

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 six months ended June 30, 2020

Rakuten, Inc.
August 11, 2020

Company name	Rakuten, Inc.	Listed	Tokyo Stock Exchange
Code No	4755	URL	https://www.rakuten.co.jp/
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 six months ended June 30, 2020 (January 1 – June 30, 2020)

(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	%
Six months ended June 30, 2020	678,768	15.7	(20,721)	—	(40,352)	—	(27,824)	—
Six months ended June 30, 2019	586,644	14.5	111,895	24.8	110,254	28.1	99,903	54.9

	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
Six months ended June 30, 2020	(27,485)	—	(32,578)	—	(20.24)	(20.24)
Six months ended June 30, 2019	100,249	55.4	94,083	83.1	74.10	73.03

(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 June 30, 2020	10,433,257	723,563	702,180	6.7
As of December 31, 2019	9,165,697	737,200	735,672	8.0

2. Dividends

	Annual dividend per share				
	Q1	Q2	Q3	Q4	Year
	Yen	Yen	Yen	Yen	Yen
FY2019	—	0.00	—	4.50	4.50
FY2020	—	0.00	—	—	—
FY2020 (Forecast)	—	—	—	—	—

Note: Dividend per share for the fiscal year ending December 31, 2020 has not been decided yet, and there are no changes to the previously disclosed dividend forecast.

3. Estimate of Consolidated Operating Results for Fiscal Year 2020 (January 1 to December 31, 2020)

For the estimate of consolidated operating results for fiscal year 2020, double-digit growth on consolidated operating results for fiscal year 2019 is estimated for fiscal year 2020 consolidated revenues, 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, 2020.

Notes

(1) Changes in significant subsidiaries during the current period

(Changes in specified subsidiaries resulting in change in scope of consolidation): Yes

New: 1 (Company name: Rakuten International Commercial Bank Co., Ltd.)
 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)
 - 1,434,573,900 shares (As of June 30, 2020)
 - 1,434,573,900 shares (As of December 31, 2019)
2. Number of treasury stocks at the end of the period
 - 75,187,638 shares (As of June 30, 2020)
 - 78,318,938 shares (As of December 31, 2019)
3. Average number of shares during the period (cumulative from the beginning of the year)
 - 1,357,722,688 shares (January 1 – June 30, 2020)
 - 1,352,836,949 shares (January 1 – June 30, 2019)

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

Explanation about the appropriate use of earnings forecasts, and other special matters

Consolidated earnings forecasts for the year ending December 31, 2020 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 the 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 the 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 six months ended June 30, 2020 (Non-GAAP basis)

The world economy during the six months ended June 30, 2020 remains severe due to the spread of COVID-19, but is beginning to recover. The Japanese economy is also expected to be recovering with its economic activities resuming in a phased manner. On the other hand, the number of people who tested positive for COVID-19 in Japan is increasing and posing continuous concern about the risk of economic downturn with the infections possibly spreading again.

Against this backdrop, Japan’s Ministry of Health, Labour and Welfare is requesting that people practice a “New Lifestyle” to prevent the spread of COVID-19, including shopping online and utilizing electronic payment. IT companies provide the Internet services and online financial services that enable people to purchase products and enjoy services while reducing contact with others, and the social role expected for IT companies is further increasing.

Under such an environment, the Rakuten Group is continuing to develop businesses that bring together membership, data, and branding, along with the development and operation of services that proactively leverage AI, in addition to working to diversify business risks from the impact of infectious diseases through business management that leverages the Rakuten Ecosystem, which consists of more than 70 diverse services in Japan and overseas.

In domestic e-commerce services, the mainstay of Internet Services, the Rakuten Group is aiming for further growth in gross merchandise sales and revenues by working on various initiatives, including sales promotion activities to cultivate loyal customers and win new customers, promotion of cross-use of services, further opening up the Rakuten Ecosystem, the introduction of unified measures for lines including shipping fees, and reinforcing the logistics network. The government’s request for voluntary restraint on outings caused the revenue from travel booking, professional sport events and other services to decrease. On the other hand, an increase in nest-dweller consumption helped boost online shopping demand, contributing to increasing transaction volume at the Internet shopping mall Rakuten Ichiba and other services. As for overseas Internet services, Rakuten’s online travel booking service and retail business declined in transaction volume but digital content and other services grew.

In Rakuten Card, Rakuten Card’s membership base continued to expand as the number of its members exceeded 20 million, despite the impact of COVID-19. As such, growth in shopping transaction volume and revolving balances contributed to an increase in revenue and income. In addition, in banking services, the number of bank accounts exceeded 9 million in June 2020, and the expansion of its membership base helped increase the bank deposits. In securities services, the membership base continued to rapidly expand. In addition, an increase in domestic stock market commissions and FX commissions contributed to an increase in revenue and income.

In the Mobile segment, full-scale services were launched on April 8, 2020 as a mobile phone carrier providing the world’s first end-to-end fully virtualized cloud-native network. After the launch, the Rakuten Group strived to get customers in and outside the Rakuten Ecosystem, and the cumulative number of

applications for subscription topped 1 million. It is accelerating installment of base stations and expanding its service area with its own network lines while seeking to improve its network quality.

