

FY2020 Fourth Quarter and Full Year Consolidated Financial Results Appendix

February 12, 2021

Rakuten, Inc.



Consolidated Results

FY2020 Revenue and Operating Income*1

(JPY bn)

	FY2019	FY2020	YoY
Core Business *2			
Revenue	1,010.8	1,131.7	+12.0%
Operating Income	134.2	156.5	+16.6%
Non-recurring / Investments *3			
Revenue	122.6	129.7	+5.9%
Operating Income	93.4	23.2	-75.1%
Future Growth Investments *4			
Revenue	265.3	362.0	+36.4%
Operating Income	-127.7	-285.3	-157.6
Adjustments			
Revenue	-134.8	-167.9	-33.2
Operating Income	-4.9	2.9	+7.8
Consolidated			
Revenue	1,263.9	1,455.5	+15.2%
Non-GAAP Operating Income	95.1	-102.7	-197.8
IFRS Operating Income	72.7	-93.8	-166.6

*1 From Q1/20, some figures have been retroactively revised due to changes in Rakuten General Insurance's revenue accounting method, etc.

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

*3 Includes Securities, General Insurance and Investment Business

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

Q4/20 Revenue and Operating Income*1

(JPY bn)

	Q4/19	Q4/20	YoY
Core Business *2			
Revenue	291.4	331.6	+13.8%
Operating Income	33.6	48.2	+43.4%
Non-recurring / Investments *3			
Revenue	33.3	31.8	-4.4%
Operating Income	-20.2	19.6	+39.9%
Future Growth Investments *4			
Revenue	75.6	98.6	+30.5%
Operating Income	-44.9	-92.6	-47.7%
Adjustments			
Revenue	-42.1	-46.7	-4.6%
Operating Income	-0.7	1.4	+2.1%
Consolidated			
Revenue	358.2	415.3	+16.0%
Non-GAAP Operating Income	-32.2	-23.3	+8.9%
IFRS Operating Income	-40.2	-33.3	+6.9%

*1 From Q1/20, some figures have been retroactively revised due to changes in Rakuten General Insurance's revenue accounting method, etc.

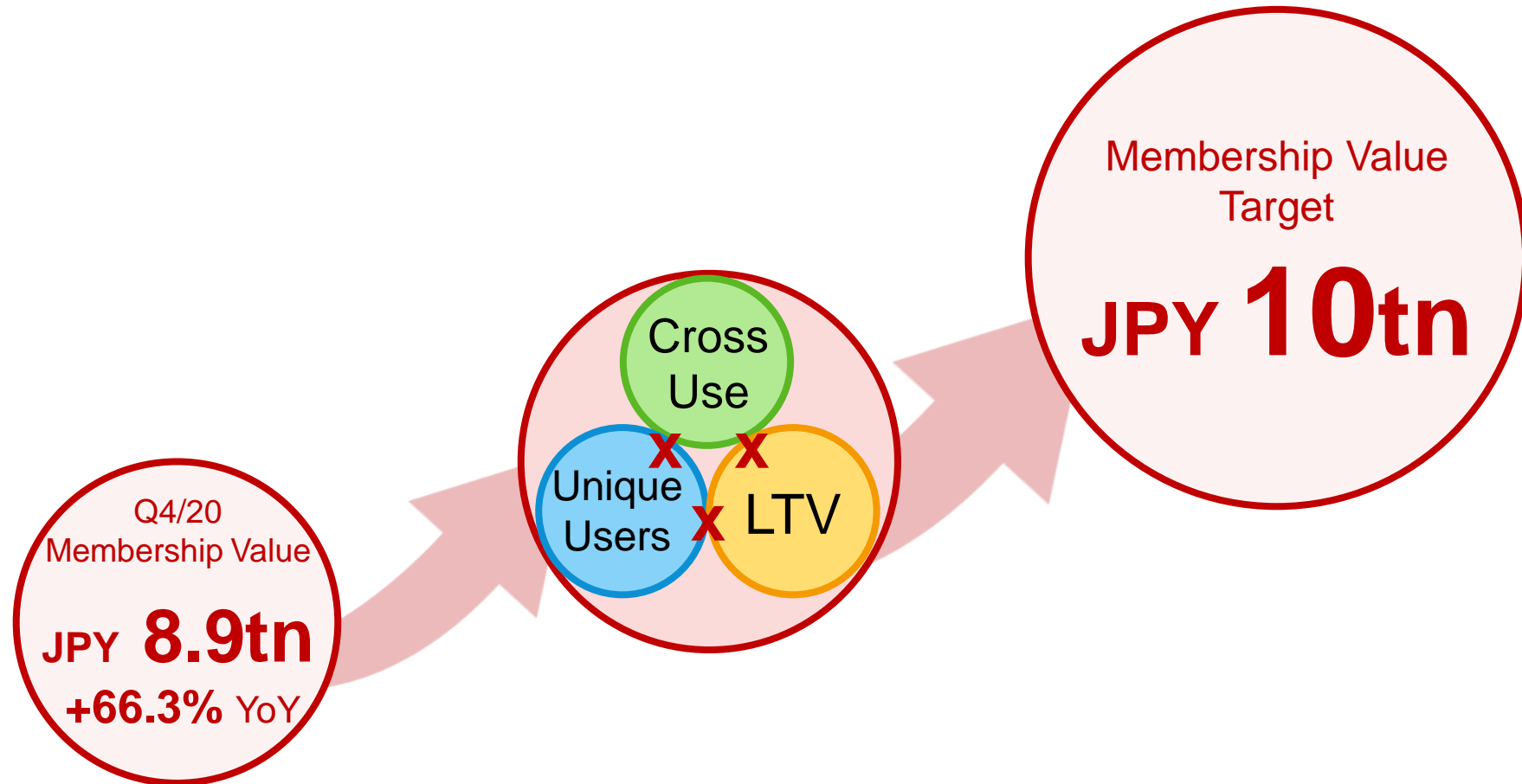
*2 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*3 Includes Securities, General Insurance and Investment Business

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

Massive Expansion of the Rakuten Ecosystem

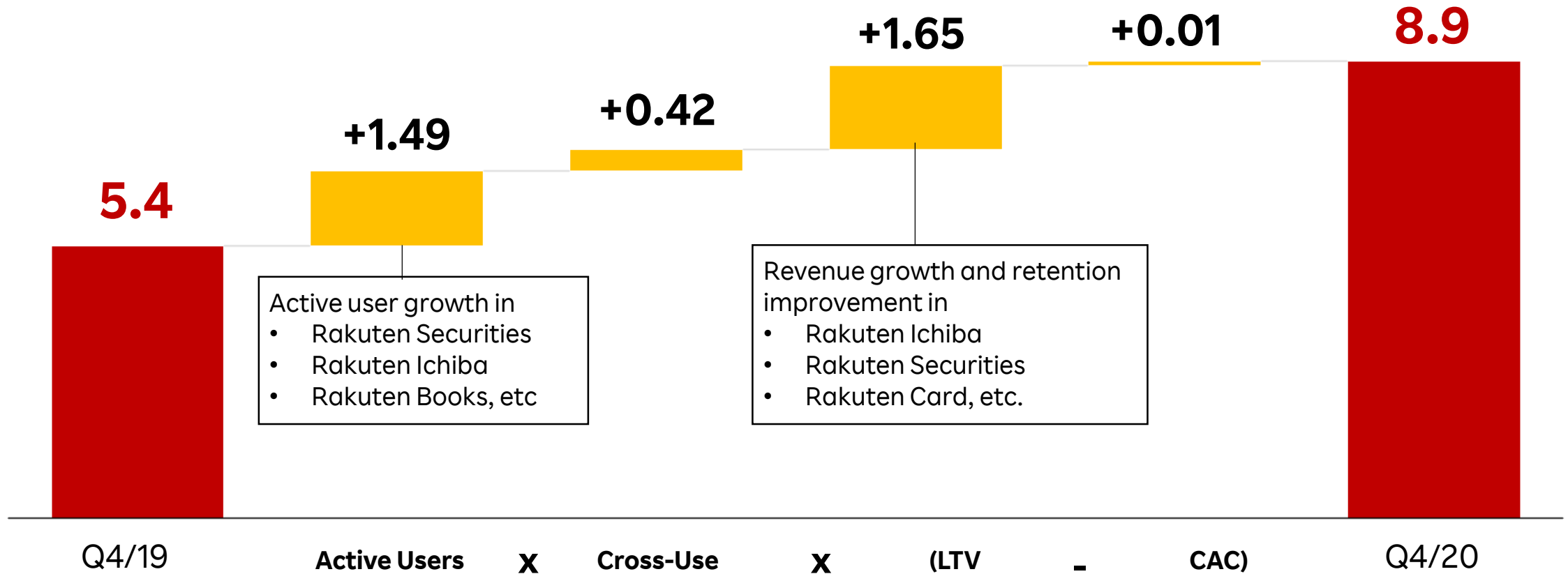
- Consistent growth towards target Membership Value of JPY 10tn



Rakuten Ecosystem Membership Value

- Membership Value climbed +66.3% YoY from increased Ichiba, Securities, and Rakuten Card users and improved gross profit amid pandemic

(JPY tn)

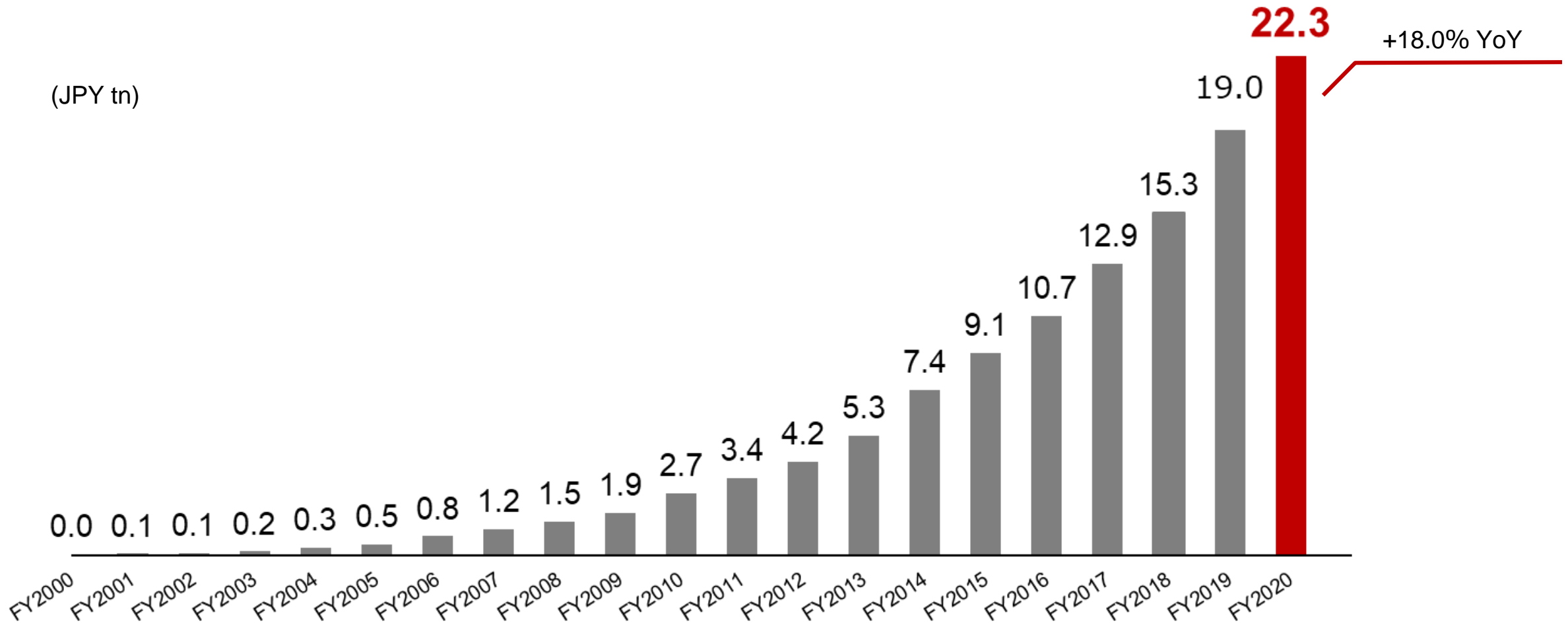


* Membership value of MVNO is excluded due to the ending of new applications

* Membership value of German marketplace business is excluded due to its closure

Total Global GTV*1*2

(JPY tn)

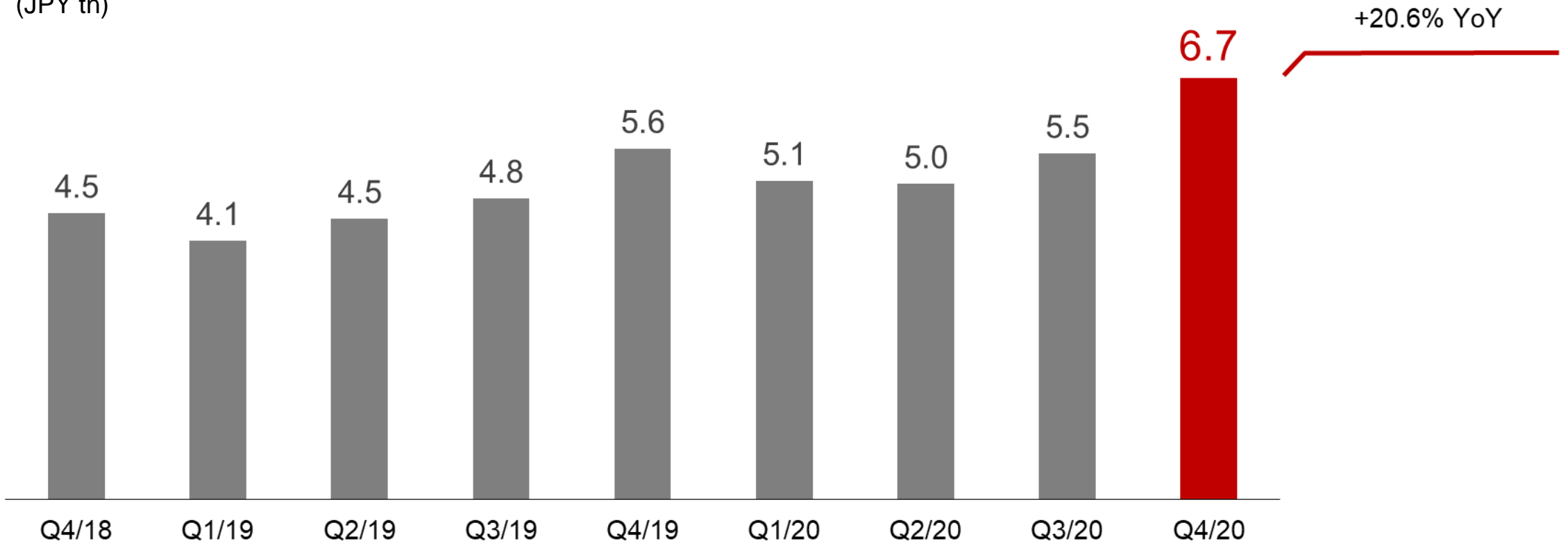


*1 Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV + Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Advertising (Rakuten Marketing) GTV

*2 Includes intercompany transactions for settlement and affiliate services

Total Global GTV*1*2

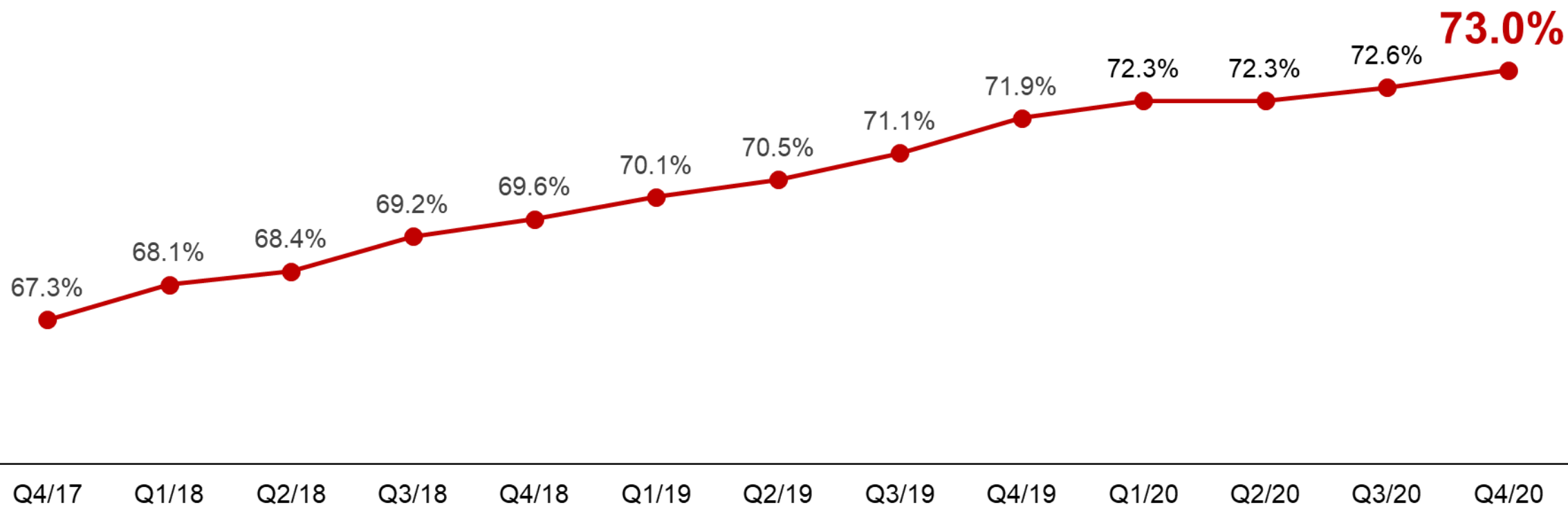
(JPY tn)



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

*2 Includes intercompany transactions for settlement and affiliate services

Expansion of Cross-Use Ratio*



*Number of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month (As of December 31, 2020)
(Applicable services limited to those which can earn Rakuten Points.)

