

FY2020 Third Quarter Consolidated Financial Results

November 12, 2020

Rakuten, Inc.





Rakuten Growth Strategy

Vision



Mission

**Contribute to Society by Creating Value
through Innovation and Entrepreneurship**

Global Innovation Leader

**Japan's Leading Tech Company
Transforming Global Telecom**

➤ History and Track Record

Profile

Founded **1997** by **2** staff
with **13** Merchants

2019
Global Annual GTV

19 Trillion yen

Global
Membership
(as of Jul/20)

1.4 Billion

2019
Revenue

1.3 Trillion yen

2019
Domestic EC Annual GMS

3.7 Trillion yen

Japan Registered
Membership
(as of Jul/20)

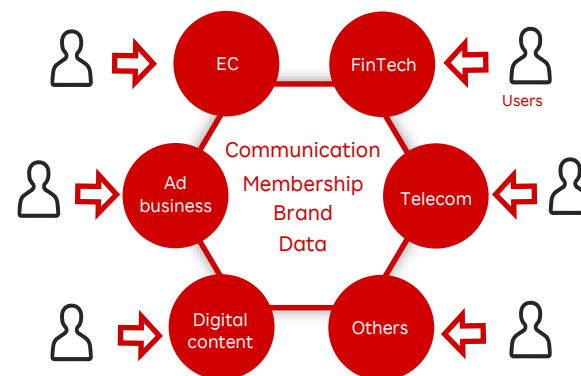
100 Million+

2019 Non-GAAP
Operating Income

95 Billion yen

Ecosystem

Platform (MNO & Logistics etc)



Services

Internet Services

Rakuten
Rakuten Travel
Rakuten Advertising
Rakuten (Ebates)

FinTech

Rakuten Card **R Pay**
Rakuten Bank **R**
Rakuten Securities **Edy**
Rakuten 楽天生命
Rakuten 楽天損保

Contents & Communication

Rakuten Mobile
Rakuten kobo
Rakuten Viber
Rakuten TV

Branding

Rakuten
GLOBAL INNOVATION & ENTERTAINMENT
PARTNER OF FC BARCELONA

Rakuten
Official Partner of the
Golden State Warriors

Rakuten
Official Partner of the NBA

Rakuten
OPEN
Tennis Championships

RAKUTEN
EAGLES

VISSEL
COLORED FOOTBALL CLUB

Rakuten
MONKEYS

DAVIS CUP
by **Rakuten**

Rakuten Fashion Week TOKYO
Rakuten

KonMari
— Marie Kondo

Rakuten Capital

IRR +23%*
(Sep 2020)

Internet
SHOPBACK **carousell**
OneSignal **epic!**

FinTech
BlueVine **Upstart**
TORANOTEC

Ride Sharing
Careem **Glovo?**
lyft (Asset Financing)
gojek **cabify**

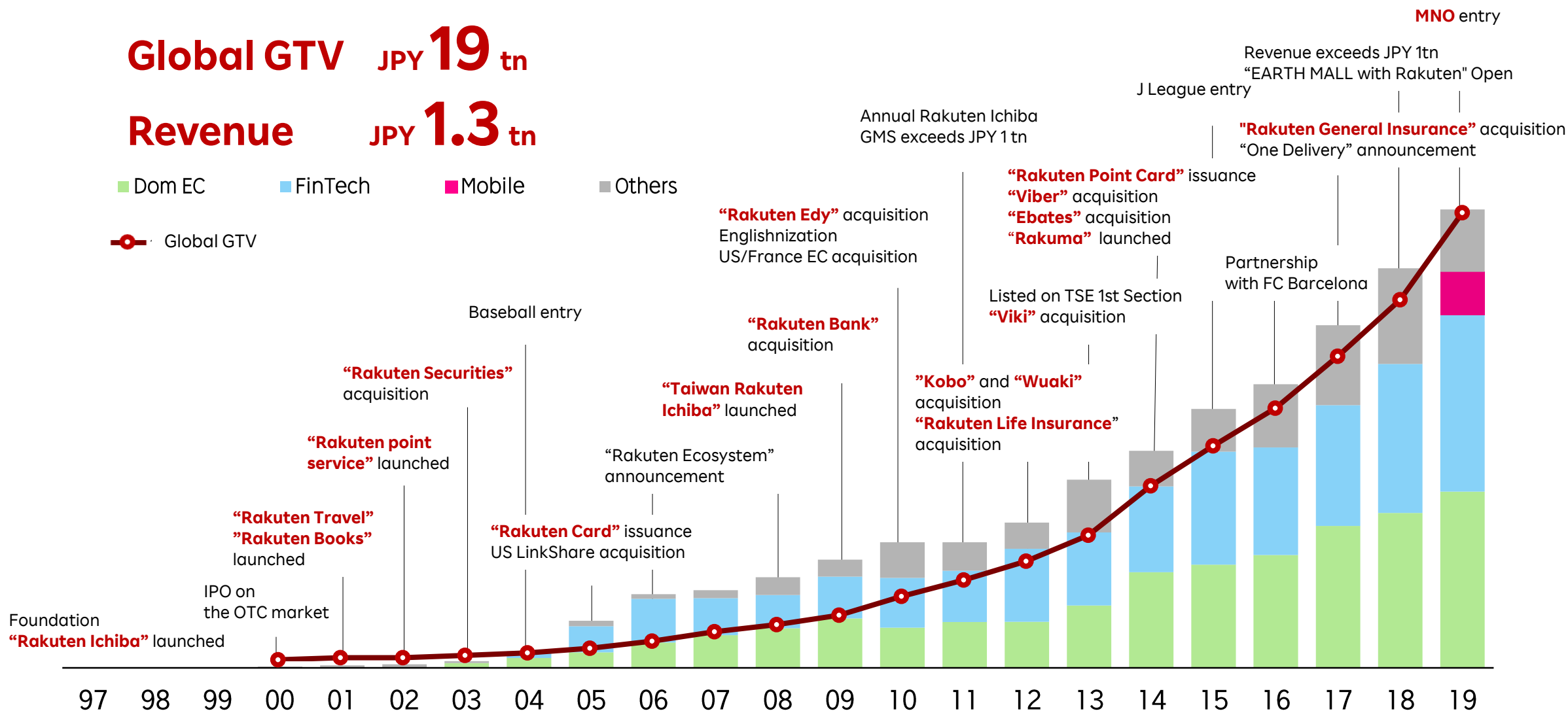
Healthcare
Rakuten Medical *
(Affiliated Company)
airweave **Genesis Healthcare**

* Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019 respectively, and treated as exited investments for return calculation

Rakuten Growth and Innovation Track Record

Global GTV JPY **19** tn

Revenue JPY **1.3** tn

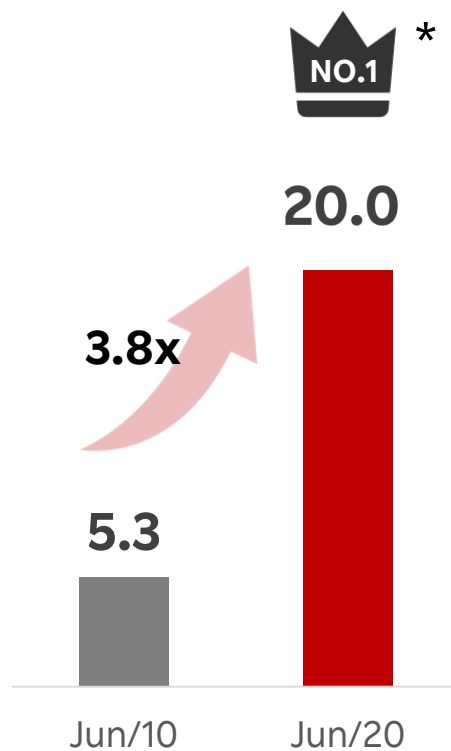


* IFRS is applied from 2011. Related segments are summed up before 2013. "Others" includes Communication & Sports businesses, overseas businesses, minority investments, etc.
 * Mobile segment is added from 2019 due to disclosure segment change.

Growing New Businesses to Become No.1

Rakuten Card

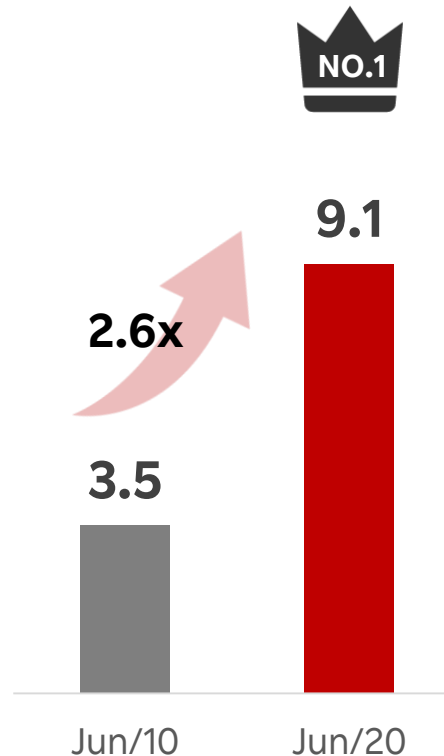
of Credit Card holders (mm)



*No.1 in number of card holders

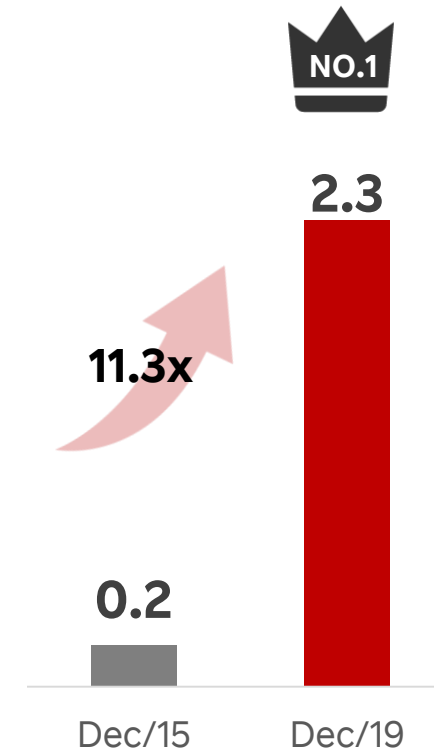
Rakuten Bank

of Internet bank accounts (mm)

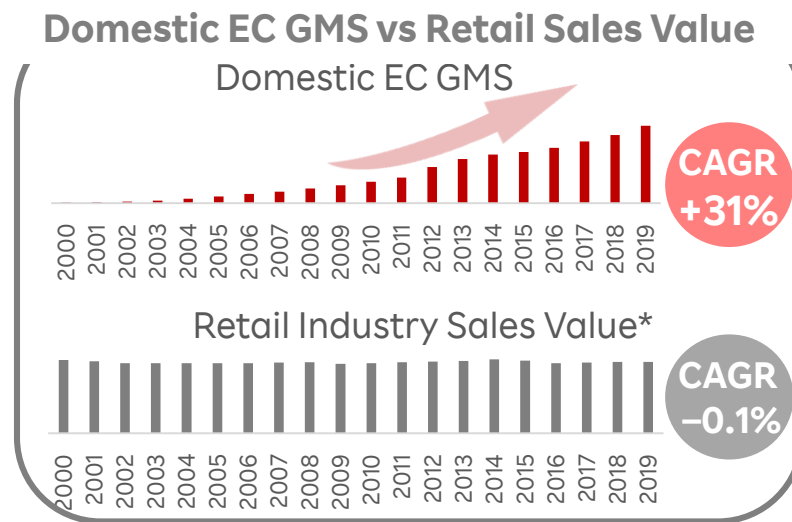


Rakuten Mobile

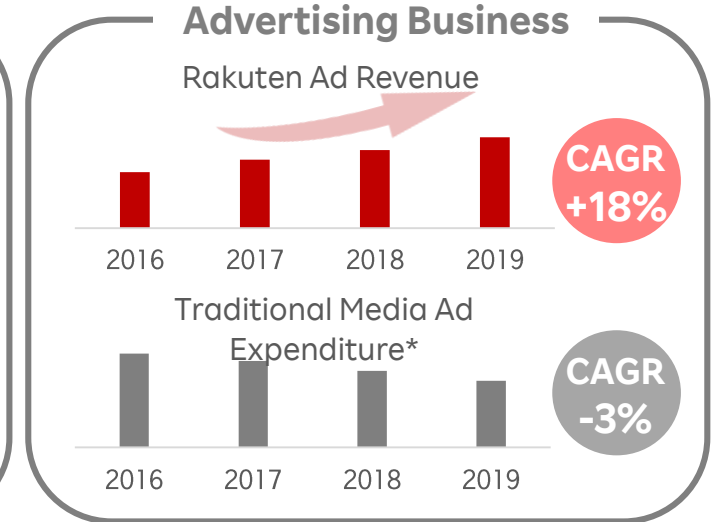
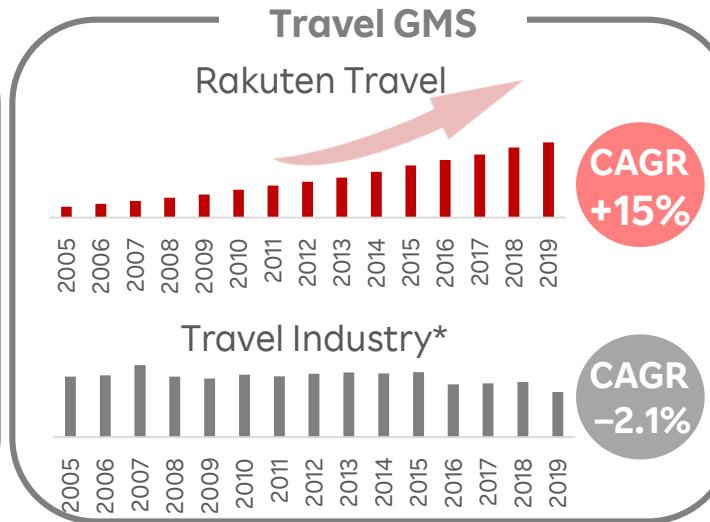
of MVNO subscriptions (mm)



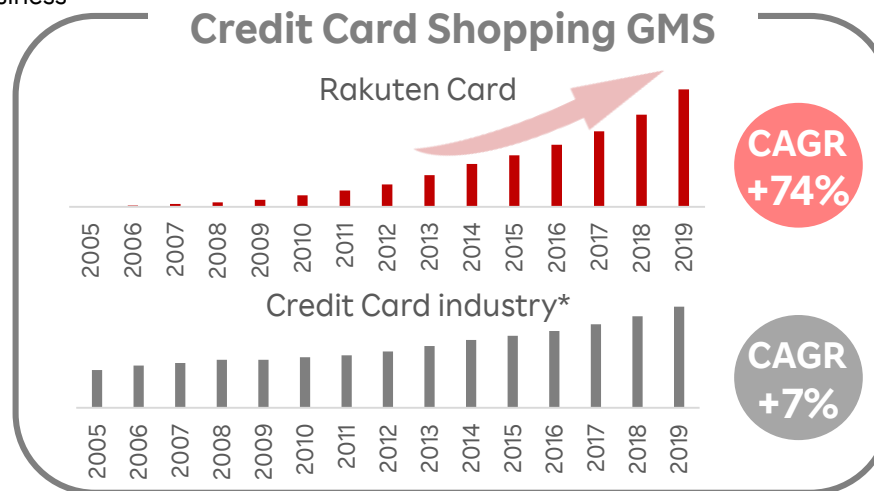
Overtaking Traditional Industries



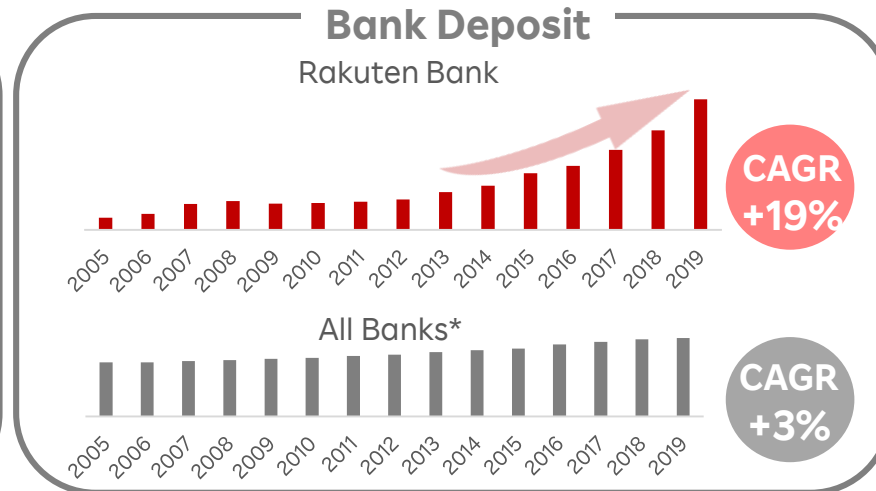
*Ministry of Economy, Trade and Industry, Commercial sales value by type of business



