

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 fiscal year ended December 31, 2024

Rakuten Group, Inc.  
February 14, 2025

Company name	Rakuten Group, Inc.	Listed	Tokyo Stock Exchange
Code No	4755	URL	<a href="https://global.rakuten.com/corp/">https://global.rakuten.com/corp/</a>
Representative	(Title) Chairman and CEO		(Name) Hiroshi Mikitani
Contact person	(Title) Director and Group Executive Vice President and CFO		(Name) Kenji Hirose
Scheduled date of Annual General Shareholders Meeting:	March 28, 2025		(TEL) 050-5581-6910
Scheduled date of submission of Securities Report:	March 28, 2025		
Scheduled start date of dividend payment:	—		
Supplementary materials for financial results:	Yes		
Financial results information meeting held:	Yes (For institutional investors and analysts)		

### 1. Consolidated Results for the fiscal year ended December 31, 2024 (January 1 - December 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	%
Fiscal Year ended December 31, 2024	2,279,233	10.0	52,975	—	16,277	—	(129,485)	—
Fiscal Year ended December 31, 2023	2,071,315	7.8	(212,857)	—	(217,741)	—	(329,535)	—

	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
Fiscal Year ended December 31, 2024	(162,442)	—	(53,842)	—	(75.61)	(75.62)
Fiscal Year ended December 31, 2023	(339,473)	—	(262,200)	—	(177.27)	(177.29)

	ROE (Return on equity attributable to owners of the Company)	ROA (Ratio of income before income tax to total assets)	OI margin (Ratio of operating income to revenue)
	%	%	%
Fiscal Year ended December 31, 2024	(18.4)	0.1	2.3
Fiscal Year ended December 31, 2023	(41.7)	(1.0)	(10.3)

(Reference) Other important management indicators

	EBITDA *	
	Millions of Yen	%
Fiscal Year ended December 31, 2024	326,039	120.0
Fiscal Year ended December 31, 2023	148,178	—

\* 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. Overview of Business Results, etc. (1) Overview of Operating Results for the fiscal year ended December 31, 2024".

**(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 December 31, 2024	26,514,728	1,238,514	927,868	4.7	3.5
As of December 31, 2023	22,625,576	1,087,723	836,572	4.8	3.7

	Total equity attributable to owners of the Company per share
	Yen
As of December 31, 2024	430.67
As of December 31, 2023	390.53

\* Calculated by dividing total equity by total assets. As the card business, 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.

**(3) Consolidated Cash Flows**

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents, end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year ended December 31, 2024	1,190,882	(921,724)	757,469	6,170,888
Fiscal Year ended December 31, 2023	724,192	(597,416)	291,956	5,127,674

## 2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the Company (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2023	—	0.00	—	0.00	0.00	—	—	—
FY2024	—	0.00	—	0.00	0.00	—	—	—
FY2025 (Forecast)	—	—	—	—	—		—	

Note: Dividend per share for the fiscal year ending December 31, 2025 has not been decided yet.

## 3. Estimate of Consolidated Operating Results for fiscal year 2025 (January 1 to December 31, 2025)

For the estimate of consolidated operating results for fiscal year 2025, double-digit growth on consolidated operating results for the fiscal year 2024 is estimated for the fiscal year 2025 consolidated revenue, excluding the securities business whose results are heavily impacted by stock market conditions.

For details, see page 12, 1. Overview of Business Results, etc. (4) Future Outlook.

### 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

- Changes in accounting policies required by IFRS: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No

(Note) For details, see page 21, "3. Consolidated Financial Statements and Notes, (7) Notes to the Consolidated Financial Statements, (Material Accounting Policies)".

#### (3) Number of Shares Issued (Common Stock)

- Total number of shares issued at the end of the period (including treasury stocks)
  - 2,154,483,600 shares (As of December 31, 2024)
  - 2,142,140,300 shares (As of December 31, 2023)
- Number of treasury stocks at the end of the period
  - 4,096 shares (As of December 31, 2024)
  - 384 shares (As of December 31, 2023)
- Average number of shares for the period (cumulative from the beginning of the year)
  - 2,148,420,001 shares (January 1 - December 31, 2024)
  - 1,914,977,919 shares (January 1 - December 31, 2023)

This financial report is not subject to audit.

### Explanation about the Appropriate Use of Earnings Forecasts, and Other Special Matters

Consolidated earnings forecasts for the fiscal year ending December 31, 2025 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. Overview of Business Results, etc.**

### **(1) Overview of Operating Results for the fiscal year ended December 31, 2024**

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 shall be excluded for the purposes of preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share based compensation expenses and amortization of acquisition-related intangible assets.

(Note) For disclosure of Non-GAAP financial measures, the Rakuten Group refers to the rules specified by the U.S. Securities and Exchange Commission but does not fully comply with such rules.

#### **i) Operating Results for the fiscal year ended December 31, 2024 (Non-GAAP basis)**

For the fiscal year ended December 31, 2024, the global economy showed signs of recovery despite weaknesses in some regions. However, attention must be paid to the increased risk of economic downturn due to the continued high interest rates in Europe and the United States, and the impact of future policy trends in 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), technology policy in the information and communications field is being promoted with a focus on initiatives toward Beyond 5G, which is expected to be utilized across all industries and social activities beyond national borders. Additionally, new technologies utilizing digital tools such as AI are expected to further transform our social and economic activities in the future.

In this environment, the Rakuten Group is actively promoting the development and deployment of services utilizing advanced technologies such as AI, based on data from both online and offline sources, and improving network quality and user acquisition in mobile services. By further evolving and expanding the Rakuten Ecosystem, the Rakuten Group aims to enhance its competitiveness and develop unique solution services that only the Rakuten Group, with its accumulated unique data assets through various services such as internet services, FinTech, and mobile, can provide. This evolution aims to make the Rakuten Group an "AI Empowerment Company," making people's lives more convenient and enriched. Furthermore, amid the current uncertainty about the economic outlook due to rising prices, the Rakuten Group aims to capture further growth opportunities by leveraging the synergies of its diverse business portfolio to accurately grasp consumer trends and needs.

In the Internet Services segment, to achieve further growth in gross merchandise sales (hereinafter "GMS") and revenue, the Rakuten Group focused on acquiring new customers, promoting cross-use, developing services in collaboration with local governments and regional businesses, and revitalizing the regional economy. As a result of these efforts and changes in marketing strategies aimed at improving profitability, significant profit growth was achieved. In the FinTech segment, efforts to expand the customer base and transaction value in each service led to further revenue growth and improved segment profit. In the Mobile segment, efficient network quality improvement through the use of both proprietary and partner networks, along with strengthened marketing activities, resulted in an increase in the number of contracted lines and expanded revenue. Additionally, continued cost optimization efforts led to a steady reduction in segment losses.

