

FY2020 Second Quarter Consolidated Financial Results

August 11, 2020

Rakuten, Inc.



Consolidated Results

Q2/20 Results Highlights

- Consolidated revenue: +13.4% YoY
- Global GTV: +12.6% YoY
- Domestic E-Commerce GMS growth: +15.2% YoY
 - Shopping E-commerce GMS* growth +48.1% YoY
- GAAP OI: JPY 3.3bn due to sale of OverDrive
 - Non-GAAP OI: JPY -32.6bn due to mobile business and logistics investment
- Rakuten diversified ecosystem enabled solid growth
 - FinTech: Revenue growth +19.5% YoY, Non-GAAP OI +24.2% YoY
 - Businesses such as travel were negatively impacted by COVID-19, but showing gradual recovery
- Mobile business: Achieved 1mn applications

* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Q2/20 Business Summary

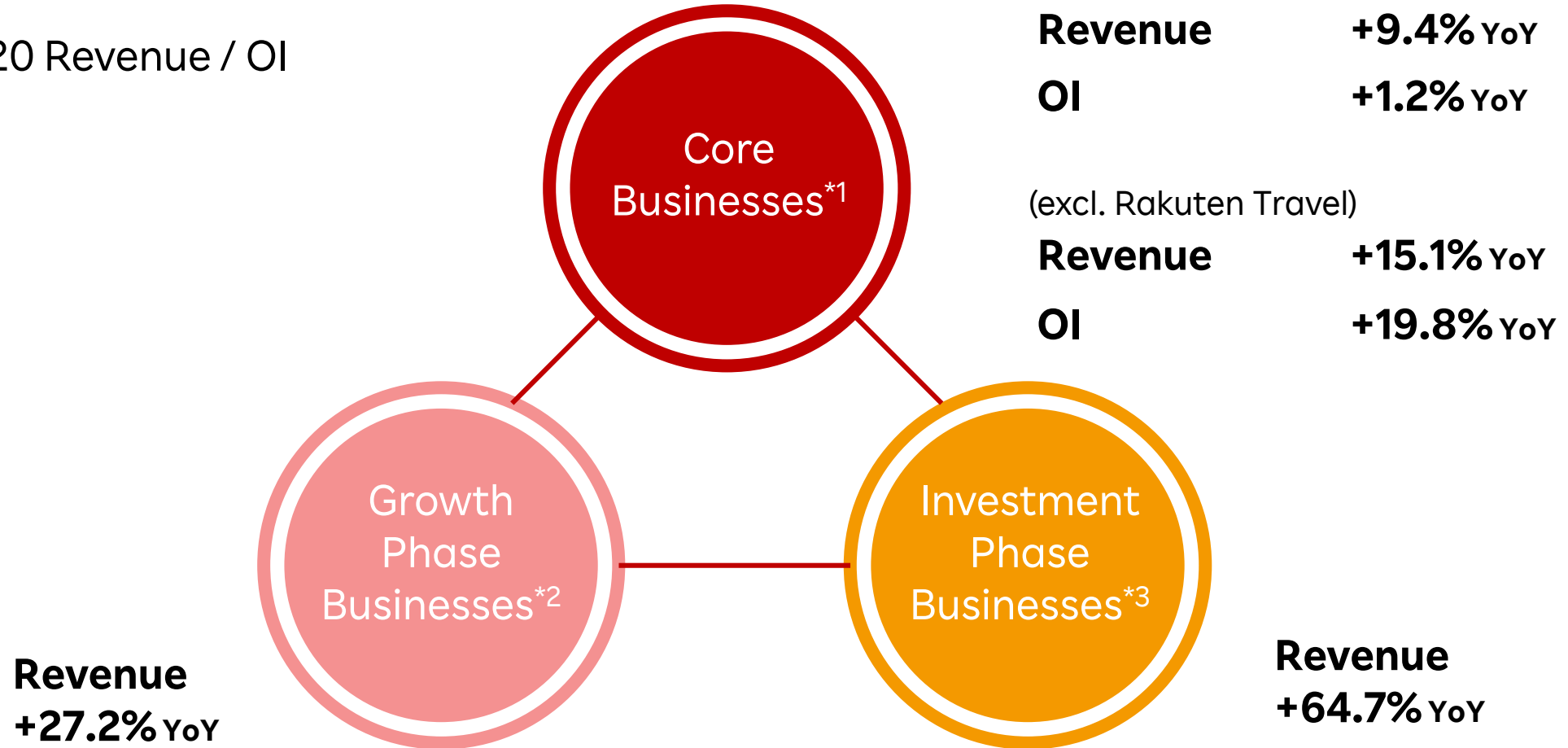
1. Strong Business Growth Amidst the Pandemic
2. Investing to Capture EC Growth Opportunities
 - Change of consumer behavior
 - Logistics and quality improvement activity
3. Steady MNO customer acquisition
4. RCP (Rakuten Communications Platform) strategy
5. Strength of Rakuten Ecosystem



1. Strong Business Growth Amidst the Pandemic

Business Strategy for Future Growth

■ Q2/20 Revenue / OI



*1 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*2 Includes C2C and 1st party businesses, etc

*3 Includes investment in Rakuten mobile and logistics business, etc.

How Rakuten Captures Changing Consumer Behavior

Changing consumer behavior	Field	Impact
Life Style Shift to online for social distancing	Online Shopping	Ichiba: GMS ↑ / Number of new and returning purchasers, orders ↑ Shopping EC Q2/20 GMS: +48.1% YoY
	Online Banking Cashless Pay	Securities: Q2/20 Rev +29.3% YoY / OI +62.1% YoY Stock, FX transactions ↑ Card: Credit Card Shopping GTV Share ↑
	Digital Entertainment	Rakuten TV: Active Users +3.9mm QoQ Rakuten VIKI: Registered Users +3.7mm QoQ
	Online Education	Rakuten Kobo: Revenue ↑ / Registered Users +1.9mm QoQ
Work Style Work From Home	Mobile / 5G	Rakuten Mobile: Strong growth in online applications. Achieved 1mm applications
Communication Style Increase in data consumption Online group communication	More data and connectivity	Rakuten Viber: Unique IDs +16.5mm QoQ



Q2/20 COVID-19 Impact on Domestic EC



* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Shopping E-commerce^{*1} Purchasers Expand Strongly

Q2/20
New Purchasers



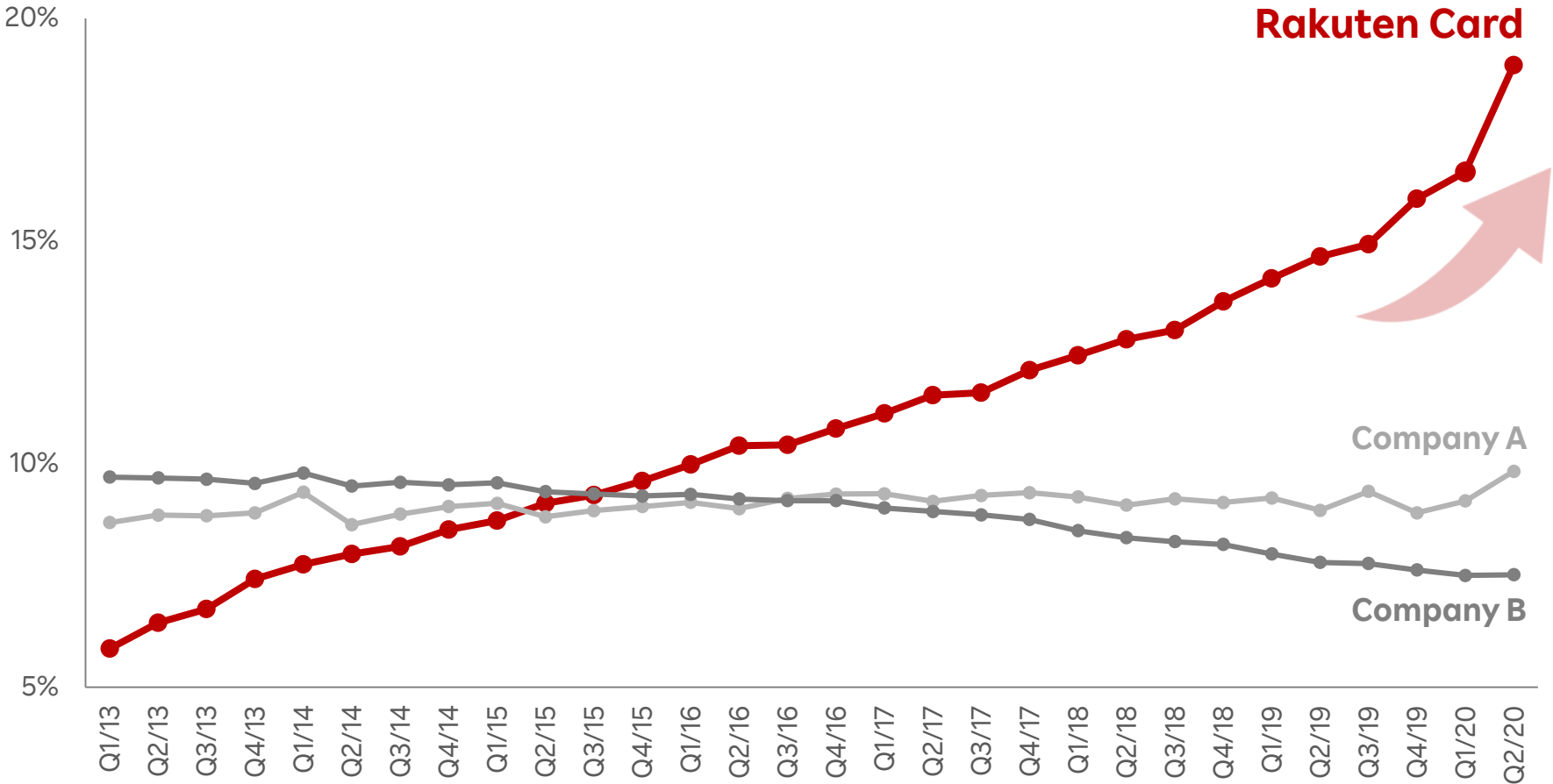
Q2/20
Returning Purchasers^{*2}



^{*1} Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

^{*2} Returning Purchasers: Purchasers who purchase after more than a year.

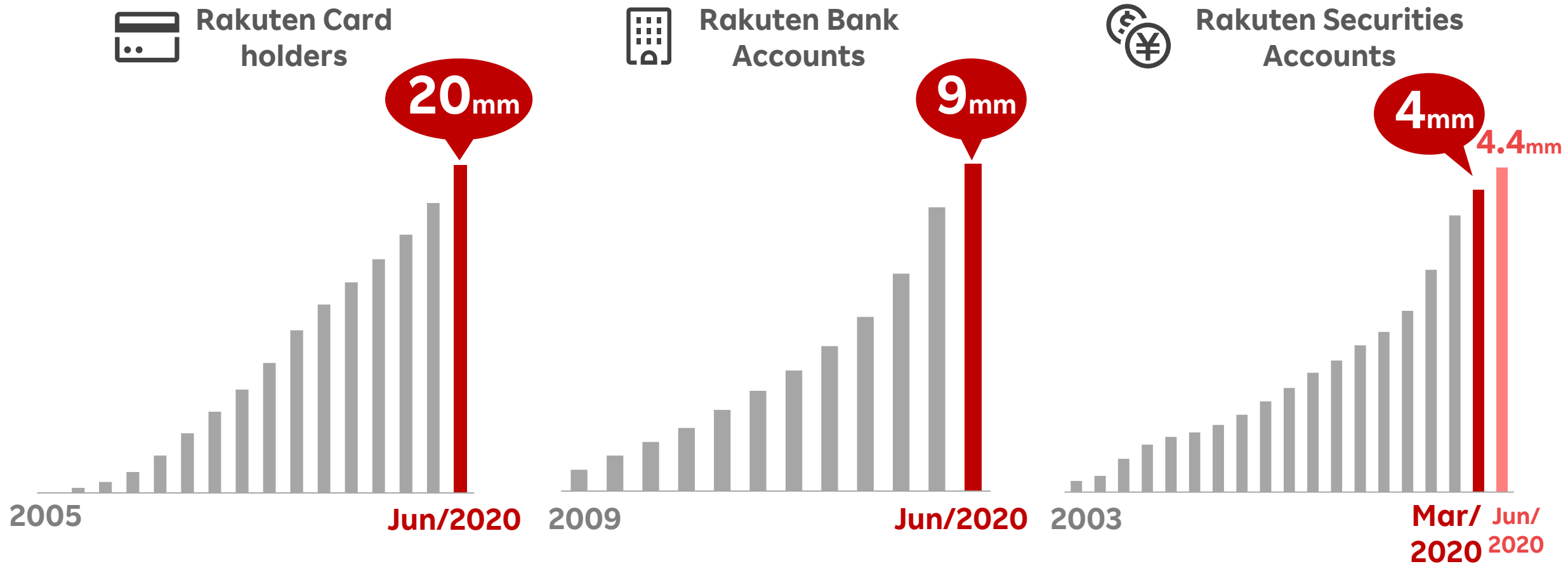
Rakuten Card Shopping GTV Share Expanding Rapidly



No.1
in Credit Card Shopping GTV

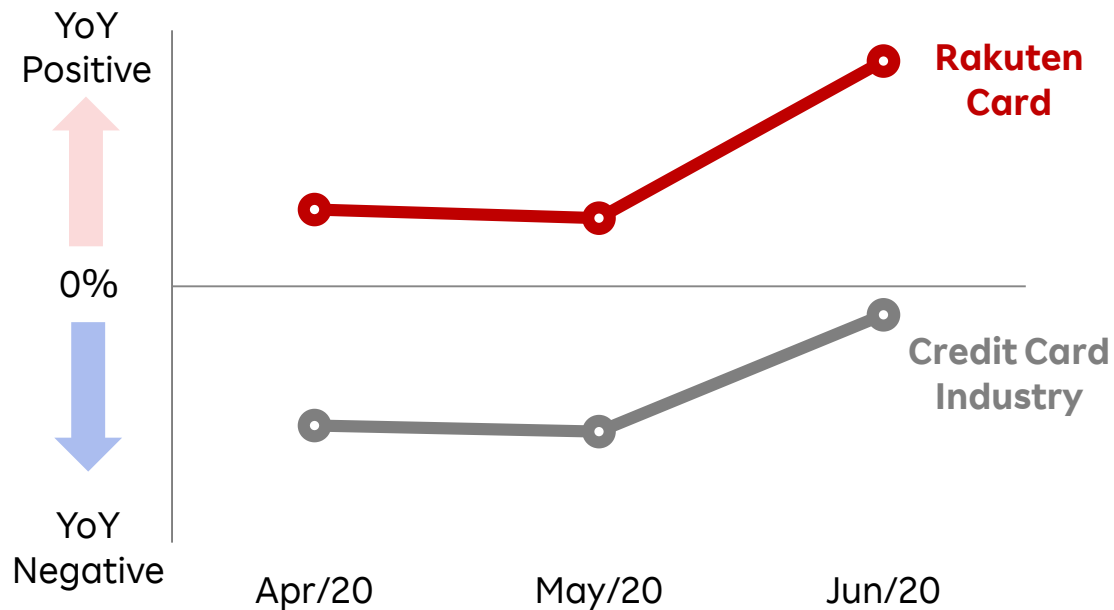
* Source: METI, Statistical survey of specified service, Credit Card category. Company disclosure.

Recent Milestones in FinTech

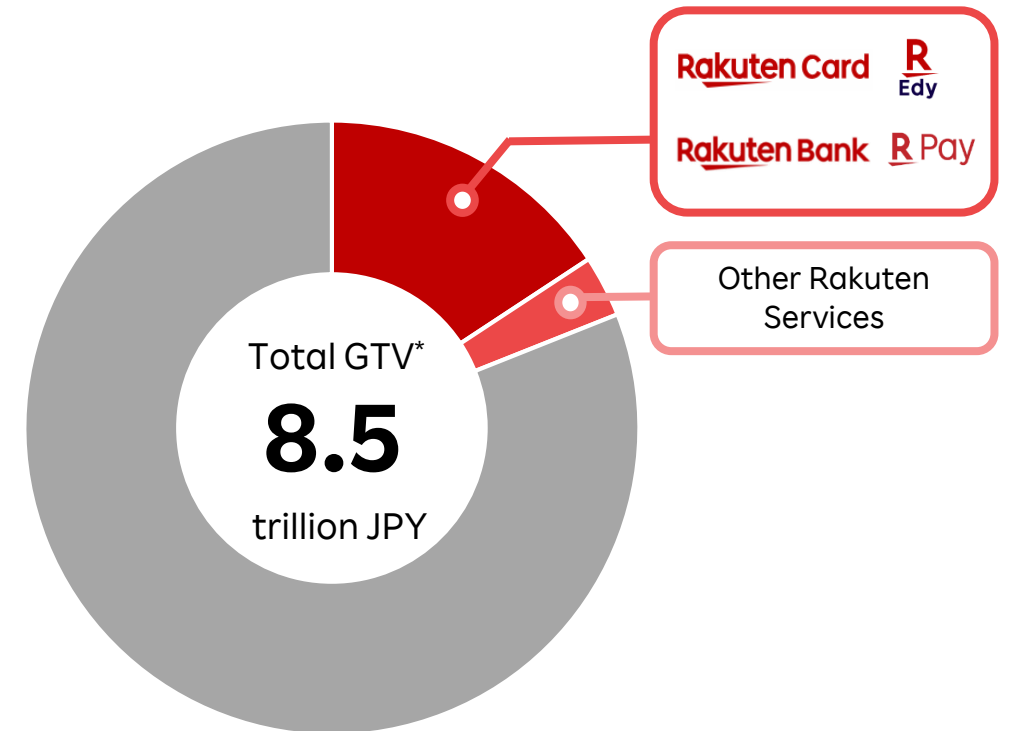


Rakuten Group in a Strong Position to Capture Cashless

Shopping GTV Growth Outperform the Market (YoY)



Rakuten Group: Strong Position to Capture Cashless

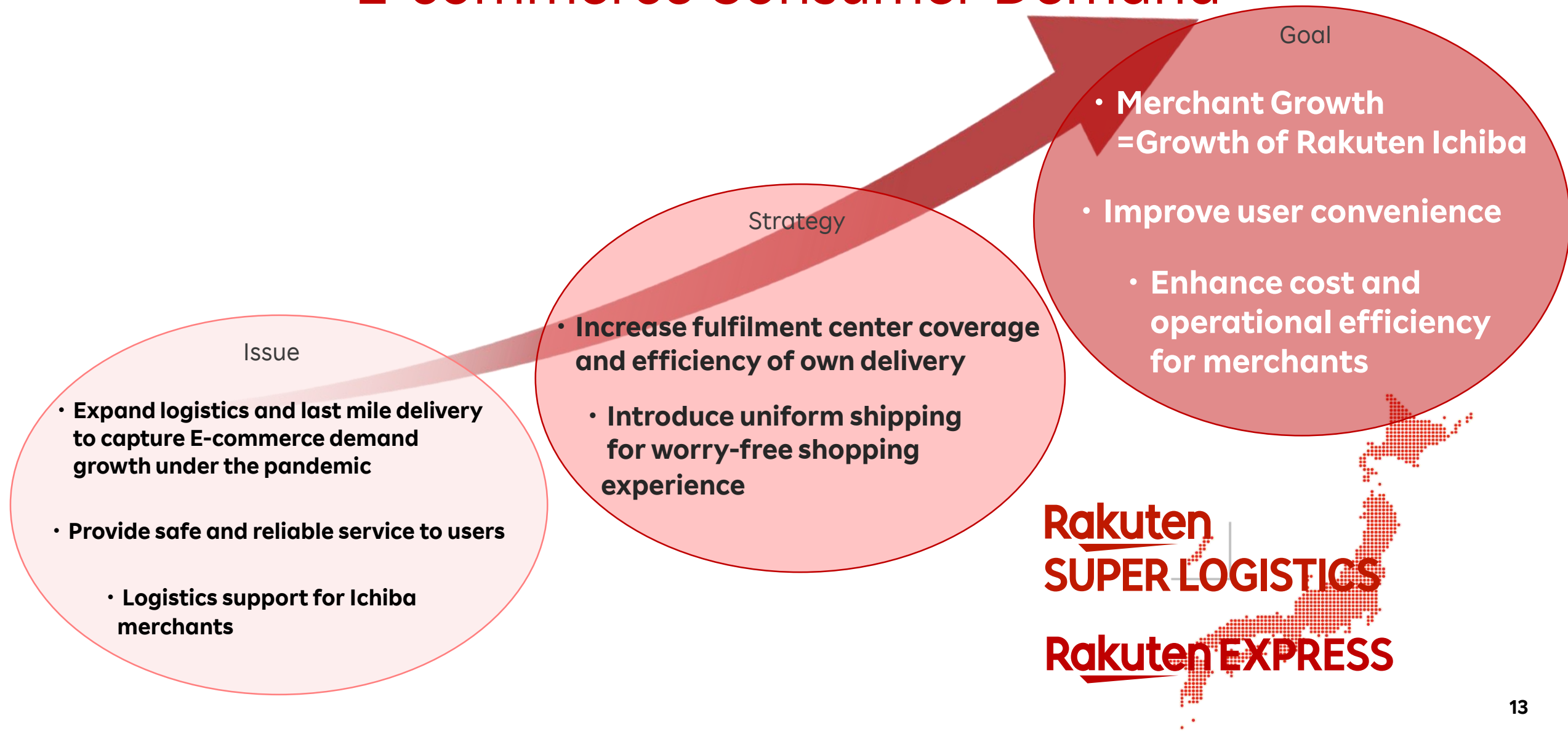


*METI, Statistical survey of specified service, Credit Card category

*METI, Point Reward Project for Consumers using Cashless Payment, GTV for Oct 1, 2019 ~Apr 13, 2020

2. Investing to Capture EC Growth Opportunities

Strategies for Capturing E-commerce Consumer Demand



Expansion of Logistics Centers

Rakuten SUPER LOGISTICS

New
Chiba:Narashino

Opened on June 15, 2020



Osaka:Hirakata
Hyogo:Kawanishi,
Amagasaki

Coming soon
Kanagawa: Chuorinkan

First half of 2021



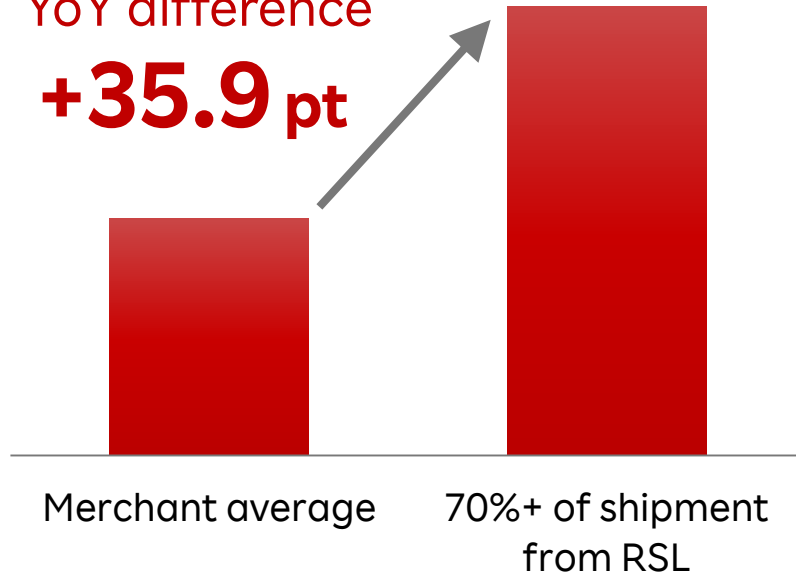
Chiba: Ichikawa,
Nagareyama
Kanagawa: Sagamihara

Rakuten Super Logistics (RSL) contribution to Merchant's GMS growth

Q2/20 Average Monthly Merchants' GMS YoY

YoY difference

+35.9 pt



Merchants utilize Rakuten Super Logistics realize higher growth rate

Reasons why RSL merchants can grow faster

**“Asuraku”
(Next day delivery)**

Free up labor

High quality packaging

**Estimated delivery time
(Start end of 2020)**

Lower logistics cost

**“Matomete Haiso”
(Send items in one box)
(Planned)**

Introduction of Uniform Shipping boosted Ichiba Growth

Ichiba launched Uniform shipping for purchases **over JPY 3,980** on March 18

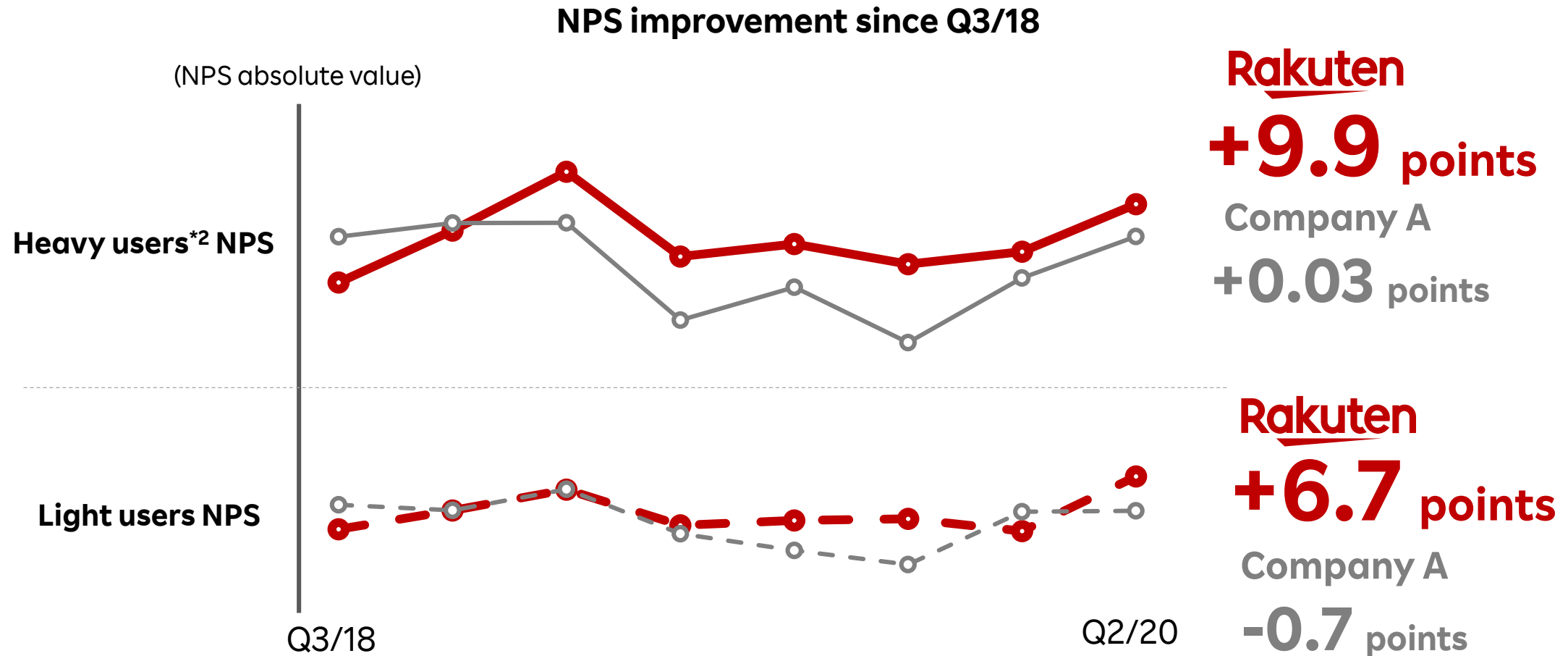
Merchants including shipping fee (“39 shops^{*}”) GMS YoY grow strongly since it’s launch



Users prefer to purchase at “39 Shops^{*}” which drives Ichiba GMS growth

*“39 shops” = merchants including shipping fee above the threshold of 3,980 yen. In Japanese, “39” is pronounced as “Thank you.”

