

FY2022 Third Quarter Consolidated Financial Results Appendix

November 11, 2022

Rakuten Group, Inc.



1 Consolidated Results

Q3/22 Revenue and Operating Income*1

(JPY bn)

	Q3/21	Q3/22	YoY
Core Business ^{*2*5}			
Revenue	348.1	383.0	+10.0%
Operating Income	41.6	49.0	+17.6%
Non-recurring / Investments ^{*3}			
Revenue	33.9	34.8	+2.6%
Operating Income	7.4	0.5	-92.7%
Future Growth Investments ^{*4}			
Revenue	62.5	97.6	+56.3%
Operating Income	-109.5	-125.4	-15.9
Adjustments ^{*5}			
Revenue	-37.5	-44.3	-6.8
Operating Income	2.7	-2.7	-5.4
Consolidated			
Revenue	406.9	471.1	+15.8%
Non-GAAP Operating Income	-57.7	-78.6	-20.9
IFRS Operating Income	-7.5	-90.0	-82.5

*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.

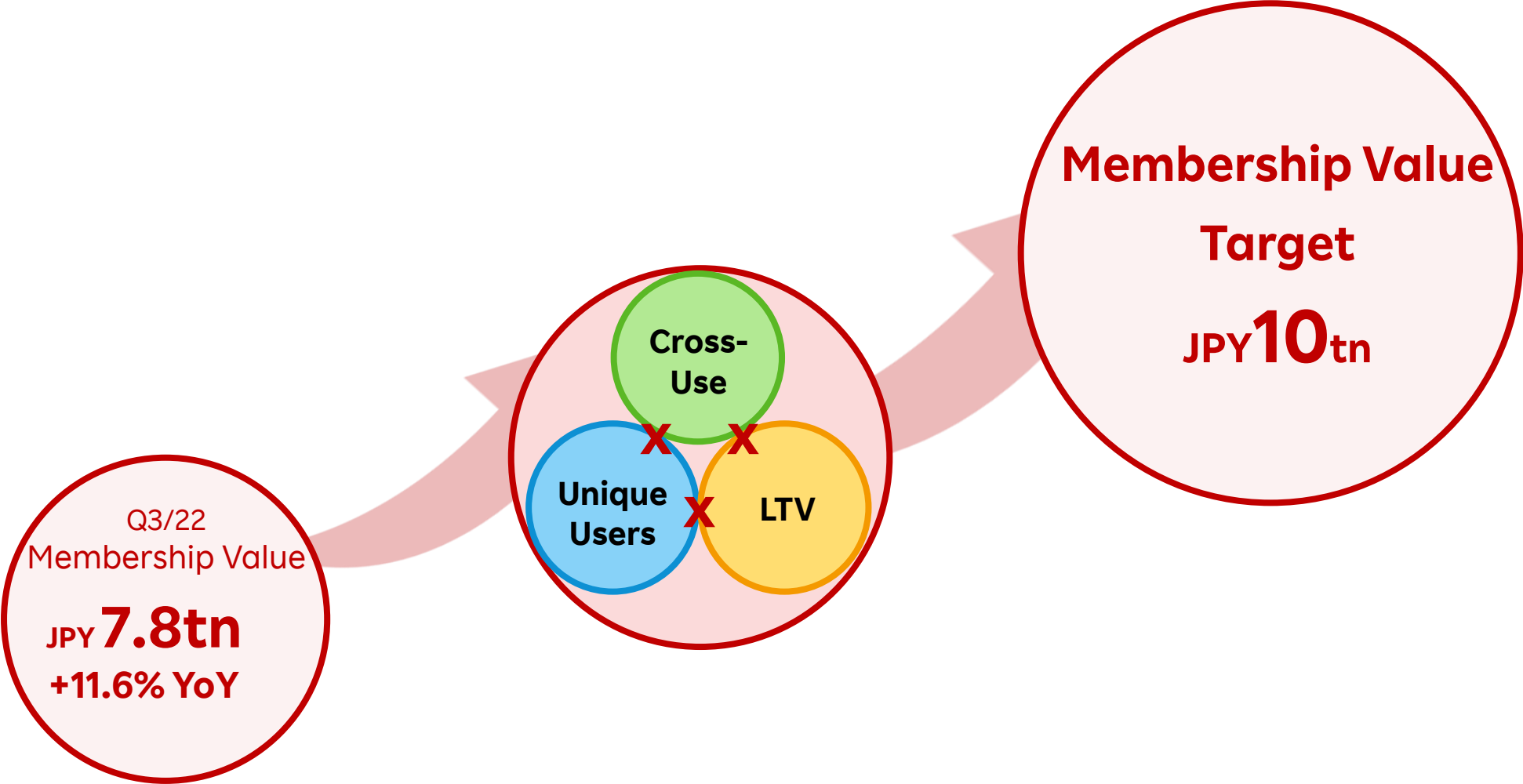
*2 Includes all the businesses other than "Non-recurring / Investments" and "Future Growth Investments".

*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*

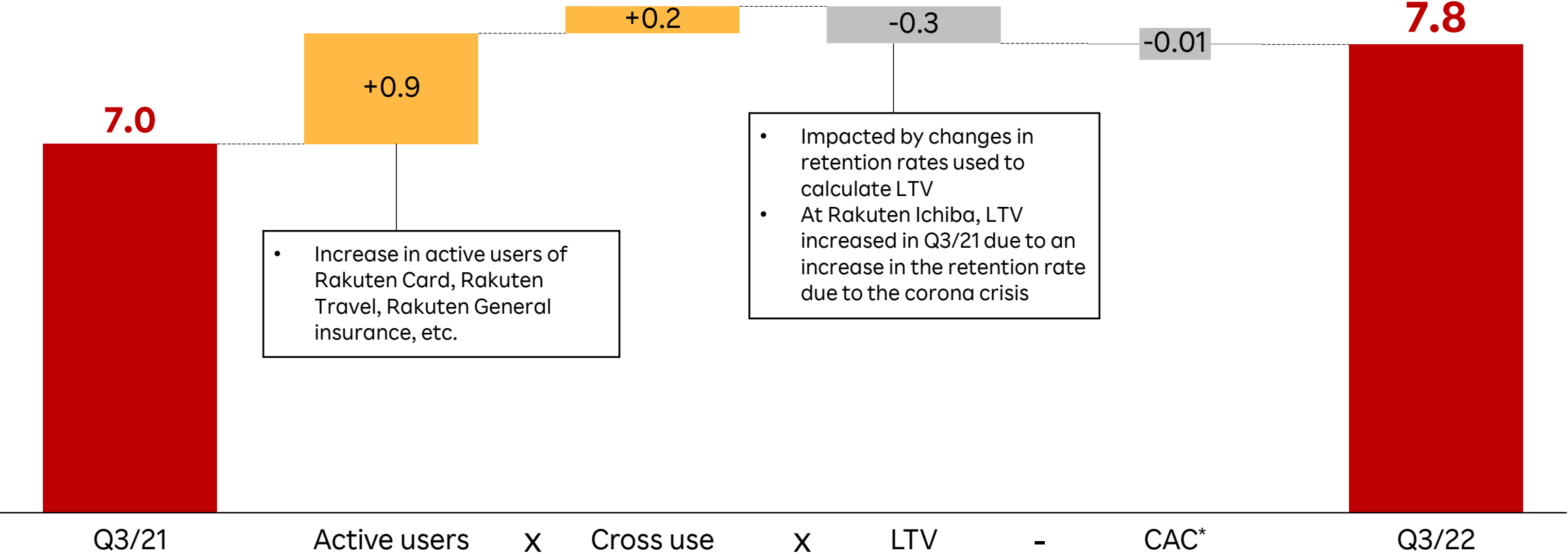


* Mobile business is not included in the above calculation.

Rakuten Ecosystem Membership Value

- Continuing from the previous quarter, the increase in the number of active users and the retention due to the improvement in business conditions in the main businesses, mainly Rakuten Travel, contributed to the overall growth rate.

(JPY tn)



- Increase in active users of Rakuten Card, Rakuten Travel, Rakuten General insurance, etc.

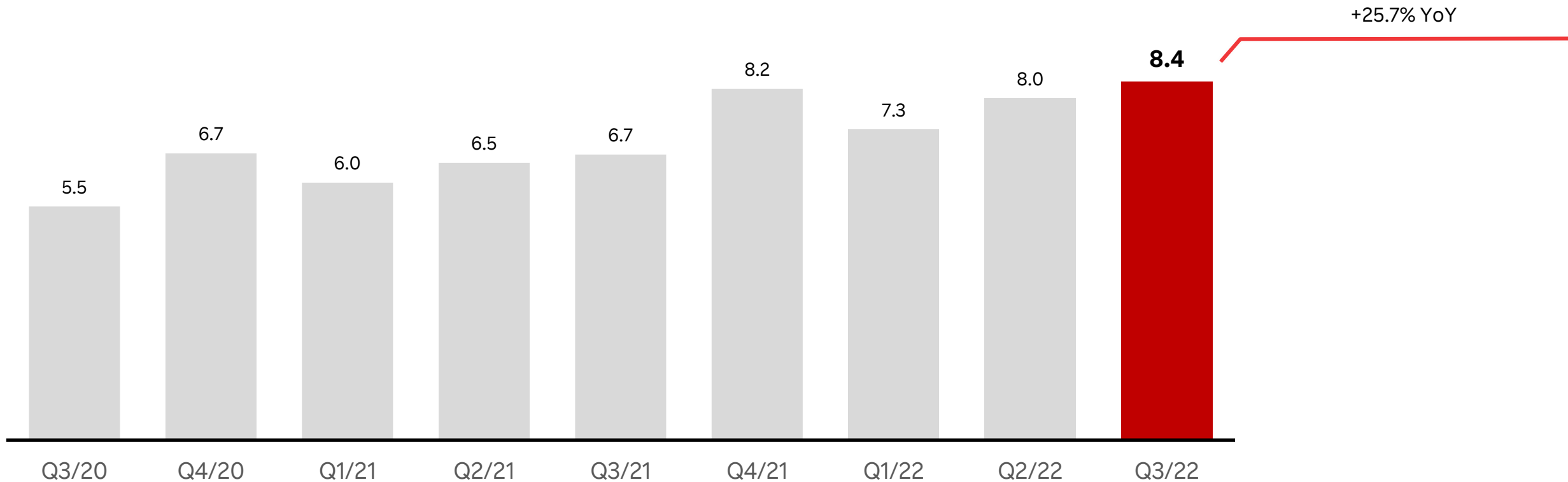
- Impacted by changes in retention rates used to calculate LTV
- At Rakuten Ichiba, LTV increased in Q3/21 due to an increase in the retention rate due to the corona crisis

* 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 GTV + Rakuten Rewards (Ebates) GTV + Digital Contents GTV + Rakuten Advertising (Rakuten Marketing) GTV

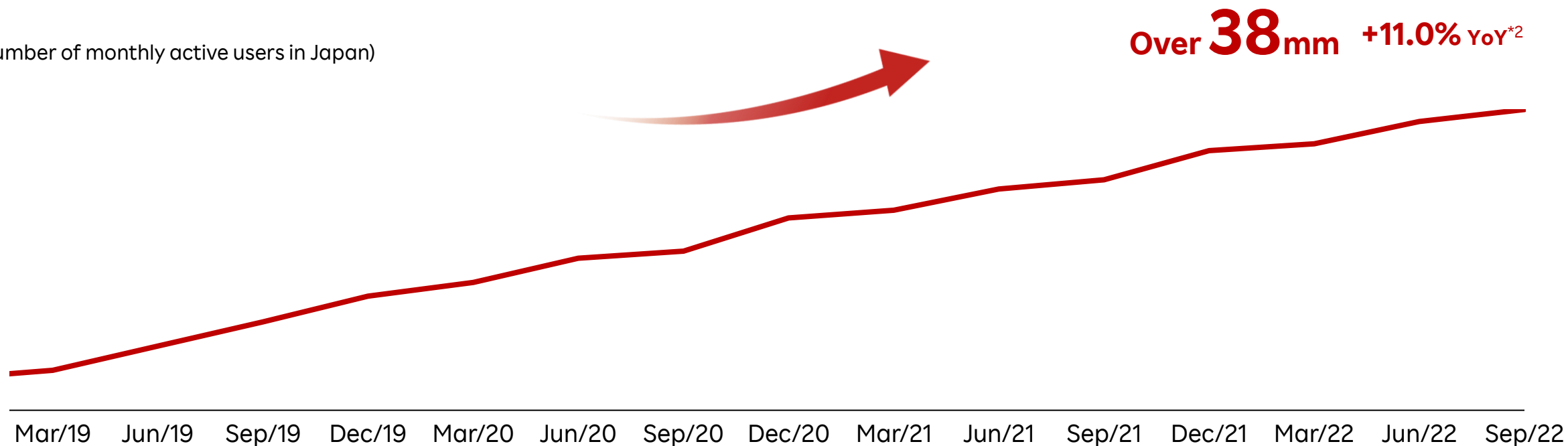
*2 Including intercompany transactions for settlement and affiliate services

Rakuten Ecosystem Supports Growth of Rakuten Group

The number of Rakuten Group **monthly active users*1 in Japan** keeps growing while **cross-use ratio** steadily increases.

Monthly active user growth in Japan

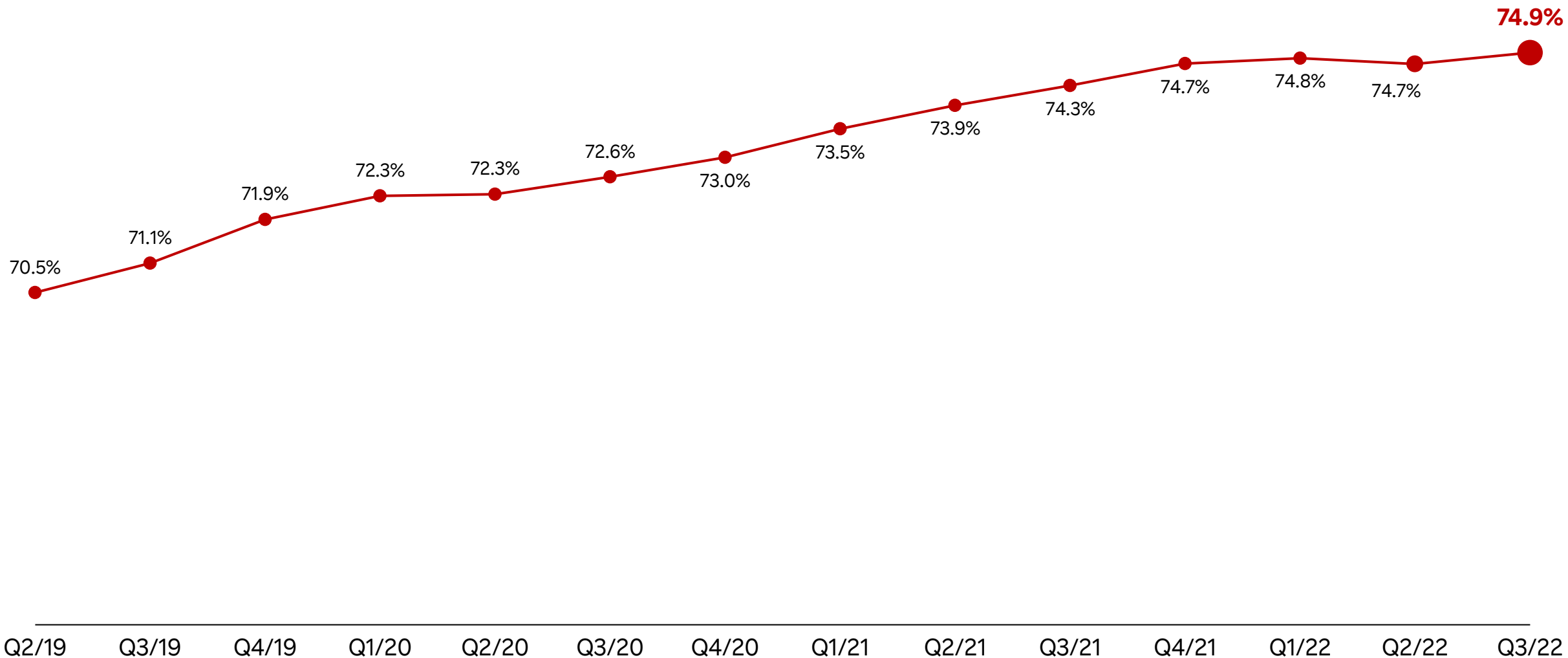
(Number of monthly active users in Japan)



*1 Rakuten members who received at least 1 point in the applicable month

*2 Comparison of average monthly active users during end of April to end of June 2022 versus end of April to end of June 2021.

