

FY2020 First Quarter Consolidated Financial Results

**May 13, 2020
Rakuten, Inc.**





Consolidated Results

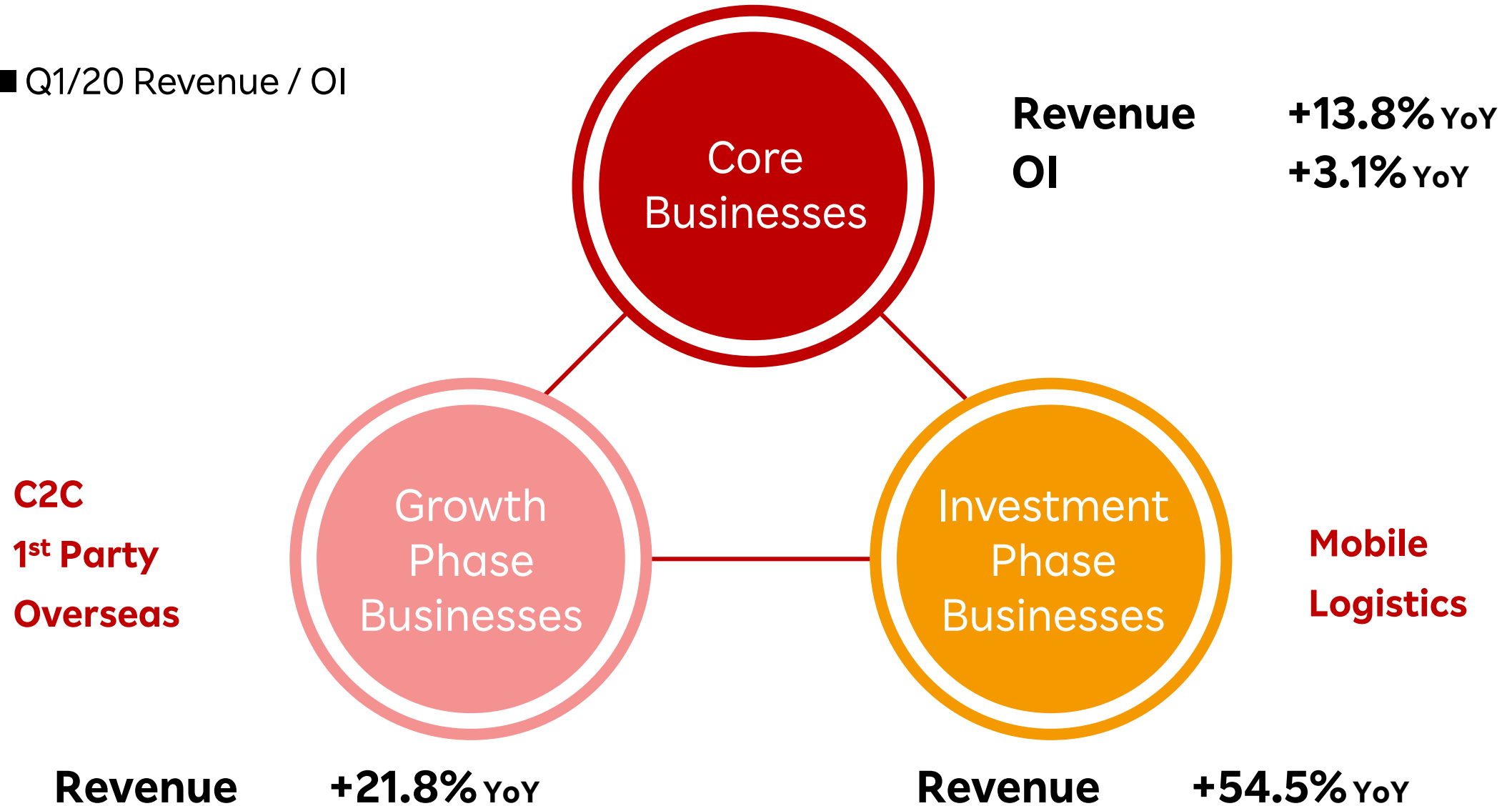
Q1/20 Results Highlights

- Consolidated revenue: +18.2% YoY
- Global GTV: +23.7% YoY
- Domestic E-Commerce GMS growth QoQ: +9.8% YoY
 - Shopping E-commerce GMS* growth +57.5% YoY in April
- Non-GAAP OI: JPY -18.1bn due to mobile business and logistics investment
- Rakuten diversified ecosystem enabled solid growth
 - FinTech: Revenue growth +22.9% YoY, Non-GAAP OI +14.7% YoY
 - Core business revenue growth +13.8% YoY
 - Businesses such as travel were negatively impacted by COVID-19, but continue to support society.
- Mobile business: Launched service on April 8. Continuing acceleration of base station buildout

* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Business Strategy for Future Growth

■ Q1/20 Revenue / OI




COVID-19 Impact (April) on Rakuten Group

Business		Factor	Business		Factor
Rakuten Ichiba	↑	GMS ↑ Number of returning users, purchases, orders ↑	Rakuten Travel	↓	GMS ↓ Impact of last year Golden Week (10 days)
Rakuten24 (Direct)	↑	GMS ↑	Sports (Eagles, Vissel)	↓	Cancellation of matches
Rakuten Books	↑	GMS ↑	Ticket	↓	Refund by events postponed or canceled
Rakuten Seiyu Net Super	↑	GMS ↑	GORA (golf)	↓	Number of bookings ↓
Kobo	↑	Number of users, purchases ↑	Minority Investment	↓	Valuation ↓
Rakuten TV Europe	↑	Number of users, purchases ↑	Ad	→	Internal, external Ad revenue ↓
Rakuten Securities	↑	FX transactions ↑	Rakuten Card	→	Online GTV ↑ Offline GTV ↓
Rakuten Mobile	↑	Offline Shops temporary closure Online Applications ↑			
Energy	↑	Revenue ↑			

COVID-19 Impact (April) on Domestic EC

Main categories **GMS** grows strongly

Sanitary goods **Daily goods**
Toys, Games **Foods**
PC, accessories **Home appliance**
Cosmetics **Furniture etc.**



* Shopping E-commerce = Ichiba + 1st party (Fashion, Books, Rakuten24 (Direct), Net super + Open EC(Rebates, Checkout) + Rakuma

Introduction of Uniform Shipping

- Ichiba launched uniform shipping for purchases over JPY 3,980 on March 18
- Approximately 80% of total merchants have joined the program

**Merchants adopting
uniform shipping fee**

+28.7pt

**higher GMS YoY than
merchants not adopting
uniform shipping fee**

(April 1 to April 30)

Customer's Voice

Now, I prefer to shop on Rakuten Ichiba rather than other EC platforms

I always hesitated to buy online because of shipping fees. Now I can do it anytime I want

Thanks to this program, I tend to purchase over 3,980 yen



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

Rakuten kobo



Registered Users
+2.2m

Rakuten TV



MAU
+505k

Rakuten VIKI



Registered Users
+2.1m

Rakuten Viber



MAU
+808k

*As of Mar/20 compared with Dec/19

COVID-19 Countermeasures at Rakuten Group

- Realized a smooth and quick transition to work-from-home (WFH)

Existing IT initiatives that have enabled a smooth transition to WFH

- Video conference (Asakai) with 14,000+ employees every week
- Active utilization of video conferences using:
 - MFA (multi factor authentication) through Okta
 - File sharing through Box
- Online approval system
- Strong security and privacy compliance

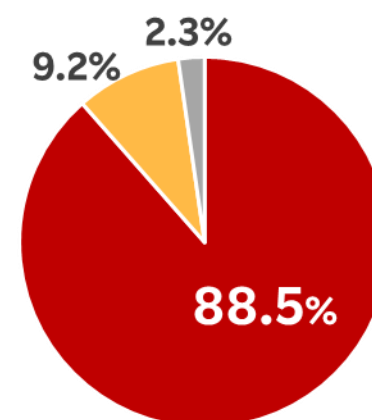
Rakuten Crimson House Percentage of WFH (excl. FinTech)

97%

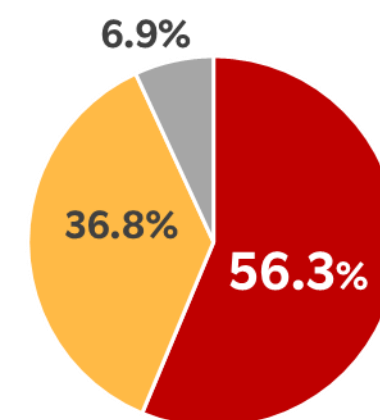
* As of April 28, 2020

Internal Survey

Impression of WFH



Efficiency Effect of WFH



■ Positive ■ Neutral ■ Negative ■ Increase ■ No change ■ Decrease

* Based on survey of Rakuten, Inc. employees from March 6 to 9

**Potential partial adoption of WFH as “New Normal”
to enhance productivity and optimize office utilization**

Logistics Automation under COVID-19 outbreak

Advanced material handling system

- ▶ **Decreasing manual work**
- ▶ **Increasing operational efficiency**



Helping to prevent COVID-19 spread in Logistics business



COVID-19 Initiatives: Supporting Customers / Partners / Society

Customers

Provision of free services

Rakuten TV **Rakuten kobo**



Rakuten | **ABCmouse**

Rakuten Communications

Data usage increase

Rakuten Mobile

Rakuten UN-LIMIT 2.0

Partner area free usage

2GB→5GB

Partners

Financial support

Faster payment cycle

Rakuten Travel

Fee waiver

Rakuten (France / Germany)

Rakuten
リアルタイムテイクアウト (Rakuten Takeout)

Rakuten Ready

Ichiba special website

Buy 1 product, donate 100 yen to
COVID-19 Prevention of Spread of
Infectious Diseases Fund



Society

Offering hotel rooms for COVID-19 patients

Rakuten Travel

Over **110,000** rooms

(As of May 12, 2020)

みんなの命を守るために



Rescue Hotel

Charity fund

Donation to support medical institutions and other organizations fighting against COVID-19 infection



新型コロナウイルス
感染症対策支援募金

COVID-19 crisis response fund

COVID-19 awareness campaign

Original awareness logo

Sharing anti-corona
safety guidelines

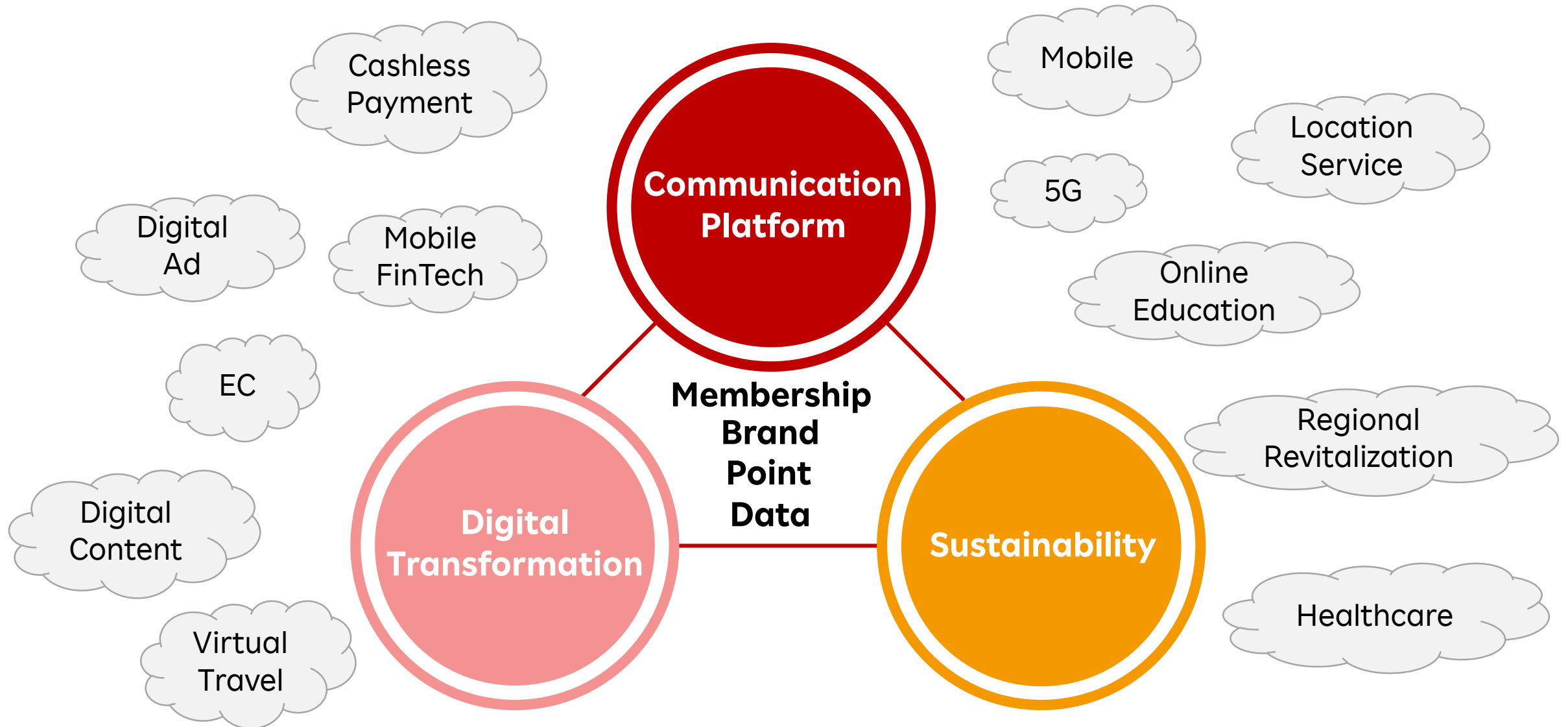
ソーシャル



ディスタンス

Rakuten Viber

Rakuten and Paradigm Shift After COVID-19 World



Core Initiatives

- **Mobile**
- **Logistics**
- **Payment**



Rakuten Mobile Strategy

**Disruptive
Technology**

**Fully
Virtualized
Base Stations**

**Fast Customer
Acquisition**

**Efficient
Investment**

VM

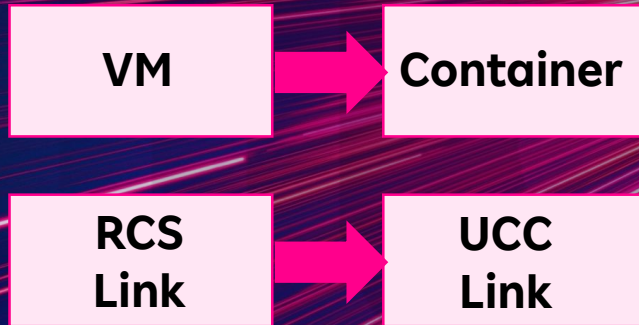
Container

**RCS
Link**

**UCC
Link**

True 5G

**Resilient
Ecosystem**



Rakuten Mobile's Disruptive Pricing Plan "UN-LIMIT2.0"

Priced at less than 50% of existing MNOs' comparable plans

One Year Free^{*} ► After 2nd year **2,980** yen/month

Partner network area
data allocation

2GB

5GB /month

Partner network area
transmission speed
after using allocated data

128kbps

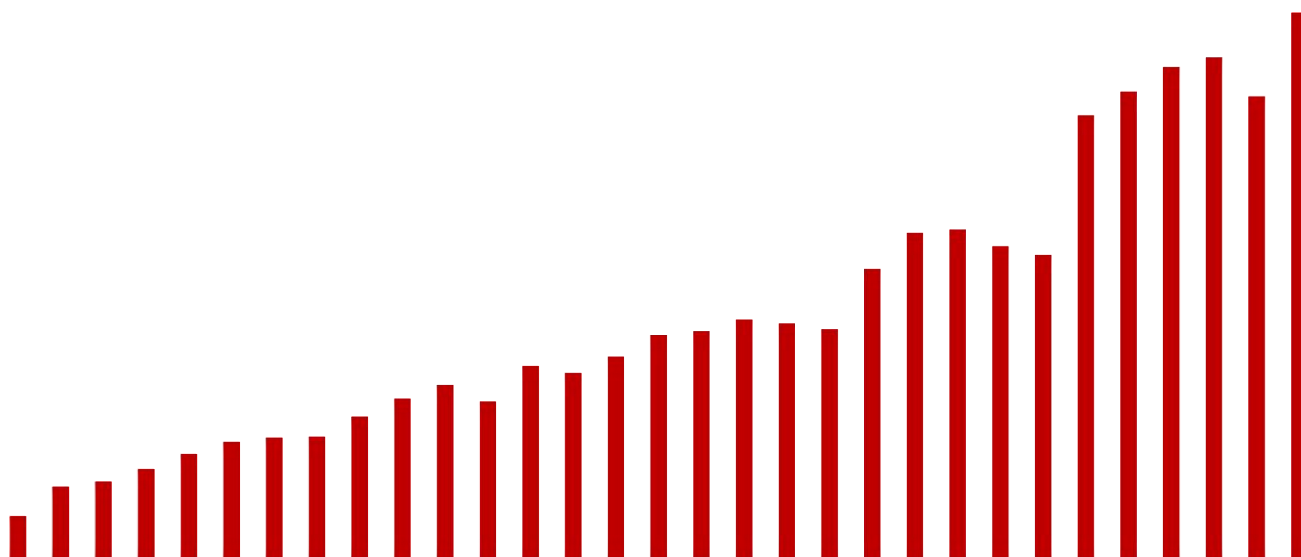


1Mbps

* For 3 million customers. (The number of eligible customers may change.) One line per customer. Charges apply for products purchased, administration fees, option fees, calls fees, and others

Network is scaling up quickly

Daily Data Volume



Data Consumption

3x

More Data Usage
on Rakuten Network

RCS Calls

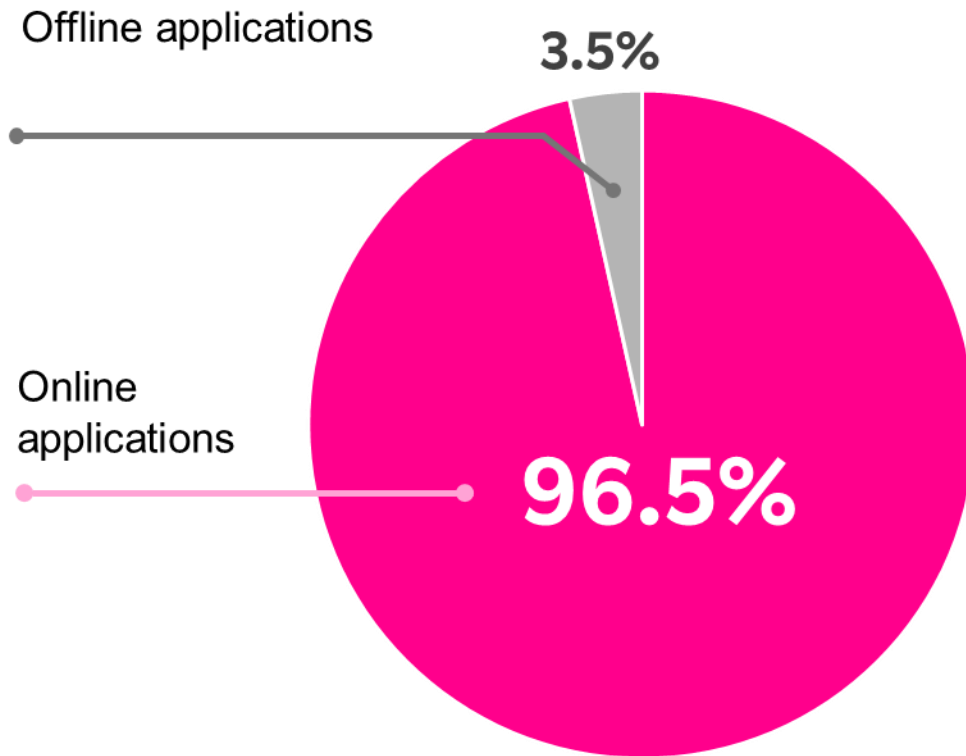
2x

More RCS* Calls
than VoLTE

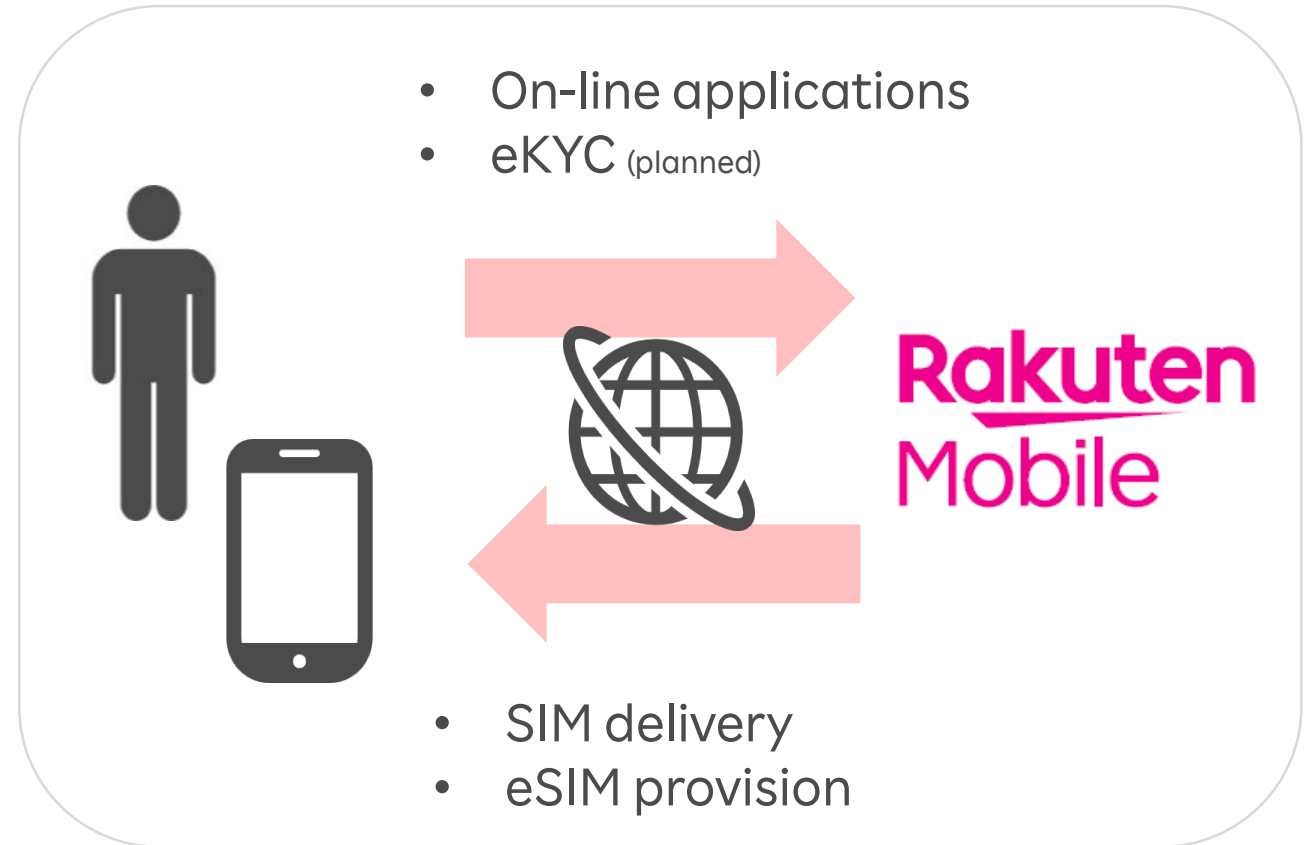
*Rich Communication Service

Rakuten Mobile Online Applications Accelerating Under COVID-19

- Online-centric customer acquisition strategy
- Despite temporary shop closures due to COVID-19, customer acquisition is progressing smoothly

