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Rakuten Group Overview
Global Innovation Leader

Japan’s Leading Tech Company
Transforming Global Telecom
Seizing Digital Acceleration

- Fintech
- Online Content
- Data
- 5G Communications
- e-Learning
- e-Commerce
- Advertising
Rakuten’s Unique Ecosystem:
More than 70 Innovative Businesses Unified under One Brand

Japan’s No.1 Internet Service includes:

**Biggest eCommerce platform in Japan**
most diverse range of products, entertainment and sports

**Most Comprehensive FinTech platform**
No.1 online bank
fastest growing securities business
fastest growing cashless businesses including Rakuten Credit Card
online insurance

**Top Tier online Travel business in Japan**
top Hotel booking business

**Dominant Online Advertising business on EC platforms in Japan**
accounting for approx. 60% of EC platforms ad market (FY2019)

**World’s First Fully Virtualized Mobile Service**
enabled by technology that halves CAPEX and OPEX

100mn + members connect to all services via a single ID
Mission: Create Value through Innovation and Entrepreneurship to Contribute to Society

1997 Our Beginning
2 Founding Members
13 Merchants
Pioneered Internet EC to empower small merchants

Innovating everyday to empower merchants and consumers

Pioneering virtual mobile technology to empower consumers with unlimited data that is affordable

Today
18,000 Employees, 50,000 Merchants

Our Future
Sustainable Innovation:
Enable Industry
Empower Society
Enrich Individual Experiences

5G Mobile Service
Telemedicine
Drone Delivery
Smart Cities
Digital Content
Smart Stadiums

5G
5G

Smart

Stadiums

Digital

Content

Smart

Cities

Drone

Delivery

Telemedicine

5G Mobile

Service

5G
Track Record: Two Decades of Accelerating Growth via Innovation

Total Global GTV*1*2*3

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

*1 Includes intercompany transactions for settlement and affiliate services
*2 Eliminated internal transactions in some businesses from FY2017.

+24.2% YoY

19.0 (JPY tn)
Track Record: Growing New Businesses to Become No.1 through Fast Customer Acquisition

**Rakuten Card**
- # of Credit Card holders (mm)
- Jun/10: 5.3
- Jun/20: 20.0
- Increase: 3.8x
- No.1 in the number of card holders acquisition

**Rakuten Bank**
- # of Internet bank accounts (mm)
- Jun/10: 3.5
- Jun/20: 9.1
- Increase: 2.6x

**Rakuten Mobile**
- # of MVNO subscriptions (mm)
- Dec/15: 0.2
- Dec/19: 2.3
- Increase: 11.3x

*No.1 in the number of card holders acquisition*
Track Record: Growth Outpacing Traditional Industries

- **Domestic EC GMS vs Retail Sales Value**
  - Rakuten Card: CAGR +31%
  - Retail Industry Sales Value*: CAGR -0.1%

- **Travel GMS**
  - Rakuten Travel: CAGR +15%
  - Travel Industry*: CAGR -2.1%

- **Advertising Business**
  - Rakuten Ad Revenue: CAGR +18%
  - Traditional Media Ad Expenditure*: CAGR -3%

- **Credit Card Shopping GMS**
  - Rakuten Card: CAGR +74%
  - Credit Card industry*: CAGR +7%

- **Bank Deposit**
  - Rakuten Bank: CAGR +19%
  - All Banks*: CAGR +3%

*Ministry of Economy, Trade and Industry, Commercial sales value by type of business

*Japan Tourism Agency, Travel Agency Transaction

*Japanese Bankers Association, National bank deposit

*Ad expenditure of newspaper, magazine, radio, TV

*Dentsu: 2019 Advertising Expenditures in Japan
Technology that halves CAPEX and OPEX

World’s first fully virtualized mobile service

Track Record: Developing Revolutionary Technology
Strengths: Unique and Unmatched

A Strong Global Workforce
Top engineers
70 nationalities

A Unique Ecosystem
Diversified and Resilient in challenging times

High Quality Data + AI
From 100M Rakuten Members

Most Popular Point Program
Attracts and retains costumers

Rakuten’s Value can be measured by Membership Value = LTV – CAC

LTV: Life Time Value of a customer, enhanced by having multiple businesses in one eco-system
CAC: Customer Acquisition Cost, lowered by a cross-business strategy
Strengths: A Global Workforce Enabled by “Englishnization”

- Rakuten is a rare Japanese company that made English the official company language in all offices across the world.
- ‘Englishnization’ makes it possible to acquire and retain global talent including the world’s top engineers.