*Ad expenditure of news paper, magazine, radio, TV
*Dentsu: 2019 Advertising Expenditures in Japan



*Ministry of Economy, Trade and Industry, Statistical survey on dynamics of specified service industries: Credit Card

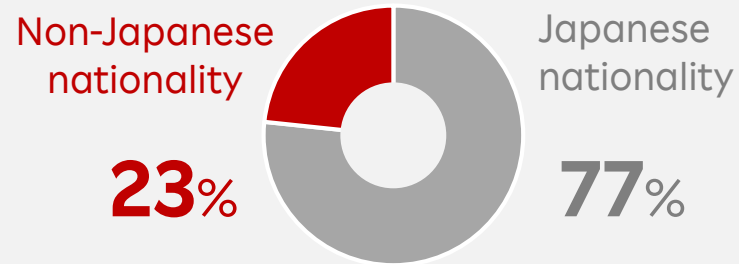


*Japanese Bankers Association, National bank deposit

A strong global workforce enabled by “Englishnization”

- Rakuten is a rare Japanese company that made English the official company language in all offices across the world
- ‘Englishnization’ makes it possible to acquire and retain global talent including the world’s top engineers

Employee nationality ratio*



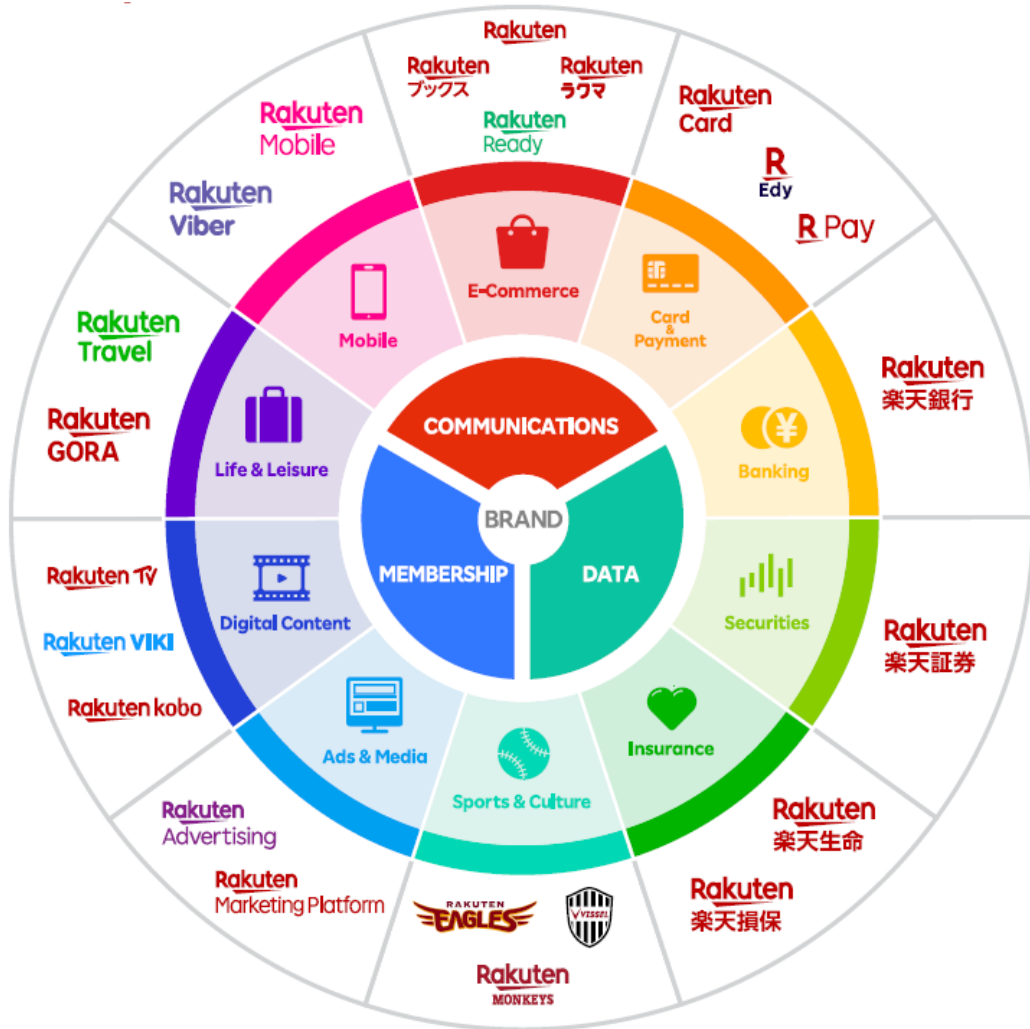
Number of employee / nationalities*

20,000+ **Over 70**



➤ Strength of Rakuten Ecosystem

Rakuten is a Membership Company



Global Membership

1.4bn

One Brand

A single "Rakuten" brand for domestic and overseas services improves awareness and image of each service

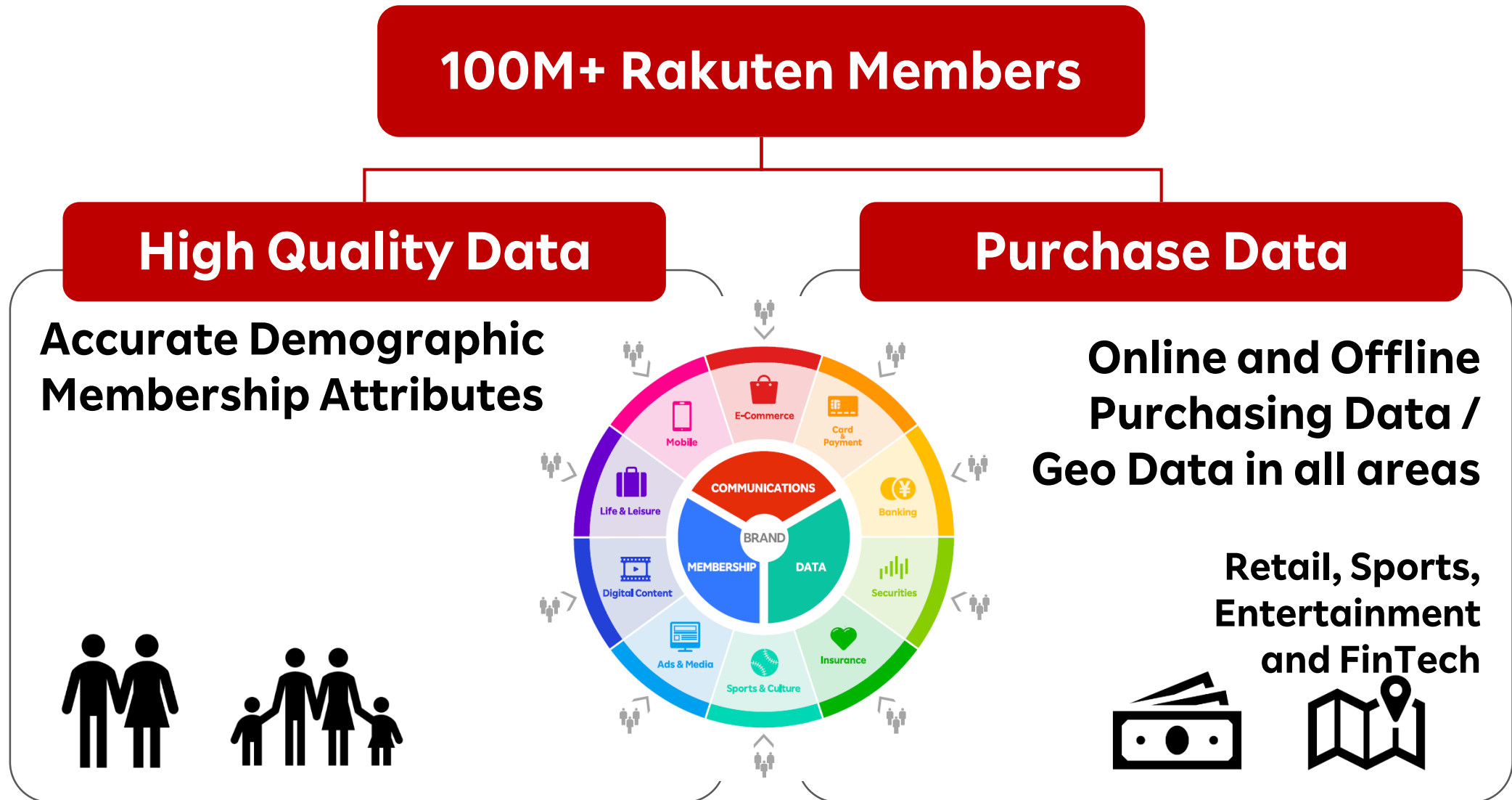
One ID - Membership

More than 100 million users in Japan can use multiple services in the ecosystem with a single ID

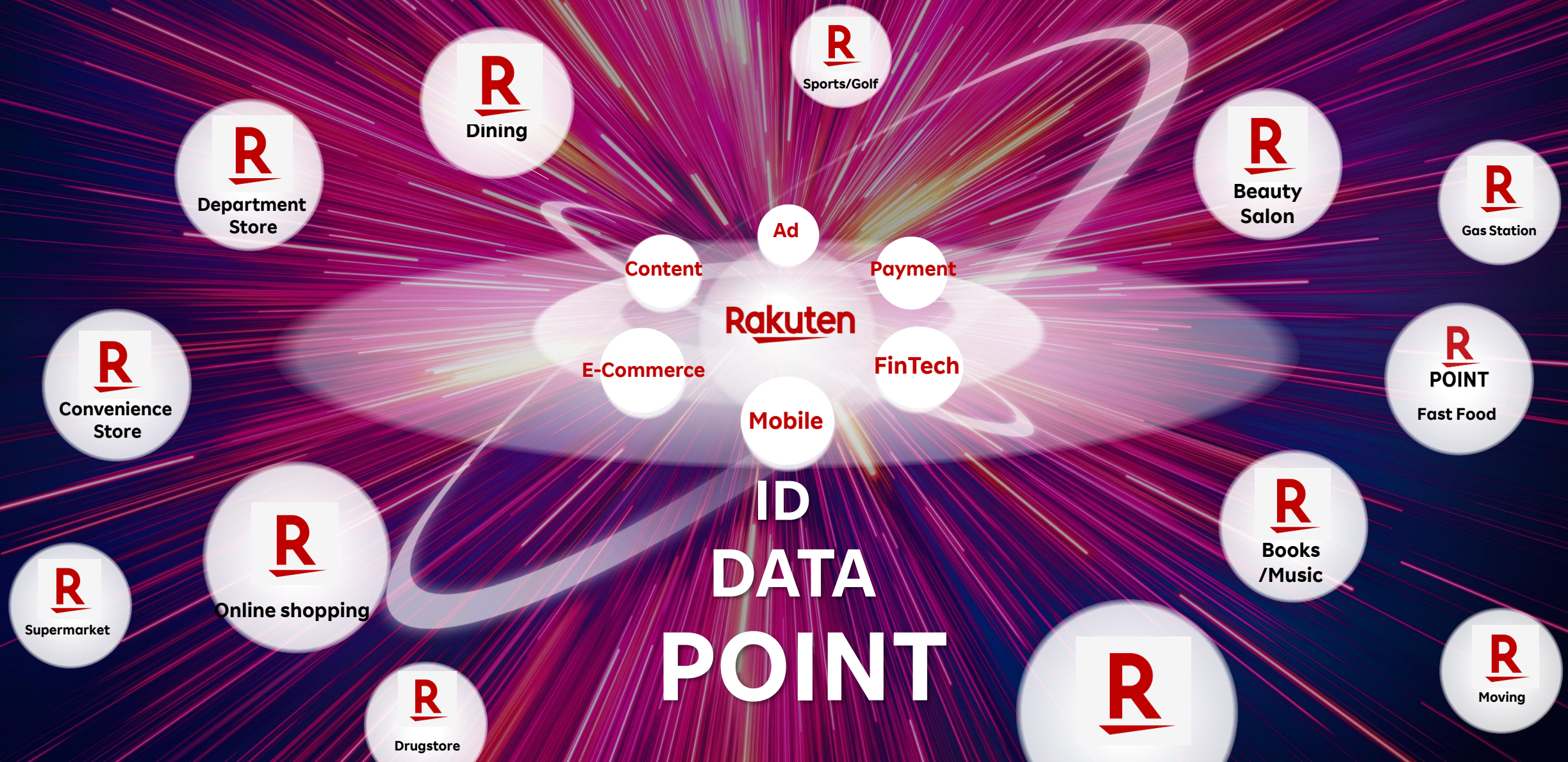
Rich data

Enormous purchasing data of more than 100 million users connected to demographics, such as age and gender, and consumer interests.

