

FY2022 Second Quarter Consolidated Financial Results Appendix

August 10, 2022

Rakuten Group, Inc.



Consolidated Results

Q2/22 Revenue and Operating Income*1

(JPY bn)

	Q2/21 ^{*5}	Q2/22 ^{*5}	YoY
Core Business^{*2}			
Revenue	347.2	378.5	+9.0%
Operating Income	41.6	45.1	+8.5%
Non-recurring / Investments^{*3}			
Revenue	35.6	35.6	+0.1%
Operating Income	4.3	7.0	+62.3%
Future Growth Investments^{*4}			
Revenue	58.6	93.1	+58.9%
Operating Income	-106.8	-128.4	-21.6
Adjustments			
Revenue	-39.2	-50.8	-11.6
Operating Income	1.4	-2.8	-4.2
Consolidated			
Revenue	402.2	456.5	+13.5%
Non-GAAP Operating Income	-59.5	-79.1	-19.5
IFRS Operating Income	-63.5	-84.5	-20.9

*1 From Q2/21, businesses included in “Core Businesses”, “Non-recurring / Investments”, and “Future Growth Investments” have been revised as follows due to segment changes.

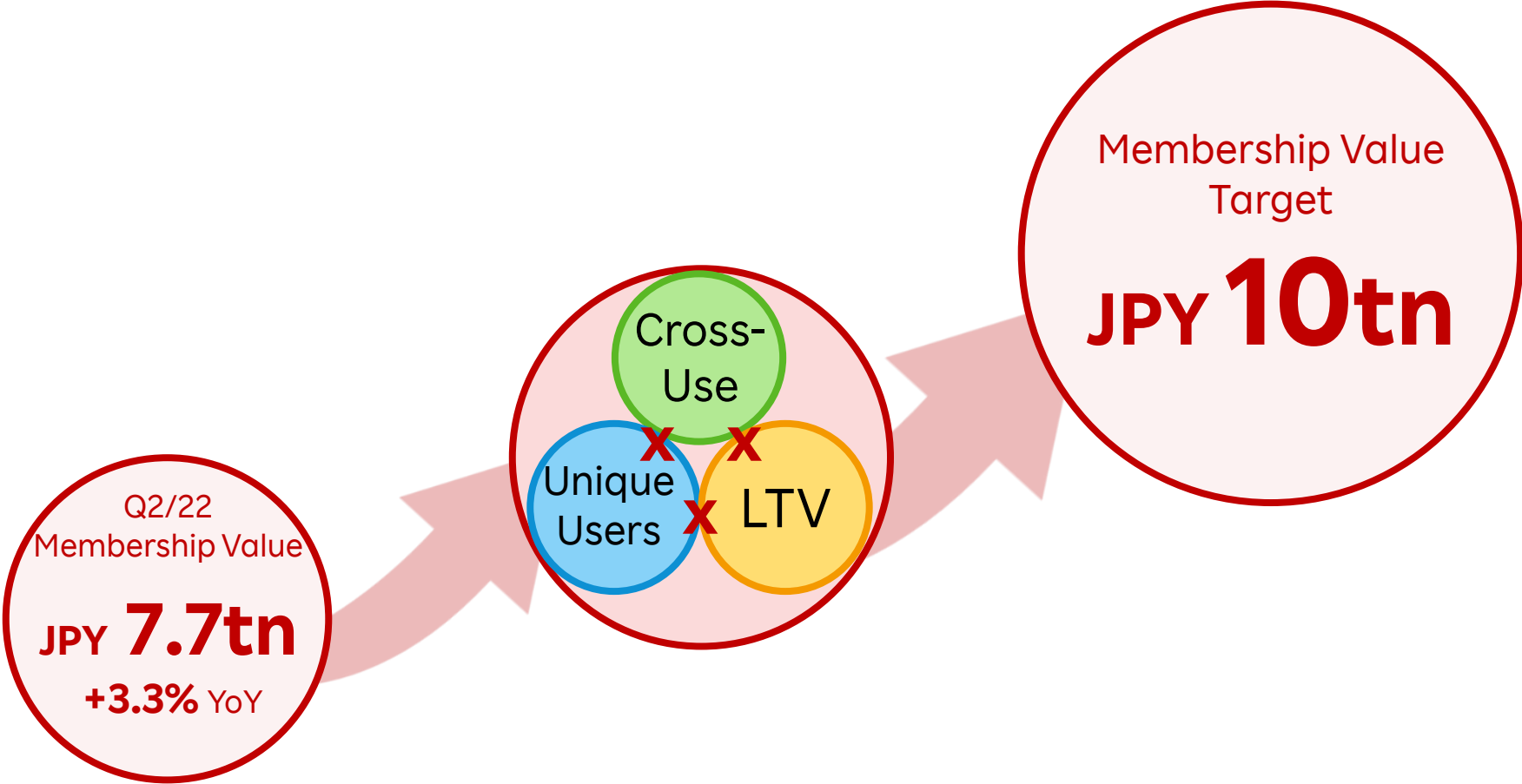
*2 Includes all the businesses other than “Non-recurring / Investments” and “Future Growth Investments”.

*3 Includes Securities, General Insurance and Minority Investment.

*4 Includes Logistic Business and all the businesses in Mobile segment.

*5 Regarding the processing method of cardholder acquisition points recorded in Rakuten Ichiba on Q2 / 22, the one recorded in Rakuten Ichiba has been transferred to consolidated adjustment recording, and the past amount has also been retroactively revised.

Massive Expansion of Rakuten Ecosystem*

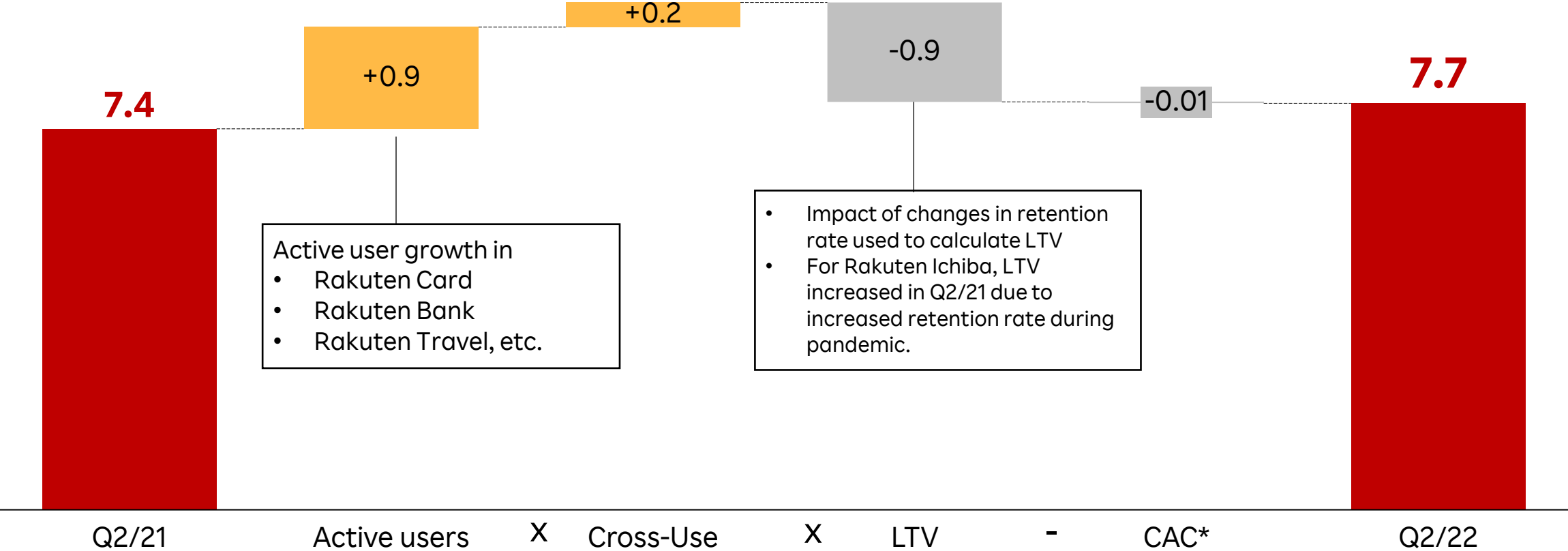


* Mobile business is not included in the above calculation.

Rakuten Ecosystem Membership Value

■ Number of active users increased, driven by FinTech and Rakuten Travel, and cross-use within Rakuten Ecosystem remained strong. Rakuten Ichiba's Life Time Value (“LTV”) decreased due to a temporary rise in retention rate last year amid the pandemic.

(JPY tn)

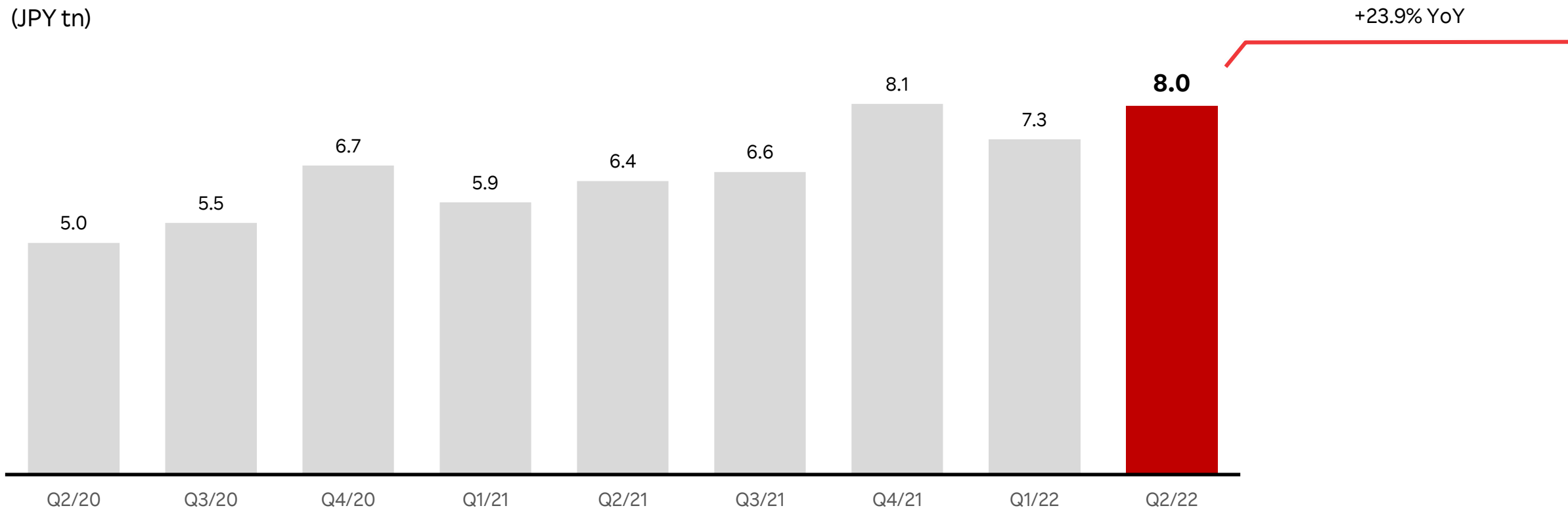


* CAC = Customer Acquisition Cost



Total Global GTV*1*2

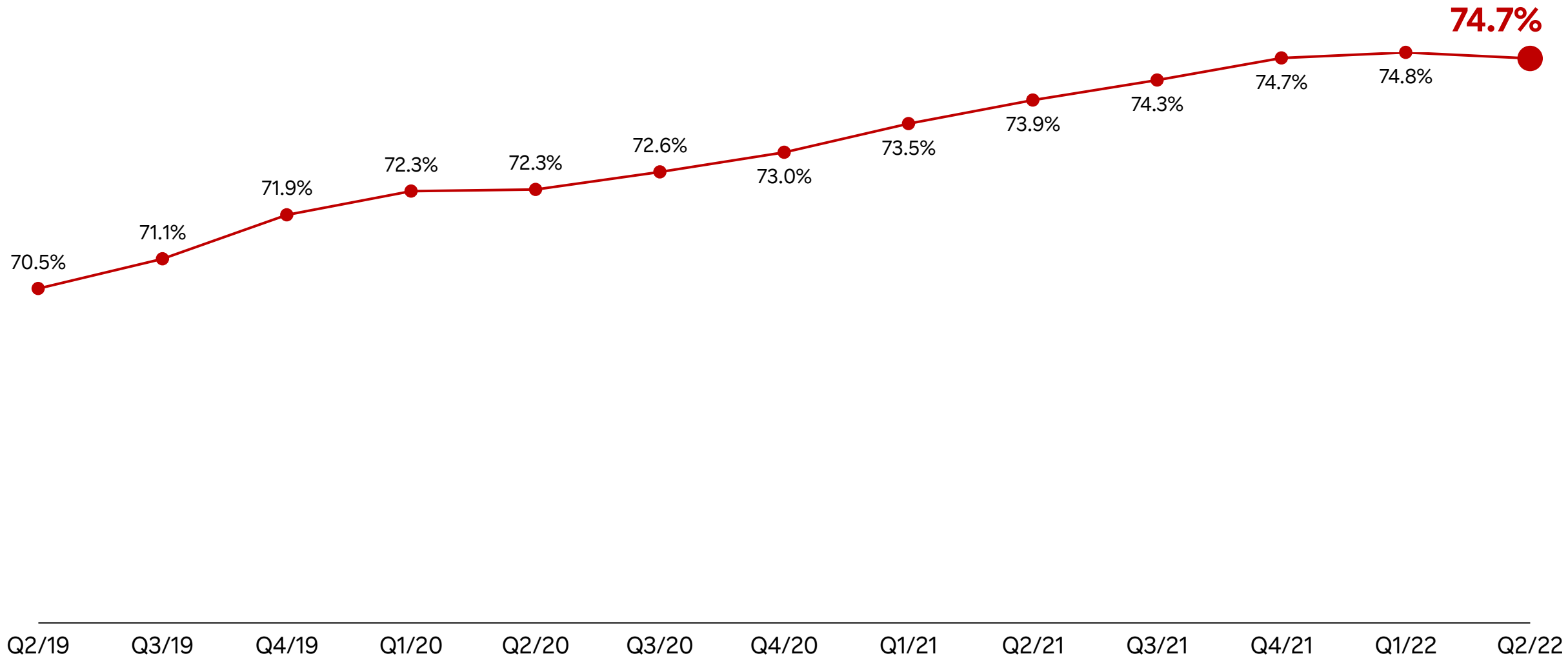
(JPY tn)



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

*2 Including intercompany transactions for settlement and affiliate services

Rising Cross-Use Ratio*



* Number of Rakuten members who have utilized two or more Rakuten services accounting for all user of Rakuten services during the past 12 months of the listed month (As of end of June, 2022)
(Applicable services limited to those which can earn Rakuten Points.)

Q2/22 Consolidated Results Summary

(JPY bn)

	Q2/21	Q2/22	YoY
Revenue	402.2	456.5	+13.5%
Non-GAAP Operating Income	-59.5	-79.1	-19.5
IFRS Operating Income	-63.5	-84.5	-20.9

Q2/22 Revenue and Operating Income ^{*1 *2}

(JPY bn)

	Q2/21	Q2/22	YoY
Domestic E-Commerce			
Revenue	168.1	190.3	+13.2%
Operating Income	15.6	20.3	+30.4%
Others			
Revenue	68.6	69.6	+1.4%
Operating Income	0.6	1.2	+88.8%
Internet Services Segment			
Revenue	236.7	259.9	+9.8%
Operating Income	16.2	21.5	+32.7%
FinTech Segment			
Revenue	153.2	162.7	+6.3%
Operating Income	22.5	26.5	+17.4%
Mobile Segment			
Revenue	51.5	84.6	+64.5%
Operating Income	-99.7	-124.3	-24.6
Adjustments			
Revenue	-39.2	-50.8	-11.6
Operating Income	1.4	-2.8	-4.2
Consolidated			
Revenue	402.2	456.5	+13.5%
Non-GAAP Operating Income	-59.5	-79.1	-19.5
IFRS Operating Income	-63.5	-84.5	-20.9

*1 From Q4/20, Contents related businesses were transferred from the Internet Services segment to the Mobile segment. In addition to this, from Q2/21, some businesses providing digital content sites in North America and Viber were transferred from the Mobile segment to the Internet Services segment. From Q4/21, Rakuten Books network, cross border trading, Rakuten Kobo (domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. Past figures have also been retroactively adjusted.

