



Pathways to Growth

Integrated Report 2023



MISSION

Contribute to Society by Creating Value through Innovation and Entrepreneurship

Empowering people to realize their hopes and dreams. Embracing new thinking.
Rakuten changes the world through innovation.

VISION

Global Innovation Company

At Rakuten, we drive disruptive innovation, engaging knowledge, creativity and passion from around the world to achieve ambitious goals, and help build communities in which people can pursue their dreams and live in happiness.

VALUES AND PRINCIPLES

Rakuten Shugi (Rakuten Basic Principles)

The core values of the Rakuten Group, along with the values and principles understood and practiced by Rakuten employees, embody Rakuten Shugi.

The two components it consists of are the Brand Concepts and Five Principles for Success.

With Rakuten Shugi as a common foundation, we place high value on the entrepreneurial spirit that drives us to get things done. By working with local communities and nurturing a robust corporate culture enabling each member of our diverse team to perform at their best, the Rakuten Group is committed to boosting corporate value and contributing to progress in society.





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EDITORIAL POLICY

The Rakuten Integrated Report 2023 contains both financial data and information about environmental, social and governance (ESG) initiatives. Nonfinancial information includes the history of our growth, our value creation processes and initiatives in various business areas. This report was created with the aim of providing stakeholders with a fuller understanding of our business activities and the value provided by the Rakuten Group.

<Target audience> Stakeholders, including shareholders and investors.

<Period covered by the report> This report covers the 2023 fiscal year (January 1, 2023–December 31, 2023), but it also includes references to activities in FY2024.



CEO Message



Hiroshi Mikitani

Chairman and CEO

The Rakuten Ecosystem is Going to the Next Stage

The source of Rakuten Group's growth lies in the Rakuten Ecosystem. We created our Rakuten Point loyalty program in 2002 and started connecting our diverse portfolio of businesses to our point program in 2006. This created a more entertaining and connected user experience across our services and established the Rakuten Ecosystem as our business model, driving growth. Now, we are evolving this ecosystem to the next stage with the addition of two strengths for the Rakuten Group: mobile and AI.

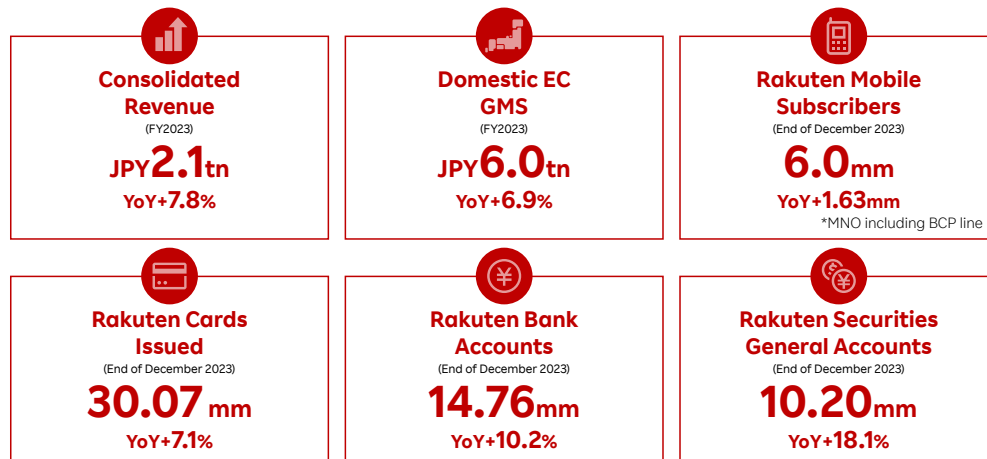
CEO Message

Revenue Surpassed JPY 2 Trillion in 2023

In 2023, Rakuten's revenue exceeded JPY 2 trillion for the first time. It took 21 years since our founding in 1997 with Rakuten Ichiba to reach JPY 1 trillion in 2018. In just five years, we have doubled our revenue, demonstrating an acceleration of our growth. In addition to revenue, 2023 was also a year during which we achieved numerous important milestones across our businesses.

For our Internet Services segment, annual gross merchandise sales (GMS) for domestic e-commerce exceeded JPY 6 trillion, with Rakuten Travel reaching JPY 1 trillion in gross transaction value for the year. In the Fintech segment, Rakuten Card surpassed 30 million cards issued, while Rakuten Bank and Rakuten Securities surpassed 14 million customer accounts*¹ and 10 million securities accounts*² respectively. Rakuten Bank was listed on the Tokyo Stock Exchange Prime Market. In the Mobile segment, we began offering the *Rakuten Saikyo Plan Business* through Rakuten Mobile for corporate customers in January. For individual customers, we launched the new *Rakuten Saikyo Plan* in June, and subscriptions surpassed 6 million*³. In October, we received a long-awaited allocation of the 700 MHz platinum band, which we believe has put the final piece in place for achieving profitability. Rakuten Symphony provides next-generation network technologies – cultivated through Rakuten Mobile – to the global market. It began supporting network construction for German telecom operator 1&1 in 2021, which launched commercial mobile services in Germany in December 2023. While driving Rakuten's own growth is paramount, we created Rakuten Symphony with aspirations to stoke a new globally-competitive Japanese industry. I'm delighted by this development and keen to leverage this momentum to accelerate growth.

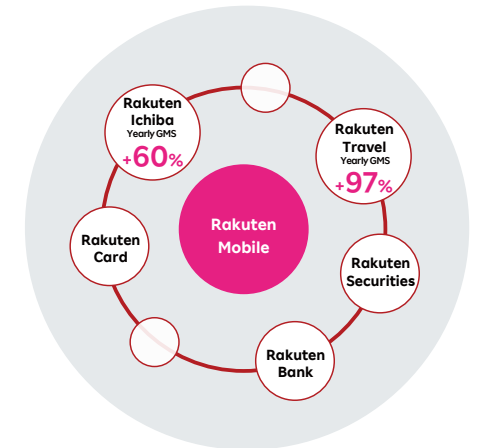
FY2023 Highlights



Rakuten Mobile is Helping Grow the Rakuten Ecosystem

Behind our decision to enter the mobile carrier business was the fact that smartphone fees in Japan were too high. Today, smartphones play a critical role in social infrastructure, just like water, gas and electricity. When Rakuten Mobile launched in 2020, smartphone fees in Tokyo were extremely high compared to places like New York, London, Paris and Seoul*⁴. However, sparked by Rakuten Mobile's entry into the market, each mobile carrier released low-cost plans in 2021, driving down average prices by over 60%. This has impacted Japan's consumer price index, with lower mobile fees pushing it down by 1.4% in 2022. Multiplying this by annual household expenditures equates to 4 trillion yen returned to households*⁵. With these savings, families can enjoy dining out more, traveling more frequently or even new hobbies. As a business operator, we believe in the importance of providing the basic infrastructure of smartphones equally to everyone, while also offering as much added value as possible on top.

On this point, Rakuten is in an advantageous position, having entered the mobile carrier business from the OTT (Over The Top – providing content/services via the internet) space. We have seen that among Rakuten Mobile subscribers, annual GMS on our Rakuten Ichiba online marketplace increased 60%, while Rakuten Travel roughly doubled compared to before subscription*⁶. This shows that the growth of Rakuten Mobile is contributing to the expansion of the entire Rakuten Ecosystem. Starting last December, we have worked to provide even greater benefits, revising the Super Point Up program so that all Rakuten Mobile users earn 5x points every day when shopping on Rakuten Ichiba.



Delivering Rakuten Mobile's Network Technology to the World

Rakuten Mobile is gaining renewed global attention for the cloud-native virtualized network technology that enables its low pricing plans. Traditionally, networks were built using dedicated hardware integrated with proprietary software. However, Rakuten Mobile was the first in the world to commercially deploy virtualization technology across its entire network, decoupling hardware from software*⁷. This enables the network to operate on a virtualized platform

CEO Message

based on commercial off-the-shelf hardware. In addition to this, when transitioning network generations, such as from 3G to 4G or 4G to 5G, it is possible to simply add or update software without replacing the entire hardware. To put it in video games terms, it's similar to console games requiring dedicated hardware vs. cloud gaming allowing players to enjoy the latest games on their own PC or smartphone – without having to purchase a dedicated device.

The biggest advantage of virtualization is reducing capital expenditure and operating costs. Traditionally, integrated software and dedicated hardware needed to be purchased from specific vendors, requiring massive capital investments. Virtualization allows for the use of generic hardware, which reduces capital expenditure. On top of this, by migrating functions that were previously handled by hardware to the cloud, many network functions can be automated, which significantly reduces operating costs.

Because Rakuten Mobile did not have existing network infrastructure, it benefited from a “late-mover advantage” in fully adopting new technologies and realizing services unencumbered by legacy systems. Additionally, with the commercial launch of 1&1's services in Germany, the network construction of which was also supported by Rakuten Symphony, Rakuten's mobile technology is attracting significant attention from the global telecom industry. Going forward, to empower more operators to leverage this technology, we will provide commercial access to Open RAN (Radio Access Network) compliant Central Unit (CU) and Distributed Unit (DU) software through an open community subscription model.



From an Ecosystem Company to an AI Empowerment Company

2023 was also the year in which generative AI made a major impact on the world. It has been almost three decades since Microsoft launched Windows 95, bringing personal computing and the internet closer to the daily lives of so many people around the world. Until then, product sales were limited to physical stores or mail order catalogs. But the internet allowed for online selling, and soon ushered in a new era of cloud computing and smartphones.

I believe that the rise of AI will bring about a revolution even greater than the internet. It will not only transform how we sell things, but change the very nature of companies and society, including our approaches to management and marketing. Mastering AI requires high quality and a high quantity of data. Rakuten possesses unique data assets, accumulated through our diverse services

spanning e-commerce, fintech, mobile and more, making it a rare entity. Even among other major global platforms, few have data assets that encompass both search and purchasing data.

Rather than monopolizing this, we aim to empower the companies participating in the Rakuten Ecosystem, enabling them to leverage our data to improve operational efficiency and drive growth, while thoroughly ensuring data anonymity. Concretely, we are looking to leverage AI in three areas: operational efficiency, marketing efficiency and client efficiency – empowering not only Rakuten itself, but also supporting overall efficiency gains for all stakeholders engaged with our platforms.

30,000+ Rakuten Employees Driving Innovation

One other indispensable element in achieving what I have described is the presence of talented employees. Whether it is mobile or AI, developing the relevant technologies and executing them in business requires exceptional talent. On this point, not only has Rakuten gathered talented individuals from across Japan, but also top talent from around the world, since making English our official language in 2012. With English as our common tongue, our more than 30,000 employees work as one cohesive unit, continuing to innovate with the same sense of speed as when Rakuten was first founded.

Going forward, we want each of our employees to embrace an entrepreneurial spirit, and have the opportunity to grow in an enjoyable and exciting environment. We are investing in enhancing everyone's capabilities by promoting diversity, equity & inclusion, and improving our systems and working environments. I want us to represent Japanese industry as a sustainable and energetic company that drives growth.



- *1 Surpassed 15 million accounts in February 2024.
- *2 Surpassed 11 million accounts in April 2024.
- *3 Including Business Continuity Plan (BCP) lines for business customers. Surpassed 6.5 million lines (excluding BCP) in April 2024.
- *4 Based on materials from Japan's Ministry of Internal Affairs and Communications released in May 2021. Price for 20GB of 4G data per month from the No. 1 share carrier in each city.
- *5 Calculated by Rakuten based on the Ministry of Internal Affairs and Communications' 2020-base Consumer Price Index movements for 2022, the 2020-base Consumer Price Index for 2021/2022, and the Cabinet Office's 2020 annual household consumption expenditure of 280.5 trillion yen (Second Preliminary Estimates for Oct-Dec 2020 quarter).
- *6 For users with MNO contracts between April 2020 and January 2023 (subscribed for over 1 year). Transaction volume growth: Weighted average comparing the 12 months pre-subscription and most recent 12 months (Jan 2023 – Dec 2023) transaction volumes for each user's contract start month. Travel figures include effects of post-pandemic demand recovery.
- *7 For a large-scale commercial mobile network (as of October 1, 2019). Research: Stella Associa.

Rakuten's History



Achieved 27 Consecutive Years of Annual Revenue Growth

JPY 2.07 tn
(+7.8% YoY)

Rakuten Ichiba tops 6 trillion yen annual GMS
Rakuten Bank listed on the Tokyo Stock Exchange Prime Market



Rakuten changes listing of shares to First Section of Tokyo Stock Exchange
Rakuten acquires global video streaming service

Launch of Rakuten Point Card
Rakuten acquires global messaging app
Acquires US cash-back EC company
Launch of Rakuten Rakuma (C2C)

Rakuten acquires predecessor of Rakuten General Insurance
Revenue exceeds one trillion yen

Global partnership with FC Barcelona* and Golden State Warriors
*Partnership is currently terminated.

Launch drone business

Entry into Japan Professional Football League

Rakuten acquires predecessor of Rakuten Edy
Rakuten initiates "Englishnization" project
Rakuten acquires U.S. and French e-commerce sites

Rakuten acquires predecessor of Rakuten Bank

Rakuten Ichiba exceeds 1 trillion yen in yearly GMS

Launch of Taiwan Rakuten Ichiba



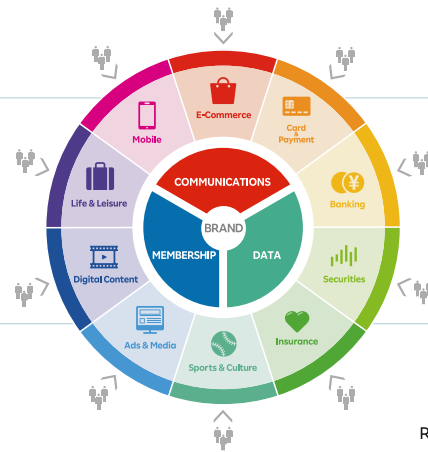
Launch of Rakuten Card
Acquire LinkShare (USA)

Introduction of Rakuten Points service

Launch of Rakuten Travel and Rakuten Books
OTC stock registration

Entry into Japanese Professional Baseball

Rakuten acquires predecessor of Rakuten Securities



Launch vision of the Rakuten Ecosystem

Rakuten acquires global eBook company and video streaming service
Rakuten acquires predecessor of Rakuten Life Insurance

Launch of Rakuten Symphony
Rakuten Ichiba tops 5 trillion yen in yearly GMS

Rakuten 25th Anniversary

Rakuten Ichiba exceeds 3 trillion yen in yearly GMS

Entry into mobile carrier (MNO) business

1.5 tn

1 tn

0.5 tn

5 years

3 years

2 years

Consolidated revenue (JPY trillion)

2.0

1.5

1.0

0.5

0

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 (FY)



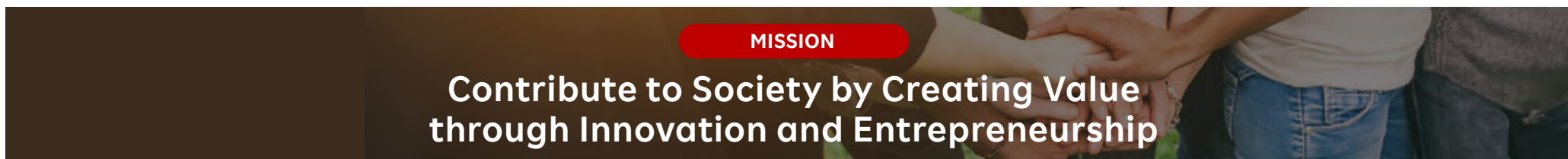
Section 2

Rakuten's Value Creation

Since its inception, Rakuten Group has been committed to creating innovations to solve various social issues, strongly believing in the potential of the Internet with “Empowerment” as its core value. In this section, we will explain in sequence how Rakuten addresses these challenges, how it invests capital, and how it creates value for stakeholders and society.



Rakuten's Value Creation Process





Value Creation Process

Rakuten's Efforts to Address Social Issues

Stagnation of the Local Economy



Rakuten Ichiba was launched with a mission to provide a platform where even small, local stores and individual businesses could compete on equal footing with large, national-scale companies. The concept was to create an online “market” reminiscent of the vibrant *rakuichi-rakuza* markets of Japan’s Azuchi-Momoyama period. The word *rakuten* means “optimism,” and this positive, forward-looking *rakuten* spirit, advocating belief in the future, has been carefully preserved as we diversified into the array of services we offer today.

Soaring Telecommunications Costs



Prior to Rakuten’s entrance into the mobile carrier (MNO) business, mobile communication fees in Japan were extremely high in contrast to other major global cities. Rakuten Mobile embarked on the mobile carrier business with a mission: to democratize the mobile market. Through a comprehensive reassessment of entrenched norms from the ground up, we introduced low-cost, straightforward pricing plans, made possible by our pioneering, world-first*¹, fully virtualized, cloud-native mobile network.

Galapagosization of the Japanese Economy



Rakuten has long been driven by its important mission to “contribute to society by creating value through innovation and entrepreneurship.” We maintain a steadfast commitment to an inclusive approach that embraces diverse needs and viewpoints in all circumstances, thereby enabling more individuals to reap the rewards of innovation. Adopting English as our corporate language has empowered us to broaden our recruitment efforts worldwide, leveraging diverse talents and innovative technologies. This strategic move allows Rakuten to deliver a positive impact through our services, not only within the Group but also across society as a whole.

Addressing Disparities in Access to Financial Services



Access to financial services is fundamental for maintaining economic stability in life. However, not everyone can fully leverage the financial services available today. Rakuten aims to realize a society where everyone has equitable access to all financial services, leaving no one behind.

Increasing Complexity and Sophistication of Technology



Our objective is to harness AI technology to amplify human capabilities, boost corporate productivity and bring about a society that is even more convenient and comfortable.

Key services such as Rakuten Ichiba and Rakuten Mobile are employing AI-powered chatbots to deliver immediate responses to common queries round the clock, 365 days a year.

Climate Change



Climate change poses one of the most urgent challenges for our society today, heightening the risks of abnormal weather patterns and significant disasters that affect people worldwide, including Rakuten’s own operations. As a global company that operates over 70 different services inside and outside of Japan, Rakuten has demonstrated its corporate responsibility and upheld its corporate philosophy by attaining carbon neutrality across the Group’s business activities, with net-zero greenhouse gas emissions (Scope 1+2) as of 2023*².

*1 For a large-scale commercial mobile network (as of October 1, 2019). Research: Stella Associa.

*2 For greenhouse gas emissions (scope 1 and 2), calculated and third-party verified in accordance with the GHG Protocol. Use of carbon offsetting for emissions remaining after the implementation of reduction measures.

Value Creation Process

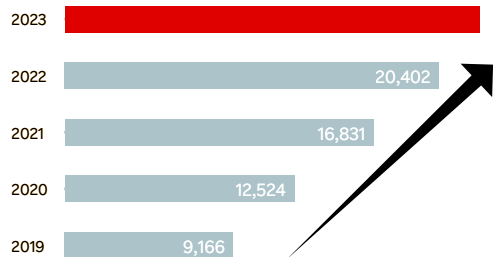
Invested Capital as a Source of Value Creation



Financial Capital

To achieve sustainable growth for the Group, we aim to secure stable and diverse funding sources to meet our financing needs and to ensure sufficient liquidity to maintain financial soundness.

Total Assets (JPY billion)

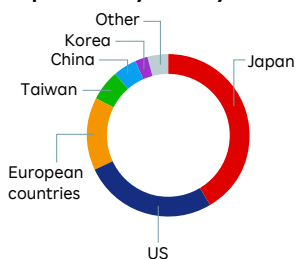


Total Assets
¥22,626 billion

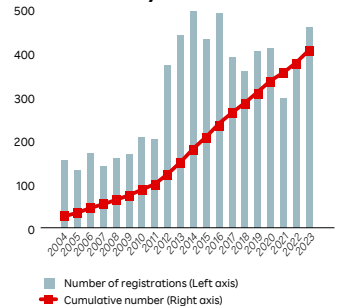
Intellectual Capital

We are continuously working to ensure business continuity by securing rights to Rakuten's intellectual property and implementing countermeasures pertaining to other companies' IP. We strive to strengthen and secure our competitive advantage not just for each individual business, but for the Rakuten Ecosystem as a whole.

Breakdown of patent portfolio by country

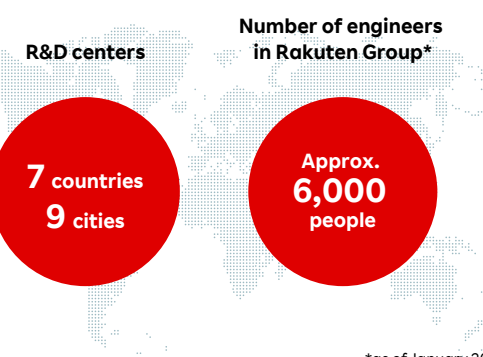


Number of patent registrations in the last 20 years



Technological Capital

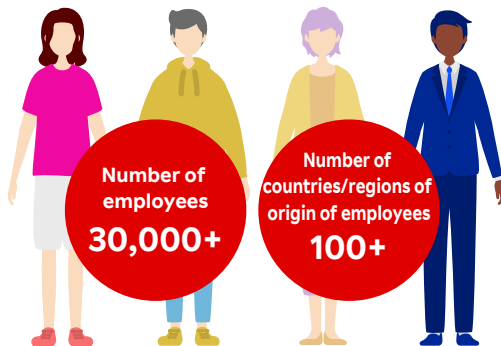
Since our founding, Rakuten has believed in the power of innovation, offering a vast array of services that leverage technology, both in Japan and around the globe. We have our diverse employee base located all over the world.



*as of January 2024

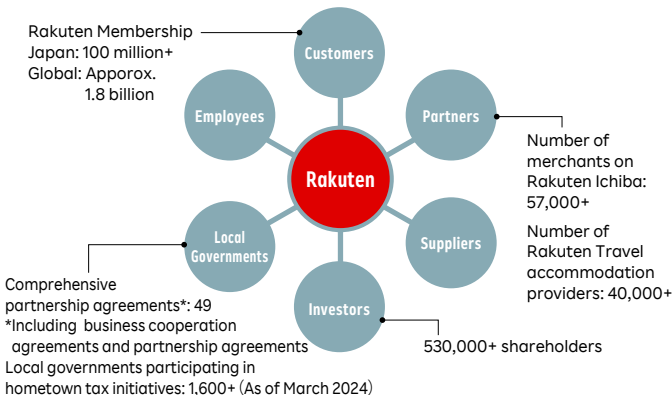
Human Capital

Our talented and diverse employees come together to work in a global environment that uses English as its official language, allowing Rakuten to provide innovative services that enrich our customers' lives.



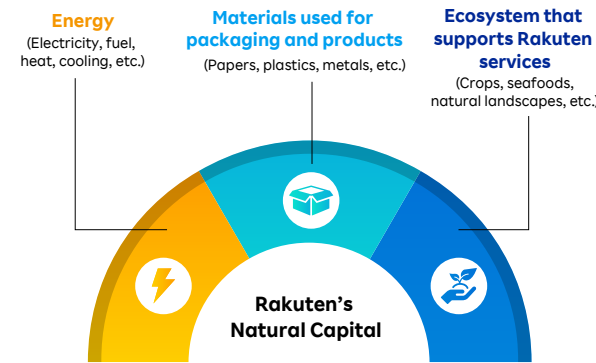
Social Capital

Empowerment has been Rakuten's corporate mission since founding. We aim to forge a sustainable future by building win-win relationships that promote mutual growth among all of our valued stakeholders.



Natural Capital

Rakuten's businesses rely on richness of our natural environment. Alongside all of our stakeholders, we are working to effect positive change in society through the improvement and optimization of our resource usage.



Financial Capital

CFO Message

To Achieve Monthly EBITDA Breakeven in Mobile Business and Establish a Self-funding Structure



Kenji Hirose

Director and Group Executive
Vice President
CFO (Chief Financial Officer)

Q How was Rakuten's performance in FY2023, and what is the outlook for FY2024?

In 2023, we achieved revenue and profit growth across all segments. Revenue grew 7.8% year-on-year (YoY) to 2.07 trillion yen, while non-GAAP operating income improved by 182.2 billion yen to a loss of 153 billion yen. In FY2023, we made a number of other significant improvements on the profit front, including positive consolidated EBITDA for the fiscal year, positive EBITDA for our non-FinTech in Q4 2023, and positive monthly consolidated non-GAAP operating income in December 2023.

In the Internet Services segment, our domestic businesses such as Rakuten Ichiba and Rakuten Travel continue to grow from strength to strength, with Rakuten Travel capturing the recovery in tourism demand to achieve significant gross transaction value (GTV) growth, exceeding 2019 pre-pandemic levels. The jump in e-commerce purchasing activity drove double-digit revenue growth in our domestic advertising business, which surpassed our 200 billion yen revenue target with annual revenue of 206.5 billion yen. Among our global businesses, Rakuten Viber saw a recovery in communication fees and advertising revenue, while revenues from our sports businesses also increased through business generated by Vissel Kobe's J1 League championship victory.

In our FinTech segment, we continued to steadily expand our customer base. The number of Rakuten Cards issued surpassed 30 million, Rakuten Bank surpassed 14 million accounts*¹, and Rakuten Securities surpassed 10 million accounts*². Our insurance business achieved significant YoY profit growth thanks in part to cost efficiency measures, while Rakuten Payment achieved double-digit revenue growth thanks to factors such as a large increase in Rakuten Pay (in-app payment) users and gross merchandise sales.

In our Mobile business, we worked to establish a lean operating model and optimize costs, launching the *Rakuten SAIKYO Plan* as well as a number of unique marketing

FY2023 Revenue and Operating Income*¹*²

(JPY bn, rounded)

	FY2022	FY2023	YoY
Consolidated Revenue	1,920.9	2,071.3	+7.8%
Internet Services Segment	1,103.8	1,212.3	+9.8%
FinTech Segment	651.9	725.2	+11.2%
Mobile Segment	350.7	364.6	+3.9%
Adjustments	-185.6	-230.7	-45.1
Non-GAAP Operating Income (Loss)	-335.2	-153.0	+182.2
<i>(Reference only: Excluding Mobile Segment & Minority Investment Business)</i>	154.3	191.7	+24.2%
Internet Services Segment	64.6	76.8	+18.9%
FinTech Segment	89.8	122.9	+36.8%
Mobile Segment	-479.3	-337.5	+141.7
Adjustments	-10.4	-15.3	-4.9
Amortization of Intangible Assets	-8.7	-13.6	-4.9
Stock Based Compensation	-12.6	-14.3	-1.7
One-Off Items	-15.2	-31.9	-16.8
IFRS Operating Income (Loss)	-371.6	-212.9	+158.8
Non-GAAP EBITDA	-69.9	148.2	+218.1
Internet Services Segment	99.5	116.2	+16.8%
FinTech Segment	143.5	181.0	+26.1%
Mobile Segment	-339.0	-179.1	+159.9
Adjustments	26.1	30.1	+15.4%

*¹ The Rakuten Group has adopted IFRS 17 from the beginning of the three months ended March 31, 2023, and reflected the cumulative effect of this accounting standard change on the date of initial transition of January 1, 2022. As a result, figures for the fiscal year ended December 31, 2022 reflect the retrospective application of IFRS 17.

*² Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business are transferred from the Internet Service segment to the FinTech segment. No retrospective revisions have been made to past results as the size of the amount is negligible.