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 September 2022)
(Applicable services limited to those which can earn Rakuten Points.)

Q3/22 Consolidated Results Summary

(JPY bn)

	Q3/21	Q3/22	YoY
Revenue	406.9	471.1	+15.8%
Non-GAAP Operating Income	-57.7	-78.6	-20.9
IFRS Operating Income	-7.5	-90.0	-82.5

Q3/22 Revenue and Operating Income^{*1*2}

(JPY bn)

	Q3/21	Q3/22	YoY
Domestic E-Commerce			
Revenue	172.2	195.0	+13.3%
Operating Income	19.7	25.8	+30.7%
Others			
Revenue	66.4	64.7	-2.6%
Operating Income	4.0	-5.9	-9.9
Internet Services Segment			
Revenue	238.6	259.7	+8.8%
Operating Income	23.7	19.8	-16.2%
FinTech Segment			
Revenue	150.9	166.5	+10.3%
Operating Income	21.2	25.2	+19.0%
Mobile Segment			
Revenue	54.9	89.3	+62.5%
Operating Income	-105.2	-120.9	-15.6
Adjustments			
Revenue	-37.5	-44.3	-6.8
Operating Income	2.7	-2.7	-5.4
Consolidated			
Revenue	406.9	471.1	+15.8%
Non-GAAP Operating Income	-57.7	-78.6	-20.9
IFRS Operating Income	-7.5	-90.0	-82.5

*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

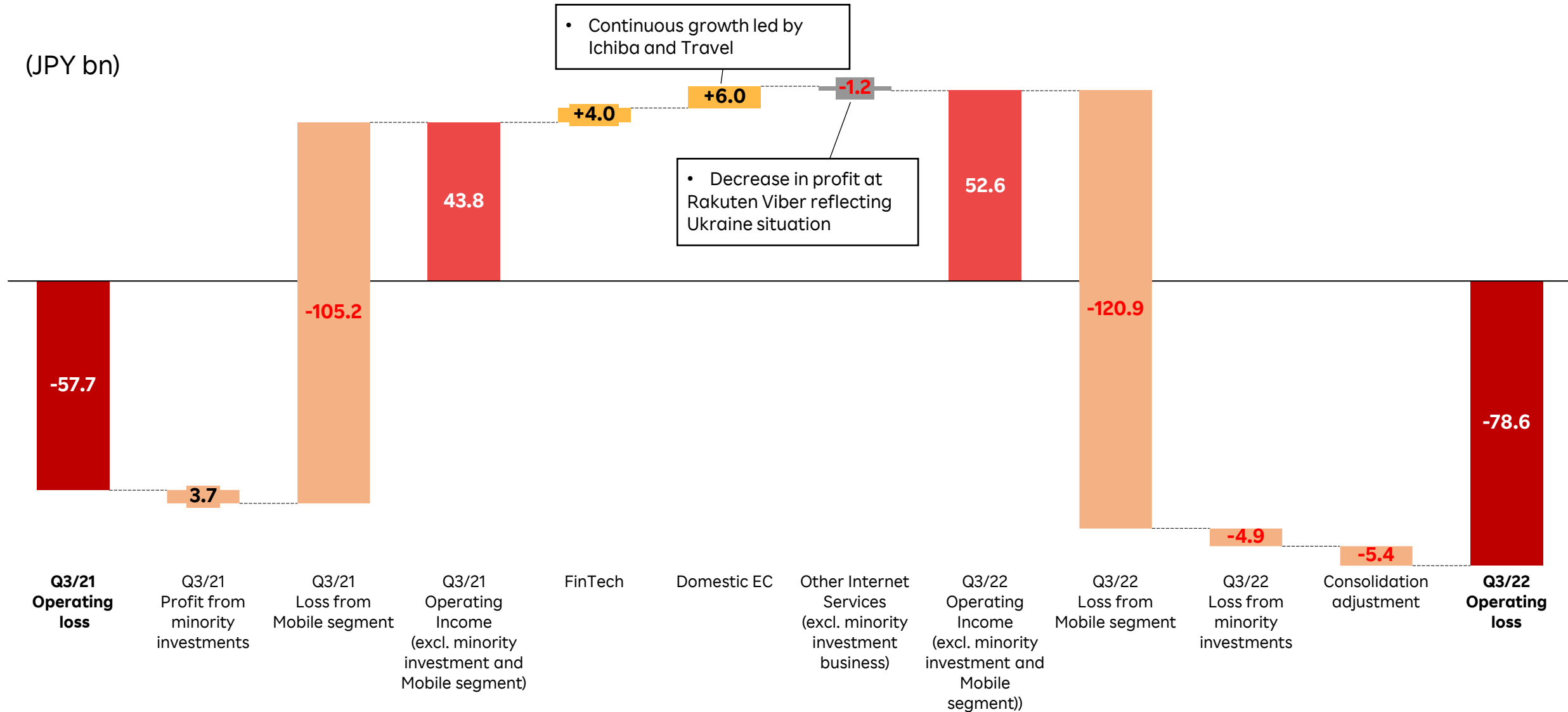
Q3/22 Non-GAAP Operating Income Reconciliation

(JPY bn)

	Q3/21	Q3/22	YoY
Non-GAAP Operating Income	-57.7	-78.6	-20.9
Amotization of Intangible Assets (PPA)	-1.3	-2.5	-1.2
Stock Based Compensation	-2.3	-3.1	-0.8
One-Off Items	53.8	-5.8	-59.6
IFRS Operating Income	-7.5	-90.0	-82.5

Q3/22 Non-GAAP Operating Income Breakdown

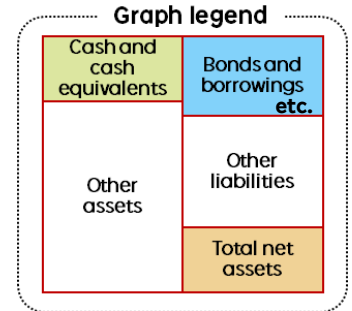
(JPY bn)



Consolidated and Major Subsidiaries' Balance Sheets (1) - As of September 30, 2022^{*1*2}

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)



	Bonds and borrowings 1,536.7
Cash and cash equivalents 4,571.2	Financial liabilities for securities biz 3,466.5
Financial assets for securities biz 3,497.1	Deposits for banking biz 7,956.4
Investment securities and loans for banking biz 4,322.6	
Loans for credit card biz 2,415.1	Other liabilities 5,548.7
Other assets 4,939.9	
	Total net assets 1,011.8
Total Assets	19,745.9

Consolidated

Subordinated bonds
225.9

Cash and cash equivalents 198.8	Bonds and borrowings 1,258.4
Other assets 3,312.3	Other liabilities 998.5
	Subordinated bonds 225.9
	Total net assets 1,028.4
Total Assets	3,511.1

Rakuten Group, Inc.

Fixed assets 935.0	Loans, lease finance, and others ^{*3} 917.0	Lease liabilities 272.6
Intangible assets 155.2	Other liabilities 346.9	Total net assets 182.0
Other assets 628.2		
Total Assets	1,718.4	

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.

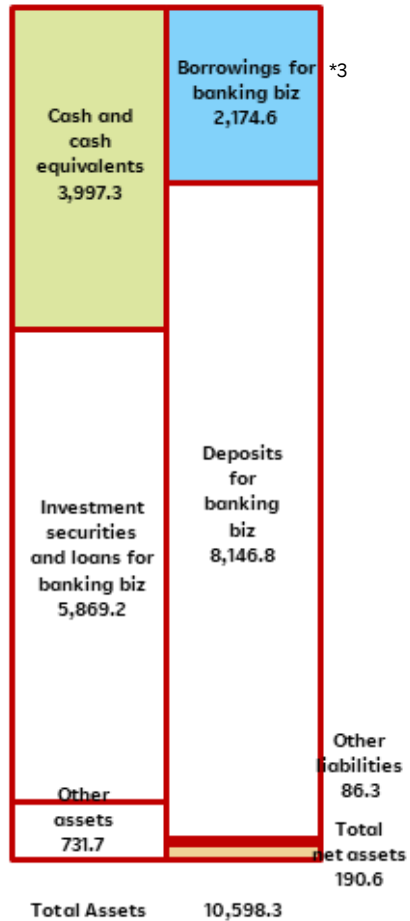
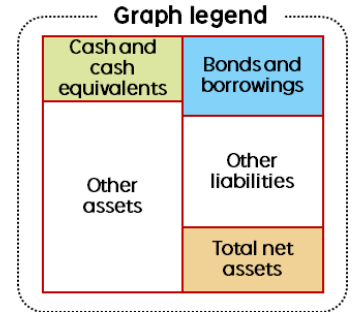
*2 Bonds and borrowings include Straight corporate bonds, CP, Bank borrowings, etc.

*3 Mainly lease financing and Loans from Rakuten Group, Inc.

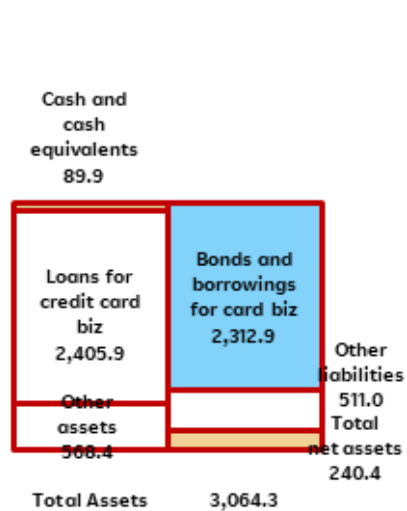
Consolidated and Major Subsidiaries' Balance Sheets (2) - As of September 30, 2022^{*1*2}

(Non-consolidated Balance Sheets include internal transactions)

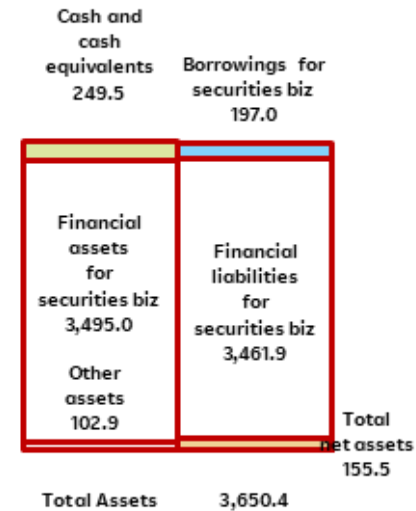
(JPY bn)



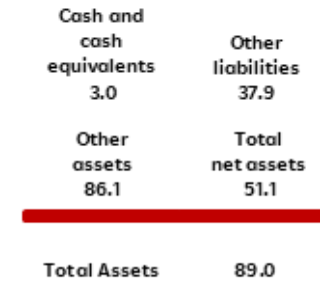
Rakuten Bank, Ltd.



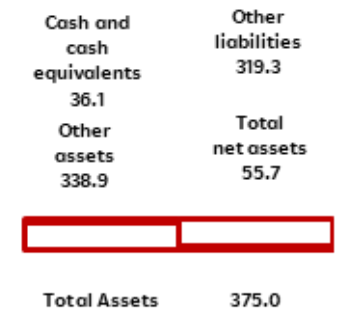
Rakuten Card Co., Ltd.



Rakuten Securities, Inc.



Rakuten Life Insurance Co., Ltd.



Rakuten General Insurance Co., Ltd.

*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 2022 – Sep 2022

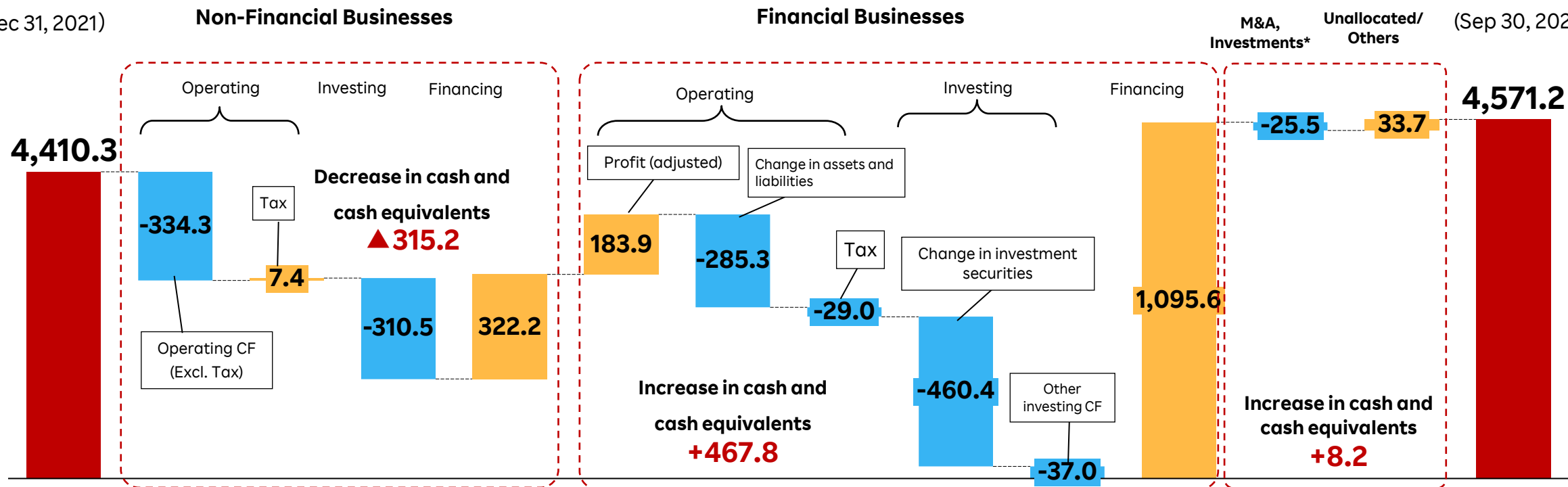
(JPY bn)

Balance of cash

(Dec 31, 2021)

Balance of cash

(Sep 30, 2022)

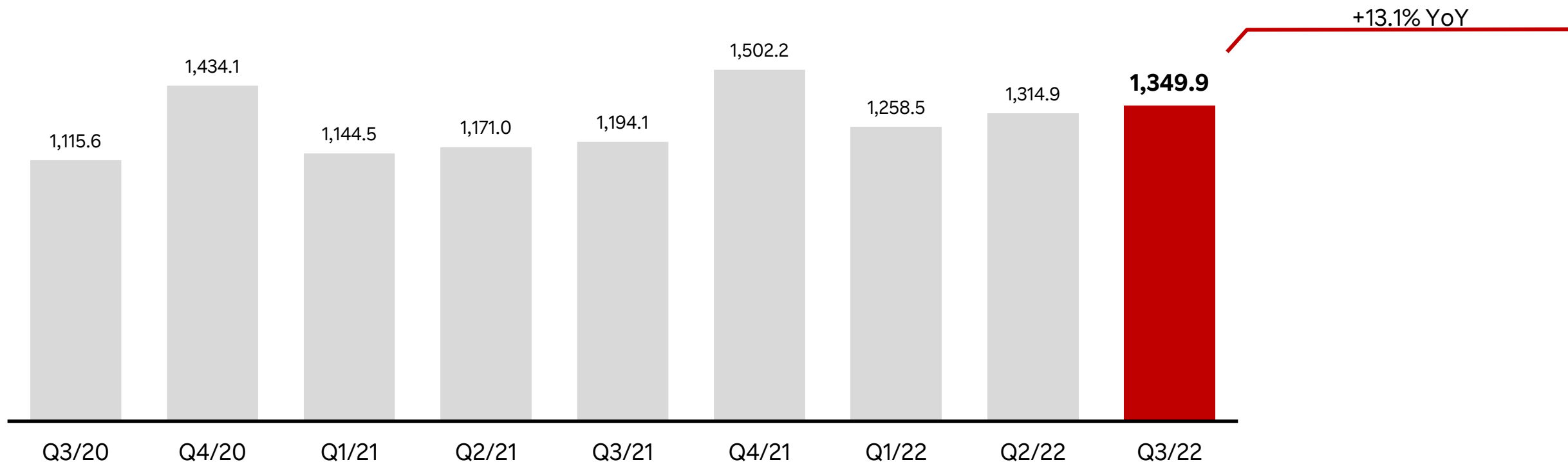


* "M&A and investments" includes "Purchase of investment securities" and "Proceeds from sales and redemption of investment securities" of Non-Financial activities in addition to "Acquisition of subsidiaries" and "Acquisition of investments in associates and joint ventures".

