

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, 2022

Rakuten Group, Inc.
August 10, 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 six months ended June 30, 2022 (January 1 – June 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	%
Six months ended June 30, 2022	893,598	12.6	(197,075)	—	(214,487)	—	(178,163)	—
Six months ended June 30, 2021	793,671	16.9	(100,889)	—	(95,518)	—	(77,948)	—

	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, 2022	(176,617)	—	(63,580)	—	(111.47)	(111.47)
Six months ended June 30, 2021	(77,082)	—	(33,750)	—	(52.30)	(52.30)

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 six months ended June 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 June 30, 2022	18,705,257	1,046,941	1,019,863	5.5
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)
 - 1,587,486,000 shares (As of June 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 June 30, 2022)
 - 234 shares (As of December 31, 2021)
3. Average number of shares during the period (cumulative from the beginning of the year)
 - 1,584,396,767 shares (January 1 – June 30, 2022)
 - 1,473,733,763 shares (January 1 – June 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 six months ended June 30, 2022 (Non-GAAP basis)

The world economy during the six months ended June 30, 2022 has been recovering, despite signs of a partial standstill. Looking ahead, 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 showed signs of recovery as the normalization of economic and social activities progressed.

As the spread of COVID-19 brings restrictions on going out and consumer behavior, 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 through economic sanctions imposed by various countries, 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 will work to further evolve the Rakuten Ecosystem and enhance the competitiveness of the Rakuten Group mainly by developing and promoting the use of services that leverage advanced technologies such as AI, virtualization networks, and data both online and offline based on membership and shared loyalty point programs.

In the Internet Services segment, factors including measures to improve customer convenience, such as the introduction of a common free shipping (shipping included) 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, a recovery in 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 six months ended June 30, 2022 due to an increase in telecommunication fee revenues and other factors.

As a result, the Rakuten Group recorded revenue of ¥893,598 million, up 12.6% year-on-year for the six months ended June 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 ¥177,391 million, compared to Non-GAAP operating loss of ¥91,124 million in the six months ended June 30, 2021.

(Non-GAAP)

(Millions of Yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY	% Change YoY
Revenue	793,671	893,598	99,927	12.6%
Non-GAAP operating loss	(91,124)	(177,391)	(86,267)	—%

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

For the six months ended June 30, 2022, amortization of intangible assets of ¥4,665 million and share based compensation expenses of ¥6,405 million were excluded from Non-GAAP operating income. One-off items of ¥8,614 million recorded during the six months ended June 30, 2022 were expenses associated with an increase in provision for customer points as a result of revisions in the Rakuten Point Terms of Use.

(Millions of Yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY
Non-GAAP operating loss	(91,124)	(177,391)	(86,267)
Amortization of intangible assets (PPA)	(4,334)	(4,665)	(331)
Share based compensation expenses	(5,431)	(6,405)	(974)
One-off items	—	(8,614)	(8,614)
IFRS operating loss	(100,889)	(197,075)	(96,186)

iii) Business Results for the six months ended June 30, 2022 (IFRS basis)

For the six months ended June 30, 2022, the Rakuten Group recorded revenue of ¥893,598 million, up 12.6% year-on-year, IFRS operating loss of ¥197,075 million, compared with IFRS operating loss of ¥100,889 million in the six months ended June 30, 2021, and net loss attributable to owners of the Company of ¥176,617 million, compared with net loss of ¥77,082 million in the six months ended June 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 six months ended June 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 six months ended June 30, 2022, (Share of Income of Investments in Associates and Joint ventures)”.