NPS*1 improvement vs Competition



*1 Net Promoter Score (NPS) Survey: Conducted by Rakuten through external panel

*2 Heavy users of Rakuten include Diamond/Platinum rank. Heavy users of company A are paid members

3. Successful MNO Customer Acquisition

Accelerating Mobile Customer Acquisition

Applications Exceeded

1 million

Within 3 months of Launch

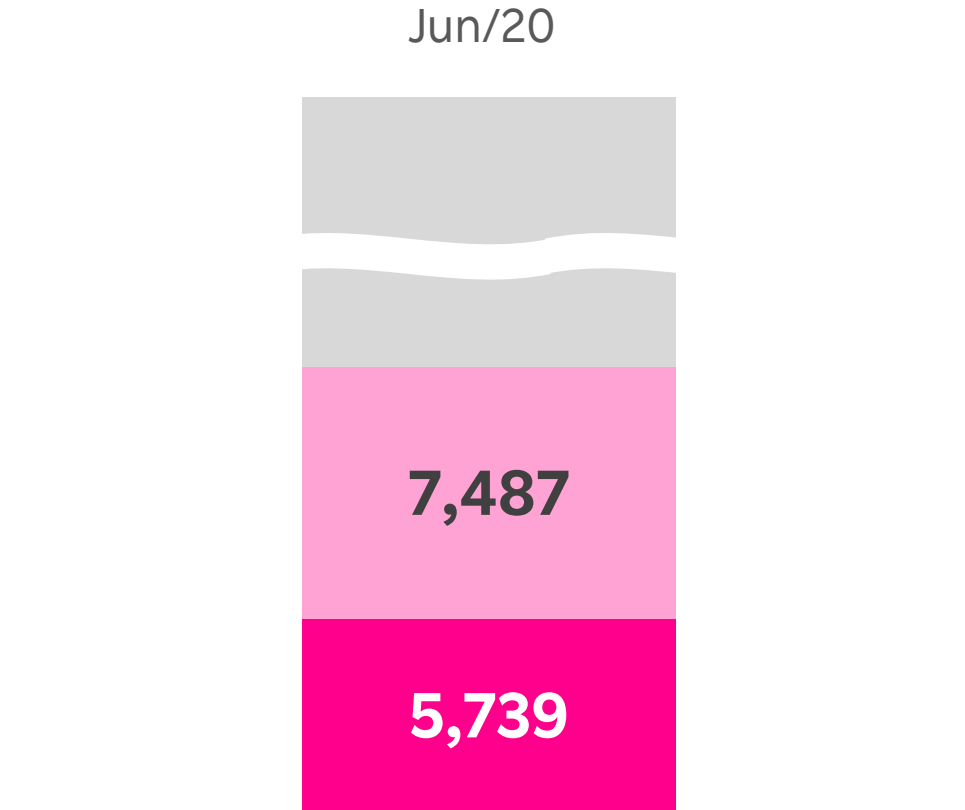
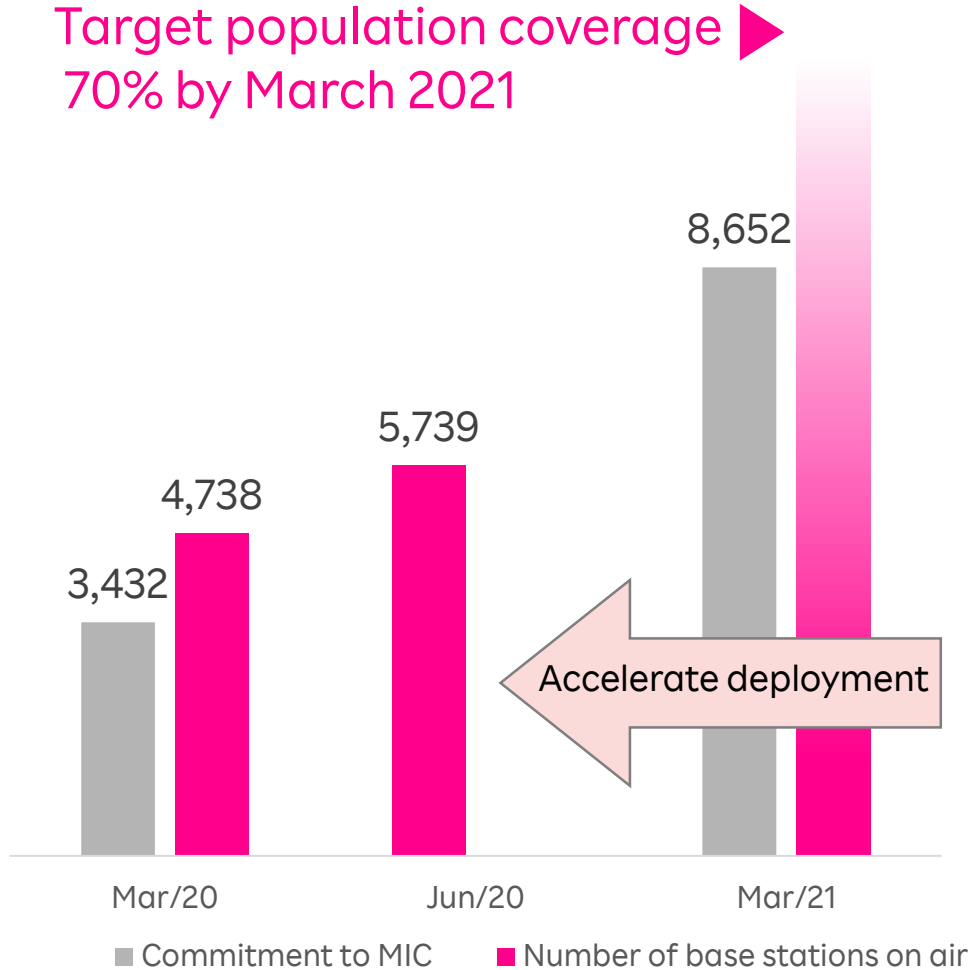
Launch of Rakuten Mobile TV Commercial in July

- **83% of Japanese want mobile prices to be reduced*.**
- **Unlimited data and voice at half the industry price.**
- **No conditions.**
- **No cancellation fee.**

*Calculate the opinions of smartphone users based on the data from the Consumer Affairs Agency “Results of a price monitor survey for January 2019 (preliminary report)”,

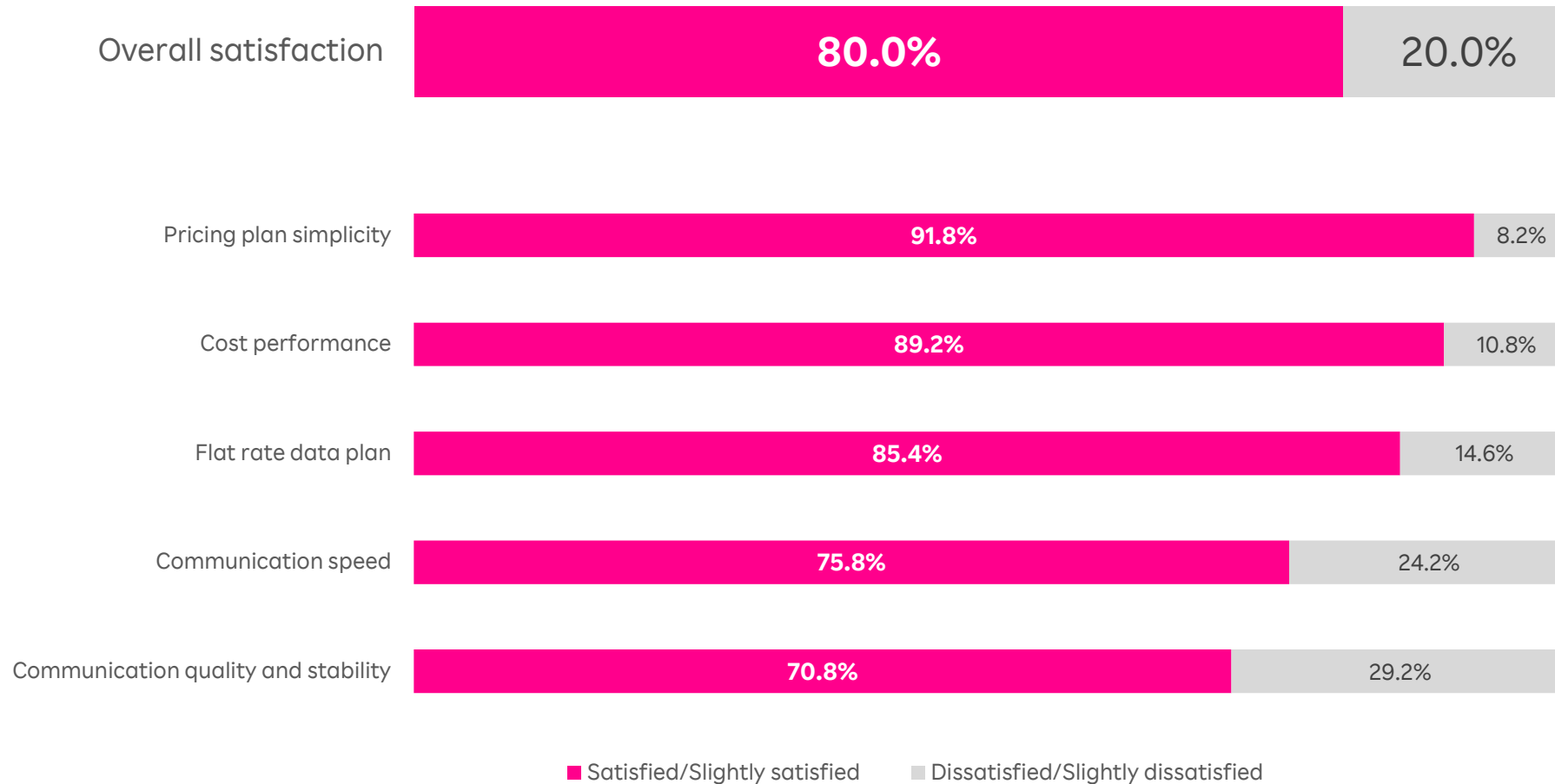
Base Station Buildout Ahead of Plan

Target population coverage
70% by March 2021



■ Number of base stations on air ■ Number of sites with contract signed
■ Other sites on process

Rakuten UN-LIMIT User Satisfaction High



* Source: MMD labo, June 2020 User survey after starting of "Rakuten UN-LIMIT"

Rakuten Mobile 5G Launch in Fall 2020

Efficient 5G roll out by software upgrade and antenna installation

Development of 5G Core

Rakuten Mobile



NEC

Agreement on joint development of Stand Alone 5G core network with container technology

Rakuten Mobile



経済産業省
Ministry of Economy, Trade and Industry



新エネルギー・産業技術総合開発機構
New Energy and Industrial Technology Development Organization

Designated two R&D projects in the "Research and Development Project for Enhancement of the bases for post-5G information and communication systems"

4. RCP (Rakuten Communications Platform) strategy

Next Generation Global 5G Leader

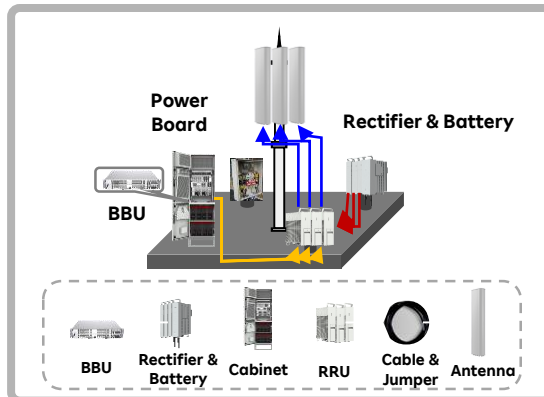
Going Global

Japan MNO Service

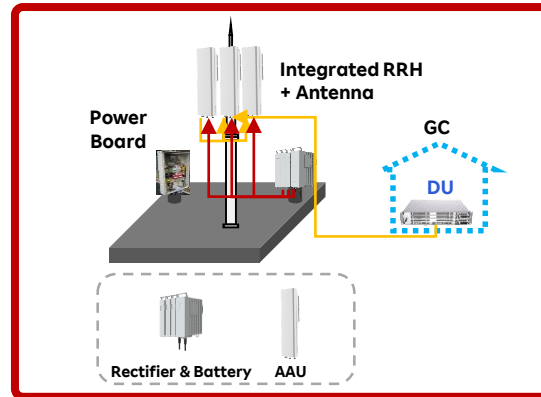
Developed and Deployed World's First Fully Virtualized Network

- Redefined how mobile telco networks are designed, built, operated
- Significant reduction in CAPEX and OPEX due to virtualization, automation and open architecture

Traditional Site Deployment



Rakuten Virtualized Site Deployment



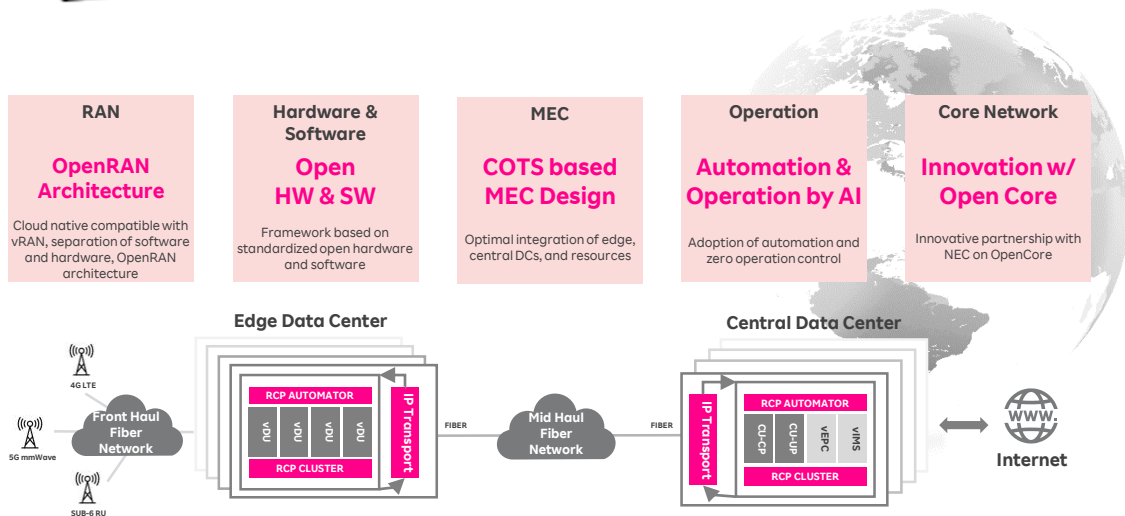
~40% lower CAPEX
~30% lower OPEX

Targeting the \$1tn+
Mobile industry via
Innovation

“Rakuten...launched the first full-scale virtualized network on April 8th... it may prove as momentous as Amazon’s launch in 2006 of its trailblazing cloud-computing arm.” Economist April 8, 2020

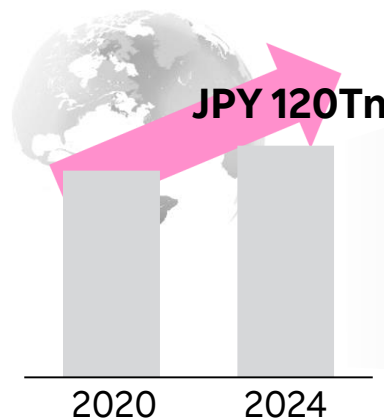
RCP (Rakuten Communications Platform)

Rakuten Communications Platform



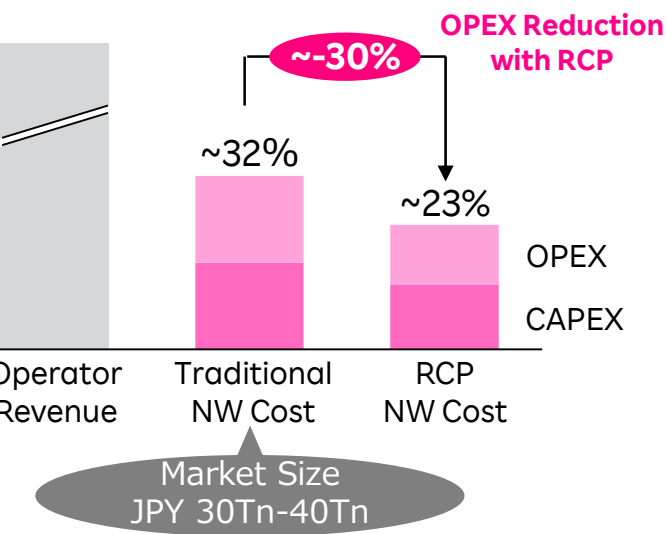
- Avoid lock-in by specific vendors
- Quick adoption of additional services for network operation with marketplace type app store
- Network optimization using AI as a basic function, contributing to operational improvement
- Economic solution for expensive 5G infrastructure investment

Total Revenue of Global Mobile Operators



Network Cost of Mobile Operator (% of Revenue)

Rakuten Communications Platform



Redefining how mobile telco networks are designed, built, and operated

5. Strength of Rakuten Ecosystem

Rakuten Ecosystem: Digital and Diverse With Strong and Stable Growth

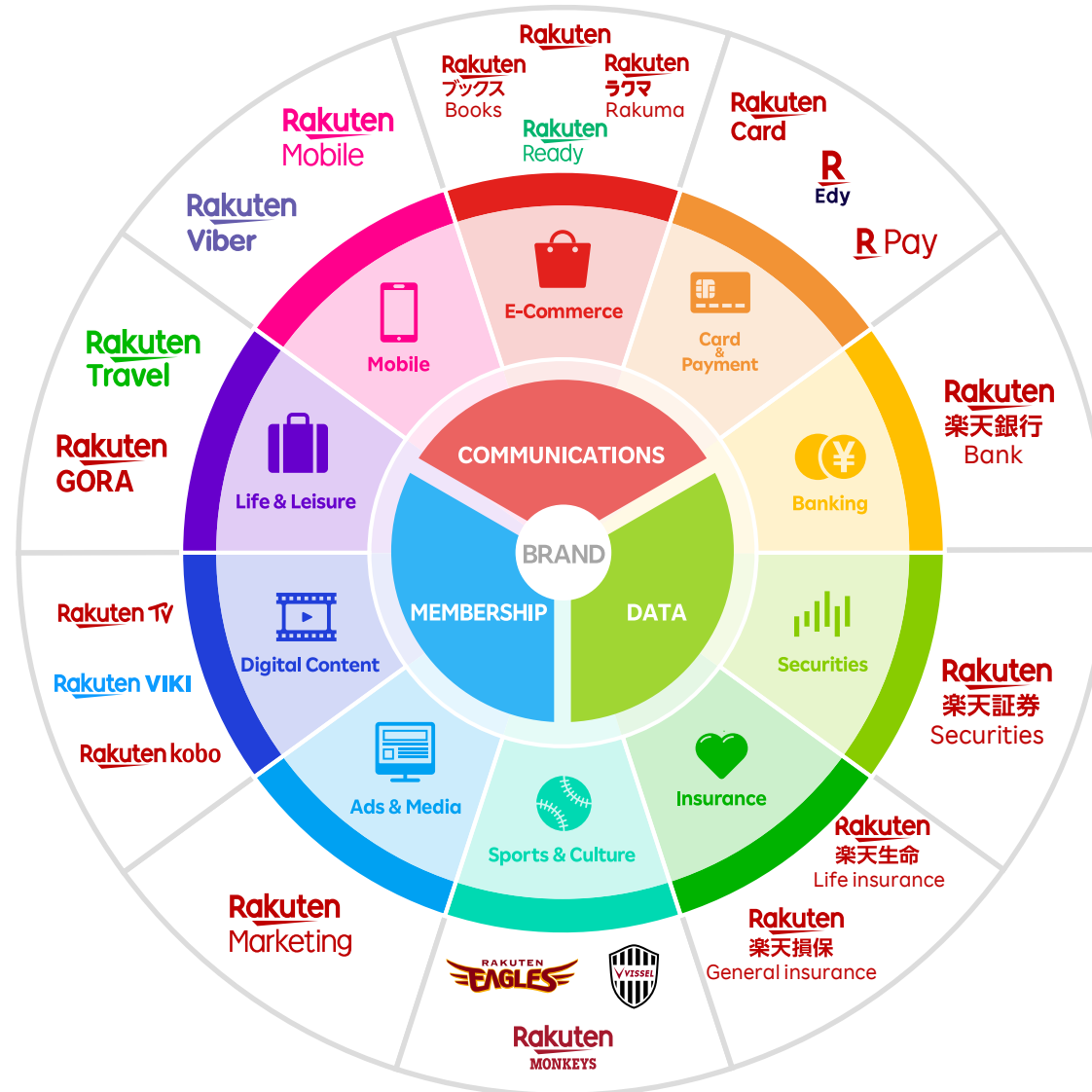


**Global
IDs
1.4bn**



**Annual Points
Issued
320bn Points**

* FY2019 results



Taiwan

82.7%



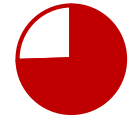
U.S.

