

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 three months ended March 31, 2024

Rakuten Group, Inc.
May 14, 2024

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) Director and Group Executive Vice President 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 three months ended March 31, 2024 (January 1 - March 31, 2024)

(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	%
Three months ended March 31, 2024	513,624	8.0	(33,272)	—	(28,469)	—	(35,841)	—
Three months ended March 31, 2023	475,635	9.3	(76,194)	—	(79,403)	—	(82,620)	—

	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
Three months ended March 31, 2024	(42,394)	—	18,897	—	(19.78)	(19.78)
Three months ended March 31, 2023	(82,567)	—	(66,234)	—	(51.88)	(52.08)

(Reference) Other important management indicators

	EBITDA *	
	Millions of Yen	%
Three months ended March 31, 2024	52,766	—
Three months ended March 31, 2023	3,500	—

* Calculated by adding depreciation and amortization expenses, etc. to Non-GAAP operating income. We believe that EBITDA is a useful indicator for evaluating the cash flow generation ability of the Rakuten Group's business activities. For more information on Non-GAAP operating income, please see page 4, "1. Qualitative Information, Financial Statements, etc. (1) Qualitative Information Concerning Consolidated Business Results".

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Consolidated equity ratio *	Ratio of total equity attributable to owners of the Company to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%	%
As of March 31, 2024	23,851,066	1,111,833	852,580	4.7	3.6
As of December 31, 2023	22,625,576	1,087,723	836,572	4.8	3.7

* Calculated by dividing total equity by total assets. As the banking business and securities business account for a large proportion of the Rakuten Group's total assets, we believe that using total capital that incorporates non-controlling interests in these businesses is useful in understanding the Rakuten Group's financial position.

2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Year
	Yen	Yen	Yen	Yen	Yen
FY2023	—	0.00	—	0.00	0.00
FY2024	—	—	—	—	—
FY2024 (Forecast)	—	—	—	—	—

Note: Dividend per share for the fiscal year ending December 31, 2024 has not been decided yet, and there are no changes to the previously disclosed dividend forecast.

3. Estimate of Consolidated Operating Results for the fiscal year 2024 (January 1 to December 31, 2024)

For the estimate of consolidated operating results for the fiscal year 2024, double-digit growth on consolidated operating results for the fiscal year 2023 is estimated for the fiscal year 2024 consolidated revenue, excluding the securities business whose results are heavily impacted by stock market conditions. (For details, please see page 9, "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, 2024.

Notes

(1) Changes in Significant Subsidiaries for 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 required by IFRS: Yes
2. Changes in accounting policies due to other reasons: No
3. Changes in accounting estimates: No

Note: For details, please see page 16, "2. Condensed Quarterly Consolidated Financial Statements and Notes, (6) Notes to the Condensed Quarterly Consolidated Financial Statements (Material Accounting Policies)".

(3) Number of Shares Issued (Common Stock)

1. Total number of shares issued at the end of the period (including treasury stocks)
2,144,284,500 shares (As of March 31, 2024)
2,142,140,300 shares (As of December 31, 2023)
2. Number of treasury stocks at the end of the period
2,411 shares (As of March 31, 2024)
384 shares (As of December 31, 2023)
3. Average number of shares for the period (cumulative from the beginning of the year)
2,143,163,360 shares (January 1 - March 31, 2024)
1,591,350,897 shares (January 1 - March 31, 2023)

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, 2024 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 should 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 three months ended March 31, 2024 (Non-GAAP basis)

For the three months ended March 31, 2024, the global economy has been recovering, although weakness has been observed in some regions, and attention should be paid to the increased downside risks due to the impact of global financial tightening and other factors. For the Japanese economy, although there has been a stagnation in the recovery of personal consumption, a gradual economic recovery is expected.

According to the "White Paper on Information and Communications in Japan" (Note), data traffic on networks in Japan has been increasing dramatically along with the advancement and diversification of communication infrastructure and digital services. After the spread of the COVID-19 pandemic, the progress of digitalization enabling non-contact and remote living has led to a significant increase in data traffic, especially through mobile devices, and further growth is expected in the future.

Under such an environment, the Rakuten Group is actively developing and deploying services utilizing advanced technologies such as data from both online and offline sources based on membership and common point programs, improving network quality in mobile services, and acquiring users. Furthermore, by further evolving and expanding the Rakuten Ecosystem, we aim to enhance its competitiveness and develop and provide solution services that are uniquely possible due to the accumulation of unique data assets through various services such as internet services, FinTech, and mobile, thereby evolving into an "AI Empowerment Company" and aiming to make people's lives more convenient and prosperous.

In the Internet Services segment, we focused on developing services that aim for further growth in total distribution amount and revenue, acquiring new customers, promoting cross-use, and deepening collaboration with local governments and regional businesses to revitalize the regional economy. In FinTech segment, efforts to expand customer base and transaction value in each service resulted in further growth in sales and improvement in segment profit. In Mobile segment, in addition to the increase in revenue compared to the three months ended March 31, 2023, due to the improvement in network quality and the increase in the number of subscribers, segment losses have been steadily decreasing, supported by ongoing cost reduction efforts.

