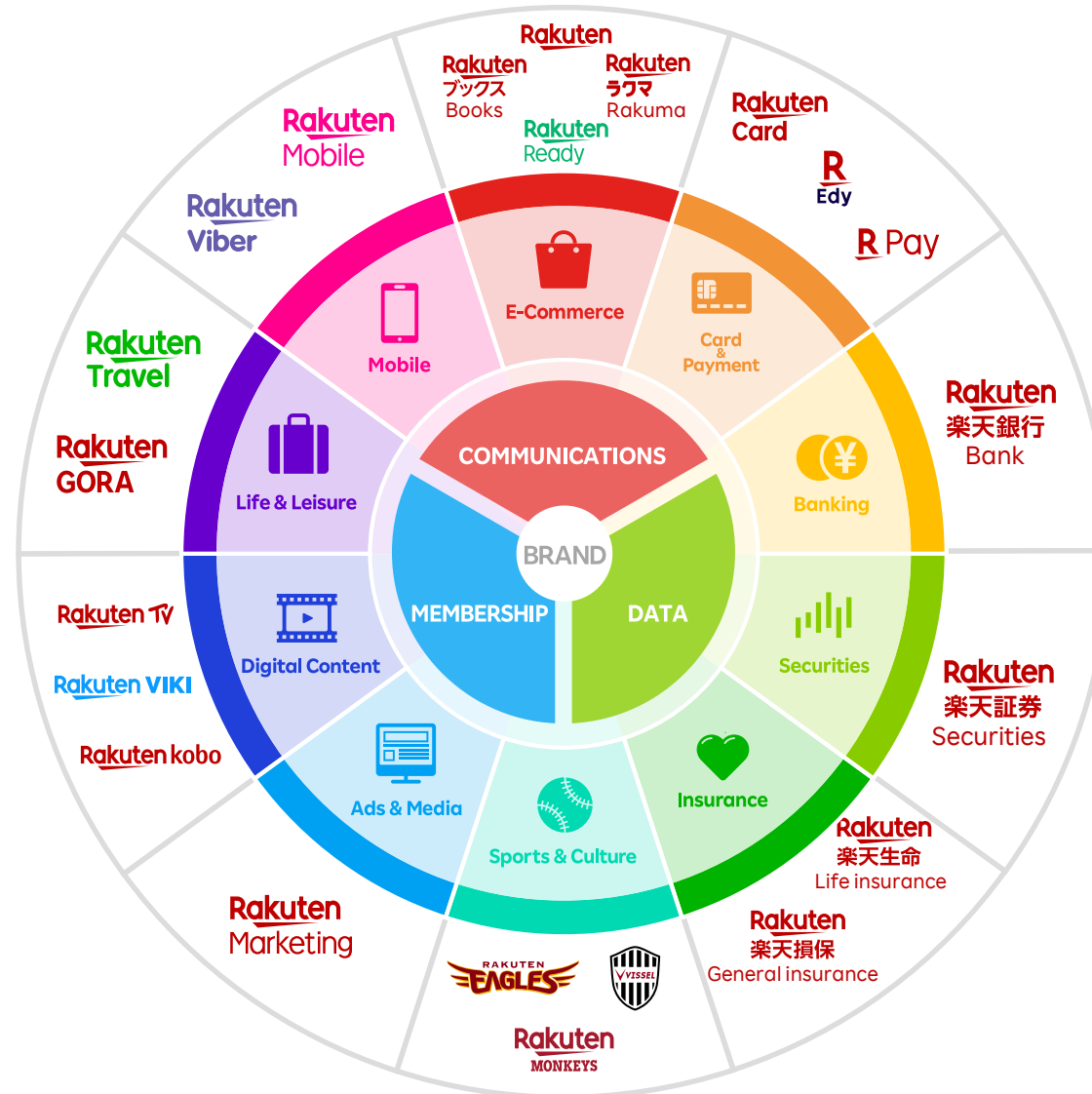


**Global
IDs
1.4bn**



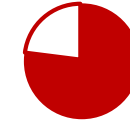
**Annual Points
Issued
320bn Points**

* FY2019 results



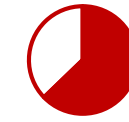
Taiwan

82.7%



U.S.

60.2%



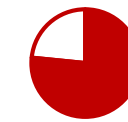
Spain

74.1%



France

79.7%



Canada

64.5%



* Aided Rakuten corporate logo awareness survey conducted by Rakuten (Jul 2020)

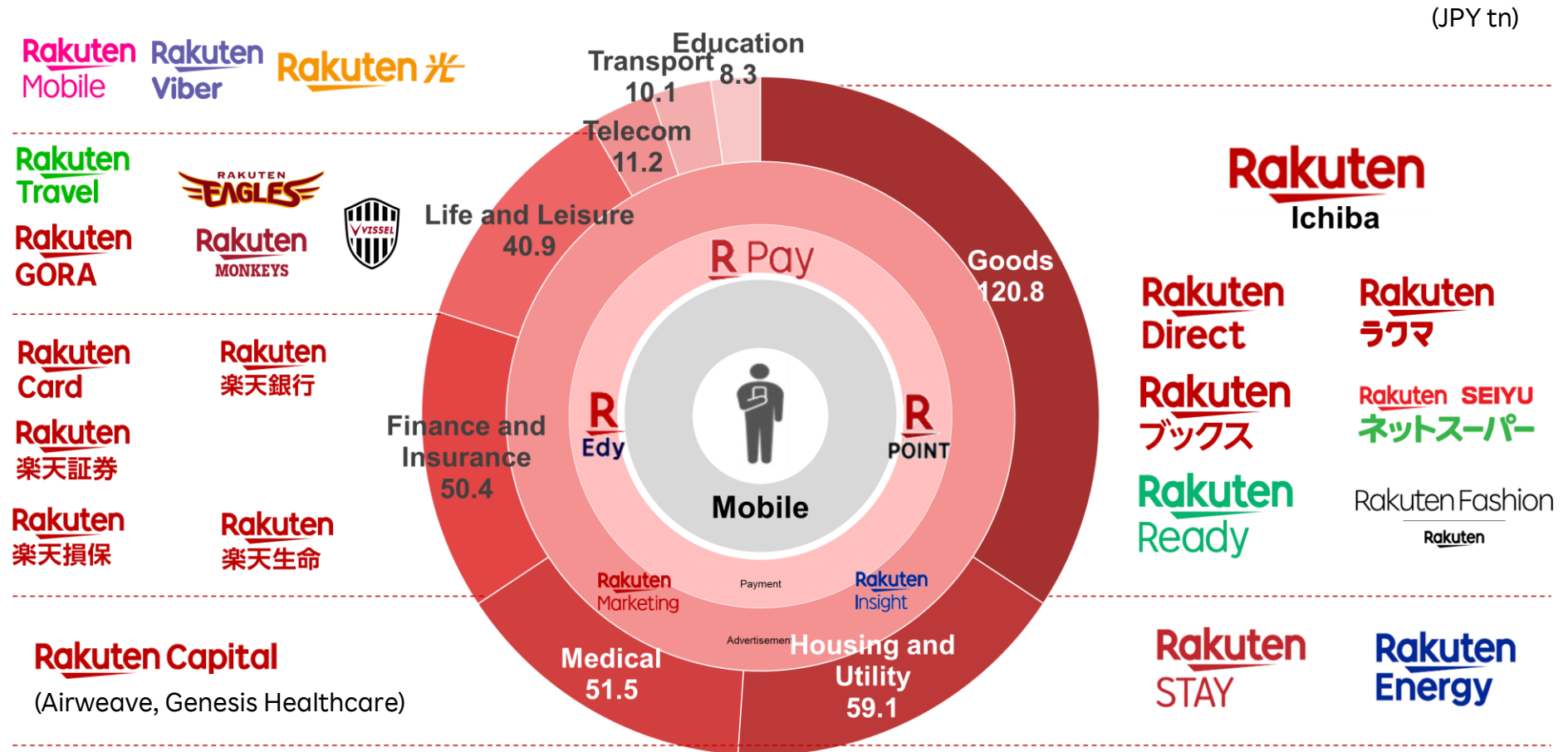


Businesses

70+

Rakuten Everywhere

Capturing the Consumer's JPY 352 Trillion* Wallet Share



* Internal estimation based on public information

COVID-19 Initiatives: Supporting Stakeholders

Employees

- Continue to promote WFH* through the proactive use of IT : **videoconferencing, digital signatures.**
- WFH while **maintaining a high level of security**
- Newly formulated **Return to office guidelines.**



Customers

- Rakuten Express / Seiyu Net Super: Available for **non-face-to-face receipt.**
- Vacation STAY: **Telework support campaign.**



Rakuten

Partners

- Rakuten Travel **“Secure Travel”** **Rakuten Travel**
Rakuten GORA **“Play Safe”**
Rakuten Beauty
Added COVID-19 countermeasure.
- Rakuten Realtime Takeout **Free of charge until end of Oct.** **リアルタイムテイクアウト**

安心な旅を
楽しもう



安全・安心にゴルフを楽しみましょう！

Rakuten GORA PLAY SAFE

安心してプレーを楽しんでください。
3月1日より実施しています。詳しくは各ゴルフ場のホームページをご覧ください。

Rakuten BEAUTY



Society

- Charity fund : Donation to support medical institutions etc.
- Furusato-Nozei* : **Donation exceeds JPY 1 billion** in support projects for businesses affected by COVID-19.



新型コロナウイルス
感染症対策支援募金
COVID-19 crisis response fund



*WFH represents Work from home, Furusato-Nozei is Hometown Tax Donation Program

Commitment to Sustainability

Selected for all major Japan ESG indices

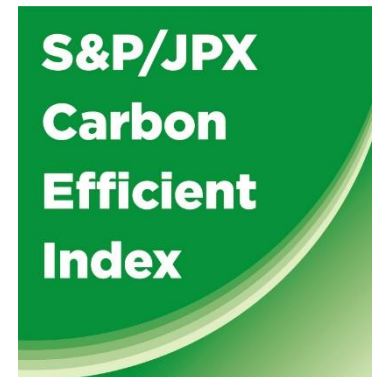


FTSE4Good

Global ESG indices adopted by GPIF for ESG investment

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom
Japan

Rakuten



Consolidated Results

Q2/20 Consolidated Results Summary

(JPY bn)

| | Q2/19 | Q2/20 | YoY |
|--|-------|-------|--------|
| Revenue | 306.3 | 347.3 | +13.4% |
| Non-GAAP Operating Income | 3.2 | -32.6 | -35.7 |
| Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business | 24.7 | 31.3 | +26.8% |
| IFRS Operating Income | -1.8 | 3.3 | +5.1 |

Includes gain of **JPY 40.9 billion** from the sale of
OverDrive Holdings, Inc.

Q2/20 Revenue and Operating Income

(JPY bn)

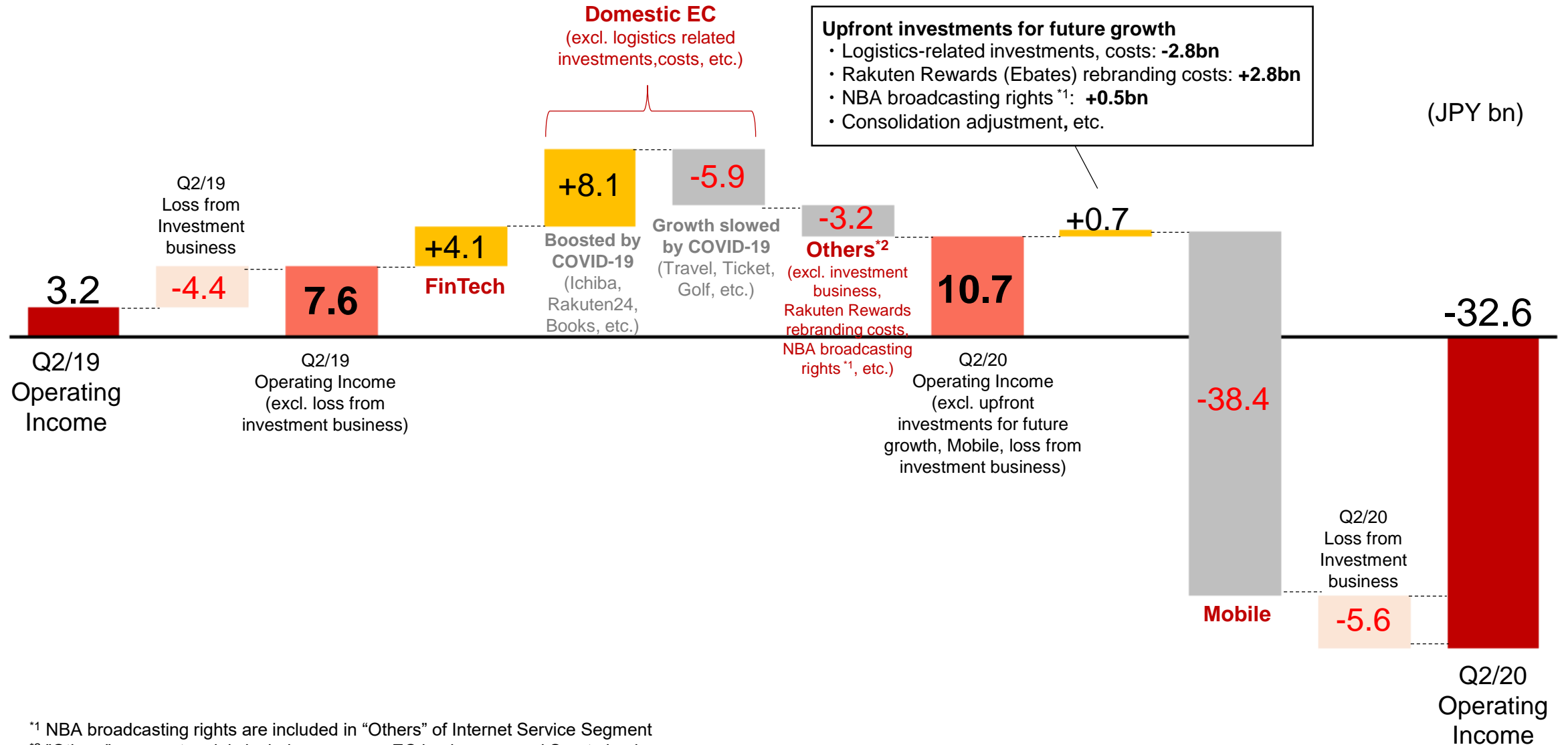
| | Q2/19 | Q2/20 | YoY |
|--|-------|-------|----------|
| Core Business ^{*1} | | | |
| Revenue | 244.6 | 267.5 | +9.4% |
| Operating Income | 34.0 | 34.4 | +1.2% |
| Non-recurring / Investments ^{*2} | | | |
| Revenue | 29.7 | 33.2 | +11.6% |
| Operating Income | -1.9 | -1.5 | +0.3 |
| Future Growth Investments ^{*3} | | | |
| Revenue | 61.5 | 86.9 | +41.3% |
| Operating Income | -29.1 | -66.7 | -37.6 |
| Adjustments | | | |
| Revenue | -29.4 | -40.2 | -10.8 |
| Operating Income | 0.1 | 1.3 | +1093.7% |
| Consolidated | | | |
| Revenue | 306.3 | 347.3 | +13.4% |
| Non-GAAP Operating Income | 3.2 | -32.6 | -35.7 |
| IFRS Operating Income | -1.8 | 3.3 | +5.1 |

*1 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*2 Includes Securities, General Insurance and Investment Business

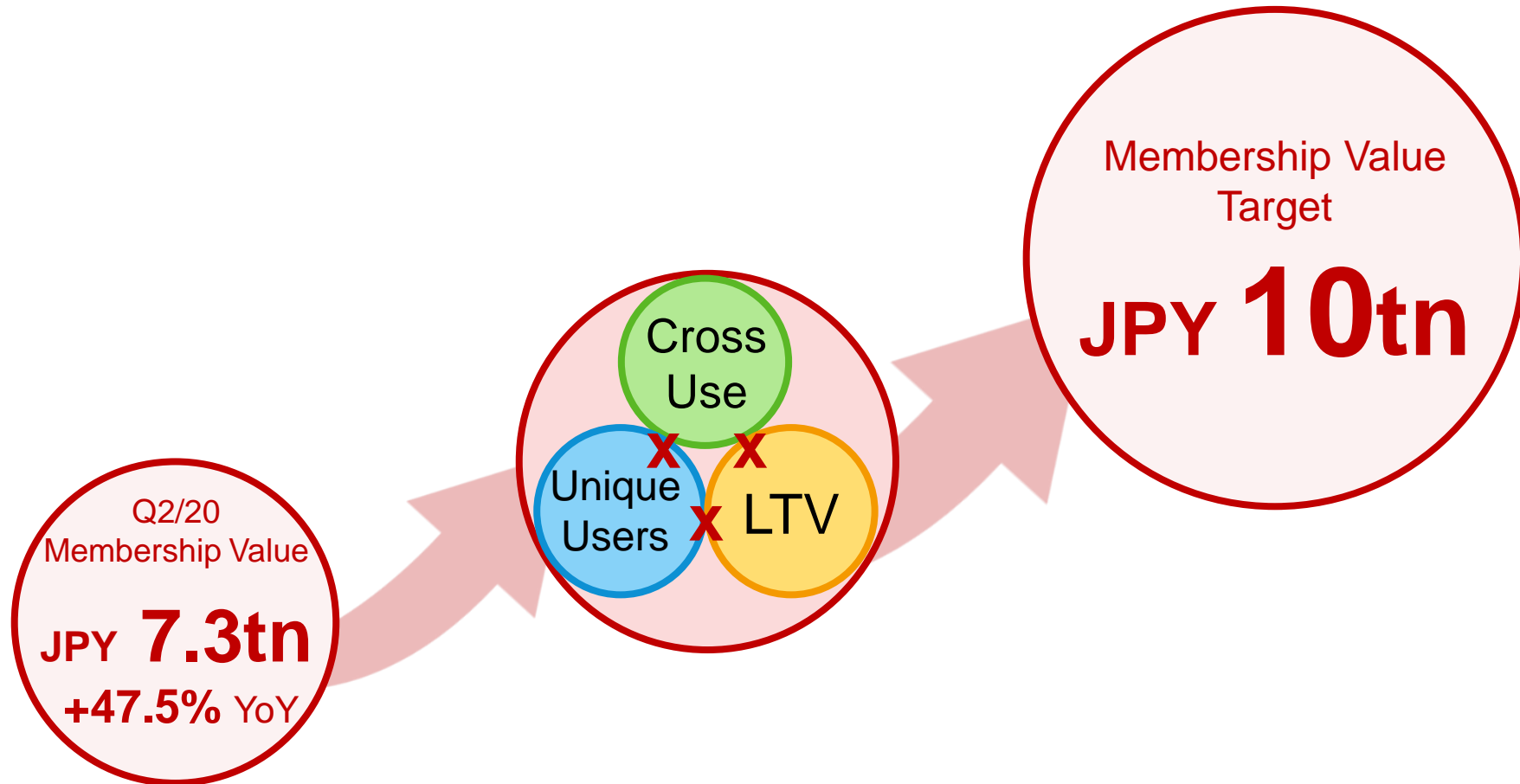
*3 Includes Logistics-related investments, Mobile, Payment, NBA broadcasting rights, Rakuten Rewards (Ebates) rebranding costs, etc

