

FY2023 First Quarter Consolidated Financial Results Appendix

May 12, 2023

Rakuten Group, Inc.



1. Consolidated Results

Consolidated Results Summary

- Revenue increased in all segments. Profitability of mobile segment steadily improved and consolidated EBITDA was in the black again

(JPY bn, rounded)	Q1/22	Q1/23	YoY
Revenue	435.0	475.6	+9.3%
Non-GAAP Operating Income (Losses)	-99.1	-69.0	+30.2
Amortization of Intangible Assets	-2.0	-2.1	-0.1
Stock Based Compensation	-3.5	-4.1	-0.7
One-Off Items	-8.6	-1.0	+7.6
IFRS Operating Income (Losses)	-113.2	-76.2	+37.0
EBITDA	-35.4	7.4	+42.9

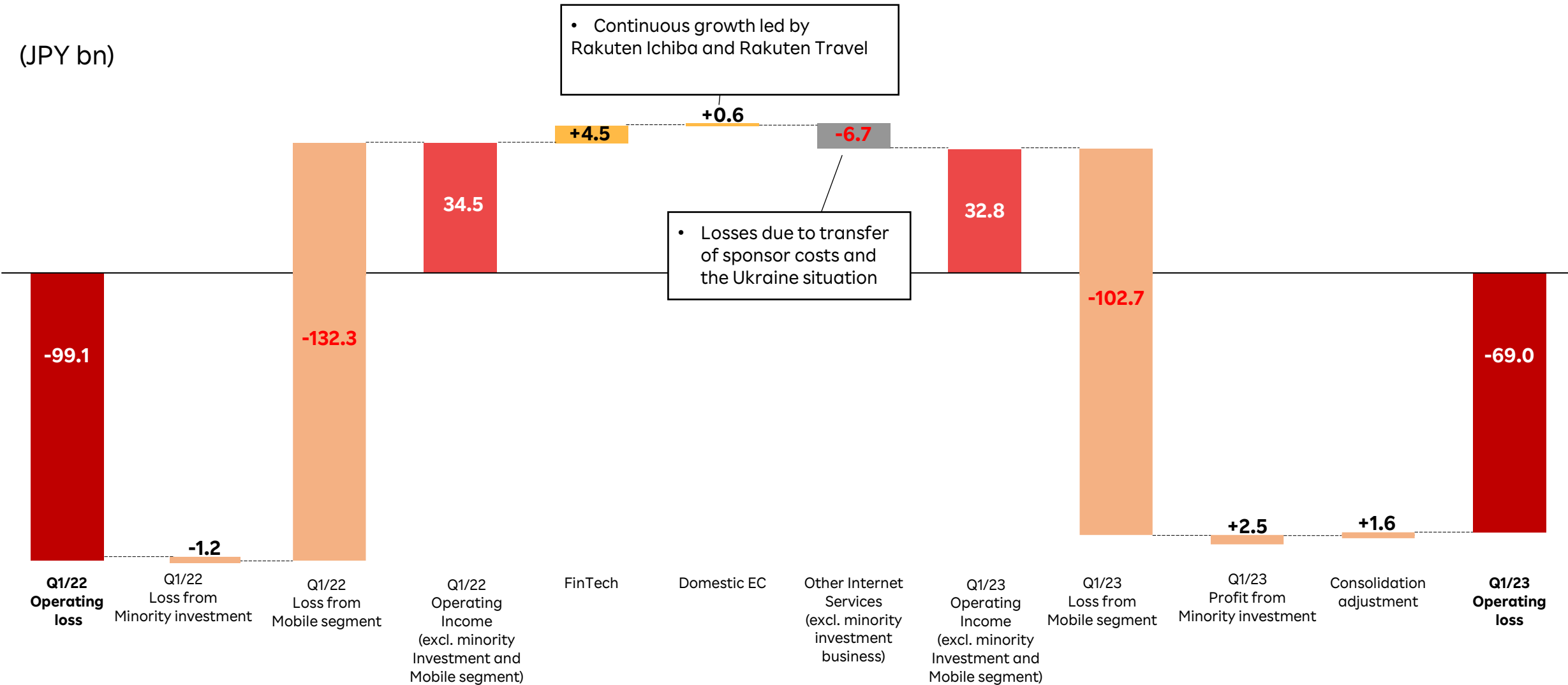
Revenue and Operating Income*

(JPY bn, rounded)		Q1/22	Q1/23	YoY
	Domestic E-Commerce			
	Revenue	182.8	205.0	+12.1%
	Operating Income	20.3	20.9	+3.0%
	Others			
	Revenue	66.7	66.2	-0.8%
	Operating Income	-6.0	-9.1	-3.1
Internet Services Segment				
	Revenue	249.5	271.1	+8.7%
	Operating Income	14.3	11.9	-17.1%
FinTech Segment				
	Revenue	156.2	168.0	+7.6%
	Operating Income	22.1	26.6	+20.4%
Mobile Segment				
	Revenue	76.6	96.3	+25.7%
	Operating Income	-132.3	-102.7	+29.7
Adjustments				
	Revenue	-47.3	-59.9	-12.6
	Operating Income	-3.2	-4.8	-1.6
Consolidated				
	Revenue	435.0	475.6	+9.3%
	Non-GAAP Operating Income	-99.1	-69.0	+30.2
	IFRS Operating Income	-113.2	-76.2	+37.0
Non-GAAP Operating Income				
(Excluding Mobile Segment & Investment Businesses)		34.4	31.2	-9.1%

*From Q1/23, Rakuten Tickets was transferred from Mobile segment to Internet Service segment (Growth Investment Business of Domestic EC category). Point Gallery was transferred from Mobile segment to Internet Service segment (Core Business of Domestic EC category). In addition, Contents Media, Streaming JP, NBA Broadcast, Rakuten TV Europe, IP Content, and Pacific League, etc. were transferred from Mobile segment to Internet Services Others segment. Past figures have been retroactively adjusted.

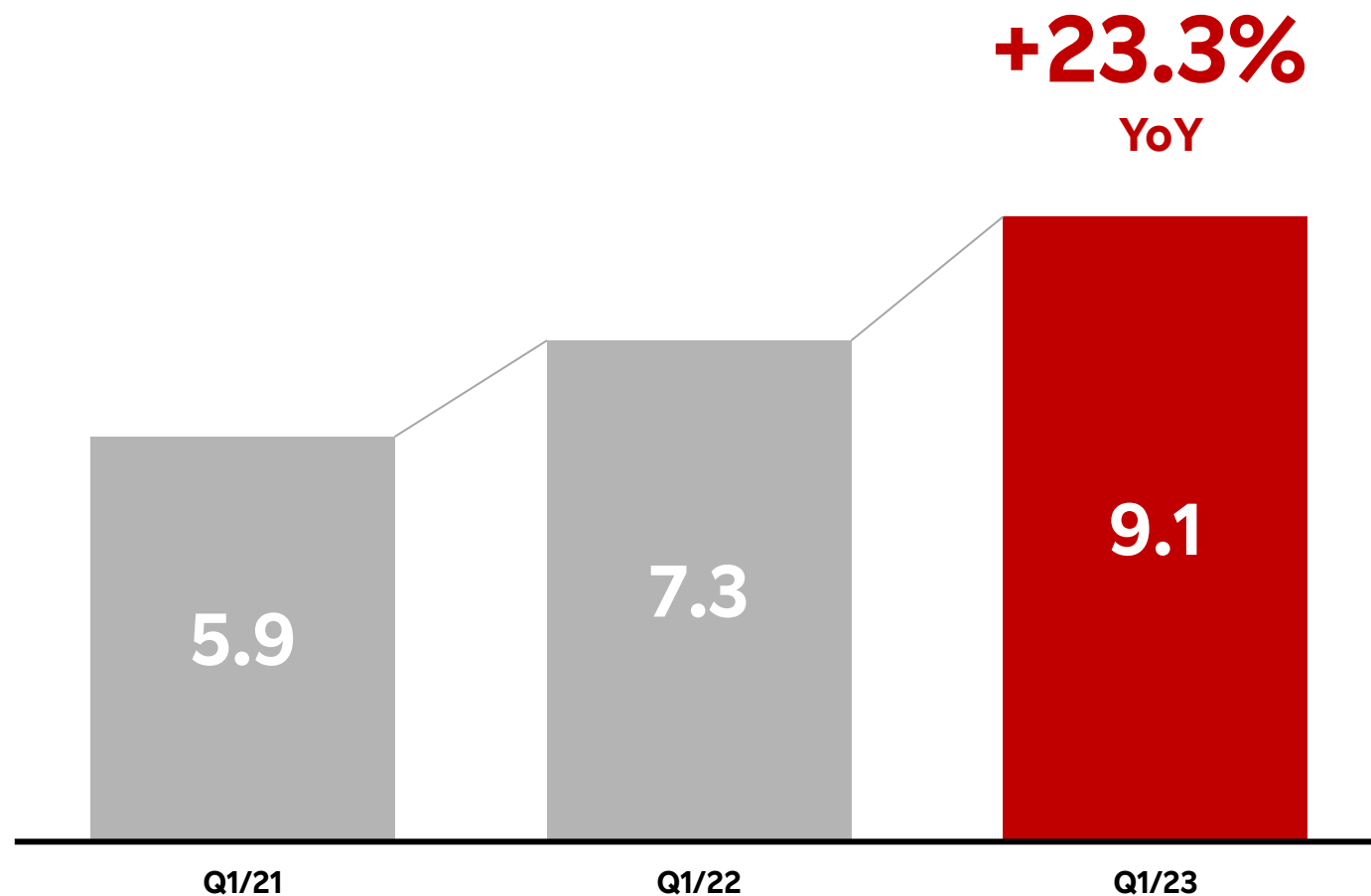
Q1/23 Non-GAAP Operating Income Breakdown

(JPY bn)



Total Global GTV^{*1*2}

(JPY tn)



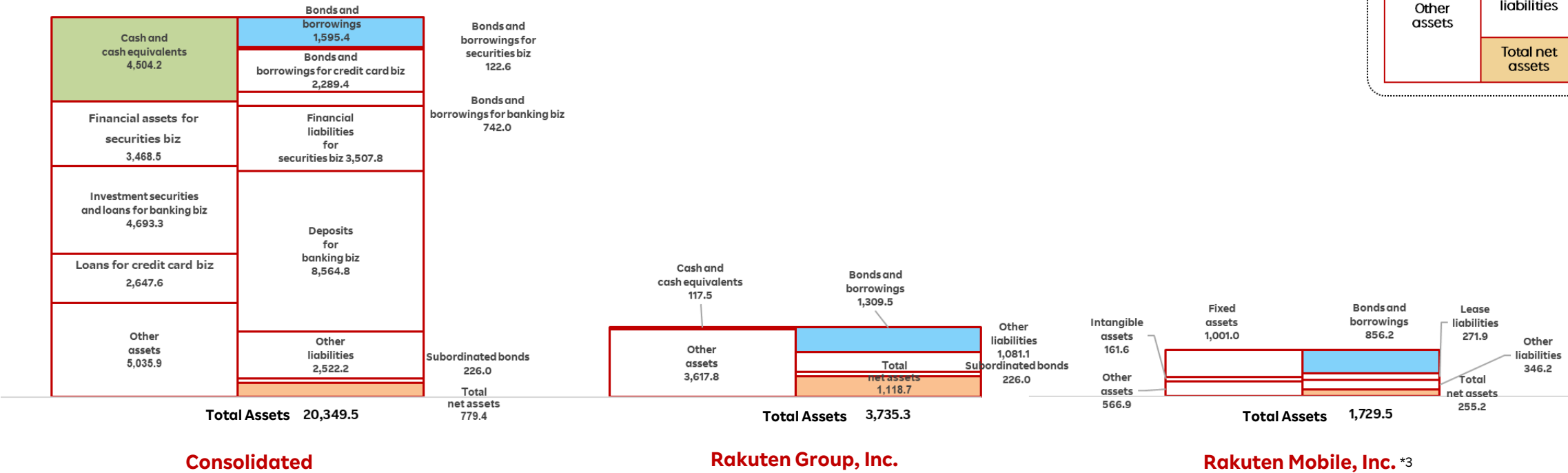
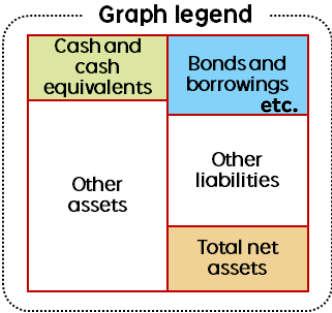
^{*1} Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV+ Rakuten Point Card GTV + Overseas E-Commerce GTV + Rakuten Rewards (Ebates) GTV + Digital Contents GTV + Rakuten Advertising (Rakuten Marketing) GTV

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

Consolidated and Major Subsidiaries' Balance Sheets (1) - As of March 31, 2023^{*1*2}

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)



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

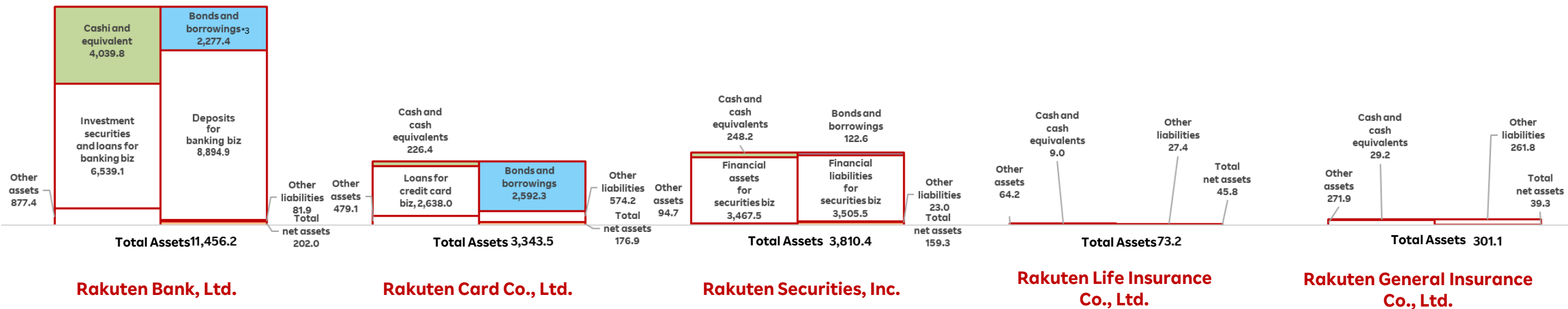
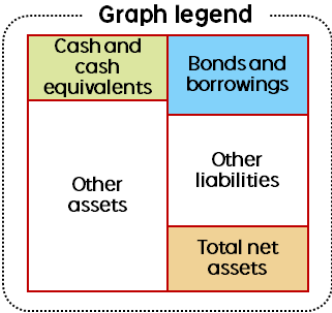
^{*2} Bonds and borrowings include Straight corporate bonds, CP, Bank borrowings, etc.