As a result, the Rakuten Group recorded revenue of ¥2,279,233 million, up 10.0% year-on-year for the fiscal year ended December 31, 2024. It recorded a Non-GAAP operating income of ¥7,048 million, compared to a Non-GAAP operating loss of ¥153,041 million in the previous fiscal year. Furthermore, Non-GAAP operating income turned positive for the first time in five years since the fiscal year ended December 31, 2019.

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

(Non-GAAP)

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY	% Change YoY
Revenue	2,071,315	2,279,233	207,918	10.0%
Non-GAAP Operating Income (Loss)	(153,041)	7,048	160,089	—%

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

For the fiscal year ended December 31, 2024, amortization of intangible assets of ¥6,821 million and share based compensation expenses of ¥15,910 million were excluded from the Non-GAAP operating loss. One-off items listed for the fiscal year ended December 31, 2023 include an impairment loss on noncurrent assets of ¥15,922 million, associated with changes in the operation method of the online grocery delivery business, costs temporarily incurred due to the cancellation of base station construction etc. of ¥13,598 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 fiscal year ended December 31, 2024 include 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 ¥5,863 million, an impairment loss of ¥9,662 million due to a review of the core system development plan in the general insurance business, maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 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 ¥5,411 million, a disposal loss of ¥1,891 million due to a business model shift focusing on advanced network software development in the Rakuten Symphony business, an impairment loss of ¥2,155 million due to changes in cash-generating units, an impairment loss of ¥1,667 million due to the re-evaluation of future revenue prospects in the Rakuten Farm business and overseas advertising business, an impairment loss etc. of ¥1,305 million due to restructuring in the Rakuten Ticket business, tax expenses of ¥4,151 million due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd., the provision of allowance for doubtful accounts of ¥4,386 million due to the risk of uncollectible receivables from the sale of overseas subsidiaries, expenses related to the resolution of litigation with International Business Machines Corporation, a remeasurement gain of ¥106,906 million due to changes in the accounting treatment of shares in AST SpaceMobile, Inc., and gains from the sale of shares of Min-Shu, Inc. of ¥1,613 million. Moreover, the write-down loss on assets etc. from the recognition of costs for contract acquisitions in the mobile business and tax expenses due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd are recorded in operating expenses, while other income and expenses are mainly recorded in other income and other expenses in the Consolidated Statement of Income.

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY
Non-GAAP Operating Income (Loss)	(153,041)	7,048	160,089
Amortization of Intangible Assets	(13,564)	(6,821)	6,743
Share Based Compensation Expenses	(14,318)	(15,910)	(1,592)
One-off Items	(31,934)	68,658	100,592
IFRS Operating Income (Loss)	(212,857)	52,975	265,832

**iii) Operating Results for the fiscal year ended December 31, 2024 (IFRS basis)**

For the fiscal year ended December 31, 2024, the Rakuten Group recorded revenue of ¥2,279,233 million, up 10.0% year-on-year, and an IFRS operating income of ¥52,975 million, compared with an IFRS operating loss of ¥212,857 million in the fiscal year ended December 31, 2023, due to the impact of the remeasurement gain from changes in the accounting treatment of AST SpaceMobile, Inc. shares, and other factors, and a net loss attributable to owners of the Company of ¥162,442 million, compared with a net loss of ¥339,473 million in the fiscal year ended December 31, 2023, due to the impact of the reversal of deferred tax assets and other factors. Notably, IFRS operating income achieved a surplus for the first time in five years since the fiscal year ended December 31, 2019.

(IFRS)

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY	% Change YoY
Revenue	2,071,315	2,279,233	207,918	10.0%
IFRS Operating Income (Loss)	(212,857)	52,975	265,832	—%
Net Loss Attributable to Owners of the Company	(339,473)	(162,442)	177,031	—%

#### 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.

##### 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, and segment profit decreased by ¥1,700 million in the Internet Services segment, and segment loss in the Mobile segment decreased by the same amount for the fiscal year ended December 31, 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") have been 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 has been reflected in the segment information for the fiscal year ended December 31, 2024.

Accordingly, segment profit and loss have been restated for the fiscal year ended December 31, 2023, as shown in the table below.

There is no impact on consolidated revenue, Non-GAAP operating income or loss, or operating income or 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 × The gross profit margin of each business for each month × 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 × Monthly average revenue per user over the past year for each business × The gross profit margin of each business for each month × 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 × Referral cost

###### \* Target businesses for uplift effect calculation

The calculation targets 18 businesses: Rakuten Ichiba, Rakuten Books, Rakuten24, 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, which is the main service, the growth rate of GMS temporarily slowed down compared to the previous fiscal year due to changes in marketing measures aimed at improving profitability. However, the growth of domestic e-commerce drove revenue and profit increases. In the internet shopping mall "Rakuten Ichiba", efforts were focused on acquiring new customers and promoting cross-use. In the internet travel reservation service "Rakuten Travel", various measures aimed at improving customer convenience and satisfaction, as well as continued strong inbound demand, led to an expansion in gross transaction value (hereinafter "GTV").

In the international business unit, which operates overseas internet services, the U.S. online cashback service "Rakuten Rewards" continued to show steady revenue growth. In the overseas content business, the sales of the new color-compatible devices of the e-book service "Kobo" remained strong, and the number of users of the video streaming service "Viki" increased, leading to continued steady growth in each business. This contributed to achieving annual profitability in the international business unit and expanding segment profit.

As a result, revenue for the Internet Services segment rose to ¥1,282,087 million, a 5.8% year-on-year increase, while segment profit stood at ¥85,137 million, an 29.8% year-on-year increase.

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY	% Change YoY
Segment Revenue	1,212,314	1,282,087	69,773	5.8%
Segment Profit (Loss)				
Before Considering	75,131	96,940	21,809	29.0%
Mobile Ecosystem Contribution	(9,564)	(11,803)	(2,239)	—%
After Considering	65,567	85,137	19,570	29.8%



## FinTech

In the FinTech segment, revenue and profit increased year-on-year in credit card-related services, banking services, securities services, and payment services. In credit card related services, the cumulative number of "Rakuten Card" issued exceeded 31 million in June 2024, and the customer base continued to expand, leading to an increase in shopping transaction value. In addition, marketing optimization contributed to a significant increase in profit. In banking services, the increase in assets under management due to the expansion of the customer base and the improvement in investment yields due to the Bank of Japan's policy interest rate hike led to a significant increase in asset management revenue, resulting in substantial revenue and profit growth. In securities services, despite making domestic stock trading commission-free, profit increased due to the continuous expansion of the customer base and diversification of revenue sources. In payment services, business growth continued due to efficient marketing measures.

As a result, the FinTech segment recorded ¥820,419 million in revenue, a 13.1% year-on-year increase, while segment profit stood at ¥153,377 million, a 37.9% year-on-year increase.

