

# **FY2024 Fourth Quarter and Full Year Consolidated Financial Results**

**February 14, 2025**

**Rakuten Group, Inc.**



# Agenda

## **1** FY 2024 Earnings Summary

## **2** Segment Results

- Internet Services Segment
- FinTech Segment
- Mobile Segment

## **3** Finance

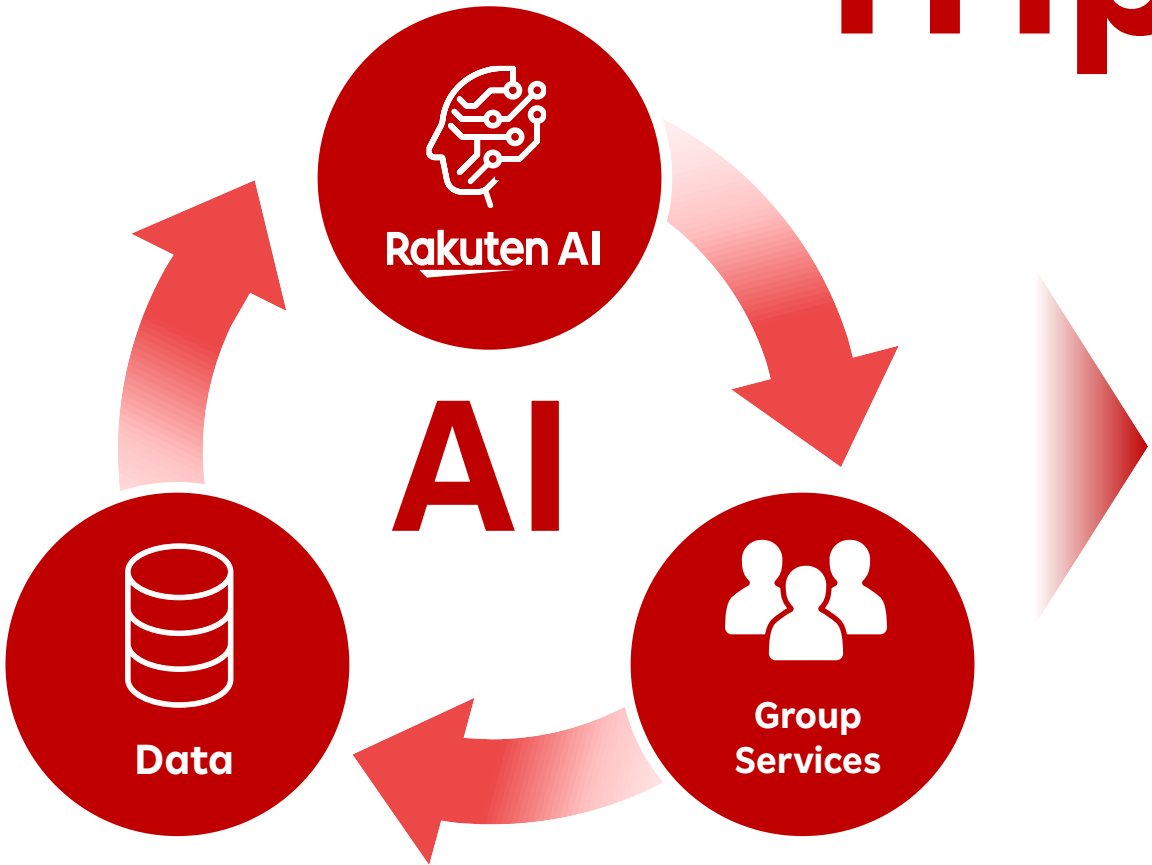
## **4** AI

# 1. FY 2024 Earnings Summary

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# Productivity Improvement Project Using AI

# Triple 20



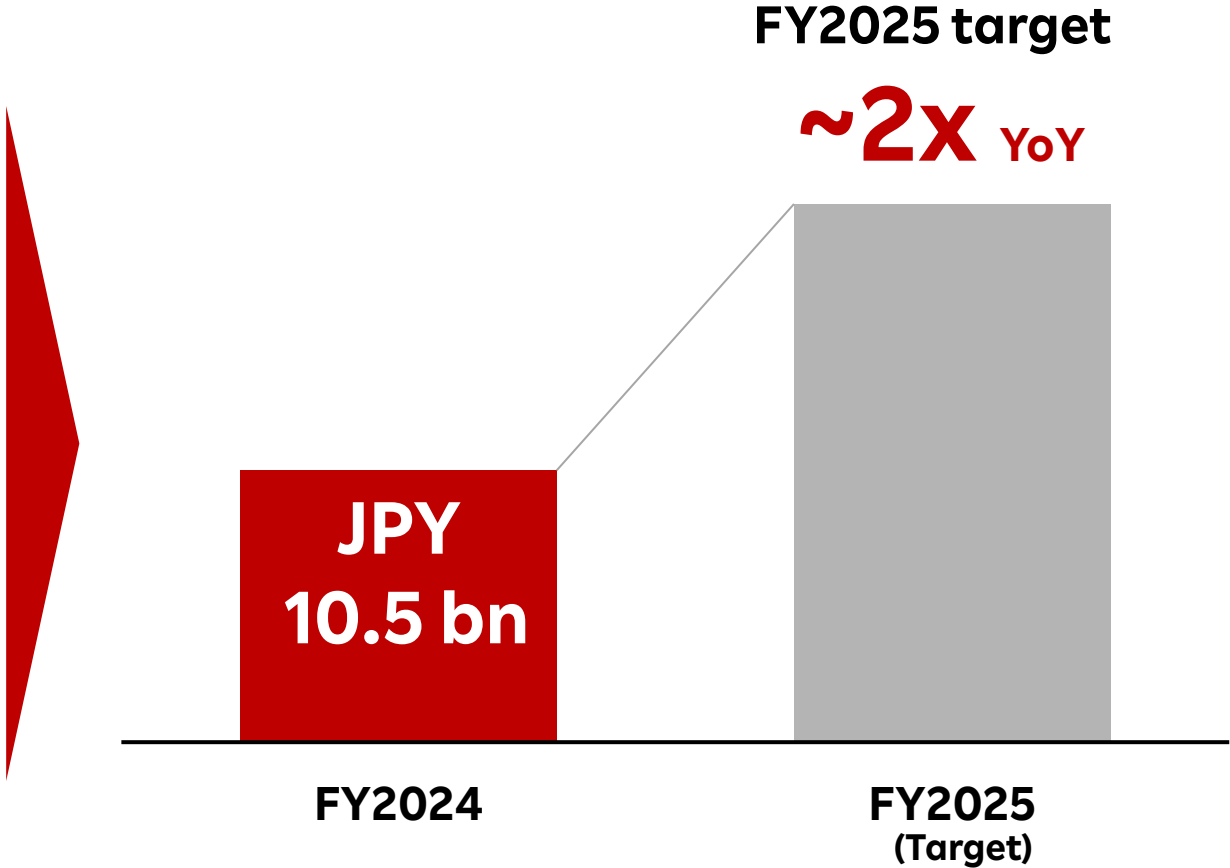
- +20% Marketing productivity**
- +20% Operational productivity**
- +20% Productivity for clients**

# Promoted Triple 20 Project to Generate JPY 10.5bn Profit in FY2024

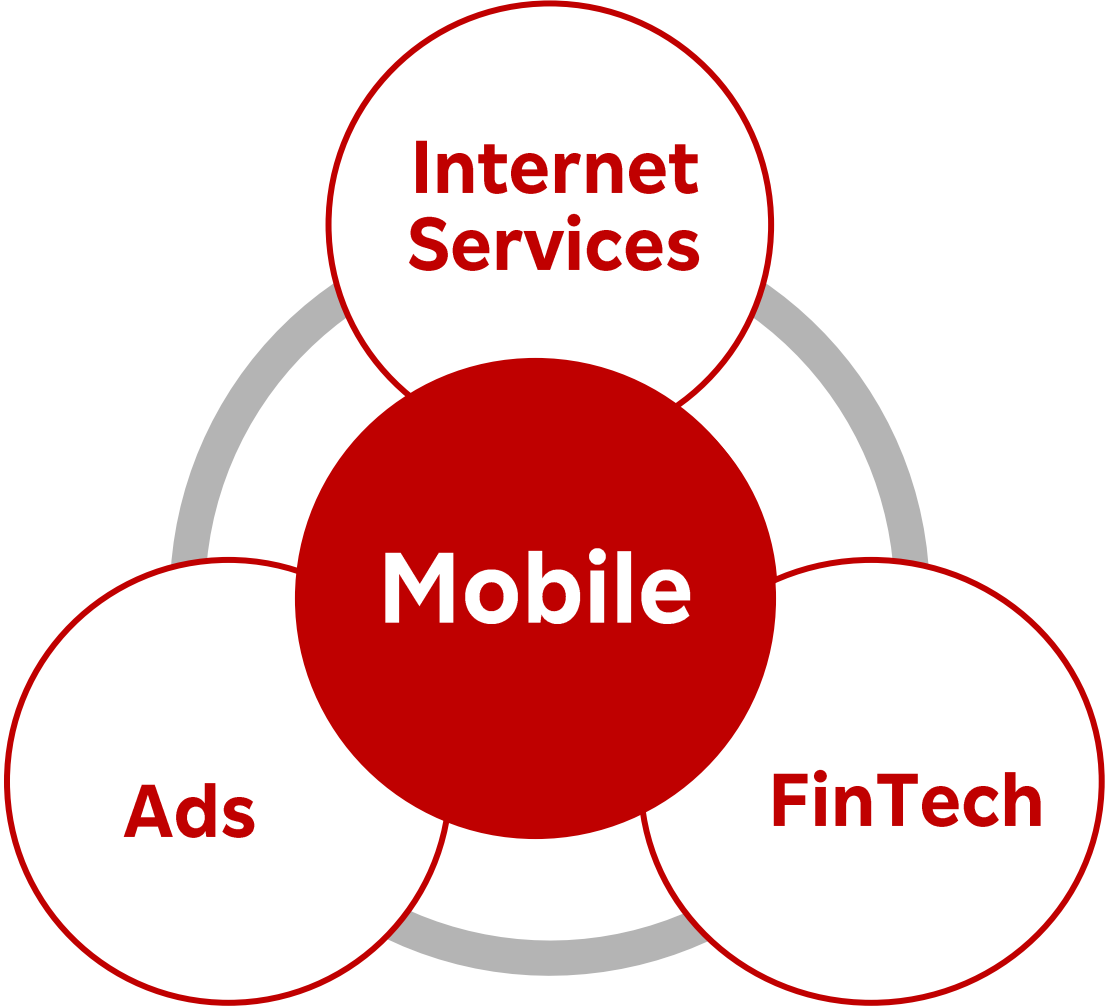
## Main initiatives for FY 2024

- Customer support**  
AI-based operational improvements
- AI coding**  
Used AI in coding and code reviews
- Ads**  
Improved the accuracy of targeted advertising using AI and used AI to review ad content
- Introduced semantic search**  
Implementation completed on major services in Japan and overseas, including Rakuten Ichiba. Enabled results to be displayed based on search intent, contributing to an increase in GMS

## Profit generated by using AI



# Rakuten Ecosystem Expanding Centering on Mobile



**Active Users**  
**Significant Increase**

**Cross Usage & Retention**  
**Significant Boost**

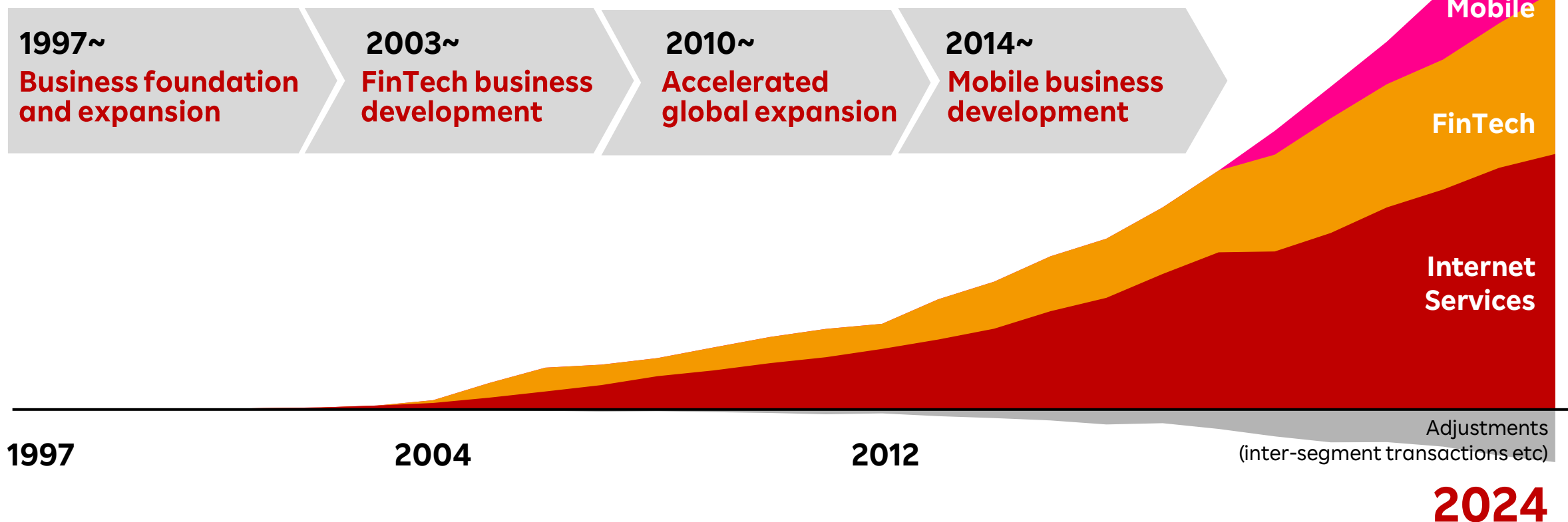
**CAC**  
**Major Reduction**

\* CAC = Customer Acquisition Cost

# FY 2024 Consolidated Revenue\*

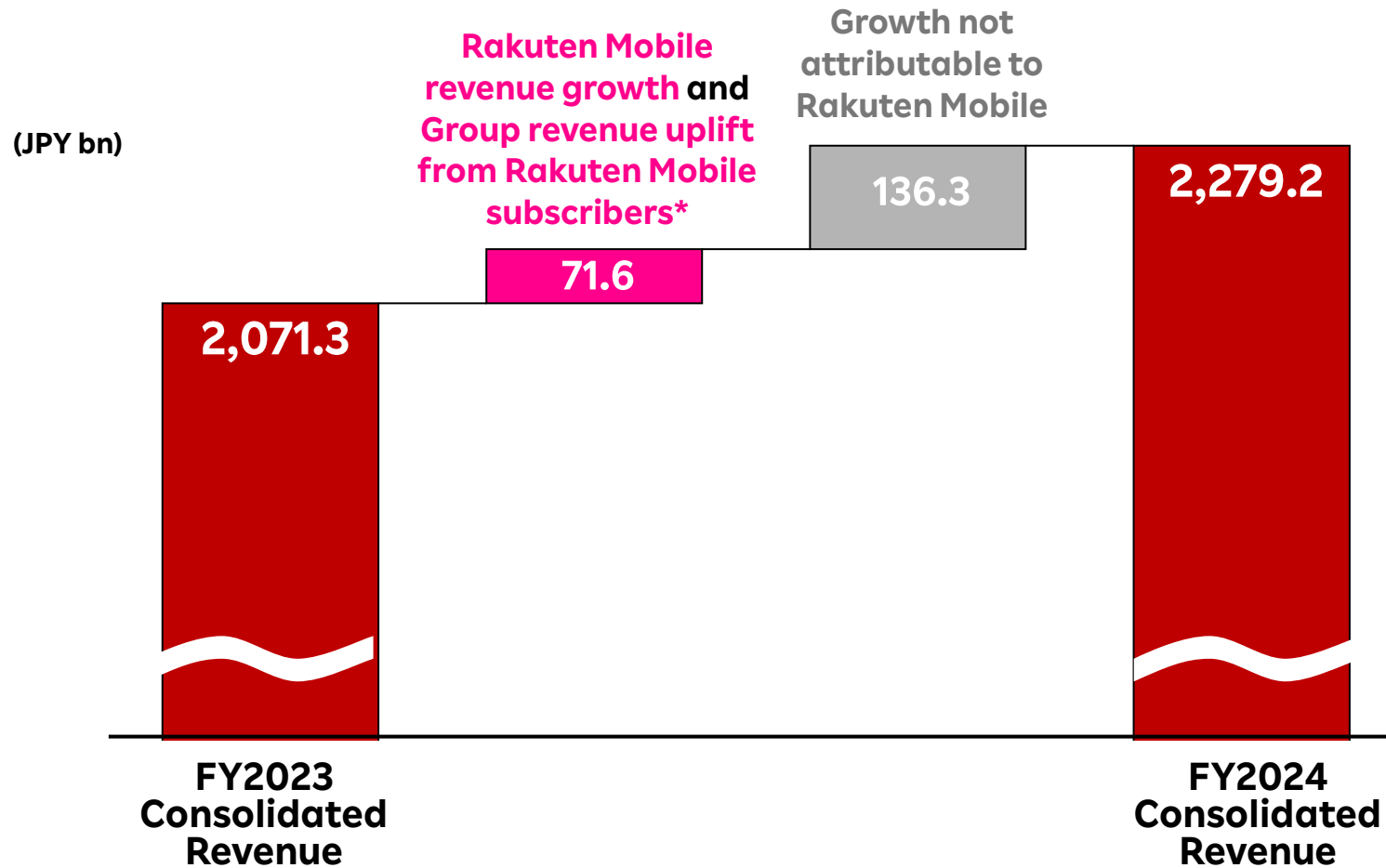
## 28 years of consecutive revenue growth since founding

JPY **2.3** tn  
+10.0% YoY



\* Before 2011, IFRS had not yet been adopted. Financial results were based on J-GAAP

# 34.4% of Consolidated Revenue Growth in FY 2024 Attributed to Rakuten Mobile



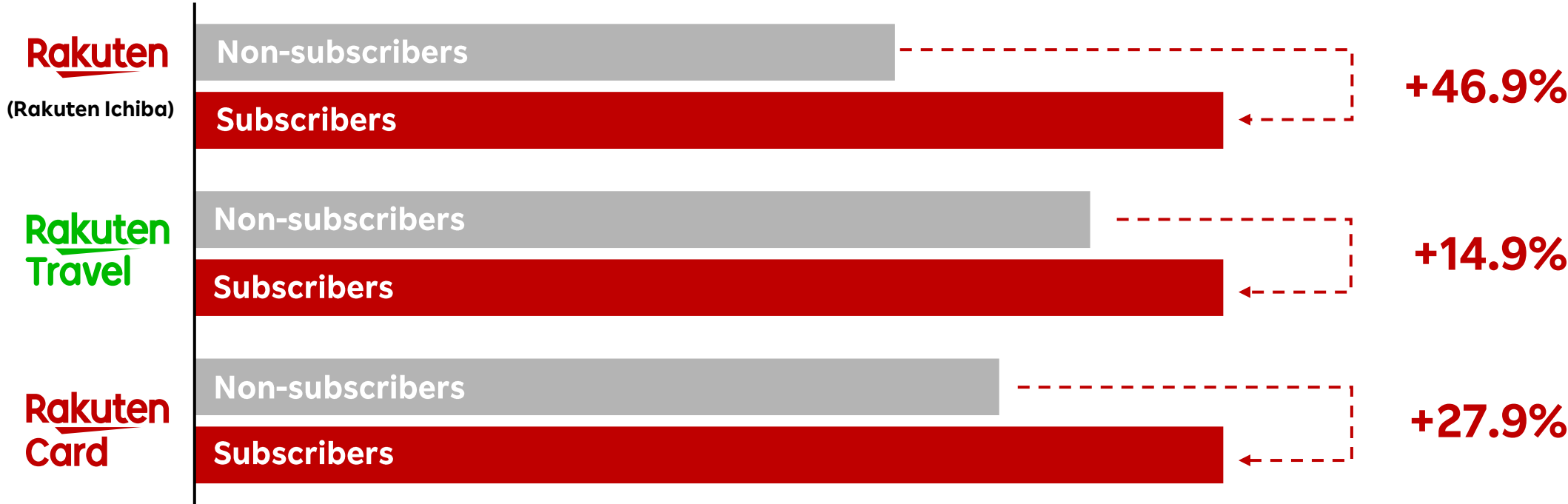
**Rakuten Mobile  
to be a driving  
force for future  
profit growth**

\*Uplift for each month is calculated using one of the following methods, depending on the characteristics of each business of the Group. The calculated result is multiplied by the number of MNO B2C subscribers.  
 (a) Difference in average monthly revenue per subscriber for each month in the most recent year for each business of the Group when comparing Rakuten Mobile MNO B2C subscribers and non-subscribers.  
 (b) Difference in annual utilization rate for each business when comparing Rakuten Mobile MNO B2C subscribers and non-subscribers x average monthly revenue per subscriber for each business in the most recent year.



