

FY2021 First Quarter Consolidated Financial Results Appendix

May 13, 2021

Rakuten Group, Inc.



Consolidated Results

Q1/21 Revenue and Operating Income*1

(JPY bn)

	Q1/20	Q1/21	YoY
Core Business ^{*2}			
Revenue	257.4	285.3	+10.8%
Operating Income	32.5	42.1	+29.4%
Non-recurring / Investments ^{*3}			
Revenue	31.8	35.5	+11.6%
Operating Income	1.0	37.7	+36.7
Future Growth Investments ^{*4}			
Revenue	80.7	111.4	+38.1%
Operating Income	-49.9	-111.3	-61.3
Adjustments			
Revenue	-38.5	-40.8	-2.3
Operating Income	-1.7	-0.1	+1.6
Consolidated			
Revenue	331.4	391.5	+18.1%
Non-GAAP Operating Income	-18.1	-31.6	-13.4
IFRS Operating Income	-24.1	-37.3	-13.3

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

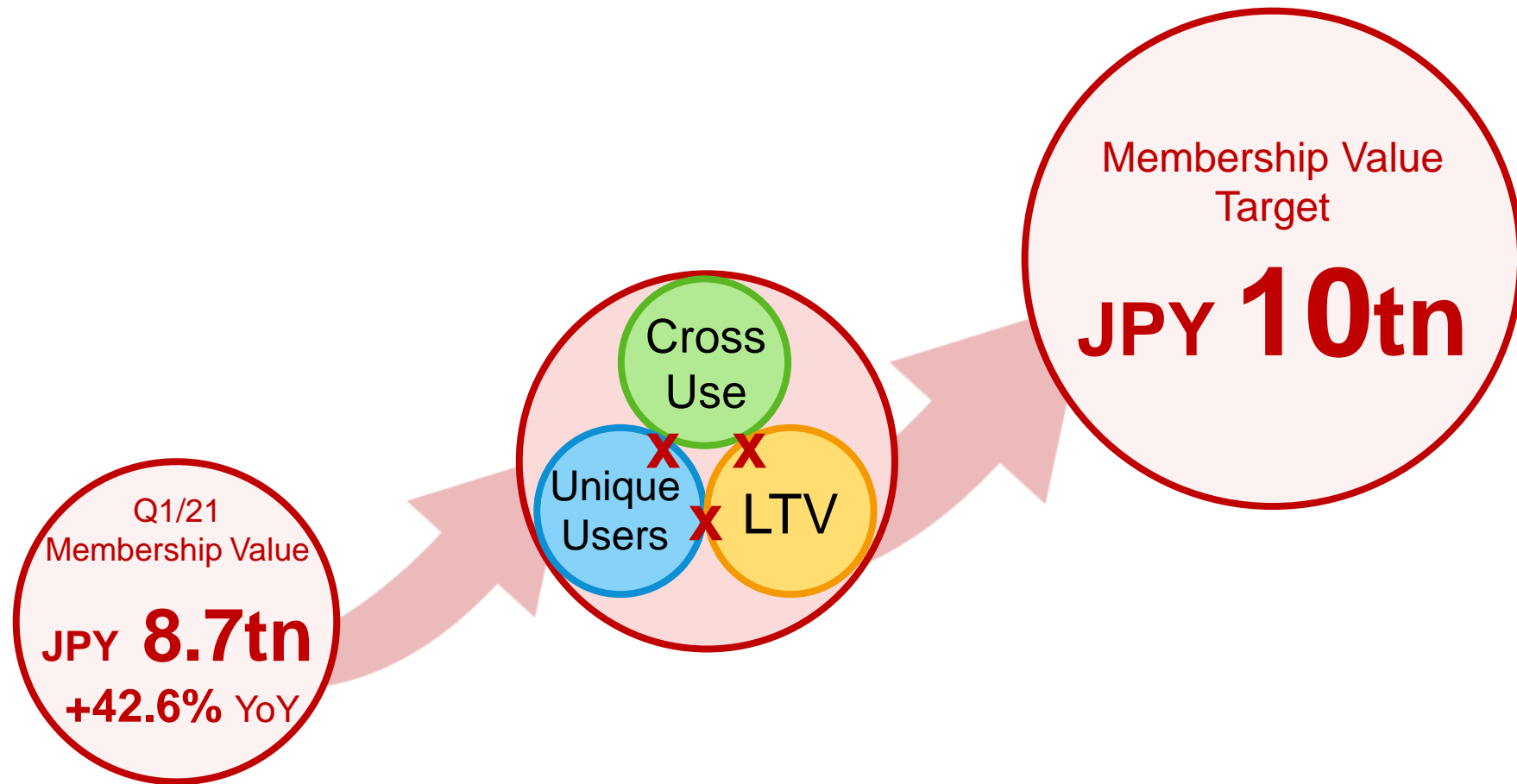
*2 Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, etc

*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

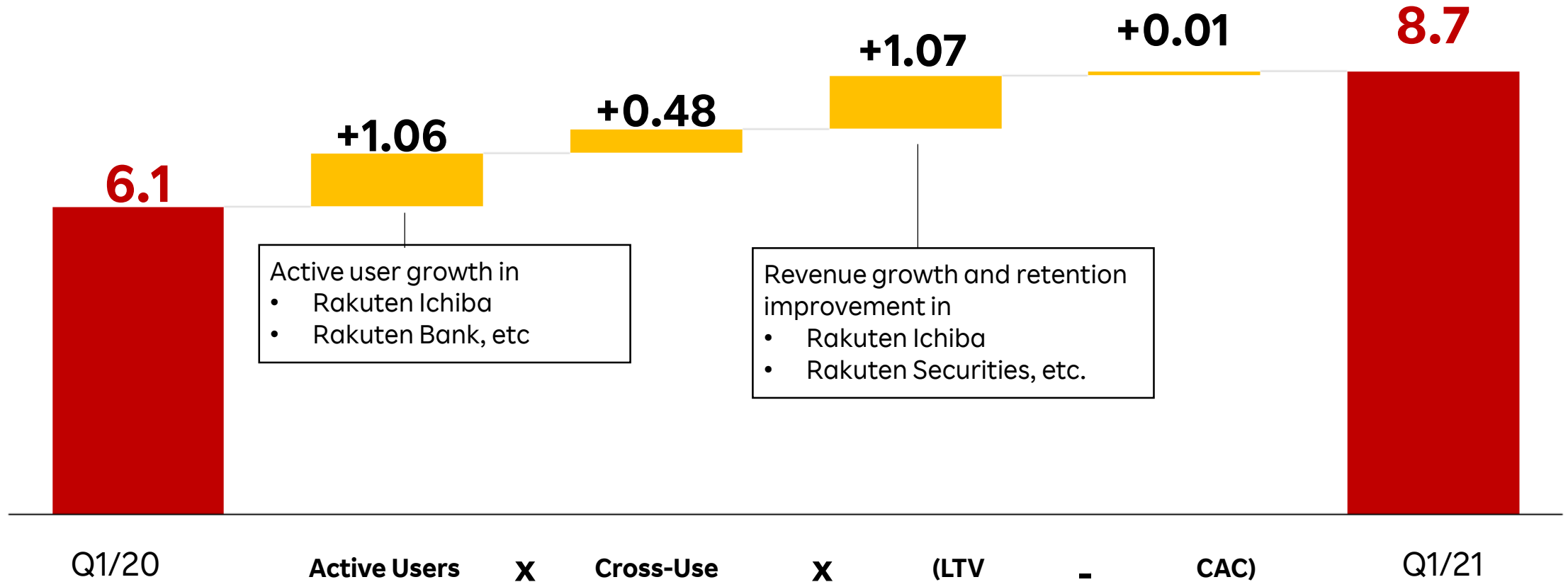


* Mobile business is not included in the above calculation

Rakuten Ecosystem Membership Value

- Membership Value climbed 42.6% YoY from user expansion of Ichiba, Securities and improved gross profit due to increased usage frequency

(JPY tn)

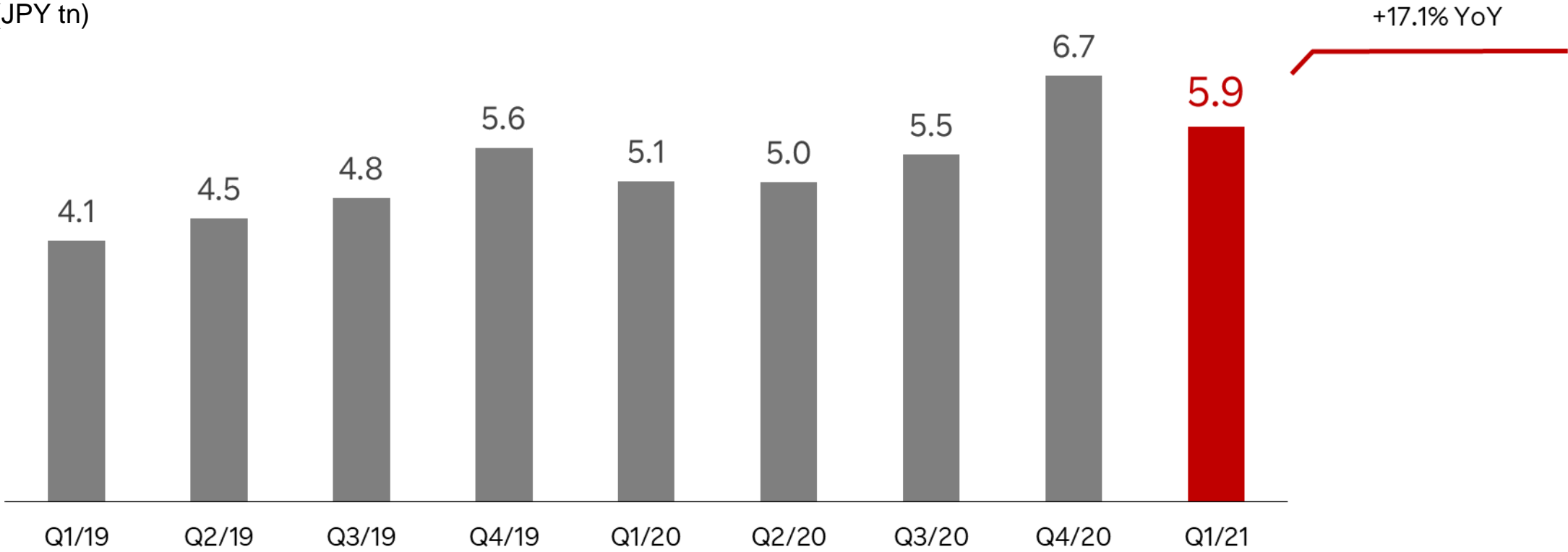


* Membership value of MVNO is excluded due to the ending of new applications

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

Total Global GTV*1*2

(JPY tn)

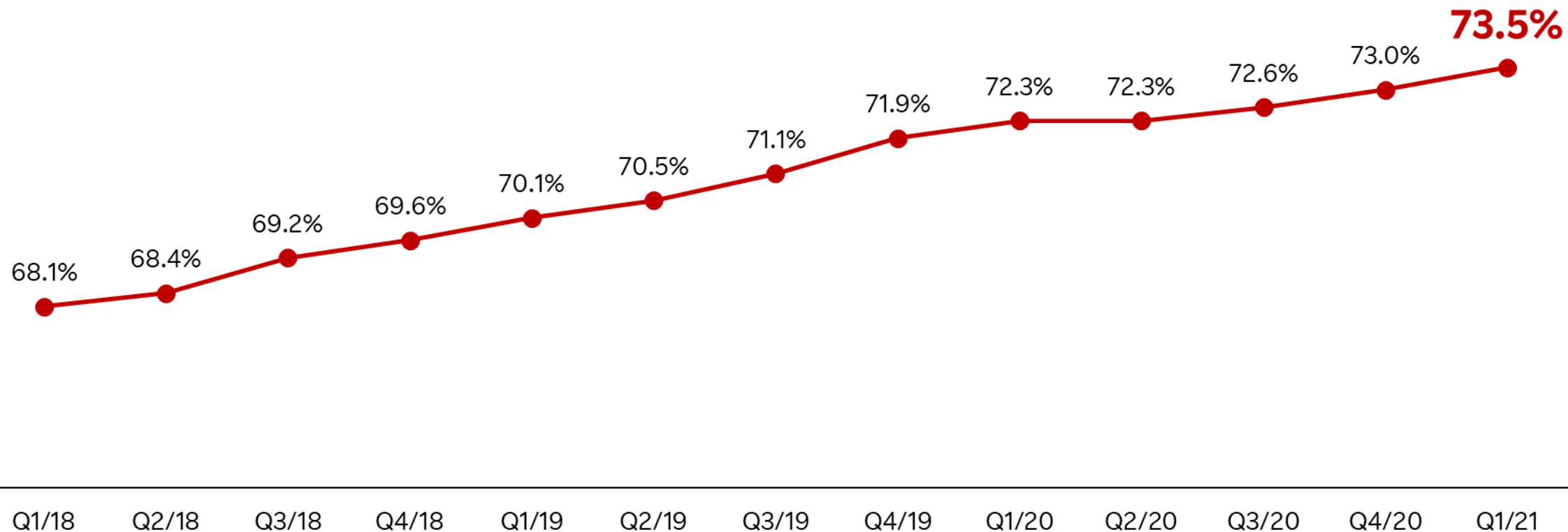


*1 Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV+ Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Advertising (Rakuten Marketing) GTV

*2 Includes intercompany transactions for settlement and affiliate services



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.)