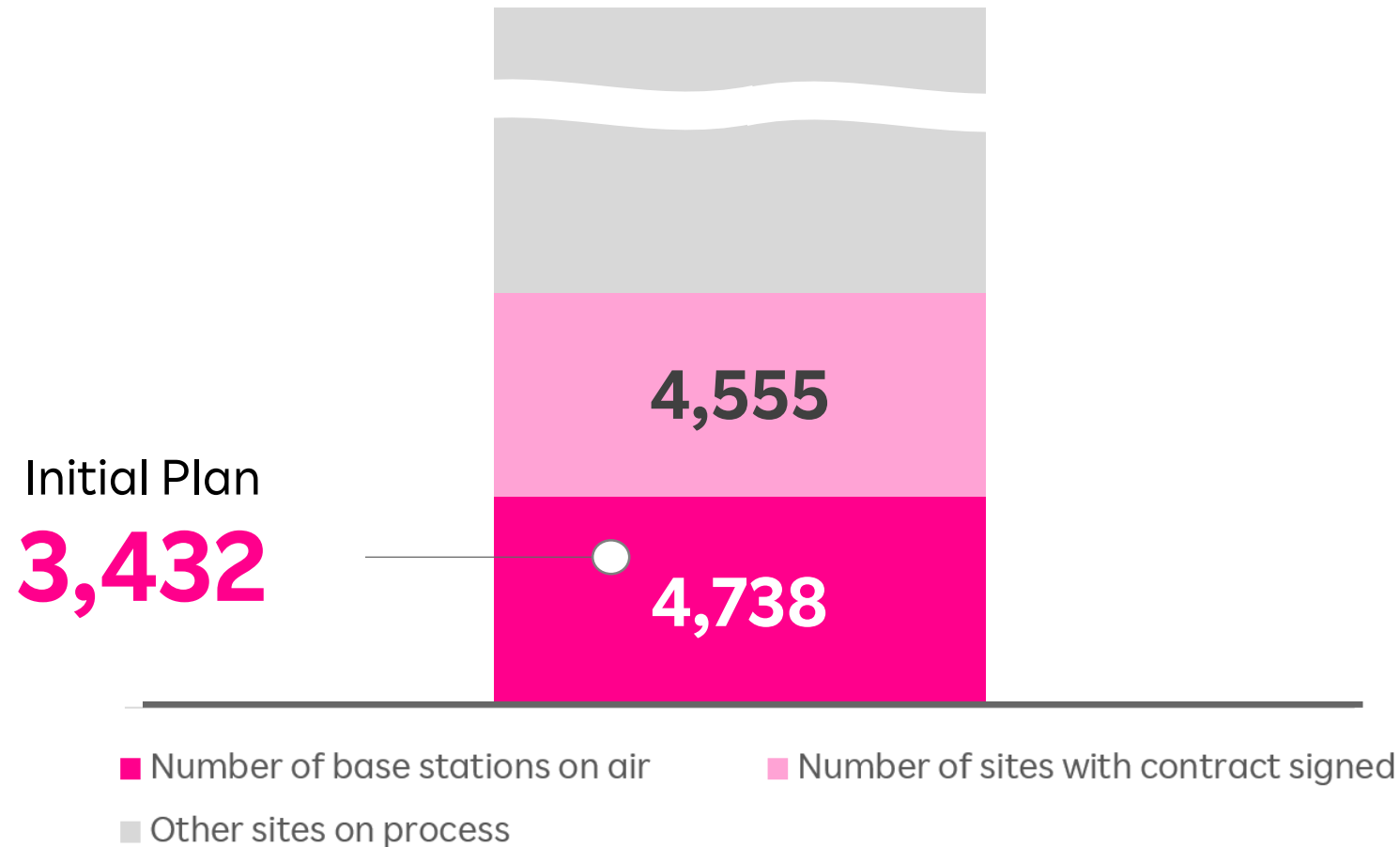


(April 8- 30, 2020)



Base Station Buildout Ahead of Plan

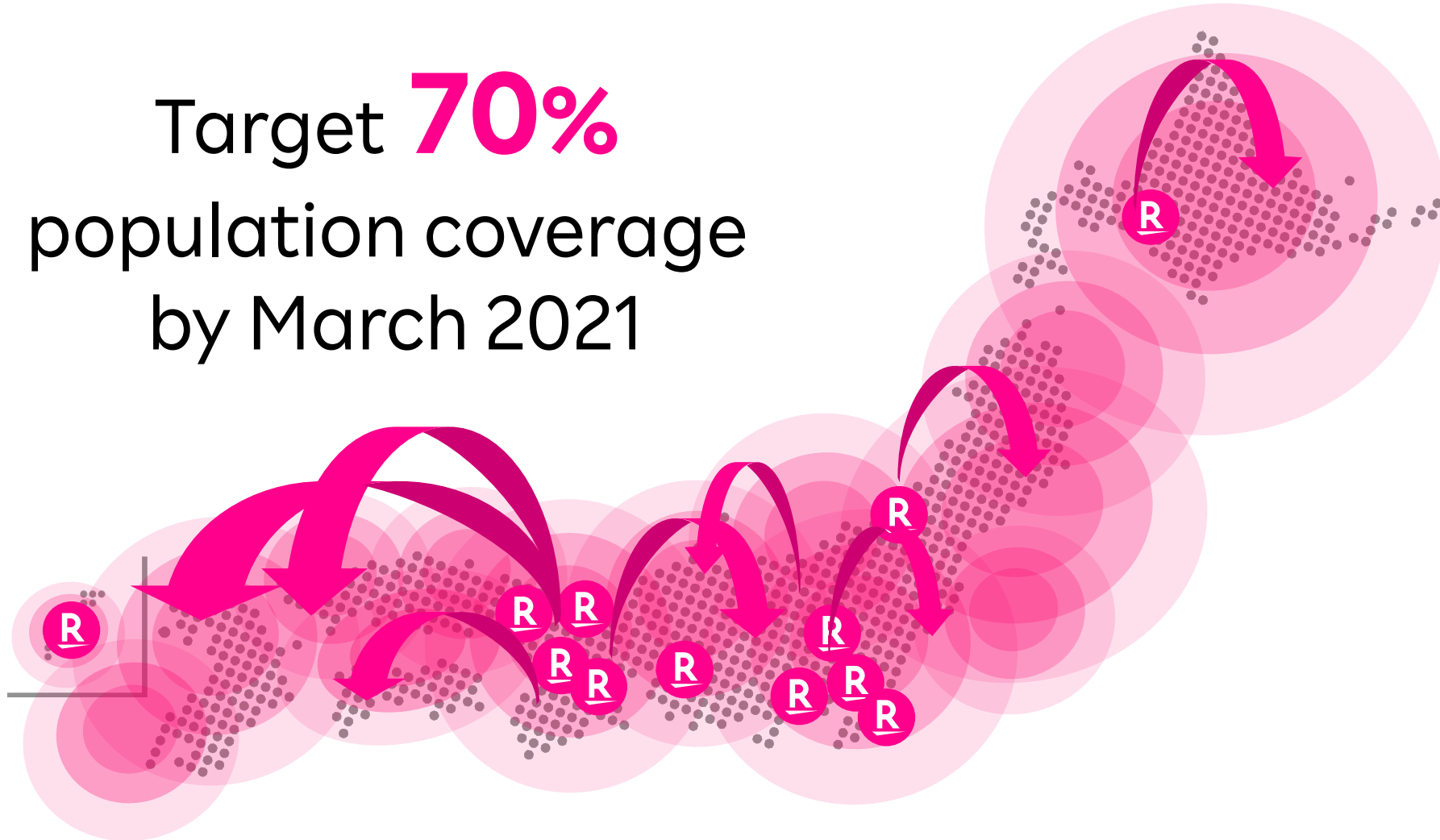
Number of base stations (4G)
As of end of March, 2020



Accelerating Base Station Build Out

Accelerating customer acquisition by expanding Rakuten network area where data communication is completely unlimited

Target **70%**
population coverage
by March 2021



➤ Logistics

ONE DELIVERY Strategy

Users



Merchants



**ONE
DELIVERY**

ONE step to receiving purchases when you want them

(Scheduled delivery, Shipping in one package, Speed)

ONE process, from order to delivery

(Decrease delivery related cost, Maximize sales)

Rakuten

ONE end-to-end service, through collaboration with external partners

(Improve services)

Expansion of Logistics

Maximize efficiency of Last Mile Delivery

Rakuten SUPER LOGISTICS

Ichiba GMS Coverage

50%

by end Dec 2021

Expanding coverage to
merchants don't own
logistics centers

From 2020

Chiba: Narashino
Kanagawa: Chuorinkan

Osaka: Hirakata

Hyogo: Kawanishi,
Amagasaki

Chiba: Ichikawa,
Nagareyama

Kanagawa: Sagami-hara

Rakuten EXPRESS

Population Coverage

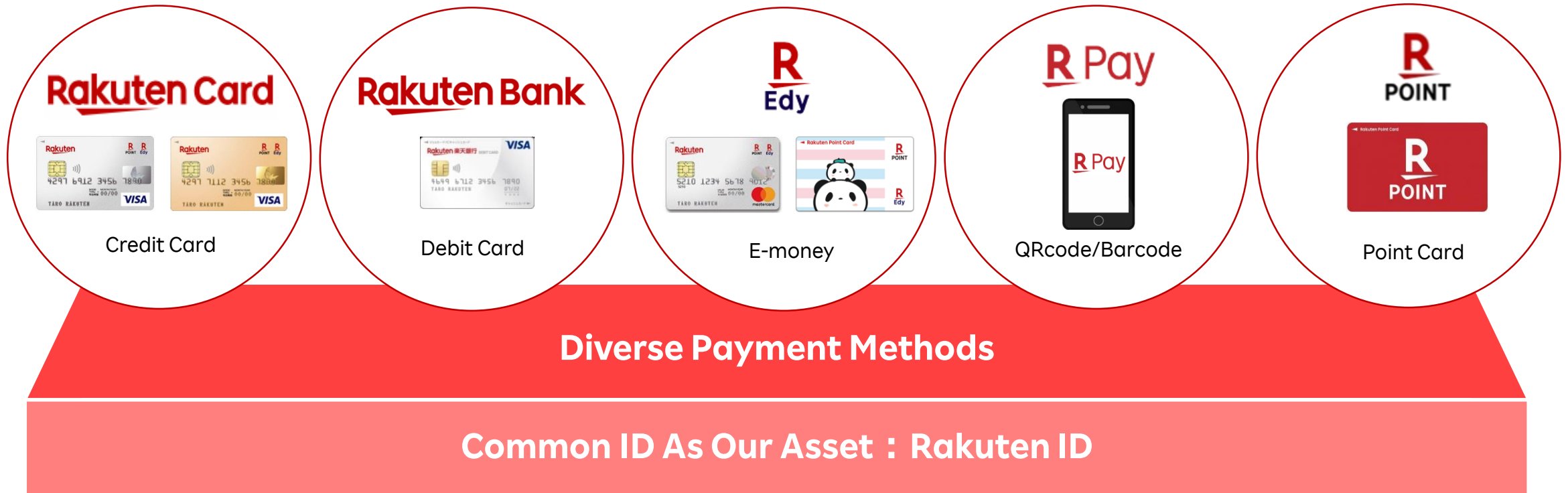
62%

As of May 2020

- Enhancing productivity by “Matomete Haiso” (deliver items at one time across RSL merchants) and “Oki-hai” (drop off service), etc.
- Covered all major cities designated by government ordinance

➤ Payment

Providing Diverse Payment Methods Enabling Solid Business Growth



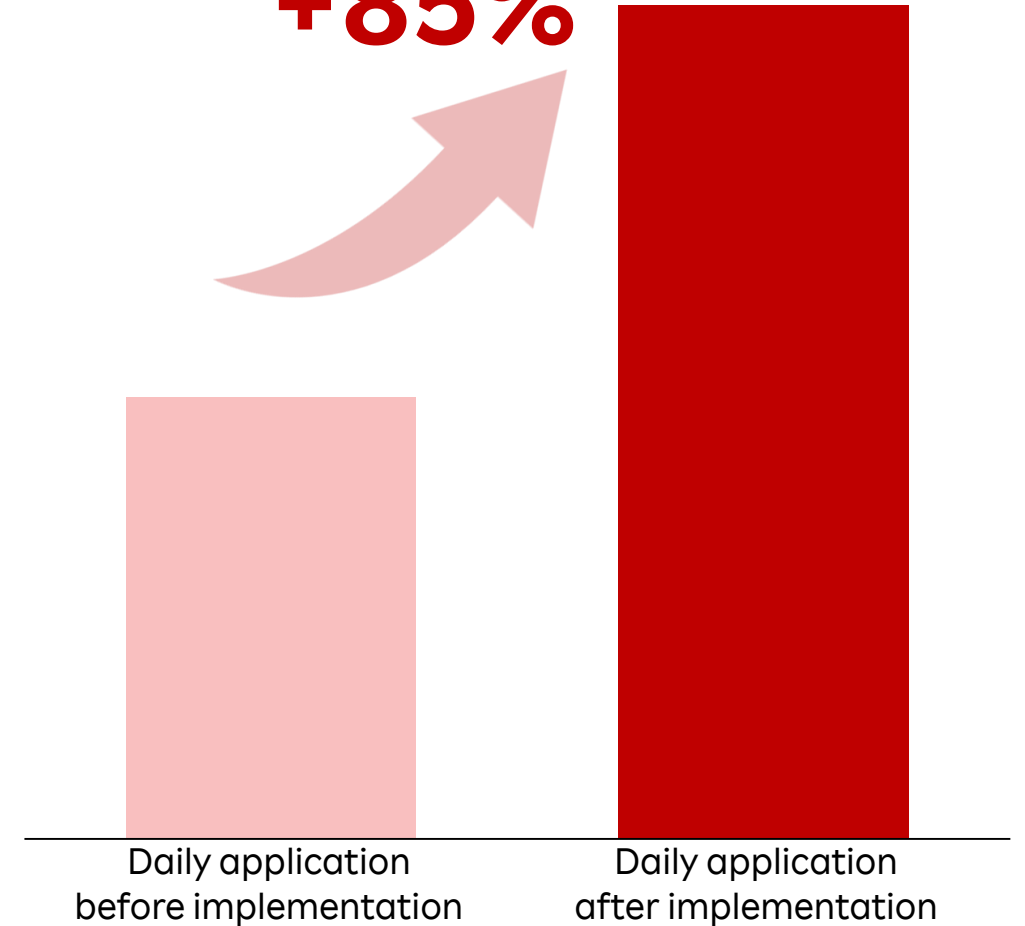
Protocol Expansion : Increasing Number of Rakuten Edy users

Implementation of Edy
function in Rakuten Pay App (Feb 6th)



Number of new Rakuten Edy users

+85%



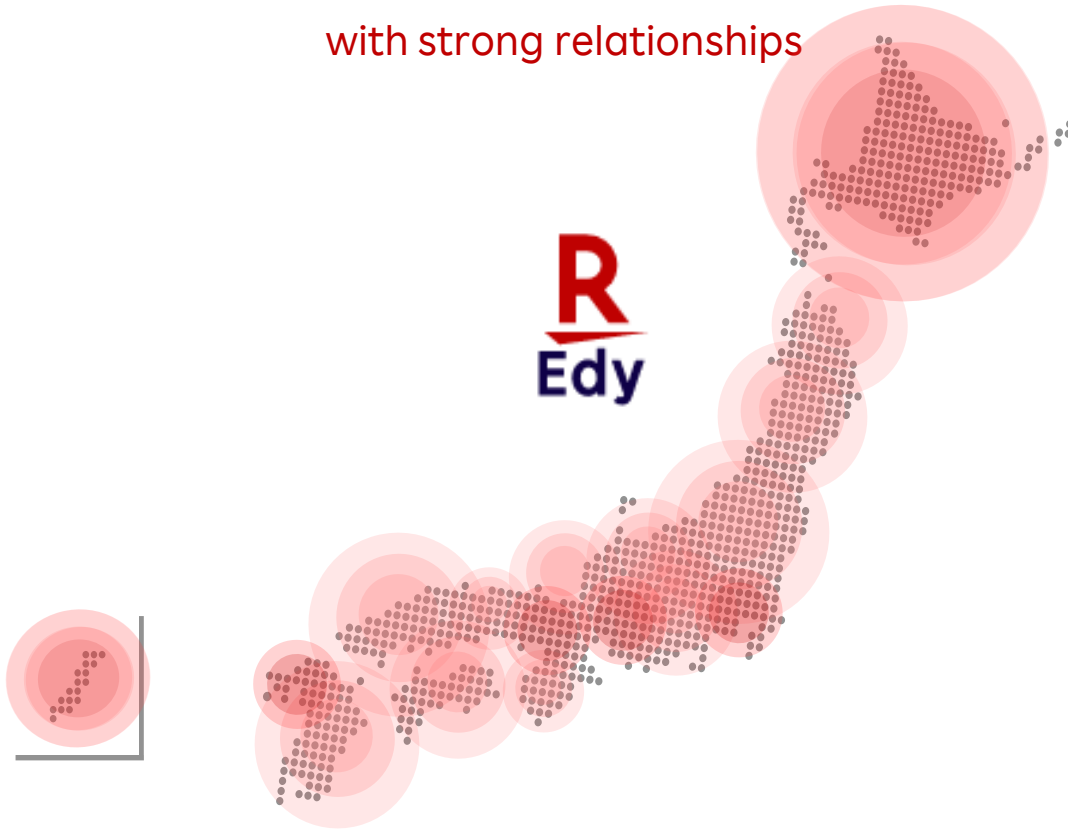
Accelerating Rakuten Edy GSM Growth

Edy available in Supermarkets

Nationwide

with strong relationships

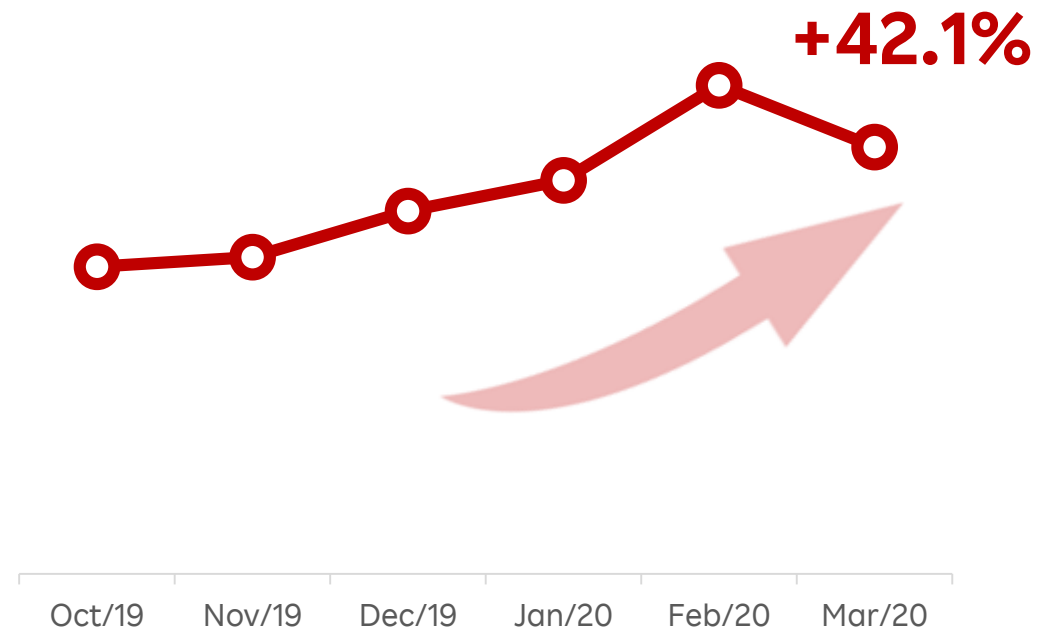
R
Edy



Edy GSM Growth(YoY)

