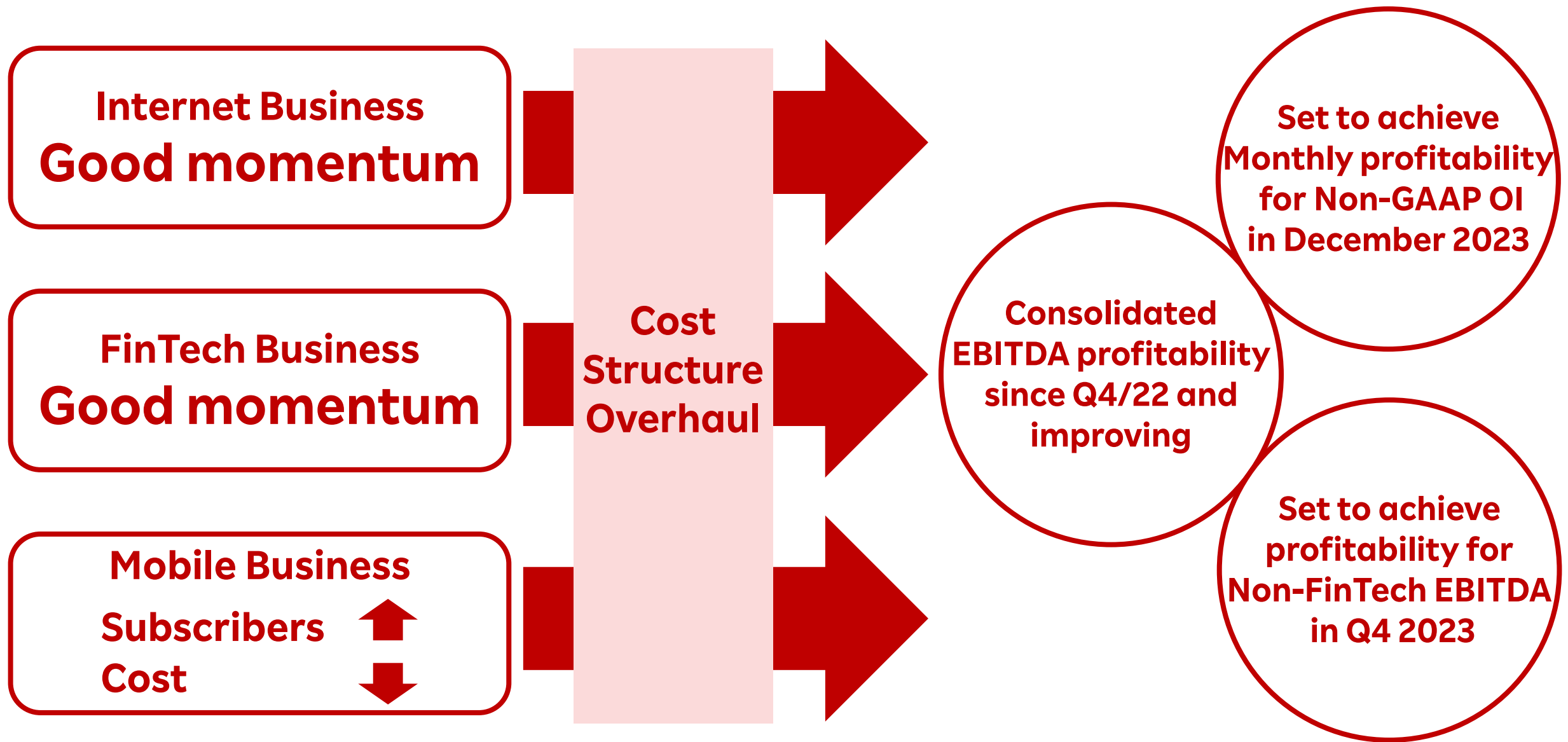


FY2023 Third Quarter Consolidated Financial Results

November 9, 2023

Rakuten Group, Inc.





Topics

1 Q3/23 Summary

2 Mobile Business

3 Financial Strategy

4 AI Strategy

1. Q3/23 Summary

Q3/23 Consolidated Profit and Losses*

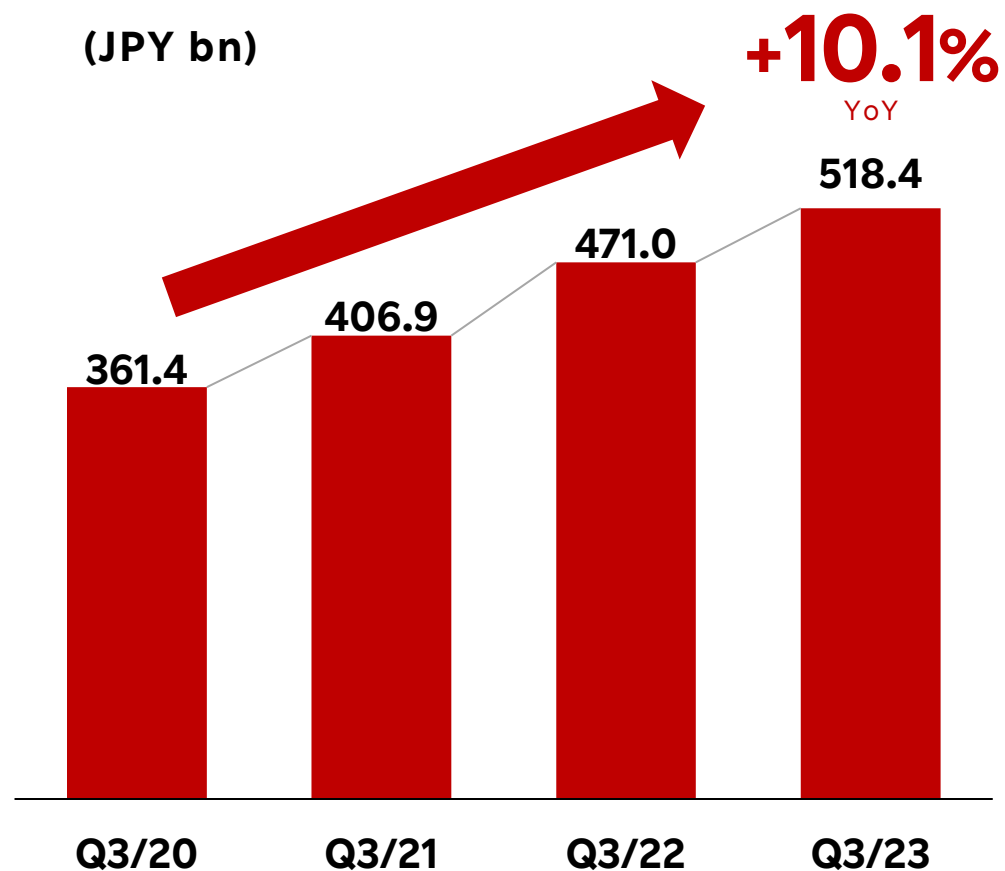
(JPY bn, rounded)	Q3/22	Q3/23	YoY
Consolidated Revenue	471.0	518.4	+10.1%
Internet Services Segment	264.5	301.2	+13.9%
FinTech Segment	162.5	184.6	+13.6%
Mobile Segment	84.5	88.7	+5.0%
Adjustments	-40.5	-56.0	-15.5
Non-GAAP Operating Income (Losses)	-83.0	-41.0	+42.0
(Ref.Excluding Mobile Segment & Investment Business)	39.5	48.5	+22.8%
Internet Services Segment	16.6	16.6	+0.3%
FinTech Segment	21.1	28.6	+35.8%
Mobile Segment	-117.6	-81.2	+36.4
Adjustments	-3.1	-5.1	-2.0
IFRS Operating Income (Losses)	-94.2	-54.5	+39.7
Non-GAAP EBITDA	-14.9	35.6	+50.4

Rakuten Ichiba, Rakuten Travel, and overseas digital contents businesses contributed to higher revenue. Rakuten Card, Securities and Payment also showed strong growth.

Continued growth of Internet Services (Travel) and FinTech segments, and an improvement of Mobile segment

* Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business are 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.

Q3/23 Consolidated Revenue*



**Continued very strong
and consistent growth**
Q3/23 Revenue growth

+ 10.1%
YoY

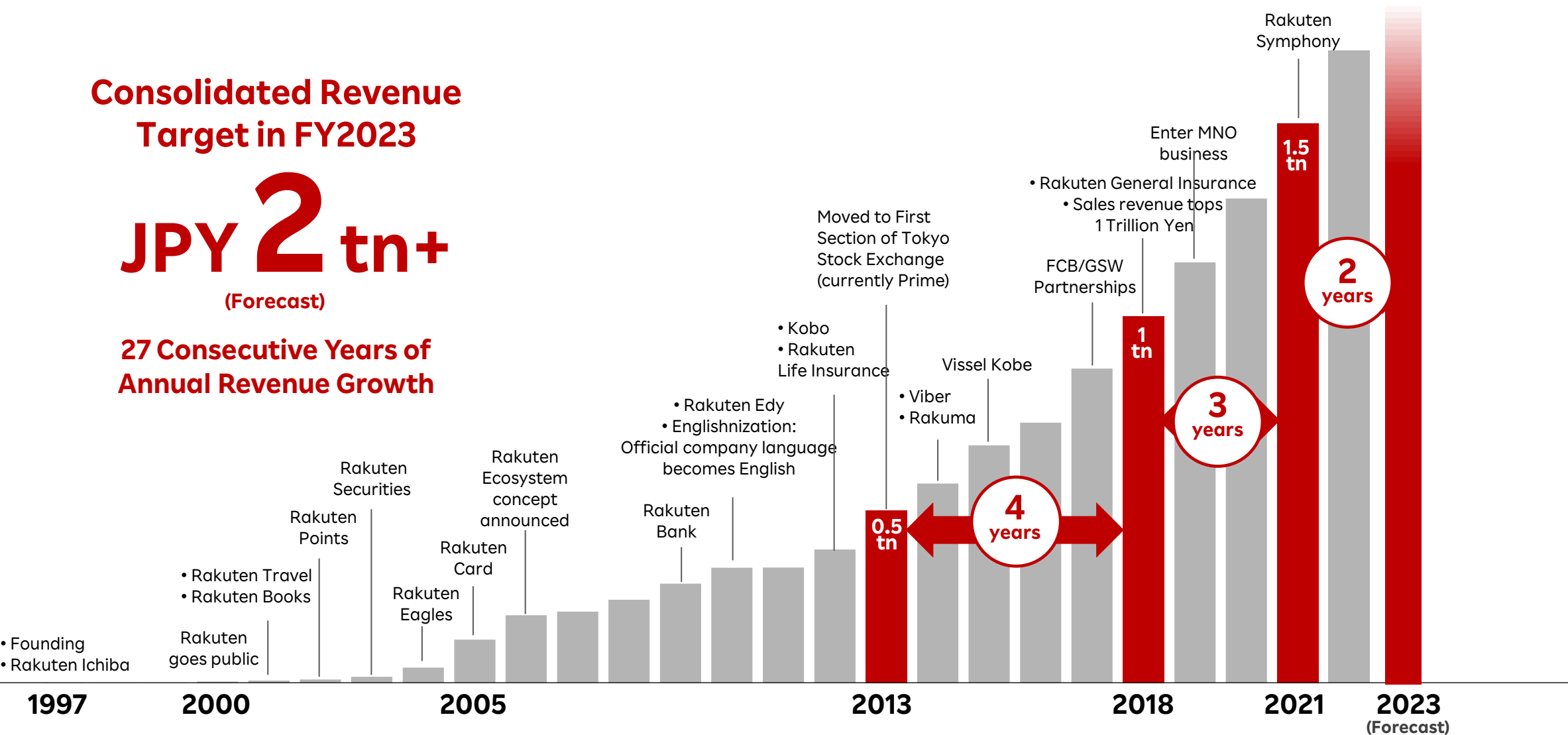
* Due to the introduction of IFRS 17, Q2/22~Q1/23 revenue was retroactively adjusted.

Consolidated Revenue Growth Accelerating since Establishment 2 tn+

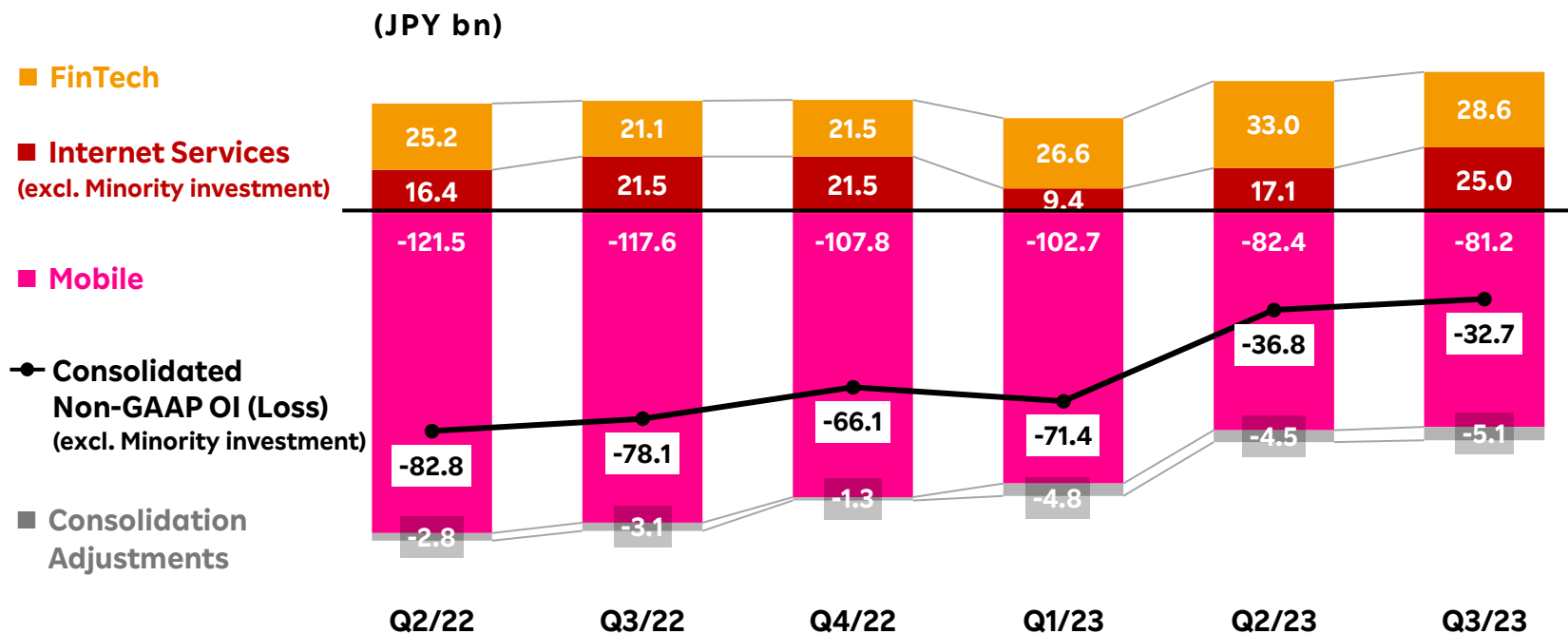
Consolidated Revenue
Target in FY2023

JPY 2 tn+
(Forecast)

27 Consecutive Years of
Annual Revenue Growth



Monthly Consolidated Non-GAAP OI Profitability in Sight^{*1*2}



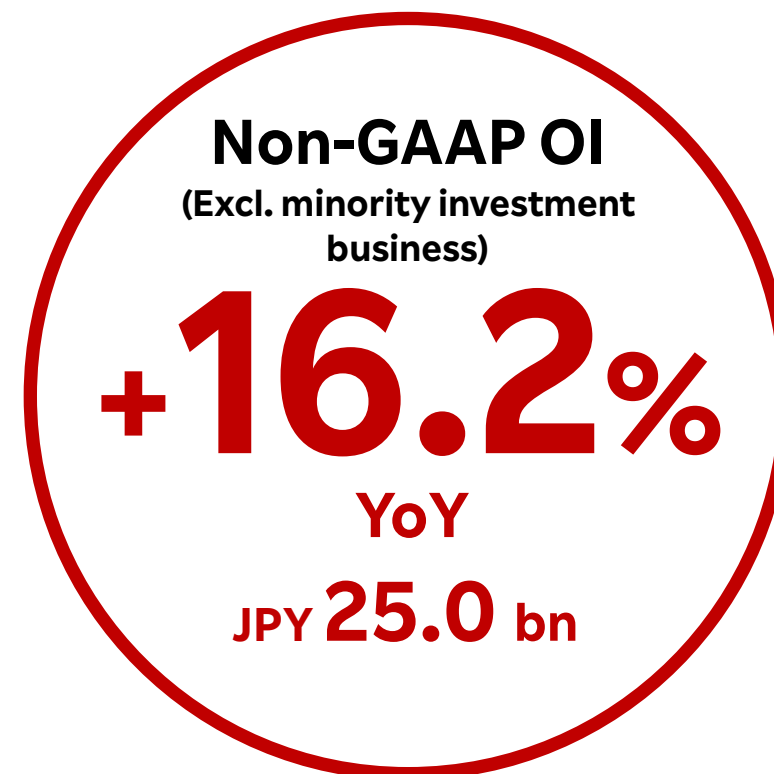
**Aiming for
profitability
in December 2023
for Consolidated
Non-GAAP OI**

*1 Due to the introduction of IFRS 17, Q2/22~Q1/23 Non-GAAP OI and EBITDA were retroactively adjusted.

*2 Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business are 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.