High Quality Data from 100M+ Rakuten Members



Rakuten Ecosystem Expansion from online to offline



Membership Value of Rakuten

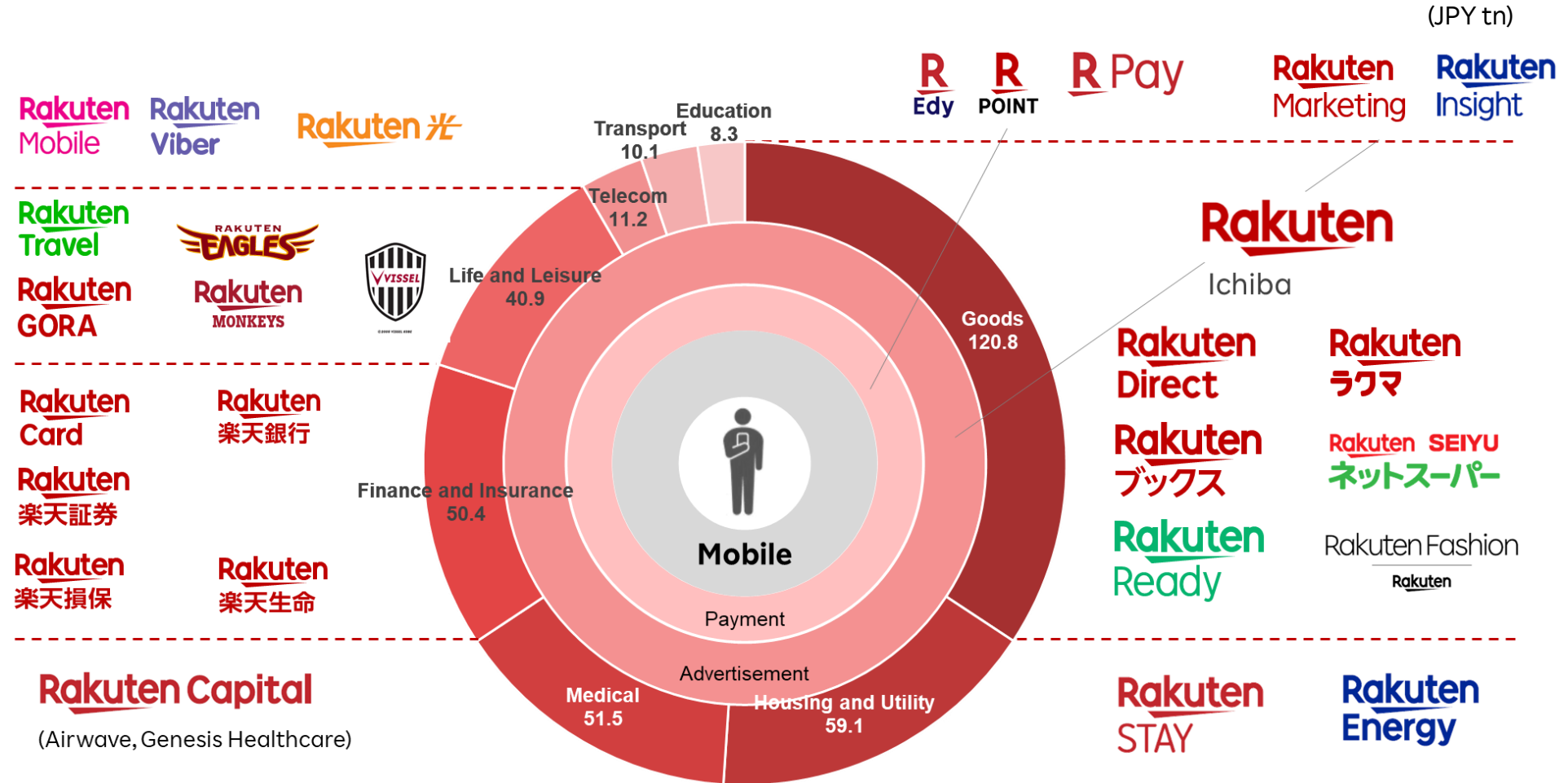


$$\text{MSV} = \sum \text{LTV} - \text{CAC}$$

<u>Rakuten</u>	+	LTV - CAC	↑	LTV
<u>Rakuten Travel</u>	+	LTV - CAC	↓	CAC
<u>Rakuten Card</u>	+	LTV - CAC	↑	Active Users
⋮			↑	Cross Use

Rakuten Everywhere - Online to Offline Expansion

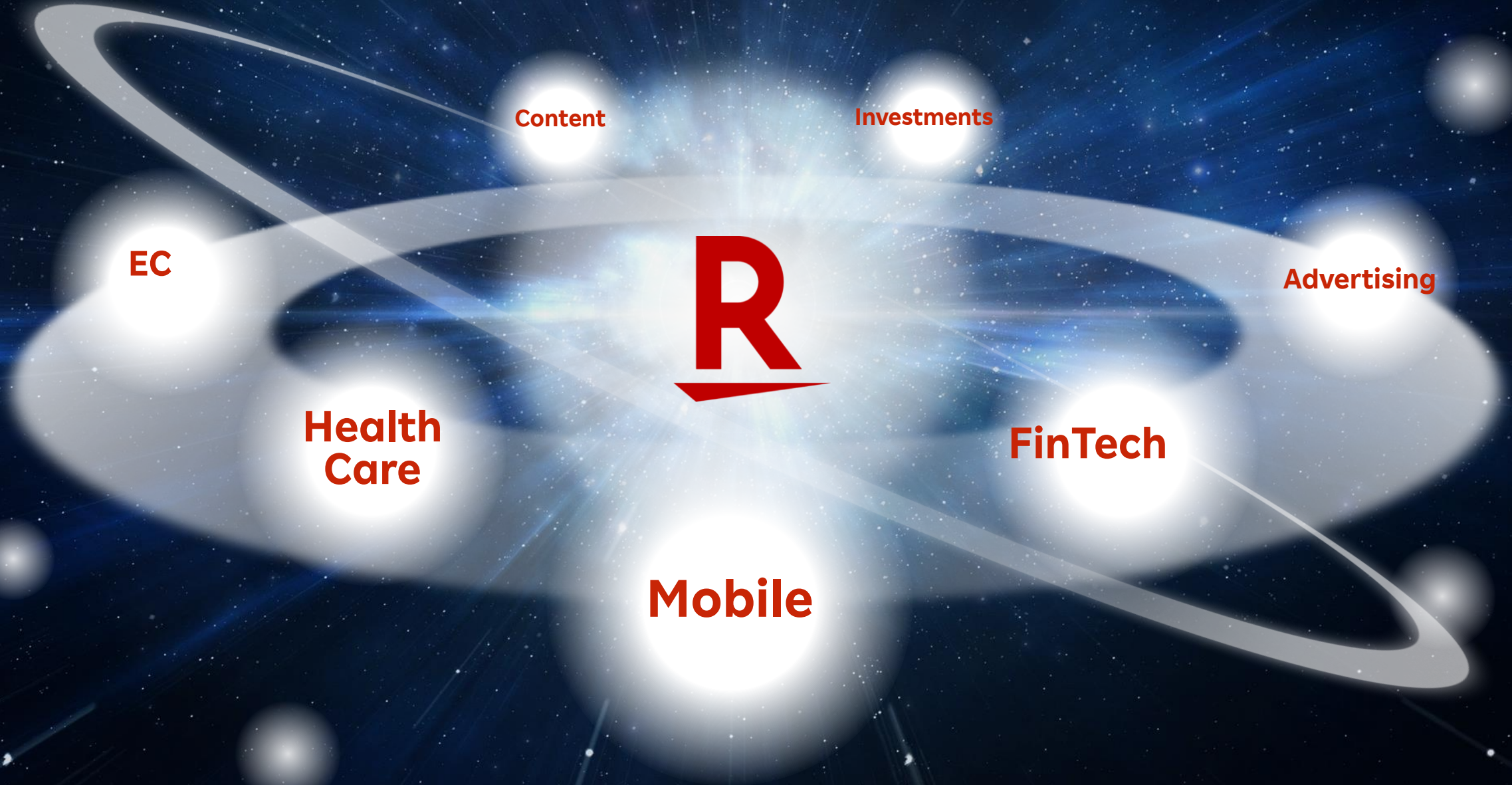
Capturing the Consumer's JPY 352 Trillion* Wallet Share



* Internal estimation based on public information

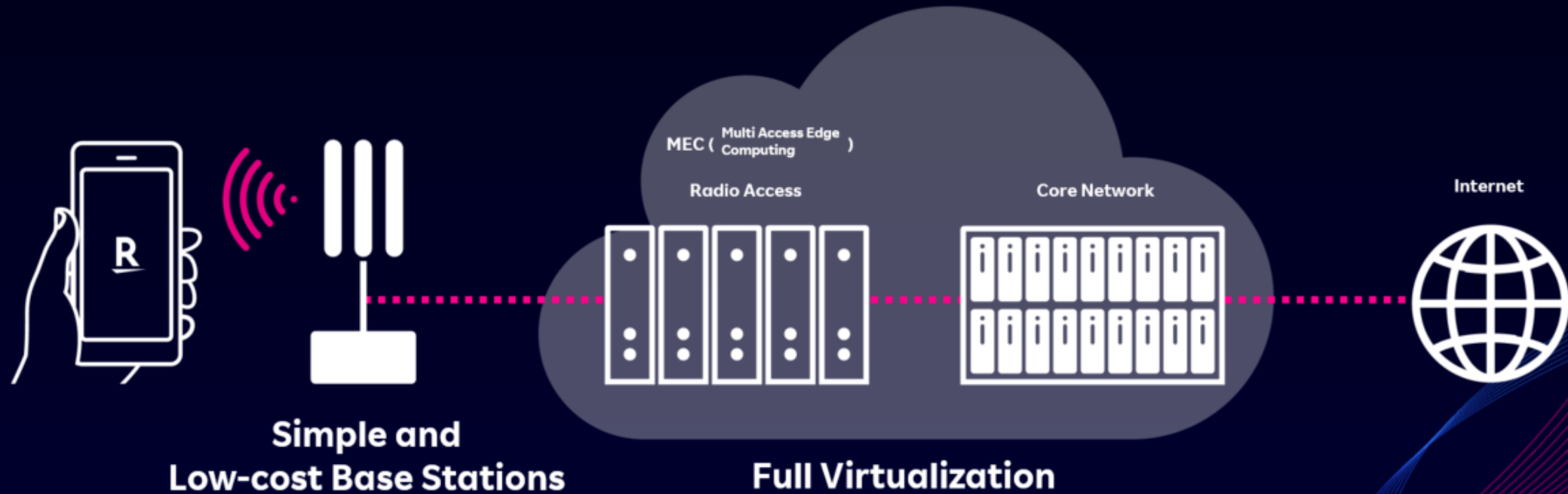
➤ Innovation

Rakuten Ecosystem Global Expansion



World's First * Fully Virtualized Cloud Native Mobile Network

Full Virtualization that Enabled Significant Reduction in CAPEX and OPEX



Significant cost reduction results in lower price for customers

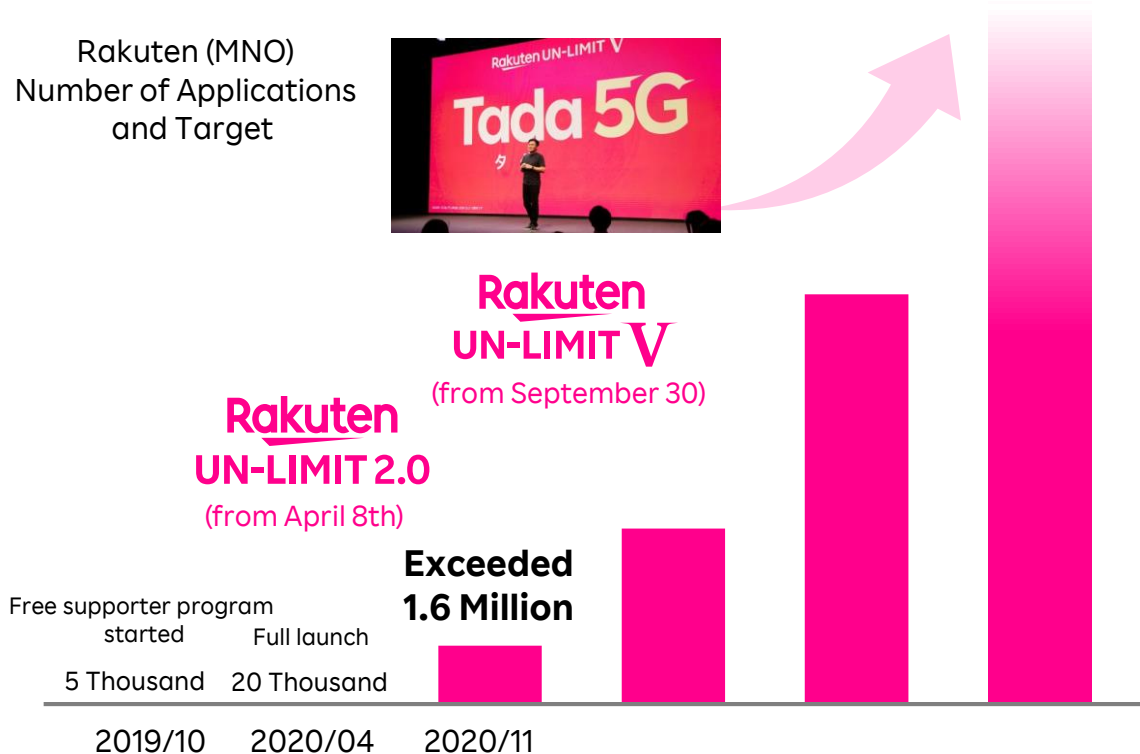
Rakuten Mobile

Become No.1 MNO in Japan with Low Pricing and High Quality Service

Transition of Applications

Exceeded 1.6 Million Applications since launch

Become No.1



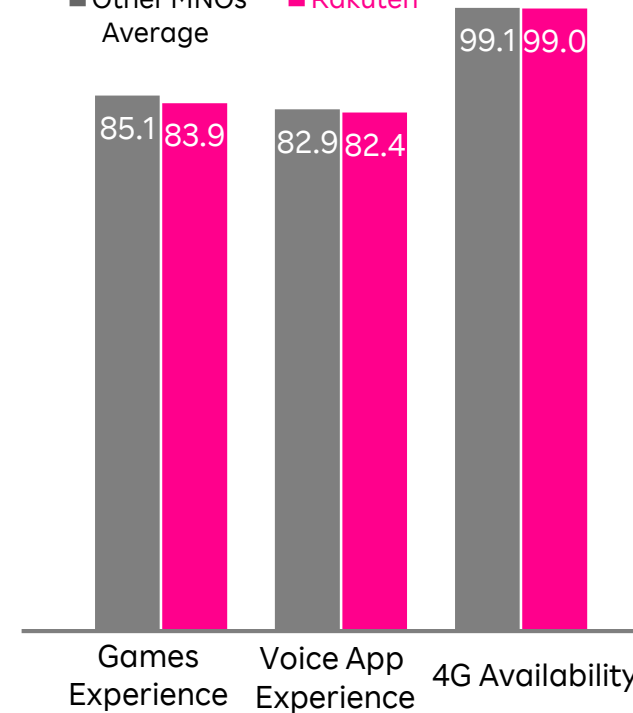
Quality

User Experience

Equivalent to other MNOs

User Experience

■ Other MNOs Average ■ Rakuten

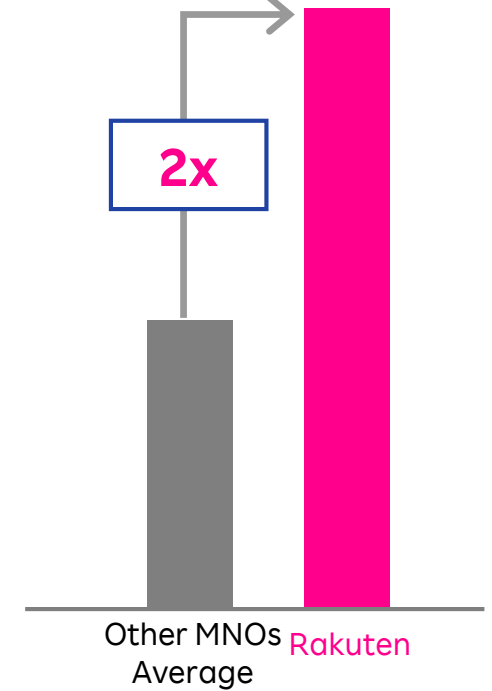


Data Usage

Twice as much as Other mobile carriers

Data Usage
(per user / month)

2x



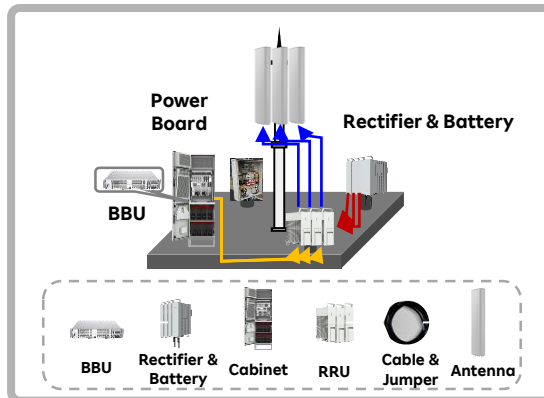
Going Global with Rakuten Communications Platform

Japan MNO Service

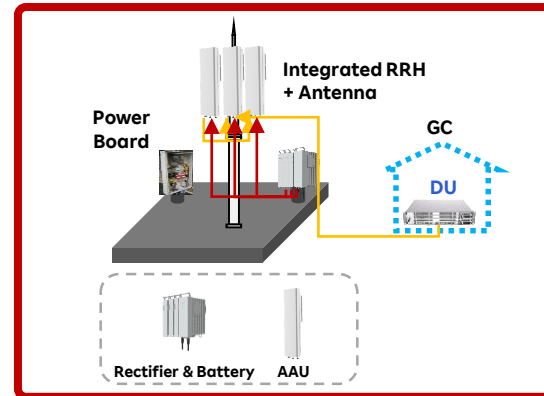
Developed and Deployed World's First Virtualized Network

