Annual Securities Report

("*Yukashoken-Hokokusho*")

Fiscal Year Ended December 31, 2025

Rakuten Group, Inc.

and its Subsidiaries

This document has been extracted and translated from the Japanese original report (Yukashoken-Hokokusho) issued on March 26, 2026 for reference purposes only. In the event of any discrepancy between this translated document and Japanese version, the Japanese version shall prevail.

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[Document Submitted]	Annual Securities Report ("Yukashoken Hokokusho")
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	March 26, 2026
[Accounting Period]	The 29th Fiscal Year (from January 1, 2025 to December 31, 2025)
[Company Name]	Rakuten Group Kabushiki-Kaisha
[Company Name in English]	Rakuten Group, Inc.
[Position and Name of Representative]	Hiroshi Mikitani, Chairman, President and Representative Director
[Location of Head Office]	1-14-1 Tamagawa, Setagaya-ku, Tokyo
[Phone No.]	+81-50-5581-6910 (main)
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[Phone No.]	+81-50-5581-6910 (main)
[Contact for Communications]	Kenji Hirose, CFO, Director and Group Executive Vice President
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated Financial Data, etc.

(Millions of Yen, unless stated otherwise)

Fiscal year		25th	26th	27th	28th	29th
Year ended		Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024	Dec. 2025
Revenue		1,681,757	1,920,894	2,071,315	2,279,233	2,496,575
Profit (Loss) before income tax		(212,630)	(415,612)	(217,741)	16,277	(29,550)
Net loss attributable to owners of the Company		(133,828)	(377,217)	(339,473)	(162,442)	(177,886)
Comprehensive income attributable to owners of the Company		(73,417)	(309,683)	(273,755)	(85,734)	(3,997)
Equity attributable to owners of the Company		1,093,719	791,351	836,572	927,868	992,402
Total assets		16,831,221	20,402,281	22,625,576	26,514,728	28,804,400
Equity attributable to owners of the Company per share	(Yen)	691.47	497.56	390.53	430.67	457.33
Basic losses per share	(Yen)	(87.62)	(237.73)	(177.27)	(75.61)	(82.24)
Diluted losses per share	(Yen)	(87.62)	(237.89)	(177.29)	(75.62)	(82.26)
Equity attributable to owners of the Company ratio	(%)	6.5	3.9	3.7	3.5	3.4
Net income to equity attributable to owners of the Company ratio	(%)	(15.7)	(40.4)	(41.7)	(18.4)	(18.5)
Price earnings ratio	(Times)	—	—	—	—	—
Cash flows from operating activities		582,707	(262,068)	724,192	1,190,882	424,093
Cash flows from investing activities		(611,830)	(948,289)	(597,416)	(921,724)	(779,809)
Cash flows from financing activities		1,402,265	1,486,686	291,956	757,469	14,134
Cash and cash equivalents at end of the year		4,410,301	4,694,360	5,127,674	6,170,888	5,837,566
Employees	(Persons)	28,261	32,079	30,830	29,334	29,419

(Notes)

1. Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS Accounting Standards").
2. Average number of shares during the fiscal year is calculated on a daily basis.
3. Price earnings ratio is not disclosed as a net loss is reported for each fiscal year.
4. Number of employees does not include those serving concurrently as employees and Directors, temporary staff and part-time employees.
5. IFRS 17 "Insurance Contracts" has been adopted from the beginning of the 27th fiscal year, and reflects the cumulative effect of this accounting standard change on the date of transition of January 1, 2022. As a result, figures for the 26th fiscal year reflect the retrospective application of such accounting standards.

(2) Financial Data, etc. of the Company submitting Annual Securities report

(Millions of Yen, unless stated otherwise)

Fiscal year		25th JGAAP	26th JGAAP	27th JGAAP	28th JGAAP	29th JGAAP
Year ended		Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024	Dec. 2025
Net sales		783,268	749,420	860,578	897,686	967,393
Ordinary profit (loss)		22,662	113,477	133,151	(8,318)	26,146
Net profit (loss)		52,739	(87,211)	226,040	249,935	(25,754)
Common stock		289,673	294,061	446,768	452,646	459,508
Total number of shares issued	(Shares)	1,581,735,100	1,590,463,000	2,142,140,300	2,154,483,600	2,169,972,100
Net assets		803,192	782,261	1,327,428	1,586,933	1,576,939
Total assets		3,158,305	3,705,384	4,207,994	5,272,845	4,791,273
Net assets per share	(Yen)	489.68	471.07	602.15	717.08	706.33
Dividend per share	(Yen)	4.50	4.50	—	—	—
(Interim dividend per share)	(Yen)	(—)	(—)	(—)	(—)	(—)
Basic earnings (loss) per share	(Yen)	34.52	(54.96)	118.03	116.33	(11.91)
Diluted earnings per share	(Yen)	33.76	—	115.71	113.11	—
Equity ratio	(%)	24.5	20.2	30.7	29.3	32.0
Return on equity	(%)	8.4	(11.4)	22.2	17.6	(1.7)
Price earnings ratio	(Times)	33.4	—	5.3	7.4	—
Dividend payout ratio	(%)	13.0	—	—	—	—
Number of employees	(Persons)	7,744	8,409	10,350	9,885	9,989
Total shareholder return	(%)	116.5	60.9	64.1	87.3	101.9
(Comparison index: TOPIX total return index)	(%)	(112.7)	(110.0)	(141.1)	(169.9)	(213.2)
Highest share price	(Yen)	1,545	1,220	749	1,069.5	1,068.5
Lowest share price	(Yen)	957	576	466	612.1	695

(Notes)

1. Average number of shares during the year is calculated on a daily basis.
2. Diluted earnings per share is not stated for the fiscal year ended December 31, 2022 and December 31, 2025, as a net loss per share was recorded although residual shares existed.
3. Price earnings ratio and dividend ratio are not disclosed for the fiscal year ended December 31, 2022 and December 31, 2025, as a net loss per share was recorded. Also, the dividend payout ratios are not disclosed for the fiscal years ended December 31, 2023 and December 31, 2024, as there were no dividend.
4. Number of employees does not include those serving concurrently as employees and Directors, employees seconded to other group companies, temporary staff and part-time employees.
5. The highest and lowest share prices refer to those of the First Section of the Tokyo Stock Exchange prior to April 3, 2022, and those of the Prime Market section of the Tokyo Stock Exchange subsequent to April 4, 2022.
6. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) have been applied from the beginning of the fiscal year ended December 31, 2022. Relevant key financial data etc. for the fiscal year ended December 31, 2022 onwards, are figures after the retrospective application of said accounting standards.

2. Corporate History

Period		Overview
1997	Feb	MDM Co., Ltd. is founded to develop an online commerce server and operate internet shopping mall, "Rakuten Ichiba", with capital of ¥10 million at 1-6-7 Atago, Minato-ku, Tokyo.
	May	Internet shopping mall, "Rakuten Ichiba" commences operations.
1998	Aug	Head office is transferred to 2-8-16 Yutenji, Meguro-ku, Tokyo.
1999	Jun	MDM Co., Ltd. is renamed as Rakuten, Inc.
2000	Apr	Listed on the Japan Securities Dealers Association.
	May	Head office is transferred to 2-6-20 Nakameguro, Meguro-ku, Tokyo.
2001	Mar	Commencement of "Rakuten Travel" services.
2002	Nov	Introduction of "Rakuten Super Points (currently Rakuten Points)" program.
2003	Sep	MyTrip.net, an accommodation booking site operator, is consolidated as a subsidiary.
	Oct	Head office is transferred to 6-10-1 Roppongi, Minato-ku, Tokyo.
	Nov	DLJdirect SFG Securities (currently Rakuten Securities, Inc.), is consolidated as a subsidiary.
2004	Sep	Aozora Card Co., Ltd. (currently Rakuten Card Co., Ltd.), is consolidated as a subsidiary.
	Nov	Nippon Professional Baseball (currently Nippon Professional Baseball Organization) approves new entry of Tohoku Rakuten Golden Eagles.
	Dec	Listed on the Jasdaq Securities Exchange Inc. (currently Tokyo Securities Exchange JASDAQ (standard)).
2005	Sep	LinkShare Corporation (currently RAKUTEN MARKETING LLC) is consolidated as a subsidiary.
2007	Aug	Fusion Communications (currently Rakuten Communications Corp.), which operates IP telephony business, is consolidated as a subsidiary.
2008	Apr	Head office is transferred to 4-12-3 Higashishinagawa, Shinagawa-ku, Tokyo.
2009	Feb	eBank Corporation (currently Rakuten Bank, Ltd.) is consolidated as a subsidiary.
2010	Jan	bitwallet, Inc., (currently Rakuten Edy, Inc.) is consolidated as a subsidiary.
	Jul	PRICEMINISTER S.A. (currently RAKUTEN FRANCE S.A.S.) is consolidated as a subsidiary.
2012	Jan	Kobo Inc. (currently Rakuten Kobo Inc.), which offers e-book services worldwide, is consolidated as a subsidiary.
	Jun	Wuaki. TV, S.L. (currently Rakuten TV Europe, S.L.U.), a provider of video streaming services in Spain, is consolidated as a subsidiary.
	Oct	AIRIO Life Insurance Co., Ltd. (currently Rakuten Life Insurance Co., Ltd.), which used to be an associate accounted for using equity method, is consolidated as a subsidiary.
2013	Sep	Viki, Inc., which provides video streaming services worldwide, is consolidated as a subsidiary.
	Nov	Tohoku Rakuten Golden Eagles win their first Nippon Series championship.
	Dec	Changes listing stock market to the First Section of the Tokyo Stock Exchange.
2014	Mar	Viber Media Ltd. (currently Viber Media S.a.r.l.), which operates mobile messaging and VoIP services worldwide, is consolidated as a subsidiary.
	Oct	Ebates Inc., which operates a leading membership-based online cash-back site in the U.S., is consolidated as a subsidiary.
	Oct	Fully enters the mobile phone business and begins provision of services through "Rakuten Mobile".
2015	Aug	Head office is transferred to 1-14-1 Tamagawa, Setagaya-ku Tokyo.
2017	Jun	Establishes Rakuten LIFULL STAY, Inc. (currently Rakuten STAY, Inc.) and enters the vacation rental business.
2018	Mar	Asahi Fire & Marine Insurance Co., Ltd. (currently Rakuten General Insurance Co., Ltd.) is consolidated as a subsidiary.
2019	Aug	"Rakuten Wallet" launches crypto asset (virtual currency) spot transaction service.
	Oct	"Rakuten Mobile" launches mobile carrier service.
2020	Sep	"Rakuten Mobile" launches 5G mobile communications system service in its mobile carrier service.

Period		Overview
2021	Apr	Rakuten, Inc. renamed as Rakuten Group, Inc.
	Aug	Launches the telecommunication platform business organization, Rakuten Symphony.
2022	Jan	Establishes Rakuten Symphony, Inc., a wholly-owned subsidiary of Rakuten Mobile, Inc.
	Apr	Transfers from the First Section to the Prime Market of the Tokyo Stock Exchange following a market restructuring of the exchange.
	Oct	Conclusion of Capital and Business Alliance between Rakuten Securities Holdings, Inc. and Mizuho Securities Co., Ltd.
2023	Apr	Rakuten Bank, Ltd. lists on the Tokyo Stock Exchange Prime market.
	Oct	Special base station deployment plan for 700 MHz "Platinum Band" allocation is approved.
2024	Nov	Conclusion of Capital and Business Alliance between Rakuten Card Co., Ltd. and Mizuho Financial Group, Inc.
2025	Dec	"Rakuten Mobile" surpasses 10 million total contracted lines.

3. Description of Business

As a global innovation company engaged in the three main activities of Internet Services, FinTech, and Mobile, the Rakuten Group (the Company and its Associates) 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.

The following segments are classified in the same way as stated in the "Segment Information" notes to the Consolidated Financial Statements.

Descriptions of major services provided by the Rakuten Group and the main entities involved in such services are as follows:

Internet Services

Significant services provided	Main entity involved in service
Internet shopping mall, "Rakuten Ichiba"	Rakuten Group, Inc.
Online bookstore, "Rakuten Books"	Rakuten Group, Inc.
Online golf course reservation site, "Rakuten GORA"	Rakuten Group, Inc.
A comprehensive internet travel site, "Rakuten Travel"	Rakuten Group, Inc.
Online sales of medical supplies and daily necessities, "Rakuten 24", etc.	Rakuten Group, Inc.
Online fashion store, "Rakuten Fashion"	Rakuten Group, Inc.
Flea market app, "Rakuma"	Rakuten Group, Inc.
Online cash-back service	Ebates Inc.
E-book services	Rakuten Kobo Inc.
Mobile messaging and VoIP services	Viber Media S.a.r.l.

FinTech

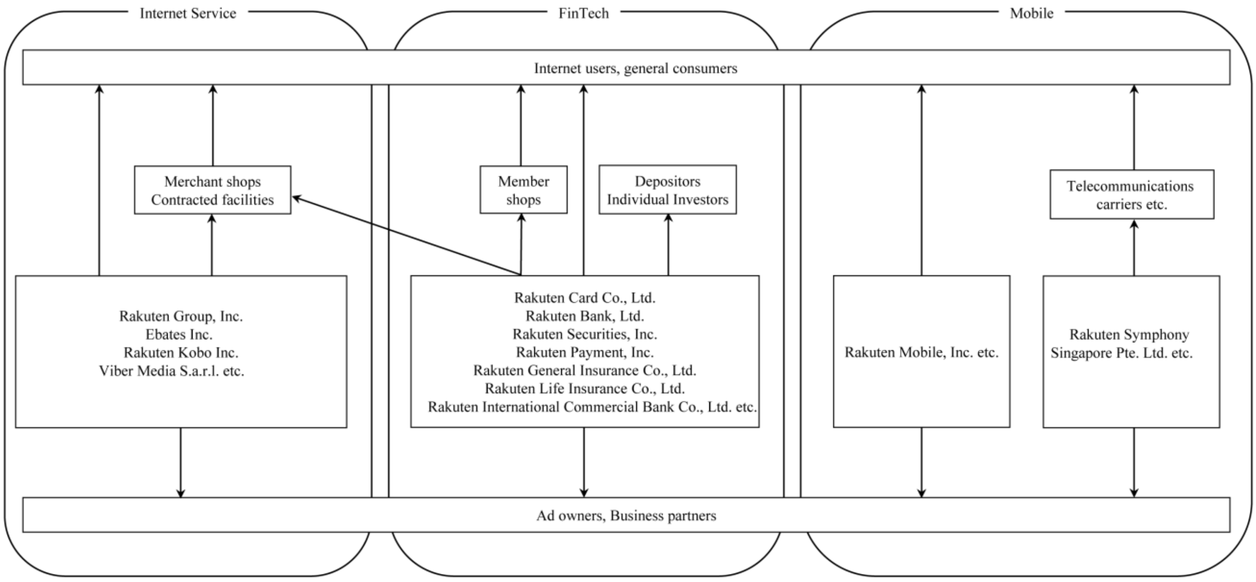
Significant services provided	Main entity involved in service
Issuance of credit card, "Rakuten Card", and provision of related services	Rakuten Card Co., Ltd.
Internet banking service	Rakuten Bank, Ltd.
Online securities trading service	Rakuten Securities, Inc.
Payment business	Rakuten Payment, Inc.
General insurance business	Rakuten General Insurance Co., Ltd.
Life insurance business	Rakuten Life Insurance Co., Ltd.
Internet banking service	Rakuten International Commercial Bank Co., Ltd.

Mobile

Significant services provided	Main entity involved in service
Mobile communication services	Rakuten Mobile, Inc.
Optical broadband line services, "Rakuten Hikari"	Rakuten Mobile, Inc.
Power supply services, "Rakuten Denki"	Rakuten Mobile, Inc.
Sales and provision of related services of Open RAN-based telecommunications infrastructure platform etc. developed by group companies	Rakuten Symphony Singapore Pte. Ltd.

[Business Organization Chart]

The Rakuten Group businesses described above can be illustrated in the following business organization chart.



4. Information on Subsidiaries and Associates

Company name	Location	Paid in capital	Principal business	Percentage of voting rights holding (held)	Relationship	Note
Subsidiaries						
Ebates Inc.	U.S.	0.1 U.S. dollars	Internet Services	100.0 (100.0)		
Rakuten Kobo Inc.	Canada	973 million Canadian dollars	Internet Services	100.0 (100.0)		5
Viber Media S.a.r.l.	Luxembourg	217 thousand U.S. dollars	Internet Services	100.0 (100.0)		
Rakuten Card Co., Ltd.	Minato-ku, Tokyo	19,324 million yen	FinTech	85.01	Involving interlocking directorates	6
Rakuten Bank, Ltd.	Minato-ku, Tokyo	32,643 million yen	FinTech	49.26	Involving interlocking directorates	6, 8
Rakuten Securities, Inc.	Minato-ku, Tokyo	19,496 million yen	FinTech	51.0 (51.0)		
Rakuten Payment, Inc.	Minato-ku, Tokyo	100 million yen	FinTech	100.0 (100.0)	Involving interlocking directorates	
Rakuten General Insurance Co., Ltd.	Minato-ku, Tokyo	29,753 million yen	FinTech	100.0 (100.0)		
Rakuten Life Insurance Co., Ltd.	Minato-ku, Tokyo	10,000 million yen	FinTech	100.0 (100.0)		
Rakuten International Commercial Bank Co., Ltd.	Taiwan	10 billion Taiwan dollars	FinTech	51.0 (51.0)		
Rakuten Mobile, Inc.	Setagaya-ku, Tokyo	100 million yen	Mobile	100.0	Involving provision of loans Involving interlocking directorates	7, 9
Rakuten Symphony Singapore Pte. Ltd.	Singapore	296,269 thousand U.S. dollars	Mobile	100.0 (100.0)		
Associate Accounted for Using Equity Method						
Rakuten Medical, Inc.	U.S.	511 thousand U.S. dollars	Development, Manufacturing, Sales and Marketing of Pharmaceuticals and Medical Devices	18.16	Involving interlocking directorates	10

(Notes)
1. The principal business states names of business segments in the segment information.
2. There are 176 consolidated subsidiaries other than those stated above.
3. There are 45 associates accounted for using equity method other than those stated above.
4. Figures in brackets represent the percentage of indirect holdings included in percentage of voting rights holding.
5. This company is a specified subsidiary.
6. This company files an Annual Securities Report.
7. Revenue of this company (excluding internal revenue recorded among consolidated companies) accounts for more than 10% of consolidated revenue. Major income (loss) information of Rakuten Mobile, Inc. is as follows:

(Millions of Yen)

	Rakuten Mobile, Inc.
Revenue	374,872
Loss before income tax	(247,092)
Net loss	(247,531)
Total equity	281,278
Total assets	2,012,119

8. The Company does not own a majority of voting rights in Rakuten Bank, Ltd. However, the Company has determined that it has substantial control over Rakuten Bank, Ltd. and included it in the scope of consolidation.
9. The following measures have been taken to procure funds through securitization of telecommunication fee receivables held by Rakuten Mobile, Inc.

   All shares of Rakuten Mobile, Inc. are entrusted by the Company to Rakuten Trust Co., Ltd. This is a mechanism designed to protect investors in the securitization of Rakuten Mobile, Inc.'s telecommunication fee receivables. Under this mechanism, if conditions are met such as the Company's credit rating falling below a certain level, the authority will give instructions to transfer the voting rights to RM Trust Co., Ltd., which is an independent third party and Rakuten Mobile, Inc. will be able to prevent any impact due to the diminishment of the creditworthiness of the Company.

   Because the Company currently holds beneficiary rights including the authority to give instructions for all voting rights, it is included in the percentage of voting rights held.
10. The percentage of the Company’s ownership of voting rights in Rakuten Medical, Inc. is below 20%. However, the Company has determined that it effectively has significant influence over Rakuten Medical, Inc. and has applied the equity method to it as an affiliate.

5. Employees

(1) Consolidated Companies

As of December 31, 2025

Name of business segments	Number of employees (Persons)
Internet Services	9,793
FinTech	6,217
Mobile	4,333
Company-wide (common)	9,076
Total	29,419

(Notes)
1. The number of employees represents the number of persons engaged, excluding those serving concurrently as employees and Directors, temporary staff and part-time employees.
2. The number of company-wide (common) represents the number of those employees of the development, administrative departments and shared service business that cannot be classified in a specific segment.

(2) Company filing Financial Reports

As of December 31, 2025

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
9,989	36.0	6.3	8,508,495

Name of business segments	Number of employees
Internet Services	5,259
FinTech	1
Mobile	40
Company-wide (common)	4,689
Total	9,989

(Notes)
1. The number of employees represents the number of persons engaged, excluding those serving concurrently as employees and Directors, employees seconded to other companies, temporary staff and part-time employees.
2. The average annual salary includes bonuses and extra wages.
3. The number of company-wide (common) represents the number of employees of the development and administrative departments that cannot be classified in a specific segment.

(3) Status of Labor Union

Although no labor union is formed in the Company, there are labor unions in certain subsidiaries. The relationship between labor and management is favorable and there are no special matters to be noted.