**Employee nationality ratio***

- Non-Japanese nationality: 23%
- Japanese nationality: 77%

**Number of employee nationalities***

Over 70

*As of December 31, 2019
One ID - Membership
More than 100 million users in Japan can use multiple services in the ecosystem with a single ID.

Rich data
Enormous purchasing data of more than 100 million users connected to demographics, such as age and gender, and consumer interests.
Synergies between businesses such as Rakuten Ichiba and Rakuten Card lead to expansion of overall Ecosystem

- **Synergies to expand Ecosystem**
  - **Cross-use Ratio**
    - **71.9%** (As of Dec 2019)
    - 2 out of 3 members use 2 or more services
Strengths: Japan’s Most Popular Point Program (1 point = 1 yen)
Attracts and Retains Customers

- Customers Earn ‘Rakuten Points’ equivalent to cash when spending in Rakuten’s ecosystem
- The more services a customer uses, the more points they earn, incentivizing cross-usage of Rakuten businesses
- Customers can spend Points in over 5mn on & offline locations including supermarkets
- 90% of points issued, are used by customers, reflecting popularity of program

No.1 in total satisfaction survey
- Point I want the most
- Point I have/use the most
- Point I can earn most easily

*My voice com, Survey on points, July 2020
Strengths: High Quality Data from 100M+ Rakuten Members

100M+ Rakuten Members

High Quality Data
- Accurate Demographic Membership Attributes

Purchase Data
- Online and Offline Purchasing Data / Geo Data in all areas
- Retail, Sports, Entertainment and FinTech

Strengths: High Quality Data from 100M+ Rakuten Members

100M+ Rakuten Members

High Quality Data
- Accurate Demographic Membership Attributes

Purchase Data
- Online and Offline Purchasing Data / Geo Data in all areas
- Retail, Sports, Entertainment and FinTech
Strengths: A powerful AI Driven Marketing Strategy

AI agents “Rakuten Alris” analyzes 920 elements from 100m+ Rakuten members. “Pitari” delivers the right content, to the right person, at the right time.

Demography
Search history
Visit history
Purchase history
Point-use tendency

User

Rakuten

Machine Learning

Potential users

High Matching Rate
Low Matching Rate

920 Analysis elements

- Interested in health products
- Interested in Games
- Often go golf
- Often go abroad
- Have a car
- Have pets etc.

Model

Similarity Score

A

Approaching higher Matching Rate user
Opportunities: Digital Acceleration in the New Normal

- e-Learning
- Advertising
- e-Commerce
- 5G Communications
- Sustainable Innovation
- Data
- FinTech
- Online Content

Rakuten
Opportunities: Lead Position to Seize Expanding Digital Market

### Internet Service

**Japan’s EC penetration expected to double**

<table>
<thead>
<tr>
<th>Country</th>
<th>EC Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>7.9%</td>
</tr>
<tr>
<td>China</td>
<td>20.4%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>10.4%</td>
</tr>
<tr>
<td>America</td>
<td>11.8%</td>
</tr>
<tr>
<td>Korea</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

*Rakuten growth faster than overall market*  

**<EC Market in Japan>**

<table>
<thead>
<tr>
<th>Year</th>
<th>EC Market (JPY tn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7.8</td>
</tr>
<tr>
<td>2011</td>
<td>8.5</td>
</tr>
<tr>
<td>2012</td>
<td>9.5</td>
</tr>
<tr>
<td>2013</td>
<td>11.2</td>
</tr>
<tr>
<td>2014</td>
<td>12.8</td>
</tr>
<tr>
<td>2015</td>
<td>13.8</td>
</tr>
<tr>
<td>2016</td>
<td>15.1</td>
</tr>
<tr>
<td>2017</td>
<td>16.5</td>
</tr>
<tr>
<td>2018</td>
<td>18.0</td>
</tr>
</tbody>
</table>

*2019 Rakuten Domestic EC*  

*+13.4% YoY*

### Fintech

**Japan’s Cashless ratio expected to triple**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cashless Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>20%</td>
</tr>
<tr>
<td>2025 (Target)</td>
<td>40%</td>
</tr>
<tr>
<td>20XX (Target)</td>
<td>80%</td>
</tr>
</tbody>
</table>

*Largest payment offering*

#### Diverse Payment Methods

- **Rakuten Card**
- **Rakuten Bank**
- **R Pay**
- **R Pay (Mobile Payments)**
- **R POINT**
- **R Cash Card**

*Common ID As Our Asset: Rakuten ID*

### Mobile

**JPY6.2tn Telco industry in Japan**

- **Existing Telco Companies**
- **Rakuten Mobile**

*Most affordable Service*

- **Unlimited Data: JPY 2,980**
- **20GB: JPY 6,877**

*Representative data plan model in Tokyo*

---

*1 The Ministry of Economy, Trade and Industry (METI), “FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)”*


