

# **FY2024 Third Quarter Consolidated Financial Results**

**November 13, 2024**

**Rakuten Group, Inc.**



# Agenda

## **1** Group Strategy

## **2** Q3/24 Highlights

## **3** Segment Results

- Internet Services Segment
- FinTech Segment
- Mobile Segment

## **4** Finance

## **5** AI

# 1. Group Strategy

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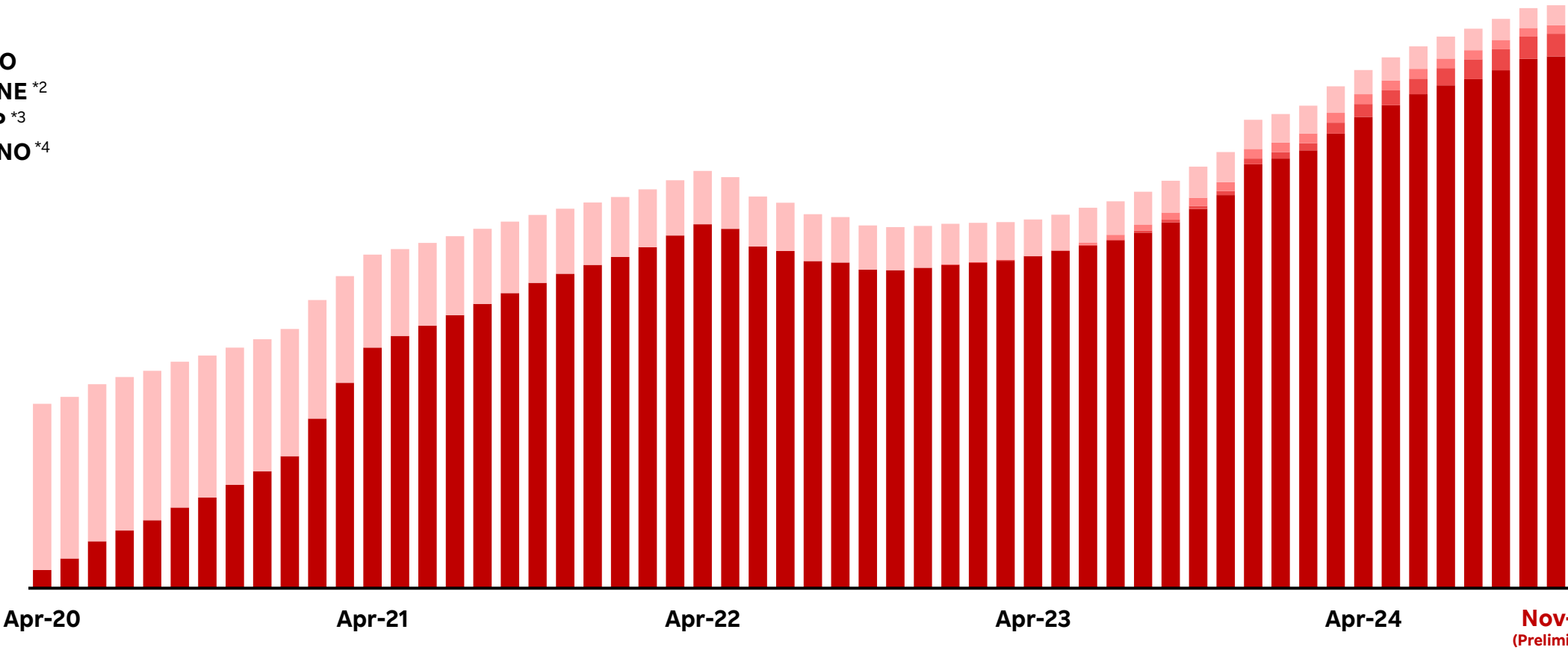
# **Rakuten Group's Current Status and Going Forward**

# Total Rakuten Mobile Subscribers: 8.12 Million Lines<sup>\*1</sup>

Total no. of subscribers<sup>\*1</sup>

8.12 mm

- MNO
- MVNE<sup>\*2</sup>
- BCP<sup>\*3</sup>
- MVNO<sup>\*4</sup>



<sup>\*1</sup>: Preliminary figures as of November 10, 2024. Total of MNO, MVNE and MVNO. Number of MNO (excluding BCP) plus MVNE subscribers is 7.72 million. Number of MNO subscribers (excluding BCP and MVNE) is 7.41 million.  
<sup>\*2</sup>: MVNE is the bandwidth wholesale from Rakuten Mobile to Rakuten Communications. <sup>\*3</sup>: BCP is a plan sold in B2B for Business Continuity Plan purposes. <sup>\*4</sup>: From Q3/24, the number of MVNO lines for corporate customers has been reflected in the number of MVNO lines. Retroactive revisions have been made.

# Achieved First Quarterly Profit since Start of Full-Scale MNO Investment

**Q3/24**

**Non-GAAP  
Operating Income**

**JPY 12.3 bn**

**In profit**

(first profit since Q3/19)

**Q3/24**

**IFRS  
Operating Income**

**JPY 538 mm**

**In profit**

(first profit since Q2/20)

**Q3/24**

**Achieved  
Quarterly  
Self Funding**

(further efforts to achieve  
self funding consistently)

# Rakuten Group Going Forward

- Rakuten's core assets, which are the basis for long-term advantage, will allow for both strong growth and high return (ROIC)

**Rakuten Mobile's  
irreversible  
cost structure  
advantage**

**Rich data**  
from  
both online and offline

**Rakuten Ecosystem**  
one of the largest  
membership platform  
In Japan and Globally

**Strong Rakuten  
Brand**

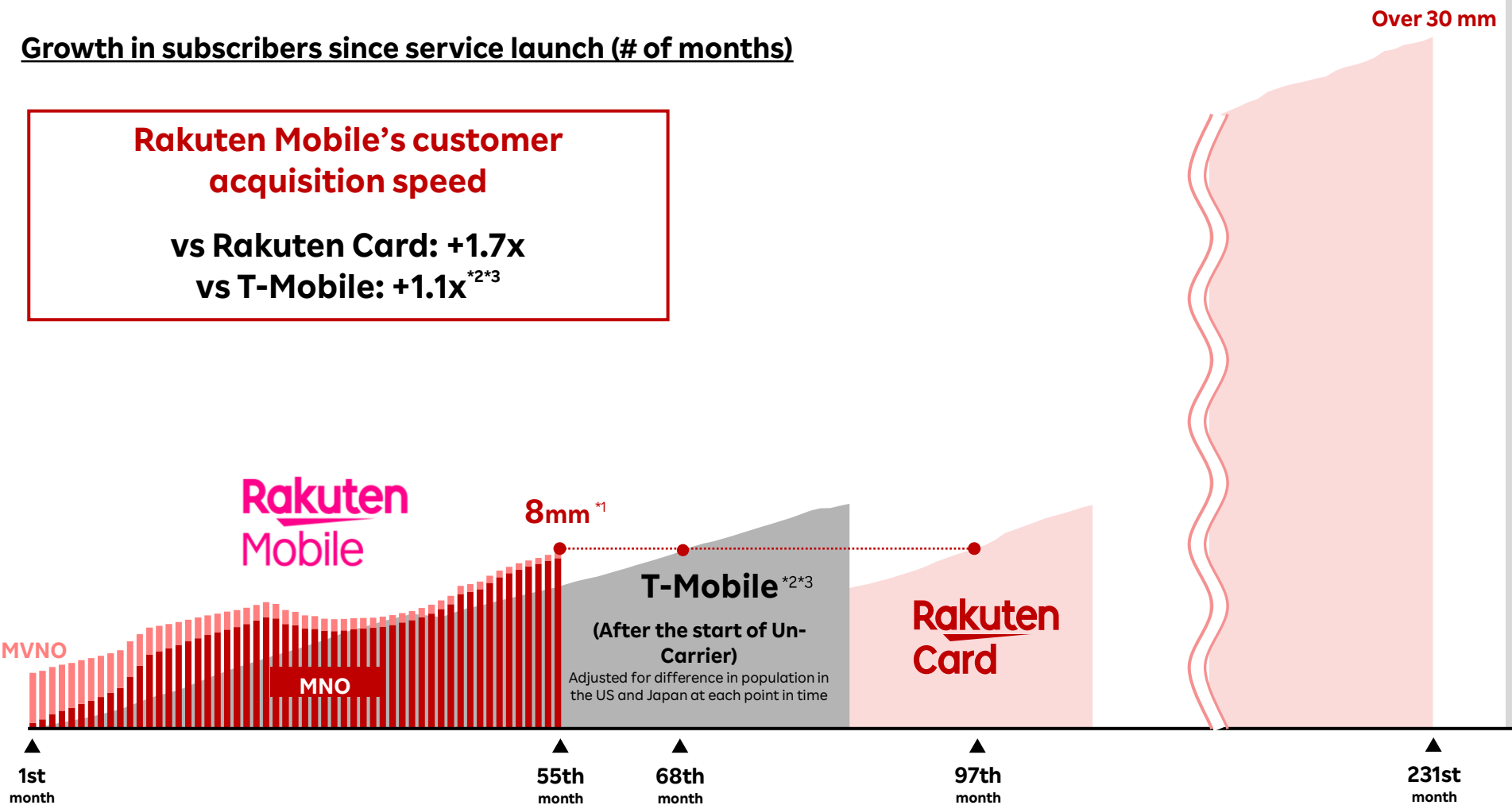
**Englishnization**  
Access to wealth of  
global talent

**Overseas  
Growth**

# Rakuten Mobile Entering Sustainable Growth Phase from Investment Phase

Growth in subscribers since service launch (# of months)

**Rakuten Mobile's customer acquisition speed**  
**vs Rakuten Card: +1.7x**  
**vs T-Mobile: +1.1x<sup>\*2\*3</sup>**



## T-Mobile

- ✓ US No. 3 mobile carrier (by revenue). As of the end of Sep-24, the number of lines exceeded 100 mm
- ✓ Despite being a late entrant, a customer-centric “UN-Carrier” concept revolutionized the oligopolistic mobile industry
- ✓ Switching from other carriers continues and subscribers now at par with other carriers
- ✓ High valuation driven by growth catapulted the company to become #1 in terms enterprise value<sup>\*4</sup>

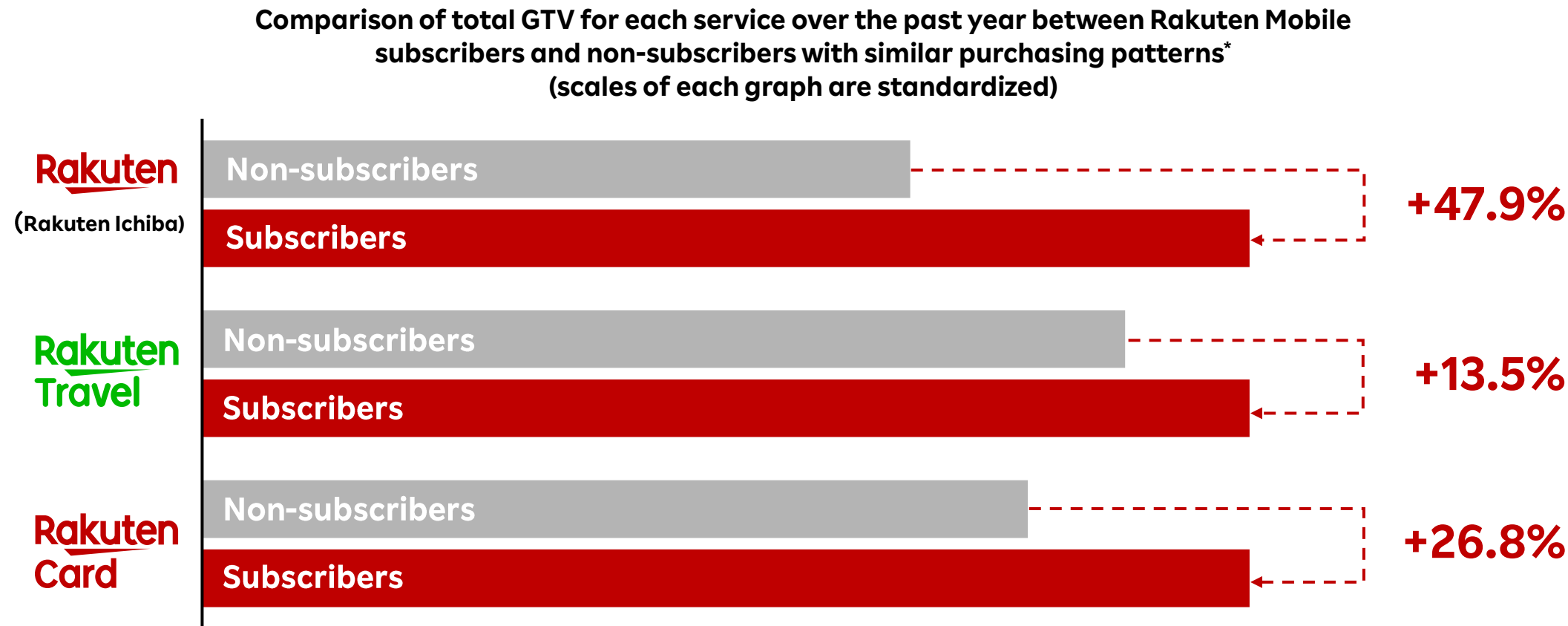
<sup>\*1</sup>: As of October 2024. Total subscribers for MNO + MVNE + MVNO, including BCP. <sup>\*2</sup>: Cumulative subscriber growth calculated based on the increase in postpaid subs, starting from March 2013 when UN-Carrier was launched. For a comparison purpose, adjusted using Japan/US relative population size at each point in time. If no adjustment for population size differences is made, the number of subscribers increased by approximately 21 million lines during the 68 months following the launch of Un-Carrier in March 2013. <sup>\*3</sup>: Source: T-Mobile IR materials, March 2024. <sup>\*4</sup>: EV as of November 1, 2024, compared to AT&T and Verizon. Source: Bloomberg.



# **Rakuten Mobile's Contribution to Ecosystem Growth**

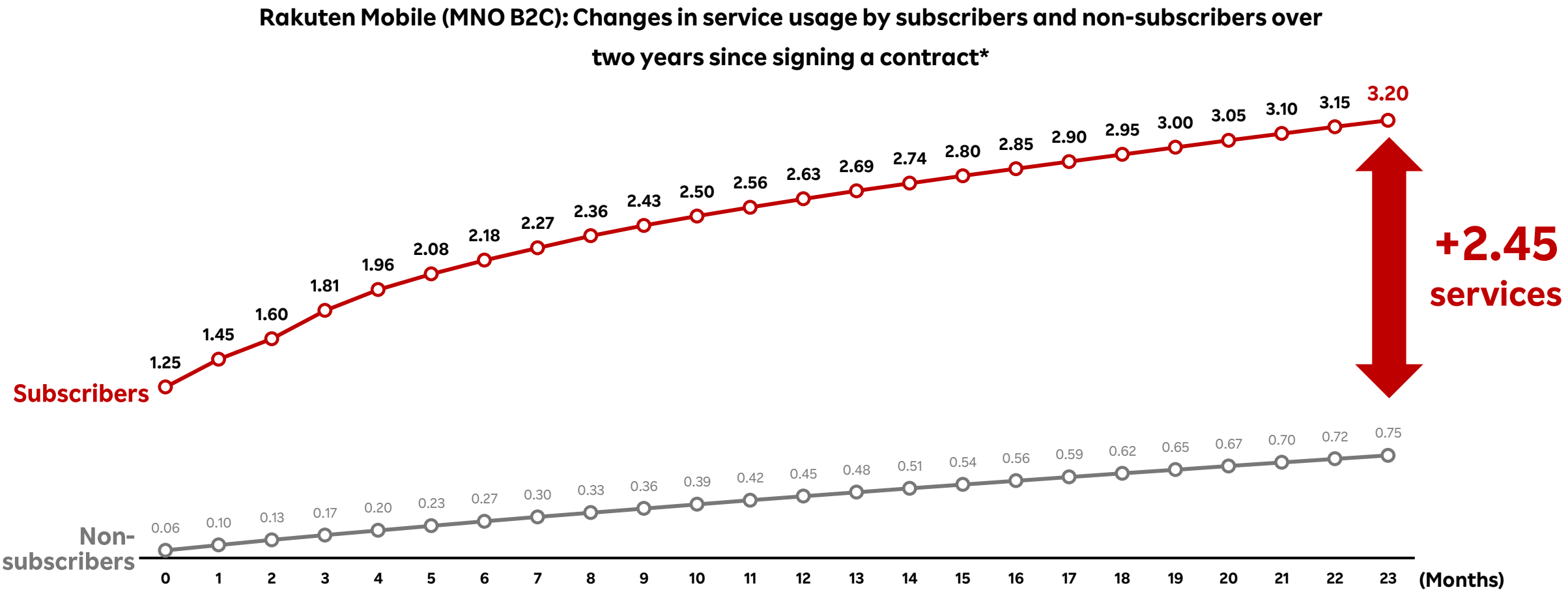
# Rakuten Mobile Subscribers Drive Usage of Group Services

- One of the reasons for starting the MNO business was to accelerate Ecosystem growth
- Rakuten Mobile subscribers show higher total GTV per service compared to non-subscribers



\* Difference in average GTV per person over the past year between Rakuten Mobile subscribers and non-subscribers (Shopping GTV for Rakuten Card).for Rakuten Card). Subscribers are users who signed up for Rakuten Mobile (MNO B2C) in any month between March 2020 and October 2023 (the relevant month), had an active connection between October 2023 and September 2024, and whose purchasing trends over the preceding year from the relevant month are similar to those of non-subscribers. Non-subscribers are users who have used any Rakuten service other than Rakuten Mobile (MNO B2C) in a year preceding September 2024, and whose purchasing trends over the preceding year from the relevant month are similar to those of subscribers.

# Rakuten Mobile Subscribers Use +2.45 More Services than Non-Subscribers

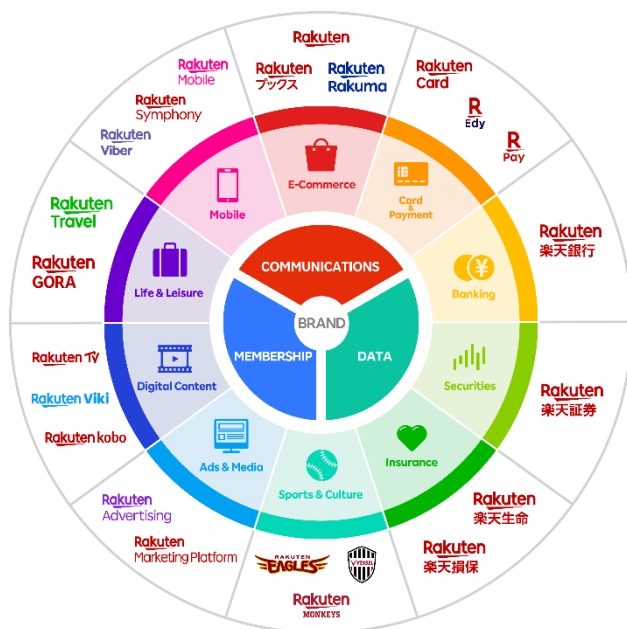


\*Subscribers with a contract (MNO B2C) from March 2020 to October 2022. Non-subscribers have used another Rakuten service during the same period. Number of subscribers' services used includes MNO itself.

