

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version. The following financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

## Consolidated Financial Reports (IFRS) for the nine months ended September 30, 2022

Rakuten Group, Inc.  
November 11, 2022

Company name Rakuten Group, Inc. Listed Tokyo Stock Exchange  
Code No 4755 URL <https://global.rakuten.com/corp/>  
Representative (Title) Chairman and CEO (Name) Hiroshi Mikitani  
Contact person (Title) CFO (Name) Kenji Hirose  
Supplementary materials for financial results: Yes  
Financial results information meeting held: Yes (For institutional investors and analysts)

### 1. Consolidated Results for the nine months ended September 30, 2022 (January 1 – September 30, 2022)

(Yen amounts are rounded to the nearest million)

#### (1) Consolidated Operating Results

(%, YoY)

	Revenue		Operating income		Income before income tax		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended September 30, 2022	1,364,708	13.7	(287,093)	—	(312,058)	—	(260,532)	—
Nine months ended September 30, 2021	1,200,574	15.4	(108,362)	—	(119,316)	—	(105,165)	—

	Net income attributable to owners of the Company		Comprehensive income		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Nine months ended September 30, 2022	(258,090)	—	(103,697)	—	(162.76)	(162.76)
Nine months ended September 30, 2021	(103,905)	—	(61,817)	—	(68.84)	(68.84)

Note: In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been retrospectively restated for the nine months ended September 30, 2021.

#### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Ratio of total equity attributable to owners of the Company to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of September 30, 2022	19,745,910	1,011,769	984,207	5.0
As of December 31, 2021	16,831,221	1,117,290	1,093,719	6.5

## 2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Year
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	4.50	4.50
FY2022	—	0.00	—	—	—
FY2022 (Forecast)	—	—	—	—	—

Note: Dividend per share for the fiscal year ending December 31, 2022 has not been decided yet, and there are no changes to the previously disclosed dividend forecast.

## 3. Estimate of Consolidated Operating Results for year ending December 31, 2022 (January 1 to December 31, 2022)

For the estimate of consolidated operating results for fiscal year 2022, double-digit growth on consolidated operating results for fiscal year 2021 is estimated for fiscal year 2022 consolidated revenue, excluding the securities business whose results are heavily impacted by stock market conditions.

For details, see page 8, 1. Qualitative Information, Financial Statements, etc. (3) Qualitative Information about Consolidated Business Forecasts.

Note: There are no changes to the previously disclosed consolidated forecasts for the year ending December 31, 2022.

### Notes

#### (1) Changes in Significant Subsidiaries during the Current Period

(Changes in Specified Subsidiaries resulting in Change in Scope of Consolidation): No

New: — (Company name: —) Excluded: — (Company name: —)

#### (2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies as required under IFRS: No
2. Changes in accounting policies due to other reasons: No
3. Changes in accounting estimates: No

#### (3) Number of Shares Issued (Common Stock)

1. Total number of shares issued at the end of the period (including treasury stocks)
  - 1,589,048,300 shares (As of September 30, 2022)
  - 1,581,735,100 shares (As of December 31, 2021)
2. Number of treasury stocks at the end of the period
  - 244 shares (As of September 30, 2022)
  - 234 shares (As of December 31, 2021)
3. Average number of shares during the period (cumulative from the beginning of the year)
  - 1,585,712,591 shares (January 1 – September 30, 2022)
  - 1,509,336,077 shares (January 1 – September 30, 2021)

This financial report is not subject to an audit firm's quarterly review.

### Explanation about the Appropriate Use of Estimate of Operating Results, and Other Special Matters

Estimate of consolidated operating results for the year ending December 31, 2022 are based on information that is available at the time of writing, but a number of known and unknown factors could cause actual results to differ from projections.

## **1. Qualitative Information, Financial Statements, etc.**

### **(1) Qualitative Information Concerning Consolidated Business Results**

The Rakuten Group discloses consolidated business results in terms of both its internal measures which management relies upon in making decisions (hereinafter the “Non-GAAP financial measures”) and those under IFRS.

Non-GAAP operating income is operating income under IFRS (hereinafter “IFRS operating income”) after deducting unusual items and other adjustments as prescribed by the Rakuten Group. Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Rakuten Group and peer companies in the same industry or comparison of its business results with those of prior fiscal years by stakeholders, and can provide useful information in understanding the underlying business results of the Rakuten Group and its future outlook. Unusual items refer to one-off items that the Rakuten Group believes shall be excluded for the purposes of preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share based compensation expenses and amortization of acquisition-related intangible assets.

Note: For disclosure of Non-GAAP financial measures, the Rakuten Group refers to the rules specified by the U.S. Securities and Exchange Commission but does not fully comply with such rules.

#### **i) Business Results for the nine months ended September 30, 2022 (Non-GAAP basis)**

Although the world economy continued to pick up moderately during the nine months ended September 30, 2022, it will be necessary to pay attention to the risk of economic downturn due to fluctuations in financial markets, rising prices, supply-side restrictions, and other factors amid global monetary tightening. The Japanese economy is also recovering moderately, partly due to the effects of various policies as the transition to a new phase of living with COVID-19 is underway.

In a world where we live with COVID-19, the Company believes that societal demand has increased even further for digital services that enable people to purchase products and enjoy services without physical contact or face-to-face interaction. The recent situation in Ukraine has also had a certain degree of impact on the Group’s business activities, but it is expected that this will only have a limited impact on the Group’s business performance and financial status.

Under such an environment, the Rakuten Group is developing and promoting the use of services that leverage advanced technologies such as AI and data both online and offline based on membership and shared loyalty point programs. Rakuten Mobile was the first company in the world to introduce Open RAN that enables multi-vendor wireless access networks, including cell phone base stations, as well as vRAN, a virtualization technology, across its entire commercial network. In addition, Rakuten Symphony is proposing the open and fully virtualized architecture implemented by Rakuten Mobile to telecommunications companies around the world, as telecommunications carriers continue to innovate their network equipment configurations. Going forward, the Rakuten Group will continue to enhance its competitiveness by further evolving the Rakuten Ecosystem.

In the Internet Services segment, factors including measures to improve customer convenience, such as the introduction of a common free shipping threshold for participating merchants on internet shopping mall Rakuten Ichiba successfully led to the retention of customers against the backdrop of stay-at-home consumption amid the COVID-19 pandemic. In addition, strong demand for domestic travel and other factors contributed to growth in transaction volume in domestic e-commerce services. In the FinTech segment, the customer base for each service has continued to expand, and the Group achieved increases in revenue and profit in credit card related services, banking services, and securities services, among others. In the Mobile segment, revenue increased during the nine months ended September 30, 2022 due to an increase in telecommunication fee revenues and other factors.

As a result, the Rakuten Group recorded revenue of ¥1,364,708 million, up 13.7% year-on-year for the nine months ended September 30, 2022, but due to ongoing prior investments in the Mobile segment, such as the installment of its own base stations, it recorded Non-GAAP operating loss of ¥255,980 million, compared to Non-GAAP operating loss of ¥148,859 million in the nine months ended September 30, 2021.

