FY2020 Third Quarter
Consolidated Financial Results

November 12, 2020

Rakuten, Inc.

Rakuten

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

2019
Domestic EC Annual GMS

3.7 Trillion yen

Global Membership
(as of Jul/20)

1.4 Billion

Japan Registered Membership
(as of Jul/20)

100 Million+

2019
Revenue

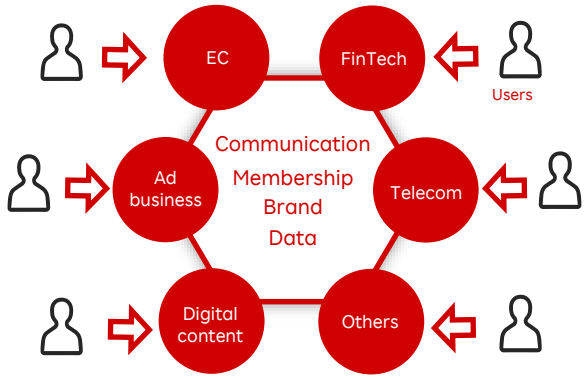
1.3 Trillion yen

2019 Non-GAAP
Operating Income

95 Billion yen

Ecosystem

Platform (MNO & Logistics etc)



Rakuten Capital

IRR +23%*
(Sep 2020)

Internet
SHOPBACK, carousell, OneSignal, epic!

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

FinTech
BlueVine, Upstart, TORANOTEC

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

Services

Internet Services

- Rakuten
- Rakuten Travel
- Rakuten Advertising
- Rakuten (Ebates)

FinTech

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

Contents & Communication

- Rakuten Mobile
- Rakuten kobo
- Rakuten Viber
- Rakuten TV

Branding

Rakuten | FCB — 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

Rakuten MONKEYS

DAVIS CUP by Rakuten

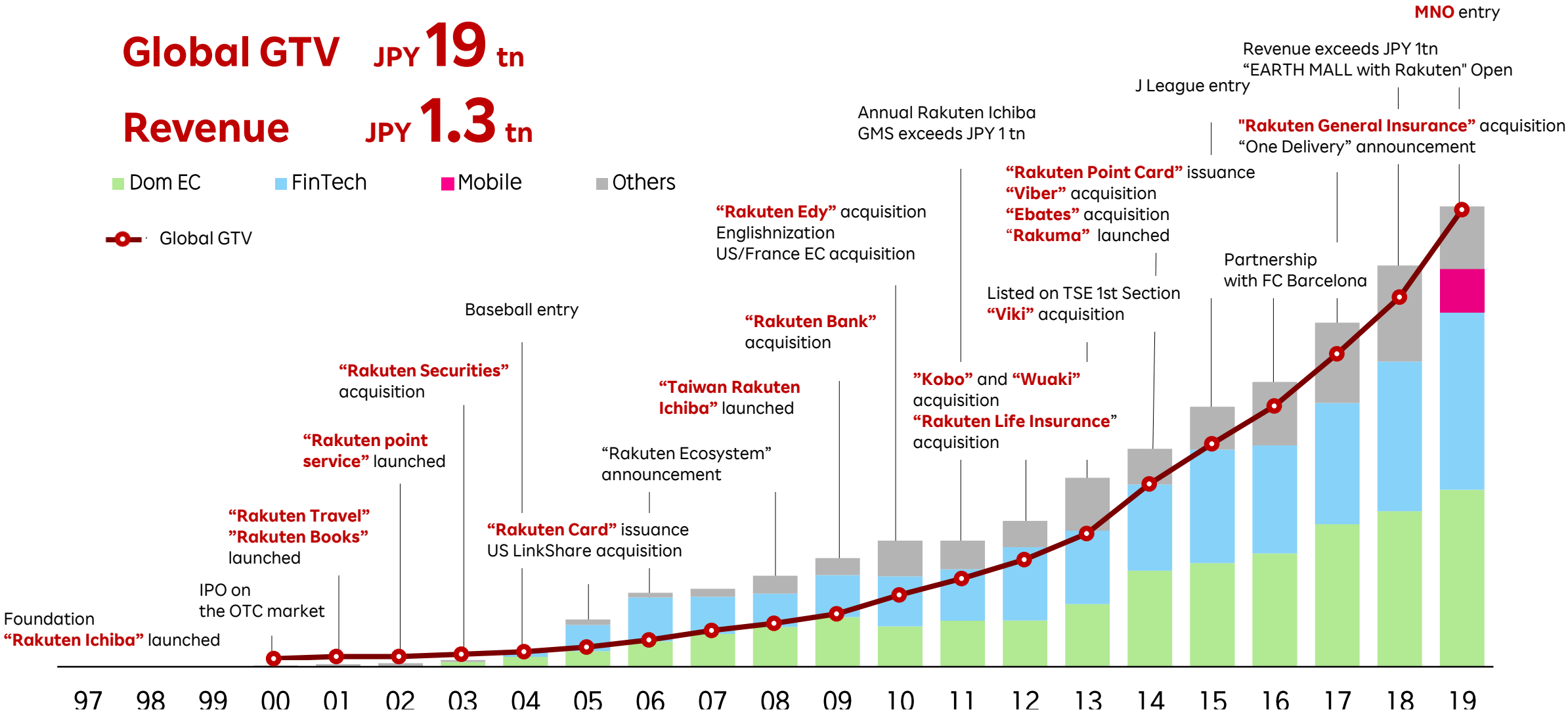
Rakuten Fashion Week TOKYO Rakuten

KonMari — Marie Kondo

Rakuten Growth and Innovation Track Record

Global GTV JPY **19** tn

Revenue JPY **1.3** tn

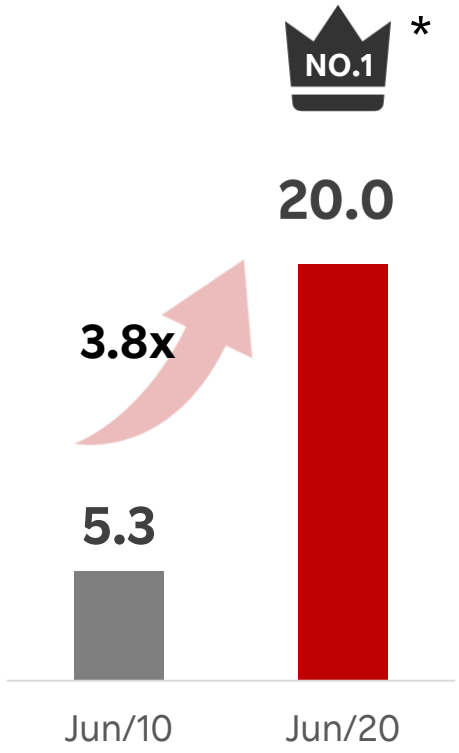


* IFRS is applied from 2011. Related segments are summed up before 2013. "Others" includes Communication & Sports businesses, overseas businesses, minority investments, etc.
* Mobile segment is added from 2019 due to disclosure segment change.

Growing New Businesses to Become No.1

Rakuten Card

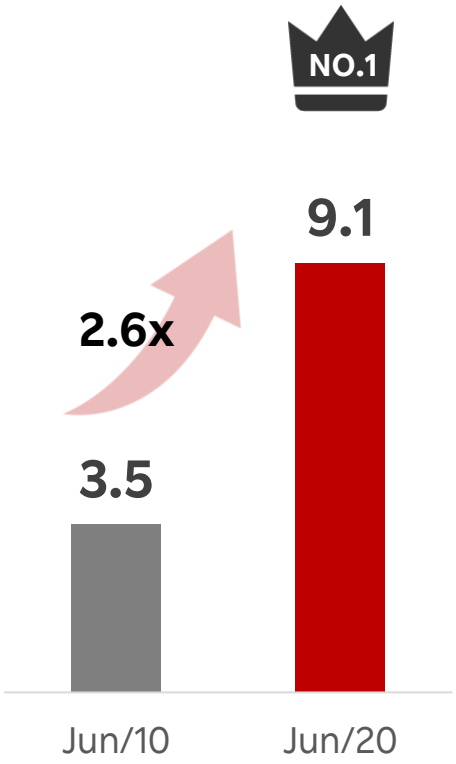
of Credit Card holders (mm)



*No.1 in number of card holders

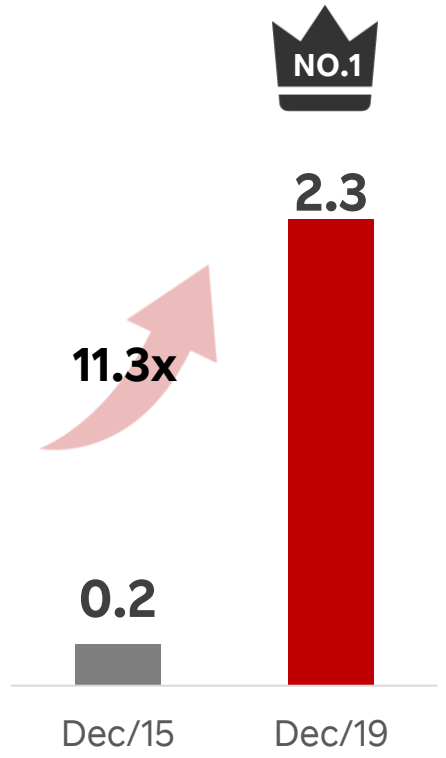
Rakuten Bank

of Internet bank accounts (mm)



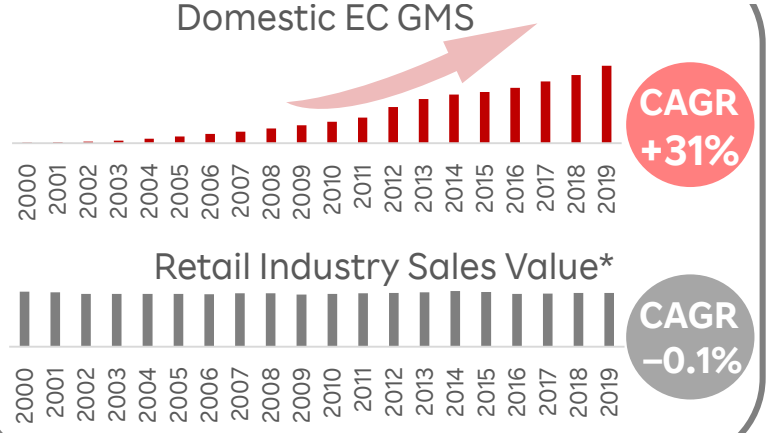
Rakuten Mobile

of MVNO subscriptions (mm)



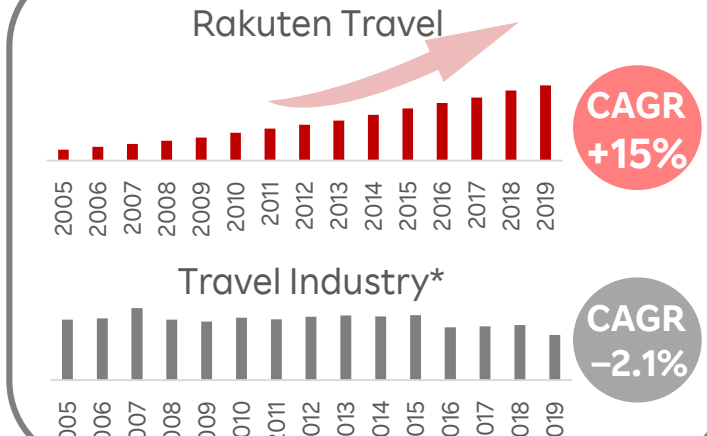
Overtaking Traditional Industries

Domestic EC GMS vs Retail Sales Value



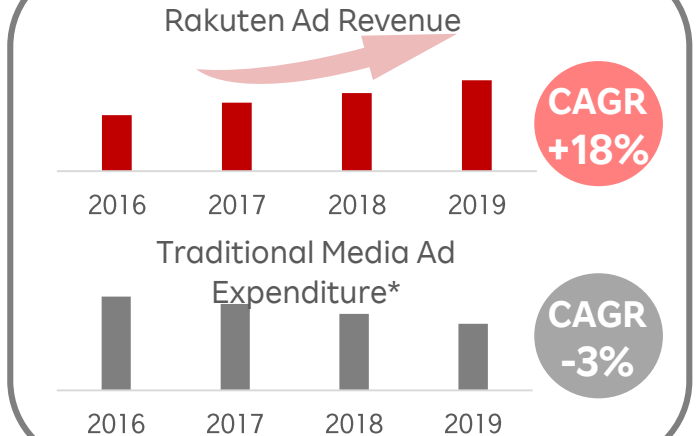
*Ministry of Economy, Trade and Industry, Commercial sales value by type of business

Travel GMS



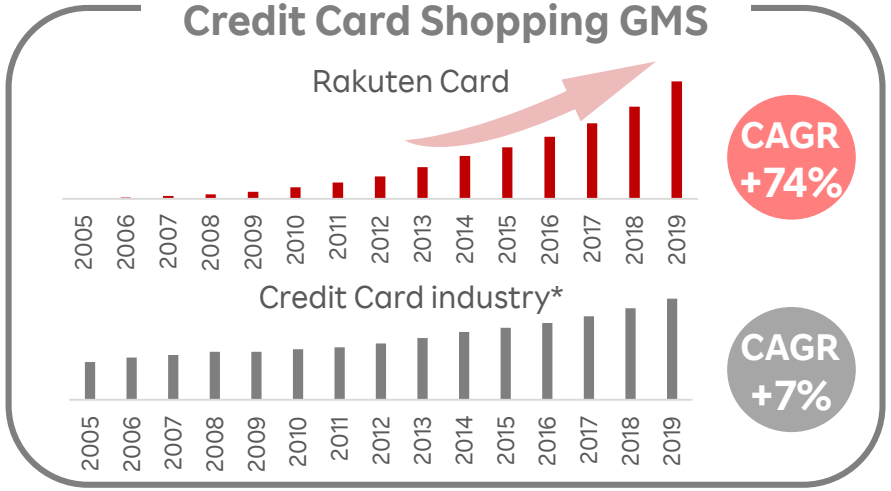
*Japan Tourism Agency, Travel Agency Transaction

Advertising Business



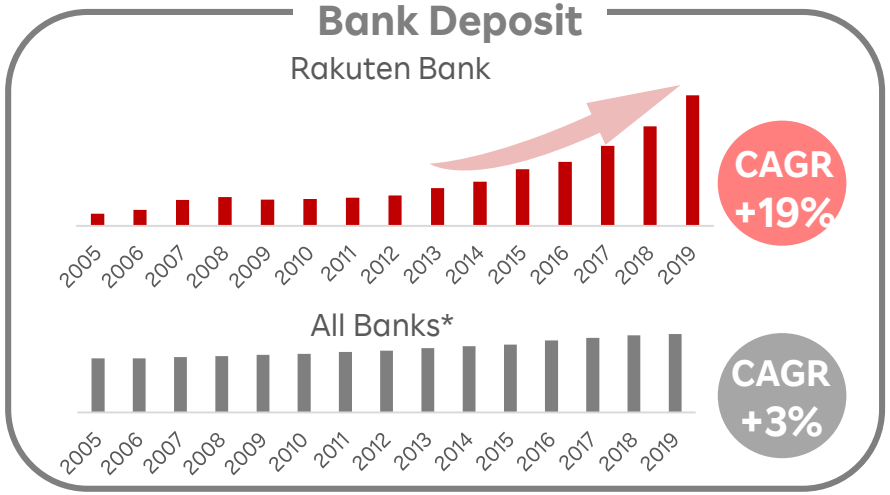
*Ad expenditure of news paper, magazine, radio, TV
*Dentsu: 2019 Advertising Expenditures in Japan

Credit Card Shopping GMS



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

Bank Deposit

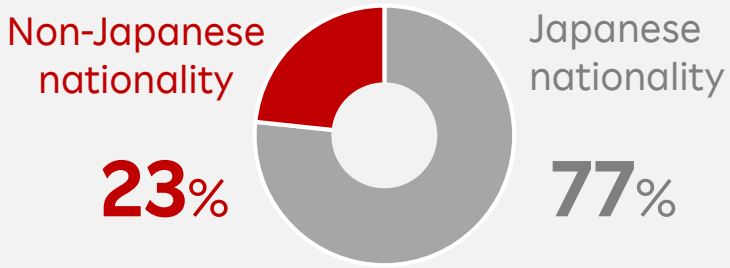


*Japanese Bankers Association, National bank deposit

A strong global workforce enabled by “Englishnization”

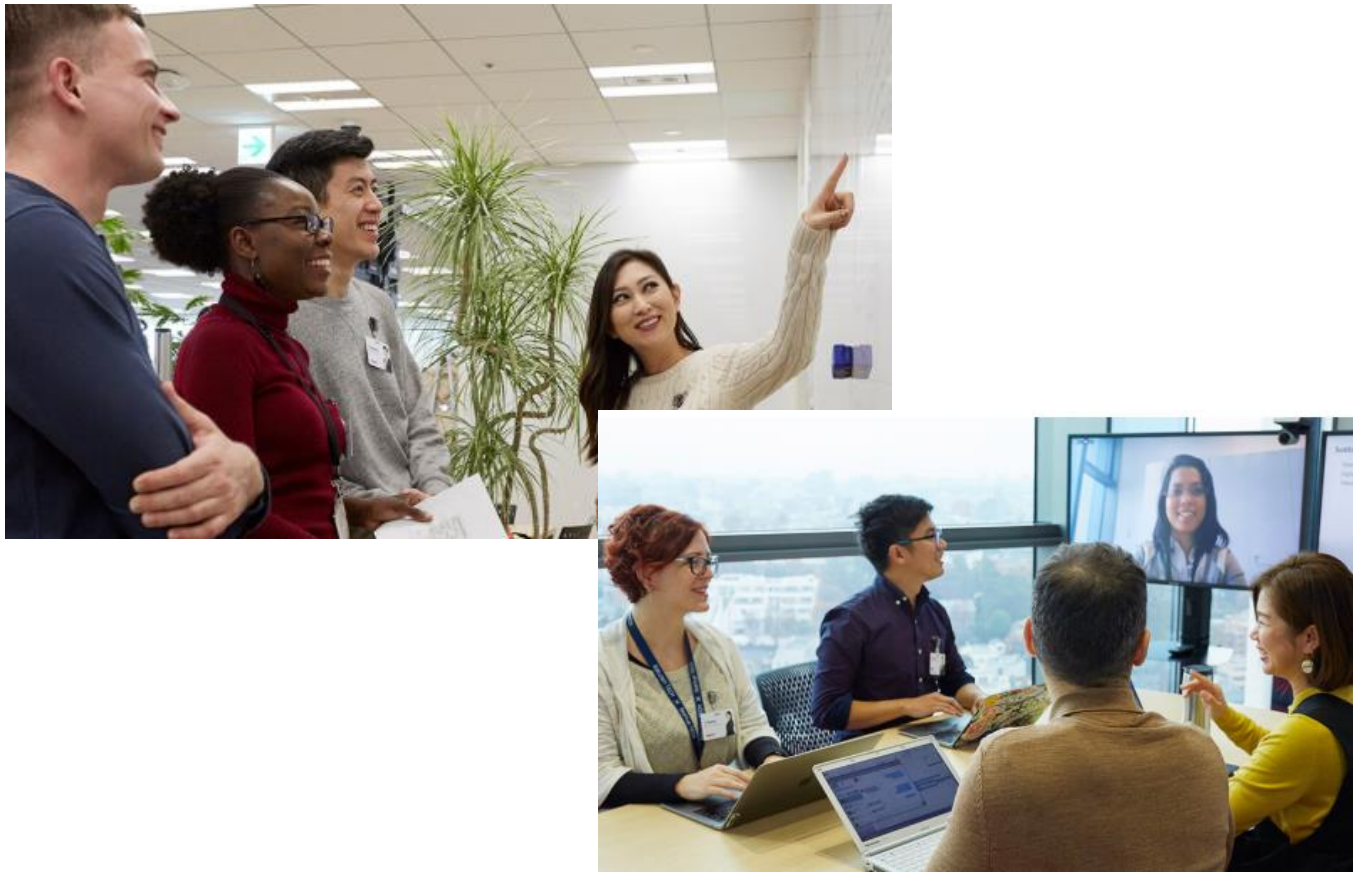
- Rakuten is a rare Japanese company that made English the official company language in all offices across the world
- ‘Englishnization’ makes it possible to acquire and retain global talent including the world’s top engineers

Employee nationality ratio*



Number of employee / nationalities*

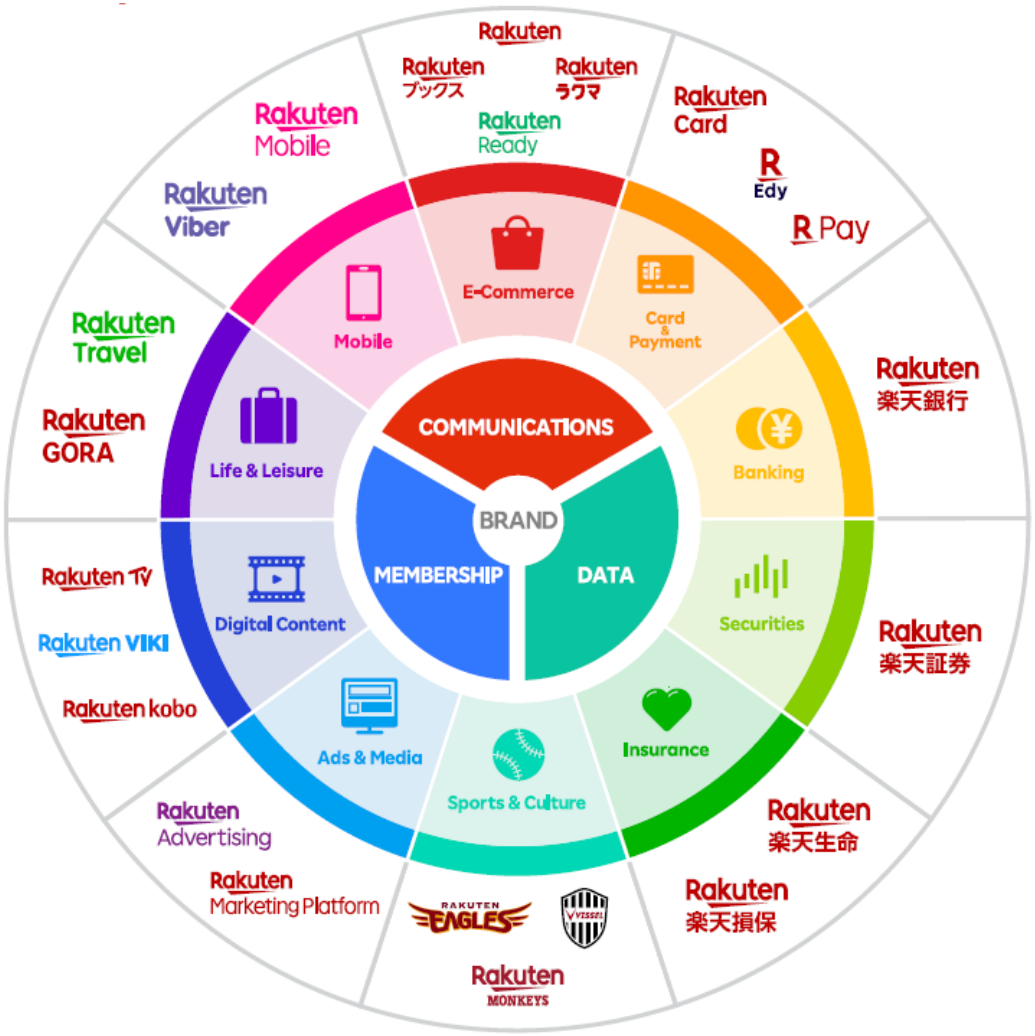
20,000+ **Over 70**



*As of December 31, 2019

➢ 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

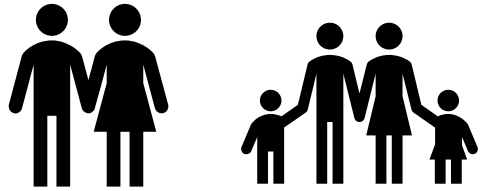
Enormous purchasing data of more than 100 million users connected to demographics, such as age and gender, and consumer interests.

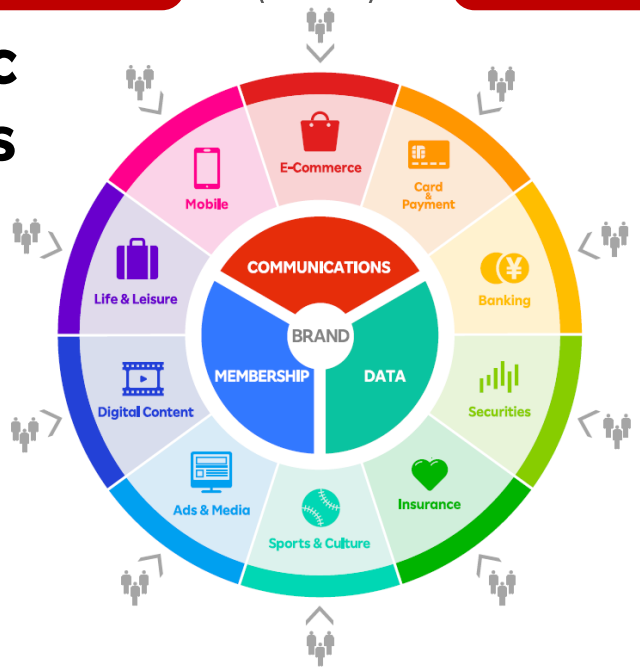
High Quality Data from 100M+ Rakuten Members

100M+ Rakuten Members

High Quality Data

Accurate Demographic Membership Attributes



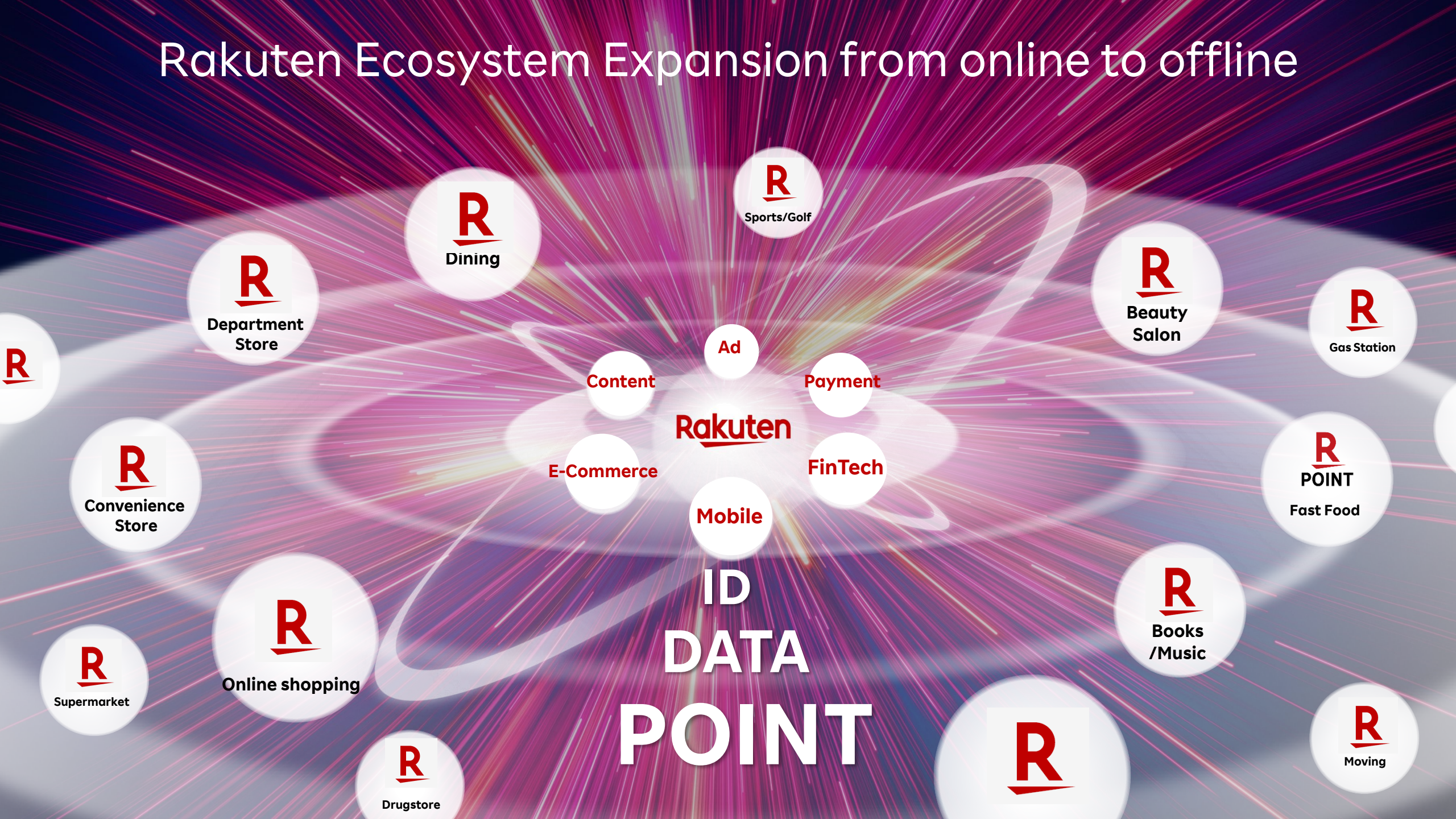


Purchase Data

Online and Offline Purchasing Data / Geo Data in all areas

Retail, Sports, Entertainment and FinTech

Rakuten Ecosystem Expansion from online to offline



Membership Value of Rakuten

Q3/20
Membership Value
JPY **7.8tn**

Membership Value
Target
JPY **10tn**

MSV = Σ LTV – CAC

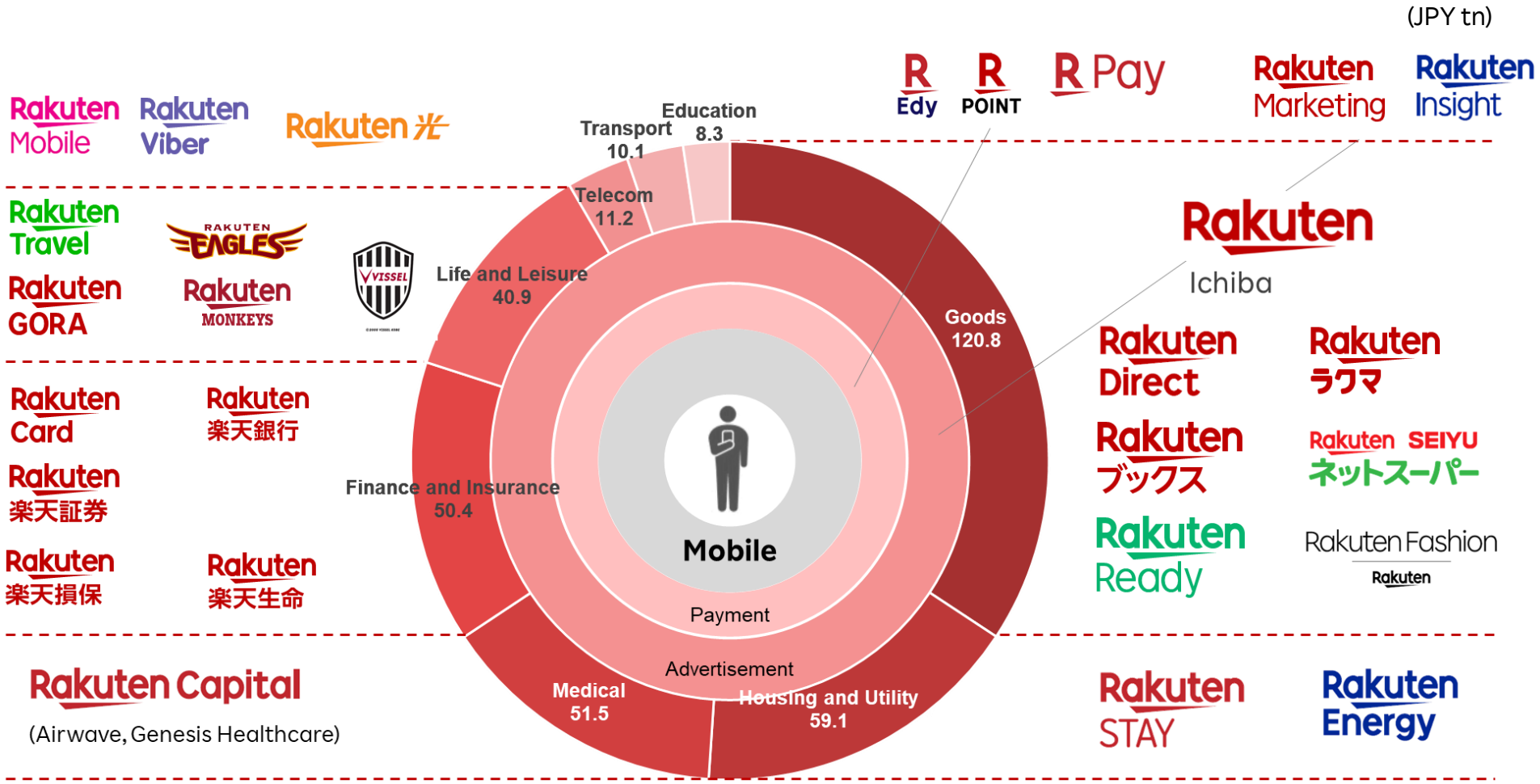
Rakuten
Rakuten Travel
Rakuten Card
⋮

LTV – CAC
+
LTV – CAC
+
LTV – CAC

- ↑ LTV
- ↓ CAC
- ↑ Active Users
- ↑ Cross Use

Rakuten Everywhere - Online to Offline Expansion

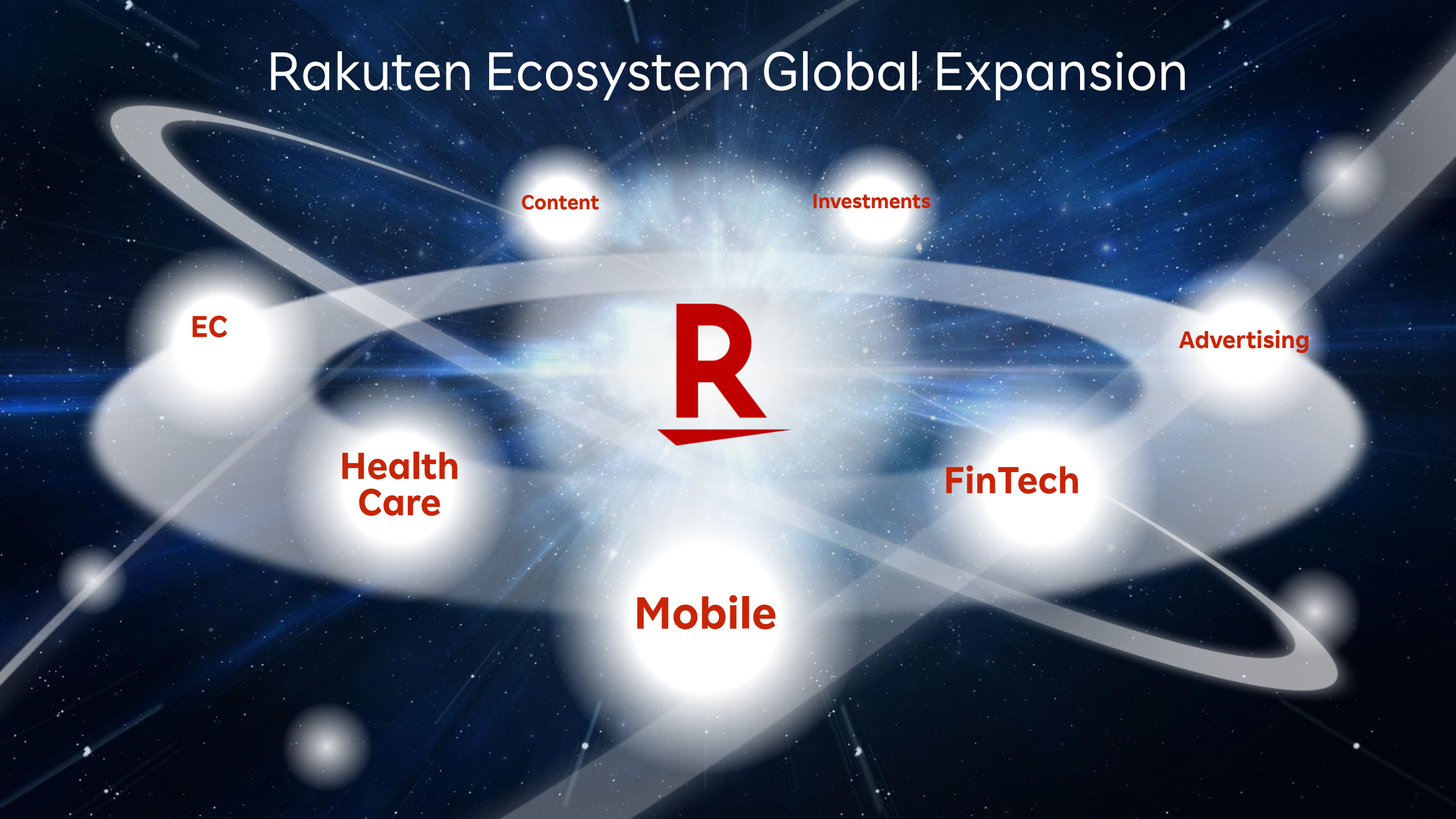
Capturing the Consumer's JPY 352 Trillion* Wallet Share



* Internal estimation based on public information

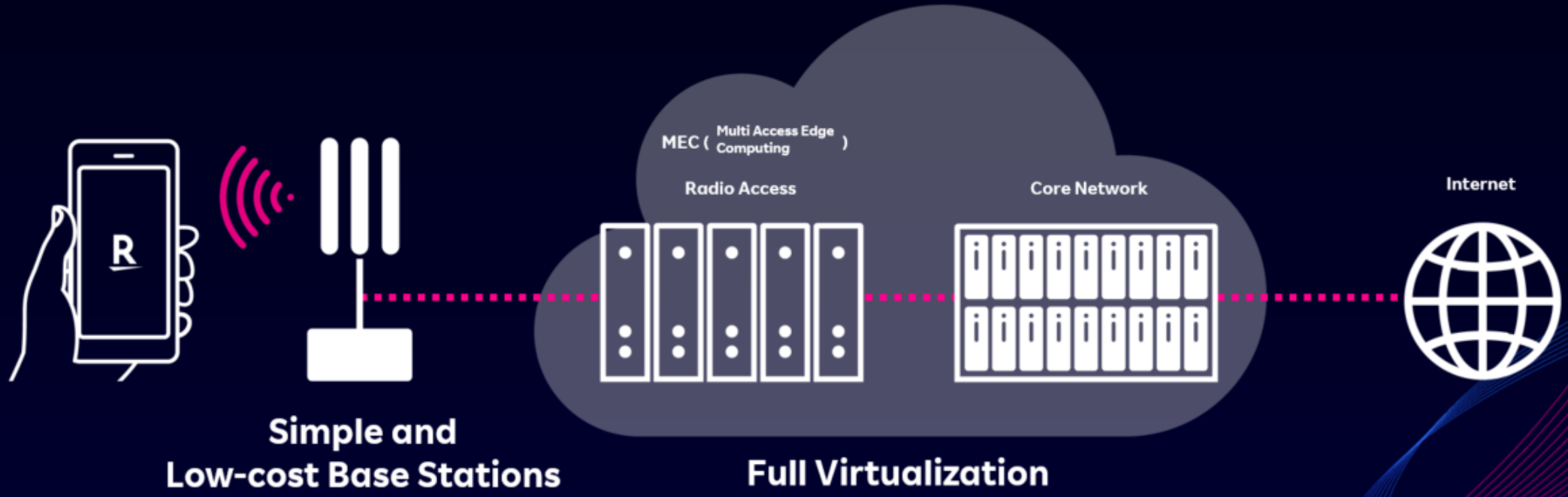
➢ Innovation

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

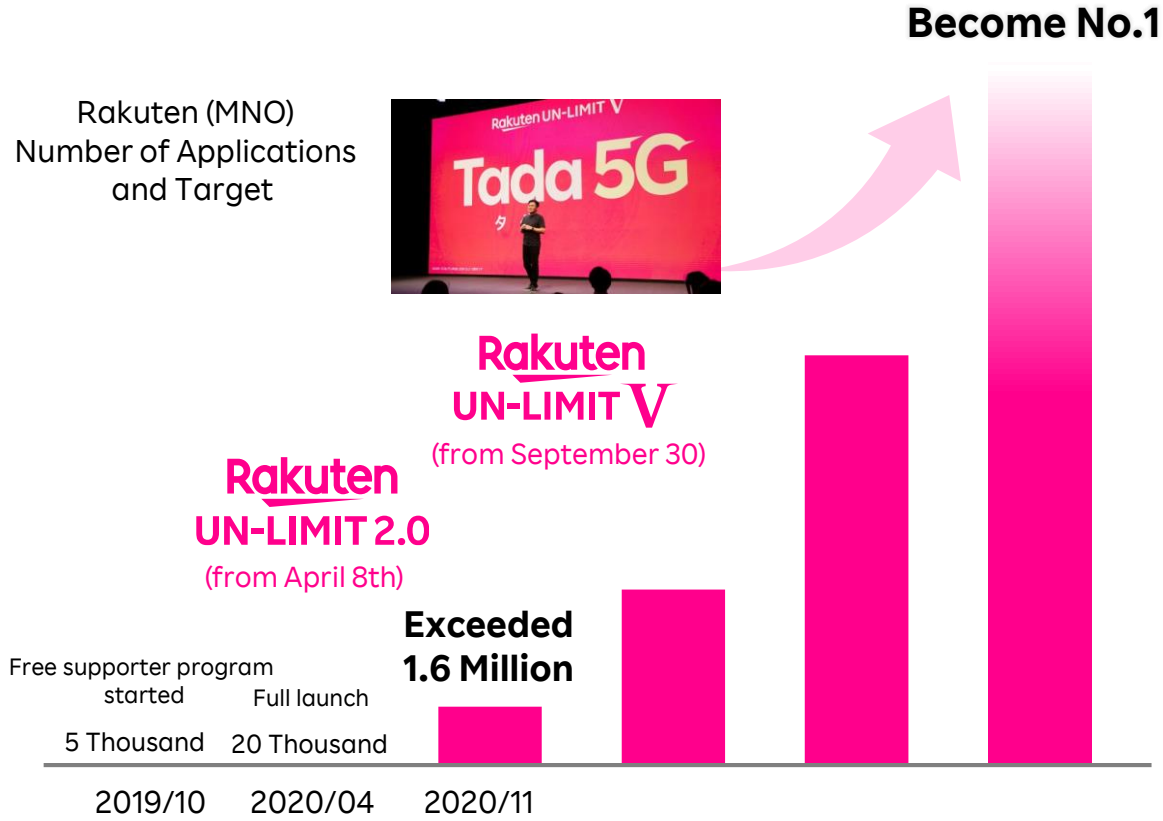
* As a large-scale commercial mobile network (as of October 1, 2019) /Source: Stella Associa