(IFRS)

(Millions of Yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY	% Change YoY
Revenue	793,671	893,598	99,927	12.6%
IFRS operating loss	(100,889)	(197,075)	(96,186)	—%
Net loss attributable to owners of the Company	(77,082)	(176,617)	(99,535)	—%

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 ¥2,350 million for the six months ended June 30, 2021, compared to those before the retrospective application. In addition, segment revenue and segment profit in the Internet Services segment decreased by ¥1,119 million for the second quarter ended June 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 (shipping included) 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 volume even compared with the six months ended June 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 volume compared to the six months ended June 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 six months ended June 30, 2021, the Group recorded ¥28,200 million in valuation gains on investment securities related to investments in FinTech-related companies in the investment business, which is a significant decrease compared to the same period of the previous fiscal year. 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 second quarter ended June 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 ¥505,699 million, a 9.8% year-on-year increase, while segment profit stood at ¥38,555 million, a 31.8% year-on-year decrease.

(Millions of Yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	460,461	505,699	45,238	9.8%
Segment profit	56,556	38,555	(18,001)	(31.8)%

FinTech

In credit card related services, Rakuten Card's membership base continued to expand after the cumulative total number of cards issued surpassed 26 million in April 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 of the same year, contributing to growth in shopping transaction volume. In banking services, we have kept working to expand our customer base, resulting in an increase in new acquisitions of bank

accounts and a total balance of deposits of ¥7.9 trillion as of June 30, 2022. In securities services, the total number of cash management accounts reached 8 million in June 2022.

As a result, the FinTech segment recorded ¥320,850 million in revenue, a 5.3% year-on-year increase, while segment profit stood at ¥49,212 million, a 4.5% year-on-year increase.

(Millions of Yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	304,725	320,850	16,125	5.3%
Segment profit	47,074	49,212	2,138	4.5%

Mobile

In mobile services in Japan, an increase in the number of users who have started to pay telecommunication charges, along with the gradual expiration of a campaign offering free telecommunication charges, contributed to an increase in revenue. In May 2022, the Company also announced a new pricing plan, Rakuten UN-LIMIT VII. In April of the same year, 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 ¥164,983 million, a 53.8% year-on-year increase, but segment losses reached ¥259,328 million, compared to losses of ¥197,282 million in the six months ended June 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)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Amount Change YoY	% Change YoY
Segment revenue	107,267	164,983	57,716	53.8%
Segment loss	(197,282)	(259,328)	(62,046)	—%

(2) Analysis Concerning Financial Position

i) Assets, Liabilities, and Equity

Assets

Total assets as of June 30, 2022 amounted to ¥18,705,257 million, an increase of ¥1,874,036 million from ¥16,831,221 million at the end of the previous fiscal year. The primary factors were an increase of ¥621,313 million in loans for banking business, an increase of ¥365,708 million in investment securities for banking business, an increase of ¥344,160 million in other financial assets, and an increase of ¥187,293 million in property, plant and equipment.

Liabilities

Total liabilities as of June 30, 2022 amounted to ¥17,658,316 million, an increase of ¥1,944,385 million from ¥15,713,931 million at the end of the previous fiscal year. The primary factors include an increase of ¥857,584 million in deposits for banking business and an increase of ¥667,286 million in borrowings for banking business.

Equity

Total equity as of June 30, 2022 was ¥1,046,941 million, a decrease of ¥70,349 million from ¥1,117,290 million at the end of the previous fiscal year. The primary factors include an increase of ¥113,444 million in other components of equity due to the depreciation of Japanese yen, offset by a decrease of ¥193,893 million in retained earnings due mainly to the recording of ¥176,617 million in net loss attributable to owners of the Company during the six months ended June 30, 2022.

ii) Cash Flows

Cash and cash equivalents as of June 30, 2022 stood at ¥4,396,577 million, a decrease of ¥13,724 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the six months ended June 30, 2022 are as follows.

Cash Flows from Operating Activities

Net cash flows from operating activities for the six months ended June 30, 2022 resulted in a cash outflow of ¥231,058 million (compared with a cash inflow of ¥242,530 million for the same period of the previous fiscal year). Main factors included a cash inflow of ¥851,491 million due to an increase in deposits for banking business, offset by a cash outflow of ¥621,131 million due to an increase in loans for banking business, a cash outflow of ¥289,651 million due to an increase in receivables under securities borrowing transactions, and a cash outflow of ¥152,011 million due to an increase in financial assets for securities business.

