

# **FY2021 Third Quarter Consolidated Financial Results Appendix**

**November 11, 2021**

**Rakuten Group, Inc.**



# Consolidated Results

# Q3/21 Revenue and Operating Income\*1

(JPY bn)

	Q3/20	Q3/21	YoY
<b>Core Business</b> <sup>*2</sup>			
Revenue	320.9	350.7	+9.3%
Operating Income	34.6	42.4	+22.6%
<b>Non-recurring / Investments</b> <sup>*3</sup>			
Revenue	32.9	32.1	-2.5%
Operating Income	4.2	7.4	+77.9%
<b>Future Growth Investments</b> <sup>*4</sup>			
Revenue	50.1	62.5	+24.6%
Operating Income	-69.4	-109.5	-40.1
<b>Adjustments</b>			
Revenue	-42.5	-38.3	+4.2
Operating Income	1.9	1.8	-2.9%
<b>Consolidated</b>			
Revenue	361.4	406.9	+12.6%
Non-GAAP Operating Income	-28.7	-57.7	-29.1
IFRS Operating Income	-39.8	-7.5	+32.3

\*1 From Q2/21, businesses included in “Core Businesses”, “Non-recurring Investments”, and “Future Growth Investments” have been revised as follows due to segment changes.

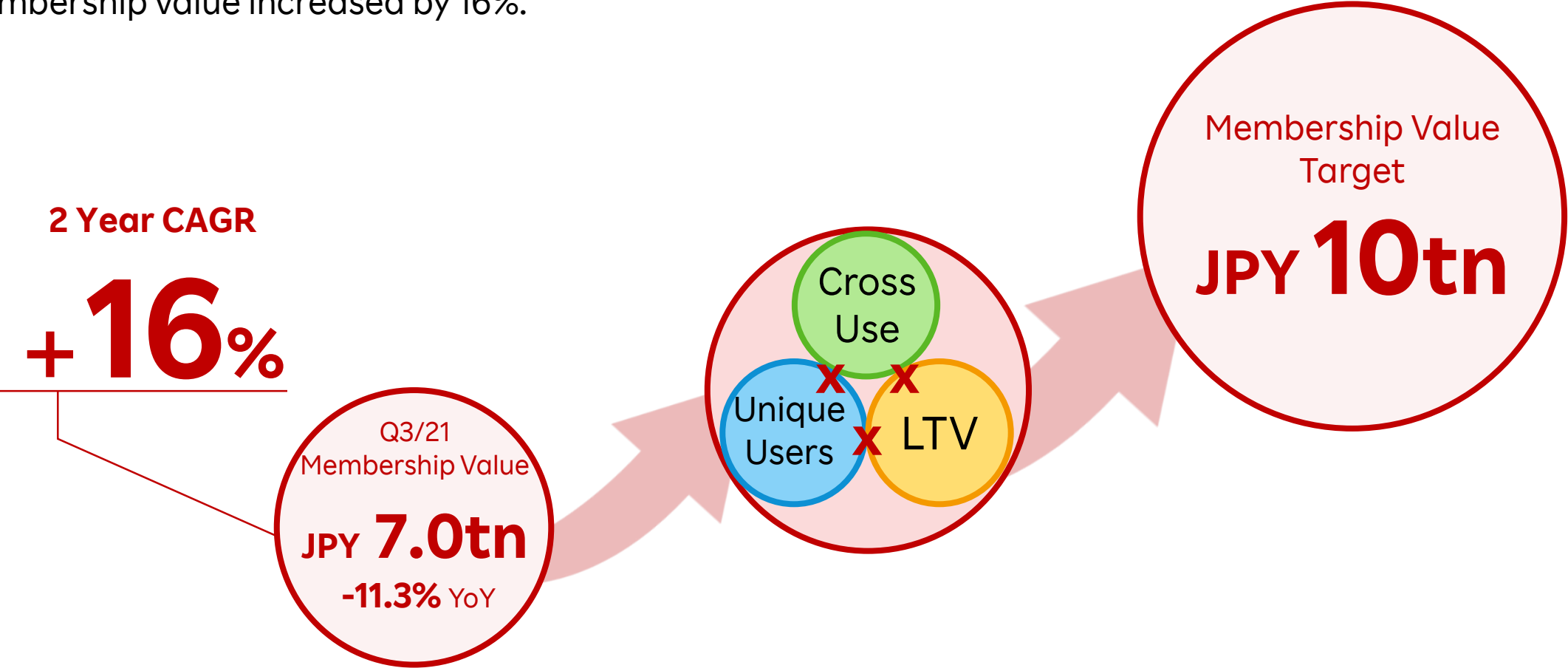
\*2 Includes all the businesses other than “Non-recurring Investments” and “Future Growth Investments”.

\*3 Includes Securities, General Insurance and Investment Business

\*4 Includes Logistics-related investments and all the businesses in Mobile segment.

# Massive Expansion of the Rakuten Ecosystem

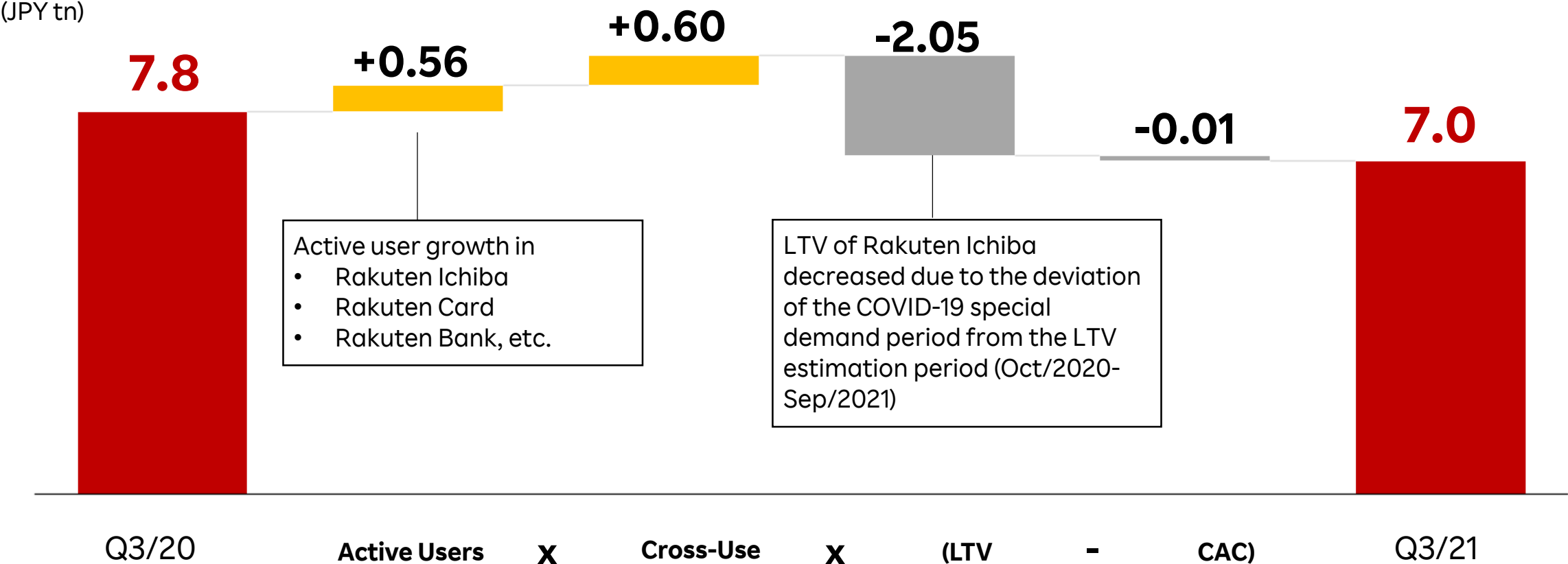
While FinTech continued its strong performance, membership value decreased due to e-commerce-related membership value dropping after surging last year during the pandemic. However, 2 Year CAGR for membership value increased by 16%.



\*Mobile business is not included in the above calculation.

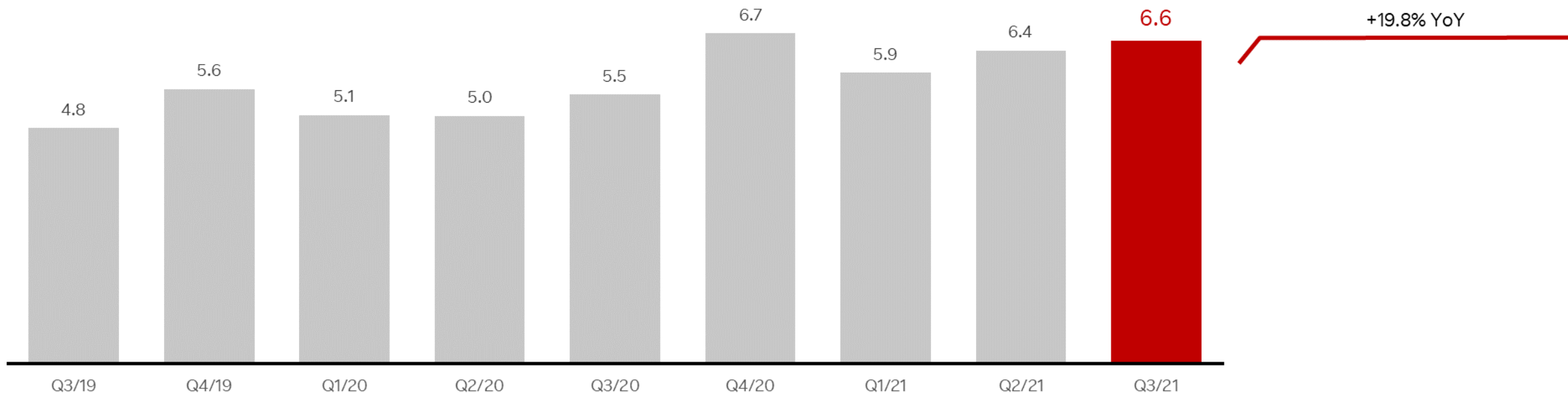
# Rakuten Ecosystem Membership Value

While FinTech continued its strong performance, membership value decreased due to e-commerce-related membership value dropping after surging last year during the pandemic.



# Total Global GTV\*1\*2

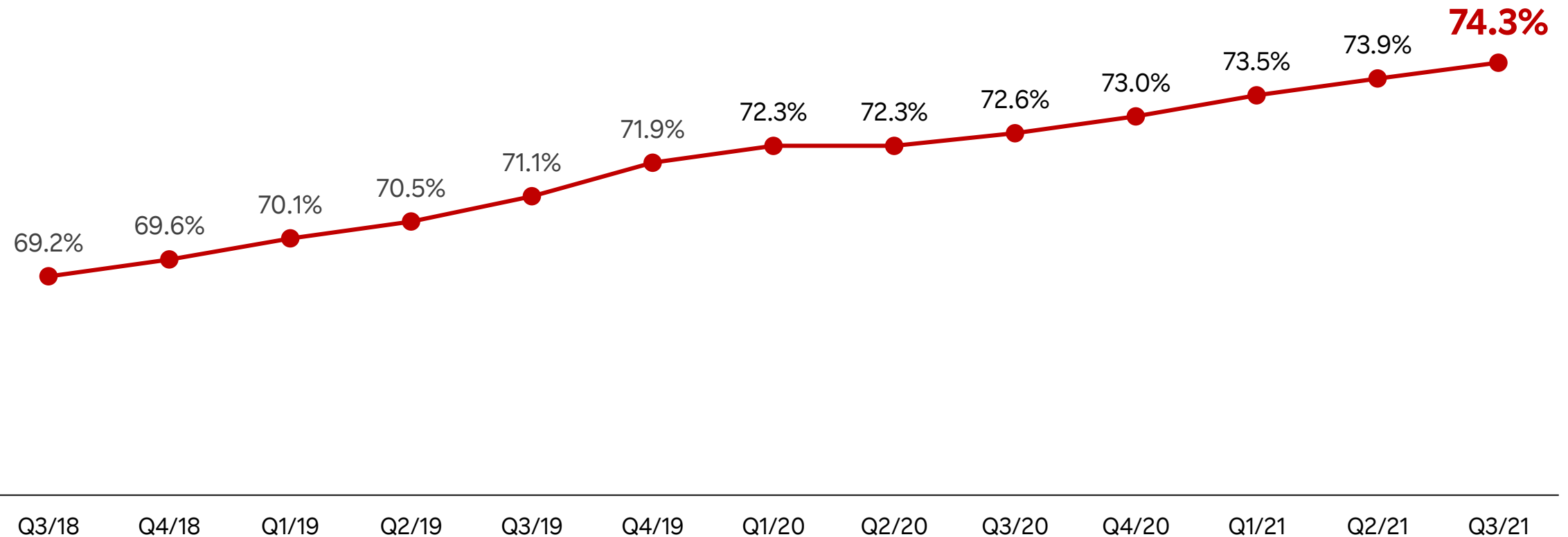
(JPY tn)



\*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 Including intercompany transactions for settlement and affiliate services

# Expansion of Service 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 September 30, 2021)  
(Applicable services limited to those which can earn Rakuten Points.)

# Q3/21 Consolidated Results Summary

(JPY bn)

	Q3/20	Q3/21	YoY
Revenue	361.4	406.9	+12.6%
Non-GAAP Operating Income	-28.7	-57.7	-29.1
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	41.2	48.0	+16.5%
IFRS Operating Income	-39.8	-7.5	+32.3

Includes a gain on step acquisitions of Altiostar Networks, Inc., **JPY 59.5 billion**



# Q3/21 Revenue and Operating Income

(JPY bn)

		Q3/20	Q3/21	YoY
	<b>Domestic E-Commerce</b>			
	Revenue	148.7	168.5	+13.3%
	Operating Income	15.4	21.4	+39.0%
	<b>Others</b>			
	Revenue	65.9	70.9	+7.7%
	Operating Income	-6.8	3.1	+9.9%
<b>Internet Services Segment</b>				
	Revenue	214.6	239.4	+11.6%
	Operating Income	8.6	24.5	+185.2%
<b>FinTech Segment</b>				
	Revenue	144.0	150.9	+4.8%
	Operating Income	22.3	21.2	-5.1%
<b>Mobile Segment</b>				
	Revenue	45.4	54.9	+21.1%
	Operating Income	-61.5	-105.2	-43.8%
<b>Adjustments</b>				
	Revenue	-42.5	-38.3	+4.2%
	Operating Income	1.9	1.8	-2.9%
<b>Consolidated</b>				
	Revenue	361.4	406.9	+12.6%
	Non-GAAP Operating Income	-28.7	-57.7	-29.1%
	IFRS Operating Income	-39.8	-7.5	+32.3%

\* From Q4/20, Contents related businesses were transferred from the Internet Services segment to the Mobile segment. In addition to this, from Q2/21, some businesses providing digital content sites in North America and Viber were transferred from the Mobile segment to the Internet Services segment. Past figures have also been retroactively adjusted.