Rakuten Mobile

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

Transition of Applications

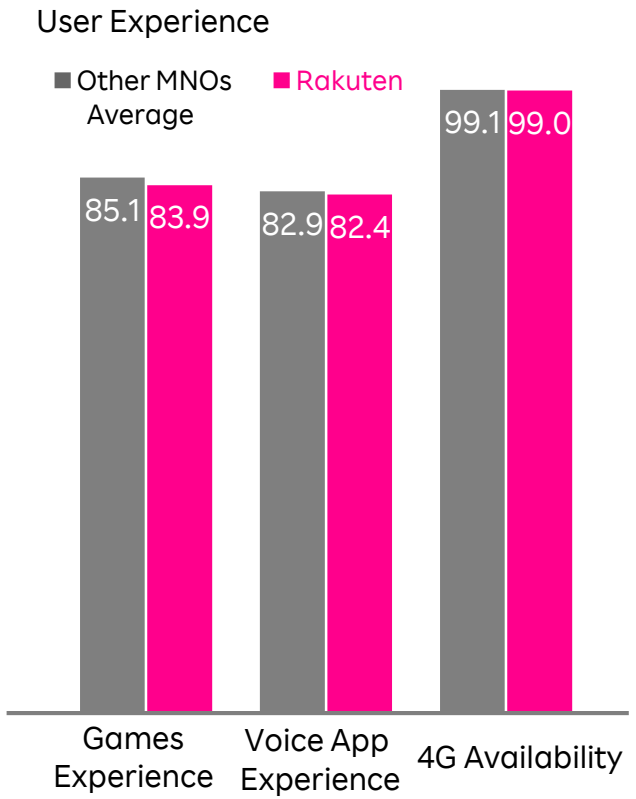
Exceeded 1.6 Million Applications since launch



Quality

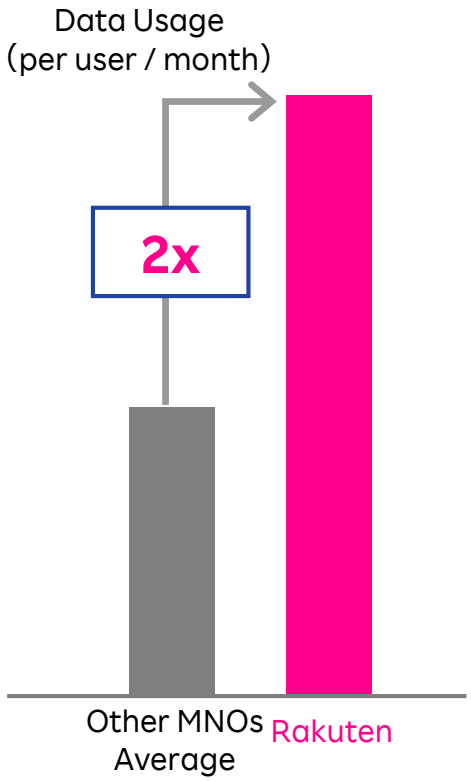
User Experience

Equivalent to other MNOs



Data Usage

Twice as much as Other mobile carriers



Source：OPENSIGNAL (June 2020)

Source: Ministry of Internal Affairs and Communications (March 2020) "Current status of mobile communication traffic in Japan" and Rakuten Mobile research

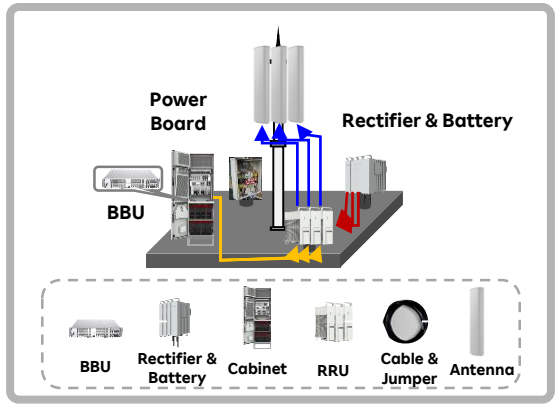
Going Global with Rakuten Communications Platform

Japan MNO Service

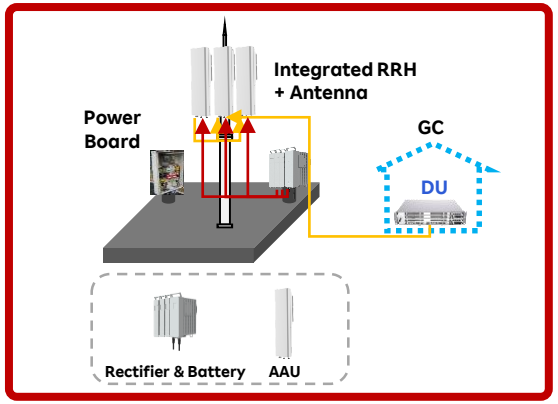
Developed and Deployed World's First Virtualized Network

- 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

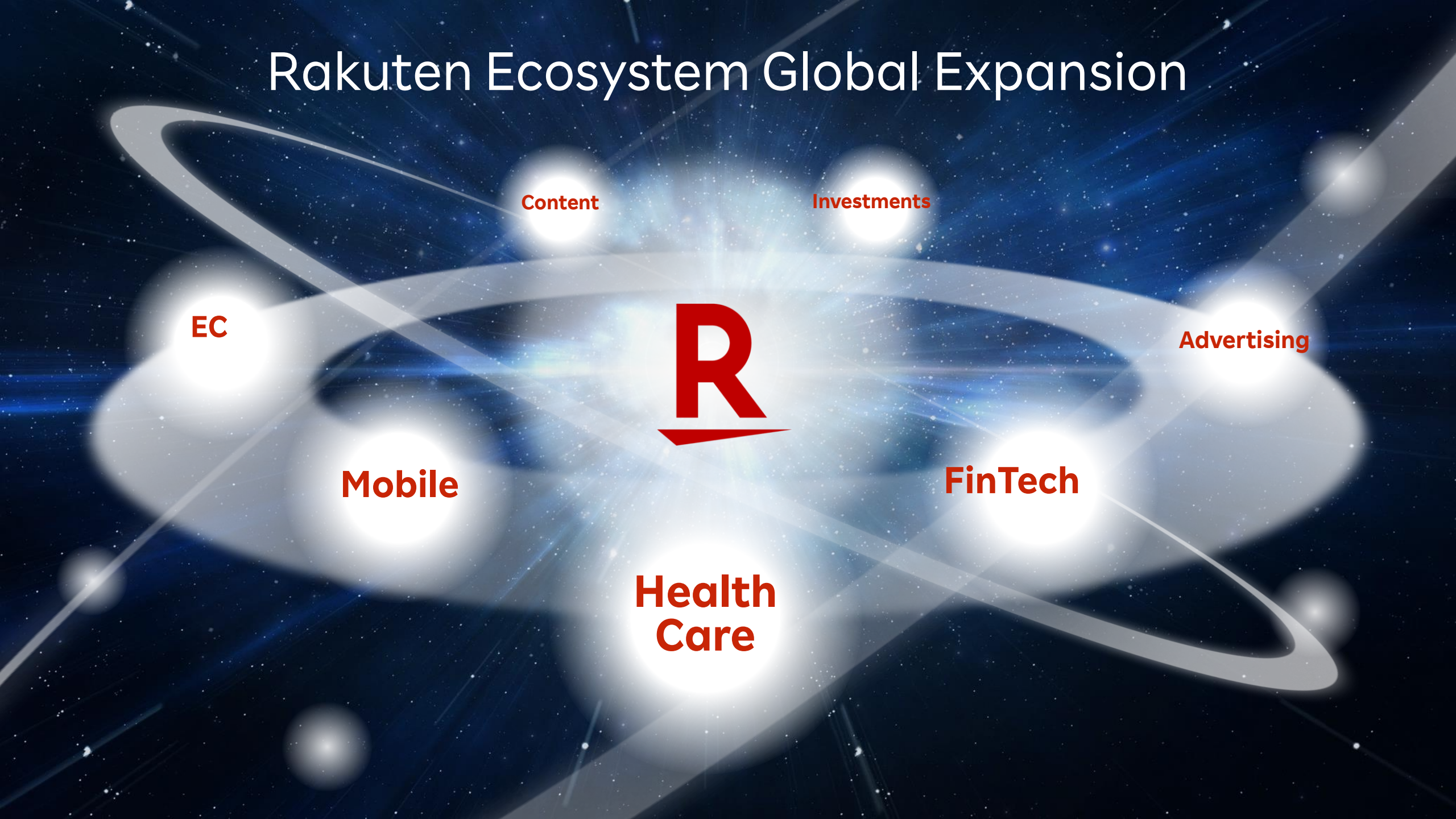


~40% lower CAPEX
~30% lower OPEX

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 actives 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*

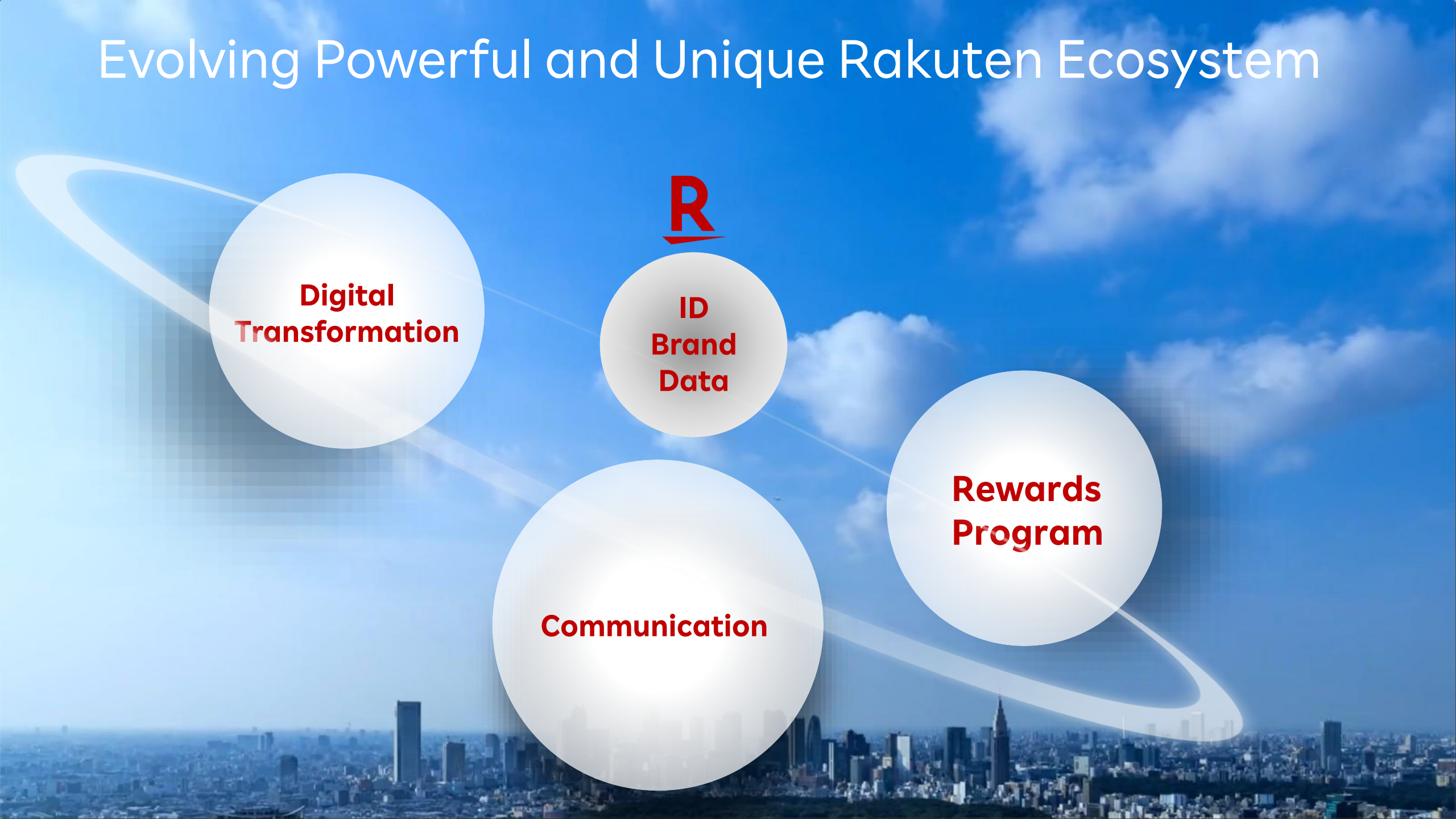
*As of September 30, 2020

Rakuten Bank Accounts

9.45 mm*

*As of September 30, 2020

Evolving Powerful and Unique Rakuten Ecosystem



Online Content
e-Learning
FinTech
Seizing Digital Acceleration
Advertising
Data
e-Commerce
5G Communications

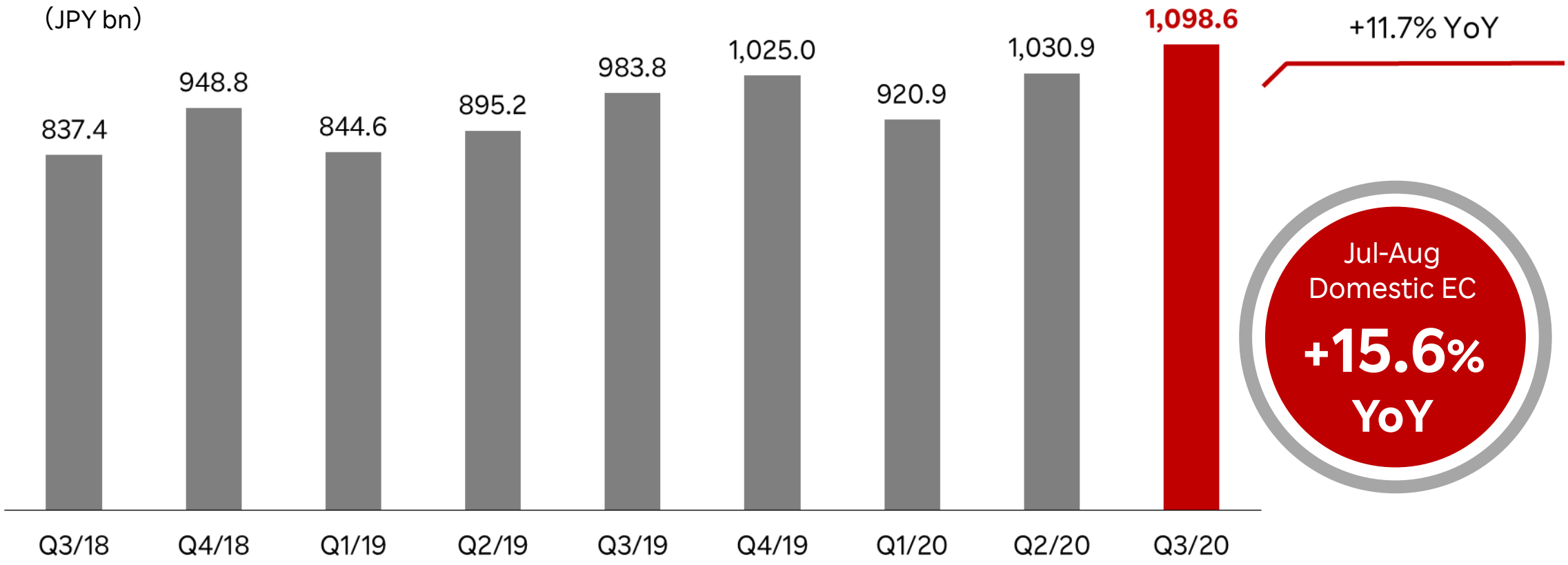
Walk Together

Rakuten

Contribute to Society by Creating Value through Innovation and Entrepreneurship

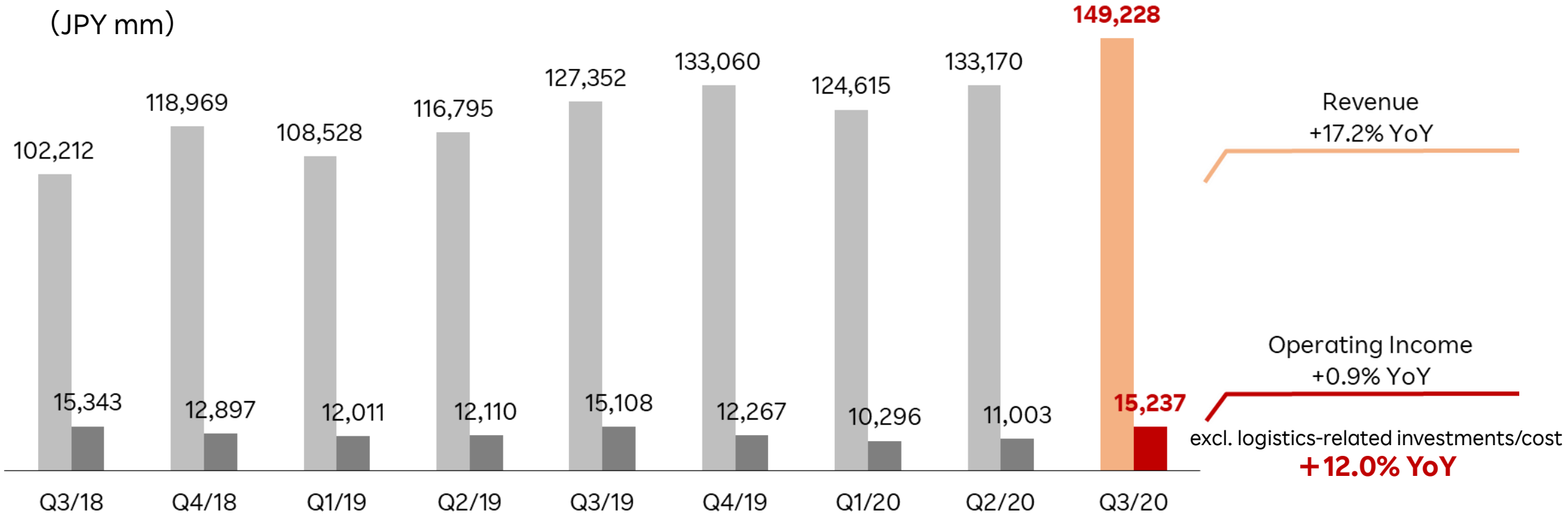
EC Core Businesses

Domestic E-Commerce GMS*1



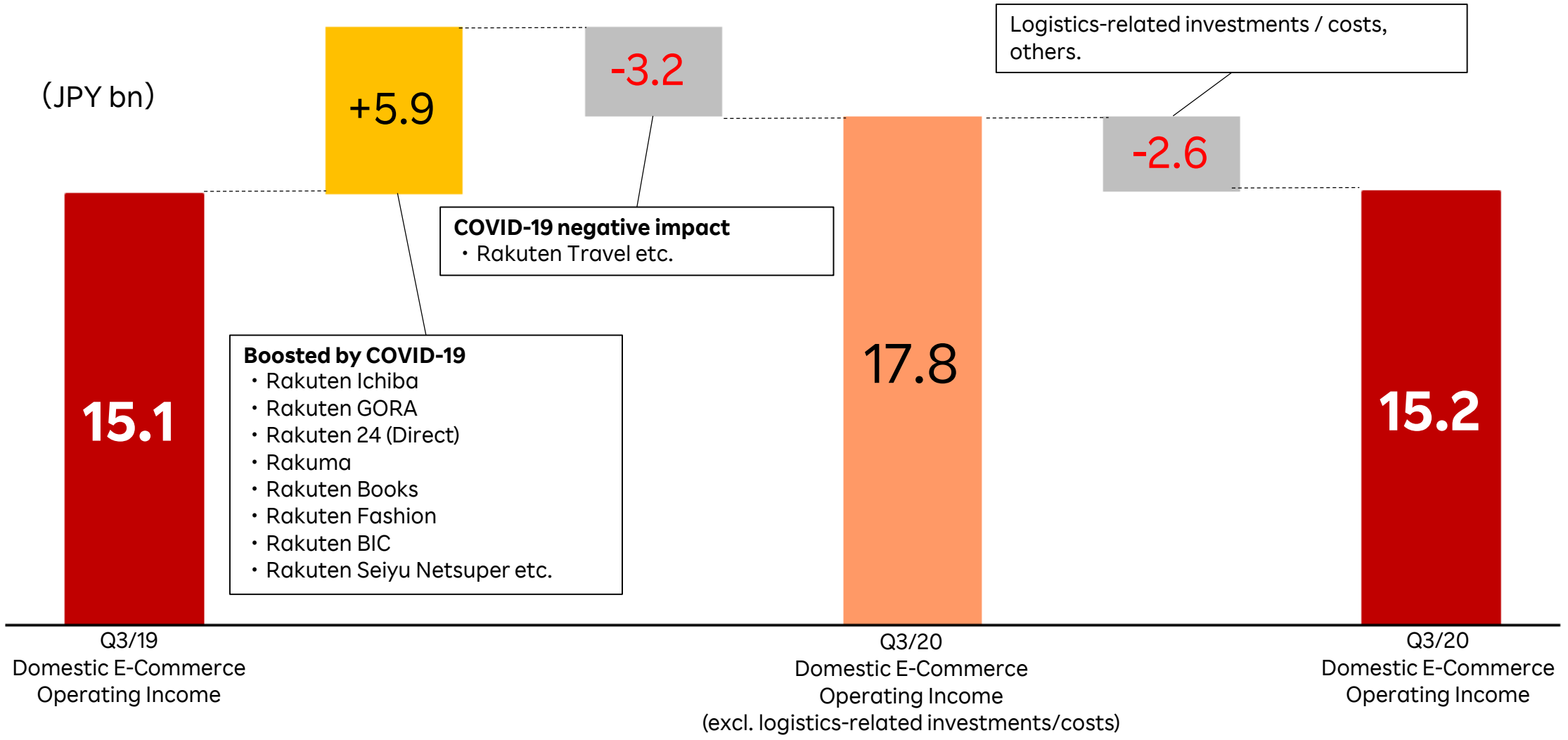
*1 GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc.
*2 Eliminated internal transactions in some businesses. This has resulted in retroactive adjustments

Domestic E-Commerce Results*

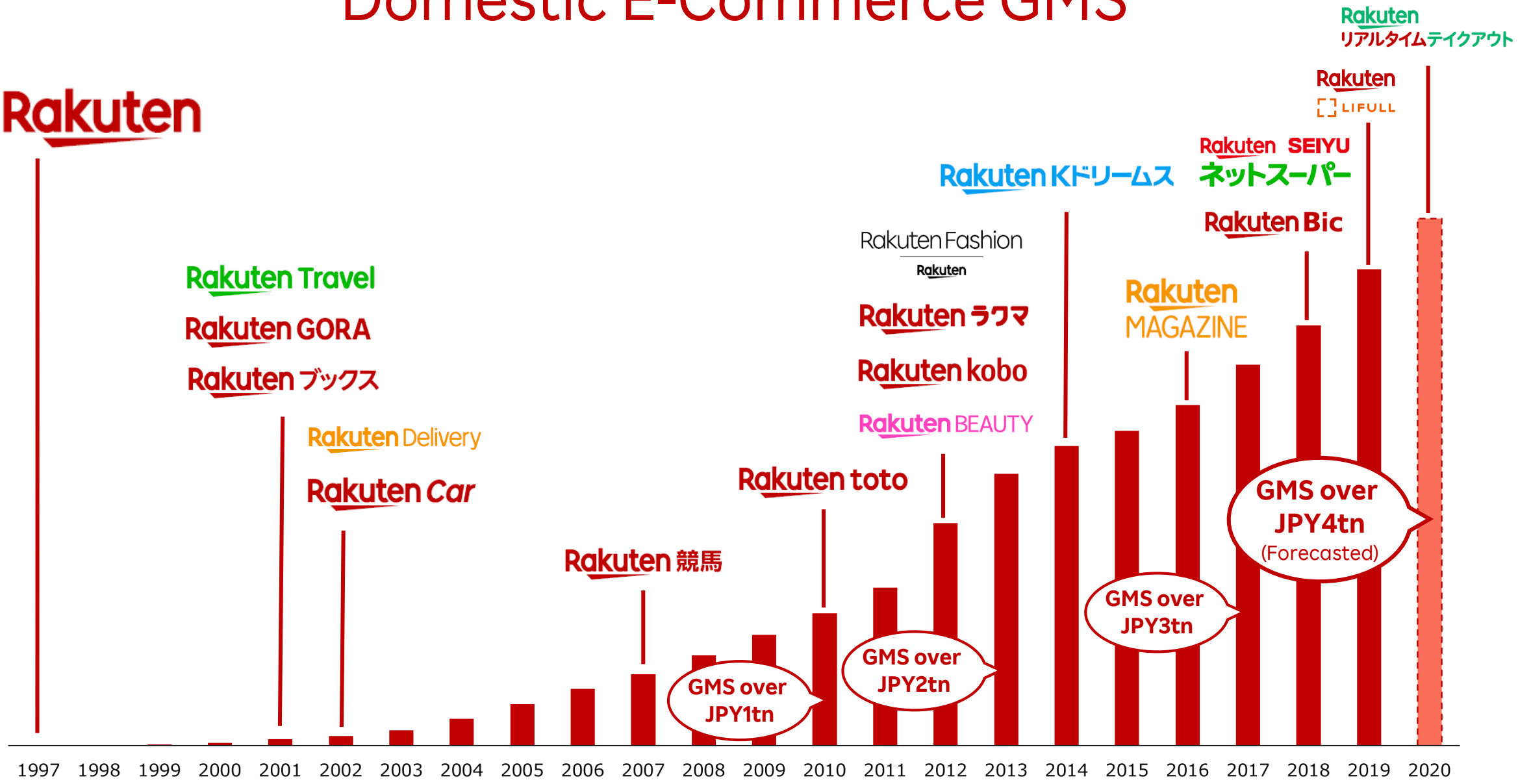


*Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

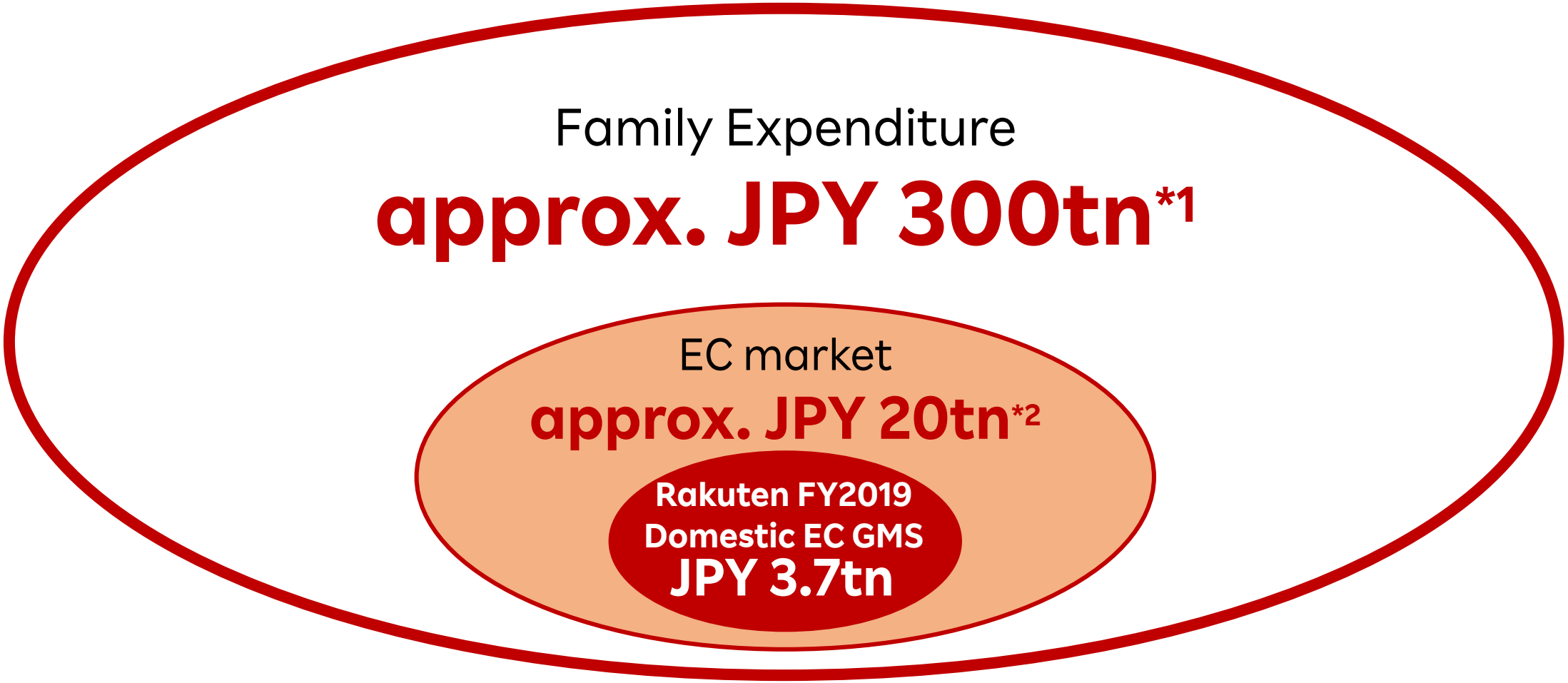
Q3/20 Domestic E-Commerce Operating Income Breakdown



Domestic E-Commerce GMS



EC market and Family Expenditure



*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*

Food, Daily necessities, Furniture, Home appliances, Culture & Recreation goods
JPY 90.82tn

Rakuten
Rakuten 24
Rakuten Bic
Rakuten SEIYU ネットスーパー
Rakuten ブックス

Clothing & Footwear
JPY 9.36tn

Rakuten
Rakuten Fashion
Rakuten

Private transportation, etc.
JPY 8.89tn

Rakuten
Rakuten Car

Meals outside the home
Recreation
JPY 24.18tn

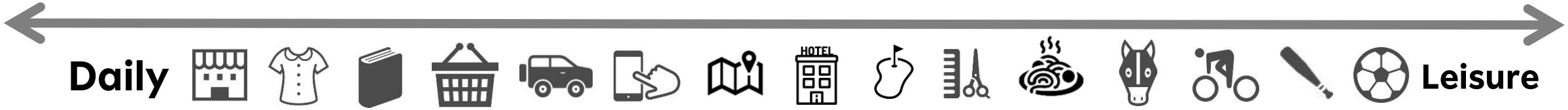
Rakuten Travel
Rakuten GORA
Rakuten Delivery
Rakuten リアルタイムテイクアウト
Rakuten LIFULL

Books, etc. **JPY 3.68tn**

Rakuten ブックス
Rakuten kobo
Rakuten MAGAZINE

Personal care services
JPY 3.42tn

Rakuten BEAUTY

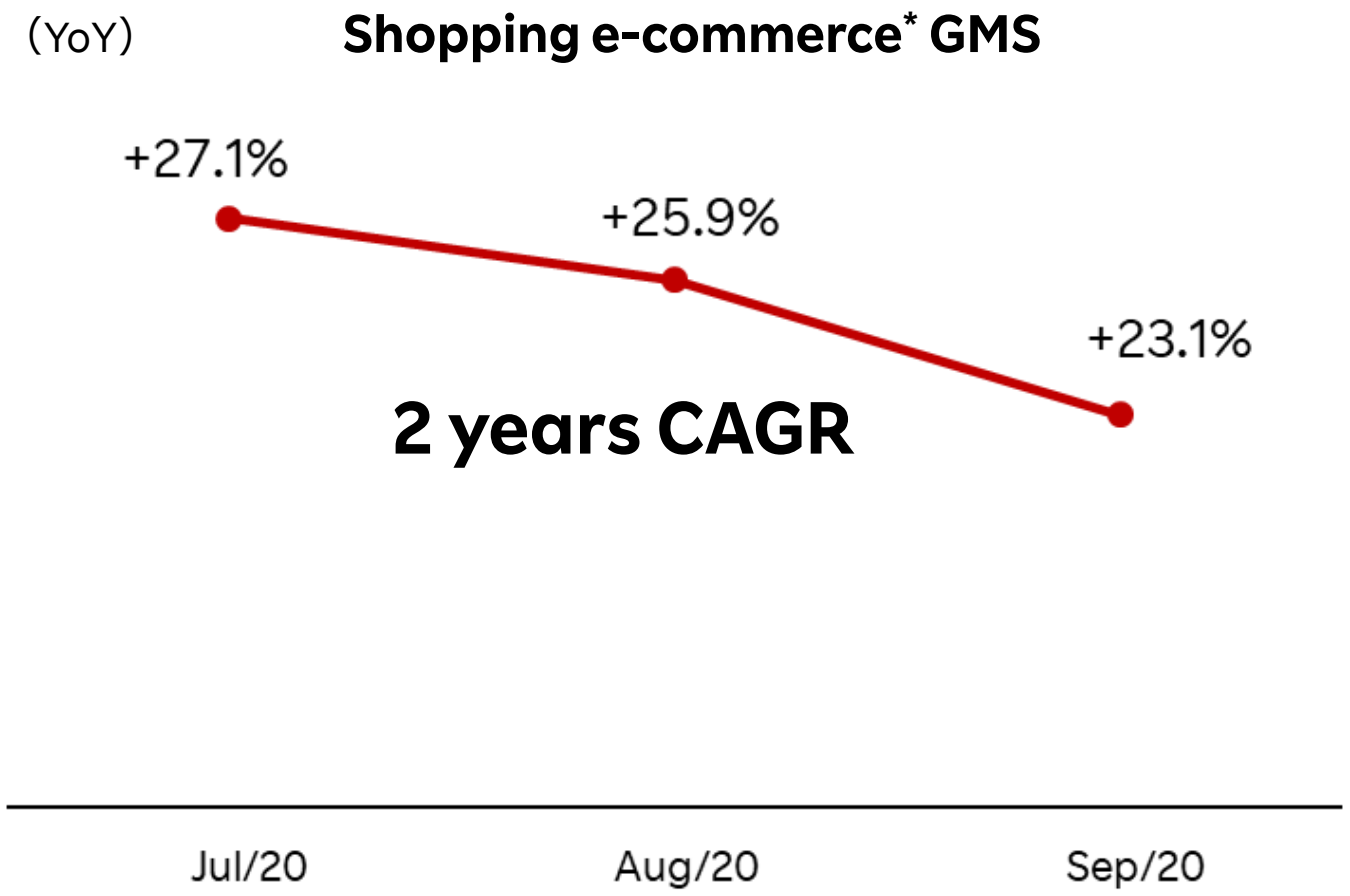


* Market size by item: Estimated number referring to Ministry of Internal Affairs and Communications "The Family income and Expenditure Survey 2019- Yearly Amount of Expenditures per Household" and Cabinet office "Quarterly Estimates of GDP"

Shopping E-Commerce* GMS

Shopping EC GMS growing strongly

Q3/20
+29.3%
YoY

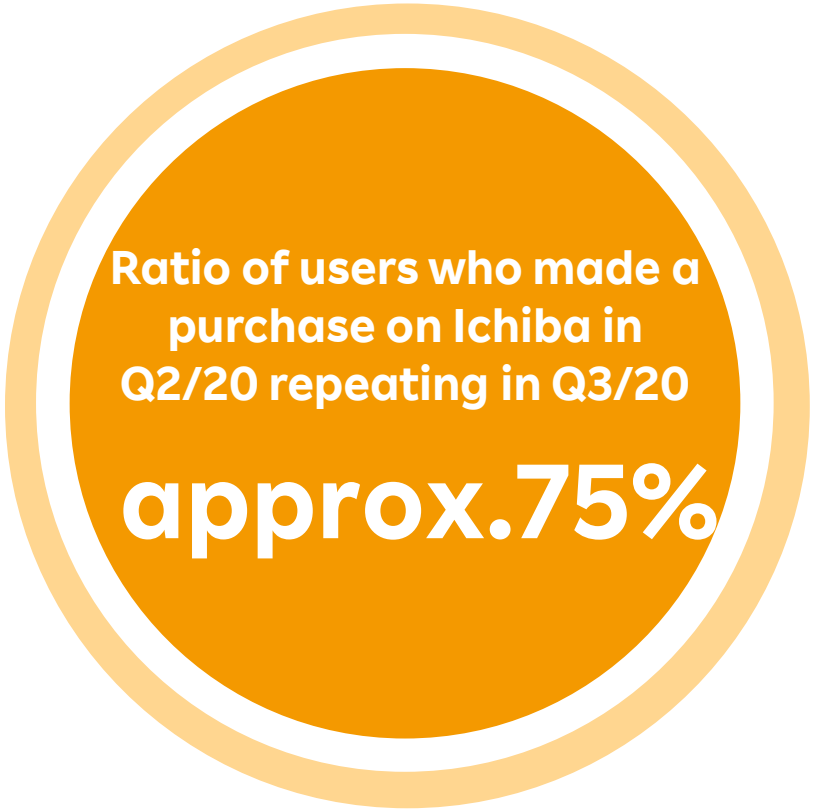


* Shopping e-commerce = Ichiba + 1st Party (Rakuten Fashion, Books, Rakuten24 (Direct), Netsuper + Open EC (Rebates, Checkout) + Rakuma

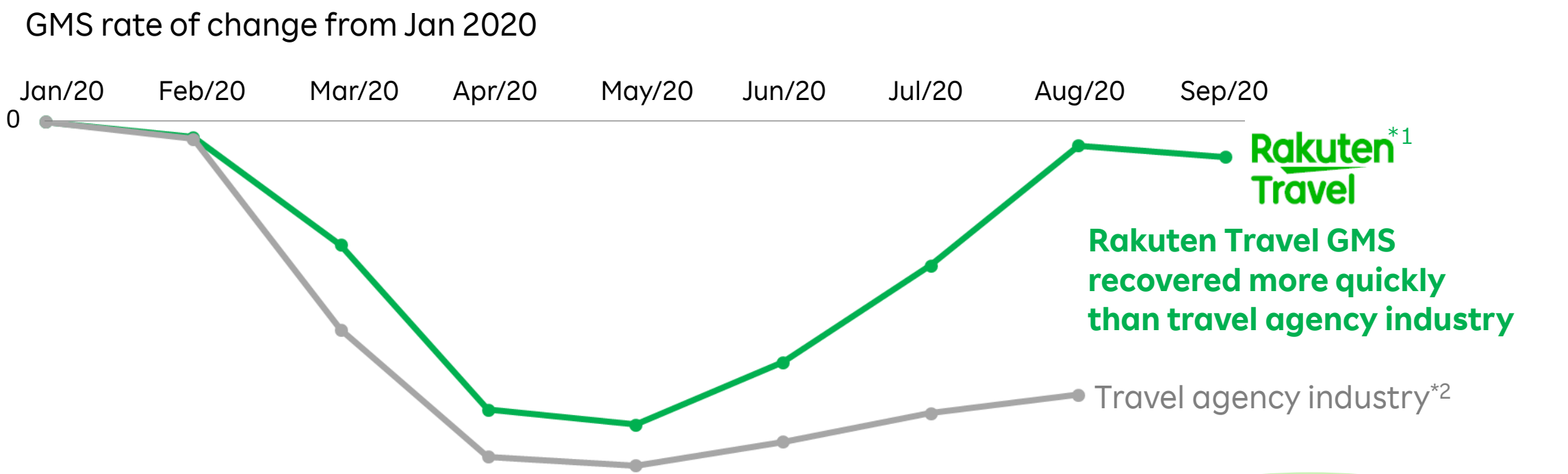
Ichiba Purchase Amount and Retention Rate