Cash Flows from Investing Activities

Cash flows from investing activities for the six months ended June 30, 2022 resulted in a cash outflow of ¥645,532 million (compared with a cash outflow of ¥279,282 million for the same period of the previous fiscal year). Main factors included a net cash outflow of ¥366,368 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥971,210 million due to purchases and a cash inflow of ¥604,842 million from sales and redemption), a cash outflow of ¥164,816 million due to purchases of property, plant and equipment, and a cash outflow of ¥73,707 million due to purchases of intangible assets.

Cash Flows from Financing Activities

Cash flows from financing activities for the six months ended June 30, 2022 resulted in a cash inflow of ¥845,412 million (compared with a cash inflow of ¥702,222 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥288,200 million in net decrease in short-term borrowings for banking business, offset by a cash inflow of ¥982,400 million due to proceeds from long-term borrowings for banking business and a cash inflow of ¥179,160 million due to proceeds from long-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., while recovery is expected thanks to the lifting of restrictions on going out, revenue and profit may decline depending on future impact of COVID-19. 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 in tandem with an increase in new subscribers and the termination of the campaigns offering free telecommunications charges among existing users. 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 charges peaked in the three months ended March 31, 2022, have begun to decline, and are expected to be reduced further going forward due to the progress in switching our service provision from the areas covered under our partner's network to the areas covered under our own network.

2. Consolidated Financial Statements (Summary) and Notes

(1) Consolidated Statements of Financial Position (Summary)

(Millions of Yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Cash and cash equivalents	4,410,301	4,396,577
Accounts receivable – trade	307,821	279,574
Financial assets for securities business	3,088,544	3,241,307
Loans for credit card business	2,388,448	2,370,800
Investment securities for banking business	459,104	824,812
Loans for banking business	2,528,795	3,150,108
Investment securities for insurance business	290,455	287,555
Derivative assets	45,056	181,121
Investment securities	281,179	194,471
Other financial assets	642,650	986,810
Investments in associates and joint ventures	68,991	74,416
Property, plant and equipment	975,362	1,162,655
Intangible assets	858,997	984,232
Deferred tax assets	225,100	276,721
Other assets	260,418	294,098
Total assets	16,831,221	18,705,257
Liabilities		
Accounts payable – trade	392,455	351,774
Deposits for banking business	6,848,370	7,705,954
Financial liabilities for securities business	3,032,996	3,272,624
Derivative liabilities	24,825	27,880
Bonds and borrowings	2,296,612	2,537,021
Borrowings for banking business	1,106,300	1,773,586
Other financial liabilities	1,415,368	1,418,352
Income tax payable	13,499	9,570
Provisions	198,263	207,980
Insurance business policy reserves	247,911	221,725
Employee retirement benefit liabilities	29,752	33,350
Deferred tax liabilities	2,488	3,500
Other liabilities	105,092	95,000
Total liabilities	15,713,931	17,658,316
Equity		
Equity attributable to owners of the Company		
Common stock	289,674	292,615
Capital surplus	311,970	315,622
Other equity instruments	317,316	317,316
Retained earnings	142,671	(51,222)
Treasury stock	(0)	(0)
Other components of equity	32,088	145,532
Total equity attributable to owners of the Company	1,093,719	1,019,863
Non-controlling interests	23,571	27,078
Total equity	1,117,290	1,046,941
Total liabilities and equity	16,831,221	18,705,257

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

Consolidated Statements of Income (Summary)
(For the six months ended June 30, 2021 and 2022)

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Continuing Operations		
Revenue	793,671	893,598
Operating expenses	924,409	1,078,886
Other income	36,386	5,924
Other expenses	6,537	17,711
Operating loss	(100,889)	(197,075)
Financial income	53,005	119,885
Financial expenses	58,690	134,528
Share of income (losses) of investments in associates and joint ventures	11,056	(2,769)
Loss before income tax	(95,518)	(214,487)
Income tax benefit	(17,570)	(36,324)
Net loss	(77,948)	(178,163)
Net loss attributable to:		
Owners of the Company	(77,082)	(176,617)
Non-controlling interests	(866)	(1,546)
Net loss	(77,948)	(178,163)
(Yen)		
Losses per share attributable to owners of the Company		
Basic	(52.30)	(111.47)
Diluted	(52.30)	(111.47)