Through these efforts, the Rakuten Group achieved revenue of ¥678,768 million, up 15.7% year-on-year, for the six months ended June 30, 2020. Non-GAAP operating loss was ¥50,723 million, compared to operating income of ¥121,128 million in the six months ended June 30, 2019.

(Non-GAAP)

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY	% Change YoY
Revenue	586,644	678,768	92,124	15.7%
Non-GAAP Operating income (loss)	121,128	(50,723)	(171,851)	—%

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

For the six months ended June 30, 2020, amortization of intangible assets of ¥5,302 million and share based compensation expenses of ¥5,622 million were excluded from Non-GAAP operating income. In addition, a gain on sales of all shares in OverDrive Holdings, Inc. of ¥40,926 million was recorded in one-off items during the six months ended June 30, 2020.

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY
Non-GAAP Operating income (loss)	121,128	(50,723)	(171,851)
Amortization of intangible assets (PPA)	(4,626)	(5,302)	(676)
Share based compensation expenses	(4,607)	(5,622)	(1,015)
One-off items	—	40,926	40,926
Operating income (loss)	111,895	(20,721)	(132,616)

iii) Business Results for the six months ended June 30, 2020 (IFRS basis)

For the six months ended June 30, 2020, the Rakuten Group recorded revenue of ¥678,768 million, up 15.7% year-on-year, operating loss of ¥20,721 million, compared to operating income of ¥111,895 million in the six months ended June 30, 2019, and net loss attributable to owners of the Company of ¥27,485 million, compared to net income of ¥100,249 million in the six months ended June 30, 2019.

(IFRS)

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY	% Change YoY
Revenue	586,644	678,768	92,124	15.7%
Operating income (loss)	111,895	(20,721)	(132,616)	—%
Net income (loss) attributable to owners of the Company	100,249	(27,485)	(127,734)	—%

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.

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 revenues by working on various initiatives, including sales promotion activities to cultivate loyal customers and win new customers, promotion of cross-use of services, and further opening up the Rakuten Ecosystem. The Rakuten Group works to mitigate the medium to long-term impact of volume limits and increase in shipping fees, and enhances the convenience of both customers and merchants who use Rakuten services by carrying out reinforcement of its logistics network and introducing unified shipping fee threshold. These efforts include increasing capacity of the Rakuten Group's logistics facilities to accept products for stores on the Rakuten marketplace and expanding the last mile delivery area covered by the Rakuten Group based on the One Delivery concept of providing comprehensive logistics services. Services such as the Internet shopping mall Rakuten Ichiba and Rakuten 24, which sells medical supplies and daily necessities, etc. by mail order, saw an uplift in transaction volume due to the increased demand for online shopping following the growth in so-called "nesting consumption." On the other hand, Rakuten Travel, the online travel booking service, was heavily affected by the spread of COVID-19, which caused people to refrain from going out, and there was a drop in bookings and frequent cancellations, especially in April 2020, when the state of emergency was widened nationwide. The sports service also saw a decline in revenue as the opening days of the professional baseball and soccer leagues were pushed back. Likewise, overseas Internet services were impacted by smaller transaction volume at online travel booking services and retailers, but transaction volume increased in Rakuten Kobo and other digital content services.

As a result, revenue for the Internet Service segment rose to ¥392,826 million, a 9.4% year-on-year increase, while segment loss stood at ¥8,973 million, compared to segment profit of ¥108,867 million in the six months ended June 30, 2019.

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY	% Change YoY
Segment Revenue	359,156	392,826	33,670	9.4%
Segment Profit (Loss)	108,867	(8,973)	(117,840)	—%

FinTech

In credit card related services, Rakuten Card's membership base continued to expand as the number of its members exceeded 20 million, despite people voluntarily refraining from going out due to COVID-19. As such, growth in shopping transaction volume and revolving balances contributed to an increase in revenue and income. In addition, in banking services, the number of bank accounts exceeded 9 million in June 2020, and the expansion of its membership base helped increase the bank deposits. In spite of negative interest rate policy and the weak housing construction market, revenue and income continued to expand due to an increase in interest income from growing loan balances and improvements in administrative efficiency. In securities services, the membership base continued to rapidly expand. In addition, an increase in domestic stock market commissions and FX commissions contributed to an increase in revenue and income.

As a result, the FinTech segment recorded ¥281,761 million in revenue, a 21.2% year-on-year increase, while segment profit stood at ¥41,082 million, a 19.5% year-on-year increase.

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY	% Change YoY
Segment Revenue	232,552	281,761	49,209	21.2%
Segment Profit	34,391	41,082	6,691	19.5%

Mobile

In the Mobile segment, full-scale services were launched on April 8, 2020 as a mobile phone carrier providing the world's first end-to-end fully virtualized cloud-native network. After the launch, the Rakuten Group strived to get customers in and outside the Rakuten Ecosystem, and the cumulative number of applications for subscription topped 1 million. It is accelerating installment of base stations and expanding its service area with its own network lines while seeking to improve its network quality. Rakuten Viber, which provides messaging and VoIP services, increased revenue due to growth in membership base.