Jul-Aug
Monthly purchase amount

Q3/20
User retention rate



Rakuten Travel vs Travel Agency Industry



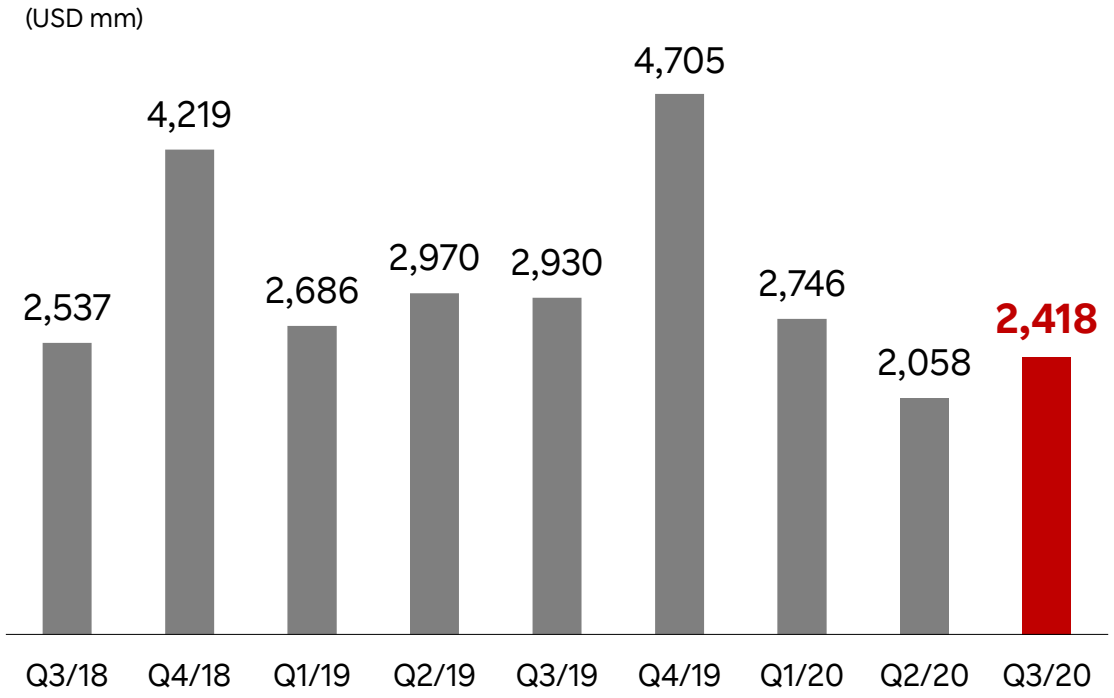
Rakuten Travel GMS recovered more quickly than travel agency industry

Q4/20
Booking GMS YoY growth
Expected to be positive

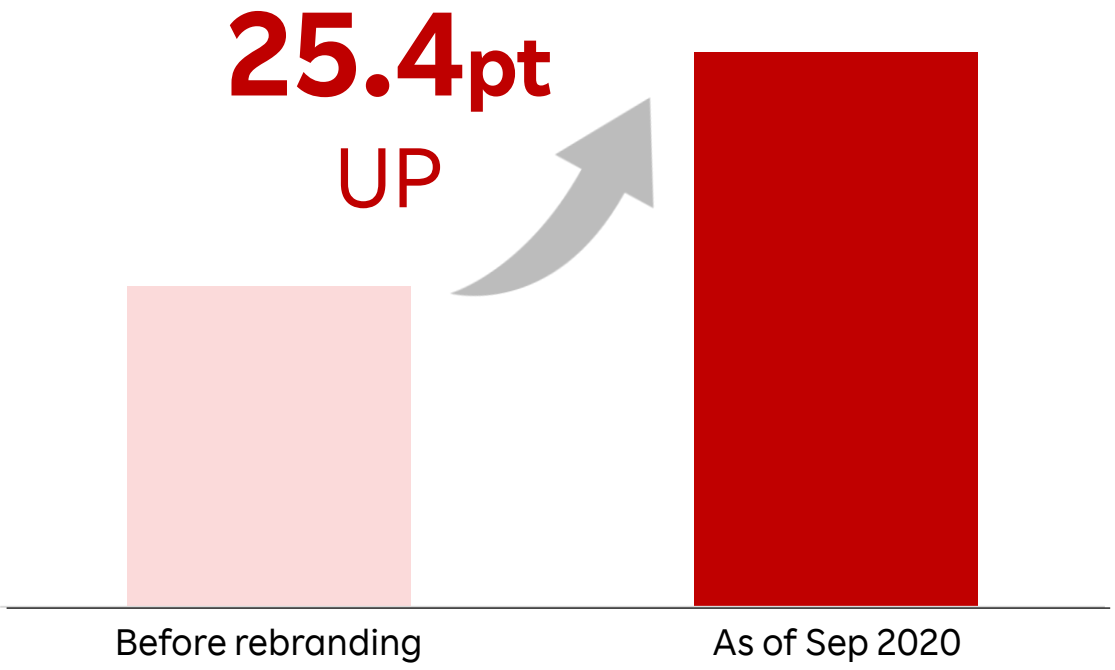
*1 Checkout GMS
*2 Source: Japan Tourism Agency “Travel agency handling amount prompt report“

Rakuten Rewards (Ebates)

Rakuten Rewards GMS



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*

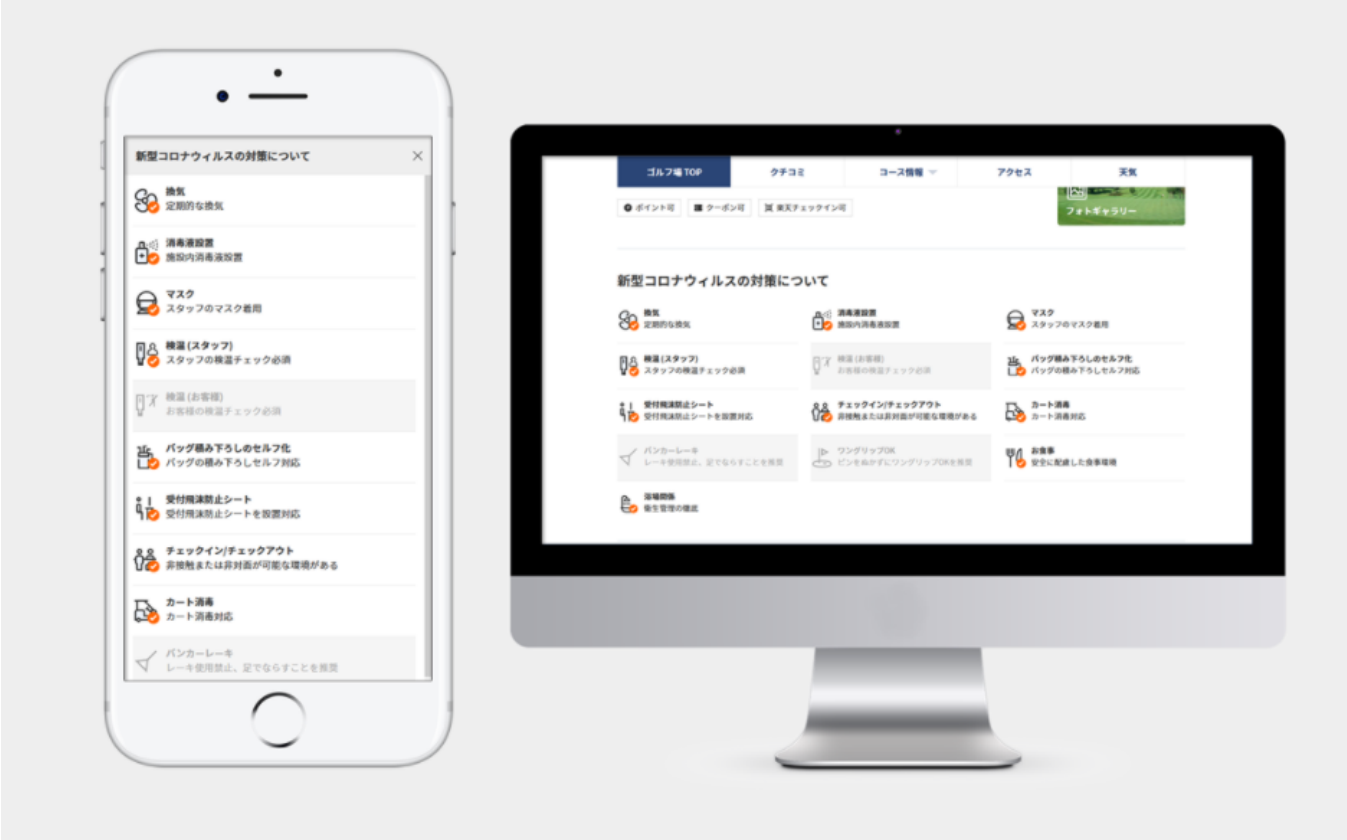
Rakuten GORA

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頂きます。

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

1st Party

Rakuten 24

Rakuten ブックス

(Books)

Rakuten SEIYU ネットスーパー

(Netsuper)

Rakuten Bic

Strengthen 1st party sales and lineup of each genre

Rakuten Fashion

Market Place

Rakuten

Rakuten Ichiba

Aiming to acquire wide range of age groups focusing on young generation

Rakuten ラクマ

Flea market app

B to C

C to C

Evolution of Rakuten Fashion

App launch and expansion of awareness

Launched in June 2020

Acceleration of acquiring popular brands

JOURNAL STANDARD

IÉNA

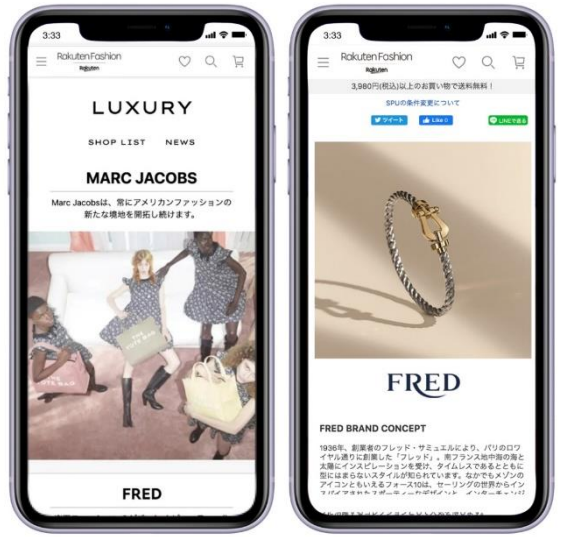
TOMORROWLAND

DIESEL

agnès b.

・
・
・

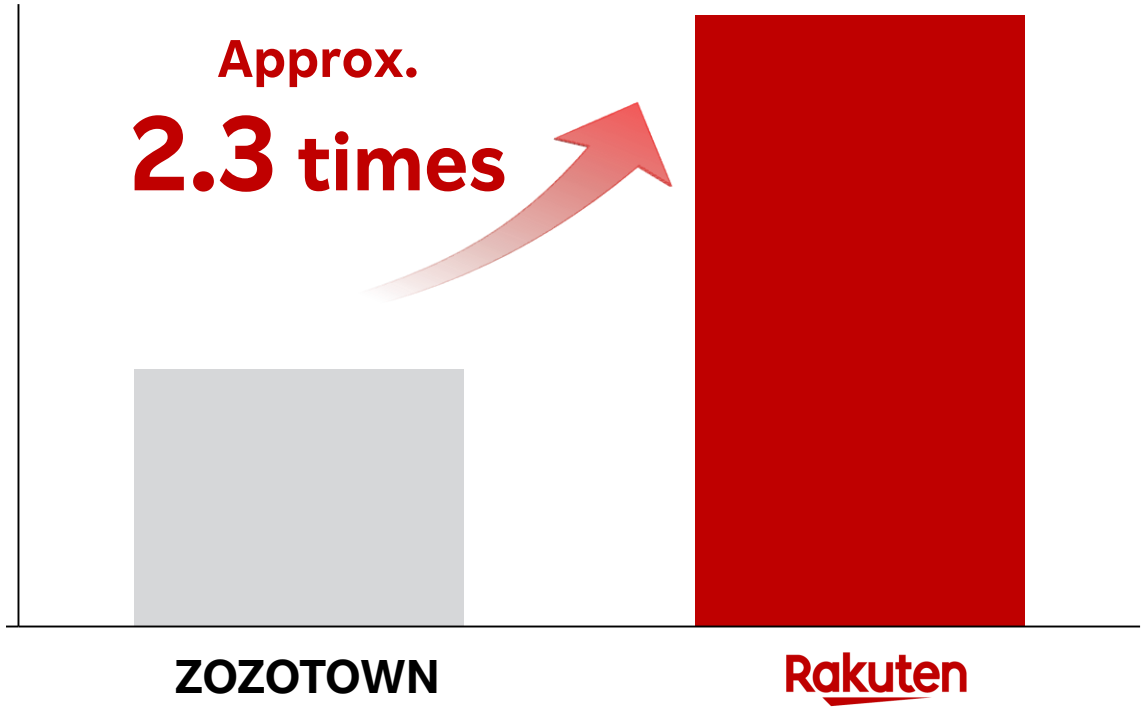
Launched Rakuten Fashion Luxury



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]



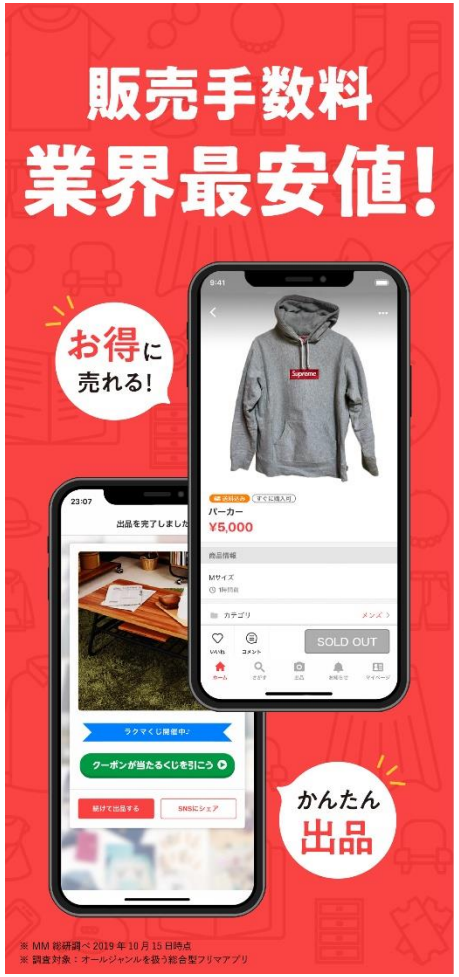
No. 1 GMS in Japan

[*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)

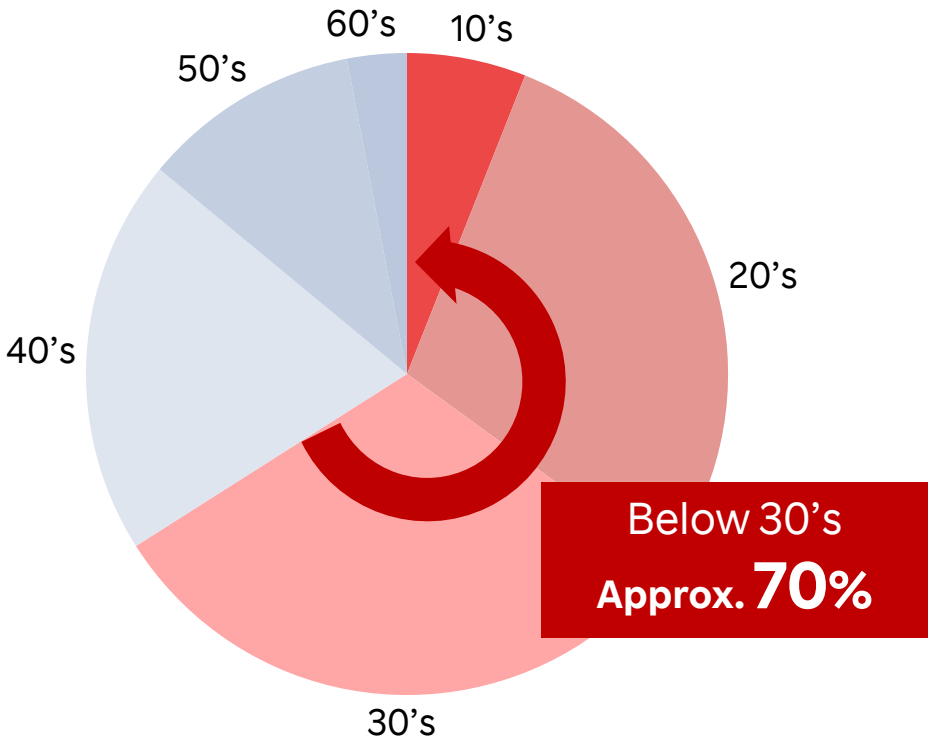
Rakuten ラクマ

Rラクマ



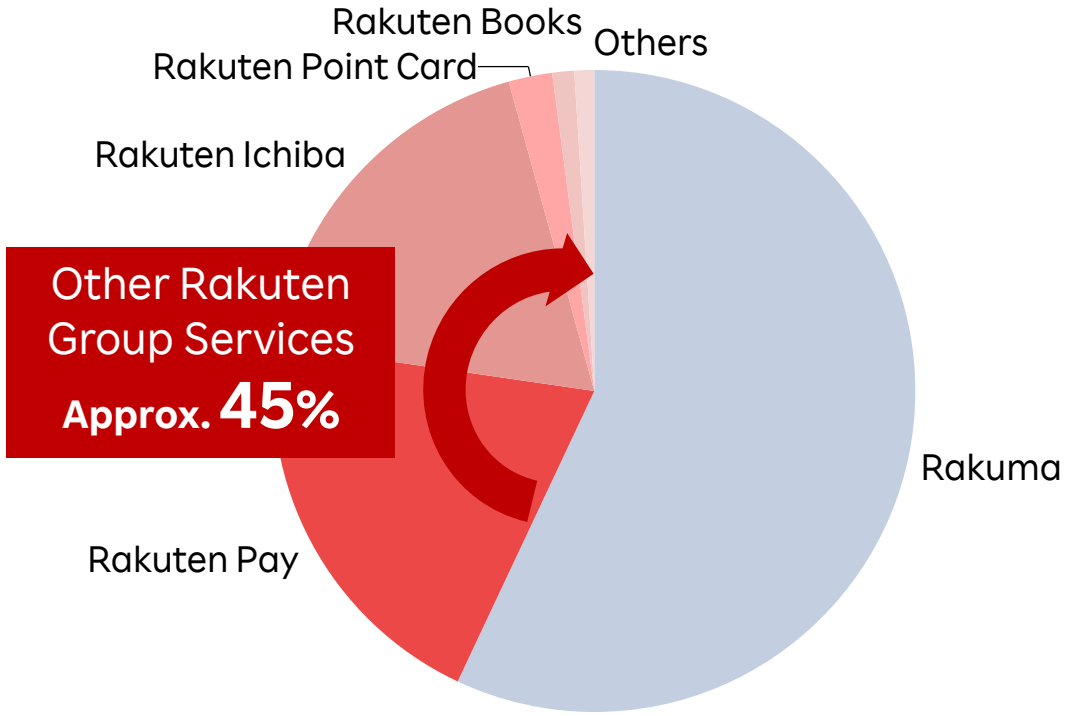
Further Expansion of Rakuten Ecosystem through Rakuma (2/2)

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

Issue

- Expand logistics and last mile delivery to capture E-commerce demand growth under the pandemic
- Provide safe and reliable service to users
- Logistics support for Ichiba merchants

Strategy

- Increase fulfilment center coverage and efficiency of own delivery
- Introduce uniform shipping for worry-free shopping experience

Goal

- Merchant Growth =Growth of Rakuten Ichiba
- Improve user convenience
- Enhance cost and operational efficiency for merchants

Rakuten SUPER LOGISTICS

Rakuten EXPRESS

Logistics Centers Map

Rakuten SUPER LOGISTICS

Hirakata 2019

Chuorinkan 2021

Preparing

Nagareyama 2019

Narashino 2020

Rakuten SEIYU ネットスーパー

Kohoku 2020

Rakuten Direct

Kawanishi 2018

Sagamihara 2018

Rakuten ブックス

Rakuten Fashion

Rakuten

Ichikawa 2020

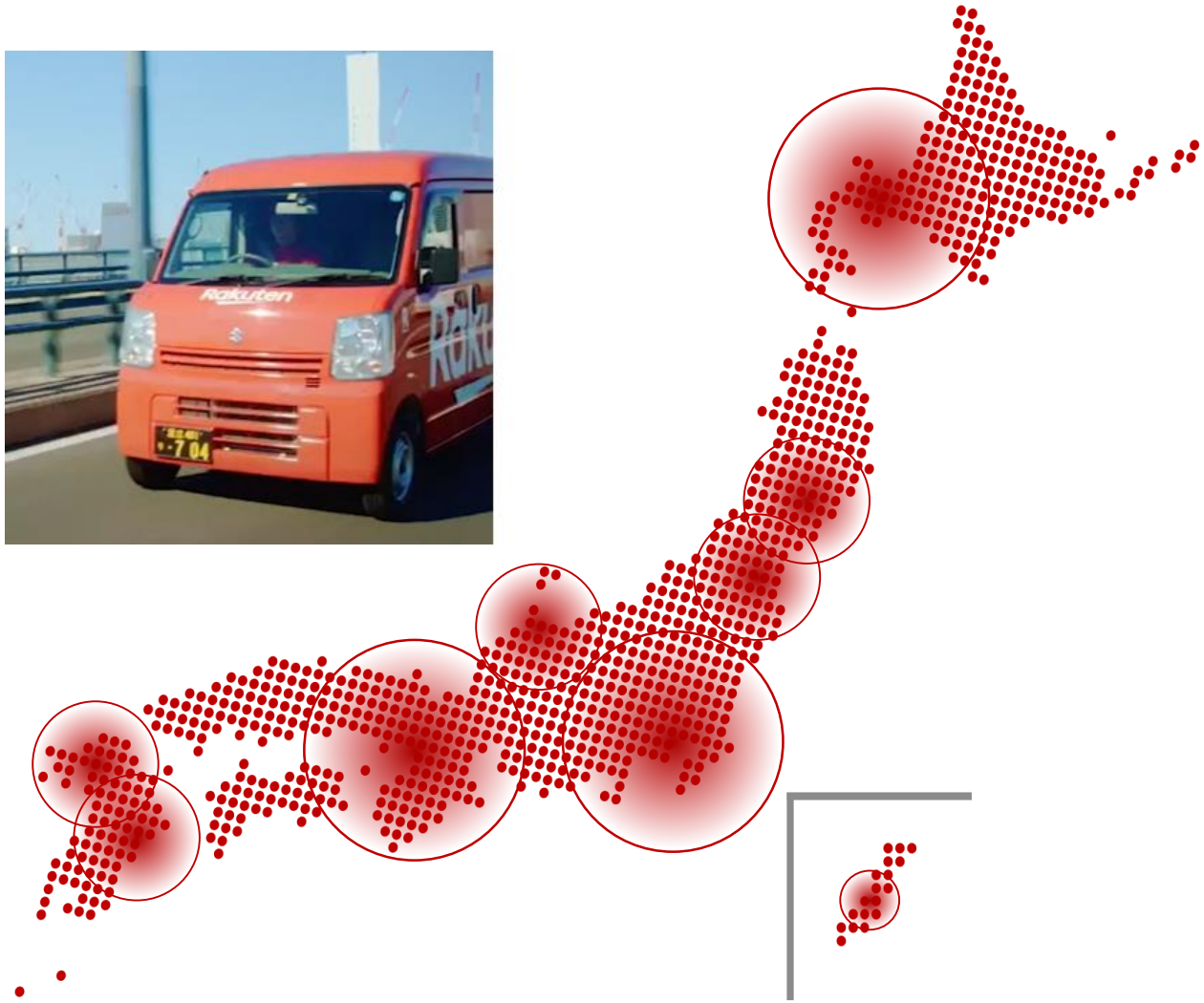
Ichikawa 2019

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

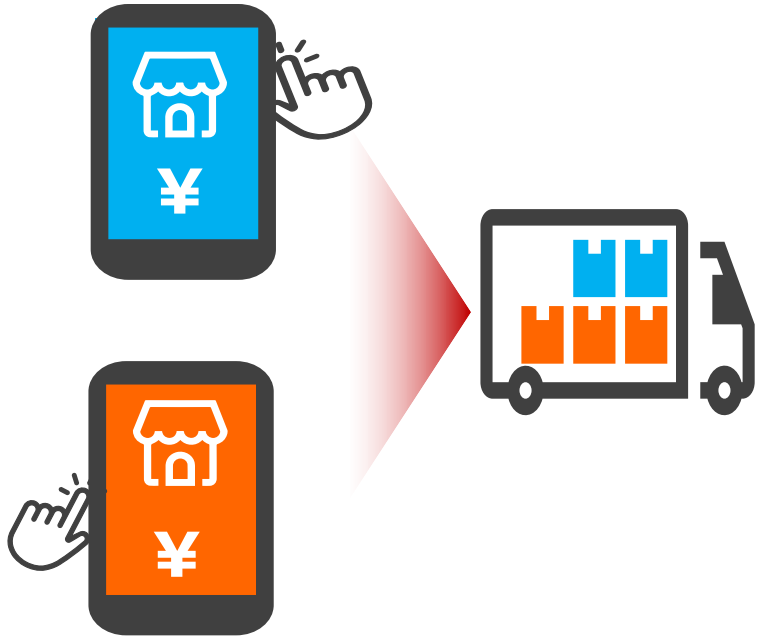
Non face-to-face

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

Combining orders in one delivery

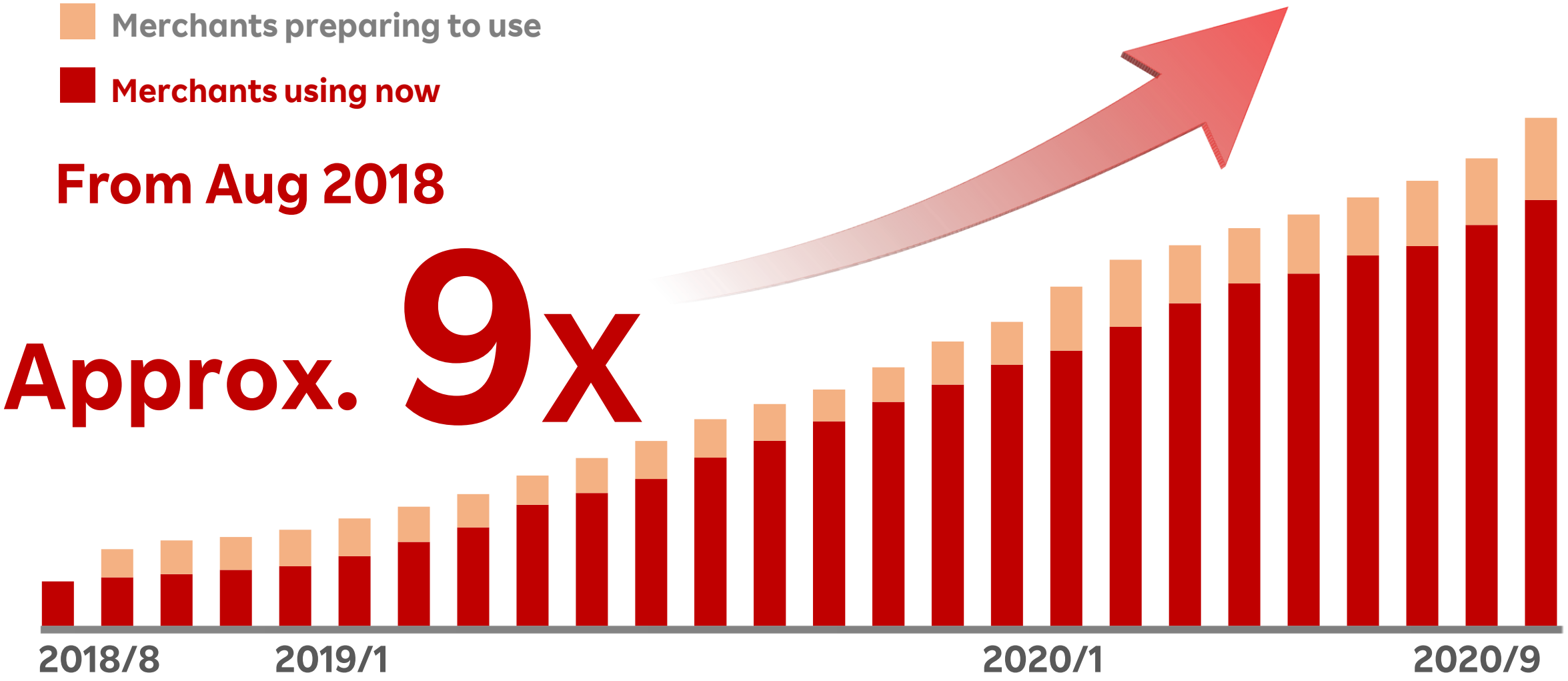
(Planned)

Sending items in one box from multiple merchants

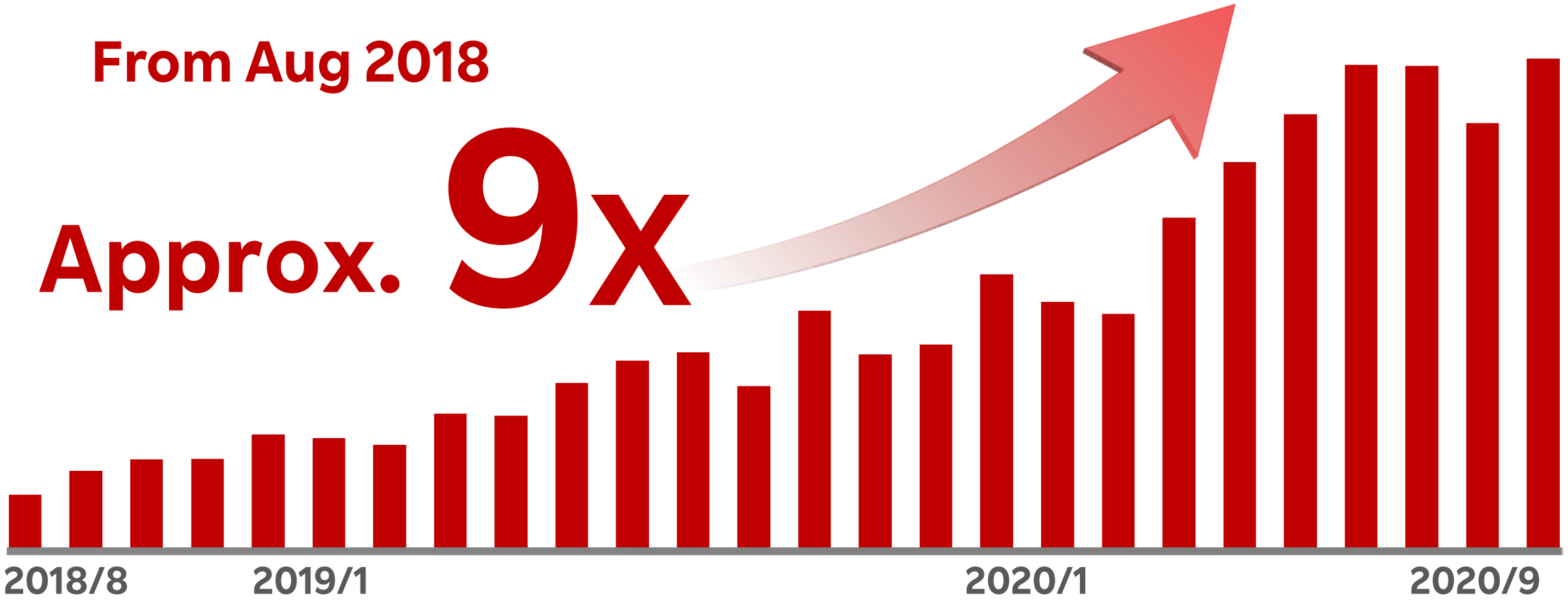


For COVID-19 countermeasures, Rakuten provides above services depending on user requests

Merchants Using Rakuten Super Logistics



Rakuten Super Logistics Shipments



Rakuten Seiyu Netsuper Expand Strongly

Q3/20 GMS*

Rakuten SEIYU ネットスーパー

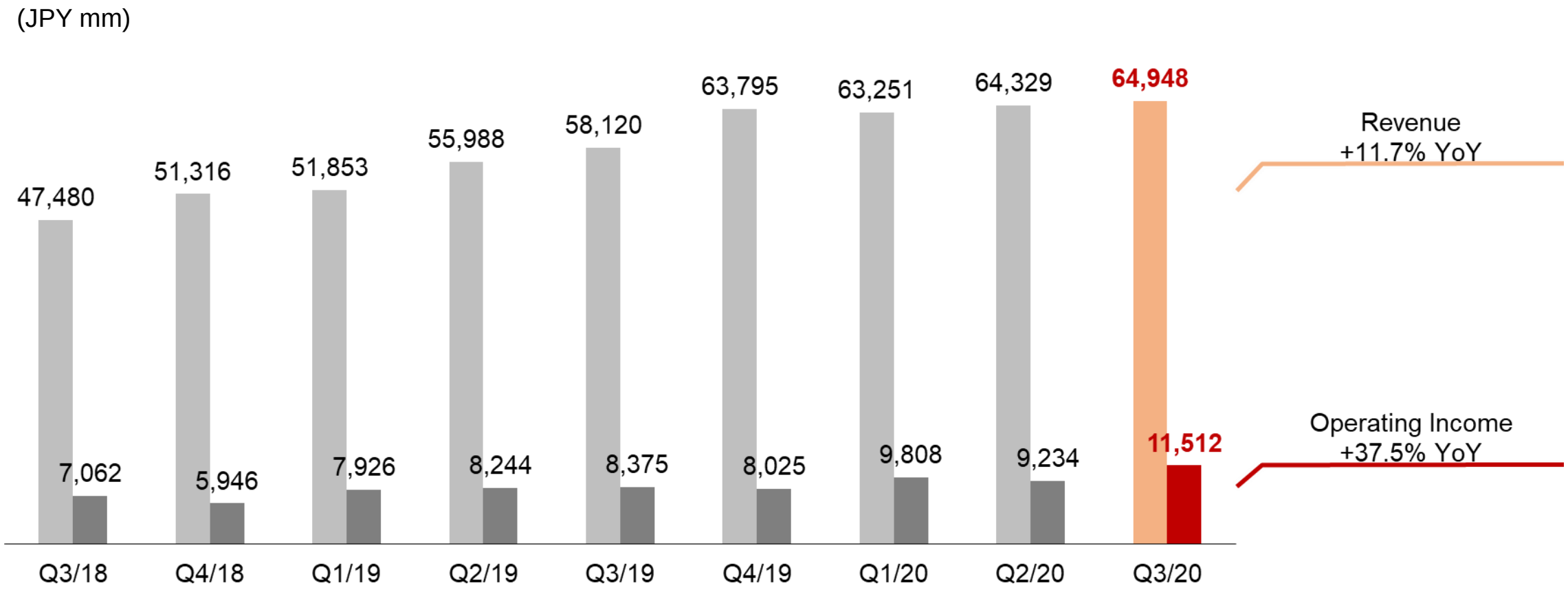
Oct/20 GMS*

*Order based Revenue (Product sales + Fees)

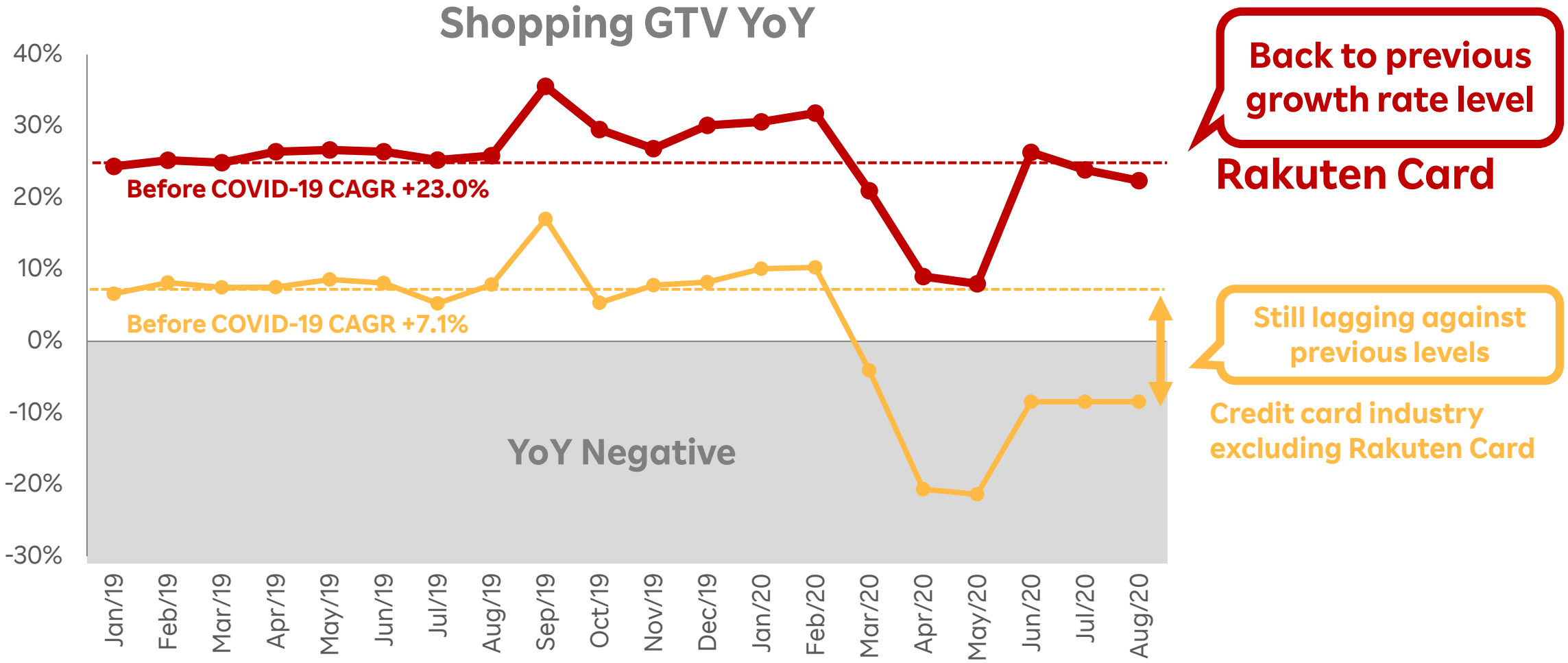
FinTech: Card

Rakuten Card Results

- Revenue +11.7% YoY and Operating Income +37.5% YoY from growth in shopping transactions, reversal of bad dedt accrual and cost control