(4) Percentage of female employees in managerial positions, percentage of male employees taking childcare leave, etc., and Gender Wage Gap

The Company and consolidated subsidiaries	Percentage of female employees in managerial positions (%) (Notes) 1, 2	Percentage of male employees taking childcare leave, etc. (%) (Notes) 1, 3, 4, 5	Gender Wage Gap of employees (%) (Notes) 1, 2, 6, 7, 8		
			All employees	Permanent employees	Contract employees
Rakuten Group, Inc.	33.5	73.3	78.0	81.6	58.9
Rakuten Card Co., Ltd.	17.4	96.9	65.9	64.2	101.6
Rakuten Customer Service, Inc.	16.7	(**)100.0	72.4	72.4	(***)
Rakuten Bank, Ltd.	21.6	(*)(**)122.2	65.4	67.6	59.9
Rakuten Securities, Inc.	23.7	80.0	65.5	71.1	57.8
Rakuten Symphony, Inc.	9.1	16.7	79.4	80.6	83.9
Rakuten Life Insurance Co., Ltd.	11.8	(*)66.7	52.7	53.3	50.7
Rakuten Sociobusiness, Inc.	46.2	100.0	91.0	92.4	84.8
Rakuten General Insurance Co., Ltd.	9.8	(*)100.0	45.8	45.2	43.7
Rakuten Total Solutions, Inc.	10.3	23.7	79.4	80.6	83.9
Rakuten Payment, Inc.	26.4	(**)64.3	82.8	82.5	92.0
Rakuten Mobile, Inc.	10.3	31.0	72.7	73.8	51.5
Rakuten Mobile Engineering, Inc.	16.1	75.0	83.0	81.6	97.3
Rakuten Baseball, Inc.	22.9	(*)100.0	74.0	78.8	62.6

(Notes)
1. Results from the fiscal year ended December 31, 2025 are listed. As the fiscal years of Rakuten Bank, Ltd., Rakuten Life Insurance Co., Ltd. and Rakuten General Insurance Co., Ltd. are from April 1 to March 31, certain indicators are calculated as of dates that differ from our own. The details are as follows.
   - The percentage of female employees in managerial positions is as of the end of the most recent fiscal year for Rakuten Bank, Ltd. and as of March 1 of the most recent fiscal year for Rakuten Life Insurance Co., Ltd. and Rakuten General Insurance Co., Ltd.
   - The percentage of male employees taking childcare leave, etc. is as of the end of the most recent fiscal year for Rakuten Bank, Ltd.
   - The Gender Wage Gap of employees is as of the most recent fiscal year for Rakuten Bank, Ltd. and Rakuten Life Insurance Co., Ltd. and Rakuten General Insurance Co., Ltd.
2. The percentage was calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
3. The percentage of male employees who take childcare leave, etc. defined under Article 71-6, item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) was calculated pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
4. For (*), employees taking leave used for purposes related to childcare are included in the numerator.

5. For (**), the rates of childcare leave used by employment management classification according to the Act on the Promotion of Women's Active Engagement in Professional Life are as follows.

Company name	Percentage of male employees taking childcare leave (%)
Rakuten Customer Service, Inc.	Regular Employees: 100.0
Rakuten Bank, Ltd.	General worker (non-fixed term): 133.3 General worker (fixed term): 100.0
Rakuten Payment, Inc.	Employees (Executive Officers, Regular Employees, and Fixed-term Employees):64.3

Please note that the percentage of male employees taking childcare leave for general workers (non-fixed term) at Rakuten Bank, Ltd. exceeds 100%. This is due to the inclusion of employees who commenced childcare leave, etc. in the current fiscal year but whose spouses gave birth in the previous fiscal year. As a result, the percentage may exceed 100%.

6. Gender Wage Gap of employees is calculated as the ratio of women's average annual wage to men's average annual wage.
7. For (***), it means there are no employees required for the calculation.
8. There are no gender-based differences in how we treat employees in the Global HR System.
9. The figures for each company are calculated based on registered affiliation, except for Rakuten Card Co., Ltd., which are calculated based on the number of persons engaged.

II. Business Overview

1. Management Policy, Management Environment and Challenges

(1) Basic management policy

Our corporate mission is based on the empowerment of individuals and society through innovation and entrepreneurship. We contribute to social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. We aim to maximize the corporate value and shareholder value of the Group with the vision of continuing to be a Global Innovation Company.

(2) Targeted management indicators

The Rakuten Group aims to enhance its growth potential and profitability by focusing on Key Performance Indicators (KPIs), which serve as major management indicators. They include company-wide revenue and revenue by business, Non-GAAP operating income, gross merchandise sales (transaction volume of merchandise and services), the number of membership and cross-use rate.

(3) Medium to long-term management strategies

1) Management environment

The development and spread of the internet and other information and communications technology (ICT) has brought a new economy and society called the "Digital Economy". The government of Japan has advanced "Society 5.0", a concept of society positioned as the next stage of evolution. In "Society 5.0", new technologies such as IoT, robots, Artificial Intelligence (AI), and big data, which affect the very shape of society, will be used in every industry and throughout civil life. It is expected to contribute to economic development and the solving of social issues. The Rakuten Group also intends to utilize its various advanced technologies for contributions to society. Moreover, as AI technology has recently shown signs of rapid development and the potential to bring about significant transformations in society, we recognize the impact and importance of AI in business. We aim to fully leverage the power of AI and data in our business operations and value creation, striving to offer innovative services to consumers and business partners.

According to a study by the Ministry of Economy, Trade and Industry (Note 1), the size of Japan's business-to-consumer e-commerce market reached ¥26.1 trillion in 2024. In addition, the BtoC physical goods e-commerce market has continued to grow even after the market expansion driven by the impact of the COVID-19 pandemic, although the growth rate slowed to a 3.7% increase year-on-year. The e-commerce penetration rate for physical goods in the BtoC market reached 9.78%, indicating that the digitalization of commercial transactions continues to steadily progress. Furthermore, since this ratio in Japan is still low compared to that in other countries, we believe that there is still considerable room for expansion of the e-commerce business promoted by the Group.

In cashless payments, according to a study by the Ministry of Economy, Trade and Industry (Note 2), the percentage of cashless payments reached 42.8% in 2024, surpassing the 40% target for 2025 in the "Cashless Vision" developed by the Ministry of Economy, Trade and Industry in April 2018, one year ahead of schedule. Furthermore, the goal is to increase that percentage to 80% in the future, the highest level in the world. The scale of cashless payments is forecast to grow further through the use of various payment methods, including credit card payments and QR code/barcode payments. The Rakuten Group's FinTech companies, as leading companies in their field, will continue to contribute to the expansion of the market.

In mobile communications, with the advancement of networks, the spread of smartphones, as well as the rapid expansion of the content and application market for end users including social media, games, video and music distribution, maps, search, etc., the scenes for use of mobile terminals are significantly expanding. According to a report from the Ministry of Internal Affairs and Communications (Note 3), the number of mobile phone subscribers in Japan as of September 30, 2025 has reached 227.64 million, and the mobile communications market in Japan continues to grow. In the Rakuten Group's mobile business as well, while maximizing the strengths of our ecosystem, we will continue to offer a variety of convenient services to our customers through cross-selling and other means.

The management environment surrounding the Rakuten Group is constantly changing with the acceleration of digital transformation. The Rakuten Group must respond to these changes through constant technical innovation, as well as flexible and swift management decisions, among other measures.

(Note 1) Source: 'FY2024 E-Commerce Market Survey' by the Ministry of Economy, Trade and Industry.

(Note 2) Source: '2024 Ratio of Cashless Payment Among the Total Amount Paid by Consumers Calculated' by the Ministry of Economy, Trade and Industry

(Note 3) Source: 'Announcement of Quarterly Data on the Number of Telecommunications Service Contracts and Market Share (FY2025 Q2 (End of September))' by the Ministry of Internal Affairs and Communications

2) Management strategies

The Rakuten Group's basic business strategy is to build and expand a business model based on the Rakuten Ecosystem, which provides various services to users, especially the Rakuten Group members. By expanding the Rakuten Ecosystem through business development that brings together the membership, data, and brand of the Rakuten Group, we aim to generate synergistic benefits that maximize the lifetime value of each member and group revenues, while minimizing customer acquisition costs. We will achieve this by creating an environment in which members worldwide can seamlessly switch between multiple services including e-commerce, FinTech, digital content and our mobile carrier business.

In addition, the Group revised its sustainability strategy (priority ESG issues) in 2021 through a stakeholder engagement process. It identified four areas: "Business Foundations", "Growing with Our Employees", "Providing Sustainable Platforms and Services", and "Addressing Global Challenges". For more details on these areas, please refer to "2. Approach to Sustainability and Related Initiatives".

The Group considers ethical business practices, information security and privacy, and the quality of products and services as "business foundations" of the utmost importance, for which it has established a robust management structure and initiatives. Our focus areas - "Growing with Our Employees", "Providing Sustainable Platforms and Services", and "Addressing Global Challenges" - cover various ESG issues. These include employee diversity, equity, and inclusion; sustainable production and consumption; and combating climate change. Through these initiatives, the Rakuten Group aims to contribute to the revitalization of Japan and the countries and regions where it operates. Furthermore, it seeks to support the development of both the Japanese and global economies, continuing its role as a company trusted by its stakeholders.

(4) Priority challenges

As a company group that contributes to society by creating value through innovation and entrepreneurship, our challenges are to respond flexibly to changes in our business environment and to build a framework for continuous growth. Through long-term continuous growth, we aim to maximize corporate and shareholder value of the Rakuten Group and continue to be a Global Innovation Company that brings benefits to society.

1) Business strategy

The Rakuten Group aims to generate synergistic benefits that include the maximization of lifetime value of each member, minimization of customer acquisition cost, and maximization of Group revenue. We will achieve this by creating an environment in which members worldwide can continuously use multiple services in the Rakuten Ecosystem, at the core of which are membership, data, and brand. In addition, we are developing and promoting the use of services that leverage advanced technologies such as AI and data both online and offline based on membership and shared loyalty point programs.

In the Internet Services segment, 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 the FinTech segment, which provides credit cards, banking, securities, insurance and payment services, we are aiming to expand the customer base and transaction value of each service. Given the Japanese government is promoting an expansion of cashless payments, the Rakuten Group is working on measures to introduce its payment services in more locations and increase the number of active users in order to promote a full range of cashless payments including QR/barcode payments, electronic money, and points.

In the Mobile segment, while continuing efforts to improve network quality and raise awareness of it, 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 expand the installation of new 4G and 5G base stations and aim to build a network that can be used in areas previously outside communication range, as well as in emergencies such as during disasters, through direct communication between smartphones and low-earth orbit satellites. Through these initiatives, we aim to provide a higher-quality network environment, 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 strengthen its global expansion by increasing revenue from existing customers and approaching new customers, thereby seizing business opportunities accurately.

In addition to pursuing growth of individual businesses as well as maximizing cross-business synergies, we intend to expand the Rakuten Ecosystem, not only in Japan but globally, by establishing innovative and efficient marketing methods that utilize the Rakuten Group's membership and AI, the use of the advertising business through group synergies, and raising our domestic and international brand recognition and value, etc. To do this, we must further enhance our global management, and we will work to review and enhance our business portfolio to optimize the allocation of management resources and to improve productivity and business efficiency through the use of AI, among other efforts.

2) Management structure

The Rakuten Group's corporate mission is based on "the empowerment of individuals and society through innovation and entrepreneurship". We strive for social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. In order to achieve this mission, the Group has been implementing various measures with rigorous corporate governance as one of our highest priorities.

The Company has adopted a company with an Audit & Supervisory Board structure, in which highly independent Audit & Supervisory Board Members provide auditing functions in order to improve the transparency of the Company's management and ensure its appropriateness, efficiency, fairness, and soundness. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System by which the Board retains the responsibility for management decision-making and supervision, while Executive Officers are responsible for the executive functions.

The Company's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in casual and multilateral discussions on management. Furthermore, the Company holds meetings where discussions are held about Group management strategy, etc., attended in principle by all officers, including outside officers, separately from the meetings of the Board of Directors. Participants discuss matters from a medium to long-term perspective rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors, thereby enhancing the effectiveness of corporate governance.

For investment and financing projects involving new capital outlays, we conduct prior deliberations within the Investment and Financing Committee, which includes external experts, and report the results to the Board of Directors. Furthermore, for significant projects, we share and deliberate on the outline and key issues with directors and auditors before submitting them for consideration. This approach aims to enhance the quality of deliberations and ensure appropriate decision-making within the Board of Directors.

In addition, we have introduced an internal Company System to ensure agile business execution and clear accountability.

Through such efforts, the Rakuten Group will continue to build a management structure with more highly effective governance functions that enable swift management decisions.

2. Approach to Sustainability and Related Initiatives

The following is a summary of the Rakuten Group's approach to sustainability and its initiatives. All forward-looking statements herein are based on judgments by the Rakuten Group as of December 31, 2025.

1. Overview of Sustainability

The Rakuten Group has always been committed to the mission of "empowering people and society through innovation". As the Rakuten Ecosystem continues to evolve, the social environment surrounding us is also changing at an unprecedented pace. In addition to global challenges such as climate change and the loss of biodiversity, we are confronting human rights issues, widening inequality, and emerging ethical concerns arising from digital technologies, including AI. Under these circumstances, our stance remains unchanged: we will continue to pursue the creation of innovation to address increasingly complex social issues and help realize a sustainable society. Addressing sustainability-related issues not only supports the sustainable development of the businesses in which the Rakuten Group operates but also embodies the Rakuten Group's mission.

(1) Governance

To strengthen sustainability governance and oversee the implementation of initiatives in focus areas, the "Group Sustainability Committee", composed of domestic and international management, was established in 2021. The Committee is chaired by the Group COO (Group Chief Operating Officer), who also serves as a Director and Executive Officer, and convenes twice annually. The Group Sustainability Committee makes management-level decisions on critical issues for the Rakuten Group, including stakeholder expectations, sharing of best practices, strategy and goal setting, and participation in initiatives etc. Additionally, recognizing that issues such as the environment, human rights, and diversity, equity, and inclusion require long-term and cross-organizational discussions, dedicated subcommittees have been established for each area, and their activity updates are reported to the Group Sustainability Committee.

The Sustainability Promotion Department is responsible not only for formulating and driving the Company’s enterprise-wide sustainability strategy in accordance with management-level decisions and policies, but also for comprehensively monitoring and evaluating the status of sustainability initiatives across business units and promoting continuous improvement. Through these efforts, we aim to achieve sustained enhancement of corporate value. Specifically, the Department leads efforts to identify global sustainability initiatives and consider our approach to participation, establish frameworks to ensure compliance with sustainability-related laws and regulations in Japan and overseas, and secure the completeness and accuracy of ESG data, while supporting responsible sustainability-related activities across each business unit.

In terms of the oversight structure, the Board of Directors receives proposals on key matters from the headquarters' Sustainability Promotion Department and the Group Sustainability Committee, deliberates on them, and regularly reviews activity reports to monitor the progress of sustainability initiatives. Furthermore, these matters are also reported as needed to the Corporate Management Meeting, which is composed of key executives within the Company.

For ESG issues that require clear company-wide commitment and action, the Rakuten Group Sustainability Instruction is adopted as Group policy. The Rakuten Group regularly reports on the progress of the initiatives through its corporate website, Integrated Report, the General Meeting of Shareholders, and other media.

(2) Risk Management

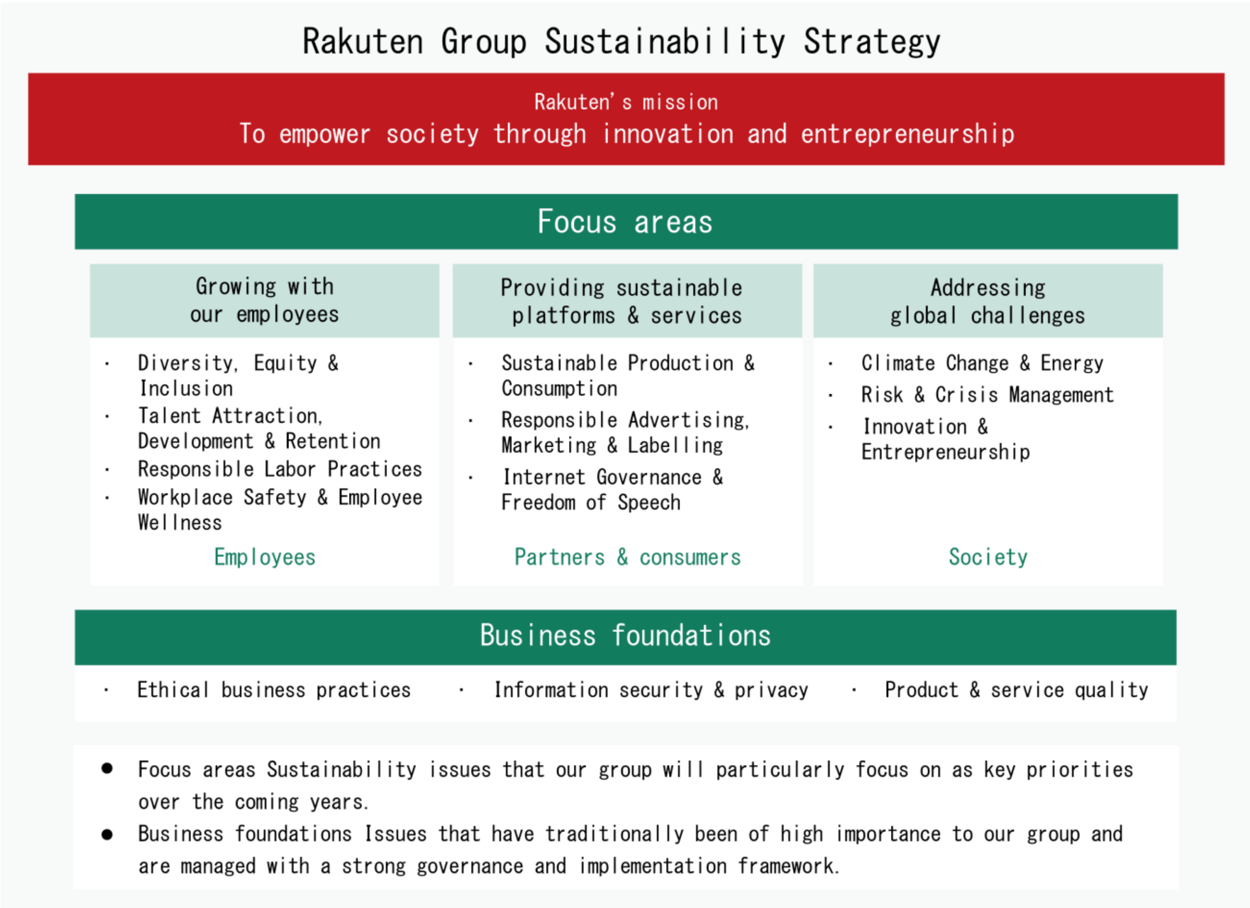
To adapt to the rapidly changing risk environment, the Rakuten Group is committed to integrated risk management (Enterprise Risk Management, hereinafter "ERM"), a company-wide risk management approach that comprehensively identifies and manages all risks affecting the entire organization. Sustainability-related risks cover a wide range of areas, including climate change, human rights, supply chains, and information security. In accordance with the ERM framework, the Rakuten Group identifies and evaluates risks related to sustainability, formulates and implements countermeasures according to their significance, and monitors the results.

(3) Strategy

Sustainability is one of the pillars underpinning the achievement of the Group’s mission and its future growth. To enhance the effectiveness of our efforts across the Company, which provides more than 70 services, it is essential to identify material issues (materiality) from among the wide range of challenges we face.

The Company has identified, as its material issues, its “Business Foundation”, which is indispensable to advancing sustainability, as well as three focus areas on which we focus our efforts: “Growing with Our Employees”, “Providing Sustainable Platforms and Services”, and “Addressing Global Challenges”. In addition to identifying material issues and managing sustainability-related risks, the Sustainability Promotion Department works to ensure the effective implementation of our sustainability strategy. Guided by the long-term goals for the focus areas established by the Group Sustainability Committee with the approval of the Board of Directors, the Group is united in working together to make progress on these initiatives.

Furthermore, we are advancing our understanding of and readiness to respond to emerging sustainability disclosure standards, such as those issued by the International Sustainability Standards Board (ISSB) and the Corporate Sustainability Reporting Directive (CSRD) in the EU, which also serve as a guide in establishing our policy for future ESG disclosures.



- Risks and Opportunities in the Focus Areas

In the process of identifying ESG issues and our vision to address material issues, the Company has organized the related risks and opportunities as follows.

1) Growing with Our Employees

An organizational foundation that enables diverse talent to maximize their capabilities is a source of competitiveness; however, declining engagement and the loss of talent pose risks to business continuity. Mitigating these risks and maximizing employees' opportunities for growth encourages the creation of innovation from diverse perspectives and contributes to sustained enhancement of corporate value.

2) Providing Sustainable Platforms and Services

In addition to environmental and human rights issues and compliance violations within the supply chain, the improper use of rapidly evolving generative AI and the dissemination of inappropriate content may entail significant risks, including brand damage and legal liability. On the other hand, responsible practices across the entire value chain and ethical and safe business operations strengthen customer trust and contribute to business growth, such as increased engagement with the Rakuten Ecosystem.

3) Addressing Global Challenges

Insufficient responses to climate change and other environmental issues, as well as inadequate preparedness for unpredictable crises, may result in risks such as deterioration of social evaluation and loss of revenue opportunities. However, resolving environmental issues through collaboration with stakeholders, establishing robust risk management frameworks, and addressing social issues through innovation contribute to the creation of new business opportunities and the enhancement of reputation, thereby strengthening customer loyalty and supporting the development of a sustainable society.

(4) Metrics and Targets for the Focus Areas

The focus areas encompass issues on which we should place particular emphasis over the coming years. These issues help clarify the Group's vision and role in driving societal transformation and serve as focal points for cross-organizational discussions to determine the initiatives to be implemented. The Company has established a vision and specific targets for each ESG issue and is advancing initiatives to achieve them.

- Targets in each strategic area

Growing with our employees

ESG Challenges	Vision	Indicators & Goals			
			2025 Actual	2025 Target	2030 Goal
Diversity, Equity & Inclusion	Encourage diverse individuals, the source of our competitive advantage, to maximize their potential	Percentage of female managers*	34%	33%	36%
Talent Attraction, Development & Retention	Promote individuals' development by offering various growth opportunities across our diverse businesses	Engagement score	80pt	84pt	87pt
Responsible Labor Practices	Build a more solid organizational foundation through open dialogue between the company and individuals about work, work environment, career etc.	Communication satisfaction score	96pt	97pt	98pt
Workplace Safety & Employee Wellness	Provide work environments that support the well-being of employees, so that they can deliver high performance	Well-being score	55pt	53pt	58pt

* The target is Rakuten Group, Inc.