Q1/21 Consolidated Results Summary

(JPY bn)

	Q1/20	Q1/21	YoY
Revenue	331.4	391.5	+18.1%
Non-GAAP Operating Income	-18.1	-31.6	-13.4
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	29.0	41.9	+44.4%
IFRS Operating Income	-24.1	-37.3	-13.3

Q1/21 Revenue and Operating Income

(JPY bn)

	Q1/20	Q1/21	YoY
Domestic E-Commerce			
Revenue	124.2	158.3	+27.4%
Operating Income	10.6	12.6	+19.8%
Others^{*1}			
Revenue	56.2	53.9	-4.2%
Operating Income	-10.2	28.6	+38.8
Internet Services Segment^{*2}			
Revenue	180.4	212.1	+17.6%
Operating Income	0.3	41.2	+40.9
FinTech Segment			
Revenue	140.0	151.6	+8.2%
Operating Income	19.8	24.5	+23.8%
Mobile Segment			
Revenue	49.5	68.6	+38.6%
Operating Income	-36.6	-97.2	-60.7
Adjustments			
Revenue	-38.5	-40.8	-2.3
Operating Income	-1.7	-0.1	+1.6
Consolidated			
Revenue	331.4	391.5	+18.1%
Non-GAAP Operating Income	-18.1	-31.6	-13.4
IFRS Operating Income	-24.1	-37.3	-13.3

^{*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.

Q1/21 Operating Income Reconciliation

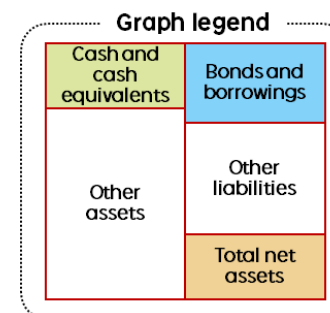
(JPY bn)

	Q1/20	Q1/21	YoY
Non-GAAP Operating Income	-18.1	-31.6	-13.4
Amortization of Intangible Assets (PPA)	-2.6	-2.6	+0.0
Stock Based Compensation	-3.3	-3.2	+0.1
One-off items	0.0	0.0	+0.0
IFRS Operating Income	-24.1	-37.3	-13.3

Consolidated and Major Subsidiaries Balance Sheet (1) As of March 31, 2021

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)



Cash and cash equivalents 3,230.3	Bonds and borrowings 2,274.0
Financial assets for securities biz 2,840.4	Financial liabilities for securities biz 2,788.4
Investment securities and loans for banking biz 2,151.3	Deposits for banking biz 5,157.8
Loans for credit card biz 1,956.1	
Other assets 3,317.1	Other liabilities 2,092.1
	Total net assets 882.9

Total Assets 13,495.2

Consolidated

Cash and cash equivalents 386.2	Bonds and borrowings 676.1	Other liabilities 1,017.2
Other assets 2,401.9		Subordinated bonds 300.0
	Total net assets 794.8	

Total Assets 2,788.1

Rakuten Group, Inc.

Fixed assets 485.2	Bonds and borrowings 328.4	Lease liabilities 127.3
Intangible assets 60.3		Other liabilities 165.4
Other assets 179.7	Total net assets 104.1	

Total Assets 725.2

Rakuten Mobile, Inc.

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

* Bonds and borrowings = Corporate bonds + CP + Bank borrowings

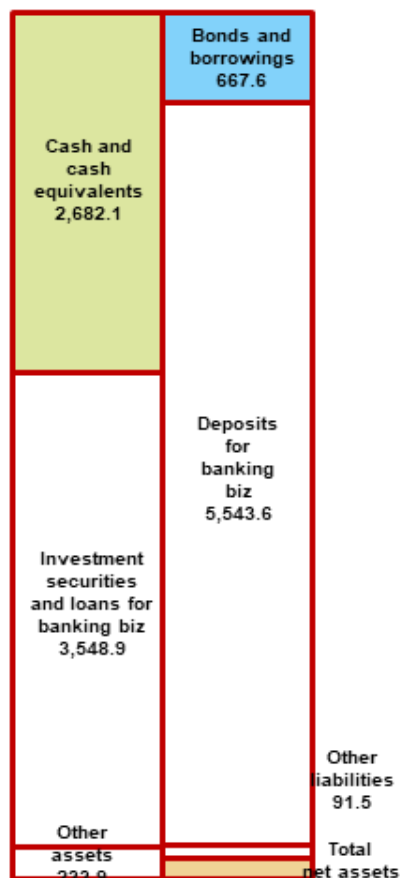
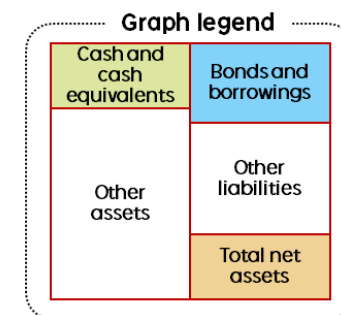
* Non-consolidated Balance Sheets include internal transactions



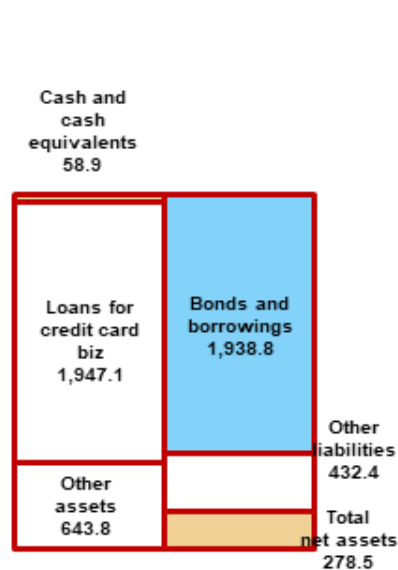
Consolidated and Major Subsidiaries Balance Sheet (2) As of March 31, 2021

(Non-consolidated Balance Sheets include internal transactions)

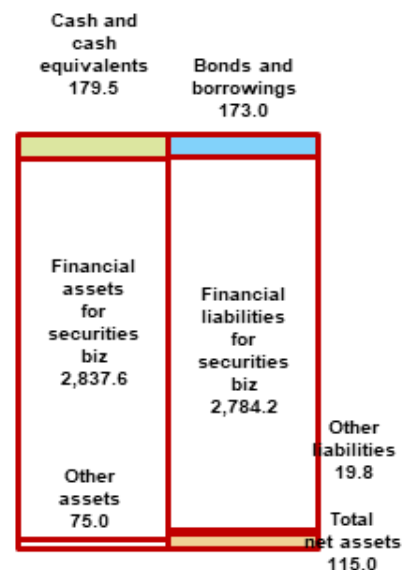
(JPY bn)



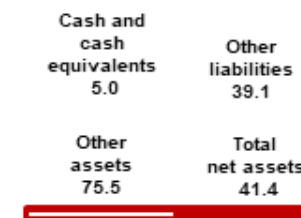
Rakuten Bank, Ltd.



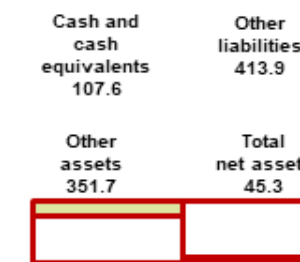
Rakuten Card Co., Ltd.



Rakuten Securities, Inc.



Rakuten Life Insurance Co., Ltd.



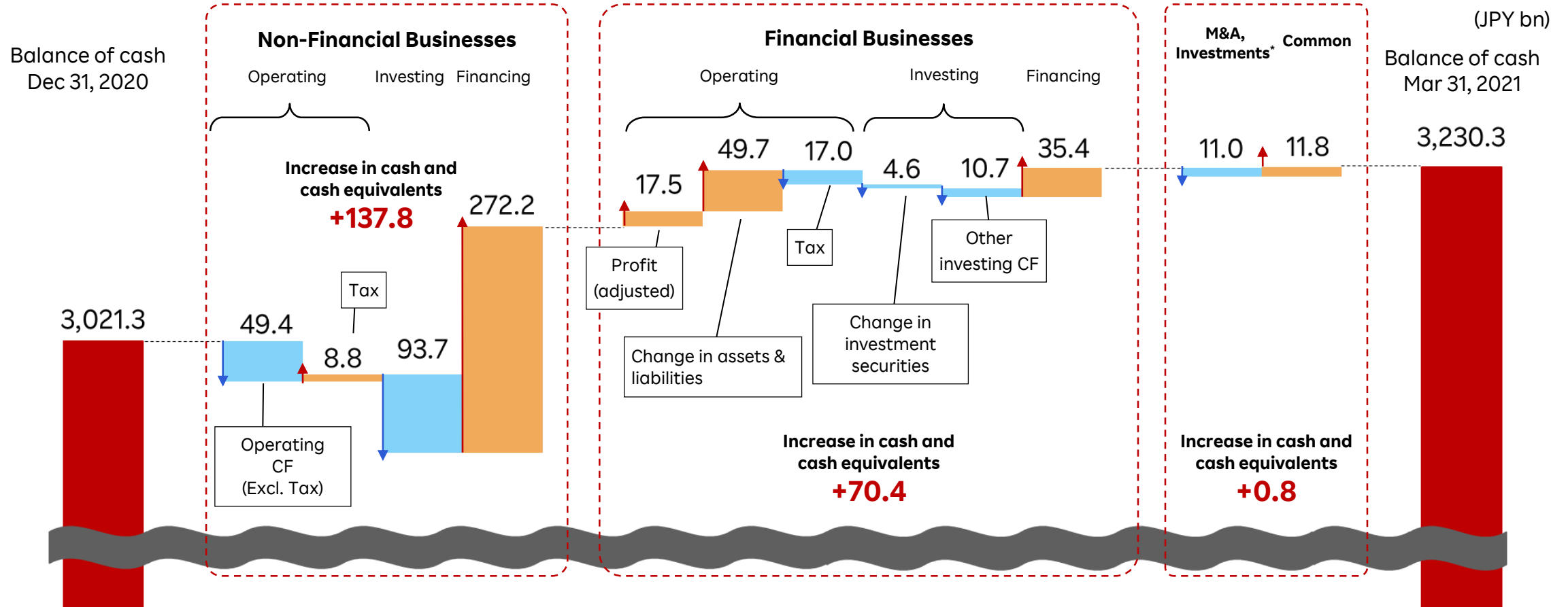
Rakuten General Insurance Co., Ltd.

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

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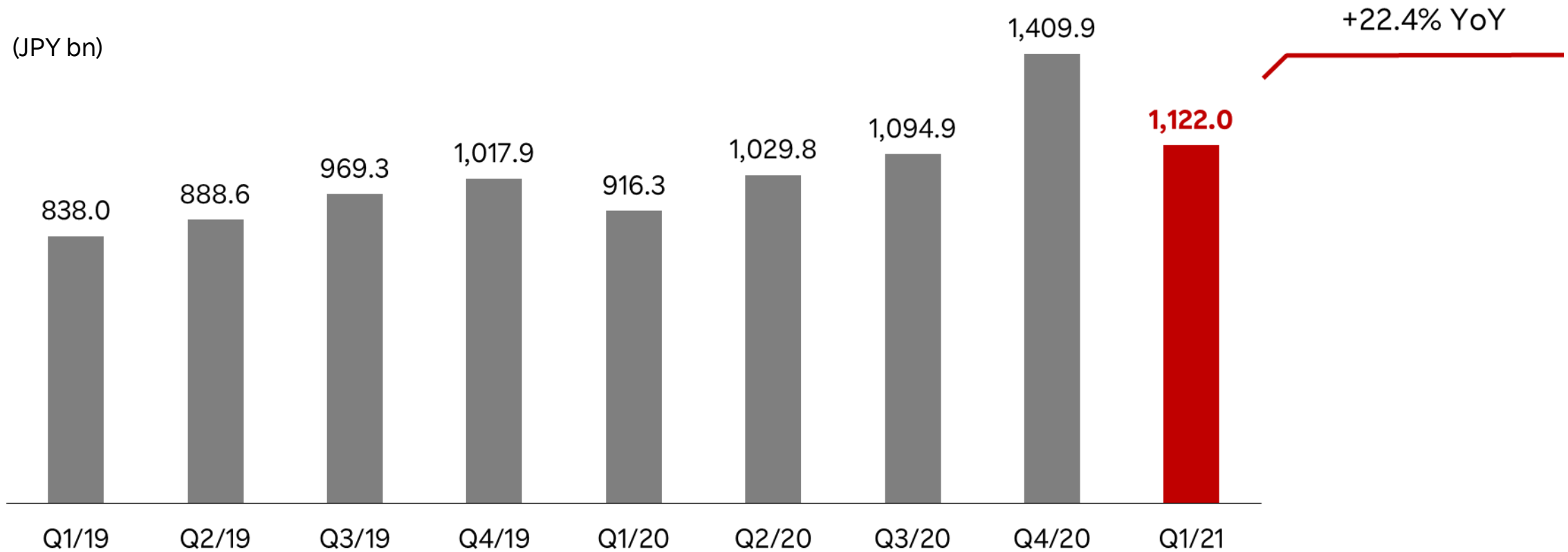
Cash Flow Breakdown: Jan-Mar, 2021