^{*3} Mainly lease financing and Loans from Rakuten Group, Inc.

Consolidated and Major Subsidiaries' Balance Sheets (2) - As of March 31, 2023^{*1*2}

(Non-consolidated Balance Sheets include internal transactions)

(JPY bn)



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

^{*2} Bonds and borrowings include Straight corporate bonds, CP, Bank borrowings , etc.

^{*3} Borrowings for banking business are mainly debt from Bank of Japan under eligible collateral. Joint venture in Taiwan (Rakuten International Commercial Bank.) is not included in the figures above.



Cash Flow Breakdown: January 2023 – March 2023

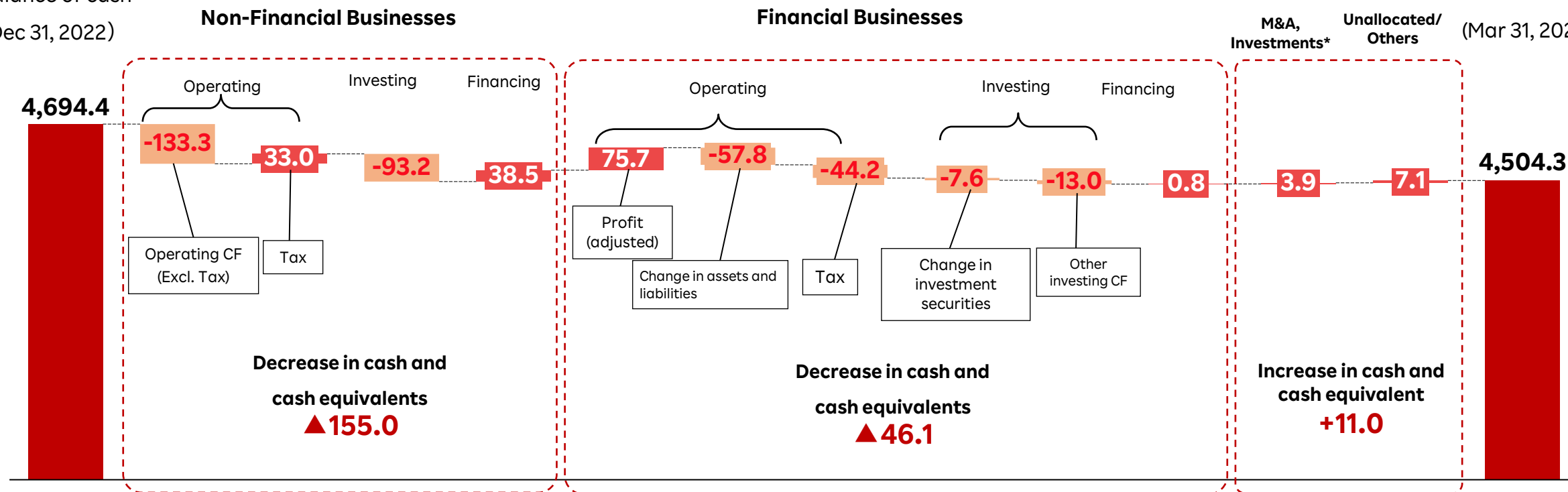
(JPY bn)

Balance of cash

(Dec 31, 2022)

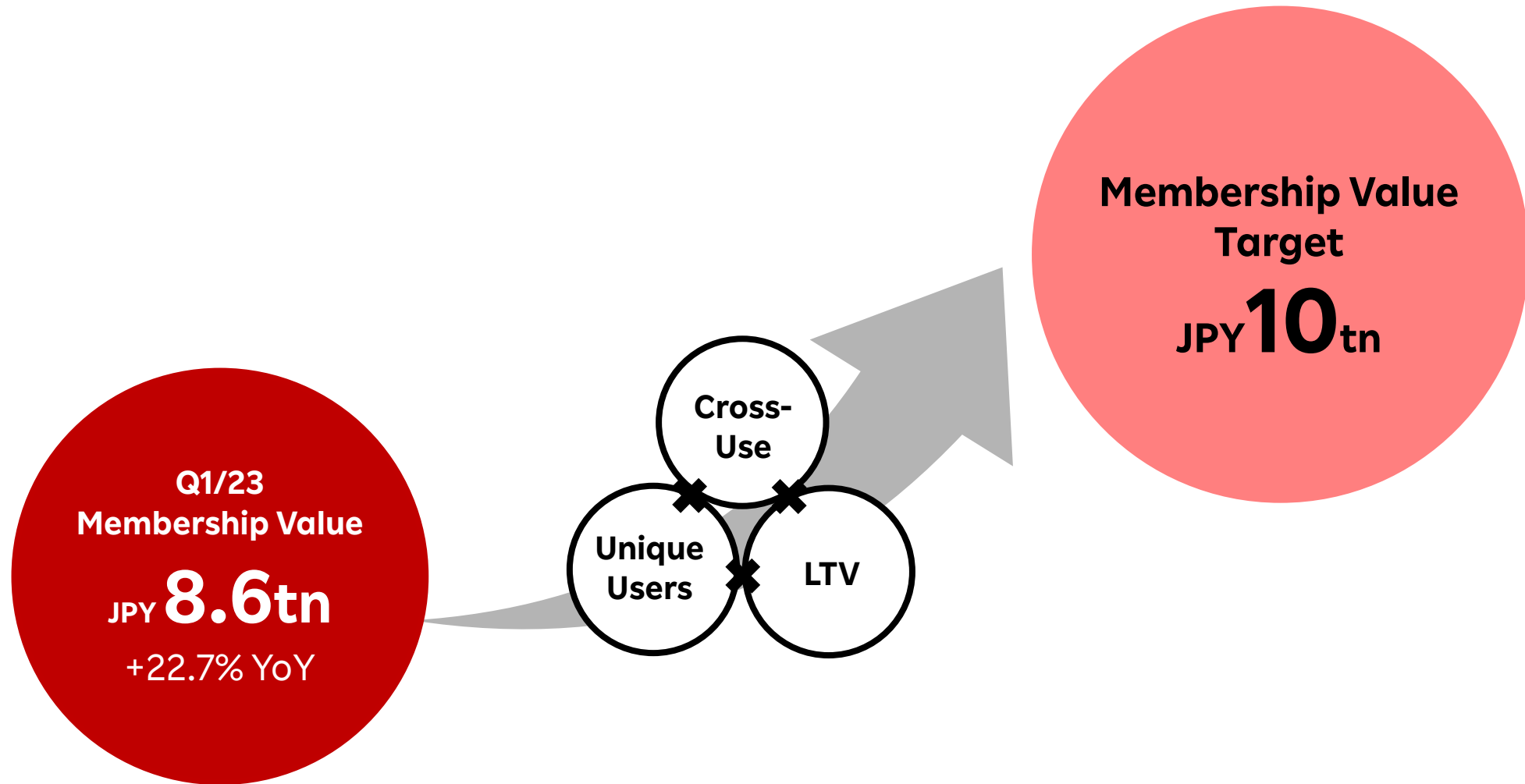
Balance of cash

(Mar 31, 2023)



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

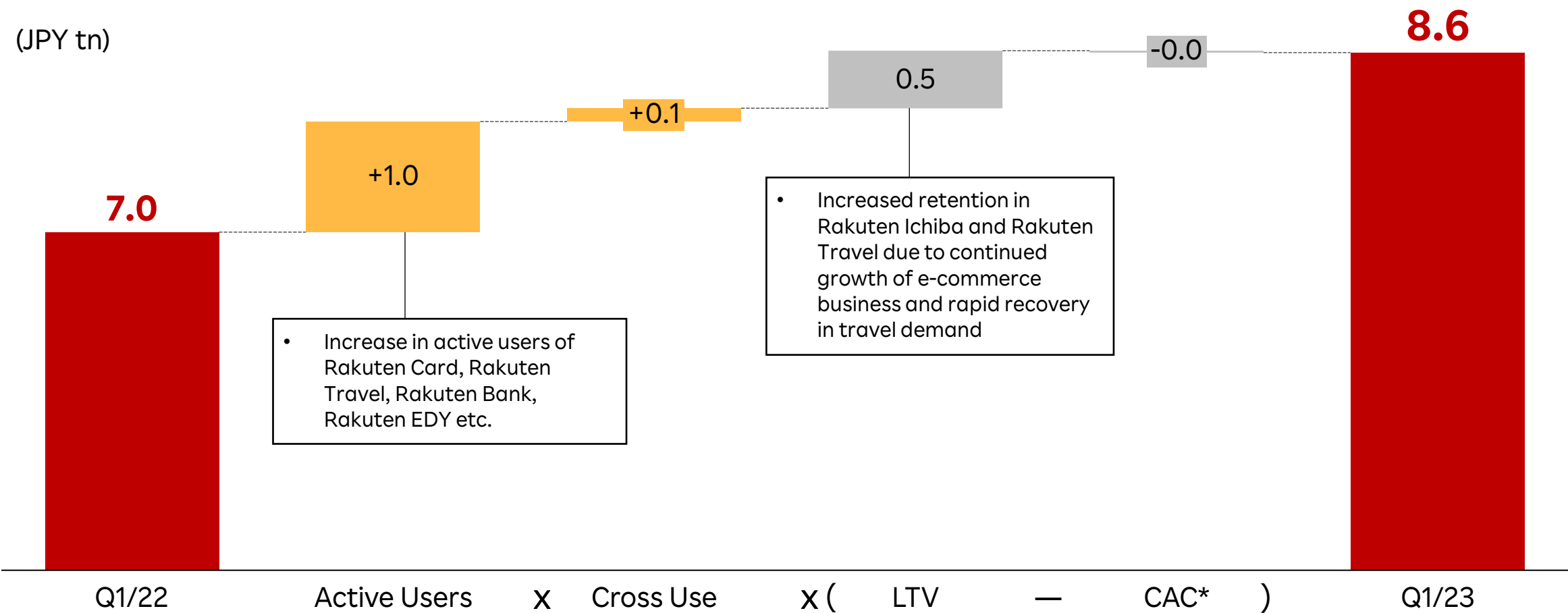
Massive Expansion of Rakuten Ecosystem*



* Mobile business is not included in the above calculation.