Financial Capital ▶ CFO Message

strategies such as referral campaigns, and easier application processes. We also achieved growth in corporate subscribers since launching our mobile services for business customers. Together, these measures have led to steady growth in revenue. Rakuten Symphony, meanwhile, supported the construction and launch of Europe's first fully-virtualized open RAN mobile network, achieving a major milestone in our mission to transform the global telecommunications industry.

In terms of finances, our policy is to conduct disciplined management that fully considers the balance between growth investment and medium- to long-term financial soundness, without relying too heavily on interest-bearing debt. In 2023, we made a capital increase through a public offering, etc., and we made steady progress with the sale of Rakuten Bank, Ltd. shares, the transfer of Rakuten Securities, Inc. shares to Mizuho Securities, and the exit and business sale of Rakuten Capital's portfolio. As a result, the balance of interest-bearing debt*3 in non-FinTech businesses decreased compared to the end of the previous year, and the consolidated equity ratio*4 improved from 4.2% at the end of 2022 to 4.8% at the end of 2023.

For 2024, we have set three goals: monthly non-GAAP EBITDA breakeven in the Mobile business; consolidated non-GAAP operating income breakeven on an annual basis; and self-funding at the Group level. This year, we will continue to work as a Group to improve profitability and maintain financial soundness.

*1 15 million as of February 2024

*2 11 million as of April 2024

*3 Combined debt from external financial institutions of Rakuten Group, Inc. and Rakuten Mobile, Inc.

*4 Calculated as total equity divided by total assets.

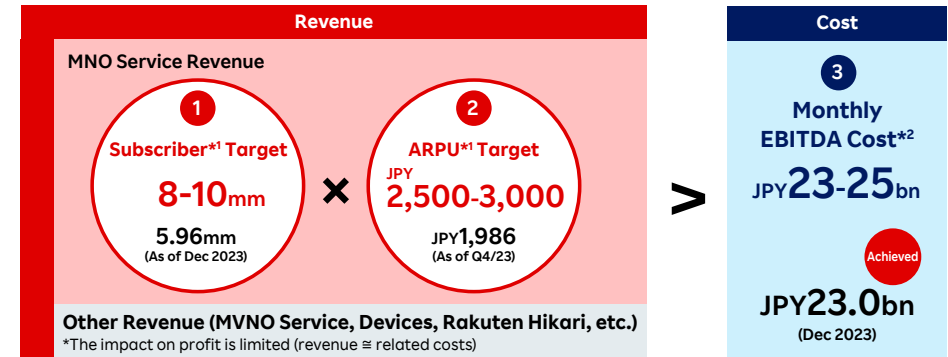
Q How do you plan to achieve EBITDA breakeven for the Mobile business?

We will continue carrying out cost optimization measures, while also growing our subscriber base to improve revenue, aiming to achieve monthly EBITDA breakeven by December 2024, and annual EBITDA breakeven for the fiscal year 2025. We will take on new initiatives to grow revenue, including boosting subscribers and average revenue per user (ARPU), as well as improving revenues from other businesses such as Rakuten Hikari.

We have continually worked to improve the network quality of Rakuten Mobile, but we are also conscious of the importance of improving user awareness of this quality. In February 2024, we upgraded our referral campaign, improving loyalty point payouts. We also launched the *SAIKYO Family Program* which provides discounts for family users, and the *SAIKYO Youth Program*, which provides discounted service until the age of 22. The Rakuten Ecosystem in Japan has over 40 million monthly active users, but the share of Rakuten Mobile subscribers remains limited. In other words, there is still significant upside potential to capture new mobile subscribers. To drive further acquisition from the Rakuten Ecosystem, in December

Various Measures in the Pipeline to Realize Monthly Profitability for Non-GAAP EBITDA by December 2024

■ Aiming to grow MNO Service Revenue to cover EBITDA cost



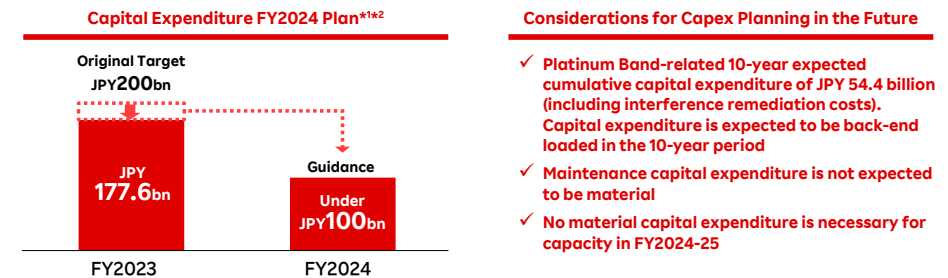
*1 Excluding BCP. BCP refers to plans sold for Business Continuity Plan purposes in B2B
*2 Cost excluding depreciation expenses

2023, we adjusted the conditions for the SPU (super point up) program to make them even more favorable for Rakuten Mobile users. We plan to continue implementing additional measures to accelerate the pace of user acquisition both inside and outside the Rakuten Ecosystem. We are also looking to boost ARPU through various avenues such as increased data usage, expanded service options and solutions, and advertising revenue.

Q What are the future infrastructure investment plans for the Mobile business?

The Rakuten Mobile network already has over 60,000 4G base stations around Japan. In 2023, we established a new roaming agreement, allowing us to partially utilize the same service in the Tokyo, Nagoya, and Osaka areas. Network quality is improving in other

Capex Reductions at Rakuten Mobile, Inc.



*1 Includes capital expenditure for 1.7GHz, 3.7GHz, 28GHz, 700MHz and indoor solution, but excludes IFRS16 right-of-use assets and capitalization for specified base stations opening fees
*2 May be affected by the delivery status of equipment related to base station construction

Considerations for Capex Planning in the Future

- ✓ Platinum Band-related 10-year expected cumulative capital expenditure of JPY 54.4 billion (including interference remediation costs). Capital expenditure is expected to be back-end loaded in the 10-year period
- ✓ Maintenance capital expenditure is not expected to be material
- ✓ No material capital expenditure is necessary for capacity in FY2024-25

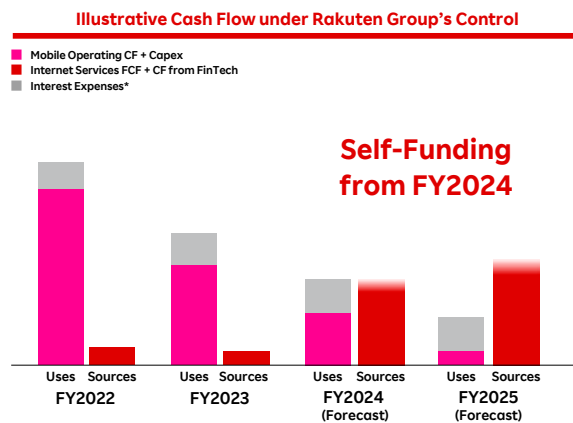
Financial Capital ▶ CFO Message

areas including indoor as well. Thanks to continuous efforts to improve quality, Rakuten Mobile's network has been ranked a Global Winner and Global Leader in key metrics according to global analytics company, Opensignal. We are planning to invest just under 100 billion yen into infrastructure in 2024, primarily for expanding 5G coverage, improving coverage in areas such as subways, and for utilizing the "platinum" 700 MHz frequency band. From 2024 to 2025, we do not anticipate the need for large investments as we grow capacity, and we expect our expenditure on infrastructure to remain low.

Q What about the near-term cash flow situation and plans for achieving financial soundness?

I believe that 2023 was a year in which we were able to execute our financial and capital strategy towards achieving financial soundness. For 2024, our major goal is to procure the necessary funding for the Mobile business from within the Rakuten Group – in other words, self-funding from our Internet Services and Fintech business cash flows. We expect revenues for the Mobile business to continue improving, while expenditure on infrastructure will decrease compared to 2023, meaning the amount of funding required is expected to decrease significantly. Meanwhile, cash flows from our Internet Services and FinTech business will continue to grow as the businesses expand. By improving our cash conversion cycle, we are hoping that 2024 will be the year that we achieve self-funding.

Regarding the bonds maturing in 2024 and 2025, I believe we will be able to secure the bulk of the amortization funds from the proceeds of the December 2023 sale of additional

Path to Self-Funding


*Interest expense and IFRS 16 cash out at non-FinTech entities.

FY2024~
Aiming to Establish Self-Funding through
1. Significant improvement in Mobile Segment FCF

 Seek to improve EBITDA materially
 Plan to significantly reduce Capex from FY2024

2. Growing Internet Services FCF

 Seek continued growth in EBITDA
 Seek to shorten cash conversion cycle in the future

3. Growing CF from FinTech

 Dividends, management fees, etc.
 (FY2023: JPY 65.7bn)

*CF from monetization of assets/businesses if necessary
 +
 Mobile's own funding
 (Securitization of receivables, etc.)*

Q What is your perspective on economic capital management, and what business portfolio is Rakuten aiming for in the medium to long term?

Regarding economic capital management, we have clearly defined the assumed liabilities and required capital for the businesses supporting our 70+ services, and shared these perspectives and policies with Rakuten Group management. We are also holding concrete discussions on the necessary measures to maintain financial soundness by comparing our actual capital against the capital required for the Group as a whole. From FY2022, regarding business portfolio management, we have been holding active discussions on corporate value contribution, factoring in the cost of capital, as well as Ecosystem contribution. With the goal of building a stable financial base and allocating capital appropriately, we are not only managing profit and loss, but working on improving working capital through the visualization of each business's free cash flows, capital investments, and Ecosystem contribution. This comprehensive approach underscores our commitment to prudent business portfolio management, ensuring sustained growth and value creation across the Rakuten Group.

Q Dividends were not paid out in 2023. Please outline the path towards resuming dividend payments in the future.

With regards to shareholder returns, we have worked towards paying stable and continual dividends, while also taking into consideration medium- to long-term growth investments while securing sufficient internal reserves to solidify our financial standing. However, considering our current financial situation, we believe that reducing interest-bearing debt by curbing cash outflows is what will allow us to secure financial soundness for the Rakuten Group, which, in turn, will enhance shareholder value. This is why we decided not to pay dividends. The timing for when dividend payments will resume is currently undetermined, but we will strive to do so at the appropriate time as we work towards a swift return to consolidated profitability and a reduction in interest-bearing debt.

We will continue expanding our information disclosure practices and engaging in constructive dialogue with all stakeholders, towards our goal of achieving sustainable growth and enhanced corporate value in the future.

Technological Capital

CDO Message

Realize an Optimistic Future through Safe, Trustworthy and Useful AI for Everyone



Ting Cai

Group Senior Managing Executive Officer
CDO (Chief Data Officer)

Q What AI trends are on your radar?

We live in a very exciting time. AI is moving from being a computer science field of study to a household word, and I'm honored to lead Rakuten's efforts to make this important new technology a valuable, safe, reliable companion for tens of thousands of Employees, hundreds of thousands of business partners, and more than a billion members worldwide. The industry and the technology are moving incredibly fast and we're seeing new innovations almost every day. When I look across the industry, I'm noticing a trend of moving past the experimentation phase and into the application phase. The industry is realizing that just adding AI to a product, or claiming your service is "AI-powered" isn't enough – customer and business partners are demanding that AI solves a real problem, is applied ethically and safely, and augments their team's natural curiosity, creativity and productivity.

Our approach to AI is simple – think big but stay concrete. While we have big aspirations for AI across all of our products and services, what we build and how and when we deploy it is rooted firmly in solving real-world problems. For example, when we launched Rakuten AI for merchants, our suite of tools designed to help business and merchant partners drive productivity, streamline operations, and grow revenue, we focused on using AI to help merchants tackle common scenarios – creating product descriptions to make their pages more

enticing to users, analyzing merchant sales data, and quickly replying to common customer service inquiries.

These tools are highly augmentative; they help employees and businesses do more in less time and find hidden insights that would otherwise never be found. Employees are happier and more productive, businesses grow. It's a clear demonstration of how AI can augment HI – human intelligence.

Q What are some of Rakuten's strengths in AI?

Over 25 years ago Rakuten was founded on the principle of contributing to society by creating value through innovation and entrepreneurship. Today, when we develop AI, we

maintain that philosophy. Everything we do with AI is about empowering our customers, partners and employees; we believe that AI is a tool to augment our natural human gifts of creativity and curiosity, and to augment our productivity by automating time-consuming tasks. This philosophy permeates every aspect of our AI work, from design, to testing, to data privacy, to deployment, to error correction.

Our unique advantages enable us to bring that philosophy to life for our customers, partners and Employees. First off, Rakuten has an immense data set compiled from hundreds of billions of interactions with our customers and members across our 70+ businesses. From each one of those, we've learned a little more about the industries in which we operate, the businesses with whom we partner, and the customers we serve. Combine that with another unique advantage – the deep domain expertise of 30,000 employees – and we can build an AI + HI flywheel through which we can build better AI models faster and cheaper than our competitors. Finally, we're able to deliver our AI services to more people in more places, both online via business like Rakuten Ichiba, through physical locations via Rakuten Pay and Rakuten Mobile Stores, and through connected services

Rakuten's AI-nization Plan: Strategy





Technological Capital ▶ CDO Message

like Rakuten Viber, Rakuten Card, and the Rakuten Points ecosystem. Together, we can drive a faster cadence of AI tools and services to empower more customers and more partners in more parts of our ecosystem.

One thing I'm especially proud of is the large language model (LLM) we released in March. LLMs are the core technology powering the Generative AI services that have sparked the recent revolution in AI. Optimized for the Japanese Language, Rakuten AI B7 is a high-performance 7 billion parameter LLM that is already achieving top scores among open Japanese LLMs*1.

Q How is AI used in Rakuten to empower group companies, partners, customers and members?

At its founding, Rakuten focused on connecting small businesses to new customers with the power of the internet. Today, generative AI takes the torch from that original mission,

enabling them to compete effectively in today's modern world. That's why we're trying to introduce Rakuten AI for Business.

When building and rolling out technology services, it's important to meet people where they are. For example, many of our merchant partners are small businesses. Their businesses are their life's work, and they often don't have the time to learn the "ins and outs" of every new technology. We believe the key to being a powerful partner for merchants is to take as much of the technological burden as they need us to, so they can simply get to work. Of course, for more technically savvy partners, we're happy to partner to help them understand the underlying technology and customize it for their business, so they can learn how to drive maximum impact at scale.

In short – just as we empowered merchants of all sizes with e-commerce in the 90's, today we're doing the same with AI. We are making GenAI easy, not exclusive.

We've also invested in semantic search, a technology

that understands what you mean, not just what you type. This, combined with Rakuten's vast data, helps ensure when you make a search query you get a meaningful, relevant set of results. The impact is undeniable. Rakuten Ichiba saw a dramatic decrease in zero-hit searches (a search response with zero useful results), along with a significant increase in clicks, searches per session, conversion rates and overall merchandise sales attributed to search. Rakuten Fashion also experienced similar positive results.

This is a win-win-win scenario. Customers find what they need faster, merchants reach their target audience more effectively and Rakuten benefits from overall growth. We're just getting started; we're actively working to apply the same deep-learning technology to more businesses, products and services, including search and beyond.

Q How is Rakuten becoming an "AI-empowerment" company?

Rakuten is committed to building a better, more optimistic future by empowering individuals, businesses and societies to realize their dreams. This philosophy lies at the core of everything we do – including our groundbreaking work in AI.

To fulfill that vision, we understand that we must move past the "experimentation" phase of artificial intelligence and focus on unlocking real-world benefits that create meaningful change in the world.

Mickey has challenged us to drive a company-wide effort called "AI-nization," through which we are infusing AI into all our products, services and internal tools. In this spirit we recently announced the Triple 20 initiative, which will see the company leverage the power of Generative AI to realize 20% increases in marketing productivity, operating productivity and clients' productivity this year. This is not sci-fi, nor is it wishful thinking; we're embracing Triple 20 to guide concrete action and meaningful results for our stakeholders.

Rakuten AI: Execution Momentum

WAVE1 - Scaling -

Deep Learning at Scale

Semantic Search for Rakuten Fashion
Semantic Search for Rakuten Ichiba
Recommendations

WAVE2 - Launching -

Rakuten AI for Business

"Rakuten AI for Business" platform
Rakuten AI for merchants
Rakuten AI for hotels

WAVE3 - Incubating -

Rakuten AI for Consumers



Technological Capital ▶ CDO Message

Q How is Rakuten ensuring that it builds and deploys AI in a safe, ethical and trustworthy manner?

It's core to Rakuten's mission to believe in the potential of technology to create a brighter, more optimistic tomorrow. We also believe that to make that mission real, we must be both bold – pushing the boundaries of what's possible with AI – and safe, ensuring that systems are built in ways that protect user data, privacy and well-being.

We start with our AI Code of Ethics, a comprehensive policy framework that guides how we design and deploy AI that aligns to Rakuten's core code of ethics and promotes justice, equality and customer benefits. We put those policies into practice through rigorous processes that employ cutting edge AI safeguards with human oversight at every phase of development and deployment.

Finally, we build AI that knows when to be in the “driver's seat” – leading an interaction and actively solving a

customer's problem – and when to be in the “passenger seat” – assisting human agents to do their job more effectively. For example, we believe that every customer interaction should start with AI, and that it can solve most custom concerns. However, if the AI encounters a situation where it doesn't know the right answer or right way to help, it can forward the query to a human agent who can handle the concern empathetically. Even in this situation, the AI doesn't simply turn off, but rather, it goes behind-the-scenes, informing the human agent about the customer interaction history, providing helpful advice, expediting time consuming tasks and more. This human-AI connection – which pairs human ingenuity with powerful AI assistance – allows us to create AI that's trustworthy and safe, and useful for everyone, in any situation.

Q How is Rakuten embracing AI to drive its sustainability agenda, and build a greener future?

In addition to our partners, customers and employees, Rakuten looks beyond to all of humanity when we think about the positive role technology can play. Combined with our growing portfolio of businesses and assets we believe that innovation and entrepreneurship can solve many of the most pressing issues facing society, including climate change. The power of AI to solve complex problems and supplement human creativity are key to tackling the sustainability challenges of today and tomorrow.

This includes our commitment to building a greener, more sustainable world. Our work in this space is not new: Rakuten joined the international RE100 initiative in December 2019, and in 2021 achieved 100% renewable energy adoption for electricity used in Rakuten Group, Inc., and are striving to achieve the same across all of our businesses and subsidiaries. More recently, Rakuten committed to and achieved carbon neutrality*2 in 2023, effectively

reducing greenhouse gas emissions from our business activities across the entire Rakuten Group, including our consolidated subsidiaries, to net zero for the year.

Bolstered by our growing AI expertise, we are confident we can now accelerate our environmental goals. One area where we think we can make an immediate impact is logistics. Today, roughly 20%*3 of global CO₂ emissions come from transportation. Rakuten contributes to this since all of the goods ordered from Rakuten Ichiba and other Rakuten businesses must be transported and delivered. Our challenge is complex – how do we give our customers the best experience with minimal carbon emissions?

The answer is AI. Rakuten's Logistic business partnered with the Rakuten AI team on developing machine learning based approaches to optimize transport. Specifically – we worked on optimizing deliveries of groceries – fruits, vegetables, ice-cream – items that need to be delivered especially quickly.

With a collection of different AI models and approaches, we were able to cut down the driving distance by 15%*4, reducing volume of CO₂ emissions and keeping our customer happy.

I'm proud to mention the teams collaborating on this project won the IT Award in Sustainability Area from the Japan Institute of Information Technology. This a great start but far from the finish line. We're also experimenting with drone deliveries and autonomous electric vehicles as last-mile delivery solutions to delight our customers while keeping our carbon footprint even lower.

*1 As of March 21, 2024. Based on the results of evaluations conducted by Rakuten from January to March 2024 in the same environment using the “LM Evaluation Harness” framework.

*2 The total of Scope 1 (direct greenhouse gas emissions by Rakuten Group) and Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies) was calculated and third-party verified in accordance with the “GHG Protocol”

*3 Calculation based on the International Energy Agency (IEA) “CO₂ Emission in 2022” and “CO₂ emissions for transport.”

*4 Based on the performance in the first month of introduction of this logistics system at “Rakuten Seiyu Netsuper” and “Rakuten Zenkoku Super.”





Kentaro Hyakuno

Representative Director and Group Executive Vice President
COO (Chief Operating Officer)

Human Capital

COO Message

Driving Growth through HR Development and Organizational Building

An Organization that Cultivates Continuous Growth and Innovation

The Rakuten Group aims to be a “Global Innovation Company,” with its operation spanning over 30 countries and regions worldwide. As Rakuten’s Chief Operating Officer and Head of Human Resources, I am committed to devising and implementing company-wide strategies to realize this vision. My focus is on improving productivity and creating an organization and culture where talent from around the world can thrive regardless of gender, age, or nationality, fostering an environment conducive to innovative ideas and sustainable growth.

When I assumed the role of the Head of Human Resources in 2017, English had already become the company’s official language for several years, and the scale and diversity of our workforce had significantly increased. This rapid growth and increased diversity of our employee base highlighted the limitations of our existing approaches, leading

to various challenges. This led to the launch of the “Back to Basics Project,” an initiative that sought to revisit the fundamentals of our systems and operations from the ground up, focusing on three pillars: recruitment, training and retention. As a result, we not only improved retention rates but also enhanced communication satisfaction between supervisors and their teams, and expanded practical in-house training, including English language education.

Currently, we are ramping up efforts to accelerate innovation by promoting internal training and utilization of technology such as AI on a global scale. Through initiatives like sharing best practices and fostering a learning environment, we are driving both organizational and individual growth. What we have come to realize is that Rakuten is powered by its people. By nurturing employee growth, fostering idea generation through active communication, and cultivating a “Get Things Done” mindset globally, we are building a foundation for continued success. Looking ahead, we remain committed to cultivating an organization that fuels continuous growth through talent and innovation.

Towards 2030

As part of Rakuten’s mid-to-long-term plan, “Vision 2030,” one of our key strategies is “Growing Together with Employees,” which outlines four main objectives:

Firstly, we aim to support diverse individuals, who are the driving force behind our competitiveness, in maximizing their abilities. This involves creating systems that embrace diversity and foster new value through collaborative relationships. Secondly, we are committed to facilitating individual growth and success by offering a range of opportunities across our diverse businesses. Rakuten is an organic ecosystem encompassing a plethora of services, and through their work experiences across the group, employees can accelerate their growth. Thirdly, we are focused on building a stronger organizational foundation through open and honest dialogue between individuals and the company regarding work dynamics, workplace culture and career paths. Our implementation of 1-on-1 meetings between managers and subordinates at

Rakuten has reached nearly 100%, and we are determined to make these conversations even more impactful moving forward. Lastly, we are dedicated to cultivating a supportive environment where individuals can thrive while prioritizing both their physical and mental well-being. The concept of well-being has become deeply ingrained within our company, recognizing that a healthy work-life balance positively impacts overall performance. We are committed to promoting well-being as a core metric and ensuring the physical and mental health of our employees, as well as fostering a psychologically safe environment within the team. This includes initiatives such as providing nutritious meals, incorporating stretches during weekly company-wide meetings, enhancing Diversity, Equity & Inclusion (DEI) training efforts, and supporting the formation of Employee Resource Groups (ERGs).

Additionally, it is evident that DEI will remain a central focus in our HR strategy. As Rakuten continues to globalize with employees from over 100 countries and regions, we are leveraging technology, including AI, while embracing diversity in all its forms — values, gender, disabilities, and other differences — to build an inclusive workplace where every employee can thrive and realize their full potential. While this may not be achieved overnight, we are setting specific targets for 2030 and will persistently work towards them.

Cultivating Talent to Lead Rakuten into the Future

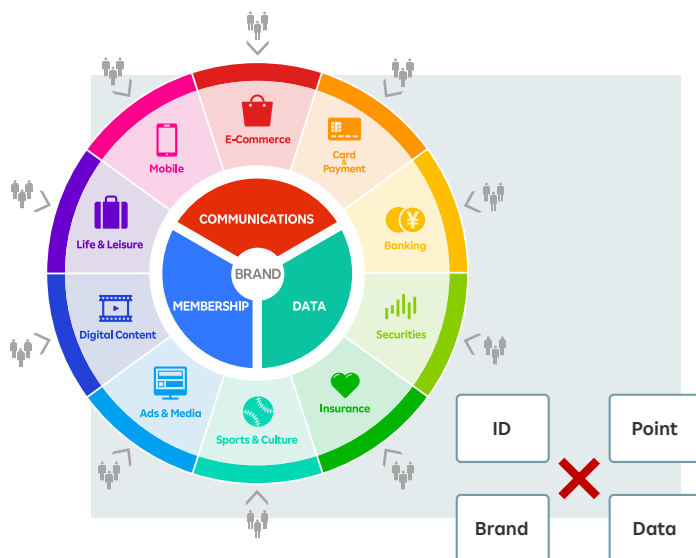
The challenges facing modern society, such as climate change and global conflicts, are becoming increasingly complex, and the business environment surrounding Rakuten is constantly evolving. We believe that future leaders must possess the capability to grasp and anticipate these global changes and challenges with foresight. Rakuten remains committed to nurturing leaders who view challenges as opportunities and empower people and society through innovation. By merging our employees’ entrepreneurial spirit with emerging technologies like AI, Rakuten will continue to be a truly sustainable company in the years to come.

Value Creation Process

Rakuten Ecosystem

① Using Multiple Ecosystem Services Through a Unified Rakuten ID

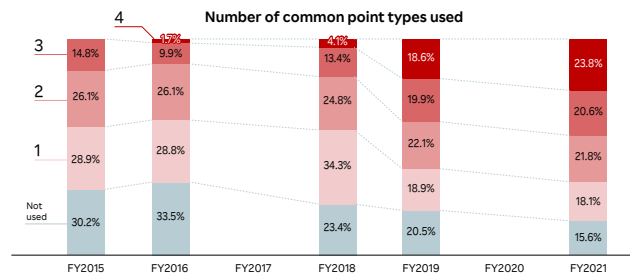
The Rakuten Group operates over 70 different services in a wide range of areas, including online services such as e-commerce, travel reservations and digital content; fin-tech services such as credit card, banking, securities, mobile payments and insurance; as well as mobile services such as our mobile phone carrier business. In addition to using the same ID for multiple services within the Ecosystem, Rakuten members can earn and use Rakuten Points when shopping or enjoying these services. We have improved brand recognition and reputation by unifying all our services in Japan and abroad under the Rakuten brand. Another of Rakuten's strengths is our ability to leverage data from online and offline realms, such as high precision consumption and payment data, allowing us to carry out effective customer acquisition and marketing strategies.



② Rakuten Points: Japan's Highest Satisfaction Rating*1

In Japan, loyalty point programs are more popular than cash-back schemes. The Rakuten Group offers a range of point incentives to encourage users to engage in more services, such as the SPU (Super Point Up) program, which awards more points for shopping on Rakuten Ichiba depending on which other Rakuten services the shopper uses. In the offline realm, members can also earn and spend Rakuten Points at approximately six million*2 supermarkets, convenience stores and other participating locations across Japan – a significant benefit that few other point programs can offer.

