

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 based on International Financial Reporting Standards ("IFRS").

Consolidated Financial Reports (IFRS) for the nine months ended September 30, 2024

Rakuten Group, Inc.
November 13, 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 and CFO	(Name)	Kenji Hirose
Scheduled Start Date of Dividend Payment	—	(TEL)	050-5581-6910

Supplementary materials for financial results: Yes

Financial results information meeting held: Yes (For institutional investors and analysts)

1. Consolidated Results for the nine months ended September 30, 2024 (January 1 - September 30, 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	%
Nine months ended September 30, 2024	1,617,621	8.5	(51,066)	—	(98,084)	—	(127,141)	—
Nine months ended September 30, 2023	1,491,239	9.7	(179,578)	—	(180,444)	—	(202,388)	—

	Net income attributable to owners of the Company		Comprehensive income		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of Yen	%	Millions of Yen	%	Yen	Yen
Nine months ended September 30, 2024	(150,358)	—	(119,339)	—	(70.04)	(70.04)
Nine months ended September 30, 2023	(208,447)	—	(89,928)	—	(113.37)	(113.38)

(Reference) Other important management indicators

	EBITDA *	
	Millions of Yen	%
Nine months ended September 30, 2024	211,741	191.2
Nine months ended September 30, 2023	72,718	—

* 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 Concerning Quarterly Financial Results (1) Qualitative Information Concerning Consolidated Operating 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 September 30, 2024	24,879,684	970,604	695,981	3.9	2.8
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	—	0.00	—		
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 (current period), we aim for double-digit growth in consolidated revenue compared to the fiscal year 2023 (previous period), excluding the securities business whose results are heavily impacted by stock market conditions. (For details, please see page 12, "1. Qualitative Information Concerning Quarterly Financial Results (3) Qualitative Information Concerning Estimate of Consolidated Operating Results".)

Note: There are no changes to the previously disclosed consolidated forecasts for the year ending December 31, 2024.

Notes

(1) Significant Change in Scope of Consolidation for the Current Period: 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 21, "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)
2,151,545,900 shares (As of September 30, 2024)
2,142,140,300 shares (As of December 31, 2023)
2. Number of treasury stocks at the end of the period
3,652 shares (As of September 30, 2024)
384 shares (As of December 31, 2023)
3. Average number of shares for the period (cumulative from the beginning of the year)
2,146,833,488 shares (January 1 - September 30, 2024)
1,838,696,368 shares (January 1 - September 30, 2023)

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

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 and involve uncertainties. Therefore, due to various changing factors, the actual performance may differ from these projections.

1. Qualitative Information Concerning Quarterly Financial Results

(1) Qualitative Information Concerning Consolidated Operating Results

The Rakuten Group discloses consolidated operating 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) Operating Results for the nine months ended September 30, 2024 (Non-GAAP basis)

For the nine months ended September 30, 2024, the global economy showed signs of recovery despite some regions experiencing stagnation. However, attention must be paid to the downside risks to the economy due to the continued high interest rates in Europe and the United States. As for the Japanese economy, although there are some signs of stagnation in the recovery of personal consumption, a gradual economic recovery is expected to continue.

According to the "White Paper on Information and Communications in Japan" (Note), technological advancements in the information and communications sector are expected to serve as the foundation for all industries and social activities, and efforts are being made to promote initiatives toward Beyond 5G, which will be utilized across borders. Furthermore, new technologies utilizing digitalization such as AI are expected to further transform our society and economic activities 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 addition, amidst the current economic uncertainty due to rising prices, the Rakuten Group, with its diverse business portfolio, will maximize the synergies it can realize as a strength, accurately capture consumer trends and needs, and seize further growth opportunities.

In the Internet Services segment, we focused on developing services that aim for further growth in gross merchandise sales (hereinafter "GMS") and revenue, acquiring new customers, promoting cross-use, and deepening collaboration with local governments and regional businesses to revitalize the regional economy. In the FinTech segment, efforts to expand the customer base and transaction value in each service resulted in further growth in sales and improvement in segment profit. In the Mobile segment, efficient improvement of network quality through the utilization of in-house and partner networks, strengthened marketing activities, and an increase in subscribers resulted in expanded revenue, and combined with cost optimization efforts, segment losses have steadily decreased.

As a result, the Rakuten Group recorded revenue of ¥1,617,621 million, up 8.5% year-on-year for the nine months ended September 30, 2024, and a Non-GAAP operating loss of ¥24,931 million, compared to a Non-GAAP operating loss of ¥149,459 million for the nine months ended September 30, 2023. Furthermore, in the three months ended September 30, 2024, Non-GAAP operating income achieved profitability for the first time in five years since the three months ended September 30, 2019, and IFRS operating income turned positive for the first time since the three months ended June 30, 2020.

Note: Source: "2024 White Paper on Information and Communications in Japan" (Ministry of Internal Affairs and Communications).

(Non-GAAP)

(Millions of Yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY	% Change YoY
Revenue	1,491,239	1,617,621	126,382	8.5%
Non-GAAP Operating Loss	(149,459)	(24,931)	124,528	—%

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

For the nine months ended September 30, 2024, amortization of intangible assets of ¥5,462 million and share based compensation expenses of ¥11,745 million were excluded from Non-GAAP operating income.

One-off items listed for the nine months ended September 30, 2023 include costs temporarily incurred due to the cancellation of base station construction etc. of ¥10,222 million, associated with changes to capital expenditure plans resulting from a review of roaming agreements in the mobile business, gains and losses resulting from the sale of all shares in Seiyu Holdings Co., Ltd., and 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 nine months ended September 30, 2024 include incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million, a loss on disposal of intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business of ¥1,793 million, gains from the sale of shares of Min-Shu, Inc. of ¥1,616 million, a write-down loss due to a review of contracts with certain agents and a revaluation of transactions recognized as assets from costs for contract acquisitions in the mobile business of ¥5,413 million, as well as expenses related to the resolution of litigation with International Business Machines Corporation, etc. Moreover, the write-down loss on assets etc. from the recognition of costs for contract acquisitions in the mobile business is recognized in operating expenses, with income and expenses other than this mainly recorded in other income and other expenses of the Condensed Quarterly Consolidated Statement of Income.

