

FY2024 First Quarter Consolidated Financial Results

May 14, 2024

Rakuten Group, Inc.



Steady progress toward Rakuten Mobile monthly EBITDA^{*1} profitability by end of 2024

Rakuten Mobile EBITDA^{*1}

(excl. property tax), when:

- 1) excluding CAC^{*2} (investments for growth), and
- 2) including Ecosystem EBITDA uplift^{*3}

is nearly profitable

*1: EBITDA = Non-GAAP OI + depreciation and amortization etc. *2: Customer acquisition costs at Rakuten Mobile (including promotion costs and shop expenses as customer acquisition costs) Excluding sales promotion costs for retention purposes such as SPU. *3: The difference between the average per capita sales of 16 businesses (Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay app payments, Rakuten Pay online payments, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life, Rakuten General Insurance) for the most recent one-year period is added to the gross profit margin of each business.

Agenda

1 Q1/24 Highlights

2 Segment Results

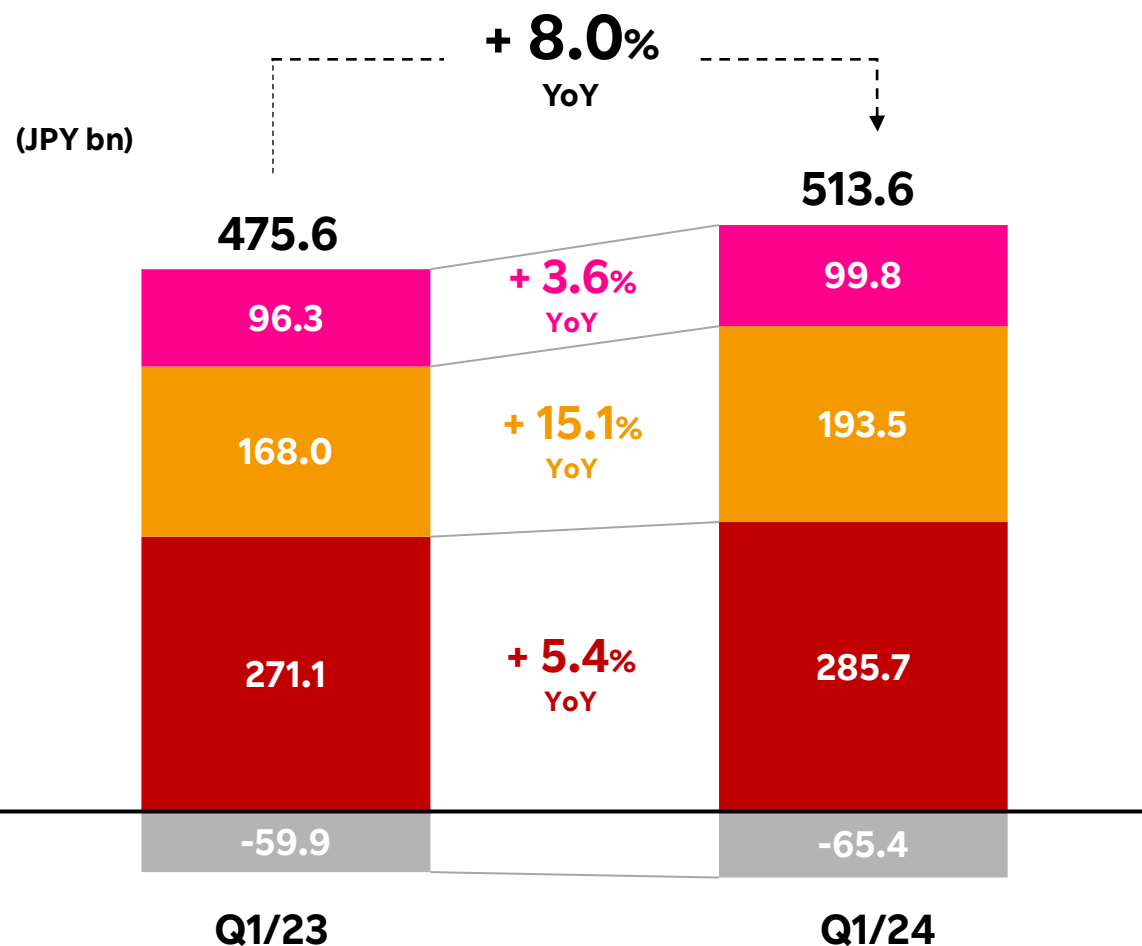
- Internet Services Segment
- FinTech Segment
- Mobile Segment
- Triple 20

3 Finance

4 AI

1. Q1/24 Highlights

Q1/24 Consolidated Revenue



Steady revenue growth in each business

**Consolidated revenue:
JPY 513.6bn
Record high for Q1**

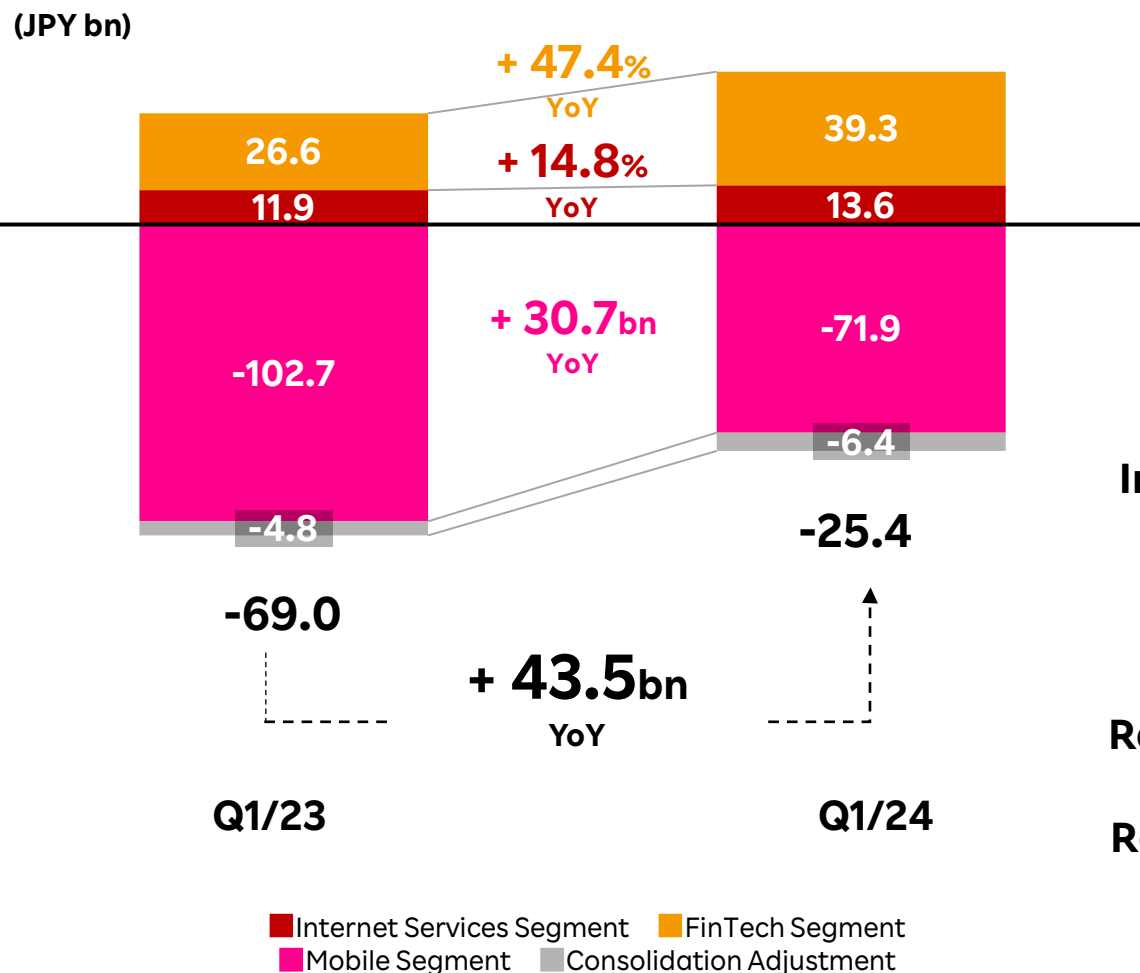
Internet Services: Rakuten Ichiba and Rakuten Travel plus overseas businesses performed well

FinTech: Growth in all services from expansion of customer base and transaction value

Mobile: Growth in Rakuten Mobile subscribers boosted MNO service revenue by JPY 9.6bn YoY

■ Internet Services Segment
 ■ FinTech Segment
■ Mobile Segment
 ■ Consolidation Adjustment

Q1/24 Consolidated Non-GAAP Operating Income



Revenue expansion and successful cost optimization in each business

**Consolidated Non-GAAP OI
+JPY 43.5bn YoY**

On track to achieve annual profitability

Internet Services: significant profit improvement in growth investment businesses and overseas businesses

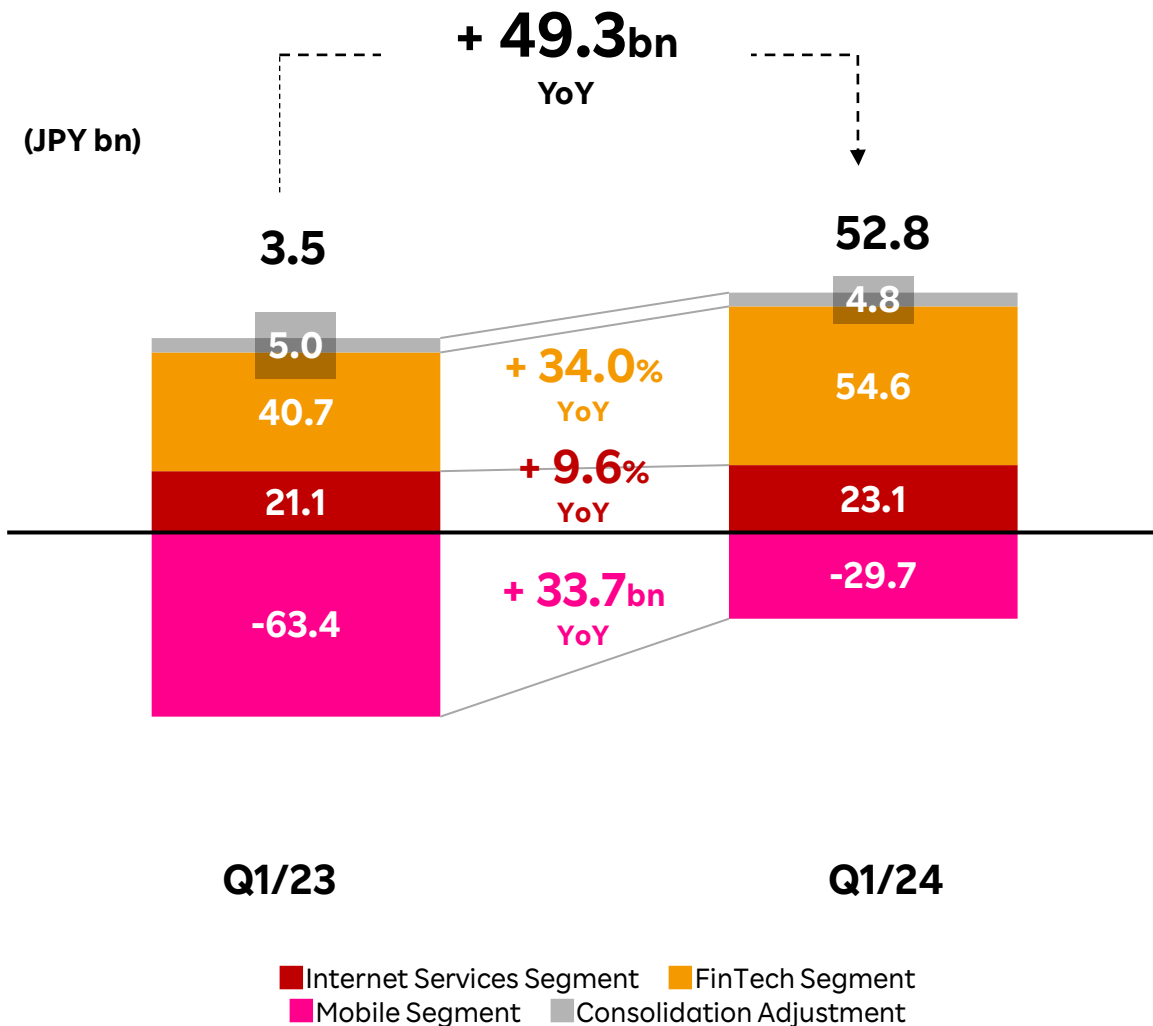
Rakuten Card: profitability improved

Rakuten Payment: turned profitable

Rakuten Securities: profit back to pre-zero commission level

Rakuten Mobile: continued loss reduction thanks to revenue growth and cost optimization

Q1/24 Consolidated EBITDA*



Successful cost optimization at Rakuten Mobile

Consolidated EBITDA
JPY 52.8bn

Cash flow from business activities:
 Emphasis on EBITDA as a KPI to evaluate
 ability to generate cash

*EBITDA = Non-GAAP operating income + depreciation and amortization etc.

Corporate Bond Redemptions

Successfully issued USD 2bn of USD-denominated senior notes and JPY 50bn of JPY-denominated senior notes

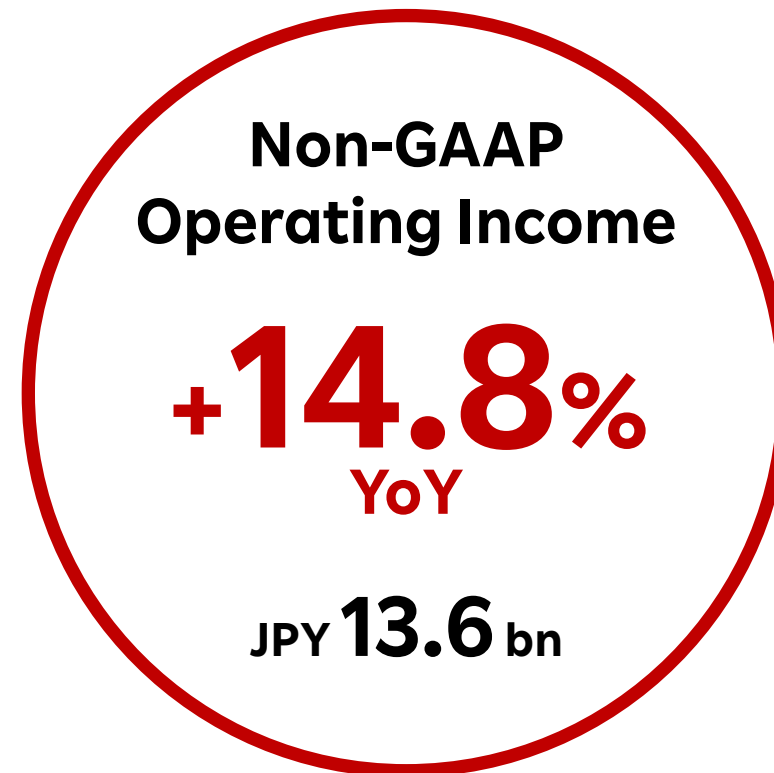
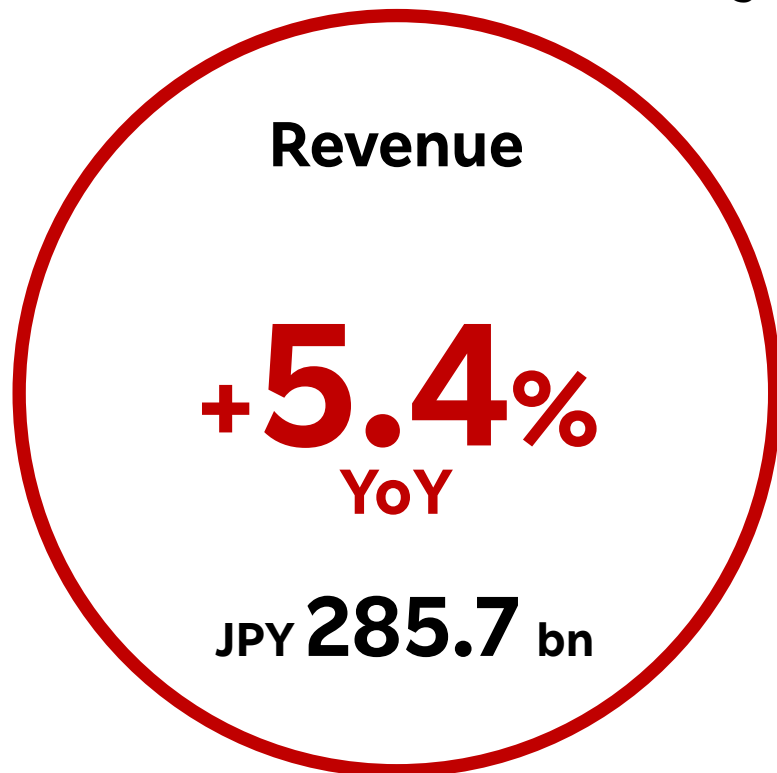
Liquidity gap for 2025 maturities largely addressed

2. Segment Results

Internet Services Segment

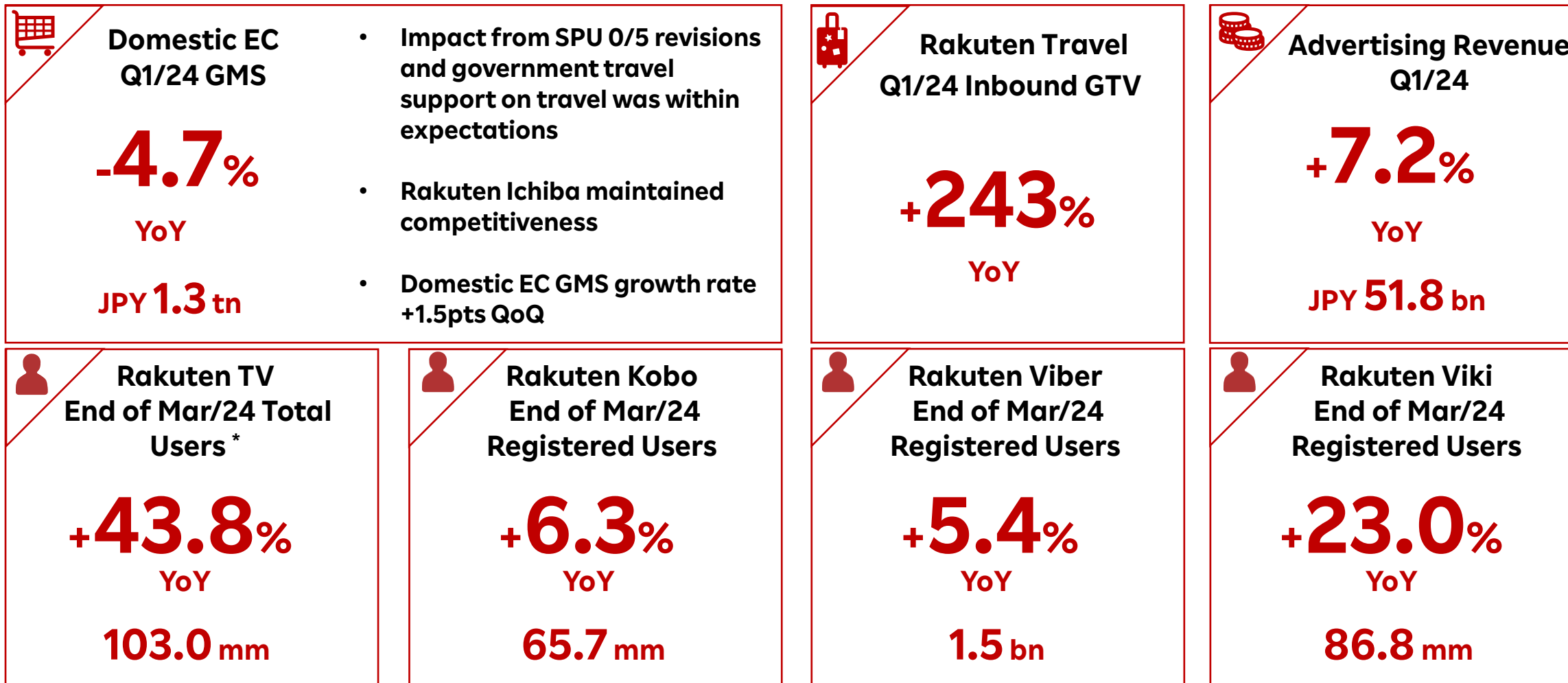
Internet Services Segment: Q1/24 Financial Highlights

- Strong OI growth, despite slower Domestic E-Commerce revenue growth due to high YoY hurdles following the discontinuation of the government's nationwide travel support and revisions in SPU 0/5 programs
- Non-GAAP OI of Other Internet Services (excluding minority investment business) showed solid YoY recovery



+63.3% YoY
excluding minority investment business

Internet Services Segment: Key KPIs



*Total number of registered users and non-registered AVOD (Advertising Video On Demand) users. From Q2/23, the definition of Rakuten TV registered users was updated to exclude users who cancelled their membership. This change has been retroactively adjusted.