60.2%



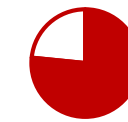
Spain

74.1%



France

79.7%



Canada

64.5%



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



Businesses

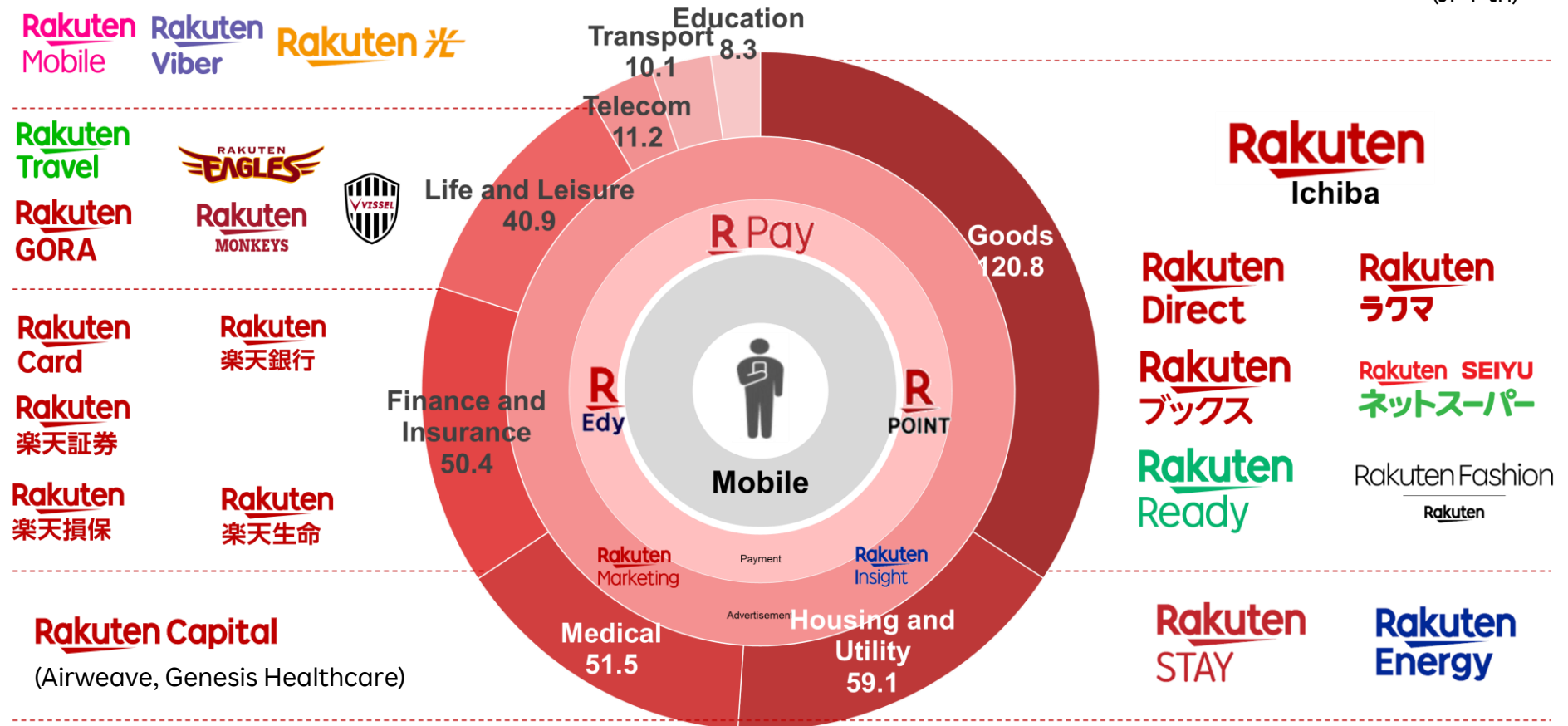
70+



Rakuten Everywhere

Capturing the Consumer's JPY 352 Trillion* Wallet Share

(JPY tn)



* Internal estimation based on public information

COVID-19 Initiatives: Supporting Stakeholders

Employees

- Continue to promote WFH* through the proactive use of IT : **videoconferencing, digital signatures.**
- WFH while **maintaining a high level of security**
- Newly formulated **Return to office guidelines.**



Customers

- Rakuten Express / Seiyu Net Super: Available for **non-face-to-face receipt.**
- Vacation STAY: **Telework support campaign.**



Rakuten

Partners

- Rakuten Travel **“Secure Travel”** **Rakuten Travel**
Rakuten GORA **“Play Safe”** **Rakuten GORA PLAY SAFE**
Rakuten Beauty
Added COVID-19 countermeasure.
- Rakuten Realtime Takeout **Free of charge until end of Oct.** **Rakuten リアルタイムテイクアウト**

安心な旅を
楽しもう



安全・安心にゴルフを楽しみましょう！

PLAY SAFE

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Society

- Charity fund : Donation to support medical institutions etc.
- Furusato-Nozei* : **Donation exceeds JPY 1 billion** in support projects for businesses affected by COVID-19.



新型コロナウイルス
感染症対策支援募金
COVID-19 crisis response fund



*WFH represents Work from home, Furusato-Nozei is Hometown Tax Donation Program

Commitment to Sustainability

Selected for all major Japan ESG indices

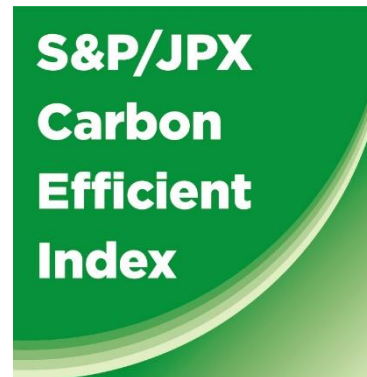


FTSE4Good

Global ESG indices adopted by GPIF for ESG investment

2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom
Japan

Rakuten

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

Consolidated Results

Q2/20 Consolidated Results Summary

(JPY bn)

	Q2/19	Q2/20	YoY
Revenue	306.3	347.3	+13.4%
Non-GAAP Operating Income	3.2	-32.6	-35.7
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	24.7	31.3	+26.8%
IFRS Operating Income	-1.8	3.3	+5.1

Includes gain of **JPY 40.9 billion** from the sale of OverDrive Holdings, Inc.

Q2/20 Revenue and Operating Income

(JPY bn)

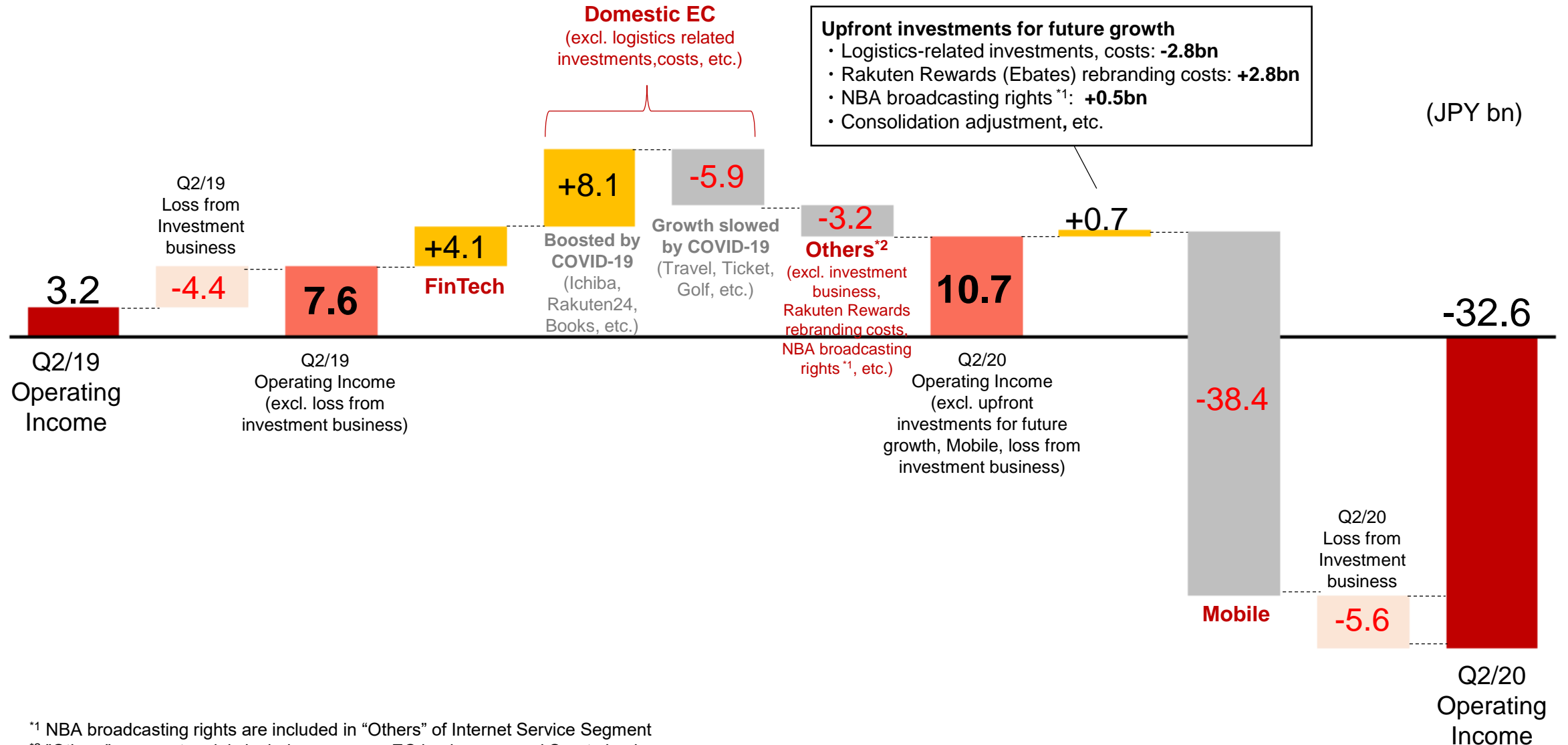
	Q2/19	Q2/20	YoY
Core Business ^{*1}			
Revenue	244.6	267.5	+9.4%
Operating Income	34.0	34.4	+1.2%
Non-recurring / Investments ^{*2}			
Revenue	29.7	33.2	+11.6%
Operating Income	-1.9	-1.5	+0.3
Future Growth Investments ^{*3}			
Revenue	61.5	86.9	+41.3%
Operating Income	-29.1	-66.7	-37.6
Adjustments			
Revenue	-29.4	-40.2	-10.8
Operating Income	0.1	1.3	+1093.7%
Consolidated			
Revenue	306.3	347.3	+13.4%
Non-GAAP Operating Income	3.2	-32.6	-35.7
IFRS Operating Income	-1.8	3.3	+5.1

*1 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*2 Includes Securities, General Insurance and Investment Business

*3 Includes Logistics-related investments, Mobile, Payment, NBA broadcasting rights, Rakuten Rewards (Ebates) rebranding costs, etc

Q2/20 Non-GAAP Operating Income Breakdown



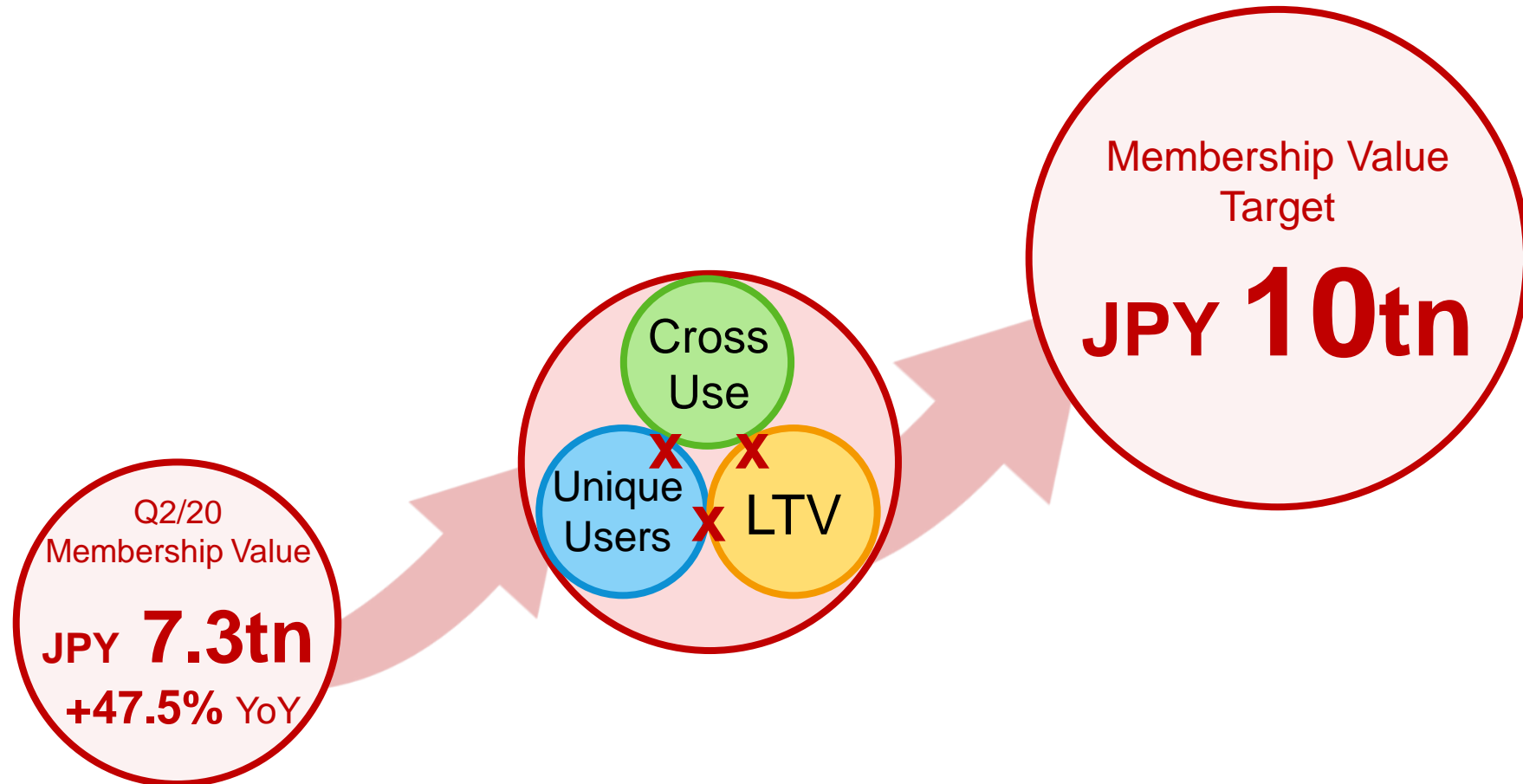
Upfront investments for future growth

- Logistics-related investments, costs: **-2.8bn**
- Rakuten Rewards (Ebates) rebranding costs: **+2.8bn**
- NBA broadcasting rights *1: **+0.5bn**
- Consolidation adjustment, etc.

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

Massive Expansion of the Rakuten Ecosystem

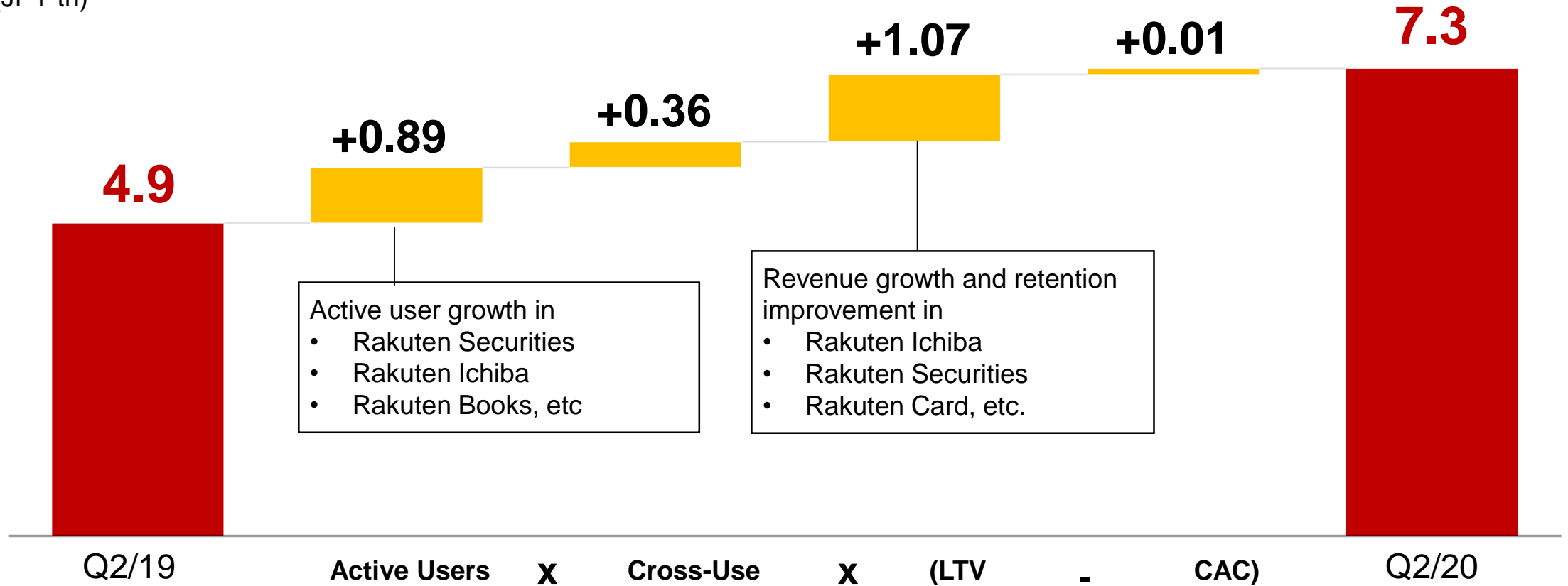
- Consistent growth towards target Membership Value of JPY 10tn



Rakuten Ecosystem Membership Value

- Membership Value climbed +47.5% YoY from increased Ichiba, Securities, and Rakuten Card users and improved gross profit

(JPY tn)



*MVNO membership value is excluded both from Q2/19 and Q2/20

Rakuten

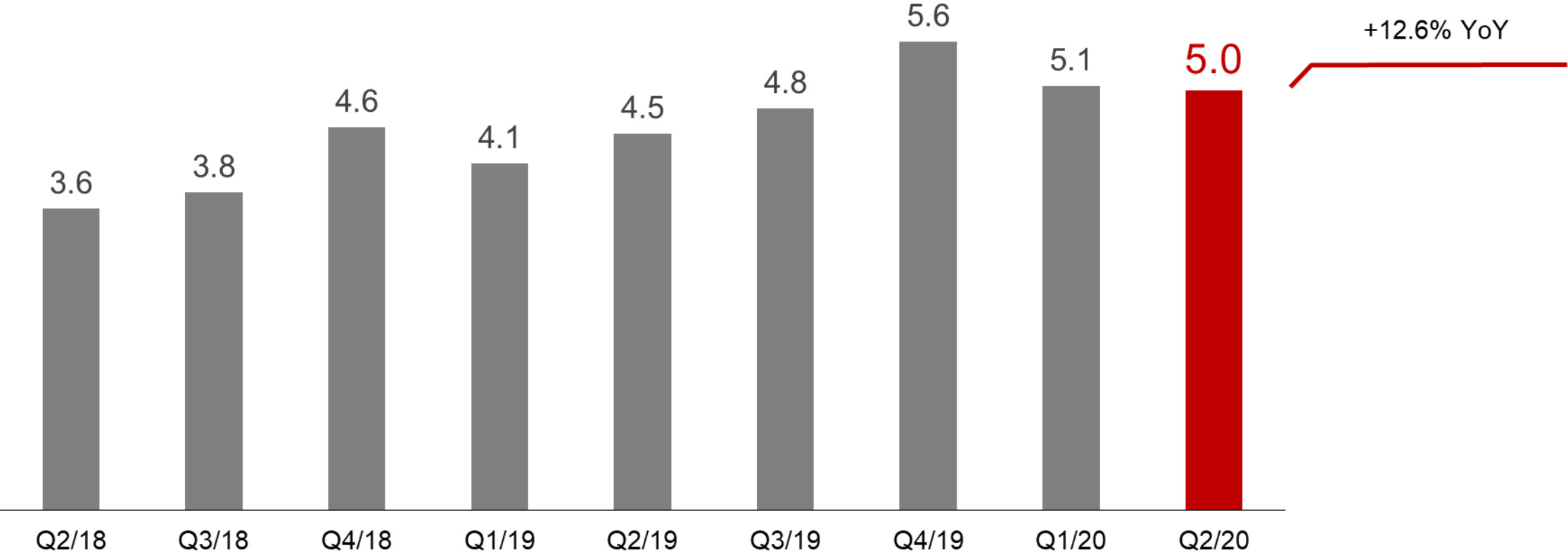
The Rakuten logo consists of the word "Rakuten" in a bold, red, sans-serif font. A red horizontal line is positioned below the letters "a", "k", and "u", starting from the left edge of the "a" and extending to the right edge of the "u".

Appendix

Consolidated Results

Total Global GTV*1*2

(JPY tn)



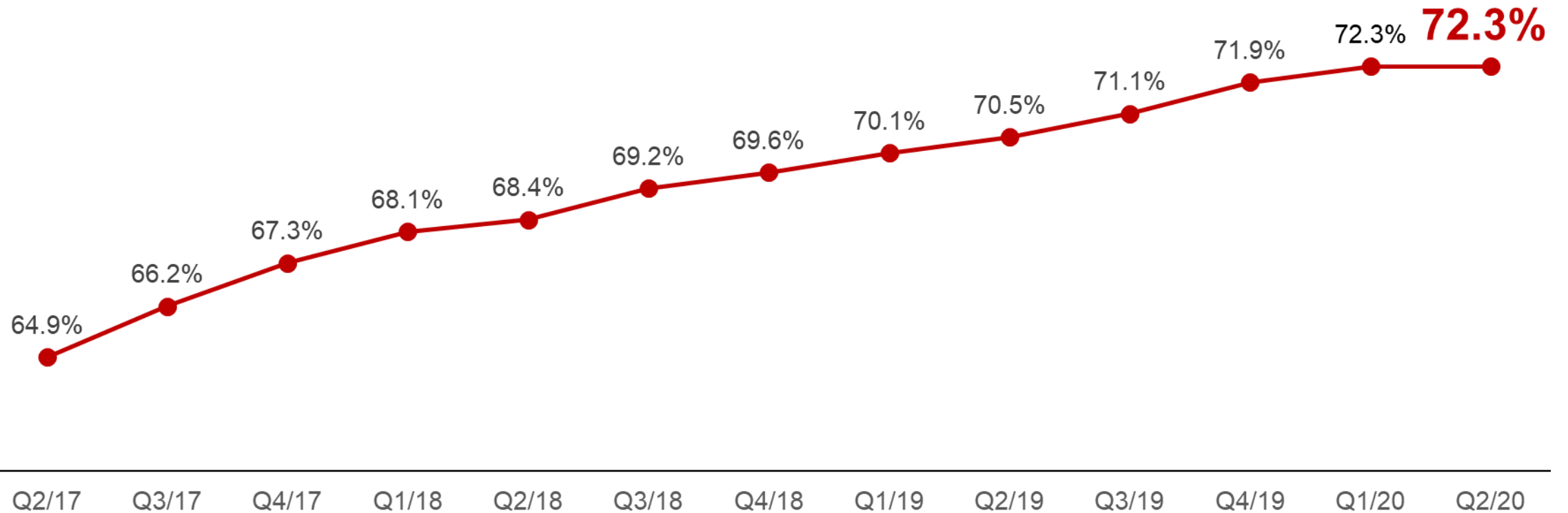
*1 Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV+ Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Advertising GTV

*2 Includes intercompany transactions for settlement and affiliate services



Expansion of Cross-Use Ratio*

- Successful SPU program enhancing cross-use, resulting in an increased number of active users, contributing to growth in membership value



*Number of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month (As of June 30, 2020)
(Applicable services limited to those which can earn Rakuten Super Points.)

Q2/20 Revenue and Operating Income

(JPY bn)

		Q2/19	Q2/20	YoY
Domestic E-Commerce				
	Revenue	116.8	133.2	+14.0%
	Operating Income	12.1	11.0	-9.1%
Others				
	Revenue	73.3	69.0	-5.9%
	Operating Income	-13.9	-15.5	-1.6
Internet Services Segment				
	Revenue	190.1	202.1	+6.4%
	Operating Income	-1.8	-4.5	-2.7
FinTech Segment				
	Revenue	118.6	141.7	+19.5%
	Operating Income	17.1	21.3	+24.2%
Mobile Segment				
	Revenue	27.1	43.6	+61.0%
	Operating Income	-12.2	-50.6	-38.4
Adjustments				
	Revenue	-29.4	-40.2	-10.8
	Operating Income	0.1	1.3	+1093.7%
Consolidated				
	Revenue	306.3	347.3	+13.4%
	Non-GAAP Operating Income	3.2	-32.6	-35.7
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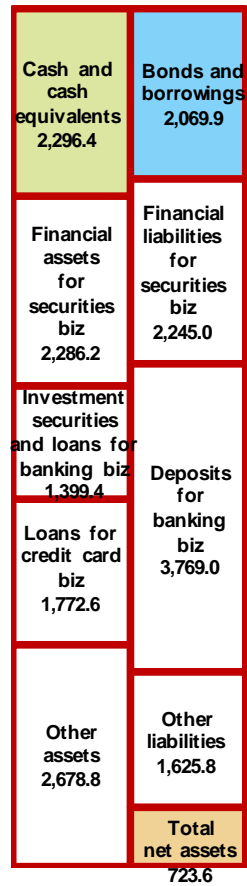
Q2/20 Operating Income Reconciliation

(JPY bn)

	Q2/19	Q2/20	YoY
Non-GAAP Operating Income	3.2	-32.6	-35.7
Amortization of Intangible Assets (PPA)	-2.3	-2.7	-0.4
Stock Based Compensation	-2.6	-2.3	+0.3
One-off items	0.0	40.9	+40.9
IFRS Operating Income	-1.8	3.3	+5.1

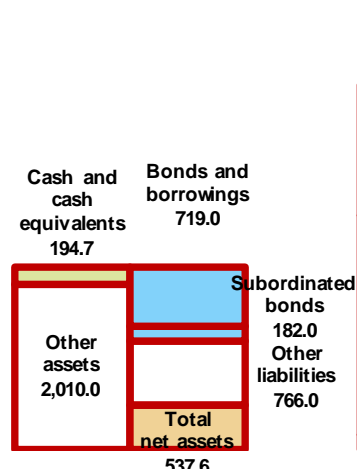
Rakuten Group: Balance Sheets As of Jun 30, 2020 (Subsidiaries include internal transactions)

(JPY bn)



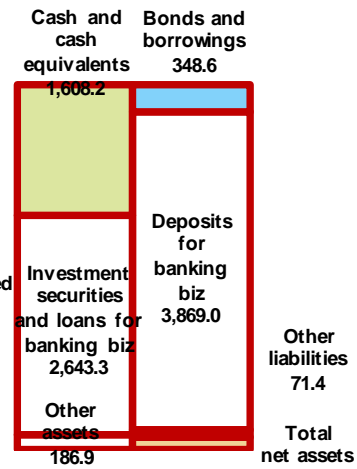
Total Assets 10,433.3

Rakuten Group
(Consolidated)



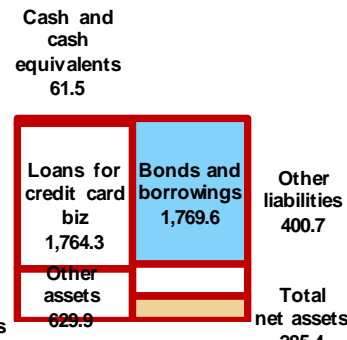
Total Assets 2,204.7

Rakuten, Inc.