2 Internet Services

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

(JPY bn)



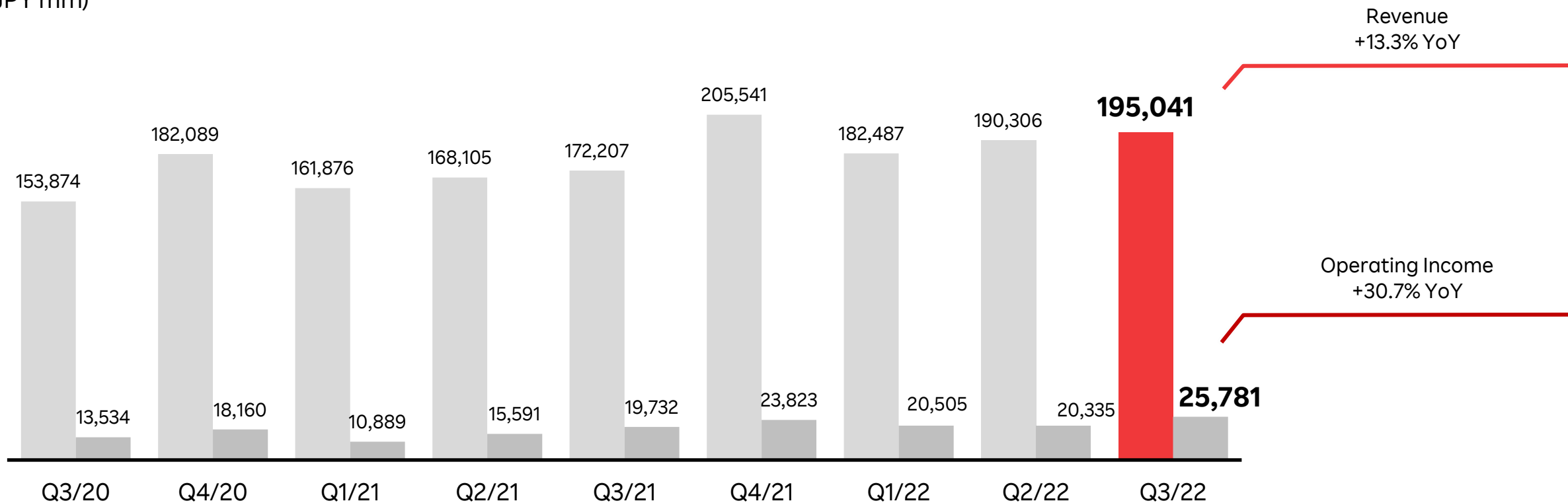
*1 Domestic e-commerce GMS (Excludes some tax-exempt businesses, includes consumption tax.) is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Books Network, Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, 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)

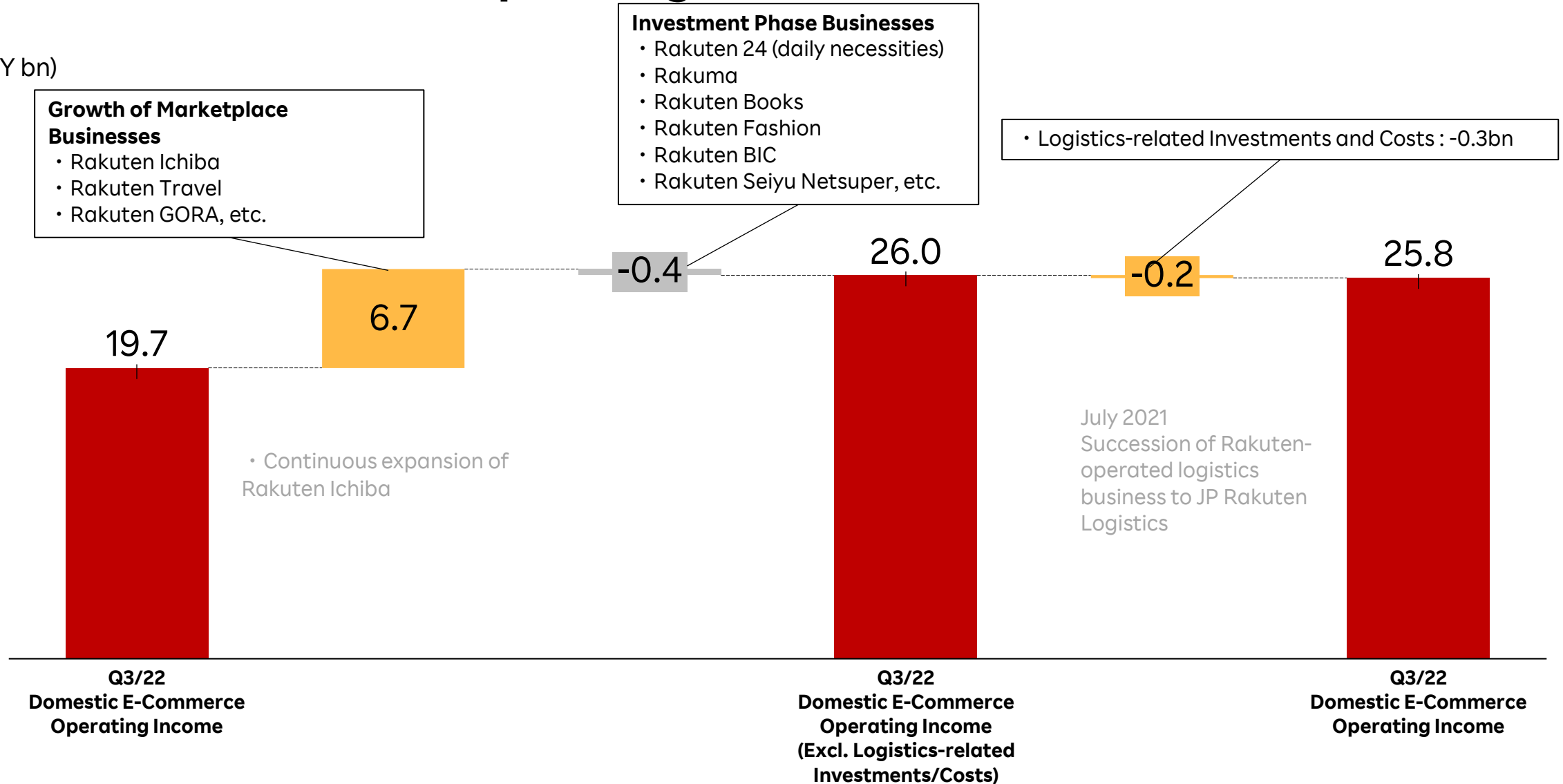


*1 Domestic E-commerce = Rakuten Ichiba, Rakuten Travel, Rakuten Books, Rakuten Books network, Rakuten Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24 and other direct daily necessities shops, Logistics, auto business, Rakuma, Rakuten Rebates, Rakuten 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 ECommerce revenue and operating income.

Domestic E-Commerce Operating Income Breakdown*

(JPY bn)

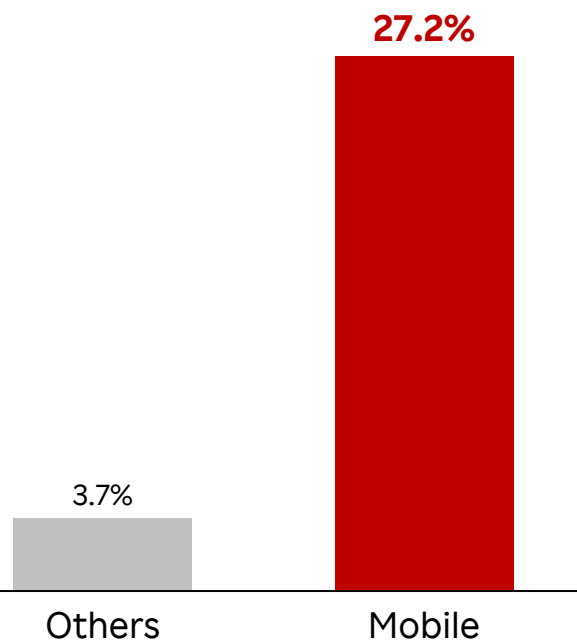


* From Q4/21, Rakuten Books Network, Cross Border Trading, Rakuten Kobo (Domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. This has resulted in retroactive adjustments to Domestic ECommerce revenue and operating income.

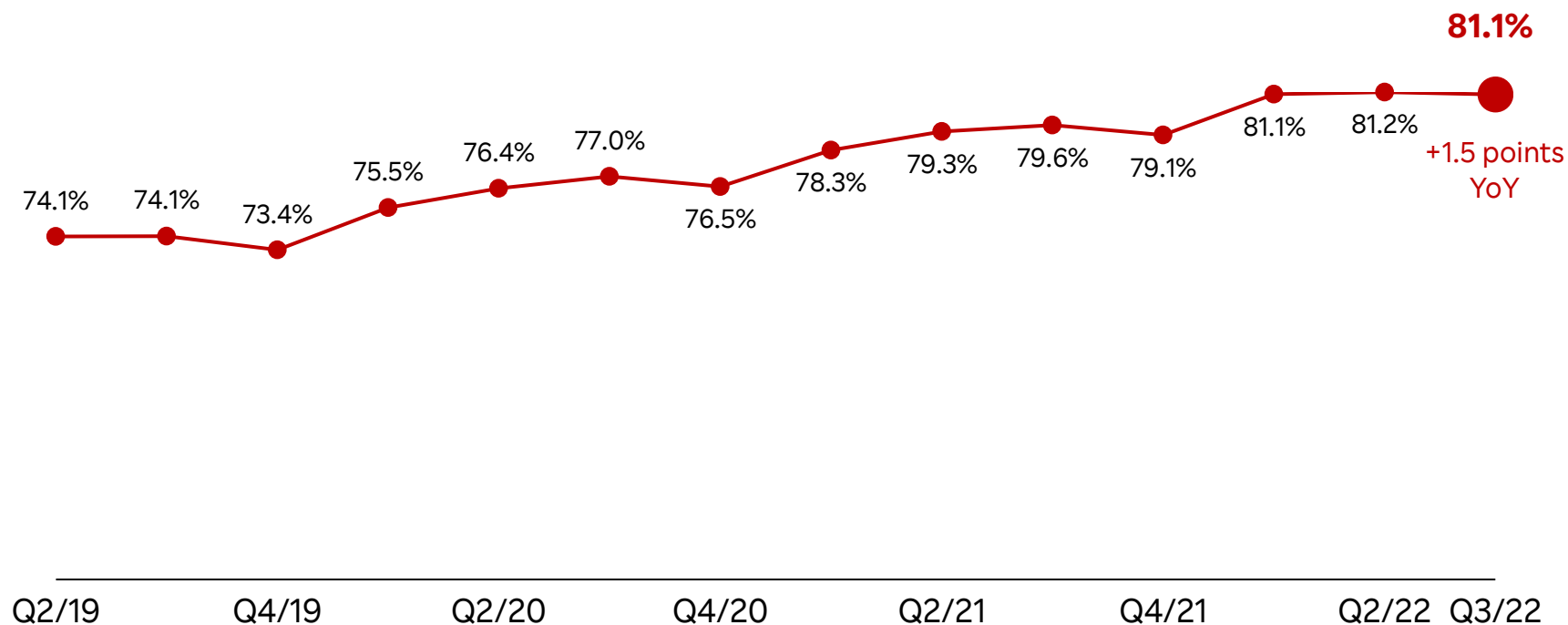
Q3/22 Rakuten Ichiba Mobile GMS Growth and Ratio*

- 3 Year CAGR of Rakuten Ichiba GMS via smartphones and tablets (Ichiba mobile GMS) has achieved 27.2%, 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 years CAGR
(Q3/19 – Q3/22)