FY2020 Consolidated Results Summary

(JPY bn)

	FY2019	FY2020	YoY
Revenue	1,263.9	1,455.5	+15.2%
Non-GAAP Operating Income	95.1	-102.7	-197.8
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	108.1	148.9	+37.6%
IFRS Operating Income	72.7	-93.8	-166.6

Q4/20 Consolidated Results Summary

(JPY bn)

	Q4/19	Q4/20	YoY
Revenue	358.2	415.3	+16.0%
Non-GAAP Operating Income	-32.2	-23.3	+8.9
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	27.6	44.3	+60.7%
IFRS Operating Income	-40.2	-33.3	+6.9

FY2020 Revenue and Operating Income

(JPY bn)

	FY2019	FY2020	YoY
Domestic E-Commerce			
Revenue	482.2	584.1	+21.1%
Operating Income	51.5	58.2	+13.0%
Others *1			
Revenue	261.1	236.0	-9.6%
Operating Income	55.7	-18.1	-73.8
Internet Services Segment *2			
Revenue	743.3	820.1	+10.3%
Operating Income	107.2	40.1	-62.6%
FinTech Segment			
Revenue	486.4	576.2	+18.5%
Operating Income	69.3	81.3	+17.3%
Mobile Segment *2			
Revenue	169.1	227.1	+34.4%
Operating Income	-76.5	-227.0	-150.5
Adjustments			
Revenue	-134.8	-167.9	-33.2
Operating Income	-4.9	2.9	+7.8
Consolidated			
Revenue	1,263.9	1,455.5	+15.2%
Non-GAAP Operating Income	95.1	-102.7	-197.8
IFRS Operating Income	72.7	-93.8	-166.6

*1 Due to the transfer of all shares of OverDrive Holdings, Inc. in Q2/20, OverDrive's profit and loss has been excluded from the Q3/20. Excluding the company's profit recorded in Q3/19, YoY profit of "Others" segment increased.

*2 From Q4/20, Contents related businesses were transferred from the Internet Services segment to the Mobile segment.

Q4/20 Revenue and Operating Income

(JPY bn)

	Q4/19	Q4/20	YoY
Domestic E-Commerce			
Revenue	132.2	178.5	+35.1%
Operating Income	12.3	21.0	+70.3%
Others *1			
Revenue	83.7	72.3	-13.6%
Operating Income	-30.6	11.8	+42.4
Internet Services Segment *2			
Revenue	215.9	250.9	+16.2%
Operating Income	-18.3	32.8	+51.1
FinTech Segment			
Revenue	132.4	150.5	+13.7%
Operating Income	18.4	17.9	-2.6%
Mobile Segment *2			
Revenue	52.0	60.7	+16.8%
Operating Income	-31.6	-75.4	-43.8
Adjustments			
Revenue	-42.1	-46.7	-4.6
Operating Income	-0.7	1.4	+2.1
Consolidated			
Revenue	358.2	415.3	+16.0%
Non-GAAP Operating Income	-32.2	-23.3	+8.9
IFRS Operating Income	-40.2	-33.3	+6.9

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*2 From Q4/20, Contents related businesses were transferred from the Internet Services segment to the Mobile segment.

FY2020 Operating Income Reconciliation

(JPY bn)

	FY2019	FY2020	YoY
Non-GAAP Operating Income	95.1	-102.7	-197.8
Amortization of Intangible Assets (PPA)	-8.8	-9.5	-0.7
Stock Based Compensation	-10.1	-10.6	-0.5
One-off items	-3.5	28.9	+32.4
IFRS Operating Income	72.7	-93.8	-166.6

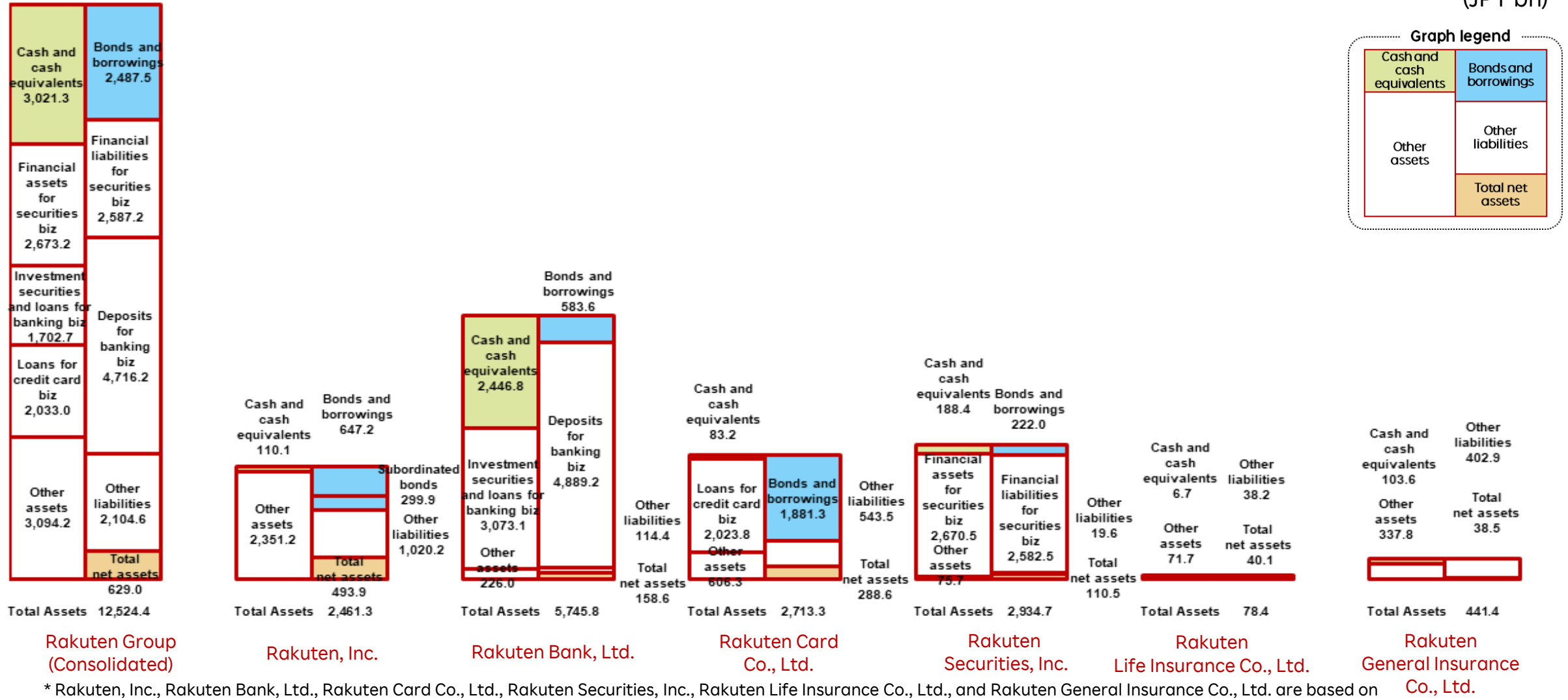
Q4/20 Operating Income Reconciliation

(JPY bn)

	Q4/19	Q4/20	YoY
Non-GAAP Operating Income	-32.2	-23.3	+8.9
Amortization of Intangible Assets (PPA)	-1.9	-1.6	+0.3
Stock Based Compensation	-2.6	-2.6	+0.0
One-off items	-3.5	-5.9	-2.4
IFRS Operating Income	-40.2	-33.3	+6.9

Rakuten, Fintech: Balance Sheets As of Dec 31, 2020 (Subsidiaries include internal transactions)

(JPY bn)



Rakuten Group (Consolidated)

Rakuten, Inc.

Rakuten Bank, Ltd.

Rakuten Card Co., Ltd.

Rakuten Securities, Inc.

Rakuten Life Insurance Co., Ltd.

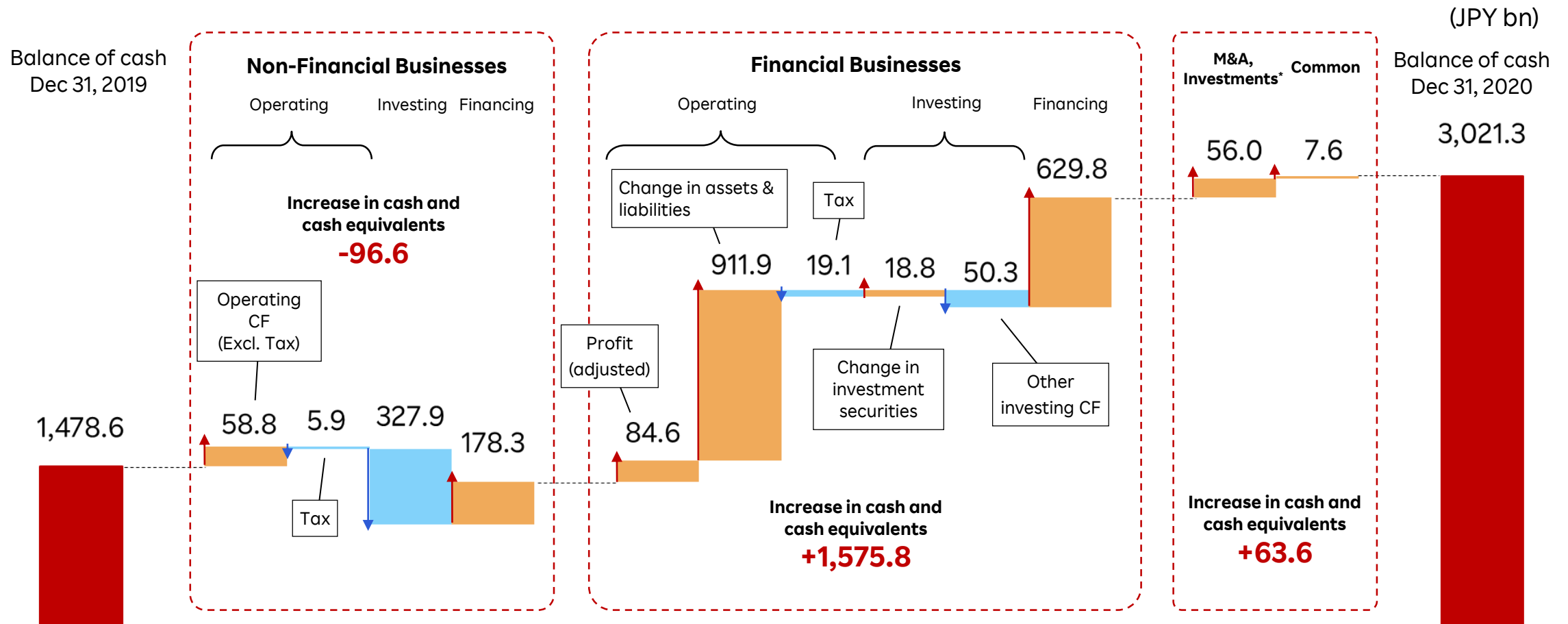
Rakuten General Insurance Co., Ltd.

* 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.

* Bonds and borrowings = Corporate bonds + CP + Borrowings

* Subsidiaries include internal transactions

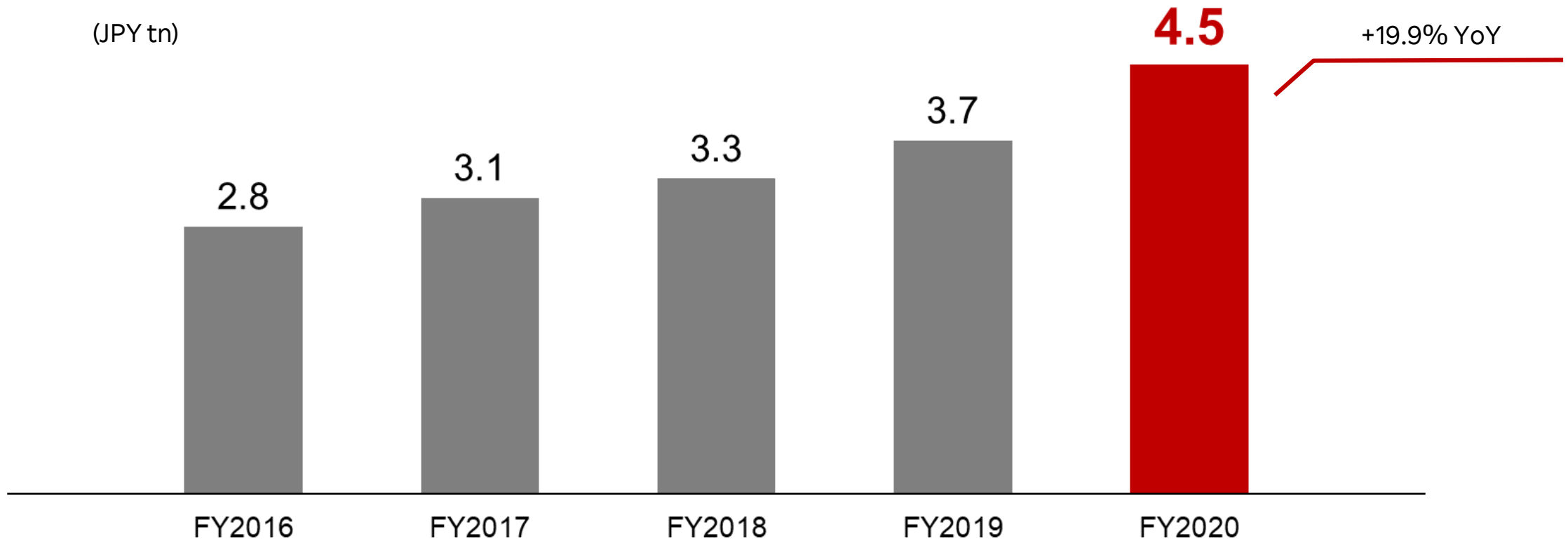
Cash Flow Breakdown: Jan-Dec, 2020



* "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"

Internet Services Segment

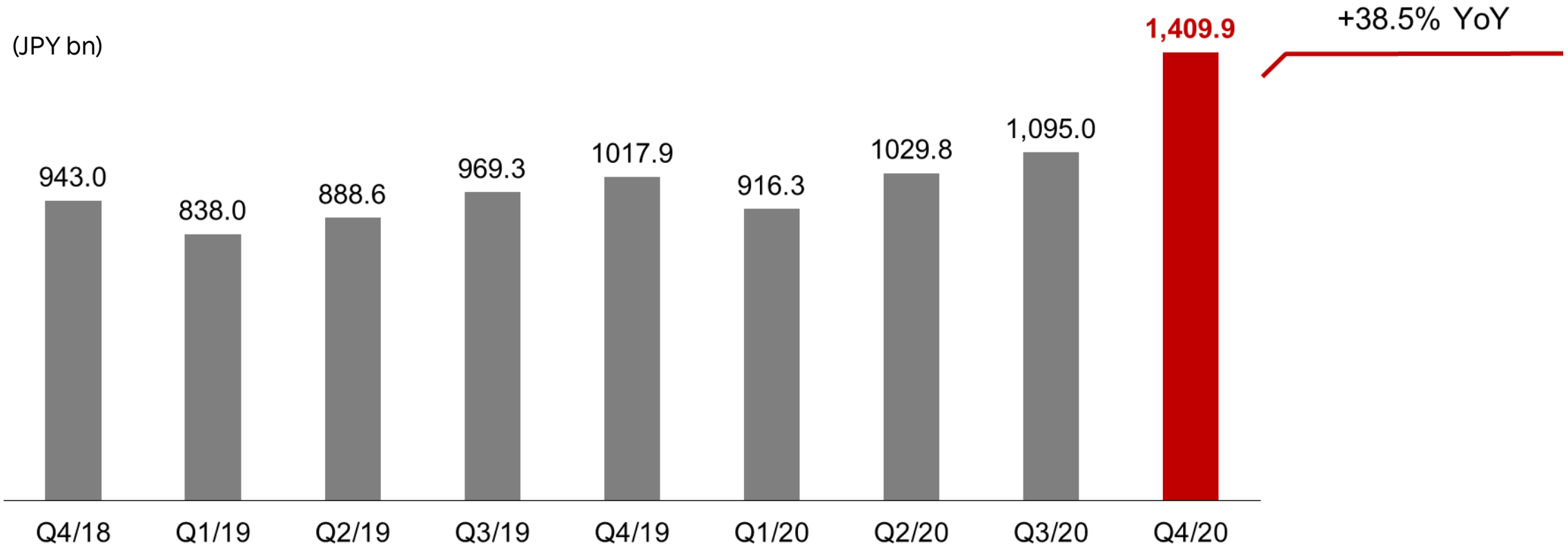
Domestic E-Commerce GMS*



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

*2 Eliminated internal transactions in some businesses. Also, ticket business is transferred to Mobile segment. These have resulted in retroactive adjustments after FY2018