(Millions of Yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY
Non-GAAP Operating Loss	(149,459)	(24,931)	124,528
Amortization of Intangible Assets	(6,509)	(5,462)	1,047
Share Based Compensation Expenses	(10,993)	(11,745)	(752)
One-off Items	(12,617)	(8,928)	3,689
IFRS Operating Loss	(179,578)	(51,066)	128,512

iii) Operating Results for the nine months ended September 30, 2024 (IFRS basis)

For the nine months ended September 30, 2024, the Rakuten Group recorded revenue of ¥1,617,621 million, up 8.5% year-on-year, and an IFRS operating loss of ¥51,066 million, compared with an IFRS operating loss of ¥179,578 million for the nine months ended September 30, 2023, and a net loss attributable to owners of the Company of ¥150,358 million, compared with a net loss of ¥208,447 million for the nine months ended September 30, 2023. Notably, both Non-GAAP operating income and IFRS operating income turned positive for the three months ended September 30, 2024.

(IFRS)

(Millions of Yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY	% Change YoY
Revenue	1,491,239	1,617,621	126,382	8.5%
IFRS Operating Loss	(179,578)	(51,066)	128,512	—%
Net Loss Attributable to Owners of the Company	(208,447)	(150,358)	58,089	—%

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 or loss basis.

1) Mobile segment-related investments

In anticipation of an increase in investments related to the mobile segment, an organization to oversee said investments was established during the three months ended September 30, 2024. This results in a change to the management of mobile segment-related investments but does not impact the nine months ended September 30, 2023 and the three months ended September 30, 2023.

2) Mobile Ecosystem Contribution

Considering the expanding mutual contribution effects between segments within the Rakuten Ecosystem, mutual contribution effects and mutual customer referral effects (hereinafter "Mobile Ecosystem Contribution") are reflected in the segment profit and loss to allow for a more precise performance evaluation from the three months ended September 30, 2024.

The Mobile Ecosystem Contribution is calculated based on the contribution effect derived from the tendency of Rakuten Mobile MNO subscribers to use various services of the Rakuten Group more than non-subscribers, minus the customer referral effect received from each segment. This calculation is reflected in the segment information for the nine months ended September 30, 2024 and the three months ended September 30, 2024.

Accordingly, segment profit and loss are restated for the same period of the previous year, as shown in the table below. There is no impact on consolidated revenue, Non-GAAP operating loss, or operating loss.

Mobile Ecosystem Contribution = i) Gross profit uplift effect of Rakuten Mobile MNO subscribers - ii) Customer referral effect from group companies to the mobile business

Calculation Method of Uplift Effect and Customer Referral Effect between Segments

i) Gross profit uplift effect of Rakuten Mobile MNO subscribers

Depending on the characteristics of each business of the Rakuten Group, the monthly amount is calculated using one of the following methods.

(a) The difference in the monthly average revenue per user over the past year between Rakuten Mobile MNO individual subscribers and non-subscribers in each business of the Rakuten Group \times The gross profit margin of each business for each month \times The number of Rakuten Mobile MNO individual subscribers at the end of each month

(b) The difference in annual usage rates in each business of the Rakuten Group between Rakuten Mobile MNO individual subscribers and non-subscribers \times Monthly average revenue per user over the past year for each business \times The gross profit margin of each business for each month \times The number of Rakuten Mobile MNO individual subscribers at the end of each month

ii) Referral effect from group companies to the mobile business

Number of Rakuten Mobile MNO individual subscribers each month who signed up through group company sites \times Referral cost

* Target businesses for uplift effect calculation

The calculation targets 18 businesses: Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Mart, Rakuten Beauty, Rakuten Pay app payments, Rakuten Pay online payments, Rakuten Edy, Rakuten Point Card, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life Insurance, and Rakuten General Insurance.

Internet Services

In domestic e-commerce services, the mainstay of Internet services, the growth rate of GMS decreased temporarily compared to the nine months ended on September 30, 2023 due to the impact of changes in marketing measures aimed at improving profitability. However, we achieved increased revenue and profit. In the internet shopping mall "Rakuten Ichiba", we focused on acquiring new customers and promoting cross-use. In the internet travel reservation service "Rakuten Travel", despite the announcement of a major earthquake warning by the Japanese government and the occurrence of multiple natural disasters such as typhoons, gross transaction value (hereinafter "GTV") maintained its growth.

In other internet services, including overseas internet services, the online cashback service "Rakuten Rewards" in the United States continued to show solid sales growth. In the overseas content business, sales of new color-compatible devices for the e-book service "Kobo" continued to perform well, and the number of users increased in the video streaming service "Viki". Each business continued to achieve steady business growth, contributing to the expansion of segment profit.

As a result, revenue for the Internet Services segment rose to ¥904,169 million, a 4.3% year-on-year increase, while segment profit stood at ¥47,408 million, a 31.0% year-on-year increase.

(Millions of Yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY	% Change YoY
Segment Revenue	867,016	904,169	37,153	4.3%
Segment Profit (Loss)				
Before Considering	42,951	56,675	13,724	32.0%
Mobile Ecosystem Contribution	(6,764)	(9,267)	(2,503)	—%
After Considering	36,187	47,408	11,221	31.0%

FinTech

In FinTech, we achieved increased revenue and profit compared to the same period last year in credit card-related services, banking services, securities services, payment services, and others. In credit card-related services, even after the cumulative number of "Rakuten Card" issued exceeded 31 million in June 2024, the customer base continued to expand, and the shopping transaction value increased. In addition, the optimization of marketing also contributed to a significant increase in profit. In securities services, despite the impact of a historic stock price crash in August 2024, the diversification of revenue sources, among other factors, has led to a recovery to the level of operating income before the domestic stock trading commission was removed. The payment service "Rakuten Payment" also continues to grow its business through efficient marketing measures.

As a result, the FinTech segment recorded ¥604,383 million in revenue, a 13.3% year-on-year increase, while segment profit stood at ¥114,705 million, a 44.5% year-on-year increase.