Providing sustainable platforms & services

ESG Challenges	Vision	Indicators & Goals	2025 Actual	2025 Target	2030 Goal
Sustainable Production & Consumption	Develop good business relationships with suppliers to create sustainable supply chains free from negative impacts on the environment and human rights	Percentage of suppliers participating in briefings and study sessions	88%	80%	90%
		Percentage of suppliers answering our self-assessment questionnaire	88%	80%	100%
		Ratio of high-risk*1 suppliers	13%	Ratio reduction compared to the previous year	
Responsible Advertising, Marketing & Labelling	Improve the accessibility of our digital touchpoints	Percentage of digital touchpoints meeting the requirements of "WCAG AA"	WIP for tracking system	70%*2	100%
		Percentage of employees taking and understanding the e-learning on accessibility	67%	100%	100%
	Provide fair and trustworthy content for our products and services	Establishment of internal guidelines on fair and trustworthy content, in line with related external standards		Achieved	
		Percentage of employees taking and understanding the e-learning on providing fair and trustworthy content	92%	70%	100%
Internet-Governance & Freedom of Speech	Accelerate the social transformation driven by AI through the establishment of responsible AI services and robust governance frameworks	Establishment of an AI Code of Ethics: Achieved in 2024 Establishment of a responsible AI-Governance: Achieved in 2025			

*1 Suppliers considered as potentially having a significant impact on our supply chain, based on self-assessment questionnaire results, transaction statuses, and other factors.

*2 Aim to achieve 100% of high-priority touchpoints in 2025.

Addressing global challenges

ESG Challenges	Vision	Indicators & Goals			
			2025 Actual	2025 Target	2030 Goal
Climate Change & Energy	Realize a future where our stakeholders, through shared awareness of environmental challenges, opt for green choices naturally	Scope 1, Scope 2 greenhouse gas emissions	329,020 t-CO_2 *1	Reduce absolute scope 1 and 2 emissions by 99.7% by FY2032 from FY2022 base year*2	
		Scope 3 greenhouse gas emissions	11,160,952 t-CO_2 *1	Reduce absolute scope 3 emissions by 30.0% by FY2032 from FY2022 base year*2 Reduce scope 3 emissions per unit of electricity sold by 76.8% by FY2032 from FY2022 base year*2	
		Renewable electricity adoption rate Target: Rakuten Group, Inc.	100%	100%	100%
Risk & Crisis Management	Establish systems that prevent risks and their recurrence by identifying environmental changes and incidents in a timely manner, and promptly respond to emergency situations, thereby contributing to the achievement of business goals	Percentage of organizations (Company/Service/Business Unit) with a person in charge of incident management system	100% (globally)	100% (globally)	—
		Percentage of organizations that have established an incident management system	100% (in Japan)	100% (in Japan)	100% (globally)
		Percentage of employees taking the e-learning on incident management	100% (in Japan)	100% (in Japan)	100% (globally)
Innovation & Entrepreneurship	Contribute to solving social challenges and to creating value for stakeholders through our investments, our incubation and our M&A, etc.	Introduce sustainability criteria as a decision-making framework for investments and M&A, etc.	2024: Achieved phased implementation and adoption across the Group's investment projects From 2025: —		
		Regular review of sustainability criteria	Will be implemented if necessary		

*1 2024 results are recorded. The 2025 results will be updated in the ESG Data Book, which is published on our corporate website around June.

*2 These targets have been certified as Science Based Targets (SBT) by the Science Based Targets initiative (SBTi), a collaboration between the United Nations Global Compact, the Carbon Disclosure Project (an international NGO working on climate change initiatives), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), indicating that they are scientifically validated.

2. Material Topics

Here are the efforts to address material issues from each of the focus areas and business foundation.

(1) Growing with Our Employees (Human Capital)

The Rakuten Group values its employees and promotes the creation of systems and environments that allow them to work in their own unique way. To realize the mission of "empowering people and society through innovation", the Rakuten Group seeks to recruit talented individuals, encourage their career advancement and growth, and create a comfortable workplace that is inclusive of diverse employees so they can thrive and succeed.

i. Governance

As a global innovation company, the Group recognizes that enabling diverse talent to fully realize their capabilities is a key driver of sustainable growth and has established governance structures to strengthen and build upon this foundation.

To build an organizational foundation for growing together with employees, the Group has established the Human Resources Development Committee, chaired by the Group COO. Recognizing the importance of human capital, the Committee meets twice a year to deliberate on key human resources matters, including recruitment, development, evaluation, and compensation, as well as material compliance-related matters and specific initiatives. Material matters identified through these discussions are reported, as appropriate, to the Representative Director, Chairman and President and to the Board of Directors, thereby promoting the Group’s human capital strategy in alignment with management strategy.

ii. Risk Management

With respect to human capital, we also address related risks in accordance with our enterprise risk management (ERM) framework by identifying and assessing risks, formulating and implementing response measures commensurate with their materiality, and monitoring the outcomes of such measures. For risks related to human capital, please refer to "3 Business Risk and Other Risk Factors, 3 General Business Operational Risks, (7) Risks Pertaining to Intangible Assets, 3) Risks Pertaining to Human Resources".

iii. Strategy

Basic Approach

As a "Global Innovation Company", amid its expansion into new industries and regions, securing outstanding talent necessary to achieve its business goals is a matter of critical importance. The Group has set a fundamental HR objective of “building winning talent and winning teams” and is working to establish a strong organizational foundation based on three pillars: recruitment, development, and retention. To advance this objective, the Group is strengthening its efforts to secure globally diverse talent, enhance structured talent development, and improve engagement through fair evaluation systems and flexible working arrangements, among other measures. The Group is also enhancing the organizational foundation that enables employees to fully realize their capabilities by promoting diversity, equity, and inclusion (DEI) and strengthening health and wellness initiatives, thereby reinforcing organizational capability and its capacity to generate innovation on an ongoing basis.

In addition, while clarifying the Group’s purpose and values, we foster a culture in which employees can grow by embracing challenges, guided by “Rakuten Shugi”, the shared values and behavioral guidelines that all employees are expected to understand and put into practice.

1) Talent Management

The source of the Group’s sustainable growth and competitiveness lies in an organizational environment in which diverse talent can fully leverage their capabilities. To build such an environment, we are implementing the following initiatives across each phase - recruitment, development, and retention - that underpin our fundamental HR objective.

- Recruitment

The Rakuten Group believes that promoting mutual understanding with job seekers is the key to recruiting talented individuals, and thus values opportunities for communication both online and offline. The Rakuten Group's recruitment webpage features interviews with employees about business activities, workplace environment, and career development to help candidates envision daily life at work. The Rakuten Group also offers an internship program that allows job seekers to experience the various jobs and corporate culture of the Rakuten Group, and an "employee referral program" in which employees introduce and recommend acquaintances and friends for open job positions. We also enhance the content of internship programs for both business and engineering positions and host the “Rakuten Career Conference” annually for students seeking employment; 2,051 students participated in 2025.

In addition, as innovation is central to the Group's mission, securing specialized talent in technology fields is of critical importance. The Group has established a recruitment framework to attract outstanding engineers and researchers through its global network of development sites.

- Development

The Rakuten Group aims to be a "Learning Organization" where every employee can maximize their abilities. We support employees' career development by enabling them to acquire a wide range of skills, including technical and business competencies, as well as the increasingly important capability to leverage generative AI. In 2025, to strengthen skill development, we introduced a mechanism in which AI recommends training programs based on each employee's career aspirations and skills of interest. In addition to further expanding our training content, we are focusing on creating an environment that enables employees to proactively pursue their own growth. 1-on-1 meetings are also regularly held between team members and managers to strengthen on-site communication and maximize organizational performance. Beyond strengthening trust between team members and their managers, this initiative also provides opportunities for mutual learning through two-way feedback. It has demonstrated effectiveness, with employee satisfaction levels consistently exceeding 90% in annual surveys.

Examples of training programs

Onboarding	Providing the necessary information and knowledge for new employees (new graduate, mid-career) and managers to swiftly adapt to their new organizations and teams
Business Basics	Teaching the skills necessary for businesspeople such as critical thinking, leadership, and problem-solving methods
Grade-Based Rank	Teaching skills that allow employees to take on a larger role in their organization, such as how to implement plans based on "Rakuten Shugi" and conduct effective 1-on-1 meetings
Data analysis & AI	Teaching how to write prompts for generative AI and the basics of data analysis
Diversity, Equity, and Inclusion	Demonstrating the attitudes necessary to work alongside employees with different backgrounds through training on topics such as unconscious biases
Culture & Language	Teaching the skills and mindsets necessary for global business, such as the TOEIC support program and cross-cultural communication
Self-Improvement	Providing opportunities for independent learning through online courses and Rakuten's digital library

- Retention

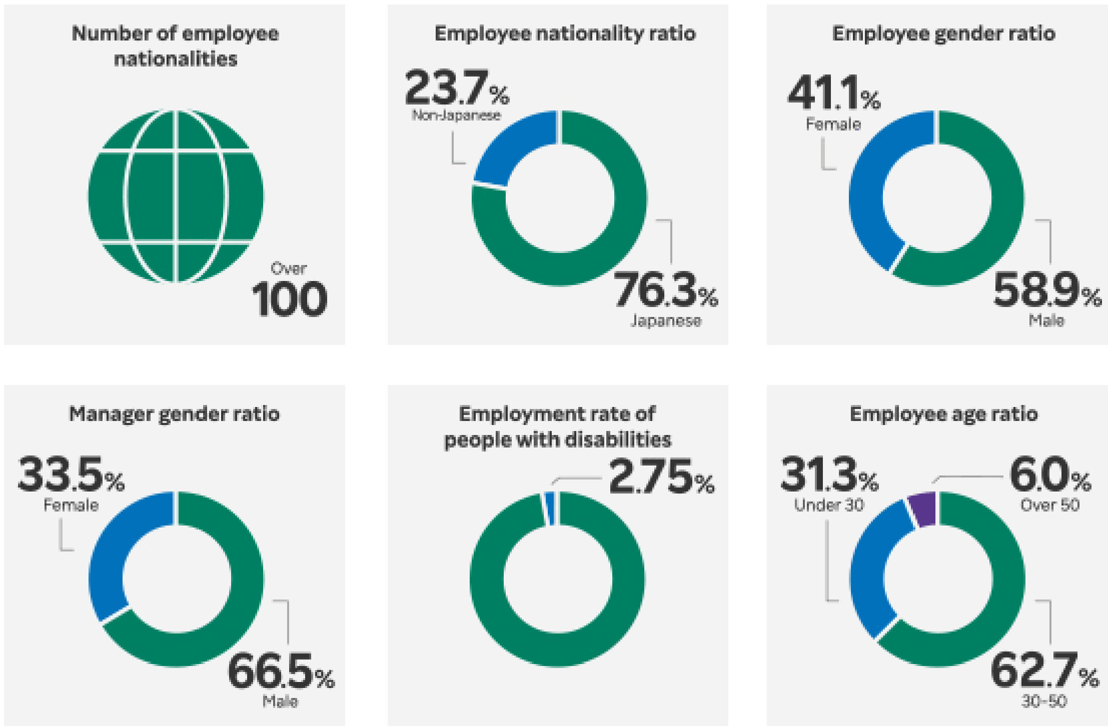
In recent years, individuals' work perspectives have changed dramatically due to increased diverse career options and social changes such as reforms in work styles. Various factors influence whether or not employees feel they want to build a long-lasting career with a single organization. To increase employee satisfaction and encourage career advancement, the Rakuten Group has developed a fair and appropriate compensation scheme and benefits, flexible work styles, and a comfortable, attractive, and healthy workplace. In addition, for new graduate employees, the Rakuten Group are revising the content and timing of follow-up training up to three years after joining the company to support career development at Rakuten and promote employee retention. As a result of various initiatives, our employee engagement score has reached 80 points.

2) Diversity, Equity, and Inclusion

The Company recognizes that an inclusive approach that takes into account the needs and perspectives of diverse people in all situations is essential to ensuring that a broader range of stakeholders can benefit from innovation. In addition, in accordance with the Group's Human Rights Policy, the Rakuten Group fosters a culture that provides opportunities for all people regardless of race, nationality, gender, marital or parental status, religion or political beliefs, age, disability, sexual orientation, or gender identity. The Rakuten Group respects the diverse personalities and values of every employee worldwide and strives to create an environment where everyone can reach their full potential. Additionally, as operations continued to expand globally, English was made the official internal language, further accelerating the recruitment and promotion of talented people from around the world, who are the driving force behind the Rakuten Group's business development.

It is also vital to consider the differences between each employee and create an appropriate work environment. For employees with childcare responsibilities, the Company provides support, including pre- and post-maternity leave seminars, childcare support vouchers, and assistance in building networks for working parents. To support the advancement of women's careers, the Company offers assistance for egg freezing and, in 2025, conducted career sessions for women, seminars on work–life balance and women's health, and awareness-raising events in conjunction with International Women's Day. Furthermore, the Rakuten Group has set up a lactation room and daycare center to support employees after they return to work. For employees with different cultural and religious needs, halal menus and prayer rooms are provided, and for employees with disabilities, the office environment incorporates universal design to ensure a comfortable working environment for all employees, regardless of disability.

Diversity at a Glance



* Data Coverage: The number of employee nationalities covers the Rakuten Group. The employment rate of people with disabilities covers Rakuten Group Inc., Rakuten Communications, Inc., Rakuten Mobile, Inc., Rakuten Symphony, Inc., Rakuten Customer Service, Inc., and Rakuten Sociobusiness, Inc and Rakuten Total Solutions, Inc. All other data are for Rakuten Group, Inc.

Data extraction period: Diversity-related data at Rakuten are as of December 31, 2025, except data regarding the employment rate of persons with disabilities which are as of January 1, 2026.

To leverage the diversity of the employees to the maximum, it is essential that all employees understand and share the values that are fundamental to the company's corporate culture. To ensure that all employees understand and practice "Rakuten Shugi", "Rakuten Shugi Workshops" are conducted for all employees.

3) Health and Wellness

Since fostering a safe and healthy work environment not only protects employees but also increases job satisfaction and leads to the acquisition and retention of talented individuals, the Rakuten Group aims to promote the physical and mental well-being of its employees and create an organizational culture that allows them to continue working with vitality. The "Well-Being Survey" is regularly conducted to understand the employees' mental and physical health status and issues, and to measure the effectiveness of the wellness promotion activities. From previous survey results, it has been confirmed that mental wellness has a significant impact on individual well-being. To improve employees' mental health care, the Rakuten Group assigned licensed psychologists (mental supporters) as a specialized support desk where employees can consult about concerns, etc., related to mental health. Additionally, the Rakuten Group conducts mental health training for new graduate employees, seminars to learn on effective communication methods in the workplace and cognitive distortions, and workshops to deepen self-understanding, among others. Through these initiatives, the Rakuten Group aims to create an environment where each employee can work in a healthy and positive manner, both mentally and physically.

iv. Indicators and Targets

The Rakuten Group has set "Growing with our employees" as one of the focus areas in its sustainability strategy. Regarding human capital, the group has set long-term goals from the perspectives of talent management, Diversity, Equity, & Inclusion, and health and wellness. The indicators, targets, and achievements for 2025 are as follows.

ESG Challenges	Indicators	2025 Actual	2025 Target	2030 Goal
Diversity, Equity, & Inclusion	Percentage of female managers*	34%	33%	36%
Talent Attraction, Development & Retention	Engagement score	80pt	84pt	87pt
Responsible Labor Practices	Communication satisfaction score	96pt	97pt	98pt
Workplace Safety & Employee Wellness	Well-being score	55pt	53pt	58pt

* The target is Rakuten Group, Inc.

(2) Providing Sustainable Platforms and Services (Sustainable Production and Consumption)

The Rakuten Group believes that establishing mechanisms to reduce negative impacts within the supply chain, in collaboration with suppliers, is essential for providing sustainable platforms and services. The following introduces the Group's sustainable procurement activities aimed at realizing a sustainable society.

i. Governance

The Rakuten Group has established the "Rakuten Group Sustainable Procurement Instruction" (hereinafter the "Sustainable Procurement Instruction") and the "Rakuten Group Sustainable Procurement Code of Conduct" (hereinafter the "Sustainable Procurement Code of Conduct") to deepen a shared understanding of sustainability with suppliers. These guidelines cover areas such as compliance with laws and social norms, prohibition of corruption and bribery, etc., promotion of fair and equitable transactions, and consideration for the environment. Suppliers identified as key partners are requested to comply with these guidelines. Additionally, the Group conducts fact-finding surveys and monitoring of suppliers through questionnaires to confirm their actual initiatives. A "Supplier Hotline" has also been established as a consultation point to detect any violations or potential violations of the Sustainable Procurement Instruction and the Sustainable Procurement Code of Conduct, thereby creating a system to identify and understand such issues.

Furthermore, the "Human Rights Subcommittee", a cross-functional group which operates under the Sustainability Committee composed of domestic and international management, reports and discusses sustainable procurement activities. These initiatives are regularly reported to the Sustainability Committee.

ii. Risk Management

As mentioned earlier, the Rakuten Group requests key suppliers to comply with the Sustainable Procurement Instruction and the Sustainable Procurement Code of Conduct.

However, it is not possible to completely eliminate the risk of legal violations, misconduct, or human rights violations, etc., caused intentionally or negligently in the course of businesses with suppliers. Should such incidents occur, they may impact the Rakuten Group's business development, financial performance, and financial position. Additionally, since suppliers handle the Rakuten Group's services and products, if such incidents negatively affect the reliability or corporate image of the suppliers, it could also impact the Rakuten Group's business development, financial performance, and financial position.

To address these risks, the Rakuten Group is engaged in sustainable procurement activities, including conducting fact-finding surveys and monitoring suppliers through self-assessment questionnaires.

iii. Strategy

While the Group works with a diverse range of suppliers involved in its services and products, it designates certain suppliers as “key suppliers” and engages with them in a phased manner. Specifically, key suppliers are defined as follows: (i) suppliers of products bearing the Group’s logo or official characters, as well as suppliers to businesses that are strategically important to the Group; (ii) suppliers with transaction records exceeding a specified monetary threshold; and (iii) suppliers operating in industries with high environmental, social, and ethical risks, such as those related to conflict minerals or operating in countries where social protections and safeguards are insufficient. The Group implements phased engagement initiatives with these key suppliers.

1) Communication of Sustainable Procurement Policies

To promote awareness and understanding of the Sustainable Procurement Instruction and the Sustainable Procurement Code of Conduct, we hold online briefing sessions for key suppliers, requesting their compliance with these policies and their signature on a pledge. Furthermore, we provide e-learning training on the aforementioned sustainable procurement activities to employees within the Rakuten Group who are involved in procurement activities.

2) Supplier Survey and Monitoring

To prevent problems in the supply chain and promote understanding and resolution of issues, the Rakuten Group regularly sends self-assessment questionnaires to suppliers and conducts audits, investigations and monitoring etc. as necessary. In addition, feedback is provided by the Rakuten Group to suppliers on the results of the surveys, including expected improvement actions.

iv. Indicators and Targets

The Rakuten Group considers it important to communicate its sustainable procurement policies and to understand the issues in the supply chain. The following indicators are used.

Indicators	2025 Actual	Goal	
		2025	2030
Percentage of participating companies in briefings/ study sessions on sustainable procurement	88%	80%	90%
Percentage of companies responding to self-assessment questionnaire	88%	80%	100%
Ratio of high-risk suppliers*	13%	Ratio reduction compared to the previous year	

* Suppliers considered as potentially having a significant impact on our supply chain, based on self-assessment questionnaire results, transaction statuses, and other factors.

(3) Addressing Global Challenges (Climate Change)

The Rakuten Group recognizes climate change as one of the most pressing issues facing society today, affecting people around the world and the Group's own business. To fulfill our responsibility as a global company and achieve our corporate mission, we are undertaking initiatives to address climate change in alignment with the Paris Agreement. In addition to reducing greenhouse gas emissions from our business activities, the Rakuten Group aims to leverage technology and innovation to provide environmentally conscious services. Through these efforts, we share awareness of environmental issues with our stakeholders and strive to create a future where environmentally responsible choices come naturally.

Furthermore, the Rakuten Group has established an "Environmental Policy" as a fundamental guideline for promoting environmental conservation, including measures to address climate change, as well as the development of policies, systems, and other related initiatives. This policy outlines our basic principles and organizational structure for addressing climate change, resource management, and biodiversity.

(Note) For more information on the Rakuten Group's initiatives, including the Environmental Policy, please refer to the following link:
https://global.rakuten.com/corp/sustainability/library/

The following sections are described in accordance with the TCFD framework.

i. Governance

Climate change-related issues are managed by the Group COO. Under the Group Sustainability Committee, an Environmental Subcommittee has been established, holding quarterly meetings. In addition, the Sustainability Promotion Department has been set up as a dedicated unit to promote group-wide sustainability, including climate change countermeasures. The Environmental Subcommittee and the Sustainability Promotion Department work closely with various related teams, organizations, and international initiatives to ensure that all business units and departments within the Rakuten Group are held accountable for their own environmental impacts.

ii. Risk Management

Risks relating to climate change are identified and evaluated by the Sustainability Promotion Department. For risk management, please refer to "1. Overview of Sustainability, (2) Risk Management".

iii. Strategy

The Rakuten Group conducted scenario analyses across the entire organization to identify risks and opportunities related to climate change. These include transition risks (risks associated with the transition to a decarbonized society), physical risks (risks associated with the physical impacts of climate change), and opportunities.

Set Scenarios and References

Scenario	Reference
Scenario in which a decarbonized society is realized quickly (1.5 degrees Celsius scenario)	Net Zero Emissions by 2050 Scenario (NZE) by International Energy Agency (IEA)
Scenario in which physical impacts become apparent (4 degrees Celsius scenario)	Representative Concentration Pathways (RCP8.5) in the 5th Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC)

Classification of Risks and Opportunities Based on the TCFD Recommendation

1.5 degrees Celsius Scenario

Category	Type	Main Risk / Opportunity	Time Horizon	Impact	Response / Initiative
Transition Risks	Policy & Legal	Increased reporting obligations for environmental metrics	Short-Long	Small	- Improvement and review of internal structures for environmental data collection
		Introduction of carbon pricing mechanisms (such as carbon tax, etc.)	Mid-Long	Small	- Reinforcement of GHG reduction initiatives through energy efficiency improvement/renewable energy adoption
	Market	Loss of revenue opportunities due to delayed development and delivery of decarbonized products/services	Mid-Long	Small	- Enhancement of efforts for environmentally conscious services - Promotion of campaigns for raising environmental awareness
	Reputation	Reduced revenue or degraded reputation due to insufficient climate change countermeasures	Mid-Long	Small	- Active ESG-related information disclosure - Reinforcement of GHG reduction initiatives
Opportunities	Resource Efficiency	Expansion of introduction of new technology for climate change response	Short-Long	Large	- Reinforcement of initiatives to optimize resource distribution utilizing artificial intelligence (AI)
	Energy Source	Increased use of renewable energy in response to rising carbon prices	Short-Long	Medium	- Promotion of renewable energy adoption through participation in RE100
	Products/ Services	Increased environmentally conscious customer behavior due to increased awareness in environmental issues	Short-Long	Medium	- Improvement of brand image through promotion of GHG reduction initiatives - Enhancement of external information disclosure
	Market	Increased public-sector incentives	Short-Long	Medium	- Improvement of reputation through participation in public-sector projects with local governments, etc.