*3 The Ministry of Internal Affairs and Communications, “Survey on Domestic and Foreign Telecommunication Industry Data Plans”*
Opportunities: Online to Offline Expansion

Rakuten Everywhere

Capturing the Consumer’s JPY 352 Trillion* Wallet Share

* Internal estimation based on public information
Opportunities: Disrupting the Mobile Industry with Virtual Technology

Developed World’s First Fully Virtualized Network

Traditional Network

- Power Board
- Rectifier & Battery
- BBU

Rakuten Virtualized Network

- Power Board
- Integrated RHH + Antenna
- Rectifier & Battery
- AAU

Reduce ~40% CAPEX
Reduce ~30% OPEX

Leveraging Rakuten Ecosystem to Acquire Customers

- More than 100 million members in Japan
- 70+ services
- Cross-use rate over 70%

- 30+ mm users
- 20+ mm Card holders
- 9+ mm accounts

Rakuten Mobile

- Domestic EC annual unique users

Reduce CAC
Maximize LTV

Rakuten UN-LIMIT

Unlimited Data at HALF the Market Price

Average Price Model in Japan for 20GB Plan*: JPY 6,877
Rakuten UN-LIMIT: JPY 2,980

*MIC Domestic and Overseas price difference survey for telecommunications services)
Opportunities: Next Generation Global 5G Leader

Redefining how mobile networks are designed, built and operated

Japan MNO Service

Targeting the $1tn+ Mobile industry as the world shifts to 5G

“Rakuten...launched the first full-scale virtualized network on April 8th... it may prove as momentous as Amazon’s launch in 2006 of its trailblazing cloud-computing arm.” Economist April 8, 2020

Going Global

Intel Corporation CEO Robert Swan
We believe 5G and the transformation of (Rakuten’s) network together are a technology inflection...

Cisco Chairman & CEO Chuck Robbins
The network... is absolutely going to change the industry...What we are going to see in the months and years ahead is going to challenge how everyone think about their networks...
Opportunities: World’s Leading Operator-Enabling Platform

Compelling Alternative to Legacy and Proprietary Networks

- For Carriers, Governments and Enterprises looking for reliable and cost effective 5G-ready network
- Built with OPEN-RAN standards not reliant on any single product, technology or vendor
- Uses software centric approach to design and operations
- Automates network design, deployment, operations, supply-chain maintenance
- Safe, secure, agile, mobile network of the future

Rakuten Communications Platform

Total Revenue of Global Mobile Operators

Network Cost of Mobile Operator (% of Revenue)

Rakuten Communications Platform

Market Size JPY 30Tn-40Tn

Operator Revenue
Traditional NW Cost
RCP CAPEX

OPEX Reduction with RCP
~32%
~30%
~23%
KPIs & FY2019 Highlights

**Consolidated Revenue**
- Approx. JPY 1.3 tn
  - YoY +14.7%

**Global GTV**
- JPY 19.0 tn
  - YoY +24.2%

**Domestic EC GMS**
- JPY 3.7 tn
  - YoY +12.6%

**Rakuten Card Shopping GTV**
- JPY 9.5 tn
  - YoY +27.4%

**Rakuten Card Holders**
- 20 mm*
  - Surpassed

**Rakuten Securities Accounts**
- 4.40 mm

**Rakuten Bank Accounts**
- 9.05 mm
  - *As of June 30, 2020

**Market Capitalization**
- JPY 1.4 tn
  - *As of June 30, 2020

*As of June 2020

Approx. JPY 1.4 tn
ESG: Committed to Sustainability

Corporate Governance: Stable and diversified management team with long term commitment

Outside Director
Independent Director
Foreign Director
Female Director

Social: Information security management / Diversity

Two pillars that support provision of safe and secure services and products

Information Security

- Group regulation based on ISO/IEC 27001
- Employee training

Quality Activities

- Monitor and improve Net Promoter Score (NPS®)
- Monthly “Quality Assurance Committee” for quality assurance

Employees’ Nationalities

Data Coverage: Rakuten, Inc.

Environment: Joined RE100

Rakuten, Inc. joined the international initiative RE100 which stands for “Renewable Electricity 100%,” an initiative that brings together the world’s most influential businesses who are committed to utilize 100% renewable power by 2050 at the latest.

