Consolidated Financial Reports (IFRS)
for the six months ended June 30, 2026

Rakuten Group, Inc.
August 10, 2026

Company name	Rakuten Group, Inc.		Listed	Tokyo Stock Exchange
Code No	4755		URL	https://global.rakuten.com/corp/
Representative	(Title)	Chairman and CEO	(Name)	Hiroshi Mikitani
Contact person	(Title)	Director and Group Managing Executive Officer	(Name)	Eiichi Kaga
Scheduled Start Date of Dividend Payment	_	Scheduled Date to file Semi-Annual Securities Report August 10, 2026	(TEL)	050-5581-6910

Supplementary materials for financial results: Yes
Financial results information meeting held: Yes (For institutional investors and analysts)

1. Consolidated Results for the six months ended June 30, 2026 (January 1 - June 30, 2026)

(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	%
Six months ended June 30, 2026	1,309,052	12.9	50,440	—	17,883	—	25,429	—
Six months ended June 30, 2025	1,159,073	10.3	(6,610)	—	(66,247)	—	(101,957)	—

	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
Six months ended June 30, 2026	(10,941)	—	87,828	—	(5.03)	(5.05)
Six months ended June 30, 2025	(124,435)	—	(95,529)	—	(57.64)	(57.65)

(Reference) Other important management indicators

	EBITDA *	
	Millions of Yen	%
Six months ended June 30, 2026	224,057	22.4
Six months ended June 30, 2025	183,090	53.1

* Calculated by adding depreciation and amortization expenses, etc. to Non-GAAP operating income. We believe that EBITDA is a useful indicator for evaluating the cash flow generation ability of the Rakuten Group's business activities. For more information on Non-GAAP operating income, please see page 4, "1. Qualitative Information Concerning Interim Financial Results (1) Qualitative Information Concerning Consolidated Operating Results".

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the Company	Consolidated equity ratio *	Ratio of total equity attributable to owners of the Company to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%	%
As of June 30, 2026	31,135,930	1,318,216	915,291	4.2	2.9
As of December 31, 2025	28,804,400	1,354,232	992,402	4.7	3.4

* 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.

2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Year
	Yen	Yen	Yen	Yen	Yen
FY2025	—	0.00	—	0.00	0.00
FY2026	—	0.00			
FY2026 (Forecast)			—	—	—

Note: Dividend per share for the fiscal year ending December 31, 2026 has not been decided yet, and there are no changes to the previously disclosed dividend forecast.

3. Estimate of Consolidated Operating Results for the fiscal year 2026 (January 1 to December 31, 2026)

For the estimate of consolidated operating results for the fiscal year 2026, we aim for high single-digit growth in consolidated revenue compared to the fiscal year 2025. Regarding Non-GAAP operating income, we aim to achieve profitability again this fiscal year, and we also aim to achieve profitability in both income before income tax and net income. (For details, please see page 9, "1. Qualitative Information Concerning Interim Financial Results (3) Qualitative Information Concerning Estimate of Consolidated Operating Results".)
Note: There are no changes to the previously disclosed consolidated earnings forecasts for the year ending December 31, 2026.

Notes

(1) Significant Change in Scope of Consolidation for the Current Period: No
New: － (Company name) － Excluded: － (Company name) －

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

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

Note: For details, please see page 18, "2. Condensed Interim Consolidated Financial Statements and Notes, (6) Notes to the Condensed Interim Consolidated Financial Statements (Significant Accounting Estimates and Judgments)".

(3) Number of Shares Issued (Common Stock)

1. Total number of shares issued at the end of the period (including treasury stocks)
   2,181,203,900 shares (As of June 30, 2026)
   2,169,972,100 shares (As of December 31, 2025)
2. Number of treasury stocks at the end of the period
   6,526 shares (As of June 30, 2026)
   5,878 shares (As of December 31, 2025)
3. Average number of shares for the period (cumulative from the beginning of the year)
   2,174,885,200 shares (January 1 – June 30, 2026)
   2,158,725,046 shares (January 1 – June 30, 2025)

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

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

Consolidated earnings forecasts for the fiscal year ending December 31, 2026 are based on information that is available at the time of writing and involve uncertainties. Therefore, due to various changing factors, the actual performance may differ from these projections.

1. Qualitative Information Concerning Interim Financial Results
(1) Qualitative Information Concerning Consolidated Operating Results

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

Non-GAAP operating income is operating income under IFRS Accounting Standards (hereinafter "IFRS operating income") after deducting unusual items and other adjustments as prescribed by the Rakuten Group. Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Rakuten Group and peer companies in the same industry or comparison of its business results with those of prior fiscal years by stakeholders, and can provide useful information in understanding the underlying business results of the Rakuten Group and its future outlook. Unusual items refer to one-off items that the Rakuten Group believes should be excluded for the purposes of preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share based compensation expenses and amortization of acquisition-related intangible assets.

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

i) Operating Results for the six months ended June 30, 2026 (Non-GAAP basis)

For the six months ended June 30, 2026, while the global economy has shown a moderate recovery, uncertainty persists due to factors such as the situation in the Middle East. Looking ahead, it is necessary to pay attention to the impact of fluctuations in financial markets among other factors. In the Japanese economy, there have been signs of recovery in personal consumption, and looking ahead, improvements in employment and income conditions, and the effects of various policies are expected to support a moderate recovery.

According to the "White Paper on Information and Communications in Japan" (Note), in Japan, which is experiencing population decline and increasingly diverse and complex regional and social challenges, it is necessary to thoroughly utilize digital technologies, including generative AI, to maintain growth potential and accelerate digital transformation (DX). The importance of digital infrastructure, which is indispensable for achieving this, is increasing. In response to this situation, the Ministry of Internal Affairs and Communications formulated the "Digital Infrastructure Development Plan 2030" in June 2025, aiming to promote the expansion of high-quality communication services, as well as research, development, and social implementation of Beyond 5G, thereby advancing the establishment of a digital foundation to support an AI society.