Consolidated Statements of Income (Summary) (Continued)
(For the three months ended June 30, 2021 and 2022)

(Millions of Yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Continuing Operations		
Revenue	402,158	456,471
Operating expenses	466,330	537,614
Other income	3,078	4,625
Other expenses	2,455	7,953
Operating loss	(63,549)	(84,471)
Financial income	9,726	103,995
Financial expenses	17,292	113,180
Share of income (losses) of investments in associates and joint ventures	7,226	(2,150)
Loss before income tax	(63,889)	(95,806)
Income tax benefit	(23,167)	(9,738)
Net loss	(40,722)	(86,068)
Net loss attributable to:		
Owners of the Company	(40,295)	(85,205)
Non-controlling interests	(427)	(863)
Net loss	(40,722)	(86,068)
(Yen)		
Losses per share attributable to owners of the Company		
Basic	(25.55)	(53.72)
Diluted	(25.55)	(53.72)

Consolidated Statements of Comprehensive Income (Summary)

(For the six months ended June 30, 2021 and 2022)

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Net loss	(77,948)	(178,163)
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	(899)	(2,216)
Income tax effect of gains and losses on equity instruments measured at fair value through other comprehensive income	(411)	756
Remeasurement of insurance business policy reserves based on current market interest rates	367	1,702
Income tax effect of remeasurement of insurance business policy reserves based on current market interest rates	(103)	(475)
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	0	(29)
Total items that will not be reclassified to net income	(1,047)	(247)
Items that may be reclassified to net income		
Foreign currency translation adjustments	42,883	119,573
Reclassification of foreign currency translation adjustments due to disposal of foreign operating businesses	—	(201)
Gains and losses on debt instruments measured at fair value through other comprehensive income	(600)	(11,579)
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	(7)	7
Losses on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(98)	(22)
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	189	3,207
Gains on cash flow hedges recognized in other comprehensive income	4,568	13,064
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	(1,374)	(3,871)
Losses on cash flow hedges reclassified from other comprehensive income to net income	(5,237)	(16,469)
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	1,602	4,941
Other comprehensive income of investments in associates and joint ventures	3,319	6,180
Total items that may be reclassified to net income	45,245	114,830
Other comprehensive income, net of tax	44,198	114,583
Comprehensive income	(33,750)	(63,580)
Comprehensive income attributable to:		
Owners of the Company	(34,327)	(63,858)
Non-controlling interests	577	278
Comprehensive income	(33,750)	(63,580)

Consolidated Statements of Comprehensive Income (Summary) (Continued)
(For the three months ended June 30, 2021 and 2022)

(Millions of Yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Net loss	(40,722)	(86,068)
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	(1,208)	(2,418)
Income tax effect of gains and losses on equity instruments measured at fair value through other comprehensive income	892	631
Remeasurement of insurance business policy reserves based on current market interest rates	1	743
Income tax effect of remeasurement of insurance business policy reserves based on current market interest rates	100	(208)
Remeasurement of defined benefit plans	(0)	(4)
Income tax effect of remeasurement of defined benefit plans	(1)	2
Other comprehensive income of investments in associates and joint ventures	2	1
Total items that will not be reclassified to net income	(214)	(1,253)
Items that may be reclassified to net income		
Foreign currency translation adjustments	3,551	83,150
Reclassification of foreign currency translation adjustments due to disposal of foreign operating businesses	—	(201)
Gains and losses on debt instruments measured at fair value through other comprehensive income	946	(3,887)
Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income	(9)	6
Losses on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income	(55)	(3)
Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income	(264)	990
Gains (Losses) on cash flow hedges recognized in other comprehensive income	(448)	9,072
Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income	95	(2,692)
Gains (Losses) on cash flow hedges reclassified from other comprehensive income to net income	128	(10,684)
Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income	101	3,242
Other comprehensive income of investments in associates and joint ventures	431	4,194
Total items that may be reclassified to net income	4,476	83,187
Other comprehensive income, net of tax	4,262	81,934
Comprehensive income	(36,460)	(4,134)
Comprehensive income attributable to:		
Owners of the Company	(36,415)	(4,700)
Non-controlling interests	(45)	566
Comprehensive income	(36,460)	(4,134)