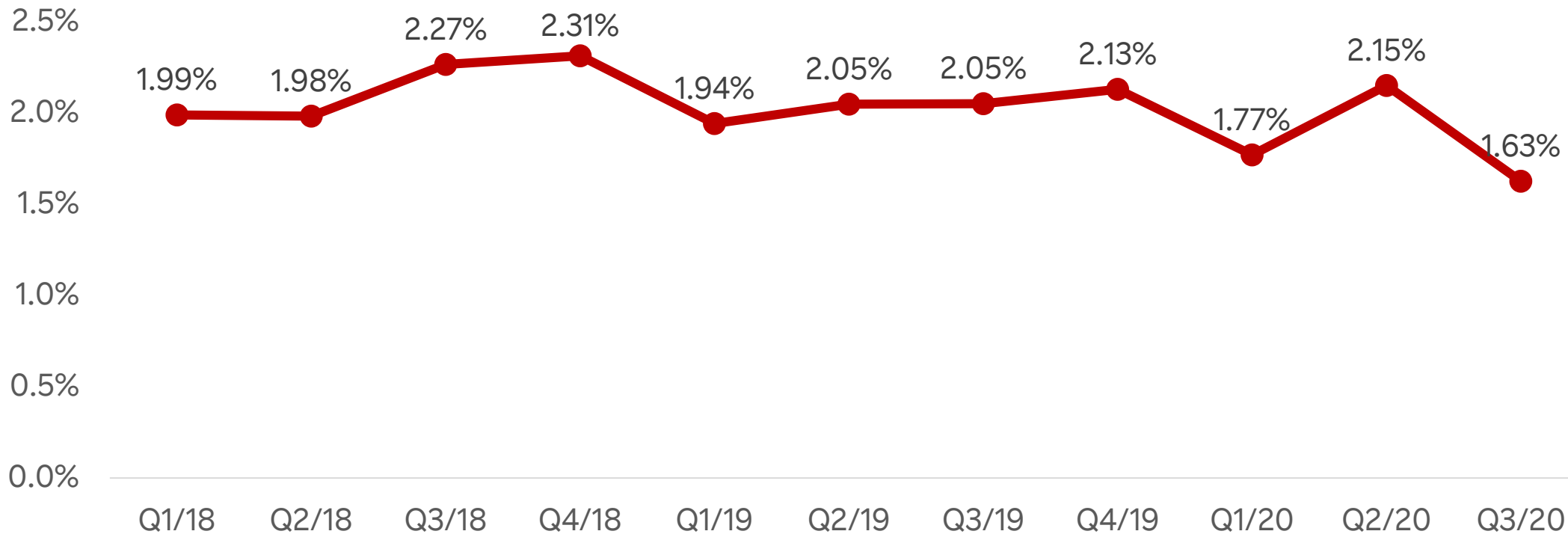


Rakuten Card kept positive growth amidst COVID-19 and recovered quickly



Keeping Healthy Asset Quality

Ratio of Expenses related to Doubtful Accounts*



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

Rakuten Card: No.1 Credit Card in Japan

Market Share by Shopping GTV in Japan*1

No.1

Number of Card Holders as of Sep 2020

20.76mm

No.1 in Customer Satisfaction Survey*2 for

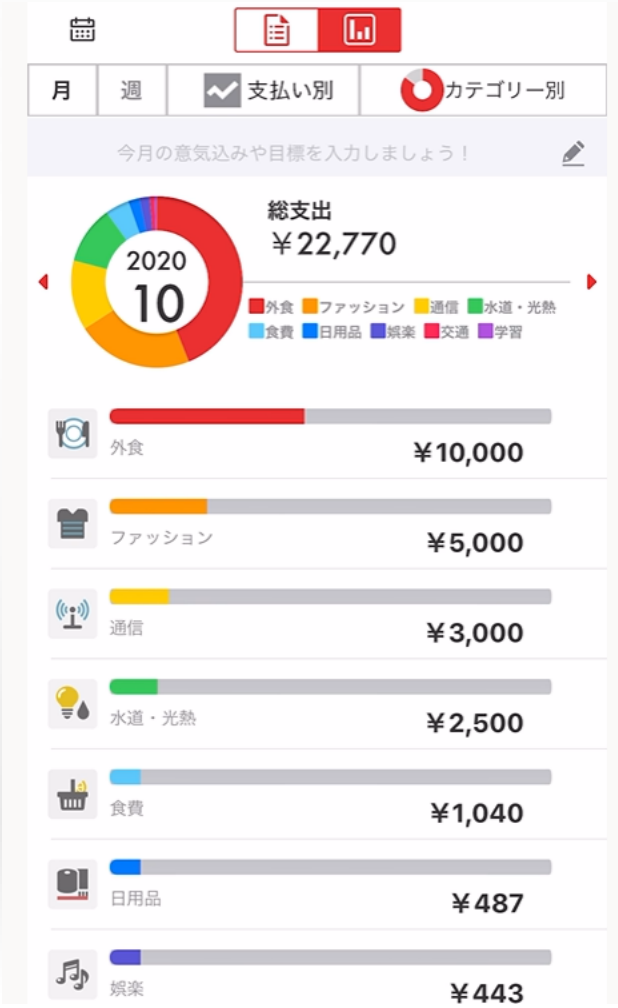
11 Consecutive Years

*1 METI, Statistical survey of specified service, Credit Card category
*2 Japan Customer Satisfaction Index 2019

Complete Everything with a Smart Phone

Check spending

Payment Management



Change to Revolving

Change Home Address

Rakuten Card Capturing Changing Consumer Behavior

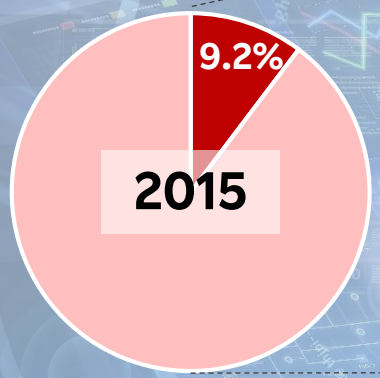
Increasing Credit Card Spending in EC

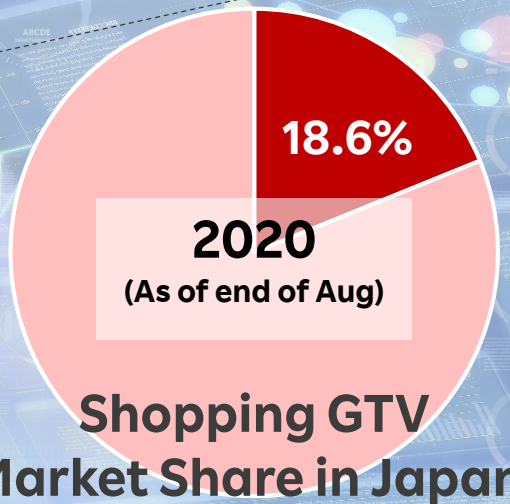
New Normal

Increasing Cashless Ratio

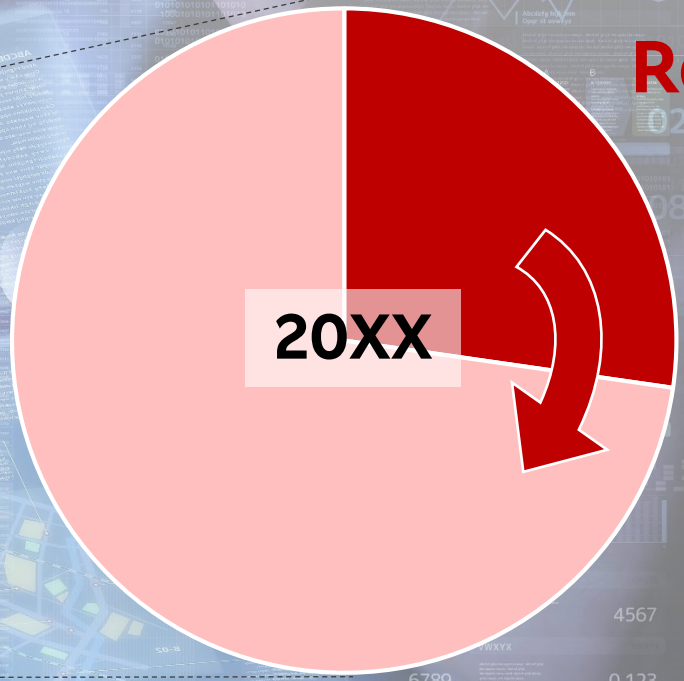
Contactless

Smartphone Centric





Shopping GTV Market Share in Japan*



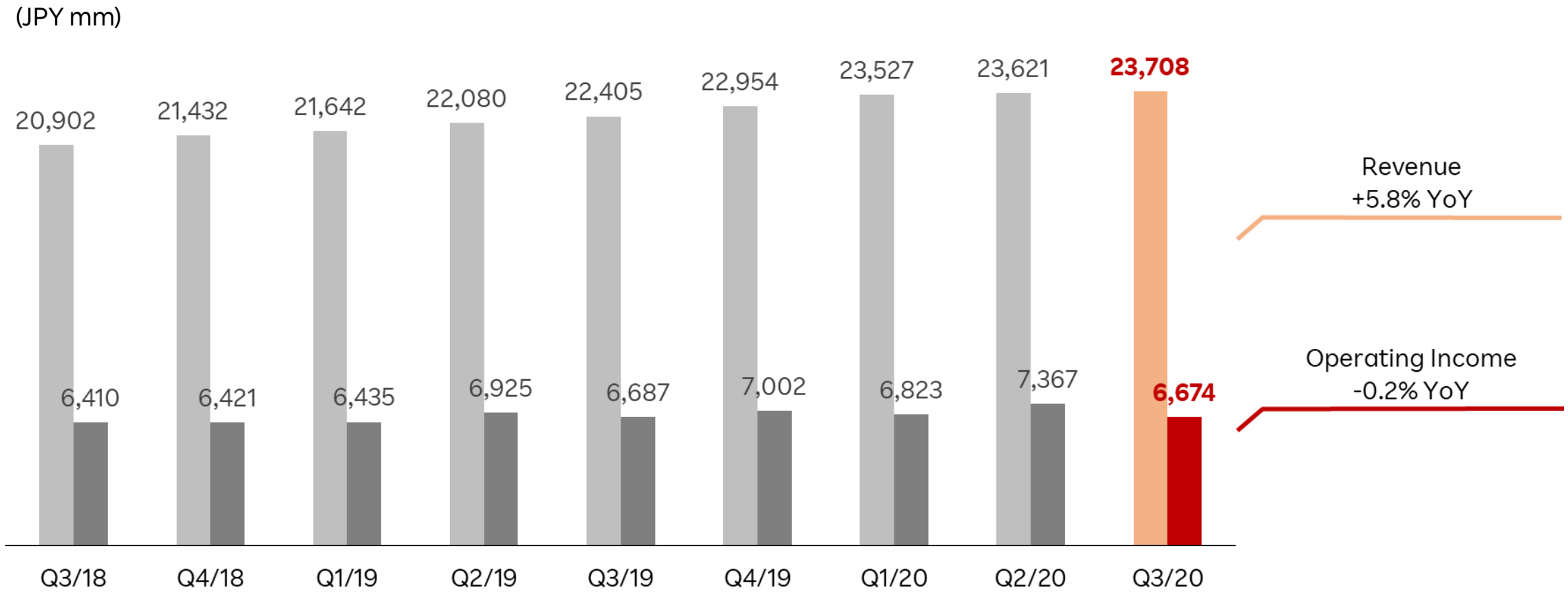
Rakuten Card

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

FinTech: Bank

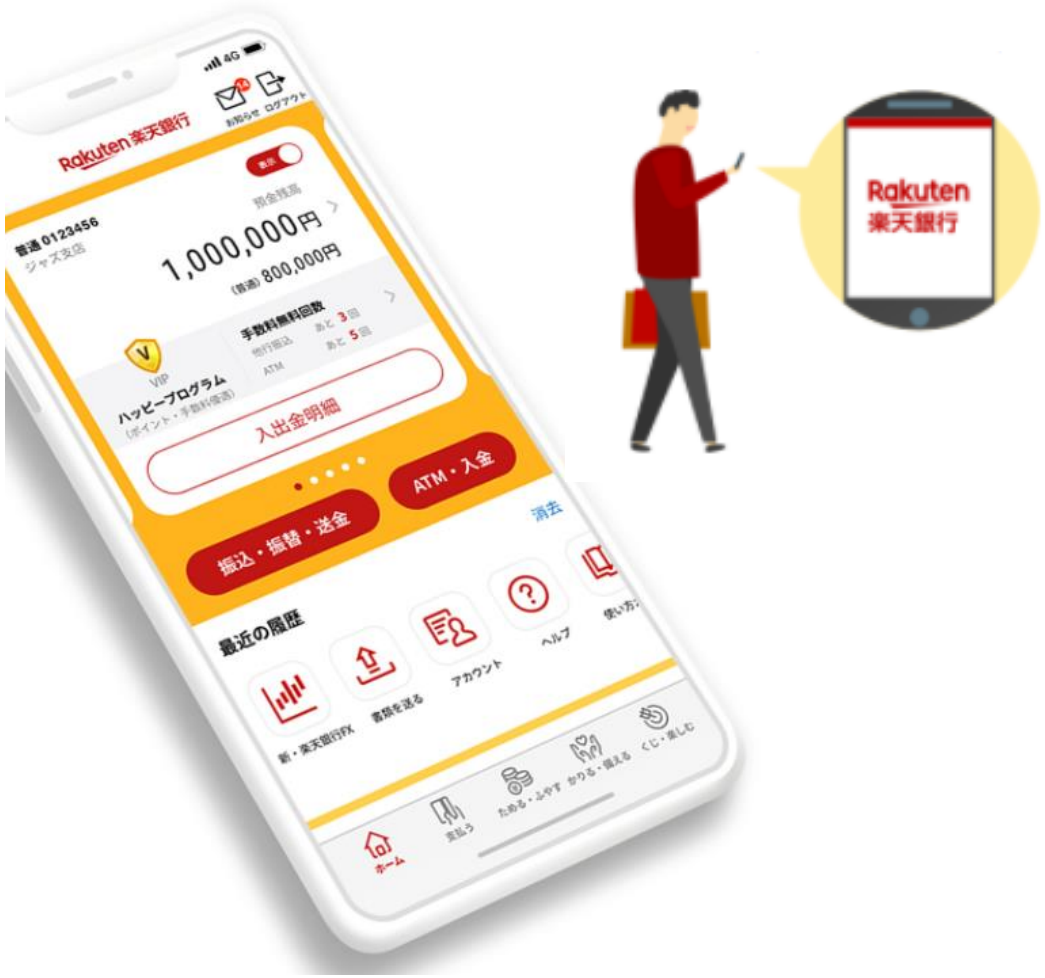
Rakuten Bank Results

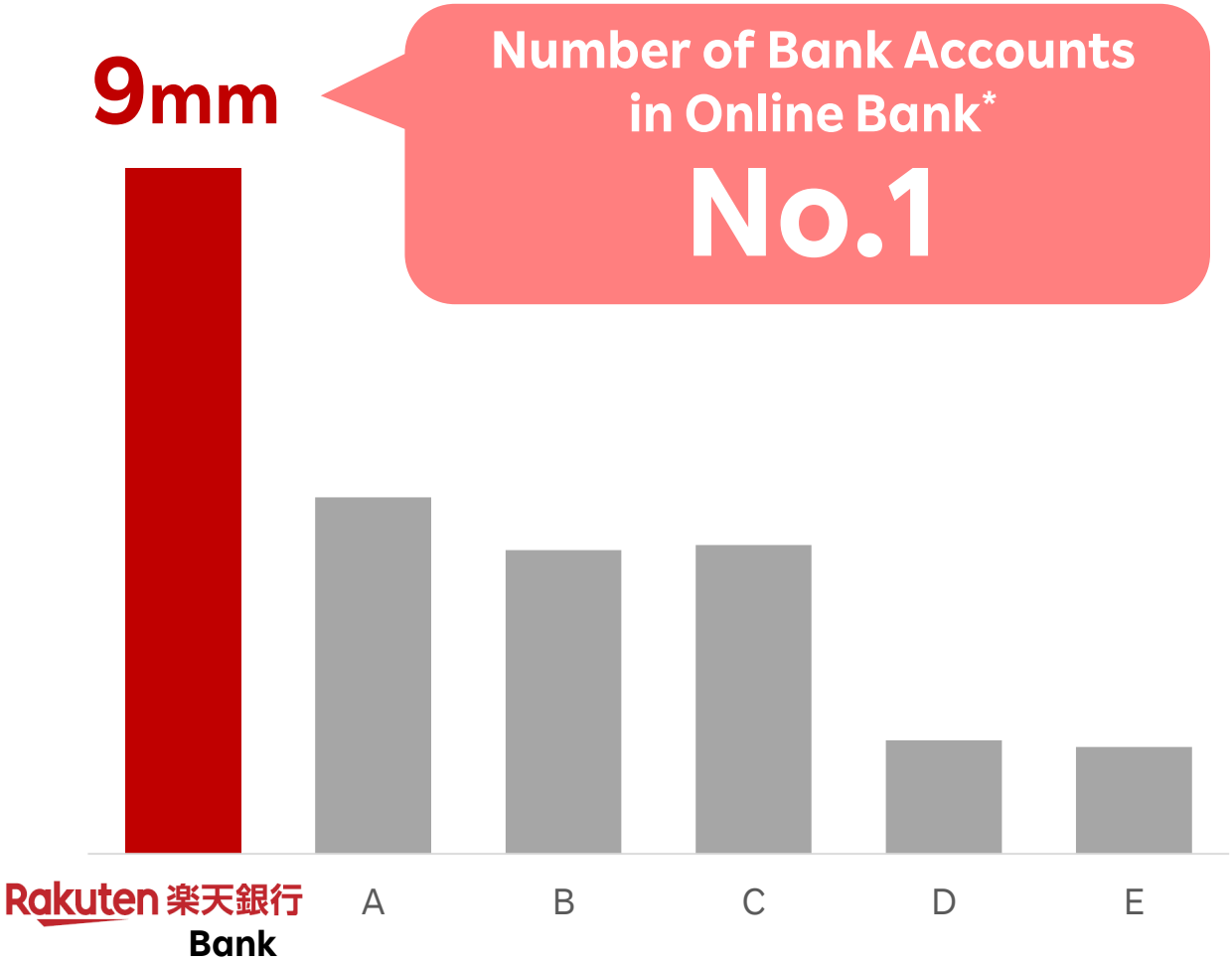
- Revenue +5.8% YoY from increase in service transactions while Operating Income -0.2% due to expenses associated with relocation of head office



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

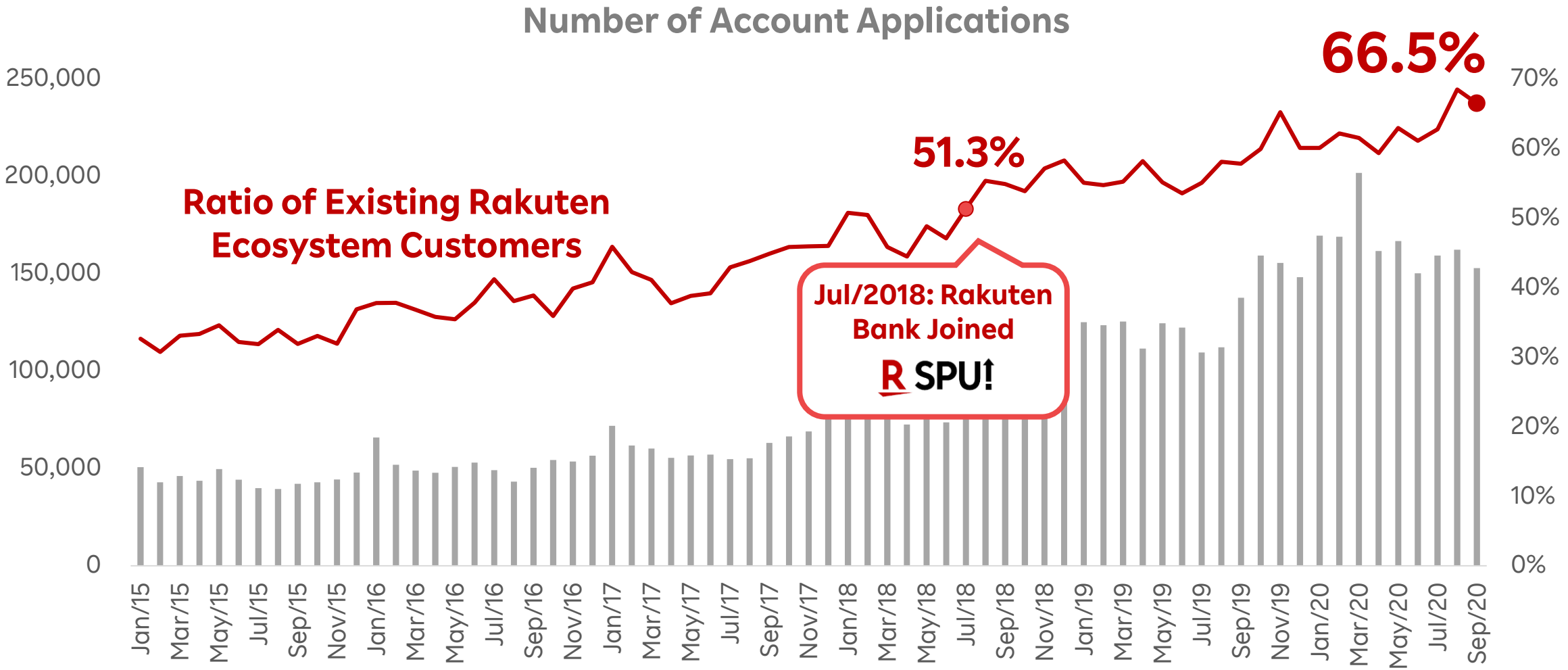
Rakuten Bank: No.1 Online Bank in Japan





* Company disclosures

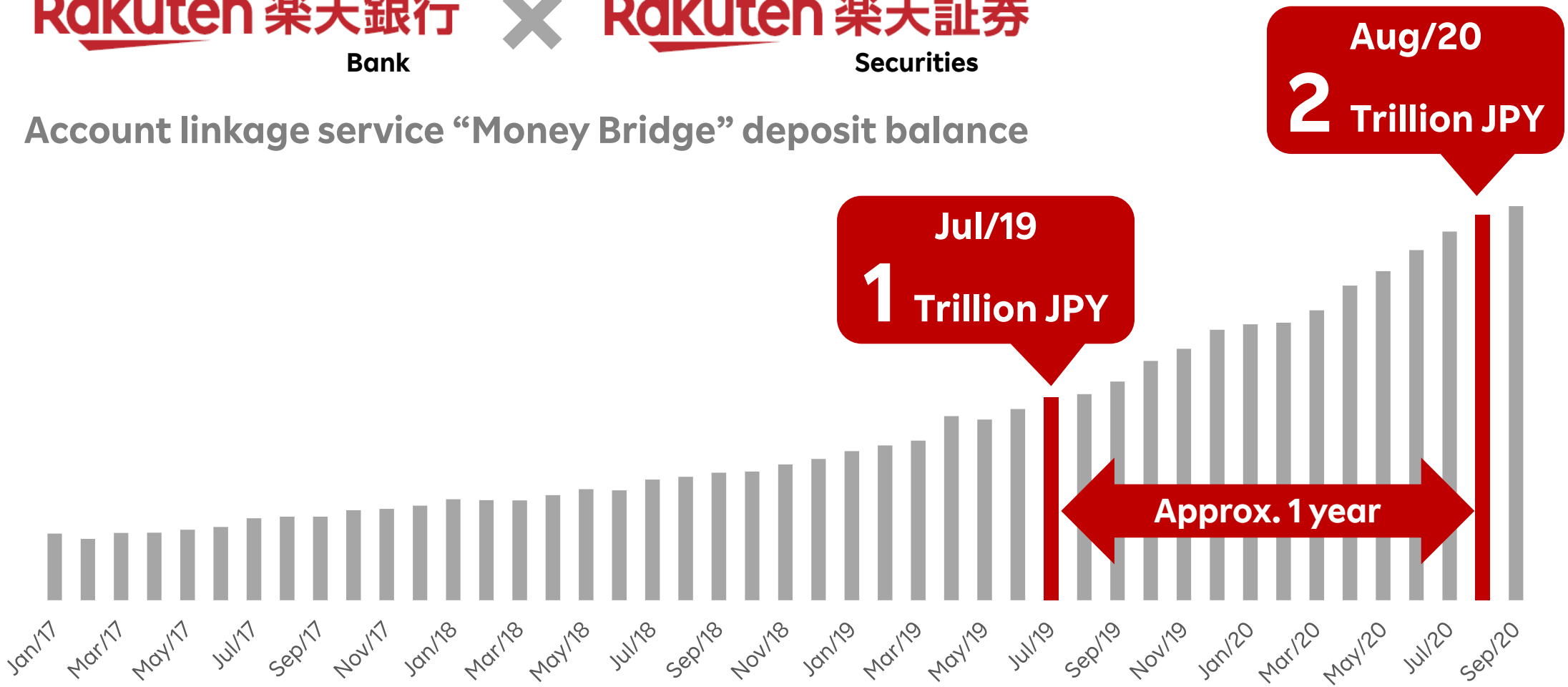
Group Synergies Accelerate Rakuten Bank's Growth



“Money Bridge” Deposit Balance Exceeded JPY 2 Trillion

Rakuten 楽天銀行 Bank × Rakuten 楽天証券 Securities

Account linkage service “Money Bridge” deposit balance



Becoming Customer's Main Bank

Rakuten Bank supports essential daily transactions

Customers can use Rakuten Bank's account transfer (direct debit) for many institutions including utility charges

Q3/20
Number of payroll accounts

Q3/20
Number of direct debit transactions

Leading Position in Online Shift

Online Shift of Traditional Banks

Consolidation of branches

Digital Bankbook

Online Money Transfer

Smartphone / App Centric

Rakuten Bank is in a Leading Position of Online Shift

FinTech: Securities

Rakuten Securities: Fastest Growing in Online Securities

Number of New Accounts Opening*

No.1

Number of Accounts as of Sep/2020

4.7mm

Growth Rate No.1

Investment with Rakuten Points

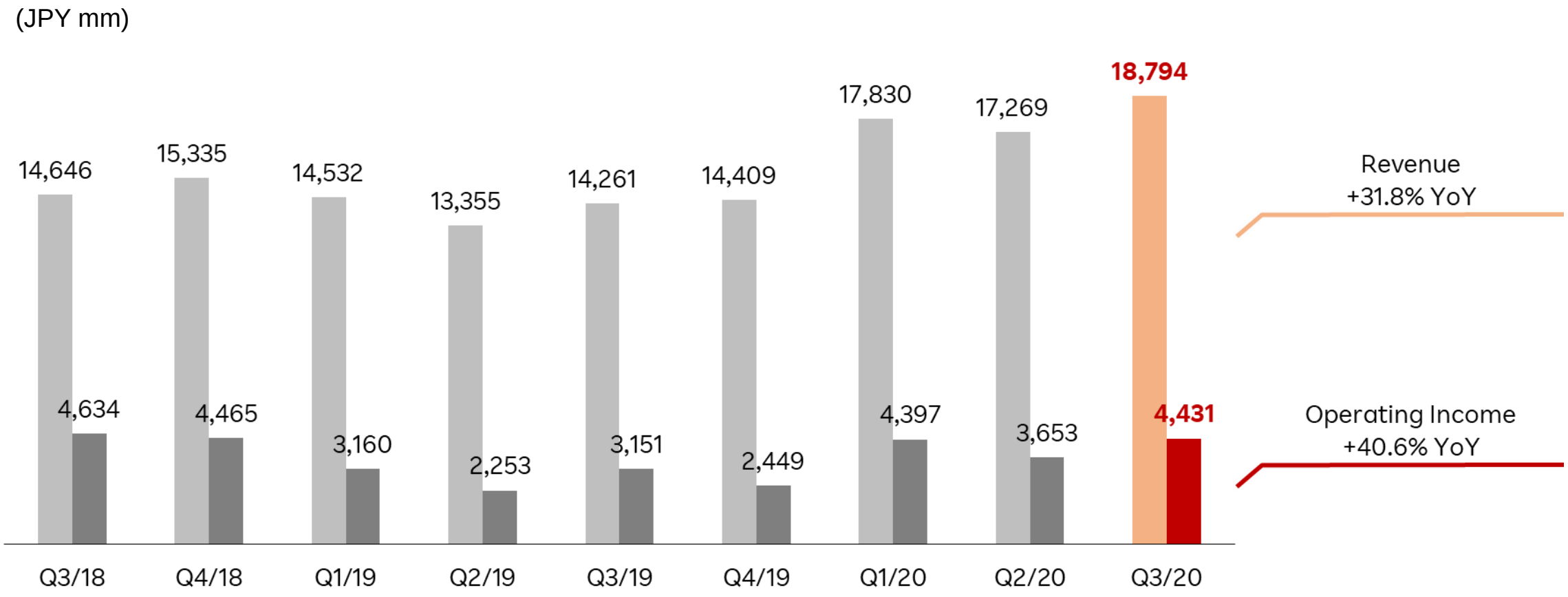
- ✓ **Investment Trusts**
- ✓ **Accumulation Type Investment Trusts**
- ✓ **Domestic Stocks**
- ✓ **Binary Option (Rakuopu), etc.**

Rakuten Points

*Source: Aggregated by Rakuten based on public information on each company's website

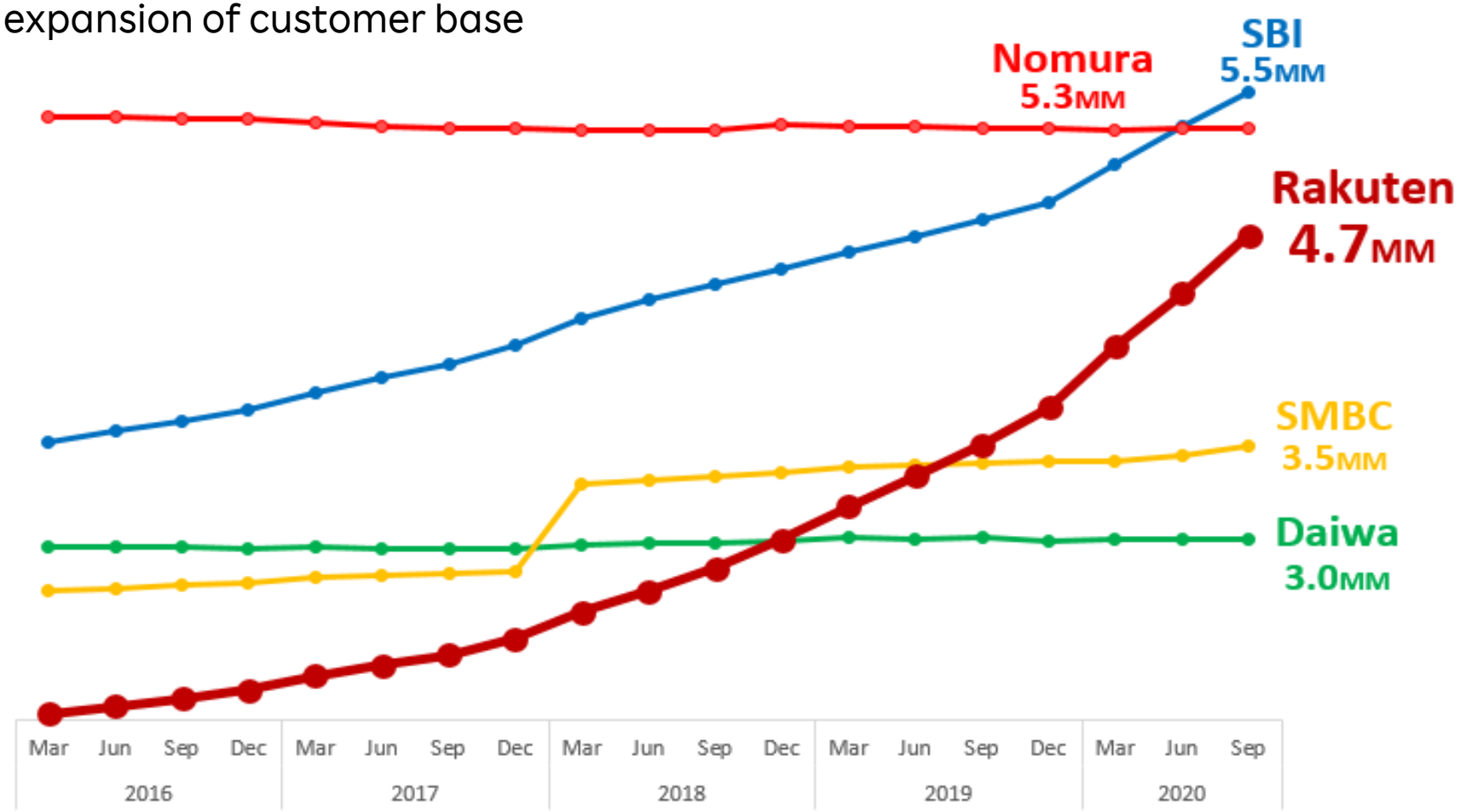
Rakuten Securities Results

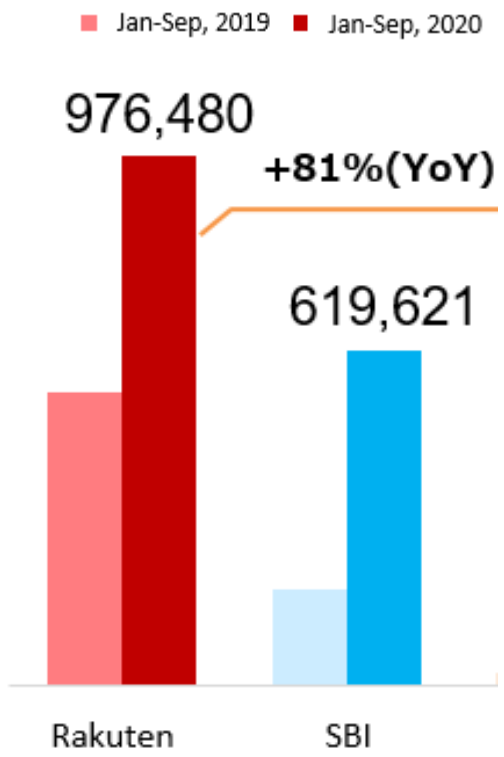
- Revenue +31.8% YoY and Operating Income +40.6% YoY from growth in trading volumes of Japanese Stock and US Stock



Number of Accounts

- No. 1 in the number of accounts opened in 2018 and 2019
- Acquired approx. 900,000 accounts in 2020. Rapid growth due to the Rakuten Ecosystem and further expansion of customer base



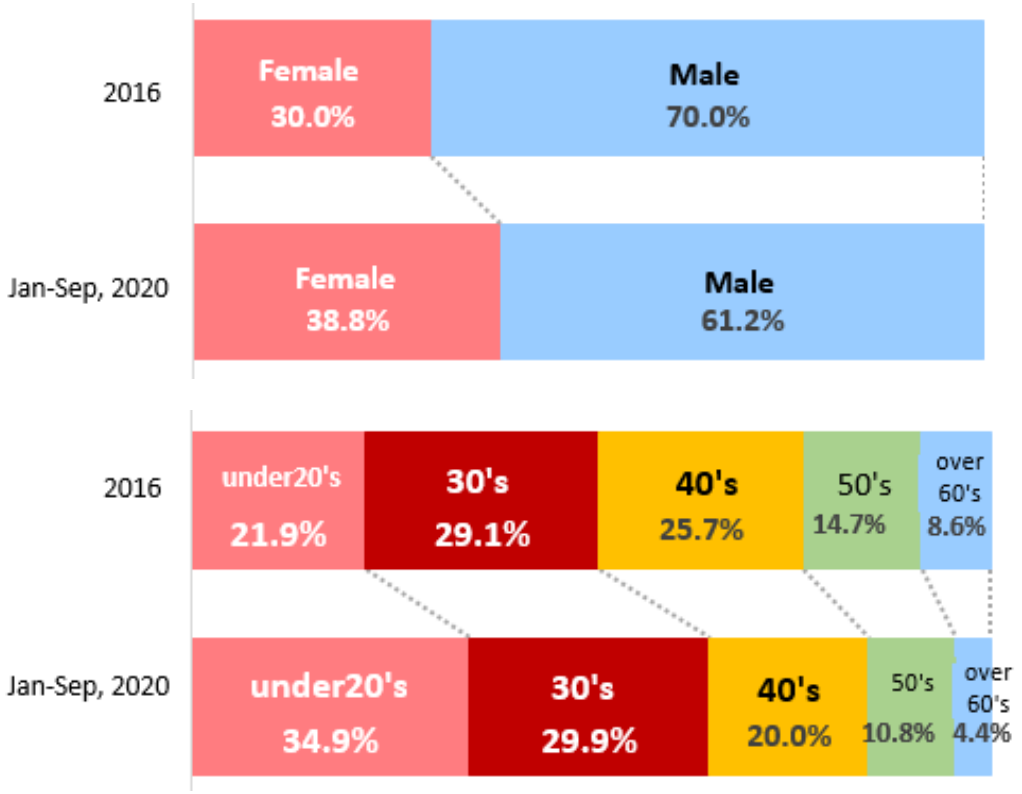


*Source: Aggregated by Rakuten based on public information on each company's website
*Nomura Securities, Daiwa Securities: Number of remaining customer accounts, SMBC Nikko Securities: Number of total accounts

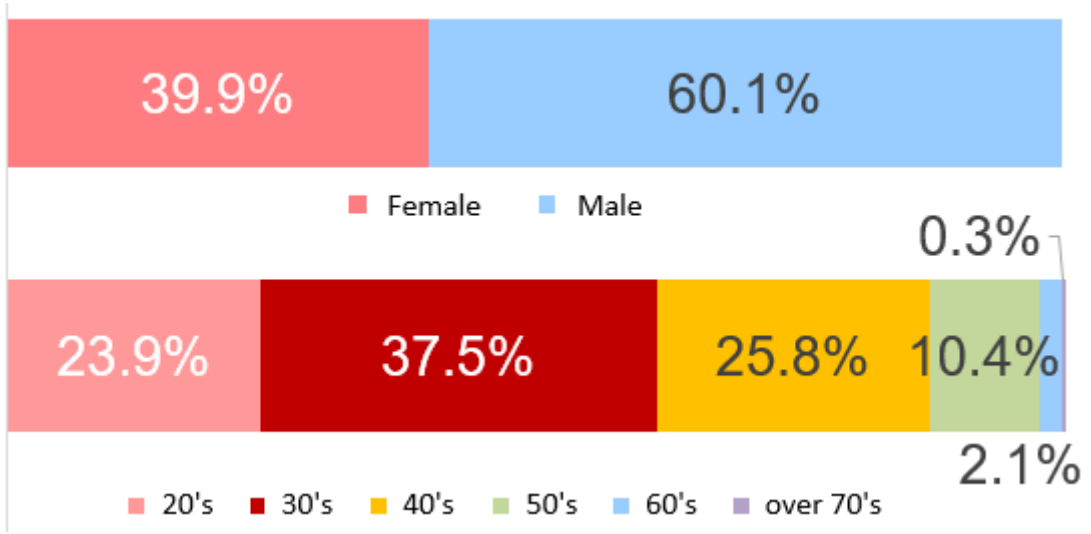
Increase Accounts leveraging the Rakuten Ecosystem Younger Generation building Assets for the Future

- Number of accounts has rapidly increased recently by leveraging the Rakuten Ecosystem
- The number of general consumer, mainly younger generation has increased significantly
- Especially asset formation services, such as Tsumitate NISA, iDeCo, etc. is attracting younger generation

New Accounts



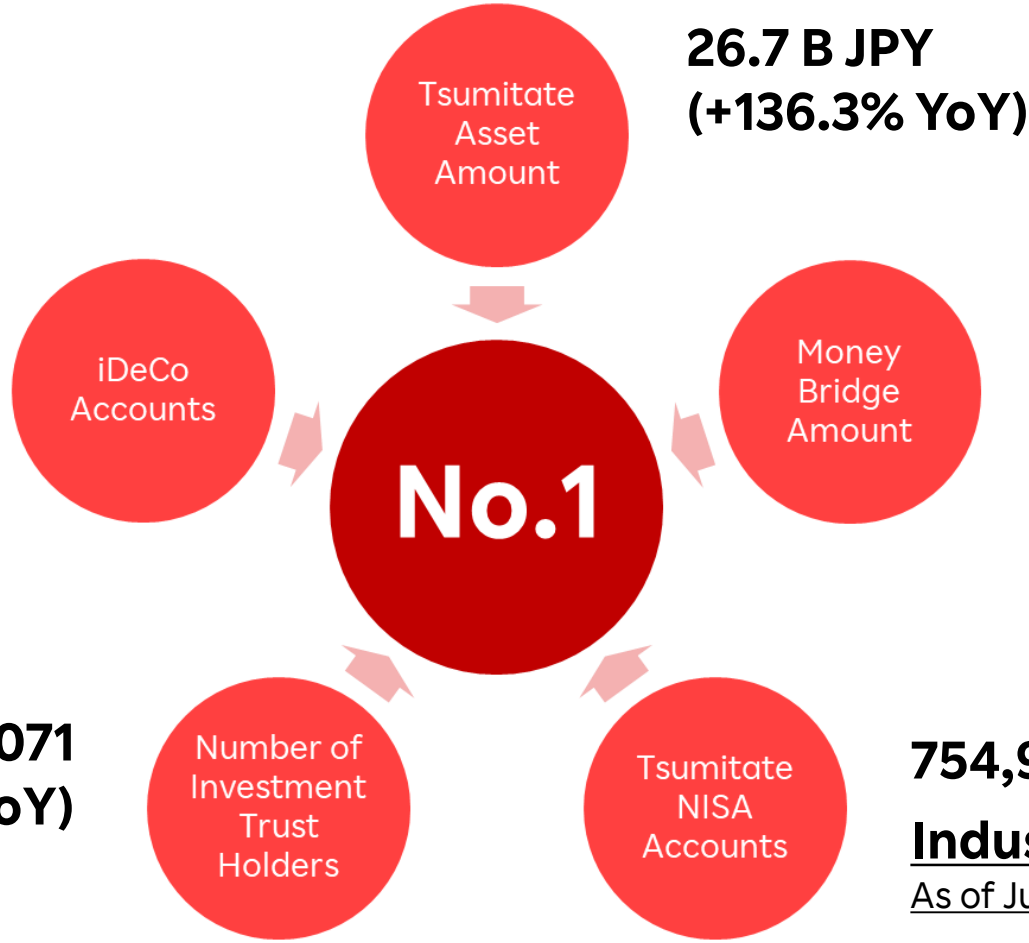
Tsumitate NISA Accounts



No.1 in Growth Rate: Best in Class for Asset Formation

- Expanding services that take advantage of the Rakuten Group's strength.
- Accelerate growth of asset formation-related services

(As of Sep/2020)



26.7 B JPY
(+136.3% YoY)

304,116
As of Aug/2020
(+49.1% YoY)

2,054 B JPY
(+80.2% YoY)

1,300,071
(+69.8% YoY)

754,943(+123.2% YoY)