Accelerating

with a majority from people's daily essential purchases



Rakuten Ecosystem: Digital and Diverse With Strong and Stable Growth

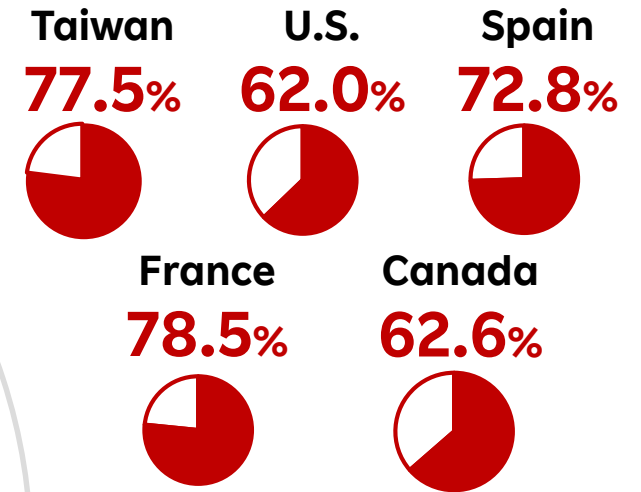
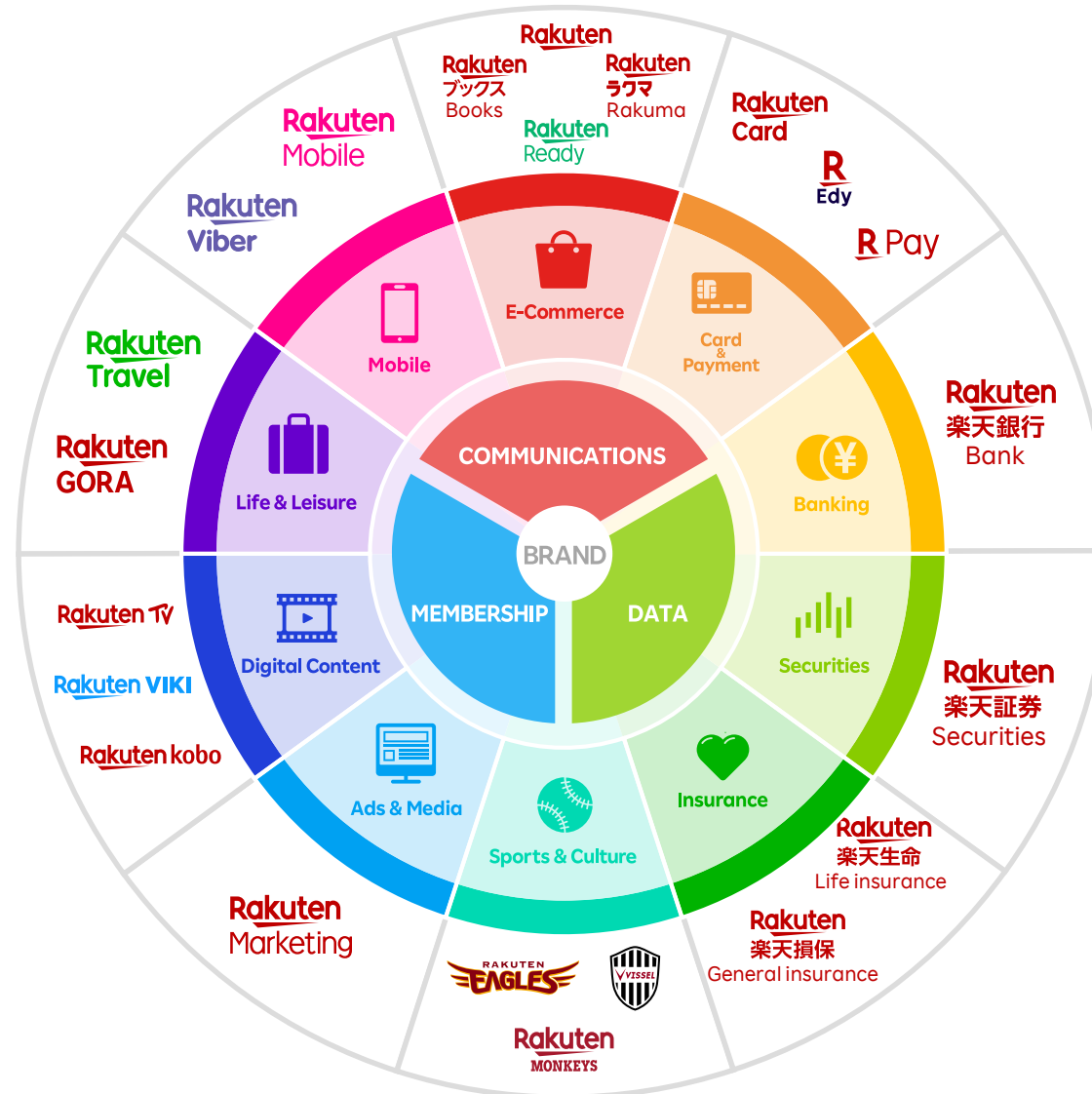


**Global
Membership
1.4bn**



**Annual Points
Issued
320bn Points**

* FY2019 results



* Aided Rakuten corporate logo awareness survey conducted by Rakuten (Apr 2020)



**Domestic Businesses
70+**

Rakuten



Consolidated Results

Q1/20 Consolidated Results Summary

(JPY bn)

	Q1/19	Q1/20	YoY
Revenue	280.3	331.4	+18.2%
Non-GAAP Operating Income	118.0	-18.1	-136.1
Non-GAAP Operating Income Excluding Mobile, Logistics and Investment Business	16.1	24.3	+50.9%
IFRS Operating Income	113.7	-24.1	-137.7

Q1/20 Revenue and Operating Income

(JPY bn)

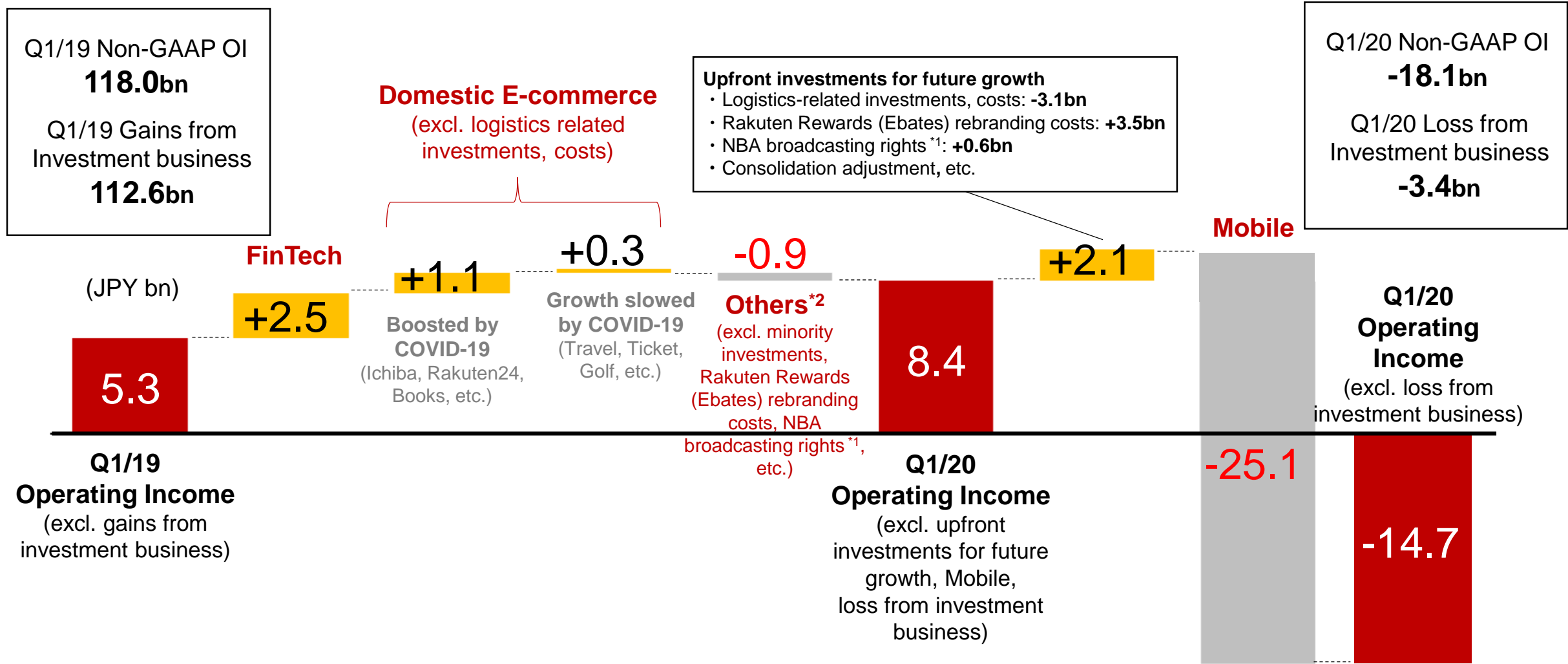
	Q1/19	Q1/20	YoY
Core Business ^{*1}			
Revenue	226.9	258.2	+13.8%
Operating Income	29.3	30.2	+3.1%
Non-recurring / Investments ^{*2}			
Revenue	29.7	31.8	+7.0%
Operating Income	115.9	3.4	-97.1%
Future Growth Investments ^{*3}			
Revenue	51.8	79.9	+54.3%
Operating Income	-23.9	-50.0	-26.1
Adjustments			
Revenue	-28.1	-38.5	-10.4
Operating Income	-3.3	-1.7	+1.6
Consolidated			
Revenue	280.3	331.4	+18.2%
Non-GAAP Operating Income	118.0	-18.1	-136.1
IFRS Operating Income	113.7	-24.1	-137.7

^{*1} Includes Ichiba, Travel, Rakuten Rewards (Ebates), Card, Bank, Life Insurance, General Insurance, etc

^{*2} Includes Securities and Minority Investments

^{*3} Includes Logistics-related investments, Mobile, Payment, NBA broadcasting rights, Rakuten Rewards (Ebates) rebranding costs, etc

Q1/20 Non-GAAP Operating Income Breakdown



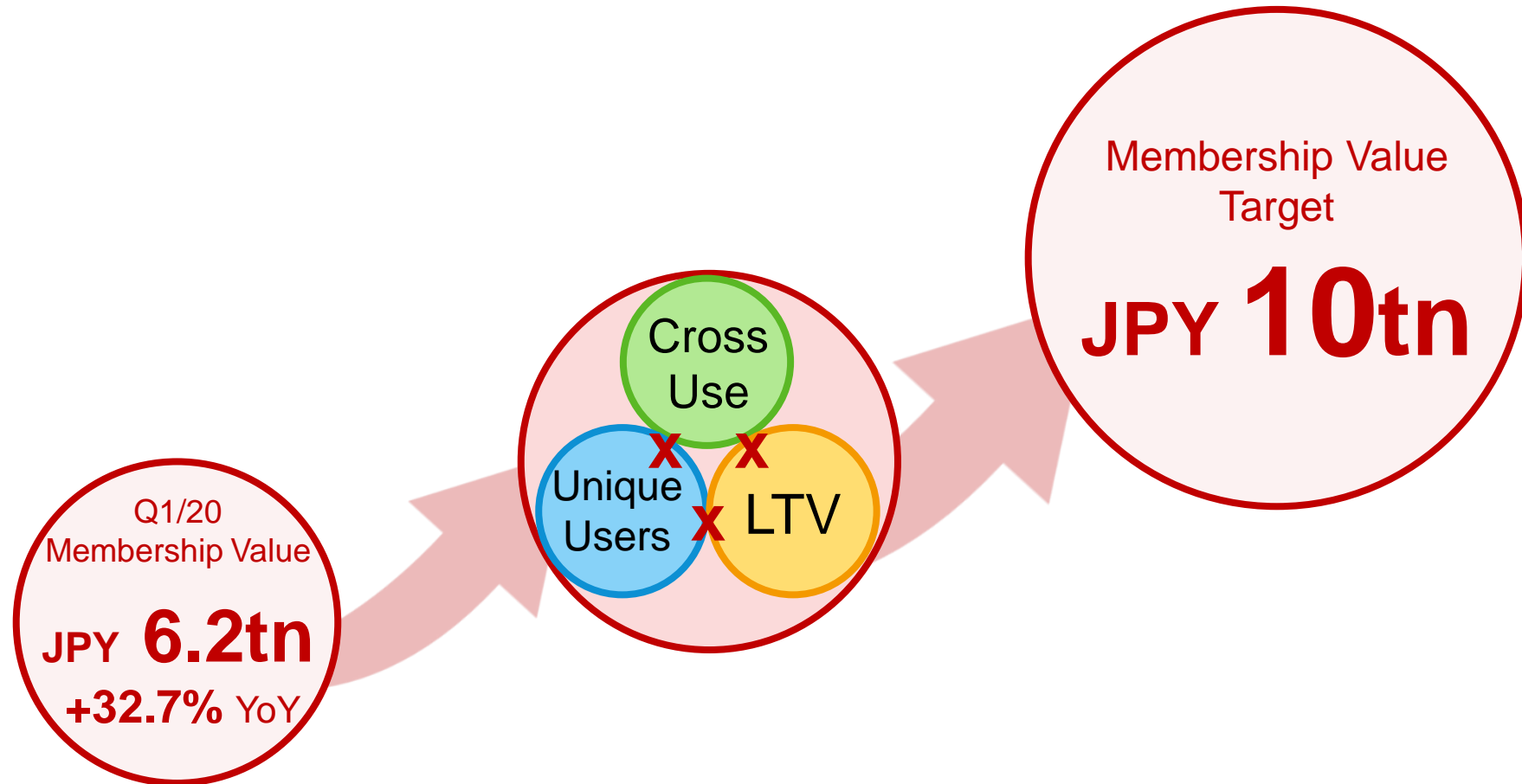
*1 NBA broadcasting rights are included in "Others" of Internet Service Segment

*2 "Others" segment mainly includes overseas EC businesses and Sports businesses

Massive Expansion of the Rakuten Ecosystem

- Consistent growth towards target Membership Value of JPY 10tn
- MNO business started in April is expected to contribute to the further expansion of Membership Value

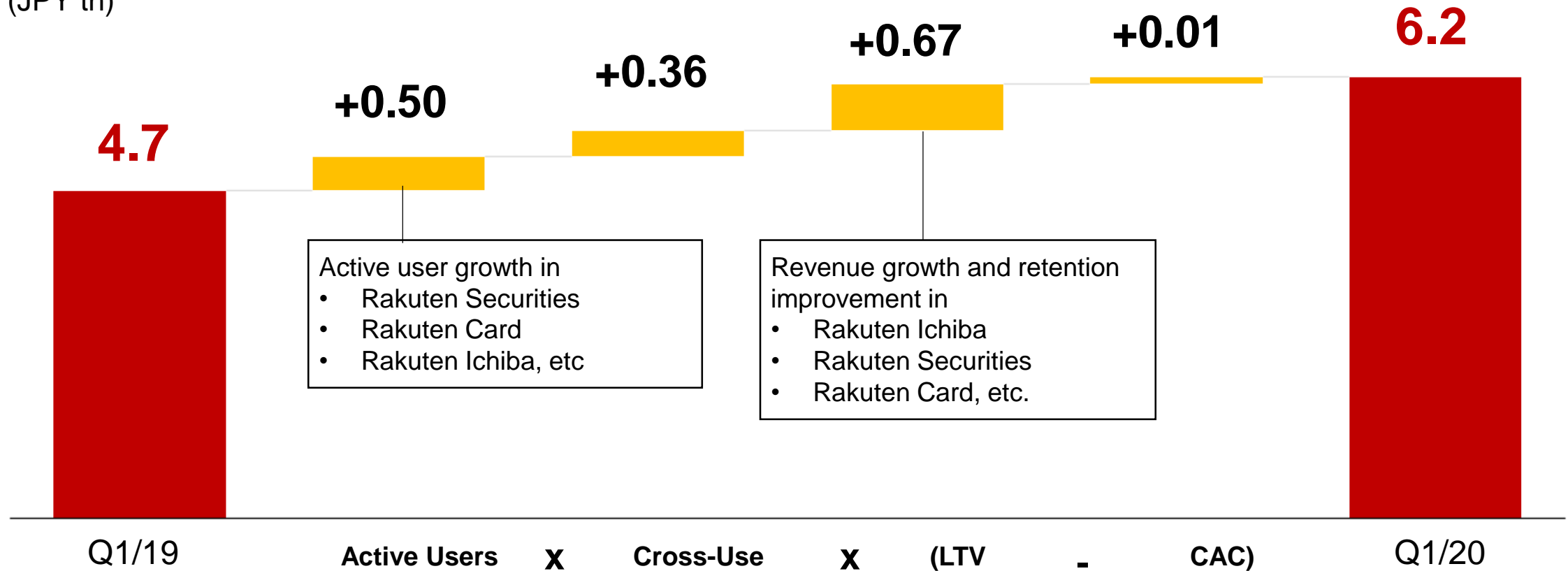
(JPY tn)



Rakuten Ecosystem Membership Value

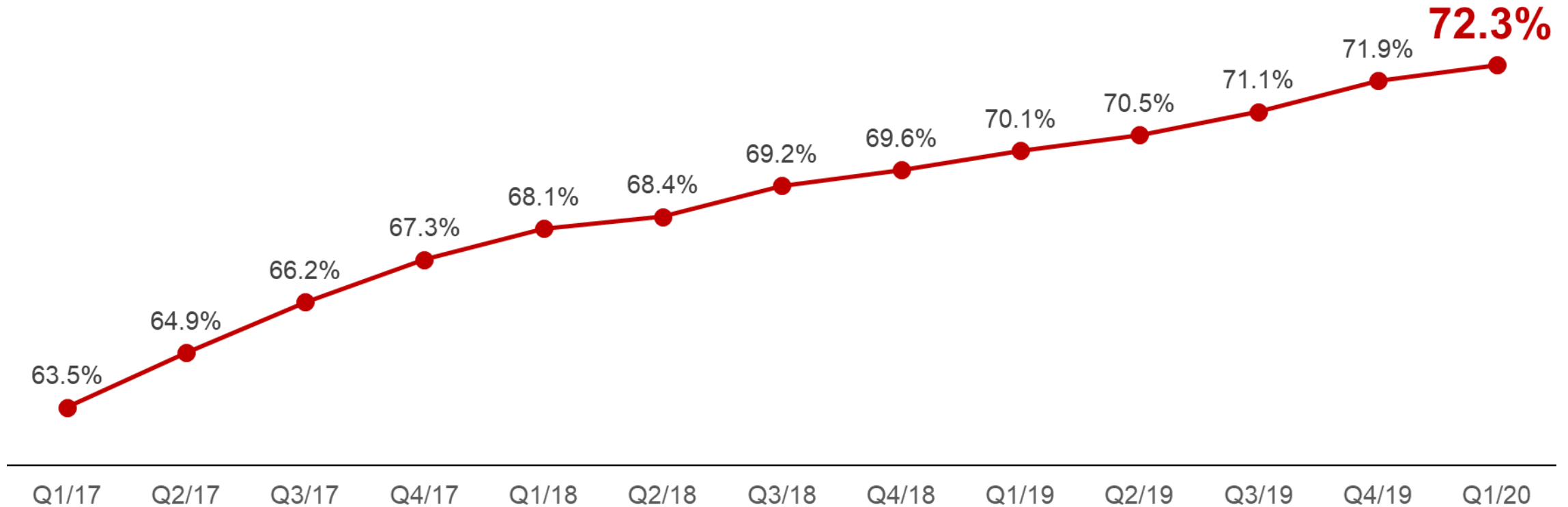
- Higher LTV and cross-use boosted membership value to JPY 6.2tn
- MNO business started in April is expected to contribute to the further expansion of Membership Value

(JPY tn)



Expansion of Cross-Use Ratio*

- Successful SPU program enhancing cross-use, resulting in an increased number of active users, contributing to growth in membership value



*Number of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month (As of March 31, 2020)
(Applicable services limited to those which can earn Rakuten Super Points.)

Rakuten



Appendix



Consolidated Results

Q1/20 Highlights

Consolidated Revenue

JPY **331.4** bn

YoY +18.2%



Global GTV

JPY **5.1** tn

YoY +23.7%



Domestic EC GMS

JPY **927.1** bn

YoY +9.8%



Rakuten Card Shopping GTV

JPY **2.7** tn

YoY +27.6%



Rakuten Card Holders

19.64 mm

*As of March 31, 2020



Rakuten Securities Accounts

4.10 mm

*As of March 31, 2020



Rakuten Bank Accounts

8.69 mm

*As of March 31, 2020



Ad Revenue

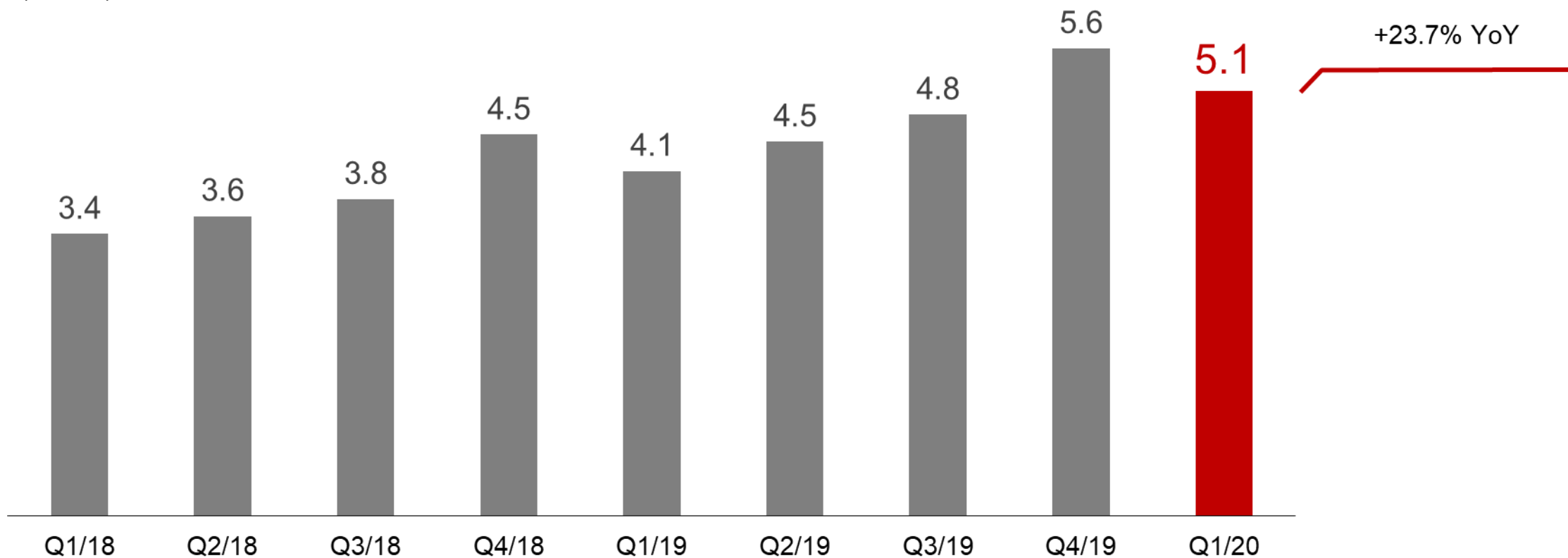
JPY **29.9** bn

YoY +15.0%



Total Global GTV^{*1*2}

(JPY tn)



^{*1}Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV+ Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Marketing GTV

^{*2}Includes intercompany transactions for settlement and affiliate services

Q1/20 Revenue and Operating Income

(JPY bn)