(Non-GAAP)

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY	% Change YoY
Revenue	1,200,574	1,364,708	164,134	13.7%
Non-GAAP operating loss	(148,859)	(255,980)	(107,121)	—%

## ii) Reconciliation of Non-GAAP Operating Income to IFRS Operating Income

For the nine months ended September 30, 2022, amortization of intangible assets of ¥7,160 million and share based compensation expenses of ¥9,530 million were excluded from Non-GAAP operating income. One-off items listed for the nine months ended September 30, 2021 include a gain on step acquisitions of ¥59,496 million as a result of making Altiostar Networks, Inc. a wholly-owned subsidiary of the Company and expenses of ¥5,578 million associated with an increase in provision for customer points as a result of changes in the Rakuten Point Terms of Use. One-off items listed for the nine months ended September 30, 2022 include expenses associated with an increase in provision for customer points as a result of changes in the Rakuten Point Terms of Use and expenses incurred from fraudulent acts committed in collusion by former employees of a subsidiary and a supplier, which are included as other expenses in the Consolidated Statement of Income (Summary).

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY
Non-GAAP operating loss	(148,859)	(255,980)	(107,121)
Amortization of intangible assets (PPA)	(5,615)	(7,160)	(1,545)
Share based compensation expenses	(7,727)	(9,530)	(1,803)
One-off items	53,839	(14,423)	(68,262)
IFRS operating loss	(108,362)	(287,093)	(178,731)

## iii) Business Results for the nine months ended September 30, 2022 (IFRS basis)

For the nine months ended September 30, 2022, the Rakuten Group recorded revenue of ¥1,364,708 million, up 13.7% year-on-year, IFRS operating loss of ¥287,093 million, compared with IFRS operating loss of ¥108,362 million in the nine months ended September 30, 2021, and net loss attributable to owners of the Company of ¥258,090 million, compared with net loss of ¥103,905 million in the nine months ended September 30, 2021. In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been retrospectively restated for the nine months ended September 30, 2021. For further details, please refer to “2. Consolidated Financial Statements (Summary) and Notes, (6) Notes to the Summary of Consolidated Financial Statements for the nine months ended September 30, 2022, (Share of Income of Investments in Associates and Joint ventures)”.

(IFRS)

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY	% Change YoY
Revenue	1,200,574	1,364,708	164,134	13.7%
IFRS operating loss	(108,362)	(287,093)	(178,731)	—%
Net loss attributable to owners of the Company	(103,905)	(258,090)	(154,185)	—%

#### iv) Segment Information

Business results for each segment are as follows. In terms of the IFRS management approach, segment profit or loss is presented on a Non-GAAP operating income basis.

From the second quarter ended June 30, 2022, the aggregation method of point expenses in the headquarter administrative departments and business departments has been changed and applied retrospectively. In accordance with this change, segment revenue and segment profit in the Internet Services segment decreased by ¥3,156 million respectively for the nine months ended September 30, 2021, compared to those before the retrospective application. In addition, segment revenue and segment profit in the Internet Services segment decreased by ¥806 million respectively for the third quarter ended September 30, 2021. This change has no impact on consolidated revenue, Non-GAAP operating loss, or operating loss.

#### Internet Services

In domestic e-commerce services, the mainstay of Internet services, the Rakuten Group is aiming for further growth in gross merchandise sales and revenue by working on various initiatives, including sales promotion activities to cultivate loyal customers and win new customers, promotion of cross-use of services, promotion of the introduction of a common free shipping threshold and further opening up the Rakuten Ecosystem. Services such as the internet shopping mall “Rakuten Ichiba” and Rakuten Seiyu Netsuper, which provides home delivery services for food and daily necessities, have continued to see further growth in transaction value even compared with the nine months ended September 30, 2021 when the Rakuten Group benefited from the effects of the COVID-19 pandemic which gave a boost to the businesses. This was because these measures successfully led to the retention of customers who began using the services against the backdrop of increased demand for online shopping following the growth in “stay-at-home consumption”. The online travel booking service, Rakuten Travel, saw growth in transaction value compared to the nine months ended September 30, 2021, thanks to the success of sales promotion measures and other measures in line with the recovery in demand for domestic travel.

In other Internet services including overseas Internet services, a recovery was seen in revenue growth, mainly in the US cashback service “Rakuten Rewards”, due to efficient marketing measures and a recovery in consumer behavior.

In the nine months ended September 30, 2021, the Group recorded ¥27,658 million in valuation gains on investment securities related to investments in FinTech-related companies in the investment business, resulting in a year-on-year decrease in segment profit. The Company has completed the succession of all but part of the rights and obligations in connection with its logistics business to JP Rakuten Logistics, Inc., a joint venture with Japan Post Co., Ltd., which became an associate of the Company accounted for using the equity method in the third quarter ended September 30, 2021. Accordingly, part of income (losses) of the logistics business, which was recorded in the Internet Services segment until the third quarter ended September 30, 2021, is recorded in share of income (losses) of investments in associates and joint ventures from the third quarter ended September 30, 2021.

As a result, revenue for the Internet Services segment rose to ¥765,425 million, a 9.5% year-on-year increase, while segment profit stood at ¥58,402 million, a 27.2% year-on-year decrease.

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	699,092	765,425	66,333	9.5%
Segment profit	80,245	58,402	(21,843)	(27.2)%

### FinTech

In credit card related services, Rakuten Card's membership base continued to expand after the cumulative total number of cards issued surpassed 27 million in August 2022. In addition, a recovery in offline consumption was seen primarily against a backdrop of the lifting of the COVID-19 pre-emergency status in March 2022, resulting in growth in shopping transaction volume. In banking services, in addition to an increase in new acquisitions of bank accounts, the number of savings accounts surpassed 13 million in September 2022 and the customer base has continued to expand. In securities services, the number of new accounts opened has continued to increase after the total number of cash management accounts reached 8 million in June 2022. In addition, both revenue and profit increased due to an increase in commission earnings and other revenues resulting from growth in domestic and overseas shares trading value.

As a result, the FinTech segment recorded ¥487,300 million in revenue, a 7.0% year-on-year increase, while segment profit stood at ¥74,388 million, a 9.0% year-on-year increase.

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	455,589	487,300	31,711	7.0%
Segment profit	68,236	74,388	6,152	9.0%

### Mobile

In mobile services in Japan, an increase in the number of users who have started to pay telecommunication charges contributed to an increase in revenue due to the expiration of a campaign offering free telecommunication charges and a new pricing plan, Rakuten UN-LIMIT VII, which was launched in July 2022. In April 2022, Rakuten Symphony made Robin Systems, Inc. a wholly owned subsidiary. Going forward, we intend to strengthen our collaborative relationship with the company and provide our customer telecommunications carriers with an end-to-end, fully automated cloud service and a high-level integrated cloud platform to achieve even higher customer value.

As a result, revenue for the Mobile segment rose to ¥254,239 million, a 56.7% year-on-year increase, but segment losses reached ¥380,196 million, compared to losses of ¥302,519 million in the nine months ended September 30, 2021, due to an increase in network-related expenses including depreciation as prior investments continued mainly for the installment of the Rakuten Group's own base stations in the mobile business.