# Rakuten Mobile Subscribers Drive Usage of Group Services

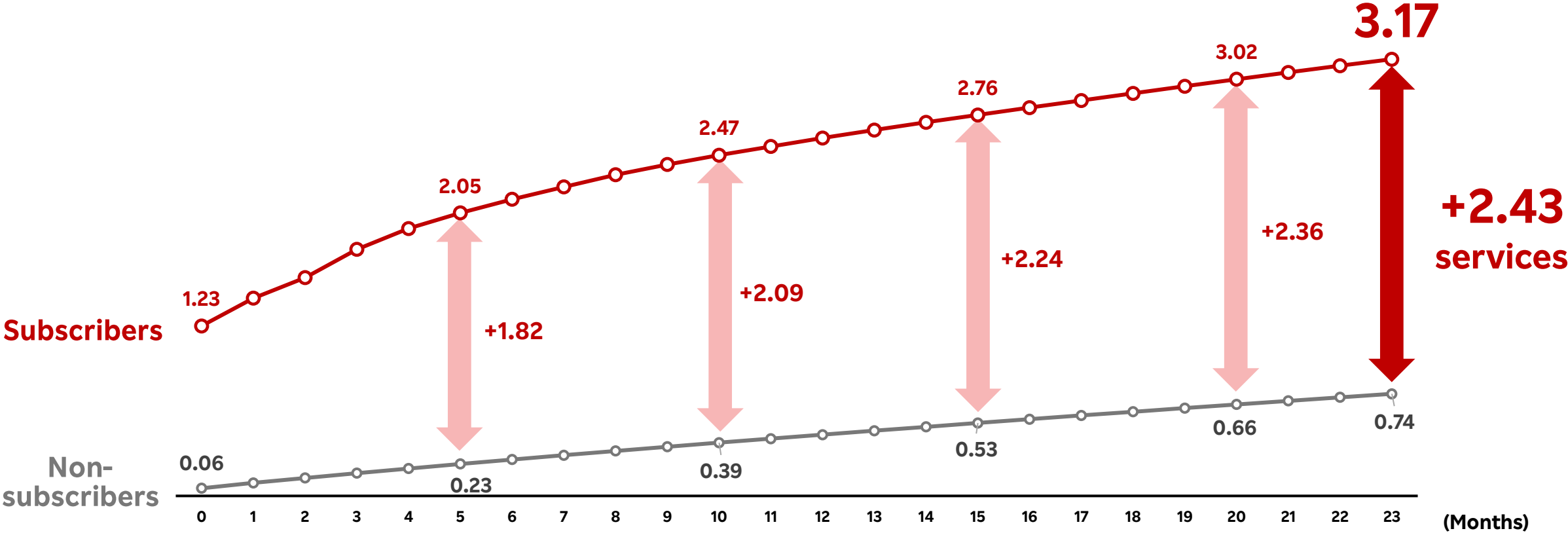
Comparison of total GTV for each service over the past year between Rakuten Mobile subscribers and non-subscribers with similar purchasing patterns before becoming Mobile subscribers\*



\* Difference in average GTV per person over the past year between Rakuten Mobile subscribers and non-subscribers (Shopping GTV for Rakuten Card). The scale of each graph is uniform. Subscribers are users who signed up for Rakuten Mobile (MNO B2C) in any month between March 2020 and January 2024 (the relevant month), had an active line between January 2024 and December 2024, and whose purchasing trends over the preceding year from the relevant month are the same as those of non-subscribers. Non-subscribers are users who have used any Rakuten service other than Rakuten Mobile (MNO B2C) between December 2024 and the past year, and whose purchasing trends over the preceding year from that month are the same as those of subscribers.

# Difference in Number of Services Used by Those With and Without a Rakuten Mobile Subscription Grows Over Time

Rakuten Mobile (MNO B2C): Changes in service usage by subscribers and non-subscribers over two years since signing a contract\*



\*Subscribers with a contract (MNO B2C) from March 2020 to January 2023. Non-subscribers have used another Rakuten service during the same period. Number of subscribers' services used includes MNO itself.



## Achieved All Earnings Targets Set at the Beginning of FY 2024

**Consolidated  
Non-GAAP OI Profit  
for the Full Year**

**Achieved**

**Rakuten Mobile  
Monthly EBITDA  
Profit**

**Achieved**

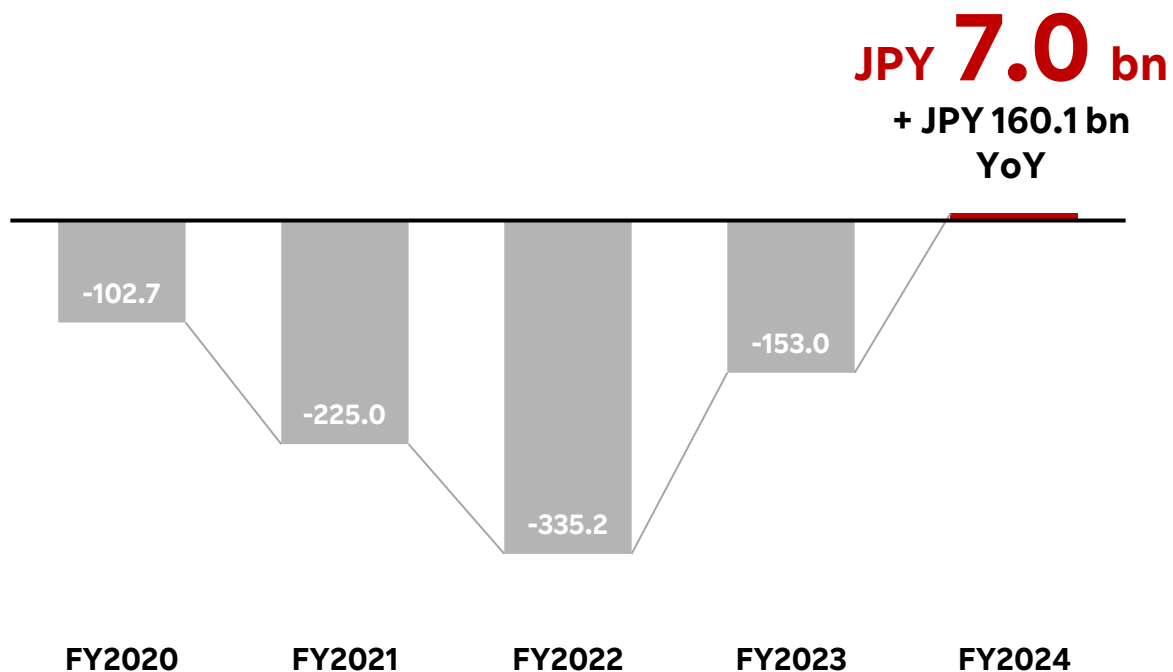
**Self-funding at the  
Group Level**

**Achieved**

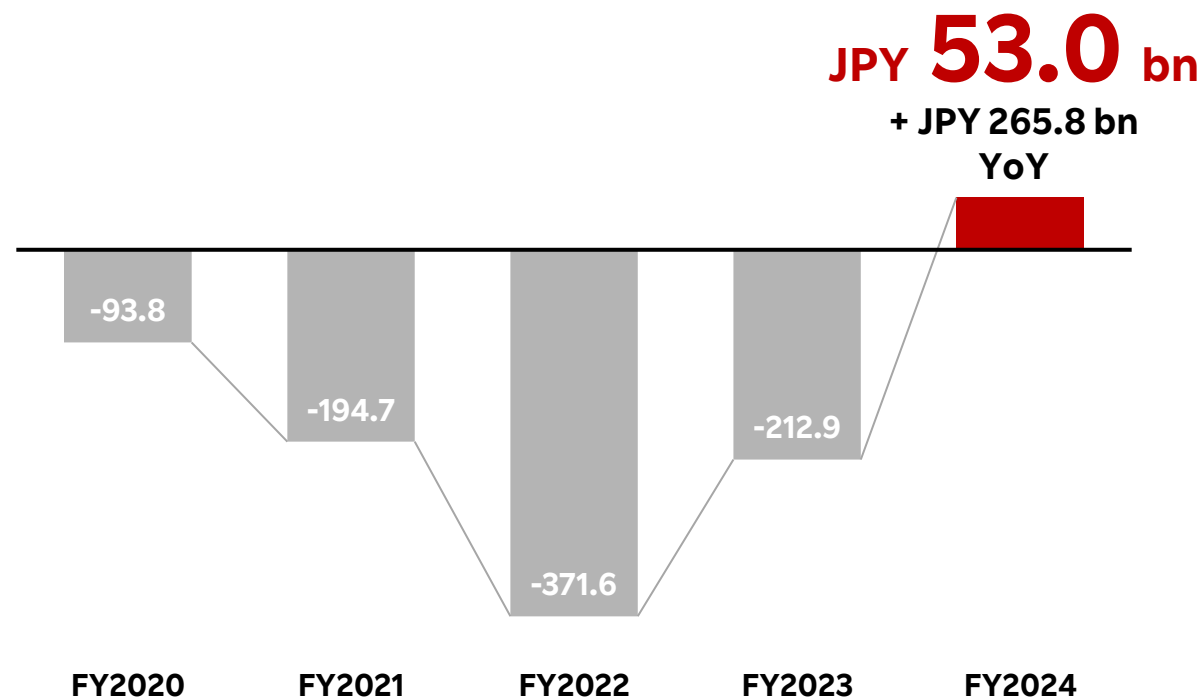
# Achieved Profitability in FY2024 Non-GAAP OI and IFRS OI

- Significant improvement in profitability at Rakuten Mobile, robust growth in the Internet Services and FinTech segments, and cost improvements through the implementation of the Triple 20 Project led to **consolidated annual profit for the first time since 2019**

## Non-GAAP OI (JPY bn)



## IFRS OI (JPY bn)



\* IFRS OI includes approximately JPY 100 bn in valuation gains from AST shares due to accounting treatment of the company..

# Rakuten Mobile Achieved Monthly EBITDA Profitability\*

- Achieved profitability through strong subscriber acquisition and increased ARPU due to improved network quality, ongoing cost control, and increased ad revenue due to the Rakuten Mobile Saikyo Thanks Festival held in December 2024

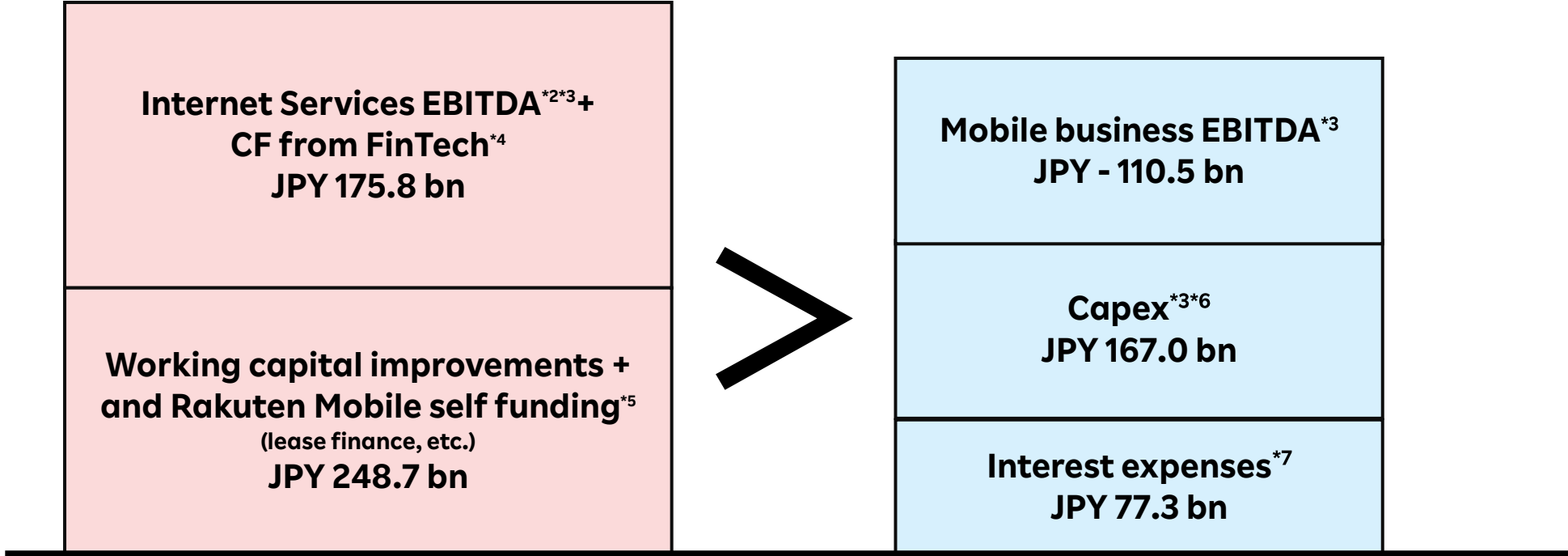
**Rakuten Mobile**  
**Dec 2024 monthly EBITDA:**

**JPY 2.3 bn**  
**profit achieved**

\*EBITDA is calculated by adding depreciation and amortization expenses and includes fixed property taxes in Non-GAAP OI.

# Established Self-Funding at the Group Level

## Covered capital needs in FY2024 without relying on new debt<sup>\*1</sup> at Rakuten Group, Inc.



<sup>\*1</sup>: Excluding refinancing. <sup>\*2</sup>: Sum of Internet services and consolidated adjusted EBITDA. <sup>\*3</sup>: Related adjustment made for right-of-use assets based on IFRS 16. <sup>\*4</sup>: Dividends, management consulting fees, etc. from financial business. <sup>\*5</sup>: Net amount raised and reimbursed from securitization of accounts receivable and lease financing, etc. of Rakuten Mobile, Inc. <sup>\*6</sup>: Capital investment in non-FinTech businesses. <sup>\*7</sup>: Total interest on bonds and leases and dividends paid on perpetual subordinated debt.

## FY 2025 Earnings Targets

**Rakuten**

**Further improve  
consolidated  
Non-GAAP OI**

**Rakuten Mobile**

**Rakuten Mobile  
full-year  
EBITDA  
profitability**

Financial indicators are described in  
3. Finance section below

## 2. Segment Results

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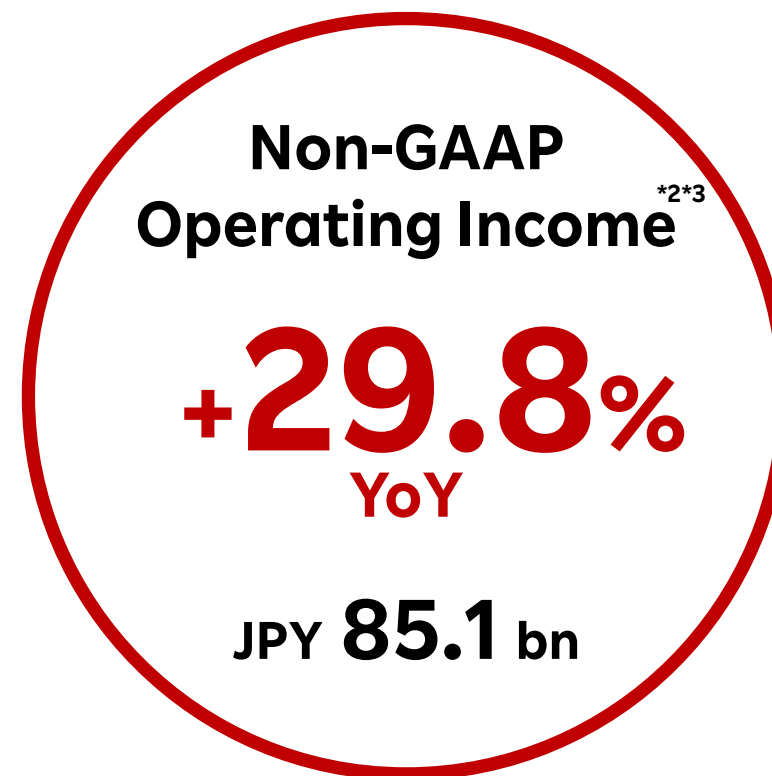


# Internet Services Segment

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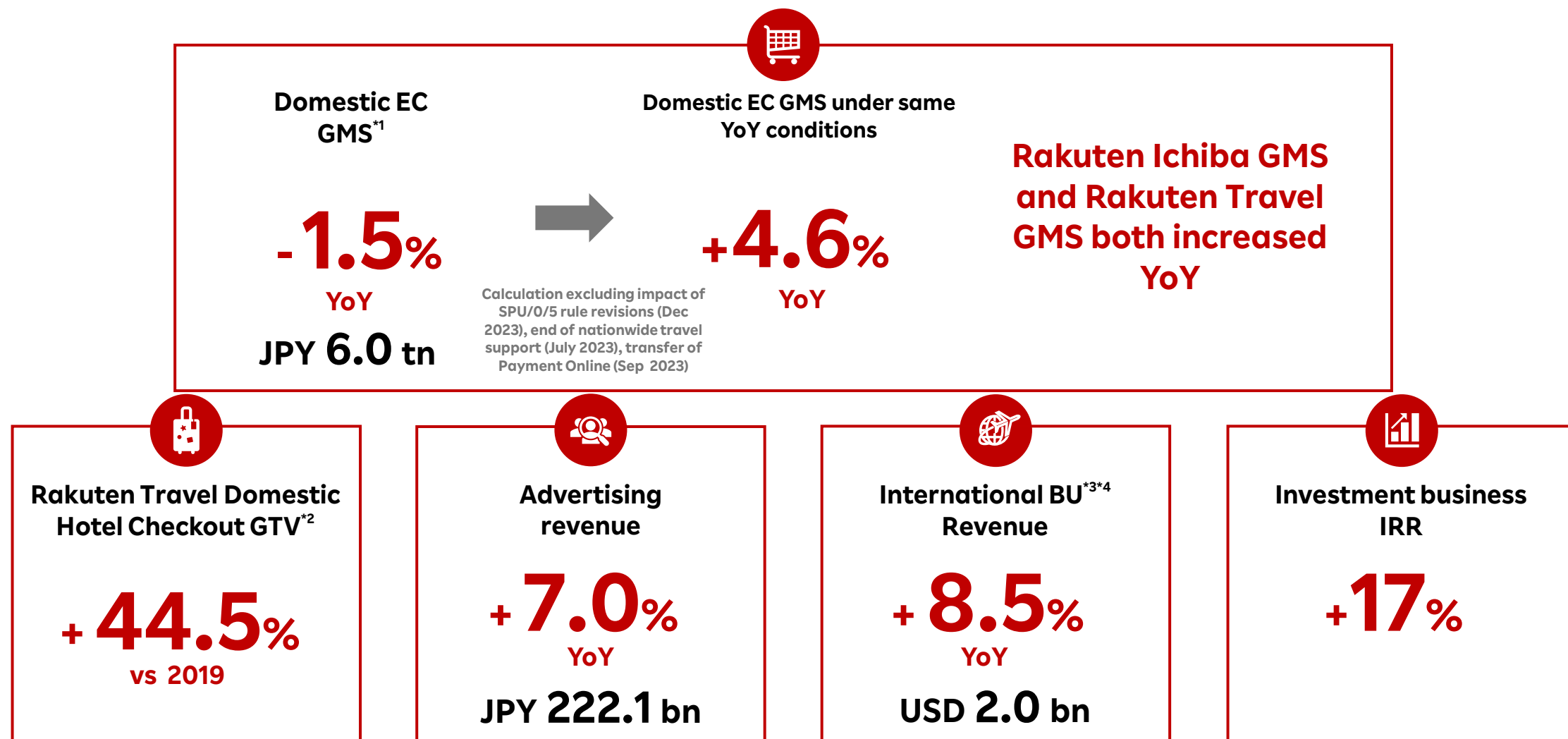
# Internet Services Segment: FY 2024 Financial Highlights

- Despite temporary factors<sup>\*1</sup> that hindered YoY growth, steady revenue growth was achieved, primarily in the Domestic E-Commerce and International divisions
- Non-GAAP OI increased significantly due to the International division turning profitable and an improvement in losses in the Domestic E-Commerce growth investment businesses



\*1: Revision of SPU and O/5 rules, transfer of Payment Online, nationwide travel support, etc. \*2: From September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business were transferred from the Internet Services segment to the Fintech segment. Given the small impact, no retroactive adjustments have been made to past results. \*3: Retroactive adjustments have been made to segment results from Q1/23 onwards, as the contribution of the mobile ecosystem has been reflected in segment results from Q3/24. In addition, retroactive adjustments have been made due to the transfer of investment gains and losses related to the Mobile segment from the investment business of the Internet Services segment to the Mobile segment.

# Internet Services Segment: FY 2024 Key KPIs



\*1: From September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business were transferred from the Internet Services segment to the Fintech segment. As the impact is small, no retroactive adjustments have been made to past results.\*2: Total domestic hotel check-out GTV, excluding corporations.\*3: Open commerce: Sum of Rakuten Rewards (US, Europe, Canada), Fillr, and overseas advertising business. EU: Sum of Rakuten TV and Rakuten France. Other: Sum of Rakuten Kobo, Rakuten Viber, Rakuten Viki, etc. Please note that this does not include Rakuten Symphony, Taiwanese e-commerce business, or businesses operated by overseas financial subsidiaries.\*4: From Q4/24, part of the US head office functions were transferred from Other Internet Services to the International BU. Past figures have been retroactively adjusted.