# Reflecting Rakuten Mobile's Contribution to Ecosystem Growth

- Rakuten Mobile's contribution to Group's growth ("Mobile Ecosystem Contribution") will be reflected in segment results to visualize impact
- "Mobile Ecosystem Contribution" is reflected in Rakuten Mobile and each segment's Non-GAAP Operating Income/EBITDA results\*

## ±) Mobile Ecosystem Contribution



+ ) Gross profit uplift from  
MNO subscribers



— ) Customer referral effect from  
Group companies

**Rakuten**  
**Mobile**

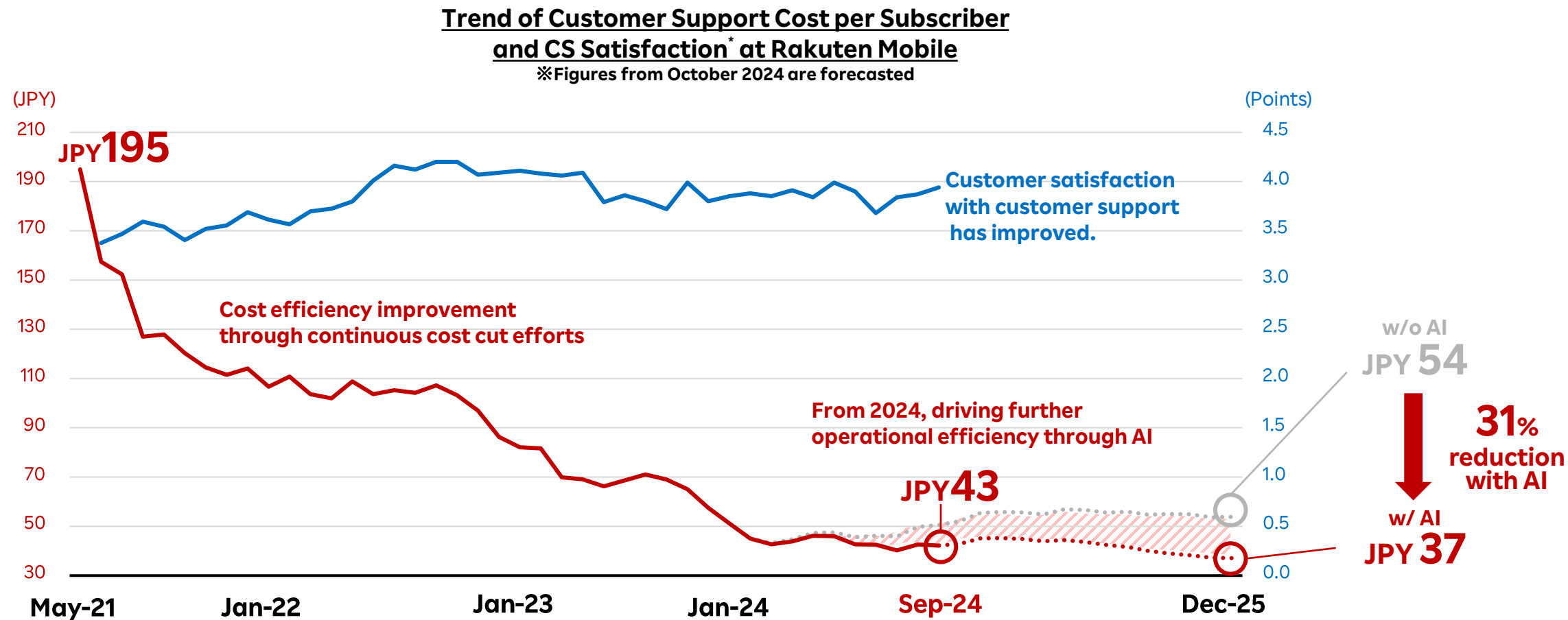
\*No impact on consolidated Non-GAAP operating profit/EBITDA performance. Please refer to the Financial Results Summary (p. 7) for details on how the Mobile Ecosystem Contribution is calculated.

# AI-Powered Triple 20

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# Groupwide Productivity Enhancement Project "Triple 20" Driven by AI

- Project launched in 2024 to improve operational, marketing, and client productivity by 20%
- Currently, AI is delivering significant impact, particularly in customer support, sales, and coding activities

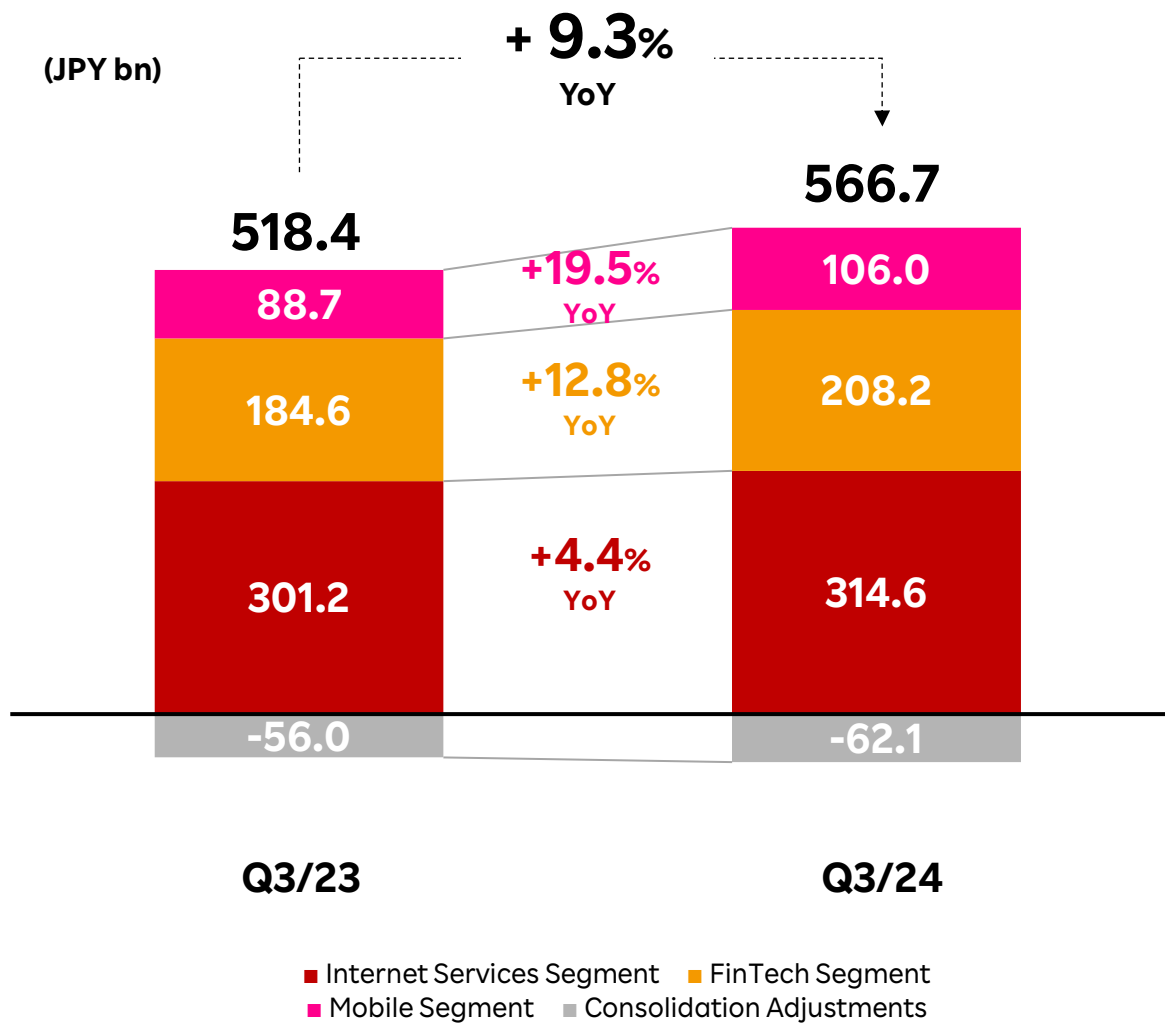


\*Total of the results of the questionnaire guided after the inquiry. 5 points out of 5. Average of user evaluations for each month.

## 2. Q3/24 Highlights

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# Q3/24 Consolidated Revenue



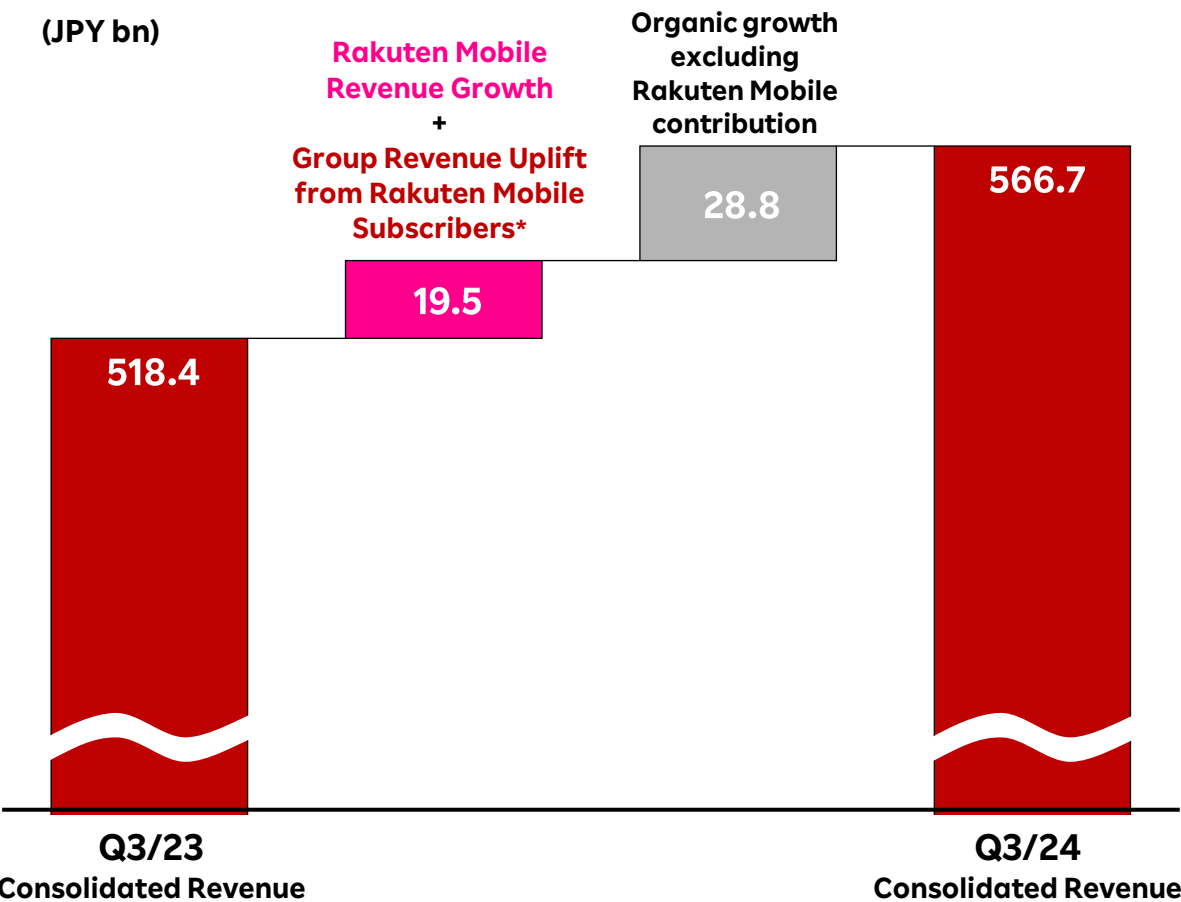
**Consolidated revenue:  
Record high for Q3  
JPY 566.7 bn**

FinTech segment: Strong contribution from expansion of customer base, improvement in card shopping GTV, and rising interest rates

Mobile segment: Revenue growth at Rakuten Mobile driven by an increase in subscribers



# Rakuten Mobile Boosting Consolidated Revenue Growth



40% of Q3 revenue growth driven by Rakuten Mobile

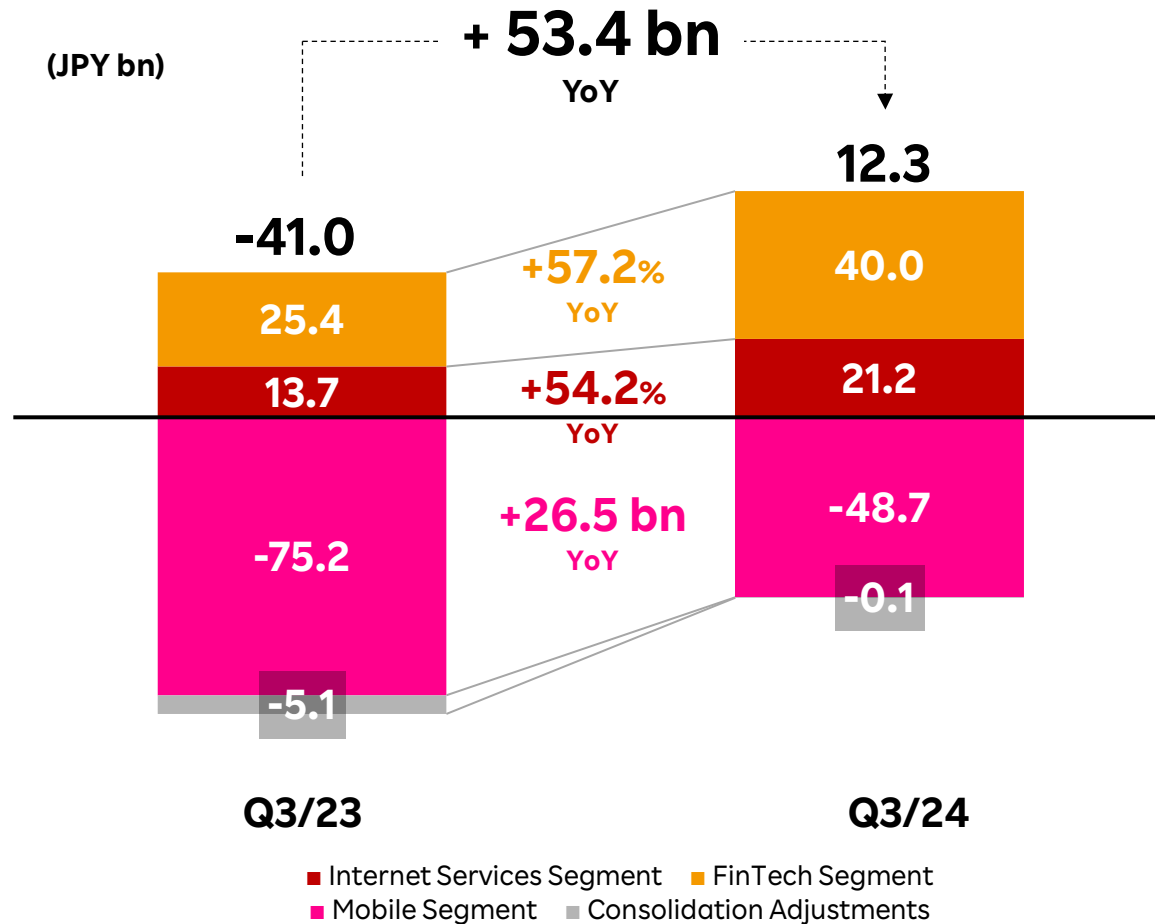
Rakuten Mobile boosting growth across the entire Group

\*Monthly uplift for each of our group's businesses is calculated using one of the following methods, depending on the characteristics of each business. The result is then multiplied by the number of MNO B2C subscribers.

- (a) Difference in the monthly average revenue per subscriber (ARPU) over the past year between Rakuten Mobile MNO individual subscribers and non-subscribers for each business segment
- (b) Difference in annual usage rate between Rakuten Mobile MNO subscribers and non-subscribers, multiplied by the monthly average revenue per subscriber (ARPU) for each business segment over the past year



# Q3/24 Consolidated Non-GAAP Operating Income\*



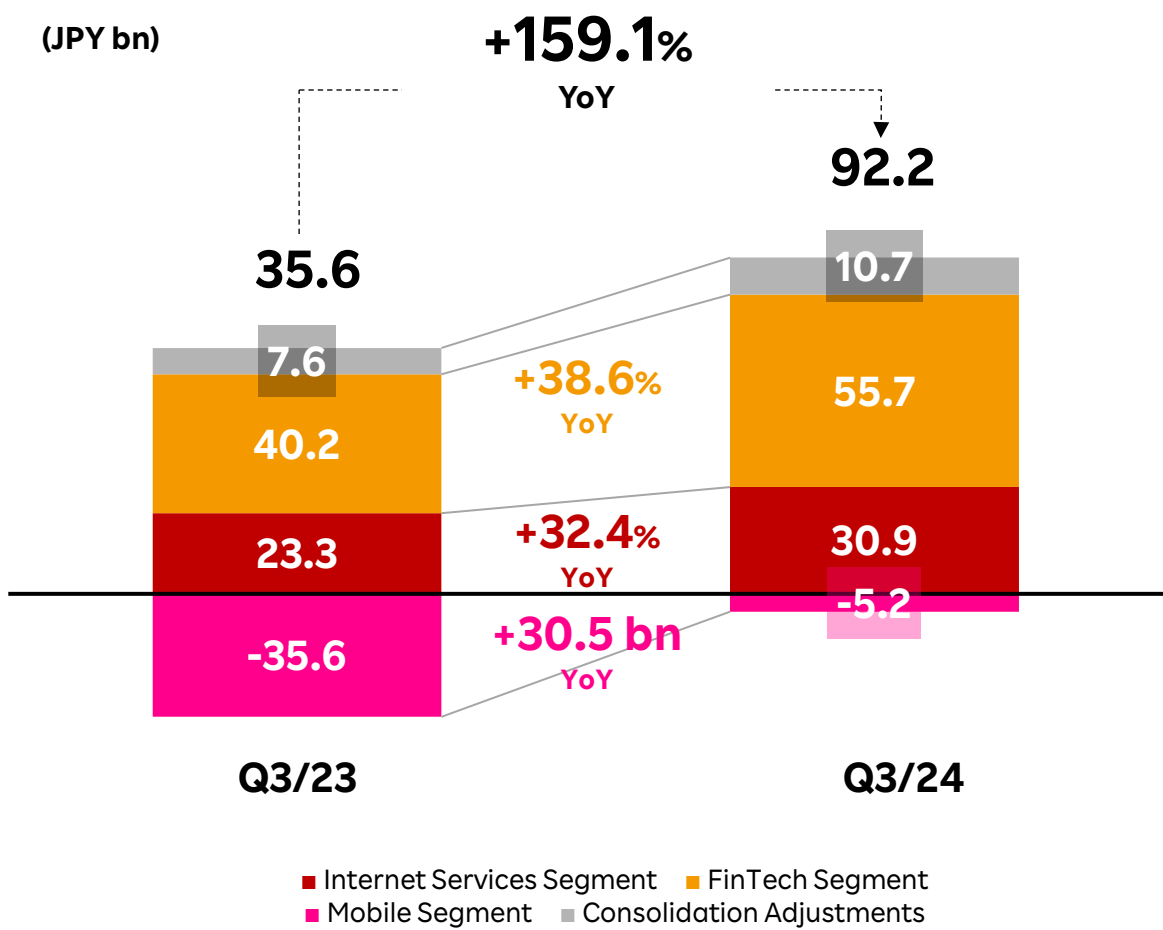
**First quarterly profit since Q3/19, when investment in MNO began in earnest**

Significant improvement in OI on higher Rakuten Mobile revenue, reduced losses through cost optimization, and OI increase at Rakuten Card

**IFRS OI also recorded a profit of JPY 538 mm**

\*From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

# Q3/24 Consolidated EBITDA<sup>\*1\*2</sup>



**Consolidated EBITDA  
achieved profitability  
JPY 92.2 bn**

Non-FinTech EBITDA profit JPY 25.7 bn

<sup>\*1</sup>: EBITDA = Non-GAAP Operating Income + depreciation and amortization, etc.  
<sup>\*2</sup>: From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

# 3. Segment Results

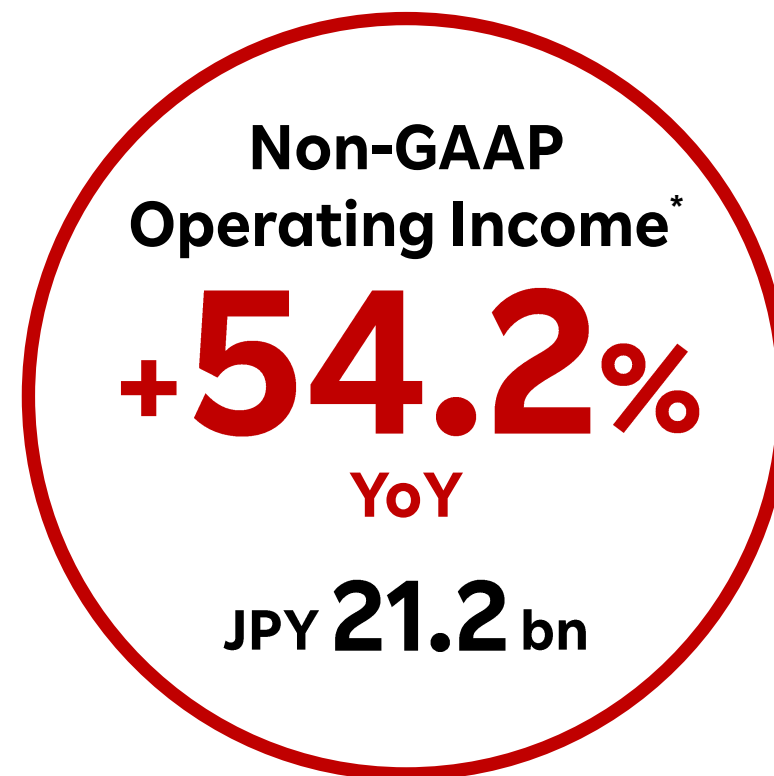
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# Internet Services Segment

