

February 13, 2020

Company name Rakuten, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755
Tokyo Stock Exchange First Section)

Notice Regarding Differences in Financial Results between FY2018 and FY2019

Rakuten, Inc. (hereafter “the Company”) today announced financial results for the fiscal year ended December 31, 2019. Since differences with the fiscal year ended December 31, 2018 are large, the Company is providing an overview.

Since the Company does not disclose earnings forecasts, it is making comparisons with the fiscal year ended December 31, 2018 in accordance with the rules of the Tokyo Stock Exchange.

1. Consolidated Results for the Fiscal Year ended December 31, 2019 (January 1 – December 31, 2019)

Consolidated Operating Results (IFRS)

	Revenue	Operating income	Net income attributable to owners of the parent company	Basic Earnings per Share attributable to owners of the parent company
Fiscal year ended December 31, 2018 (A)	Millions of yen 1,101,480	Millions of yen 170,425	Millions of yen 142,282	Yen 105.43
Fiscal year ended December 31, 2019 (B)	1,263,932	72,745	(31,888)	(23.55)
Amount change YoY (B-A)	162,452	(97,680)	(174,170)	-
% change YoY	14.7%	(57.3)%	-	-

2. Reasons for Differences

In the fiscal year ended December 31, 2019, high levels of growth at existing businesses including gross merchandise sales at domestic e-Commerce businesses such as Rakuten Ichiba, and in Rakuten Card shopping transaction volumes and revolving balances on the

back of expansion of the card membership base, resulted in revenue of 1,263,932 million yen (up 14.7% year-on-year).

On the other hand, operating income was 72,745 million yen (down 57.3% year-on-year), mainly due to an increase in upfront investments in the mobile business and the logistics business in domestic e-Commerce. In addition, the Company determined that there was objective evidence that the investment in Lyft, Inc., which is accounted for by the equity method, was impaired due to a significant fall in the market price of its shares, and an impairment loss of 102,873 million yen was recorded in the three months ended September 30, 2019. As a result, net loss attributable to owners of the parent company was 31,888 million yen (compared with a profit of 142,282 million yen in fiscal year ended December 31, 2018), which caused a difference in earnings between the two fiscal years.