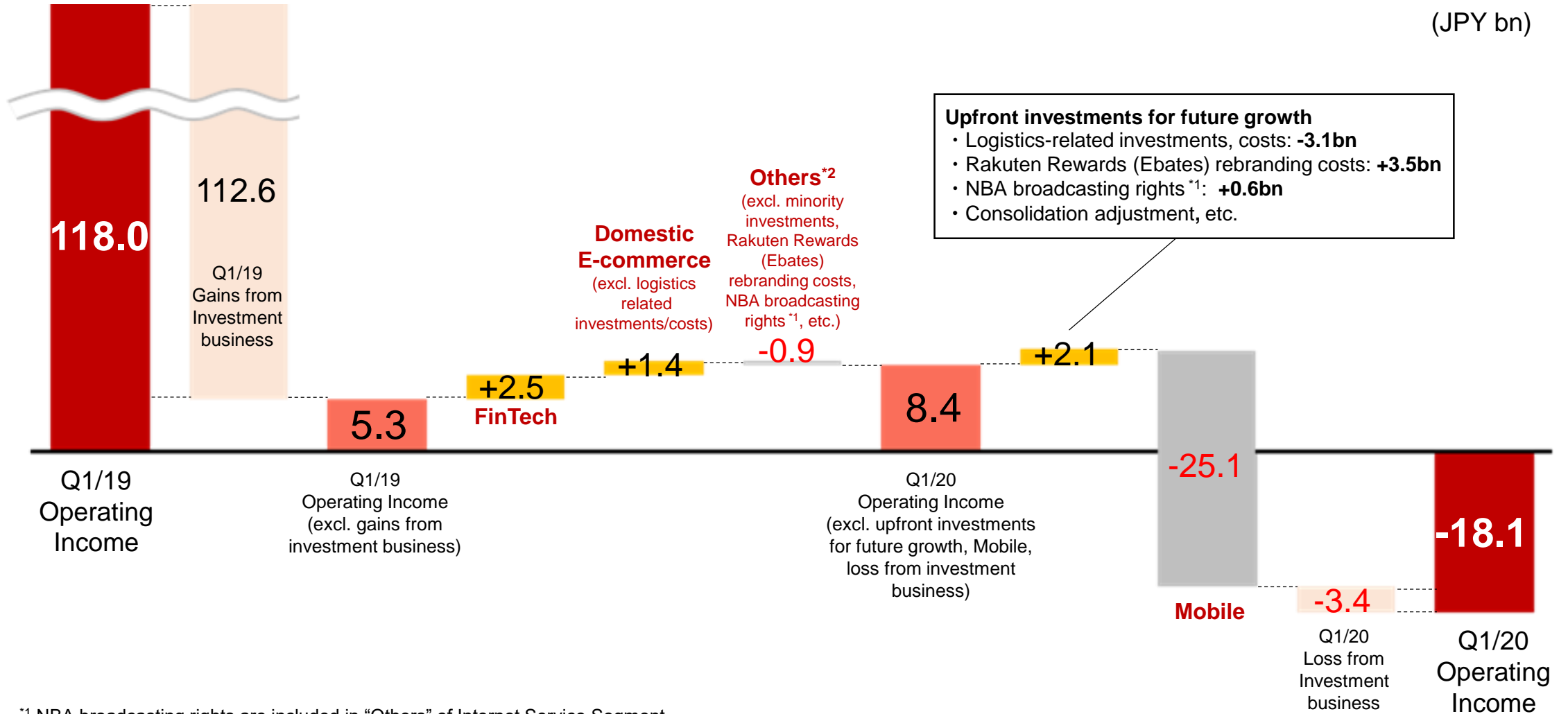
		Q1/19	Q1/20	YoY
	Domestic E-Commerce			
	Revenue	108.5	124.6	+14.8%
	Operating Income	12.0	10.3	-14.3%
	Others			
	Revenue	60.6	66.1	+9.1%
	Operating Income	98.7	-14.7	-113.4
Internet Services Segment				
	Revenue	169.1	190.7	+12.8%
	Operating Income	110.7	-4.4	-115.1
FinTech Segment				
	Revenue	113.9	140.0	+22.9%
	Operating Income	17.3	19.8	+14.7%
Mobile Segment				
	Revenue	25.4	39.2	+54.7%
	Operating Income	-6.7	-31.8	-25.1
Adjustments				
	Revenue	-28.1	-38.5	-10.4
	Operating Income	-3.3	-1.7	+1.6
Consolidated				
	Revenue	280.3	331.4	+18.2%
	Non-GAAP Operating Income	118.0	-18.1	-136.1
	IFRS Operating Income	113.7	-24.1	-137.7

Q1/20 Operating Income Reconciliation

(JPY bn)

	Q1/19	Q1/20	YoY
Non-GAAP Operating Income	118.0	-18.1	-136.1
Amortization of Intangible Assets (PPA)	-2.4	-2.6	-0.3
Stock Based Compensation	-2.0	-3.3	-1.3
One-off items	0.0	0.0	+0.0
IFRS Operating Income	113.7	-24.1	-137.7

Q1/20 Non-GAAP Operating Income Breakdown



*1 NBA broadcasting rights are included in "Others" of Internet Service Segment

*2 "Others" segment mainly includes overseas EC businesses and Sports businesses

Rakuten Group: Balance Sheets As of Mar 31, 2020 (Subsidiaries include internal transactions)

(JPY bn)

Cash and cash equivalents 1,697.3	Bonds and borrowings 1,904.3
Financial assets for securities biz 2,097.3	Financial liabilities for securities biz 2,051.9
Investment securities and loans for banking biz 1,358.2	Deposits for banking biz 3,254.0
Loans for credit card biz 1,736.3	
Other assets 2,633.0	Other liabilities 1,628.3
	Total net assets 683.5

Total Assets 9,522.1

Rakuten Group
(Consolidated)

Cash and cash equivalents 167.0	Bonds and borrowings 784.5
Other assets 2,094.3	Subordinated bonds 182.0
	Other liabilities 758.5
	Total net assets 536.3

Total Assets 2,261.3

Rakuten, Inc.

Cash and cash equivalents 1,117.0	Bonds and borrowings 214.9
Investment securities and loans for banking biz 2,553.5	Deposits for banking biz 3,405.6
Other assets 181.2	
	Total net assets 144.8

Total Assets 3,851.7

Rakuten Bank, Ltd.

Cash and cash equivalents 93.9	Bonds and borrowings 1,667.5
Loans for credit card biz 1,728.9	
Other assets 486.8	
	Total net assets 277.4

Total Assets 2,309.5

Rakuten Card
Co., Ltd.

Cash and cash equivalents 171.5	Bonds and borrowings 173.0
Financial assets for securities biz 2,094.2	Financial liabilities for securities biz 2,046.3
Other assets 74.2	
	Total net assets 102.6

Total Assets 2,340.0

Rakuten
Securities, Inc.

Cash and cash equivalents 8.3	Other liabilities 35.5
Other assets 63.2	Total net assets 36.0

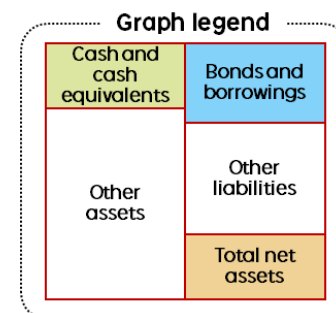
Total Assets 71.5

Rakuten
Life Insurance Co., Ltd.

Cash and cash equivalents 104.1	Other liabilities 413.6
Other assets 352.8	Total net assets 43.3

Total Assets 456.9

Rakuten
General Insurance
Co., Ltd.

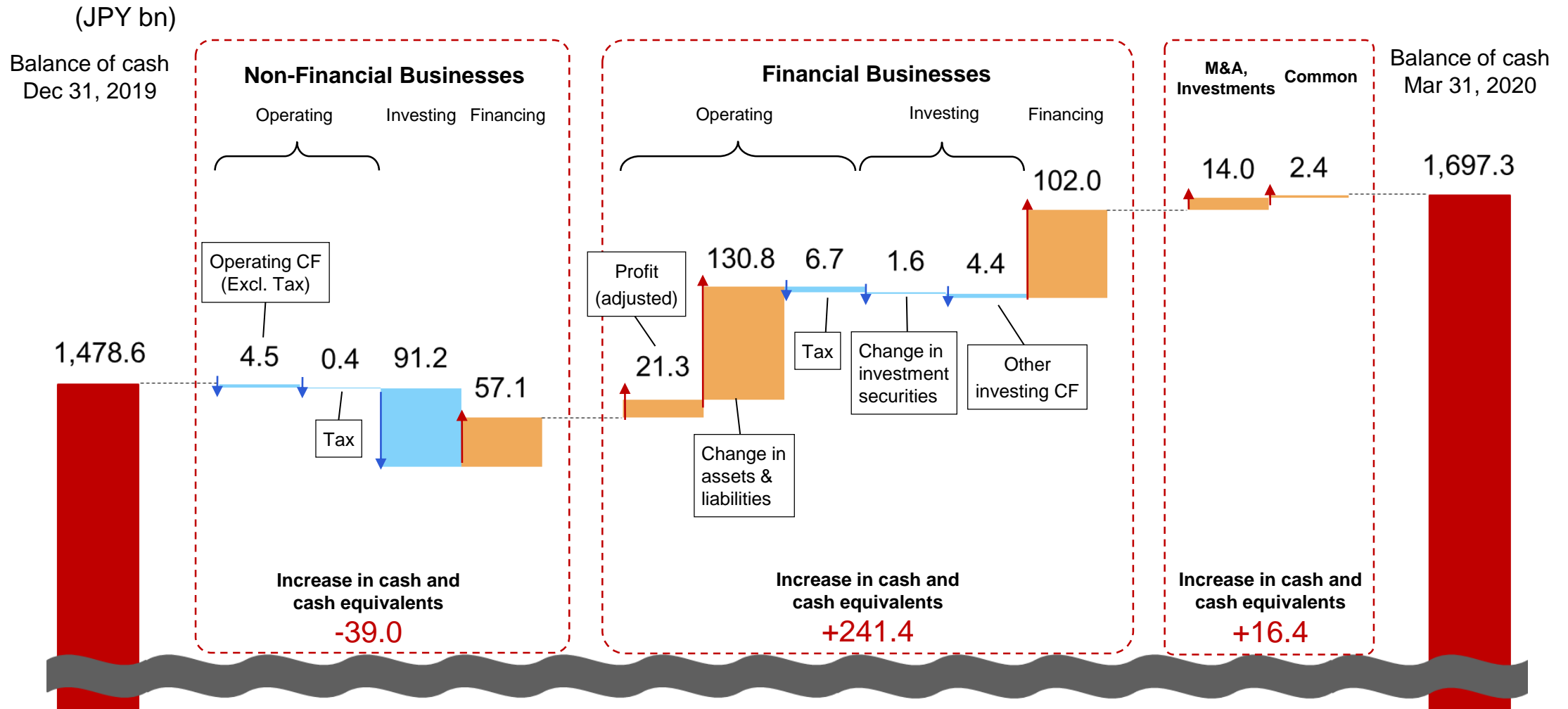


*1 Rakuten, Inc., Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities, Inc., Rakuten Life Insurance Co., Ltd., and Rakuten General Insurance Co., Ltd. are based on IFRS non-consolidated balance sheets.

*2 Bonds and borrowings = Corporate bonds + CP + Borrowings

*3 Subsidiaries include internal transactions

Cash Flow Breakdown: Jan-Mar, 2020



* "M&A and investments" includes "Increase and Decrease in restricted deposits", "Purchase of investment securities" "Acquisition of investments in associates and joint ventures" and "Proceeds from sales and redemption of investment securities" of Non-Financial activities in addition to "Acquisition of subsidiaries"

How Rakuten is Positioned to Meet Changing Needs of Society

Changing needs	Field	What we do
Life Style <ul style="list-style-type: none"> ● Digital transformation ● Cashless payment ● Online education ● Online entertainment 	Shopping	<ul style="list-style-type: none"> • Rakuten Ichiba : Leading EC with enhanced delivery service
	Fintech	<ul style="list-style-type: none"> • Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Insurance, General Insurance : Leading online services • Established eKYC process
	Payment	<ul style="list-style-type: none"> • Rakuten Payment, Rakuten Edy : Diverse payment methods with Barcode, QR code, NFC etc.
	Entertainment	<ul style="list-style-type: none"> • Rakuten TV : Rakuten original content
	Education	<ul style="list-style-type: none"> • Rakuten Kobo : Comprehensive e-book store with a wide range of 3 million e-books
Work Style <ul style="list-style-type: none"> ● WFH 	Mobile	<ul style="list-style-type: none"> • Rakuten Mobile : Most affordable mobile service with unlimited data
Communication Style <ul style="list-style-type: none"> ● Increase in data consumption ● Online communication 		<ul style="list-style-type: none"> • Rakuten Link : Providing call, text, video message, group call / chat, file transfer etc. • Rakuten Viber : Leading communication tool with 1.1bn unique IDs

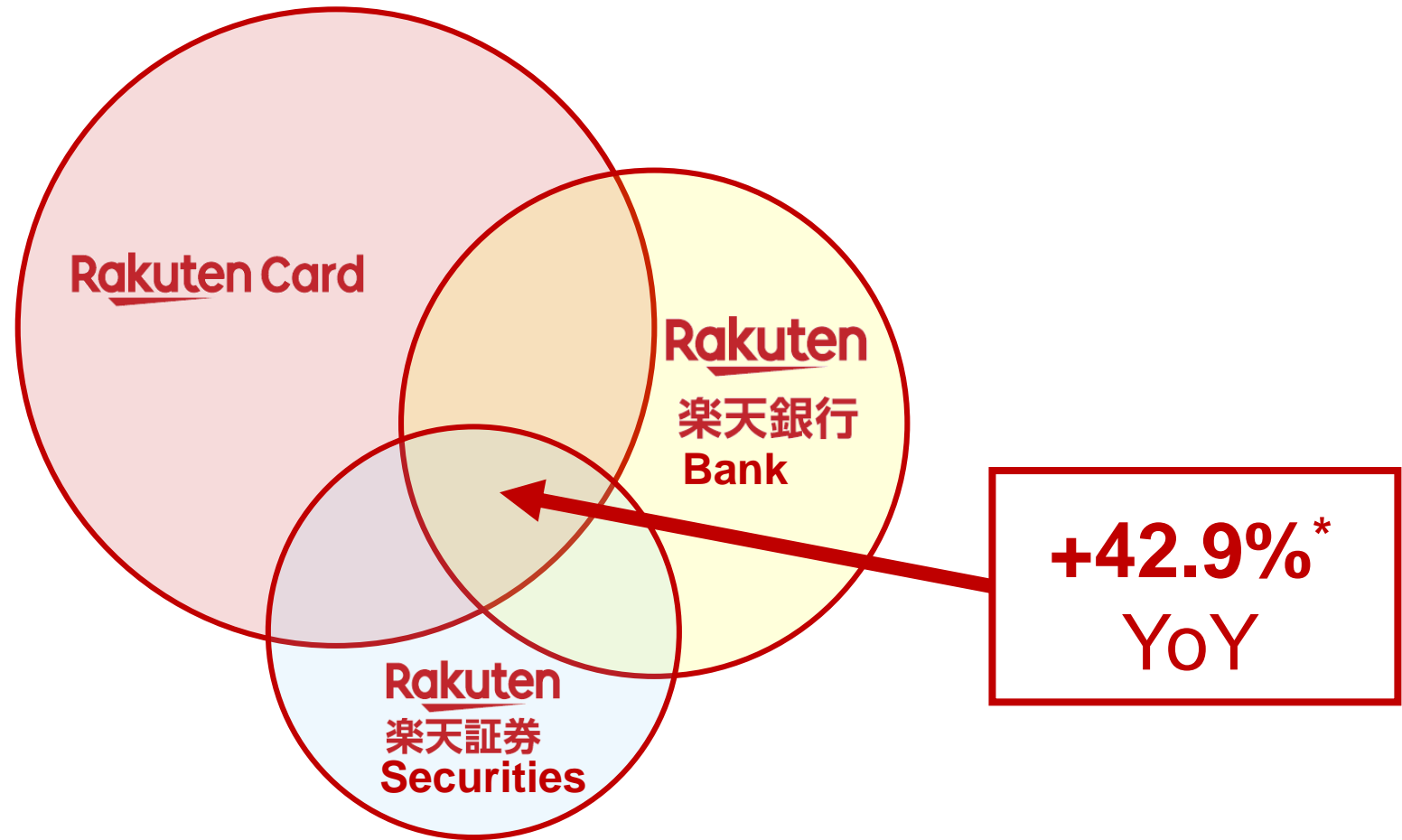


FinTech Segment

Reference: Cross-Use Example of FinTech Businesses

- Cross-use among FinTech services is rapidly expanding

(Number of Unique Users)



* As of March 2020

Q1/20 FinTech Results Summary

(JPY bn)

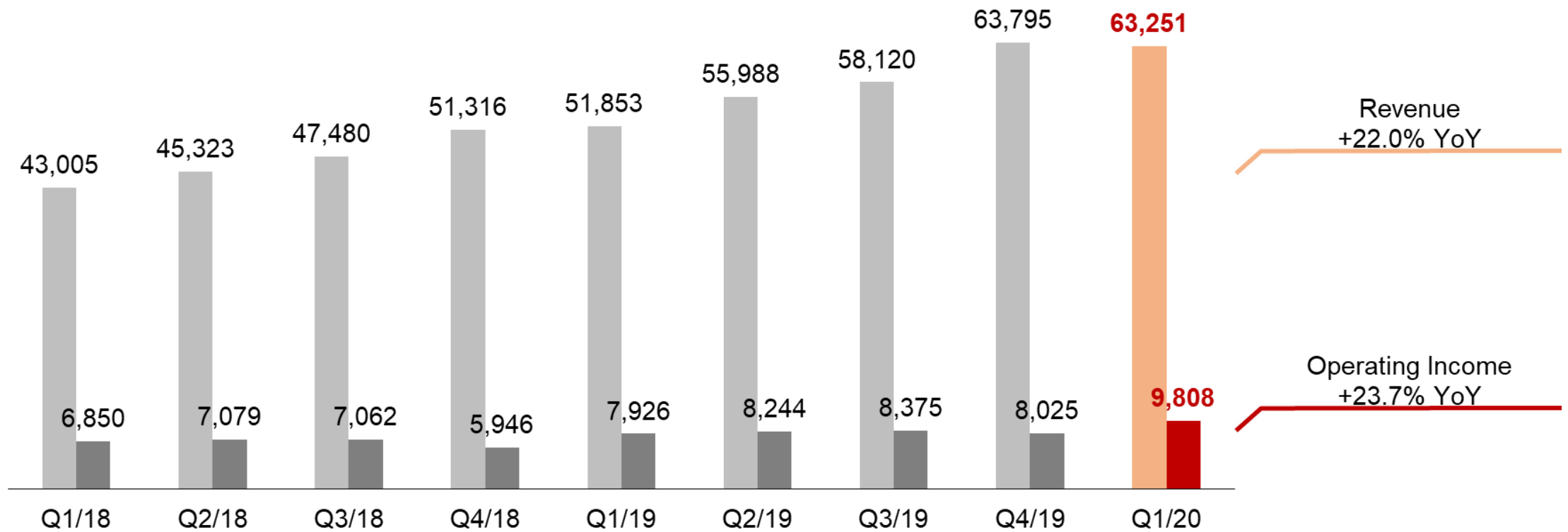
	Revenue	YoY	Operating Income	YoY
Card	63.3	+22.0%	9.8	+23.7%
Bank	23.5	+8.7%	6.8	+6.0%
Payment	8.6	+41.3%	-2.0	-0.76
Life Insurance	9.0	+17.0%	1.4	+68.0%
General Insurance*	13.9	-8.4%	-0.0	-0.07
Others	3.9	+ 6.97	-0.6	-0.70
FinTech Total excl. Securities	122.2	+22.9%	15.4	+9.2%
Securities	17.8	+22.7%	4.4	+39.2%
FinTech Total	140.0	+22.9%	19.8	+14.7%

* Revenue increased as a result of change in the method of recording reinsurance premiums for general insurance from net revenue minus cost of sales to gross revenue. Past figures have also been retroactively adjusted. There is no impact on Operating Income.

Rakuten Card Results

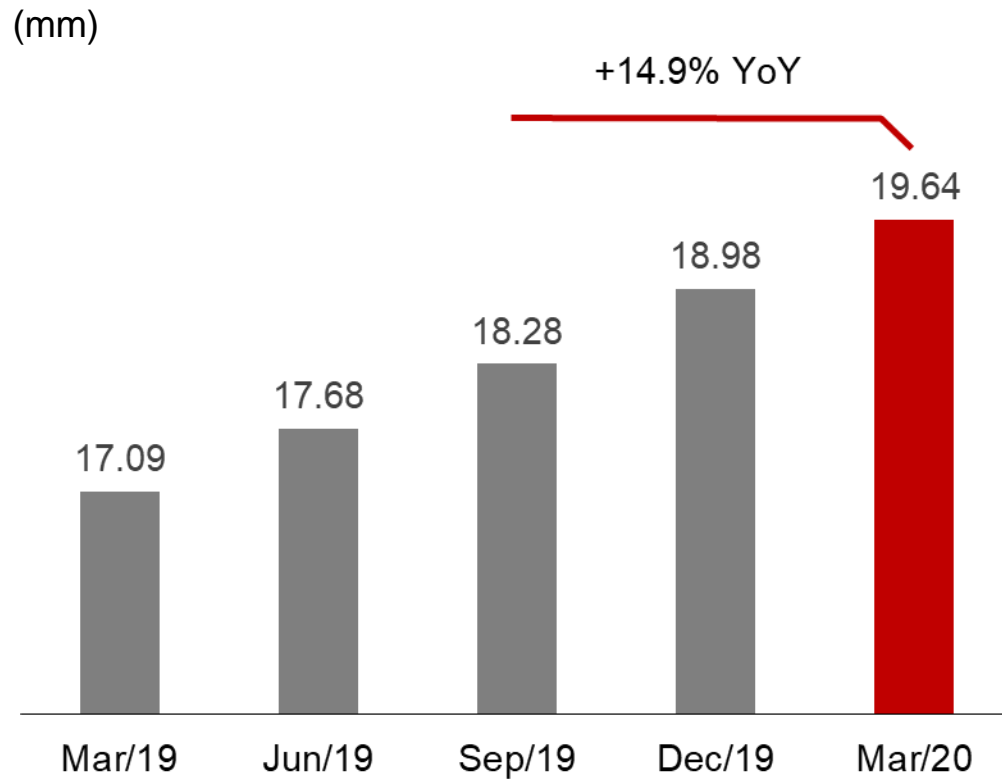
- Revenue +22.0% YoY and Operating Income +23.7% YoY from growth in shopping transactions and revolving balances

(JPY mm)