More than 60% of people use two or more types of common points after 2019



(Source) NRI "Survey of 10,000 Consumers (Home visit and Survey Collection Method)" in 2015 (n=10,050), 2018 (n=10,065), and 2021 (n=10,164). "Survey of 10,000 Consumers: Financial Edition (Home visit and Survey Collection Method)" in 2016 (n=10,070) and 2019 (n=10,604).

Note: Non-responses were excluded from the analysis. The target respondent attributes, survey regions, sampling methods, and questionnaire content were generally the same across all surveys.

Number of Rakuten Point Issued in 2023



Cumulative Number of Points Issued as of the end of Dec/23



% of Used Points in 2023



Approximately 4 trillion Rakuten Points have been issued so far (as of December 2023), with a utilization rate*3 of over 90%. The program enjoys the highest overall satisfaction rating*1 among all point programs in Japan.

*1 My voice com, Survey on points, November 2022

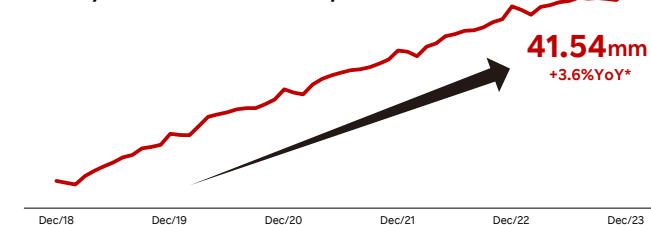
*2 Six million: Total number of locations where Rakuten Pay, Rakuten Edy, Rakuten Point card are available to use (as of October 2022)

*3 Total number of Rakuten Point used in 2023 / Total number of Rakuten Point issued in 2023

③ Growing Our Active User Base and Cross-Use Rate

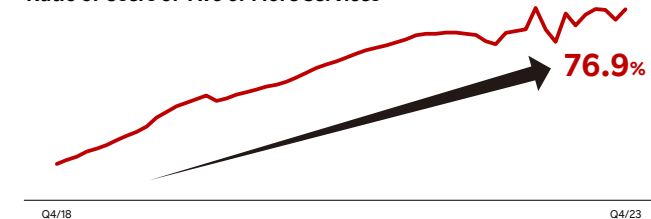
2023 was another year of steady growth for our active user base, something we achieved through continual improvements to user convenience. We also succeeded in growing cross-use within the Ecosystem by introducing new Rakuten Mobile subscribers to other services.

Monthly Active User Growth in Japan



*Comparison of monthly active users in December 2023 versus December 2022.

Ratio of Users of Two or More Services*



*Percentage calculated by dividing the number of users of two or more services in the past 12 months by the number of users of all services in the past 12 months. (As of the end of December 2023. Limited to the use of services that can earn Rakuten Points.)



Value Creation Process

Areas of Focus / Strategy

Vision 2030

Rakuten Group is committed to continuous evolution and fostering innovation in a dynamic environment, which has led to the development of our medium to long-term plan, *Vision 2030**1.

With *Vision 2030*, our objective is to sustain double-digit sales growth and aim for an operating profit margin exceeding 20%.

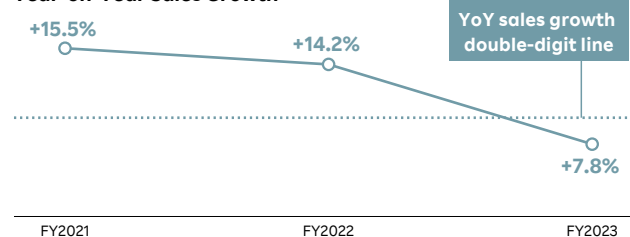
To realize this ambition, we have identified several key pillars: enhancing AI and core technologies; expanding our technological capabilities to meet diverse environmental shifts and demands; applying new technologies in business

to quickly and effectively create value; recruiting and nurturing talent with exceptional execution skills and an entrepreneurial spirit; and tackling global social challenges while creating sustainable platforms and improving the sustainability of our ongoing services.

These pillars will guide our efforts to drive continuous growth in the Internet Services and Fintech segments. Additionally, we are focused on achieving profitability and sustainable profit generation for Rakuten Mobile and Rakuten Symphony in the Mobile segment, aligning with our sales and operating profit margin goals.

*1 Formulated in 2022

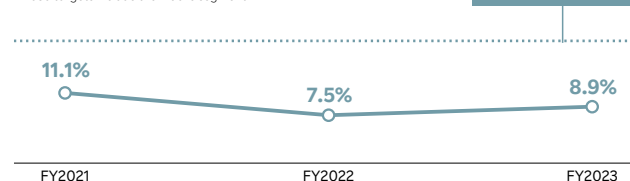
Year-on-Year Sales Growth



The year-on-year (YoY) sales growth for FY2023 was +7.8%, falling short of our target for double-digit growth. Breaking down by segment: Internet Services saw a growth of +9.8% YoY, Fintech increased by +11.2% YoY, and Mobile experienced a growth of +3.9% YoY. Within the Mobile segment, Rakuten Energy's decision to revise electricity rates and eliminate the fuel cost adjustment system price cap for its Rakuten Denki service in June 2022 (announced in late March) led to reduced sales volumes and a decline in wholesale electricity trading market sales. This impacted the YoY sales growth negatively for the segment. Looking ahead, we anticipate an acceleration in sales growth, driven by the expansion of Rakuten Mobile and the associated uplift in usage of our Group services.

Operating Profit Margin

*Operating profit margins for 2021-2023 do not include the Mobile segment
*2030 targets include the Mobile segment



For FY2023, the operating profit margin (excluding the Mobile segment) reached 8.9%, a 1.4-point increase from the previous year. In the Internet Services segment, key contributors to growth were enhanced valuation gains/losses on minority investments, alongside improvements in the sports business and Rakuten Viber. We anticipate further enhancements in profit margins, spurred by marketing optimizations and contributions from businesses in the growth investment phase. The Fintech segment reported an operating profit margin of 16.9% (+3.2 points YoY). We aim to meet our target margins by boosting per-contract profits in the insurance business, achieving profitability in the payments business and leveraging greater economies of scale.

Vision 2030



Business

Maintain Revenue Growth / Grow Profit Margin

Internet Services and Fintech

Continue growth of core businesses and turnaround or improved profitability of growth investment phase businesses

Mobile

Aim for profitability of Rakuten Mobile and become the No. 1 MNO
Aim for substantial profitability of Rakuten Symphony through global expansion

AI

Increase marketing, operations and clients' productivity by 20%



Sustainability

Growing with Our Employees

DEI, Engagement, Well-being

Providing Sustainable Platforms and Services

Service Accessibility and Trustworthy Content,
Responsible Technology, Partner Engagement

Addressing Global Challenges

Carbon-free Society,
Fostering Innovation and Entrepreneurship, Crisis Management



Business

Sustained Revenue & Profit Margin Growth

Internet Services



Main Businesses

- Domestic E-commerce (Rakuten Ichiba, Rakuten Travel, etc.)
- Overseas business (Rakuten Rewards, Rakuten Viber, Rakuten Kobo, Rakuten Viki, Rakuten TV, etc.)
- Investments (Rakuten Capital)
- Professional sports (Rakuten Eagles, Vissel Kobe, etc.)

FY2023 Key Highlights

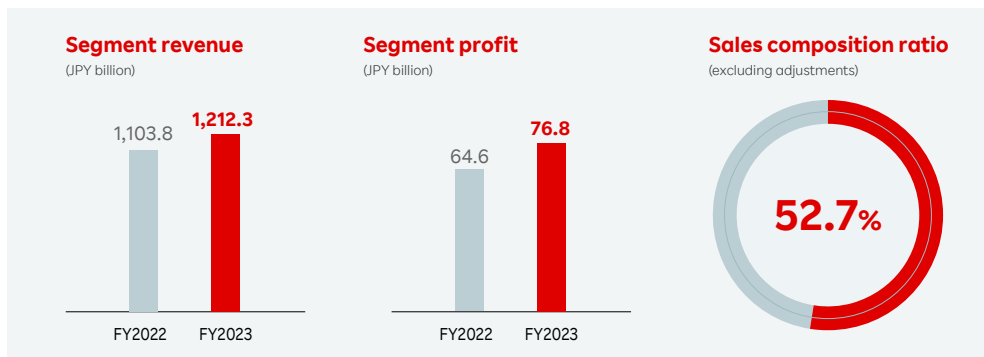
In FY2023, our Internet Services segment grew significantly, with revenue increasing 9.8% Year-on-Year (YoY) to 1.21 trillion yen, and Non-GAAP operating income rising 18.9% YoY to 76.8 billion yen.

Domestic EC services such as Rakuten Ichiba and Rakuten Travel continued to grow steadily, with domestic EC gross merchandise sales (GMS)*1 increasing 6.9% YoY to reach 6 trillion yen for the year. A variety of initiatives and promotions aimed at improving convenience and satisfaction have boosted retention among Rakuten Ichiba customers. Similarly, Rakuten Travel has also performed well thanks to promotional measures that capitalize on the recovery in demand for domestic travel. Rakuten Travel's GMS*2 grew a significant 42.7% compared to 2019 pre-pandemic levels and continues to boast a top-level market share in Japan. Revenue from growth investment businesses such as logistics, Rakuten Fashion and Rakuten Seiyu Netsuper also improved.

Our Other Internet Services segment, which includes our sports and global businesses, saw an improvement of 4.8 billion yen in operating income compared to the previous year thanks to various factors, including an improvement in investment gains and losses for Rakuten Capital, which is susceptible to stock market fluctuations; a recovery in communication fees and ad revenue for Rakuten Viber, which had declined due to the situation in Ukraine; and increased revenue in the sports business due to Vissel Kobe's victory in the J1 League Championship.

*1 Domestic EC GMS (excluding some non-taxable businesses; including consumption tax) = Total revenue from Rakuten Ichiba, Rakuten Travel (accommodation revenue), Rakuten Books, Rakuten Books Network, Kobo (domestic), Rakuten Golf, Rakuten Fashion, Rakuten Dream business, Rakuten Beauty, direct sales of daily necessities through services such as Rakuten 24, Rakuten Car, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, Rakuten Ticket, cross-border trading, etc.

*2 Excluding corporate customers

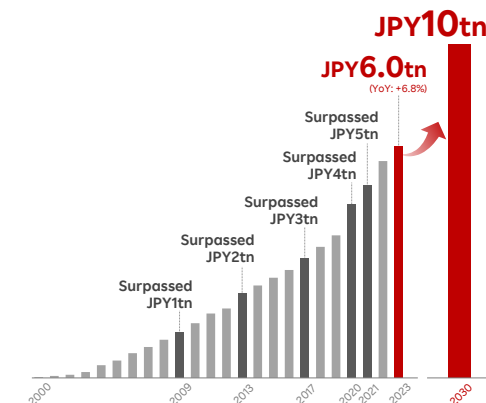


Growth Strategy ▶ Strategies to Grow Revenue and Further Improve Profitability

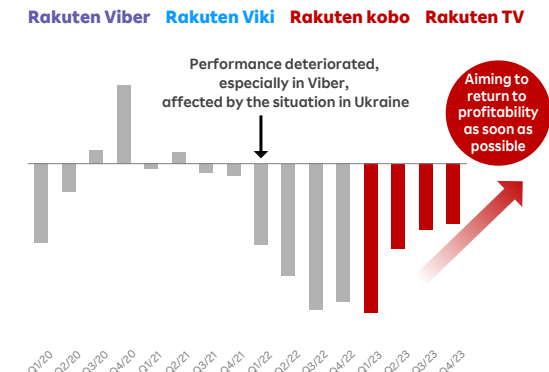
Compared to other major countries, Japan's e-commerce penetration rate remains relatively low, indicating ample room for growth. The Rakuten Group has been at the forefront of industry growth through continuous improvements in UI/UX and logistics. Moving forward, we aim to accelerate the use of generative AI and LLMs (large language models) to improve the operational efficiency of merchant operations, and further enhance overall customer experience, with the objective of achieving 10 trillion yen in domestic EC GMS by 2030. In addition to improved revenue from GMS growth, we seek to improve profitability through various measures, including enhancing marketing efficiency by reviewing the Rakuten Super Point Up program and increasing the profitability of our growth investment businesses. Additionally, our advertising business, which significantly contributes to profitability, has achieved a high rate of growth compared to the overall industry by offering products based on the Rakuten Group's wealth of consumer behavior analysis data from both online and offline domains. We believe that this will continue contributing to further revenue growth in the future.

In our Other Internet Services segment, the focus remains on expanding customer bases and improving profitability in global businesses such as Rakuten Viber and Rakuten TV, as well as leveraging our Business Portfolio Committee to monitor our businesses from the perspective of growth potential, profitability and Rakuten Ecosystem contribution. We will also continue our efforts to enhance performance and expedite the path to profitability for our loss-making businesses.

Domestic EC GMS



Viber, Viki, Kobo, Rakuten TV Combined Non-GAAP OI



Business**Maintain Revenue Growth /
Grow Profit Margin****FinTech****Main Businesses**

- Rakuten Card
- Rakuten Bank
- Rakuten Securities
- Rakuten Life Insurance
- Rakuten General Insurance
- Rakuten Payment

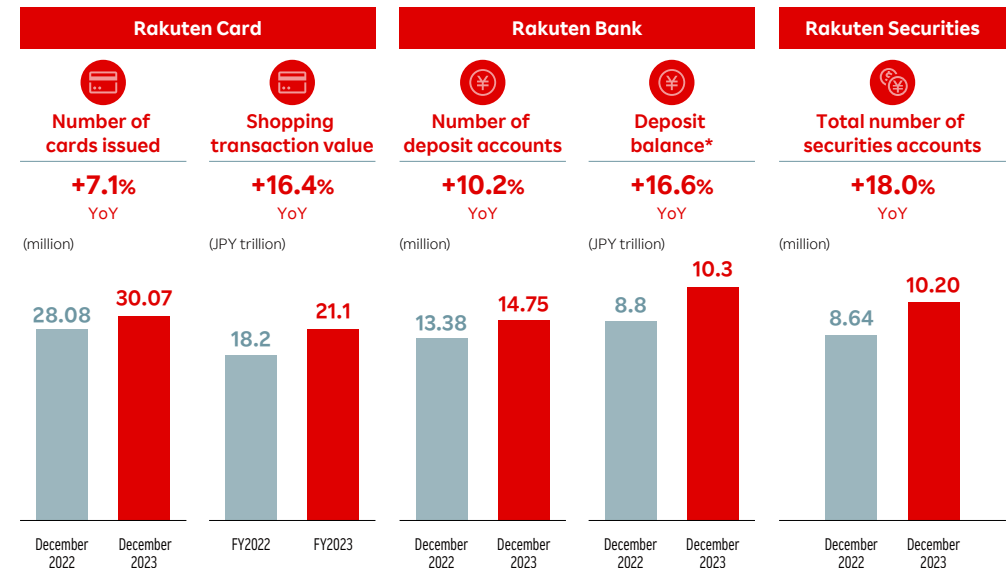
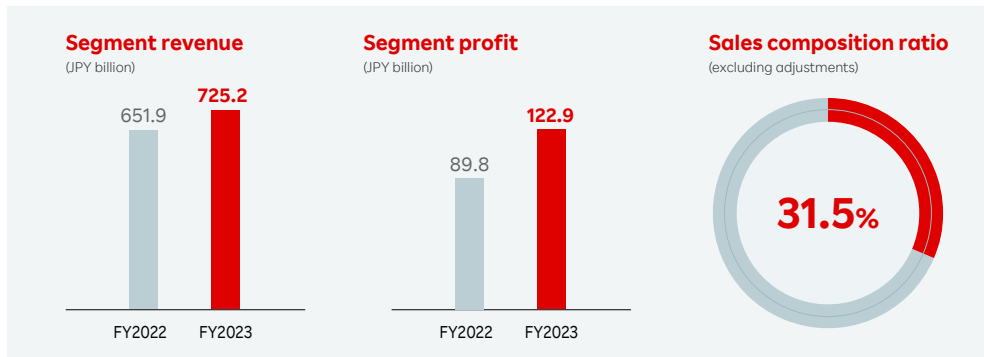
FY2023 Key Highlights

In FY2023, our FinTech segment witnessed an 11.2% YoY increase in revenue, reaching JPY 725.2 billion, alongside a 36.8% YoY surge in Non-GAAP operating profit to JPY 122.9 billion. These figures underscore significant growth in both revenue and profit.

Rakuten Card achieved its target of 30 million cards issued, a key milestone in our *Triple 3* medium-term management plan. Shopping gross transaction value rose by an impressive 16.4% YoY to JPY 21.1 trillion. Rakuten Bank capitalized on the Rakuten Ecosystem, boosting the number of new accounts and encouraging more customers to designate Rakuten Bank as their primary bank. This strategy, coupled with enhanced cross-selling efforts, led to a consistent increase in average deposits. Rakuten Securities experienced a notable increase in both the total number of accounts and the volume of investment installments, driven by the introduction of commission-free domestic stock trading in October 2023 and the rollout of the new NISA system in January 2024. Additionally, Rakuten Life Insurance and Rakuten General Insurance broadened their market presence by harnessing synergies within the group. Rakuten Payment, through aggressive marketing efforts, achieved remarkable growth in user engagement and transaction volume, primarily via Rakuten Pay (in-app payment).

Growth Strategy ▶**Continuously Expand Customer Base and Maximize LTV per User**

Our membership base continues to grow as more customers rely on Rakuten Card and our suite of FinTech services to fulfill their daily financial needs. In 2023, the number of Rakuten Cards issued surpassed 30 million, achieving one of the milestones outlined in our medium-term plan. Moving forward, our emphasis will be on further enhancing Rakuten Card's shopping transaction value and increasing our share of industry transactions. Meanwhile, Rakuten Bank has exceeded 14.75 million deposit accounts and JPY 10 trillion in deposits, solidifying its position as Japan's premier online bank and striving towards becoming a leading FinTech entity. Concurrently, Rakuten Securities witnessed accelerated growth, with total securities accounts reaching 10.2 million as of the end of December 2023, marking an 18.0% surge compared to the end of FY2022. Our future focus lies in enhancing profitability per asset through the innovation and provision of new products and services tailored to diverse investment and asset-building needs. Additionally, we aim to strengthen collaboration with group services and harness technology like AI to deliver personalized, timely proposals, enhancing customer satisfaction and increasing lifetime value (LTV) per account.



*Based on J-GAAP

Business

Moving Forward to Early Profitability

Mobile

FY2023 Key Highlights

In 2023, Rakuten achieved numerous milestones in the mobile sector, demonstrating steady improvements to business performance throughout the year.

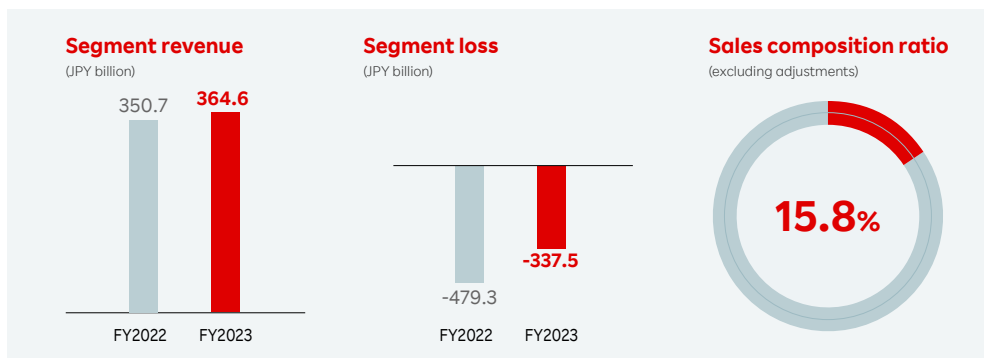
Rakuten Mobile strategically transitioned from Phase 1, which was focused on rapid expansion of infrastructure, to Phase 2. We kicked off the year by launching mobile services for corporate clients in January, followed by the launch of the Rakuten SAIKYO plan in June. By combining Rakuten's network area with our roaming partner network, we reached an industry-leading 4G population coverage of 99.9%, enabling unlimited high-speed data use and driving an acceleration in subscriber numbers. Additionally, in October, we received approval for our special base station deployment plan in the 700 MHz frequency spectrum, known as the "platinum band." Alongside these efforts, our continuous focus on improving network quality and customer satisfaction helped the company pass 6 million subscribers*1 in December.

On the business performance front, Rakuten Mobile achieved growth in subscriber fee revenue alongside an increase in subscribers. In December 2023, we achieved our goal of reducing monthly operating costs*2 by 15 billion yen compared to the highest month of FY2022, underscoring both the results of our lean management structure and steady progress towards profitability.

To close out the year, Rakuten Symphony, a global provider of B2B services for the mobile telco industry, helped launch 1&1's mobile network, marking the arrival of Europe's first fully virtualized 5G open RAN network.

*1 Includes both B2C and B2B subscribers and BCP, which is the pricing plan for Business Continuity Plan purposes.

*2 Refers to network expenses and sales and administrative expenses, excluding depreciation and amortization expenses.



Main Businesses

- Communication services (Rakuten Mobile, Rakuten Symphony)
- Power supply services (Rakuten Energy)
- Telephone services (Rakuten Communications)

Growth Strategy ▶

Improving Perception of Network Quality and Contract Signing

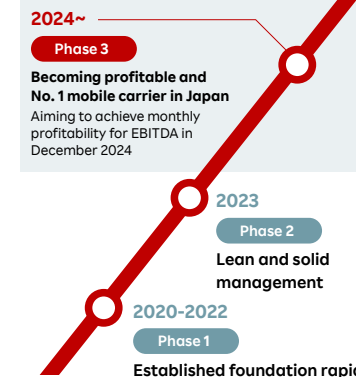
In 2024, Rakuten Mobile's focus is on achieving non-GAAP EBITDA profitability on a monthly basis. We believe this goal is approaching as we anticipate further growth in MNO revenue from the ongoing expansion in B2C and B2B subscribers, while we maintain an optimal level of monthly operating costs.

Since the full-scale launch of mobile services in April 2020, Rakuten Mobile subscribers have been steadily increasing, driven by improved network coverage quality. However, there is still room to enhance awareness of the quality of Rakuten Mobile's network. We will continue efforts to attract new subscribers by highlighting the latest network improvements and by driving new subscriptions from within the Rakuten Ecosystem, which boasts approximately 40 million monthly active users.

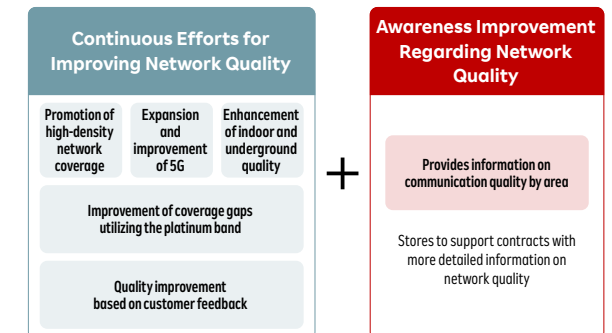
Regarding average revenue per user (ARPU), we anticipate growth on the B2C side due to increased data consumption with the growing adoption of 5G. At the same time, we aim to bolster B2B ARPU by focusing on sales for solution services introduced from October 2023. As our subscriber base expands and we enhance the value of the Rakuten Link platform, we also expect an increase in advertising revenue.

Building on the launch of Europe's first fully virtualized Open RAN mobile network and the technology Rakuten used to launch Japan's newest mobile network, Rakuten Symphony will continue to drive the global adoption of Open RAN.

Transitioning to Phase 3



2024 is the Year of "Improved Connectivity at Rakuten Mobile"



Sustainability

CWO Message

Rakuten's Vision: Creating Well-being with Stakeholders



Masatada Kobayashi

Group Managing Executive Officer
CWO (Chief Well-Being Officer)

Moving Together as One Team Towards 2030

In 2021, Rakuten established its Group Sustainability Committee to accelerate its sustainability efforts across its operations. The committee engages in discussions at the management level, sharing stakeholder expectations and industry best practices, as well as making decisions on sustainability strategies. Although 2023 has been primarily focused on advancing these strategies, setting concrete goals applicable to all group companies, despite their diverse services, and aligning with our unique corporate culture, values and business strategies has been challenging.

Rakuten is a dynamic company known for its ability to revolutionize entire industries rapidly, as demonstrated by Rakuten Mobile. Therefore, envisioning and setting goals for the next five or ten years ahead is no easy task. However, as part of the group's "Vision 2030," I am excited to present clear and ambitious goals that address the urgent issues of our era, including employee well-being, responsible AI and service accessibility.

I acknowledge that this set of goals is an initial version, open to further refinement and adaptation. Nevertheless, as a platform observed by thousands of business partners and millions of consumers, we recognize the potential impact of even minor changes in our operations. Our actions can inspire others and generate a wave of positive change.

Well-being at the Center of Our Culture

The year 2023 has highlighted the importance of human capital, a focus that has likely emerged in tandem with the rapid development of artificial intelligence, raising concerns about the future role of human work.

At Rakuten, we have initiated the "Rakuten Culture Study," an annual survey to evaluate how effectively our company delivers on its employee value proposition. This survey provides crucial insights into the experiences, needs and aspirations of our employees.

Through this culture survey, we have been able to gain a deeper understanding of our employees' views, and I am confident that this will enable us to cultivate a work environment that not only supports the well-being of everyone but also contributes to the achievement of our business objectives in the long term.

Exceeding Stakeholders' Expectations

In addition to the Rakuten Culture Study, we celebrated several significant achievements last year. A notable milestone was achieving zero scope 1 and 2 emissions across the entire Rakuten Group, a commitment we proudly announced during our 25th anniversary celebrations. As a technology company, the formulation of our AI Code of Ethics marks another critical achievement, ensuring our commitment to developing AI systems that are trustworthy and enhance humanity.

However, it is important to acknowledge that stakeholders' expectations are escalating rapidly, perhaps even outpacing our initiatives. A testament to these growing expectations is the global surge in regulations mandating ESG disclosures, such as the EU's Corporate Sustainability Reporting Directive. While some may view these disclosure requirements skeptically, they are an opportunity to deepen our understanding and management of our social and environmental impact.

Rakuten is a mission-driven company with sustainability at the heart of our philosophy. Actively listening to our stakeholders and striving to surpass their expectations has always been one of our principles for success. As we progress, we will continue to confront the challenges our stakeholders believe Rakuten should tackle, leading the charge in driving positive change.



Sustainability

Sustainability Strategy



For more information

<https://global.rakuten.com/corp/sustainability/strategy/>

Sustainability as a Pillar of Vision 2030

In 2022, Rakuten announced “Vision 2030,” its mid-long-term management plan that will propel the Group forward. With sustainability identified as one of the pillars that will enable the achievement of ambitious business goals, the company decided to align the Group sustainability strategy with this vision, by clarifying Rakuten’s aims and setting concrete environmental and social targets for 2030.

This sustainability strategy, established in 2021 by engaging with internal and external stakeholders, consists of ten

ESG topics organized into three focus areas, in addition to business foundations. Vision 2030 and our ESG goals have been at the heart of the Group Sustainability Committee’s agenda, and were approved by the Board of Directors. The targets presented here should be considered a first version that may be refined as the execution of related action plans progresses. However, the underlying areas that the targets mean to shape will remain unchanged.

By 2030, Rakuten aims to be a company with exemplary operations and minimum negative impact on human rights

and the environment; a company with the highest ethical standards, that leads on the responsible use of technologies; a company providing trustworthy content and services accessible to all.