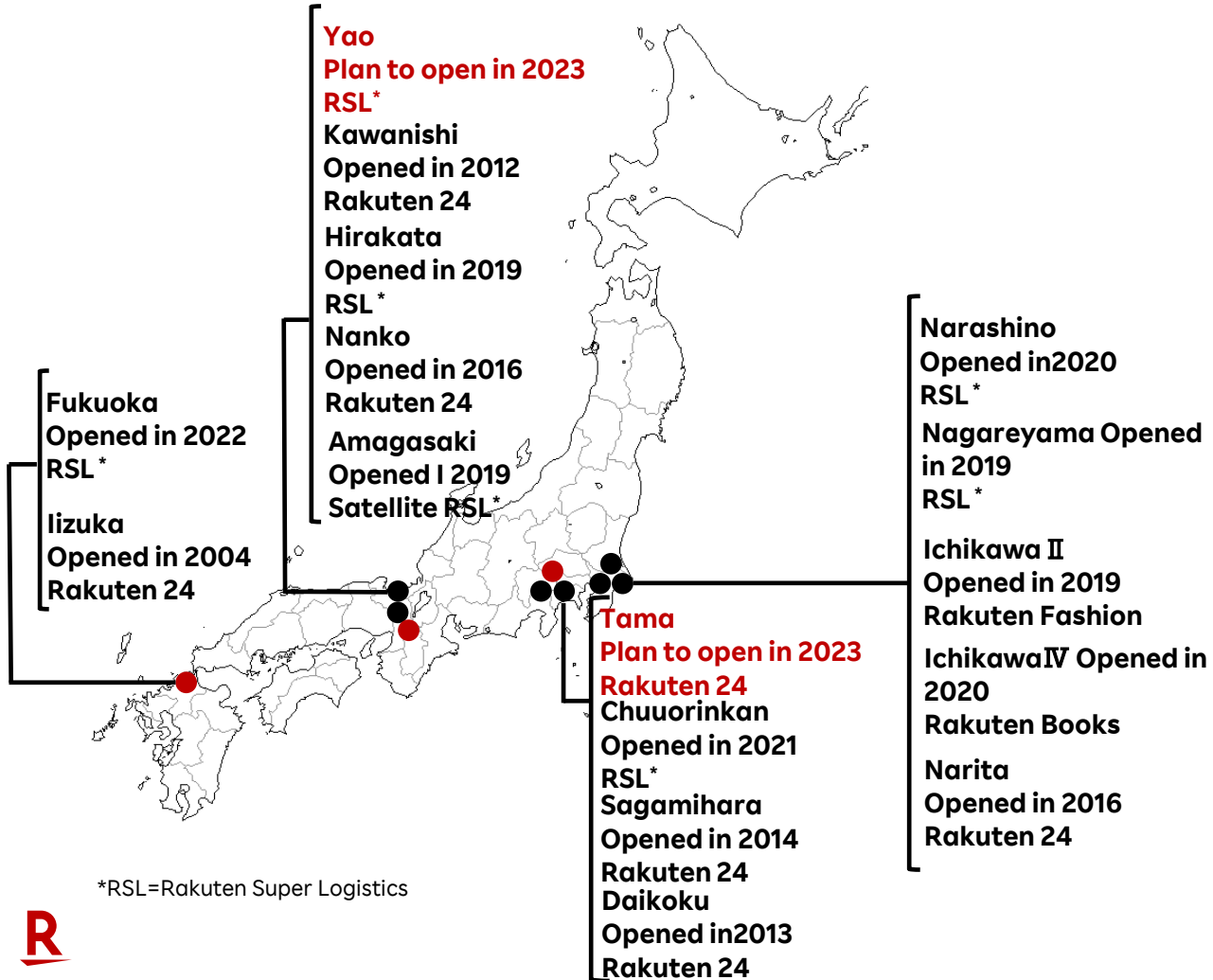
Mobile GMS Ratio *



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

List of Logistics Centers

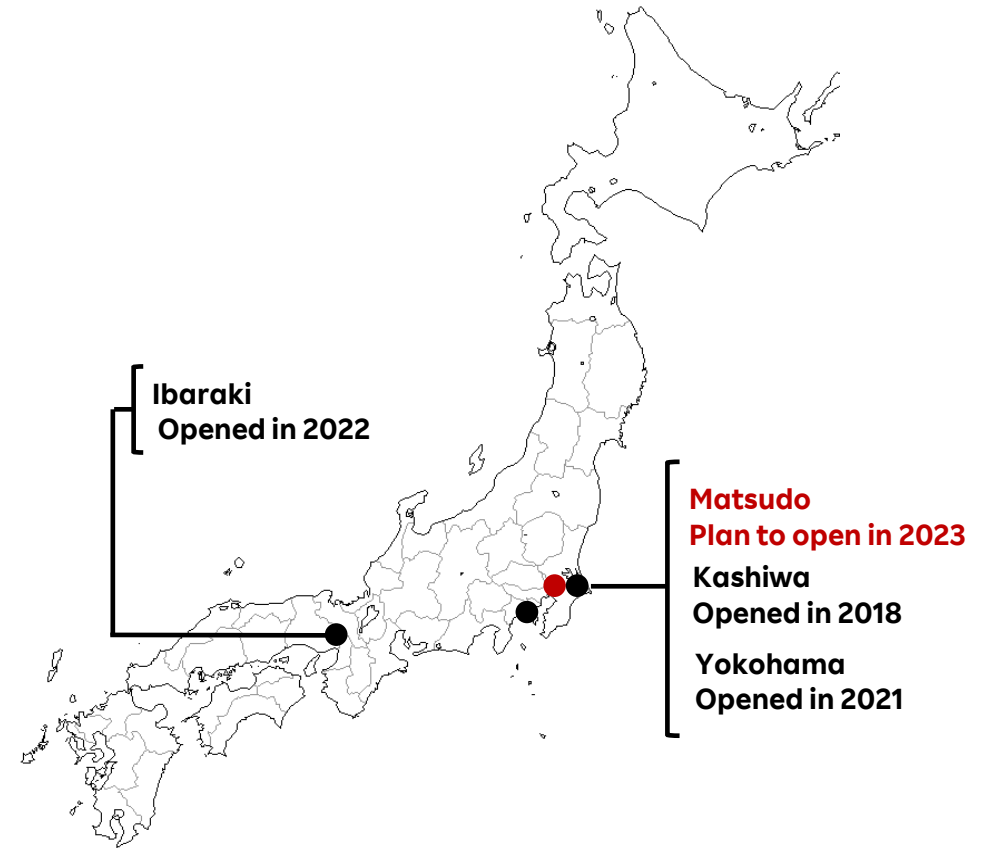
JP Rakuten Logistics



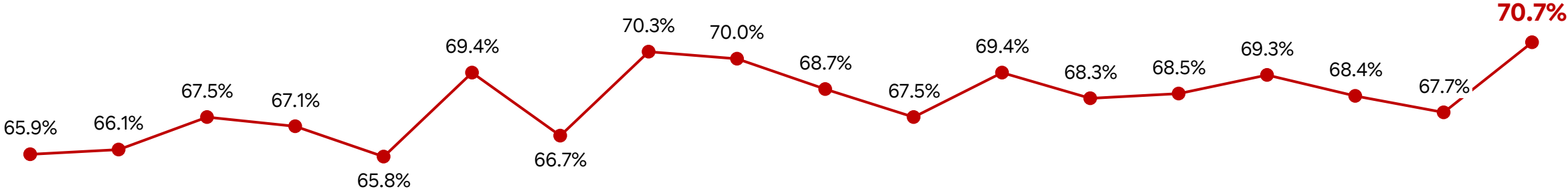
*RSL=Rakuten Super Logistics



Rakuten Seiyu Netsuper Logistics Centers



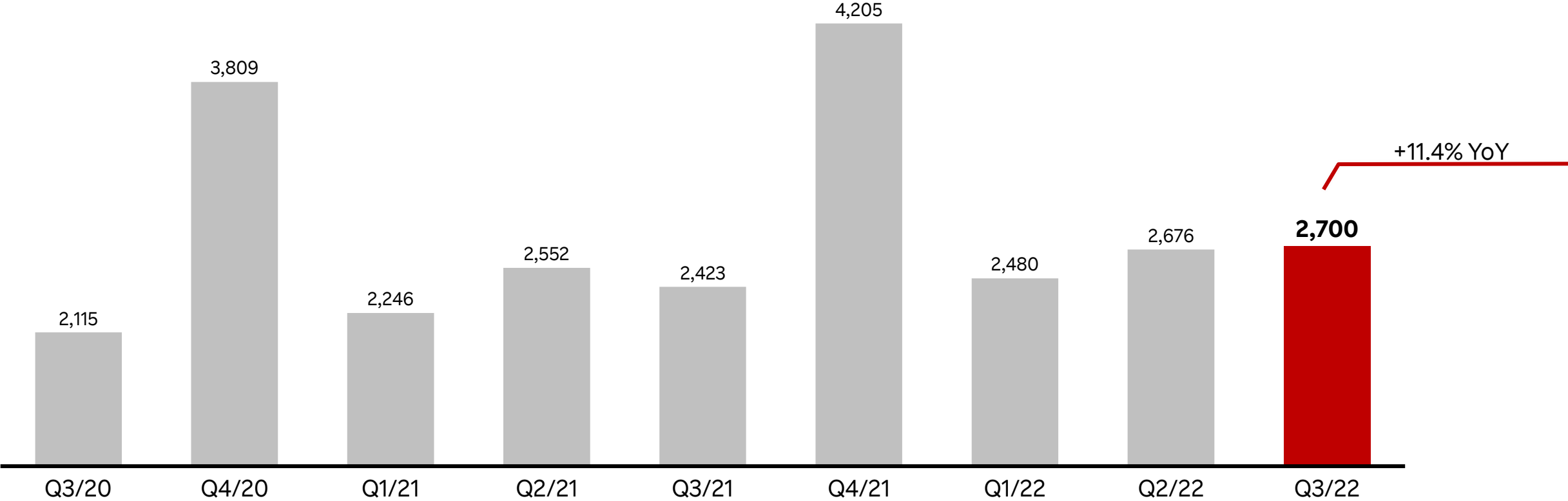
Rakuten Card Share of Rakuten Ichiba GMS



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 Jul/22 Aug/22 Sep/22

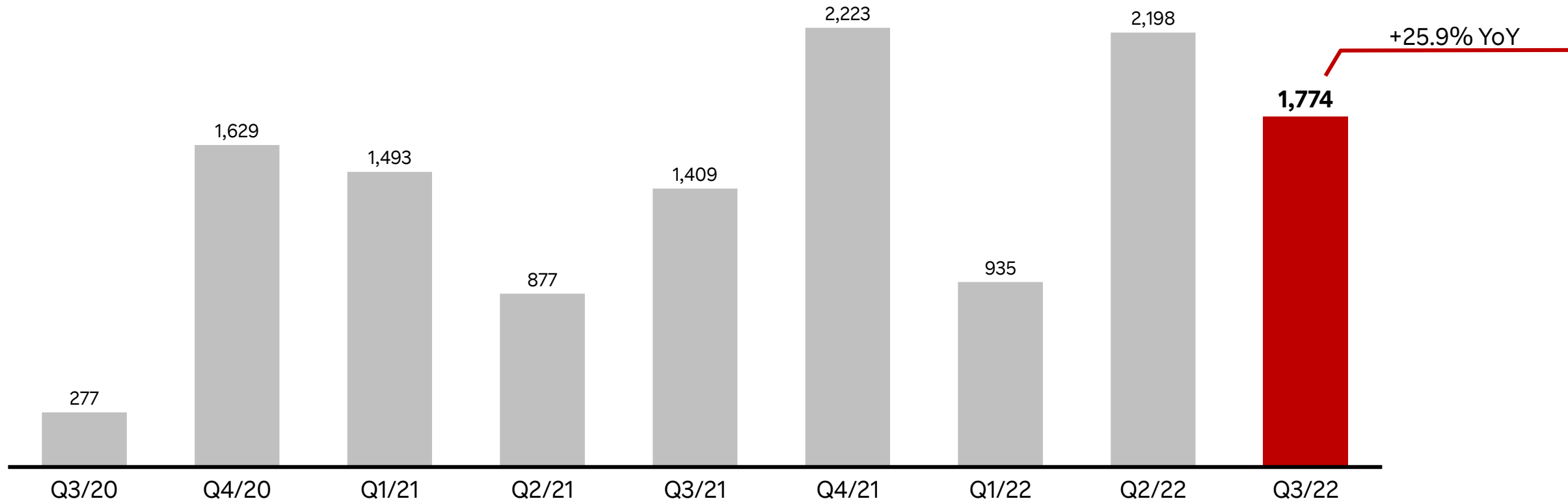
Rakuten Rewards (Ebates) GTV

(JPY mm)



Rakuten Rewards (Ebates) Operating Income*1

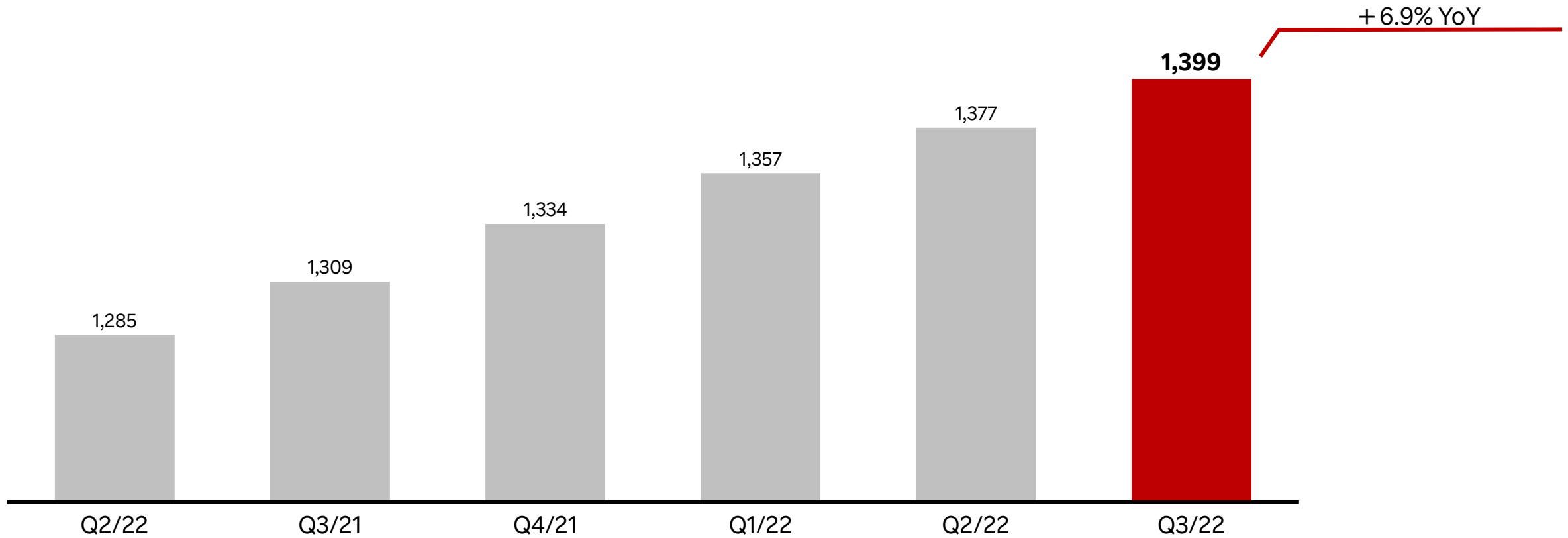
(JPY mm)



*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).

Viber Unique IDs^{*1*2}

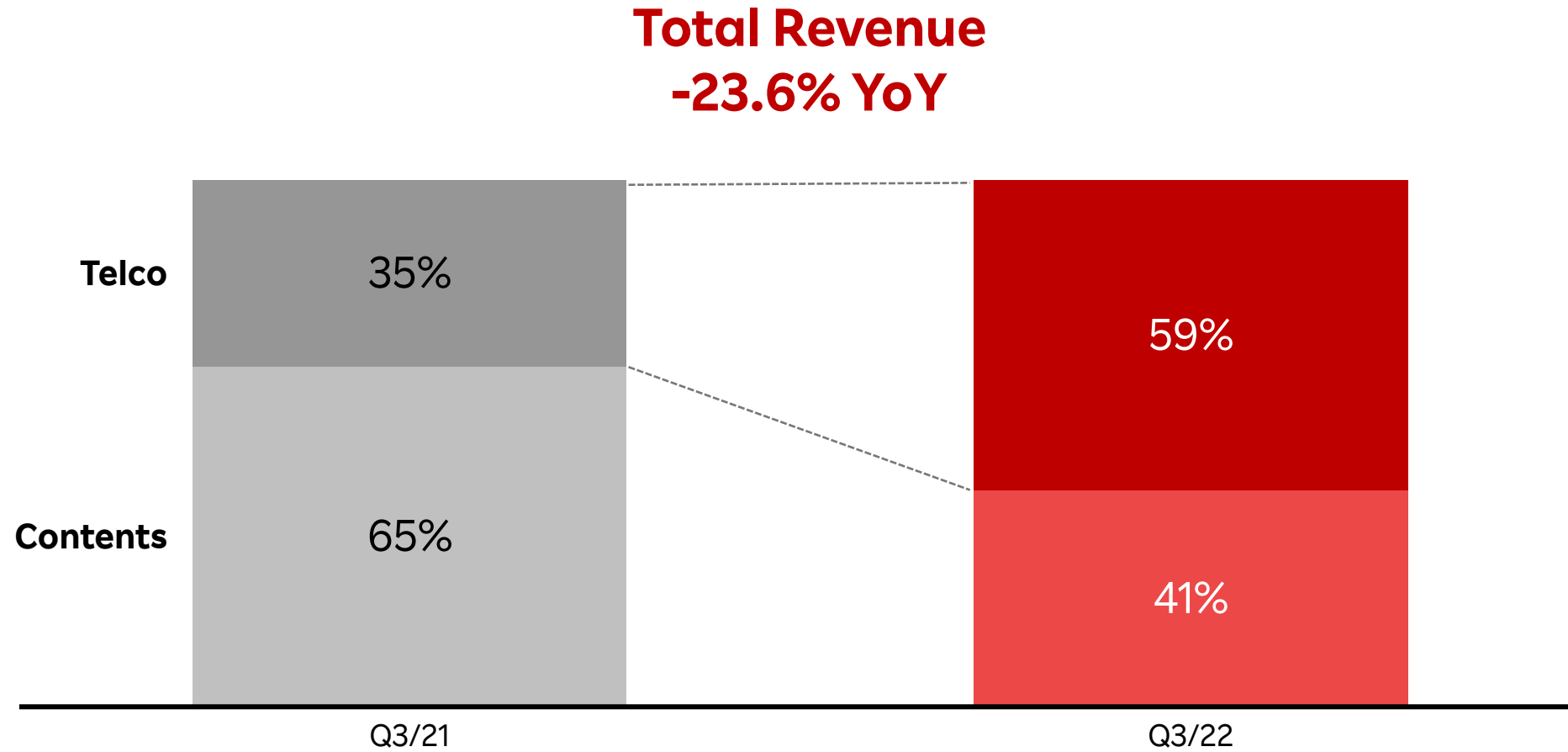
(million IDs)



*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}



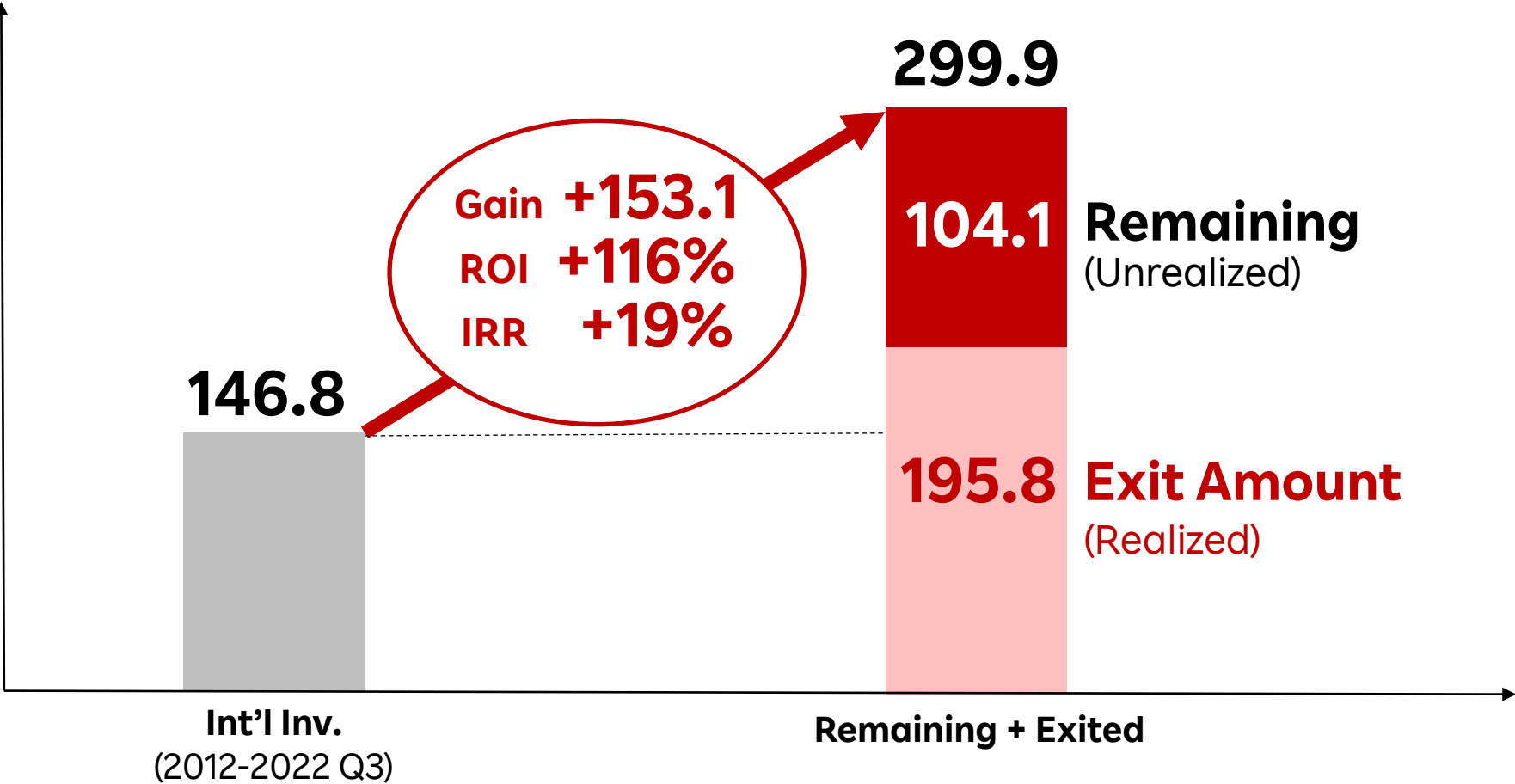
*1 Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.

