

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English summary translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version. The following financial information was prepared in accordance with International Financial Reporting Standards ("IFRS").

Consolidated Financial Reports (IFRS) for the three months ended March 31, 2022

Rakuten Group, Inc.
May 13, 2022

| | | | |
|--|--------------------------|--------|---|
| 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) CFO | (Name) | Kenji Hirose |
| Supplementary materials for financial results: Yes | | | |
| Financial results information meeting held: Yes (For institutional investors and analysts) | | | |

1. Consolidated Results for the three months ended March 31, 2022 (January 1 – March 31, 2022)

(Yen amounts are rounded to the nearest million)

(1) Consolidated Operating Results

(%, YoY)

| | Revenue | | Operating income | | Income before income tax | | Net income | |
|-----------------------------------|-----------------|------|------------------|---|--------------------------|---|-----------------|---|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| Three months ended March 31, 2022 | 437,127 | 11.7 | (112,604) | — | (118,681) | — | (92,095) | — |
| Three months ended March 31, 2021 | 391,513 | 18.1 | (37,340) | — | (31,629) | — | (37,225) | — |

| | Net income attributable to owners of the Company | | Comprehensive income | | Basic earnings per share attributable to owners of the | Diluted earnings per share attributable to owners of the Company |
|-----------------------------------|--|---|----------------------|---|--|--|
| | Millions of Yen | % | Millions of Yen | % | Yen | Yen |
| Three months ended March 31, 2022 | (91,412) | — | (59,446) | — | (57.76) | (57.76) |
| Three months ended March 31, 2021 | (36,786) | — | 2,710 | — | (26.87) | (26.87) |

Note: In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been restated for the three months ended March 31, 2021.

(2) Consolidated Financial Position

| | Total assets | Total equity | Total equity attributable to owners of the Company | Ratio of total equity attributable to owners of the Company to total assets |
|-------------------------|-----------------|-----------------|--|---|
| | Millions of Yen | Millions of Yen | Millions of Yen | % |
| As of March 31, 2022 | 17,985,733 | 1,054,268 | 1,030,665 | 5.7 |
| As of December 31, 2021 | 16,831,221 | 1,117,290 | 1,093,719 | 6.5 |

2. Dividends

| | Dividend per Share | | | | |
|-------------------|--------------------|------|-----|------|------|
| | 1Q | 2Q | 3Q | 4Q | Year |
| | Yen | Yen | Yen | Yen | Yen |
| FY2021 | — | 0.00 | — | 4.50 | 4.50 |
| FY2022 | — | — | — | — | — |
| FY2022 (Forecast) | — | — | — | — | — |

Note: Dividend per share for the fiscal year ending December 31, 2022 has not been decided yet, and there are no changes to the previously disclosed dividend forecast.

3. Estimate of Consolidated Operating Results for fiscal year 2022 (January 1 to December 31, 2022)

For the estimate of consolidated operating results for fiscal year 2022, double-digit growth on consolidated operating results for fiscal year 2021 is estimated for fiscal year 2022 consolidated revenue, excluding the securities business whose results are heavily impacted by stock market conditions.

For details, see page 8, 1. Qualitative Information, Financial Statements, etc. (3) Qualitative Information about Consolidated Business Forecasts.

Note: There are no changes to the previously disclosed consolidated forecasts for the year ending December 31, 2022.

Notes

(1) Changes in Significant Subsidiaries during the Current Period

(Changes in Specified Subsidiaries resulting in Change in Scope of Consolidation): No

New: — (Company name: —) Excluded: — (Company name: —)

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1. Changes in accounting policies as required under IFRS: No
2. Changes in accounting policies due to other reasons: No
3. Changes in accounting estimates: No

(3) Number of Shares Issued (Common Stock)

1. Total number of shares issued at the end of the period (including treasury stocks)
 - 1,583,665,300 shares (As of March 31, 2022)
 - 1,581,735,100 shares (As of December 31, 2021)
2. Number of treasury stocks at the end of the period
 - 244 shares (As of March 31, 2022)
 - 234 shares (As of December 31, 2021)
3. Average number of shares during the period (cumulative from the beginning of the year)
 - 1,582,629,844 shares (January 1 – March 31, 2022)
 - 1,368,993,556 shares (January 1 – March 31, 2021)

This financial report is not subject to an audit firm's quarterly review.

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

Consolidated earnings forecasts for the year ending December 31, 2022 are based on information that is available at the time of writing, but a number of known and unknown factors could cause actual results to differ from projections.

1. Qualitative Information, Financial Statements, etc.

(1) Qualitative Information Concerning Consolidated Business Results

The Rakuten Group discloses consolidated business results in terms of both its internal measures which management relies upon in making decisions (hereinafter the “Non-GAAP financial measures”) and those under IFRS.

Non-GAAP operating income is operating income under IFRS (hereinafter “IFRS operating income”) after deducting unusual items and other adjustments as prescribed by the Rakuten Group. Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Rakuten Group and peer companies in the same industry or comparison of its business results with those of prior fiscal years by stakeholders, and can provide useful information in understanding the underlying business results of the Rakuten Group and its future outlook. Unusual items refer to one-off items that the Rakuten Group believes 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) Business Results for the three months ended March 31, 2022 (Non-GAAP basis)

The world economy during the three months ended March 31, 2022 showed signs of recovery as the severe situation of the COVID-19 pandemic gradually eases. The Japanese economy is also expected to recover mainly due to the effects of various policy measures such as COVID-19 vaccine promotion, but going forward, it will be necessary to pay attention to the risk of economic downturn due to trends in infections, rising raw materials costs, fluctuations in financial markets, supply-side restrictions, and other factors.

As the spread of COVID-19 brings restrictions on going out and consumer behavior, societal demand has increased even further for digital services that enable people to purchase products and enjoy services without physical contact or face-to-face interaction. The recent situation in Ukraine has also had a certain degree of impact on the Group’s business activities through economic sanctions imposed by various countries, but it is expected that this will only have a limited impact on the Group’s business performance and financial status.

Under such an environment, the Rakuten Group worked to expand the Rakuten Ecosystem, which consists of more than 70 diverse services in Japan and overseas, while working to diversify business risks from the impact of infectious diseases by continuing to develop and operate businesses that bring together membership, data, and branding, along with services that leverage AI.