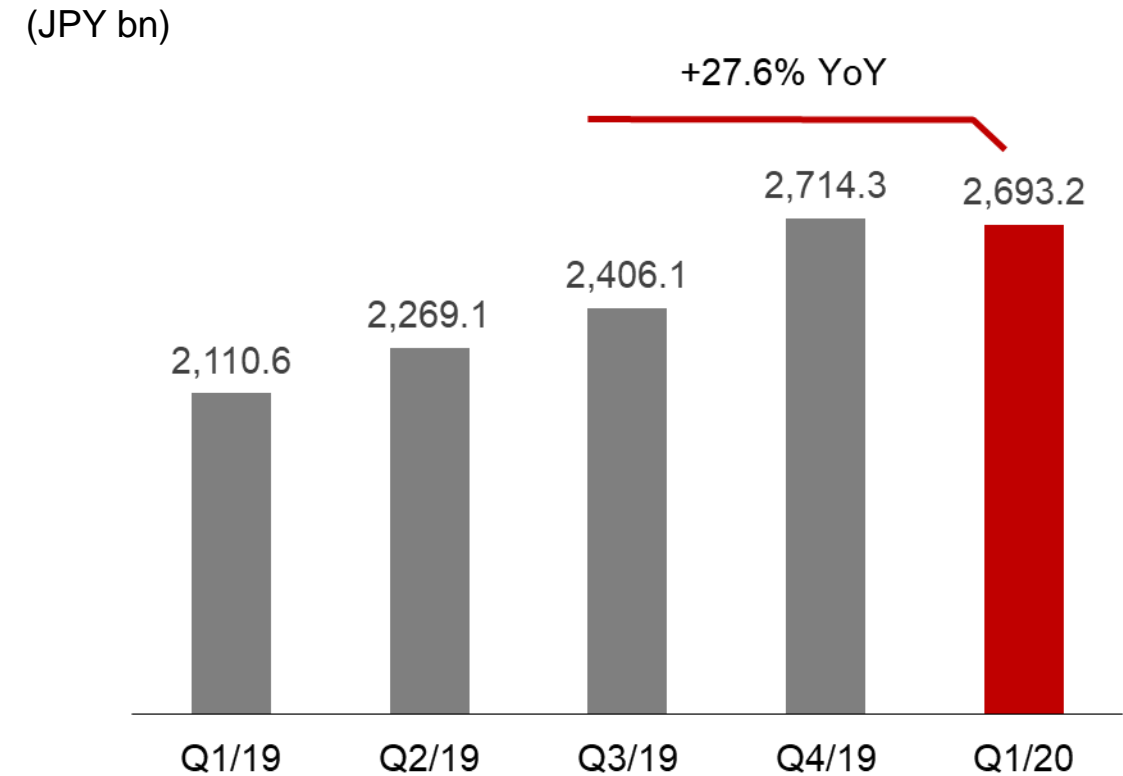


Rakuten Card KPIs*(1)

Number of Cardholders



Card Shopping Transaction Value

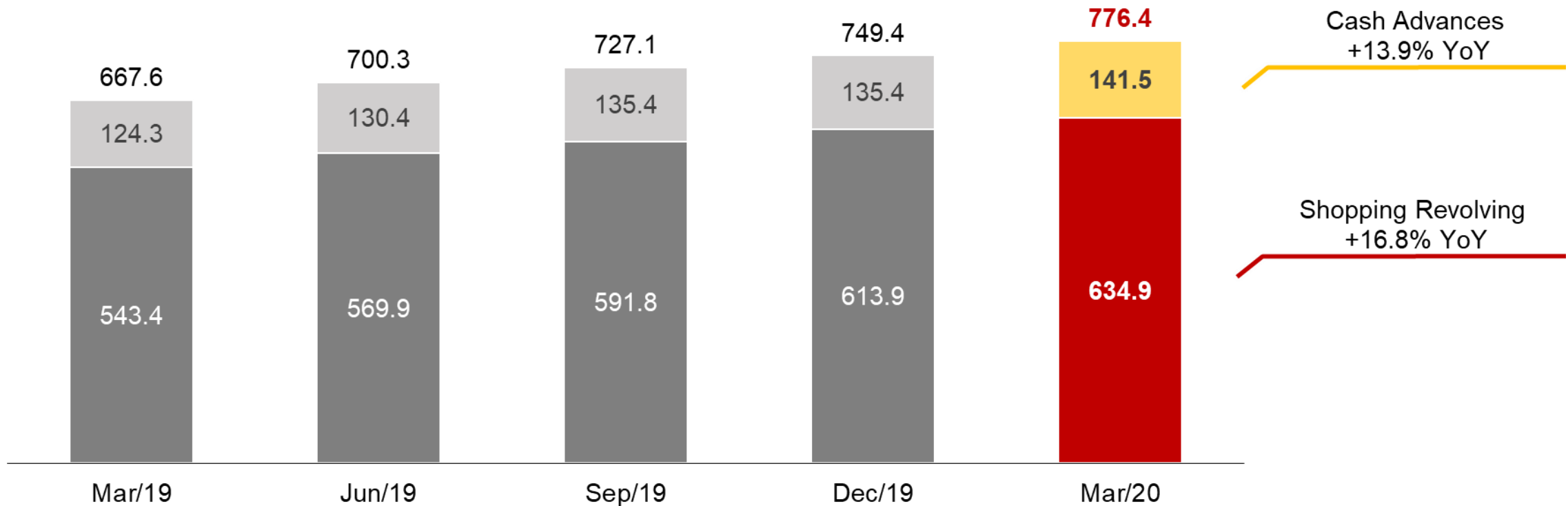


* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix

Rakuten Card KPIs*(2)

(JPY bn)

Shopping Revolving and Cash Advance Balances



* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix. Revolving balance is calculated on a principal basis

Rakuten Card: Allowance for Doubtful Accounts

(JPY mm)

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	YoY
Expenses related to doubtful accounts	9,192	9,855	10,326	11,528	9,842	7.1%
Ratio of expenses related to doubtful accounts ^{*1}	1.94%	2.05%	2.05%	2.13%	1.77%	—

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	YoY
Rakuten Card	1,502,864	1,565,721	1,683,025	1,874,061	1,802,438	19.9%
Stage 1 (Normal)	1,430,687	1,492,322	1,605,403	1,794,230	1,717,959	20.1%
Stage 2 (1-2 months delinquent)	10,705	10,276	11,207	11,408	13,451	25.7%
Stage 3 (3 months-and-over-delinquent/Restructured Loans)	61,472	63,123	66,415	68,423	71,027	15.5%
Rakuten Bank Super Loans	390,177	389,062	388,316	384,469	385,680	-1.2%
Stage 1 (Normal/Credit guarantees ^{*2})	351,810	349,841	348,932	345,922	347,551	-1.2%
Stage 2 (30 days-and-over-delinquent/Credit guarantees ^{*2})	165	197	212	127	135	-18.3%
Stage 3 (Foreclosed credit guarantees)	38,202	39,024	39,172	38,420	37,994	-0.5%
Others	1,378	1,232	1,144	1,065	1,010	-26.8%
Total balance of loan receivables	1,894,419	1,956,015	2,072,485	2,259,594	2,189,128	15.6%
Allowance for doubtful accounts^{*3}	90,291	91,180	93,504	94,265	95,109	5.3%
Write-off for bad debt^{*4}	7,645	8,966	8,002	10,766	8,999	17.7%

*1 Ratio of expenses related to doubtful accounts = (Expenses related to doubtful accounts) / (average of total balance of loan receivables at beginning and end of the period) × 4

*2 Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

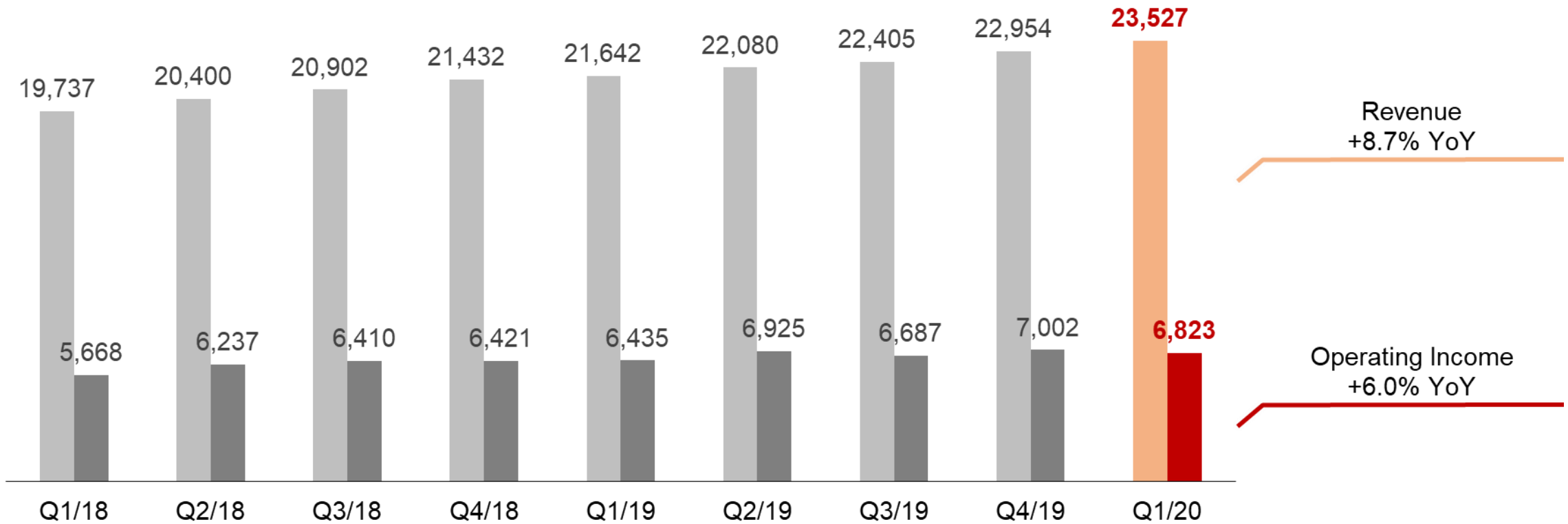
*3 Including allowance for credit guarantees

*4 Write-off for bad debt includes loss on transfer of loan receivables

Rakuten Bank Results

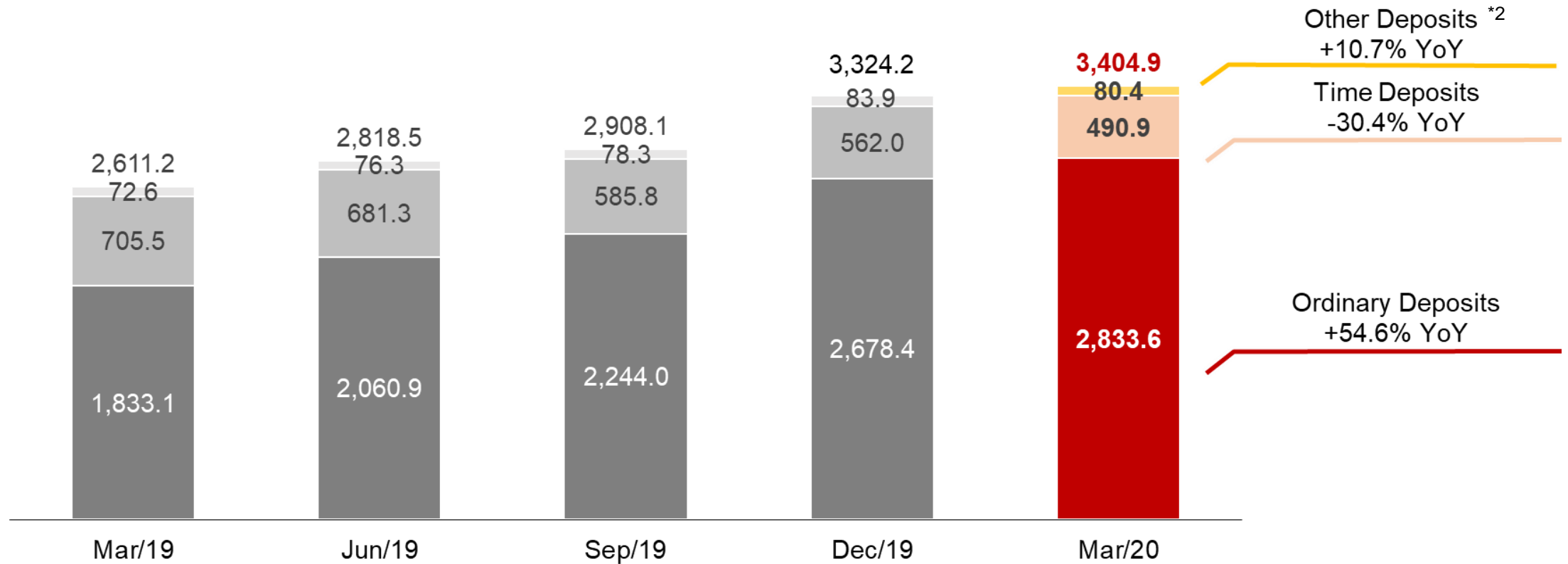
- Revenue +8.7% YoY on increase in loan receivables and service transactions

(JPY mm)



Rakuten Bank: Deposits*1

(JPY bn)

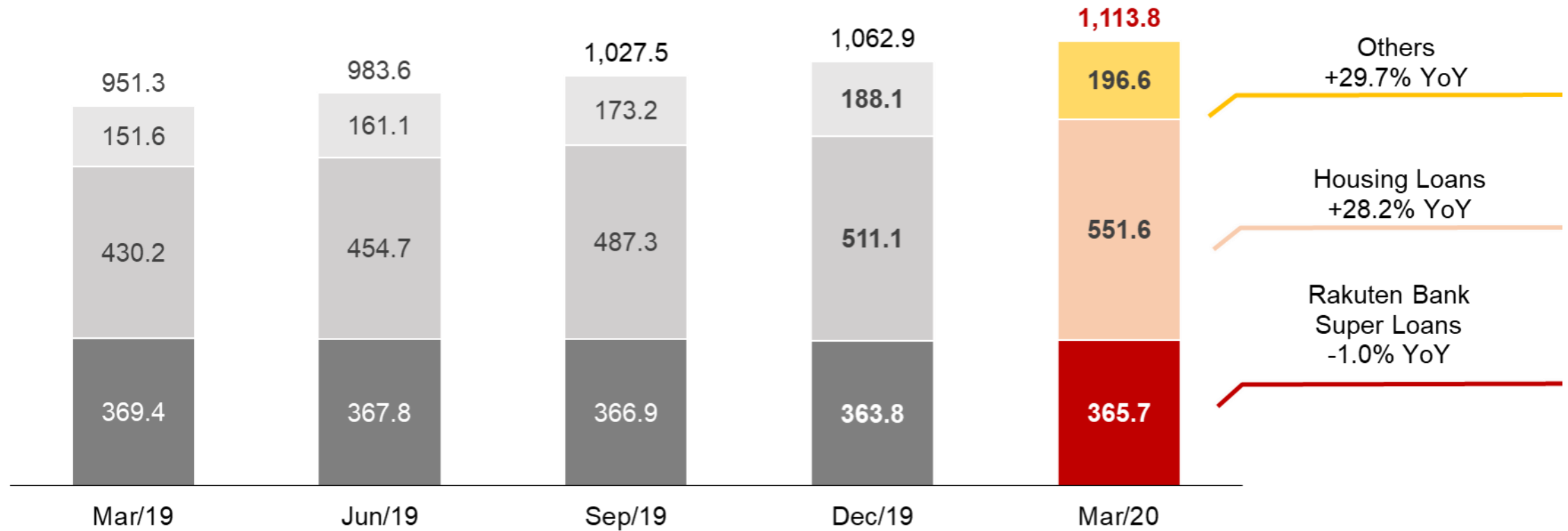


*1 Based on IFRS which includes derivatives in structured term deposits.

*2 Other deposits include deposits in foreign currencies and others.

Rakuten Bank: Loan Receivables Balance

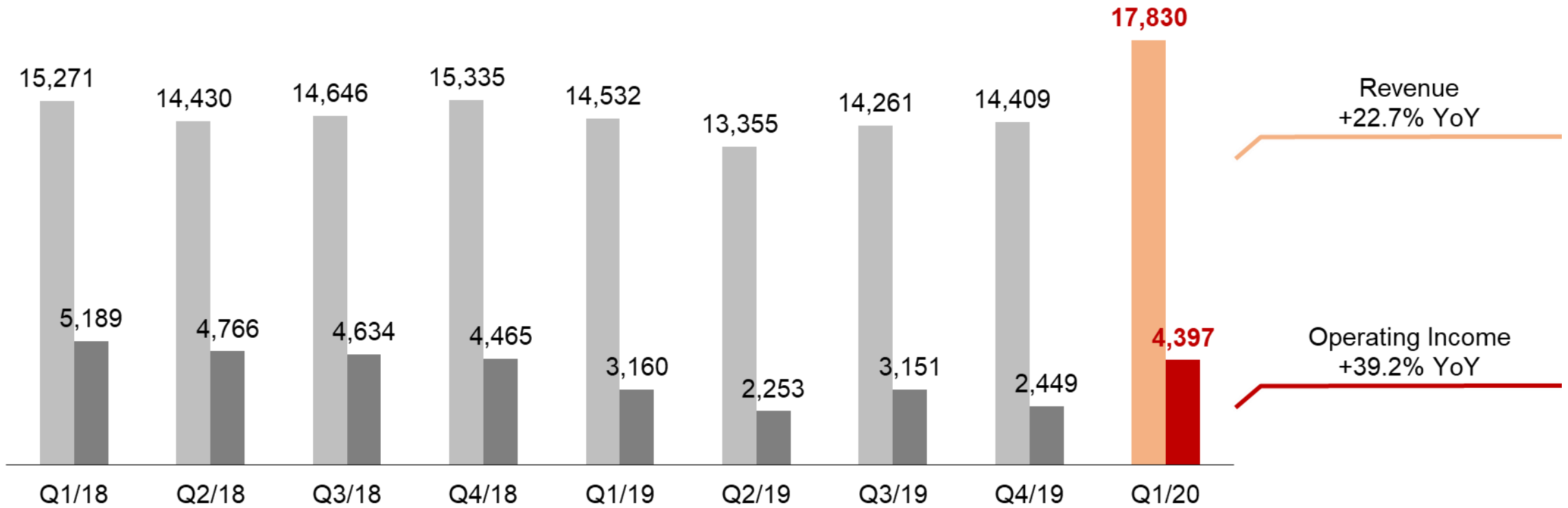
(JPY bn)



Rakuten Securities Results

- Revenue +22.7% YoY and Operating Income +39.2% YoY from growth in trading volumes of Stock and FX

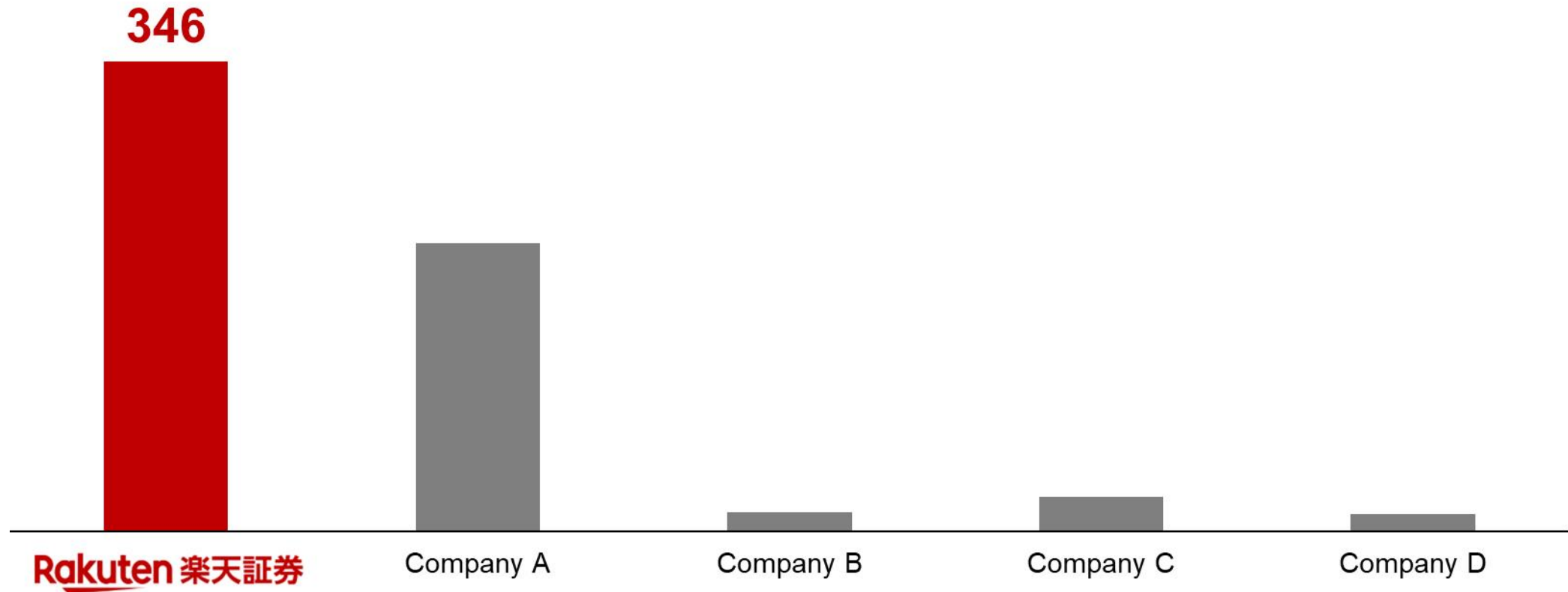
(JPY mm)



Rakuten Securities Number of New Accounts

- The number of new accounts opened this quarter (Jan/20-Mar/20) reached a record high

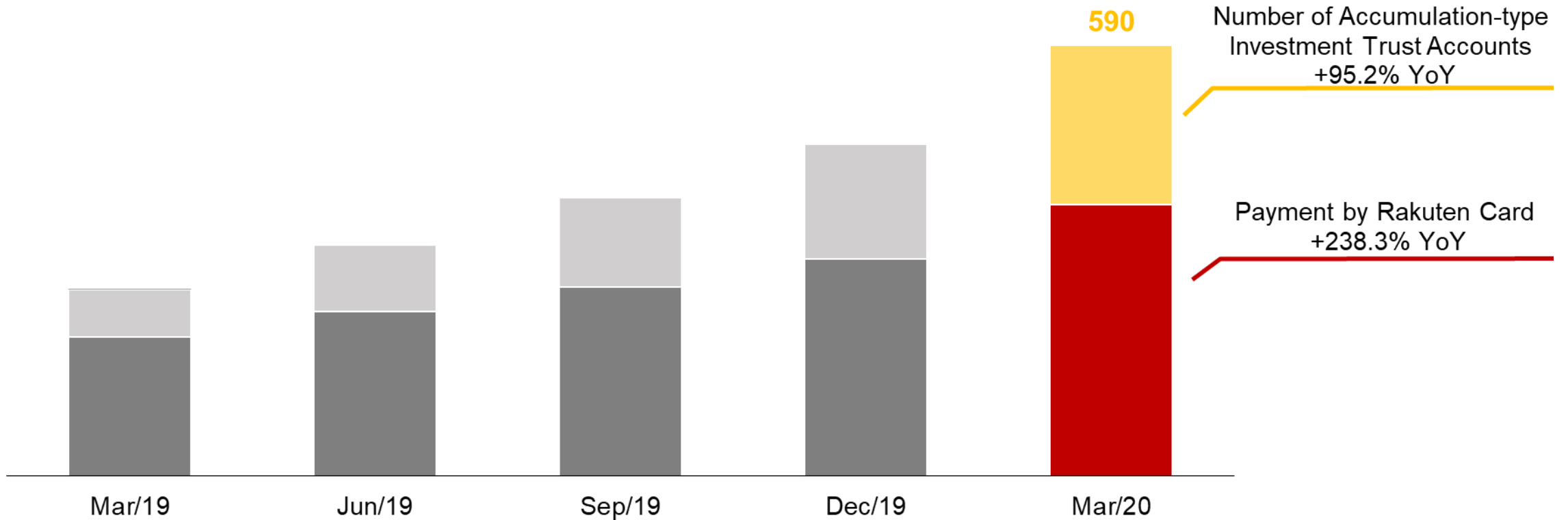
(K accounts)