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY	% Change YoY
Segment Revenue	725,165	820,419	95,254	13.1%
Segment Profit (Loss)				
Before Considering	122,915	167,994	45,079	36.7%
Mobile Ecosystem Contribution	(11,691)	(14,617)	(2,926)	—%
After Considering	111,224	153,377	42,153	37.9%

## Mobile

In Mobile, efforts were made to improve network quality and expand its recognition, along with the deployment of various programs such as the "SAIKYO FAMILY Program" and the "SAIKYO YOUTH Program", and marketing measures utilizing various services of the Rakuten Ecosystem, including "Rakuten Ichiba" and "Rakuten Card". As a result, the number of subscribers (the sum of MNO, including corporate BCP plans, MVNE, and MVNO) exceeded 8.3 million lines in December 2024. ARPU also increased compared to the three months ended December 31, 2023, due to the increase in data usage, the introduction of charges for some options, and the increase in other ARPU due to the increase in advertising revenue from Rakuten Link. Additionally, the conversion of Rakuten Mobile MNO subscribers into loyal users progressed, leading to an increase in the Mobile Ecosystem Contribution. We will continue to maximize customer satisfaction by providing easy-to-understand, cost-effective services that meet various user needs.

As a result, the Mobile segment recorded ¥440,698 million in revenue, a 20.9% year-on-year increase, while segment loss stood at ¥208,933 million compared to a loss of ¥314,569 million in the fiscal year ended December 31, 2023. Notably, the mobile business achieved monthly EBITDA profitability in December 2024.

(Millions of Yen)

	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024	Amount Change YoY	% Change YoY
Segment Revenue	364,556	440,698	76,142	20.9%
Segment Profit (Loss)				
Before Considering	(335,824)	(235,353)	100,471	—%
Mobile Ecosystem Contribution	21,255	26,420	5,165	24.3%
After Considering	(314,569)	(208,933)	105,636	—%

## **(2) Overview of Financial Position for the fiscal year ended December 31, 2024**

### **Assets**

Total assets as of December 31, 2024 amounted to ¥26,514,728 million, an increase of ¥3,889,152 million from ¥22,625,576 million at the end of the previous fiscal year. The primary factors were an increase of ¥1,083,744 million in financial assets for securities business, an increase of ¥1,043,214 million in cash and cash equivalents, an increase of ¥743,902 million in loans for banking business, and an increase of ¥721,923 million in investment securities for banking business.

### **Liabilities**

Total liabilities as of December 31, 2024 amounted to ¥25,276,214 million, an increase of ¥3,738,361 million from ¥21,537,853 million at the end of the previous fiscal year. The primary factors were an increase of ¥1,579,145 million in deposits for banking business, an increase of ¥1,275,775 million in financial liabilities for securities business, and an increase of ¥414,829 million in bonds and borrowings.

### **Equity**

Total equity as of December 31, 2024 was ¥1,238,514 million, an increase of ¥150,791 million from ¥1,087,723 million at the end of the previous fiscal year. The primary factors were a decrease of ¥180,709 million in retained earnings due mainly to the recording of ¥162,442 million in net loss attributable to owners of the Company for the fiscal year ended on December 31, 2024, offset by an increase of ¥107,869 million in capital surplus and an increase of ¥59,495 million in non-controlling interests due to the partial sale of shares of Rakuten Card Co., Ltd., etc., an increase of ¥81,401 million in other equity instruments due to the issuance of U.S. dollar-denominated permanent subordinated bonds, and an increase of ¥76,861 million in other components of equity due to changes in foreign currency translation adjustments affected by yen depreciation.

## **(3) Overview of Cash Flows for the fiscal year ended December 31, 2024**

Cash and cash equivalents as of December 31, 2024 stood at ¥6,170,888 million, an increase of ¥1,043,214 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the fiscal year ended December 31, 2024 are as follows.

### **Cash Flows from Operating Activities**

Net cash flows from operating activities for the fiscal year ended December 31, 2024 resulted in a cash inflow of ¥1,190,882 million (compared with a cash inflow of ¥724,192 million for the previous fiscal year). Main factors included a cash outflow of ¥1,083,478 million due to an increase in financial assets for securities business, and a cash outflow of ¥742,063 million due to an increase in loans for banking business, offset by a cash inflow of ¥1,574,499 million due to an increase in deposits for banking business, and a cash inflow of ¥1,275,335 million due to an increase in financial liabilities for securities business.

### **Cash Flows from Investing Activities**

Cash flows from investing activities for the fiscal year ended December 31, 2024 resulted in a cash outflow of ¥921,724 million (compared with a cash outflow of ¥597,416 million for the previous fiscal year). Main factors included a net cash outflow of ¥715,151 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥1,742,002 million due to purchases and a cash inflow of ¥1,026,851 million from sales and redemption), and a cash outflow of ¥159,285 million due to purchases of intangible assets.

### **Cash Flows from Financing Activities**

Cash flows from financing activities for the fiscal year ended December 31, 2024 resulted in a cash inflow of ¥757,469 million (compared with a cash inflow of ¥291,956 million for the previous fiscal year). Main factors included a cash outflow of ¥323,397 million due to redemption of bonds, offset by a cash inflow of ¥601,313 million due to proceeds from issuance of bonds, a cash inflow of ¥195,279 million due to proceeds from long-term borrowings, and a cash inflow of ¥164,997 million due to proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation.

#### **(4) Future Outlook**

For the forecast of consolidated operating results for the fiscal year ending December 31, 2025, the Rakuten Group aims at double digit growth on the fiscal year ended December 31, 2024 for consolidated revenue, excluding results from the securities business which are impacted substantially by the stock market. Additionally, for Non-GAAP operating income, we aim to achieve profitability in the next fiscal year.

The outlook for each segment is as follows:

##### **Internet Services**

In domestic Internet services, including e-commerce such as "Rakuten Ichiba", we will continue to work on acquiring new customers, promoting cross-use, developing services in collaboration with local governments and regional businesses, revitalizing regional economies, and creating new markets through the use of data and AI, etc., aiming for growth in GMS and revenue. In "Rakuten Travel", we will continue to capture the expanding inbound demand and strengthen marketing measures, aiming for GTV growth. In overseas Internet services, we aim to achieve continuous profitability in this segment through business expansion and revenue growth in "Rakuten Rewards", "Kobo", and other services, as well as in growth investment businesses such as logistics, by improving productivity using data and AI, etc.