In the Internet Services segment, factors including measures to improve customer convenience, such as the introduction of a common free shipping (shipping included) threshold for participating merchants on internet shopping mall “Rakuten Ichiba”, successfully led to the retention of customers against the backdrop of “stay-at-home consumption” amid the COVID-19 pandemic. This contributed to growth in transaction volume in domestic e-commerce services. In the FinTech segment, the total number of Rakuten Cards issued exceeded 26 million in April 2022, and the total number of savings accounts at Rakuten Bank exceeded 12 million in January 2022. Since passing these milestones, the customer base has continued to expand, with the opening of new accounts making steady progress. In the Mobile segment, the number of contract applications increased due to Rakuten’s 4G network areas reaching 96% population coverage and Rakuten mobile shops exceeding 1,000 locations, thanks to early completion of plans.

As a result, the Rakuten Group recorded revenue of ¥437,127 million, up 11.7% year-on-year for the three months ended March 31, 2022, but due to ongoing prior investments in the Mobile segment, such as the installment of its own base stations, it recorded Non-GAAP operating loss of ¥98,311 million, compared to Non-GAAP operating loss of ¥31,585 million in the three months ended March 31, 2021.

(Non-GAAP)

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY | % Change YoY |
|-------------------------|--------------------------------------|--------------------------------------|-------------------------|-----------------|
| Revenue | 391,513 | 437,127 | 45,614 | 11.7% |
| Non-GAAP operating loss | (31,585) | (98,311) | (66,726) | —% |

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

For the three months ended March 31, 2022, amortization of intangible assets of ¥2,220 million and share based compensation expenses of ¥3,459 million were excluded from Non-GAAP operating income. One-off items of ¥8,614 million recorded during the three months ended March 31, 2022 were expenses associated with an increase in provision for customer points as a result of revisions in the Rakuten Point Terms of Use.

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY |
|---|--------------------------------------|--------------------------------------|----------------------|
| Non-GAAP operating loss | (31,585) | (98,311) | (66,726) |
| Amortization of intangible assets (PPA) | (2,590) | (2,220) | 370 |
| Share based compensation expenses | (3,165) | (3,459) | (294) |
| One-off items | — | (8,614) | (8,614) |
| IFRS operating loss | (37,340) | (112,604) | (75,264) |

iii) Business Results for the three months ended March 31, 2022 (IFRS basis)

For the three months ended March 31, 2022, the Rakuten Group recorded revenue of ¥437,127 million, up 11.7% year-on-year, IFRS operating loss of ¥112,604 million, compared with IFRS operating loss of ¥37,340 million in the three months ended March 31, 2021, and net loss attributable to owners of the Company of ¥91,412 million, compared with net loss of ¥36,786 million in the three months ended March 31, 2021. In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been restated for the three months ended March 31, 2021. For further details, please refer to “2. Consolidated Financial Statements (Summary) and Notes, (6) Notes to the Summary of Consolidated Financial Statements for the three months ended March 31, 2022, (Share of Income of Investments in Associates and Joint ventures)”.

(IFRS)

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY | % Change YoY |
|---|--------------------------------------|--------------------------------------|-------------------------|-----------------|
| Revenue | 391,513 | 437,127 | 45,614 | 11.7% |
| IFRS operating loss | (37,340) | (112,604) | (75,264) | —% |
| Net loss attributable to owners of the Company | (36,786) | (91,412) | (54,626) | —% |

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.

From the second quarter ended June 30, 2021, the Rakuten Group has reviewed its business management system with the aim of improving the profitability of the Rakuten Ecosystem in North America. Accordingly, some businesses and subsidiaries providing digital content sites in North America and those engaged in messaging services have been transferred to other segments. The main change was made to Rakuten Kobo Inc. and Viber Media S.a.r.l. etc., included in the Mobile segment, which were transferred to the Internet Services segment. In line with these changes, segment information for the three months ended March 31, 2021 has been restated.

Internet Services

In domestic e-commerce services, the mainstay of Internet services, the Rakuten Group is aiming for further growth in gross merchandise sales and revenue by working on various initiatives, including sales promotion activities to cultivate loyal customers and win new customers, promotion of cross-use of services, promotion of the introduction of a common free shipping (shipping included) threshold and further opening up the Rakuten Ecosystem. Services such as the internet shopping mall “Rakuten Ichiba” and Rakuten Seiyu Netsuper, which provides home delivery services for food and daily necessities, have continued to see further growth in transaction volume even compared with the three months ended March 31, 2021 when the Rakuten Group benefited from the effects of the COVID-19 pandemic which gave a boost to the businesses. This was because these measures successfully led to the retention of customers who began using the services against the backdrop of increased demand for online shopping following the growth in “stay-at-home consumption”. The online travel booking service, Rakuten Travel, also saw growth in transaction volume compared to the three months ended March 31, 2021, and further recovery is expected in the future as the COVID-19 pre-emergency status was lifted in all prefectures of Japan on March 21, 2022. In other Internet services including overseas Internet services, continuous measures to improve cost efficiency and recovery of consumer behavior contributed to a recovery in sales revenue growth, including mainly the US cashback service “Rakuten Rewards.” On the other hand, we have stopped advertising in Russia and Ukraine on the messaging and VoIP service “Rakuten Viber”, and although we expect that this will only have a minor impact on the performance of the entire Group, we will continue to closely monitor the situation. In the three months ended March 31, 2021, the Group recorded ¥30,603 million in valuation gains on securities related to investments in FinTech-related companies in the investment business, which is a significant decrease compared to the same period of the previous fiscal year. The Company has completed the succession of all but part of the rights and obligations in connection with its logistics business to JP Rakuten Logistics, Inc., a joint venture with Japan Post Co., Ltd., which became an associate of the Company accounted for using the equity method in the third quarter ended September 30, 2021. Accordingly, part of income (losses) of the logistics business, which was recorded in the Internet Services segment until the second quarter ended June 30, 2021, is recorded in share of income (losses) of investments in associates and joint ventures from the third quarter ended September 30, 2021.

As a result, revenue for the Internet Services segment rose to ¥245,783 million, a 9.3% year-on-year increase, while segment profit stood at ¥18,002 million, a 56.7% year-on-year decrease.