*2 Regarding the processing method of cardholder acquisition points recorded in Rakuten Ichiba on Q2 / 22, the one recorded in Rakuten Ichiba has been transferred to consolidated adjustment recording, and the past amount has also been retroactively revised.

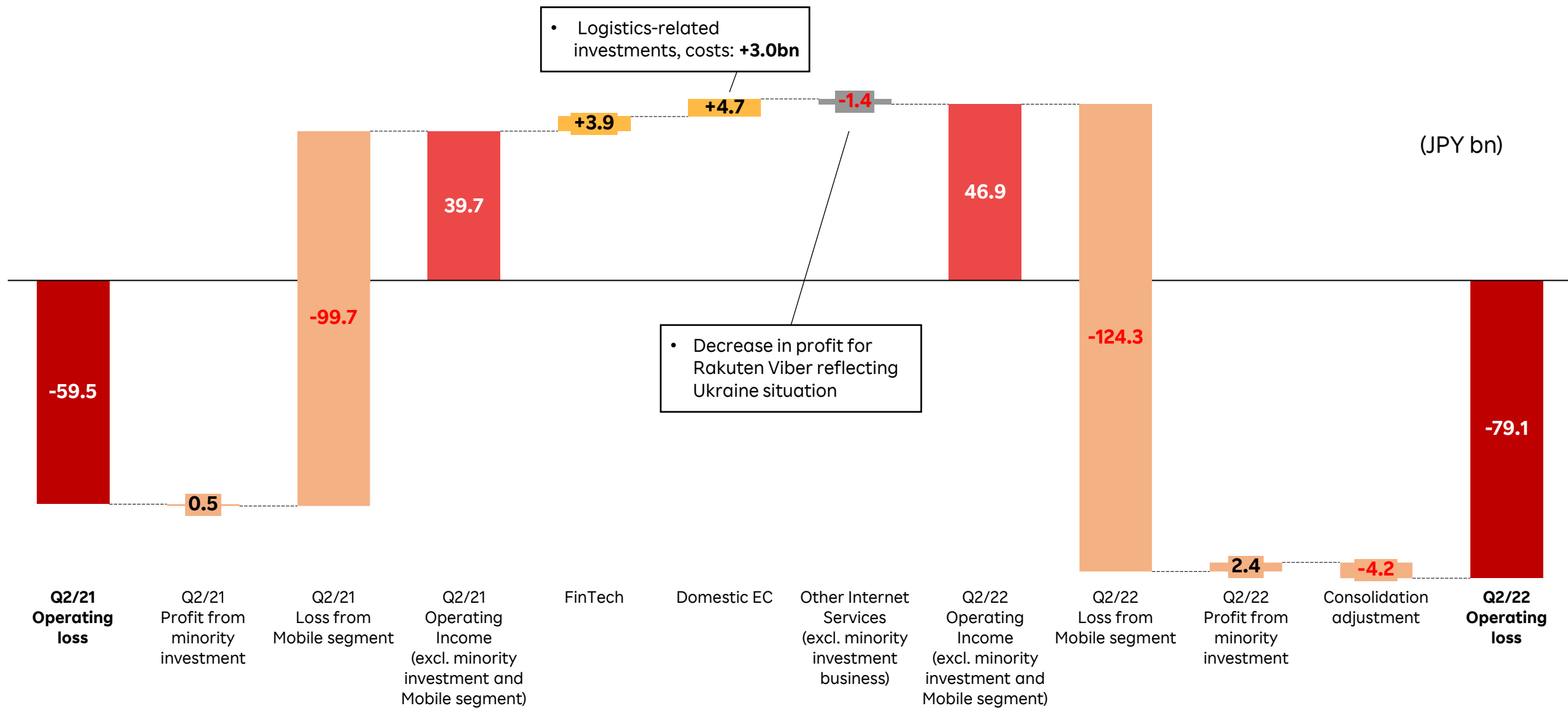
Q2/22 Non-GAAP Operating Income Reconciliation

(JPY bn)

	Q2/21	Q2/22	YoY
Non-GAAP Operating Income	-59.5	-79.1	-19.5
Amotization of Intangible Assets (PPA)	-1.7	-2.4	-0.7
Stock Based Compensation	-2.3	-2.9	-0.7
IFRS Operating Income	-63.5	-84.5	-20.9

* 1 No one-off items in Q2/21 and Q2/22

Q2/22 Non-GAAP Operating Income Breakdown



Consolidated and Major Subsidiaries' Balance Sheet (1) As of June 30, 2022*1*2

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)

Cash and cash equivalents 4,396.6	Bonds and borrowings 2,311.2
Financial assets for securities biz 3,241.3	Financial liabilities for securities biz 3,272.6
Investment securities and loans for banking biz 3,974.9	Deposits for banking biz 7,706.0
Loans for credit card biz 2,370.8	Other liabilities 4,142.7
Other assets 4,721.7	Total net assets 1,046.9
Total Assets	18,705.3

Consolidated

Subordinated bonds
225.8

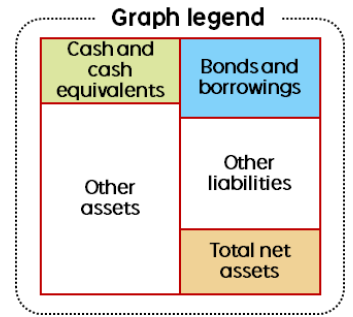
Cash and cash equivalents 151.0	Bonds and borrowings 1,099.7
Other assets 3,135.6	Other liabilities 945.4
Total Assets	3,286.6

Subordinated bonds
225.8

Rakuten Group, Inc.

Fixed assets 895.3	Bonds and borrowings 763.7	Lease liabilities 266.3
Intangible assets 151.4	Other liabilities 323.8	Other liabilities 323.8
Other assets 577.6	Total net assets 270.5	
Total Assets	1624.3	

Rakuten Mobile, Inc.



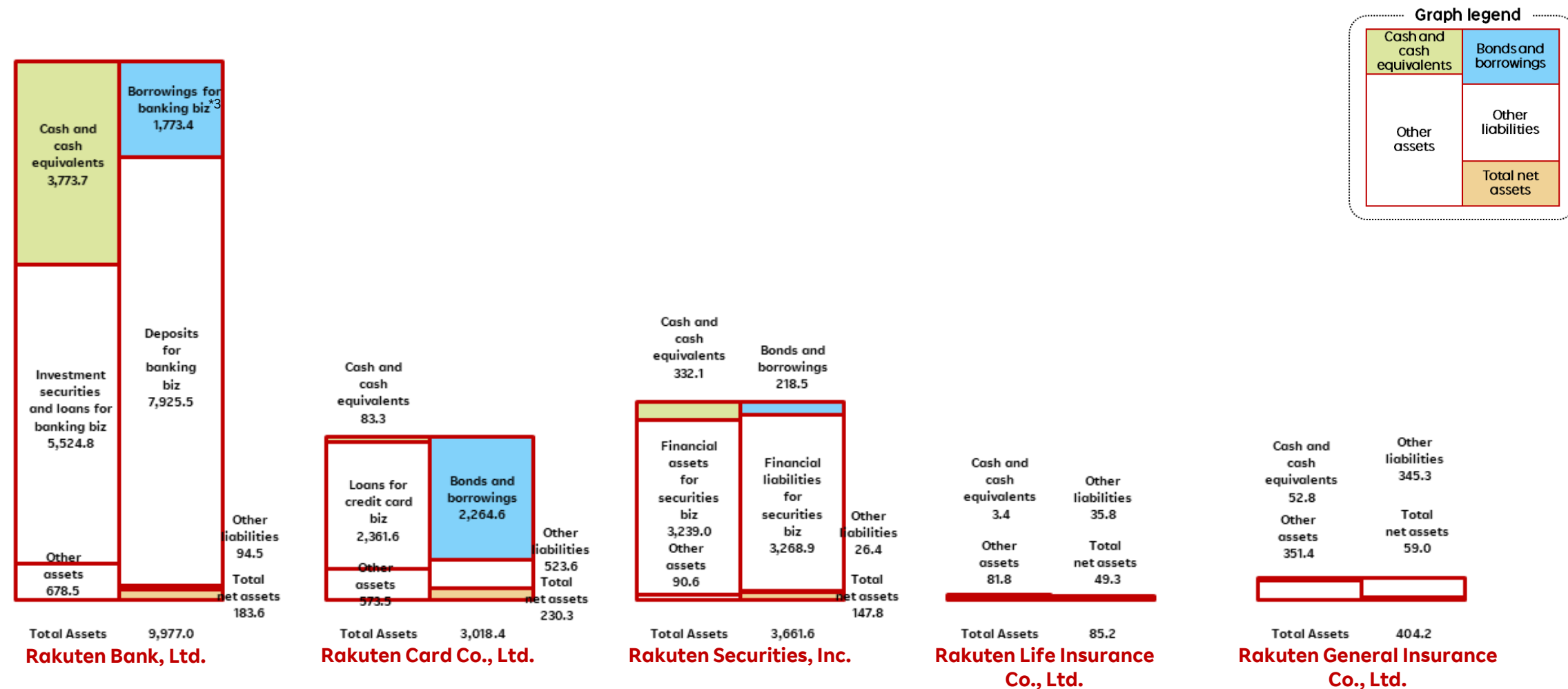
*1 Rakuten Group, Inc., Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities, Inc., Rakuten Life Insurance Co., Ltd., Rakuten General Insurance Co., Ltd. and Rakuten Mobile, Inc. are based on IFRS non-consolidated balance sheets.

*2 Bonds and borrowings include Straight corporate bonds, CP, Bank borrowings etc.

Consolidated and Major Subsidiaries' Balance Sheet (2) As of June 30, 2022^{*1*2}

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)



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

*2 Bonds and borrowings include Straight corporate bonds, CP, Bank borrowings etc.

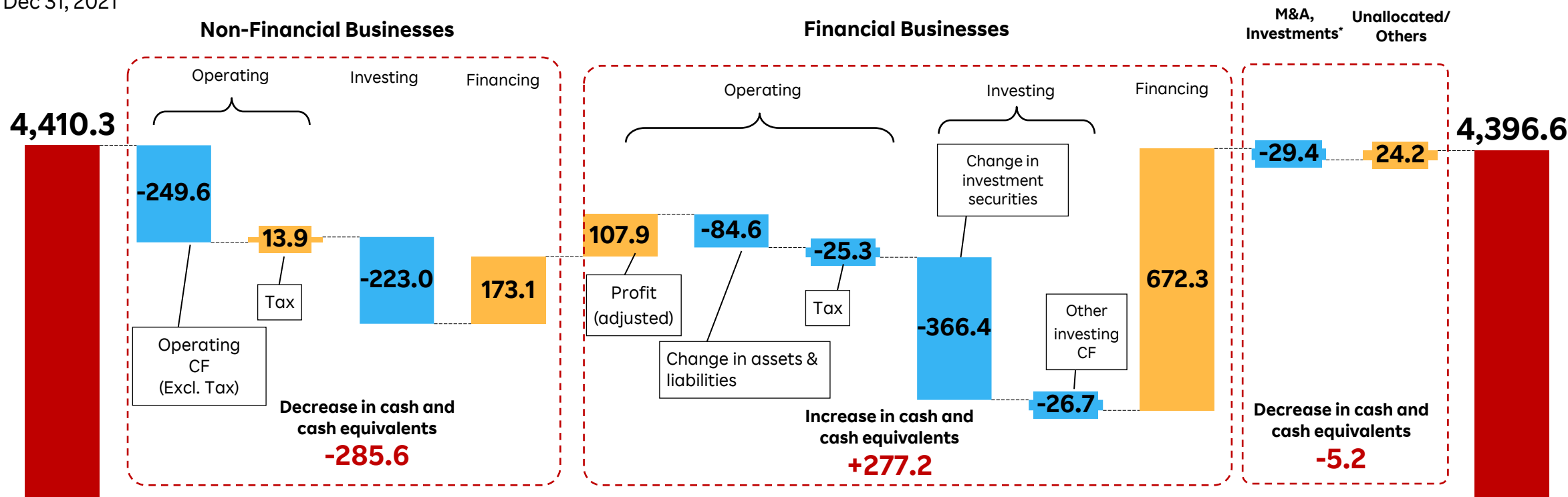
*3 Borrowings for banking business are mainly debt from Bank of Japan under eligible collateral. Joint venture in Taiwan (Rakuten International Commercial Bank.) is not included in the figures above.

Cash Flow Breakdown: Jan – Jun 2022

(JPY bn)

Balance of cash
Dec 31, 2021

Balance of cash
Jun 30, 2022

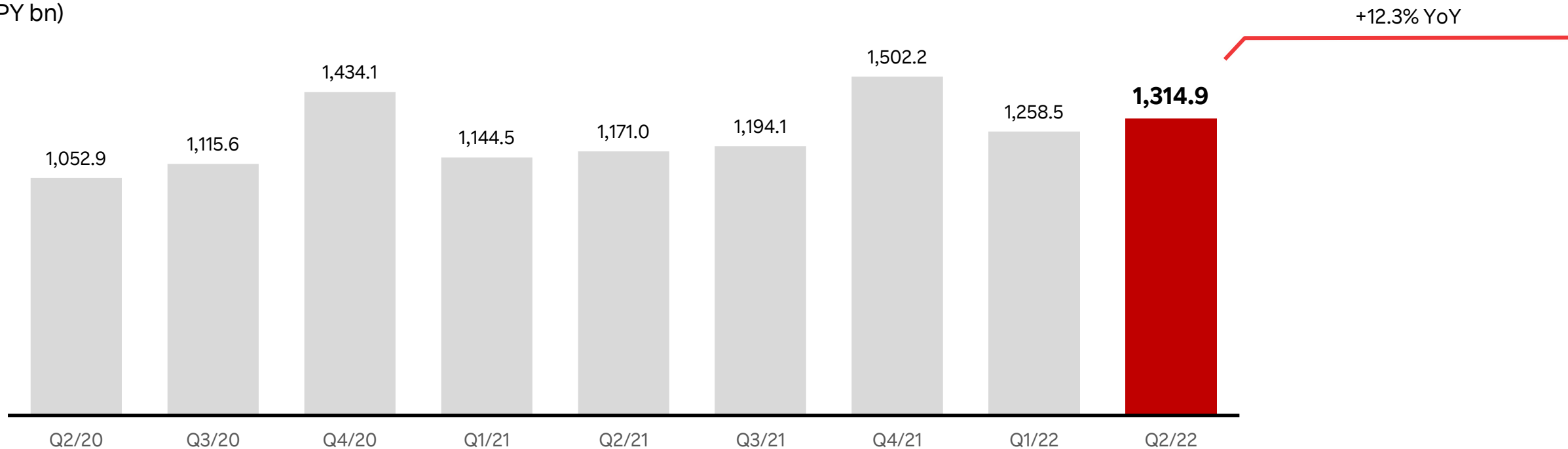


* "M&A and investments" includes "Purchase of investment securities" and "Proceeds from sales and redemption of investment securities" of Non-Financial activities in addition to "Acquisition of subsidiaries" and "Acquisition of investments in associates and joint ventures"

Internet Services Segment

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

(JPY bn)



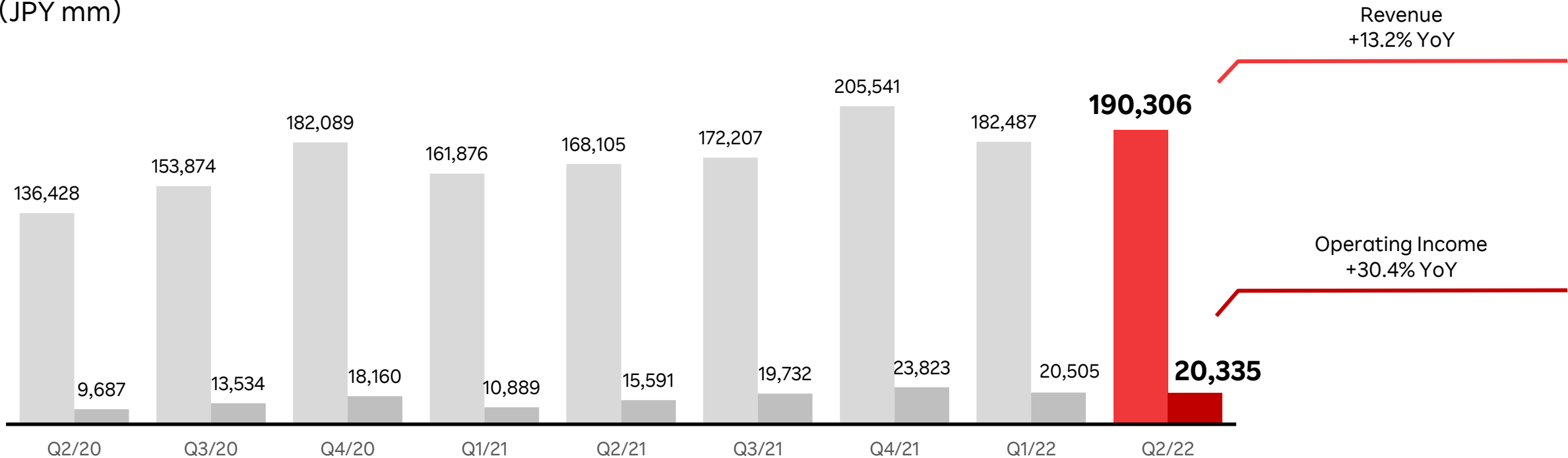
^{*1} Domestic e-commerce GMS (Excludes some tax-exempt businesses, includes consumption tax.) is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Books Network, Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten Delivery, Rakuten 24, auto business, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, and cross border trading etc.