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

Internet Services Segment

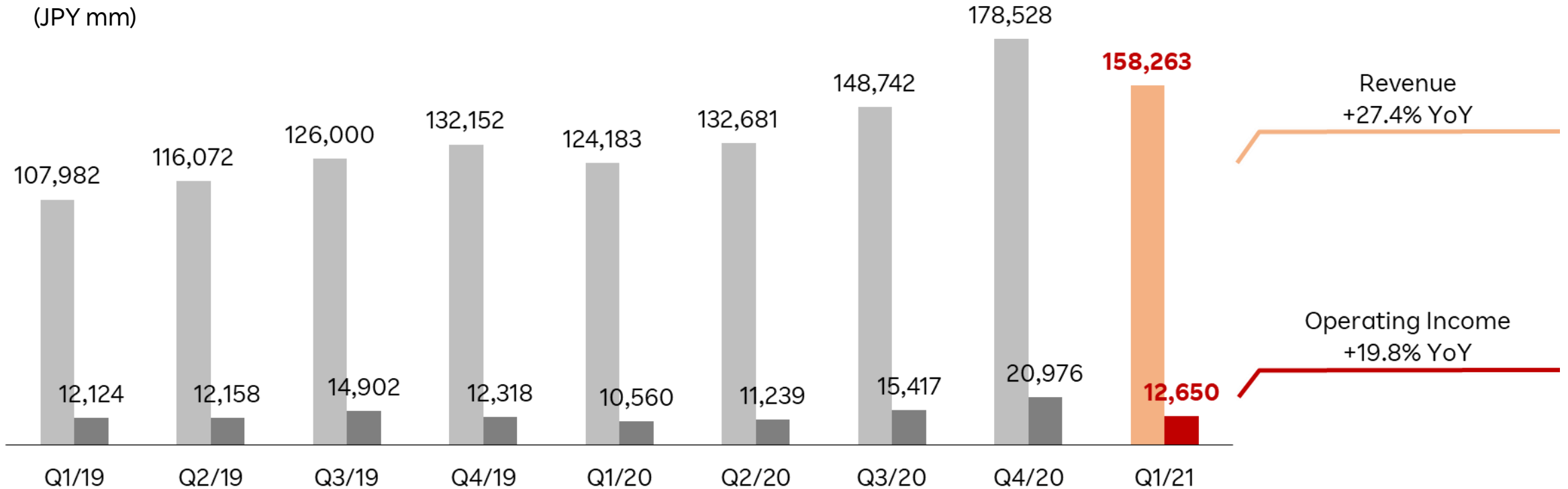
Domestic E-Commerce GMS*



*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.

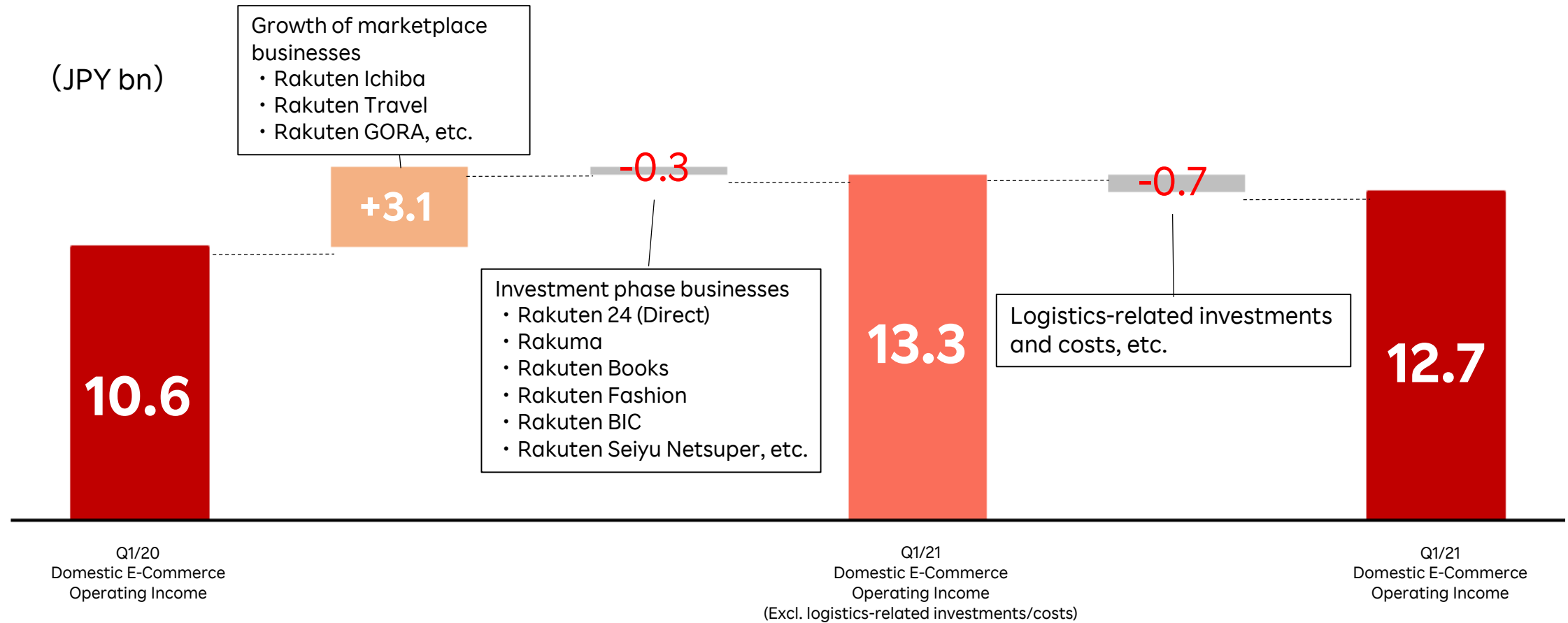
Domestic E-Commerce Results*

- Revenue strongly grew at +27.4% YoY. EC businesses growth contributed to the growth. Accordingly, operating income growth strongly increased at +19.8% YoY even under logistics-related investments.