By realizing Vision 2030, Rakuten aspires to be an employer of choice for dynamic talent, a business partner of choice for an ever-growing number of enterprises, and the go to service provider for millions of customers living a sustainable lifestyle.

Focus areas

Growing With Our Employees

Attracting talent and developing their potential is critical to our vision of becoming a truly global, innovative company. Building safe and inclusive work environments is of fundamental importance.

Diversity, Equity & Inclusion

Talent Attraction, Development & Retention

Responsible Labor Practices

Workplace Safety & Employee Wellness

Providing Sustainable Platforms and Services

Our value chain comprises over 1.8 billion users and partners. While engaging with our stakeholders has immense potential to drive a positive impact on society, we also acknowledge the need to conduct our operations in a sustainable and ethical manner.

Sustainable Production & Consumption

Responsible Advertising, Marketing & Labeling

Internet Governance & Freedom of Speech

Addressing Global Challenges

At the core of our corporate mission, innovation and entrepreneurship can solve some of the most pressing issues facing society – including climate change.

Climate Change & Energy

Risk & Crisis Management

Innovation & Entrepreneurship

Business foundations

As a company that provides online services, these topics are of fundamental concern for all our activities and their continuity. These topics have always been important to us, and we will continue to address them based on our established management frameworks.

Information Security & Privacy

Ethical Business Practices

Product & Service Quality



Sustainability Strategy

Growing with Our Employees

ESG Challenges	Vision	Indicators & Goals			
			2023	2025	2030
Diversity, Equity & Inclusion	Encourage diverse individuals, the foundation of our competitive advantage, to maximize their potential	Percentage of female managers	31%	33%	36%
Talent Attraction, Development & Retention	Promote individual development by offering various growth opportunities across our diverse businesses	Engagement score	83pt	under consideration	
Responsible Labor Practices	Build solid organizational foundations through honest dialog about career, work environment, etc.	Communication satisfaction score	95pt	97pt	98pt
Workplace Safety & Employee Wellness	Provide work environments that support the well-being of employees, for them to deliver high performance	Well-being score	54pt	under consideration	

Numerous factors affect the capacity of our employees to innovate and highly perform. The indicators listed here, including those still under discussion as far as 2030 targets are concerned, are metrics that impact Rakuten's multifaceted human capital development. Current goals are limited to Rakuten Group, Inc. and the scores mentioned are measured through employee surveys.

Providing Sustainable Platforms and Services

ESG Challenges	Vision	Indicators & Goals			
			2023	2025	2030
Sustainable Production & Consumption	Develop robust relationships with suppliers to ensure the realization of supply chains free from negative impacts on the environment and human rights	Percentage of suppliers participating in briefings and study sessions	75%	80%	90%
		Percentage of suppliers answering our self-assessment questionnaire	66%	80%	100%
		Ratio of high-risk* suppliers	12%	year-on-year decrease	
	Inspire partners to pro-actively participate in sustainability efforts (<i>tentative</i>)	Number of sustainable partners (<i>tentative</i>)	—	—	—

*Suppliers considered as potentially having a significant impact on our supply chain, based on self-assessment survey results, transaction status, and other factors.

Eliminating all negative impacts from our supply chain and empowering society through our procurement practices are long-term goals that start with building sound relationships with suppliers. The goals emphasize the importance in the mid-term of raising awareness regarding the social and environmental issues across supply chains, and of transparency.

Concerning sustainable consumption, we aim to engage with all business partners to provide more responsible choices to consumers. Considering the diversity of customer profiles, the definition of what "sustainable" should be is still under discussion and related goals will be disclosed once this definition clarified.

ESG Challenges	Vision	Indicators & Goals			
			2023	2025	2030
Responsible Advertising, Marketing & Labelling	Improve the accessibility of our digital touchpoints	Percentage of digital touchpoints meeting the requirements of "WCAG AA"	—	—	100%
		Percentage of employees taking and understanding the e-learning on accessibility	—	100% (2024 onward)	100%
	Provide fair and trustworthy content for our products and services	Adoption of an internal policy on fair & trustworthy content, in line with related standards	by 2024		
		Percentage of employees taking and understanding the e-learning on fair and trustworthy content	—	70%	100%

Improving the accessibility of our services and the transparency of our content will translate into an enhanced user experience and the acquisition of new customers. The adoption of industry standards such as WCAG AA (Web Content Accessibility Guidelines, level AA conformance) will ensure that our efforts are made in the right direction. The goals cannot be achieved without the active participation of employees, hence the importance of e-learning.



Sustainability Strategy

ESG Challenges	Vision	Indicators & Goals
Internet Governance & Freedom of Speech	Responsibly develop, deploy and use AI systems to empower stakeholders and society	Adoption of an AI Code of Ethics by 2024
		Establishment of a dedicated Responsible AI Governance structure (target year under consideration)

Internet governance and freedom of speech encompass various topics, that could be added to the future versions of our goal setting. However, considering the attention that artificial intelligence has been gathering in recent years, establishing related targets from an ethical perspective in our sustainability strategy is an indispensable first step. The indicators chosen highlight the importance of clear governance structures and ethical principles, to ensure that AI supports the achievement of business goals in a sustainable manner.

Addressing Global Challenges

ESG Challenges	Vision	Indicators & Goals			
		2023	2025	2030	
Climate Change & Energy	Realize a future where our stakeholders are aware of environmental challenges and opt for green choices naturally	Scope 1 and 2 emissions	Carbon neutrality	—	—
		Renewable electricity adoption rate Target: Rakuten Group, Inc.	100%	100%	100%
		Scope 1, 2 and 3 emissions	Adoption of emission reduction targets in line with the SBTi's criteria		

For its 25th anniversary, Rakuten declared that it would accelerate its climate action and become carbon neutral in 2023 by reducing scope 1 and 2 emissions to net zero. Now that this goal has been achieved, the company is developing new targets that include supply chain emissions reductions and which are aligned with the Paris Agreement.

ESG Challenges	Vision	Indicators & Goals			
		2023	2025	2030	
Risk & Crisis Management	Establish systems that prevent risks and their recurrence by identifying environmental changes and incidents in timely manner, and promptly respond to emergency situations, thereby contributing to the achievement of business goals	Percentage of organizations with a person in charge of incident management	100% (in Japan)	100% (globally)	—
		Percentage of organizations with an incident management system in place	—	100% (in Japan)	100% (globally)
		Percentage of employees taking the e-learning on incident management	—	100% (in Japan)	100% (globally)

Rakuten takes a three-pronged approach to risk management: enterprise risk management; incident management; and business continuity management. Incident management was chosen here for the setting of qualitative goals, stressing the importance of thorough management structure and employee participation.

ESG Challenges	Vision	Indicators & Goals
Innovation & Entrepreneurship	Contribute to solving social challenges and to creating value for stakeholders through our investments, our incubation and development projects, and our M&A and alliances	Introduction of sustainability criteria in the decision making related to investments and M&A
		Review of sustainability criteria for investments and M&A

Goal setting for innovation can be considered from different angles. Our current strategy formalizes the integration of social and environmental considerations into the decision-making process of our investments.



Sustainability

Together with Our Employees

Talent Management



For more information

<https://global.rakuten.com/corp/sustainability/employees/>

To realize our vision of being a “Global Innovation Company,” it is crucial that Rakuten establishes a workplace environment that draws in talented individuals and empowers them to reach their full potential. This involves implementing initiatives that focus on recruiting, developing and retaining skilled personnel, practicing responsible labor standards, promoting diversity, equity & inclusion, and ensuring a safe and healthy workplace. These factors are central to our sustainability strategy.

Building Organizational Foundation for Continual Growth - Hiring, Development, Retention

Rakuten is home to ambitious, self-driven and skilled professionals from diverse backgrounds who thrive on challenges. Our human resource management strategy aims to strengthen our organizational base by promoting individual growth and achievement. We offer diverse business opportunities for personal development and foster open communication between the company and its employees regarding their roles, work environment and career paths.

In 2017, we launched our *Back to Basics* project focusing on three pillars: recruiting, development and retention. Our goal is to build a solid organizational foundation by returning

Hiring	Recruiting optimal talent who will support Rakuten's business strategy implementation and sustainable growth
Development	Promoting continual growth of employees and creating a <i>learning organization</i> in which each and every employee can realize their full potential
Retention	Maintaining employee engagement and motivation by providing a work environment that encourages employees to stay

to our core goal of *building winning talent and winning teams*.

Hiring

To foster mutual understanding with prospective candidates, we prioritize both online and offline communication channels. Our “Careers” page features interviews with employees, offering insights into our business, work environment and career pathways, providing a glimpse into daily life at Rakuten. Our internship program allows participants to immerse themselves in Rakuten’s operations, which spans over 70 services, and its corporate culture. A referral program enables individuals to recommend friends and acquaintances who match with our current job openings. Every year, we host the “Rakuten Career Conference” for job seekers, where we introduce Rakuten’s vision, diverse businesses and unique corporate culture. In 2023, approximately 2,800 individuals participated in the event, gaining valuable insights into our company.

Development

With the aim of creating a “Learning Organization,” we prioritize supporting our employees’ career development so that every individual can unleash their full potential. This support extends beyond merely honing technical skills for global success; we also teach self-improvement and holistic business acumen. In a survey conducted after our training sessions in 2023, participant feedback revealed satisfaction levels exceeding 97%, with high ratings for practicality of the learning content and comprehension. In 2023, we revamped our training content, incorporating sessions on data proficiency and

Examples of Training Framework

Onboarding	Facilitate seamless integration for new employees and managers to learn necessary information and knowledge to swiftly adapt to their new organizations and teams.
Business Basics	Provide foundational skills necessary for businesspeople such as critical thinking, leadership and problem-solving methods.
Grade and Role-specific	Equip employees with the skills to take on larger roles in their organizations, such as how to implement plans based on Rakuten Shugi and conduct effective 1-on-1 meetings.
Data Analysis & AI	Train employees to identify problems, set KPIs, formulate and test hypotheses, and analyze the results to take action. Additionally, participants will learn about the foundations of artificial intelligence (AI).
DEI	Cultivate attitudes essential for collaborating with colleagues from different backgrounds through training on topics such as Unconscious Biases.
Culture & Language	Foster skills and mindsets vital for success in a global business environment through TOEIC preparation courses, cross-cultural communication training and inclusive leadership programs.
Self-improvement	Provide access to a wealth of learning resources, including online courses and Rakuten’s digital library, to support continuous personal development.

inclusive leadership. Additionally, to enhance on-site communication and optimize organizational outcomes, we regularly facilitate 1-on-1 meetings between team members and managers. This approach fosters trust between team members and managers while facilitating mutual learning through feedback, maintaining an effective communication channel with an annual implementation rate and satisfaction level of over 90%.

Retention

As career options diversify and societal changes such as work-style reforms take place, the way people view their work is undergoing significant changes. Given this context, it is crucial for employees to feel motivated to pursue a long-term career within a single organization. To enhance employee satisfaction and support their growth, Rakuten has implemented fair and fitting compensation and benefits packages, introduced flexible work arrangements, and established a comfortable, appealing and healthy work environment. Furthermore, for new graduates, we are reassessing the content and timing of follow-up training programs for up to three years after they join the company, aiming to foster career progression and retain talent within Rakuten. These efforts have led to a decrease in Rakuten’s turnover rate by 2.4 points in 2023 compared to 2017.



Sustainability

Together with Our Employees

Fostering a Culture of Open Communication

Fostering a culture of entrepreneurship that combines innovation and operation has been a crucial theme since Rakuten's foundation. We are dedicated to building a workplace that promotes well-being, where employees with diverse values collaborate with a sense of unity under a shared vision, contributing to the personal growth and achievement of every employee.

Diversity, Equity & Inclusion



For more information

<https://global.rakuten.com/corp/sustainability/diversity/>

Diversity, Equity & Inclusion (DEI) stand as pivotal elements within Rakuten's sustainability strategy, serving as a driving force for innovation. At Rakuten, we honor the unique personalities and values of every employee across the globe, transcending race, nationality, gender, marital status, parental status, religion, political beliefs, age, disabilities, sexual orientation and gender identity. By embracing and supporting the diverse talents that fuel our competitive edge, we empower each individual to fully realize their potential.

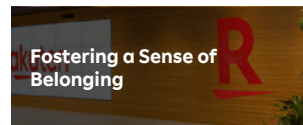
In advancing our global operations, making English the company's official language has allowed us to hire and promote exceptional talent from all over the world.

DEI Strategy



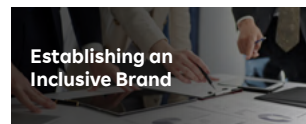
Promoting a Fully Diverse Workplace

We provide equal opportunities for all employees, including opportunities for growth through skill development, fair wages and equal opportunities for career advancement.



Fostering a Sense of Belonging

We cultivate a corporate culture where every voice within the company is heard, allowing everyone to take pride in being a member of Rakuten.



Establishing an Inclusive Brand

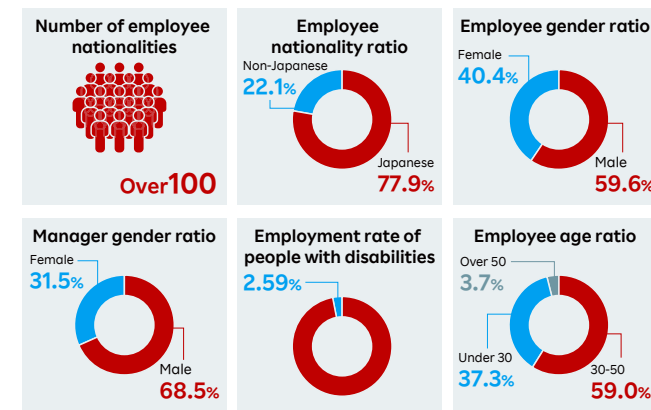
We provide services that cater to all customer segments of Rakuten while incorporating diverse perspectives and opinions.



Empowering Communities

Through innovation, we address challenges such as environmental issues and human rights protection in local communities, thereby contributing to society.

Diversity at a Glance



DEI LEADER INTERVIEW

Maximizing the Abilities of Our Diverse Employees

Towards Creating New Value through Understanding Disabilities

At Rakuten, we pride ourselves on a diverse workforce, which includes many employees with disabilities who have flourished due to our commitment to creating a welcoming work environment. This includes the implementation of universal design in our offices. Recognizing the importance of further enhancing workplace inclusivity, we aim to boost awareness and understanding of disabilities among our employees.

To this end, our Diversity & Inclusion Office, which spearheads our internal DEI efforts, identified "disability" as a primary focus for our activities in 2023. As the leader of Rakuten Socio Business, a subsidiary of Rakuten, I collaborated closely with colleagues across the organization to launch several initiatives designed to increase disability awareness.

One approach involved reaching out to a wide audience of employees and their families by establishing informational booths on disability-related themes at company events. These booths offered interactive games and Braille experiences, encouraging engaging encounters with our employees with disabilities. We also hosted seminars with guest speakers to offer a more profound insight into the world of disabilities, drawing the interest of over 500 employees.

We recognize the importance of educating our employees about disabilities to develop services that are accessible and welcoming to a broad customer base. In support of this, our marketing department led panel discussions as a key component of our accessibility education initiatives. Looking ahead, we are dedicated to creating a society where people of all walks of life can thrive, persisting in our efforts to cultivate an inclusive and empathetic workplace culture.



Kazuma Koike

Representative Director and President of Rakuten Socio Business

Increasing Awareness of Women's Participation

As of 2023, Rakuten Group, Inc. has reached a significant milestone, with over 30% of its managerial roles occupied by women. This achievement marks substantial progress towards mirroring the overall 40% female workforce ratio, showcasing consistent yearly improvements. The uptake rate for maternity leave stands at nearly 100% for women and over 40% for men, with a return-to-work rate post-maternity leave of over 95% for employees of both genders. These positive outcomes are attributed to several supportive measures, such as seminars for those on maternity leave, the creation of lactation rooms and childcare facilities to ease the transition back to work, and the implementation of flexible working hours.

However, a 2023 survey highlighted that female employees, in particular, have concerns about career advancement after returning from maternity leave. Acknowledging the importance of managing work-life balance through different life stages, we recognize the necessity for initiatives that not only raise awareness but also provide support during these transitions, treating them as opportunities for professional development.

Our focus for 2024 will be on "awareness activities." We aim to host seminars led by female leaders who have made notable contributions both within and outside our organization. These seminars will address topics such as leadership, career progression and managing various life stages, aiming to empower employees by learning new perspectives and skills for improved performance from the insights and experiences shared by the speakers. In parallel, we are dedicated to creating an environment that encourages women's workforce participation. This involves engaging with younger employees early in their careers to prepare them for future life stage transitions and improving overall employee understanding of challenges uniquely faced by women. Through these initiatives, our goal is to foster a more supportive workplace for the career development and participation of women.



Yuko Hokama

Recruiting and L&D Department Learning & Development Section Global Learning Design Group

Together with Our Employees ▶ Fostering a Culture of Open Communication

The Soil of Innovation
—Diversity and Unity

For more information

<https://global.rakuten.com/corp/event/corporateculture/>

At Rakuten, we bring together talent with diverse experiences and skills from over 100 countries and regions. Maximizing the individuality, strengths and values of our employees to spur innovation requires sharing a common direction and values.

Since its inception, Rakuten has held *Asakai* meetings once a week, a company-wide gathering where we discuss the company's direction, monitor the progress of each business unit's strategies and goals and share successful practices. Additionally, we conduct "Rakuten Shugi Workshops" to deepen understanding of the values cherished by Rakuten, known as "Rakuten Shugi." These workshops encourage employees to reflect on how these values align with their own and how they can be implemented in their work. By doing so, even as our business areas and organizational sizes continue to grow, we are committed to initiatives that allow our diverse workforce to exhibit entrepreneurship and collaborate effectively under a shared philosophy.

A Corporate Culture that Supports Value Creation
—The Findings of Our Survey

To consistently achieve high performance as an organization, we are dedicated to cultivating a workplace that promotes unity among employees through shared values, leading to individual self-realization and well-being. At Rakuten, we define well-being as "the optimal state of individuals and teams to consistently achieve medium- to long-term results (well-doing)."

In 2023, to evaluate how our current corporate culture

Mutual Commitment	The degree to which one feels a win-win relationship between oneself and Rakuten from the perspective of corporate culture.
One Team	The degree to which synergy is created as one team under a common philosophy and values, and the sense of actively engaging in innovation and operations.
Self-realization	The degree to which one feels they are becoming or have become the person they want to be through working at Rakuten.

aligns with our desired vision, we conducted a survey among our employees in Japan. We specifically looked at the discrepancies between expectations and actual perceptions concerning three key elements of corporate culture – Mutual Commitment, One Team and Self-realization – along with seven aspects of Rakuten's distinctive corporate culture that

make up our Employee Value Proposition (EVP).

The survey revealed that 55.8% of employees feel that their relationship with Rakuten represents a Win-Win situation in terms of corporate culture. Additionally, 57.0% of employees recognize "One Team" spirit, and 50.1% acknowledge opportunities for "Self-realization."

Employee Value Proposition

Rakuten's 7 Culture Elements that make Rakuten's culture unique.



The Power of Our Ecosystem



Open Communication



Shared Purpose



Innovation Through Diversity



Limitless Opportunity



Continuous Growth



Social Impact

INTERVIEW WITH THE PERSON IN CHARGE**Challenges Identified from the Survey on Corporate Culture**

— Cultivating a Corporate Culture with High Mutual Commitment

Since its foundation, Rakuten has placed a strong emphasis on fostering a strong corporate culture. To evaluate this aspect objectively, we conducted the "Rakuten Culture Study 2023." Rakuten's CEO often states that "joining Rakuten isn't just about joining a company; it's about joining a 'project' to empower society by embracing new challenges." According to the study, 55.8% of respondents believe there is a mutually beneficial relationship between themselves and Rakuten, as seen through the lens of corporate culture. The ongoing challenge is to nurture and deepen this mutual commitment, going beyond the conventional employer-employee relationship.



Naoko Enomoto
Rakuten People and Culture Lab

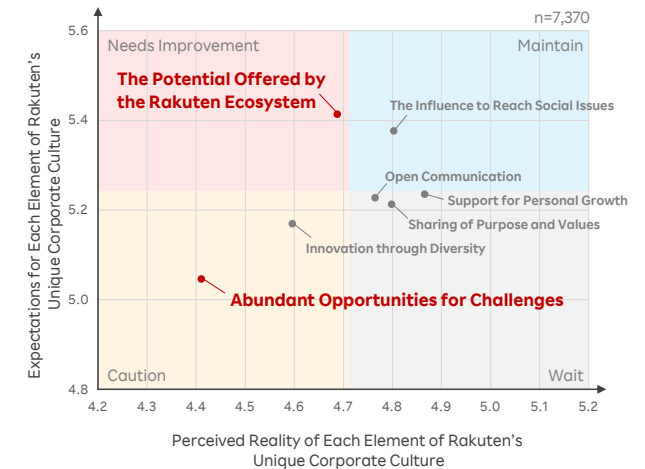
Furthermore, when analyzing the survey results concerning the seven key elements (EVP) that characterize Rakuten's unique corporate culture, differences were observed. These differences lay in the gap between employees' expectations of these elements from the company and their perceptions of what they actually receive, or their capacity to align their actions with these elements.

The most pronounced discrepancy identified was in recognizing "the potential offered by the Rakuten ecosystem." Rakuten's ecosystem is designed to significantly enhance the businesses within it by utilizing a variety of internal resources, such as data and technology, and by drawing on insights from successful ventures within the group. However, as the company's business areas and organizational structure have expanded, becoming more specialized and structured, it has become evident that not all employees have the same visibility or access to the ecosystem's potential. This variation largely hinges on an individual's specific role and responsibilities.

These insights underscore the importance of creating an environment where the benefits of the Employee Value Proposition are more tangibly felt by everyone

and to motivate all employees to take initiative towards this goal.

Responses from the survey also included positive remarks, highlighting that working at Rakuten promotes personal growth, societal contribution and overall well-being. It is crucial to acknowledge that corporate culture is not shaped by a handful of individuals but rises from our daily actions and is cultivated through a collective endeavor. Bearing this in mind, we are committed to continuously fostering and developing a corporate culture that encourages a robust, mutual commitment between the company and its employees.



Sustainability

Providing Sustainable Platforms & Services

Sustainable Production and Consumption



For more information

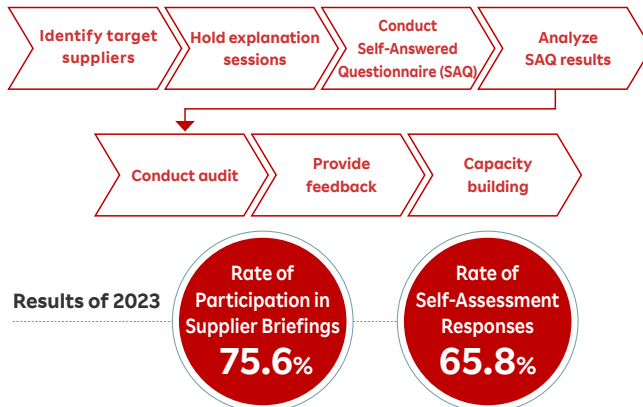
<https://global.rakuten.com/corp/sustainability/supplychain/>

Rakuten is a platform provider that collaborates with stakeholders across multiple sectors to achieve sustainable production and consumption within the Rakuten Group. Creating a positive impact through our business requires excellent operations, including appropriate supply chain management.

Working with Suppliers on Sustainability

Rakuten has engaged in sustainable procurement activities since 2020 to identify and prevent human rights and

Process of Sustainable Procurement



Results of 2023

Rate of Participation in Supplier Briefings
75.6%

Rate of Self-Assessment Responses
65.8%

Audit findings (partial)

- extended overtime hours
- instances of unrecorded labor
- failure to issue manifests for industrial waste discharge, etc.

We encourage suppliers identified with issues to enhance their performance through follow-up surveys. This collaborative effort aims to build a sustainable supply chain.

environmental risks in its supply chain. To promote awareness and understanding of the Code of Conduct for Sustainable Procurement, which lays down expectations for suppliers, we hold online briefings and request suppliers sign a written pledge to comply with our Code of Conduct. Additionally, we aim to further improve sustainable procurement activities by setting key indicators and goals, such as the participation rate of briefing sessions, the response rate of self-assessments, and the number of suppliers identified as high-risk. These initiatives aim to minimize negative impacts on the supply chain and foster good business relationships with suppliers.

Sustainability with Partners

Commerce & Marketing companies, including Rakuten Ichiba and Rakuten Travel, share sustainability know-how with our partners through a range of initiatives. For example, Rakuten University, which equips Ichiba merchants with e-commerce expertise, also educates them on the importance of sustainability. This includes guidance on fostering a sustainable society and minimizing environmental footprint. In addition, Rakuten Group provides a platform for sharing best practices and initiatives with the many merchants already engaged in various sustainability initiatives.

Rakuten Shop of the Year 2023

The Rakuten Ichiba Shop of the Year serves as an accolade system for Ichiba merchants, enabling distinguished stores to showcase their endeavors and accomplishments. Within this framework, the Sustainability Award is conferred upon

stores that pro-actively contribute to building a sustainable society. Criteria for this award include sales performance, order volume, customer service excellence, and other factors, alongside customer votes.

Sustainability Award Selection Criteria

- Leverages the strengths of its own business
- Initiatives address societal and environmental issues closely related to its business
- Brings positive impacts or revitalizes the regions or societies in which the business is involved
- Expected continuity and expansion of initiatives
- Initiatives are also reflected in the Ichiba store operations

Sustainability Award
San'ta Rosa, Inc.



In 2023, "San'ta Rosa" a store specializing in organic produce from developing countries, fair trade goods, and pesticide-free foods, was honored with an award. The company was recognized for its efforts in addressing social issues, implementing sustainability initiatives from various angles, and transparently quantifying their impact.

New Form of Thanks : The Future of Gift-Giving

Rakuten is expanding its range of products and services through various partnerships, while aiming to promote more sustainable consumer lifestyles. Rakuten Ichiba has established a dedicated page where consumers can choose sustainable mid-year gifts including products that reduce food waste, in addition to organic and fair-trade products. From everyday fruits and sweets to a curated selection of ethical gifts, you can select a special present for your loved ones.



Sustainability

Providing Sustainable Platforms & Services

CMO Message

Fair and Convenient Services for Everyone

As the Chief Marketing Officer (CMO) of Rakuten, my role entails overseeing the branding, marketing and creative departments. Collaborating with the CMOs of each subsidiary, my objective is to deliver user-friendly services and ensure a cohesive marketing strategy across the entire group.

Empowering All with Convenient Services and Trustworthy Content by 2030

In our medium to long-term plan, as outlined in Vision 2030, we prioritize responsible advertising, marketing, and labeling as a crucial aspect of our marketing efforts. Our vision is to ensure accessibility at every digital touchpoint, offering fair and trustworthy content that is free from discriminatory language.

Accessibility means ensuring that all individuals, regardless of physical condition or abilities, can easily access and use our services. Changes in physical abilities due to aging can pose challenges, and we are committed to making our services fair and user-friendly for all customers.

To achieve this, we are actively aligning with global

industry standards and implementing internal measures to empower our employees to adapt effectively to changes. Our focus remains on providing comfortable service and reliable content that meets the needs of all our users.