4 degrees Celsius Scenario

Category	Type	Main Risk	Time Horizon	Impact	Response / Initiative
Physical Risks	Acute	Increased business damage due to extreme weather events (such as droughts, floods, typhoons, and hurricanes)	Short-Long	Medium	- Improvement of BCP (Business Continuity Plan) - Improvement of disaster countermeasures
	Chronic	Increased electricity costs for data center equipment cooling due to rising temperatures	Mid-Long	Small	- Promotion of energy efficiency improvement initiatives at data centers - Promotion of research and development for energy efficiency improvement

Definitions of Time Horizon / Impact

Time Horizon	Short-term	Next 3 years
	Mid-term	Until 2030
	Long-term	From 2030 onwards
Impact (Risk)	Small	Little impact
	Medium	Services and/or operations are delayed
	Large	Services and/or operations are temporarily suspended
Impact (Opportunity)	Small	Little impact
	Medium	Some services and/or operations are impacted
	Large	Entire group is impacted

iv. Indicators and Targets

The group has set the following greenhouse gas reduction targets for November 2024 and beyond. These targets have been certified by the "SBTi (Science Based Targets initiative)", an international climate change initiative, as being based on scientific evidence aligned with the goals of the Paris Agreement.

(Note) For more information on the Rakuten Group's climate-related metrics and targets, please refer to the following link:
https://global.rakuten.com/corp/sustainability/climate/

Targets by Scope (SBTi)

Metrics		Targets
Scope 1 emissions	The amount of direct greenhouse gas (GHG) emissions from the company itself	- Reduce absolute scope 1 and 2 emissions by 99.7% by FY2032 from FY2022 base year
Scope 2 emissions	The amount of indirect emissions accompanying the use of electricity, heat, and steam supplied by other companies	
Scope 3 emissions *1	The amount of indirect emissions other than scope 1 and scope 2	- Reduce absolute scope 3 emissions by 30.0% by FY2032 from FY2022 base year - Reduce scope 3 emissions per unit of electricity sold by 76.8% by FY2032 from FY2022 base year

Since 2021, Rakuten Group, Inc. has achieved a 100%*2 renewable energy adoption rate for electricity used in its business activities, and this will be maintained going forward. The performance of each metric is updated annually in the ESG Data Book, which is published on our corporate website around June.

*1 The targets cover emissions calculated in accordance with the GHG Protocol, excluding Scope 3 Category 15.
*2 Depending on their individual circumstances, selected companies used the FIT Non-Fossil Certificate, which certifies

the renewable energy attributes of electricity used, to achieve virtually 100% renewable energy usage.

(4) Business Foundation (Information Security and Privacy)

The Rakuten Group positions information security and the protection of privacy as one of its most critical management priorities within the business foundations underpinning its sustainability strategy.

With respect to information security, the Company appropriately protects and manages information assets, including various types of data such as customers' personal information as well as information systems consisting of software and related components. The Company also strives to continuously maintain and enhance the security of these assets. Privacy is more than just a compliance issue, as it is an essential element in building a sustainable "Rakuten Ecosystem", including the use of technology, the promotion of innovation, and earning the trust of stakeholders. The Rakuten Group is committed to implementing, enhancing, and thoroughly enforcing privacy measures to ensure that all customers can confidently use the services.

i. Governance

The Group Information Security & Privacy Committee, chaired by the Function CISO (Function Chief Information Security Officer), meets monthly to ensure compliance with information security and privacy requirements. The main matters discussed in this committee are reported to the management meetings and the Board of Directors and are also communicated to each Group company and business division.

With regard to information security, the Rakuten Group established a CISO community consisting of the Regional CISO, Company CISO, and CISO of each Group company to discuss and share information on information security across the Rakuten Group. The Rakuten Group also appointed a Global Privacy Manager as a dedicated position to oversee and monitor the privacy status within the company. The Global Privacy Manager works closely with the Regional Privacy Officers and local privacy officers appointed within each company to build a robust privacy network and monitor compliance and risks applicable to the Rakuten Group.

ii. Risk Management

The Group appropriately protects and manages information assets, including various types of information such as the personal information of our valued users and information systems such as software, and is committed to maintaining and continuously improving information security.

1) Risks Related to Personal Information

The Group assigns a "Rakuten ID" to users of its consumer-facing services provided in Japan, including Rakuten Ichiba, and retains the associated data to support the development and expansion of its diverse businesses. The Rakuten Group treats "Rakuten ID" as personal information linked to the user's name and address and recognizes it as an essential asset for our business operations, along with the information assets comprising various hardware, software, and other information systems of the Group. Therefore, the Group prioritizes ensuring that all users can use its services with peace of mind. From the perspective of information security and personal information protection, the Rakuten Group has established an Information Security Management System (ISMS) and strictly complies with various international standards and the personal information-related laws and regulations of the respective countries in which the Rakuten Group operates.

Privacy-related laws and regulations, such as personal information management in each country, global data transfer, and information security, among others, are becoming increasingly complex. If the Rakuten Group fails to respond to these laws and regulations in a timely and appropriate manner and violates such laws, it may face penalties, surcharges, or business suspension orders from regulatory authorities. Additionally, this could lead to reputational risks, disputes, including lawsuits, and other conflicts.

If such risks materialize, the social trust in the Group may be damaged, leading to the loss of users and business partners, the incurrence of compensation costs, and other consequences that could impact our group's businesses, financial performance, and financial condition. Moreover, if the Rakuten Group is unable to respond smoothly and appropriately to privacy-related laws and regulations or the voluntary strengthening of corporate regulations, it could affect data utilization businesses and revenues.

To avoid the occurrence of these risks, in addition to the aforementioned initiatives, the Group is working on establishing internal regulations, raising awareness of privacy-related laws and regulations, and conducting internal training. In addition, by establishing a system for communication and consultation, the Rakuten Group strives to detect risks of violations at an early stage. Furthermore, by ensuring close collaboration between relevant departments and the privacy management division, the Rakuten Group aims to promptly and accurately apply the content of laws and regulations to our information security systems and business operations.

2) Risks Related to Cyber Security

Many of the Group's services are provided via the internet. Malfunctions or defects in the hardware or software of networks or computer systems used to provide these services, cyber threats such as computer viruses, phishing emails, and ransomware, or criminal activities including unauthorized access to the Group's computer systems may result in the availability of information systems or the confidentiality and integrity of information not being ensured. This could result in the misuse of services, loss of critical data, or unauthorized acquisition of information, etc.

To avoid or mitigate the occurrence of these risks, the Rakuten Group is strengthening its monitoring systems and implementing various technical and physical countermeasures. However, if these risks materialize, the social trust in the Group may be damaged, leading not only to the loss of users and business partners but also to potential claims for damages, administrative actions by regulatory authorities, or other consequences. These could impact business, operating results, and financial condition.

3) Risks Related to the Leakage of Trade Secrets and Other Information

The Group faces the risks of trade secrets and other information being leaked due to operational deficiencies by officers, employees, or contractors, as well as the misuse of access rights and other factors. If such leaked trade secrets or other information are exploited by external third parties or used by competitors, the Group may lose revenue opportunities. To avoid or mitigate the occurrence of such risks, the Rakuten Group conducts education and awareness-raising activities for officers, employees, and contractors, establishes management systems, strengthens monitoring systems, and implements various technical and physical countermeasures. However, if these risks of trade secret leakage materialize, the social trust in the Group may be damaged, leading not only to the loss of users and business partners but also to potential claims for damages, administrative actions by regulatory authorities, or other consequences. These could impact business, operating results, and financial condition.

iii. Strategy

1) Information Security

The following five policies were established to ensure information security.

1. Establishment of information security system
2. Appropriate management of information assets
3. Establishment of rules and regulations to ensure information security
4. Compliance with laws and regulations
5. Continuous improvement

- Compliance with International Standards

The Group has established internal regulations based on ISO/IEC 27001, the international standard for information security management, and applies them to both the Group and its group companies to ensure the maintenance of information security. Currently, the ISO/IEC 27001 certification applies to 37 companies within the Group and covers all employees, and the Rakuten Group aims for its continuous expansion. Additionally, in businesses handling payment cards, including credit cards, the Rakuten Group strictly adheres to PCI DSS (Payment Card Industry Data Security Standard), the international standard for the security of cardholder data.

- Information Security Education

Across the Rakuten Group, information security training is provided to all employees upon joining the Company and annually thereafter, including executive officers, full-time employees, fixed-term employees, temporary staff, partner staff, contractors, and part-time employees. Through this training, participants enhance their understanding of the importance of information security by reviewing examples of actual incidents and confirm their commitment to comply with internal rules.

In addition to employee information security training, the Group provides education through multiple channels. At weekly all-hands meetings, brief presentations are delivered on a regular basis and as needed. Information is also shared through postings on the Rakuten Group intranet portal and internal digital signage to disseminate messages across group companies, businesses, and internal communities. For matters requiring urgent communication, such as social engineering alerts, these channels are utilized to ensure prompt and thorough dissemination.

- Strengthening Cyber Security

Aside from establishing a Security Operations Center (SOC) and a team dedicated to security measures (Rakuten-CERT), the Rakuten Group also provides security training for service developers, security reviews and vulnerability inspections of software development, and security checks at each stage of the development process for addressing vulnerabilities in the service development structure. In addition, to prevent security incidents, the Group conducts security operations as part of its daily service operations, including monitoring for unauthorized access and investigating and addressing vulnerabilities. Furthermore, the Group has implemented a global “Security Champion” program to oversee the secure development of services within each department, thereby promoting rigorous security reviews and the sharing of expertise.

2) Privacy

In addition to complying with domestic and international privacy laws, the Rakuten Group is committed to privacy protection measures that exceed legal requirements by establishing its own operational standards. To ensure that all customers can use Rakuten's services with confidence, the Rakuten Group puts a great focus on education, transparency, and trust.

- Compliance with Related Domestic Laws

For its businesses in Japan, the Group regularly verifies and monitors compliance with applicable laws and regulations, including Act on the Protection of Personal Information and other laws and guidelines established by relevant authorities. Additionally, some of the Group companies have been certified by external organizations as businesses that conform to the Japanese Industrial Standard "JIS Q 15001 Personal Information Protection Management Systems – Requirements" and have established systems to implement appropriate protective measures for personal information. These companies have been granted the Privacy Mark.

- Introduction of BCR

To comply with the GDPR (General Data Protection Regulation), the Rakuten Group has implemented Binding Corporate Rules (BCR), which serve as an internal privacy code of conduct. These BCR have received formal approval from European data protection authorities. By handling data in accordance with the BCR, the entire Group is committed to protecting the privacy and data of individuals.

- Increased Transparency to Users

The "Privacy Center" webpage introduces the Rakuten Group's privacy initiatives and related information. The webpage helps customers have a better understanding of Rakuten's privacy measures by providing information on the Rakuten Group companies' privacy policies to increase the customer's knowledge of privacy protection and its technology.

- Privacy Education

To ensure that the importance of privacy is shared by all employees, a dedicated privacy education and awareness team has been established. In addition to annual and onboarding training for all Group employees, an awareness event is held on the occasion of the International Data Privacy Day. Additionally, the Group communicates the importance of privacy to employees through a variety of channels, such as posters, infographics, and a monthly digest of privacy-related news called "The Privacy Times".

iv. Indicators and Targets

Based on the Rakuten Group's strategy for information security and privacy, obtaining certifications and educating the employees who provide services to the customers are considered the Group's priorities. By ensuring that, customers can use the services with peace of mind, while the company maintains and improves the following indicators.

Indicators	Results
Number of Group companies with ISO/IEC 27001 certification PCI DSS compliant services	37 companies 43 services
Number of Group companies with JIS Q 15001 certification	2 companies
Number of Group companies that signed the BCR (Binding Corporate Rules)	84 companies
Training hours on information security (Information security education in FY2025)	31,752 participants, 38 companies
Training hours on privacy (Privacy basics training for all employees)	15,564 participants, 28 companies

3. Business Risk and Other Risk Factors

The Rakuten Group is engaged in a wide range of businesses both in Japan and overseas, and execution of these corporate activities is accompanied by various risks. Described below are the risk management systems and processes of the Rakuten Group, as well as the main aspects of the business activities and finances of the Rakuten Group that are recognized as potential risk factors or that may have an influence on decisions made by investors. However, not all risks that may arise in the Rakuten Group are covered. Having identified the probability, timing and frequency of these risks, the policy of Rakuten Group management is to take steps to prevent occurrence or to take appropriate action as a contingency. However, it is difficult to reasonably foresee the impact of such occurrence on the Rakuten Group's business activities, financial performance, financial position, and countermeasures the Group might adopt. Therefore, the Rakuten Group's position is that decisions to invest in the Company's securities should be preceded by comprehensive and careful examination of relevant information, including information provided below and elsewhere.

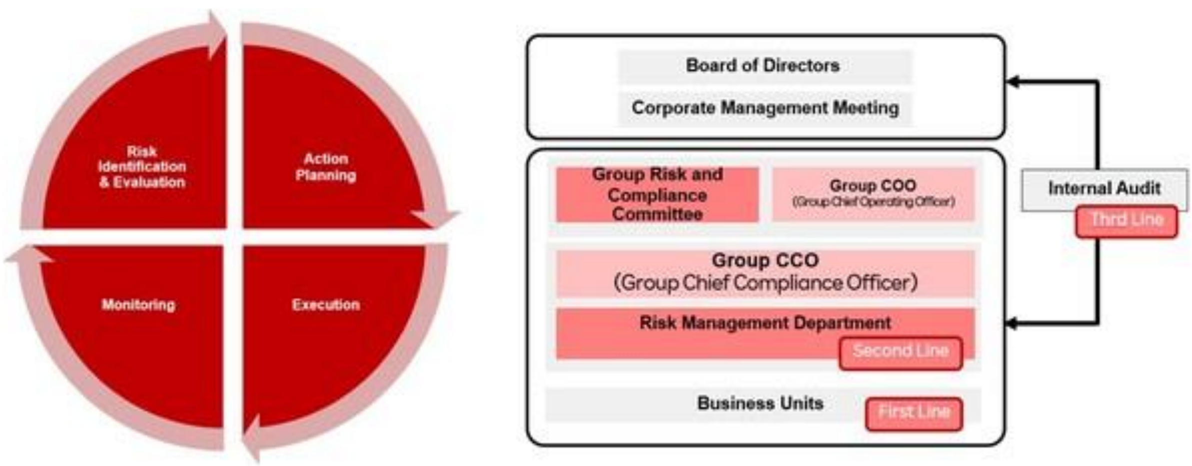
Unless otherwise stated, all forward-looking statements herein are based on judgments by the Rakuten Group as of December 31, 2025. They are subject to uncertainty and could differ from actual results.

1 Risk Management Systems and Activities of the Rakuten Group

The Rakuten Group defines risks as "uncertainty that may affect them in achieving their management goals" and introduces Enterprise Risk Management (ERM) to increase the probability of achieving management goals. In accordance with Group Regulations, each organization of the Rakuten Group has established a cycle of appropriately comprehending and identifying risks, evaluating them based on Group-wide standards, formulating and implementing response plans according to their materiality, and monitoring the results. In this process, the Rakuten Group promotes risk management by establishing a multi-layered management structure based on the "Three Lines of Defense Model", which mitigates risks incrementally (the first line of defense is the business units, the second line of defense is the risk management department, and the third line of defense is the internal audit department).

In addition, to manage risks throughout the Rakuten Group, we have established risk management systems as shown in the figure below. We are making efforts to identify and manage risks comprehensively by classifying risks such as "Top-down risks" for risks perceived by management of the Rakuten Group, "Bottom-up risks" for risks perceived by each business or subsidiary of the Rakuten Group, and "Group-Top Risks" for risks that may have a critical impact on the Rakuten Group's business activities. The Group Risk & Compliance Committee, which meets four times a year, discusses their countermeasures and response status for group-top risks. The main matters discussed by the committee are reported to management through important meetings such as the Board of Directors.

[Risk Management Systems of the Rakuten Group]



2 Risks Associated with Management Environment and Strategies

(1) Macro-economic Risks

The Rakuten Group is engaged in a wide range of businesses both in Japan and overseas. The Rakuten Group's business results are affected by various factors such as overseas economic conditions, social conditions and geopolitical risks, as well as by Japan's economic trends. The Rakuten Group will carry on business expansion and other activities while closely watching the macroeconomic environment. However, the outlook for the Japanese and overseas economic environments will remain uncertain. Due to factors such as the global economic recession, social disturbance, as well as confrontations between nations, regional conflicts, and the use of force in the international community, restrictions on exports, imports, and foreign investment resulting from economic sanctions between nations, changes in various regulations, and changes in regulatory trends, the business activities of the Rakuten Group may be hindered, which may affect the stable supply of services and products, as well as the financial performance and financial position of the Rakuten Group.

(2) Competitive Environment

We consider ourselves to be in fierce competition with numerous rivals in all businesses operated by the Rakuten Group. Such competition is likely to intensify when we are confronted by new participants as rivals, including those from other sectors.

The Rakuten Group aims to expand their services by continuously enhancing their response to customer needs while closely watching the movements of its competitors. However, if the failure to achieve anticipated results following this effort results in a loss of service competitiveness, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

(3) Technological Changes in the Industry

Progress and changes in technology are pronounced in every business that the Rakuten Group operates, and new services and goods are introduced with high frequency.

The Rakuten Group constantly devises and implements measures for maintaining our competitiveness through endeavors including research into the latest technological and market trends, verification tests with a view to launching new services with technological advantages, and collaboration with other companies. Should the Rakuten Group's response be slow for some reason, there is a risk that our services could be seen as obsolete, and our competitiveness could deteriorate. Furthermore, even if we respond appropriately, we may incur increased expenses associated with upgrading existing systems and undertaking development of new systems. These market trends and our response capability may therefore have an impact on the business activities, financial performance, and financial position of the Rakuten Group. In addition, technology that poses a threat to the Rakuten Group's operations may be developed. If this technology becomes widespread, this may also have an impact on the business activities, financial performance, and financial position of the Rakuten Group.

(4) Risks Associated with Management Structure and Business Strategy

1) Risks Associated with Management Structure (Corporate Governance)

The Rakuten Group's corporate mission is based on the empowerment of individuals and society through innovation. We strive for social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. In order to achieve this mission, the Rakuten Group has been implementing various measures with rigorous corporate governance as one of our highest priorities.

The Rakuten Group has adopted a company with an Audit & Supervisory Board structure, in which highly independent Audit & Supervisory Board Members provide auditing functions in order to improve the transparency of the Rakuten Group's management and ensure its appropriateness, efficiency, fairness, and soundness. The Rakuten Group has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Rakuten Group has adopted an Executive Officer System by which the Board retains responsibility for management decision-making and supervision, while Executive Officers are responsible for executive functions.

The Rakuten Group's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in casual and multilateral discussions on management. Furthermore, the Rakuten Group holds meetings, where discussions are held about Group management strategy, separately from the meetings of the Board of Directors. Participants discuss matters from a medium to long-term perspective rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors, thereby enhancing the effectiveness of corporate governance.

For investment and financing projects involving new capital expenditures, the Investment Committee, which includes external experts, deliberates in advance and reports the results to the Board of Directors. In addition, for important projects, we share and deliberate on the outline and main points with Directors and Audit & Supervisory Board Members in advance before submitting them, thereby improving the quality of deliberations at the Board of Directors and ensuring appropriate decision-making.

In addition, we have introduced an internal company system to ensure agile business execution and clear accountability. However, if we fail to achieve anticipated results following the implementation of the aforementioned measures, including those involving management structure, and management decisions are not made in a timely and appropriate manner, or non-compliance arises, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

2) Relationships with Listed Subsidiaries

While the Rakuten Group has a listed subsidiary, we have established basic agreements with this entity, outlining "Rakuten Shugi (Rakuten principles)" as the Rakuten Group's basic philosophy, "Core Policies" as fundamentals of the Rakuten Group's governance, and the "Rakuten Group Code of Ethics" as fundamentals to be adhered to by Directors and employees. The agreement also stipulates that the Rakuten Group respects the management independence required from the viewpoint of public interest under related laws and regulations and the independence required of a listed subsidiary, that the Rakuten Group respects the fact that a listed subsidiary has established a system in which appropriate checks are made on governance by actively appointing directors from outside the Group, and that the Company respects the personnel rights of the listed subsidiary.

In such circumstances, to enhance the value of a listed subsidiary as an independent entity contributing to the overall interests of shareholders, the decision-making within this subsidiary may not always align with or solely serve the intentions of our group. If the relationship between both parties changes or if the business performance of the listed subsidiary worsens, this may affect the business activities, financial performance and financial position of the Rakuten Group.

3) Risks Associated with Business Strategy

The Rakuten Group's business strategy aims to generate synergistic benefits that include maximization of the lifetime value of each member, minimization of customer acquisition cost, and, furthermore, maximization of Group profits. We will achieve this by creating an environment in which members worldwide can continuously use multiple services in the "Rakuten Ecosystem". At the core of this are membership, various data concerning service usage and the Rakuten brand. Under this business strategy, we are utilizing the Rakuten Group's membership, big data and the reward program based on "Rakuten Points", in addition to pursuing growth of individual businesses and maximizing cross-business synergies. Specifically, we pursue service enhancement in each business by capitalizing on online as well as offline data based on the membership IDs of more than 100 million users, along with the promotion of cross-border service usage between online and offline realms. However, if the failure to achieve anticipated results following the implementation of the aforementioned measures causes the total or partial suspension of the services marketed by the Rakuten Group, giving rise to a barrier to cross-border usage, this may affect the business activities, financial performance and financial position of the Rakuten Group. Furthermore, if related laws and regulations regarding our digital platform, methods of using membership data, and reward programs are revised in a way that is disadvantageous to the Rakuten Group, this may affect the business activities, financial performance and financial position of the Rakuten Group.