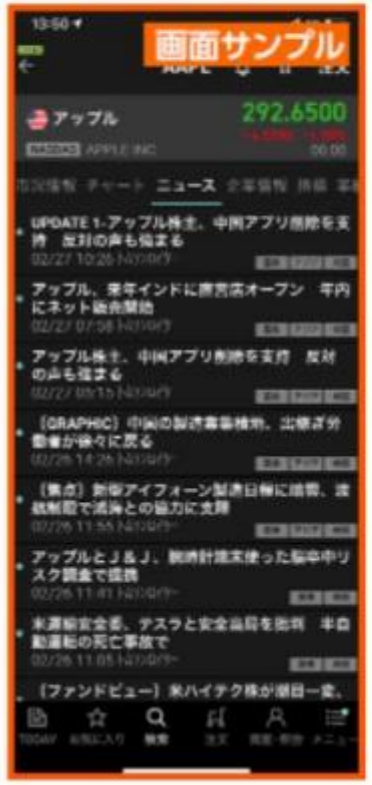
Industry Share: 25.9%
As of Jun 2020

* Survey by Rakuten Securities (As of Oct/2020)

Increasing US Stock Trading, especially Smartphone Transactions using iSPEED

- US stock trades increased by 14x YoY in Sep. 2020, of which 53% are via iSPEED which began in Apr. 2020
- Japanese stock trade also integrated into iSPEED. One-stop trading of Japanese and US stocks

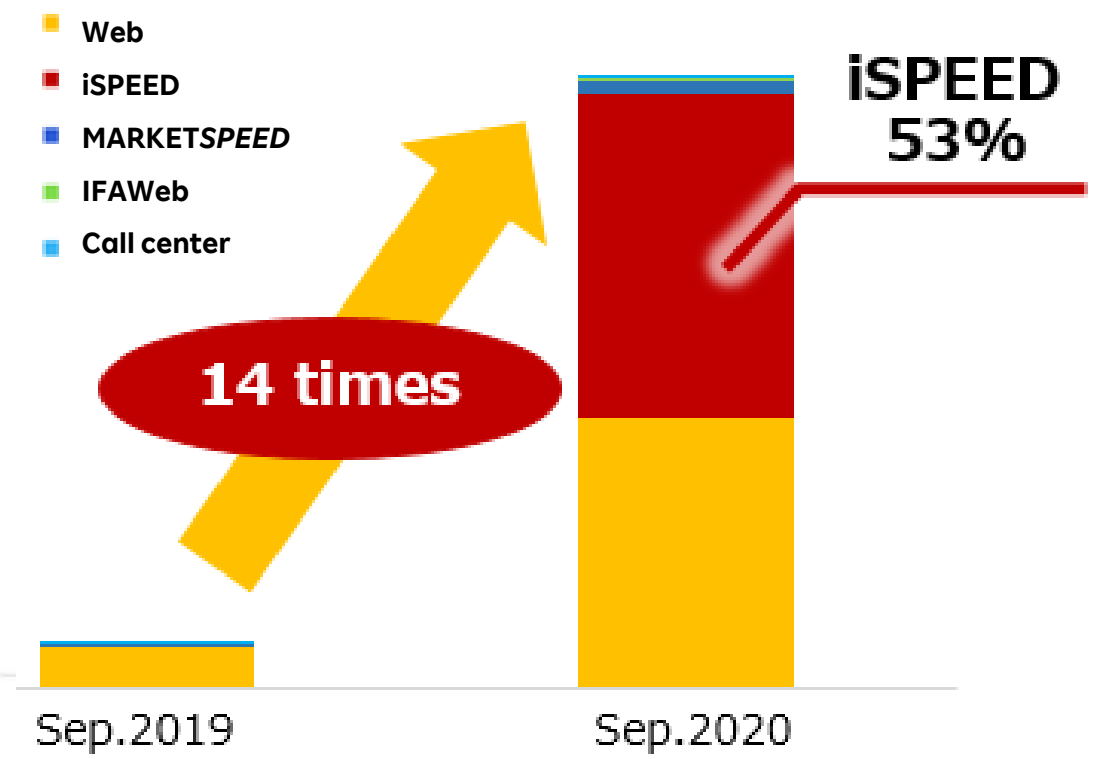
News



Chart

Favorite

Number of US Stock Trades by Channel



FinTech: Insurance

Full Lineup and One-stop Service

Rakuten 楽天生命
Life Insurance

Rakuten 楽天損保
General Insurance

Rakuten 楽天ペット保険
Pet Insurance

Rakuten 保険の総合窓口
Comprehensive Insurance Desk

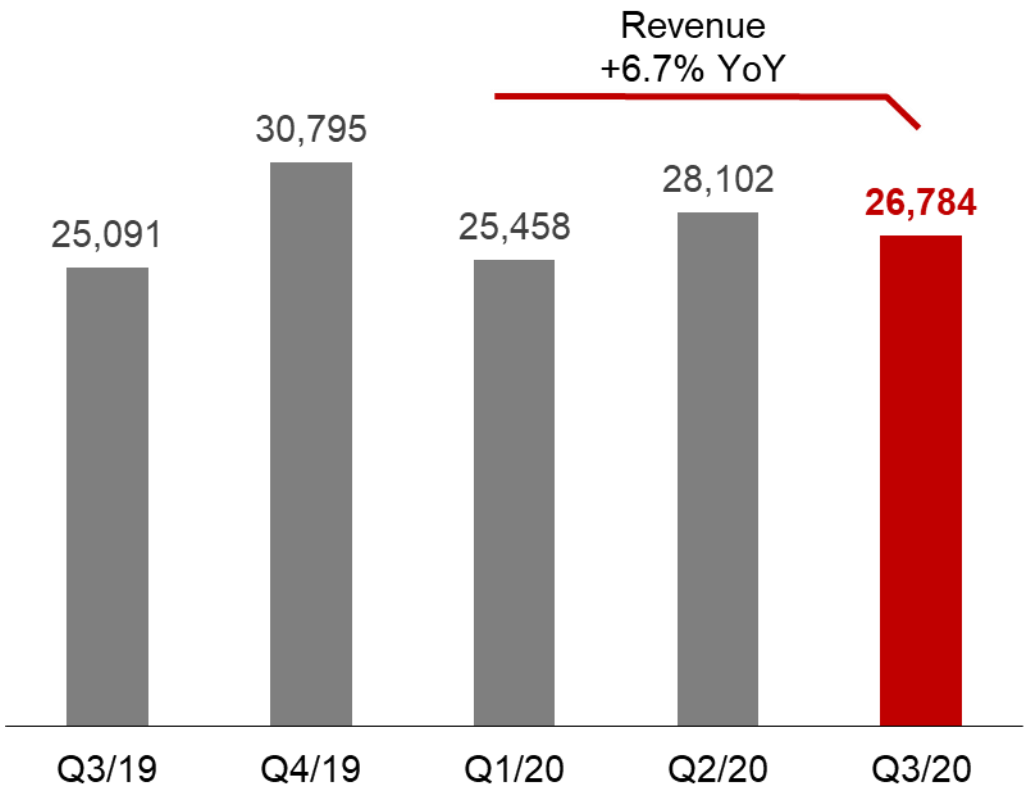
Comprehensive Operation
- ✓ Marketing
- ✓ Call Center
- ✓ System
- ✓ Other Operations

One Stop Service

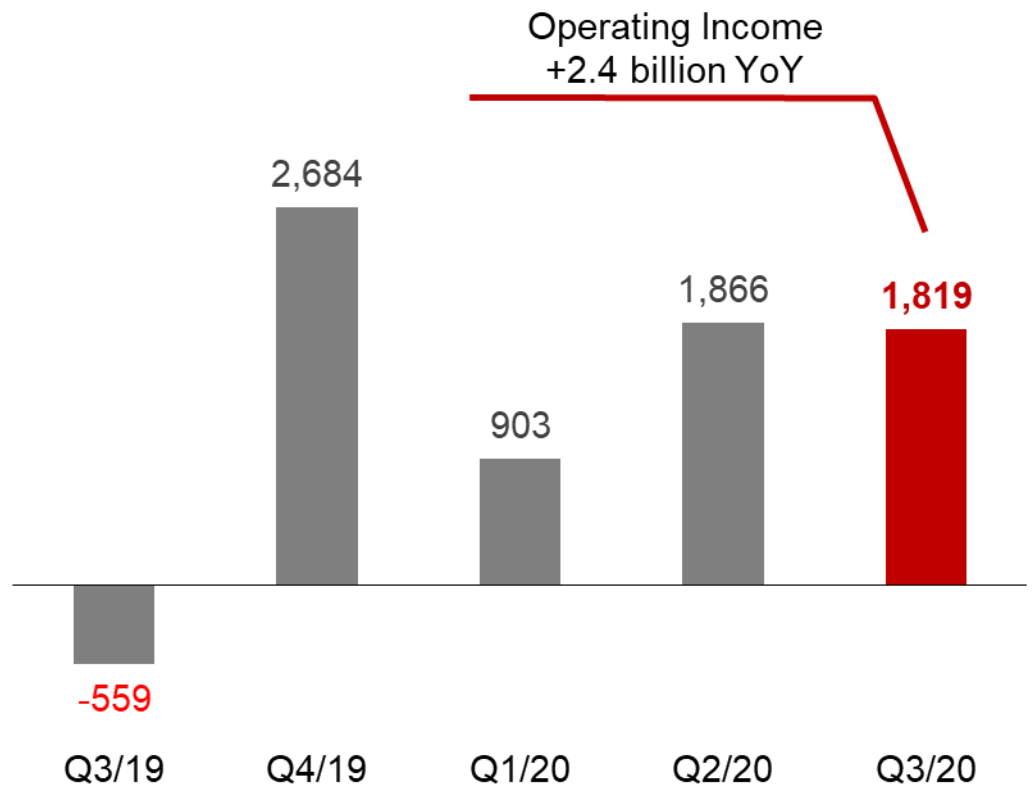
Insurance Business Results

- Revenue +6.7% YoY and Operating Income JPY +2.4 billion YoY from increase of new policies, cost reductions, and rebalancing of risk through reinsurance

(JPY mm)



(JPY mm)



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

Growth Driver: Rakuten Ecosystem Synergies

1

Rakuten 楽天損保
General Insurance

×

Rakuten
Ichiba

Home Appliance Extended Warranty

2

Rakuten 楽天ペット保険
Pet Insurance

×

Rakuten ペット割
Discount Program for Pet Owners

Free Pet Insurance for Pet Owners

Growth Driver: Rakuten Ecosystem Synergies

3

Rakuten 楽天生命 Life Insurance

Rakuten 楽天損保 General Insurance

×

Rakuten 楽天銀行 Bank

Group credit life insurance and fire insurance for mortgage users

4

Rakuten 楽天損保 General Insurance

×

Big Data

Rakuten

Japan's 1st* flood risk segmented type fire insurance

* As of January 2020, Rakuten General Insurance research

Growth Driver: Rakuten Ecosystem Synergies

5

Rakuten 楽天生命
Life Insurance

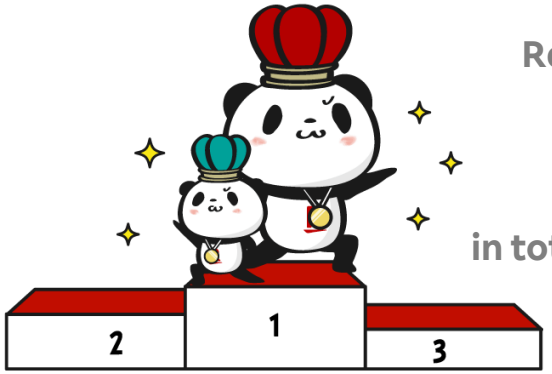
Rakuten 楽天損保
General Insurance

Rakuten 楽天ペット保険
Pet Insurance

×

R POINT

Collect and use Rakuten Points with Insurance



Rakuten Points are
No.1
in total satisfaction survey

*My voice com, Survey on points, July 2020

Future Growth with AI Assistant

AI assistant “ARIA” can support wide range of agency operations

- ✓ **Manage schedule**
- ✓ **Create insurance product proposals**

etc.

FinTech: Payment

Rakuten Payment Provide Various Services

Rakuten Payment

R Pay

R POINT

Rakuten チェック

R Edy

Comprehensive Lineup to Support Merchants

Providing comprehensive services from store visit promotion to payment and marketing

Promotion of Store Visits

Rakuten チェック

Sales Promotion

R POINT

Payment

R Pay　R Edy　Rakuten 楽天銀行 Bank

Data analysis / Marketing

Rakuten Pay expansion with unique value

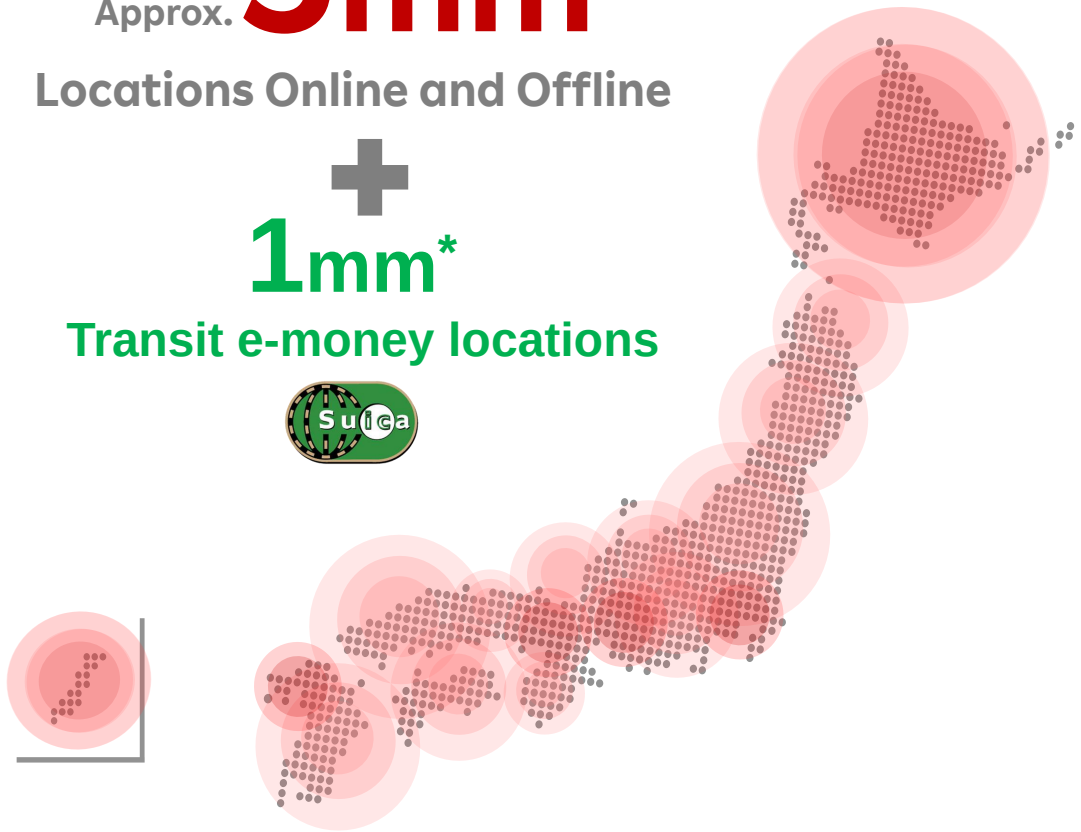
Approx. **5mm**

Locations Online and Offline

+

1mm*

Transit e-money locations



* As of end of Sep 2020

Added value of Rakuten Pay

- ✓ **Attract customers using Rakuten Points**
- ✓ **In-depth data analysis**
- ✓ **Safe and Secure Security**

Strong Growth of Rakuten Pay

The Total Number of Rakuten Pay Users*

50 Million

(As of Sep 2020)

* Monthly active users with settlement based on registration of Rakuten ID. Cumulative number from each business

Attracting users to Rakuten Ecosystem

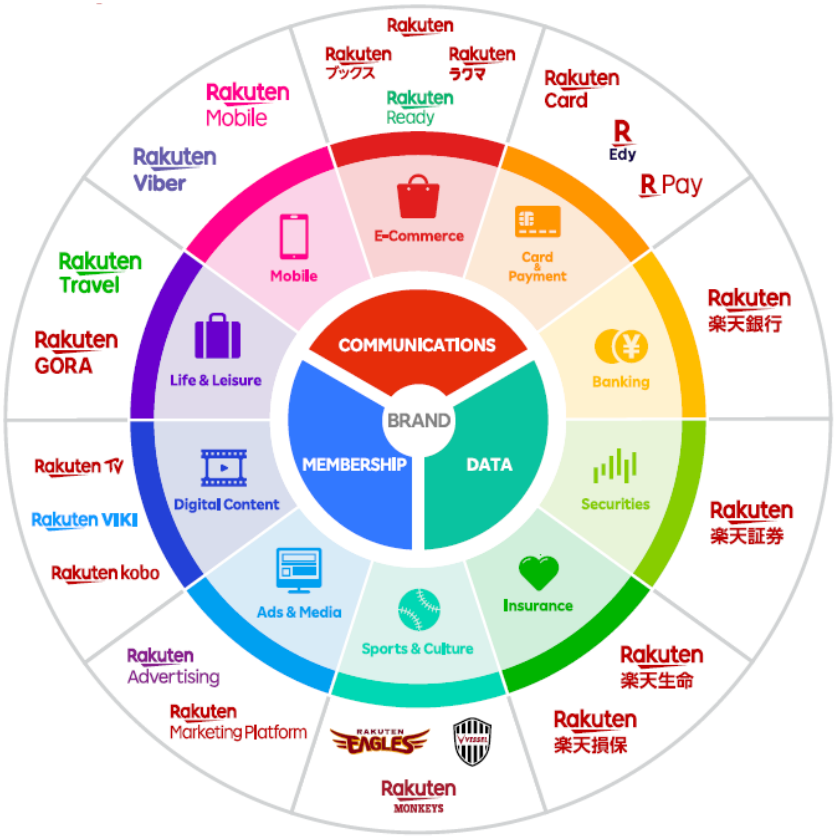
1 of 4 new Rakuten members is from Rakuten Payment

R Pay

R Edy

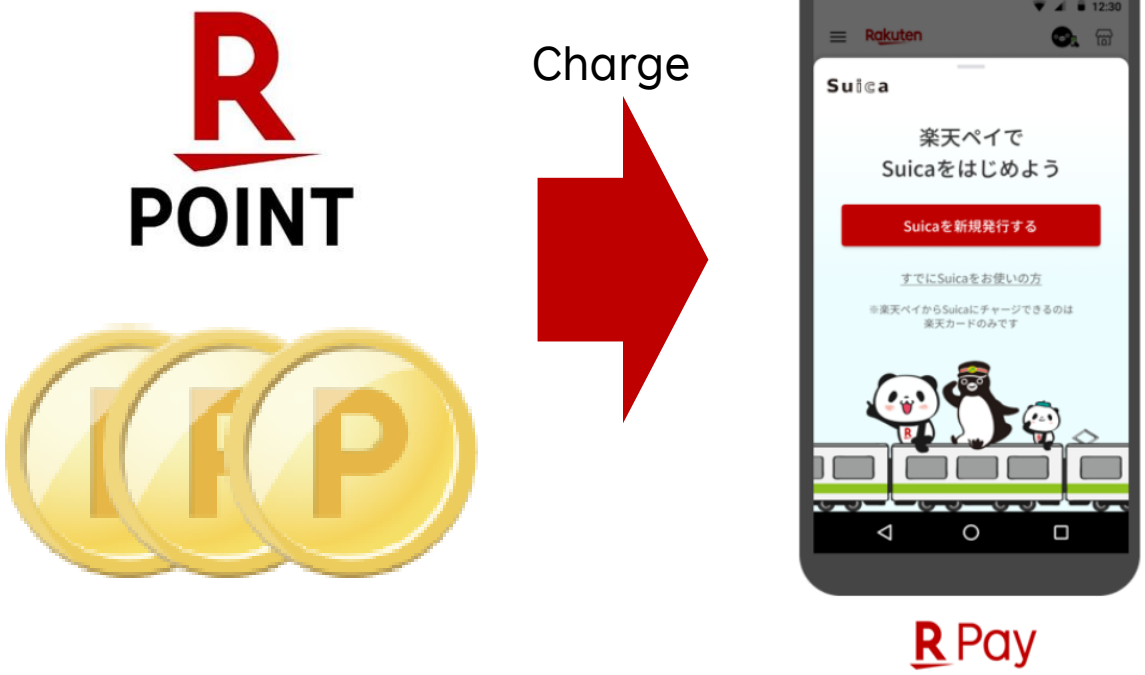
R POINT

Rakuten チェック

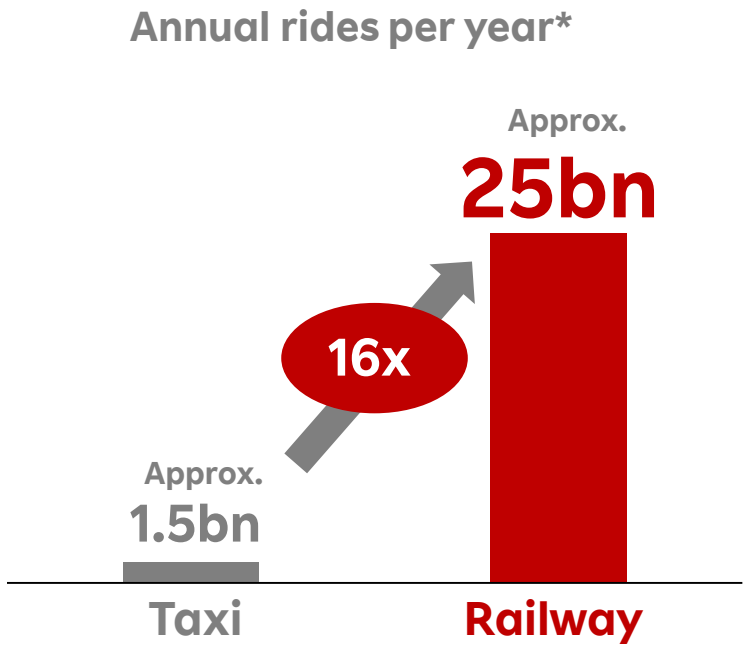


New initiative: Rakuten Pay - Suica Linkage

Charge Suica with Rakuten Point to be released soon



Railways is the mainstream of Japanese mobility

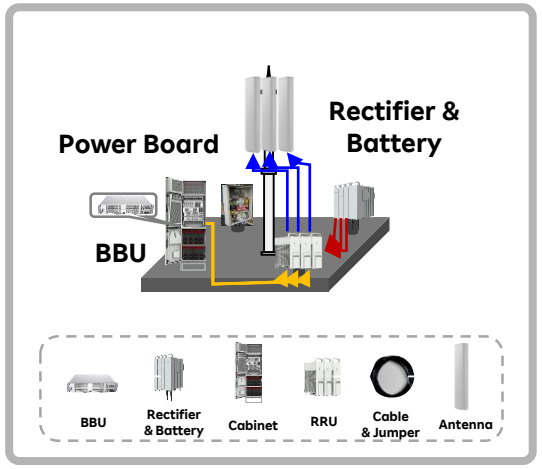


* Ministry of Land, Infrastructure, Transport and Tourism “Annual statistical report of train”(2016)
* General incorporated association, Japan Hires and Taxies association, “Changes in passengers carried and operating revenue”

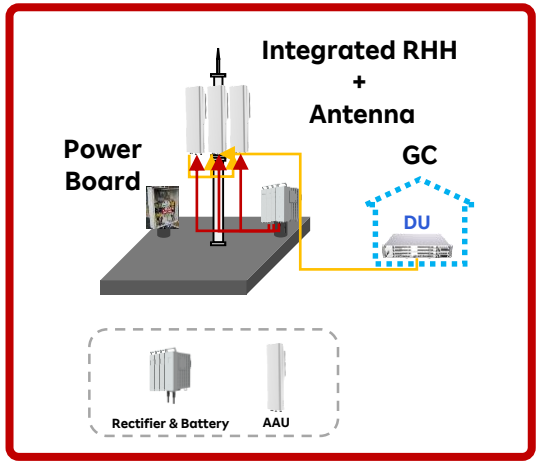
Mobile

Unlimited 5G with No Additional Fee

Traditional Network



Rakuten Virtualized Network



CAPEX ← 40%

OPEX ← 30%

Rakuten UN-LIMIT V

2,980 yen

Continually evolving ゼロ ZERO DECLARATION 宣言

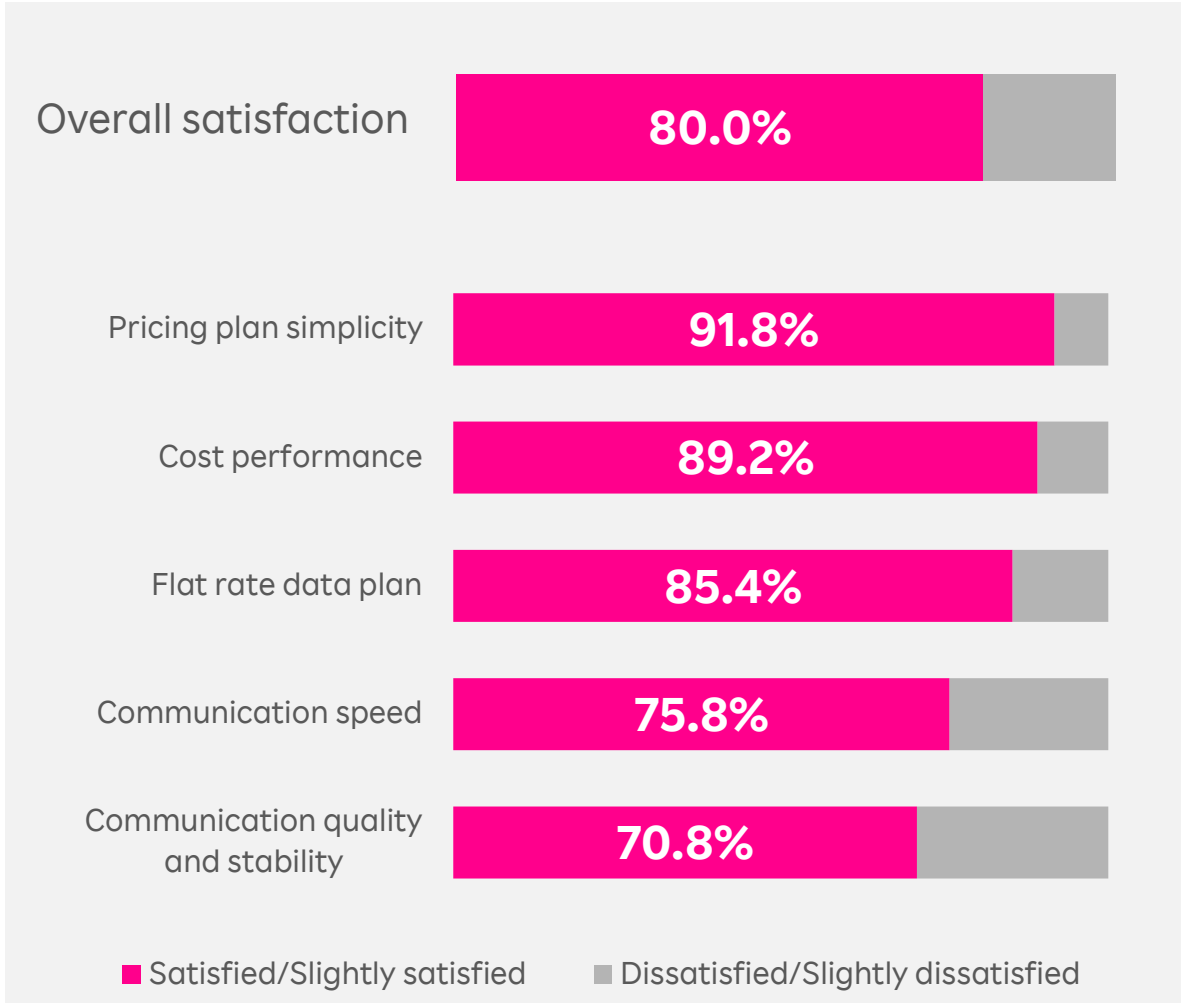
- ✔ First year of service (2,980 yen/month) *1 — 0 yen
- ✔ 5G service (certain areas only. Plans) *2 — 0 yen
- ✔ Domestic calls with Rakuten Link *3 — 0 yen
- ✔ Contract sign up fee — 0 yen
- ✔ SIM exchange fee — 0 yen
- ✔ SIM re-issuing fee — 0 yen
- ✔ MNP transfer fee — 0 yen
- ✔ Contract cancellation fee — 0 yen

*1 Free offer limited to one contract and one application per customer. The number of eligible customers may change depending on the number of applications. Separate charges apply for product purchases, options fees, calls and others. *2 Included in price of plan. 5G service is available in certain areas. Please check the 5G services areas for more details.
*3 When using Rakuten Link app. When not using app, 20 yen/30s. Certain numbers excluded.

No. 1 Customer Satisfaction

No.1 Overall Satisfaction

No. 1	Rakuten Mobile
No. 2	au
No. 3	docomo
No. 4	SoftBank



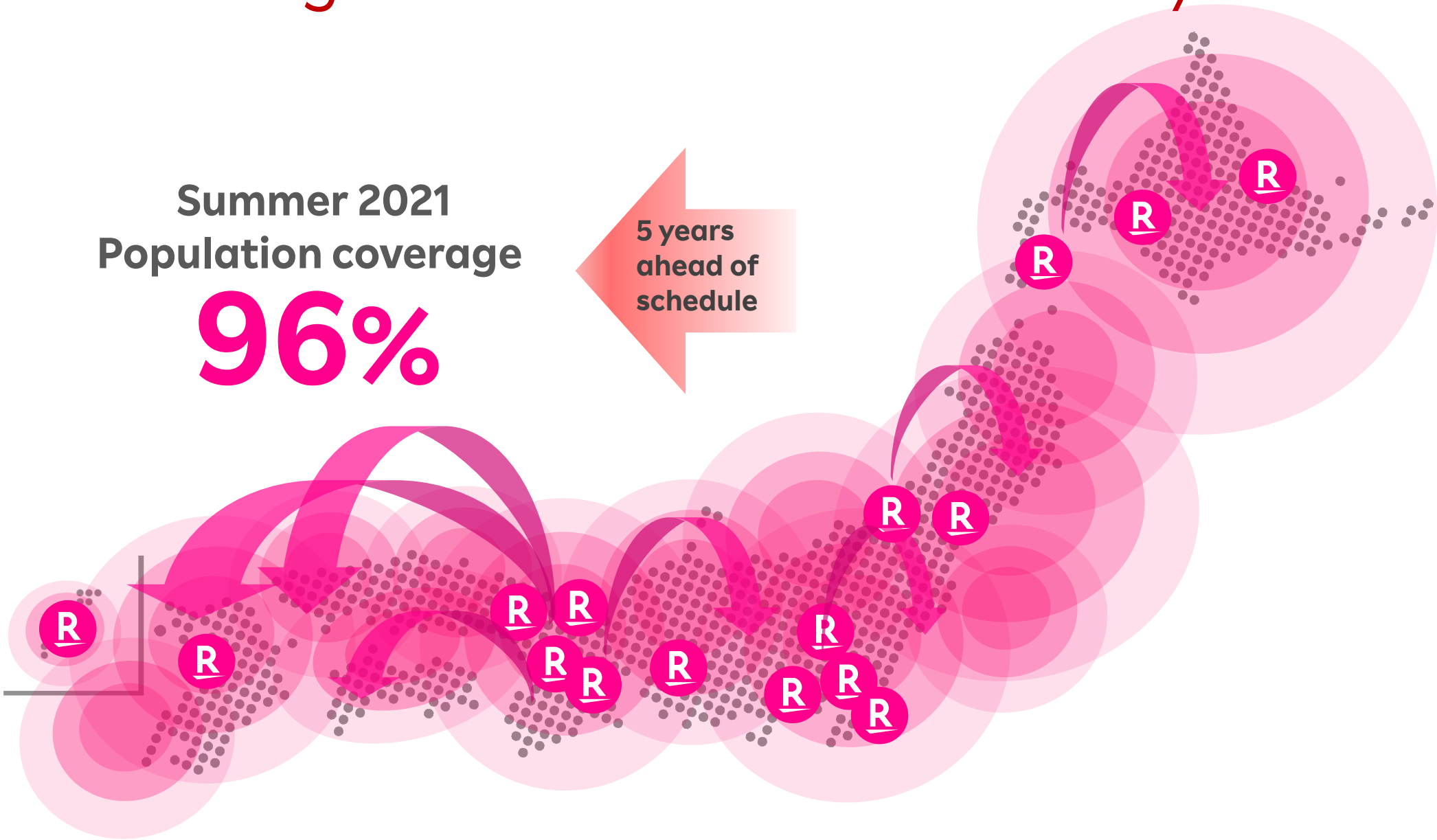
* Source: MMD labo, November 2020. “November 2020 satisfaction survey of 4 major carriers”

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

Accelerating 4G Network Buildout Plan by 5 Years

Summer 2021
Population coverage
96%

5 years ahead of schedule



Using AST Communication Network for 100% Area Coverage of Japan

Rakuten Mobile AST

Broadband available anywhere

Secure communication network, even in the event of a disaster

100% Global coverage

More rapid expansion of 4G and 5G area coverage

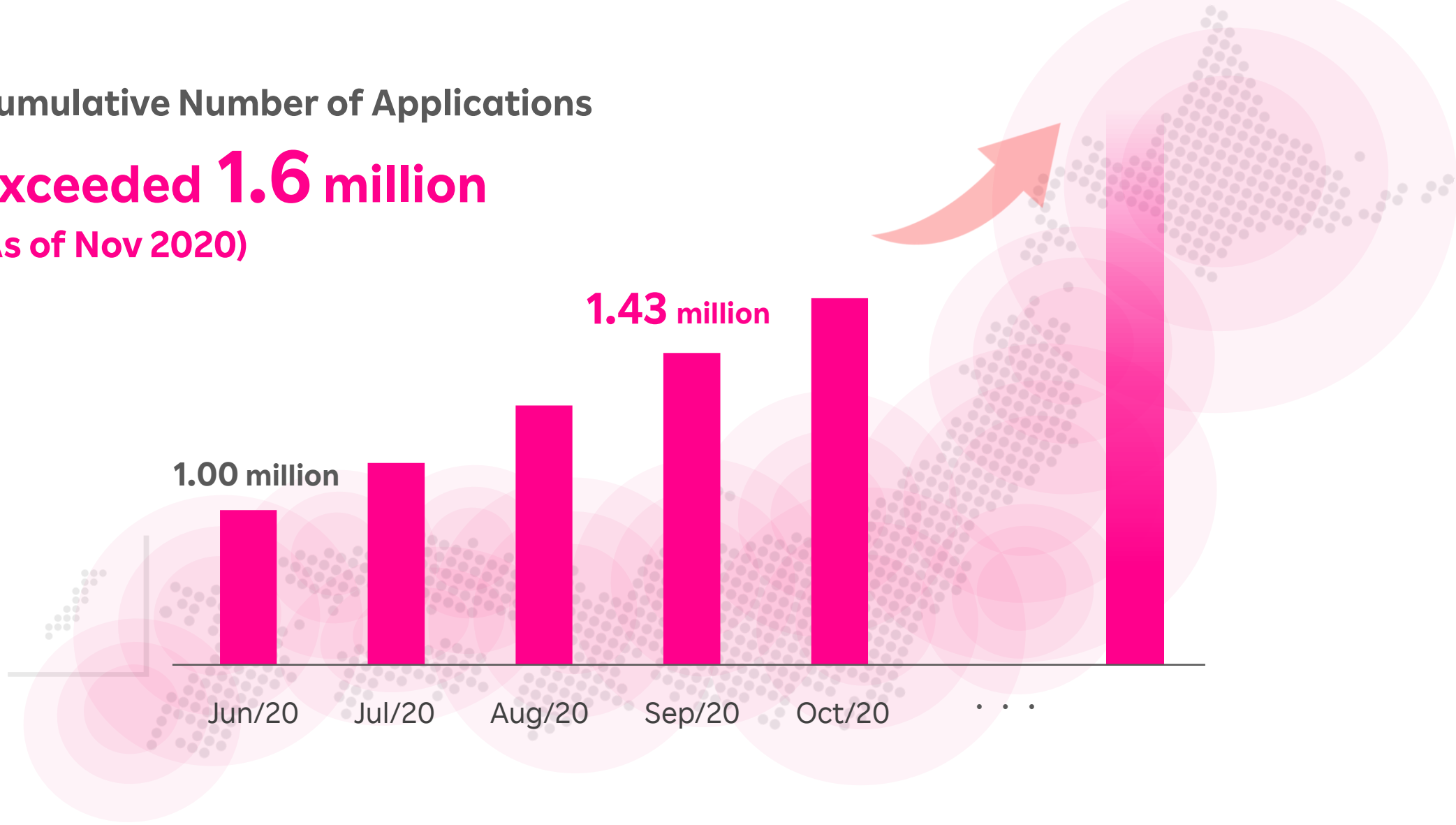
BlueWalker 1 lift off (April 2019)

Accelerating Customer Acquisition with Coverage Area

Cumulative Number of Applications

Exceeded 1.6 million

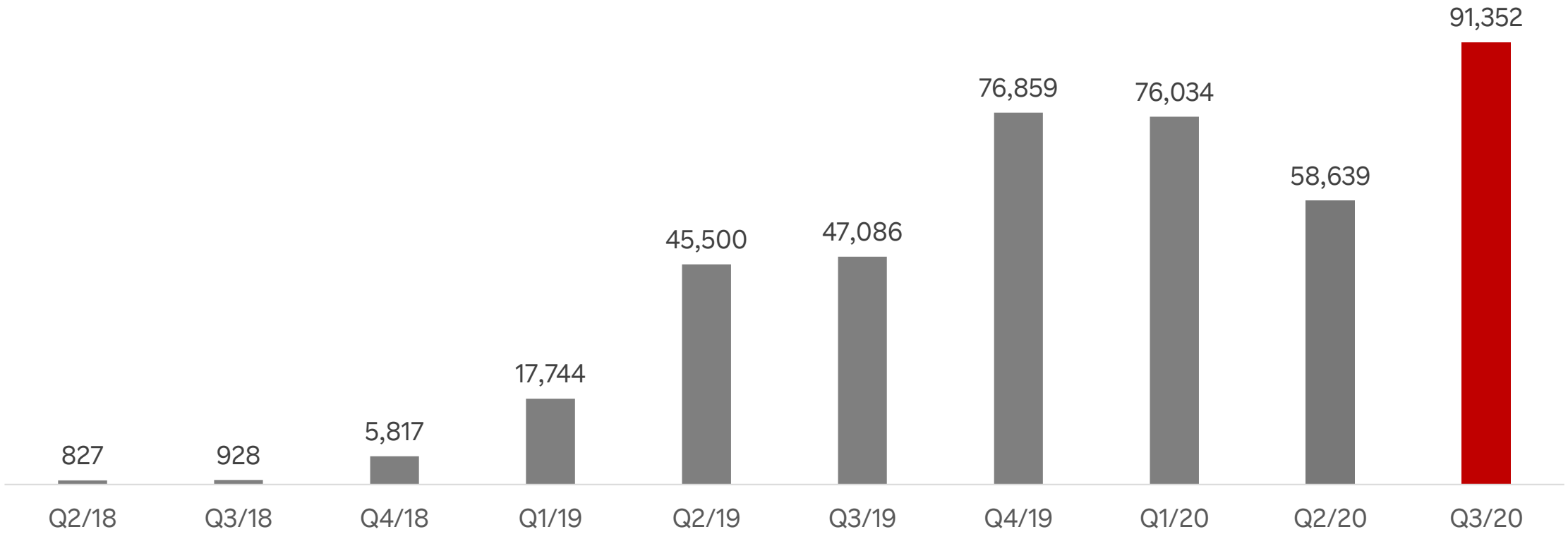
(As of Nov 2020)