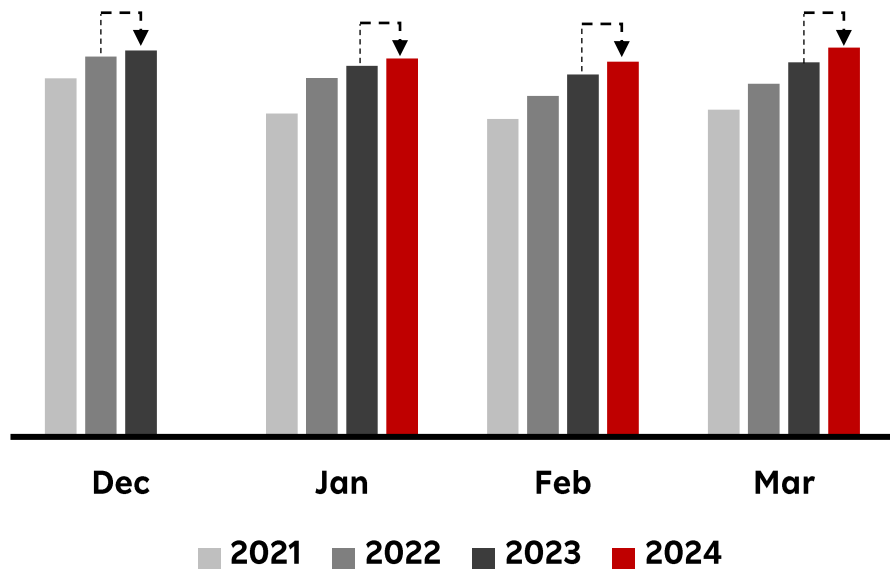
Improved Productivity while Maintaining Rakuten Ichiba's Competitiveness after 0/5, SPU Revisions

- Rakuten Ichiba number of unique visitors continued to increase, showing continued competitiveness even after 0/5, SPU revisions in Dec 2023
- Proportion of SPU points awarded to profit-contributing users* has increased significantly; confirmed productivity improved after the revisions

Rakuten Ichiba Number of Unique Visitors

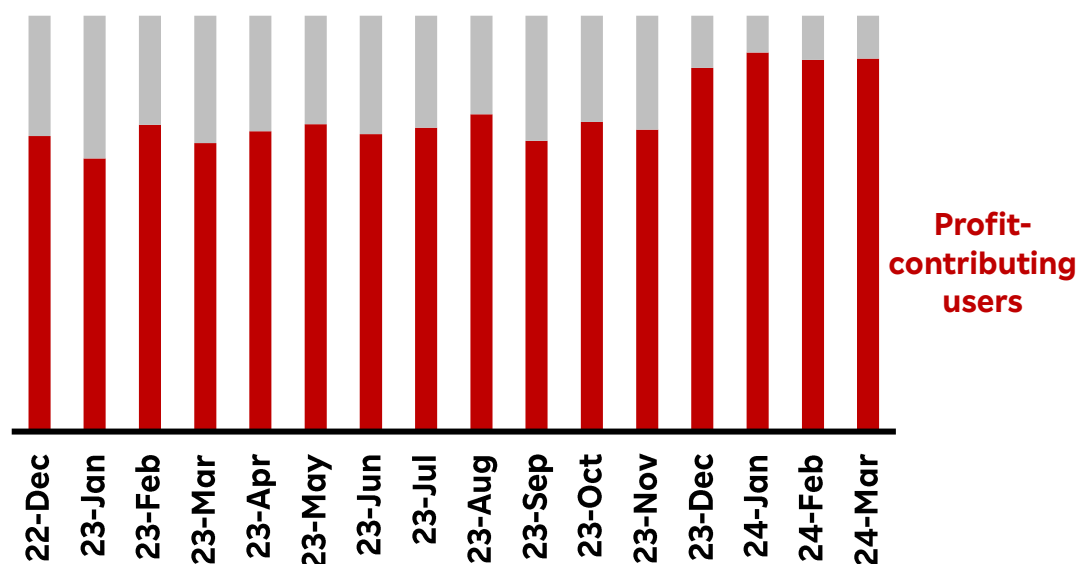
Number of unique visitors increased

Focus on high-quality transactions



Percentage of SPU Granted to Profit-Contributing Users*

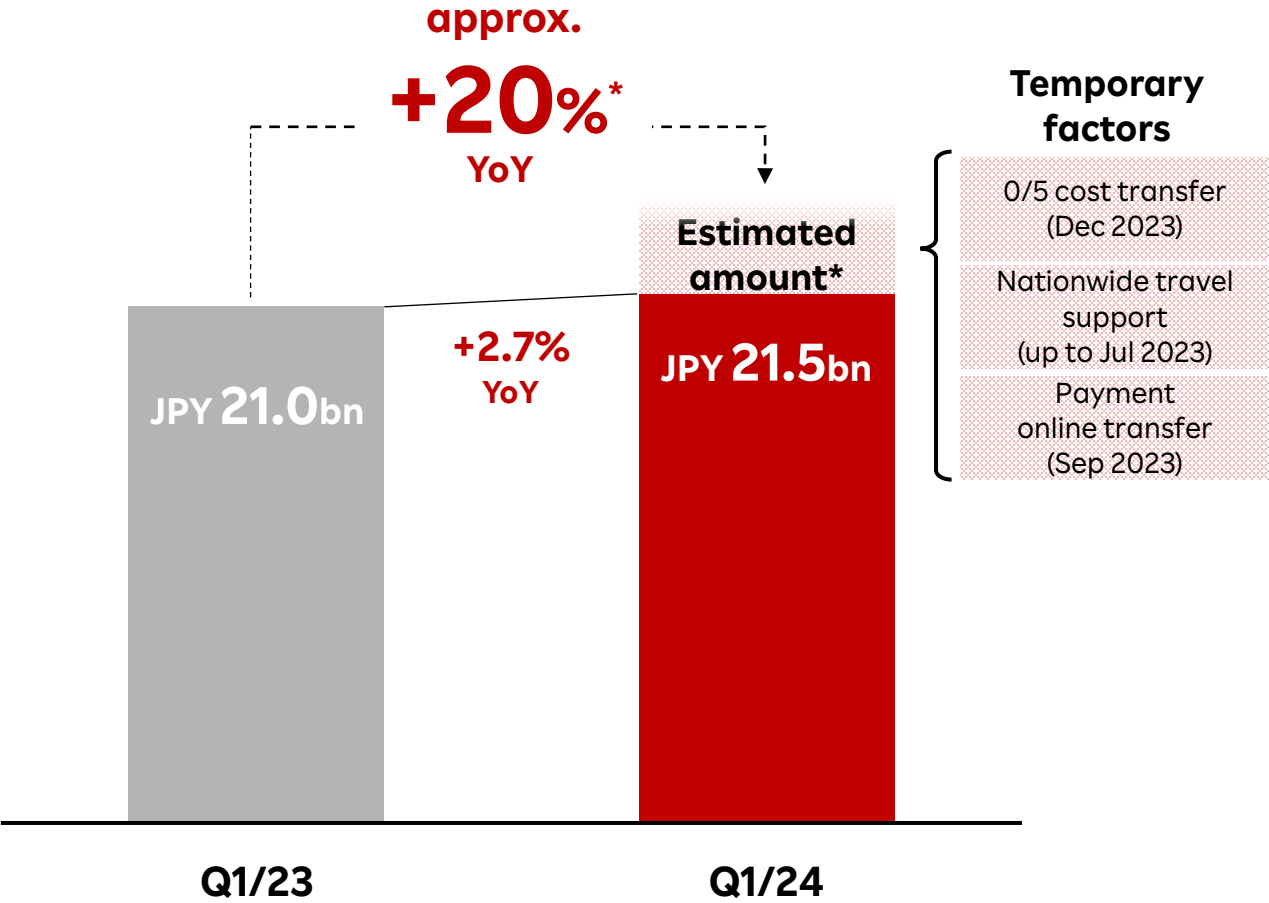
+17 pts
vs Nov. 2023



*Users of 24 major services of Rakuten Group where gross profit minus variable costs was greater than zero in each month

Domestic EC: Continued to Grow Profits as Expected Excluding Temporary Factors

Domestic EC Non-GAAP Operating Income



Domestic EC Non-GAAP OI
under same YoY conditions

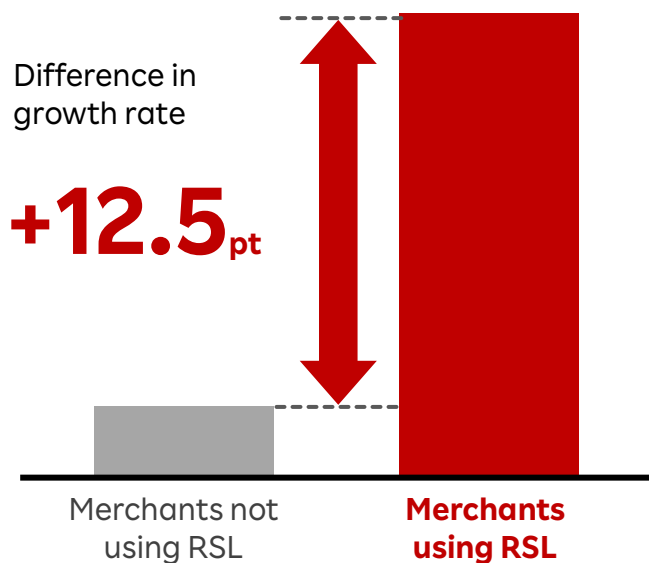
Approx.
+20% YoY

*Based on internal estimation

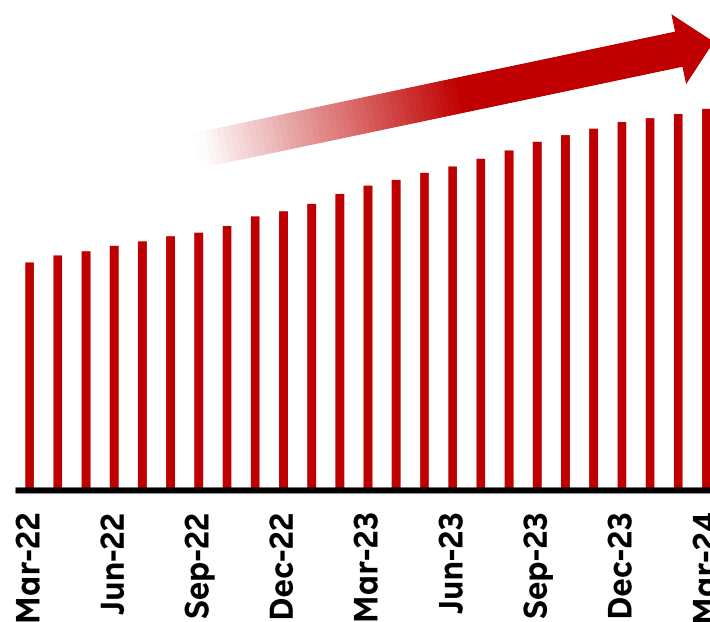
Strengthening Logistics for Sustainable Rakuten Ichiba Development

- Merchants that use Rakuten Super Logistics (RSL) see higher growth rates in GMS than merchants that do not; logistics is an important driver of GMS growth for Domestic EC
- Aiming to continuously improve our services to respond to changes in the logistics environment and the diverse needs of users

Apr 2023 – Mar 2024
Rakuten Ichiba GMS Average Growth Rate*



Number of Merchants using RSL



Service Improvements Initiatives

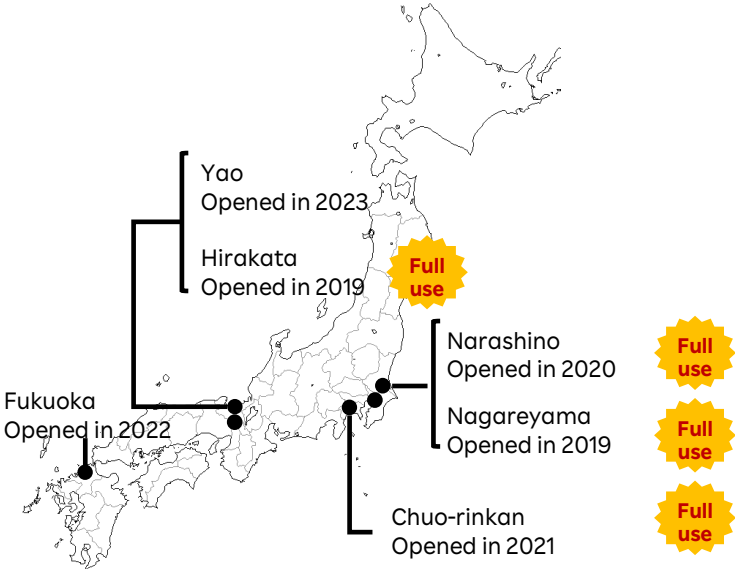


* Merchants that use RSL and ship more than 80% of their orders from Rakuten Ichiba are defined as merchants that have adopted RSL

Logistics Business: Accelerating Initiatives Towards Profitability

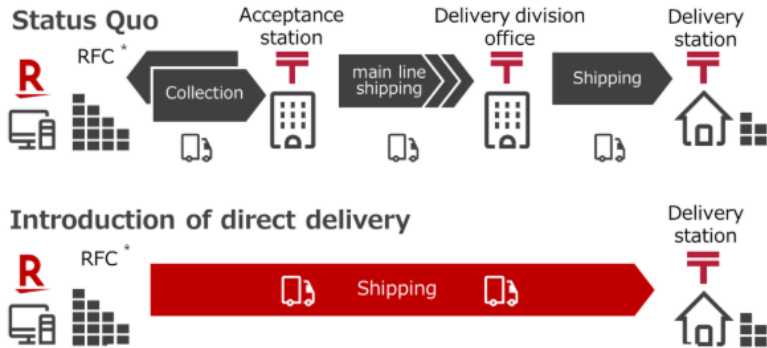
- Rakuten Super Logistics (RSL): 4 of 6 facilities that began operations pre-2021 already at full use; remaining 2 expected to improve profitability as utilization rate increases
- Promoting efficiency in delivery through collaboration with Japan Post and JP Rakuten Logistics

Fulfilment Centers Mostly at Full use



Improving Delivery Efficiency

Direct delivery launched and implemented gradually
Expected to contribute greatly to profitability



Ongoing Initiatives

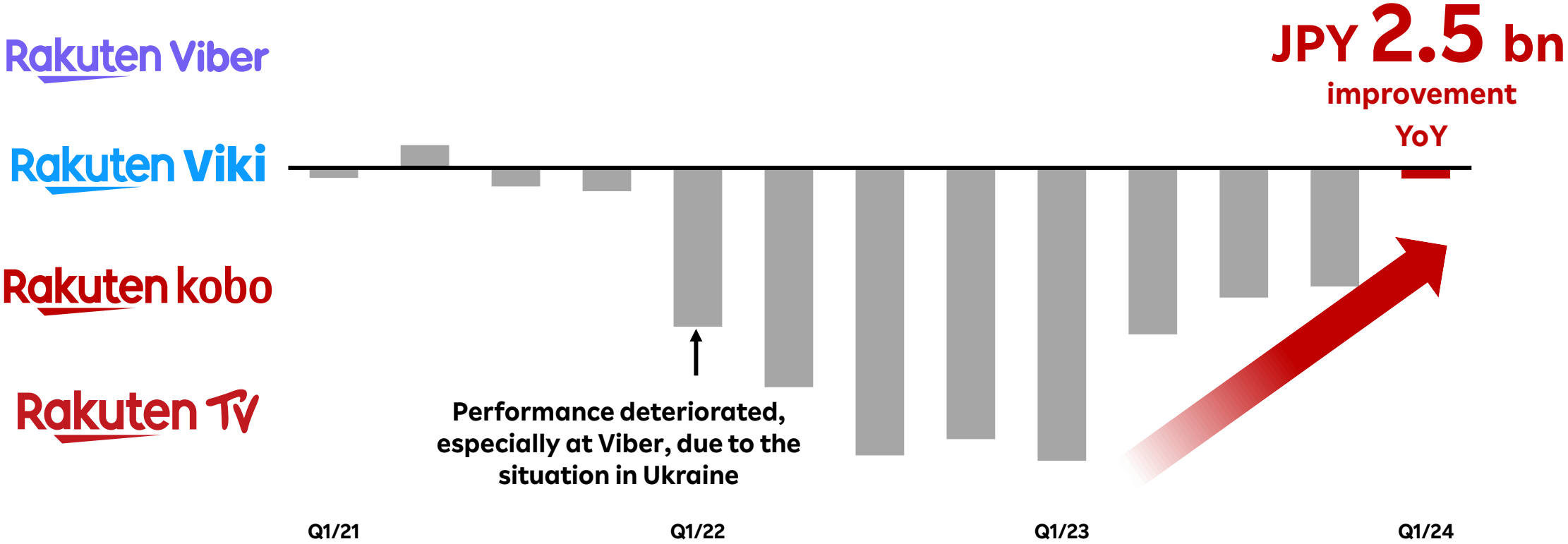
- ✓ Continuous improvement of RSL services
- ✓ Apr 2024 Rate revision for RSL
- ✓ Profitability expected to improve from Q2/24

* Rakuten Fulfillment Center (Operated by JP Rakuten Logistics)

Overseas Business Performance Recovering Steadily, Aiming for Early Profitability

- No. of users of each service steadily increased, and combined OI of select overseas businesses significantly improved
- Viber saw double-digit growth in both communications and ad revenue thanks to successful diversification efforts

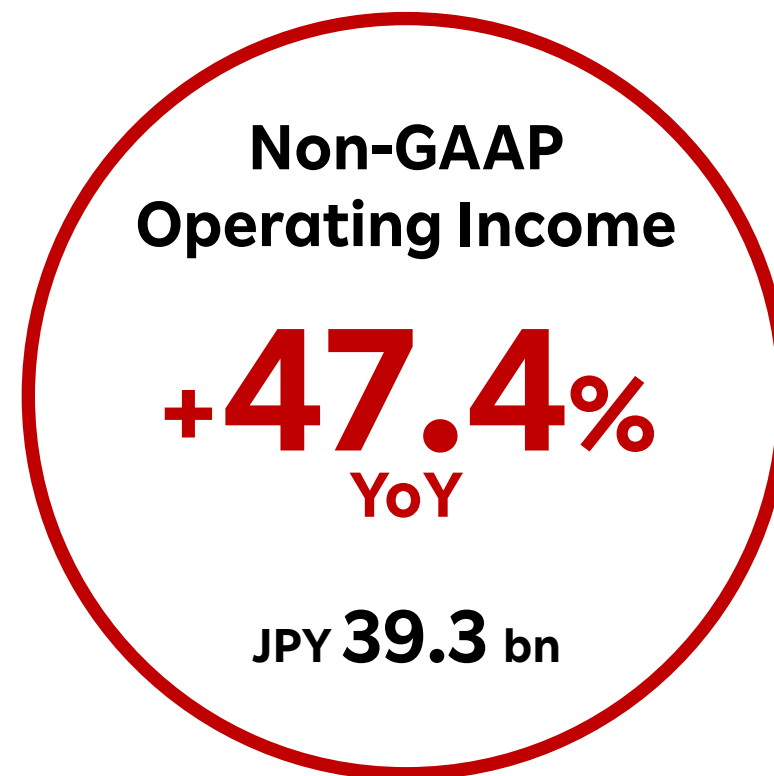
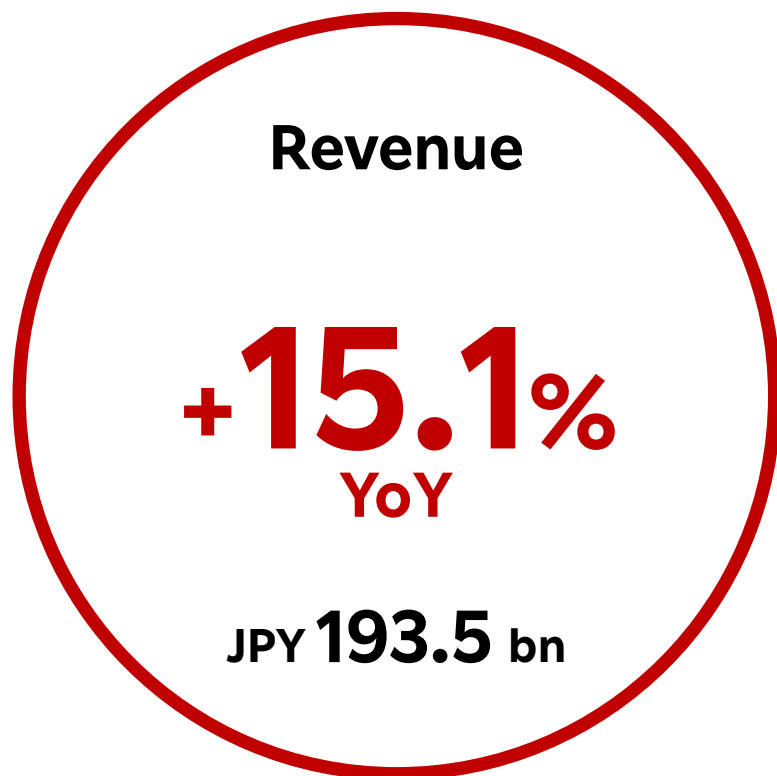
Viber, Viki, Kobo, Rakuten TV Combined Non-GAAP OI