(Millions of Yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY	% Change YoY
Segment Revenue	533,589	604,383	70,794	13.3%
Segment Profit (Loss)				
Before Considering	88,221	125,323	37,102	42.1%
Mobile Ecosystem Contribution	(8,820)	(10,618)	(1,798)	—%
After Considering	79,401	114,705	35,304	44.5%

Mobile

In mobile, while continuing efforts to improve network quality and expand its recognition, we strengthened customer acquisition measures by appealing to potential customers with the convenience and usage benefits of "Rakuten Mobile" users. As a result, in October 2024, the number of subscribers (the sum of MNO, including corporate BCP Plans, MVNE, and MVNO) exceeded 8 million lines. In addition, both B2C and B2B ARPU increased compared to the three months ended September 30, 2023, resulting in a steady increase in communication fee income. In September 2024, we launched the "SAIKYO SENIOR Program" and, together with various programs such as the "SAIKYO FAMILY Program" and the "SAIKYO YOUTH Program", we will accelerate user acquisition. By providing easy-to-understand, cost-effective services that meet various user needs, we will continue to maximize customer satisfaction.

As a result, the Mobile segment recorded ¥300,788 million in revenue, a 13.5% year-on-year increase, while segment loss stood at ¥168,185 million compared to a loss of ¥250,713 million for the nine months ended September 30, 2023.

In the future, we will aim for early profitability in the mobile 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)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Amount Change YoY	% Change YoY
Segment Revenue	265,086	300,788	35,702	13.5%
Segment Profit (Loss)				
Before Considering	(266,297)	(188,070)	78,227	—%
Mobile Ecosystem Contribution	15,584	19,885	4,301	27.6%
After Considering	(250,713)	(168,185)	82,528	—%

(2) Qualitative Information Concerning Financial Position

i) Assets, Liabilities, and Equity

Assets

Total assets as of September 30, 2024 amounted to ¥24,879,684 million, an increase of ¥2,254,108 million from ¥22,625,576 million at the end of the previous fiscal year. The primary factors were an increase of ¥759,201 million in cash and cash equivalents, an increase of ¥750,170 million in financial assets for securities business, and an increase of ¥549,031 million in investment securities for banking business.

Liabilities

Total liabilities as of September 30, 2024 amounted to ¥23,909,080 million, an increase of ¥2,371,227 million from ¥21,537,853 million at the end of the previous fiscal year. The primary factors were an increase of ¥905,920 million in financial liabilities for securities business, an increase of ¥837,917 million in deposits for banking business, and an increase of ¥512,396 million in bonds and borrowings.

Equity

Total equity as of September 30, 2024 was ¥970,604 million, a decrease of ¥117,119 million from ¥1,087,723 million at the end of the previous fiscal year. The primary factors were an increase of ¥23,472 million in non-controlling interests, and an increase of ¥9,592 million in other components of equity due to changes in foreign currency translation adjustments affected by yen depreciation, offset by a decrease of ¥162,203 million in retained earnings due mainly to the recording of ¥150,358 million in net loss attributable to owners of the Company for the nine months ended September 30, 2024.

ii) Cash Flows

Cash and cash equivalents as of September 30, 2024 stood at ¥5,886,875 million, an increase of ¥759,201 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the nine months ended September 30, 2024 are as follows.

Cash Flows from Operating Activities

Cash flows from operating activities for the nine months ended September 30, 2024 resulted in a cash inflow of ¥819,503 million (compared with a cash inflow of ¥161,663 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥750,155 million due to an increase in financial assets for securities business, a cash outflow of ¥416,471 million due to an increase in loans for banking business, and loss before income tax of ¥98,084 million, offset by a cash inflow of ¥905,835 million due to an increase in financial liabilities for securities business, a cash inflow of ¥841,381 million due to an increase in deposits for banking business, and depreciation and amortization of ¥236,516 million.

Cash Flows from Investing Activities

Cash flows from investing activities for the nine months ended September 30, 2024 resulted in a cash outflow of ¥766,953 million (compared with a cash outflow of ¥348,537 million for the same period of the previous fiscal year). Main factors included a net cash outflow of ¥549,170 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥1,307,347 million due to purchases and a cash inflow of ¥758,177 million from sales and redemption), and a cash outflow of ¥128,229 million due to purchases of intangible assets.

Cash Flows from Financing Activities

Cash flows from financing activities for the nine months ended September 30, 2024 resulted in a cash inflow of ¥701,528 million (compared with a cash inflow of ¥174,202 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥208,407 million due to redemption of bonds, offset by a cash inflow of ¥601,313 million due to proceeds from issuance of bonds, and a cash inflow of ¥186,750 million due to proceeds from long-term borrowings.

(3) Qualitative Information Concerning Estimate of Consolidated Operating Results

Currently, for the forecast of consolidated operating results for the current fiscal year, we aim for double-digit growth in consolidated revenue compared to the previous fiscal year, excluding the securities business whose results are heavily impacted by stock market conditions.

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-use, deepening collaboration with local governments and regional businesses, and developing services to revitalize the local economy. Through the creation of new markets utilizing data, AI, and other technologies, we aim to achieve growth in GMS and revenue. In "Rakuten Travel", we aim to capture the expanding inbound demand and strengthen marketing measures to achieve growth in GTV. In overseas internet services, we aim to expand our business and revenue in "Rakuten Rewards" and "Kobo", among others.

(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. Additionally, on November 13, 2024, we signed a strategic capital and business alliance agreement between Rakuten Card and Mizuho Financial Group. We will continue to aim for the expansion of Rakuten Card's business areas and further sustainable growth. 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 have recovered to the profit levels before the commission-free period by further diversifying and expanding revenue sources such as acquiring new accounts and expanding activities in margin trading.

(Mobile)

In addition to improving the customer experience through the expansion of our own network coverage area and partner networks, we will continue to attract more subscribers through Rakuten Mobile's strength with competitive pricing plans and attractive marketing measures 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. Regarding the 700MHz band ("Platinum Band") allocated by the Ministry of Internal Affairs and Communications in October 2023, we have started commercial services in June 2024. In the future, by gradually expanding the deployment of the Platinum Band through our own base stations, we aim to provide a higher quality network environment and accelerate the pace of subscriber acquisition, as well as achieve early profitability in the mobile business.