(3) Consolidated Statements 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	—	—	—	(77,082)	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	44,764	(1,832)
Total comprehensive income	—	—	—	(77,082)	—	44,764	(1,832)
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	—	—	—	874	—	—	(874)
Acquisition of treasury stock	—	—	—	—	(0)	—	—
Disposal of treasury stock	—	(2,412)	—	—	84,759	—	—
Issuance of shares with the exercise of share options	1,988	(1,988)	—	—	—	—	—
Disposal of treasury stock with the exercise of share options	—	(182)	—	—	182	—	—
Issuance of share acquisition rights	—	5,850	—	—	—	—	—
Forfeiture of share acquisition rights	—	(67)	—	67	—	—	—
Others	—	810	—	(709)	—	—	—
Total contributions by and distributions to owners	81,988	81,058	317,316	(5,899)	84,941	—	(874)
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners etc.	81,988	81,058	317,316	(5,899)	84,941	—	(874)
As of June 30, 2021	287,912	308,902	317,316	207,468	(0)	22,066	(3,936)

(3) Consolidated Statements 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	—	—	—	—	(77,082)	(866)	(77,948)
Other comprehensive income, net of tax	(441)	264	0	42,755	42,755	1,443	44,198
Total comprehensive income	(441)	264	0	42,755	(34,327)	577	(33,750)
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	—	—	—	(874)	—	—	—
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	—	—	—	—	5,850	—	5,850
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Others	—	—	—	—	101	—	101
Total contributions by and distributions to owners	—	—	—	(874)	558,530	—	558,530
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	1,662	1,662
Others	—	—	—	—	—	—	—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	1,662	1,662
Total transactions with owners etc.	—	—	—	(874)	558,530	1,662	560,192
As of June 30, 2021	498	(5,362)	(1,923)	11,343	1,132,941	22,515	1,155,456

(3) Consolidated Statements 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	—	—	—	(176,617)	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	123,545	(9,693)
Total comprehensive income	—	—	—	(176,617)	—	123,545	(9,693)
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	—	—	—	(685)	—	—	685
Acquisition of treasury stock	—	—	—	—	(0)	—	—
Disposal of treasury stock	—	—	—	—	—	—	—
Issuance of shares with the exercise of share options	2,941	(2,941)	—	—	—	—	—
Disposal of treasury stock with the exercise of share options	—	—	—	—	—	—	—
Issuance of share acquisition rights	—	6,714	—	—	—	—	—
Forfeiture of share acquisition rights	—	(121)	—	121	—	—	—
Others	—	—	—	(218)	—	—	—
Total contributions by and distributions to owners	2,941	3,652	—	(16,974)	(0)	—	685
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	—	—
Others	—	(0)	—	(302)	—	—	—
Total changes in ownership interests in subsidiaries	—	(0)	—	(302)	—	—	—
Total transactions with owners etc.	2,941	3,652	—	(17,276)	(0)	—	685
As of June 30, 2022	292,615	315,622	317,316	(51,222)	(0)	168,870	(13,674)

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

(Millions of Yen)

