FY2021 Fourth Quarter and Full Year Consolidated Financial Results

February 14, 2022

Rakuten Group, Inc.

Rakuten

CFO Presentation

FY2021 Q4 Financial Highlights

Consolidated Revenue Growth: +15.9% YoY
Revenue increased in all three segments.

Improved profitability of Other Internet Services.

Financial soundness initiatives:
Improving equity ratio through effective capital raising, even as financial business assets increased.

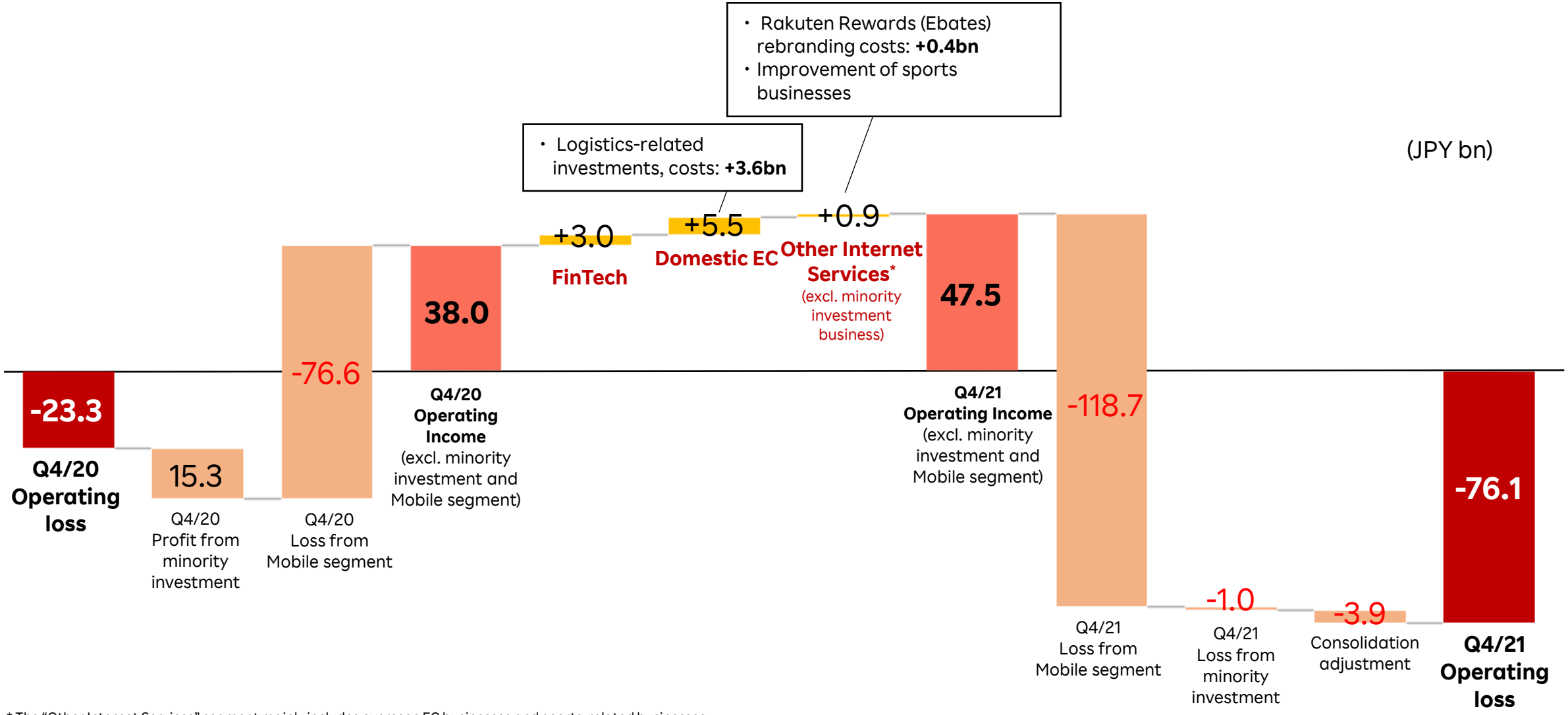
Q4/21 Consolidated Results Summary

Revenue increases in all segments, and strong growth in consolidated revenue of +15.9% YoY.

(JPY bn)

	Q4/20	Q4/21	YoY
Revenue	415.3	481.2	+15.9%
Non-GAAP Operating Income	-23.3	-76.1	-52.8
Non-GAAP Operating Income Excluding Mobile segment, Logistics business and Minority investment	45.5	47.5	+4.3%
IFRS Operating Income	-33.3	-86.4	-53.0

Q4/21 Non-GAAP Operating Income Breakdown

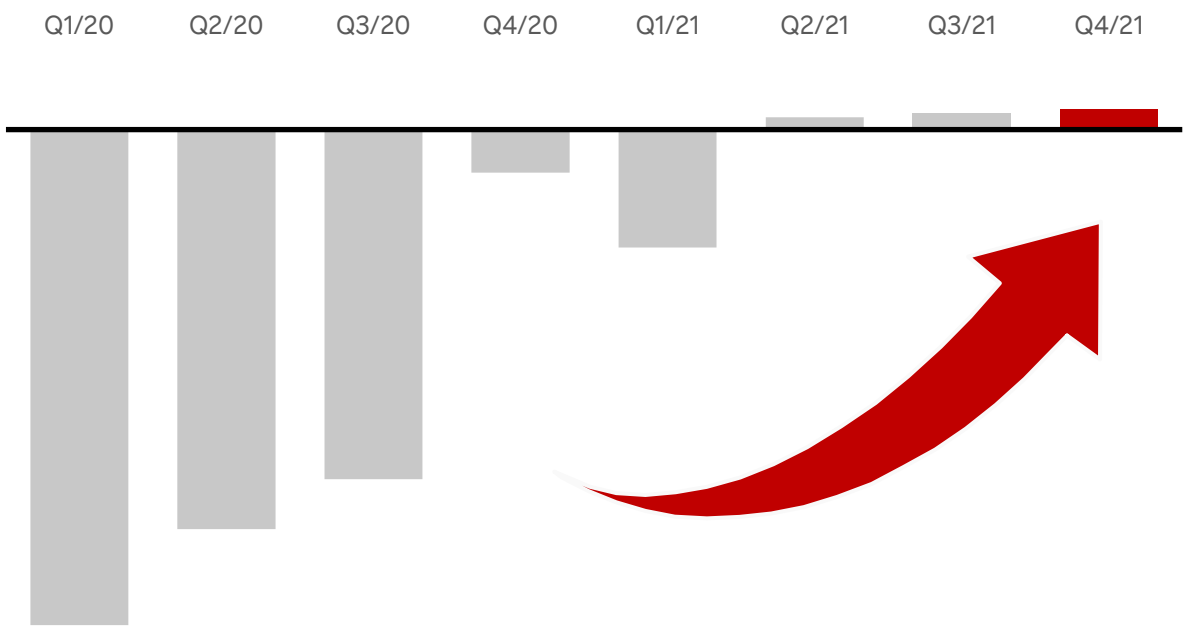


* The "Other Internet Services" segment mainly includes overseas EC businesses and sports-related businesses.

Improved Profitability of Other Internet Services

Profitability improved due to cost reductions achieved through business concentration and selections made by Business Portfolio Committee, and gradual return to normal business activity. This has led to significant profitability improvements across Other Internet Services.

Other Internet Services operating profit
(Excluding gain/loss from minority investment)

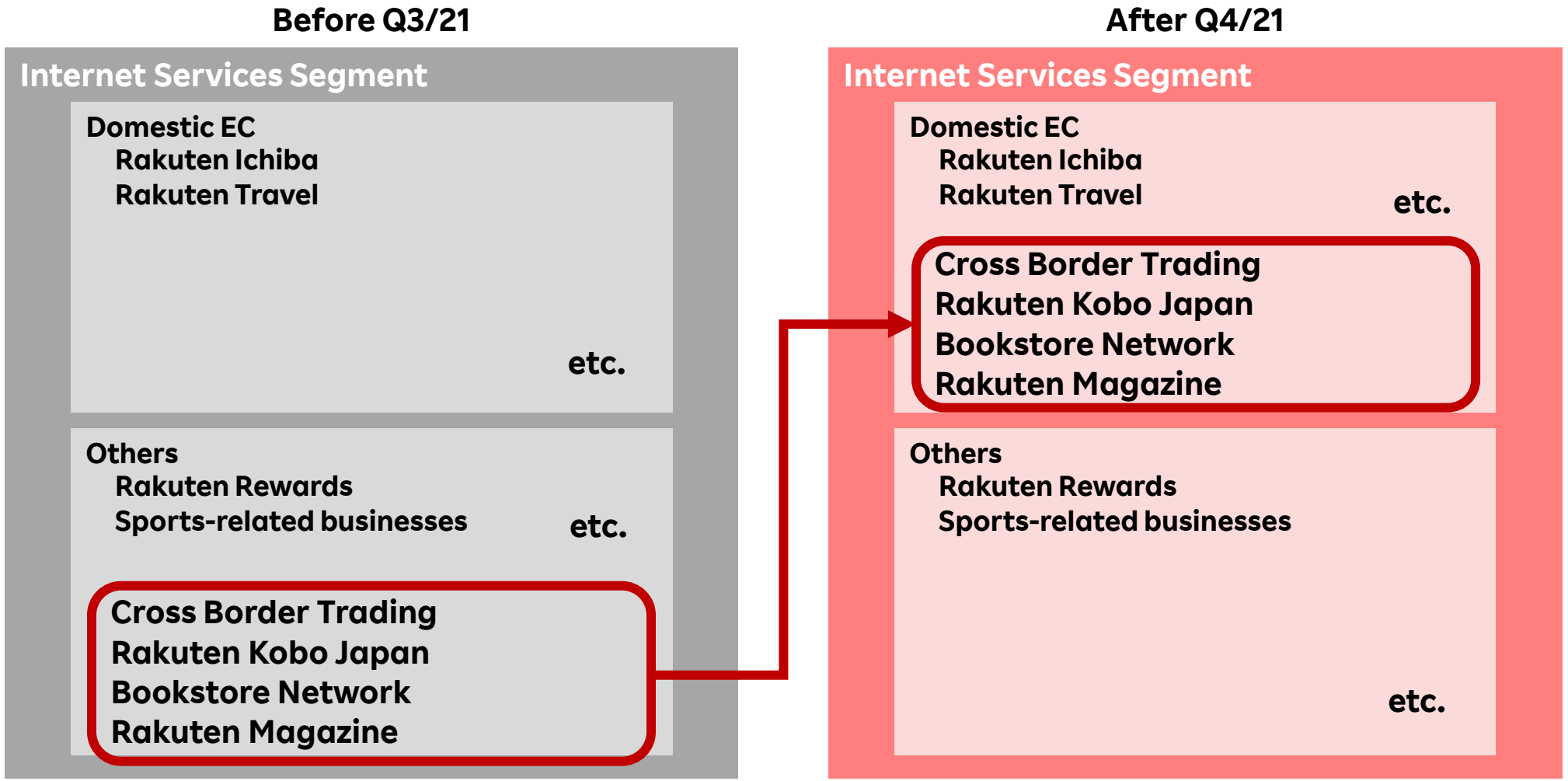


Main improvement factors

- **Cost reduction through thorough business management**
- **Improvement of sports and overseas businesses**
- **Completion of Rakuten Rewards rebranding**

Business Transfer within the Internet Services Segment

Transferred Japan-based e-commerce business and related services to the Domestic EC group within the Internet Services segment.



Diversification of Financing Methods

In addition to debt-based financing, we also have a variety of other financing methods, including capital-based, and use of owned assets. We issued 300 billion yen of domestic straight corporate bonds in Dec. 2021, which will be used mainly for capital investment in the Mobile business in 2022.

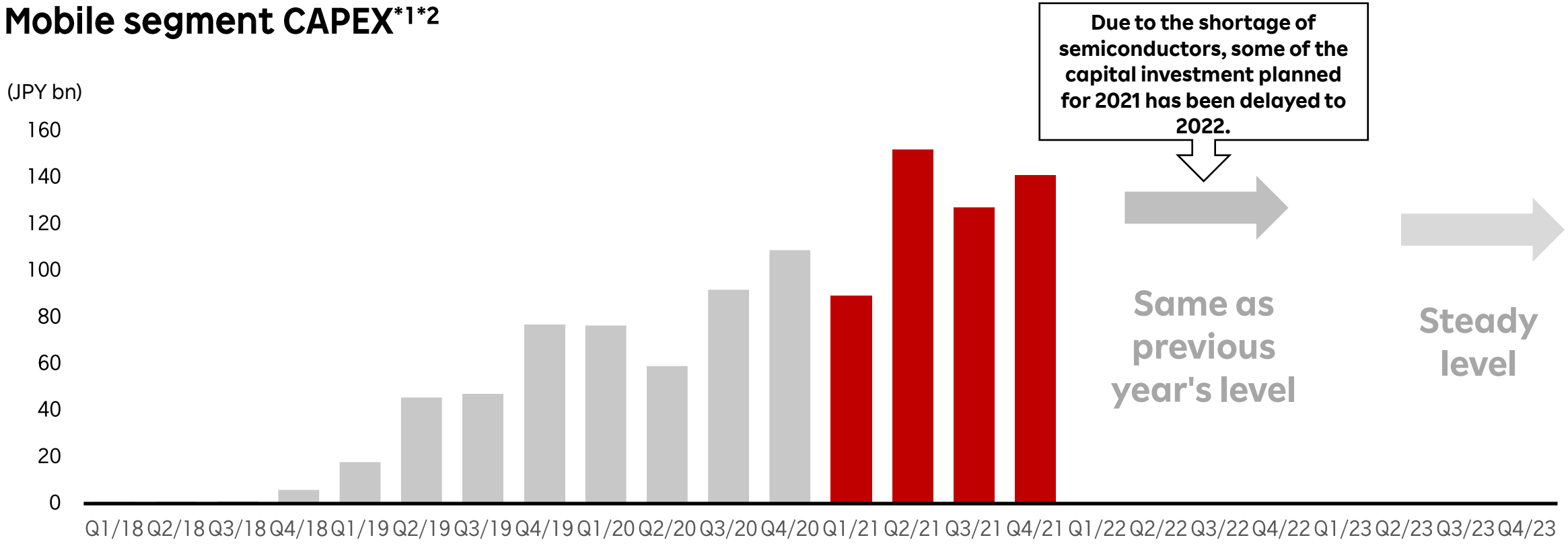
	2019	2020	2021	After 2022
Capital-based			● **Third-party Allotment 242.3bn yen** Q1/21 ● **Foreign currency-denominated perpetual subordinated bonds Approx. 300bn yen** Q2/21	● **Consideration of Rakuten Symphony's acceptance of external capital** ● **Rakuten Bank IPO preparation**
Asset monetization	Pinterest Q4/19	Careem Up to Q3/20 (Partial) lyft Q4/20 *3	Upstart ~Q3/21	● **Possibility of IPO of multiple investment destinations**
Business selection and concentration (Optimization)	**Rakuten Brazil** Q4/19	Rakuten OverDrive Q2/20 **Rakuten USA**[*1] Q3/20 **Rakuten Germany**[*2] Q3/20		
Debt-based	● Domestic straight bonds 80bn yen Q2/19 ● Dollar-denominated straight bonds Approx. 80bn yen Q4/19	● Domestic subordinated bonds 120bn yen Q4/20		● **Domestic straight bonds 300bn yen** Q4/21

*1 Exit of Marketplace business (formerly Buy.com) in the United States and switch to an open e-commerce model (Rakuten Rewards).
*2 Exit of Marketplace business in Germany and consolidation into membership-based online reward sites in the United Kingdom, Spain and Germany.
*3 Monetization of Lyft shares using collar transactions (variable prepaid forward sales).

Outlook of Mobile CAPEX

The amount of capital investment after 2023 is expected to maintain a steady level.

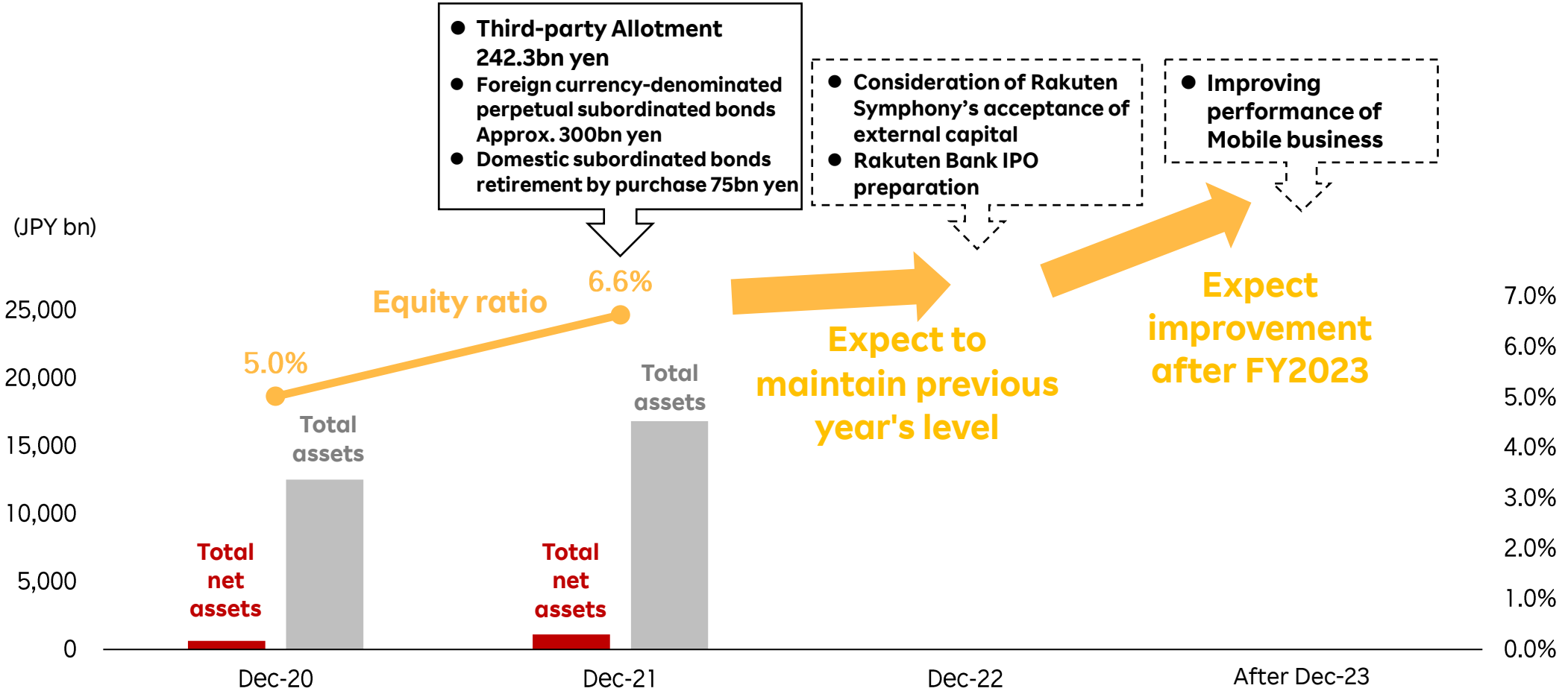
Mobile segment CAPEX*1*2



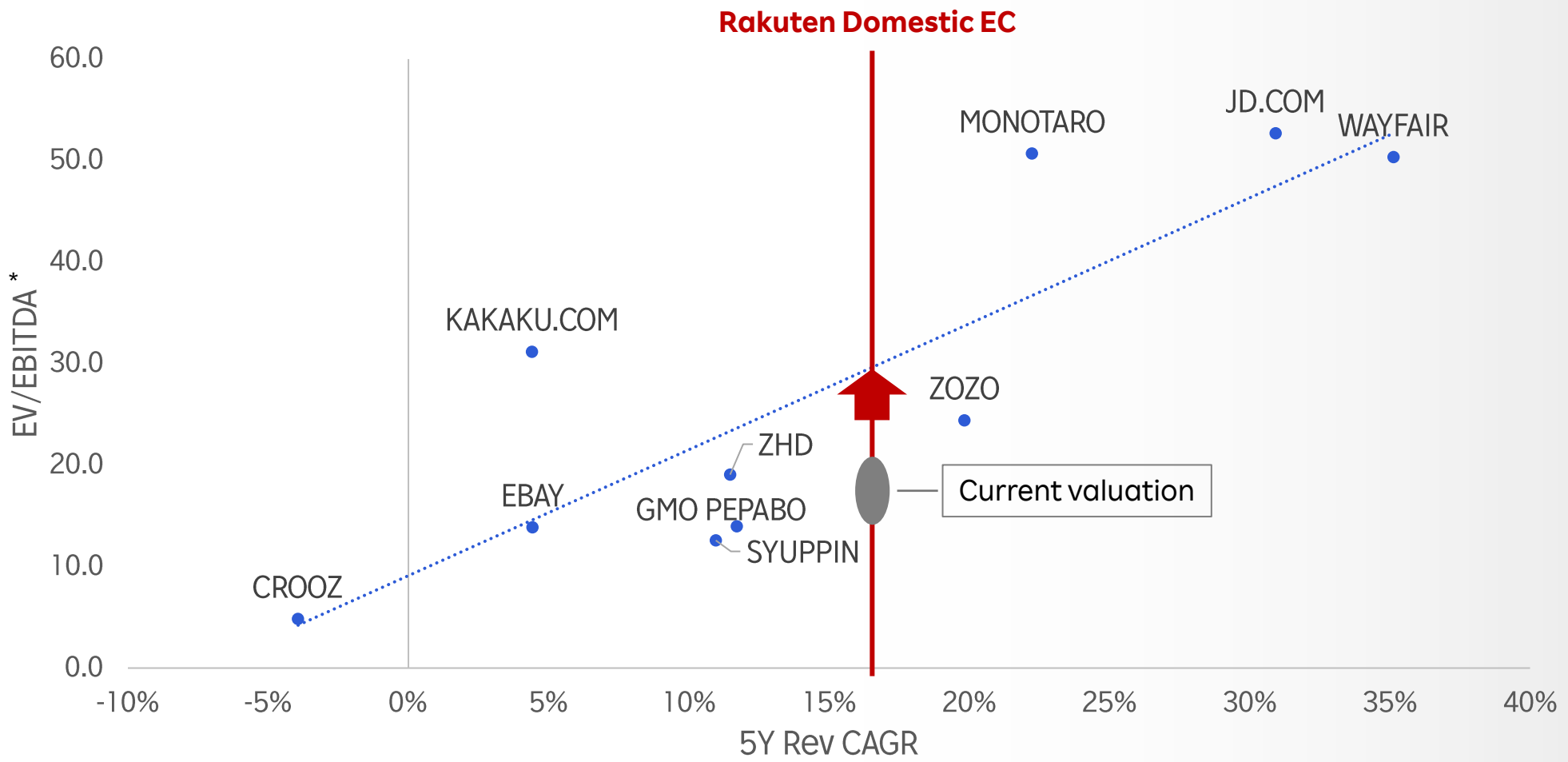
*1 Acquisition basis
*2 Out of the total cumulative capital expenditure of JPY 1,040.5bn in the mobile segment since Q1/18 (tangible fixed assets + intangible fixed assets), JPY 272.9bn is comprised of right-of-use assets (base station land leases, data centers, GC's, shops, etc) accounted for under IFRS 16.