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 September 30, 2024
Assets		
Cash and cash equivalents	5,127,674	5,886,875
Accounts receivable - trade	377,992	340,372
Financial assets for securities business	4,128,245	4,878,415
Loans for credit card business	3,019,261	3,089,993
Investment securities for banking business	1,208,527	1,757,558
Loans for banking business	3,886,888	4,301,174
Investment securities for insurance business	259,139	211,233
Derivative assets	233,110	264,368
Investment securities	182,207	240,117
Other financial assets	1,239,004	968,869
Investments in associates and joint ventures	42,100	35,944
Property, plant and equipment	1,267,837	1,208,523
Intangible assets	1,024,201	1,049,403
Deferred tax assets	214,777	220,714
Other assets	414,614	426,126
Total assets	22,625,576	24,879,684
Liabilities		
Accounts payable - trade	419,880	361,216
Deposits for banking business	9,732,828	10,570,745
Financial liabilities for securities business	4,236,517	5,142,437
Derivative liabilities	27,263	52,428
Bonds and borrowings	1,637,980	2,150,376
Borrowings for securities business	106,578	135,000
Bonds and borrowings for credit card business	603,869	608,355
Borrowings for banking business	2,446,746	2,670,041
Other financial liabilities	1,646,559	1,528,551
Income taxes payable	30,144	19,430
Provisions	263,886	288,676
Insurance contract liabilities	164,205	152,889
Employee retirement benefit liabilities	41,049	47,209
Deferred tax liabilities	3,602	3,734
Other liabilities	176,747	177,993
Total liabilities	21,537,853	23,909,080
Equity		
Equity attributable to owners of the Company		
Common stock	446,769	451,294
Capital surplus	541,520	549,018
Other equity instruments	317,316	317,316
Retained earnings	(643,991)	(806,194)
Treasury stock	(0)	(3)
Other components of equity	174,958	184,550
Total equity attributable to owners of the Company	836,572	695,981
Non-controlling interests	251,151	274,623
Total equity	1,087,723	970,604
Total liabilities and equity	22,625,576	24,879,684

(2) Condensed Quarterly Consolidated Statement of Income and Comprehensive Income
Condensed Quarterly Consolidated Statement of Income
(For the nine months ended September 30, 2023 and 2024)

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Continuing operations		
Revenue	1,491,239	1,617,621
Operating expenses	1,651,698	1,659,095
Other income	7,897	12,674
Other expenses	27,016	22,266
Operating loss	(179,578)	(51,066)
Financial income	67,971	40,893
Financial expenses	57,814	80,936
Share of losses of investments in associates and joint ventures	(11,023)	(6,975)
Loss before income tax	(180,444)	(98,084)
Income tax expenses	21,944	29,057
Net loss	(202,388)	(127,141)
Net loss attributable to:		
Owners of the Company	(208,447)	(150,358)
Non-controlling interests	6,059	23,217
Net loss	(202,388)	(127,141)
(Yen)		
Losses per share attributable to owners of the Company		
Basic	(113.37)	(70.04)
Diluted	(113.38)	(70.04)

Condensed Quarterly Consolidated Statement of Income
(For the three months ended September 30, 2023 and 2024)

(Millions of Yen)

	Three months ended September 30, 2023 (July 1 to September 30, 2023)	Three months ended September 30, 2024 (July 1 to September 30, 2024)
Continuing operations		
Revenue	518,439	566,713
Operating expenses	556,009	564,908
Other income	5,011	6,658
Other expenses	21,932	7,926
Operating income (loss)	(54,491)	537
Financial income	32,194	19,634
Financial expenses	33,295	71,587
Share of losses of investments in associates and joint ventures	(2,227)	(3,362)
Loss before income tax	(57,819)	(54,778)
Income tax expenses	7,598	11,260
Net loss	(65,417)	(66,038)
Net loss attributable to:		
Owners of the Company	(68,462)	(74,396)
Non-controlling interests	3,045	8,358
Net loss	(65,417)	(66,038)
		(Yen)
Losses per share attributable to owners of the Company		
Basic	(32.00)	(34.60)
Diluted	(32.01)	(34.60)

Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the nine months ended September 30, 2023 and 2024)

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Net loss	(202,388)	(127,141)
Other comprehensive income		
Items that will not be reclassified to net income		
Changes in equity instruments measured at fair value through other comprehensive income	2,163	(1,493)
Remeasurement of defined benefit plans	(210)	0
Other comprehensive income of investments in associates and joint ventures	8	(10)
Total items that will not be reclassified to net income	1,961	(1,503)
Items that may be reclassified to net income		
Foreign currency translation adjustments	107,227	13,512
Changes in debt instruments measured at fair value through other comprehensive income	1,212	(1,115)
Cash flow hedges	164	(3,410)
Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	(2,251)	210
Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	311	(327)
Other comprehensive income of investments in associates and joint ventures	3,836	435
Total items that may be reclassified to net income	110,499	9,305
Total other comprehensive income, net of tax	112,460	7,802
Comprehensive income	(89,928)	(119,339)
Comprehensive income attributable to:		
Owners of the Company	(96,900)	(141,226)
Non-controlling interests	6,972	21,887
Comprehensive income	(89,928)	(119,339)

Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the three months ended September 30, 2023 and 2024)

(Millions of Yen)

	Three months ended September 30, 2023 (July 1 to September 30, 2023)	Three months ended September 30, 2024 (July 1 to September 30, 2024)
Net loss	(65,417)	(66,038)
Other comprehensive income		
Items that will not be reclassified to net income		
Changes in equity instruments measured at fair value through other comprehensive income	(243)	(1,193)
Remeasurement of defined benefit plans	0	1
Other comprehensive income of investments in associates and joint ventures	(3)	(10)
Total items that will not be reclassified to net income	(246)	(1,202)
Items that may be reclassified to net income		
Foreign currency translation adjustments	25,913	(95,674)
Changes in debt instruments measured at fair value through other comprehensive income	(6,503)	2,558
Cash flow hedges	1,288	2,048
Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	(266)	129
Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	(32)	213
Other comprehensive income of investments in associates and joint ventures	803	(3,795)
Total items that may be reclassified to net income	21,203	(94,521)
Total other comprehensive income, net of tax	20,957	(95,723)
Comprehensive income	(44,460)	(161,761)
Comprehensive income attributable to:		
Owners of the Company	(45,668)	(168,177)
Non-controlling interests	1,208	6,416
Comprehensive income	(44,460)	(161,761)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
For the nine months ended September 30, 2023 (January 1 to September 30, 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	—	—	—	(208,447)	—	—	(208,447)	6,059	(202,388)
Other comprehensive income, net of tax	—	—	—	—	—	111,547	111,547	913	112,460
Total comprehensive income	—	—	—	(208,447)	—	111,547	(96,900)	6,972	(89,928)
Transactions with owners etc.									
Issuance of shares	148,005	146,780	—	—	—	—	294,785	—	294,785
Cash dividends paid	—	—	—	(7,157)	—	—	(7,157)	—	(7,157)
Distributions to owners of other equity instruments	—	—	—	(9,820)	—	—	(9,820)	—	(9,820)
Reclassified from other components of equity to retained earnings	—	—	—	(1,976)	—	1,976	—	—	—
Acquisition of treasury stock	—	—	—	—	(0)	—	(0)	—	(0)
Exercise of share acquisition rights	3,821	(3,821)	—	—	—	—	0	—	0
Share based compensation expenses	—	10,702	—	211	—	—	10,913	—	10,913
Equity transactions with non-controlling interests	—	(8,644)	—	—	—	1,287	(7,357)	92,174	84,817
Others	—	—	—	(5)	—	—	(5)	(1,133)	(1,138)
Total transactions with owners etc.	151,826	145,017	—	(18,747)	(0)	3,263	281,359	91,041	372,400
As of September 30, 2023	445,887	498,803	317,316	(507,279)	(0)	221,083	975,810	155,373	1,131,183