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY | % Change YoY |
|-----------------|--------------------------------------|--------------------------------------|-------------------------|-----------------|
| Segment revenue | 224,943 | 245,783 | 20,840 | 9.3% |
| Segment profit | 41,559 | 18,002 | (23,557) | (56.7)% |

FinTech

In credit card related services, the marketing of a second Rakuten Card to Rakuten Card holders has been successful. Rakuten Card's membership base continued to expand, and the number of cards issued surpassed 26 million in April 2022. In this service, shopping transaction value surpassed ¥14 trillion in the previous fiscal year, and transaction volume continued to grow steadily mainly thanks to online shopping in the three months ended March 31, 2022. Because the COVID-19 pre-emergency status was lifted in all prefectures in Japan on March 21, 2022, we also expect further growth of transaction volume mainly offline. In banking services, we have kept working to expand our customer base, and new acquisitions of bank accounts continued to increase, with the number of savings accounts surpassing 12 million in January 2022, and the total balance of deposits exceeding ¥7.5 trillion as of March 31, 2022. In securities services, domestic shares transaction volume reached a record high, and progress was made in customer retention, but revenue and profit declined due to decreased commission earnings and other such factors.

As a result, the FinTech segment recorded ¥158,123 million in revenue, a 4.3% year-on-year increase, while segment profit stood at ¥22,760 million, a 7.3% year-on-year decrease.

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY | % Change YoY |
|-----------------|--------------------------------------|--------------------------------------|----------------------|-----------------|
| Segment revenue | 151,572 | 158,123 | 6,551 | 4.3% |
| Segment profit | 24,550 | 22,760 | (1,790) | (7.3)% |

Mobile

In the Mobile segment, we established Rakuten Symphony, Inc. in January 2022, as a company to develop and provide Open RAN based communication infrastructure platforms, services, and solutions. In February 2022, Rakuten's 4G network areas reached 96% population coverage. This was a result of focusing on the development of the Rakuten Group's own base stations by completing plans ahead of schedule, and contract applications made steady progress thanks to Rakuten Mobile Shops exceeding 1,000 locations. Furthermore, in addition to an increase in the number of users who have started to pay telecommunication charges along with the expiration of a campaign offering one year of free telecommunication charges, growth in device sales also contributed to increased revenue. On the other hand, network-related expenses including depreciation increased.

As a result, revenue for the Mobile segment rose to ¥80,353 million, a 44.0% year-on-year increase, but a segment loss of ¥135,046 million was recorded, compared to a loss of ¥97,596 million in the three months ended March 31, 2021, as prior investments continued mainly for the installment of the Rakuten Group's own base stations in the mobile business.

(Millions of Yen)

| | Three months ended March 31, 2021 | Three months ended March 31, 2022 | Amount Change YoY | % Change YoY |
|-----------------|--------------------------------------|--------------------------------------|----------------------|-----------------|
| Segment revenue | 55,805 | 80,353 | 24,548 | 44.0% |
| Segment loss | (97,596) | (135,046) | (37,450) | —% |

(2) Analysis Concerning Financial Position

i) Assets, Liabilities, and Equity

Assets

Total assets as of March 31, 2022 amounted to ¥17,985,733 million, an increase of ¥1,154,512 million from ¥16,831,221 million at the end of the previous fiscal year. The primary factors were an increase of ¥391,099 million in loans for banking business, an increase of ¥280,961 million in investment securities for banking business, and an increase of ¥279,690 million in financial assets for securities business.

Liabilities

Total liabilities as of March 31, 2022 amounted to ¥16,931,465 million, an increase of ¥1,217,534 million from ¥15,713,931 million at the end of the previous fiscal year. The primary factors include an increase of ¥557,176 million in bonds and borrowings and an increase of ¥474,898 million in deposits for banking business.

Equity

Total equity as of March 31, 2022 was ¥1,054,268 million, a decrease of ¥63,022 million from ¥1,117,290 million at the end of the previous fiscal year. The primary factors include a decrease of ¥99,100 million in retained earnings due mainly to the recording of ¥91,412 million in net loss attributable to owners of the Company during the three months ended March 31, 2022.

ii) Cash Flows

Cash and cash equivalents as of March 31, 2022 stood at ¥4,333,040 million, a decrease of ¥77,261 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the three months ended March 31, 2022 are as follows.

Cash Flows from Operating Activities

Net cash flows from operating activities for the three months ended March 31, 2022 resulted in a cash outflow of ¥209,056 million (compared with a cash inflow of ¥12,959 million for the same period of the previous fiscal year). Main factors included a cash inflow of ¥473,955 million due to an increase in deposits for banking business, offset by a cash outflow of ¥391,071 million due to an increase in loans for banking business and a cash outflow of ¥279,566 million due to an increase in financial assets for securities business.

Cash Flows from Investing Activities

Cash flows from investing activities for the three months ended March 31, 2022 resulted in a cash outflow of ¥404,523 million (compared with a cash outflow of ¥119,995 million for the same period of the previous fiscal year). Main factors included a net cash outflow of ¥305,089 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥647,714 million due to purchases of investment securities and a cash inflow of ¥342,625 million due to proceeds from sales and redemption of investment securities), a cash outflow of ¥71,319 million due to purchases of property, plant and equipment, and a cash outflow of ¥33,827 million due to purchases of intangible assets.

Cash Flows from Financing Activities

Cash flows from financing activities for the three months ended March 31, 2022 resulted in a cash inflow of ¥529,470 million (compared with a cash inflow of ¥307,569 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥61,825 million due to repayments of long-term borrowings, offset by a cash inflow of ¥464,577 million due to proceeds from long-term borrowings, a cash inflow of ¥96,800 million due to net increase (decrease) in short-term borrowings, and a cash inflow of ¥52,000 million due to net increase (decrease) in commercial papers.

(3) Qualitative Information about Consolidated Business Forecasts

Currently, for the forecast of consolidated operating results for fiscal year 2022, the Rakuten Group aims at double-digit growth from the previous fiscal year for consolidated revenue, excluding results from the securities business which are impacted substantially by stock market conditions. However, there is a possibility that some businesses may experience a decrease in revenue due to factors such as the situation in Ukraine, soaring crude oil prices, and voluntary restriction on going out to prevent the spread of COVID-19.