Financial Soundness Initiatives

Even as the assets of the financial business increase, the equity ratio improved by taking effective measures to raise capital and reduce debt. Expect to maintain previous year's equity ratio level in FY2022 and improve after FY2023.

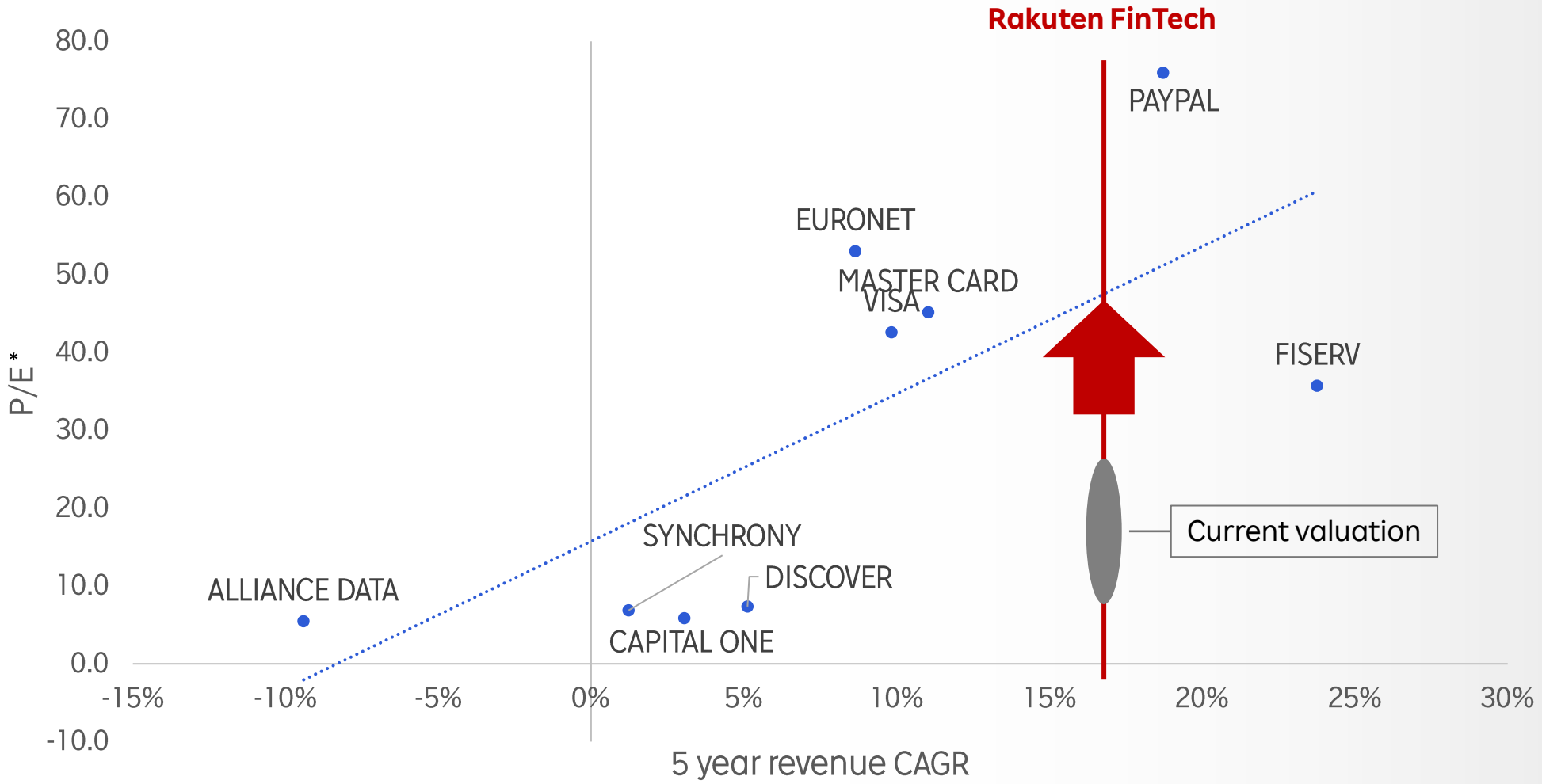


Rakuten Domestic E-Commerce Valuation



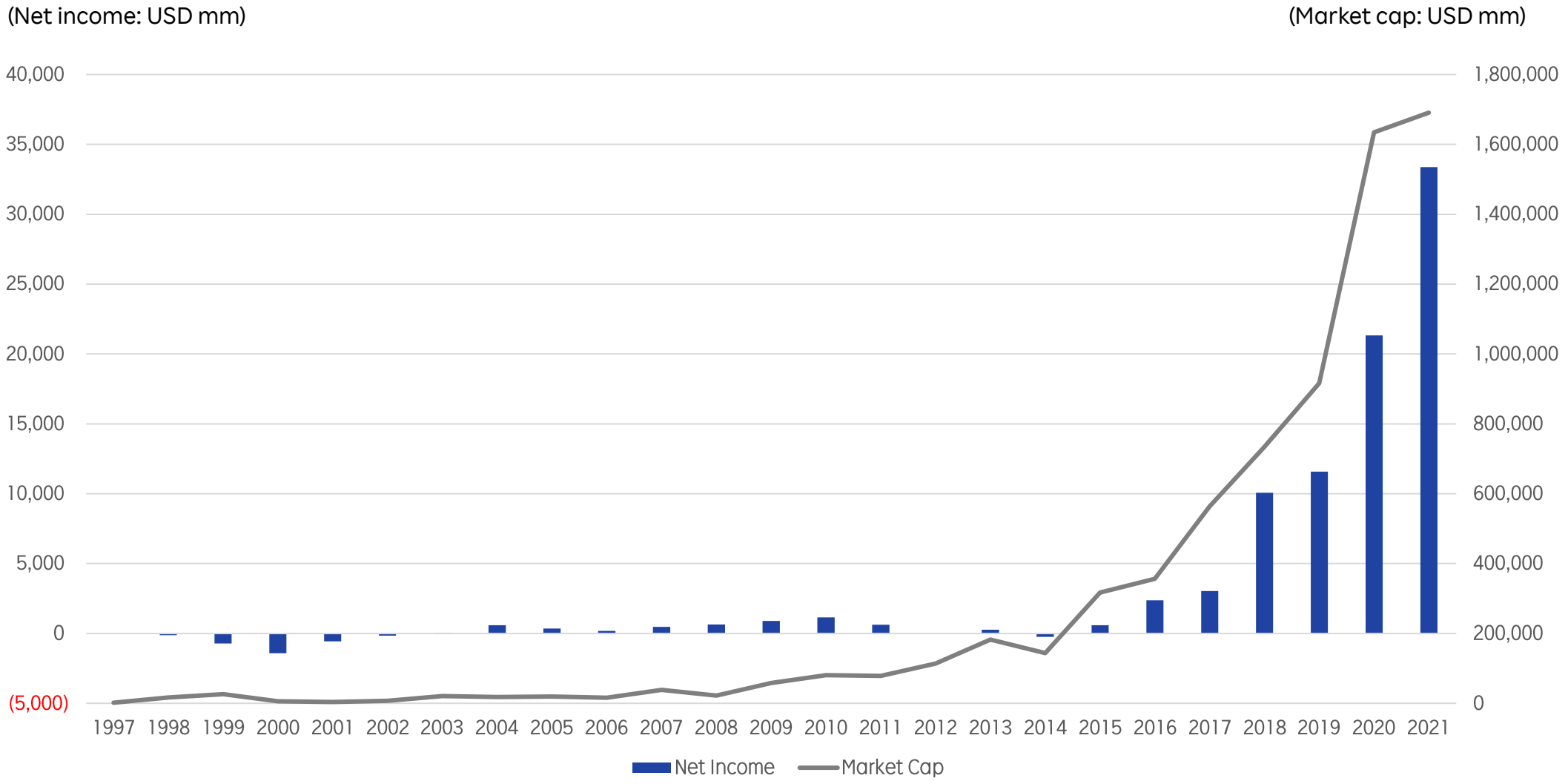
* 5 year Revenue growth CAGR from end of September 2016 to end of September 2021. EV/EBITDA calculated by Rakuten using Bloomberg data as of September 2021

Rakuten FinTech Valuation



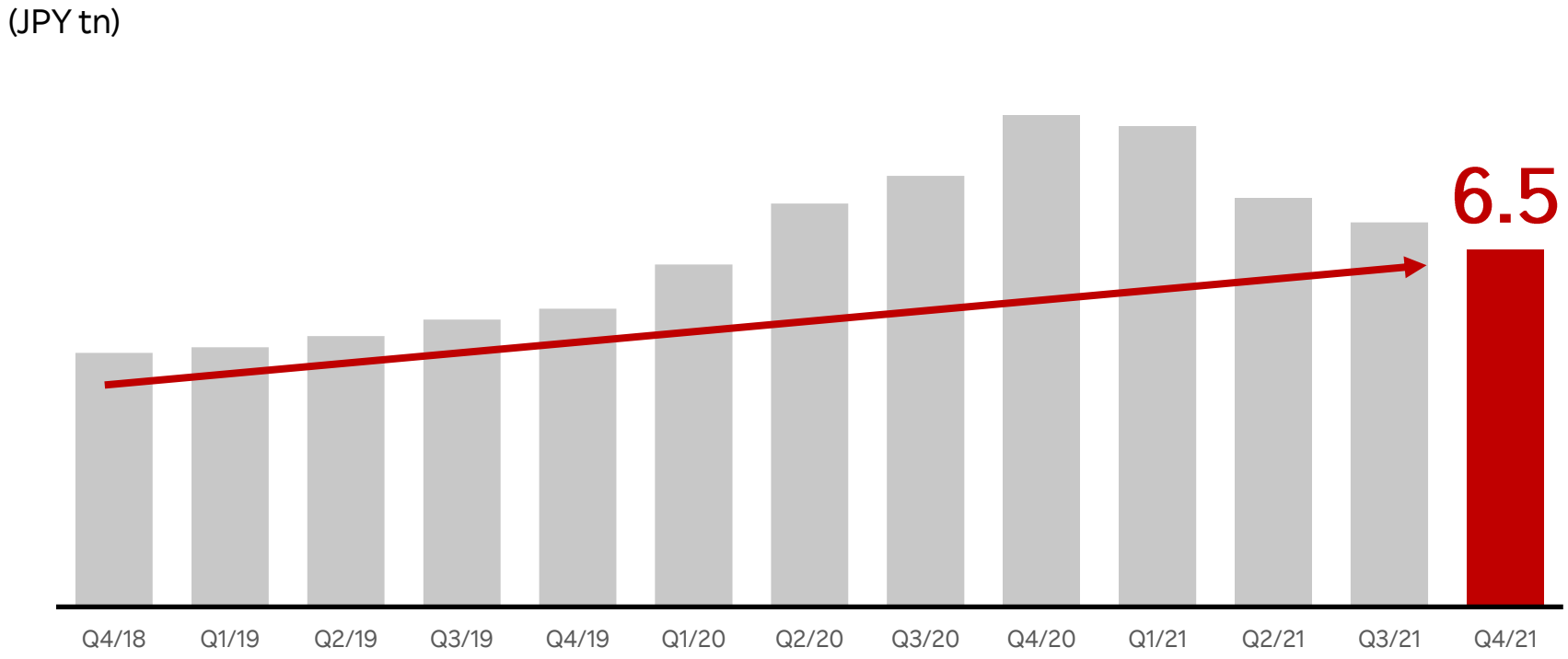
* 5 year Revenue CAGR from end of September 2016 to end of September 2021. P/E is calculated by Rakuten using Bloomberg data and Market cap as of December 2021

Amazon Share Price Rose After Net Income Growth with Stable AWS Contribution



Rakuten Ecosystem Membership Value

While the number of active users increased, centered on FinTech, and cross-use within the Rakuten Ecosystem remained strong, Rakuten Ichiba's LTV decreased YoY in comparison to the sharp increase in Q4 2020 LTV, boosted by the pandemic and a resultant rise in user retention rate.
2 Year CAGR for membership value steadily increased to +8%.



+8%
2 Year CAGR

Domestic EC

Domestic E-Commerce Highlights

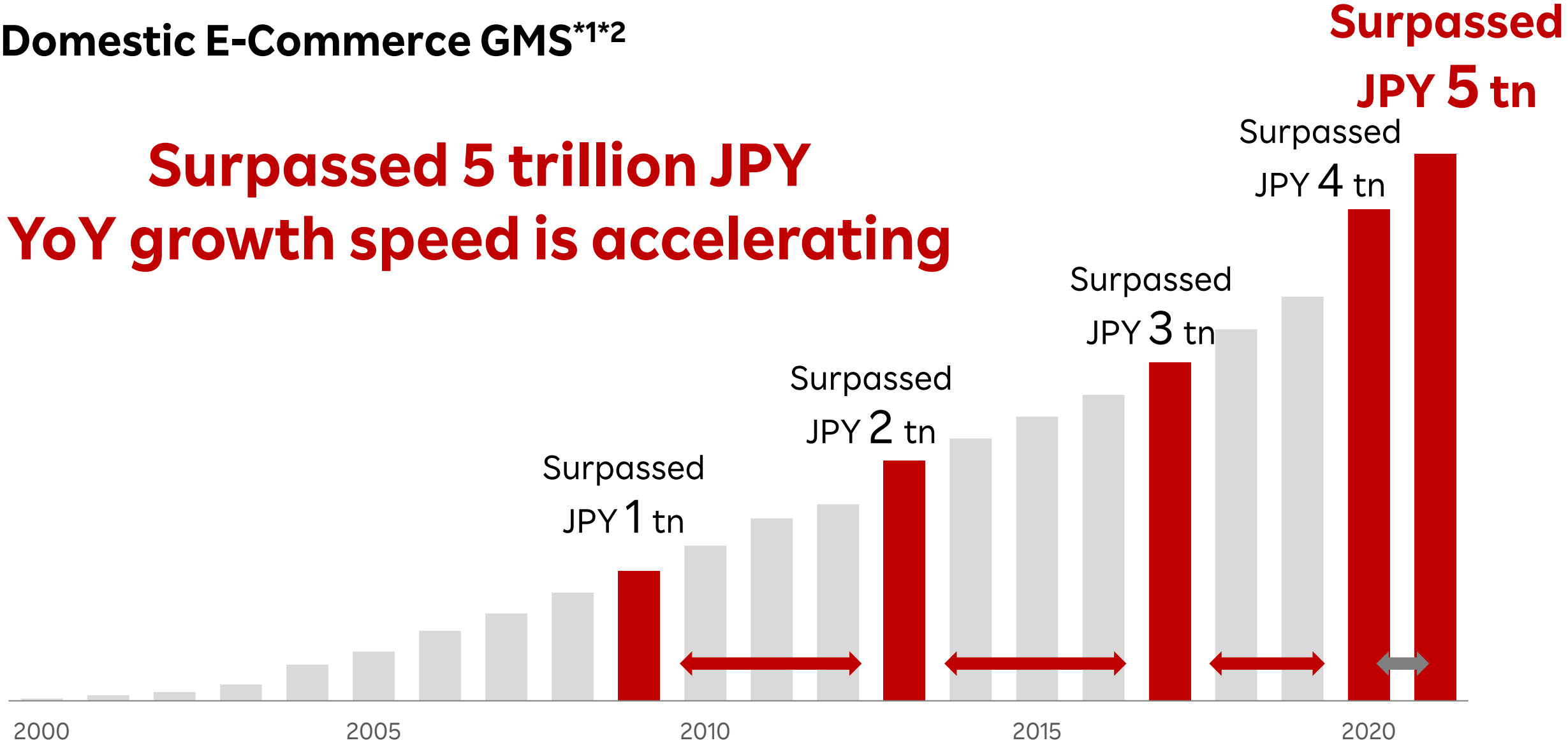
Domestic e-commerce gross merchandise sales (GMS) in FY2021 surpassed JPY 5tn. Q4/21 shopping E-Commerce GMS grew by +11.7% YoY, achieving strong growth even after factoring in the impact of increased demand due to 2020's stay-at-home trends.

Promotion of a four-part growth strategy to expand the Rakuten Ecosystem by increasing cross-use of domestic e-commerce services.

Rakuten Travel is steadily recovering to pre-COVID levels.
Q4/21 total number of overnight guests achieved +5.1% growth YoY.

Domestic E-Commerce GMS*1*2

Surpassed 5 trillion JPY
YoY growth speed is accelerating



*1 Domestic e-commerce GMS is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Rakuten Books network, Rakuten Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten Delivery, Rakuten 24 and other first-party daily necessities shops, auto business, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, cross border trading, etc. (*Excludes some tax-exempt businesses, includes consumption tax.)
*2 Rakuten Books network, cross border trading and Rakuten Kobo (domestic) were added from Q4/21. This has resulted in retroactive adjustments to Domestic E-Commerce GMS.

Domestic E-Commerce GMS[*1*2]

Domestic e-commerce GMS grew +4.7% YoY in Q4/21, even after factoring in the previous year's increased demand arising from stay-at-home trends and the Go To Travel campaign. Annual domestic e-commerce GMS surpassed JPY 5tn, with strong growth of +10.4% YoY.

Q4/21

JPY 1.5tn

+4.7%

YoY

FY2021

JPY 5.0tn

+10.4%

YoY

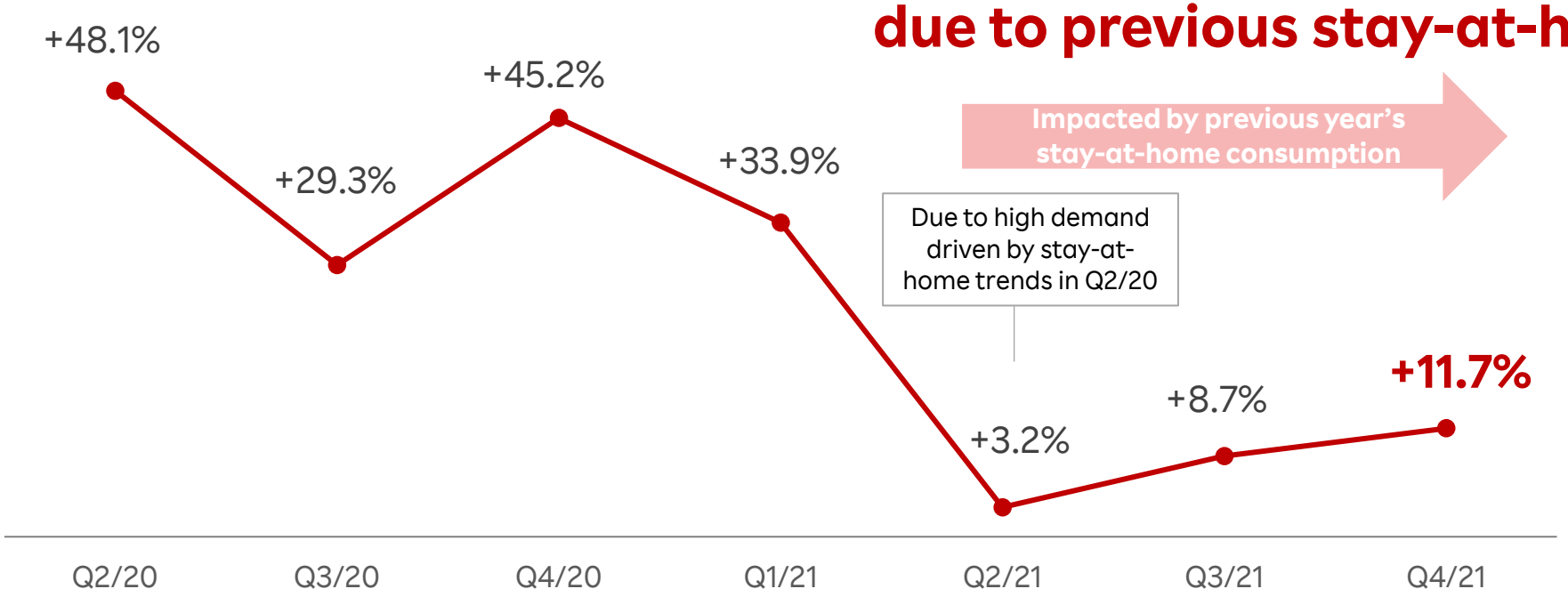
[*1] Domestic e-commerce GMS is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Rakuten Books network, Rakuten Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten Delivery, Rakuten 24 and other first-party daily necessities shops, auto business, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, cross border trading, etc. (*Excludes some tax-exempt businesses, includes consumption tax.)

[*2] Rakuten Books network, cross border trading and Rakuten Kobo (domestic) were added from Q4/21. This has resulted in retroactive adjustments to Domestic E-Commerce GMS.

Shopping E-Commerce GMS*

Despite the previous year's high growth rate, Q4/21 shopping e-commerce GMS showed strong +11.7% YoY growth. User retention is steadily progressing. Both purchase frequency and purchase amount per user are increasing.

High growth rate maintained, even after factoring in the impact of increased demand due to previous stay-at-home trends.