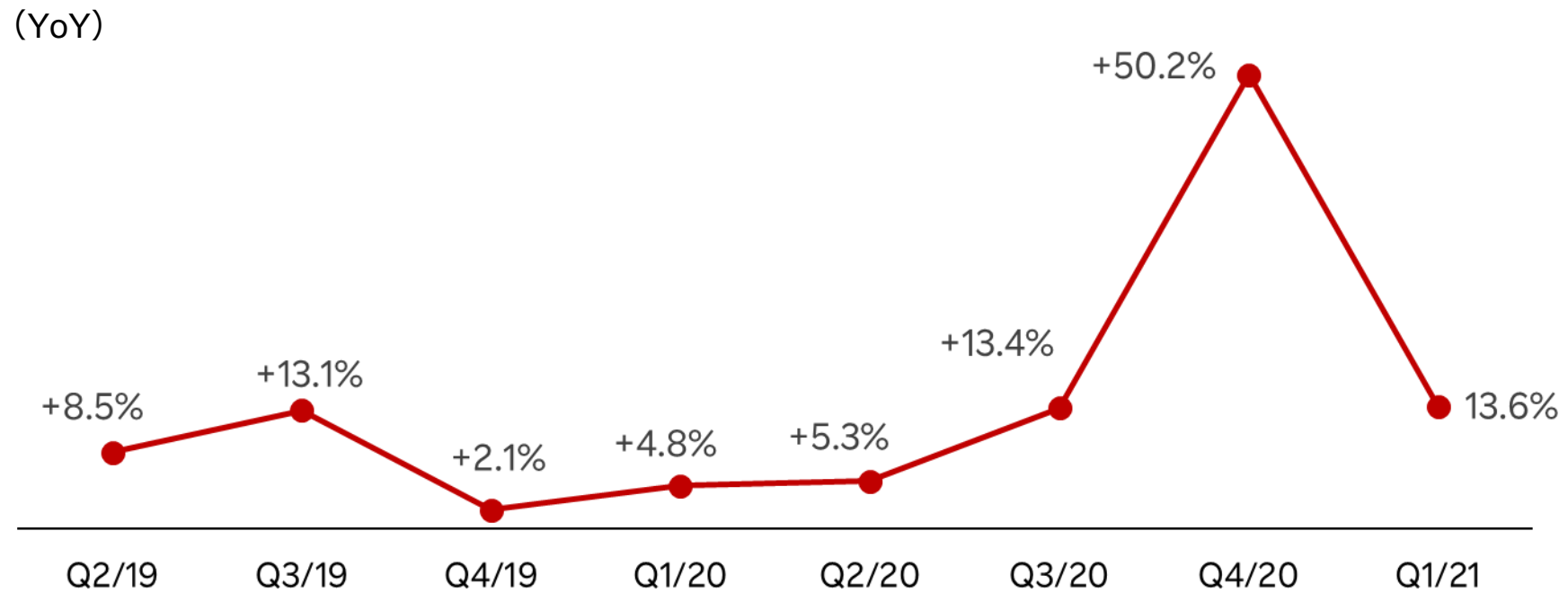


* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

Q1/21 Domestic E-Commerce Operating Income Breakdown



Domestic EC Marketplace businesses* Operating Income



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

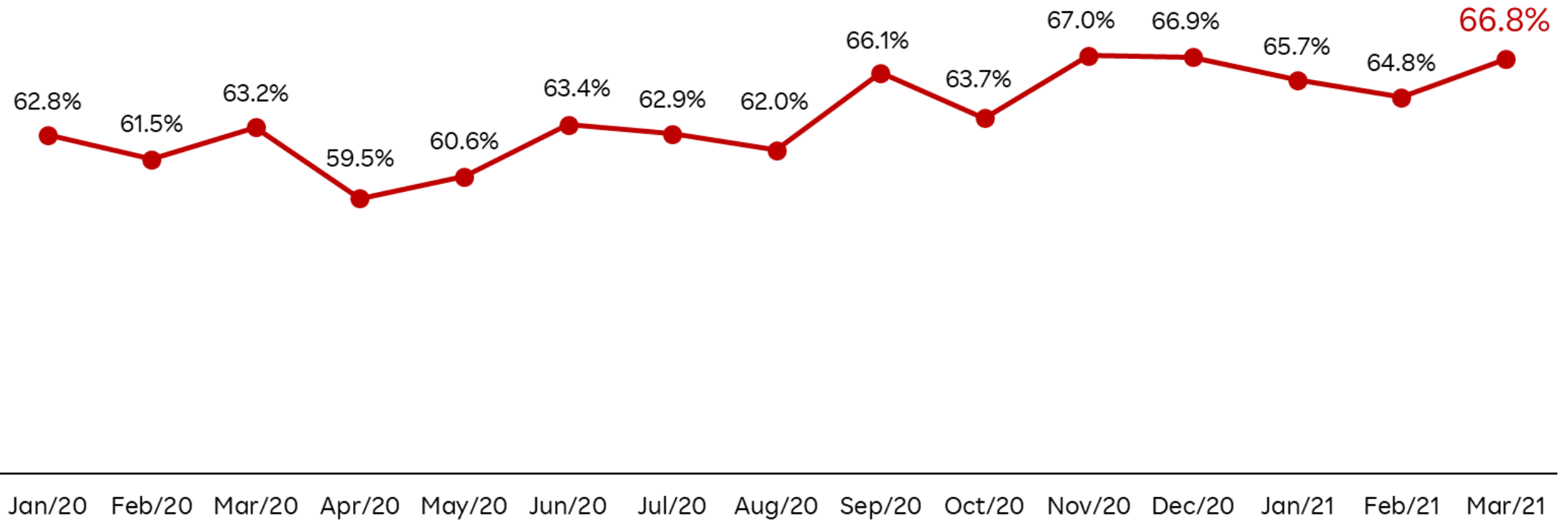
Q1/21 Rakuten Ichiba Mobile GMS Ratio*

78.3%

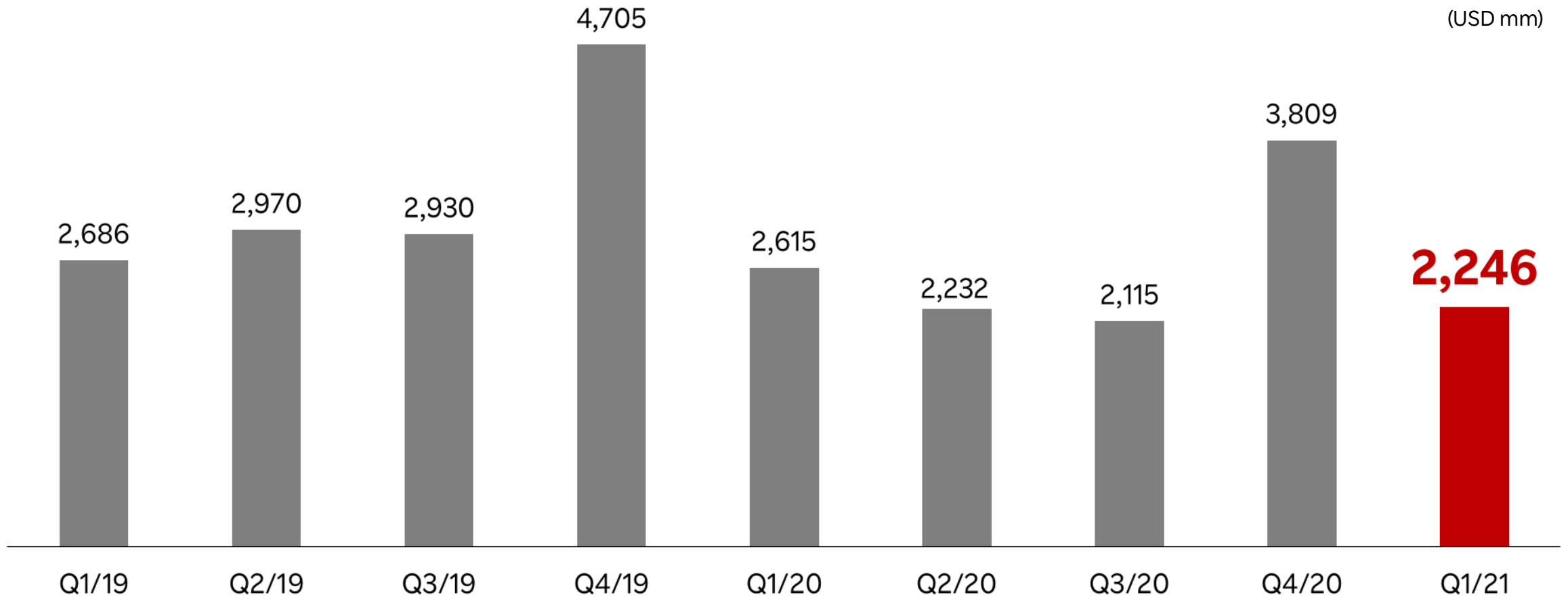
Up 2.8 Points YoY

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

Rakuten Card Share of Rakuten Ichiba GMS



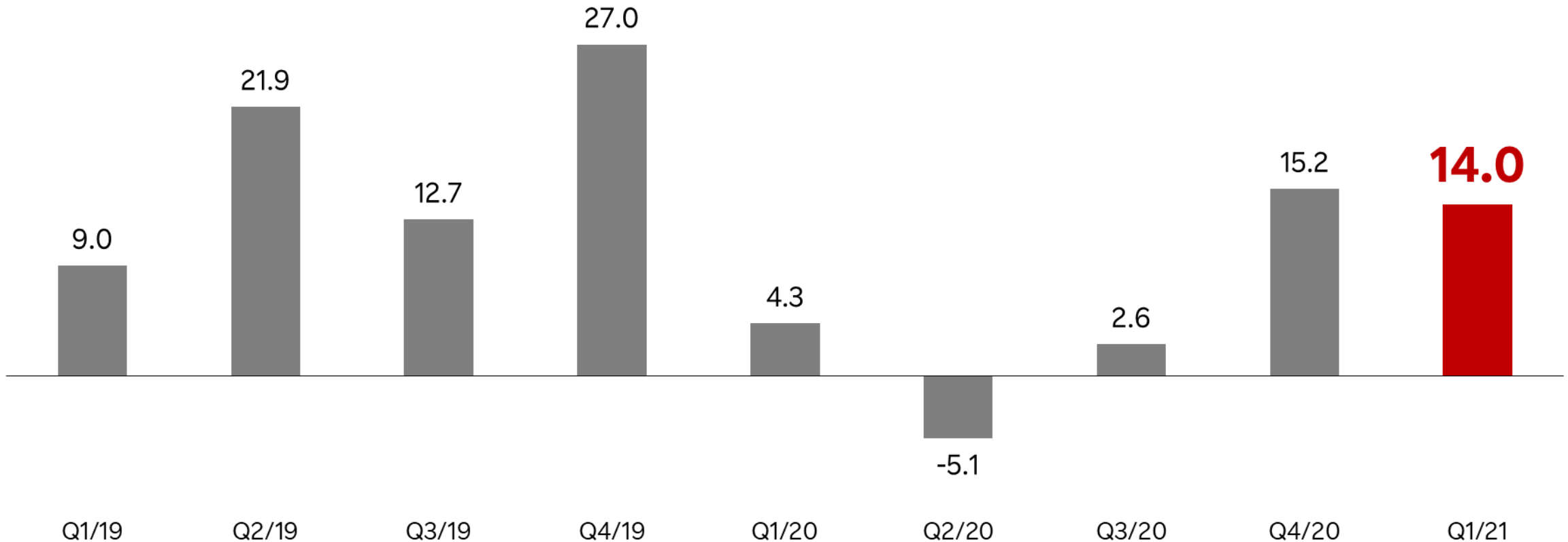
Rakuten Rewards (Ebates) GMS*



*As a result of detailed aggregation, GMS in 2020 has been changed from previous disclosure.

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

(USD mm)



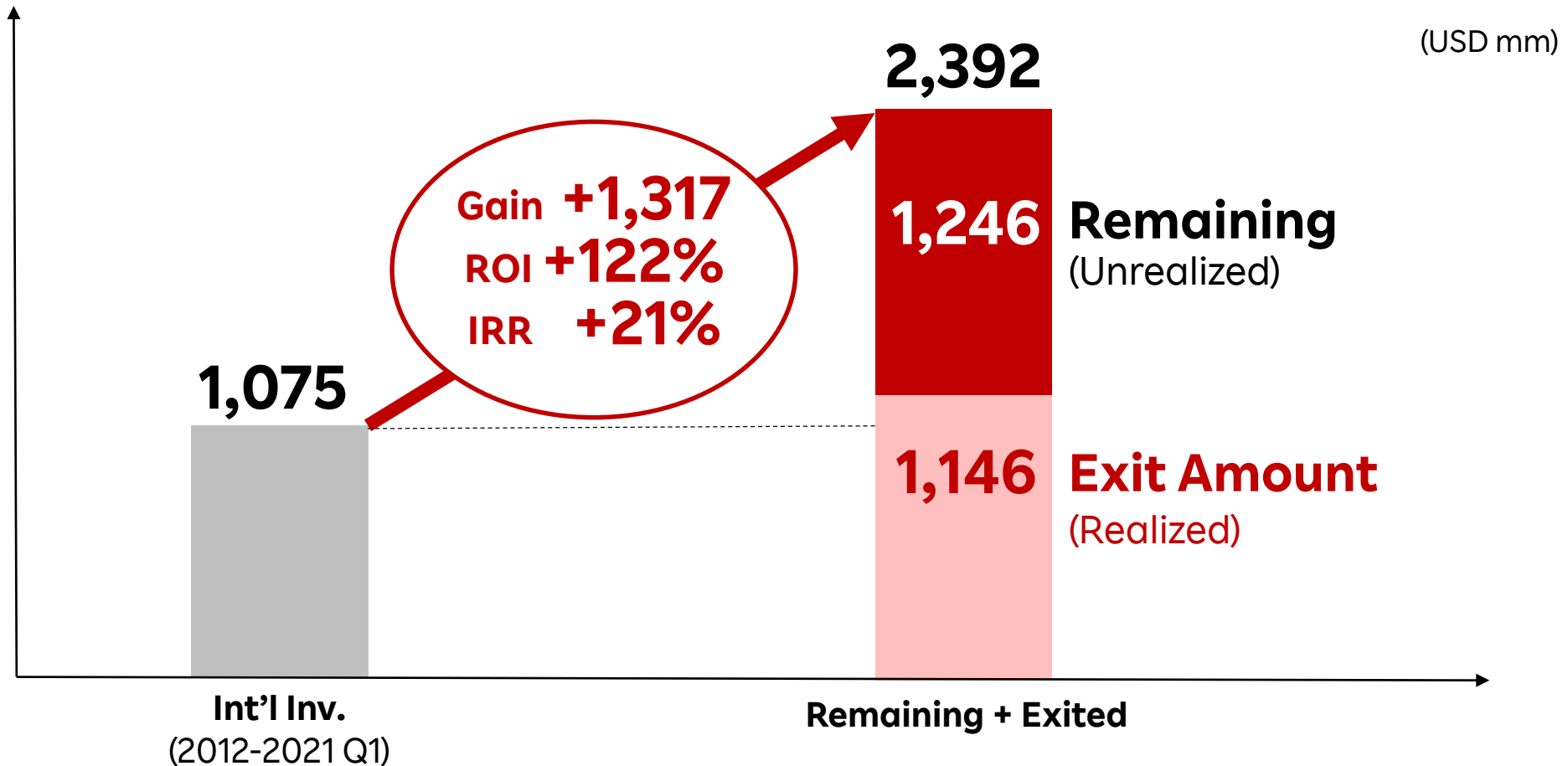
^{*1}Excludes rebranding cost of USD 36.3 million (Q1/19), USD 30.4 million (Q2/19), USD 20.4 million (Q3/19), USD 27.4 million (Q4/19), USD 5.2 million (Q1/20), USD 5.1 million (Q2/20) and USD 6.3 million (Q3/20), USD 2.5 million (Q4/20).

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



Rakuten Capital*1 Investment Performance

Rakuten Capital Investment Performance (as of Mar 31, 2021)*2



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

*2 Lyft and Rakuten Medical which transferred to Incubation Business and other None Rakuten Capital investments are excluded.

Minority Investment Portfolio

Internet

SHOPBACK

 **carousell**



from scratch

fever

epic!

 **OneSignal**

Ride Sharing

Careem

Glovo[!]

lyft

 **gojek**

 **cabify**

FinTech

 **BlueVine**

 **Upstart**

TORANOTEC

Healthcare

 **airweave**

Rakuten Medical

(Affiliated Company)

 **overture**

Genesis Healthcare

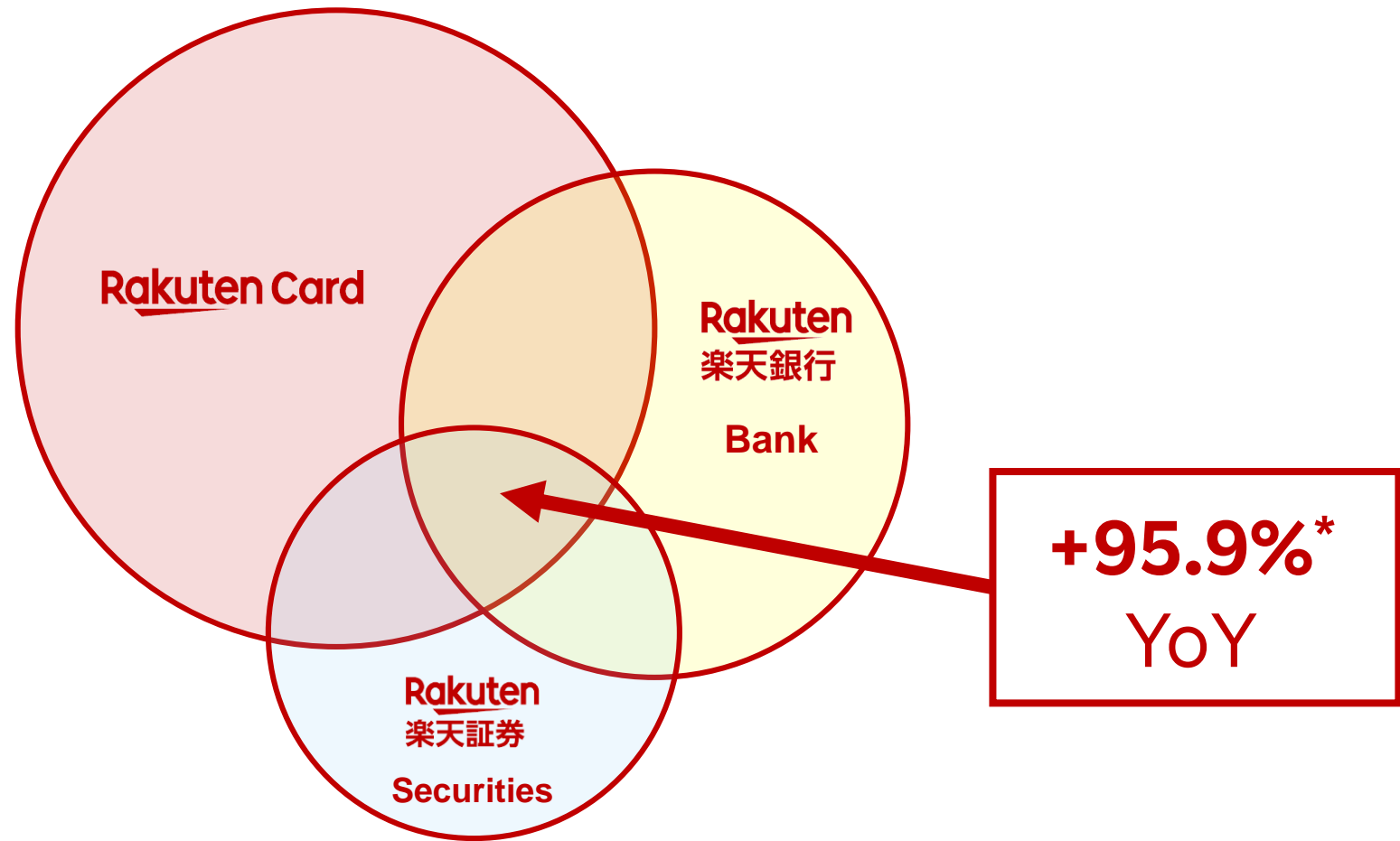


FinTech Segment

Cross-Use Example of FinTech Businesses

- Cross-use among FinTech services is rapidly expanding

(Number of Unique Users)



*As of March 2021

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

Q1/21 FinTech Results Summary

(JPY bn)