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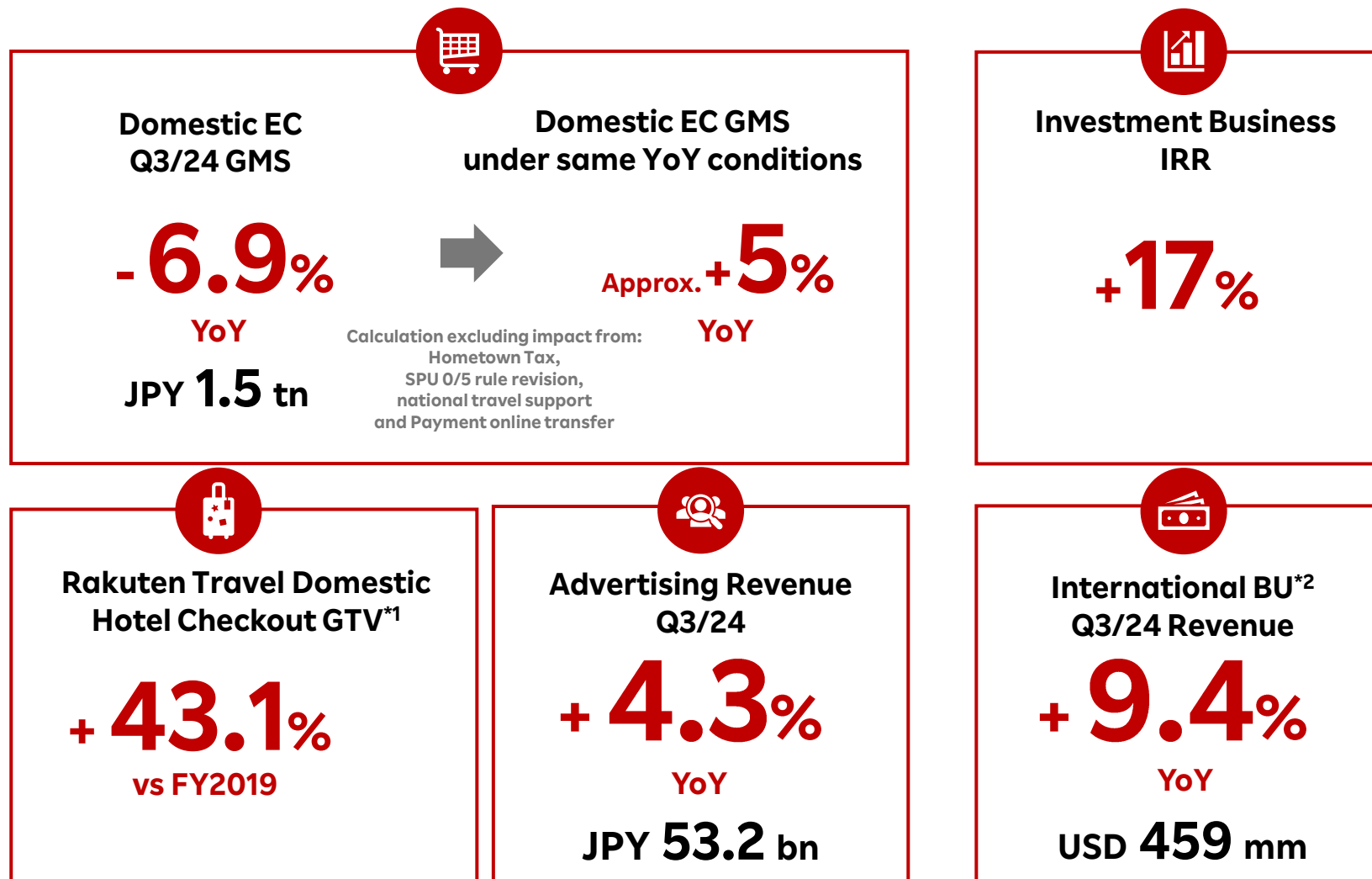
# Internet Services Segment: Q3/24 Financial Highlights

- Non-GAAP OI growth despite slower Domestic E-Commerce revenue growth due to a high YoY hurdle owing to last-minute demand for hometown tax donations in Q3/24
- Other Internet Services (excluding minority investment business) Non-GAAP OI showed YoY improvement



\*From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

# Internet Services Segment: Key KPIs



\*1: Domestic Hotel Checkout GTV. \*2: International Business Unit. Open Commerce: Total of Rewards (USA, Europe, Canada), Fillr, overseas Ads business. EU: Total of Rakuten TV and Rakuten France. Others: Total of Rakuten Kobo, Rakuten Viber, and Rakuten Viki. Note: This does not include businesses from Rakuten Symphony, Taiwan e-commerce, or overseas financial subsidiaries.

# Rakuten Mobile Subscribers Boosting Rakuten Ichiba Growth

- Rakuten Mobile subscribers increasing Rakuten Ichiba’s user count, average GMS, and usage frequency
- Retention efficiency has improved, and further subscriber growth is expected to enhance marginal profitability

## — Purchasing Behavior Changes in Rakuten Ichiba —

Comparison of usage rate by  
Rakuten Mobile users 12 months  
before and after subscription<sup>\*1</sup>

GMS of Rakuten Mobile subscribers  
vs non-subscribers<sup>\*2</sup>

Average usage frequency of  
Rakuten Mobile subscribers  
vs non-subscribers<sup>\*3</sup>

※ Comparison of user groups with aligned  
purchasing trends one year prior to Rakuten Mobile  
contract

+15.7<sub>pt</sub>

+47.9%

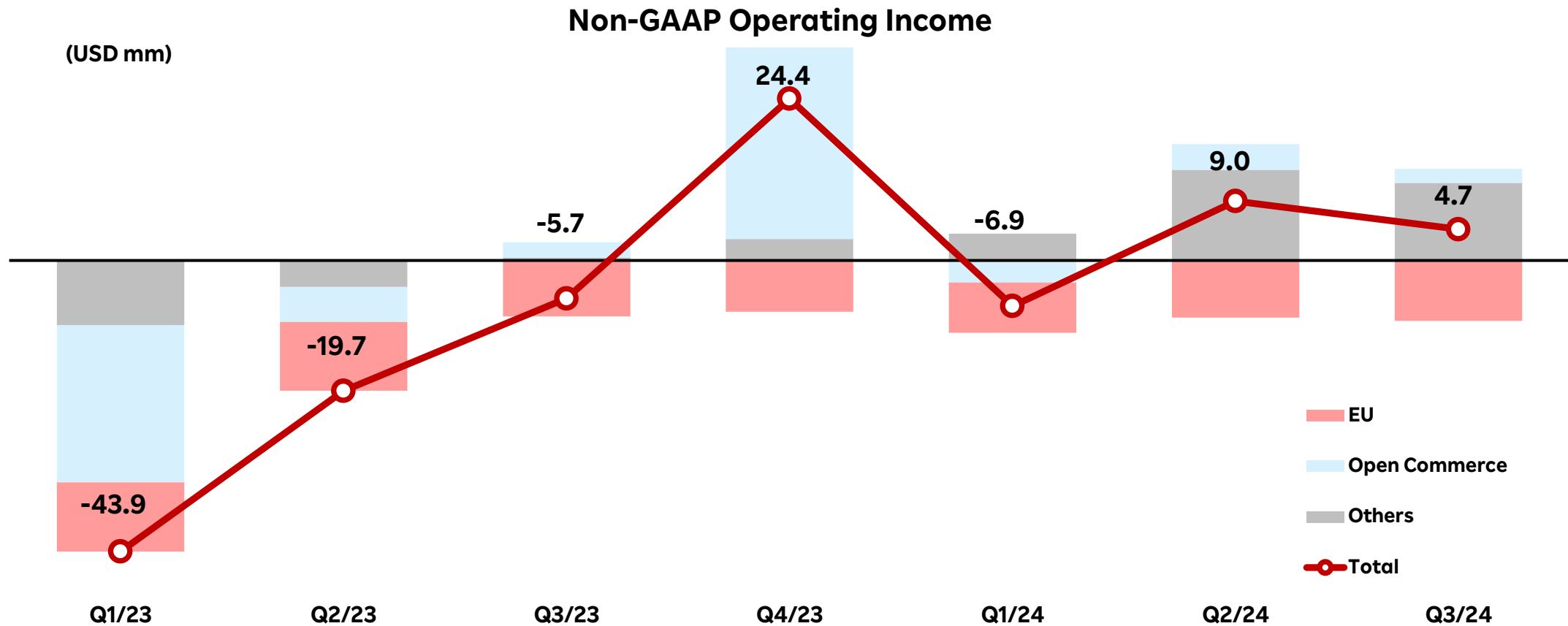
+40.1%

<sup>\*1</sup>: Measures the usage rate of Rakuten Ichiba for new Rakuten Mobile users, who have had a contract period of 12 months or more, during the 12 months before and after the month of contract (including contract month).  
<sup>\*2</sup>: Difference in the average GMS per person over the past year between Rakuten Mobile subscribers and non-subscribers. Subscribers are users who contracted Rakuten Mobile (MNO B2C) in any month from March 2020 to October 2023, had an active line between October 2023 and September 2024, and had similar purchasing tendencies with non-subscribers for the year prior to their contract. <sup>\*3</sup>: The average purchase frequency in Rakuten Ichiba from January 2024 to September 2024 for Rakuten Mobile subscribers vs non-subscribers.



# International BU\*: Significant Profitability Improvement

- Ongoing strong recovery following OI deterioration due to global pandemic and situation in Ukraine
- Management focus on maximizing operational efficiencies, cost reduction initiatives, and strengthening profitability have driven significant improvements



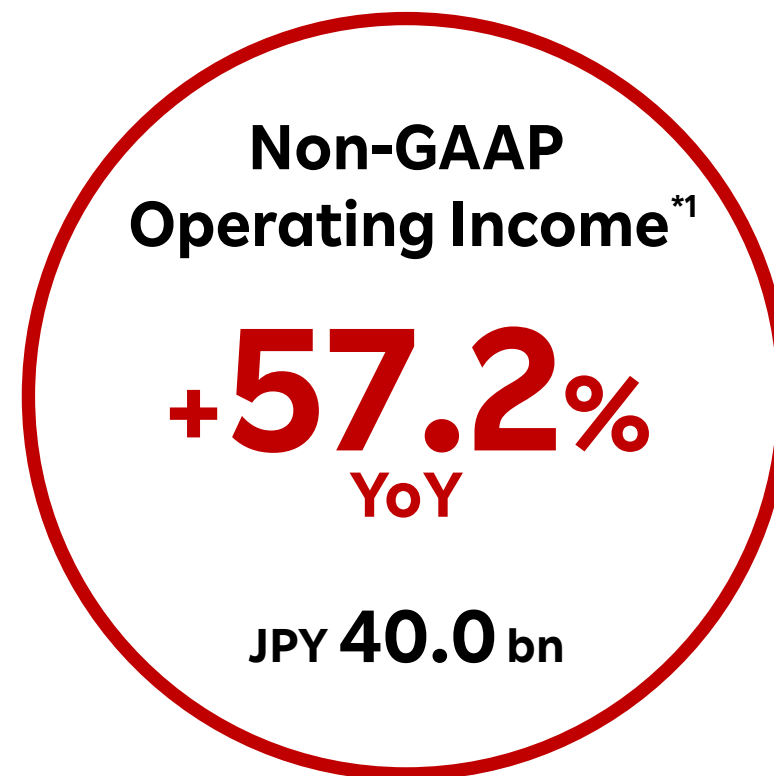
\*International Business Unit. Open Commerce: Total of Rewards (USA, Europe, Canada), Fillr, overseas Ads business. EU: Total of Rakuten TV and Rakuten France. Others: Total of Rakuten Kobo, Rakuten Viber, and Rakuten Viki. Note: This does not include businesses from Rakuten Symphony, Taiwan e-commerce, or overseas financial subsidiaries.

# FinTech Segment

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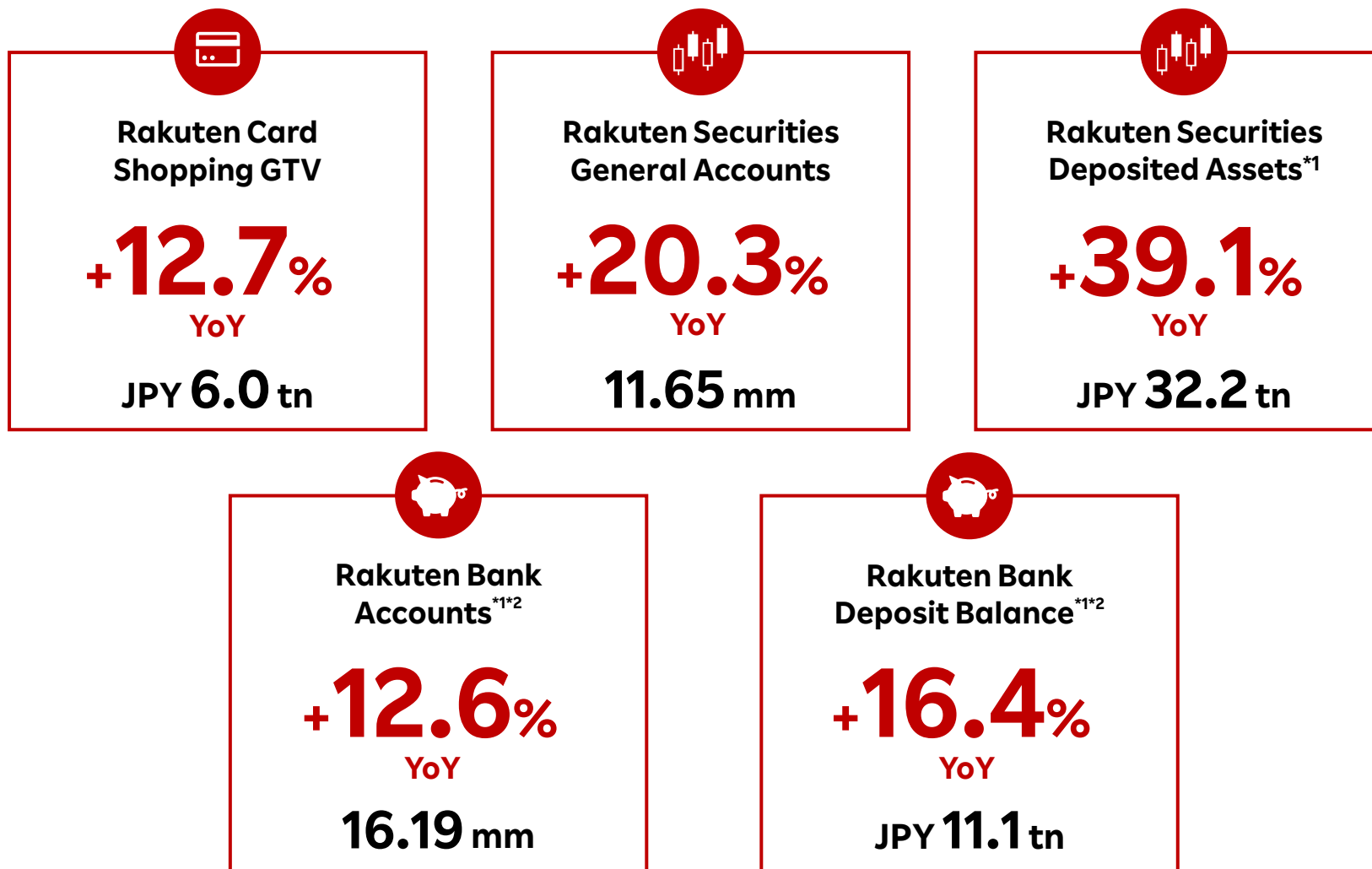
# FinTech Segment: Q3/24 Financial Highlights<sup>\*1\*2</sup>

- Steady revenue growth on continuous expansion of customer base, especially at Rakuten Bank and Rakuten Securities
- Significant profit growth driven by Rakuten Card, Rakuten Bank, and Rakuten Payment



\*1: Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business were transferred from Internet Services segment to FinTech segment. No retrospective revisions have been made to past results as the size of the amount is negligible. \*2: From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

# FinTech Segment: Q3/24 Key KPIs

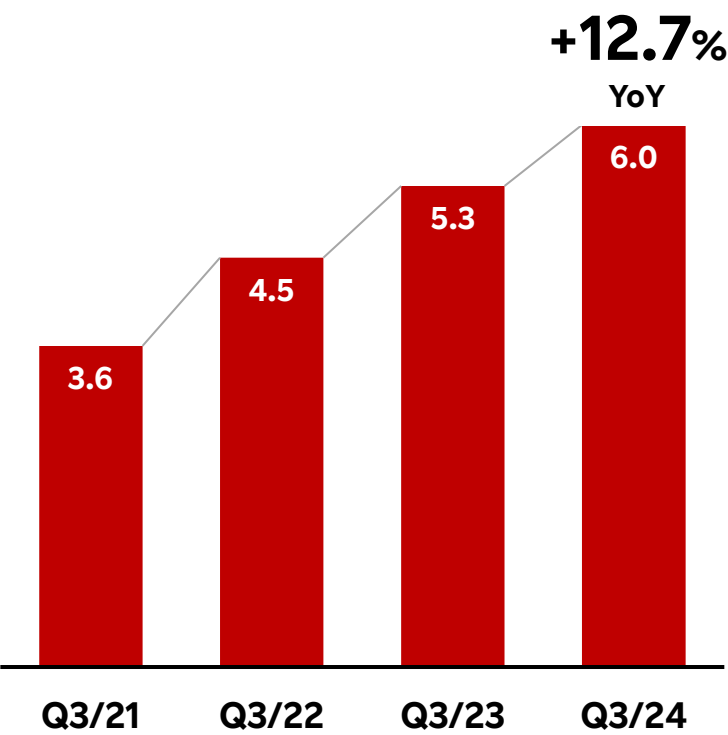


\*1: J-GAAP \*2: Rounded down to the nearest unit

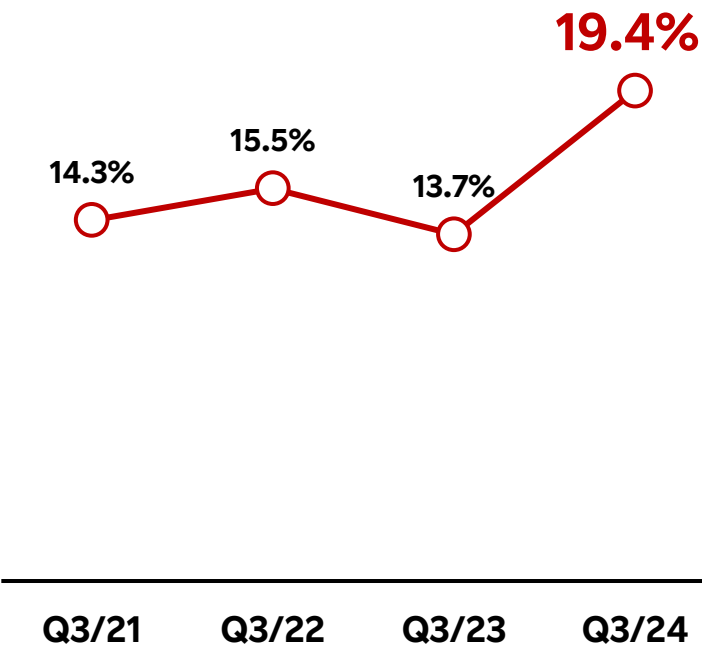
# Rakuten Card: Revenue and OI Growth on GTV Expansion and Higher Margin