# Q3/21 Non-GAAP Operating Income Reconciliation

Recorded a gain on the step acquisition of Altiostar in one-off items

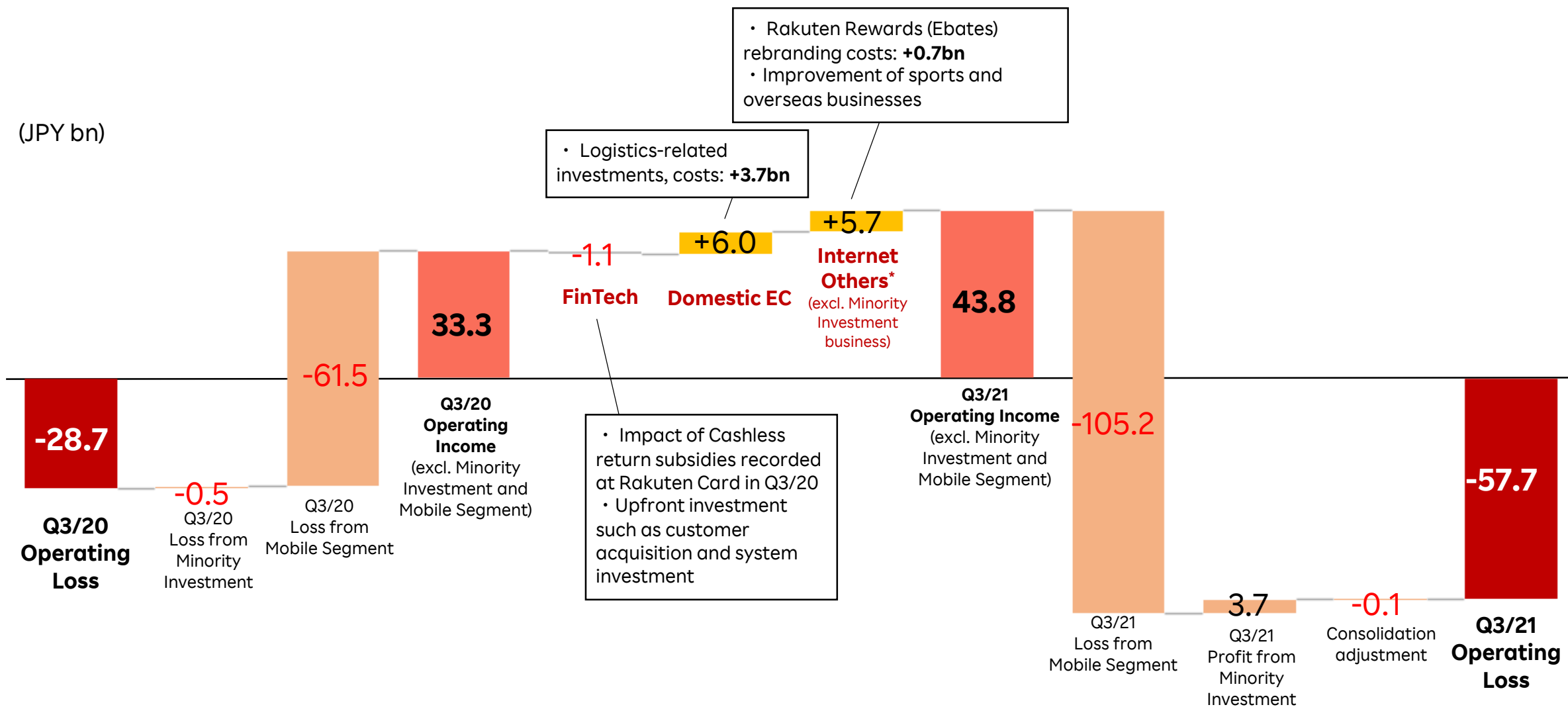
(JPY bn)

	Q3/20	Q3/21	YoY
Non-GAAP Operating Income	-28.7	-57.7	-29.1
Amortization of Intangible Assets (PPA)	-2.6	-1.3	+1.3
Stock Based Compensation	-2.4	-2.3	+0.1
One-off items	-6.1	53.8	+60.0
IFRS Operating Income	-39.8	-7.5	+32.3

\* One-off items include a gain of 59,496 million yen related to the step acquisition of Altiostar Networks, Inc. as a wholly owned subsidiary, and a cost of 5,578 million yen due to an increase in the provision for customer points due to the revision of Rakuten Point's terms and conditions. etc.

# Q3/21 Non-GAAP Operating Income Breakdown

(JPY bn)

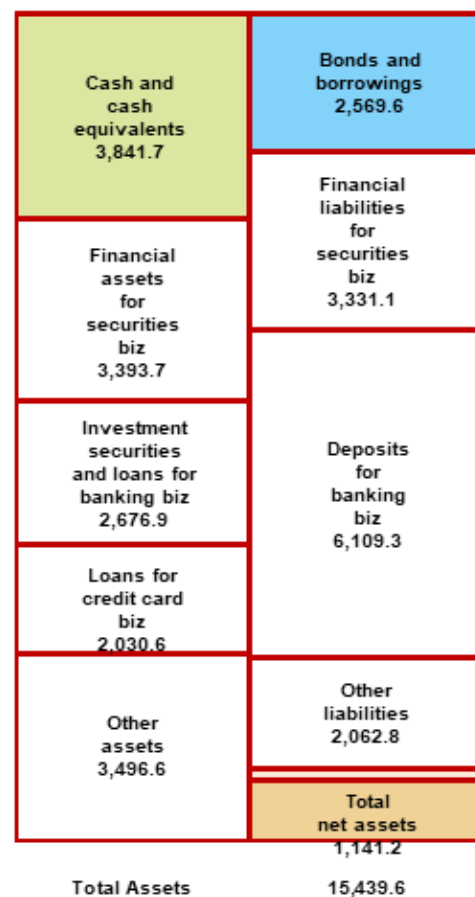


\* "Internet Others" segment mainly includes overseas EC businesses and sports related businesses

# Consolidated and Major Subsidiaries Balance Sheet (1) As of September 30, 2021

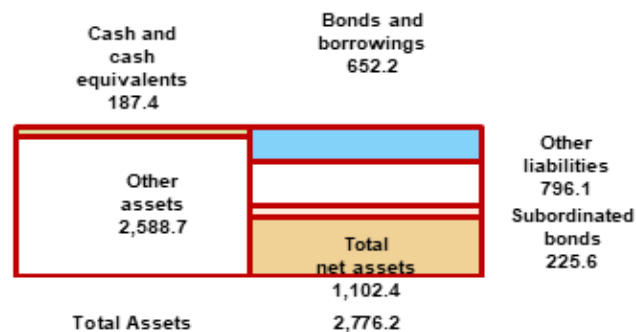
(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)

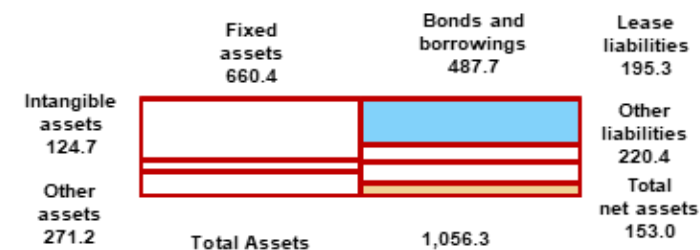


**Consolidated**

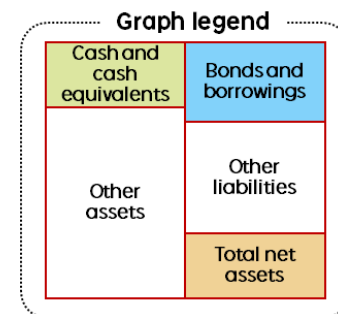
Subordinated bonds  
225.6



**Rakuten Group, Inc.**



**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.

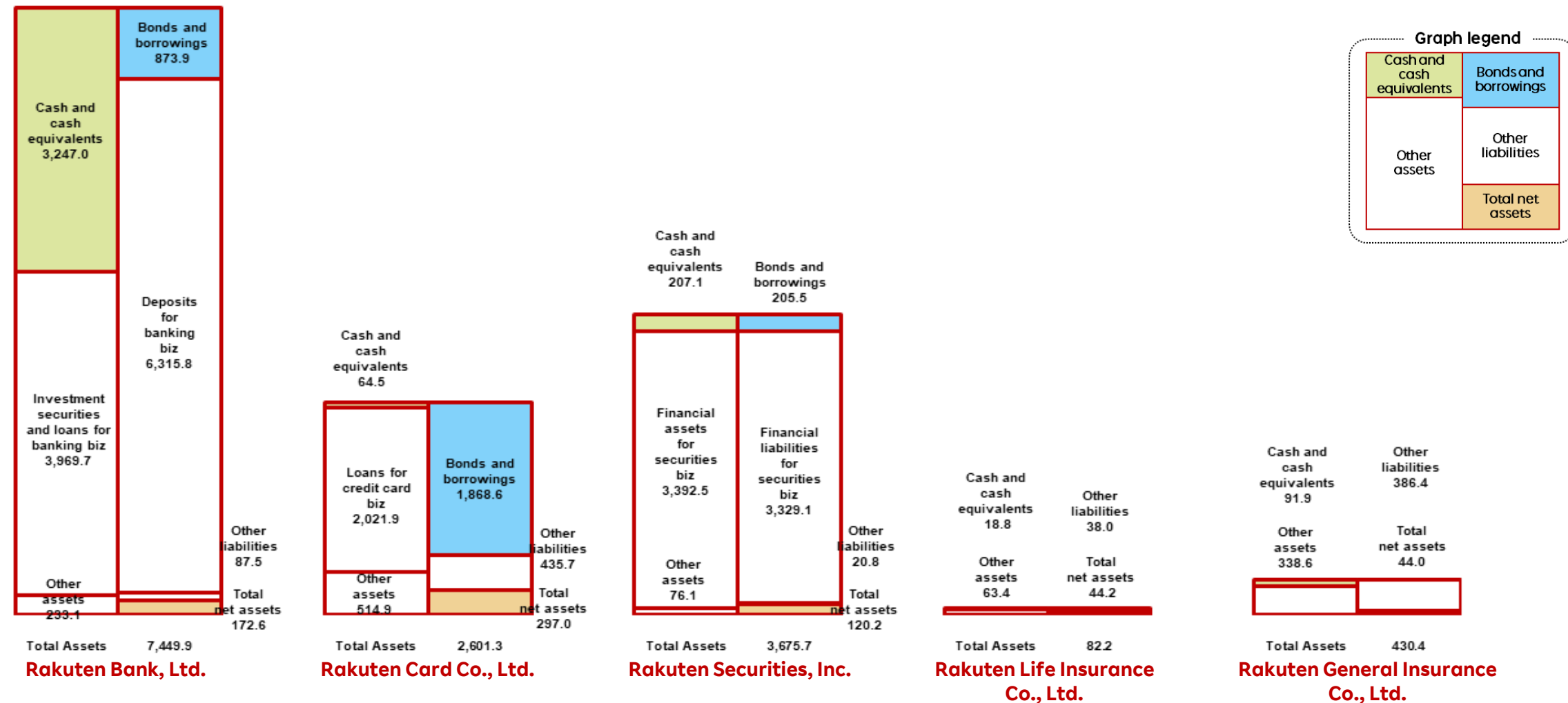
\* Bonds and borrowings = Straight corporate bonds + CP + Bank borrowings etc.

\* Non-consolidated Balance Sheets include internal transactions

# Consolidated and Major Subsidiaries Balance Sheet (2) As of September 30, 2021

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)

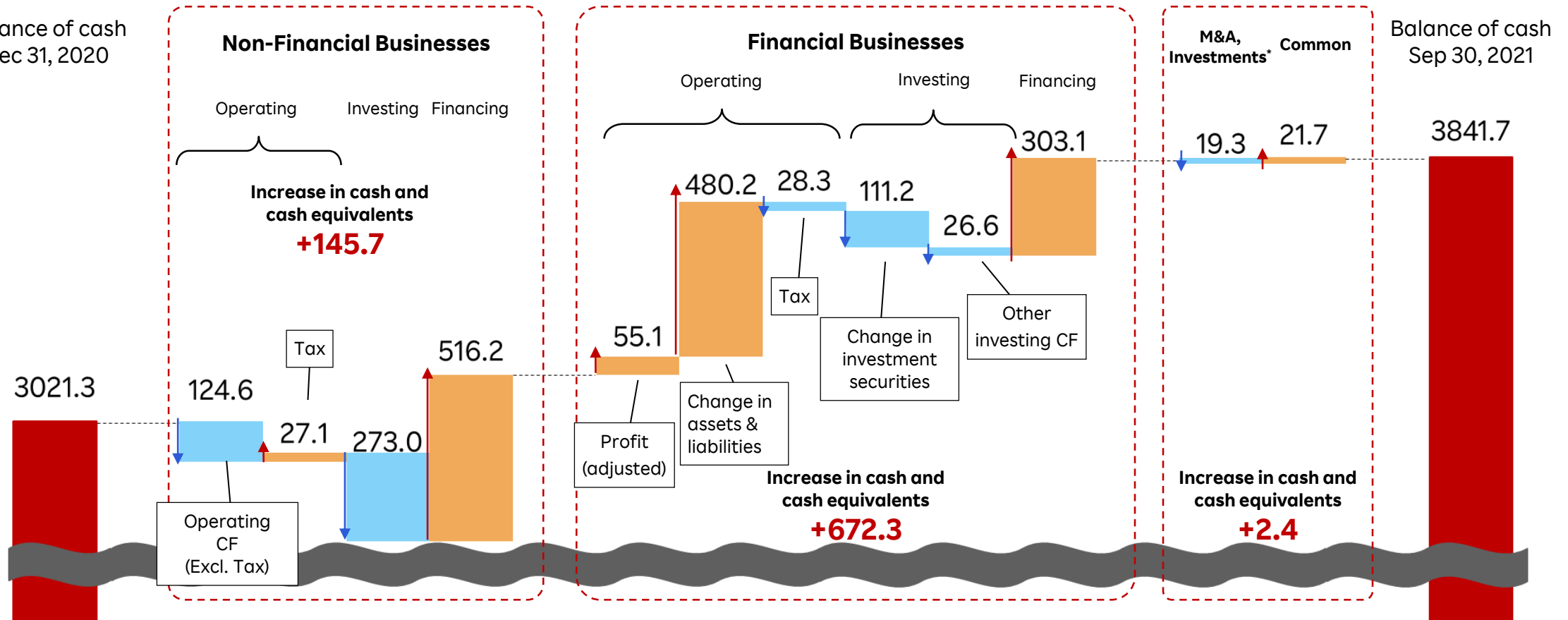


\* Rakuten Group, Inc., Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities, Inc., Rakuten Life Insurance Co., Ltd., Rakuten General Insurance Co., Ltd. and Rakuten Mobile, inc. are based on IFRS non-consolidated balance sheets.  
 \* Bonds and borrowings = Straight corporate bonds + CP + Bank borrowings etc.  
 \* Non-consolidated Balance Sheets include internal transactions