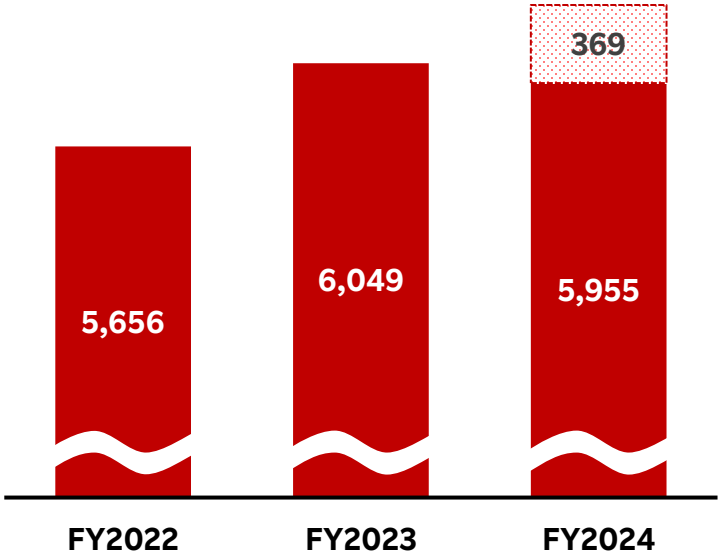
# Domestic EC: FY 2024 Financial Results

- Excluding temporary factors, top line was boosted mainly by Rakuten Ichiba and Rakuten Travel, and efforts to improve the profitability of growth investment businesses were successful, resulting in a significant increase in profits
- Aiming for mid- to high-single-digit growth in Domestic E-Commerce GMS in 2025

## GMS (JPY bn)

▣ Impact of revisions to the SPU and 0/5 rules, transfer of payments online, and nationwide travel support

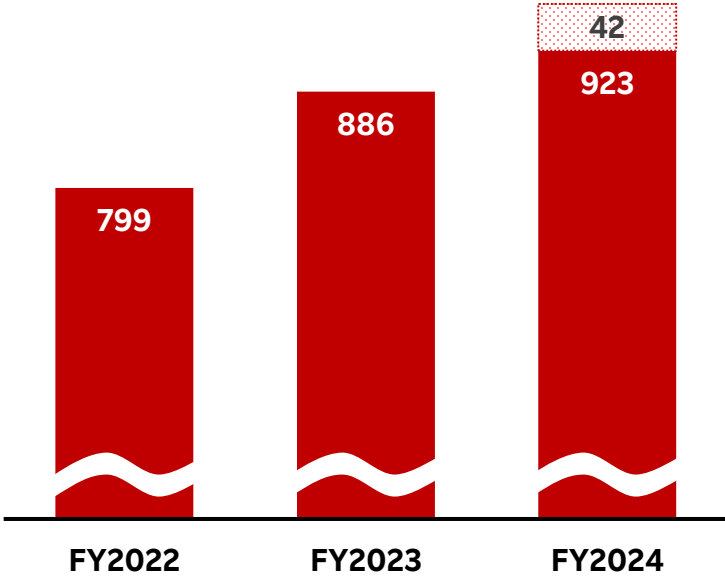
**+4.6%**  
YoY\*1



## Revenue (JPY bn)

▣ Impact of revisions to the SPU and 0/5 rules, transfer of payments online, and nationwide travel support

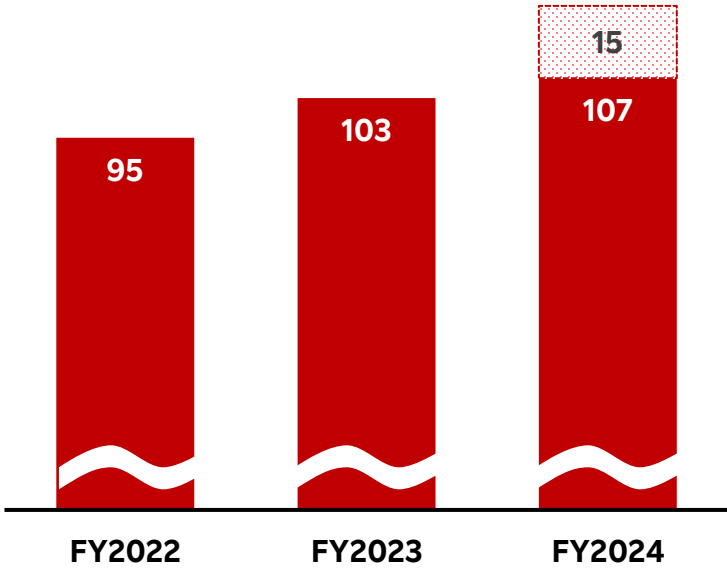
**+8.1%**  
YoY\*1



## Non-GAAP OI\*2 (JPY bn)

▣ Impact of revisions to the SPU and 0/5 rules, transfer of 0/5 cost, transfer of payments online, and nationwide travel support

**+19.9%**  
YoY\*1

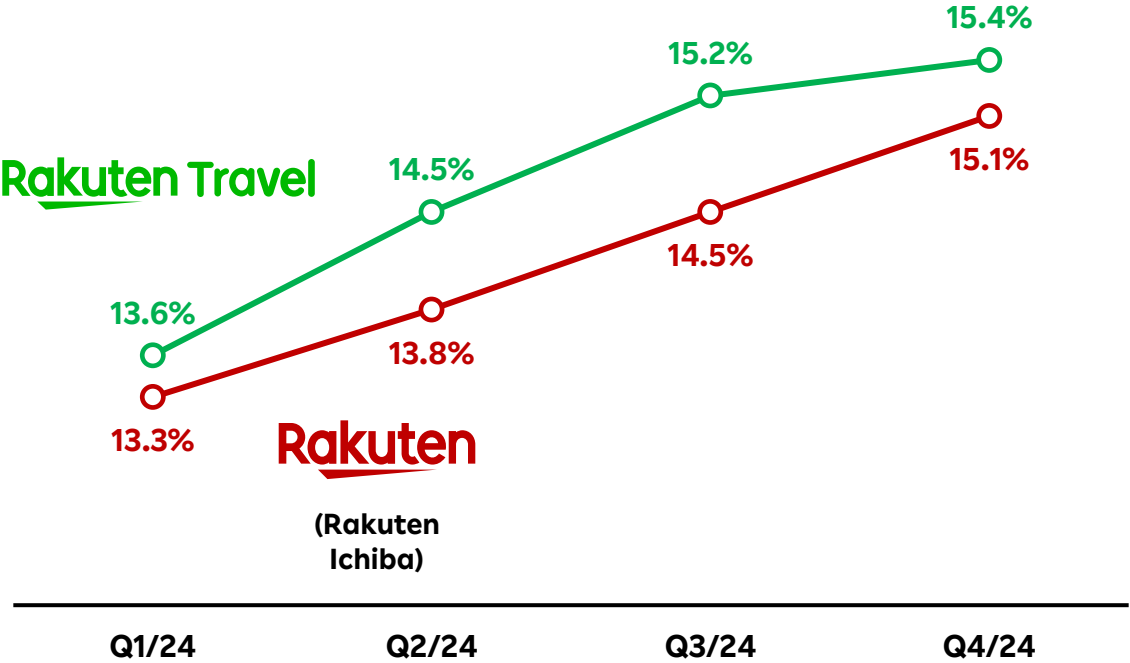


\*1: YoY excluding temporary factors. \*2: Segment results from Q1/23 onwards have been retroactively revised due to the Mobile Ecosystem Contribution amount being reflected in segment results from Q3/24 onwards.

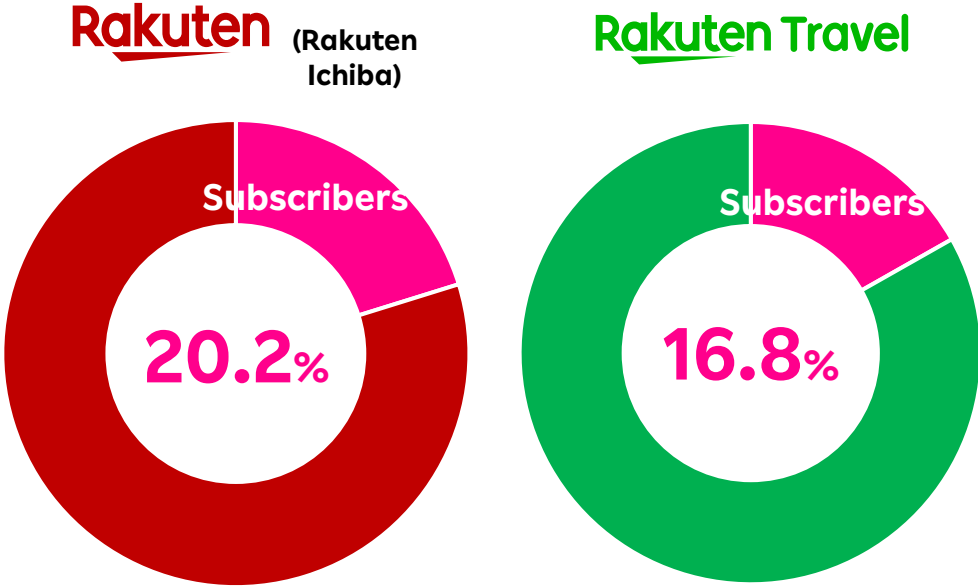
# Increased GMS due to Higher Penetration of Rakuten Mobile Users

- Rakuten Mobile subscribers have 1.5x higher GMS on Rakuten Ichiba on average than non-subscribers, and 1.1x higher GTV on Rakuten Travel (see slide 9)
- An increase in the number of Rakuten Mobile subscribers into each business leads to an expansion of GTV

**Percentage of Rakuten Mobile subscribers among monthly active users of each service<sup>\*1</sup>**



**Proportion of Rakuten Mobile subscribers in GMS/GTV of each service<sup>\*2</sup>**



\*1: Monthly average value for each quarter \*2: Rakuten Ichiba includes 1st party businesses (excluding Rakuten Books and Rakuten Kobo). Rakuten Travel includes Rakuten Stay.

# Rakuten Mobile's Saikyo Thanks Festival held in Dec 2024 – A Big Success

Distributing coupons to Rakuten Mobile subscribers that can be used in over 30 group services

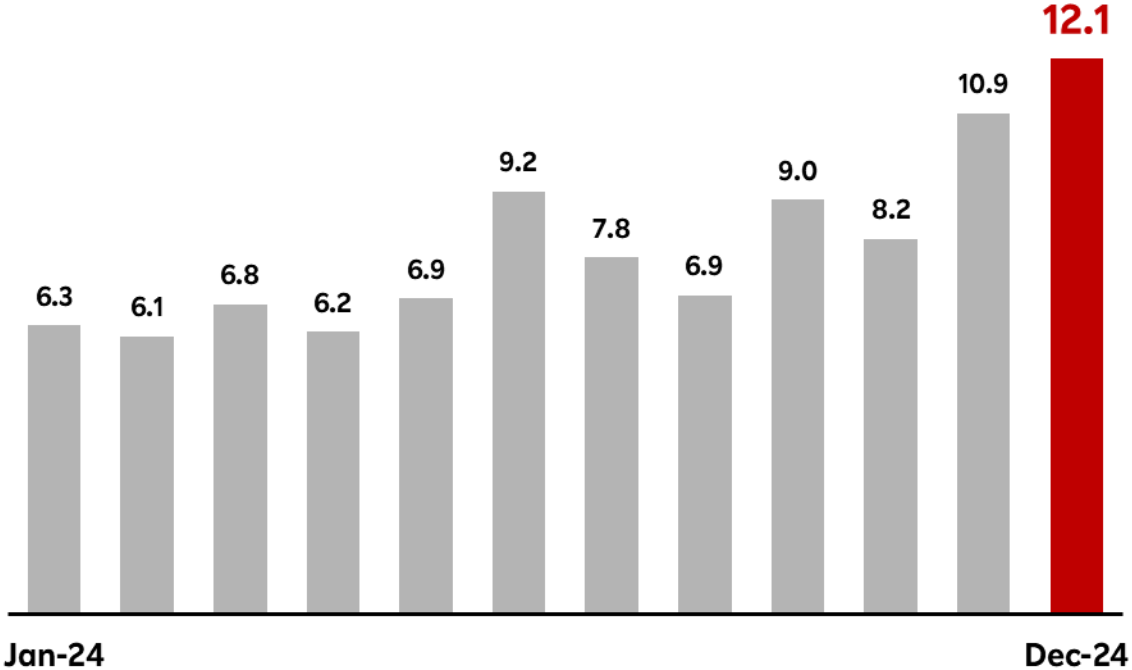


**Rakuten Mobile Saikyo Thanks Festival**  
Luxury benefits appear each week. Total worth 300 million yen

No. of conversions through campaign  
**330,000**

Total GMS via campaign  
**JPY 28.4 bn**

No. of customers sent from Rakuten Link app to Rakuten Ichiba (millions)



# Improving Customer Experience with AI

- Utilizing personalization technology and LLM, able to provide search and product discovery experiences that are more tailored to user needs, and by suggesting products to users through personalized feeds, able to stimulate latent purchasing demand

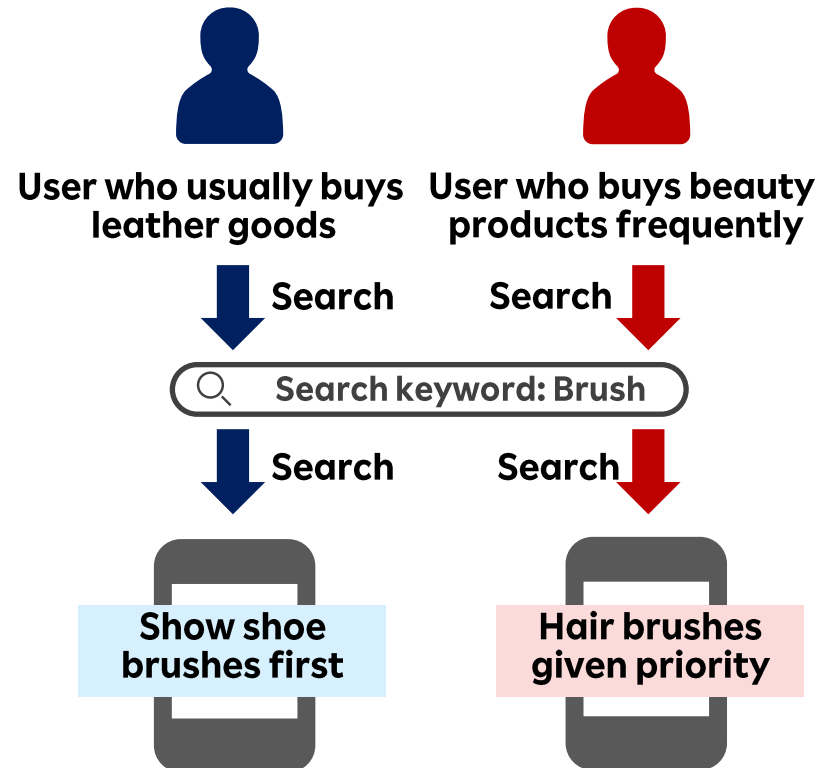
## Review Summary

Available on Rakuten Ichiba from Jan 2025



## Personalized Search Results

Rakuten Ichiba (From 2H FY 2025)



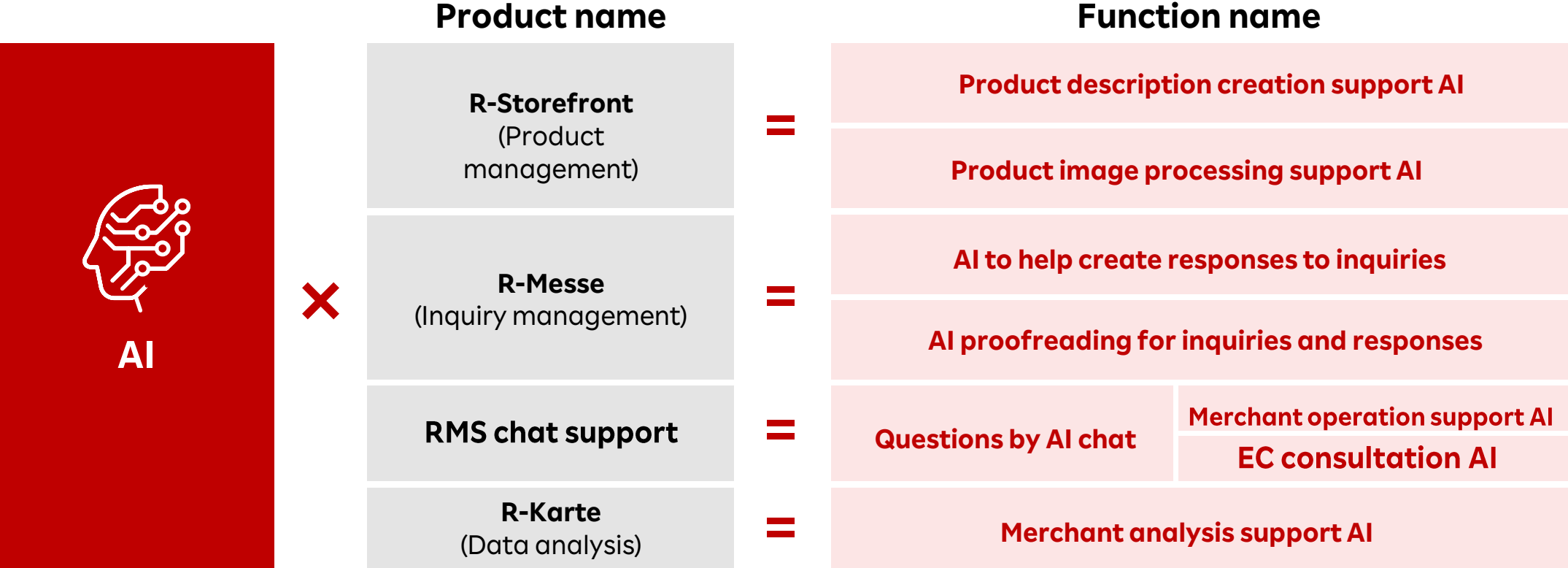
## Personalized Feed Screen

Rakuten Ichiba (From 2H FY 2025)



# Merchant Management Support Using AI

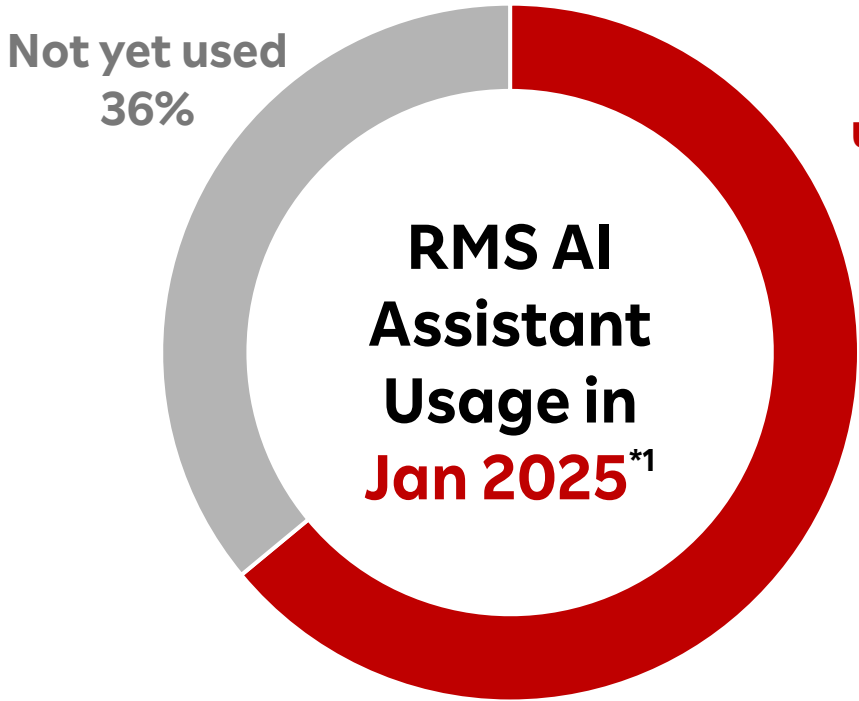
■ Rakuten Ichiba has been offering the store management support tool "RMS AI Assistant Beta Version" since March 2024