- Expansion of customer base and increase in average spend per customer led to continuous growth in shopping GTV, surpassing JPY 6tn for the first time in a quarter
- Revenue increased due to higher merchant commissions and interest on installments. OI significantly increased helped by continued low level of expenses related to doubtful accounts

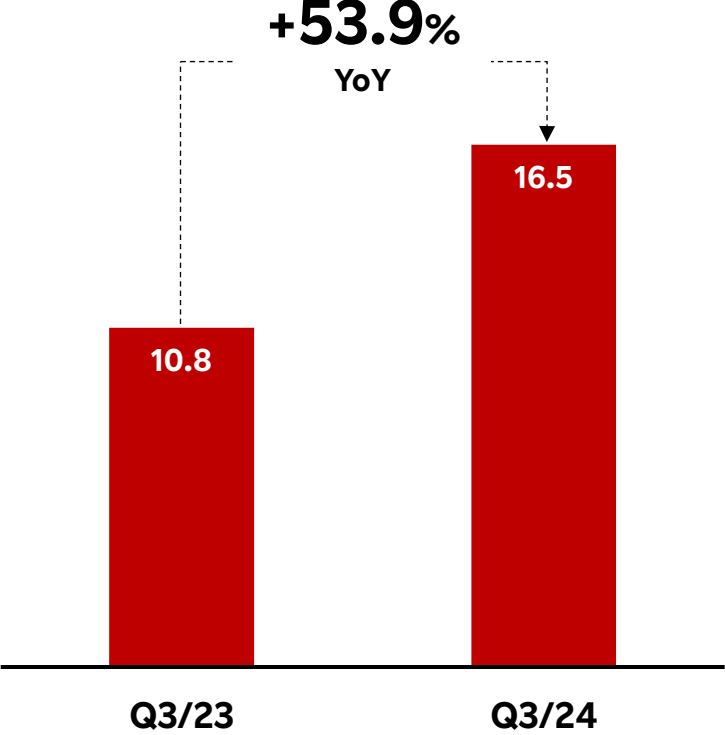
Shopping GTV (JPY tn)



Operating Income Margin

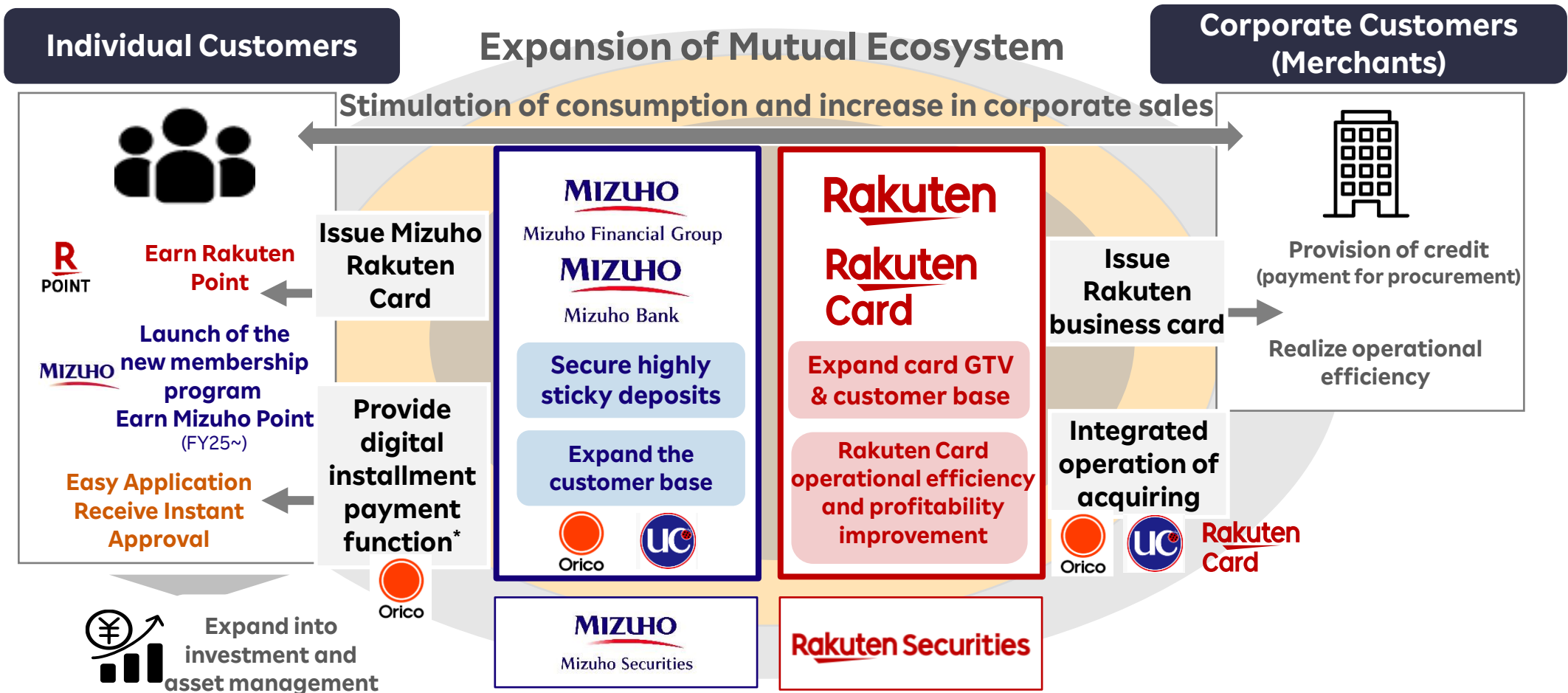


Non-GAAP Operating Income (JPY bn)



# Rakuten Card: Announced Strategic Capital and Business Alliance with Mizuho FG

- Rakuten Group, Inc. signs share transfer agreement to transfer 14.99% of Rakuten Card Co., Ltd. (Approx. JPY 165 bn) to Mizuho FG (Continue to be a consolidated subsidiary of Rakuten Group, Inc. after the transaction)
- Through business alliances, we aim to provide highly convenient and beneficial services to both individual and corporate customers, while building a win-win relationship with our partners



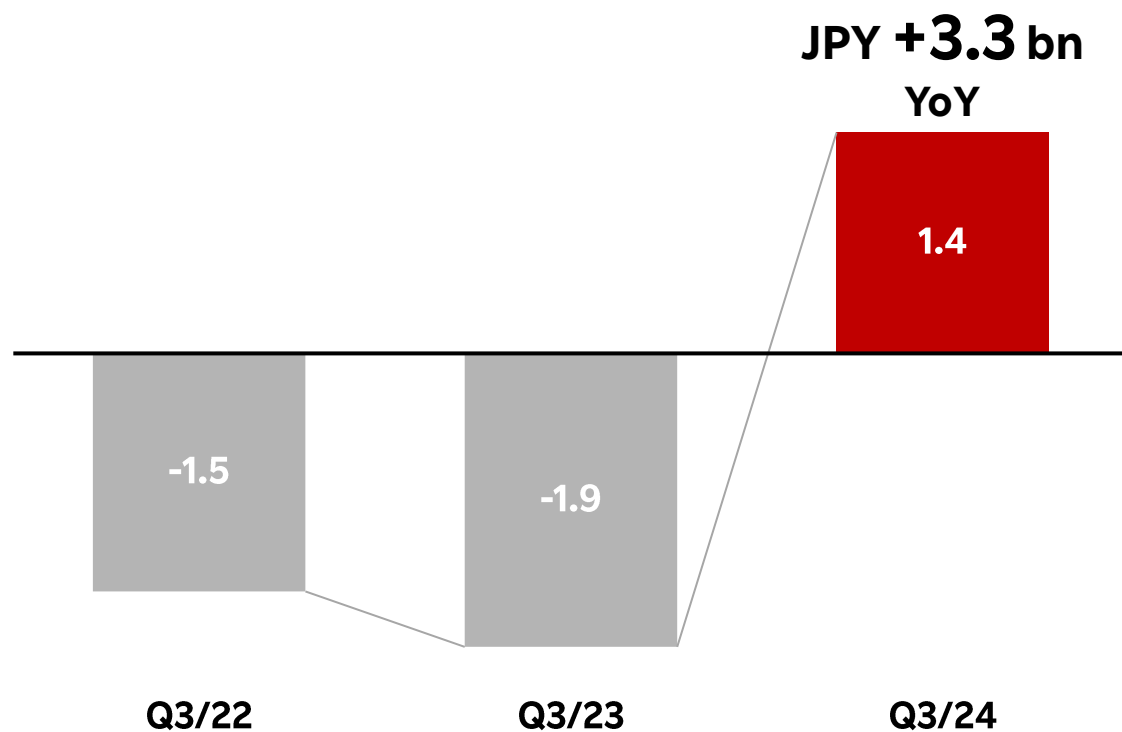
\*A service that provides long-term installment payment options based on Orico's proprietary AI credit assessment (performance-based credit assessment)

# Rakuten Payment: Further Operating Income Expansion

## No. 1 in Customer Satisfaction for Two Consecutive Years

- OI increased for the second consecutive quarter due to revenue growth from increased GTV and ongoing cost control
- “Rakuten Pay” ranked first in customer satisfaction index in the QR code payment industry for the second consecutive year<sup>\*1</sup>

### Non-GAAP Operating Income<sup>\*2</sup> (JPY bn)



## No. 1 in Customer Satisfaction For 2 Consecutive Years



**Customer  
Satisfaction**



**Perceived Value  
(Cost Performance)**



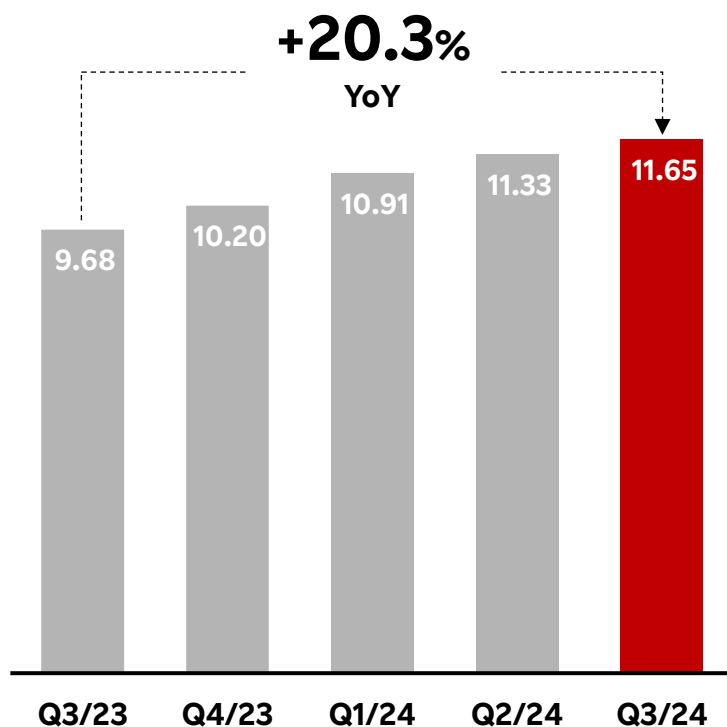
**Intention  
to Recommend**

<sup>\*1</sup>: Based on “2nd JCSI survey in FY2024” conducted by Service Productivity & Innovation for Growth <sup>\*2</sup>: Total of Rakuten Payment, Inc. and Rakuten Edy, Inc., etc.

# Rakuten Securities: Customer Base Expansion, Diversification of Revenue Mix

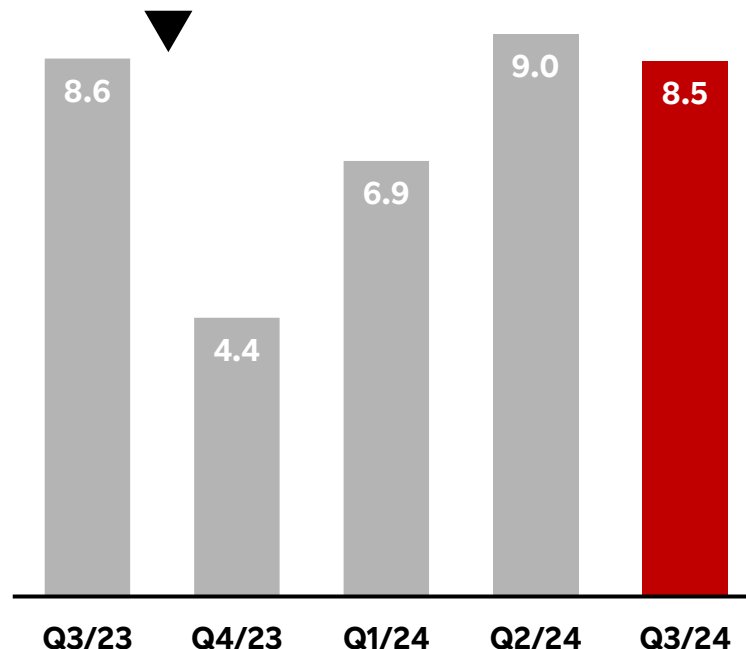
- Broke the record-high revenue booked in Q2/24 due to strong performance in various transactions, in line with continued expansion of the customer base
- Recorded the same level of OI as Q3/23, despite the impact of the major market shock in early August

General Accounts (mm)

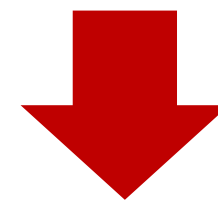


Operating Income (JPY bn, J-GAAP)

Zero commission for domestic stocks (Oct~)



Dispelling the fears of individual investors with communication through owned media during the market shock



Steady recovery of investment trust asset balance and margin transaction balance



# Rakuten Bank: Performance Highlights (J-GAAP, Consolidated, Six months ended Sep. 2024)

- Interest income grew significantly due to a steady increase in assets under management backed by growth in the number of accounts and deposit balances, as well as the policy interest rate hike. Both ordinary income and ordinary profit achieved high growth, reaching record highs in the first half of the fiscal year

<b>Ordinary Income</b> (Q2/24 <sup>*1</sup> cumulative, consolidated)  <b>JPY 83.6 bn</b>  +26.9% YoY	<b>Ordinary Profit</b> (Q2/24 <sup>*1</sup> cumulative, consolidated)  <b>JPY 31.0 bn</b>  +37.8% YoY	<b>Non-Interest Income<sup>*2</sup> Ratio</b> (Q2/24 <sup>*1</sup> cumulative, consolidated)  <b>33.4 %</b>  -6.1pts YoY	<b>ROE<sup>*3</sup></b> (Q2/24 <sup>*1</sup> cumulative, annualized basis, consolidated)  <b>16.2 %</b>  +2.5pts YoY
<b># of Bank Accounts<sup>*4</sup></b> (Sep. 2024, non-consolidated)  <b>16.1 mm</b>  +12.6% YoY  Main Account <sup>*5</sup> Ratio: <b>32.4%</b>	<b>Total Deposit Balance<sup>*4</sup></b> (Sep. 2024, non-consolidated)  <b>JPY 11.1 tn</b>  +16.4% YoY	<b>G&amp;A Expense Ratio<sup>*6</sup></b> (Q2/24 <sup>*1</sup> cumulative, non-consolidated)  <b>37.7 %</b>  -5.8pts YoY	<b>Capital Adequacy Ratio<sup>*7</sup></b> (Sep. 2024, consolidated)  <b>11.4 %</b>  +0.1 pts YoY

\*1: Rakuten Bank ends its fiscal year in March. \*2: Calculated as the sum of fees and commissions income, other operating income and trust fees. \*3: Q2 cumulative (annualized) ROE is calculated by multiplying profit attributable to owners of parent by 365/183, and then dividing that amount by average own capital at the beginning and the end of the period. The balance of own capital for the beginning of the period was calculated as if the capital increase through the public offering in April 2023 and the increase due to a third-party allotment in May 2023 had been conducted at the beginning of the period, resulting in an increase in shareholders' equity by JPY 13,324 mm. \*4: Rounded down to the nearest unit \*5: Accounts that are used for direct debit or direct deposit of payroll including salary and bonus. \*6: G&A expenses divided by gross operating profit. \*7: Capital adequacy ratio (domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No.19, the Financial Services Agency of Japan, 2006).

# Mobile Segment

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# Mobile Segment: Q3 Highlights

- Rakuten Mobile: profitability improving as MNO service revenues expanded due to an increase in subscribers
- Rakuten Symphony: contributed to increased revenue with delivery of existing projects
- Rakuten Energy: revenue decreased due to price cuts and higher promotion-related costs, but margins maintained through cost control

Revenue

**+19.5%**  
YoY

**JPY 106.0 bn**

Non-GAAP  
Operating Income<sup>\*1</sup>

**+26.5 bn**  
YoY Improvement

**JPY -48.7 bn**

EBITDA<sup>\*1\*2</sup>

**+30.5 bn**  
YoY Improvement

**JPY -5.2 bn**

\*1: From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23.

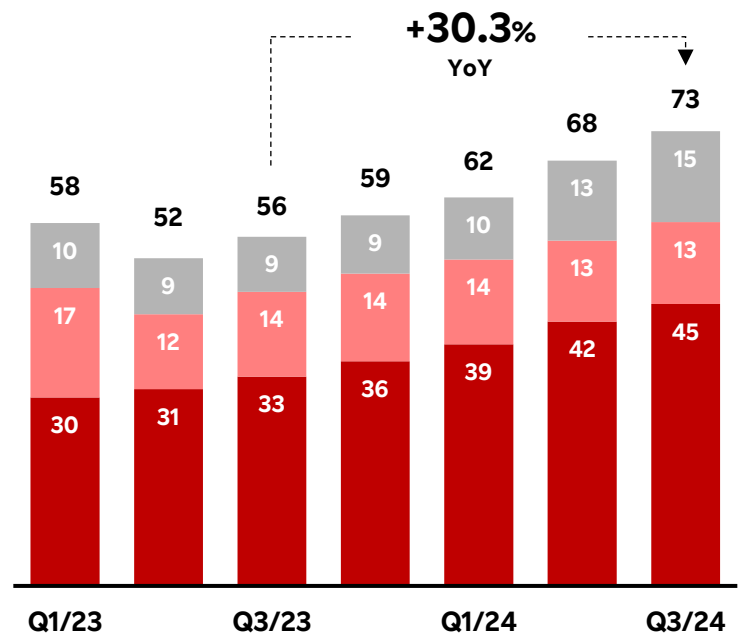
\*2: EBITDA = Non-GAAP OI + depreciation and amortization etc.