Main Index Inclusions

- MSCI ESG Indices
- FTSE4Good Index Series
- S&P / JPX Carbon efficient

Outside Directors

Representative Director, Chairman, President and CEO
Hiroshi Mikitani

Representative Director and Vice Chairman
Masayuki Hosaka

Director
Charles B. Baxter

Independent Director

Foreign Director

Female Director

Director
Ken Kutaragi

Director
Sarah J. M. Whitley

Director
Takashi Mitachi

Director
Jun Murai

Outside Directors

Independent Director

Foreign Director

Female Director

3

14%

4

57%

4

57%

2

29%
Snapshot of Key Businesses
Internet Service Segment Businesses

### Domestic EC

- **Market place businesses**
  - **Rakuten Ichiba**: Internet shopping mall
  - **Rakuten Travel**: Online travel and reservation website
  - **Rakuten GORA**: Online golf course reservations

- **First party businesses**
  - **Rakuten24 (Rakuten Direct)**: Daily necessities sales service
  - **Rakuten Books**: Online book, CD & DVD store
  - **Rakuten Fashion**: Online brand fashion store
  - **Rakuten Seiyu Netsuper**: Online grocery delivery service

- **C2C business**
  - **Rakuma**: Consumer-to-consumer mobile e-commerce app

- **Dream business**: Internet leisure services affiliated with public agencies and regional governments

- **Rakuten SUPER LOGISTICS**: Distribution and fulfillment services for Rakuten Ichiba merchants and Rakuten Group services, etc.

### Others

- **Rakuten Rewards**: Membership-based online cash-back site in the U.S. (formerly known as Ebates)
- **Rakuten Kobo**: Global eBooks, audiobooks, eReader and eReading app
- **Rakuten Advertising**: Online marketing solutions (formerly known as Rakuten Marketing)
- **Rakuten VIKI**: Global video-on-demand service
- **Rakuten TV**: Video-on-demand service in Europe
- **Taiwan Rakuten Ichiba**: Online shopping in Taiwan
- **Rakuten France**: Online shopping in France
- **Rakuten Deutschland**: Online shopping in Germany
- **Tohoku Rakuten Golden Eagles**: Professional baseball club
- **Vissel Kobe**: Professional soccer team
- **NBA Rakuten**: Online streaming of NBA games
- **Rakuten Capital**: Corporate venture capital group, etc.
Domestic EC: Japan’s No. 1 Internet Service

Domestic EC Highlights

- **Domestic EC GMS in 2019**: 3.7 trillion (+12.6% YoY)
- **The Biggest Online Marketplace in Japan**: 50+ k merchants, 270+ million products (As of June 2020)

KPI: Strong growth of Domestic E-Commerce GMS

- **EC penetration comparison**
  - **Japan**: 7.9%
  - **China**: 20.4%
  - **Taiwan**: 10.4%
  - **America**: 11.8%
  - **Korea**: 18.8%

Market Opportunity: Japan’s EC penetration expected to double

Growth strategy: Enhancing customer experience

1. **Investing in delivery / logistics**
   - Improving user delivery experience / reducing merchants logistics burden

2. **Partnering with large brands**
   - Expand 1st party businesses to provide wider product category

3. **Cultivating new customer base**
   - Launch Rakuten Fashion and C2C to capture new customer

FinTech Segment Service Businesses – World’s Most Integrated Platform

<table>
<thead>
<tr>
<th>Services</th>
<th>Products</th>
<th>FY2019 Revenue* (% of Total FinTech)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card</td>
<td><strong>Rakuten Card</strong></td>
<td><strong>JPY 229.8 bn</strong> (47.2%)</td>
</tr>
<tr>
<td>Online Bank</td>
<td><strong>Rakuten Bank</strong></td>
<td><strong>JPY 89.1 bn</strong> (18.3%)</td>
</tr>
<tr>
<td>Online Securities</td>
<td><strong>Rakuten Securities</strong></td>
<td><strong>JPY 56.6 bn</strong> (11.6%)</td>
</tr>
<tr>
<td>Online Insurance</td>
<td><strong>Rakuten Life Insurance</strong></td>
<td><strong>JPY 106.5 bn</strong> (21.9%)</td>
</tr>
<tr>
<td>Payment</td>
<td><strong>R Pay</strong></td>
<td><strong>JPY 28.8 bn</strong> (5.9%)</td>
</tr>
</tbody>
</table>

*1: There are revenue of Others. Others include investment management business, overseas business etc.
*3: Payment business also includes Rakuten Wallet, cryptocurrency business.
Rakuten Card: Japan’s Fastest growing Credit Card Business (by shopping GTV)

Rakuten Card Highlights

- **Market share (by shopping GTV)**: No.1
- **No. of Card Holders (As of June 2020)**: 20mm
- **Won Customer Satisfaction Survey 11 consecutive years**