^{*2} Rakuten Books network, cross border trading and Rakuten Kobo (domestic) were added from Q4/21. This has resulted in retroactive adjustments to Domestic E-Commerce GMS.

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

- Continued growth of Rakuten's e-commerce businesses, driven by Rakuten Ichiba, led to strong growth in both revenue and operating income.

(JPY mm)

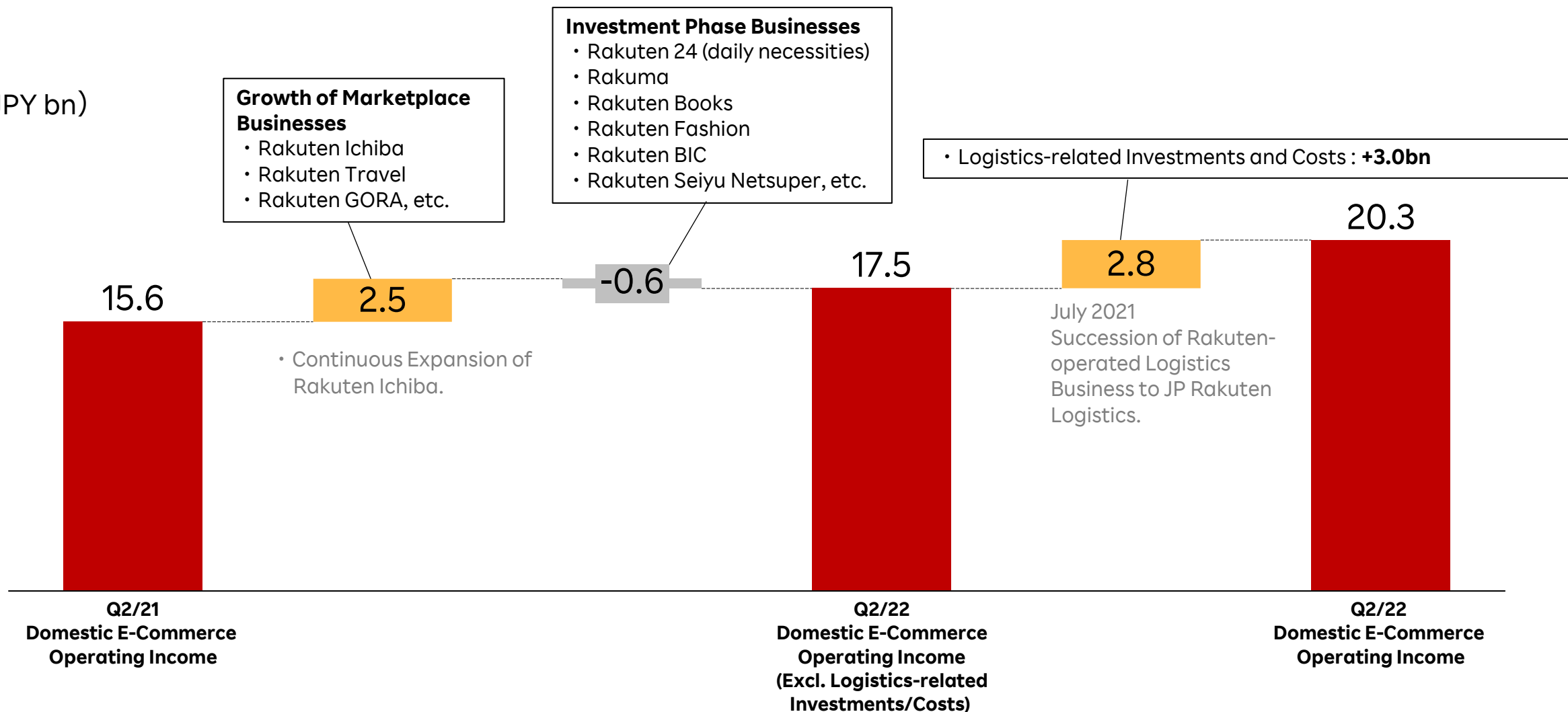


^{*1} Domestic E-commerce = Rakuten Ichiba, Rakuten Travel, Rakuten Books, Rakuten Books network, Rakuten Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24 and other direct daily necessities shops, Logistics, auto business, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, cross border trading, etc.

^{*2} From Q4/21, Rakuten Books network, cross border trading, Rakuten Kobo (domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. This has resulted in retroactive adjustments to Domestic E-Commerce revenue and operating income.

Domestic E-Commerce Operating Income Breakdown*1

(JPY bn)



*1 From Q4/21, Rakuten Books Network, Cross Border Trading, Rakuten Kobo (Domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. This has resulted in retroactive adjustments to Domestic E-Commerce revenue and operating income.

Rakuten Zenkoku Super: Promoting DX in food retailing and OMO* to expand Rakuten Ecosystem

Expanding Rakuten Zenkoku Super

Rakuten 全国スーパー

(online supermarket platform)

Jan 4, 2022
Opened a store
at Rakuten Zenkoku Super



Starting delivery from 4
new stores in Gunma
prefecture in June 2022

Jun 20, 2022
Opened a store
at Rakuten Zenkoku Super



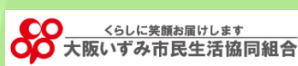
Scheduled to add stores
sequentially from June 2022

Oct 20, 2021
Agreed to open a store
at Rakuten Zenkoku Super



Online supermarket service will
be available from the fall of
2022

Jul 22, 2022
Agreed to open a store
at Rakuten Zenkoku Super

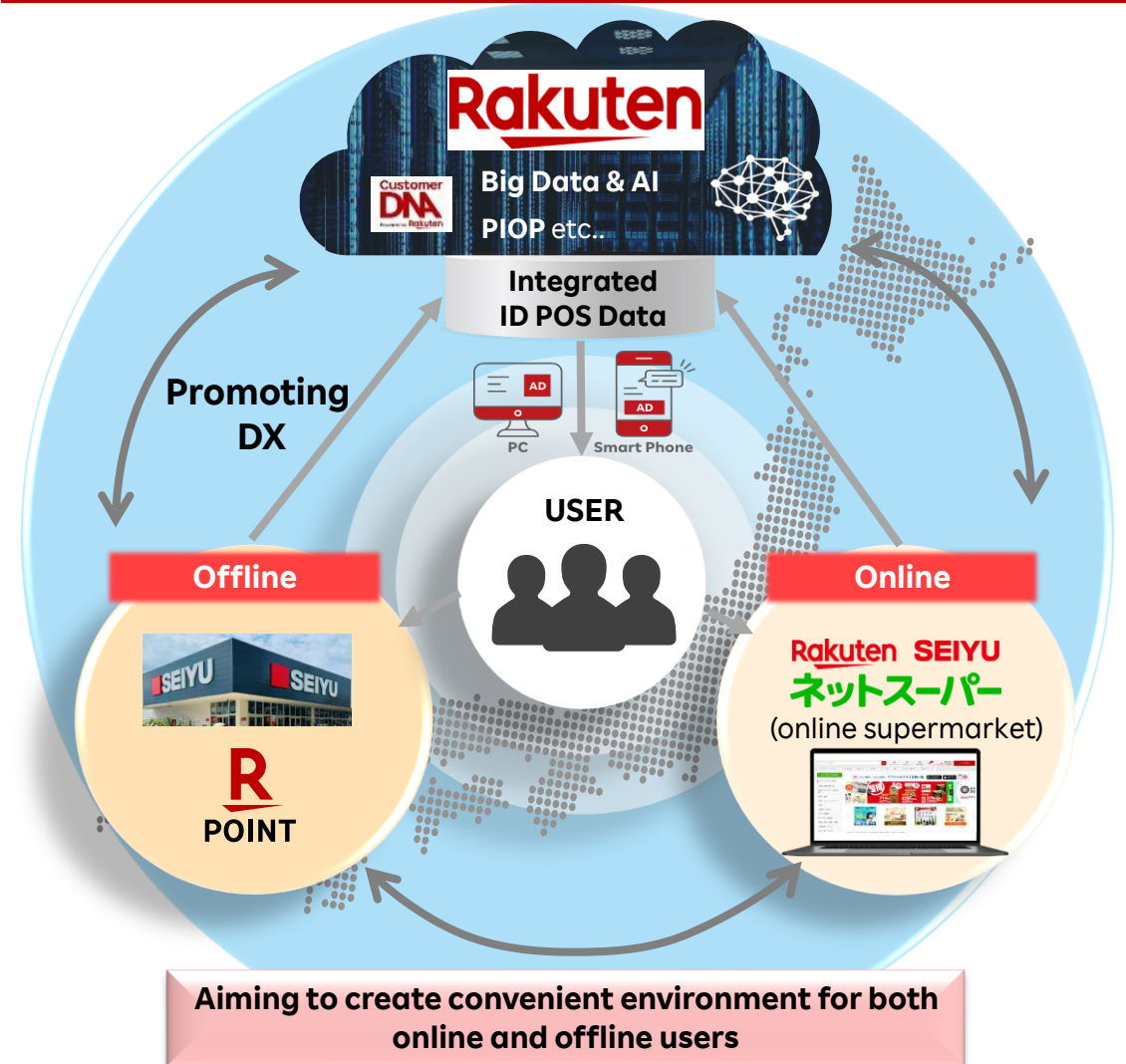


Online supermarket service will
be available from the spring of
2023



* OMO = Online Merges with Offline

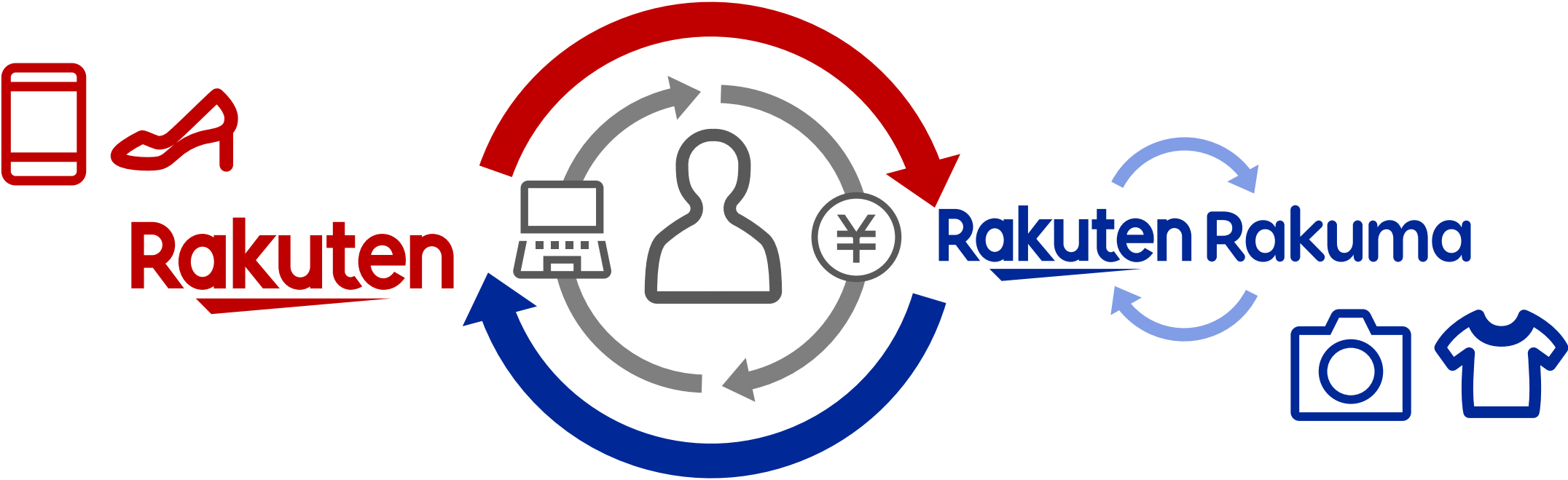
Promotion of OMO Strategy



Rakuma: Promote circulation strategy

Starting around fall 2022

Expansion of Synergies between Rakuten Ichiba and Rakuma Marketplace



Sustainable Circulation
Expansion of Rakuten Ecosystem

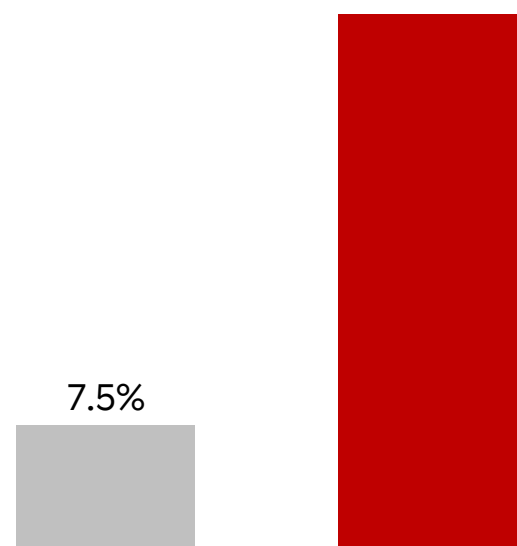
Q2/22 Rakuten Ichiba Mobile GMS Growth and Ratio*

- Growth rate of Rakuten Ichiba GMS via smartphones and tablets (Ichiba mobile GMS) has achieved 32.4%, much faster than GMS growth via web browsers (Google Chrome etc.) and Rakuten Ichiba apps (other GMS)
- In addition, the ratio of mobile GMS to total Ichiba GMS* has been increasing year by year.