(Millions of Yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	162,208	254,239	92,031	56.7%
Segment loss	(302,519)	(380,196)	(77,677)	—%



## **(2) Analysis Concerning Financial Position**

### **i) Assets, Liabilities, and Equity**

#### **Assets**

Total assets as of September 30, 2022 amounted to ¥19,745,910 million, an increase of ¥2,914,689 million from ¥16,831,221 million at the end of the previous fiscal year. The primary factors were an increase of ¥873,921 million in loans for banking business, an increase of ¥460,810 million in investment securities for banking business, an increase of ¥408,591 million in financial assets for securities business, and an increase of ¥395,206 million in other financial assets.

#### **Liabilities**

Total liabilities as of September 30, 2022 amounted to ¥18,734,141 million, an increase of ¥3,020,210 million from ¥15,713,931 million at the end of the previous fiscal year. The primary factors include an increase of ¥1,108,028 million in deposits for banking business and an increase of ¥1,068,453 million in borrowings for banking business.

#### **Equity**

Total equity as of September 30, 2022 was ¥1,011,769 million, a decrease of ¥105,521 million from ¥1,117,290 million at the end of the previous fiscal year. The primary factors include an increase of ¥156,003 million in other components of equity due to the depreciation of Japanese yen, offset by a decrease of ¥275,335 million in retained earnings due mainly to the recording of ¥258,090 million in net loss attributable to owners of the Company during the nine months ended September 30, 2022.

### **ii) Cash Flows**

Cash and cash equivalents as of September 30, 2022 stood at ¥4,571,165 million, an increase of ¥160,864 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the nine months ended September 30, 2022 are as follows.

#### **Cash Flows from Operating Activities**

Net cash flows from operating activities for the nine months ended September 30, 2022 resulted in a cash outflow of ¥447,417 million (compared with a cash inflow of ¥417,784 million for the same period of the previous fiscal year). Main factors included a cash inflow of ¥1,102,950 million due to an increase in deposits for banking business, offset by a cash outflow of ¥873,723 million due to an increase in loans for banking business, a cash outflow of ¥407,840 million due to an increase in financial assets for securities business, and a cash outflow of ¥323,425 million due to an increase in receivables under securities borrowing transactions.

#### **Cash Flows from Investing Activities**

Cash flows from investing activities for the nine months ended September 30, 2022 resulted in a cash outflow of ¥833,335 million (compared with a cash outflow of ¥430,058 million for the same period of the previous fiscal year). Main factors included a net cash outflow of ¥466,288 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥1,206,937 million due to purchases and a cash inflow of ¥740,649 million from sales and redemption), a cash outflow of ¥227,503 million due to purchases of property, plant and equipment, and a cash outflow of ¥106,067 million due to purchases of intangible assets.

#### **Cash Flows from Financing Activities**

Cash flows from financing activities for the nine months ended September 30, 2022 resulted in a cash inflow of ¥1,417,872 million (compared with a cash inflow of ¥819,302 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥480,130 million in net decrease in short-term borrowings for banking business, offset by a cash inflow of ¥1,575,600 million due to proceeds from long-term borrowings for banking business and a cash inflow of ¥188,892 million in net increase in short-term borrowings.

### **(3) Qualitative Information about Consolidated Business Forecasts**

Currently, for the forecast of consolidated operating results for fiscal year 2022, the Rakuten Group aims at double-digit growth from the previous fiscal year for consolidated revenue, excluding results from the securities business which are impacted substantially by stock market conditions. However, there is a possibility that some businesses may experience a decrease in revenue due to factors such as the situation in Ukraine, soaring crude oil prices, and voluntary restriction on going out to prevent the spread of COVID-19.

The outlook for each segment for the current fiscal year is as follows.

#### **Internet Services**

In the area of domestic Internet services including e-commerce, the Rakuten Group will continue to aim for further growth in gross transaction value and revenue by pursuing various initiatives, such as cultivating a loyal customer base, winning new customers, promoting cross-use of services, and further opening up the Rakuten Ecosystem with a view to expanding the e-commerce platform, while creating new markets through the use of technologies such as data and AI. In the travel booking service, Rakuten Travel etc., further growth in transaction volume, net sales, and profits is expected due to a recovery in demand for domestic travel. In overseas Internet services, we aim to expand the Rakuten Ecosystem's membership base, raise the profile of the brand, and provide new value to users.

#### **FinTech**

In credit card related services, we will continue striving to achieve further growth in shopping transaction value by strengthening marketing initiatives aimed at expanding market share and synergy. In banking services, we will work on measures to promote use as a primary bank account, such as the use of the bank account for depositing salaries, in addition to the acquisition of new accounts. In insurance services, we will aim for further growth through increasing the number of new policies and expanding our products that have a high level of affinity with Internet services. It is difficult to make a forecast for securities services due to the substantial impact of share market conditions.

#### **Mobile**

In mobile services, revenue from telecommunication charges is expected to increase due to an increase in new subscribers and increased data usage after mobile contracts. In addition, the Company will continue to work on improving the quality of its 4G network and developing 5G base stations nationwide. Accordingly, operating expenses including depreciation are expected to continually occur. Meanwhile, roaming and other charges have begun to decline as switching our service provision is progressing from the areas covered under our partner's network to the areas covered under our own network, and losses have been improving since peaking in the three months ended March 31, 2022.



## 2. Consolidated Financial Statements (Summary) and Notes

### (1) Consolidated Statement of Financial Position (Summary)

(Millions of Yen)

	As of December 31, 2021	As of September 30, 2022
<b>Assets</b>		
Cash and cash equivalents	4,410,301	4,571,165
Accounts receivable – trade	307,821	299,020
Financial assets for securities business	3,088,544	3,497,135
Loans for credit card business	2,388,448	2,415,097
Investment securities for banking business	459,104	919,914
Loans for banking business	2,528,795	3,402,716
Investment securities for insurance business	290,455	283,245
Derivative assets	45,056	204,418
Investment securities	281,179	188,721
Other financial assets	642,650	1,037,856
Investments in associates and joint ventures	68,991	75,740
Property, plant and equipment	975,362	1,201,327
Intangible assets	858,997	1,024,658
Deferred tax assets	225,100	292,387
Other assets	260,418	332,511
<b>Total assets</b>	<b>16,831,221</b>	<b>19,745,910</b>
<b>Liabilities</b>		
Accounts payable – trade	392,455	341,420
Deposits for banking business	6,848,370	7,956,398
Financial liabilities for securities business	3,032,996	3,466,493
Derivative liabilities	24,825	38,499
Bonds and borrowings	1,355,255	1,762,578
Borrowings for securities business	207,505	177,033
Bonds and borrowings for credit card business	733,852	794,113
Borrowings for banking business	1,106,300	2,174,753
Other financial liabilities	1,415,368	1,427,993
Income tax payable	13,499	7,365
Provisions	198,263	223,096
Insurance business policy reserves	247,911	212,392
Employee retirement benefit liabilities	29,752	35,182
Deferred tax liabilities	2,488	3,606
Other liabilities	105,092	113,220
<b>Total liabilities</b>	<b>15,713,931</b>	<b>18,734,141</b>
<b>Equity</b>		
Equity attributable to owners of the Company		
Common stock	289,674	293,365
Capital surplus	311,970	318,099
Other equity instruments	317,316	317,316
Retained earnings	142,671	(132,664)
Treasury stock	(0)	(0)
Other components of equity	32,088	188,091
<b>Total equity attributable to owners of the Company</b>	<b>1,093,719</b>	<b>984,207</b>
Non-controlling interests	23,571	27,562
<b>Total equity</b>	<b>1,117,290</b>	<b>1,011,769</b>
<b>Total liabilities and equity</b>	<b>16,831,221</b>	<b>19,745,910</b>