KPI: Rakuten Card’s growth rate outperforms the market

- **Shopping GTV growth rate (YoY)**
  - Rakuten Card: 28.9%
  - (Credit card industry): 10.2%
  - (Credit card industry excluding Rakuten Card): 7.2%

Market Opportunity: Growth Potential for Credit Card in Japan

- **Comparison of credit card penetration rate**
  - Japan: 19%
  - Korea: 77%
  - Singapore: 35%
  - Australia: 30%
  - US: 25%

Growth strategy: Diversity of revenue stream

- **Revolving and Cash advances grew steadily along with Card Shopping growth**
  - FY2013: 77
  - FY2016: 139
  - FY2019: 230

Source: METI, Rakuten Card, JAPAN CONSUMER CREDIT ASSOCIATION "Japan Credit Statistics 2018"
Rakuten Bank: Japan’s Largest & Fastest Growing Online Bank

Rakuten Bank Highlights

Number of accounts (by online bank)

No.1

Japan’s Fastest growing online bank
(by number of new accounts)

+1.2mm

(Demand in 2019)

Diverse Services

Personal loans, mortgage, Foreign currencies, transfer by Viber etc.

Market Opportunity: Growth Potential for Online & New banks

Growth strategy: Efficient Funding Structure

Deposit breakdown of Japanese Bank

Total deposits JPY 1,100+ tn

- Mega banks
- Regional banks
- Japan Post bank
- Trust banks
- Shinkin banks/Credit unions, etc.
- Internet & New banks

KPI: No.1 in Number of Bank Accounts

Number of Bank Accounts (Online bank, as of June 2020)

Low funding cost as Rakuten Bank deposits enable increased group profitability

*Source: Japanese Bankers Association, Shinkin Central Bank Research Institute, Company disclosures
Rakuten Securities: Japan’s Fastest growing Securities Business

Rakuten Securities Highlights

- Number of new accounts opening: No.1
- Number of accounts (As of June 2020): 4.4mm

Investment with Rakuten Points available:
- Investment Trusts
- Accumulation Type Investment Trusts
- Domestic Stocks, etc.

Market Opportunity: Growth Potential for Securities

- Household financial assets composition:
  - Japan: JPY 1,835 tn
  - US: JPY 9,779 tn*

  Asset handled by securities companies is 1/3 that of the US

- Calculated with 1 USD = 110 JPY

Growth strategy: Diversity of revenue stream

- Reducing reliance on Japanese Equities against the backdrop of lower transaction fees

- FY2019: 42%
- FY2009: 66%

- Number of New Accounts (Jan/20-Jun/20):
  - Rakuten: 651 thousand
  - Company A
  - Company B
  - Company C
  - Company D
Market Opportunity: Growth Potential for Cashless in Japan

Japanese cashless ratio targeted to be 40% by 2025*1

2019 JPY 81 tn
26.8% *2

2025 (Target) 40%

20XX (Target) 80%

*1 Source: Ministry of Economy, Trade and Industry “Cashless Vision”, 2018
*2 Source: Bank of Japan, JAPAN CONSUMER CREDIT ASSOCIATION

Growth strategy: The 3 Layers of Payment Business Strategy

Providing Various Payment Methods in common ID / Interface

Source Layer

ID · IF Layer

Protocol Layer

R Pay

Open Strategy

Use of Rakuten Easy ID

Core Asset

Open Strategy

Providing Various Payment Methods

R Pay

Rakuten ID-based payment service (QR code / Barcode)

Electronic money

Point card service

Crypto asset exchange service

Number of Rakuten Pay Users

Number of locations Online / Offline

Sustainable business model with revenue from transaction fees

46mm

5mm

(As of Dec/2019)

Rakuten Payment Highlights

Service lineup

Number of Rakuten Pay Users
46mm

Number of locations Online / Offline
5mm

Sustainable business model with revenue from transaction fees

As of Dec/2019

*46mm : Monthly active users with settlement based on registration of Rakuten ID. Cumulative number from each business
*5mm : Total number of available locations for Rakuten Pay, Rakuten Edy, Point card. As of June 2020

Rakuten Wallet

Japanese cashless ratio targeted to be 40% by 2025

80%
Insurance Services: Unique Services with Rakuten Group Synergy

Insurance Business Highlights

Unique services with Rakuten group synergy
Travel insurance, Golfer’s insurance

Rakuten Point to premium paid
1%

Comprehensive insurance desk
One-stop consultation

Service lineup

| Rakuten 楽天生命 Life Insurance | Life insurance, medical insurance, cancer insurance etc. |
| Rakuten 楽天損保 General Insurance | General insurance such as car insurance, fire insurance, travel insurance |
| Rakuten 楽天ペット保険 Pet Insurance | Pet insurance service |
| Rakuten 保険の総合窓口 Insurance Desk | Comprehensive insurance desk where customers can get one-stop consultation, inquiries and procedures for Rakuten Insurance Group products |