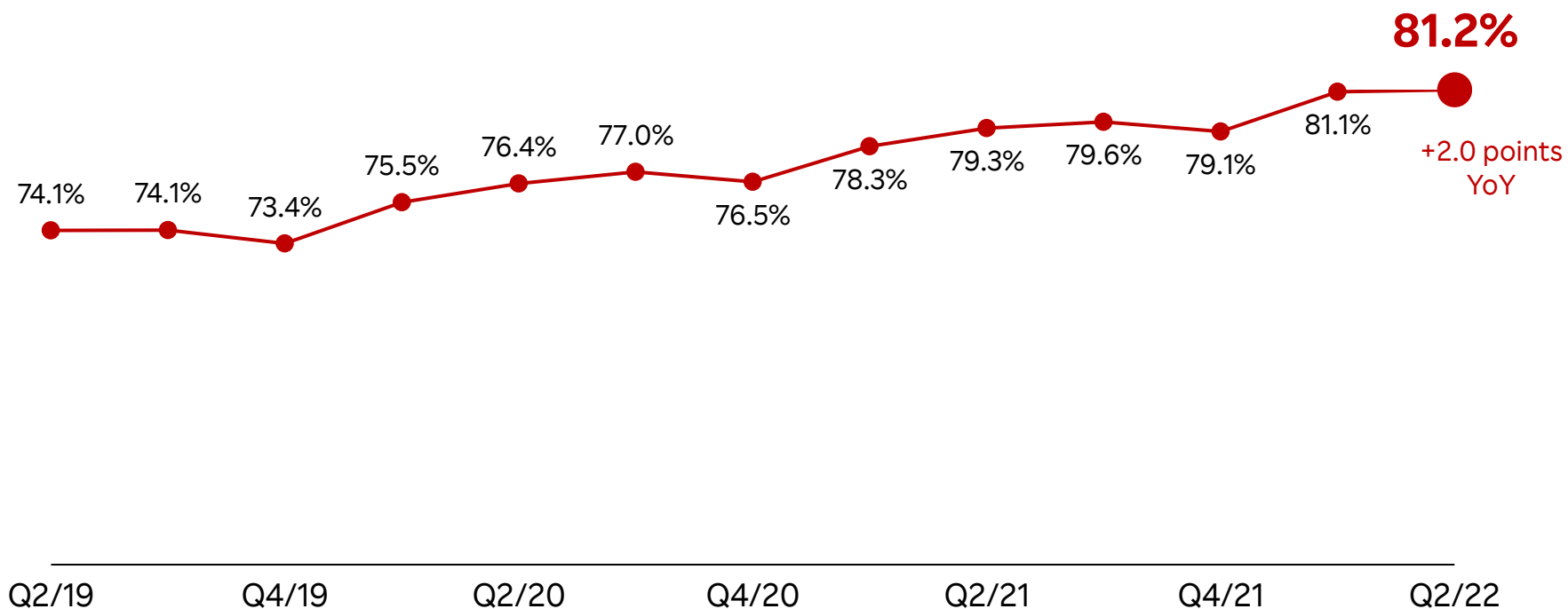
GMS 3 year CAGR

(Q2/19 - Q2/22)

32.4%

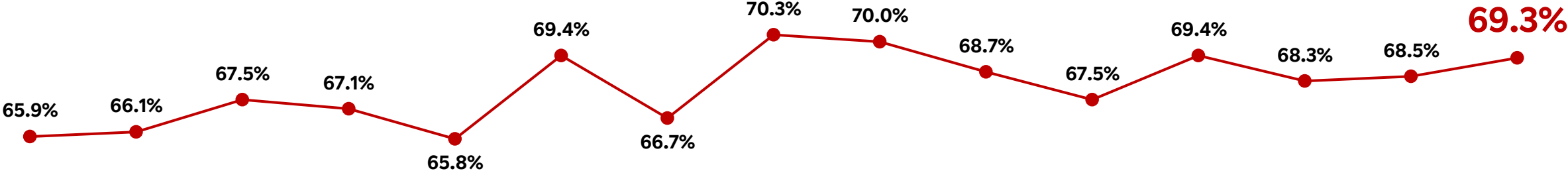


Mobile GMS Ratio *



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

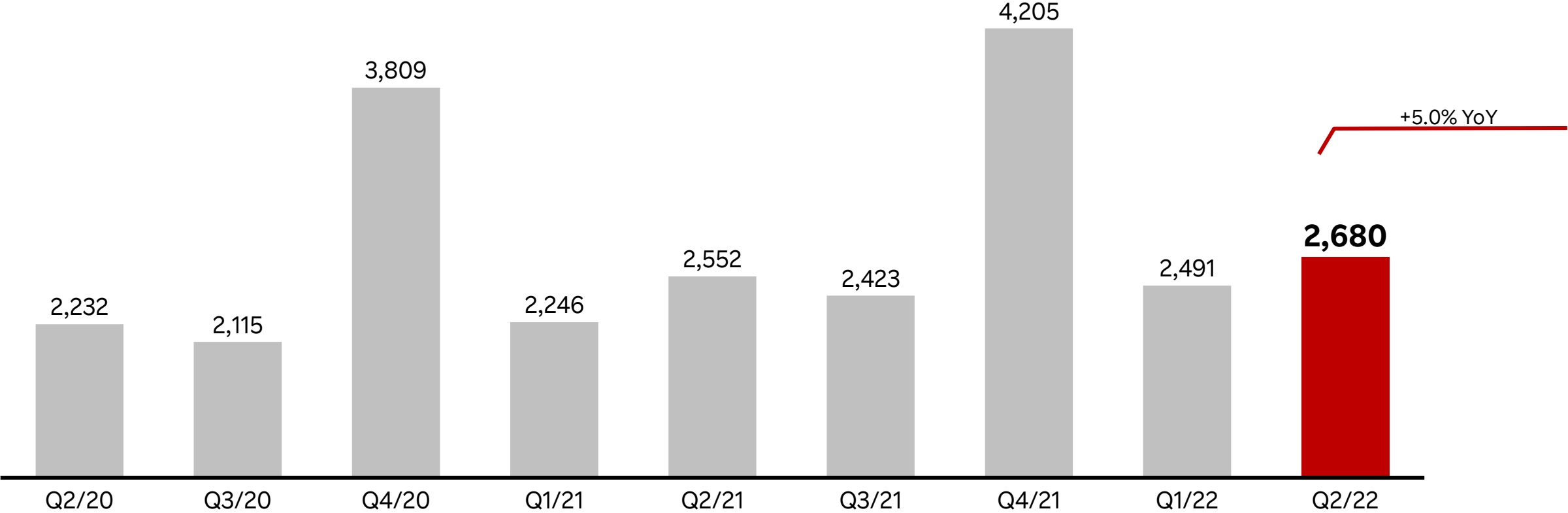
Rakuten Card Share of Rakuten Ichiba GMS



Apr/21 May/21 Jun/21 Jul/21 Aug/21 Sep/21 Oct/21 Nov/21 Dec/21 Jan/22 Feb/22 Mar/22 Apr/22 May/22 Jun/22

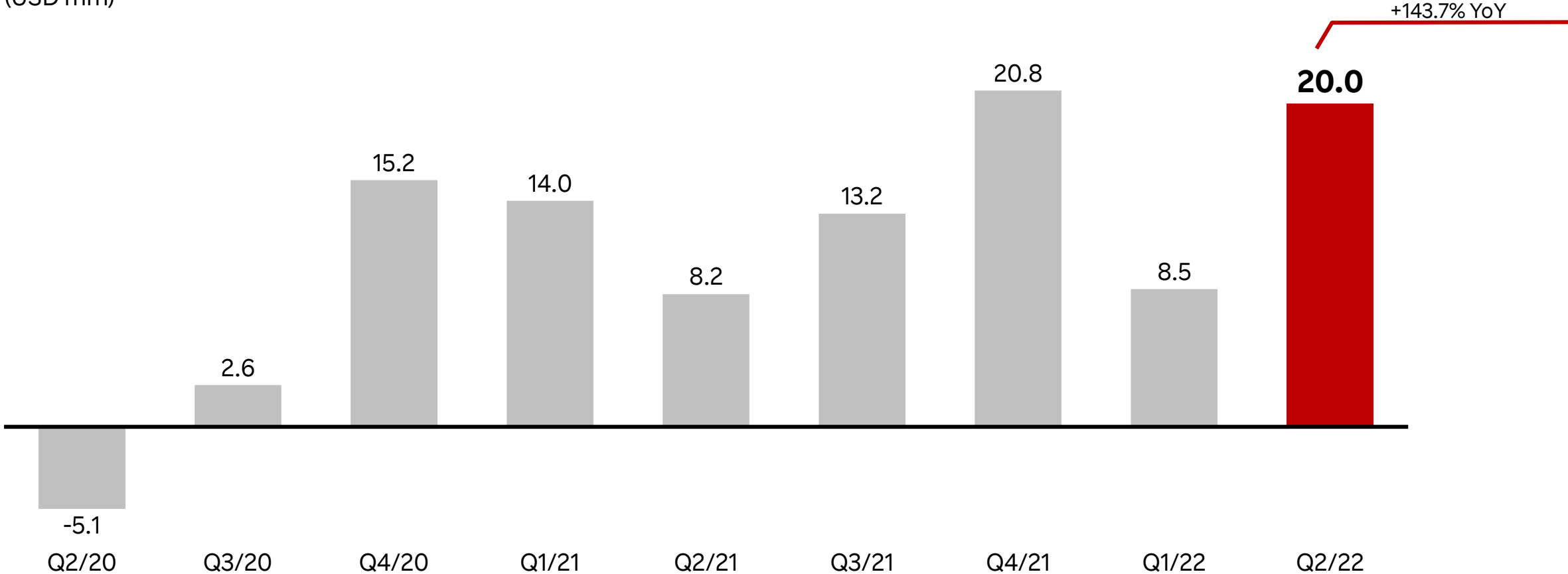
Rakuten Rewards (Ebates) GMS

(USD mm)



Rakuten Rewards (Ebates) Operating Income^{*1*2}

(USD mm)



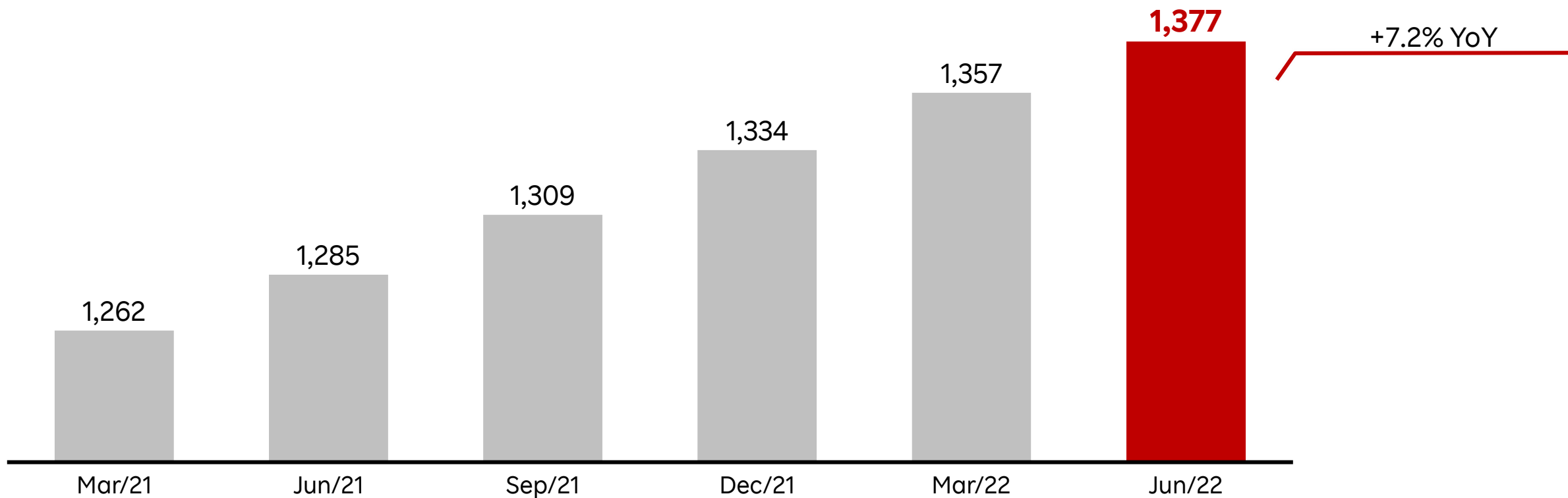
^{*1} Excludes rebranding cost of USD 5.2 million (Q1/20), USD 5.1 million (Q2/20) and USD 6.3 million (Q3/20), USD 2.5 million (Q4/20).

^{*2} Operating income has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.



Viber Unique IDs^{*1*2}

(million IDs)

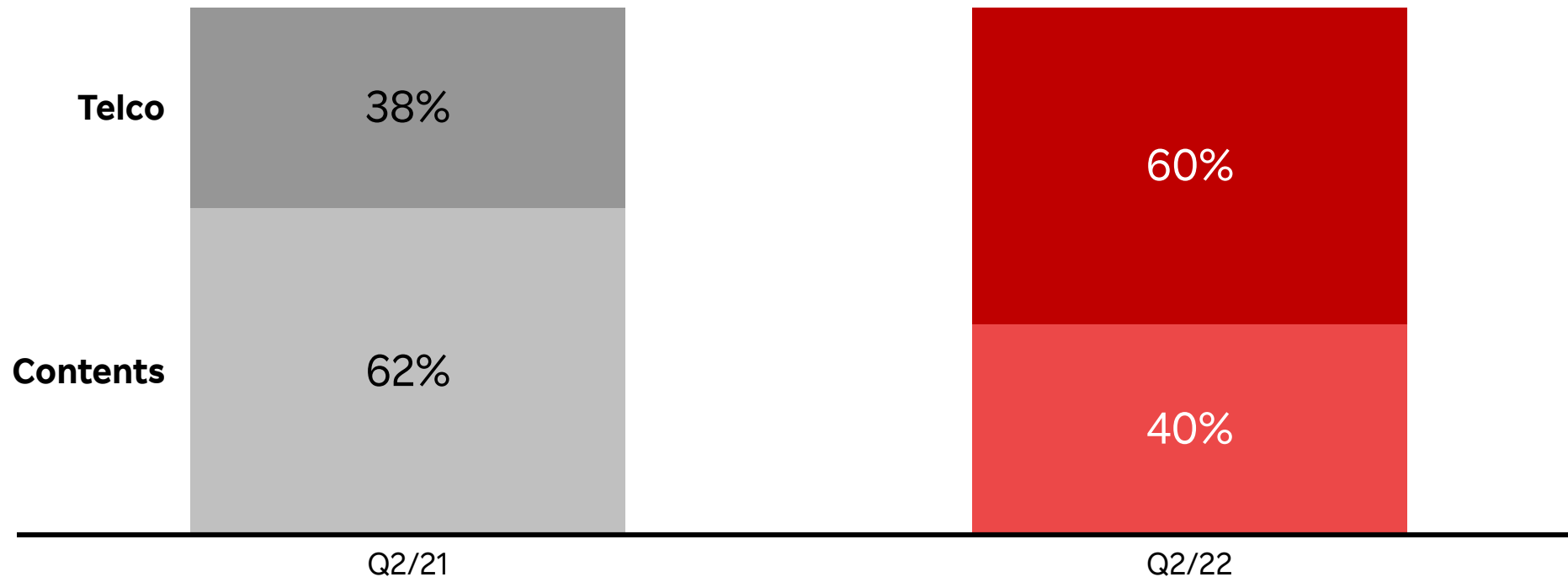


^{*1} Unique IDs: Unique phone numbers excluding deactivations

^{*2} From Q2/21, Viber was transferred from the Mobile segment to the Internet Services segment.

Viber Revenue^{*1*2}

**Total Revenue
-26.1% YoY**



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

*2 From Q2/21, Viber was transferred from the Mobile segment to the Internet Services segment.