## (2) Consolidated Statements of Income and Comprehensive Income (Summary)

### Consolidated Statement of Income (Summary)

(For the nine months ended September 30, 2021 and 2022)

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Continuing Operations		
Revenue	1,200,574	1,364,708
Operating expenses	1,404,855	1,624,954
Other income	103,677	7,697
Other expenses	7,758	34,544
Operating loss	(108,362)	(287,093)
Financial income	29,558	127,181
Financial expenses	45,788	148,056
Share of income (losses) of investments in associates and joint ventures	5,276	(4,090)
Loss before income tax	(119,316)	(312,058)
Income tax benefit	(14,151)	(51,526)
Net loss	(105,165)	(260,532)
Net loss attributable to:		
Owners of the Company	(103,905)	(258,090)
Non-controlling interests	(1,260)	(2,442)
Net loss	(105,165)	(260,532)
		(Yen)
Losses per share attributable to owners of the Company		
Basic	(68.84)	(162.76)
Diluted	(68.84)	(162.76)

**Consolidated Statement of Income (Summary) (Continued)**  
**(For the three months ended September 30, 2021 and 2022)**

(Millions of Yen)

	Three months ended September 30, 2021 (July 1 to September 30, 2021)	Three months ended September 30, 2022 (July 1 to September 30, 2022)
Continuing Operations		
Revenue	406,903	471,110
Operating expenses	480,446	546,068
Other income	67,291	1,773
Other expenses	1,221	16,833
Operating loss	(7,473)	(90,018)
Financial income	22,963	10,656
Financial expenses	33,508	16,888
Share of losses of investments in associates and joint ventures	(5,781)	(1,321)
Loss before income tax	(23,799)	(97,571)
Income tax expenses (benefit)	3,418	(15,202)
Net loss	(27,217)	(82,369)
Net loss attributable to:		
Owners of the Company	(26,824)	(81,473)
Non-controlling interests	(393)	(896)
Net loss	(27,217)	(82,369)
		(Yen)
Losses per share attributable to owners of the Company		
Basic	(16.98)	(51.30)
Diluted	(16.98)	(51.30)

# Consolidated Statement of Comprehensive Income (Summary)

(For the nine months ended September 30, 2021 and 2022)

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Net loss	(105,165)	(260,532)
Other comprehensive income		
Items that will not be reclassified to net income		
Gains and losses on equity instruments measured at fair value through other comprehensive income	(3,342)	(4,466)
Income tax effect of gains and losses on equity instruments measured at fair value through other comprehensive income	574	1,275
Remeasurement of insurance business policy reserves based on current market interest rates	389	2,169
Income tax effect of remeasurement of insurance business policy reserves based on current market interest rates	(109)	(606)
Remeasurement of defined benefit plans	(1)	20
Income tax effect of remeasurement of defined benefit plans	0	(5)
Other comprehensive income of investments in associates and joint ventures	(51)	(26)
Total items that will not be reclassified to net income	(2,540)	(1,639)
Items that may be reclassified to net income		
Foreign currency translation adjustments	43,668	166,484
Reclassification of foreign currency translation adjustments due to disposal of foreign operating businesses	(556)	(1,599)
Gains and losses on debt instruments measured at fair value through other comprehensive income	(995)	(15,004)
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	(4)	13
Losses on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(212)	(21)
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	358	4,097
Gains on cash flow hedges recognized in other comprehensive income	5,678	18,125
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	(1,708)	(5,480)
Losses on cash flow hedges reclassified from other comprehensive income to net income	(5,498)	(24,140)
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	1,682	7,321
Other comprehensive income of investments in associates and joint ventures	3,475	8,678
Total items that may be reclassified to net income	45,888	158,474
Other comprehensive income, net of tax	43,348	156,835
Comprehensive income	(61,817)	(103,697)
Comprehensive income attributable to:		
Owners of the Company	(62,234)	(102,885)
Non-controlling interests	417	(812)
Comprehensive income	(61,817)	(103,697)

# Consolidated Statements of Comprehensive Income (Summary) (Continued)

(For the three months ended September 30, 2021 and 2022)

(Millions of Yen)

	Three months ended September 30, 2021 (July 1 to September 30, 2021)	Three months ended September 30, 2022 (July 1 to September 30, 2022)
Net loss	(27,217)	(82,369)
Other comprehensive income		
Items that will not be reclassified to net income		
Gains and losses on equity instruments measured at fair value through other comprehensive income	(2,443)	(2,250)
Income tax effect of gains and losses on equity instruments measured at fair value through other comprehensive income	985	519
Remeasurement of insurance business policy reserves based on current market interest rates	22	467
Income tax effect of remeasurement of insurance business policy reserves based on current market interest rates	(6)	(131)
Remeasurement of defined benefit plans	(0)	0
Income tax effect of remeasurement of defined benefit plans	0	0
Other comprehensive income of investments in associates and joint ventures	(51)	3
Total items that will not be reclassified to net income	(1,493)	(1,392)
Items that may be reclassified to net income		
Foreign currency translation adjustments	785	46,911
Reclassification of foreign currency translation adjustments due to disposal of foreign operating businesses	(556)	(1,398)
Gains and losses on debt instruments measured at fair value through other comprehensive income	(395)	(3,425)
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	3	6
Losses on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(114)	1
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	169	890
Gains (Losses) on cash flow hedges recognized in other comprehensive income	1,110	5,061
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	(334)	(1,609)
Gains (Losses) on cash flow hedges reclassified from other comprehensive income to net income	(261)	(7,671)
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	80	2,380
Other comprehensive income of investments in associates and joint ventures	156	2,498
Total items that may be reclassified to net income	643	43,644
Other comprehensive income, net of tax	(850)	42,252
Comprehensive income	(28,067)	(40,117)
Comprehensive income attributable to:		
Owners of the Company	(27,907)	(39,027)
Non-controlling interests	(160)	(1,090)
Comprehensive income	(28,067)	(40,117)

### (3) Consolidated Statement of Changes in Equity (Summary)

(Millions of Yen)

	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other Components of Equity	
						Foreign Currency Translation Adjustments	Financial Instruments measured at Fair Value through Other Comprehensive Income
As of January 1, 2021	205,924	227,844	—	290,449	(84,941)	(22,698)	(1,230)
Comprehensive income							
Net loss	—	—	—	(103,905)	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	44,901	(3,663)
Total comprehensive income	—	—	—	(103,905)	—	44,901	(3,663)
Transactions with owners etc.							
Contributions by and distributions to owners							
Issuance of shares	80,000	79,047	—	—	—	—	—
Issuance of other equity instruments	—	—	317,316	—	—	—	—
Cash dividends paid	—	—	—	(6,131)	—	—	—
Distributions to owners of other equity instruments	—	—	—	—	—	—	—
Reclassified from other components of equity to retained earnings	—	—	—	(683)	—	—	683
Acquisition of treasury stock	—	—	—	—	(0)	—	—
Disposal of treasury stock	—	(2,412)	—	—	84,759	—	—
Issuance of shares with the exercise of share options	2,999	(2,999)	—	—	—	—	—
Disposal of treasury stock with the exercise of share options	—	(182)	—	—	182	—	—
Issuance of share acquisition rights	—	8,351	—	—	—	—	—
Forfeiture of share acquisition rights	—	(110)	—	110	—	—	—
Others	—	810	—	(750)	—	—	—
Total contributions by and distributions to owners	82,999	82,505	317,316	(7,454)	84,941	—	683
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	—	—
Acquisition and disposal of non-controlling interests	—	122	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total changes in ownership interests in subsidiaries	—	122	—	—	—	—	—
Total transactions with owners etc.	82,999	82,627	317,316	(7,454)	84,941	—	683
As of September 30, 2021	288,923	310,471	317,316	179,090	(0)	22,203	(4,210)



