

February 12, 2021
 Company name Rakuten, Inc.
 Representative Hiroshi Mikitani
 Chairman and CEO
 (Stock Code: 4755
 Tokyo Stock Exchange First Section)

Notice Regarding Differences in Financial Results between FY2019 and FY2020

Rakuten, Inc. (hereafter “the Company”) today announced financial results for the fiscal year ended December 31, 2020. Since differences with the fiscal year ended December 31, 2019 are large, the Company is providing an overview.

1. Consolidated Results for the Fiscal Year ended December 31, 2020 (January 1 – December 31, 2020)

Consolidated Operating Results (IFRS)

	Revenue	Operating income	Net income attributable to owners of the Company	Basic Earnings per Share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	Yen
Fiscal year ended December 31, 2019 (A)	1,263,932	72,745	(31,888)	(23.55)
Fiscal year ended December 31, 2020 (B)	1,455,538	(93,849)	(114,199)	(84.00)
Amount change YoY (B-A)	191,606	(166,594)	(82,311)	(60.45)
% change YoY	15.2%	–	–	–

2. Reasons for Differences

In the fiscal year ended December 31, 2020, the impact of stay-at-home consumption amid the COVID-19 pandemic brought high levels of growth at existing businesses, including gross merchandise sales at domestic e-Commerce businesses such as Rakuten Ichiba, and in Rakuten Card shopping transaction volumes on the back of expansion of the card membership base, resulting in revenue of 1,455,538 million yen (up 15.2% year-on-year).

On the other hand, in the mobile business, since the start of full-scale service in April

2020, we accelerated the construction of base stations, expanded the areas of service provided by our own network, and have been working to improve the quality of the network. As a result, the mobile segment revenue was 227,142 million yen (up 34.4% year-on-year). However, due to an increase in upfront investments for the installment of the base stations in the mobile business, the mobile segment loss was 226,976 million yen (compared with a loss of 76,524 million yen in fiscal year ended December 31, 2019). This resulted in an operating loss of 93,849 million yen (compared with a profit of 72,745 million yen in fiscal year ended December 31, 2019)

In addition, on August 31, 2020, Hiroshi Mikitani, Chairman and CEO resigned as a director of Lyft, Inc. (hereinafter "Lyft"). Lyft shares held by the Company had previously been accounted for using the equity method. However, with this change, the shares were measured at fair value through profit or loss from the third quarter of the fiscal year ending December 2020. The Company recorded a loss of 25,017 million yen in the third quarter of the fiscal year ending December 2020 because of this change in accounting method, as share of losses of investments in associates and joint ventures.

As a result, net loss attributable to owners of the Company was 114,199 million yen (compared with a loss of 31,888 million yen in fiscal year ended December 31, 2019), which caused a difference in earnings between the two fiscal years.