As a result, the Rakuten Group recorded revenue of ¥513,624 million, up 8.0% year-on-year for the three months ended March 31, 2024, and a Non-GAAP operating loss of ¥25,449 million, compared to a Non-GAAP operating loss of ¥68,968 million in the three months ended March 31, 2023.

Note: Source: "2023 White Paper on Information and Communications in Japan" (Ministry of Internal Affairs and Communications).

(Non-GAAP)

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY	% Change YoY
Revenue	475,635	513,624	37,989	8.0%
Non-GAAP operating loss	(68,968)	(25,449)	43,519	—%

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

For the three months ended March 31, 2024, amortization of intangible assets of ¥1,833 million and share based compensation expenses of ¥3,764 million were excluded from Non-GAAP operating income. One-off items listed for the three months ended March 31, 2023 include fees paid to external experts and others such as legal fees related to fraudulent acts committed in collusion by former employees of a subsidiary and suppliers, which came to light in the fiscal year ended December 31, 2022. One-off items listed for the three months ended March 31, 2024 include maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million and a loss on disposal of intangible assets for a part of the life and general insurance integrated core system of ¥1,174 million, etc. Moreover, these expenses are mainly recorded in other expenses of the Condensed Quarterly Consolidated Statement of Income.

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY
Non-GAAP operating loss	(68,968)	(25,449)	43,519
Amortization of intangible assets	(2,099)	(1,833)	266
Share based compensation expenses	(4,115)	(3,764)	351
One-off items	(1,012)	(2,226)	(1,214)
IFRS operating loss	(76,194)	(33,272)	42,922

iii) Business Results for the three months ended March 31, 2024 (IFRS basis)

For the three months ended March 31, 2024, the Rakuten Group recorded revenue of ¥513,624 million, up 8.0% year-on-year, and an IFRS operating loss of ¥33,272 million, compared with an IFRS operating loss of ¥76,194 million in the three months ended March 31, 2023, and a net loss attributable to owners of the Company of ¥42,394 million, compared with a net loss of ¥82,567 million in the three months ended March 31, 2023.

(IFRS)

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY	% Change YoY
Revenue	475,635	513,624	37,989	8.0%
IFRS operating loss	(76,194)	(33,272)	42,922	—%
Net loss attributable to owners of the Company	(82,567)	(42,394)	40,173	—%

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 growth rate of total transaction value slowed down compared to the three months ended March 31, 2023, due to the impact of changes in marketing strategies aimed at improving profitability. However, operating profit increased. In the internet shopping mall "Rakuten Ichiba" and the travel reservation service "Rakuten Travel", customer retention continued due to various measures aimed at improving customer convenience and satisfaction.

In other Internet Services including overseas internet services, strong sales growth continued in the US cashback service "Rakuten Rewards". In the mobile messaging and VoIP services "Viber", the e-book service "Kobo", and the video streaming service "Viki" within the overseas content business, the number of users increased, resulting in steady performance improvement and contributing to the expansion of segment profit.

As a result, revenue for the Internet Services segment rose to ¥285,703 million, a 5.4% year-on-year increase, while segment profit stood at ¥13,600 million, a 14.8% year-on-year increase.

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY	% Change YoY
Segment revenue	271,138	285,703	14,565	5.4%
Segment profit	11,851	13,600	1,749	14.8%

FinTech

In FinTech, we achieved increased revenue and profit in credit card-related services, banking services, and securities services etc. In credit card-related services, the cumulative issuance of "Rakuten Card" reached 30 million cards in December 2023, demonstrating strong growth. In cashless payment services, transaction value significantly expanded through efforts to increase the number of users by enhancing the availability of payment at various locations and scenes. In banking services, deposit balances reached 10 trillion yen at the end of December 2023, and the number of deposit accounts reached 15 million in February 2024. In securities services, the total number of general accounts reached 11 million in April 2024, further expanding the customer base.

As a result, the FinTech segment recorded ¥193,458 million in revenue, a 15.1% year-on-year increase, while segment profit stood at ¥39,278 million, a 47.4% year-on-year increase.

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY	% Change YoY
Segment revenue	168,025	193,458	25,433	15.1%
Segment profit	26,640	39,278	12,638	47.4%

Mobile

In Mobile, we continue to make efforts to improve network quality while promoting the convenience and benefits of Rakuten Mobile users within the Rakuten Ecosystem. In addition to surpassing 6.5 million contract lines (combined B2C and B2B for MNO) in April 2024, both B2C and B2B ARPU also increased, resulting in a steady increase in communication revenue. Since spring 2024, we have also been working to expand programs such as the "SAIKYO FAMILY Program" and the "SAIKYO YOUTH Program" in order to provide convenient and cost-effective services to customers of various attributes and maximize customer satisfaction. Furthermore, we are progressing with preparations for the gradual deployment of the "Platinum Band" through our own base stations, including starting the emission of test waves in the 700MHz band (Platinum Band) certified by the Ministry of Internal Affairs and Communications on April 30, 2024.