As a result, revenue for the Mobile segment rose to ¥82,883 million, a 57.9% year-on-year increase, while segment losses stood at ¥82,420 million, compared to a loss of ¥18,925 million in the six months ended June 30, 2019.

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020	Amount Change YoY	% Change YoY
Segment Revenue	52,480	82,883	30,403	57.9%
Segment Profit (Loss)	(18,925)	(82,420)	(63,495)	—%

(2) Analysis Concerning Financial Position

i) Assets, Liabilities, and Equity

Assets

Total assets as of June 30, 2020 amounted to ¥10,433,257 million, an increase of ¥1,267,560 million from ¥9,165,697 million at the end of the previous fiscal year. The primary factors were an increase of ¥817,810 million in cash and cash equivalents from financing, an increase of ¥310,142 million in financial assets for securities business, and an increase of ¥158,744 million in property, plant and equipment.

Liabilities

Total liabilities as of June 30, 2020 amounted to ¥9,709,694 million, an increase of ¥1,281,197 million from ¥8,428,497 million at the end of the previous fiscal year. The primary factors include an increase of ¥608,244 million in deposits for banking business, an increase of ¥384,316 million in financial liabilities of securities business, and an increase of ¥342,845 million in bonds and borrowings.

Equity

Total equity as of June 30, 2020 was ¥723,563 million, a decrease of ¥13,637 million from ¥737,200 million at the end of the previous fiscal year. The primary factors include a decrease of ¥35,335 million in retained earnings due mainly to the recording of ¥27,485 million in net loss attributable to owners of the Company during the six months ended June 30, 2020.

ii) Cash Flows

Cash and cash equivalents as of June 30, 2020 was ¥2,296,367 million, an increase of ¥817,810 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the six months ended June 30, 2020 are as follows.

Net cash flows from operating activities

Net cash flows from operating activities for the six months ended June 30, 2020 resulted in a cash inflow of ¥572,706 million (compared with a cash inflow of ¥106,143 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥310,158 million due to an increase in financial assets for securities business, offset by a cash inflow of ¥608,205 million due to an increase in deposits of banking business and a cash inflow of ¥384,333 million due to an increase in financial liabilities of securities business.

Net cash flows from investing activities

Net cash flows from investing activities for the six months ended June 30, 2020 resulted in a cash outflow of ¥93,843 million (compared with a cash outflow of ¥92,938 million for the same period of the previous fiscal year). Main factors included a net cash inflow of ¥4,914 million due to purchase and sales, etc. of investment securities for banking business (a cash inflow of ¥250,901 million due to sales and redemption of investment securities, and a cash outflow of ¥245,987 million due to purchase of investment securities), offset by a cash outflow of ¥127,457 million due to purchase of property, plant and equipment, and a cash outflow of ¥49,553 million due to purchase of intangible assets.

Net cash flows from financing activities

Net cash flows from financing activities for the six months ended June 30, 2020 resulted in a cash inflow of ¥336,811 million (compared with a cash inflow of ¥258,196 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥187,651 million due to repayment of long-term debt, offset by a cash inflow of ¥271,019 million due to proceeds from long-term debt, a cash inflow of ¥163,500 million due to an increase in commercial papers, and a cash inflow of ¥128,930 million due to an increase in short-term borrowings.

(3) Qualitative Information about Consolidated Business Forecasts

Currently, for the forecast of consolidated operating results for Fiscal Year 2020, the Rakuten Group aims at double-digit growth from the previous fiscal year for consolidated revenues, excluding results from the securities business which are impacted substantially by the stock market. However, there is a possibility that some businesses may experience a decrease in revenue due to the impact of the voluntary restraint on outings in response to COVID-19.

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

Internet Services

Rakuten Travel, the online travel booking service, was strongly affected by the spread of COVID-19, which caused people to refrain from going out, and a decrease in revenue is expected. However, travel in Japan and other travel-related services are expected to recover as economic activity is resuming in phases after the lifting of the state of emergency in May 2020. In the sports business, professional baseball and soccer league games were resumed, and they have taken place with a limited number of spectators since July 2020. Revenue is projected to decrease year-on-year but is expected to recover. In the areas of domestic Internet Services including e-commerce, the Rakuten Group will 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, strengthening its logistics network with a view to expanding the e-commerce platform, and further opening up the Rakuten Ecosystem, while creating new markets through the use of technologies such as data and AI. 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, the business base is expected to expand due to factors including the acquisition of new accounts. In insurance services, we will aim for further growth by 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 stock market conditions. The Rakuten Group is also maintaining a close eye on increases in the allowance for doubtful accounts of the finance business, as corporate earnings have deteriorated due to the spread of COVID-19.