For the nine months ended September 30, 2024 (January 1 to September 30, 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	—	—	—	(150,358)	—	—	(150,358)	23,217	(127,141)
Other comprehensive income, net of tax	—	—	—	—	—	9,132	9,132	(1,330)	7,802
Total comprehensive income	—	—	—	(150,358)	—	9,132	(141,226)	21,887	(119,339)
Transactions with owners etc.									
Issuance of shares	—	—	—	—	—	—	—	—	—
Cash dividends paid	—	—	—	—	—	—	—	—	—
Distributions to owners of other equity instruments	—	—	—	(11,590)	—	—	(11,590)	—	(11,590)
Reclassified from other components of equity to retained earnings	—	—	—	(473)	—	473	—	—	—
Acquisition of treasury stock	—	—	—	—	(3)	—	(3)	—	(3)
Exercise of share acquisition rights	4,525	(4,525)	—	—	—	—	0	—	0
Share based compensation expenses	—	12,005	—	229	—	—	12,234	—	12,234
Equity transactions with non-controlling interests	—	18	—	—	—	(13)	5	1,585	1,590
Others	—	—	—	(11)	—	—	(11)	—	(11)
Total transactions with owners etc.	4,525	7,498	—	(11,845)	(3)	460	635	1,585	2,220
As of September 30, 2024	451,294	549,018	317,316	(806,194)	(3)	184,550	695,981	274,623	970,604

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Cash flows from operating activities		
Loss before income tax	(180,444)	(98,084)
Depreciation and amortization	223,195	236,516
Other loss (income)	45,826	95,689
Decrease (Increase) in operating receivables	61,029	42,496
Decrease (Increase) in loans for credit card business	(14,833)	(70,880)
Increase (Decrease) in deposits for banking business	695,966	841,381
Net decrease (increase) in call loans for banking business	(1,210)	9,656
Decrease (Increase) in loans for banking business	(374,520)	(416,471)
Net decrease (Increase) in receivables under securities borrowing transactions	(20,960)	21,677
Increase (Decrease) in operating payables	(87,160)	(61,888)
Decrease (Increase) in financial assets for securities business	(520,246)	(750,155)
Increase (Decrease) in financial liabilities for securities business	488,022	905,835
Increase and decrease in derivative assets and liabilities	(57,176)	(37,081)
Others	(72,493)	139,701
Income tax paid	(23,333)	(38,889)
Net cash flows from operating activities	161,663	819,503
Cash flows from investing activities		
Payments in time deposits	(16,001)	(12,731)
Proceeds from time deposits	17,638	9,800
Purchases of property, plant and equipment	(147,854)	(68,773)
Purchases of intangible assets	(118,522)	(128,229)
Acquisitions of subsidiaries	(577)	(1)
Acquisitions of investments in associates and joint ventures	(199)	(400)
Proceeds from sales of investments in associates and joint ventures	22,000	3,793
Purchases of investment securities for banking business	(474,061)	(1,307,347)
Proceeds from sales and redemption of investment securities for banking business	346,346	758,177
Purchases of investment securities for insurance business	(44,794)	(37,205)
Proceeds from sales and redemption of investment securities for insurance business	60,051	77,334
Purchases of investment securities	(10,025)	(67,459)
Proceeds from sales and redemption of investment securities	11,179	3,720
Other payments	(7,821)	(5,732)
Other proceeds	14,103	8,100
Net cash flows from investing activities	(348,537)	(766,953)

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

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(123,500)	(2,626)
Net increase (decrease) in commercial papers	(142,500)	62,000
Proceeds from long-term borrowings	25,657	186,750
Repayments of long-term borrowings	(95,761)	(102,065)
Proceeds from issuance of bonds	305,046	601,313
Redemption of bonds	(10,000)	(208,407)
Net increase (decrease) in short-term borrowings for securities business	(26,000)	47,000
Repayments of long-term borrowings for securities business	—	(18,600)
Net increase (decrease) in short-term borrowings for credit card business	(9,260)	(3,027)
Net increase (decrease) in commercial papers for credit card business	(146,900)	21,600
Proceeds from long-term borrowings for credit card business	83,812	105,191
Repayments of long-term borrowings for credit card business	(119,611)	(119,400)
Net increase (decrease) in short-term borrowings for banking business	7,840	91,252
Proceeds from long-term borrowings for banking business	1,097,200	132,200
Repayments of long-term borrowings for banking business	(967,200)	—
Proceeds from issuance of shares	294,244	—
Distributions to owners of other equity instruments	(10,110)	(10,039)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	71,755	—
Capital contribution from non-controlling interests	13,325	1,306
Repayments of lease liabilities	(49,174)	(46,568)
Interest paid	(24,190)	(39,698)
Cash dividends paid	(7,157)	—
Others	6,686	3,346
Net cash flows from financing activities	174,202	701,528
Effect of change in exchange rates on cash and cash equivalents	23,130	5,123
Net increase (decrease) in cash and cash equivalents	10,458	759,201
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	4,704,818	5,886,875

(5) Assumptions for Going Concern

For the nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)

No items to report.

(6) Notes to the Condensed Quarterly Consolidated Financial Statements

(Basis of Preparation)

The Rakuten Group's Condensed Quarterly Consolidated Financial Statements have been prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. (with the use of the omitted disclosures as specified in Article 5, paragraph 5 of the same standards). The Condensed Quarterly Consolidated Financial Statements are prepared in accordance with IAS 34 'Interim Financial Reporting', but some of the disclosure items and notes required by IAS 34 have been omitted. Therefore, the Condensed Quarterly Consolidated Financial Statements do not conform to a set of Condensed Financial Statements in accordance with IAS 34. 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.