Q2/20 Non-GAAP Operating Income Breakdown



Massive Expansion of the Rakuten Ecosystem

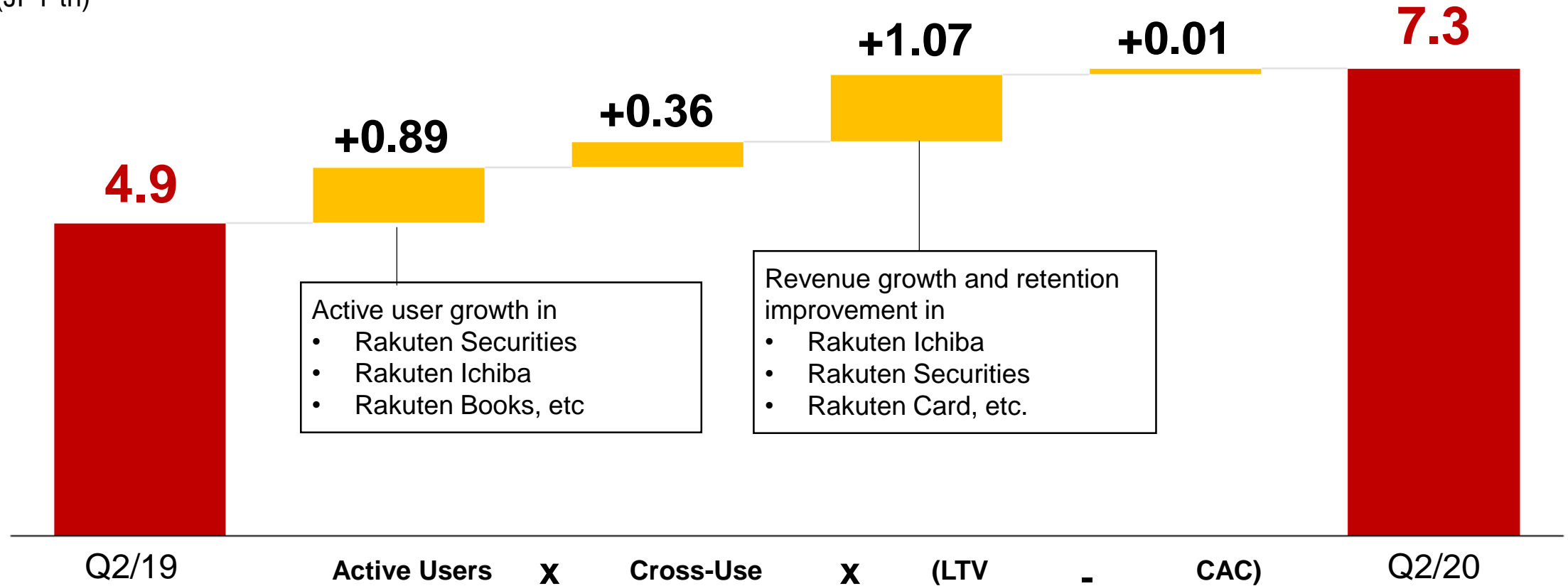
- Consistent growth towards target Membership Value of JPY 10tn



Rakuten Ecosystem Membership Value

- Membership Value climbed +47.5% YoY from increased Ichiba, Securities, and Rakuten Card users and improved gross profit

(JPY tn)



*MVNO membership value is excluded both from Q2/19 and Q2/20

Rakuten

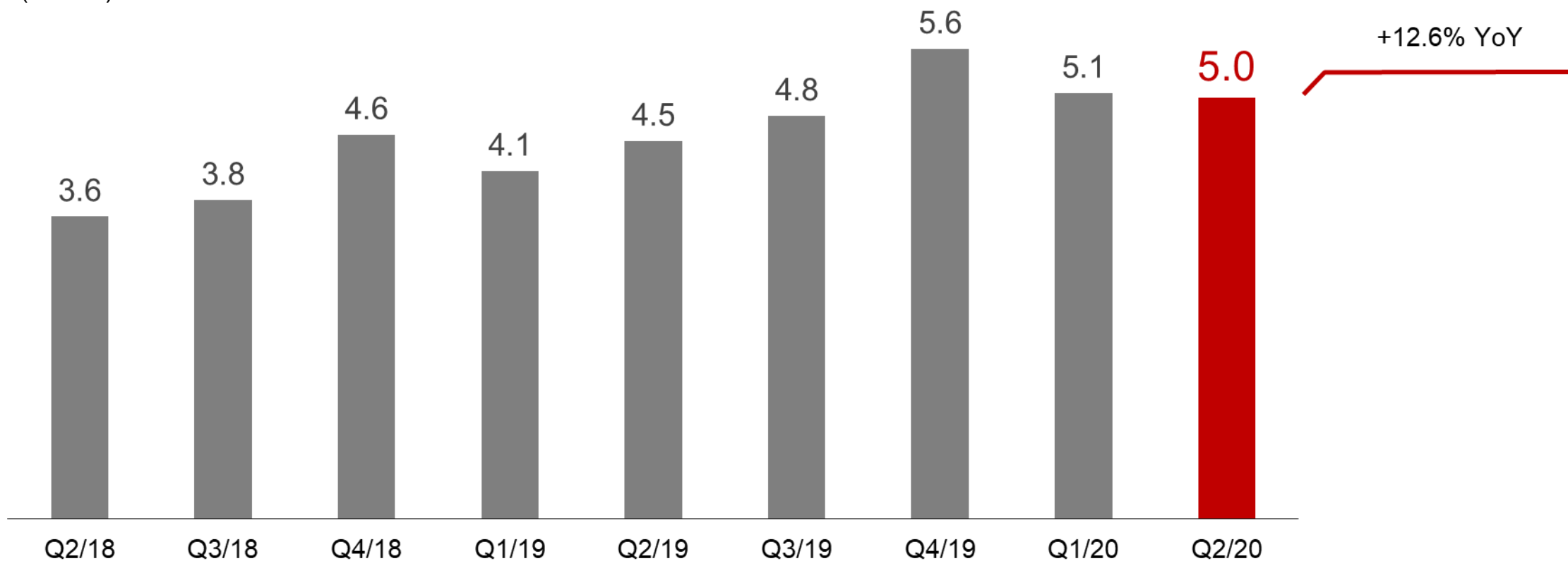
Appendix



Consolidated Results

Total Global GTV^{*1*2}

(JPY tn)

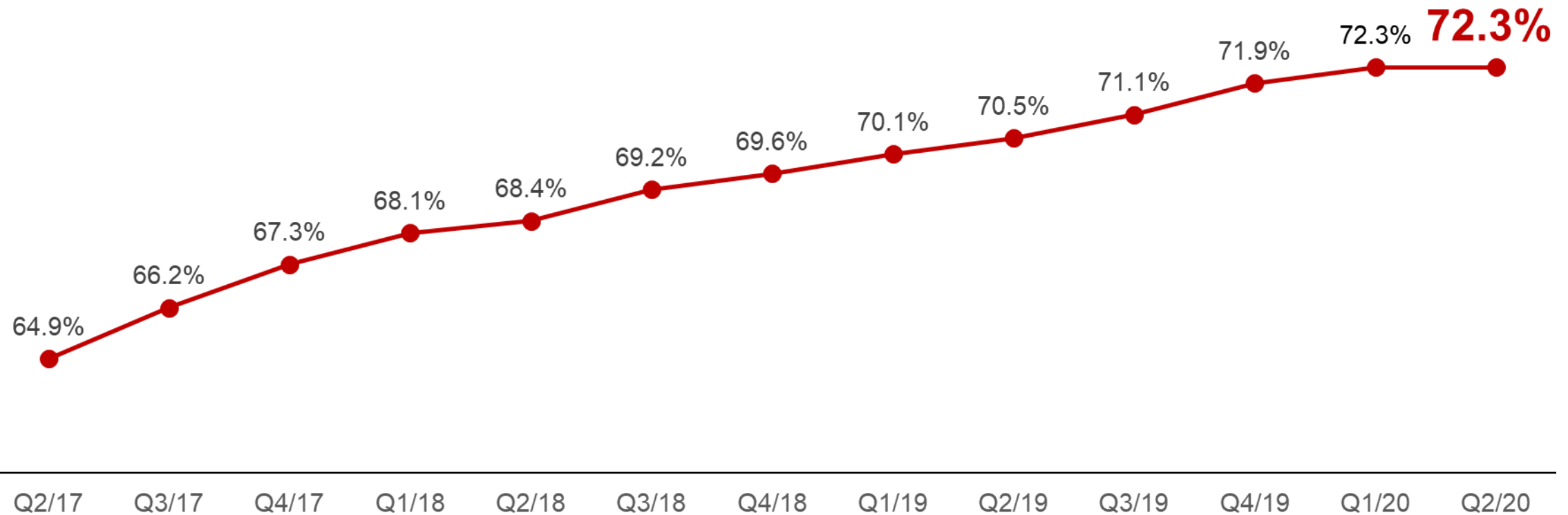


^{*1} Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV+ Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Advertising GTV

^{*2} Includes intercompany transactions for settlement and affiliate services

Expansion of Cross-Use Ratio*

- Successful SPU program enhancing cross-use, resulting in an increased number of active users, contributing to growth in membership value



*Number of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month (As of June 30, 2020)
(Applicable services limited to those which can earn Rakuten Super Points.)

Q2/20 Revenue and Operating Income

(JPY bn)

| | | Q2/19 | Q2/20 | YoY |
|--|----------------------------------|-------|-------|----------|
| | Domestic E-Commerce | | | |
| | Revenue | 116.8 | 133.2 | +14.0% |
| | Operating Income | 12.1 | 11.0 | -9.1% |
| | Others | | | |
| | Revenue | 73.3 | 69.0 | -5.9% |
| | Operating Income | -13.9 | -15.5 | -1.6 |
| | Internet Services Segment | | | |
| | Revenue | 190.1 | 202.1 | +6.4% |
| | Operating Income | -1.8 | -4.5 | -2.7 |
| | FinTech Segment | | | |
| | Revenue | 118.6 | 141.7 | +19.5% |
| | Operating Income | 17.1 | 21.3 | +24.2% |
| | Mobile Segment | | | |
| | Revenue | 27.1 | 43.6 | +61.0% |
| | Operating Income | -12.2 | -50.6 | -38.4 |
| | Adjustments | | | |
| | Revenue | -29.4 | -40.2 | -10.8 |
| | Operating Income | 0.1 | 1.3 | +1093.7% |
| | Consolidated | | | |
| | Revenue | 306.3 | 347.3 | +13.4% |
| | Non-GAAP Operating Income | 3.2 | -32.6 | -35.7 |
| | IFRS Operating Income | -1.8 | 3.3 | +5.1 |

Q2/20 Operating Income Reconciliation

(JPY bn)

| | Q2/19 | Q2/20 | YoY |
|---|-------|-------|-------|
| Non-GAAP Operating Income | 3.2 | -32.6 | -35.7 |
| Amortization of Intangible Assets (PPA) | -2.3 | -2.7 | -0.4 |
| Stock Based Compensation | -2.6 | -2.3 | +0.3 |
| One-off items | 0.0 | 40.9 | +40.9 |
| IFRS Operating Income | -1.8 | 3.3 | +5.1 |

Rakuten Group: Balance Sheets As of Jun 30, 2020 (Subsidiaries include internal transactions)

(JPY bn)

| | |
|--|---|
| Cash and cash equivalents 2,296.4 | Bonds and borrowings 2,069.9 |
| Financial assets for securities biz 2,286.2 | Financial liabilities for securities biz 2,245.0 |
| Investment securities and loans for banking biz 1,399.4 | Deposits for banking biz 3,769.0 |
| Loans for credit card biz 1,772.6 | |
| Other assets 2,678.8 | Other liabilities 1,625.8 |
| | Total net assets 723.6 |

Total Assets 10,433.3

Rakuten Group
(Consolidated)

| | |
|------------------------------------|-------------------------------|
| Cash and cash equivalents 194.7 | Bonds and borrowings 719.0 |
| Other assets 2,010.0 | Subordinated bonds 182.0 |
| | Other liabilities 766.0 |
| | Total net assets 537.6 |

Total Assets 2,204.7

Rakuten, Inc.

| | |
|--|-------------------------------------|
| Cash and cash equivalents 1,006.2 | Bonds and borrowings 348.6 |
| Investment securities and loans for banking biz 2,643.3 | Deposits for banking biz 3,869.0 |
| Other assets 186.9 | |
| | Total net assets 149.5 |

Total Assets 4,438.4

Rakuten Bank, Ltd.

| | |
|--------------------------------------|---------------------------------|
| Cash and cash equivalents 61.5 | Bonds and borrowings 1,769.6 |
| Loans for credit card biz 1,764.3 | |
| Other assets 629.9 | |
| | Total net assets 285.4 |

Total Assets 2,455.7

Rakuten Card Co., Ltd.

| | |
|--|---|
| Cash and cash equivalents 150.4 | Bonds and borrowings 143.0 |
| Financial assets for securities biz 2,283.1 | Financial liabilities for securities biz 2,239.4 |
| Other assets 69.8 | |
| | Total net assets 104.9 |

Total Assets 2,503.3

Rakuten Securities, Inc.

| | |
|----------------------------------|---------------------------|
| Cash and cash equivalents 6.6 | Other liabilities 34.8 |
| Other assets 66.2 | Total net assets 38.0 |

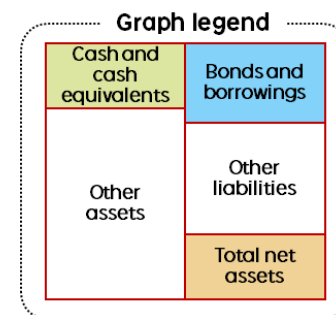
Total Assets 72.8

Rakuten Life Insurance Co., Ltd.

| | |
|-----------------------------------|----------------------------|
| Cash and cash equivalents 85.0 | Other liabilities 391.0 |
| Other assets 351.0 | Total net assets 45.0 |

Total Assets 436.0

Rakuten General Insurance Co., Ltd.

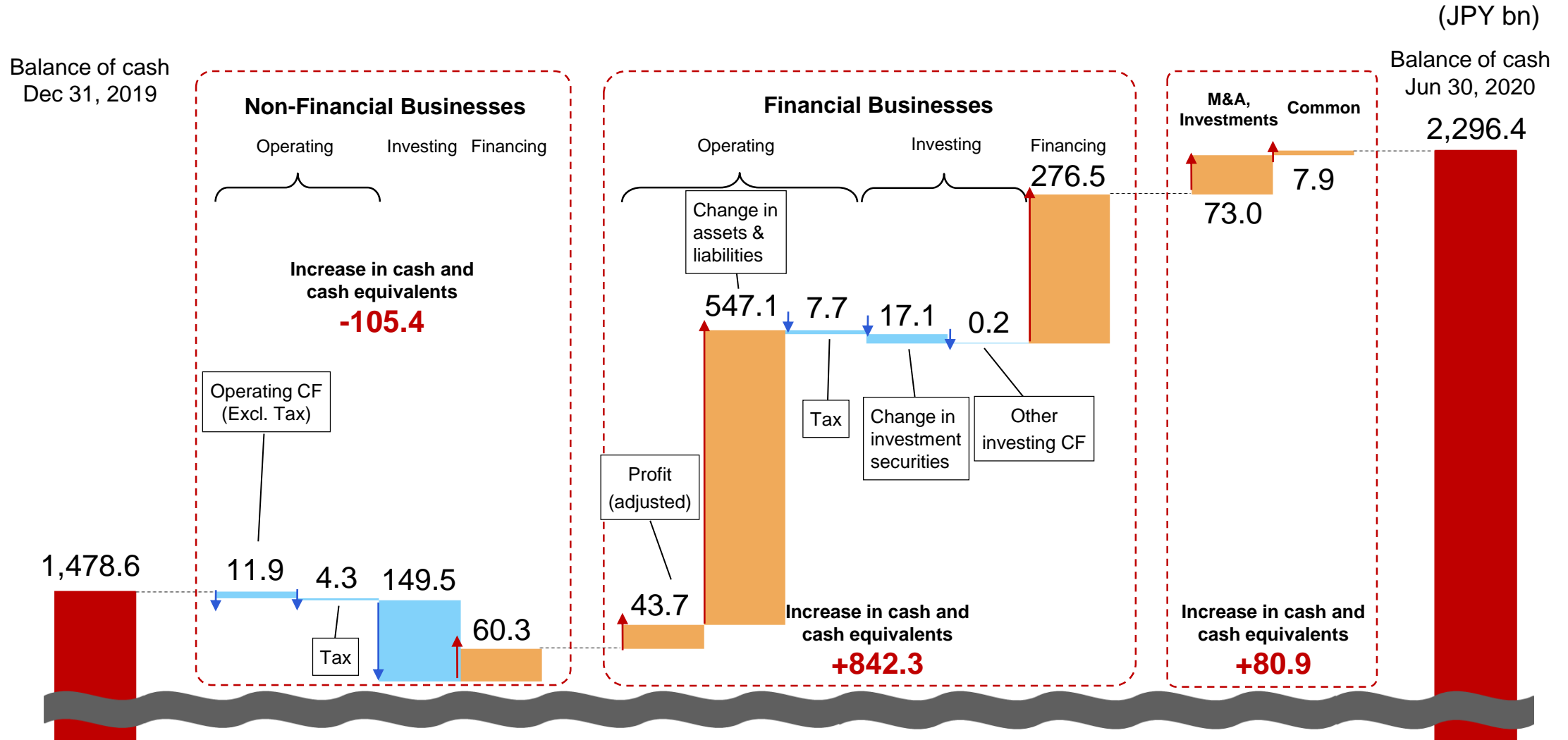


*1 Rakuten, Inc., Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities, Inc., Rakuten Life Insurance Co., Ltd., and Rakuten General Insurance Co., Ltd. are based on IFRS non-consolidated balance sheets.

*2 Bonds and borrowings = Corporate bonds + CP + Borrowings

*3 Subsidiaries include internal transactions

Cash Flow Breakdown: Jan-Jun, 2020



* "M&A and investments" includes "Increase and Decrease in restricted deposits", "Purchase of investment securities" "Acquisition of investments in associates and joint ventures" and "Proceeds from sales and redemption of investment securities" of Non-Financial activities in addition to "Acquisition of subsidiaries"

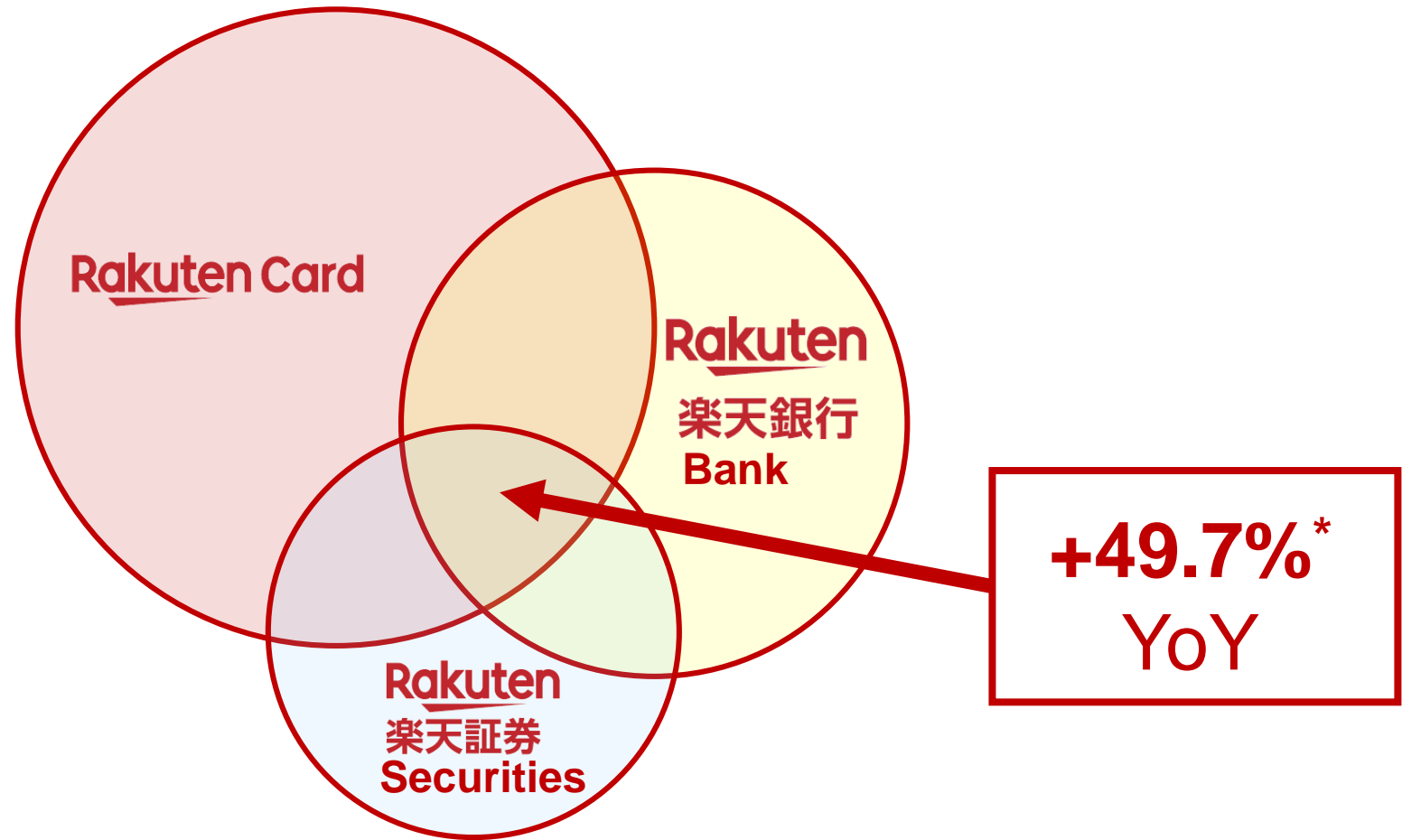


FinTech Segment

Cross-Use Example of FinTech Businesses

- Cross-use among FinTech services is rapidly expanding

(Number of Unique Users)