- 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

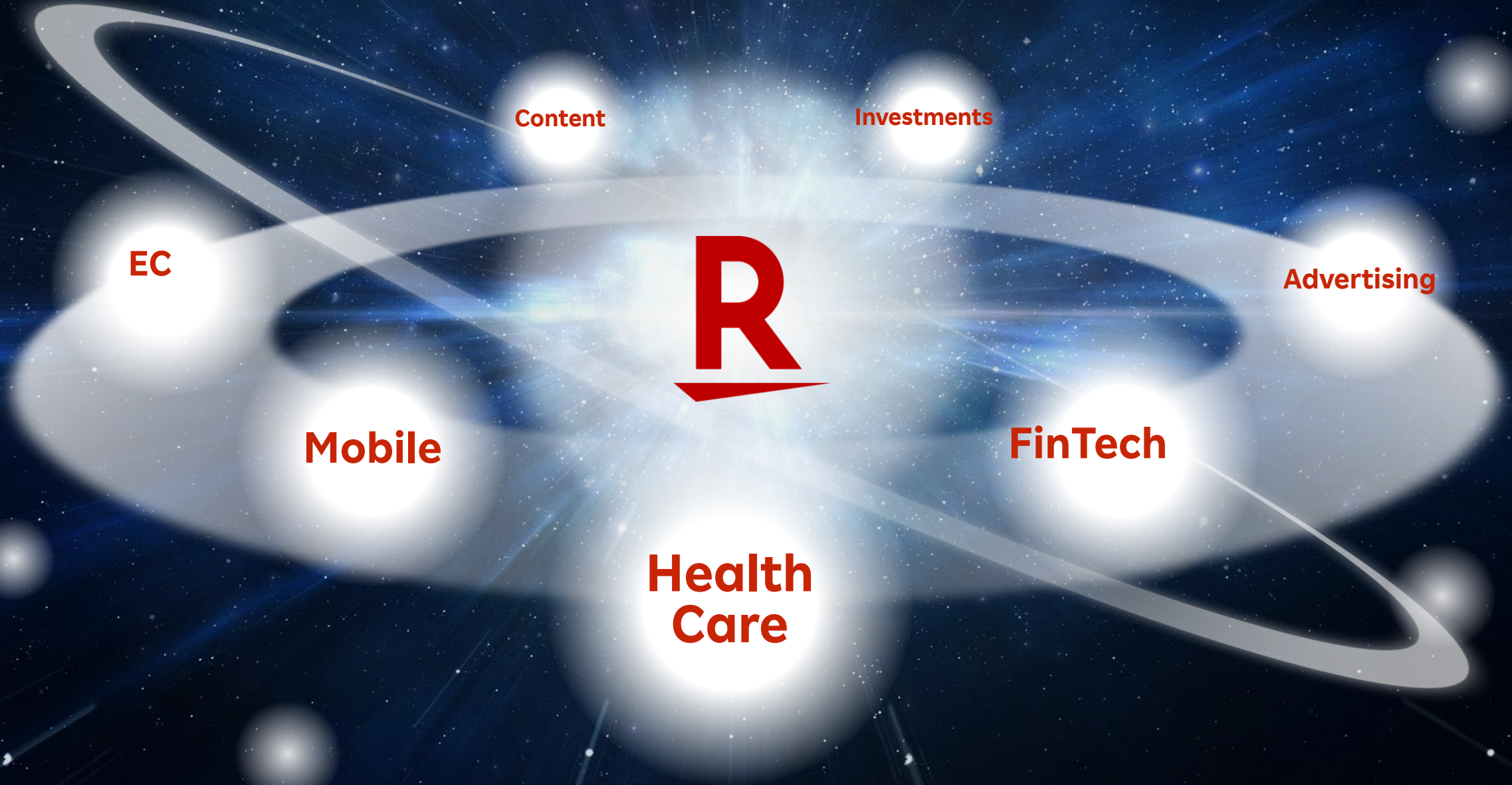


~40% lower CAPEX
~30% lower OPEX

Going Global

Targeting the
\$1tn+ Mobile
industry via
Innovation

Rakuten Ecosystem Global Expansion



**Based on photoimmunotherapy,
Rakuten Medical is developing the**

Illuminox™

Platform

Rakuten Medical is developing precision,
cell-targeting investigational therapies
based on its Illuminox™ platform.

Drug Component

A targeting moiety
conjugated with one or
more dyes leading to
selective cell surface
binding



Device Component

Delivers the light that
activates the drug



April 2019: Received Sakigake (fast
track) designation under the
Sakigake Designation System

May 2019: Obtained Japanese
Manufacturing/Marketing business
license for pharmaceuticals and
medical devices.

March 2020: Applied for approval
in Japan for head and neck cancer.
(May: Received Conditional Early
Approval System designation)

September 2020: Received
marketing approval to treat
unresectable locally advanced or
recurrent head and neck cancer

➤ Growth Strategy

Q3/20 Highlights

Global GTV

JPY **5.5** tn

+15.2% YoY



Consolidated Revenue

JPY **361.4** bn

+13.2% YoY



Domestic EC GMS

JPY **1.1** tn

+11.7% YoY



Shopping EC GMS

YoY +**29.3** %



Rakuten Card Shopping GTV

JPY **2.9** tn

+20.7% YoY



Rakuten Card Holders

20.76 mm*

*As of September 30, 2020



Rakuten Securities Accounts

4.72 mm*

*As of September 30, 2020



Rakuten Bank Accounts

9.45 mm*

*As of September 30, 2020



Evolving Powerful and Unique Rakuten Ecosystem



The diagram illustrates the Rakuten Ecosystem as a central hub with four interconnected components. At the top center is the Rakuten logo, a red 'R' with a horizontal line underneath. Below the logo is a grey circle containing the text 'ID Brand Data'. To the left is a large white circle with a blue ring around it, containing the text 'Digital Transformation'. To the right is a large white circle with a blue ring around it, containing the text 'Rewards Program'. At the bottom is a large white circle with a blue ring around it, containing the text 'Communication'. The background is a blue sky with white clouds and a city skyline at the bottom.

**Digital
Transformation**

R
**ID
Brand
Data**

**Rewards
Program**

Communication

**Online
Content**

e-Learning

FinTech

Advertising

Seizing Digital Acceleration

Data

e-Commerce

**5G
Communications**



Walk Together **Rakuten**

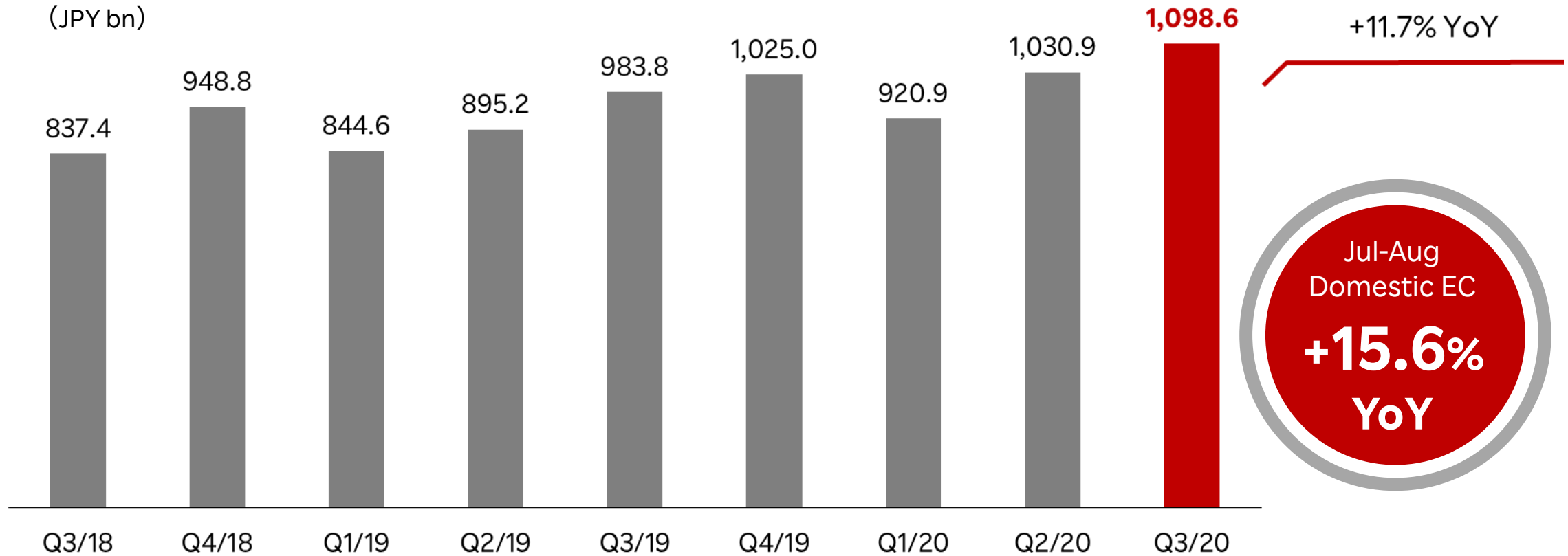
A white graphic element consisting of a thick horizontal line that tapers to a point on the right side, positioned directly beneath the word 'Rakuten'.

**Contribute to Society by Creating Value
through Innovation and Entrepreneurship**



EC Core Businesses

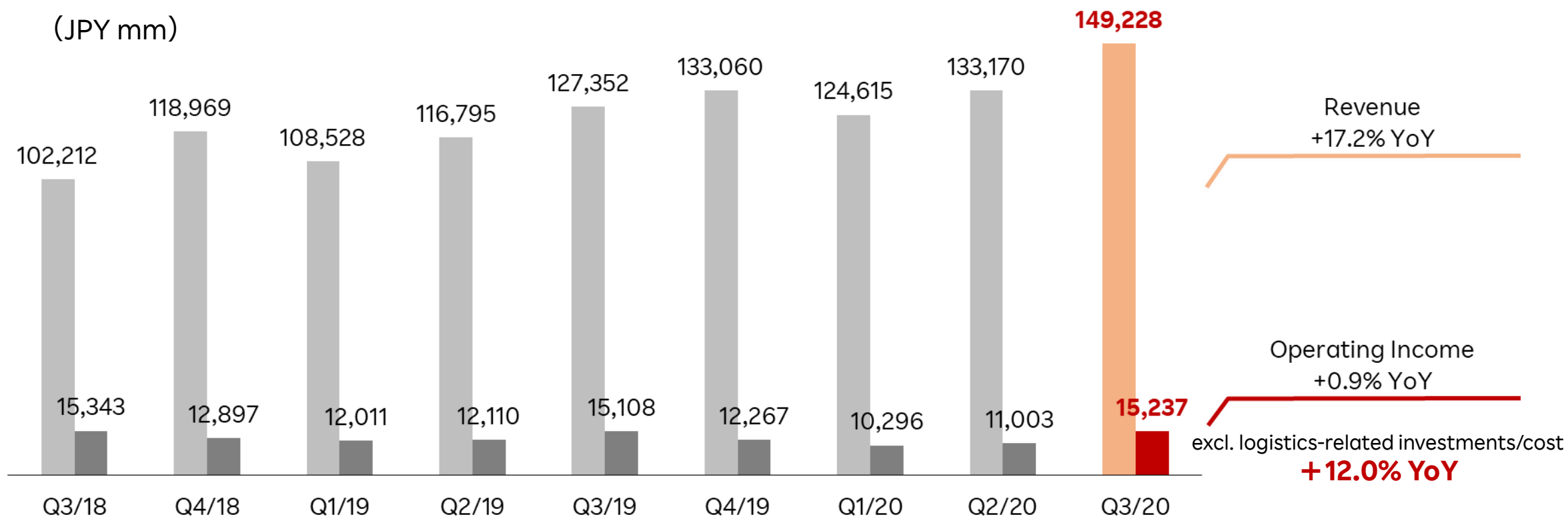
Domestic E-Commerce GMS*1



*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.

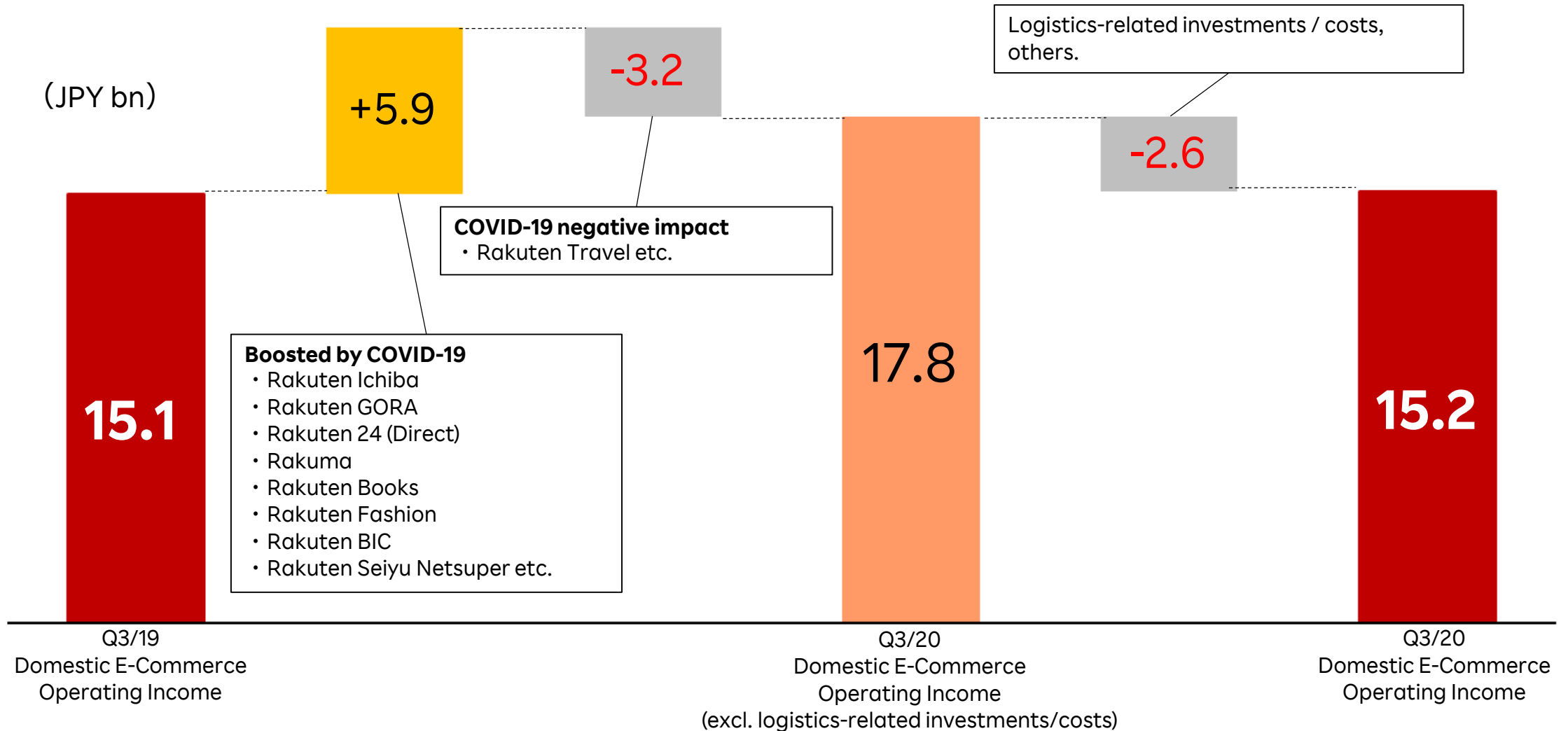
*2 Eliminated internal transactions in some businesses. This has resulted in retroactive adjustments