Under such an environment, the Rakuten Group is actively developing and deploying services utilizing advanced technologies such as AI, leveraging the overwhelming amount and quality of data accumulated through membership and various online and offline services, improving network quality in mobile services, and acquiring users. Furthermore, by further evolving and expanding the Rakuten Ecosystem, we aim to enhance our competitiveness and provide solution services that are uniquely possible due to the accumulation of unique data assets through various services such as Internet Services, FinTech, and Mobile, thereby evolving into an "AI Empowerment Company" and aiming to make people's lives more convenient and prosperous. In addition, with the reorganization of the FinTech business scheduled to take effect on October 1, 2026, the Rakuten Group expects to further deepen the utilization of AI in FinTech services. Amidst uncertainties about the future of the economy, such as continued inflation, and exchange rate movements etc., the Rakuten Group, with its diverse business portfolio, will maximize the synergies it can achieve as a strength, accurately grasp consumer trends and needs, and seize further growth opportunities.

As a group, while working to increase revenue and reduce costs through the utilization of AI, in the Internet Services segment, we focused on acquiring new customers, nurturing loyal users, promoting cross-use primarily among mobile users, and making efforts to improve profitability in each business. As a result, the Rakuten Group achieved increased revenue and profit year-on-year. In the FinTech segment, efforts to expand the customer base and transaction value in each service and promote cross-usage between services resulted in further growth in sales and expansion in segment profit. In the Mobile segment, as a result of continuous improvement of network quality, promoting awareness of this improvement, and combined with various marketing activities, the number of subscribers increased, and segment revenue expanded. In terms of costs, while marketing expenses increased to strengthen sales promotion efforts, other costs remained at previous levels, resulting in a continued reduction in segment losses.

As a result, the Rakuten Group recorded revenue of ¥1,309,052 million, a 12.9% year-on-year increase, and a Non-GAAP operating income of ¥78,334 million, a 296.6% year-on-year increase for the six months ended June 30, 2026.

Note: Source: "2025 White Paper on Information and Communications in Japan" (Ministry of Internal Affairs and Communications).

(Non-GAAP)

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY	% Change YoY
Revenue	1,159,073	1,309,052	149,979	12.9%
Non-GAAP Operating Income	19,751	78,334	58,583	296.6%

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

For the six months ended June 30, 2026, amortization of intangible assets of ¥812 million and share based compensation expenses of ¥9,060 million were excluded from Non-GAAP operating income. One-off items listed for the six months ended June 30, 2025 include a mid-term cancellation fee of ¥2,459 million, which was incurred in the domestic sports business due to the termination of a consulting agreement that had a significant impact on team operations, additional tax and delinquency charges, including those for prior years, totaling ¥4,943 million, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization, a loss provision of ¥1,058 million for compensation of customer transactions due to unauthorized access in the securities business, and a provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary, etc. Moreover, in the Condensed Interim Consolidated Statement of Income, the scheduled payment amount for additional tax and delinquency charges, including those for prior years, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization is included in operating expenses while other income and expenses are mainly recorded in other income and other expenses. One-off items listed for the six months ended June 30, 2026 include an impairment loss on fixed assets of ¥1,019 million, resulting from a partial withdrawal from the marketplace business in Europe, and an impairment loss, etc., on fixed assets of ¥17,000 million, resulting from a decrease in future profitability due to the conversion of warehouses for internal use in the logistics business. Moreover, in the Condensed Interim Consolidated Statement of Income, these expenses are mainly recorded in other expenses.

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY
Non-GAAP Operating Income	19,751	78,334	58,583
Amortization of Intangible Assets	(2,600)	(812)	1,788
Share Based Compensation Expenses	(8,446)	(9,060)	(614)
One-off Items	(15,315)	(18,022)	(2,707)
IFRS Operating Income (Loss)	(6,610)	50,440	57,050

iii) Operating Results for the six months ended June 30, 2026 (IFRS Accounting Standards basis)

For the six months ended June 30, 2026, the Rakuten Group recorded revenue of ¥1,309,052 million, up 12.9% year-on-year, and an IFRS operating income of ¥50,440 million, compared with an IFRS operating loss of ¥6,610 million in the six months ended June 30, 2025, and a net loss attributable to owners of the Company of ¥10,941 million, compared with a net loss of ¥124,435 million in the six months ended June 30, 2025. Notably, during this interim period, both income before income tax and net income turned profitable for the first time in seven years, since the six months ended June 30, 2019.

(IFRS Accounting Standards)

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY	% Change YoY
Revenue	1,159,073	1,309,052	149,979	12.9%
IFRS Operating Income (Loss)	(6,610)	50,440	57,050	－%
Net Loss Attributable to Owners of the Company	(124,435)	(10,941)	113,494	－%

iv) Segment Information

Business results for each segment are as follows. In terms of the IFRS Accounting Standards management approach, segment profit or loss is presented on a Non-GAAP operating income basis.

Effective from the three months ended March 31, 2026, some AI-related development costs, which were not previously allocated to individual segments, have been reflected in the segment profit or loss based on the scope of responsibility and actual usage to optimize the management and performance evaluation of each segment. Accordingly, the segment information for the six months ended June 30, 2025 has been restated to reflect this change. As a result of this change, segment profit or loss for the six months ended June 30, 2025 decreased by ¥825 million in "Internet Services", ¥296 million in "FinTech", and ¥145 million in "Mobile", while "Intercompany Transactions, etc." increased by the total amount of these decreases. This change has no impact on the consolidated revenue or operating income or loss.

Internet Services

In domestic e-commerce, which is a core service, we focused on acquiring new customers, nurturing loyal users, and promoting cross-use primarily among mobile users.

In the internet shopping mall "Rakuten Ichiba", we implemented various initiatives to improve customer convenience and satisfaction. As a result, GMS and revenue grew, and improved marketing efficiency led to an increase in profitability and profit. In the internet travel reservation service "Rakuten Travel", we achieved significant growth in both revenue and profit, driven by the continued expansion of services used by inbound tourists and steady domestic travel transaction value. Furthermore, in growth investment businesses, initiatives to improve profitability in each business proved successful, achieving a steady reduction in losses.

In the international business unit, which operates overseas internet services, despite a temporary impact on revenue due to partial service closures within Open Commerce, including the U.S. online cashback service "Rakuten Rewards", we achieved profit growth through various cost control measures and the absence of business restructuring expenses recorded in the same period of the previous year. For the video streaming service "Rakuten Viki", profit growth was achieved through the synergy of plan price revisions and various cost-reduction efforts. As evidenced by these results, we are making steady progress in balancing growth and profit generation across each of our businesses.

As a result, revenue for the Internet Services segment rose to ¥655,760 million, a 4.1% year-on-year increase, while segment profit stood at ¥44,227 million, a 67.2% year-on-year increase.