Rakuten Ecosystem Membership Value

- Membership value increased due to improvements in key businesses, including an increase in the number of users, ARPU, and retention rate at Rakuten Ichiba, an increase in ARPU and number of users at Rakuten Travel, and an increase in ARPU and retention rate at Rakuten Rewards



* CAC = Customer Acquisition Cost

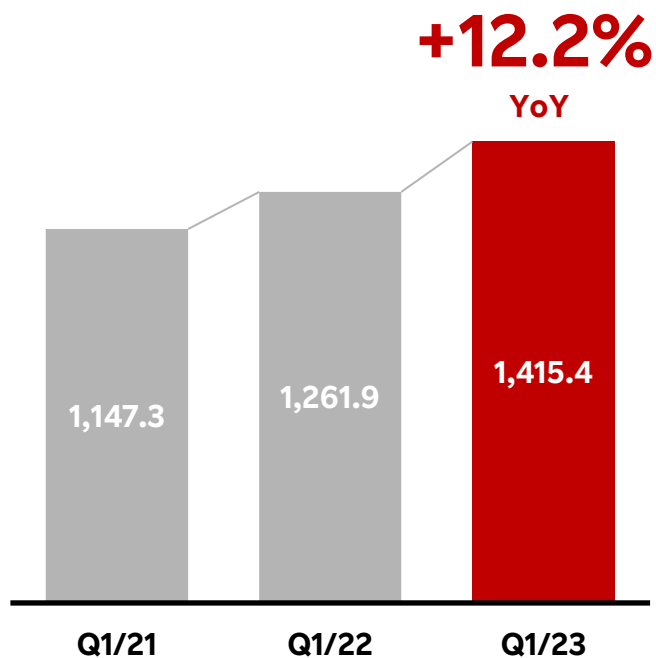


2. Internet Services

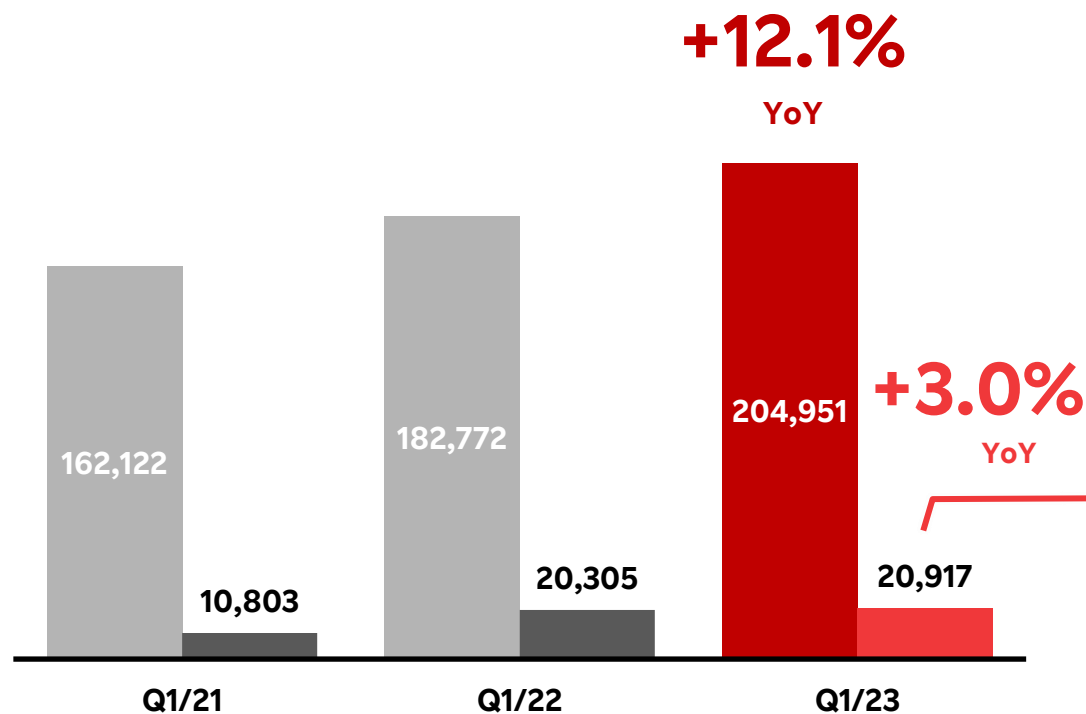
Domestic E-Commerce

- Domestic E-Commerce GMS ^{*1*2} achieved consistent and robust growth in the post-pandemic period
- Operating income growth was 3.0% YoY, coming in lower than revenue growth of 12.1% YoY. This was mainly due to the new allocation of SPU costs. Without this, operating income growth would have been 12.5%

GMS (JPY bn)



◆ Revenue ◆ Operation Income(JPY mm)

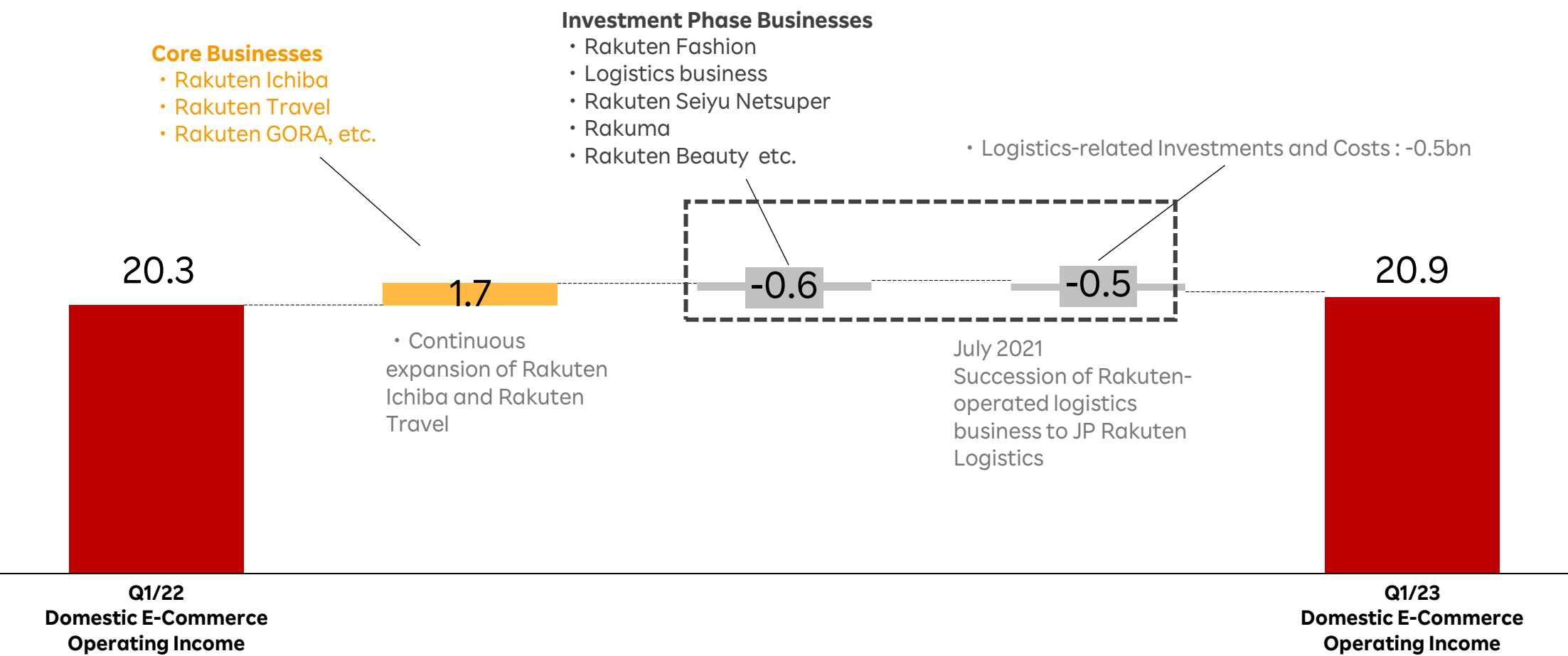


*1 Domestic e-commerce GMS (Excludes some tax-exempt businesses, includes consumption tax.) is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Books Network, Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24, Car, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, and cross boarder trading, etc.

*2 From Q1/23, Rakuten Ticket was transferred from mobile segment to domestic EC segment. Retroactive adjustments were made accordingly.

Domestic E-Commerce Operating Income Breakdown*

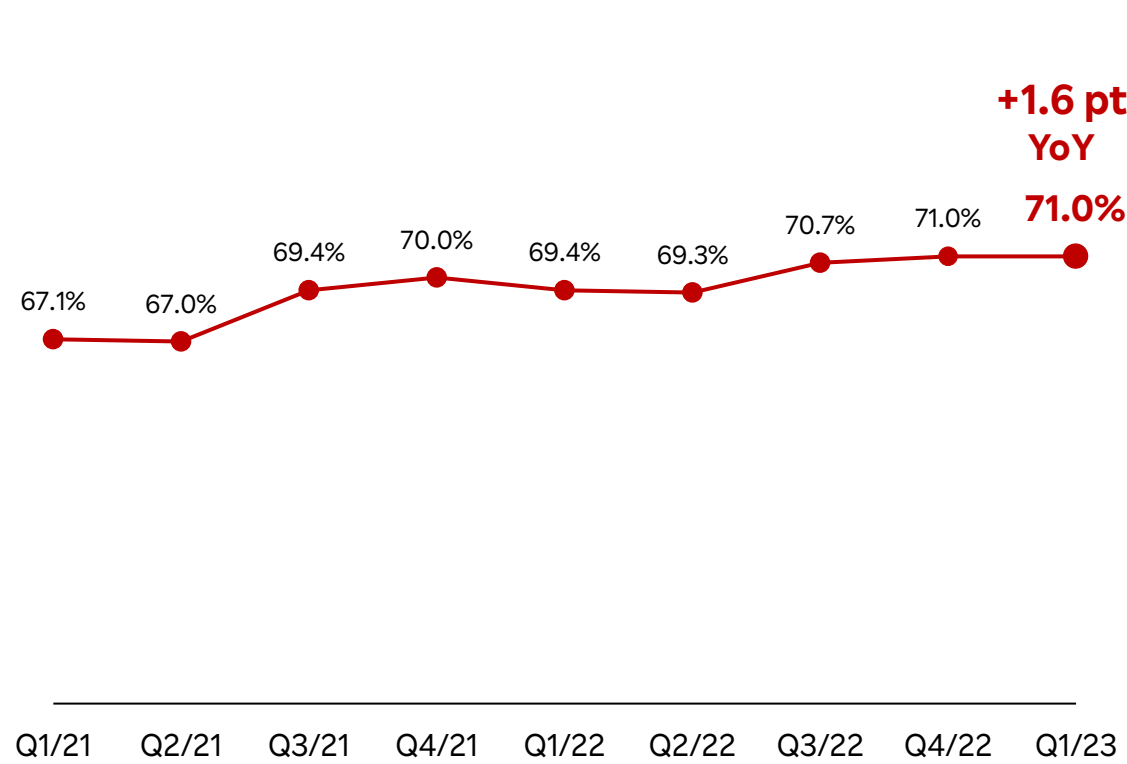
(JPY bn)



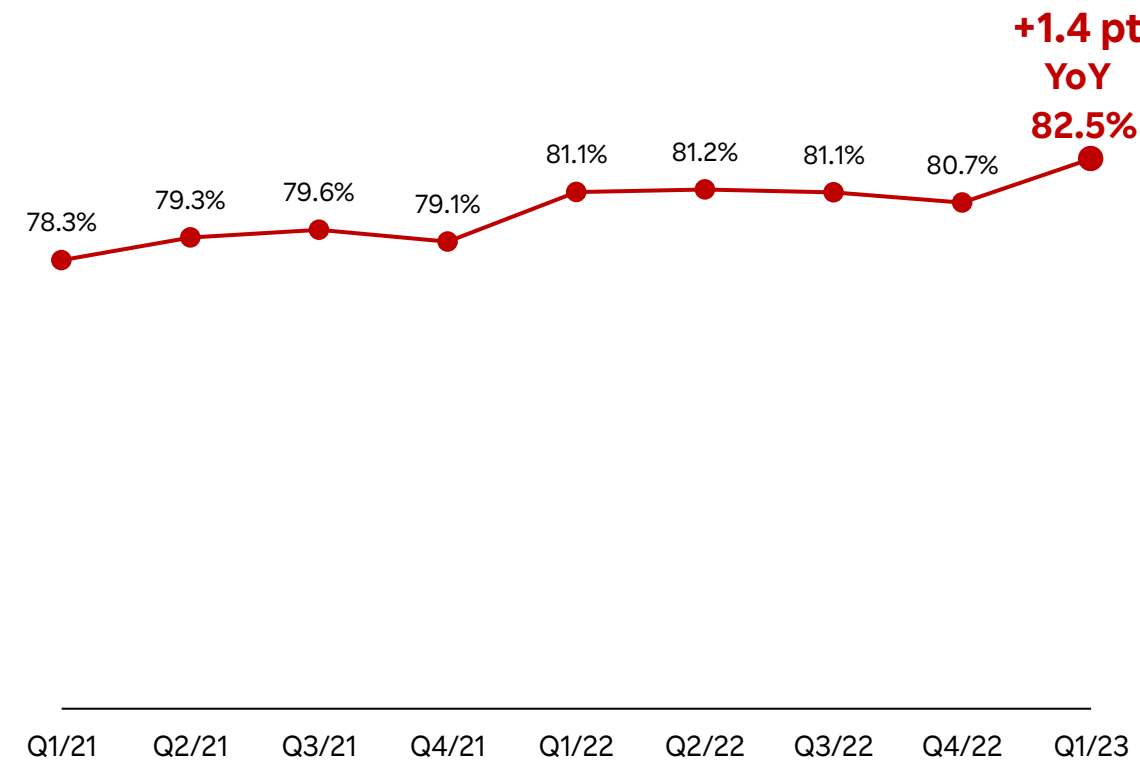
*From Q1/23, Rakuten Ticket was transferred from mobile segment to domestic EC segment. Retroactive adjustments were made accordingly.