FinTech Segment

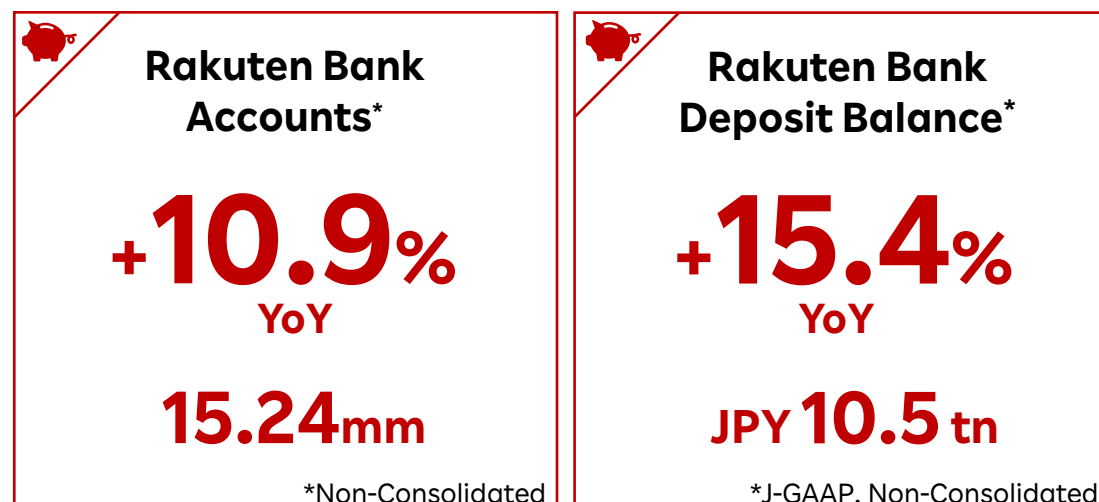
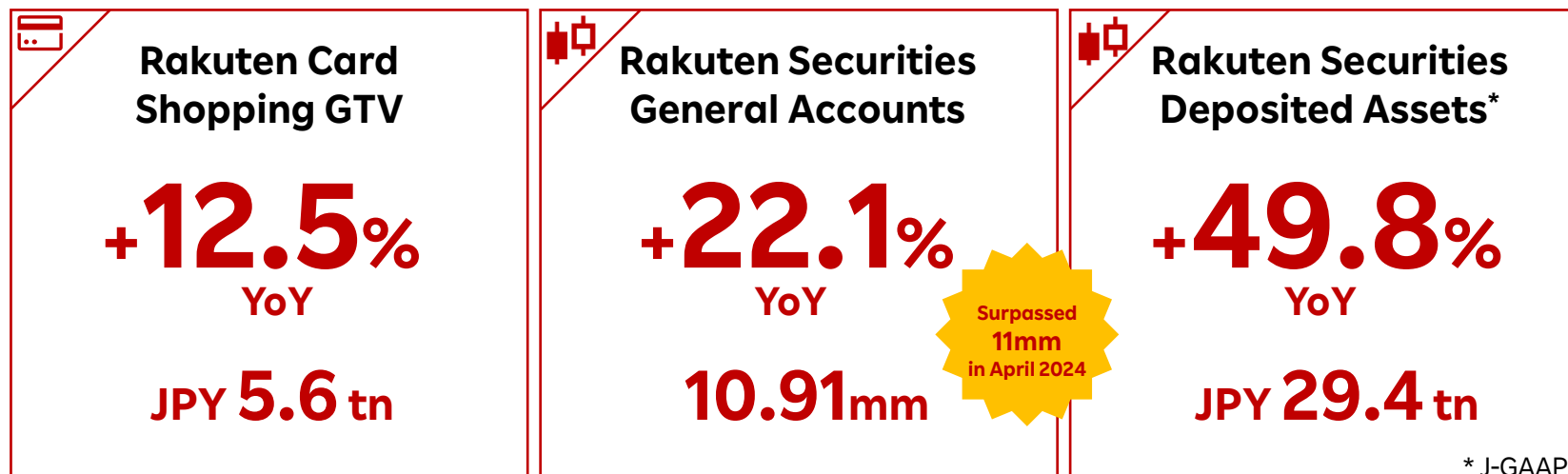
FinTech Segment: Q1/24 Financial Highlights*

- Achieved increased revenue in all businesses due to expansion of customer base and GTV in each business
- Rakuten Payment become profitable. OI growth YoY achieved in all businesses, including Rakuten Securities



*Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business were transferred from Internet Services segment to FinTech segment. No retrospective revisions have been made to past results as the size of the amount is negligible.

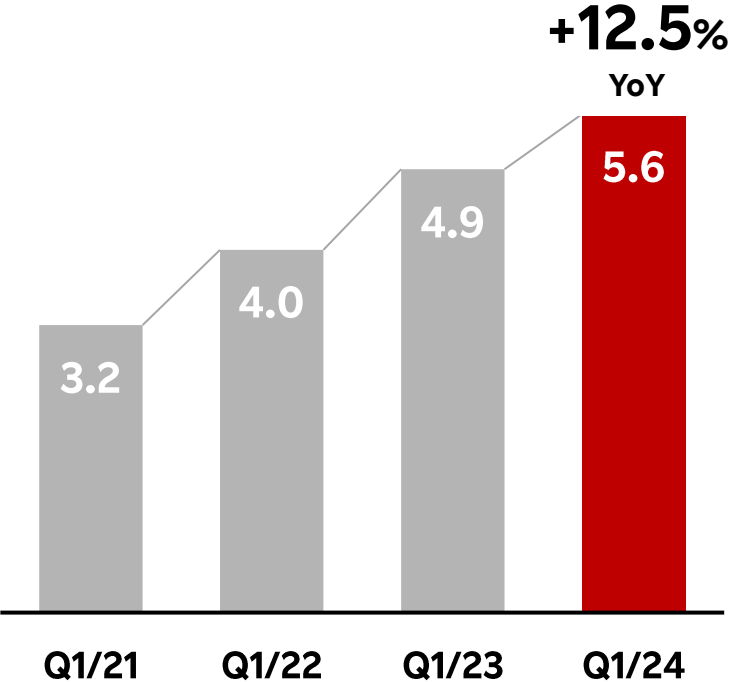
FinTech Segment: Q1/24 Key KPIs



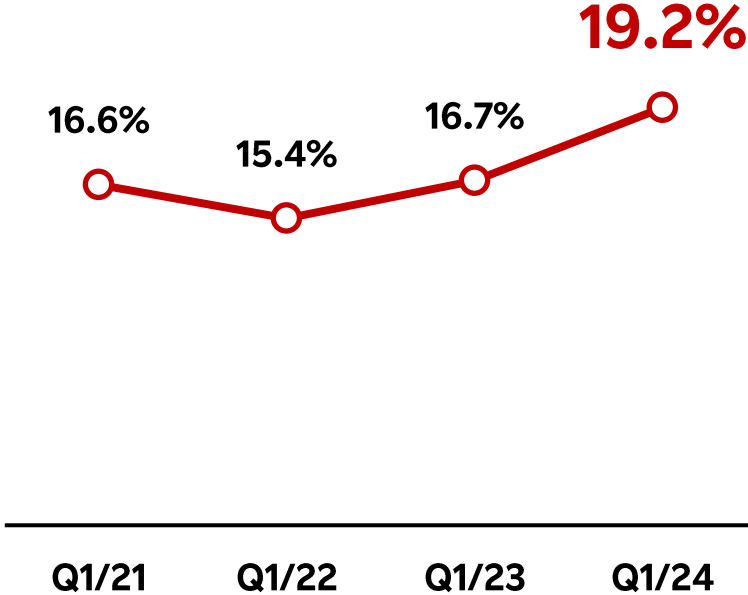
Rakuten Card: Significant OI Increase due to Shopping GTV Growth and Improved Profit Structure

- Shopping GTV continued to expand due to growth in member base and average GTV per customer
- Significant increase in OI and higher OI margin as bad debt-related expenses were kept at a low level whilst optimizing marketing expenses

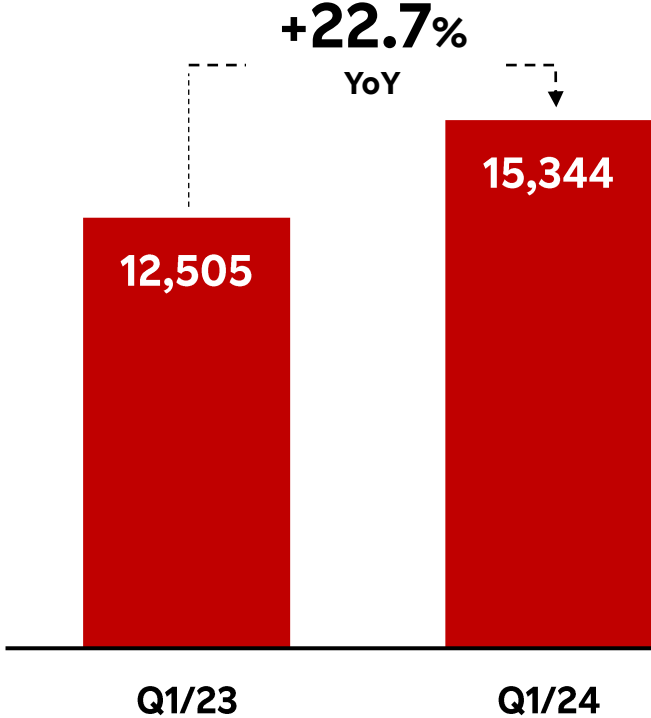
Shopping GTV (JPY tn)



Operating Income Margin

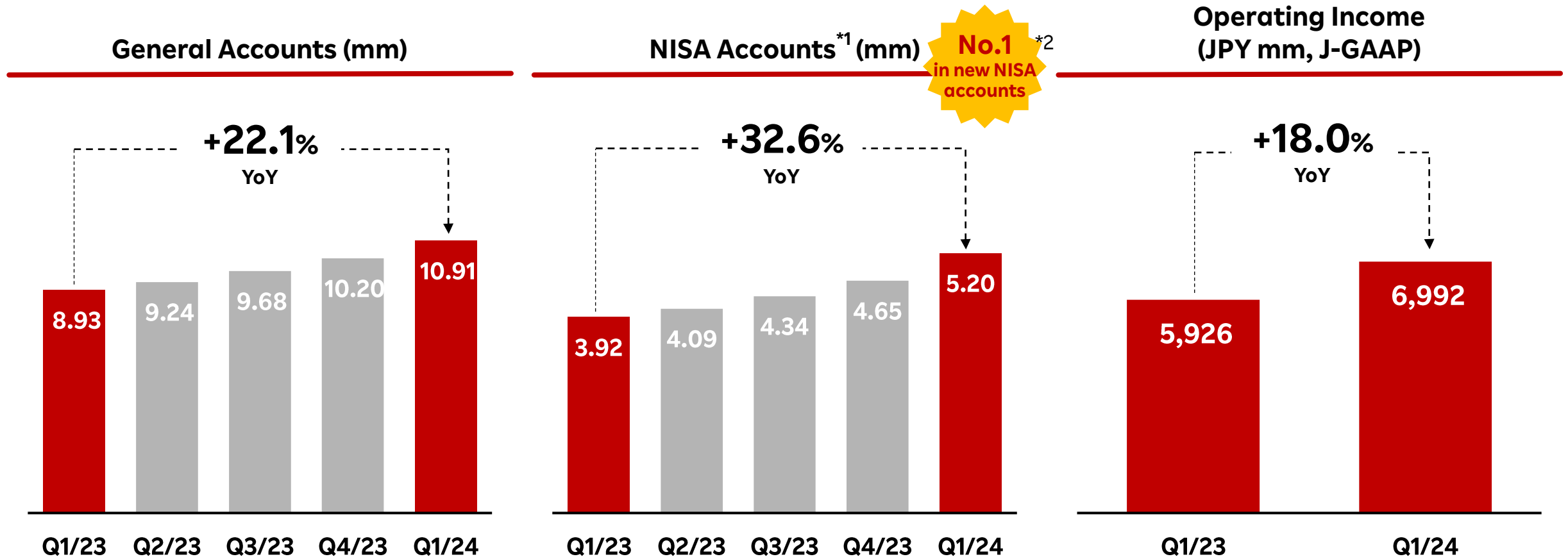


Non-GAAP Operating Income (JPY mm)



Rakuten Securities: Successful Expansion of Customer Base. Profits up YoY

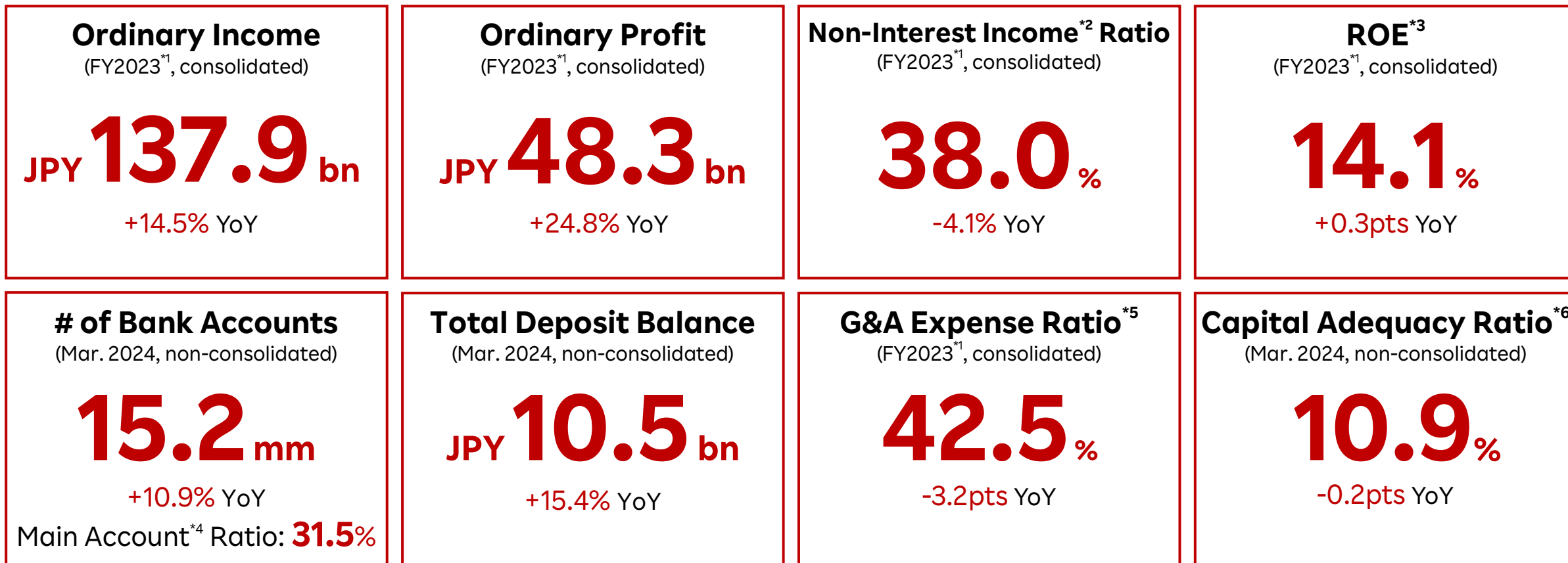
- No. of general accounts and trading volume continued to expand on zero domestic stock commissions and new NISA
- **OI exceeded pre-zero commission levels (Oct 2023)** on customer base expansion and other revenue



*1: Excluding Junior NISA. *2: Compiled by Rakuten Securities, based on data for 10 securities companies. Sources: Japan Securities Dealers Association's "NISA account opening and usage status" (amongst 10 securities companies, as of end of March 2024) and information disclosed on each company's website.

Rakuten Bank (Consolidated): Performance Highlights (J-GAAP, FY2023^{*1})

- Increase in number of accounts and deposit balances, alongside steady growth in AUM, led to significant increase in interest income and contributed to revenue growth



*1: Rakuten Bank ends its fiscal year in March. *2 Calculated as the sum of fees and commissions income, other operating income and trust fees. *3 ROE is calculated by dividing profit attributable to owners of parent by average own capital at the beginning and the end of the period. The balance of own capital for the beginning of the period was calculated as if the capital increase through the public offering in April 2023 and the increase due to a third-party allotment in May 2023 had been conducted at the beginning of the period, resulting in an increase in shareholders' equity by JPY 13,324 mm. *4 Accounts that are used for direct debit or direct deposit of payroll including salary and bonus. *5 G&A expenses divided by gross operating profit. *6 Capital adequacy ratio (domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No.19, the Financial Services Agency of Japan, 2006).

Rakuten Payment: Achieved Quarterly Profit for the First Time

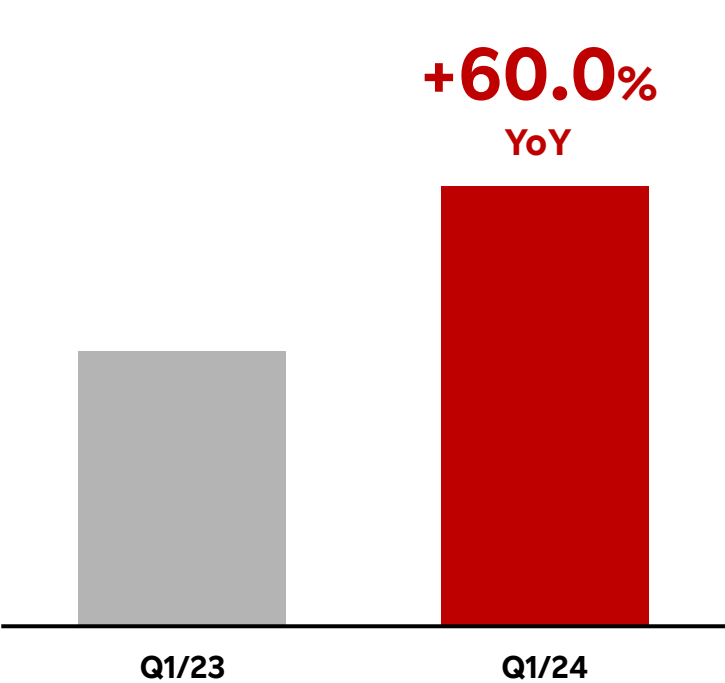
- Measures to expand offline merchants and users implemented since 2022 have been successful
- Achieved quarterly profit. Expecting continued growth going forward

Overall Satisfaction*1

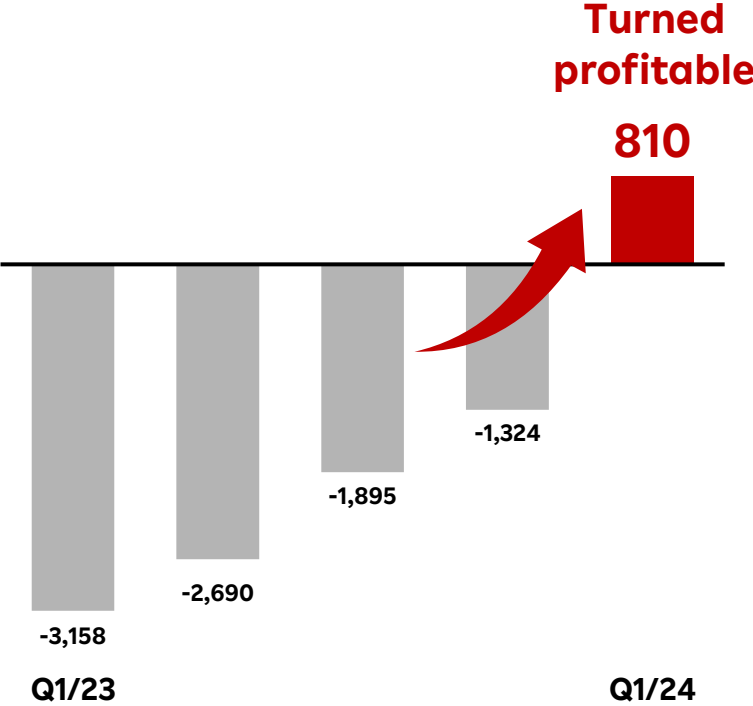
MMD LABO survey: Overall satisfaction with mainly used QR code payment (satisfied + somewhat satisfied respondents)

Rank	Service	Overall satisfaction
1	R Pay	78.0%
2	PayPay	74.6%
3	d payment	74.6%
4	au PAY	70.0%

Rakuten Pay App Downloads*2



Non-GAAP Operating Income (JPY mm)



*1: MMD LABO "Survey on the use of QR code payments in March 2024". Conducted during March 22-25, 2024 / Survey target: <Preliminary survey> n = 25,000 men and women aged 18 to 69 <Main survey> Main users of 4 QR code payment services. *2: Total number of Google Play Store + App Store

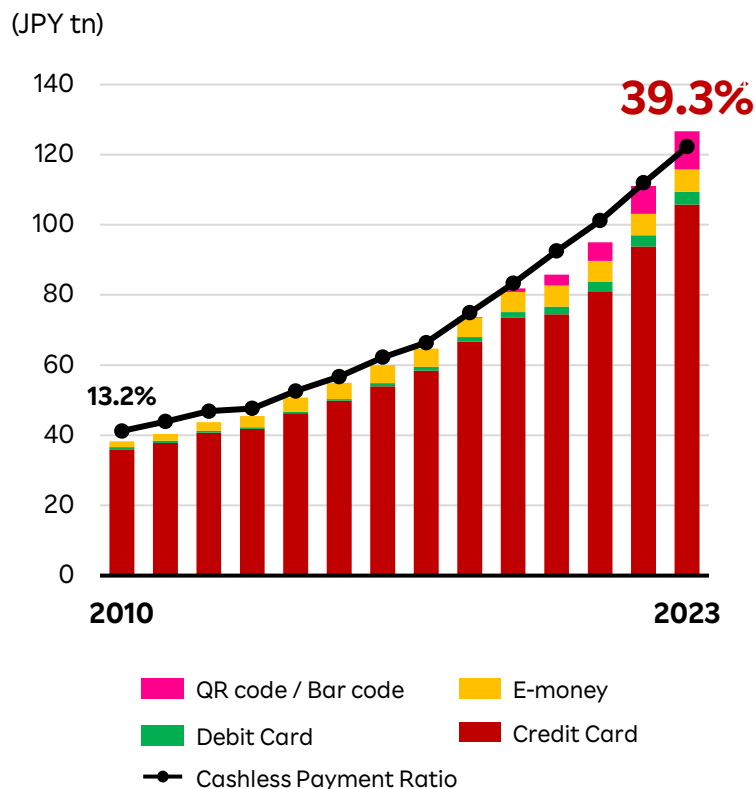


2024: A Year of Further Advancement for the Rakuten FinTech Ecosystem

Japan's cashless payment ratio reached approx. 40%*1

Rakuten is leading the industry in the growing need for cashless payments

Enhancing synergies and pursuing further growth



Rakuten Card

Rakuten Bank

(Debit Card)