4) Risks Relating to Business Expansion and Development

a) Investment and M&A

The Rakuten Group engages in merger and acquisition (M&A) activities, establishments of joint ventures, business alliances, and investment activities both in Japan and overseas. Our aim is to move into overseas markets, gain new users, develop new services, expand our existing services and acquire related technologies. These activities are regarded as one of the important parts of our management strategies.

When acquiring a company, the Rakuten Group seeks to avoid risks as much as possible by conducting detailed due diligence concerning the financial position, contractual relationships, and other aspects of the potential acquisition. However, it is not always possible to carry out an extensive due diligence process because of circumstances that may surround individual acquisitions and time restrictions, and it is possible that contingent liabilities will be incurred or unrecognized liabilities will come to light after an acquisition. Furthermore, it is also possible that the integration of information systems and standardization of internal control systems with those of an acquired company may not be carried out successfully or that the executives, employees, and customers of an acquired company will be lost after the acquisition. In such cases, the business activities, financial performance and financial condition of the Rakuten Group may be adversely affected.

In addition, it is impossible to predict precisely how the characteristics of a newly created service will affect the business activities, financial performance, and financial condition of the Rakuten Group. It may also become impossible to proceed with the new service as anticipated due to changes in the business environment or other factors. In such cases, a greater-than-expected amount of time may be necessary for the recovery of the investment, or it may not even be possible to recover the invested capital, or an impairment of goodwill, etc. may be required. As a result, the business activities, financial performance, and financial condition of the Rakuten Group may be adversely affected.

Also, for engagements in joint ventures and business alliances, the Rakuten Group seeks to avoid risks concerning operating partners as much as possible, through detailed investigations of their financial performance and condition, and in-depth prior discussion of future business plans and synergistic effects. However, if disagreements arise over the management policies of the two parties after the start of a service, there is a possibility that the anticipated synergistic effects will not be realized. In such cases, the business activities, financial performance, and financial condition of the Rakuten Group may be adversely affected, and a greater-than-budgeted amount of time may be necessary for the recovery of the investment, or it may not even be possible to recover the invested capital.

In addition, the Rakuten Group engages in investment activities targeting various companies including investments in venture enterprises. If anticipated revenues from such investments are not realized due to changes in the business environment and underperformance, the probability of recovering the invested capital deteriorates, and a part or all of the investments may become losses, affecting the business activities, financial performance, and financial condition of the Rakuten Group.

b) Overseas Business Expansion

Global expansion is one of the Rakuten Group's key strategies, and we are dynamically extending our existing business model into other countries with an aim to increase revenue opportunities. For example, we are extending our various services including EC to many regions including the Americas, Europe, and Asia. In addition, the Rakuten Group is gradually expanding cross-border services that allow users in Japan and overseas to purchase products and services from each other. The Rakuten Group will continue to expand their overseas service and R&D sites. We will also work to improve and expand our international services while strengthening collaboration amongst services in different countries.

Meanwhile, development of global services may entail a variety of risks, including differences in languages, geographical factors, regulations including legal and taxation systems, and supervision by regulatory authorities including autonomous regulatory bodies, economic and political instability, communication environment, and differing commercial practices. There are further risks that competition with rival companies that are globally active will intensify, and that the regulations of foreign governments and international organizations will change without prior notification, and risks of various types of non-compliance may arise due to insufficient promotion of Group policies. Moreover, in international expansion of services, when setting up these services, the Rakuten Group is likely to incur costs including costs for setting up corporations in other countries, recruitment costs, system development costs, costs for building a system for proper management of local operations, and recurring costs to adapt to revisions in related laws and regulations for existing services. In addition, strategic changes in business models may require additional expenses, and group profits may come under pressure from these costs over time, and it will take time before new services start to generate stable sales.

For the purpose of responding to these risks, the Rakuten Group pays close attention to situations in each country and appropriately adapts to local laws and regulations, etc. while suitably establishing a compliance framework in each local Group Company to work towards legal compliance. In addition, when expanding services, the Rakuten Group rapidly launches new businesses and flexibly changes business models mainly by way of continuous performance management using KPIs and the improved efficiency of revenue structures attained by utilizing the "Rakuten Ecosystem", while seeking to reduce risks that may put pressure on the Rakuten Group's revenue by applying cost controls in a timely and appropriate manner. However, if these risks materialize, mainly as a consequence of amendments to regulations or systems that may impact business models or changes in the competitive market environment, there is a possibility that greater-than-expected expenses may be incurred for response or that business continuity may become difficult, thereby forcing the Rakuten Group to suspend services and withdraw businesses. In such cases, the business activities, financial performance, and financial condition of the Rakuten Group may be affected. Furthermore, if economic risks such as global inflation, rapid fluctuations in interest rates, and exchange rate instability, etc., materialize, this could have a significant impact on the Rakuten Group's business operations.

c) Expansion of Area of Services

The Rakuten Group provides services in a variety of businesses, primarily the internet sector where technologies and business models change rapidly. In providing these services, the Rakuten Group has expanded areas in order to create new services and to construct business models in line with current trends. When the Rakuten Group launches a new service, it becomes exposed to risk factors specific to that activity, in addition to risking a considerable amount of upfront investment. It is also possible that the Rakuten Group will be affected by risk factors not listed in this section.

Further, the Rakuten Group may not be able to achieve results as initially expected, depending on the pace of expansion and the scale of growth of the newly entered market. In addition, the Rakuten Group may incur a loss due to the disposal and amortization of said business assets in cases such as the discontinuation or withdrawal of a service. When expanding the area of service, the Rakuten Group strives to reduce risks by taking timely and appropriate measures. However, if these risks materialize, the business activities, financial performance and financial condition of the Rakuten Group may be adversely affected.

d) Achievement of Growth Objectives

The Rakuten Group announced a management vision titled VISION2030 as of May 12, 2023. However, the implementation of growth strategies and the achievement of objectives outlined in this vision may be impacted by various risk factors and uncertainties detailed in "3. Business Risk and Other Risk Factors". Furthermore, this vision is based on a range of assumptions, including the understanding of economic and business environments at the time of its formulation. If these assumptions do not materialize as expected, it could potentially pose challenges to the execution of growth strategies and the attainment of objectives in the said vision, and this may affect the business activities, financial performance, and financial position of the Rakuten Group.

3 General Business Operational Risks

(1) Risks Pertaining to Information Security

Please refer to "2. Approach to Sustainability and Related Initiatives, 2. Material Topics, (4) Business Foundation (Information Security and Privacy), ii. Risk Management".

(2) Risks Pertaining to using AI services

The Rakuten Group is actively promoting the use of AI in all aspects of its operations. This approach expands our risk exposure to potential issues, including leakage of personal information, intellectual property infringement, dissemination of false information, and reinforcement of unintentional bias. To avoid or mitigate these risks, we have established, implemented, and continuously reviewed the generative AI usage guidelines, while also introducing technical safeguards. Concurrently, we have also established a compliance framework for the use of AI.

The Rakuten Group has released its “AI Code of Ethics”, and by establishing comprehensive rules, is committed to advancing technological innovation while respecting individual rights and privacy, and promoting the fair, equitable and transparent use of AI. We implement company-wide employee compliance awareness-raising measures and construct risk management frameworks to ensure the trustworthy use of AI and related initiatives amid rapidly changing and evolving AI technologies and social conditions.

Furthermore, the AI & Data Committee has established cross-functional activity plans covering AI risk management, AI research and development, AI security & safety, government, industry and users, data utilization, employee education, and other relevant domains, and reports on the progress of these initiatives are submitted. Specifically, in response to cybersecurity threats arising from the rapid proliferation of generative AI technologies, we enhance security measures—such as the filtering of generative AI outputs, controls to prevent the generation of harmful content, and the management of personal information inputs and outputs—and are undertaking efforts to ensure the reliability of our AI services. The committee formulates and approves group-wide AI governance and risk management strategies. Additionally, key decisions and challenges are regularly reported to and discussed with the Corporate Management Meeting and the Board of Directors to ensure accountability and transparency in AI governance.

By taking all possible measures promptly and continuously, we strive to eliminate or mitigate the risk of losing trust and social credibility among users and business partners. However, if these risks materialize, there is a possibility that the Rakuten Group's social credibility may be damaged, that users and business partners may withdraw, that compensation for damages, etc. may be demanded, and further, that the Rakuten Group may be subject to sanctions from regulatory authorities. In such cases, the business activities, financial performance, and financial condition of the Rakuten Group may be affected.

(3) Risks Pertaining to Information System

Many of the Rakuten Group's services are provided by the use of telecommunications networks linked to computer systems. The Rakuten Group seeks to make the most up-to-date responses using state-of-the-art technologies as much as applicable and thereby endeavors to operate telecommunication networks normally so as not to impede the provision of services. However, there lies the possibility that even these measures will create vulnerabilities or deficiencies in the Rakuten Group's information systems due to reasons such as failure or defects affecting the hardware or software in the telecommunication network or the computer system. In addition, there lies the possibility that troubles might occur in the provision of normal services stemming from human operational errors, or that unauthorized use of the Rakuten Group's services, deletion of important data, and fraudulent procurement, falsification or leakage of confidential information, etc. might occur. Furthermore, the Rakuten Group develops and operates advanced and complex systems to provide services, and there is a possibility of development delays or cancellations, equipment failures, and malfunctions, etc., due to various factors.

For the purpose of avoiding or lowering the occurrence of these risks, the Rakuten Group has established a Group Technology Committee as part of strengthening IT governance. This committee ensures transparency of these risks and formulates appropriate response policies for risk optimization. In addition, to address natural disasters and technical threats, the Rakuten Group is working on enhancing redundancy of critical systems and strengthening data backup as part of its IT-BCP. Alongside these activities, the Rakuten Group has strengthened monitoring systems and has taken a variety of technological and physical measures. However, if these risks materialize, there are possibilities that incidents, such as a temporary suspension of the Rakuten Group's systems, will occur, that users and business partners will lose confidence and withdraw, or that users and business partners will demand compensation for damages, etc. for losses they have incurred due to system stoppage. In addition, there is a possibility that the Rakuten Group may be subject to administrative penalties, etc., from administrative authorities. In such cases, there are possibilities that the Rakuten Group's social credibility may be damaged, and that the business activities, financial performance, and financial condition of the Rakuten Group may be affected.

(4) Risks Pertaining to Regulatory Systems, etc.

1) Risks Pertaining to Laws and Regulations and Compliance

The Rakuten Group is engaged in a wide range of businesses both in Japan and overseas. In each country and region, there are various laws, regulations, and rules applicable to the Rakuten Group's business activities, including those mentioned in the FinTech segment and the Mobile segment, and business acts regulating specific industry or businesses such as telecommunications, transportation, funds transfer, as well as related laws and regulations regarding protection of personal information and privacy, consumer protection, fair competition, anti-corruption, anti-money laundering, combating the financing of terrorism, combating proliferation financing, economic sanctions, environment, labor, crime prevention, disclosure, tax compliance, human rights, import and export, investment, and foreign exchange. Among them, the regulatory systems regarding digital platform operators, personal information management in each country, the global data transfer, and information security are recognized as the most important laws and regulations that particularly affect the Rakuten Group's business operations.

In the event of such violation of related laws and regulations, the administrative agency may order sanctions, surcharges, business improvement orders, business suspension orders, and license cancellations, etc., and there is a possibility that it may escalate into disputes, including impacts on reputation and litigation. In addition, new restrictions to the Rakuten Group's business activities due to the establishment or the amendment of related laws, regulations, guidelines or voluntary rules, and the strengthening existing regulations will potentially affect the business operations, financial performance, and financial position of the Rakuten Group.

The Rakuten Group considers compliance with related laws and regulations as an important corporate responsibility. We have established a group-wide initiative to promote compliance under the leadership of the Group Chief Operating Officer (Group COO), the Group Chief Compliance Officer (Group CCO), and the Company Compliance Officers appointed according to the internal company system structure of the Rakuten Group. The status of such initiative is reported to the Group Risk & Compliance Committee and the Board of Directors to ensure proper execution of duties. Operational audit is carried out by the Internal Audit Department (an independent organizational unit under the direct control of the Representative Director and President) and by the internal audit department of each of the Rakuten Group subsidiaries. In fields where business is expanding rapidly, there is an escalated risk of violations of related laws and regulations, and misconduct by employees or subcontractors. We strive to ensure compliance by preparing internal regulations and manuals, promoting the use of whistleblower system, conducting education, and monitoring the status of compliance.

Nonetheless, despite these efforts, compliance risks (including the risk that the views of the supervisory authorities and the Rakuten Group differ) and the associated risk of damaging the Rakuten Group's social credibility cannot be completely eliminated. If the Rakuten Group fails to address these risks, including in the situations attributable to the Rakuten Group and the business partners, administrative sanctions from administrative authorities as well as the financial loss and damages may affect the business activities, financial performance and financial condition of the Rakuten Group.

2) Risks Pertaining to Litigation, etc.

The Rakuten Group could be exposed to litigation and other claims, administrative penalties, or charges amounting to large sums if merchants, service providers, purchasers, service users, other users, or other related parties engage in illegal activities or get involved in disputes, if losses are incurred by these related parties as a result of system failures or other situations, or if any of the various regulatory restrictions imposed by the supervisory authorities are violated. As for mobile phones, e-book readers and other products sold by Rakuten Mobile, Inc. and Rakuten Kobo Inc., there is a possibility that product defects or other deficiencies may arise, which may cause the Rakuten Group to incur product liability or other obligations, in their positions as manufacturers or companies that entrust manufacturing to third parties. Furthermore, there is a possibility that litigation or other unpredictable actions at present may be filed due to new contingencies or business risks that have not yet materialized, which may cause these companies to assume obligations to pay large sums to compensate for damages. Meanwhile, if the Rakuten Group's rights are infringed in some way by third parties or damaged by the actions of third parties, it is possible that the Rakuten Group will not be protected from the infringement of their rights or that substantial costs will be incurred due to litigation or other actions to protect those rights.

Although the Rakuten Group seeks to provide services in an appropriate and legitimate manner mainly through carrying out preliminary consultations with lawyers and other external specialists and authorities as needed, it is difficult to eliminate the possibility of all litigation, etc. If these risks materialize, there are possibilities that special damages will accrue, depending on the details or amounts demanded in the litigation, etc., that the Rakuten Group's social credibility will be damaged, and that users and business partners will withdraw. Ultimately, the business activities, financial performance and financial condition of the Rakuten Group could be affected.

(5) Risks Relating to Supply Chain

The Rakuten Group must procure and supply products in a timely manner. In the procurement and supply of products, there is the potential of loss of sales opportunities due to supply failures and delivery delays, as well as increased costs for recovery efforts, which may affect the Rakuten Group's ability to secure revenue, in the event that production and logistics stagnate due to geopolitical risks, natural disasters, epidemics, global wars, civil wars, riots, terrorism, cyberattacks, strikes, transportation accidents, etc.

In addition, the Rakuten Group outsources to other companies the maintenance and acquisition of customers, construction and maintenance of networks, and incidental work thereof, either in whole or in part. For this reason, when selecting suppliers, we examine and select them according to "Instruction for procurement management in Rakuten Group", "Rakuten Group Sustainable Procurement Instruction" and the procuring regulations of each company that are based on these instructions. At the same time, we strive to reduce transaction risks by building a PDCA cycle that includes risk assessment based on risk indicators, monitoring through governance KPIs, supplier screening, and identification of issues.

We have also set action guidelines such as compliance with laws, regulations and social norms, prohibition of corruption and bribery, promotion of fair and impartial transactions, and consideration for the environment for suppliers. Based on these, we are working to build and strengthen favorable relationships with suppliers based on fair, impartial, and highly transparent transactions.

However, despite these measures, since it is impossible to completely eliminate the possibility of legal violations, fraudulent activities, or human rights violations due to intentional or negligent actions in the course of business between suppliers and the Rakuten Group. Therefore, should these matters occur, it may affect the business expansion, financial performance, and financial position of the Rakuten Group. Since suppliers handle the services and products of the Rakuten Group, if the credibility or corporate image of a supplier deteriorates due to events such as those described above, it may affect the business expansion, financial performance, and financial position of the Rakuten Group.

(6) Risks Pertaining to Property, Plant and Equipment

The Rakuten Group owns property, plant and equipment such as equipment necessary for building a communication network in the mobile business. For these assets, we determine whether there are indications of impairment quarterly, and if there are indications of impairment, we estimate the recoverable amount of the assets. We use future cash flow forecasts and other methods to estimate the recoverable amount, and an impairment loss is recognized when the recoverable amount is lower than the carrying amount of an asset. If future cash flows are expected to decline due to changes in the business environment in the future, the financial performance and financial condition of the Rakuten Group could be affected.

(7) Risks Pertaining to Intangible Assets

1) Risks Pertaining to the Preservation and Promotion of the Rakuten Brand

The Rakuten Group is striving to establish the Rakuten brand through a variety of services and advertising activities, and recognizes that it has gained a certain level of recognition among its users and others. In line with the further expansion of the scale of businesses, the Rakuten Group is proceeding with the integration of various brands into the Rakuten brand, and integrating member IDs by unifying membership databases and developing a common reward program. Although the Rakuten Group has developed a thorough plan in advance regarding measures and expenses for strengthening the brand to enhance its recognition and loyalty, expenses may exceed the plan if the measures fail to achieve the desired results. In addition, changes to brand names, logos and member IDs, which are conducted as part of the process of the above measures, could lead to loss of loyalty among existing members or cause them to withdraw from member organizations. Moreover, measures of each service brand will affect all Group Companies due to the integration of brands under the Rakuten brand. Therefore, the reliability and brand value of the Rakuten Group may be damaged in the event where incidents are discovered for one of its service brands, and could have adverse effects on all Group Companies. In such cases, the business activities, financial performance, and financial condition of the Rakuten Group could be affected.

2) Risks Pertaining to Intellectual Property

Since all of the businesses developed by the Rakuten Group face rapid progress and changes in technological fields, the Rakuten Group considers that, for their continuous business operations, it is indispensable to protect their technologies, brands, contents in the countries where they proceed with business development. To that end, the Rakuten Group strives to acquire patent rights, trademark rights, copyrights, domain names and other intellectual property rights, along with acquiring licenses for intellectual property rights from third parties as necessary. In addition, the Rakuten Group implements countermeasures to avoid infringements of intellectual property rights of third parties.

However, there is a possibility that the Rakuten Group will be unable to protect their technologies, brands and contents used by the Rakuten Group without being able to acquire intellectual property rights as expected. Furthermore, in spite of these countermeasures, there is a possibility that allegations of intellectual property rights infringement, etc., raised by third parties could lead to expenses or losses for defense or dispute resolution, significant costs for acquiring licenses, suspension of the Rakuten Group's businesses, or the imposition of large amounts of damages, which could, in turn, affect the business activities, financial performance, and financial position of the Rakuten Group.

3) Risks Pertaining to Human Resources

The Rakuten Group requires human resources with specialized skills and diversity in each service segment. As the Rakuten Group expands its activities and develops their business internationally, it is necessary to continue the global recruitment and training of personnel and realize diversity. Furthermore, in light of Japan's declining birthrate, aging population, and declining working population, the Rakuten Group recognizes that they must continuously address issues such as recruitment activities responsive to changes in market needs, improvement of productivity, the retention of employed human resources, and the training of manager-class employees.

The Rakuten Group checks monthly personnel plans, diversifies recruitment channels and increases the number of recruiters while closely watching changes in those plans, and conducts recruitment activities accordingly. In addition, the Rakuten Group is seeking to strengthen human resource training and engagement mainly by implementing education and training activities tailored to the job ranking of employed human resources. In the training of manager-class employees, the Rakuten Group creates opportunities for the Group's manager class employees to share their opinions with each other at leadership summits, etc., thereby reinforcing Group-wide cooperation and leadership. Notwithstanding these measures, if the Rakuten Group is unable to proceed with employment as planned due to escalating competition for human resources among competitors, and if efforts to train human resources and develop work environments that enable various kinds of human resources to play active roles do not proceed smoothly, and thus there is an exodus of existing staff, there are possible risks of labor shortages and decreased labor productivity. In such cases, the business activities, financial performance, and financial position of the Rakuten Group could be affected.

In addition, Hiroshi Mikitani, the Chairman, President and Representative Director of the Company, founder of the Rakuten Group, has taken part in the Group's management as the CEO since the Company's foundation, and thus plays an important role. Therefore, if he were to unexpectedly resign or become incapable of performing his duties, the Rakuten Group could be affected. The Rakuten Group has set up an in-house company system, has assigned a company president for each company based on an authority table, has adopted an Executive Officer System, and thereby appropriately transfers the authority of business execution. The Rakuten Group also trains human resources who are capable of leading a wide range of the Group's business development globally, and reduces the risks that would arise in the event that Hiroshi Mikitani were to resign or become incapable of performing his duties. However, if these risks surface, the business activities, the financial performance, and financial position of the Rakuten Group could be affected.

4) Risks Related to Goodwill

The Rakuten Group recognizes goodwill in its Internet Services, FinTech, and Mobile segments. These assets are subject to an annual impairment test at a specific time each consolidated fiscal year, regardless of whether there are indicators of impairment. Additionally, we determine whether there are indications of impairment quarterly, and if there are indications of impairment, we estimate the recoverable amount of the assets of the cash-generating units. We use future cash flow forecasts and other methods to estimate the recoverable amount, and an impairment loss is recognized when the recoverable amount is lower than the carrying amount of an asset. If future cash flows are expected to decline due to changes in the business environment in the future, the financial performance and financial condition of the Rakuten Group could be affected.