Rakuten Card Share of Rakuten Ichiba GMS and Rakuten Ichiba Mobile GMS Ratio*

Rakuten Card Share of Rakuten Ichiba GMS



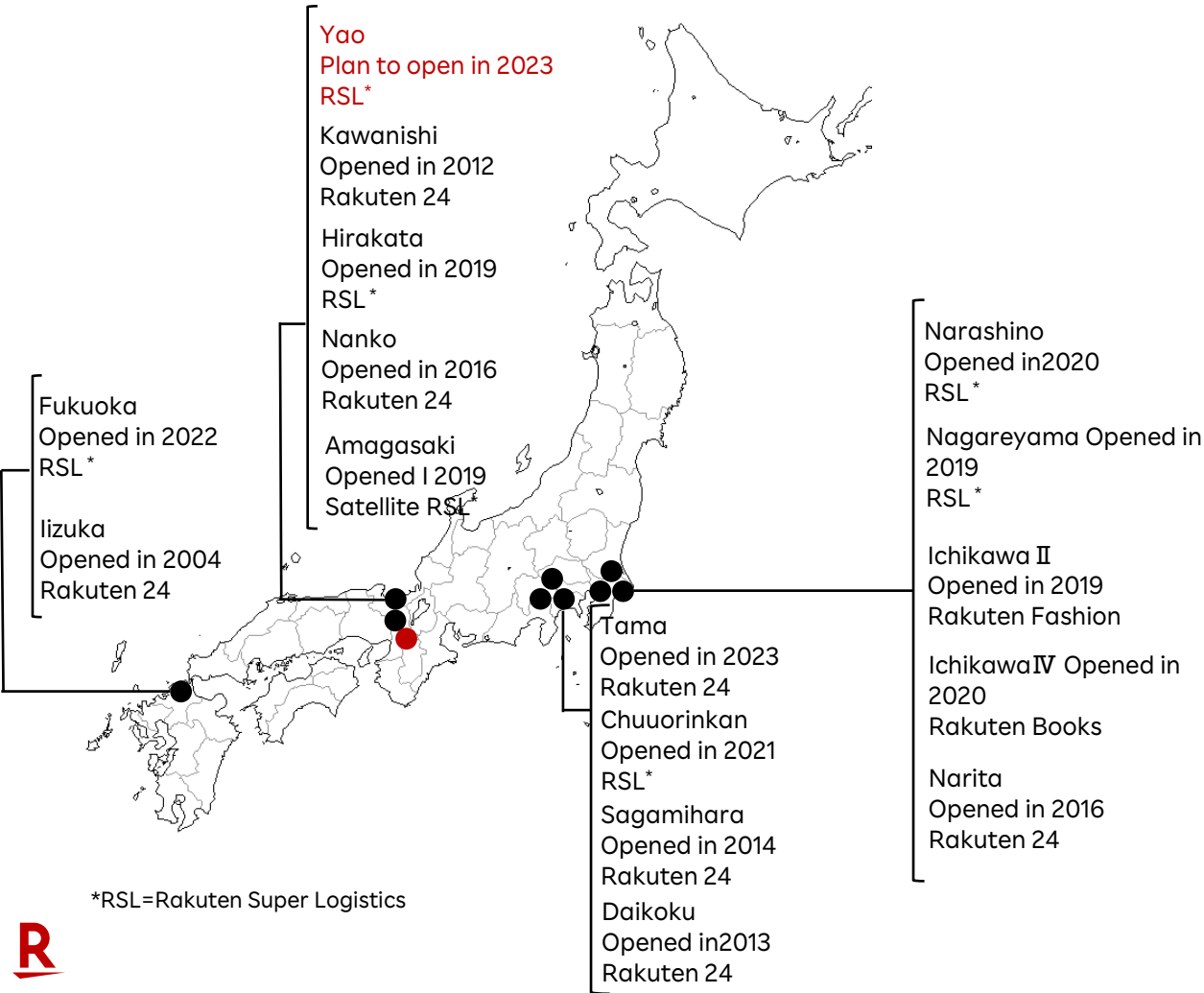
Rakuten Ichiba Mobile GMS Ratio*



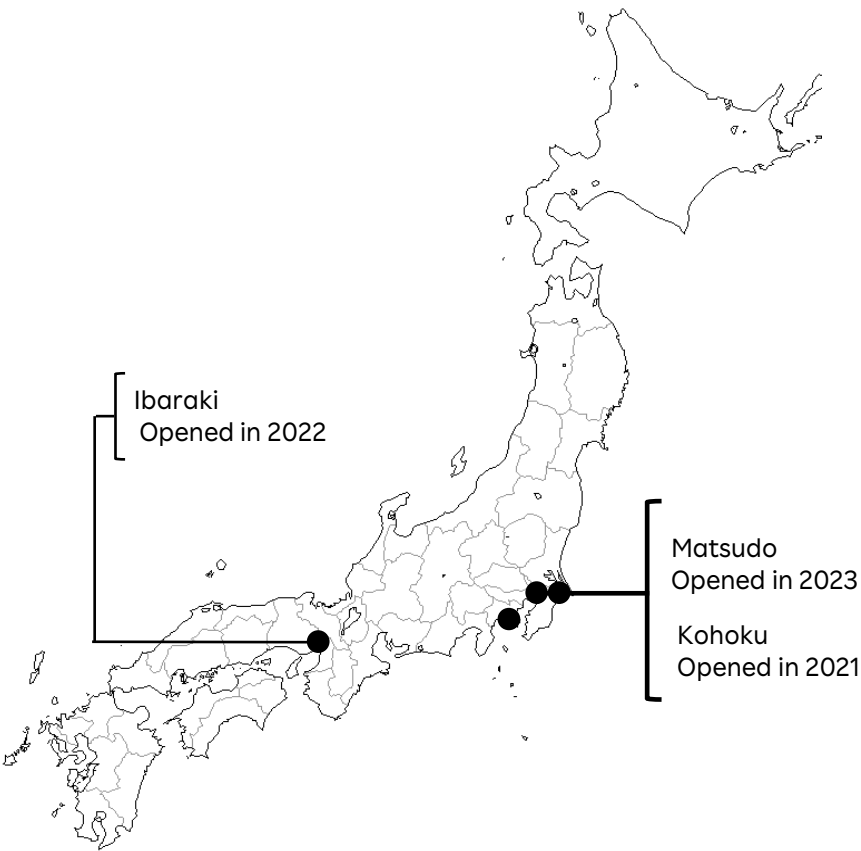
* Rakuten Ichiba Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes smartphones and tablets)

List of Logistics Centers

JP Rakuten Logistics



Rakuten Seiyu Netsuper Logistics Centers



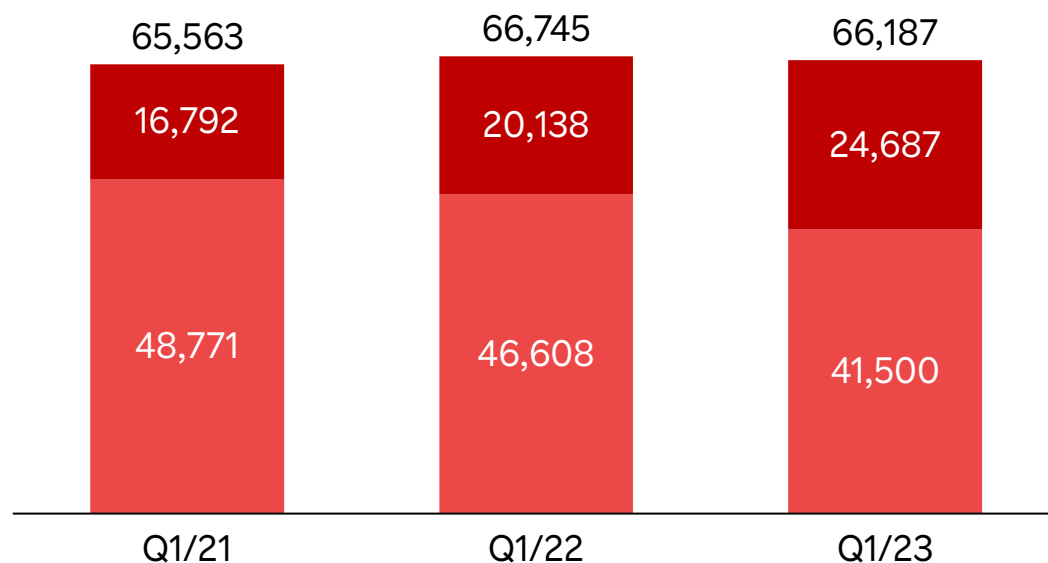
Other Internet Services*¹ (Excluding minority investments*² business)

- Revenue growth was driven by Rakuten Rewards, but growth slowed down due to the impact of declining consumption in the U.S
- OI declined due to the transfer of Golden State Warriors sponsorship costs from consolidated adjustments to overseas businesses (especially Rakuten Rewards) from Q3/22, the off-season in the baseball business, and a decline in OI from Rakuten Viber due to the situation in Ukraine. Yet, we will continue to work to achieve further cost reductions by promoting business concentration and selection by the Business Portfolio Committee

Revenue(JPY mm)

(Excluding gains/losses from minority investments)

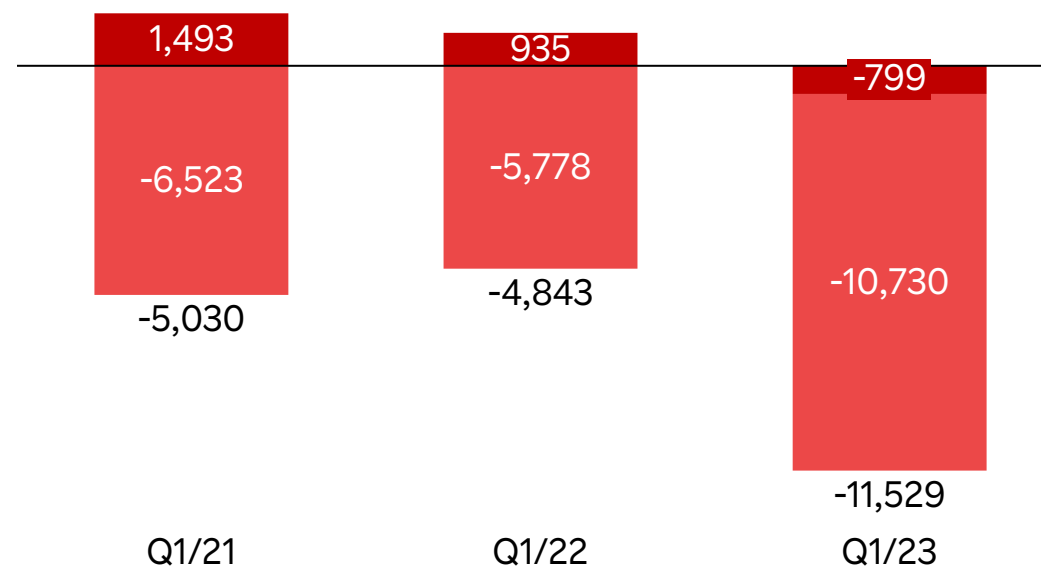
■ Rakuten Rewards
■ Others



Operation Income(JPY mm)

(Excluding gains/losses from minority investments)

■ Rakuten Rewards
■ Others

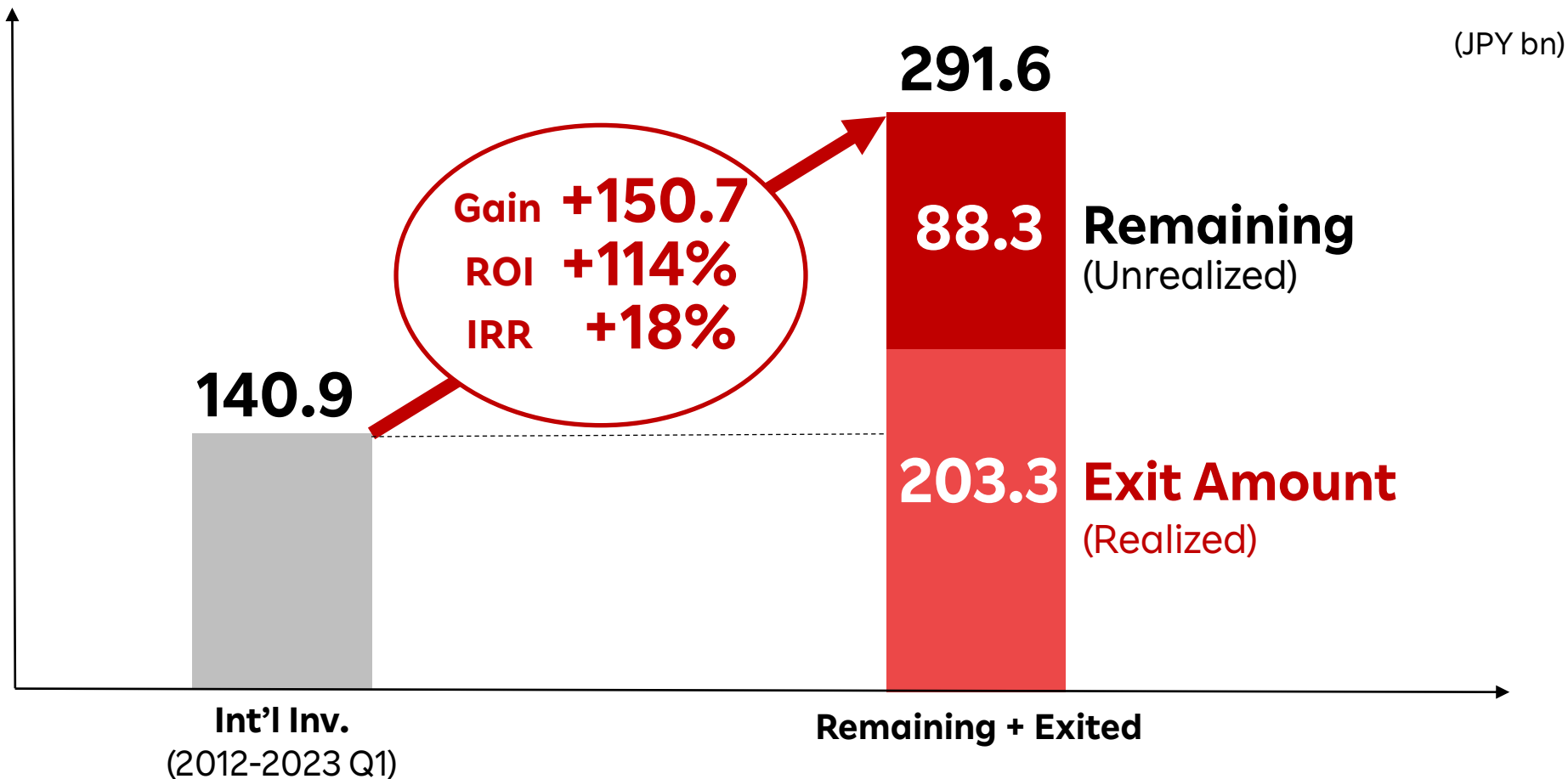


*1 From Q1/23, Contents Media, Streaming JP, NBA Broadcast, Rakuten TV Europe, IP Content, and Pacific League etc. were transferred from Mobile segment to Internet Services Others segment. Past figures have been retroactively adjusted.