Domestic E-Commerce Results*

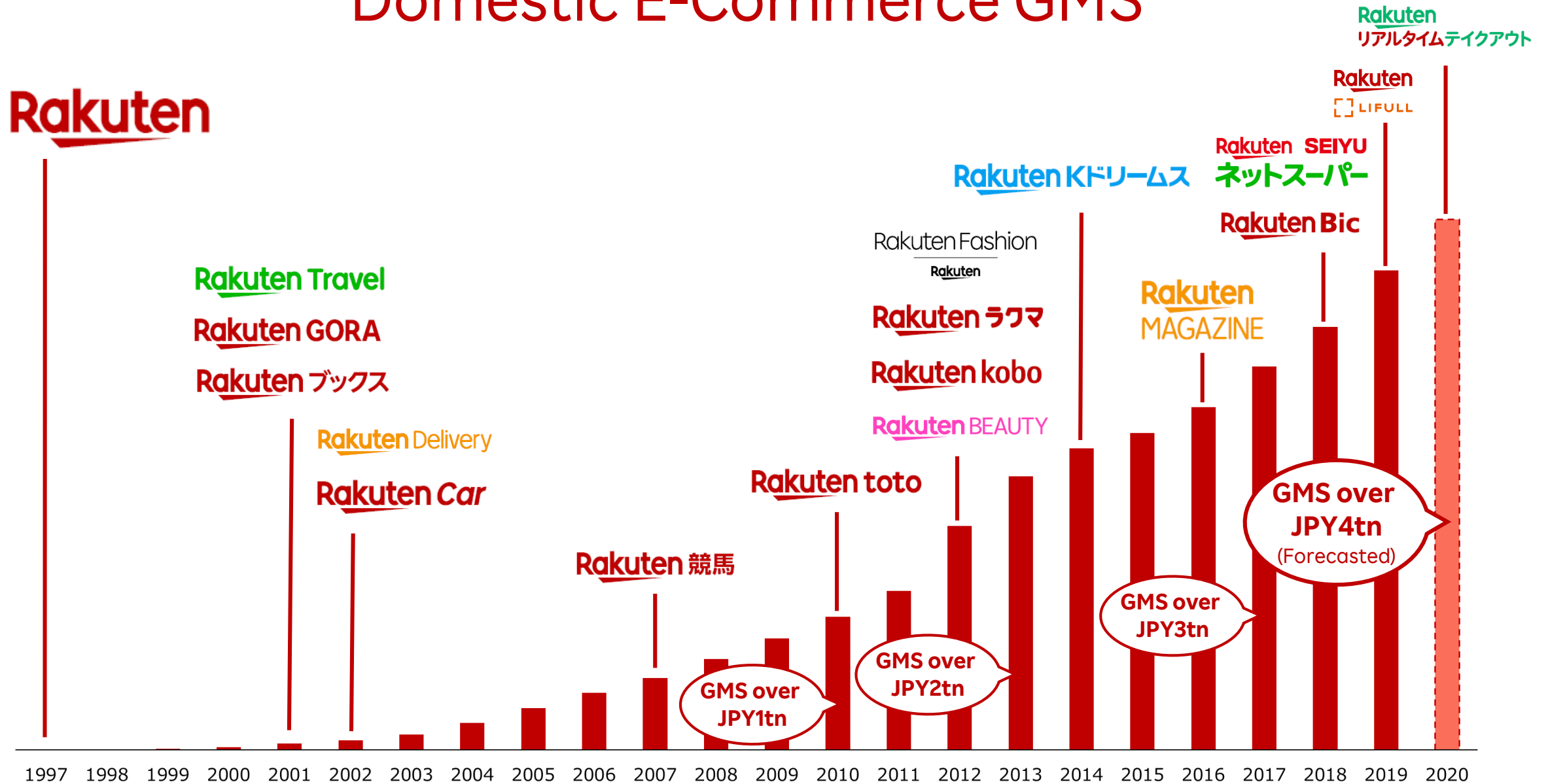


* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

Q3/20 Domestic E-Commerce Operating Income Breakdown



Domestic E-Commerce GMS



EC market and Family Expenditure

Family Expenditure
approx. JPY 300tn^{*1}

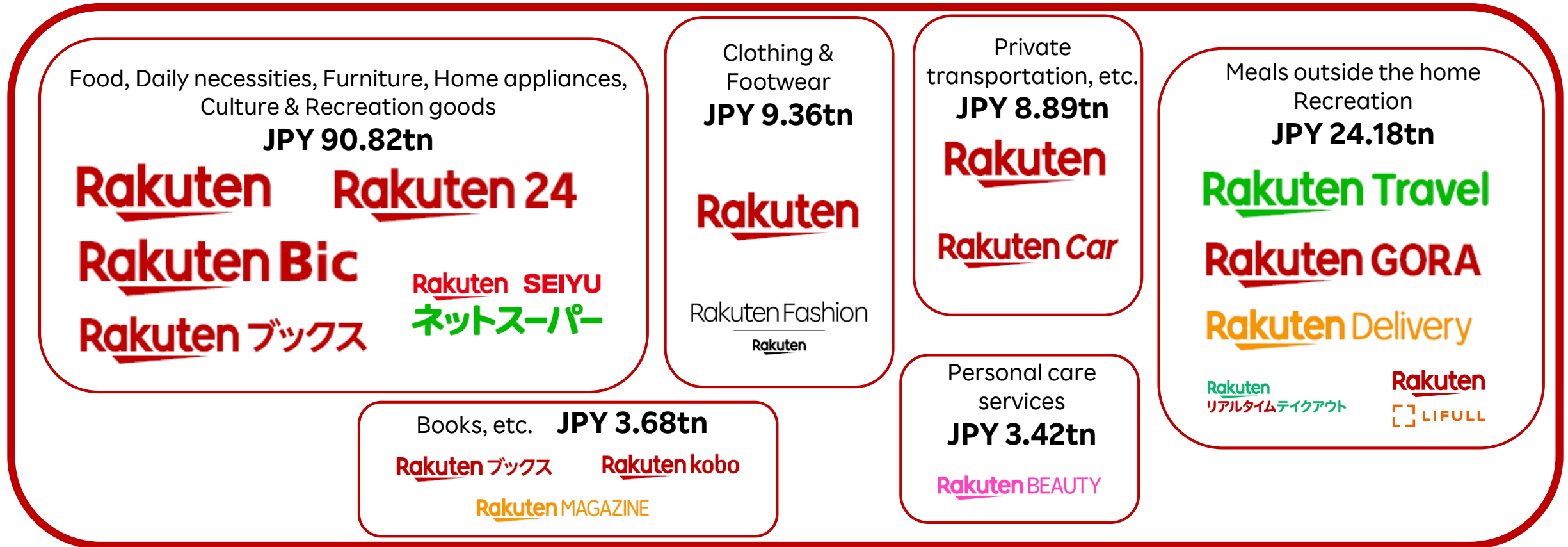
EC market
approx. JPY 20tn^{*2}

**Rakuten FY2019
Domestic EC GMS
JPY 3.7tn**

^{*1} Cabinet office "Quarterly Estimates of GDP"

^{*2} Ministry of Economy, Trade and Industry "E-Commerce Market Survey"

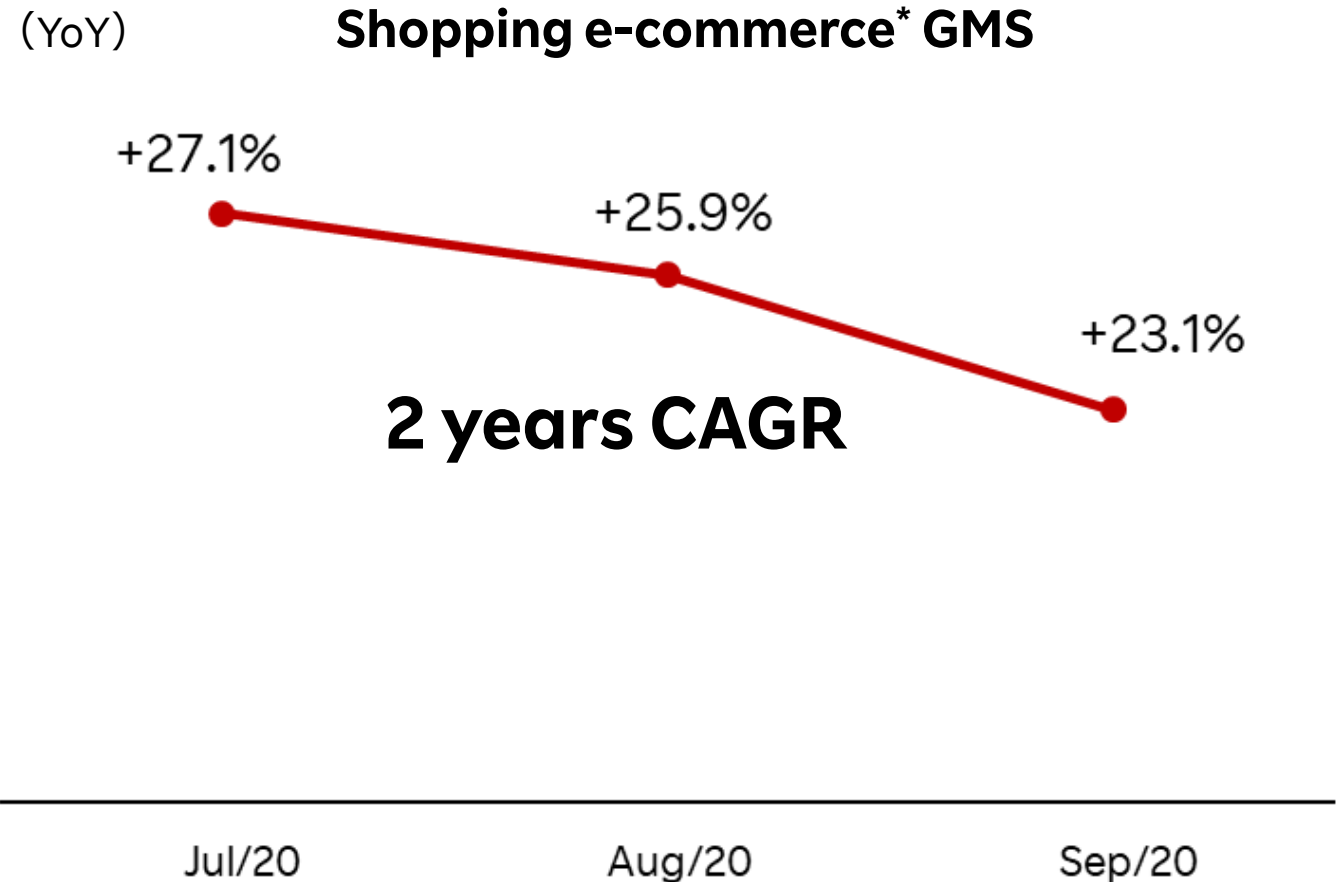
Domestic EC Services and Market Size by Item*



* Market size by item: Estimated number referring to Ministry of Internal Affairs and Communications "The Family income and Expenditure Survey 2019- Yearly Amount of Expenditures per Household" and Cabinet office "Quarterly Estimates of GDP"

Shopping E-Commerce* GMS

**Shopping EC GMS
growing strongly**



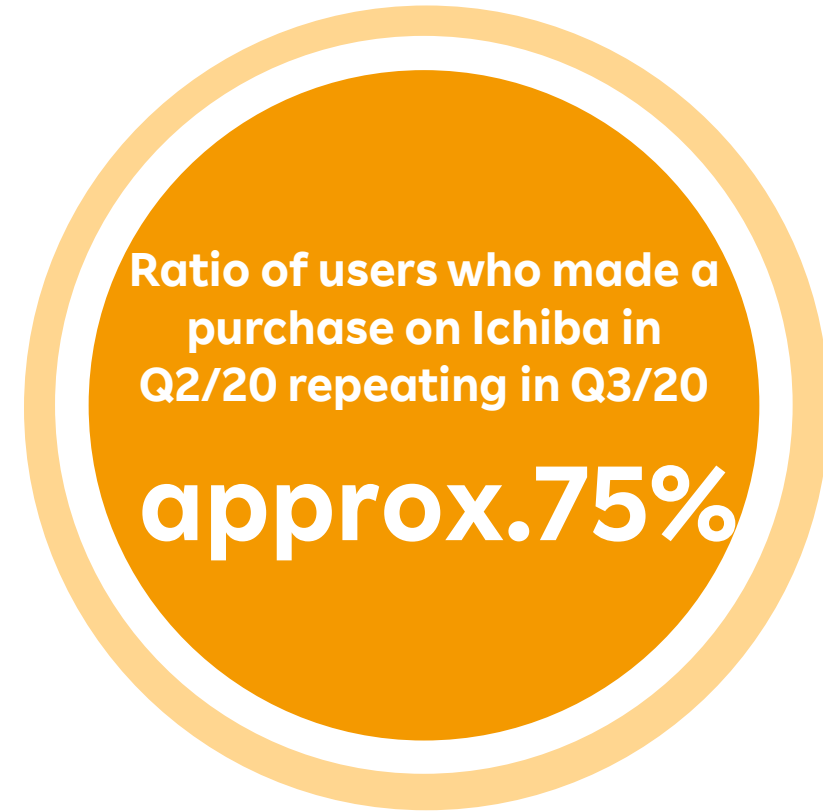
* Shopping e-commerce = Ichiba + 1st Party (Rakuten Fashion, Books, Rakuten24 (Direct), Netsuper + Open EC (Rebates, Checkout) + Rakuma