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

Internet Services

In the area of domestic Internet services including e-commerce, the Rakuten Group will continue to aim for further growth in gross transaction value and revenue by pursuing various initiatives, such as cultivating a loyal customer base, winning new customers, promoting cross-use of services, and further opening up the Rakuten Ecosystem with a view to expanding the e-commerce platform, while creating new markets through the use of technologies such as data and AI. In the travel booking service Rakuten Travel, etc., while recovery is expected thanks to the lifting of restrictions on going out, revenue and profit may decline depending on future impact of COVID-19. In overseas Internet services, we aim to expand the Rakuten Ecosystem's membership base, raise the profile of the brand, and provide new value to users.

FinTech

In credit card related services, we will continue striving to achieve further growth in shopping transaction value by strengthening marketing initiatives aimed at expanding market share and synergy. In banking services, we will work on measures to promote use as a primary bank account, such as the use of the bank account for depositing salaries, in addition to the acquisition of new accounts. In insurance services, we will aim for further growth through increasing the number of new policies and expanding our products that have a high level of affinity with Internet services. It is difficult to make a forecast for securities services due to the substantial impact of share market conditions.

Mobile

In mobile services, revenue from telecommunication charges is expected to increase in tandem with an increase in new subscribers and the termination of the campaigns offering free telecommunications charges among existing users. In addition, the Company will continue to work on improving the quality of its 4G network and developing 5G base stations nationwide. Accordingly, operating expenses including depreciation are expected to continually occur. On the other hand, roaming charges are expected to decline from the second quarter ending June 30, 2022 onward due to the progress in switching our service provision from the areas covered under our partner's network to the areas covered under our own network.

2. Consolidated Financial Statements (Summary) and Notes
(1) Consolidated Statements of Financial Position (Summary)

(Millions of Yen)

| | As of December 31, 2021 | As of March 31, 2022 |
|---|----------------------------|-------------------------|
| Assets | | |
| Cash and cash equivalents | 4,410,301 | 4,333,040 |
| Accounts receivable – trade | 307,821 | 270,621 |
| Financial assets for securities business | 3,088,544 | 3,368,234 |
| Loans for credit card business | 2,388,448 | 2,259,703 |
| Investment securities for banking business | 459,104 | 740,065 |
| Loans for banking business | 2,528,795 | 2,919,894 |
| Investment securities for insurance business | 290,455 | 268,223 |
| Derivative assets | 45,056 | 65,725 |
| Investment securities | 281,179 | 275,712 |
| Other financial assets | 642,650 | 874,894 |
| Investments in associates and joint ventures | 68,991 | 70,564 |
| Property, plant and equipment | 975,362 | 1,097,704 |
| Intangible assets | 858,997 | 889,128 |
| Deferred tax assets | 225,100 | 256,545 |
| Other assets | 260,418 | 295,681 |
| Total assets | 16,831,221 | 17,985,733 |
| Liabilities | | |
| Accounts payable – trade | 392,455 | 356,670 |
| Deposits for banking business | 6,848,370 | 7,323,268 |
| Financial liabilities for securities business | 3,032,996 | 3,323,197 |
| Derivative liabilities | 24,825 | 18,261 |
| Bonds and borrowings | 3,402,912 | 3,960,088 |
| Other financial liabilities | 1,415,368 | 1,348,416 |
| Income tax payable | 13,499 | 8,340 |
| Provisions | 198,263 | 209,652 |
| Insurance business policy reserves | 247,911 | 240,475 |
| Employee retirement benefit liabilities | 29,752 | 31,535 |
| Deferred tax liabilities | 2,488 | 2,257 |
| Other liabilities | 105,092 | 109,306 |
| Total liabilities | 15,713,931 | 16,931,465 |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Common stock | 289,674 | 290,607 |
| Capital surplus | 311,970 | 314,409 |
| Other equity instruments | 317,316 | 317,316 |
| Retained earnings | 142,671 | 43,571 |
| Treasury stock | (0) | (0) |
| Other components of equity | 32,088 | 64,762 |
| Total equity attributable to owners of the Company | 1,093,719 | 1,030,665 |
| Non-controlling interests | 23,571 | 23,603 |
| Total equity | 1,117,290 | 1,054,268 |
| Total liabilities and equity | 16,831,221 | 17,985,733 |

(2) Consolidated Statements of Income and Comprehensive Income (Summary)

Consolidated Statements of Income (Summary)

(For the three months ended March 31, 2021 and 2022)

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|---|---|---|
| Continuing Operations | | |
| Revenue | 391,513 | 437,127 |
| Operating expenses | 458,079 | 541,272 |
| Other income | 33,308 | 1,299 |
| Other expenses | 4,082 | 9,758 |
| Operating loss | (37,340) | (112,604) |
| Financial income | 61,237 | 15,896 |
| Financial expenses | 59,356 | 21,354 |
| Share of income (losses) of investments in associates and joint ventures | 3,830 | (619) |
| Loss before income tax | (31,629) | (118,681) |
| Income tax expense | 5,596 | (26,586) |
| Net loss | (37,225) | (92,095) |
| Net loss attributable to: | | |
| Owners of the Company | (36,786) | (91,412) |
| Non-controlling interests | (439) | (683) |
| Net loss | (37,225) | (92,095) |
| | | (Yen) |
| Losses per share attributable to owners of the Company | | |
| Basic | (26.87) | (57.76) |
| Diluted | (26.87) | (57.76) |

Consolidated Statements of Comprehensive Income (Summary)
(For the three months ended March 31, 2021 and 2022)