*2 Rakuten Capital


























Rakuten Capital*1 Investment Performance

Rakuten Capital Investment Performance (as of Mar 31, 2023)*2



*1 Investment Business of Rakuten Group (Rakuten Capital).
*2 Non Rakuten Capital investments, such as Lyft, Rakuten Medical, and Lifull are excluded.

Minority Investment Portfolio

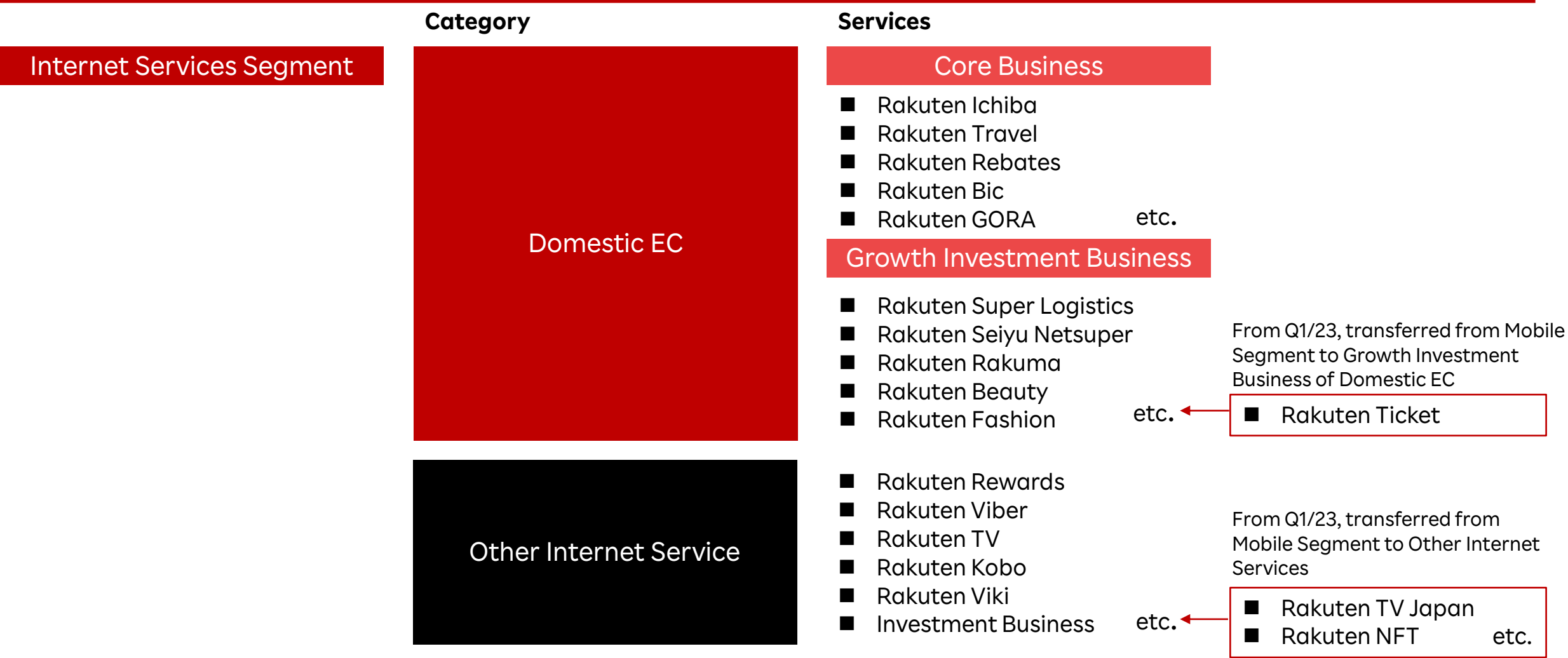
	Remaining			Exited* ¹	Non R-Capital* ²
Number of Investments* ³ :	44			40	2
	<u>Internet</u>	<u>Ride Sharing</u>	<u>Healthcare</u>		
					
				 (Partial)	 (Affiliated Company)
		<u>DI/DX</u>			
					
					
	<u>Sustainability</u>	<u>Mobile / AI</u>	<u>Other</u>	 (Partial)	
					
					
					

*1 Exit since 2015. Exit number does not include partial exit.

*2 Lyft and Rakuten Medical have been transferred from Rakuten Capital to other businesses

*3 Numbers are related to R-Capital investment only as of Q1/23.

Internet ServiceS Segment Structure



3. FinTech

FinTech Segment Results Summary^{*1*2*3*4*5}

Q1/23 (JPY bn, rounded)	Revenue	YoY	Non-GAAP Operating Income	YoY
Rakuten Card	74.9	+3.7%	12.5	+12.3%
Rakuten Bank	30.1	+15.4%	10.7	+43.0%
Rakuten Securities	24.8	+6.0%	6.1	+68.3%
Insurance Business	20.9	-6.4%	2.0	+27.4%
Rakuten Payment	14.6	+42.2%	-3.3	-2.9
Others	2.8	+45.0%	-1.4	-0.1
FinTech Total	168.0	+7.6%	26.6	+20.4%

*1 Rakuten Bank joint venture in Taiwan (Rakuten International Commercial Bank) became a consolidated subsidiary in Q2/20, which is included in “Others”.

*2 Rakuten Securities includes its off-shore subsidiaries. Rakuten Securities HD, Inc., Rakuten Wallet, Inc. and Rakuten Investment Managem, Inc. are included in “Others”.

*3 Insurance Business includes Life Insurance, General Insurance, Pet Insurance and Insurance Agency.

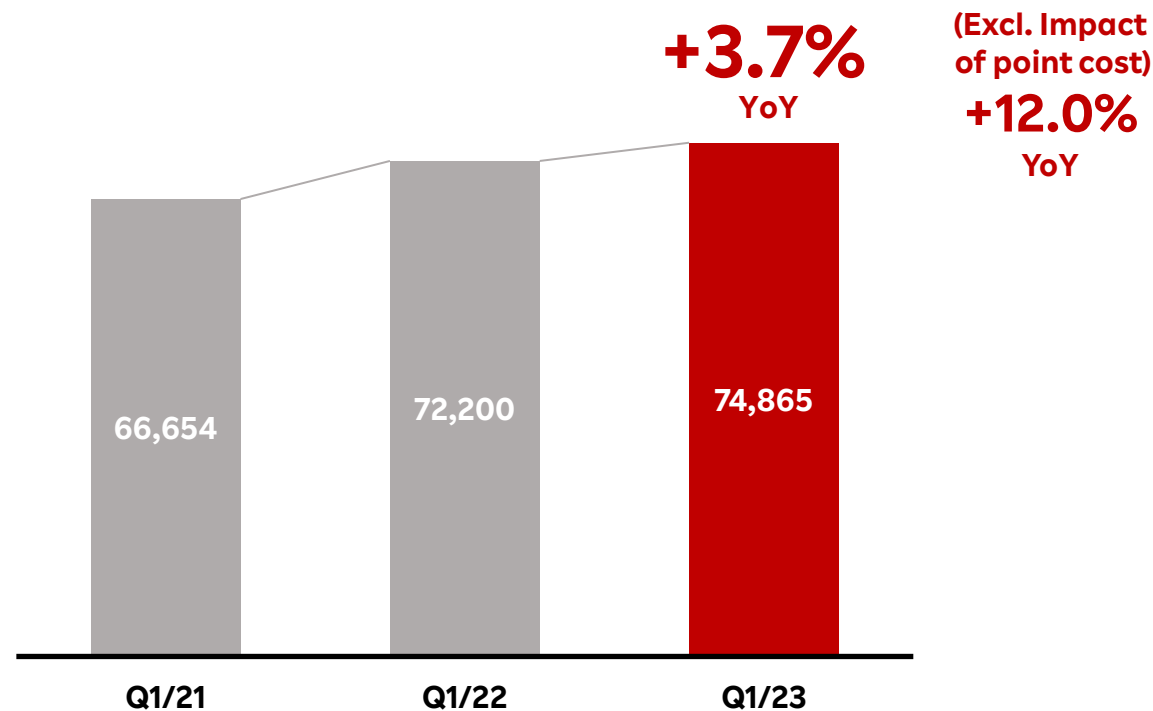
*4 Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023).

*5 Rakuten payment includes Rakuten Pay, Rakuten Edy, Point Partner.

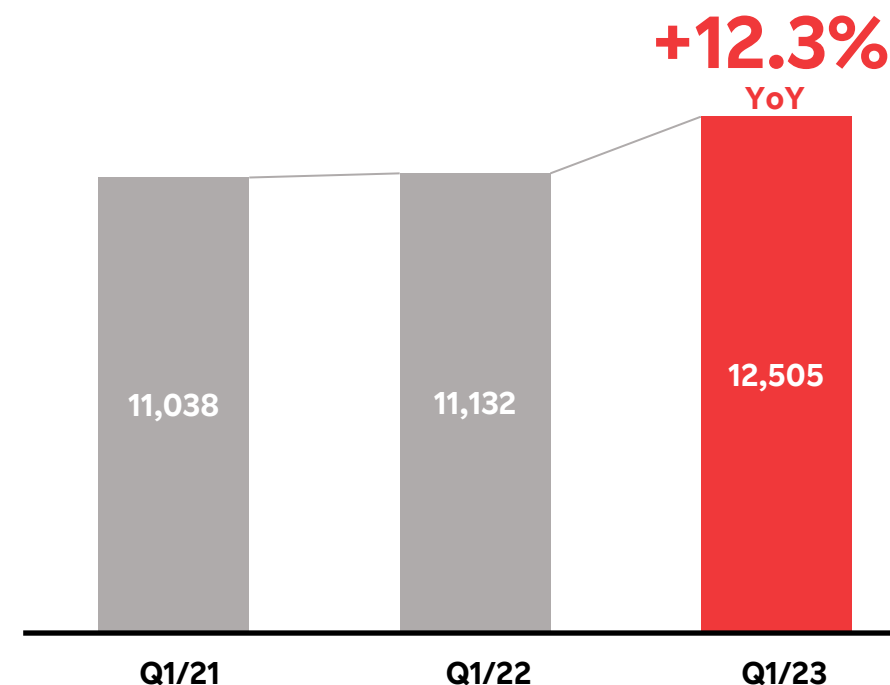
Rakuten Card Financial Results

- Growth in customer base and shopping GTV due to recovery after Covid-19 led to commission income increase
- Recovery of shopping revolving credit and cash advances, and growth of installment payments also contributed to higher earnings

Revenue (JPY mm)



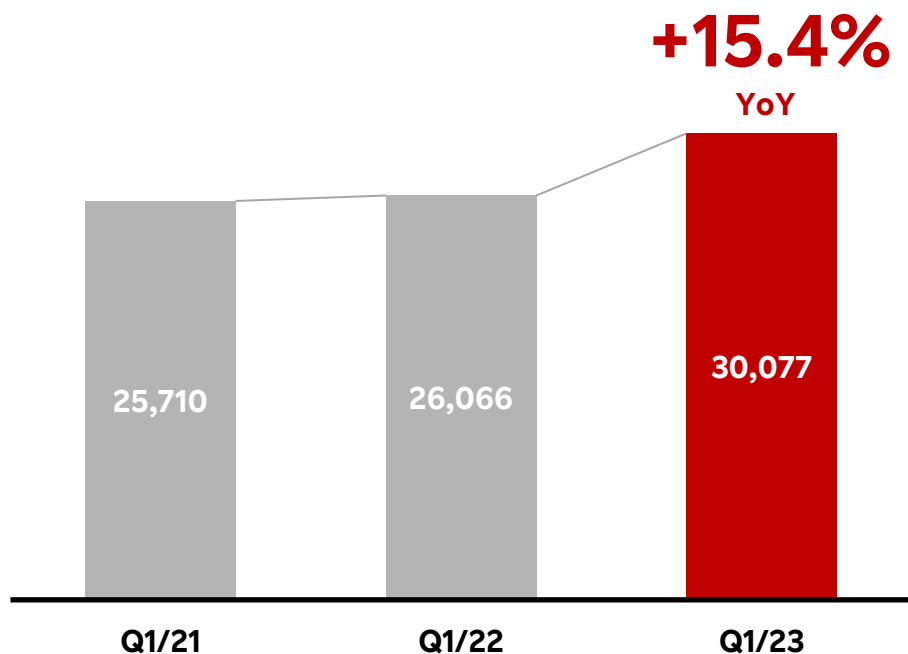
Non-GAAP Operating Income (JPY mm)