As a result, the Mobile segment recorded ¥99,840 million in revenue, a 3.6% year-on-year increase, while segment loss stood at ¥71,928 million compared to a loss of ¥102,662 in the three months ended March 31, 2023.

In the future, we will aim for early profitability in the mobile standalone business by working towards further revenue growth while maintaining optimized operating expenses (excluding depreciation and amortization expenses) due to the completion of network infrastructure investments.

(Millions of Yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024	Amount Change YoY	% Change YoY
Segment revenue	96,333	99,840	3,507	3.6%
Segment loss	(102,662)	(71,928)	30,734	—%

(2) Analysis Concerning Financial Position

i) Assets, Liabilities, and Equity

Assets

Total assets as of March 31, 2024 amounted to ¥23,851,066 million, an increase of ¥1,225,490 million from ¥22,625,576 million at the end of the previous fiscal year. The primary factors were an increase of ¥781,959 million in financial assets for securities business, and an increase of ¥241,459 million in cash and cash equivalents.

Liabilities

Total liabilities as of March 31, 2024 amounted to ¥22,739,233 million, an increase of ¥1,201,380 million from ¥21,537,853 million at the end of the previous fiscal year. The primary factors were an increase of ¥720,060 million in financial liabilities for securities business, an increase of ¥219,872 million in deposits for banking business, and an increase of ¥133,437 million in borrowings for banking business.

Equity

Total equity as of March 31, 2024 was ¥1,111,833 million, an increase of ¥24,110 million from ¥1,087,723 million at the end of the previous fiscal year. The primary factors were a decrease of ¥41,345 million in retained earnings due mainly to the recording of ¥42,394 million in net loss attributable to owners of the Company for the three months ended March 31, 2024, offset by an increase of ¥53,570 million in other components of equity due to changes in foreign currency translation adjustments affected by yen depreciation, and an increase of ¥8,102 million in non-controlling interests.

ii) Cash Flows

Cash and cash equivalents as of March 31, 2024 stood at ¥5,369,133 million, an increase of ¥241,459 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the three months ended March 31, 2024 are as follows.

Cash Flows from Operating Activities

Cash flows from operating activities for the three months ended March 31, 2024 resulted in a cash inflow of ¥148,871 million (compared with a cash outflow of ¥122,561 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥92,892 million due to an increase in loans for banking business, offset by a cash inflow of ¥217,130 million due to an increase in deposits for banking business.

Cash Flows from Investing Activities

Cash flows from investing activities for the three months ended March 31, 2024 resulted in a cash outflow of ¥185,974 million (compared with a cash outflow of ¥109,862 million for the same period of the previous fiscal year). Main factors included a net cash outflow of ¥110,231 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥347,749 million due to purchases and a cash inflow of ¥237,518 million from sales and redemption), and a cash outflow of ¥48,906 million due to purchases of intangible assets.

Cash Flows from Financing Activities

Cash flows from financing activities for the three months ended March 31, 2024 resulted in a cash inflow of ¥268,826 million (compared with a cash inflow of ¥39,243 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥122,607 million due to redemption of bonds, offset by a cash inflow of ¥255,366 million due to proceeds from issuance of bonds, and a cash inflow of ¥132,200 million due to proceeds from long-term borrowings for banking business.

(3) Qualitative Information about Consolidated Business Forecasts

At present, in the forecast for the consolidated performance of the current fiscal year, we aim for double-digit growth in consolidated revenue, excluding the impact of the stock market on securities services, compared to the previous fiscal year.

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

(Internet Services)

In domestic internet services such as "Rakuten Ichiba", we will continue to focus on acquiring new customers, promoting cross-usage, deepening collaboration with local governments and regional businesses, and developing services to revitalize the local economy. Through the creation of new markets utilizing data and AI, we aim to achieve growth in total transaction value and revenue. In "Rakuten Travel", although there is a possibility that the growth rate hurdle will be higher compared to the previous fiscal year, which had a strong performance due to government support measures for travel, we will continue to expand inbound demand to increase revenue. In overseas internet services centered around "Rakuten Rewards", we will aim to expand our business while working on further management efficiency.

(Fintech)

In credit card-related services, we aim for further growth in shopping transaction value and strive for business expansion and further improvement in profit margin through group synergy and strengthening marketing measures. In banking services, in addition to expanding interest income through diversification of personal loan products and promotion of securitization businesses such as monetizing monetary claims and real estate held by companies, we aim for further growth through the expansion of non-interest income by acquiring customers' salary transfer and direct debit accounts and promoting their use as daily accounts. In insurance services, we aim for further growth through an increase in the number of new contracts and the expansion of products with high compatibility with internet services. In securities services, it is difficult to forecast due to the significant impact of the stock market. However, we intend to absorb the impact of the abolition of domestic stock trading fees by further diversifying and expanding revenue sources such as acquiring new accounts and expanding activities in US stock trading and margin trading.