##### **FinTech**

In credit card-related services, we aim for further growth in shopping transaction value, business expansion, and improved profit margins through group synergies and strengthened marketing measures. In banking services, we aim for further growth by diversifying personal loan products, promoting the securitization business of monetary claims and real estate held by companies, expanding interest income, and increasing non-interest income by acquiring salary and utility payment accounts as living accounts. In insurance services, we aim for further growth by increasing the number of new contracts, expanding products with high compatibility with internet services, and strengthening face-to-face channels for life insurance services. In securities services, although it is difficult to forecast due to the significant impact of stock market conditions, we aim to diversify and expand revenue sources such as acquiring new accounts and margin trading. In payment services, we aim to expand business and profits by expanding the customer base and continuing efficient marketing measures.

##### **Mobile**

While continuing efforts to improve network quality and expand its recognition, we will launch attractive marketing measures utilizing the Rakuten Ecosystem and promote further subscriber acquisition through proposals to nationwide corporate clients and local governments that transact with the Rakuten Group. Additionally, by sequentially expanding the deployment of the 700MHz band (the Platinum Band), which started commercial service in June 2024, we aim to provide a higher quality network environment, accelerate the base of subscriber acquisition, and expand profits in the mobile business. Furthermore, as efforts to renew network equipment configurations and open base stations progress globally among telecommunications operators, Rakuten Symphony, which provides communication platforms using innovative mobile network technology, will advance its global expansion based on its achievements in building the latest infrastructure in Japan, capturing business opportunities accurately.

## (5) Policy Concerning Decisions on Profit Distributions and Dividend Forecast

Considering the current financial situation of the Company, under the financial policy of ensuring financial soundness, we have actively promoted various types of capital procurement without relying solely on interest-bearing debt. This approach allows us to secure investment resources for growth businesses while simultaneously working to reduce the balance of interest-bearing debt. Therefore, for the current fiscal year, we believe that controlling the outflow of funds through dividends will lead to stabilizing our financial base and ultimately improve shareholder value, so we decided not to pay dividends at the Board of Directors meeting held on February 14, 2025.

Our basic dividend policy is to pay dividends in a stable and continuous manner, taking into account investment for medium- to long-term growth and the enhancement of internal reserves to stabilize our financial base. There are no changes to this policy. The timing of resuming dividends after the fiscal year ending December 2025 has not been determined at this time, but we will strive to resume dividends in a timely and appropriate manner as we move toward achieving consolidated profitability and reducing interest-bearing debt.

### (Reference) Trends in Dividend per Share

	Fiscal Year ended December 31, 2020	Fiscal Year ended December 31, 2021	Fiscal Year ended December 31, 2022	Fiscal Year ended December 31, 2023	Fiscal Year ended December 31, 2024
Dividend per Share (Yen)	4.50	4.50	4.50	0.00	0.00

### (Reason for Difficulty in Making a Dividend Forecast)

The company's policy to maintain stable dividends runs alongside our strategy to retain sufficient income to build the reserves needed to develop our operations and maintain a sound financial structure. Allowing for flexible judgment in the fiscal year ending December 2025, a dividend forecast is not provided.

## 2. Basic Policy on the Selection of Accounting Standards

The Rakuten Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2013, for the purpose of enhancing comparability with the financial information of overseas companies in the same industry, expanding the scope of financing options, and unification of accounting treatment across the Rakuten Group.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Statement of Financial Position

(Millions of Yen)

	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>		
Cash and cash equivalents	5,127,674	6,170,888
Accounts receivable - trade	377,992	421,649
Financial assets for securities business	4,128,245	5,211,989
Loans for credit card business	3,019,261	3,497,107
Investment securities for banking business	1,208,527	1,930,450
Loans for banking business	3,886,888	4,630,790
Investment securities for insurance business	259,139	215,033
Derivative assets	233,110	248,351
Investment securities	182,207	288,973
Other financial assets	1,239,004	1,035,547
Investments in associates and joint ventures	42,100	35,113
Property, plant and equipment	1,267,837	1,184,182
Intangible assets	1,024,201	1,083,365
Deferred tax assets	214,777	116,642
Other assets	414,614	444,649
<b>Total assets</b>	<b>22,625,576</b>	<b>26,514,728</b>
<b>Liabilities</b>		
Accounts payable - trade	419,880	519,149
Deposits for banking business	9,732,828	11,311,973
Financial liabilities for securities business	4,236,517	5,512,292
Derivative liabilities	27,263	54,968
Bonds and borrowings	1,637,980	2,052,809
Borrowings for securities business	106,578	115,000
Bonds and borrowings for credit card business	603,869	587,893
Borrowings for banking business	2,446,746	2,706,011
Other financial liabilities	1,646,559	1,610,584
Income tax payable	30,144	55,837
Provisions	263,886	325,910
Insurance contract liabilities	164,205	148,063
Employee retirement benefit liabilities	41,049	47,345
Deferred tax liabilities	3,602	20,302
Other liabilities	176,747	208,078
<b>Total liabilities</b>	<b>21,537,853</b>	<b>25,276,214</b>
<b>Equity</b>		
Equity attributable to owners of the Company		
Common stock	446,769	452,647
Capital surplus	541,520	649,389
Other equity instruments	317,316	398,717
Retained earnings	(643,991)	(824,700)
Treasury stock	(0)	(4)
Other components of equity	174,958	251,819
<b>Total equity attributable to owners of the Company</b>	<b>836,572</b>	<b>927,868</b>
Non-controlling interests	251,151	310,646
<b>Total equity</b>	<b>1,087,723</b>	<b>1,238,514</b>
<b>Total liabilities and equity</b>	<b>22,625,576</b>	<b>26,514,728</b>

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statement of Income**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Continuing Operations		
Revenue	2,071,315	2,279,233
Operating expenses	2,234,959	2,303,806
Other income	10,272	125,784
Other expenses	59,485	48,236
Operating income (loss)	(212,857)	52,975
Financial income	73,417	82,282
Financial expenses	64,570	109,948
Share of losses of investments in associates and joint ventures	(13,731)	(9,032)
Income (loss) before income tax	(217,741)	16,277
Income tax expenses	111,794	145,762
Net loss	(329,535)	(129,485)
Net loss attributable to:		
Owners of the Company	(339,473)	(162,442)
Non-controlling interests	9,938	32,957
Net loss	(329,535)	(129,485)
(Yen)		
Losses per share attributable to owners of the Company		
Basic	(177.27)	(75.61)
Diluted	(177.29)	(75.62)

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Net loss	(329,535)	(129,485)
Other comprehensive income		
Items that will not be reclassified to net income		
Changes in equity instruments measured at fair value through other comprehensive income	1,192	(9,373)
Remeasurement of defined benefit plans	185	1,126
Other comprehensive income of investments in associates and joint ventures	(31)	(17)
Total items that will not be reclassified to net income	1,346	(8,264)
Items that may be reclassified to net income		
Foreign currency translation adjustments	60,695	84,021
Changes in debt instruments measured at fair value through other comprehensive income	5,203	(5,803)
Cash flow hedges	1,661	2,019
Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	(3,696)	1,765
Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	197	(1,041)
Other comprehensive income of investments in associates and joint ventures	1,929	2,946
Total items that may be reclassified to net income	65,989	83,907
Total other comprehensive income, net of tax	67,335	75,643
Comprehensive income	(262,200)	(53,842)
Comprehensive income attributable to:		
Owners of the Company	(273,755)	(85,734)
Non-controlling interests	11,555	31,892
Comprehensive income	(262,200)	(53,842)