	Other components of equity			Total 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				
As of January 1, 2022	(257)	(5,243)	(3,071)	32,088	1,093,719	23,571	1,117,290
Comprehensive income							
Net loss	—	—	—	—	(176,617)	(1,546)	(178,163)
Other comprehensive income, net of tax	(2,336)	1,228	15	112,759	112,759	1,824	114,583
Total comprehensive income	(2,336)	1,228	15	112,759	(63,858)	278	(63,580)
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	—	—	—	685	—	—	—
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	—	—	—	—	6,714	—	6,714
Forfeiture of share acquisition rights	—	—	—	—	—	—	—
Others	—	—	—	—	(218)	—	(218)
Total contributions by and distributions to owners	—	—	—	685	(9,696)	—	(9,696)
Changes in ownership interests in subsidiaries							
Issuance of shares	—	—	—	—	—	3,361	3,361
Others	—	—	—	—	(302)	(132)	(434)
Total changes in ownership interests in subsidiaries	—	—	—	—	(302)	3,229	2,927
Total transactions with owners etc.	—	—	—	685	(9,998)	3,229	(6,769)
As of June 30, 2022	(2,593)	(4,015)	(3,056)	145,532	1,019,863	27,078	1,046,941

(4) Consolidated Statements of Cash Flows (Summary)

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Cash flows from operating activities		
Loss before income tax	(95,518)	(214,487)
Depreciation and amortization	93,256	124,451
Other loss (income)	(83,692)	110,999
Decrease (Increase) in operating receivables	39,568	57,252
Decrease (Increase) in loans for credit card business	39,499	18,522
Increase (Decrease) in deposits for banking business	963,093	851,491
Net decrease (increase) in call loans for banking business	(3,812)	(19,995)
Decrease (Increase) in loans for banking business	(674,329)	(621,131)
Decrease (Increase) in receivables under securities borrowing transactions	(57,956)	(289,651)
Increase (Decrease) in operating payables	(74,462)	(53,507)
Decrease (Increase) in financial assets for securities business	(243,794)	(152,011)
Increase (Decrease) in financial liabilities for securities business	314,421	238,839
Increase and decrease in derivative assets and liabilities	40,049	(116,671)
Others	(18,699)	(153,745)
Income tax refund (paid)	4,906	(11,414)
Net cash flows from operating activities	242,530	(231,058)
Cash flows from investing activities		
Payments in time deposits	(6,400)	(8,180)
Proceeds from time deposits	5,309	6,094
Purchases of property, plant and equipment	(151,832)	(164,816)
Purchases of intangible assets	(51,717)	(73,707)
Acquisitions of subsidiaries	(543)	(24,279)
Acquisitions of investments in associates and joint ventures	(12,439)	(1,792)
Purchases of investment securities for banking business	(294,988)	(971,210)
Proceeds from sales and redemption of investment securities for banking business	212,186	604,842
Purchases of investment securities for insurance business	(5,011)	(36,859)
Proceeds from sales and redemption of investment securities for insurance business	10,717	35,896
Purchases of investment securities	(8,801)	(5,268)
Proceeds from sales and redemption of investment securities	29,483	2,868
Other payments	(10,261)	(14,648)
Other proceeds	5,015	5,527
Net cash flows from investing activities	(279,282)	(645,532)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(35,941)	(29,460)
Net increase (decrease) in commercial papers	30,000	89,500
Proceeds from long-term borrowings	102,874	179,160
Repayments of long-term borrowings	(94,322)	(125,640)
Proceeds from issuance of bonds	—	148,868
Redemptions of bonds	(10,000)	(40,000)
Net increase (decrease) in short-term borrowings for banking business	23,000	(288,200)
Proceeds from long-term borrowings for banking business	151,400	982,400
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	(22,443)	(27,239)

(4) Consolidated Statements of Cash Flows (Summary) (Continued)

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Cash dividends paid	(6,131)	(7,118)
Others	6,683	419
Net cash flows from financing activities	702,222	845,412
Effect of change in exchange rates on cash and cash equivalents	11,862	17,454
Net increase (decrease) in cash and cash equivalents	677,332	(13,724)
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	3,698,638	4,396,577

(5) Assumptions for Going Concern for the six months ended June 30, 2022

No items to report.

(6) Notes to the Summary of Consolidated Financial Statements for the six months ended June 30, 2022

(Basis of Presentation)

The Rakuten Group's summary of consolidated financial statements for the six months ended June 30, 2022 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, 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 six months ended June 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.