R
Pay

R
POINT

R
Edy

R
Cash

Total GTV*2
(FY2023)

over JPY 30 tn

1

Enhancing the convenience of payment services

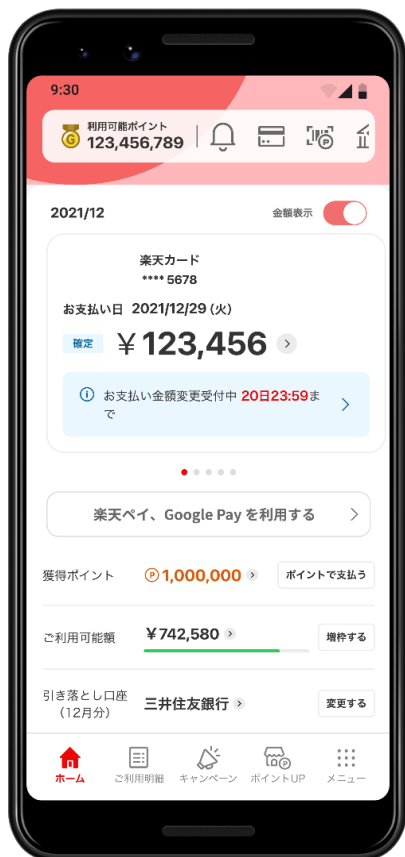
2

Promote customer referrals to high LTV services at Rakuten Bank, Rakuten Securities, and Rakuten Insurance

*1: Ministry of Economy, Trade and Industry. March 29, 2024 "Calculation of cashless payment ratio for 2023". *2: Rakuten Card Shopping GTV + Rakuten Bank Debit Card GTV + Rakuten Payment Group GTV

Improving Convenience of Payment Services

- ① Full integration of payment apps: **Full integration** of Rakuten Pay, Rakuten Point Card, and Rakuten Edy apps
- ② Accelerate collaboration with Rakuten Card app (see diagram below)
- ③ Accelerate collaboration with other FinTech services. In the future, incorporate AI and customize the UI/UX for each user



Installment payments

Revolving payments

Cash advances

Campaigns

Usage details



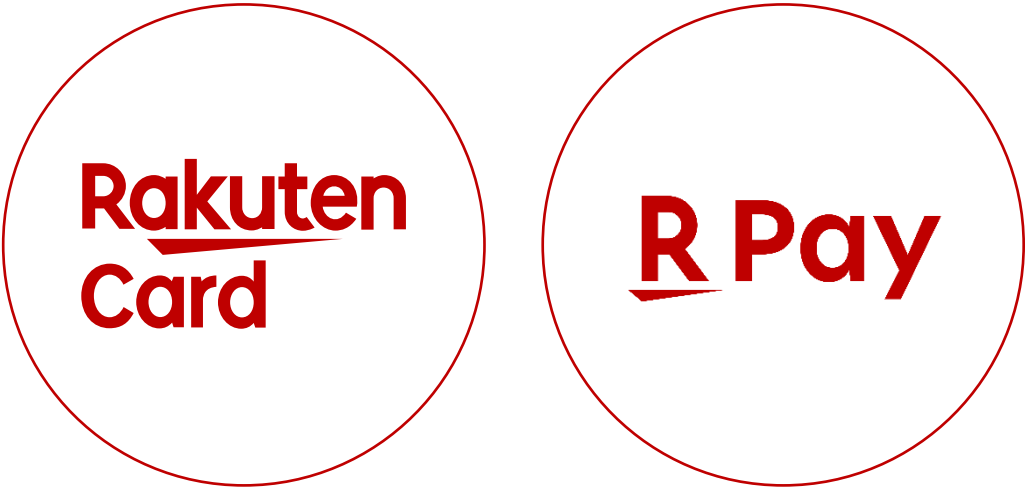
Integrate main functions of the Rakuten Card app

Promote High LTV* Services using Payment Services as an Entry Point

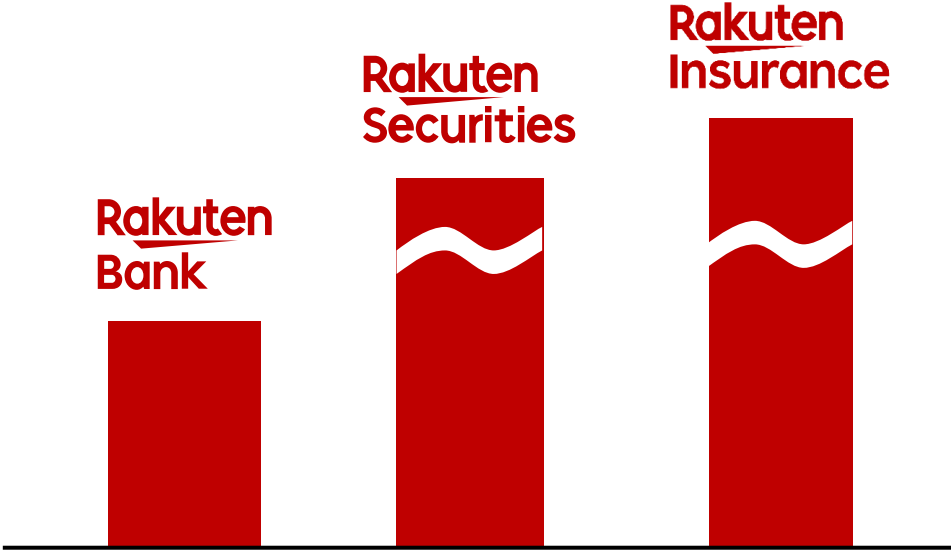
- Improving profitability of FinTech ecosystem by promoting the use of high LTV* services such as banking, securities, and insurance, using our payment service as an entry point with one of the largest member bases in Japan

Supporting daily payments with services where you can earn and use points

Lifelong support for all money-related activities of users



Frequency of use: High



LTV*: High

*Lifetime Value

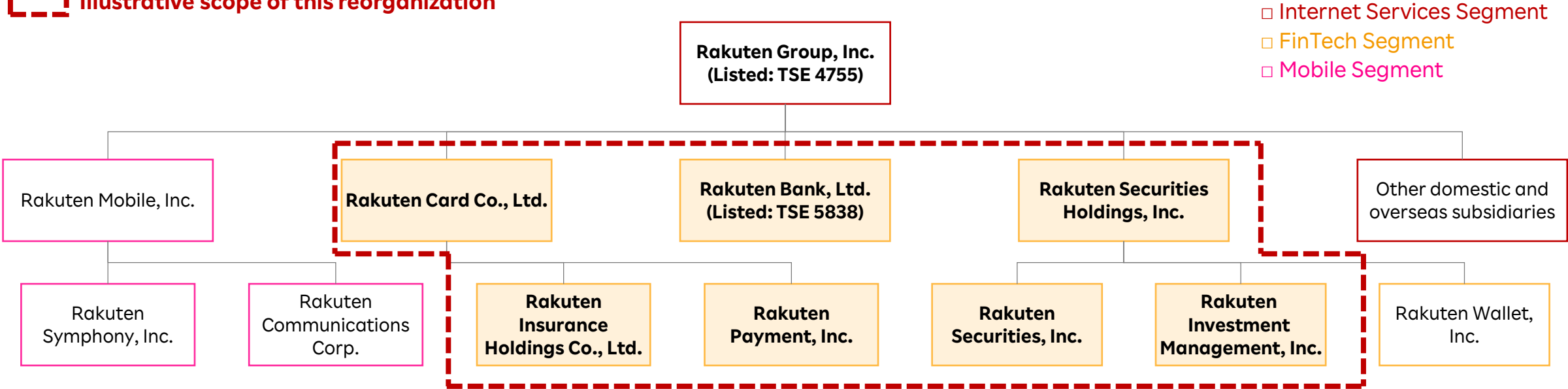


FinTech Reorganization - Announced on April 1st, 2024

- Rakuten Group, Inc. and Rakuten Bank, Ltd. entered into an MoU*¹ to initiate discussions on integration of the entire FinTech business*² into one group, to further expand our FinTech Ecosystem with innovative services and deeper data collaboration. The reorganization aims to take effect in October 2024
- Following the reorganization, Rakuten Bank plans to maintain its listing on TSE Prime Market, and the FinTech business will continue to be consolidated as one of our core businesses

(Reference) Current Group Organization Chart

Illustrative scope of this reorganization



*1: Memorandum of Understanding. *2: Assuming Rakuten Wallet, Inc. to be excluded

Mobile Segment

Mobile Segment: Q1/24 Financial Highlights

- Non-GAAP loss improved again on higher revenue from growing Rakuten Mobile subscribers and cost optimization
- Rakuten Symphony increased revenues through improving revenue management (including deliveries) and cost control

Revenue

+3.6%
YoY

JPY 99.8bn

Non-GAAP
Operating Income

+30.7bn
YoY Improvement

JPY -71.9 bn

EBITDA*

+33.7bn
YoY Improvement

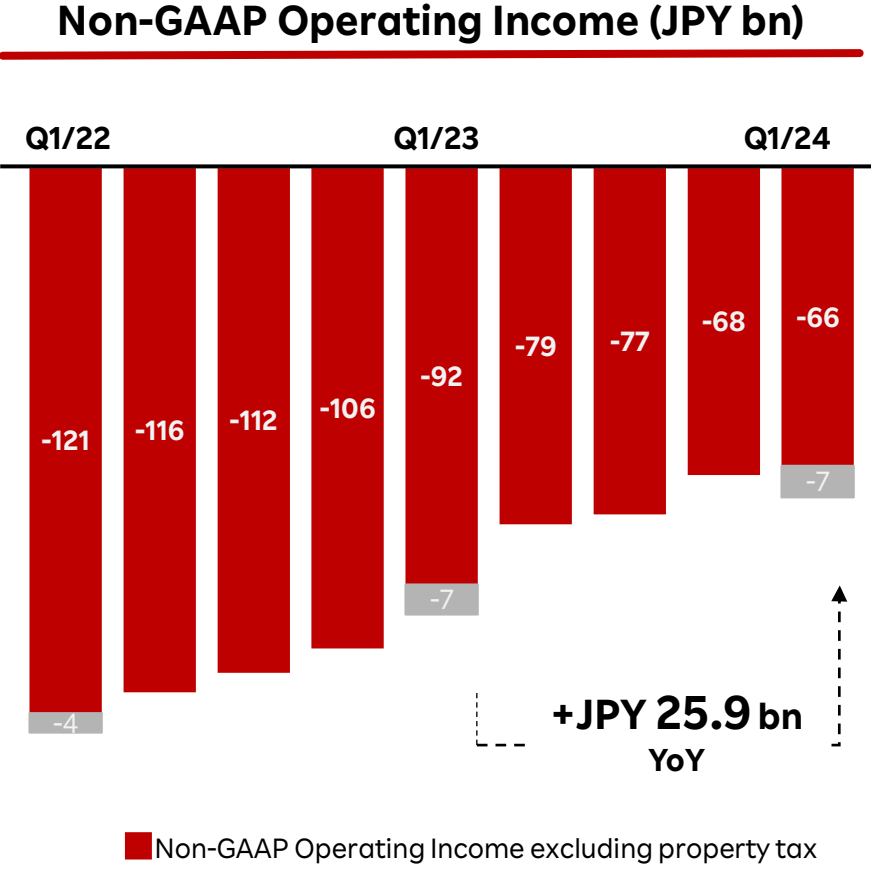
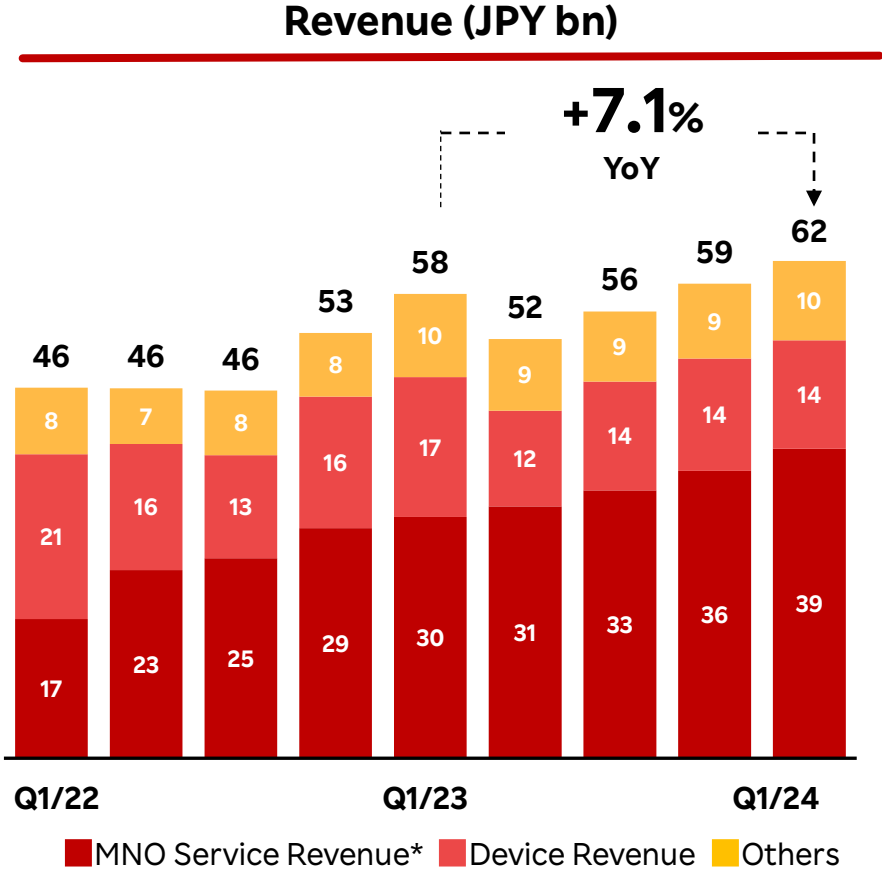
JPY -29.7 bn

* EBITDA = Non-GAAP OI + depreciation and amortization etc

Rakuten Mobile

Rakuten Mobile: Revenue and Non-GAAP Operating Income

- Revenue growth on increase in service revenue (+28.3% YoY) from growth in subscribers
- Achieved continuous improvement on loss excluding property tax which is booked in January each year

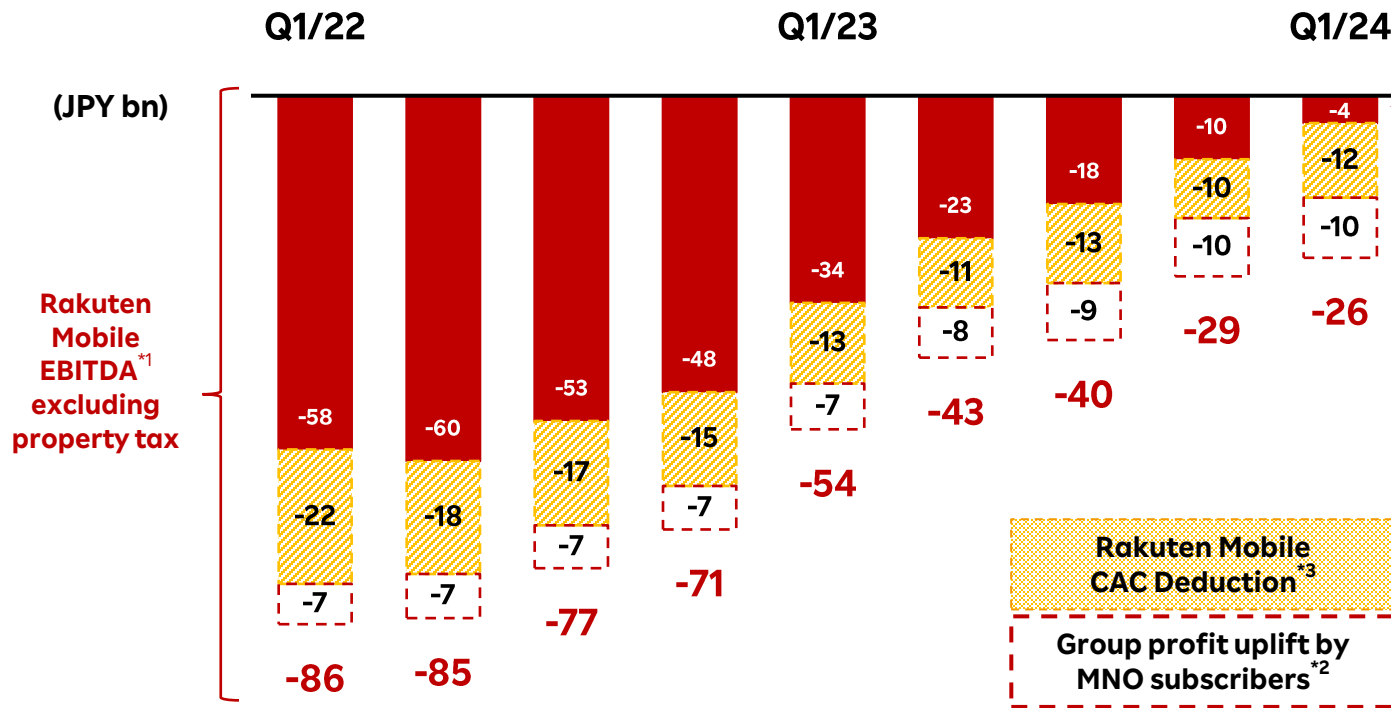


* MNO Service revenue includes revenue generated from Turbo starting from Q1/24. Retroactive adjustments are also applied to past figures.



Rakuten Mobile EBITDA*1 Continuing to Improve

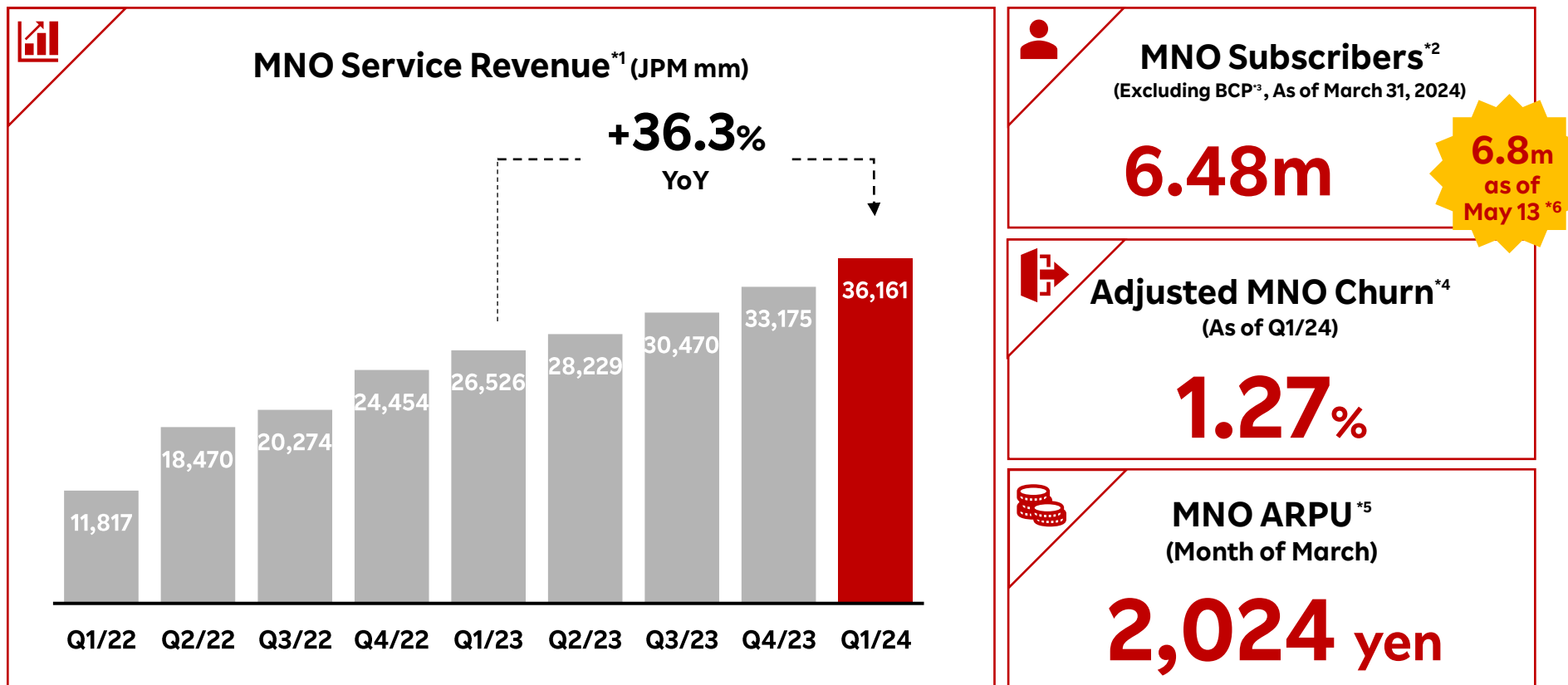
- Continue to implement various measures to achieve Rakuten Mobile monthly EBITDA profitability in 2024
- Entered MNO business to grow Rakuten Mobile as well as maximize the profits of Rakuten Ecosystem



CAC are upfront investments, and when excluded from general costs, Rakuten Mobile's ecosystem EBITDA is nearly profitable

*1: EBITDA = Non-GAAP OI + depreciation and amortization etc. *2: The difference between the average per capita sales of 16 businesses (Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay app payments, Rakuten Pay online payments, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life, Rakuten General Insurance) for the most recent one-year period is added to the gross profit margin of each business. *3: Customer acquisition costs at Rakuten Mobile (including promotion costs and shop expenses as customer acquisition costs). Excluding sales promotion costs for retention purposes such as SPU.