### (3) Consolidated Statement of Changes in Equity

(Millions of Yen)

	Equity attributable to Owners of the Company						Total 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			
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	—	—	—	(339,473)	—	—	(339,473)	9,938	(329,535)
Other comprehensive income, net of tax	—	—	—	—	—	65,718	65,718	1,617	67,335
Total comprehensive income	—	—	—	(339,473)	—	65,718	(273,755)	11,555	(262,200)
Transactions with owners etc.									
Issuance of shares	148,005	146,780	—	—	—	—	294,785	—	294,785
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—
Cash dividends paid	—	—	—	(7,157)	—	—	(7,157)	—	(7,157)
Distributions to owners of other equity instruments	—	—	—	(16,058)	—	—	(16,058)	—	(16,058)
Reclassified from other components of equity to retained earnings	—	—	—	(1,488)	—	1,488	—	—	—
Acquisition of treasury stock	—	—	—	—	(0)	—	(0)	—	(0)
Exercise of share acquisition rights	4,703	(4,703)	—	—	—	—	0	—	0
Share based compensation expenses	—	13,900	—	274	—	—	14,174	—	14,174
Equity transactions with non-controlling interests	—	31,757	—	—	—	1,479	33,236	183,369	216,605
Others	—	—	—	(4)	—	—	(4)	(1,133)	(1,137)
Total transactions with owners etc.	152,708	187,734	—	(24,433)	(0)	2,967	318,976	182,236	501,212
As of December 31, 2023	446,769	541,520	317,316	(643,991)	(0)	174,958	836,572	251,151	1,087,723

(Millions of Yen)

	Equity attributable to Owners of the Company						Total 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			
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	—	—	—	(162,442)	—	—	(162,442)	32,957	(129,485)
Other comprehensive income, net of tax	—	—	—	—	—	76,708	76,708	(1,065)	75,643
Total comprehensive income	—	—	—	(162,442)	—	76,708	(85,734)	31,892	(53,842)
Transactions with owners etc.									
Issuance of shares	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	81,401	—	—	—	81,401	—	81,401
Cash dividends paid	—	—	—	—	—	—	—	—	—
Distributions to owners of other equity instruments	—	—	—	(17,805)	—	—	(17,805)	—	(17,805)
Reclassified from other components of equity to retained earnings	—	—	—	(871)	—	871	—	—	—
Acquisition of treasury stock	—	—	—	—	(4)	—	(4)	—	(4)
Exercise of share acquisition rights	5,878	(5,878)	—	—	—	—	0	—	0
Share based compensation expenses	—	16,223	—	265	—	—	16,488	—	16,488
Equity transactions with non-controlling interests	—	97,524	—	—	—	(718)	96,806	27,603	124,409
Others	—	—	—	144	—	—	144	—	144
Total transactions with owners etc.	5,878	107,869	81,401	(18,267)	(4)	153	177,030	27,603	204,633
As of December 31, 2024	452,647	649,389	398,717	(824,700)	(4)	251,819	927,868	310,646	1,238,514

**(4) Consolidated Statement of Cash Flows**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
<b>Cash flows from operating activities</b>		
Income (Loss) before income tax	(217,741)	16,277
Depreciation and amortization	299,771	316,435
Impairment losses	30,631	17,758
Other loss (income)	44,415	(15,802)
Decrease (Increase) in operating receivables	(1,481)	(22,833)
Decrease (Increase) in loans for credit card business	(242,487)	(477,468)
Increase (Decrease) in deposits for banking business	1,307,958	1,574,499
Net decrease (increase) in call loans for banking business	(2,492)	9,279
Decrease (Increase) in loans for banking business	(403,585)	(742,063)
Net decrease (increase) in receivables under securities borrowing transactions	(21,517)	28,614
Increase (Decrease) in operating payables	(42,391)	86,042
Decrease (Increase) in financial assets for securities business	(697,240)	(1,083,478)
Increase (Decrease) in financial liabilities for securities business	742,158	1,275,335
Increase and decrease in derivative assets and liabilities	(39,330)	(58,053)
Others	(465)	310,833
Income tax paid	(32,012)	(44,493)
<b>Net cash flows from operating activities</b>	<b>724,192</b>	<b>1,190,882</b>
<b>Cash flows from investing activities</b>		
Payments in time deposits	(16,802)	(12,740)
Proceeds from time deposits	17,768	10,469
Purchases of property, plant and equipment	(193,829)	(83,952)
Purchases of intangible assets	(157,328)	(159,285)
Acquisitions of subsidiaries	(44)	(1)
Acquisitions of investments in associates and joint ventures	(199)	(400)
Proceeds from sales of investments in associates and joint ventures	22,000	4,113
Purchases of investment securities for banking business	(835,982)	(1,742,002)
Proceeds from sales and redemption of investment securities for banking business	555,744	1,026,851
Purchases of investment securities for insurance business	(78,898)	(41,154)
Proceeds from sales and redemption of investment securities for insurance business	78,502	93,866
Purchases of investment securities	(11,892)	(74,997)
Proceeds from sales and redemption of investment securities	15,203	46,186
Other payments	(9,754)	(8,207)
Other proceeds	18,095	19,529
<b>Net cash flows from investing activities</b>	<b>(597,416)</b>	<b>(921,724)</b>

**(4) Consolidated Statement of Cash Flows**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(120,511)	(2,639)
Net increase (decrease) in commercial papers	(143,500)	64,500
Proceeds from long-term borrowings	33,934	195,279
Repayments of long-term borrowings	(128,555)	(142,223)
Proceeds from issuance of bonds	305,046	601,313
Redemption of bonds	(78,000)	(323,397)
Net increase (decrease) in short-term borrowings for securities business	(51,000)	27,000
Repayments of long-term borrowings for securities business	—	(18,600)
Net increase (decrease) in short-term borrowings for credit card business	(16,152)	(15,237)
Net increase (decrease) in commercial papers for credit card business	(175,200)	37,400
Proceeds from long-term borrowings for credit card business	147,037	173,132
Repayments of long-term borrowings for credit card business	(165,577)	(161,975)
Redemptions of bonds for credit card business	—	(50,000)
Net increase (decrease) in short-term borrowings for banking business	8,381	95,255
Proceeds from long-term borrowings for banking business	1,223,400	163,500
Repayments of long-term borrowings for banking business	(967,200)	—
Proceeds from issuance of shares	294,244	—
Proceeds from issuance of other equity instruments	—	80,855
Distributions to owners of other equity instruments	(14,239)	(14,167)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	219,396	164,997
Capital contribution from non-controlling interests	13,325	1,306
Repayments of lease liabilities	(65,226)	(62,810)
Interest paid	(36,889)	(63,324)
Cash dividends paid	(7,157)	—
Others	16,399	7,304
Net cash flows from financing activities	291,956	757,469
Effect of change in exchange rates on cash and cash equivalents	14,582	16,587
Net increase (decrease) in cash and cash equivalents	433,314	1,043,214
Cash and cash equivalents at the beginning of the year	4,694,360	5,127,674
Cash and cash equivalents at the end of the year	5,127,674	6,170,888

## (5) Assumptions for Going Concern

No items to report.