(8) Risks Pertaining to Market Risks

1) Risks Pertaining to Interest Rate Fluctuations and Fluctuations in the Prices of Securities, Money Trusts, etc.

The Rakuten Group, Inc. and its subsidiaries, namely Rakuten Card Co., Ltd., Rakuten Bank, Ltd., Rakuten

Securities, Inc. and Rakuten Mobile, Inc. procure funds from banks, etc. necessary for the business activities, and the procurement of these funds for the business activities is exposed to the effects of interest rate fluctuations.

In addition, the Rakuten Group holds substantial amounts of financial products, including securities and money trusts. These securities, etc. are exposed to potential fluctuations in their prices mainly due to the trends of financial instrument markets. Although the Rakuten Group utilizes derivatives and diversified investments in order to reduce risks related to interest rate and price fluctuations with respect to certain borrowings and securities, there is no guarantee that the aforesaid risks will be reduced or completely avoided. As a result, fluctuations in interest rates and prices in the financial instrument markets could have an impact on the business, activities, financial performance, and financial position of the Rakuten Group.

2) Risks Pertaining to Exchange Rate Fluctuations

In foreign currency-denominated investments and the transactions in foreign currencies executed by the Rakuten Group, it is our policy to avoid exchange rate risks as much as possible, by utilizing derivative transactions, while closely observing economic trends. However, there is no guarantee that such risks can be completely avoided or reduced. In addition, it is difficult to completely eliminate the impact of foreign exchange, as the Rakuten Group translates items denominated in local currencies into Japanese yen for the business performance, assets and liabilities pertaining to foreign operations when preparing its Consolidated Financial Statements. As a result, the business activities, financial performance, and financial position of the Rakuten Group could be affected by movements in foreign exchange rates.

(9) Risks Relating to Finance and Funds

1) Risks Relating to Financing

Loan contracts and corporate bonds, etc. that the Rakuten Group has concluded with financial institutions, etc. may contain financial covenants and other pledge matters. If any of the covenants are violated due to a deterioration in the financial performance, financial position or credit rating of the Rakuten Group, financial institutions, etc. may require full repayment of existing debt or corporate bonds, increases in interest rates or commission rates, provision of collaterals under these clauses, as well as repayment of other debts. There is no guarantee that the Rakuten Group will be able to procure funds on favorable terms, and in a timely manner under certain circumstances, such as the downgrade of the Rakuten Group's credit rating by credit rating agencies as a result of deterioration in the Rakuten Group's credit status or deterioration in the lending terms, bond issuance terms, and other financing terms applicable to the Rakuten Group because of deterioration in the funding environment for financial institutions mainly caused by the situations of financial markets, as well as decline in stock prices of shares held, significant fluctuations in interest rates or exchange rates, the decrease of market liquidity of assets held, delays in obtaining necessary permits and approvals, changes in tax regulations, or contractual sale restrictions affecting the sale conditions of held assets. Such situations could have a limitation effect on the development of the Rakuten Group's services. The Rakuten Group engages in fundraising, among others, through the securitization of monetary receivables, such as credit card receivables from Rakuten Card Co., Ltd. and telecommunication receivables from Rakuten Mobile, Inc., as well as through the sale and leaseback of telecom equipment owned by Rakuten Mobile, Inc. However, if circumstances arise that make the continuation of these activities challenging or if transaction conditions worsen, the business activities, financial performance, and financial condition of the Rakuten Group may be affected.

In addition, corporate bonds issued by the Rakuten Group may have an optional early redemption date that can be redeemed early at the Group's discretion. It is the Rakuten Group's policy to conduct early redemption on the optional early redemption date to maintain a good relationship with the capital market. However, if for any reason the Rakuten Group decides not to make early redemption on the optional early redemption date, or if early redemption is restricted by any financial covenants, it may adversely affect the terms and conditions of future securities issuance, and the business activities, financial performance, and financial position of the Rakuten Group could be affected. Furthermore, the terms of the corporate bond issuances may include provisions that restrict dividends and share repurchases of common stock that exceed the dividend levels of comparable publicly listed companies, which could potentially affect dividend payments or share repurchases. Additionally, in the event that the Rakuten Group issues preferred shares and the dividend payment on the preferred shares is restricted for any reason, dividend payments on common shares may be affected.

The Rakuten Group will strive to minimize such risks by maintaining good business relationships with financial institutions, rating agencies and capital markets, dispersing procurement sources, and diversifying procurement methods. However, in the event that such risks may become apparent or instability in the financial markets, the business activities, financial performance, and financial position of the Rakuten Group could be affected.

2) Risks Relating to Deferred Tax Assets

The Rakuten Group and some of its subsidiaries currently recognize future tax benefits as deferred tax assets, in accordance with IFRS Accounting Standards. The Rakuten Group recognizes recoverable deferred tax assets in consideration of future taxable income and exercisable tax planning. However, if the Rakuten Group becomes unable to recover part or all of their deferred tax assets based on downward revisions on estimates of future taxable income, or due to tax reform or changes in accounting standards, the financial position and financial performance of the Rakuten Group would be affected by the consequent reduction in the value of said deferred tax assets.

(10) Risks Relating to Natural Disasters and Other Crisis Events

Natural disasters such as earthquakes, typhoons, and tsunamis, as well as pandemics, largescale accidents, terrorist attacks, riots, and other unanticipated crisis events could affect the business activities, financial performance, and financial position of the Rakuten Group.

In the event of these disasters and crisis, the economic activities of society as a whole may stagnate and the demand for services provided by the Rakuten Group may decrease significantly. Or contrarily, the need for such services may rapidly surge, depending on the nature of the disaster, and if it exceeds the Rakuten Group's operational handling capabilities, service operations could be delayed or temporarily suspended. In addition, the Group's sales and distribution bases, data centers, and other major bases may directly or indirectly incur damage caused by such disasters and crisis events. In such a case, due to physical and personal damage, the telecommunication networks, information systems, etc. may not operate normally, limiting the Group's business activities, and causing unavoidable suspension of services. In addition, for the purpose of ensuring the safety of officers and employees, the Rakuten Group could be compelled to change operating formats, for example, by restricting or suspending commuting. This may reduce business productivity and temporarily raise risks related to information security and privacy protection.

The Rakuten Group has formulated business continuity plans (BCP) in preparation of such disasters and crisis events, securing the safety of our officers and employees mainly through training and assuming to set up back-up systems for our information systems, and as such, seeks to minimize the impact of risks. However, if the scale of a disaster or crisis exceeds our assumptions, these risks may materialize and business continuity itself may become difficult or jeopardized. In such cases, the business activities, financial performance and financial position of the Rakuten Group could be affected.

(11) Risks Pertaining to Climate Change

Please refer to "2. Approach to Sustainability and Related Initiatives, 2. Material Topics, (3) Addressing Global Challenges (Climate Change)".

(12) Administrative Operation Risks

1) Risks Pertaining to Financial Reporting

In an effort to prepare highly reliable financial statements, the Rakuten Group designs their internal controls systems in relation to financial reporting and conducts assessments in accordance with internal control reporting requirements under the Financial Instruments and Exchange Act. However, should material defects occur, such as when the internal controls of the Rakuten Group fail to function properly or internal fraud cannot be prevented, the Group's social credibility could be damaged, users and business partners could withdraw, and the business activities, financial performance and financial position of the Rakuten Group could be affected.

2) Risks Pertaining to Business Efficiency

The Rakuten Group implements numerous measures to increase the accuracy and efficiency of work operations. In particular, the Rakuten Group is working on improvement activities that engage the participation of all employees, utilizing various information systems in conducting their businesses, implementing double-checking systems that enforce sufficient checks of operation details by employees other than those parties responsible for the operation, standardizing and documenting internal rules and administrative procedures, etc. However, there are certain operations for which specialized information systems have not been introduced and which are entrusted to manual handling, and defects in administrative procedure may occur due to misrecognition by company officers and employees, incorrectly performed operations and other factors. Furthermore, it is possible that as a result of an increase in administrative work and the expansion of new services in conjunction with the Rakuten Group's rapid expansion that sharing and transfer of required expertise for business execution would be inadequate. As a result, there may be increased defects in administrative procedures and lower productivity, which could hinder the stable provision of services and lead to economic losses and outflows of personal information, etc., and the business activities, financial performance, and financial position of the Rakuten Group could be affected.

(13) Risks Pertaining to Reputation

A wide range of news and information related to the Rakuten Group's businesses, officers and employees are spread across various news outlets, including social media. In the event that such publicity and information were based on incorrect information or speculation, it could possibly affect the perception or actions of users of the Rakuten Group's services and their investors, regardless of the accuracy of such publicity and information or involvement of the Rakuten Group.

In the event that unverified information arises that could have a serious influence on the Rakuten Group's stock price, the Group will immediately disclose its opinion about the unverified information according to an alert issued by the Tokyo Stock Exchange and disclose appropriate information to capital markets so that investors can evaluate the Rakuten Group's stock based on accurate information. At the same time, the Rakuten Group endeavors to appropriately share information through the corporate website. However, news reports and the further dissemination of unverified information could possibly damage the Rakuten Group's social credibility as a result, and thereby incur the withdrawal of users and business partners. In such cases, the business activities, financial performance, and financial position of the Rakuten Group could be adversely affected.

4 Business Segment-Specific Operation Risks

(1) Internet Services Segment

1) Marketplace Services

The fundamental format of internet shopping malls such as "Rakuten Ichiba", accommodation booking services such as "Rakuten Travel", and online point-back services such as "Rakuten Rebates" is to provide venues for trading.

The Rakuten Group is not party to trading contracts, and the rules for these marketplaces stipulate that the Rakuten Group will incur no liability in the event of disputes between sellers, service providers and purchasers, and that disputes must be settled between the parties. However, to ensure a sound venue for trading through our marketplace services, the Rakuten Group voluntarily strives to eliminate counterfeit goods or other goods that infringe on rights. Specifically, we clarify rules through guidelines for marketplace products, carry out product screening in advance, conduct regular monitoring, and have set up contact points for the reporting of issues from outside the company. However, if users of our marketplace services engage in activities that defame third parties or infringe their rights, including their intellectual property rights and privacy rights, or if they engage in illegal activities, such as fraud, the resulting liabilities could affect not only the parties responsible for the actions that caused the problem, but could also affect the Rakuten Group as the venue provider. The brand image of the Rakuten Group could also be damaged.

In recent years, platform business, including marketplace services, have made it easier to achieve network effects and leverage economies of scale. It has been pointed out that this creates an environment conducive to incidents of unfair business practices, including abuses of dominant bargaining positions, and other incidents that violate the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. As previously stated, the Rakuten Group provides sellers, service providers and purchasers with sound and reliable venues for trading and strive to maintain healthy relationships between them. As indicated in "3. General Business Operational Risks, (4) Risks Pertaining to Regulatory Systems, etc., 1) Risks Pertaining to Laws and Regulations and Compliance", the Rakuten Group considers compliance with related laws and regulations as an important corporate responsibility, have created a compliance management system, consult with lawyers and other experts as necessary, engage in discussions with supervisory agencies, and enforce strict legal and regulatory compliance. However, despite these efforts, the potential for violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade due to differences between the views of the Japan Fair Trade Commission and the Rakuten Group cannot be completely eliminated. If a cease and desist order, etc. is received from the Japan Fair Trade Commission as stipulated in the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, not only could this prevent the implementation of planned measures, but it would also have the potential to damage the Rakuten Group's social credibility and affect the business activities, financial performance, and financial position of the Rakuten Group.

The Rakuten Group strives to continue to provide a system that is convenient and reliable, and to provide marketplaces that are highly attractive to customers. If these efforts do not produce the results expected of them, the number of sellers and service providers could fall, and this may affect the Rakuten Group's business activities, financial performance, and financial position.

2) Direct Selling Services

The Rakuten Group has service categories that involve the direct selling of goods and services to general consumers, such as "Rakuten 24", "Rakuten Books", and "Rakuten Fashion". In these categories, the Rakuten Group is a party to sales contracts, and is therefore liable for the quality and content of goods and services. When selling goods or providing services, the Rakuten Group takes all possible steps to ensure compliance with related laws and regulations. However, if a defective product is sold or a defective service is provided, the Rakuten Group could become subject to actions by supervisory agencies. The Rakuten Group could also incur costs resulting from product recalls, liability for damages or other consequences. There could also be damage to trust among customers, leading to a decline in sales. This may affect the business activities, financial performance, and financial position of the Rakuten Group. In addition, although the Rakuten Group controls the purchasing and inventory of some products in accordance with demand forecasts created using data, if the anticipated demand does not appear or if product prices considerably decline due to technological innovation or competing products, a write-off of products accounted for as inventory may need to be recorded in the Rakuten Group's financial accounts. This may affect the business activities, financial performance, and financial position of the Rakuten Group.

3) Logistics Business

The Rakuten Group is focused on the improvement of delivery and shipping quality through measures including an expansion of the logistics agency service for clients, in order to further enhance the satisfaction of users and clients, who are sellers or service providers, of services such as "Rakuten Ichiba".

In the logistics business, the Rakuten Group faces the risk of intensified competition in the logistics service market, accompanied by severe price and service competition. Additionally, distribution center operations being interrupted by system failures, accidents within distribution centers, the outbreak of various infectious diseases within the logistics network, or natural disasters leading to distribution center shutdowns. The Rakuten Group has implemented measures to prevent system outages, implemented permanent measures for addressing the root causes of outages, established health and safety committees for ensuring safe operations within warehouses and during delivery, and created a risk management system that is prepared to handle natural disasters. However, if these measures prove insufficient, it may affect the business activities, financial performance, and financial position of the Rakuten Group. The Rakuten Group utilizes rental properties as facilities for expanding distribution centers and makes capital investments for equipment inside warehouses based on orders anticipated in the future. However, such expenditure could possibly become an upfront investment since it takes a certain period of time to build such facilities and start operations. In addition to that, if procurement costs for fuel and materials increase, or if labor costs rise due to a shortage of drivers and difficulty in securing personnel for logistics operations, or if revenue from logistics agency services falls below the forecast due to failure to achieve the initially anticipated order volume, and we are unable to make up for the upfront investment, the business activities, financial performance, and financial position of the Rakuten Group could be adversely affected. Furthermore, the disposal or amortization of said business assets in the case of transfer or discontinuation of such facilities may affect the business activities, financial performance, and financial position of the Rakuten Group.

4) Advertising Business

Net sales in digital advertising-related business account for a certain percentage of overall Group sales. However, since the advertising market tends to be particularly susceptible to the impact of economic trends, budget allocation by advertisers may be lowered if the economy weakens, which could affect the business. In addition, the digital advertising field is particularly competitive due to the emergence of diverse advertising methods made possible through advances in technology allowing for numerous new entrants into the field.

Various laws and regulations, as well as privacy-related restrictions and changes may be applied to the technical methods such as those used by advertising distribution platforms, and these may result in a need to make changes to methods of delivering advertisement that were conventionally possible, as well as the need to engage in further technical development. With regard to the business environment, while the Rakuten Group is taking various measures in order to respond to this competition and change in the environment, including greater use of advertising on their own proprietary platforms and the development of technologies in the digital advertising field, if these measures are not sufficient, the Rakuten Group's services could lose their competitiveness and it may affect their business activities, financial performance, and financial position.

5) Content-Related Business

a) Entertainment Content Services

The Rakuten Group provides entertainment content such as e-books, video streaming services, music streaming services and online ticket sales in the Internet Services segment. Due to the diverse nature of entertainment contents, fees such as minimum guarantee fees may be required from video licensors. If the revenue from the contents services falls below the costs of supply, or if the costs of acquiring usage rights exceed the forecast due to fluctuations in exchange rates when acquiring usage rights related to overseas contents, the revenue of this business segment may be adversely affected. When engaging in contract negotiations with licensors, etc., the Rakuten Group strives to use a revenue sharing model for licensor payments whenever possible, instead of minimum guarantee money. In addition, the Rakuten Group is using the "Rakuten Ecosystem" to engage in business that leverages synergy with the Group's mobile business through the easy access that the mobile handsets sold by Rakuten Mobile, Inc. provide to the entertainment content of the Rakuten Group, introduction of entertainment content services at sales counters, and implementation of various discount services. However, there is no guarantee that these measures will have the anticipated effects, and if they do not, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

b) Messaging Services

Our subsidiary Viber Media S.a.r.l. and its subsidiaries provide mobile messaging and VoIP services, advertising services, etc. accompanying them, that are widely deployed in Japan, as well as Europe and other regions overseas. They handle information such as communication contents in this service appropriately, in accordance with the related laws and regulations regarding protection of personal information in Japan and other countries where they operate. However, as described in "3. General Business Operational Risks, (1) Risks Pertaining to Information Security, (3) Risks Pertaining to Information System" above, there is a possibility that the availability of information systems or the confidentiality and integrity of the information cannot be ensured due to malfunctions in systems that provide services, the impact of malware, or criminal acts such as unauthorized access by outside parties. As described in "2. Risks Associated with Management Environment and Strategies (1) Macro-economic Risks", if the impact of geopolitical risks such as regional conflicts and political tensions escalate, policy changes and regulations in specific areas may cause the impact of restrictions on the use of services provided by the Rakuten Group and advertising regulations, and other factors, which may lead to a decline in revenue. For the purpose of avoiding or lowering the occurrence of these risks, the Rakuten Group will strengthen monitoring systems and take a variety of technological and physical measures. Furthermore, we will continue to follow the political climate and observe the impact on revenue etc. with the establishment of a task force. However, if these measures prove insufficient, it may affect the business activities, financial performance, and financial position of the Rakuten Group.

(2) FinTech Segment

1) Risks Shared by FinTech Segment

a) Regulatory Requirements

Rakuten Card Co., Ltd., Rakuten Bank, Ltd., Rakuten Securities, Inc., Rakuten Life Insurance Co., Ltd., Rakuten General Insurance Co., Ltd., Rakuten Payment, Inc., Rakuten Edy, Inc. and other companies of the Rakuten Group that offers finance-related services (hereinafter the "Group Financial Companies") are subject to and comply with the provisions of laws covering various industries, laws and regulations relating to financing activities, as well as the guidelines of supervisory agencies, and the rules imposed by autonomous regulatory bodies, such as financial instruments exchanges and industry organizations. If in the future, with respect to the permissions required to provide services, the Group Financial Companies are subject to license revocation or other actions for any reason, or if they are requested to suspend business operations, it may affect the business activities, financial performance, and financial position of the Rakuten Group. Furthermore, if the establishment and amendment of related laws and regulations make it easier for other companies to enter the market, or if the Rakuten Group's services become subject to stricter restrictions, the Group Financial Companies may need to incur unexpected additional costs or overhaul their business models in order to respond to intensified competition or stricter restrictions. If changes to or relaxation of laws and regulations have a favorable effect on the provision of said services, this could provide an additional boost to business operations, which could affect the business activities, financial performance, and financial position of the Rakuten Group.

Recently, financial crime has become more diverse and complex, and the threat of organized crime and terrorism has been increasing worldwide, and the international financial crime prevention system has been strengthened. The Japanese authorities and other national authorities are taking various measures for the Anti-Money Laundering/Combatting the Financing of Terrorism (AML/CFT), based on requests from the Financial Action Task Force (FATF) as well as other authorities, and the Rakuten Group is also subject to various regulations when conducting business in Japan and overseas. In order to comply with related laws, regulations, and rules, the Rakuten Group has established rules regarding the AML/CFT as the basic policy of the entire Group, and performs operations and management based on these rules. The Rakuten Group will continue to monitor international trends, including the 5th Mutual Evaluation Report of Japan, and will continuously promote efforts in this area. However, if the Rakuten Group fails to comply with related laws, regulations, and rules as a result of failure to effectively prevent money laundering or terrorist financing, or is found to be inadequately compliant with related laws and regulations, there is a risk of administrative sanctions, penalties, or restrictions on operations, which could affect the business activities, financial performance, and financial position of the Rakuten Group.

The Group Financial Companies have built a Group governance framework that ensures the soundness and appropriateness of operations based on the guidelines of supervisory agencies, by establishing basic internal control policies, risk management rules, and other internal regulations, as well as establishing internal control systems by referring to the internal controls related to financial reporting under the Financial Instruments and Exchange Act. However, if there are any defects in the Rakuten Group's governance system, for any reason, and administrative sanctions are issued by a regulatory agency, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

b) Market

The business operations of each of the Group Financial Companies are subject to risks involving fluctuations in the market value of assets and liabilities. The Group Financial Companies appropriately implement Asset and Liability Management (ALM), but if market trends or other factors result in large changes in interest rates, it may affect the business activities, financial performance, and financial position of the Rakuten Group.

The Group Financial Companies also possess loan claims for individuals and corporations, government bonds, corporate bonds and other bonds. If the economic conditions deteriorate and the credit situation of debtors or bond issuers deteriorates significantly, the credit status of the loan claims and held bonds could fall and default of the principal and interest could occur. Furthermore, the recording of allowance for the loan claims and falling market values for held bonds could adversely affect the business activities, financial performance, and financial position of the Rakuten Group. The derivative transactions the Rakuten Group enter to hedge market risks, such as interest rate swaps, currency swaps, foreign exchange forward contracts, and options, are exposed to the risk of counterparty risk (the risk of the counterparty declaring bankruptcy and being unable to pay as contractually stipulated). To counter these risks, the Group Financial Companies perform investigations as necessary of the credit situation of the loan claims and held bonds, as well as counterparties to derivative transactions, and strive to respond promptly. However, if the response is not sufficiently rapid and these risks materialize, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

For other market risks faced by all Group Companies, including the Group Financial Companies, please refer to "3. General Business Operational Risks, (8) Risks Pertaining to Market Risks".

2) Risks for Individual FinTech Segment

There are also risks specific to individual business operations by Group Financial Companies. Matters that are considered especially important for investors when making investment decisions are described below. These risks are not mutually independent. When a situation arises, it can result in the simultaneous manifestation of multiple risks.

a) Rakuten Card Co., Ltd.

Rakuten Card Co., Ltd. provides member shop contract services for credit card settlements, and interchange fees from member shops constitute the source of revenue in these services. It may experience a decline in profit ratio from interchange fees or an outflow of member shops due to intensifying competition, but Rakuten Card Co., Ltd. will continue to reduce costs through improvement of business operation and work to develop services that meet customer needs. However, if these efforts do not produce the expected results, it may result in a decrease in the number of member shops or a deterioration in the profit margin of the commission business, which may affect the business activities, financial performance, and financial position of the Rakuten Group.