# Rakuten Mobile

# Rakuten Mobile: Q3/24 Financial Highlights

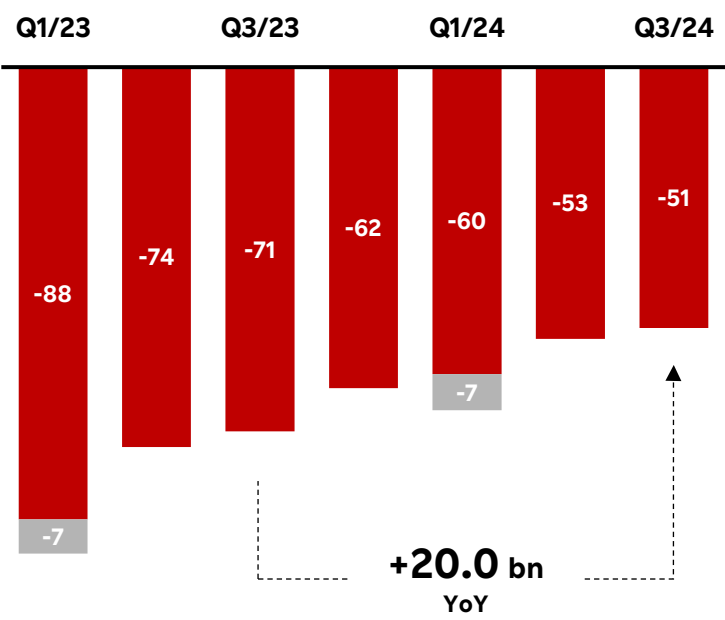
■ Aiming for monthly EBITDA<sup>\*2\*3</sup> profitability by the end of 2024

Revenue (JPY bn)



■ Service Revenue<sup>\*1</sup> ■ Device Revenue ■ Others

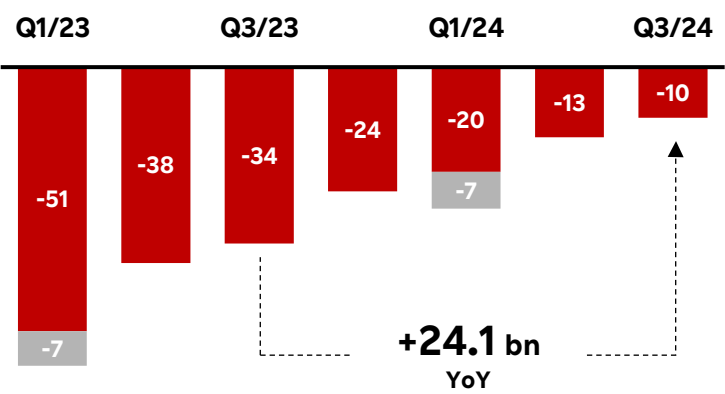
Non-GAAP Operating Income<sup>\*2</sup> (JPY bn)



■ Non-GAAP Operating Income/EBITDA excluding property tax

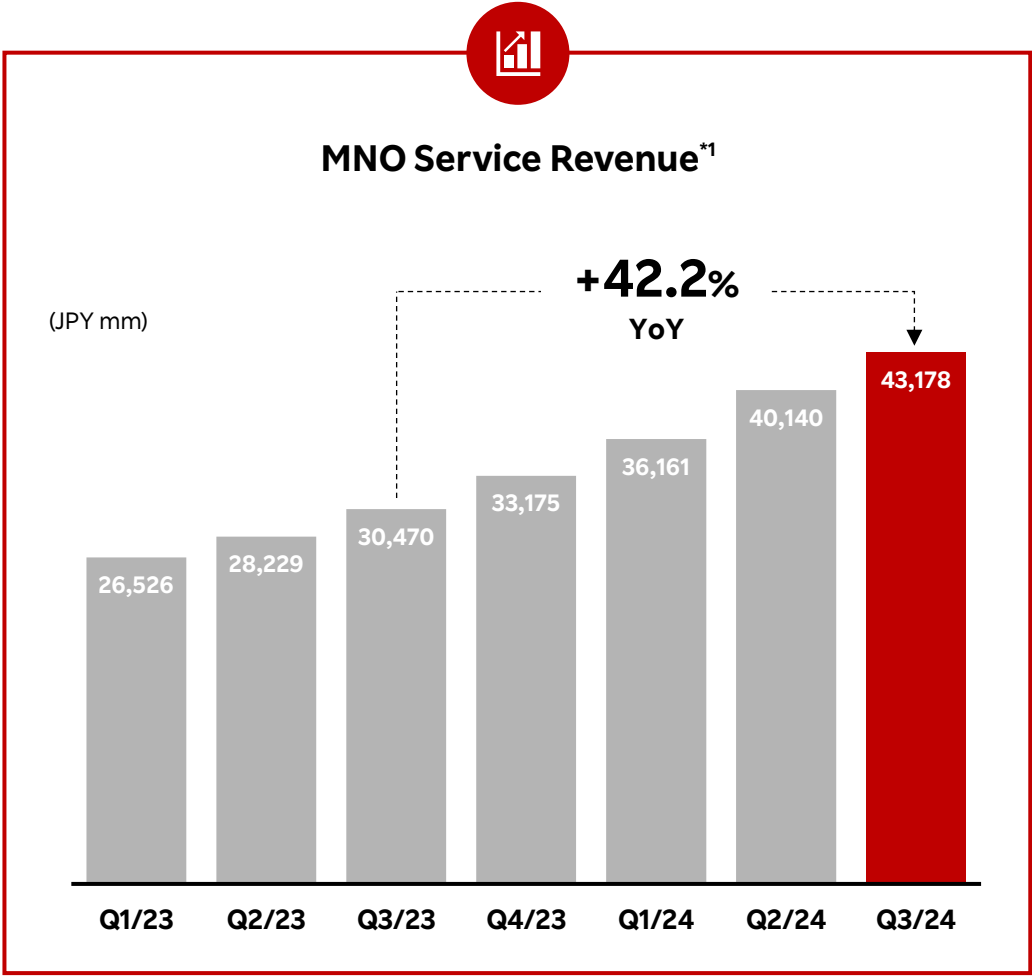
■ Property tax

EBITDA<sup>\*2\*3</sup> (JPY bn)



<sup>\*1</sup>: Service revenue from Rakuten Turbo included from Q1/24. Past figures have also been retroactively adjusted. <sup>\*2</sup>: From Q3/24, Mobile Ecosystem Contribution has been reflected in segment results. Retroactive revisions have been made to each segment's results from Q1/23. <sup>\*3</sup>: EBITDA = Non-GAAP OI + depreciation and amortization etc.

# Rakuten Mobile: Q3/24 Main KPIs



**Total Subscribers<sup>\*2\*3</sup>**  
(As of Nov 10, 2024)

**8.12mm**

**Adjusted MNO Churn<sup>\*4</sup>**  
(as of Q3/24)

**1.09%**

**ARPU<sup>\*5</sup>**  
(as of Q3/24)

**JPY 2,801**

<sup>\*1</sup>: Includes Rakuten Turbo service sales from Q1/24. Retroactive adjustments are also applied to past figures. <sup>\*2</sup>: Preliminary figures as of November 10, 2024. Total of MNO, MVNE, and MVNO subscribers, including BCP subscribers. Number of MNO (excluding BCP) plus MVNE subscribers is 7.72 million. Number of MNO subscribers (excluding BCP and MVNE) is 7.41 million. BCP is a plan sold for Business Continuity Plan purposes in B2B. <sup>\*3</sup>: From Q3/24, the number of MVNO lines for corporate customers has been reflected in the number of MVNO lines. Retroactive revisions have been made. <sup>\*4</sup>: Churn rate excluding B2C subscribers who cancel within the same month as the activation, and cancellations due to contract reviews and reevaluation of transactions with some agents for B2B. <sup>\*5</sup>: Including Ecosystem ARPU. The number of subscribers, which serves as the denominator for ARPU, is calculated using the average of the beginning and end of the quarter number of MNO subscribers, excluding BCP and MVNE lines.



**1**

**Subscriber acquisition status**

**2**

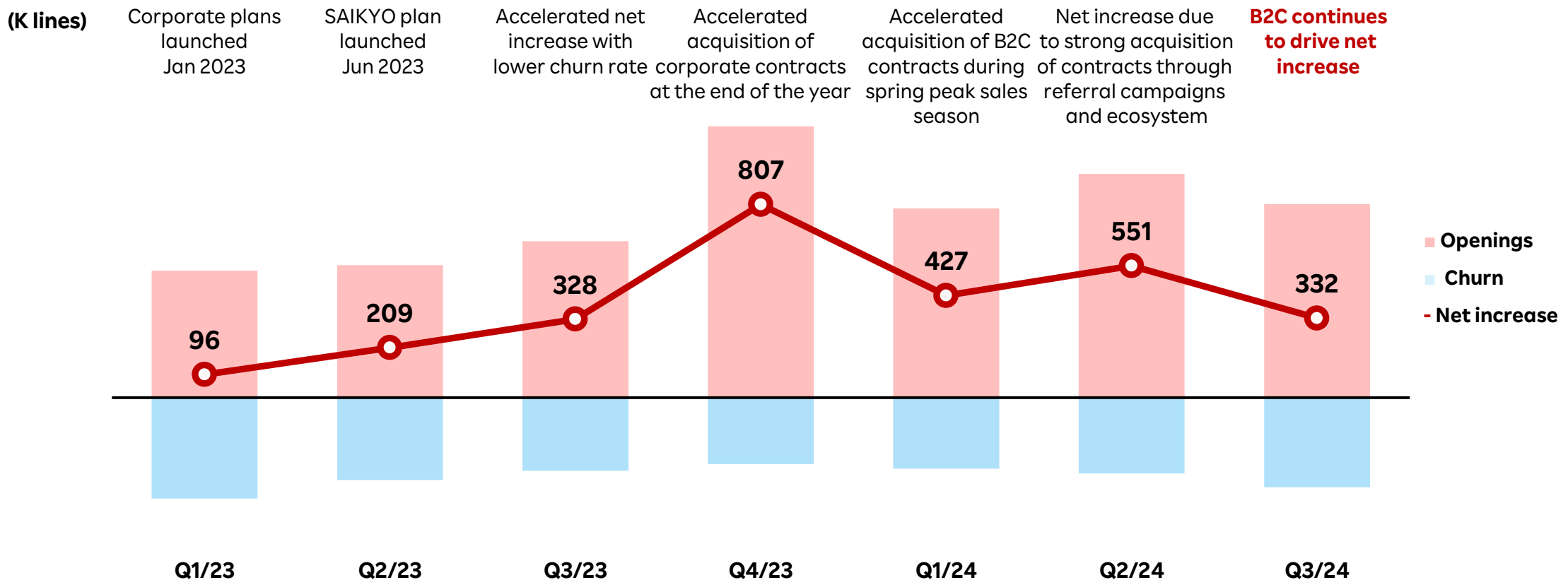
**Communication quality improvements**

**3**

**ARPU**

# Net Increase in MNO Subscribers (B2C+B2B)\*

■ Strong acquisitions via the ecosystem and contributions from various programs, such as the Saikyo Senior Program, continue to drive B2C net growth. While cancellations increased due to temporary factors in B2B, the number of openings exceeded Q1/24 levels

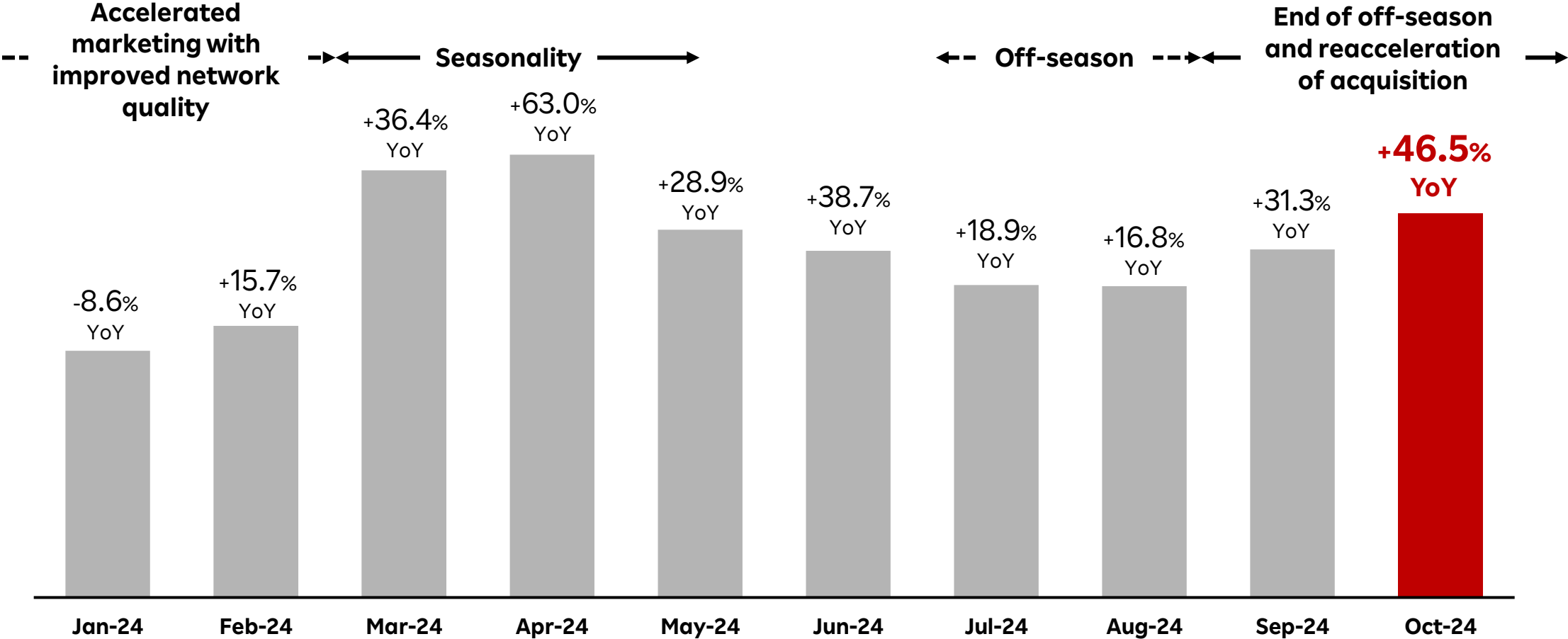


\*Includes Rakuten Turbo. Excludes BCP and MVNE.



# MNO B2C Subscriber Opening Trend\*

■ After a seasonally slow period following the spring sales season, new subscriber numbers have returned to an upward trend, with October +46.5% YoY, exceeding growth rate in March during peak season

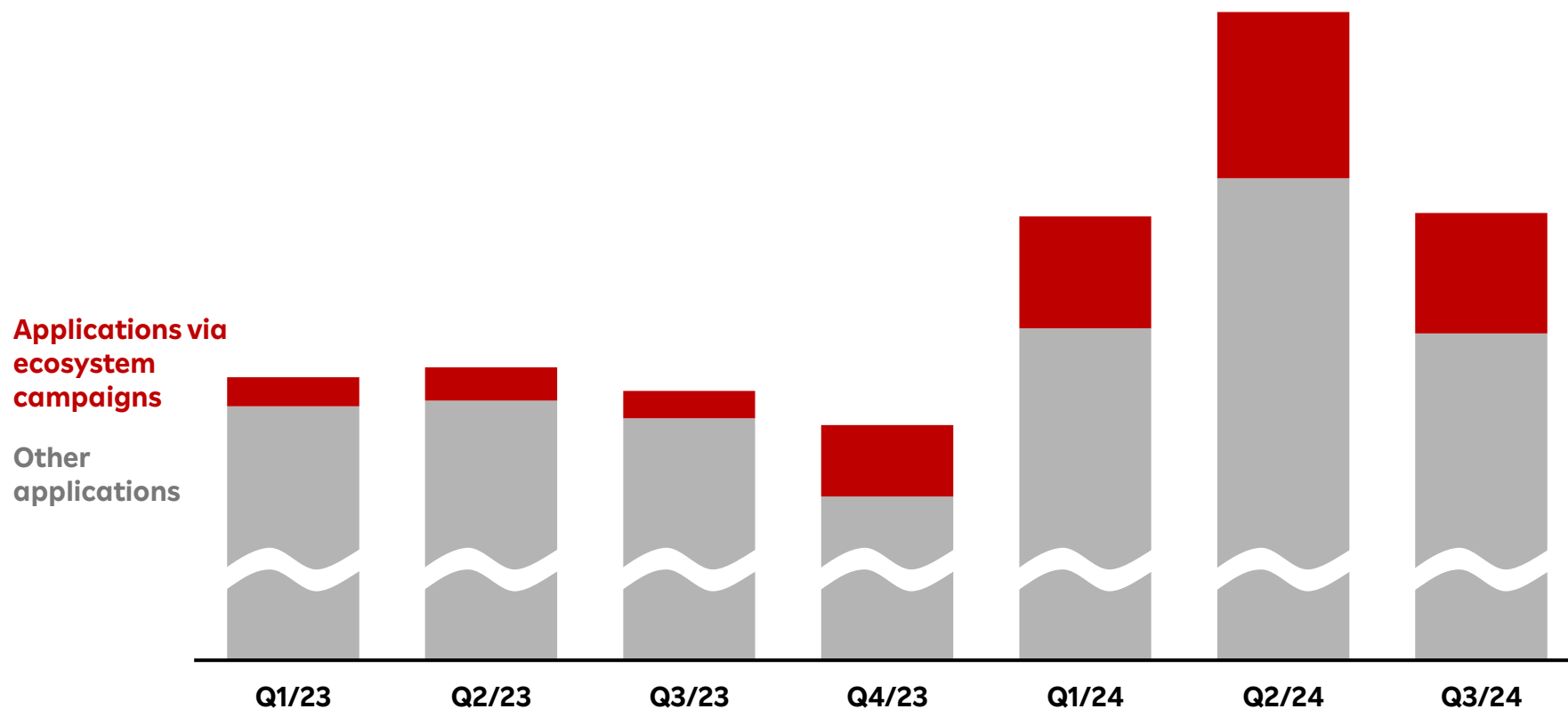


\*Including Rakuten Turbo.



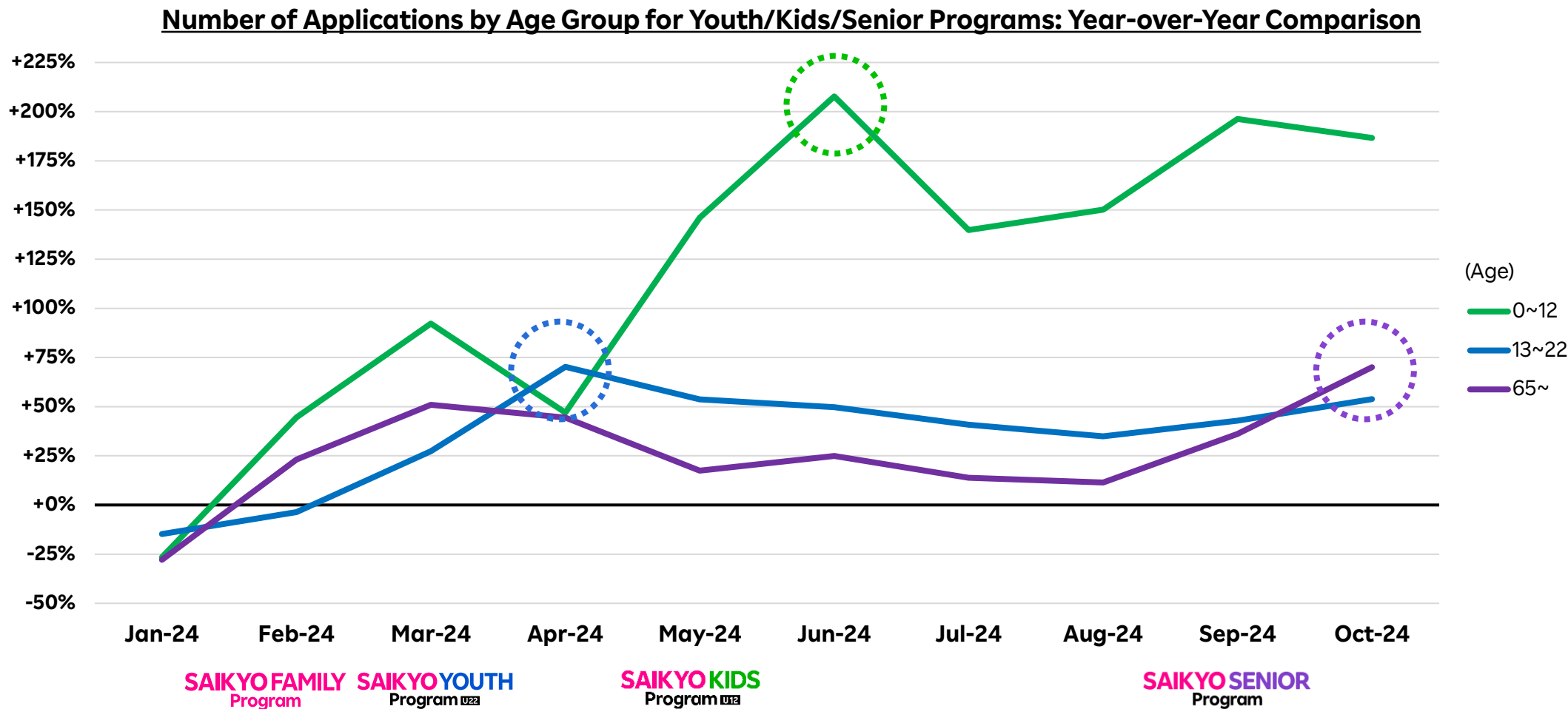
# Intra-Group Campaigns Helping to Attract Ecosystem Users

- "Rakuten Mobile x Rakuten Ichiba" and "Rakuten Mobile x Rakuten Card" campaigns continued to perform well
- "Rakuten Mobile x Rakuten Bank" campaign held in Oct 2024, successfully attracting bank customers to Mobile
- Similar measures to be implemented for other group services in the future