Setting the Bar for Accessibility Standard Across Industries with the Rakuten Ecosystem

To improve accessibility throughout the Rakuten ecosystem, our focus is on enhancing efficiency and maintaining consistent quality across our 70+ services. Numerous initiatives are already underway, with the goal of completion before 2030.

In an initial step, we partnered with employees with disabilities from Rakuten Socio Business to conduct service reviews. This collaboration resulted in the development of the ReX Design System, comprising guidelines, assets and tools that ensure a cohesive user experiences across all Rakuten platforms. Additionally, we are partnering with external experts to create an accessibility improvement guidebook, which will soon be released internally. As a platform leader, we have a history of making a significant impact by

Naho Kono

Group Executive Vice President
CMO (Chief Marketing Officer)



Sustainability

Providing Sustainable Platforms & Services

CMO Message

implementing and sharing standards and guidelines with our business partners. We aim to extend this resource beyond our business partners to clients, vendors and other stakeholders. Furthermore, we actively participate in external conferences to share insights as a leading company. Looking ahead, we will refine our internal guidelines, assign dedicated personnel to each service, and conduct training to ensure continuous improvement across all digital touchpoints.

Lastly, as part of our ongoing commitment to customer satisfaction, we will continue expanding language support across our services. By leveraging AI technology, including collaboration with Rakuten Institute of Technology, we aim to boost operational efficiency, notably through AI-based translation systems.



Unmatched Marketing Integrity: Leading with the Fastest Trial & Error Cycle

As societal values and conditions evolve, a wide array of expressions deemed inappropriate or offensive emerges. This underscores the imperative to adapt rules accordingly. Historically, Rakuten has demonstrated swift responsiveness to societal and consumer shifts, such as suspending or resuming email distributions during major disasters. This reflects our culture of promptly heeding and integrating societal feedback. In terms of expressions, we consistently update our guidelines and convene cross-organizational working group to address emerging concerns and trends, leveraging our internal expertise to ensure alignment across the organization.

Gathering customer feedback and staying abreast of global trends are pivotal for enhancing our services, with technology playing a crucial role in streamlining this process. Currently, we harness AI to analyze the Voice of Customer (VoC). Utilizing our internally developed VoC Analyzer and other analytical tools, we can swiftly assess and address customer feedback.

We have developed our rules through a process of trial and error. Moving forward, we will continue to leverage AI while ensuring our actions are guided by ethical considerations. This approach enables us to deliver content with the optimal level of detail and create marketing initiatives that prioritize customer comfort.

Rakuten's Vision for the Future of Marketing

In our service provision, we adhere to the concept of "Unique yet Unified." We believe that while the service experience should be "unique" and entertaining, the quality and user

experience should be "unified" and stress-free. As the CMO, I am dedicated to striking a balance between uniqueness and uniformity, adapting to evolving trends, and striving to provide services that customers can trust and enjoy even decades from now, through effective branding, marketing, and creative strategies.

Moreover, in our mobile business, we introduce new initiatives such as the "Saikyo Family Program" and the "Saikyo Youth Program" to make essential telecommunications services easily accessible to everyone. We also collaborate with local governments to organize mobile workshops for seniors with the aim of bridging the digital divide. By offering telecommunication services that are user-friendly for all age groups, we are committed to supporting digital transformation and ensuring easy access to the digital world.

With a diverse portfolio of services, Rakuten plays a significant role in shaping perceptions of user-friendly services. It is our responsibility as a leading company to continually enhance usability and drive industry-wide improvements.

Sustainability

Providing Sustainable Platforms & Services

Responsible Advertising, Marketing & Labelling



Rakuten is committed to providing users with accurate and appropriate information about products and services sold via our online platforms. We have established internal standards and policies for advertisement production and distribution and continuously train our employees. We strive to deliver fair and reliable advertising creatives and ensure the accessibility of all our digital touchpoints.

Fair and Reliable Information Dissemination

As product and service information significantly influence users' decision-making, it is essential to avoid misleading and exaggerated representations and provide information based on verified facts. Rakuten's advertisements are widely distributed to different users across a variety of services, and it is our responsibility to eliminate discriminatory expressions or stereotypes based on differences in religion, culture, gender or other factors. We must also consider inclusivity for all users, including children and the elderly.



TOPIC 1

Introducing the Rakuten Illustration System Supporting DEI

Rakuten has introduced its original "Rakuten Illustration System" for employees. They are able to utilize the system to create over 300,000 combinations of illustrations by simply selecting body parts and illustration colors. These illustrations can be utilized across Rakuten websites, apps, and other creatives both in Japan and overseas. Since the system is cloud-based, specialized design software is not required, enabling non-designer employees to create illustrations that are consistent in design and of high quality.



TOPIC 2

Greenwashing Seminars

Rakuten is proactively collaborating with stakeholders on efforts to combat climate change. A number of initiatives have been implemented, including the "Go Green Together" project, which encourages users to embrace a greener future, and internal seminars to raise awareness of greenwashing. Greenwashing refers to the use of communications that make people believe a product or service is more environmentally friendly than it is, and these seminars aim to promote understanding of how to correctly advertise environmentally friendly products and services. Additionally, Rakuten is strengthening internal guidelines covering communication with users. Rakuten will continue to train its employees to ensure fair and reliable information disclosure.

Enhancing Accessibility of Digital Touchpoints

Rakuten is striving to meet, across all online platforms, Level AA of the Web Content Accessibility Guidelines (WCAG) 2.1 provided by the non-profit organization World Wide Web Consortium. To achieve this goal, Rakuten partners with its special subsidiary company promoting employment of people with disabilities, Rakuten Socio Business, to ensure that the entire UI design and development process effectively caters toward users of our online platforms. Moreover, we conduct thorough accessibility checks, not only focusing on design but also on functionality, using external code-checking tools. These efforts are implemented to reflect internal surveys gathering feedback and needs of users with disabilities.



VOICE

Empowering All Individuals Through Accessibility

From when I was a student, I've lived alongside friends with disabilities and saw the many barriers they face in life. This has driven me to create projects to promote accessibility and to help build a society where everyone, whether with or without disability, can thrive. Our activities include establishing group policies, developing guidelines and tools, conducting interviews and user tests with people with disabilities, and advocating for awareness by sharing know-how internally and externally. It is my personal goal to empower more individuals by ensuring we use fonts and colors that are easier to read for the elderly and people with color vision deficiency, and enabling keyboard navigation for those who find using a mouse challenging. In the future, I want to continue to tackle customer problems by listening to their feedback, conducting interviews, running user tests and sharing what I learn across the entire organization.

Yuya Sato

Creative Design Strategy Department





Sustainability

Providing Sustainable Platforms & Services

Internet Governance & Freedom of Speech Responsible AI



Rakuten Group leverages Artificial Intelligence (AI) technology to deliver services online. Although AI has made our lives more convenient, Rakuten acknowledges the need to be mindful of the potential threats to fundamental human rights, such as privacy and freedom of expression, that may arise from using this innovative technology. To mitigate these risks, Rakuten is committed to maintaining high ethical standards in the development and implementation of AI and other technologies, enhancing governance to ensure that users can safely and confidently use our services.

Responsible AI

At Rakuten, AI technology is extensively utilized across various businesses. To enjoy the benefits of AI technology while providing stakeholders with healthy internet services, establishing a robust governance structure is essential. Specifically, our approach to responsible AI involves creating a secure environment guided by the following model:

Responsible AI = AI Code of Ethics + AI Operational Guidelines + AI Governance

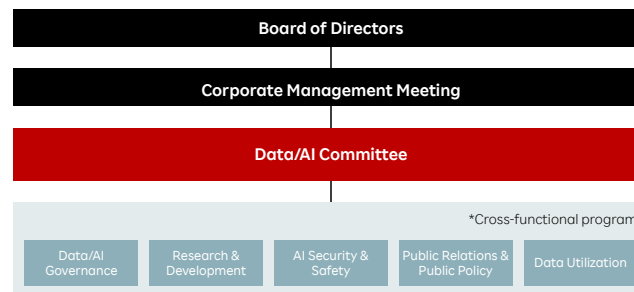
AI Code of Ethics and AI Operational Guidelines

In 2023, Rakuten began drafting its "AI Code of Ethics," with the aim of publishing it in 2024. The code is designed to establish ethical standards for the development, operation and application of AI, ensuring that we offer trustworthy services to our users. By setting out comprehensive rules, Rakuten is

committed to driving technological innovation while safeguarding individual rights and privacy, and promoting the use of AI in a manner that is fair, equitable and transparent. Furthermore, Rakuten has also developed internal guidelines for AI use. These guidelines outline the key principles that should be adhered to when utilizing generative AI, including use cases for generative AI services and guidelines for implementing these services in our business operations. Together with other principles, these guidelines aim to serve as a roadmap for our employees to engage with AI responsibly.

AI Governance

In Rakuten, our approach to managing and supervising AI involves three key programs: governance, development and security, and public communication. Within these programs, we actively engage in discussions that cover everything from training our employees to the development and implementation of AI, focusing on identifying challenges and shaping future policies. The outcomes of these discussions, including



proposals and decisions, are reported to the Responsible AI Program Committee, composed of executives including the Chief Information Officer (CIO), Chief Data Officer (CDO) and Chief Information Security Officer (CISO). When further deliberation is required, we collaborate with the Group Sustainability Committee, Group Risk & Compliance Committee and Group Information Security & Privacy Committee to formulate, propose and execute the necessary action plans. Moreover, key decisions and challenges are regularly reported to the Board of Directors and Corporate Management Meeting, ensuring transparency and accountability in our AI governance.

Employee Education

To enhance understanding and awareness of the ethical use of AI within the company, we actively disseminate information through presentations at *Asakai*, our morning meetings attended by all employees, and through the digital signage within our offices. Additionally, in 2023, we conducted training on the guidelines for using generative AI, which was attended by all employees across the Group.

VOICE

Transformation of Workflows through AI-nization

In 2023, we rolled out the AI tool "Rakuten AI for Rakutenians" to all of our employees. We view this tool, powered by ChatGPT, as a smart assistant that significantly enhances our work efficiency and speed. Previously, interacting with computers required knowledge of programming languages, but now, with ChatGPT or other generative AI tools, you can use natural languages like English or Japanese to communicate with computers. This breakthrough allows even those without a tech background to develop their own technology solutions, broadening the horizon of possibilities. Beyond leveraging existing AI solutions, everyone is empowered to create programs tailored to their unique needs and job functions. We are confident that this initiative can boost work productivity by at least 20% or more. The concept of "nization" at Rakuten, which began with "Englishnization" to bridge language gaps, is now being extended through "AI-nization." This effort aims to enable every Rakutenian to engage confidently with new technologies. By fostering confidence and a shared understanding of AI and its practical uses, we are setting the stage for innovative solutions that have the potential to revolutionize our business.



Ewa Szymanska

Global Head of Rakuten Institute of Technology



Sustainability

Addressing Global Challenges

Climate Change



For more information

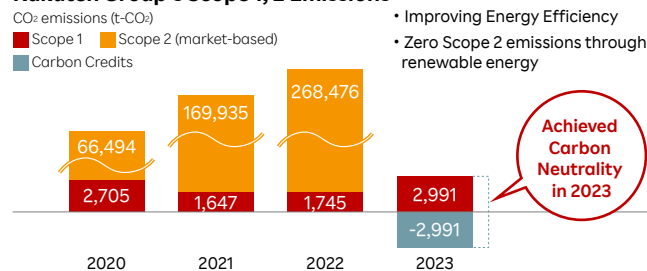
<https://global.rakuten.com/corp/sustainability/climate/>

At Rakuten, we strive for a sustainable future where a better environment can be inherited by future generations. To achieve this, we actively promote group-wide business activities aimed at reducing greenhouse gas emissions and harnessing renewable energy. Additionally, we are dedicated to making a positive impact on society through various environmental protection initiatives. These include engaging with our customers in activities aimed at reducing environmental impact, implementing educational programs, and more.

As part of our commitment to achieving a decarbonized society, the Rakuten Group achieved carbon neutrality*1 for all our business operations, including consolidated subsidiaries, by realizing net zero greenhouse gas emissions in 2023.

*1 This achievement was calculated and verified by third parties according to the GHG Protocol, encompassing both Scope 1 (direct greenhouse gas emissions) and Scope 2 emissions (indirect emissions from electricity, heat, and steam supplied by other companies).

Rakuten Group's Scope 1, 2 Emissions



Efforts Towards Achieving Carbon Neutrality

In pursuit of achieving carbon neutrality, group companies of Rakuten joined forces and took action to enhance energy efficiency. At our headquarters office in Tokyo, we introduced

fixed temperature and operating hours for indoor air conditioning for 9 months of the year, excluding extreme hot and cold seasons. This initiative is anticipated to reduce annual electricity consumption by approximately 14% compared to previous levels. Additionally, in our company-owned data centers, the installation of blank panels has improved air conditioning efficiency, resulting in an expected annual electricity usage reduction of around 27% compared to before implementation. Moreover, we have actively promoted the adoption of renewable energy across all our facilities. Solar power generation facilities have been installed in our offices and factories, while our sports teams Vissel Kobe and Rakuten Eagles teams have transitioned to 100% renewable energy sources for stadium power usage. In other facilities, including overseas locations, we have procured energy attribute certificates meeting RE100 criteria, achieving 100% renewable energy usage for electricity consumed in our business operations. Emissions that fall under Scope 1 have been offset using reliable carbon credits that meet our company standards, thus attaining carbon neutrality.

Reducing Greenhouse Gas Emissions Across our Entire Supply Chains

We are currently in the process of preparing to obtain SBT (Science-Based Targets) certification and are dedicated to reducing greenhouse gas emissions in alignment with the Paris Agreement, leveraging advanced technologies like AI. In our mobile business, which is a major source of such emissions within the Rakuten Group, we have demonstrated that by deploying the RAN Intelligent Controller (RIC), an AI-based

system for managing and controlling RAN, we can achieve up to a 25%*2 reduction in power consumption in trials of 4G and 5G Open RAN networks. We are also tackling greenhouse gas emissions reduction in our supply chain by implementing an AI-driven logistics management system for product deliveries. By creating our own system and optimizing delivery routes, we anticipate reducing product transportation distances by 15% compared to conventional systems*3.

*2 Depending on traffic patterns and the scope of RIC utilization

*3 Based on the initial month's performance of the Rakuten Seiyu Net Super and Rakuten Zenkoku Super after implementing this AI-based system

Towards a Decarbonized Society

Rakuten is driving initiatives to inspire lifestyle innovations aimed at reducing greenhouse gas emissions. For instance, in the Ministry of the Environment's "Nudge × Digital for Decarbonized Lifestyle Transformation Promotion Project," we tested communication strategies to encourage consumers to save energy amidst recent energy supply-demand challenges. As part of this initiative, Rakuten Energy, our electricity business, launched their "Try Energy Savings" campaign, rewarding customers with Rakuten Points based on their electricity-saving efforts. This campaign has received the highest five-star rating for two consecutive years in the Ministry of Economy, Trade and Industry's Agency for Natural Resources and Energy's "Energy Conservation Communication Ranking System."

VOICE

Facilities Operation Group Formulating the Head Office Air Conditioning Rules

At our headquarters office, we implemented fixed temperatures and operating hours for air conditioning. Given the diverse range of businesses and nationalities represented, we conducted multiple validation experiments to tailor rules to each floor's specific needs. Even after implementing these rules, we established a system to gather daily feedback from employees, aiming to enhance understanding of our carbon neutrality goals and propose floor-specific improvements to promote energy conservation. As a result, we anticipate a reduction in electricity usage of approximately 14%, which brings us a significant sense of accomplishment. Going forward, we plan to balance employee feedback and energy-saving measures to create an office environment where everyone can feel comfortable while reducing our environmental impact.



Shinji Yoshikawa
Manager, Facilities Operation Group



Sustainability

Addressing Global Challenges

Risk Management



For more information

<https://global.rakuten.com/corp/sustainability/risk/>

Rapidly evolving social conditions and environmental factors are introducing diverse risks for companies. Operating across various industries worldwide, Rakuten and its subsidiaries promptly and efficiently recognize these risks and implement appropriate measures to maintain management stability and reliability.

ERM: Enterprise Risk Management

Rakuten and its subsidiaries adopt an integrated approach to managing risks across the organization. This involves a systematic process of identifying and assessing risks, developing and implementing countermeasures based on their significance, and continually monitoring outcomes to align with management objectives. In 2023, alongside addressing “Group Top Risks” with substantial potential impacts on our business activities, we also recognized “Emerging Risks,” which are risks that may significantly affect us due to evolving environmental factors in the medium to long term. For each of these risks, we have implemented specific measures and monitoring mechanisms.

Incident Management

In the event of an incident, we conduct a thorough assessment to determine its nature, the extent of its damage, and its impact on business continuity and reputation. We also establish clear reporting procedures and response protocols accordingly. In 2023, as part of our efforts to enhance the Group’s incident management system, we focused on preventing incidents and their recurrence by identifying issues and conducting in-depth investigations into their root causes. Moving forward, we will persist in proactive measures to prevent incidents and

their recurrence, collaborating closely with relevant departments both domestically and internationally.

BCM: Business Continuity Management

Rakuten has implemented the system of Business Continuity Management (BCM) to prepare and establish methods and measures ensuring the seamless continuation and swift recovery of core business operations in emergencies while minimizing asset damage. In 2023, we enhanced our emergency drills in response to the potential impact of large-scale natural disasters and emerging geopolitical risks. Additionally, we refined and expanded our business continuity management system and reinforced global collaboration efforts, both domestically

and internationally, to ensure preparedness and resilience. Specifically, in Japan, we are advancing redundancy measures for our headquarters and building a system to ensure information gathering and decision-making even during emergencies like the potential suspension of social functions in the Tokyo metropolitan area due to an earthquake. Internationally, we are conducting initial response training for specific emergency scenarios, ensuring the entire Group is prepared for unforeseen circumstances. Additionally, overseas, we conduct first-response drills tailored to individual emergency scenarios.

Fostering a Risk Management Culture

For effective risk management, it is extremely important for all employees to be aware of the various risks that may affect management. Fostering a company-wide risk management culture and strengthening preparedness for future risks are thus the object of concrete goals as part of our strategy “Vision 2030.” We also conduct risk management training for all employees to deepen their understanding of unexpected risk scenarios and incidents that could lead to business interruption. *Asakai*, morning meetings attended by all employees, also provide an important opportunity for regular company-wide sharing of the latest information regarding ethics, compliance, information security, and other important risks.

Examples of Major Risks and Corresponding Responses

Risk	Overview	Response
Risks related to natural disasters and pandemics	Natural disasters such as earthquakes, typhoons, and tsunamis, along with pandemics could significantly impact the Group's businesses, operating results and financial status	We minimize risks by formulating a Business Continuity Plan (BCP), ensuring the safety of employees through drills and implementing backups for our information systems. To combat infectious disease, we carry out a range of prevention measures in the workplace and implement other initiatives such as recommending employees work from home depending on the severity of the situation.

Examples of Emerging Risks and Corresponding Responses

Risk	Overview	Response
Risks related to sustainability	With an increasing number of regulatory and legal requirements related to sustainability, delays in compliance could result in a loss of trust in the Group and significantly impact the Group's businesses and operating results	We have identified material issues that the Group must address in consideration of both internal shifts and external environmental factors. These concerns are integrated into the long-term vision and objectives devised by the Sustainability Committee. They serve as the foundation of Rakuten Group's sustainability strategies, guiding collective efforts toward resolving these identified issues across the organization.
Risks related to AI ethics	Inadequate protection of personal information, privacy, etc., of collected data, or biased results due to biased data input, etc., could result in a loss of trust in the Group and significantly impact the Group's businesses and operating results	We have established guidelines for the use of AI and are working on various measures, such as providing training to employees.



Sustainability

Addressing Global Challenges

Innovation and Entrepreneurship



For more information

<https://global.rakuten.com/corp/sustainability/communities/>

Co-creating with diverse stakeholders is a source of innovation and a way for Rakuten to generate value and address social issues. Programs are in place for employees to join co-creation opportunities, and thus better understand these social challenges and better empower communities.

Fostering the Entrepreneurial Spirit of Employees

To foster the entrepreneurial spirit across the entire Group, the new business incubation program “R-Pitch” was launched in December 2017. Employees form teams to develop their business ideas and design rollout proposals. The ideas are then pitched to management, and if approved, funding is provided to launch those businesses. In 2023, a total of 1,117 employees participated in the R-Pitch events, resulting in 82 team submissions.

Understanding Social Challenges and Empowering Communities

Providing employees the chance to collaborate with diverse stakeholders such as NPOs and social entrepreneurs enhances their understanding of societal issues. It is also a way for employees to become inspired by these individuals and their various approaches addressing these challenges, which leads to opportunities for the creation of innovations and new businesses. In 2023, more than 40 events focused on community empowerment were held in 17 countries across the company, including beach cleanups and donations.

Japan



The platform “Rakuten Clutch Donation” allows for easy donations through Rakuten Points and other means, promoting fundraising activities by diverse stakeholders such as users and employees. In addition, employees are offered a special leave of up to five days per year for volunteer activities. This leave system has been utilized for multiple social activities, including disaster recovery support, assistance to NPO activities, and outreach lessons at schools.

Americas



“Rakuten Cares” is a program that enables and empowers our employees to positively impact our communities and protect our environment. The Rakuten Cares employee engagement platform is used to organize volunteering events, offer donation matching, sponsor non-profit organizations, and communicate news and stories of social good taking place across Rakuten International.

India



Activities that leverage the specialized knowledge of employees, such as engineering, are actively pursued. Initiatives with themes such as education and the environment are organized with members from various fields including not only engineering, but also finance, HR, and PR at the forefront. These members participate as volunteers, and their enthusiastic attitudes create a vibrant atmosphere.

Co-creation with Community and Generation of Social Impact

The “Dialogue For Change” program seeks to promote new values and new visions for solving challenges faced by society through a variety of actions based on dialogue between program participants. It comprises of three main stages:

- 1 Dialogue between diverse stakeholders.
- 2 Actions based on dialogue outcomes.
- 3 Sharing new visions and messages gleaned through actions.

VOICES FROM DIALOGUE PARTNERS

2022 Dialogue Topic

Women's Leadership and Empowerment

In Kesenuma City, many changes are taking place with “dialogue” as the focus. In the “Kesenuma Future Population Conference,” which involved approximately 100 citizens ranging from junior high school students to people in their 60s, ideas were generated through dialogue among participants regarding mitigating the city's population decline and the “desired vision of the city.” This resulted in the formulation of an action plan towards the realization of citizen happiness. Kesenuma City aims to continue being a town that enjoys creating innovation through “dialogue.”



Ms. Chieko Sugawara

Office for Measures against Depopulation, Kesenuma City Hall

2023 Dialogue Topic

Entrepreneurship for Diverse Happiness

As a school that aims to foster social innovation and entrepreneurship, we are delighted that this program aligns closely with our school's philosophy and that we were able to collaborate with diverse individuals. At first, there were moments of confusion and difficulty in understanding the depth of “dialogue,” but gradually, the participating students grasped the essence, and their entrepreneurship took a significant leap, as seen in the confidence with which they delivered their messages to society during the activity report conference. We are amazed by their growth. We look forward to seeing what the participants will achieve in the future.



Mr. Nobuhiro Sudo

University of Nagano, Center for Social Innovation Initiatives



Value Creation

Economic Value Created by Rakuten

Global GTV*1
JPY **40** trillion

Our Global GTV is a key monetary indicator, encapsulating the total transaction volume across Rakuten Group's platforms. This includes the aggregate distribution of domestic and overseas e-commerce, as well as the transaction volume of our payment-related businesses. Growth in Global GTV is a promising sign, leading to future expansion in sales and profit.



Membership Value*2
JPY **9.2** trillion

Membership Value represents the anticipated lifetime value generated by Rakuten members within our ecosystem, discounted to its present value. This metric is calculated based on several factors, including the number of active members, service utilization, spending per customer, gross margin and customer acquisition costs.

Details ⇒ Next Page



Consolidated Revenue

JPY **2.1** trillion (+7.8% YoY)

FY2023 was a landmark year for Rakuten, marked by a 27th consecutive year of revenue growth. Our consolidated revenue reached over JPY 2 trillion for the first time, fueled by significant growth in gross merchandise value on Rakuten Ichiba and Rakuten Travel, alongside the stellar performance of our overseas businesses. Additionally, Rakuten Mobile's revenue stream from mobile subscriber fees was a key contributor to growth.

IFRS Operating Income

JPY **-212.9** billion
(improved JPY 158.8 billion YoY)

Our financial strategy, focusing on cost optimization and capital expenditure restraint, particularly in network-related costs for Rakuten Mobile, has led to a substantial improvement in our IFRS Operating Income. The success of Rakuten Card, Rakuten Bank, and Rakuten Securities further bolstered our financial standing and showcased our diversified strengths across the fintech sector.

EBITDA

JPY **148.2** billion
(improved JPY 218.1 billion YoY)

EBITDA, derived by adjusting non-GAAP operating income for depreciation and amortization, is pivotal in the mobile carrier sector, where initial capital investments incur substantial non-cash depreciation. We closely monitor EBITDA as a barometer of Rakuten's Group's cash generation capabilities. FY2023 marked a significant achievement, with the company recording a full-year positive EBITDA for the first time since FY2020.

*1 Global Gross Transaction Value (GTV) encompasses the aggregate transaction volumes across Rakuten's extensive ecosystem, including domestic and international e-commerce, credit card transactions, Rakuten Edy, Rakuten Pay, Rakuten Point Card, Rakuten Rewards (formerly Ebates), digital content, and Rakuten Advertising revenues. It also accounts for intercompany transactions related to payment and affiliate services.

*2 Calculated by the Rakuten Group (independently calculated KPI)

Value Creation

Economic Value Created by Rakuten

Rakuten's Membership Value

Rakuten Group employs a special index called membership value to measure our corporate value.

The Rakuten Ecosystem unites our diverse portfolio of businesses and with some 1.8 billion members worldwide and over 100 million in Japan – our membership is our biggest strength. The foundation of our profit model lies in leveraging our loyalty point program that incentivizes the use of multiple Ecosystem services to maximize lifetime value (LTV) per user and minimize customer acquisition cost (CAC). The Rakuten Ecosystem enjoys overwhelming support among our users

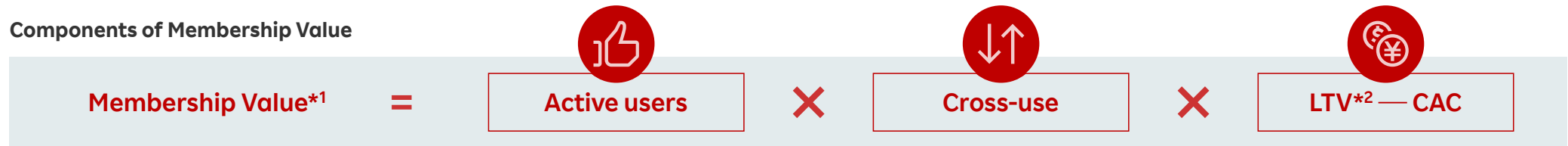
because we can keep CAC costs low and direct these savings to provide generous point incentives.

Membership value allows us to calculate the corporate value this unique model produces based on our users. It is a product of active users multiplied by cross-use LTV – CAC, where ARPU and retention rate are included in LTV.