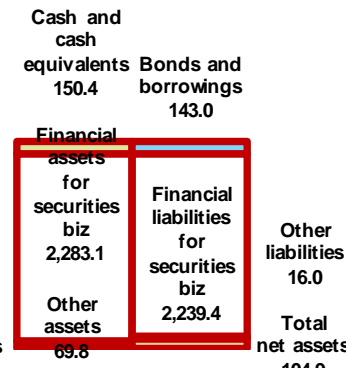
Total Assets 4,438.4

Rakuten Bank, Ltd.



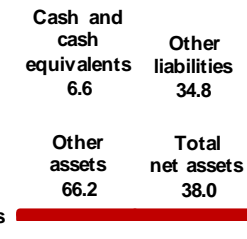
Total Assets 2,455.7

Rakuten Card Co., Ltd.



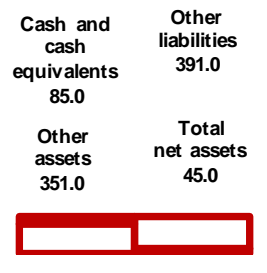
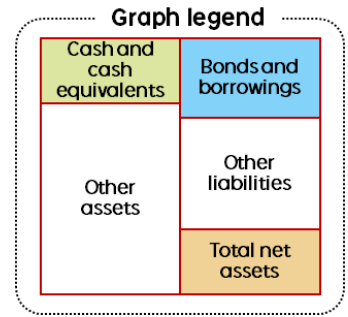
Total Assets 2,503.3

Rakuten Securities, Inc.



Total Assets 72.8

Rakuten Life Insurance Co., Ltd.



Total Assets 436.0

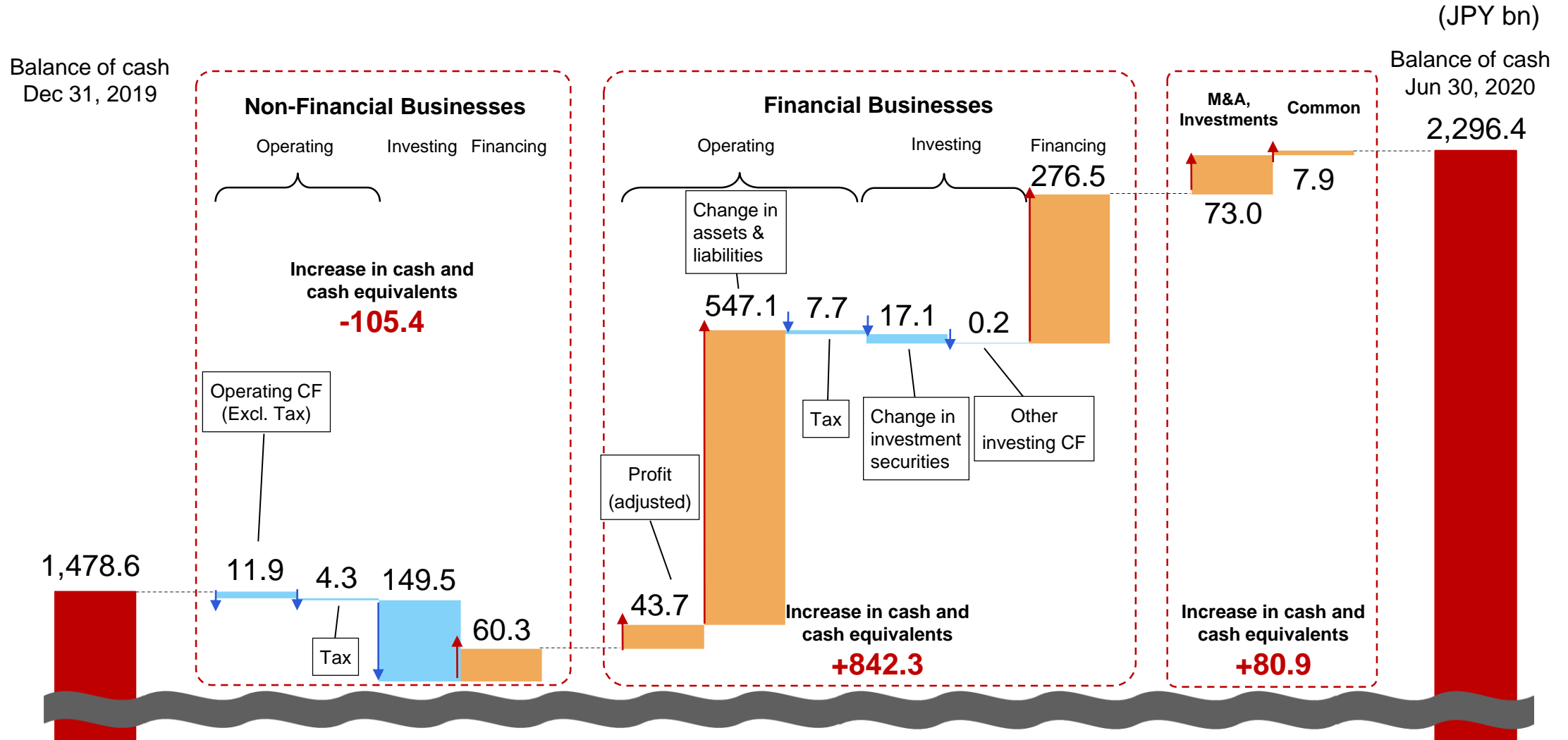
Rakuten General Insurance Co., Ltd.

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

*2 Bonds and borrowings = Corporate bonds + CP + Borrowings

*3 Subsidiaries include internal transactions

Cash Flow Breakdown: Jan-Jun, 2020



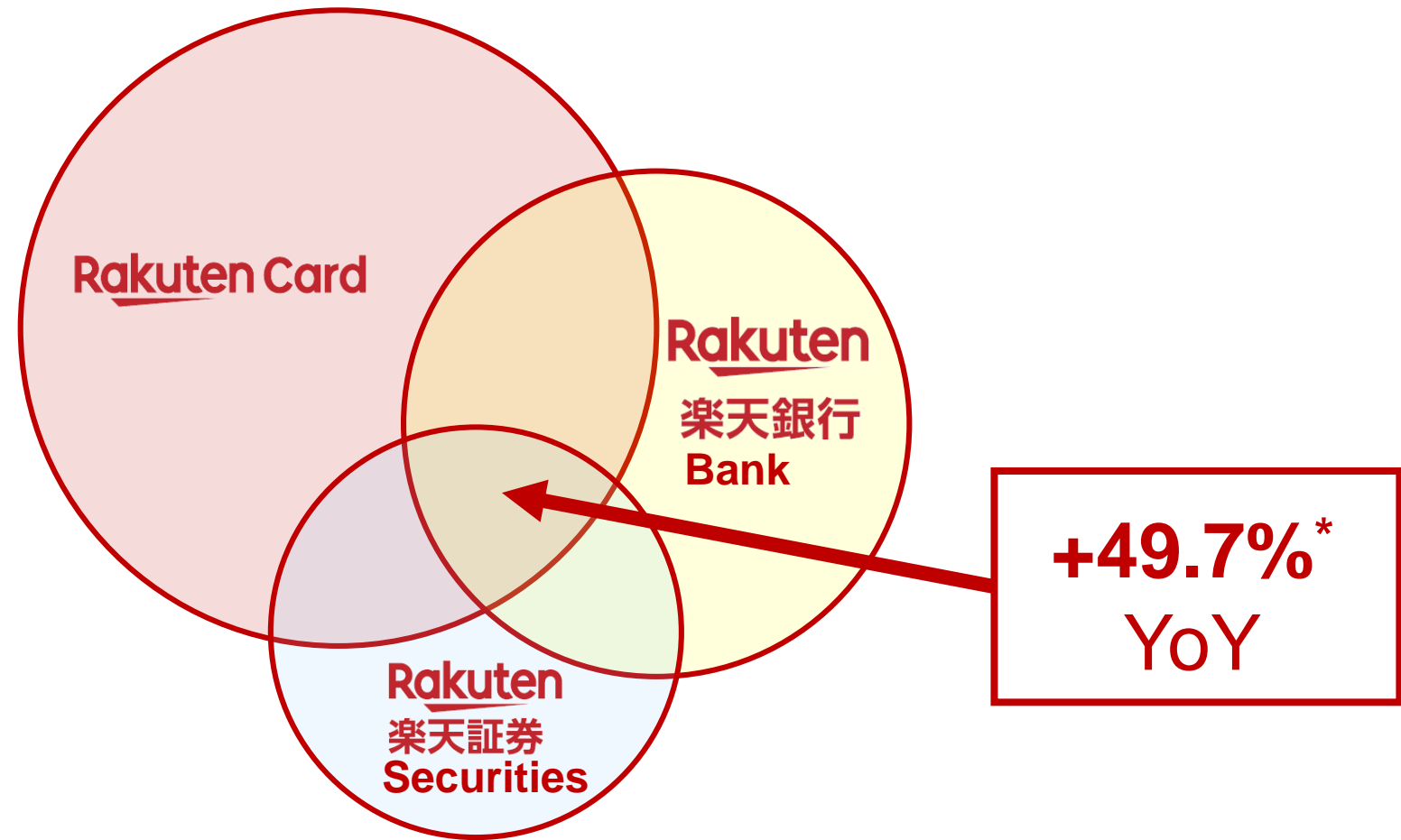
*“M&A and investments” includes “Increase and Decrease in restricted deposits”, “Purchase of investment securities” “Acquisition of investments in associates and joint ventures” and “Proceeds from sales and redemption of investment securities” of Non-Financial activities in addition to “Acquisition of subsidiaries”

FinTech Segment

Cross-Use Example of FinTech Businesses

- Cross-use among FinTech services is rapidly expanding

(Number of Unique Users)



* As of June 2020

Q2/20 FinTech Results Summary

(JPY bn)

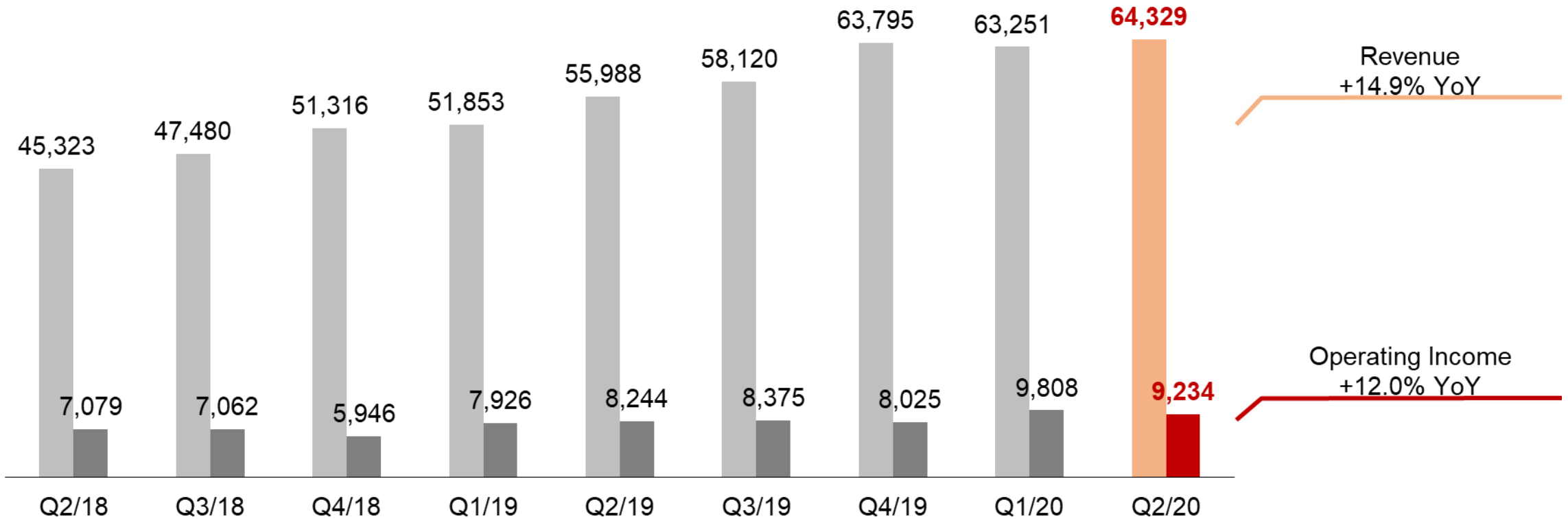
	Revenue	YoY	Operating Income	YoY
Card	64.3	+14.9%	9.2	+12.0%
Bank	23.6	+7.0%	7.4	+6.4%
Insurance	28.1	+9.1%	1.9	+87.7%
Payment	7.0	+6.2%	-0.6	+0.71
Others	1.4	+ 6.56	-0.2	-0.27
FinTech Total excl. Securities	124.5	+18.2%	17.6	+18.5%
Securities	17.3	+29.3%	3.7	+62.1%
FinTech Total	141.7	+19.5%	21.3	+24.2%

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

Rakuten Card Results

- Revenue +14.9% YoY and Operating Income +12.0% YoY from growth in shopping transactions and revolving balances

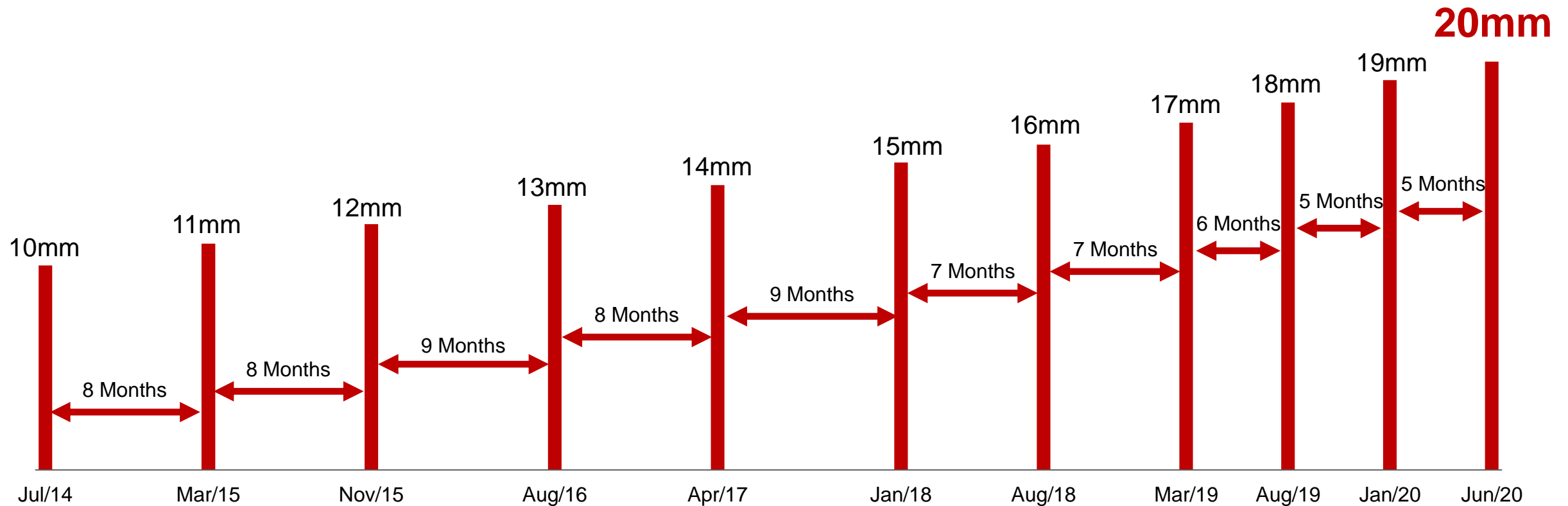
(JPY mm)



Rakuten Card Number of Cardholders surpassed 20mm

- Number of cardholders surpassed 20mm in June 2020, and continues to grow rapidly

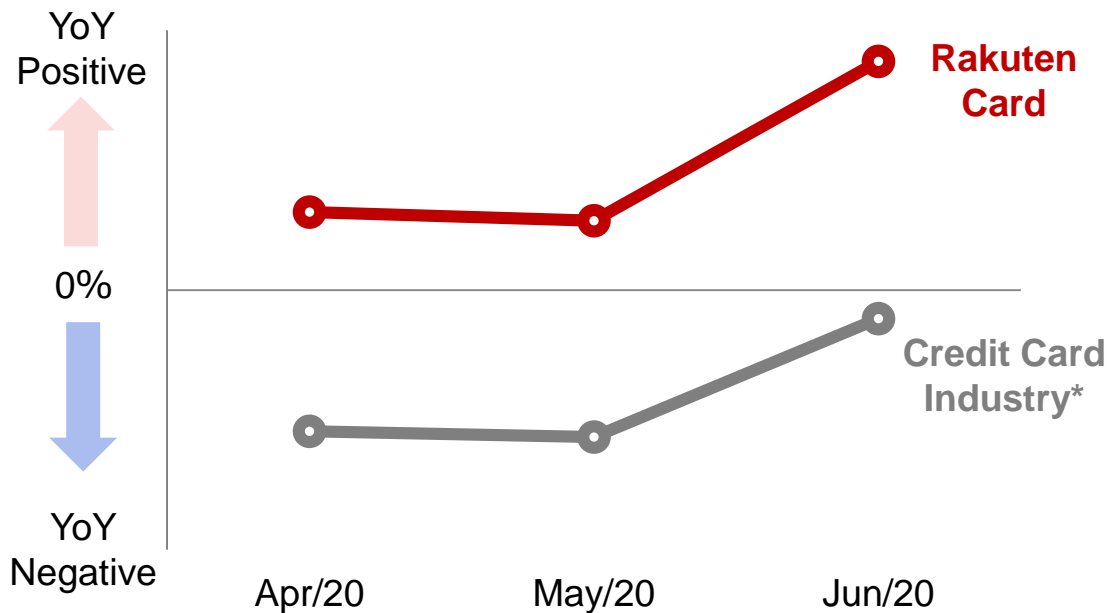
(Card holders)



Rakuten Card As a Primary Credit Card

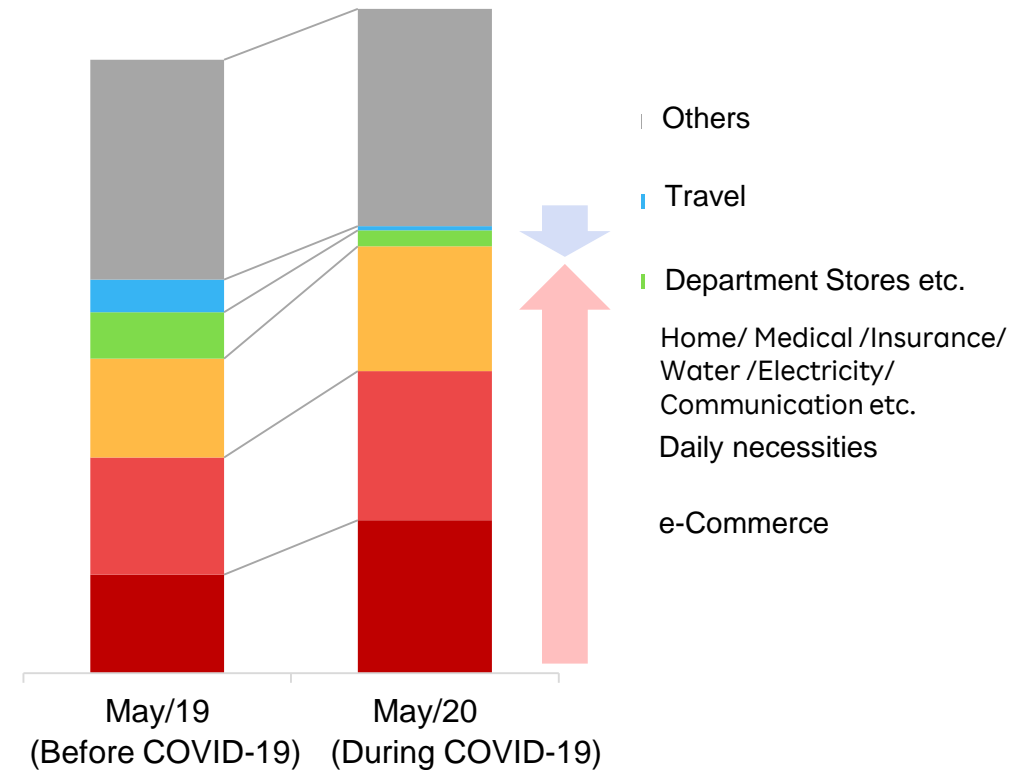
- Rakuten Card kept positive growth amidst COVID-19 and recovered quickly in June
- Rakuten Card is also being used as a primary card for daily necessity and utility charges etc.

Shopping GMS Growth Outperform the Market (YoY)



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

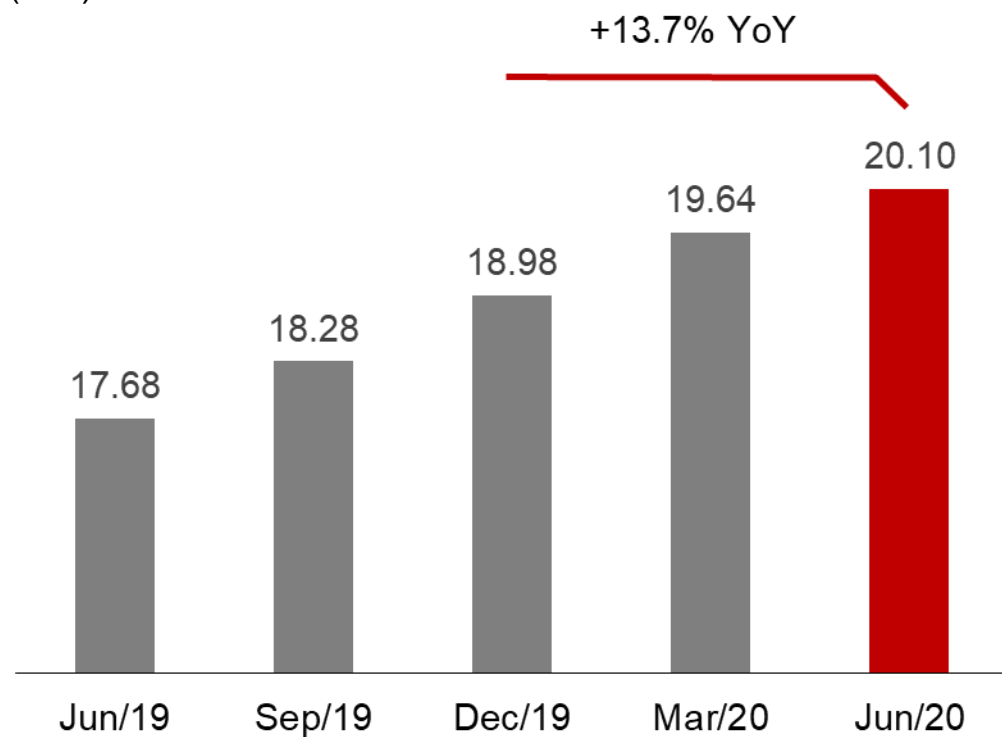
Rakuten Card Shopping GMS Category Breakdown



Rakuten Card KPIs*(1)

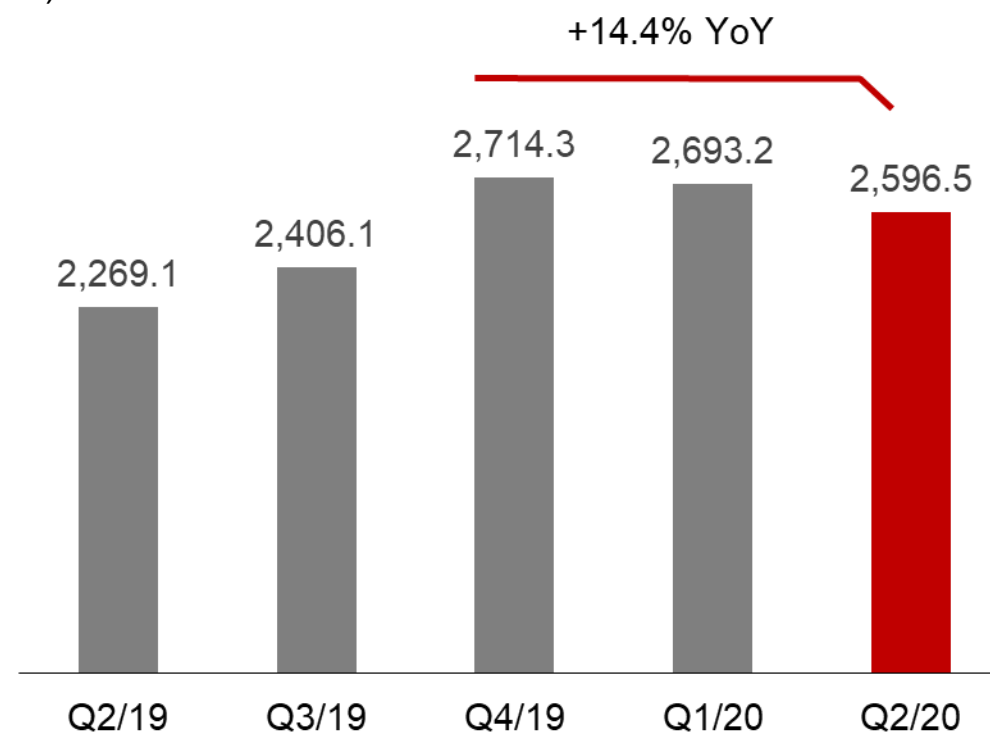
Number of Cardholders

(mm)