(Material Accounting Policies)

Except for the following, material accounting policies adopted by the Rakuten Group in the Condensed Quarterly Consolidated Financial Statements for the nine months ended September 30, 2024 remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the nine months ended September 30, 2024 are calculated based upon an estimated annual effective tax rate.

The Rakuten Group has adopted the following accounting standard from the three months ended March 31, 2024. The adoption of the accounting standard 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 liabilities as current or non-current
IAS 1	Presentation of Financial Statements	Improves information that an entity discloses regarding long-term debt with future covenants

(Significant Accounting Estimates and Judgments)

In preparing the Condensed Quarterly Consolidated Financial Statements under IFRS for the nine months ended September 30, 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 underlying assumptions are subject to continuous review. The effect of these revised estimates is recognized in the period in which the estimates are revised as well as future periods.

Estimates and judgments that have a significant impact on the amounts in the Condensed Quarterly Consolidated Financial Statements for the nine months ended September 30, 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 accounting treatment of the reported operating segment is based on IFRS, and operating segment revenue and segment profit (loss) are those before intercompany eliminations without consideration of consolidation adjustments, except for certain subsidiaries. Non-GAAP operating income, the internal measure 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 used by the chief operating decision maker.

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

1) Mobile segment-related investments

In anticipation of an increase in investments related to the mobile segment, an organization to oversee said investments was established during the three months ended September 30, 2024. This results in a change to the management of mobile segment-related investments but does not impact the nine months ended September 30, 2023 and the three months ended September 30, 2023.

2) Mobile Ecosystem Contribution

Considering the expanding mutual contribution effects between segments within the Rakuten Ecosystem, mutual contribution effects and mutual customer referral effects (hereinafter "Mobile Ecosystem Contribution") are reflected in the segment profit and loss to allow for a more precise performance evaluation from the three months ended September 30, 2024.

The Mobile Ecosystem Contribution is calculated based on the contribution effect derived from the tendency of Rakuten Mobile MNO subscribers to use various services of the Rakuten Group more than non-subscribers, minus the customer referral effect received from each segment. This calculation is reflected in the segment information for the nine months ended September 30, 2024 and the three months ended September 30, 2024.

Accordingly, segment profit and loss are restated for the same period of the previous year, as shown in the table below. There is no impact on consolidated revenue, Non-GAAP operating loss, or operating loss.

Mobile Ecosystem Contribution = i) Gross profit uplift effect of Rakuten Mobile MNO subscribers - ii) Customer referral effect from group companies to the mobile business

Calculation Method of Uplift Effect and Customer Referral Effect between Segments

i) Gross profit uplift effect of Rakuten Mobile MNO subscribers

Depending on the characteristics of each business of the Rakuten Group, the monthly amount is calculated using one of the following methods.

(a) The difference in the monthly average revenue per user over the past year between Rakuten Mobile MNO individual subscribers and non-subscribers in each business of the Rakuten Group \times The gross profit margin of each business for each month \times The number of Rakuten Mobile MNO individual subscribers at the end of each month

(b) The difference in annual usage rates in each business of the Rakuten Group between Rakuten Mobile MNO individual subscribers and non-subscribers \times Monthly average revenue per user over the past year for each business \times The gross profit margin of each business for each month \times The number of Rakuten Mobile MNO individual subscribers at the end of each month

ii) Referral effect from group companies to the mobile business

Number of Rakuten Mobile MNO individual subscribers each month who signed up through group company sites \times Referral cost

* Target businesses for uplift effect calculation

The calculation targets 18 businesses: Rakuten Ichiba, Rakuten Books, Rakuten Direct, Rakuten Bic, Rakuten Kobo, Rakuten Fashion, Rakuten Travel, Rakuten Mart, Rakuten Beauty, Rakuten Pay app payments, Rakuten Pay online payments, Rakuten Edy, Rakuten Point Card, Rakuten Card, Rakuten Bank, Rakuten Securities, Rakuten Life Insurance, and Rakuten General Insurance.

Nine months ended September 30, 2023 (January 1 to September 30, 2023)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	867,016	533,589	265,086	1,665,691
Segment Profit (Loss)				
Before Considering	42,951	88,221	(266,297)	(135,125)
Mobile Ecosystem Contribution	(6,764)	(8,820)	15,584	—
After Considering	36,187	79,401	(250,713)	(135,125)

Nine months ended September 30, 2024 (January 1 to September 30, 2024)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	904,169	604,383	300,788	1,809,340
Segment Profit (Loss)				
Before Considering	56,675	125,323	(188,070)	(6,072)
Mobile Ecosystem Contribution	(9,267)	(10,618)	19,885	—
After Considering	47,408	114,705	(168,185)	(6,072)

Three months ended September 30, 2023 (July 1 to September 30, 2023)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	301,192	184,562	88,682	574,436
Segment Profit (Loss)				
Before Considering	16,625	28,581	(81,204)	(35,998)
Mobile Ecosystem Contribution	(2,893)	(3,142)	6,035	—
After Considering	13,732	25,439	(75,169)	(35,998)

Three months ended September 30, 2024 (July 1 to September 30, 2024)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	314,570	208,229	105,987	628,786
Segment Profit (Loss)				
Before Considering	24,212	43,772	(55,501)	12,483
Mobile Ecosystem Contribution	(3,043)	(3,778)	6,821	—
After Considering	21,169	39,994	(48,680)	12,483

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Segment Revenue	1,665,691	1,809,340
Intercompany Transactions, etc.	(174,452)	(191,719)
Consolidated Revenue	1,491,239	1,617,621

(Millions of Yen)

	Three months ended September 30, 2023 (July 1 to September 30, 2023)	Three months ended September 30, 2024 (July 1 to September 30, 2024)
Segment Revenue	574,436	628,786
Intercompany Transactions, etc.	(55,997)	(62,073)
Consolidated Revenue	518,439	566,713