Market Opportunity: 3rd biggest Insurance market with little internet ratio

Growth strategy: Unique services with Rakuten group synergy

Rakuten Insurance Group

- Bicycle Insurance (Oct/2018~)
- Travel Insurance (Mar/2019~)
- Golfer’s Insurance (Mar/2019~)
- Fire Insurance for home owner
- Creditor’s group insurance with cancer covenant

Total premium volume in USD 2017 (bn)

Source: Swiss Re, “sigma No 3/2018”

Japan’s internet Insurance ratio is calculated by Rakuten based on disclosure information

Internet Insurance is less than 10%*
Rakuten Capital: Minority Investments

Strategy

- **Sourcing**
  - Screening by Big Data
  - Leveraging Rakuten global network
  - Venture/Investment community at global level

- **Adding Value**
  - Providing various management know-how such as marketing and KPI management
  - Adding corporate value utilizing Big Data
  - Director level and hands-on support

Historical Portfolio

<table>
<thead>
<tr>
<th>Internet</th>
<th>FinTech</th>
<th>Ride Sharing</th>
<th>Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pinterest (Exited)</td>
<td>OneSignal</td>
<td>Careem</td>
<td>Genesis Healthcare</td>
</tr>
<tr>
<td>SHOPBACK</td>
<td>epic!</td>
<td>Glovo</td>
<td>Rakuten Medical</td>
</tr>
<tr>
<td>carousell</td>
<td>On scrotch</td>
<td>lyft</td>
<td>airweave</td>
</tr>
<tr>
<td>BlueVine</td>
<td>Upstart</td>
<td>folio</td>
<td>TORANOTEC</td>
</tr>
<tr>
<td>simplesurance</td>
<td>acorns</td>
<td>gojek</td>
<td>cabify</td>
</tr>
</tbody>
</table>

(As of December 2019)

- Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019, respectively and changed from pure investments to strategic investments
- Lyft was previously accounted for using the equity method and changed to be measured at fair value through profit or loss from Q3/20

Performance

- Initial Investment (2012 to date): 1,036 USD mm
- Return: +479 USD mm
- Fair Value (As of Dec 31, 2019): 1,515 USD mm
- ROI: +95%
- IRR: +25%

* Lyft and Rakuten Medical are excluded due to transfer from Investment Business and treated as exited investments for return calculation
* Returns excluded Lyft and Rakuten Medical: ROI +57%, IRR +17%
Ad Business: Dominant Online Ad Business on EC Platforms in Japan

Ad Business Highlights
- FY2019 Revenue growth at +16.7% YoY
- Advantages of Rakuten:
  - ✔ 100M Rakuten IDs and behavior data
  - ✔ Purchasing data which connected with Rakuten IDs
  - ✔ Collect both on-line and off-line data

KPI: EC platform advertising growth outperforms the market
- FY2019 Ad Revenue\(^{+1}\): JPY 112.3 bn +16.7% YoY

Market Opportunity: Internet Advertising growing rapidly
- Rakuten has the largest share in “EC platform Advertising”\(^{+1}\) of Internet Advertising expenditures

Growth strategy: Leveraging existing assets and data
- 1st step: Expand External Advertiser
- 2nd step: Expand External Inventory

Establishing Global Ad Platform and Upside Potential
- Rakuten Pasha
- RMP - Brand Gateway
- RMP - Customer Expansion
- Rakuten Ichiba
- Rakuten Travel, etc.
- RMP - Display Ads
- Rakuten Marketing
- Affiliates (Previously Linkshare)
- Programmatic Display
- Search

Rakuten has the largest share in “EC platform Advertising”\(^{+1}\) of Internet Advertising expenditures

Internet Advertising Expenditures: 2.1 tn
EC Platforms Advertising: 106.4 bn
Rakuten Share\(^{+2}\): Approx. 60%
Overseas Businesses

**Rakuten Logo awareness**

- **Taiwan**: 77.0%
- **U.S.**: 62.8%
- **Spain**: 74.5%
- **France**: 76.6%
- **Canada**: 63.6%

Aided Rakuten corporate logo awareness survey conducted by Rakuten (Jan 2020)
Rakuten Rewards Highlights

- Unique online cash back service for over 2,500 stores

<table>
<thead>
<tr>
<th>Number of Members</th>
<th>New Members Since Rebrand</th>
<th>Number of Annual Active Members Q3/19 vs before rebranding Q3/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 mm</td>
<td>1.5 mm</td>
<td>+21.0%</td>
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</table>