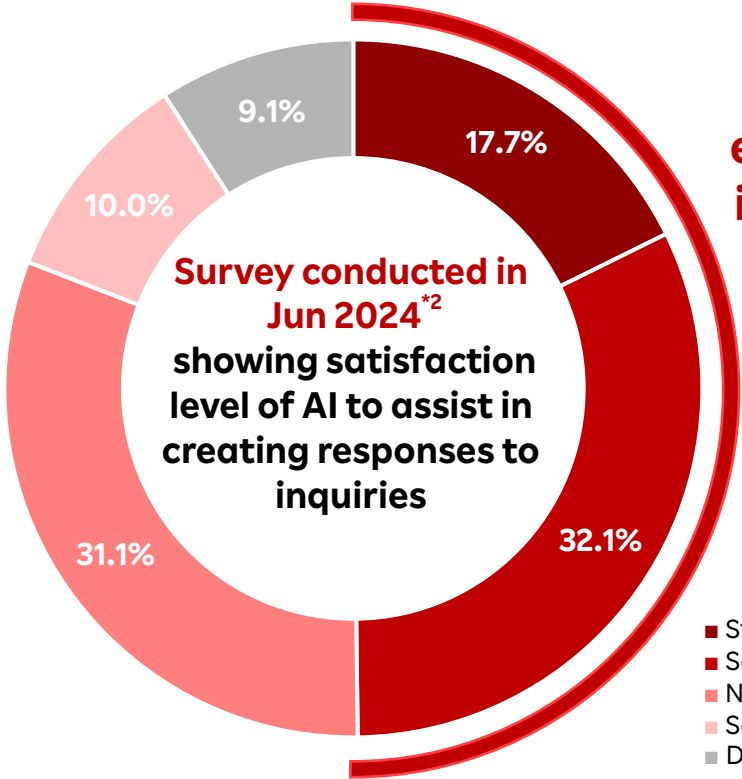


# RMS AI Assistant Beta Version Used by Over 30,000 Merchants Since Launch

■ As of Jan 2025, 64% of merchants have used the service



Merchants used at least once  
**64%**



Business efficiency improved  
**50%**

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

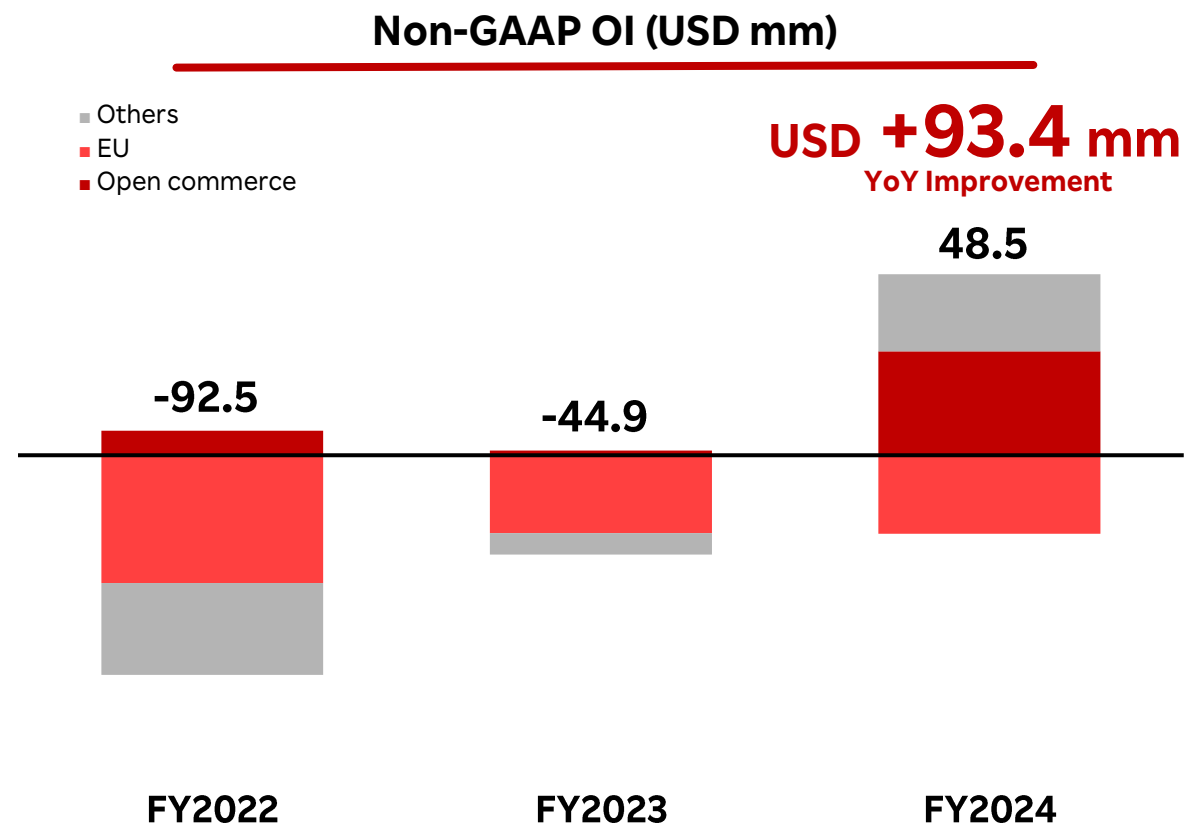
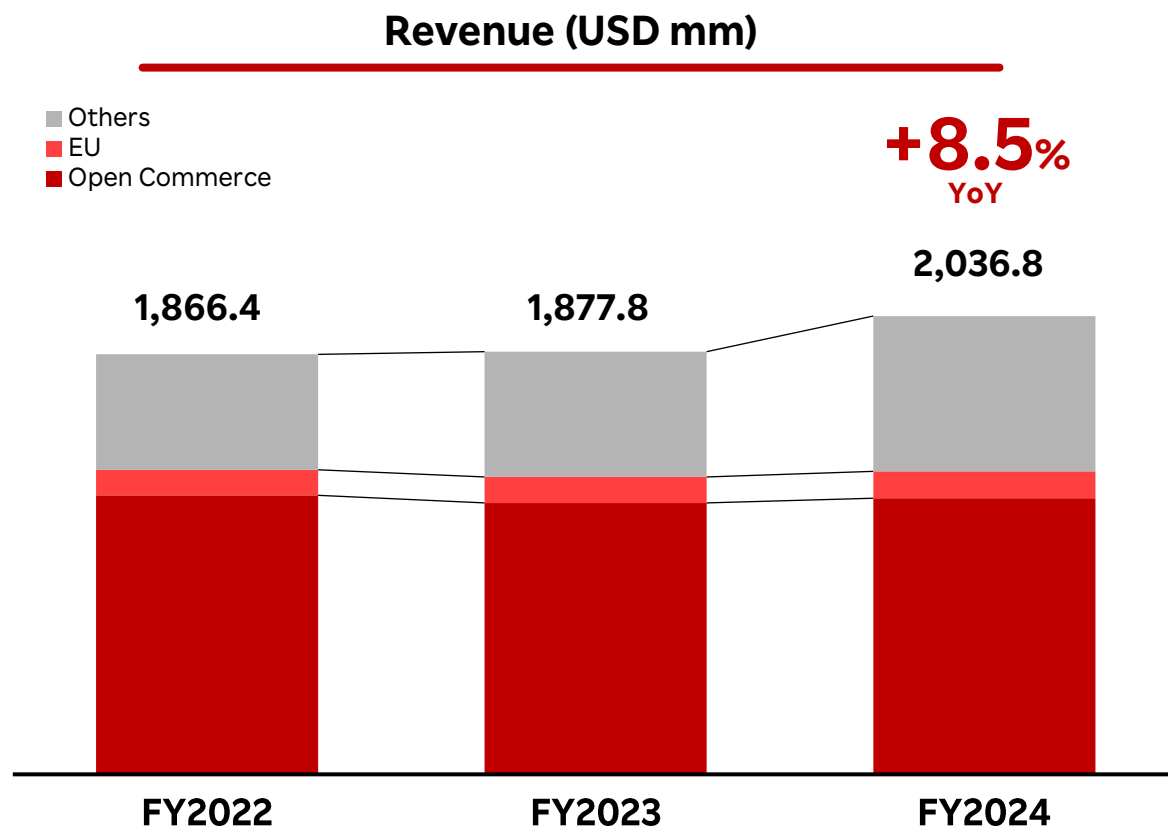
**AI that supports creating responses to inquiries is the most popular**

**Further improvements in convenience will lead to increased usage**

<sup>\*1</sup>: Counting the usage status of merchants operating as of January 2025. <sup>\*2</sup>: 924 merchants responded. The question was whether using the answer creation support AI had improved business efficiency. Survey period: May 27 - June 7, 2024.

# International BU<sup>\*1\*2</sup> : Non-GAAP OI Turned to Profit in FY2024

- Strong revenue growth driven by Rakuten Kobo and Rakuten Viber
- Cost-cutting and profitability improvement initiatives in each business including Rakuten Rewards have been successful, resulting in a full-year operating profit



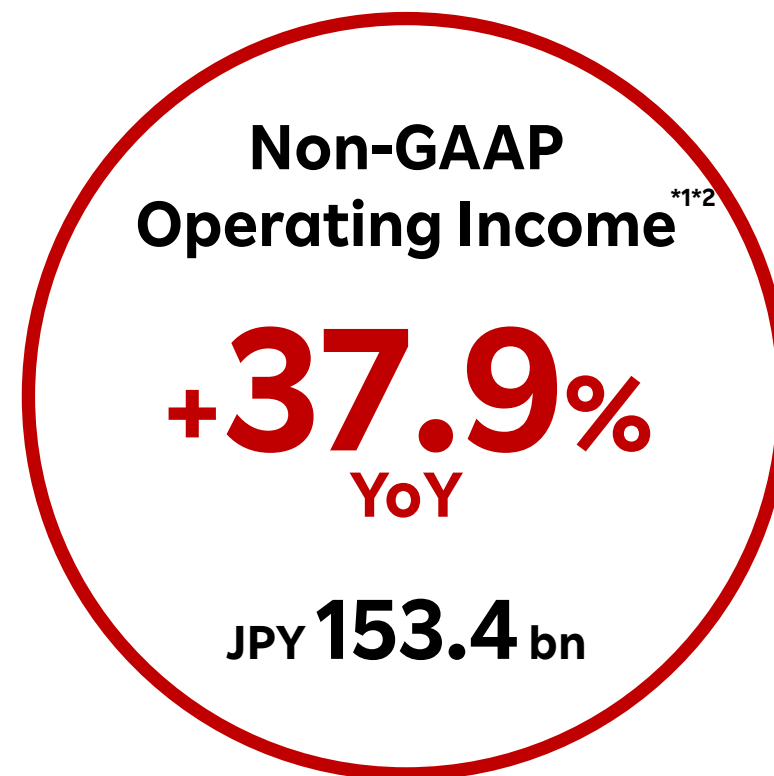
\*1: Open commerce: Sum of Rakuten Rewards (US, Europe, Canada), Fillr, and overseas advertising business. EU: Sum of Rakuten TV and Rakuten France. Other: Sum of Rakuten Kobo, Rakuten Viber, Rakuten Viki, etc. Note that this does not include Rakuten Symphony, Taiwanese e-commerce business, or businesses run by overseas financial subsidiaries. \*2: From Q4/24, part of the US head office functions were transferred from Other Internet Services to the International division. Past figures have been retroactively revised.

# FinTech Segment

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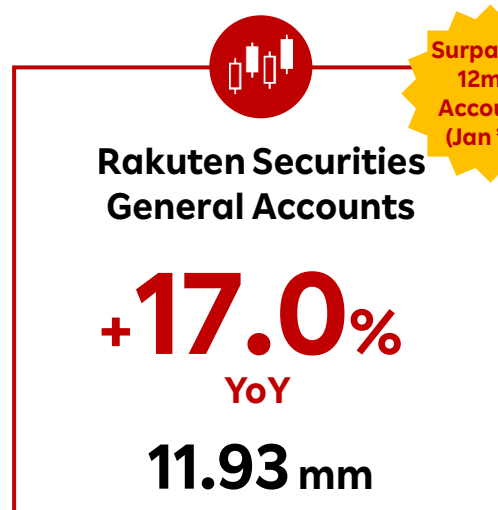
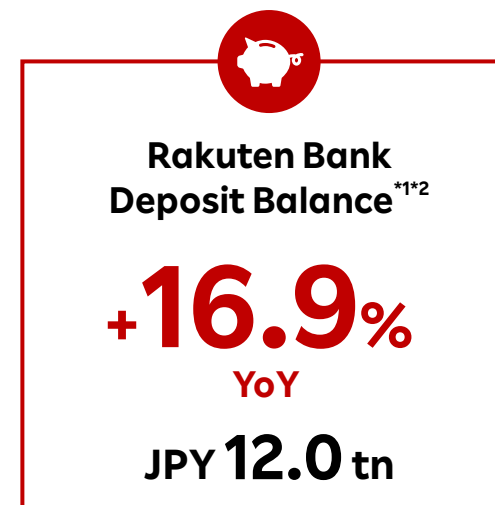
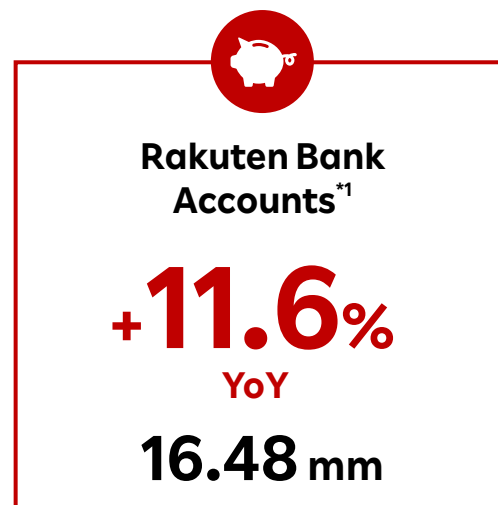
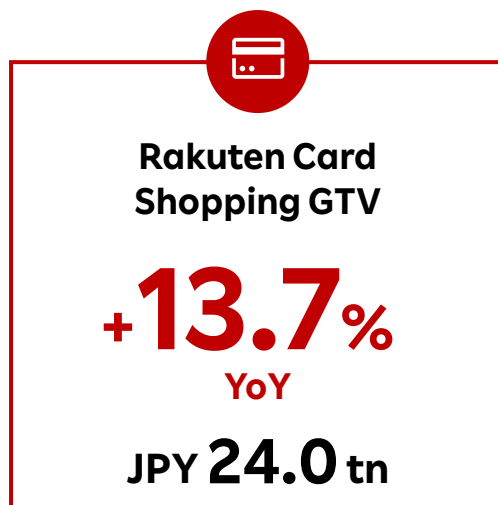
# FinTech Segment: FY2024 Highlights

- Achieved continuous Revenue growth and a significant OI increase due to expansion of customer base, especially Rakuten Bank and Rakuten Securities
- Direct contribution profit (before indirect costs) of the FinTech segment exceeded JPY 200bn for the first time

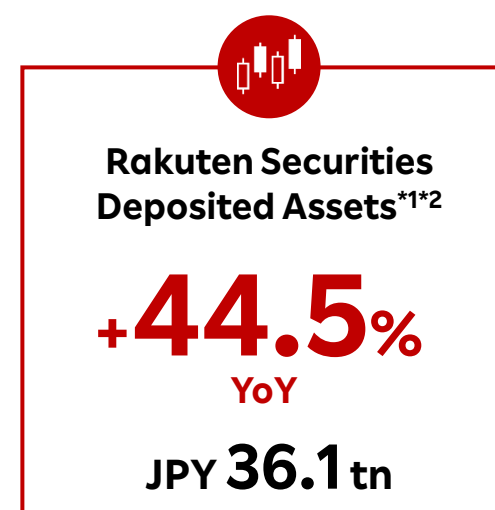
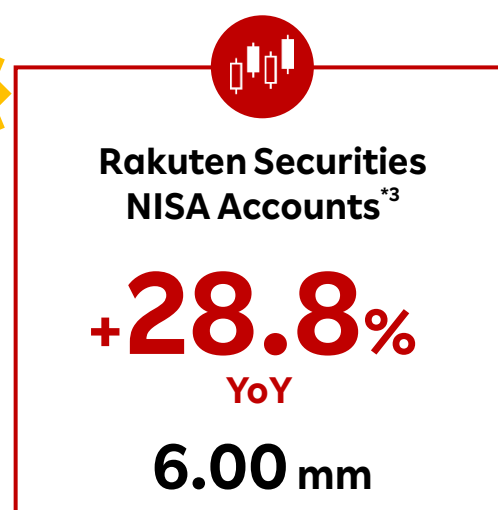


\*1: From Q3/23, Rakuten Pay (online payment) business and Rakuten Points (online) business were transferred from the Internet Services segment to the FinTech segment. Retroactive revisions were made to Rakuten Payment and others. The segment total remains unchanged. \*2: From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

# FinTech Segment: FY2024 Key KPIs



Surpassed  
12mm  
Accounts  
(Jan '25)

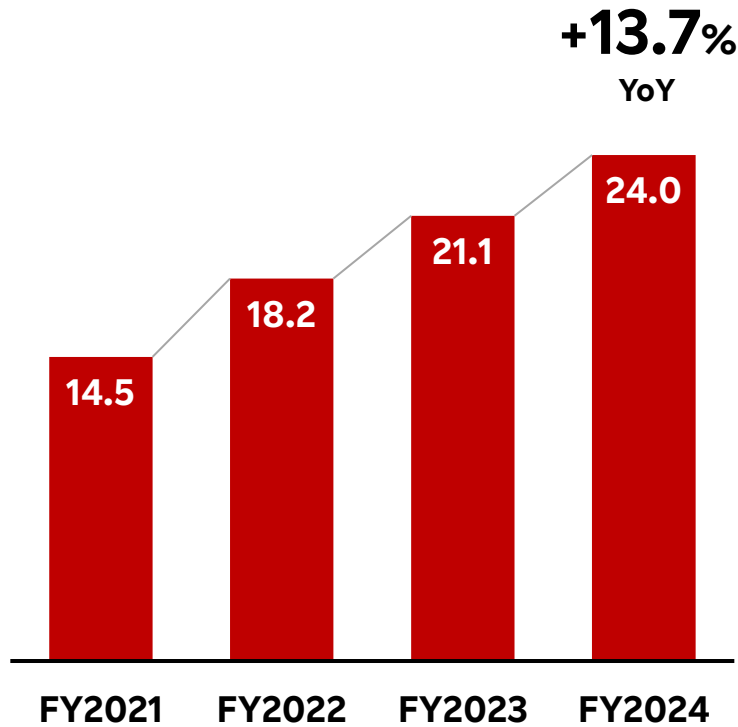


\*1: Rounded down to the nearest unit \*2: J-GAAP \*3: Excluding Junior NISA

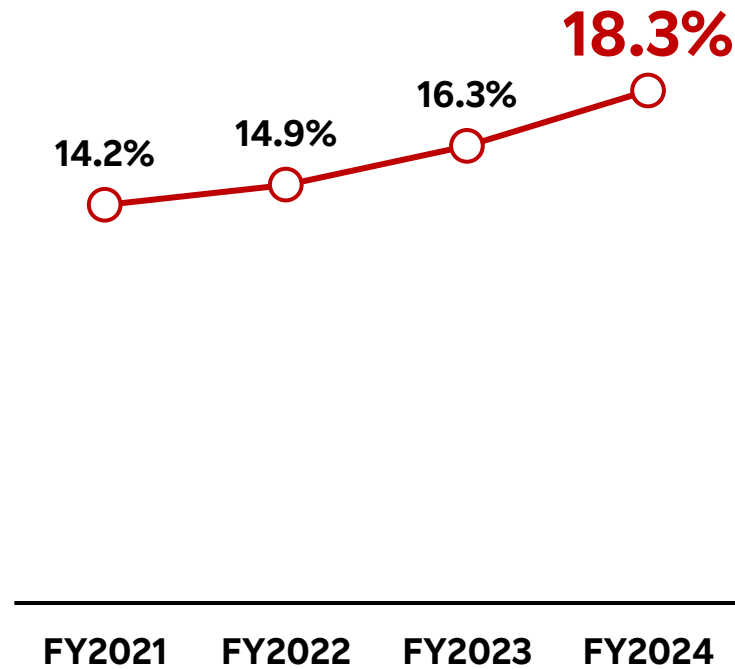
# Rakuten Card: Significant Growth in Operating Income due to Increased Revenue on GTV Expansion and Higher Margin

- Continuous increase in Shopping GTV due to expansion of customer base and increase in average spend per customer contributed to revenue growth
- Achieved significant OI growth for the full year due to increased operating leverage from top-line growth and marketing optimization

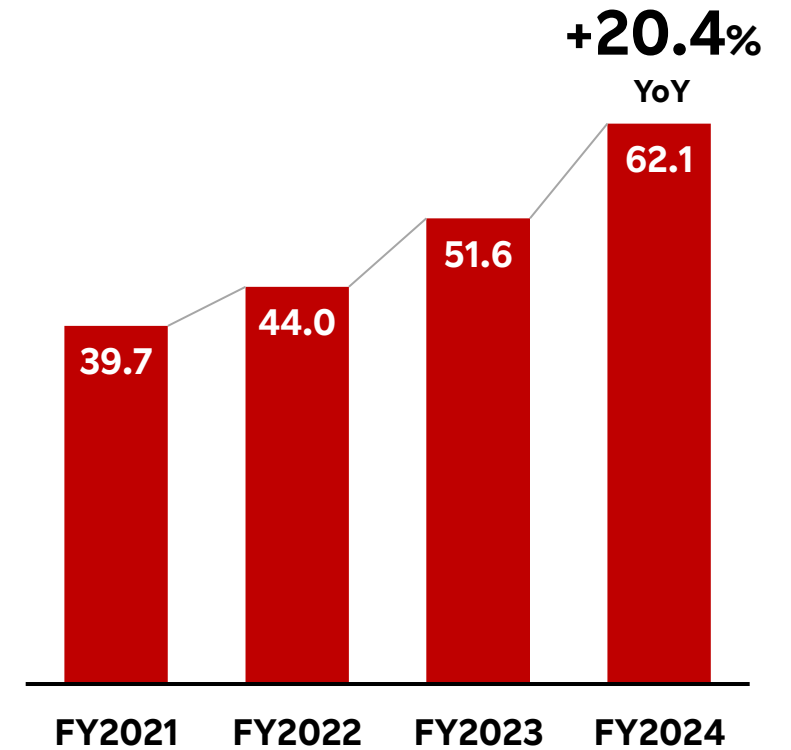
### Shopping GTV (JPY tn)