(Mobile)

In addition to improving the customer experience through the expansion of our own network coverage area and partner networks, we will promote further subscriber acquisition through competitive pricing plans and attractive marketing utilizing the Rakuten Ecosystem. We will also continue to pursue contract acquisition by making proposals to nationwide corporate and municipal customers with whom our group has transactions. Furthermore, Rakuten Mobile, Inc. has received certification from the Ministry of Internal Affairs and Communications for the establishment of specific base stations in the 700MHz band in October 2023, and at this stage, we plan to start commercial services during the current fiscal year. By providing a higher quality network environment, we aim to accelerate the pace of subscriber acquisition and achieve early profitability.

2. Condensed Quarterly Consolidated Financial Statements and Notes
(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of Yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Cash and cash equivalents	5,127,674	5,369,133
Accounts receivable - trade	377,992	337,974
Financial assets for securities business	4,128,245	4,910,204
Loans for credit card business	3,019,261	2,957,608
Investment securities for banking business	1,208,527	1,332,219
Loans for banking business	3,886,888	3,980,575
Investment securities for insurance business	259,139	245,317
Derivative assets	233,110	244,643
Investment securities	182,207	217,382
Other financial assets	1,239,004	1,214,191
Investments in associates and joint ventures	42,100	42,854
Property, plant and equipment	1,267,837	1,257,027
Intangible assets	1,024,201	1,073,871
Deferred tax assets	214,777	219,248
Other assets	414,614	448,820
Total assets	22,625,576	23,851,066
Liabilities		
Accounts payable - trade	419,880	425,700
Deposits for banking business	9,732,828	9,952,700
Financial liabilities for securities business	4,236,517	4,956,577
Derivative liabilities	27,263	37,103
Bonds and borrowings	1,637,980	1,764,668
Borrowings for securities business	106,578	154,588
Bonds and borrowings for credit card business	603,869	598,298
Borrowings for banking business	2,446,746	2,580,183
Other financial liabilities	1,646,559	1,580,658
Income taxes payable	30,144	18,982
Provisions	263,886	267,990
Insurance contract liabilities	164,205	158,094
Employee retirement benefit liabilities	41,049	42,237
Deferred tax liabilities	3,602	3,713
Other liabilities	176,747	197,742
Total liabilities	21,537,853	22,739,233
Equity		
Equity attributable to owners of the Company		
Common stock	446,769	447,838
Capital surplus	541,520	544,236
Other equity instruments	317,316	317,316
Retained earnings	(643,991)	(685,336)
Treasury stock	(0)	(2)
Other components of equity	174,958	228,528
Total equity attributable to owners of the Company	836,572	852,580
Non-controlling interests	251,151	259,253
Total equity	1,087,723	1,111,833
Total liabilities and equity	22,625,576	23,851,066

(2) Condensed Quarterly Consolidated Statement of Income and Comprehensive Income
Condensed Quarterly Consolidated Statement of Income
(For the three months ended March 31, 2023 and 2024)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Continuing Operations		
Revenue	475,635	513,624
Operating expenses	550,438	542,434
Other income	4,976	2,319
Other expenses	6,367	6,781
Operating loss	(76,194)	(33,272)
Financial income	17,457	51,032
Financial expenses	20,033	44,426
Share of losses of investments in associates and joint ventures	(633)	(1,803)
Loss before income tax	(79,403)	(28,469)
Income tax expenses	3,217	7,372
Net loss	(82,620)	(35,841)
Net loss attributable to:		
Owners of the Company	(82,567)	(42,394)
Non-controlling interests	(53)	6,553
Net loss	(82,620)	(35,841)
(Yen)		
Losses per share attributable to owners of the Company		
Basic	(51.88)	(19.78)
Diluted	(52.08)	(19.78)

Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the three months ended March 31, 2023 and 2024)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Net loss	(82,620)	(35,841)
Other comprehensive income		
Items that will not be reclassified to net income		
Changes on equity instruments measured at fair value through other comprehensive income	392	710
Remeasurement of defined benefit plans	10	(0)
Other comprehensive income of investment in associates and joint ventures	4	7
Total items that will not be reclassified to net income	406	717
Items that may be reclassified to net income		
Foreign currency translation adjustments	11,699	55,403
Changes on debt instruments measured at fair value through other comprehensive income	5,552	(944)
Cash flow hedges	(101)	(3,165)
Changes in the difference between discount rate change on insurance contracts	(2,102)	563
Changes in the difference between discount rate change on reinsurance contracts	390	(64)
Other comprehensive income of investments in associates and joint ventures	542	2,228
Total items that may be reclassified to net income	15,980	54,021
Total other comprehensive income, net of tax	16,386	54,738
Comprehensive income	(66,234)	18,897
Comprehensive income attributable to:		
Owners of the Company	(66,600)	12,124
Non-controlling interests	366	6,773
Comprehensive income	(66,234)	18,897