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

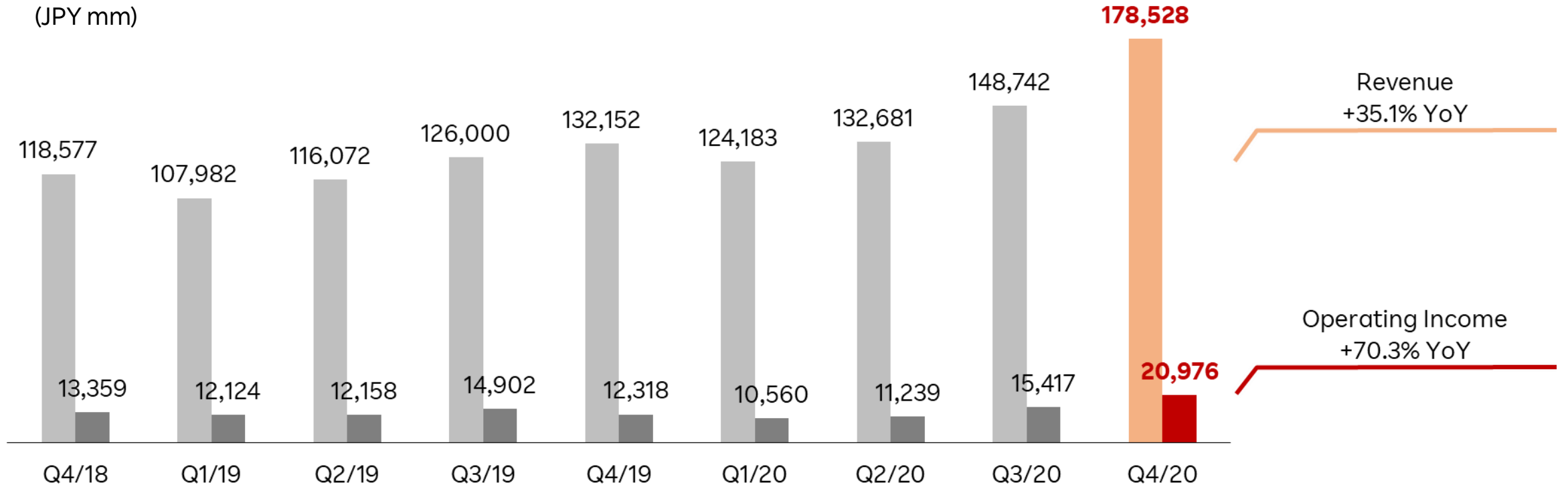


*1 GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc.

*2 Ticket business is transferred to Mobile segment. This has resulted in retroactive adjustments.

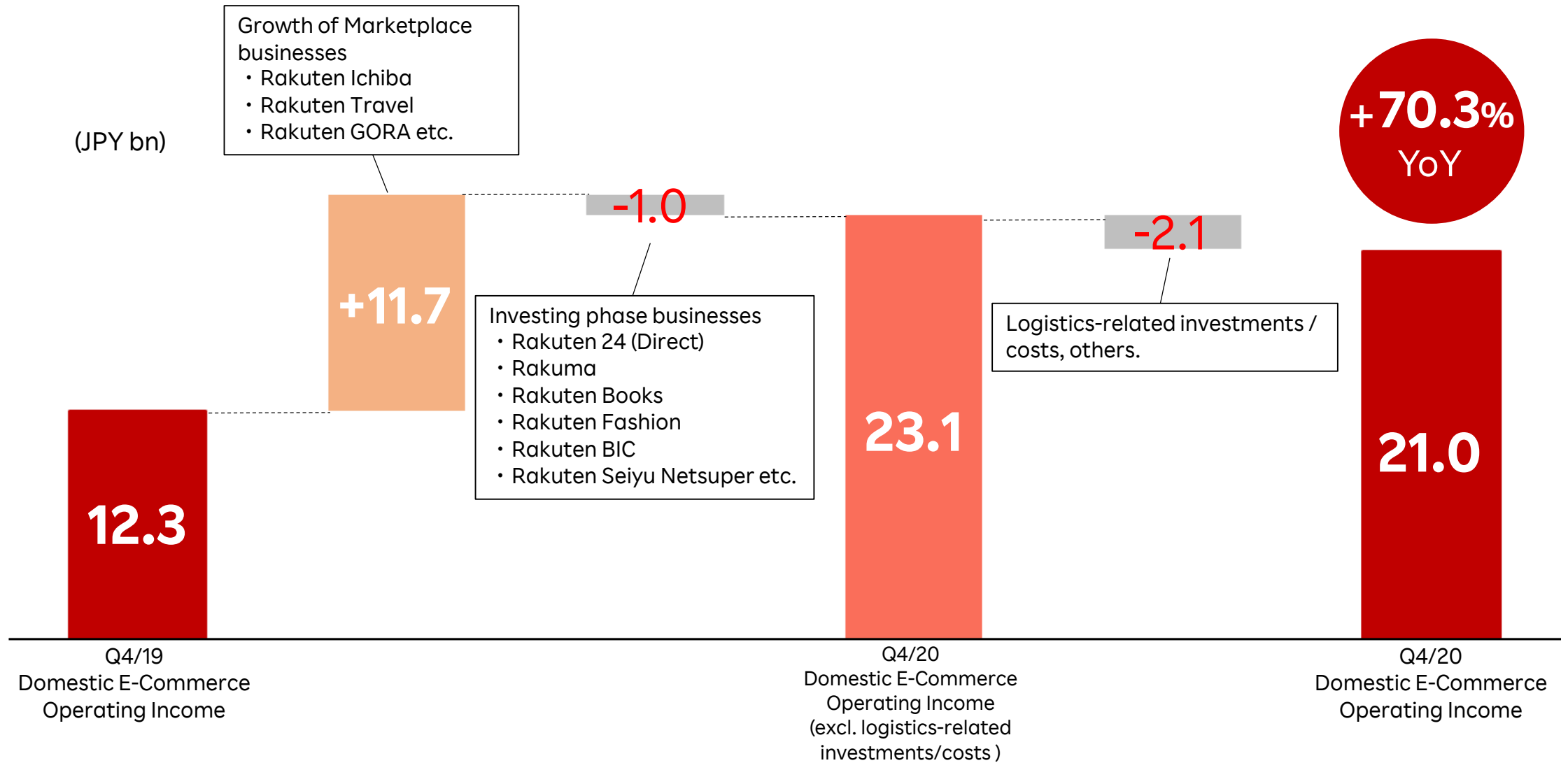
Domestic E-Commerce Results*

- Revenue strongly grew at +35.1% YoY. EC businesses growth and travel business expansion due to Goto campaign contributed to the growth. Accordingly, operating income growth strongly increased at +70.3% YoY even under logistics-related investments.

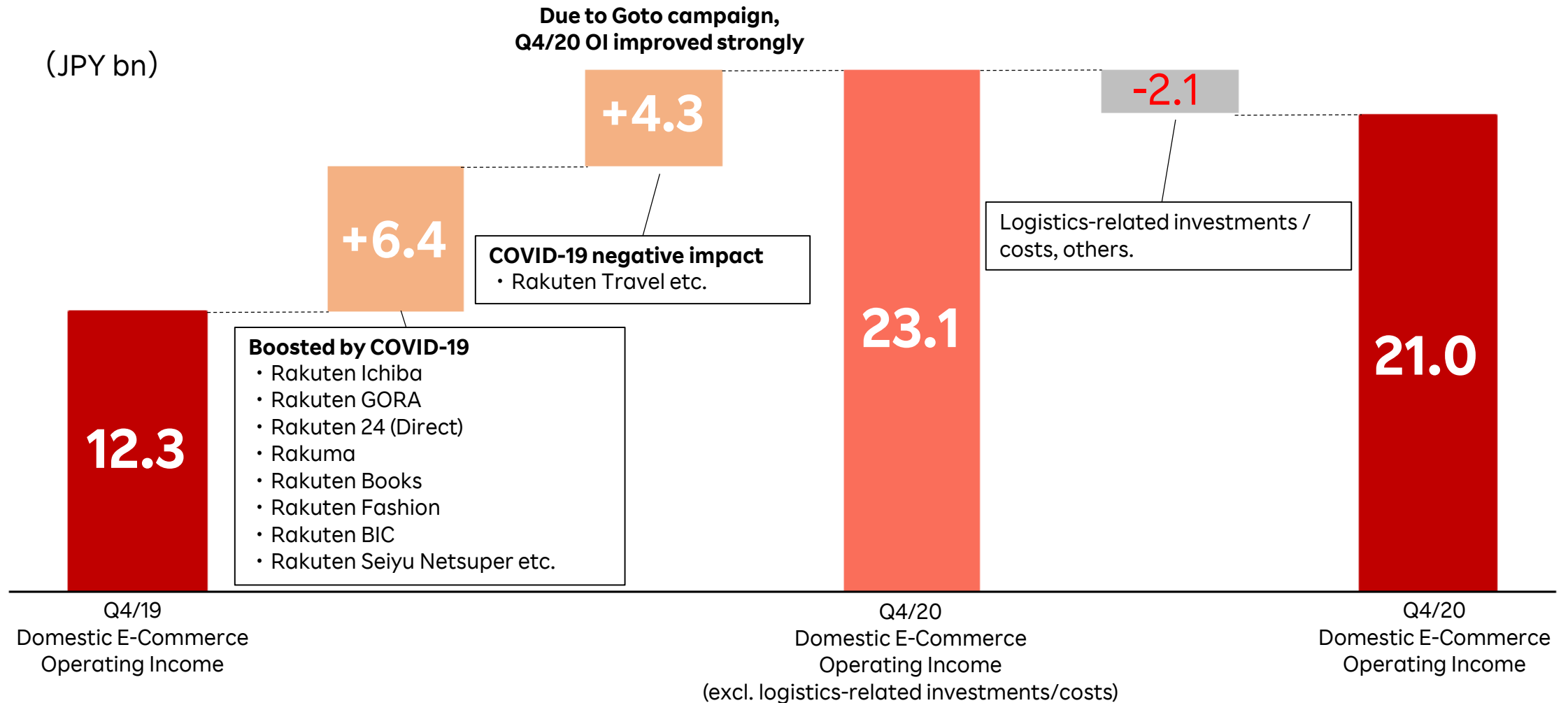


* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

Q4/20 Domestic E-Commerce Operating Income Breakdown

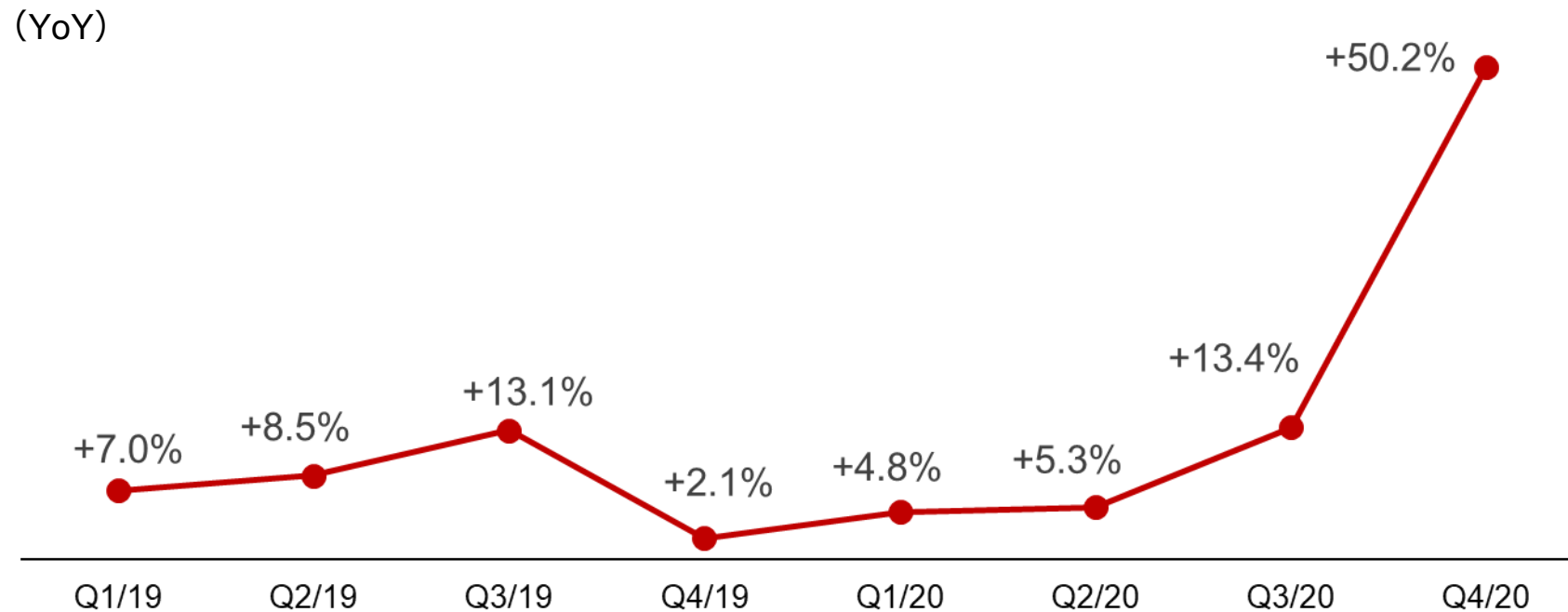


Q4/20 Domestic E-Commerce Operating Income Breakdown



Domestic EC Marketplace businesses* Operating Income

- Market place businesses operating income grew strongly due to Ichiba growth, Travel and GORA operating income improvement.