### (3) Consolidated Statement of Changes in Equity (Summary) (Continued)

(Millions of Yen)

	Other components of equity				Total Equity attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Cash Flow Hedges	Remeasurement of Insurance Business Policy Reserves based on Current Market Interest Rates	Remeasurement of Retirement Benefit Plans	Total Other Components of Equity			
As of January 1, 2021	939	(5,626)	(1,923)	(30,538)	608,738	20,276	629,014
Comprehensive income							
Net loss	—	—	—	—	(103,905)	(1,260)	(105,165)
Other comprehensive income, net of tax	154	280	(1)	41,671	41,671	1,677	43,348
Total comprehensive income	154	280	(1)	41,671	(62,234)	417	(61,817)
Transactions with owners etc.							
Contributions by and distributions to owners							
Issuance of shares	—	—	—	—	159,047	—	159,047
Issuance of other equity instruments	—	—	—	—	317,316	—	317,316
Cash dividends paid	—	—	—	—	(6,131)	—	(6,131)
Distributions to owners of other equity instruments	—	—	—	—	—	—	—
Reclassified from other components of equity to retained earnings	—	—	—	683	—	—	—
Acquisition of treasury stock	—	—	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	—	—	82,347	—	82,347
Issuance of shares with the exercise of share options	—	—	—	—	0	—	0
Disposal of treasury stock with the exercise of share options	—	—	—	—	—	—	—
Issuance of share acquisition rights	—	—	—	—	8,351	—	8,351
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Others	—	—	—	—	60	—	60
Total contributions by and distributions to owners	—	—	—	683	560,990	—	560,990
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	1,662	1,662
Acquisition and disposal of non-controlling interests	—	—	—	—	122	(293)	(171)
Others	—	—	—	—	—	(105)	(105)
Total changes in ownership interests in subsidiaries	—	—	—	—	122	1,264	1,386
Total transactions with owners etc.	—	—	—	683	561,112	1,264	562,376
As of September 30, 2021	1,093	(5,346)	(1,924)	11,816	1,107,616	21,957	1,129,573

### (3) Consolidated Statement of Changes in Equity (Summary) (Continued)

(Millions of Yen)

	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other components of equity	
						Foreign Currency Translation Adjustments	Financial Instruments measured at Fair Value through Other Comprehensive Income
As of January 1, 2022	289,674	311,970	317,316	142,671	(0)	45,325	(4,666)
Comprehensive income							
Net loss	—	—	—	(258,090)	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	171,647	(13,846)
Total comprehensive income	—	—	—	(258,090)	—	171,647	(13,846)
Transactions with owners etc.							
Contributions by and distributions to owners							
Issuance of shares	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—
Cash dividends paid	—	—	—	(7,118)	—	—	—
Distributions to owners of other equity instruments	—	—	—	(9,074)	—	—	—
Reclassified from other components of equity to retained earnings	—	—	—	(798)	—	—	798
Acquisition of treasury stock	—	—	—	—	(0)	—	—
Disposal of treasury stock	—	—	—	—	—	—	—
Issuance of shares with the exercise of share options	3,691	(3,691)	—	—	—	—	—
Disposal of treasury stock with the exercise of share options	—	—	—	—	—	—	—
Issuance of share acquisition rights	—	9,968	—	—	—	—	—
Forfeiture of share acquisition rights	—	(148)	—	148	—	—	—
Others	—	—	—	(101)	—	—	—
Total contributions by and distributions to owners	3,691	6,129	—	(16,943)	(0)	—	798
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	—	—
Acquisition and disposal of non-controlling interests	—	—	—	—	—	—	—
Others	—	(0)	—	(302)	—	—	—
Total changes in ownership interests in subsidiaries	—	(0)	—	(302)	—	—	—
Total transactions with owners etc.	3,691	6,129	—	(17,245)	(0)	—	798
As of September 30, 2022	293,365	318,099	317,316	(132,664)	(0)	216,972	(17,714)

### (3) Consolidated Statement of Changes in Equity (Summary) (Continued)

(Millions of Yen)

	Other components of equity				Total Equity attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Cash Flow Hedges	Remeasurement of Insurance Business Policy Reserves based on Current Market Interest Rates	Remeasurement of Retirement Benefit Plans	Total Other Components of Equity			
As of January 1, 2022	(257)	(5,243)	(3,071)	32,088	1,093,719	23,571	1,117,290
Comprehensive income							
Net loss	—	—	—	—	(258,090)	(2,442)	(260,532)
Other comprehensive income, net of tax	(4,175)	1,564	15	155,205	155,205	1,630	156,835
Total comprehensive income	(4,175)	1,564	15	155,205	(102,885)	(812)	(103,697)
Transactions with owners etc.							
Contributions by and distributions to owners							
Issuance of shares	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—
Cash dividends paid	—	—	—	—	(7,118)	—	(7,118)
Distributions to owners of other equity instruments	—	—	—	—	(9,074)	—	(9,074)
Reclassified from other components of equity to retained earnings	—	—	—	798	—	—	—
Acquisition of treasury stock	—	—	—	—	(0)	—	(0)
Disposal of treasury stock	—	—	—	—	—	—	—
Issuance of shares with the exercise of share options	—	—	—	—	0	—	0
Disposal of treasury stock with the exercise of share options	—	—	—	—	—	—	—
Issuance of share acquisition rights	—	—	—	—	9,968	—	9,968
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Others	—	—	—	—	(101)	—	(101)
Total contributions by and distributions to owners	—	—	—	798	(6,325)	—	(6,325)
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	3,361	3,361
Acquisition and disposal of non-controlling interests	—	—	—	—	—	1,590	1,590
Others	—	—	—	—	(302)	(148)	(450)
Total changes in ownership interests in subsidiaries	—	—	—	—	(302)	4,803	4,501
Total transactions with owners etc.	—	—	—	798	(6,627)	4,803	(1,824)
As of September 30, 2022	(4,432)	(3,679)	(3,056)	188,091	984,207	27,562	1,011,769