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY	% Change YoY
Segment Revenue	630,016	655,760	25,744	4.1%
Segment Profit (Loss)				
Before Considering	33,909	52,492	18,583	54.8%
Mobile Ecosystem Contribution	(7,451)	(8,265)	(814)	－%
After Considering	26,458	44,227	17,769	67.2%

FinTech

In FinTech, profit increased across all major domestic services, including credit card-related services, banking services, securities services, insurance services, and payment services. In credit card-related services, we saw both revenue and profit growth as the customer base for "Rakuten Card" continued to expand and shopping transaction value grew steadily, leading to an increase in commission revenue. In banking services, the increase in managed assets due to an expanding customer base, as well as improved investment yields driven by the Bank of Japan's policy rate hikes, led to a significant expansion in interest income. This was further supported by improved efficiency resulting from the expansion of our business scale. In securities services, revenue and profit grew significantly, supported by the continuous expansion of our customer base and a robust stock market. In insurance services, profitability improved resulting from the strategic selection and concentration of our product portfolio. In payment services, the increase in users of "Rakuten Pay" drove growth in transaction value, and through synergies with efficient marketing initiatives, we achieved revenue and profit growth.

As a result, the FinTech segment recorded ¥570,751 million in revenue, a 25.1% year-on-year increase, while segment profit stood at ¥127,708 million, a 46.9% year-on-year increase.

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY	% Change YoY
Segment Revenue	456,263	570,751	114,488	25.1%
Segment Profit (Loss)				
Before Considering	95,893	140,598	44,705	46.6%
Mobile Ecosystem Contribution	(8,933)	(12,890)	(3,957)	—%
After Considering	86,960	127,708	40,748	46.9%

Mobile

In Mobile, we made steady progress in expanding revenue and reducing losses, primarily driven by "Rakuten Mobile". "Rakuten Mobile" worked on continuously improving network quality and raising awareness, while also implementing marketing initiatives promoting cross-use with various services within the Rakuten Ecosystem, such as "Rakuten Ichiba" and "Rakuten Card". As a result, the number of mobile subscriptions continued to grow, leading to revenue expansion and loss reduction.

As a result, the Mobile segment recorded ¥252,541 million in revenue, a 13.3% year-on-year increase, while segment loss stood at ¥71,080 million compared to a loss of ¥88,457 million in the six months ended June 30, 2025.

Going forward, we will continue capital investments to further improve network quality, as well as expanding our device lineup and strengthening corporate solution services, aiming to increase the number of subscribers and further enhance customer satisfaction.

(Millions of Yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026	Amount Change YoY	% Change YoY
Segment Revenue	222,828	252,541	29,713	13.3%
Segment Profit (Loss)				
Before Considering	(104,841)	(92,235)	12,606	—%
Mobile Ecosystem Contribution	16,384	21,155	4,771	29.1%
After Considering	(88,457)	(71,080)	17,377	—%

(2) Analysis Concerning Financial Position
i) Assets, Liabilities, and Equity
Assets

Total assets as of June 30, 2026 amounted to ¥31,135,930 million, an increase of ¥2,331,530 million from ¥28,804,400 million at the end of the previous fiscal year. The primary factors were a decrease of ¥1,347,089 million in cash and cash equivalents, offset by an increase of ¥2,983,897 million in financial assets for securities business, and an increase of ¥550,016 million in loans for banking business.

Liabilities

Total liabilities as of June 30, 2026 amounted to ¥29,817,714 million, an increase of ¥2,367,546 million from ¥27,450,168 million at the end of the previous fiscal year. The primary factors were a decrease of ¥633,032 million in borrowings for banking business, offset by an increase of ¥2,937,950 million in financial liabilities for securities business.

Equity

Total equity as of June 30, 2026 was ¥1,318,216 million, a decrease of ¥36,016 million from ¥1,354,232 million at the end of the previous fiscal year. The primary factors were recording of ¥36,370 million in net income attributable to non-controlling interests for the six months ended June 30, 2026, an increase of ¥62,699 million in other components of equity due to an increase in the fair value of equity instruments measured at fair value through other comprehensive income and changes in foreign currency translation adjustments affected by yen depreciation, offset by a decrease of ¥80,811 million in other equity instruments and a decrease of ¥36,099 million in capital surplus both due to the transfer from other equity instruments to bonds.

ii) Cash Flows

Cash and cash equivalents as of June 30, 2026 stood at ¥4,490,477 million, a decrease of ¥1,347,089 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the six months ended June 30, 2026 are as follows.

Cash Flows from Operating Activities

Cash flows from operating activities for the six months ended June 30, 2026 resulted in a cash outflow of ¥301,671 million (compared with a cash outflow of ¥133,960 million for the same period of the previous fiscal year). Main factors included a cash inflow of ¥2,937,815 million due to an increase in financial liabilities for securities business, a cash inflow of ¥392,644 million due to an increase in deposits for banking business, depreciation and amortization of ¥141,635 million, offset by a cash outflow of ¥2,983,984 million due to an increase in financial assets for securities business, a cash outflow of ¥548,028 million due to an increase in loans for banking business, a cash outflow of ¥246,000 million due to an increase in call loans for banking business.

Cash Flows from Investing Activities

Cash flows from investing activities for the six months ended June 30, 2026 resulted in a cash outflow of ¥82,825 million (compared with a cash outflow of ¥454,975 million for the same period of the previous fiscal year). Main factors included a cash inflow of ¥199,311 million from sales and redemption of investment securities, offset by a net cash outflow of ¥141,493 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥1,005,618 million due to purchases and a cash inflow of ¥864,125 million from sales and redemption), a cash outflow of ¥84,895 million due to purchases of intangible assets, and a cash outflow of ¥59,869 million due to purchases of property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities for the six months ended June 30, 2026 resulted in a cash outflow of ¥967,419 million (compared with a cash outflow of ¥193,070 million for the same period of the previous fiscal year). Main factors included a cash outflow of ¥586,600 million due to repayments of long-term borrowings for banking business, and a cash outflow of ¥269,796 million due to a decrease in short-term borrowings for banking business.

(3) Qualitative Information Concerning Estimate of Consolidated Operating Results

Currently, for the forecast of consolidated operating results for the fiscal year ending December 31, 2026, we aim for high single-digit growth in consolidated revenue compared to the fiscal year ended December 31, 2025. Regarding Non-GAAP operating income, we aim to achieve profitability again this fiscal year, and we also aim to achieve profitability in both income before income tax and net income.