We grow membership value by maximizing the LTV of each user across each of our businesses, ensuring maximum profitability through low CAC and encouraging cross-use of multiple services.

Membership value in Q4 2023 reached ¥9.2 trillion, an increase of 10.6% year-on-year. An increase in the number of Rakuten Securities users, as well as in the number of active users, ARPU, and improvement in retention rate of major businesses such as Rakuten Travel, contributed to the growth of membership value. We will continue working towards our target of ¥10 trillion in membership value by maximizing LTV, growing active user numbers and promoting cross-use.

Components of Membership Value



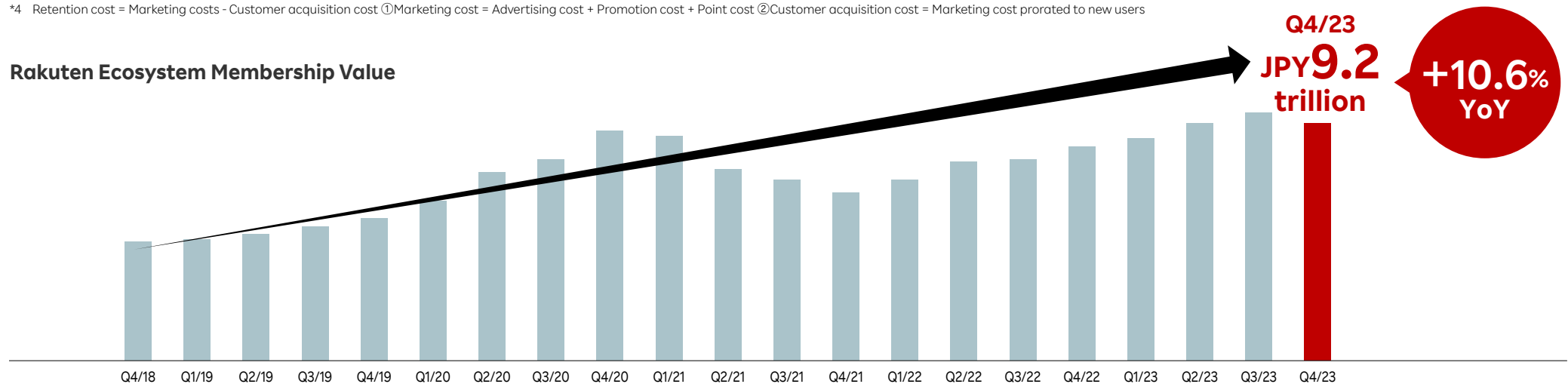
*1 Calculated by Rakuten Group

*2 LTV=Abbreviation for Lifetime Value. $LTV = \sum (ARPU \times Profit\ Rate^{*3} \times Retention) \div (1 + Discount)^{K-1}$ ①K is Projection Years ②ARPU=Revenue/YAU

*3 Profit Rate = $\{(Revenue \times Marginal\ profit\ ratio) - Retention\ cost^{*4}\} \div Revenue$ ①Marginal profit cost = Revenue(cost of revenue, commissions, etc.)

*4 Retention cost = Marketing costs - Customer acquisition cost ①Marketing cost = Advertising cost + Promotion cost + Point cost ②Customer acquisition cost = Marketing cost prorated to new users

Rakuten Ecosystem Membership Value



An accelerated growth and following decline over the period of Q1/20 to Q4/21 was a temporary effect of Pandemic.

Value Creation

Social Value Created by Rakuten



Internet

Collaborating with Stakeholders for a Sustainable Society

At the time of our founding in 1997, shops in local city centers were losing their vitality, and shuttered shops were becoming prominent. Meanwhile, the internet was still in its infancy. Recognizing the potential of the internet to address the societal challenge of economic downturn in local regions, we embarked on our journey with Rakuten Ichiba. Our aim is to foster a sustainable future where people embrace optimism, live brightly and positively in the "Rakuten" spirit, while actively addressing emerging social issues.

At the time of its launch, Rakuten started with 13 merchants, but now it boasts over 57,000 stores. In addition to Rakuten Ichiba, we have expanded our services with various business partners, including Rakuten Travel and Rakuma. Our stakeholders extend beyond just partners; Rakuten also collaborates with local governments to address regional issues. As of December 2023, we have signed cooperation agreements with 49 municipalities, utilizing Rakuten's assets to promote digital transformation, next-generation education, tourism and cashless initiatives, thus supporting the resolution of regional issues and revitalizing regional economies.

As a platform, Rakuten believes it has a responsibility to encourage customer behavior changes towards a sustainable society. From verifying redelivery prevention effectiveness on Rakuten Ichiba, through contributing to a circular economy via the Rakuten Rakuma flea market app, to producing and selling organic vegetables through Rakuten Farm, and promoting sustainable travel through Rakuten Travel, we have upheld our slogan "Shopping is Entertainment!" since the early days of Rakuten Ichiba, striving to provide services that allow enjoyable and sustainable consumption behavior.



Fintech

Supporting Financial Activities with Accessible Services

As a company offering a broad spectrum of fintech services, including various payment solutions, banking, securities and insurance, we are committed to providing secure and convenient financial services. Alongside facilitating "consumption" through e-commerce services, we support all aspects of our customers' financial activities within the entire Rakuten ecosystem. This includes "preparation" through insurance, "investment" via securities, "savings" through banking services, and facilitating "payments" through cards and other methods.

Moreover, we strive to create a society where everyone has access to financial services without exclusion. We focus on enhancing financial literacy and expanding inclusion efforts. For instance, at Rakuten Securities, we have introduced a unique mutual fund accumulation service that allows payment via credit cards or electronic money, as well as enabling investment using accumulated "Rakuten Points," thus providing beginners with a gateway into investing. Additionally, we offer tailored services such as housing loans and family cards for LGBTQ+ couples, a family registration system for insurance, and support for customers with hearing or speech impairments. As of 2023, Rakuten Securities has surpassed 10.2 million accounts, and Rakuten Card issuance had exceeded 30 million cards. These milestones reflect our commitment to making financial services more accessible to a wider audience than ever before. Through these initiatives, we are accelerating the realization of a society where financial services are accessible to all, without anyone being left behind.



Mobile

Mobile and Internet Services for All

We believe that the intrinsic value of the internet lies in being fair and ensuring inclusivity for all. It is Rakuten's mission to leverage internet's potential to offer opportunities to as many people as possible through the services and products we offer, and contribute to a fair and equitable society.

At Rakuten Mobile, we are leading the charge in transforming the telecommunications industry with our vision of democratizing the mobile market. Our entry into the industry has spurred competition, resulting in a decrease of over 60%* in smartphone communication fees in Japan between 2020 to 2021. In 2023, we were allocated the Platinum Band (700MHz band), and our network has surpassed 6 million subscribers. As technology continues to advance, so does the pace of the digital divide, highlighting economic and social disparities in accessing and utilizing information. Rakuten Mobile not only provides corporate lines to small and medium-sized enterprises grappling with digitalization but also extends software support through a range of solution services. We are committed to the driving digital transformation initiatives across Japan, ensuring that the benefits of digitalization are accessible to all.

*Source: Ministry of Internal Affairs and Communications (May 2021). Price for using 20GB of 4G with the leading provider in each city



Empowerment
by Rakuten

1

Partners

When local communities thrive, Japan becomes even more vibrant. Rakuten is dedicated to empowering regional businesses of all sizes, aiming to level the playing field for merchants, regardless of their storefront size or computer skills. By enabling an online shopping experience that feels as personal and direct as face-to-face interactions, Rakuten seeks to ensure that every merchant can succeed in the digital age.

Building a Merchant Community Which Thrives through Learning and Collaboration

At Rakuten Ichiba, merchants not only receive the support of EC Consultants to boost their sales but also benefit from the establishment of “Rakuten University” in 2000. This initiative offers a wide range of content specifically designed to tackle challenges faced by merchants. It includes the E-learning program “RUx,” which features real-life merchant case studies, live online seminars “Manabi (Learning) LIVE,” and “Rakuten University Lab,” dedicated to disseminating business strategies and industry trends. In addition, the creation of Rakuten NATIONS has enabled merchants on Rakuten Ichiba to teach

NATIONS PARTICIPANT

As the third-generation representative director of a well-established toy manufacturer with a history spanning over 100 years, I found myself in a challenging position when our company faced financial difficulties in 2015. Seeking solutions, I turned to “Rakuten NATIONS.” Beyond acquiring new knowledge, what drew me to this platform was its incredibly supportive and safe community atmosphere. Given the rapid evolution of the e-commerce industry, seminar materials might quickly become irrelevant, but the connections that I was able to make there allowed me to stay up to date. NATIONS has allowed my company to steadily expand sales over the years, and now I am striving to give back to this community by becoming an instructor. I see this cycle of teaching and learning, where both ends are able to grow mutually, as one of the most appealing aspects of Rakuten.



Mr. Shota Inukai
BABYGOODS FACTORY
(Puppy Co., Ltd.)
Representative Director

their peers, sharing expertise on sales expansion. This collaborative effort has led to a significant increase in sales for many of the participating merchants.

Empowering Local Businesses through Rakuten Points

The Rakuten Ecosystem has continuously expanded since its start in 2002, centering on Rakuten Points. Rakuten Points is widely used by many customers, with points issued per annum at approximately 650 billion points (FY2023) and cumulative

RAKUTEN POINT PARTNER

“MATSUGEN” is a supermarket chain primarily operating in Wakayama Prefecture and surrounding areas. Faced with industry challenges such as a declining population and increased competition from convenience stores and drugstores entering the grocery market, we made a strategic decision to introduce the Rakuten Point card with Edy functionality. Our previous point card system only offered discounts but provided limited insight into customer behavior. However, with the Rakuten Point system in place, we have been able to analyze purchasing data and tailor our strategies more effectively. For example, we can now offer incentives like coupons on receipts to specific user demographics and optimize our store layout according to purchasing trends, thereby improving the shopping experience. Additionally, we’ve received positive feedback from customers on the convenience of checking points via the Rakuten Point app or Edy machines, the ability to use points collectively, and the expanded range of cashless payment options available through Rakuten Pay. Since the implementation, our point card usage rate has increased significantly from 71% to approximately 86%.

Moving forward, we aim to continue leveraging data insights to better serve our local customers and aspire to become the most vibrant supermarket chain in Japan.

Mr. Taro Kuwahara
Matsumoto Minamoto Co., Ltd.
President and Representative Director



issued points at over 4 trillion points (as of March 2024). Introduction of customized Rakuten Point cards by partner companies have steadily been on the rise, and the transaction data is being utilized to implement various marketing initiatives.

Contributing to Every Business Scene with High-Value Mobile Services

In 2023, Rakuten Mobile commenced offering services tailored for corporations, launching the “Rakuten Saikyo Plan Business” with more affordable rates. The number of businesses utilizing the plan has been steadily rising, with many acknowledging significant cost reductions as a major benefit.

RAKUTEN MOBILE CORPORATE CLIENT

Previously, the main use of our company’s mobile phones was for making calls, primarily for internal communication among employees or with external contacts. Despite understanding that fluctuations in communication costs were somewhat unavoidable, we always hoped to stabilize these expenses from a budget management standpoint. Our decision to switch to Rakuten Mobile’s corporate service (now known as Rakuten Saikyo Plan Business) was driven by the appeal of its unlimited calling service, which promised reduced cost variability and lower overall expenses. We were also drawn to the idea of contributing to the “democratization of the mobile market.” Initially, we were concerned about potential disruptions during the transition. However, the comprehensive support provided by Rakuten Mobile, including detailed documentation and well-planned pre-switching meetings, facilitated a smooth changeover. This switch has significantly lowered our costs compared to before, and the reduced worry about communication expenses has led to more vibrant and frequent interactions among our team, among other noticeable benefits.



MIC Co., Ltd.



Users

Empowerment by Rakuten

2

Rakuten's commitment to making a positive societal impact is evident in our services. We strive to go beyond just affordability or convenience; aiming to genuinely enrich people's lives. Through our ecosystem, we support customers in various aspects of their daily lives.



Fun and Sustainable Shopping Experiences

Since its launch in 1997 under the motto "Shopping is Entertainment!," Rakuten Ichiba has been delighting consumers with the thrill of discovering unique products from merchants nationwide. Since then, we further enriched the customer experience via convenient payment and delivery options, as well as the added joy of earning and using Rakuten Points. Similar enjoyable experiences are now available across our various online services, whether exploring with Rakuten Travel, shopping for second-hand items with Rakuma, or indulging in self-care with Rakuten Beauty. Nevertheless, some of our shopping experiences may have negative impacts on society and the environment. Through our commerce platforms, we strive to empower consumers to lead more sustainable lifestyles by providing information on eco-friendly shopping options and showcasing partners such as merchants and hoteliers who are dedicated to making positive change.

Examples of sustainability initiatives by Rakuten's services, presented on our Go Green Together campaign webpage



Rakuten France Leads the Way in Second-hand Marketplace



Earth Mall with Rakuten: eight keywords for simple sustainable shopping

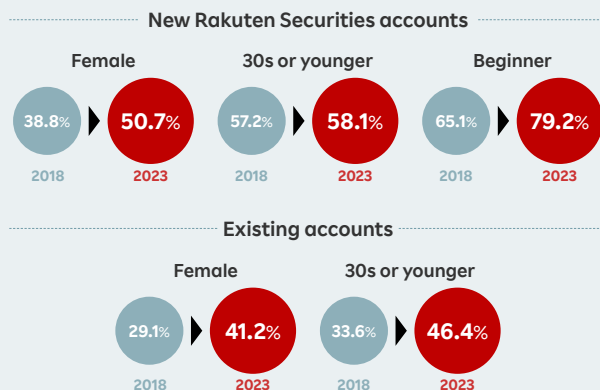
More Accessible Financial Solutions

Our fintech services are designed to support Rakuten users' financial stability and peace of mind. We offer a wide range of financial solutions, including payment options such as credit cards, banking, securities, and insurance, all of which prioritize security and convenience. With the goal of creating an inclusive society where everyone has access to financial services, we are committed to enhancing the accessibility of our fintech ecosystem. This commitment involves not only providing our customers with opportunities to improve their financial literacy but also ensuring our services are inclusive. For instance, we offer loans and family credit cards to LGBTQ+ couples, a family registration system for insurance purposes, and support for customers with hearing and speech impairments.

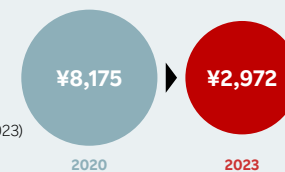
Making Mobile Services Accessible to All

Rakuten is revolutionizing the mobile industry with an innovative network architecture that uses virtualization technologies. Under its mission to democratize the mobile industry, the company offers users an affordable and simple service plan with unlimited data for enjoying online services and content. We are committed to ensuring that our high-quality mobile plan is accessible to as many people as possible. As of December 2023, our 4G services have reached a population coverage of 98.8%. Additionally, we are enhancing the customer experience by improving coverage indoors and in high-rise buildings through partnerships, all without any data usage restrictions. In 2023, Rakuten Mobile introduced a special initiative for foster care facilities, enabling foster children to sign up under the facility's name and gain access to affordable mobile phone services.

Changing demographics of Rakuten Securities accounts



Mobile Phone Fees in Tokyo* (With 20GB Usage/Month)



*Ministry of Internal Affairs and Communications (June 2020, March 2023)
*Comparison of each country's market leader (20GB plan)

VOICE OF A FOSTER HOME CHILD

I enjoy watching my favorite videos every day because I can use high-speed data with no limit. Also, I'm happy that I can communicate with my friends more thanks to unlimited calls.



Empowerment
by Rakuten

3

Employees

At Rakuten, our employees enjoy pushing boundaries and challenging themselves. We offer abundant opportunities for growth and support each individual in working in the most exciting and fulfilling manner.



Case 1

Fueling New Challenges at Rakuten with Diverse Industry Experience

As a member of the Creative Design Strategy Department, I've played a key role in planning and executing communication strategies for projects ranging from the Rakuten 25th Anniversary Project to the "TOGETHER Tohoku" initiative, aimed at distributing messages of support for disaster recovery efforts in Tohoku region. Working within a department involved in all facets of Rakuten, I've had the chance to apply my experience in promotional planning and craft communications across various creative mediums. Rakuten fosters a culture that embraces the entrepreneurial spirit of its employees. Through diverse projects involving multiple departments, I've had the opportunity to plan large-scale initiative and contribute at every stage from upstream strategy design to planning and execution. Finding fulfillment in guiding projects from inception to design concept, I am eager to continue embracing new challenges in the future.

Sayaka Imamura

Creative Design
Strategy Department
UX Strategy &
Planning Section
Creative Planner



Case 2

Revitalizing Communities by Leveraging Rakuten's Data

Throughout my career, I have been actively engaged in volunteer activities. However, my commitment to regional vitalization intensified over time, and when I felt a strong desire to give back to the community, I was fortunate to discover Rakuten. Today, I am dedicated to addressing various challenges faced by local communities by applying my marketing expertise and data insights gained through business operations. Being a part of initiatives such as boosting sales for local products on Rakuten Ichiba, attracting tourists through Rakuten Travel, and increasing donations through Rakuten Furusato Nozei - a hometown tax payment platform - brings me immense satisfaction as they contribute to regional revitalization.

Tatsuya Shimokawa

Regional Economy
Vitalizing Business
Business Promotion
Section
Vice Manager



Case 3

Harnessing Diversity for Unified Solidarity

I work as an application engineer at Rakuten's Nagoya branch, where over 100 employees are employed. One of the most appealing aspects of the office is the close-knit nature of our team. We are a diverse group of colleagues with members from India, China, the U.S. and South Korea, each coming from unique cultural backgrounds and professional experiences. This diversity introduces a variety of approaches to work. Some team members focus on detailed and precise methods, ensuring smooth transitions when implementing system changes or introducing new features. Others bring a broad perspective, contributing greatly to brainstorming sessions for new ideas. We pride ourselves on being a supportive team that encourages open communication and mutual assistance. I am committed to nurturing a strong sense of solidarity within our team.

Stephen Kelsey

Commerce &
Marketing Company
EC Marketplace
Development
Department
Applications Engineer



Case 4

Creating New Value on a Global Scale

I am part of Rakuten's Incubation Office, where I work within a dynamic and nimble team focused on developing and rapidly scaling new services, akin to a startup environment. Collaborating with international companies is a regular part of my role, giving me the opportunity to work on a global stage. Together, we've successfully launched a range of services, including automatic delivery service, Rakuten Super Mini Job, Rakuten Senior, and distribution of COVID-19 PCR testing kits. Realizing that people from different walks of life are benefiting from the services we've developed fills me with satisfaction and fuels my motivation. We actively seek feedback from customers and clients, swiftly incorporating it to refine our offerings. This continual feedback loop is, in my opinion, one of the most exhilarating aspects of my job.

Kudo Asako

Incubation Business
Business Planning
Department



Communities

Based on the philosophy of “contribute to society by creating value through innovation and entrepreneurship,” Rakuten Ichiba was launched with the aspiration to revitalize Japan from a local level. Leveraging our assets, we will walk alongside communities, addressing local challenges together.

Empowerment by Rakuten

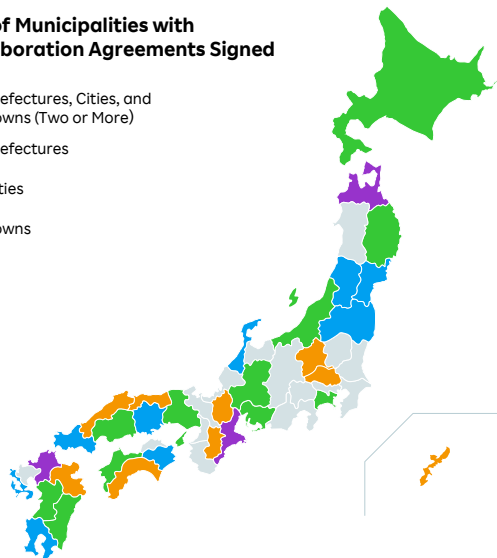
4

Solving Local Communities' Challenges through Partnerships

As of December 2023, Rakuten Group has entered into comprehensive collaboration agreements with 49 municipalities across Japan, proposing initiatives aimed at solving local challenges such as the promotion of local specialties and their market expansion, revitalization of regional industries, and creation of related job opportunities. We will continue to leverage the

List of Municipalities with Collaboration Agreements Signed

- Prefectures, Cities, and Towns (Two or More)
- Prefectures
- Cities
- Towns



knowledge we have accumulated thus far to contribute to further development in local communities.

To enhance taxpayers' interest and participation in local administration,

Number of Registered Municipalities for Rakuten Furusato Nozei

1,653

(As of April 2024)

Rakuten started “Rakuten Furusato Nozei (Hometown Tax)” in 2015. Through Rakuten Furusato Nozei, individuals can donate to support municipalities across various regions, ranging from recovery aid for areas affected by natural disasters to the promotion of local industries.

Rakuten's Approach to Visualizing “Local Community Population”

“Local community population” refers to individuals who have continuous and diverse connections with specific regions. In the comprehensive strategy of the Vision for a Digital Garden City Nation by the Cabinet Office, the significance of creating

and expanding local community population is highlighted as contributing to the economic revitalization and attractiveness of regions in a society with declining population. While it is said that this population is expanding nationwide, there is a challenge in quantitatively and periodically analyzing it at the local level. At Rakuten, with our marketing data based on over 100 million Rakuten IDs, we can help local governments establish effective initiatives. Particularly, by referencing data related to tourism (Rakuten Travel), local products (Rakuten Ichiba), and hometown tax (Rakuten Furusato Nozei), we visualize a local community population that engages with regions in the long term and contributes to the activation of regional economies.

COLLABORATION NAGAOKA CITY, NIIGATA PREFECTURE

Nagaoka Future Design Contest: Tackling Local Challenges with Students' Creative Ideas

The “Nagaoka Future Design Contest” program, initiated through collaboration between industry, academia, and government, aims to cultivate young individuals who fearlessly take on challenges through problem-solving and practical experience. The theme for the second iteration in 2023 was “Generating ideas and developing products to promote Nagaoka’s food charm nationwide.” Twenty-six students participated in the four-month program. Through classes on conveying product appeal through e-commerce by Rakuten Ichiba merchants, negotiations with local companies and producers, and prototype production, students collaborated with various stakeholders to refine ideas. Participants expressed that the program provided opportunities to realize the importance of teamwork and project management skills, which will be beneficial for their future career development.



VOICE

Since the comprehensive collaboration agreement with Rakuten in January 2022, we have worked together on various projects, including initiatives to enhance earning capabilities through e-commerce, hometown tax crowdfunding, and industry-academia collaboration projects. From April 2023, Rakuten employees have been seconded to our office, allowing us to collaborate more closely. Together, we are exploring new initiatives that contribute to the promotion of industries and talent development in Nagaoka.

One of the great aspects of working together is that Rakuten sincerely considers Nagaoka’s issues as its own and provides stimulating perspectives from its diverse employees. As partners committed to Nagaoka’s well-being, they actively involve themselves with both citizens and businesses, demonstrating the same level of dedication as us. One of those instances was when they provided assistance during the Nagaoka fireworks event.

I am delighted to continue our partnership with Rakuten as we continue to think about the future of Nagaoka together.



Ms. Maki Saito

Nagaoka City Hall
Local Revitalization Promotion Department, Community Collaboration Division, Deputy Director



Section 3

Corporate Governance

Our corporate mission since founding is based on the empowerment of individuals and society through innovation and entrepreneurship. We contribute to social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. We aim to maximize the corporate value and shareholder value of the Group with the vision of continuing to be a Global Innovation Company.



Interview with Outside Director

Keeping a Close Eye on Growth Potential and the Public Mind



Shigeki Habuka

Outside Director

Q

What are Rakuten Group board meetings like?

Board meetings can be attended online, and the atmosphere is frank, open and always bright. If you're quiet, Mickey Mikitani will ask for your opinion. My expertise is in finance, which is the area that shareholders and investors are most concerned about at present, so I make it a habit to raise my hand. CFO Kenji Hirose in particular makes time for me outside of meetings to give me detailed explanations: "This is the issue, this is how we are addressing it, and this is the scenario we want to proceed with." For the past year, I have been focused primarily on financial strategy and improving the profitability of the mobile business, checking plans and monitoring them. The executive team has handled this area with the utmost care.

I was appointed as an Outside Director in March 2023. This coincided with a time when public anxiety around finances was at a peak. However, the Group came together swiftly to implement countermeasures, such as cost reductions, fundraising, the public listing of Rakuten Bank, and sale of certain businesses. I was quite amazed by the speed of action. I was also impressed by the way Mickey himself subscribed to a significant portion of the third-party allotment from Rakuten Group's public offering. This felt like a reaffirmation of his commitment to Rakuten's medium and long-term growth, and to boosting shareholder value.

Soon after I began my role as an Outside Director, I saw just how much the Rakuten Group's leadership took the initiative to implement impactful measures. I was greatly impressed by the company, which instilled in me a strong sense of confidence. Rakuten has achieved considerable cost reductions, and the company is on track to resolve concerns surrounding refinancing risk and other financial matters.

Q

What is your perspective on "Vision 2030," Rakuten's management vision for 2030?

Although "Vision 2030" was announced before my appointment, there was one thing that stood out to me. That was the primary focus on the domestic market. As Japan's population continues to decline, it's clear that the size of the domestic market will become a limiting factor. So, exploring new growth opportunities in the global market would appear to be the most important up-coming challenge.

However, I now understand the issue differently. Rakuten holds a 'board camp,' separate to the board meetings, where directors gather to passionately debate topics such as vision and long-term strategy. These discussions gave me a new perspective. Before my appointment, I would often wonder why the company is so insistent on the mobile business, despite being a late entrant into a mature market. At the board camp, I learned that the Rakuten Mobile network is built completely differently to Rakuten's competitors. By building a virtualized network that runs on software instead of hardware, the business can lower operational costs significantly. Moreover, this approach is also being employed by German mobile operator 1&1 and is garnering attention from around the world.

Successful global expansion is difficult when entering a market already dominated by major firms, unless you can bring something special to the table. For that reason, I think it makes sense for Rakuten to enter the market with its cloud-based Open RAN network, accessing the consumer market, and building out the Rakuten Ecosystem on a global scale.

Another strength of Rakuten's technology is its affinity with Open RAN. In the future, Rakuten may build a system that can be used openly regardless of vendors, radically changing

Interview with Outside Director

the method of wireless networking around the world.

Another focus is the use of satellites. Rakuten recently announced plans to launch domestic satellite-to-mobile services in 2026, together with AST SpaceMobile. This satellite mobile service will not rely on terrestrial infrastructure and can even be used to communicate in times of disaster, something that will have a major social impact. It's very typical of Rakuten to continually take on these new challenges, and it's exciting to watch.



What do you see as Rakuten's strengths?

Rakuten has three core strengths. The first is its *speed and execution*. Many Rakuten employees – not just those in tech – receive programming training, giving them the basic skills to leverage IT. Thanks to this, ideas are generated from all different departments, and people can come together to share opinions on how best to use technologies or who best to connect with, before moving swiftly to execution. I think it's an excellent corporate culture.