GMS (USD mm)

<table>
<thead>
<tr>
<th></th>
<th>Q1/17</th>
<th>Q1/18</th>
<th>Q2/17</th>
<th>Q2/18</th>
<th>Q3/17</th>
<th>Q3/18</th>
<th>Q4/17</th>
<th>Q4/18</th>
<th>Q4/19</th>
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</thead>
<tbody>
<tr>
<td>GMS</td>
<td>1,808</td>
<td>2,259</td>
<td>2,686</td>
<td></td>
<td>2,157</td>
<td>2,494</td>
<td>2,970</td>
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<td>3,685</td>
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<td>4,419</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>4,705</td>
</tr>
</tbody>
</table>

Building Ecosystems Overseas

Growth Strategy

- Fully rebranded from Ebates to Rakuten Rewards

Rakuten Logo Awareness in the U.S.

Before rebranding

27.9%

After rebranding

54.5%

**Q: Have you ever seen the following Rakuten logos? Please select the answer that best applies for each.**

**A: Yes or I think I’ve seen it**

* n=1,700
Overseas Businesses: Content and Communication

Overseas Businesses Highlights

- Non-GAAP OI (Kobo, Viber, VIKI) turned black
- Viber IDs: 1bn+
- Strong growth in Kobo content net sales

Main KPIs

- **Rakuten kobo**
  - Publishers working with Kobo
  - Number of Kobo readers
  - Number of titles

  - **Rakuten Viber**
    - Number of subscribers
    - Content viewing time

Market Opportunity

Growing Overseas Content and Communication Businesses QoQ due to COVID-19

Q1/20 vs Q2/20

- **Rakuten kobo**
  - Registered Users: +1.9m
  - Active Users: +3.9m

- **Rakuten VIKI**
  - Registered Users: +3.7m
  - Unique IDs: +16.5m

*Unique IDs: Unique phone numbers excluding deactivations*
# Mobile Business Segment

<table>
<thead>
<tr>
<th>Mobile</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rakuten Mobile</strong></td>
<td>Mobile communications services (MNO/MVNO)</td>
</tr>
<tr>
<td><strong>Rakuten Communications</strong></td>
<td>IP phone service for individuals/corporations, High-speed optical line internet service, cloud service</td>
</tr>
<tr>
<td><strong>Rakuten Viber</strong></td>
<td>Mobile messaging and VoIP services</td>
</tr>
<tr>
<td><strong>Rakuten Energy</strong></td>
<td>Electricity and energy-related services</td>
</tr>
</tbody>
</table>
Mobile: Disruptive Pricing via World’s First Fully Virtualized Network

Rakuten Mobile Highlights

- A simple, affordable, high quality mobile service
- Unlimited data at half the industry price enabled by virtualization
- 1mn subscribers within 3 months

KPI

Target population coverage 80%

Accelerate deployment

Market Opportunity

JPY 6.2tn Telco industry in Japan

Rakuten Un-Limit

Unlimited: JPY2,980

Lower CAC
Maximize LTV

Lower CAPEX
~ 30%

~ 40% lower OPEX

Fully virtualized network

Rakuten ecosystem utilization

Accelerate customer acquisition utilizing Rakuten Ecosystem

Rakuten Card

Rakuten Bank

MVNO

2+ mm subs

9+ mm accounts

More than 100 million members in Japan

70+ services

Cross-use rate over 70%

20+ mm Card holders

Domestic EC annual unique users

Dec 2019

Mar 2029

3,432

4,738

8,652

13,463

17,520

21,378

24,802

27,397

Commitment to MIC

Number of base stations

December 2019

March 2029

Rakuten ecosystem utilization

Rakuten UN-LIMIT

185 mm Subs

10 mm subscriptions

Rakuten Mobile

30+ mm users

20+ mm

Domestic EC annual unique users
- Open Architecture avoids vendor lock-in
- Marketplace type app store allows quick adoption of additional services for network operation
- AI for network optimization contributes to operational improvement
- Virtualization and automation reduces CAPEX and OPEX providing an economic solution for 5G

**Mobile: Going Global with the World’s Leading Operator Enabling Platform**

**Rakuten Communications Platform**

- **Open Architecture**
  - Cloud-native compatible with WAN, separation of software and hardware, OpenRAN architecture

- **Hardware & Software**
  - Open HW & SW
  - COTS based MEC Design
  - Framework based on standardized open hardware and software
  - Optimal integration of edge, central DCs, and resources

- **MEC**
  - Automation & Operation by AI
  - Adoption of automation and zero operation control

- **Operation**
  - Innovation w/ Open Core
  - Innovative partnership with NEC on OpenCore

- **Core Network**
  - MEC Design
  - Optimal integration of edge, central DCs, and resources

- **MEC**
  - COTS based MEC Design
  - Optimal integration of edge, central DCs, and resources

- **Framework based on standardized open hardware and software**
  - **Innovation w/ Open Core**
  - Innovative partnership with NEC on OpenCore

- **Innovation with Open Core**

**Market Size**

- JPY 30Tn-40Tn

**Total Revenue of Global Mobile Operators**

- JPY 120Tn

**Network Cost of Mobile Operator (% of Revenue)**

- ~32%
- ~23%

- **OPEX Reduction with RCP**
- ~30%
Last But Not Least...