	Revenue	YoY	Operating Income	YoY
Card	66.7	+5.4%	11.0	+12.5%
Bank	25.7	+9.3%	7.3	+6.9%
Insurance	25.3	-0.6%	1.9	+114.1%
Payment	8.8	+1.7%	-1.2	+0.75
Others	1.4	+2.0%	-0.8	-0.67
FinTech Total excl. Securities	127.8	+4.6%	18.2	+18.2%
Securities	23.8	+33.2%	6.3	+43.5%
FinTech Total	151.6	+8.2%	24.5	+23.8%

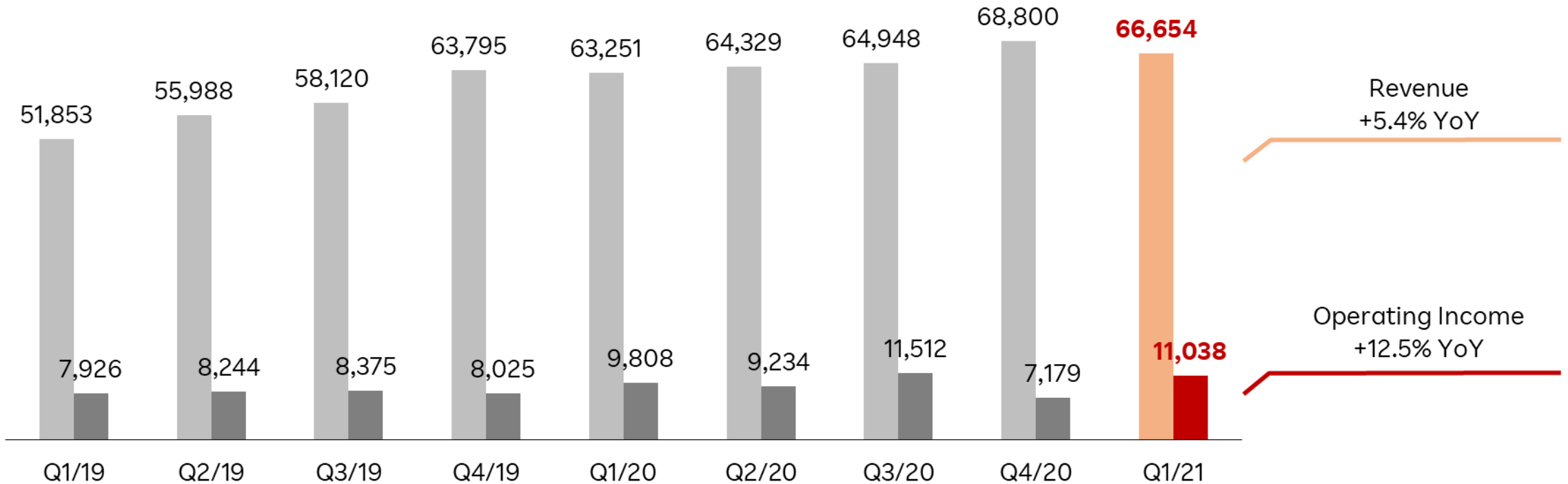
* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.

* 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.

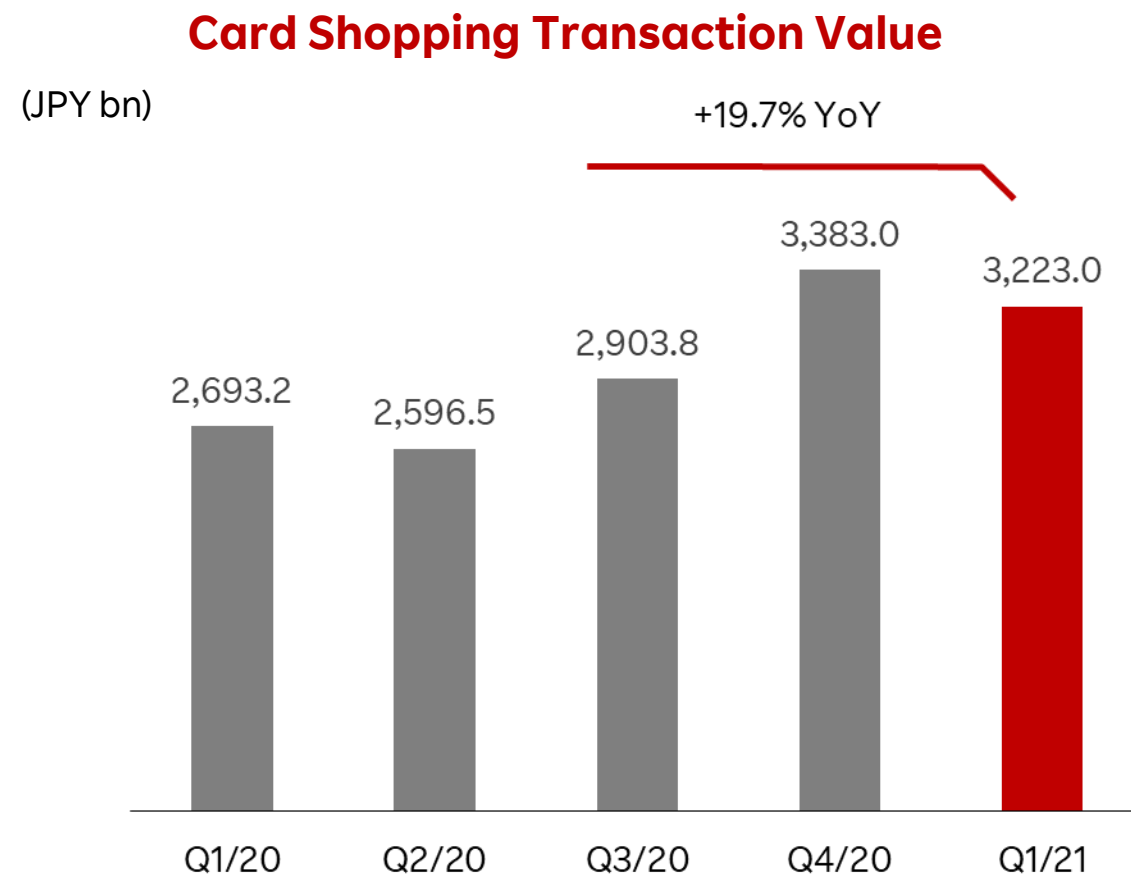
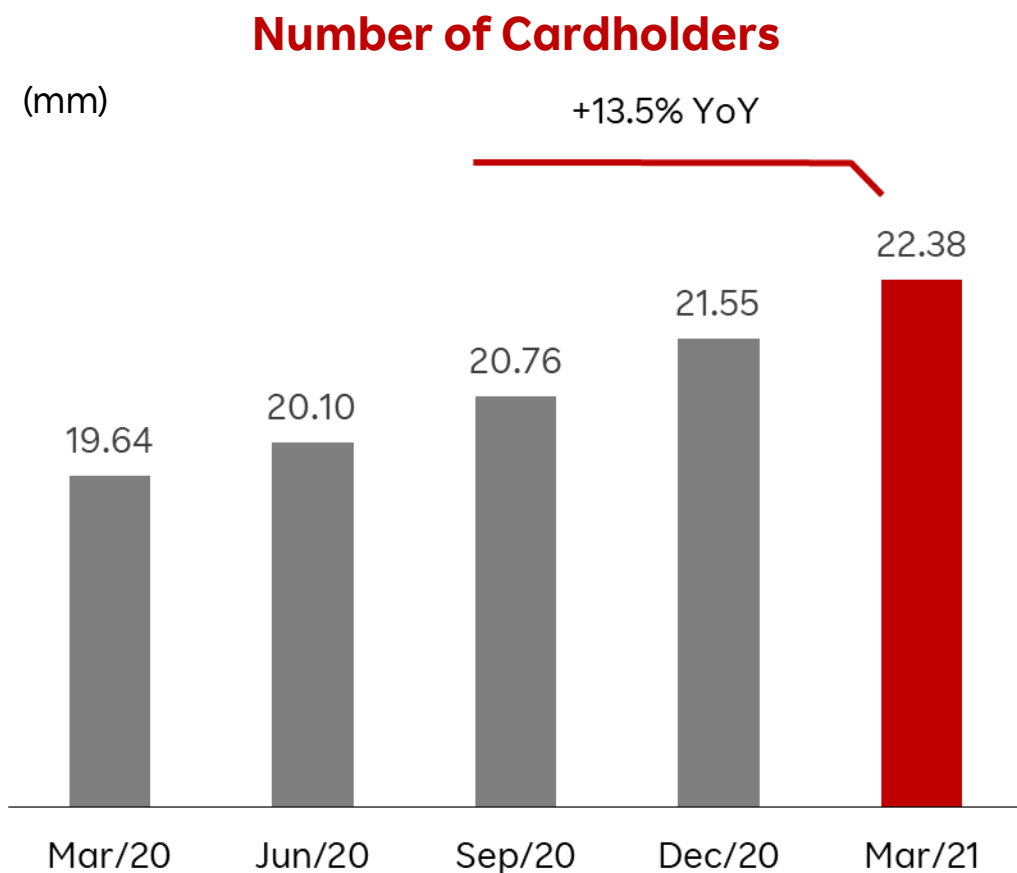
Rakuten Card Results

- Achieved YoY growth both in revenue and operating income despite increased marketing expenses due to accommodation for the shift online

(JPY mm)

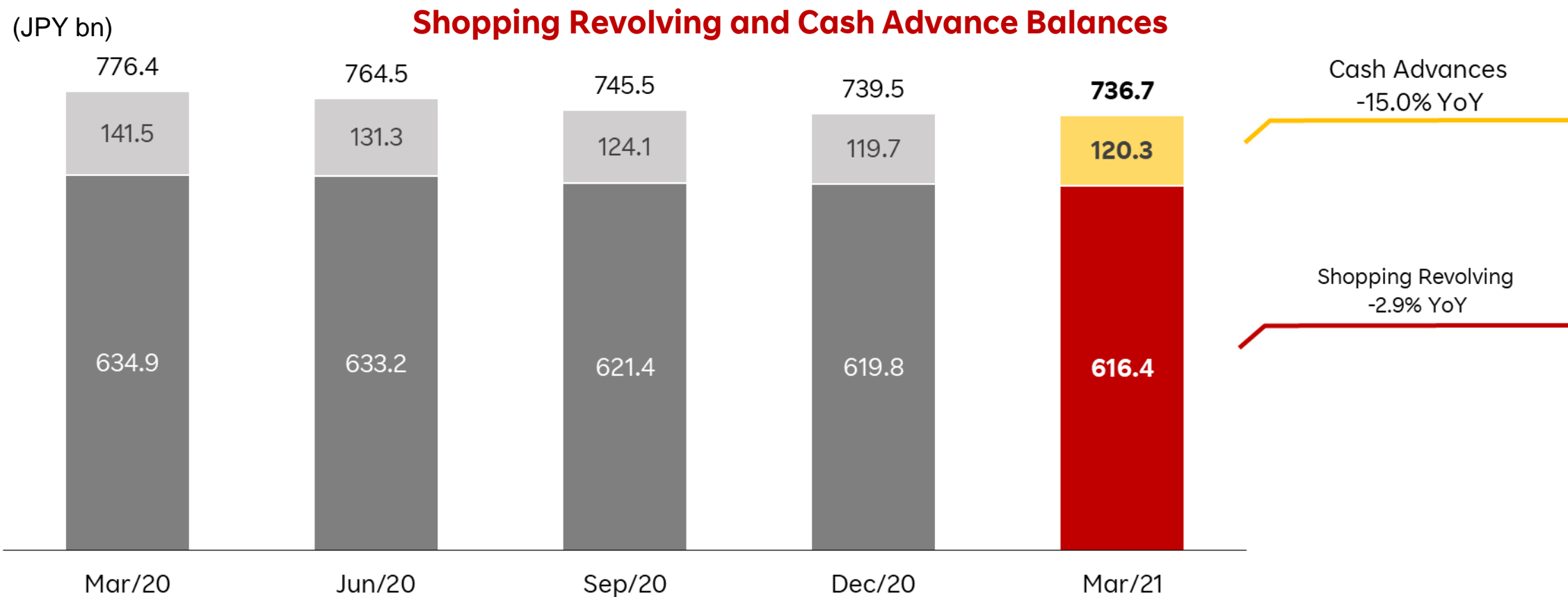


Rakuten Card KPIs*(1)



* 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)

	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	YoY
Expenses related to doubtful accounts	9,842	11,809	8,950	11,789	8,383	-14.8%
Ratio of expenses related to doubtful accounts ^{*1}	1.77%	2.15%	1.63%	2.03%	1.40%	—

	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	YoY
Rakuten Card	1,802,438	1,831,263	1,839,869	2,097,002	2,010,882	+11.6%
Stage 1 (Normal)	1,717,959	1,741,588	1,750,887	2,008,991	1,919,540	+11.7%
Stage 2 (1-2 months delinquent)	13,451	11,745	11,633	12,414	13,554	+0.8%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	71,027	77,930	77,349	75,597	77,788	+9.5%
Rakuten Bank Super Loans	385,680	371,907	359,857	347,727	337,924	-12.4%
Stage 1 (Normal/Credit guarantees ^{*2})	347,551	333,715	323,023	312,551	303,559	-12.7%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	135	83	127	114	49	-63.5%
Stage 3 (Foreclosed credit guarantees)	37,994	38,109	36,707	35,062	34,315	-9.7%
Others	1,010	963	934	902	866	-14.2%
Total balance of loan receivables	2,189,128	2,204,133	2,200,660	2,445,632	2,349,672	+7.3%
Allowance for doubtful accounts^{*3}	95,109	99,504	96,898	94,890	94,047	-1.1%
Write-off for bad debt^{*4}	8,999	7,416	11,561	13,801	9,229	+2.6%