# Cash Flow Breakdown: Jan-Sep, 2021

(JPY bn)

Balance of cash  
Dec 31, 2020



\* "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 / Shopping E-Commerce GMS<sup>\*1\*2</sup>

Q3/21 Shopping E-Commerce GMS



Q3/21 Domestic E-Commerce GMS

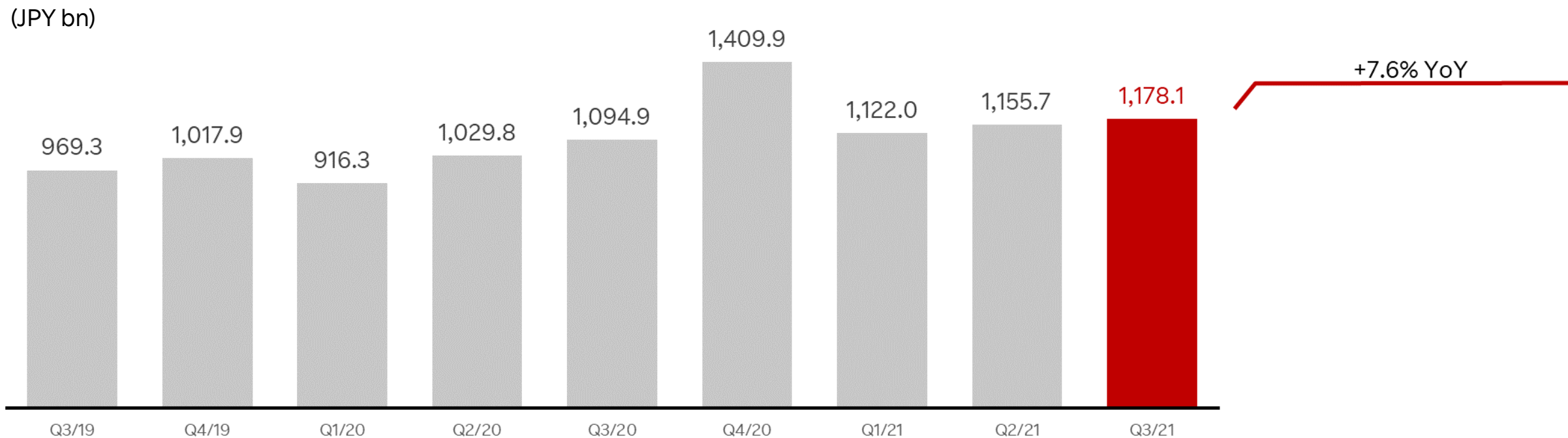


<sup>\*1</sup> Domestic e-commerce GMS comprised of Ichiba, Travel GTV on checkout basis, Books, Golf, Fashion, Dream businesses, Beauty, Delivery, Rakuten 24 and other direct daily necessities shops, Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc. (\*Excludes some tax-exempt businesses, includes consumption tax)

<sup>\*2</sup> Shopping e-commerce = Ichiba + 1st Party (Rakuten Fashion, Books, Rakuten 24 and other direct daily necessities shops, Rakuten Seiyu Netsuper) + Open EC (Rebates, Rakuten Pay online payments) + Rakuma



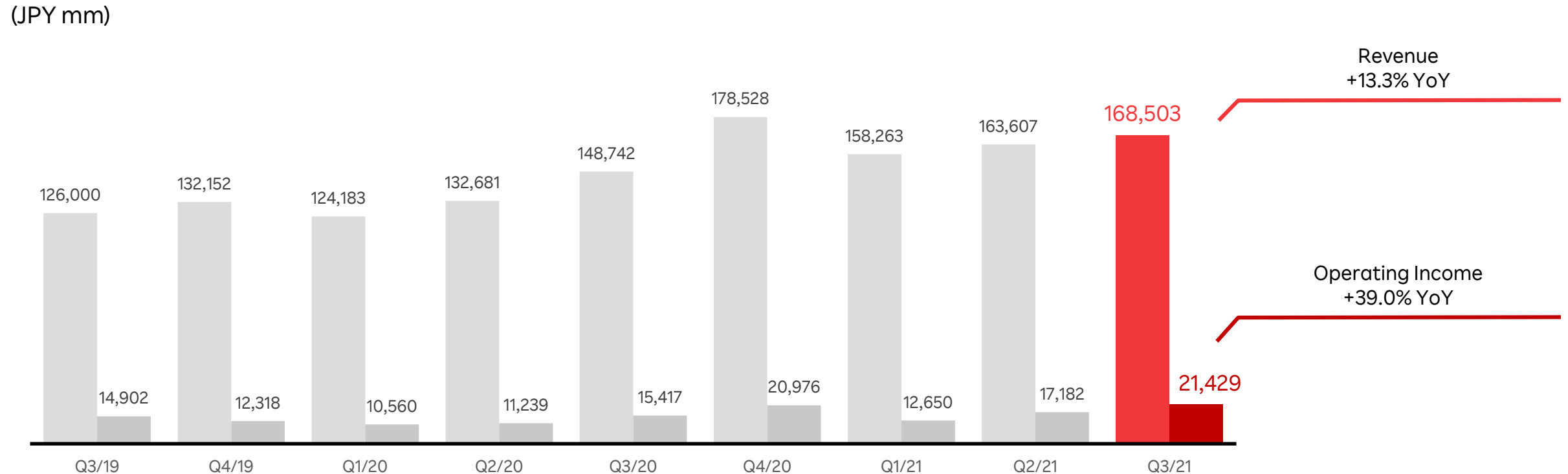
# Domestic E-Commerce GMS\*



\*Domestic E-Commerce GMS includes consumption tax. Consumption tax not included in GMS for businesses not required to pay consumption tax. GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Fashion, Dream businesses, Beauty, Rakuten 24 and other direct daily necessities shops, Auto business, Rakuma, Rebates, Rakuten Seiyu Netsuper, etc.

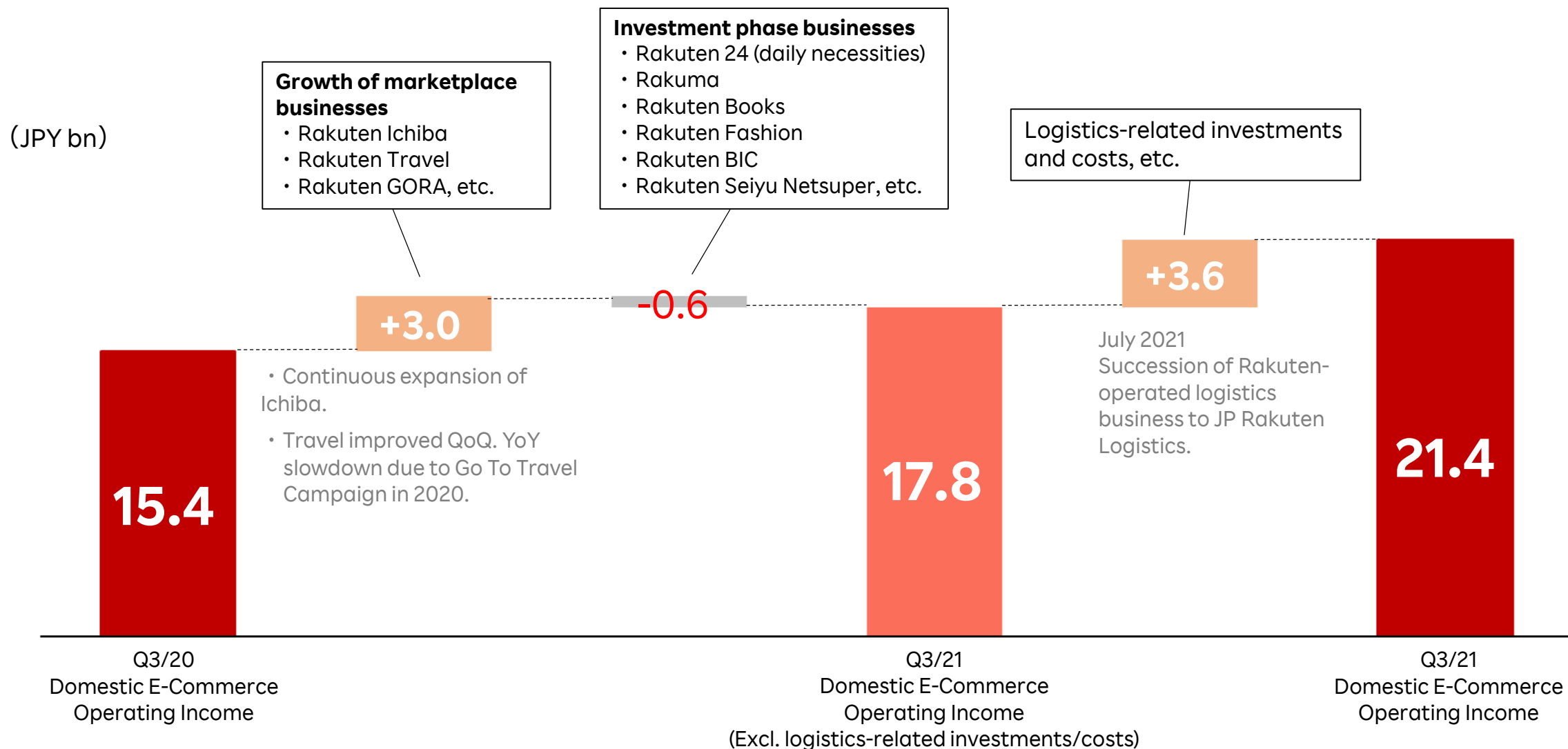
# Domestic E-Commerce Results\*

Revenue grew +13.3% YoY, even after last year's increased demand for e-commerce and the boost provided by the Go To Travel Campaign. Operating Income grew +39.0% YoY due to growth of existing businesses and the succession of the Logistics business to JP Rakuten Logistics.



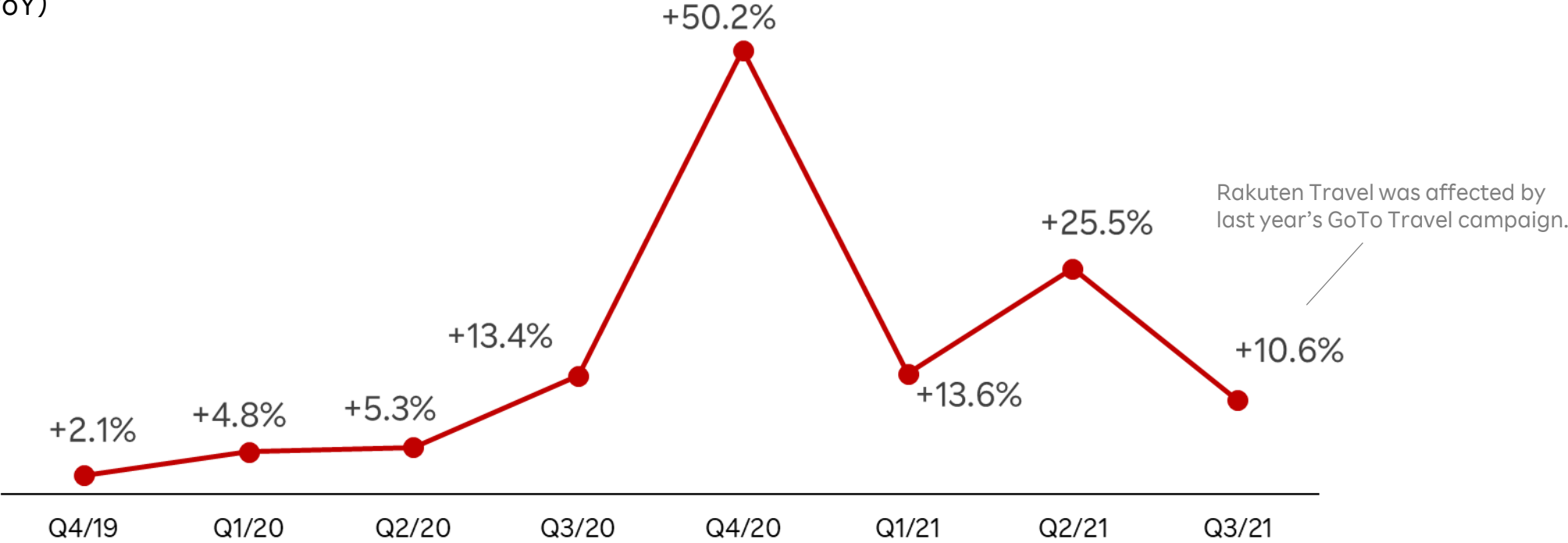
\* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten 24 and other direct daily necessities shops, Logistics, Auto business, Rakuma, Rebates, etc.