The outlook for each segment is as follows:

(Internet Services)

In domestic internet services, including e-commerce platforms such as "Rakuten Ichiba", we will continue to focus on acquiring new customers and promoting cross-usage. Furthermore, we aim to drive growth in GMS and revenue by creating new markets through the utilization of data, agentic AI tools like AI concierge and others, and by further increasing the purchase amount of existing users. In "Rakuten Travel", we will continue to capture the expanding inbound demand and strengthen marketing initiatives to achieve growth in transaction value. In overseas internet services, we aim to achieve sustained profitability in this segment by expanding operations and revenue in services such as "Rakuten Rewards" and "Rakuten Viber", as well as by accelerating improvements in businesses currently operating at a loss.

(FinTech)

In credit card-related services, we aim for further growth in shopping transaction value and pursue business expansion and enhanced profit margins through strengthened group synergies and marketing initiatives. In banking services, we aim for further growth by diversifying personal loan products, promoting securitization businesses involving monetary claims and real estate held by corporations, and expanding interest income. Additionally, we aim to increase non-interest income by acquiring salary deposits and direct debit payment accounts, etc., thereby promoting the use of accounts as everyday banking tools. In securities services, we aim for further expansion of our customer base through new account acquisitions and continued growth in diversified revenue sources such as margin trading. In insurance services, we aim for further improvements in profitability by strengthening face-to-face channels for life insurance services and enhancing the product portfolio for general insurance services. In payment services, we aim to expand operations and profits by growing its customer base and continuing efficient marketing initiatives. Furthermore, we plan to reorganize the FinTech business, effective October 1, 2026, with Rakuten Bank, Ltd. as the parent company issuing shares, and Rakuten Card Co., Ltd. (credit card-related services) and Rakuten Securities Holdings, Inc. (securities services) as the subsidiary companies receiving the shares. Through this reorganization, we aim to achieve greater flexibility in capital procurement and optimization of funding costs for each service, as well as further expand our individual customer base and improve profitability through strengthened marketing collaboration and enhanced financial products across services. While we aim to increase revenue and profit in the fourth quarter by capturing the synergy effects of this reorganization, we anticipate recording reorganization-related expenses in the third quarter. At this time, the specific impact on our consolidated earnings for the current fiscal year is yet to be determined, but we will promptly announce any matters that should be disclosed as we update our full-year outlook.

(Mobile)

In "Rakuten Mobile", while continuing efforts to improve communication quality and raise awareness, we will implement attractive marketing initiatives leveraging the Rakuten Ecosystem to strengthen our customer base. Additionally, we will work to acquire more subscribers by making proposals to corporate clients and local governments nationwide that have business relationships with the Rakuten Group. Furthermore, we will accelerate the deployment of new 4G and 5G base stations and aim to build a network that can be used in emergencies, such as during disasters, even in areas previously outside communication range, through direct communication between smartphones and low-earth orbit satellites. Through these initiatives, we aim to establish a network superiority, accelerate the pace of subscriber acquisition, and improve the profitability of the mobile business. Meanwhile, as global efforts to revolutionize the network equipment configuration for telecommunication carriers and to promote the openness of base stations advance, Rakuten Symphony, which provides communication platforms and other solutions using innovative mobile network technologies, will advance its global expansion by increasing revenue from existing customers and aggressively pursuing new customers, thereby seizing business opportunities accurately.

2. Condensed Interim Consolidated Financial Statements and Notes
(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of Yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Cash and cash equivalents	5,837,566	4,490,477
Accounts receivable - trade	443,557	436,432
Financial assets for securities business	6,035,176	9,019,073
Loans for credit card business	3,662,676	3,590,447
Investment securities for banking business	2,567,328	2,723,970
Loans for banking business	5,440,459	5,990,475
Investment securities for insurance business	202,745	193,716
Derivative assets	276,706	289,811
Investment securities	491,145	371,133
Other financial assets	1,115,534	1,251,530
Investments in associates and joint ventures	27,104	27,009
Property, plant and equipment	1,068,509	1,072,814
Intangible assets	1,079,201	1,133,363
Deferred tax assets	71,912	74,005
Other assets	484,782	471,675
Total assets	28,804,400	31,135,930
Liabilities		
Accounts payable - trade	553,582	409,238
Deposits for banking business	12,741,293	13,139,158
Financial liabilities for securities business	6,028,009	8,965,959
Derivative liabilities	77,087	94,691
Bonds and borrowings	1,598,052	1,605,831
Borrowings for securities business	269,228	212,772
Bonds and borrowings for credit card business	810,559	718,823
Borrowings for banking business	2,891,783	2,258,751
Other financial liabilities	1,551,575	1,515,708
Income taxes payable	43,687	42,583
Provisions	390,956	423,762
Insurance contract liabilities	136,350	133,294
Employee retirement benefit liabilities	48,958	50,047
Deferred tax liabilities	79,765	51,965
Other liabilities	229,284	195,132
Total liabilities	27,450,168	29,817,714
Equity		
Equity attributable to owners of the Company		
Common stock	459,508	464,091
Capital surplus	658,458	626,476
Other equity instruments	479,661	397,320
Retained earnings	(1,036,141)	(971,240)
Treasury stock	(5)	(6)
Other components of equity	430,921	398,650
Total equity attributable to owners of the Company	992,402	915,291
Non-controlling interests	361,830	402,925
Total equity	1,354,232	1,318,216
Total liabilities and equity	28,804,400	31,135,930

(2) Condensed Interim Consolidated Statement of Income and Comprehensive Income
Condensed Interim Consolidated Statement of Income
(For the six months ended June 30, 2025 and 2026)

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Continuing Operations		
Revenue	1,159,073	1,309,052
Operating expenses	1,146,581	1,229,676
Other income	5,836	3,168
Other expenses	24,938	32,104
Operating income (loss)	(6,610)	50,440
Financial income	10,111	20,047
Financial expenses	64,775	51,569
Share of losses of investments in associates and joint ventures	(4,973)	(1,035)
Income (loss) before income tax	(66,247)	17,883
Income tax expenses	35,710	(7,546)
Net Income (loss)	(101,957)	25,429
Net Income (loss) attributable to:		
Owners of the Company	(124,435)	(10,941)
Non-controlling interests	22,478	36,370
Net Income (loss)	(101,957)	25,429