### Operating Income Margin

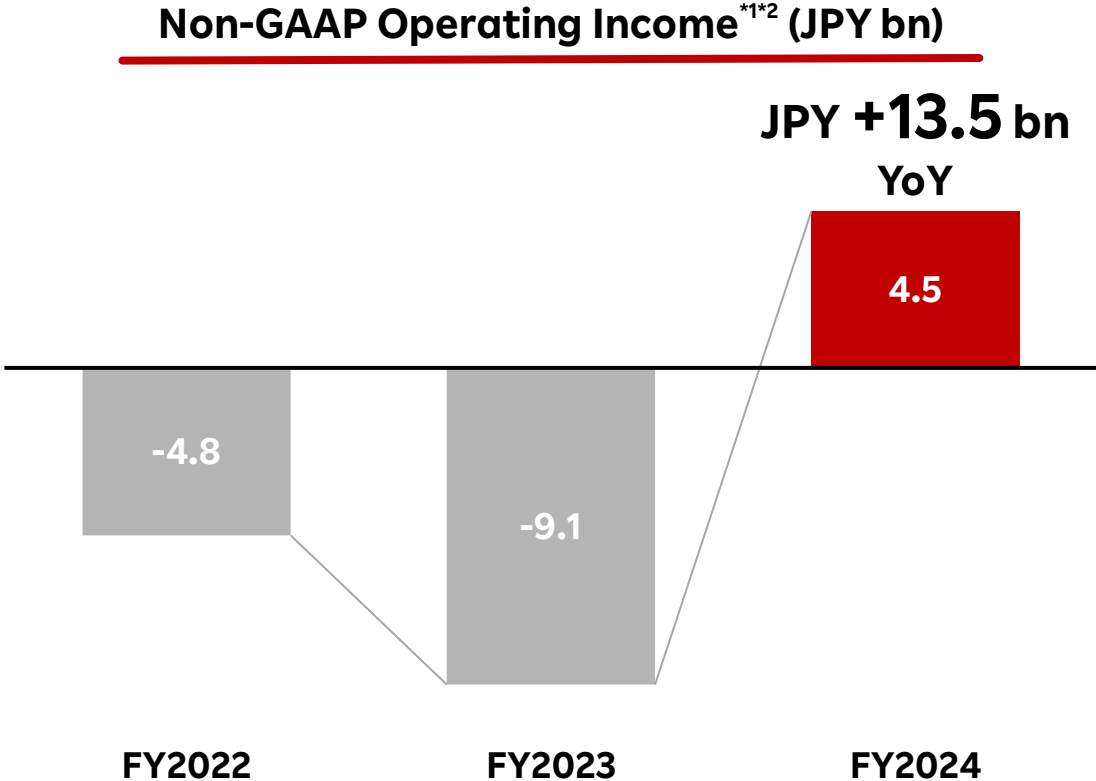
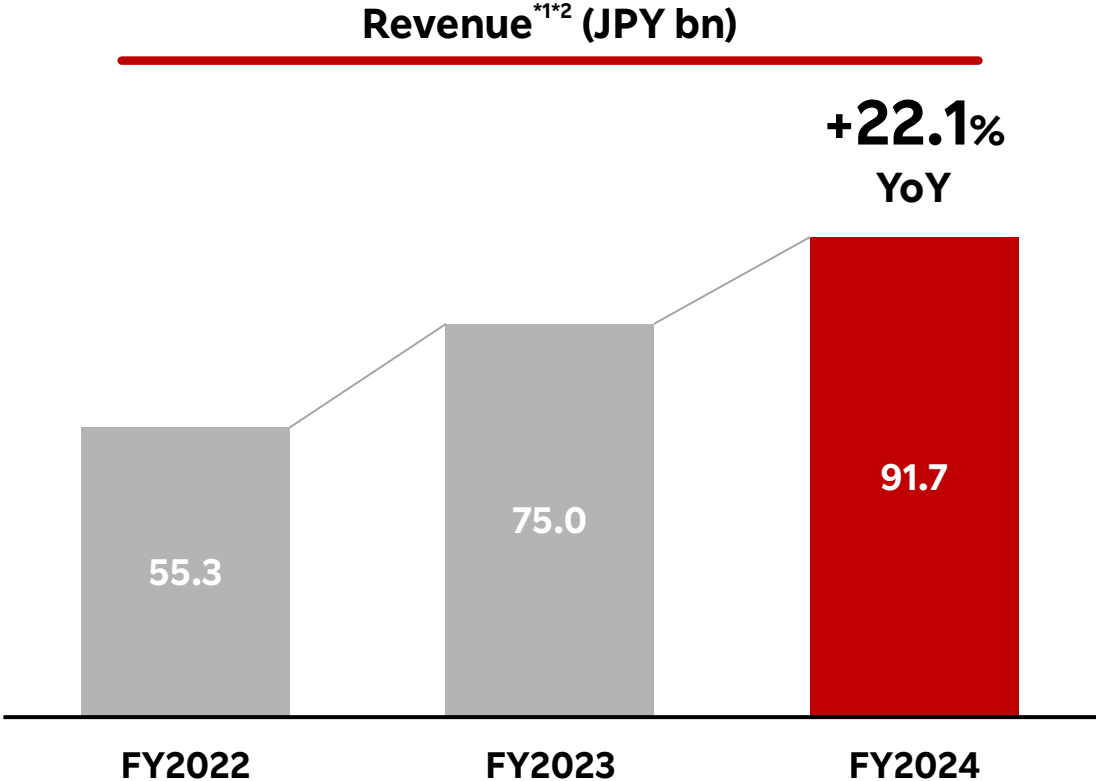


### Non-GAAP Operating Income (JPY bn)



# Rakuten Payment: Achieved Profitability for the Full Year. Aiming Further Growth

- Achieved profitability in Operating Income for the full year due to increased revenue on GTV expansion and ongoing cost control
- Aiming further increase in Operating Income for FY2025



\*1: Total of Rakuten Payment, Inc. and Rakuten Edy, Inc. \*2: From Q3/23, retroactive revisions have been made due to the transfer of Rakuten Pay (online payment) business and Rakuten Points (online) business from Internet Services Segment to FinTech Segment.



# Rakuten Bank: Performance Highlights<sup>\*1</sup> (J-GAAP, Consolidated, Nine months ended Dec. 2024)

- Interest income grew significantly due to an increase in various assets under management backed by growth in the number of accounts and deposit balances, as well as the policy interest rate hike. Accelerated growth both ordinary income and ordinary profit

|  |   |  |  |
|--|---|--|--|
| <p><b>Ordinary Income</b><br/>(Q3/24<sup>*2</sup> cumulative, consolidated)</p> <p>JPY <b>131.7</b> bn</p> <p>+30.3% YoY</p>                                     | <p><b>Ordinary Profit</b><br/>(Q3/24<sup>*2</sup> cumulative, consolidated)</p> <p>JPY <b>49.4</b> bn</p> <p>+40.4% YoY</p> | <p><b>Non-Interest Income<sup>*3</sup> Ratio</b><br/>(Q3/24<sup>*2</sup> cumulative, consolidated)</p> <p><b>31.6</b> %</p> <p>-7.1pts YoY</p> | <p><b>ROE<sup>*4</sup></b><br/>(Q3/24<sup>*2</sup> cumulative, annualized basis, consolidated)</p> <p><b>16.8</b> %</p> <p>+2.9pts YoY</p> |
| <p><b># of Bank Accounts</b><br/>(Dec. 2024, non-consolidated)</p> <p><b>16.4</b> mm</p> <p>+11.6% YoY</p> <p>Main Account<sup>*5</sup> Ratio: <b>32.6</b> %</p> | <p><b>Total Deposit Balance</b><br/>(Dec. 2024, non-consolidated)</p> <p>JPY <b>12.0</b> tn</p> <p>+16.9% YoY</p>           | <p><b>G&amp;A Expense Ratio<sup>*6</sup></b><br/>(Q3/24<sup>*2</sup> cumulative, non-consolidated)</p> <p><b>36.7</b> %</p> <p>-6.1pts YoY</p> | <p><b>Capital Adequacy Ratio<sup>*7</sup></b><br/>(Dec. 2024, consolidated)</p> <p><b>11.0</b> %</p> <p>-0.0 pts YoY</p>                   |

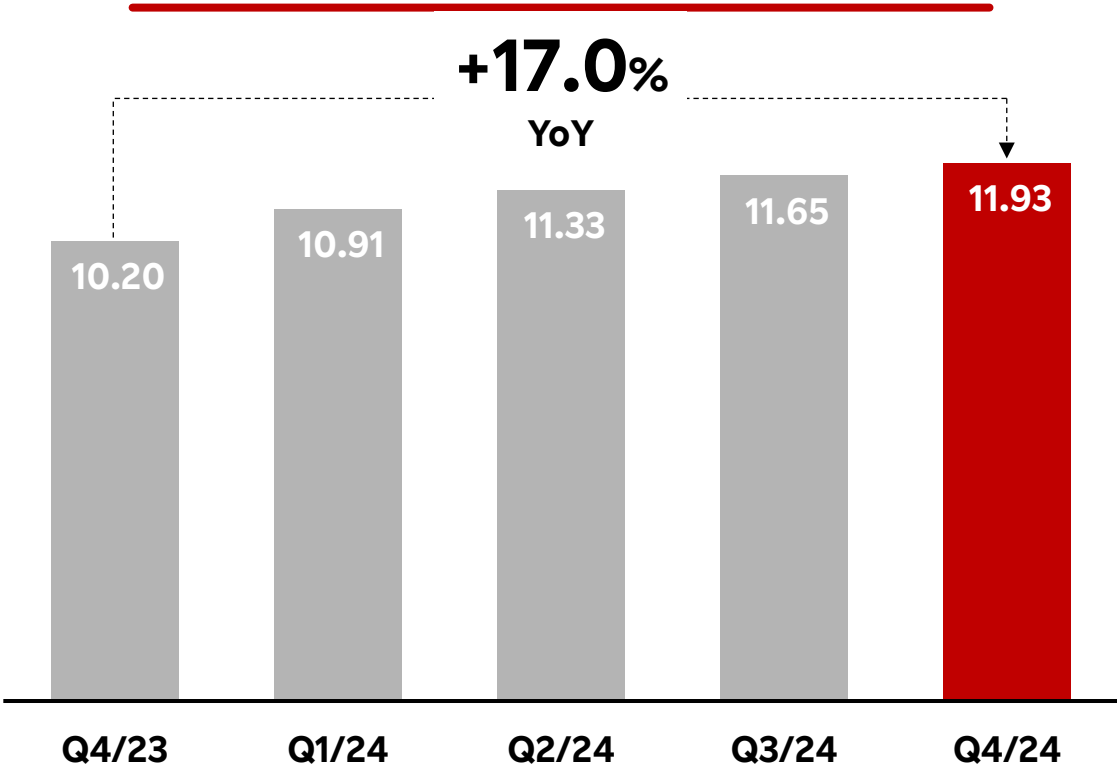
\*1: Rounded down to the nearest unit \*2: Rakuten Bank ends its fiscal year in March. \*3: Calculated as the sum of fees and commissions income, other operating income and trust fees. \*4: Q3 cumulative (annualized) ROE is calculated by multiplying profit attributable to owners of parent by 365/275, and then dividing that amount by average own capital at the beginning and the end of the period. The balance of own capital for the beginning of the period was calculated as if the capital increase through the public offering in April 2023 and the increase due to a third-party allotment in May 2023 had been conducted at the beginning of the period, resulting in an increase in shareholders' equity by JPY 13,324 mm. \*5: Accounts that are used for direct debit or direct deposit of payroll including salary and bonus. \*6: G&A expenses divided by gross operating profit. \*7: Capital adequacy ratio (domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No.19, the Financial Services Agency of Japan, 2006).



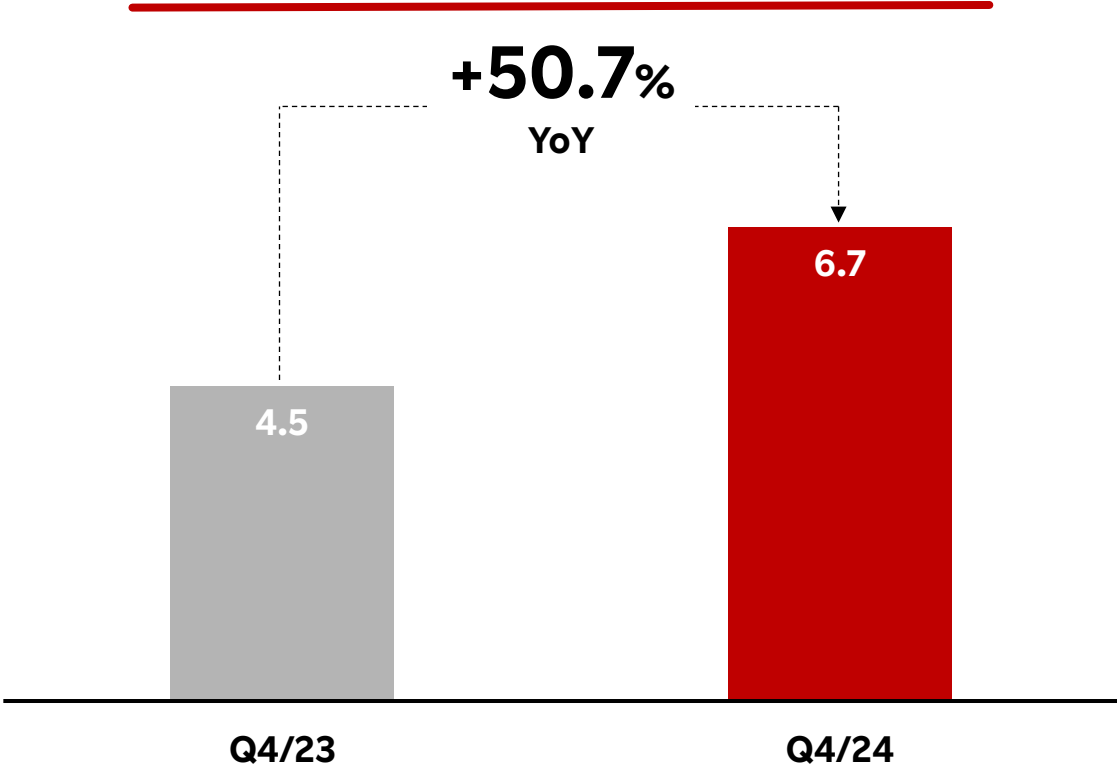
# Rakuten Securities: Customer Base Expansion, Diversification of Revenue Mix

- Customer base significantly expanded due to zero domestic stock commissions (Oct. 2023) and the largest number in the industry\* under new NISA
- Achieved substantial OI growth compared to Q4/23 right after zero commissions led by diversifying revenue mix and controlling marketing costs, etc.

General Accounts (mm)



Operating Income (JPY bn, J-GAAP)



\*Compiled by Rakuten Securities based on "Survey on NISA Account Usage (as of Sep. 2024)" released by Financial Services Agency and information disclosed on each company's website.

# Collaboration with Mizuho Financial Group: Latest Progress

- Expanding collaborative services through deepening the alliance. We aim to further strengthen collaboration to achieve the continued expansion of FinTech ecosystem

**Rakuten Securities**  
Capital and Business Alliance  
(From Oct 2022)

**Payment Integration**  
Gaika Direct: Foreign currency deposit and withdrawal service

**Product and Service Collaboration<sup>\*1</sup>**  
TOB: 6 deals<sup>\*2</sup>  
ECM: 37 deals  
DCM: 27 deals

**IT Administrative Cooperation**  
Shared use of system for online procedures

**Rakuten Card**  
Capital and Business Alliance  
(From Nov 2024)

**Retail Customers**  
Mizuho Rakuten Card

**Considering Further Collaboration To Approach Corporate Clients and Managing Acquiring Operations, etc.**

\*1: As of the end of Dec 2024. \*2: Includes one ongoing project

# Mobile Segment

---

# Mobile Segment: FY 2024 Highlights

- Rakuten Mobile's profitability improved significantly on a large increase in subscribers with improved network quality and higher ARPU
- Rakuten Symphony successfully increased revenue and cut costs by reviewing its operational structure while executing on projects
- Rakuten Energy continued to post OI profit through efforts to improve its cost rate, contributing to improved segment profits

Revenue

**+20.9%**  
YoY

JPY **440.7** bn

Non-GAAP  
Operating Income<sup>\*1</sup>

**+105.6** bn  
YoY Improvement

JPY **-208.9** bn

EBITDA<sup>\*1\*2</sup>

**+119.9** bn  
YoY Improvement

JPY **-36.3** bn

**Q4/24 achieved a quarterly profit  
of JPY 4.2 bn**

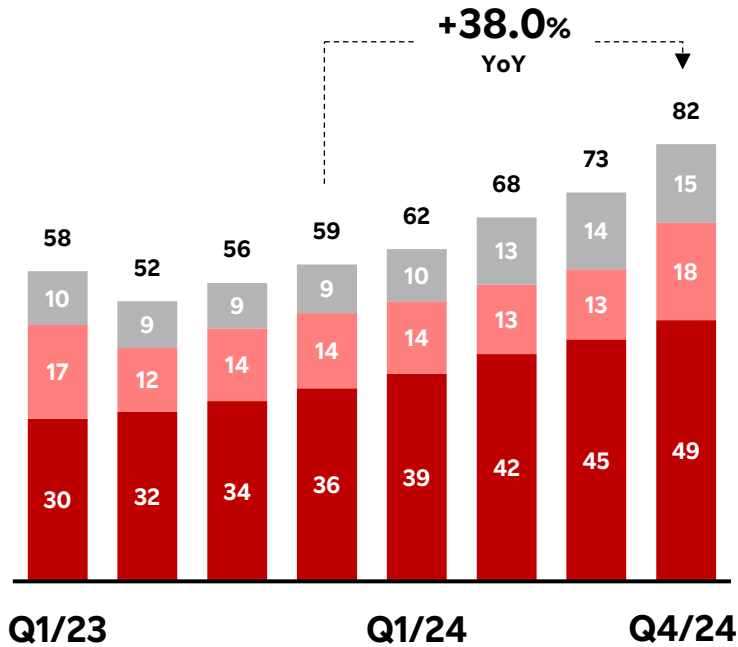
\*1: Segment results from Q1/23 have been retroactively adjusted due to the inclusion of the Mobile Ecosystem Contribution in segment results from Q3/24. In addition, retroactive adjustments have been made due to the transfer of investment gains and losses related to the Mobile segment from the investment business of the Internet Services segment to the Mobile segment. \*2: EBITDA = Non-GAAP Operating Income + depreciation and amortization expenses, etc.

# Rakuten Mobile

# Rakuten Mobile: Financial Highlights

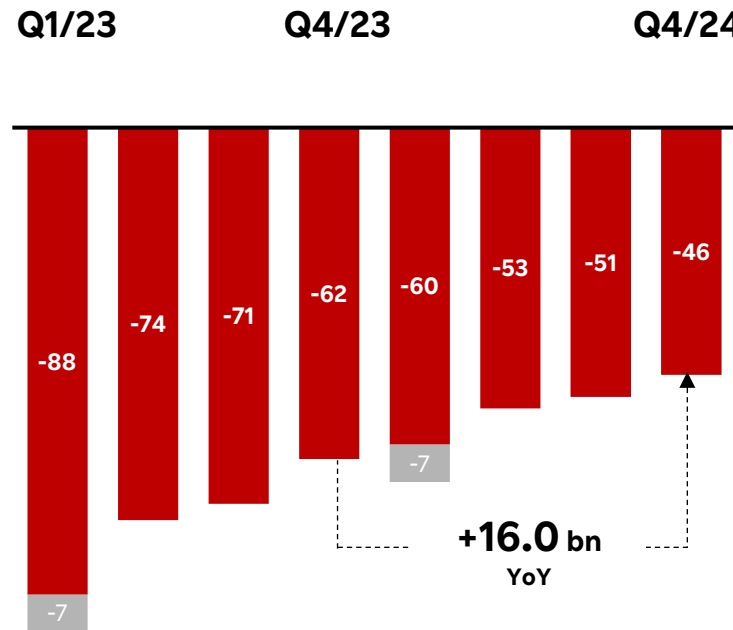
- OI and EBITDA improved significantly due to increased service revenue, mainly due to improved ARPU
- Aiming for full-year EBITDA profitability in FY2025

## Revenue (JPY bn)



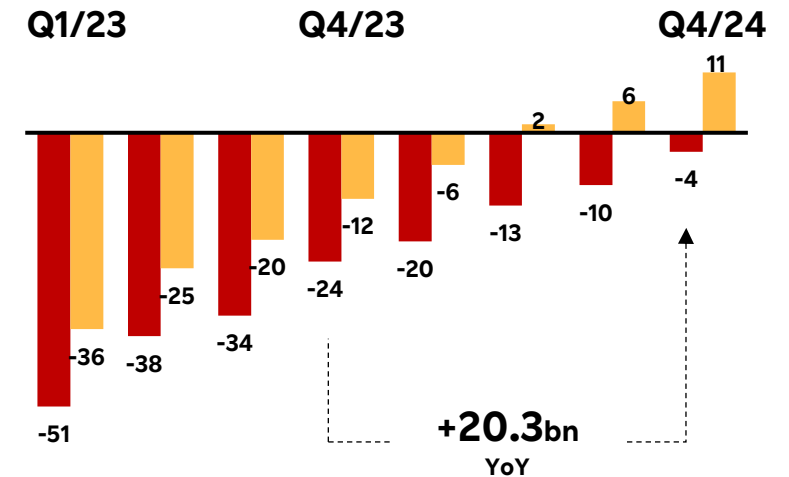
■ Service Revenue<sup>\*1\*2</sup> ■ Device Revenue ■ Others<sup>\*2</sup>

## Non-GAAP Operating Income<sup>\*3</sup> (JPY bn)



■ Non-GAAP OI/EBITDA excluding property tax ■ Property tax  
■ PMCF (Pre-marketing cash flow)

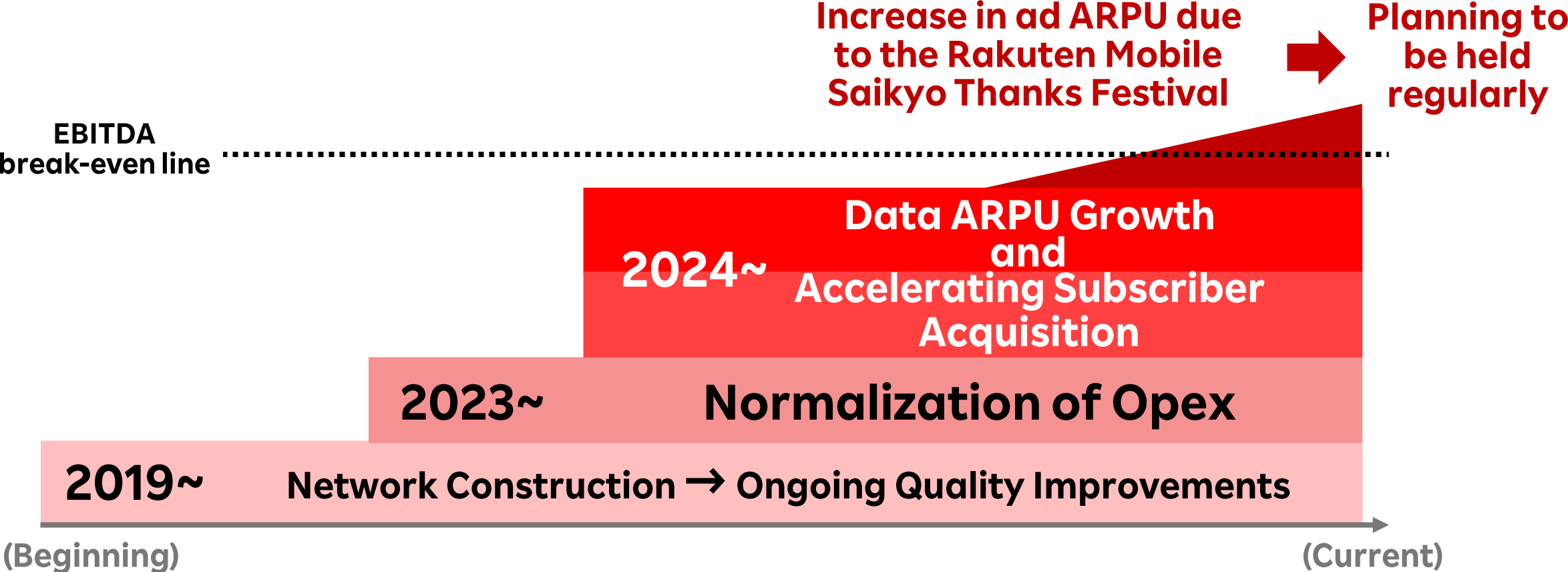
## EBITDA<sup>\*3\*4</sup> and PMCF<sup>\*5</sup> (JPY bn)