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

Rakuten Capital*1 Investment Performance

(JPY bn)

Rakuten Capital Investment Performance (as of Sep 30, 2022)*2

























*1 Investment Business of Rakuten Group (Rakuten Capital).

*2 Non Rakuten Capital investments, such as Lyft and Rakuten Medical, are excluded.



Minority Investment Portfolio

	Remaining	Exited*1	Non R-Capital*2	
Number of Investments*3:	44	37	2	
<p><u>Internet</u></p>     <p><u>Sustainability</u></p>   	<p><u>Ride Sharing</u></p>   <p><u>Fintech</u></p>  <p><u>Mobile / AI</u></p> 	<p><u>Healthcare</u></p>    <p><u>Food</u></p>  	  <p>(Partial)</p>  	  <p>(Affiliated Company)</p>

*1 Exit since 2015. Exit number does not include partial exit.

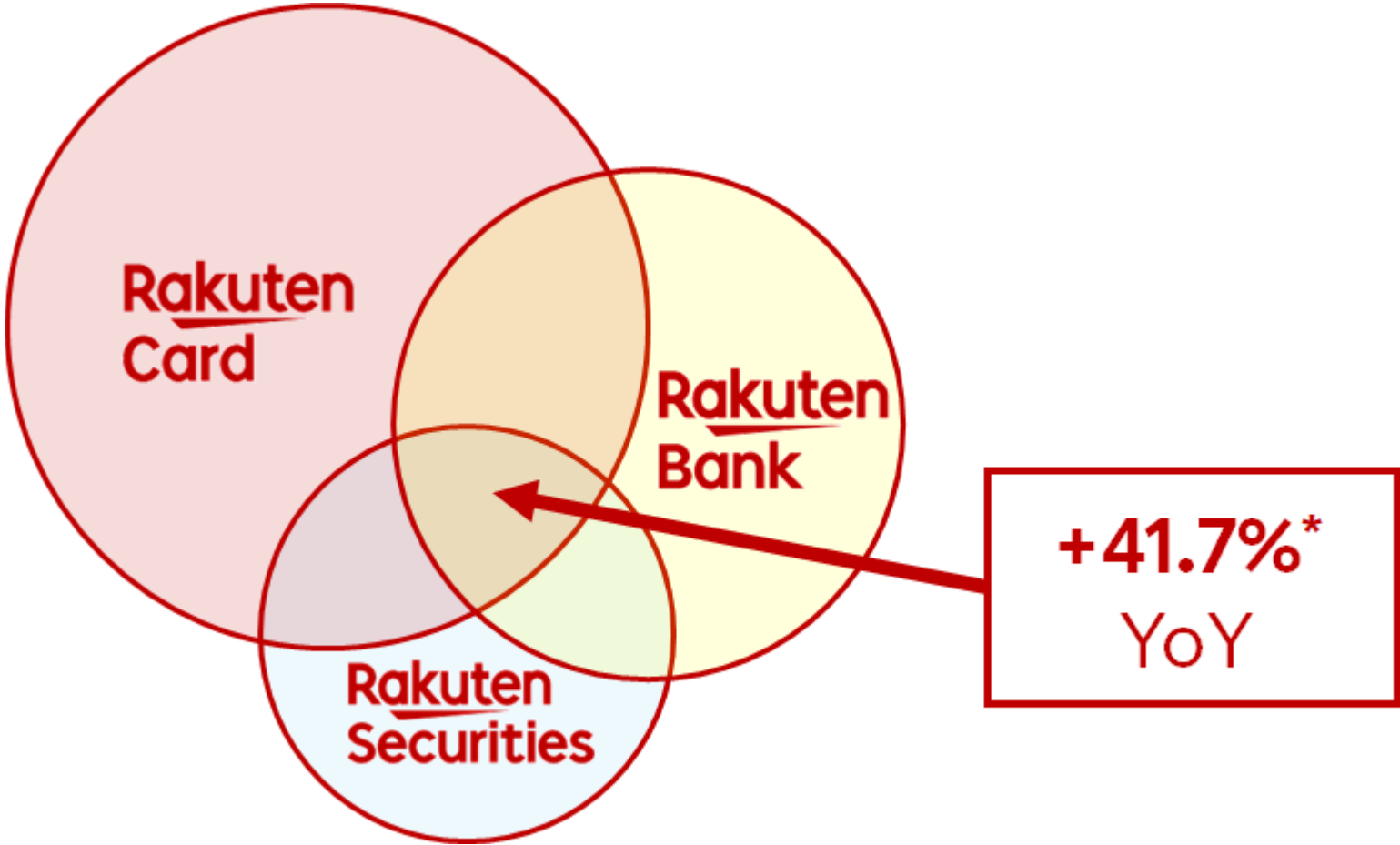
*2 Lyft and Rakuten Medical have been transferred from Rakuten Capital to other businesses

*3 Numbers are related to R-Capital investment only as of Q3/22.

3 FinTech

Cross-Use Example of FinTech Businesses

(Number of Unique Users across Rakuten Card, Rakuten Bank and Rakuten Securities)



Q3/22 FinTech Results Summary^{*1*2*3*4}

(JPY bn)

Q3/22	Revenue	YoY	Operating Income	YoY
Card	71.5	+4.5%	11.1	+13.6%
Bank	28.3	+11.1%	9.5	+30.4%
Securities	24.2	+9.8%	5.5	+40.1%
Insurance	26.6	+11.9%	2.0	+6.2%
Payment	13.6	+48.1%	-1.6	-0.8
Others	2.2	+15.5%	-1.3	-0.4
FinTech Total	166.5	+10.3%	25.2	+19.0%

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

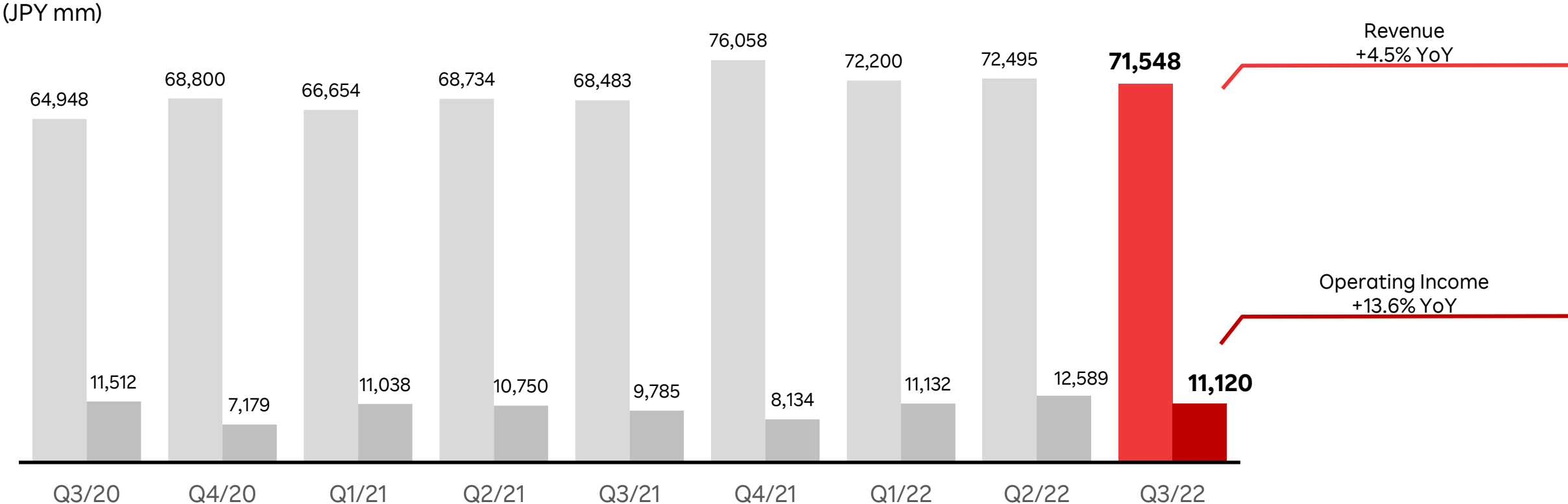
*2 Payment includes Rakuten Pay, Rakuten Edy, Point Partner.

*3 Bank: Joint venture in Taiwan (Rakuten International Commercial Bank.) became a consolidated subsidiary in Q2/20, which is included in "Others".

*4 Rakuten Wallet, Inc. which became a subsidiary of Rakuten Securities, Inc. on July 1, 2022, is included in "Others" because it is under temporary control of Rakuten Securities, Inc.

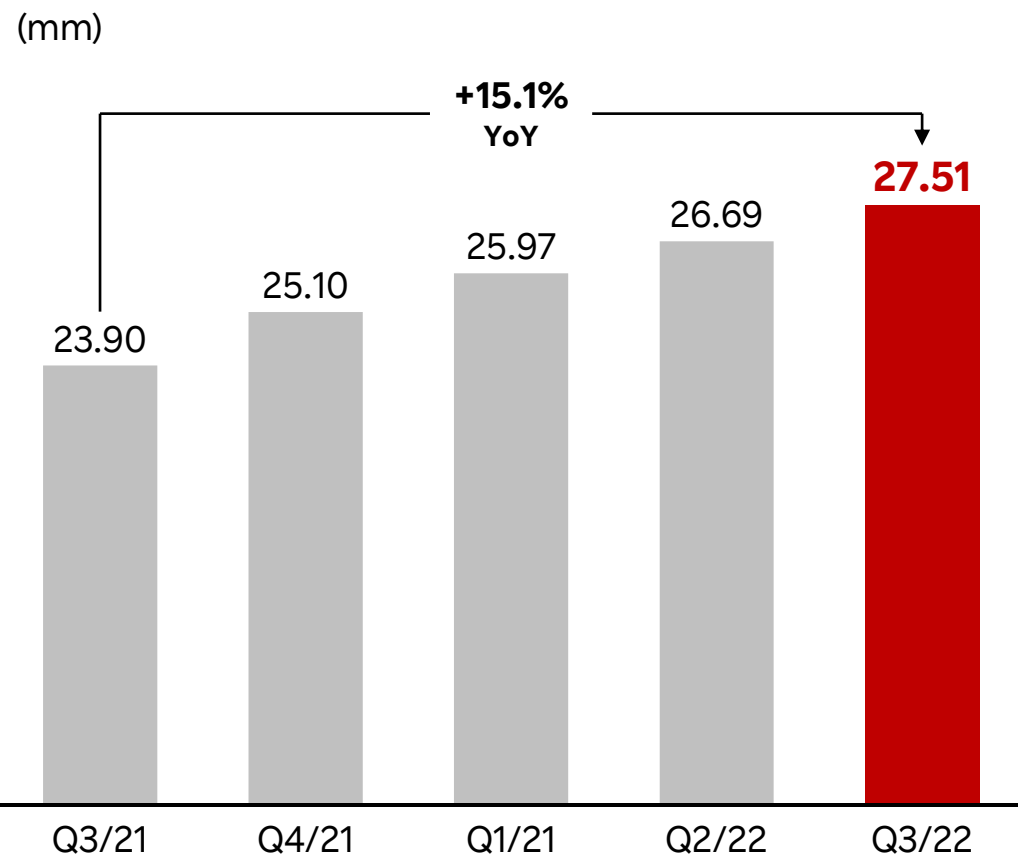
Rakuten Card Quarterly Results

- Shopping transaction volume increased due to continuous recovery of off-line shopping and growth in the number of cards issued, high utilization rate and average customer spend.
- Growth in merchant fees also drove revenue growth.

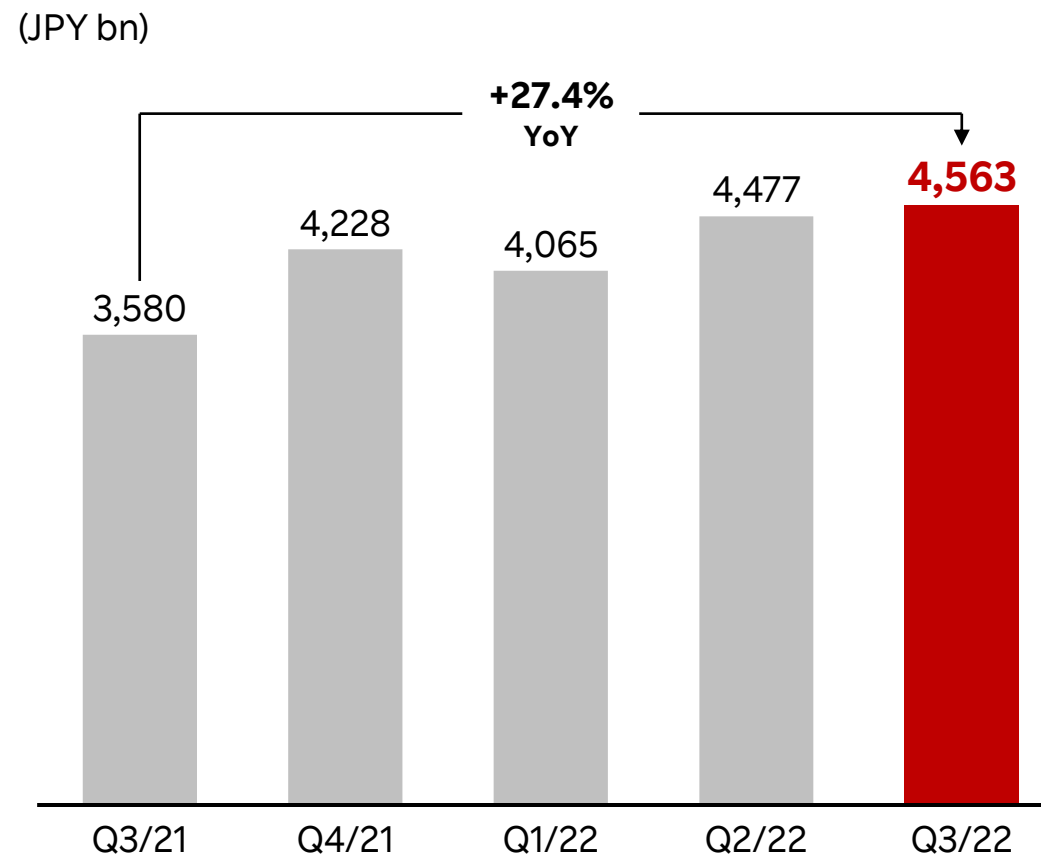


Rakuten Card KPIs *(1)

Number of Cards Issued



Card Shopping Transaction Volume*

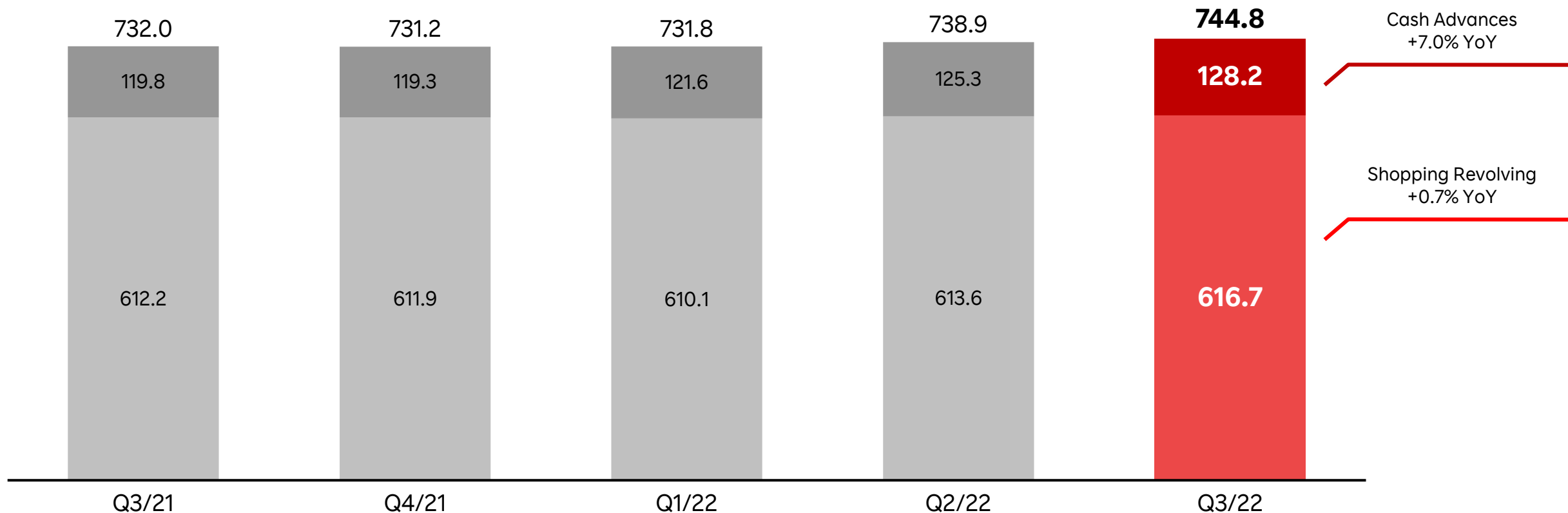


*Calculated on a managerial accounting basis, using different definitions from data in Supplemental Data.