# Multiple Programs Helping to Attract New Subscribers

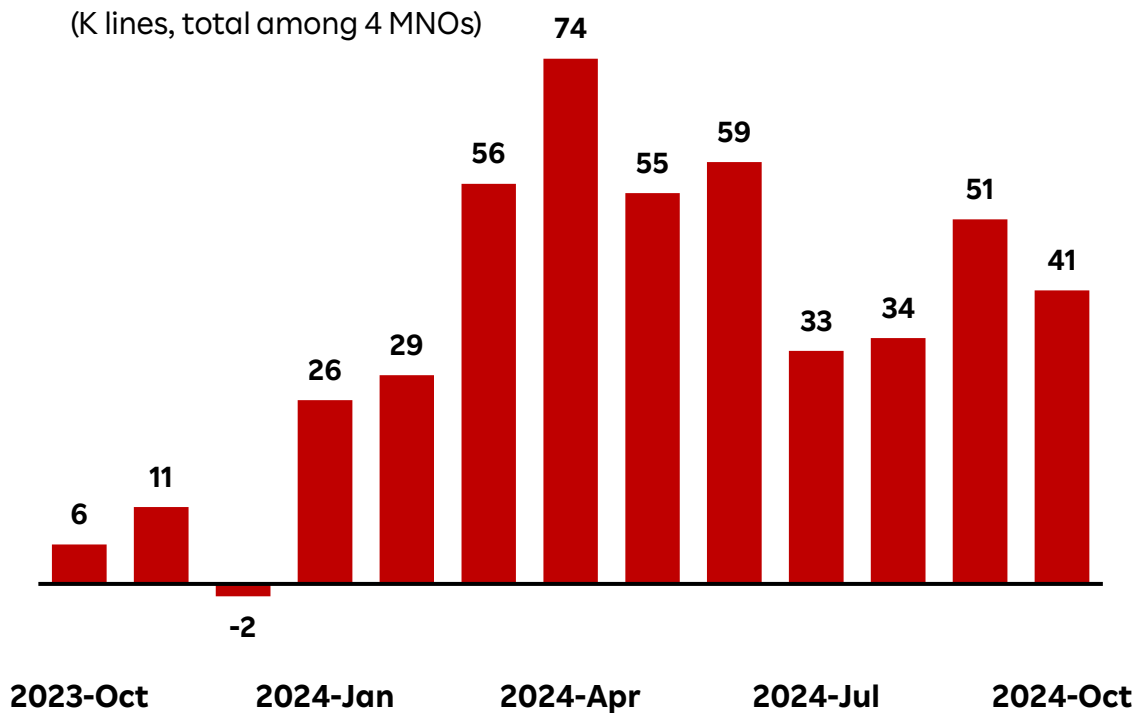
■ Multiple programs contributed to subscriber acquisitions for targeted age groups



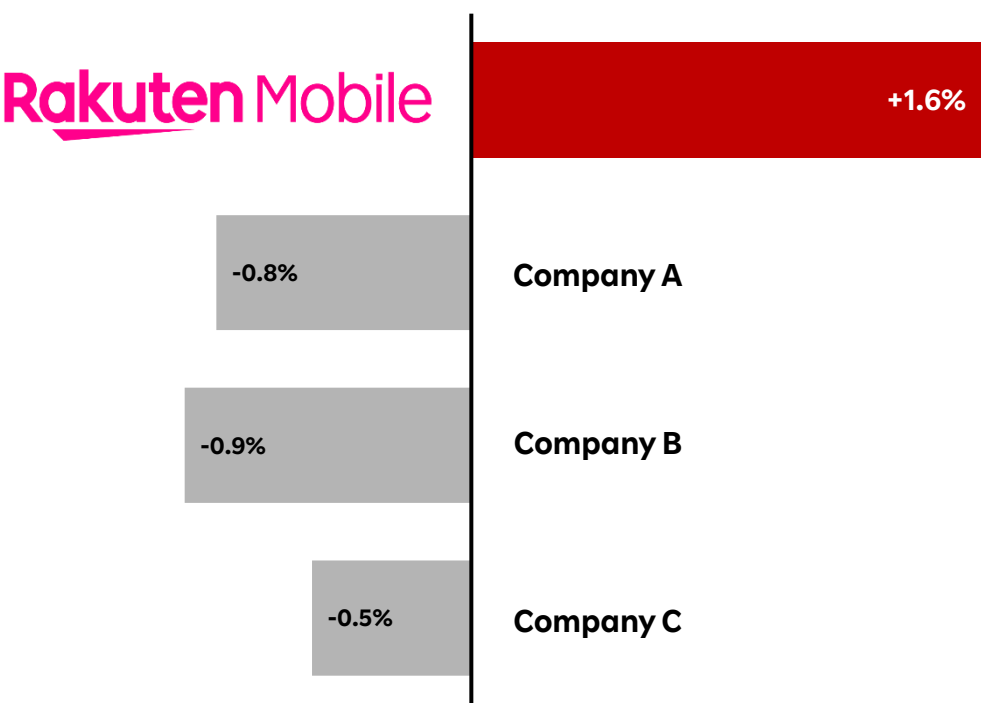
# Market Share Continued to Expand on Strong MNP Acquisitions

■ Despite a lull in mobile carrier switching activity post-spring to Golden Week sales seasons, MNP net additions rose compared to pre-spring sales season; in September, the "Rakuten Mobile x Rakuten Card" campaign helped achieve MNP acquisitions comparable to Golden Week levels

Net increase in B2C MNO subscribers from MNP



Trends in MNO main usage rates\* (Feb to Sep 2024)



\*Source: Created by Rakuten Mobile based on MMD Research Institute's "September 2024 MNO Market Share and Satisfaction Survey".  
Survey period: September 13-24, 2024 (February 2024: n=33,128, September 2024: n=33,106).



1

**Subscriber acquisition status**

2

**Communication quality improvements**

3

**ARPU**

# Continuous Improvements Based on Customer Feedback to Improve Network Quality

- Ongoing efforts to improve network quality have led to increased customer satisfaction and growth, though feedback indicates connectivity challenges remain in busy areas and indoor locations

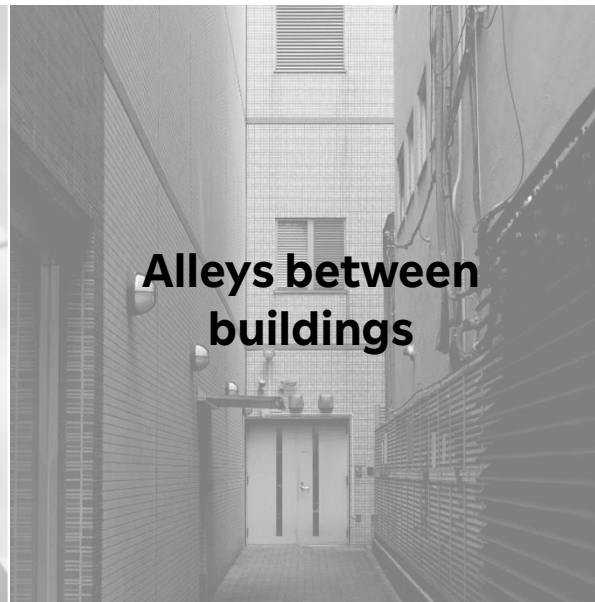
Examples of areas with many reports about communication quality



**Subways**



**Indoors**



**Alleys between buildings**



**Crowded areas**

**Promoting expansion of shared base station bandwidth (5MHz → 20MHz)**

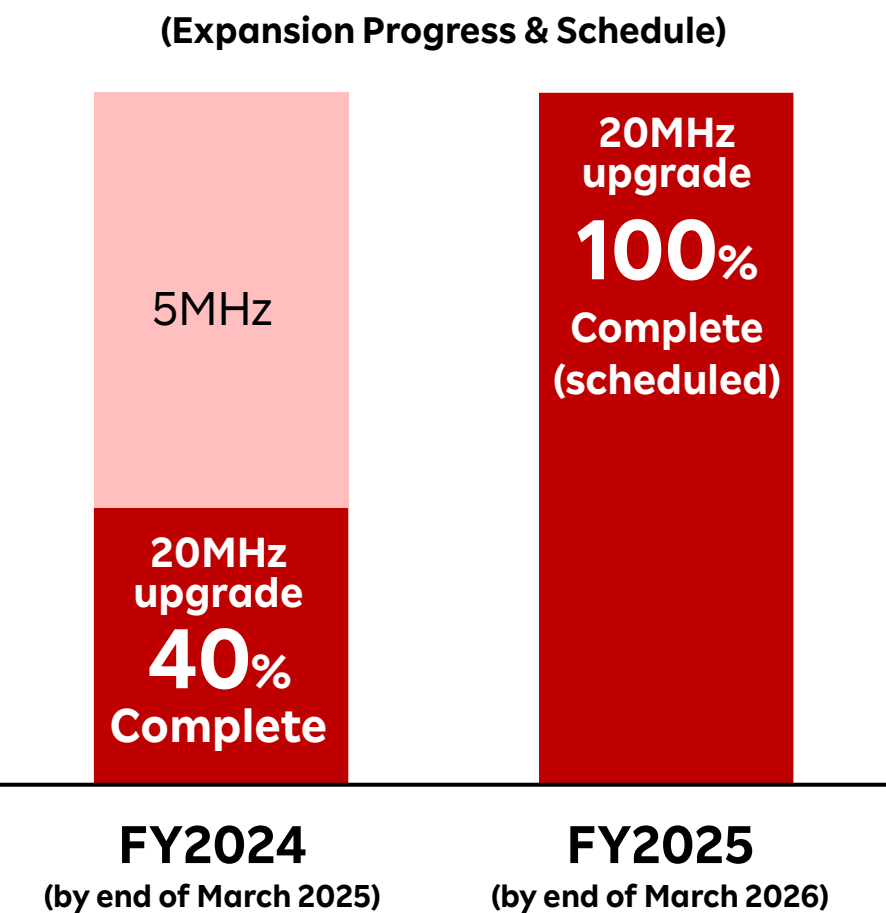
**Promoting the development of indoor base stations**

**Promoting the improvement of coverage gaps whilst also utilizing platinum band**

**5G deployment and software updates will help distribute traffic**

# Improving Network Quality on Tokyo Metro

■ Strengthening subway network quality by expanding shared base station bandwidth\*



Expanding bandwidth of existing base stations  
(5 MHz → 20 MHz)

Strengthening network quality during peak times, etc.



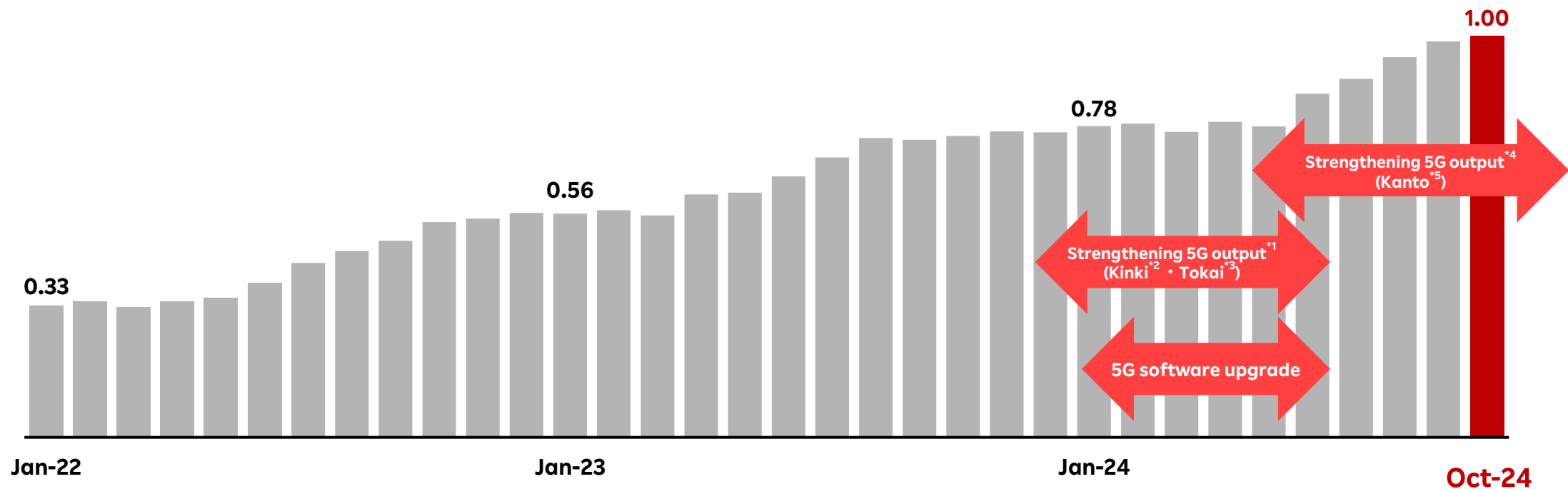
Posting transit ads in completed station areas to engage users

\*Expanding shared base station bandwidth (5 MHz → 20 MHz). Deployment schedule is tentative and subject to change.

# Increase in Data Usage (4G+5G)

■ Continuing to strengthen 5G output in the Kanto region by mitigating interference; as more users connect to 5G, traffic is distributed, improving experience in crowded areas and during peak times

(GB per day)



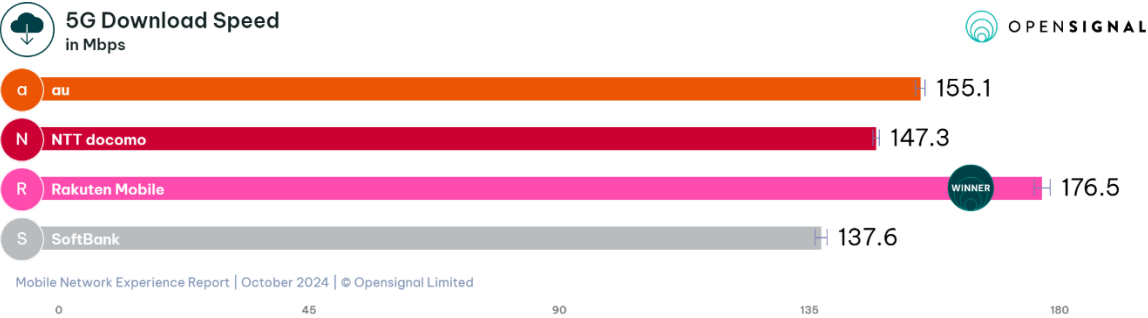
\*1: includes base stations upgraded in August. \*2: Shiga Prefecture, Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, Nara Prefecture, and Wakayama Prefecture.  
\*3: Gifu Prefecture, Shizuoka Prefecture, Aichi Prefecture, and Mie Prefecture. \*4: Expected to be completed by the end of the year.  
\*5: Tochigi Prefecture, Gunma Prefecture, Ibaraki Prefecture, Tokyo Prefecture, Saitama Prefecture, Chiba Prefecture, Kanagawa Prefecture, and Yamanashi Prefecture.



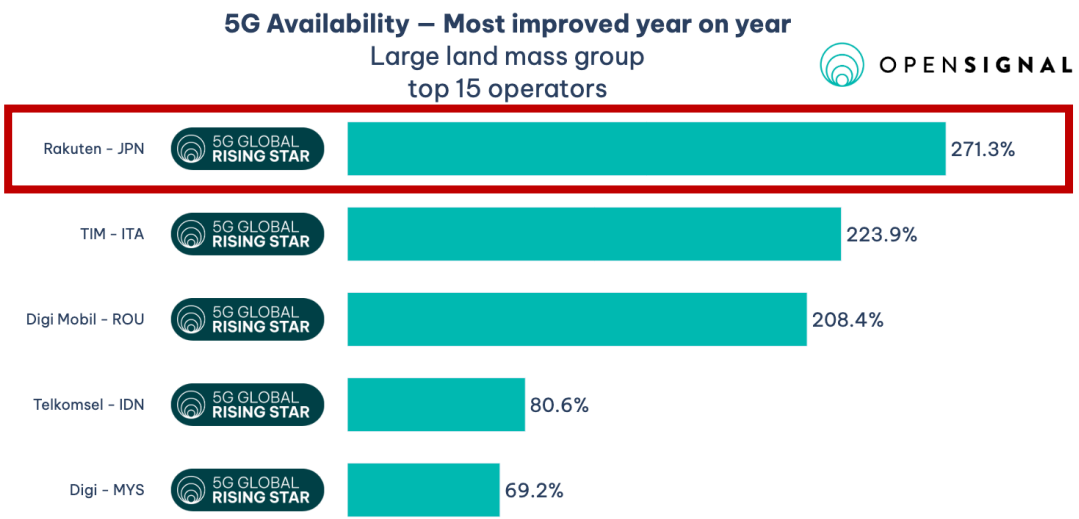
# Rakuten Mobile's 5G Network Speed Received High Marks in Third-Party Survey

- In Opensignal's October 2024 Mobile Network User Experience Report<sup>\*1</sup>, Rakuten Mobile was once again ranked No. 1 in Japan for 5G download speed, following the April 2024 report
- Amongst global carriers, Rakuten Mobile recognized as the carrier with the highest YoY increase in 5G usage<sup>\*2</sup>

5G download speed<sup>\*1</sup>



Carriers with the biggest YoY increase in 5G availability<sup>\*2</sup>



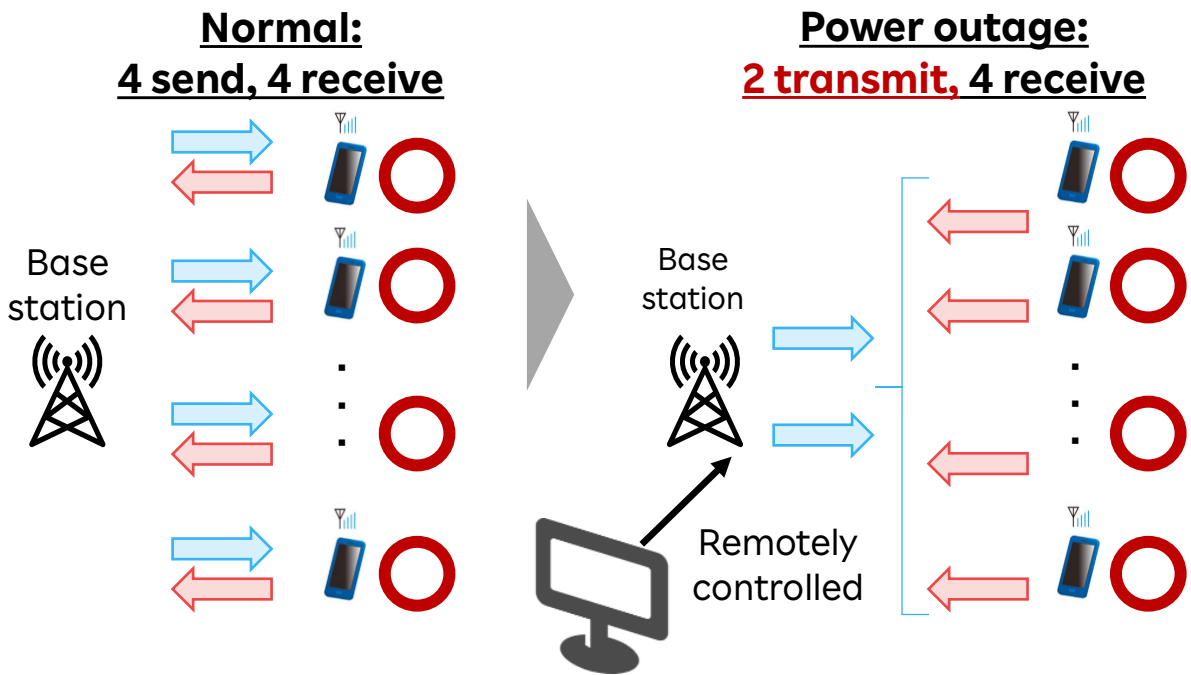
<sup>\*1</sup>: Mobile Network Experience Report October 2024; Data collection period: Jul 1- Sep 28, 2024  
<sup>\*2</sup>: 5G Global Mobile Network Experience Awards 2024; 5G Availability – Most improved year on year (Large land mass group top 15 operators) Data collection periods: 1 January - 29 June 2024 & 1 January - 30 June 2023

# Promoting Efforts to Ensure Network Safety and Reliability

- Rakuten Mobile's 4x4 MIMO can be switched to 2x4 during power outages, maintaining stable connectivity while extending backup power supply life by approximately 30%

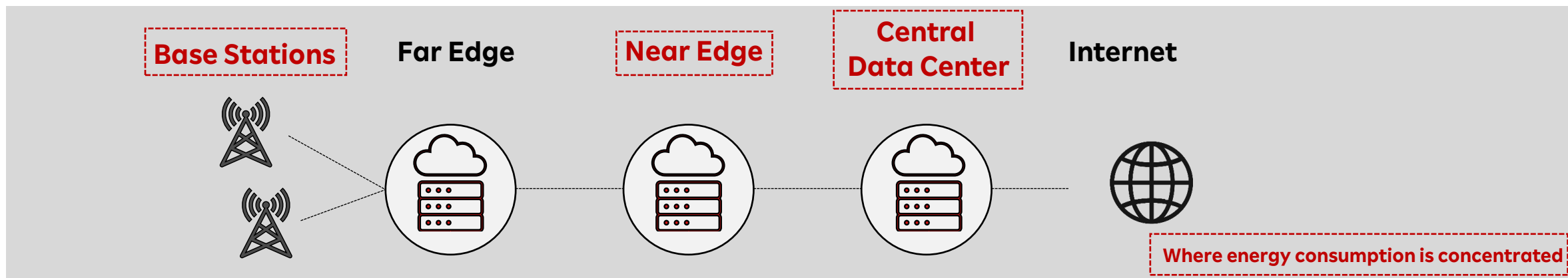
Remotely control radio waves to  
“emergency energy-saving mode”

Extending the life of base station  
backup power supplies



# Initiatives to Improve Network Energy Efficiency

- Fully-virtualized network allows for implementation of wide range of innovative solutions to reduce energy consumption, thus maximizing network efficiency



## RAN Solutions

AI & machine learning-based algorithm adjusts connections based on demand to optimize resources

## Cloud / Data Centers

AI-based sleep mode and speed adjustments to save energy

## IPTX Solutions

Put unused network equipment in low-power mode using machine learning

## AI-Powered Radio/Network Intelligent Controller (RIC/NIC)

Platform that enables flexible deployment of AI-powered applications across various use cases based on user needs  
Etc.