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|---|--|--|
| Net loss | (37,225) | (92,095) |
| Other comprehensive income | | |
| Items that will not be reclassified to net income | | |
| Gains and losses on equity instruments measured at fair value through other comprehensive income | 309 | 202 |
| Income tax effect of gains and losses on equity instruments measured at fair value through other comprehensive income | (1,303) | 125 |
| Remeasurement of insurance business policy reserves based on current market interest rates | 366 | 959 |
| Income tax effect of remeasurement of insurance business policy reserves based on current market interest rates | (203) | (267) |
| Remeasurement of defined benefit plans | (1) | 24 |
| Income tax effect of remeasurement of defined benefit plans | 1 | (7) |
| Other comprehensive income of investments in associates and joint ventures | (2) | (30) |
| Total items that will not be reclassified to net income | (833) | 1,006 |
| Items that may be reclassified to net income | | |
| Foreign currency translation adjustments | 39,331 | 36,423 |
| Gains and losses on debt instruments measured at fair value through other comprehensive income | (1,546) | (7,692) |
| Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income | 2 | 1 |
| Losses on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to net income | (43) | (19) |
| Income tax effect of gains or losses on debt instruments measured at fair value through other comprehensive income | 453 | 2,217 |
| Gains on cash flow hedges recognized in other comprehensive income | 5,016 | 3,992 |
| Income tax effect of gains or losses on cash flow hedges recognized in other comprehensive income | (1,469) | (1,179) |
| Gains (Losses) on cash flow hedges reclassified from other comprehensive income to net income | (5,365) | (5,785) |
| Income tax effect of gains or losses on cash flow hedges reclassified from other comprehensive income to net income | 1,501 | 1,699 |
| Other comprehensive income of investments in associates and joint ventures | 2,888 | 1,986 |
| Total items that may be reclassified to net income | 40,768 | 31,643 |
| Other comprehensive income, net of tax | 39,935 | 32,649 |
| Comprehensive income | 2,710 | (59,446) |
| Comprehensive income attributable to: | | |
| Owners of the Company | 2,088 | (59,158) |
| Non-controlling interests | 622 | (288) |
| Comprehensive income | 2,710 | (59,446) |

(3) Consolidated Statements of Changes in Equity (Summary)

(Millions of Yen)

| | Common Stock | Capital Surplus | Other Equity Instruments | Retained Earnings | Treasury Stock | Other Components of Equity | |
|---|--------------|-----------------|--------------------------|-------------------|----------------|--|---|
| | | | | | | Foreign Currency Translation Adjustments | Financial Instruments measured at Fair Value through Other Comprehensive Income |
| As of January 1, 2021 | 205,924 | 227,844 | — | 290,449 | (84,941) | (22,698) | (1,230) |
| Comprehensive income | | | | | | | |
| Net loss | — | — | — | (36,786) | — | — | — |
| Other comprehensive income, net of tax | — | — | — | — | — | 41,161 | (2,133) |
| Total comprehensive income | — | — | — | (36,786) | — | 41,161 | (2,133) |
| Transactions with owners etc. | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of shares | 80,721 | 78,317 | — | — | — | — | — |
| Cash dividends paid | — | — | — | (6,131) | — | — | — |
| Reclassified from other components of equity to retained earnings | — | — | — | 996 | — | — | (996) |
| Acquisition of treasury stock | — | — | — | — | (0) | — | — |
| Disposal of treasury stock | — | (2,412) | — | — | 84,759 | — | — |
| Issuance of shares with the exercise of share options | — | — | — | — | — | — | — |
| Disposal of treasury stock with the exercise of share options | — | (182) | — | — | 182 | — | — |
| Issuance of share acquisition rights | — | 3,325 | — | — | — | — | — |
| Forfeiture of share acquisition rights | — | (26) | — | 26 | — | — | — |
| Others | — | 809 | — | (711) | — | — | — |
| Total contributions by and distributions to owners | 80,721 | 79,831 | — | (5,820) | 84,941 | — | (996) |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Issuance of shares | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — |
| Total changes in ownership interests in subsidiaries | — | — | — | — | — | — | — |
| Total transactions with owners etc. | 80,721 | 79,831 | — | (5,820) | 84,941 | — | (996) |
| As of March 31, 2021 | 286,645 | 307,675 | — | 247,843 | (0) | 18,463 | (4,359) |

(3) Consolidated Statements of Changes in Equity (Summary) (Continued)

(Millions of Yen)

| | Other components of equity | | | | Total Equity attributable to Owners of the Company | Non-controlling Interests | Total Equity |
|---|----------------------------|--|---|----------------------------------|--|---------------------------|--------------|
| | Cash Flow Hedges | Remeasurement of Insurance Business Policy Reserves based on Current Market Interest Rates | Remeasurement of Retirement Benefit Plans | Total Other Components of Equity | | | |
| As of January 1, 2021 | 939 | (5,626) | (1,923) | (30,538) | 608,738 | 20,276 | 629,014 |
| Comprehensive income | | | | | | | |
| Net loss | — | — | — | — | (36,786) | (439) | (37,225) |
| Other comprehensive income, net of tax | (317) | 163 | 0 | 38,874 | 38,874 | 1,061 | 39,935 |
| Total comprehensive income | (317) | 163 | 0 | 38,874 | 2,088 | 622 | 2,710 |
| Transactions with owners etc. | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of shares | — | — | — | — | 159,038 | — | 159,038 |
| Cash dividends paid | — | — | — | — | (6,131) | — | (6,131) |
| Reclassified from other components of equity to retained earnings | — | — | — | (996) | — | — | — |
| Acquisition of treasury stock | — | — | — | — | (0) | — | (0) |
| Disposal of treasury stock | — | — | — | — | 82,347 | — | 82,347 |
| Issuance of shares with the exercise of share options | — | — | — | — | — | — | — |
| Disposal of treasury stock with the exercise of share options | — | — | — | — | — | — | — |
| Issuance of share acquisition rights | — | — | — | — | 3,325 | — | 3,325 |
| Forfeiture of share acquisition rights | — | — | — | — | — | — | — |
| Others | — | — | — | — | 98 | — | 98 |
| Total contributions by and distributions to owners | — | — | — | (996) | 238,677 | — | 238,677 |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Issuance of shares | — | — | — | — | — | 861 | 861 |
| Others | — | — | — | — | — | — | — |
| Total changes in ownership interests in subsidiaries | — | — | — | — | — | 861 | 861 |
| Total transactions with owners etc. | — | — | — | (996) | 238,677 | 861 | 239,538 |
| As of March 31, 2021 | 622 | (5,463) | (1,923) | 7,340 | 849,503 | 21,759 | 871,262 |

(3) Consolidated Statements of Changes in Equity (Summary) (Continued)