WE MAKE IMPOSSIBLE POSSIBLE
Inspired by his experience at Harvard Business School and motivated by the devastation of the Kobe earthquake, in 1995 Mikitani walked away from a successful investment banking career at the Industrial Bank of Japan to build something that would make a difference. Two years later, with a small team and a firm conviction that the emerging internet was going to change the world, Mikitani launched the internet marketplace, “Rakuten Ichiba.” Rakuten, which means “optimism” in Japanese, has grown to become one of the world’s pre-eminent internet companies. It also became Japan’s newest mobile network operator in 2019.

Mikitani has been one of Japan’s most visible and vocal proponents of a low-cost and open internet environment to foster innovation, support business growth and lead to economic prosperity. He is a co-founder and the Representative Director of Japan Association of New Economy (JANE) — one of Japan’s top business and economic associations, alongside Keidanren and Keizai Doyukai — whose mission is to strengthen Japan’s competitiveness through the expansion of the internet and e-business.

Born in Kobe, Mikitani was educated at Hitotsubashi University in Tokyo, before earning his MBA from Harvard Business School in 1993. In 2012, he was awarded the HBS Alumni Achievement Award, one of the school’s highest honors. He is also a recipient of the Legion of Honour, an award bestowed by the French government in recognition of his contributions to the economy and culture of France.
Appendix
Rakuten History

Founded: February 7, 1997

Started with 6 members, 13 merchants

Our History:

- May 1997: Rakuten Ichiba, the internet shopping mall, begins service.
- April 2000: Rakuten goes public through an IPO on the OTC market (currently TSE JASDAQ market).
- March 2001: Rakuten Travel, an online hotel reservation service, is launched.
- November 2003: Rakuten acquires DLJdirect SFG Securities (currently Rakuten Securities, Inc.).
- September 2004: Rakuten fully acquires Aozora Card Co., Ltd. (currently known as Rakuten Card Co., Ltd.).
- February 2009: Rakuten acquires eBank Corporation (now Rakuten Bank, Ltd.).
- February 2013: Listed market changed to Tokyo Stock Exchange First Section
- October 2014: Rakuten Group fully enters the mobile phone industry with the launch of the MVNO service “Rakuten Mobile.”
- October 2019: Rakuten Mobile launches its new mobile operator service
Rakuten Consolidated Revenue

(JPY mm)

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Revenue</td>
<td>713,555</td>
<td>781,916</td>
<td>944,474</td>
<td>1,101,480</td>
</tr>
<tr>
<td>Mobile Segment</td>
<td>275,136</td>
<td>296,066</td>
<td>333,161</td>
<td>424,488</td>
</tr>
<tr>
<td>FinTech Segment</td>
<td>492,836</td>
<td>560,555</td>
<td>680,306</td>
<td>676,677</td>
</tr>
<tr>
<td>Internet Service Segment</td>
<td>-54,417</td>
<td>-74,705</td>
<td>-68,993</td>
<td>-89,548</td>
</tr>
</tbody>
</table>

Consolidated Revenue +14.7% YoY
Mobile Segment +33.3% YoY
FinTech Segment +14.6% YoY
Internet Service Segment +17.1% YoY
Adjustments
Rakuten Consolidated Non-GAAP Operating Income

(JPY mm)

<table>
<thead>
<tr>
<th>Year</th>
<th>Consolidated Operating Income</th>
<th>Consolidated Operating Income YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>152,153</td>
<td>-41.0%</td>
</tr>
<tr>
<td>FY2016</td>
<td>119,615</td>
<td>FinTech Segment +2.1% YoY</td>
</tr>
<tr>
<td>FY2017</td>
<td>167,010</td>
<td>Internet Service Segment -15.8% YoY</td>
</tr>
<tr>
<td>FY2018</td>
<td>161,130</td>
<td>Mobile Segment -46.4% YoY</td>
</tr>
<tr>
<td>FY2019</td>
<td>95,129</td>
<td>Adjustments</td>
</tr>
</tbody>
</table>
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