# Q3/21 Domestic E-Commerce Operating Income Breakdown



# Domestic EC Marketplace businesses\* Operating Income

(YoY)



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



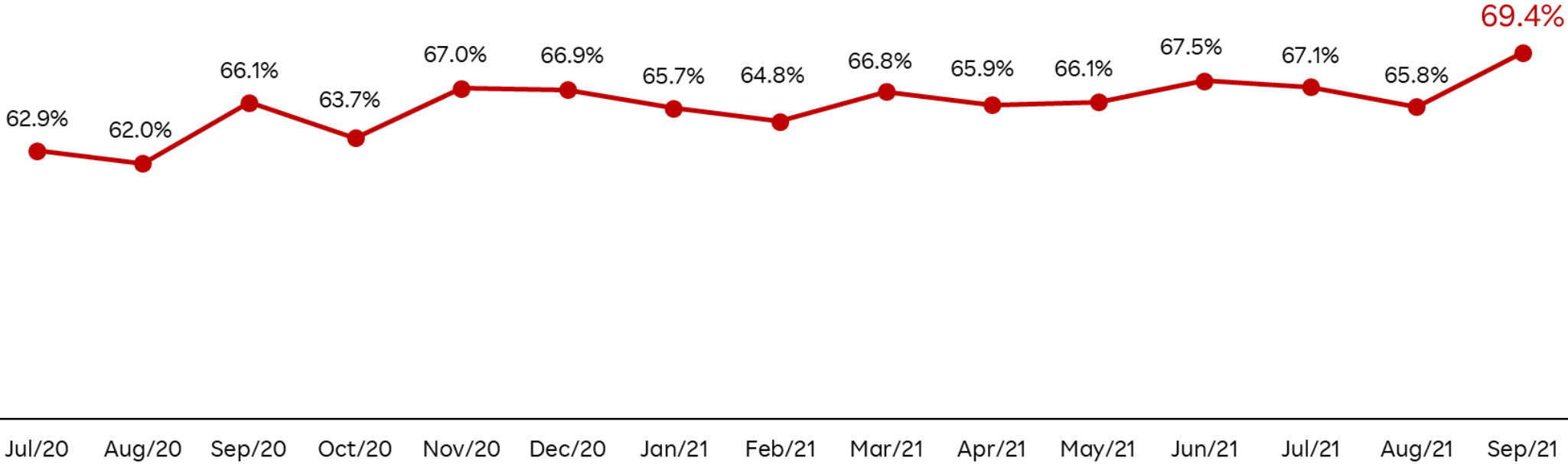
## Q3/21 Rakuten Ichiba Mobile GMS Ratio\*

**79.6%**

Up 2.5 Points YoY

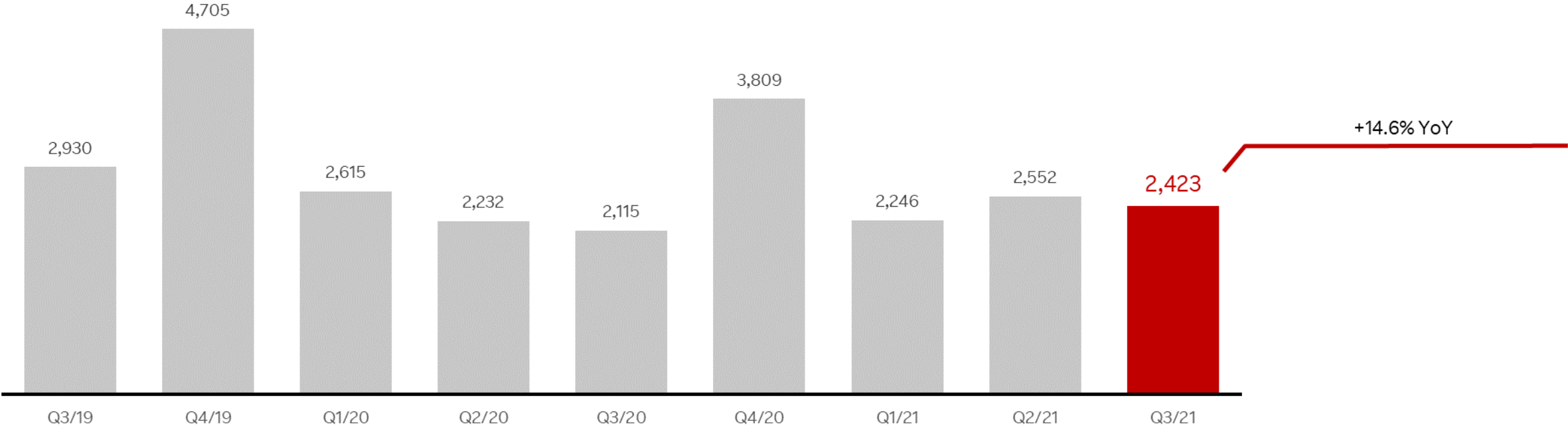
\* Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes smartphones and tablets)

# Rakuten Card Share of Rakuten Ichiba GMS



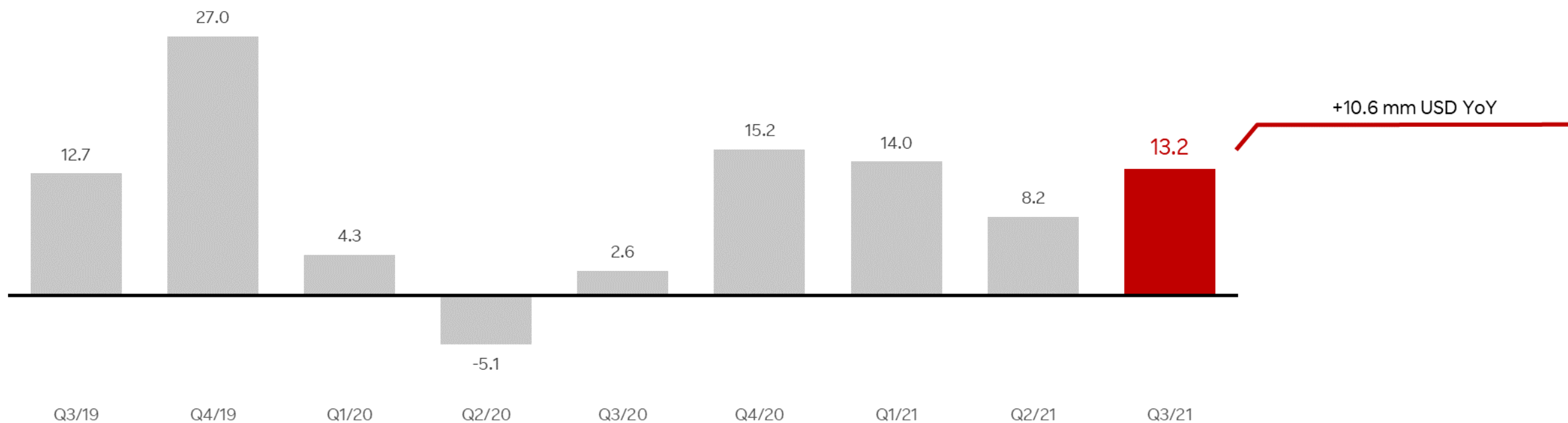
# Rakuten Rewards (Ebates) GMS

(USD mm)



# Rakuten Rewards (Ebates) Operating Income<sup>\*1\*2</sup>

(USD mm)



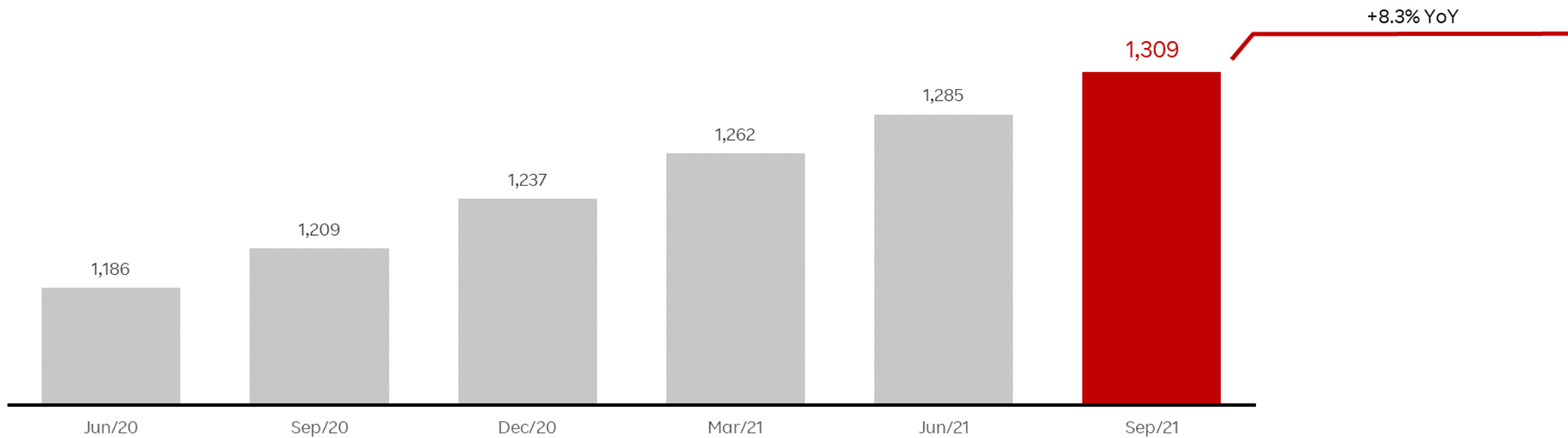
<sup>\*1</sup> Excludes rebranding cost of USD 20.4 million (Q3/19), USD 27.4 million (Q4/19), USD 5.2 million (Q1/20), USD 5.1 million (Q2/20) and USD 6.3 million (Q3/20), USD 2.5 million (Q4/20).

<sup>\*2</sup> Operating income has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.



# Viber Unique IDs<sup>\*1\*2</sup>

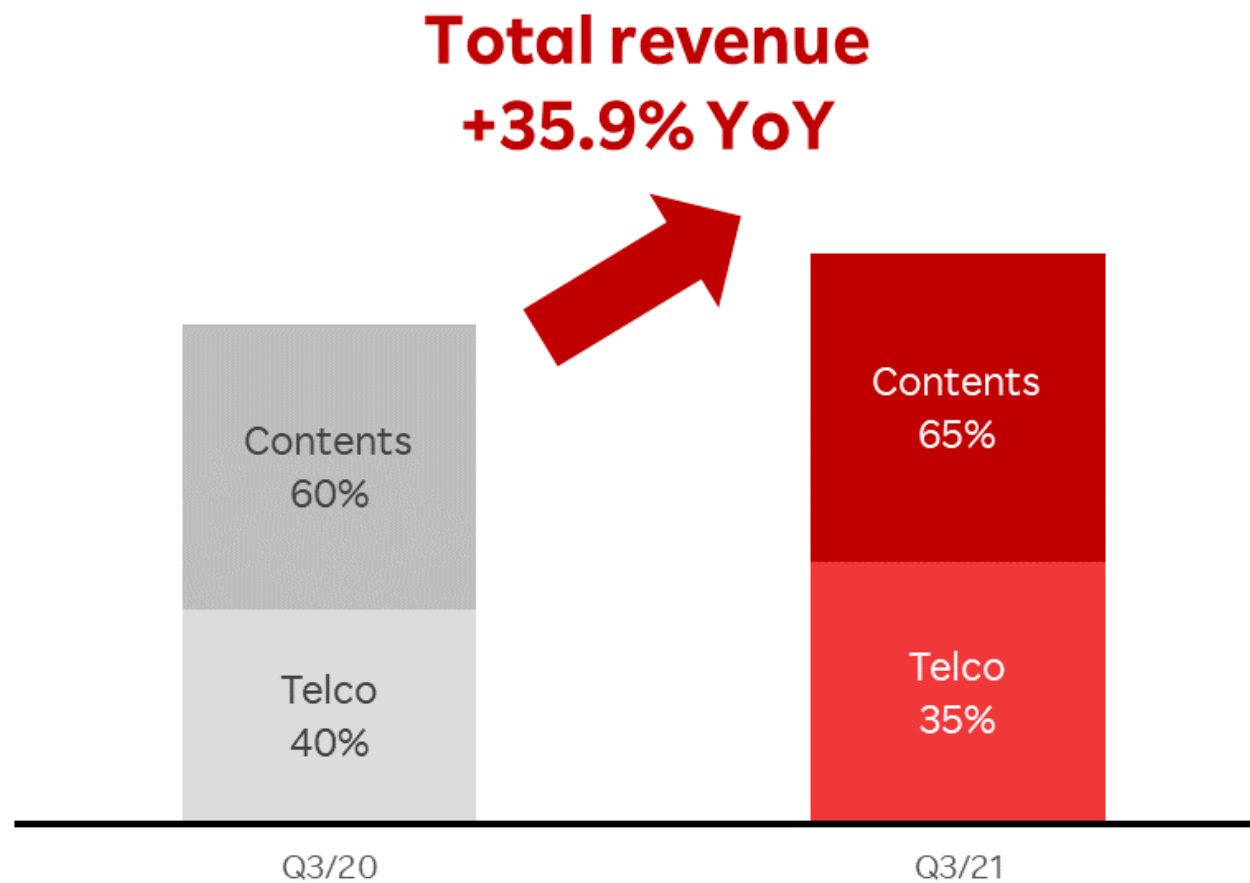
(million IDs)