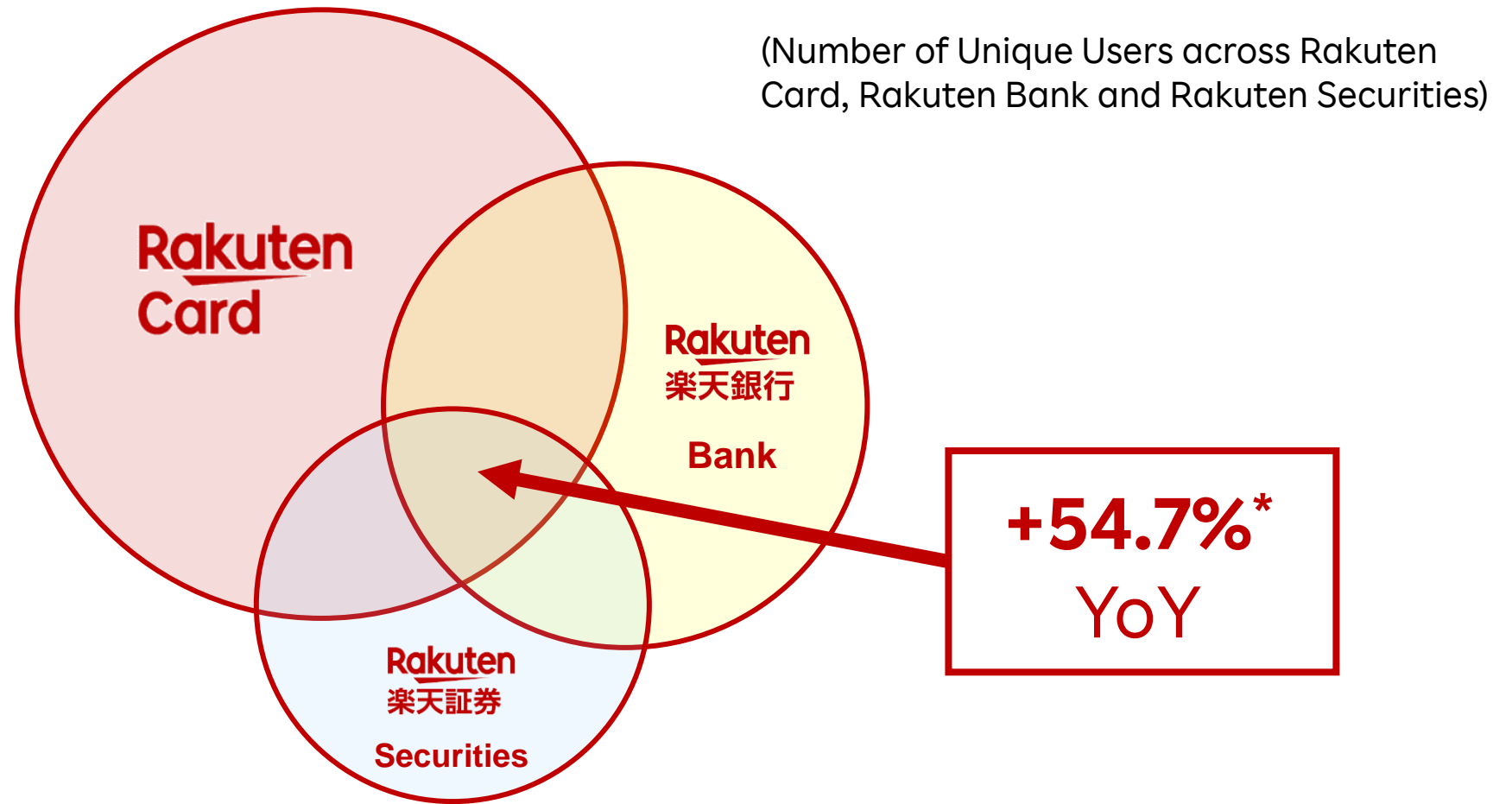
Minority Investment Portfolio

	Remaining		Exited* ¹	Non R-Capital* ²
Number of Investments*³:	40		35	2
<u>Internet</u>	<u>Ride Sharing</u>	<u>Healthcare</u>		
		 		
		 	 (Partial)	 (Equity Accounted Affiliate)
	<u>Fintech</u>	Genesis Healthcare		
		<u>Others</u>		
	<u>Mobile / AI</u>			
				

R *¹ Exit since 2015. Exit number does not include partial exit.
 *² Lyft and Rakuten Medical have been transferred from Rakuten Capital to other businesses
 *³ Numbers are related to R-Capital investment only as of Q2/22.

FinTech Segment

Cross-Use Example of FinTech Businesses



* As of June 2022

Q2/22 FinTech Results Summary^{*1*2*3*}

(JPY bn)

Q2/22	Revenue	YoY	Operating Income	YoY
Card	72.5	+5.5%	12.6	+17.1%
Bank	28.2	+9.1%	9.8	+31.0%
Securities	23.5	+14.0%	4.1	+20.7%
Insurance	25.0	-6.9%	2.7	+19.3%
Payment	11.9	+21.9%	-1.8	-1.2
Others	1.7	+19.9%	-1.0	-0.2
FinTech Total	162.7	+6.3%	26.5	+17.4%

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

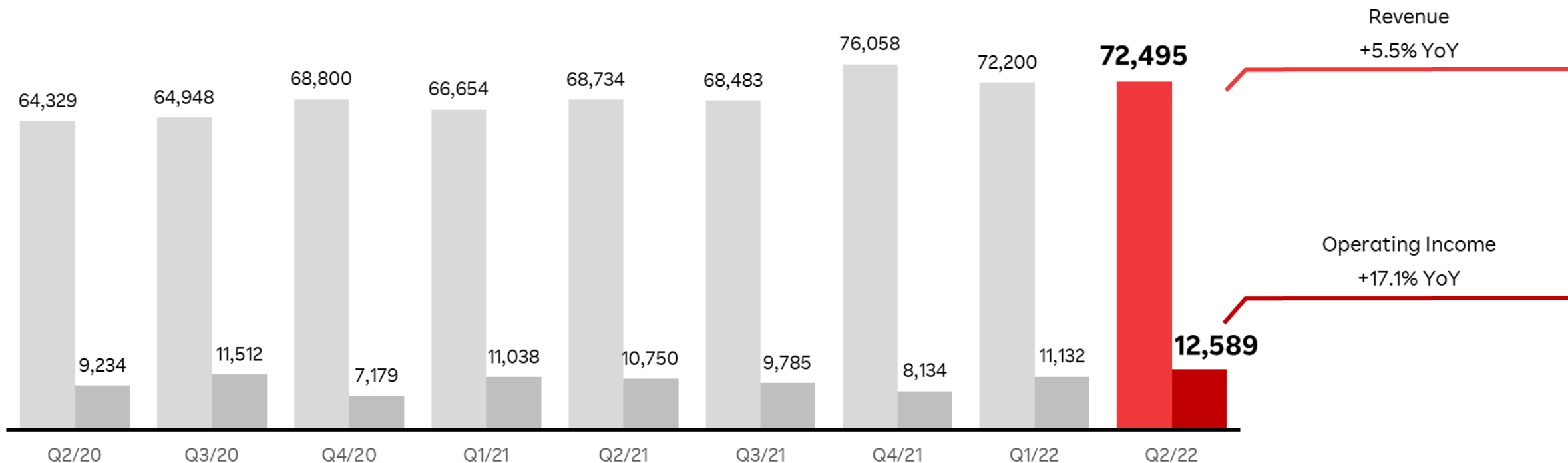
*2 Payment = Rakuten Pay, Rakuten Edy, Point Partner, etc.

*3 Bank: Joint venture in Taiwan (Rakuten International Commercial Bank.) became a consolidated subsidiary in Q2/20, which is not included in the figures above.

Rakuten Card Quarterly Results

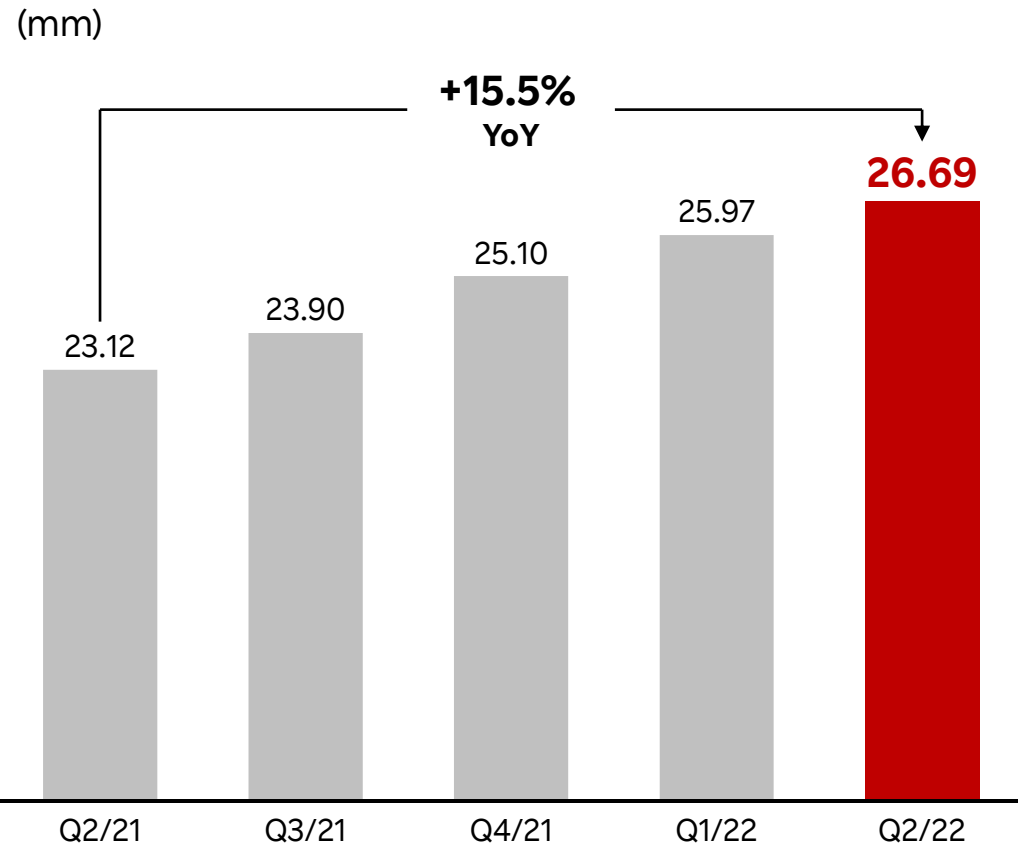
- Offline shopping recovered after pre-emergency measures were lifted. This led to growth in the number of cards issued, utilization rate, and unit price per customer, and as a result, shopping transaction volume strongly increased.
- Growth in merchant fees also drove revenue growth.

(JPY mm)

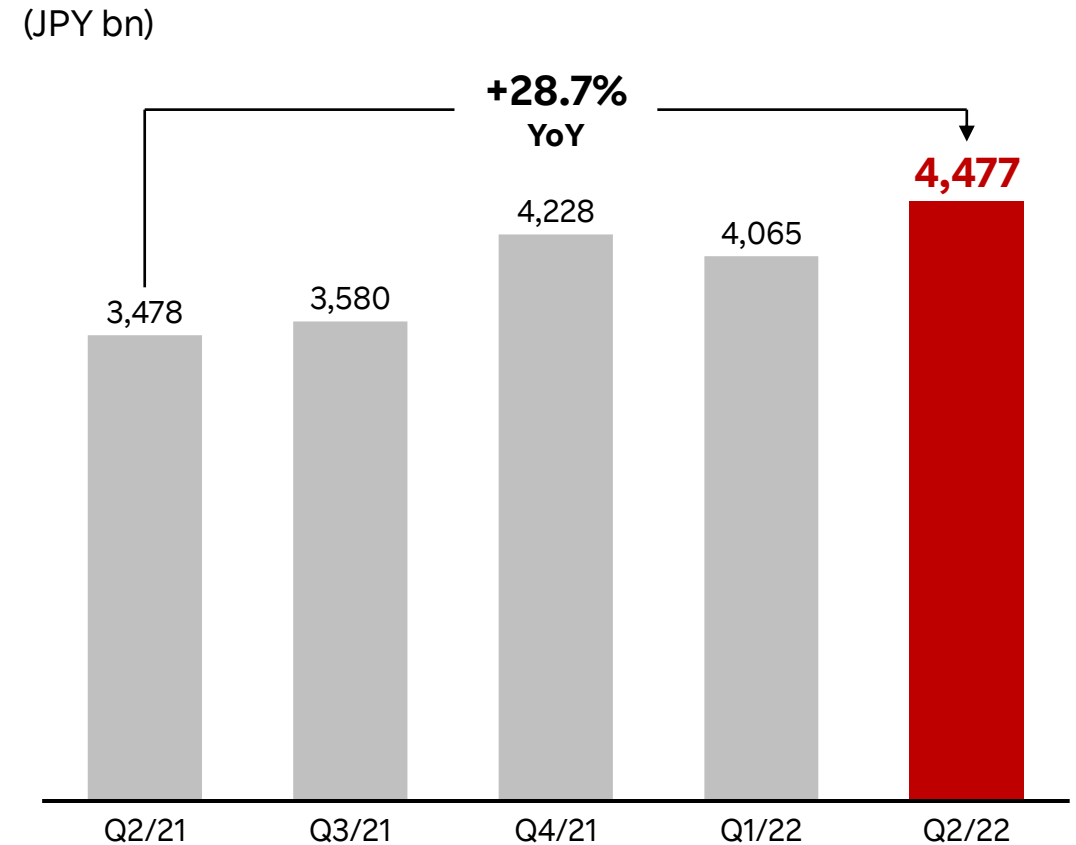


Rakuten Card KPIs (1)

Number of Cards Issued



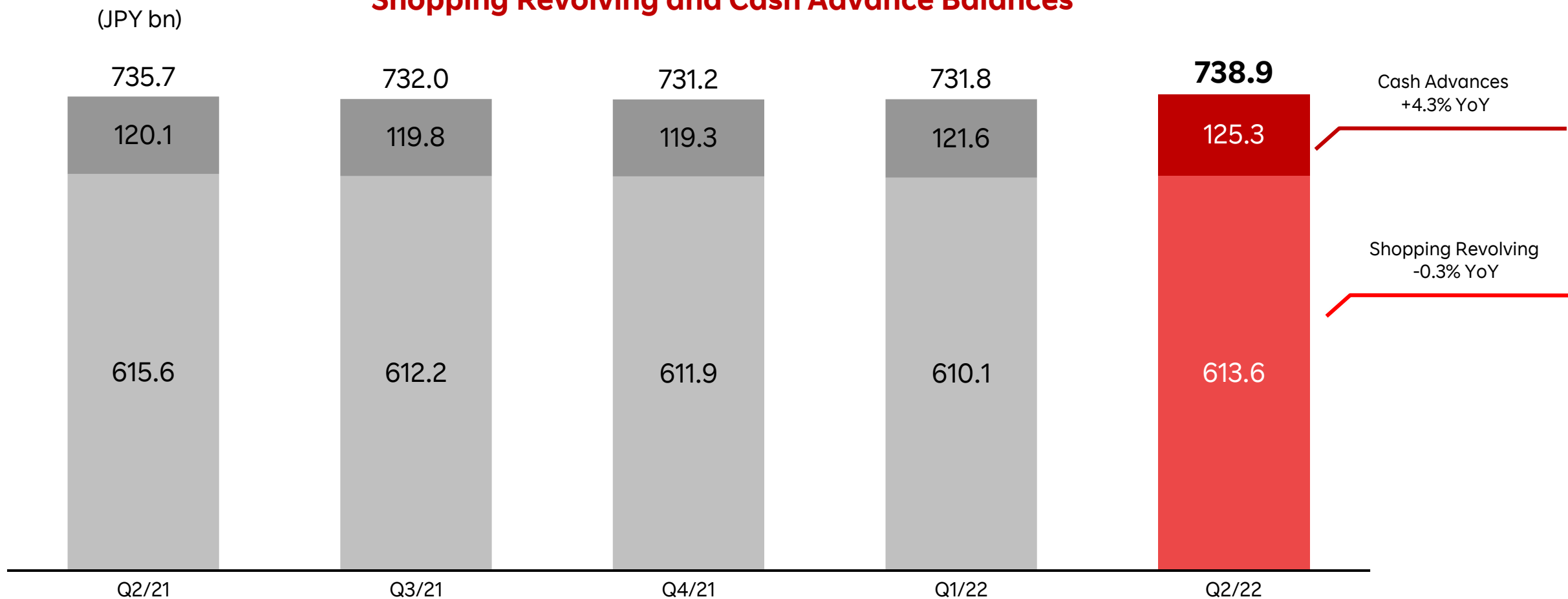
Card Shopping Transaction Volume*



*Calculated on a managerial accounting basis, using different definitions from data in Supplemental Data.