Ichiba Purchase Amount and Retention Rate

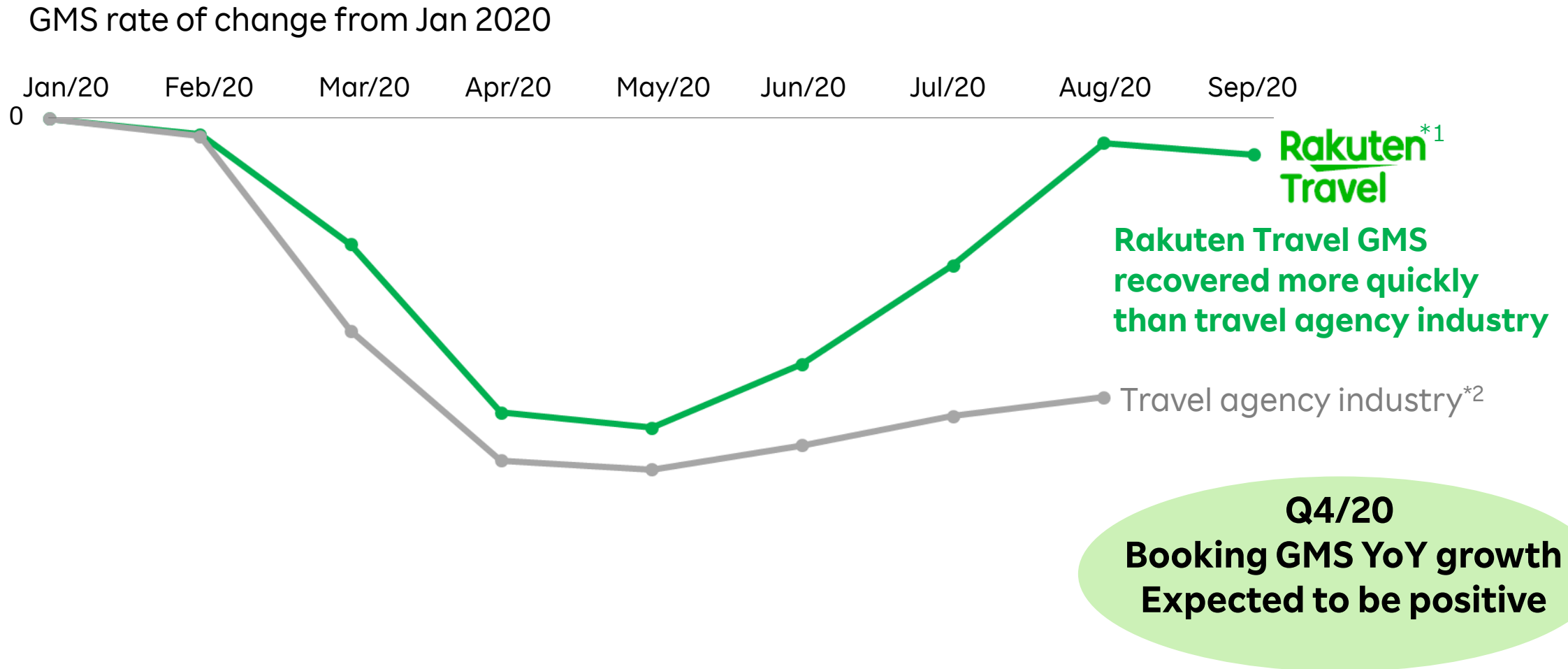
Jul-Aug
Monthly purchase amount



Q3/20
User retention rate



Rakuten Travel vs Travel Agency Industry



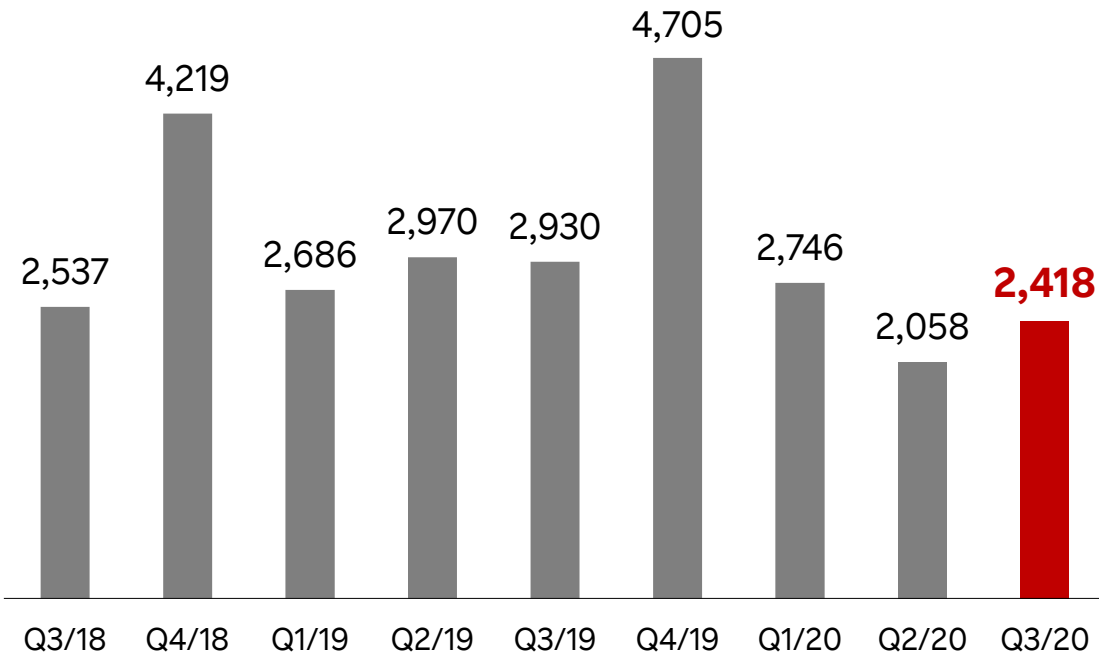
^{*1} Checkout GMS

^{*2} Source: Japan Tourism Agency "Travel agency handling amount prompt report"

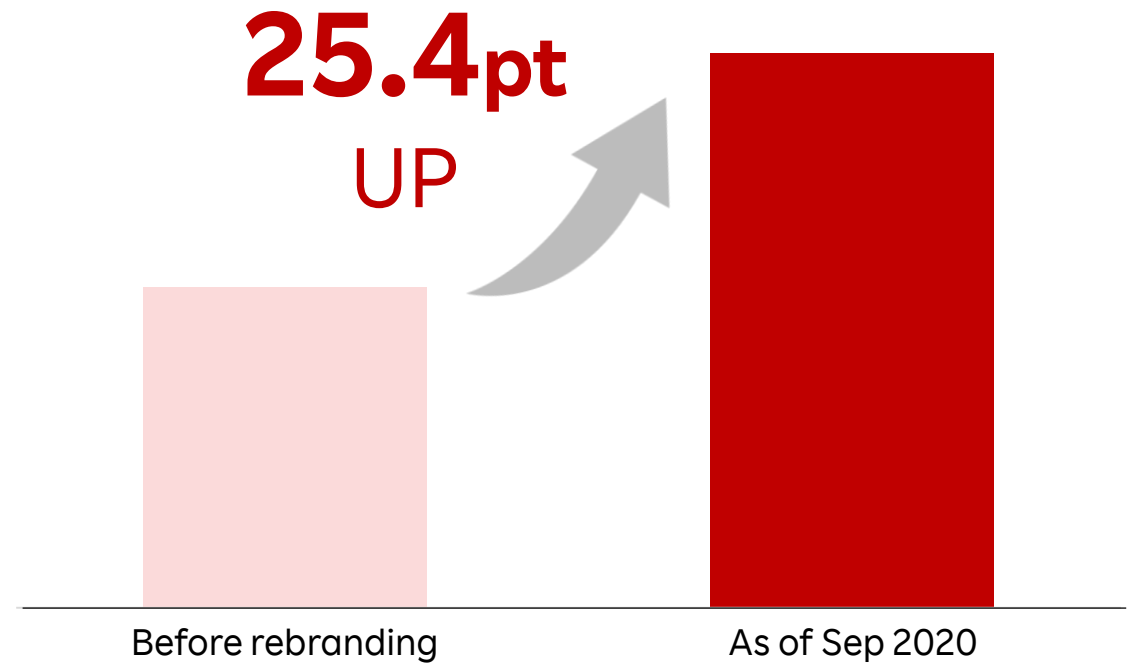
Rakuten Rewards (Ebates)

Rakuten Rewards GMS

(USD mm)



Logo Awareness* Expansion in the US



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



EC Core Business: GORA

GORA Online Golf Course Booking Website Awareness No.1*

Rakuten GORA

The screenshot displays the Rakuten GORA website interface. At the top, there's a navigation bar with links like 'Rakuten GORA', 'お知らせ', '閲覧履歴', 'お気に入り', 'MYページ(予約の確認・取消)', and '楽ゴル 18~29歳!'. Below this is a menu bar with categories like 'トップ', '1人予約', 'コンペ予約', '海外予約', 'キャンペーン', '練習場・レッスン', 'ショートコース', 'ゴルフアプリ', '競技エントリー', and 'ゴルフ用品'. A secondary menu lists various regions: '北海道・東北版', '関東・甲信越版', '中部・北陸版', '近畿版', '中国・四国版', and '九州・沖縄版'. A 'PLAY SAFE' banner indicates health measures. The main content area features a search filter on the left with options for '通常予約' and '1人予約', a date selector, a list of areas (e.g., 関東・甲信越, 茨城県, 栃木県), a price range selector, a start time selector, a press style selector, and a golf course name selector. A large red banner in the center promotes a '最大1,600ポイントプレゼント 早期予約キャンペーン'. To the right, another red banner advertises a 'クーポン SALE 最大2,000円分!'. A sidebar on the far right contains a yellow box stating '12月末までの予約に使える' and a large red box with the text '最大2,000円分'.

Online Booking Website Awareness No.1*

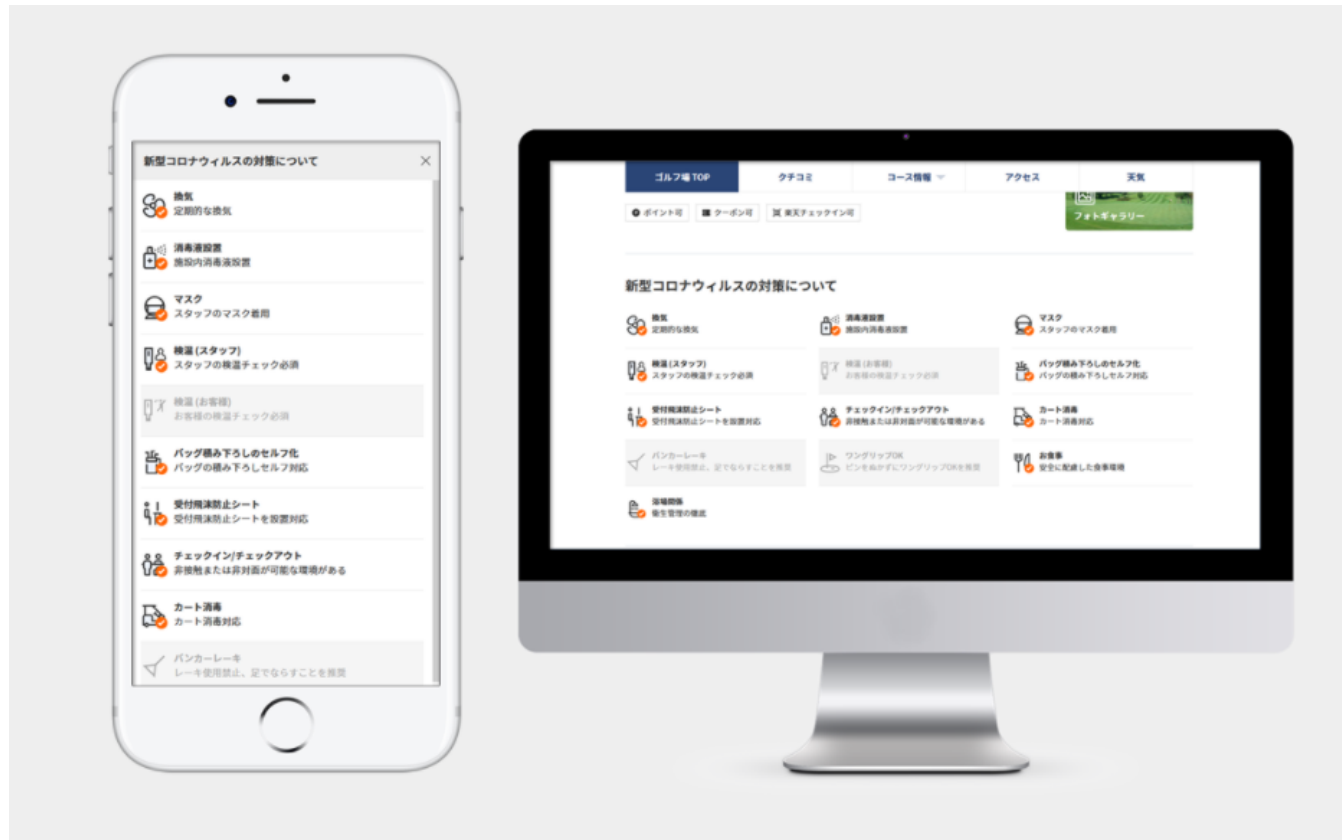
* Source: MACROMILL, "A survey for golf course booking website" (Internet survey, from Jan 23, 2020 to Jan 24, 2020, 1,034 people, 10's —60's male and female who used golf course booking website in a year)

GORA Online Golf Course Booking Website Awareness No.1

Rakuten GORA

安全・安心にゴルフを楽しみましょう！

PLAY SAFE



ゴルフ場の新型コロナウイルス感染症対策

楽天GORAでご予約いただける多くのゴルフ場で、
これらの対策が行なわれています。
※対策は、ゴルフ場によって異なる場合がございます。



従業員のマスク着用

お客様の安全のため、ゴルフ場スタッフのマスク着用を実施しております。



消毒液の設置

アルコール消毒液を設置し、お客様にご利用を頂いております。また、ゴルフ場スタッフも適宜使用し、衛生を保っております。



三密の回避

三密（密閉・密集・密接）を避けるため、お客様との距離、およびスタッフ間の距離を常に意識しながらご案内をさせていただきます。



アクリルボードの設置

飛沫感染対策として、アクリルパーテーションを設置させて頂いております（一部、設置のないコースもございます）。

Synergy with Rakuten Ecosystem

**Q3/20 Cross-use Ratio of
GORA users and Other Services of Rakuten Group***

76.8%

* Number of users who use GORA and more than one other Rakuten Group services / Number of total users of GORA

Q3/20 GORA GMS

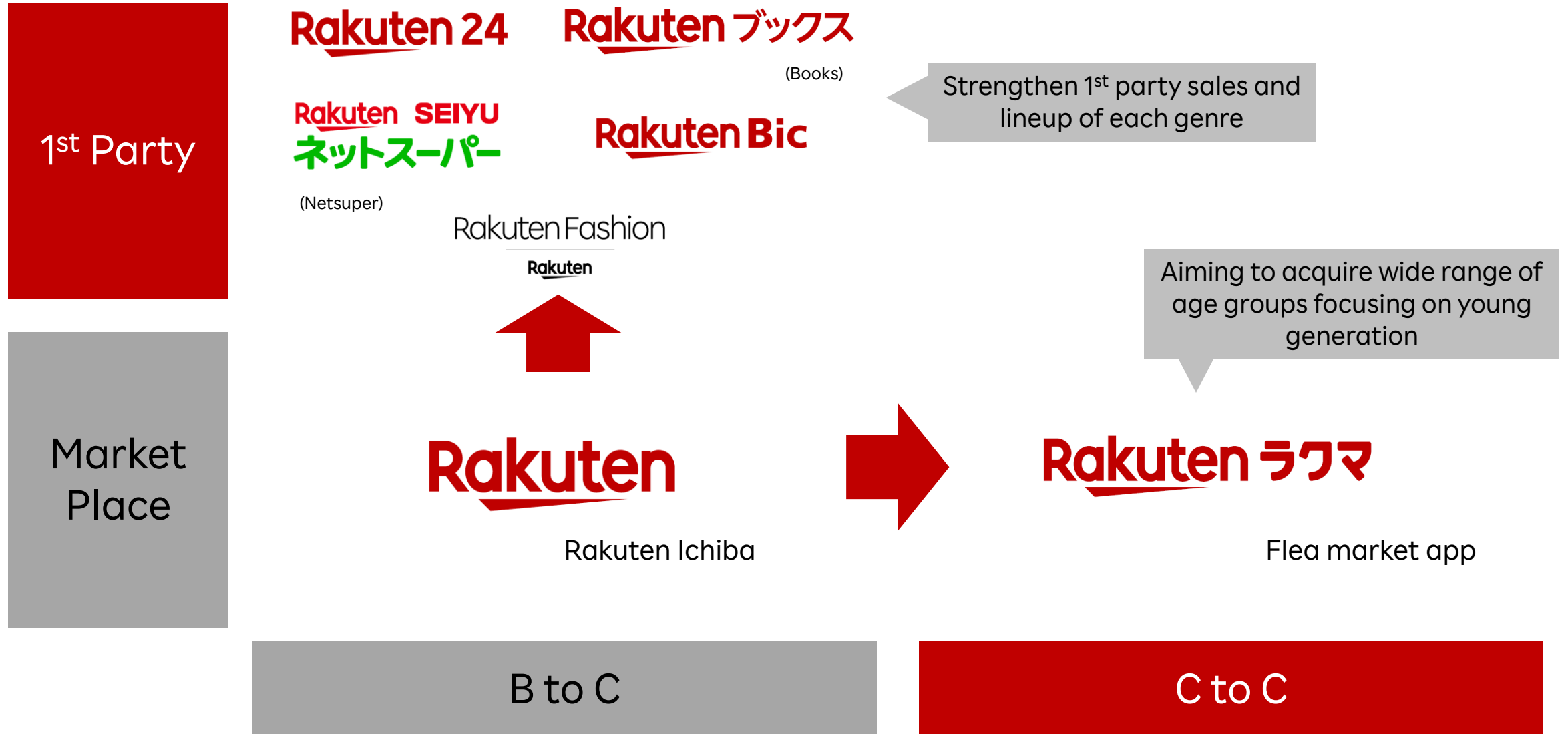
Rakuten GORA
GMS Record High





EC Growth Phase Businesses

Growth Phase Businesses: Further Expansion of Rakuten Ecosystem



Evolution of Rakuten Fashion

App launch and expansion of awareness



Launched in
June 2020



Acceleration of acquiring popular brands

JOURNAL  STANDARD

I É N A

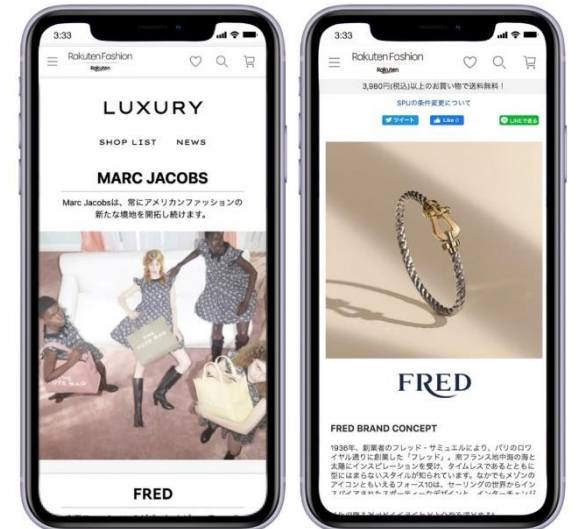
TOMORROWLAND

DIESEL

agnès b.