Rakuten Card KPIs* (2)

Shopping Revolving and Cash Advance Balances

(JPY bn)



* 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	Q2/22	Q3/22	YoY
Expenses related to doubtful accounts	8,950	11,789	8,383	9,046	9,110	12,135	7,644	7,592	7,390	-18.9%
Ratio of expenses related to doubtful accounts ^{*1}	1.63%	2.03%	1.40%	1.53%	1.52%	1.88%	1.14%	1.14%	1.08%	—
	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	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	2,482,143	+18.6%
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	2,373,007	+19.0%
Stage 2 (1-2 months delinquent)	11,633	12,414	13,554	13,333	14,102	14,512	14,443	14,359	14,727	+4.4%
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	94,410	+11.7%
Rakuten Bank Super Loans	359,857	347,727	337,924	325,777	315,559	304,827	296,879	287,211	277,956	-11.9%
Stage 1 (Normal/Credit guarantees ^{*2})	323,023	312,551	303,559	291,724	281,938	272,555	265,169	255,970	248,705	-11.8%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	127	114	49	76	100	57	92	57	73	-26.5%
Stage 3 (Foreclosed credit guarantees)	36,707	35,062	34,315	33,977	33,522	32,215	31,618	31,184	29,177	-13.0%
Others	934	902	866	825	803	743	712	688	666	-17.0%
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	2,760,766	+14.6%
Allowance for doubtful accounts^{*3}	96,898	94,890	94,047	94,470	95,185	95,560	94,228	94,439	93,479	-1.8%
Write-off for bad debt^{*4}	11,561	13,801	9,229	8,625	8,399	11,761	8,977	7,390	8,351	-0.6%

*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

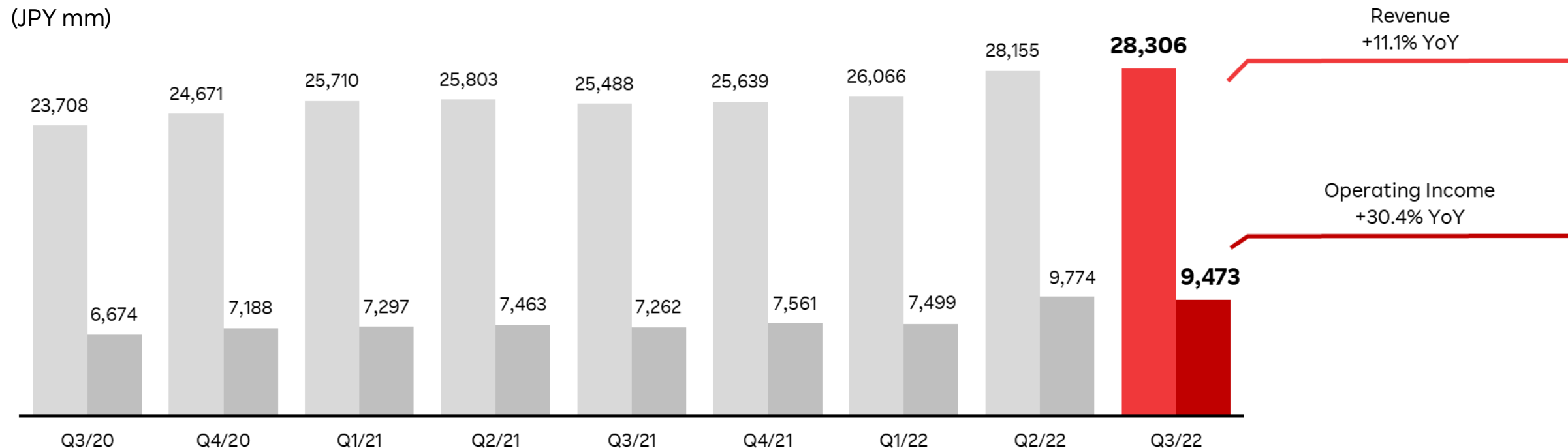
*2 Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

*3 Including allowance for credit guarantees

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

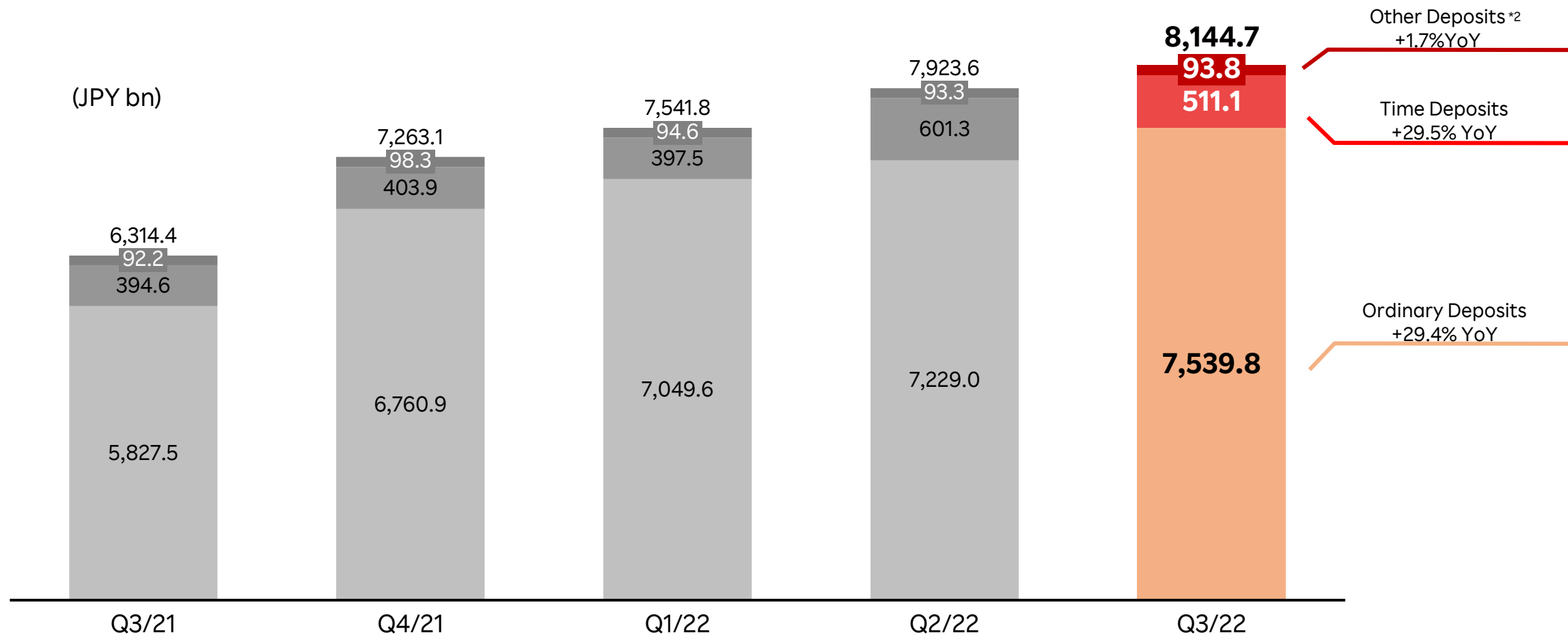
Rakuten Bank Results*

- Revenue increased driven by growth in interest income and non-interest income
- Operating income increased significantly due to further improvement in management efficiencies



* 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

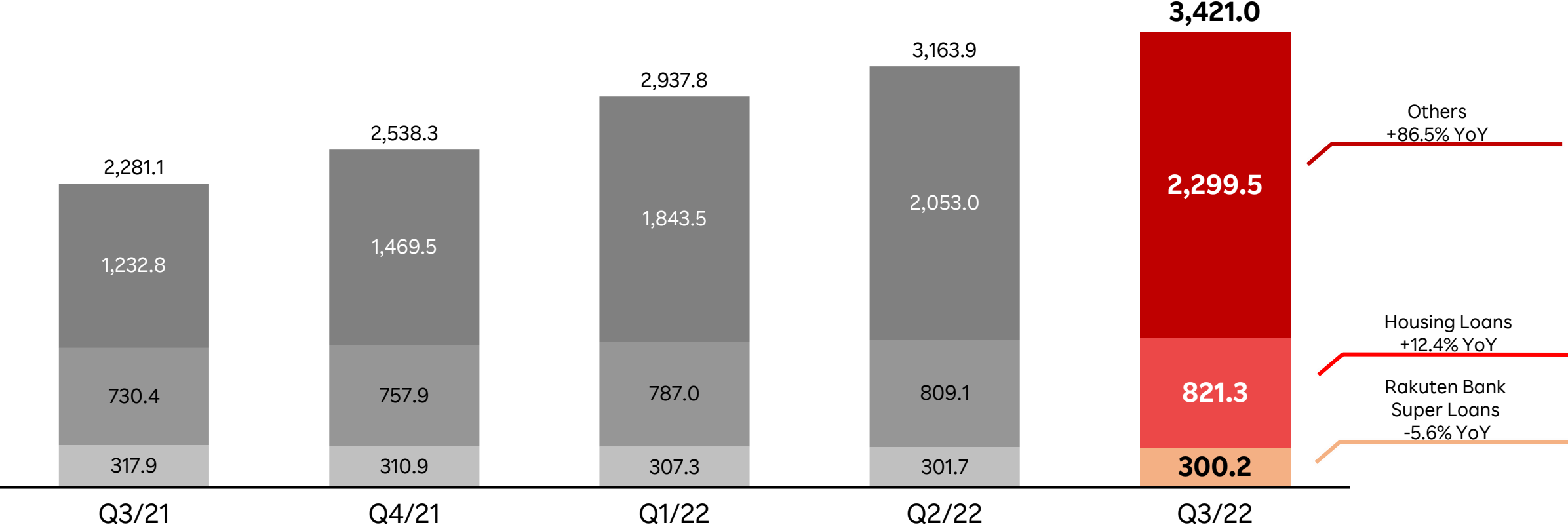


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

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

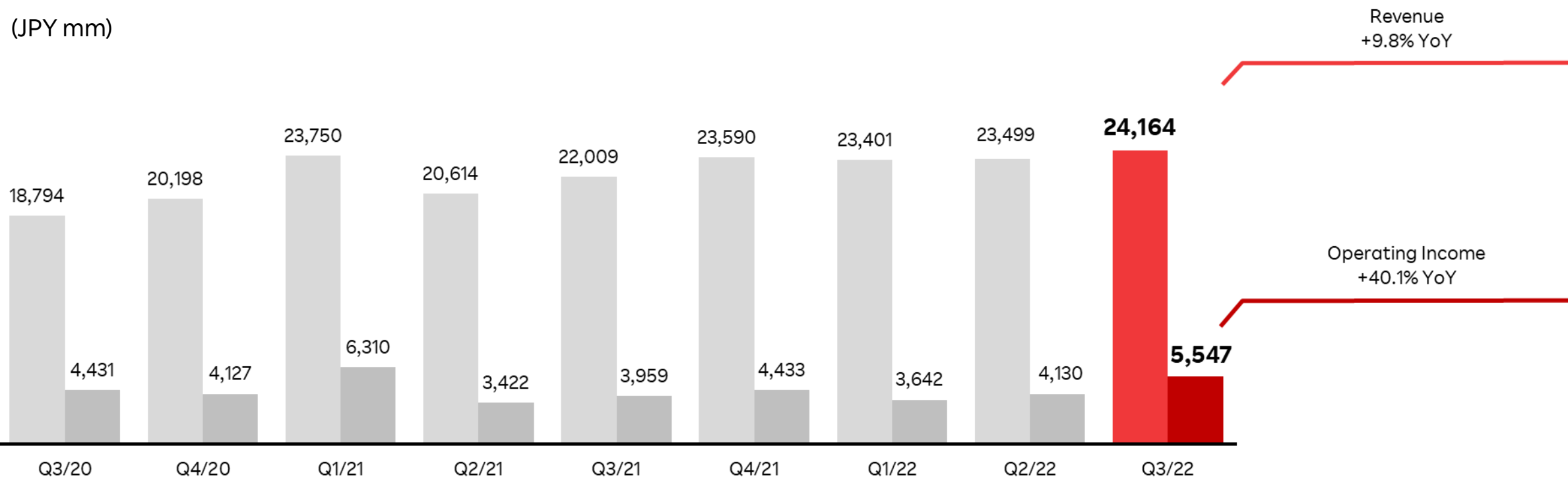
Rakuten Bank Loan Receivables Balance

(JPY bn)



Rakuten Securities Results*

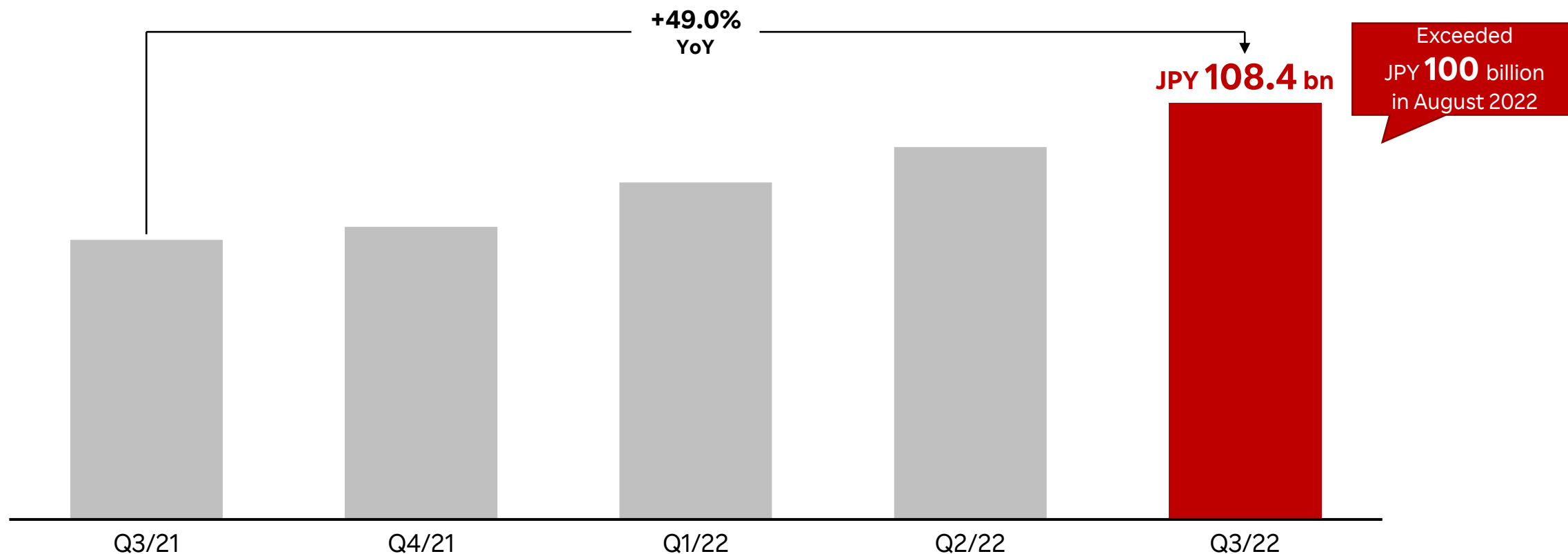
- Commission fees increased along with the increasing number of customers and transactions despite the volatile market condition
- Operating revenue hit a record all time high



*Rakuten Wallet, Inc. which became a subsidiary of Rakuten Securities, Inc. on July 1, 2022, is not included in the above graph because it is under temporary control of Rakuten Securities Inc.