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
(For the three months ended March 31, 2023)

(Millions of Yen)

	Equity attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other Components of Equity	Total Equity attributable to Owners of the Company		
As of January 1, 2023	294,061	353,786	317,316	(280,085)	(0)	106,273	791,351	57,360	848,711
Comprehensive income									
Net loss	—	—	—	(82,567)	—	—	(82,567)	(53)	(82,620)
Other comprehensive income, net of tax	—	—	—	—	—	15,967	15,967	419	16,386
Total comprehensive income	—	—	—	(82,567)	—	15,967	(66,600)	366	(66,234)
Transactions with owners etc.									
Cash dividends paid	—	—	—	(7,157)	—	—	(7,157)	—	(7,157)
Reclassified from other components of equity to retained earnings	—	—	—	(1,201)	—	1,201	—	—	—
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—
Exercise of share acquisition rights	944	(944)	—	—	—	—	0	—	0
Share based compensation expenses	—	4,001	—	96	—	—	4,097	—	4,097
Equity transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—
Total transactions with owners etc.	944	3,057	—	(8,262)	—	1,201	(3,060)	—	(3,060)
As of March 31, 2023	295,005	356,843	317,316	(370,914)	(0)	123,441	721,691	57,726	779,417

(For the three months ended March 31, 2024)

(Millions of Yen)

	Equity attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other Components of Equity	Total Equity attributable to Owners of the Company		
As of January 1, 2024	446,769	541,520	317,316	(643,991)	(0)	174,958	836,572	251,151	1,087,723
Comprehensive income									
Net loss	—	—	—	(42,394)	—	—	(42,394)	6,553	(35,841)
Other comprehensive income, net of tax	—	—	—	—	—	54,518	54,518	220	54,738
Total comprehensive income	—	—	—	(42,394)	—	54,518	12,124	6,773	18,897
Transactions with owners etc.									
Cash dividends paid	—	—	—	—	—	—	—	—	—
Reclassified from other components of equity to retained earnings	—	—	—	935	—	(935)	—	—	—
Acquisition of treasury stock	—	—	—	—	(2)	—	(2)	—	(2)
Exercise of share acquisition rights	1,069	(1,069)	—	—	—	—	0	—	0
Share based compensation expenses	—	3,767	—	114	—	—	3,881	—	3,881
Equity transactions with non-controlling shareholders	—	18	—	—	—	(13)	5	1,329	1,334
Total transactions with owners etc.	1,069	2,716	—	1,049	(2)	(948)	3,884	1,329	5,213
As of March 31, 2024	447,838	544,236	317,316	(685,336)	(2)	228,528	852,580	259,253	1,111,833

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Cash flows from operating activities		
Loss before income tax	(79,403)	(28,469)
Depreciation and amortization	72,061	77,987
Other loss (income)	20,729	(1,483)
Decrease (Increase) in operating receivables	53,431	54,904
Decrease (Increase) in loans for credit card business	128,647	61,917
Increase (Decrease) in deposits for banking business	143,975	217,130
Net decrease (increase) in call loans for banking business	5,091	9,615
Decrease (Increase) in loans for banking business	(232,487)	(92,892)
Decrease (Increase) in receivables under securities borrowing transactions	(19,825)	8,395
Increase (Decrease) in operating payables	(57,705)	(4,649)
Decrease (Increase) in financial assets for securities business	(37,880)	(781,893)
Increase (Decrease) in financial liabilities for securities business	13,257	719,775
Increase and decrease in derivative assets and liabilities	(13,219)	(10,017)
Others	(108,034)	(64,001)
Income tax paid	(11,199)	(17,448)
Net cash flows from operating activities	(122,561)	148,871
Cash flows from investing activities		
Payments in time deposits	(9,815)	(12,090)
Proceeds from time deposits	7,479	9,800
Purchases of property, plant and equipment	(67,637)	(38,684)
Purchases of intangible assets	(33,554)	(48,906)
Acquisitions of subsidiaries	(11)	(1)
Acquisitions of investments in associates and joint ventures	(199)	(400)
Purchases of investment securities for banking business	(133,801)	(347,749)
Proceeds from sales and redemption of investment securities for banking business	105,532	237,518
Purchases of investment securities for insurance business	(11,975)	(13,806)
Proceeds from sales and redemption of investment securities for insurance business	32,630	29,634
Purchases of investment securities	(2,755)	(3,424)
Proceeds from sales and redemption of investment securities	6,895	3,427
Other payments	(4,657)	(2,525)
Other proceeds	2,006	1,232
Net cash flows from investing activities	(109,862)	(185,974)