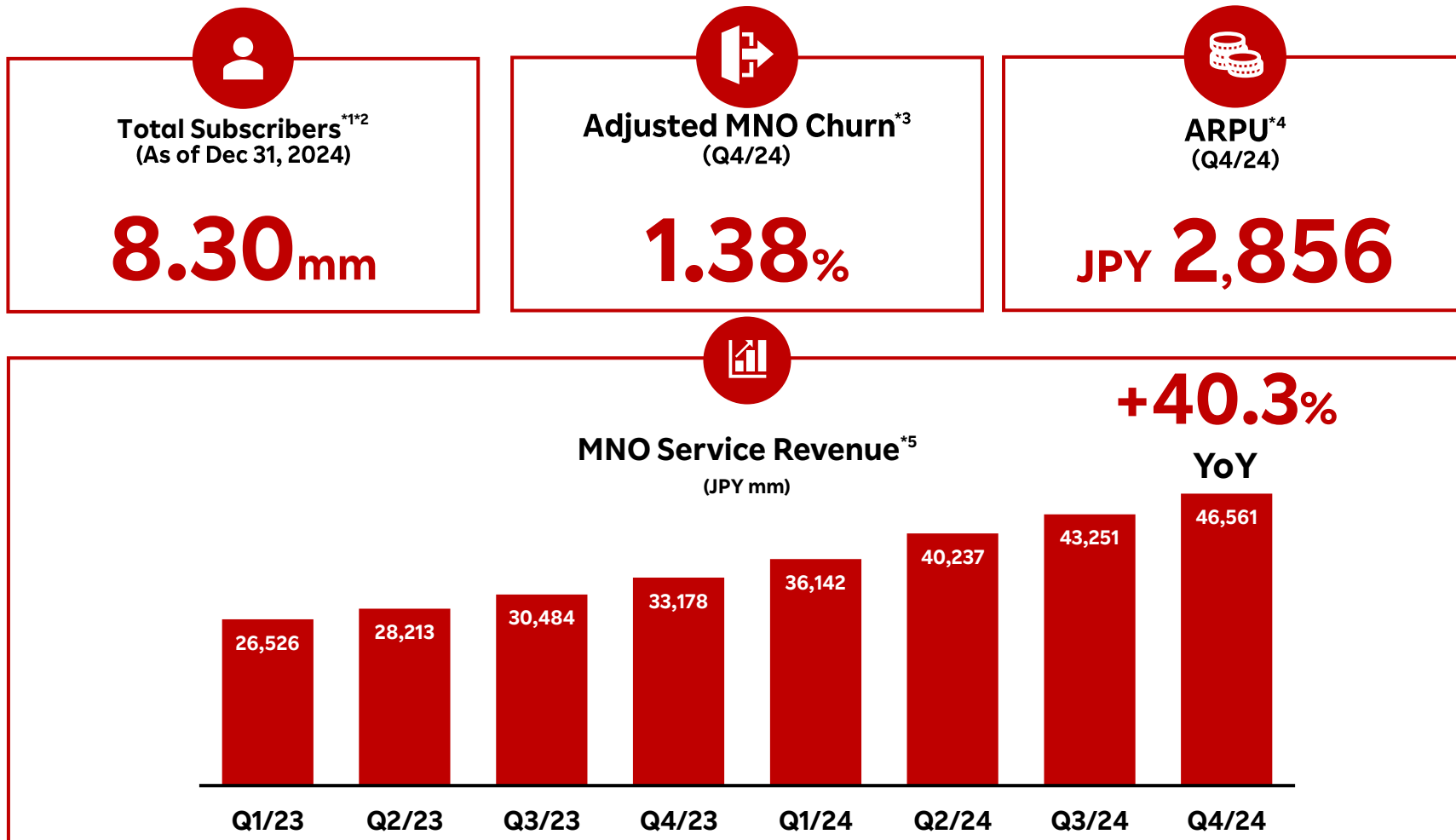
\*1: Service revenue from Rakuten Turbo included from Q1/24. Past figures have also been retroactively adjusted. \*2: Retroactive adjustments have been made following a review of the scope of calculation in Q4/24.  
\*3: In Q3/24, retroactive adjustments have been made to results from Q1/23 onwards due to the contribution of the mobile ecosystem being reflected in segment results. \*4: EBITDA = Non-GAAP OI + depreciation and amortization etc. \*5: Calculated by adding customer acquisition-related expenses (marketing expenses, shop expenses, SPU, etc.) to EBITDA.

# Rakuten Mobile Achieved Monthly EBITDA Profitability

- Strong subscriber acquisition and higher ARPU on improved network quality, continuous cost control, and increased ad revenue due to the Rakuten Mobile Saikyo Thanks Festival held in December 2024, led to **EBITDA profit in the month of December 2024**



# Rakuten Mobile: Main KPIs



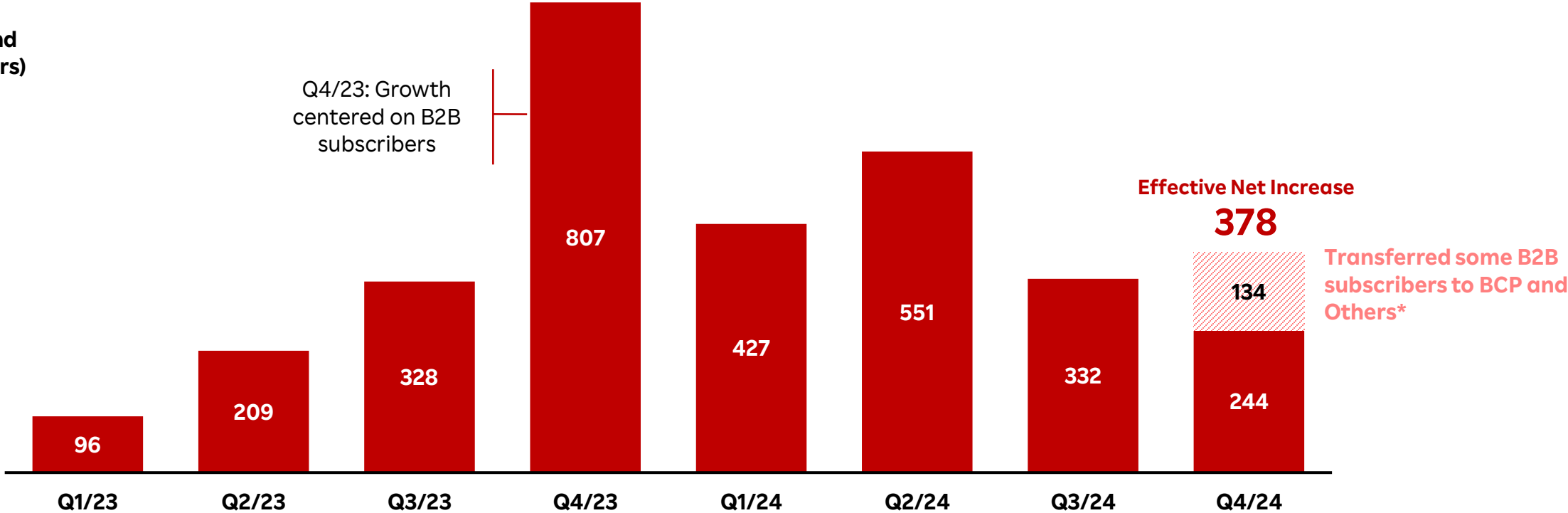
\*1: Total of MNO, MVNE, and MVNO subscribers, including BCP, etc. subscribers. BCP is a plan sold for Business Continuity Plan purposes in B2B. \*2: From Q3/24, the number of corporate MVNO subscribers are reflected in the number of MVNO subscribers. \*3: Churn rate excluding B2C subscribers who cancel within the same month as the activation, and the number of lines transferred to BCP and other lines due to a change in the revenue recognition method in the corporate business. \*4: Including Ecosystem ARPU. The number of subscribers, which serves as the denominator for ARPU, is calculated using the average of the beginning and end of the quarter number of MNO subscribers, excluding BCP and MVNE lines. \*5: Includes Rakuten Turbo service sales from Q1/24. Retroactive adjustments are also applied to past figures.



# Rakuten Mobile Subscribers Increased by 1.55 million in 2024

- As network quality improved and awareness of the service increased, subscribers grew significantly since spring 2024, especially B2C subscribers
- In Q4/24, some B2B subscribers were transferred to BCP and others lines. Excluding this transfer, the net increase in subscribers was 378,000, remaining steady

(Thousand Subscribers)

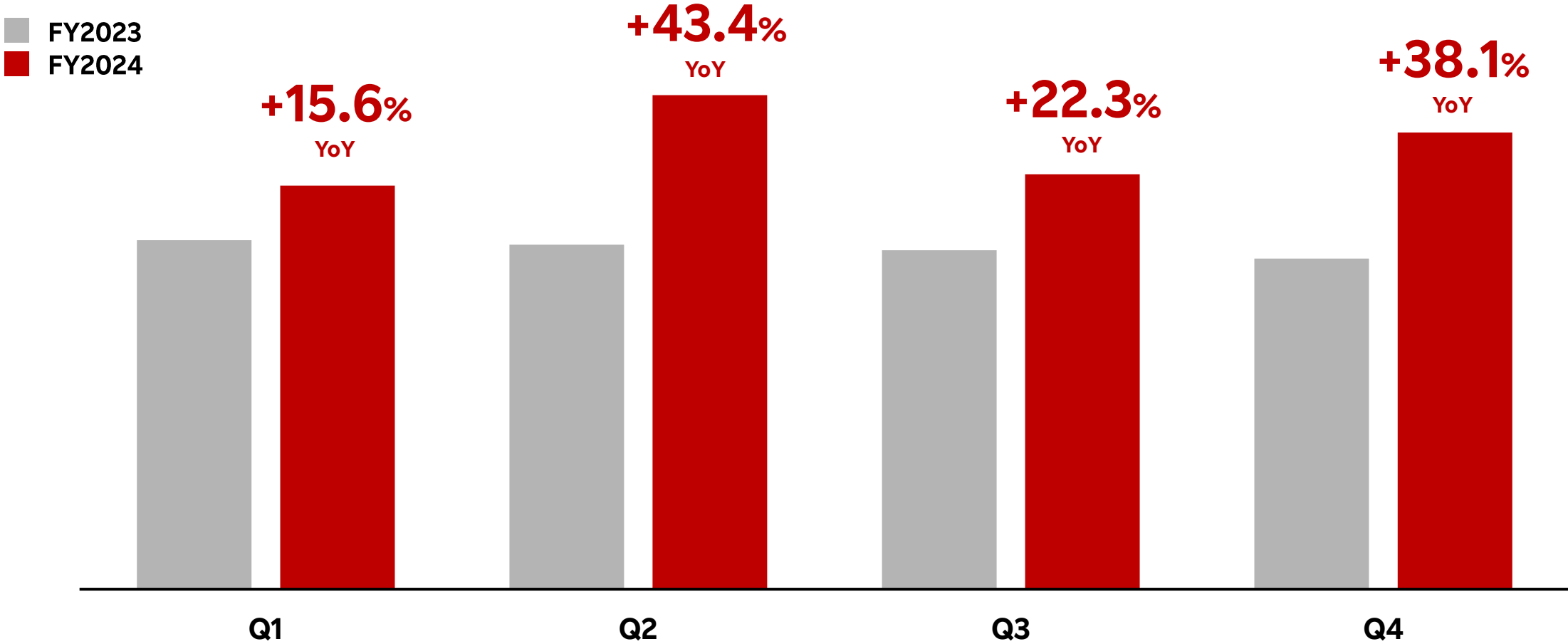


\*Number of lines transferred BCP and Others due to a change in the revenue recognition method in the corporate business.



# Q4/24 B2C MNO Acquisitions Even Exceeded Q1/24 Level which included the Spring Peak Season

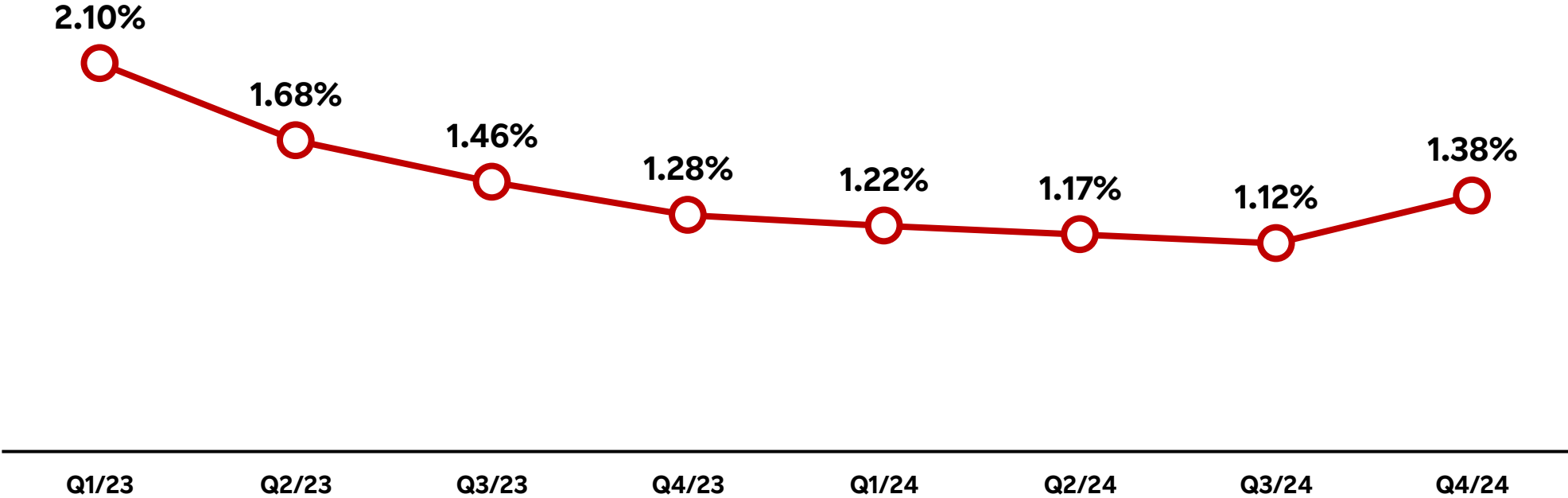
- New subscriber acquisitions grew YoY every quarter in FY 2024
- Q4/24 also saw a large increase YoY, achieving the second highest number of acquisitions after Q2/24



# Churn Increased Slightly due to Increased Market Liquidity

■ While closely monitoring the market, continuing to work on improving network quality and promoting subscriber acquisitions

Adjusted MNO churn\*

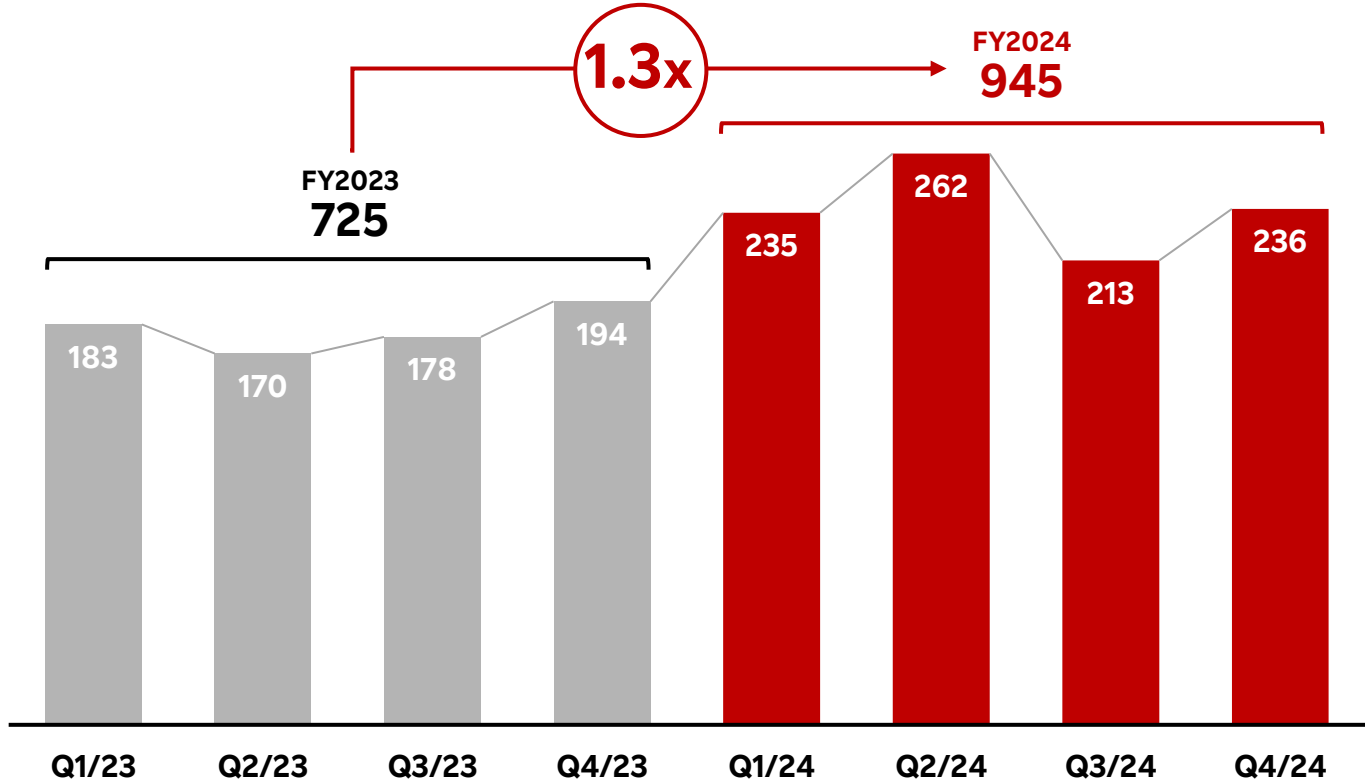


\* Adjusted churn excludes B2C subscribers who cancelled in the same month as the contract and subscribers transferred BCP and other lines due to a change in the method of recording B2B revenue.

# MNO Acquisition from Existing Rakuten Ecosystem Users\*1 are Rising

■ Various Rakuten Mobile subscriber promotion measures aimed at existing Rakuten Ecosystem users\*1 have proved successful. Plan to continue strengthening our reach to existing Ecosystem users\*1, increasing acquisition of highly loyal users

Number of MNO (B2C) lines opened by existing Rakuten Ecosystem users\*1 (thousand lines)



Difference in 2024 average churn between existing Ecosystem users\*1 and new users\*2

## FY2024 average churn



Users who never used Rakuten Ecosystem and recently signed up for Rakuten Mobile\*2



**20bps lower churn rate**



Users who were already using Rakuten Ecosystem and have now signed up for Rakuten Mobile\*1

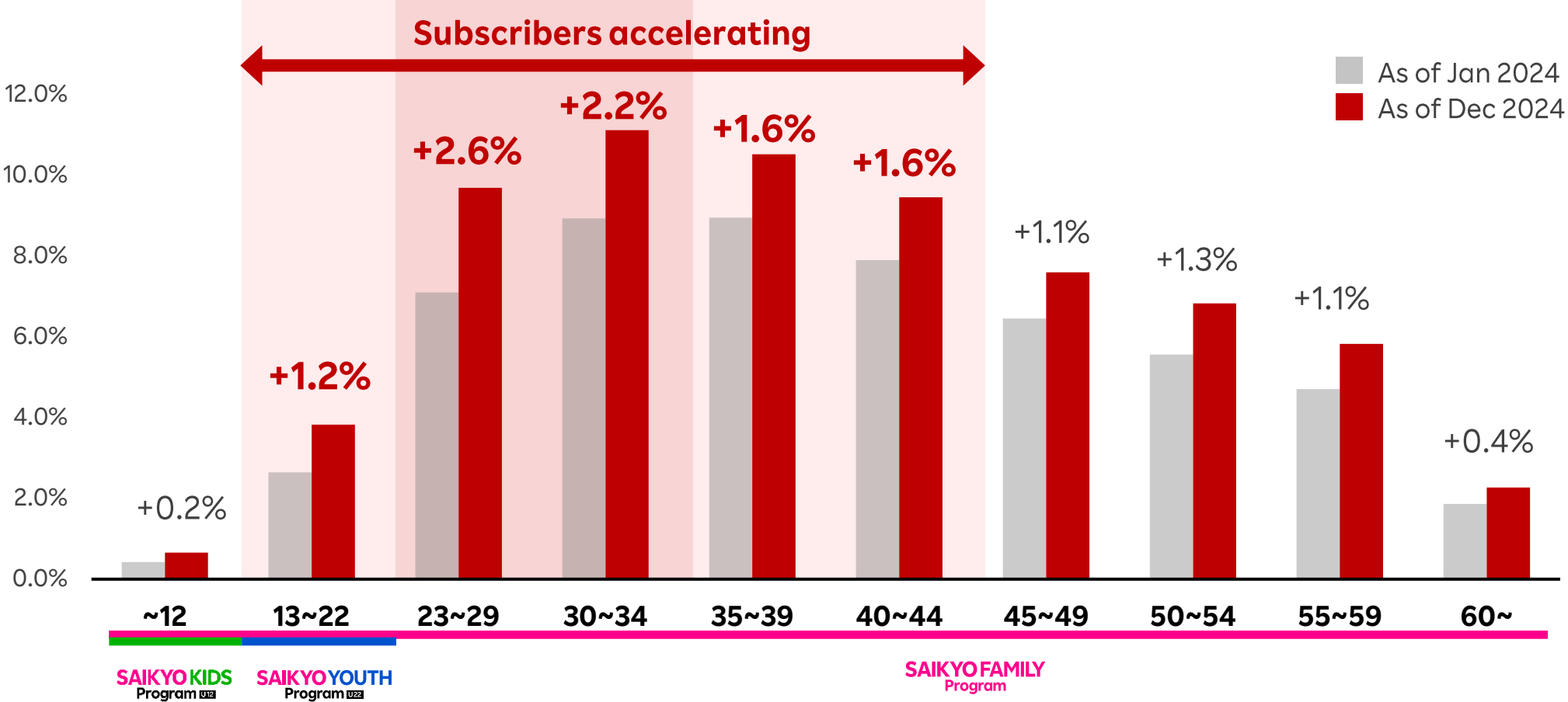
**Proved high loyalty of Rakuten Ecosystem users**

\*1: A user who has used any Rakuten Group service before the month of signing up for Rakuten Mobile. Subsequent contracts by the same user are not counted. \*2: A user who has no history of using Rakuten Group services before the month of signing up for Rakuten Mobile. Subsequent contracts by the same user are not counted.