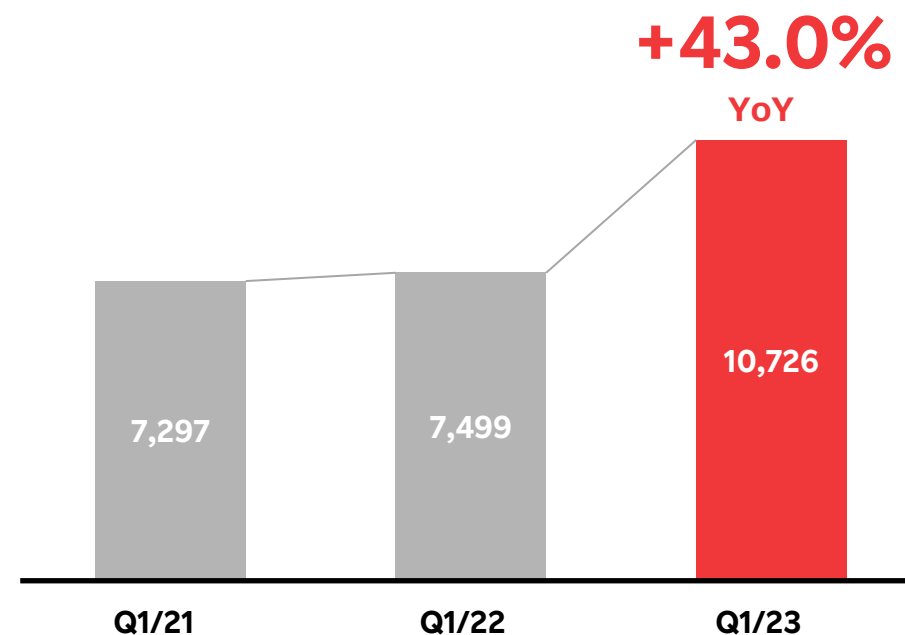
Rakuten Bank Financial Results

- Revenue increased by 15.4% YoY due to steady business expansion
- Operating income increased by 43.0% YoY due to further improvement of management efficiency in line with business scale expansion

Revenue (JPY mm)



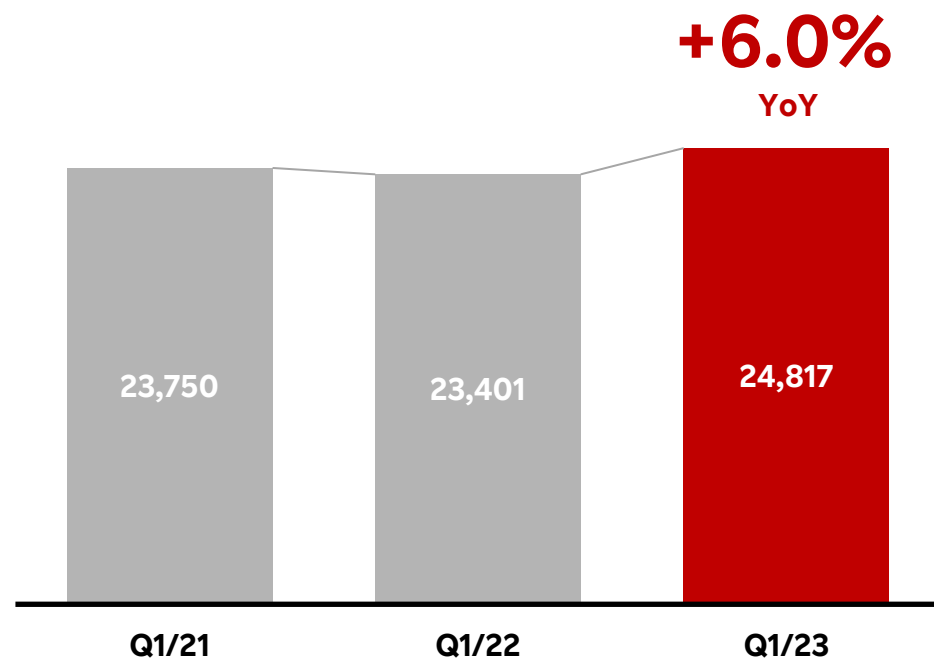
Non-GAAP Operating Income (JPY mm)



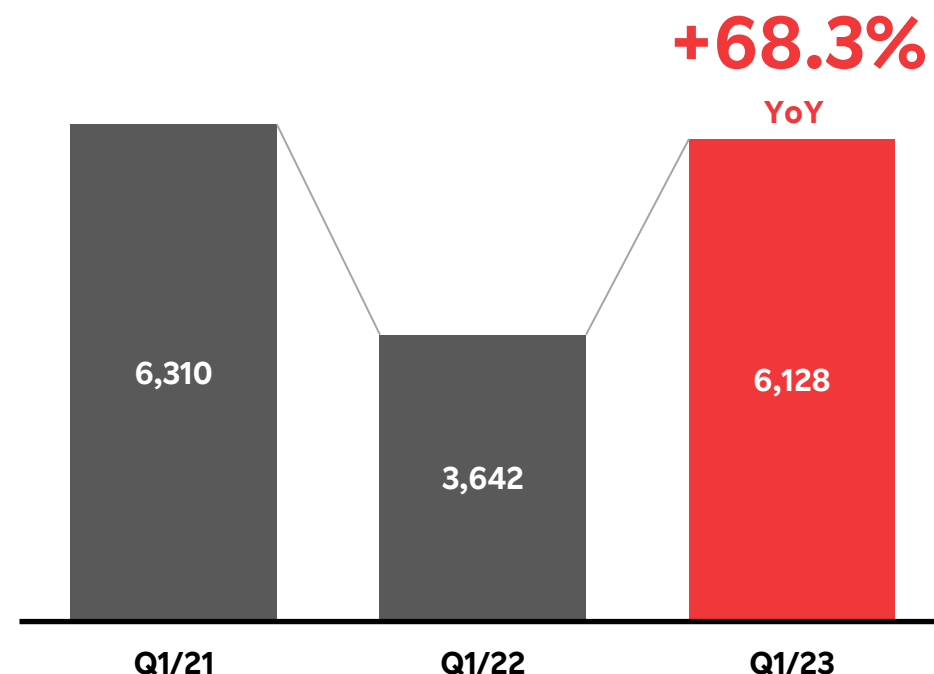
Rakuten Securities Financial Results

- Archived steady revenue growth due to increasing number of general accounts, etc.
- Operating income also increased due to an improved efficiency in promotion activities, etc.

Revenue (JPY mm)



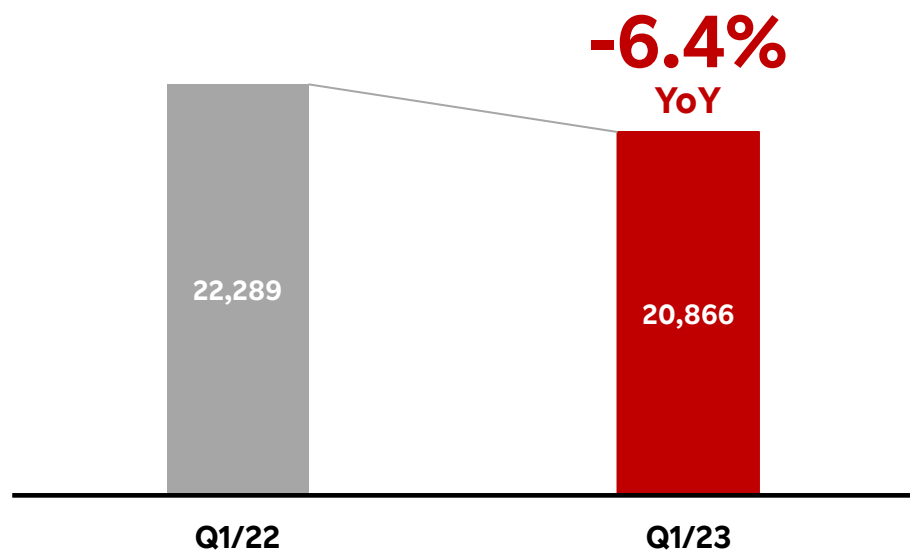
Non-GAAP Operating Income (JPY mm)



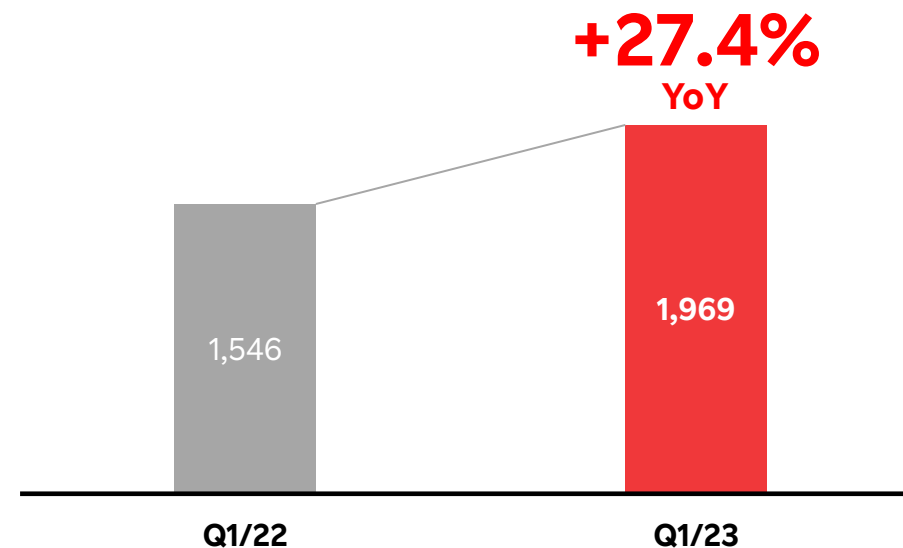
Insurance Business Financial Results*

- Revenue decreased YoY due to the cancellation of reinsurance that became unnecessary as a result of business improvement and the resulting decrease in reinsurance income/expenses, but sales revenue from new policies progressed favorably.
- Sales of automobile insurance via the Internet and travel insurance sales grew strongly due to the easing of Corona regulations. In addition, operating income increased due to the leveling off of claims paid along with the easing of the Corona effect and ongoing cost efficiencies improvement.

Revenue (JPY mm)



Non-GAAP Operating Income (JPY mm)

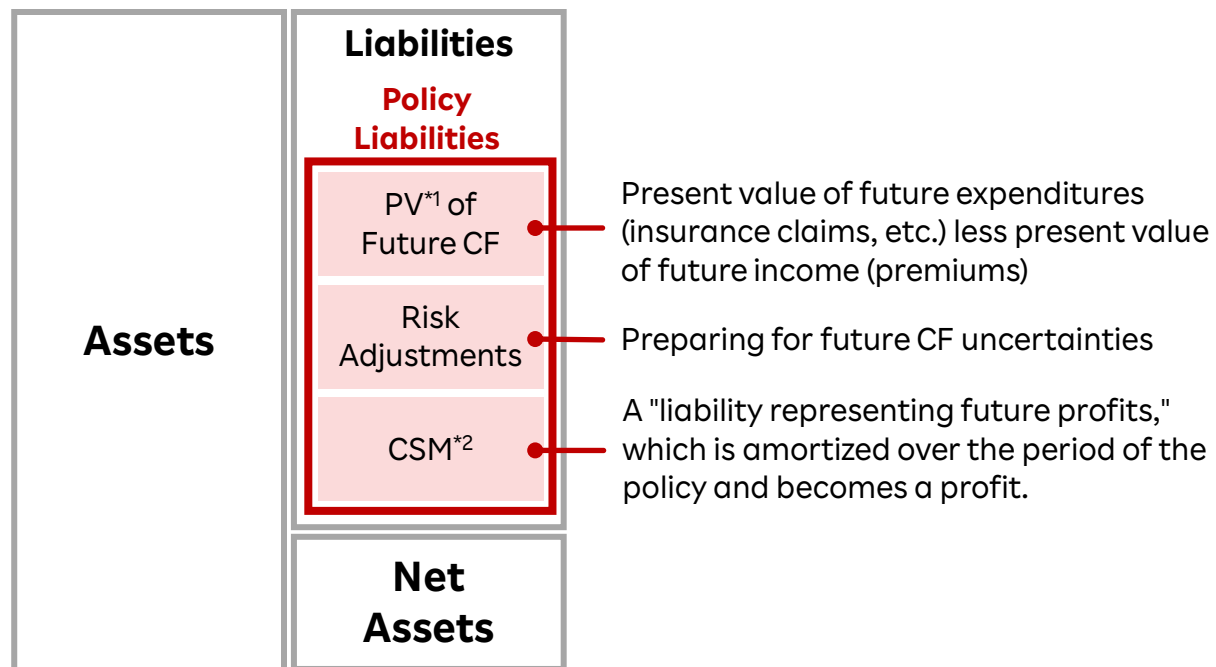


* Insurance Business introduced IFRS 17, new accounting rules (Effective from FY 2023).