(Millions of Yen)

| | Common Stock | Capital Surplus | Other Equity Instruments | Retained Earnings | Treasury Stock | Other components of equity | |
|---|--------------|-----------------|--------------------------|-------------------|----------------|--|---|
| | | | | | | Foreign Currency Translation Adjustments | Financial Instruments measured at Fair Value through Other Comprehensive Income |
| As of January 1, 2022 | 289,674 | 311,970 | 317,316 | 142,671 | (0) | 45,325 | (4,666) |
| Comprehensive income | | | | | | | |
| Net loss | — | — | — | (91,412) | — | — | — |
| Other comprehensive income, net of tax | — | — | — | — | — | 37,959 | (5,140) |
| Total comprehensive income | — | — | — | (91,412) | — | 37,959 | (5,140) |
| Transactions with owners etc. | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of shares | — | — | — | — | — | — | — |
| Cash dividends paid | — | — | — | (7,118) | — | — | — |
| Reclassified from other components of equity to retained earnings | — | — | — | (420) | — | — | 420 |
| Acquisition of treasury stock | — | — | — | — | (0) | — | — |
| Disposal of treasury stock | — | — | — | — | — | — | — |
| Issuance of shares with the exercise of share options | 933 | (933) | — | — | — | — | — |
| Disposal of treasury stock with the exercise of share options | — | — | — | — | — | — | — |
| Issuance of share acquisition rights | — | 3,458 | — | — | — | — | — |
| Forfeiture of share acquisition rights | — | (86) | — | 86 | — | — | — |
| Others | — | — | — | (236) | — | — | — |
| Total contributions by and distributions to owners | 933 | 2,439 | — | (7,688) | (0) | — | 420 |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Issuance of shares | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | — | — |
| Total changes in ownership interests in subsidiaries | — | — | — | — | — | — | — |
| Total transactions with owners etc. | 933 | 2,439 | — | (7,688) | (0) | — | 420 |
| As of March 31, 2022 | 290,607 | 314,409 | 317,316 | 43,571 | (0) | 83,284 | (9,386) |

(3) Consolidated Statements of Changes in Equity (Summary) (Continued)

(Millions of Yen)

| | Other components of equity | | | Total Other Components of Equity | Total Equity attributable to Owners of the Company | Non-controlling Interests | Total Equity |
|---|----------------------------|--|---|----------------------------------|--|---------------------------|--------------|
| | Cash Flow Hedges | Remeasurement of Insurance Business Policy Reserves based on Current Market Interest Rates | Remeasurement of Retirement Benefit Plans | | | | |
| As of January 1, 2022 | (257) | (5,243) | (3,071) | 32,088 | 1,093,719 | 23,571 | 1,117,290 |
| Comprehensive income | | | | | | | |
| Net loss | — | — | — | — | (91,412) | (683) | (92,095) |
| Other comprehensive income, net of tax | (1,273) | 692 | 16 | 32,254 | 32,254 | 395 | 32,649 |
| Total comprehensive income | (1,273) | 692 | 16 | 32,254 | (59,158) | (288) | (59,446) |
| Transactions with owners etc. | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of shares | — | — | — | — | — | — | — |
| Cash dividends paid | — | — | — | — | (7,118) | — | (7,118) |
| Reclassified from other components of equity to retained earnings | — | — | — | 420 | — | — | — |
| Acquisition of treasury stock | — | — | — | — | (0) | — | (0) |
| Disposal of treasury stock | — | — | — | — | — | — | — |
| Issuance of shares with the exercise of share options | — | — | — | — | 0 | — | 0 |
| Disposal of treasury stock with the exercise of share options | — | — | — | — | — | — | — |
| Issuance of share acquisition rights | — | — | — | — | 3,458 | — | 3,458 |
| Forfeiture of share acquisition rights | — | — | — | — | — | — | — |
| Others | — | — | — | — | (236) | — | (236) |
| Total contributions by and distributions to owners | — | — | — | 420 | (3,896) | — | (3,896) |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Issuance of shares | — | — | — | — | — | — | — |
| Others | — | — | — | — | — | 320 | 320 |
| Total changes in ownership interests in subsidiaries | — | — | — | — | — | 320 | 320 |
| Total transactions with owners etc. | — | — | — | 420 | (3,896) | 320 | (3,576) |
| As of March 31, 2022 | (1,530) | (4,551) | (3,055) | 64,762 | 1,030,665 | 23,603 | 1,054,268 |

(4) Consolidated Statements of Cash Flows (Summary)

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|--|--|--|
| Cash flows from operating activities | | |
| Loss before income tax | (31,629) | (118,681) |
| Depreciation and amortization | 45,496 | 59,155 |
| Other loss (income) | (91,571) | 19,956 |
| Decrease (Increase) in operating receivables | 31,659 | 47,570 |
| Decrease (Increase) in loans for credit card business | 77,431 | 128,933 |
| Increase (Decrease) in deposits for banking business | 441,398 | 473,955 |
| Net decrease (increase) in call loans for banking business | — | (5,183) |
| Decrease (Increase) in loans for banking business | (444,409) | (391,071) |
| Decrease (Increase) in receivables under securities borrowing transactions | (61,152) | (216,607) |
| Increase (Decrease) in operating payables | (52,962) | (40,554) |
| Decrease (Increase) in financial assets for securities business | (166,801) | (279,566) |
| Increase (Decrease) in financial liabilities for securities business | 200,760 | 289,942 |
| Increase and decrease in derivative assets and liabilities | 51,162 | (18,024) |
| Others | 21,779 | (148,910) |
| Income tax refund (paid) | (8,202) | (9,971) |
| Net cash flows from operating activities | 12,959 | (209,056) |
| Cash flows from investing activities | | |
| Payments in time deposits | (5,811) | (7,485) |
| Proceeds from time deposits | 4,721 | 5,439 |
| Purchases of property, plant and equipment | (71,197) | (71,319) |
| Purchases of intangible assets | (25,692) | (33,827) |
| Acquisitions of subsidiaries | (271) | (346) |
| Acquisitions of investments in associates and joint ventures | (9,692) | (42) |
| Purchases of investment securities for banking business | (111,753) | (647,714) |
| Proceeds from sales and redemption of investment securities for banking business | 107,236 | 342,625 |
| Purchases of investment securities for insurance business | (3,109) | (16,056) |
| Proceeds from sales and redemption of investment securities for insurance business | 2,983 | 32,422 |
| Purchases of investment securities | (3,604) | (2,292) |
| Proceeds from sales and redemption of investment securities | 2,606 | 2,066 |
| Other payments | (10,659) | (9,356) |
| Other proceeds | 4,247 | 1,362 |
| Net cash flows from investing activities | (119,995) | (404,523) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (41,502) | 96,800 |
| Net increase (decrease) in commercial papers | 30,000 | 52,000 |
| Proceeds from long-term borrowings | 136,975 | 464,577 |
| Repayments of long-term borrowings | (45,859) | (61,825) |
| Proceeds from issuance of shares | 159,038 | 0 |
| Proceeds from disposal of treasury stock | 82,347 | — |
| Repayments of lease liabilities | (10,868) | (12,791) |
| Cash dividends paid | (6,131) | (7,118) |
| Others | 3,569 | (2,173) |
| Net cash flows from financing activities | 307,569 | 529,470 |
| Effect of change in exchange rates on cash and cash equivalents | 8,448 | 6,848 |
| Net increase (decrease) in cash and cash equivalents | 208,981 | (77,261) |
| Cash and cash equivalents at the beginning of the period | 3,021,306 | 4,410,301 |
| Cash and cash equivalents at the end of the period | 3,230,287 | 4,333,040 |