Growth in Accumulation-type Investment Trust Accounts

- Number of Rakuten Securities accounts and payment by Rakuten Card increased, due to the provision of points for accumulation-type investment trusts paid by Rakuten Card and point-investments

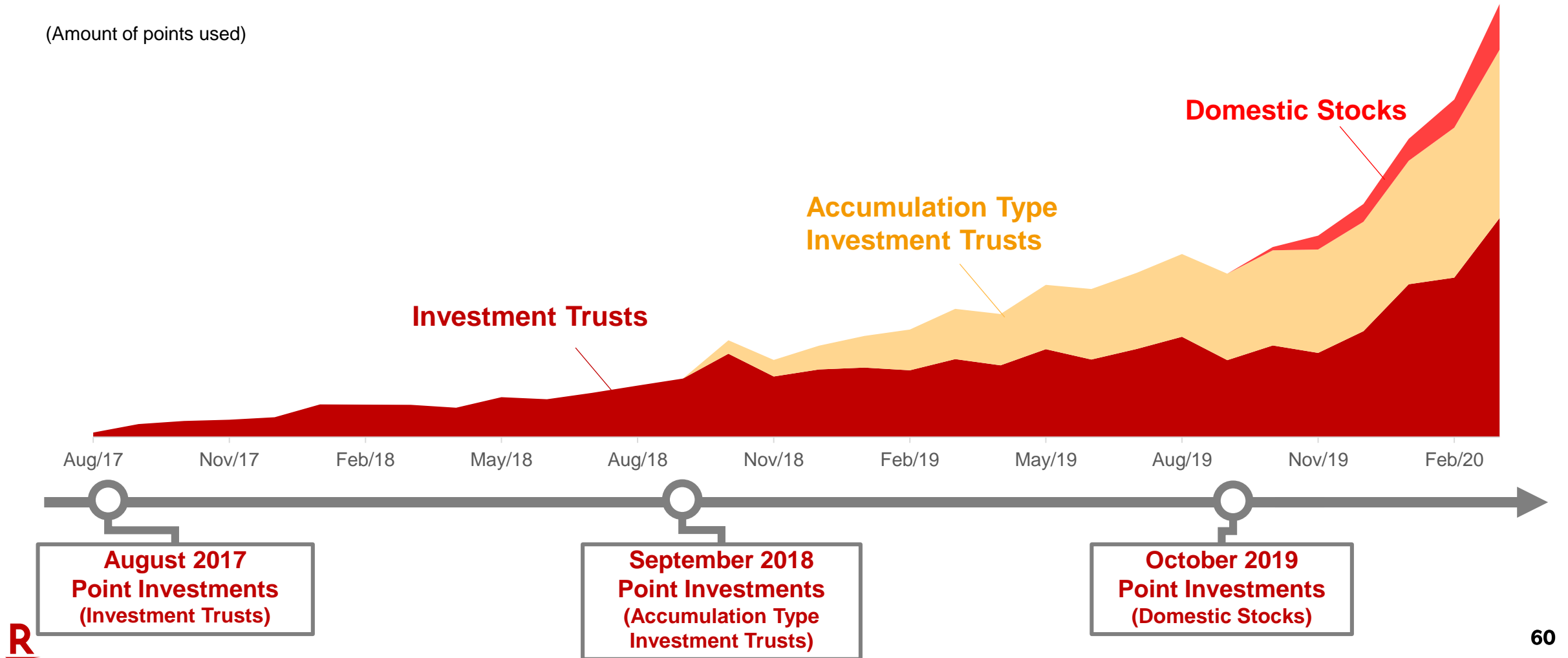
(K accounts)



Rakuten Securities Point Investments

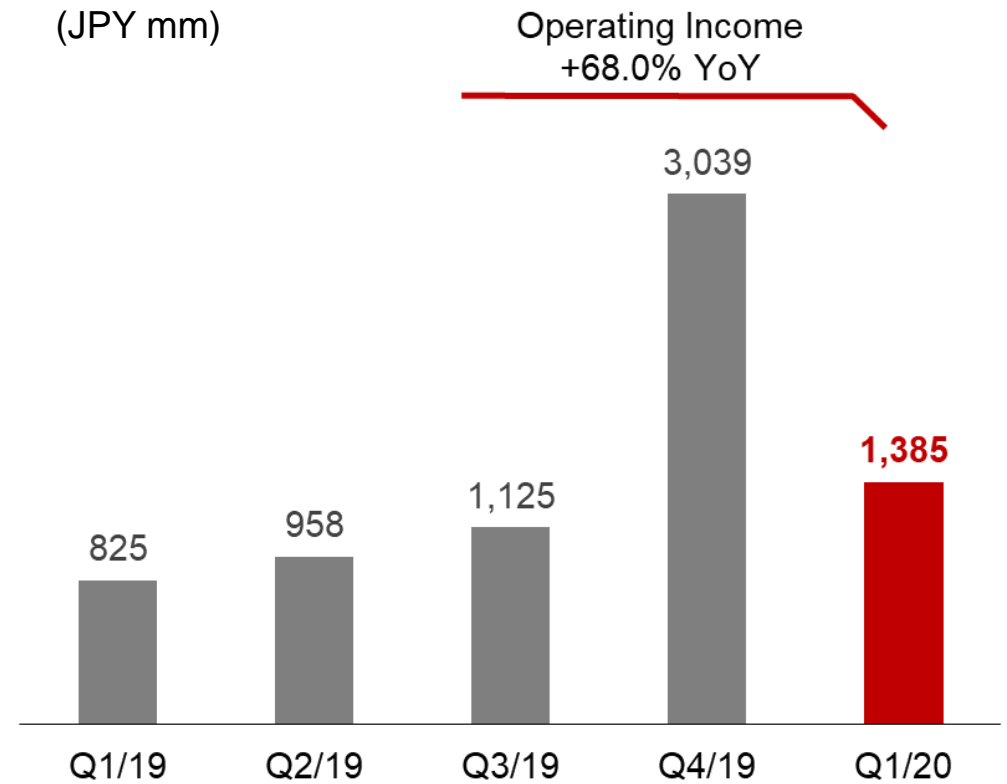
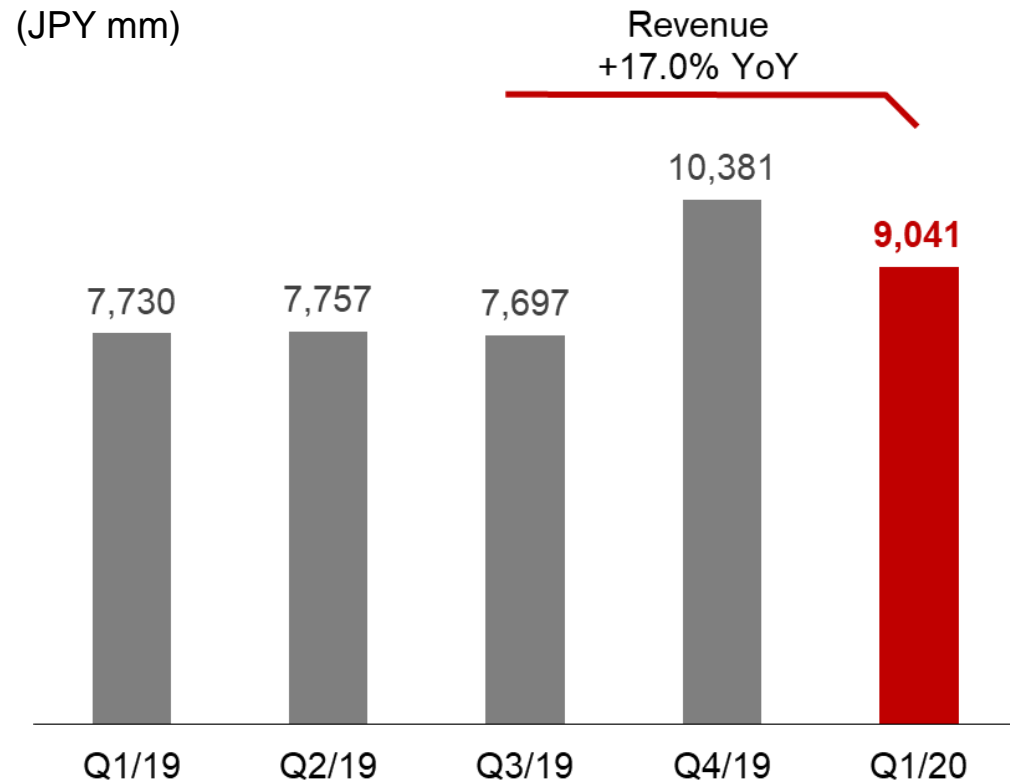
- Investments with Rakuten Points has been growing steadily

(Amount of points used)



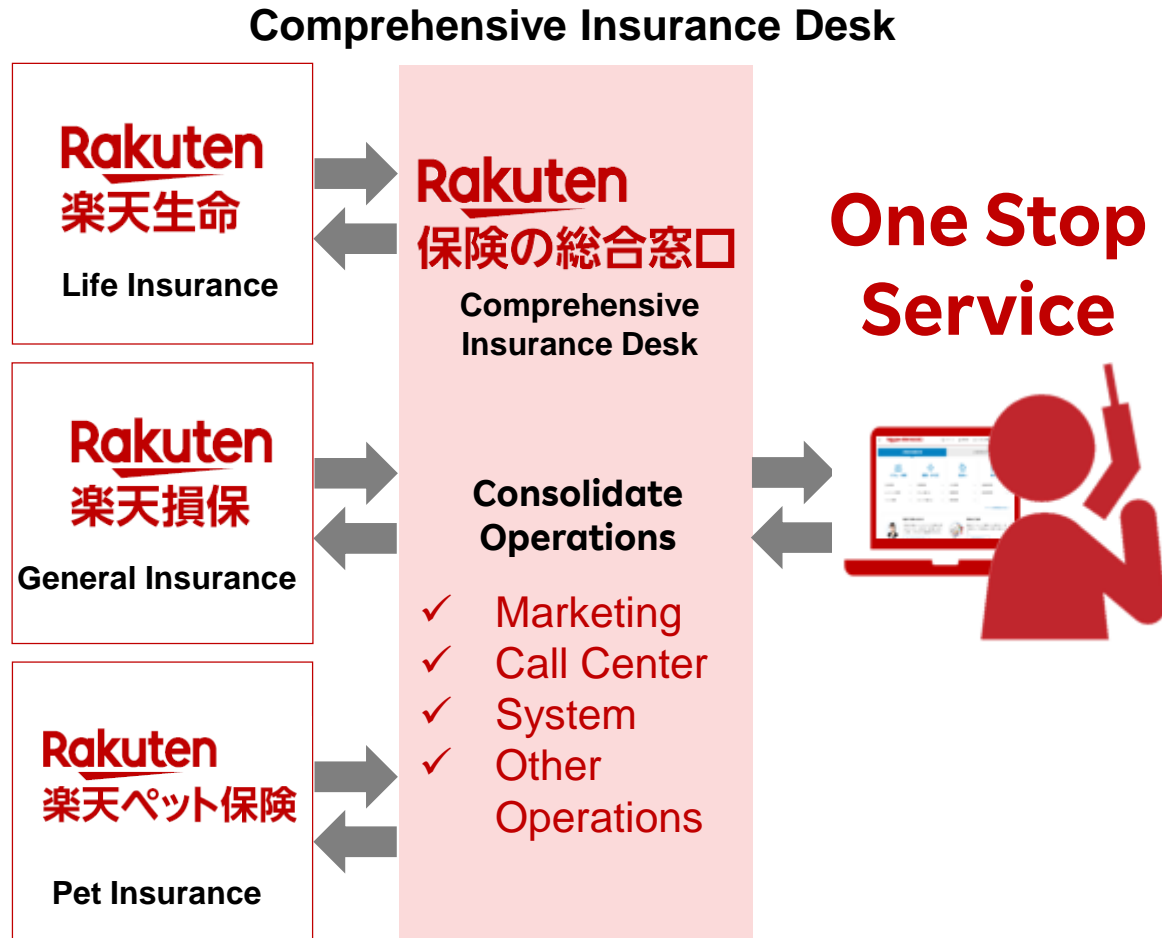
Rakuten Life Insurance Results

- Operating Income increased due to increase of new policies, cost reductions, and rebalancing of risk through reinsurance

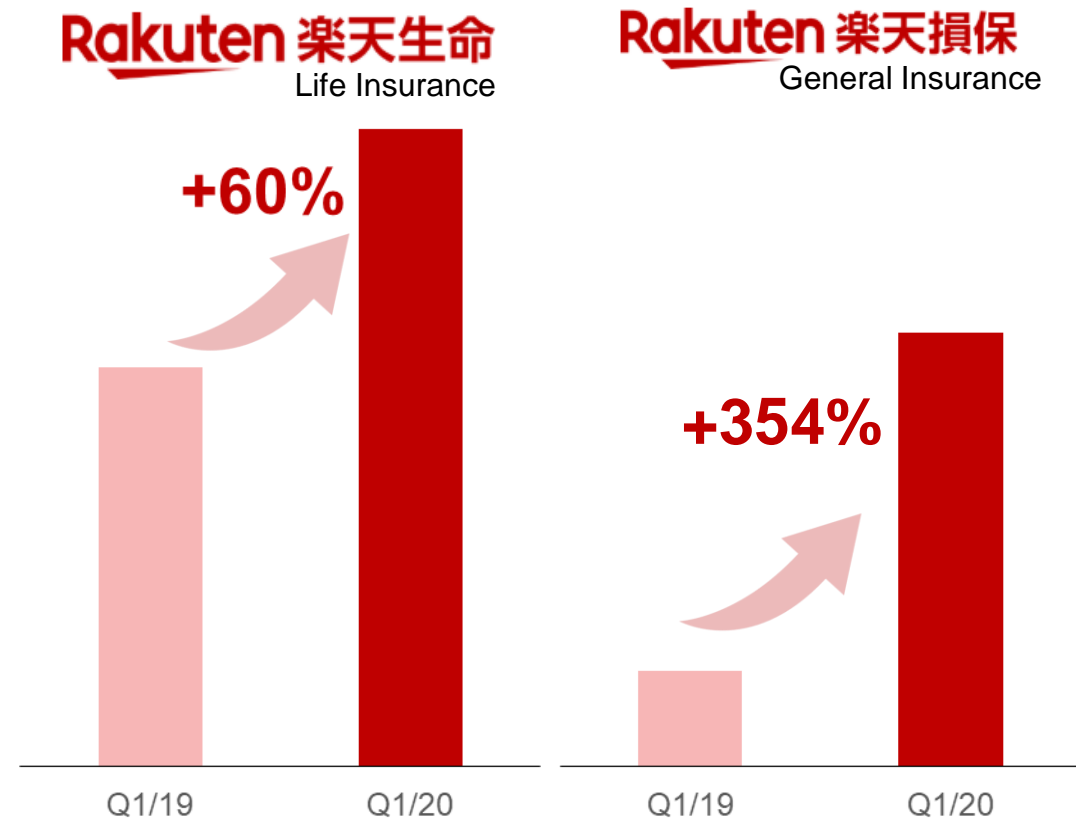


Rakuten Insurance Group : Accelerating Web New Sales

- Established a Comprehensive Insurance Desk beginning June 2019
- Increasing annualized insurance premiums of Web New Policies by utilizing call, chat, AI tools, etc.



Annualized Insurance Premiums of Web New Policies (YoY)

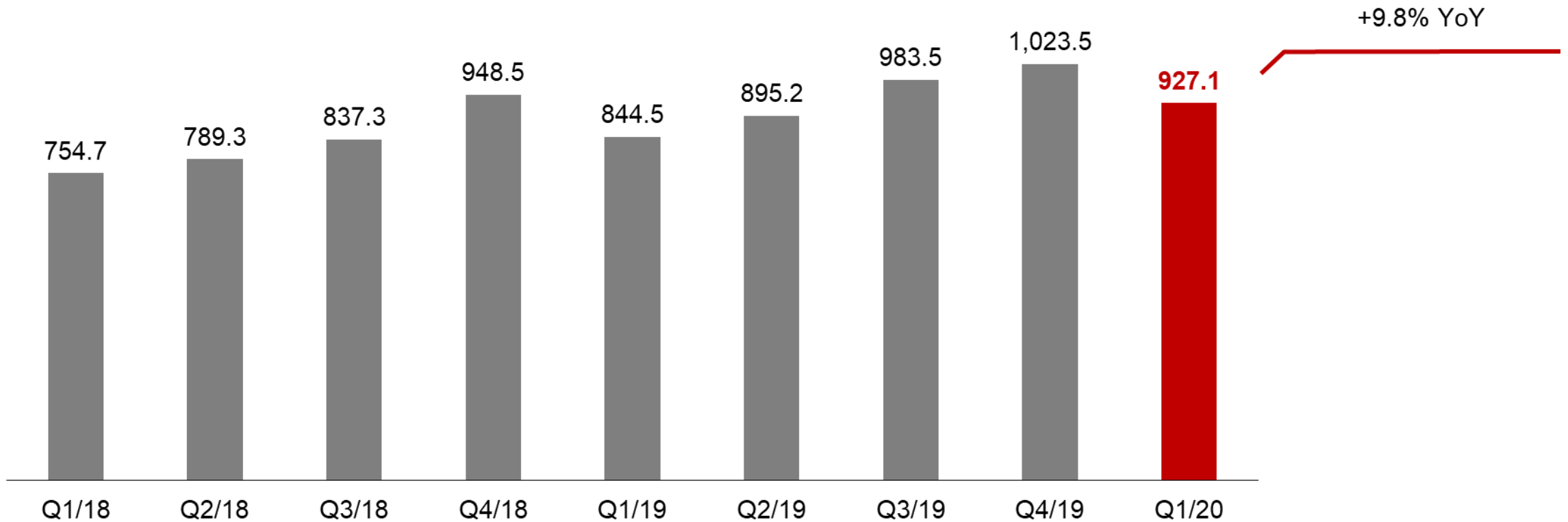




Internet Services Segment

Domestic E-Commerce GMS^{*1*2}

(JPY bn)



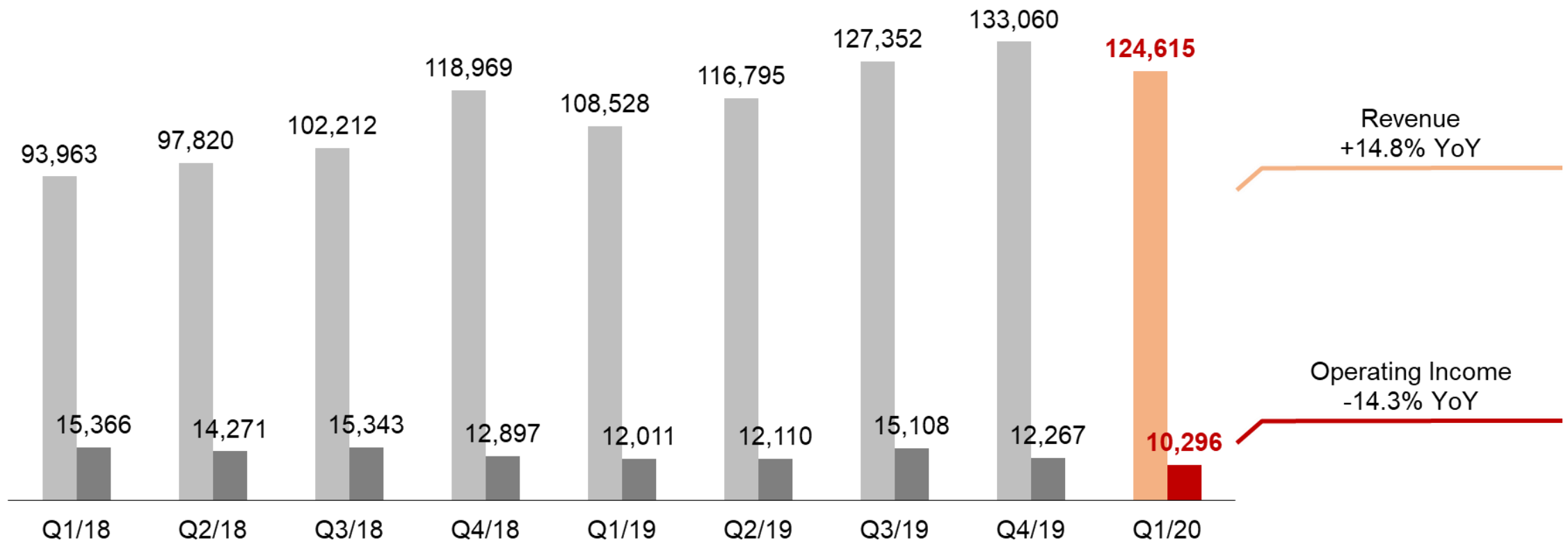
^{*1} GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Auto business, Rakuma, Rebates Rakuten Seiyu Netsuper, etc.