Deteriorating economic conditions could cause a decline in the profitability of underwritten guarantees due to an increase in personal bankruptcies and the number of heavily indebted creditors, a downturn in consumer spending and demand for Rakuten Card Co., Ltd. services, and an increase in receivables for claim. To address these risks, Rakuten Card Co., Ltd. performs appropriate credit management, but if the deterioration of economic conditions exceeds our assumptions, it may affect the business activities, financial performance, and financial position of the Rakuten Group.

Furthermore, fraudulent use of credit cards is increasing every year due to the increase in transaction volume brought about by the growth of cashless payment methods including credit cards. Rakuten Card Co., Ltd. has strengthened its system to prevent fraudulent use by issuing newly designed cards with card information written on the back, implementation of an identity authentication service using SMS, and 24-hour monitoring. However, in the event of unauthorized use beyond expectations, it may have an effect on financial performance and financial position.

b) Rakuten Bank, Ltd.

Rakuten Bank, Ltd., is subject to oversight by the Financial Services Agency in accordance with the Banking Act, the Financial Instruments and Exchange Act, and other related laws and regulations. It is required by laws and regulations to maintain a certain equity ratio and pay close attention to ensure that it maintains a sound financial position and its equity ratio does not fall below the minimum equity ratio. However, if a decline in its financial position causes its equity ratio to fall below the stipulated equity ratio, it could be subject to administrative sanctions by the Financial Services Agency, including the total or partial suspension of business activities. Furthermore, it engages in foreign exchange margin contracts as a registered financial institution, and engages in business operations while taking care to comply with the Financial Instruments and Exchange Act, other related laws and regulations, and the regulations of the Financial Futures Association of Japan, and to never engage in prohibited behavior. However, if these efforts and measures are insufficient, this could cause administrative sanctions, loss of trust among customers and affect the business activities, financial performance, and financial position of the Rakuten Group.

In addition, Rakuten Bank, Ltd., provides internet banking services, and customers are able to make withdrawal of savings at ATMs from ordinary deposit accounts, close time deposits, and transfer or remit funds to other financial institutions, etc. 24 hours a day, 365 days a year (excluding system maintenance time). A deterioration of the economic climate or unforeseeable circumstances that harm the reputation of Rakuten Bank, Ltd. or the Rakuten Group could cause deposit outflows to occur more rapidly than for other financial institutions. To address this risk, Rakuten Bank, Ltd., performs regular monitoring to prevent incidents from occurring and swiftly detect if incidents do occur, and conducts internal auditing as internal control measures. However, if these measures fail to produce the anticipated benefits, the business activities, financial performance, and financial position of the Rakuten Group could be affected.

Rakuten Bank, Ltd., also secures appropriate revenue and manages marketing costs, but if the business climate becomes more competitive and this causes a decline in loan interest rates, an increase in deposit procurement costs, high marketing costs, or if the Bank of Japan unexpectedly changes its policy interest rate, it may affect the business activities, financial performance, and financial position of the Rakuten Group.

Rakuten Bank, Ltd. does not have its own ATM network, so if its relationship with the other financial institutions with which it has concluded ATM utilization agreements deteriorates, or if there is an outage in these services and related systems, this could adversely affect the business activities, financial performance, and financial position of the Rakuten Group.

c) Rakuten Securities, Inc. and Rakuten Wallet, Inc.

Rakuten Securities, Inc. is registered as a financial instruments business in accordance with the Financial Instruments and Exchange Act, and is subject to the provisions of the Financial Instruments and Exchange Act, its Enforcement Order, and other related laws and regulations. Rakuten Wallet, Inc. is registered as a crypto-asset exchange service provider under the Payment Services Act and as a financial instruments business in accordance with the Financial Instruments and Exchange Act, and is subject to the related laws and regulations, including the above acts and enforcement ordinances. Each company accordingly performs regular monitoring, implements internal control measures such as internal auditing, and complies with laws and regulations. In addition, it is required by laws and regulations to maintain a certain equity ratio and strives to maintain a sound financial position. However, if its efforts fail to produce the anticipated benefits and its equity ratio falls below the stipulated equity ratio, it could be subject to administrative sanctions by the Financial Services Agency, including the total or partial suspension of business activities.

In order to secure appropriate revenue, Rakuten Securities, Inc. and Rakuten Wallet, Inc. perform trend studies of competitors and strive to maintain their revenue level. However, if the competitive environment intensifies, it will be necessary for us to expand products and services that can serve as new sources of revenue. If these efforts do not produce the expected effects, it will be detrimental to the companies' profitability. In addition, if changes to the monetary policy of various countries trigger turmoil or stagnation of financial markets that cause deterioration of investor sentiment, the companies' commission earnings may decrease significantly, which may affect the business activities, financial performance, and financial position of the Rakuten Group.

Furthermore, each company is implementing measures such as requiring two-factor authentication as a countermeasure against the risk of cyber-attacks. However, if these efforts by companies do not deliver the expected results, there is a risk of asset loss due to unauthorized access or fraudulent transactions by third parties. If such risks materialize, it may affect our business, operating results, and financial condition.

d) Rakuten Life Insurance Co., Ltd. and Rakuten General Insurance Co., Ltd.

Rakuten Life Insurance Co., Ltd. and Rakuten General Insurance Co., Ltd. are subject to oversight by the Financial Services Agency in accordance with the Insurance Business Act and other related laws and regulations. The Insurance Business Act and other related laws and regulations, whose primary objective is the protection of policyholders, place restrictions on scopes of business and asset management methods and stipulate regulations concerning the accumulation of reserves and the maintaining of solvency margin ratios, etc. As an index to understand financial soundness more accurately, both companies have introduced the Economic value-based Solvency Ratio (ESR). They have created internal regulations, etc., defined risk tolerance with regard to solvency margin ratios, etc. and the ESR, and carry out monitoring and management, establishing a system capable of responding to situations as necessary. However, if administrative sanctions are issued by the Financial Services Agency because major discrepancies occur in business operation or asset management assumptions for any reason, resulting in a failure to properly maintain such ratios, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

Rakuten Life Insurance Co., Ltd., sells term insurance, health insurance, and other insurance products, while Rakuten General Insurance Co., Ltd., sells automobile insurance and fire insurance, etc. Their primary sources of revenue are insurance premiums paid by policyholders and earnings from the management of assets using such revenue as a source of funds. They carry out various measures aimed at increasing product sales and strive to improve their policy renewal rates. However, if factors such as declines in the economic climate cause the number of in-force contracts to decrease dramatically due to a lower number of new contracts and an unexpected increase in cancellations, this may affect the business activities, financial performance, and financial position of the Rakuten Group. With regard to asset management, Rakuten General Insurance Co., Ltd. and Rakuten Life Insurance Co., Ltd. strive to manage risk appropriately by managing monetary limits for risks based on risk tolerance. However, if the amount of price fluctuation for owned foreign and domestic securities, etc., exceeds our expectations, this may affect the business activities, financial performance, and financial position of the Rakuten Group.

In addition, Rakuten General Insurance Co., Ltd. and Rakuten Life Insurance Co., Ltd. utilize reinsurance and hold a catastrophe reserve, etc., in preparation for large-scale natural disasters or pandemics, but the business activities, financial performance, and financial position of the Rakuten Group may be affected if the frequency or scale of insurance claim payments exceeds forecasts.

e) Rakuten Payment, Inc. and Rakuten Edy, Inc.

Rakuten Payment, Inc. mainly provides mobile payment services, etc., and Rakuten Edy, Inc. provides prepaid type e-money services, etc. Rakuten Edy, Inc. is registered as an issuer of prepaid payment instruments and funds transfer service provider based on the Payment Services Act. They are subject to the related laws and regulations, including the above acts and enforcement ordinances. In particular, for prepaid payment, it is mandatory to secure a guarantee deposit of at least half the unused balance on reference date. In the case of fund transfer business, it is required to maintain a performance guarantee deposit of over 100% of funds in transit that are currently being held. We are implementing the preservation of customer assets in accordance with the contents stipulated by laws and guidelines for the preservation of customer assets. In addition, on March 19, 2025, Rakuten Edy, Inc. commenced offering “digital payment of wages” as a fund transfer operator designated by the Minister of Health, Labor and Welfare. This initiative enables the digital payment of wages, in accordance with the Labor Standards Act, to employees who opt for it, thereby creating new service opportunities. Concurrently, a high level of compliance with relevant laws and regulations and robust system management are required as a designated service provider handling employee wages. However, if the Company violates the relevant laws and regulations for any reason, administrative measures, including revocation of designation or the suspension of all or part of its business, may be imposed by relevant authorities such as the Financial Services Agency and the Ministry of Health, Labor and Welfare. Such measures could adversely affect the business activities, financial performance, and financial position of the Rakuten Group.

If the cashless payment service-related systems used by Rakuten Payment, Inc. and Rakuten Edy, Inc. suffer an outage or unauthorized access, it could harm the reputation of the Rakuten Group and the trust placed in their security, and could lead to the withdrawal of users and business partners. In addition, using cashless payments has gained recognition and frequent use in Japan, and has come to be acknowledged as part of the social infrastructure like credit cards, which commands even higher reliability. To prevent cashless payment system outages and unauthorized access, Rakuten Payment, Inc. and Rakuten Edy, Inc. strive to maintain system redundancies (creating backup systems) and enhance security, but if these measures fail to produce the anticipated benefits, the business activities, financial performance, and financial position of the Rakuten Group could be adversely affected.

(3) Mobile Segment

1) Mobile Business

a) Regulatory Requirements, etc.

The provision of the communications services by Rakuten Mobile, Inc. may be affected directly or indirectly by the revision or abolition of laws and regulations, security-related restrictions, business or investment licenses, etc., newly established policies, or by policy making, etc., relating to the telecommunications business in Japan and in countries in which Rakuten Mobile, Inc. plans to do business. Also, to ensure the efficient provision of telecommunications services, Rakuten Mobile, Inc. has concluded interconnection agreements providing for reciprocal connections between its telecommunications facilities and those of other telecommunications providers. Telecommunications carriers that own telecommunications facilities are, in principle, required to allow other providers to connect to those facilities. However, revisions to the Telecommunications Business Act, etc., could cause conditions to change in ways disadvantageous to this company, such as by the abolition or relaxation of this requirement, resulting in increased usage charges or interconnection charges.

The company collaborates with the Rakuten Group to keep close watch of trends in the revision and abolition of laws and regulations, or the establishment of new policies, etc., relating to the telecommunications businesses in Japan and in countries in which Rakuten Mobile, Inc. plans to do business. When appropriate, it consults in advance with lawyers, other outside experts, and authorities to acquire necessary information at an early stage and take appropriate measures such as promptly changing operation methods to conform to the relevant trends, and it monitors the implementation status of these measures. By implementing necessary measures in this way, it strives to reduce risks, but it is difficult to perfectly predict when said risks will materialize, and there is no guarantee that the risks can be completely avoided. Such revisions or abolitions of laws and regulations or establishment of new policies, etc. may restrict the provision of services by Rakuten Mobile, Inc. and may result in the incurring of unanticipated expenses. In addition, Rakuten Mobile, Inc. may be subject to administrative penalties, etc., from administrative authorities if it violates these laws and regulations, etc. In that case, the business activities, financial performance, and financial position of the Rakuten Group could be adversely affected through the decline of their credibility and restrictions on their business expansion.

Additionally, Rakuten Mobile, Inc. and the Rakuten Group are strengthening the internal management system, developing and promulgating internal rules, and implementing thorough education about compliance. In this way, the Rakuten Group is working to prevent serious violations of laws and regulations, and misconduct. However, it is impossible to completely eliminate compliance-related risks, including those arising not only within Rakuten Mobile, Inc. and the Rakuten Group, but also from clients. If Rakuten Mobile, Inc. and the Rakuten Group cannot deal with these risks, then administrative sanctions from administrative authorities and the occurrence of financial loss and damage may affect the business activities, financial performance, and financial position of Rakuten Mobile, Inc. and the Rakuten Group.

b) Competition with Other Business Operators, Market and Business Environment

In this business market, price competition is arising with other Mobile Network Operators (MNO) and Mobile Virtual Network Operators (MVNO) who have solid customer bases. Furthermore, with the advancing homogenization of services provided by the business operators, the business environment is changing substantially, with the expansion of telecommunications operators providing services in business domains other than telecommunications for the purposes of securing new revenues. In this business environment, Rakuten Mobile, Inc. provides users with communications services that leverage the low-cost and high-speed communications environments it produces by using its unique, innovative technologies to create virtual wireless networks. It uses the "Rakuten Ecosystem" of the Rakuten Group for easy access to other attractive services offered by the Rakuten Group in order to differentiate itself from competitors and acquire new users. However, if, despite promoting these measures, Rakuten Mobile, Inc. cannot leverage the advantages of the Rakuten Group and, conversely, competitors both leverage their own existing advantages and roll out low-cost communications services, etc., it may be difficult for Rakuten Mobile, Inc. to acquire new users and maintain existing users, and Rakuten Mobile, Inc. and the Rakuten Group may be unable to provide services and related products as expected.

Under these circumstances, if, despite the aforementioned measures, Rakuten Mobile, Inc. and the Rakuten Group are unable to successfully compete with other telecommunications business operators, the planned number of subscribers and customer unit price may not reach planned levels and impede revenue contribution as planned, and our business activities, financial performance, and financial position may be affected.

c) Facilities and Equipment

In order to expand and improve the quality of Mobile Network Operator (MNO) service by Rakuten Mobile, Inc., it carries out discussions with landowners in order to set up base stations as well as transmission and switching telecommunications facilities, which will link telecommunications lines owned by other telecommunications businesses, along with the procurement of telecommunications and network equipment, and mobile handsets required for the construction of the network. If these discussions, etc., do not progress as planned, Rakuten Mobile, Inc. and the Rakuten Group may not be able to expand services as planned, additional expenses may arise, and the sales of telecommunications equipment may decline, which may affect the business activities, financial performance, and financial position of Rakuten Mobile, Inc. and the Rakuten Group.

d) Stable Provision of Communications Services

Rakuten Mobile, Inc. recognizes its social mission of supplying communications, an element of social infrastructure, and strives to supply stable communications services. It has defined a basic policy on crisis management and formulated a business continuity plan (BCP) based on this policy. It engages in initial response in the event of a crisis and strives to continue core operations without interruption and swiftly restore normal operations, and has concluded agreements with local governments, building a collaborative system to prepare for large-scale disasters. At the same time, Rakuten Mobile, Inc. strives to improve network quality and security and implements countermeasures against external attacks. However, it is possible that telecommunications failures or other unforeseeable circumstances could occur due to external attacks such as cyberattacks significantly exceeding the forecasts of Rakuten Mobile, Inc., natural disasters, accidents, and the like. If these were to occur, Rakuten Mobile, Inc. could be forced to limit the services it provides or temporarily suspend service provision, which could adversely affect the business activities, financial performance, and financial position of the Rakuten Group.

On October 23, 2023, the company received certification from the Minister of Internal Affairs and Communications for the establishment plan for specified base stations to promote the spread of mobile communications systems in the 700MHz band called "Platinum Band". With this certification, the company commenced commercial services of mobile networks using the 700MHz band on June 27, 2024, and is deploying it sequentially.

In addition, Rakuten Mobile, Inc. aims to realize mobile communications using low-orbit satellites, and as soon as it has obtained an experimental test station preliminary license for communications tests and preliminary verification, and has been granted an experimental test station license, it will conduct mobile communications tests and preliminary verification using low orbit satellites in Japan. Going forward, we will keep striving to expand the Rakuten line area and improve communications quality so that our customers can use comfortable and highly convenient communications services no matter where they are. However, depending on the results of the preliminary verification, it may not be possible to provide the service according to the originally planned schedule, which may affect the business activities, financial performance, and financial position of Rakuten Mobile, Inc. and the Rakuten Group.

e) Third-Party Alliances

Rakuten Mobile, Inc. is expanding its base stations and telecommunications facilities for transmission and switching, and it also uses the lines of other telecommunications providers (roaming providers) to offer services (roaming services) to provide stable service. However, if, for some reason, the roaming providers with which Rakuten Mobile, Inc. has entered alliances raise line usage fees or terminate the alliances, or if the telecommunications facilities of roaming providers can no longer be used due to natural disasters, Rakuten Mobile, Inc. may be forced to change the services it provides, or these situations may result in service provision outages. Such situations may affect the business activities, financial performance, and financial position of the Rakuten Group.

f) Global Business

Through Rakuten Symphony, Inc., the Rakuten Group provides infrastructure and platform solutions for 4G and 5G to the global market. Under a long-term partnership with 1&1 AG (headquartered in Germany), the two companies will build Europe's first fully virtualized mobile network based on the innovative Open RAN technology. However, the business model of Rakuten Symphony, Inc. will take time to turn a profit, and the company is an organization that combines companies from multiple countries, so unexpected events such as the emergence of country risk may cause delay in the company's service development, and it may affect the business activities, financial performance, and financial position of the Rakuten Group.

Rakuten Symphony, Inc. aims to expand globally to serve government bodies, telecom operators, and enterprises, and strives to meet the expected product performance while controlling costs. However, if Rakuten Symphony, Inc. needs to change its development plans for reasons such as changes in technical or customer needs, and this increases the development workload, it could cause development delays. Failure to achieve service quality guaranteed to the customer may result in a claim for damages or legal disputes such as litigation on intellectual property. In addition, the need may arise to acquire a license for intellectual property rights from a third party. Due to these circumstances, if expenses are incurred at amounts higher than originally planned, it may affect the business activities, financial performance, and financial position of the Rakuten Group. In addition to business partnerships with strategic partners, Rakuten Symphony, Inc. is also considering accepting capital. If progress is not made as planned due to changes in the business environment, it may affect the business activities, financial performance, and financial position of Rakuten Symphony, Inc. and the Rakuten Group.

2) Energy Business

The electric power retailing business procures electricity from the wholesale electricity trading market, and it is therefore subject to the risk of electric power procurement price fluctuations.

To prepare for the possibility of power procurement price fluctuations in the wholesale power trading market, the electric power retailing business has concluded fixed rate power procurement contracts for some of the power it procures, and introduced a retail rate that is linked to the wholesale power trading price. However, there is no guarantee that the risk of electricity procurement price fluctuations can be completely avoided, and in the event that the power procurement prices rise due to fluctuations in electricity trading prices in the market, it may affect the business activities, financial performance, and financial position of the electric power retailing business and the Rakuten Group.

In addition, factors such as the capacity contribution system, regulatory revisions, market price volatility, and uncertainties in demand forecasting could materially affect the electric power retailing business. The electric power retailing business endeavors to mitigate these risks through continuous monitoring of regulatory developments, improvements in demand forecasting accuracy, and appropriate reviews of transaction terms. However, there is no guarantee that these risks can be completely avoided, and if price fluctuations cannot be sufficiently passed on to sales prices, it may affect the business activities, financial performance, and financial position of the electric power retailing business and the Rakuten Group.

4. Management Analysis of Consolidated Operating Results, Financial Position and Cash Flows

(1) Status of 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 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.

1) Operating Results for the fiscal year ended December 31, 2025 (Non-GAAP basis)

For the fiscal year ended December 31, 2025, the global economy showed signs of a gradual recovery, although some regions experienced stagnation. Looking ahead, it is necessary to pay attention to future U.S. policy trends and the impact of fluctuations in financial markets, among other factors. In the Japanese economy, there have been signs of recovery in personal consumption and capital investment, and looking ahead, improvements in employment and income conditions, and the effects of various policies are expected to support a moderate economic recovery.

According to the "White Paper on Information and Communications in Japan" (Note 1), 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. Moreover, 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, amid uncertainties about the future of the economy, such as continued inflation, and exchange rate movements, the Rakuten Group, with its diverse business portfolio, will maximize the synergies it can achieve as a strength, accurately capture 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, in order to further grow transaction value and revenue, we focused on acquiring new customers, nurturing loyal users, promoting cross-use primarily among mobile users, and releasing AI concierge services on "Rakuten Ichiba" and "Rakuten Travel" to support users in choosing optimal products and services. As a result of these efforts and our focus on improving profitability through cost optimization, the Rakuten Group achieved increased revenue and profit. In the FinTech segment, efforts to expand the customer base and transaction value in each service and promote cross-usage between services and with group services in other segments resulted in further growth in sales and improvement 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 online and offline, the total number of subscribers exceeded 10 million (Note 2) in December 2025, and segment revenue expanded. In addition, by maintaining cost levels at previous levels, segment losses have steadily decreased year-on-year.

As a result, the Rakuten Group recorded revenue of ¥2,496,575 million, up 9.5% year-on-year for the fiscal year ended December 31, 2025. Although the target of double-digit revenue growth was not achieved, revenue increased mainly in FinTech, and Non-GAAP operating income of ¥106,277 million, a 1,407.9% year-on-year increase.