(5) Assumptions for Going Concern for the three months ended March 31, 2022

No items to report.

(6) Notes to the Summary of Consolidated Financial Statements for the three months ended March 31, 2022

(Basis of Presentation)

The Rakuten Group's summary of consolidated financial statements for the three months ended March 31, 2022 meets the requirements set out under Article 1-2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the "Rules on Quarterly Consolidated Financial Statements") under which the Rakuten Group is qualified as a "Specified Company under the Designated International Accounting Standards" and duly prepares such summary in accordance with IAS 34 "Interim Financial Reporting" under the provision of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As this summary does not contain all the information required in annual consolidated statements, it is advised to be used in combination with the consolidated financial statements for the fiscal year ended December 31, 2021.

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

Except for the following, there were no significant changes neither in the scope of consolidation nor in the scope of equity method with respect to the summary of consolidated financial statements for the three months ended March 31, 2022, as compared with the consolidated financial statements for the fiscal year ended December 31, 2021.

Rakuten Symphony, Inc. has been included in the scope of consolidation due to its establishment during the first quarter ended March 31, 2022 through an incorporation-type company split.

(Significant Accounting Policies)

Significant accounting policies adopted by the Rakuten Group in this summary of consolidated financial statements for the three months ended March 31, 2022 basically remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the three months ended March 31, 2022 are calculated based upon an estimated annual effective tax rate.

(Significant Accounting Estimates and Judgments)

Preparation of the summary of consolidated financial statements under IFRS for the three months ended March 31, 2022 involves accounting estimates in respect of certain significant matters. In the process of adopting accounting policies, management of the Rakuten Group is required to make its own judgments. Resulting accounting estimates by their nature may be different from the actual outcome.

Accounting estimates and accounting assumptions are subject to continuous review. If the accounting estimates are updated, the effect of changes are recognized in the reporting period as well as future accounting periods.

Estimates and judgments that have significant impact on the amounts in the consolidated financial statements for the three months ended March 31, 2022 remain the same as those for the previous fiscal year.

(Segment Information)

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

The “Mobile” segment comprises business operations engaged in the provision of communication services and technologies, operation of electricity supply services, and operations including providing digital content sites, etc. in regions other than North America.

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

Operating segment information is reported in accordance with IFRS. Operating segment revenue and profit or loss amounts are those before intersegment eliminations, without consideration of consolidation adjustments, except for certain consolidated subsidiaries. The internal measures management relies upon in making decisions are Non-GAAP operating income, which 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 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.

The Rakuten Group does not allocate assets and liabilities to operating segment information used by the chief operating decision maker.

Three months ended March 31, 2021 (January 1 to March 31, 2021)

| | Internet Services | FinTech | Mobile | Total |
|-----------------------|-------------------|---------|----------|----------|
| Segment revenue | 224,943 | 151,572 | 55,805 | 432,320 |
| Segment profit (loss) | 41,559 | 24,550 | (97,596) | (31,487) |

Three months ended March 31, 2022 (January 1 to March 31, 2022)

| | Internet Services | FinTech | Mobile | Total |
|-----------------------|-------------------|---------|-----------|----------|
| Segment revenue | 245,783 | 158,123 | 80,353 | 484,259 |
| Segment profit (loss) | 18,002 | 22,760 | (135,046) | (94,284) |

Note: From the second quarter ended June 30, 2021, the Rakuten Group has reviewed its business management system with the aim of improving the profitability of the Rakuten Ecosystem in North America. Accordingly, some businesses and subsidiaries providing digital content sites in North America and those engaged in messaging services have been transferred to other segments. The main change was made to Rakuten Kobo Inc. and Viber Media S.a.r.l. etc., included in the Mobile segment, which were transferred to the Internet Services segment. In line with these changes, segment information for the three months ended March 31, 2021 has been restated.

Reconciliation from Segment Revenue to Consolidated Revenue

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|---------------------------------|---|---|
| Segment revenue | 432,320 | 484,259 |
| Intercompany transactions, etc. | (40,807) | (47,132) |
| Consolidated revenue | 391,513 | 437,127 |

Reconciliation from Segment Loss to Loss Before Income Tax

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|--|---|---|
| Segment loss | (31,487) | (94,284) |
| Intercompany transactions, etc. | (98) | (4,027) |
| Non-GAAP operating loss | (31,585) | (98,311) |
| Amortization of intangible assets | (2,590) | (2,220) |
| Share based compensation expenses | (3,165) | (3,459) |
| One-off items (Note 1) | — | (8,614) |
| Operating loss | (37,340) | (112,604) |
| Financial income and expenses | 1,881 | (5,458) |
| Share of income (losses) of investments in associates and joint ventures (Note 2) | 3,830 | (619) |
| Loss before income tax (Note 2) | (31,629) | (118,681) |

Note 1: One-off items of ¥8,614 million recorded during the three months ended March 31, 2022 were expenses associated with an increase in provision for customer points as a result of revisions in the Rakuten Point Terms of Use.

Note 2: In line with the finalization of provisional accounting treatment related to the business combination of an equity method associate company, Seiyu Holdings Co., Ltd., during the fourth quarter ended December 31, 2021, amounts have been restated for the three months ended March 31, 2021. For further details, please refer to (Share of Income of Investments in Associates and Joint ventures).