^{*2} Eliminated internal transactions in some businesses from Q1/20. This has resulted in retroactive adjustments

Domestic E-Commerce Results*

- Revenue improved strongly +14.8% YoY and operating income -14.3% YoY despite heavy investments in logistics business

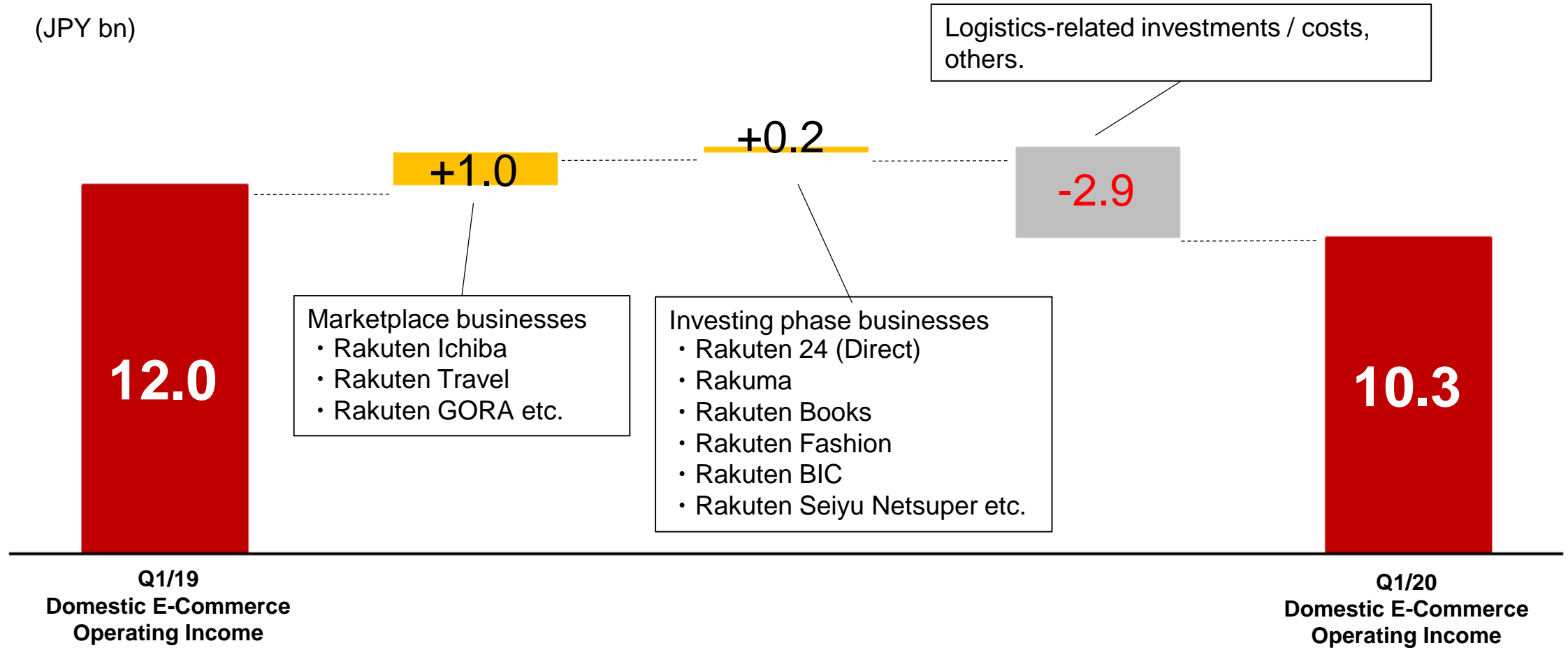
(JPY mm)



* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Rakuten Fashion, Dream businesses, Beauty, Delivery, Rakuten24 (Direct), Logistics, Auto business, Rakuma, Rebates, etc.

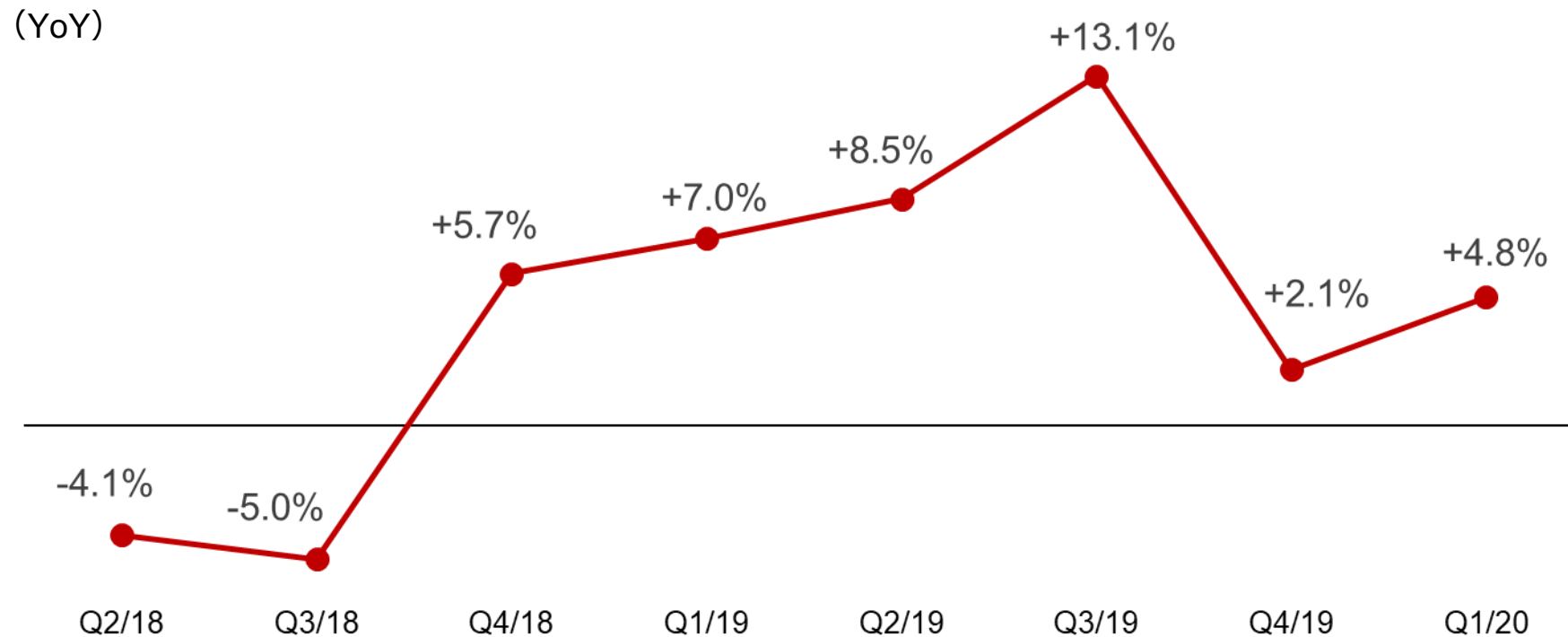
Q1/20 Domestic E-Commerce Operating Income Breakdown

(JPY bn)



Domestic EC Marketplace businesses* Operating Income

- Even under the negative impacts to travel business due to COVID-19, Q1/20 continued positive with +4.8% YoY



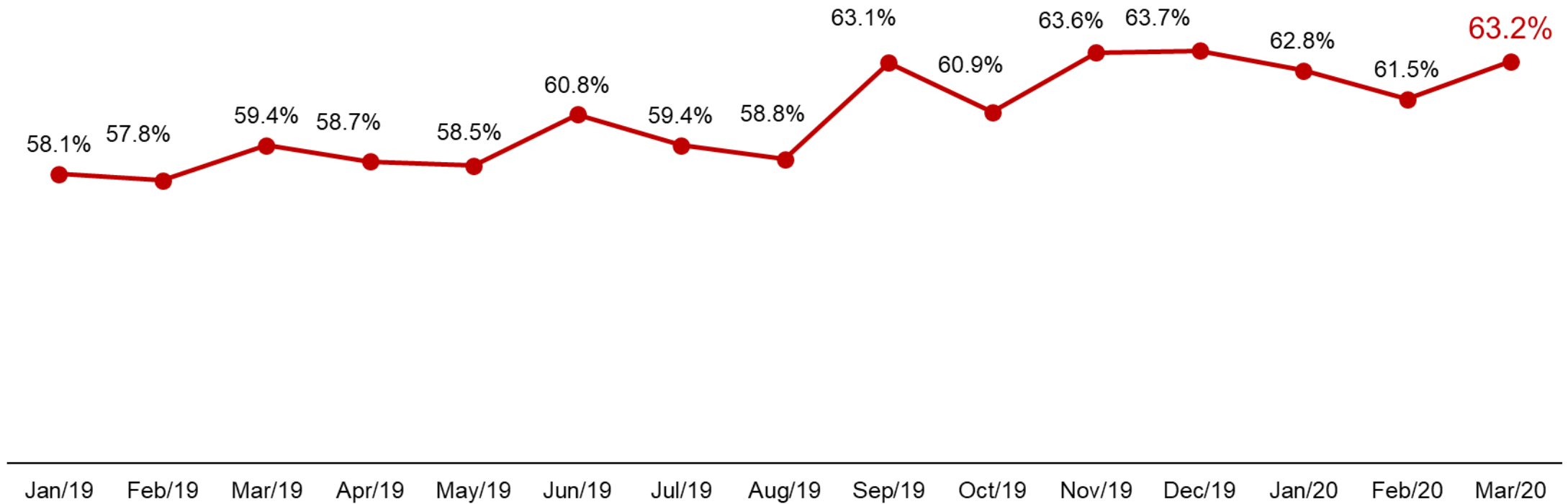
* Marketplace businesses comprises Ichiba, Travel, Golf, Dream businesses, etc.

Q1/20 Rakuten Ichiba Mobile GMS Ratio*

75.5%
Up 2.4 Points YoY

* Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes smartphones and tablets)

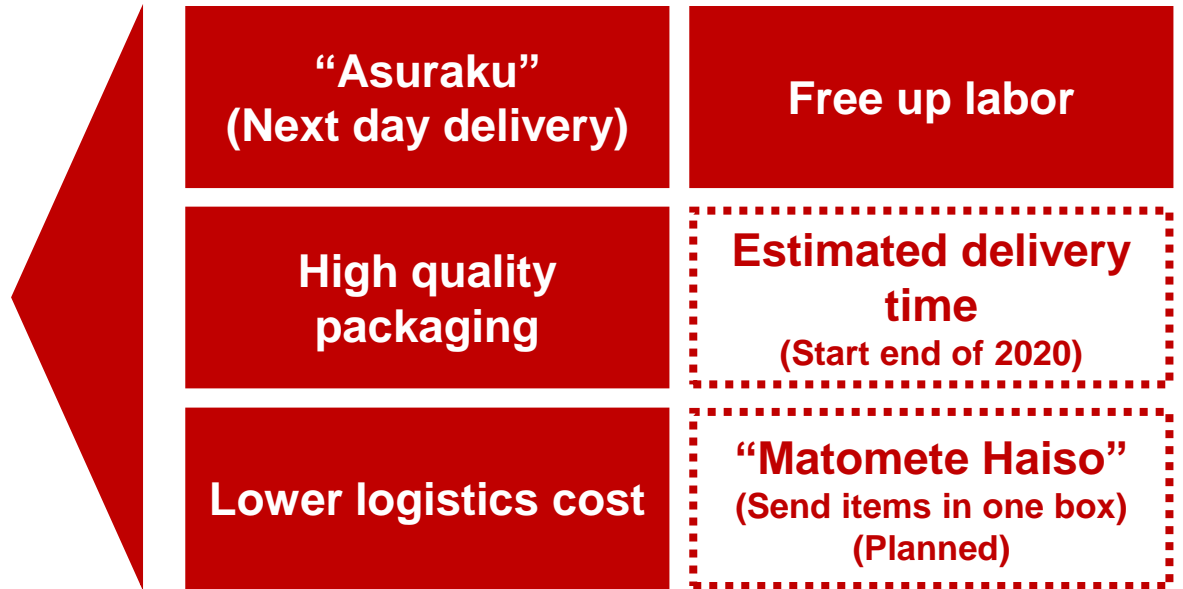
Rakuten Card Share of Rakuten Ichiba GMS



Faster Growth by Utilizing Rakuten Super Logistics (RSL)

**Merchants utilize
Rakuten Super
Logistics realize
higher growth rate**

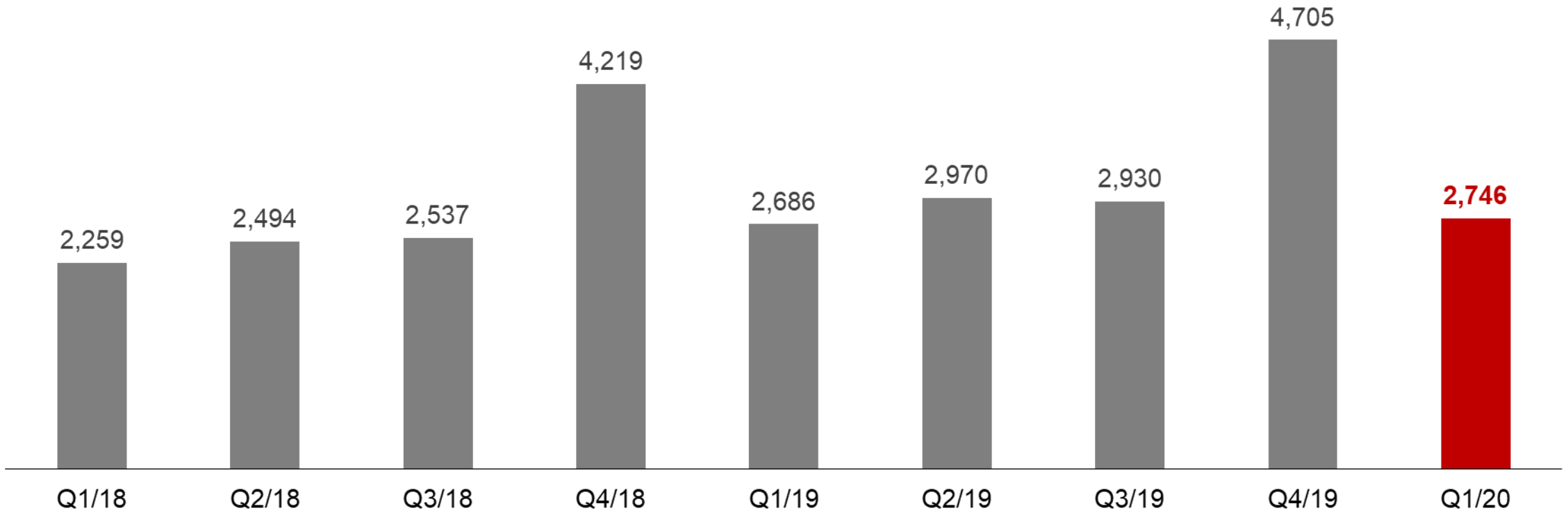
Reasons why RSL merchants can grow faster



Logistics becomes the engine for further Ichiba growth

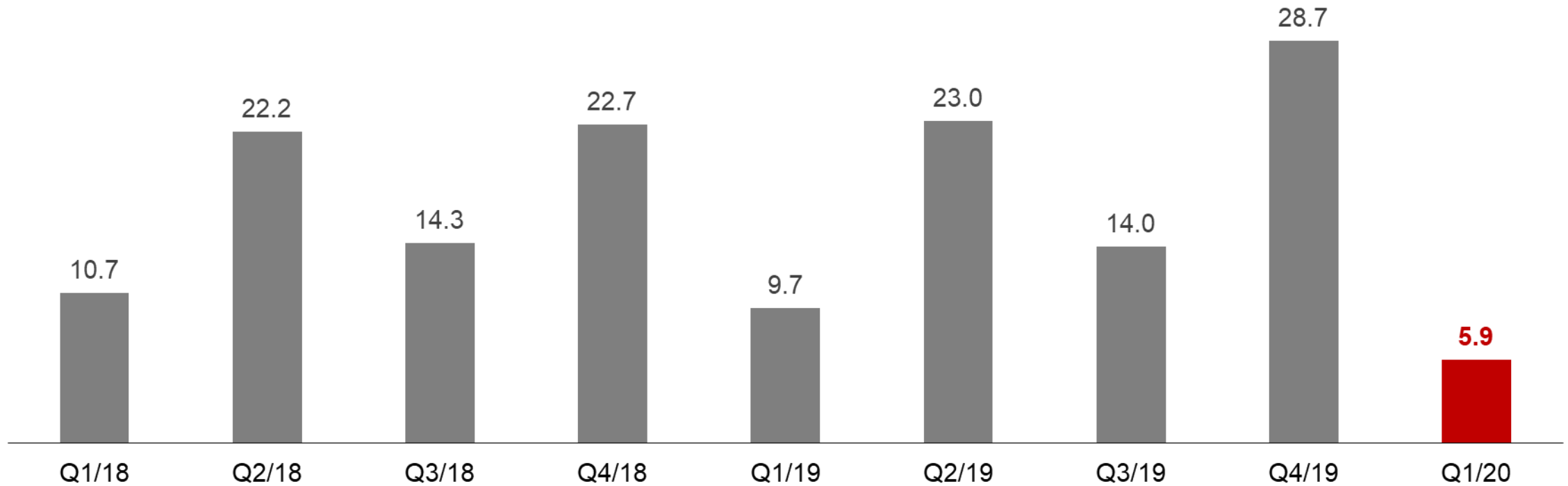
Rakuten Rewards (Ebates) GMS

(USD mm)



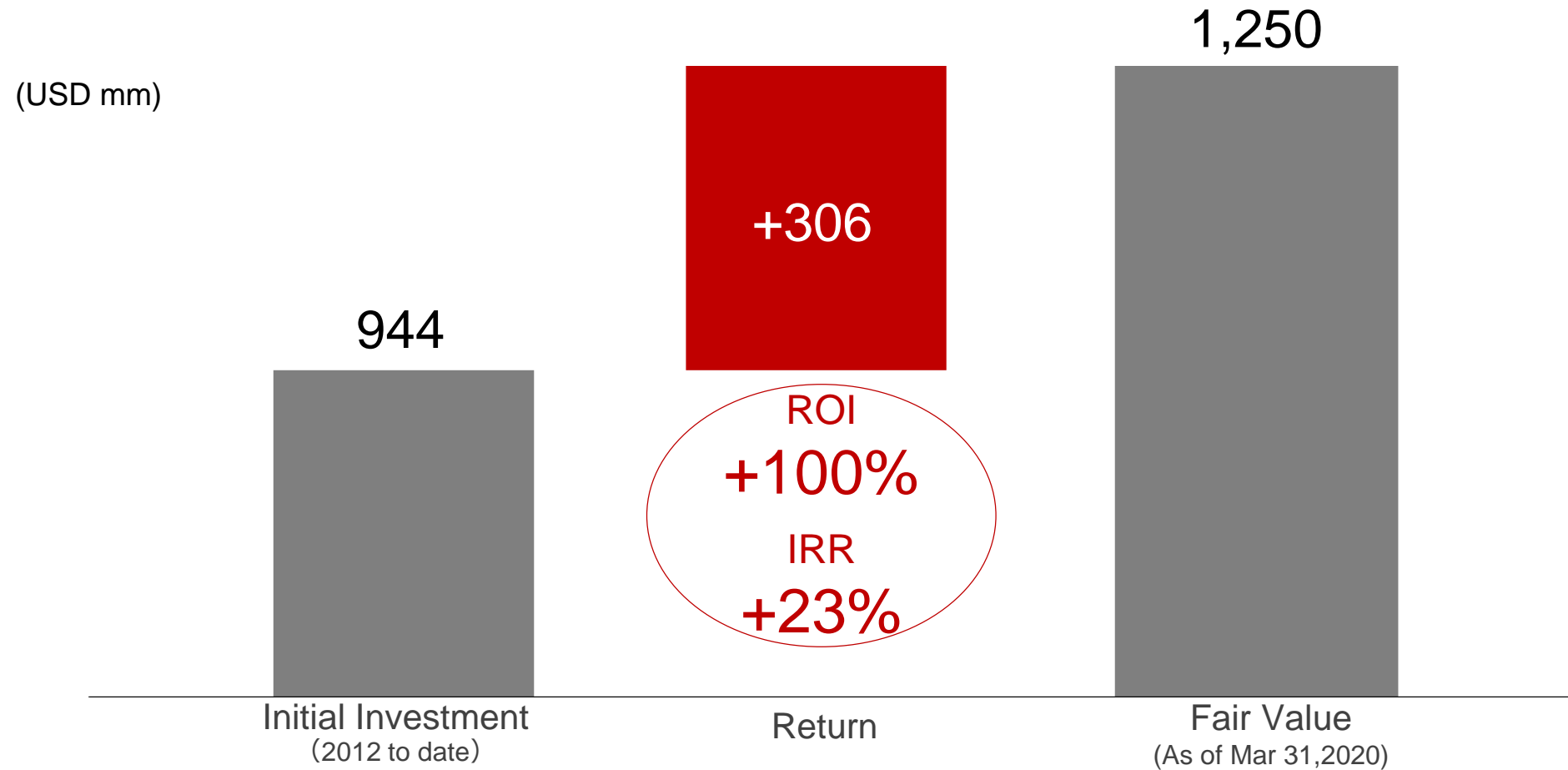
Rakuten Rewards (Ebates) Operating Income*

(USD mm)



- Excludes rebranding cost of USD 36.3 million (Q1/19), USD 30.4 million (Q2/19), USD 20.4 million (Q3/19), USD 27.4 million (Q4/19) and USD 5.2 million (Q1/20)
- Operating income has changed due to change in method of internal cost allocation. Past figures have been retroactively adjusted.

Performance of Investment Business*



* Lyft and Rakuten Medical are excluded due to transfer from Investment Business and treated as exited investments for return calculation

* Returns excluded Lyft and Rakuten Medical: ROI +70%, IRR +15% (partial modification to data scope)

Investment Business Portfolio

Internet

SHOPBACK

 carousell


from scratch

 OneSignal

epic!