Up to **20%**

of potential energy savings in pre-production testing.

Full-scale deployment on Rakuten Mobile network scheduled from 2025

# AST SpaceMobile Progress

- Satellite communications network for use during disasters (Band 3 planned for communication between satellite and devices)
- Aiming to provide nationwide coverage in Japan starting in 2026
- Providing reliable, continuous communication on unmodified smartphones, targeting 100% coverage across Japan





The background of the image is a high-resolution view of Earth from space, showing the Americas and parts of Europe and Africa. The planet's surface is a mix of blue oceans, white clouds, and brown/green landmasses. A bright, horizontal lens flare or light streak cuts across the middle of the image, passing behind the text. The text 'AST SpaceMobile' is centered in the foreground, rendered in a glowing orange-gold color with a slight 3D effect and a soft shadow on the globe behind it.

# AST SpaceMobile

[VIDEO URL](#)

A vertical red line runs down the left side of the slide, passing through the center of the three numbered boxes.

1

**Subscriber acquisition status**

2

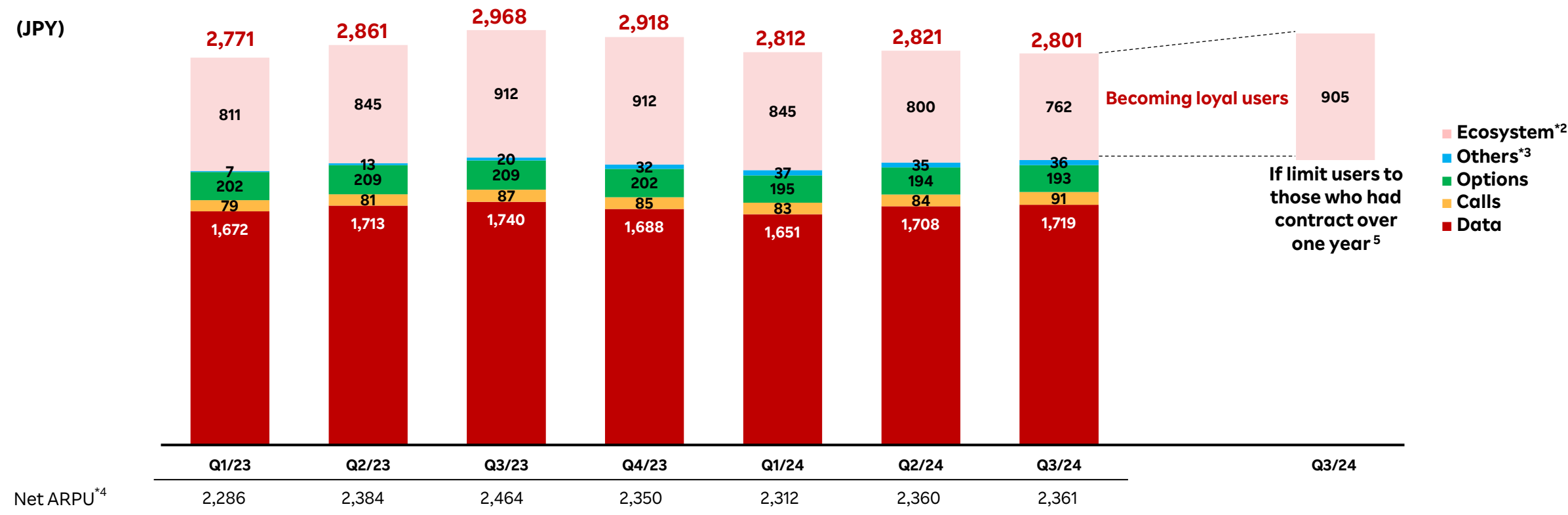
**Communication quality improvements**

3

**ARPU**

# Q3 ARPU<sup>\*1</sup>: JPY 2,801. Both B2C and B2B ARPU Improved

- Growth mainly in data ARPU on increased 5G traffic and acquisition of main line users with higher data usage
- From Q3/24, Ecosystem ARPU<sup>\*2</sup>, which reflects additional revenue from group services driven by Rakuten Mobile subscribers, is included in ARPU. While Ecosystem ARPU may be diluted by the increase in newly acquired subscribers that tend to be light users, it is expected to rise in the future as they become more loyal users



\*1: The number of subscribers, which is the denominator for ARPU, is calculated using the average number of MNO subscribers at the beginning and end of each quarter, excluding MVNE and BCP lines. \*2: Calculated using group revenue uplift effects from effects by MNO subscribers as the numerator. \*3: Includes advertising and miscellaneous B2B revenues. \*4: Net of COGS associated with revenue uplift by Rakuten Mobile MNO subscribers and customer referral effect from group companies to the mobile business. Please refer to the Financial Results Summary (p. 7) for details on how the Mobile Ecosystem Contribution is calculated. \*5: Calculated based on the uplift effect on group revenue from users who have had MNO contract for more than one year.

# Generative AI Added to Rakuten Link (Currently Available on Android™, coming soon to iOS)

- Access to Rakuten Link AI from Rakuten Link home screen
- Available to all Rakuten Mobile users with no additional subscription required

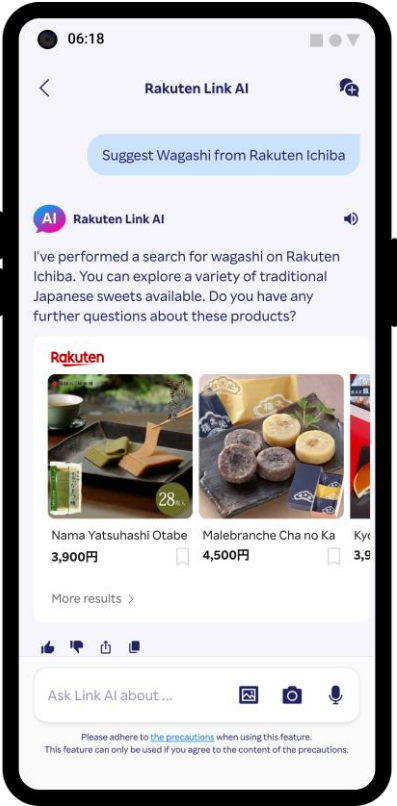




# Personal Concierge Features Planned for Future Addition

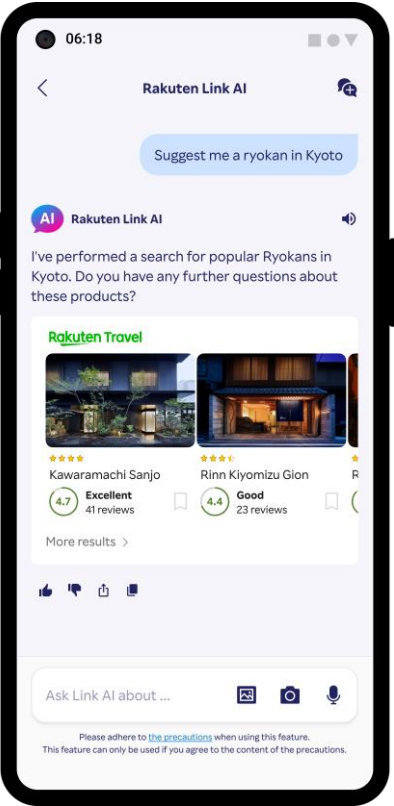
**Rakuten**

**Personal shopping assistance** across the entire Rakuten Ecosystem, including Rakuten Ichiba etc.



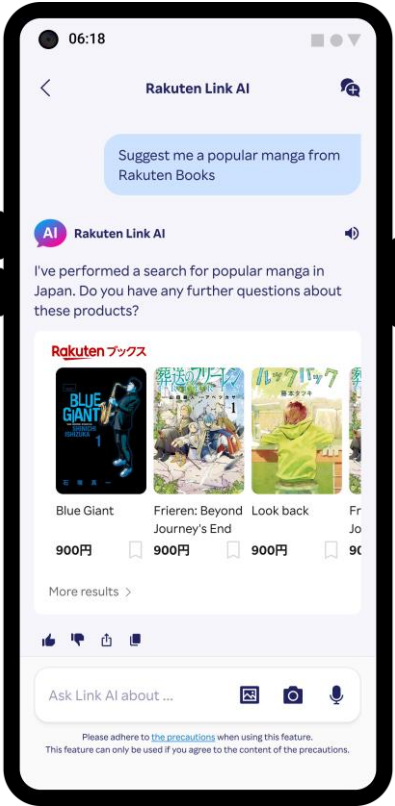
**Rakuten Travel**

**Customized travel recommendations** and booking assistance on Rakuten Travel



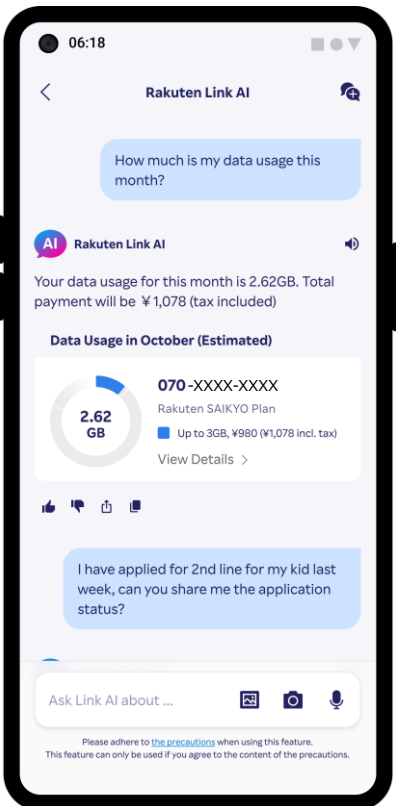
**Rakuten ブックス (Books)**

**Learn new things and explore your interests** with recommendations from Rakuten Books



**Rakuten Mobile**

**Get real time answers** about your Rakuten Mobile subscription, including data usage & billing



\*Images of products under development. May differ from actual services.

# Rakuten Symphony

# Symphony Strategy Going into 2025

- Repositioned the company through 2024, with greater focus on software

Previously

**Deliver Next-Gen Networks**

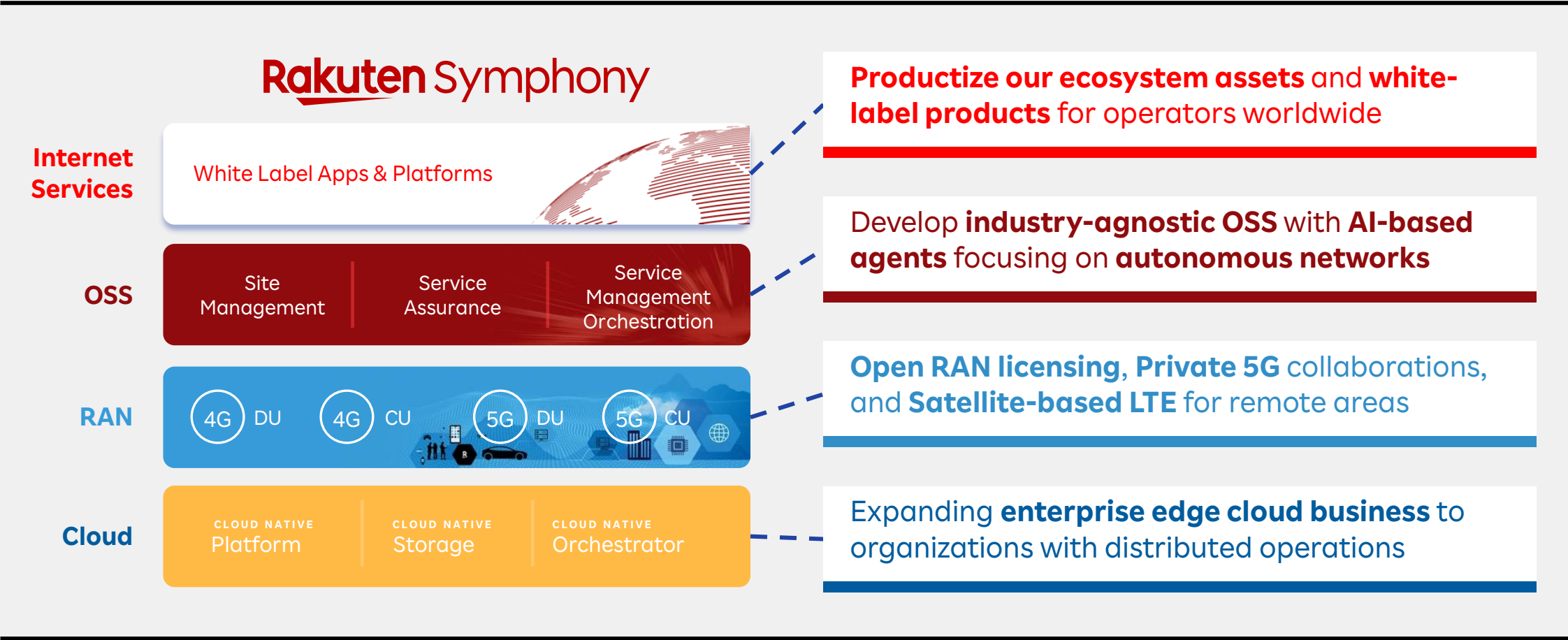


**Going forward**

**Develop Leading Network Software**

# Expanding Beyond Telecom Industry

- Provide a service portfolio to serve customers outside the telecom industry



# Rakuten Cloud Opportunity

■ Ready to take advantage of growing private cloud demand

**Favorable Market**



**Strong Cloud Offering**



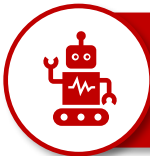
**High Potential**



Businesses shifting from Public to Private Cloud



Government appetite for sovereign cloud capacity



Rapid AI adoption driving more cloud demand



Impact of recent market acquisition



Consolidation of various cloud functions into Rakuten Cloud



Excellent benchmarking results from leading MNO

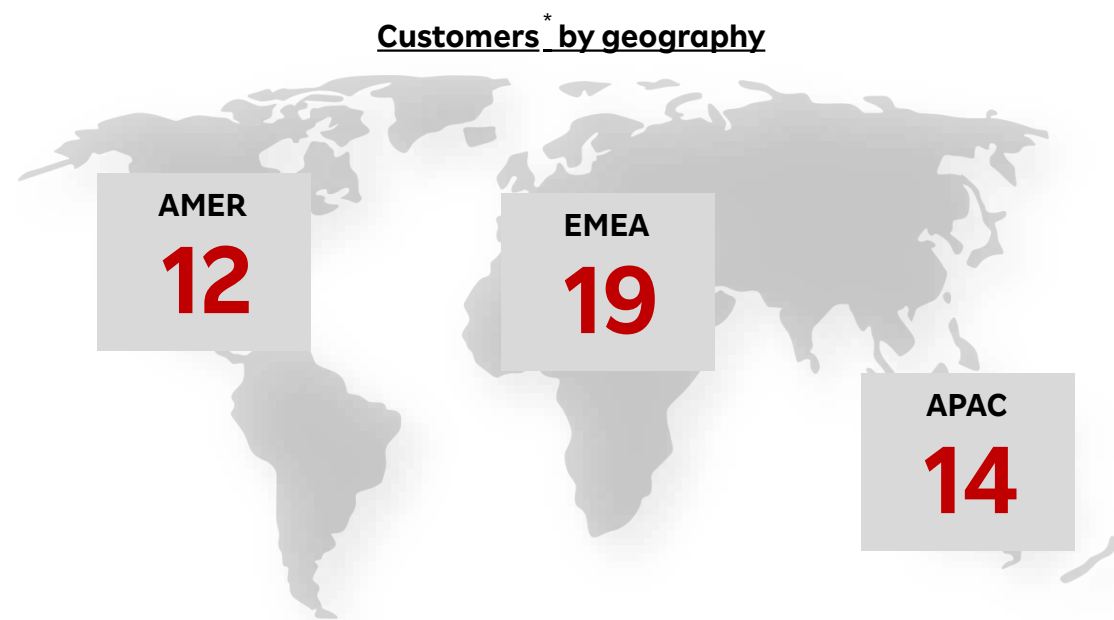
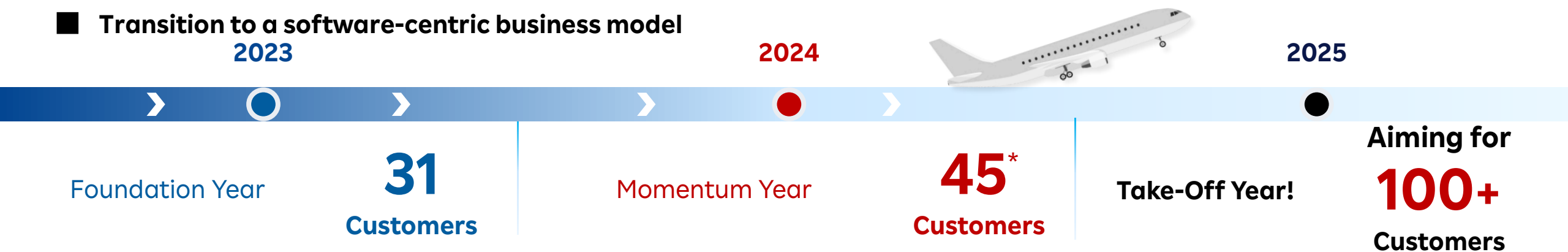


Strategic partnerships with key cloud players

**Massive demand for Rakuten Cloud over the next 5 years**

# Rakuten Symphony: Accelerating Growth and Expanding Global Reach

- Accelerate diversification and growth of the customer base through strengthened partnerships and expanded sales, driving further global expansion
- Transition to a software-centric business model



**Empowering Global Connectivity**  
**Setting the Standards in Connectivity Solutions**

\*Sum of actual & forecasted customers

## 4. Finance

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# Mobile Ecosystem Contribution Reflected in Segment P&L

- To enable precise evaluation of performance, including the effect of inter-segment contributions and cross-referrals within Ecosystem, “Mobile Ecosystem Contribution” is now included in each segment’s Non-GAAP OI/EBITDA and Rakuten Mobile’s Non-GAAP OI/EBITDA. Performance metrics will be disclosed in the data sheet, both before and after inclusion

## Internet Services and FinTech segments Non-GAAP OI/EBITDA

(No impact on consolidated Non-GAAP OI/EBITDA)

Segment P&L (before contribution from Mobile Ecosystem)	
Mobile Ecosystem Contribution	Calculated Mobile Ecosystem Contribution for each segment and reflected it in each segment's non-GAAP OI/EBITDA
Uplift based on gross profit of MNO subscribers (B2C)	
Contribution from Group companies	
Segment P&L (after contribution of Mobile Ecosystem)	
	Reflected in Non-GAAP OI/EBITDA for each segment. Within the Internet Services segment, reflected in Non-GAAP OI/EBITDA of Other Internet Services

## Rakuten Mobile, Inc. P&L

Revenue	
OPEX	
COGS	
Network costs	
SG&A expenses	
Others	
Mobile Ecosystem Contribution	
Non-GAAP OI	Reflected in Non-GAAP OI and EBITDA

\*In accordance with this change, the results for each segment and Rakuten Mobile from Q1/23 onwards have been retroactively adjusted. The total for each segment remains unchanged. Please refer to the Financial Results Summary (p. 7) for details on how the Mobile Ecosystem Contribution is calculated.