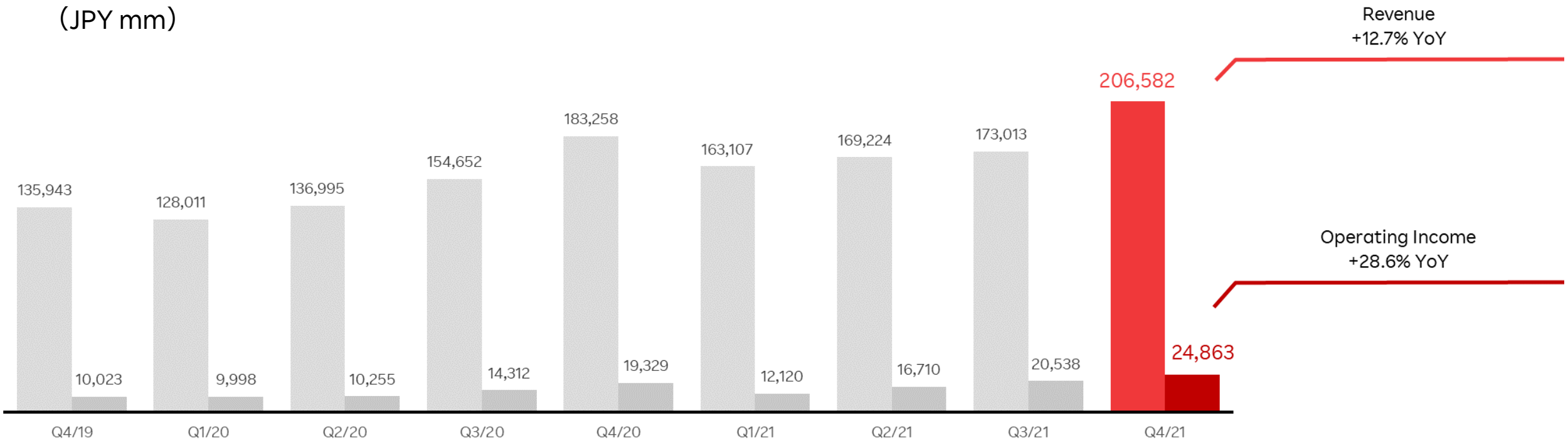
Q4/21 2Y CAGR

+27.4%

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

Domestic E-Commerce Results*1*2

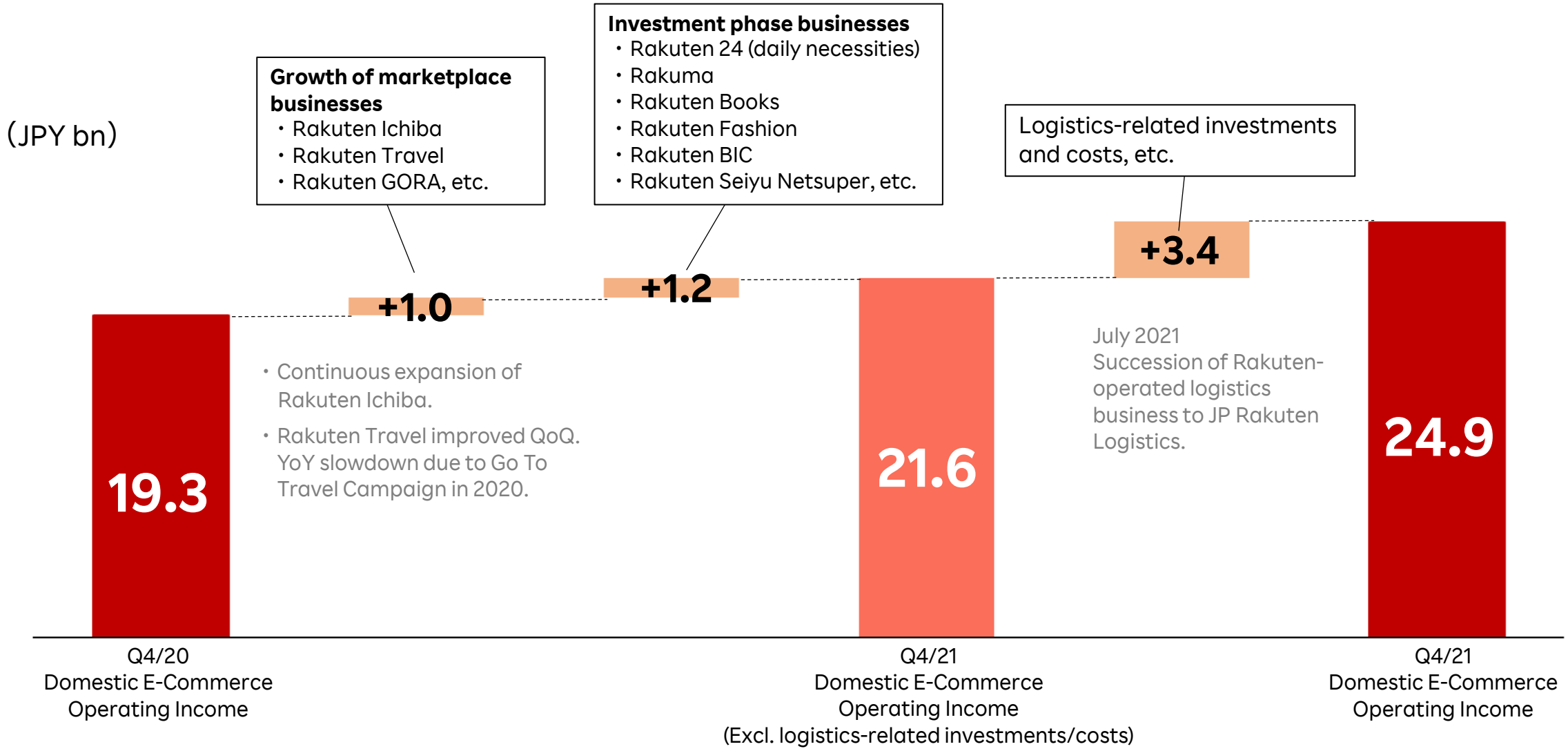
Even after factoring in the impact from last year's Go To Travel campaign, the continued growth of Rakuten's e-commerce businesses, centered on Rakuten Ichiba, led to strong growth in both revenue and operating income.



*1 Domestic e-commerce = Rakuten Ichiba, Rakuten Travel, Rakuten Books, Rakuten Books network, Rakuten Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24 and other direct daily necessities shops, Logistics, auto business, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, cross border trading, etc.

*2 From Q4/21, Rakuten Books network, cross border trading, Rakuten Kobo (domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. This has resulted in retroactive adjustments to Domestic E-Commerce revenue and operating income.

Domestic E-Commerce Operating Income Breakdown*



* From Q4/21, Rakuten Books network, cross border trading, Rakuten Kobo (domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. This has resulted in retroactive adjustments to Domestic E-Commerce revenue and operating income.

Cross-Use Expansion Strategy in Domestic E-Commerce Businesses

We are driving cross-use in our e-commerce businesses via four approaches. By creating synergies with other businesses such as FinTech and Mobile, we aim for further expansion of the Rakuten Ecosystem.

Four approaches for promoting e-commerce business cross-use

1. Point campaigns

R SPU!

2. Customer demographic

Rakuten ママ割

Rakuten ペット割

Rakuten マイカー割

Rakuten シニア

3. Vertical cross-use

Rakuten（楽天市場）

×

Rakuten ラクマ

×

Rakuten SEIYU ネットスーパー

4. Regional specialization initiatives

Rakuten BEAUTY

FinTech　Mobile　Advertising　and more

Rakuten Ichiba + Other E-Commerce Services Cross-Use Expansion

Q4/21 Rakuten Ichiba + Other E-Commerce Services Users YoY Cross-Use Growth

+19.6%
YoY

Rakuten (Rakuten Ichiba)
+
Rakuten GORA

+29.8%
YoY

Rakuten (Rakuten Ichiba)
+
Rakuten SEIYU ネットスーパー
(Rakuten Seiyu Netsuper)

+35.2%
YoY

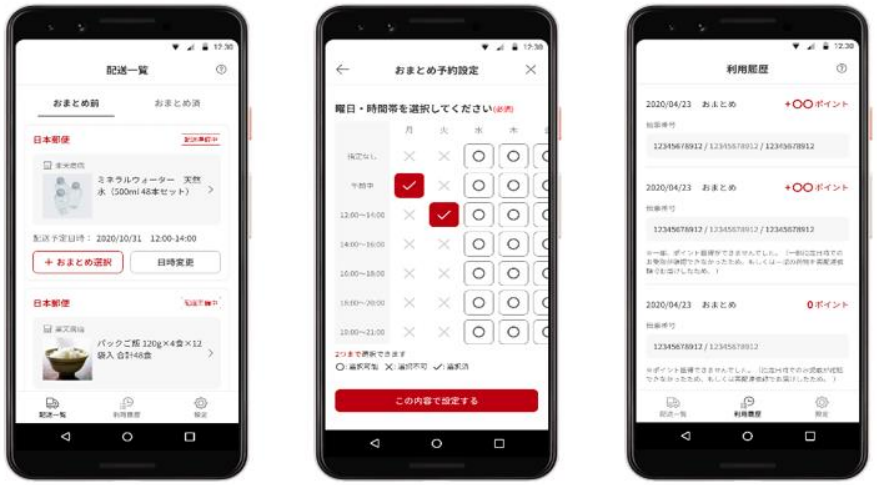
Rakuten (Rakuten Ichiba)
+
Rakuten BEAUTY

+17.1%
YoY

Rakuten (Rakuten Ichiba)
+
Rakuten Fashion
Rakuten

Launched Omatome App* with Japan Post

As a first-step initiative for improving user convenience and delivery efficiency, Rakuten and Japan Post launched the “Omatome” app, which enables users to choose combined delivery of items ordered from multiple Rakuten Ichiba merchants, for packages delivered by Japan Post.



Combined delivery at one time!

Contribute to reduced CO2 emissions from delivery vehicles!

Earn Rakuten points!

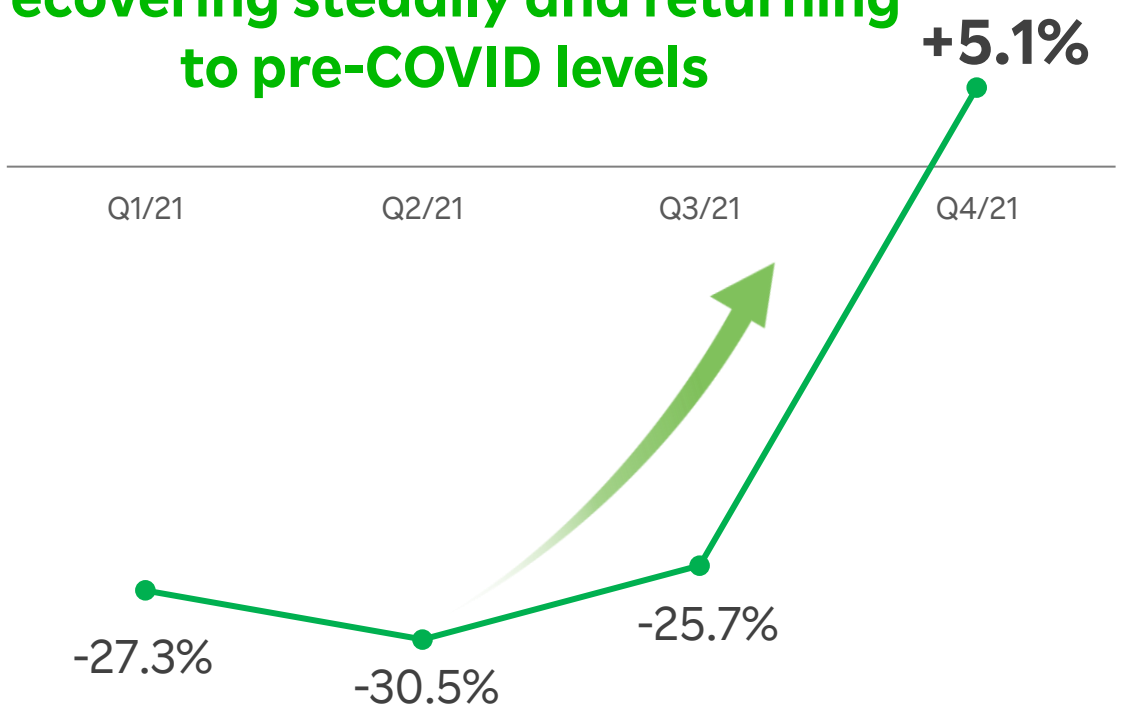
- ✓ **Enables users to specify combined delivery of items, as well as date and time of delivery**
- ✓ **Allows auto-reservation of combined deliveries by setting optional day of week and time**
- ✓ **Integrates comprehensive pick-up functions such as package drop-off and redelivery requests**
- ✓ **Awards Rakuten Points to users who opt to receive deliveries at preset times**

* App for Android™. iOS version planned for launch in future.

Rakuten Travel's Steady Recovery and New Initiative

Vs. 2019 Checkout Total Number of Overnight Guests*

Total number of overnight guests is recovering steadily and returning to pre-COVID levels



* Total number of overnight guests = number of overnight guests multiplied by number of nights stayed.

Travel coupons now being offered as thank-you gifts through Japan's Hometown Tax program.

楽天ふるさと納税 × Rakuten Travel

Approx. **220 local municipalities** are eligible

Approx. **12,500 hotels** are participating

(As of end of Jan, 2022)

FinTech

FinTech Highlights

Rakuten Card surpassed 25 million cards issued, Rakuten Bank and Rakuten Securities surpassed 12 million* and 7 million accounts respectively.

*Surpassed in January 2022.

Rakuten Card's shopping transaction value growth rate outperformed the industry, increasing 25.3% YoY in FY2021.

Cross-use of Rakuten FinTech services gaining momentum: Percentage of customers using all three services – Rakuten Card, Rakuten Bank and Rakuten Securities – grew 89.4% YoY.

FinTech Results Summary – Q4/21

Achieved increases in revenue and profit by steadily expanding the customer base and becoming more customers' "main service" across all FinTech services. In addition to Rakuten Card's continued success in attracting new customers, Card's shopping gross transaction value increased along with the gradual recovery of offline consumption, and merchant fee revenue led to strong results.

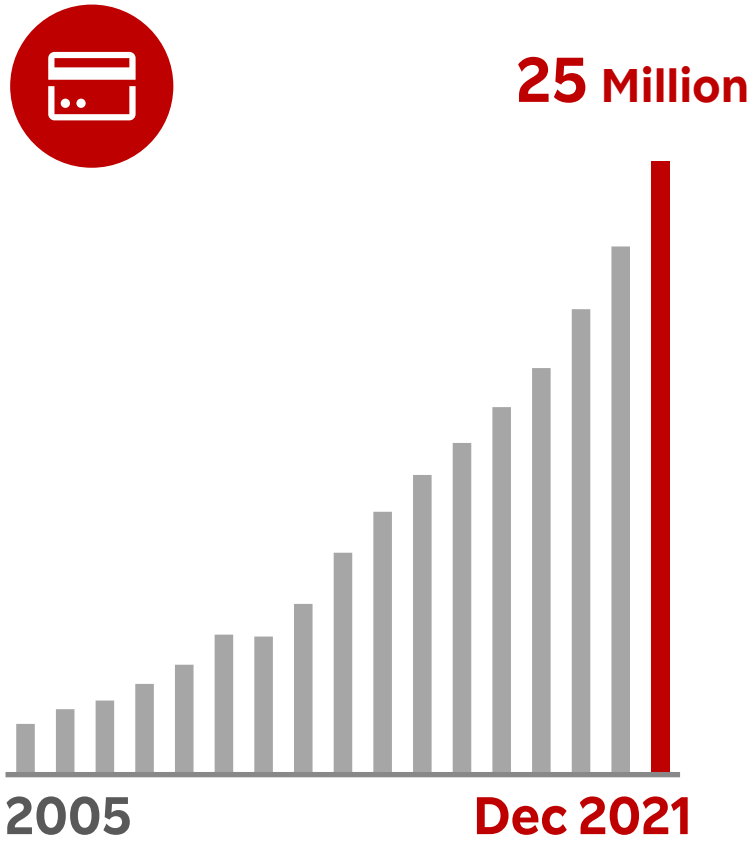
(JPY bn)

	Revenue	YoY	Operating Income	YoY
Card	76.1	+10.6%	8.1	+13.3%
Bank	25.6	+3.9%	7.6	+5.2%
Securities	23.6	+16.8%	4.4	+7.4%
Insurance	25.0	-3.9%	3.0	+2.4%
Payment	11.5	+25.0%	-1.5	+1.0
Others	1.6	+5.6%	-0.8	+0.2
FinTech Total	163.5	+8.6%	20.9	+16.7%

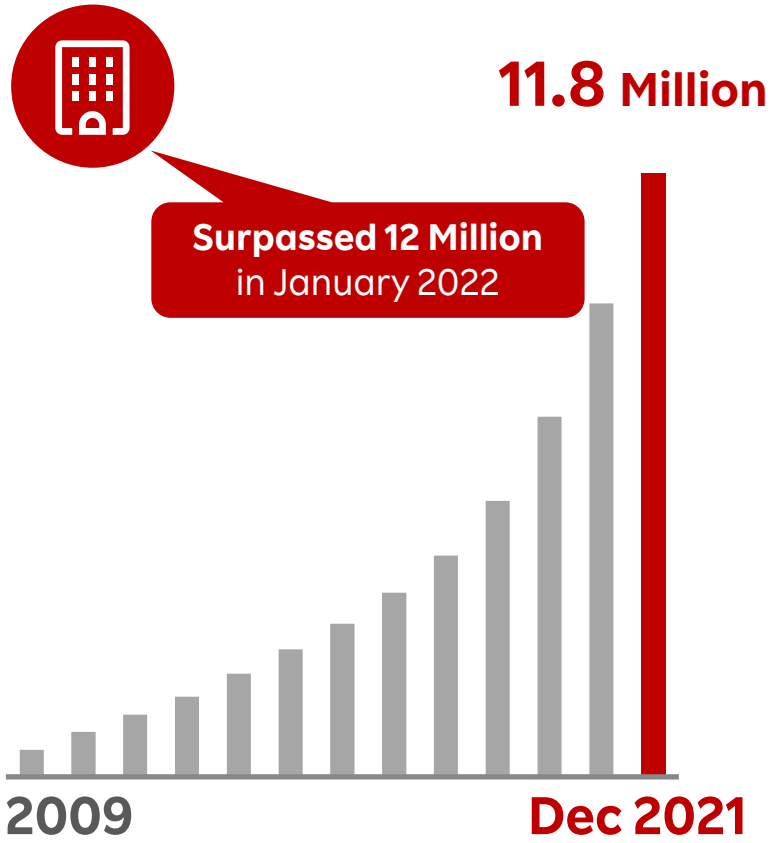
*1 Insurance businesses include Life Insurance, General Insurance, Pet Insurance and Insurance Agency. Detailed data is shown in the Appendix.
*2 Rakuten Bank: Joint venture in Taiwan (RAKUTEN INTERNATIONAL COMMERCIAL BANK CO., LTD.) became a consolidated subsidiary of Rakuten Bank in Q2/20, which is not included in the figures above.

FinTech Customer Base Expansion

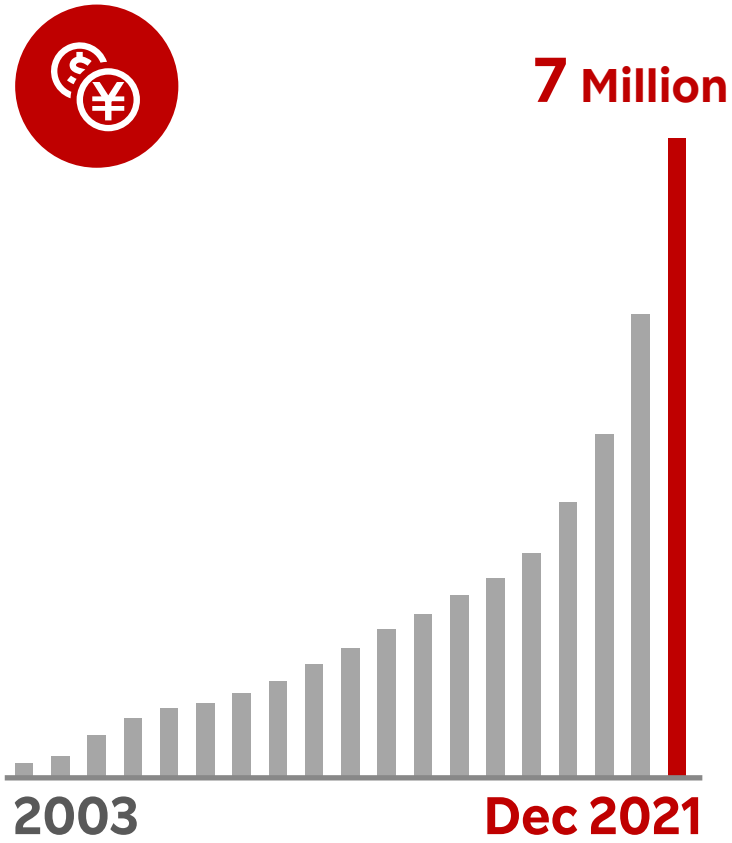
Rakuten Cards issued*



Rakuten Bank accounts



Rakuten Securities accounts



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

Rakuten Card: Mid-Term Goal Progress Report

Rakuten Card is making steady progress towards achieving its “Triple 3” targets.

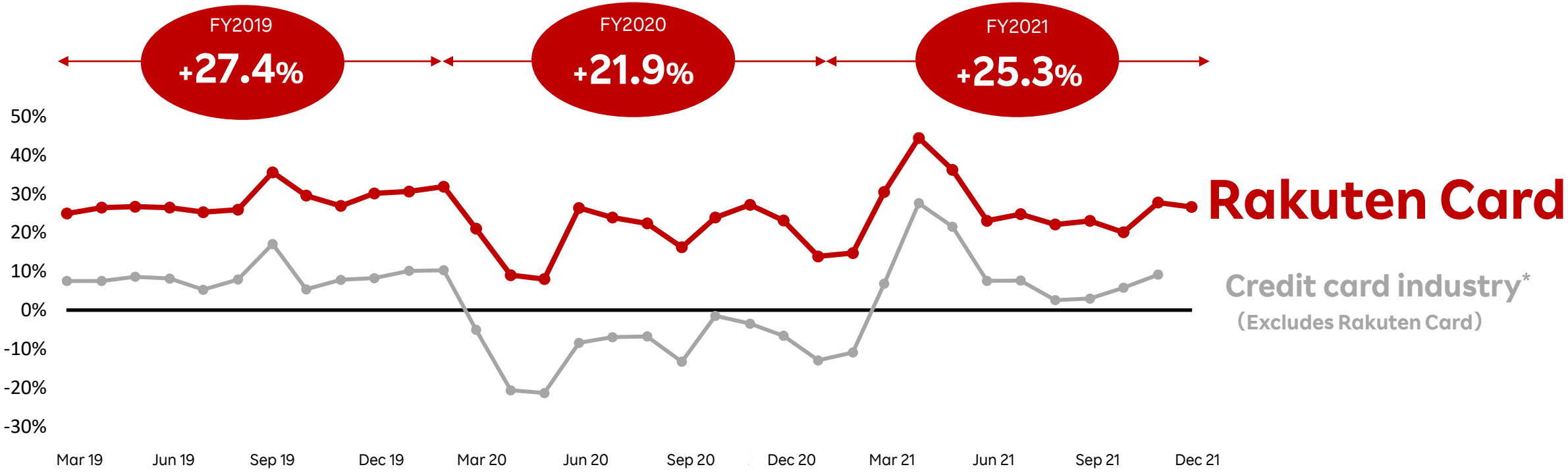
Cards issued*	21.55 million (December 2020)	**25 million (December 2021)**	**30 million**
Shopping GTV	11.6 trillion (FY2020)	**14.5 trillion JPY (FY2021)**	**30 trillion JPY**
GTV share	20.6% (December 2020)	**22.1% (November 2021)**	**30%**

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

Rakuten Card: Shopping GTV Growth Rate Outperforms Industry

Rakuten Card outperformed the industry, maintaining a positive growth rate even as the industry's gross transaction value (GTV) lagged due to the pandemic.