FinTech

BlueVine

 Upstart

 acorns

 simpleinsurance



Currencycloud

TORANOTEC

Ride Sharing

Careem

Glovo[!]

lyft^{*}

(Affiliated Company)

 gojek

 cabify

Healthcare

Rakuten Medical^{*}

(Affiliated Company)

 airweave

Genesis Healthcare

^{*} Lyft and Rakuten Medical were transferred from Investment Business in Apr and Sep 2019, respectively and changed from pure investments to strategic investments

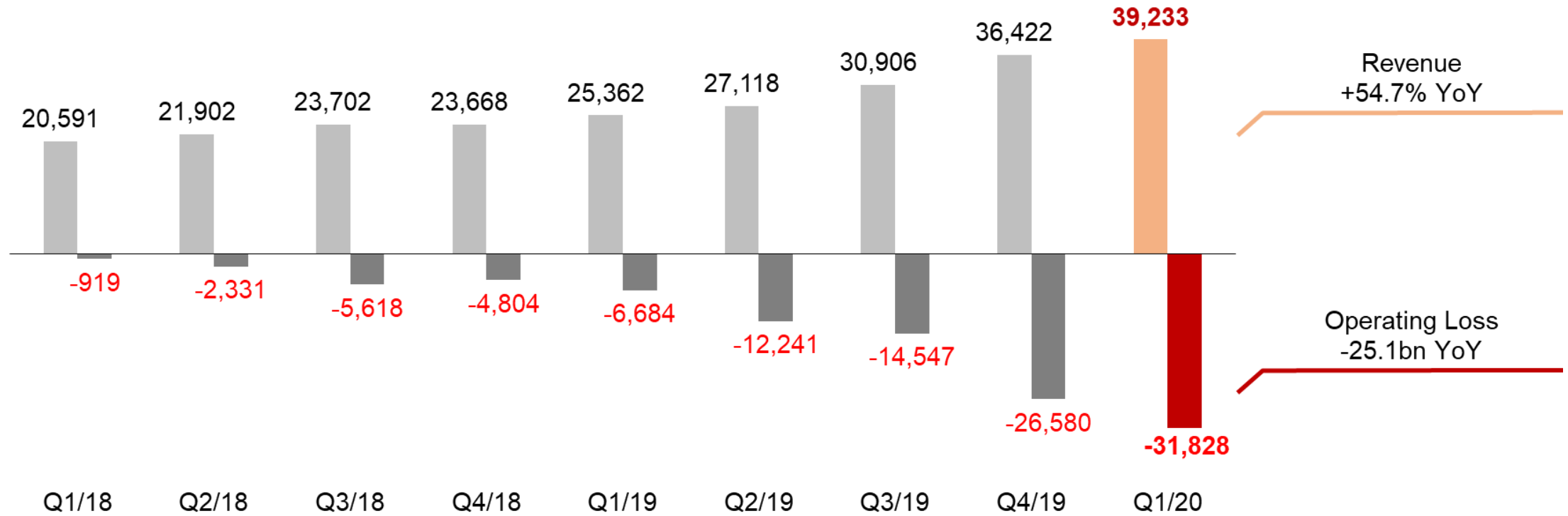


Mobile Segment

Mobile Results*

- Depreciation cost, etc. increased as base station build-out accelerated

(JPY mm)

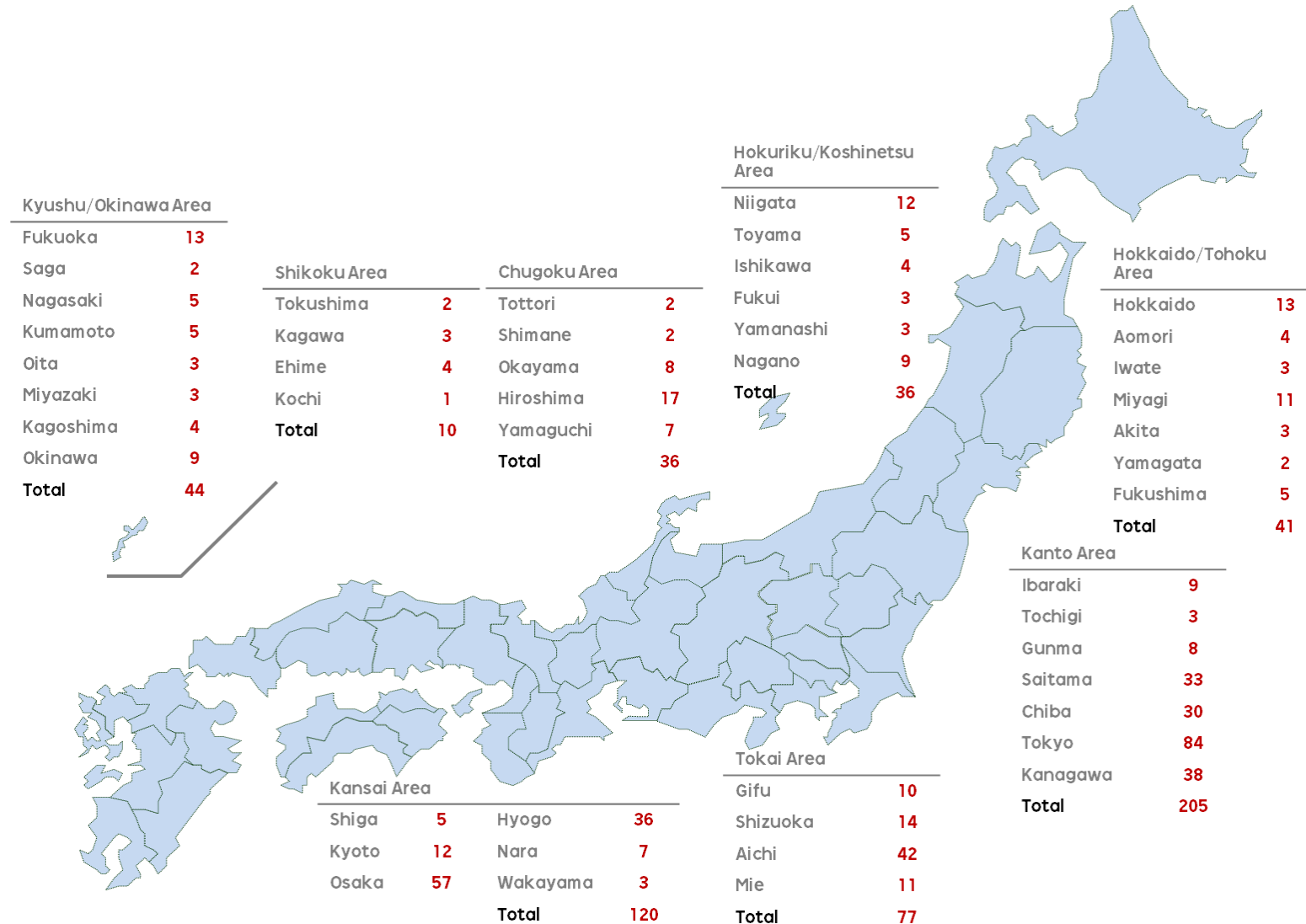


* Mobile segment includes Rakuten Communications, MNO business, MVNE & O businesses, Rakuten Viber, and Energy businesses.

Mobile Shop Network

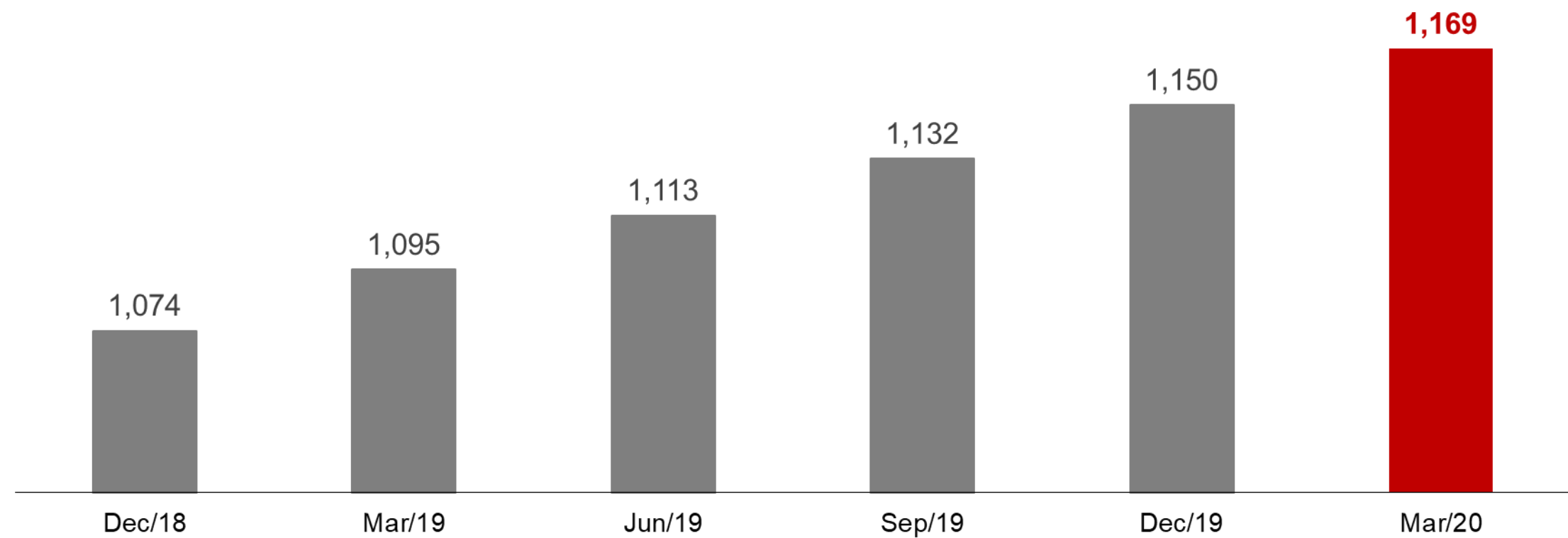
Number of shops
(As of Apr, 2020)

569



Viber Unique IDs*

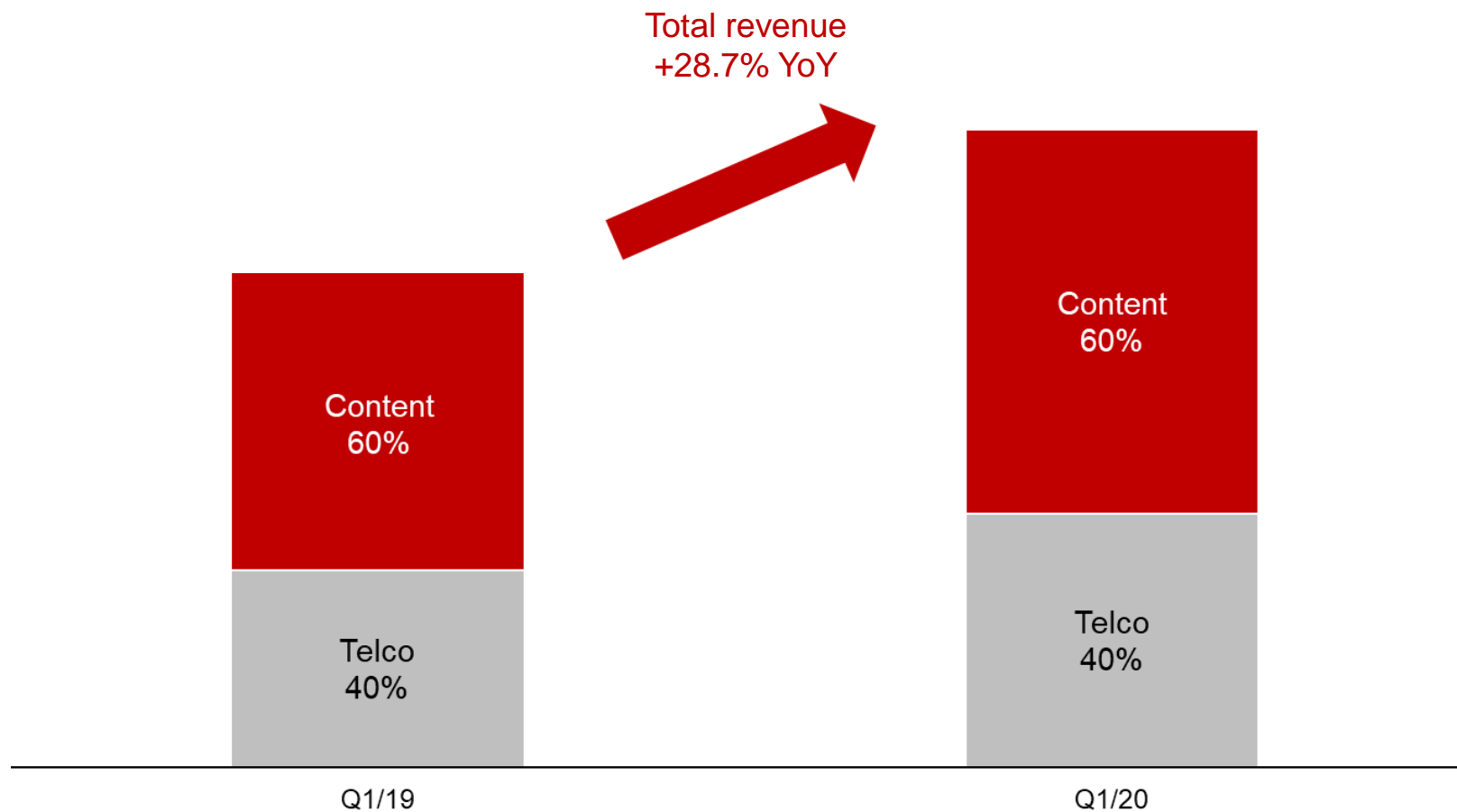
(million IDs)



* Unique IDs: Unique phone numbers excluding deactivations

Viber Revenue*

- Strong growth in both Telco and content revenue



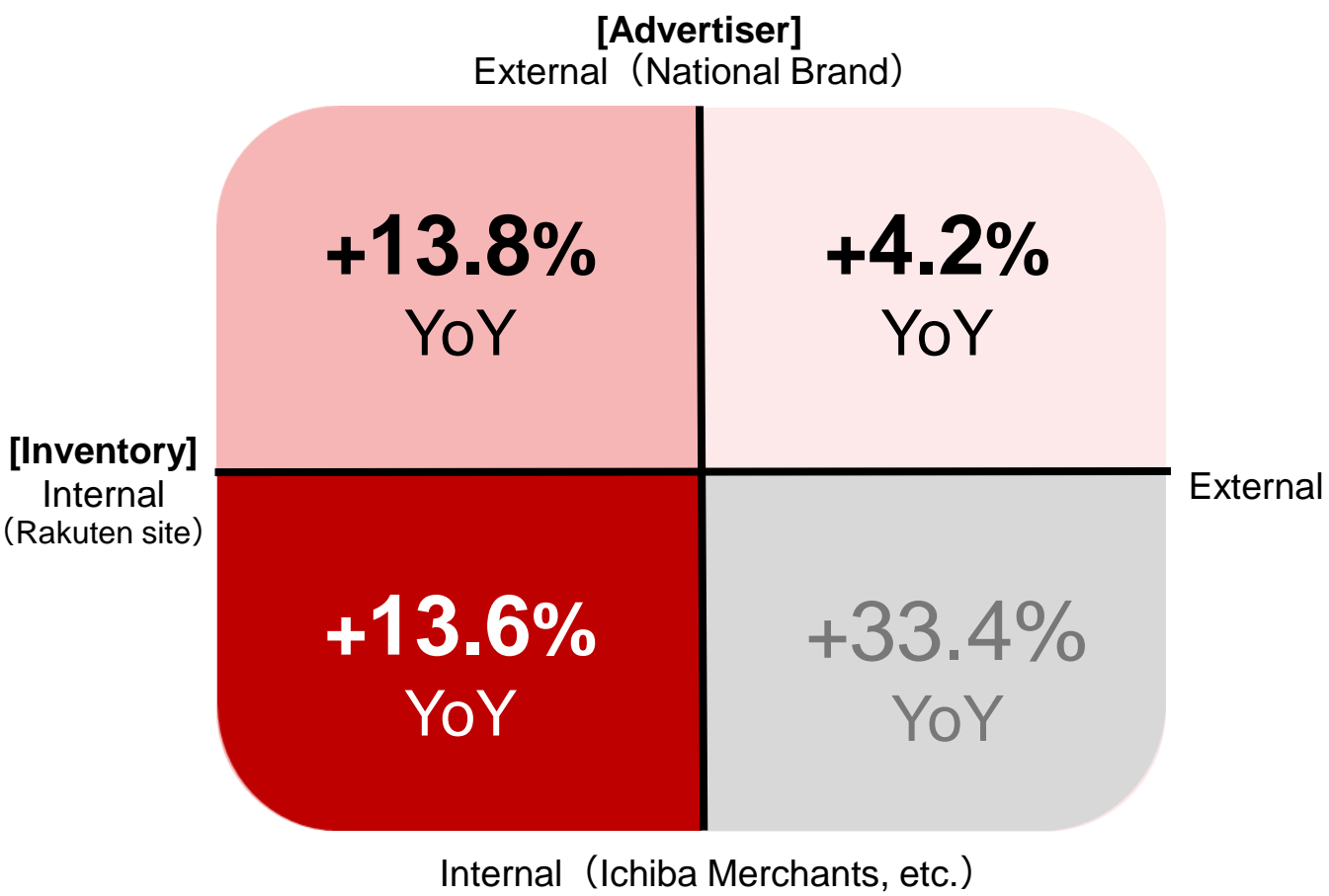
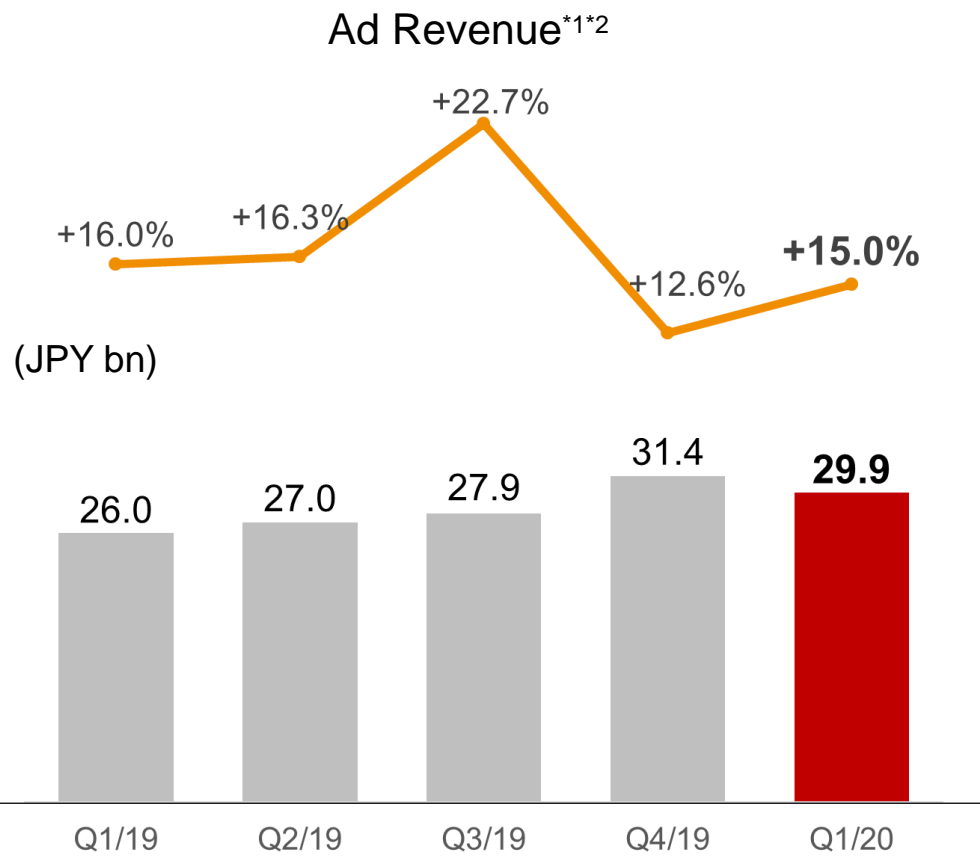
* Telco: Viber Out, Viber In, SMS. Content: Service messages, ads, stickers, etc.



Ad Business

Ad Business: Q1/20 Growth Analysis

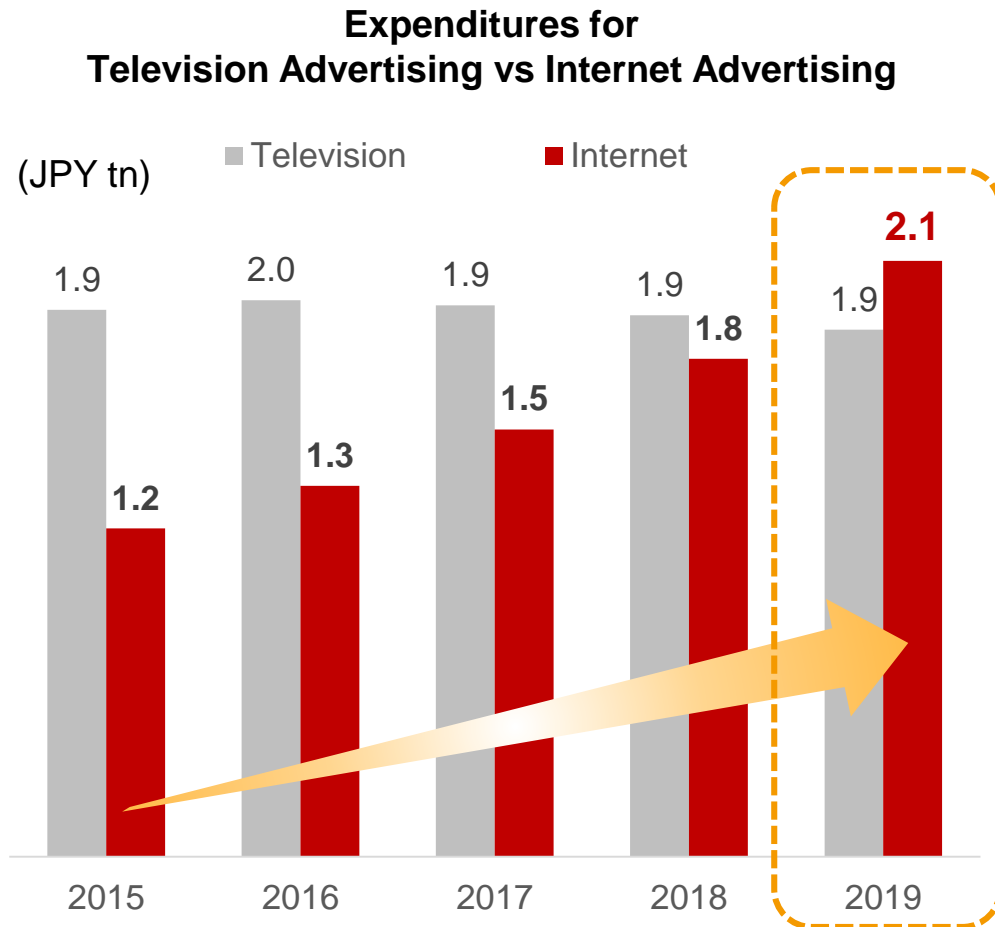
- Even under the negative impacts due to COVID-19, Q1/20 was +15.0% YoY since ad sales from internal advertisers grew strongly



*1 Revenue includes internal transactions.
*2 Eliminated internal transactions in certain businesses from Q4/19. This has resulted in retroactive adjustments.

Internet Ad Market Overview

- Expenditures for Internet Advertising surpassed that of Television Advertising in 2019 for the first time
- Rakuten has the largest share in “EC platform Advertising”^{*1} of Internet Advertising expenditures



Internet Advertising Expenditures

2.1 tn

EC Platforms Advertising
106.4bn

Rakuten Share^{*2}

Approx.

60%

^{*1} Source : Dentsu “Internet advertising expenditures in 2019”

^{*2} Rakuten estimation.



Sustainability

Q1/20 Sustainability Reporting

- Rakuten Clutch Special Charity Fund has started accepting donations for COVID-19 crisis response.
- Donations can be made by Rakuten Points, credit card, and bank transfer.



Donation to

- Fund for Prevention of New Coronavirus Infections*¹
- Japan Platform
- Nippon foundation “Special Fund for Coronavirus disaster”

Period

April 10, 2020- June 19, 2020

Amount raised

Approx. 45 MM JPY (as of May 11, 2020)*²

*¹ Fund established by the Tokyo Metropolitan Community Foundation, by request of the Advisory Council of the "COVID-19: Prevention of Spread of Infectious Diseases Fund", managed by READYFOR, Inc.

*² Including donation matched by Rakuten for Rakuten Ichiba special campaign.



Rakuten Card

Rakuten
楽天銀行
(Bank)

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Rakuten