#### (4) Consolidated Statement of Cash Flows (Summary)

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Cash flows from operating activities		
Loss before income tax	(119,316)	(312,058)
Depreciation and amortization	140,432	193,721
Other loss (income)	(110,898)	127,405
Decrease (Increase) in operating receivables	26,939	47,498
Decrease (Increase) in loans for credit card business	3,188	(25,819)
Increase (Decrease) in deposits for banking business	1,392,579	1,102,950
Net decrease (increase) in call loans for banking business	(5,407)	(16,256)
Decrease (Increase) in loans for banking business	(834,603)	(873,723)
Decrease (Increase) in receivables under securities borrowing transactions	(52,296)	(323,425)
Increase (Decrease) in operating payables	(59,498)	(66,905)
Decrease (Increase) in financial assets for securities business	(720,131)	(407,840)
Increase (Decrease) in financial liabilities for securities business	743,472	432,379
Increase and decrease in derivative assets and liabilities	(40,058)	(126,383)
Others	54,609	(177,311)
Income tax paid	(1,228)	(21,650)
Net cash flows from operating activities	417,784	(447,417)
Cash flows from investing activities		
Payments in time deposits	(6,494)	(8,243)
Proceeds from time deposits	5,777	6,095
Purchases of property, plant and equipment	(208,681)	(227,503)
Purchases of intangible assets	(84,823)	(106,067)
Acquisitions of subsidiaries	(41,904)	(24,648)
Acquisitions of investments in associates and joint ventures	(21,829)	(1,792)
Purchases of investment securities for banking business	(457,054)	(1,206,937)
Proceeds from sales and redemption of investment securities for banking business	317,582	740,649
Purchases of investment securities for insurance business	(37,651)	(41,706)
Proceeds from sales and redemption of investment securities for insurance business	64,372	46,724
Purchases of investment securities	(11,779)	(7,566)
Proceeds from sales and redemption of investment securities	57,774	9,411
Other payments	(13,498)	(20,058)
Other proceeds	8,150	8,306
Net cash flows from investing activities	(430,058)	(833,335)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(12)	188,892
Net increase (decrease) in commercial papers	30,000	51,000
Proceeds from long-term borrowings	94,736	105,900
Repayments of long-term borrowings	(45,587)	(72,343)
Proceeds from issuance of bonds	—	148,868
Redemptions of bonds	(88,766)	(40,000)
Net increase (decrease) in short-term borrowings for securities business	(35,000)	(30,500)
Proceeds from long-term borrowings for securities business	18,488	—
Net increase (decrease) in short-term borrowings for credit card business	(6,453)	(10,525)
Net increase (decrease) in commercial papers for credit card business	—	29,400
Proceeds from long-term borrowings for credit card business	138,587	160,660
Repayments of long-term borrowings for credit card business	(101,240)	(119,920)
Net increase (decrease) in short-term borrowings for banking business	24,500	(480,130)
Proceeds from long-term borrowings for banking business	265,800	1,575,600

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Repayments of long-term borrowings for banking business	—	(27,200)
Proceeds from issuance of shares	159,047	0
Proceeds from issuance of other equity instruments	315,708	—
Distributions to owners of other equity instruments	—	(10,078)
Proceeds from disposal of treasury stock	82,347	—
Repayments of lease liabilities	(32,412)	(42,310)
Cash dividends paid	(6,131)	(7,118)
Others	5,690	(2,324)
Net cash flows from financing activities	819,302	1,417,872
Effect of change in exchange rates on cash and cash equivalents	13,370	23,744
Net increase (decrease) in cash and cash equivalents	820,398	160,864
Cash and cash equivalents at the beginning of the period	3,021,306	4,410,301
Cash and cash equivalents at the end of the period	3,841,704	4,571,165

**(5) Assumptions for Going Concern for the nine months ended September 30, 2022**

No items to report.

**(6) Notes to the Summary of Consolidated Financial Statements for the nine months ended September 30, 2022**

**(Basis of Presentation)**

The Rakuten Group's summary of consolidated financial statements for the nine months ended September 30, 2022 meets the requirements set out under Article 1-2 of the Rules on Terminology, Forms and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the "Rules on Quarterly Consolidated Financial Statements") under which the Rakuten Group is qualified as a "Specified Company under the Designated International Accounting Standards" and duly prepares such summary in accordance with IAS 34 "Interim Financial Reporting" under the provision of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As this summary does not contain all the information required in annual consolidated statements, it is advised to be used in combination with the consolidated financial statements for the fiscal year ended December 31, 2021.

**(Significant Changes in the Scope of Consolidation and the Scope of Equity Method Application)**

Except for the following, there were no significant changes neither in the scope of consolidation nor in the scope of equity method with respect to the summary of consolidated financial statements for the nine months ended September 30, 2022, as compared with the consolidated financial statements for the fiscal year ended December 31, 2021.

Rakuten Symphony, Inc. has been included in the scope of consolidation due to its establishment during the first quarter ended March 31, 2022 through an incorporation-type company split. Also, Robin Systems, Inc. has been included in the scope of consolidation due to the additional acquisition of its shares during the second quarter ended June 30, 2022.

**(Significant Accounting Policies)**

Except for those stated below, significant accounting policies adopted by the Rakuten Group in this summary of consolidated financial statements for the nine months ended September 30, 2022 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the nine months ended September 30, 2022 are calculated based upon an estimated annual effective tax rate.

**Changes in Presentation Methods**

(Notes to the Consolidated Statement of Financial Position (Summary))

"Borrowings for banking business", which was included in "bonds and borrowings" in the previous fiscal year, is independently disclosed from the end of the second quarter ended June 30, 2022 to enhance clarity of presentation. In addition, "borrowings for securities business" and "bonds and borrowings for credit card business", which were included in "bonds and borrowings" in the previous fiscal year, are independently disclosed from the end of the third quarter ended September 30, 2022 to enhance clarity of presentation.

In order to reflect these changes in presentation methods, the corresponding amounts from the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥3,402,912 million presented as "bonds and borrowings" in the Consolidated Statement of Financial Position for the previous fiscal year has been reclassified as "bonds and borrowings" of ¥1,355,255 million, "borrowings for securities business" of ¥207,505 million, "bonds and borrowings for credit card business" of ¥733,852 million, and "borrowings for banking business" of ¥1,106,300 million.



(Notes to the Consolidated Statement of Cash Flows (Summary))

"Net increase (decrease) in short-term borrowings for banking business", which was included in "net increase (decrease) in short-term borrowings", and "proceeds from long-term borrowings for banking business", which was included in "proceeds from long-term borrowings", under "cash flows from financing activities" are independently disclosed from the second quarter ended June 30, 2022, respectively, to enhance clarity of presentation. In addition, "net increase (decrease) in short-term borrowings for securities business" and "net increase (decrease) in short-term borrowings for credit card business", which were included in "net increase (decrease) in short-term borrowings", "proceeds from long-term borrowings for securities business" and "proceeds from long-term borrowings for credit card business", which were included in "proceeds from long-term borrowings", and "repayments of long-term borrowings for credit card business", which was included in "repayments of long-term borrowings", all under "cash flows from financing activities" are independently disclosed from the third quarter ended September 30, 2022, respectively, to enhance clarity of presentation.

In order to reflect these changes in presentation methods, the corresponding amounts from the Consolidated Financial Statements for the nine months ended September 30, 2021 have been reclassified.