Mobile

In the mobile phone carrier business, which launched full-scale services on April 8, 2020, the newly announced rate plan offers one year of free telecommunication charges, so revenue is expected to be limited during the fiscal year under review. Furthermore, we are promoting the development of our base stations nationwide under the plans to establish specified base stations for spreading the fourth-generation mobile communication system and introducing the fifth-generation mobile communications system, which were certified by the Minister of Internal Affairs and Communications in April 2018 and April 2019, respectively, thereby expanding the in-house network area ahead of schedule. As a result of these efforts, we expect an increase in operating expenses including depreciation.

2. Consolidated Financial Statements (Summary)
(1) Consolidated Statements of Financial Position (Summary)

(Millions of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Cash and cash equivalents	1,478,557	2,296,367
Accounts receivable – trade	222,485	175,431
Financial assets for securities business	1,976,009	2,286,151
Loans for credit card business	1,828,216	1,772,564
Investment securities for banking business	272,711	267,402
Loans for banking business	1,049,993	1,132,015
Investment securities for insurance business	287,200	274,903
Derivative assets	28,050	37,592
Investment securities	163,259	123,385
Other financial assets	390,234	424,299
Investments in associates and joint ventures	177,199	174,030
Property, plant and equipment	376,424	535,168
Intangible assets	609,450	619,275
Deferred tax assets	80,153	101,174
Other assets	225,757	213,501
Total assets	9,165,697	10,433,257
Liabilities		
Accounts payable – trade	329,483	253,748
Deposits of banking business	3,160,748	3,768,992
Financial liabilities of securities business	1,860,645	2,244,961
Derivative liabilities	10,172	5,346
Bonds and borrowings	1,727,096	2,069,941
Other financial liabilities	820,440	859,034
Income taxes payable	12,952	6,232
Provisions	109,845	129,901
Insurance business policy reserves	318,090	298,170
Employee retirement benefit liabilities	11,374	14,741
Deferred tax liabilities	2,049	1,493
Other liabilities	65,603	57,135
Total liabilities	8,428,497	9,709,694
Equity		
Equity attributable to owners of the Company		
Common stock	205,924	205,924
Capital surplus	224,379	226,331
Retained earnings	413,603	378,268
Treasury stock	(92,305)	(88,613)
Other components of equity	(15,929)	(19,730)
Total equity attributable to owners of the Company	735,672	702,180
Non-controlling interests	1,528	21,383
Total equity	737,200	723,563
Total liabilities and equity	9,165,697	10,433,257

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

Consolidated Statements of Income (Summary)

(For the six months ended June 30, 2019 and 2020)

(Millions of yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Continuing Operations		
Revenue	586,644	678,768
Operating expenses	579,669	730,810
Other income	107,315	44,911
Other expenses	2,395	13,590
Operating income (loss)	111,895	(20,721)
Financial income	2,112	516
Financial expenses	4,323	7,426
Share of income (losses) of investments in associates and joint ventures	570	(12,721)
Income (Loss) before income tax	110,254	(40,352)
Income tax expense	10,351	(12,528)
Net income (loss)	99,903	(27,824)
Net income (loss) attributable to:		
Owners of the Company	100,249	(27,485)
Non-controlling interests	(346)	(339)
Net income (loss)	99,903	(27,824)
(Yen)		
Earnings (Losses) per share attributable to owners of the Company		
Basic	74.10	(20.24)
Diluted	73.03	(20.24)

Consolidated Statements of Income (Summary)
(For the three months ended June 30, 2019 and 2020)

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Continuing Operations		
Revenue	306,350	347,325
Operating expenses	302,812	379,695
Other income	7,090	43,887
Other expenses	12,395	8,184
Operating income (loss)	(1,767)	3,333
Financial income	1,787	250
Financial expenses	1,862	2,982
Share of income (losses) of investments in associates and joint ventures	(342)	(5,103)
Income (Loss) before income tax	(2,184)	(4,502)
Income tax expense	2,744	(12,078)
Net income (loss)	(4,928)	7,576
Net income (loss) attributable to:		
Owners of the Company	(4,732)	7,834
Non-controlling interests	(196)	(258)
Net income (loss)	(4,928)	7,576
(Yen)		
Earnings (Losses) per share attributable to owners of the Company		
Basic	(3.50)	5.77
Diluted	(3.50)	5.66

Consolidated Statements of Comprehensive Income (Summary)

(For the six months ended June 30, 2019 and 2020)

