



FY2026 Q1 Consolidated Financial Results

Media Q&A Session

Mr. Ono (Yomiuri Shimbun)

I would like to ask about your financial performance. I believe this marks the first operating profit in seven years since 2019; could you share your candid thoughts on this? Also, given the strong start, what level are you aiming for in the full-year results?

Mikitani (Rakuten Group CEO)

As you know, we have been taking on a very large project called Rakuten Mobile. Throughout this process, while observing user reactions and the penetration into the Rakuten Group ecosystem, we have perceived that the lifetime value (LTV) of our customers has been rising. I believe this has now finally manifested in our figures. The reason I explained the ecosystem earlier is to provide that context. While this is a gratifying result, we must maintain this momentum. Moving forward, I believe we can significantly improve profitability by further advancing the use of AI. New customer acquisition is also proceeding smoothly. There are factors such as the reorganization of the Fintech Group that I mentioned earlier, and our balance sheet is extremely healthy. Given these points, we expect significant earnings growth not just for the next quarter, but beyond that as well.

Mr. Mizushima (Nikkan Kogyo Shimbun)

Regarding Rakuten Mobile, are you considering any new plans linked to services, similar to the one with U-NEXT? Additionally, with mobile competitors recently moving to raise prices, could you tell us if it is your company's policy to continue to avoid price hikes?

Mikitani (Rakuten Group CEO)

From here on out, security in particular is becoming a major issue. There is the problem of spoofing, and we are also offering "ore-ore" (bank transfer) fraud insurance, which is very popular among seniors. We would like to further expand our services for seniors and children in the future. As for content bundling, although it involves other parties, we would like to move forward proactively where there is potential. What will be important in the future is not just



connecting, but connecting securely and preventing fraud. We will be strengthening those areas. As for pricing, I will refrain from commenting as it involves strategic elements, but as a latecomer, our market share is still not as large as our competitors. We will make comprehensive judgments while thinking from a long-term perspective.

Mr. Onishi (Freelance)

Data from various sources shows that prices are rising at a significant pace. I see this as something that will soon start to impact consumption. I feel there is a growing sentiment among consumers that if high inflation continues like this, they need to play defense. Some time has passed since shipping fees were made chargeable, and with labor costs rising considerably, the logistics industry is in a very tough situation in terms of transportation costs. If measures are taken to address these issues, it is predicted that costs in e-commerce will rise or the momentum of consumption will fall. How do you view this situation, Mr. Mikitani, and how will you address it moving forward?

Mikitani (Rakuten Group CEO)

In the event of inflation, the first point is the extent to which online pricing remains advantageous. As a result, I believe a trend of people choosing to buy more online will emerge. At our company, we continuously monitor not just simple GMS (Gross Merchandise Sales) metrics, but also whether the frequency of transactions is increasing, and that is also growing steadily. Secondly, the growth factor is AI. Through AI, we can significantly reduce costs. We are already using AI for more than 50% of our various services, as well as in programming. I see huge room for efficiency gains. Furthermore, regarding customer transactions, instead of the traditional format where results only appear with full matches in a search box, we will be able to make proposals that meet specific needs. For example, in golf, it will become possible to ask, "My driver is good, but I'm struggling with my fairway woods. What should I do?" and have that lead to appropriate product recommendations. In the case of the Rakuten Group, we are advancing these initiatives in an integrated manner, and our advertising revenue is also increasing. I believe that profitability will rise, not fall. Unless we face hyperinflation, I think a manageable range of inflation will work in our favor. There is some impact, such as needing to purchase additional servers due to memory shortages, but I believe it is well within a range that can



be absorbed through AI integration.

----- End of Media Q&A Session -----



FY2026 Q1 Consolidated Financial Results Analyst Q&A Session

Mr. Okumura (Okasan Securities)

Regarding the reorganization of the FinTech business, I have one major question or two minor ones. Could you explain the background behind your decision—unlike last time—that this reorganization is achievable as a scheme that benefits minority shareholders of both your company and Rakuten Bank? I believe the synergies you are presenting were also anticipated previously, so I would like to clarify what has essentially changed. Additionally, regarding the objectives of this reorganization, could you comment on whether raising funds to reduce your company's financial leverage is included as one of the purposes?

Mikitani (Rakuten Group CEO)

The major factor is that we are in a rising interest rate environment. Rakuten Card and Rakuten Securities rely on external funding, and the scale of this is quite large, amounting to tens of billions of yen. I believe external funding cost factors are the most significant. On the other hand, Rakuten Bank also has a large portion of low-yield assets, including its Bank of Japan deposits. The most straight forward takeaway is that these will be converted into products capable of earning reasonable interest. Other than that, we now have a new CEO structure, and a foundation has been established to further promote synergy organizationally. Furthermore, the group-wide momentum toward a "One-App" strategy, driven by the advancement of AI, is also a major factor. Financially speaking, the interest-bearing debt of Rakuten Card and Rakuten Securities held outside the group will decrease significantly, so I believe there will be a financial impact for our company as well. Kaga-san, do you have anything to add?

Kaga (Rakuten Group Vice Group CFO)

Regarding the point about whether this is for the purpose of fundraising for our company, that is not the case. The reorganization announced this time is focused on curbing the outflow of funding costs outside the group and on synergies between the FinTech businesses. It is not intended for fundraising for our company (Rakuten Group, Inc.).



Mikitani (Rakuten Group CEO)

To add to that, I believe that through this, the risk posed by a significant rise in interest rates for the group as a whole will be almost entirely eliminated.

Mr. Nomura (Asset Management One)

I have two questions regarding the progress of Non-FinTech net interest-bearing debt/EBITDA. Looking at page 54, the target for 2026 is within approximately 6 times, and it has improved to 5.6 times in Q1. On the other hand, looking at the outlook for the end of December, it appears that net interest-bearing debt will increase slightly, EBITDA will also increase, and it will ultimately land at around 6 times. Could you explain the background behind the increase in interest-bearing debt? Is it due to an increase in CAPEX, or is it because you have conservatively factored in the value of listed stocks, etc.? This is my first question. Secondly, could you tell me, to the extent possible, how the FinTech reorganization will affect this leverage?

Kaga (Rakuten Group Vice Group CFO)

First, regarding the Net Debt/EBITDA ratio in the Non-FinTech sector, we have set a target of less than 5 times by the next fiscal year, and we recognize that we are progressing very steadily toward that goal. The target assumes refinancing, and in that sense, we have set a somewhat conservative premise that net interest-bearing debt will remain flat. Also, investment securities are included in the calculation of net interest-bearing debt as they are similar to cash equivalents, and the increase in the value of our shareholdings last year contributed to this ratio. Regarding EBITDA, as announced today, it is showing very strong growth, and we believe it is performing well. This high EBITDA earning power is a powerful engine for leverage improvement, and we believe that even under the premise of conservatively refinancing interest-bearing debt, the strengthening of our financial position is being firmly supported. I would like to emphasize that we are on track toward our goal. Regarding the second point about the FinTech reorganization, as I mentioned earlier, it is not intended for fundraising for our company. We will refrain from making any further comments at this time.

----- End of Analyst Q&A Session -----