Reconciliation from Segment Loss to Loss before Income Tax

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Segment Loss	(135,125)	(6,072)
Intercompany Transactions, etc.	(14,334)	(18,859)
Non-GAAP Operating Loss	(149,459)	(24,931)
Amortization of Intangible Assets	(6,509)	(5,462)
Share Based Compensation Expenses	(10,993)	(11,745)
One-off Items (Note)	(12,617)	(8,928)
Operating Loss	(179,578)	(51,066)
Financial Income and Expenses	10,157	(40,043)
Share of Losses of Investments in Associates and Joint Ventures	(11,023)	(6,975)
Loss before Income Tax	(180,444)	(98,084)

Note: One-off items listed for the nine months ended September 30, 2023 include costs temporarily incurred due to the cancellation of base station construction etc. of ¥10,222 million, associated with changes to capital expenditure plans resulting from a review of roaming agreements in the mobile business, gains and losses resulting from the sale of all shares in Seiyu Holdings Co., Ltd., and 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 nine months ended September 30, 2024 include incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million, a loss on disposal of intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business of ¥1,793 million, gains from the sale of shares of Min-Shu, Inc. of ¥1,616 million, a write-down loss due to a review of contracts with certain agents and a revaluation of transactions recognized as assets from costs for contract acquisitions in the mobile business of ¥5,413 million, as well as expenses related to the resolution of litigation with International Business Machines Corporation, etc. Moreover, the write-down loss on assets etc. from the recognition of costs for contract acquisitions in the mobile business is recognized in operating expenses, with income and expenses other than this mainly recorded in other income and other expenses of the Condensed Quarterly Consolidated Statement of Income.

(Millions of Yen)

	Three months ended September 30, 2023 (July 1 to September 30, 2023)	Three months ended September 30, 2024 (July 1 to September 30, 2024)
Segment Profit (Loss)	(35,998)	12,483
Intercompany Transactions, etc.	(5,051)	(141)
Non-GAAP Operating Income (Loss)	(41,049)	12,342
Amortization of Intangible Assets	(2,250)	(1,691)
Share Based Compensation Expenses	(2,996)	(4,059)
One-off Items (Note)	(8,196)	(6,055)
Operating Income (Loss)	(54,491)	537
Financial Income and Expenses	(1,101)	(51,953)
Share of Losses of Investments in Associates and Joint Ventures	(2,227)	(3,362)
Loss before Income Tax	(57,819)	(54,778)

Note: One-off items listed for the three months ended September 30, 2023 include costs temporarily incurred due to the cancellation of base station construction etc. of ¥8,245 million, associated with changes to capital expenditure plans resulting from a review of roaming agreements in the mobile business and 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 September 30, 2024 include the recording of a disposal loss related to a part of the insurance business system of ¥619 million, and a write-down loss due to a review of contracts with certain agents and a revaluation of transactions recognized as assets from costs for contract acquisitions in the mobile business of ¥5,413 million etc. Moreover, the write-down loss on assets etc. from the recognition of costs for contract acquisitions in the mobile business is recognized in operating expenses, with income and expenses other than this mainly recorded in other income and other expenses of the Condensed Quarterly Consolidated Statement of Income.

(Breakdown of Operating Expenses)

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Advertising and promotion expenditures	273,666	243,452
Employee benefits expenses	270,118	271,905
Depreciation and amortization	234,785	247,413
Communication and maintenance expenses	48,841	53,571
Consignment and subcontract expenses	106,978	93,571
Allowance for doubtful accounts charged to expenses	21,148	21,093
Cost of sales of merchandise and services rendered	488,483	484,176
Interest expenses for finance business	14,707	22,954
Commission fee expenses for finance business	19,071	20,734
Cost of sales for insurance business	29,846	34,956
Others	144,055	165,270
Total	1,651,698	1,659,095

(Other Income and Other Expenses)

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Gains on sales of investments in associates and joint ventures	—	3,793
Others (Note 1)	7,897	8,881
Total other income	7,897	12,674
Foreign exchange losses	1,502	1,835
Losses on disposal of property, plant and equipment and intangible assets (Note 2, 3)	2,242	5,974
Losses on valuation of investment securities	2,898	5,532
Impairment losses (Note 2)	6,739	1,984
Others (Note 2, 4)	13,635	6,941
Total other expenses	27,016	22,266

Note 1: Gains from the sale of shares of Min-Shu, Inc. were included for the nine months ended September 30, 2024.

Note 2: Incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake were included for the nine months ended September 30, 2024.

Note 3: Losses on disposal of intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business were included for the nine months ended September 30, 2024.

Note 4: Expenses related to the resolution of litigation with International Business Machines Corporation were included for the nine months ended September 30, 2024.

(Financial Income and Financial Expenses)

(Millions of Yen)

	Nine months ended September 30, 2023 (January 1 to September 30, 2023)	Nine months ended September 30, 2024 (January 1 to September 30, 2024)
Gains on valuation of investment securities (Note 1)	4,122	68
Gains on valuation of derivatives (Note 2)	61,600	37,568
Others	2,249	3,257
Total financial income	67,971	40,893
Interest expenses (Note 3)	35,404	60,112
Losses on valuation of investment securities (Note 4)	—	8,931
Foreign exchange losses (Note 5)	19,990	2,805
Others	2,420	9,088
Total financial expenses	57,814	80,936

Note 1: Gains on valuation of investment securities related to an investment in Lyft, Inc. of ¥4,063 million were recorded for the nine months ended September 30, 2023.

Note 2: Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥15,076 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥46,524 million were recorded for the nine months ended September 30, 2023. Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥13,567 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥23,920 million were recorded for the nine months ended September 30, 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 ¥754 million and of ¥826 million were recorded for the nine months ended September 30, 2023 and the nine months ended September 30, 2024, respectively.

Note 4: Losses on valuation of investment securities related to an investment in Lyft, Inc. of ¥8,882 million were recorded for the nine months ended September 30, 2024.

Note 5: Foreign exchange losses of ¥19,990 million and ¥2,805 million arising from liabilities relating to funds raised from the utilization of shares of Lyft, Inc. were recorded for the nine months ended September 30, 2023 and the nine months ended September 30, 2024, respectively.

(Significant Subsequent Events)

(1) Change in Accounting Treatment of AST Space Mobile, Inc. Shares

The Company previously accounted for its shares in AST Space Mobile, Inc. (hereinafter "AST") using the equity method, considering the substantial influence exerted over AST, including the dispatch of directors to the Board of Directors. In recent years, due to a continued decline in the Company's voting rights ratio and changes in the composition of AST's Board of Directors, etc., we have lost significant influence over AST on October 11, 2024. Therefore, the Company will account for these shares as financial assets measured at fair value through other comprehensive income.