⋮

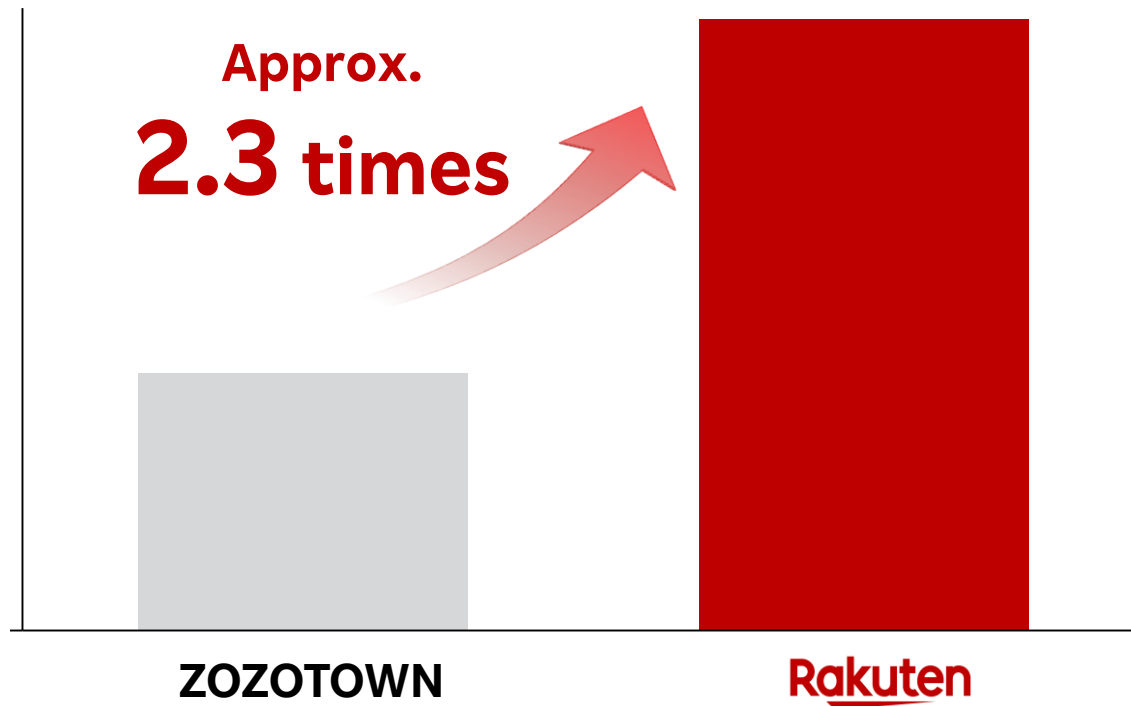
Launched Rakuten Fashion Luxury



Fashion and Apparel Business in Rakuten

- GMS of fashion and apparel business of Rakuten (Ichiba + Rakuten Fashion) is no.1 in Japan E-commerce

Fashion and apparel related genre GMS^{*1*2}



**No. 1 GMS
in Japan**

^{*1} Comparing Gross Merchandise Sales in 2019 in ZOZO's IR disclosure, and GMS in 2019 of fashion and apparel-related genre in Ichiba and Rakuten Fashion

^{*2} Fashion and apparel-related genre in Ichiba: apparel, fashion accessories, sports goods and beauty goods, etc.

Further Expansion of Rakuten Ecosystem through Rakuma (1/2)

Rakuten ラクマ



販売手数料 業界最安値!

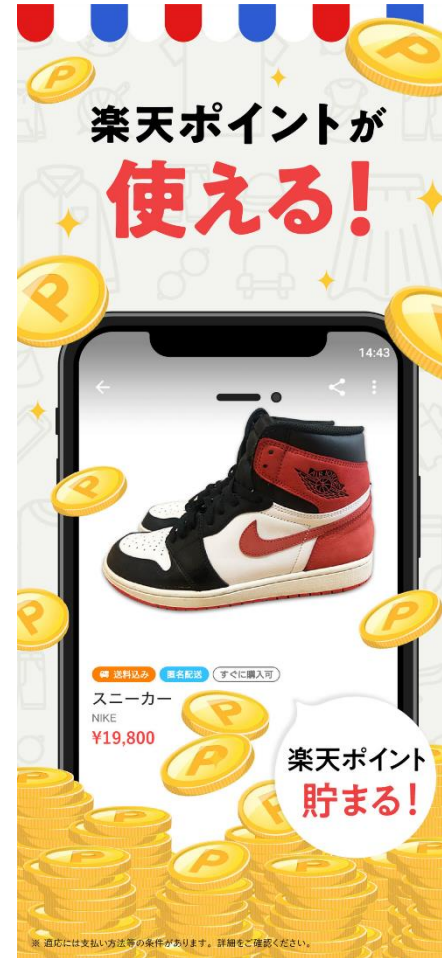
お得に
売れる!



かんたん
出品

※ MM 調査調べ 2019 年 10 月 15 日時点
※ 調査対象: オールジャンルを扱う総合型フリマアプリ

楽天ポイントが 使える!



楽天ポイント
貯まる!

※ 適応には支払い方法等の条件があります。詳細をご確認ください。

売上金が お店でも使える!

楽天ペイアプリを利用して
コンビニやお店で使える!



¥

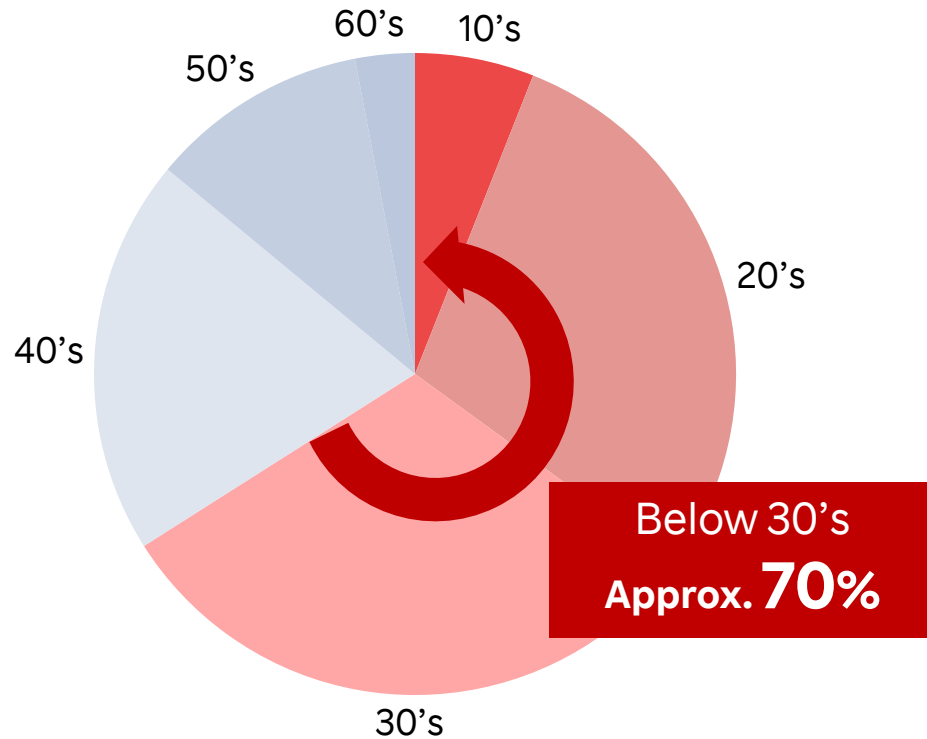
R Pay



※ 売上金を実店舗で利用する場合、
楽天ペイアプリのダウンロードが必要です。

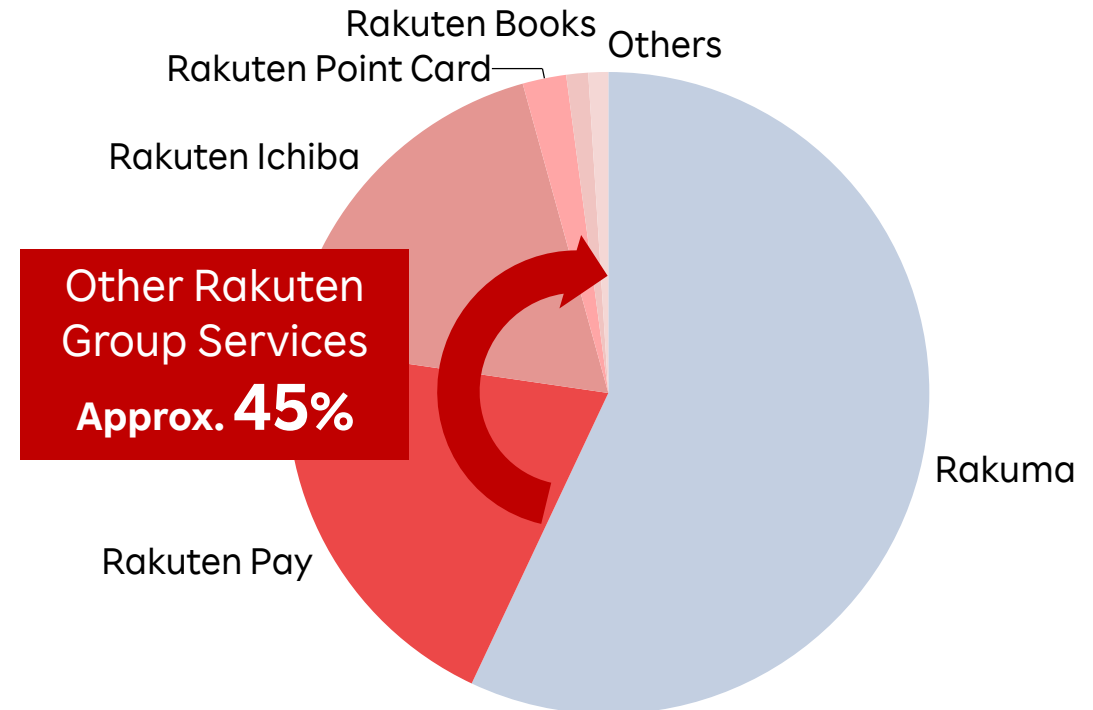
Further Expansion of Rakuten Ecosystem through Rakuma (2/2)

Age group of Rakuma users



High ratio of young age group

User spending of Rakuma sales (Rakuten Cash)



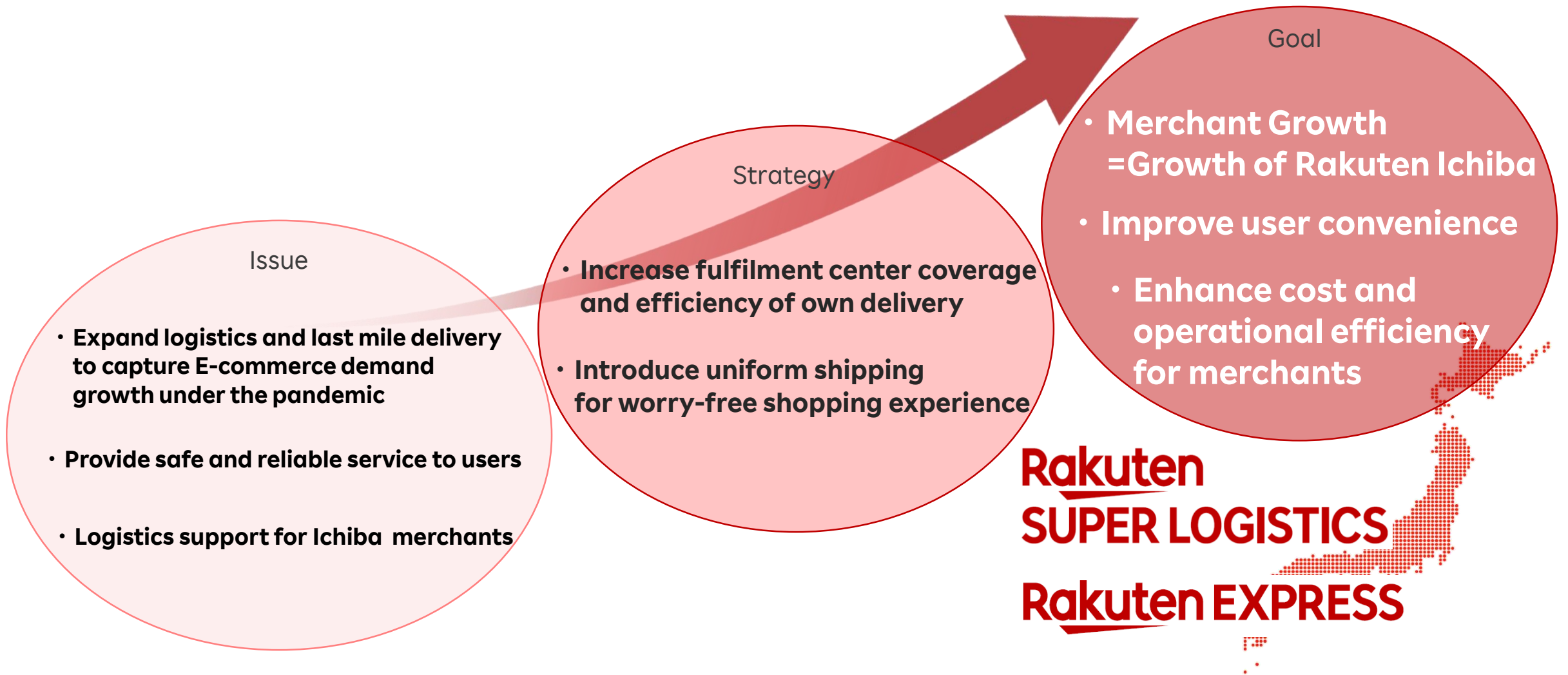
Also spent in other Rakuten Group services

* Rakuma users can spend their sales at Ichiba or nationwide stores by charging to Rakuten Cash. Based on the number of payments in April 2020 that users who charged their sales to Rakuten Cash in April 2020