# By Demographics, Subscribers are Growing Mainly Among Younger Generations

Subscribers in each age group has grown as a result of promoting the use of the SAIKYO Family, Youth and Kids programs

## Rakuten Mobile B2C MNO subscribers vs. population by age group



# Rakuten to Launch Spring Sales Campaign to Attract Younger Generation and Users of Rakuten Ecosystem

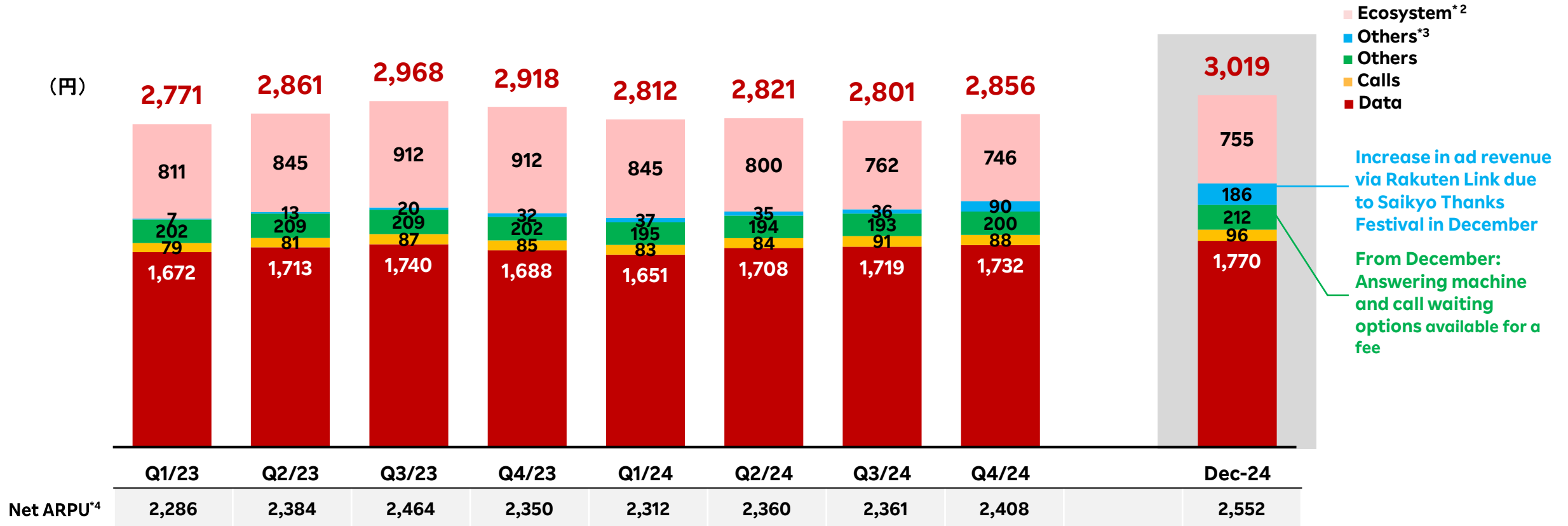
The banner features two main campaign titles: 'Student Boost Campaign' for 'Ages 5-18' and 'New Life Kickstart Campaign' for 'Ages 19-25'. Both are set against a background of cherry blossoms. A central pink box highlights the offer: 'Save even more, using the Rakuten Ecosystem! Essentially 1 Year Free'. To the left of this box, it lists '楽天カード' (Rakuten Card) and '楽天市場' (Rakuten Market) with a plus sign between them. Below this, it specifies '3GB Data (after Family discount: 968 yen/month x 12 months = 11,616 yen) with 14,000 points back'. At the bottom of the pink box, a yellow bar contains the 'Campaign term' and dates: 'From Friday, February 14, 2025, to Saturday, May 31, 2025'.

- \*1 Applicable for individuals aged 5–19 and 19–26 until the month prior to their birth month.
- \*2 Limited-time points (valid for 3 months, including the date of issuance). Points will be granted around the end of each month for 3 months, starting from the second month after meeting the conditions.
- \*3 Call charges, etc., are separate.
- \*Conditions such as using Rakuten Link apply. \*"Essentially" refers to the price calculated by factoring in the points granted later upon meeting the program's conditions and may differ from the actual payment amount.



# ARPU<sup>\*1</sup> Trends

- In addition to an increase in data usage, ARPU increased due to the introduction of paid options and higher ad revenue
- ARPU for Dec-24 exceeded 3,000 yen, thanks to the increase in ad ARPU following the Rakuten Mobile Saikyo Thanks Festival
- This Saikyo Thanks Festival is expected to be held regularly from now on



\*1: The number of subscribers, which is the denominator for ARPU, is calculated using the average number of MNO subscribers at the beginning and end of each quarter, excluding MVNE and BCP lines.

\*2: Calculated using group revenue uplift effects from effects by MNO subscribers as the numerator. \*3: Includes advertising and miscellaneous B2B revenues. \*4: Net of cost of sales associated with the revenue uplift by Rakuten Mobile MNO subscribers and the customer referral effect from group companies to mobile businesses, from Ecosystem ARPU in ARPU. Please refer to the Financial Results Summary (p. 7) for details on how the Mobile Ecosystem Contribution is calculated.

# Plan to Increase ARPU

- Continued organic growth in data ARPU, along with increased ad and option revenues, to drive ARPU growth

## Data

- **Organic increase in data usage over time**
- **Increase in data usage as 5G usage expands**
- **Promoting data usage**  
Points given to users who exceed designated data volume

## Others

- **Growing ad ARPU**  
Rakuten Mobile Saikyo Thanks Festival to be held regularly.  
Various measures to be taken to increase Rakuten Link usage rates.  
Increase conversion rates by improving the accuracy of targeted ads.
- **Rakuten Turbo bundle promotions**

## Options

- **Expanded option menu**  
Rakuten AI for Business launched (From Jan 2025)
- **Higher bundle rate of options**  
Improved app-based flow of adds, and horizontal expansion of operations at stores, with good results in store sales

## Eco-system

- **Nurturing effect**  
Nurturing the number of services and utilization associated with Rakuten Mobile subscriber contracts
- **Increasing customer traffic from Rakuten Link**
- **Personalized ads using AI**



# Launch of Rakuten AI for Business, a Generative AI Service for Corporates

- Available as a solution service for Rakuten Mobile's corporate plans
- Priced at JPY 1,100 (including tax) per license per month



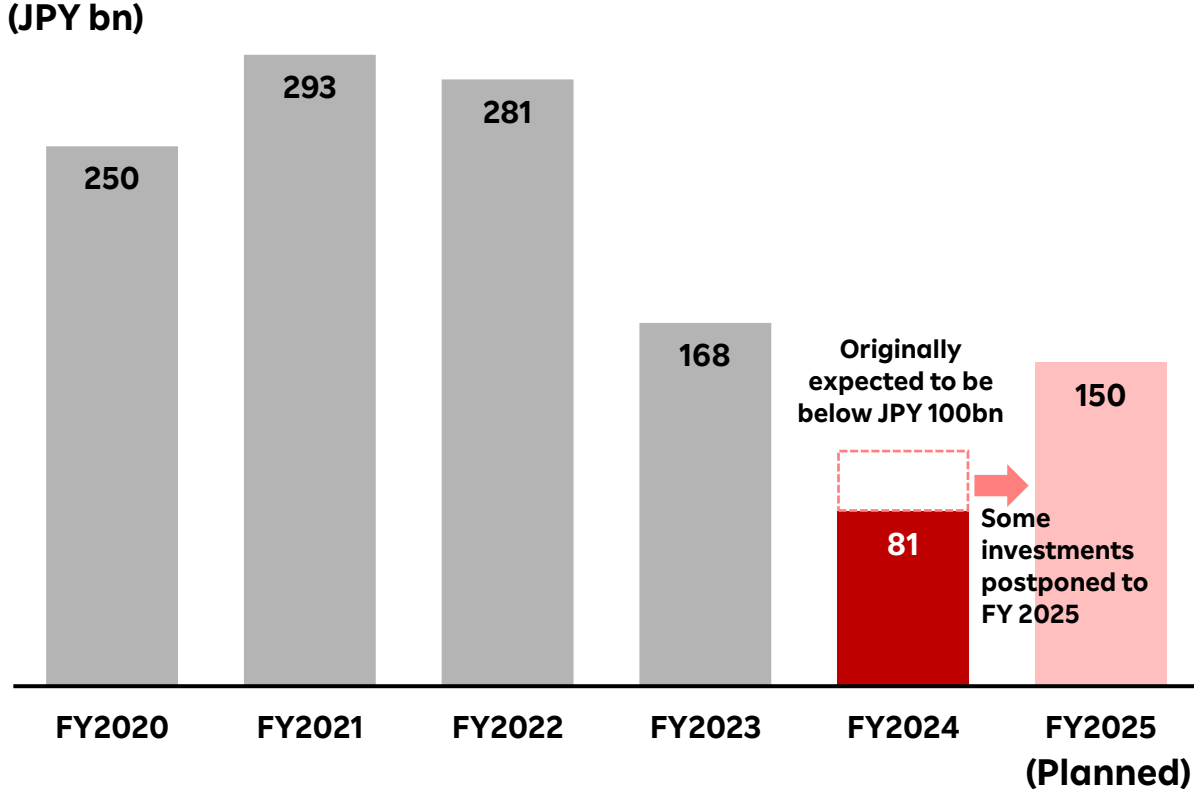
No need to build a specialized infrastructure at each company.  
No initial cost. **Low-priced monthly plan**

Enhanced B2B functions that contribute to business efficiency, **such as prompt templates for each job type and internal document linkage (RAG) feature**

**Consulting options are also provided to help with post-implementation adoption and utilization**

# Promoting Capex to Further Improve Network Quality

- Network quality is an important driver for acquiring new subscribers. In 2025, we expect capex to be approximately JPY 150bn to improve signal quality in stations and subways, reducing coverage holes by utilizing Platinum Band, and promoting forward-looking capacity measures, including some congested areas
- As during 2024, we plan to employ various funding measures, including asset financing, and thus no increase in gross interest-bearing debt is expected



### Major Capex Items in FY2025

- Bandwidth expansion for shared infrastructure in subways, tunnels, etc
- New base stations and additional capacity to address congestion in populated areas
- Reducing coverage holes by utilizing Platinum Band

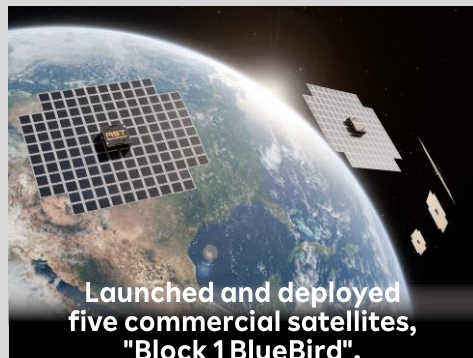
(Maintenance costs remain limited)

# Updates on Project with AST SpaceMobile

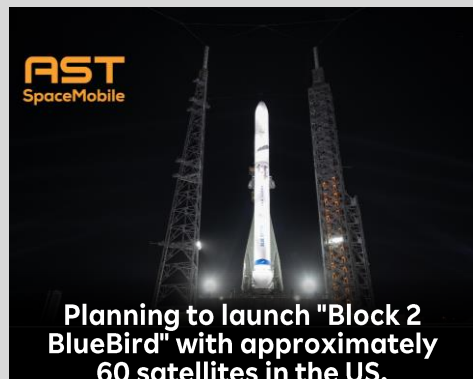
- Pilot test of commercial service scheduled in Japan in spring 2025
- Planning to launch approximately 60 commercial satellites over 2 years. Aiming for nationwide coverage in 2026

## < Overseas project >

From September 12, 2024



From 2025 to 2026



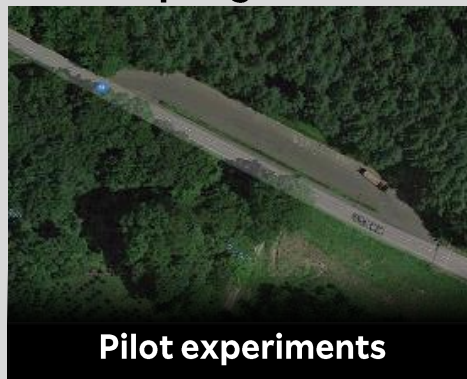
Images from © AST SpaceMobile, Inc.

## < Making progress to a service launch in Japan >

October 2022



Spring 2025



# Rakuten Symphony

# Rakuten Symphony: Business Updates

- Starting two new Open RAN PoCs
- With growth expansion in mind, aiming to become a leading network software company

Announced on  
Feb 13, 2025

## **Kyivstar** Ukraine

Integrated network and online services

**Setting to start in-country testing of Open RAN technology to rebuild digital infrastructure and improve connectivity for 24M mobile subscribers**

Announced on  
January 21, 2025

## **Telkom Kenya** Kenya

Converged connectivity and online services

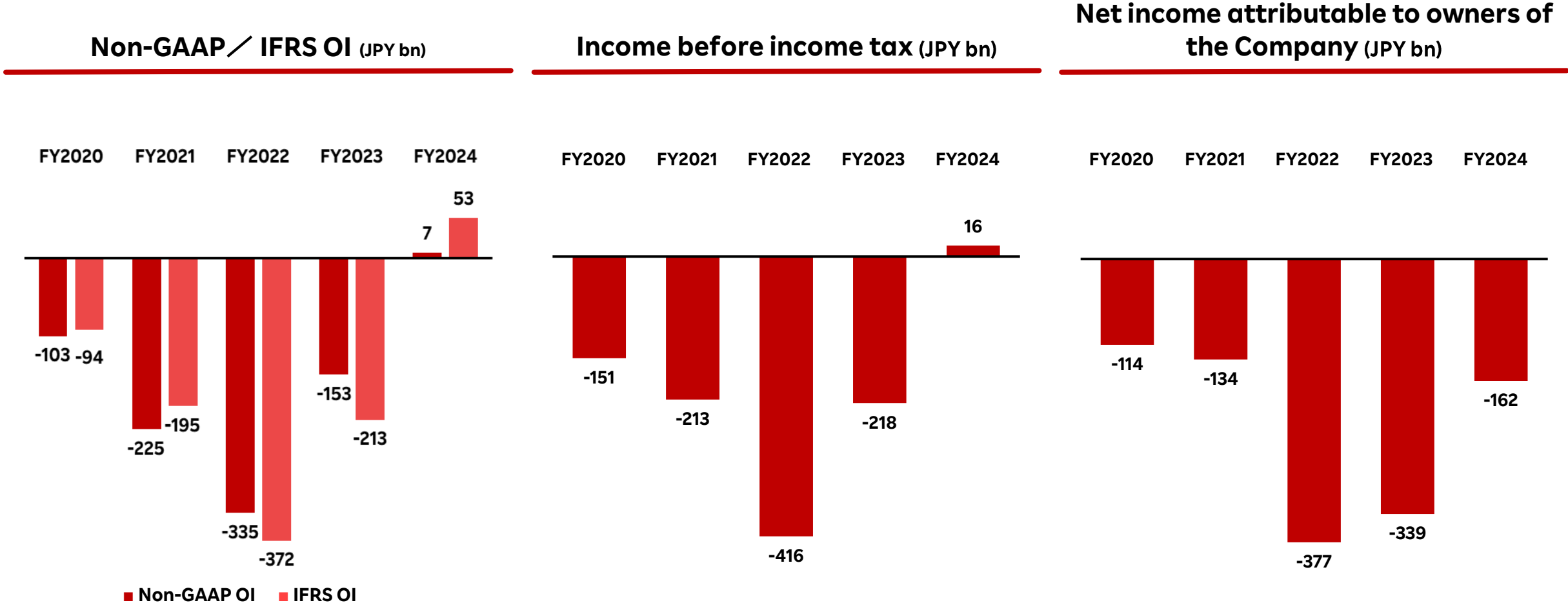
**Developing and Testing with Open RAN based 4G and 5G technologies in Kenya in collaboration with Airspan**

# 3. Finance

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# Solid Improvement in Losses Resulting in Consolidated Pre-Tax Profit in FY 2024

■ Continue to drive towards bottom line profitability



# Reconciliation Items between Non-GAAP and IFRS Operating Income for FY 2024

| (JPY bn)  | FY2023  | FY2024 | YoY    | Main Factors   |
|---|---------|--------|--------|--|
| <b>Non-GAAP Operating Income (Loss)</b>   | (153.0) | 7.0    | +160.1 |  |
| <b>Amortization of Intangible Assets</b>  | (13.6)  | (6.8)  | +6.7   |  |
| <b>Share Based Compensation Expenses</b>  | (14.3)  | (15.9) | (1.6)  |  |
| <b>One-Off Items</b>  | (31.9)  | 68.7   | +100.6 |  |
| Revaluation gain due to changes in accounting treatment of shares in AST SpaceMobile, Inc.  |         | 106.9  |        | On Oct 11, 2024, Rakuten lost significant influence over AST due to changes in the composition of AST's Board of Directors. As a result, the Company has accounted for these shares as financial assets measured at fair value through other comprehensive income                  |
| Impairment loss of fixed assets and loss on disposal due to a review of the development plan for the core system in the insurance businesses            |         | (15.6) |        | Following a review of the core system development plan, the Company reassessed the future earnings outlook for the insurance businesses  |
| Loss on disposal due to change in business model of Rakuten Symphony business and impairment loss of fixed assets due to change in cash-generating unit |         | (4.0)  |        | Due to a shift in business model of Rakuten Symphony to focus more on the development of advanced network software   |
| Others  |         | (18.6) |        | A write-down loss due to reviewing contracts with some agents and reevaluation of transactions recognized as assets in Mobile business, the provision of allowance for doubtful accounts due to the risk of uncollectible receivables from the sale of overseas subsidiaries, etc. |
| <b>IFRS Operating Income (Loss)</b>   | (212.9) | 53.0   | +265.8 |  |

\*Negative numbers (in parentheses) in expense items indicate incurred/increased expenses.



# FY2024 IFRS Operating Income and Items Below

| (JPY bn)   | FY2023  | FY2024  | YoY    | Main Factors  |
|--|---------|---------|--------|---|
| <b>IFRS Operating Income (Loss)</b>                            | (212.9) | 53.0    | +265.8 |   |
| <b>Financial Income and Expenses</b>                           | 8.8     | (27.7)  | (36.5) |   |
| <b>Equity Method Investment Gains (Losses)</b>                 | (13.7)  | (9.0)   | +4.7   |   |
| <b>Income (Loss) before Income Tax</b>                         | (217.7) | 16.3    | +234.0 |   |
| <b>Income Tax Expenses</b>                                     | (111.8) | (145.8) | +34.0  |   |
| Reversal of deferred taxes                                     | (73.2)  | (112.3) | (39.1) | After taking into account the business environment and future performance trends, and considering the recoverability of deferred tax assets |
| <b>Net Income (Loss) Attributable to Owners of the Company</b> | (339.5) | (162.4) | +177.0 |   |

\*Negative numbers (in parentheses) in expense items indicate incurred/increased expenses.