Shopping transaction volume (YoY)

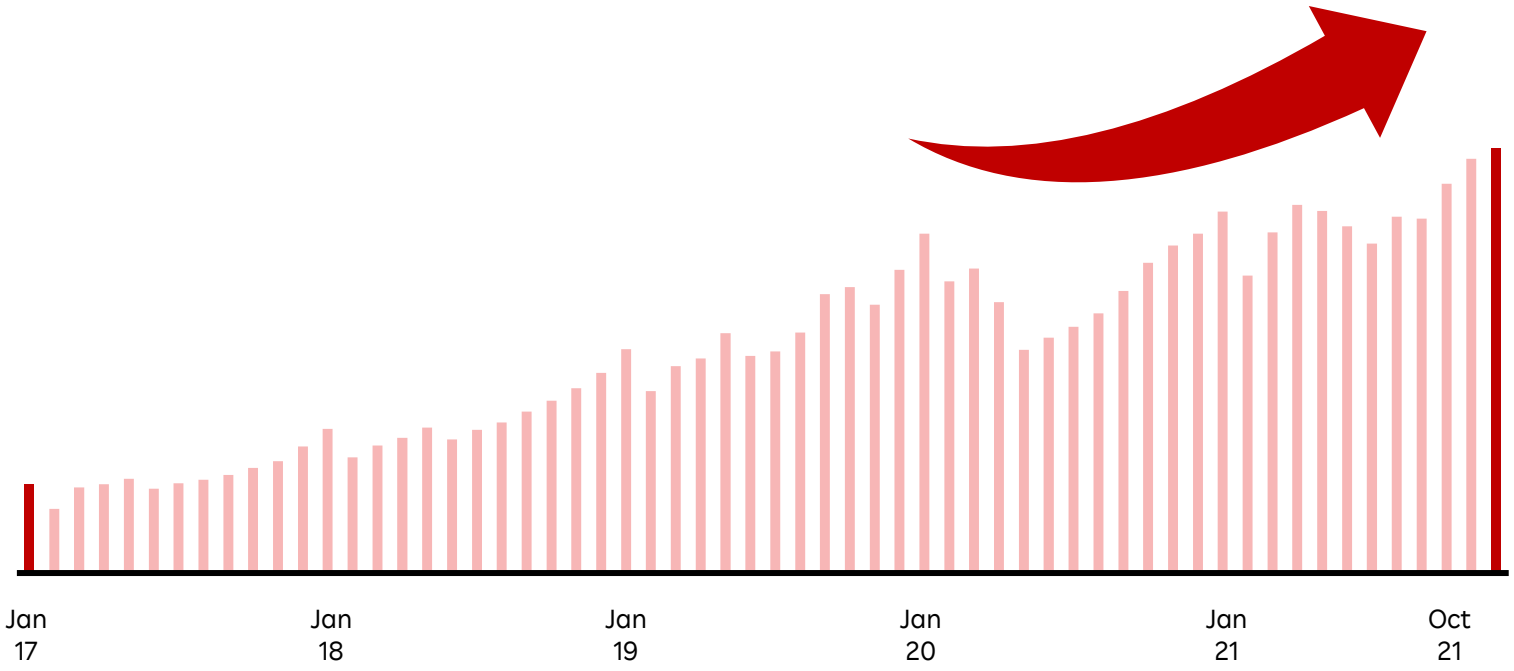


* Ministry of Economy, Trade and Industry, Specified Service Industry Statistics Survey, Credit Card Industry.

Rakuten Card: Installment Payment Plan Expansion

Rakuten Card's installment payment plan grew steadily along with the the expanding Buy Now Pay Later market. Monthly transaction value has tripled over the last five years, showing further potential to grow into a major revenue stream.

Card installment payment plan transaction volume (monthly basis)



3x

(Tripled in size)

Rakuten Bank: Becoming Even More Customers' Main Account

Rakuten Bank achieved significant growth in the number of payroll accounts and an increasing number of transactions, as it becomes even more customers' main account for daily life.

Number of payroll accounts (As of December 2021)

+55.4%
YoY

Q4/21 Number of transactions

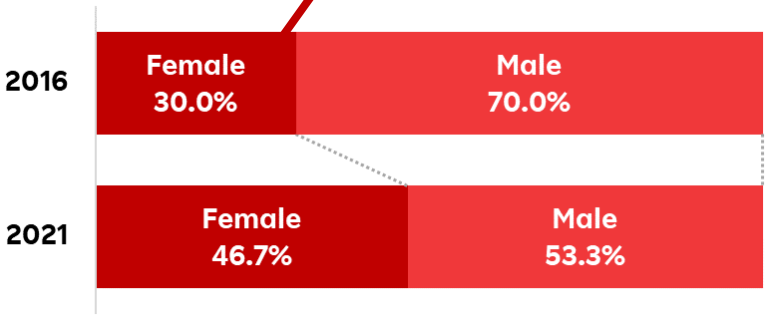
+17.4%
YoY

Rakuten Securities: New Customer Diversification – Meeting the Needs of a Wide Range of Customers Interested in Asset Building

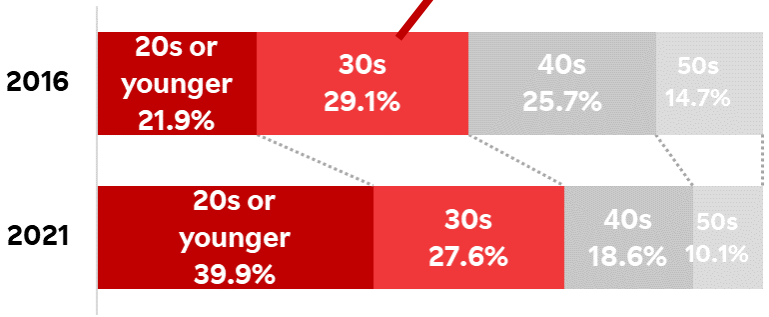
In 2021, nearly 50% of customers opening a new account were female. The ratio of new users in their 30s or younger was over 60% – nearly 2/3 of all age groups, while the ratio of investment newcomers increased from 60% to nearly 80%.

Shifts in new customer demographics

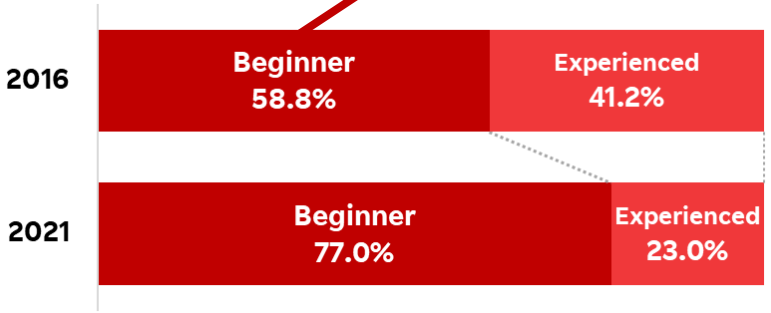
New customers are nearly 50% female



More than 2/3 of new customers are 30s or younger



Investment newcomers are close to 80%



Insurance Business: New Contract Acquisition Increasing

Led by increased online sales, both Rakuten Life Insurance and Rakuten General Insurance performed well. Online sales of auto insurance performed exceptionally well, greatly increasing 138% YoY.

Jan/21 – Dec/21 Life insurance new sales (ANP [*1]) [*2]

Rakuten 楽天生命
Life Insurance

+15.8%
YoY

Jan/21 – Dec/21 General insurance new sales (ANP) [*3]

Rakuten 楽天損保
General Insurance

+26.8%
YoY

[*1] ANP = Annualized New business Premium.
[*2] Excludes mortgage loan group credit life insurance.

[*3] Personal products only.

Rakuten Payment: Total Charge Amount Surges on Rakuten Pay App

Charging methods

R Pay Rakuten Pay app

Rakuten Card

Rakuten Bank

楽天ラクマアプリ Rakuma

Profits from sales

Rakuten Wallet

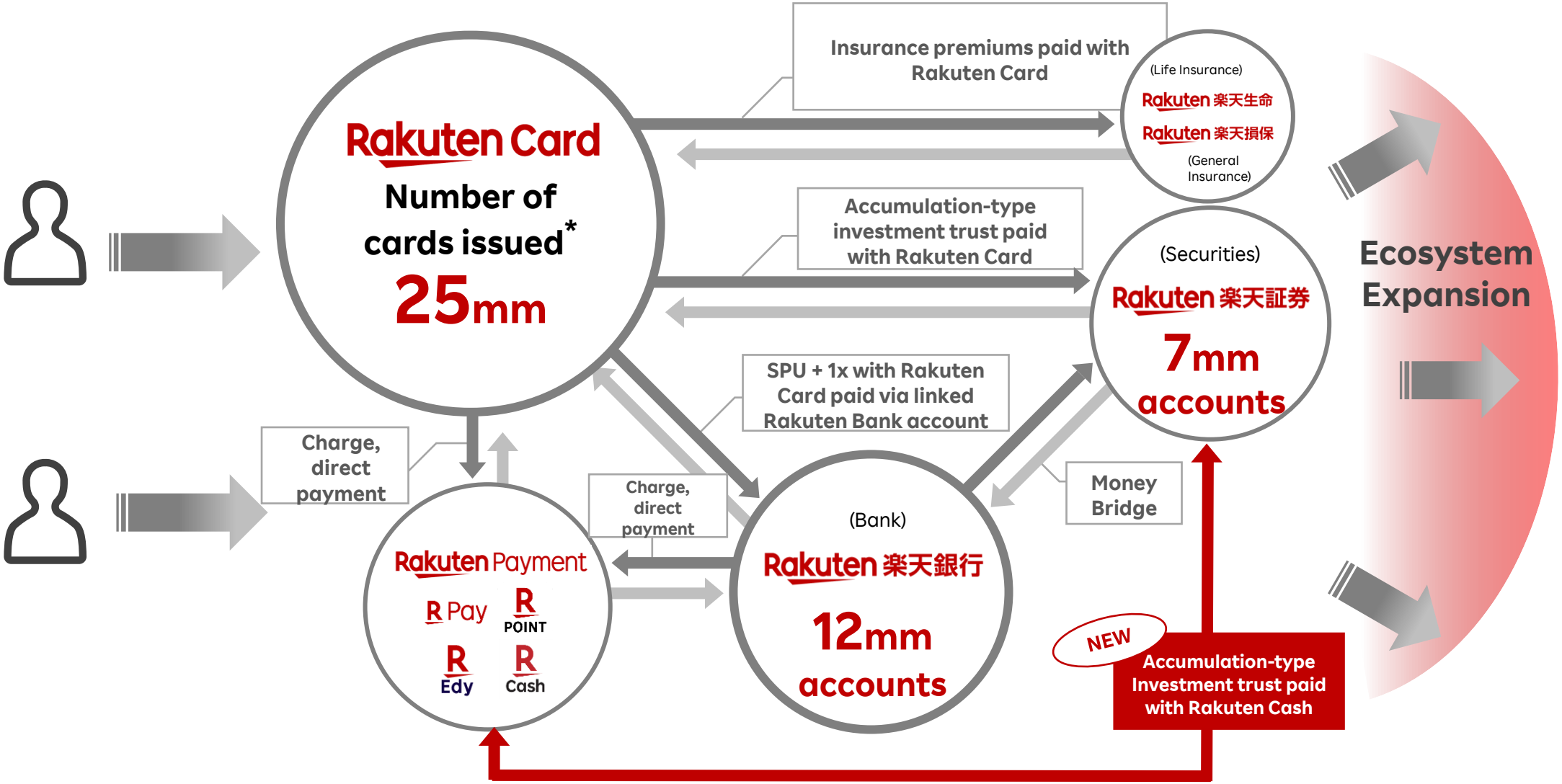
Crypto assets

Annual charge amount on Rakuten Pay app

+146%

YoY

Overall FinTech Strategy



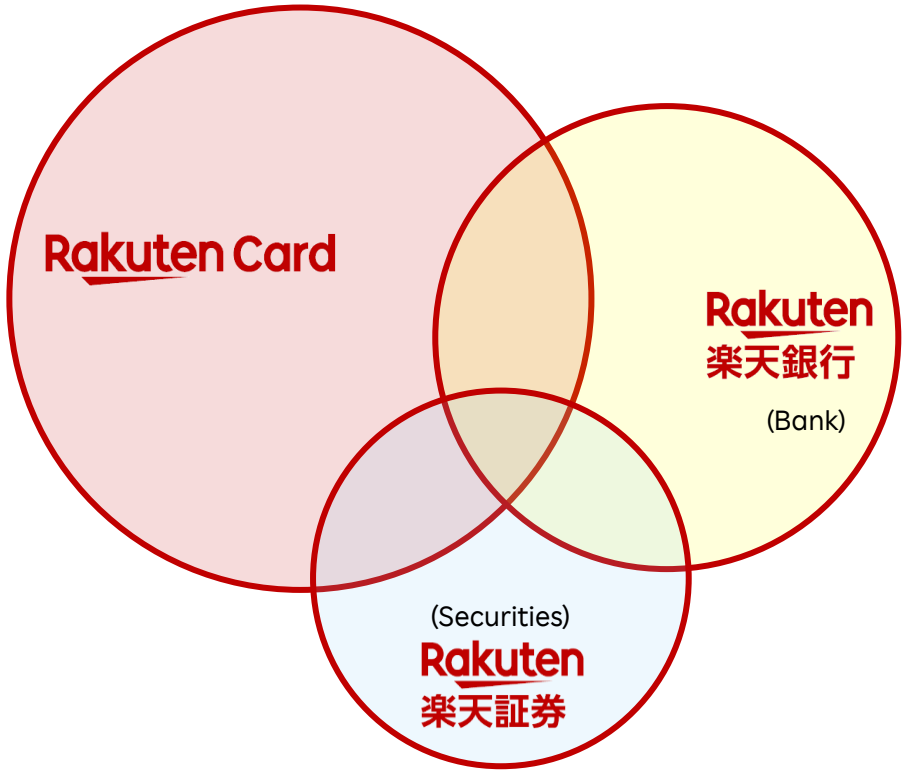
* Includes the issuance of the second Rakuten card per cardholder, which began full-scale in June 2021.

Rakuten Card Cross-Use with Other Rakuten FinTech Services Gaining Momentum

Rakuten Card x Rakuten Bank x Rakuten Securities users

+89.4%

YoY



Rakuten Card x Rakuten Pay users

+35.4%

YoY

Rakuten Card x Rakuten Life Insurance users

+91.6%

YoY

Rakuten Card x Rakuten General Insurance users

+42.9%

YoY

* As of December 2021.

Mobile

Mobile Highlights

4G Population Coverage Reached 96%:
Achieved target for “96% 4G population coverage” 4 years ahead of schedule of the original plan submitted to MIC

Steady Expansion of Customer Base:
Higher proportion of MNP customers to contribute to future business performance

Ranked No. 1 in ORICON Customer Satisfaction Survey “Mobile Carrier” in Dec. 2021

4G Population Coverage

Reached **96%**

(as of February 4, 2022)

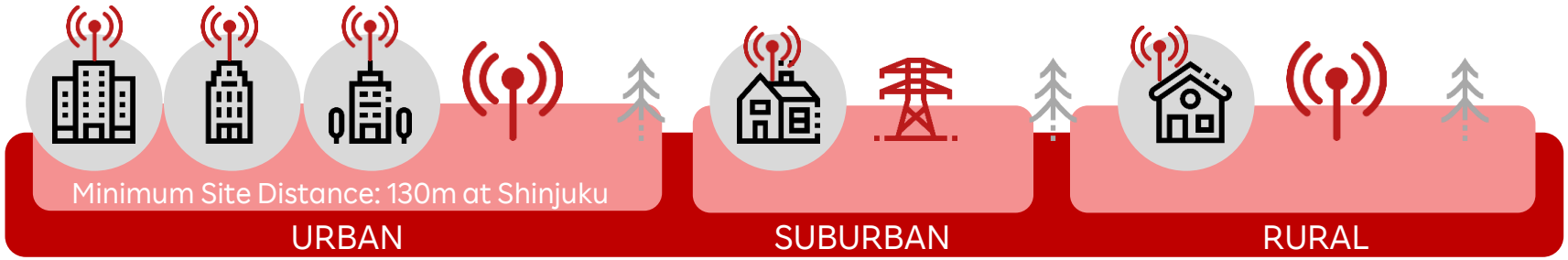
Achieved target for "96% 4G population coverage" four years ahead of schedule of the plan originally submitted to the MIC

* Area map as of February 4, 2022 (Population coverage: 96%)
* Night-time population coverage ratio
* Depending on the timing of calculation and other factors, there may be cases where the area may does not reflect actual coverage.
* In certain limited areas, as measures are still underway to close public service radio stations, only 5 MHz of bandwidth are available for the service. Once these closures are completed, 20 MHz of bandwidth will become available for service in these areas.

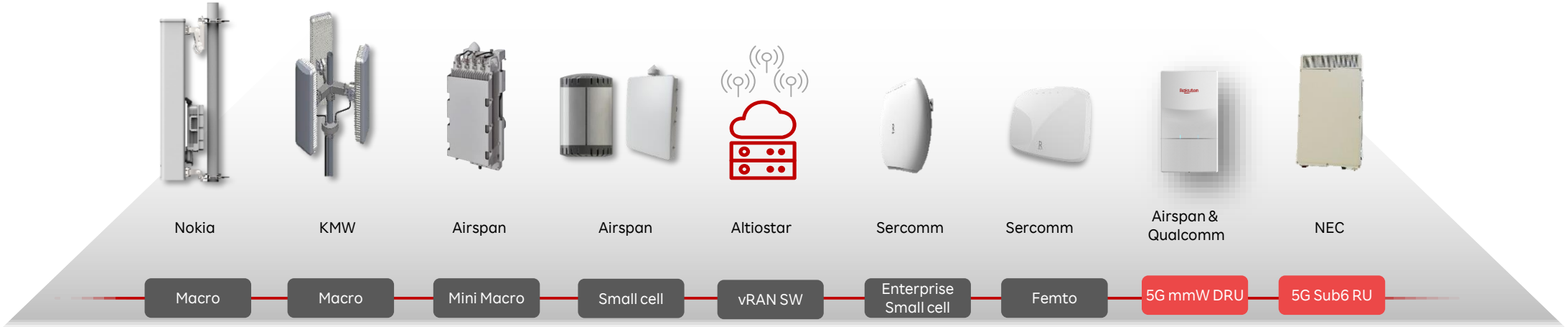
Google Data SIO, NOAA, U.S. Navy, NGA, GEBCO Londsat / Copernicus Data LDEO-Columbia, NSF, NOAA, SK telecom

One of the World's Largest Open RAN Deployments: 200,000+ Cells Deployed

(as of Jan 2022)

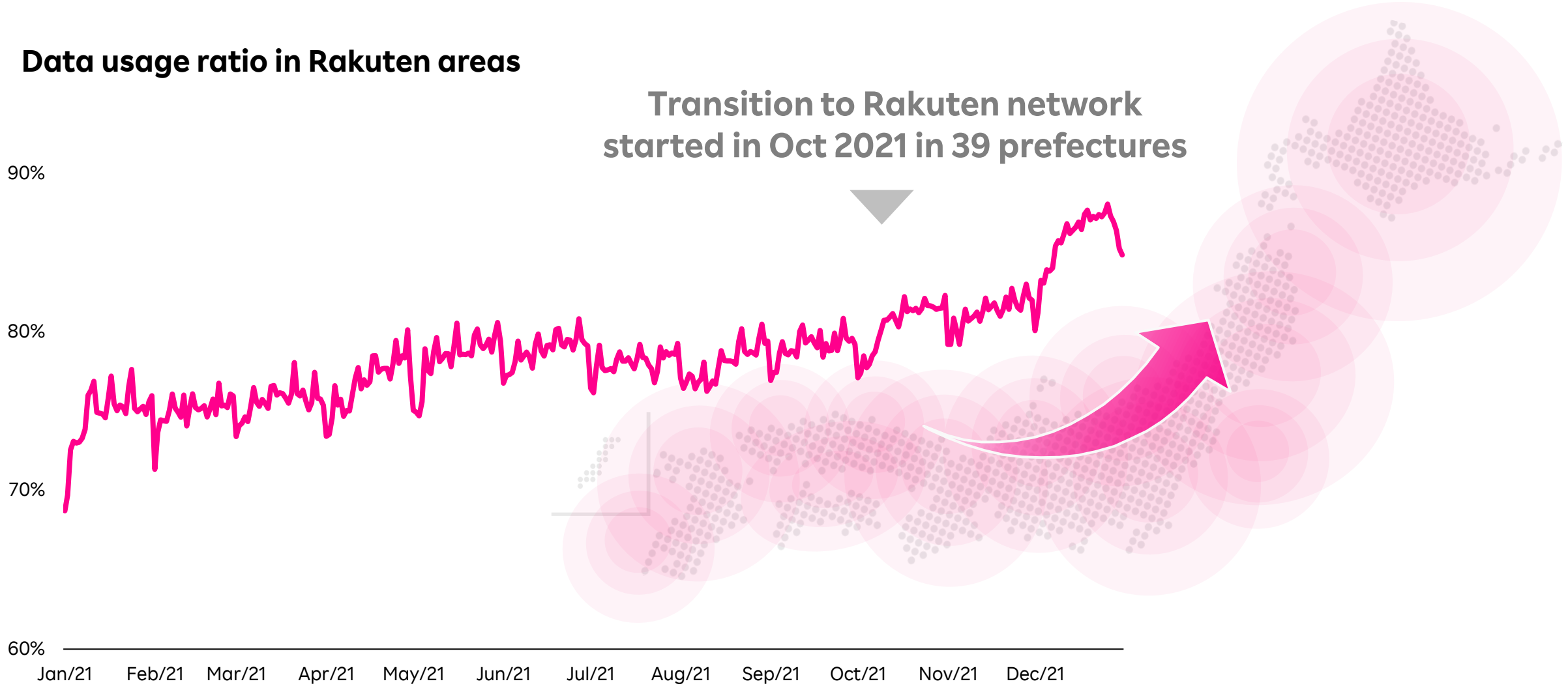


Open RAN Product Portfolio spanning to address diverse deployment use cases



No. of products deployed	**62,156**	**29,002**	**532**	**2,418**	**55,052**	**52,742**	**4,328**	**3,092**
	4G Outdoor				**4G Indoor**		**5G Outdoor**	

