

February 24, 2023

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

**Notice Regarding Differences in Non-Consolidated Financial Results between
FY2021 and FY2022**

Rakuten Group, Inc. (hereafter "the Company") announces that at a Board of Directors meeting held today, it approved non-consolidated financial results for the fiscal year ended December 31, 2022. Since differences with the fiscal year ended December 31, 2021 are large, the Company is providing an overview.

1. Non-Consolidated Results for the Fiscal Year ended December 31, 2022
(January 1 – December 31, 2022)

Non-Consolidated Operating Results (J-GAAP)

	Net Sales	Income before Income Tax	Net Income or Loss	Basic Earnings per Share
Fiscal year ended December 31, 2021 (A)	Millions of yen 783,268	Millions of yen 22,662	Millions of yen 52,739	Yen 34.52
Fiscal year ended December 31, 2022 (B)	749,420	113,477	(87,211)	(54.96)
Amount change YoY (B-A)	(33,848)	90,815	(139,951)	(89.48)
% change YoY	(4.3%)	+400.7%	-	-

2. Reasons for Differences

In the fiscal year ending December 31, 2022, due to the success of measures to improve customer convenience such as the introduction of a common free shipping threshold at the Internet shopping mall Rakuten Ichiba, the number of customers increased along with "stay-at-home consumption" during the Covid-19 pandemic. In addition, revenue increased due to such factors as a steady recovery of demand for domestic travel.

On the other hand, "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and "Guidance for Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan statement No. 30, March 26, 2021) was applied from the beginning of the fiscal year ended December 2022. Hence for

some transactions, the total amount of consideration received from customers was previously recognized as revenue, but we changed our method of recognizing revenue to the net amount received from customers less amounts paid to suppliers.

As a result, revenue for the fiscal year ending December 2022 decreased by 101,310 million yen to 749,420 million yen (down 4.3% year on year). The cost of sales for the fiscal year also decreased by 101,310 million yen.

Regarding income before income tax, as mentioned above, domestic e-commerce businesses such as Rakuten Ichiba and Rakuten Travel performed well, and in addition, in response to the completion of the transfer of some shares of Rakuten Securities, Inc., dividend income of 77.5 billion yen received from our consolidated subsidiary Rakuten Securities Holdings, Inc. was recorded as non-operating income, resulting in 113,477 million yen (up 400.7% year-on-year).

In addition to the impact of the above, the Company's earnings for the fiscal year ended December 2022 was affected by the impairment loss on the shares of Lyft, Inc. (U.S.) (hereinafter "Lyft"), an investee company of the Company, and a loss on valuation of investment securities of 200.4 billion yen was recorded as an extraordinary loss, and net loss was 87,211 million yen versus net income of 52,739 million yen in the previous fiscal year.

Regarding the impairment loss of Lyft shares above, because our consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), we record valuation losses on securities on a quarterly basis, and we hedge valuation gains and losses with collar contracts for prepaid forward sales contracts for Lyft shares. There is no significant impact on consolidated earnings for the fiscal year ended December 2022.