(Yen)

Losses per share attributable to owners of the Company		
Basic	(57.64)	(5.03)
Diluted	(57.65)	(5.05)

Condensed Quarterly Consolidated Statement of Income
(For the three months ended June 30, 2025 and 2026)

(Millions of Yen)

	Three months ended June 30, 2025 (April 1 to June 30, 2025)	Three months ended June 30, 2026 (April 1 to June 30, 2026)
Continuing Operations		
Revenue	596,369	665,469
Operating expenses	580,163	621,746
Other income	3,982	1,713
Other expenses	11,354	25,390
Operating income	8,834	20,046
Financial income	9,068	8,334
Financial expenses	32,930	27,773
Share of losses of investments in associates and joint ventures	(5,380)	(99)
Income (loss) before income tax	(20,408)	508
Income tax expenses	19,666	(26,679)
Net Income (loss)	(40,074)	27,187
Net Income (loss) attributable to:		
Owners of the Company	(50,964)	7,707
Non-controlling interests	10,890	19,480
Net Income (loss)	(40,074)	27,187

(Yen)

Earnings (Losses) per share attributable to owners of the Company		
Basic	(23.58)	3.54
Diluted	(23.58)	3.44

Condensed Interim Consolidated Statement of Comprehensive Income
(For the six months ended June 30, 2025 and 2026)

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Net Income (loss)	(101,957)	25,429
Other comprehensive income		
Items that will not be reclassified to net income		
Changes in equity instruments measured at fair value through other comprehensive income	74,801	39,519
Remeasurement of defined benefit plans	(272)	194
Other comprehensive income of investment in associates and joint ventures	34	123
Total items that will not be reclassified to net income	74,563	39,836
Items that may be reclassified to net income		
Foreign currency translation adjustments	(63,304)	27,780
Changes in debt instruments measured at fair value through other comprehensive income	(4,322)	(3,098)
Cash flow hedges	2,301	(1,442)
Changes in the difference between discount rate change on insurance contracts	727	(891)
Changes in the difference between discount rate change on reinsurance contracts	(850)	(502)
Other comprehensive income of investments in associates and joint ventures	(2,687)	716
Total items that may be reclassified to net income	(68,135)	22,563
Total other comprehensive income, net of tax	6,428	62,399
Comprehensive income	(95,529)	87,828
Comprehensive income attributable to:		
Owners of the Company	(117,460)	51,758
Non-controlling interests	21,931	36,070
Comprehensive income	(95,529)	87,828

Condensed Quarterly Consolidated Statement of Comprehensive Income
(For the three months ended June 30, 2025 and 2026)

(Millions of Yen)

	Three months ended June 30, 2025 (April 1 to June 30, 2025)	Three months ended June 30, 2026 (April 1 to June 30, 2026)
Net Income (loss)	(40,074)	27,187
Other comprehensive income		
Items that will not be reclassified to net income		
Changes in equity instruments measured at fair value through other comprehensive income	75,253	5,586
Remeasurement of defined benefit plans	67	(20)
Other comprehensive income of investment in associates and joint ventures	29	142
Total items that will not be reclassified to net income	75,349	5,708
Items that may be reclassified to net income		
Foreign currency translation adjustments	(23,178)	20,629
Changes in debt instruments measured at fair value through other comprehensive income	(546)	(219)
Cash flow hedges	195	(4,878)
Changes in the difference between discount rate change on insurance contracts	629	(450)
Changes in the difference between discount rate change on reinsurance contracts	(303)	(274)
Other comprehensive income of investments in associates and joint ventures	(813)	548
Total items that may be reclassified to net income	(24,016)	15,356
Total other comprehensive income, net of tax	51,333	21,064
Comprehensive income	11,259	48,251
Comprehensive income attributable to:		
Owners of the Company	(3,163)	27,970
Non-controlling interests	14,422	20,281
Comprehensive income	11,259	48,251

(3) Condensed Interim Consolidated Statement of Changes in Equity
(For the six months ended June 30, 2025)

(Millions of Yen)

	Equity attributable to Owners of the Company								
	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other Components of Equity	Total Equity attributable to Owners of the Company	Non-controlling Interests	Total Equity
As of January 1, 2025	452,647	649,389	398,717	(824,700)	(4)	251,819	927,868	310,646	1,238,514
Comprehensive income									
Net Income (loss)	—	—	—	(124,435)	—	—	(124,435)	22,478	(101,957)
Other comprehensive income, net of tax	—	—	—	—	—	6,975	6,975	(547)	6,428
Total comprehensive income	—	—	—	(124,435)	—	6,975	(117,460)	21,931	(95,529)
Transactions with owners etc.									
Transfer from other equity instruments to bonds	—	—	—	—	—	—	—	—	—
Distributions to owners of other equity instruments	—	—	—	(13,637)	—	—	(13,637)	—	(13,637)
Reclassified from other components of equity to retained earnings	—	—	—	1,499	—	(1,499)	—	—	—
Acquisition of treasury stock	—	—	—	—	(0)	—	(0)	—	(0)
Purchase of other equity instruments by subsidiaries	—	—	—	—	—	—	—	—	—
Exercise of share acquisition rights	4,494	(4,494)	—	—	—	—	0	—	0
Share based compensation expenses	—	8,621	—	135	—	—	8,756	—	8,756
Equity transactions with non-controlling interests	—	(6)	—	—	—	1	(5)	225	220
Others	—	—	—	21	—	—	21	(182)	(161)
Total transactions with owners etc.	4,494	4,121	—	(11,982)	(0)	(1,498)	(4,865)	43	(4,822)
As of June 30, 2025	457,141	653,510	398,717	(961,117)	(4)	257,296	805,543	332,620	1,138,163

(For the six months ended June 30, 2026)

(Millions of Yen)