Increased Data Usage in Rakuten Areas



Steady Expansion of Customer Base

Number of MNO and MVNO subscribers

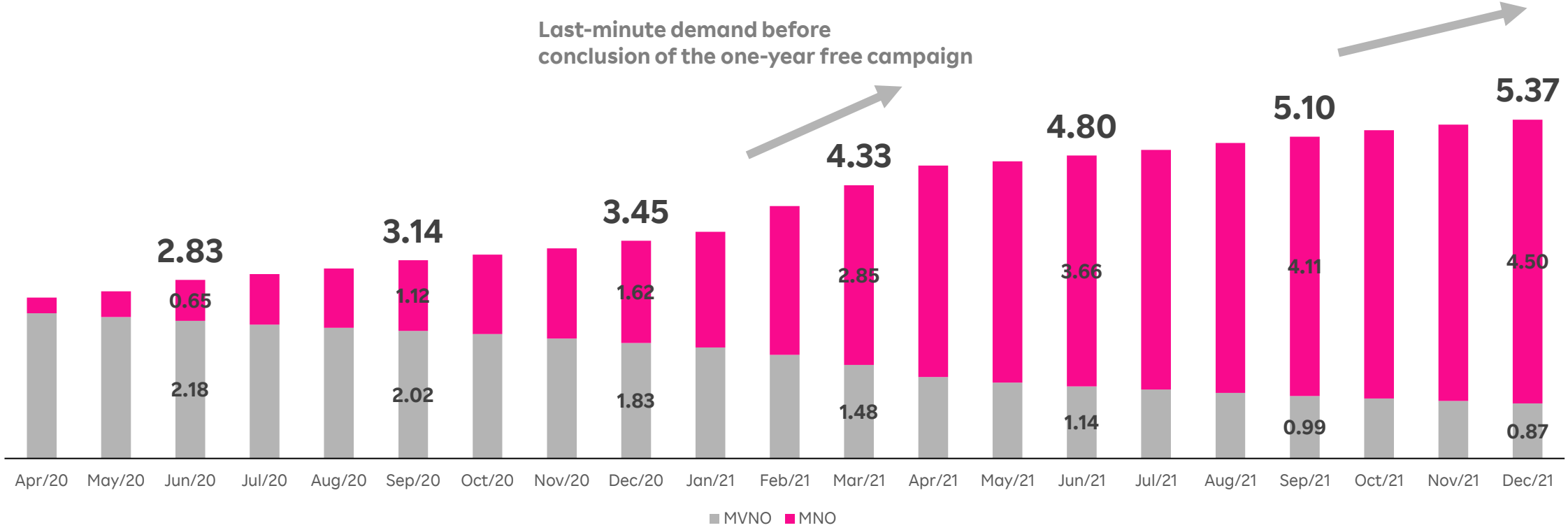
5.5mm

(Feb 2022)

Number of MNO and MVNO subscribers

(million subscribers)

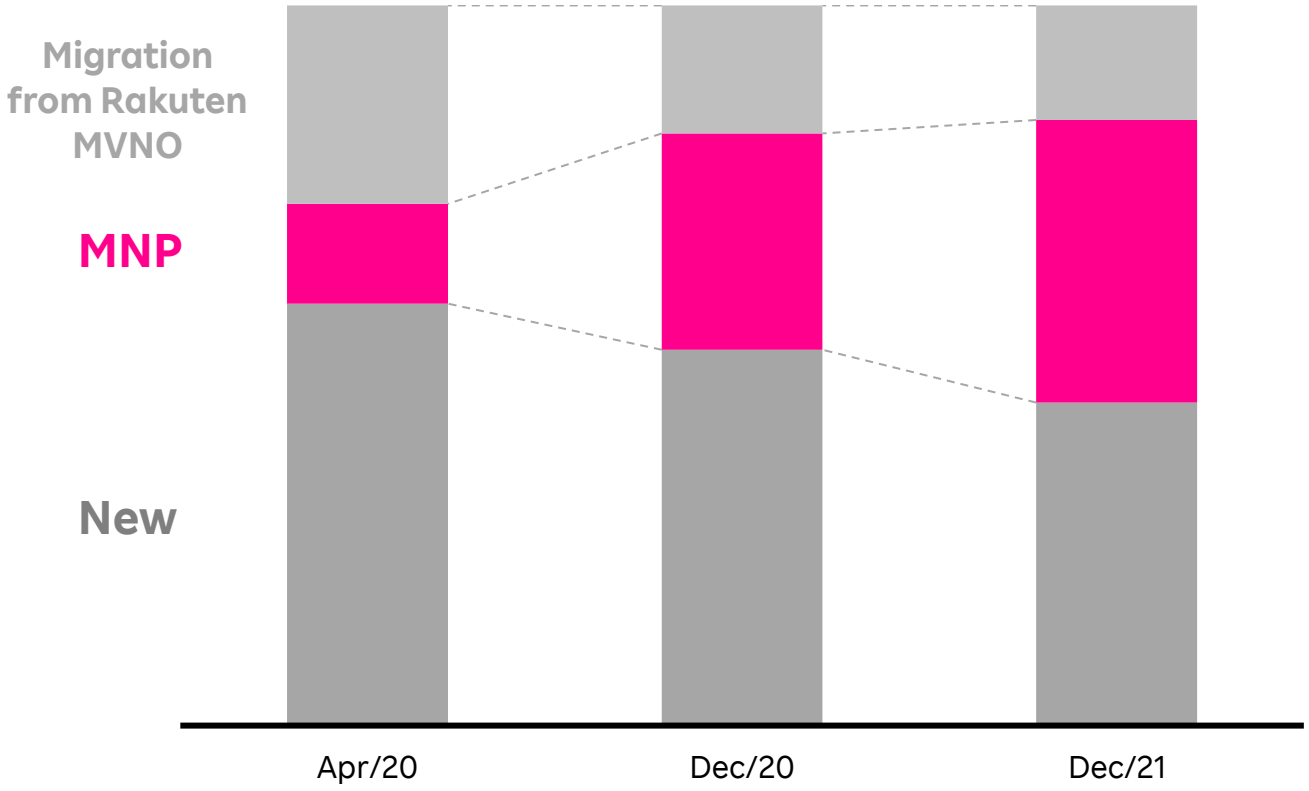
Steady Expansion of subscribers



*1 Number of subscribers in Sep/21 are confirmed figure.
*2 Number of subscribers in Dec/21 are preliminary figures.

More MNP Subscribers contribute to business performance

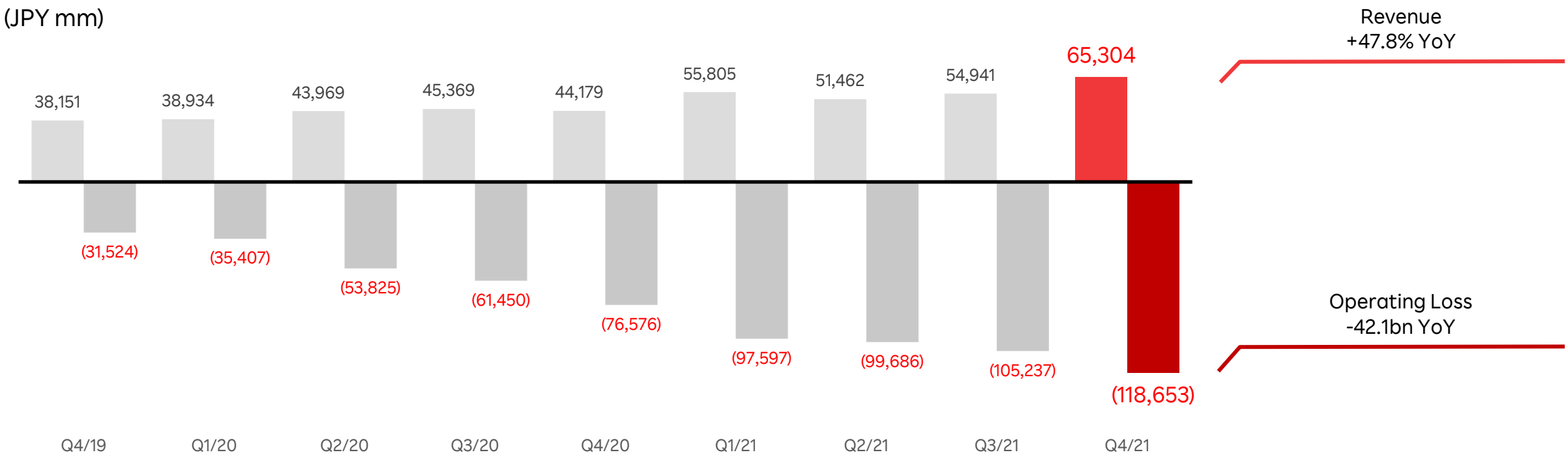
Breakdown of cumulative no. of subscribers



- ✓ **MNP users have higher data usage and ARPU, larger LTV, and less churn**
- ✓ **Higher ratio of MNP users drives-business performance improvement**

Mobile Segment* Results*1*2

QoQ revenue increased as more MNO users became paying users, device sales increased, and Rakuten Symphony started to contribute to topline.
Depreciation expenses and network related costs increased due to progress of network construction.

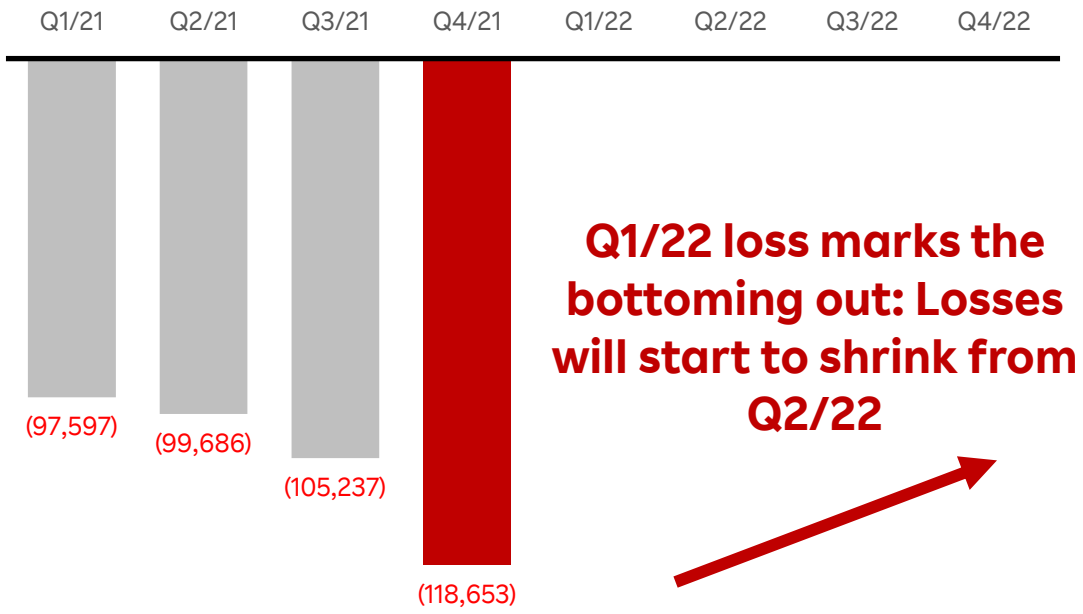


*1 Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Energy businesses, and contents businesses.
*2 Rakuten Kobo, Rakuten Viki, Rakuten Viber, and others moved from mobile segment to internet service segment from Q2/21.

Mobile Segment Outlook

Loss will bottom out in Q1/22, and start to shrink from Q2/22, due to roaming cost reduction, and more paying users who will complete the one-year free campaign.

(JPY mm)



Main improvement factors

- **Increase in paying users**
  Customers who applied for the 1-year free campaign which ended on April 8, 2021, will convert to paying users in sequence

- **Acceleration of subscriber acquisition**
  Improvement of competitive environment (elimination of cancellation fees at other carriers, carrier mail portability), and improvement of network construction status will contribute

- **Roaming cost reduction**
  Scheduled to switch roaming services sequentially from April, 2022

Ranked No. 1 in ORICON Customer Satisfaction Survey “Mobile Carrier” in Dec. 2021

Rakuten Mobile ranked No.1 in overall satisfaction among 4 major carriers.

Rakuten Mobile

Highly rated in categories including:

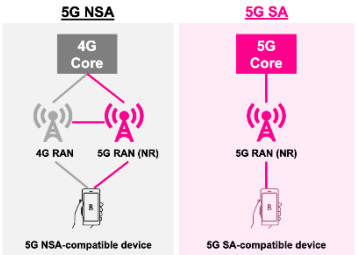
- Price plan
- Cost performance
- Device line-ups
- Application process

* 2021 ORICON Customer Satisfaction Survey "Mobile Carrier“, based on 8,444 actual users

Rakuten Symphony

Promises Delivered

5G SA POC	INITIAL RCP COMMERCIAL DEALS	GROUNDBREAKING TECHNOLOGY	96% JAPAN 4G POPULATION COVERAGE
June 2021	August 2021	October 2021	February 2022

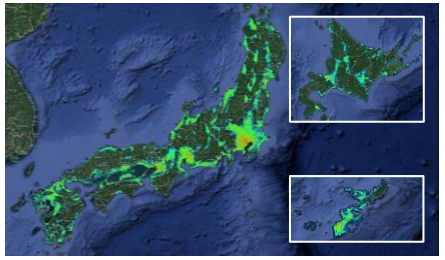


1&1 dish

+10 paying customers

Acceleration of innovative products:

- Symware
- Symworld
- Automation



Rakuten Symphony's Journey

Technology stack

	2019	2020	2021
	INTERNET & ECOSYSTEM SERVICES	INTERNET & ECOSYSTEM SERVICES	estmob — INTERNET & ECOSYSTEM SERVICES
	DIGITAL EXPERIENCES	DIGITAL EXPERIENCES	innoeye — INTELLIGENT OPERATIONS
	INTELLIGENT OPERATIONS	innoeye — INTELLIGENT OPERATIONS	ALTIOSTAR Leading Network Transformation — NETWORK FUNCTIONS
	NETWORK FUNCTIONS	NETWORK FUNCTIONS	Cloud — UNIFIED CLOUD
	UNIFIED CLOUD	UNIFIED CLOUD	

	2019	2020	2021
EDGE DATA CENTERS (RMI)	329	1,000+	1,000+
SERVERS (RMI)	1,901	6,495	14,942
4G MACRO (RMI)	2,990	10,984	33,905
4G IDSC (RMI)	433	20,722	51,753
OFFICES (Rakuten Symphony)			
PEOPLE (Rakuten Symphony)	50	1,300	2,000 (90% R&D)

There is a massive opportunity in each of Rakuten Symphony's Domain business units

Cloud & Infrastructure	Network Functions	Intelligent Operations	Digital Experience	Internet & Ecosystem Services
$20.1B 2025 TAM	$62.3B 2025 TAM	$29.7B 2025 TAM	$8.9B 2025 TAM	$100+B 2025 TAM

Combined **TAM > $120B** in 2025

Bold Ambitions

Leading the telco industry transformation

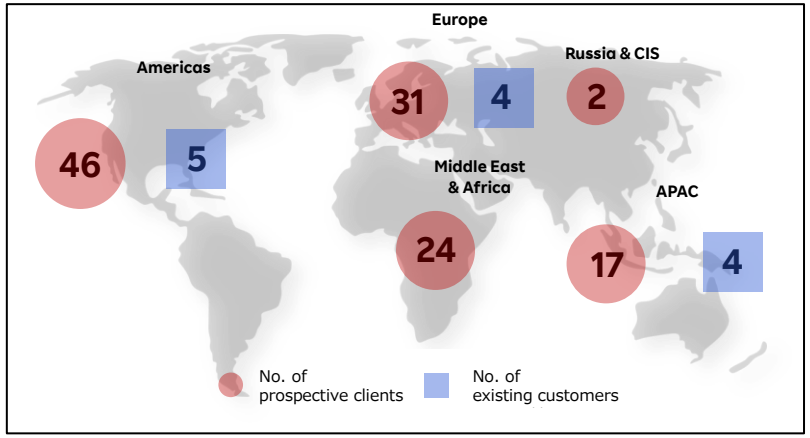
2021

EARLY ADOPTERS
+ 10 PAYING CUSTOMERS

1&1 dish

2022

SCALE TO SPEED
133 OPPORTUNITIES IN PIPELINE



Innovation Culture - Our relentless focus on R&D

5 Business Units, 70+ products, and validate architecture

ACQUISITIONS

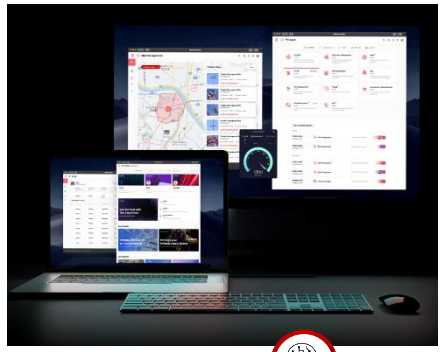
3

R&D ENGINEERS

2,000

DISTINCT PRODUCTS

70+



Cloud & Infra

Cloud Infrastructure & Networking
- Cloud-native Pltfm.
- Cloud HW
- Cloud SW
- SDN

Cloud Platform
- PaaS
- Data Bus
- IaaS
- DbaaS
- STaaS

Cloud Orchestration
- Service Mesh
- Cloud W/F Engine
- Self Service Portal

Network Functions

RAN
- 4G vRAN
  - 4G vDU
  - 4G vCU
- 5G vRAN
  - 5G vDU
  - 5G vCU-UP
  - 5G vCU-CP
- CBRS
  - 4G/5G vDP
- 4G EMS
- 5G EMS
- ORAN RIC
- Symware
  - NGDU

Edge
- Core
- Other Edge functions

Intelligent Operations

Network Planning & Engineering
- RAN Commander
- IP Commander
- Capacity Mgr.

Network Resource Management
- Inventory Manager
- Configuration Mgr.
- Bare Metal Mgr.

Service Mgmt.
- Network Navigator
- IP Address Mgr.
- Naming Manager
- Watchtower

Service Orchestration
- App Onboarding
- Service Designer
- Orchestrator
- Slice Manager
- SDN Controller
- Policy Manager

Service Assurance
- Cloud Observability
- Perf. Monitor
- Fault Monitor

Customer Exp. Management
- OmniDesk
- OmniReach
- Net Velocity

Digital Ops. Mgmt.
- Field Force Mgr.
- Service Desk
- RCP Connect

Digital Workflows
- Site Manager
- Procurement Mgr.
- Logistics Manager
- Financial Manager

Enterprise Management
- Project Manager
- Knowledge Hub
- Learning Hub
- Process Hub

Security Platforms
- Identity Control
- User Control
- Certificate Mgr.
- SIEM
- SOAR

Platform Apps
- BI Studio
- Workflow Studio
- API Gateway
- Notification Hub
- AI Platform
- Data Lake
- ML Pipeline (RFlow)
- Anomaly Detection
- Autonomous NW
- Deployment Tools
- Automation Studio
- Process Runner
- Chat Assistant
- Global Search

Digital Experience

BSS
- Inventory
- Quote Manager
- eCare – Self Svc
- SOM
- Rating
- Product Catalog
- MNP
- Billing
- Mediation

Digital Business Platform
- Mkt Place Madina
- App Builder

Int. Business
- Voice & SMS over CS
- Bilateral Roaming
- LBO USA
- RICC
- Spons. Roaming
- IoT Connectivity

Internet & Ecosys. Serv.

- **Membership Platform**
- **Loyalty Platform**
- **Payment Platform**
- **Media Platform**
  - Link
  - Carrier eMail
- **Gaming Platform**
- **Cloud Storage Platform**
  - Send Anywhere
  - Sendy

Trend Setting

TELCOS

REGULATORS

ECCOSYSTEM

Market Development Award
GTI Awards 2021

The Best Automated Network 2021
Layer 123 Europe 2021

Best Mobile Technology Breakthrough & CTO Choice: Outstanding Mobile Technology
Glomo Awards 2021

Ground-Breaking Virtualization Initiative
Glotel Awards 2021

Best Operator 5G Innovation
Glotel Awards 2021

Looking forward

Execution and delivery in Japan, Germany and others. Grow revenues

Successful deployment of Symware to multiple clients

Considering additional acquisitions to complete portfolio

Scale the organization to 3,000 people for global delivery

Ad Business

Ad Business Highlights

Ad revenue in 2021 grew strongly to JPY 157.9 bn (+22.0% YoY), contributing to improvement of Rakuten Group's profit margin.

Ad revenue from leading consumer goods manufacturers and other major brands grew due to accelerated digital transformation. **Ad revenue from main clients on Rakuten Ichiba grew +35.1% YoY in 2021.**

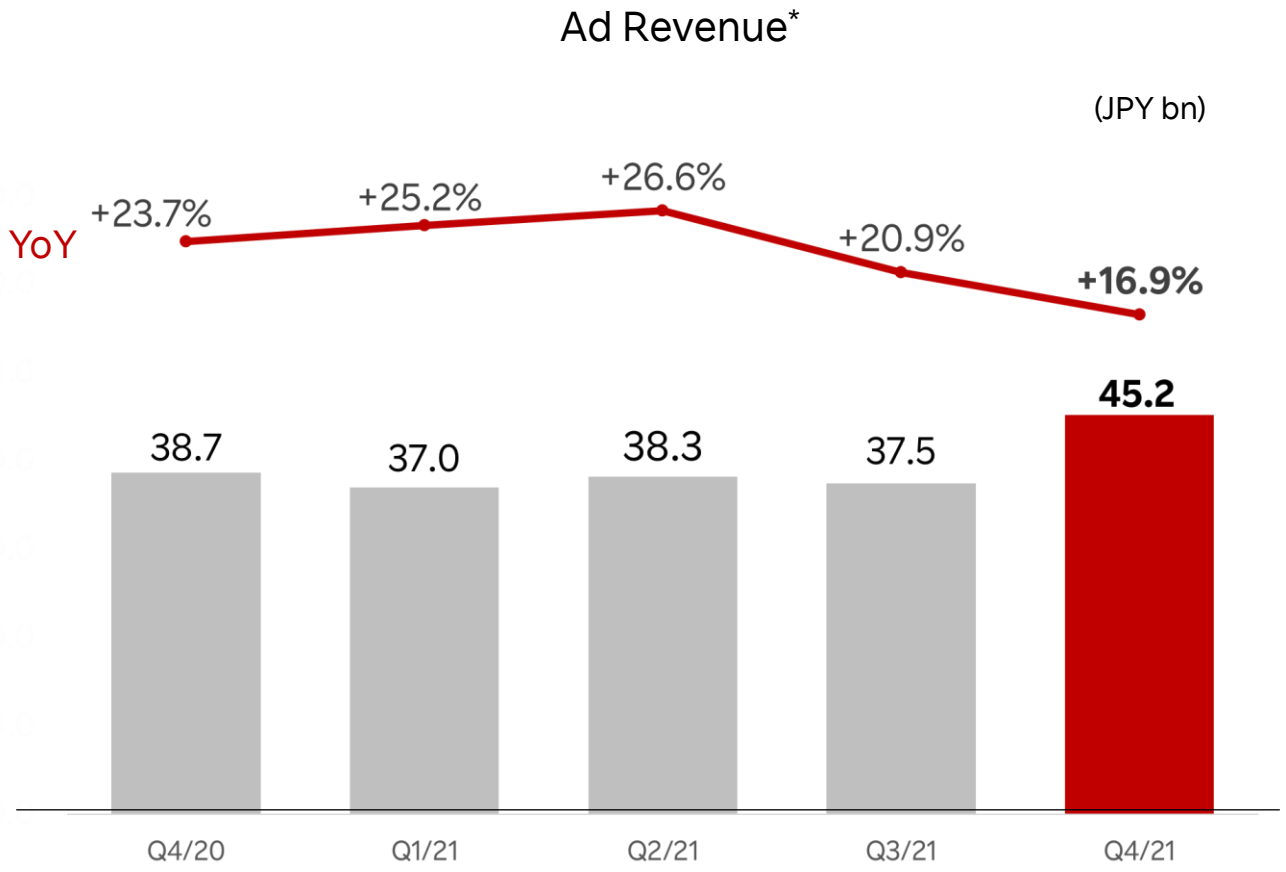
Aiming for further growth by utilizing diverse data of Rakuten Group and new statistical data from Rakuten Mobile to capture the market opportunity for Online to Offline (O2O) Marketing