Mobile Segment: Amount of Increased Fixed Assets

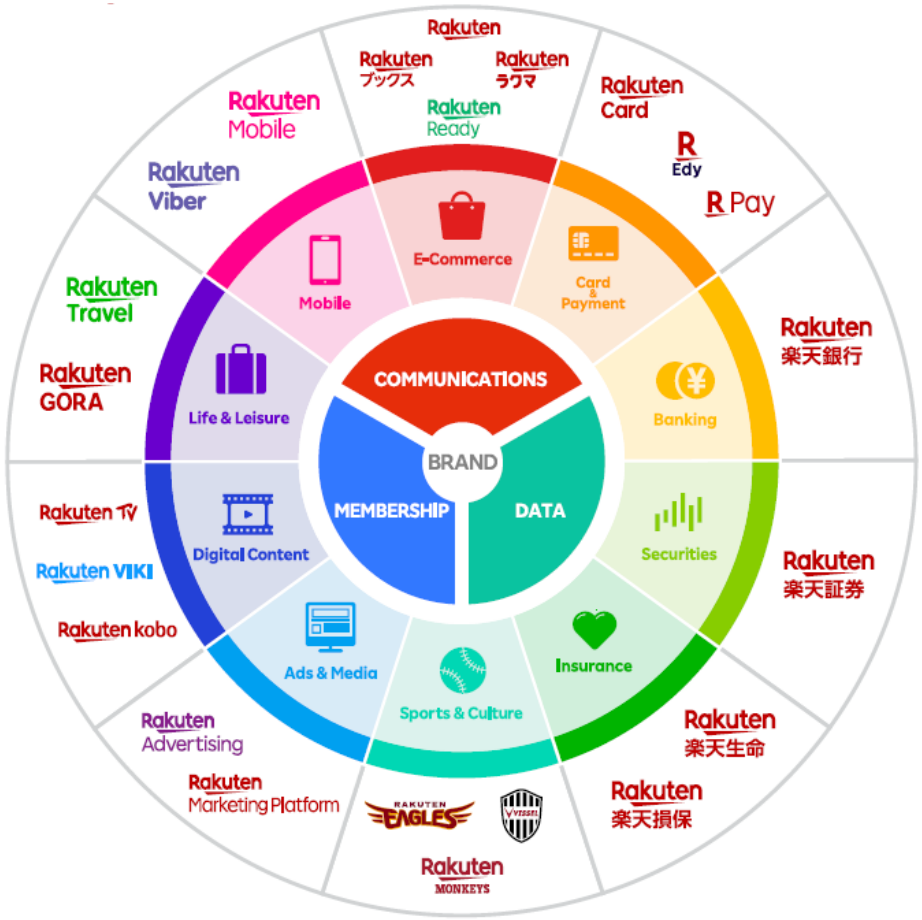
(JPY mm)

Amount of increased Tangible and Intangible Assets*



*Acquisition basis
*Includes amount of increased fixed assets of Mobile segment (Rakuten Communications, MNO business, MVNE & O businesses, Rakuten Viber, and Energy businesses)

Rakuten Mobile: Synergy with Rakuten Ecosystem



Rakuten Mobile

High retention
High frequency of use
Long-term service use

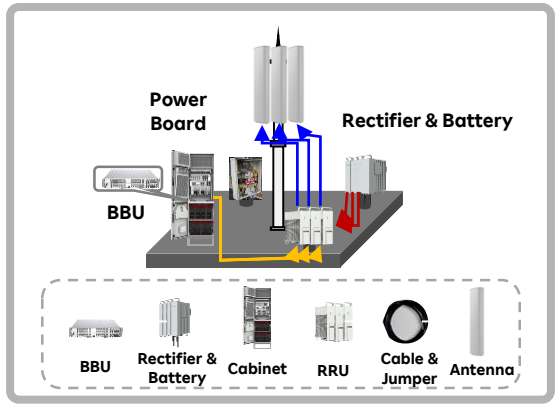
Going Global with Rakuten Communications Platform

Japan MNO Service

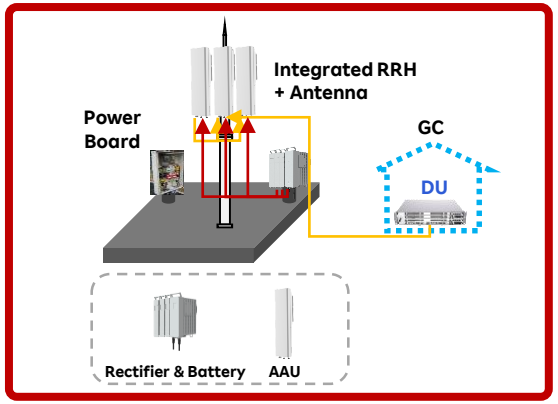
Developed and Deployed World's First Fully Virtualized Network

- 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

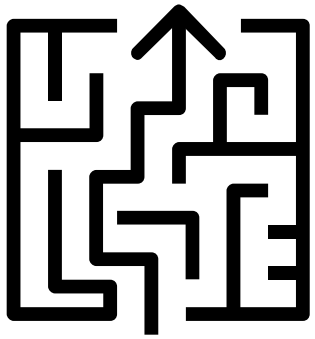
Going Global

Targeting the $1tn+ Mobile industry via Innovation

Mobile Technology

Rakuten Mobile is Created with a Unique Vision

VISION



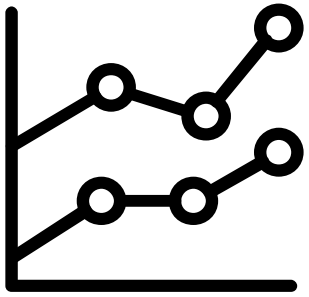
COURAGE TO EXPLORE

Choice was cloud native, virtual network over legacy architecture

World's largest ecosystem of technology companies led by US and its allies

World's First Open, Cloud-native Virtualized, Automated Network

ARCHITECTURE



PERFORMANCE • DELIVERED

A scalable solution in dense urban areas with high traffic demands

40% CAPEX & 30% OPEX efficiency benefit on track

Ultimate High Performance OpenRAN Network

TRANSPARENCY

SECURITY

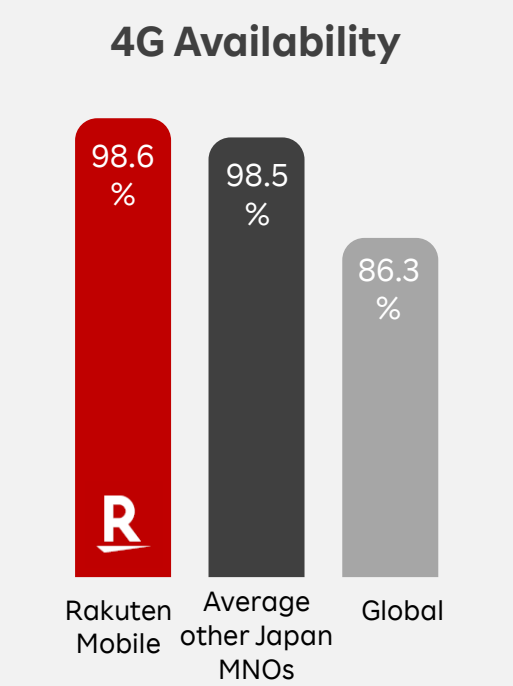
First & only cloud-native oRAN 5G Clean Telco

Supply chain transparency

Zero-trust policy

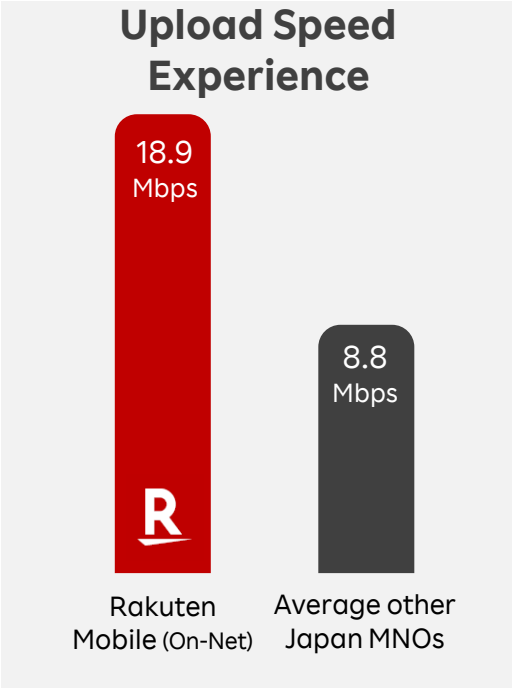
Unparalleled Trust and Security

Globally Recognized NW Performance

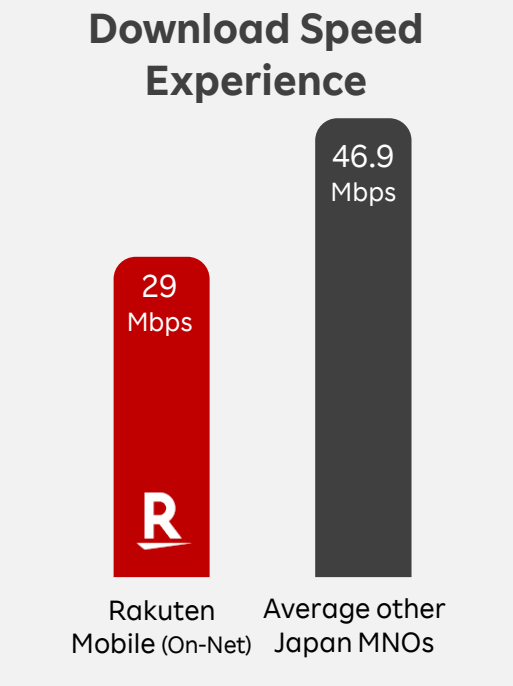


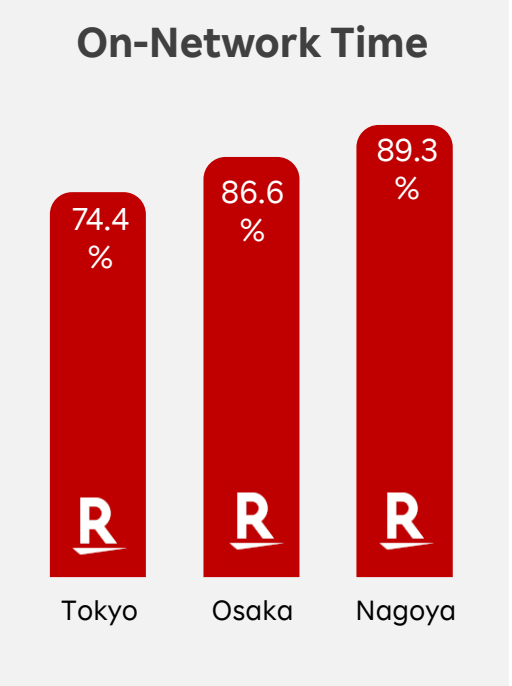
No. 2 in the World[*1]

Foundation for **5G** network services



No. 1 in Japan[*2]



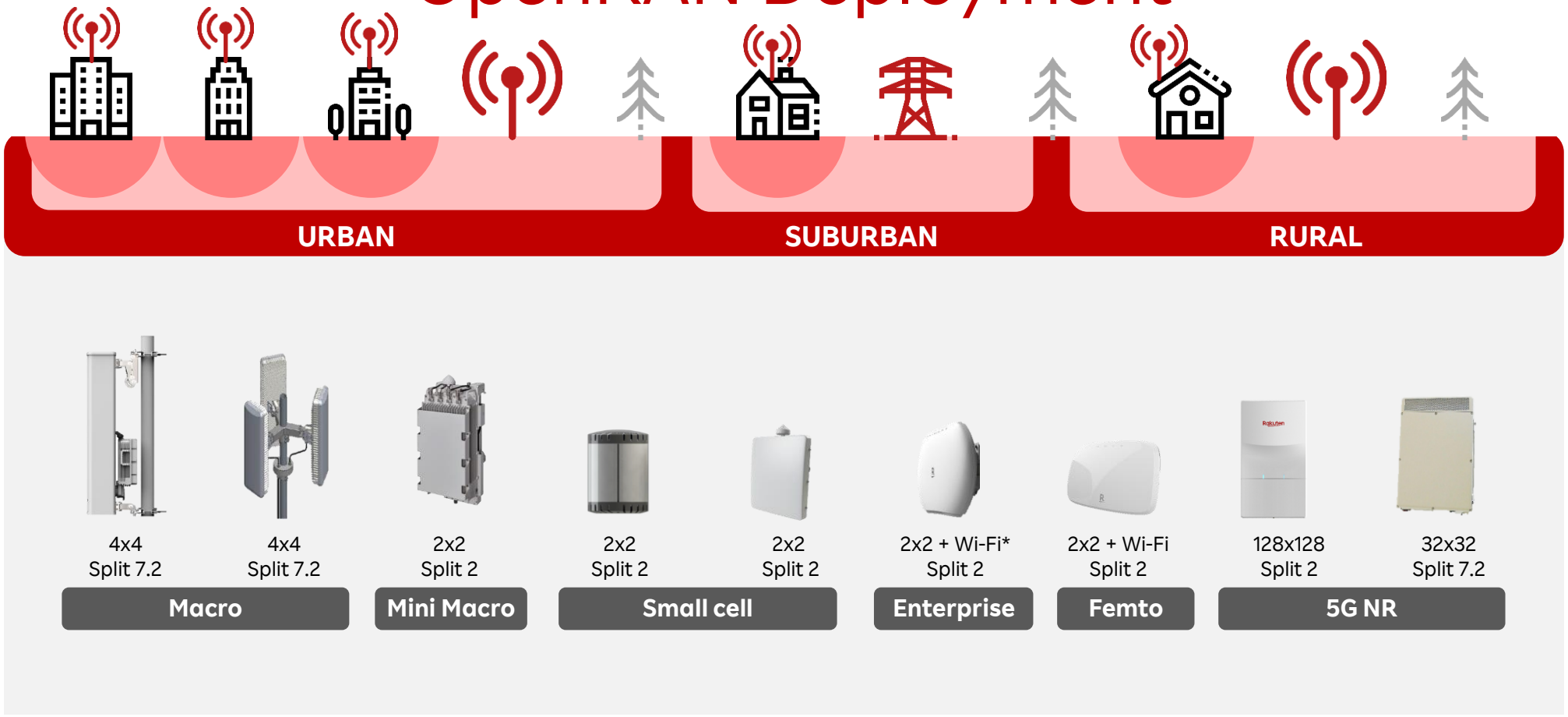


Increasing **the time spend on our network** significantly[*2]

Top NW performance despite we have only 1/6 of our competitor's spectrum holding

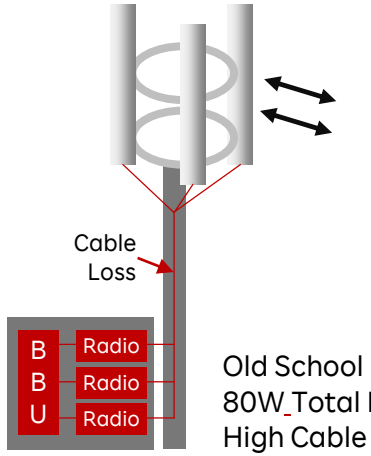
Opensignal Awards:
*1 Global Mobile Network Experience Awards 2020 based on independent analysis of mobile measurements recorded during the period January 1 – June 28, 2019 & 2020. 95,867,800 devices with 403,023,311,230 measurements.
*2 Quantifying the real 'on-net' Rakuten network experience October 2020, based on independent analysis of mobile measurements recorded during the period September 1 – 30, 2020
© 2020 Opensignal Limited.

One of the World's Largest HetNet OpenRAN Deployment



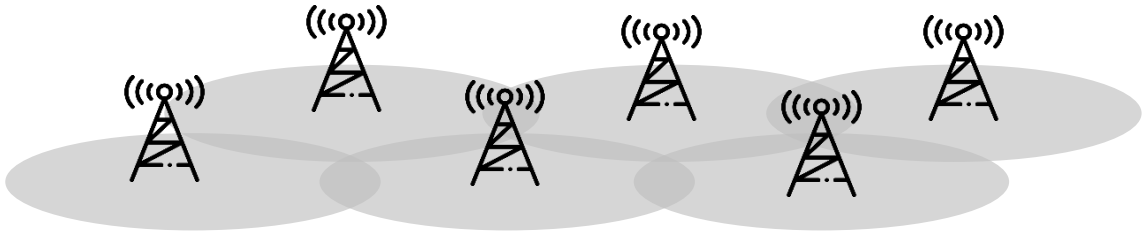
Integrated HetNet Approach allows us to manage existing spectrum better

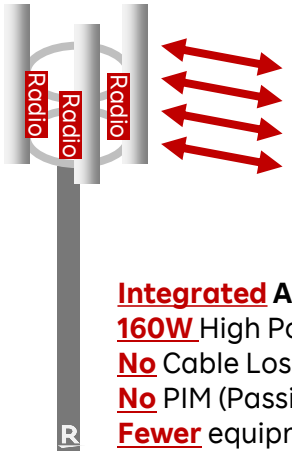
30%-40% Better Coverage* Per Site



Old School RRH/RU
80W Total Power RRH
High Cable Loss / PIM

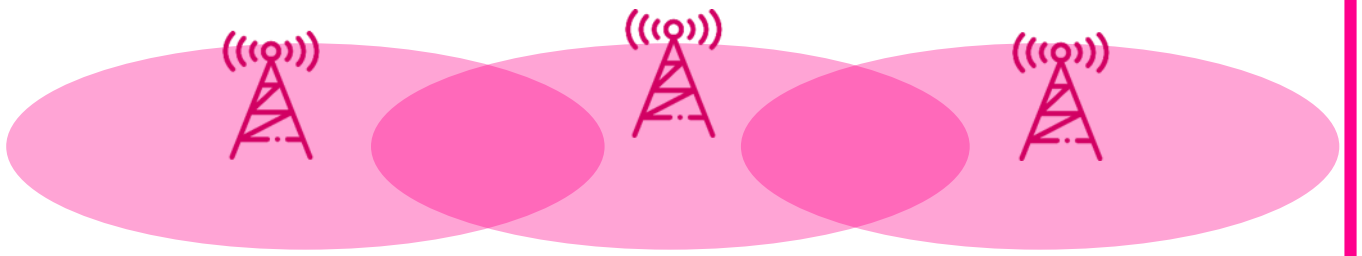
Other Operators





Integrated Antenna & Radios
160W High Power RRH
No Cable Loss
No PIM (Passive Intermodulation)
Fewer equipment in the site

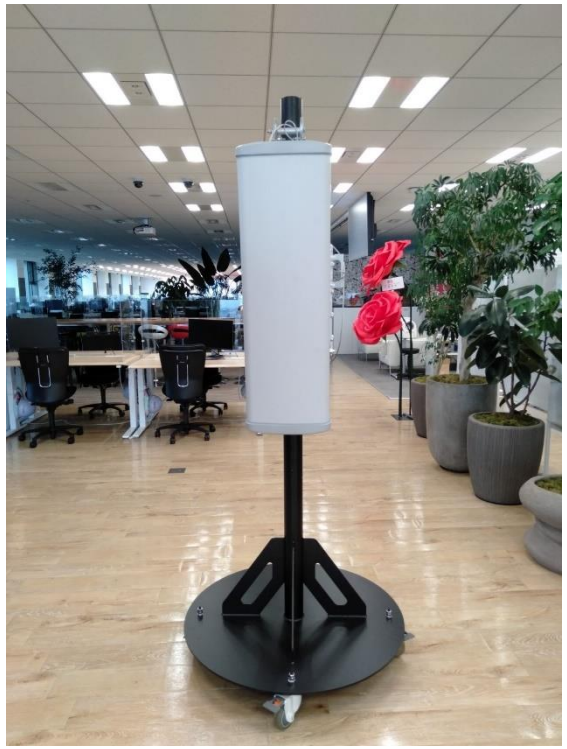
Rakuten Mobile



Fewer sites required for national coverage

*Compared to traditional network architecture

Rakuten Mobile Examples of Radio Units

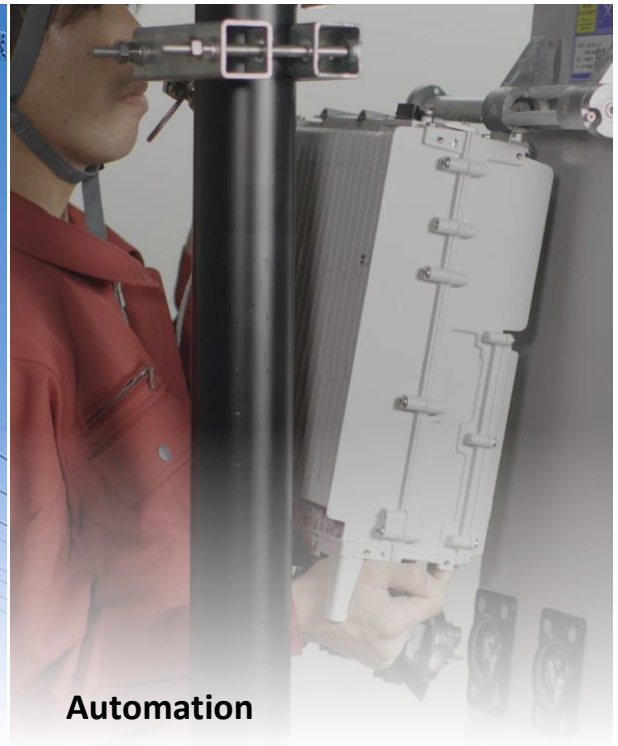


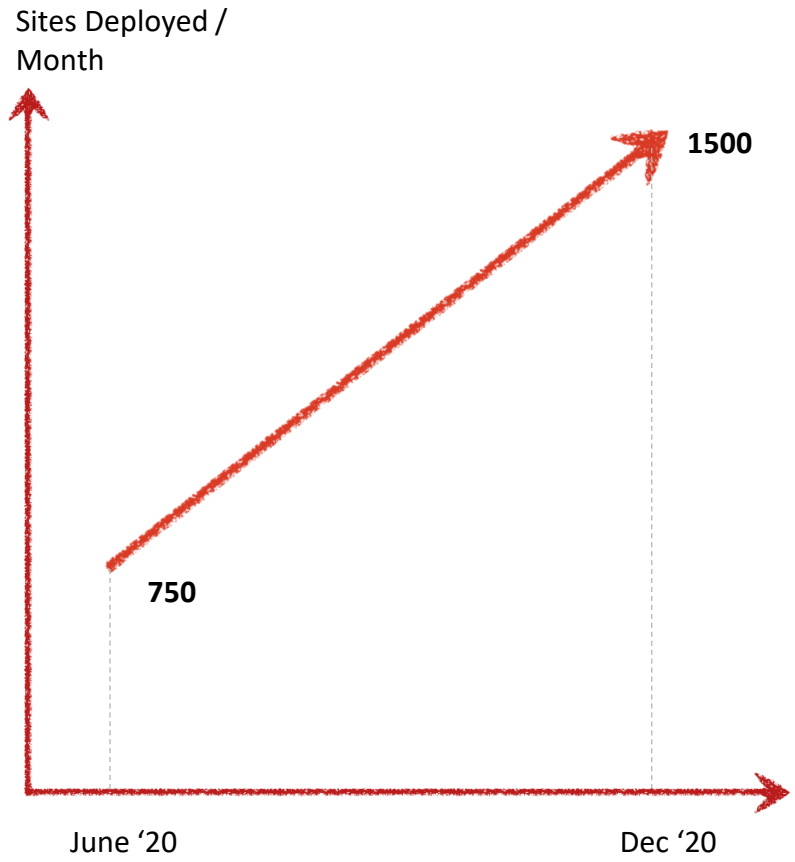
4G Antenna with piggybacked Nokia Band-3 RU

Deployment Speed is Increasing

Simple Radio Solution

Concrete Pole


Automation



We are increasing our site deployment rate from 750 sites to 1,500 sites per month

5G Enabled Fully Containerized VoRAN

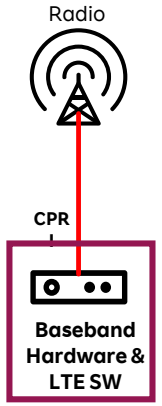
Launched Rakuten Big, Sub6 and mmWave 5G network

Rakuten 5G products

Rakuten BIG

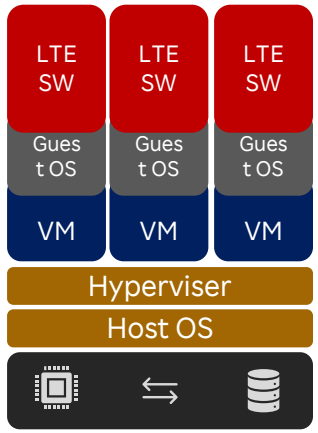
5G mmWave

5G sub-6



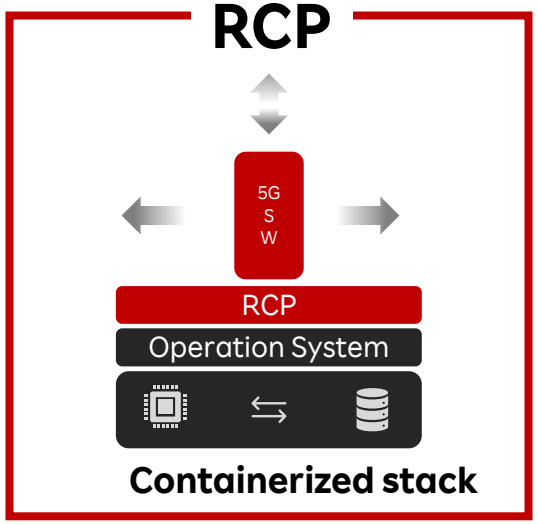
Legacy

Legacy custom-build hardware with proprietary software implementation



Virtualized Stack

oRAN compliant software deployed as VNF (Virtual Network Function) on COTS hardware

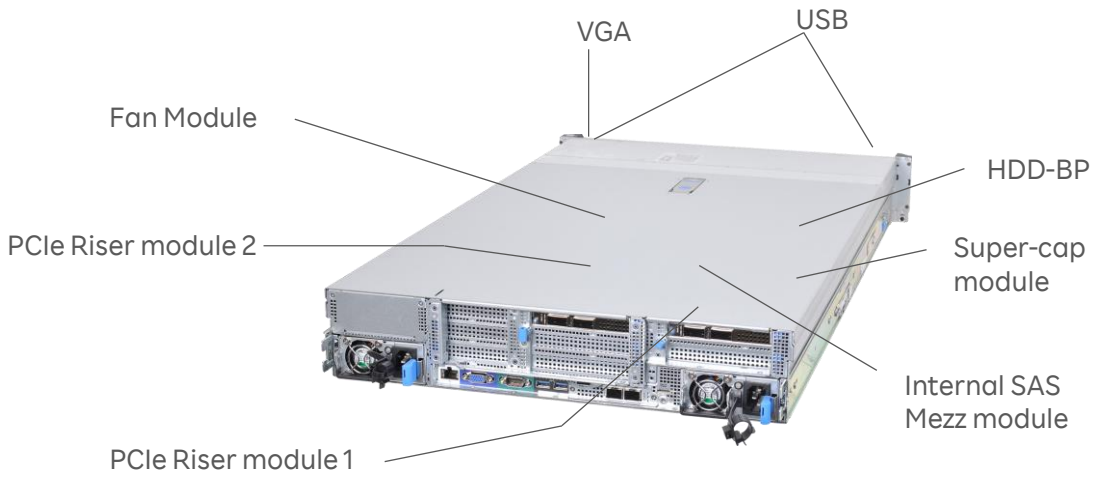


Containerized stack

oRAN compliant software deployed as CNF (Containerized Network Function) on RCP platform

RGS+ RGS-e

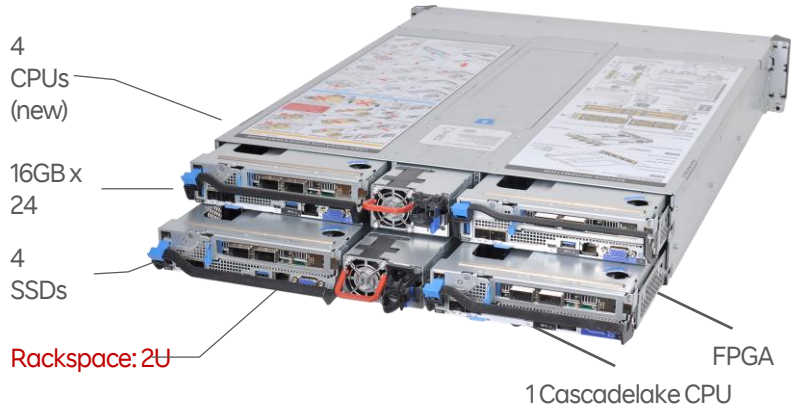
RGS



Features

- The RGS powers Rakuten Mobile's central data center
- Dual Intel Xeon scalable processors
- 1 front VGA port and 2 front USB port for chassis management
- Modularized PCIe risers, flexible and scalable I/O options deliver essential HW acceleration that serves demanding Telco services
- Unique tool-less designs throughout QCT products also attribute to easy service and maintenance

RGSe



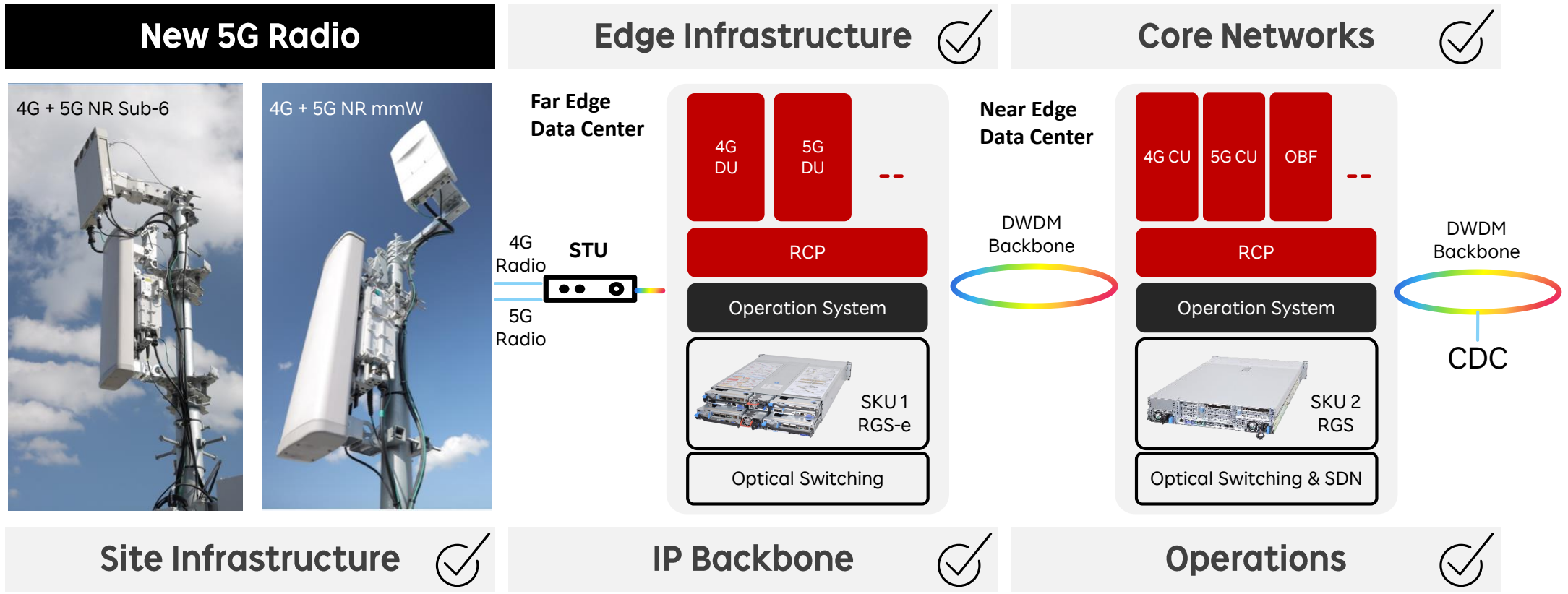
Memory: 16GB x 6
1 SSD

16 Mobile base stations per server

Features

- The RGS-e powers Rakuten Mobile's edge data centers
- Intel Xeon scalable processors
- Equipped with flexible I/O options for FPGAs, an additional M.2 SSD for OS installation, and memory expansion
- Designed to flexibly support both 10Gb SFP+ and Dual 1GBbE RJ45 LoM
- Features tool-less power distribution board (PDB) and fan modules to minimize service downtime

4G Enabler for 5G Deployment



We will have the highest re-use of existing infrastructure for 5G

Contents Business

Growing Overseas Content Businesses due to COVID-19

Q3/20 vs Q4/19

Rakuten VIKI

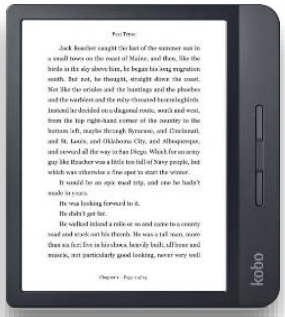
Registered Users

+8.9mm

Rakuten kobo

Registered Users

+5.4mm



Rakuten TV

Total Users*

+11.0mm

* Total of registered users and non-registered AVOD (Advertising Video On Demand) users

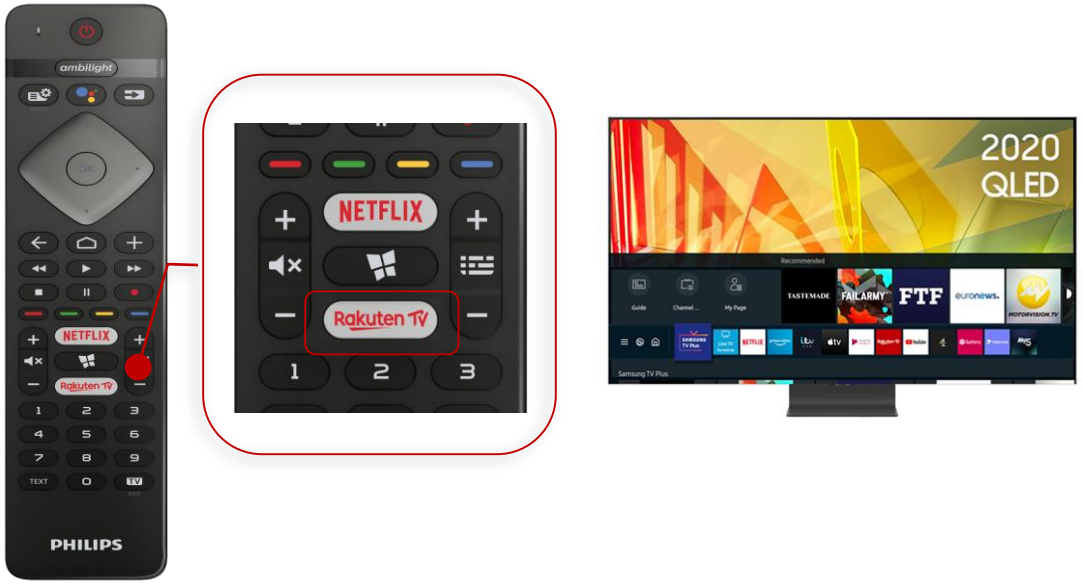
Growing Overseas Content Businesses due to COVID-19

Rakuten VIKI

Rakuten kobo

Rakuten TV

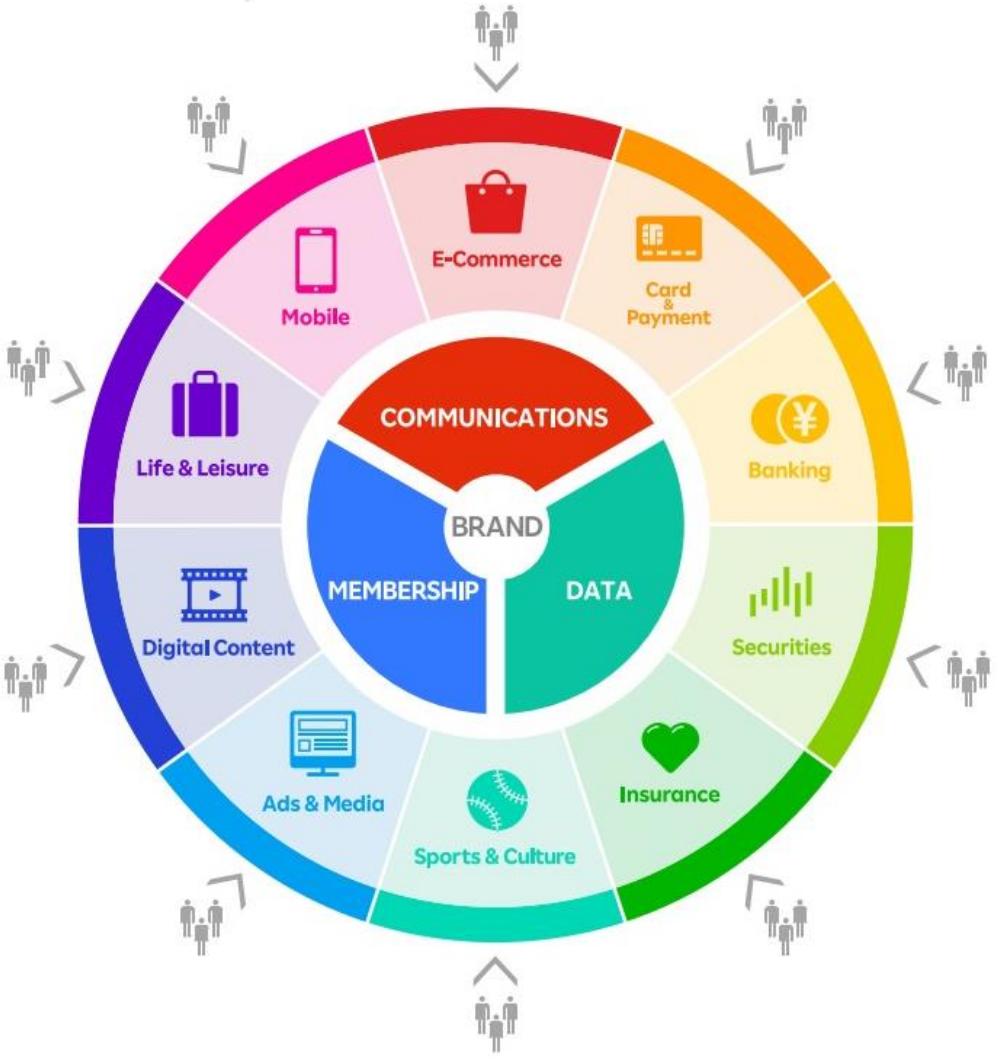
Initiative for Expanding Rakuten TV Users



Expanded to **90mn households** in **43** European Countries

Marketing Strategy

Strengths: Powerful and Unique Ecosystem



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.

Rakuten's Unique Point Program

1. Rakuten Point ≒ Cash (1point＝1 yen, point usage rate: over 90%)

2. Ease of accumulation, use (Annual issued points: approx. 320 billion)

- **SPU (Super Point Up Program)**
  Use more Rakuten Group services, yield points **at most 16times** through shopping at Rakuteb Ichiba

- **Available for various services in the Group such as Rakuten Ichiba, Rakuten and Rakuten Card**

- **Over 5million* available places nationwide both for on-line/off-line outside the Group services**

FamilyMart　ビックカメラ　IDEMITSU　薬 DRUG & COSMETIC サンドラッグ

Nurture customer loyalty / Platform chosen by customers

*Online (Rakuten Ichiba, Rakuten Travel Rakuten Pay Online, etc.) and off-line (Rakuten Pay, Rakuten Point card, Rakuten Edy) available places

Enhancement of the SPU Program to accelerate Cross-Use

- Enhance and improve SPU program to accelerate cross-use while controlling costs

Rakuten

Rakuten Card

Rakuten ブックス

Rakuten Travel

Rakuten 楽天銀行

Rakuten 楽天証券

Rakuten 楽天生命

Rakuten 楽天損保

Rakuten 楽天ペット保険

Rakuten Energy

Rakuten Fashion

Rakuten

R SPU!

16x

Rakuten BEAUTY

Rakuten TV

Rakuten kobo

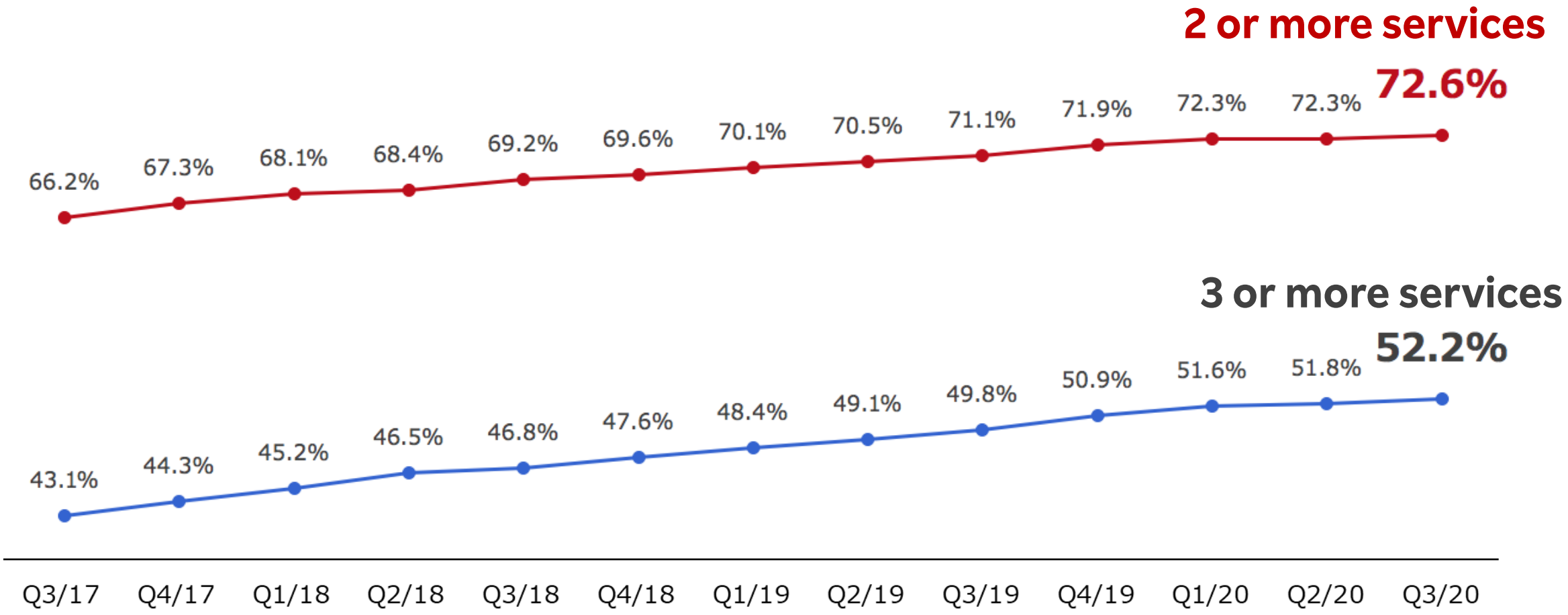
Rakuten 光

Rakuten Pasha

Rakuten Mobile

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



* Red line: Number of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month (as of end Jun 2020)
* Blue line: Number of Rakuten members who have utilized three or more Rakuten services during the past 12 months of the listed month (as of end Jun 2020)
(Applicable services limited to those which can earn Rakuten Points.)