An example of this in action was when Rakuten launched its AI-nization initiative to accelerate the use of AI. A week before the 2023 fiscal year earnings presentation, Mickey suggested creating an "AI Mickey" for the presentation to our stakeholders. Everyone took the idea and ran with it, and actually made it a reality within a week – although AI Mickey's Japanese wasn't quite perfect. Truly exemplary *speed and execution*.

Rakuten's second strength is its *customer perspective*. Rather than relying on their own views, Rakuten employees prioritize the opinions of customers. The Rakuten Group utilizes its own metric called *membership value* to measure

corporate value. Take securities, for example: The typical business model sees banks and brokerages targeting high net-worth customers to earn money off fees. With its *customer perspective*, however, Rakuten Securities is opening up a new market by providing low fees and investment services using loyalty points, making it easy for beginners and individual investors to get involved.

The third strength is Rakuten's *youth and diversity*. The average Rakuten Group employee is in their early 30s, and Rakuten's corporate language is English. When you enter Rakuten Crimson House, there are so many diverse employees and you can hear so much English being spoken that it hardly feels like Japan. However, with these many nationalities and diverse values, it's important for an organization to feel united. The weekly Asakai meetings commonly feature discussions with young employees asking Mickey questions ranging from holiday plans to advice on challenges at work. This open, candid atmosphere, together with Mickey's own personality, is perhaps what's behind the sense of unity.



Aside from global expansion, what challenges does the Rakuten Group face on the road to further growth?

I think the main question is that of Mickey's successor. It's undeniable that a large part of Rakuten's growth rests upon the expectations of its founder. Rakuten will in time need to find a next-generation leader who can continue pursuing innovation, without losing the speed and power of execution I mentioned earlier. In terms of management personnel, Rakuten is pro-actively developing talent entrusted with



managing its Group companies, and there are young people active in a wide variety of departments. So, it may be less a matter of talent development, and more of which talent to choose for the top job.

Risk management is another challenge. I oversaw disaster prevention during my time in the Japanese cabinet office, so I remain concerned about whether Rakuten is properly prepared for risks such as earthquakes, and I intend to monitor the situation going forward. The mobile business, in particular, serves as social infrastructure for Japan, so I believe it is important to ensure that nothing is overlooked.

And then there is the supply chain. Relying on specific countries for procurement exposes you to unforeseeable risks that could materialize in the future. Consequentially, Rakuten needs to think about diversified or alternative procurement channels for important supplies. In this era of increasing



Interview with Outside Director

uncertainty, there is no shortage of risks, so Rakuten must set priorities and balance costs appropriately.



What are your thoughts on Rakuten's talent development culture?

Watching Rakuten Group's executives, I feel an excellent sense of teamwork. Some members have worked alongside Mickey since the company's founding. They prevent him from over-extending himself but also support him when things don't go well. I think they are the reason Mickey is able to make such bold decisions.

At the same time, when Mickey entrusts something to someone, he does so with his full trust. And if they face troubles

or difficulties, Mickey takes the lead in the response. That's why the executives can take on such bold challenges. In this sense, I think Rakuten has a culture that is extremely conducive to nurturing talent. Even though it is an owner-run company, it is by no means a one-man show. Mickey often asks those around him to explain something when he doesn't understand, and they always give him their honest and direct opinion.



What expectations do you have for Rakuten going forward?

I highlighted global expansion as one area for growth potential, but on the other hand, from my long experience as a national public servant, I can't help but worry about the future of Japan. I hope that Rakuten will make great contributions to Japan's economy as well.

Rakuten took on a lonely battle in an age when people said that no one would buy things online, launching Rakuten Ichiba, an internet shopping mall where anyone could easily set up shop. Through its unique business model with features like the Rakuten Point reward program, I think it has contributed to the revitalization of Japan's economy. Rakuten expresses its social mission with the words, "Contribute to society by creating value through innovation and entrepreneurship," and I think this is exactly the case.

Japan faces a range of structural problems including depopulation, an ageing society, and a shrinking market. The Rakuten Group has the technology and business foundations to address these challenges. The mass adoption of smartphones has given not only the younger generation, but also older people access to a wide range of services. In this

era where living to 100 is no longer uncommon, I hope to see Rakuten leveraging its technology and businesses to create a future where the elderly can live comfortably. Online supermarkets are one example. It may sound as though I'm appealing to a private company to make public contributions. But this is precisely what will drive further business growth for Rakuten, and I feel that Mickey shares this sense of mission and public duty.

Products and services sell because they have something that makes people happy, or that enriches society. To make a profit, you need to provide something that makes someone happy. Making people happy creates a sense of reward, and a rewarding organization nurtures its talent, which grows the company. As a result, all stakeholders are satisfied. This is my ideal image of a company, and this is precisely what I expect most from Rakuten – something that connects to Rakuten's mission to "Contribute to society by creating value through innovation and entrepreneurship."



Lastly, do you have a message for shareholders?

I believe that the Rakuten Group continues to be an energetic and fun company, despite its size. It is always embracing new challenges and evolving, without fear of failure. With regard to both growth potential and the value of public duty I mentioned, I'll be keeping a close eye on how the Rakuten Group's future endeavors contribute to enhanced corporate value.



Corporate Governance

Basic Structure of Corporate Governance and Reasons for Adoption

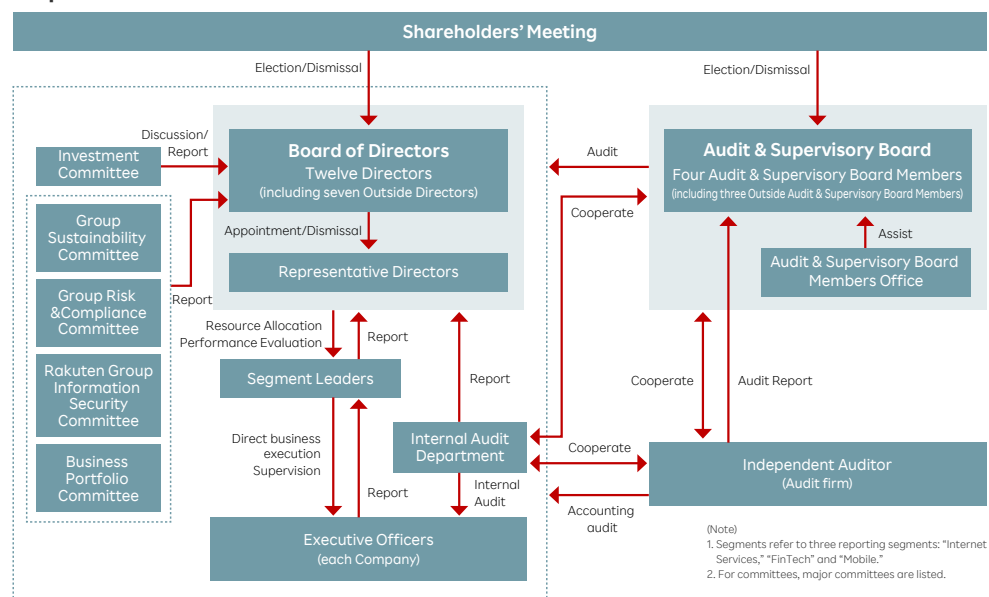
The Company has adopted a company with an Audit & Supervisory Board structure, in which highly independent Audit & Supervisory Board Members provide auditing functions in order to improve the transparency of the Company's management and ensure its appropriateness, efficiency, fairness, and soundness. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System in which the Board retains responsibility for management decision-making and supervision, while Executive Officers are responsible for executive functions.

The Company's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in casual and multilateral discussions on management. Furthermore, the Company holds meetings, where debates are held about Group management strategy, etc., separately from the meetings of the Board of Directors. Participants discuss matters from a medium- to long-term perspective rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors, thereby enhancing the effectiveness of corporate governance.

In addition, we have introduced an internal Company System to ensure agile business execution and clear accountability.

Through such efforts, Rakuten Group will continue to build a management structure with more highly effective governance functions that enables swift management decisions.

Corporate Governance Structure



Committee	Objectives and Main Discussions	Number of meetings in FY2023
Board of Directors	The Board of Directors holds regular meetings, as well as special meetings as required, for the purpose of enhancing medium- to long-term corporate value and shareholder value. Within these meetings, Directors make decisions on important management matters, which are under the authority of the Board of Directors, and supervise the business execution of each Executive Officer.	15
Audit & Supervisory Board	The purpose of the Audit & Supervisory Board is to receive reports, hold discussions, and make decisions regarding important audit related matters. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members.	9
Investment Committee	As to a case that requires new capital expenditure including any investment, members, including external experts, of the Investment Committee preliminarily deliberate on whether the case should be proceeded or not. The result of such deliberation shall be reported to the Board of Directors. For each of our diverse investments, in addition to verifying the hurdle rate determined within the Company, its contribution to the Ecosystem, and the business plans and corporate value of the investee and deliberating on whether the investment should proceed or not, we also conduct regular verification of the investment after acquisition of the shares and report on its progress and outcomes to the Investment Committee.	11
Sustainability Committee	In November 2021, we established a group-wide Sustainability Committee consisting of domestic and overseas management to accelerate efforts to address key issues in the Group's sustainability strategy. Furthermore, in order to address issues that require long-term discussion across the organization, we have also established the Environment Subcommittee, Human Rights Subcommittee, and Diversity, Equity & Inclusion Subcommittee. Each subcommittee conducts more specific deliberations, such as grasping the current situation and formulating, proposing, and implementing measures to address issues. At the Sustainability Committee, resolutions are made on proposals from each subcommittee, confirmation of the status and progress of initiatives toward goals, incorporation into business strategies, and discussion of compliance with international guidelines and laws and regulations are reported to the directors on a regular basis.	2
Main Themes for FY2023 <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Sustainability Committee Sustainability strategy goal setting, etc. </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Environment Subcommittee Climate change, natural resources, etc. </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Human Rights Subcommittee Respect for human rights in the supply chain, AI and human rights, etc. </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Diversity, Equity & Inclusion Subcommittee Gender equality & women's empowerment, etc. </div> </div>		
Group Risk and Compliance Committee	The Group Risk and Compliance Committee identifies risks related to laws and regulations that may hinder the realization of management strategy, promotes effective compliance across the Group, and reports and discusses efforts related to program initiatives. Additionally, the main topics discussed by the committee are reported to management through important meetings, and the status of particularly important risks is reported to management at meetings of the Company's Board of Directors and other important meetings.	4
Group Information Security and Privacy Committee	In addition to deliberating and approving policies and important matters in group information security and privacy for the entire group, we are building a governance structure to maintain information security for the entire group and have a system in place for reporting and making decisions on major measures and incidents that occurred during the period.	12
Business Portfolio Committee	The Business Portfolio Committee has been established to optimize the business portfolio from the perspective of growth, profitability, and contribution to the Rakuten Ecosystem.	11

Corporate Governance

Selection Policy for Director Candidates

The Company selects candidates for Directors who embody the Company's corporate philosophy at a high level and who have high potential to contribute to further development of the Group. By making each Director's term of office one year, the Company upholds the principle of reflecting the will of its shareholders.

In particular, the Board of Directors of the Company selects persons who have extensive experience from a global perspective, professional knowledge, and are able to play a leading role in areas such as IT, finance, corporate management, legal and risk management, financial accounting, public administration, and consulting, and who are capable of appropriately guiding and supervising the execution of business at Rakuten Group.

Expertise and Experience of Directors and Audit & Supervisory Board Members (Skills Matrix)

Job title	Name	IT	Finance	Corporate Management	Legal & Risk Management	Finance & Accounting	Global Experience
Director	Hiroshi Mikitani	●	●	●			●
Director	Masayuki Hosaka	●	●	●			●
Director	Kentaro Hyakuno	●		●	●		●
Director	Kazunori Takeda	●		●			●
Director	Kenji Hirose	●	●	●		●	●
Outside Director	Takaharu Ando				●		●
Outside Director	Sarah J. M. Whitley		●				●
Outside Director	Tsedal Neeley	●					●
Outside Director	Charles B. Baxter	●		●			●
Outside Director	Shigeki Habuka		●			●	
Outside Director	Takashi Mitachi			●			●
Outside Director	Jun Murai	●					●
Audit & Supervisory Board Member	Yoshito Naganuma		●			●	
Outside Audit & Supervisory Board Member	Futoshi Nakamura				●	●	●
Outside Audit & Supervisory Board Member	Maki Kataoka				●	●	●
Outside Audit & Supervisory Board Member	Katsuyuki Yamaguchi				●		●

(As of April 1, 2024)

Evaluation about Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors overall, with the aim of ensuring its continued effectiveness and improvement of its functions.

1. Content of Implementation

- Evaluation period: December 8, 2023 to January 4, 2024
- Evaluators: Directors and auditors (total of 16 individuals)
- Methodology: Questionnaires. The questionnaire included both questions and spaces for free-for text responses. Following the survey, strategies for improving effectiveness are reported to the Board of Directors.
- Overview: Matters related to decisions on management strategy, decisions on important business execution, and deliberations by the Board of Directors, etc.

2. Tasks in Fiscal Year 2022 and the Status of Initiatives in Fiscal Year 2023

In response to the effectiveness evaluation results of fiscal year 2022, the measures taken to further improve effectiveness have generally achieved successful outcomes.

Tasks in 2022	Status of Initiatives in Fiscal Year 2023
(1) Improvement of Discussions on Key Themes	<ul style="list-style-type: none"> • In addition to the Board of Directors meetings, separate meetings involving the directors were organized to increase opportunities for active discussions, thereby deepening understanding of important themes such as medium- to long-term management plans and financial strategies. • In meetings concerning group management strategies, etc., by devising an improved agenda structure and other means, efforts were made to continuously improve the quality of discussions.
(2) Appropriate Monitoring for the Strengthening of Governance Throughout the Group	<ul style="list-style-type: none"> • In key meetings, including those of the Board of Directors, efforts were continuously made to ensure prompt sharing and thorough reporting of company-wide risks and compliance information. • In particular, the internal system for the procurement of goods and services was reviewed, and compliance training for employees was thoroughly enforced, closely monitoring the progress of these efforts.

3. Analysis and Evaluation Results

The Company confirmed that the Company's Board of Directors has made improvements and is highly effective as described above. At the same time, a desire for further improvement of effectiveness was also identified.

- (1) The Board confirmed its intention to further discuss critical issues such as strategic and overseas businesses, etc.
- (2) While sufficient discussions have been had on themes such as the utilization of AI and cost reduction, the Board confirmed its intention to continue substantial discussions on such themes in the future.
- (3) Regarding the criteria for submitting items to the Board of Directors, the content and

Corporate Governance

volume of resolution matters and reporting matters were deemed appropriate. The Board confirmed its intention to further improve the effectiveness of the Board's proceedings through the appropriate use of materials and other means.

4. Measures to Improve Effectiveness

Based on the results of the evaluation about the effectiveness of the Board of Directors, the Company will strive to further enhance deliberations and improve effectiveness of the Board of Directors by taking the following measures.

- (1) For key themes such as strategic and overseas businesses, etc., the Company will create opportunities for deeper discussions by ensuring more time is allocated for active exchange of opinions.
- (2) By re-evaluating the guidelines for presentations and material preparation, the Company will provide high-quality information that contributes to effective discussions and prompt decision-making.

Policies on Determining the Amount of Directors' Compensation and the Calculation Method (Compensation Policy) (As of March 28, 2024)

1) Basic Policies

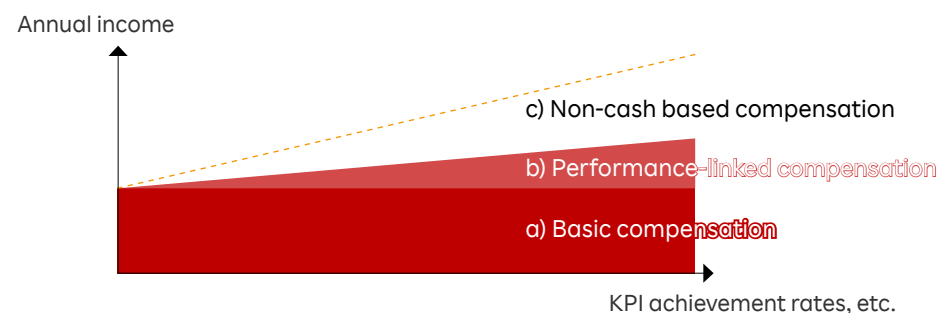
The compensation for the Company's Directors is determined based on the following basic policies.

For executive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources. The portion of share acquisition rights is designed to be high to promote sustainable growth of the Company by improving medium- to long-term corporate value and achieving management goals. For nonexecutive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources who will support management with global expertise.

2) Compensation Structure

	Type of Compensation	Method of Determination	Maximum Amount of Compensation per year
Executive Directors	a) Basic compensation (fixed, monthly payment)	The ratio of basic compensation, performance-linked compensation and non-cash based compensation is set based on position and role of each Director.	1.7 billion yen
	b) Performance-linked compensation (performance-linked bonuses as short-term incentive compensation, annual payment)		
	c) Non-cash-based compensation (stock-based compensation share option as medium- to long-term incentive compensation, annual payment)		
Non-executive Directors	a) Basic compensation (fixed, monthly payment)	0.2 billion yen	
	b) Non-cash-based compensation (stock-based compensation share option as medium- to long-term incentive compensation, annual payment)	Share options 1,000	

Breakdown of Compensation for Executive Directors



3) Indicators and Method of Calculation of Performance-linked Compensation and Non-cash-Based Compensation

(For Executive Directors) To increase awareness of the development and expansion of the Rakuten Ecosystem, multiple KPIs such as consolidated operating income (loss) of each fiscal year have been selected for performance-linked compensation and non-cash-based compensation. They are linked to growth and profitability. Individual evaluations are determined based on the achievement of targets for the indicator set by the managing organization of each Executive Director. The indicator includes carbon neutrality commitment, etc. The amount paid is determined based on individual evaluations and overall company performance. (For Non-executive Directors) Performance-linked compensation is not applicable. There are no indicators for non-cash-based compensation. The Company has decided that a percentage of the total amount of compensation for each Non-executive Director shall be non-cash compensation determined based on the role of each non-executive director.

4) Compensation Determination Process

The Company's Board of Directors resolves the compensation policy for Directors after providing explanations to Independent Outside Directors and obtaining their appropriate advice. Other decision-making processes are also explained to the Independent Outside Directors at the Board of Directors as necessary, and appropriate advice is obtained.

The amount of individual compensation for Directors is determined by Hiroshi Mikitani, the Representative Director, Chairman, President & CEO, who is delegated this authority by the Board of Directors within the compensation limit determined at the general shareholders' meeting and in accordance with the compensation policy. He evaluates the business each Director is in charge of while considering the Company's overall performance and obtaining advice from Outside Directors as necessary to determine the amount of individual compensation. Thus, the Board of Directors believes that the content of individual compensation, etc. is in line with the compensation policy.

Management Team

(As of April 1, 2024)

Directors



Hiroshi Mikitani

Representative Director, Chairman,
President and CEO



Masayuki Hosaka

Representative Director and
Vice Chairman



Kentaro Hyakuno

Representative Director and
Group Executive Vice President



Kazunori Takeda

Director and
Group Executive Vice President



Kenji Hirose

Director and
Group Executive Vice President



Outside Independent

Takaharu Ando *1*2

Director

**Year Appointed/Positions Held or Career Summary
2022**

Outside Director of AMUSE INC.
Outside Director of Zensho Holdings Co., Ltd.
Outside Director of TOBU RAILWAY CO., LTD.
Outside Director (Audit & Supervisory Committee Member) of
Nisshin Seifun Group Inc.



Outside Independent

Sarah J. M. Whitley *1*2

Director

**Year Appointed/Positions Held or Career Summary
2019**

Trustee of Foundation Scotland
Chair of Edinburgh International Festival Endowment Fund
Trustee of The Royal Scottish Academy Foundation
Trustee of The Abbotsford Trust
Chair of Scottish Episcopal Church Pension Fund



Outside Independent

Tsedal Neeley *1*2

Director

**Year Appointed/Positions Held or Career Summary
2022**

Outside Director of The Partnership, Inc.
Naylor Fitzhugh Professor of Business Administration of Harvard
Business School
Outside Director of Brown Capital Management, LLC
Outside Director of Brightcove, Inc.
Senior Associate Dean for Faculty Development and Research of
Harvard Business School
Faculty Chair of the Christensen for Teaching and Learning of
Harvard Business School



Outside Independent

Charles B. Baxter *1*2

Director

**Year Appointed/Positions Held or Career Summary
2011**

Rakuten Marketing LLC Manager
Rakuten USA, Inc. Chairman and Director
Reyns Holdco, Inc. Chairman
Winshipping.com LLC Director



Outside Independent

Shigeki Habuka *1*2

Director

**Year Appointed/Positions Held or Career Summary
2022**



Outside Independent

Takashi Mitachi *1*2

Director

**Year Appointed/Positions Held or Career Summary
2016**

Outside Director of Lotte Holdings Co., Ltd.
Outside Director of DMG MORI CO., LTD.
Board Member of Ohara Museum of Art
Outside Director of Tokio Marine Holdings, Inc.
Chief Executive Director of Ronald McDonald House Charities
Japan
Distinguished Professor of Graduate School of Management of
Kyoto University
Outside Director of SUMITOMO CORPORATION



Outside Independent

Jun Murai *1*2

Director

**Year Appointed/Positions Held or Career Summary
2012**

Outside Director of BroadBand Tower, Inc.
Outside Director of LAC Co., Ltd.
Professor of Keio University
Special Advisor to the Cabinet
Advisor to the Digital Agency
Director of World Wide Web Consortium, Inc.
Advisor of The International House of Japan, Inc.

*1 Outside Directors stipulated under the
Companies Act of Japan

*2 Independent Directors specified by the reg-
ulations of Tokyo Stock Exchange, Inc.

Management Team (As of April 1, 2024)

Audit & Supervisory Board Members

**Yoshito Naganuma**

Audit & Supervisory Board Member (Full-time)

**Futoshi Nakamura***2*3
Audit & Supervisory Board Member (Full-time)**Maki Kataoka***2*3
Audit & Supervisory Board Member**Katsuyuki Yamaguchi***2*3
Audit & Supervisory Board Member

*2 Independent Directors specified by the regulations of Tokyo Stock Exchange, Inc.

*3 Outside Audit & Supervisory Board Members stipulated under the Companies Act of Japan

Executive Officers

**Yasufumi Hirai**Group Executive Vice President
Chief of Staff to the CEO
Group Executive Vice President of Special Project Division**Naho Kono**Group Executive Vice President
CMO
Managing Executive Officer and CMO of Rakuten Mobile, Inc.**Hiroshi Takasawa**Group Executive Vice President
FinTech Segment Vice Segment Leader
Senior Vice President of FinTech Group Company
President of Investment & Incubation Company**Akihito Kurozumi**Group Senior Managing Executive Officer
CIO&CTO**Amit Patel**Group Senior Managing Executive Officer
Rakuten International Business CEO**Kazuhiro Suzuki**Group Senior Managing Executive Officer
Representative Director and Co-CEO of Rakuten Mobile, Inc.
Representative Director, Chairman and CEO of Rakuten Communications Corp.
Representative Director and President of Rakuten Energy, Inc.**Shunsuke Yazawa**Group Senior Managing Executive Officer
Representative Director and President of Rakuten Mobile, Inc.**Ting Cai**Group Senior Managing Executive Officer
CDO
Group Senior Managing Executive Officer of Technology Services Division**Sharad Sriwastawa**Group Senior Managing Executive Officer
Representative Director, Co-CEO and CTO of Rakuten Mobile, Inc.
Representative Director and President of Rakuten Symphony, Inc.**Masatada Kobayashi**Group Managing Executive Officer
CWO**Koichi Nakamura**Group Managing Executive Officer
Rakuten Card Co., Ltd.
Executive Vice President Officer**Kazuhiko Kasahara**Group Managing Executive Officer
Director and Executive Vice President of Rakuten Payment, Inc.**Tomotaka Torin**Group Managing Executive Officer
CCO**Yuzo Hashiya**Group Managing Executive Officer
Representative Director and President of Rakuten Insurance Holdings Co., Ltd.
Chairman of Rakuten Life Insurance Co., Ltd.
Vice Chairman of Rakuten General Insurance Co., Ltd.
Chairman of Rakuten Insurance Planning Co., Ltd.**Ryo Matsumura**Group Managing Executive Officer
Commerce & Marketing Company
Senior Vice President**Adrienne Down Coulson**Group Managing Executive Officer
Rakuten International Business COO**Yusuke Kobayashi**Group Managing Executive Officer
Vice Director of Commerce & Marketing Company
Technology Supervisory Department
Commerce & Marketing Company co-Company Data Officer**Yoshiyuki Takano**Group Managing Executive Officer
Vice President of Travel & Mobility Business

CEO = Chief Executive Officer

CMO = Chief Marketing Officer

CIO = Chief Information Officer

CTO = Chief Technology Officer

CDO = Chief Data Officer

CWO = Chief Well-Being Officer

CCO = Chief Compliance Officer

COO = Chief Operating Officer

*Only primary job titles are listed

Information Security



For more information

<https://global.rakuten.com/corp/sustainability/security/>

The Rakuten Ecosystem provides users with access to multiple services using just a single ID. To ensure users' peace of mind, it is essential to have a robust information security system. At Rakuten, we prioritize implementing comprehensive information security measures across all our products and services to ensure that our customers can use them confidently and securely.

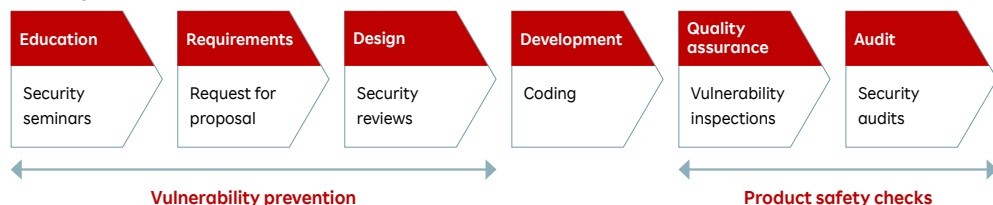
CISO Community to Support the Information Security of Rakuten

The Rakuten Group Information Security & Privacy Committee, led by the Function Chief Information Security Officer (CISO), convenes monthly to review significant incidents and to decide on appropriate responses. Their decisions and reports are then shared with executive management at the Corporate Management Meeting as well as the Board of Directors. Furthermore, the CISO community, comprising Regional CISOs, Company CISOs, CISOs of Group companies, and Security Champions, who oversee security within development and operation teams, holds an annual Global CISO Summit.

Strengthening Cybersecurity

Rakuten has implemented robust security measures, including the establishment of a Security Operations Center and a dedicated security team known as Rakuten-CERT. These efforts are aimed at preemptively preparing for incidents through initiatives such as providing comprehensive security education for service developers and conducting security reviews and vulnerability inspections throughout the software development process. We have instituted a rigorous service development system that integrates security checks at each stage of development, ensuring vulnerabilities are addressed proactively. We remain vigilant against emerging cyber threats by regularly assessing our security readiness through simulated attacks, and use the findings to enhance the effectiveness of our security operations and security strategies.