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

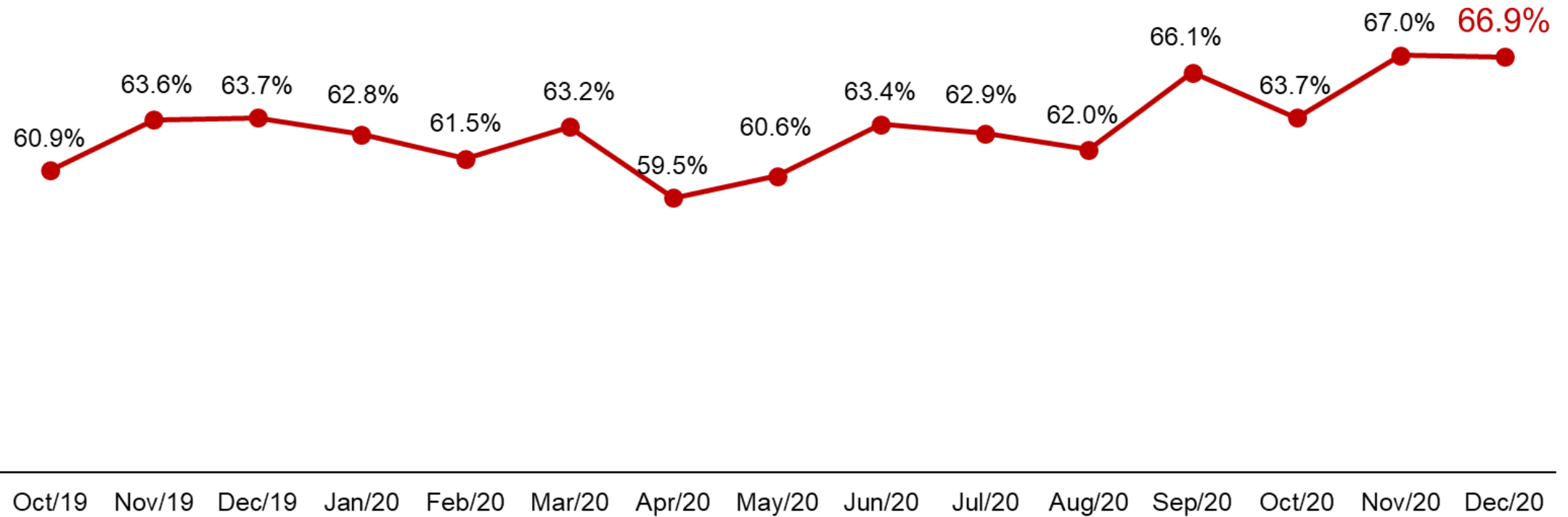
Q4/20 Rakuten Ichiba Mobile GMS Ratio*

76.5%

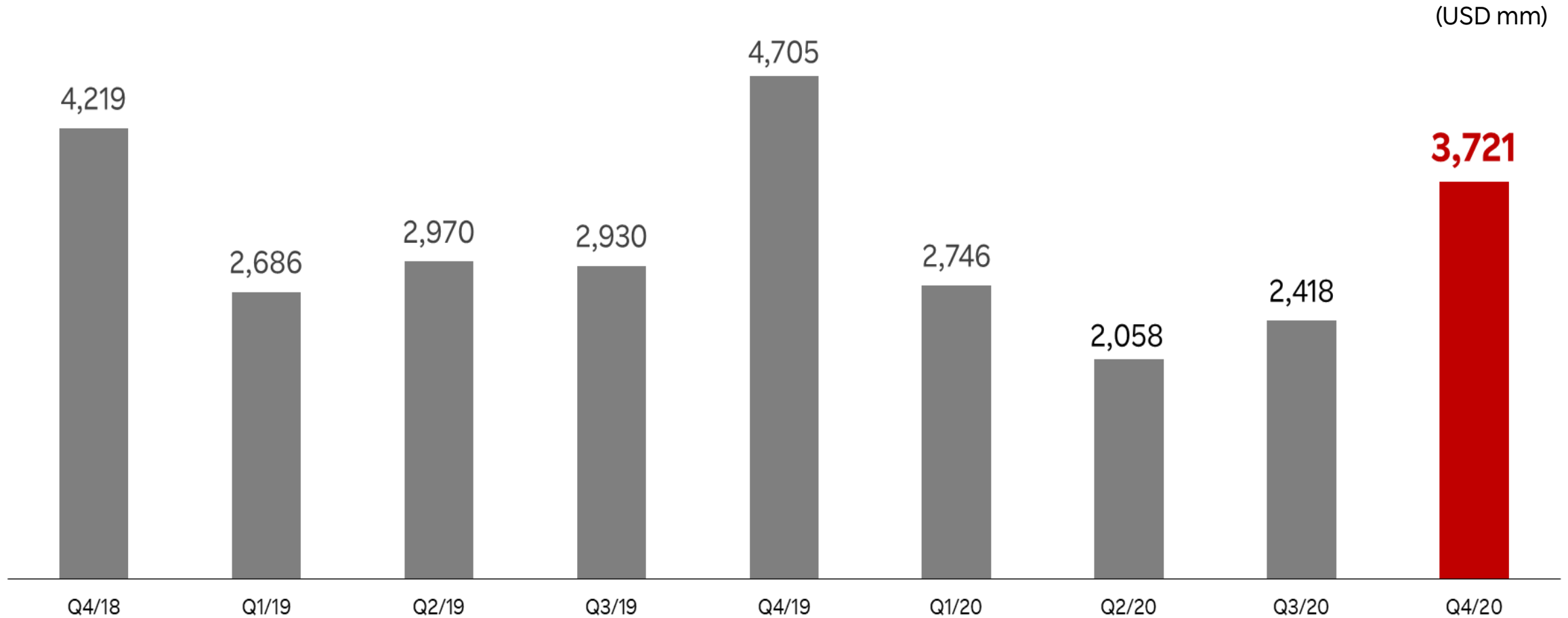
Up 3.1 Points YoY

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

Rakuten Card Share of Rakuten Ichiba GMS

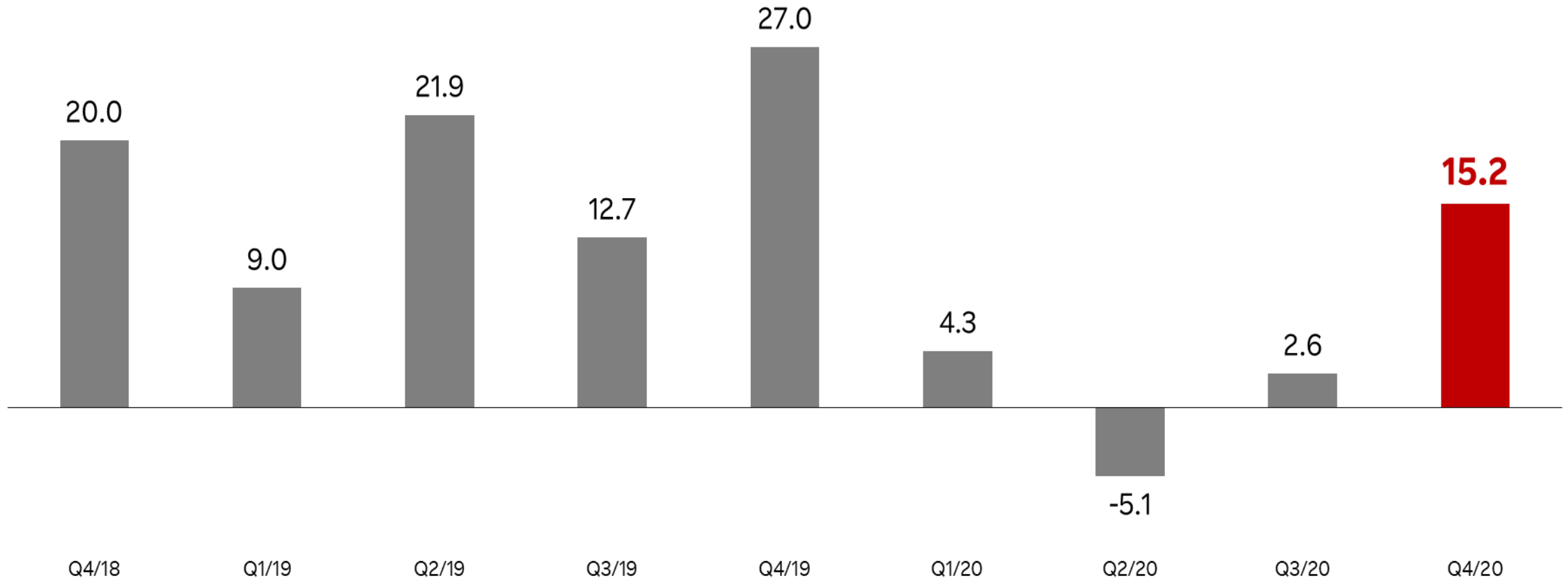


Rakuten Rewards (Ebates) GMS



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

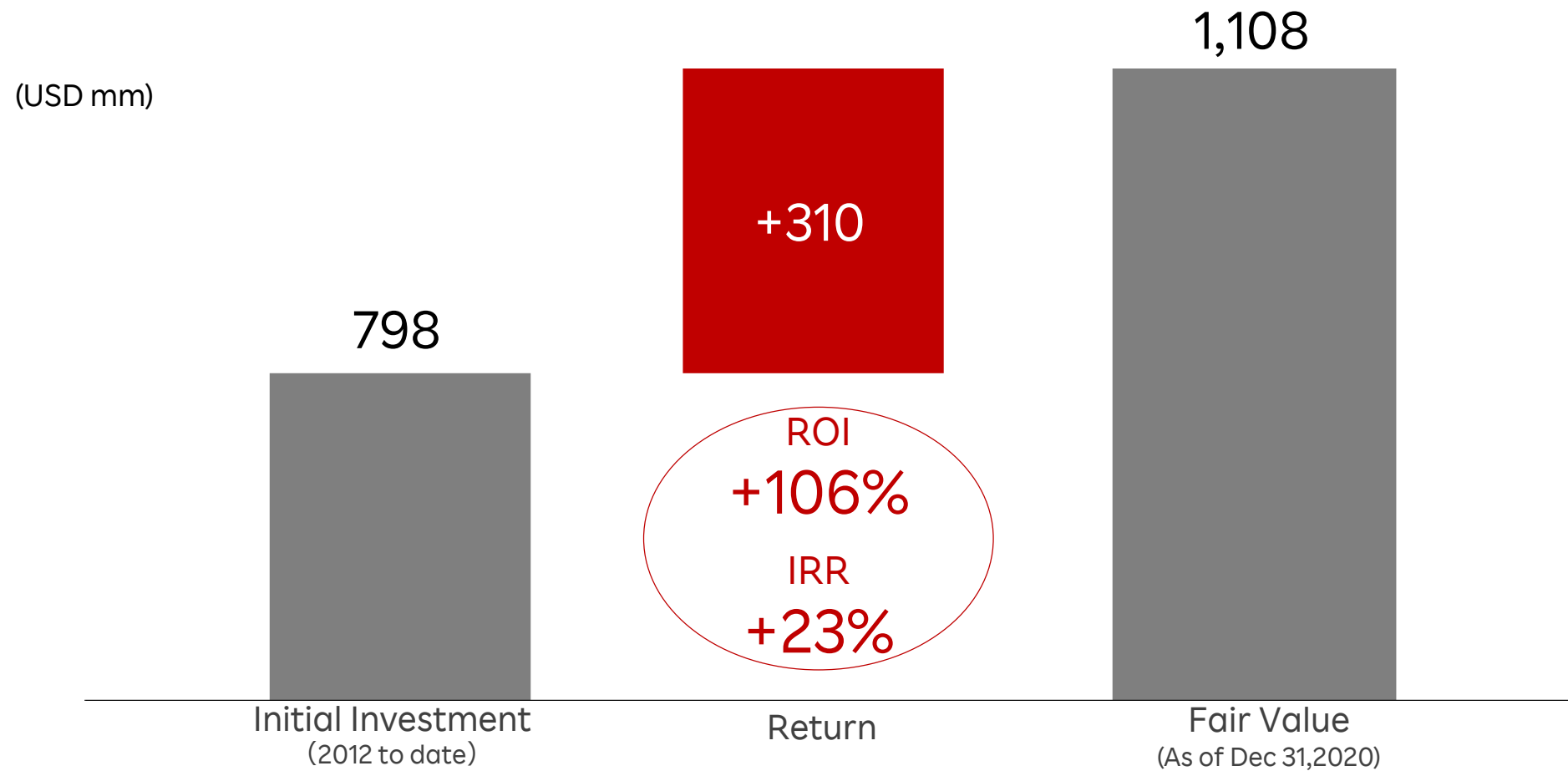
(USD mm)



^{*1} 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), USD 5.1 million (Q2/20) and USD 6.3 million (Q3/20), USD 2.5 million (Q4/20).

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

Performance of Minority Investment^{*1*2}



^{*1} Lyft and Rakuten Medical are excluded due to transfer from Investment Business and treated as exited investments for return calculation

^{*2} Returns excluded Lyft and Rakuten Medical: ROI +82%, IRR +15% (Investment Business stand alone Returns: ROI +96%, IRR +18%)

Minority Investment Portfolio

Internet

SHOPBACK

 carousell


from scratch

fever

epic!

 OneSignal

Ride Sharing

Careem

Glovo?

lyft*

(Asset Financing)

gojek

cabify

FinTech

BlueVine

 Upstart
(IPO)

TORANOTEC

Healthcare

airweave

Rakuten Medical*
(Affiliated Company)


overture

Genesis Healthcare

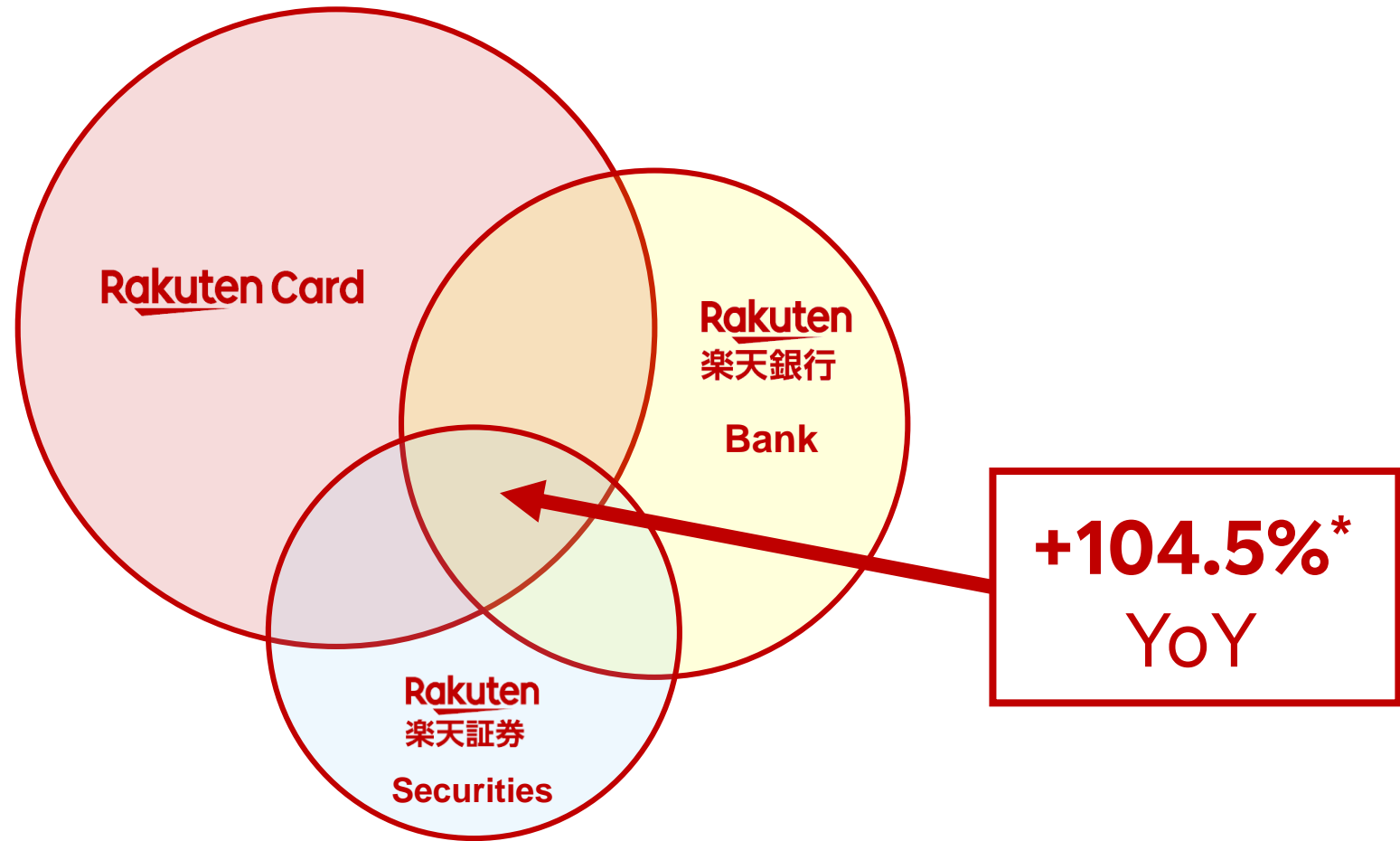
* Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019 respectively and subsequently changed to asset financing (Lyft) and strategic investment purposes (Rakuten Medical)

FinTech Segment

Cross-Use Example of FinTech Businesses

- Cross-use among FinTech services is rapidly expanding

(Number of Unique Users)



*As of December 2020

*Calculation method of cross-use has been changed from the third quarter of 2020

FY2020 FinTech Results Summary

(JPY bn)

	Revenue	YoY	Operating Income	YoY
Card	261.3	+13.7%	37.7	+15.8%
Bank	95.5	+7.2%	28.1	+3.7%
Insurance	106.4	-0.1%	7.5	+87.4%
Payment	33.1	+14.6%	-6.8	-1.47
Others	5.8	+30.14	-1.9	-1.82
FinTech Total excl.Securities	502.1	+16.8%	64.7	+11.0%
Securities	74.1	+31.0%	16.6	+50.8%
FinTech Total	576.2	+18.5%	81.3	+17.3%

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

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

Q4/20 FinTech Results Summary

(JPY bn)

	Revenue	YoY	Operating Income	YoY
Card	68.8	+7.8%	7.2	-10.5%
Bank	24.7	+7.5%	7.2	+2.7%
Insurance	26.0	-15.5%	2.9	+9.4%
Payment	9.2	+4.2%	-2.5	-0.84
Others	1.6	+9.97	-1.0	-0.90
FinTech Total excl. Securities	130.3	+10.4%	13.8	-13.5%
Securities	20.2	+40.2%	4.1	+68.5%
FinTech Total	150.5	+13.7%	17.9	-2.6%