As a result, ¥(16,965) million presented as "net increase (decrease) in short-term borrowings" in the Consolidated Statement of Cash Flows (Summary) for the nine months ended September 30, 2021 has been reclassified as "net increase (decrease) in short-term borrowings of ¥(12) million, "net increase (decrease) in short-term borrowings for securities business" of ¥(35,000) million, "net increase (decrease) in short-term borrowings for credit card business" of ¥(6,453) million, and "net increase (decrease) in short-term borrowings for banking business" of ¥24,500 million. ¥517,611 million presented as "proceeds from long-term borrowings" has been reclassified as "proceeds from long-term borrowings" of ¥94,736 million, "proceeds from long-term borrowings for securities business" of ¥18,488 million, "proceeds from long-term borrowings for credit card business" of ¥138,587 million, and "proceeds from long-term borrowings for banking business" of ¥265,800 million. ¥(146,827) million presented as "repayments of long-term borrowings" has been reclassified as "repayments of long-term borrowings" of ¥(45,587) million and "repayments of long-term borrowings for credit card business" of ¥(101,240) million.

**(Significant Accounting Estimates and Judgments)**

Preparation of the summary of consolidated financial statements under IFRS for the nine months ended September 30, 2022 involves accounting estimates in respect of certain significant matters. In the process of adopting accounting policies, management of the Rakuten Group is required to make its own judgments. Resulting accounting estimates by their nature may be different from the actual outcome.

Accounting estimates and accounting assumptions are subject to continuous review. If the accounting estimates are updated, the effect of changes are recognized in the reporting period as well as future accounting periods.

Estimates and judgments that have significant impact on the amounts in the consolidated financial statements for the nine months ended September 30, 2022 remain the same as those for the previous fiscal year.

## (Segment Information)

### i. General Information

As a global innovation company engaged in the three main activities of Internet Services, FinTech, and Mobile, the Rakuten Group is organized into three reportable segments: “Internet Services”, “FinTech”, and “Mobile”.

For the reportable segments, separate financial information on the operational units of the Rakuten Group is available, and such financial information is subject to periodic review for the Board of Directors to decide on the distribution of management resources and evaluate performance.

The “Internet Services” segment comprises businesses providing various e-commerce sites including internet shopping mall “Rakuten Ichiba”, online cash-back sites, travel booking sites, portal sites, and digital content sites in North America, along with provision of messaging services, sales of advertising, etc. on these sites, and management of professional sports teams, etc.

The “FinTech” segment engages in businesses providing services over the Internet related to banking and securities, credit cards, life insurance, general insurance, electronic money, and crypto asset (virtual currency) spot transaction, etc.

The “Mobile” segment comprises business operations engaged in the provision of communication services and technologies, operation of electricity supply services, and operations including providing digital content sites, etc. in regions other than North America.

### ii. Measurement of Segment Revenue and Segment Profit (Loss) by Operating Segments

Operating segment information is reported in accordance with IFRS. Operating segment revenue and profit or loss amounts are those before intersegment eliminations, without consideration of consolidation adjustments, except for certain consolidated subsidiaries. The internal measures management relies upon in making decisions are Non-GAAP operating income, which is calculated by adjusting the unusual items and other adjustment items prescribed by the Rakuten Group from the operating income recorded in accordance with IFRS.

Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Rakuten Group and peer companies in the same industry or comparison of its business results with those of prior fiscal years by stakeholders, and can provide useful information in understanding the underlying business results of the Rakuten Group and its future outlook. Unusual items refer to one-off items that the Rakuten Group believes shall be excluded for the purposes of preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share based compensation expenses and amortization of acquisition-related intangible assets.

The Rakuten Group does not allocate assets and liabilities to operating segment information used by the chief operating decision maker.

### iii. Changes in Measurement Methods of Segment Revenue and Segment Profit (Loss) by Operating Segments

From the second quarter ended June 30, 2022, the aggregation method of point expenses in the headquarter administrative departments and business departments has been changed and applied retrospectively. In accordance with this change, segment revenue and segment profit in the Internet Services segment decreased by ¥3,156 million respectively for the nine months ended September 30, 2021, compared to those before the retrospective application. In addition, segment revenue and segment profit in the Internet Services segment decreased by ¥806 million respectively for the third quarter ended September 30, 2021. This change has no impact on consolidated revenue, Non-GAAP operating loss, or operating loss.

#### Nine months ended September 30, 2021 (January 1 to September 30, 2021)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	699,092	455,589	162,208	1,316,889
Segment profit (loss)	80,245	68,236	(302,519)	(154,038)

**Nine months ended September 30, 2022 (January 1 to September 30, 2022)**

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	765,425	487,300	254,239	1,506,964
Segment profit (loss)	58,402	74,388	(380,196)	(247,406)

**Three months ended September 30, 2021 (July 1 to September 30, 2021)**

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	238,631	150,864	54,941	444,436
Segment profit (loss)	23,689	21,162	(105,237)	(60,386)

**Three months ended September 30, 2022 (July 1 to September 30, 2022)**

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	259,726	166,450	89,256	515,432
Segment profit (loss)	19,847	25,176	(120,868)	(75,845)

**Reconciliation from Segment Revenue to Consolidated Revenue**

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Segment revenue	1,316,889	1,506,964
Intercompany transactions, etc.	(116,315)	(142,256)
Consolidated revenue	1,200,574	1,364,708

(Millions of Yen)

	Three months ended September 30, 2021 (July 1 to September 30, 2021)	Three months ended September 30, 2022 (July 1 to September 30, 2022)
Segment revenue	444,436	515,432
Intercompany transactions, etc.	(37,533)	(44,322)
Consolidated revenue	406,903	471,110

# Reconciliation from Segment Loss to Loss before Income Tax

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Segment loss	(154,038)	(247,406)
Intercompany transactions, etc.	5,179	(8,574)
Non-GAAP operating loss	(148,859)	(255,980)
Amortization of intangible assets	(5,615)	(7,160)
Share based compensation expenses	(7,727)	(9,530)
One-off items (Note 1)	53,839	(14,423)
Operating loss	(108,362)	(287,093)
Financial income and expenses	(16,230)	(20,875)
Share of income (losses) of investments in associates and joint ventures (Note 2)	5,276	(4,090)
Loss before income tax (Note 2)	(119,316)	(312,058)

Note 1: One-off items listed for the nine months ended September 30, 2021 include a gain on step acquisition of ¥59,496 million as a result of making Altiostar Networks, Inc. a wholly-owned subsidiary of the Company and expenses of ¥5,578 million associated with an increase in provision for customer points as a result of changes in the Rakuten Point Terms of Use. One-off items listed for the nine months ended September 30, 2022 include expenses associated with an increase in provision for customer points as a result of changes in the Rakuten Point Terms of Use and expenses incurred from fraudulent acts committed in collusion by former employees of a subsidiary and a supplier, which are included as other expenses in the Consolidated Statement of Income (Summary).

Note 2: In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been retrospectively restated for the nine months ended September 30, 2021. For further details, please refer to (Share of Income of Investments in Associates and Joint ventures).