Rakuten Card KPIs (2)

Shopping Revolving and Cash Advance Balances



* Calculated on a managerial accounting basis, using different definitions from data in Supplemental Data. Revolving balance is calculated on a principal basis

Rakuten Card Allowance for Doubtful Accounts

(JPY mm)

	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q1/22	YoY
Expenses related to doubtful accounts	8,950	11,789	8,383	9,046	9,110	12,135	7,644	7,592	-16.1%
Ratio of expenses related to doubtful accounts ^{*1}	1.63%	2.03%	1.40%	1.53%	1.52%	1.88%	1.14%	1.14%	-
	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q1/22	YoY
Rakuten Card	1,839,869	2,097,002	2,010,882	2,052,112	2,093,338	2,449,854	2,321,916	2,434,939	+18.7%
Stage 1 (Normal)	1,750,887	2,008,991	1,919,540	1,957,075	1,994,727	2,349,481	2,219,197	2,328,727	+19.0%
Stage 2 (1-2 months delinquent)	11,633	12,414	13,554	13,333	14,102	14,512	14,443	14,359	+7.7%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	77,349	75,597	77,788	81,703	84,509	85,860	88,276	91,853	+12.4%
Rakuten Bank Super Loans	359,857	347,727	337,924	325,777	315,559	304,827	296,879	287,211	-11.8%
Stage 1 (Normal/Credit guarantees ^{*2})	323,023	312,551	303,559	291,724	281,938	272,555	265,169	255,970	-12.3%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	127	114	49	76	100	57	92	57	-24.2%
Stage 3 (Foreclosed credit guarantees)	36,707	35,062	34,315	33,977	33,522	32,215	31,618	31,184	-8.2%
Others	934	902	866	825	803	743	712	688	-16.6%
Total balance of loan receivables	2,200,660	2,445,632	2,349,672	2,378,714	2,409,699	2,755,423	2,619,507	2,722,839	+14.5%
Allowance for doubtful accounts^{*3}	96,898	94,890	94,047	94,470	95,185	95,560	94,228	94,439	-0.0%
Write-off for bad debt^{*4}	11,561	13,801	9,229	8,625	8,399	11,761	8,977	7,390	-14.3%

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

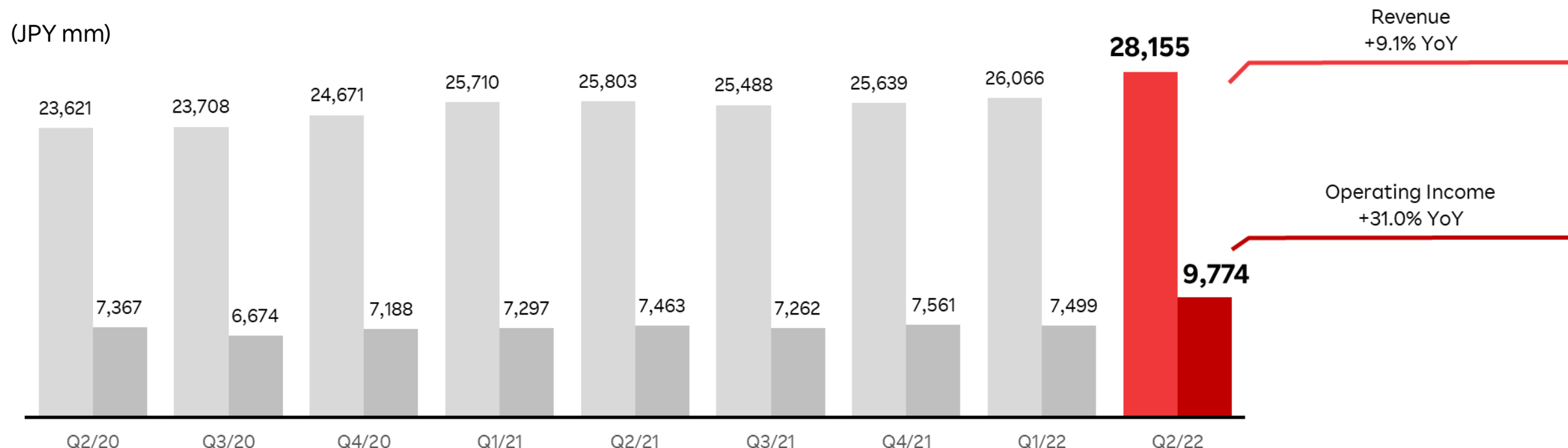
*2 Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

*3 Including allowance for credit guarantees

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

Rakuten Bank Results*

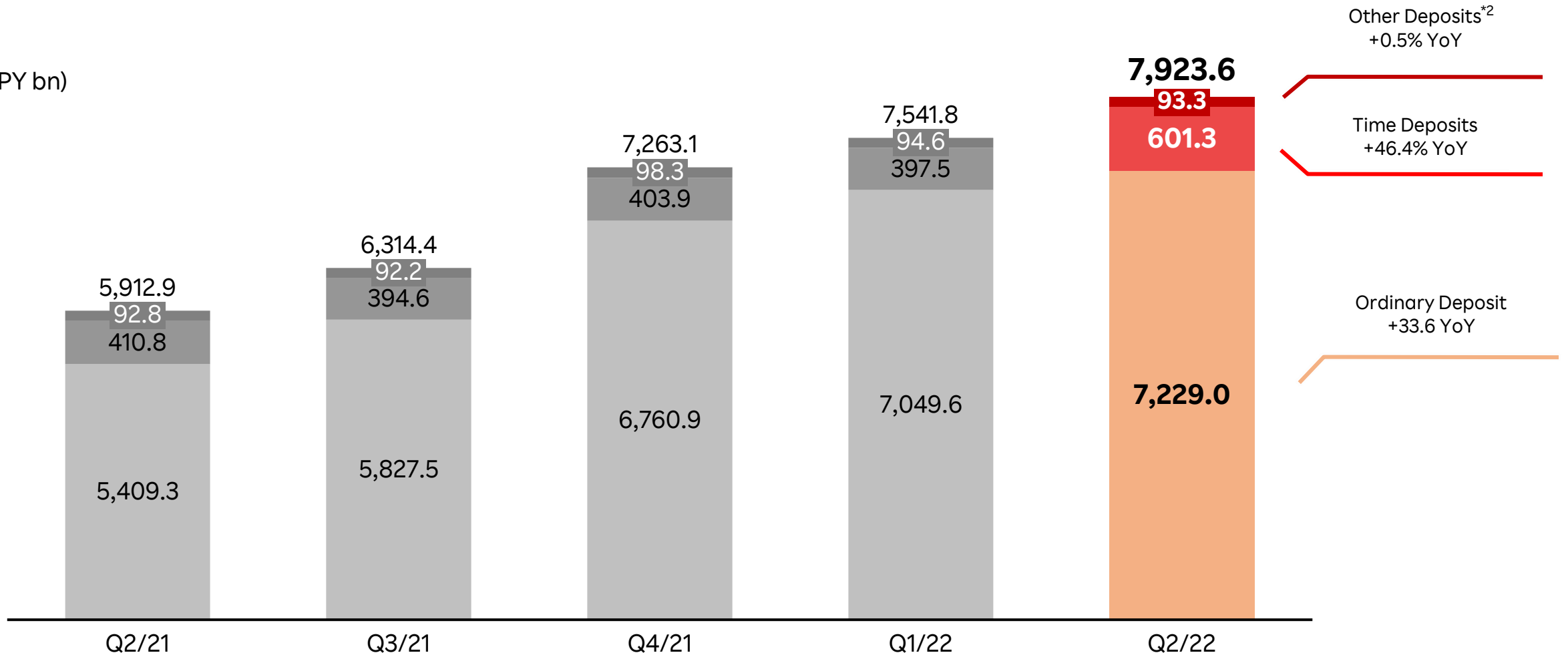
- Revenue increased due to growth in both interest income and fees and commissions revenue.
- Operating income increased due to continued improvement in management efficiency through expansion of business scale.



* Joint venture in Taiwan (Rakuten International Commercial Bank.), a consolidated subsidiary from Q2/20, is not included in the figures above.

Rakuten Bank Deposits*1

(JPY bn)

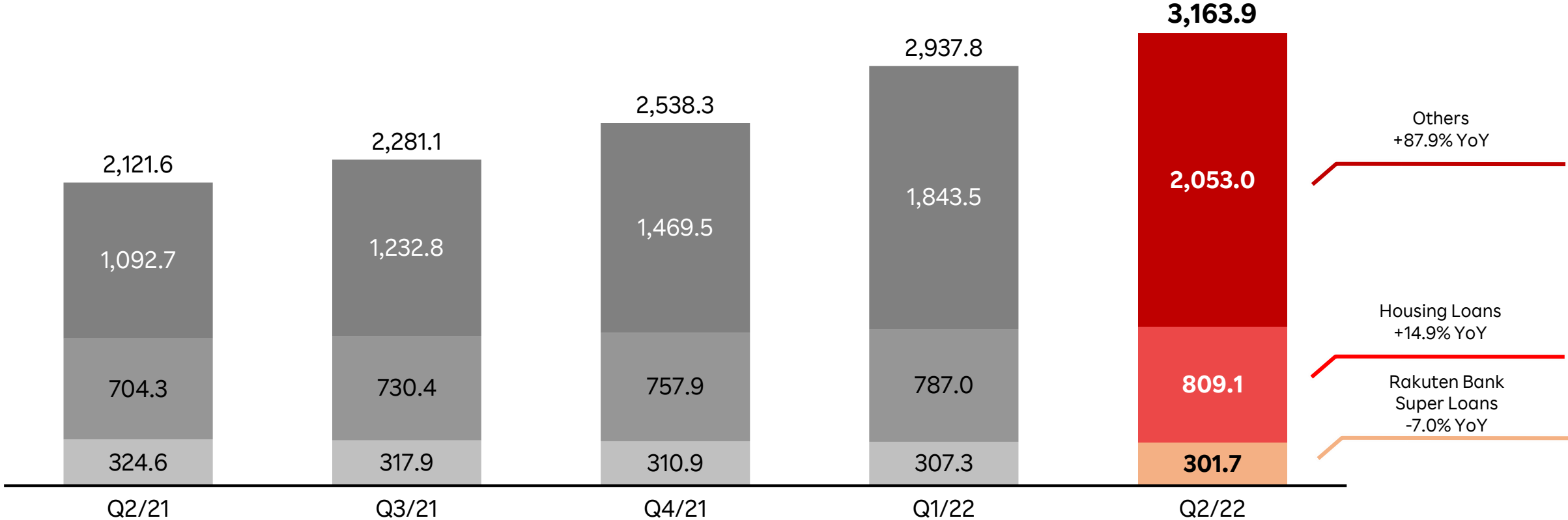


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

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

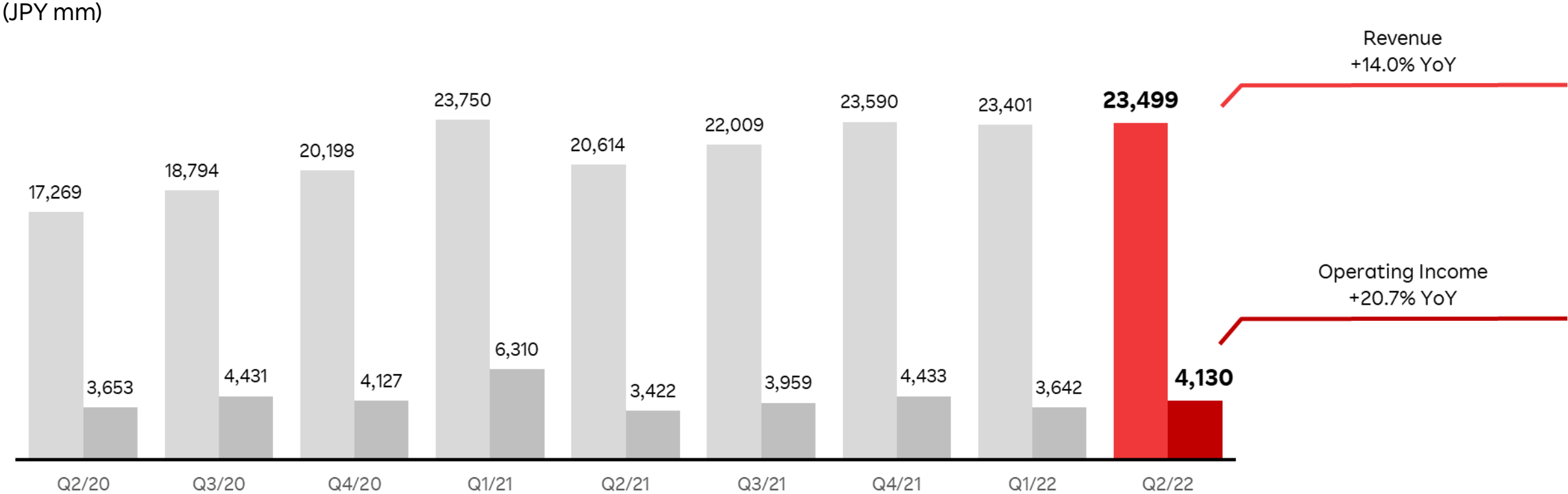
Rakuten Bank Loan Receivables Balance

(JPY bn)



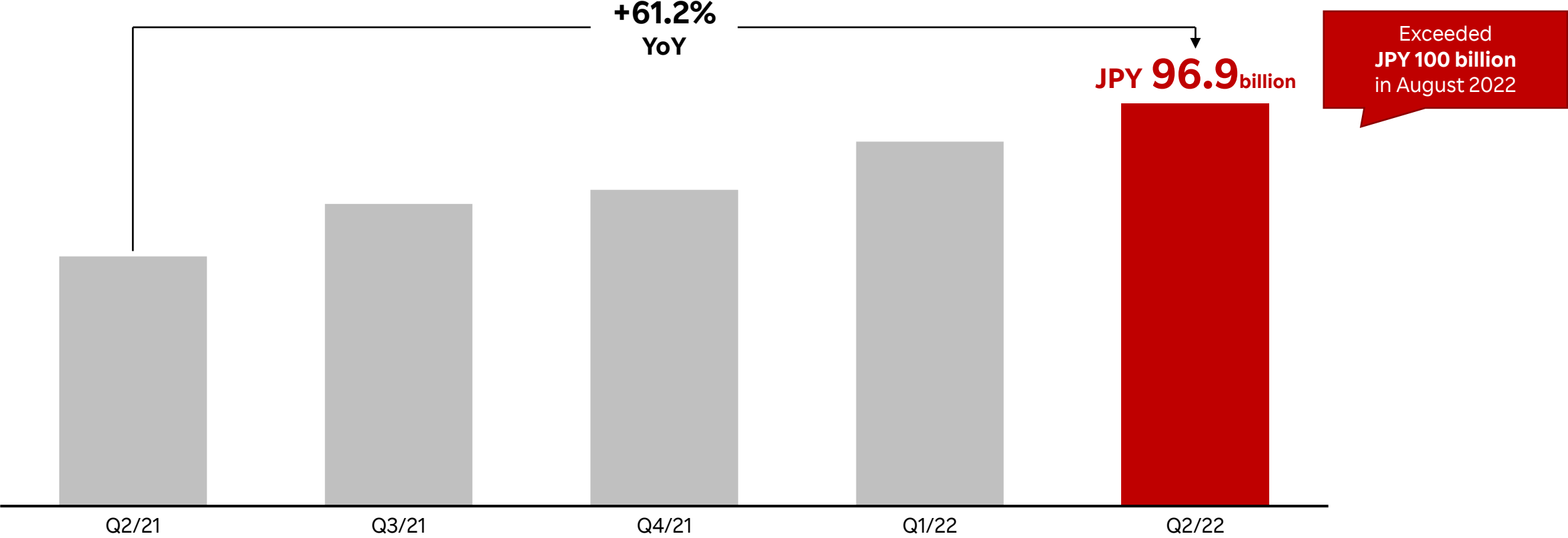
Rakuten Securities Results

- Foreign equities, FX, bonds, and investment trust businesses contributed significantly to revenue as they grew more than Japanese equities