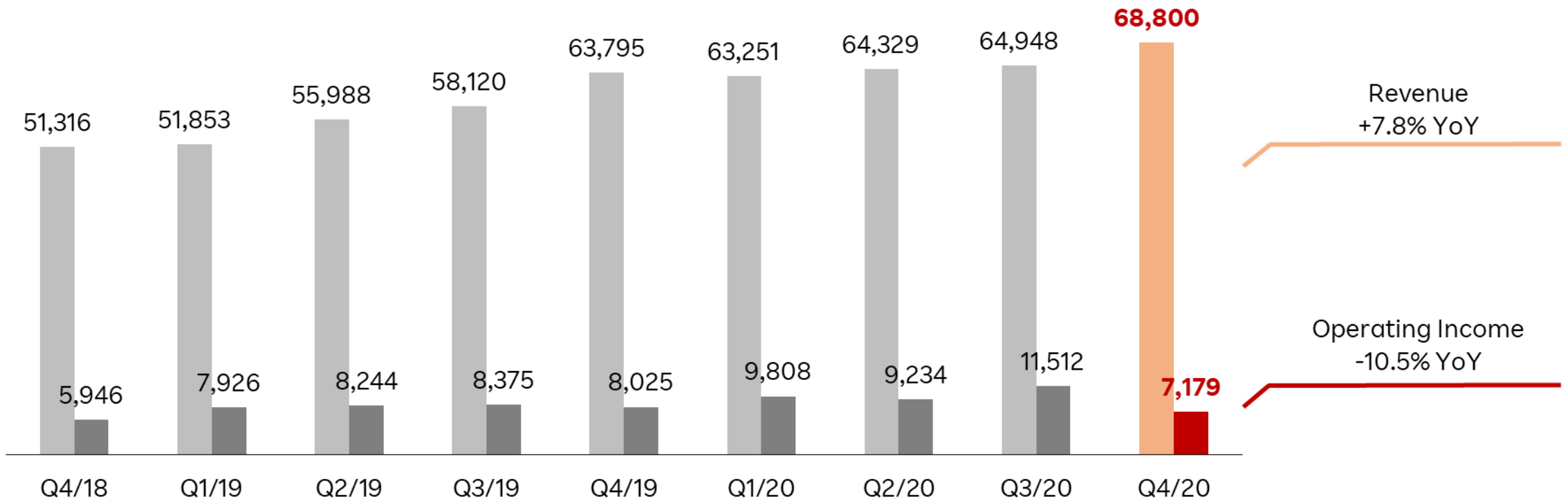
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Rakuten Card Results

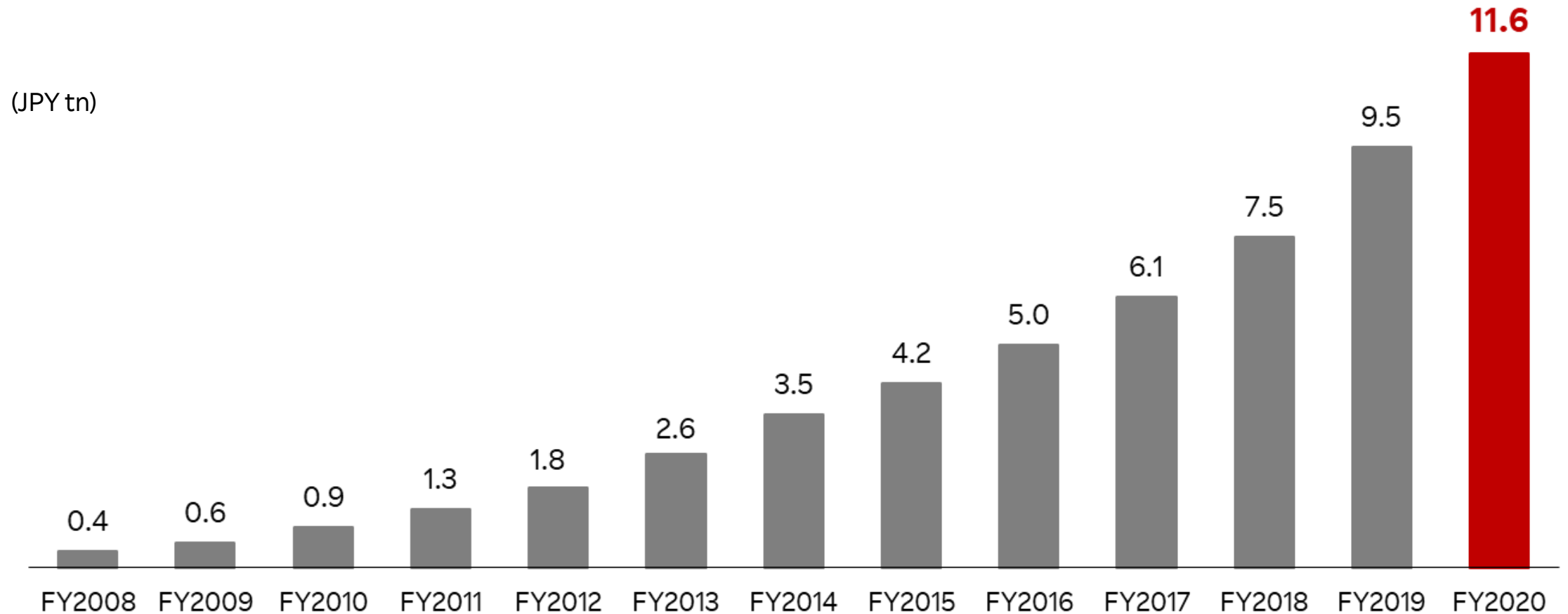
- Although marketing expenses increased to accommodate the shift online, contribution to the Rakuten Group expanded. FY2020 operating income +15.8% YoY.

(JPY mm)



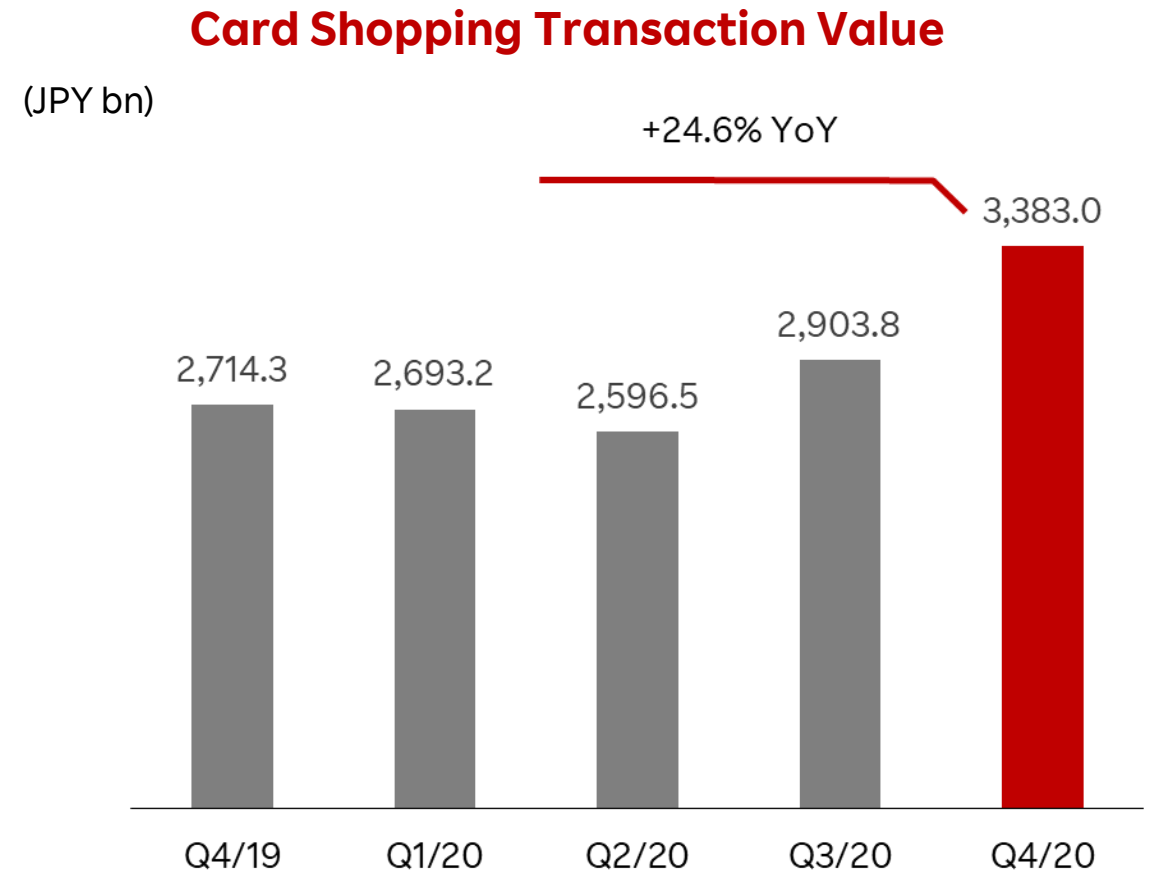
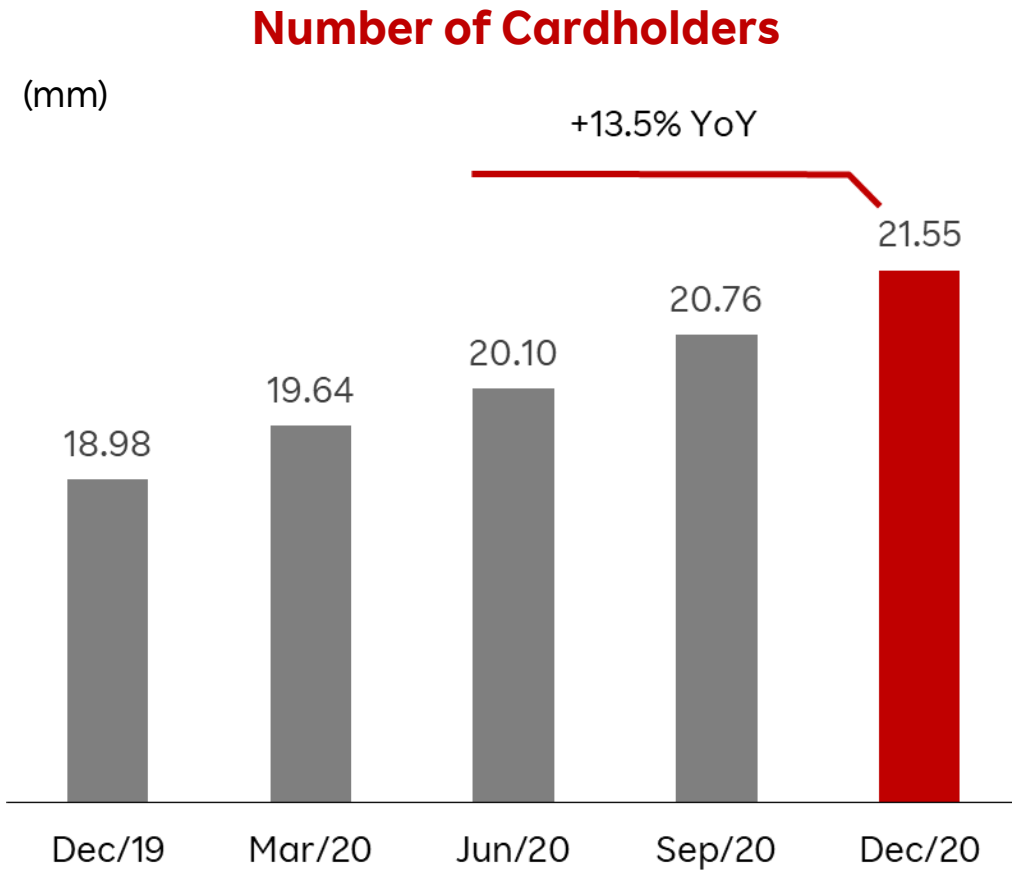
Rakuten Card Shopping GTV*

■ Shopping GTV exceeded JPY 11.6tn in 2020



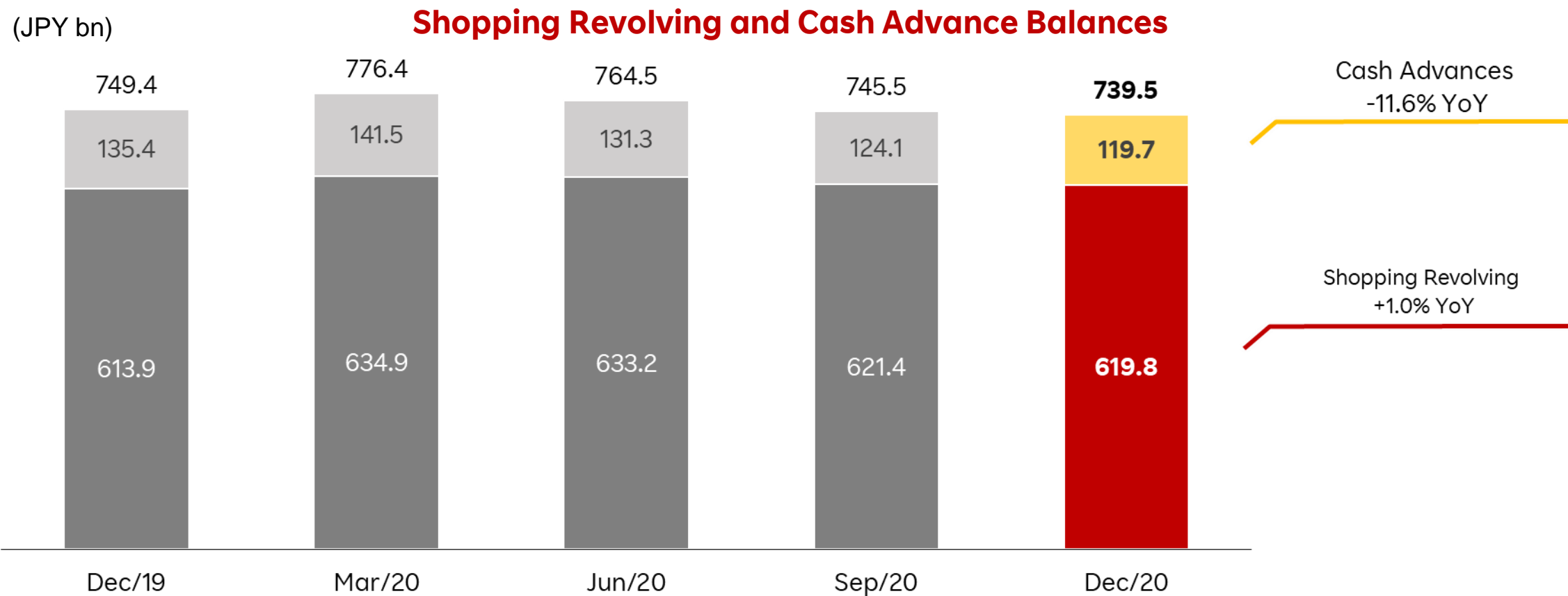
* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix

Rakuten Card KPIs*(1)



* 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)



* 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)

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	YoY
Expenses related to doubtful accounts	11,528	9,842	11,809	8,950	11,789	+2.3%
Ratio of expenses related to doubtful accounts ^{*1}	2.13%	1.77%	2.15%	1.63%	2.03%	—

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	YoY
Rakuten Card	1,874,061	1,802,438	1,831,263	1,839,869	2,097,002	+11.9%
Stage 1 (Normal)	1,794,230	1,717,959	1,741,588	1,750,887	2,008,991	+12.0%
Stage 2 (1-2 months delinquent)	11,408	13,451	11,745	11,633	12,414	+8.8%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	68,423	71,027	77,930	77,349	75,597	+10.5%
Rakuten Bank Super Loans	384,469	385,680	371,907	359,857	347,727	-9.6%
Stage 1 (Normal/Credit guarantees ^{*2})	345,922	347,551	333,715	323,023	312,551	-9.6%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	127	135	83	127	114	-10.1%
Stage 3 (Foreclosed credit guarantees)	38,420	37,994	38,109	36,707	35,062	-8.7%
Others	1,065	1,010	963	934	902	-15.2%
Total balance of loan receivables	2,259,594	2,189,128	2,204,133	2,200,660	2,445,632	+8.2%
Allowance for doubtful accounts^{*3}	94,265	95,109	99,504	96,898	94,890	+0.7%
Write-off for bad debt^{*4}	10,766	8,999	7,416	11,561	13,801	+28.2%