Development Process



Aligning with International Standards

ISO/IEC 27001, the international standard for information security management, serves as a global benchmark for demonstrating adherence to best practices in information security. Rakuten and its subsidiaries have implemented internal regulations aligned with ISO/IEC 27001, with certification extending to 44 group entities encompassing around 30,000 employees, making it one of Japan's largest companies with this certification. In 2024, our commitment to ISO/IEC 27001:2022 compliance will continue, with plans to expand certification acquisition across our domestic and international locations. Additionally, in 2023, the number of Rakuten services compliant with the Payment Card Industry Data Security Standard (PCI DSS) reached 38.

Introducing Technology for User Protection

To safeguard our customers against phishing email scams, we are expediting the deployment of Domain-based Message Authentication, Reporting, and Conformance (DMARC) technology. This technology verifies that emails, including advertisements, originate from Rakuten Group, Inc., thus preventing the delivery of spoof emails. This authentication process ensures that emails are processed only by the recipient's mail server. As of the end of 2022, over 99% of Rakuten's services and domains have adopted DMARC technology, and we are committed to extending this protection to all outgoing emails. Additionally, in collaboration with email service providers, we have ensured that the Rakuten logo is displayed on 98% of legitimate emails. This cooperative effort simplifies the process for users to distinguish genuine emails from suspicious ones claiming to be from various Rakuten services.



Rakuten Logo Display in Gmail

Employee Education

Rakuten holds regular *Asakai*, weekly morning meetings attended by all employees, to discuss security-related topics. In addition, all employees take comprehensive information security training sessions annually, with 25,000 employees from 24 companies completing training in 2023. Furthermore, the annual Global CISO Summit brings together CISOs from each company within the Rakuten Group to share policy briefings from headquarters and initiatives and technical expertise from each Group company. The summit features breakout sessions addressing key themes of the year and sessions by external experts aimed at enhancing the Group's overall information security capabilities.



Privacy



For more information

<https://global.rakuten.com/corp/sustainability/privacy/>



Since its founding, Rakuten has been committed to upholding transparency and integrity with each of its stakeholders. We remain dedicated to this ethos, by making it clear how we handle personal information, as well as enhancing our privacy governance to bolster customer confidence in Rakuten services.

Management System

The Rakuten Group has appointed a Global Privacy Manager who leads the Group's privacy strategy in accordance with the requirements of the General Data Protection Regulation ("GDPR"), an EU privacy regulation, and with the Rakuten Group's Binding Corporate Rules ("BCRs"), our set of internal privacy regulations. The Global Privacy Manager works together with the Regional Privacy Officers and the Local Privacy Officers to ensure accountability with the applicable privacy laws, while monitoring privacy compliance and risks within the Group. They report to the Group Information Security & Privacy Protection Committee as well as at Corporate Management Meetings at regular intervals.



Rakuten Group's Response to Recent Legal Changes

In 2023, the Global Privacy Office (GPO), which oversees privacy compliance across Rakuten, drafted the EU P-BCR (EU Processor Binding Corporate Rules). After approval from the Luxembourg National Commission for Data Protection, Rakuten will be able to act as a sub-processor on behalf of its clients (entities other than Rakuten and its subsidiaries) to securely transfer data to Rakuten and its group companies located outside the EU. In addition, the GPO has drafted a proposal for updating the EU BCR to maintain its validity. After approval, Rakuten will be able to continue transferring personal data outside the EU securely as an administrator (controller). As of 2023, Rakuten had 78 group companies that have signed the BCR Intra-Group Agreements.

Implementation of the Amended Telecommunications Business Act

The Japan Privacy Office (JPO), responsible for overseeing privacy compliance of our services in Japan, has completed the necessary measures to comply with the amended Telecommunications Business Act, which requires transparency regarding data transmitted to third parties through websites and apps. JPO has identified 53 services that fall under the scope of the regulation and published the results of investigations on all third-party modules integrated into websites and apps. These measures were implemented by the enforcement date of June 16th, and the results are being regularly monitored.

Communication with Stakeholders on Privacy

Privacy Center

The Privacy Center page on Rakuten's corporate website provides information to help users understand the privacy policies of Rakuten Group companies, privacy protection, and technology. In 2023 we added two new articles to the Understand Privacy section: "Sensitive Data and the Importance of Protecting Your Privacy" and "Transfer of Personal Data to Third Parties in Japan." Both articles explain the importance of handling and protecting sensitive data, the risk of transferring personal information to third parties and how to manage personal data. This content aims to encourage continuous improvement of privacy compliance.

Employee Training on Privacy

Rakuten provides practical training for all employees on privacy protection, including biannual training for new graduates, monthly training for mid-career employees and annual training for all employees. Job-based and grade-based training is also available. In 2023, we have initiated training to raise awareness in the use of generative AI, including measures to prevent confidential information leaks.

Global Privacy Summit 2023

Rakuten hosted its first Global Privacy Summit in 2023. The summit was attended by 103 internal privacy professionals and featured 40 speakers in panel discussions and workshops. The summit emphasized that privacy compliance is an offensive strategy, not a defensive one. Known as "privacy by design," this concept has been introduced at Rakuten and encourages companies to be proactive in their privacy initiatives.

Compliance



For more information

<https://global.rakuten.com/corp/sustainability/compliance/>

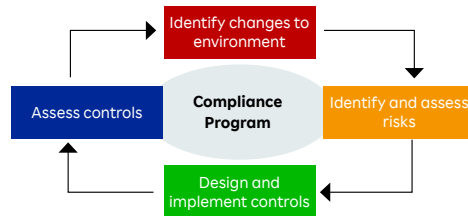


Rakuten Group conducts business operations with integrity, in line with the Rakuten Group Code of Ethics. “Behave Ethically: Integrity” stands as one of the core principles within Rakuten Shugi, emphasizing the importance of adhering to all relevant laws, regulations, international norms, and internal policies. We pledge to uphold our business practices to the highest ethical standards as a global leader, quickly adapting to evolving laws and regulations in each jurisdiction.

Group Compliance Program

Rakuten established the Group Compliance Program, employing a four-step PDCA cycle, to strengthen the compliance system and effectively mitigate compliance risks.

Through this program, we are pro-actively implementing diverse measures such as prohibiting bribery and corruption, preventing money laundering and terrorist financing, ensuring compliance with numerous laws and regulations, and eradicating involvement with anti-social organizations.



Prohibition on Bribery and Corruption

Apart from the prohibition on bribery outlined in the Rakuten Group Code of Ethics, we have established the Rakuten Group Anti-Corruption Instructions as part of our internal regulations. To minimize the likelihood of corruption, we have implemented an anti-corruption program comprising the following steps:

Risk Evaluation

We perform risk assessments to pinpoint corruption risks within Rakuten. In 2023, we identified risks within each subsidiary and conducted targeted training and other activities according to each risk.

Monitoring

We regularly monitored and review the program operations based on its results.

Reporting

Every executive and employee within Rakuten must quickly report any suspected violations or breaches of relevant rules and regulations via the designated internal channels, such as the Rakuten

Hotline. Upon detecting a violation, we undertake a comprehensive internal investigation and cooperate fully with any inquiries or actions initiated by the relevant authorities.

Measures against Money Laundering, Terrorist Financing, Proliferation Financing, and Economic Sanctions

Rakuten established an Anti-Money Laundering (AML) / Combatting the Financing of Terrorism (CFT) Program aimed at thwarting international financial crimes. The Rakuten Group Regulations (RGR) now includes Rakuten Group AML/CFT/CPF Instructions, using this program to establish a management system covering anti-money laundering, financing of terrorism, and proliferation finance to ensure appropriate business conduct. Additionally, Rakuten designated as specified entities under the Act on Prevention of Transfer of Criminal Proceeds, established a management system that ensures confirmation of transactions, proper record-keeping, and timely reporting of suspicious activities, all in strict adherence to pertinent laws and regulations. The aim is to safeguard against the exploitation of financial services by organized criminal elements. In response to growing interest in economic security risks, in 2023, we introduced the new Rakuten Group Economic Sanctions Management Instruction as part of the RGR. This addition not only reinforces measures such as asset freezing, as previously stipulated, but also offers clearer compliance guidelines concerning import and export regulations.

Fostering Awareness around Compliance

Compliance is dependent on each employee's accurate grasp of laws, regulations, and company policies. At Rakuten, we raise awareness about corporate ethics, laws, regulations, and RGR through *Asakai*, morning meetings attended by all employees. Additionally, we provide e-learning sessions for executives and employees across Rakuten and its subsidiaries, emphasizing the importance of compliance. In 2023, we conducted training sessions on bribery, money laundering, and the Antimonopoly Act and created training content on global regulations. We regularly reaffirm our commitment to adhering to social norms, laws, regulations, and internal policies, pledging to carry out our responsibilities with integrity. For executives and employees in senior management roles, including top management across domestic and international subsidiaries, we conduct an annual compliance pledge concerning management responsibilities. We are proud to report a 100% completion rate for this process.

Examples of training topics in 2023

- Preventing bribery and corruption
- Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT) program, Proliferation Financing / Economic Sanctions
- Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors
- Antimonopoly Act
- Act against Unjustifiable Premiums and Misleading Presentations
- Intellectual property
- Insider trading
- Protecting information security and privacy
- Preventing harassment
- Diversity, Equity & Inclusion (DEI)

Quality Initiatives



For more information

<https://global.rakuten.com/corp/sustainability/quality/>

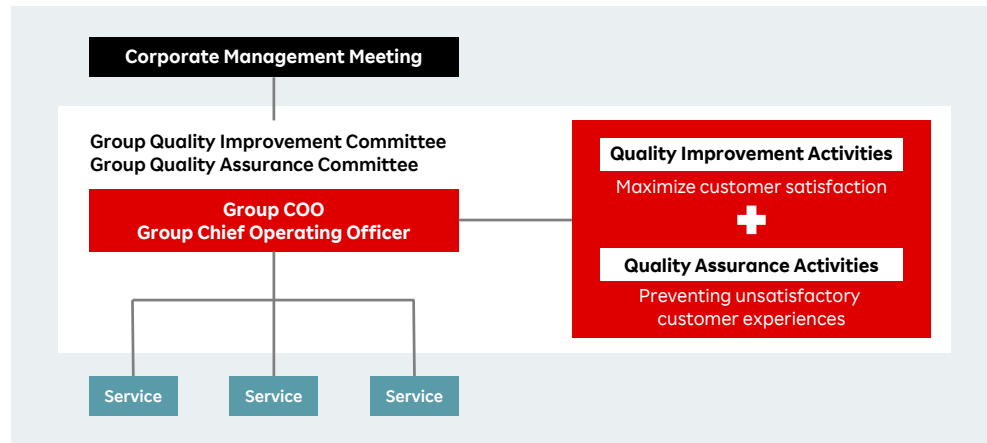


Rakuten Group has consistently built trust with customers by prioritizing high quality. As a Group, we will continue ensuring and improving quality to deliver services and products that surpass customer expectations.

Management System

Under the leadership of the Group Chief Operating Officer, we are working on improving the quality of our services through quality improvement activities, quality assurance activities and QC (Quality Control) circle activities. Additionally, as part of our quality maintenance efforts across the group, we have established committees and meetings for quality assurance and improvement, attended by each Group company. The Quality Assurance Committee discusses the implementation and replacement of quality standards and guidelines, and evaluates necessary appropriate measures. The Quality Improvement Committee promotes the implementation of quality measures by monitoring quality based on the NPS® (Net Promoter Score)*¹ and sharing best practices.

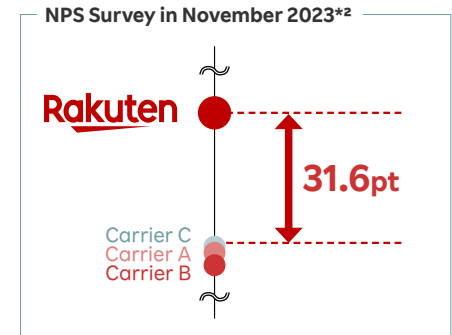
*¹ Net Promoter Score, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.



Measurement and Utilization of NPS Indicator

We measure and utilize NPS®, which indicates customers' loyalty to companies and services, to evaluate and enhance user experience. As of the end of November 2023, the Rakuten Ecosystem's score surpassed our competitors' ecosystem NPS by a difference of 31.6 points.

*² Third-party panel internet survey conducted in November 2023; "Ecosystem NPS Survey" (N = approximately 5000; users who have used each ecosystem in the past six months)



Quality Assurance Activities

To ensure consistent high quality across our diverse range of services and products, Rakuten is dedicated to group-wide quality assurance efforts. Each company appoints a QA (Quality Assurance) Officer to oversee these activities. Through cross-organizational quality assurance meetings, we set goals, establish standards and provide education and training to strengthen our ability to prevent and address quality-related issues. Additionally, Rakuten's vice chairs and executive vice presidents participate in these meetings quarterly, aligning management with frontline efforts for comprehensive quality management. As part of those efforts, our proprietary surveys show a 2.3% improvement in dissatisfied user experiences in Q1 2023 compared to the previous quarter, and a 0.8% improvement compared to the previous year.

QC Circle Activities

Quality Control Circle (QCC) activities are bottom-up initiatives where employees lead problem-solving efforts, which enhances productivity and fosters talent development. At Rakuten, we tackle not only organization-wide challenges but also engage in advanced problem-solving through collaboration with industries, academia and government. Introducing QCC activities not only improves the quality of our services and operations but also boosts productivity, enhances individual skills, creates dynamic workplaces and promotes a culture of continuous improvement. Since its inception in 2016, employee participation in QCC activities has been steadily increasing, reaching 90.9% by the end of 2023. In 2024, we plan to gather examples of AI-led QCC activities and expand their implementation while setting new goals that are aligned with our long-term strategy, "Vision 2030," to further enhance our organizational capabilities.



Section 4

Data

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10-year Key Financial Data (IFRS)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	(JPY million)	598,565	713,555	781,916	944,474	1,101,480	1,263,932	1,455,538	1,681,757	1,920,894	2,071,315
Non-GAAP operating income or loss	(JPY million)	118,092	152,153	119,615	167,010	161,130	95,129	(102,667)	(224,999)	(335,191)	(153,041)
Operating profit or loss	(JPY million)	106,397	94,689	78,512	149,344	170,425	72,745	(93,849)	(194,726)	(371,612)	(212,857)
Income (loss) before income tax	(JPY million)	104,691	94,076	74,458	138,082	165,423	(44,558)	(151,016)	(212,630)	(415,612)	(217,741)
Net income (loss)	(JPY million)	71,412	45,885	38,435	110,488	141,889	(33,068)	(115,838)	(135,826)	(380,244)	(329,535)
Comprehensive income (loss)	(JPY million)	122,847	52,725	20,106	100,981	124,452	(42,818)	(132,401)	(73,041)	(312,285)	(262,200)
Equity attributable to owners of the Company	(JPY million)	424,020	666,111	682,391	683,181	774,473	735,672	608,738	1,093,719	791,351	836,572
Total assets	(JPY million)	3,680,695	4,269,953	4,604,672	6,184,299	7,345,002	9,165,697	12,524,438	16,831,221	20,402,281	22,625,576
"Equity attributable to owners of the Company per share"	(JPY)	320.60	467.65	478.40	507.32	572.83	542.43	446.78	691.47	497.56	390.53
Basic earnings (losses) per share	(JPY)	53.70	33.50	26.96	80.03	105.43	(23.55)	(84.00)	(87.62)	(237.73)	(177.27)
Diluted earnings (losses) per share	(JPY)	53.38	33.25	26.74	79.28	104.38	(23.55)	(84.00)	(87.62)	(237.89)	(177.29)
Equity attributable to owners of the Company ratio	(%)	11.5	15.6	14.8	11.0	10.5	8.0	4.9	6.5	3.9	3.7
"Net income to equity attributable to owners of the Company ratio"	(%)	19.5	8.4	5.7	16.2	19.5	(4.2)	(17.0)	(15.7)	(40.4)	(41.7)
Price earnings ratio	(Times)	31.3	41.9	42.5	12.9	7.0	—	—	—	—	—
Cash flows from operating activities	(JPY million)	111,860	78,245	30,700	162,056	145,615	318,320	1,041,391	582,707	(262,068)	724,192
Cash flows from investing activities	(JPY million)	(261,085)	(224,078)	(26,841)	(203,718)	(67,569)	(286,290)	(303,347)	(611,830)	(948,289)	(597,416)
Cash flows from financing activities	(JPY million)	189,512	221,831	45,200	194,458	208,418	458,340	808,108	1,402,265	1,486,686	291,956
Cash and cash equivalents at end of the year	(JPY million)	428,635	501,029	548,269	700,881	990,242	1,478,557	3,021,306	4,410,301	4,694,360	5,127,674
Employees	(Persons)	11,723	12,981	14,134	14,845	17,214	20,053	23,841	28,261	32,079	30,830

[Notes]

1. Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as the "IFRS").
2. Consumption tax is not included in Revenue.
3. Average number of shares during the fiscal year is calculated on a daily basis.
4. Number of Employees does not include those serving concurrently as employees and Directors, temporary staff and part-time employees.
5. The Rakuten Group has adopted IFRS 17 from the beginning of the three months ended March 31, 2023, and reflected the cumulative effect of this accounting standard change on the date of initial transition of January 1, 2022. As a result, figures for the fiscal year ended December 31, 2022 reflect the retrospective application of IFRS 17.



ESG (Environmental, Social, Governance) Data

The following is a summary of the information provided in our ESG Data Book.

For more details, including calculation methods, third-party assurance, data coverage, please refer to the [ESG Library](#).

Item	Coverage	Unit	FY2021	FY2022	FY2023	
Environmental Data						
CO ₂ emissions	Scope 1	Rakuten Group	t-CO ₂	1,647	1,745	2,991
	Scope 2 (location-based)	Rakuten Group	t-CO ₂	241,308	307,140	337,224
	Scope 2 (market-based)	Rakuten Group	t-CO ₂	169,935	268,476	0
	Scope 3	Rakuten Group	t-CO ₂	1,903,043	9,201,773	12,693,824
Energy consumption	Rakuten Group	MWh	466,683	706,332	803,189	
Water withdrawals	Rakuten Group	1,000m ³	142	193	336	
Waste generation	Rakuten Group	t	1,288	3,370	2,620	
Social Data						
Total no. of employees		People	28,261	32,079	30,830	
Region	Japan	People	19,876	22,378	21,749	
	APAC (excluding Japan)	People	4,719	5,841	5,617	
	Americas	People	3,131	3,092	2,718	
	EMEA	People	535	768	746	
Contract	Permanent	People	26,606	30,666	29,582	
	Temporary	People	1,655	1,413	1,248	
Employment rate of people with disabilities	Rakuten Group	%	2.42	2.38	2.59	
Average age	Rakuten Group, Inc.	Years	34.3	33.7	34.4	
Gender pay gap	All types of employees	%		75.6	78.8	
	Regular employees	%		82.0	82.8	
	Non-regular employees	%		71.1	65.6	
Total no. of employees in each of the following diversity categories						
Age	Under 30 years old	People	10,067	10,931	11,284	
	30 - 50 years old	People	3,606	4,113	4,208	
	30 - 50 years old	People	6,179	6,474	6,657	
	Over 50 years old	People	282	344	419	
Gender	Female	People	4,052	4,420	4,557	
	Male	People	6,015	6,510	6,727	
	Others	People	—	1	—	
Nationality	Japanese	People	8,012	8,595	8,791	
	Non-Japanese	People	2,055	2,336	2,493	
Total no. of managers in each of the following diversity categories						
Gender	Female	People	2,356	2,493	2,969	
	Male	People	678	750	935	
Nationality	Japanese	People	1,678	1,743	2,034	
	Non-Japanese	People	1,949	2,049	2,475	
	Non-Japanese	People	407	444	494	

Item	Coverage	Unit	FY2021	FY2022	FY2023	
Total no. of employees that were entitled to parental leave		People	503	477	491	
Gender	Female	People	174	192	207	
	Male	People	329	285	284	
Total no. and percentage of employees that took parental leave		People	300	320	361	
Gender	Female	Total	People	186	200	195
		Percentage	%	106.9	104.2	94.2
	Male	Total	People	114	120	166
		Percentage	%	34.7	42.1	58.4
Return to work rate after parental leave						
Gender	Female	%	95	97	96	
	Male	%	98	98	98	
Average annual paid vacation per employee	Days granted	Days	15.9	16.1	15.9	
	Days taken	Days	11	13	13.4	
	Rate	%	71.3	78.7	84.2	
Average hours of training per employee	Rakuten Group, Inc.	Hours	70.3	65.0	73.3	
% of employees who received a regular performance and career development review	Rakuten Group, Inc.	%	100	100	100	
Average length of service	Rakuten Group, Inc.	Years	4.7	4.7	5.1	
Total no. of employee fatalities	Rakuten Group, Inc.	People	0	0	0	
Lost-time occupational injury frequency rate	Rakuten Group, Inc.	n/million hours worked	0	0.06	0.05	
Lost-time occupational disease frequency rate	Rakuten Group, Inc.	n/million hours worked	0.06	0.06	0.00	

Governance Data

Board of Directors	No. of directors	People	9	9	12
	No. of female directors	People	1	1	2
	No. of external directors	People	5	5	7
	No. of independent directors	People	5	5	7
Board of Company Auditors	No. of directors	People	4	4	4
	No. of external directors	People	3	3	3
	No. of independent directors	People	3	3	3

Awards and Recognition

Rakuten's sustainability initiatives have gained recognition both domestically and internationally. We will continuously strive towards achieving a sustainable society by leveraging innovation and entrepreneurship, setting ambitious goals, and pushing the boundaries as a global innovation company.

ESG Investment Indexes

MSCI Indexes

Rakuten received an upgraded rating from MSCI, from "A" to "AA," in January 2023. We are included in the MSCI Japan Empowering Women Index and the MSCI ESG Leaders Index.

*The inclusion of Rakuten Group, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Rakuten Group, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademark or service marks of MSCI or its affiliates.



FTSE4Good Index Series

Rakuten is continuously selected for inclusion in the FTSE4Good Index Series, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index.



Dow Jones Sustainability Indices

Rakuten is continuously included in the Dow Jones Sustainability Asia Pacific Index.



S&P/JPX Carbon Efficient Index

The index is designed to measure the performance of companies in the Tokyo Stock Price Index, weighting them based on their disclosure status of environmental data and carbon emissions per unit of revenue. Rakuten was again selected in 2023 as a constituent of the S&P/JPX Carbon Efficient Index in the first decile of retail constituents, with the highest carbon-efficiency.



Assessments and Recognition from External Organizations

CDP

Rakuten received an "A-" rating in a Climate Change survey conducted by the international environmental non-profit organization CDP. This survey is widely recognized as the global standard for corporate environmental information disclosure. Over 23,000 companies responded in the 2023 fiscal year.



Eco-First Certification (Ministry of the Environment)

Rakuten is certified as an Eco-First company by Japan's Ministry of the Environment through the Eco-First Program, which recognizes companies that are engaged in "advanced and independent industry-leading business activities" with regard to the environment.



Certified Health & Productivity Management Outstanding Organizations (Ministry of Economy, Trade and Industry)

Rakuten is recognized as a White 500 company under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, which recognizes outstanding companies for their efforts to enhance employee wellness.



PRIDE Index (work with Pride)

Rakuten has been receiving "Gold" certification since 2015 in the "PRIDE Index", an evaluation metric for efforts towards LGBTQ+ in the workplace, issued by "work with Pride," a voluntary organization that supports the promotion and establishment of diversity management concerning sexual minorities in corporations.



D&I AWARD

Rakuten has continuously received the best-possible rating of "Best Workplace" in Japan's largest Diversity and Inclusion award programs "D&I AWARD" since 2021. This recognition acknowledges Rakuten as a pioneering company that excels in promoting diversity and inclusion, not only within Japan but also on a global scale, setting high standards for D&I initiatives.



Sports Yell Company

Rakuten has been recognized by the Japan Sports Agency as a "Sports Yell Company" for promoting sports activities to improve employee health and well-being.



Corporate Information

(As of December 31, 2023)

Corporate Overview

Name	Rakuten Group, Inc.
Head Office Location	Rakuten Crimson House, 1-14-1 Tamagawa, Setagaya-ku, Tokyo, 158-0094, Japan TEL. +81-50-5581-6910
Representative	Chairman, President and CEO Hiroshi Mikitani
Founded	Feb. 7, 1997
Rakuten Ichiba Service Launched	May 1, 1997
IPO	Apr. 19, 2000
Capital	¥ 446,769 million
Employees	Non-consolidated: 10,350 Consolidated: 30,830

Stock Information

Company Name	Rakuten Group, Inc.
Stock Code	4755 (Tokyo Stock Exchange Prime Market)
Fiscal Year	January 1 to December 31
Annual General Shareholders' Meeting	March
Shareholder Record Date	December 31
Number of Shares Constituting One Trading Unit	100 Shares
Administrator of Shareholder Registry	Sumitomo Mitsui Trust Bank, Limited
Place of Share Handling Business	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Financial and Sustainability Information

More detailed information is disclosed at the following URL.



Investors

<https://global.rakuten.com/corp/investors/>



Sustainability

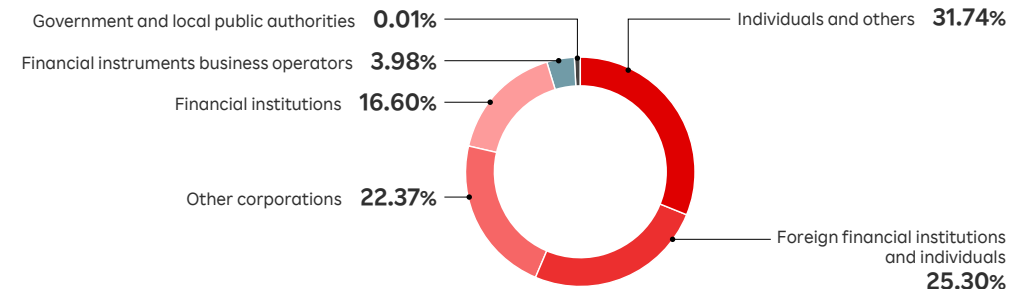
<https://global.rakuten.com/corp/sustainability/>

Major Shareholders

Name	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	262,981,800	12.28
Crimson Group, LLC.	226,419,000	10.57
Hiroshi Mikitani	176,346,300	8.23
Haruko Mikitani	132,625,000	6.19
JAPAN POST HOLDINGS Co., Ltd.	131,004,000	6.12
Custody Bank of Japan, Ltd. (Trust account)	71,194,694	3.32
MSIP CLIENT SECURITIES	66,561,180	3.11
GOLDMAN SACHS INTERNATIONAL	54,033,397	2.52
Goldman Sachs Japan Co., Ltd. BNYM	51,173,405	2.39
Mikitani Kosan, Inc.	30,868,500	1.44

(Note) Percentage of shares held is calculated excluding treasury stocks (384 shares).

Distribution of Ownership Among Shareholders



*Treasury stocks (3 units) are included in "Individuals and others."

*Additionally, there are 692,700 shares less than one unit.

Cautionary Statement

In this report, unless indicated otherwise, references to "Rakuten," "Rakuten Group," "we," "our," and "us" are to Rakuten Group, Inc. and its consolidated subsidiaries and consolidated affiliates. Statements regarding current plans, strategies, beliefs and other statements that are not historical facts of the Rakuten Group are forward-looking statements.

Such forward-looking statements are based on management's assumptions and beliefs in light of information currently available, and it should be noted that risks and unforeseen factors could cause actual results to differ significantly from those discussed in the report. We do not intend to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws.

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