Internet Services Segment: Q3/23 Financial Highlights

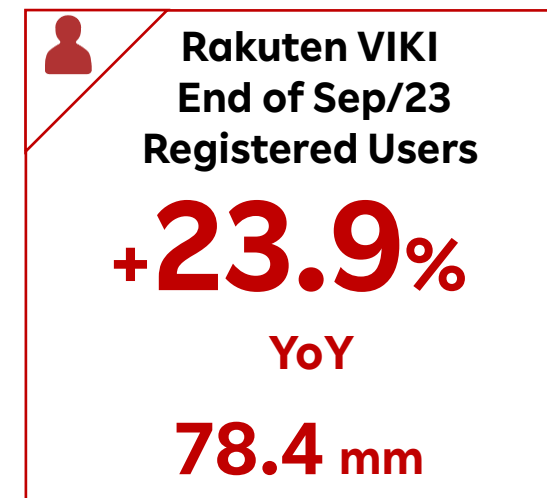
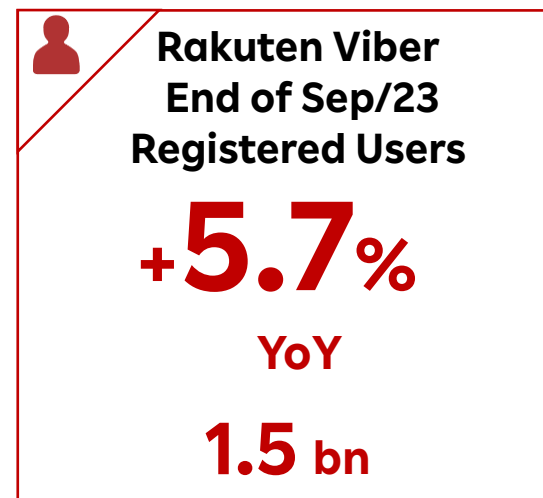
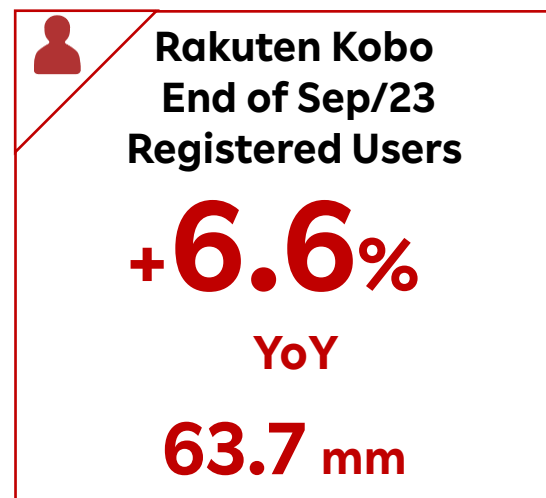
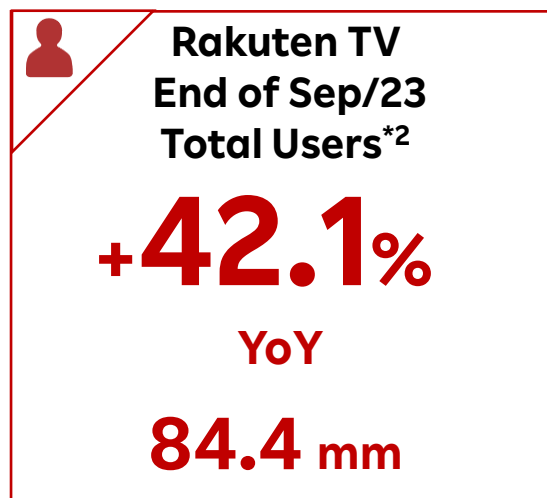
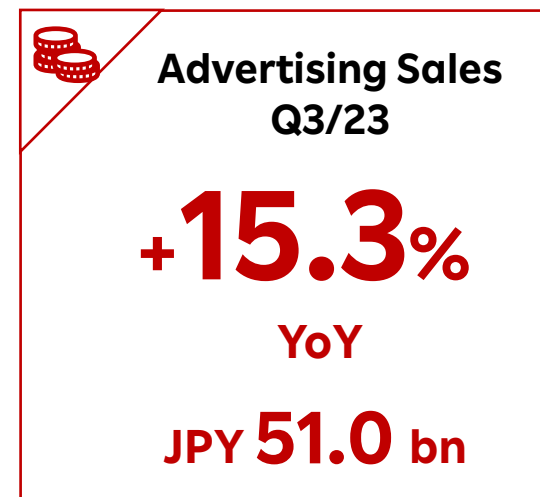
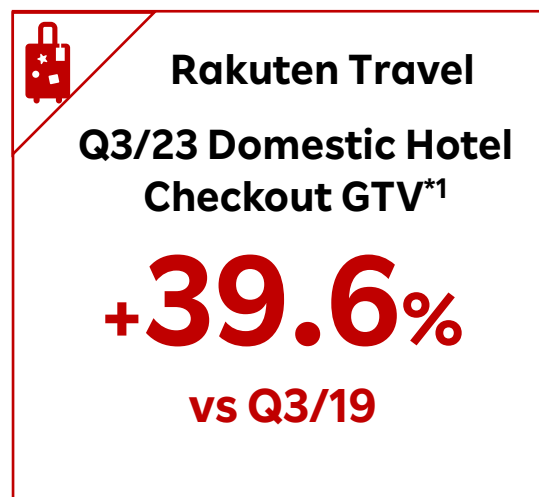
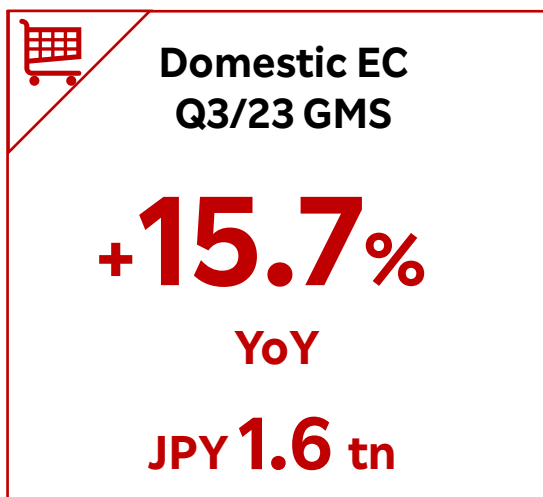
- Core Businesses and Growth Investment Businesses booked robust growth
- Other Internet Services showed a modest YoY recovery



+26.7% YoY

(excluding minority investment business and the SPU cost transfer from Rakuten Mobile implemented from Q1/23)

Internet Services Segment: Key KPIs

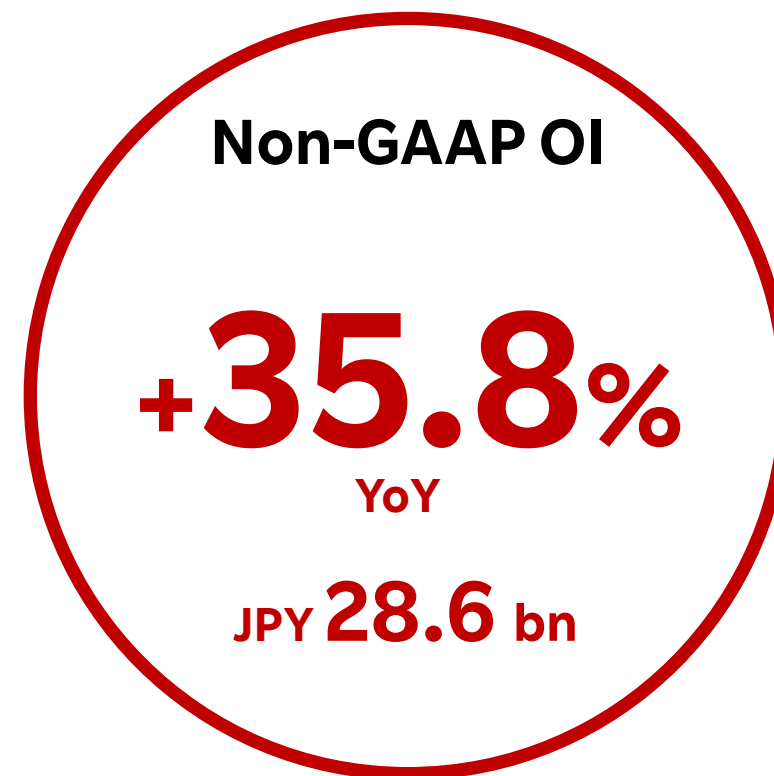


^{*1} Excluding corporate reservations.

^{*2} Total number of registered users and non-registered AVOD (Advertising Video On Demand) users. From Q2/23, the definition of Rakuten TV registered users has been updated to exclude users who cancelled their membership and this change has been retroactive adjustment.

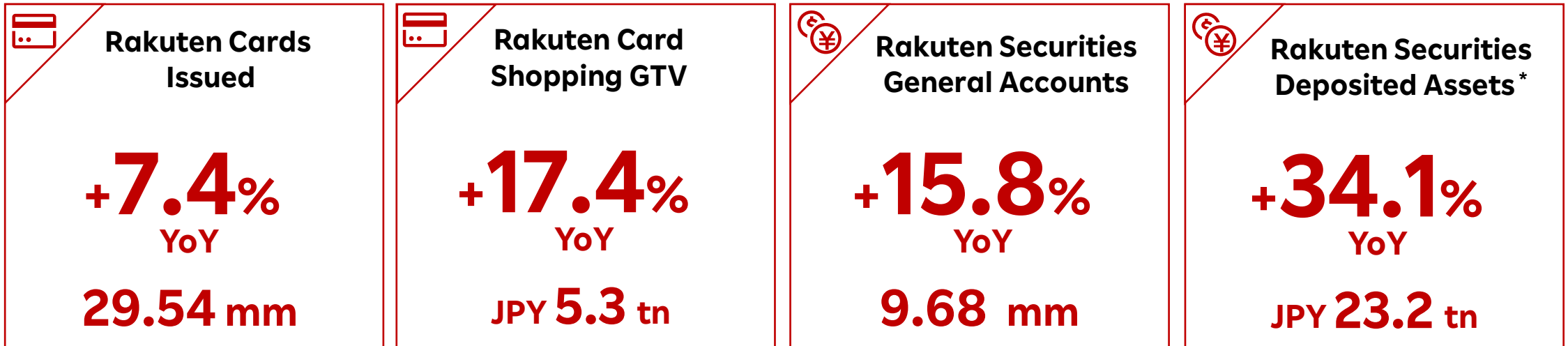
FinTech Segment: Q3/23 Financial Highlights*

- Rakuten Card, Rakuten Securities, and Rakuten Payments contributed to revenue growth
- Non-GAAP OI had a substantial increase largely driven by Rakuten Securities



*1 Effective September 1, 2023, Rakuten Pay (online payment) business and Rakuten Points (online) business are 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.

FinTech Segment: Key KPIs



* Based on J-GAAP

Rakuten Bank (Consolidated): Ordinary Profit Growth in 1H (April 1 ~ September 30, 2023) in Line with the Company Plan

Key Financial and Other Data (J-GAAP)

Ordinary Income

(1H FY2023 consolidated, JPY)

65.9 bn

+ 12.8% YoY

Ordinary Profit

(1H FY2023 consolidated, JPY)

22.5 bn

+ 25.4% YoY

Non-interest Income*¹ Ratio

(1H FY2023, consolidated)

39.5 %

ROE*²

(1H FY2023, annualized basis, consolidated)

13.7 %

of Bank Accounts

(Sep. 2023, non-consolidated)

14.3 mm

+ 10.3% YoY

Main account*³ ratio: **31.4** %

Total Deposit Balance

(Sep. 2023, non-consolidated, JPY)

9.5 tn

+ 13.7% YoY

G&A Expense Ratio*⁴

(1H FY2023, non-consolidated)

43.5 %

-4.1pts YoY

Capital Adequacy Ratio*⁵

(Sep. 2023, consolidated)

11.3 %

*1: Calculated as the sum of fees and commissions income, other operating income and trust fees.

*2: (Annualized) ROE is calculated by multiplying profit attributable to owners of parent for by twice and dividing that amount by average own capital at the beginning and end of the period.

The balance of own capital for the beginning of the period was calculated as if the capital increase through a 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 JPY13,324mm.

*3: Accounts that are used for direct debit or direct deposit of payroll including salary or bonus.

*4: G&A expenses divided by gross operating profit.

*5: 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).

Rakuten Pay Ranked First in Customer Satisfaction Survey

- Rakuten Pay ranked first in all six major indicators in the QR code payment industry in the 2023 Japanese Customer Satisfaction Index Survey issued on September 26, 2023



Customer expectations

(Expectations for a company/brand)



Perceived quality

(Overall ranking for quality)



Perceived value

(Cost performance)



Customer satisfaction

(Level of satisfaction)



Intention to recommend

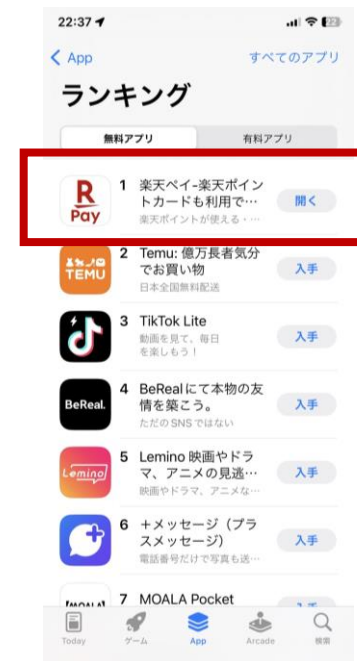
(Intention to recommend to others)



Loyalty

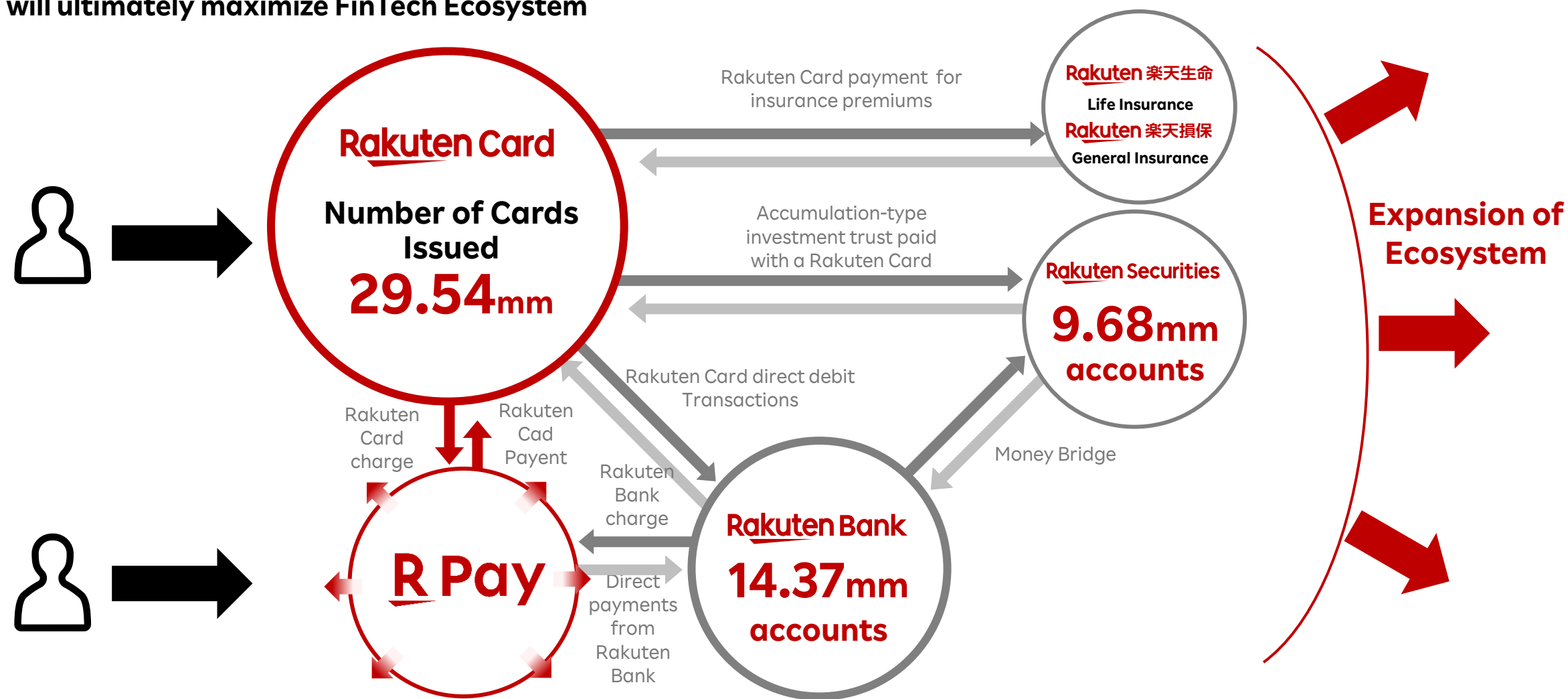
(Intention to reuse in the future)

Rakuten Pay Ranked No. 1 in the App Store (Japan) “Free App” ranking (as of October 25, 2023)



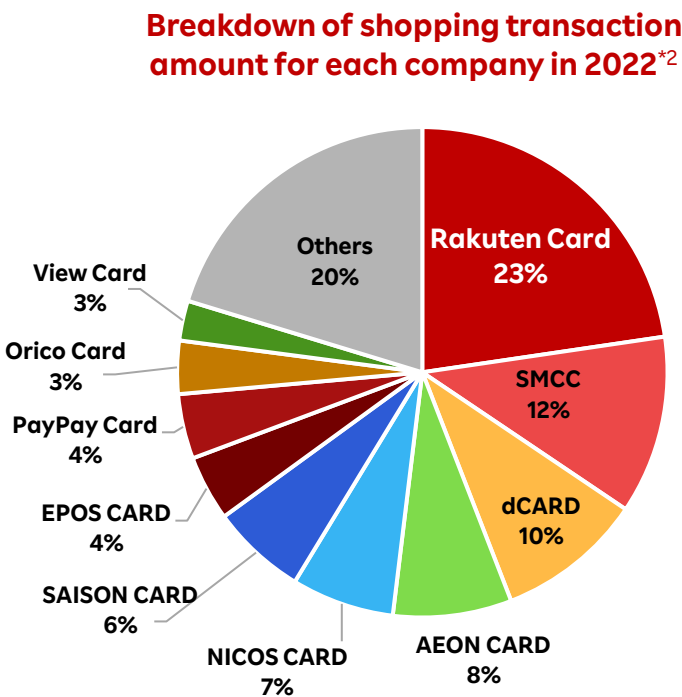
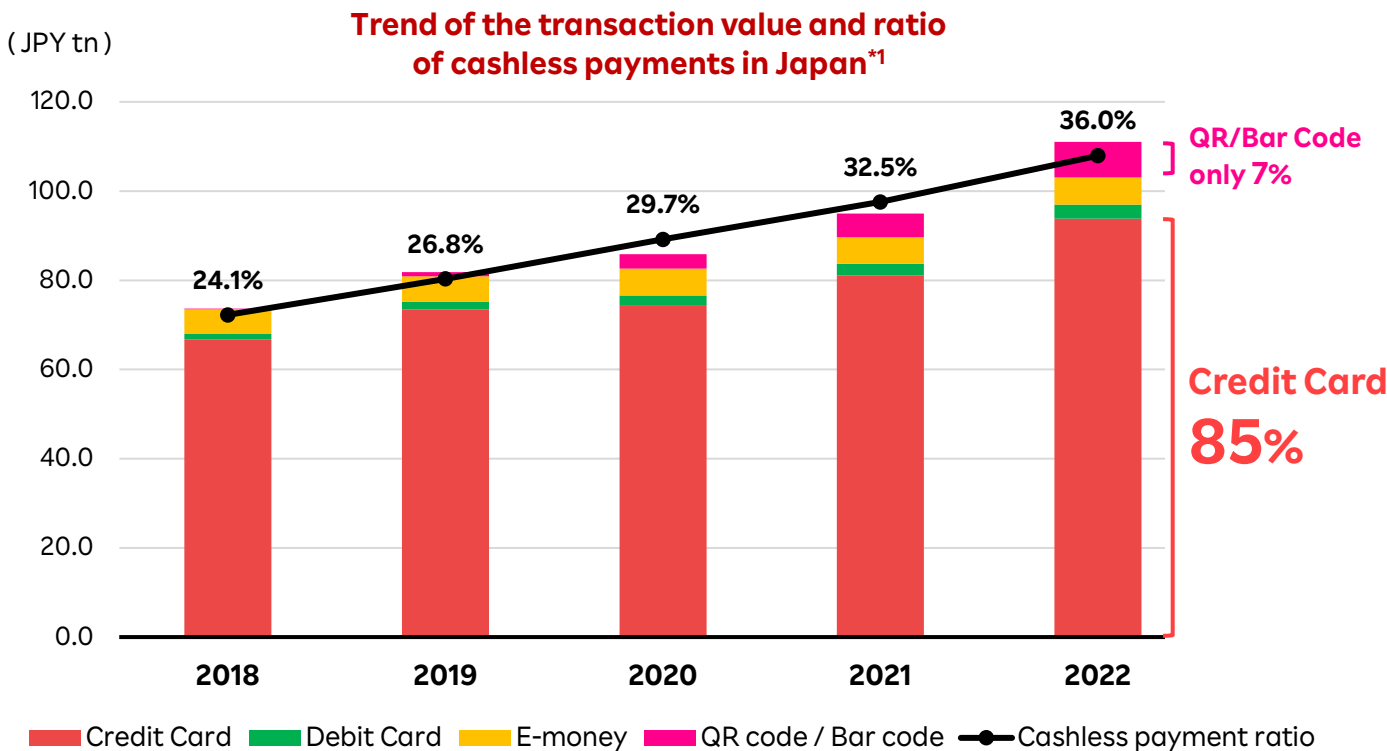
Rakuten Group's FinTech Ecosystem Strategy