*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

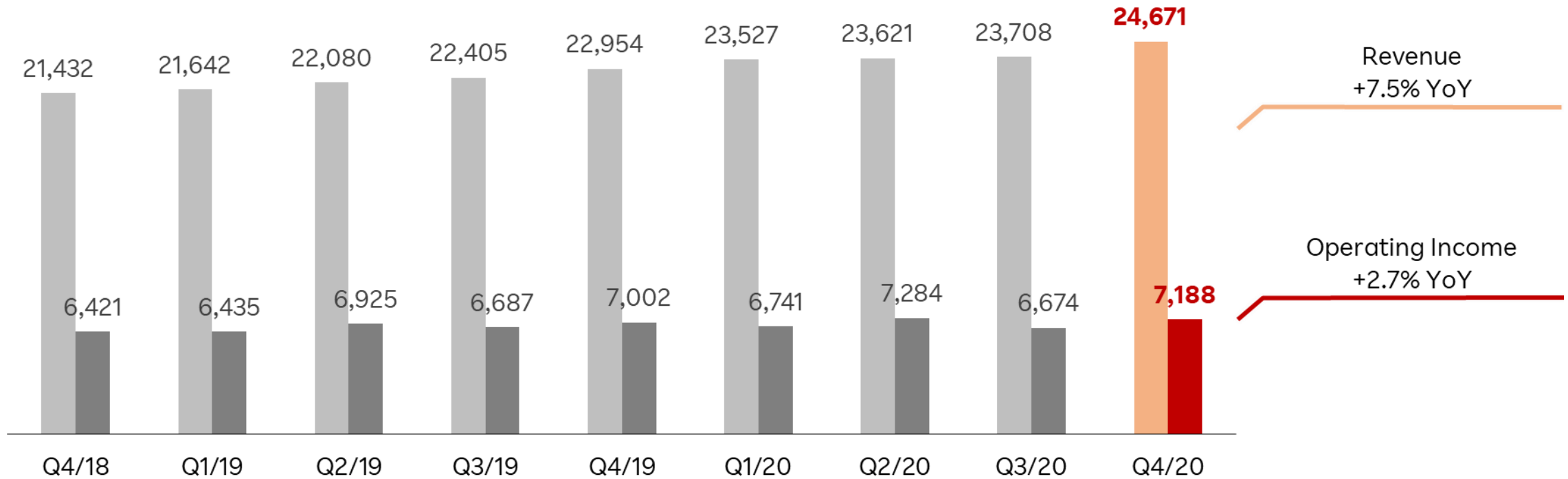
*3 Including allowance for credit guarantees

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

Rakuten Bank Results

- While the negative interest rate policy has caused many banks' earnings to stagnate, Rakuten Bank has increased its revenue and profit by significantly increasing its service revenue, especially in transactions

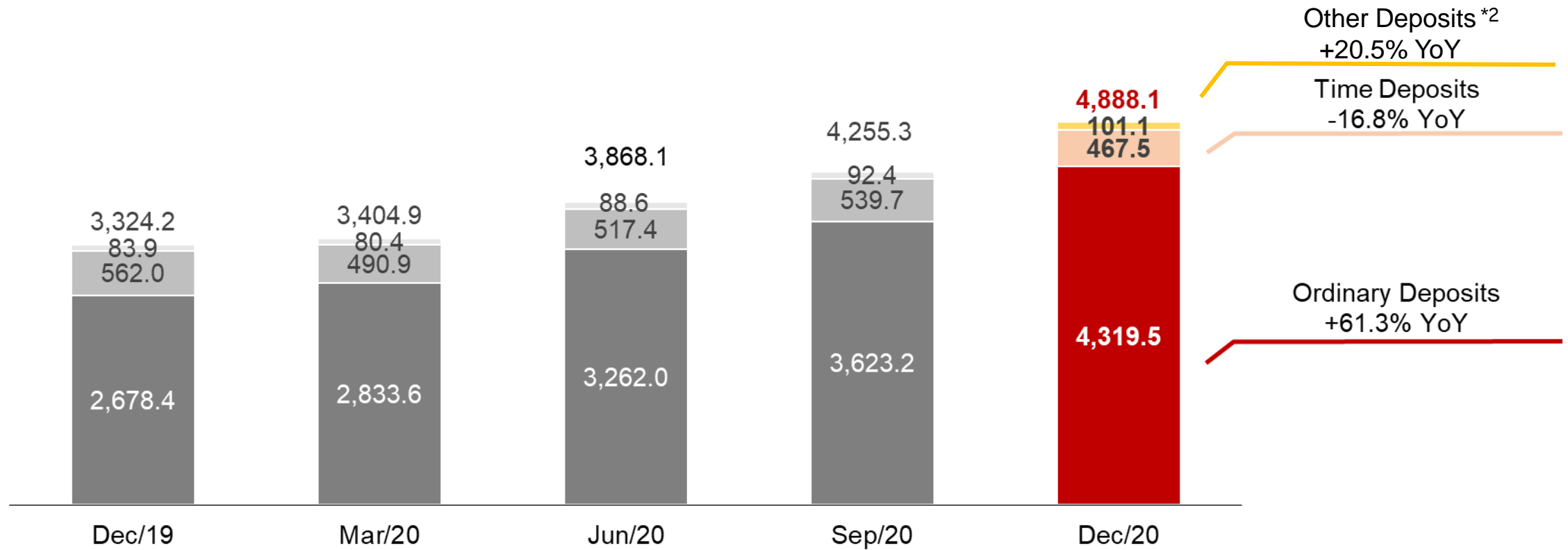
(JPY mm)



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

Rakuten Bank Deposits*1

(JPY bn)

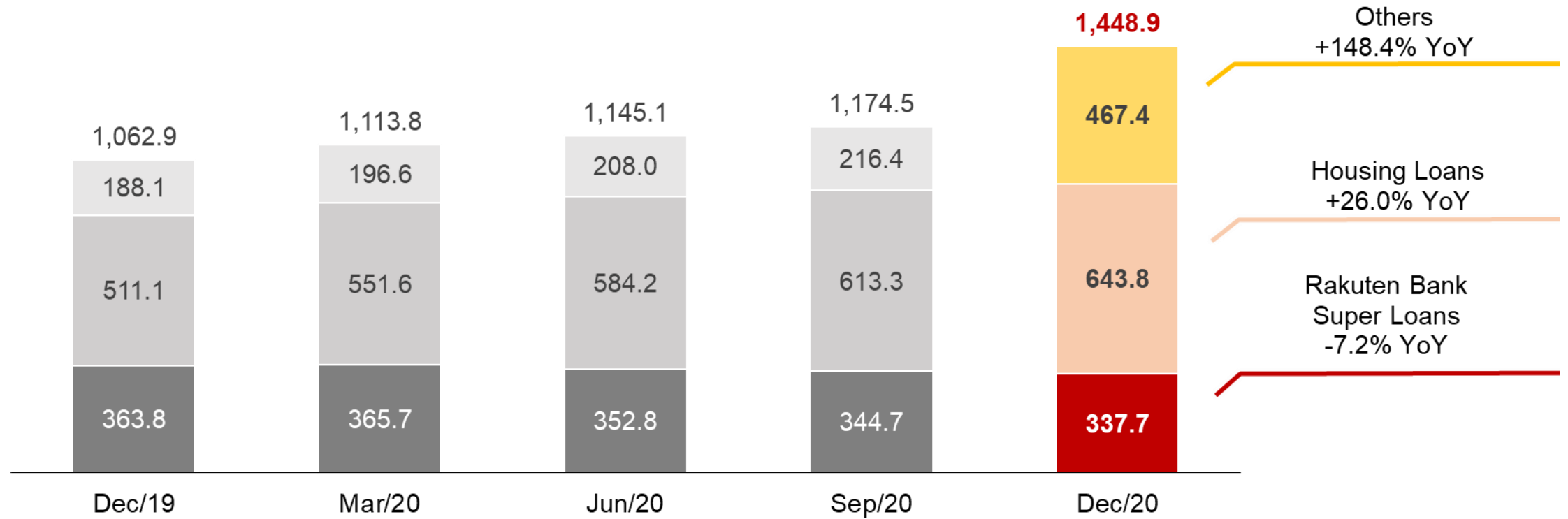


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

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

Rakuten Bank Loan Receivables Balance

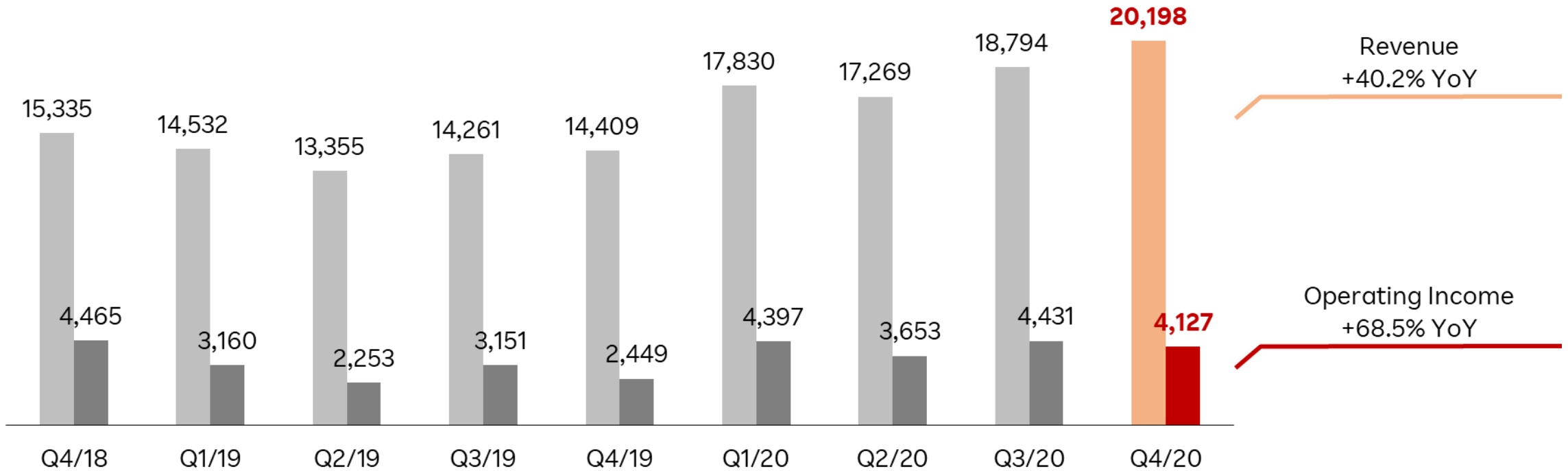
(JPY bn)



Rakuten Securities Results

- Revenue +40.2% YoY and Operating Income +68.5% YoY from growth in trading volumes of Japanese Stock and US Stock

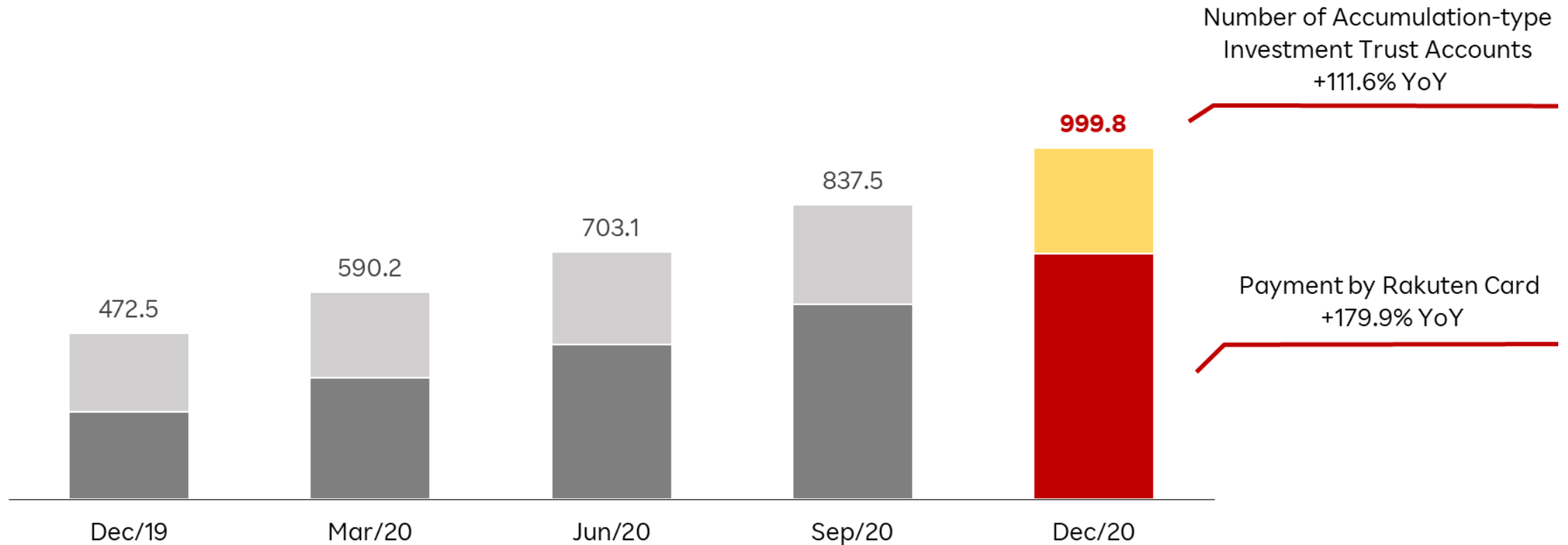
(JPY mm)



Rakuten Securities Accumulation-type Investment Trust Accounts

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

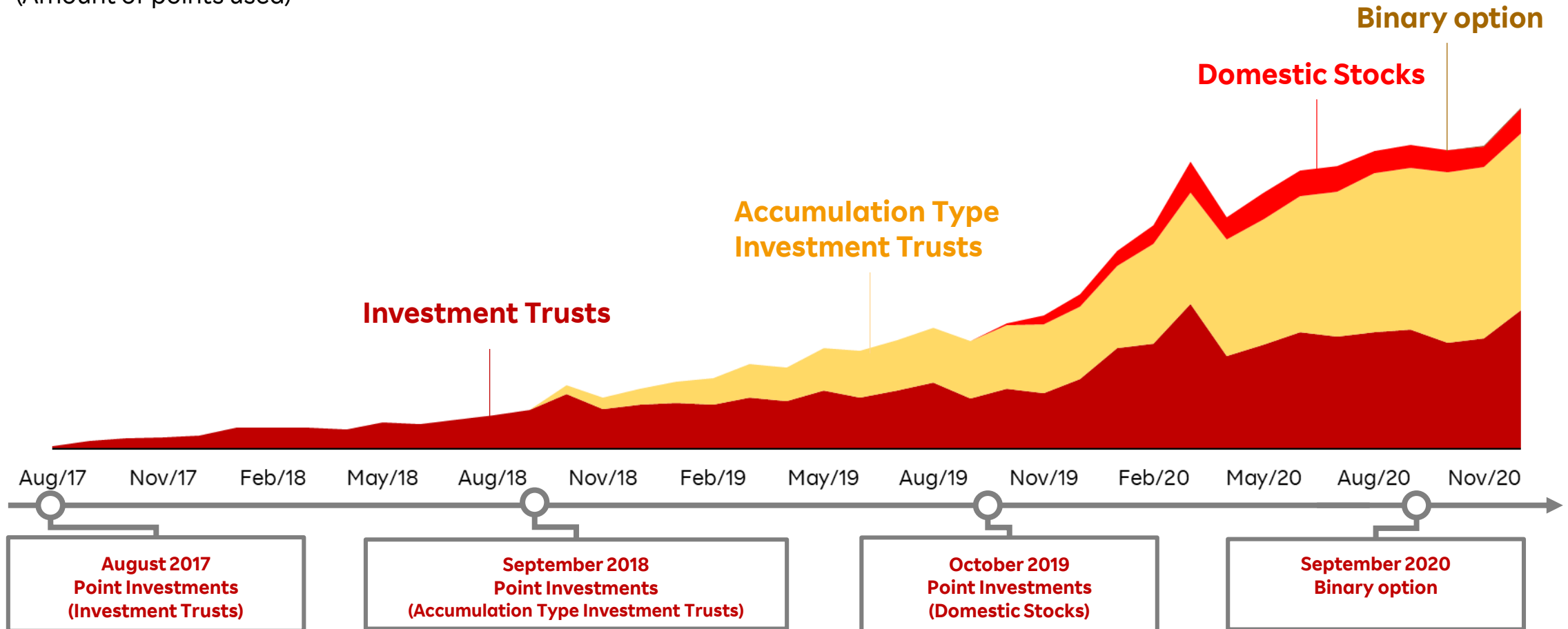
(thousands of accounts)



Rakuten Securities Point Investments

- Amount of Points used for investments with Rakuten Points has been growing steadily