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

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

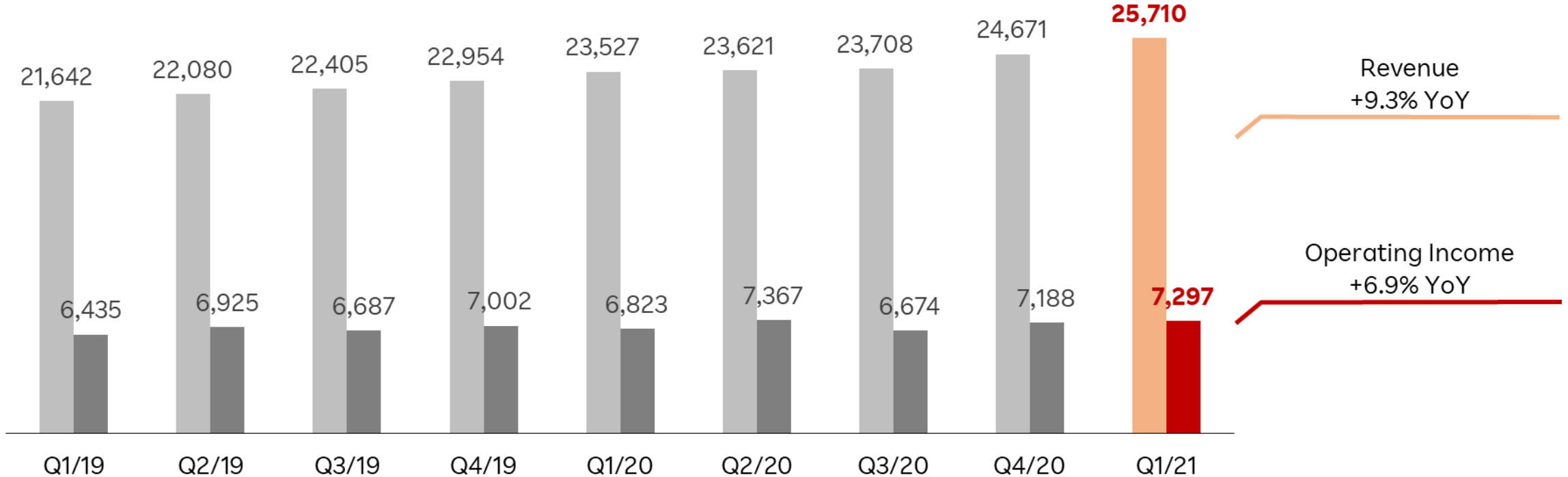
*3 Including allowance for credit guarantees

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

Rakuten Bank Results

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

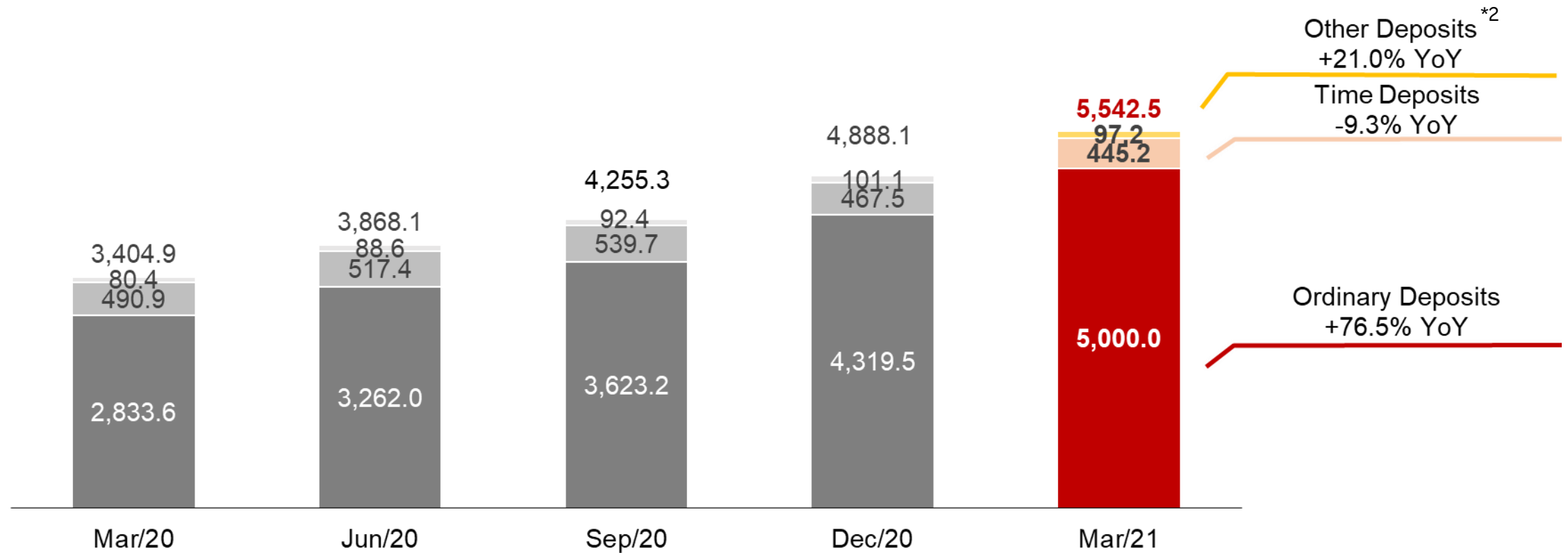
(JPY mm)



* 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)

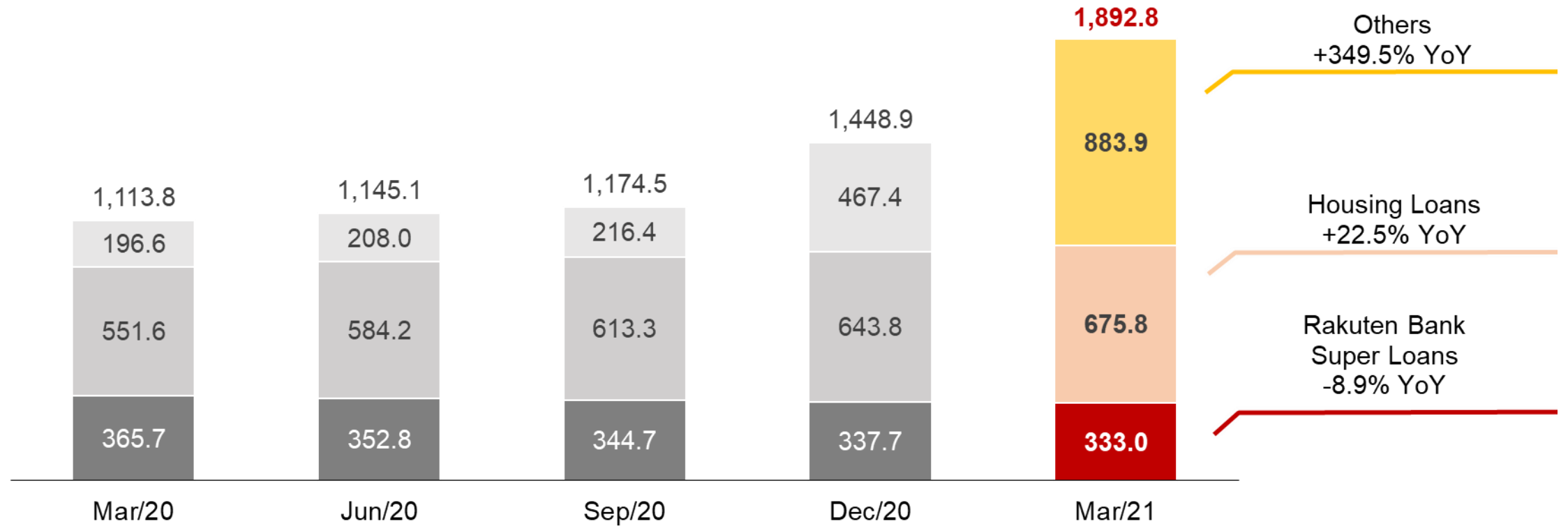


*1 Based on IFRS which includes derivatives in structured term deposits. Rakuten Bank consolidated basis.

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

Rakuten Bank Loan Receivables Balance

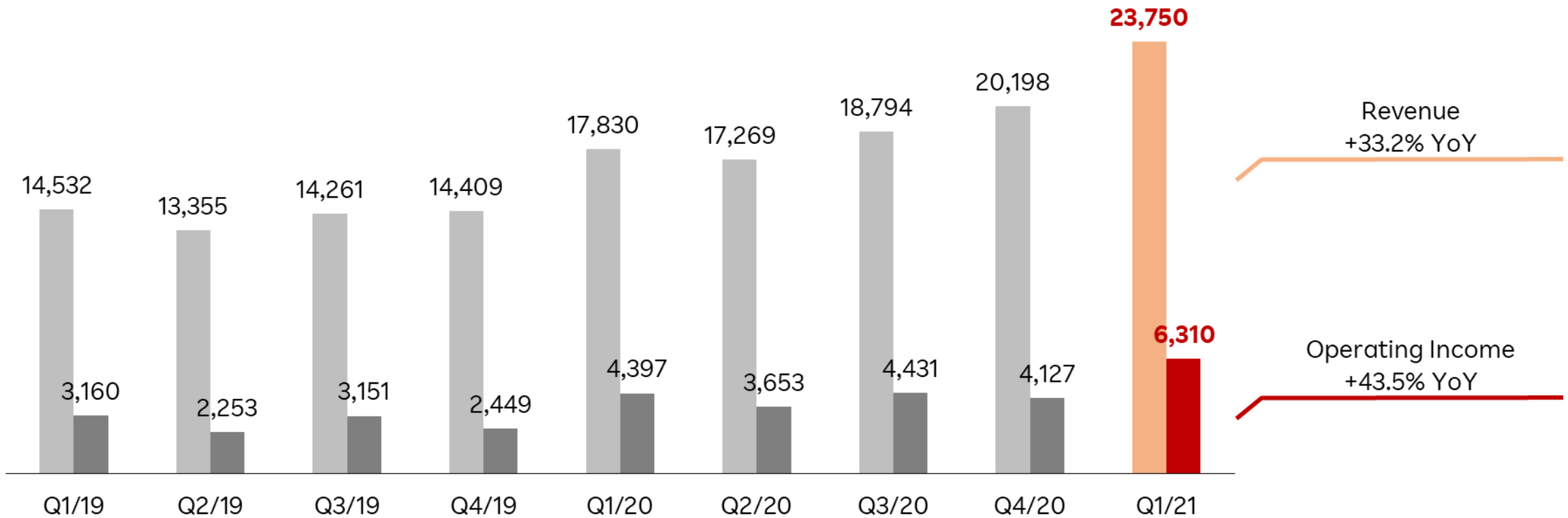
(JPY bn)



Rakuten Securities Results

- Achieved +33.2% YoY revenue and +43.5% YoY operating income due to increased Japan and U.S. stock trading volume.

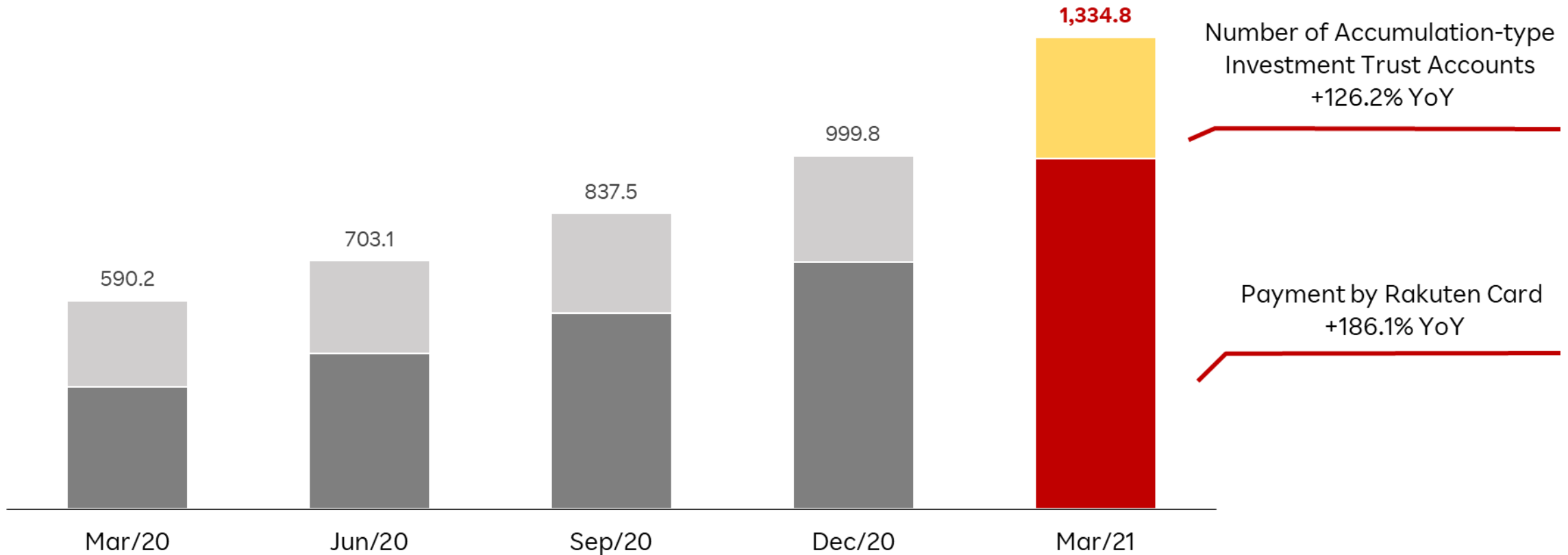
(JPY mm)