\*1 Unique IDs: Unique phone numbers excluding deactivations

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

# Viber Revenue<sup>\*1\*2</sup>



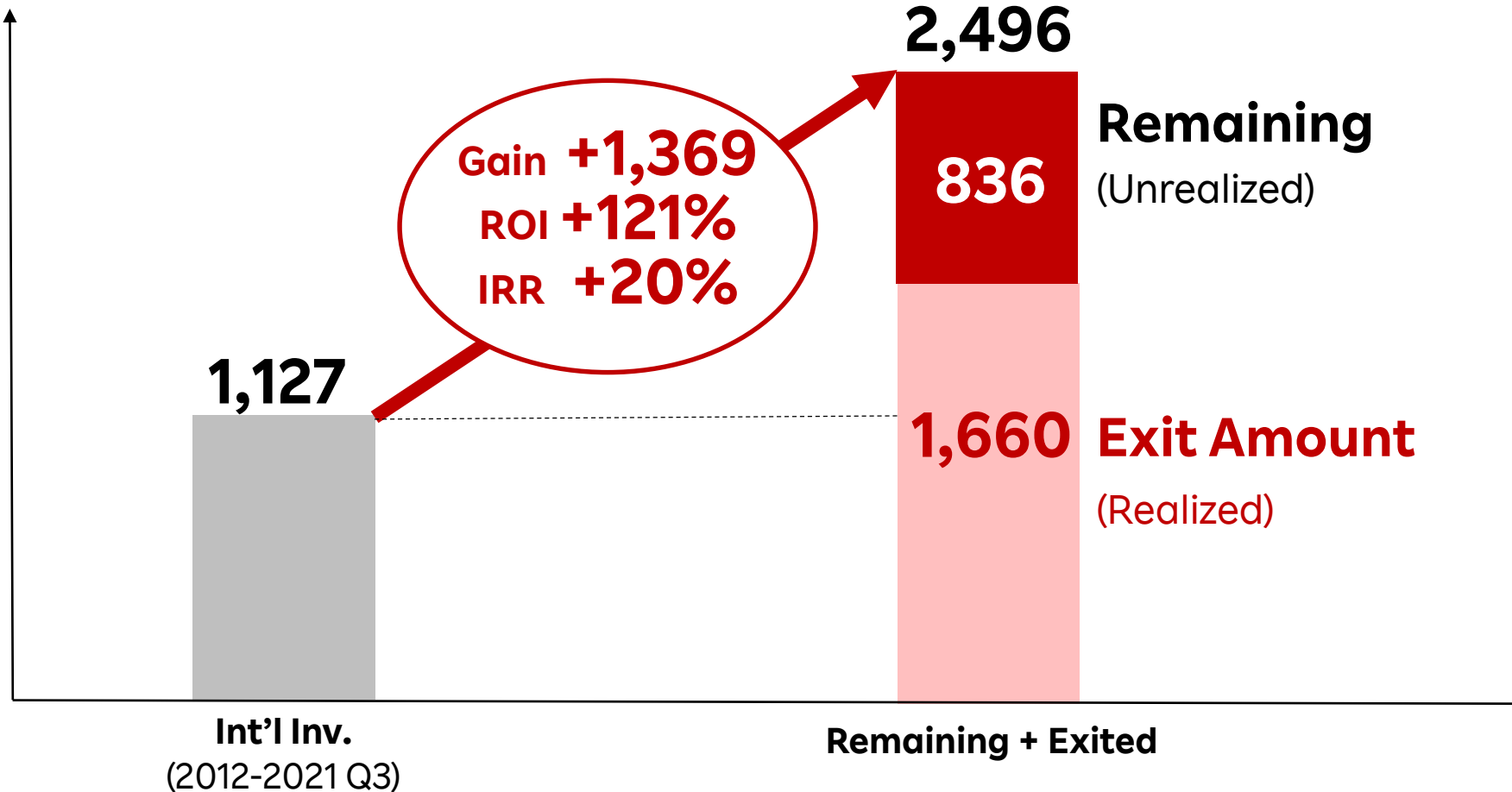
\*1 Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.

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

# Rakuten Capital\*1 Investment Performance

## Rakuten Capital Investment Performance (as of Sep 30, 2021)\*2

(USD mm)



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

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

# Minority Investment Portfolio

Remaining

Exited\*1

Non R-Capital\*2

Number of Investments\*3:

39

29

2

Internet



SHOPBACK

epic!

≡ VERISHOP

fever

dataX

Ride Sharing



Fintech

TORANOTEC

Sustainability



Healthcare



Genesis Healthcare

Mobile / AI



» VISIONAL



Rakuten Medical  
(Affiliated Company)

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

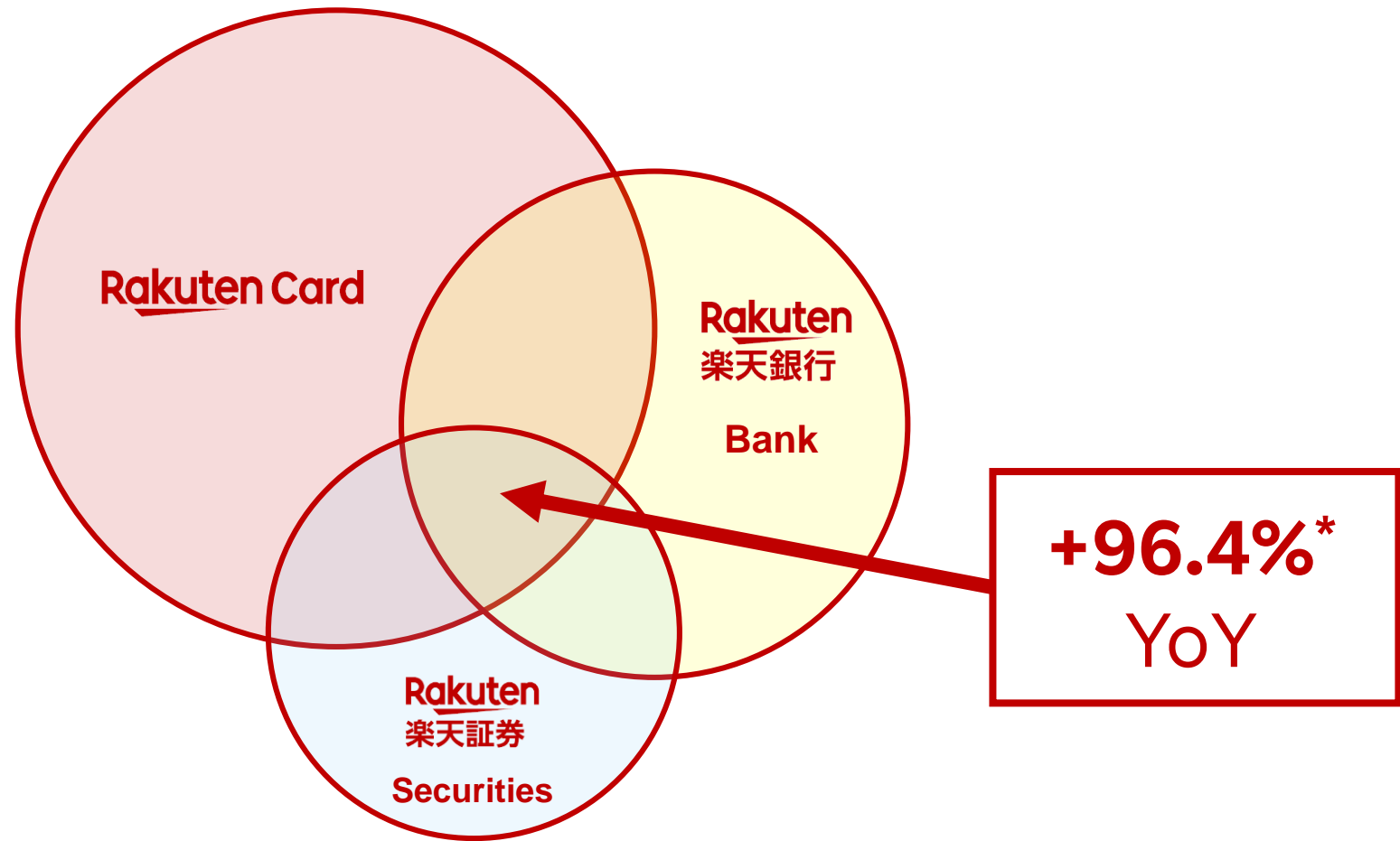
\*2 Lyft and Rakuten Medical have been transferred from Rakuten Capital to other businesses

\*3 Numbers are related to R-Capital investment only as of Q3/21.

# FinTech Segment

# Cross-Use Example of FinTech Businesses

(Number of Unique Users)



\*As of September 2021

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

# Q3/21 FinTech Results Summary

(JPY bn)

	Revenue	YoY	Operating Income	YoY
Card	68.5	+5.4%	9.8	-15.0%
Bank	25.5	+7.5%	7.3	+8.8%
Insurance	23.8	-11.2%	1.9	+2.1%
Payment	9.6	+16.4%	-0.9	+0.8
Others	1.5	+1.3%	-0.8	-0.4
FinTech Total excl.Securities	128.9	+2.9%	17.2	-3.8%
Securities	22.0	+17.1%	4.0	-10.7%
FinTech Total	150.9	+4.8%	21.2	-5.1%

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

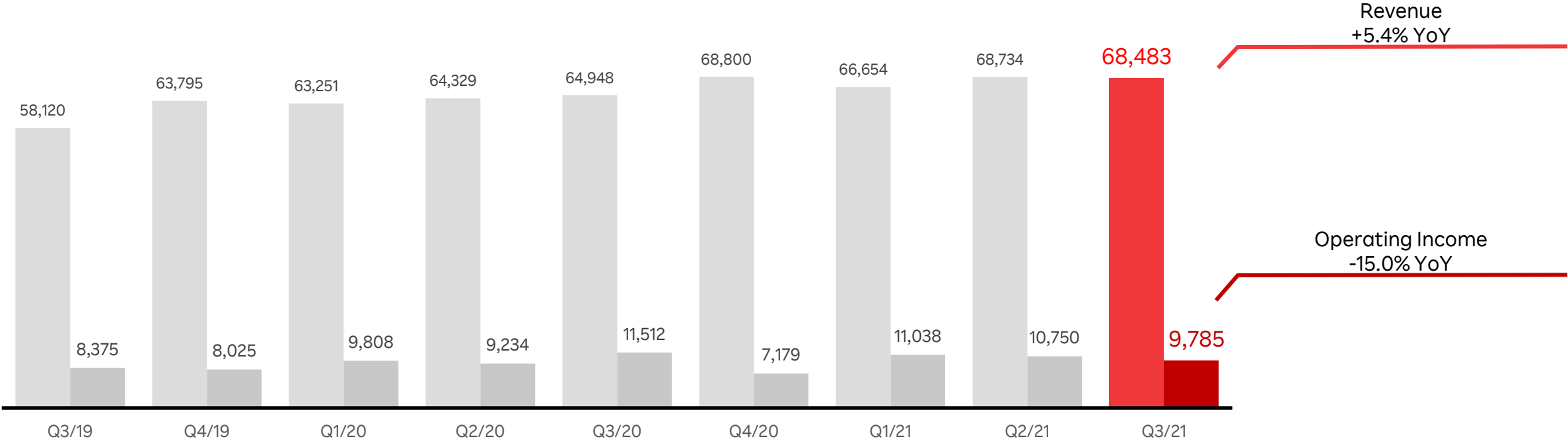
\*Payment = Rakuten Pay, Rakuten Edy, Point Partner, etc.

\*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

In addition to the impact of government subsidies for the promotion of cashless payments in Q3 2020, Rakuten Card's profits declined as a result of upfront investments such as system investment and new Rakuten Card user acquisition for the post-pandemic market. At the same time, Rakuten Card's presence in the industry is steadily increasing.

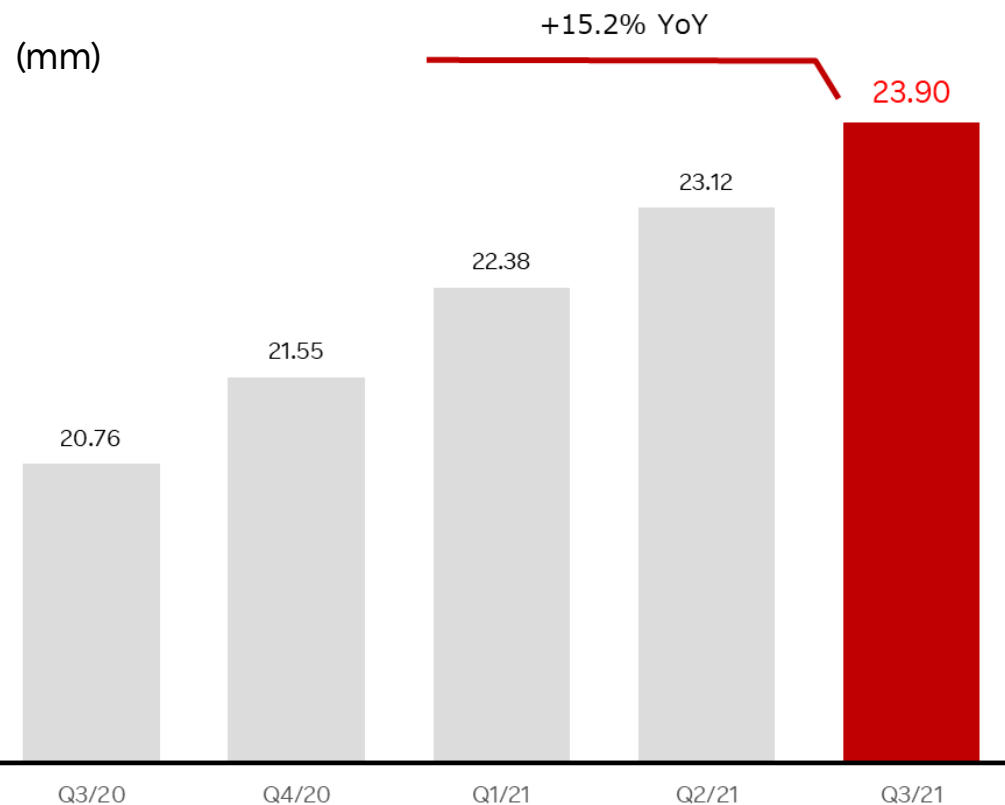
(JPY mm)



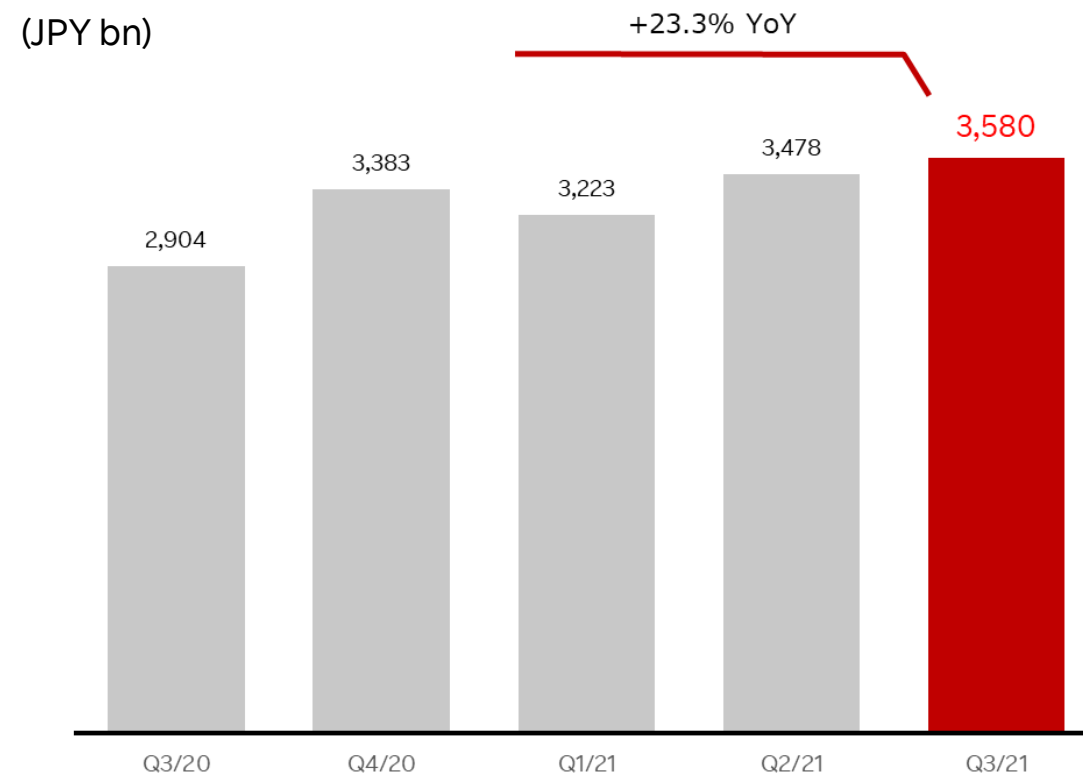


# Rakuten Card KPIs\*(1)

## Number of Card Issued\*1



## Card Shopping Transaction Volume\*2



\*1 Includes the issuance of a second Rakuten card per cardholder, which began full scale in June 2021.