Ad Business: Revenue

FY2021 Ad Revenue*

JPY 157.9 bn

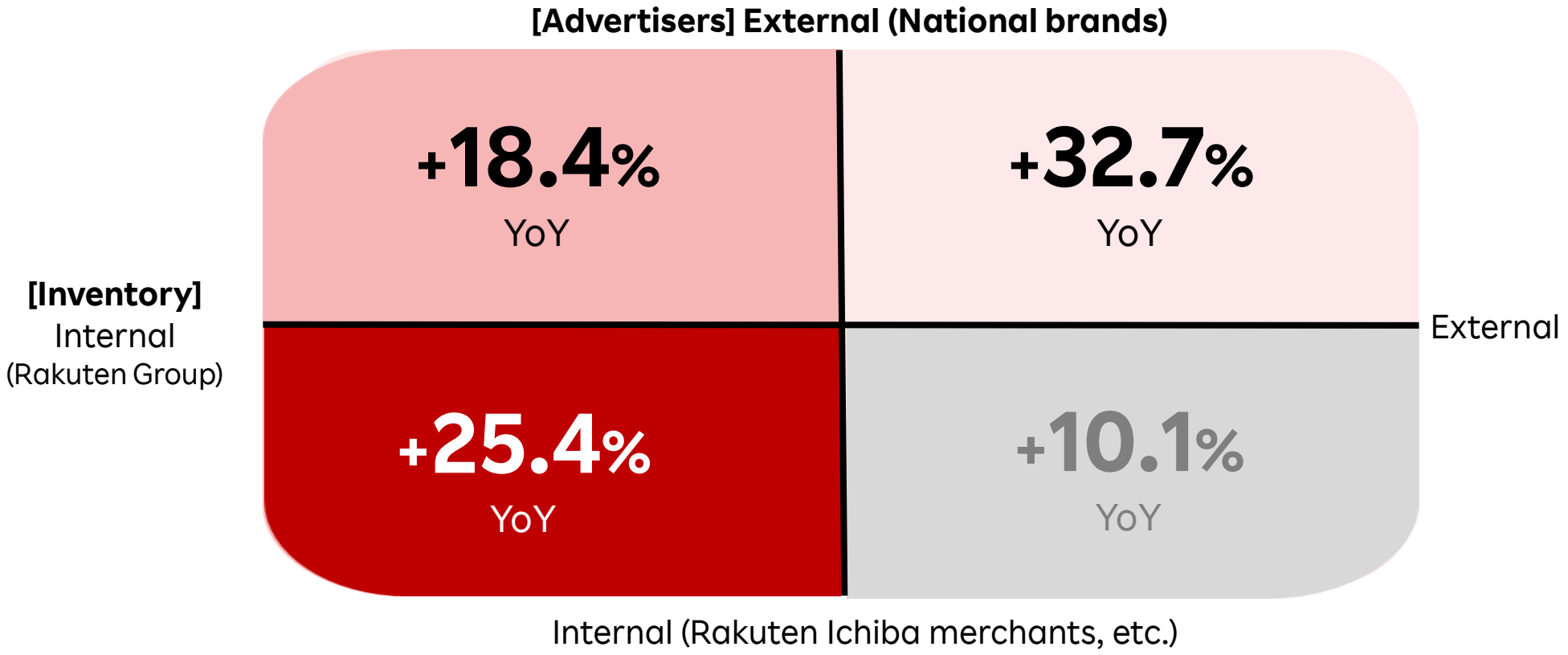
+22.0%
YoY



* Revenue includes internal transactions.

Ad Business: FY2021 Growth Analysis

Rakuten Ichiba and other internal inventory ad revenue expanded strongly, contributing to profit margin improvement of e-commerce businesses.

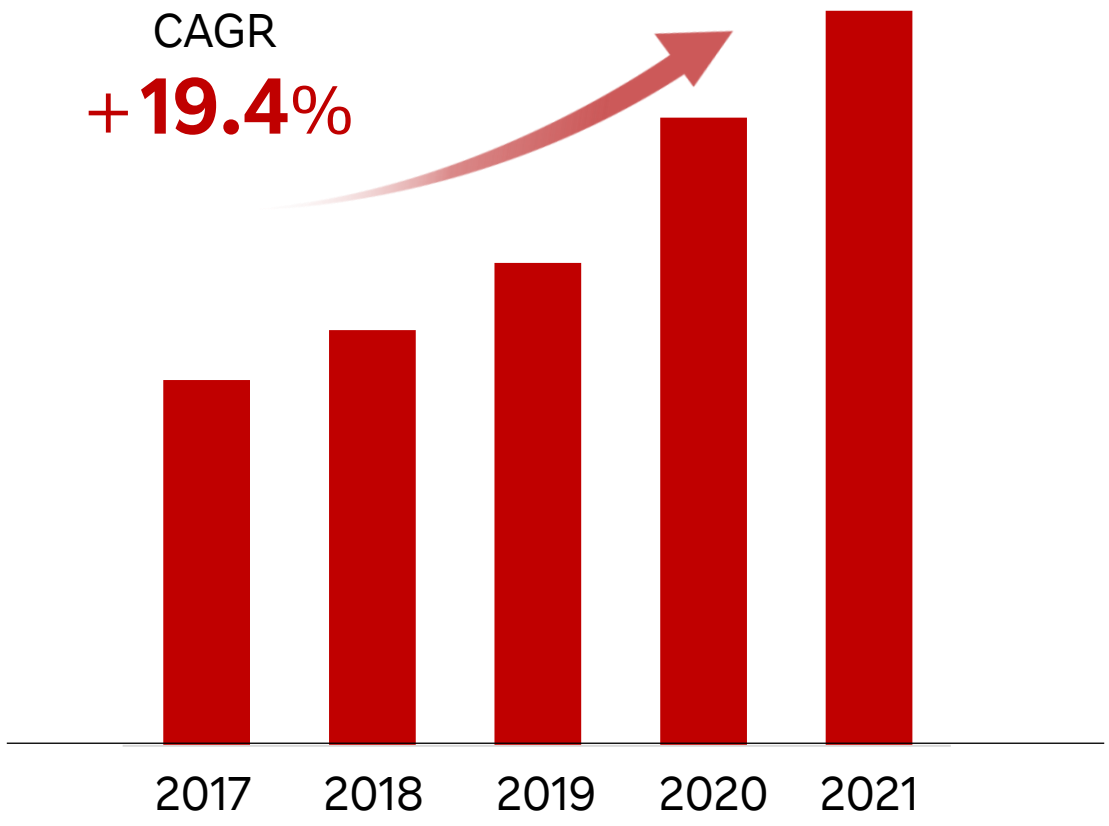


Expansion of Online Ads from Major Manufacturers

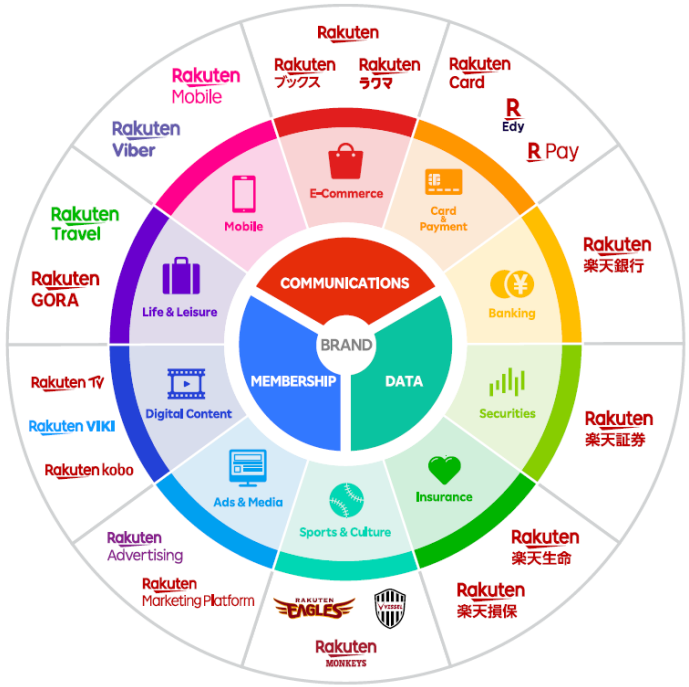
Due to accelerated digital transformation, Online to Offline (O2O) initiatives by major consumer goods manufacturers are progressing, resulting in a sharp increase of online ads that contribute to offline purchases.

Ichiba× Main clients (major manufacturers)

Ad Revenue
Internal ad inventory × External advertisers



Rakuten Holds One of the Largest Collections of Data in Japan



- ✓ **One of the largest collections of data in Japan**
- ✓ **Accurate data based on consumption behavior and payment data**

100+mm Rakuten IDs and Accumulation of both on/offline data based on those IDs

Online

Rakuten (Ichiba) | Rakuten Travel | Rakuten GORA | Rakuten ウェブ検索 | Rakuten Super Point Screen

and more

Offline

R POINT | R Edy | Rakuten Pasha | R Pay | Rakuten Card | and more

Point Card

Toward Further Expansion of the O2O Market

Promoting Online to Offline (O2O) marketing initiatives for national brands by utilizing not only data accumulated by Rakuten, but also new demographic data acquired by Rakuten Mobile.

[Up to now]

Accumulate both online and offline data, Including:

- **Purchasing data**
- **Demographic information such as age, gender, etc.**
- **Consumer interest data**
- **Locational data**

+

[+ new factor]

Rakuten Mobile

Now able to accumulate statistical data that differs from existing users

Aiming to expand revenue of Online⇔Offline Ads

Marketing

Marketing Highlights

Rakuten group active users and cross-use ratio continue to grow

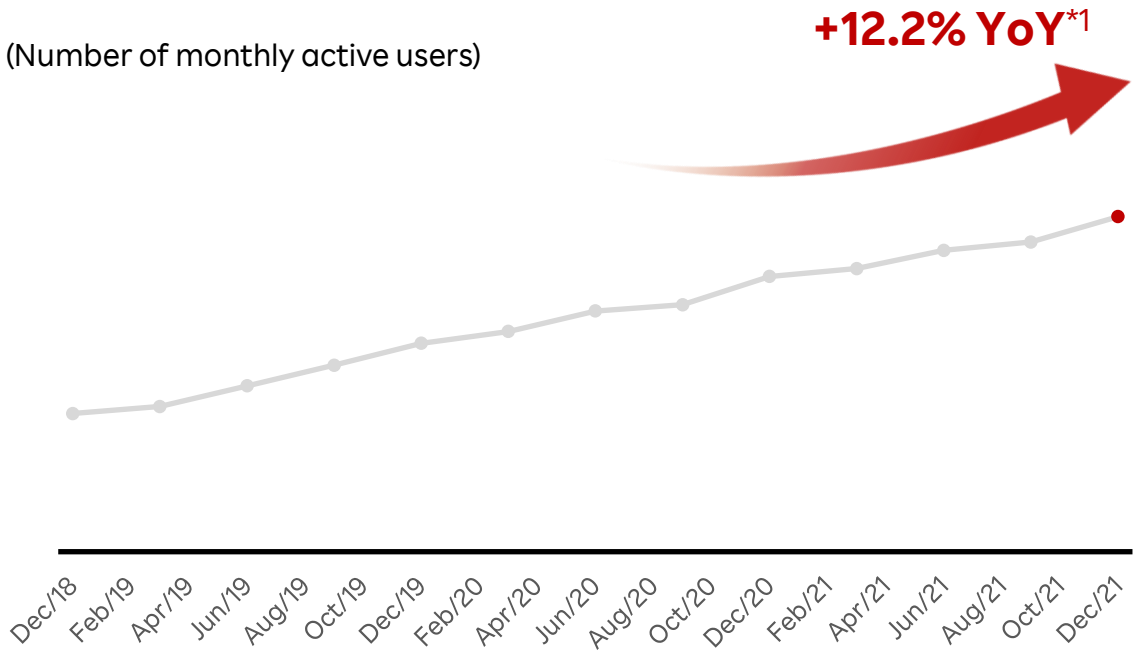
Rakuten Mobile is acquiring 4.5 mm customers over 3x faster than historical Rakuten Card rate

User transactions and cross-use of each service expand after subscribing to mobile

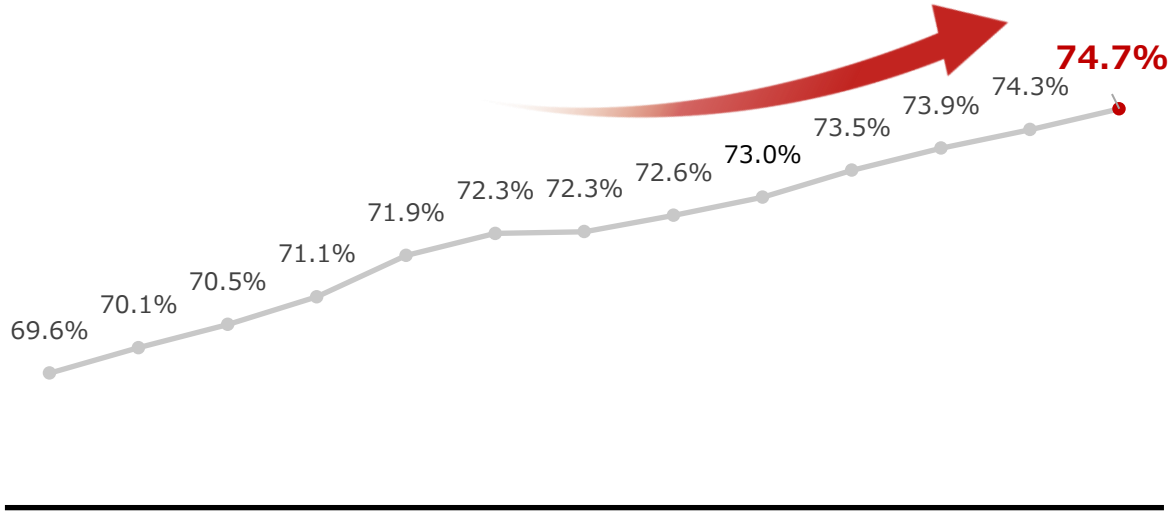
Rakuten Ecosystem Supports Growth of the Rakuten Group

The number of Rakuten Group **active users** keeps growing while **cross-use ratio** steadily increases.

Monthly active user growth



Ratio of users of two or more services*2

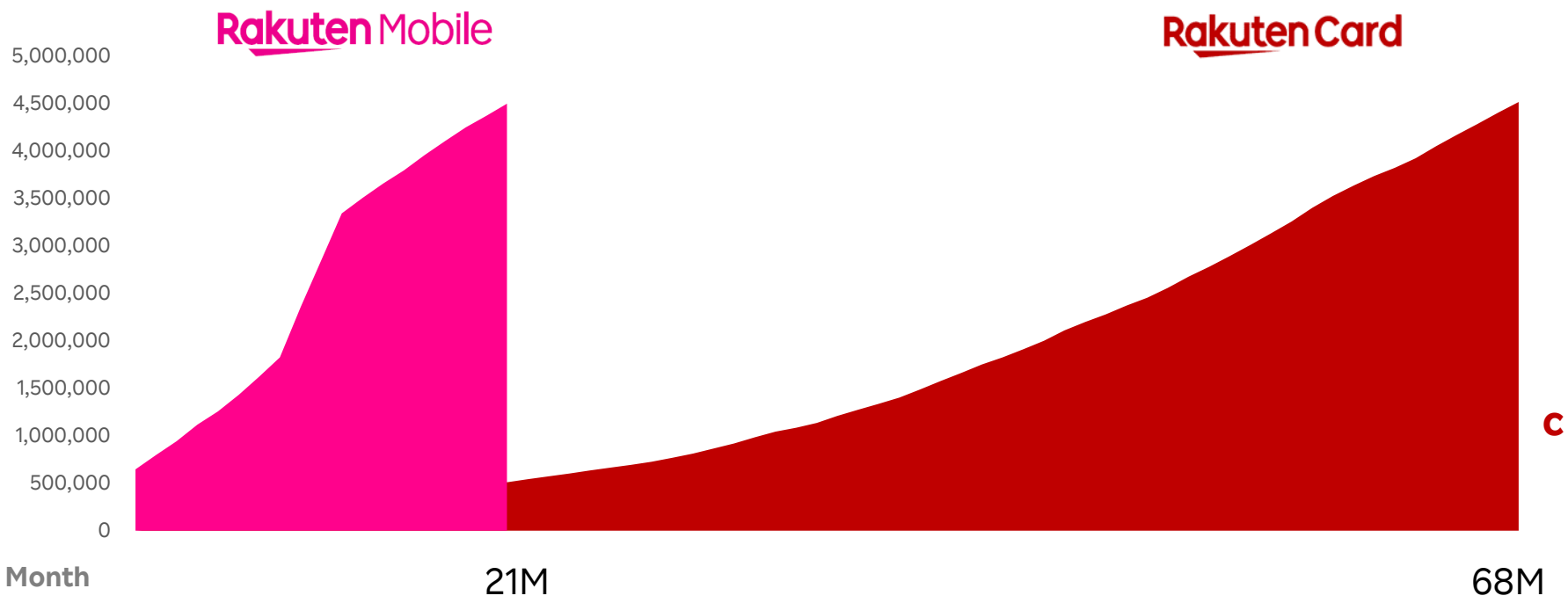


*1 Comparison of average monthly active users during end of September- end of December 2020 versus end of September- end of December 2021.
*2 Percentage calculated by dividing the number of users of two or more services in the past 12 months by the number of users of all services in the past 12 months (as of the end of December 2021).
(Limited to the use of services that can earn Rakuten Points.)

Rakuten Mobile: Speed of Customer Acquisition

Rakuten Mobile is acquiring **4.5 mm** customers more than **three times** faster than historical Rakuten Card rate

Rakuten Mobile vs Rakuten Card pace of customer acquisition since the service launch*



over 3x faster than Rakuten Card customer acquisition soon after launch

* Compares Rakuten Mobile's number of subscribers (MNO) and Rakuten Card's number of new cards issued.

Expansion of Rakuten Ecosystem Use among Rakuten Mobile Users

Rakuten Mobile

Of the customers who had never used the following Rakuten service

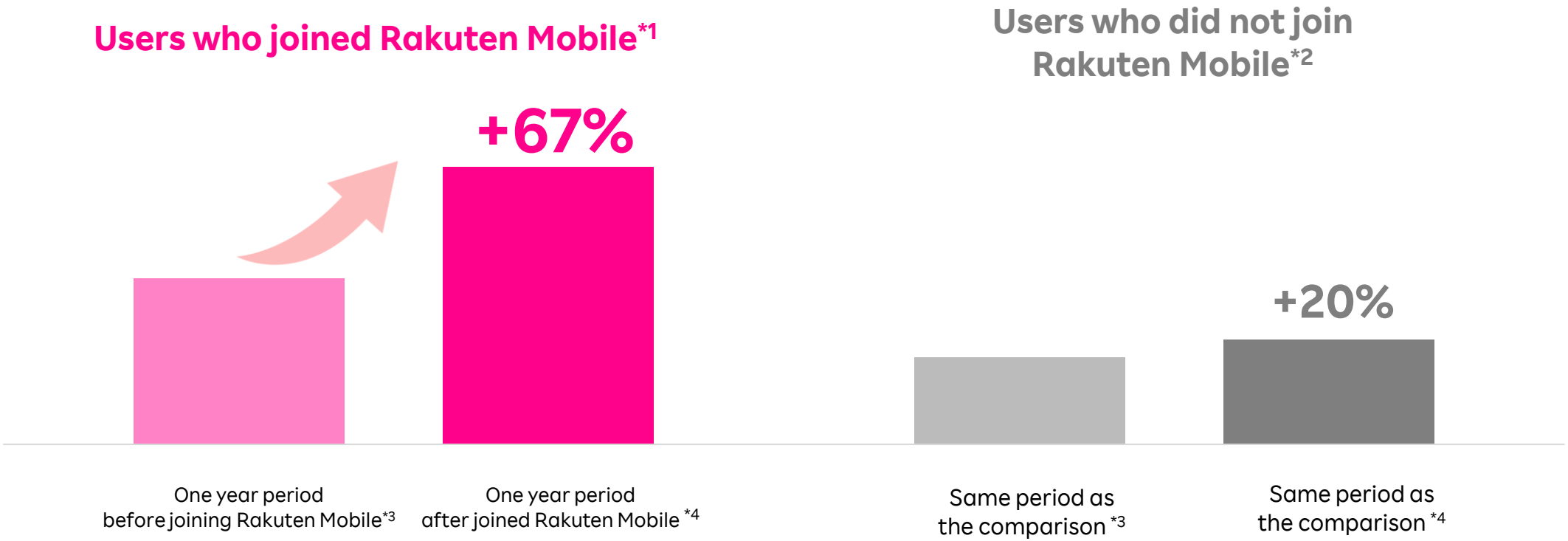
Rakuten Ichiba	Rakuten Card	Rakuten Bank	Rakuten Pay
35%	20%	10%	12%

…this proportion began using the service within 12 months of subscribing to Rakuten Mobile.

*1 Ratio of Rakuten Mobile users who began using the respective Rakuten service(s) within 12 months of signing a Rakuten Mobile contract and who had not previously used the same service(s).
*2 Applicable subscribers: Those who signed a contract between Jan 2021 and Jun 2021.

Rakuten Mobile Contributing to the Rakuten Ecosystem

Average Yearly GMS per user at Rakuten Ichiba: One year before and after Mobile subscription



*1 Users who used Rakuten Ichiba from May 2019 to May 2020 and joined Rakuten Mobile (MNO) in May 2020.
*2 Users who used Rakuten Ichiba from May 2019 to May 2020 and did not subscribe to Rakuten Mobile as of April 2021.
*3 One year period before joining Rakuten Mobile May/19 - Apr/20.
*4 One year period after joined Rakuten Mobile May/20 - Apr/21.