(4) Condensed Quarterly Consolidated Statement of Cash Flows (Continued)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(123,500)	(3,131)
Net increase (decrease) in commercial papers	(110,000)	18,500
Proceeds from long-term borrowings	18,125	4,540
Repayments of long-term borrowings	(31,707)	(33,720)
Proceeds from issuance of bonds	305,046	255,366
Redemption of bonds	—	(122,607)
Net increase (decrease) in short-term borrowings for securities business	(35,000)	48,000
Net increase (decrease) in short-term borrowings for credit card business	(24,207)	11,958
Net increase (decrease) in commercial papers for credit card business	(51,200)	800
Proceeds from long-term borrowings for credit card business	44,200	21,486
Repayments of long-term borrowings for credit card business	(39,674)	(40,045)
Net increase (decrease) in short-term borrowings for banking business	7,648	891
Proceeds from long-term borrowings for banking business	367,600	132,200
Repayments of long-term borrowings for banking business	(267,600)	—
Repayments of lease liabilities	(16,733)	(15,426)
Interest paid	(3,100)	(11,231)
Cash dividends paid	(7,157)	—
Others	6,502	1,245
Net cash flows from financing activities	39,243	268,826
Effect of change in exchange rates on cash and cash equivalents	3,050	9,736
Net increase (decrease) in cash and cash equivalents	(190,130)	241,459
Cash and cash equivalents at the beginning of the period	4,694,360	5,127,674
Cash and cash equivalents at the end of the period	4,504,230	5,369,133

(5) Assumptions for Going Concern

No items to report.

(6) Notes to the Condensed Quarterly Consolidated Financial Statements

(Basis of Presentation)

The Rakuten Group's Condensed Quarterly Consolidated Financial Statements meet 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, 2023.

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

There were no significant changes neither in the scope of consolidation nor in the scope of equity method with respect to the condensed quarterly consolidated financial statements for the three months ended March 31, 2024, as compared with the consolidated financial statements for the fiscal year ended December 31, 2023.

(Material Accounting Policies)

Material accounting policies adopted by the Rakuten Group in the condensed quarterly consolidated financial statements for the three months ended March 31, 2024 remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the three months ended March 31, 2024 are calculated based upon an estimated annual effective tax rate.

The Rakuten Group has adopted the following accounting standards from the three months ended March 31, 2024. The adoption of the accounting standards does not have a material impact on the Condensed quarterly consolidated financial statements.

IFRS		Description
IAS 1	Presentation of Financial Statements	Clarifies the method in which an entity classifies debt and other financial liabilities as current or non-current
IAS 1	Presentation of Financial Statements	Improves information that an entity discloses regarding non-current liabilities with future covenants

(Significant Accounting Estimates and Judgments)

In preparing the condensed quarterly consolidated financial statements under IFRS for the three months ended March 31, 2024, the Rakuten Group uses judgments, accounting estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on the best judgment of management, made by gathering past experience and available information and in consideration of various factors that are considered reasonable as of the closing date. However, the figures based on these estimates and assumptions by their nature may differ from actual results.

Estimates and judgments that have a significant impact on the amounts in the Condensed quarterly consolidated financial statements for the three months ended March 31, 2024 remain the same as those for the previous fiscal year.

(Segment Information)

(1) 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, 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 related to credit cards, banking and securities over the Internet, crypto asset (virtual currency) spot transaction, life insurance, general insurance, and electronic money, etc.

The "Mobile" segment comprises business operations engaged in the provision of communication services and technologies and operation of electricity supply services, etc.

(2) Measurement of Segment Revenue and Segment Profit (Loss) by Operating Segments

The operating segment information is prepared in accordance with IFRS, and operating segment revenue and segment profit (loss) is that before intercompany eliminations without consideration of consolidation adjustments, except for certain subsidiaries. Non-GAAP operating income, the internal measures management uses in making decisions, is calculated by adjusting the nonrecurring 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 their 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 their future outlook. Nonrecurring items refer to one-off items that the Rakuten Group believes should be excluded in 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 the operating segment information reviewed by the chief operating decision maker.

Three months ended March 31, 2023 (January 1 to March 31, 2023)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	271,138	168,025	96,333	535,496
Segment profit (loss)	11,851	26,640	(102,662)	(64,171)

Three months ended March 31, 2024 (January 1 to March 31, 2024)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment revenue	285,703	193,458	99,840	579,001
Segment profit (loss)	13,600	39,278	(71,928)	(19,050)

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Segment revenue	535,496	579,001
Intercompany transactions, etc.	(59,861)	(65,377)
Consolidated revenue	475,635	513,624

Reconciliation from Segment Loss to Loss before Income Tax

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Segment loss	(64,171)	(19,050)
Intercompany transactions, etc.	(4,797)	(6,399)
Non-GAAP operating loss	(68,968)	(25,449)
Amortization of intangible assets	(2,099)	(1,833)
Share based compensation expenses	(4,115)	(3,764)
One-off items (Note)	(1,012)	(2,226)
Operating loss	(76,194)	(33,272)
Financial income and expenses	(2,576)	6,606
Share of losses of investments in associates and joint ventures	(633)	(1,803)
Loss before income tax	(79,403)	(28,469)

Note: One-off items listed for the three months ended March 31, 2023 include fees paid to external experts and others such as legal fees related to fraudulent acts committed in collusion by former employees of a subsidiary and suppliers, which came to light in the fiscal year ended December 31, 2022. One-off items listed for the three months ended March 31, 2024 include maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million and a loss on disposal of intangible assets for a part of the life and general insurance integrated core system of ¥1,174 million, etc. Moreover, these expenses are mainly recorded in other expenses of the Condensed Quarterly Consolidated Statement of Income.