Card Shopping Transaction Value

(JPY bn)

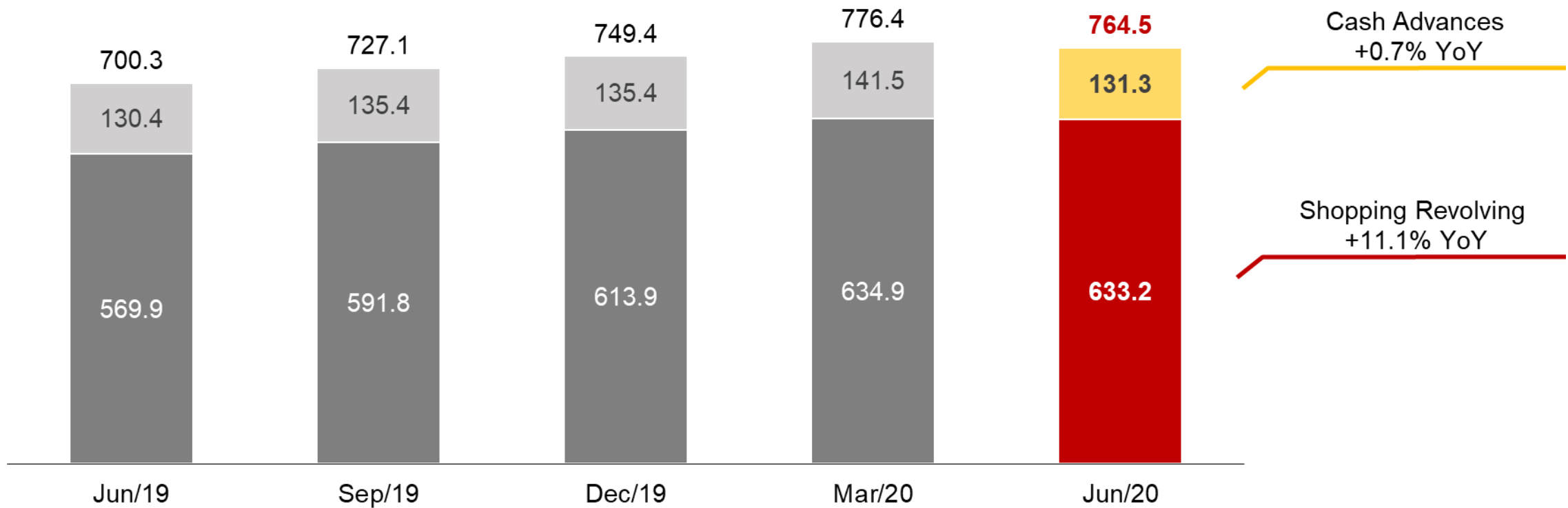


* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix

Rakuten Card KPIs*(2)

(JPY bn)

Shopping Revolving and Cash Advance Balances



* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix. Revolving balance is calculated on a principal basis

Rakuten Card Allowance for Doubtful Accounts

(JPY mm)

	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	YoY
Expenses related to doubtful accounts	9,855	10,326	11,528	9,842	11,809	+19.8%
Ratio of expenses related to doubtful accounts ^{*1}	2.05%	2.05%	2.13%	1.77%	2.15%	—

	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	YoY
Rakuten Card	1,565,721	1,683,025	1,874,061	1,802,438	1,831,263	+17.0%
Stage 1 (Normal)	1,492,322	1,605,403	1,794,230	1,717,959	1,741,588	+16.7%
Stage 2 (1-2 months delinquent)	10,276	11,207	11,408	13,451	11,745	+14.3%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	63,123	66,415	68,423	71,027	77,930	+23.5%
Rakuten Bank Super Loans	389,062	388,316	384,469	385,680	371,907	-4.4%
Stage 1 (Normal/Credit guarantees ^{*2})	349,841	348,932	345,922	347,551	333,715	-4.6%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	197	212	127	135	83	-57.7%
Stage 3 (Foreclosed credit guarantees)	39,024	39,172	38,420	37,994	38,109	-2.3%
Others	1,232	1,144	1,065	1,010	963	-21.9%
Total balance of loan receivables	1,956,015	2,072,485	2,259,594	2,189,128	2,204,133	+12.7%
Allowance for doubtful accounts^{*3}	91,180	93,504	94,265	95,109	99,504	+9.1%
Write-off for bad debt^{*4}	8,966	8,002	10,766	8,999	7,416	-17.3%

*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

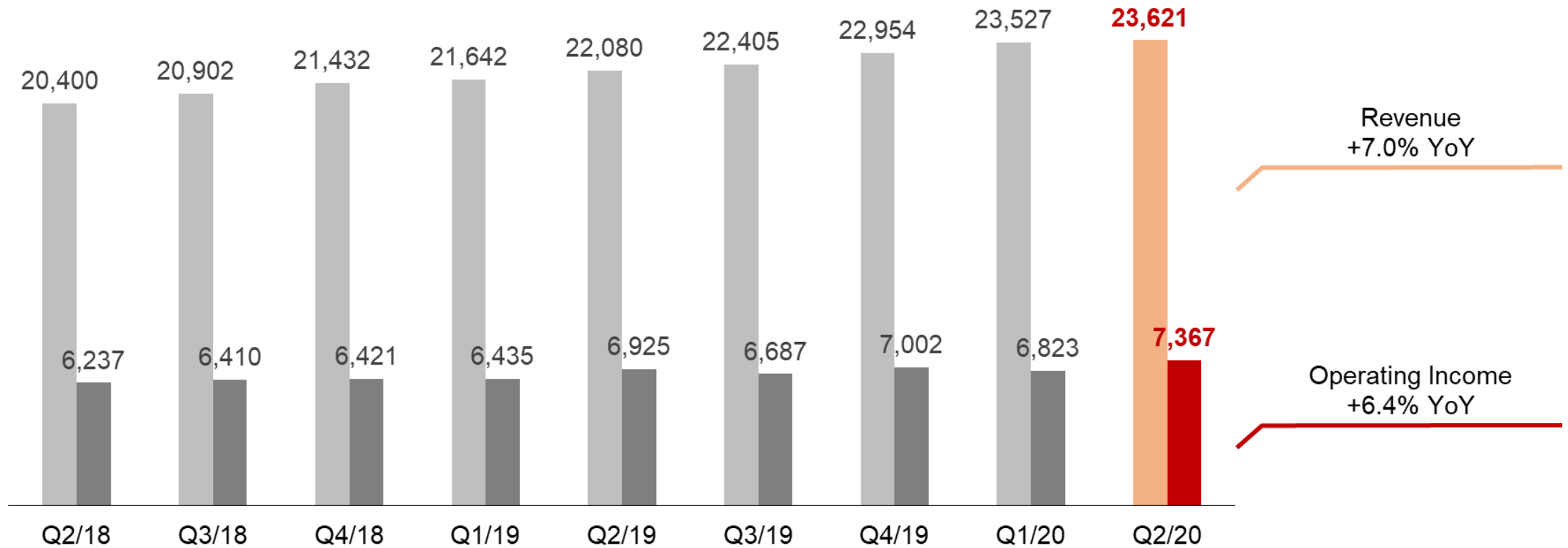
*3 Including allowance for credit guarantees

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

Rakuten Bank Results

- Revenue +7.0% YoY on increase in loan receivables and service transactions

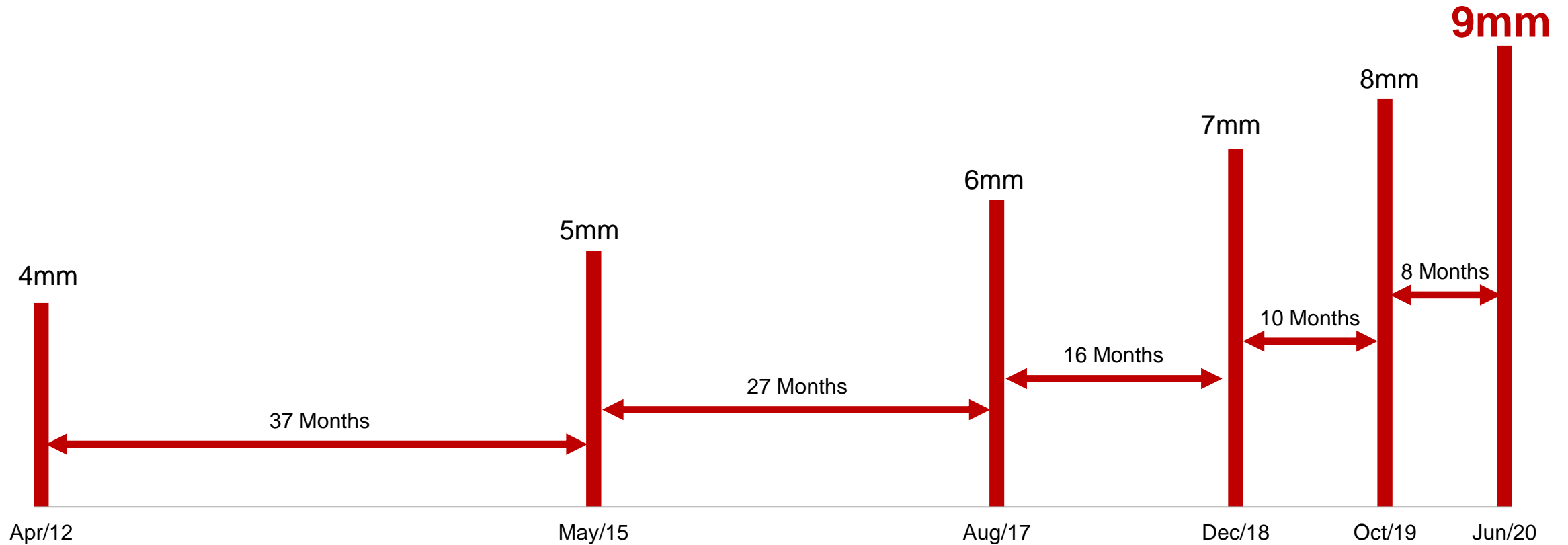
(JPY mm)



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

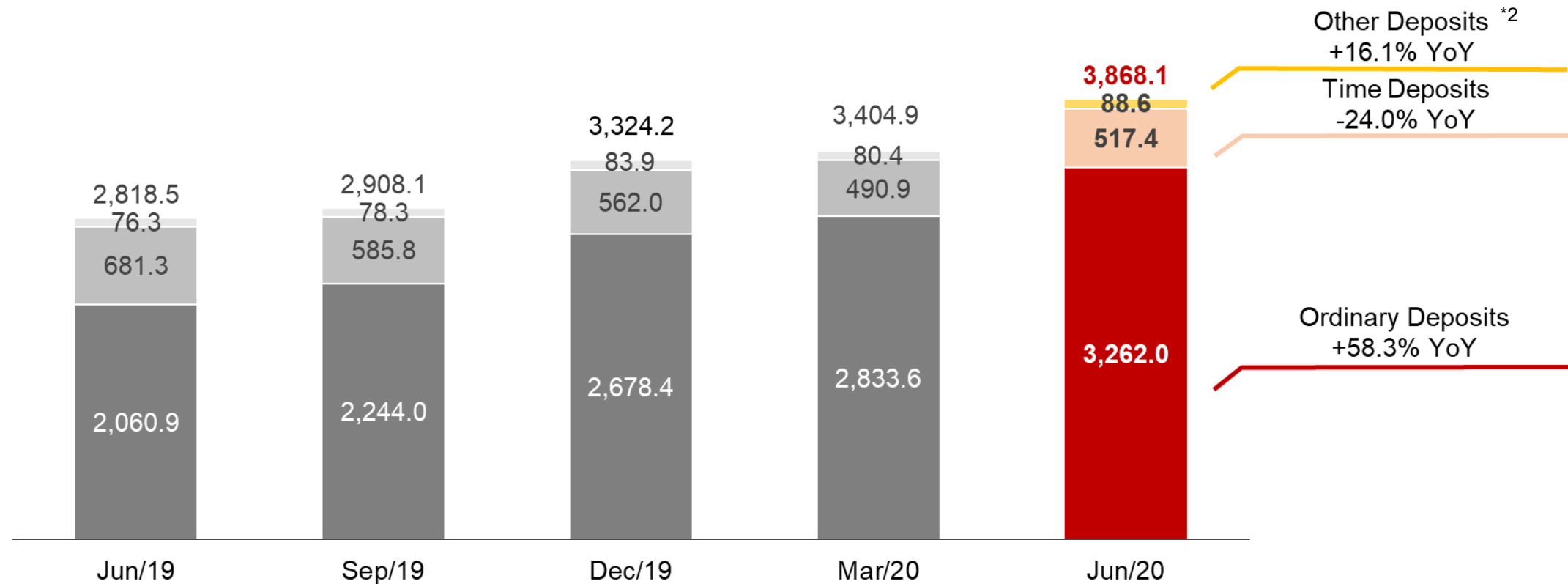
Rakuten Bank Number of Accounts surpassed 9mm

- Number of bank accounts surpassed 9mm in June 2020, and continues to grow rapidly



Rakuten Bank Deposits*1

(JPY bn)

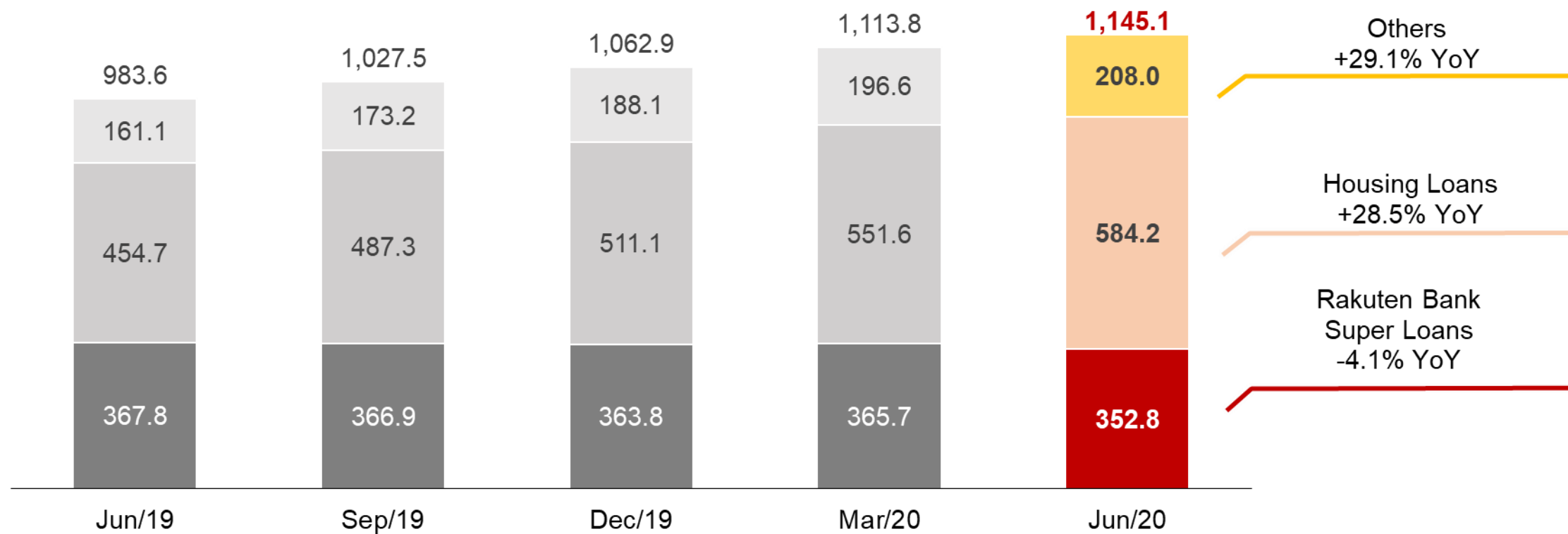


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

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

Rakuten Bank Loan Receivables Balance

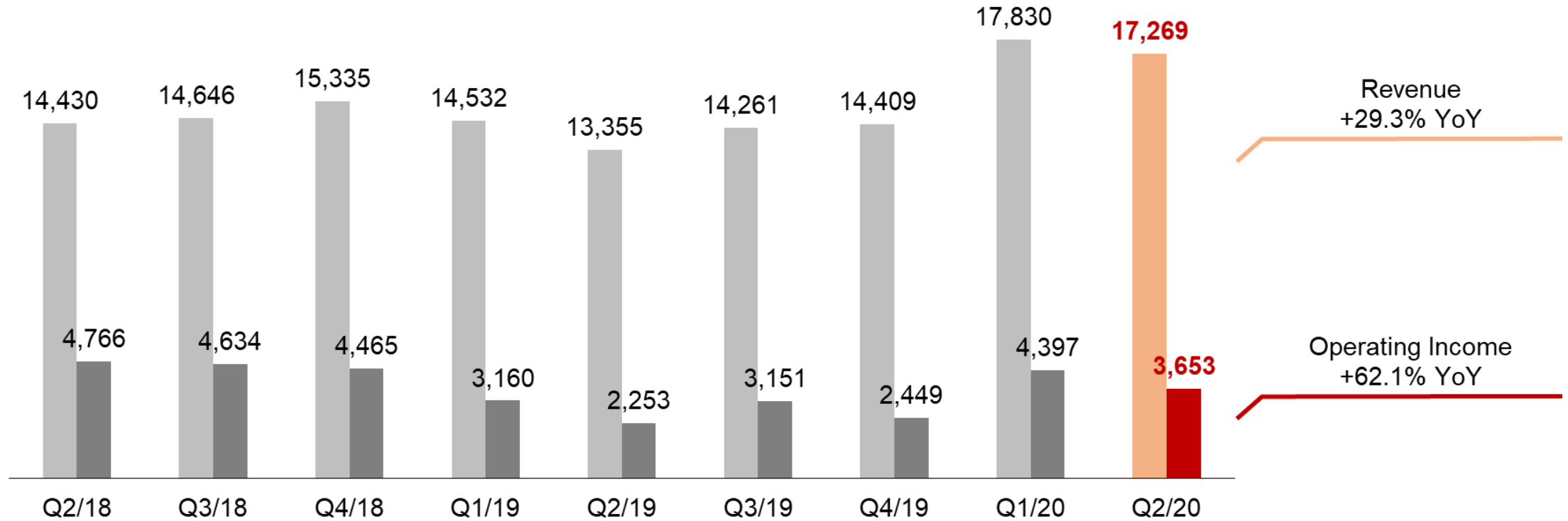
(JPY bn)



Rakuten Securities Results

- Revenue +29.3% YoY and Operating Income +62.1% YoY from growth in trading volumes of Stock and FX

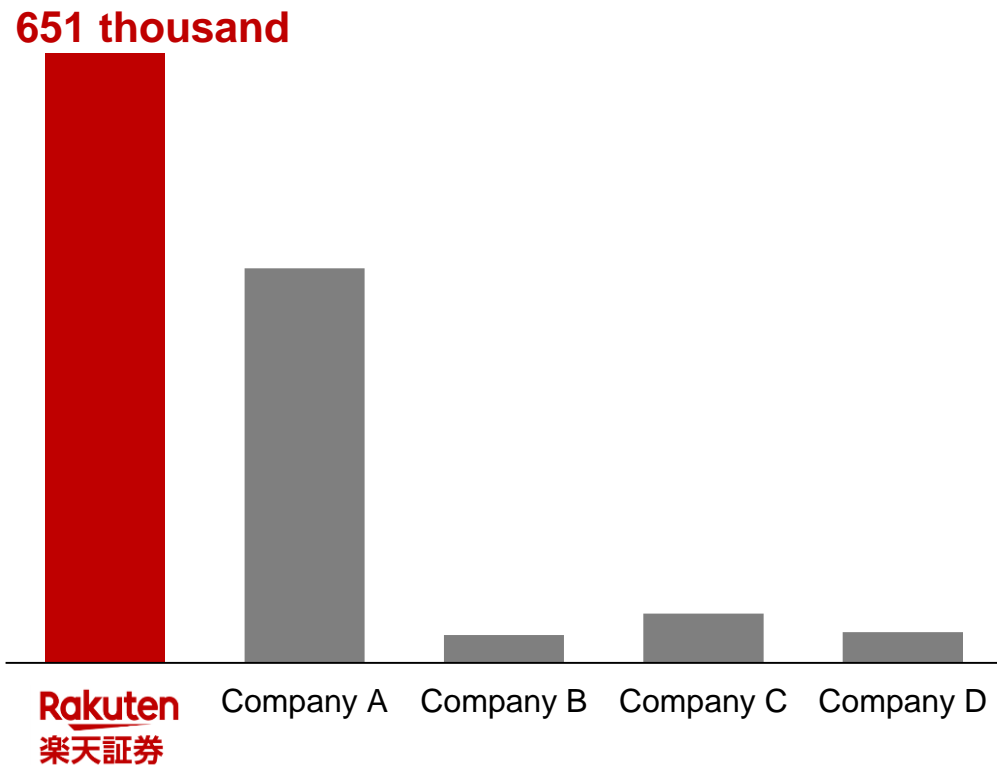
(JPY mm)



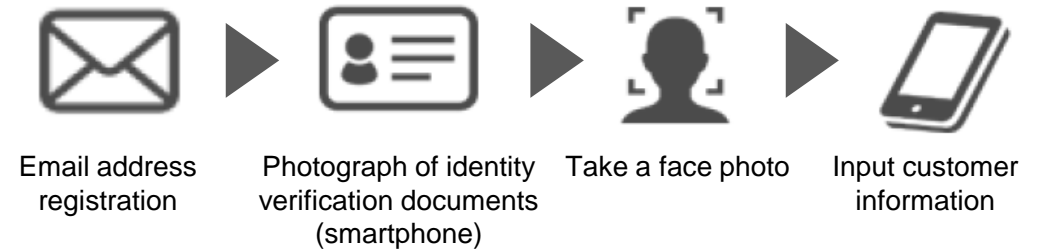
Rakuten Securities Number of New Accounts

- The number of new accounts opened this year (Jan/20-Jun/20) reached a record high
- Opening an account can be completed online with introduction of eKYC (5/10~)

of New Accounts (Jan/20-Jun/20)



Opening an account can be completed online with introduction of eKYC



Next business day or later

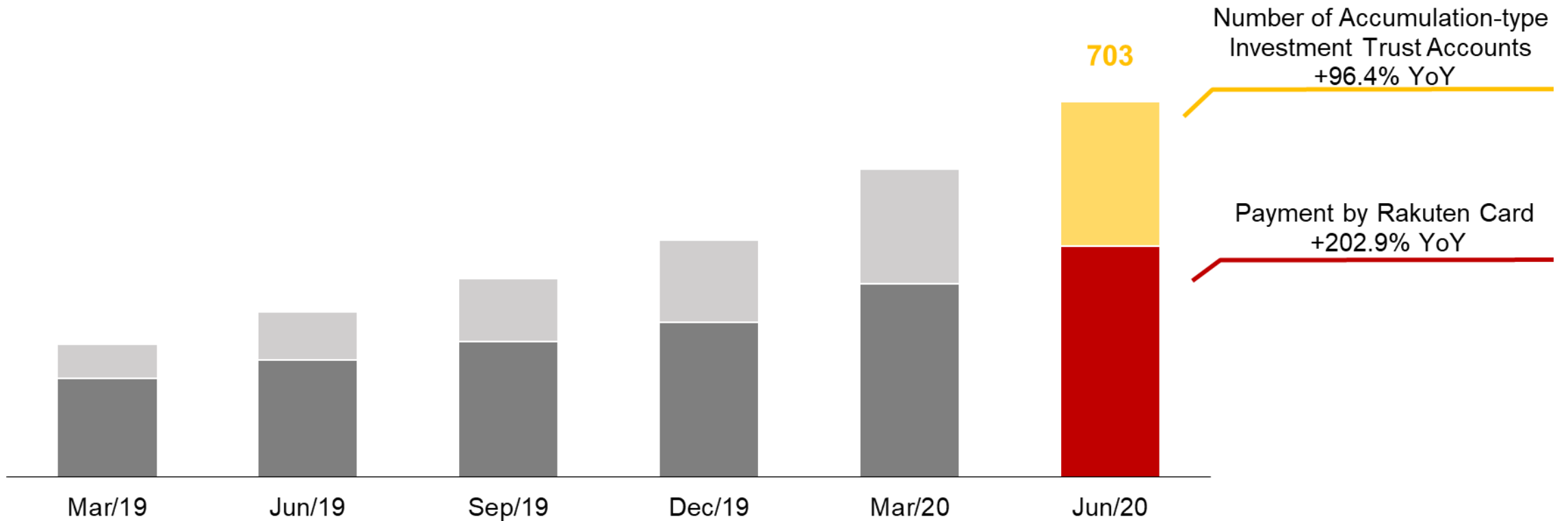


Send login ID

Rakuten Securities Accumulation-type Investment Trust Accounts

- Number of accumulation-type investment trust accounts increased due to the provision of points for accumulation-type investment trusts paid by Rakuten Card and point-investments