Rakuten Mobile, Inc. : Main KPIs



*1: Includes Rakuten Turbo service sales from Q1/24. Retroactive adjustments are also applied to past figures. *2: Including Rakuten Turbo and MVNE lines. MVNE is wholesale of bandwidth from Rakuten Mobile to Rakuten Communications. *3: BCP is a plan sold for Business Continuity Plan purposes in B2B. *4: Churn rate excluding B2C cancellations within the same month as the opening month. *5: ARPU is calculated using the average number of MNO subscribers at the end of Q1/24 and Q4/23, excluding MVNE and BCP lines. *6: Preliminary figures.

Rakuten Mobile: Entered Phase 3 in 2024

**Phase 3 : Become profitable, enhance synergy,
and be a major mobile carrier**

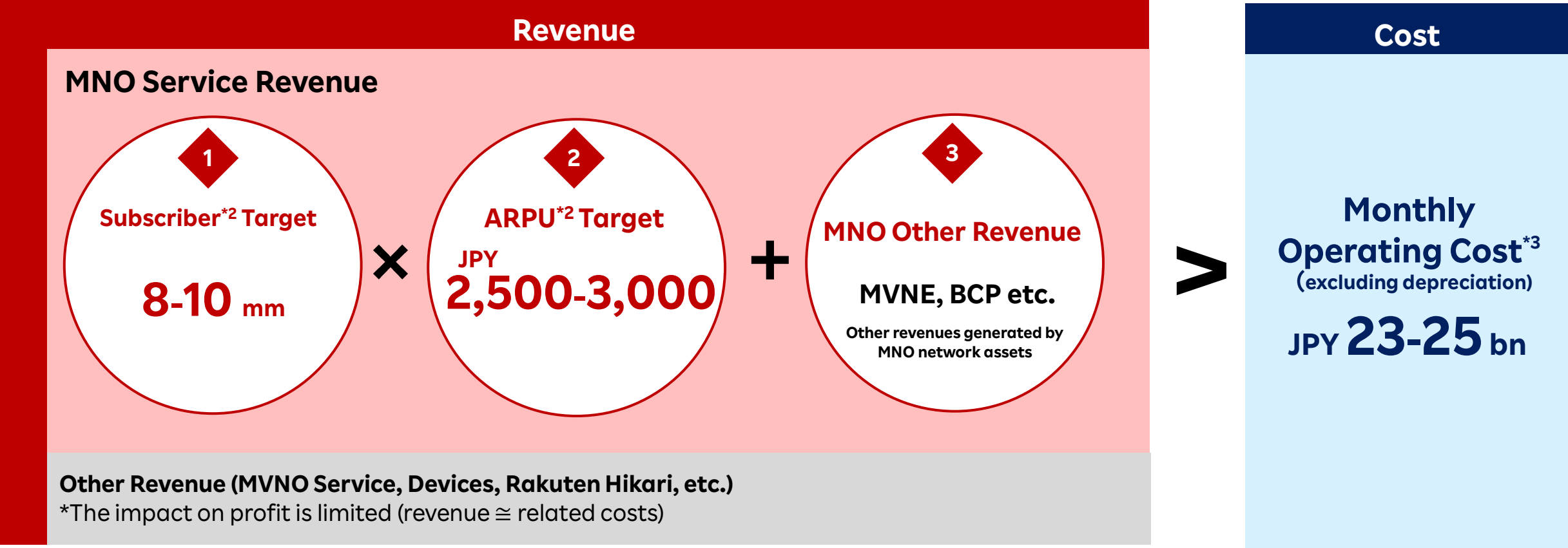
Phase 2: Establishment of lean management

Phase 1: Establish foundation rapidly



Realize Monthly Profitability for Rakuten Mobile EBITDA*1 by Dec 2024

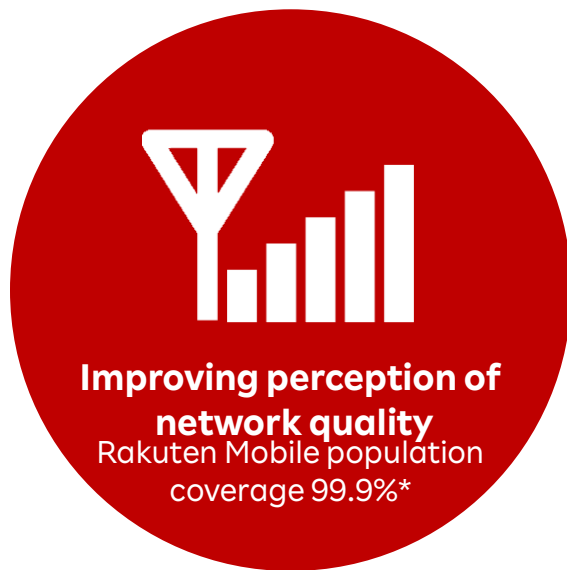
- Toward reaching profitability through growth in MNO service revenue exceeding monthly operating cost excluding depreciation



*1: EBITDA = Non-GAAP OI + depreciation and amortization etc. *2 Excluding BCP and MVNE. BCP refers to plans sold for Business Continuity Plan purposes in B2B. MVNE is a wholesale of bandwidth from Rakuten Communications to Rakuten Mobile.
*3: Excluding fixed-asset tax

Phase 3: Most Important Tasks – Improve Awareness of Network Quality and Secure Subscribers

Recently, a virtuous cycle of increasing acquisitions due to improved network quality has begun



**Roaming expansion completed
Network quality improved further**



Subscriber acquisitions increasing from Ecosystem users

*As of September 2023. Population coverage is calculated based on areas where communication is available in 50% or more of the locations in approximately 500-meter blocks used in the census (Including partner network area).










Roaming expansion completed
Network quality improved further

*As of September 2023. Population coverage is calculated based on areas where communication is available in 50% or more of the locations in approximately 500-meter blocks used in the census (Including partner network area).

Opensignal: Mobile Network User Experience Report (April 2024)*

■ Rakuten Mobile ranked No. 1 in 7 categories in Opensignal’s latest user experience analytics result on network quality in Japan

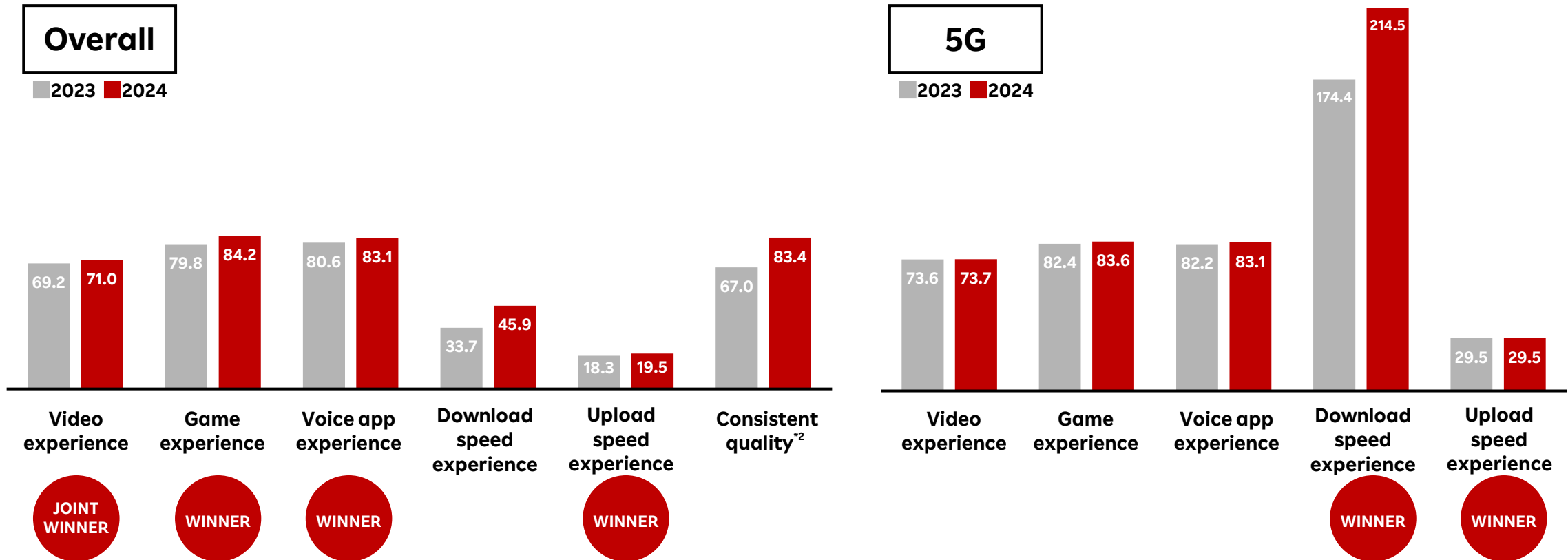
	Game experience	WINNER
	Voice app experience	WINNER
	Upload speed experience	WINNER
	5G upload speed	WINNER
	5G download speed	WINNER
	Video experience	JOINT WINNER
	Live video experience	JOINT WINNER

*Source: Opensignal April 2024 Mobile Network User Experience Report. Data collection period: Dec 1, 2023 - Feb 28, 2024.

*Including partner network area (4G)

Opensignal: Improvements from Last Year's Analytics Result in Each Category*¹

- Ranked as Japan's best Gaming experience provider
- Keeping the 5G Upload Speed in a firm grip, Rakuten also claims the 5G Download Speed award
- Significant improvement in consistent quality*² taking rank to 2nd place from 4th in last year

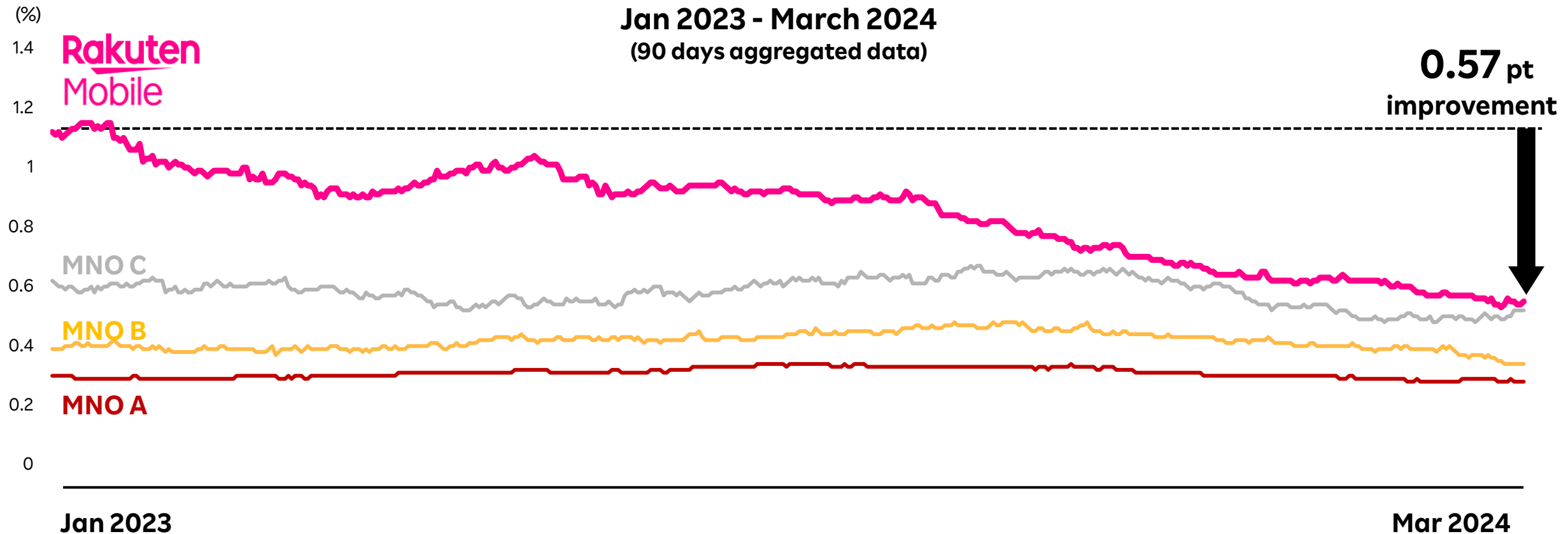


*¹ The above charts is created by Rakuten based on Opensignal April 2023 and April 2024 Mobile Network User Experience Report

*² 'Consistent Quality' evaluates various experience metrics such as download speeds, upload speeds, latency, jitter, packet loss, and time to read first byte to improve performance for video calls, uploading images to social media, and smart home apps, where usage and other activities were shown to be available without noticeable delays or slowdown. April 2023's Consistent Quality result is based on Opensignal's 'Excellent Consistent Quality' metric.

* Including partner network area (4G)

Opensignal: No Signal Availability* Improved as Roaming Expansion is Now Completed



*Source: Created by Rakuten based on analysis of Opensignal's mobile measurements between January 1, 2023 - March 31, 2024 (90 days aggregated data).

"No Signal Availability" = Average percentage of time that all Opensignal users on each carrier's network had no mobile phone connection.

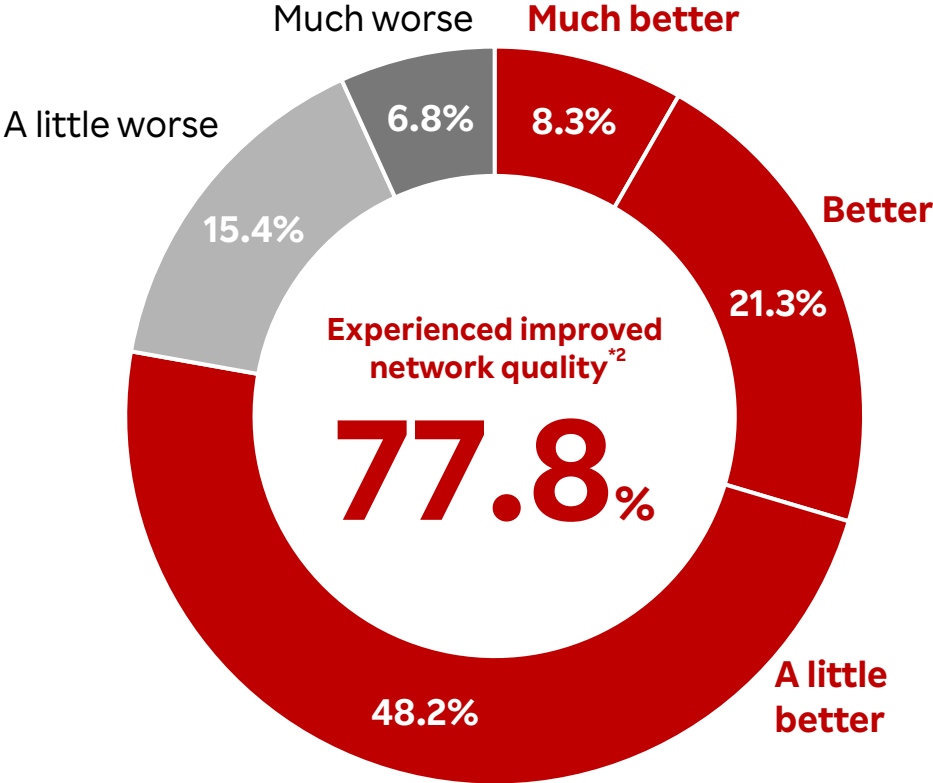
* Including partner network area (4G)

Rakuten Mobile Subscribers Also Recognizing Improved Network Quality

Survey of Rakuten Mobile subscribers (Feb 2024) *1

Survey question:

How have your feelings about Rakuten Mobile’s network quality changed since you signed up with Rakuten Mobile?



Approx 80% of subscribers feel that Rakuten Mobile’s network quality has improved

*1: The survey was designed by Rakuten Mobile, Inc. and supported by excrie Inc.; survey period: February 1 to February 6, 2024; number of respondents: 90,983. *2: Compared with the date of contract

**TOWARD THE BEST
CONNECTIVITY.**



Toward the Best Connectivity

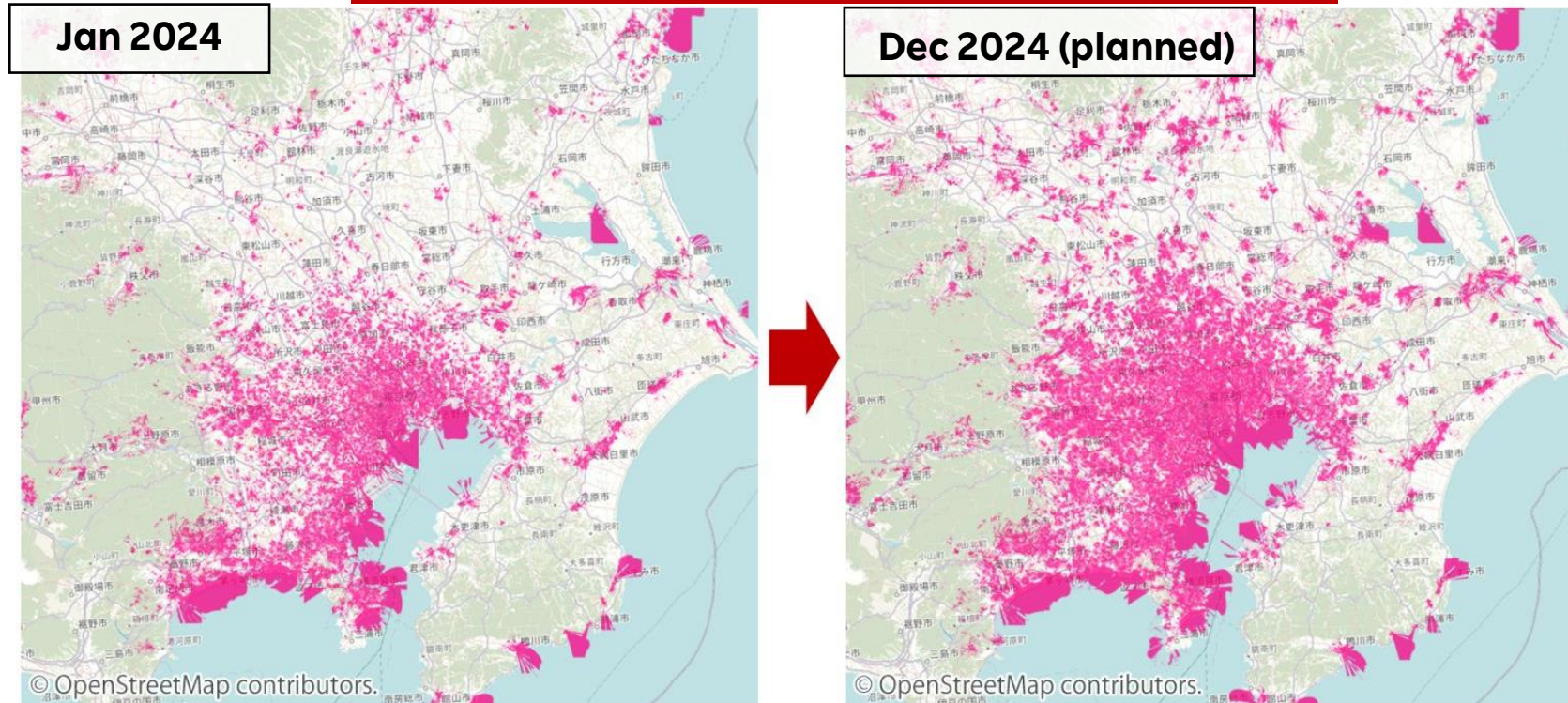
- In addition to continuous expansion of Rakuten Mobile's 4G and 5G base stations, aiming to effectively and efficiently improve network quality through the best mix of various measures

Coverage areas	Network expansion based on roaming agreement
Improve coverage holes	Early implementation of Platinum Band (aiming for commercial start around June)
	Improving connectivity in subways and indoor areas using own network
Promote 5G expansion	Expand 5G (Sub 6) coverage areas by mitigating interference with satellite communications
Further quality improvements	Further improvements in promoting densification, etc.

Expand 5G (Sub 6) Coverage in the Kanto Area by up to 1.6x within 2024

- Solving interference with satellite communications in shared bands. From May to the end of 2024, Rakuten Mobile's 5G (Sub 6) coverage in the Kanto area^{*1} will be gradually expanded by up to 1.6x versus January 2024
- Similar measures in Tokai^{*2} and Kinki^{*3} regions in 2023, expanding 5G coverage by approx. 1.7x^{*4} in Tokai and approx. 1.1x^{*4} in Kinki

Planned expansion of 5G (Sub 6) coverage in Kanto



*1: Tochigi, Gunma, Ibaraki, Tokyo, Saitama, Chiba, Kanagawa, Yamanashi. *2: Gifu, Shizuoka, Aichi, Mie. *3: Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama. *4: Comparing the size of Rakuten's 5G (Sub 6) coverage before and after the measures were implemented in August 2023 and December 2023 respectively.