- Rakuten Pay to strengthen the synergy with Rakuten Card to become the top player in QR/bar code segment, which will ultimately maximize FinTech Ecosystem



Cashless Payment in Japan

- Rakuten’s top position in credit card, which is 85% of cashless payment volume in Japan*1, should drive a strong growth in QR/bar code payment with Rakuten Payment reorganized as a subsidiary of Rakuten Card

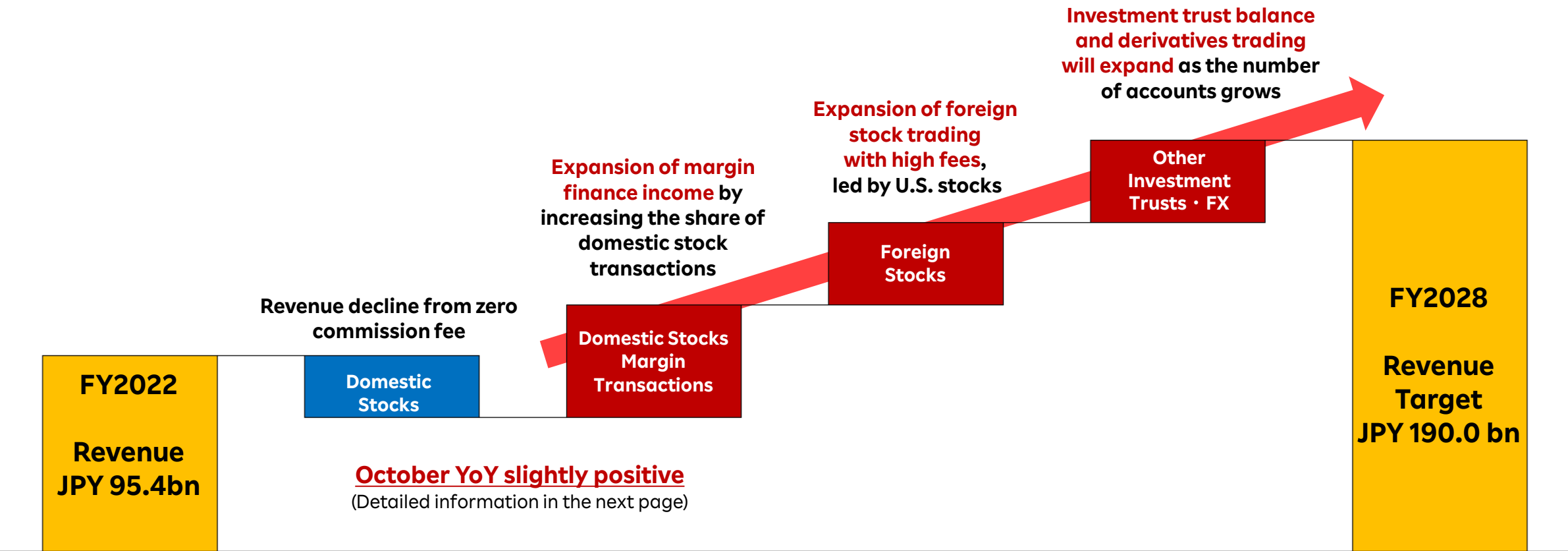


*1 Ministry of Economy, Trade and Industry, April 6, 2023 Trends in the amount and ratio of cashless payments in Japan (2022)

*2 In-house research based on the Ministry of Economy, Trade and Industry (METI)'s Dynamic Statistics Survey of Specified Service Industries and disclosed information from major credit card companies (limited to companies with disclosures). Transaction volume from April 2022 to March 2023 is tabulated. However, since SMBC Card does not have information disclosed during the same period, it is calculated based on the issuing market share disclosed by SMCC from January to December 2022. "Others" is a figure obtained by subtracting the total value of the aggregate companies from the credit card transaction volume of the METI's survey.

Rakuten Securities Launched Zero-Commission Trades for Domestic Stocks

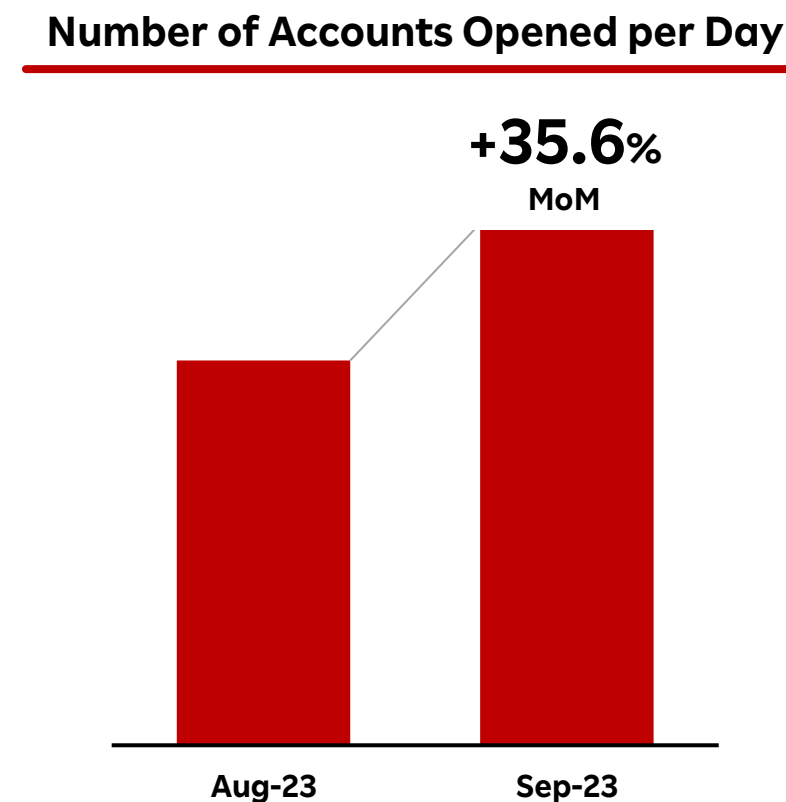
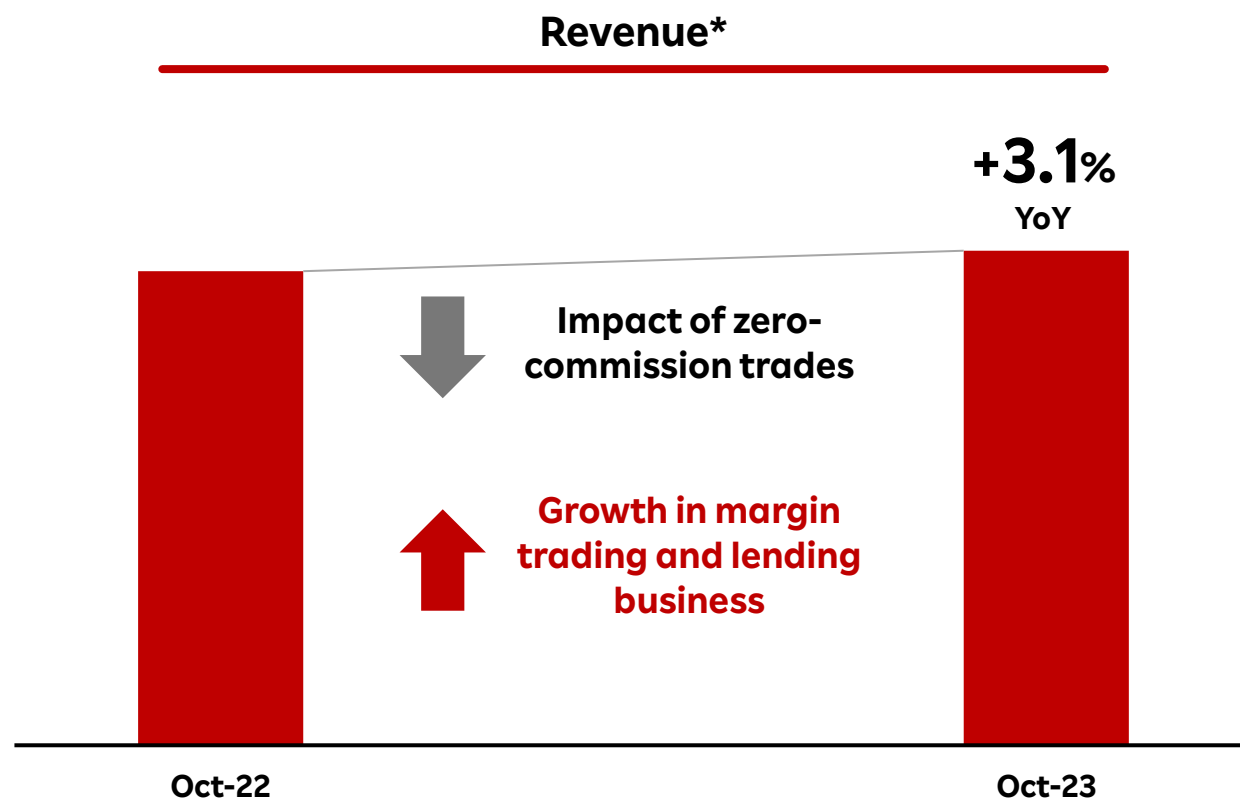
- Expect to expand market share with significant long-term upside potential



October YoY slightly positive
(Detailed information in the next page)

Impact of the Announcement of Zero-Commission Trades

- Limited impact on October YoY growth rate, helped by more diverse revenue mix/growth
- After the announcement on August 31, account openings accelerated. Aiming for a quick expansion in market share



* Rakuten Securities, Inc. Non-consolidated based on J-GAAP

Rakuten Securities: Announced Enhancement of Strategic Capital and Business Alliance with Mizuho Securities

- Investment from Mizuho Securities in the amount of 87bn yen for additional 29% of Rakuten Securities, Inc. (Continue to be a consolidated subsidiary of Rakuten Group after the transaction)

**Provide new asset formation and asset management services
with the customer's perspective by leverage both online and offline channel**

Strength of <Mizuho>



**A new retail business model that allows customers to
utilize both online and offline channels**

Face-to-face
consultation
Consulting oriented

Digital
UI/UX oriented

Mizuho Securities
Mizuho Bank

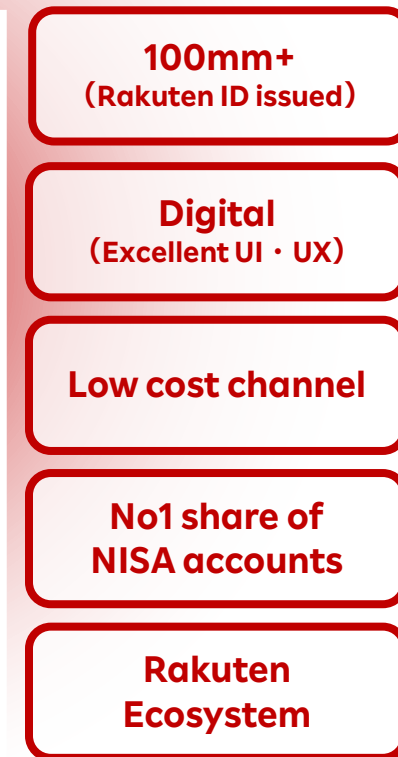
Rakuten Securities

JV Company

Joint consideration of product and service capabilities

Collaborative Platform

Strength of Rakuten



Rakuten Mobile, Inc. : Q3/23 Financial Highlights

- Delivered continued loss improvement with cost normalization initiatives
- Subscribers and ARPU both grew, leading to strong revenue growth
- Churn rate dramatically improved after the launch of SAIKYO plan

Revenue

+21.6%

YoY

JPY **55.7** bn

Non-GAAP OI Improvement

JPY **+35.1** bn

YoY

JPY **-76.7** bn

Non-GAAP EBITDA Improvement

JPY **+37.2** bn

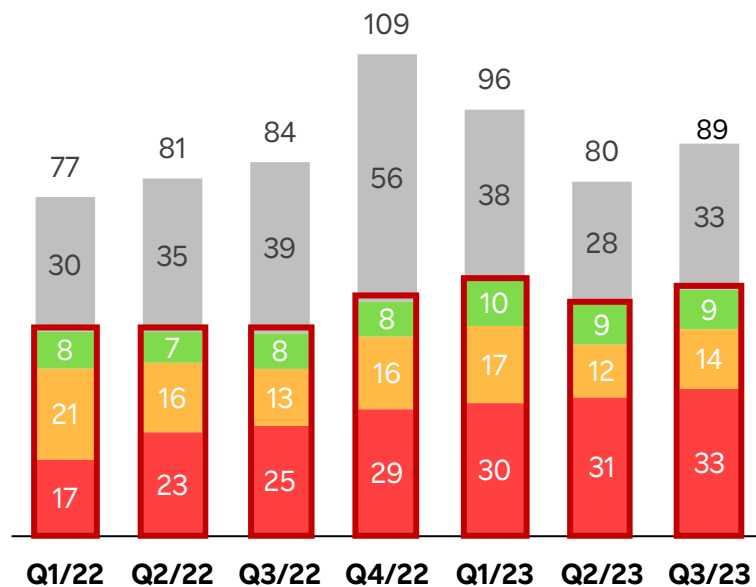
YoY

JPY **-39.9** bn

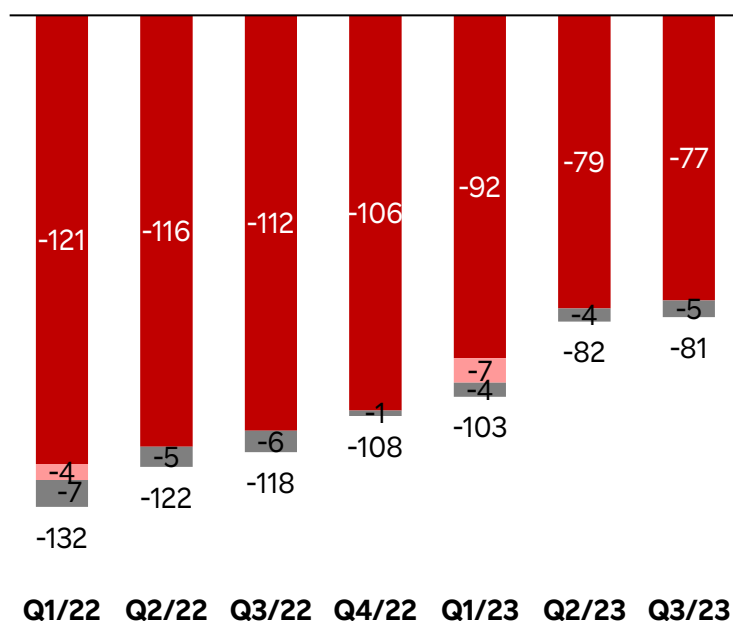
Track Record of Revenue Growth and Profit Improvement

■ Going forward, revenue growth will drive profit improvement as our network becomes competitive

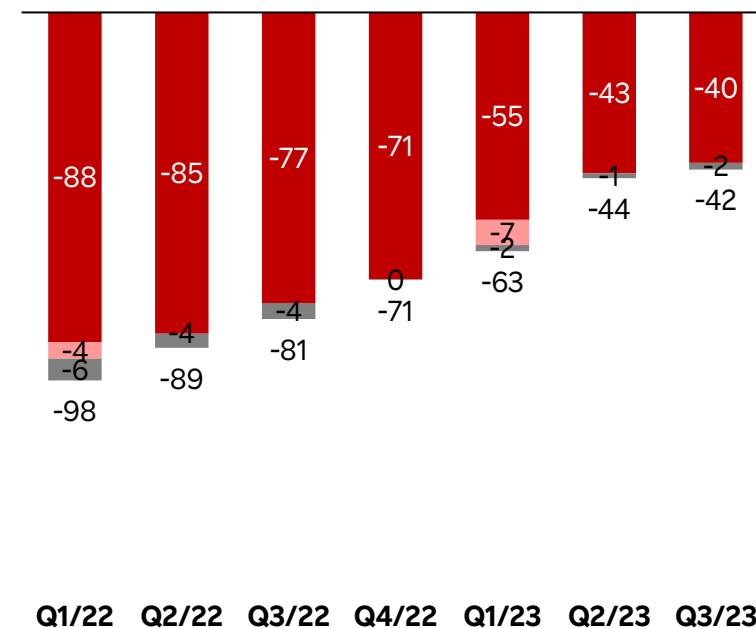
Mobile Segment Revenue^{*1*2}



Mobile Segment Operating Income^{*1}



Mobile Segment EBITDA^{*1} (JPY bn)



Rakuten Mobile, Inc.