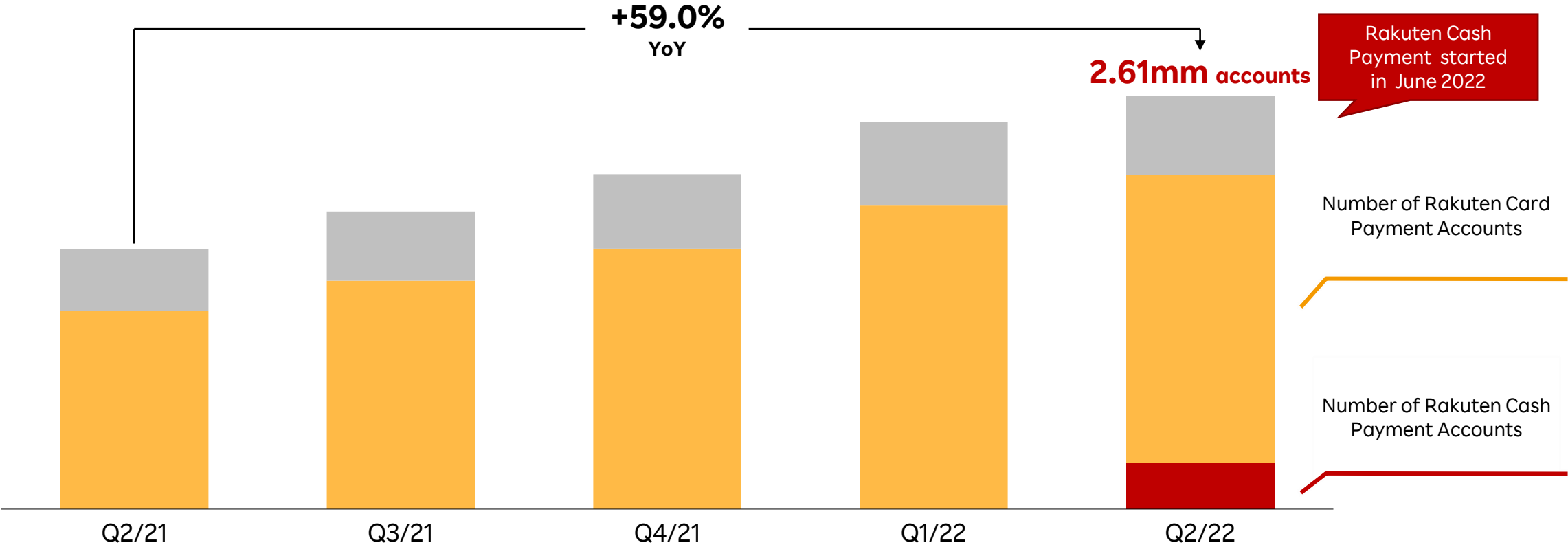
Rakuten Securities Accumulation-type Investment Trust Amounts

- Significant increase in monthly setting amount through Rakuten Group payment service linkage such as Rakuten Point investments, Rakuten Card payments, and Rakuten Cash payments



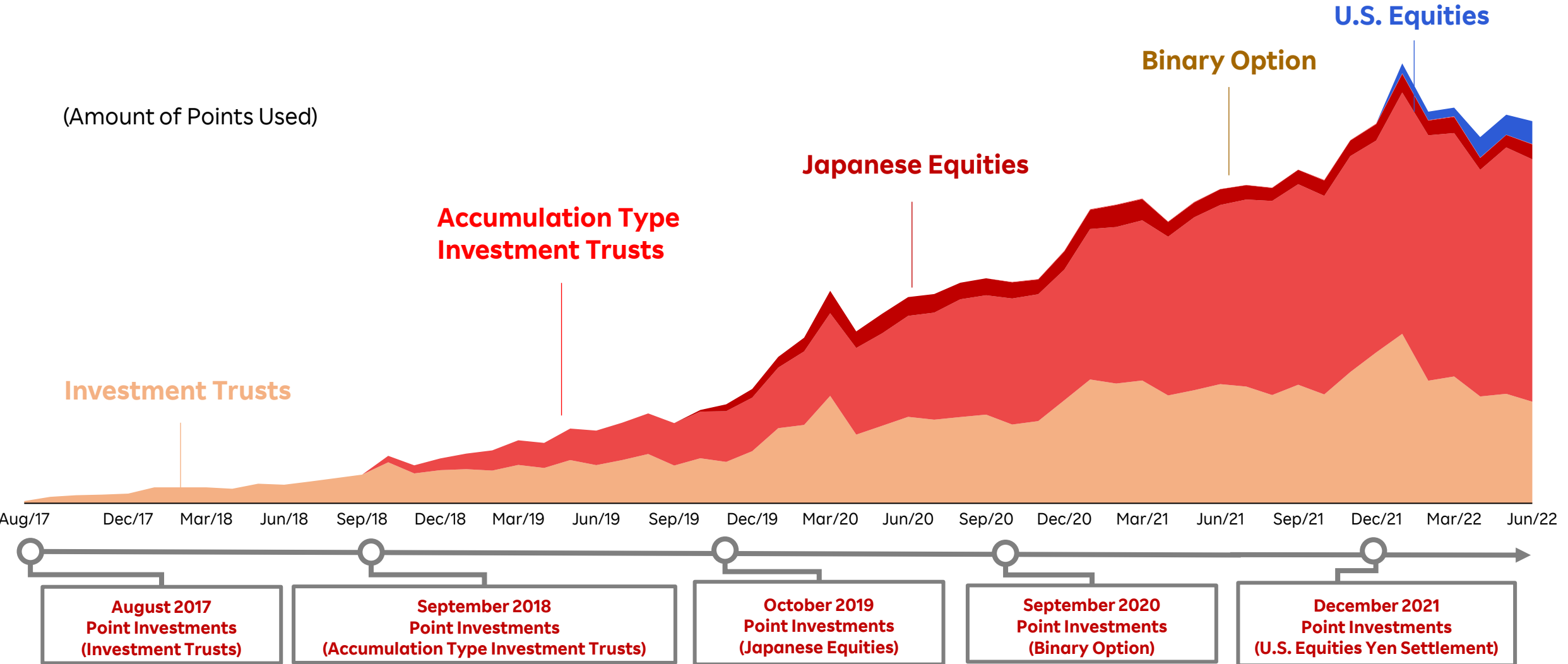
Rakuten Securities Accumulation-type Investment Trust Accounts

- Accumulation-type Investment Trusts by Rakuten Cash payment settlement started on June 19, 2022. Expecting further growth.



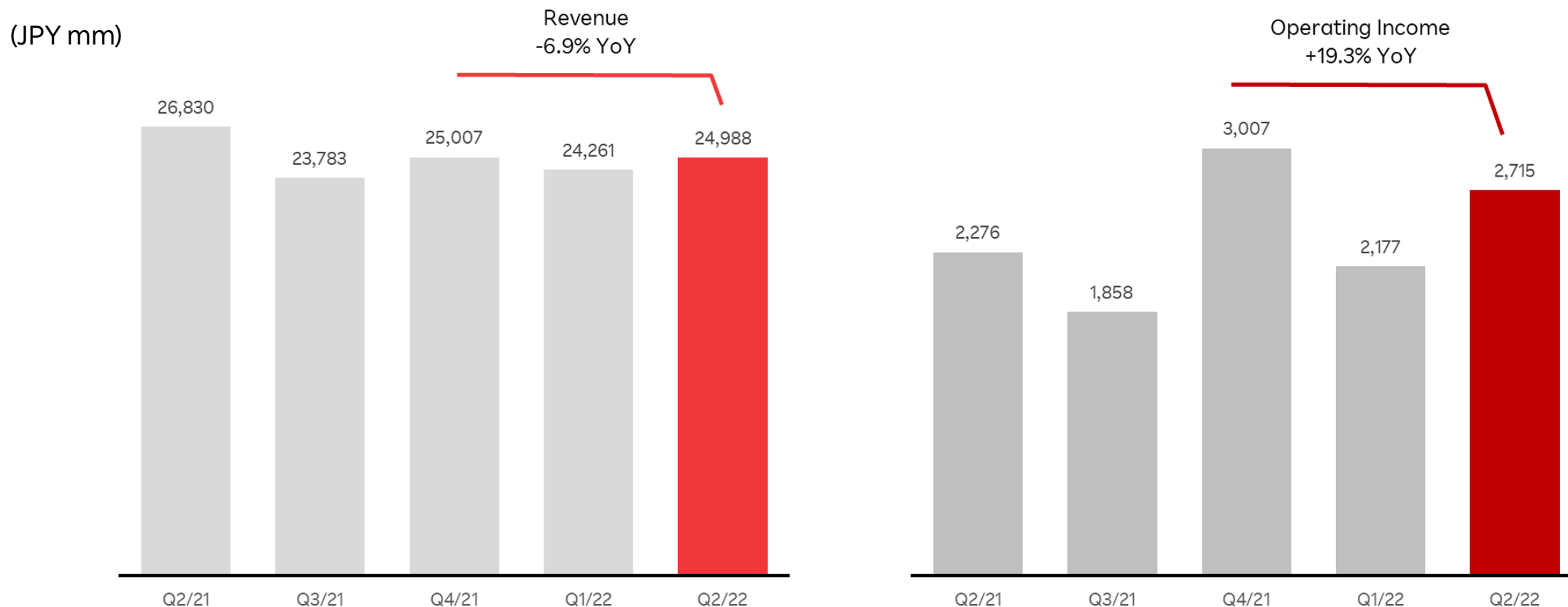
Rakuten Securities Point Investments

(Amount of Points Used)



Insurance Business Results*

- Revenue increased steadily in life insurance. In general insurance, revenue decreased due to optimization of underwriting, but the loss ratio improved, resulting in a decrease in reinsurance income.
- Operating income increased YoY due to improved insurance underwriting income and cost reductions.



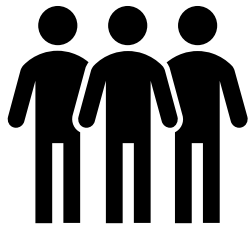
* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency.

Rakuten Payment

Acceleration of New Rakuten Payment User Acquisition through Rakuten Securities

- Launched the industry's first offer to purchase securities with electronic money by collaborating with Rakuten Securities.
- Driven by demand for asset management, over 8 millions Rakuten Securities users were introduced to Rakuten Pay App.

Accumulation Type Investment Trusts by Rakuten Cash



Over **8 mm**
customers



Always maintain Rakuten Cash balance
with “Balance Keep Charge” feature

Introduced customers backed
by asset management demand

Paying by Rakuten Cash for daily payment

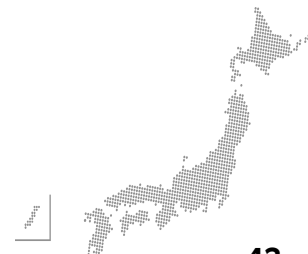
R Pay



Over **5 mm**
locations



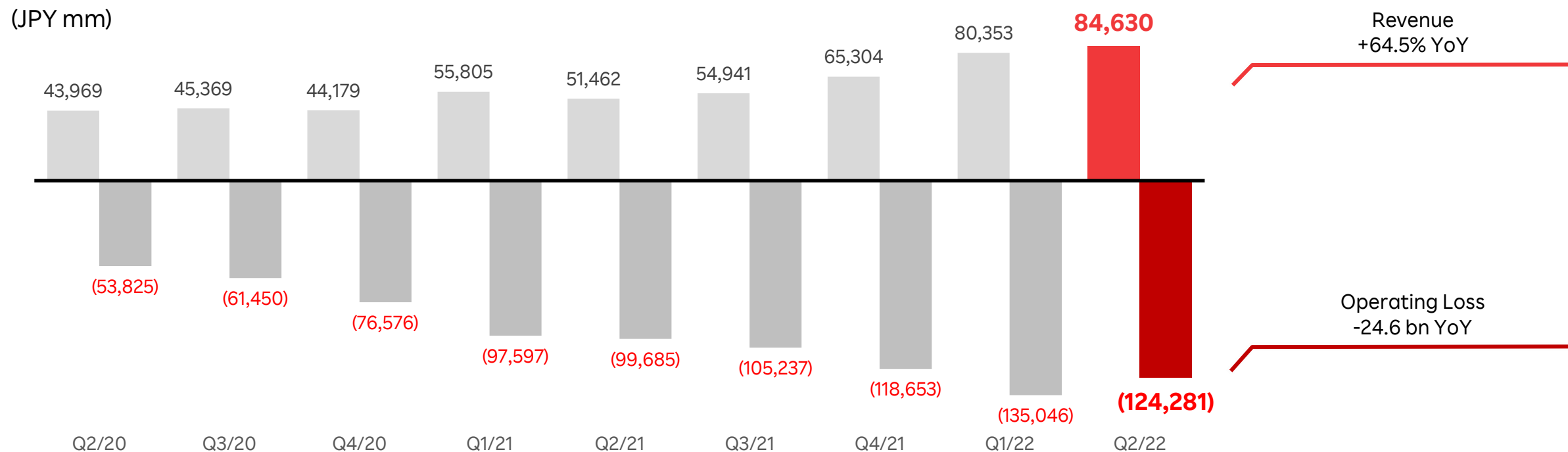
*Comparison of major online brokers in Japan – top five companies by number of accounts (in alphabetical order): au Kabucom Securities, Matsui Securities, Monex Securities, Rakuten Securities and SBI Securities) – and major offline brokers – top five companies by number of accounts (in alphabetical order): Daiwa Securities, Mitsubishi UFJ Morgan Stanley Securities, Mizuho Securities, Nomura Securities, SMBC Nikko Securities. As of 2022/8/2. Source: Rakuten Securities research.



Mobile Segment

Mobile Segment Operating Results

- Operating loss improved in Q2/22 due to an increase in telecom revenue as more MNO users became paying users, and due to roaming cost reductions as partner roaming areas switched to Rakuten's proprietary coverage.



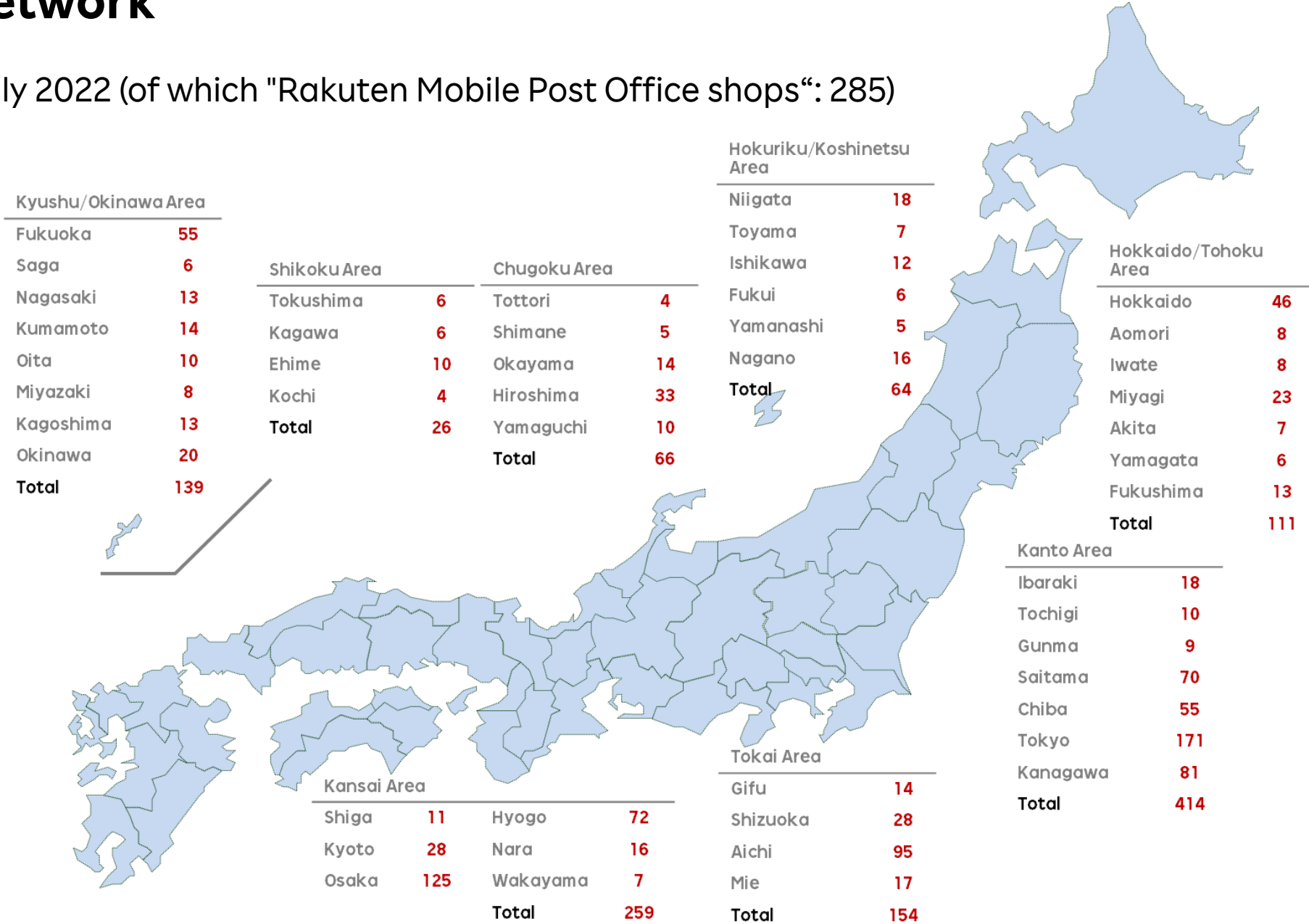
* Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Energy businesses, and contents businesses.