## (6) Material Changes in Shareholders' Equity

For the fiscal year ended December 31, 2023 (January 1 to December 31, 2023)

### (i) Rakuten Bank, Ltd.

Rakuten Bank, Ltd., a subsidiary of the Company, was listed on the Tokyo Stock Exchange Prime Market on April 21, 2023. At the time of listing, Rakuten Bank, Ltd. issued new shares through a public offering and the Company sold a portion of Rakuten Bank, Ltd. shares owned by the Company.

With regard to the offering through overallotment, Rakuten Bank, Ltd. issued new shares through a third-party allotment to Daiwa Securities Co. Ltd.

The Rakuten Group conducted the overseas secondary offering of Rakuten Bank, Ltd. shares owned by the Company during the three months ended December 31, 2023.

As a result, the Rakuten Group's voting rights ratio and ownership ratio in Rakuten Bank, Ltd. decreased from 100% to 49.27% as of December 31, 2023.

The Rakuten Group does not own a majority of the voting rights in Rakuten Bank, Ltd., but the Rakuten Group owns 49.27% of the voting rights. Taking into consideration the dispersed ownership of the voting rights, the Rakuten Group has determined that the Rakuten Group effectively controls Rakuten Bank, Ltd. and considers it as a consolidated subsidiary.

A summary of the transaction with non-controlling shareholders is as follows. The amounts include 29 subsidiaries of Rakuten Bank, Ltd., and the Rakuten Group (as of the three months ended December 31).

(Millions of Yen)

	Amount
Consideration for the share sale	145,718
Increase in non-controlling interests	(132,195)
Changes in equity attributable to owners of the Company	
Increase in capital surplus	7,090
Decrease in foreign currency translation adjustments	(2,099)
Increase in financial assets measured at FVTOCI	3,792
Decrease in cash flow hedges	(13)
Increase in remeasurement of retirement benefit plan	45

### (ii) Issuance of new shares through public offering and third-party allotment

With a view to raising funds for investment financing to Rakuten Mobile, Inc., a subsidiary of the Company and redemption of bonds and commercial paper, the Company has resolved to issue new shares through a public offering (Japanese domestic public offering and overseas offering) and a third-party allotment to Mikitani Kosan, Inc., Spirit Inc., CyberAgent, Inc. and TOKYU CORPORATION at its board of directors meeting held on May 16, 2023, with payment for 542,306,800 shares received on May 31, 2023.

As a result, for the fiscal year ended December 31, 2023, amounts of common stock and capital surplus increased by ¥148,005 million and ¥146,780 million respectively, for a total increase of ¥294,785 million to equity. Moreover, direct issuance costs (after considering tax effects) of ¥1,225 million associated with the issuance of new shares have been deducted from the capital surplus. Mikitani Kosan, Inc. and Spirit Inc. fall under related parties as they are controlled by executives of the Rakuten Group, major (individual) shareholders and their close relatives.

(iii) Additional share sale of Rakuten Securities, Inc.

The Rakuten Group sold an additional amount, equivalent to 29.01% of the outstanding shares of Rakuten Securities, Inc. from common shares held by Rakuten Securities Holdings, Inc., one of the Company's consolidated subsidiaries, to Mizuho Securities Co., Ltd., during the three months ended December 31, 2023.

As a result, the Rakuten Group's voting rights ratio and ownership ratio in Rakuten Securities, Inc. changed from 80.01% to 51.00%. The Rakuten Group continues to control Rakuten Securities, Inc. after the sale.

A summary of the transaction with non-controlling shareholders is as follows. The amounts include 2 subsidiaries and 1 associate of Rakuten Securities, Inc., and the Rakuten Group.

(Millions of Yen)

	Amount
Consideration for the share sale	87,002
Increase in non-controlling interests	(52,384)
Changes in equity attributable to owners of the Company	
Increase in capital surplus	24,202
Decrease in foreign currency translation adjustments	(249)
Decrease in financial assets measured at FVTOCI	(14)
Increase in remeasurement of retirement benefit plan	16

For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)

Partial sale of shares of Rakuten Card Co., Ltd.

The Rakuten Group sold some of their shares in Rakuten Card Co., Ltd., one of the Company's consolidated subsidiaries, to Mizuho Financial Group, Inc. during the three months ended December 31, 2024.

As a result, the Rakuten Group's voting rights ratio and ownership ratio in Rakuten Card Co., Ltd. changed from 100% to 85.01%. The Rakuten Group continues to control Rakuten Card Co., Ltd. after the sale.

A summary of the transaction with non-controlling interests is as follows. The amounts include 21 subsidiaries and 1 associate of Rakuten Card Co., Ltd., and the Rakuten Group.

(Millions of Yen)

	Amount
Consideration for the share sale	164,997
Increase in non-controlling interests	(25,783)
Changes in equity attributable to owners of the Company	
Increase in capital surplus	97,669
Decrease in foreign currency translation adjustments	(182)
Decrease in financial assets measured at FVTOCI	(582)
Decrease in cash flow hedges	(9)
Increase in remeasurement of retirement benefit plan	66

## (7) Notes to the Consolidated Financial Statements

### (Basis of Presentation)

The Rakuten Group's Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The Company meets all the requirements to qualify as a "Specified Company under the Designated International Accounting Standards" as stipulated in Article 1-2, Item 1 of the Ordinance Consolidated Financial Statements, the provision of article 312 of the same ordinance are applied.

### (Material Accounting Policies)

Material accounting policies adopted by the Rakuten Group in these Consolidated Financial Statements for

the fiscal year ended December 31, 2024 remain the same as those adopted in the Consolidated Financial Statements for the previous fiscal year, except for the following. The adoption of the accounting standard does not have a material impact on the Consolidated Financial Statements.

IFRS		Description
IAS 1	Presentation of Financial Statements	Classification of Liabilities as Current or Non-current
IAS 1	Presentation of Financial Statements	Non-current Liabilities with Covenants

### (Significant Accounting Estimates and Judgments)

In preparing the Consolidated Financial Statements under IFRS, 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.