As a result of this change in accounting treatment, the difference between the fair value of AST shares (Level 1 inputs) as of the date of the change, and the equity method book value on a consolidated basis, will be recorded in "Other Income" in the amount of ¥106,906 million yen in the consolidated financial statements for the fourth quarter of the fiscal year ending December 31, 2024.

(2) Sale of Shares of a Subsidiary

The Company decided at its Board of Directors meeting held on November 13, 2024 to sell 14.99% of the common shares (hereinafter the "Share Sale") of Rakuten Card Co., Ltd. held by the Company to Mizuho Financial Group, Inc. On the same day, the Company and Mizuho Financial Group, Inc. entered into a Shareholder Agreement and a Share Sale Agreement for the Share Sale.

An overview of the Share Sale is as follows:

i) Background and objectives of the Share Sale

The Share Sale aims to further accelerate collaboration with Mizuho Financial Group, Inc., enhancing growth in the core business of our FinTech operations, "Rakuten Card". Thereby, we intend to pursue growth opportunities not only in the stable personal business sector but also in the corporate sector, which is expected to expand in the future. By deepening and expanding our partnership with Mizuho Financial Group, Inc., which has a broad customer base, we believe we can expand the business domain and achieve sustainable growth for "Rakuten Card", as well as further expand and develop the entire Rakuten FinTech Ecosystem centered around Rakuten Card Co., Ltd. We have agreed to this strategic partnership, believing it will contribute to enhancing our corporate value.

ii) Overview of the subsidiary whose shares are to be sold

- 1) Name: Rakuten Card Co., Ltd.
- 2) Head office location: 2-6-21 Minami Aoyama, Minato-ku, Tokyo
- 3) Title and name of representative: Masayuki Hosaka, President
- 4) Description of business: Credit cards, card loans, credit guarantee services, etc.
- 5) Share capital: ¥19,323 million
- 6) Date of establishment: December 6, 2001
- 7) Major shareholders and ownership ratios: Rakuten Group, Inc. 100%

iii) Overview of the counterparty to share sale

- 1) Name: Mizuho Financial Group, Inc.
- 2) Head office location: 1-5-5 Otemachi, Chiyoda-ku, Tokyo
- 3) Title and name of representative: Masahiro Kihara, President & Group CEO
- 4) Description of business: Management of bank holding company, bank, securities company, and other companies that can be subsidiaries under the Banking Act, as well as related operations, and other businesses that a bank holding company is permitted to engage in under the Banking Act.

iv) Price of the shares to be sold and percentage of voting rights held before and after the Share Sale

1) Price of the shares to be sold: ¥164.9 billion

2) Date of shares to be sold: December 1, 2024

3) Percentage of voting rights held before the sale: 100%

4) Percentage of voting rights held after the sale: 85.01% (Note)

(Note) Rakuten Card Co., Ltd. will remain a consolidated subsidiary of the Company after the Share Sale.

At this time, the impact of this change to the consolidated financial statements cannot be determined.

(3) Partial Settlement of Prepaid Variable Share Forward Transactions of Shares of Lyft, Inc.

The Company decided at its Board of Directors meeting held on November 13, 2024, to settle a part of the financing for the prepaid variable share forward transactions of shares of Lyft, Inc. using shares of Lyft, Inc.

As a result, in the three months ending December 31, 2024, liabilities associated with the financing using shares of Lyft, Inc. recorded in "Other financial liabilities", the derivatives associated with the collar agreement involving shares of Lyft, Inc. recorded in "Derivative assets" and the balance of shares of Lyft, Inc. recorded in "Investment securities" will decrease, with profit or loss due to the early cancellation of part of the contract, expected to be recorded in "Financial income" or "Financial expenses". Since the effective date and conditions of the cancellation amount etc. are yet to be decided, at this time, the impact of this change to the consolidated financial statements cannot be determined.

(For Translation Purposes Only)
Independent Auditor's Interim Review Report

November 13, 2024

The Board of Directors
Rakuten Group, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Tomoko Tanabe
Designated Engagement Partner
Certified Public Accountant

Isamu Ando
Designated Engagement Partner
Certified Public Accountant

Mitsutaka Kumagai
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed the accompanying condensed quarterly consolidated financial statements of Rakuten Group, Inc. and its subsidiaries (the Group), which comprise the condensed quarterly consolidated statement of financial position as of September 30, 2024, and the condensed quarterly consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2024, and the condensed quarterly consolidated statements of changes in equity and cash flows for the nine-month period ended September 30, 2024, and notes to the condensed quarterly consolidated financial statements included in the "attachment" of Consolidated Financial Reports.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards), applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the condensed quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Emphasis of Matter

We draw attention to *Significant Subsequent Events* in the notes to the condensed quarterly consolidated financial statements, which describes that Rakuten Group, Inc. (the Company) decided at its Board of Directors meeting held on November 13, 2024 to sell a portion of the common shares of Rakuten Card Co., Ltd. held by the Company to Mizuho Financial Group, Inc. On the same day, the Company and Mizuho Financial Group, Inc. entered into a Shareholder Agreement and a Share Sale Agreement for the Share Sale. Our conclusion is not modified in respect of this matter.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation of these condensed quarterly consolidated financial statements in accordance with Article 5, Paragraph 2 of the Standards, applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards and for the internal controls as management determines are necessary to enable the preparation of condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern, as required by Article 5, Paragraph 2 of the Standards, applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Condensed Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these condensed quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the condensed quarterly consolidated financial statements are not prepared in accordance with Article 5, Paragraph 2 of the Standards, applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the condensed quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the condensed quarterly consolidated financial statements are not prepared in accordance with Article 5, Paragraph 2 of the Standards, applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the condensed quarterly consolidated financial statements. We

are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the review and significant review findings. We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the condensed quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Notes)

1. The Company (a company disclosing the quarterly consolidated financial reports) separately holds the original of the above interim review report.
2. XBRL data and HTML data are not included in the scope of the interim review.

Note:

The English version of the financial statements consists of an English translation of the reviewed Japanese financial statements. For the Independent Auditor's Interim Review Report of the English financial statements, the Japanese original is the official text, and the English version is a translation of that text. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.