\*2 Calculated on a managerial accounting basis, using different definitions from data in the Appendix.

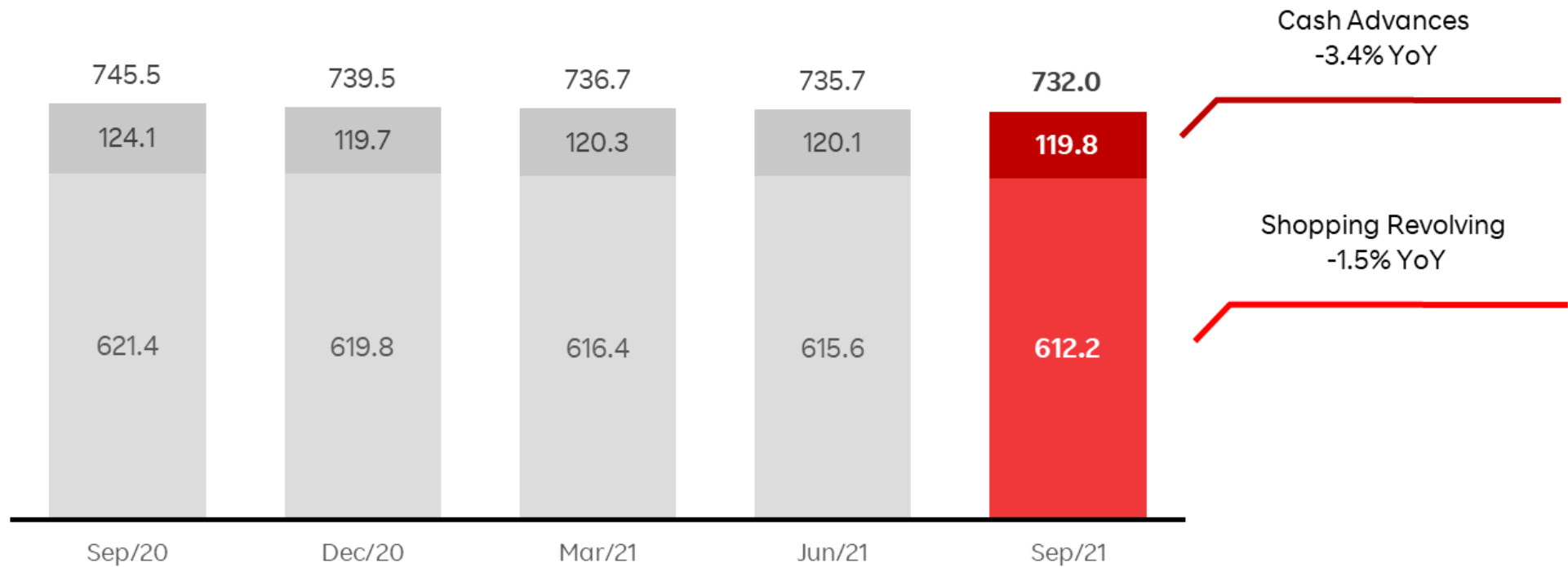
\* Detailed credit card data is shown in the Appendix



# Rakuten Card KPIs\*(2)

## Shopping Revolving and Cash Advance Balances

(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. Revolving balance is calculated on a principal basis

# Rakuten Card Allowance for Doubtful Accounts

(JPY mm)

	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	YoY
Expenses related to doubtful accounts	8,950	11,789	8,383	9,046	9,110	+1.8%
Ratio of expenses related to doubtful accounts <sup>*1</sup>	1.63%	2.03%	1.40%	1.53%	1.52%	—

	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	YoY
<b>Rakuten Card</b>	<b>1,839,869</b>	<b>2,097,002</b>	<b>2,010,882</b>	<b>2,052,112</b>	<b>2,093,338</b>	<b>+13.8%</b>
Stage 1 (Normal)	1,750,887	2,008,991	1,919,540	1,957,075	1,994,727	+13.9%
Stage 2 (1-2 months delinquent)	11,633	12,414	13,554	13,333	14,102	+21.2%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	77,349	75,597	77,788	81,703	84,509	+9.3%
<b>Rakuten Bank Super Loans</b>	<b>359,857</b>	<b>347,727</b>	<b>337,924</b>	<b>325,777</b>	<b>315,559</b>	<b>-12.3%</b>
Stage 1 (Normal/Credit guarantees <sup>*2</sup> )	323,023	312,551	303,559	291,724	281,938	-12.7%
Stage 2 (30 days-and-over-delinquent/Credit guarantees <sup>*2</sup> )	127	114	49	76	100	-21.5%
Stage 3 (Foreclosed credit guarantees)	36,707	35,062	34,315	33,977	33,522	-8.7%
<b>Others</b>	<b>934</b>	<b>902</b>	<b>866</b>	<b>825</b>	<b>803</b>	<b>-14.0%</b>
<b>Total balance of loan receivables</b>	<b>2,200,660</b>	<b>2,445,632</b>	<b>2,349,672</b>	<b>2,378,714</b>	<b>2,409,699</b>	<b>+9.5%</b>
<b>Allowance for doubtful accounts<sup>*3</sup></b>	<b>96,898</b>	<b>94,890</b>	<b>94,047</b>	<b>94,470</b>	<b>95,185</b>	<b>-1.8%</b>
<b>Write-off for bad debt<sup>*4</sup></b>	<b>11,561</b>	<b>13,801</b>	<b>9,229</b>	<b>8,625</b>	<b>8,399</b>	<b>-27.4%</b>

\*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

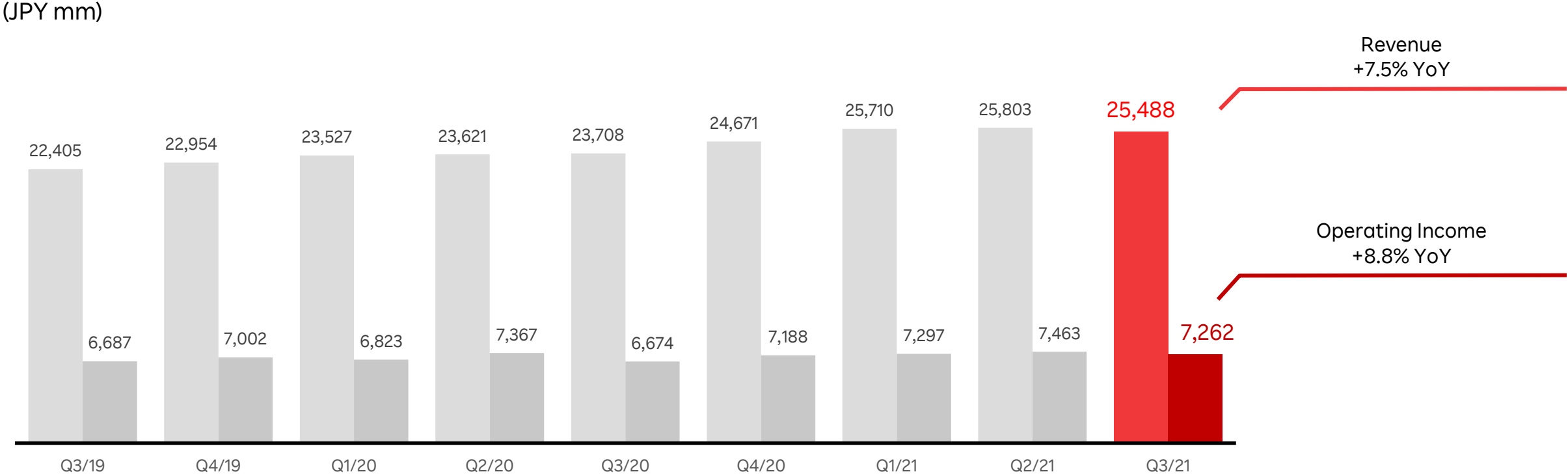
\*2 Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

\*3 Including allowance for credit guarantees

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

# Rakuten Bank Results

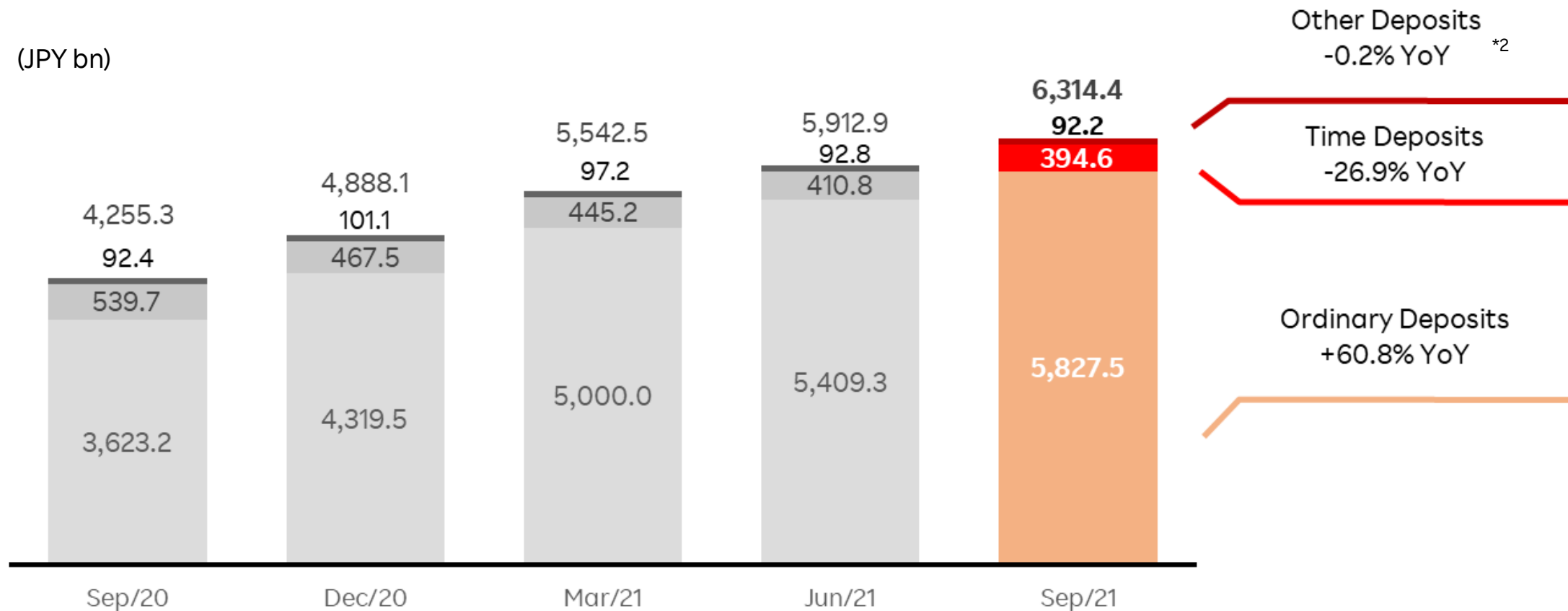
While the negative interest rate policy and the pandemic have caused many banks' earnings to stagnate, Rakuten Bank has increased its revenue and profit by significantly increasing its service revenue, especially in transactions.