With exception to the below, estimates and judgments that have a significant impact on the amounts in the Consolidated Financial Statements for the fiscal year ended December 31, 2024 remain the same as those for the previous fiscal year.

#### (1) Impairment of Non-financial Assets

Rakuten Mobile, Inc., a consolidated subsidiary of the Company belonging to the Mobile Segment, has identified indications of impairment at the end of the fiscal year ended December 31, 2024, for property, plant and equipment and intangible assets amounting to ¥1,072,568 million, primarily due to budget shortfalls in the mobile business up to the fiscal year ended December 31, 2024. As a result of conducting an impairment test comparing the recoverable amount and book value of the above assets as well as ¥33,151 million of assets arising from contract costs of Rakuten Mobile, Inc., it was determined that the value in use exceeded book value, and therefore no impairment loss was recognized.

#### (2) Partial reversal of Deferred Tax Assets

The Rakuten Group, taking into account the business environment and future performance trends, considered the recoverability of deferred tax assets and consequently executed a partial reversal for the fiscal year ended December 31, 2024.

A breakdown of income tax expenses including the reversal of deferred tax assets is as follows:

	(Millions of Yen)
	Income tax expenses
Current tax expenses	
Tax expenses for current year net income	28,606
Subtotal	28,606
Deferred tax expenses	
Reversal of deferred tax	112,272
Changes in deferred tax not due to recognition of deferred tax expenses	4,884
Subtotal	117,156
Total	145,762

## **(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 comprises businesses providing services related to credit cards, banking and securities over the Internet, crypto asset (virtual currency) spot transactions, life insurance, general insurance, and electronic money, etc.

The "Mobile" segment comprises businesses providing communication services and technologies, operating electricity supply services, and making investments related to the Mobile segment, 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) 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 its 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 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, and segment profit and loss in the Internet Services segment and the Mobile segment have been restated for the fiscal year ended December 31, 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") have been 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 has been reflected in the segment information for the fiscal year ended December 31, 2024.

Accordingly, segment profit and loss have been restated for the fiscal year ended December 31, 2023, as shown in the table below.

There is no impact on consolidated revenue, Non-GAAP operating income or loss, or operating income or 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 24, 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.



**Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)**

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	1,212,314	725,165	364,556	2,302,035
Segment Profit (Loss)				
Before Considering	75,131	122,915	(335,824)	(137,778)
Mobile Ecosystem Contribution	(9,564)	(11,691)	21,255	—
After Considering	65,567	111,224	(314,569)	(137,778)
Other Items				
Depreciation and Amortization	40,508	57,141	163,467	261,116

**Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)**

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	1,282,087	820,419	440,698	2,543,204
Segment Profit (Loss)				
Before Considering	96,940	167,994	(235,353)	29,581
Mobile Ecosystem Contribution	(11,803)	(14,617)	26,420	—
After Considering	85,137	153,377	(208,933)	29,581
Other Items				
Depreciation and Amortization	40,847	62,862	171,473	275,182

Note: 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, and segment profit decreased by ¥1,700 million in the Internet Services segment, and segment loss in the Mobile segment decreased by the same amount for the fiscal year ended December 31, 2023.

**Reconciliation from Segment Revenue to Consolidated Revenue**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Segment Revenue	2,302,035	2,543,204
Intercompany Transactions, etc.	(230,720)	(263,971)
Consolidated Revenue	2,071,315	2,279,233

## Reconciliation from Segment Profit (Loss) to Income (Loss) before Income Tax

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Segment Profit (Loss)	(137,778)	29,581
Intercompany Transactions, etc.	(15,263)	(22,533)
Non-GAAP Operating Income (Loss)	(153,041)	7,048
Amortization of Intangible Assets	(13,564)	(6,821)
Share Based Compensation Expenses	(14,318)	(15,910)
One-off Items (Note)	(31,934)	68,658
Operating Income (Loss)	(212,857)	52,975
Financial Income and Expenses	8,847	(27,666)
Share of Losses of Investments in Associates and Joint Ventures	(13,731)	(9,032)
Income (Loss) before Income Tax	(217,741)	16,277

Note: One-off items listed for the fiscal year ended December 31, 2023 include an impairment loss on noncurrent assets of ¥15,922 million, associated with changes in the operation method of the online grocery delivery business, costs etc. temporarily incurred due to the cancellation of base station construction etc. of ¥13,598 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 fiscal year ended December 31, 2024 include 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 ¥5,863 million, an impairment loss of ¥9,662 million due to a review of the core system development plan in the general insurance business, maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 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 ¥5,411 million, a disposal loss of ¥1,891 million due to a business model shift focusing on advanced network software development in the Rakuten Symphony business, an impairment loss of ¥2,155 million due to changes in cash-generating units, an impairment loss of ¥1,667 million due to the re-evaluation of future revenue prospects in the Rakuten Farm business and overseas advertising business, an impairment loss etc. of ¥1,305 million due to restructuring in the Rakuten Ticket business, tax expenses of ¥4,151 million due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd., the provision of allowance for doubtful accounts of ¥4,386 million due to the risk of uncollectible receivables from the sale of overseas subsidiaries, expenses related to the resolution of litigation with International Business Machines Corporation, a remeasurement gain of ¥106,906 million due to changes in the accounting treatment of shares in AST SpaceMobile, Inc., and gains from the sale of shares of Min-Shu, Inc. of ¥1,613 million. Moreover, the write-down loss on assets etc. from the recognition of costs for contract acquisitions in the mobile business and tax expenses due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd. are recorded in operating expenses, while other income and expenses are mainly recorded in other income and other expenses in the Consolidated Statement of Income.

#### (4) Products and Services Information

Revenue from external customers by major products and services of the Rakuten Group is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Rakuten Ichiba and Rakuten Travel	491,426	510,947
Rakuten Card	206,309	219,308
Rakuten Securities	103,949	120,198
Rakuten Bank	97,866	119,240
Rakuten Mobile	219,513	262,908
Others	952,252	1,046,632
Revenue from external customers	2,071,315	2,279,233

#### (5) Geographic Information

Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)

(Millions of Yen)

	Japan	Americas	Europe	Asia	Others	Total
Revenue from external customers	1,756,243	213,031	49,052	51,270	1,719	2,071,315
Property, plant and equipment and intangible assets	1,687,127	394,144	129,058	79,076	2,633	2,292,038

Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)

(Millions of Yen)

	Japan	Americas	Europe	Asia	Others	Total
Revenue from external customers	1,888,921	250,220	56,291	82,143	1,658	2,279,233
Property, plant and equipment and intangible assets	1,628,390	430,939	140,838	64,841	2,539	2,267,547

#### (6) Major Customers

Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)

Disclosure of major customers is omitted because the proportion of revenue from an individual external customer does not exceed 10% of consolidated revenue.

Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)

Disclosure of major customers is omitted because the proportion of revenue from an individual external customer does not exceed 10% of consolidated revenue.

**(Breakdown of Operating Expenses)**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Advertising and promotion expenditures	365,120	340,863
Employee benefits expenses	357,901	365,118
Depreciation and amortization	314,416	331,258
Communication and maintenance expenses	65,818	71,793
Consignment and subcontract expenses	142,472	122,820
Allowance for doubtful accounts charged to expenses	28,517	33,186
Cost of sales of merchandise and services rendered	673,417	702,073
Interest expenses for finance business	20,317	27,619
Commission fee expenses for finance business	25,965	28,353
Insurance service expenses	38,604	47,238
Others	202,412	233,485
Total	2,234,959	2,303,806

**(Other Income and Other Expenses)**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Gains on sales of investments in associates and joint ventures	—	4,113
Foreign exchange gains	220	—
Gains on sales of property, plant and equipment and intangible assets	788	3,860
Gains from remeasurement relating to discontinuing the use of the equity method (Note 1)	—	106,906
Others (Note 2)	9,264	10,905
<b>Total other income</b>	<b>10,272</b>	<b>125,784</b>
Foreign exchange losses	—	2,289
Losses on disposal of property, plant and equipment and intangible assets (Note 3, 4)	3,416	14,359
Losses on valuation of investment securities	3,883	474
Impairment losses (Note 3, 5)	30,631	17,758
Others (Note 3, 6)	21,555	13,356
<b>Total other expenses</b>	<b>59,485</b>	<b>48,236</b>

Note 1: The Company previously accounted for its shares in AST SpaceMobile, 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, we lost significant influence over AST on October 11, 2024. Accordingly, the Company has accounted 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, was recorded in the amount of ¥106,906 million in the Consolidated Financial Statements for the fiscal year ended December 31, 2024.

Note 2: Gains from the sale of shares of Min-Shu, Inc. were included for the fiscal year ended December 31, 2024.

Note 3: Incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake were included for the fiscal year ended December 31, 2024.

Note 4: Losses on disposal of property, plant and equipment and intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business, Rakuten Symphony business, and Rakuten Ticket business were recorded for the fiscal year ended December 31, 2024.

Note 5: An impairment loss of ¥15,922 million related to the online grocery delivery service was recorded for the fiscal year ended December 31, 2023. Impairment losses on fixed assets related to the insurance business, overseas advertising business, Rakuten Symphony business, Rakuten Ticket business, and Rakuten Farm business were recorded for the fiscal year ended December 31, 2024.

Note 6: The provision of allowance for doubtful accounts was recorded due to the risk of uncollectibility of receivables from the sale of overseas subsidiaries, and expenses related to the resolution of litigation with International Business Machines Corporation were included for the fiscal year ended December 31, 2024.

**(Financial Income and Financial Expenses)**

(Millions of Yen)

	Fiscal Year ended December 31, 2023 (January 1 to December 31, 2023)	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)
Gains on valuation of investment securities (Note 1)	21,099	7,603
Gains on valuation of derivatives (Note 2)	49,615	66,975
Others (Note 3)	2,703	7,704
Total financial income	73,417	82,282
Interest expenses (Note 4)	47,476	84,782
Losses on valuation of derivatives (Note 5)	3,921	22
Foreign exchange losses (Note 6)	10,835	15,671
Others	2,338	9,473
Total financial expenses	64,570	109,948

Note 1: Gains on valuation of investment securities related to an investment in Lyft, Inc. of ¥21,011 million and ¥7,469 million were recorded for the fiscal year ended December 31, 2023, and the fiscal year ended December 31, 2024, respectively.

Note 2: Gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥49,615 million were recorded for the fiscal year ended December 31, 2023. Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥10,176 million, and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥56,799 million were recorded for the fiscal year ended December 31, 2024.

Note 3: Redemption gains arising from the partial settlement of the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥3,679 million were recorded for the fiscal year ended December 31, 2024.

Note 4: 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 ¥1,024 million and ¥1,053 million were recorded for the fiscal year ended December 31, 2023, and the fiscal year ended December 31, 2024, respectively.

Note 5: Losses on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥3,636 million were recorded for the fiscal year ended December 31, 2023.

Note 6: Foreign exchange losses of ¥10,835 million and ¥15,671 million arising from liabilities relating to funds raised from the utilization of shares of Lyft, Inc. were recorded for the fiscal year ended December 31, 2023 and the fiscal year ended December 31, 2024, respectively.

**(Earnings per Share)**

The basis for calculating basic and diluted loss per share attributable to owners of the Company are as follows:

	Fiscal Year ended December 31, 2023			Fiscal Year ended December 31, 2024		
	Basic	Adjustments	Diluted	Basic	Adjustments	Diluted
Net loss attributable to owners of the Company (Millions of Yen)	(339,473)	(27)	(339,500)	(162,442)	(13)	(162,455)
Weighted average number of shares (Thousands of Shares) (Note)	1,914,978	—	1,914,978	2,148,420	—	2,148,420
Loss per share (Yen)	(177.27)	(0.02)	(177.29)	(75.61)	(0.01)	(75.62)

Note: For the fiscal year ended December 31, 2023, share acquisition rights corresponding to 38,524 thousand shares have been excluded from the calculation of diluted loss per share, as they have reverse dilutive effects. For the fiscal year ended December 31, 2024, share acquisition rights corresponding to 61,289 thousand shares have been excluded from the calculation of diluted loss per share, as they have reverse dilutive effects.

**(Notes on Significant Subsequent Events)**

Absorption-Type Merger of Rakuten Energy, Inc.

Rakuten Mobile, Inc., a consolidated subsidiary of the Company, decided at its Board of Directors meeting held on December 18, 2024, to conduct an absorption-type merger with Rakuten Energy, Inc., also a consolidated subsidiary company, with an effective date of February 1, 2025, and execution of the merger agreement on the same date.

**(1) Overview of the Business Combination****1. Name and Business Description of the Acquired Company**

Name of the Acquired Company: Rakuten Energy, Inc.

Description of Business: Retail electricity business under the Electricity Business Act and other energy-related businesses

**2. Purpose of the Business Combination**

To maximize synergies and efficiency within the Communications & Energy Company and to expand the mobile business

**3. Date of the Business Combination**

February 1, 2025

**4. Legal Structure of the Business Combination**

Absorption-type merger, with Rakuten Mobile, Inc. as the surviving company and Rakuten Energy, Inc. as the absorbed company

**(2) Impact on the Group**

This merger is a consolidation of wholly owned subsidiaries and is expected to have no impact on the consolidated results of the Group.