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

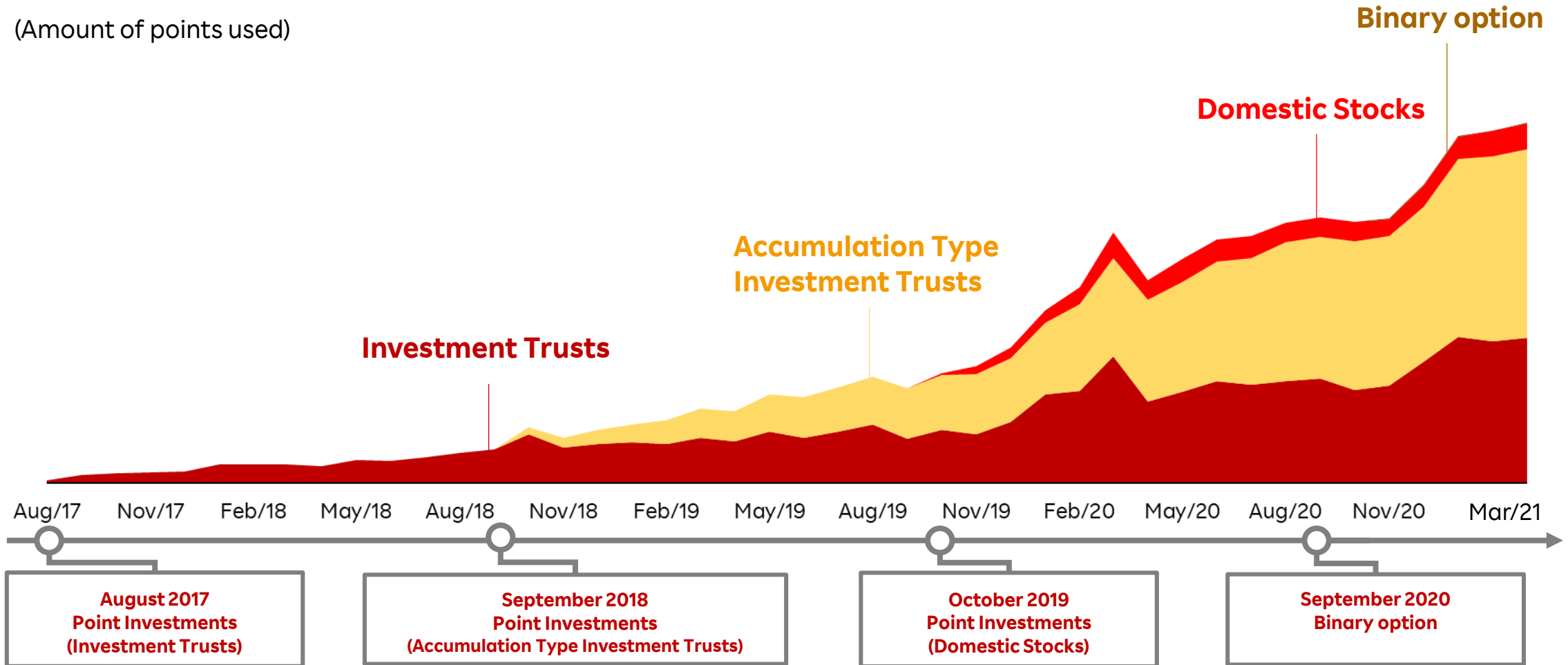
(thousands of accounts)



Rakuten Securities Point Investments

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

(Amount of points used)

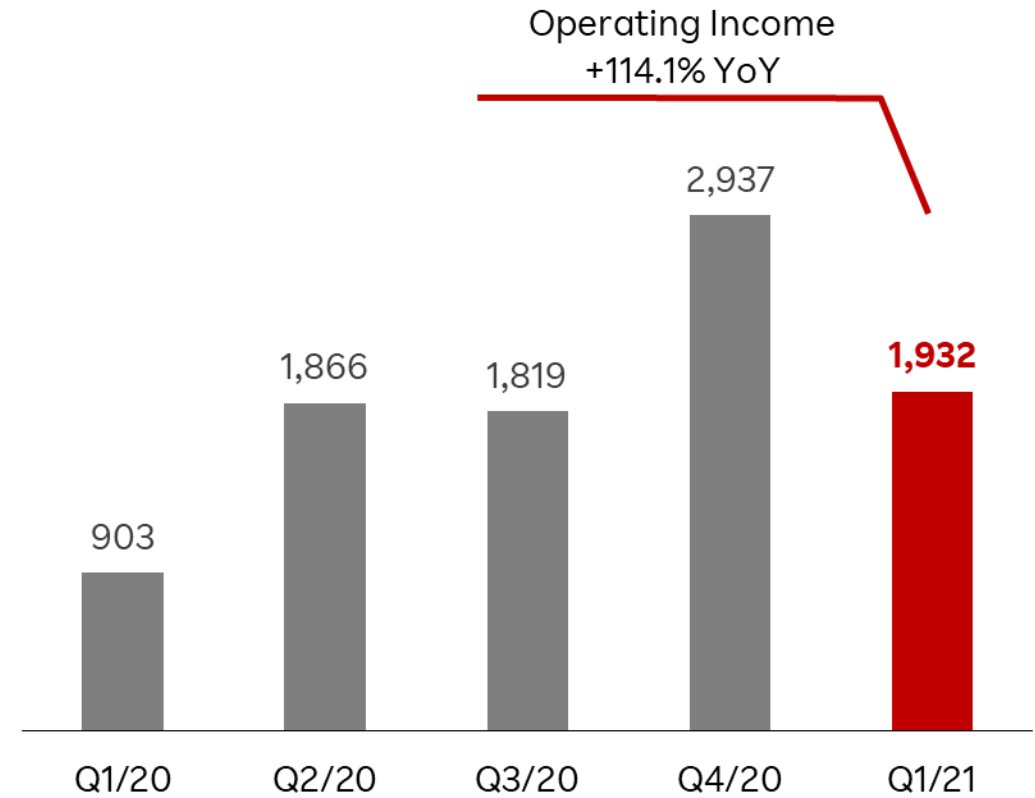
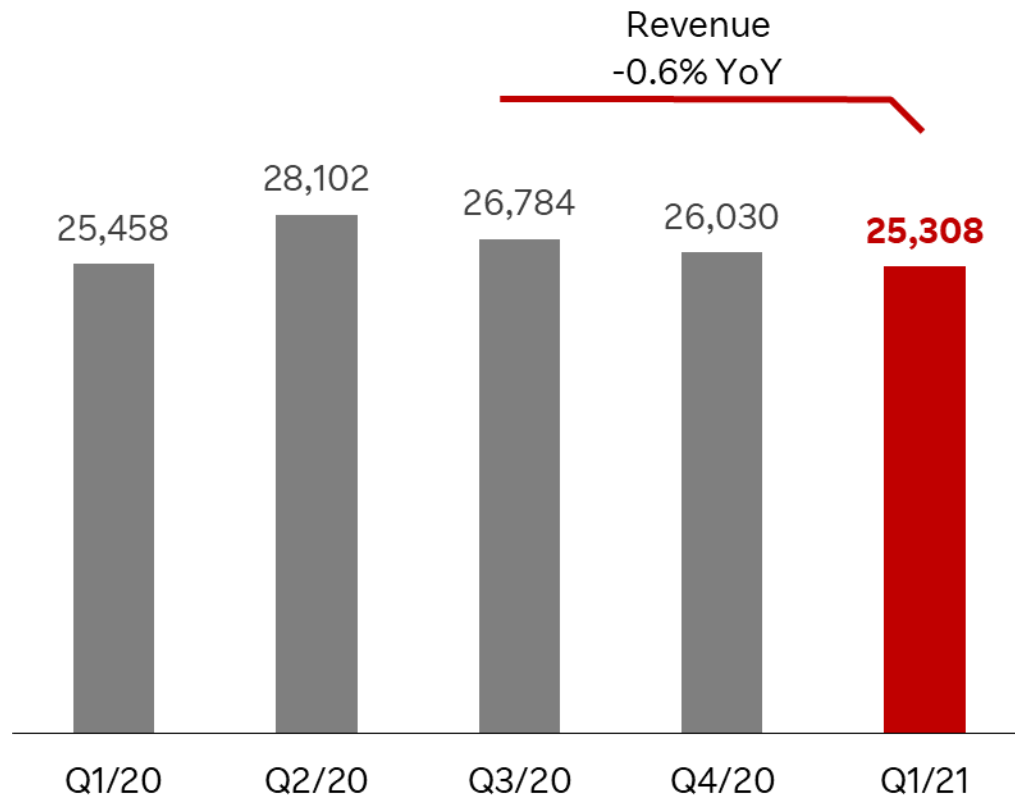


Insurance Business Results

- Revenue grew steadily for life insurance and pet insurance, while general insurance saw a slight decrease YoY due to careful selection of contracts to improve profitability.
- Operating income increased +1bn JPY YoY due to improved insurance underwriting income and cost reductions.

(JPY mm)

(JPY mm)



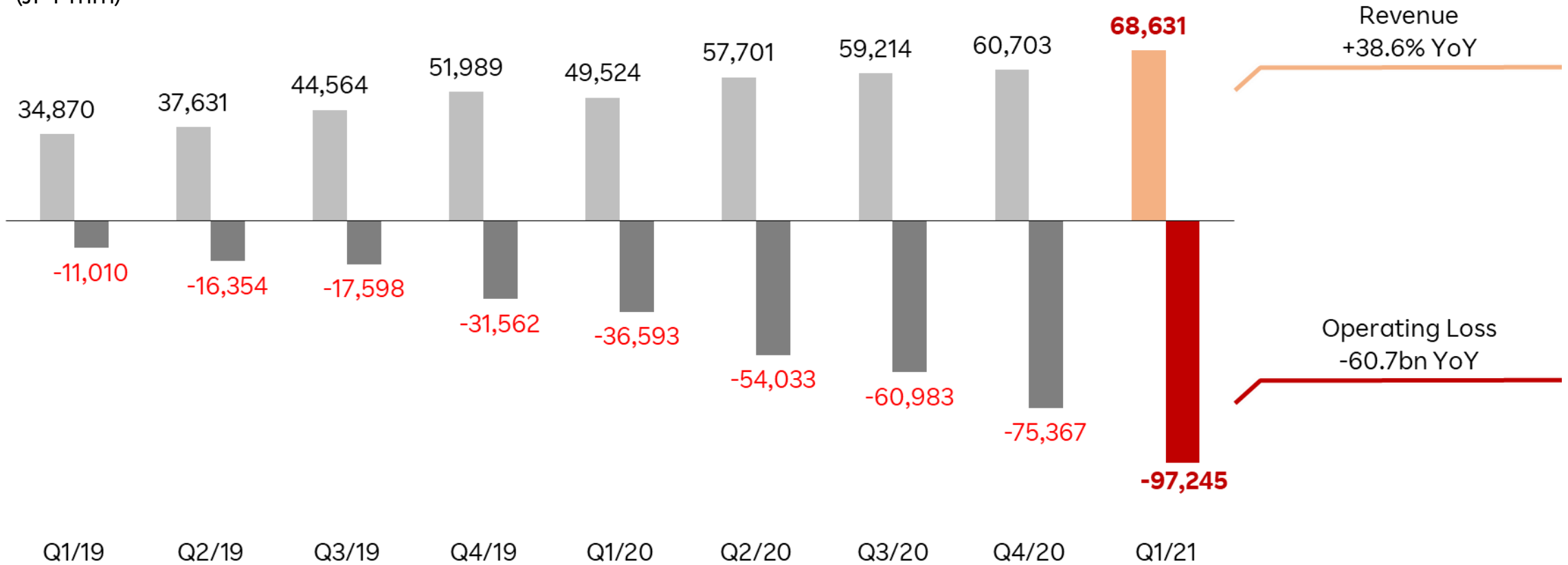
* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.