# Our Commitment: Disciplined Financial Policy

## Aiming for financial soundness in the medium term

1



### Profitability Improvement



- ☒ Continuous profit growth of core businesses
- ☐ Achieve profitability on annual consolidated Non-GAAP OI basis in FY2024
- ☐ Achieve profitability at Rakuten Mobile, Inc. on monthly EBITDA basis in FY2024 and annual basis in FY2025

2



### Efficiency Improvement



- ☒ Company-wide cost reduction
- ☒ SPU revision
- ☒ Working capital improvements
- ☒ Further productivity improvements utilizing AI

3



### Financial Soundness

- ☒ Reduce gross debt
- ☒ Proactive debt maturity management
- ☐ Credit rating improvement
  - Consolidated equity ratio 10%
  - Non-FinTech Net Debt/Non-FinTech EBITDA 5x

# Refinancing Risks in 2024 and 2025 Have Been Eliminated

- Provisions have been made for senior bonds maturing in 2024 and 2025
- Currently considering replacement of hybrid bonds with first maturities in Nov and Dec 2025 which are planned to be called then

Status		
2024/ 2025	<ul style="list-style-type: none"><li>• Senior bonds</li></ul>	<ul style="list-style-type: none"><li>• Already addressed</li></ul>
2025	<ul style="list-style-type: none"><li>• Domestic hybrid bonds</li></ul>	<ul style="list-style-type: none"><li>• Plan to call on the first redemption date (Nov and Dec 2025)</li><li>• Considering replacement with products that receive equivalent equity certification* → Hybrid/subordinated bonds, bond-type class shares, etc.</li></ul>

\*Raise funds through products that are at least equivalent to equity within 12 months prior to the first call date

# Rakuten Mobile Raised Funds Through Sale and Leaseback (Announced in August)

- Rakuten Mobile raised JPY 170 bn through sale and leaseback of telecom equipment owned by the company
- By securing the necessary short-term funds for Rakuten Mobile, Rakuten Group’s liquidity should also improve. Cash flow from Internet Services and FinTech businesses can be allocated towards reducing interest-bearing debt
- Rakuten Mobile plans to continue asset-backed financing initiatives

Details	
Type of financing	Sale and leaseback
Underlying assets	Telecom equipment and other related assets
Funding amount	JPY 170 bn
Interest rate	6.5%
Lease term	10 years
Purpose	Working capital, capex, etc. funds for Rakuten Mobile

# Rakuten Group's Evaluation in the Debt Market

- Rakuten Group's various initiatives are being positively recognized by the debt market
- Rising prices and falling yields in the secondary market suggest that future financing costs may be lower

## <Business>

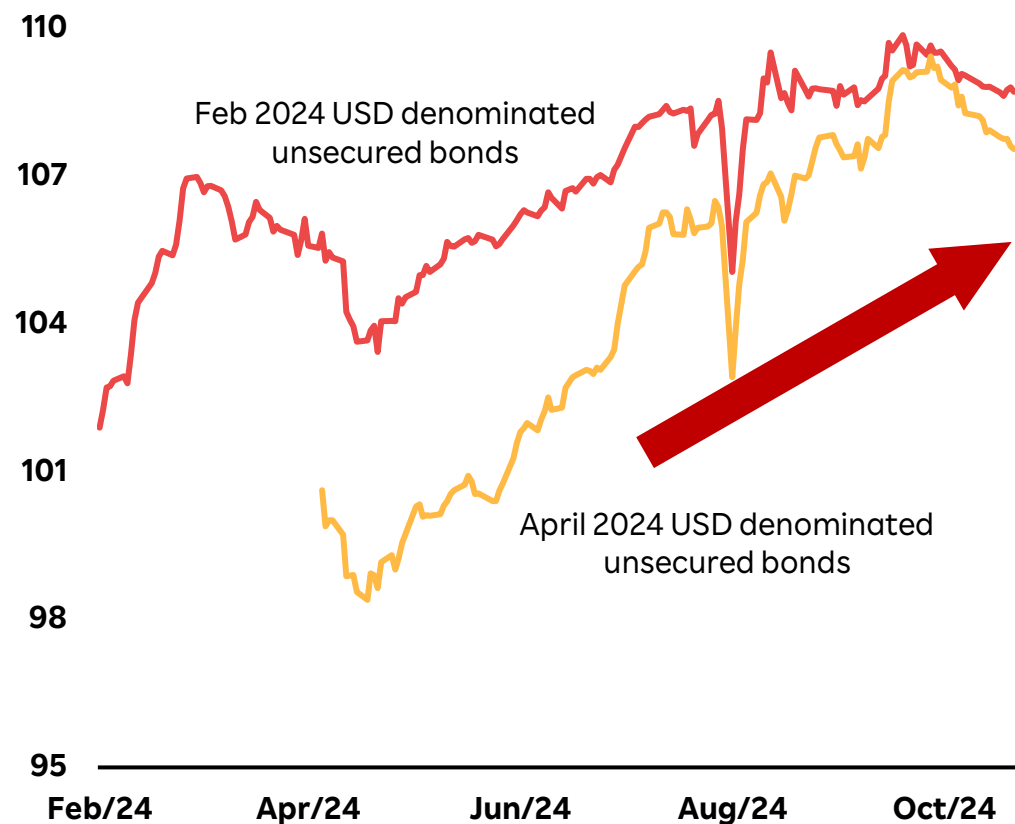
- Steady progress in mobile business
- Strong performance of Internet Services and FinTech
- “Selection and concentration” of business portfolio

## <Balance Sheet>

- Active refinancing
- Lease financing at Rakuten Mobile, Inc.
- Funds raised from non-interest-bearing financing
- Realization of unrealized gains on AST shares
- Capital and business alliance between Rakuten Card and Mizuho Financial Group (released today)

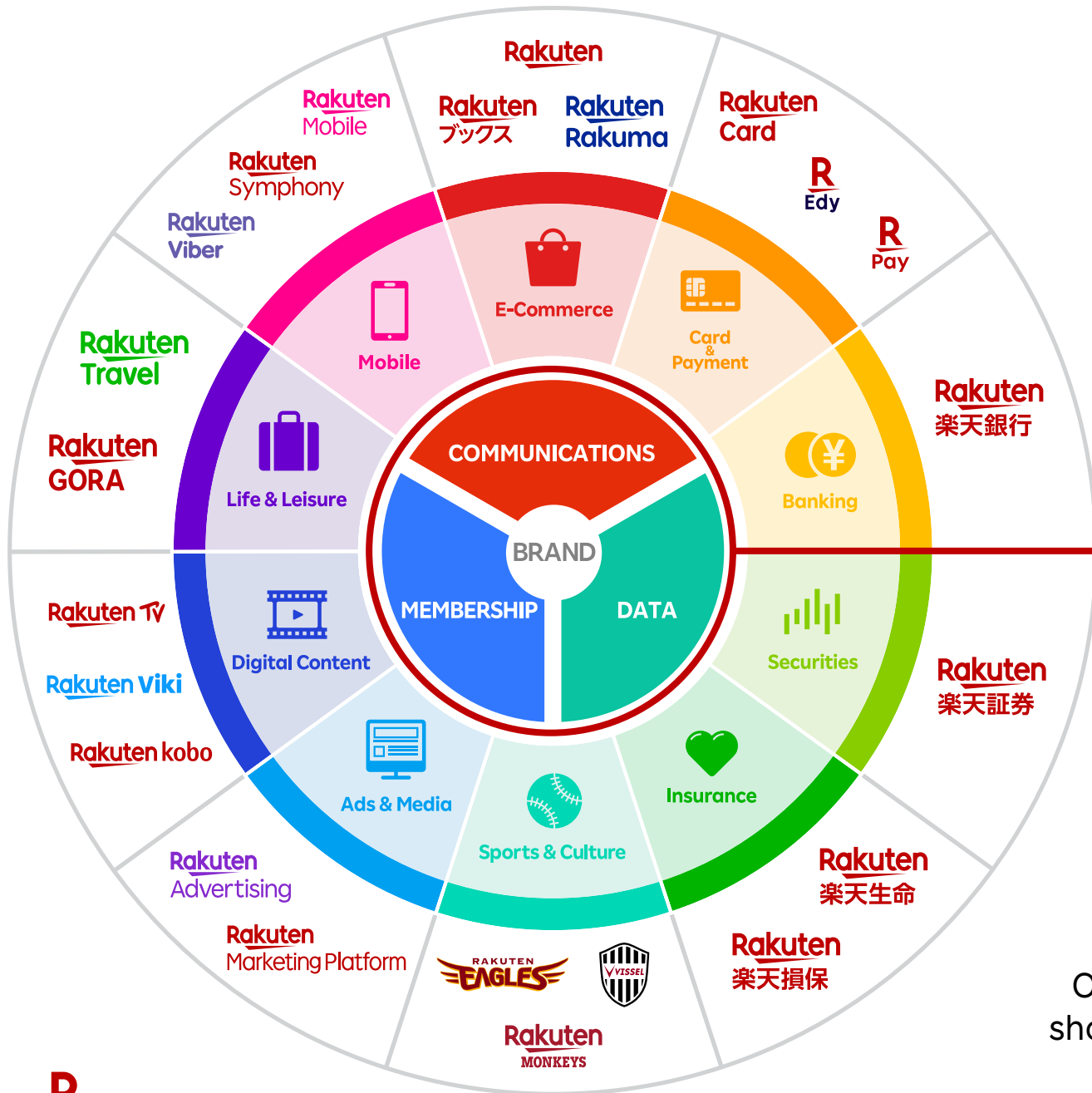


## Price trends of Rakuten Group bonds



## 5. AI

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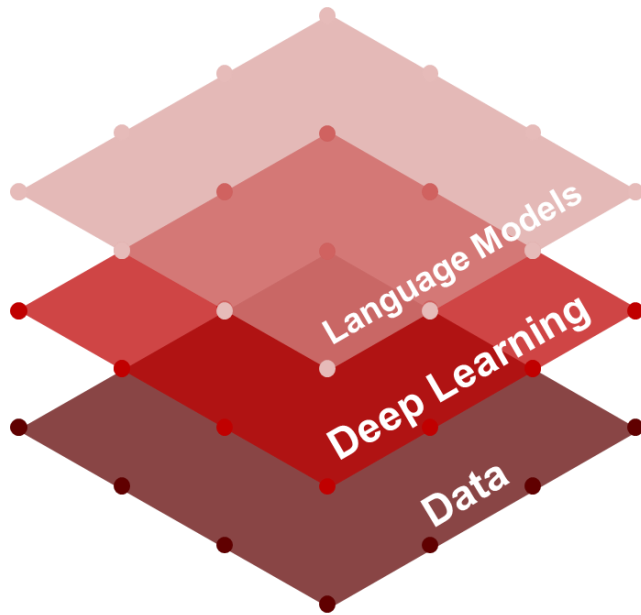


# Rakuten AI

Augment **human creativity**  
with the **power of AI**

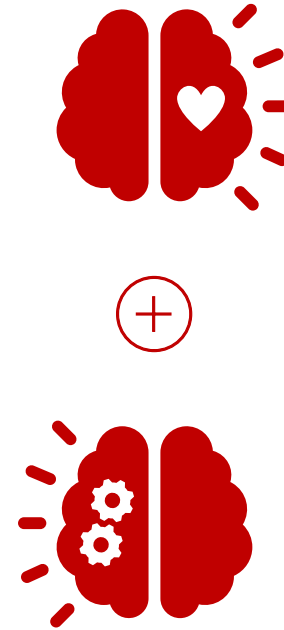


# Our Approach to AI is **Foundational and Cost-effective**



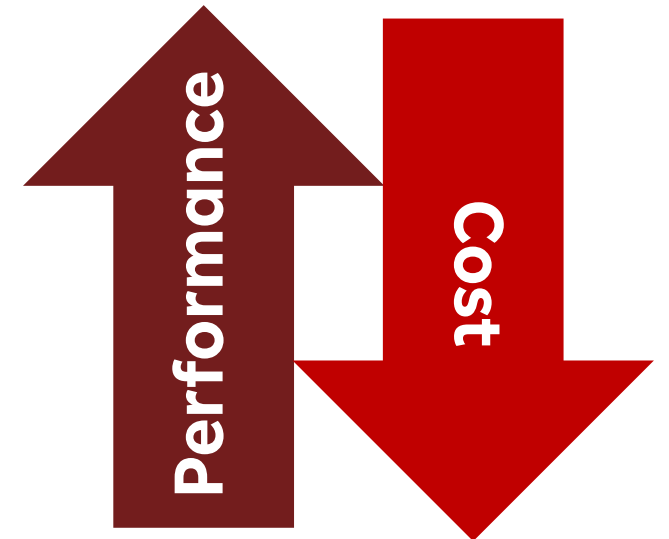
## **FOCUS ON SCALING THE FUNDAMENTALS**

Invest in core technologies that enable us to scale data and insights to useful tools and applications across Rakuten Ecosystem



## **HUMAN INTELLIGENCE + ARTIFICIAL INTELLIGENCE**

Combine the domain expertise of 30,000+ Rakutenians with cutting edge technology to accelerate development



## **RIDE THE WAVE OF TECHNOLOGY INNOVATION**

Capitalize on recent increases in performance-to-cost ratios for 3<sup>rd</sup>-party LLMs and hardware to accelerate & scale development

# Rakuten AI: Execution Momentum

## Deep Learning at Scale

Semantic Search

Semantic Recommendation:

Dynamic Ads

## Rakuten AI for Business

Rakuten Analytics

Rakuten Insight

## Rakuten AI for Consumers

Rakuten Link AI

Universal Concierge Preview



# Deep Learning: Ecosystem Expansion

## SEMANTIC SEARCH

Delivering great results by understanding what customers mean, not just what they say

### +6 Additional Services



up to **98.5%**

Zero hit-rate reduction<sup>\*1</sup>

up to **5.3%**

GMS uplift from semantic search<sup>\*1</sup>

## SEMANTIC RECOMMENDATIONS

Suggesting new options that users may not be aware of

### 6 Services in Production



**+59%**

Purchases on **Rakuten Ichiba** app home page personalized recommendation widget<sup>\*1</sup>

## DYNAMIC AD DISPLAY

Dramatically improved relevance to help increase basket size, conversion rate, and customer satisfaction

**+4%**

Ad sales uplift from **Rakuten Ichiba** top search ads<sup>\*2</sup>

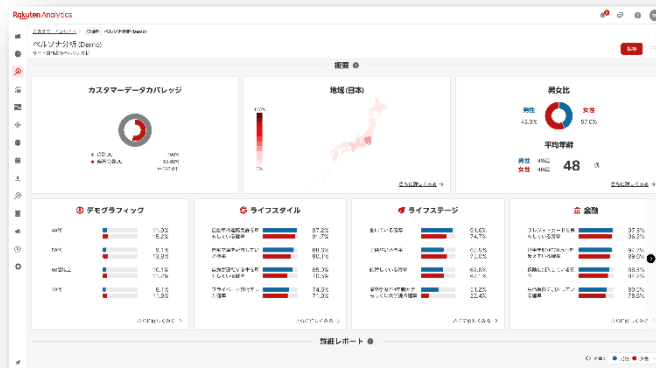
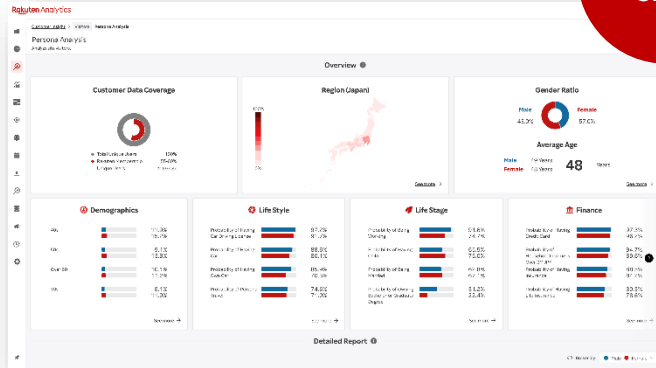
Gradual ecosystem rollout in progress

<sup>\*1</sup>: Comparison of A/B test results across different periods and different mobile operating systems. <sup>\*2</sup>: Results from Ichiba Top Page A/B tests carried out from Oct 3, 2024, to Oct 14, 2024.

# Rakuten AI for Business

Launched  
9/25

Launched  
9/12



## プロフィールサマリ



## プロフィールシート

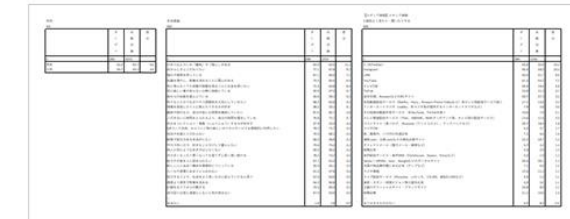


## グラフ詳細



※開発中のため実際のアウトプットとは異なる場合がございます。

## クロス集計表



## RAKUTEN ANALYTICS

Deepens customer understanding and support data-driven decision making

## RAKURAKU PROFILE (BY RAKUTEN INSIGHT)

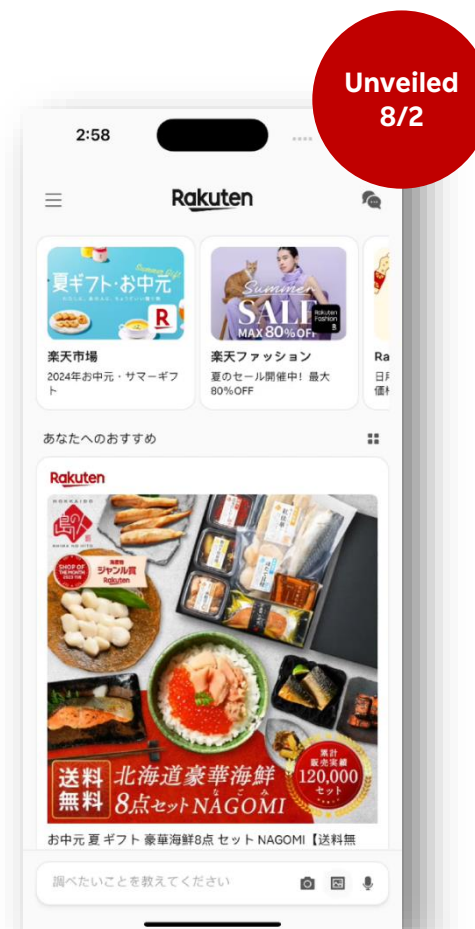
Automatically generate target profiles by linking internet survey results with Rakuten Ecosystem data

# Rakuten AI for Consumers



## RAKUTEN LINK AI

Makes GenAI accessible to 8M+ Rakuten Mobile customers for free from the Rakuten Link app



## UNIVERSAL CONCIERGE

A multi-modal, deeply personalized connection to the entire Rakuten Ecosystem

**Rakuten**

This presentation includes forward-looking statements that reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements. Names and logos of companies, products, and services and such that appear in this material are trademarks or registered marks of their respective companies.