IT / Security

Global Operations

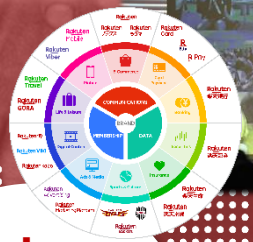
Belfast
Rakuten Blockchain Lab

Montpellier
Rakuten DX

Paris
Europe Technology Division
Rakuten Institute of Technology

Shanghai
China Technology Division

Dalian
China Technology Division



Tokyo
Technology Division
Technology Community
Rakuten Institute of Technology

Boston
Rakuten Institute of Technology

San Mateo
America Technology Division
Rakuten Institute of Technology

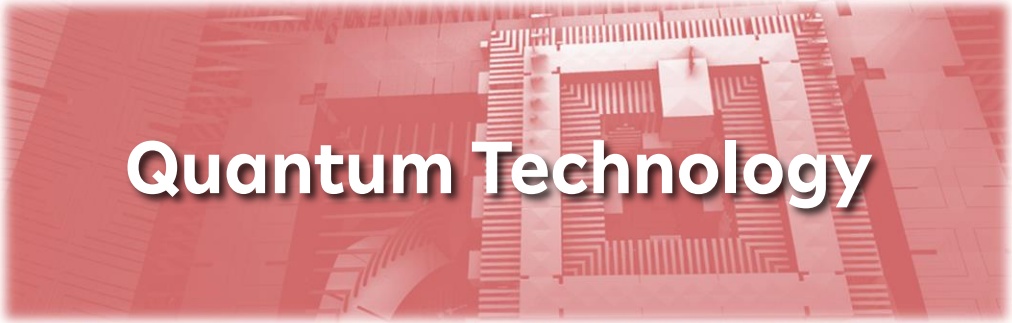
Singapore
Asia Technology Division
Rakuten Institute of Technology

Bengaluru
India Technology Division
Rakuten Institute of Technology

Approximately
5,900ppl
As of January 1st

Data/AI

Research and Development Moonshot Initiatives



Rakuten Medical

ガン克服。生きる。

CONQUERING Cancer.

+

Rakuten

India

IQuEra

COMPUTING INC.

+

Rakuten

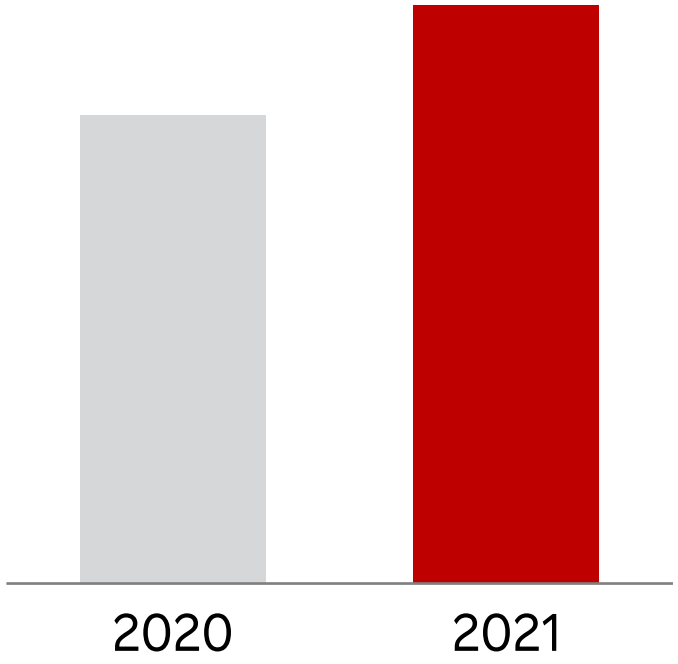
US

Corporate

Group Productivity Improvement

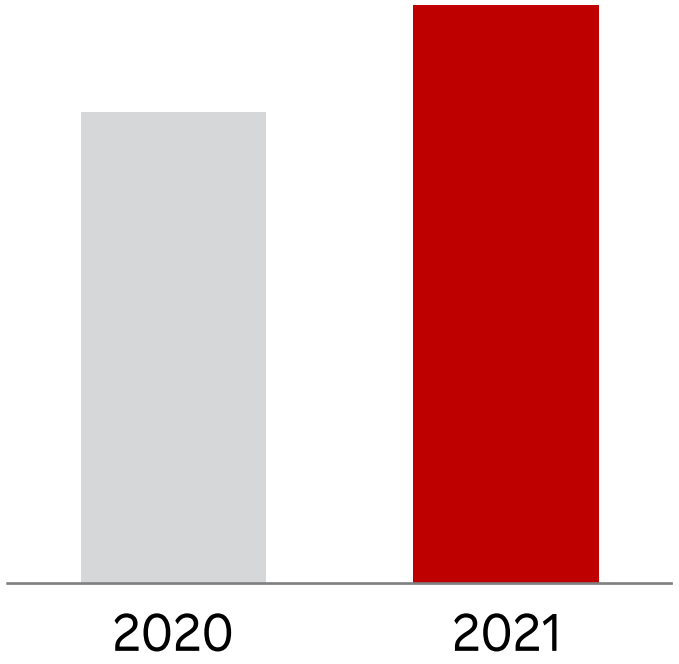
Group Productivity Trend (Excluding mobile, logistics and investment business)

Operating income per employee



+24%

Operating income / total cost



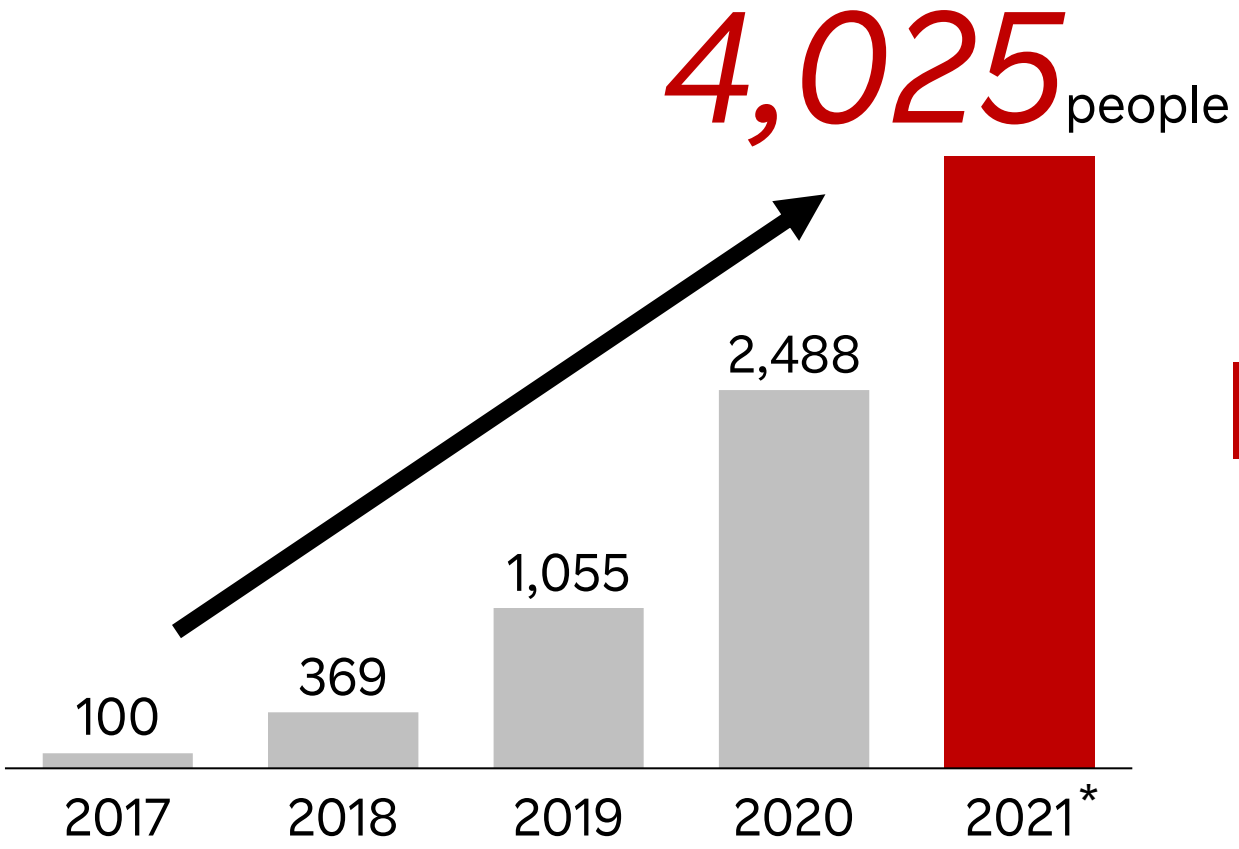
+23%

Group-wide Initiatives

Initiatives	Results
Kaizen Activity Participation (QCC)	QCC Participants: *approx.* 4,000 *ppl*
Cost Optimization	Reduction Amount: *approx.* 12 *Bn JPY*
Profit Improvement for Unprofitable Biz.	Profit Improvement: approx. 3 *Bn JPY*

Kaizen Activity Participation (QCC)

Participants



* As of January 1, 2022

Kaizen Activity (Total)

963 activities

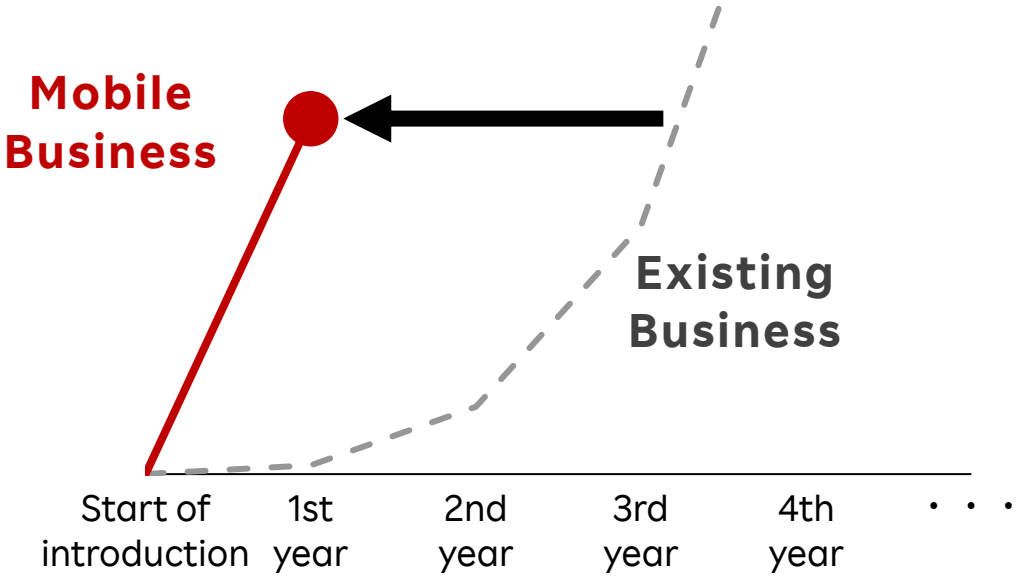
Earnings (Total)

3.1 Bn JPY

Acceleration of QCC in Mobile Business

QCC participation rate

Achieved approx. 2 years ahead of schedule



Further initiatives in FY2022

Improvement of supply chain management

- Shorten lead time (From purchase order to Sales)
- Inventory optimization

Improvement customer contact operations

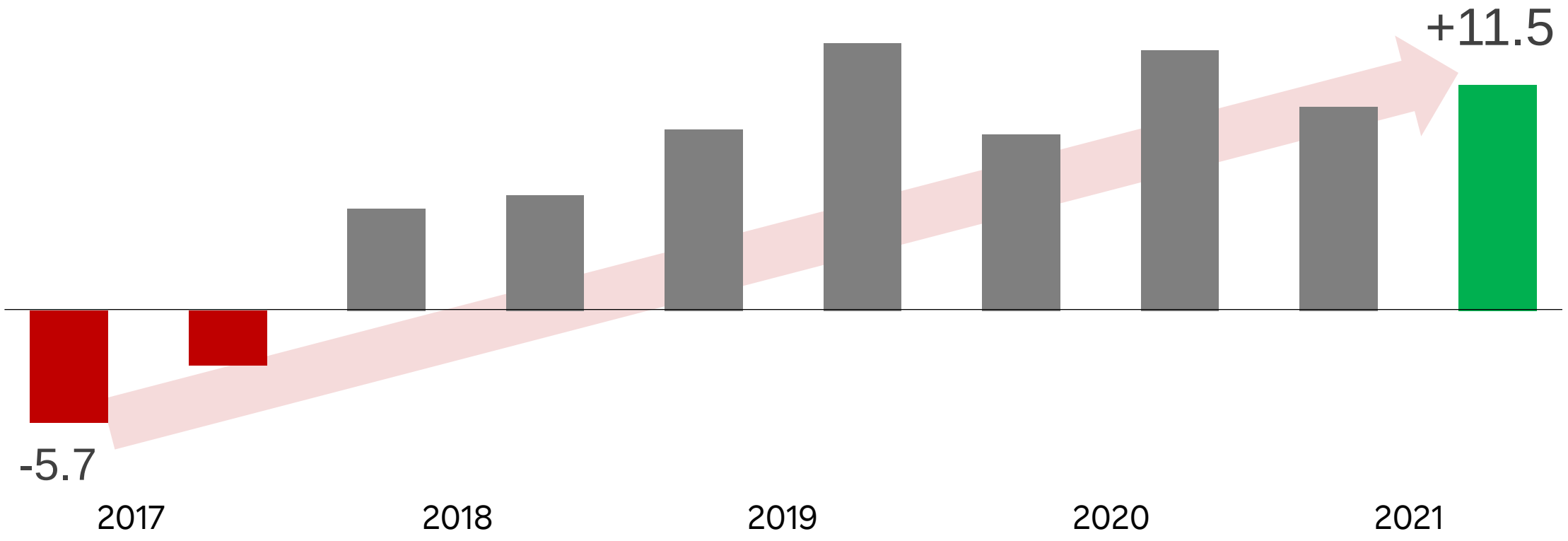
- Optimizing call handling time at call center
- Increase conversion rate in shop application

Reduction of logistics costs

- Delivery volume optimization

Rakuten Group's Net Promoter Score (NPS®) vs Competition

Trend of Relative NPS®



Net Promoter Score (NPS) Survey: Conducted by Rakuten through external panel / May 2017 - Nov 2021
*NPS® is a registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

Deduction of Dissatisfied Experience - Rakuten Service Users

Activities in 2021

Implementation of Group Regulations

- Creating Group Standards/Guidelines
- Enhance Recurrence prevention

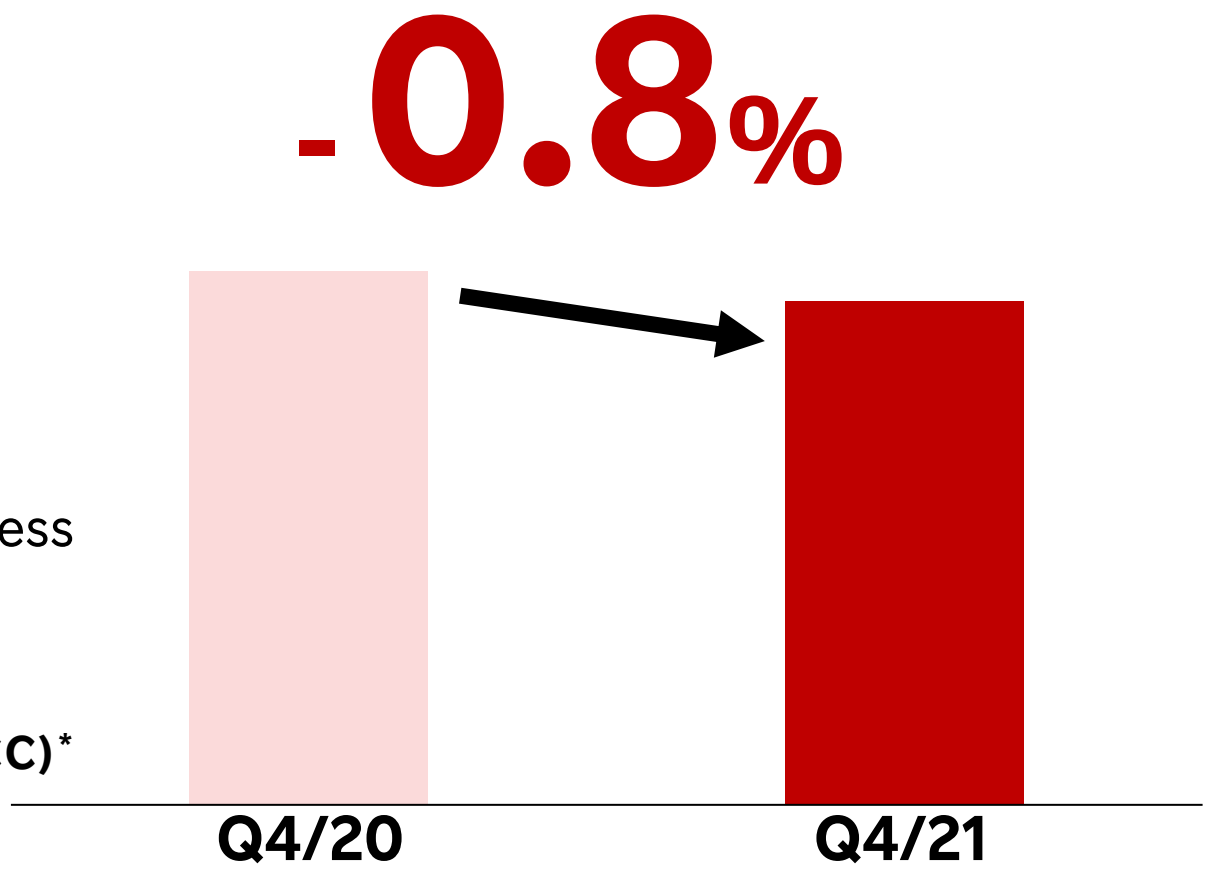
Improve Quality of Process

- Enhance Quality Assurance of Process

Enhance Skills of Quality Activities(QCC)*

- Improve Problem-solving skills

The rate of Unsatisfied experience



* Surveys to QCC participants in 2021 1H

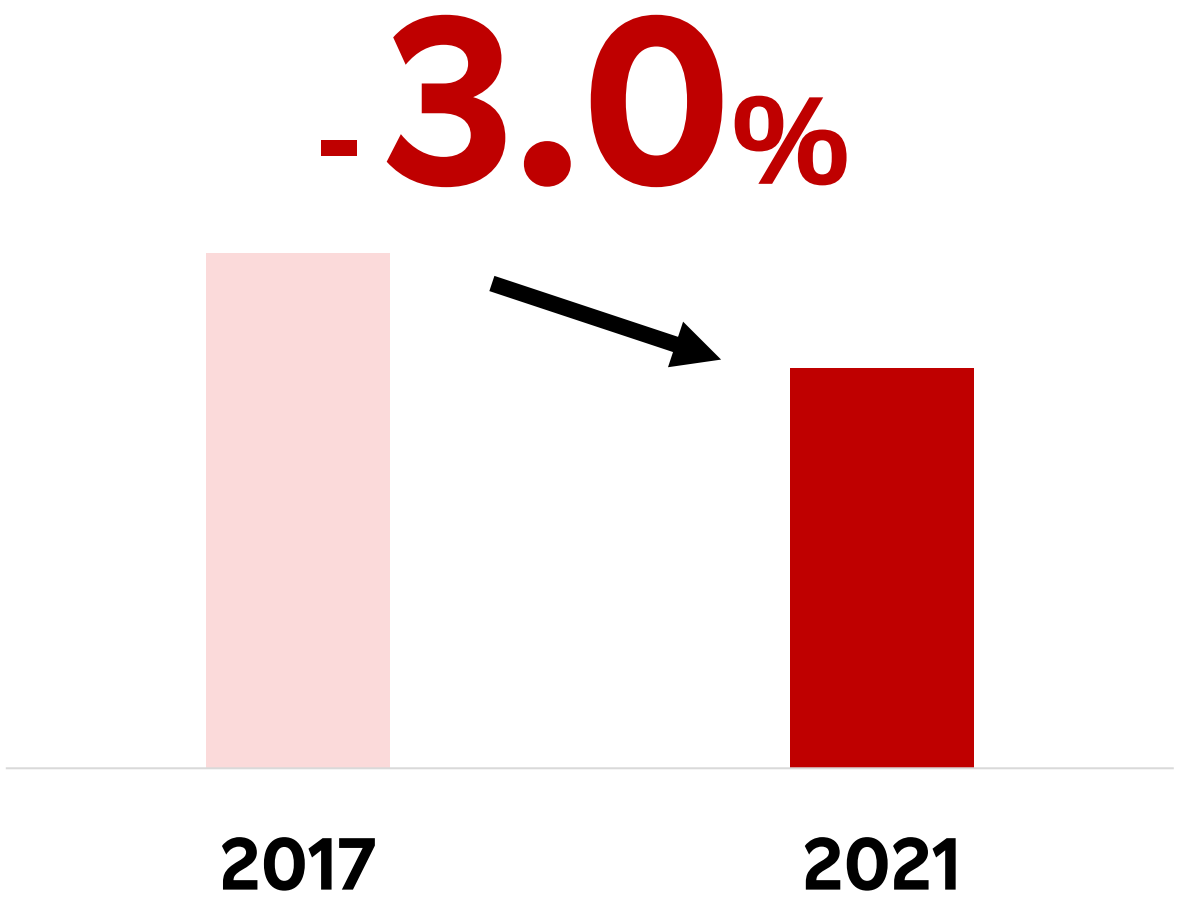
Source: GQD analysis based on Unsatisfied Experience Survey 2020-2021

Reducing turnover ratio

Initiatives for retaining employees

- 1 on 1 Culture
- Work environment improvement
- Compensation policy improvement

Turnover ratio of regular employees

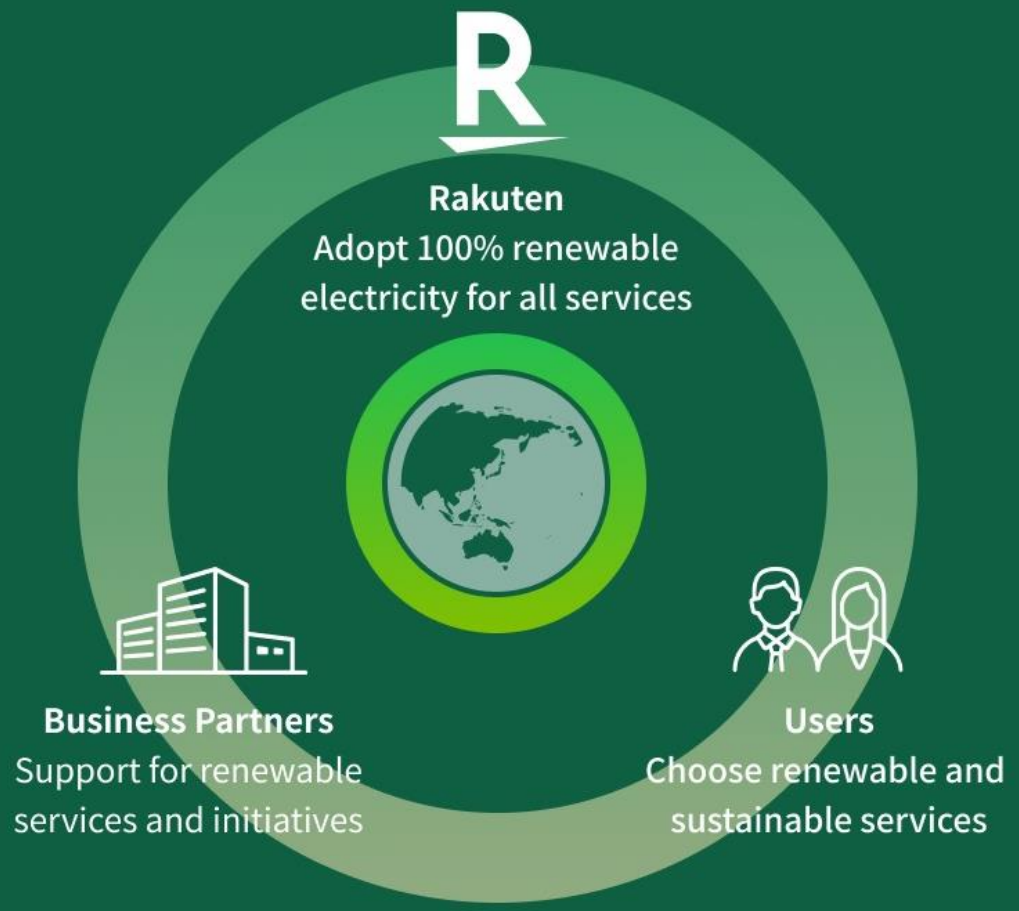


Toward Realizing Carbon Neutral Society by 2050

Now and in the future,
Empowering people and society

Rakuten Group will continue striving to mitigate climate change through an environment-conscious platform established with our business partners and users.