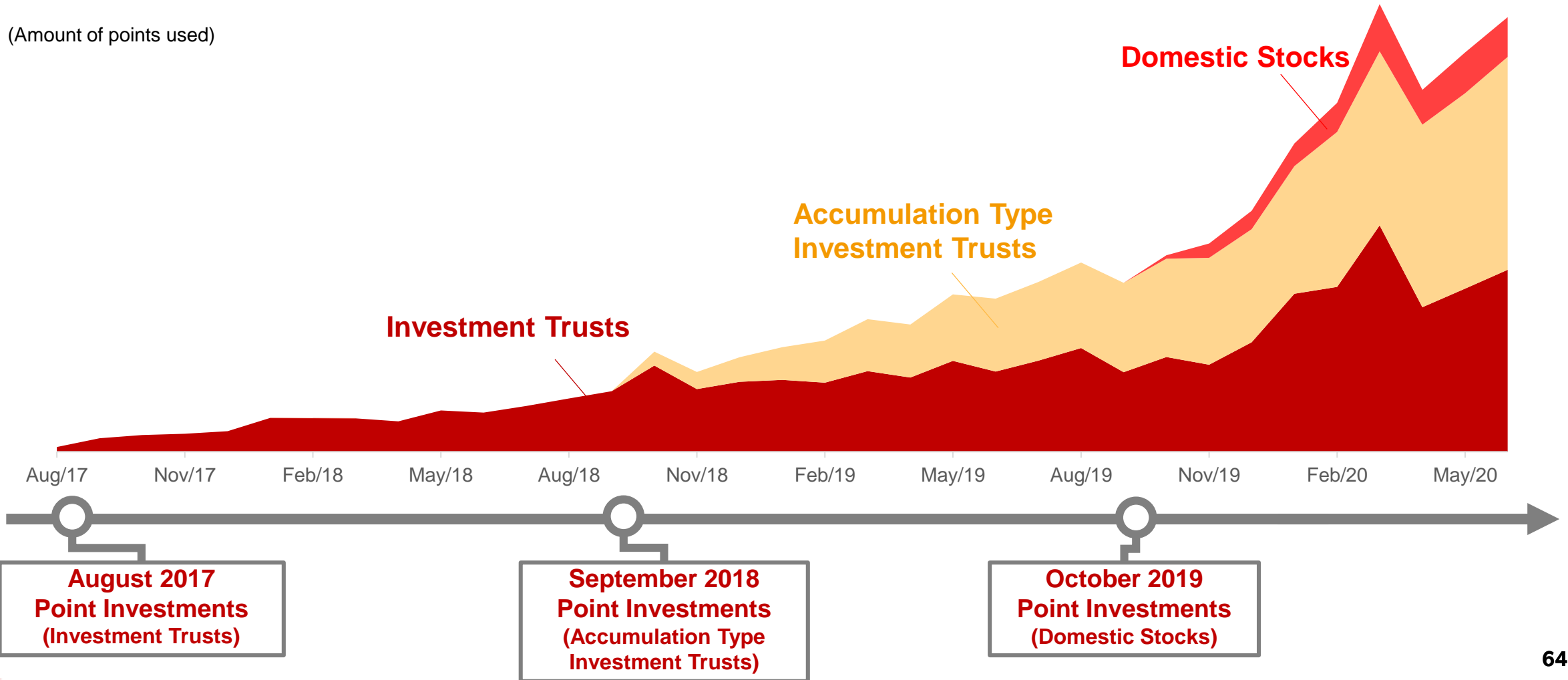
(thousands of accounts)



Rakuten Securities Point Investments

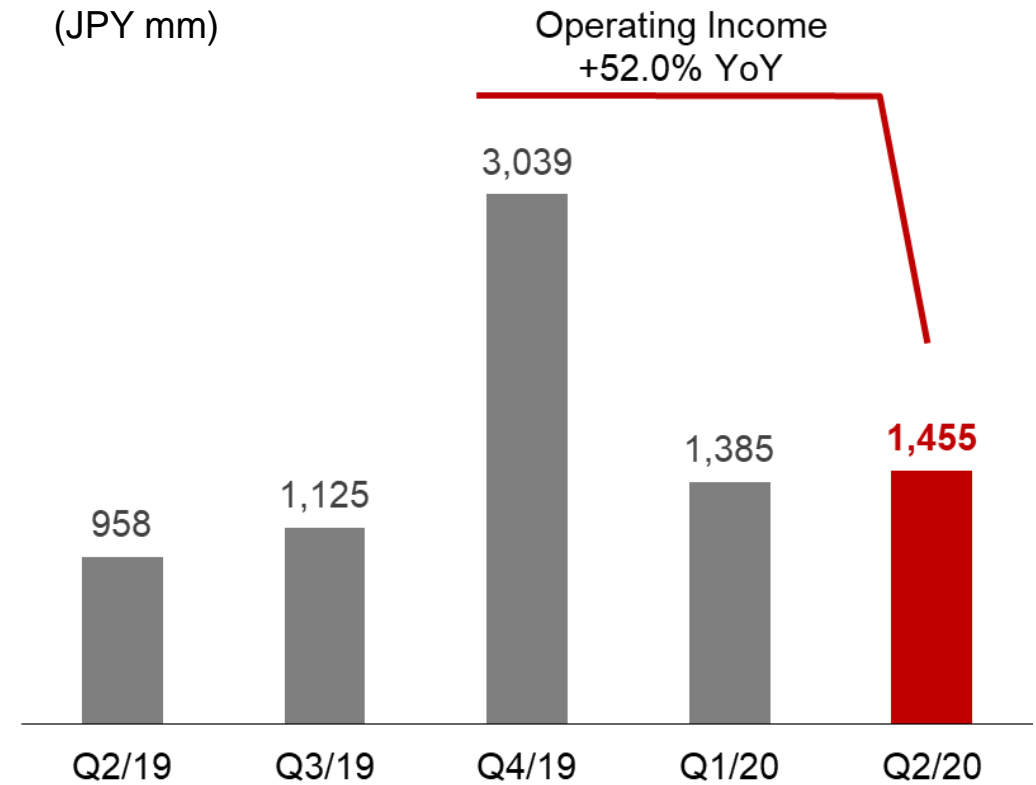
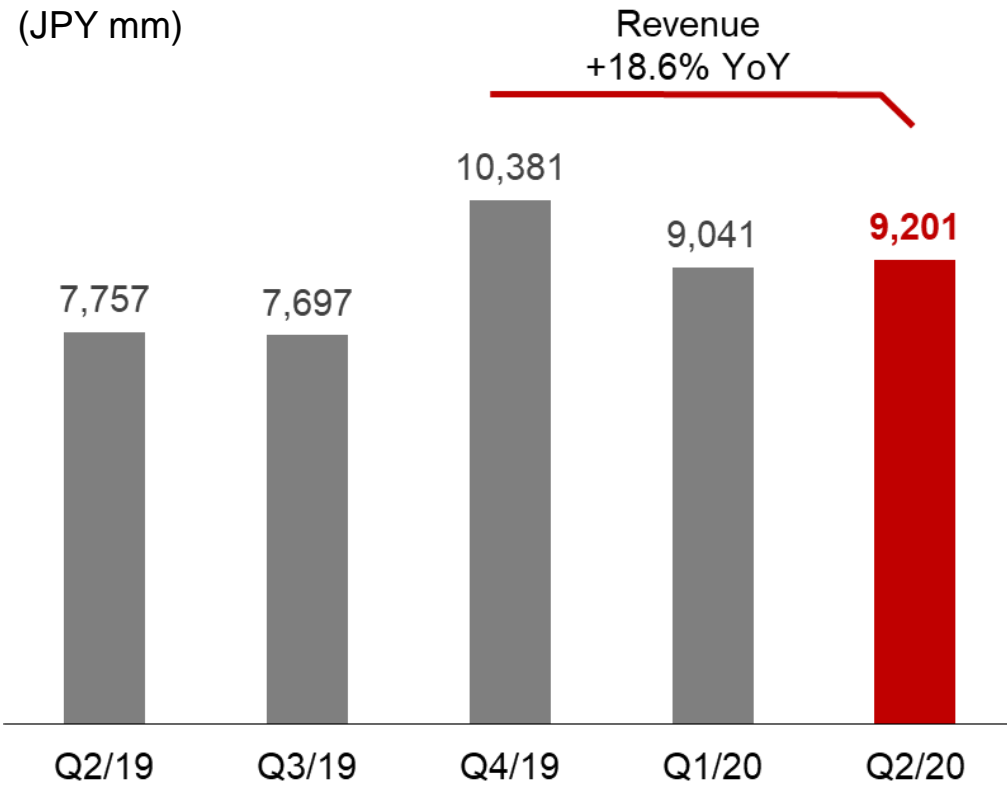
- Investments with Rakuten Points has been growing steadily

(Amount of points used)



Rakuten Life Insurance Results

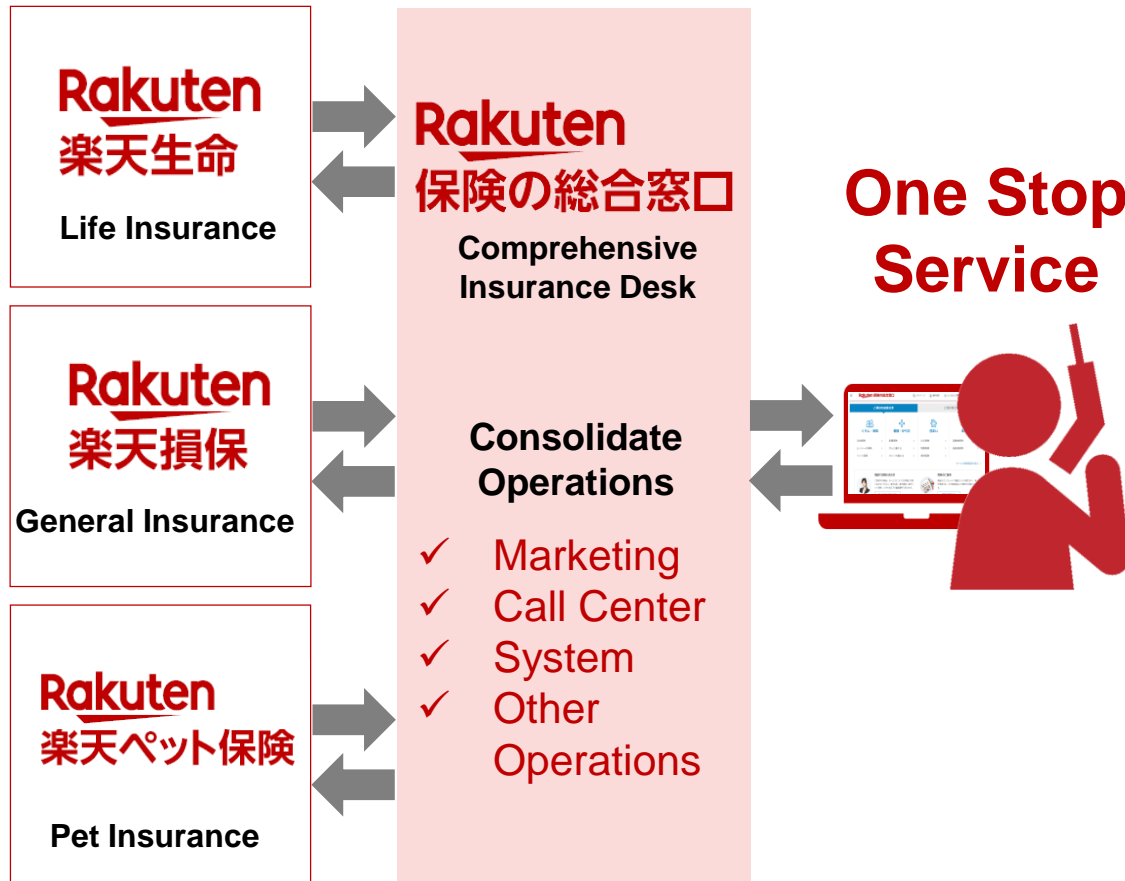
- Operating Income increased due to increase of new policies, cost reductions, and rebalancing of risk through reinsurance



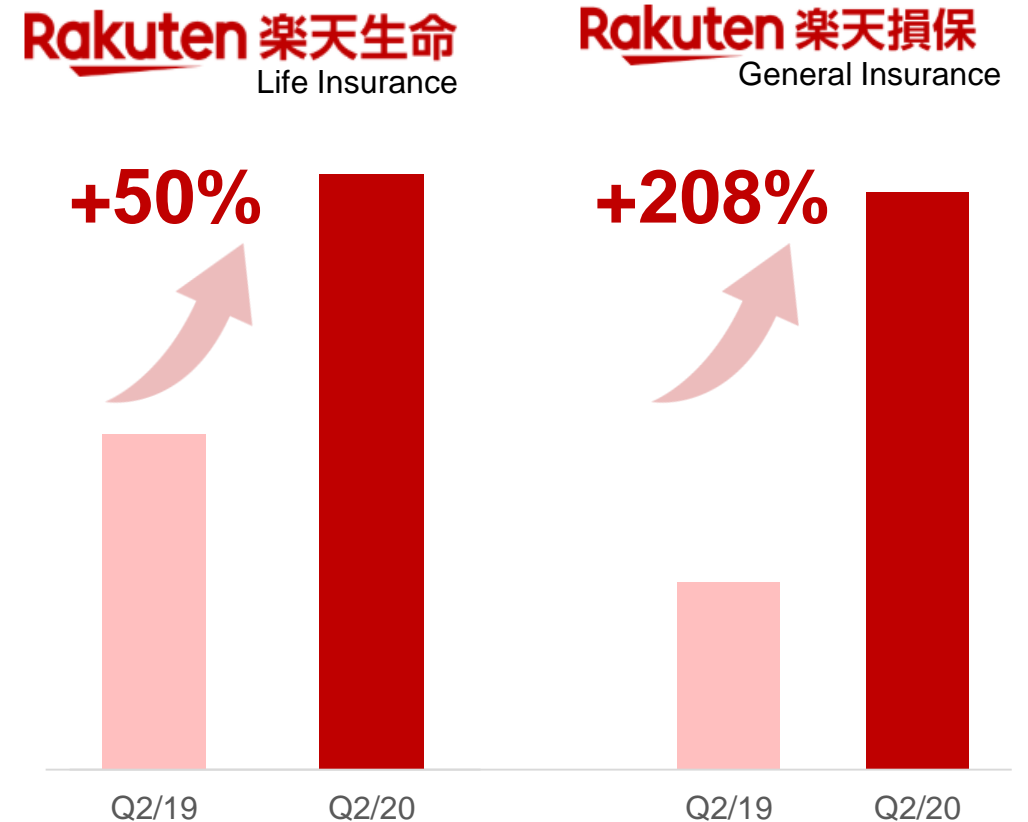
Rakuten Insurance Group : Accelerating Web New Sales

- Comprehensive Insurance Desk offers one-stop service of Life, General and Pet insurance
- General Insurance web sales increased steadily +208% YoY

Comprehensive Insurance Desk



Annualized Insurance Premiums of Web New Policies (YoY)



Strategy in the Accelerating Cashless Era

ID

One ID

Enabling multiple payment
Methods

- ✓ Credit Card
- ✓ Debit Card
- ✓ E-money
- ✓ QRcode/Barcode
- ✓ Point Card

Rakuten Points

No.1

in total satisfaction survey

- ✓ Point I want the most
- ✓ Point I have/use the most
- ✓ Point I can earn most easily



Merchants

Approx. **5mm**

Locations Online and Offline



1mm*

Transit e-money locations



*My voice com, Survey on points, July 2020

*As of end of June 2020

New initiative : Rakuten Pay - Suica Linkage

Suica is the biggest public transportation based e-money in Japan

Released on May 25, 2020

To be released...

- Issuance of Suica within Rakuten Pay App



Service start screen

- Earn Rakuten Point by Charging Suica in Rakuten Pay App with Rakuten Card



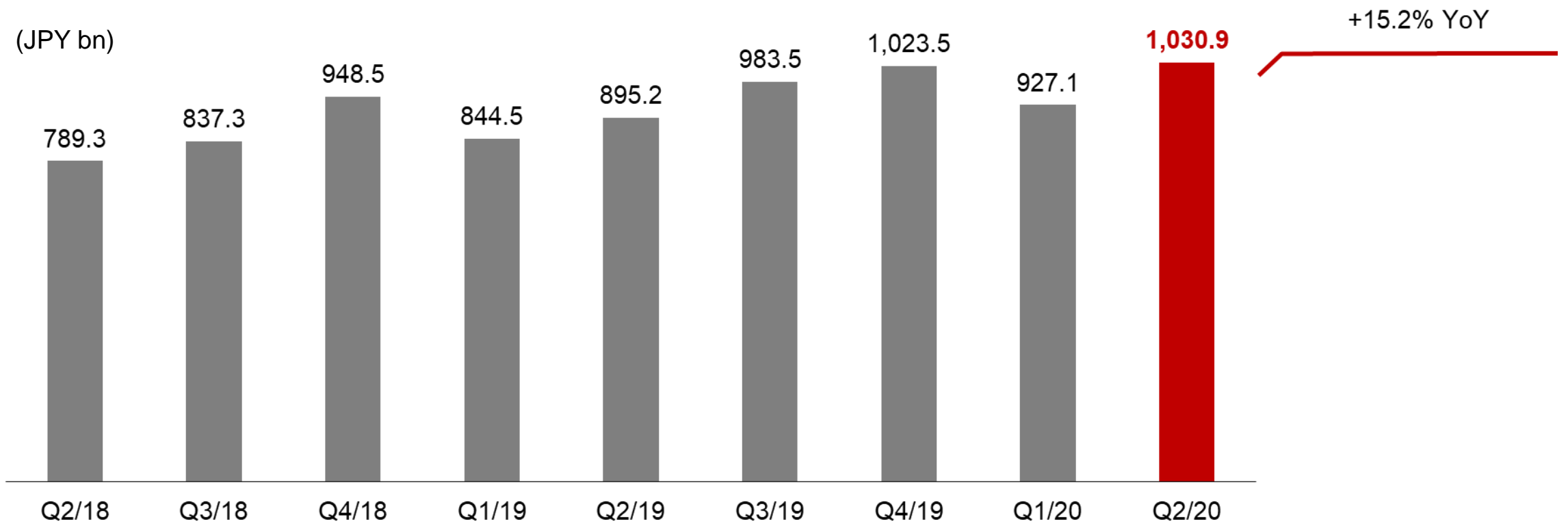
Charge completion screen

- Charge Suica with Rakuten Point



Internet Services Segment

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



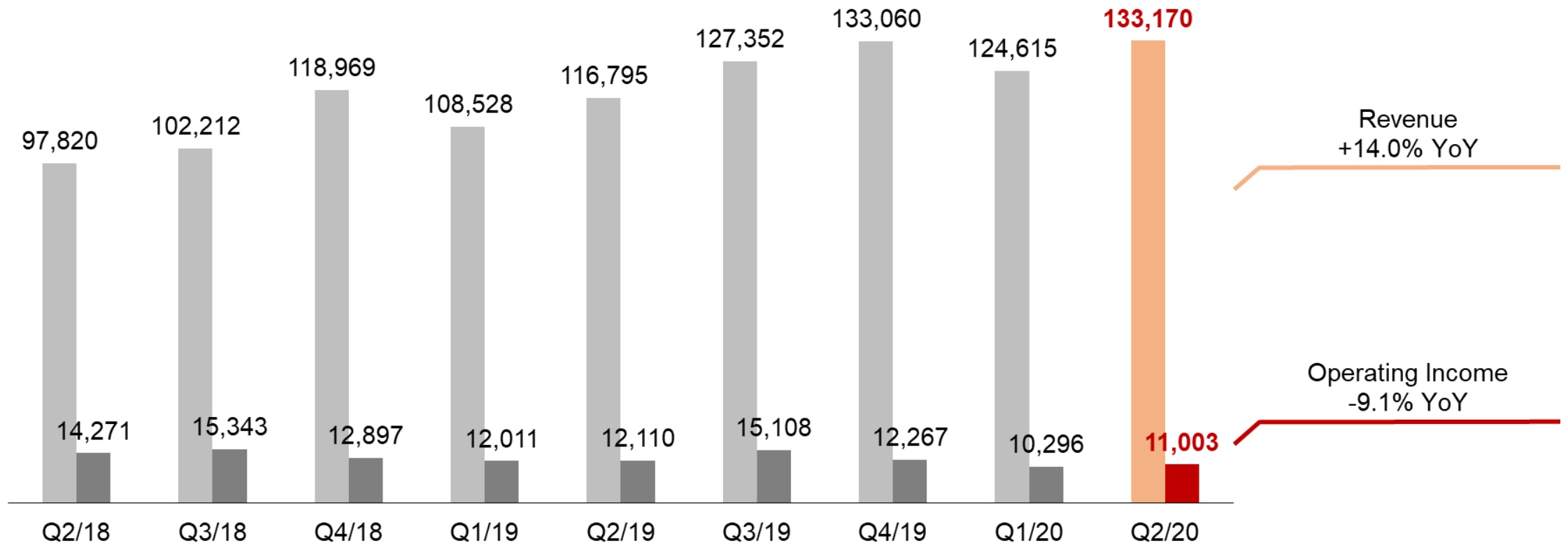
^{*1} GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc.

^{*2} Eliminated internal transactions in some businesses from Q1/20. This has resulted in retroactive adjustments

Domestic E-Commerce Results*

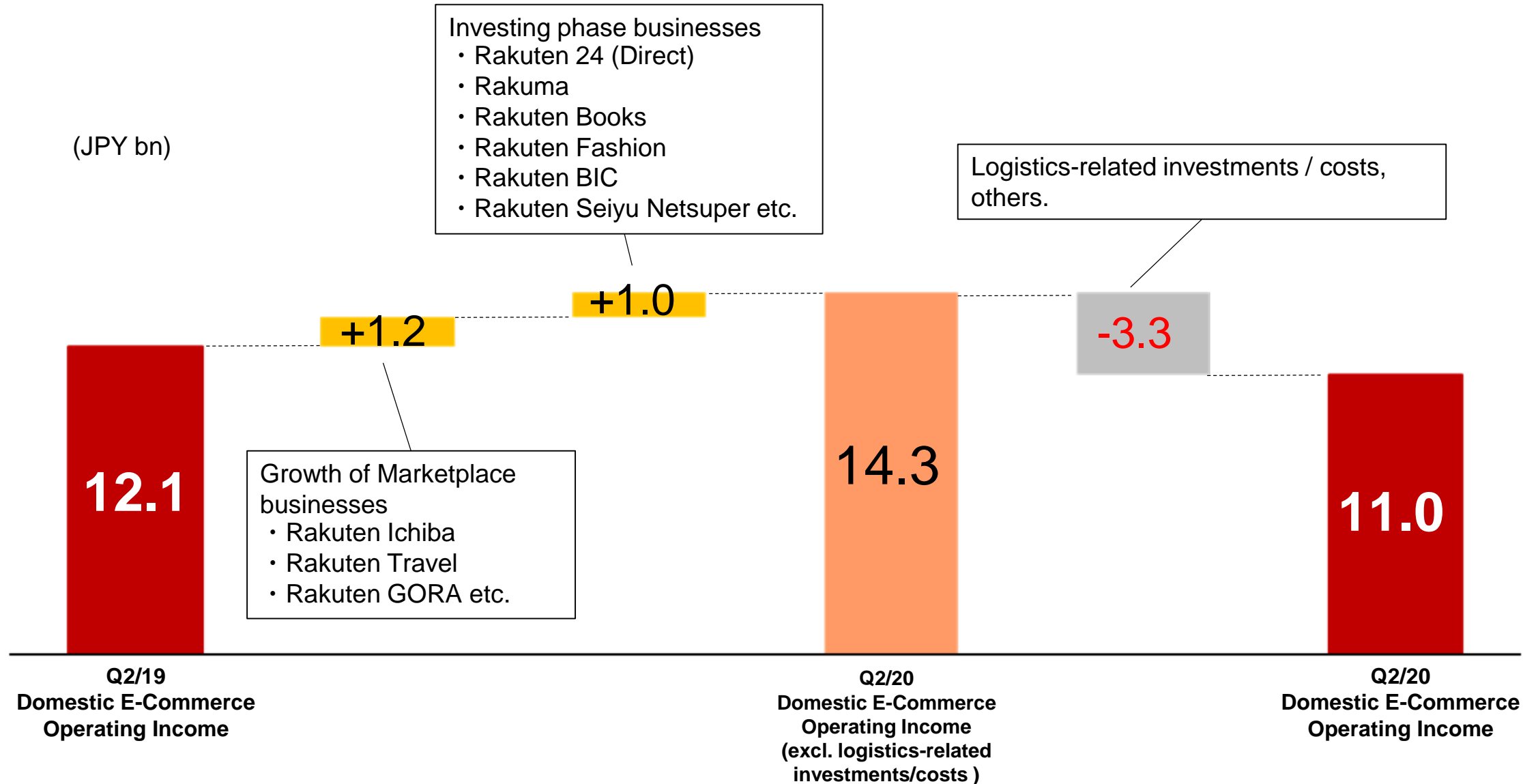
- Even under the negative impacts on Travel business due to COVID-19, revenue improved strongly +14.0% YoY mainly because Ichiba growth and operating income -9.1% YoY despite heavy investments in logistics business

(JPY mm)