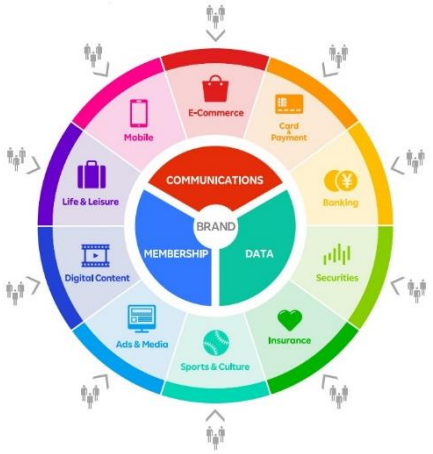
Accumulate and Use with Rakuten Ecosystem

- Unify services used in daily life with Rakuten and create convenience of use across services by point

Rakuten
Ichiba

Pay Rakuten Ichiba purchases with Rakuten Card **SPU+2x**

Rakuten Card



Designate Rakuten Bank as withdrawal account for Rakuten Card **SPU+1x**

Invest monthly with earned points **SPU+1x**

Rakuten 楽天証券
Securities

Deposit interest rate increases by linking Rakuten Bank and Rakuten Securities accounts

Rakuten 楽天銀行
Bank

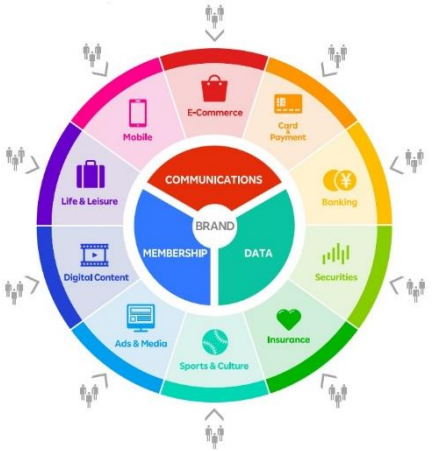
Rakuten Mobile and Rakuten Ecosystem

- Approx. 15% of Rakuten Mobile applicants have never used Rakuten before
- 35% of those new Rakuten users have already started using various Rakuten services

15% of Rakuten Mobile applicants are new Rakuten Users

Rakuten Mobile

15%



6 months after launch,

35% of new Rakuten users have started using others services

25%

Rakuten

Ichiba

10%

Rakuten Card

5%

Rakuten 楽天銀行

Bank

* As of the end of Sep 2020

IT / Security

Trustworthy
for our markets, customers, partners and employees

Working From Home

Video Conference

Communication

Chat

Identification

File Sharing

Information sharing

Virtual Private Network

Horizon®

Virtual Desktop Infrastructure

Cisco Umbrella

DNS Security

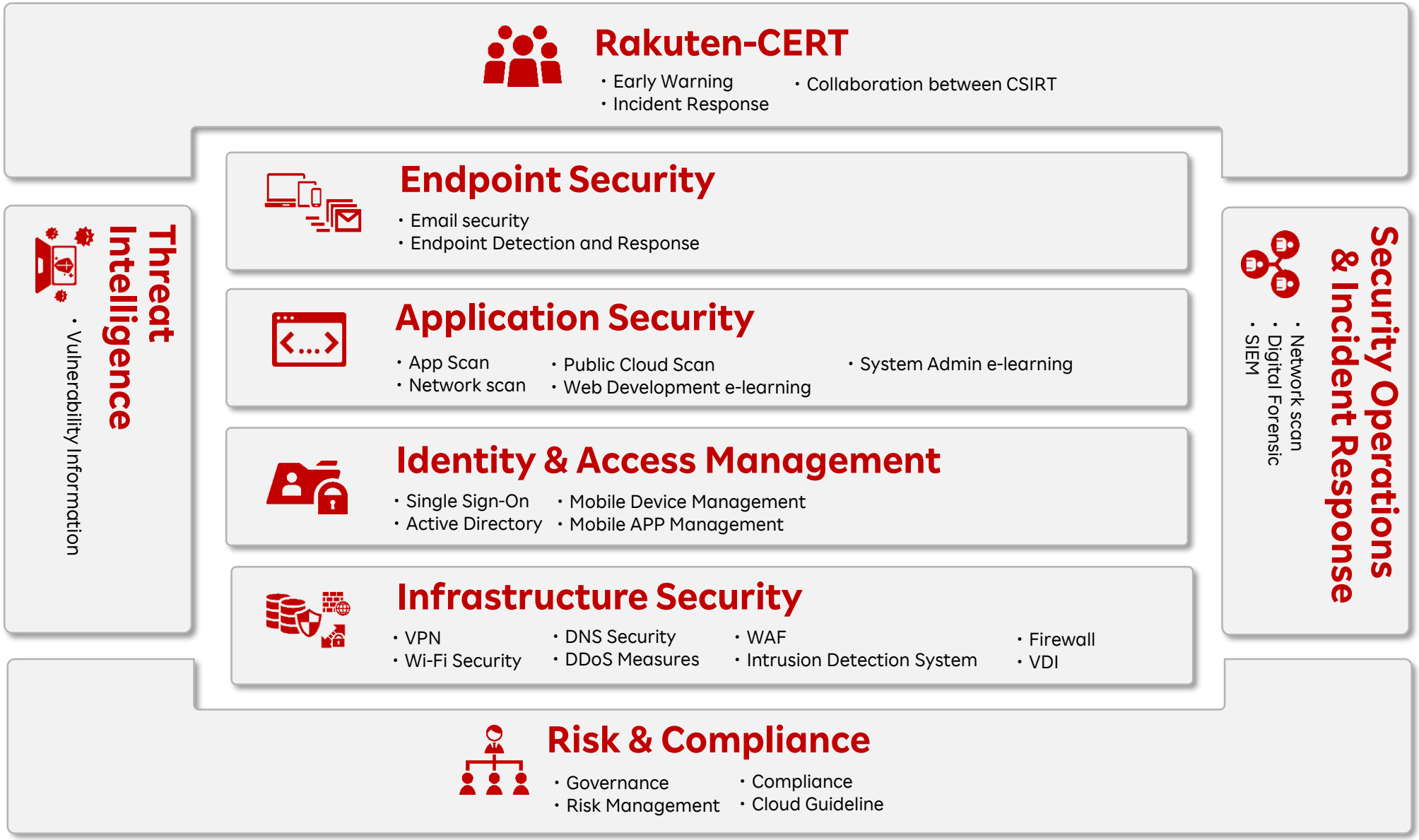
Email Security

Electronic Signature

R Screen Protector

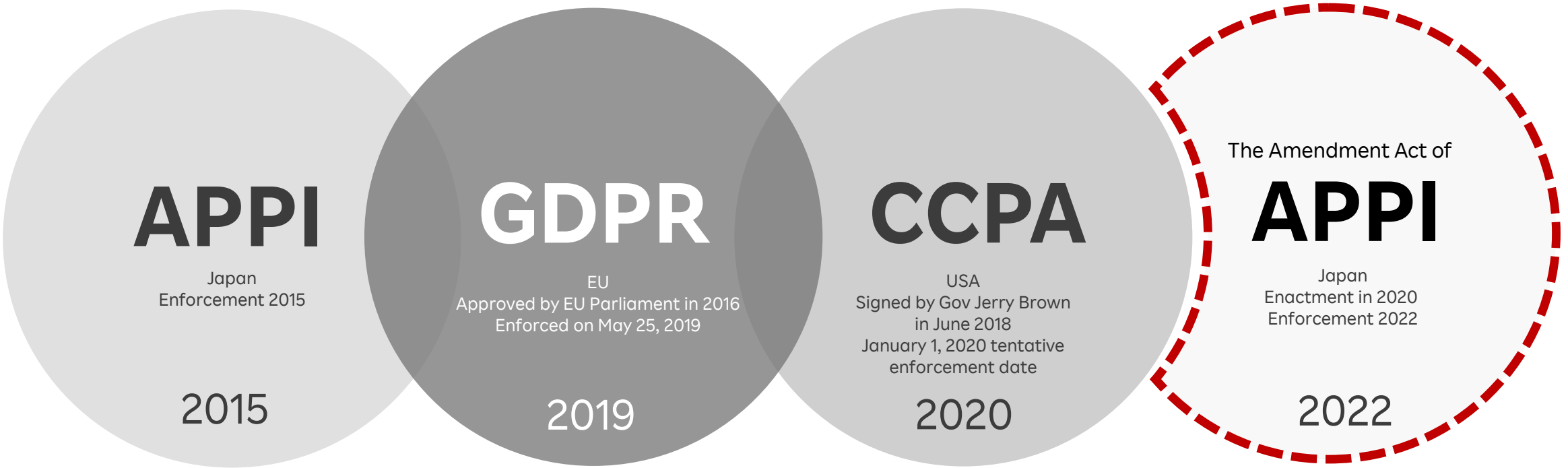
Information protection

Information Security Architecture in Rakuten Group



Binding Corporate Rules

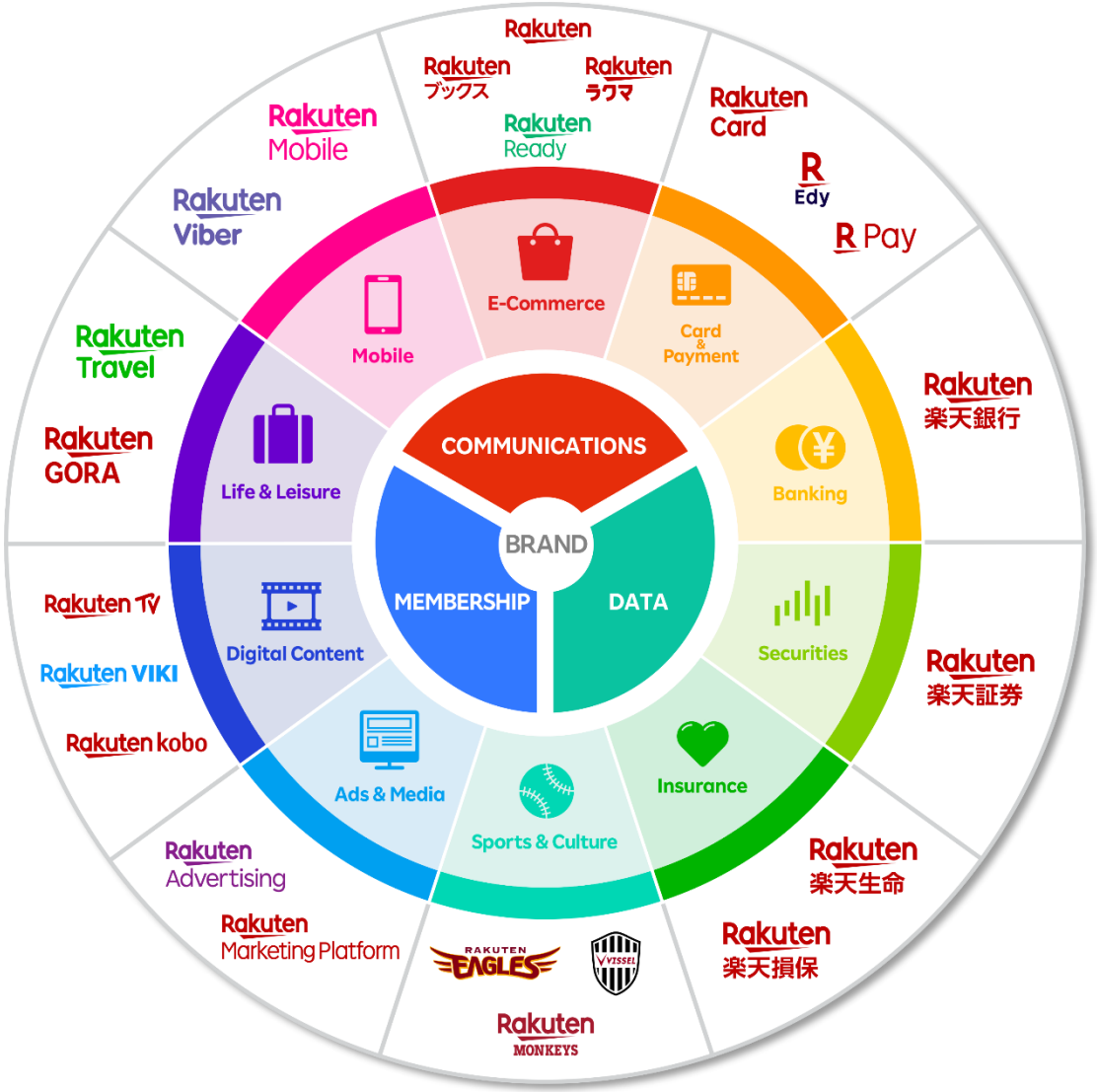
Privacy Protection



Stakeholder Management	Priority Setting	Transition from initial response to continued response
● Sharing importance and emergency of CCPA compliance ● Forming consensus ● Building progress monitoring and reporting structure ● Creating roadmap	● Conducting data mapping ● Finding required tasks, organizing dependency among tasks, identifying areas of high-risk ● Setting priority tasks based on the above	● Preparing process for continued response ● Preparing training programs for all employees ● Evaluating security ● Reviewing contracts with vendors

Data / AI

Rakuten = “Membership company”



Rakuten AI Platform Program

Mission: Empowerment of Rakuten membership management

Customer Service	Business Consulting & application
AI Services	Communication Interface **Customer management : AIris & PITARI** Acquisition to increase customer # / Increase Customer LTV / Retention to increase NPS **Digital Twin : Customer DNA** Core Science & AI: Customer, Language, Vision and Voice
AI Framework & Tools	AI & Data democratization
Infrastructure	**Data Platform : Super DB** Infrastructure & Cloud

Rakuten Super DB: Centralized Data Platform

70+

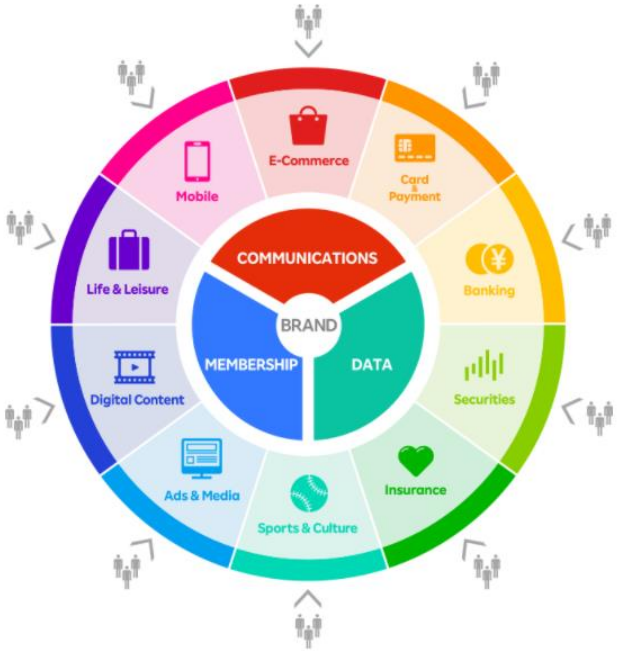
Services in Ecosystem

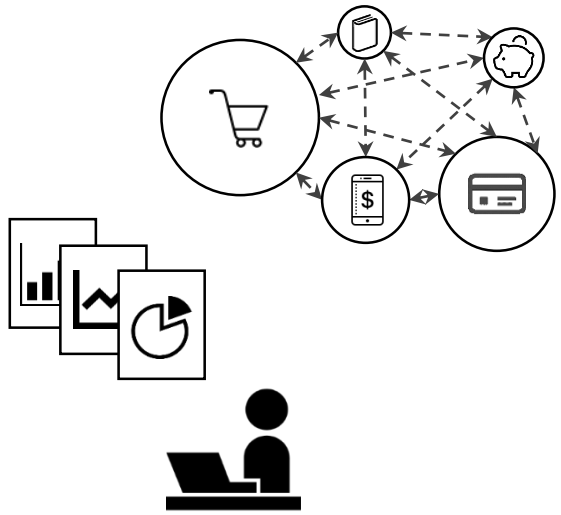
43 Services with

700+ TB of Data

1,000+

internal users



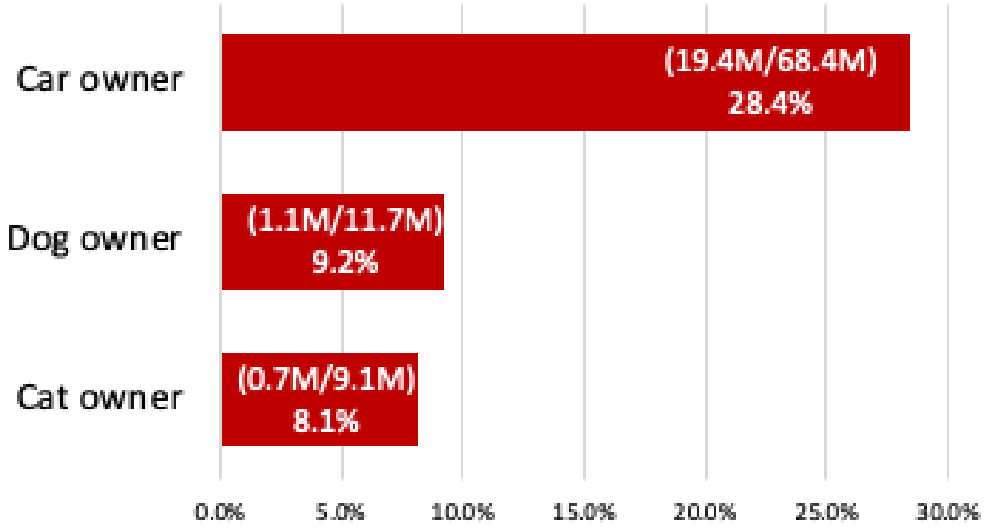


Customer DNA : Holistic Understanding of Rakuten members

4,000+ factual attributes from **90+** Life Style attributes predicted

38 services in Rakuten Ecosystem

Predicted lifestyle for owing cars, dogs and cats



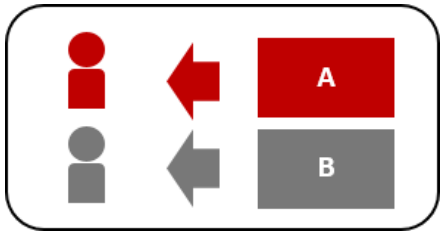
AIris and PITARI : Targeting and Personalization AI

1,000+ personalized campaigns conducted

Generated **1.2M+** cross-use

including **400K+** MNO registrations

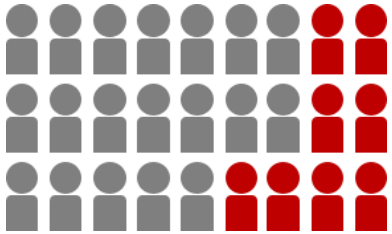
Personalized messages



PITARI

Personalization and Targeting Platform

Find Potential Customers



AIris

Personalization Examle with MNO Website

Rakuten Area

KDDI Area

* Example of banners used in March 2020

Ad Business

Advantage of Rakuten Ad Business

100+mn Rakuten IDs and accumulating both on/off-line data based on the IDs

On-line

- Rakuten (Ichiba)
- Rakuten Travel
- Rakuten GORA
- Rakuten ウェブ検索
- Rakuten Super Point Screen

etc.

Off-line

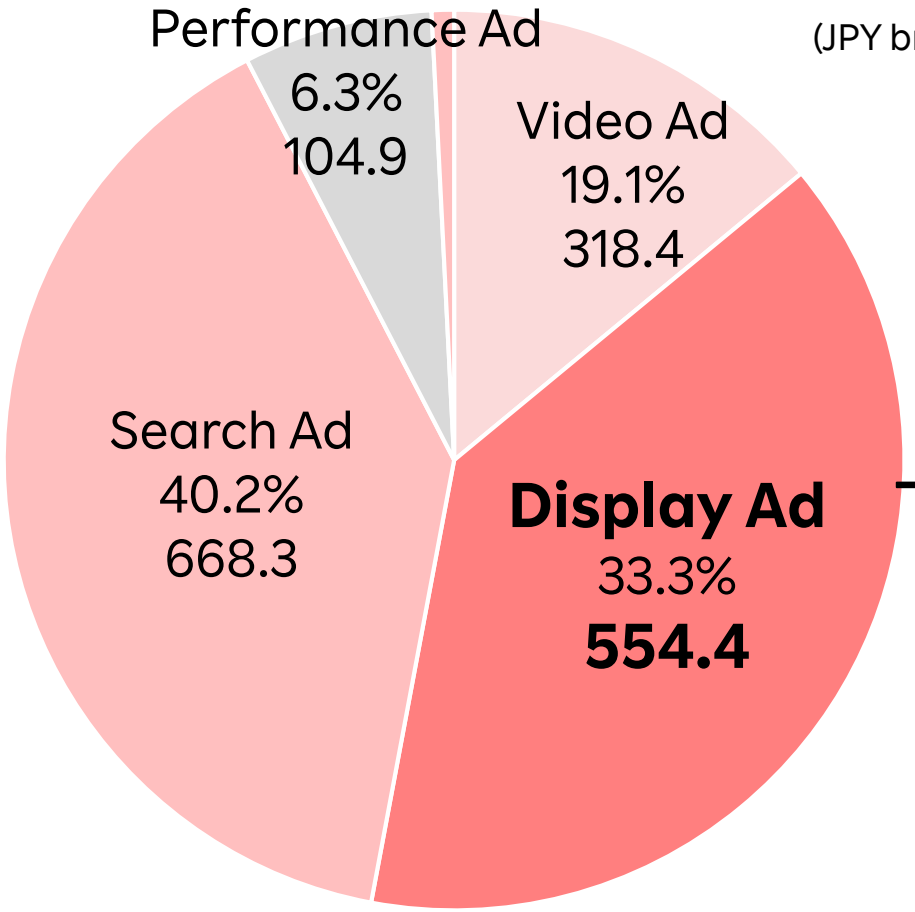
- R POINT Point Card
- R Edy
- Rakuten Card
- R Pay
- Rakuten Pasha

etc.

Impact of the 3rd Party Cookie Restriction

JPY 1.6tn

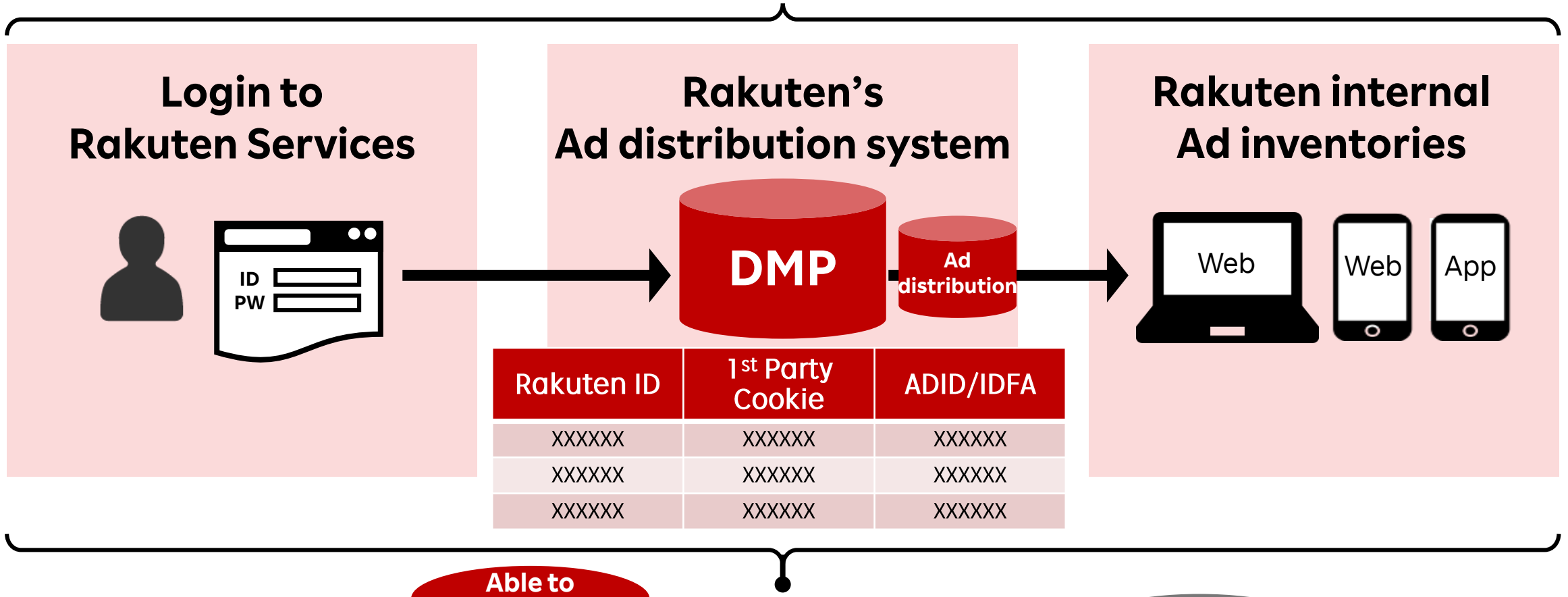
2019 Internet Ad Media Market[*1]



→Possible negative impact of JPY 600bn[*2] mainly in Display Ads

[*1] Source: March 17th, 2020 / News release by Dentsu Inc.
[*2] Estimated by Rakuten

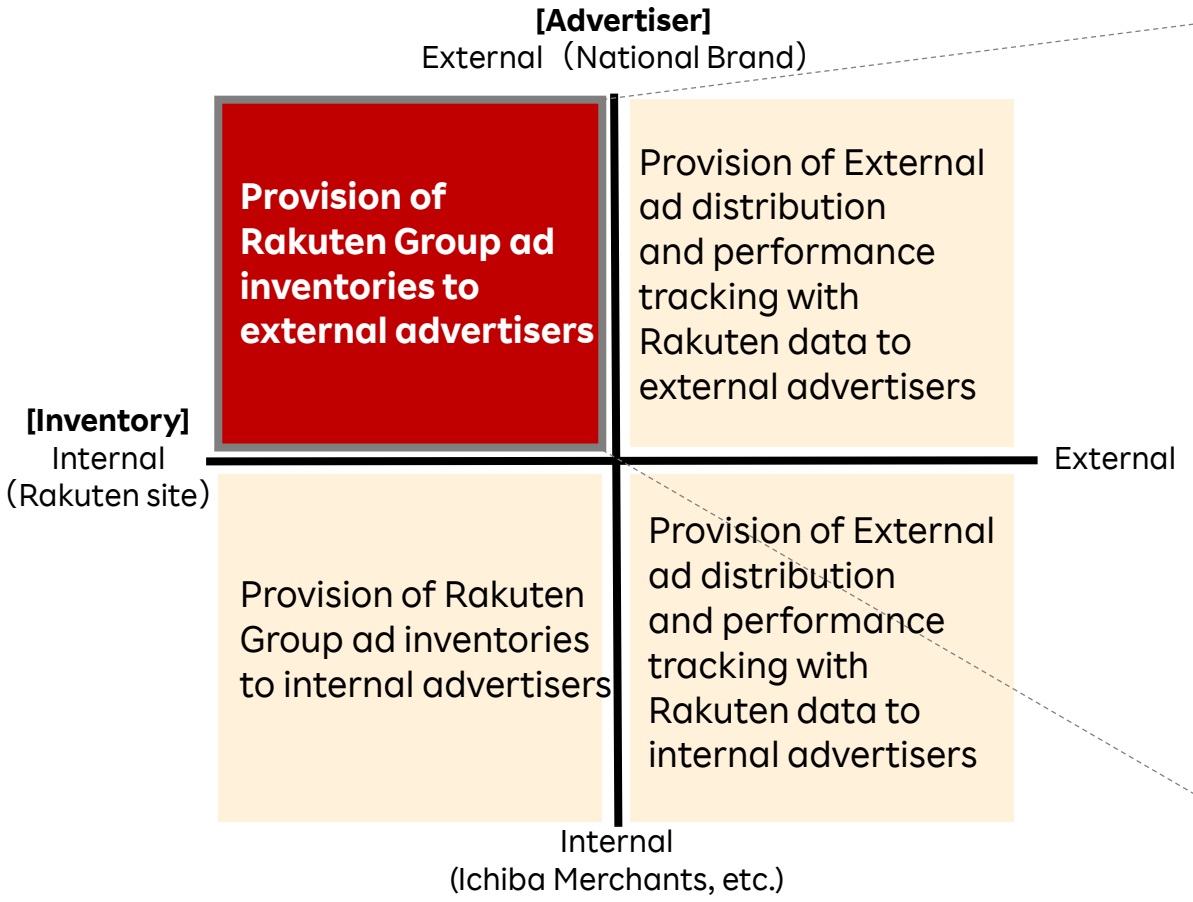
Advantage of Rakuten in Post 3rd Party Cookie Era



Summary: Advantages of Rakuten

		Search services	Messaging services	Portal + EC services	General EC websites	**Rakuten**
Quality of ID	**Volume**	◎	◎	◎	○	◎
	Accuracy (Demographic/GEO)	×	×	△	△	◎
	Connection with FinTech Data	×	×	△	×	◎
Purchasing Data	**ON-LINE**	×	×	△	○	◎
	OFF-LINE	×	×	△	×	○

Expansion of Internal Inventory × External Advertiser



Q3/20
Ichiba×External
Advertiser Revenue
(Main clients)

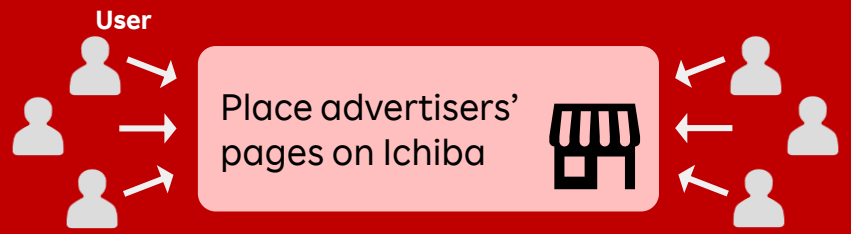
+97.4%
YoY

● **Advertiser's advantage**

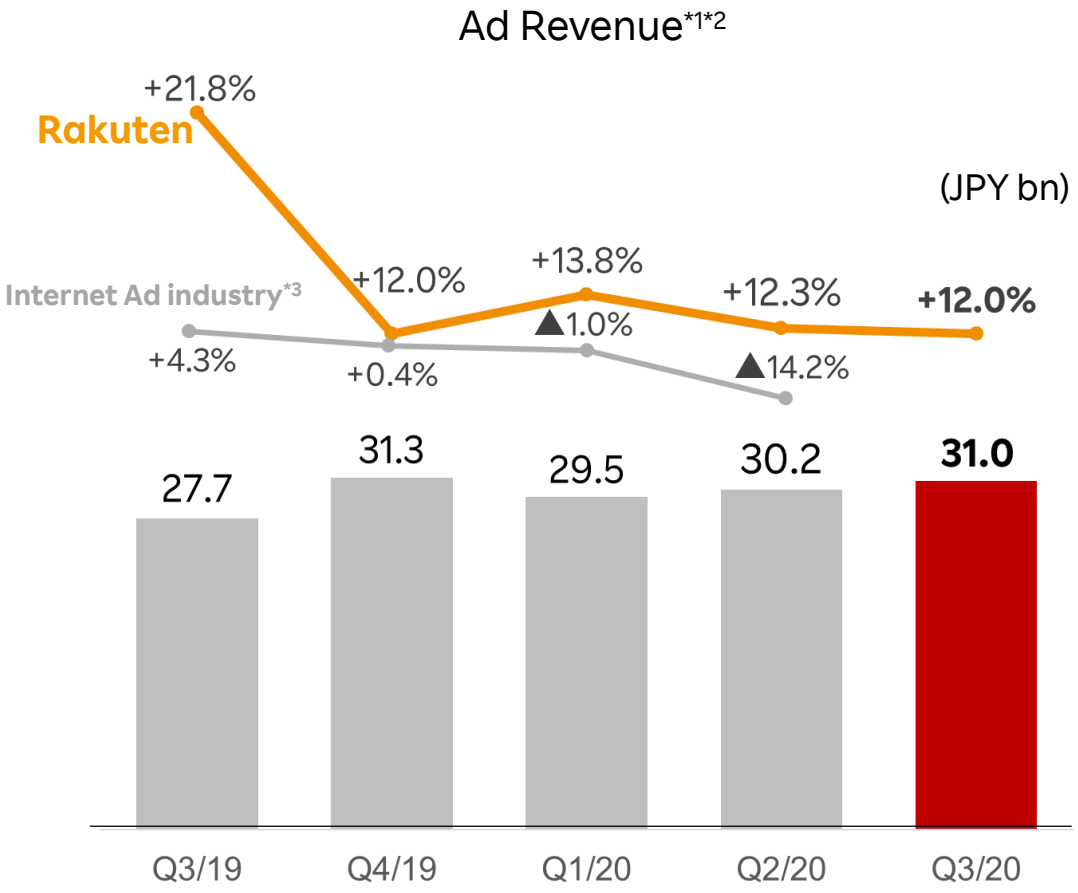
Promote customers to buy their products directly from ads on Ichiba

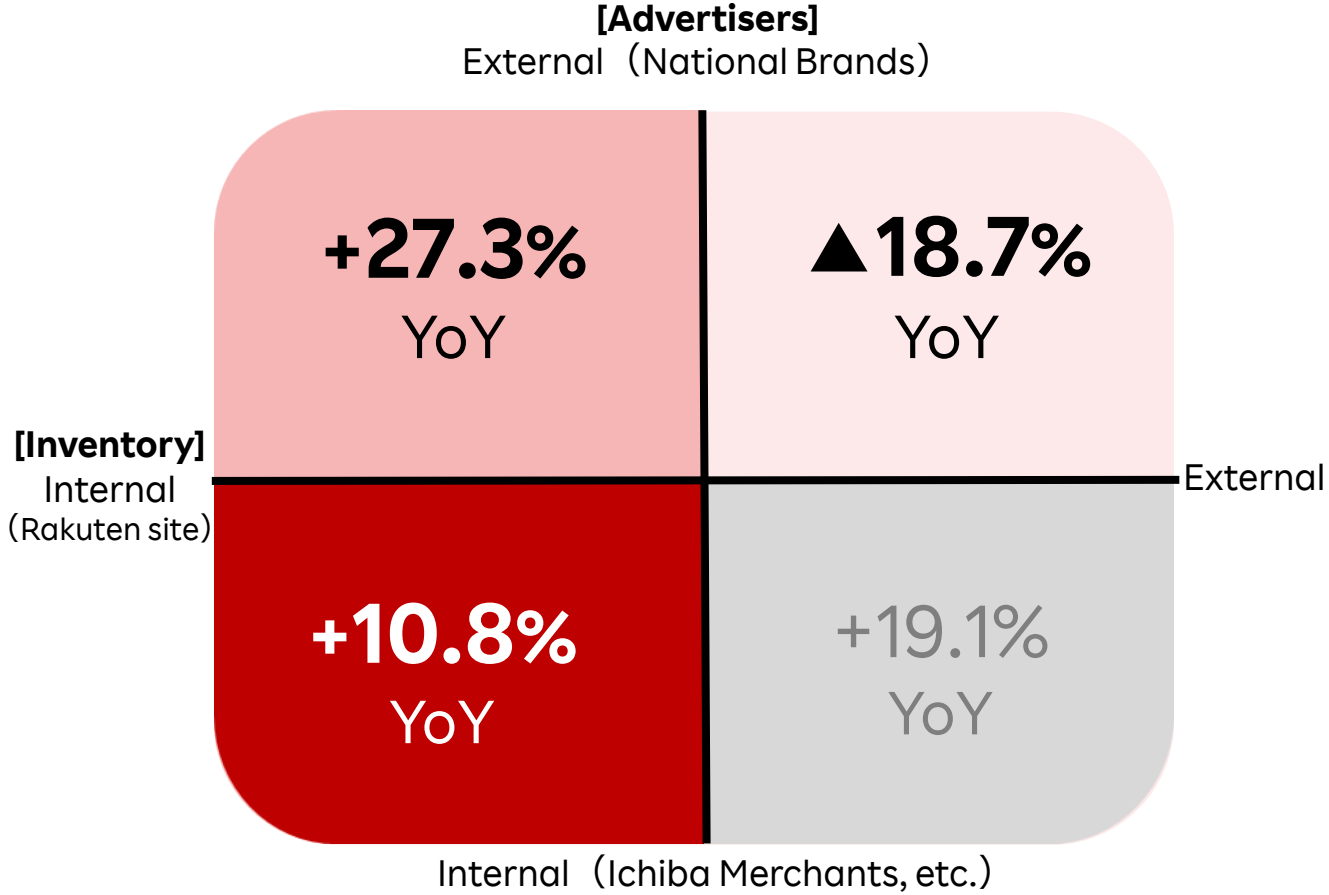
● **Rakuten's advantage**

- Ichiba GMS expansion
- Expansion of internal ad revenue which is high margin



Ad Business: Q3/20 Growth Analysis





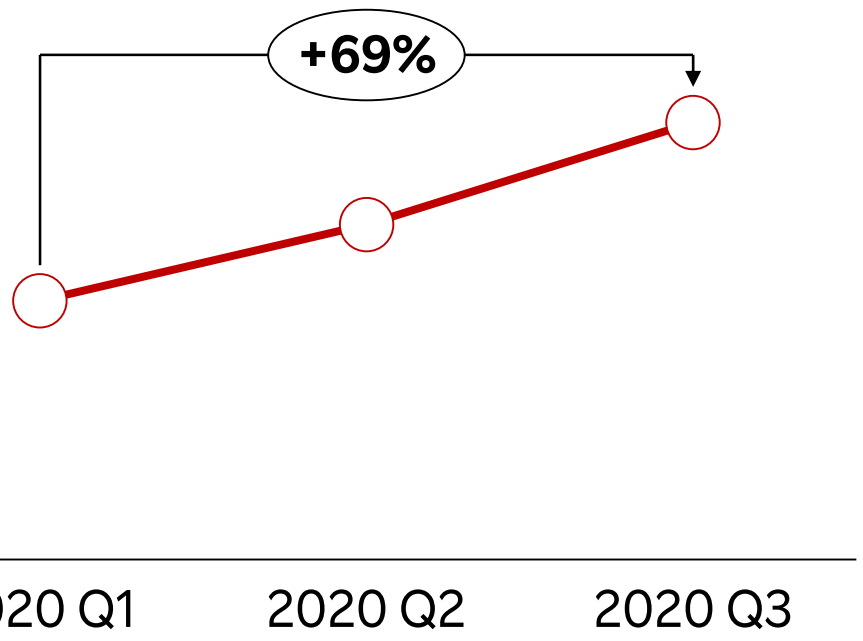
*1 Revenue includes internal transactions.
*2 Revised numbers in certain businesses from Q2/19. This has resulted in retroactive adjustments.
*3 Source: METI “Indices of Tertiary Industry Activity, Advertising Industry”

Corporate

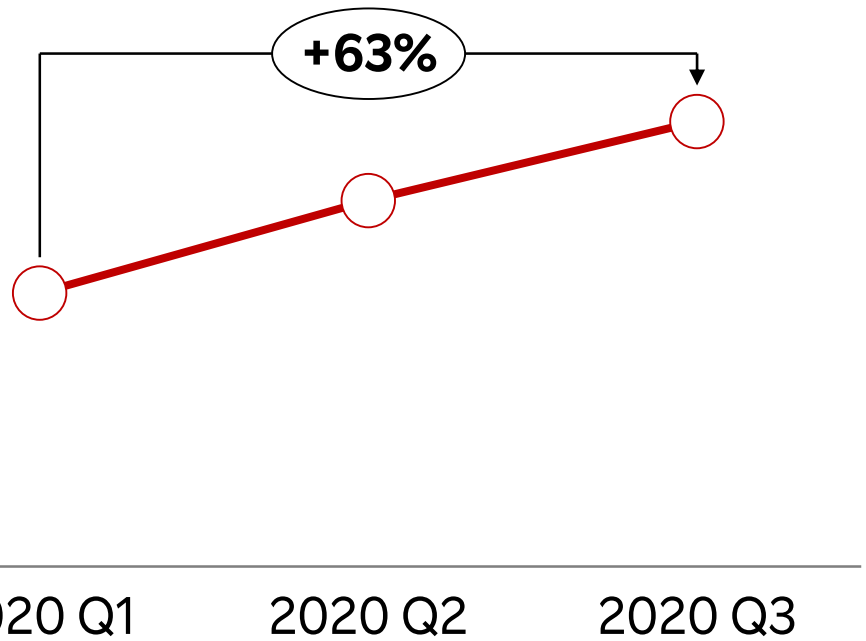
Group Productivity Improvement

Trend of Group Productivity (excluding mobile, logistics and investment business)