(Millions of yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Net income (loss)	99,903	(27,824)
Other comprehensive income		
Items that will not be reclassified to net income		
Gains (losses) on equity instruments measured at fair value through other comprehensive income	14,739	(15,536)
Income tax effect of gains or losses on equity instruments measured at fair value through other comprehensive income	(3,525)	4,299
Remeasurement of insurance policy reserves based on current market interest rates	(5,493)	2,165
Income tax effect of remeasurement of insurance policy reserves based on current market interest rates	1,538	(606)
Remeasurement of defined benefit plans	(7)	4
Income tax effect of remeasurement of defined benefit plans	2	4
Share of other comprehensive income of associates and joint ventures	2	(53)
Total items that will not be reclassified to net income	7,256	(9,723)
Items that will be reclassified to net income		
Foreign currency translation adjustments	(13,558)	(1,785)
Foreign currency translation adjustments due to disposal of overseas sales activities	(291)	5,327
Income tax on foreign exchange differences	—	(1,166)
Gains (losses) on debt instruments measured at fair value through other comprehensive income	2,531	1,136
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	(59)	30
Gains (losses) on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(611)	(95)
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	(532)	(339)
Gains (losses) on cash flow hedges recognized in other comprehensive income	(762)	3,163
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	226	(968)
Gains (losses) on cash flow hedges reclassified from other comprehensive income to net income	198	255
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	(66)	(79)
Share of other comprehensive income of associates and joint ventures	(152)	(510)
Total items that will be reclassified to net income	(13,076)	4,969
Other comprehensive income, net of tax	(5,820)	(4,754)
Comprehensive income (loss)	94,083	(32,578)
Comprehensive income (loss) attributable to:		
Owners of the Company	94,427	(32,588)
Non-controlling interests	(344)	10
Comprehensive income (loss)	94,083	(32,578)

(For the three months ended June 30, 2019 and 2020)

(Millions of yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Net income (loss)	(4,928)	7,576
Other comprehensive income		
Items that will not be reclassified to net income		
Gains (Losses) on equity instruments measured at fair value through other comprehensive income	17,491	1,487
Income tax effect of gains or losses on equity instruments measured at fair value through other comprehensive income	(1,911)	(478)
Remeasurement of insurance policy reserves based on current market interest rates	(2,430)	1,991
Income tax effect of remeasurement of insurance policy reserves based on current market interest rates	681	(557)
Remeasurement of defined benefit plans	—	3
Income tax effect of remeasurement of defined benefit plans	—	(0)
Share of other comprehensive income of associates and joint ventures	2	(29)
Total items that will not be reclassified to net income	13,833	2,417
Items that will be reclassified to net income		
Foreign currency translation adjustments	(20,420)	4,000
Foreign currency translation adjustments due to disposal of overseas sales activities	(291)	5,544
Income tax on foreign exchange differences	—	(1,219)
Gains (Losses) on debt instruments measured at fair value through other comprehensive income	557	1,279
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	(22)	(4)
Gains (Losses) on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(429)	(26)
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	(39)	(391)
Gains (Losses) on cash flow hedges recognized in other comprehensive income	(262)	(112)
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	84	38
Gains (Losses) on cash flow hedges reclassified from other comprehensive income to net income	93	421
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	(34)	(218)
Share of other comprehensive income of associates and joint ventures	(86)	(1,134)
Total items that will be reclassified to net income	(20,849)	8,178
Other comprehensive income, net of tax	(7,016)	10,595
Comprehensive income (loss)	(11,944)	18,171
Comprehensive income (loss) attributable to:		
Owners of the Company	(11,746)	18,072
Non-controlling interests	(198)	99
Comprehensive income (loss)	(11,944)	18,171

(3) Consolidated Statements of Changes in Equity (Summary)

(Millions of yen)

	Common Stock	Capital Surplus	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, 2019	205,924	218,856	424,568	(97,300)	1,462	25,781	
Cumulative impact from change in accounting policies	—	—	(2,087)	—	—	—	
Current period balance reflecting change in accounting policy	205,924	218,856	422,481	(97,300)	1,462	25,781	
Comprehensive income							
Net income (loss)	—	—	100,249	—	—	—	
Other comprehensive income net of tax	—	—	—	—	(13,999)	12,541	
Total comprehensive income	—	—	100,249	—	(13,999)	12,541	
Transactions with owners							
Contributions by and distributions to owners							
Cash dividends paid	—	—	(6,084)	—	—	—	
Reclassification from other components of equity to retained earnings	—	—	803	—	—	(803)	
Disposal of treasury stock with the exercise of share options	—	(2,238)	—	2,307	—	—	
Issuance of share acquisition rights	—	4,671	—	—	—	—	
Forfeiture of share acquisition rights	—	(69)	—	—	—	—	
Others	—	—	217	—	—	—	
Total contributions by and distributions to owners	—	2,364	(5,064)	2,307	—	(803)	
Changes in ownership interests in subsidiaries							
Issuance of stock	—	—	—	—	—	—	
Acquisition or Disposal of non-controlling interests	—	—	—	—	—	—	
Others	—	—	—	—	—	—	
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	
Total transactions with owners	—	2,364	(5,064)	2,307	—	(803)	
As of June 30, 2019	205,924	221,220	517,666	(94,993)	(12,537)	37,519	
	Other components of 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	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
As of January 1, 2019	(511)	(4,260)	(47)	22,425	774,473	1,734	776,207
Cumulative impact from change in accounting policy	—	—	—	—	(2,087)	—	(2,087)
Adjusted balance reflecting change in accounting policy	(511)	(4,260)	(47)	22,425	772,386	1,734	774,120
Comprehensive income							
Net income (loss)	—	—	—	—	100,249	(346)	99,903
Other comprehensive income net of tax	(404)	(3,955)	(5)	(5,822)	(5,822)	2	(5,820)
Total comprehensive income	(404)	(3,955)	(5)	(5,822)	94,427	(344)	94,083
Transactions with owners							
Contributions by and distributions to owners							
Cash dividends paid	—	—	—	—	(6,084)	—	(6,084)
Reclassified from other components of equity to retained earnings	—	—	—	(803)	—	—	—
Disposal of treasury stock with the exercise of share options	—	—	—	—	69	—	69
Issuance of share acquisition rights	—	—	—	—	4,671	—	4,671
Forfeiture of share acquisition rights	—	—	—	—	(69)	—	(69)
Others	—	—	—	—	217	—	217
Total contributions by and distributions to owners	—	—	—	(803)	(1,196)	—	(1,196)
Changes in ownership interests in subsidiaries							
Issuance of stock	—	—	—	—	—	339	339
Acquisition or Disposal of non-controlling interests	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	339	339
Total transactions with owners	—	—	—	(803)	(1,196)	339	(857)
As of June 30, 2019	(915)	(8,215)	(52)	15,800	865,617	1,729	867,346