* As of June 2020

Q2/20 FinTech Results Summary

(JPY bn)

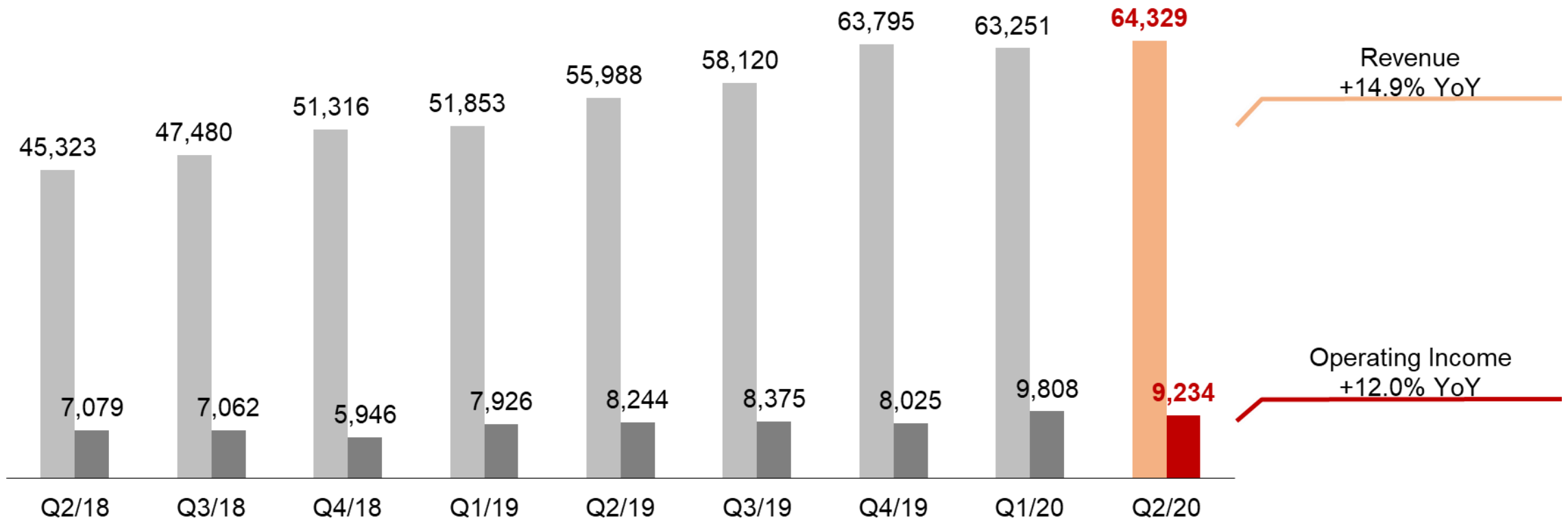
| | Revenue | YoY | Operating Income | YoY |
|--------------------------------|---------|--------|------------------|--------|
| Card | 64.3 | +14.9% | 9.2 | +12.0% |
| Bank | 23.6 | +7.0% | 7.4 | +6.4% |
| Insurance | 28.1 | +9.1% | 1.9 | +87.7% |
| Payment | 7.0 | +6.2% | -0.6 | +0.71 |
| Others | 1.4 | + 6.56 | -0.2 | -0.27 |
| FinTech Total excl. Securities | 124.5 | +18.2% | 17.6 | +18.5% |
| Securities | 17.3 | +29.3% | 3.7 | +62.1% |
| FinTech Total | 141.7 | +19.5% | 21.3 | +24.2% |

* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.

Rakuten Card Results

- Revenue +14.9% YoY and Operating Income +12.0% YoY from growth in shopping transactions and revolving balances

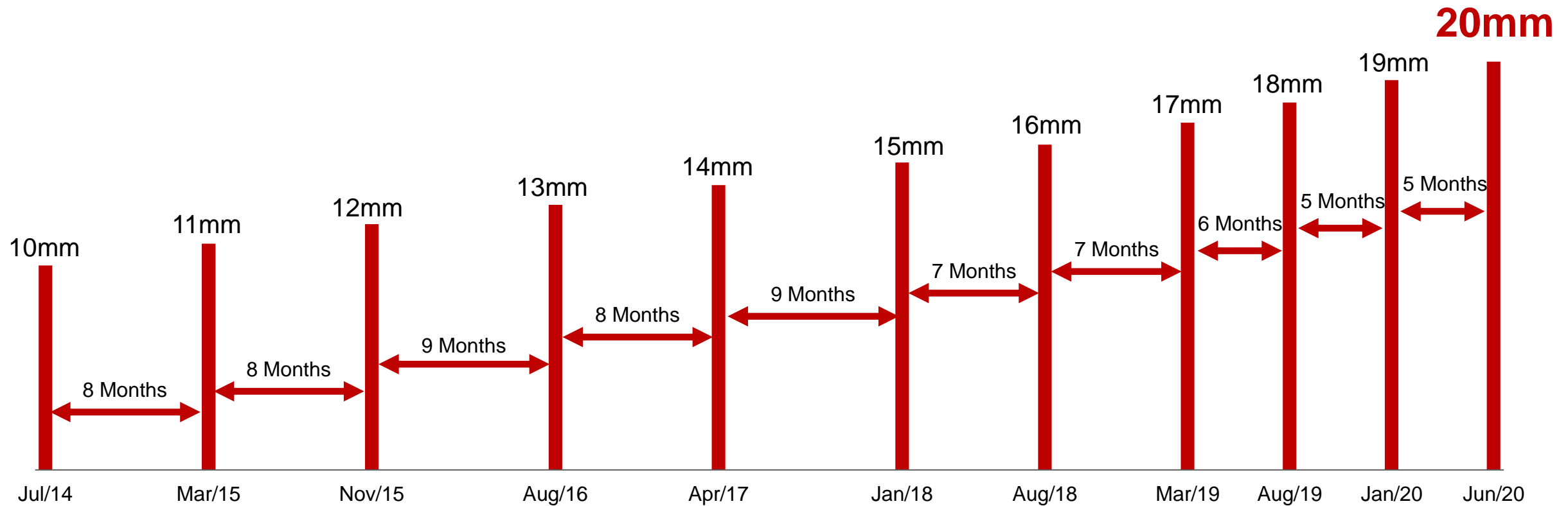
(JPY mm)



Rakuten Card Number of Cardholders surpassed 20mm

- Number of cardholders surpassed 20mm in June 2020, and continues to grow rapidly

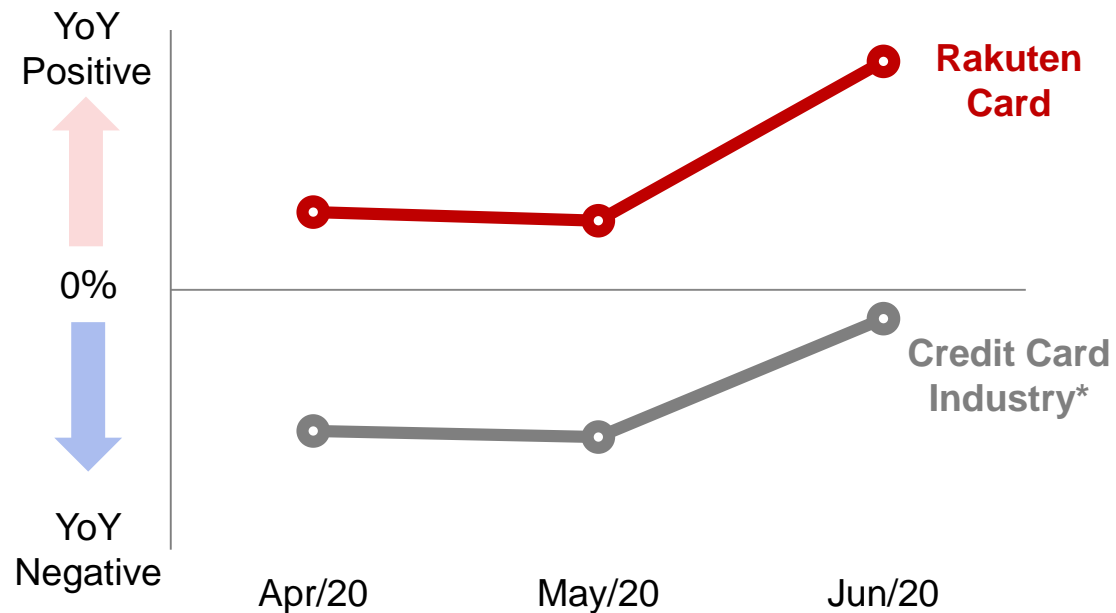
(Card holders)



Rakuten Card As a Primary Credit Card

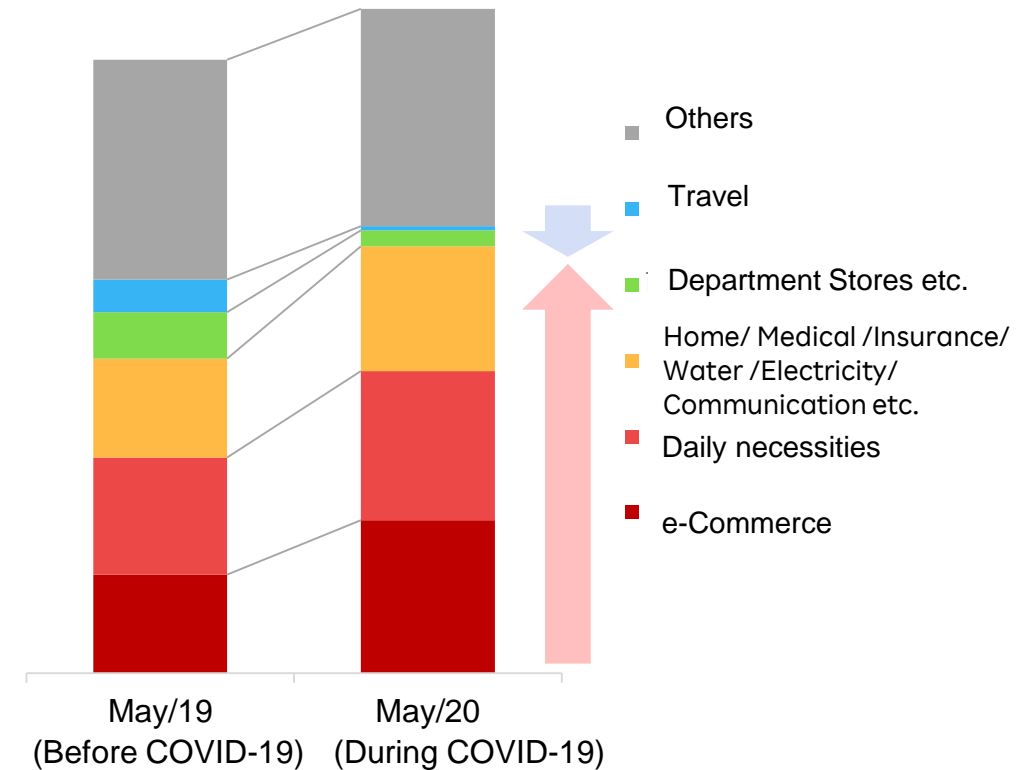
- Rakuten Card kept positive growth amidst COVID-19 and recovered quickly in June
- Rakuten Card is also being used as a primary card for daily necessity and utility charges etc.

Shopping GMS Growth Outperform the Market (YoY)



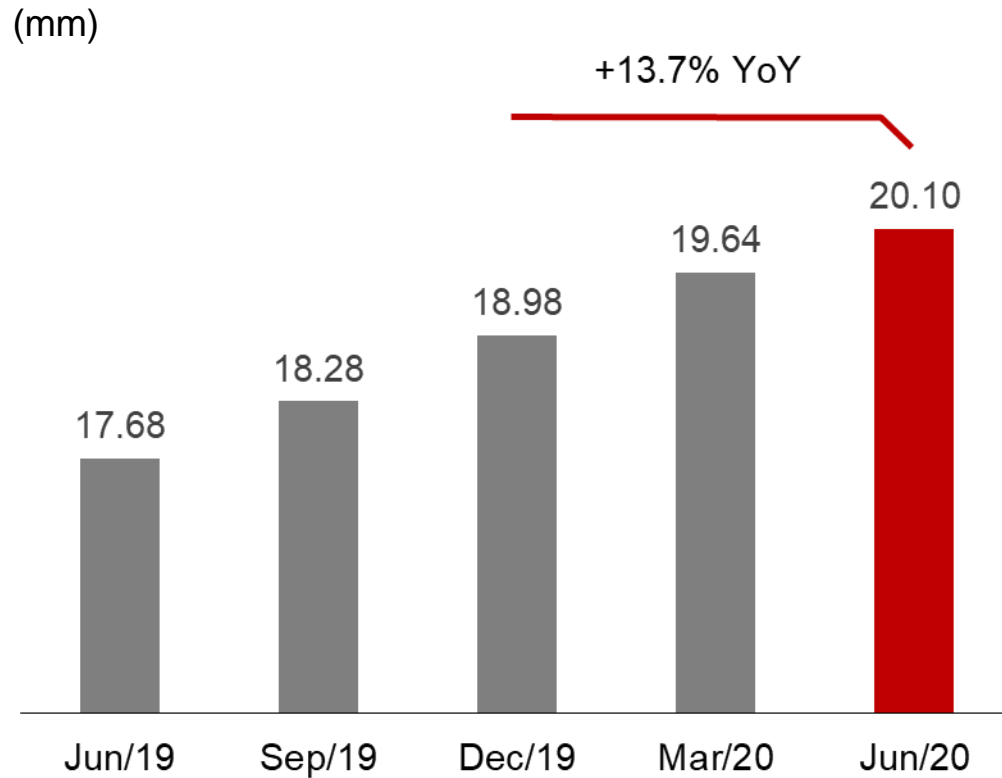
*METI, Statistical survey of specified service, Credit Card category

Rakuten Card Shopping GMS Category Breakdown

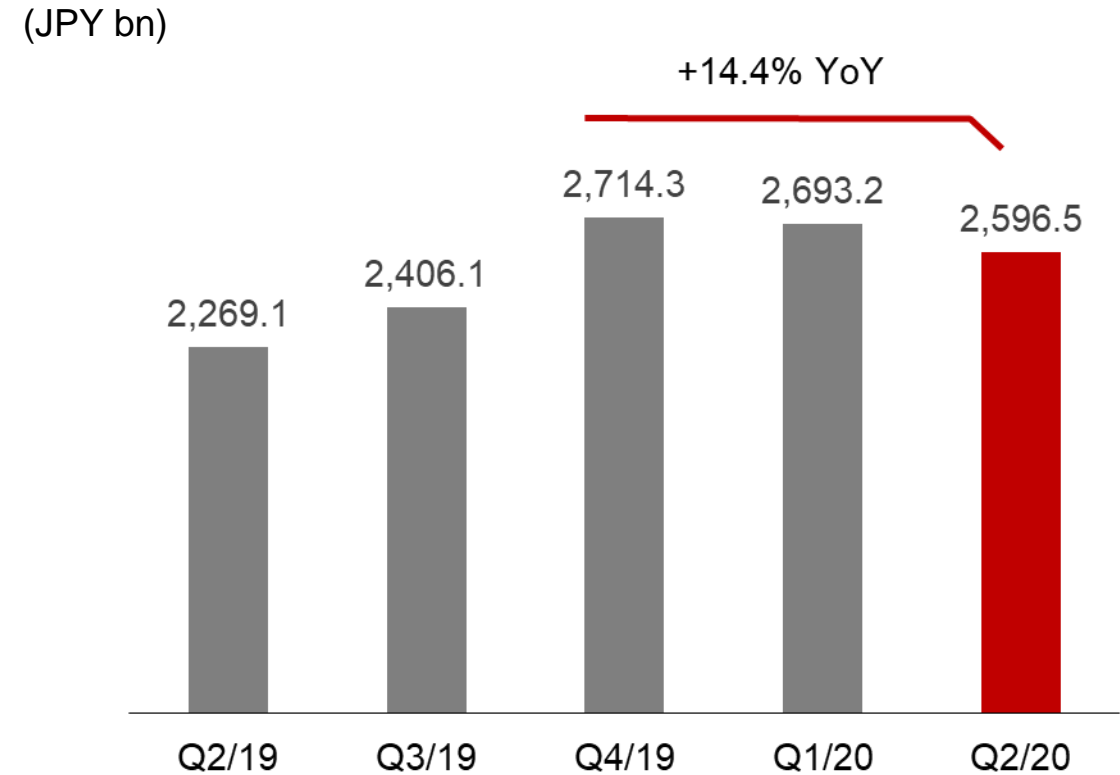


Rakuten Card KPIs*(1)

Number of Cardholders

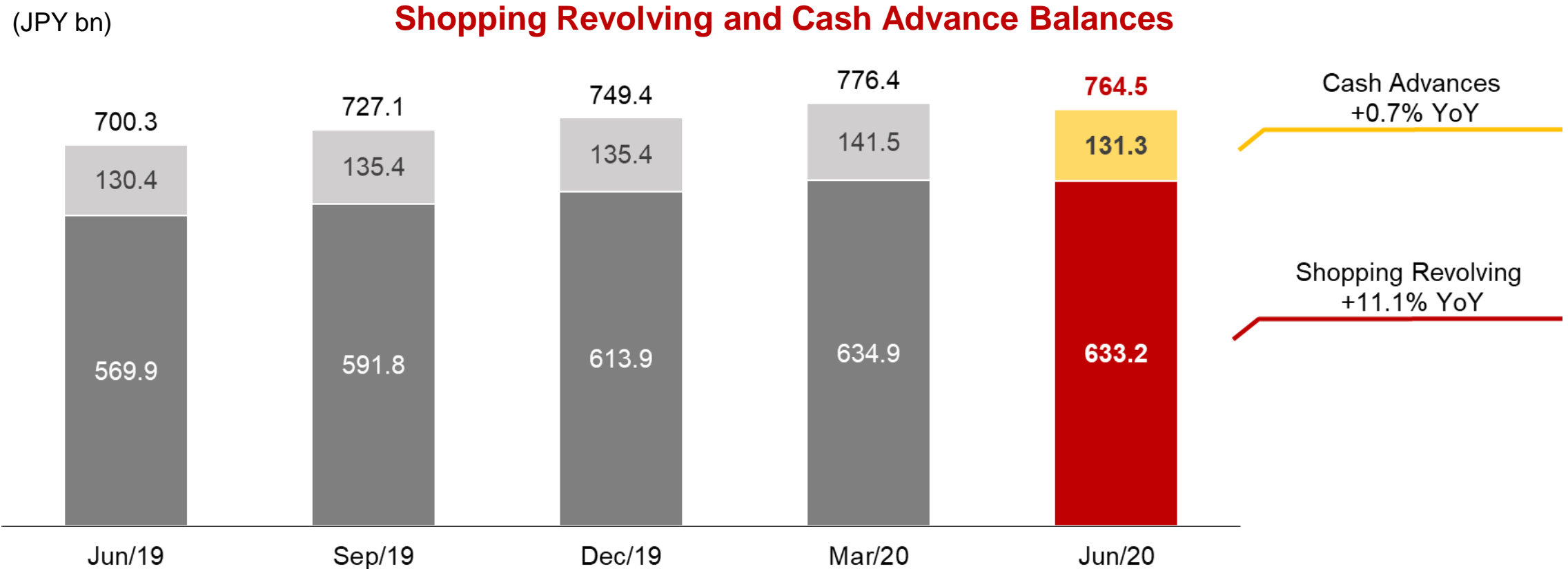


Card Shopping Transaction Value



* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix

Rakuten Card KPIs*(2)



* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix. Revolving balance is calculated on a principal basis

Rakuten Card Allowance for Doubtful Accounts

(JPY mm)

| | Q2/19 | Q3/19 | Q4/19 | Q1/20 | Q2/20 | YoY |
|--|-------|--------|--------|-------|--------|--------|
| Expenses related to doubtful accounts | 9,855 | 10,326 | 11,528 | 9,842 | 11,809 | +19.8% |
| Ratio of expenses related to doubtful accounts ^{*1} | 2.05% | 2.05% | 2.13% | 1.77% | 2.15% | — |

| | Q2/19 | Q3/19 | Q4/19 | Q1/20 | Q2/20 | YoY |
|--|------------------|------------------|------------------|------------------|------------------|---------------|
| Rakuten Card | 1,565,721 | 1,683,025 | 1,874,061 | 1,802,438 | 1,831,263 | +17.0% |
| Stage 1 (Normal) | 1,492,322 | 1,605,403 | 1,794,230 | 1,717,959 | 1,741,588 | +16.7% |
| Stage 2 (1-2 months delinquent) | 10,276 | 11,207 | 11,408 | 13,451 | 11,745 | +14.3% |
| Stage 3 (3 months-and-over-delinquent/Restructured Loans) | 63,123 | 66,415 | 68,423 | 71,027 | 77,930 | +23.5% |
| Rakuten Bank Super Loans | 389,062 | 388,316 | 384,469 | 385,680 | 371,907 | -4.4% |
| Stage 1 (Normal/Credit guarantees ^{*2}) | 349,841 | 348,932 | 345,922 | 347,551 | 333,715 | -4.6% |
| Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2}) | 197 | 212 | 127 | 135 | 83 | -57.7% |
| Stage 3 (Foreclosed credit guarantees) | 39,024 | 39,172 | 38,420 | 37,994 | 38,109 | -2.3% |
| Others | 1,232 | 1,144 | 1,065 | 1,010 | 963 | -21.9% |
| Total balance of loan receivables | 1,956,015 | 2,072,485 | 2,259,594 | 2,189,128 | 2,204,133 | +12.7% |
| Allowance for doubtful accounts^{*3} | 91,180 | 93,504 | 94,265 | 95,109 | 99,504 | +9.1% |
| Write-off for bad debt^{*4} | 8,966 | 8,002 | 10,766 | 8,999 | 7,416 | -17.3% |

*1 Ratio of expenses related to doubtful accounts = (Expenses related to doubtful accounts) / (average of total balance of loan receivables at beginning and end of the period) × 4

*2 Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

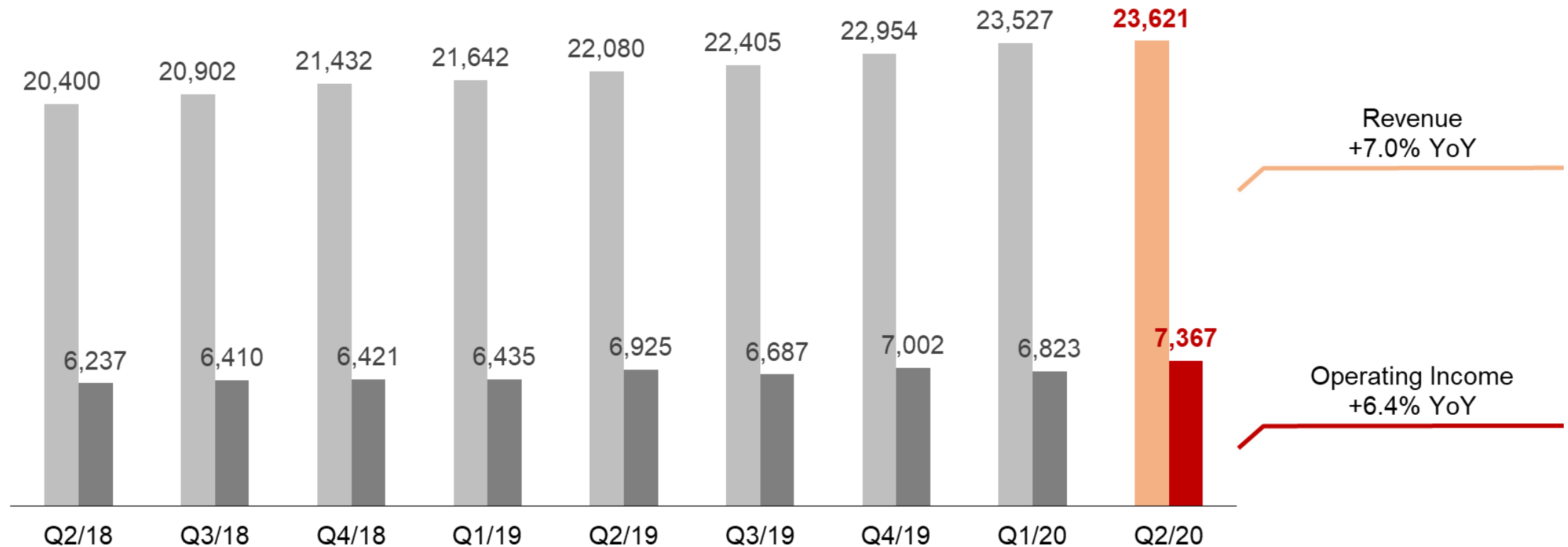
*3 Including allowance for credit guarantees

*4 Write-off for bad debt includes loss on transfer of loan receivables

Rakuten Bank Results

- Revenue +7.0% YoY on increase in loan receivables and service transactions

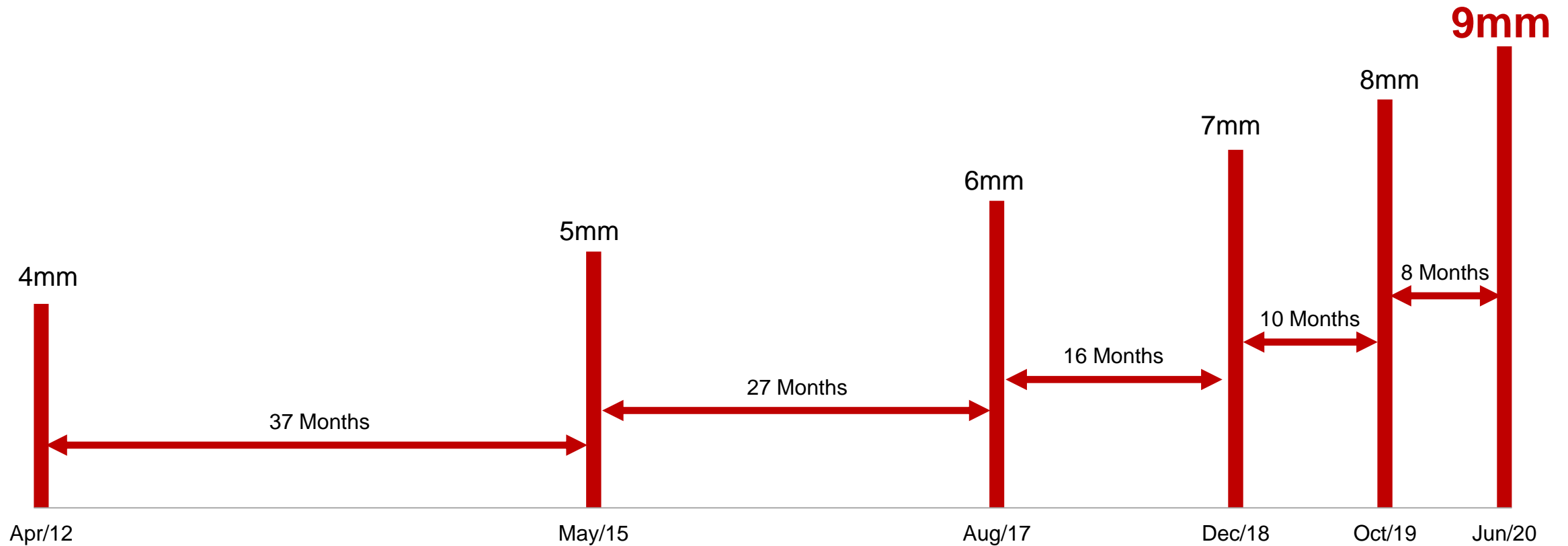
(JPY mm)



* Joint venture in Taiwan (RAKUTEN INTERNATIONAL COMMERCIAL BANK CO., LTD.) became a consolidated subsidiary in Q2/20, which is not reflected in the figures above.

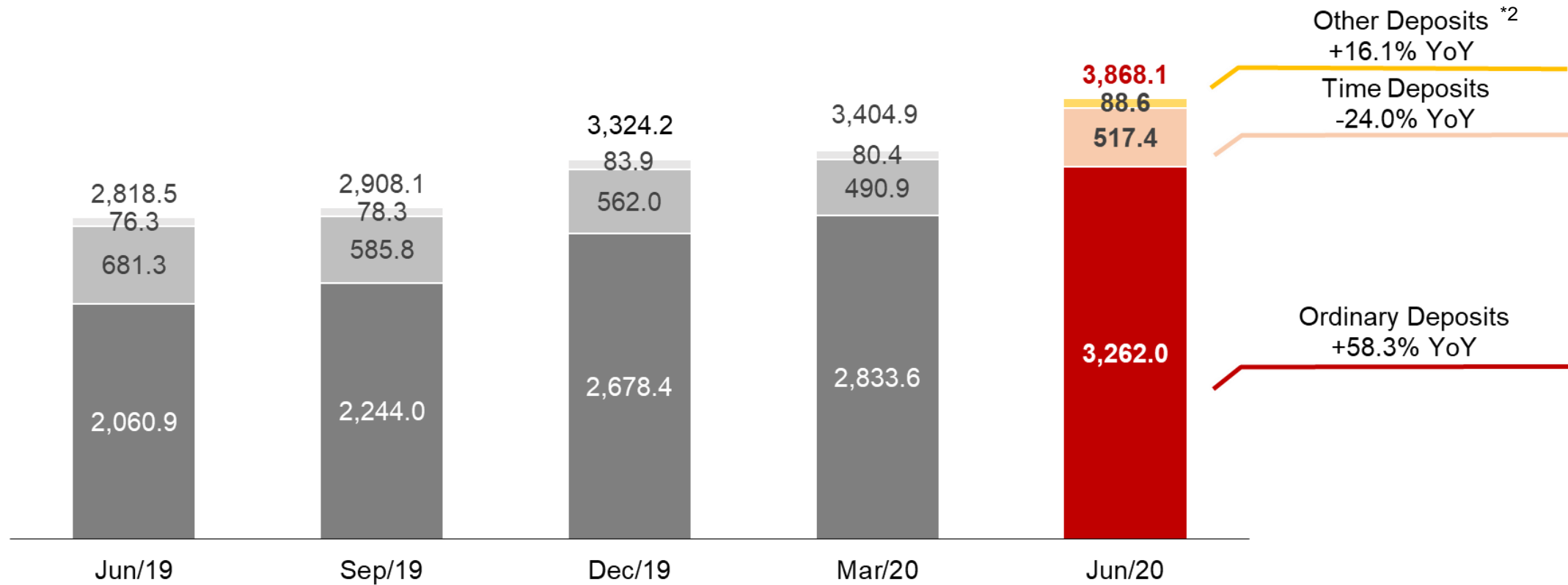
Rakuten Bank Number of Accounts surpassed 9mm

- Number of bank accounts surpassed 9mm in June 2020, and continues to grow rapidly



Rakuten Bank Deposits*1

(JPY bn)

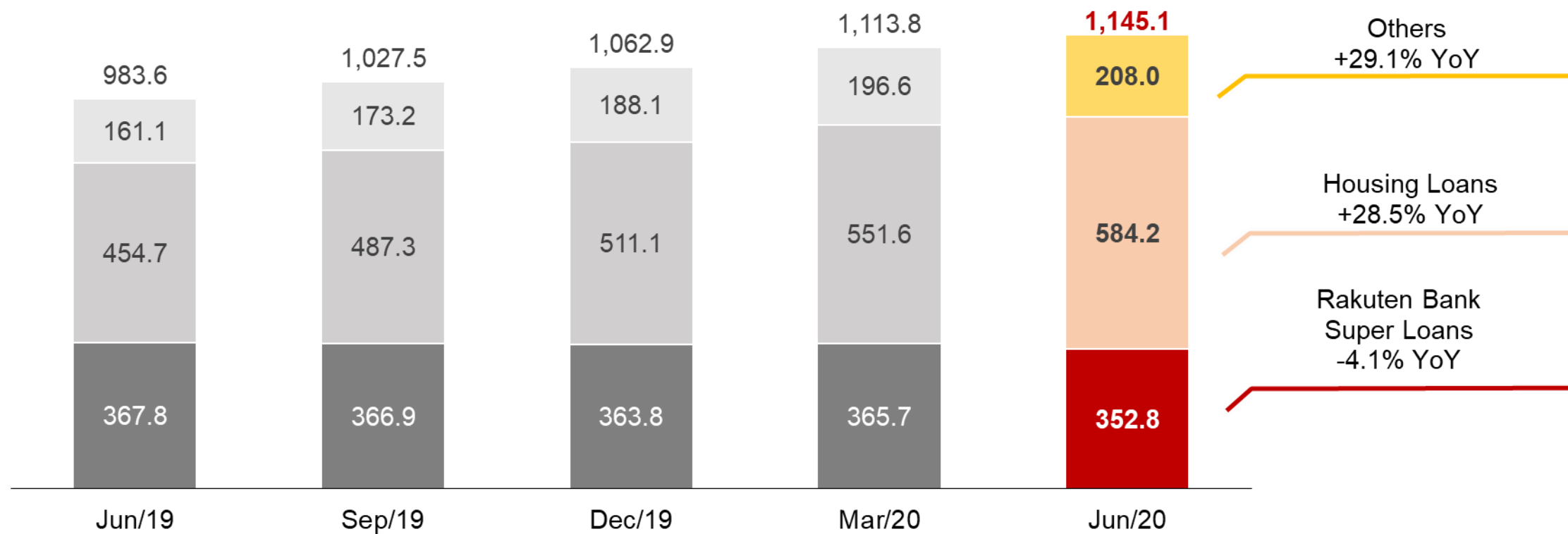


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

*2 Other deposits include deposits in foreign currencies and others.

Rakuten Bank Loan Receivables Balance

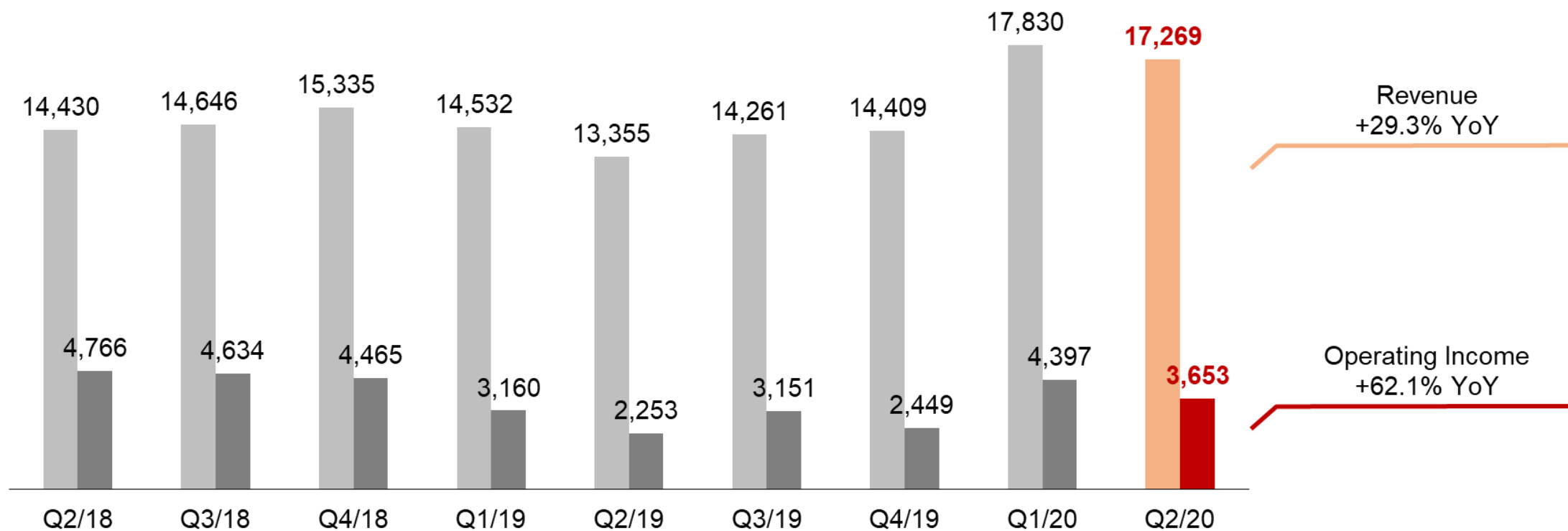
(JPY bn)



Rakuten Securities Results

- Revenue +29.3% YoY and Operating Income +62.1% YoY from growth in trading volumes of Stock and FX

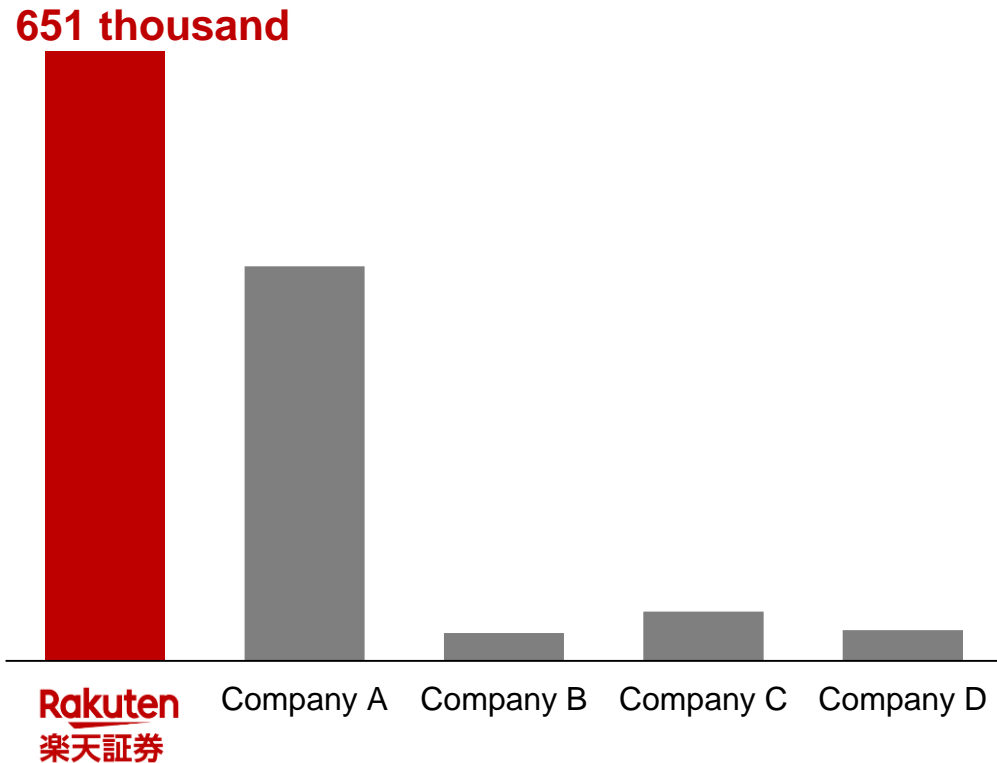
(JPY mm)