	Equity attributable to Owners of the Company								
	Common Stock	Capital Surplus	Other Equity Instruments	Retained Earnings	Treasury Stock	Other Components of Equity	Total Equity attributable to Owners of the Company	Non-controlling Interests	Total Equity
As of January 1, 2026	459,508	658,458	479,661	(1,036,141)	(5)	430,921	992,402	361,830	1,354,232
Comprehensive income									
Net Income (loss)	—	—	—	(10,941)	—	—	(10,941)	36,370	25,429
Other comprehensive income, net of tax	—	—	—	—	—	62,699	62,699	(300)	62,399
Total comprehensive income	—	—	—	(10,941)	—	62,699	51,758	36,070	87,828
Transactions with owners etc.									
Transfer from other equity instruments to bonds	—	(36,099)	(80,811)	—	—	—	(116,910)	—	(116,910)
Distributions to owners of other equity instruments	—	—	—	(19,516)	—	—	(19,516)	—	(19,516)
Reclassified from other components of equity to retained earnings	—	—	—	94,970	—	(94,970)	—	—	—
Acquisition of treasury stock	—	—	—	—	(1)	—	(1)	—	(1)
Purchase of other equity instruments by subsidiaries	—	—	(1,530)	—	—	—	(1,530)	—	(1,530)
Exercise of share acquisition rights	4,583	(4,583)	—	—	—	—	0	—	0
Share based compensation expenses	—	8,699	—	415	—	—	9,114	—	9,114
Equity transactions with non-controlling interests	—	—	—	—	—	0	0	5,025	5,025
Others	—	1	—	(27)	—	0	(26)	(0)	(26)
Total transactions with owners etc.	4,583	(31,982)	(82,341)	75,842	(1)	(94,970)	(128,869)	5,025	(123,844)
As of June 30, 2026	464,091	626,476	397,320	(971,240)	(6)	398,650	915,291	402,925	1,318,216

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Cash flows from operating activities		
Income (Loss) before income tax	(66,247)	17,883
Depreciation and amortization	158,687	141,635
Other loss (income)	79,199	74,004
Decrease (Increase) in operating receivables	50,340	12,785
Decrease (Increase) in loans for credit card business	167,385	72,512
Increase (Decrease) in deposits for banking business	114,324	392,644
Net decrease (increase) in call loans for banking business	(94)	(246,000)
Decrease (Increase) in loans for banking business	(143,250)	(548,028)
Net decrease (increase) in receivables under securities borrowing transactions	7,695	55,402
Increase (Decrease) in operating payables	(131,768)	(148,737)
Decrease (Increase) in financial assets for securities business	(370,407)	(2,983,984)
Increase (Decrease) in financial liabilities for securities business	157,775	2,937,815
Increase and decrease in derivative assets and liabilities	5,739	(25,738)
Others	(109,530)	(6,734)
Income tax paid	(53,808)	(47,130)
Net cash flows from operating activities	(133,960)	(301,671)
Cash flows from investing activities		
Payments in time deposits	(18,172)	(5,279)
Proceeds from time deposits	11,991	17,159
Purchases of property, plant and equipment	(38,282)	(59,869)
Purchases of intangible assets	(75,450)	(84,895)
Acquisitions of investments in associates and joint ventures	—	(101)
Purchases of investment securities for banking business	(953,751)	(1,005,618)
Proceeds from sales and redemption of investment securities for banking business	609,970	864,125
Purchases of investment securities for insurance business	(77,779)	(30,200)
Proceeds from sales and redemption of investment securities for insurance business	86,077	29,108
Purchases of investment securities	(5,406)	(5,583)
Proceeds from sales and redemption of investment securities	9,433	199,311
Other payments	(7,128)	(5,014)
Other proceeds	3,522	4,031
Net cash flows from investing activities	(454,975)	(82,825)

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

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(570)	—
Net increase (decrease) in commercial papers	23,300	20,300
Proceeds from long-term borrowings	36,619	57,322
Repayments of long-term borrowings	(78,666)	(74,807)
Redemption of bonds	(440,172)	(139,128)
Net increase (decrease) in short-term borrowings for securities business	28,500	(56,500)
Net increase (decrease) in short-term borrowings for credit card business	(566)	41,117
Net increase (decrease) in commercial papers for credit card business	10,100	(4,400)
Proceeds from long-term borrowings for credit card business	74,658	51,891
Repayments of long-term borrowings for credit card business	(77,796)	(79,430)
Proceeds from issuance of bonds for credit card business	109,354	—
Redemption of bonds for credit card business	—	(102,000)
Net increase (decrease) in short-term borrowings for banking business	211,380	(269,796)
Proceeds from long-term borrowings for banking business	—	222,800
Repayments of long-term borrowings for banking business	—	(586,600)
Distributions to owners of other equity instruments	(12,258)	(13,638)
Capital contribution from non-controlling interests	—	7,025
Proceeds from settlement of derivatives	—	37,838
Repayments of lease liabilities	(33,644)	(35,586)
Interest paid	(42,854)	(39,506)
Others	(455)	(4,321)
Net cash flows from financing activities	(193,070)	(967,419)
Effect of change in exchange rates on cash and cash equivalents	(9,652)	4,826
Net increase (decrease) in cash and cash equivalents	(791,657)	(1,347,089)
Cash and cash equivalents at the beginning of the period	6,170,888	5,837,566
Cash and cash equivalents at the end of the interim period	5,379,231	4,490,477

(5) Assumptions for Going Concern

For the six months ended June 30, 2026 (January 1 to June 30, 2026)
No items to report.

(6) Notes to the Condensed Interim Consolidated Financial Statements

(Basis of Presentation)

The Company's Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", pursuant to Article 312 of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976), as the Company meets the requirements of a "Specified Company Complying with Designated International Accounting Standards" as stipulated in Article 1-2(2) of the same regulation. As this summary does not contain all the information required in annual consolidated financial statements, it is advised to be used in combination with the consolidated financial statements for the fiscal year ended December 31, 2025.

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

For the six months ended June 30, 2026 (January 1 to June 30, 2026)

There were no significant changes either in the scope of consolidation or in the scope of equity method with respect to the condensed interim consolidated financial statements for the six months ended June 30, 2026, as compared with the consolidated financial statements for the fiscal year ended December 31, 2025.

(Material Accounting Policies)

Material accounting policies adopted by the Rakuten Group in the Condensed Interim Consolidated Financial Statements for the six months ended June 30, 2026 remain the same as those adopted in the consolidated financial statements for the previous fiscal year. In addition, income tax expenses for the six months ended June 30, 2026 are calculated based upon an estimated average annual effective tax rate.

(Significant Accounting Estimates and Judgments)

In preparing the Condensed Interim Consolidated Financial Statements under IFRS Accounting Standards for the six months ended June 30, 2026, 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 and future periods.