* Rakuten Kobo, Rakuten Viki, Rakuten Viber, and others moved from mobile segment to internet service segment from Q2/21.

* Number of base stations on-air 47,556, Number of sites with contract signed : 12,302 (As of end of June 2022)

Mobile Shop Network

■ 1,233 shops as of July 2022 (of which "Rakuten Mobile Post Office shops": 285)

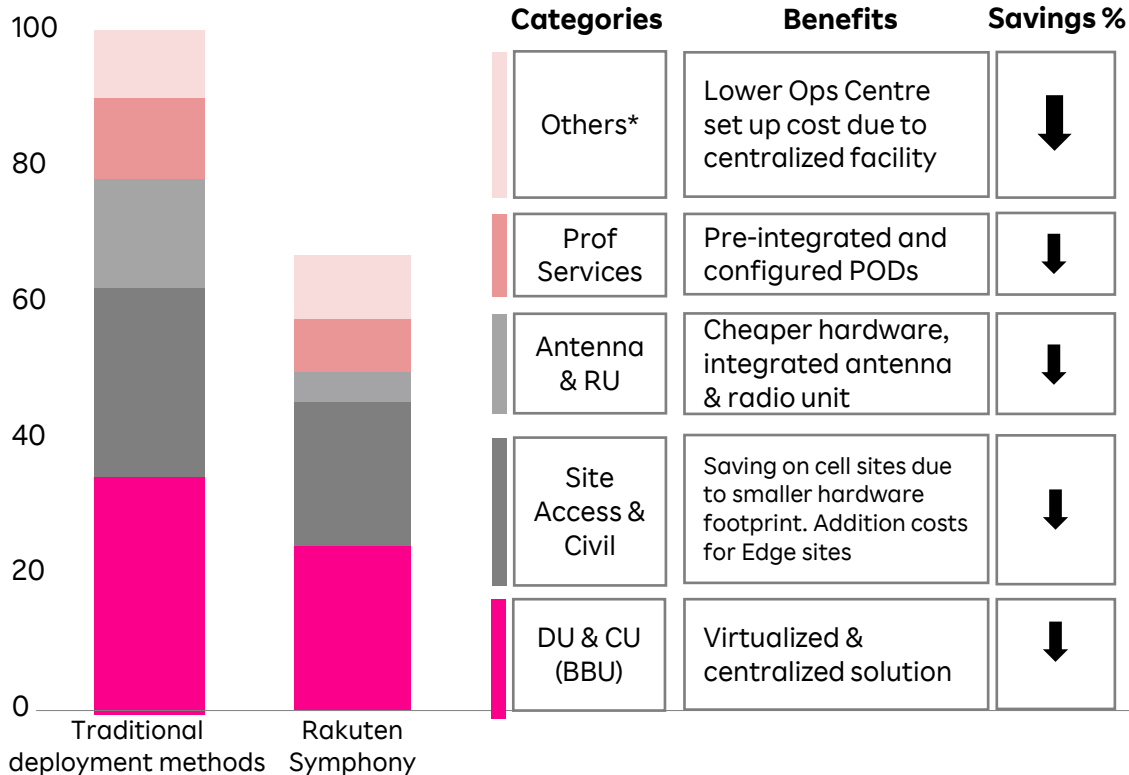


Cost Structure Underpinning Rakuten Mobile's Price Advantage

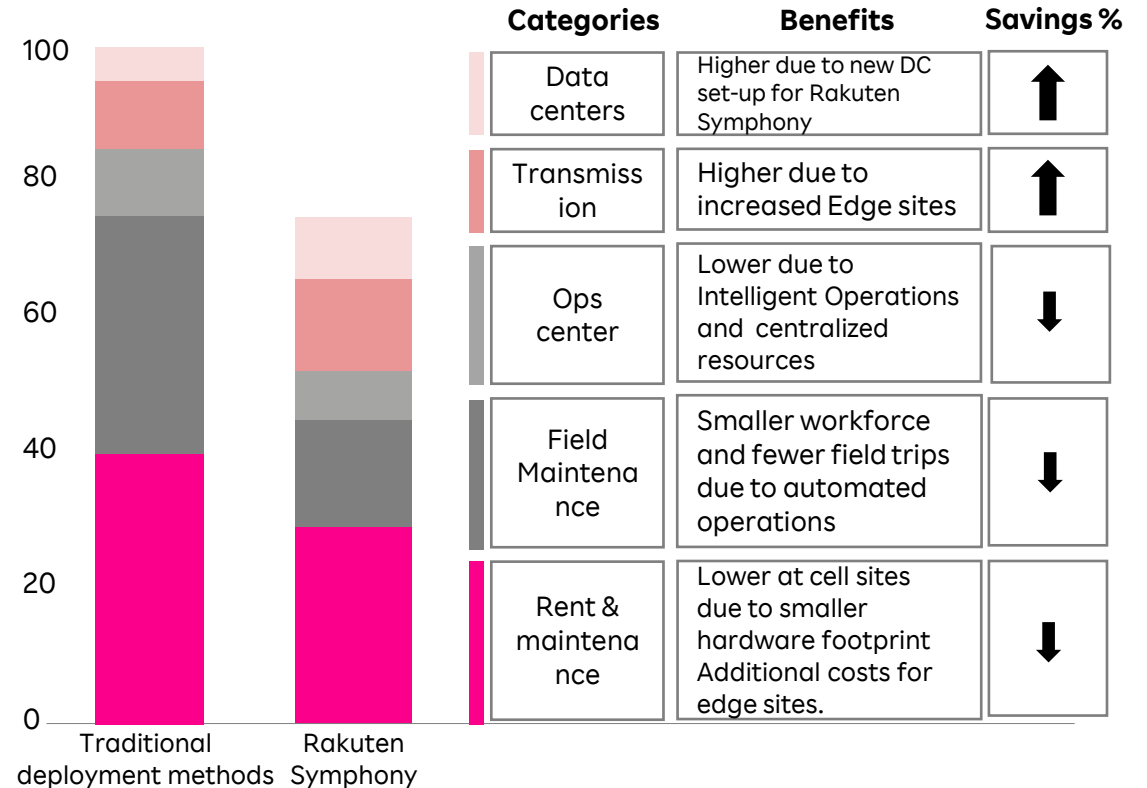


- Rakuten Symphony's fully virtualized network enables sustainable and competitive pricing
- Rakuten Symphony enables Rakuten Mobile further cost reduction

40%+ CAPEX REDUCTION



30%+ OPEX REDUCTION



* Others includes investment on OSS, switches, routers, network operations setup and other consumables

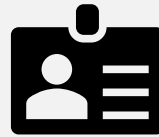
Rakuten Symphony

Snapshot of the last two years



8

Offices Globally



3,500+

Employees



16

Technology Partnerships

Rakuten
Mobile



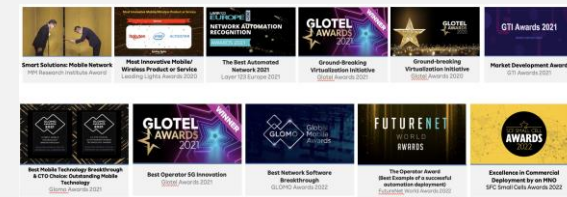
2

Anchor customers

ALTIOSTAR inn@eye
estmööb ROBIN

4

Acquisitions

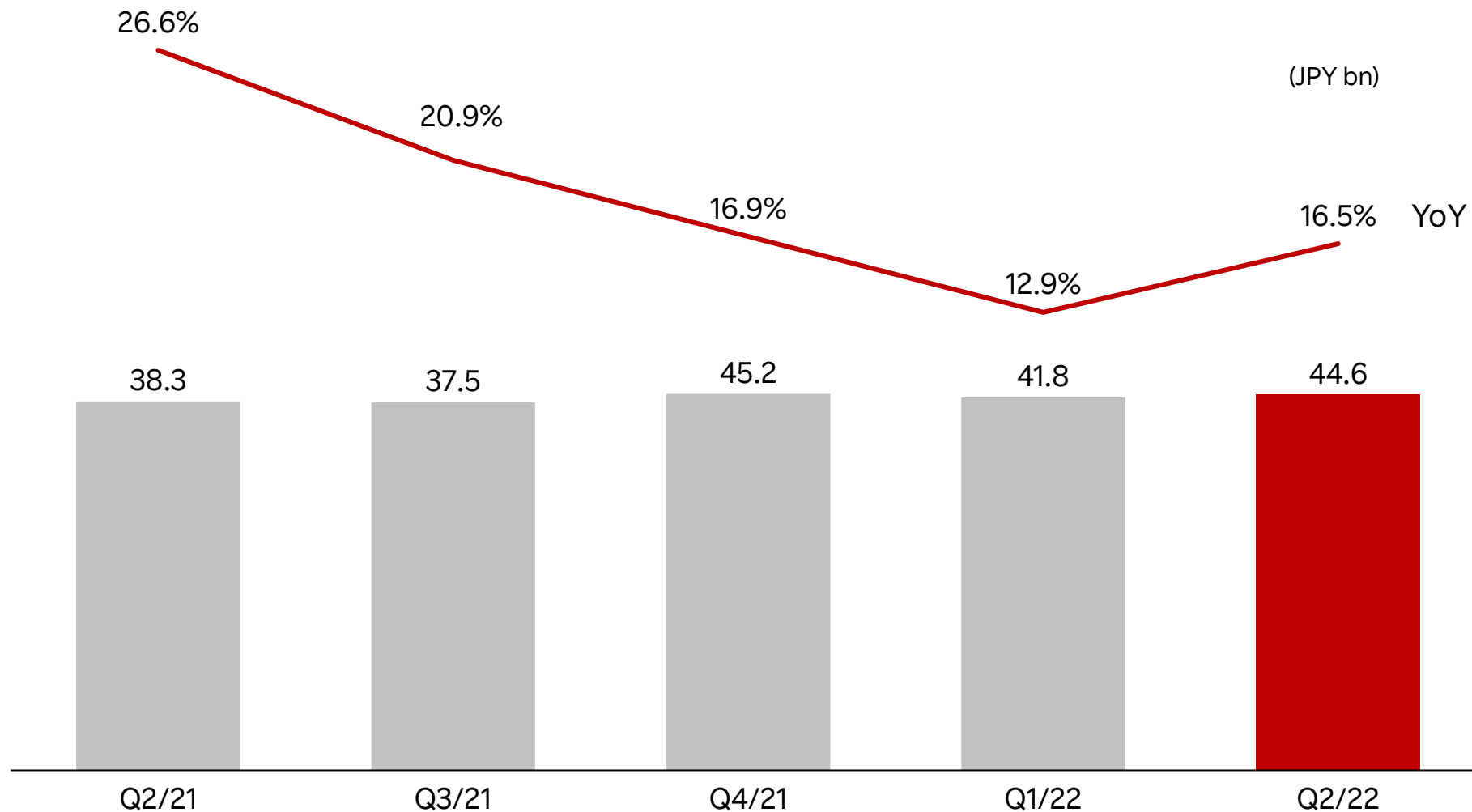


11

Industry Awards

Ad Business

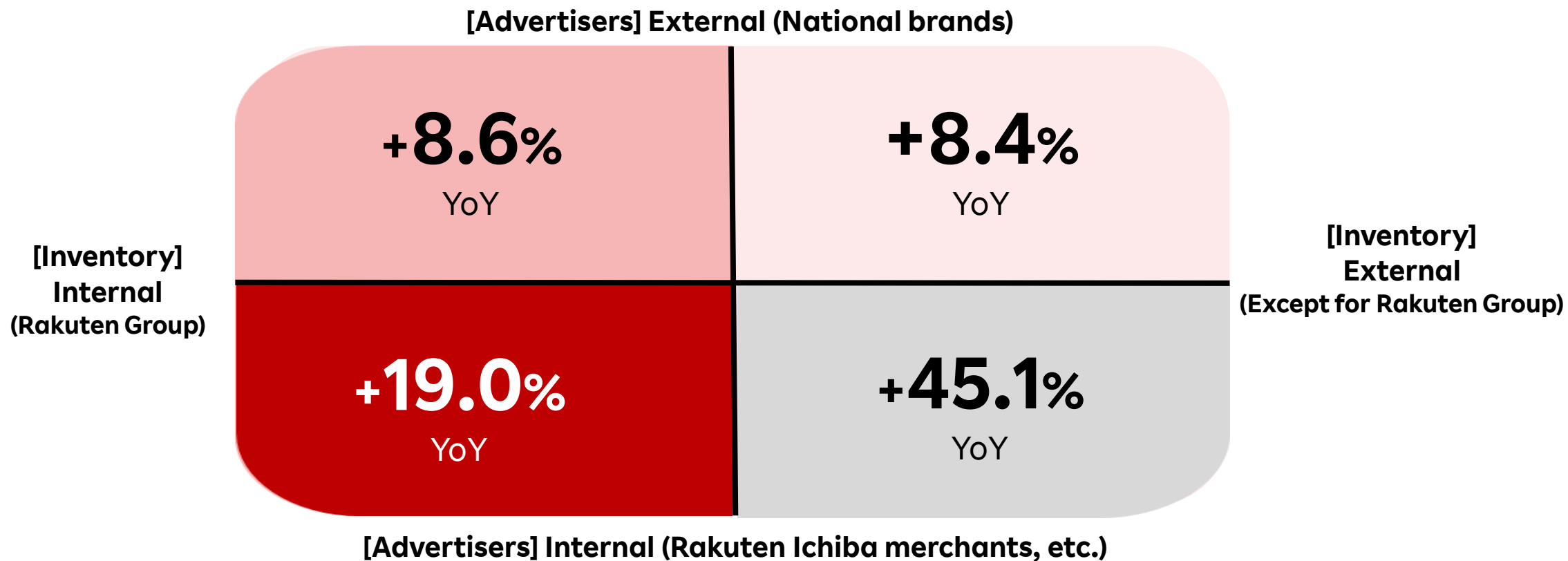
Ad Business Revenue*



* Revenue includes internal transactions.

Ad Business Q2/22 Growth Analysis

- Due to strong e-commerce business performance, ad revenue on Rakuten Ichiba and other Rakuten Group services grew steadily.



ESG

ESG: Rakuten became a signatory to the United Nations Global Compact

United Nations Global Compact (UNGC)

The world's largest corporate sustainability initiative calling to companies to align strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and take actions that advance societal goals.



United Nations Global Compact

Principles of the UN Global Compact

Human Rights

Labour

Environment

Anti-Corruption



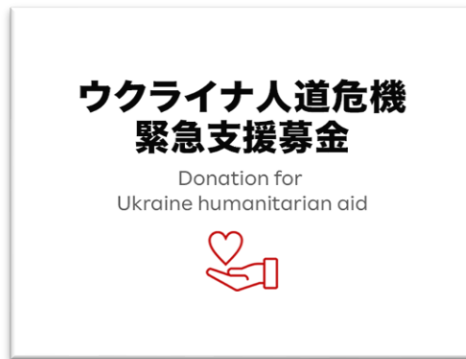
▲ CEO's commitment to The Ten Principles of the UN Global Compact



Please see <https://www.unglobalcompact.org/what-is-gc/mission/principles> for the details of the UNGC Principles.

ESG: Donation for Ukraine humanitarian aid

Total amount of donations: over JPY **1.3 billion** (as of June 30)



- **Donation for humanitarian aid**
over JPY **1.3 billion**



- **Charity T-shirts Campaign**
over JPY **51 million**

Donation Recipients: Ukrainian government, Japan Committee for UNICEF and UNHCR.

ESG: Awards and Recognitions

Sustainability Indices

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



FTSE4Good



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index

NEW

Recognitions and Certifications

work with Pride



Rakuten

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