(Millions of Yen)

	Three months ended September 30, 2021 (July 1 to September 30, 2021)	Three months ended September 30, 2022 (July 1 to September 30, 2022)
Segment loss	(60,386)	(75,845)
Intercompany transactions, etc.	2,651	(2,744)
Non-GAAP operating loss	(57,735)	(78,589)
Amortization of intangible assets	(1,281)	(2,495)
Share based compensation expenses	(2,296)	(3,125)
One-off items (Note)	53,839	(5,809)
Operating loss	(7,473)	(90,018)
Financial income and expenses	(10,545)	(6,232)
Share of losses of investments in associates and joint ventures	(5,781)	(1,321)
Loss before income tax	(23,799)	(97,571)

Note: One-off items listed for the three months ended September 30, 2021 include a gain on step acquisition of ¥59,496 million as a result of making Altiostar Networks, Inc. a wholly-owned subsidiary of the Company and expenses of ¥5,578 million associated with an increase in provision for customer points as a result of changes in the Rakuten Point Terms of Use. One-off items listed for the three months ended September 30, 2022 include expenses incurred from fraudulent acts committed in collusion by former employees of a subsidiary and a supplier, which are included as other expenses in the Consolidated Statement of Income (Summary).

### (Breakdown of Operating Expenses)

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Advertising and promotion expenditures	240,465	257,359
Employee benefits expenses	197,236	249,058
Depreciation and amortization	140,432	193,721
Communication and maintenance expenses	43,627	54,360
Consignment and subcontract expenses	90,630	124,418
Allowance for doubtful accounts charged to expenses	27,879	24,003
Cost of sales of merchandise and services rendered	480,158	513,919
Interest expenses for finance business	9,363	11,645
Commission fee expenses for finance business	13,029	17,110
Insurance claims and other payments, and provision of insurance business policy reserves	38,197	37,370
Others	123,839	141,991
Total	1,404,855	1,624,954

### (Other Income and Other Expenses)

#### (1) Breakdown of Other Income

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Gains on valuation of investment securities (Note 1)	37,140	—
Gains on step acquisition (Note 2)	59,496	—
Others	7,041	7,697
Total	103,677	7,697

Note 1: Valuation gains on investment securities related to investments in FinTech-related companies in the investment business of ¥27,658 million were recorded during the nine months ended September 30, 2021.

Note 2: Gains on step acquisitions of ¥59,496 million were recorded as a result of making Altiostar Networks, Inc. a wholly-owned subsidiary of the Company during the nine months ended September 30, 2021.

## (2) Breakdown of Other Expenses

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Foreign exchange losses	84	7,228
Losses on disposal of property, plant and equipment and intangible assets	893	1,280
Losses on valuation of investment securities	—	3,388
Impairment losses	3,025	7,110
Others	3,756	15,538
Total	7,758	34,544

## (Financial Income and Financial Expenses)

### (1) Breakdown of Financial Income

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Gains on valuation of derivatives (Note 1)	151	126,941
Gains on valuation of investment securities (Note 2)	28,919	—
Others	488	240
Total	29,558	127,181

Note 1: Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥99,396 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥27,545 million were recorded during the nine months ended September 30, 2022.

Note 2: Gains on valuation of investment securities to an investment in Lyft, Inc. of ¥28,062 million were recorded during the nine months ended September 30, 2021.

### (2) Breakdown of Financial Expenses

(Millions of Yen)

	Nine months ended September 30, 2021 (January 1 to September 30, 2021)	Nine months ended September 30, 2022 (January 1 to September 30, 2022)
Interest expenses (Note 1)	13,219	18,926
Losses on valuation of derivatives (Note 2)	20,914	46
Losses on valuation of investment securities (Note 3)	—	96,276
Foreign exchange losses (Note 4)	5,884	32,010
Others	5,771	798
Total	45,788	148,056

Note 1: Interest expenses incurred from financial liabilities measured at amortized cost relating to financing under the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥479 million and of ¥696 million were recorded during the nine months ended September 30, 2021 and the nine months ended September 30, 2022, respectively.

Note 2: Losses on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥20,341 million were recorded during the nine months ended September 30, 2021.

Note 3: Losses on valuation of investment securities for an investment in Lyft, Inc. of ¥94,859 million were recorded during the nine months ended September 30, 2022.

Note 4: Foreign exchange losses incurred from liabilities related to financing under the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥5,884 million and ¥32,010 million were recorded during the nine months ended September 30, 2021 and the nine months ended September 30, 2022, respectively.



### **(Share of Income of Investments in Associates and Joint Ventures)**

In the Consolidated Statement of Income (Summary) for the nine months ended September 30, 2021, the Rakuten Group recorded income of ¥19,029 million in share of income of investments in associates and joint ventures, mainly including a gain of ¥20,793 million from the bargain purchase of Seiyu Holdings Co., Ltd. proportional to the share held by the Rakuten Group.

Because the measurement of fair value of the identifiable assets and liabilities as of the acquisition date was incomplete and the calculation of the difference with the cost of the investment was unfinished as of the third quarter ended September 30, 2021, the gain from the bargain purchase was a provisional amount based on all information available as of the acquisition date and the calculation of the difference with the cost of the investment was completed in the fourth quarter ended December 31, 2021.

In line with this finalization of the provisional accounting treatment, the Rakuten Group has adjusted share of income of investments in associates and joint ventures to ¥5,276 million, a decrease of ¥13,754 million for the nine months ended September 30, 2021.

### **(Notes on Significant Subsequent Events)**

#### **Transfer of Shares of a Subsidiary**

The Company decided at its Board of Directors meeting held on October 7, 2022 to transfer 19.99% of the common shares of Rakuten Securities, Inc. (hereinafter “Rakuten Securities”) held by the Company’s consolidated subsidiary, Rakuten Securities Holdings, Inc. (hereinafter “Rakuten Securities Holdings”) to Mizuho Securities Co., Ltd., (hereinafter “Mizuho Securities”) a consolidated subsidiary of Mizuho Financial Group, Inc. (hereinafter the “Share Transfer”), and the Share Transfer was completed on November 1, 2022.

Overview of the Share Transfer is as follows:

#### **(1) Background and objectives of the Share Transfer**

We have agreed to enter into a strategic alliance to jointly realize a “fully-fledged hybrid comprehensive asset management consulting service that meets the needs of all individual customers” by bringing together strengths such as the ability of Rakuten Securities to attract customers from a wide range of generations, based on synergies with the Rakuten ecosystem and its online securities trading platform with excellent UI/UX, as well as strengths such as Mizuho Securities’ product appeal and comprehensive asset management consulting capabilities across banking, trust, and securities activities.

#### **(2) Overview of the subsidiary whose shares are to be transferred**

- 1) Name: Rakuten Securities, Inc.
- 2) Head office location: 2-6-21 Minami Aoyama, Minato-ku, Tokyo
- 3) Title and name of representative: Yuji Kusunoki, President
- 4) Description of business: Financial instruments business
- 5) Share capital: ¥19,495 million
- 6) Date of establishment: March 24, 1999
- 7) Major shareholders and ownership ratios: Rakuten Securities Holdings, Inc. 100%

#### **(3) Overview of the counterparty to share transfer**

- 1) Name: Mizuho Securities Co., Ltd.
- 2) Head office location: 1-5-1 Otemachi, Chiyoda-ku, Tokyo
- 3) Title and name of representative: Yoshiro Hamamoto, President & CEO
- 4) Description of business: Financial instruments business

#### **(4) Price of the shares transferred and voting rights ownership ratios before and after the share transfer**

- 1) Price of the shares transferred: ¥80,000 million
- 2) Voting rights ownership ratio before the transfer: 100%
- 3) Voting rights ownership ratio after the transfer: 80.01% (Note)

(Note) Rakuten Securities remains a consolidated subsidiary of the Company and Rakuten Securities Holdings after the Share Transfer.