Estimates and judgments that have a significant impact on the amounts in the Condensed Interim Consolidated Financial Statements for the six months ended June 30, 2026 remain the same as those for the previous fiscal year, except for the following.

Changes in Accounting Estimates

After a certain period of time has elapsed since the commencement of business operations, and a review of part of our capital expenditure plan, we re-evaluated the actual utilization of certain network equipment included in the Rakuten Group's machinery and equipment, etc. As a result, in the current consolidated fiscal year, we have changed the useful lives of these assets based on more reasonable estimates of their economic useful lives to better reflect actual usage.

As a result of this change, Operating income and Income before income tax for the six months ended June 30, 2026 each increased by ¥17,277 million, compared with the amounts that would have been reported under the previous method.

(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". Operating segments are not aggregated in determining reportable segments.

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 payment services, 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 accounting treatment of the reported operating segment is based on IFRS Accounting Standards, 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 measures 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 Accounting Standards.

Management believes that the disclosure of Non-GAAP financial measures facilitates comparison between the Rakuten Group and peer companies in the same industry or comparison of their business results with those of prior fiscal years by stakeholders, and can provide useful information in understanding the underlying business results of the Rakuten Group and their future outlook. Nonrecurring items refer to one-off items that the Rakuten Group believes should be excluded in preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share based compensation expenses and amortization of acquisition-related intangible assets.

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

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.

Mobile Ecosystem Contribution

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.

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, 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.

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

Effective from the three months ended March 31, 2026, some AI-related development costs, which were not previously allocated to individual segments, have been reflected in the segment profit or loss based on the scope of responsibility and actual usage to optimize the management and performance evaluation of each segment. Accordingly, the segment information for the six months ended June 30, 2025 and the three months ended June 30, 2025 has been restated to reflect this change. This change has no impact on the consolidated revenue or operating income or loss.

For the six months ended June 30, 2025 (January 1 to June 30, 2025)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	630,016	456,263	222,828	1,309,107
Segment Profit (Loss)				
Before Considering	33,909	95,893	(104,841)	24,961
Mobile Ecosystem Contribution	(7,451)	(8,933)	16,384	—
After Considering	26,458	86,960	(88,457)	24,961

For the six months ended June 30, 2026 (January 1 to June 30, 2026)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	655,760	570,751	252,541	1,479,052
Segment Profit (Loss)				
Before Considering	52,492	140,598	(92,235)	100,855
Mobile Ecosystem Contribution	(8,265)	(12,890)	21,155	—
After Considering	44,227	127,708	(71,080)	100,855

Note: Effective from the three months ended March 31, 2026, some AI-related development costs, which were not previously allocated to individual segments, have been reflected in the segment profit or loss based on the scope of responsibility and actual usage to optimize the management and performance evaluation of each segment. Accordingly, the segment information for the six months ended June 30, 2025 has been restated to reflect this change. As a result of this change, segment profit or loss for the six months ended June 30, 2025 decreased by ¥825 million in "Internet Services", ¥296 million in "FinTech", and ¥145 million in "Mobile", while "Intercompany Transactions, etc." increased by the total amount of these decreases. This change has no impact on the consolidated revenue or operating income or loss.

For the three months ended June 30, 2025 (April 1 to June 30, 2025)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	324,538	232,684	112,123	669,345
Segment Profit (Loss)				
Before Considering	17,428	47,799	(45,447)	19,780
Mobile Ecosystem Contribution	(3,753)	(4,582)	8,335	—
After Considering	13,675	43,217	(37,112)	19,780

For the three months ended June 30, 2026 (April 1 to June 30, 2026)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	338,115	295,427	121,384	754,926
Segment Profit (Loss)				
Before Considering	27,390	75,827	(44,038)	59,179
Mobile Ecosystem Contribution	(4,333)	(6,651)	10,984	—
After Considering	23,057	69,176	(33,054)	59,179

Note: Effective from the three months ended March 31, 2026, some AI-related development costs, which were not previously allocated to individual segments, have been reflected in the segment profit or loss based on the scope of responsibility and actual usage to optimize the management and performance evaluation of each segment. Accordingly, the segment information for the three months ended June 30, 2025 has been restated to reflect this change. As a result of this change, segment profit or loss for the three months ended June 30, 2025 decreased by ¥429 million in "Internet Services", ¥151 million in "FinTech", and ¥76 million in "Mobile", while "Intercompany Transactions, etc." increased by the total amount of these decreases. This change has no impact on the consolidated revenue or operating income or loss.

The reconciliation from segment revenue to consolidated revenue is as follows:

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Segment Revenue	1,309,107	1,479,052
Intercompany Transactions, etc.	(150,034)	(170,000)
Consolidated Revenue	1,159,073	1,309,052

(Millions of Yen)

	Three months ended June 30, 2025 (April 1 to June 30, 2025)	Three months ended June 30, 2026 (April 1 to June 30, 2026)
Segment Revenue	669,345	754,926
Intercompany Transactions, etc.	(72,976)	(89,457)
Consolidated Revenue	596,369	665,469

The reconciliation from segment profit (loss) to income (loss) before income tax is as follows:

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Segment Profit (Loss)	24,961	100,855
Intercompany Transactions, etc.	(5,210)	(22,521)
Non-GAAP Operating Income	19,751	78,334
Amortization of Intangible Assets	(2,600)	(812)
Share Based Compensation Expenses	(8,446)	(9,060)
One-off Items (Note)	(15,315)	(18,022)
Operating Income (Loss)	(6,610)	50,440
Financial Income and Expenses	(54,664)	(31,522)
Share of Losses of Investments in Associates and Joint Ventures	(4,973)	(1,035)
Income (Loss) before Income Tax	(66,247)	17,883

Note: One-off items listed for the six months ended June 30, 2025 include a mid-term cancellation fee of ¥2,459 million, which was incurred in the domestic sports business due to the termination of a consulting agreement that had a significant impact on team operations, additional tax and delinquency charges, including those for prior years, totaling ¥4,943 million, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization, a loss provision of ¥1,058 million for compensation of customer transactions due to unauthorized access in the securities business, and a provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary, etc. Moreover, in the Condensed Interim Consolidated Statement of Income, the scheduled payment amount for additional tax and delinquency charges, including those for prior years, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization is included in operating expenses while other income and expenses are mainly recorded in other income and other expenses. One-off items listed for the six months ended June 30, 2026 include an impairment loss on fixed assets of ¥1,019 million, resulting from a partial withdrawal from the marketplace business in Europe, and an impairment loss, etc., on fixed assets of ¥17,000 million, resulting from a decrease in future profitability due to the conversion of warehouses for internal use in the logistics business. Moreover, in the Condensed Interim Consolidated Statement of Income, these expenses are mainly recorded in other expenses.