Platinum Band Implementation Schedule

■ Preparing to start commercial services in major urban areas from June 2024

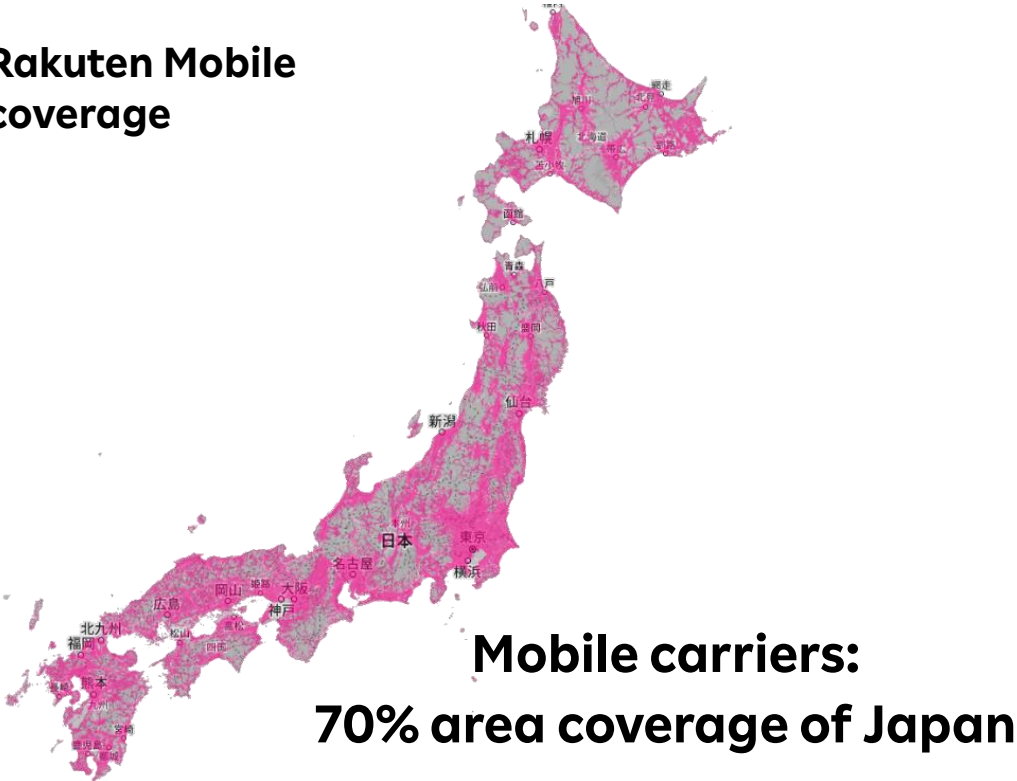
Step 1 700MHz band awarded	Step 2 Preparation for operation	Step 3 Radio wave testing	Step 4 Commercial service
October 23, 2023	From October 2023	From April 30, 2024	From around June 2024
<ul style="list-style-type: none"> Received allocation of 700MHz platinum band from the MIC 	<ul style="list-style-type: none"> Started consultations to prevent interference with digital broadcasting and specific radio microphones Network and base station construction etc. <div data-bbox="700 892 1274 1235"> <p>700MHz and 1.7GHz band compatible antenna</p> <p>700MHz band compatible radio head</p> <p>1.7GHz band compatible radio head</p> </div> <p>Installed alongside 1.7GHz equipment</p>	<ul style="list-style-type: none"> Conducted radio wave emissions testing in Tokyo 	<ul style="list-style-type: none"> Aiming to start commercial service Plan gradual coverage expansion starting with major urban areas

Becoming “Rakuten Mobile with Best Connectivity”

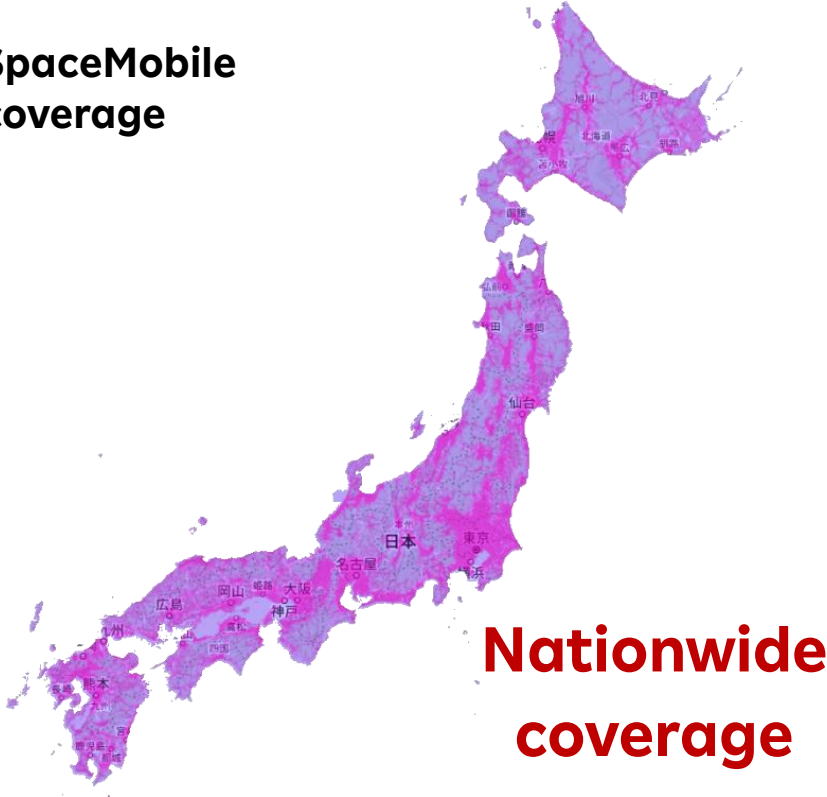
- A project is underway for direct communication with commercially available smartphones, using mobile broadband communications via low-orbit satellites

Current Rakuten Mobile coverage **Expanded coverage with SpaceMobile (image)**

Rakuten Mobile coverage



SpaceMobile coverage





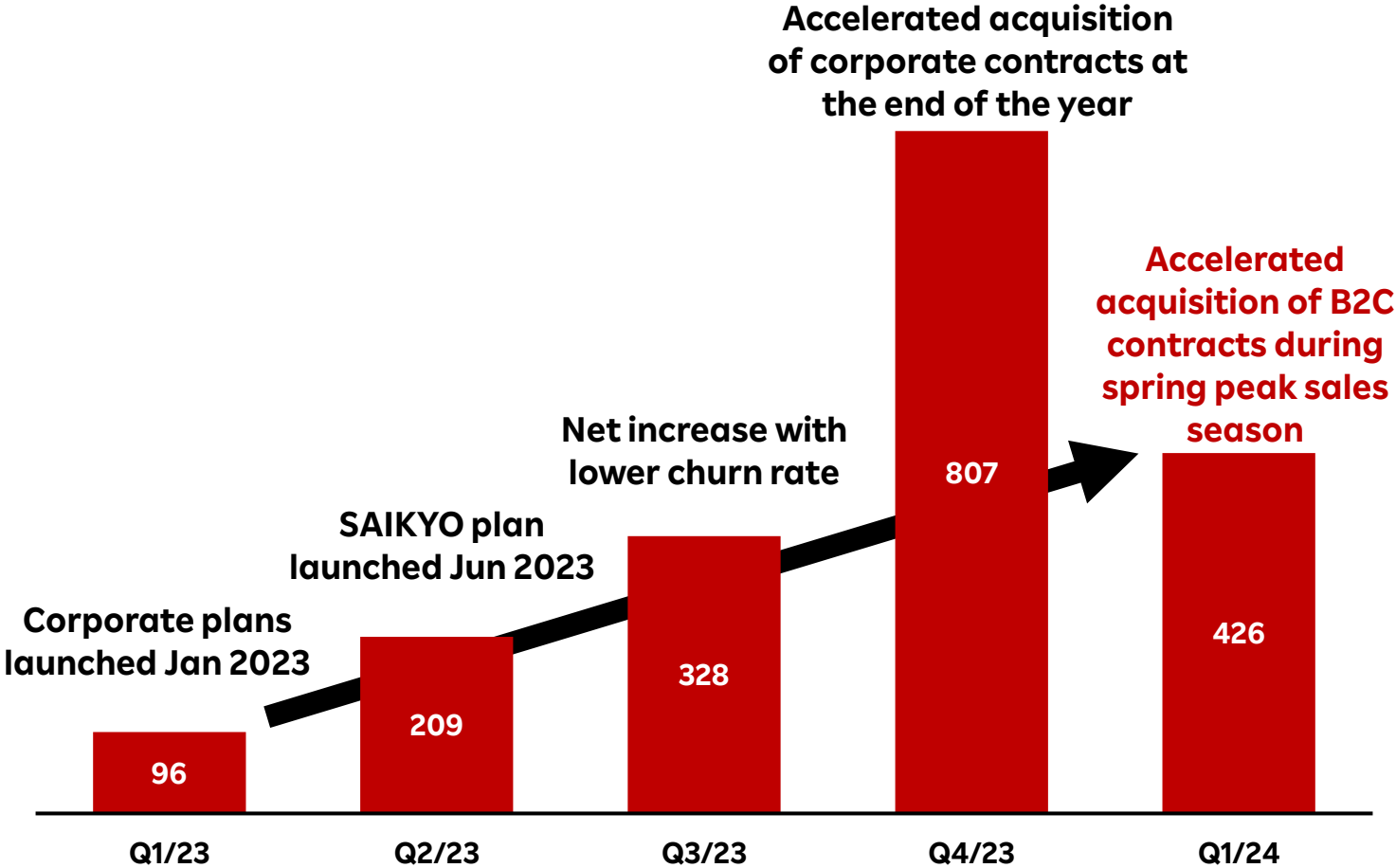
Subscriber acquisitions increasing from Ecosystem users

*As of September 2023. Population coverage is calculated based on areas where communication is available in 50% or more of the locations in approximately 500-meter blocks used in the census (Including partner network area).

Net Increase in MNO Subscribers (B2C+B2B)*

- Churn rate gradually decreased on improvement in network quality
- B2C acquisitions progressed due to reinforced marketing during spring peak sales season

(K lines)

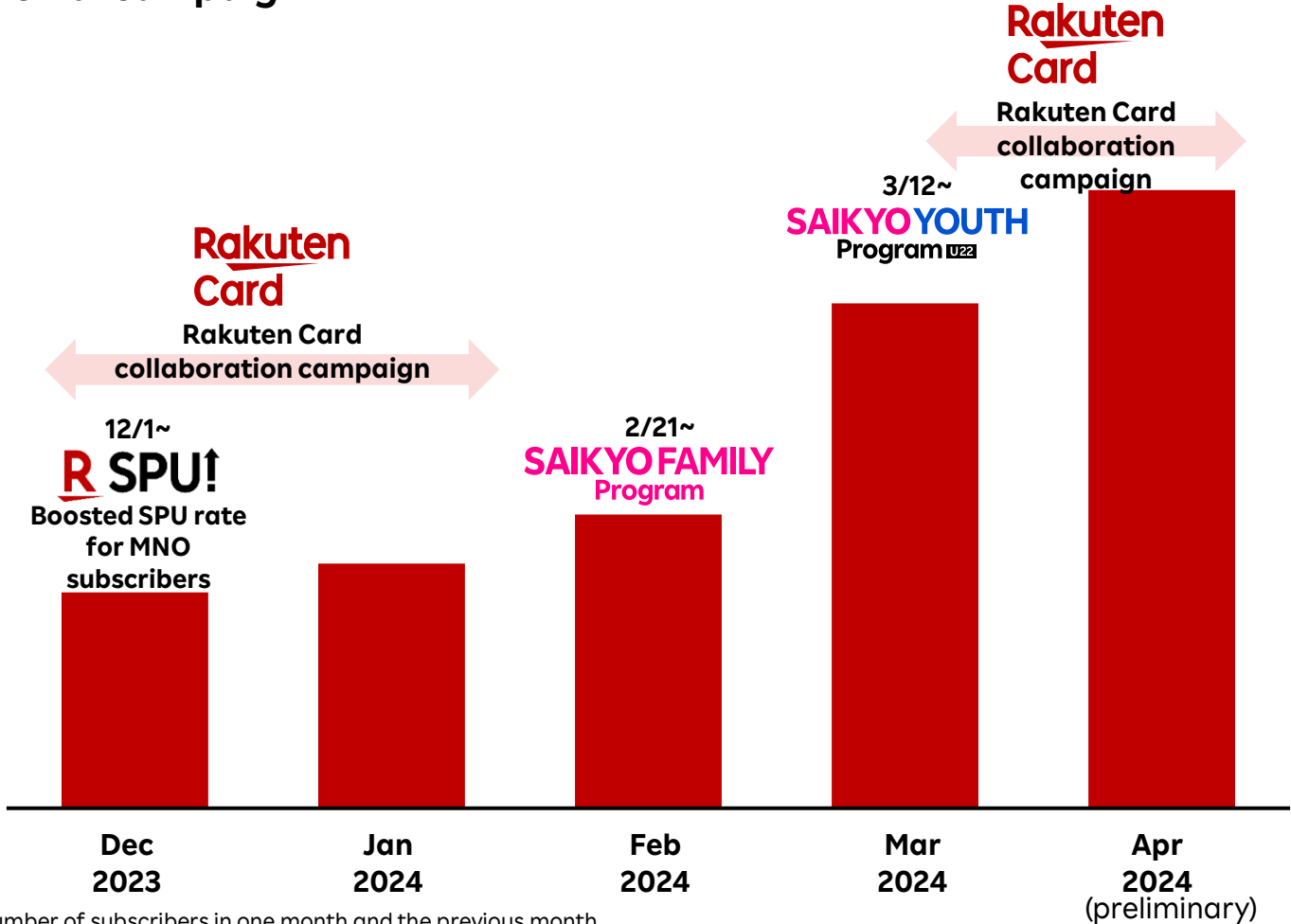


* Includes Rakuten Turbo. Excludes BCP and MVNE.



Net Increase*2 trend in MNO subscribers (B2C*1)

■ Since Dec 2023, the pace of B2C contract acquisitions, focusing on Rakuten Ecosystem users, has accelerated due to the success of multiple marketing measures in the spring sales season, in addition to the ongoing strong performance of the referral campaign



*1: Includes Turbo. *2: Difference between the number of subscribers in one month and the previous month.



Introducing Various Measures Targeting Rakuten Ecosystem Users

Acquisition measures that provide benefits to Rakuten Ecosystem users

Rakuten Card

楽天カード初めのお申し込みで
20,000ポイント

楽天カードをお持ちでない方も楽天カードお申し込みで対象に!

同時開催 楽天カード新加入会 & 1回利用で **10,000**ポイント

Rakuten スーパーSALE

楽天市場のポイント最大 **45.5**倍

3/11(月) 01:59までの楽天市場のお買い物ポイント最大 **54.5**倍

Rakuten 楽天銀行

毎月開催 楽天銀行口座をお持ちのお客様へ!

楽天モバイル初めてのお申し込み & 本ページ経由の方限定

電話番号そのまま他社からお乗り換えで **9,000**ポイント!

他社からじゃなくても **5,000**ポイント!

Rakuten Travel

毎月開催 初めて利用キャンペーン

各サービスを初めて使うごとに最大 **5,000**ポイントGET!

楽天モバイルご契約者様は2倍!

最大 **10,000**ポイント

R Pay

楽天モバイルご契約者様限定!

楽天ペイ初めてのお支払いで最大 **3,000**ポイントプレゼント!!

800円以上 ¥2,200ポイント

Rakuten 楽天証券

毎月開催 楽天証券をご利用のお客様へ

楽天モバイル初めてのお申し込み & 本ページ経由の方限定

電話番号そのまま他社からお乗り換えで **9,000**ポイント!

他社からじゃなくても **5,000**ポイント!

Post-contract benefits in the Rakuten Ecosystem

楽天最強プランご契約で

ポイント毎日全員 **5**倍

※楽天会員1倍と楽天モバイルSPU+4倍の合計

楽天エンジェルス × Rakuten Mobile

楽天モバイルパーク宮城では楽天モバイルが最強

ヴィッセル × Rakuten Mobile

ノエビアスタジアム神戸では楽天モバイルが最強

NBAの全試合が **無料!!** で観られる!

2023-24シーズン全試合配信!

2024年シーズンのパ・リーグ主催公式戦が **全て無料** で観られる!

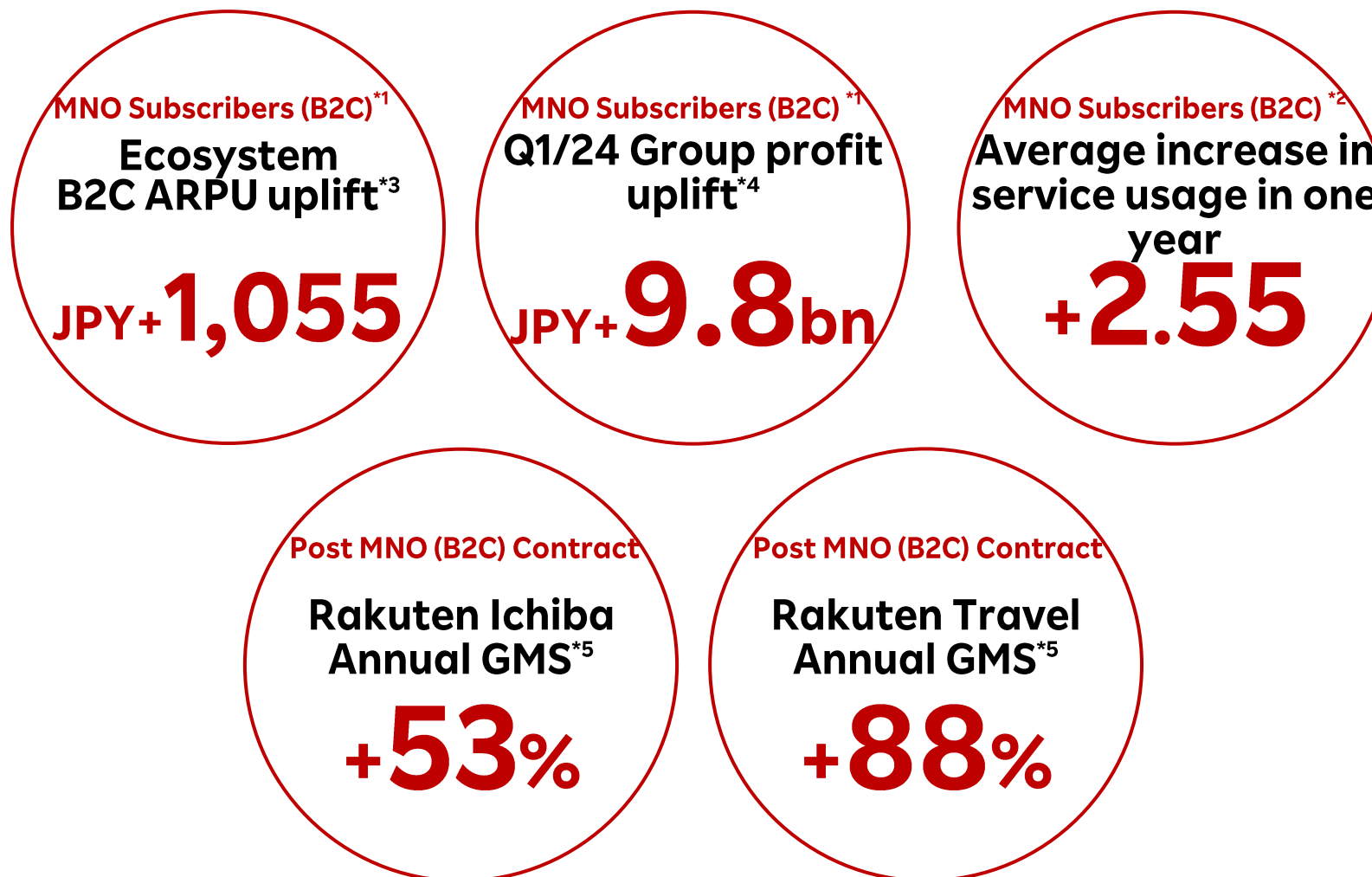
楽天ミュージック **バンドルプラン**

楽天モバイルご契約者様なら **ずっと音楽が無料**

30日ごとに5時間無料

Additional benefits being planned

Rakuten Mobile's Contribution to Ecosystem



*1: MNO contracts from Mar 2020 – Mar 2024. *2: MNO contracts from Mar 2020 – Apr 2023. *3: For 16 businesses (Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay app payment, Rakuten Pay online payment, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life Insurance, Rakuten General Insurance) calculating the difference in average sales per user between non-MNO and MNO users for the most recent one-year period. Calculating the weighted average of the last 3 month's worth of increases, taking into account the number of MNO (B2C) subscribers at the end of each month *4: The sum of the monthly ecosystem ARPU uplift for each of the 16 businesses multiplied by gross profit margin rate of each business. Total monthly increase for the most recent 3 months multiplied by the number of contracted lines at the end of each month. *5: MNO contracts from Apr 2020 – Apr 2023 (users for > 1 year). Growth in GMS value: weighted average of the values comparing GMS for the 12 months before the contract and the most recent 12 months (Apr 2023 – Mar 2024) for each contract start month. Travel figures include the effects of demand recovery following the coronavirus pandemic

Responding to Various User Needs While Keeping ‘One Plan’