■ Service Revenue ■ Device Revenue ■ Others

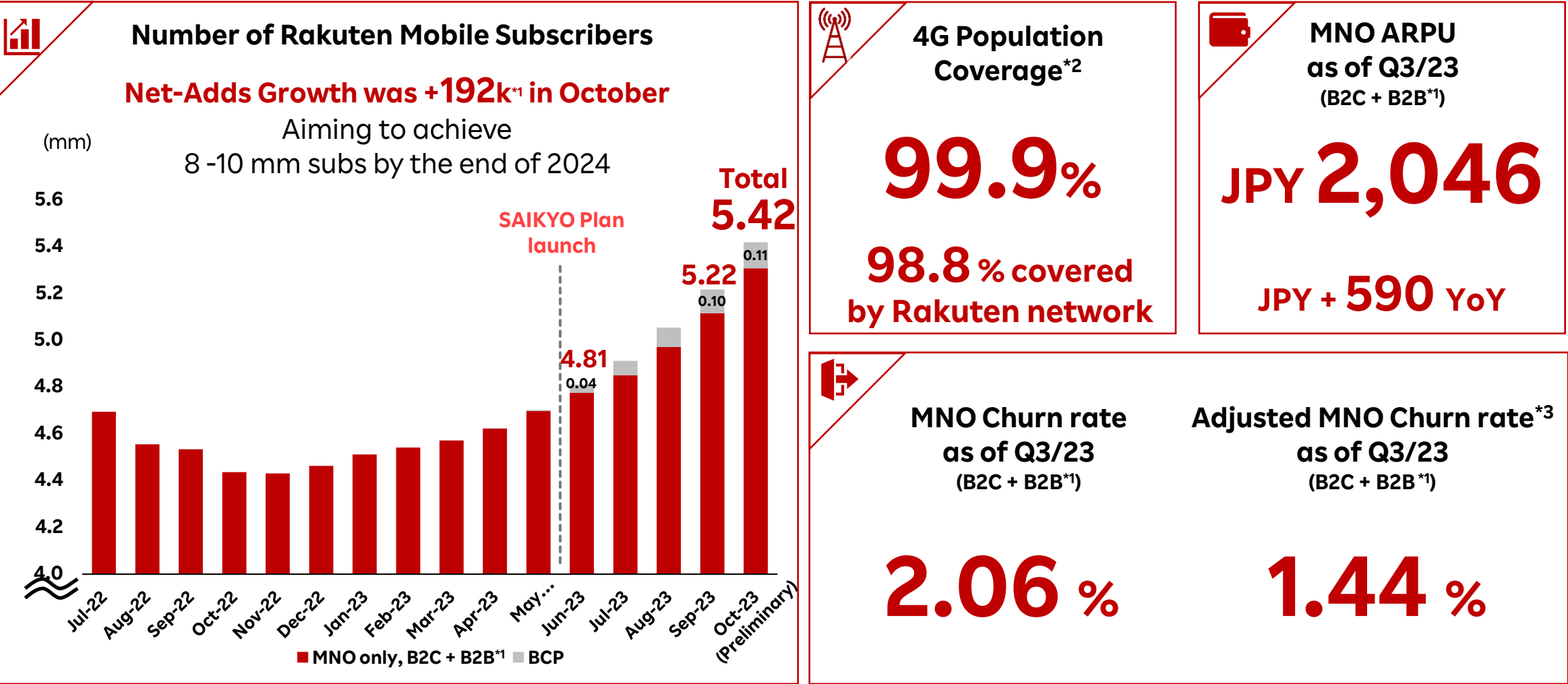
■ Mobile Segment Others

■ Rakuten Mobile, Inc. ■ Property tax (Rakuten Mobile, Inc.) ■ Others

^{*1} At the beginning of Q1/23, a part of media and entertainment businesses previously included in the Mobile Segment was transferred to Internet Services segment. Previous quarters have been restated to reflect this reorganization.

^{*2} The breakdown of Rakuten Mobile revenue have been revised due to definition changes. Past figures have been retroactively adjusted.

Mobile Segment: Key KPIs

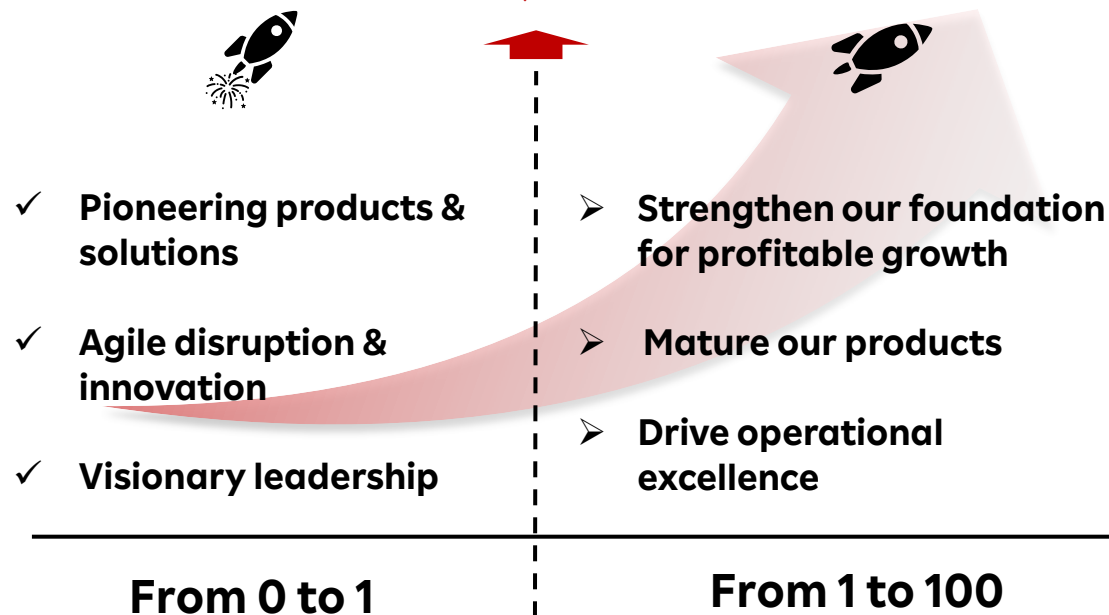


Rakuten Symphony: Transitioning into the Next Phase of Growth

- Sharad Sriwastawa is appointed as Representative Director and President of Rakuten Symphony, Inc.
- We have the new Leadership in place to drive the business to maturity and become a trusted vendor for telecom operators and enterprises around the world

On Track to Accelerate Growth

Transition of Leadership in Q3/23



Key Focus Areas under New Management

“We will sharpen our focus”

Product:

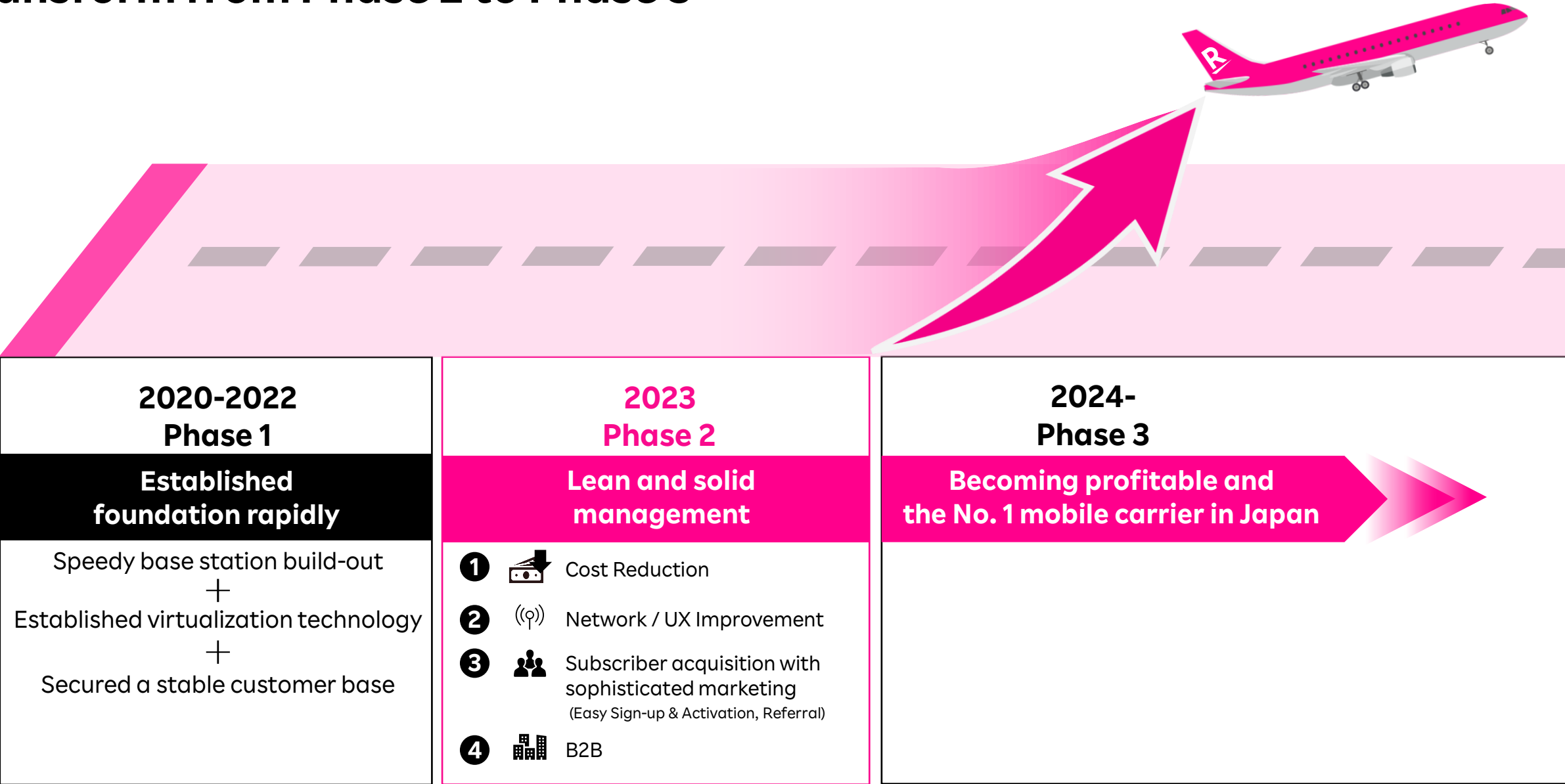
- Focus on core products with proven product-market fit to maximize our return on investment

Go-to-Market:

- Focus on existing accounts & “Fast to close” opportunities with high margin software commercials
- Expand channel partnerships for Enterprise and Telecom segments
- Scale existing sales footprint in selected geographies

2. Mobile Business

Transform from Phase 2 to Phase 3



Keywords for Launching Phase 3

▶ ***Quality***

▶ ***Growth***

► *Quality*

Network quality improvement

- *4G 1.7GHz and 5G continuing to expand*
- *Network optimization under the new roaming agreement being executed*
- *Platinum Band awarded*

Platinum Band (700MHz) Awarded on October 23, 2023

- Initial deployment in urban areas to **fill remaining coverage holes** that could not be addressed by our own 1.7GHz and roaming, especially indoors
- 10-year cumulative capital expenditure of JPY 54.4 billion (including interference remediation costs). Initial focus on coverage inside buildings in cities and will be back-end loaded in the 10-year period
- **Capex will be low** owing to our network based on V-RAN / O-RAN. A software-centric network allows for mostly radio-head replacements with a software update at existing 1.7GHz base stations

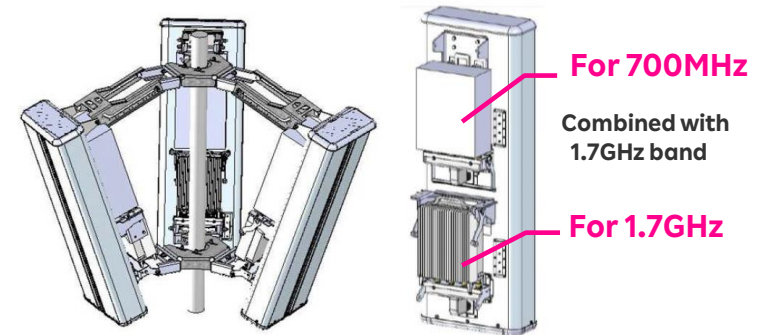
Platinum Band (700MHz) Awarded

✓ Service Start timing in the MIC disclosure is March 2026, but this is MINIMUM OBLIGATIONS THAT WE AIM TO BEAT

✓ We are aiming to be on air in early 2024, mainly in metropolitan areas first

Development Image of Wireless Equipment

Wireless equipment for 700MHz band attached to 1.7GHz base station



By utilizing network technology and our existing base station sites, **Platinum Band base stations buildout should be at low cost**

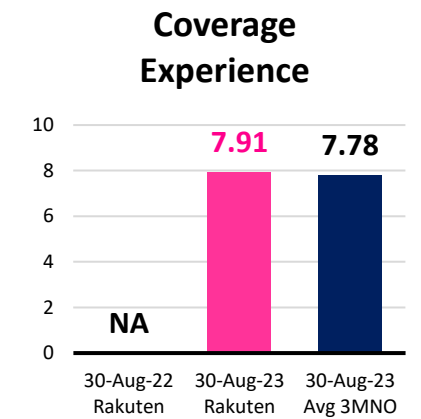
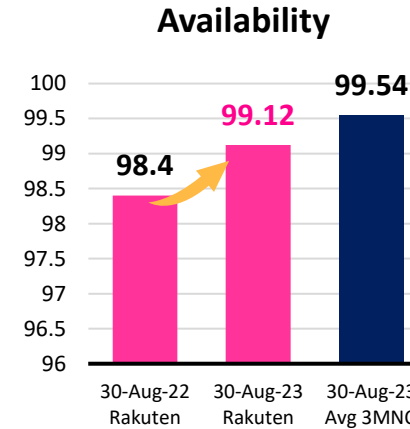
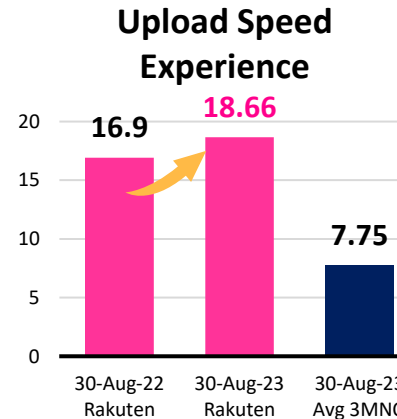
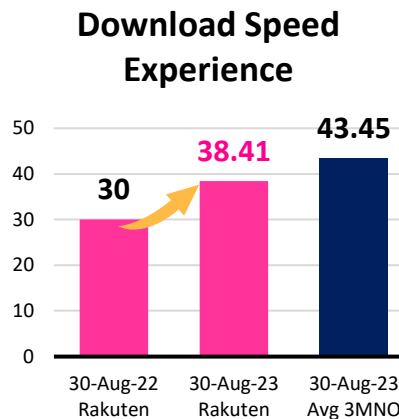
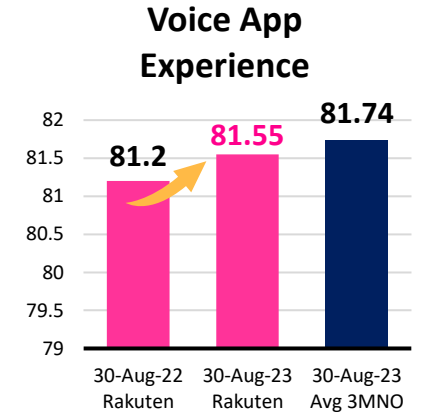
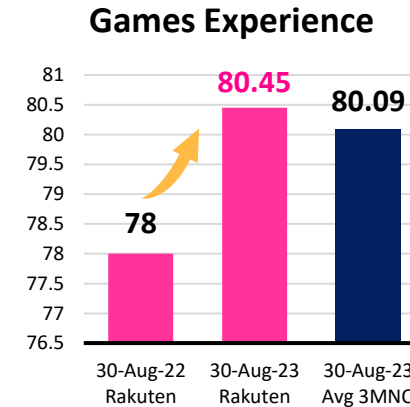
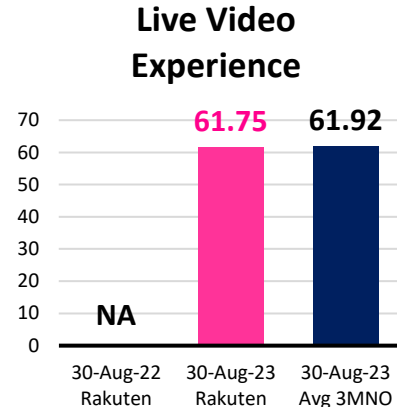
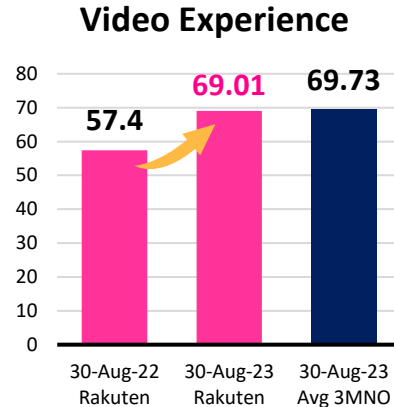
Improving Network Metrics Even Before the Completion of Network Optimization

- Network optimization with the new roaming agreement still too early to be reflected in Opensignal metrics, and yet, showing a great improvement with our own network