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

# Rakuten Bank Deposits\*1

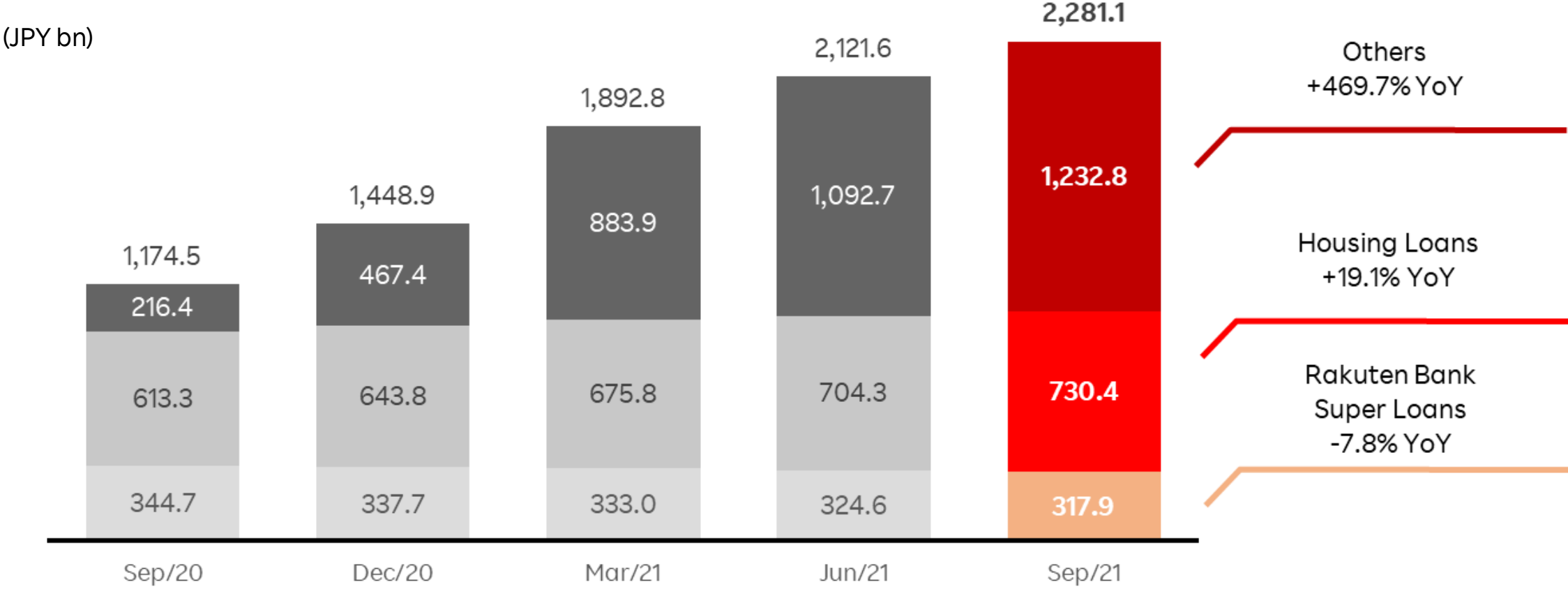
(JPY bn)



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

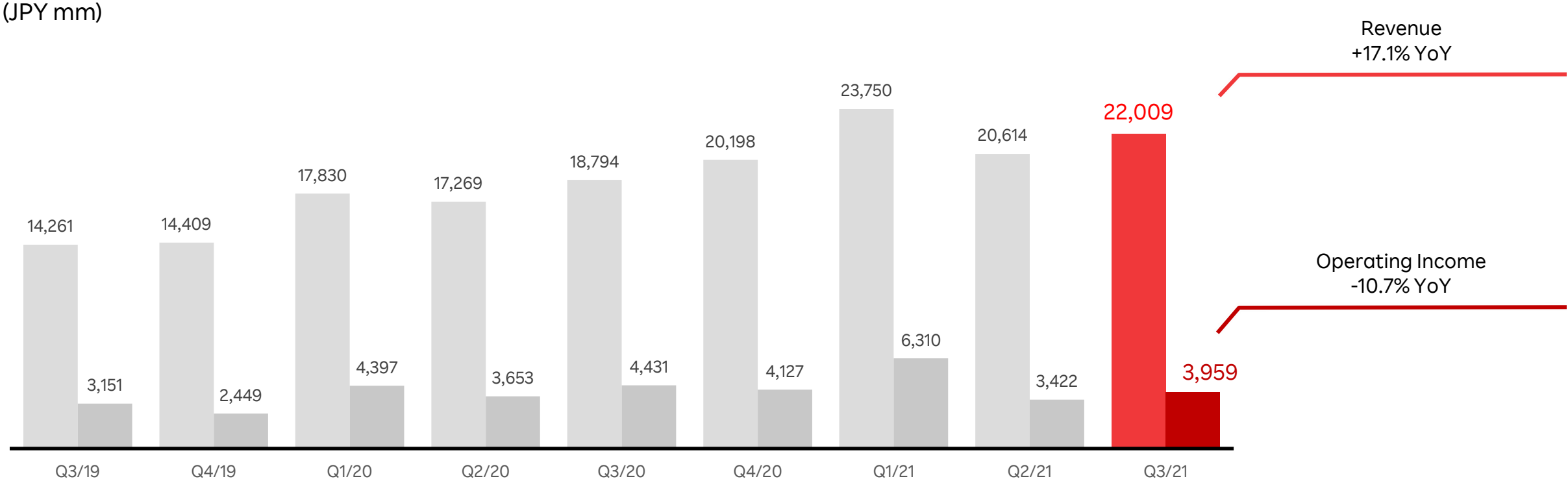
\*2 Other deposits include deposits in foreign currencies and others.

# Rakuten Bank Loan Receivables Balance



# Rakuten Securities Results

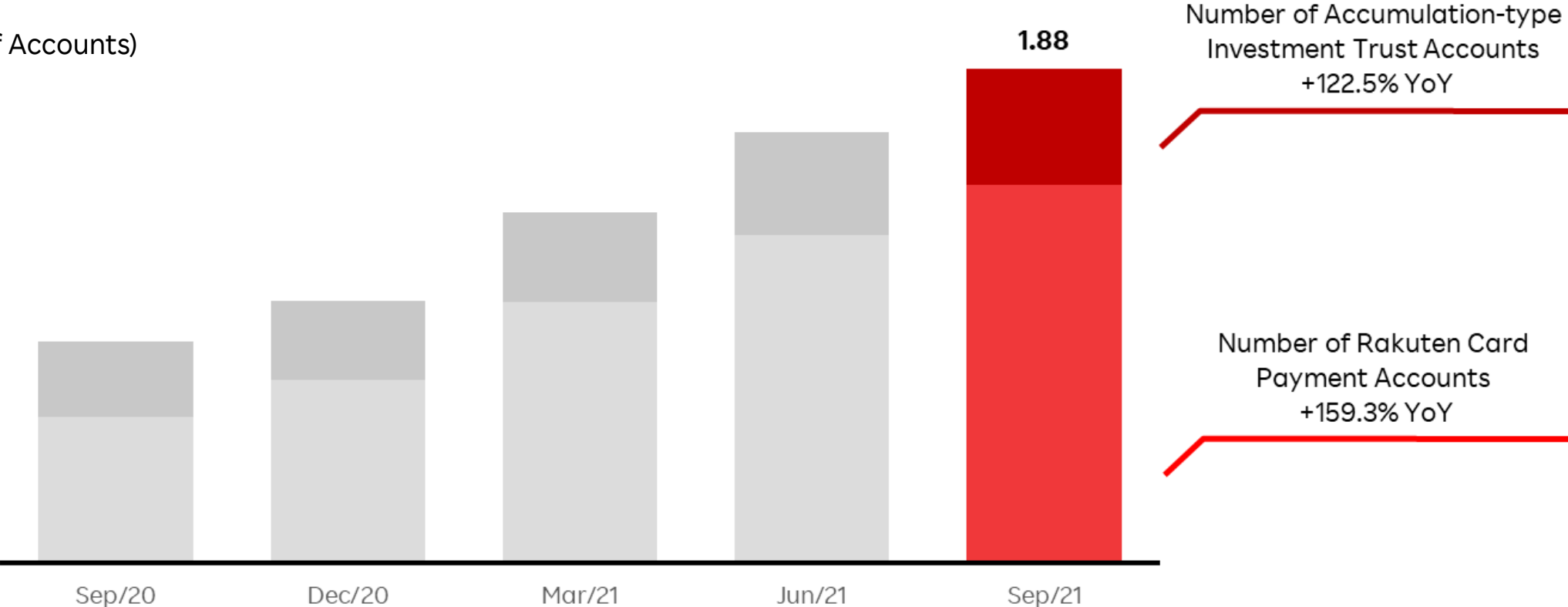
Revenue grew by double digits driven by both Japanese and US equities. Customer base is expanding rapidly despite profits decline as a result of upfront investment such as marketing investment to acquire customers.



# Rakuten Securities Accumulation-type Investment Trust Accounts

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

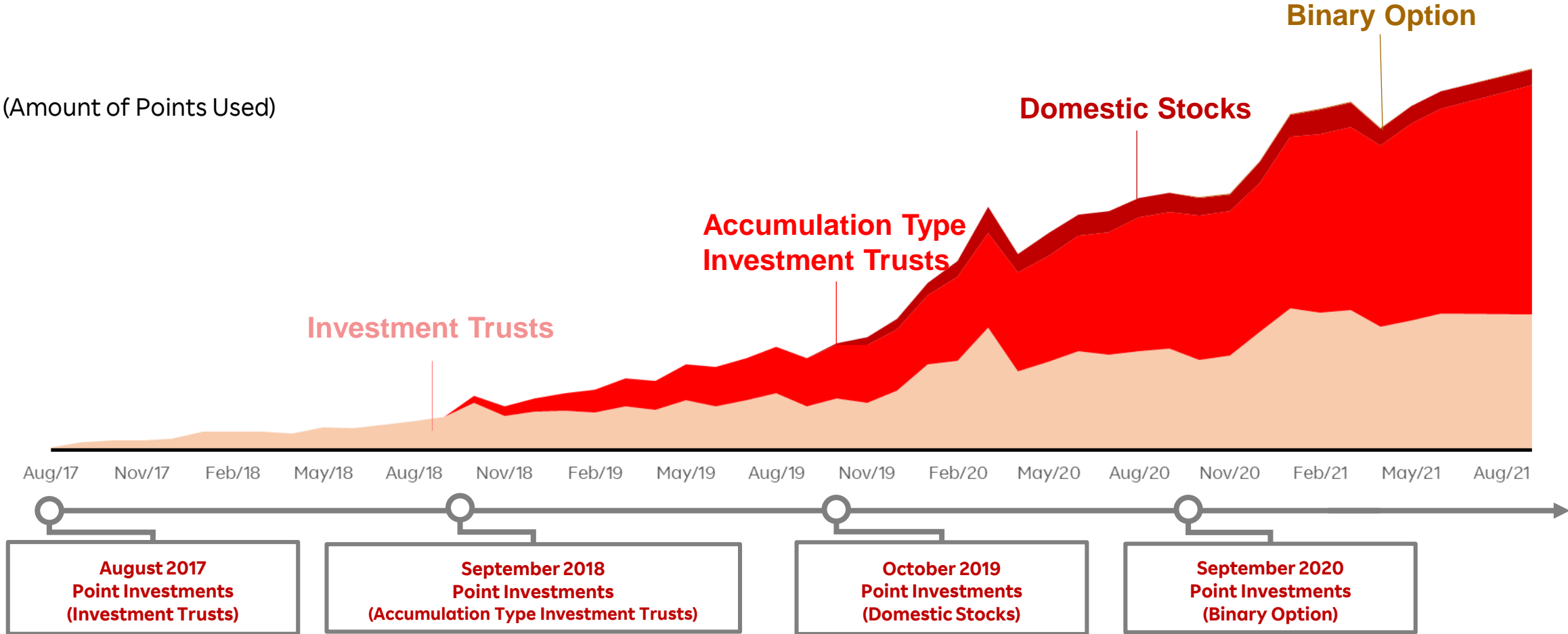
(Millions of Accounts)





# Rakuten Securities Point Investments

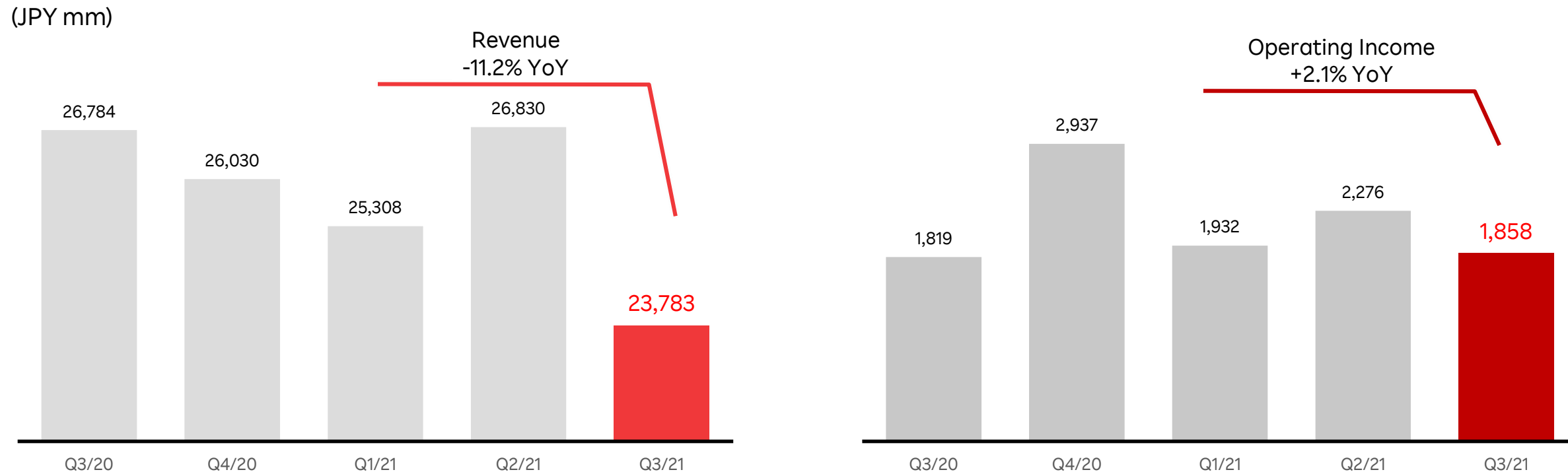
Amount of Points used for investments with Rakuten Points has been growing steadily



# Insurance Business Results

Revenue decreased on a decline in sales due to the optimization of underwriting standards for general insurance and a decrease in reinsurance income due to the absence of a large-scale natural disaster.

Operating income increased YoY due to improved insurance underwriting income and cost reductions.



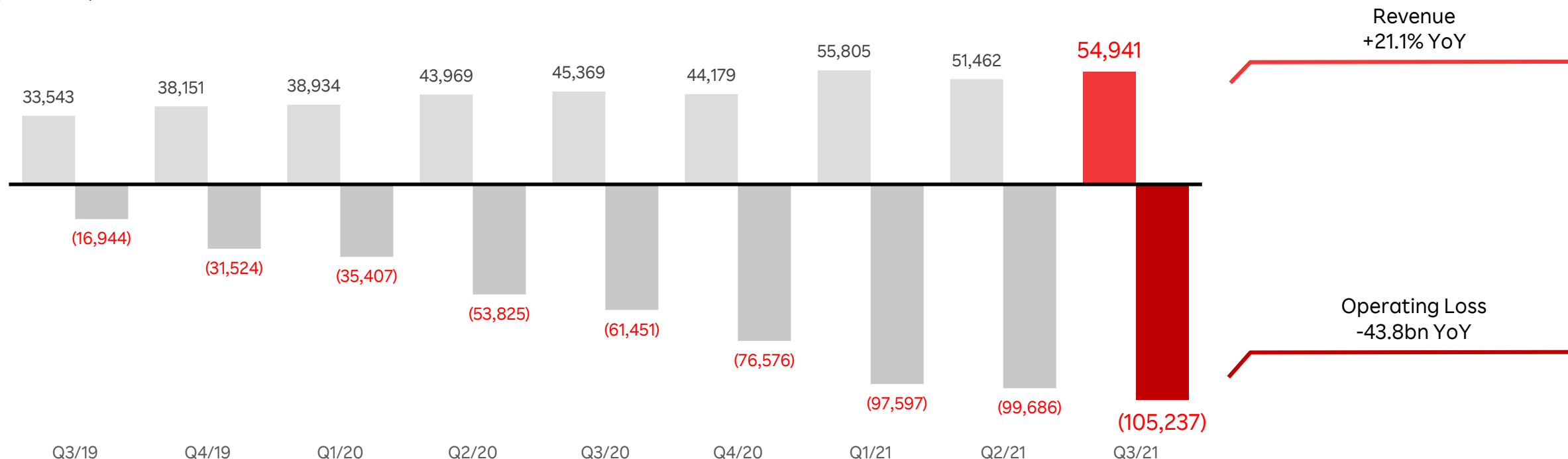
\* Insurance includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.