Insurance Business : Introduction of IFRS 17 (Effective from FY 2023)

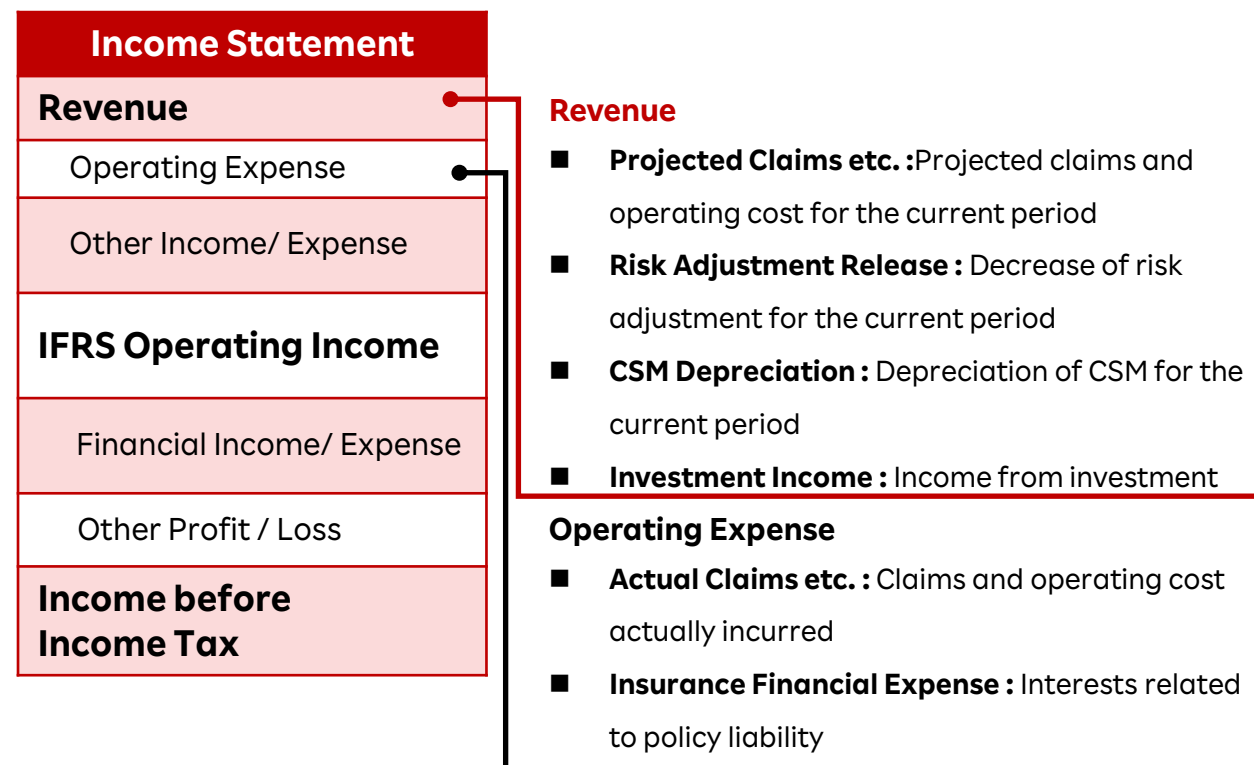
Impact to Balance Sheet

- Profits expected to be earned during the policy period are recorded as a policy liability and distributed to future periods
- Liabilities increase due to recording future earnings as insurance contract liabilities

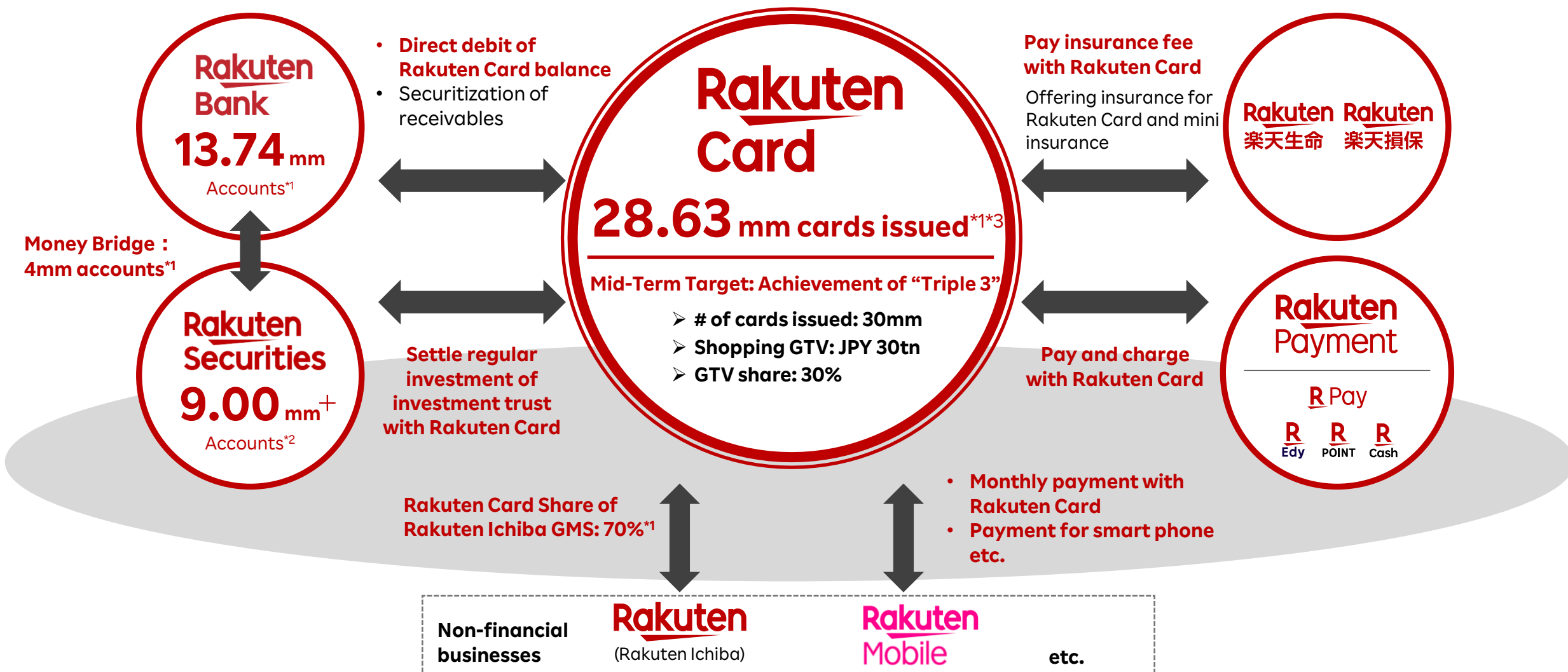


Impact to Income Statement

- Revenue is recognized evenly over the period of the policy, appropriately reflecting the actual performance and earnings over the term of the policy
- Revenue is recognized by reversing the policy liability rather than recognizing premiums received immediately



Further Strengthen Cooperation in FinTech Group Services Centered around Rakuten Card

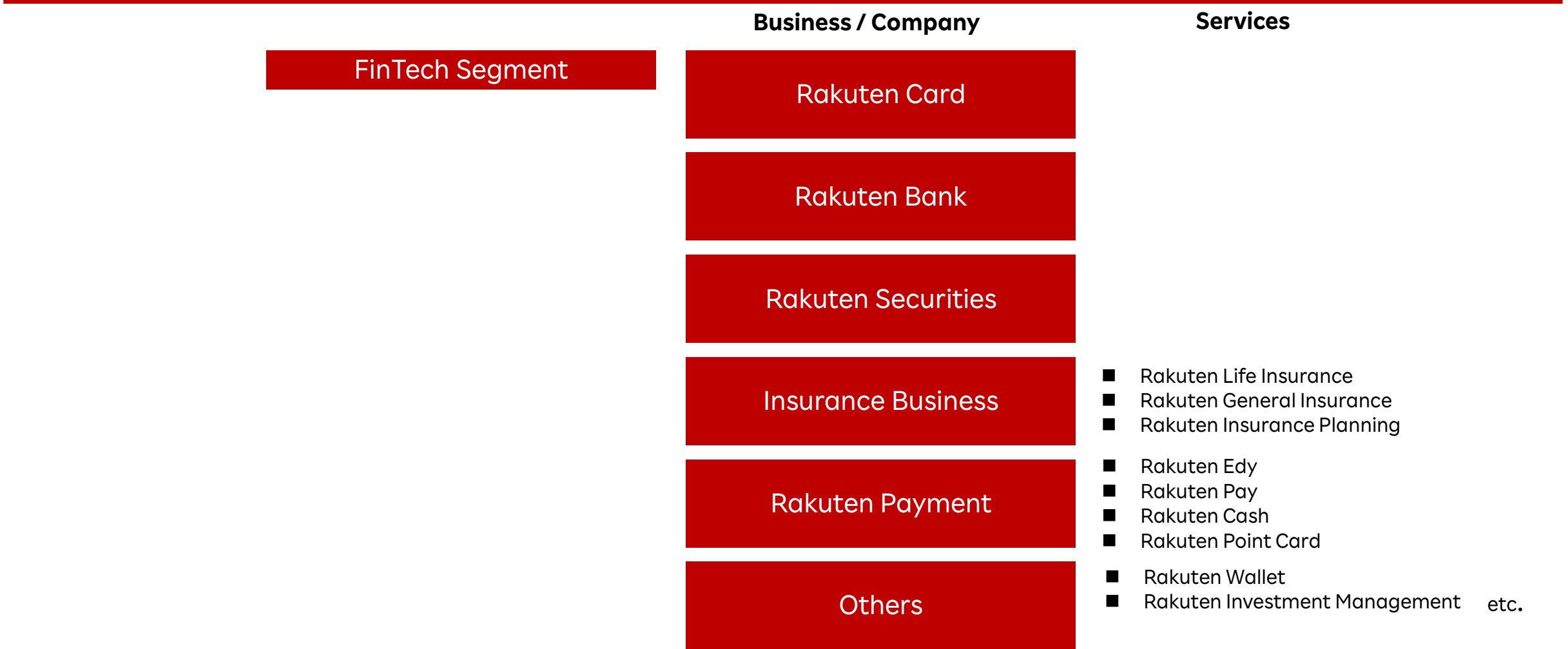


*1 As of March 31, 2023.

*2 As of May 12, 2023

*3 Includes the issuance of second card per cardholder.

Fintech Segment Structure

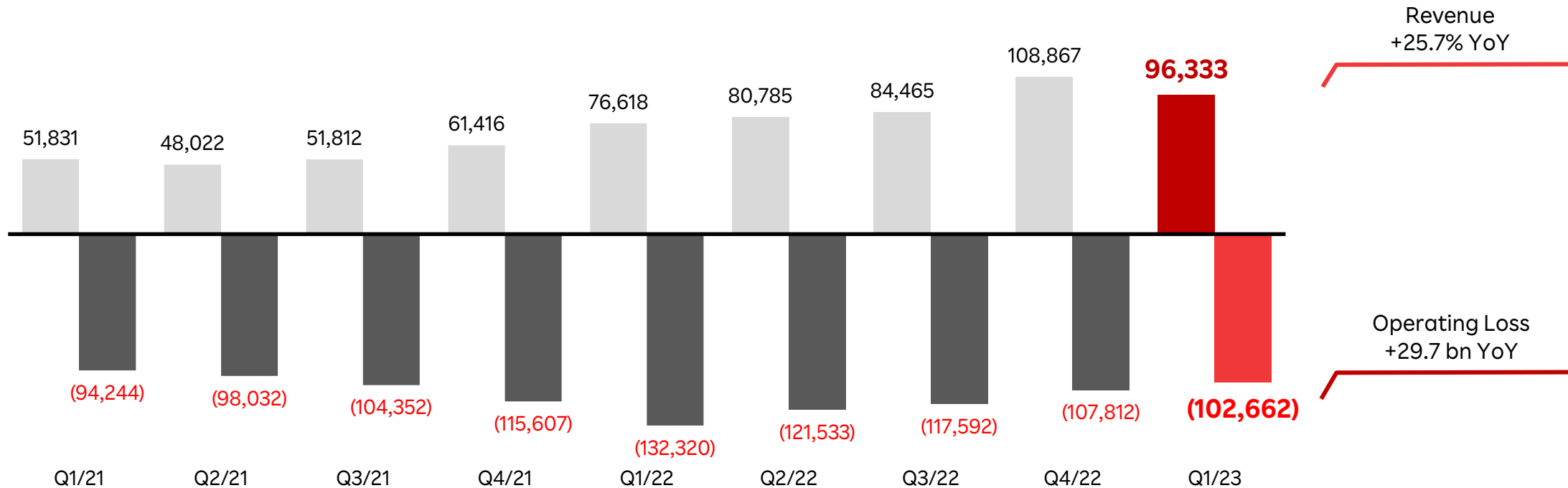


4. Mobile

Mobile Segment Results^{*1*2}

- ARPU increased with the transition to the new pricing plan. Profitability continued to improve partly due to roaming cost reductions as partner roaming areas switched to Rakuten's network coverage^{*3}