(Breakdown of Operating Expenses)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Advertising and promotion expenditures	87,791	77,844
Employee benefits expenses	89,514	89,283
Depreciation and amortization	75,977	81,673
Communication and maintenance expenses	15,948	17,478
Consignment and subcontract expenses	35,367	30,074
Allowance for doubtful accounts charged to expenses	6,807	6,311
Cost of sales of merchandise and services rendered	169,031	160,685
Interest expenses for finance business	4,503	6,171
Commission fee expenses for finance business	6,284	6,683
Cost of sales for insurance business	9,149	11,362
Others	50,067	54,870
Total	550,438	542,434

(Other Income and Other Expenses)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Foreign exchange gain	—	633
Gains on valuation of investment securities	2,608	—
Others	2,368	1,686
Total other income	4,976	2,319
Foreign exchange losses	1,794	—
Losses on disposal of property, plant and equipment and intangible assets (Note 1, 2)	791	2,130
Losses on valuation of investment securities	—	1,646
Impairment losses (Note 1)	1,715	1,526
Others (Note 1)	2,067	1,479
Total other expenses	6,367	6,781

Note 1: Maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake were included for the three months ended March 31, 2024.

Note 2: A loss on disposal of intangible assets for a part of the life and general insurance integrated core system was included for the three months ended March 31, 2024.

(Financial Income and Financial Expenses)

(Millions of Yen)

	Three months ended March 31, 2023 (January 1 to March 31, 2023)	Three months ended March 31, 2024 (January 1 to March 31, 2024)
Gains on valuation of investment securities (Note 1)	1,013	25,642
Gains on valuation of derivatives (Note 2)	15,311	23,933
Others	1,133	1,457
Total financial income	17,457	51,032
Interest expenses (Note 3)	11,263	16,927
Losses on valuation of investment securities (Note 4)	6,651	—
Losses on valuation of derivatives (Note 5)	145	11,393
Foreign exchange losses (Note 6)	1,890	11,343
Others	84	4,763
Total financial expenses	20,033	44,426

Note 1: Gains on valuation of investment securities related to an investment in Lyft, Inc. of ¥25,570 million were recorded for the three months ended March 31, 2024.

Note 2: Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥9,401 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥5,910 million were recorded for the three months ended March 31, 2023. Gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥23,900 million were recorded for the three months ended March 31, 2024.

Note 3: Interest expenses incurred from financial liabilities measured at amortized cost relating to financing under the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥237 million and of ¥267 million were recorded for the three months ended March 31, 2023 and the three months ended March 31, 2024, respectively.

Note 4: Losses on valuation of investment securities related to an investment in Lyft, Inc. of ¥6,701 million were recorded for the three months ended March 31, 2023.

Note 5: Losses on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥11,393 million were recorded for the three months ended March 31, 2024.

Note 6: Foreign exchange losses of ¥1,890 million and ¥11,343 million arising from liabilities relating to funds raised from the utilization of shares of Lyft, Inc. were recorded for the three months ended March 31, 2023 and the three months ended March 31, 2024, respectively.

(Notes on Significant Subsequent Events)**(1) Commencement of discussions on restructuring of the FinTech business**

The Company and Rakuten Bank, Ltd. announced an agreement to initiate discussions aimed at the reorganization of the Rakuten Group's FinTech Business, including Rakuten Bank, Ltd. (hereinafter the "Reorganization"), and, effective April 1, 2024, have executed a Memorandum of Understanding regarding the Reorganization.

i) Background and Purpose of the Reorganization

Each of our FinTech services continues to grow their membership base as more customers choose them to meet their everyday needs. Each FinTech service has been working to better collaborate to grow further in a cashless world. Meanwhile, the customer needs for financial services are becoming increasingly diverse, demanding more seamless and flexible service operations.

In this context, the Rakuten Group has been continuously considering its future strategies, optimal allocation of resources, and optimization of the group structure. As a result, given the aforementioned changes in the business environment, it has been deemed appropriate to initiate discussion on the Reorganization. This decision is based on the belief that enhancing collaboration across the FinTech Business, including prompt and flexible decision-making, along with a deepening of collaboration through data integration and AI utilization, is crucial for providing innovative financial services and adding more value to customers. The

Reorganization is expected to further expand the FinTech Business Ecosystem and improve its competitive advantage, which in turn, is believed to accelerate the growth of the entire Rakuten Ecosystem, contributing to the enhancement of the Rakuten Group's enterprise value, while continuing to consider the optimal group structure, capital structure and financial soundness.