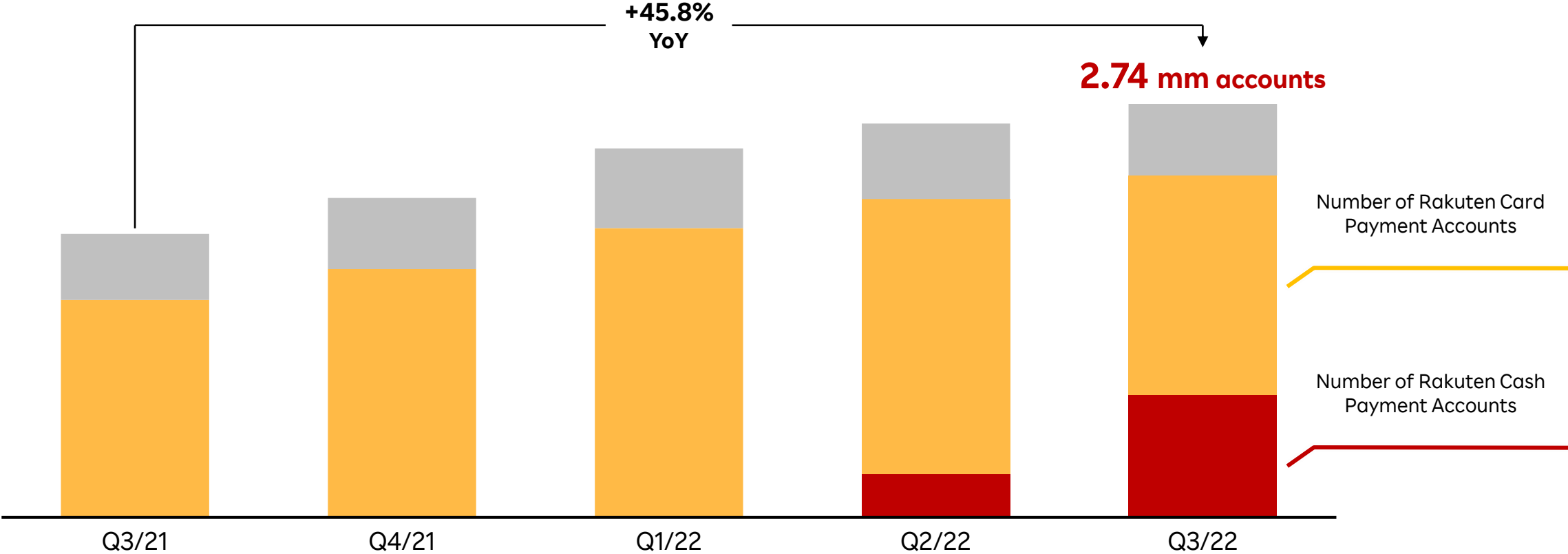
Rakuten Securities Accumulation-type Investment Trust Amounts

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



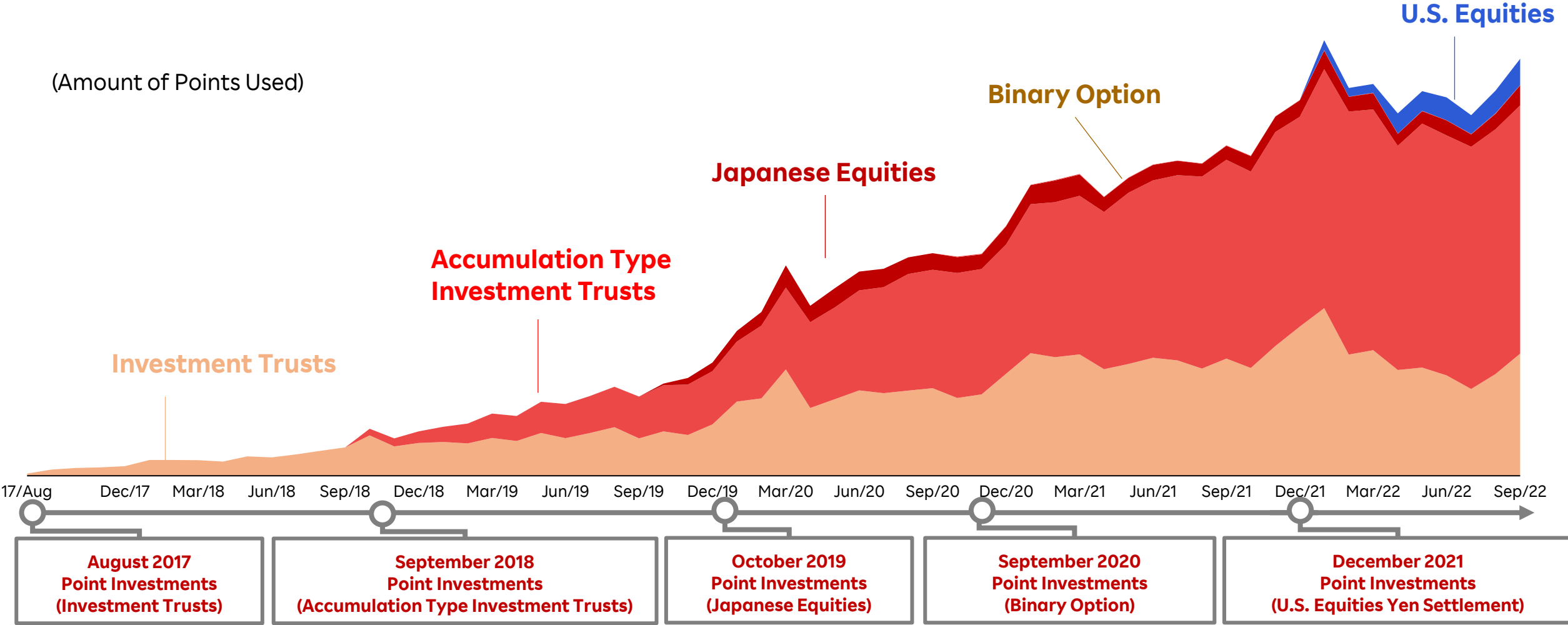
Rakuten Securities Accumulation-type Investment Trust Accounts

■ Accumulation-type Investment Trusts by Rakuten Cash payment settlement started on June 19, 2022



Rakuten Securities Point Investments

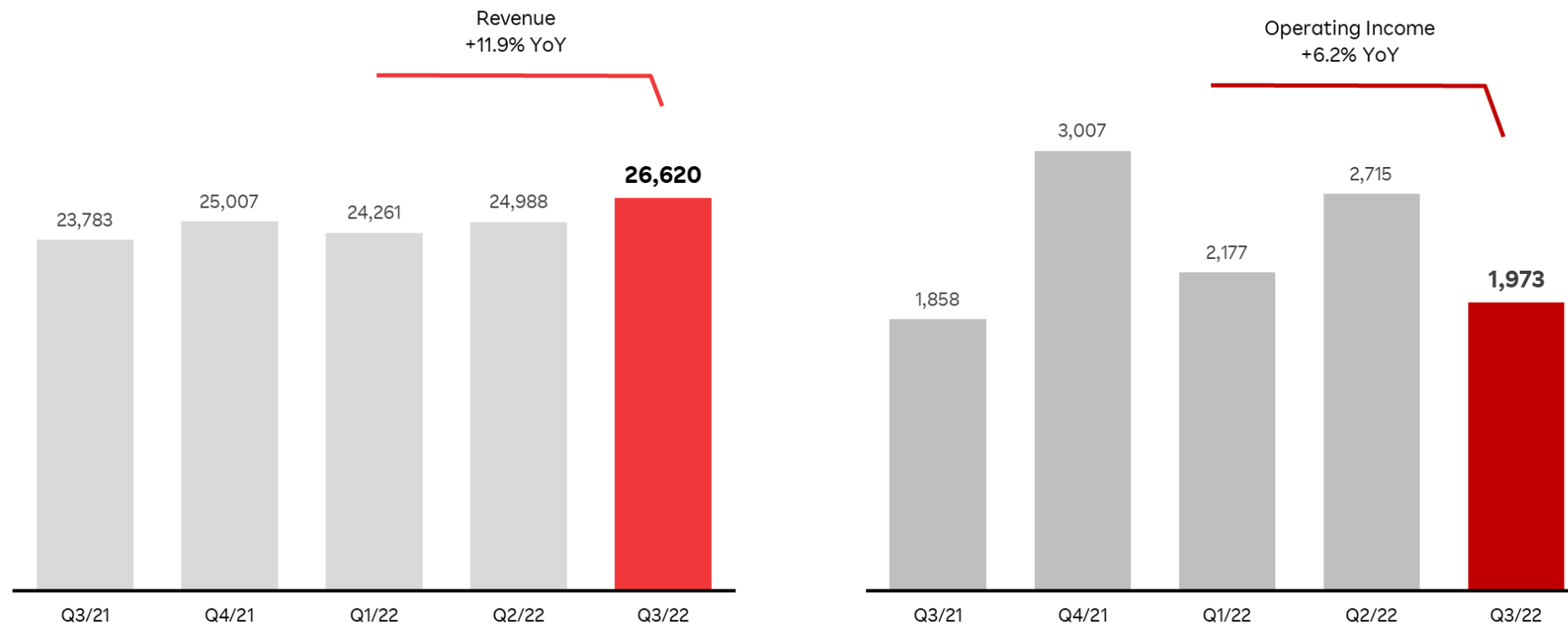
(Amount of Points Used)



Rakuten Insurance Group Results*

- Rakuten Insurance Group's revenue increased due to increase of Insurance underwriting income and Investment income
- While one-off impact of an increase in COVID-19 insurance claim payment-related expenses was seen in life insurance, secured a growth of operating income as Rakuten Insurance Group by efforts of improved insurance underwriting income and cost reductions, etc.

(JPY mm)



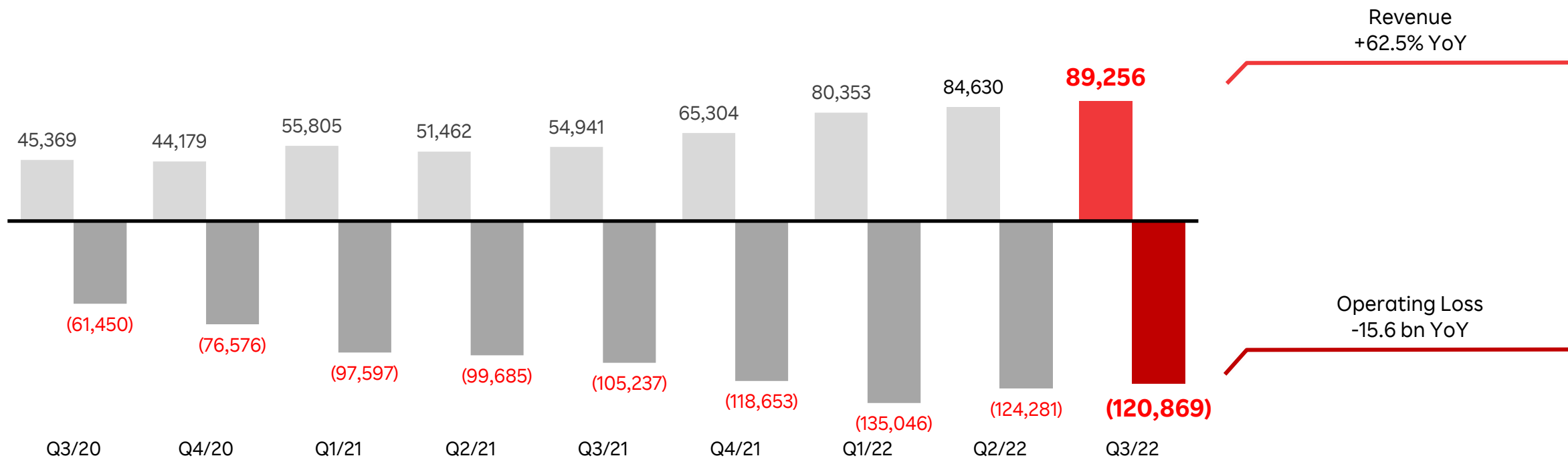
* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency.

4 Mobile

Mobile Segment Results*1*2

- ARPU increased with the transition to the new pricing plan. Profitability continued to improve partly due to roaming cost reductions as partner roaming areas switched to Rakuten's network coverage*3.

(JPY mm)



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

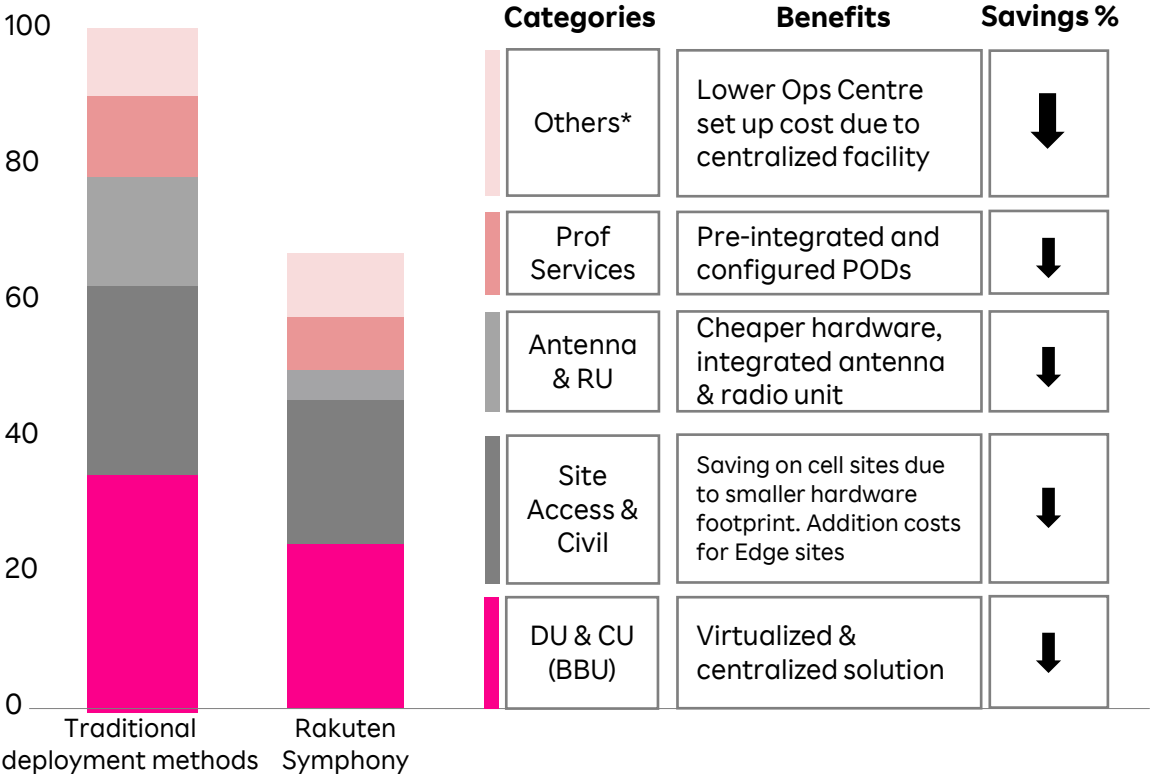
*2 Rakuten Kobo, Rakuten Viki, Rakuten Viber, and others moved from mobile segment to internet service segment from Q2/21.