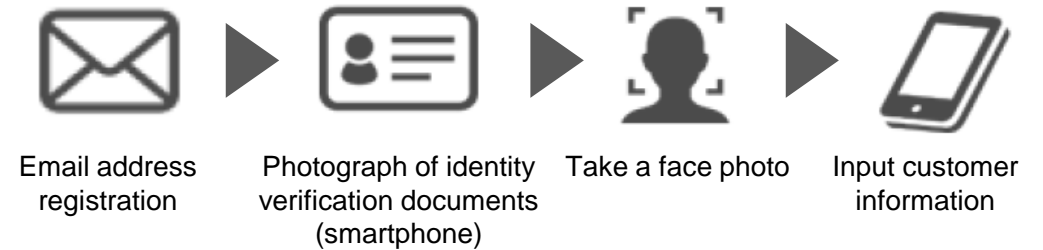
Rakuten Securities Number of New Accounts

- The number of new accounts opened this year (Jan/20-Jun/20) reached a record high
- Opening an account can be completed online with introduction of eKYC (5/10~)

of New Accounts (Jan/20-Jun/20)



Opening an account can be completed online with introduction of eKYC



Next business day or later

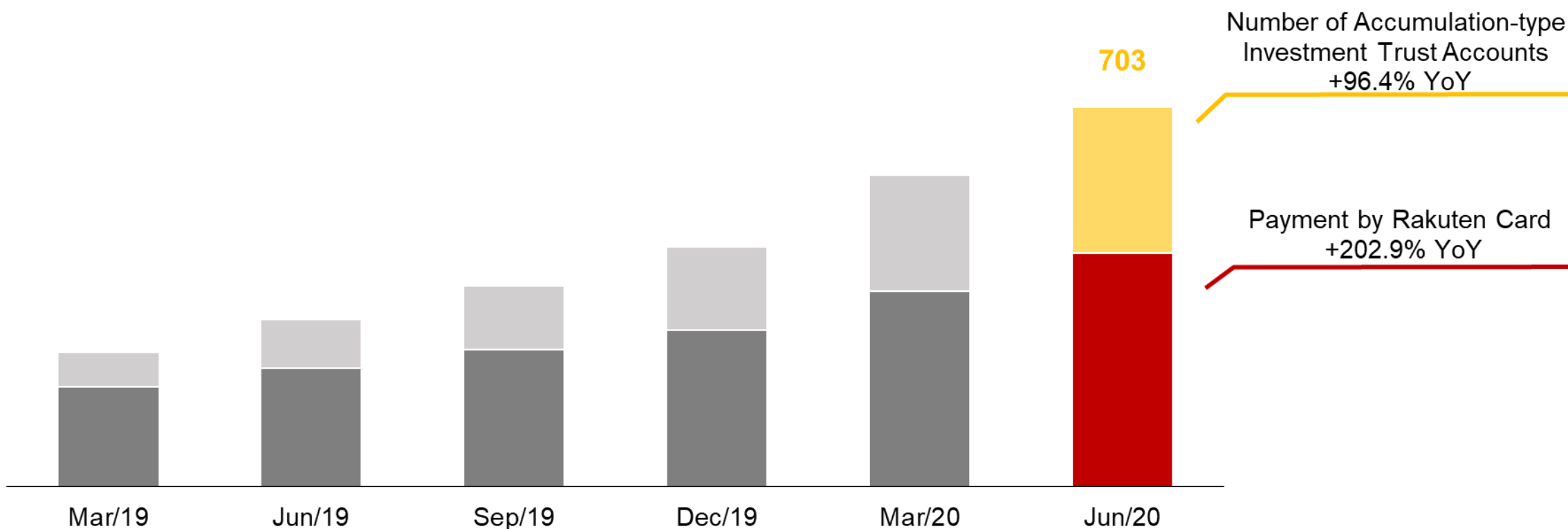


Send login ID

Rakuten Securities Accumulation-type Investment Trust Accounts

- Number of accumulation-type investment trust accounts increased due to the provision of points for accumulation-type investment trusts paid by Rakuten Card and point-investments

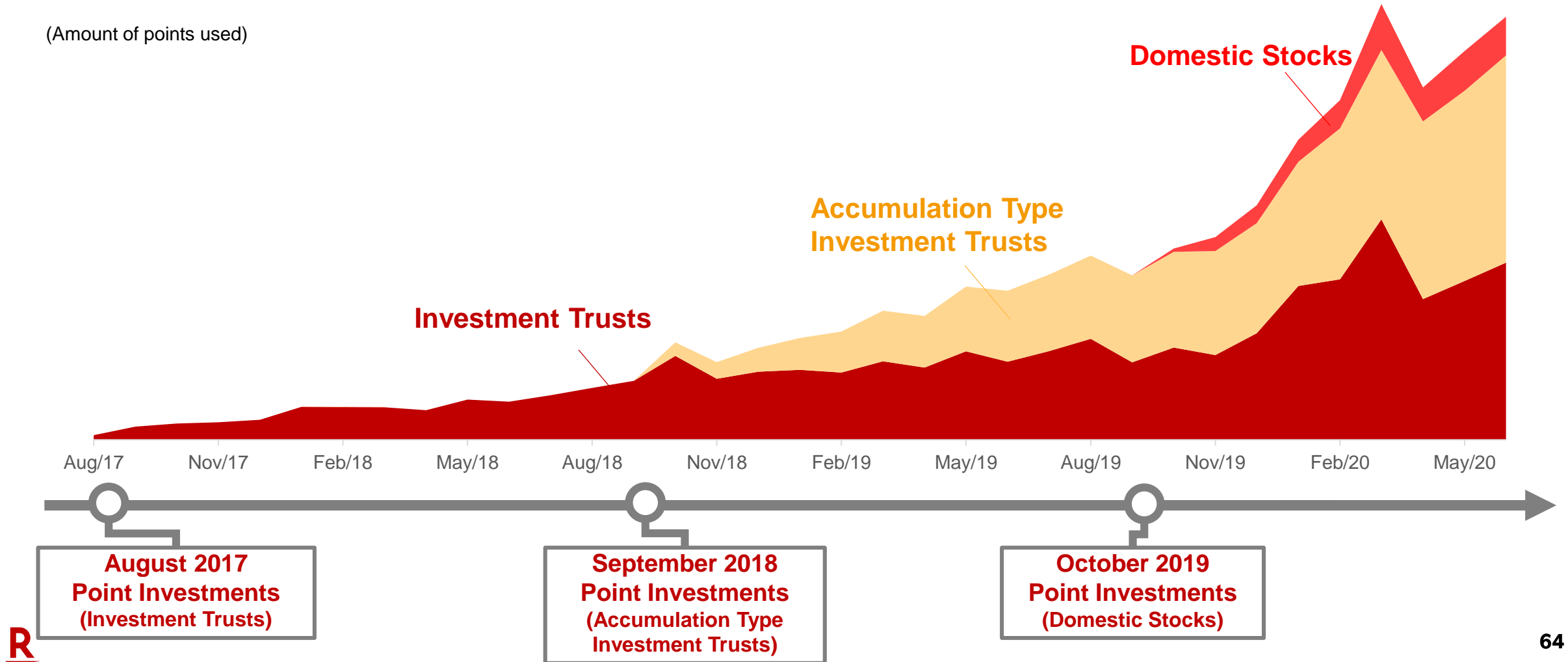
(thousands of accounts)



Rakuten Securities Point Investments

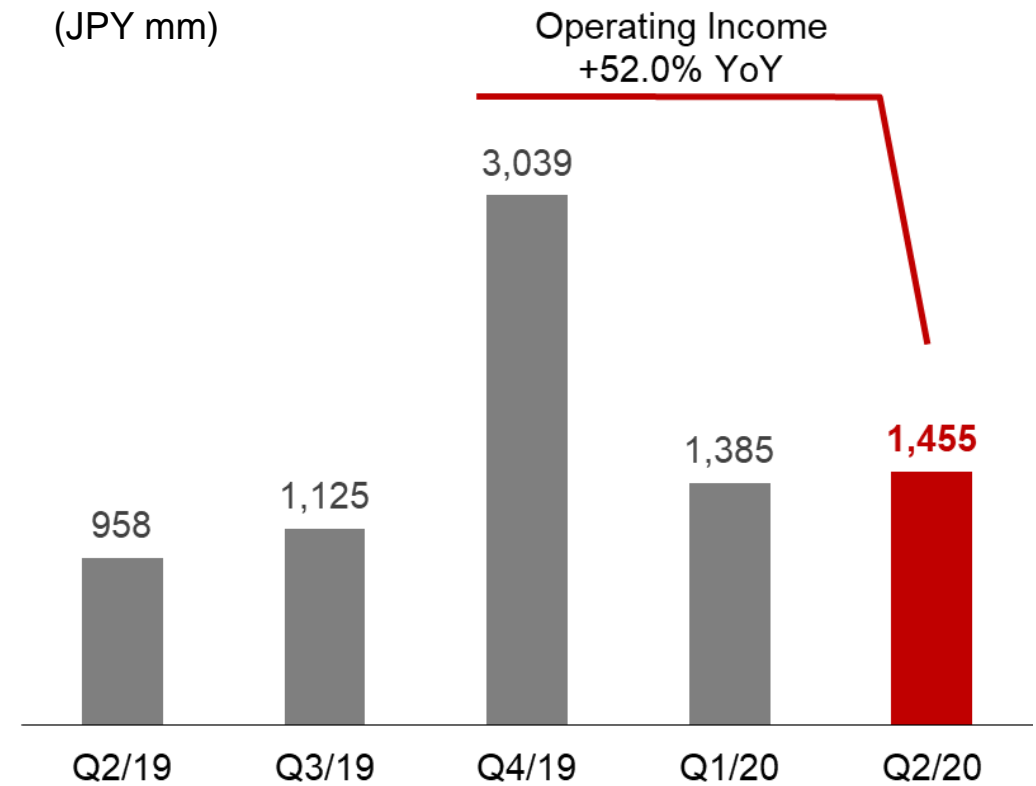
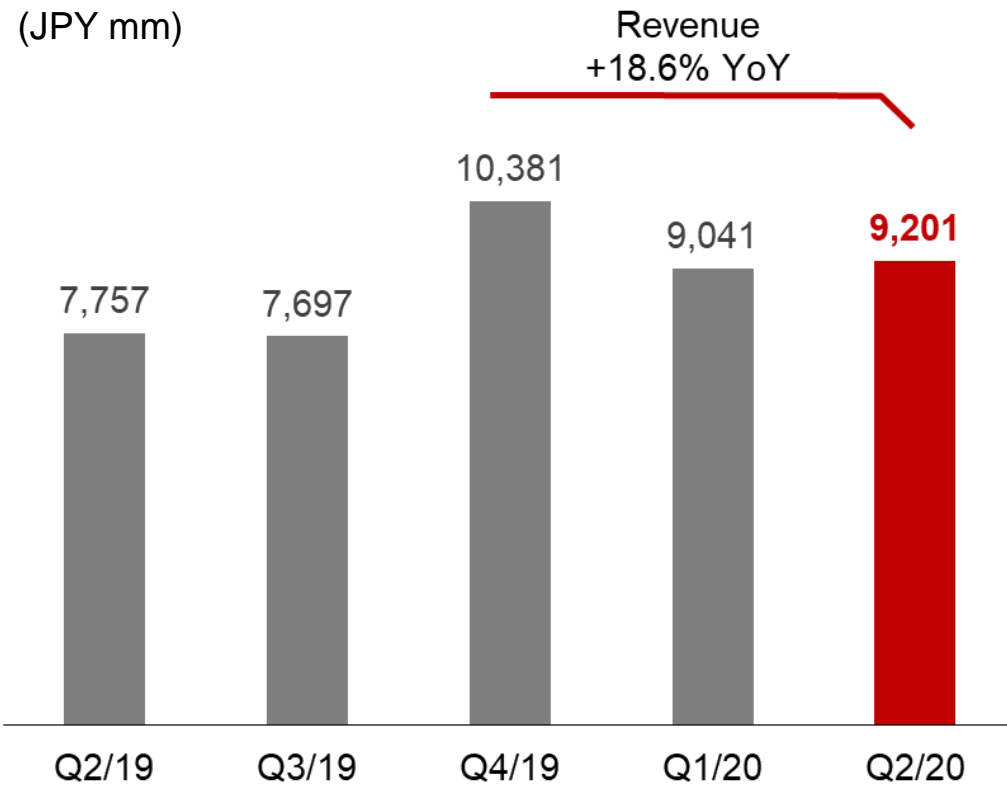
- Investments with Rakuten Points has been growing steadily

(Amount of points used)



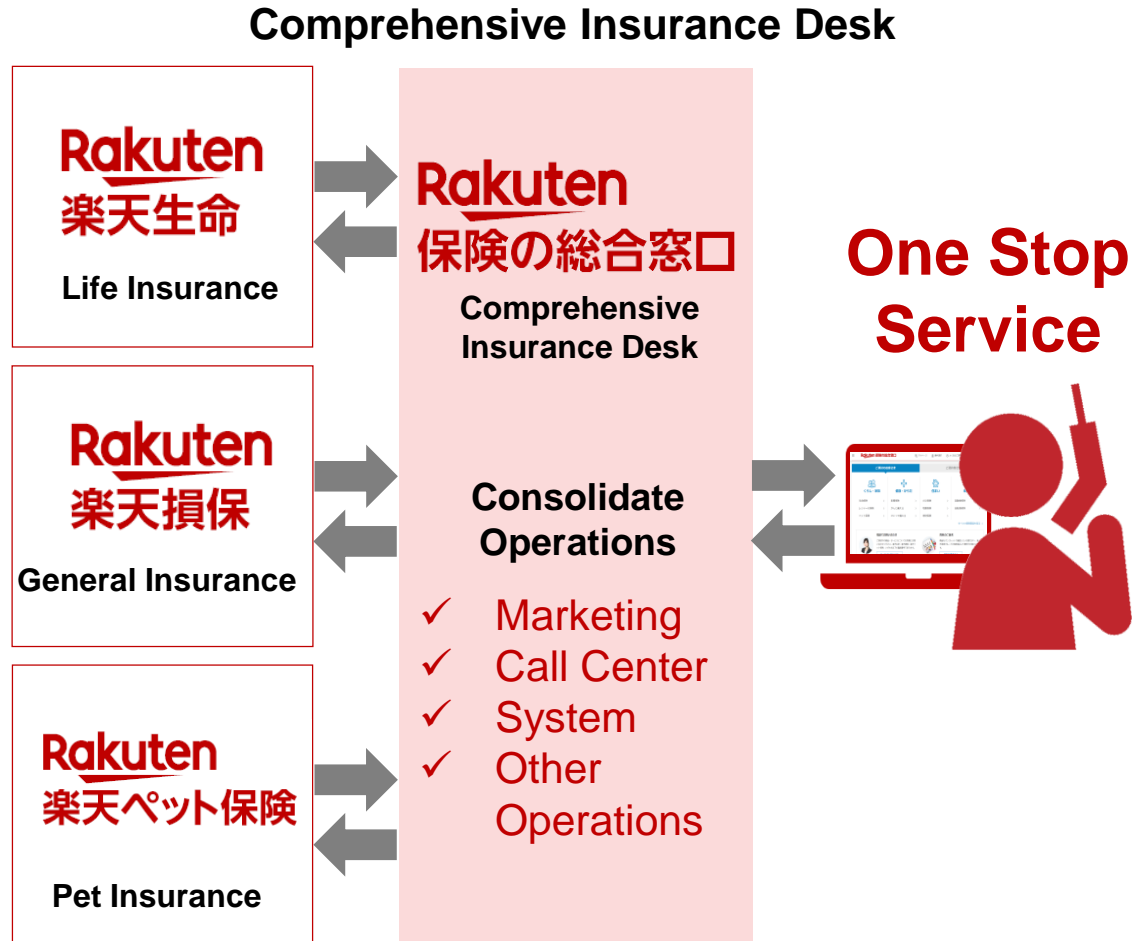
Rakuten Life Insurance Results

- Operating Income increased due to increase of new policies, cost reductions, and rebalancing of risk through reinsurance



Rakuten Insurance Group : Accelerating Web New Sales

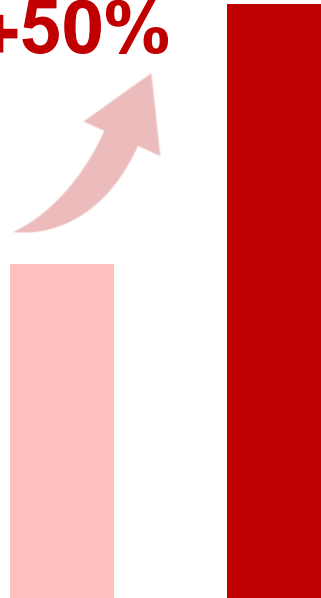
- Comprehensive Insurance Desk offers one-stop service of Life, General and Pet insurance
- General Insurance web sales increased steadily +208% YoY



Annualized Insurance Premiums of Web New Policies (YoY)

Rakuten 楽天生命
Life Insurance

+50%

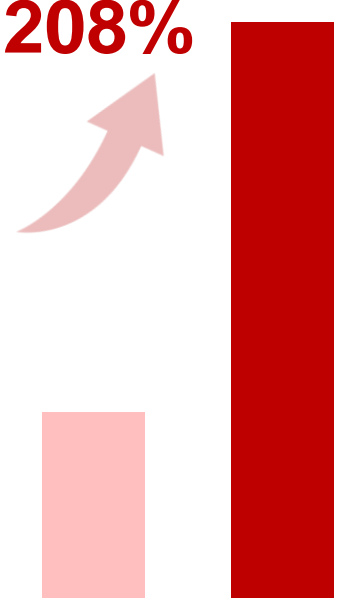


Q2/19

Q2/20

Rakuten 楽天損保
General Insurance

+208%



Q2/19

Q2/20

Strategy in the Accelerating Cashless Era



*My voice com, Survey on points, July 2020

*As of end of June 2020

New initiative : Rakuten Pay - Suica Linkage

Suica is the biggest public transportation based e-money in Japan

Released on May 25, 2020

To be released...