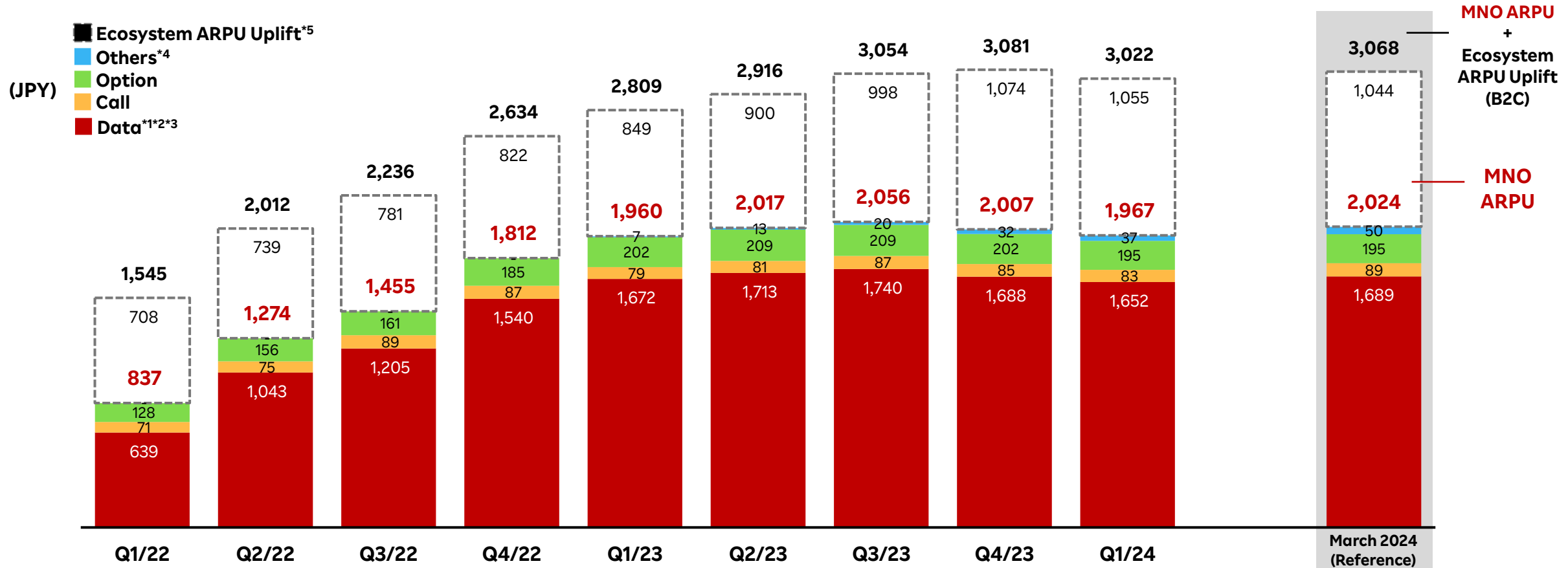
- “SAIKYO FAMILY” updated Apr 10, now available to diverse family types
- “SAIKYO KIDS” plan launched May 2, providing an even more affordable plan for under-12-year-olds

	Up to 3GB	Over3G Up to 20GB	Over 20GB UNLIMITED
SAIKYO FAMILY Program (Family discount applied)	¥880 (¥968 incl. tax)	¥1,880 (¥2,068 incl. tax)	¥2,880 (¥3,168 incl. tax)
Up to age 22 ^{*1*2} SAIKYO YOUTH Program U22	Lowest Price Across All Carriers ^{*4} With 110 points rebate Effectively ¥780 ^{*3} (¥858 incl. tax) *Excludes call charges and related fees	With 110 points rebate Effectively ¥1,780 ^{*3} (¥1,958 incl. tax) *Excludes call charges and related fees	With 110 points rebate Effectively ¥2,780 ^{*3} (¥3,058 incl. tax) *Excludes call charges and related fees
From age 0 to 12 ^{*1} SAIKYO KIDS Program U12	With 440 points rebate Effectively ¥480 ^{*3} (¥528 incl. tax) *Excludes call charges and related fees	With 110 points rebate Effectively ¥1,780 ^{*3} (¥1,958 incl. tax) *Excludes call charges and related fees	With 110 points rebate Effectively ¥2,780 ^{*3} (¥3,058 incl. tax) *Excludes call charges and related fees

*1: Points are time-limited and awarded at each month's end, starting two months after "Rakuten SAIKYO Plan" usage is verified. *2: From May 2, 2024, the applicable age of the SAIKYO YOUTH Program will change from 0-22 years old to "13-22 years old". *3: The "actual price" reflects the cost after including points awarded later upon meeting conditions, differing from the initial payment amount *4 When compared the actual price with other carriers if only family discounts and campaigns for those under 22 are applied, and other benefits are not included.

ARPU (MNO*1)

■ ARPU for both B2C and B2B rose QoQ, but the concentration of contract acquisitions in the last month of Q1/24 was a temporary negative factor. Monthly ARPU in March was 2,024 yen

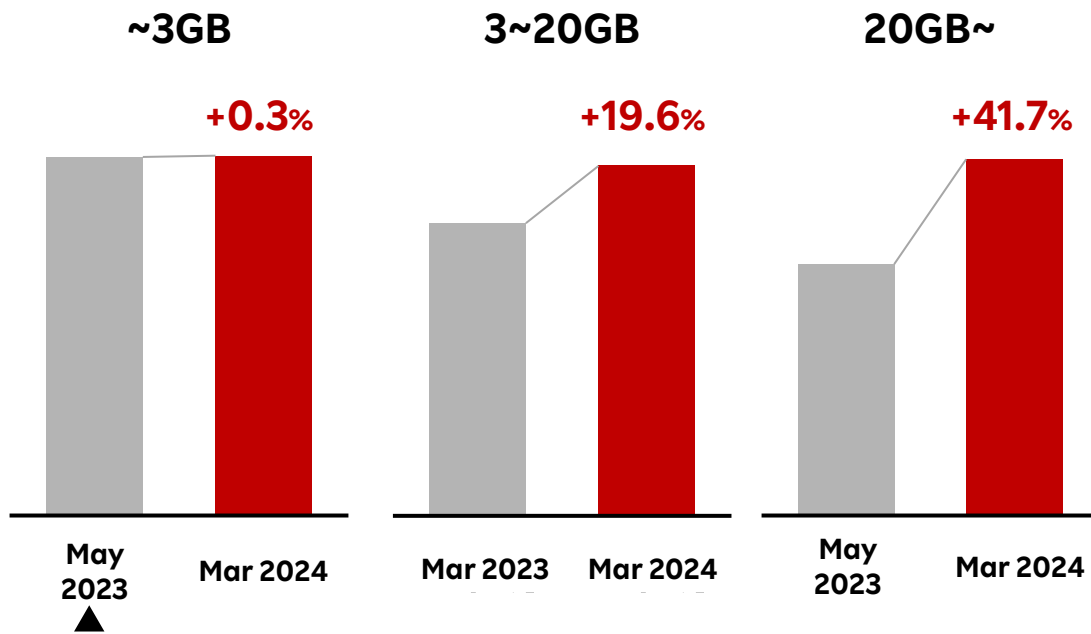


*1: Including Rakuten Turbo's subscriber lines and sales revenue. The figures have been retroactively adjusted accordingly. *2: Excluding BCP, MVNE. BCP refers to plans sold for Business Continuity Plan purposes in B2B. *3: Data ARPU: The point back program implemented in September-October 2022 for users consuming less than 1 GB of data was recorded as decreased sales but is included in this data ARPU calculation. *4: Including advertising and B2B miscellaneous revenues *5: For 16 businesses (Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay app payment, Rakuten Pay online payment, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life Insurance, Rakuten General Insurance) calculating the difference in average sales per user between non-MNO and MNO users for the most recent one-year period. Calculating the weighted average of the last 3 month's worth of increases, taking into account the number of MNO (B2C) subscribers at the end of each month

Increasing B2C ARPU

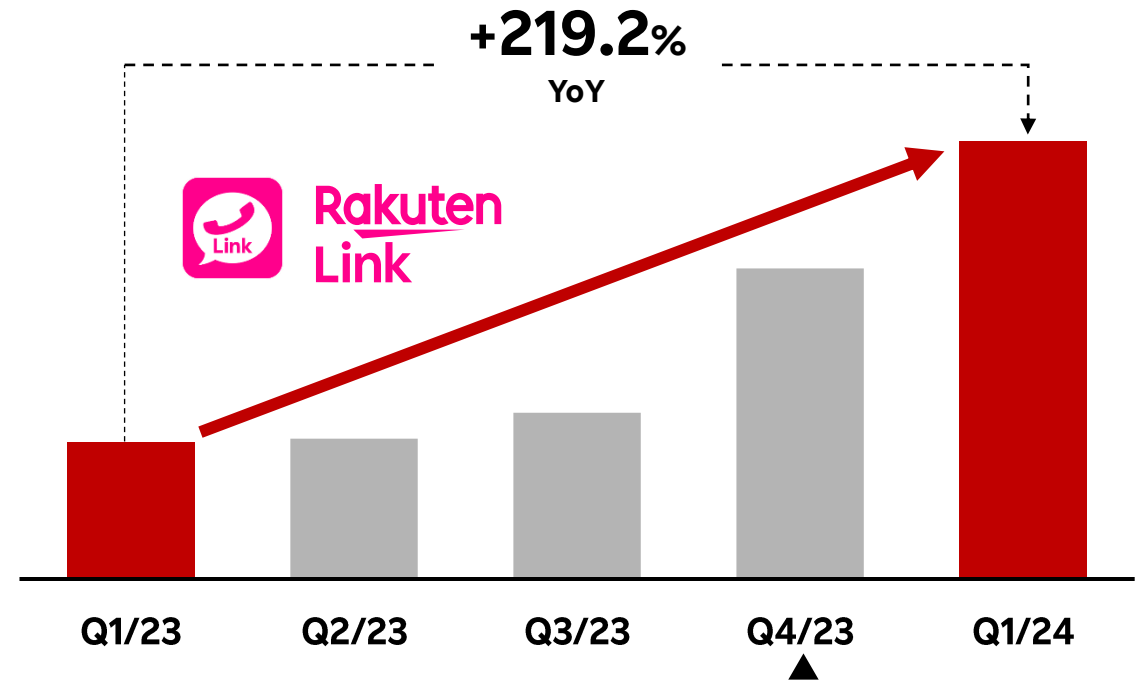
- Compared to pre-SAIKYO Plan launch (Jun 2023), the 20GB~ tier has increased the most. This trend is expected to continue
- Plan to increase ad placements and advertising ARPU by improving the media value of Rakuten Link
- As the number of main users increases, expecting data ARPU to further increase

SAIKYO Plan monthly data usage tier growth



Before "Rakuten SAIKYO Plan" launch

Ad impressions in Rakuten Link



▲ Addition of "Home" tab In Rakuten Link

Increasing B2B ARPU

- Expanding solutions for each industry of Rakuten Ecosystem-related partners
- Launched a plan for lodging facilities to provide a corporate plan and Buddycom, an IP wireless app, at a special price in Apr
- Introduce in-house solution services that contribute to improving convenience for partner companies to increase revenue in a win-win situation

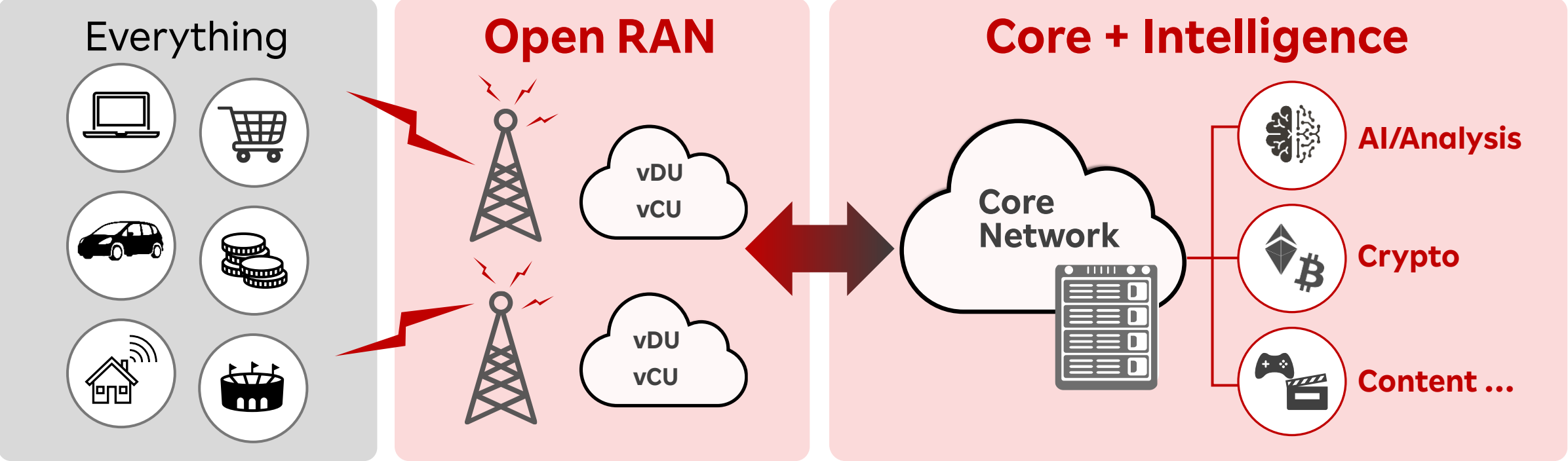
Example: Expanding services through collaboration with Rakuten Travel



Rakuten Symphony

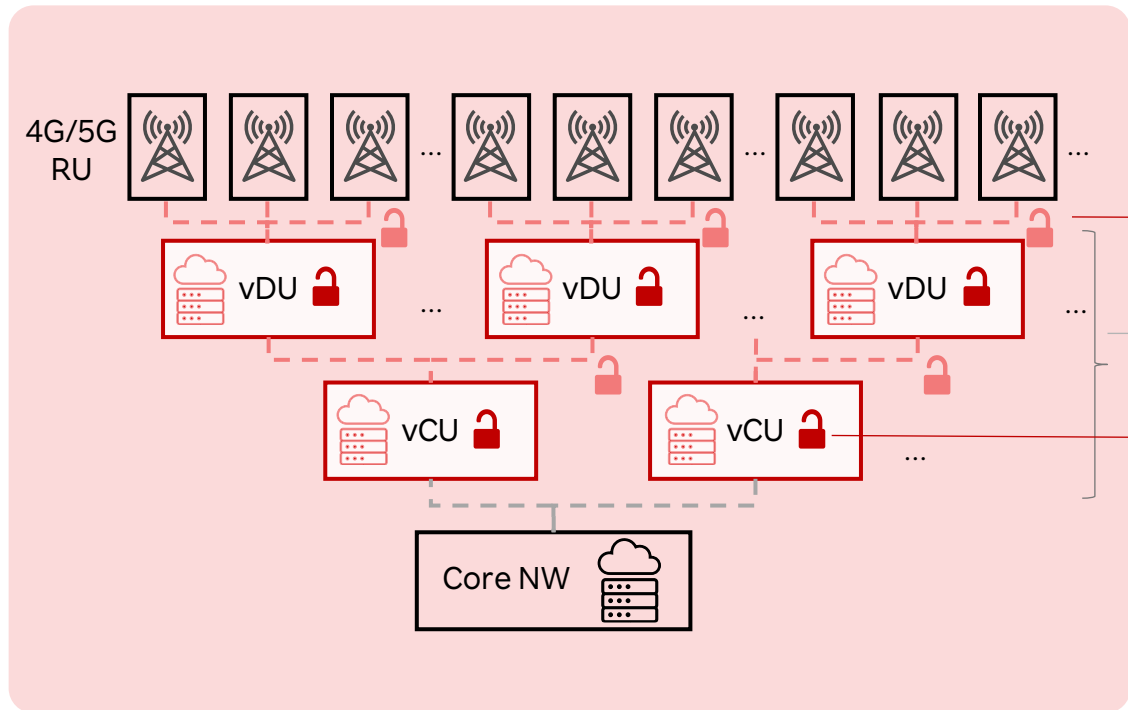
Rakuten to Become an Open Intelligence Company for Open RAN

- In modern society, where everything is connected by communication, the importance of high-quality communication networks is increasing
- The advent of Open RAN makes it possible to build low-cost, high-quality wireless networks



Rakuten Open RAN Licensing

- Rakuten was a pioneer in commercializing Open RAN, which is now attracting more and more attention in the industry
- Planning to license its Open RAN software that is already in operation domestically and internationally



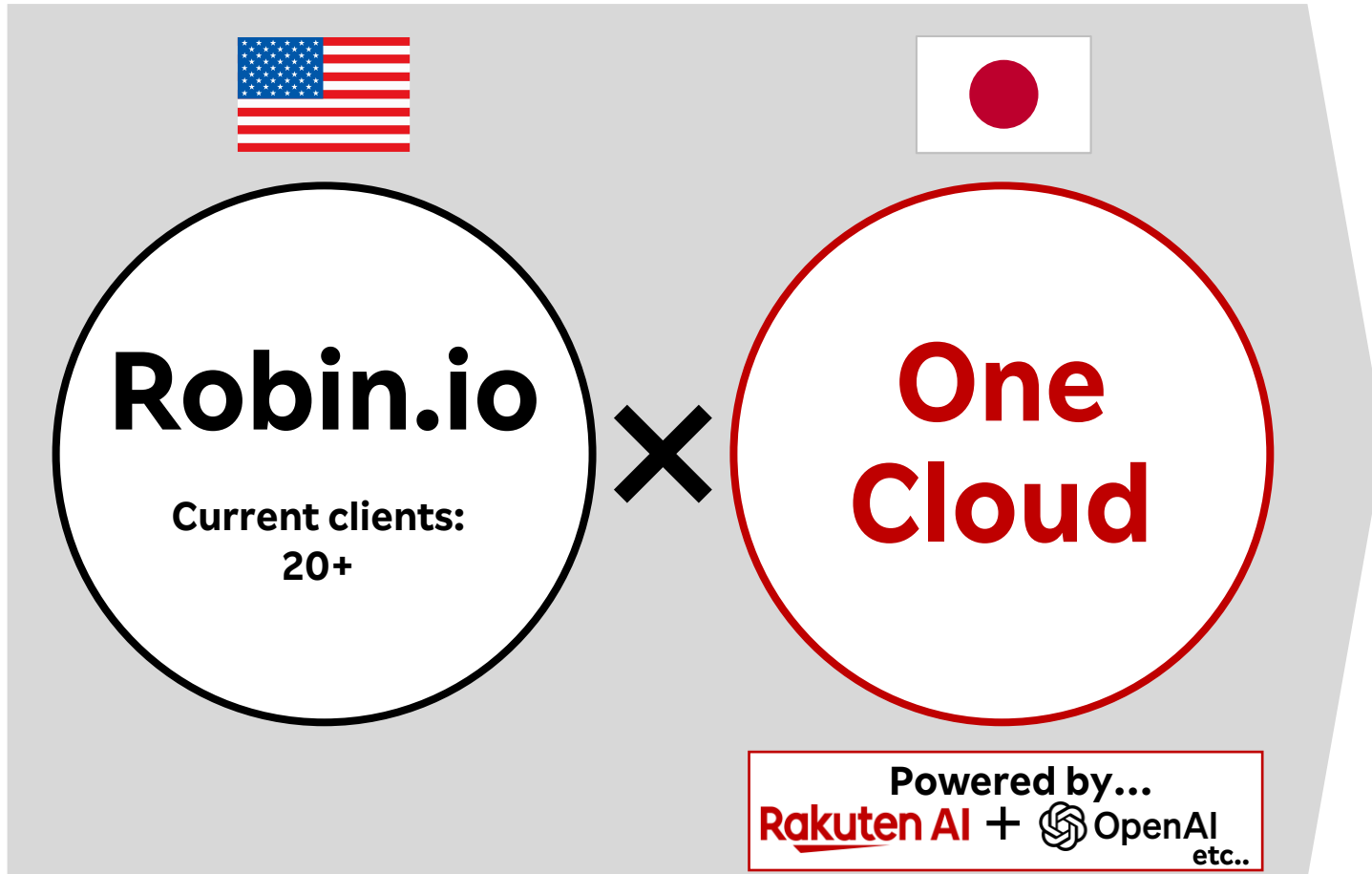
Freely customizable
network configuration

Low-cost network construction
and operation

High security through
transparent source code

Promoting Deployment of Rakuten Cloud Services

- Provide Rakuten Ecosystem's core assets, including AI-related technologies, and cloud-related technologies to external businesses



Rakuten Cloud

Integrate two Rakuten Group
cloud services
Full-scale development of
domestic cloud services for
external use

Triple 20

Group-Wide Project to Improve Efficiency: “Triple 20”

- Implemented centralized management of common operations within the group and reviewed various processes, etc.
- Utilizing AI to promote productivity improvement and cost reduction