(Millions of yen)

	Common Stock	Capital Surplus	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, 2020	205,924	224,379	413,603	(92,305)	(15,892)	9,669
Comprehensive income						
Net income (loss)	—	—	(27,485)	—	—	—
Other comprehensive income net of tax	—	—	—	—	1,507	(10,547)
Total comprehensive income	—	—	(27,485)	—	1,507	(10,547)
Transactions with owners						
Contributions by and distributions to owners						
Cash dividends paid	—	—	(6,103)	—	—	—
Reclassified from other components of equity to retained earnings	—	—	(1,302)	—	—	1,302
Disposal of treasury stock with the exercise of share options	—	(3,692)	—	3,692	—	—
Issuance of share acquisition rights	—	5,789	—	—	—	—
Forfeiture of share acquisition rights	—	(151)	151	—	—	—
Others	—	—	(596)	—	—	—
Total contributions by and distributions to owners	—	1,946	(7,850)	3,692	—	1,302
Changes in ownership interests in subsidiaries						
Issuance of stock	—	—	—	—	—	—
Acquisition or Disposal of non-controlling interests	—	—	—	—	—	—
Others	—	6	—	—	—	—
Total changes in ownership interests in subsidiaries	—	6	—	—	—	—
Total transactions with owners	—	1,952	(7,850)	3,692	—	1,302
As of June 30, 2020	205,924	226,331	378,268	(88,613)	(14,385)	424

	Other components of equity						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	Total equity attributable to owners of the Company	Non-controlling interests	
As of January 1, 2020	(1,219)	(7,559)	(928)	(15,929)	735,672	1,528	737,200
Comprehensive income							
Net income (loss)	—	—	—	—	(27,485)	(339)	(27,824)
Other comprehensive income net of tax	2,370	1,559	8	(5,103)	(5,103)	349	(4,754)
Total comprehensive income	2,370	1,559	8	(5,103)	(32,588)	10	(32,578)
Transactions with owners							
Contributions by and distributions to owners							
Cash dividends paid	—	—	—	—	(6,103)	—	(6,103)
Reclassification from other components of equity to retained earnings	—	—	—	1,302	—	—	—
Disposal of treasury stock with the exercise of share options	—	—	—	—	0	—	0
Issuance of share acquisition rights	—	—	—	—	5,789	—	5,789
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Others	—	—	—	—	(596)	—	(596)
Total contributions by and distributions to owners	—	—	—	1,302	(910)	—	(910)
Changes in ownership interests in subsidiaries							
Issuance of stock	—	—	—	—	—	110	110
Acquisition or Disposal of non-controlling interests	—	—	—	—	—	18,742	18,742
Others	—	—	—	—	6	993	999
Total changes in ownership interests in subsidiaries	—	—	—	—	6	19,845	19,851
Total transactions with owners	—	—	—	1,302	(904)	19,845	18,941
As of June 30, 2020	1,151	(6,000)	(920)	(19,730)	702,180	21,383	723,563

(4) Consolidated Statements of Cash Flows (Summary)