*3 Number of base stations on-air 50,408, Number of sites with contract signed : 15,591 (As of end of September 2022)

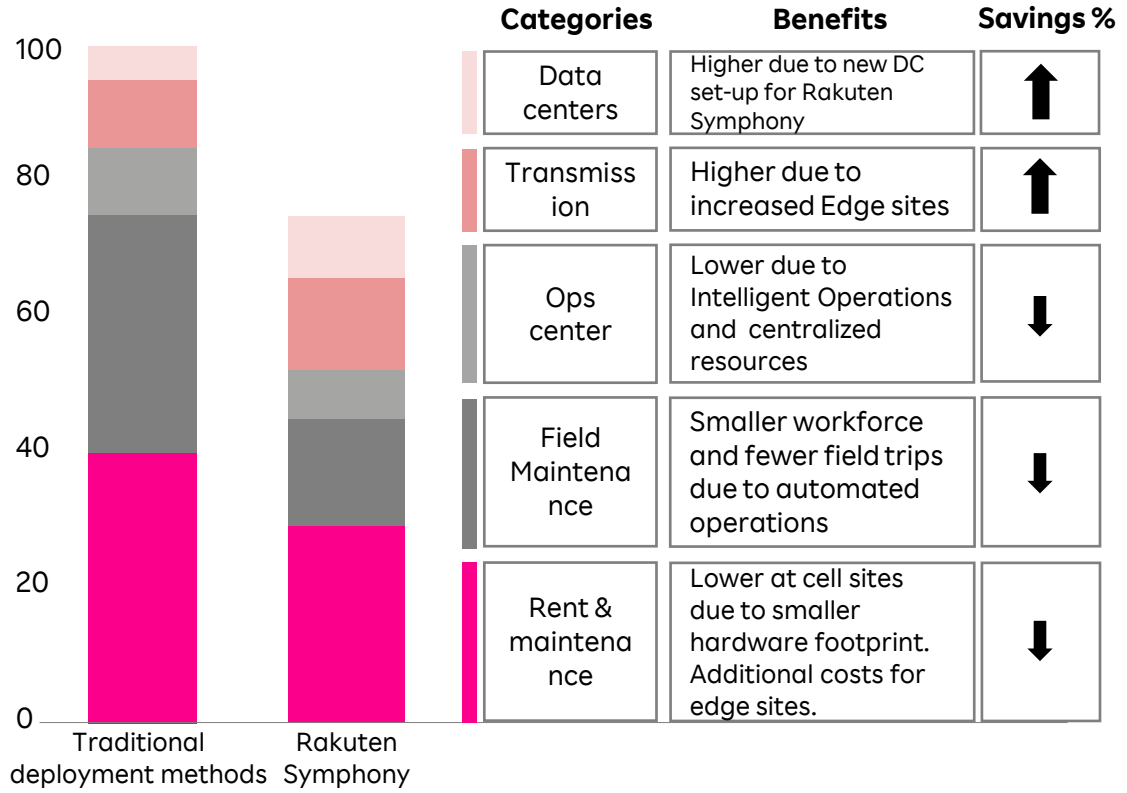
Cost Structure Underpinning Rakuten Mobile's Price Advantage

- 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



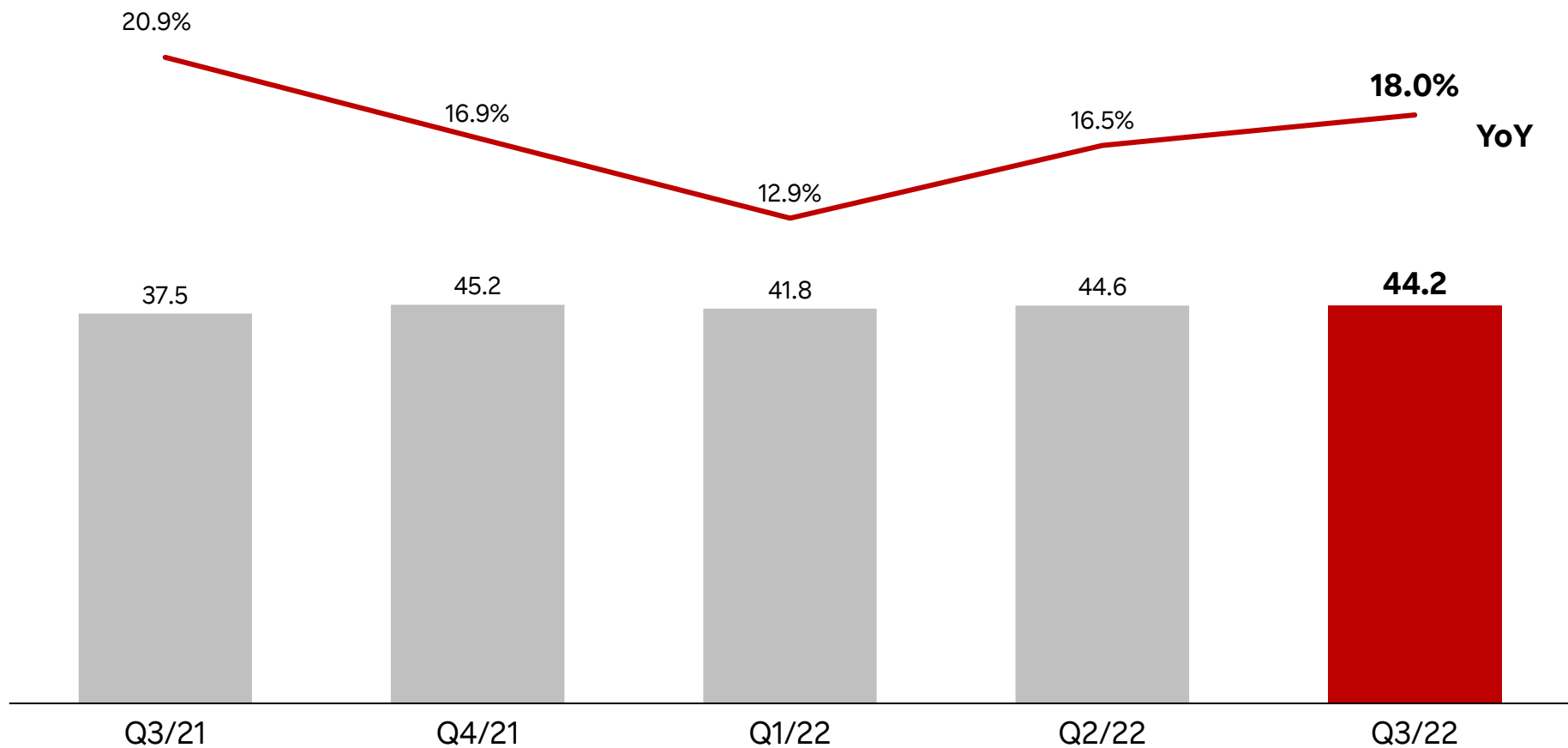
* Others includes investment on OSS, switches, routers, network operations setup and other consumables



5 Ad Business

Ad Business Revenue*

(JPY bn)

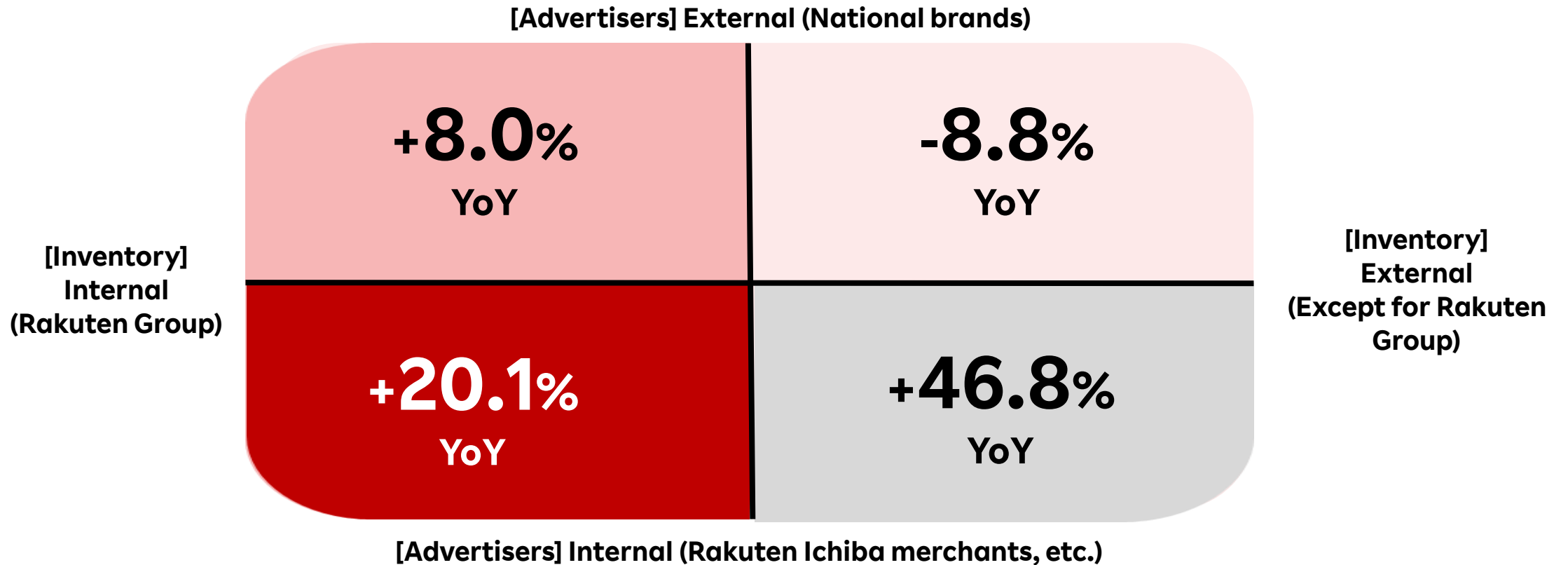


* Revenue includes internal transactions.



Ad Business Q3/22 Growth Analysis

- Steady growth in advertising sales within the Rakuten Group due to the impact of Rakuten Ichiba and recovery of Rakuten Travel following fewer COVID-related restrictions

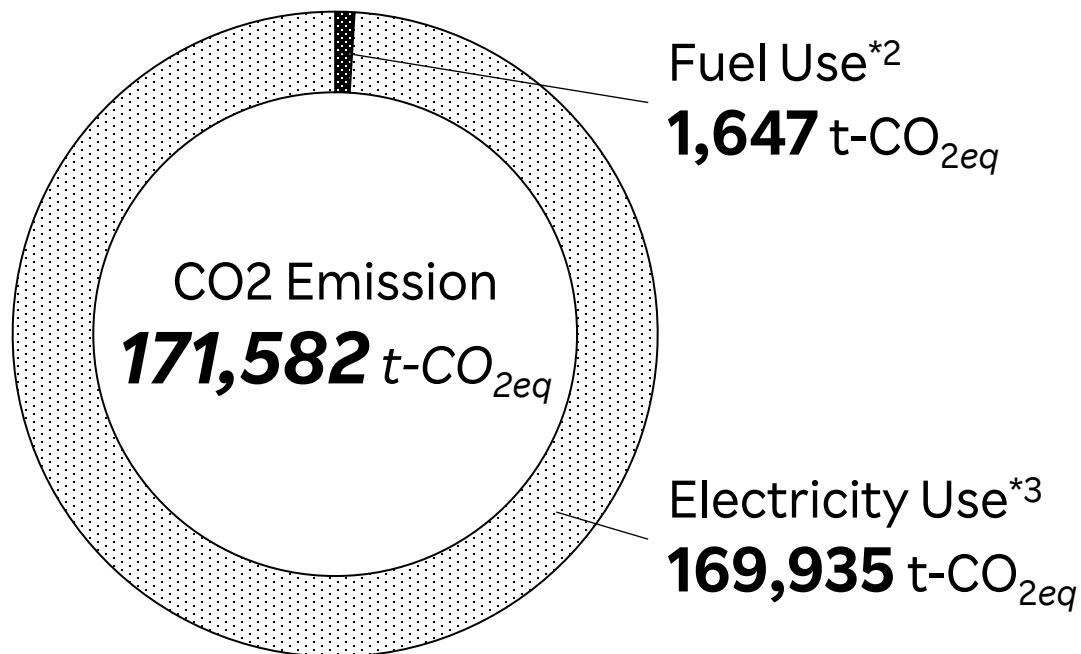


6 ESG

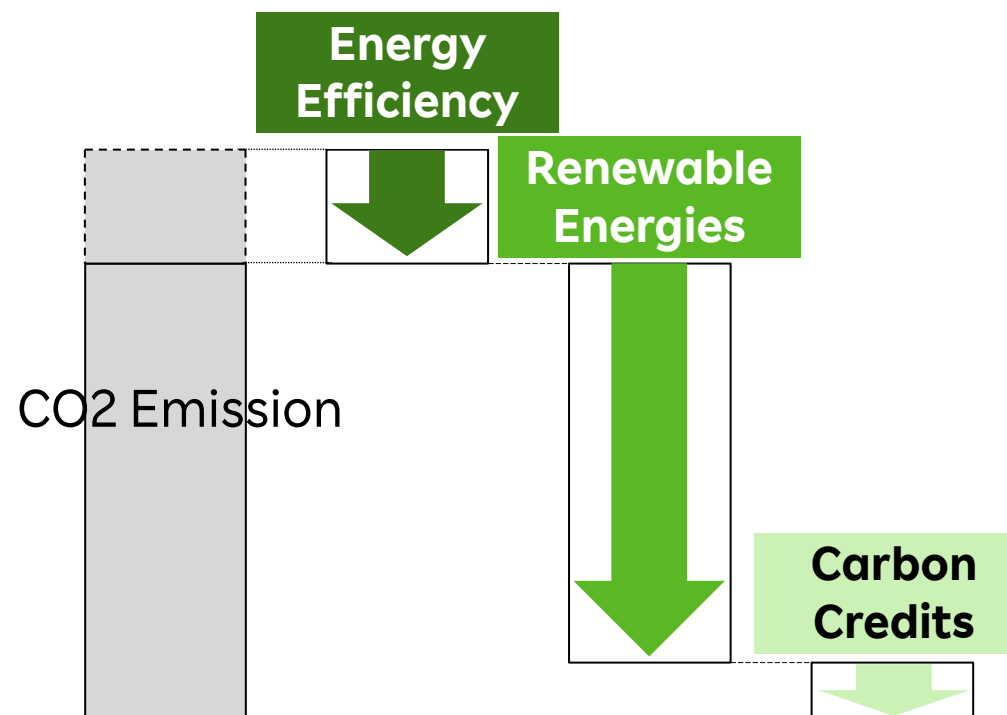
2023 Rakuten Carbon Neutral Commitment

Rakuten Group commits to **achieve carbon neutrality*1 by 2023**

FY21 CO₂ Emission (Scope 1+2)



Reduction Levers and Priority



*1 Reducing greenhouse gas emissions from our own business operations to net zero (Scope 1+2)

*2: Scope 1 emission *3: Scope 2 market-based emission

*The data indicated in the slide was calculated by Rakuten and has undergone third-party verification.

ESG: Toward Realizing Carbon Neutral Society by 2050

Now and in the future, Empowering people and society

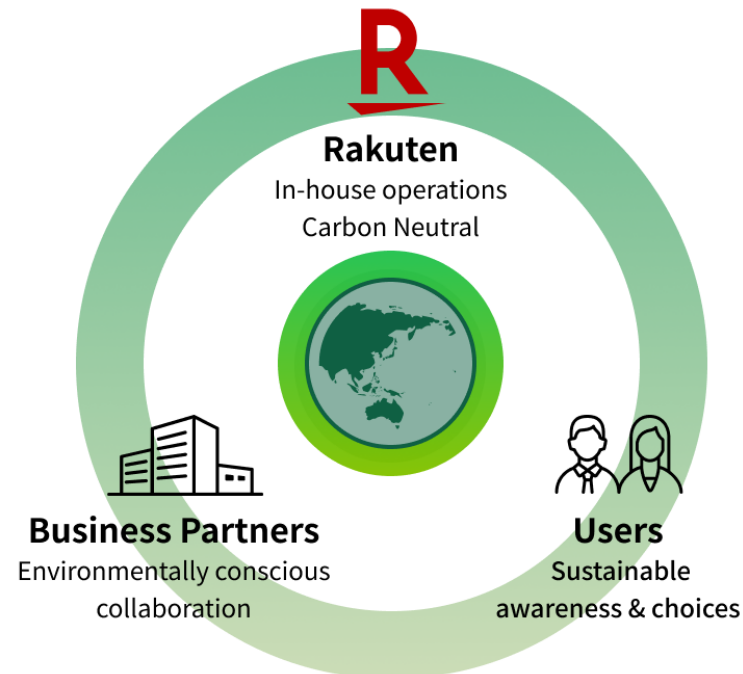
The Rakuten Group will continue striving to mitigate climate change through an environment-conscious platform established with our business partners and users.

In order to create value for people and society in the face of rapid change, we will continue to provide transparency in our efforts by disclosing relevant information.



ESG Mid- and Long-term Outlook

1. Aim to reduce **the entire carbon footprint, including the supply chain***
2. Seek **new growth opportunities to achieve a decarbonized society with our customers and partners as a platform**



*Committed to the "Science Based Target (SBT)" international initiative to work toward achieving the goals of the Paris Agreement.

Rakuten

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