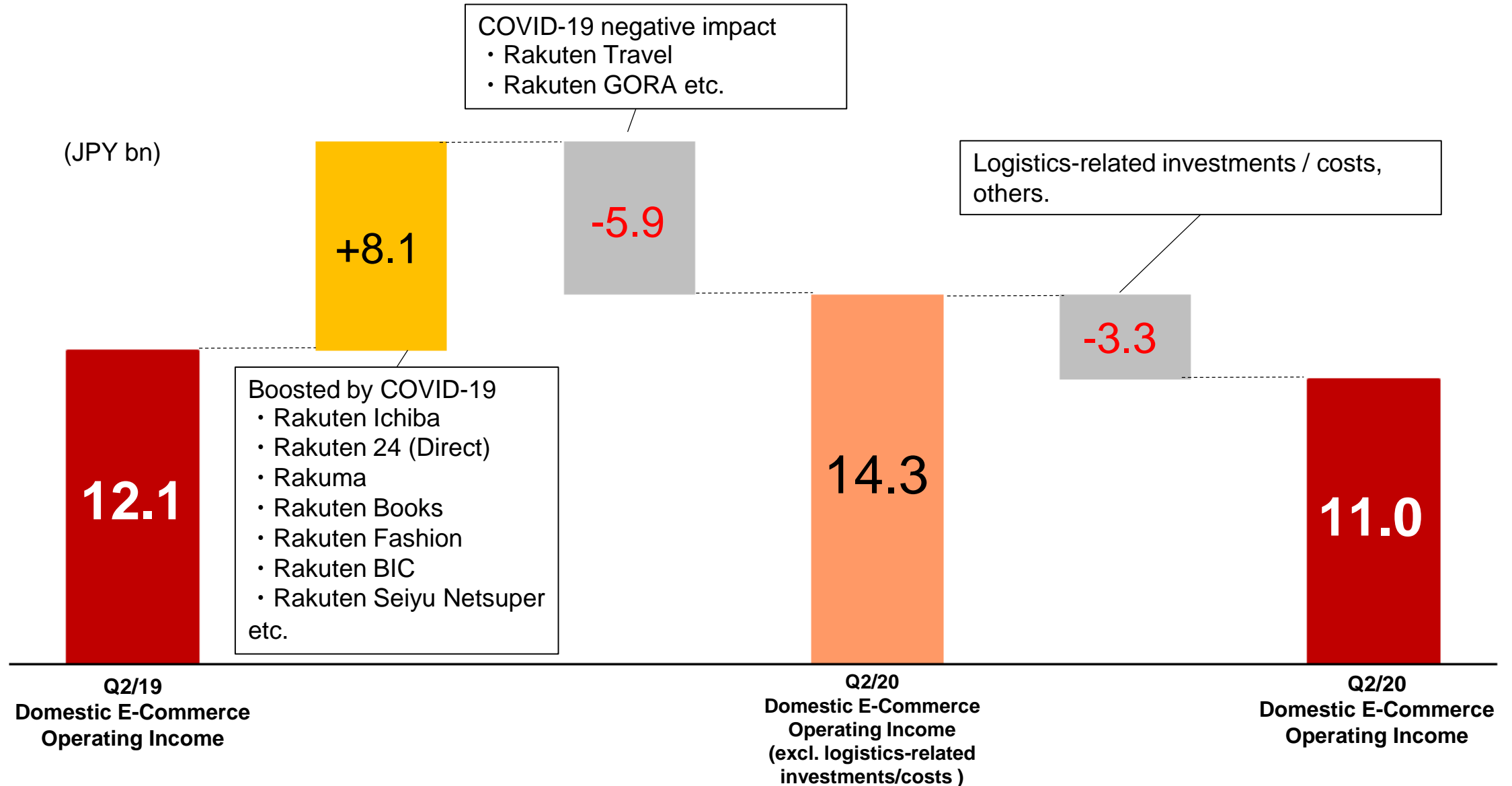


* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

Q2/20 Domestic E-Commerce Operating Income Breakdown

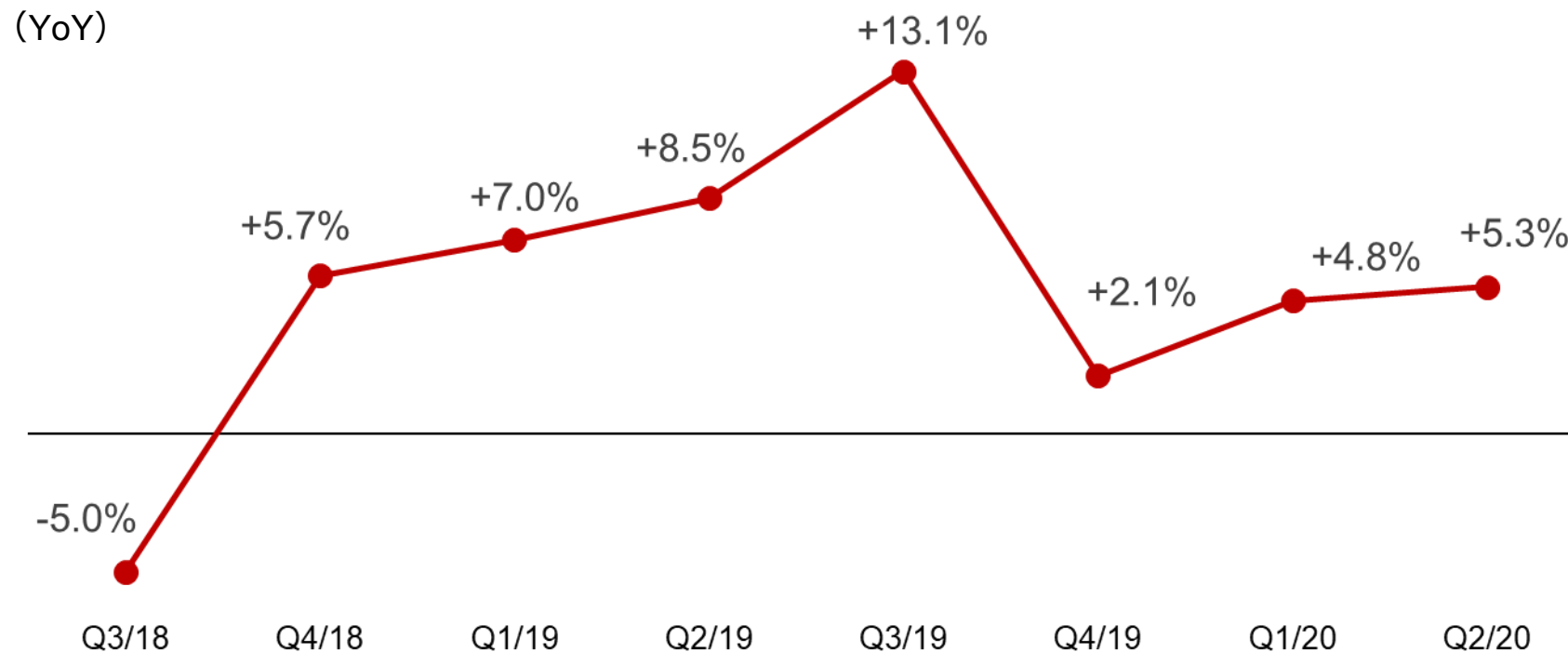


Q2/20 Domestic E-Commerce Operating Income Breakdown



Domestic EC Marketplace businesses* Operating Income

- Even under the negative impacts to travel business due to COVID-19, Q2/20 continued positive with +5.3% YoY



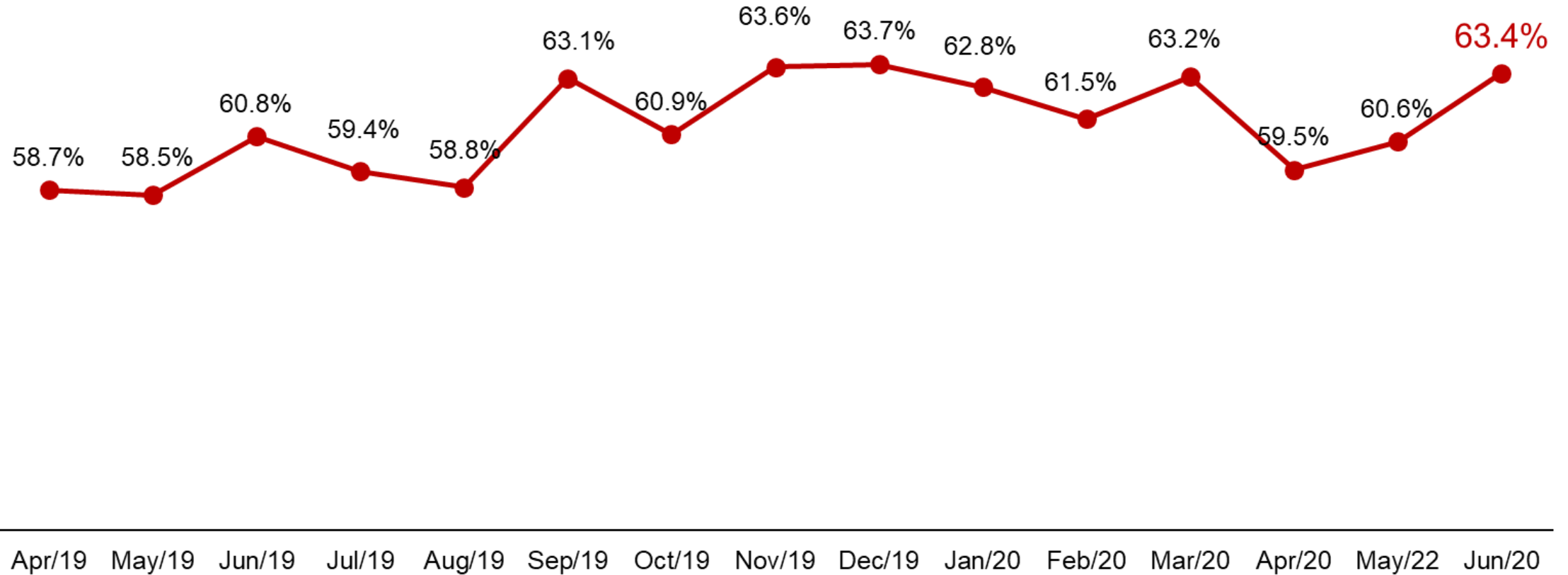
* Marketplace businesses comprises Ichiba, Travel, Golf, Dream businesses, etc.

Q2/20 Rakuten Ichiba Mobile GMS Ratio*

76.4%
Up 2.3 Points YoY

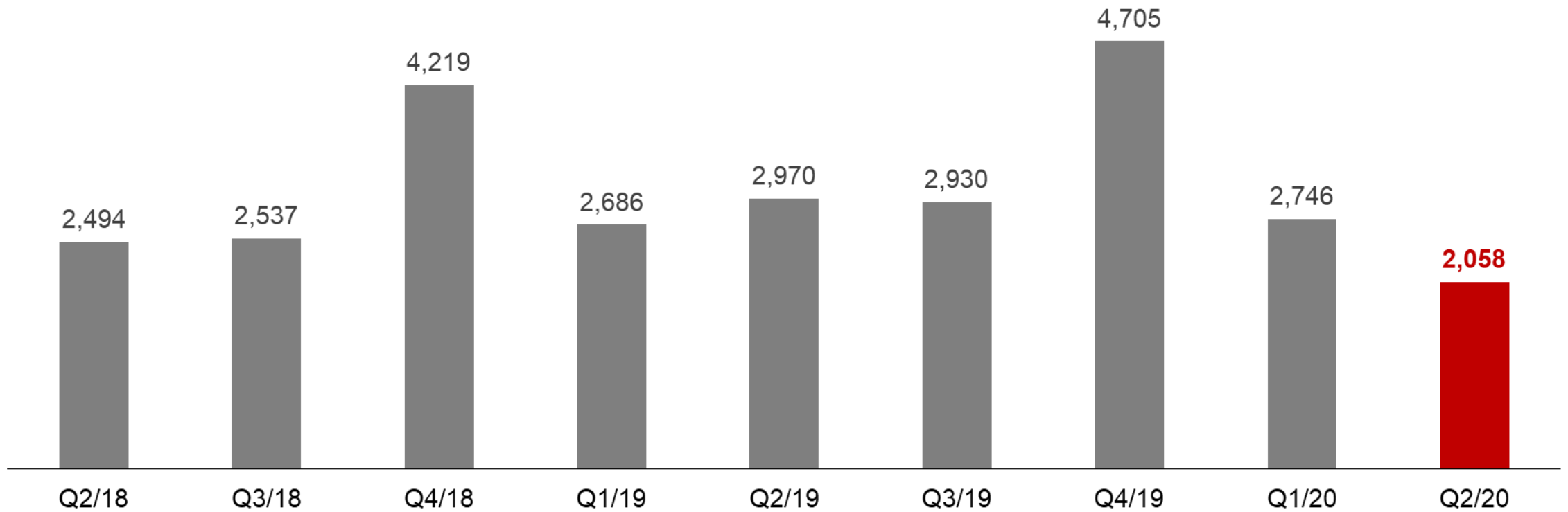
* Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes smartphones and tablets)

Rakuten Card Share of Rakuten Ichiba GMS



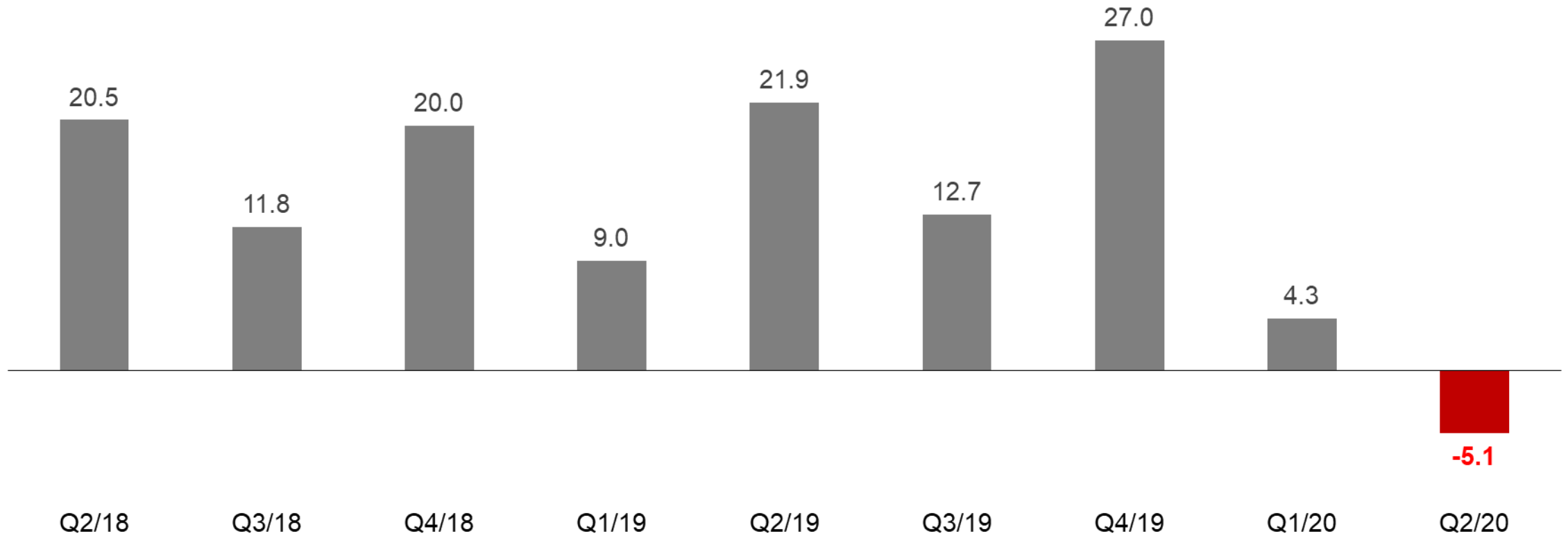
Rakuten Rewards (Ebates) GMS

(USD mm)



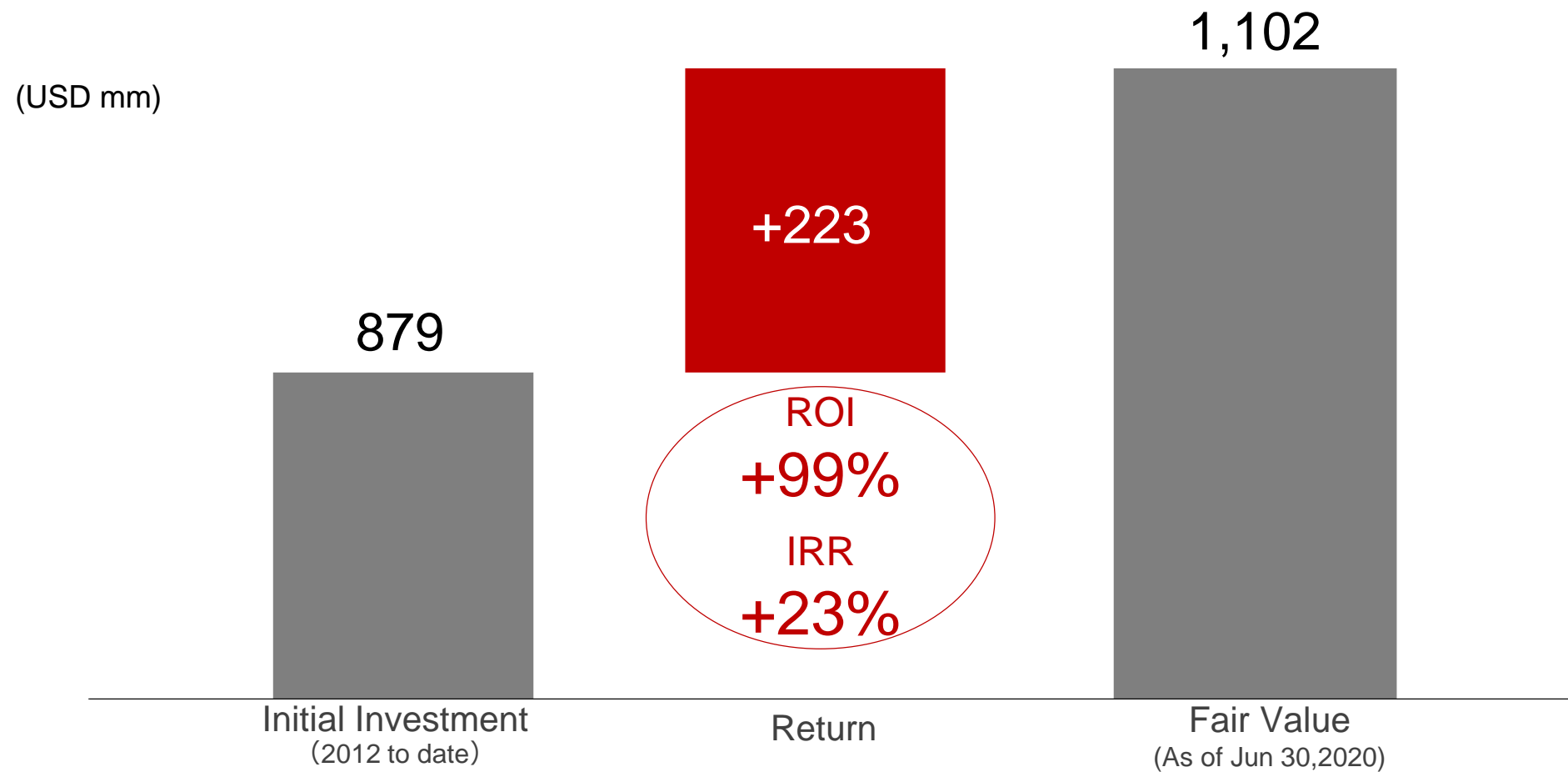
Rakuten Rewards (Ebates) Operating Income*

(USD mm)



- Excludes rebranding cost of USD 36.3 million (Q1/19), USD 30.4 million (Q2/19), USD 20.4 million (Q3/19), USD 27.4 million (Q4/19), USD 5.2 million (Q1/20) and USD 5.1 million (Q2/20)
- Operating income has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.

Performance of Investment Business*



* Lyft and Rakuten Medical are excluded due to transfer from Investment Business and treated as exited investments for return calculation

* Returns excluded Lyft and Rakuten Medical: ROI +68%, IRR +14% (partial modification to data scope)

Investment Business Portfolio

Internet

SHOPBACK

 carousell



frOm scratch

epic!

 OneSignal

Ride Sharing

Careem

Glovo?

lyft*

(Affiliated Company)

 gojek

 cabify

FinTech

 BlueVine

 Upstart

TORANOTEC

Healthcare

Rakuten Medical*

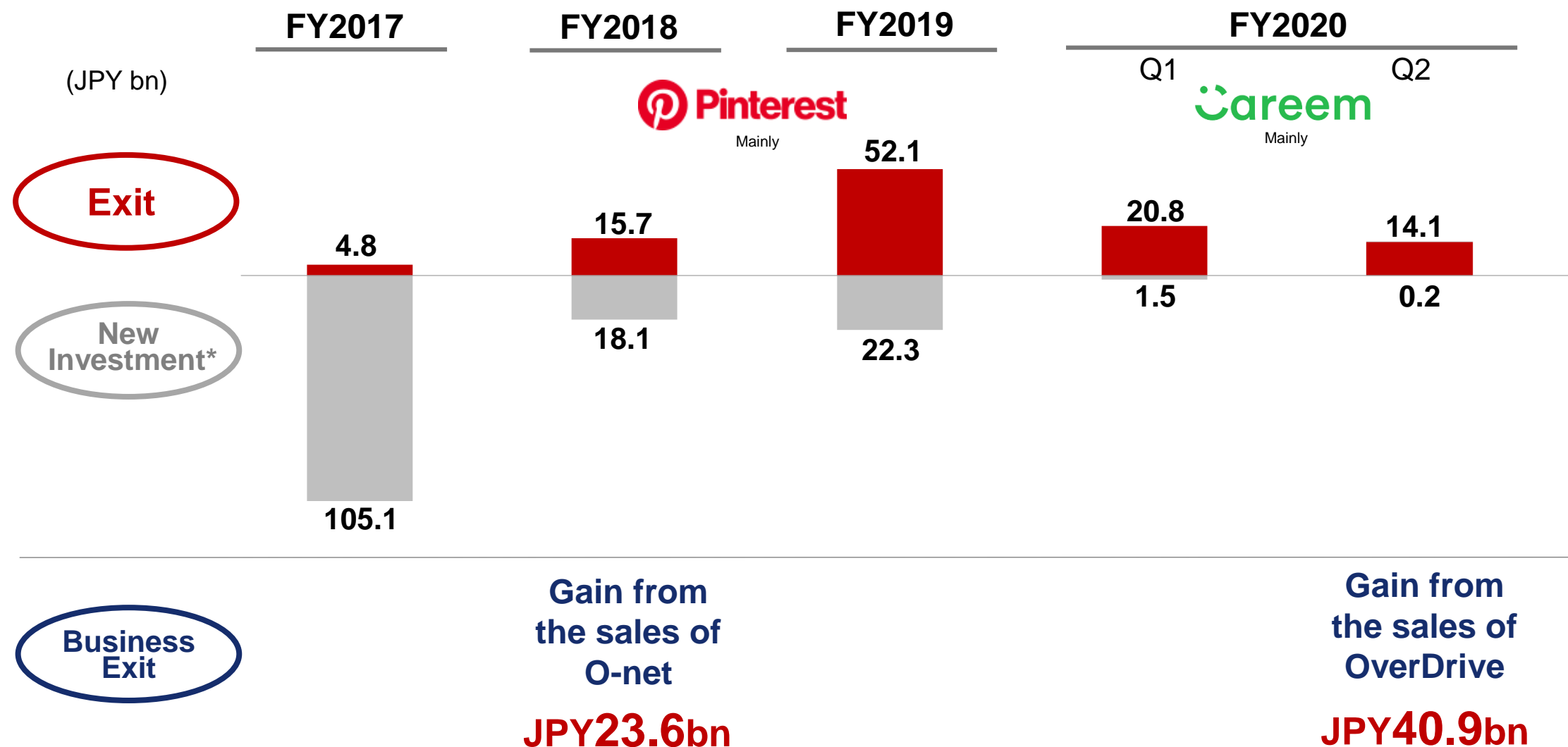
(Affiliated Company)

 airweave

Genesis Healthcare

* Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019, respectively and changed from pure investments to strategic investments

Historical Investment and Business Exit



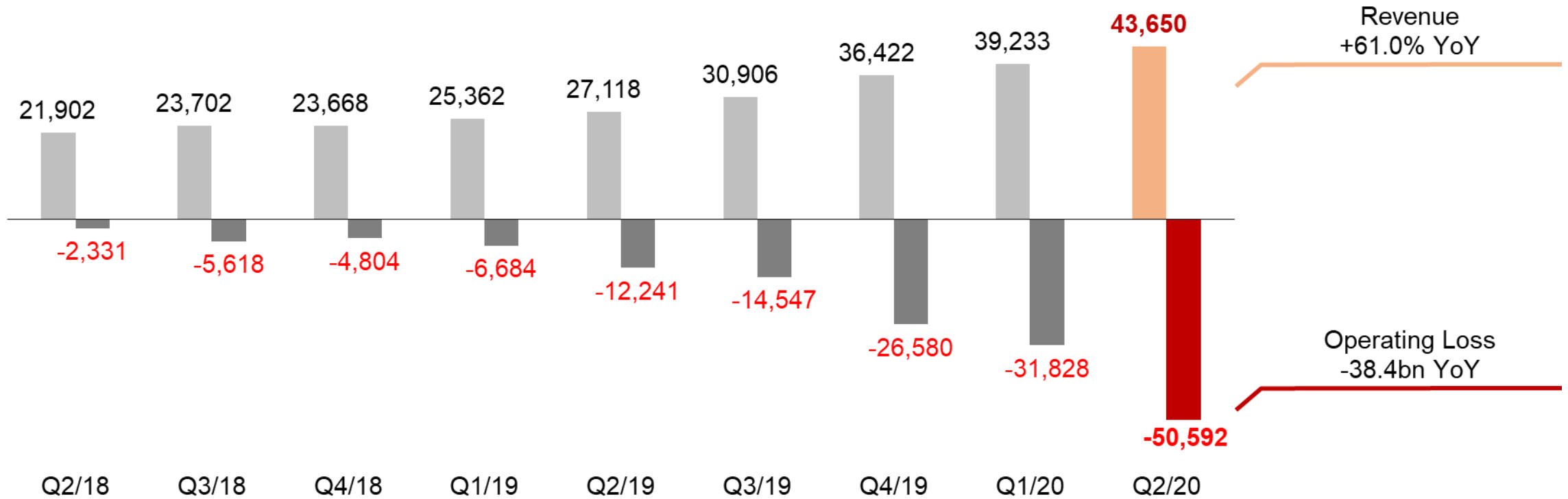
* Including additional investments

Mobile Segment

Mobile Results*

- Depreciation cost, etc. increased as base station build-out accelerated

(JPY mm)