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Cash flows from operating activities		
Income (loss) before income tax	110,254	(40,352)
Depreciation and amortization	48,964	70,089
Other loss (Income)	(91,449)	(5,278)
Decrease (Increase) in operating receivables	13,895	36,184
Decrease (Increase) in loans for credit card business	(59,851)	55,773
Increase (Decrease) in deposits for banking business	338,451	608,205
Net decrease (increase) in call loans for banking business	(15,000)	(5,000)
Decrease (Increase) in loans for banking business	(77,707)	(82,022)
Increase (Decrease) in operating payables	(49,804)	(67,902)
Decrease (Increase) in financial assets for securities business	13,259	(310,158)
Increase (Decrease) in financial liabilities for securities business	(99,816)	384,333
Others	(9,594)	(59,157)
Income tax paid	(15,459)	(12,009)
Net cash flows from (used in) operating activities	106,143	572,706
Cash flows from investing activities		
Increase in time deposits	(7,601)	(5,523)
Decrease in time deposits	7,621	7,743
Purchase of property, plant and equipment	(64,160)	(127,457)
Purchase of intangible assets	(39,249)	(49,553)
Acquisition of subsidiaries	(5,342)	(6,219)
Proceeds from sales of subsidiaries	—	60,976
Acquisition of investments in associates and joint ventures	(8,699)	(10,372)
Purchase of investment securities for banking business	(148,301)	(245,987)
Proceeds from sales and redemption of investment securities for banking business	128,766	250,901
Purchase of investment securities for insurance business	(45,032)	(58,296)
Proceeds from sales and redemption of investment securities for insurance business	91,359	36,005
Purchase of investment securities	(10,154)	(5,003)
Proceeds from sales and redemption of investment securities	11,856	23,553
Proceeds from sales and redemption of other financial assets	773	13,428
Other payments	(10,729)	(7,427)
Other proceeds	5,954	29,388
Net cash flows from (used in) investing activities	(92,938)	(93,843)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	85,483	128,930
Net increase (Decrease) in commercial papers	115,500	163,500
Proceeds from long-term debt	174,900	271,019
Repayment of long-term debt	(160,774)	(187,651)
Proceeds from issuance of bonds	79,480	—
Redemption of bonds	(20,000)	(40,000)
Repayment of leases	(7,128)	(15,386)
Cash dividends paid	(6,113)	(6,103)
Others	(3,152)	22,502
Net cash flows from (used in) financing activities	258,196	336,811
Effect of change in exchange rates on cash and cash equivalents	(4,717)	2,136
Net increase (decrease) in cash and cash equivalents	266,684	817,810
Cash and cash equivalents at the beginning of the period	990,242	1,478,557
Cash and cash equivalents at the end of the period	1,256,926	2,296,367

(5) Assumptions for going concern for the six months ended June 30, 2020

No items to report

(6) Notes to the summary of consolidated financial statements for the six months ended June 30, 2020

(Basis of presentation)

The Rakuten Group's summary of consolidated financial statements for the six months ended June 30, 2020 meets the requirements set out under Article 1-2 of the Rules on Terminology, Formats 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, 2019.

(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 six months ended June 30, 2020, as compared with the consolidated financial statements for the fiscal year ended December 31, 2019.

Rakuten International Commercial Bank Co.,Ltd. , which was jointly established with an non-group company, IBF Financial Holdings Co., Ltd., is included in the scope of consolidation during the three months ended June 30, 2020. In addition, OverDrive Holdings, Inc. is excluded from the scope of consolidation due to the transfer of its all shares.

(Significant accounting policies)

Significant accounting policies adopted by the Rakuten Group in this summary of consolidated financial statements for the six months ended June 30, 2020 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the six months ended June 30, 2020 are calculated based upon an estimated annual effective tax rate.

(Significant accounting estimates and judgments)

Preparation of the summary of consolidated financial statements under IFRS for the six months ended June 30, 2020 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, its 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 six months ended June 30, 2020 remain the same as those for the previous fiscal year. COVID-19, however, may cause uncertainty in some businesses of the Rakuten Group.

The uncertainties and deteriorating economic conditions caused by the COVID-19 epidemic—including sluggish consumer spending and increases in unemployment rate and bankruptcy of companies—are expected to continue into the autumn of this year. Although there has been no significant deterioration in collection of loans provided as part of credit card business until the end of the second quarter, the accounting estimate of allowance for doubtful accounts has been adjusted as necessary to prepare for deteriorating credit risk and possible incurrence of losses in light of the uncertainties described above.

However, the Rakuten Group provides more than 70 services in a wide range of fields, and the COVID-19 epidemic has not resulted in changes in accounting estimates and judgments that would have an overall material impact on this summary of consolidated financial statements at this time, except for the abovementioned accounting estimate for allowance for doubtful accounts related to the credit card business

loans. If uncertainty further increases, it could affect significant accounting estimates and judgments, such as the recoverability of goodwill, the recoverability of deferred tax assets, the impairment of debt instruments, and investments in affiliates.

(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 running various EC (e-commerce) sites including internet shopping mall Rakuten Ichiba, online cash-back sites, travel booking sites, portal sites and digital content sites, along with 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 and electronic money.

The “Mobile” segment comprises business operations engaged in communication and messaging services.

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; operating income in accordance with IFRS adjusted for unusual items and other adjustment items 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 stock-based compensation expenses and amortization of acquisition-related intangible assets.