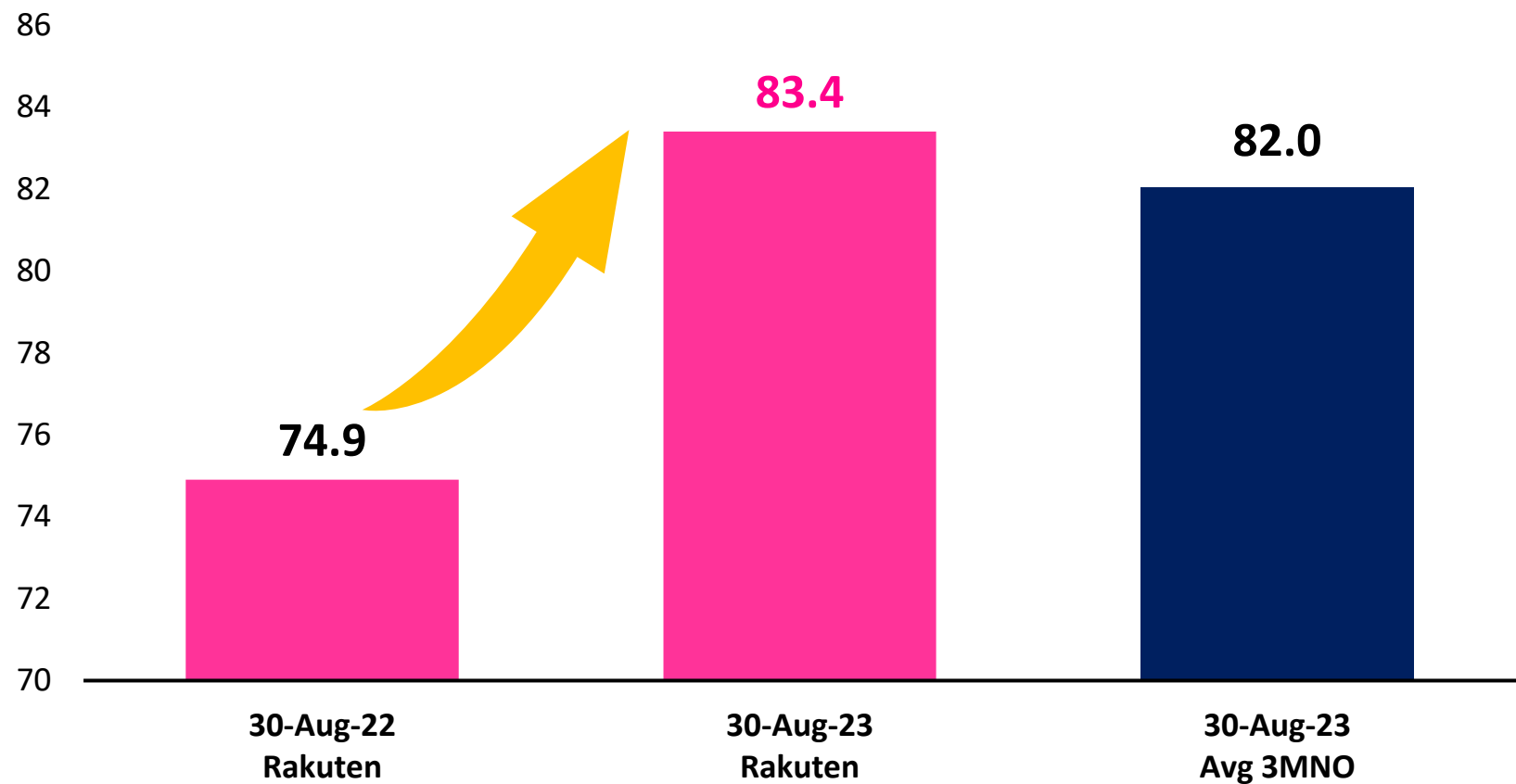
Improved in all metrics

Games Experience,
Consistent Quality,
and Upload Speed
Experience **exceeds**
average
of competitors



* Created by Rakuten, based on Opensignal data from mobile measurements recorded May 30 - Aug 30, 2022 (90 days aggregation) and Mobile Measurements recorded from May 30 - Aug 30, 2023 (90 days aggregation) © 2023 Opensignal Inc.

Highly Rated for “Consistent Quality”, Exceeding the Average of Other MNOs



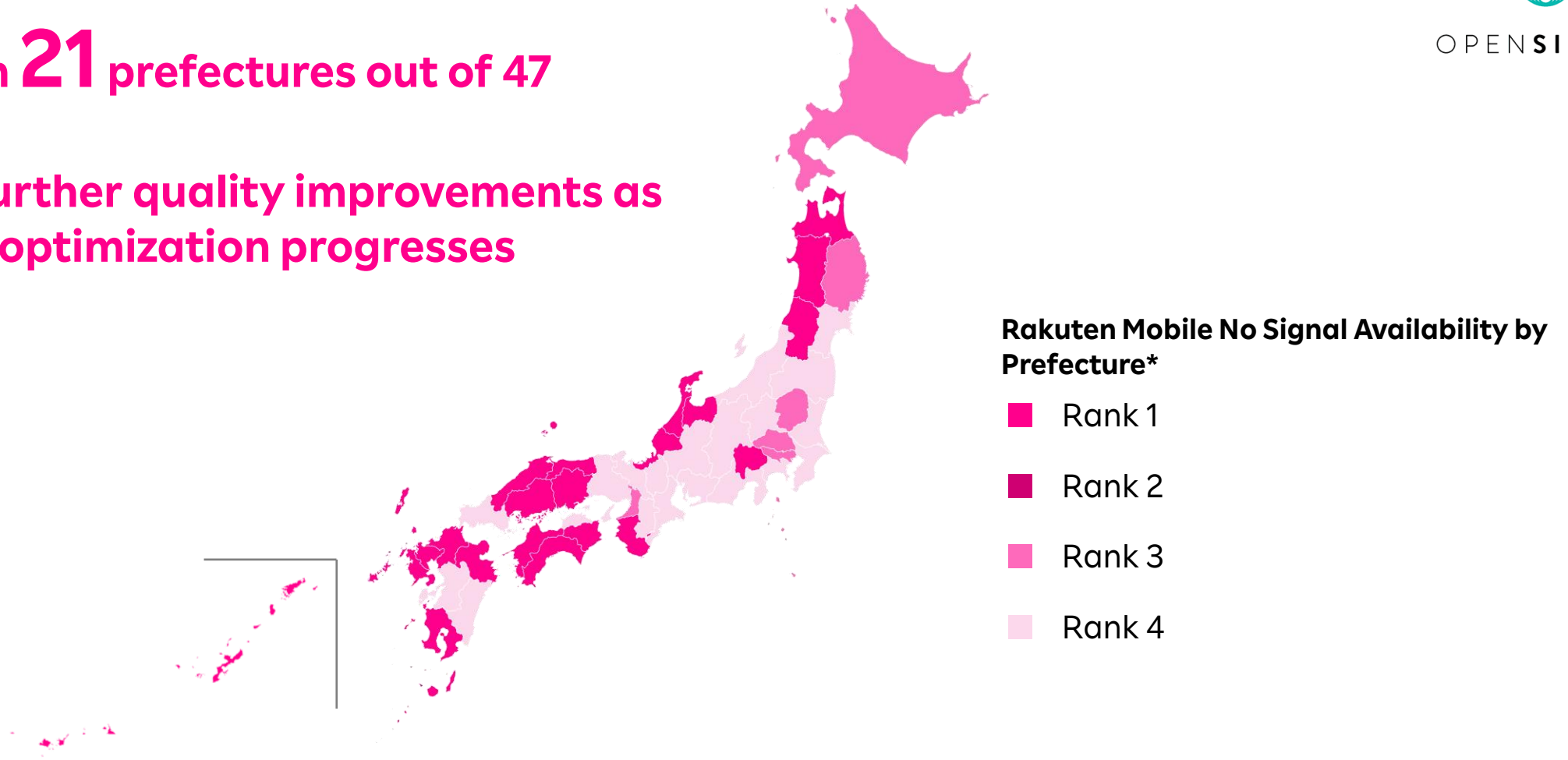
* Created by Rakuten, based on Opensignal data from mobile measurements recorded May 30 - Aug 30, 2022 (90 days aggregation) and Mobile Measurements recorded from May 30 -Aug 30, 2023 (90 days aggregation) © 2023 Opensignal Inc.

Received High Ratings in Each Prefecture as an Indicator of Our Low Rate of Signal Loss



OPENSIGNAL

- ✓ Rank **1** in **21** prefectures out of 47
- ✓ Expect further quality improvements as network optimization progresses

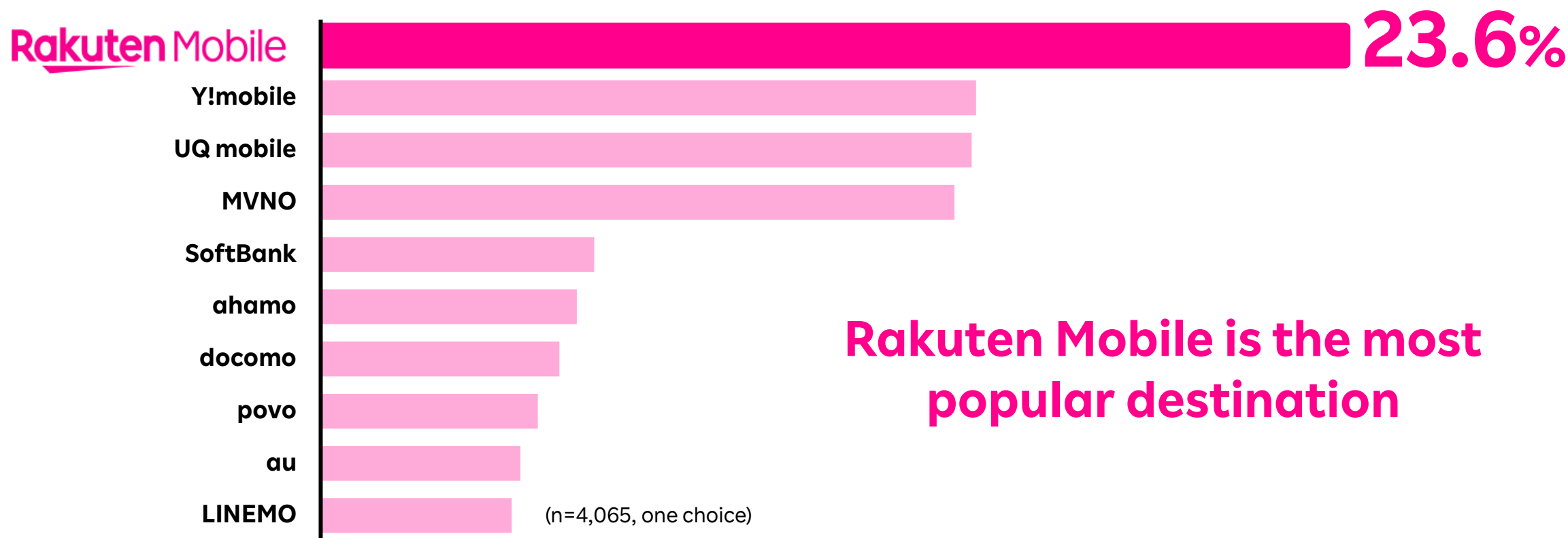


* The chart was created by Rakuten, Based on independent analysis of mobile measurements recorded by Opensignal during the period Aug 2 – Oct 31, 2023 © 2023 Opensignal Limited.

* No Signal Availability is the average proportion of time that users on an operator's network had no signal.

The Most Considered Option for Switching is “Rakuten SAIKYO Plan”

Q. Please choose one option that best describes the telecommunication company you are most considering switching to.



* Source: MMDLabo, Survey on Considering Switching Telecommunication Services in September 2023, survey conducted between September 22, 2023 – September 27, 2023, https://mmdlabo.jp/investigation/detail_2282.html

Progress Update on Network Optimization Based on New Roaming Agreement

- The network optimization is taking longer than initially planned, especially with base station selection for roaming, but the project is making a good progress
- Base station activations are now being executed, and the remaining should be on-air mostly Q1 (Jan-Mar) next year



Metropolitan Areas

*Newly Available

- **Partially activated**
- **A majority will be activated end of the year to early next year**
- **Remaining base stations should be on-air mostly Q1 (Jan-Mar) next year**



Other Areas

*Rural/indoors, etc.

Roaming areas optimized on a rolling basis

* The actual roaming start timing will be decided after consultation with the other party, and the on-air schedule for each area will vary.

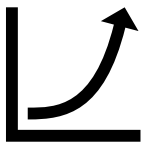
▶ ***Growth***

Subscriber and top line growth

Moving to Phase 3 (Becoming Profitable and No. 1 Carrier in Japan)

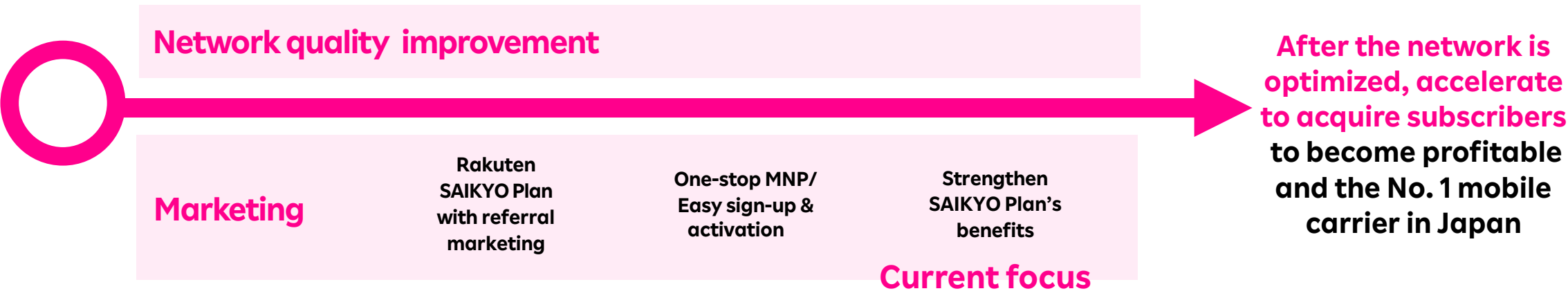
Already seeing accelerations in:

- 1. B2C growth
- 2. B2B growth
- 3. Churn improvement



2023 Phase2

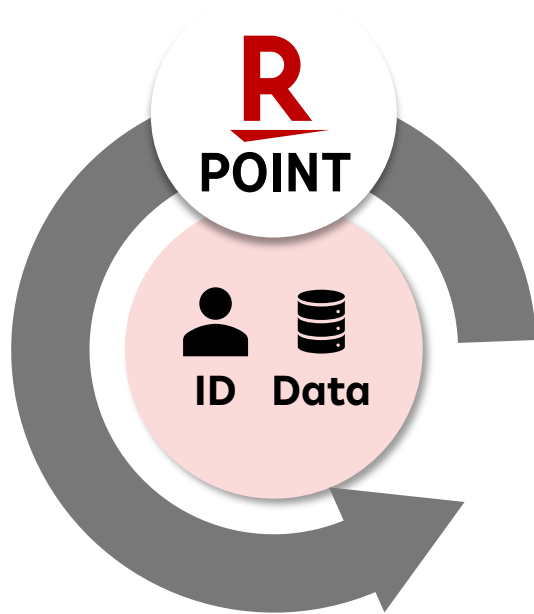
2024 Phase3



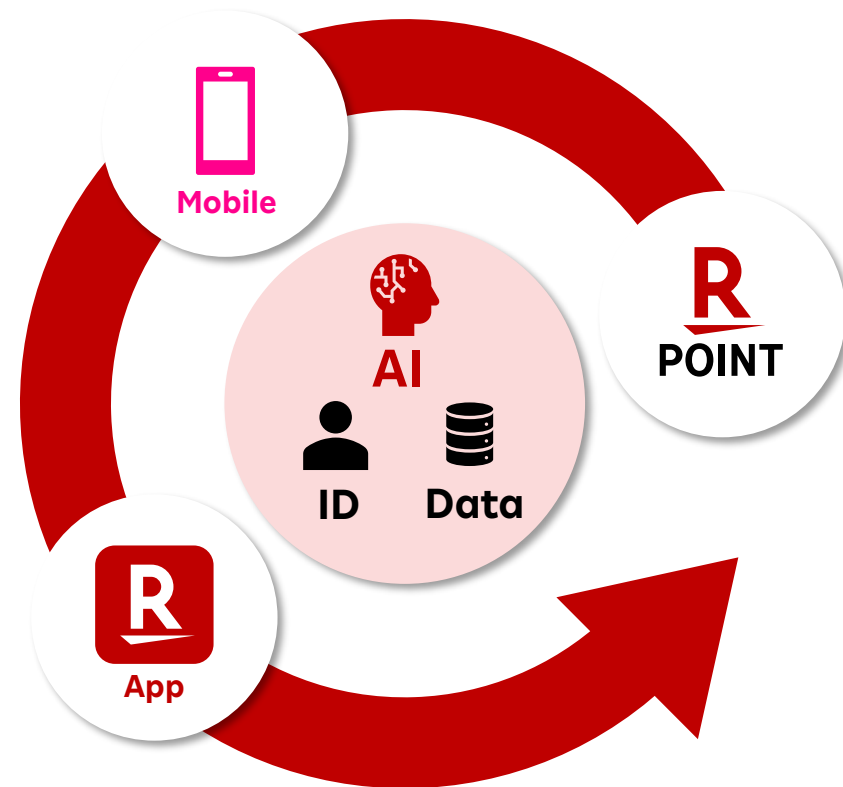
First Step in an Ecosystem Evolution to Improve Marketing Efficiency

- First step is to enhance Mobile

Today
Ecosystem Based on Points



Going Forward
Ecosystem Based on Points, Mobile (Brain Share) and
App (Cross cell growth by UX improvement)
AI as a driver for better efficiency



SPU Program to Increase Benefits to Rakuten Mobile Users

R SPU↑

As is

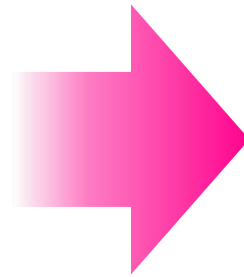
**Rakuten Mobile
Users (MNO)**

For Diamond
Rank Users

4x

For Other Users

3x



To be (December 1st)

**Rakuten Mobile
Users (MNO)**

Every Day

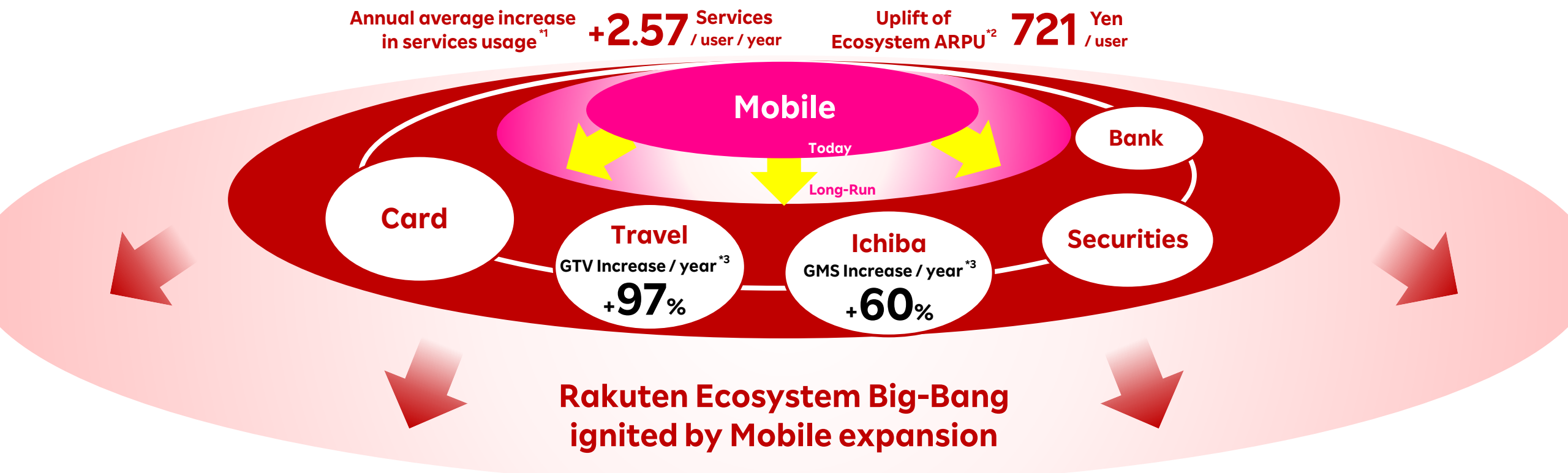
Everyone

5x

SPU Program Revision

■ To accelerate the growth of Mobile to maximize the value of Ecosystem in the long-run

- Mobile proven to be the most nurturing – material synergies to other businesses
- Mobile to play the central position within Ecosystem in the long-run



*1 MNO users: Users who have an MNO contract from September 2019 to October 2022. Service usage is detected by points. The number includes MNO itself

*2 The difference in average revenue between MNO users and non-MNO users over the past year at ten businesses

*3 Users who have a contract with Rakuten Mobile between April 2020 and October 2022, and for whom 12 months or more have passed since the contract start. GMS growth is the weighted average of figures comparing GMS in the 12 months before the user's contract and

the latest 12 months (2022/10~2023/9) for each contract start month. Travel includes both impact from mobile and travel demand recovery from the covid-19.