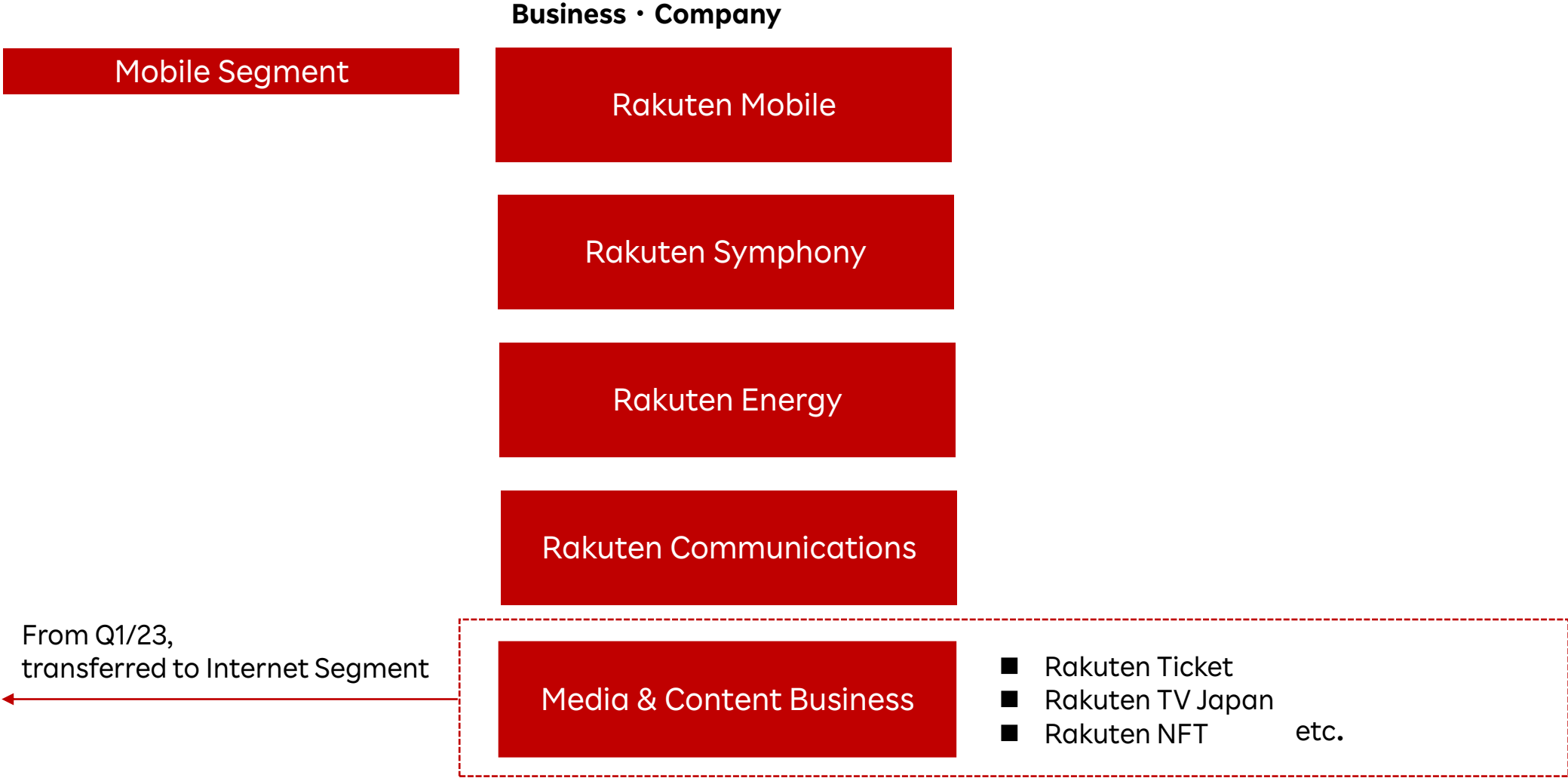
(JPY mm)



^{*1} Mobile segment includes Rakuten Communications, MNO business, MVNE & O business, Energy business, and contents businesses.

^{*2} Rakuten Kobo, Rakuten Viki, Rakuten Viber, and others moved from mobile segment to internet service segment from Q2/21.

Mobile Segment Structure



Rakuten Mobile, Inc. Organization

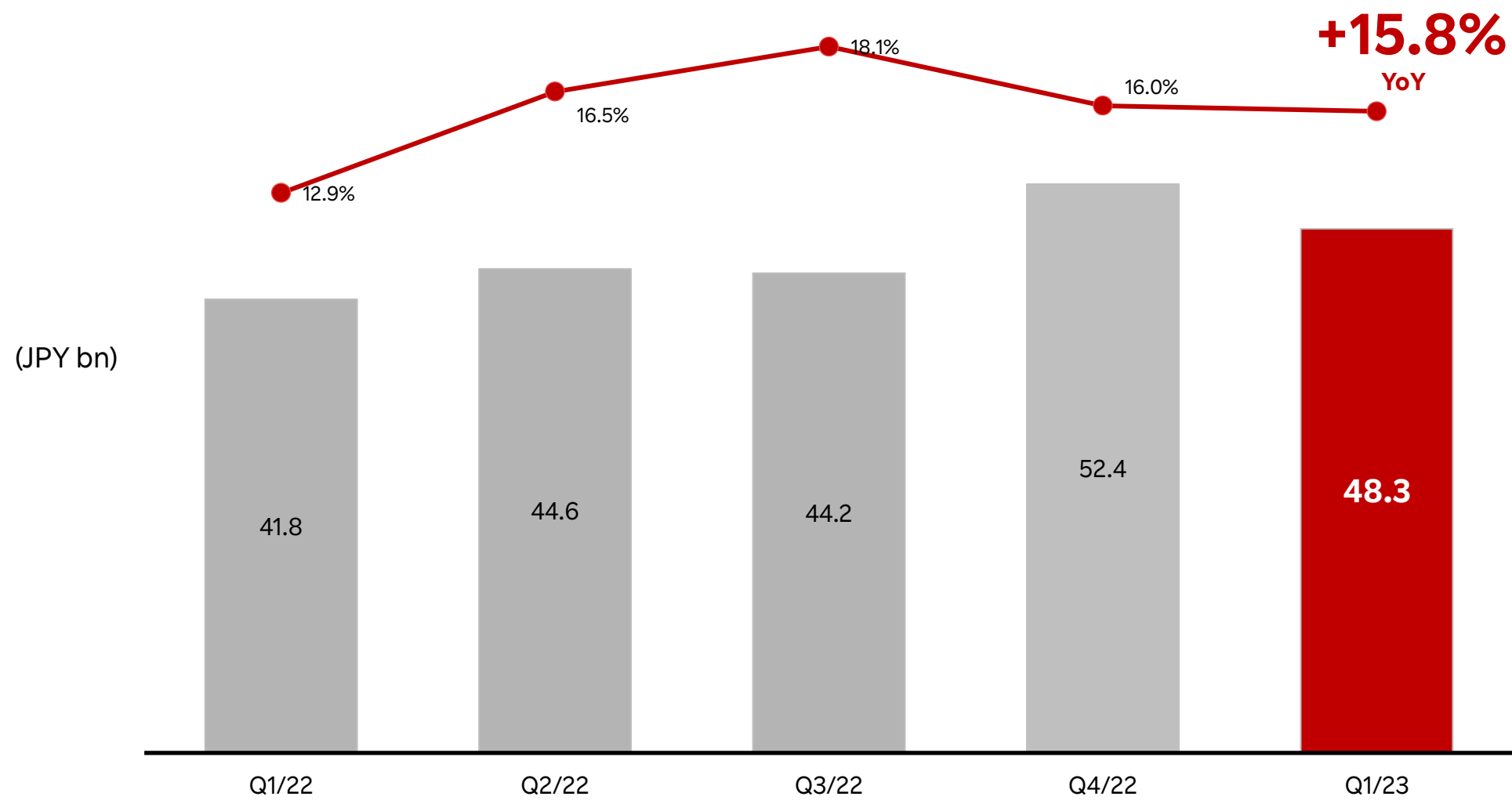
■ To drive strong growth of the business in Japan and globally

Focus on domestic and global business		Focus on domestic and global business		Focus on domestic and global business		Focus on domestic business	
Representative Director and Chairman	Hiroshi Mikitani	Representative Director and Co-CEO	Kazuhiro Suzuki (Assigned on April 3 rd , 2023)	Representative Director and Co-CEO	Tareq Amin	Representative Director and President	Shunsuke Yazawa
Representative Director and Executive Vice President	Fusaki Matsui	<div>CTO (Chief Technology Officer)</div> <div>Sharad Sriwastawa</div> <div>CMO (Chief Marketing Officer)</div> <div>Naho Kono</div> <div>CFO (Chief Financial Officer)</div> <div>Atsushi Maeda</div>		<div>COO (Chief Operating Officer)</div> <div>Atsushi Tamura</div> <div>CCO (Chief Compliance Officer)</div> <div>Tomotaka Torin</div> <div>CWO (Chief Well-Being Officer)</div> <div>Masatada Kobayashi</div>			
Director and Vice Chairman	Kentaro Hyakuno						
Director and Vice Chairman	Kenji Hirose						

* Hiroto Furuhashi, CSO (Chief Strategy Officer) and Managing Executive Officer of Rakuten Mobile, Inc. will become a senior advisor to Rakuten Group, Inc., at the end of May, 2023. On the same day, he will resign as CSO and Managing Executive Officer of Rakuten Mobile, Inc. / COO, Director and President of Rakuten Symphony, Inc. / Group Executive Vice President of Rakuten Group, Inc.

5. Ad business

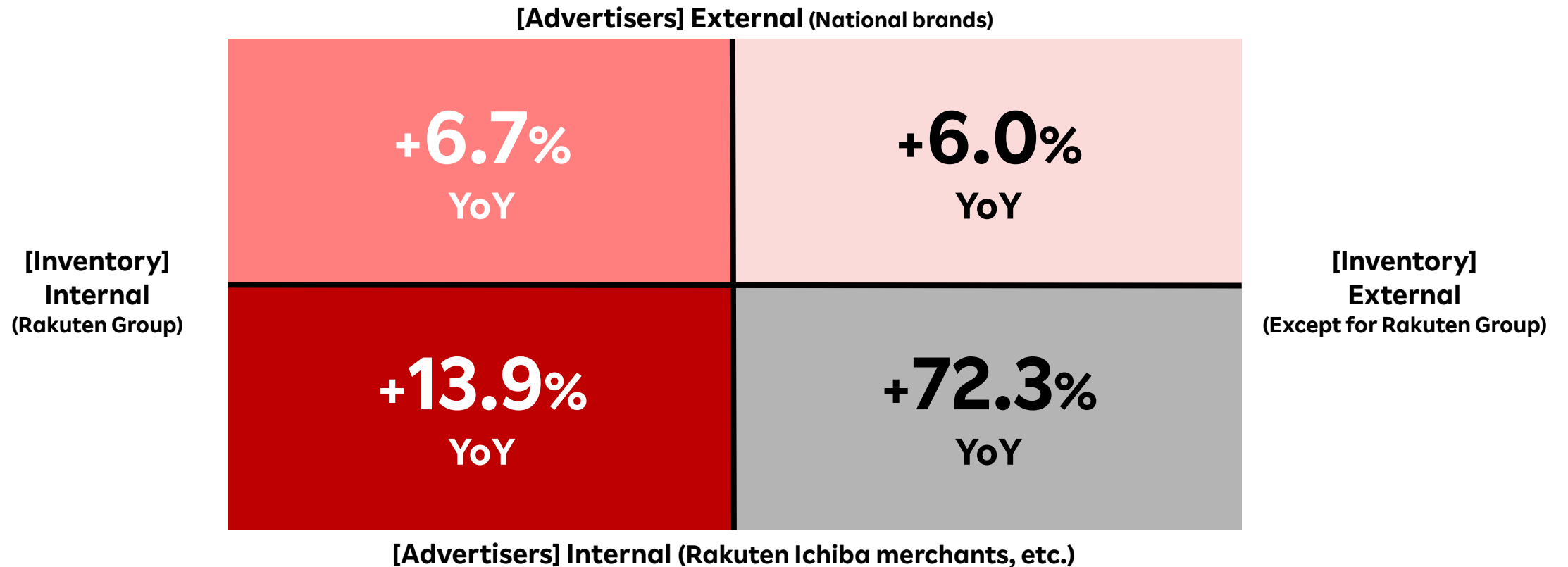
Ad Business Revenue*



*Total domestic advertising revenue recorded in each segment (Internet Services, FinTech, Mobile) (including internal transactions)

Ad Business Q1/23 Growth Analysis

- Steady growth in advertising sales within the Rakuten Group due to the impact of Rakuten Ichiba and recovery of Rakuten Travel following fewer COVID-related restrictions



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