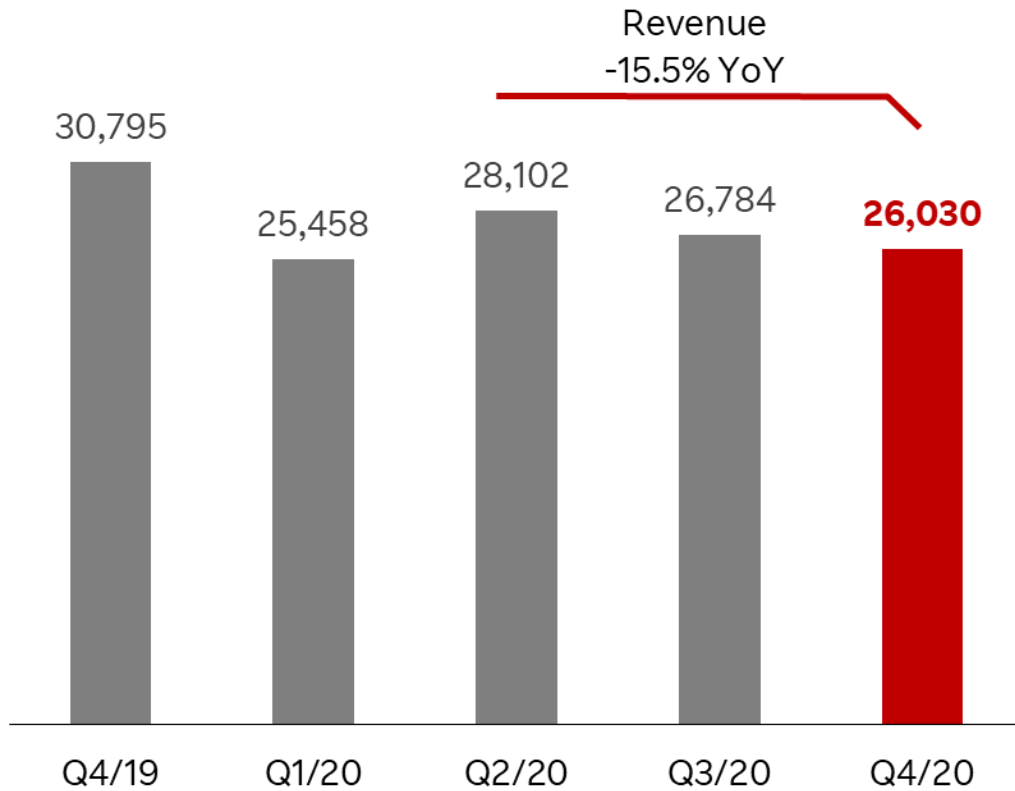
(Amount of points used)



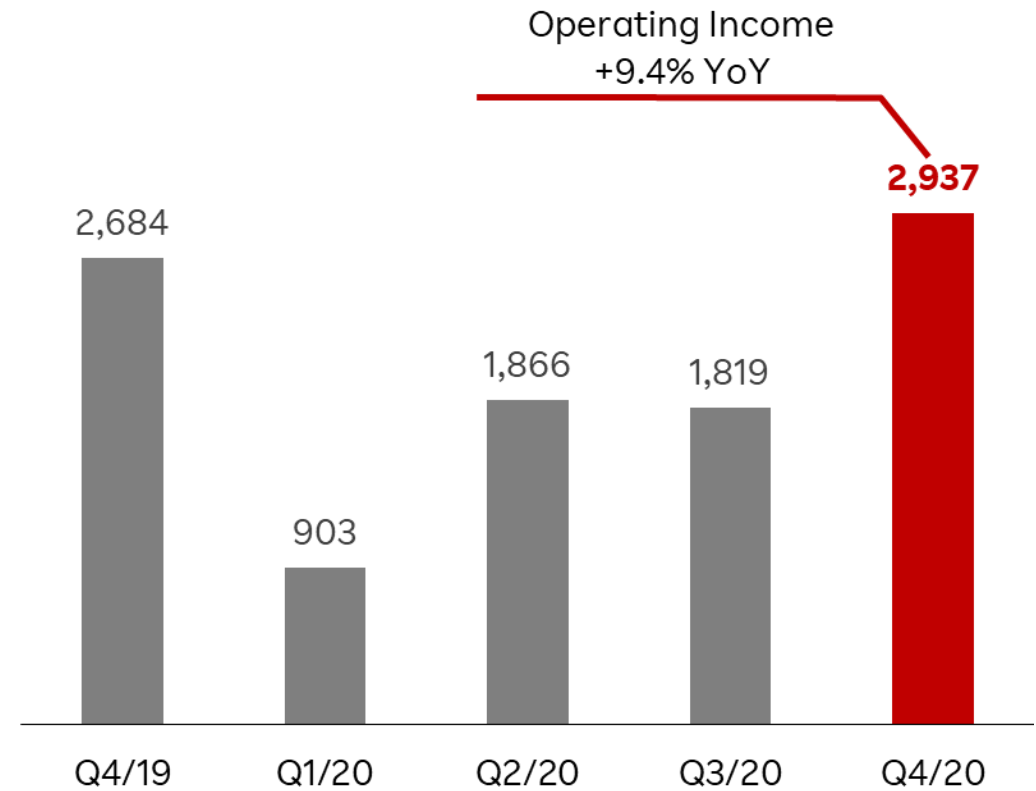
Insurance Business Results

- Revenue decreased YoY due to sale of securities in Q4 last year. Operating income steadily expanded to over JPY 7.5bn annually.

(JPY mm)



(JPY mm)



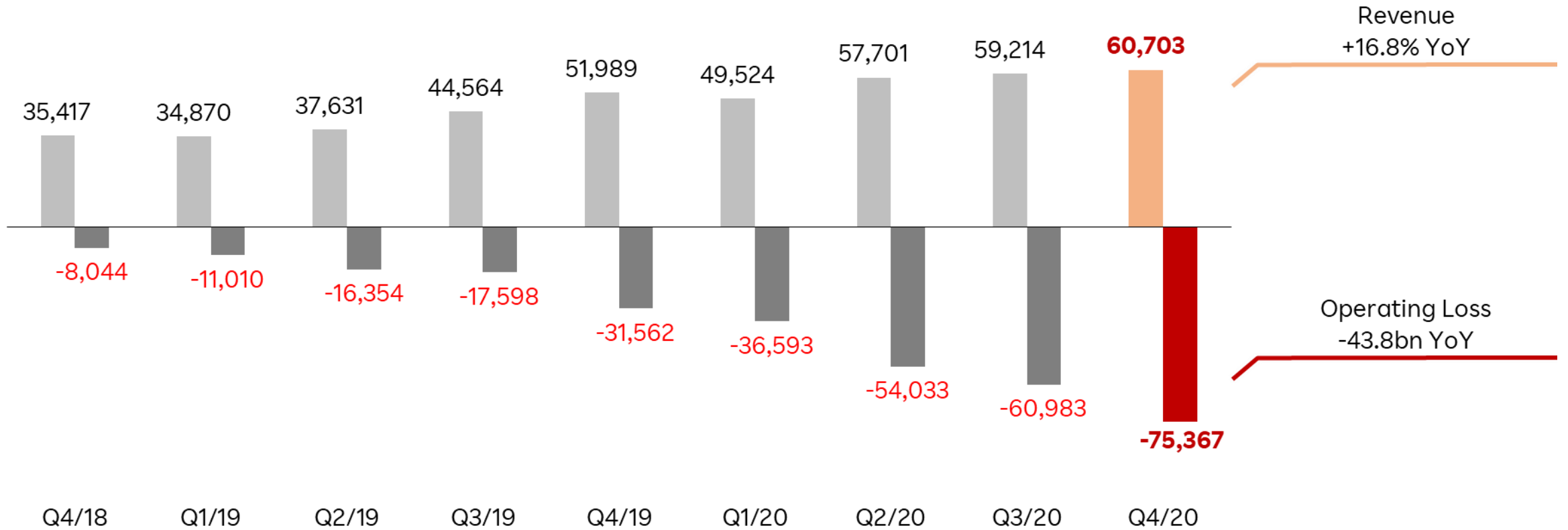
* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.

Mobile Segment

Mobile Results*

- Operating loss expanded due to increased base station-related costs with the advancement of base station build-out plan

(JPY mm)

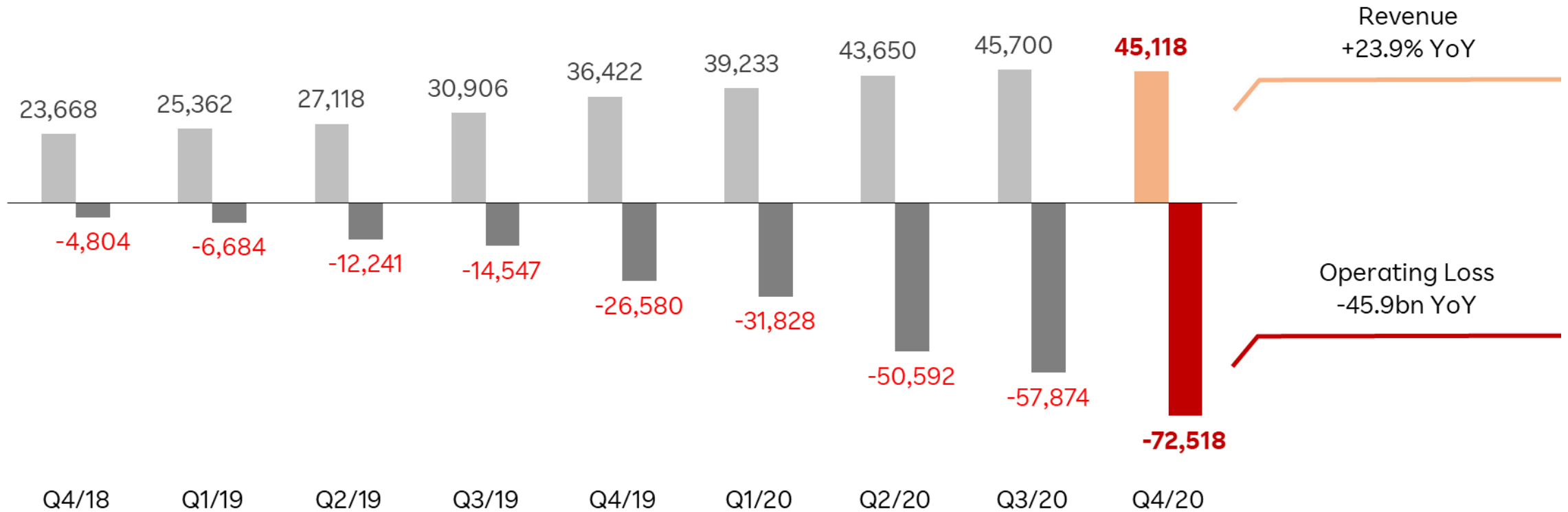


* Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Rakuten Viber, Energy businesses, and contents businesses.

Mobile Results (Formerly Mobile Segment*)

- Operating loss expanded due to increased base station-related costs with the advancement of base station build-out plan

(JPY mm)



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

Rakuten Mobile Balance Sheet

(JPY mm)

IFRS貸借対照表, Balance Sheet (IFRS)	Q4/20
資産, Assets	
有形固定資産, Fixed assets	415,270
無形資産, Intangible assets	58,024
その他の資産, Other assets	187,648
資産合計, Total Assets	660,942

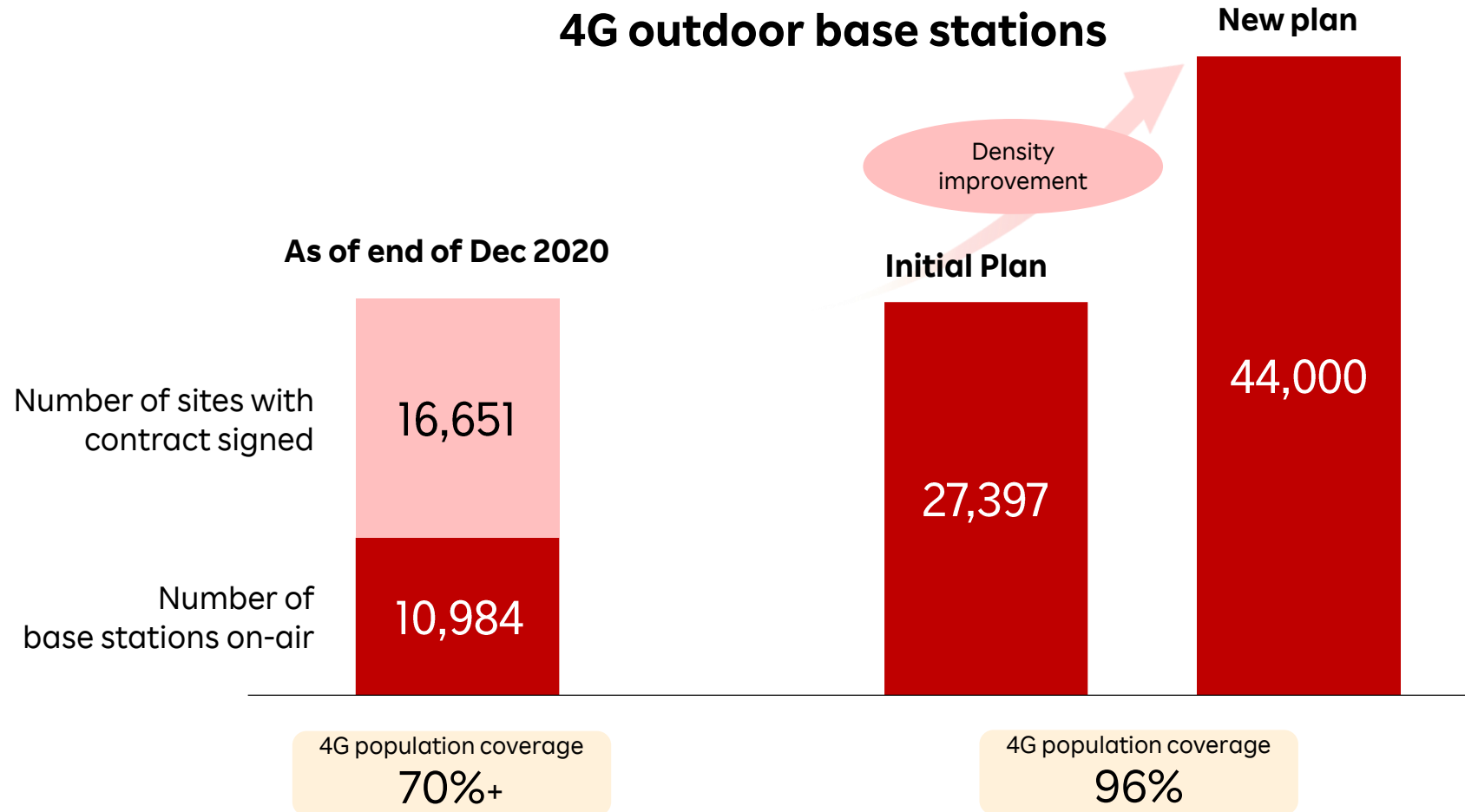
負債及び資本, Liabilities and net assets	
借入金, Borrowings *	228,333
リース債務, Lease liabilities**	111,473
その他の負債, Other liabilities	140,479
負債合計, Total liabilities	480,285
資本合計, Total net assets	180,657
負債及び資本合計, Total liabilities and net assets	660,942

*Borrowings are liabilities from lease financing and loans from Rakuten, Inc.