# Our Commitment: Financial Discipline



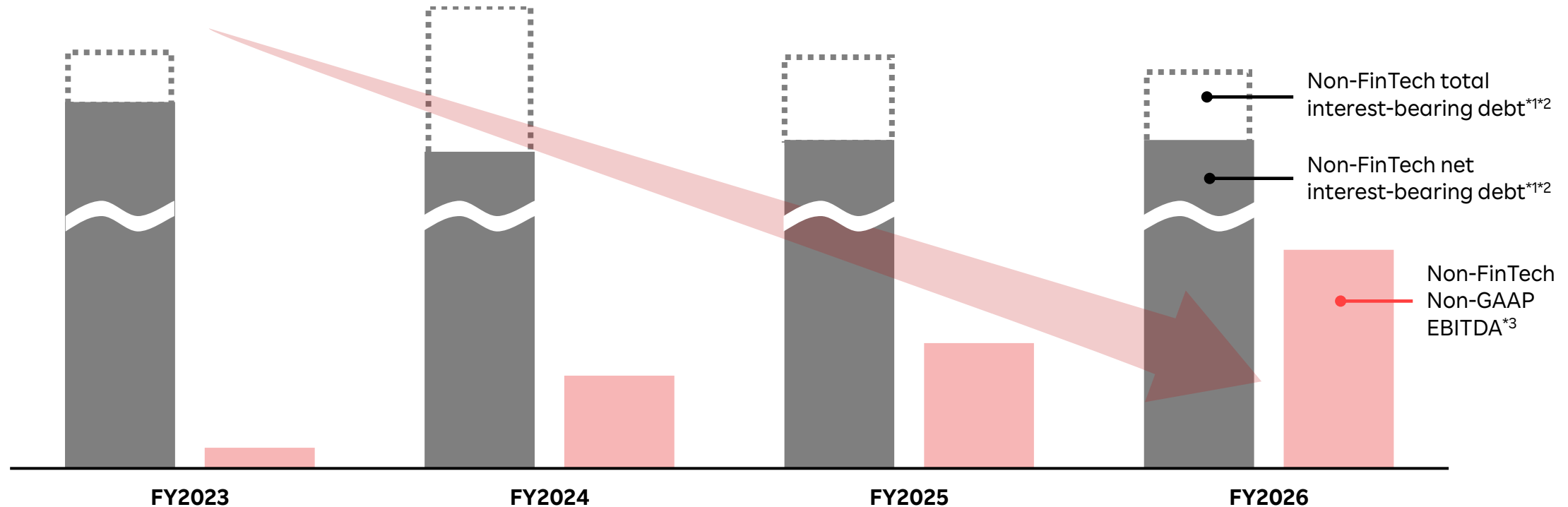
**Aim to maintain medium-term financial soundness by continuously improving creditworthiness**

- ❑ **Non-FinTech net interest-bearing debt<sup>\*1,2</sup> / Non-FinTech non-GAAP EBITDA<sup>\*3</sup>: within 5x**
- ❑ **Consolidated equity ratio: 10%**

\*1: Based on IFRS accounting. \*2: Total interest-bearing debt from non-FinTech businesses (bonds and borrowings + lease liabilities) – Cash from non-FinTech businesses (cash and cash equivalents from non-FinTech businesses + listed securities + managed surplus cash) = Net interest-bearing debt from non-FinTech businesses. \*3: Consolidated Non-GAAP EBITDA – Fintech Non-GAAP EBITDA + Dividends and management consulting fees from FinTech businesses (Non-GAAP EBITDA is calculated before considering the Mobile Ecosystem Contribution).

# Non-FinTech Net Interest-bearing Debt<sup>\*1\*2</sup> / Non-FinTech Non-GAAP EBITDA<sup>\*3</sup>

■ Aim for Non-FinTech net interest-bearing debt<sup>\*1\*2</sup> / Non-FinTech Non-GAAP EBITDA<sup>\*3</sup> to be within 5x by FY 2027



| Ratio | FY2023 | FY2024              | FY2025       | FY2026       |
|-------|--------|---------------------|--------------|--------------|
|       |        | 11.7x <sup>*4</sup> | ~9x (Target) | ~6x (Target) |

\*1: Based on IFRS accounting. \*2: Total interest-bearing debt from non-FinTech businesses (bonds and borrowings + lease liabilities) – Cash from non-FinTech businesses (cash and cash equivalents from non-FinTech businesses + listed securities + managed surplus cash) = Net interest-bearing debt from non-FinTech businesses. \*3: Consolidated Non-GAAP EBITDA – Fintech Non-GAAP EBITDA + Dividends and management consulting fees from FinTech businesses (Non-GAAP EBITDA is calculated before considering the Mobile Ecosystem Contribution). \*4: 12.8x if 50% of the term subordinated bond and perpetual subordinated bond are included in interest-bearing debt.

# Financial Strategy

## Interest-bearing debt maturing\* in 2025

### Already addressed

- ☑ All bonds maturing in 2025 have been funded (including replacement of hybrid bonds)  
(In February 2025, a portion of the 2<sup>nd</sup> and 4<sup>th</sup> domestic subordinated bonds were redeemed. A total of JPY 40 bn retired)
- ☑ Funding by non-interest-bearing financing

## Interest-bearing debt maturing\* after 2026

### Diverse funding options

- ☐ Growth in group cash flow, including mobile
- ☐ Domestic corporate bonds/subordinated bonds, foreign currency-denominated corporate bonds/perpetual subordinated bonds
- ☐ Corporate bond-type class shares
- ☐ Rakuten Capital portfolio
- ☐ Non-interest-bearing financing as needed

**Proactive management of maturity schedule**  
**Bond issuance conditions continue to improve**

\*First call date for subordinated bonds

# 4. AI

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# Rakuten's AI-nization Plan

## Vision

Augment **human creativity** with the **power of AI**

## Strategy



## Execution

- Wave 1**  
Deep Learning at Scale
- Wave 2**  
Rakuten AI for Business
- Wave 3**  
Rakuten AI for Consumers

# 2024: A Year of **Strong Execution in AI**

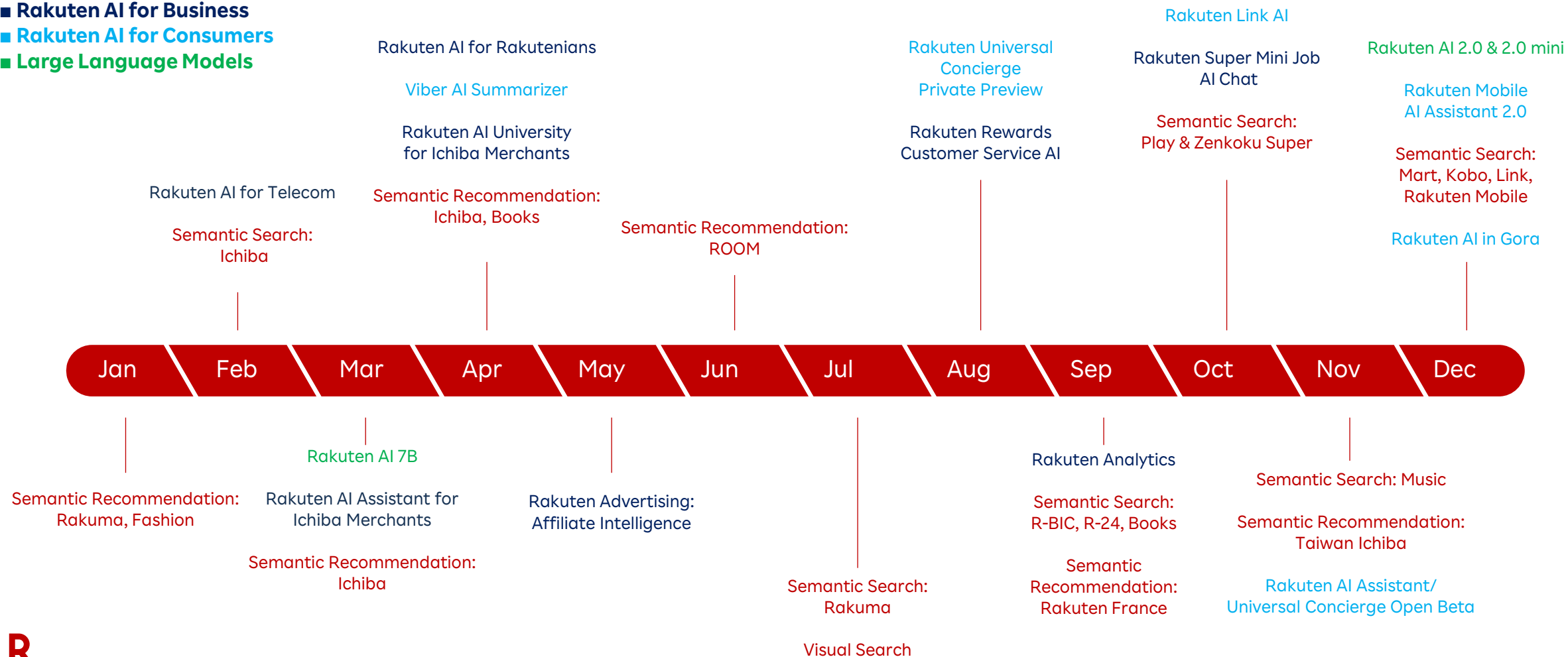
■ 35+ products, services, and features launched across Ecosystem

■ **Deep Learning Applications**

■ **Rakuten AI for Business**

■ **Rakuten AI for Consumers**

■ **Large Language Models**



# Deep Learning Applications are Delivering Results

Scaling foundational technologies across Ecosystem boosts sales and customer satisfaction

## SEMANTIC SEARCH

Deliver better results by understanding what customers mean, not just what they say

Added to 11 new services

Rakuten Bic  
Rakuten PLAY  
Rakuten ブックス (Rakuten Books)  
Rakuten 24  
Rakuten 全国スーパー (Rakuten Zenkoku Super)  
Rakuten Rakuma  
etc.

MAX. 98.5%    MAX. 5.3%

Decrease in zero hit search results\*1

Increase in GMS through semantic search\*1

## SEMANTIC RECOMMENDATION

Propose new options that customers may not be aware of

Deployed on 7 services

Rakuten  
ROOM  
Rakuten Rakuma  
Rakuten Bic  
Rakuten ブックス (Rakuten Books)  
etc.

+59%

Purchases through personalized recommendation widget on Rakuten Ichiba app\*1

## DYNAMIC AD DISPLAY

More relevant ads improve customer satisfaction, increase advertiser return, and drive Rakuten profit



Increase in ad sales from top page ads on Rakuten Ichiba\*2

+4%

\*1: Results from A/B tests comparing varying time periods and different mobile OSes. \*2: Results of A/B tests conducted on Rakuten Ichiba homepage from October 3 to October 14, 2024.

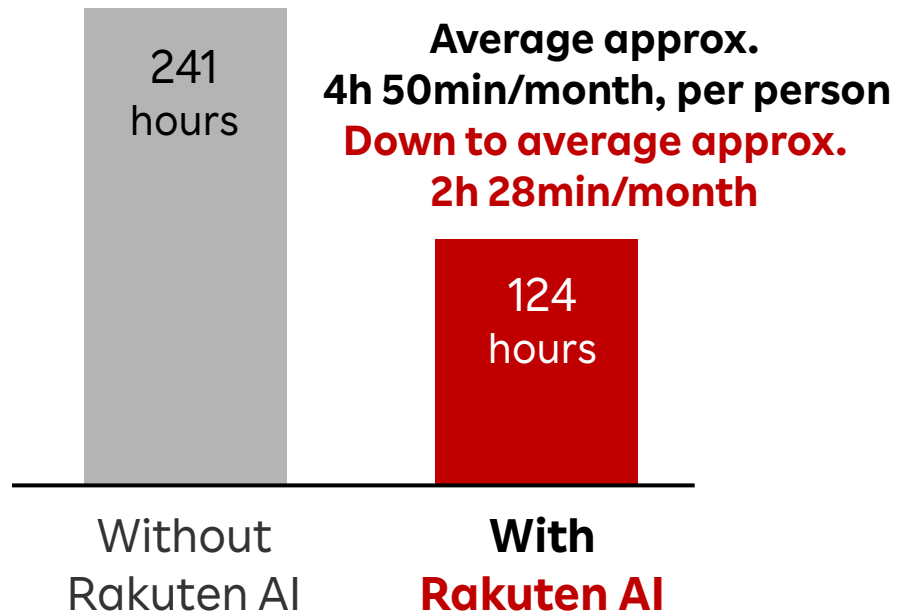


# Rakuten AI for Rakutenians

- 30,000+ employees have used AI to augment and automate everyday tasks, with 8,000+ using it daily

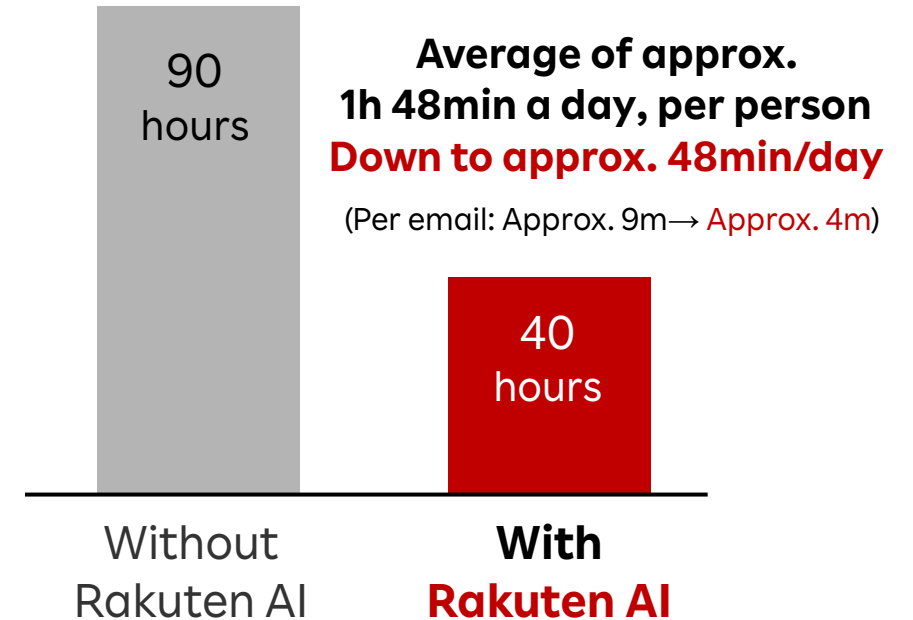
Time to create sales materials

**48%** less



Time to compose sales-related emails

**54%** less



\*All data from internal testing: Data collected on usage inside Rakuten sales teams, based on average of 50 persons per day.

# Launched January 29<sup>th</sup>, 2025: Rakuten AI for Business

- A new offering built on our learnings from Rakuten AI for Rakutenians that makes the power of AI accessible to Rakuten's business partners, regardless of size, budget, or technical proficiency



## Example Business Use Cases

### Operations

- Mail/meeting creation
- Translation
- Meeting minutes
- Break down of issues
- Excel function creation

### Sales

- Competitor analysis
- Market/Industry analysis
- Sales materials creation
- Proposal outline creation
- Status report creation

### Marketing

- Copy creation
- Content idea generation
- Blog/social posting
- Task checklist
- New business planning

### Engineering

- Fix bugs
- Code explanation
- Security audit implementation
- Webpage creation
- Sample data creation

## Designed for Japanese Business

Trained extensively on Japanese data and built in full compliance with Japanese regulations

## Accessible & Affordable

Simple setup, usable on any browser or connected smartphone, only 1100JPY per user per month

## Delivers Immediate Impact

A library of ready-to-use templates makes it easy to augment tasks across operations, sales, marketing, and engineering

## Private & Secure

Information entered is not used for Rakuten AI training. Create "restricted vocabularies" to prevent data leaks

## Backed by Rakuten's Expertise

Consulting is available from Rakuten AI experts to help speed deployment, deliver training, and maximize usage

# Rakuten AI for Consumers

- Rakuten Link AI (October 2024) and Rakuten AI Assistant Beta (November 2024) are early milestones towards building a useful, trustworthy, ecosystem-wide AI companion for Rakuten customers

OCTOBER 2024

## Rakuten Link

Making generative AI accessible to 8M+ Rakuten Mobile customers



No need to download a new app



No need to create a new account



No additional subscription



No new interface or commands to learn



AVAILABLE IN OPEN BETA

## Rakuten AI Assistant

One AI assistant for all Rakuten services

### Personal

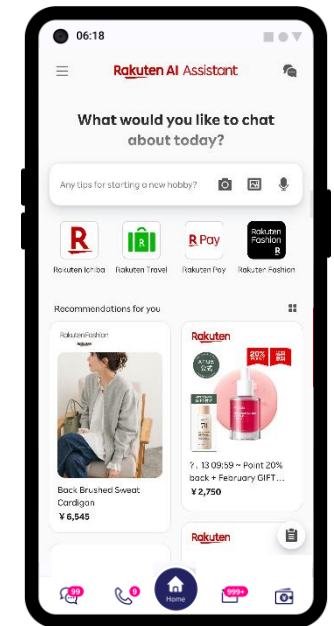
Tailored results and feeds based on customer preferences and insights from trillions of interactions

### Multimodal

Type or talk using natural language, or upload images

### Universal

Instantly access information, products, and services from across the Rakuten Ecosystem



# Rakuten AI LLMs: High Performance. High Efficiency. Highly Collaborative.

■ Our portfolio-of-models approach solves business problems with maximum flexibility and cost-effectiveness

## Rakuten AI LLMs: Unique Advantages

### Enables Smart Tradeoffs

Helps Rakutenians and customers optimize between performance, security, latency, and cost

### Built for Japanese Business

Designed to capture unique linguistic, cultural, and aesthetic nuances, and to be fully compliant with copyright and privacy law (APPI)

### Empowers the Community

Built on open source, and accessible to everyone via Apache 2.0 license on Rakuten Group's Hugging Face repository

March 2024

## RAKUTEN AI 7B

### OUR FIRST LLM

Achieved **top average scores** for similarly-sized open Japanese LLMs at launch

Winner of the **2024 Japan Institute of Information Technology Open Innovation Field IT Award**

December 2024

## RAKUTEN AI 2.0 8x7B

### MIXTURE-OF-EXPERTS LLM

**30x** larger curated dataset  
**8x** larger than Rakuten AI 7B, but only **~2.5x** more expensive to run

On track to deliver **best-in-class** Japanese language performance



## RAKUTEN AI 2.0 MINI 1.5B

### SMALL LANGUAGE MODEL

Designed for **use on the edge**

Trained from **scratch**

Highly **cost efficient**

# Looking Forward: **Rakuten's AI Priorities** for 2025

- Staying the course with our proven strategy of making AI accessible, powerful, and useful for every business, customer, and partner in the Rakuten Ecosystem

1

## **Scale the Foundation**

by continuing to deliver useful deep learning applications across the Rakuten Ecosystem

2

## **Scale Rakuten AI for Business**

to solve more problems for more customers in more industries

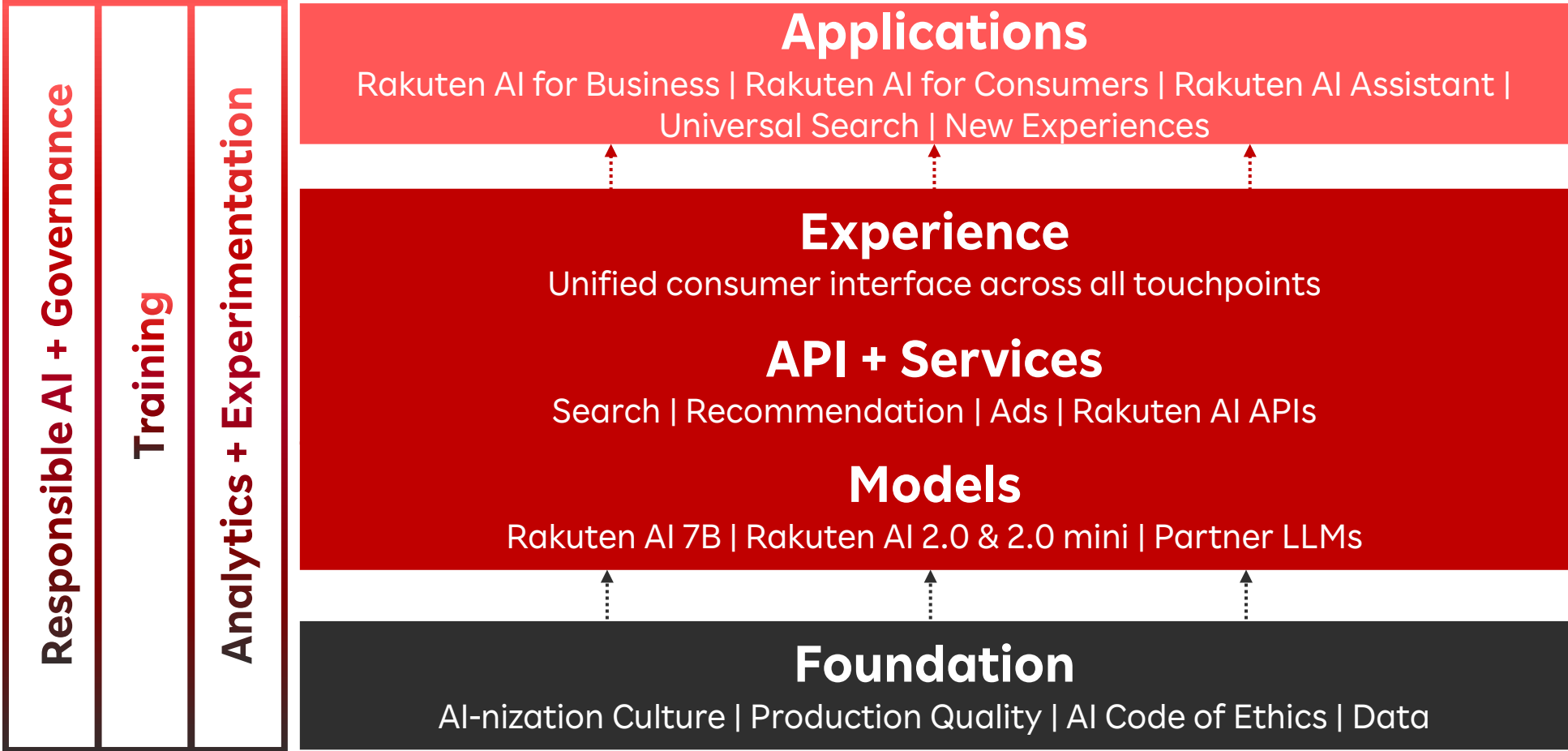
3

## **Scale Rakuten AI for Consumers**

by creating new experiences and augmenting existing applications

# Looking Forward: Rakuten AI Innovation Platform

■ Our operational model to accelerate AI development and deployment with the highest levels of efficiency



**Rakuten**

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