Robin Systems, Inc. has been included in the scope of consolidation due to the acquisition of its additional 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 six months ended June 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 six months ended June 30, 2022 are calculated based upon an estimated annual effective tax rate.

Changes in Presentation Methods

(Notes to the Consolidated Statements 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 order to reflect this change in presentation method, 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 Statements of Financial Position for the previous fiscal year has been reclassified as "bonds and borrowings" of ¥2,296,612 million and "borrowings for banking business" of ¥1,106,300 million.

(Notes to the Consolidated Statements 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 order to reflect this change in presentation method, the corresponding amounts from the Consolidated Financial Statements (Summary) for the six months ended June 30, 2021 have been reclassified.

As a result, ¥12,941 million presented as "net increase (decrease) in short-term borrowings" in the Consolidated Statements of Cash Flows (Summary) for the six months ended June 30, 2021 has been

reclassified as "net increase (decrease) in short-term borrowings" of ¥35,941 million and "net increase (decrease) in short-term borrowings for banking business" of ¥23,000 million. In addition, ¥254,274 million presented as "proceeds from long-term borrowings" has been reclassified as "proceeds from long-term borrowings" of ¥102,874 million and "proceeds from long-term borrowings for banking business" of ¥151,400 million.

(Significant Accounting Estimates and Judgments)

Preparation of the summary of consolidated financial statements under IFRS for the six months ended June 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 six months ended June 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 ¥2,350 million for the six months ended June 30, 2021, compared to those before the retrospective application. In addition, segment revenue and segment profit in the Internet Services segment decreased by ¥1,119 million for the second quarter ended June 30, 2021. This change has no impact on consolidated revenue, Non-GAAP operating loss, or operating loss.

Six months ended June 30, 2021 (January 1 to June 30, 2021)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	460,461	304,725	107,267	872,453
Segment profit (loss)	56,556	47,074	(197,282)	(93,652)

Six months ended June 30, 2022 (January 1 to June 30, 2022)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	505,699	320,850	164,983	991,532
Segment profit (loss)	38,555	49,212	(259,328)	(171,561)

Three months ended June 30, 2021 (April 1 to June 30, 2021)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	236,749	153,153	51,462	441,364
Segment profit (loss)	16,228	22,524	(99,686)	(60,934)

Three months ended June 30, 2022 (April 1 to June 30, 2022)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	259,916	162,727	84,630	507,273
Segment profit (loss)	21,537	26,452	(124,282)	(76,293)

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Segment revenue	872,453	991,532
Intercompany transactions, etc.	(78,782)	(97,934)
Consolidated revenue	793,671	893,598

(Millions of Yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Segment revenue	441,364	507,273
Intercompany transactions, etc.	(39,206)	(50,802)
Consolidated revenue	402,158	456,471

Reconciliation from Segment Loss to Loss Before Income Tax

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Segment loss	(93,652)	(171,561)
Intercompany transactions, etc.	2,528	(5,830)
Non-GAAP operating loss	(91,124)	(177,391)
Amortization of intangible assets	(4,334)	(4,665)
Share based compensation expenses	(5,431)	(6,405)
One-off items (Note 1)	—	(8,614)
Operating loss	(100,889)	(197,075)
Financial income and expenses	(5,685)	(14,643)
Share of income (losses) of investments in associates and joint ventures (Note 2)	11,056	(2,769)
Loss before income tax (Note 2)	(95,518)	(214,487)

Note 1: One-off items of ¥8,614 million recorded during the six months ended June 30, 2022 were expenses associated with an increase in provision for customer points as a result of revisions in the Rakuten Point Terms of Use.

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 six months ended June 30, 2021. For further details, please refer to (Share of Income of Investments in Associates and Joint ventures).