On the other hand, Rakuten Bank, Ltd. has been working to further expand its customer base, strengthen the revenue base, and capture growth in the FinTech domain, aiming to become a leading FinTech company in the age of zero cash. Rakuten Bank, Ltd. is working towards realization of this business expansion, by efficiently acquiring new customers from Rakuten members who utilize the Rakuten Ecosystem and collaborating with various Rakuten group companies. By offering banking services that address the existing financial transaction needs and funding demands within the Rakuten Ecosystem, Rakuten Bank aims to increase its customer base and transaction opportunities, thereby further accelerating its business expansion. In our business for individual customers, we aim to become 1) "a bank used for everyday life" and 2) "safe, secure, and convenient bank" that leverages technologies and can be used anytime and anywhere. In our business for corporate customers, we will make use of technologies to provide one-stop banking services, including loans, currency exchange, and deposits tailored to the needs of our customers, with the aim of becoming 1) "a bank that provides convenience to all customers regardless of company size" and 2) "a banking partner to corporate managers".

In this context, Rakuten Bank, Ltd. has decided to proceed with further examination and discussions on the Reorganization, considering it to be an opportunity to achieve deeper collaboration with other companies in the FinTech Business. In our business for individual customers, the Reorganization aims to provide comprehensive financial services tailored to the lifecycle and life stages of customers, and, in our business for corporate customers, to promote and accelerate the penetration of Rakuten Bank, Ltd.'s corporate services to the corporate customer base of the FinTech Business.

ii) Structure of the Reorganization

We are considering integrating the entire FinTech businesses including Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities Holdings Co., Ltd., Rakuten Insurance Holdings Co., Ltd., and other FinTech businesses into one group.

Even after the Reorganization, Rakuten Bank, Ltd. will continue to be an important consolidated subsidiary of the Company and the FinTech Business will continue to be the core business segment in the entire the Rakuten group.

On November 9, 2023, we notified that Rakuten Securities Holdings Co., Ltd. continues to maintain its policy to list in "Notice of Withdrawal of Application for Listing of Shares of Rakuten Securities Holdings Co., Ltd. on the Tokyo Stock Exchange". However, should the Reorganization be implemented as a result of the discussions going forward, we are planning to discuss with Rakuten Securities Holdings Co., Ltd. the possibility of not pursuing its initial public offering.

The above reflects our current considerations, contingent upon future discussions, as well as the regulatory approvals and licenses from supervisory authorities. There is a possibility that further reorganization of the Rakuten Group may be necessary or that it may be concluded not to implement all or part of the Reorganization.

iii) Future Outlook

The Company and Rakuten Bank, Ltd. will proceed with discussions towards entering into a definitive agreement related to the Reorganization, and (if necessary) obtain approval at the Rakuten Bank, Ltd.'s shareholders' meeting and obtain the necessary approvals and licenses from regulatory authorities with the goal of promptly implementing the effects of the Reorganization. The Reorganization is expected to take effect in October 2024. However, the above schedule is subject to change depending on the results of future discussions, including those involving approvals and licenses from regulatory authorities.

At this time, it is unable to calculate the impact of this change on the consolidated financial statements.

(2) Issuance of corporate bonds

The Company issued the following USD-denominated bonds on April 10, 2024.

Type	USD-denominated senior bonds maturing in 2029
Total issuance amount	USD 2,000 million
Issuance price	99.512% of face value
Interest rate	9.75% per year
Coupon rate after currency swap (Note)	6.03932% per year
Maturity date	April 15, 2029
Payment date	April 10, 2024
Purpose of use	1. Purchase of JPY-denominated senior bonds maturing in and after 2024 2. Repayment of existing bonds

Note: Weighted average of coupon rates of multiple currency swaps entered into by the Company.

The Company issued the following JPY-denominated bonds on April 24, 2024.

Type	JPY-denominated senior unsecured notes due 2029
Total issuance amount	¥50 billion
Interest rate	6.00% per year
Maturity date	April 24, 2029
Payment date	April 24, 2024
Purpose of use	Repayment of existing bonds maturing after 2025

(3) Purchase of corporate bonds

The Company has conducted purchases of JPY-denominated senior bonds for cash consideration (hereinafter the "Purchase") as follows. The Purchase has no material impact on the Condensed Quarterly Consolidated Statement of Income.

i) Reason for the Purchase

The Purchase is to be implemented with the aim of smoothing out the Company's bond redemption schedule.

ii) Details of the Purchase

Target Bonds	Rakuten Group, Inc. 15th Unsecured Bonds (with inter-bond pari passu clause)
Total issuance amount	¥75 billion
Funding	The balance of cash on hand and proceeds on USD-denominated senior bonds issued in February 2024 deducted the amount used in the tender offer for cash consideration for USD-denominated senior bonds due in February 2024
Total face value of the Purchase	¥55.8 billion