- Issuance of Suica within Rakuten Pay App



Service start screen

- Earn Rakuten Point by Charging Suica in Rakuten Pay App with Rakuten Card



Charge completion screen

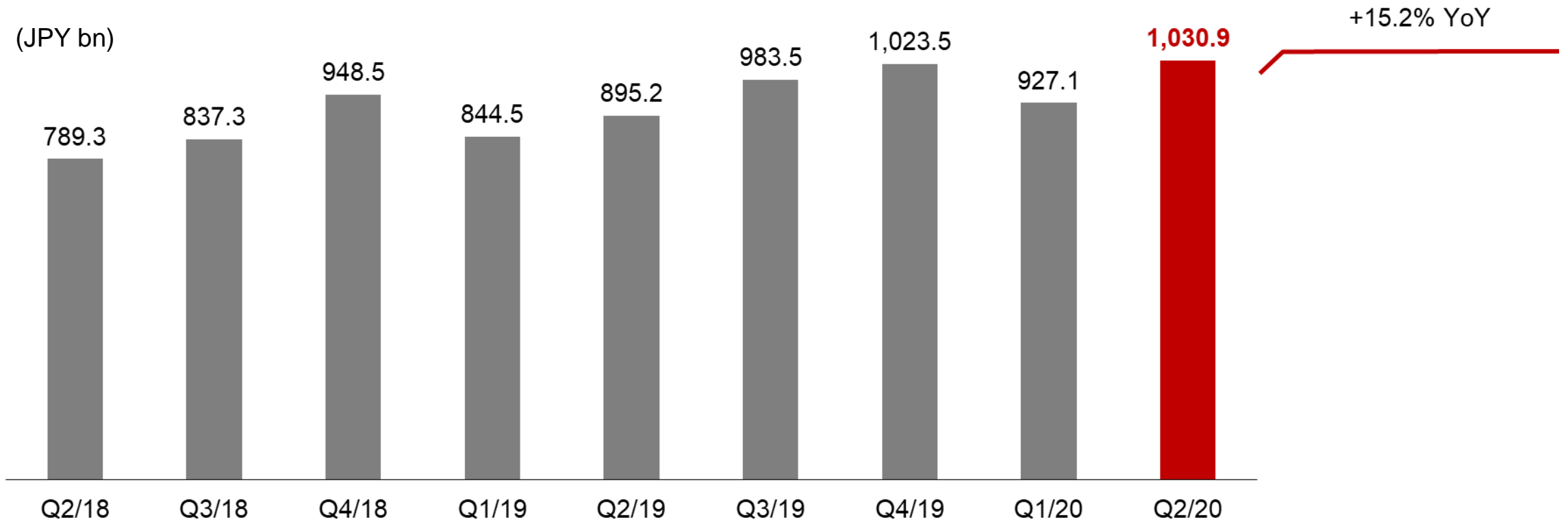
- Charge Suica with Rakuten Point





Internet Services Segment

Domestic E-Commerce GMS^{*1*2}



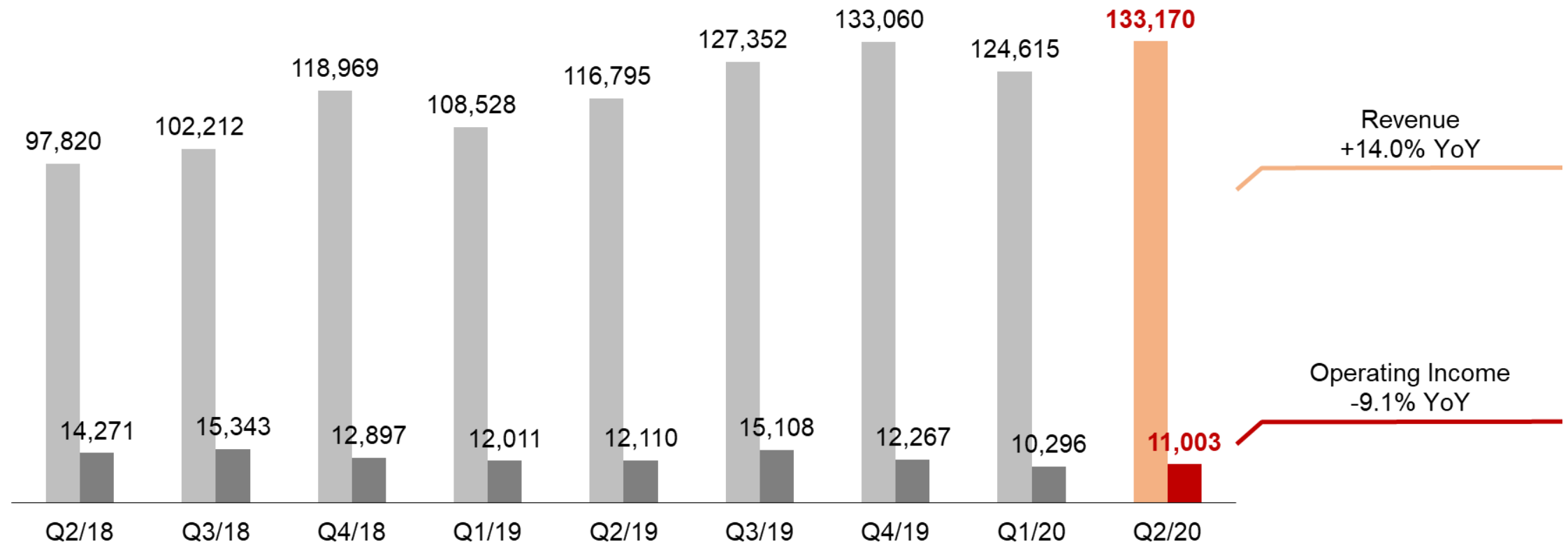
^{*1} GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc.

^{*2} Eliminated internal transactions in some businesses from Q1/20. This has resulted in retroactive adjustments

Domestic E-Commerce Results*

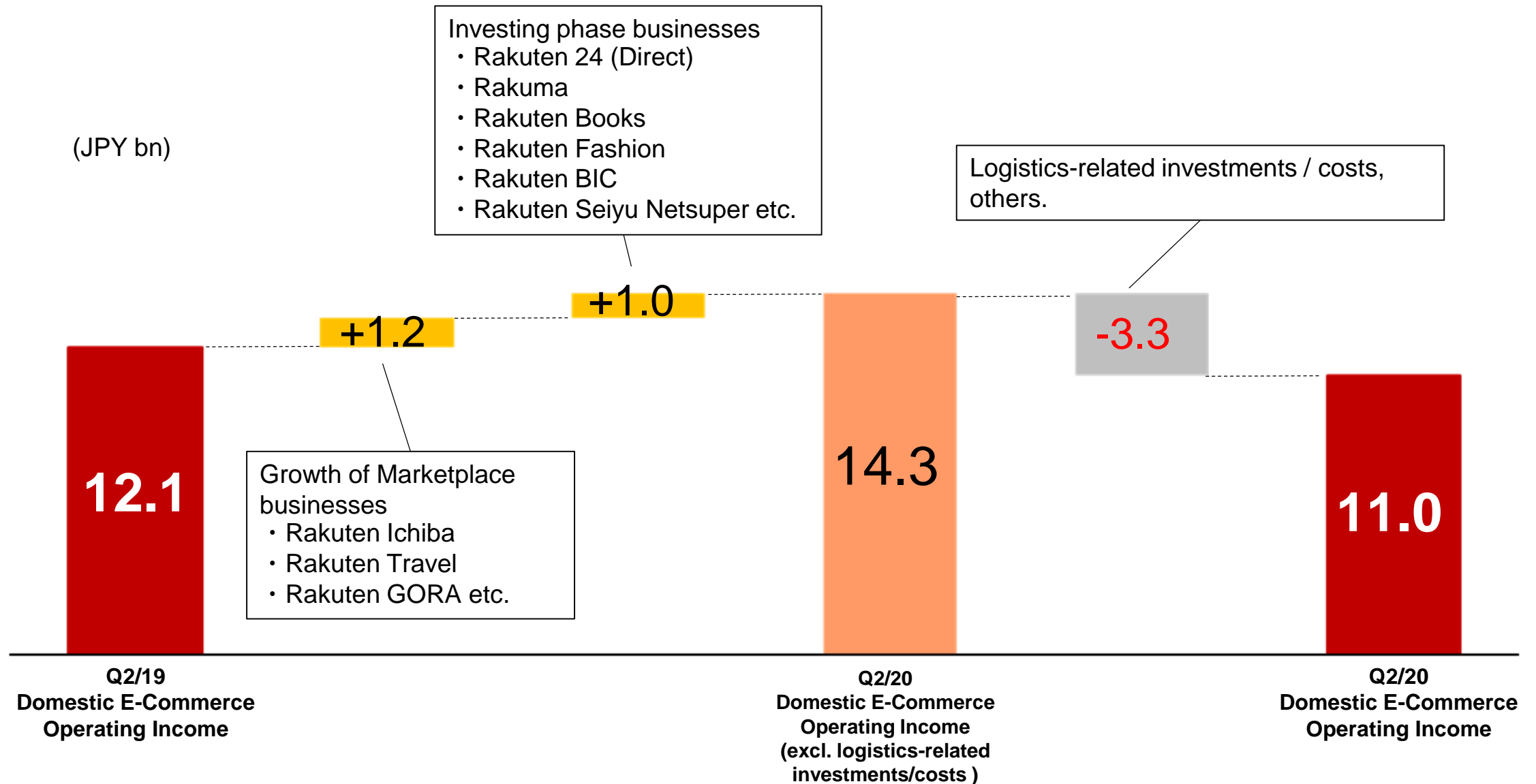
- Even under the negative impacts on Travel business due to COVID-19, revenue improved strongly +14.0% YoY mainly because Ichiba growth and operating income -9.1% YoY despite heavy investments in logistics business

(JPY mm)

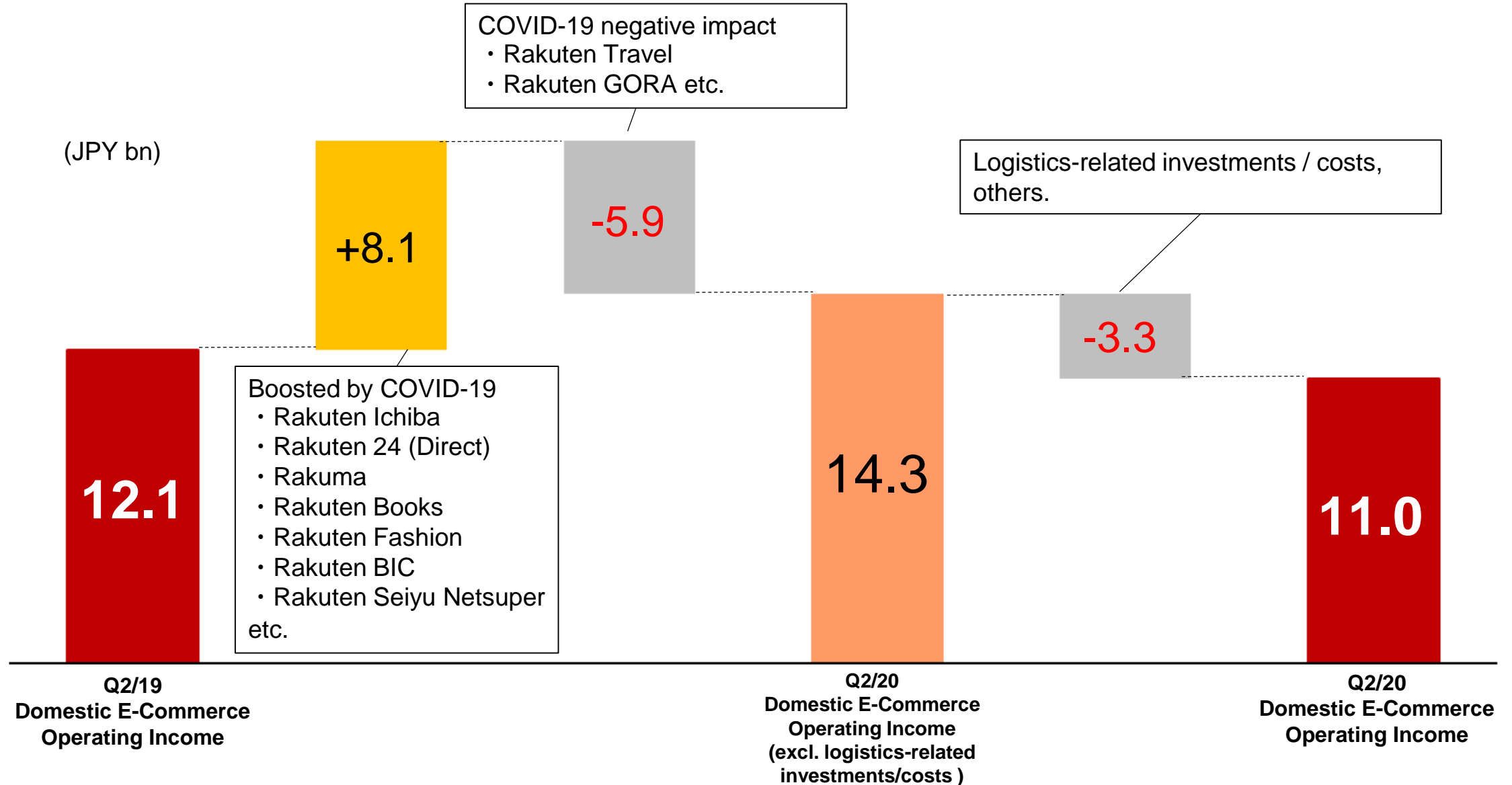


* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

Q2/20 Domestic E-Commerce Operating Income Breakdown

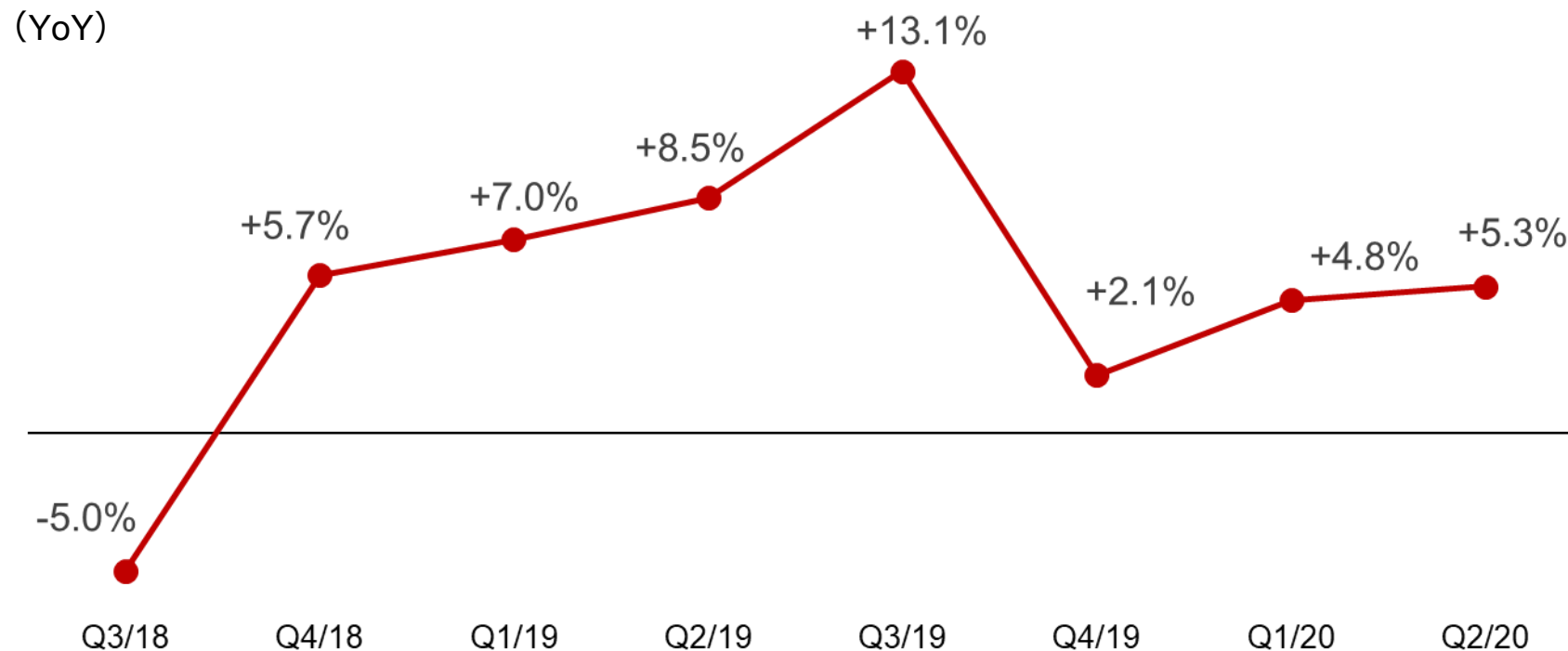


Q2/20 Domestic E-Commerce Operating Income Breakdown



Domestic EC Marketplace businesses* Operating Income

- Even under the negative impacts to travel business due to COVID-19, Q2/20 continued positive with +5.3% YoY



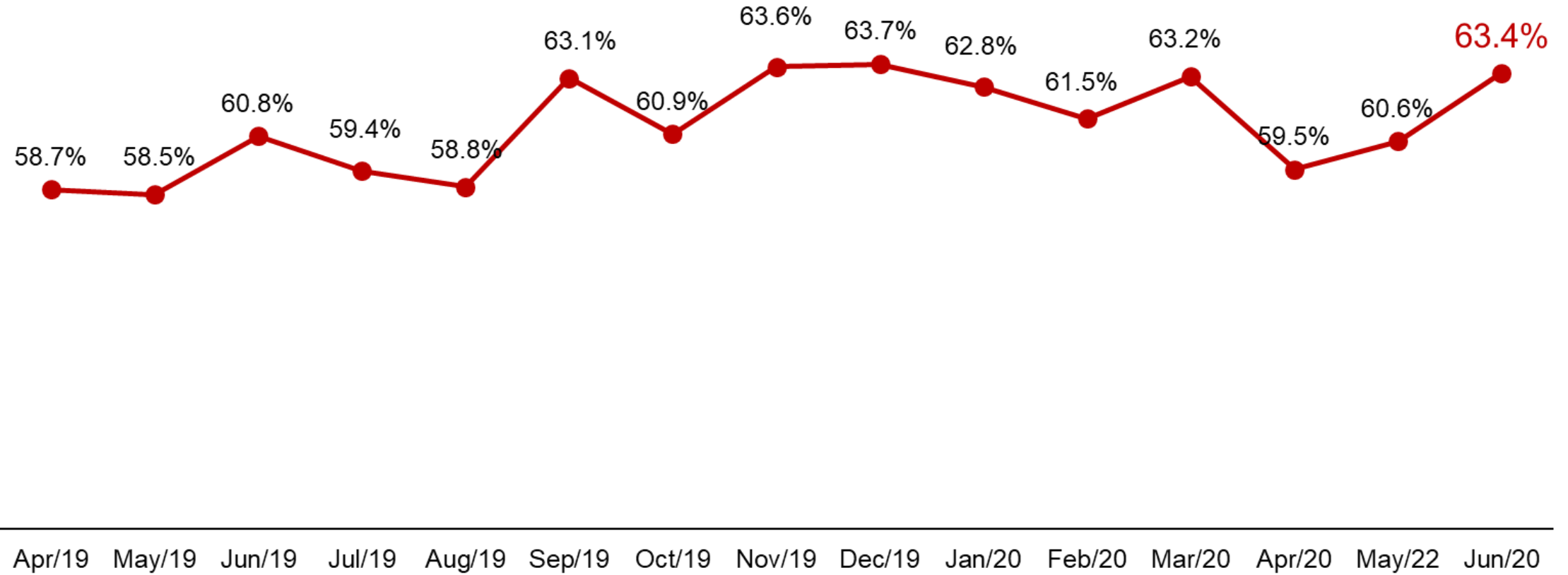
* Marketplace businesses comprises Ichiba, Travel, Golf, Dream businesses, etc.