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

Six months ended June 30, 2019 (January 1 to June 30, 2019)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	359,156	232,552	52,480	644,188
Segment Profit (Loss)	108,867	34,391	(18,925)	124,333

Six months ended June 30, 2020 (January 1 to June 30, 2020)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	392,826	281,761	82,883	757,470
Segment Profit (Loss)	(8,973)	41,082	(82,420)	(50,311)

Three months ended June 30, 2019 (April 1 to June 30, 2019)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	190,060	118,612	27,118	335,790
Segment Profit (Loss)	(1,824)	17,107	(12,241)	3,042

Three months ended June 30, 2020 (April 1 to June 30, 2020)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	202,148	141,723	43,650	387,521
Segment Profit (Loss)	(4,542)	21,256	(50,592)	(33,878)

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Segment Revenue	644,188	757,470
Intercompany transactions, etc.	(57,544)	(78,702)
Consolidated Revenue	586,644	678,768

(Millions of Yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Segment Revenue	335,790	387,521
Intercompany transactions, etc.	(29,440)	(40,196)
Consolidated Revenue	306,350	347,325

Reconciliation from Segment Profit to Income (Loss) Before Income Tax

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Segment profit (loss)	124,333	(50,311)
Intercompany transactions, etc.	(3,205)	(412)
Non-GAAP Operating income (loss)	121,128	(50,723)
Amortization of Intangible assets (PPA)	(4,626)	(5,302)
Share based compensation expenses	(4,607)	(5,622)
One-off items	—	40,926
Operating income (loss)	111,895	(20,721)
Financial income and expenses	(2,211)	(6,910)
Share of income (losses) of investments in associates and joint ventures	570	(12,721)
Income (loss) before income tax	110,254	(40,352)

One-off items of ¥40,926 million recorded during the six months ended June 30, 2020 was a gain on sale of shares in OverDrive Holdings, Inc.

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Segment profit (loss)	3,042	(33,878)
Intercompany transactions, etc.	109	1,291
Non-GAAP Operating income (loss)	3,151	(32,587)
Amortization of Intangible assets (PPA)	(2,270)	(2,668)
Share based compensation expenses	(2,648)	(2,338)
One-off items	—	40,926
Operating income (loss)	(1,767)	3,333
Financial income and expenses	(75)	(2,732)
Share of income (losses) of investments in associates and joint ventures	(342)	(5,103)
Income (loss) before income tax	(2,184)	(4,502)

One-off items of ¥40,926 million recorded during the three months ended June 30, 2020 was a gain on sale of shares in OverDrive Holdings, Inc.

(Breakdown of Operating Expenses)

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Advertising and promotion expenditures	108,981	111,485
Employee benefits expenses	100,215	115,656
Depreciation and amortization	48,963	70,089
Communication and maintenance expenses	14,709	17,448
Consignment and subcontract expenses	35,555	46,094
Allowance for doubtful accounts charged to expenses	19,789	23,789
Cost of sales of merchandise and service revenue	155,145	241,856
Interest expense for finance business	3,891	4,385
Commission expense for finance business	5,965	7,136
Insurance claims and other payments, and provision of policy reserves and others for insurance business	14,863	28,037
Others	71,593	64,835
Total	579,669	730,810

(Millions of Yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Advertising and promotion expenditures	56,785	58,151
Employee benefits expenses	51,269	57,642
Depreciation and amortization	25,226	36,520
Communication and maintenance expenses	7,700	8,841
Consignment and subcontract expenses	19,164	22,698
Allowance for doubtful accounts charged to expenses	10,057	13,011
Cost of sales of merchandise and service revenue	81,966	132,517
Interest expense for finance business	2,120	2,465
Commission expense for finance business	3,071	3,595
Insurance claims and other payments, and provision of policy reserves and others for insurance business	7,511	15,011
Others	37,943	29,244
Total	302,812	379,695

(Other Income)

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Foreign exchange gains	5,686	—
Gains on sales of subsidiaries (Note1)	—	40,926
Valuation gains on securities (Note2)	99,490	—
Others	2,139	3,985
Total	107,315	44,911

Note 1: A gain on sale of shares in OverDrive Holdings, Inc. of ¥40,926 million was recorded during the six months ended June 30, 2020.

Note 2: During the six months ended June 30, 2019, the Group recorded ¥87,446 million in valuation gains on securities related to investments in the ride-sharing business, and ¥7,823 million gains in the health care business.

(Millions of Yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Foreign exchange gains	6,063	—
Gains on sales of subsidiaries (Note)	—	40,926
Others	1,027	2,961
Total	7,090	43,887

Note: A gain on sale of shares in OverDrive Holdings, Inc. of ¥40,926 million was recorded during the three months ended June 30, 2020.

(Other Expenses)

(Millions of Yen)

	Six months ended June 30, 2019 (January 1 to June 30, 2019)	Six months ended June 30, 2020 (January 1 to June 30, 2020)
Foreign exchange losses	—	1,638
Loss on disposal of property, plant and equipment and intangible assets	667	507
Valuation losses on securities	—	7,651
Others	1,728	3,794
Total	2,395	13,590

(Millions of Yen)

	Three months ended June 30, 2019 (April 1 to June 30, 2019)	Three months ended June 30, 2020 (April 1 to June 30, 2020)
Foreign exchange losses	—	1,227
Valuation losses on securities (Note)	10,943	5,140
Loss on disposal of property, plant and equipment and intangible assets	431	391
Others	1,021	1,426
Total	12,395	8,184

Note: During the three months ended June 30, 2019, the Group recorded ¥20,212 million in valuation losses on securities related to investments in the ride-sharing business, and ¥7,823 million gains in the health care business.

(Notes on significant subsequent events)

No items to report.