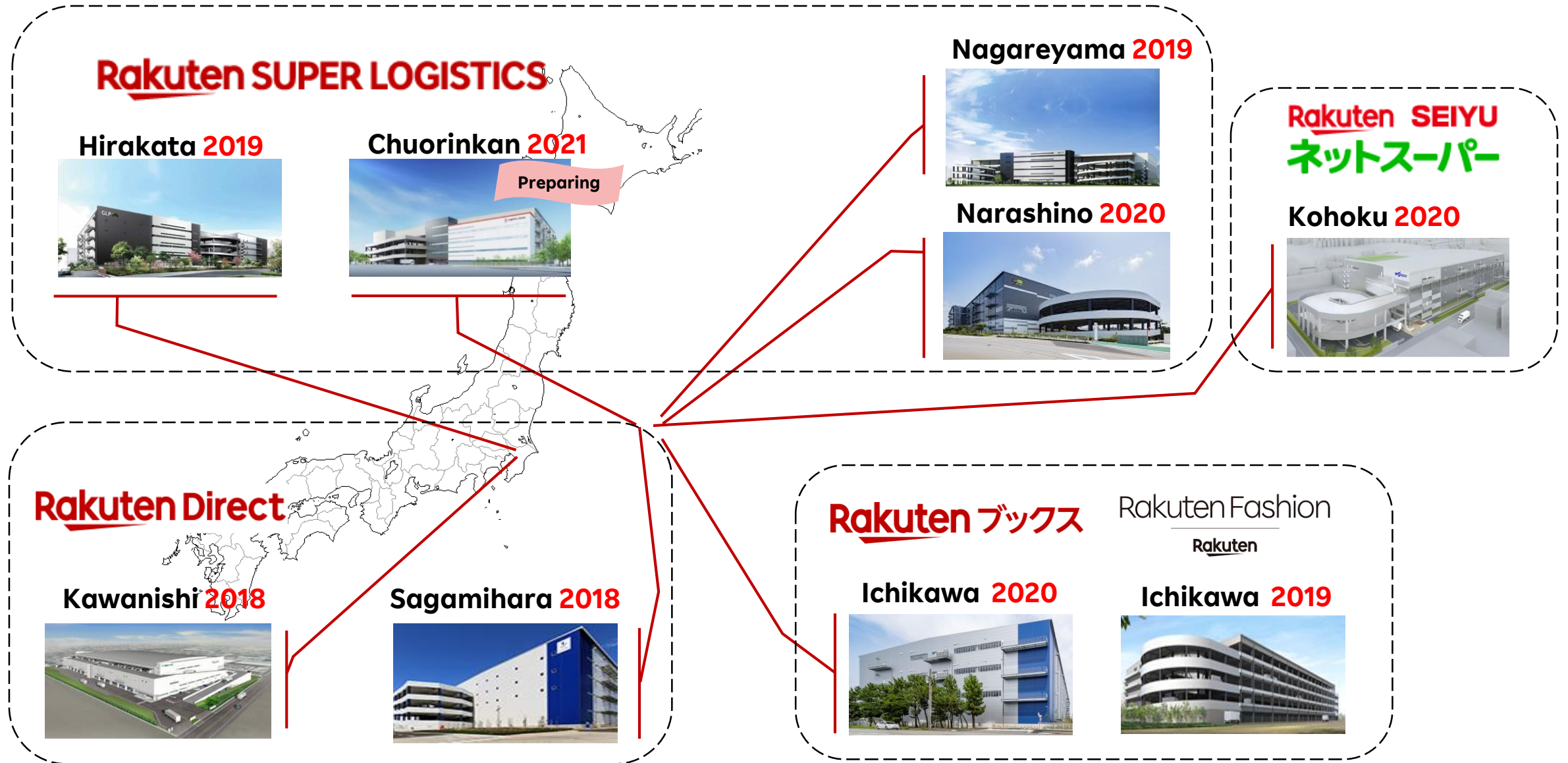


EC Investment Phase Business

Strategies for Capturing E-commerce Consumer Demand



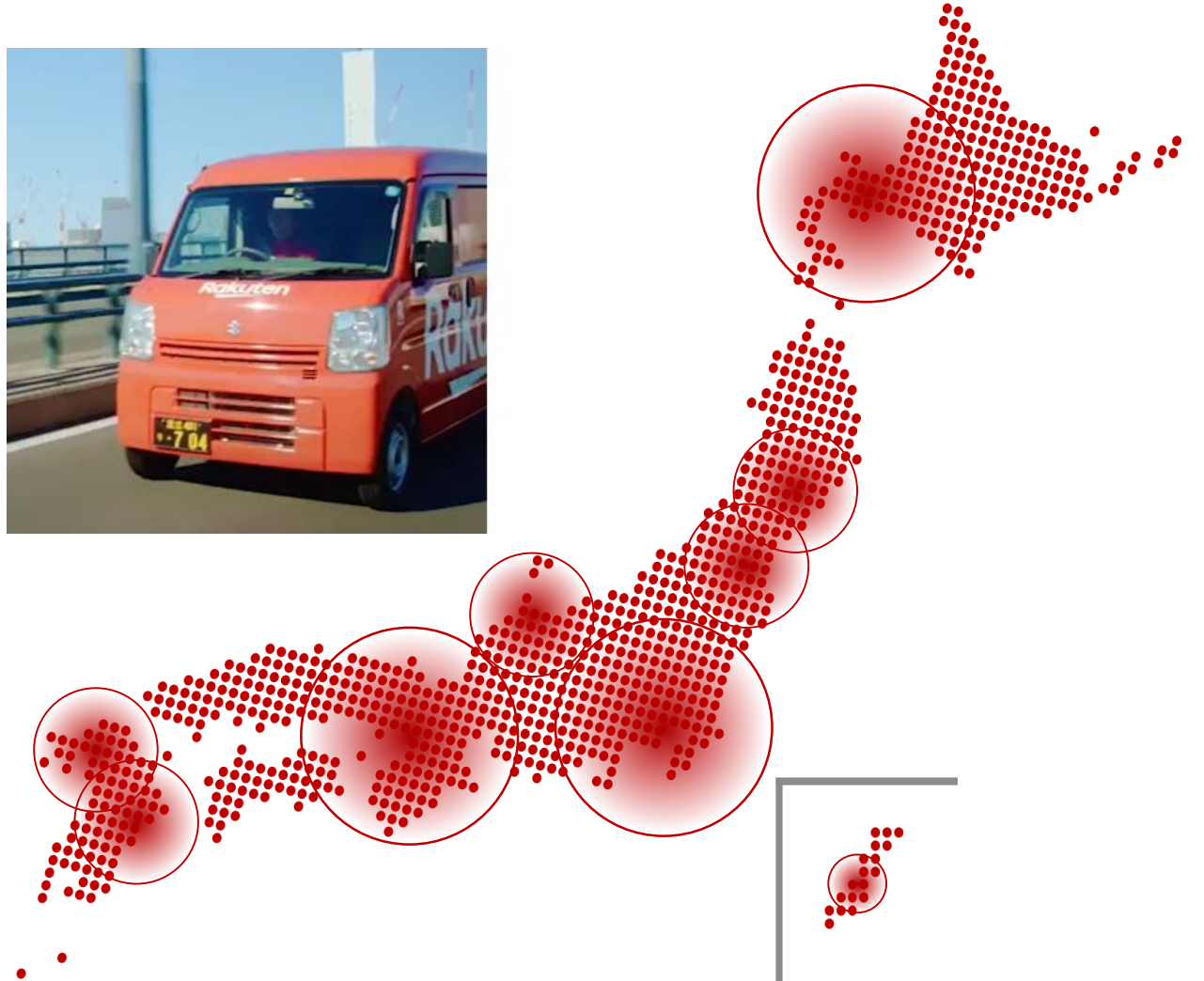
Logistics Centers Map



Rakuten EXPRESS Population Coverage

Jan 2018: 4.0%
Jan 2019: 17.2%
Dec 2019: 47.7%
Jan 2020: 61.1%
Jul 2020 : 62.5%

Sep 2020
63.5%



Rakuten EXPRESS Initiatives

Unattended delivery service

We launched an unattended delivery service ahead other delivery companies



Non face-to-face

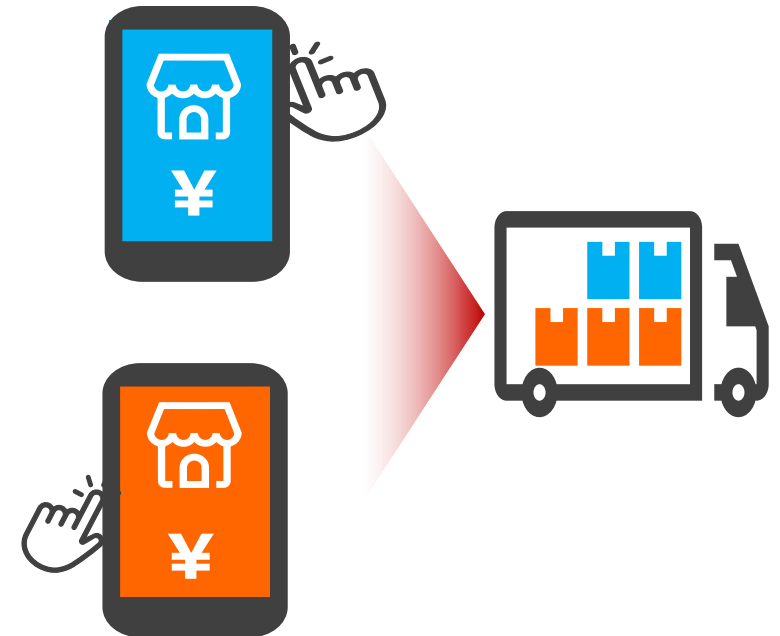
Strengthening the development of non face-to-face pick-up and delivery lockers



Combining orders in one delivery

(Planned)

Sending items in one box from multiple merchants



For COVID-19 countermeasures, Rakuten provides above services depending on user requests

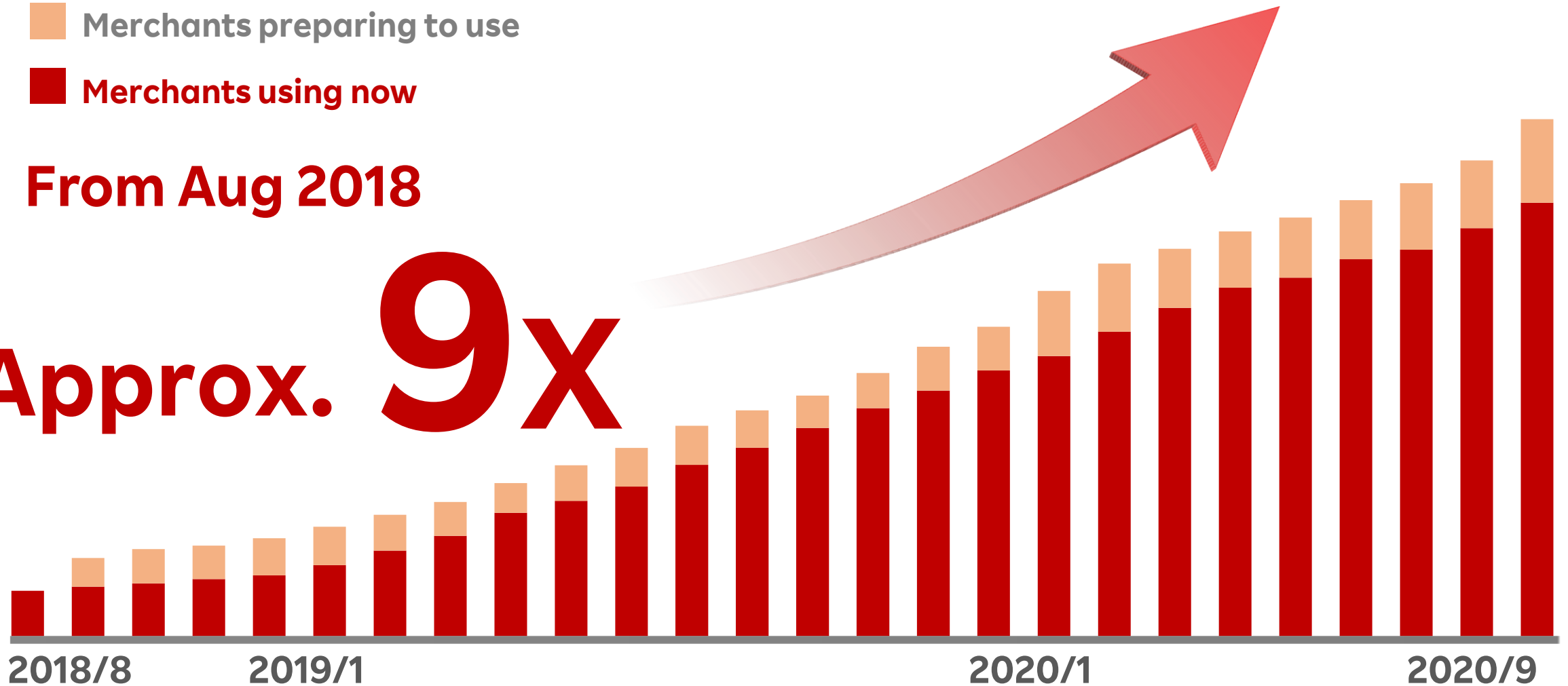
Merchants Using Rakuten Super Logistics

Merchants preparing to use

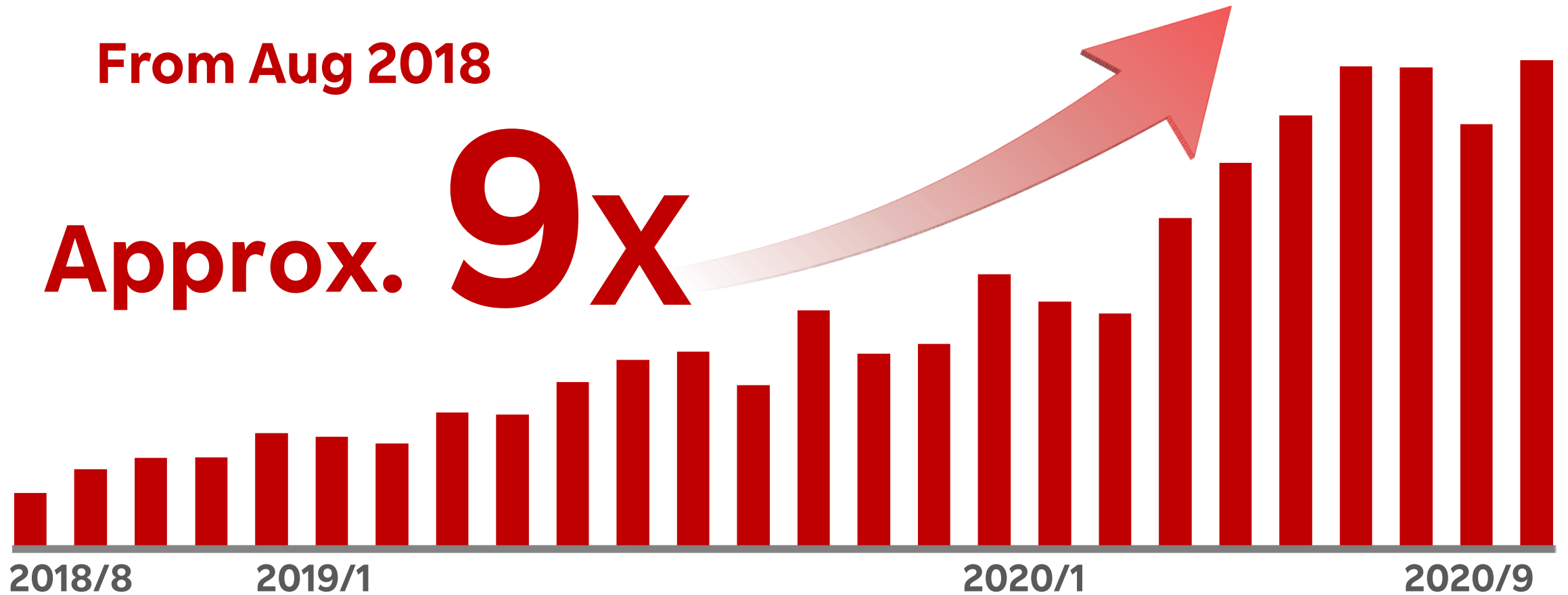
Merchants using now

From Aug 2018

Approx. 9x



Rakuten Super Logistics Shipments



Rakuten Seiyu Netsuper Expand Strongly

Q3/20 GMS*



Rakuten SEIYU
ネットスーパー

Oct/20 GMS*



* Order based Revenue (Product sales + Fees)