Rakuten SAIKYO Plan with Many Other Benefits

Rakuten Mobile users who use Rakuten Card after entering the program will receive double points for spending in town

楽天モバイルご契約者様限定

街での楽天カード
ご利用分が
ポイント **2倍**

※要エントリー、上限500ポイント(期間限定ポイント)

Free Streaming of All NBA Games for Rakuten Mobile Users

Rakuten | Rakuten Mobile

「Rakuten最強プラン」ご利用で
NBA全試合 無料

Users who transfer from another carrier and apply to Rakuten SAIKYO Plan for the first time will receive 6,000 points

スマホそのまま
乗り換え

電話番号もそのまま他社から乗り換え
& 初めての申し込みで
6,000
ポイントプレゼント!

データ3GB(税込1,078円)×5カ月分がポイント還元で **実質5カ月無料**

パ・リーグ Special

Free streaming of Pacific League baseball games

Rakuten TV

Rakuten TV 3 months free

Rakuten MAGAZINE

Rakuten Magazine 90 days free

Rakuten music

Rakuten Music 90 days free

YouTube Premium

YouTube Premium 3 months free

More Marketing Initiatives to Come in Early 2024



**SAIKYO
Plan
Launch**

**One-stop MNP
Easy sign-up
& activation**

**SPU and
collaborative
campaigns
with group
services**

**Beginning of 2024
More marketing**

After network optimization
under the new roaming
agreement reaches
completion

Growth Drivers for Mobile B2B Business

**For all companies
in Japan**



**Offer various
B2B services**



**By leveraging
Ecosystem**



**40% of 6,000 corporate clients already had relationship with
Rakuten Group**

▶ **Quality**

Network quality improvement

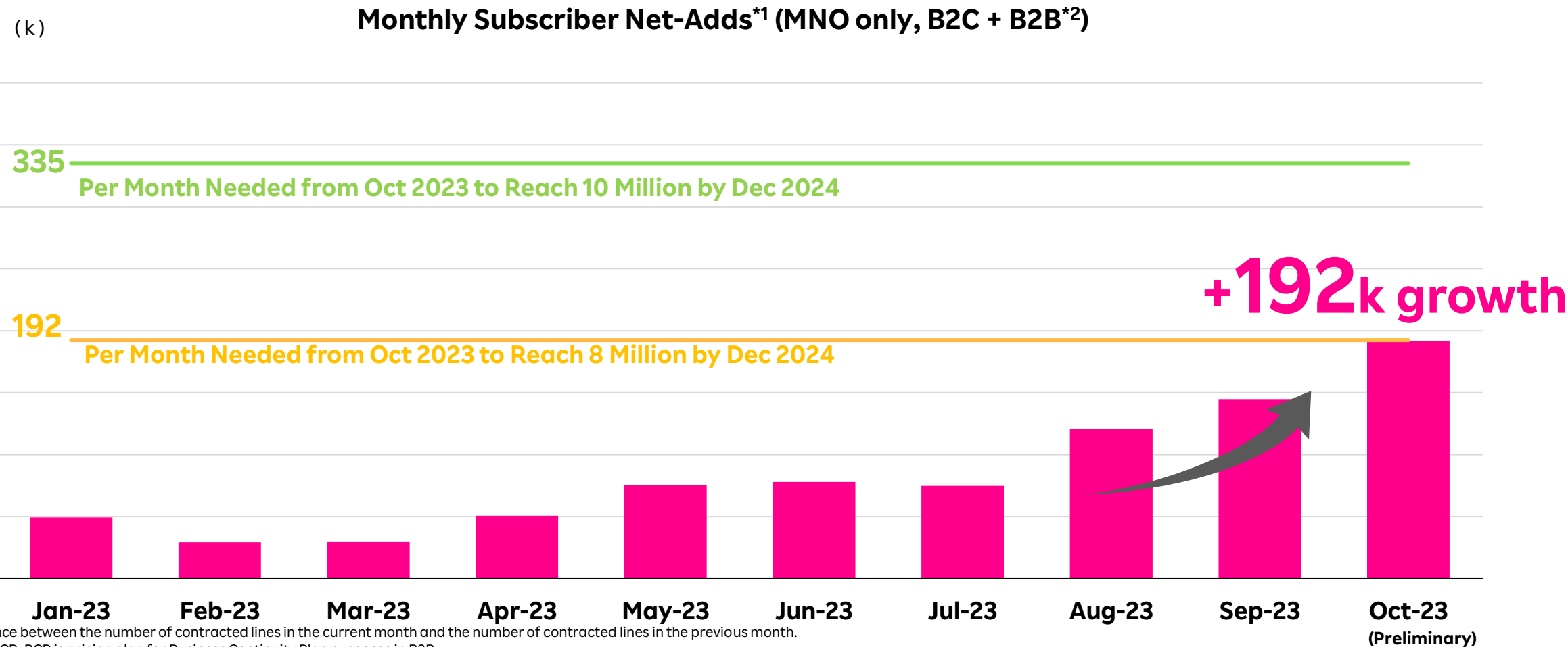
▶ **Growth**

Subscriber and top line growth

**2024~ Phase 3
Profitability for
Rakuten Mobile**

Net-Adds Growth in Subscribers (B2C + B2B) Already Accelerating

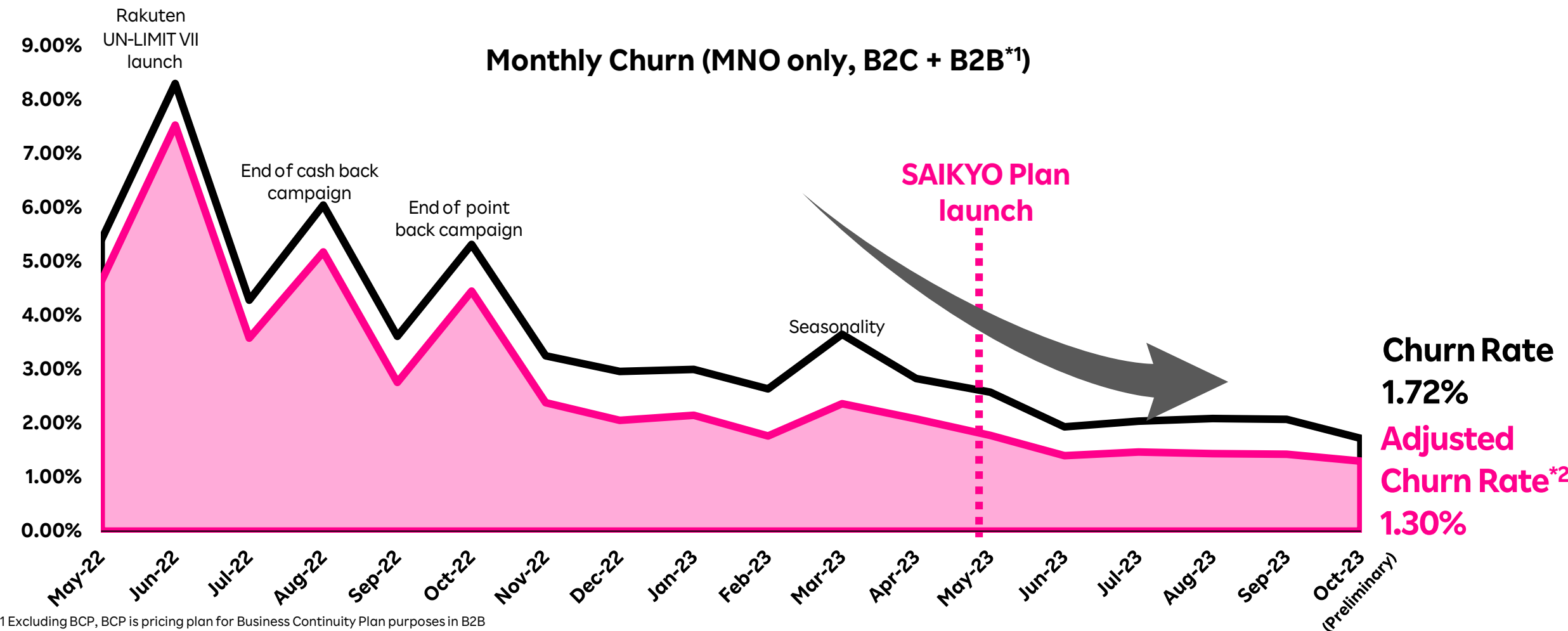
- Reached the level of monthly subscriber net-adds needed to reach 8 million subscribers by Dec 2024.



*¹ The difference between the number of contracted lines in the current month and the number of contracted lines in the previous month.
*² Excluding BCP, BCP is pricing plan for Business Continuity Plan purposes in B2B

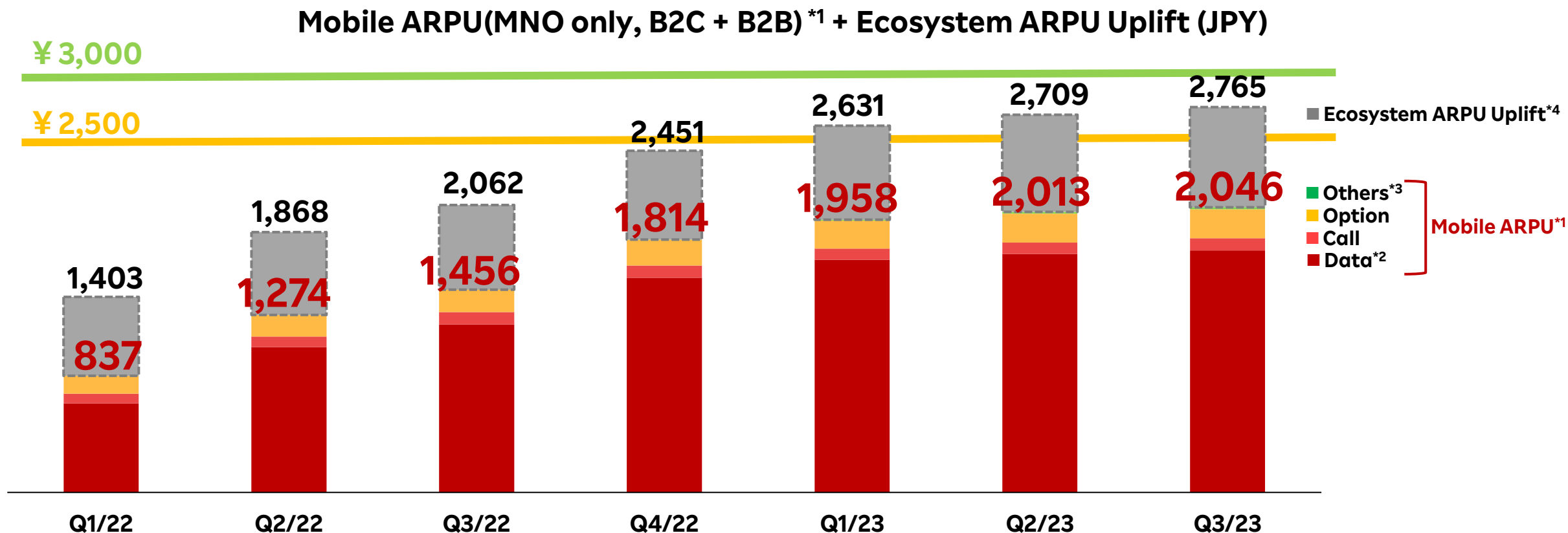
Churn (B2C + B2B) to Decline Further

■ Churn is on the decline since June 2022 and should decline further as network quality improves



ARPU (B2C + B2B) Continues to Improve

- Continuing to improve and achieve JPY 2,500-3,000 (excluding Ecosystem ARPU Uplift) by the end of 2024 to reach breakeven



*1 Excluding BCP, BCP is pricing plan for Business Continuity Plan purposes in B2B. Due to a definition change for subscribers and revenue breakdown, past amounts have been retroactively adjusted. The breakdown of revenue and KPIs is disclosed as an indicator used by management in decision-making (business management indicator). Therefore, the scope of calculation and breakdown may change in the future, and retroactive adjustments may occur.

*2 Data ARPU: Point back campaign for users of less than 1GB during September-October 2022 are recorded as deduction from revenue. However, we include it in the calculation of ARPU here.

*3 Include advertising, B2B miscellaneous income

*4 Ecosystem ARPU Uplift: Difference in average revenue per person between MNO users and non-MNO users over the past year at ten businesses(Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Seiyu Netsuper, Rakuten Beauty, Rakuten Pay online payment). Calculated by comparing all MNO users and all non-MNO users for comparison. Due to the change in the target period for acquiring sample users, past amounts have been retroactively adjusted.

Rakuten Link's New Feature "Home" Helps send Customers to Group

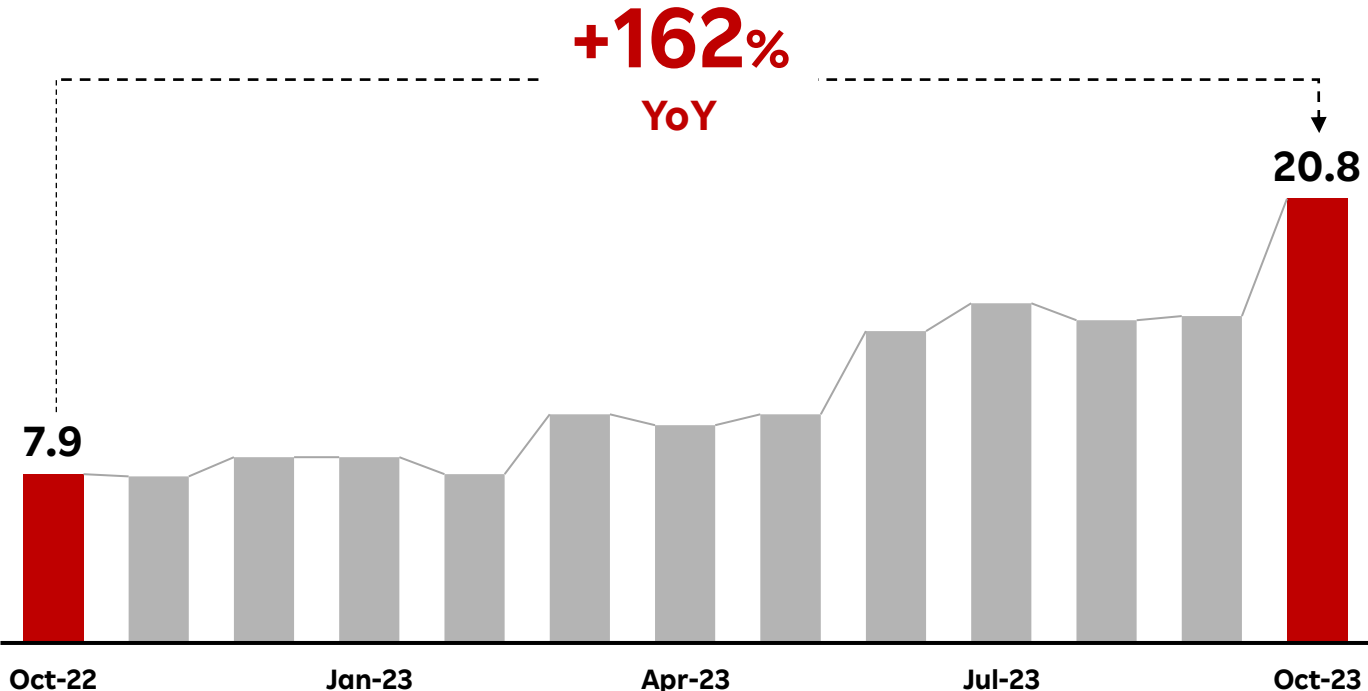
Rakuten Link



Enable to access easier
New Rakuten services,
limited information, and
features you want to use

(Updated October 16th)

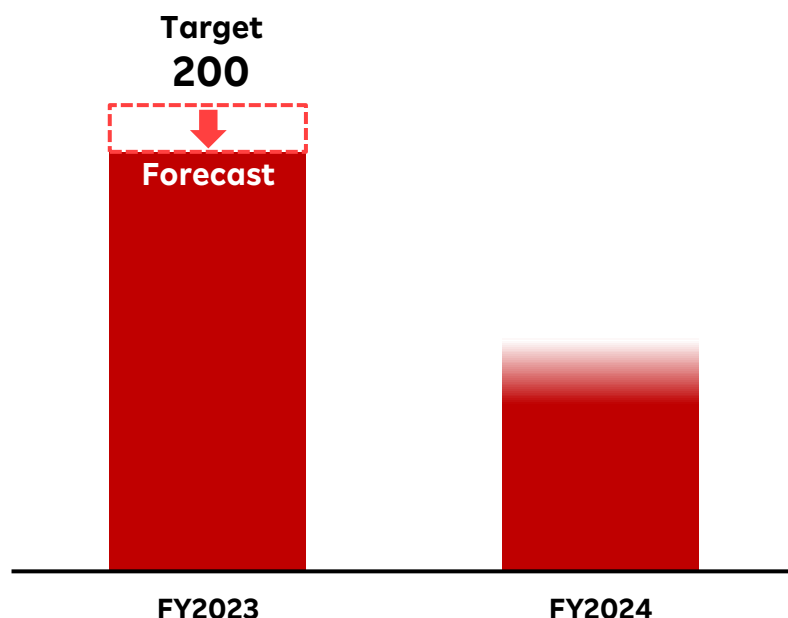
Monthly total numbers of traffic to
Rakuten Group services (mm)



Capital Expenditure Update and Forecast^{*1*2}

- FY2023 capital expenditure to be below JPY200 billion guidance

(JPY bn, Rakuten Mobile, Inc.)