Triple 20*

20%

Improvement in marketing productivity

20%

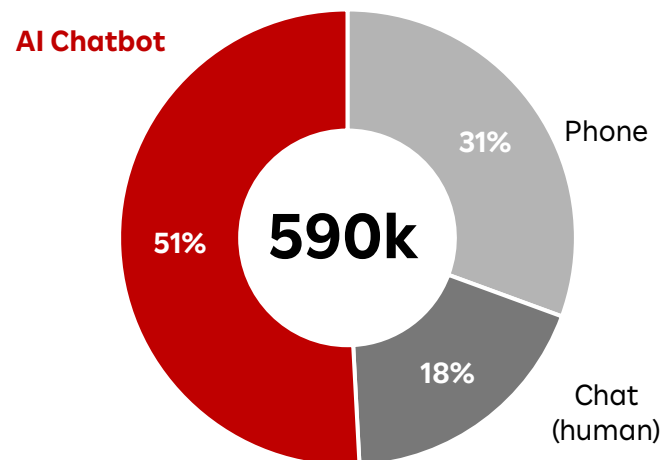
Improvement in operating productivity

20%

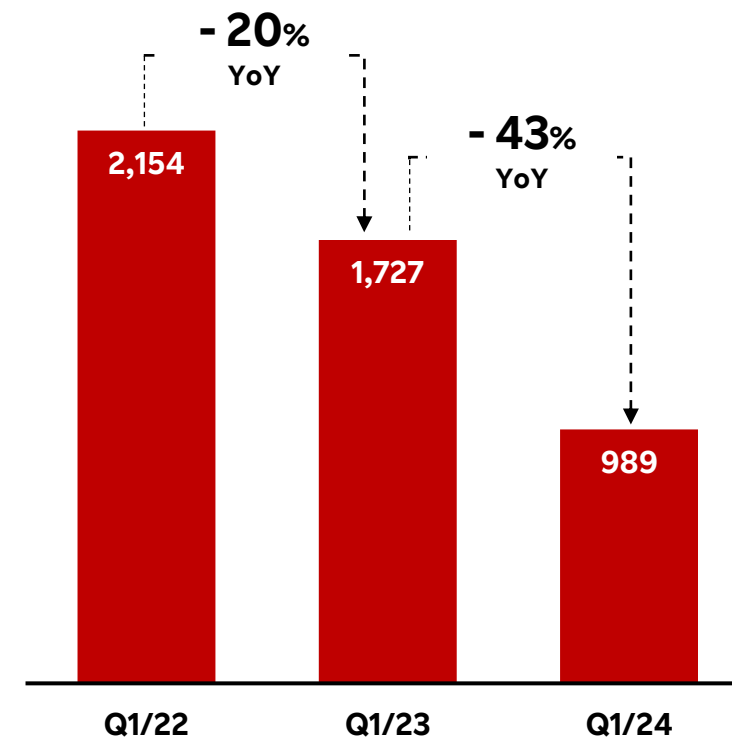
Improvement in client productivity

Example of AI usage in Rakuten Mobile Customer Support

Number of inquiries by response method Q1/24

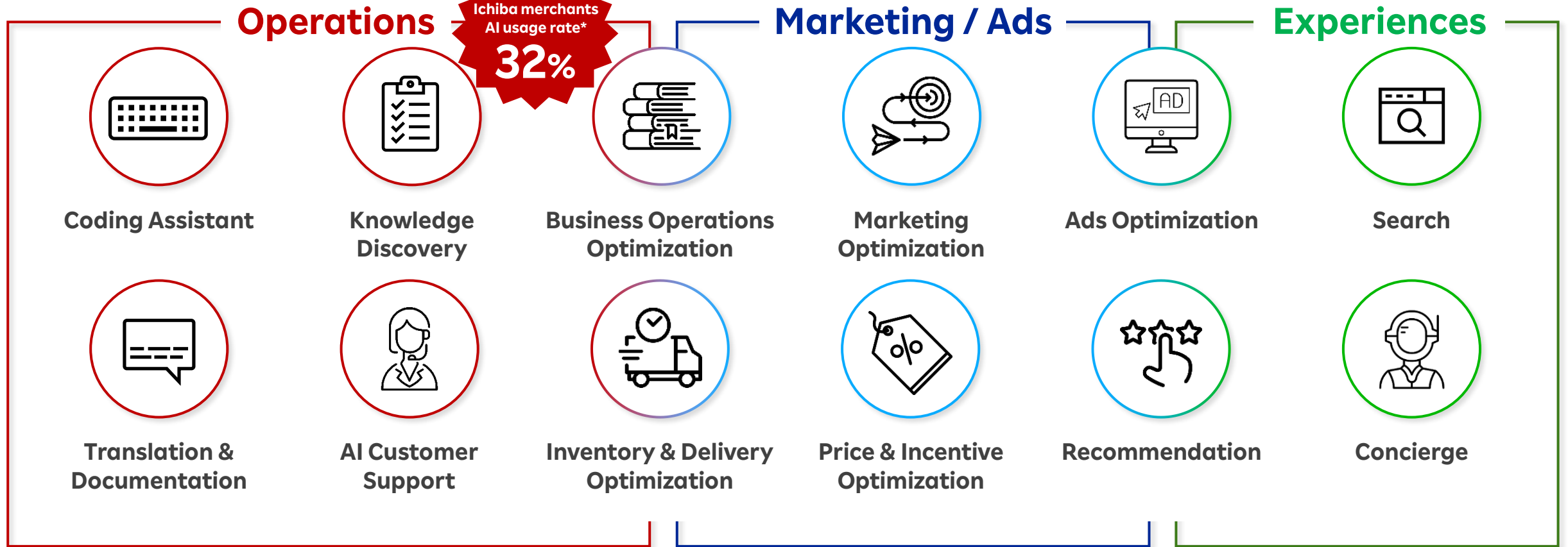


Rakuten Mobile’s Quarterly Customer Support Related Expenses (mm yen)



* Measurement method: (1) Marketing productivity = revenue/marketing costs, (2) Operating productivity = Non-GAAP OI/employee, (3) Clients’ productivity = number of services provided/client.

Broad Portfolio of Rakuten AI Products to contribute to Triple 20 Targets



Triple 20 Targets

+20% operating productivity

+20% marketing productivity

+20% client productivity

*Calculated by comparing the number of monthly active users of Rakuten RMS to total number of merchants as of Apr 30, 2024. RMS AI Assistant (Beta) launched March 28.

3. Finance

Our Commitment: Disciplined Financial Policy

Aiming for financial soundness in the medium term

1

Profitability Improvement

- Continuous profit growth of core businesses
- Achieve profitability on annual consolidated Non-GAAP OI basis in FY2024
- Achieve profitability at Rakuten Mobile, Inc. on monthly EBITDA basis in FY2024 and annual basis in FY2025

2

Efficiency Improvement

- Company-wide cost reduction
- SPU revision
- Working capital improvements
- Further productivity improvements utilizing AI

3

Financial Soundness

- Reduce gross debt
- Proactive debt maturity management
- Credit rating improvement
 - Consolidated equity ratio 10%
 - Non-FinTech Net Debt/Non-FinTech EBITDA 5x

Refinancing Risk in 2024 and 2025 Addressed

- Refinancing risk in 2024 addressed, and liquidity gap for corporate bonds maturing in 2025 also largely addressed
- Continue efforts to boost intra-group cash flow and cut interest-bearing debt through various capital procurement

	Maturing corporate bonds	Funding
2024	<ul style="list-style-type: none">• Overseas bonds <i>Partially repurchased and amortized</i>• Domestic wholesale bonds <i>Partially purchased and amortized</i>	<ul style="list-style-type: none">• Additional sale of Rakuten Bank and Rakuten Securities shares (Dec 2023)• USD denominated senior notes issued (Feb 2024)
2025	<ul style="list-style-type: none">• Domestic retail bonds• Domestic hybrid bonds <i>Scheduled to call on first call date</i>	<ul style="list-style-type: none">• Issuance of USD denominated senior notes (Apr 2024)• Private placement of JPY senior notes (Apr 2024)• Products that receive equivalent equity certification* (Issuance of corporate bond-type class shares and hybrid bonds, etc)

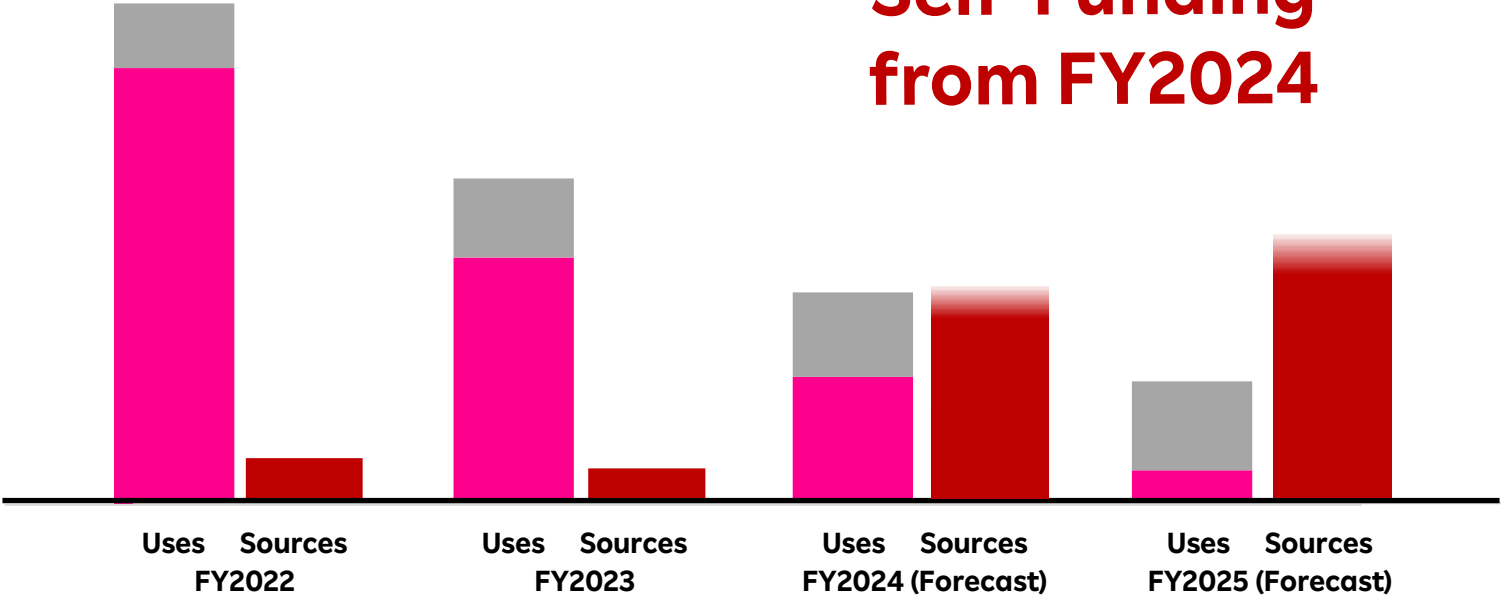
*Raise funds through products that are at least equivalent to equity within 12 months prior to the first call date

Path to Self-Funding

Illustrative Cash Flow

- Mobile Operating CF + Capex
- Internet Services FCF + CF from FinTech
- Interest Expenses*

Self-Funding from FY2024



*Interest expense and IFRS 16 cash out at non-FinTech entities.

FY2024~

Aiming to Establish Self-Funding through

1. Significant improvement in Mobile Segment FCF

Seek to improve EBITDA materially
Plan to significantly reduce Capex from FY2024

2. Growing Internet Services FCF

Seek continued growth in EBITDA
Seek to shorten cash conversion cycle in the future

3. Growing CF from FinTech

Dividends, management fees, etc.
(FY2023: JPY 65.7bn)

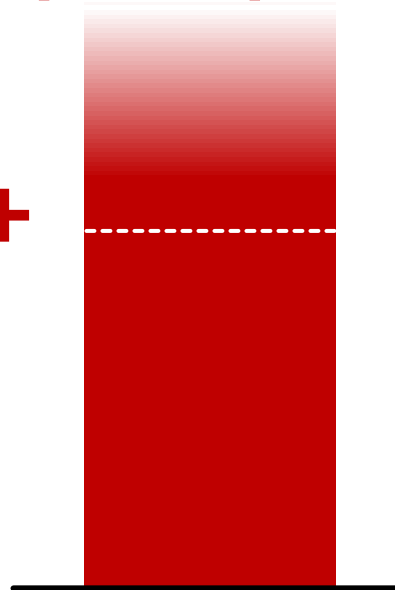
CF from monetization of assets/businesses if necessary
+
Mobile's own funding (Securitization of receivables, etc.)

Project to Reduce Cash Conversion Cycle

- Continuing efforts to optimize working capital and reduce leverage

Plenty of scope for cash generation across all group companies

Non-FinTech
2024 target
JPY 50bn +



- 1 Improving accounts receivable/accounts payable ratio
- 2 Revise and analyze points program
etc

4. AI

Rakuten's AI-nization Plan

Vision

Augment **human creativity** with the **power of AI**

Strategy



Roadmap

Wave 1
Deep Learning

Wave 2
Rakuten AI for Business

Wave 3
Rakuten AI for Consumer

Rakuten AI: Strong Execution Momentum in Q1

- **Examples: Launched semantic search and recommendations in Rakuten Ichiba, Rakuten AI for merchants and Rakuten AI 7B LLM**

WAVE 1 - Scale -

Deep Learning at Scale

2023: Semantic search for Rakuten Fashion, recommendations for Rakuten Rakuma

2024/Q1: Semantic search and recommendations for Rakuten Ichiba

2024 Q2-Q4: Expand semantic search and recommendations to other services

WAVE 2 - Launch -

Rakuten AI for Business

2024/3: Rakuten AI for merchants launched

Rakuten AI for hotels planned

WAVE 3 - Incubate -

Rakuten AI for Consumers

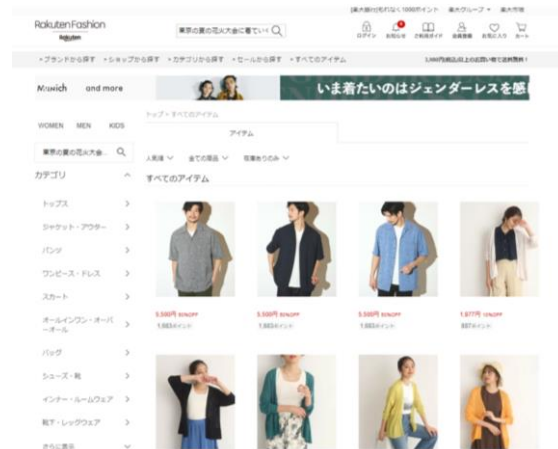
2024/3: Rakuten AI 7B open Japanese LLM released

Execution Momentum: Scaling **Deep Learning** Applications

- Expand semantic search from Rakuten Fashion, Rakuten Ichiba to **10 additional services in 2024**
- In addition to Search, expanding Deep Learning applications to Recommendations & Advertising

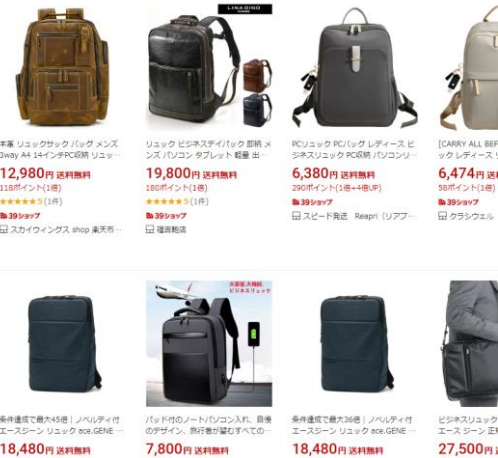
Launched in 2023

Rakuten Fashion



Launched in 2024 Q1

Rakuten Ichiba



Planned for 2024

Rakuten Rakuma

Rakuten ブックス
(Rakuten Books)

Rakuten
(Rewards)

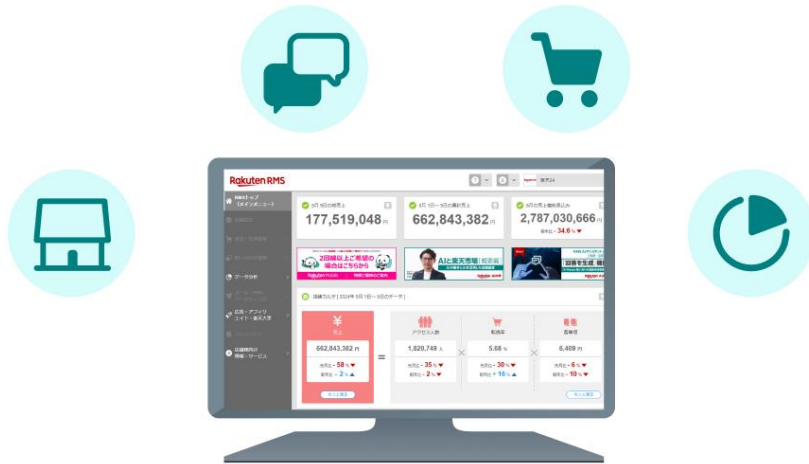
And more...

Evolution of E-Commerce with Generative AI

- Rakuten empowers merchants with Rakuten AI for Business Operations (RMS AI Assistant (Beta)) and Rakuten AI University to help merchants understand AI technology, reduce operational cost and accelerate their businesses with AI tools

Rakuten AI for Business Operations

RMS AI Assistant (Beta) launched Mar 28, 2024



- Generate product descriptions, process product images (scheduled for release around Jun 2024), and draft responses to customer questions
- AI chatbot to answer questions about store operations
- Analyze merchant sales data

Rakuten AI University

Launched Apr 30, 2024

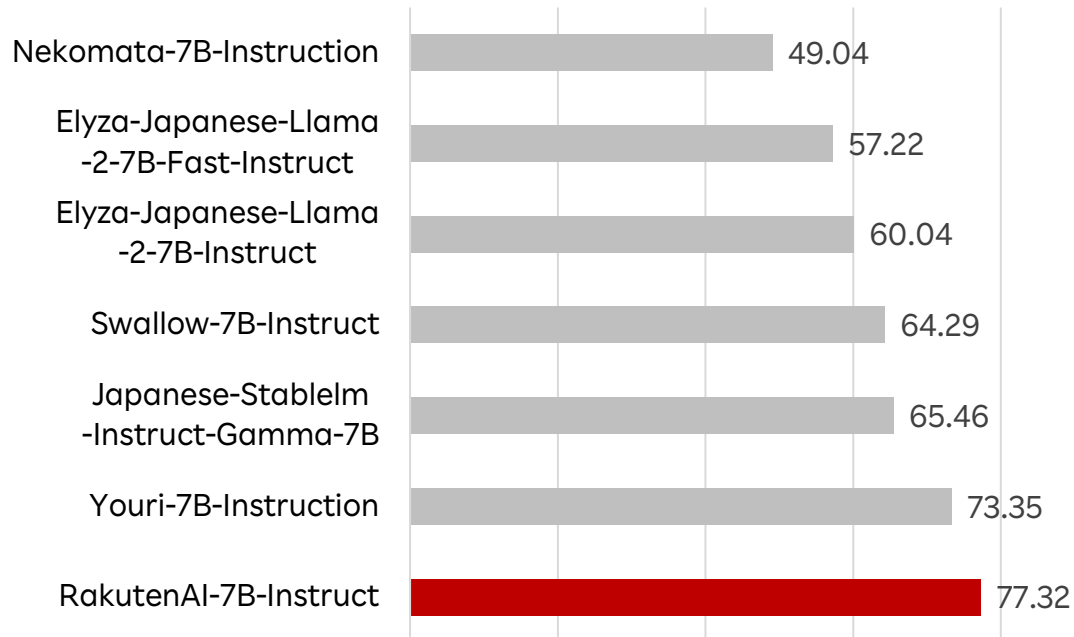


- A suite of video-based e-learning resources
- Content includes AI fundamentals, Rakuten AI for merchants features, and real-world case studies

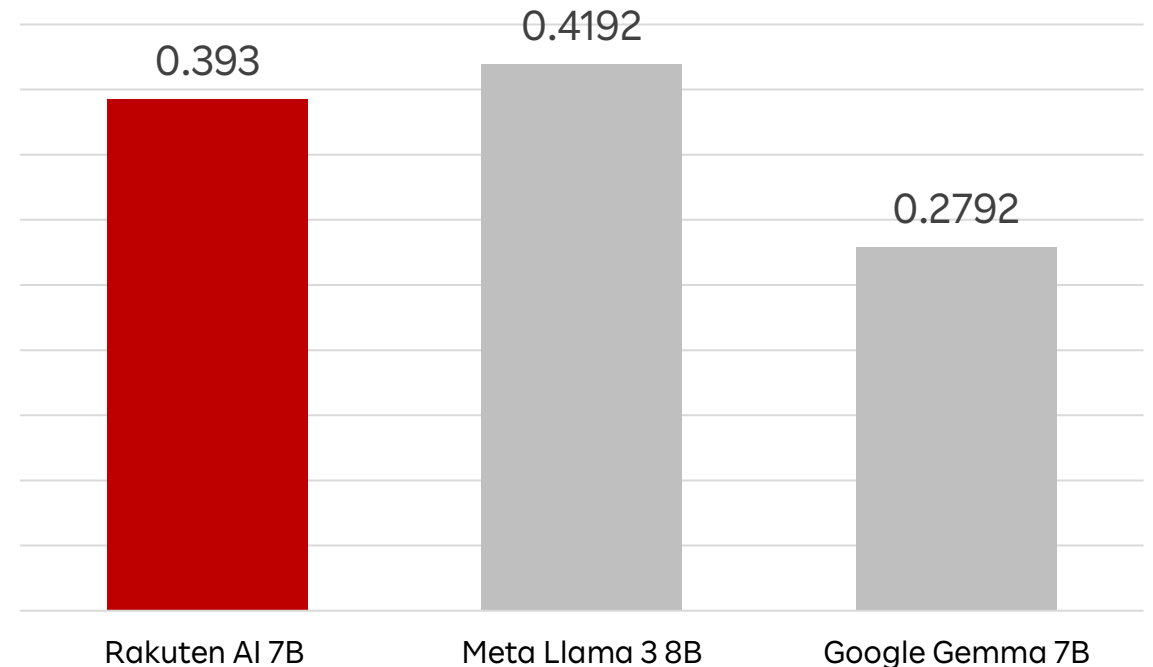
Rakuten AI 7B: Leading Performance*1 Among Open Japanese LLMs

■ One of the most **cost-effective** open Japanese LLMs

Comparison of Japanese language performance of LLMs via LM Evaluation Harness*1 (Instruct models)



Comparison of Japanese language performance from Nejumi LLM Leaderboard*2



*1 Results of evaluation tests carried out on Stability AI LM Evaluation Harness during from January to March 2024. The Japanese language tests were carried out with the v0.3 template. <https://github.com/Stability-AI/lm-evaluation-harness/tree/0fa86429679f521161d5b81a94c0c385e0a0976d> The average result for Japanese evaluation is the average of the results from 7 items in the evaluation, excluding XLSUM. All models were evaluated internally by Rakuten using the same compute environment for reproducibility and fair comparison.

*2 Weights & Biases "Nejumi LLM Leaderboard Neo: Evaluating Japanese Language Proficiency", Apr 2024. <https://wandb.ai/wandb-japan/llm-leaderboard/reports/Nejumi-LLM-Neo--Vmlldzo2MTkyMTU0#総合評価>

Rakuten

The Rakuten logo consists of the word "Rakuten" in a bold, red, sans-serif font. A red horizontal bar is positioned below the letters "a", "k", and "u", extending from the left side of the "a" to the right side of the "u".

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