(Millions of Yen)

	Three months ended June 30, 2021 (April 1 to June 30, 2021)	Three months ended June 30, 2022 (April 1 to June 30, 2022)
Segment loss	(60,934)	(76,293)
Intercompany transactions, etc.	1,395	(2,787)
Non-GAAP operating loss	(59,539)	(79,080)
Amortization of intangible assets	(1,744)	(2,445)
Share based compensation expenses	(2,266)	(2,946)
Operating loss	(63,549)	(84,471)
Financial income and expenses	(7,566)	(9,185)
Share of losses of investments in associates and joint ventures	7,226	(2,150)
Loss before income tax	(63,889)	(95,806)

(Breakdown of Operating Expenses)

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Advertising and promotion expenditures	158,333	176,029
Employee benefits expenses	130,184	161,574
Depreciation and amortization	93,256	124,451
Communication and maintenance expenses	27,535	35,099
Consignment and subcontract expenses	50,779	84,969
Allowance for doubtful accounts charged to expenses	18,599	15,752
Cost of sales of merchandise and services rendered	322,611	346,070
Interest expense for finance business	6,103	7,459
Commission fee expense for finance business	8,553	11,238
Insurance claims and other payments, and provision of insurance business policy reserves	26,509	22,914
Others	81,947	93,331
Total	924,409	1,078,886

(Other Income and Other Expenses)

(1) Breakdown of Other Income

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Gains on valuation of investment securities (Note)	32,693	1,992
Others	3,693	3,932
Total	36,386	5,924

Note: Valuation gains on investment securities related to investments in FinTech-related companies in the investment business of ¥28,200 million were recorded during the six months ended June 30, 2021.

(2) Breakdown of Other Expenses

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Foreign exchange losses	697	6,519
Losses on disposal of property, plant and equipment and intangible assets	584	978
Impairment losses	2,377	5,109
Others	2,879	5,105
Total	6,537	17,711

(Financial Income and Financial Expenses)

(1) Breakdown of Financial Income

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Gains on valuation of derivatives (Note 1)	63	119,576
Gains on valuation of investment securities (Note 2)	52,629	—
Others	313	309
Total	53,005	119,885

Note 1: Gains on valuation of derivatives from the collar contract for prepaid variable share forward transactions of shares of Lyft, Inc. of ¥97,021 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥22,555 million were recorded during the six months ended June 30, 2022.

Note 2: Gains on valuation of investment securities to an investment in Lyft, Inc. of ¥51,794 million were recorded during the six months ended June 30, 2021.

(2) Breakdown of Financial Expenses

(Millions of Yen)

	Six months ended June 30, 2021 (January 1 to June 30, 2021)	Six months ended June 30, 2022 (January 1 to June 30, 2022)
Interest expenses (Note 1)	8,810	11,807
Losses on valuation of derivatives (Note 2)	43,592	145
Losses on valuation of investment securities (Note 3)	—	99,377
Foreign exchange losses (Note 4)	5,688	22,178
Others	600	1,021
Total	58,690	134,528

Note 1: Interest expenses incurred from financial liabilities measured at amortized cost and relating to prepaid variable share forward transactions of shares in Lyft, Inc. to the amount of ¥276 million and ¥443 million respectively were recorded during the six months ended June 30, 2021 and the six months ended June 30, 2022.

Note 2: Losses on valuation of derivatives from the collar contract for prepaid variable share forward transactions of shares of Lyft, Inc. of ¥40,654 million were recorded during the six months ended June 30, 2021.

Note 3: Losses on valuation of investment securities for an investment in Lyft, Inc. of ¥98,120 million were recorded during the six months ended June 30, 2022.

Note 4: Foreign exchange losses incurred from liabilities related to financing under prepaid variable share forward transactions of shares of Lyft, Inc. of ¥5,688 million and ¥22,178 million were recorded during the six months ended June 30, 2021 and the six months ended June 30, 2022, respectively.

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

In the Consolidated Statements of Income (Summary) for the six months ended June 30, 2021, the Rakuten Group recorded income of ¥24,810 million in share of income of investments in associates and joint ventures, mainly including a gain of ¥20,663 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 ¥11,056 million, a decrease of ¥13,754 million for the six months ended June 30, 2021.

(Notes on Significant Subsequent Events)

No items to report.