# Mobile Segment

# Mobile Segment\* Results

- QoQ MNO revenue increase was greater than MVNO revenue decrease as users migrated to Rakuten UN-LIMIT VI with three months free campaign.
- Network related cost increased due to progress of network construction plan.
- Switching from roaming service to Rakuten's network should reduce roaming cost from Q2/22.

(JPY mm)



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

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

# Rakuten Mobile Balance Sheet

(JPY mm)

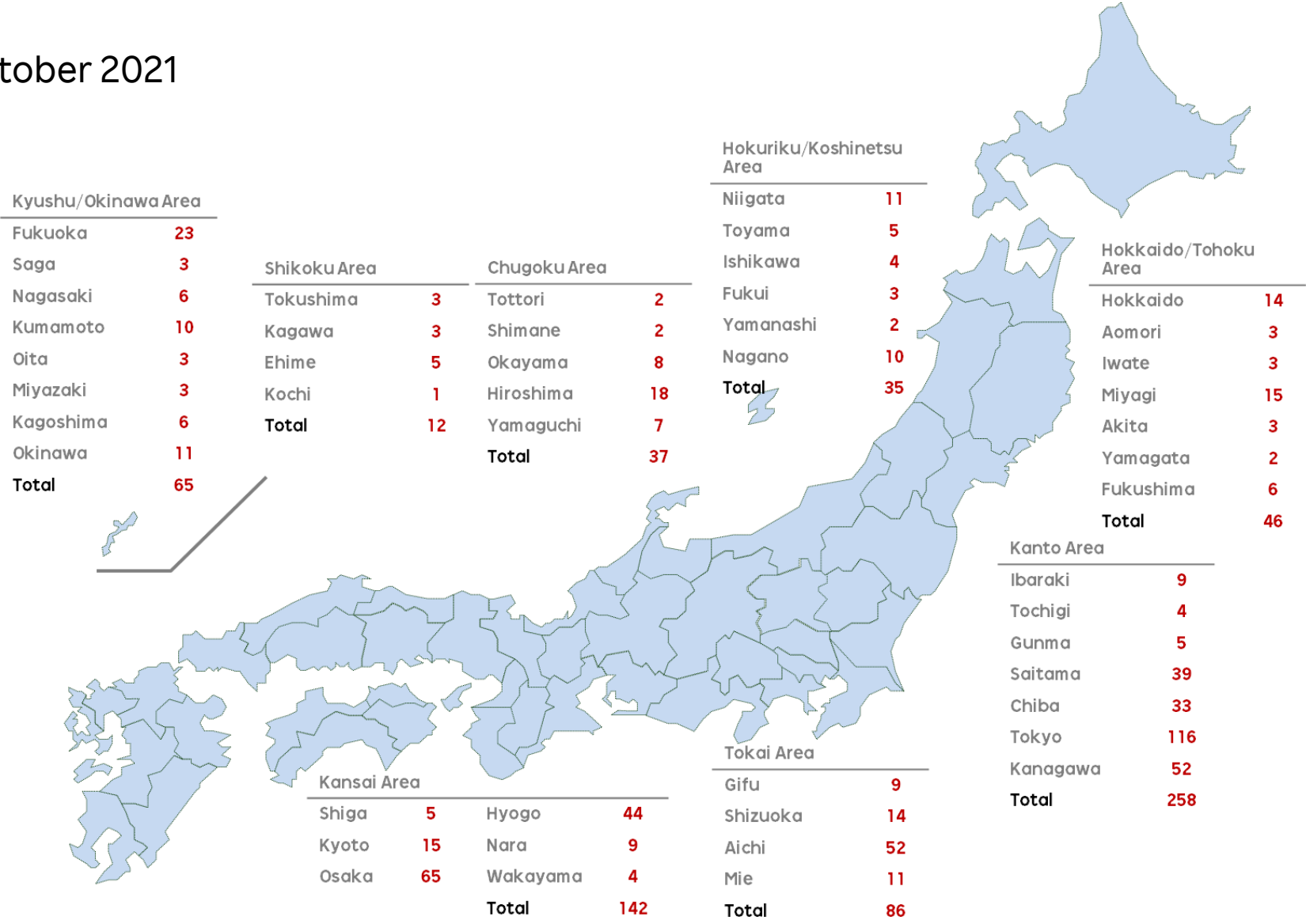
IFRS貸借対照表, Balance Sheet (IFRS)	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21
資産, Assets							
有形固定資産, Fixed assets	229,251	268,954	339,757	415,270	485,176	569,409	660,352
無形資産, Intangible assets	36,669	44,096	52,781	58,024	60,305	110,118	124,744
その他の資産, Other assets	118,401	155,852	184,374	187,648	179,718	225,300	271,182
資産合計, Total Assets	384,321	468,902	576,911	660,942	725,198	904,827	1,056,278
負債及び資本, Liabilities and net assets							
借入金, Borrowings *	19,018	99,330	209,952	228,333	328,430	387,563	487,688
* 主にリースファイナンス及び親会社からの借り入れによる負債が計上されています * Borrowings are liabilities from lease financing and Loans from Rakuten Group, Inc.							
リース債務, Lease liabilities *	70,780	79,875	91,667	111,473	127,282	154,224	195,267
* 主にIFRS16による賃借料等の将来に渡る見込債務が計上されています * Lease liabilities are capitalized costs under IFRS16 such as rent expenses							
その他の負債, Other liabilities	82,615	110,104	131,199	140,479	165,432	198,179	220,371
負債合計, Total liabilities	172,413	289,309	432,817	480,285	621,144	739,966	903,326
資本合計, Total net assets	211,908	179,594	144,094	180,657	104,054	164,861	152,952
負債及び資本合計, Total liabilities and net assets	384,321	468,902	576,911	660,942	725,198	904,827	1,056,278

Number of base stations on-air 30,055 Number of sites with contract signed : 19,151 (As of end of September 2021)



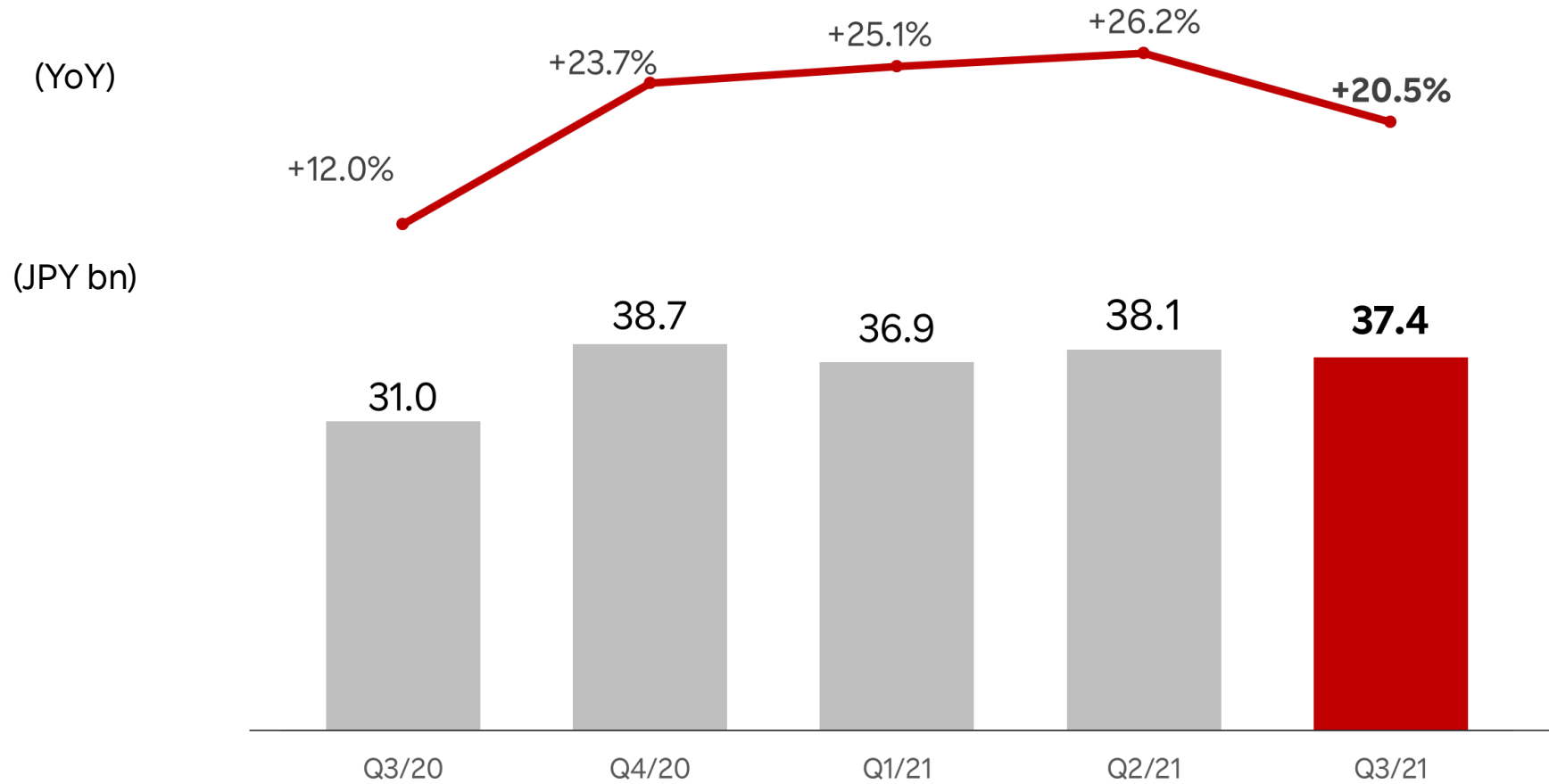
# Mobile Shop Network

681 shops as of October 2021



# Ad Business

# Ad Business: Q3/21 Revenue\*

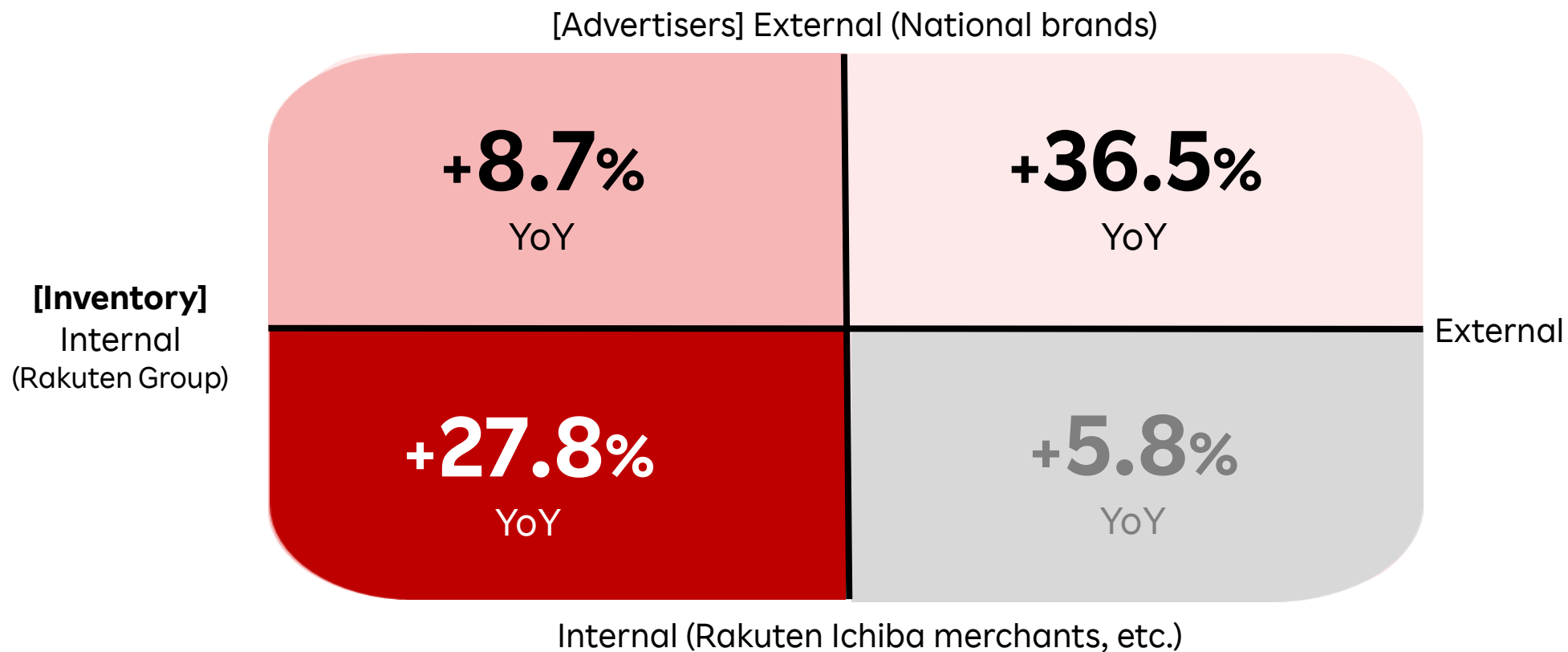


\* Revenue includes internal transactions.



# Ad Business: Q3/21 Growth Analysis

Due to strong e-commerce business performance, ad revenue on Rakuten Ichiba and other Rakuten Group services grew significantly.



**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".

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.