Operating Income per Employee

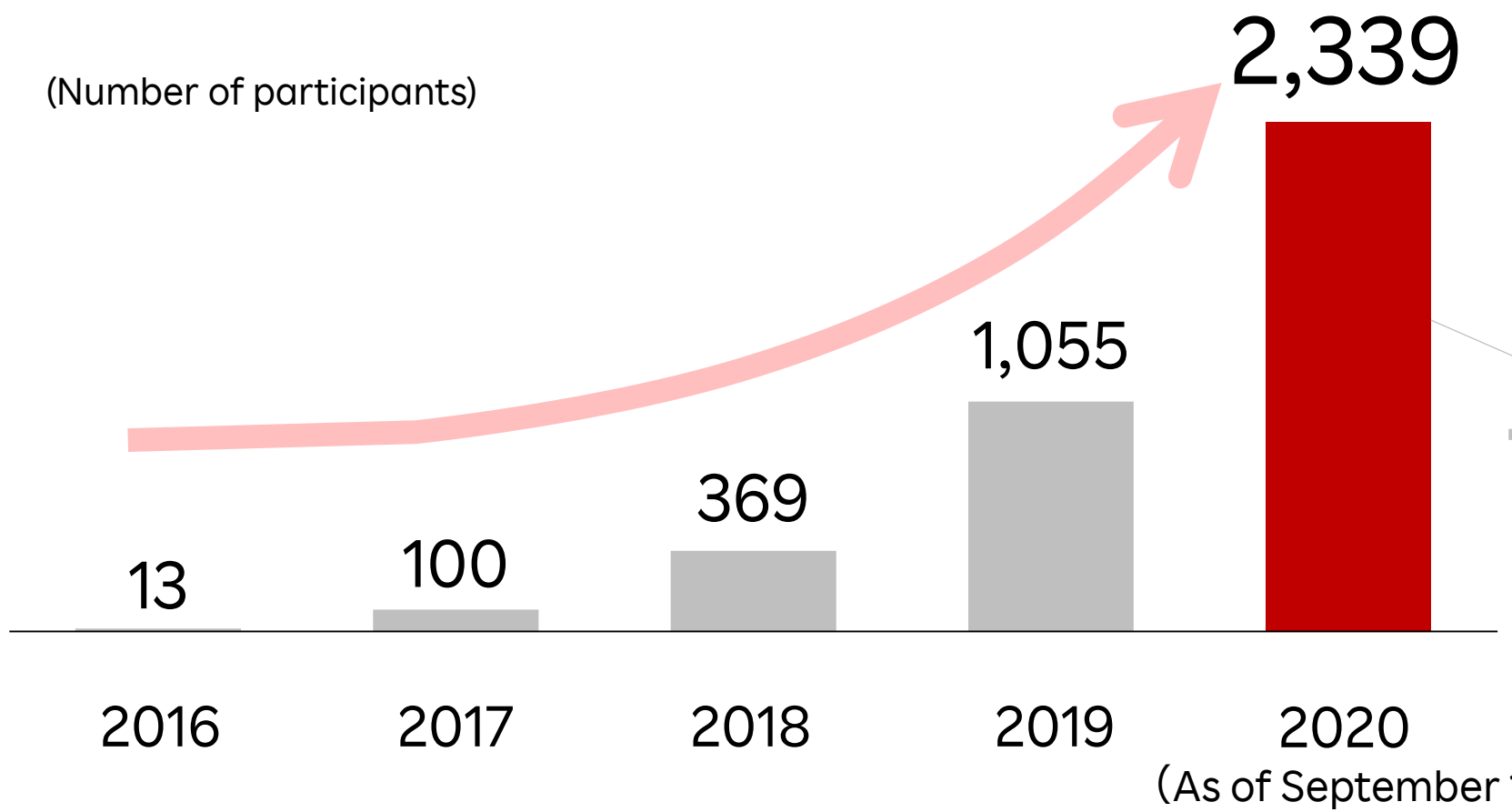


Operating Income / Total Cost



Kaizen Activities Participated by All Employees

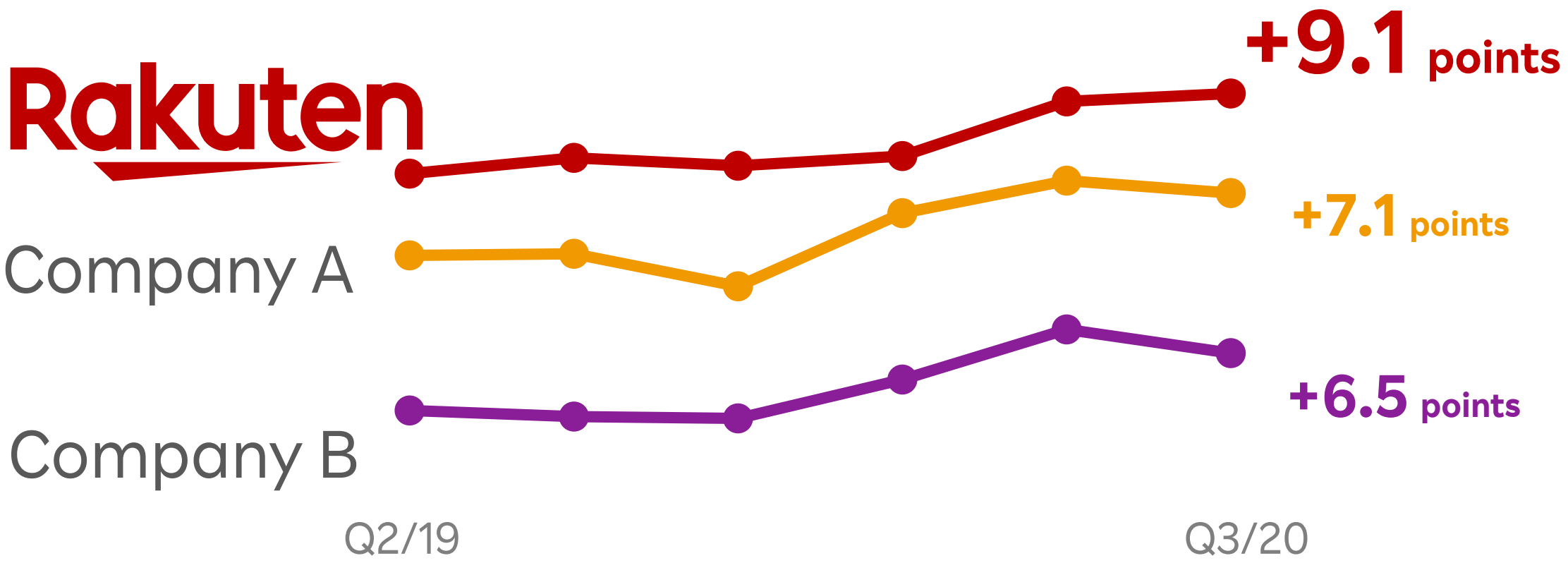
Trend of Domestic Participants of Kaizen Activities



Number of activities
(Accumulated base)

390

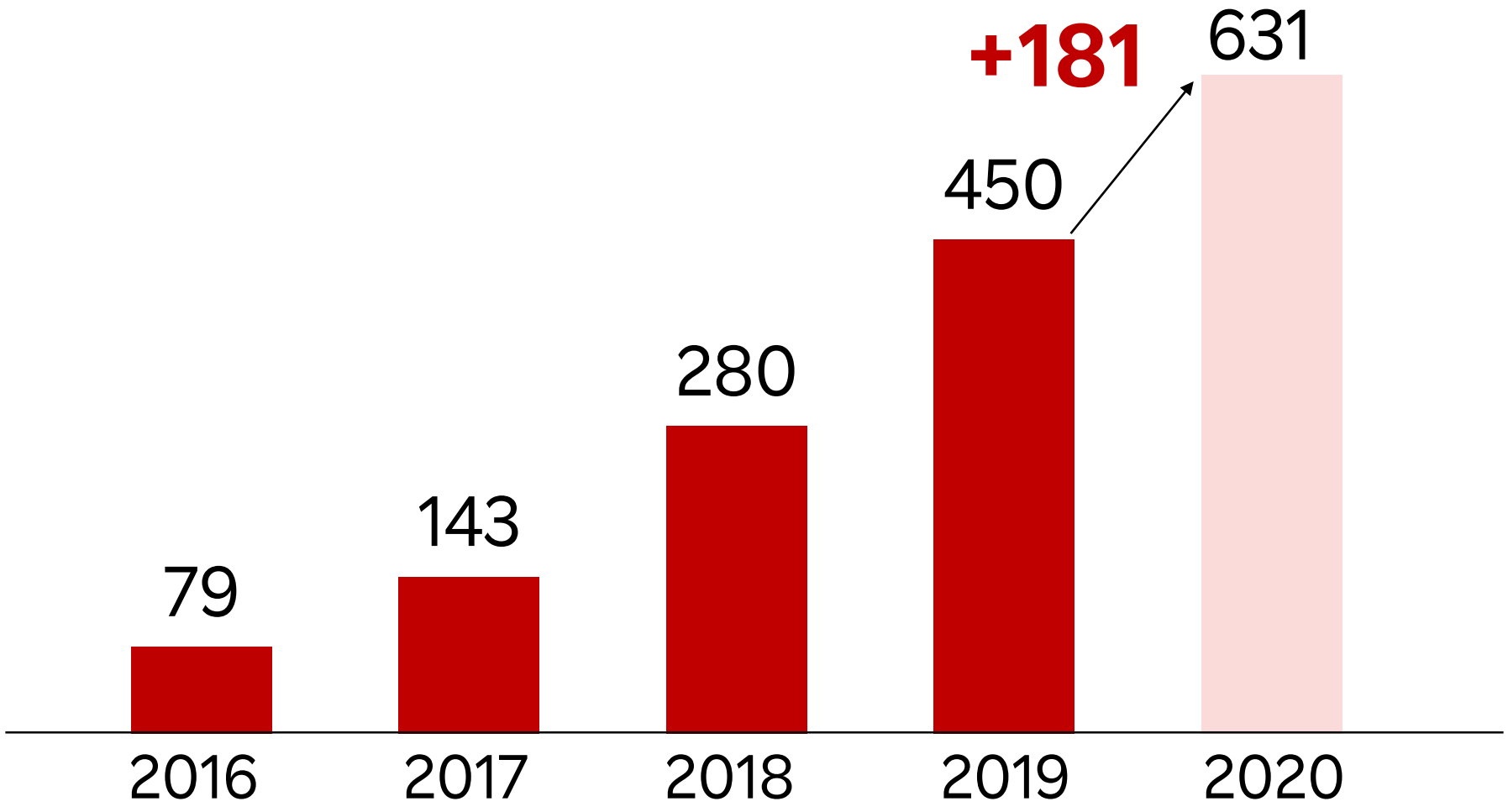
Rakuten Group NPS® Score Trend



Net Promoter Score (NPS) Survey: Conducted by Rakuten through external panel / May 2019 - Aug 2020
※NPS® is trademark of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

Quality Improvement Activities

Number of quality improvement activities



Rakuten Group Compliance Program

The number of incidents per employee dramatically decreased due to ongoing PDCA cycle of the compliance program

Improve image as employer of choice by new graduates and mid-term hiring

1 Amazon
2 Alphabet (Google)
3 Rakuten
4 ORACLE
5 Salesforce.com

* Rakuten is only Japanese company to rank in top 10.

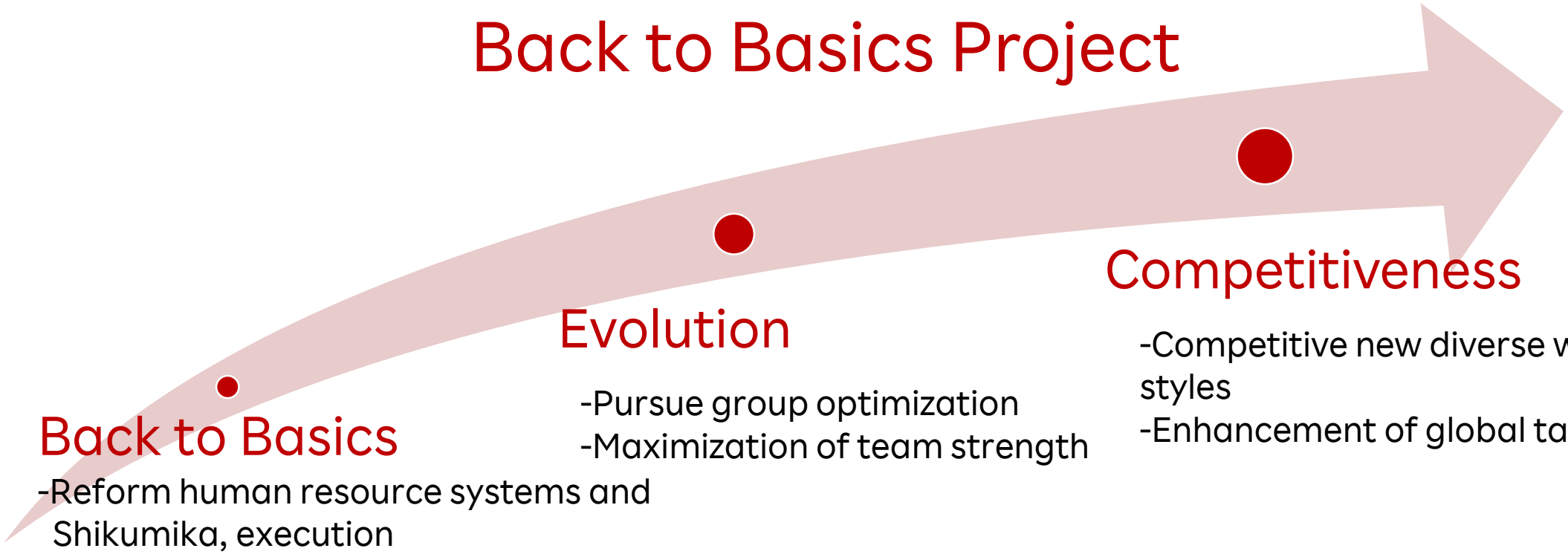
就活会議 Shukatu Kaigi

Best Internship by students in 2019

Realize self-propagating through internship *No.1*

Total Ranking *No.3*

Back to Basics Project



Back to Basics

-Reform human resource systems and Shikumika, execution
-Enhancement of HR organization and HR development

Evolution

-Pursue group optimization
-Maximization of team strength

Competitiveness

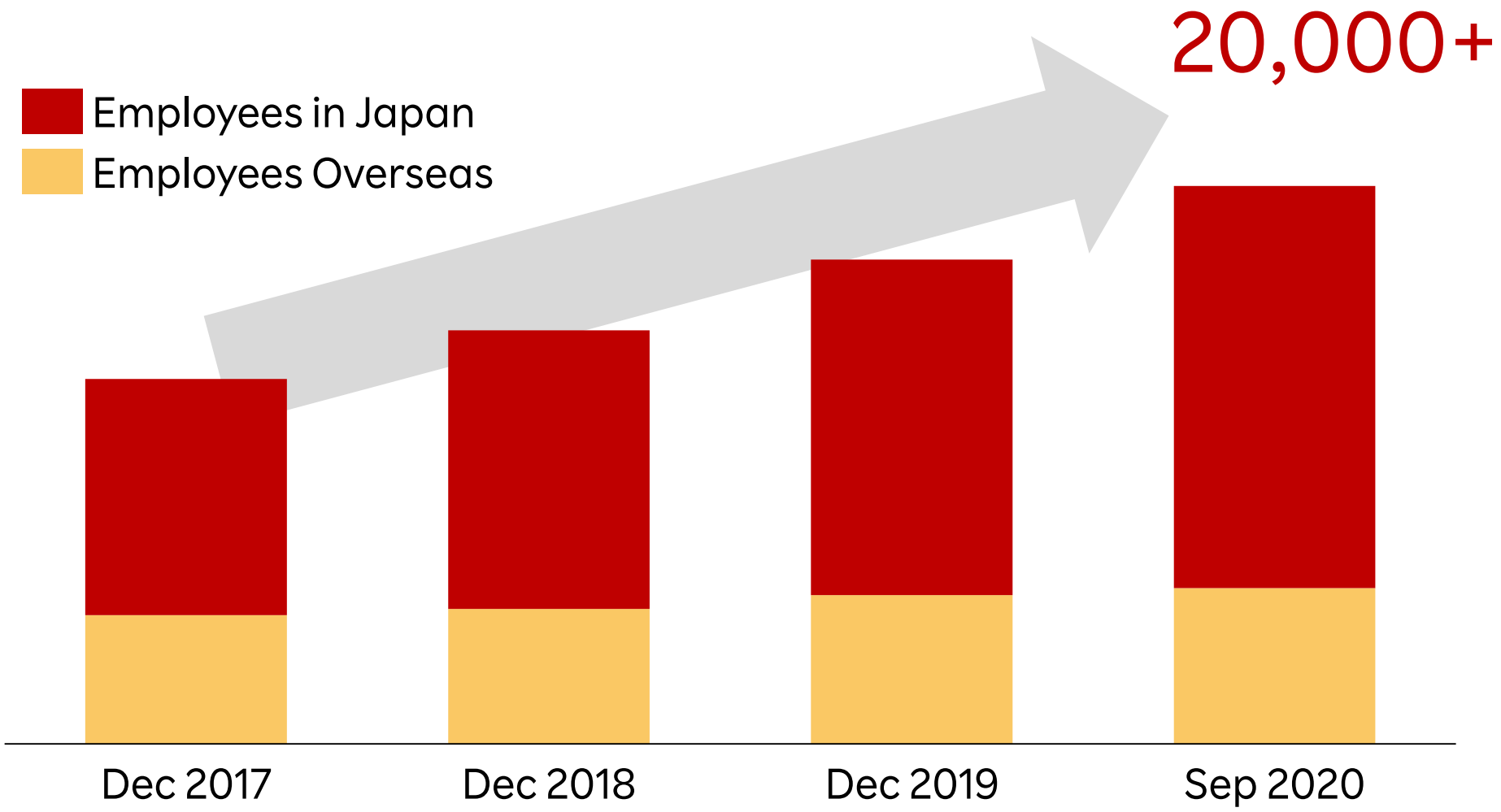
-Competitive new diverse work styles
-Enhancement of global talent

2016~2018 → 2018~2019 → 2020~

total 34 initiatives

- 1 on 1 meetings
- Renewal of evaluation and compensation systems
- Training system development etc

Rakuten: Total number of employees



*Rakuten Group Executive Officers and Employees

ESG

Rakuten Sustainability

For more details please visit our website
https://global.rakuten.com/corp/sustainability/

Rakuten Group Code of Ethics

For more details please visit our website
https://global.rakuten.com/corp/about/philosophy/principle/#ethic

The Rakuten Group Code of Ethics

In line with our vision as a Global Innovation Company and with our Brand Concepts as our guiding principles, we, as members of Rakuten Group, adhere to the highest ethical standards while maximizing Rakuten Group's value to shareholders and making positive contributions to society.

We obey laws and social norms

As members of Rakuten Group, we comply with all applicable laws and regulations (consumer protection, fair competition, environmental protection, work environment, crime prevention, tax and disclosure requirements, etc.), and are committed to maintaining high ethical standards. Consistent with the principle of "Integrity" in our Brand Concepts, we pledge to respond to any illegal actions in a serious and responsible manner.

We respect all people

We respect human rights of all and uphold individual dignity. We are committed to advancing the rights of all stakeholders, including the right to privacy, freedom of expression, and a fair and safe working environment. We strive for the promotion of a society free from discrimination, harassment, child labor, and forced labor.

We strive to maximize customer satisfaction

We always put ourselves in our customers' shoes and strive to exceed their expectations. Through delighting our customers, we seek to achieve our mission of "Empowerment" and contribute to society.

We act with fairness

We believe the fundamental value of the internet is fairness. In order to help both consumers and business owners maximize the opportunities afforded to them by the internet, we also strive to act with fairness in every aspect of our business activities. This means that we respect fair competition, and always seek to provide clear and accurate information to our users. We draw a line between public and private, avoid conflicts of interest, and refuse to tolerate bribery or corruption in any form.

We communicate closely with society at large, and use and manage information carefully

We work to increase transparency by actively communicating with our shareholders and society at large, as well as by disclosing company information in a timely and appropriate manner. At the same time, we are acutely aware of the value of the information we hold – both that of Rakuten Group and of our users – and are committed to using and managing such information appropriately and responsibly.

We firmly oppose the activities of criminal organizations

We firmly oppose those who threaten public safety and civil order. In pursuit of a just society and our company mission, we do not form any relationships with criminal organizations and staunchly reject all requests involving illegal or morally questionable activity.

We strive to contribute to a sustainable society

We strive to conduct our businesses responsibly, addressing any adverse impact on society, the environment, or the economy caused by our activities. Building on our core business, we will cooperate with customers, business partners, and other stakeholders to tackle challenges facing society and contribute to a sustainable future.

Revised on November 1, 2019

Rakuten joined the international initiative RE100

For more details please visit our website
https://global.rakuten.com/corp/news/press/2019/1217_01.html

DECEMBER 17, 2019 RAKUTEN, INC.

Rakuten Joins the International Initiative RE100

Aims for business operations with 100% renewable energy by 2025

Tokyo, December 17, 2019 - Rakuten, Inc. today announced that it has joined the international initiative RE100 and aims to adopt 100% renewable electricity for all its business operations by 2025.

RE100 | CLIMATE GROUP | CDP

Rakuten Certified as an Eco-First Company

- Rakuten Certified as an Eco-First Company by the Japanese Ministry of the Environment in October 2020

Coexisting with COVID-19: Building a Safer New Normal

For more details please visit our website
https://corp.rakuten.co.jp/newnormal/?l-id=socialdistance_to_newnormal

Rakuten Group Initiatives

Social distancing

Support merchants and the food retail industry by eating delicious food from across Japan

Rakuten Kobo #StayHomeandRead campaign

Rakuten Viber and WHO partner to fight COVID-19

Rakuten Hometown Tax, Rakuten Clutch Special Charity Fund

For more details please visit our website
https://global.rakuten.com/corp/donation/

COVID-19 crisis response fund (2nd period)	**Amount raised** ¥ 8,098,130 **Recipient** Children's Future Support Fund, Japan Platform and The Nippon Foundation **Donation Period** JUN 22, 2020 - AUG 31, 2020
COVID-19 crisis response fund (1st period)	**Amount raised** ¥ 88,756,110 **Recipient** COVID-19: Prevention of Spread of Infectious Diseases Fund, Japan Platform and The Nippon Foundation **Donation Period** APR 10, 2020 - JUN 19, 2020

Awards and Recognitions

For more details please visit our website
https://global.rakuten.com/corp/sustainability/recognitions/

work with Pride
Gold 2019

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 MSCI ESG Leaders Indexes Constituent

S&P/JPX Carbon Efficient Index

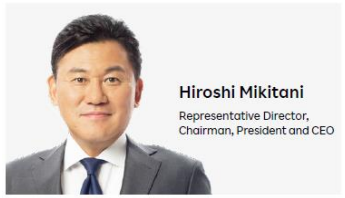
FTSE Blossom Japan

FTSE4Good

MEMBER OF
Dow Jones Sustainability Indices
In collaboration with SAM
a RobecoSAM brand

Corporate Governance

For more details please visit our website
https://global.rakuten.com/corp/sustainability/governance/



Hiroshi Mikitani
Representative Director, Chairman, President and CEO

Masayuki Hosaka
Representative Director and Vice Chairman

Charles B. Baxter
Director

Ken Kutaragi
Director *1,*2

Positions Held or Career Summary

President, Representative Director & CEO of Cyber AI Entertainment Inc.
Outside Director of Nojima Corporation
Outside Director of GA technologies Co., Ltd
Outside Director of SmartNews, Inc.

Sarah J. M. Whitley
Director *1,*2

Positions Held or Career Summary

Foundation Scotland Trustee
Edinburgh International Festival Endowment Fund Chair
The Royal Scottish Academy Foundation Trustee

Takashi Mitachi
Director *1,*2

Positions Held or Career Summary

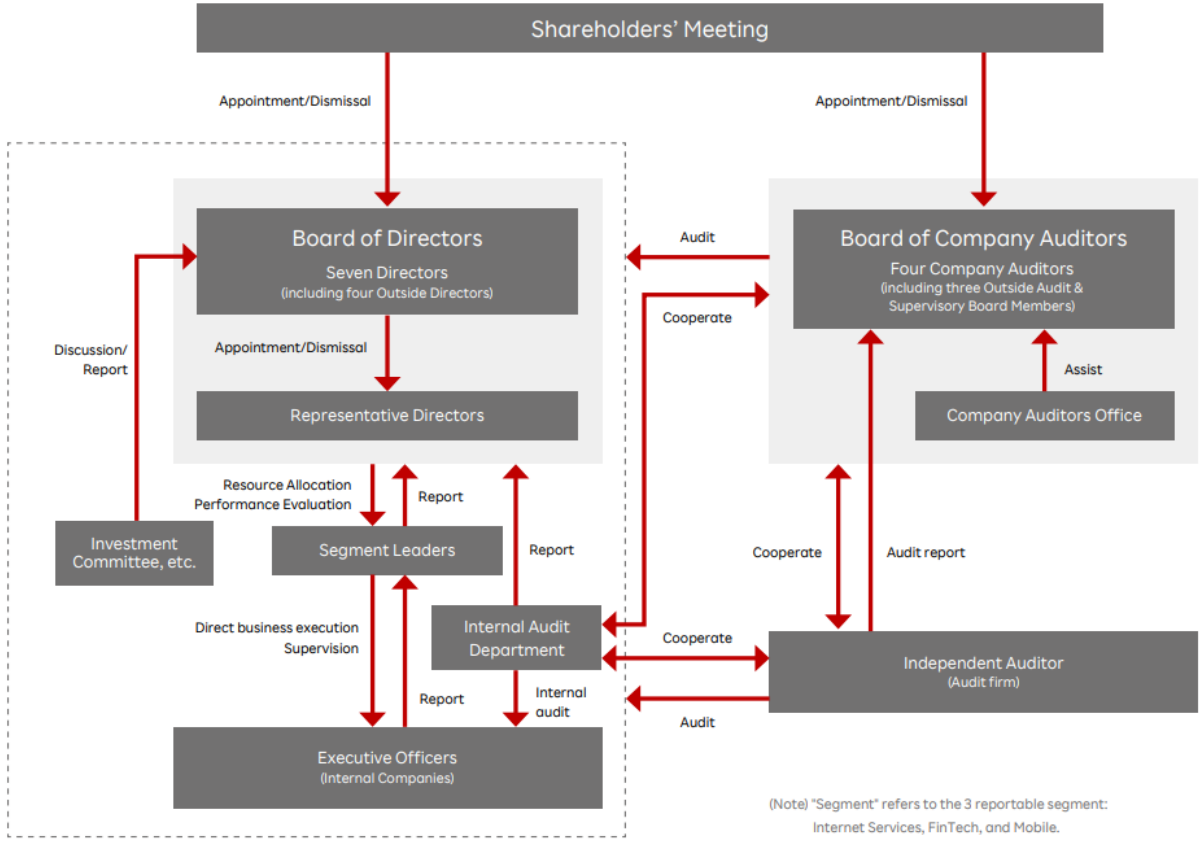
djunct Professor of Graduate School of Management of yoto University
utside Director of Lotte Holdings Co., Ltd.
utside Director of DMG MORI CO., LTD.
utside Director of Unicharm Corporation
oard Member of Ohara Museum of Art
utside Director of Tokio Marine Holdings, Inc.
enior Advisor of The Boston Consulting Group
hief Executive Director of Ronald McDonald House harities Japan

Jun Murai
Director *1,*2

Positions Held or Career Summary

Professor of Keio University
Outside Director of BroadBand Tower, Inc.
Outside Director of LAC
Outside Director of HAPSMobile Inc.

*1 : Outside directors stipulated under Companies Act of Japan
*2 : Independent Director specified by the regulations of Tokyo Stock Exchange, Inc.



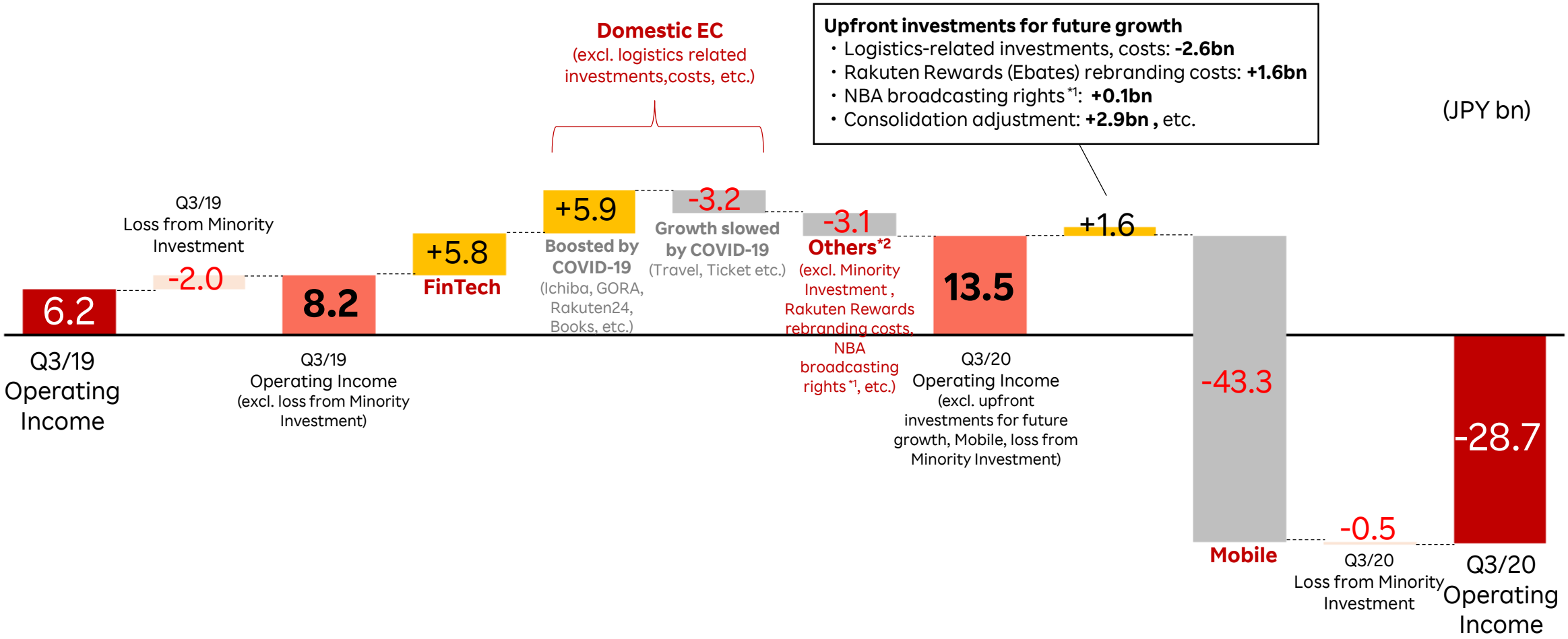
Consolidated Results

Q3/20 Consolidated Results Summary

(JPY bn)

	Q3/19	Q3/20	YoY
Revenue	319.1	361.4	+13.2%
Non-GAAP Operating Income	6.2	-28.7	-34.9
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	28.3	37.6	+33.1%
IFRS Operating Income	1.1	-39.8	-40.9

Q3/20 Non-GAAP Operating Income Breakdown



*1 NBA broadcasting rights are included in “Others” of Internet Service Segment
*2 “Others” segment mainly includes overseas EC businesses and Sports businesses

Hybrid Bond Issuance

- Issued subordinated bonds in November 2020
- 50% of the total issuance amount is certified as capital by R&I, JCR, S&P

Bond Name	Issue Date (Payment Date)	Issue Amount	Bond Rating	Capitalization
4th~6th Subordinated Bond	November 4, 2020	JPY 120bn	R&I: BBB JCR: BBB+	R&I, JCR, S&P: 50% of total issuance certified as capital

Recent Exits and Asset Financing

Exit

Pinterest
Q4/19

Careem
Up to Q3/20
(Partial)

Business Selection and Concentration (Optimization)

O-net
Q4/18

Rakuten Brazil
Q4/19

OverDrive
Q2/20

Rakuten USA*1
Q3/20

Rakuten Germany*2
Q3/20

Asset Financing*3

lyft
Q4/20

*1 Exit of Marketplace business (formerly Buy.com) in the United States
*2 Exit of Marketplace business in Germany
*3 Monetization of Lyft shares using Collar (Variable Prepaid Forward Sales) Transaction

Asset Financing

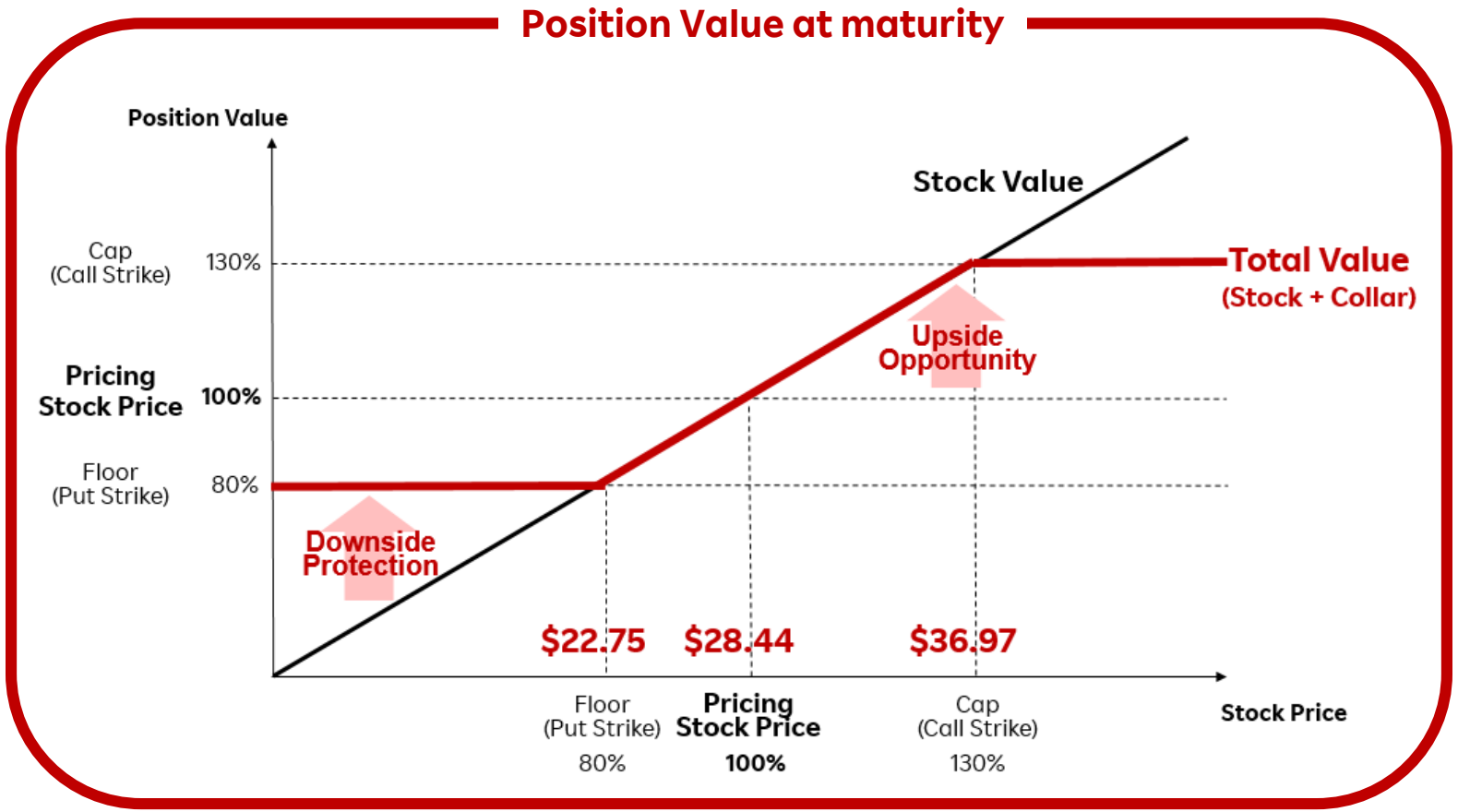
- Mitigate stock price fluctuation risk using forward contracts while monetize shares through Collar (Variable Prepaid Forward Sales) Transaction

Cash-in timing

Q4/20

Cash-in amount

Approx. $714mm

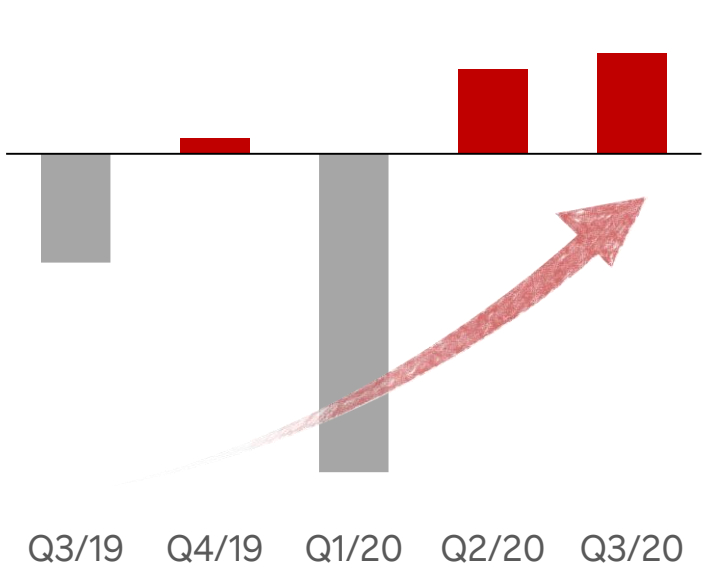


Recovering Overseas Businesses

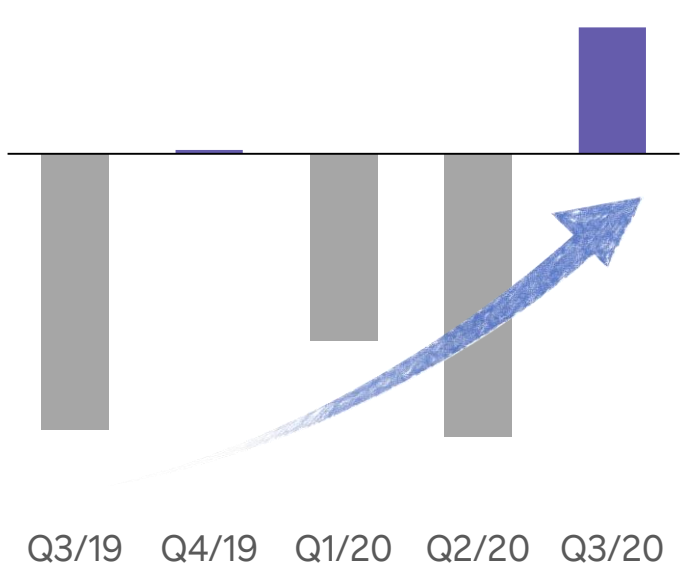
Non-GAAP OI positive in all three businesses

Non-GAAP OI Trend

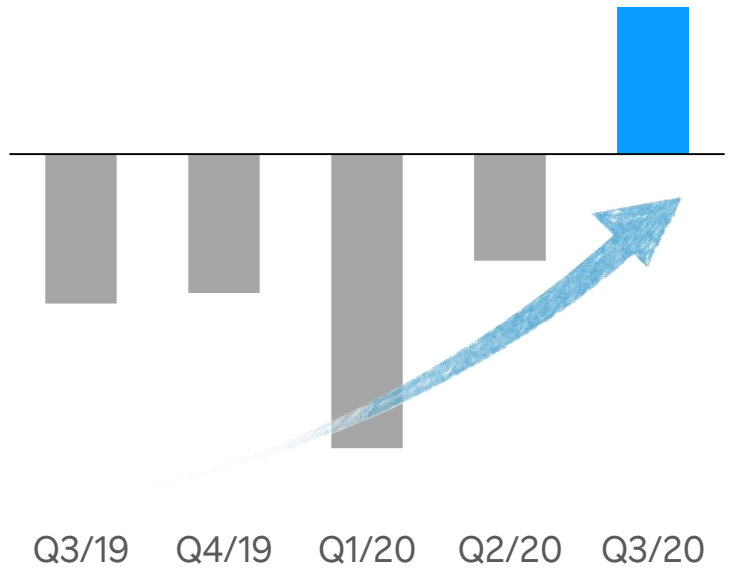
Rakuten kobo



Rakuten Viber



Rakuten VIKI



* Operating income of Rakuten Kobo and Rakuten VIKI has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.

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