Q2/20 Rakuten Ichiba Mobile GMS Ratio*

76.4%
Up 2.3 Points YoY

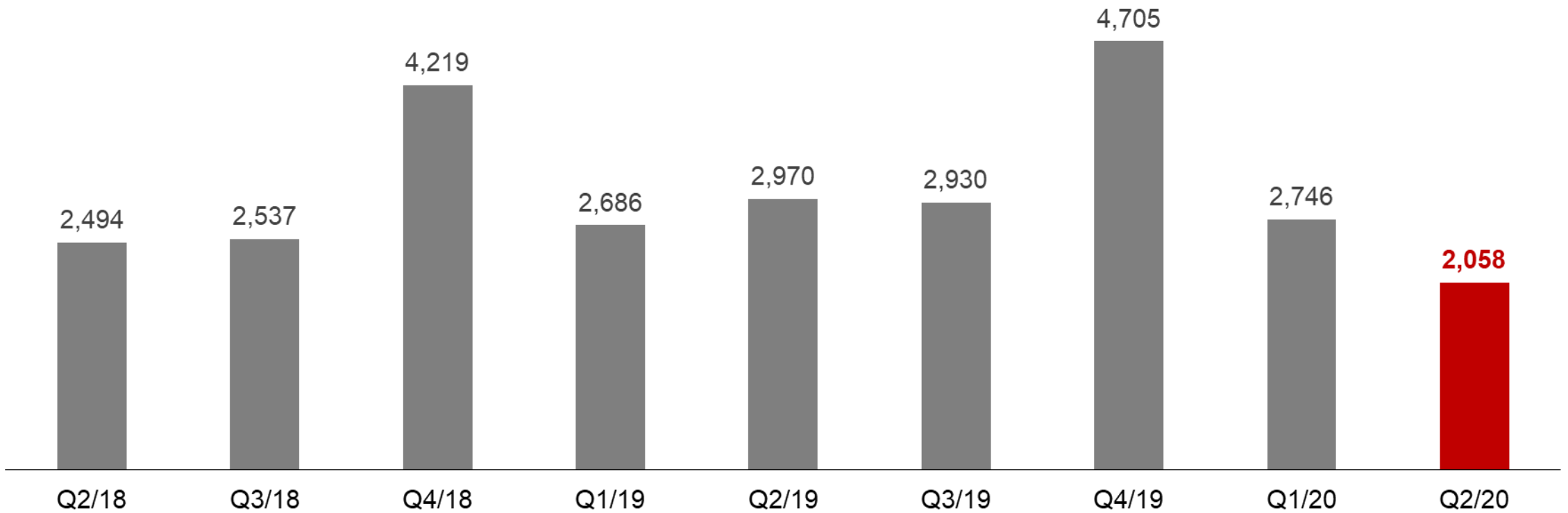
* Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes smartphones and tablets)

Rakuten Card Share of Rakuten Ichiba GMS



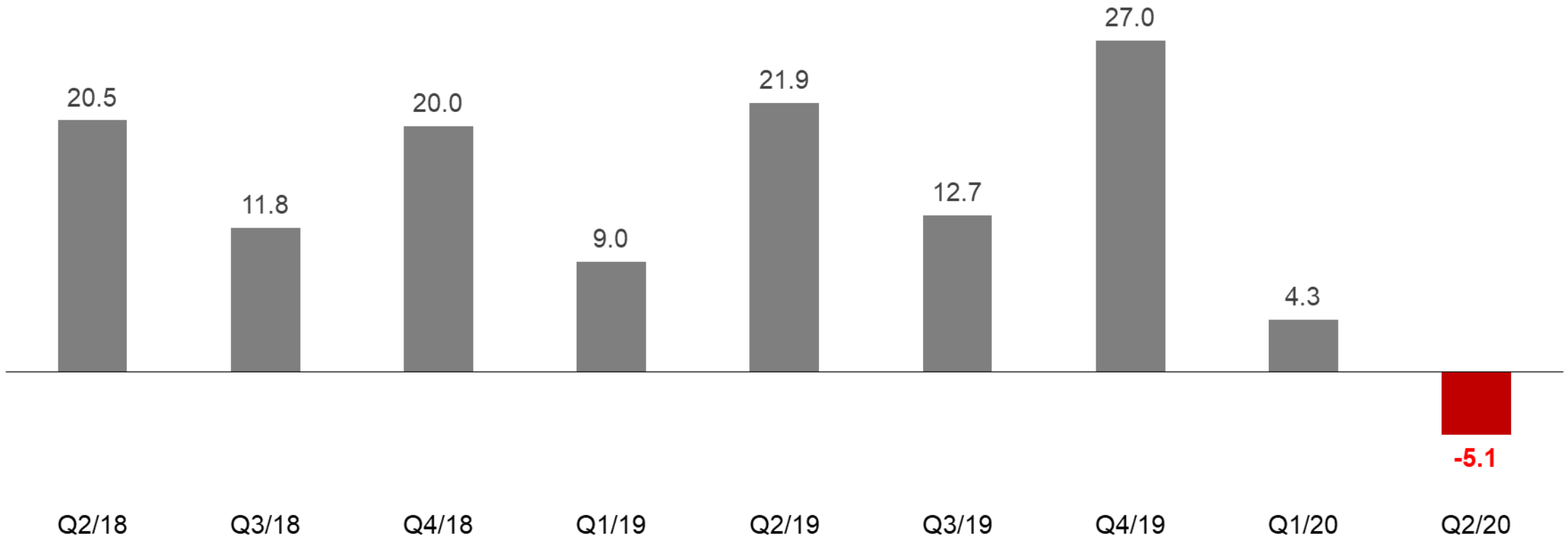
Rakuten Rewards (Ebates) GMS

(USD mm)



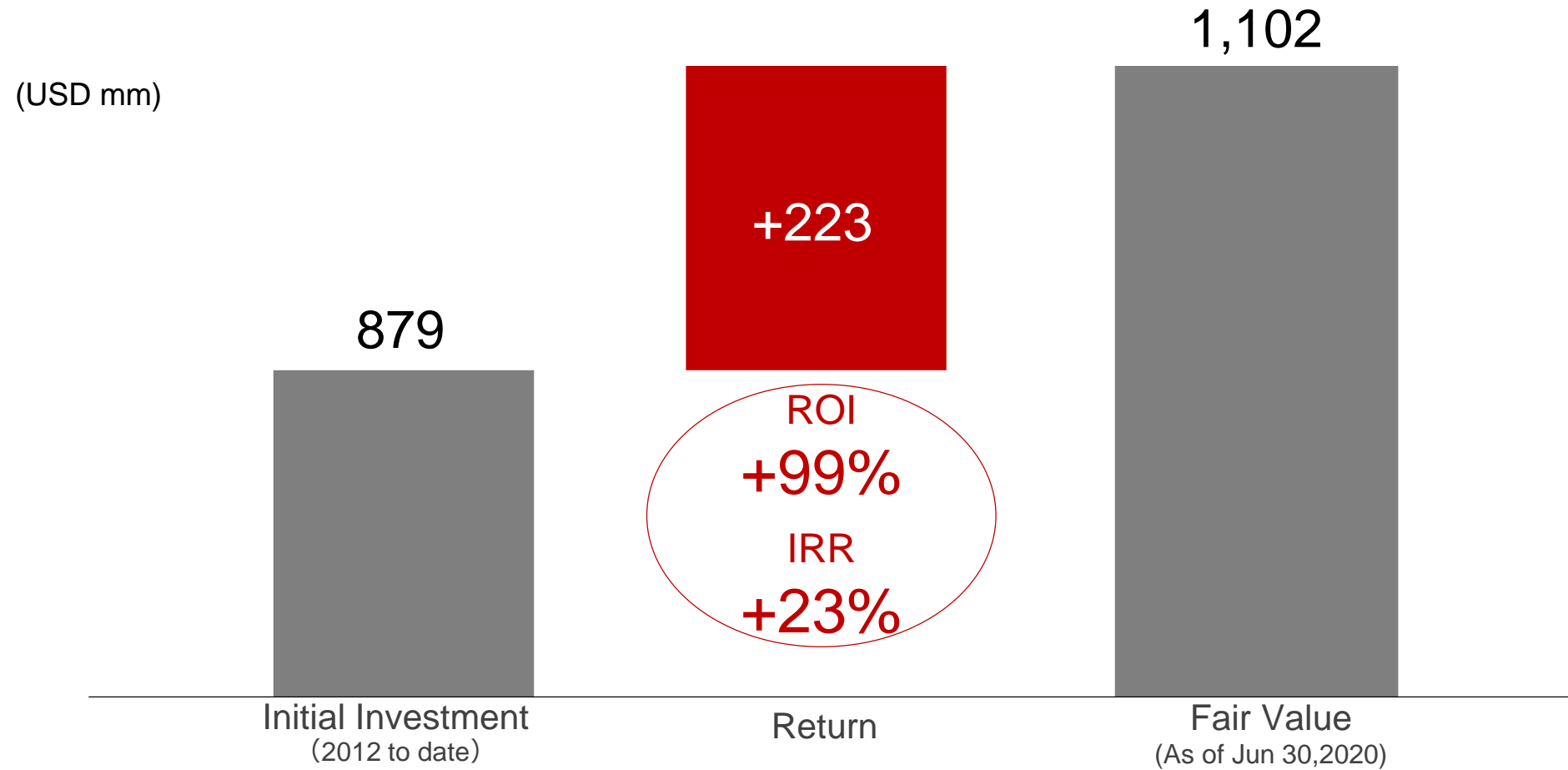
Rakuten Rewards (Ebates) Operating Income*

(USD mm)



- Excludes rebranding cost of USD 36.3 million (Q1/19), USD 30.4 million (Q2/19), USD 20.4 million (Q3/19), USD 27.4 million (Q4/19), USD 5.2 million (Q1/20) and USD 5.1 million (Q2/20)
- Operating income has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.

Performance of Investment Business*



* Lyft and Rakuten Medical are excluded due to transfer from Investment Business and treated as exited investments for return calculation

* Returns excluded Lyft and Rakuten Medical: ROI +68%, IRR +14% (partial modification to data scope)

Investment Business Portfolio

Internet

SHOPBACK

 carousell

 from scratch

 OneSignal

epic!

FinTech

 BlueVine

 Upstart

TORANOTEC

Ride Sharing

 Careem

Glovo?

 ^{*}
(Affiliated Company)

 gojek

 cabify

Healthcare

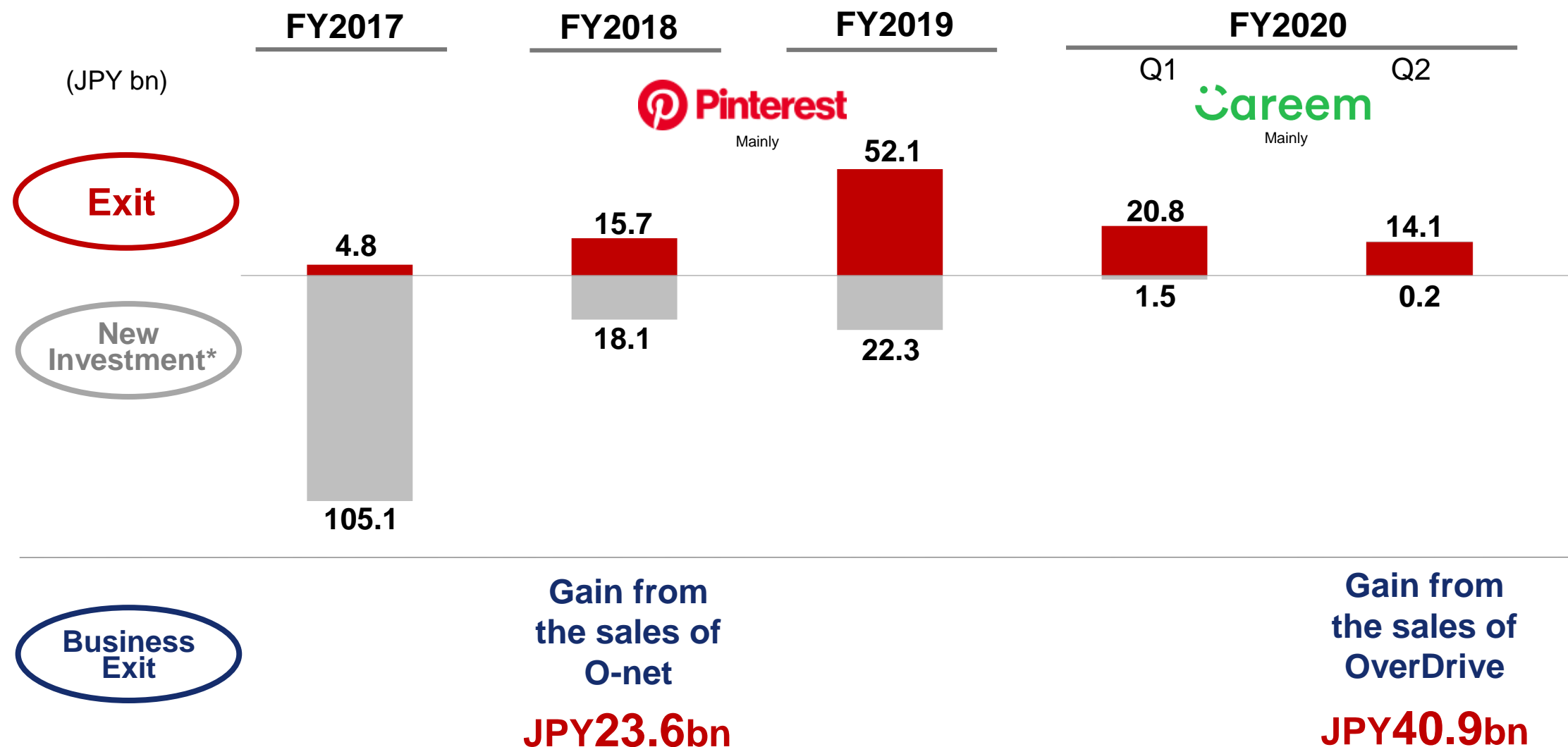
 ^{*}
(Affiliated Company)

 airweave

Genesis Healthcare

* Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019, respectively and changed from pure investments to strategic investments

Historical Investment and Business Exit



* Including additional investments

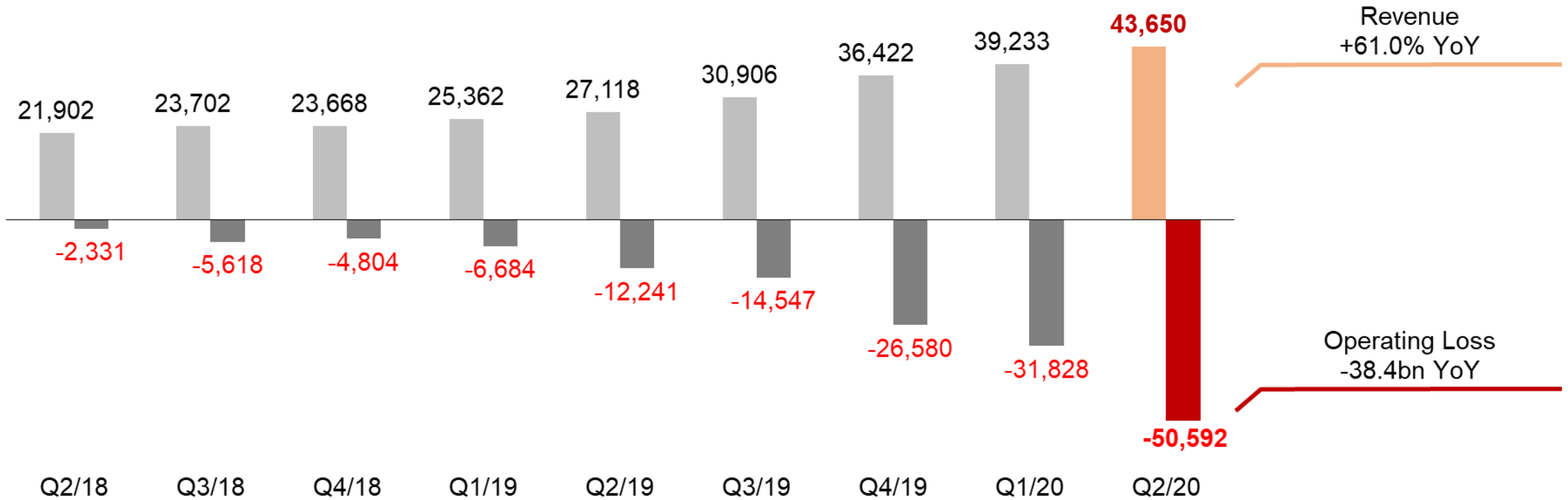


Mobile Segment

Mobile Results*

- Depreciation cost, etc. increased as base station build-out accelerated

(JPY mm)



* Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Rakuten Viber, and Energy businesses.

Rakuten Mobile Balance Sheet

(百万円, JPY mm)

| IFRS貸借対照表, Balance Sheet (IFRS) | | Q2/20 |
|---------------------------------|--|---------|
| 資産, Assets | | |
| 有形固定資産, Fixed assets | | 268,954 |
| 無形資産, Intangible assets | | 44,096 |
| その他の資産, Other assets | | 155,852 |
| 資産合計, Total Assets | | 468,902 |

| | | |
|--|--|---------|
| 負債及び資本, Liabilities and net assets | | |
| 借入金, Borrowings * | | 99,330 |
| リース債務, Lease liabilities** | | 79,875 |
| その他の負債, Other liabilities | | 110,104 |
| 負債合計, Total liabilities | | 289,309 |
| 資本合計, Total net assets | | 179,594 |
| 負債及び資本合計, Total liabilities and net assets | | 468,902 |

* Borrowings include liabilities from lease financing, etc

** Lease liabilities are capitalized costs under IFRS16 such as rent expenses

*** Planned additional capital injection of 110B JPY to the current capital of 240B JPY. (Total 350B JPY)

Mobile Shop Network

570 shops

As of July 2020

Kyushu/Okinawa Area

| | |
|--------------|-----------|
| Fukuoka | 14 |
| Saga | 2 |
| Nagasaki | 5 |
| Kumamoto | 5 |
| Oita | 3 |
| Miyazaki | 3 |
| Kagoshima | 4 |
| Okinawa | 9 |
| Total | 45 |

Shikoku Area

| | |
|--------------|-----------|
| Tokushima | 2 |
| Kagawa | 3 |
| Ehime | 4 |
| Kochi | 1 |
| Total | 10 |

Chugoku Area

| | |
|--------------|-----------|
| Tottori | 2 |
| Shimane | 2 |
| Okayama | 8 |
| Hiroshima | 17 |
| Yamaguchi | 7 |
| Total | 36 |

Hokuriku/Koshinetsu Area

| | |
|--------------|-----------|
| Niigata | 12 |
| Toyama | 5 |
| Ishikawa | 4 |
| Fukui | 3 |
| Yamanashi | 3 |
| Nagano | 9 |
| Total | 36 |

Hokkaido/Tohoku Area

| | |
|--------------|-----------|
| Hokkaido | 13 |
| Aomori | 4 |
| Iwate | 3 |
| Miyagi | 11 |
| Akita | 3 |
| Yamagata | 2 |
| Fukushima | 5 |
| Total | 41 |

Kanto Area

| | |
|--------------|------------|
| Ibaraki | 9 |
| Tochigi | 3 |
| Gunma | 8 |
| Saitama | 31 |
| Chiba | 30 |
| Tokyo | 86 |
| Kanagawa | 38 |
| Total | 205 |

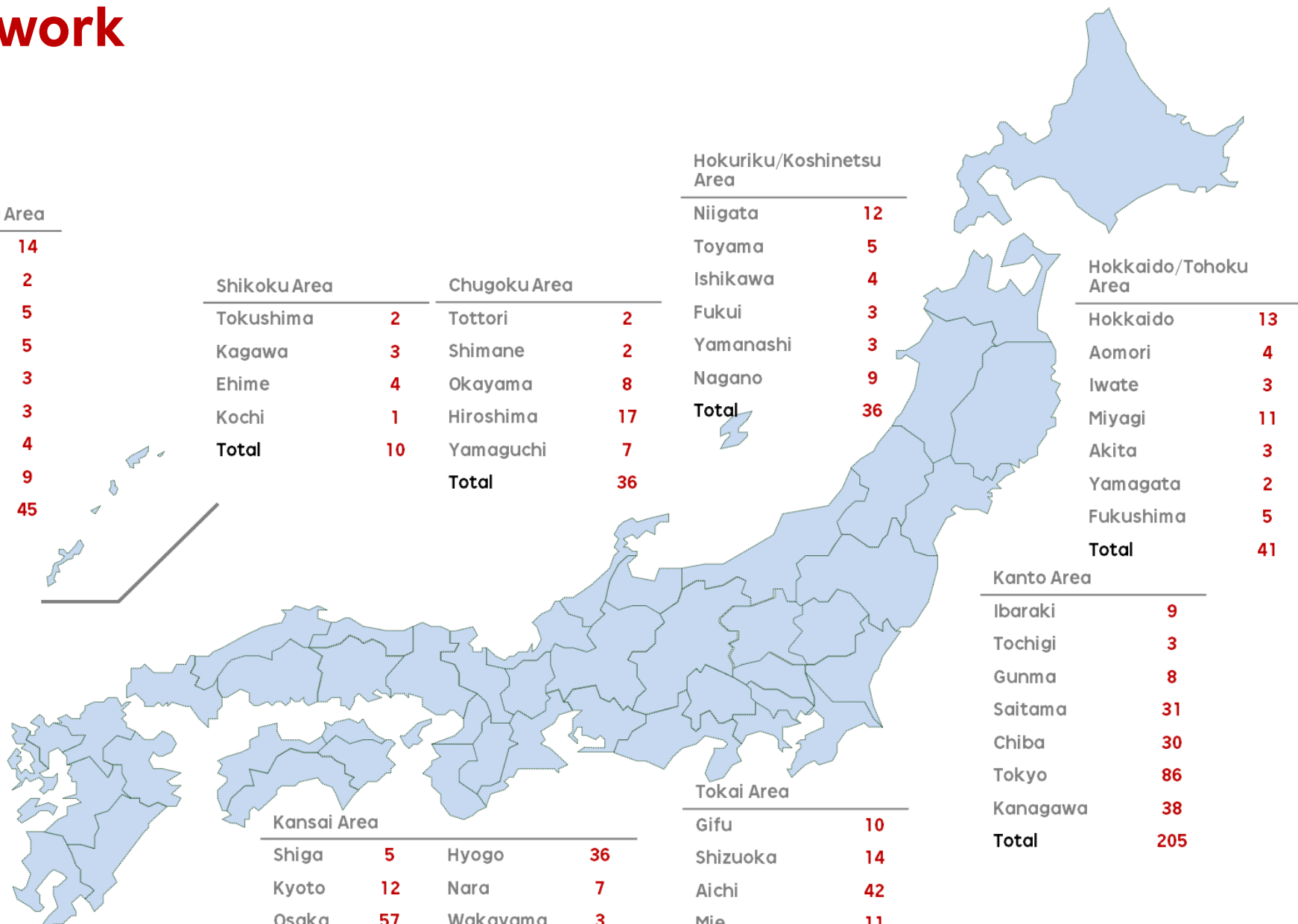
Tokai Area

| | |
|--------------|-----------|
| Gifu | 10 |
| Shizuoka | 14 |
| Aichi | 42 |
| Mie | 11 |
| Total | 77 |