In order to create value for people and society in the face of rapid change, we will continue to provide transparency on our efforts by disclosing relevant information.



Rakuten Group's Efforts Towards Carbon Neutrality

Rakuten Group will strengthen its internal organization and systems, set science-based targets, and ensure transparency in order to achieve carbon-neutrality.

Internal Organizations and Systems Strengthened

- **Established a new organization "Environmental Department" under COO Jan. 2022**
- Hold regular Environmental Working Groups
- Hold regular company-wide Green ASAKAI all-hands meetings focusing on environmental topics

Major Commitments in 2022

- Set targets in line with global standards
  - ➢ Setting SBT*1

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Ensure transparency
  - ➢ Referring TCFD*2

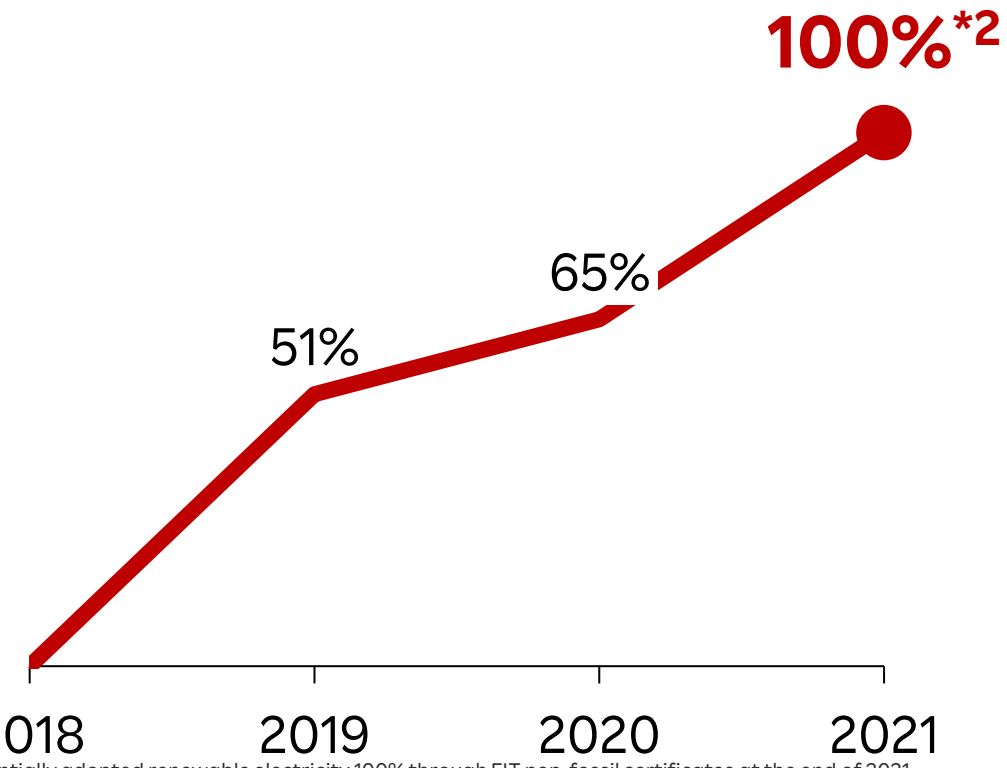
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

*1 Science Based Targets
*2 Task force on Climate-related Financial Disclosure

Roadmap of Adopting Renewable Electricity

Rakuten Group Inc.

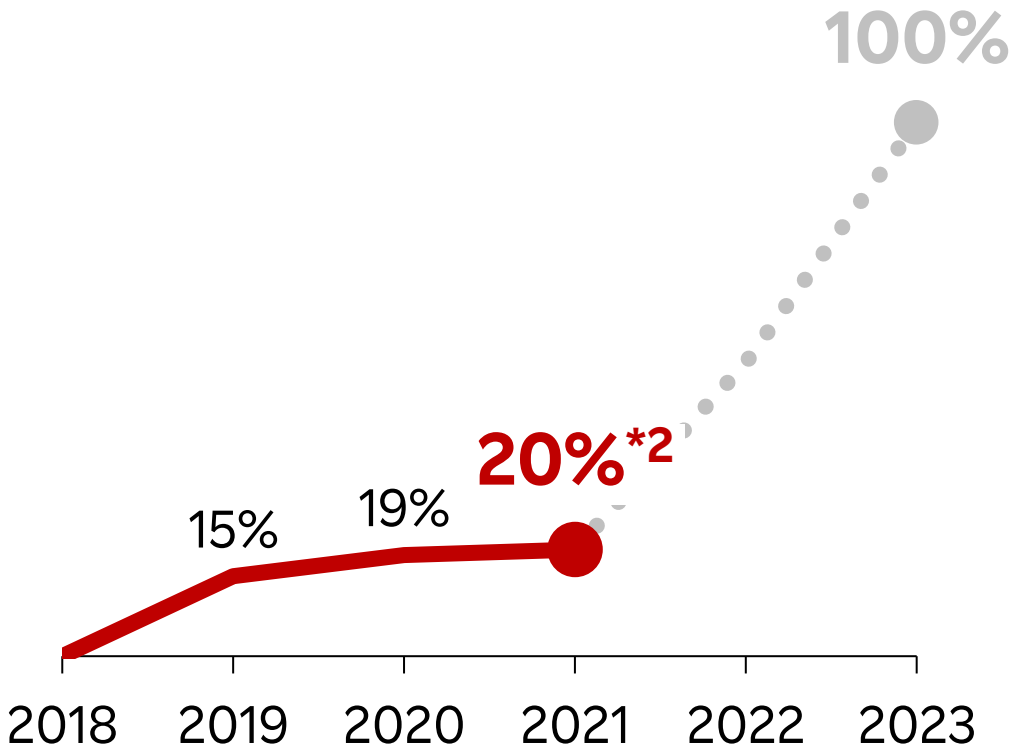
Adopted renewable electricity 100% in 2021*1



*1 Essentially adopted renewable electricity 100% through FIT non-fossil certificates at the end of 2021
*2 Estimated value before third-party verification

Rakuten Group (major consolidated subsidiaries)

To adopt renewable electricity 100% by 2023

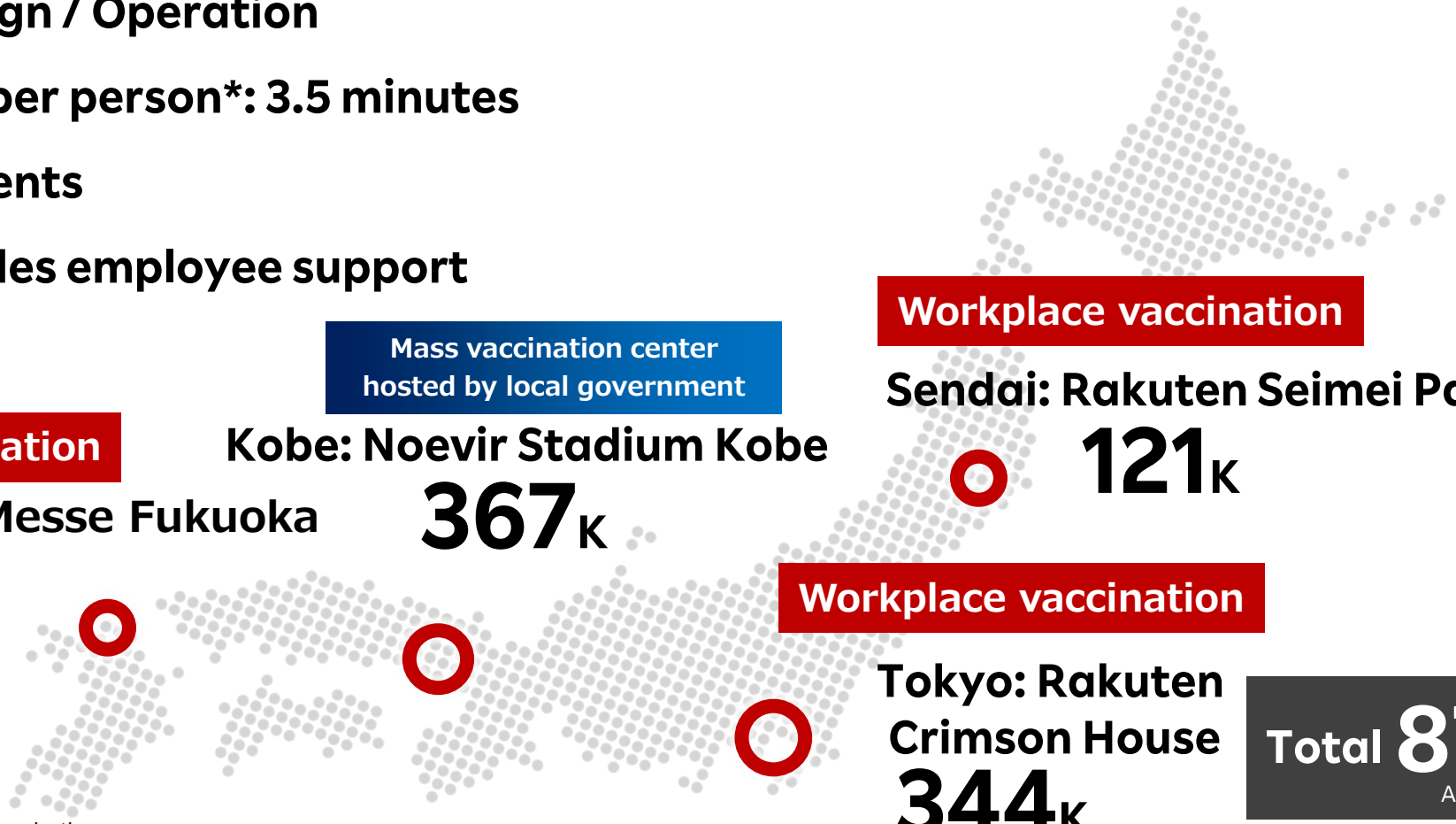


Rakuten's Contribution to COVID-19 Vaccinations

5K-10K vaccines distributed daily

- Planning / Design / Operation
- Time required per person*: 3.5 minutes
- No major incidents
- Rakuten provides employee support

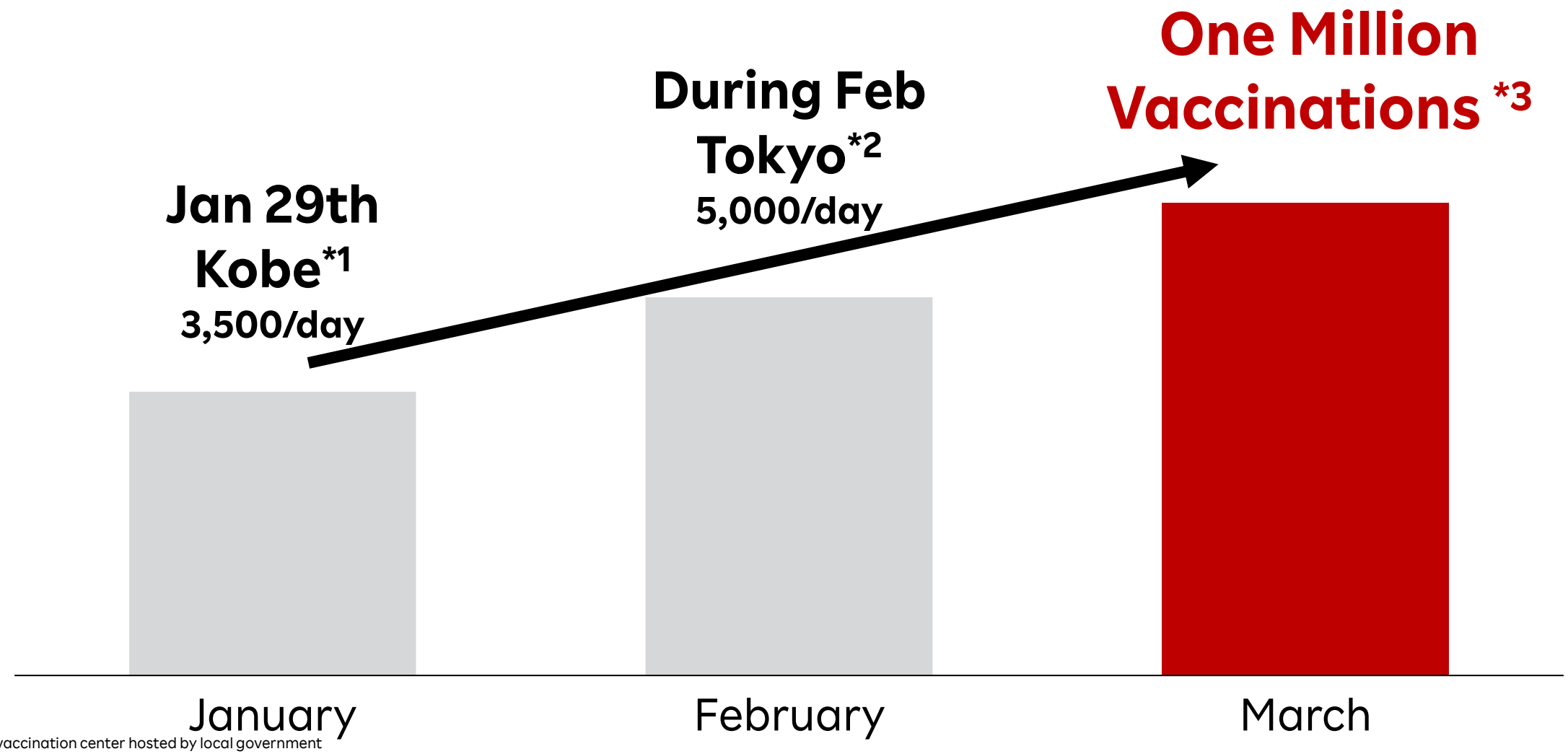
(Number of vaccinations)



Total 872K
As of January 15th

* Time measured from intake at reception to vaccination.

Rakuten's Contribution to COVID-19 Vaccinations (Booster shots)



*1 Mass vaccination center hosted by local government
*2 Rakuten-directed regional workplace vaccinations.
*3 Estimated cumulative number of vaccinations by Rakuten Group

ESG

ESG Highlights

Creating a working environment of well-being that allows each person to make the most of their abilities and contribute to the further development of Rakuten Group

Building on the learnings of sustainable procurement initiatives in key businesses through Yokoten, in order to realize Group-wide implementation

Addressing the environmental issues that face society by implementing environmental protection and improvement initiatives through active engagement with stakeholders

Rakuten's Sustainability Strategy

Rakuten Group's Materiality Matrix

1 Information Security & Privacy
2 Product & Service Quality
3 Ethical Business Practices
4 Workplace Safety & Employee Wellness
5 Talent Attraction, Development & Retention
6 Diversity, Equality, Inclusion
7 Responsible Labor Practices
8 Responsible Advertising, Marketing & Labelling
9 Internet Governance & Freedom of Speech
10 Sustainable Production & Consumption
11 Climate Change & Energy
12 Innovation & Entrepreneurship
13 Risk & Crisis Management

Rakuten's Sustainability Strategy and Focus Areas

In order to clarify Rakuten's vision and better define our role in transforming society in a beneficial way, we have categorized important issues into four areas.

Rakuten's Mission: To Contribute to Society through Empowerment

Focus areas

Growing with our employees	Providing sustainable platforms & services	Addressing global challenges
• Diversity, Equality, Inclusion • Talent Attraction, Development, Retention • Responsible Labor Practices • Workplace Safety & Employee Wellness	• Sustainable Production & Consumption • Responsible Advertising, Marketing, Labeling • Internet Governance & Freedom of Speech	• Climate Change & Energy • Risk & Crisis Management • Innovation & Entrepreneurship
Employees	**Partners & Consumers**	**Society**

Business foundations

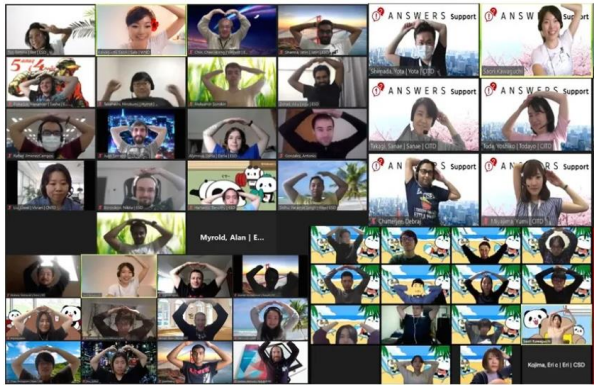
- Ethical Business Practices
- Information Security & Privacy
- Product & Service Quality

Employee Well-Being Initiatives

Creating a working environment of well-being in which each person is able to make the most of their abilities and aiming for further growth together with employees.

Initiatives for health promotion

- Implementing **stretch sessions at weekly all-hands meetings**
- Providing **online fitness programs or health seminars**
- **Promoting exercising** utilizing smartphone app



2021 健康経営優良法人 Health and productivity

SPORTS YELL COMPANY 2021

Nurturing communication

- **Implementing 1on1 meetings** and **nurturing feedback culture**
- Implementing **online huddle meetings** to ensure tight communication among teams
- Launching **"R-star"** to **promote communication** among Rakuten Mobile employees

Rakuten Mobile

Number of digital thanks cards shared in Q4/21

17,038

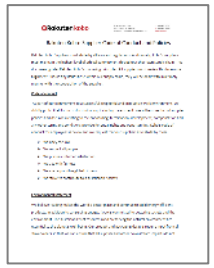
Sustainable Procurement Initiatives

Based on Sustainable Procurement Instructions, Rakuten is working to build on supplier initiatives implemented in key businesses, including Rakuten Mobile, for implementation across the Group.

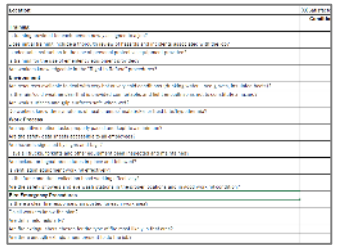
Service-level activities → **Group-level policy formulation** → **Policy implementation at focus service** → **Policy implementation at other services**

Rakuten kobo

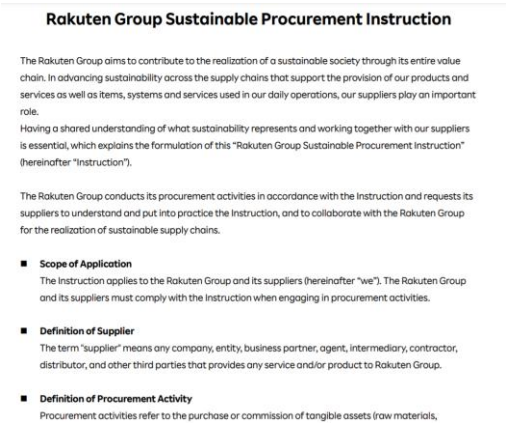
Supplier Code of Conduct



On-site Inspection



Rakuten Group Sustainable Procurement Instructions



Rakuten Group Sustainable Procurement Instruction

The Rakuten Group aims to contribute to the realization of a sustainable society through its entire value chain. In advancing sustainability across the supply chains that support the provision of our products and services as well as items, systems and services used in our daily operations, our suppliers play an important role.
Having a shared understanding of what sustainability represents and working together with our suppliers is essential, which explains the formulation of this "Rakuten Group Sustainable Procurement Instruction" (hereinafter "Instruction").

The Rakuten Group conducts its procurement activities in accordance with the Instruction and requests its suppliers to understand and put into practice the Instruction, and to collaborate with the Rakuten Group for the realization of sustainable supply chains.

- **Scope of Application**
  The Instruction applies to the Rakuten Group and its suppliers (hereinafter "we"). The Rakuten Group and its suppliers must comply with the Instruction when engaging in procurement activities.
- **Definition of Supplier**
  The term "supplier" means any company, entity, business partner, agent, intermediary, contractor, distributor, and other third parties that provides any service and/or product to Rakuten Group.
- **Definition of Procurement Activity**
  Procurement activities refer to the purchase or commission of tangible assets (raw materials,

Rakuten Mobile

- Rakuten Mobile Supplier Guidelines
- Orientation for selected suppliers
- Self Answered Questionnaire, online audit
- Supplier hotline

Expand initiatives to the Group

R Pay

Payment terminal

Rakuten kobo

Kobo e-readers

Sports business

Goods

,etc..

Rakuten Group Environmental Initiatives

We consider climate change, resource management and biodiversity to be issues of critical importance. Through active stakeholder engagement on environmental protection and improvement initiatives, we aim to capture business opportunities in the value chain.

	Climate Change	Natural Resources	Biodiversity
Upstream (partners)	**Engaging our partners and realizing sustainable procurement**		
	• Supply chain emissions • Partners' (merchants, hoteliers…) emissions 楽天でんき Business の再エネメニュー REco	• Packaging • Rakuten-branded products	• Ingredient sourcing, traceability FSC, MSC, asc, Rspo, FAIRTRADE, GOTS
Self-operation (Rakuten)	**Reducing our negative impact and realizing a truly green, clean platform**		
	• Energy consumption by offices, data centers, antennas… RE100	• Water consumption • Waste disposal	• Respect of international conventions CITES
Downstream (users)	**Engaging our users and providing options for sustainable lifestyle**		
	• Energy consumption of services and products いつもの暮らしを サステナブルにスイッチ	• End-of-life of sold products Rakuten ラクマ モバイル・リサイクル・ネットワーク 携帯電話・PHSのリサイクルにご協力を。	• Education, information sharing EARTH MALL by Rakuten

Awards and Recognition

Sustainability Indices

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan

FTSE4Good

S&P/JPX Carbon Efficient Index

Recognitions & Certifications

work with Pride Gold 2021

D&I AWARD BEST WORKPLACE for diversity & inclusion 2021

SPORTS YELL COMPANY 2021

2021 健康経営優良法人 Health and productivity

2020 HR TECHNOLOGY AWARDS

HR Award 2020 日本の人事部

ECO FIRST

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