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

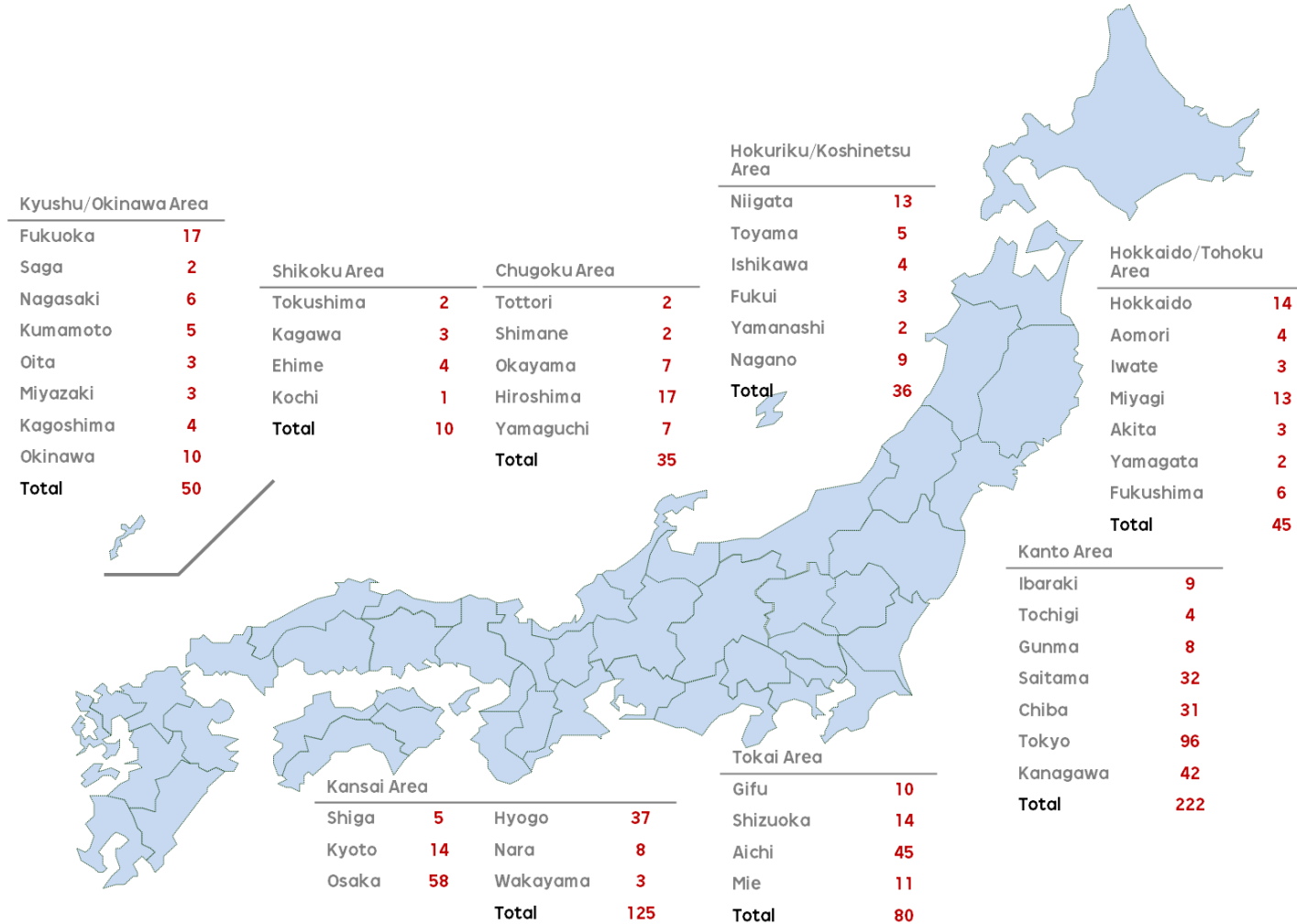
Base Station Build-out and CAPEX Plan

- Aim to build out 44,000 base stations to cover 96% of the population, in order to improve quality with high density of base stations and to respond to the expected increase in users in the future.
- 4G CAPEX is expected to increase by approx. 30%-40% from JPY 600bn

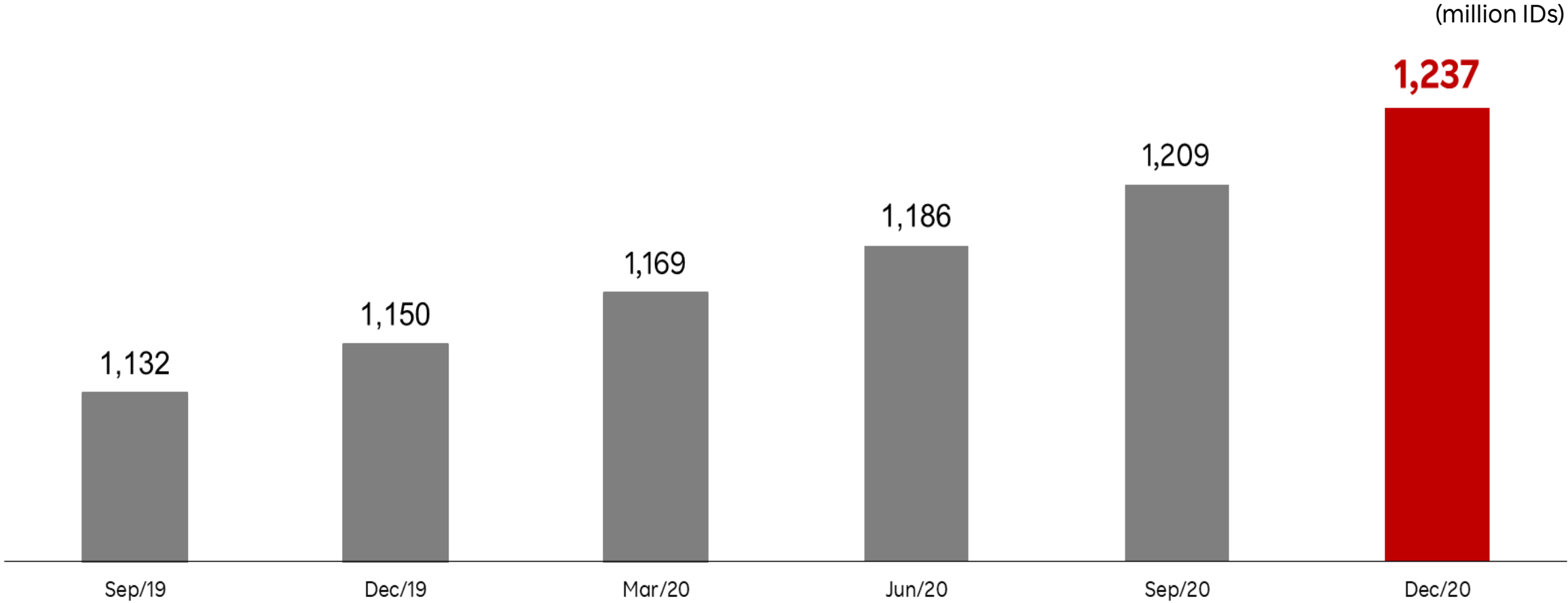


Mobile Shop Network

■ 603 shops as of January 2021

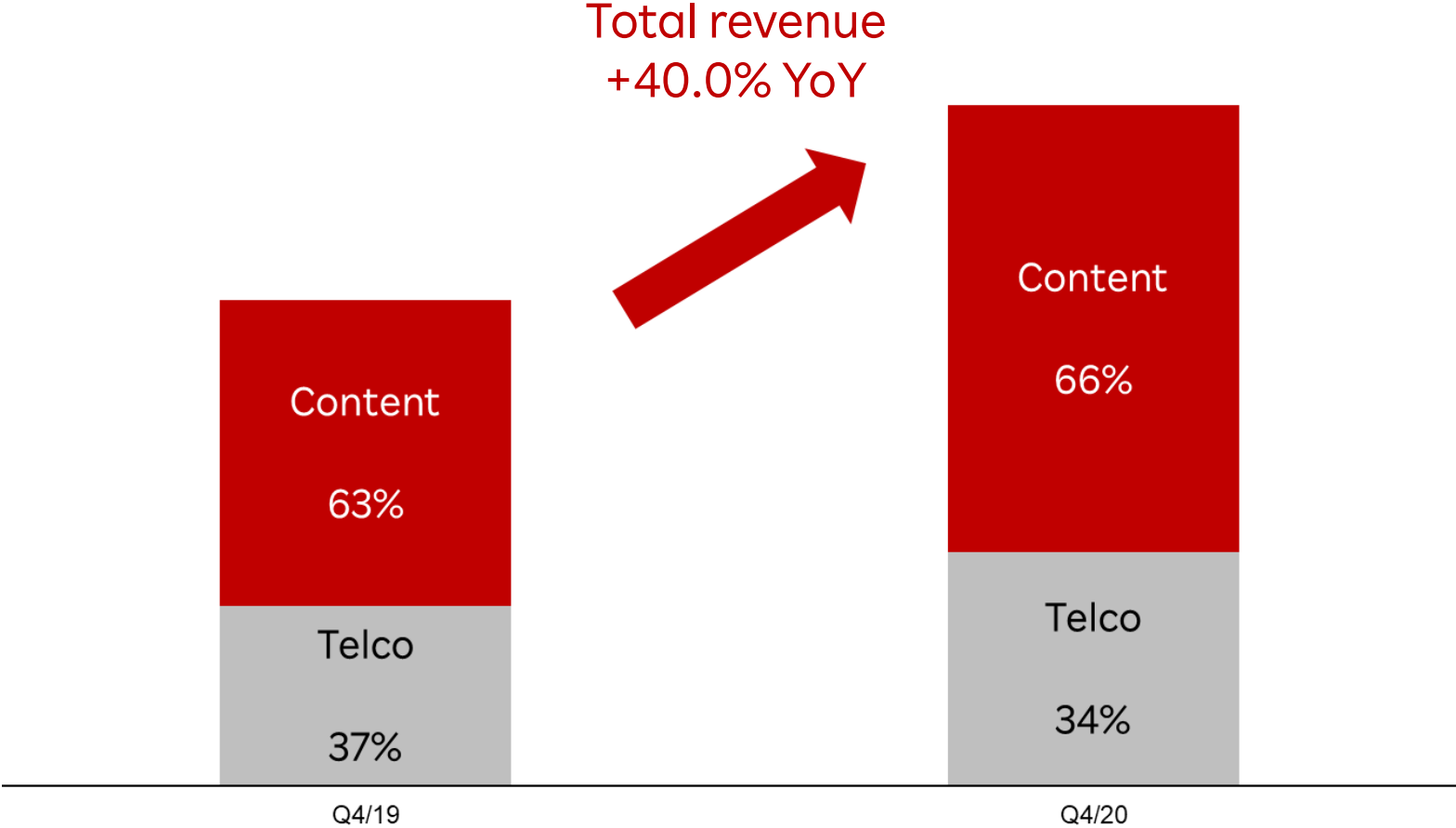


Viber Unique IDs*



* Unique IDs: Unique phone numbers excluding deactivations

Viber Revenue*

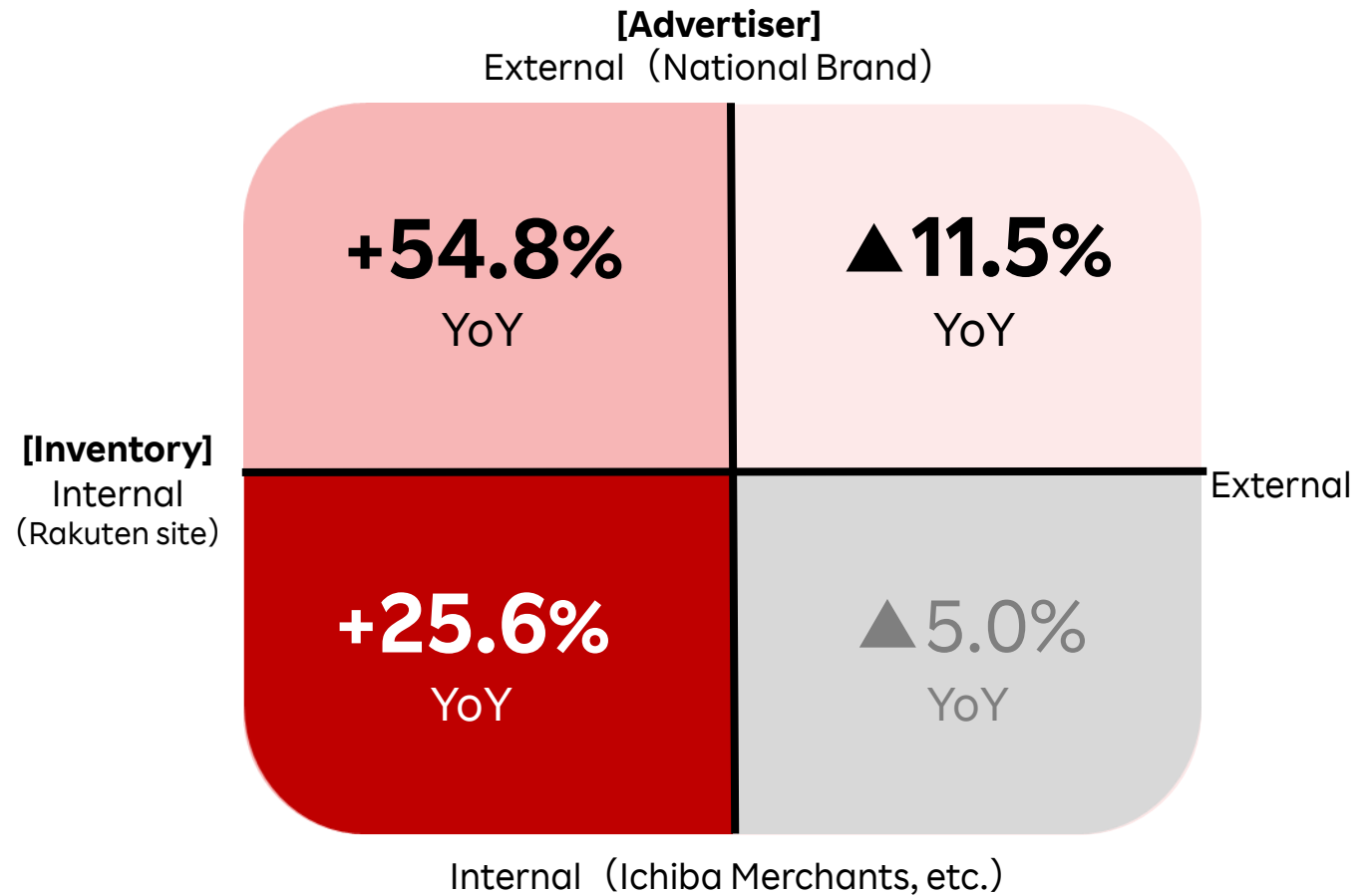
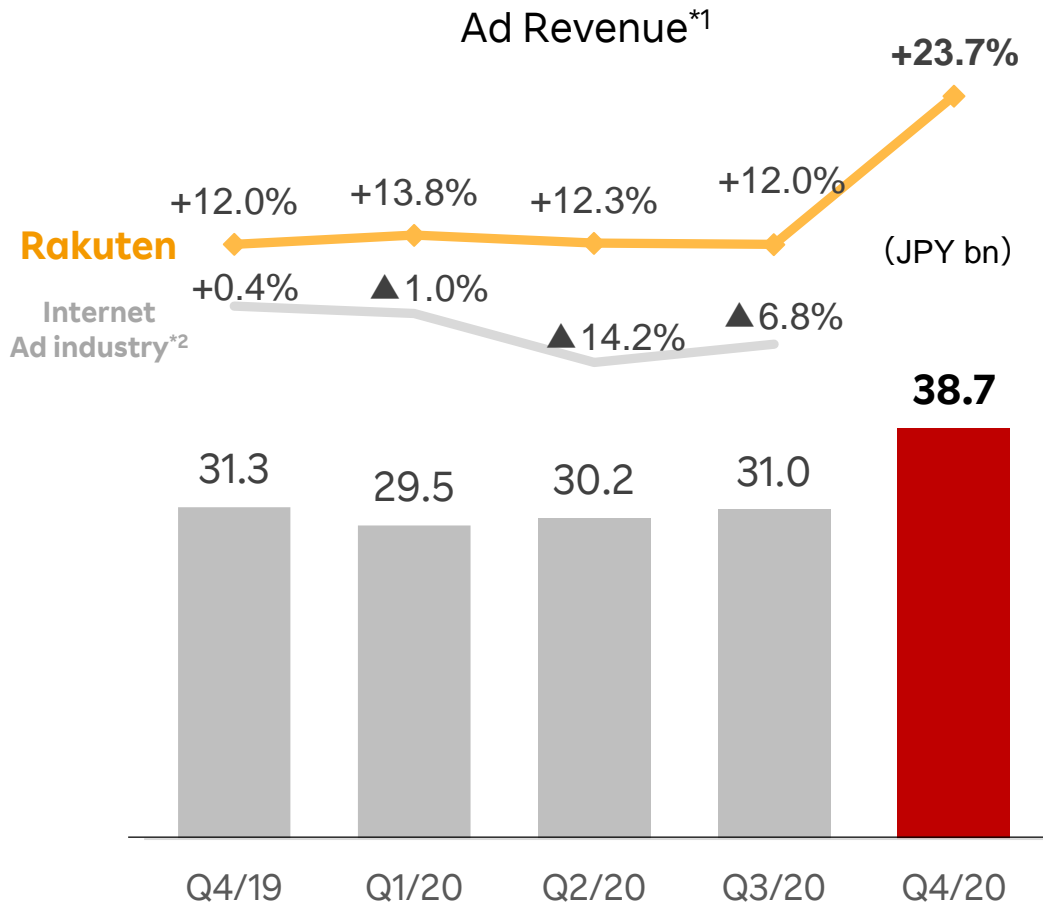


* Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.



Ad Business

Ad Business: Q4/20 Growth Analysis



*1 Revenue includes internal transactions.

*2 Source: METI "Indices of Tertiary Industry Activity, Advertising Industry"

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