Kansai Area

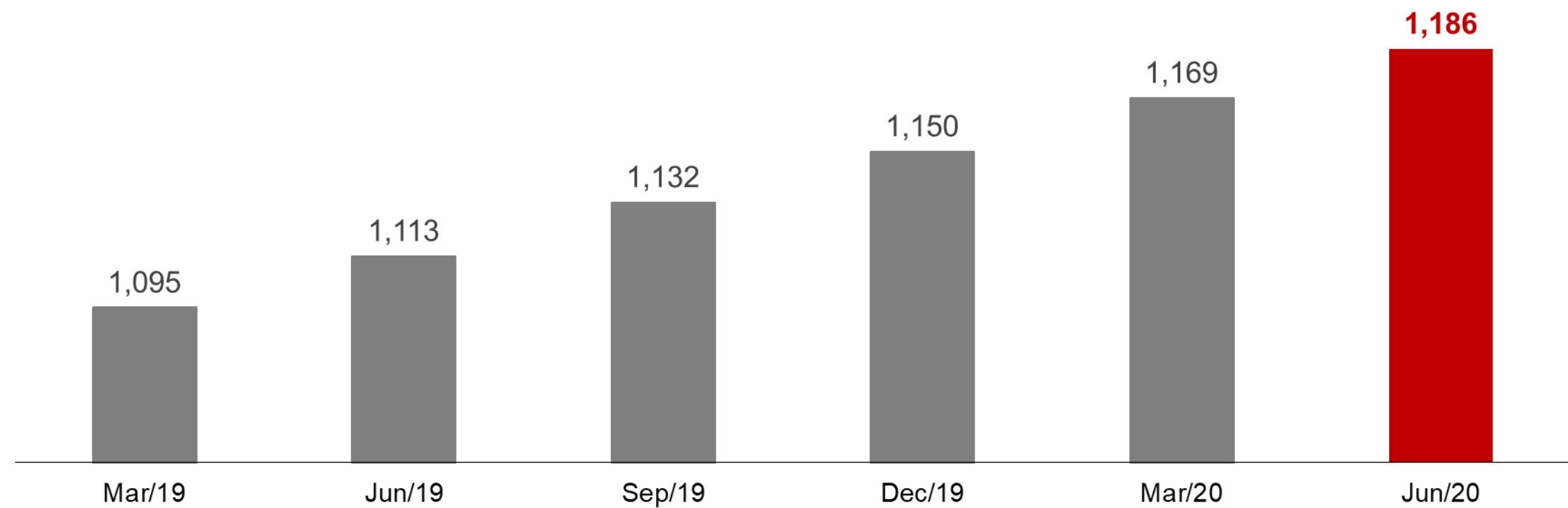
| | |
|--------------|------------|
| Shiga | 5 |
| Kyoto | 12 |
| Osaka | 57 |
| Total | 120 |

| | |
|--------------|------------|
| Hyogo | 36 |
| Nara | 7 |
| Wakayama | 3 |
| Total | 120 |



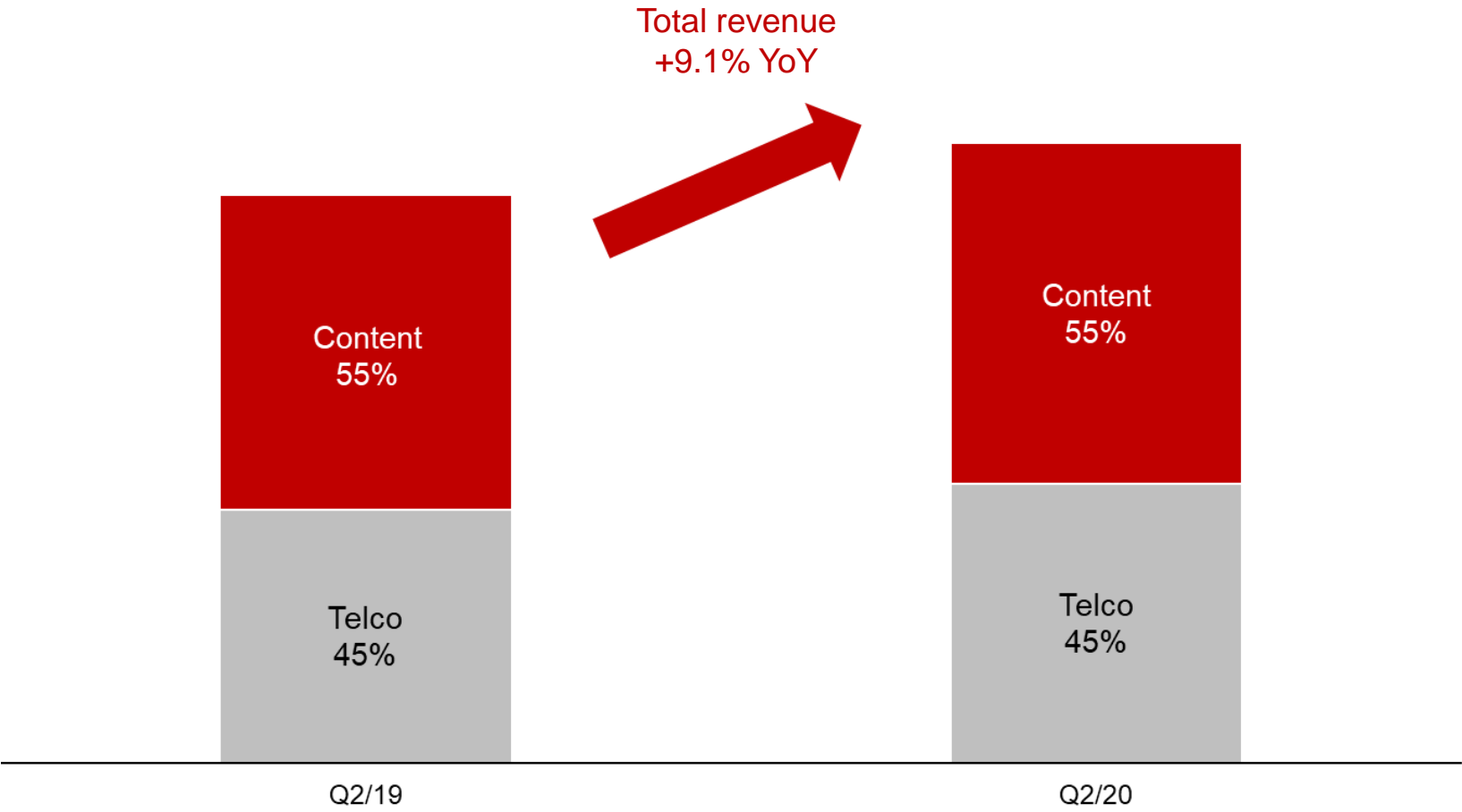
Viber Unique IDs*

(million IDs)



* Unique IDs: Unique phone numbers excluding deactivations

Viber Revenue*



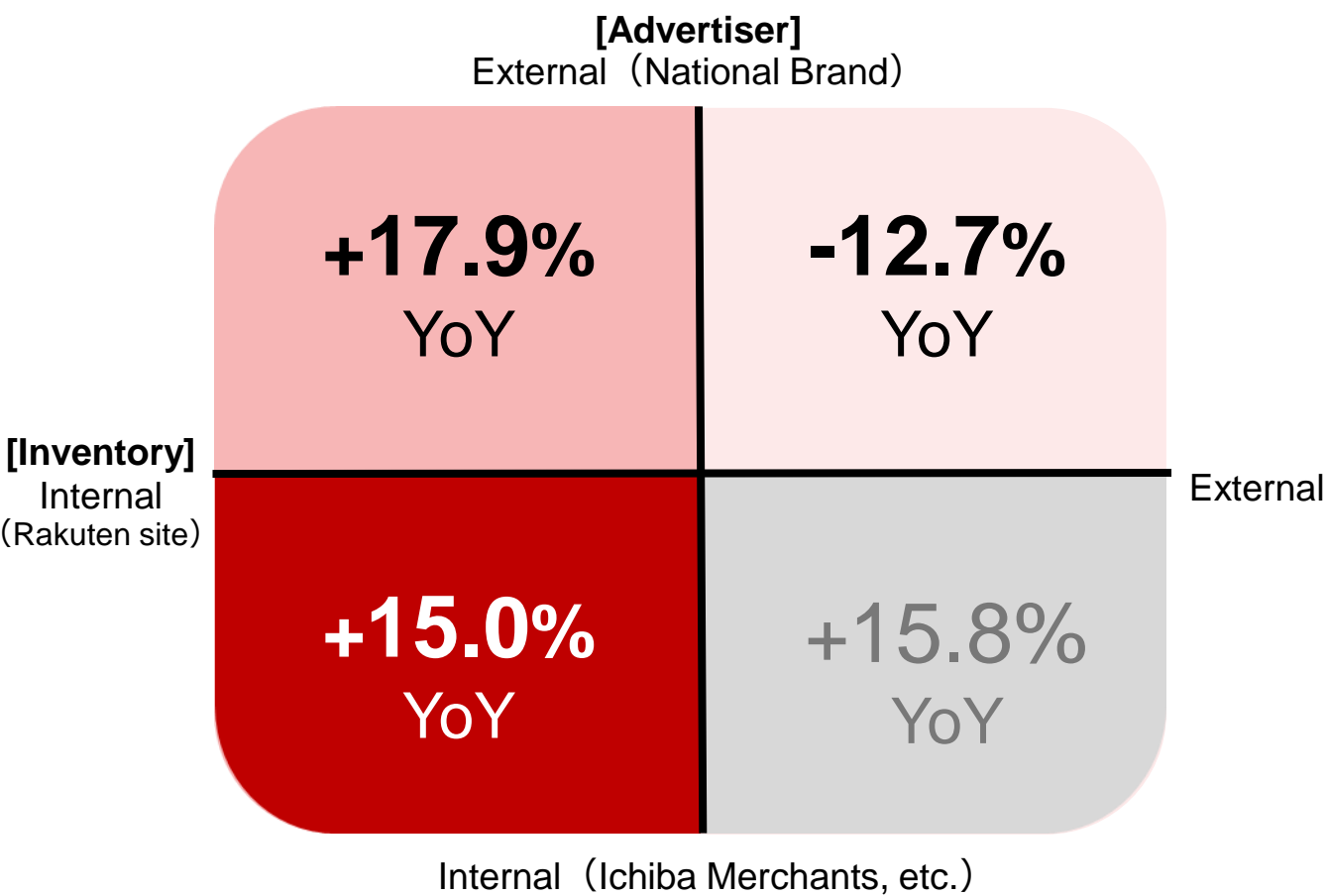
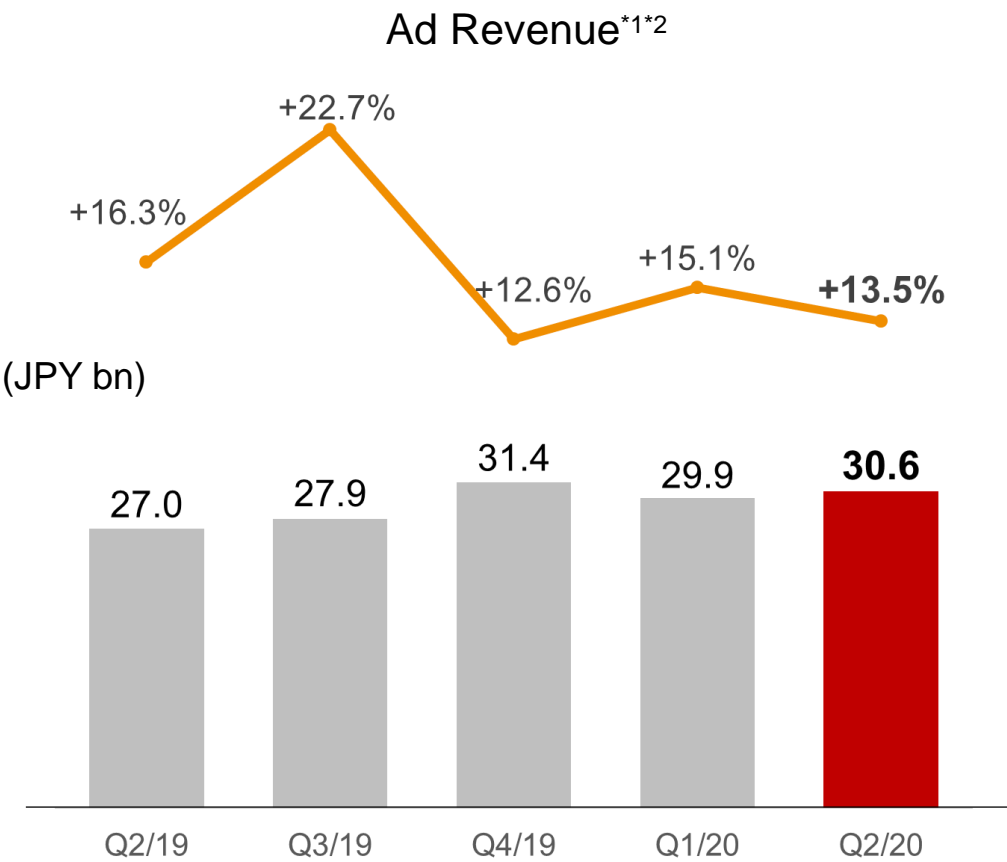
* Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.



Ad Business

Ad Business: Q2/20 Growth Analysis

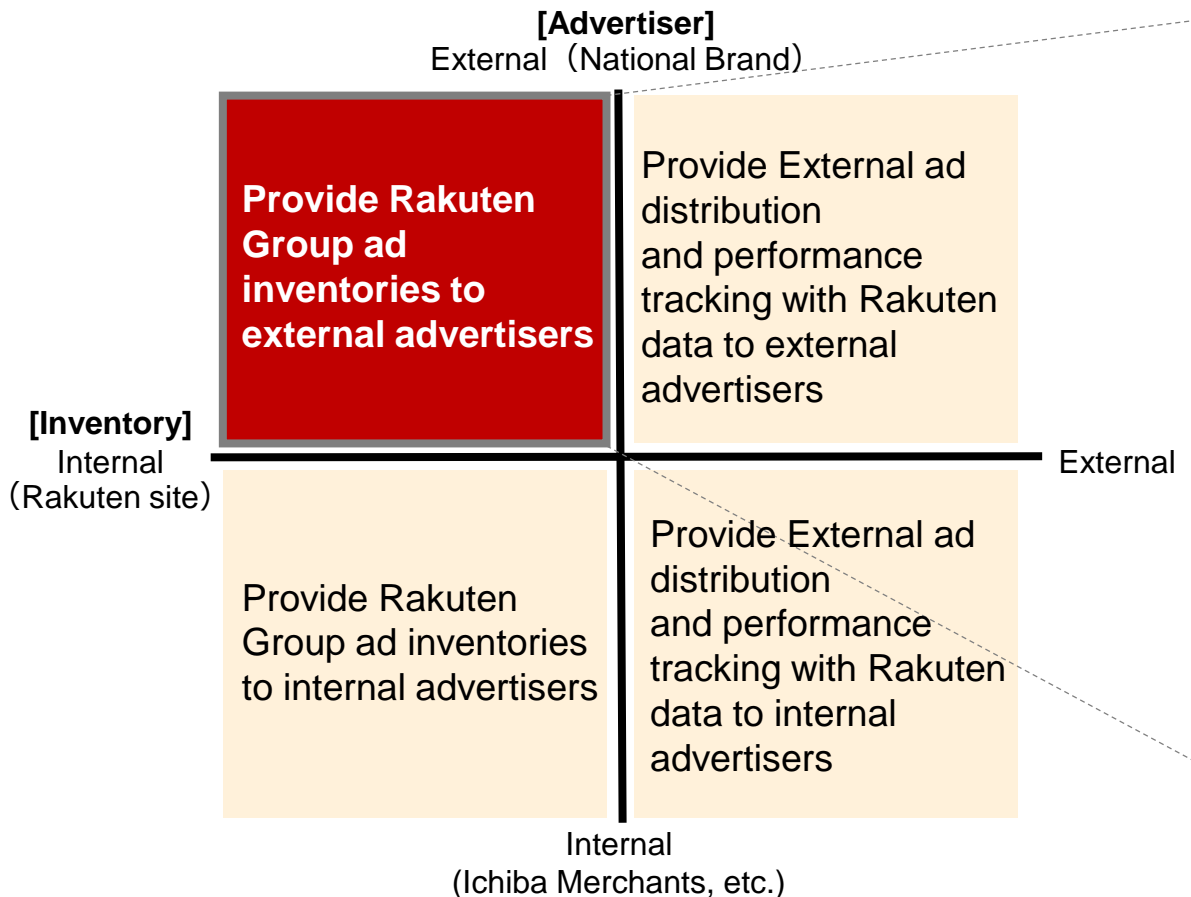
- Internal advertising revenue increased. External advertising revenue declined due to market situation and COVID-19 effects



*1 Revenue includes internal transactions.
*2 Eliminated internal transactions in certain businesses from Q4/19. This has resulted in retroactive adjustments.

Ad Business: Expansion of Internal Inventory × External Advertiser

- In recognition of strong Ichiba performance, strengthen sales to external advertisers such as national brands on internal advertising
- As initiatives of online sales promotion by consumer goods maker, demand to ad placement is increasing



Q2/20
Ichiba×External
Advertiser Revenue
(Main clients)

+42.2%
YoY

- **Advertiser's advantage**
Promote customers to buy their products directly from ads on Ichiba
- **Rakuten's advantage**
 - Ichiba GMS expansion
 - Expansion of internal ad revenue which is high margin

User → Place advertisers' pages on Ichiba → User



Sustainability

Q2/20 ESG reporting

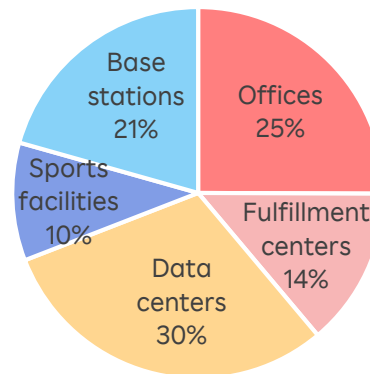
- In June, Rakuten selected as constituent of major ESG indices provided by FTSE and MSCI, with significant rating improvements regarding corporate governance (Executive Officer remuneration, anti-corruption) and climate change.

Climate change - FY2019 achievements

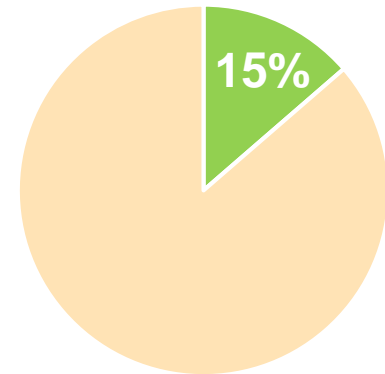
- Rakuten, Inc. joined RE100 initiative, committing to 100% renewable electricity by 2025 for offices, fulfillment centers and data centers
- In 2019, 51.4% of Rakuten, Inc.'s CO₂ emissions neutralized (=15% of Group's emissions)



Rakuten Group's electricity consumption in 2019



Rakuten Group's renewable electricity sourcing in 2019



2019 emission offset equivalent to carbon footprint of over 10 services, including Rakuten Ichiba, Rakuten Travel, Rakuten Super Logistics, Rakuten Books, Rakuten TV, Rakuten Farm...

This presentation includes forward-looking statements that reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements. Names and logos of companies, products, and services and such that appear in this material are trademarks or registered marks of their respective companies.

Rakuten