(Millions of Yen)

	Three months ended June 30, 2025 (April 1 to June 30, 2025)	Three months ended June 30, 2026 (April 1 to June 30, 2026)
Segment Profit (Loss)	19,780	59,179
Intercompany Transactions, etc.	276	(17,144)
Non-GAAP Operating Income	20,056	42,035
Amortization of Intangible Assets	(1,235)	(400)
Share Based Compensation Expenses	(4,064)	(4,586)
One-off Items (Note)	(5,923)	(17,003)
Operating Income	8,834	20,046
Financial Income and Expenses	(23,862)	(19,439)
Share of Losses of Investments in Associates and Joint Ventures	(5,380)	(99)
Income (Loss) before Income Tax	(20,408)	508

Note: One-off items listed for the three months ended June 30, 2025 include additional tax and delinquency charges, including those for prior years, totaling ¥4,943 million, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization, and a loss provision of ¥1,058 million for compensation of customer transactions due to unauthorized access in the securities business, etc. Moreover, in the Condensed Interim Consolidated Statement of Income, the scheduled payment amount for additional tax and delinquency charges, including those for prior years, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to card receivables securitization, is included in operating expenses, while other income and expenses are mainly recorded in other income and other expenses. One-off items listed for the three months ended June 30, 2026 include an impairment loss, etc., on fixed assets of ¥17,000 million, resulting from a decrease in future profitability due to the conversion of warehouses for internal use in the logistics business. Moreover, in the Condensed Interim Consolidated Statement of Income, these expenses are mainly recorded in other expenses.

(Breakdown of Operating Expenses)

The breakdown of operating expenses is as follows:

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Advertising and promotion expenditures	158,687	184,107
Employee benefits expenses	187,576	196,700
Depreciation and amortization	166,278	148,938
Communication and maintenance expenses	32,143	31,706
Consignment and subcontract expenses	64,266	78,676
Allowance for doubtful accounts charged to expenses	20,205	24,754
Cost of sales of merchandise and services rendered	324,449	331,209
Interest expenses for finance business	24,968	48,816
Commission fee expenses for finance business	14,977	16,747
Insurance service expenses	23,985	23,828
Others	129,047	144,195
Total	1,146,581	1,229,676

(Other Income and Other Expenses)

(1) Details

The breakdown of other income and other expenses is as follows:

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Foreign exchange gains	2,911	—
Others	2,925	3,168
Total other income	5,836	3,168
Foreign exchange losses	—	1,836
Losses on disposal of property, plant and equipment and intangible assets	2,305	1,468
Losses on valuation of investment securities	5,825	3,177
Impairment losses (Note 1)	4,938	20,169
Others (Note 1, 2, 3)	11,870	5,454
Total other expenses	24,938	32,104

Note 1: An impairment loss on fixed assets of ¥1,019 million, resulting from a partial withdrawal from the marketplace business in Europe, and an impairment loss, etc., on fixed assets of ¥17,000 million, resulting from a decrease in future profitability due to the conversion of warehouses for internal use in the logistics business, were included for the six months ended June 30, 2026. For details on the impairment loss in the logistics business, please refer to (2) Impairment losses.

Note 2: A mid-term cancellation fee of ¥2,459 million, which was incurred in the domestic sports business due to the termination of a consulting agreement that had a significant impact on team operations, was included for the six months ended June 30, 2025.

Note 3: A loss provision of ¥1,058 million for compensation of customer transactions due to unauthorized access in the securities business, and a provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary, etc. were included for the six months ended June 30, 2025.

(2) Impairment losses

Logistics Business

As part of its logistics business, the Company provides a service that leases a portion of its warehouse space.

For the six months ended June 30, 2026, amid uncertainty over future parcel volume growth, the Company has been working to optimize warehouse investment and the utilization of warehouse space. Under these circumstances, the Company held extensive discussions with the lessees regarding future operations. Based on the results of these discussions, the Company decided to use the warehouse space internally rather than continue leasing it to third parties. Due to this conversion, it was determined that there was an indication of impairment as the future cash flows expected from these fixed assets were likely to fall below their carrying amount.

As a result of this impairment indicator, an impairment test was conducted, and it was determined that the recoverable amount is expected to fall below the carrying amount, and an impairment loss of ¥15,739 million for property, plant and equipment was recognized in the Internet Services segment.

The recoverable amount for these fixed assets is measured based on their value in use. However, as no future cash flows are expected, the recoverable amount has been valued at zero.

(Financial Income and Financial Expenses)

The breakdown of financial income and financial expenses is as follows:

(Millions of Yen)

	Six months ended June 30, 2025 (January 1 to June 30, 2025)	Six months ended June 30, 2026 (January 1 to June 30, 2026)
Gains on valuation of investment securities (Note 1)	2,814	110
Gains on valuation of derivatives (Note 2)	—	17,591
Foreign exchange gains (Note 3)	5,104	—
Others	2,193	2,346
Total financial income	10,111	20,047
Interest expenses (Note 3)	43,097	42,758
Losses on valuation of derivatives (Note 2, 3)	16,615	—
Foreign exchange losses (Note 4)	—	2,618
Others	5,063	6,193
Total financial expenses	64,775	51,569

Note 1: Gains on valuation of investment securities related to an investment in Lyft, Inc. of ¥2,660 million were recorded for the six months ended June 30, 2025.

Note 2: Losses on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥9,856 million were recorded for the six months ended June 30, 2025. Gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥17,591 million were recorded for the six months ended June 30, 2026.

Note 3: Losses on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥6,759 million were recorded for the six months ended June 30, 2025. Foreign exchange gains of ¥5,104 million arising from liabilities relating to funds raised from the said contract were recorded for the six months ended June 30, 2025. Interest expenses of ¥216 million incurred from financial liabilities relating to the said contract measured at amortized cost were recorded for the six months ended June 30, 2025.

Note 4: Foreign exchange losses of ¥2,618 million arising from bonds transferred from other equity instruments were recorded for the six months ended June 30, 2026.

(Notes on Significant Subsequent Events)

No items to report.