(Breakdown of Operating Expenses)

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|--|---|---|
| Advertising and promotion expenditures | 81,249 | 92,493 |
| Employee benefits expenses | 64,433 | 76,522 |
| Depreciation and amortization | 45,496 | 59,155 |
| Communication and maintenance expenses | 12,723 | 17,430 |
| Consignment and subcontract expenses | 23,680 | 41,992 |
| Allowance for doubtful accounts charged to expenses | 8,906 | 7,718 |
| Cost of sales of merchandise and services rendered | 159,193 | 174,043 |
| Interest expense for finance business | 2,942 | 3,564 |
| Commission fee expense for finance business | 4,164 | 5,397 |
| Insurance claims and other payments, and provision of insurance business policy reserves | 12,577 | 10,933 |
| Others | 42,716 | 52,025 |
| Total | 458,079 | 541,272 |

(Other Income and Other Expenses)
(1) Breakdown of Other Income

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|---|---|---|
| Gains on valuation of securities (Note) | 31,317 | — |
| Others | 1,991 | 1,299 |
| Total | 33,308 | 1,299 |

Note: Valuation gains on securities related to investments in FinTech-related companies in the investment business of ¥30,603 million were recorded during the three months ended March 31, 2021.

(2) Breakdown of Other Expenses

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|-------------------------|---|---|
| Foreign exchange losses | 1,517 | 2,581 |
| Impairment losses | 1,263 | 3,604 |
| Others | 1,302 | 3,573 |
| Total | 4,082 | 9,758 |

(Financial Income and Financial Expenses)

(1) Breakdown of Financial Income

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|--|---|---|
| Gains on valuation of derivatives (Note 1) | 245 | 15,653 |
| Gains on valuation of securities (Note 2) | 60,850 | 6 |
| Others | 142 | 237 |
| Total | 61,237 | 15,896 |

Note 1: Gains on valuation of derivatives on the collar contract for forward sales contracts for shares of Lyft, Inc. of ¥9,656 million and gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥5,997 million were recorded during the three months ended March 31, 2022.

Note 2: Gains on valuation of securities to an investment in Lyft, Inc. of ¥60,439 million were recorded during the three months ended March 31, 2021.

(2) Breakdown of Financial Expenses

(Millions of Yen)

| | Three months ended March 31, 2021 (January 1 to March 31, 2021) | Three months ended March 31, 2022 (January 1 to March 31, 2022) |
|---|---|---|
| Interest expenses (Note 1) | 4,271 | 6,269 |
| Losses on valuation of derivatives (Note 2) | 49,785 | 48 |
| Losses on valuation of securities (Note 3) | — | 8,044 |
| Foreign exchange losses (Note 4) | 5,265 | 6,931 |
| Others | 35 | 62 |
| Total | 59,356 | 21,354 |

Note 1: Amortized cost expenses incurred from liabilities related to financing under the forward sales contract for shares of Lyft, Inc. of ¥101 million were recorded during the three months ended March 31, 2021, and of ¥209 million during the three months ended March 31, 2022.

Note 2: Losses on valuation of derivatives from the collar contract for a forward sales contract for shares of Lyft, Inc. of ¥49,785 million were recorded during the three months ended March 31, 2021.

Note 3: Losses on valuation of securities to an investment in Lyft, Inc. of ¥7,985 million were recorded during the three months ended March 31, 2022.

Note 4: Foreign exchange losses incurred from liabilities related to financing under the forward sales contract for shares of Lyft, Inc. of ¥5,265 million were recorded during the three months ended March 31, 2021, and of ¥6,931 million during the three months ended March 31, 2022.

(Share of Income of Investments in Associates and Joint Ventures)

Adjustments to the Provisional Amounts

In the summary of Consolidated Statements of Income and Comprehensive Income for the first quarter ended March 31, 2021, the Rakuten Group recorded income of ¥20,513 million in share of income of investments in associates and joint ventures, mainly including a gain from the bargain purchase of Seiyu Holdings Co., Ltd. proportional to the share held by the Rakuten Group. Because the measurement of fair value of the identifiable assets and liabilities as of the acquisition date was incomplete and the calculation of the difference with the cost of the investment was unfinished as of the third quarter ended September 30, 2021, the gain from the bargain purchase was a provisional amount based on all information available as of the acquisition date and the calculation of the difference with the cost of the investment was completed in the fourth quarter ended December 31, 2021.

In line with this finalization of the provisional accounting treatment, the Rakuten Group has adjusted share of income of investments in associates and joint ventures to ¥3,830 million, a decrease of ¥13,754 million for the first quarter ended March 31, 2021.

(Notes on Significant Subsequent Events)

Acquisition of Robin Systems, Inc.

At the meeting of the Board of Directors held on February 25, 2022, the Company resolved to acquire additional shares of Robin Systems, Inc. through Rakuten Mobile USA LLC, a wholly-owned subsidiary of the Company, and make Robin Systems, Inc. a wholly-owned subsidiary of the Company. Consideration for the additional acquisition of shares amounted to US\$257 million, and the additional acquisition of shares was completed on April 1, 2022.

The Company does not disclose any detailed information on how the transaction was accounted for because the initial accounting for the business combination has not yet been completed as of the approval date of this summary of consolidated financial statements for the three months ended March 31, 2022.

The following is an overview of the business combination.

(1) Name of acquiree and business description

Name of the acquiree: Robin Systems, Inc.

Business description: providing cloud-native functions that automate deployment, scaling, and life cycle management of enterprises and 5G applications on “Kubernetes”

(2) Reasons for entering into the business combination

The Company will make Robin Systems, Inc. a wholly-owned subsidiary for the purpose of strengthening the collaborative relationship between Robin Systems, Inc. and Rakuten Symphony to provide telecommunications carriers with end-to-end, fully automated cloud service.

(3) Date of the business combination

April 1, 2022

(4) Legal form of the business combination

Acquisition of shares

(5) Ratio of voting rights after acquisition

100%

(6) Grounds for determining the acquirer

The Company is the acquirer, because it acquired shares in exchange for cash through Rakuten Mobile USA LLC, a wholly-owned subsidiary of the Company.