- **Platinum Band-related 10-year cumulative capital expenditure of JPY 54.4 billion (including interference remediation costs)**

- Initial focus on coverage inside buildings in cities
- Will be back-end loaded in the 10-year period

- **Maintenance capital expenditure will not be material**

- The network is new
- Virtualization of network enhances hardware redundancy

- **Current network can support well over 10mm subs and no material capital expenditure necessary for capacity in FY2024-25**

^{*1} Includes capital expenditure for 1.7GHz, 3.7GHz, 28GHz, 700MHz and indoor solution, but excludes IFRS16 right-of-use assets, capitalization for specified base stations opening fees.

^{*2} May be affected by the delivery status of equipment related to base station construction.

Rakuten Mobile's Main Cases against NTT Integration and the Abolition of NTT Law

- NTT integration and abolition of NTT Law, which is currently being discussed by certain parties, may lead to **monopolization of the market** and **return Japan into an isolation**. This, in turn, may lead to an increased burden on the public, including a higher price for mobile.
- Not only NTT but the **whole telecommunications industry in Japan** is expected to return benefits to the people through **a promotion of domestic competition and a stronger global competitiveness**.

Case 1 : The Abolition of NTT Law

Strongly Object

By abolishing NTT Law, for example, dominant telecom operators, namely NTT DoCoMo and NTT East and West, can collaborate, and that could lead to the elimination of competing operators (return to monopoly).

Case 2 : Use of NTT's "Special Assets"*¹

Continue Discussion

"Special Assets"*¹, which amounts to 25 trillion yen*² and was succeeded by NTT, are vital assets for all telecommunications operators, not just NTT, to provide services to the people, and we should carefully discuss how they should be managed.

Case 3 : NTT's Obligation to Drive R&D and Share Results

Not Opposed to Revision

However, to strengthen international competitiveness, we cannot only support NTT alone. We need policies/initiatives to promote innovation through aggressive R&D and investments by Japanese companies.

*¹ Switching offices, poles, pipes, etc. built with public funds

*² Approximately JPY40 trillion in today's value

3. Financial Strategy

Our Commitment: Disciplined Financial Policy

- We highly value the relationship with investors

Announced early redemption of JPY 68bn subordinated bond at the 1st call date (Dec 2023)

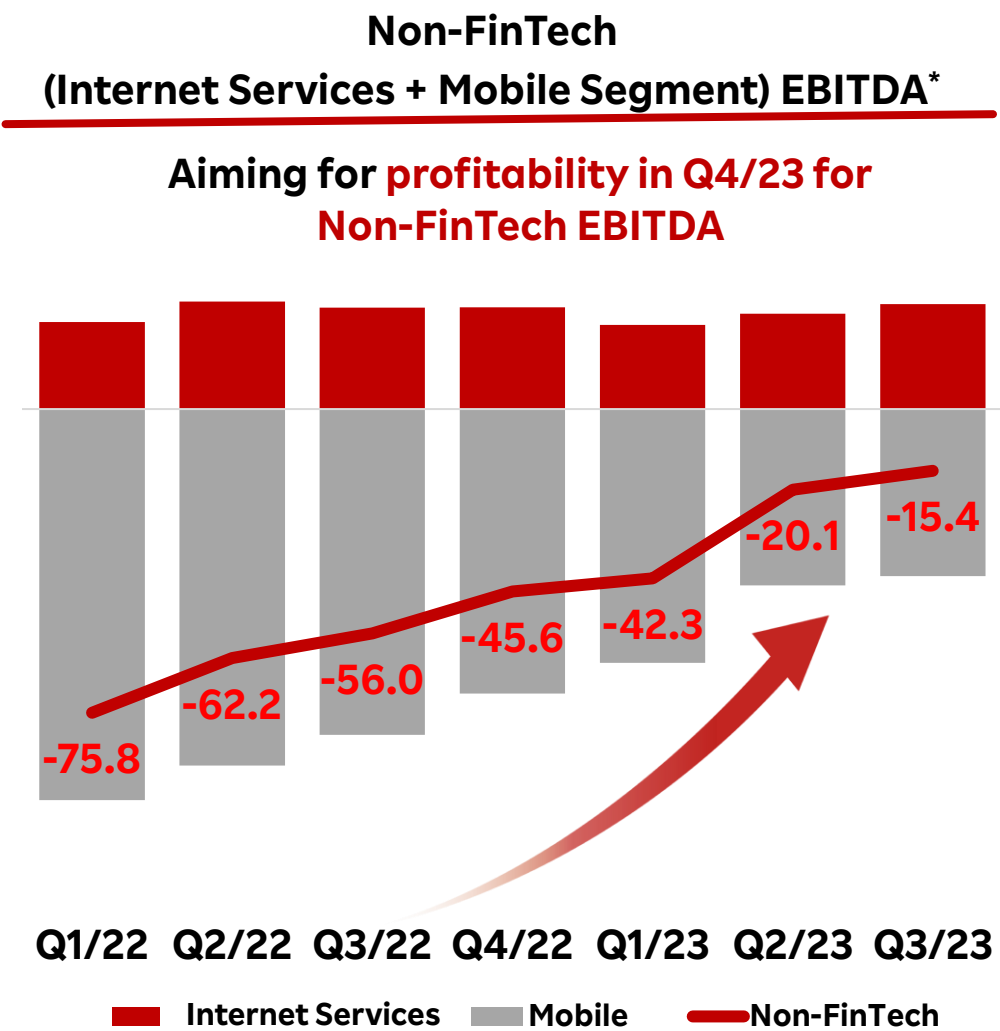
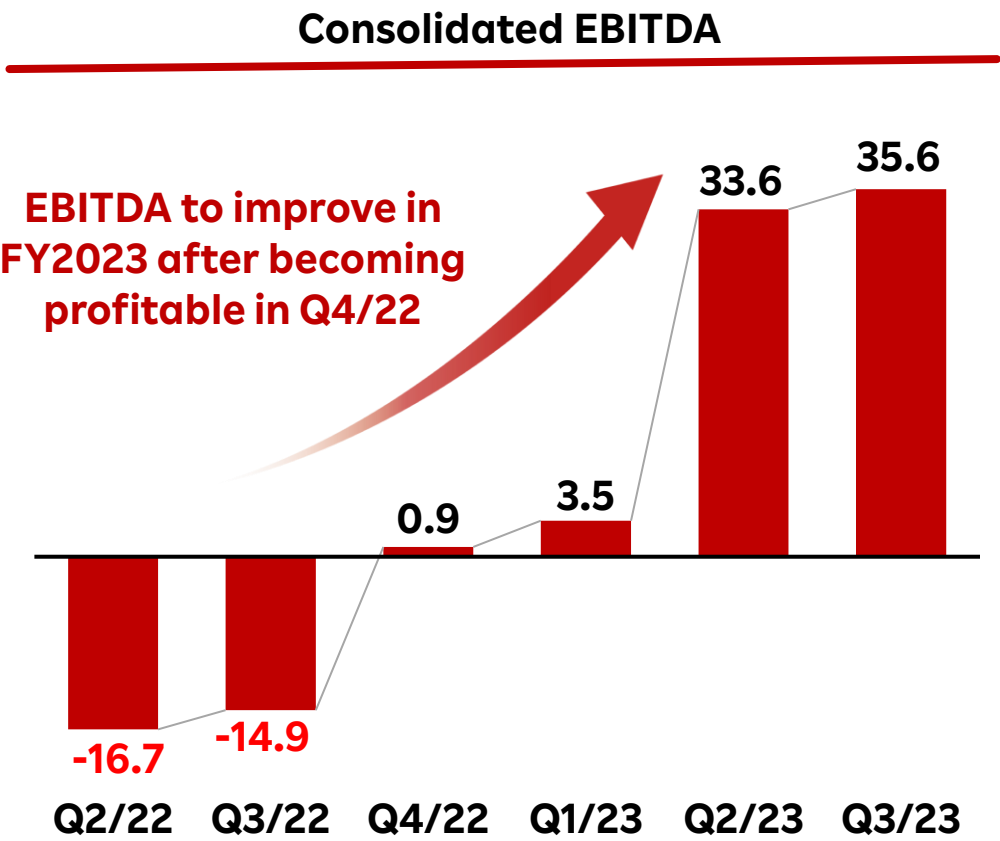


Details of 1st Subordinated Bonds

- Total amount of issue: JPY 140 billion (remaining balance is JPY 68 billion)
- Date of issue: December 13, 2018
- Maturity date: December 13, 2053
- Date of early redemption: December 13, 2023 (first optional redemption date)
- Total amount of early redemption: JPY 68 billion
- Early redemption amount: JPY 100 per JPY 100 of each bond

EBITDA Continuing to Improve

(JPY bn)



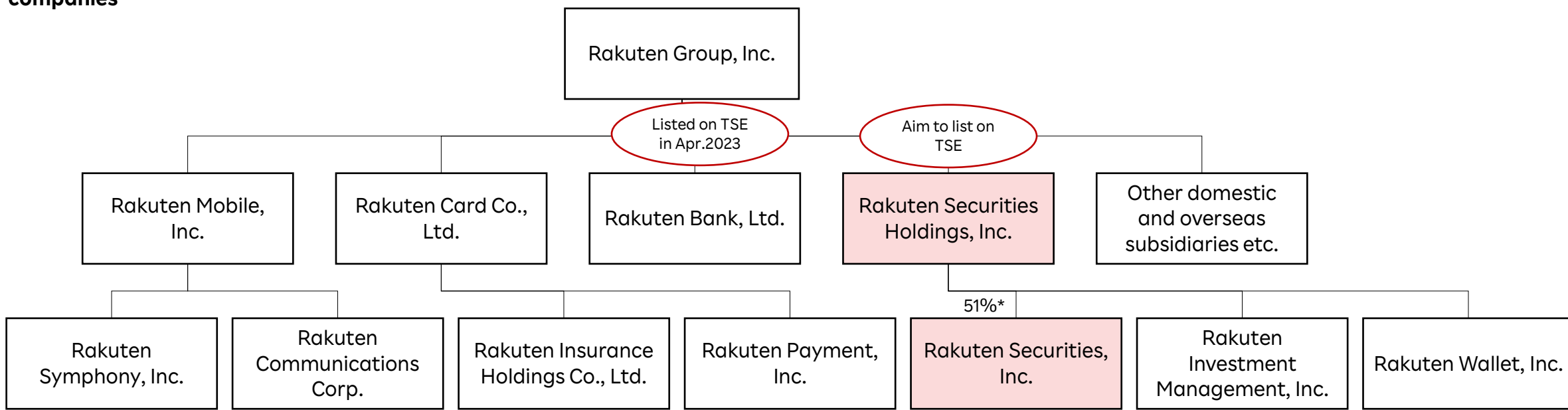
* Due to the introduction of IFRS 17, EBITDA of Q2/22~Q1/23 were retroactively adjusted respectively.
* Non-FinTech EBITDA: Internet Services Segment + Mobile Segment EBITDA.

Capital and Business Alliance with Mizuho Securities

- Investment from Mizuho Securities in the amount of 87bn yen for additional 29% of Rakuten Securities, Inc. (Continue to be a consolidated subsidiary of Rakuten Group after the transaction)
- IPO of Rakuten Securities Holdings still in the pipeline and will be executed at the appropriate timing

Initiatives for further FinTech Business Expansion (As of November 9, 2023)

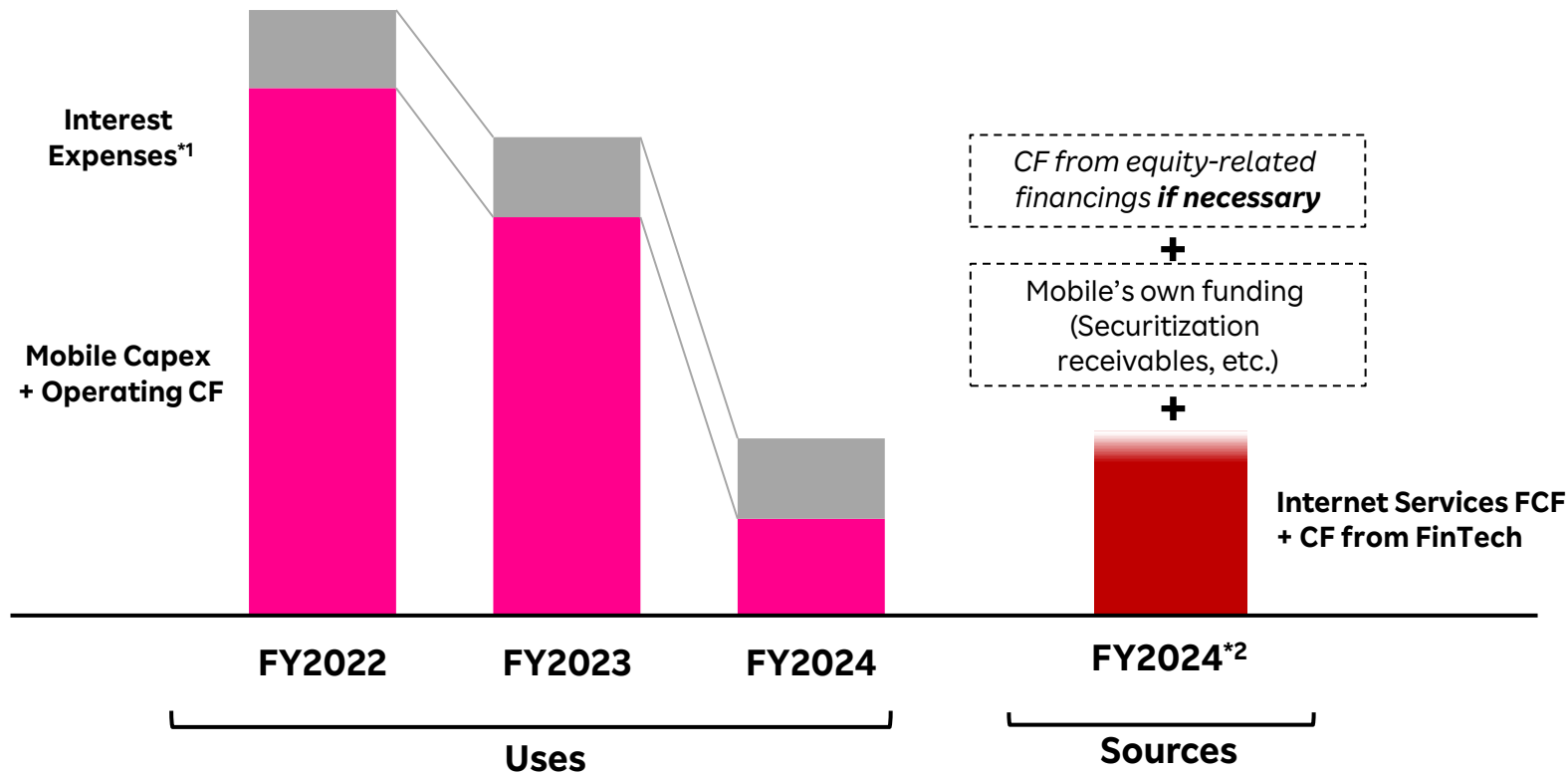
April 2023	Rakuten Bank listed on TSE prime market
November 2023	Completion of Rakuten Card and Rakuten Payment reorganization
November 2023	Additional share transfer of Rakuten Securities, and announced of strategic capital and business alliance enhancement between the two companies



* 19.99% of Rakuten Securities, Inc. common stock already held by Mizuho Securities in November 2022. Additional 29.0007% will be transfer to Mizuho Securities in December 2023. 51% shareholdings is after the transaction.

Path to Self-Funding

Illustrative Rakuten Group Cash Flow Target



*1 Interest expense and IFRS 16 cash out at non-Fintech entities. Assumes refinancing of existing bonds.

*2 Based on preliminary budget

FY2024~*2

**Aiming to
Establish Self-Funding through**

1. Significant improvement in Mobile Segment FCF

EBITDA to improve materially
Significantly reduced Capex after FY2024

2. Growing Internet Services FCF

EBITDA to continue to improve
Cash conversion cycle to shorten

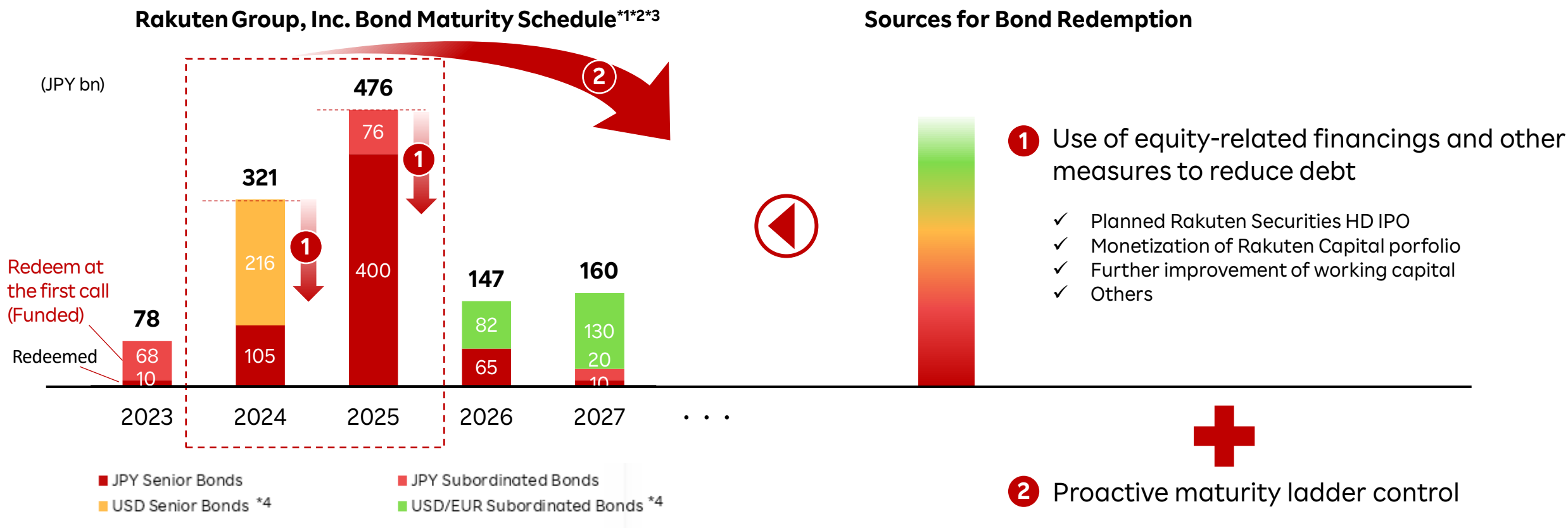
3. Growing CF from FinTech

Dividends, Management fee, etc.
(FY2022: approx. JPY 70bn)

*CF from equity-related financings if
necessary*

Proactive Management of Bond Maturity

- 1 Use of equity-related financings to reduce gross debt
- 2 Proactive debt maturity management under consideration



*1: As of Sep 30, 2023. Issue amount basis.
*2: Assuming subordinated bonds will be redeemed at each 1st call date.
*3: This does not include the maturity schedule of other debt outside of bonds.
*4: The swap contracted exchange rate is used for USD/EUR-denominated bonds.