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

Rakuten Mobile Balance Sheet

(百万円, JPY mm)

IFRS貸借対照表, Balance Sheet (IFRS)	Q2/20
資産, Assets	
有形固定資産, Fixed assets	268,954
無形資産, Intangible assets	44,096
その他の資産, Other assets	155,852
資産合計, Total Assets	468,902

負債及び資本, Liabilities and net assets	
借入金, Borrowings *	99,330
リース債務, Lease liabilities**	79,875
その他の負債, Other liabilities	110,104
負債合計, Total liabilities	289,309
資本合計, Total net assets	179,594
負債及び資本合計, Total liabilities and net assets	468,902

* Borrowings include liabilities from lease financing, etc

** Lease liabilities are capitalized costs under IFRS16 such as rent expenses

*** Planned additional capital injection of 110B JPY to the current capital of 240B JPY. (Total 350B JPY)

Mobile Shop Network

570 shops

As of July 2020

Kyushu/Okinawa Area

Fukuoka	14
Saga	2
Nagasaki	5
Kumamoto	5
Oita	3
Miyazaki	3
Kagoshima	4
Okinawa	9
Total	45

Shikoku Area

Tokushima	2
Kagawa	3
Ehime	4
Kochi	1
Total	10

Chugoku Area

Tottori	2
Shimane	2
Okayama	8
Hiroshima	17
Yamaguchi	7
Total	36

Hokuriku/Koshinetsu Area

Niigata	12
Toyama	5
Ishikawa	4
Fukui	3
Yamanashi	3
Nagano	9
Total	36

Hokkaido/Tohoku Area

Hokkaido	13
Aomori	4
Iwate	3
Miyagi	11
Akita	3
Yamagata	2
Fukushima	5
Total	41

Kanto Area

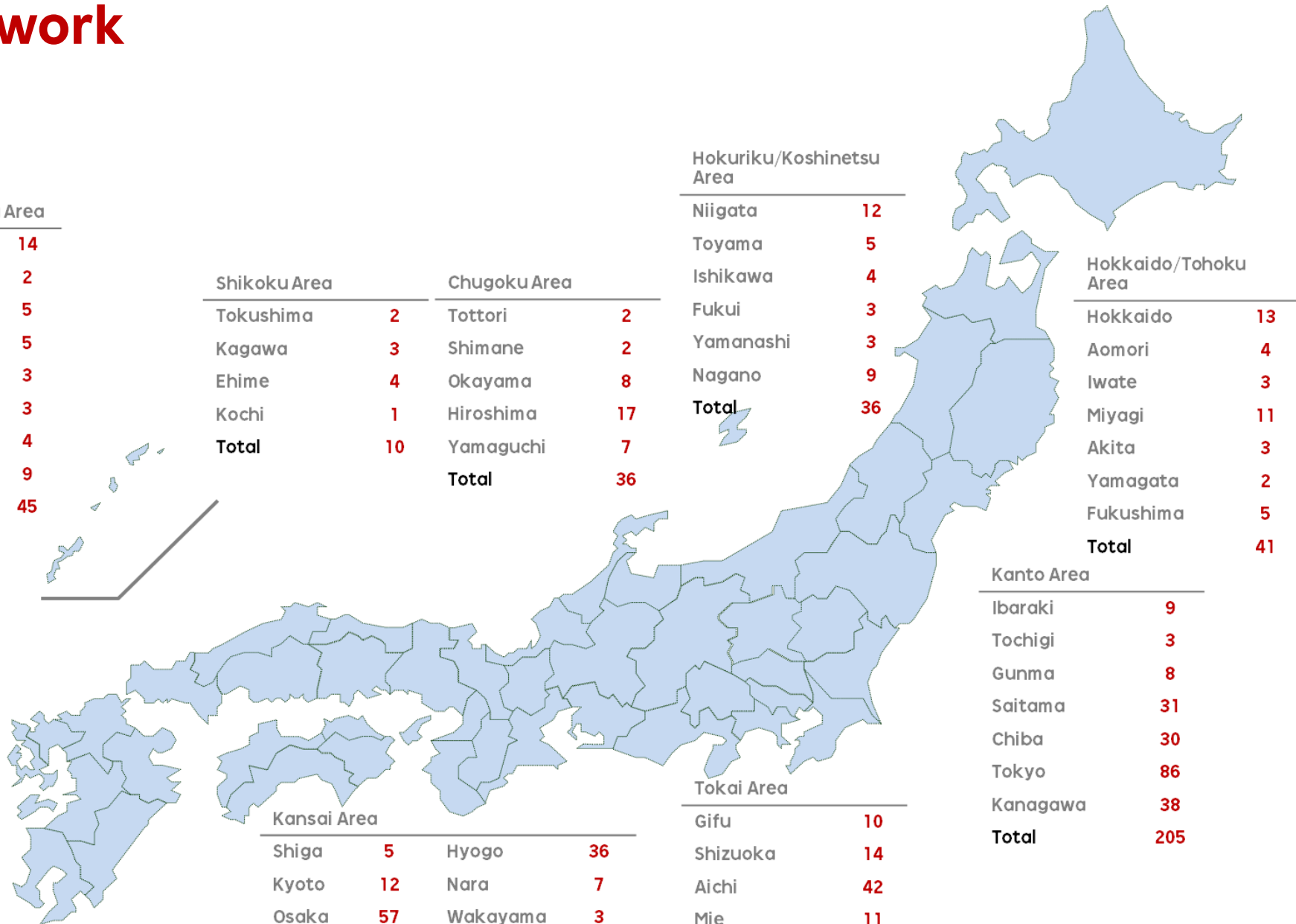
Ibaraki	9
Tochigi	3
Gunma	8
Saitama	31
Chiba	30
Tokyo	86
Kanagawa	38
Total	205

Tokai Area

Gifu	10
Shizuoka	14
Aichi	42
Mie	11
Total	77

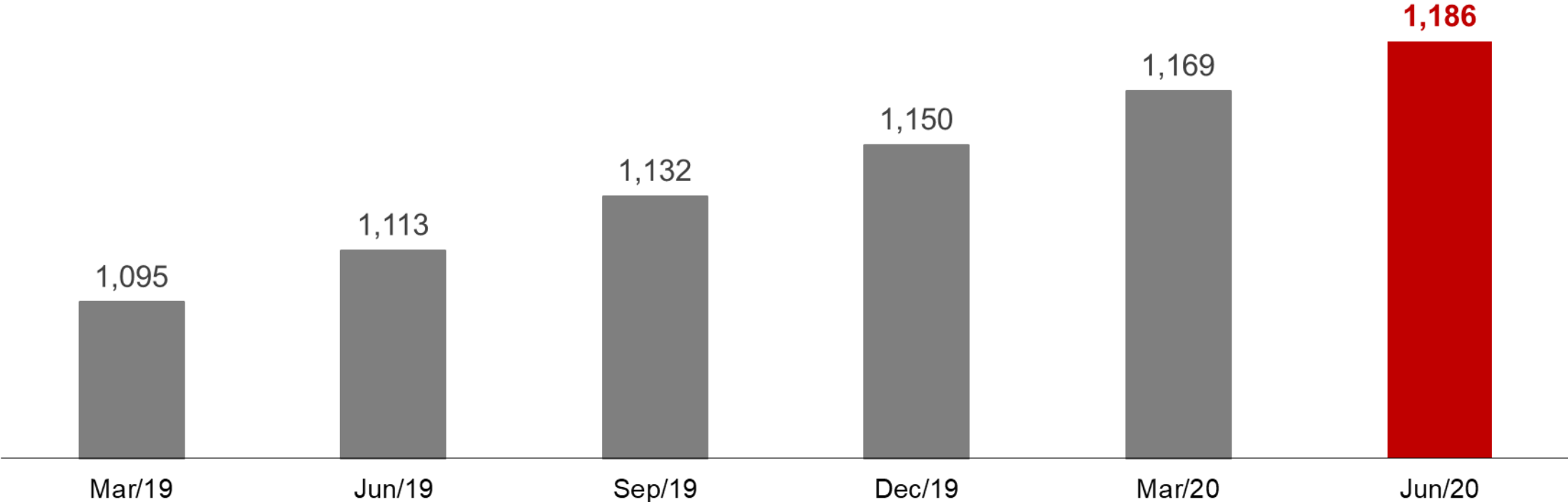
Kansai Area

Shiga	5	Hyogo	36
Kyoto	12	Nara	7
Osaka	57	Wakayama	3
Total	120		



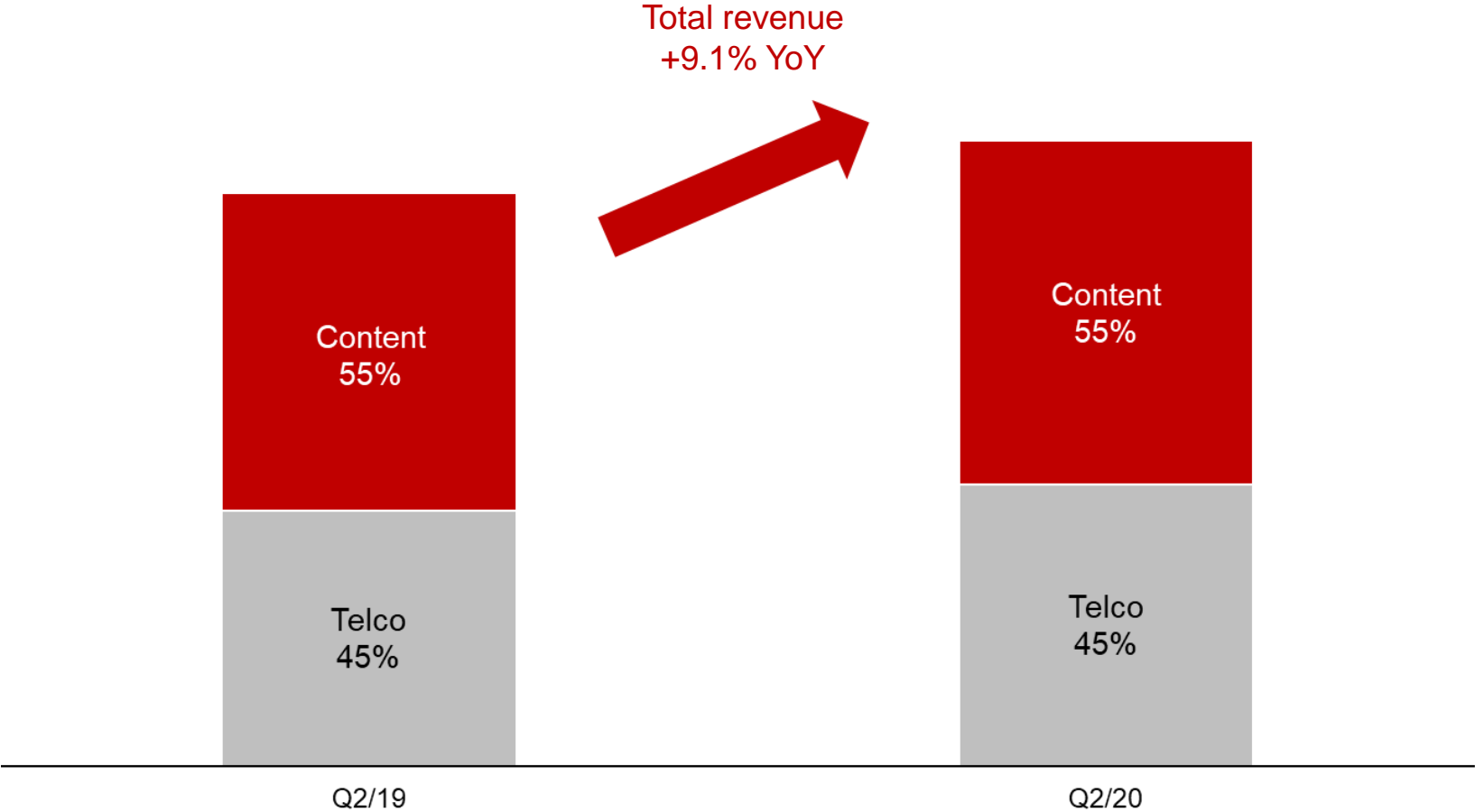
Viber Unique IDs*

(million IDs)



* Unique IDs: Unique phone numbers excluding deactivations

Viber Revenue*

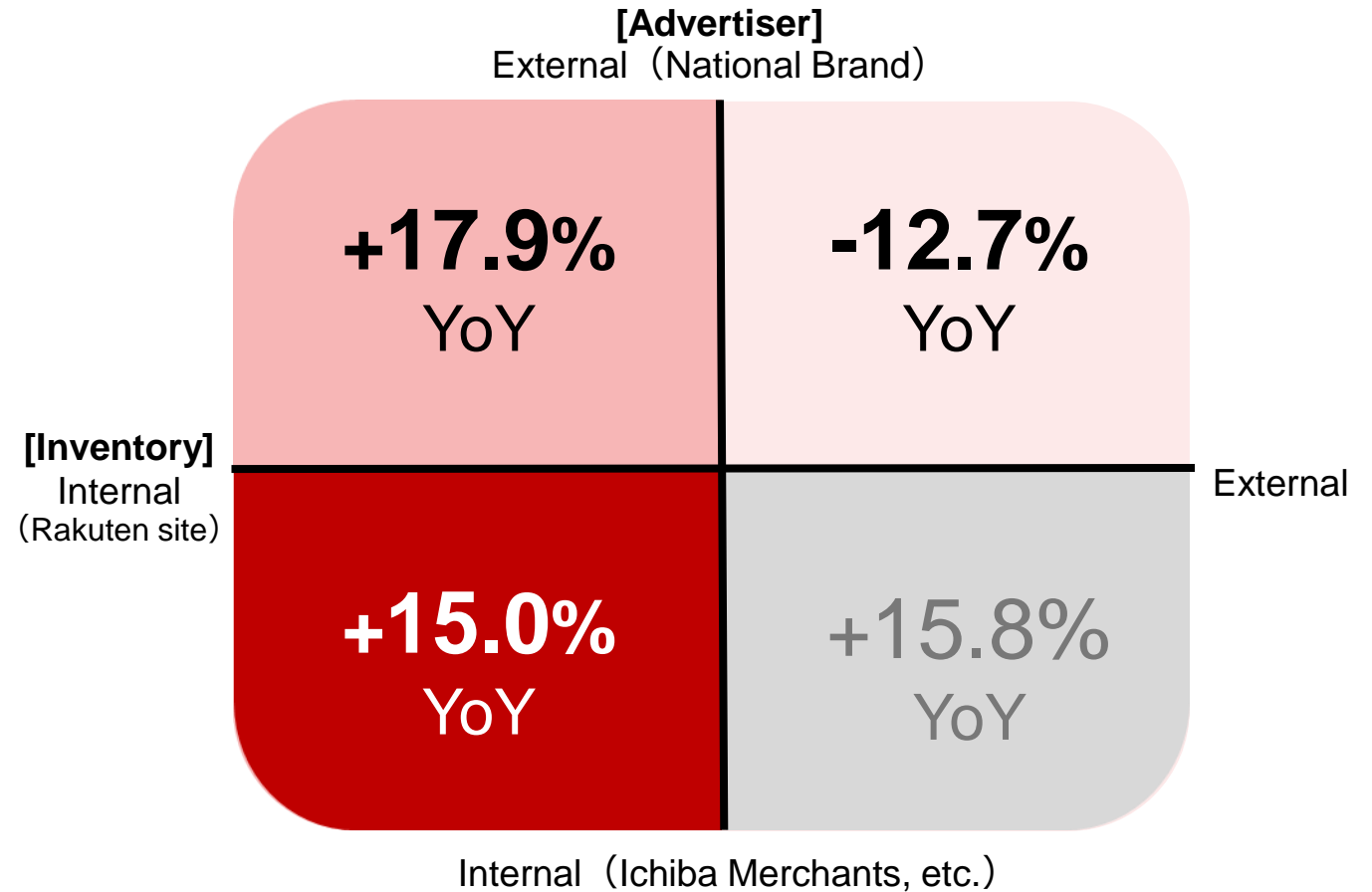
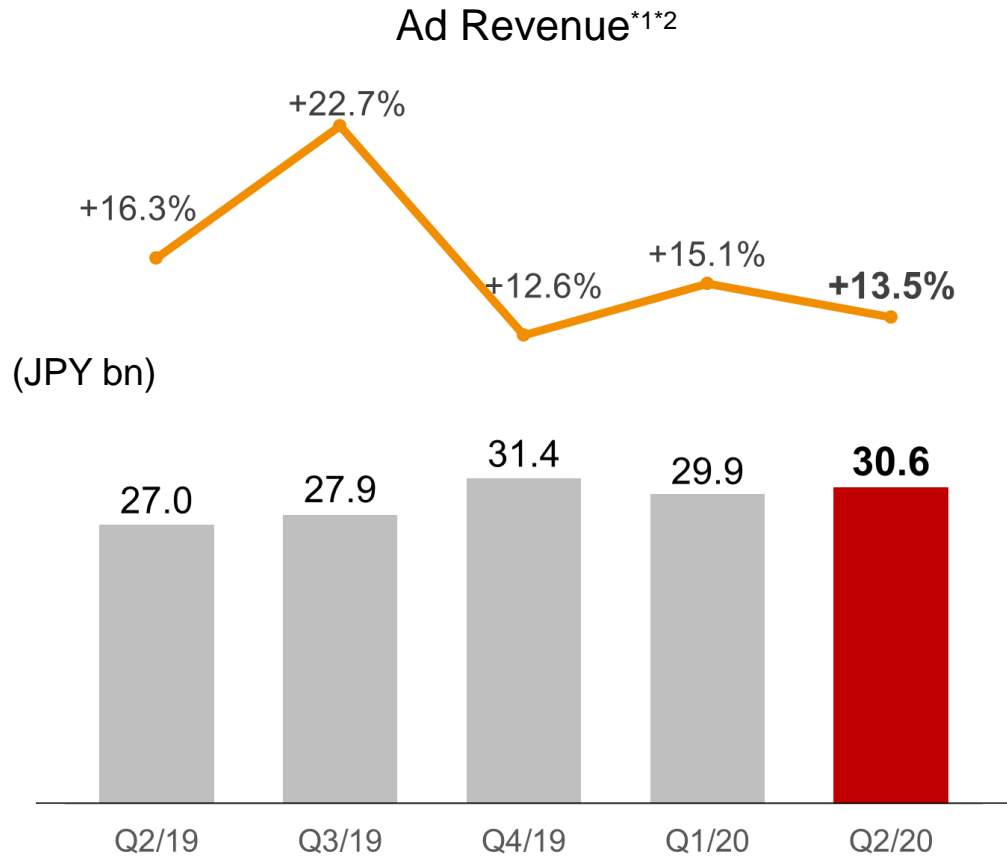


* Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.

Ad Business

Ad Business: Q2/20 Growth Analysis

- Internal advertising revenue increased. External advertising revenue declined due to market situation and COVID-19 effects

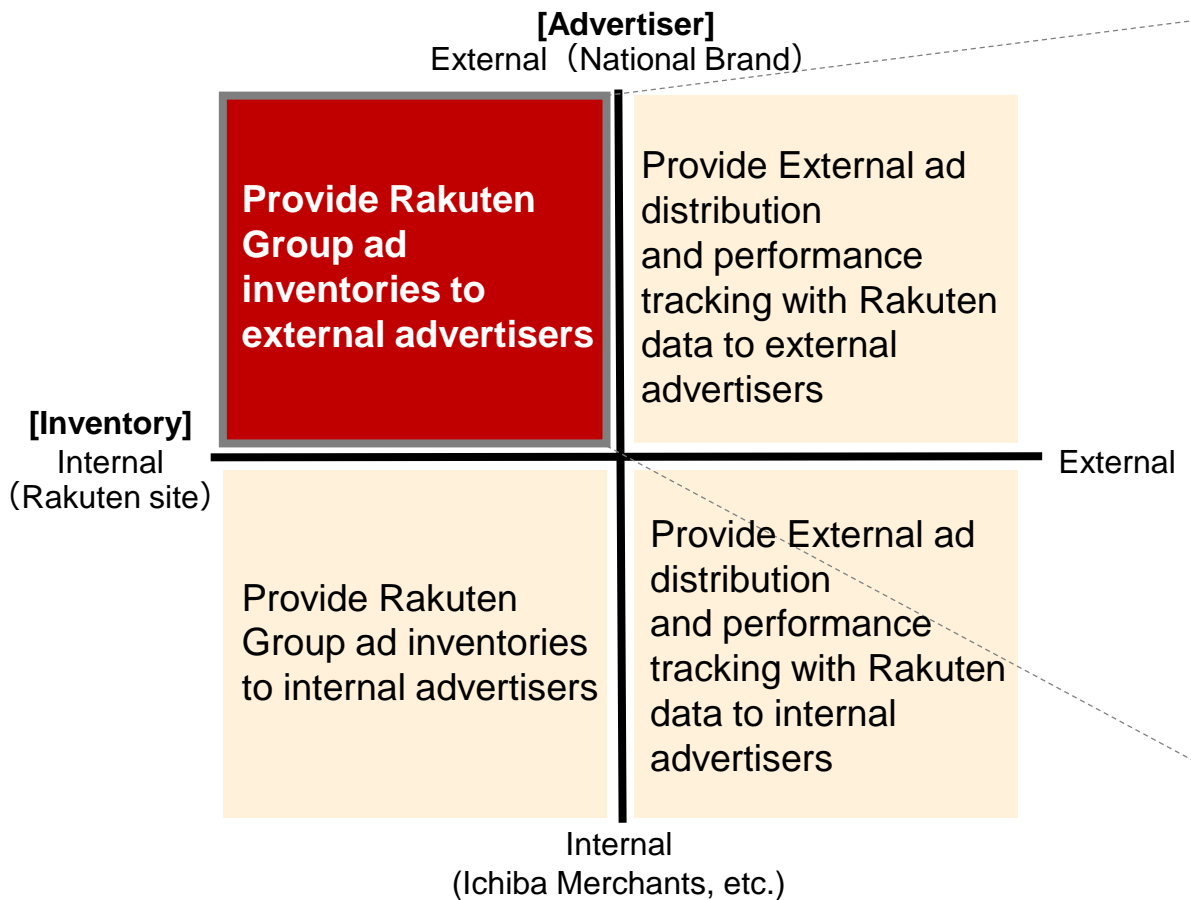


*1 Revenue includes internal transactions.

*2 Eliminated internal transactions in certain businesses from Q4/19. This has resulted in retroactive adjustments.

Ad Business: Expansion of Internal Inventory × External Advertiser

- In recognition of strong Ichiba performance, strengthen sales to external advertisers such as national brands on internal advertising
- As initiatives of online sales promotion by consumer goods maker, demand to ad placement is increasing



Q2/20
Ichiba×External
Advertiser Revenue
(Main clients)

+42.2%
YoY

- **Advertiser's advantage**
Promote customers to buy their products directly from ads on Ichiba
- **Rakuten's advantage**
 - Ichiba GMS expansion
 - Expansion of internal ad revenue which is high margin

User

Sustainability

Q2/20 ESG reporting

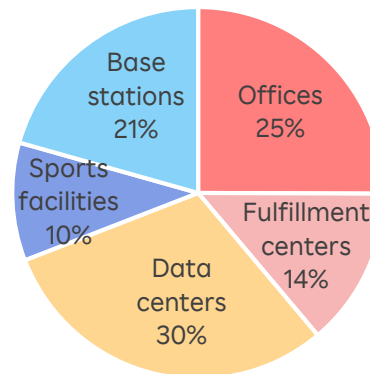
- In June, Rakuten selected as constituent of major ESG indices provided by FTSE and MSCI, with significant rating improvements regarding corporate governance (Executive Officer remuneration, anti-corruption) and climate change.

Climate change - FY2019 achievements

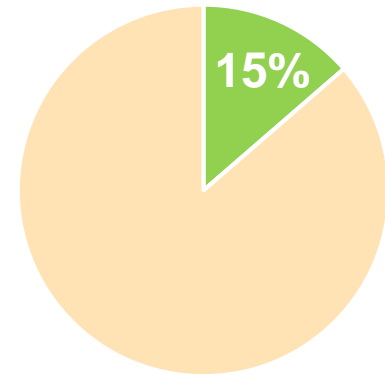
- Rakuten, Inc. joined RE100 initiative, committing to 100% renewable electricity by 2025 for offices, fulfillment centers and data centers
- In 2019, 51.4% of Rakuten, Inc.'s CO₂ emissions neutralized (=15% of Group's emissions)



Rakuten Group's electricity consumption in 2019



Rakuten Group's renewable electricity sourcing in 2019



2019 emission offset equivalent to carbon footprint of over 10 services, including Rakuten Ichiba, Rakuten Travel, Rakuten Super Logistics, Rakuten Books, Rakuten TV, Rakuten Farm...

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 strive 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.

Rakuten

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