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)

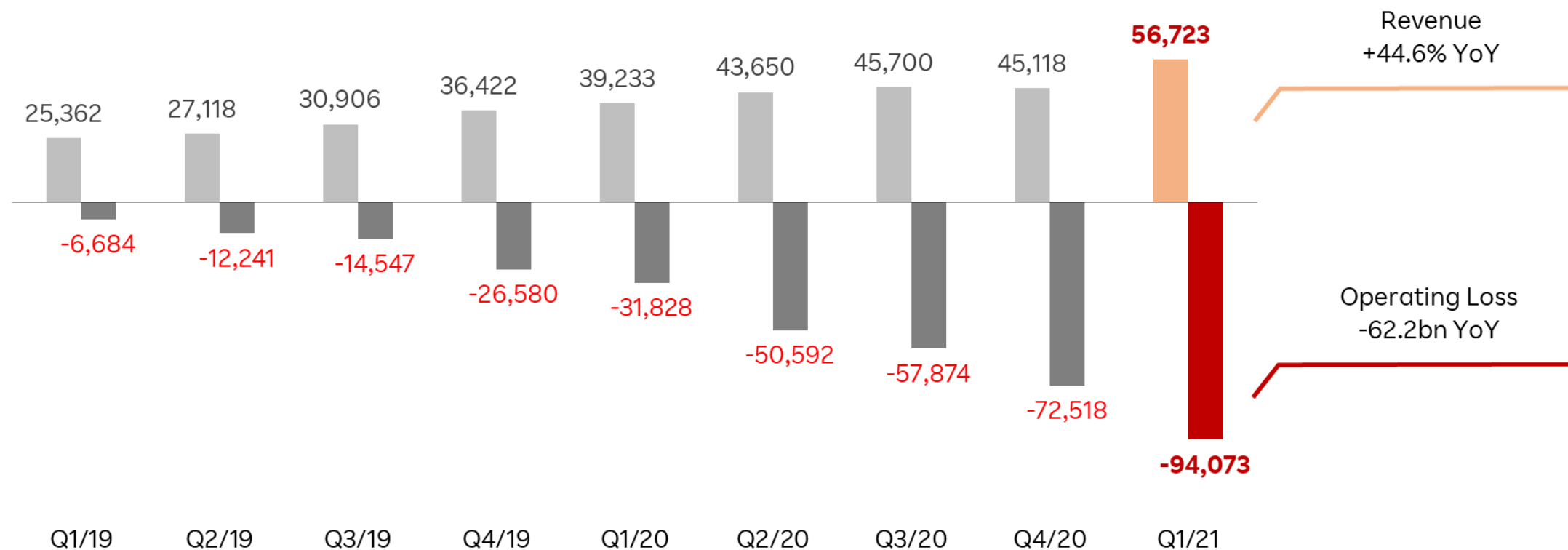


* Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Rakuten Viber, Energy businesses, and contents businesses.

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)	Q1/21
資産, Assets	
有形固定資産, Fixed assets	485,176
無形資産, Intangible assets	60,305
その他の資産, Other assets	179,718
資産合計, Total Assets	725,198

負債及び資本, Liabilities and net assets	
借入金, Borrowings *	328,430
リース債務, Lease liabilities**	127,282
その他の負債, Other liabilities	165,432
負債合計, Total liabilities	621,144
資本合計, Total net assets	104,054
負債及び資本合計, Total liabilities and net assets	725,198

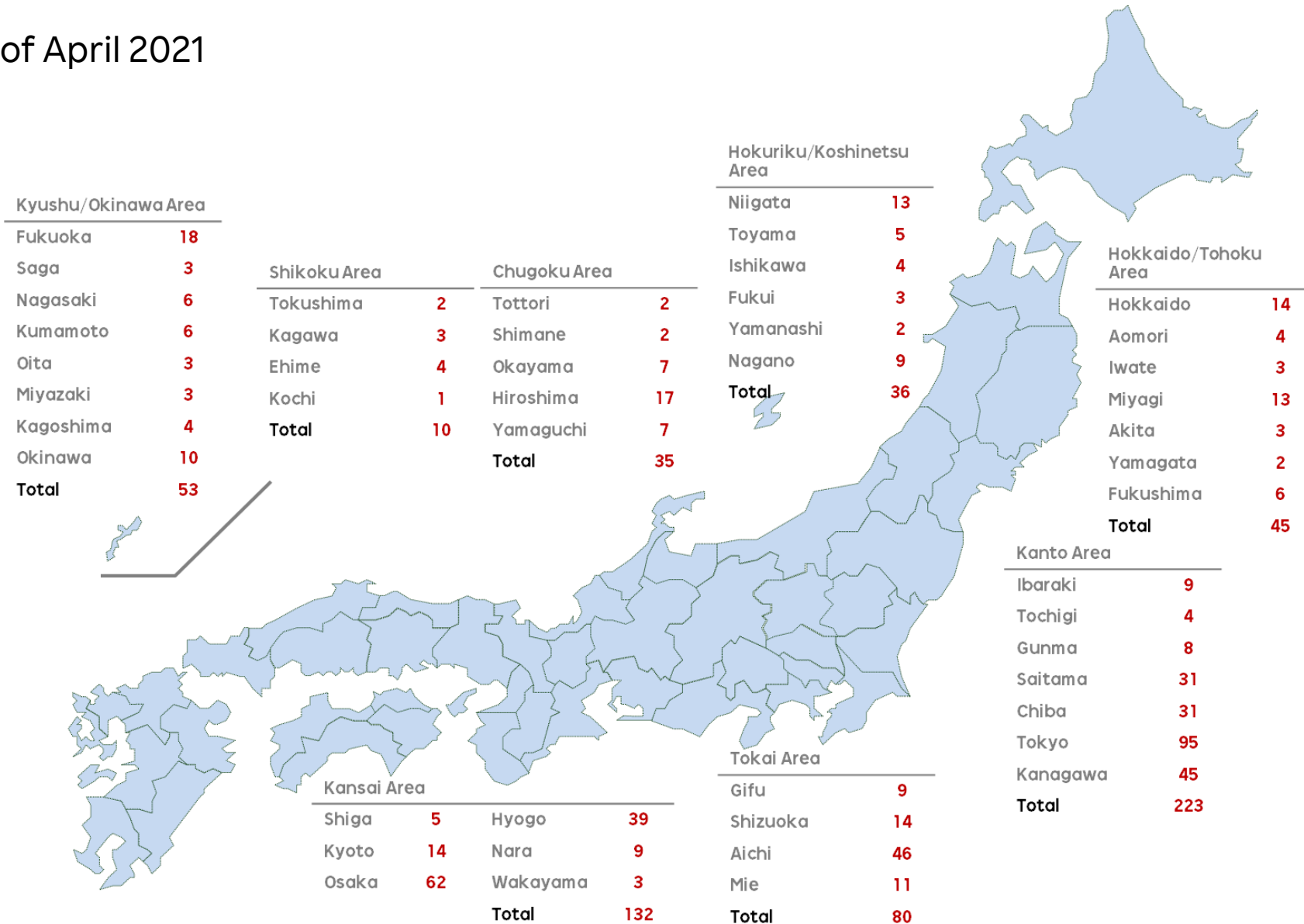
*Borrowings are liabilities from lease financing and loans from Rakuten Group, Inc.

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

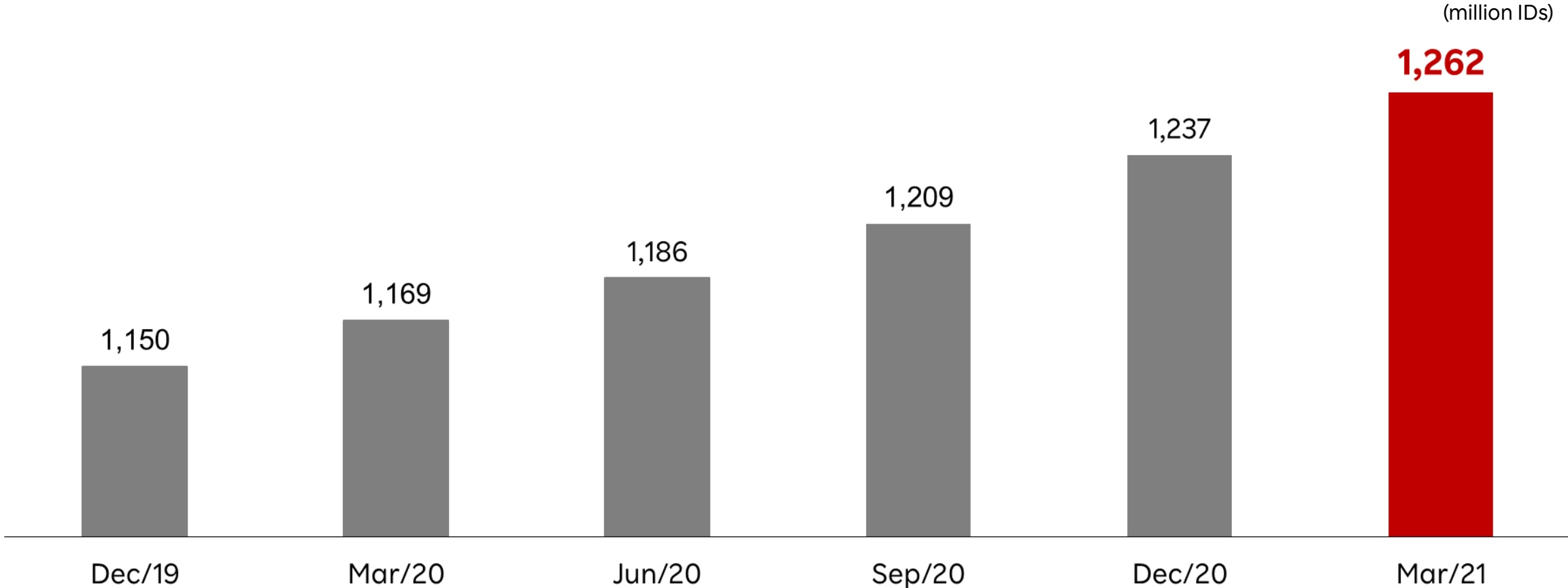
Number of base stations on-air : 17,564 Number of sites with contract signed : 18,313 (As of end of March 2021)

Mobile Shop Network

■ 614 shops as of April 2021

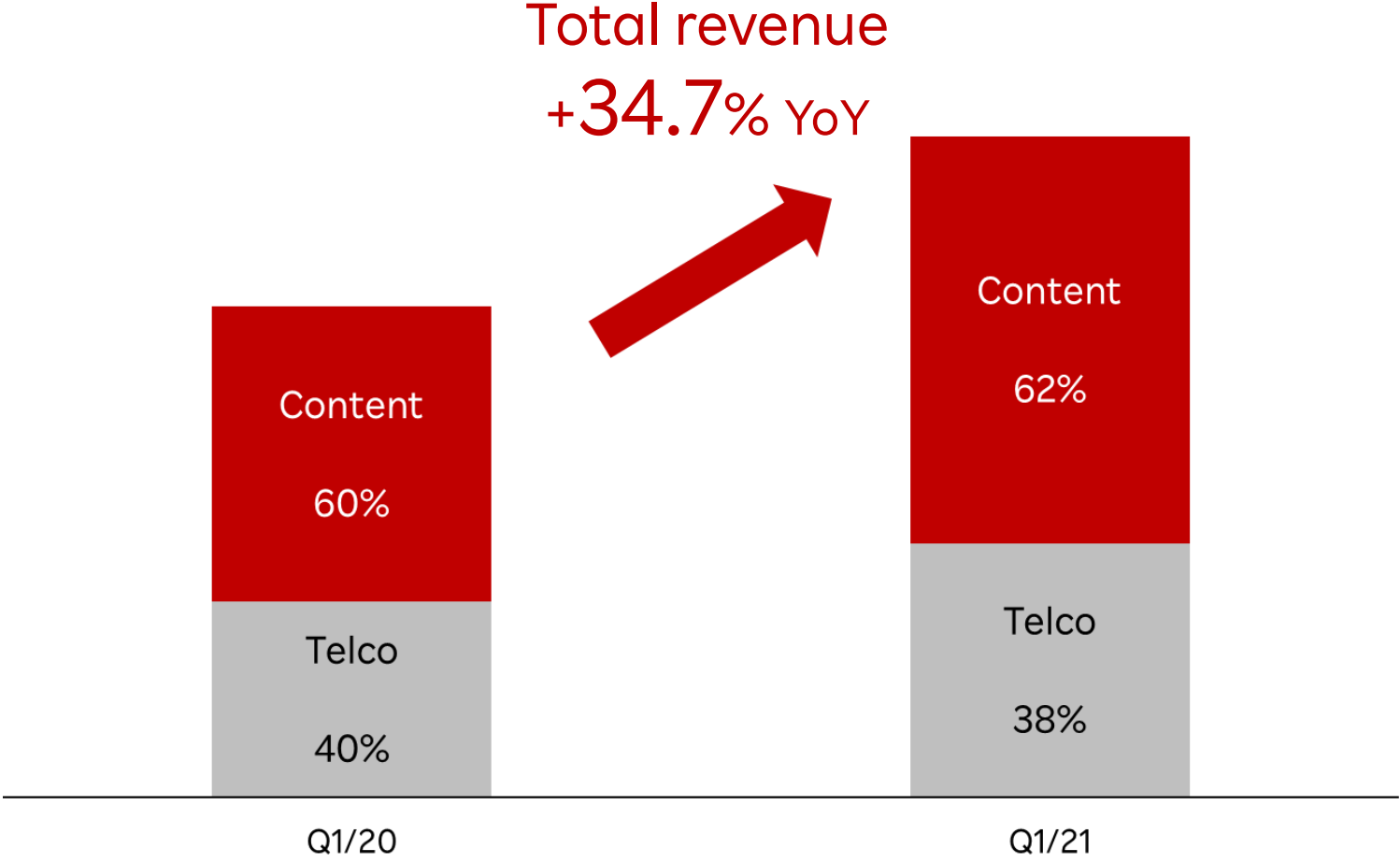


Viber Unique IDs*



* Unique IDs: Unique phone numbers excluding deactivations

Viber Revenue*



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

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