4. AI Strategy

Rakuten's AI-nization Plan

Vision

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

Strategy



Roadmap

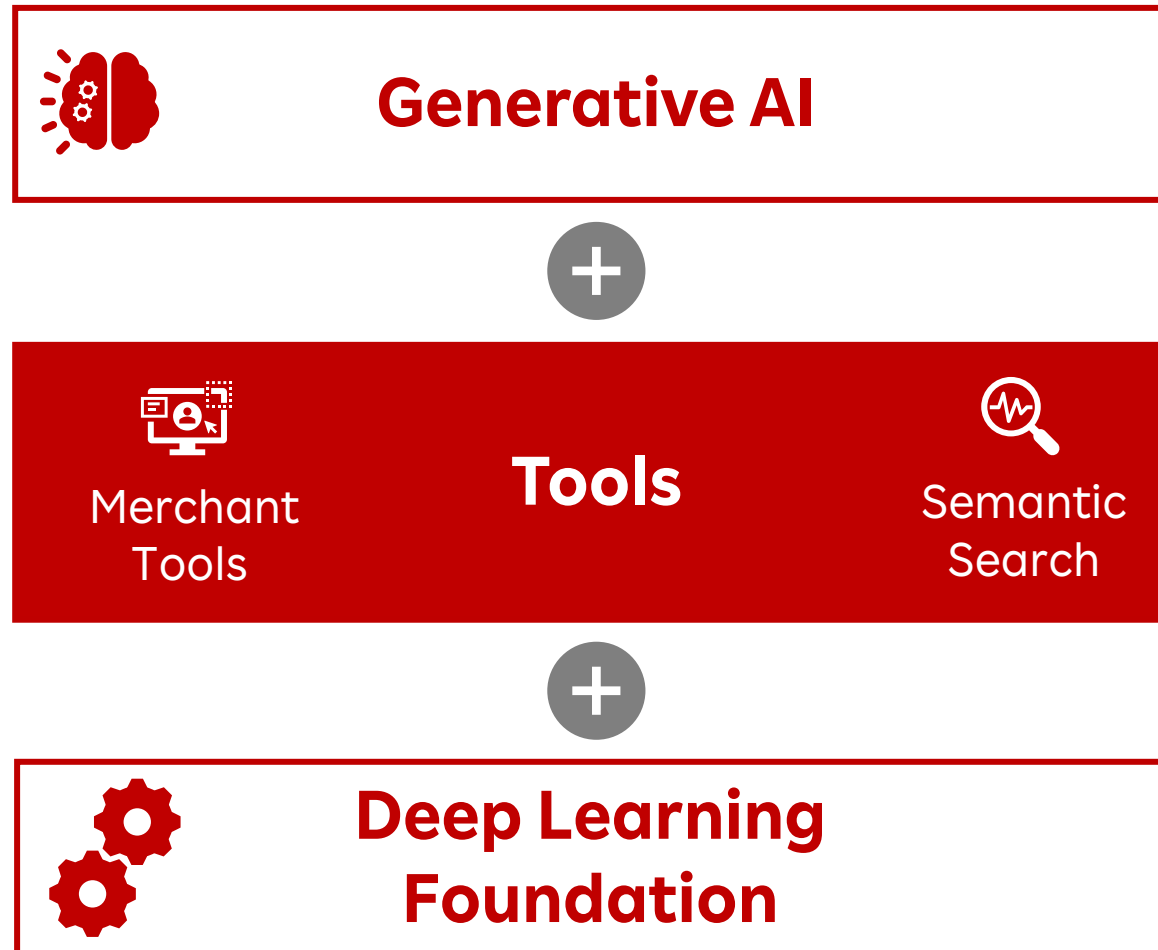
Wave 1
Rapid Prototyping

Wave 2
Rakuten AI for Business

Wave 3
Rakuten AI for Consumer

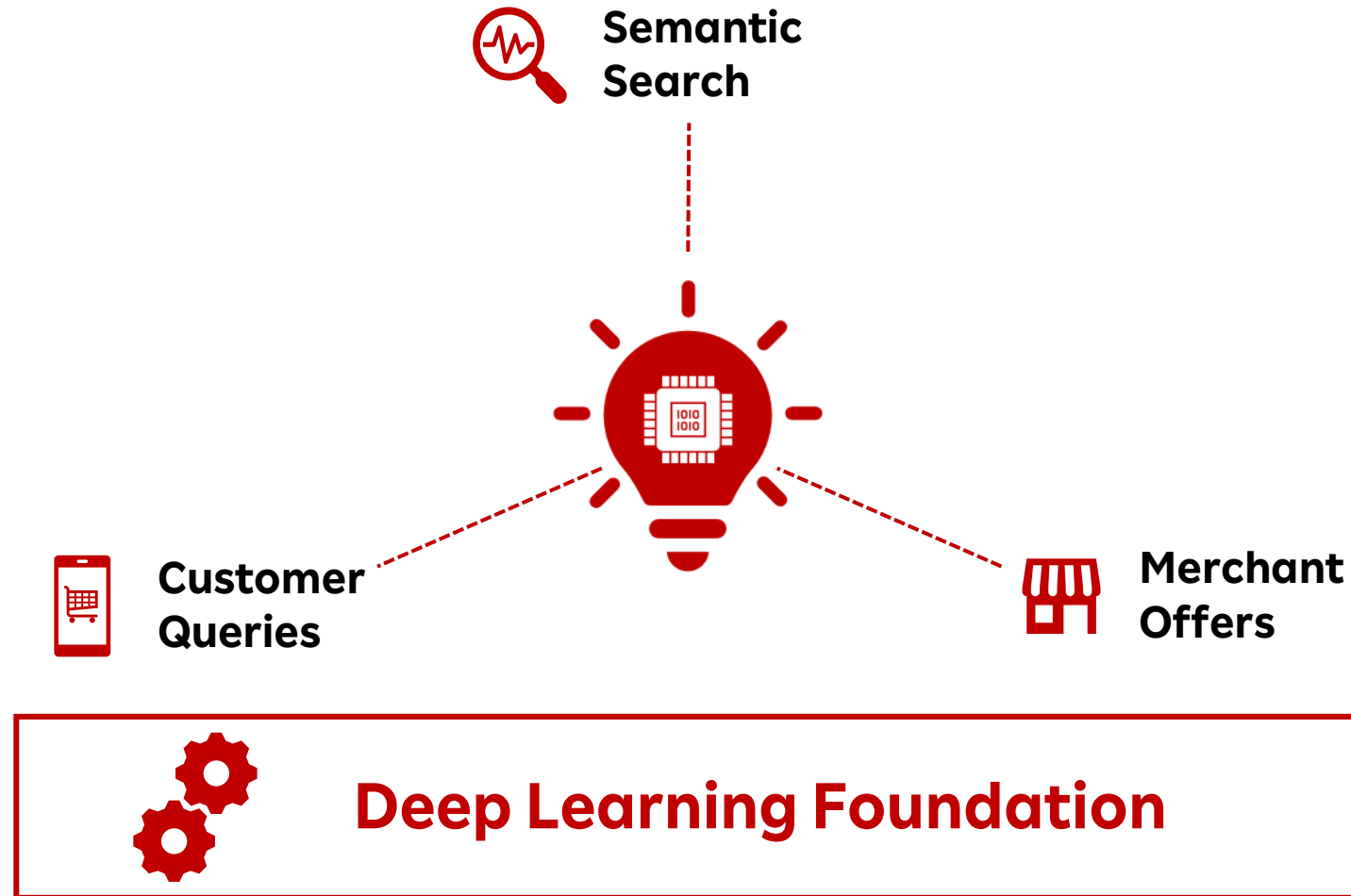
Retrieval Augmented Generation*

Connects Generative AI with External Tools



* Retrieval Augmented Generation: A technology to search for information not included in the AI model at the time it was built. It uses the search results to create responses.

One of the Most Important Tools is **Semantic Search**



Capturing the essence of any entity through embeddings*

* Embedding is a way to represent a word or an item in numeric values. Words with similar meanings will be closer in distance when computed mathematically. Embedding captures the essence of an item in multiple dimensions and enables matching or measurement of similarity between any two items.

Semantic Search for Fashion

Search that understands what you mean,
not just what you say

Reduce Zero Hit Rate to ~1%

+3% searches per session

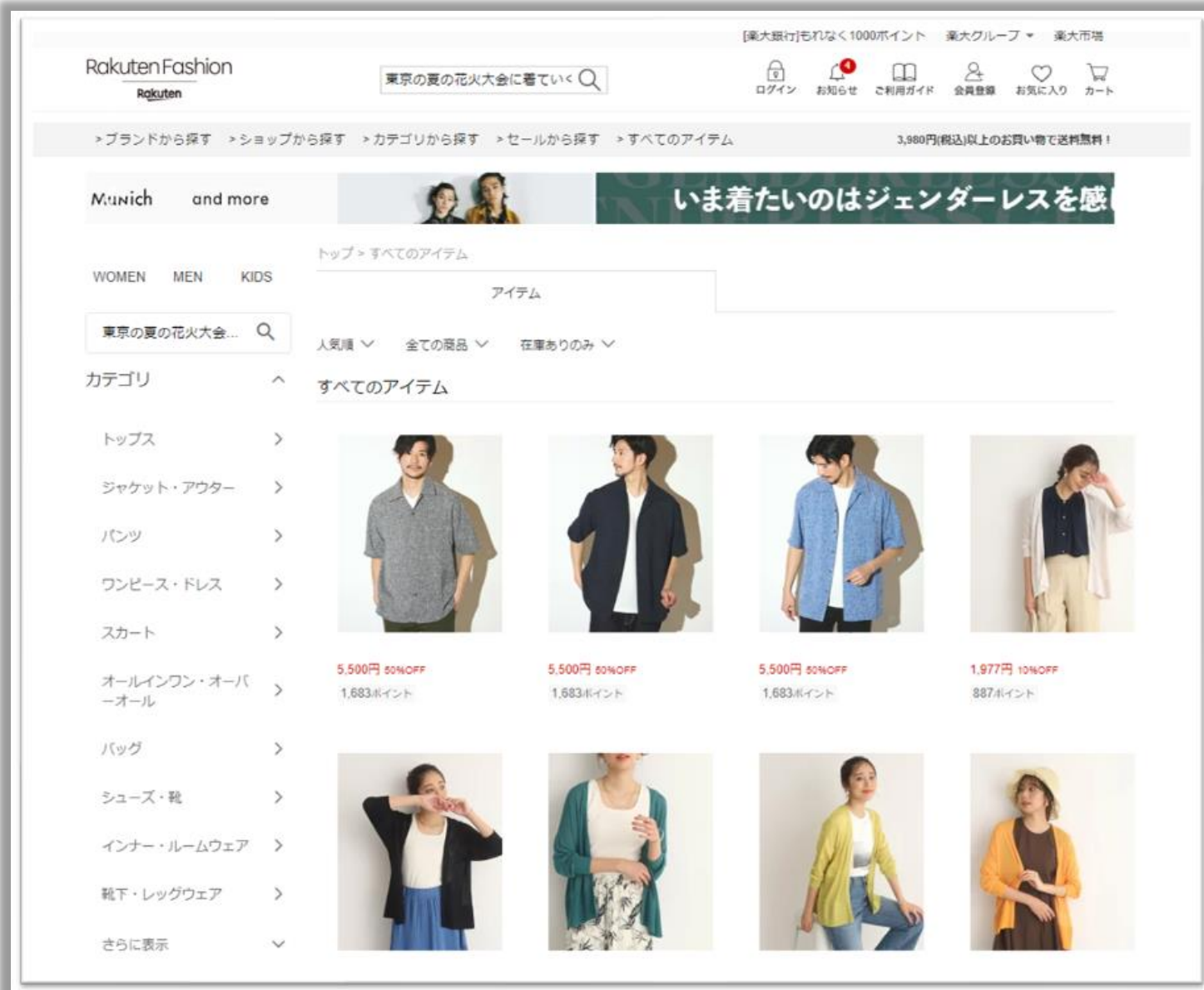
+4% sessions per user

+5% Last GMS from Search

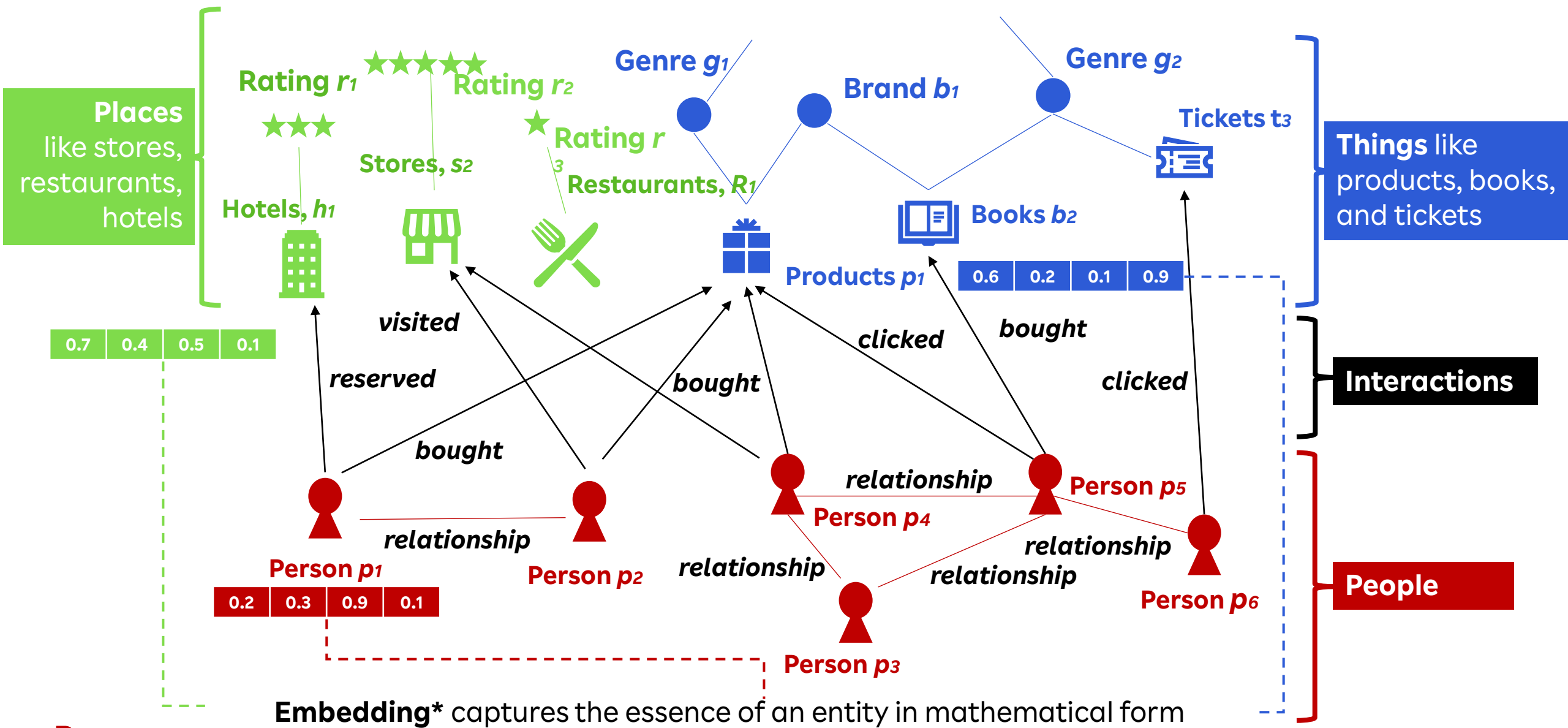
Results from semantic search AB tests carried out
from July 14, 2023 to August 8, 2023.

▶ 東京の夏の花火大会に着ていく服

“Clothes to wear to a summer fireworks festival in Tokyo”

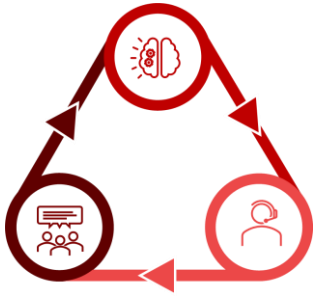


Help People Find Any Information through Search, Recommendation and Ads



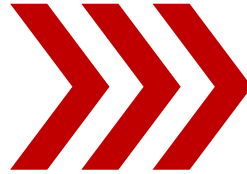
*Embedding is a way to represent a word or an item in numeric values. Words with similar meanings will be closer in distance when computed mathematically. Embedding captures the essence of an item in multiple dimensions and enables matching or measurement of similarity between any two items.

We are Continuing Our Mission to Augment **Human Creativity** with the **Power of AI**



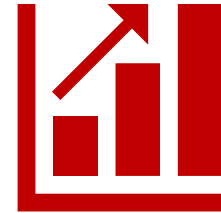
HUMAN INTELLIGENCE + ARTIFICIAL INTELLIGENCE

Combine human expertise with cutting edge AI technology to build the world's best AI system



ACTION-ORIENTED APPLICATIONS

Design solutions that solve real-world problems from search, recommendations to ads



CREATE OPPORTUNITY

Make AI a force for good that helps businesses and consumers, drives productivity, and fosters prosperity

Rakuten

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