(Note 1) Source: "2025 White Paper on Information and Communications in Japan" (Ministry of Internal Affairs and Communications)

(Note 2) The sum of MNO, including corporate BCP plans, MVNE, and MVNO

(Non-GAAP basis)

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY	% Change YoY
Revenue	2,279,233	2,496,575	217,342	9.5%
Non-GAAP Operating Income	7,048	106,277	99,229	1,407.9%

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

For the fiscal year ended December 31, 2025, amortization of intangible assets of ¥5,172 million and share-based compensation expenses of ¥15,645 million were excluded from the Non-GAAP operating income. One-off items listed for the fiscal year ended December 31, 2024 include a loss on disposal of intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business of ¥5,863 million, an impairment loss of ¥9,662 million due to a revision of the core system development plan in the general insurance business, incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million, a write-down loss due to a revision of contracts with certain agents and a revaluation of transactions recognized as assets from costs for contract acquisitions in the mobile business of ¥5,411 million, a loss on disposal of ¥1,891 million due to a business model shift focusing on advanced network software development in the Rakuten Symphony business, an impairment loss of ¥2,155 million due to changes in cash-generating units in the Rakuten Symphony business, an impairment loss of ¥1,667 million due to the re-evaluation of future revenue prospects in the Rakuten Farm business and overseas advertising business, impairment losses, etc., of ¥1,305 million due to restructuring in the Rakuten Ticket business, tax expenses of ¥4,151 million due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd., the provision of allowance for doubtful accounts of ¥4,386 million due to the risk of uncollectibility of receivables from the sale of overseas subsidiaries, expenses related to the resolution of litigation with International Business Machines Corporation, a remeasurement gain of ¥106,906 million due to changes in the accounting treatment of shares in AST SpaceMobile, Inc., and gains from the sale of shares of Min-Shu, Inc. of ¥1,613 million. Moreover, the write-down loss on assets etc. recognized from costs for contract acquisitions in the mobile business and tax expenses due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd are recorded in operating expenses, while other income and expenses are mainly recorded in other income and other expenses in the Consolidated Statement of Income. One-off items listed for the fiscal year ended December 31, 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 resulting from a change in the team's operational policy, payments of additional tax and delinquency charges, etc., including those for prior years, totaling ¥4,950 million, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to securitization of card receivables, a loss of ¥858 million for compensation of customer transactions due to unauthorized access in the securities business, an impairment loss, etc., of ¥27,909 million, in the fulfillment center-based online grocery delivery service, resulting from customer acquisition performance significantly falling below initial plans and the decision to withdraw from certain market areas, the reversal of allowance for doubtful accounts which was provided in the past of ¥2,258 million due to the collection of sales receivable from a sold overseas subsidiary, an impairment loss of ¥10,024 million in the logistics business due to delay in the pace of increase in future cargo volume at the leased warehouse and the decrease in storable cargo volume caused by the unexpected increase in the size of the products handled, an impairment loss of ¥20,497 million due to the unexpected time required to expand the business in the Open RAN business of "Rakuten Symphony", a gain from forgiveness of commission payment liability of ¥3,715 million, based on partial settlement with suppliers involved in fraudulent acts committed in collusion by former employees of a subsidiary and suppliers which came to light in the fiscal year ended December 31, 2022, an impairment loss of ¥1,254 million due to reassessment of future revenue projections in the overseas affiliate business, a provision for personnel expenses, etc. of ¥1,720 million for withdrawal from certain European business, and a provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary. Moreover, in the Consolidated Statement of Income, payments of additional tax and delinquency charges, etc., including those for prior years, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to securitization of card receivables are included in operating expenses, while other income and expenses are mainly recorded in other income and other expenses.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY
Non-GAAP Operating Income	7,048	106,277	99,229
Amortization of Intangible Assets	(6,821)	(5,172)	1,649
Share Based Compensation Expenses	(15,910)	(15,645)	265
One-off Items	68,658	(71,078)	(139,736)
IFRS Operating Income	52,975	14,382	(38,593)

3) Operating Results for the fiscal year ended December 31, 2025 (IFRS Accounting Standards basis)

For the fiscal year ended December 31, 2025, the Rakuten Group recorded revenue of ¥2,496,575 million, up 9.5% year-on-year, and an IFRS operating income of ¥14,382 million, a 72.9% year-on-year decrease, due to the impact of the remeasurement gain from changes in the accounting treatment of AST SpaceMobile, Inc. shares in the previous fiscal year, and other factors, and a net loss attributable to owners of the Company of ¥177,886 million, compared with a net loss of ¥162,442 million in the fiscal year ended December 31, 2024.

(IFRS Accounting Standards basis)

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY	% Change YoY
Revenue	2,279,233	2,496,575	217,342	9.5%
IFRS Operating Income	52,975	14,382	(38,593)	(72.9)%
Net Loss Attributable to Owners of the Company	(162,442)	(177,886)	(15,444)	—%

4) 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.

(Internet Services)

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

In the internet shopping mall "Rakuten Ichiba", we implemented various initiatives to improve customer convenience and satisfaction, including the development of AI-powered support tools for merchants. As a result, GMS and revenue grew, and coupled with improved marketing efficiency, this led to an increase in profit. In the internet travel reservation service "Rakuten Travel", transaction value increased due to rising inbound demand driven by the growth in foreign tourists visiting Japan and other factors.

In the international business unit, which operates overseas internet services, the e-book service "Rakuten Kobo" performed well with sales of color-compatible devices launched in 2024 in addition to an expansion of content sales. Additionally, the messaging service "Rakuten Viber" saw an increase in communication and advertising revenues, and other businesses also continued to grow steadily, contributing to an expansion in segment profit.

As a result, revenue for the Internet Services segment rose to ¥1,369,697 million, a 6.8% year-on-year increase, while segment profit stood at ¥88,943 million, a 4.5% year-on-year increase.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY	% Change YoY
Segment Revenue	1,282,087	1,369,697	87,610	6.8%
Segment Profit (Loss)				
Before Considering	96,940	103,485	6,545	6.8%
Mobile Ecosystem Contribution	(11,803)	(14,542)	(2,739)	—%
After Considering	85,137	88,943	3,806	4.5%

(FinTech)

In FinTech, revenue increased across all of the major domestic services of credit card-related, banking, securities, insurance and payment. In credit card-related services, both the customer base for "Rakuten Card" and shopping transaction value expanded. In banking services, the increase in assets under management 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. In securities services, revenue growth continued due to the ongoing expansion of the customer base and diversification of revenue sources, among other factors. In insurance services, leveraging sales channels tailored to product characteristics proved effective, resulting in expanded insurance premium income. In payment services, the increase in users of "Rakuten Pay" drove growth in transaction value, and efficient marketing initiatives contributed to significant revenue and profit growth.

As a result, the FinTech segment recorded ¥975,931 million in revenue, a 19.0% year-on-year increase, while segment profit stood at ¥199,922 million, a 30.3% year-on-year increase.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY	% Change YoY
Segment Revenue	820,419	975,931	155,512	19.0%
Segment Profit (Loss)				
Before Considering	167,994	219,402	51,408	30.6%
Mobile Ecosystem Contribution	(14,617)	(19,480)	(4,863)	—%
After Considering	153,377	199,922	46,545	30.3%

(Mobile)

In Mobile, revenues centered around "Rakuten Mobile" increased and losses were reduced. "Rakuten Mobile" focused on improving network quality and raising awareness, while also providing a new package "Rakuten SAIKYO U-NEXT", implementing marketing initiatives leveraging various services within the Rakuten Ecosystem, such as "Rakuten Ichiba" and "Rakuten Card" and aggressively promoted the acquisition of subscribers for corporate plans. As a result, the total number of subscribers as of December 2025 (the sum of MNO, including corporate BCP plans, MVNE, and MVNO) surpassed 10 million lines. ARPU (Average Revenue Per User) for B2C and B2B also increased compared to the previous fourth quarter, driven by higher data usage and increased adoption of optional services.

As a result, the Mobile segment recorded ¥482,838 million in revenue, a 9.6% year-on-year increase, while segment loss stood at ¥161,841 million compared to a loss of ¥208,933 million in the fiscal year ended December 31, 2024. Notably, the mobile business achieved EBITDA profitability in the current fiscal year.

Going forward, while continuing to focus on further improving network quality through capital investments, etc., work will also be done to expand device lineups and corporate solution services, further increasing subscribers and enhancing customer satisfaction.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025	Amount Change YoY	% Change YoY
Segment Revenue	440,698	482,838	42,140	9.6%
Segment Profit (Loss)				
Before Considering	(235,353)	(195,863)	39,490	—%
Mobile Ecosystem Contribution	26,420	34,022	7,602	28.8%
After Considering	(208,933)	(161,841)	47,092	—%

5) Production, Order and Sales Status

(Production Results)

As the Rakuten Group's primary business involves providing various internet-based services, and the Group does not engage in activities classified as production, no information regarding production results is presented.

(Order Results)

In the Mobile segment, the Rakuten Group provides Open RAN-based telecommunications infrastructure platform and services, and the order results are as follows. For other segments, as the primary business involves providing various internet-based services and make-to-order production is not engaged in, no information regarding order results is presented.

Name of business segments	Order amount (Millions of Yen)	Year-on-year (%)	Order backlogs (Millions of Yen)	Year-on-year (%)
Mobile	34,487	(16.2)	42,980	(44.8)

(Note)

Intercompany transactions with other segments are offset.

(Sales Results)

Segment sales results in the current fiscal year are as follows:

Name of business segments	Revenue (Millions of Yen)	Year-on-year (%)
Internet Services	1,369,697	6.8
FinTech	975,931	19.0
Mobile	482,838	9.6
Intercompany transactions, etc.	(331,891)	—
Total	2,496,575	9.5

(2) Management Analyses and Details of Examination of Operating Results, etc.

The content of Management Analyses and Details of Examination of Operating Results, etc. is as follows. All forward-looking statements herein are based on judgments by the Rakuten Group as of December 31, 2025.

1) Analysis of Operating Results

(Revenue)

The Rakuten Group, for the fiscal year ended December 31, 2025, achieved revenue of ¥2,496,575 million, an increase of ¥217,342 million (9.5%) from ¥2,279,233 million for the previous fiscal year. This increase in revenue was driven by the growth of domestic existing businesses represented by "Rakuten Ichiba" and "Rakuten Travel" and the growth of overseas businesses such as "Rakuten Kobo" and "Rakuten Viber" in the Internet Services segment, increases in commission income and other income in the FinTech segment owing to the expansion of the "Rakuten Card" customer base and Shopping GTV, continued growth in revolving balance and cash advance balance, alongside increased interest income due to the steady accumulation of assets under management and the rise in policy interest rates in banking services, increases in commission income and financial income due to the steady accumulation of deposited assets and the diversification of revenue sources in securities services, increases in commission income and other income due to the expansion of the "Rakuten Pay" customer base and GTV, an increase in communication fee revenue due to the expansion of the "Rakuten Mobile" customer base in the Mobile segment.

(Operating expenses)

Operating expenses for the fiscal year ended December 31, 2025, amounted to ¥2,399,167 million, an increase of ¥95,361 million (4.1%) from ¥2,303,806 million for the previous fiscal year. This was due to an increase in expenses associated with the expansion of credit card-related services and an increase in taxes and dues resulting from recording of consumption tax, etc., based on a correction notice in the FinTech segment, and an increase in sales promotion costs and product costs for sales terminals in the Mobile segment.

(Other income)

Other income for the fiscal year ended December 31, 2025, amounted to ¥19,005 million, a decrease of ¥106,779 million (84.9%) from ¥125,784 million for the previous fiscal year. This was due to recording a remeasurement gain of ¥106,906 million due to changes in the accounting treatment of shares in AST SpaceMobile, Inc. in the previous fiscal year, among other factors.

(Other expenses)

Other expenses for the fiscal year ended December 31, 2025, amounted to ¥102,031 million, an increase of ¥53,795 million (111.5%) from ¥48,236 million for the previous fiscal year. This increase was due to recording an impairment loss, etc., of ¥27,909 million, in the fulfillment center-based online grocery delivery service, resulting from customer acquisition performance significantly falling below initial plans and the decision to withdraw from certain market areas, an impairment loss of ¥10,024 million in the logistics business due to delay in the pace of increase in future cargo volume at the leased warehouse and the decrease in storable cargo volume caused by the unexpected increase in the size of the products handled, an impairment loss of ¥20,497 million due to the unexpected time required to expand the business in the Open RAN business of "Rakuten Symphony", among other factors.

(Operating income)

Operating income was recorded for the fiscal year ended December 31, 2025, of ¥14,382 million, a decrease of ¥38,593 million (72.9%) from ¥52,975 million for the previous fiscal year. This was due to robust performance and increased revenue in the Internet Services, FinTech, and Mobile segments, the implementation of cost reduction strategies across the company, while the remeasurement gain from changes in the accounting treatment of AST SpaceMobile, Inc. shares was recorded in the previous fiscal year, among other factors.

(Share of income (losses) of investments in associates and joint ventures)

Share of losses of investments in associates and joint ventures for the fiscal year ended December 31, 2025, amounted to ¥7,886 million, compared to a share of losses of investments in associates and joint ventures of ¥9,032 million for the previous fiscal year. This was due to a decrease in investment losses in AST SpaceMobile, Inc., among other factors.

(Loss before income tax)

The loss before income tax for the fiscal year ended December 31, 2025, amounted to ¥29,550 million, compared to an income before income tax of ¥16,277 million for the previous fiscal year. This was due to a decrease in income caused by the factors described under operating income.

(Income tax expenses)

Income tax expenses for the fiscal year ended December 31, 2025, amounted to ¥93,663 million, compared to an income tax expense of ¥145,762 million for the previous fiscal year. This was due to an increase of the taxable income resulting from the strong performance of Rakuten Card Co., Ltd., Rakuten Bank, Ltd., and Rakuten Securities, Inc., which have withdrawn from the tax consolidation system, while the consideration of the uncertainty of future income due to the budget shortfall in other consolidated groups led to the reversal of deferred tax assets in the previous fiscal year, among other factors.

(Net loss)

As a result of the above, a net loss for the fiscal year ended December 31, 2025 amounted to ¥123,213 million, compared to a net loss of ¥129,485 million for the previous fiscal year.

(Net loss attributable to owners of the Company)

As a result of the above, a net loss attributable to owners of the Company for the fiscal year ended December 31, 2025, amounted to ¥177,886 million, compared to a net loss attributable to owners of the Company of ¥162,442 million for the previous fiscal year.

2) Analysis of Financial Position

(Assets)

Total assets as of December 31, 2025 amounted to ¥28,804,400 million, an increase of ¥2,289,672 million from ¥26,514,728 million at the end of the previous fiscal year. The primary factors were an increase of ¥823,187 million in financial assets for securities business, an increase of ¥809,669 million in loans for banking business, and an increase of ¥636,878 million in investment securities for banking business.

(Liabilities)

Total liabilities as of December 31, 2025 amounted to ¥27,450,168 million, an increase of ¥2,173,954 million from ¥25,276,214 million at the end of the previous fiscal year. The primary factors were an increase of ¥1,429,320 million in deposits for banking business, and an increase of ¥515,717 million in financial liabilities for securities business.

(Equity)

Total equity as of December 31, 2025 was ¥1,354,232 million, an increase of ¥115,718 million from ¥1,238,514 million at the end of the previous fiscal year. The primary factors were a decrease of ¥211,441 million in retained earnings due mainly to the recording of ¥177,886 million in net loss attributable to owners of the Company for the fiscal year ended December 31, 2025, offset by an increase of ¥179,102 million in other components of equity due to changes in equity instruments measured at fair value through other comprehensive income, an increase of ¥80,944 million in other equity instruments due to the issuance, etc., of unsecured undated bonds with interest payment deferral and optional redemption clauses (with special subordination clauses applicable in liquidation bankruptcy proceedings), and an increase of ¥51,184 million in non-controlling interests.

3) Cash Flows

Cash and cash equivalents as of December 31, 2025 stood at ¥5,837,566 million, a decrease of ¥333,322 million from the end of the previous fiscal year. Cash flow conditions and their main factors for the fiscal year ended December 31, 2025 are as follows:

(Net cash flows from operating activities)

Net cash flows from operating activities for the fiscal year ended December 31, 2025 resulted in a cash inflow of ¥424,093 million (compared with a cash inflow of ¥1,190,882 million for the previous fiscal year). Main factors included a cash outflow of ¥823,128 million due to an increase in financial assets for securities business, a cash outflow of ¥805,188 million due to an increase in loans for banking business, and a cash outflow of ¥165,086 million due to an increase in loans for credit card business, offset by a cash inflow of ¥1,420,349 million due to an increase in deposits for banking business, a cash inflow of ¥515,744 million due to an increase in financial liabilities for securities business, and depreciation and amortization of ¥320,472 million.

(Net cash flows from investing activities)

Cash flows from investing activities for the fiscal year ended December 31, 2025 resulted in a cash outflow of ¥779,809 million (compared with a cash outflow of ¥921,724 million for the previous fiscal year). Main factors included a net cash outflow of ¥634,579 million due to purchases and sales, etc. of investment securities for banking business (a cash outflow of ¥1,930,882 million due to purchases and a cash inflow of ¥1,296,303 million from sales and redemption), and a cash outflow of ¥140,299 million due to purchases of intangible assets.

(Net cash flows from financing activities)

Cash flows from financing activities for the fiscal year ended December 31, 2025 resulted in a cash inflow of ¥14,134 million (compared with a cash inflow of ¥757,469 million for the previous fiscal year). Main factors included a cash outflow of ¥476,172 million due to redemption of bonds, offset by a cash inflow of ¥199,158 million due to a net increase in short-term borrowings for banking business, a cash inflow of ¥182,144 million due to proceeds from long-term borrowings for credit card business, and a cash inflow of ¥159,175 million due to proceeds from issuance of bonds for credit card business.

4) Recognition and Presentation of Revenues

For recognition and presentation of revenues, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 2. Material Accounting Policies, (15) Revenue".

5) Recoverability of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, and all carryforwards of unused tax losses and tax credits, to the extent that it is probable that there will be sufficient taxable income in the future. The Group Companies believe that their estimates for assessing the recoverability of deferred tax assets are reasonable and that recognized deferred tax assets are recoverable. However, as these estimates contain uncertainties beyond the Group Companies' control, if unforeseeable changes occur in the assumptions that precipitate changes to the estimates relating to the assessment of recoverability, the Group Companies may reduce the deferred tax assets in the future.

6) Financial Assets Measured at Fair Value

For the financial assets measured at fair value, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 48. Fair Value of Financial Instruments".

(3) Asset Sources and Liquidity of Funds

1) Basic Policy on Financial Management

The Company's basic policy on financial management is to ensure stable and diverse means of procuring funds to meet funding needs in order to enable the realization of sustainable growth for the Rakuten Group, and to ensure sufficient liquidity in order to maintain the financial soundness of subsidiaries engaged in the finance business.

In principle, subsidiaries belonging to the FinTech segment, which require management independence, and subsidiaries excluding Rakuten Mobile, Inc. that procure leases from external financial institutions, do not procure funds from banks or other external financial institutions. Instead, the Company raises funds, improves the efficiency of the Rakuten Group's funds, and ensures liquidity through the use of cash management services within the Rakuten Group.

In addition, the Company's basic policy is to use funds obtained from cash flows from operating activities and short-term borrowings including commercial papers to procure increased operating funds, etc., in the continuously growing Internet Services segment. As for the appropriation of funds for capital expenditures in the Mobile segment, which is in the investment phase, please refer to "3) Future Funding Procurement Needs and Funding Procurement Forecast" below.

As to a case that requires new capital expenditure including any investment, members, including external experts, of the Investment Committee preliminarily deliberate on whether the case should be proceeded or not. The result of such deliberation shall be reported to the Board of Directors. In addition, cases exceeding a certain amount are required to be approved by the Board of Directors. Furthermore, post-investment monitoring is conducted on an ongoing basis, and the portfolio is flexibly reviewed as necessary. Through these efforts, the Company aims to achieve Group-wide risk management and optimal allocation of management resources.

Based on the above, specific funding procurement methods and the timing of funding procurement are determined in light of factors including cash flows and liquidity on hand, based on the business plan for the Rakuten Group as a whole. For risks related to funding procurement, please refer to "II. Business Overview, 3. Business Risk and Other Risk Factors, 3 General Business Operational Risks, (9) Risks Relating to Finance and Funds, 1) Risks Relating to Financing".

2) Current Status

As of December 31, 2025, the Rakuten Group has a total of ¥5,569,622 million in bonds and borrowings, an increase of ¥107,909 million from the previous fiscal year. Of these, short-term bonds and borrowings increased by ¥351,289 million to ¥810,267 million from the previous fiscal year, consisting of short-term borrowings of ¥641,967 million and commercial papers of ¥168,300 million.

Furthermore, the Company's long- and short-term credit ratings as of December 31, 2025, were A-/J-1, from the Japan Credit Rating Agency (JCR), BBB+/a-2 from Rating and Investment Information (R&I), and BB (long-term) from S&P Global Ratings.

3) Future Funding Procurement Needs and Funding Procurement Forecast

The Company's subsidiary Rakuten Mobile, Inc. received approval for a "plan to set up specified base stations to promote the spread of the fourth-generation mobile communication system" in April 2018, and for a "plan to set up specified base stations for the introduction of a fifth-generation mobile communication system" in April 2019. Rakuten Mobile, Inc. has fully launched 4G services in April 2020, and 5G services in September 2020. In addition, in April 2021, we received approval for a "plan to set up specified base stations to promote the spread of the fifth-generation mobile communication system", and the amount of capital investment in the approved plan is expected to be approximately ¥118,600 million by the end of March 2029. Furthermore, in October 2023, we received approval for a "special base station deployment plan for the expansion of mobile communications systems in the 700 MHz frequency spectrum", and the amount of capital investment in the approved plan is expected to be approximately ¥54,400 million by the end of fiscal year 2033. Regarding the amount of capital investment, in order to improve communication quality by increasing the density of base stations and to accommodate the expected increase in the number of users and data usage going forward, we are installing more base stations than originally planned, and the cumulative amount of capital investment in base stations is increasing accordingly.

Plans for procurement of these necessary funds in the mobile business include investment from the Company to Rakuten Mobile, Inc., and leasing and securitization financing, etc., in Rakuten Mobile, Inc. As for the investments and financing provided so far, the investment was mainly funded by ¥182,000 million (of this amount, ¥75,000 million was redeemed by purchase in July 2021 and ¥68,000 million was redeemed by purchase in February 2025) procured through unsecured subordinated bonds with deferred interest clause and early redemption clause (with subordination agreement) issued in December 2018, ¥120,000 million (of this amount, ¥33,200 million was redeemed by purchase in February 2025) procured through unsecured subordinated bonds with deferred interest clause and early redemption clause (with subordination agreement) issued in November 2020, ¥242,347 million raised from the issuance of new shares through a third-party allotment and disposal of treasury stock in March 2021, $1,750 million and €1,000 million raised from USD and EUR-denominated non-call permanent subordinated bonds issued in April 2021, ¥300,000 million procured through unsecured bonds issued in December 2021 (of this amount, ¥55,800 million was redeemed by purchase in April 2024), ¥150,000 million procured through unsecured bonds issued in June 2022, $500 million raised through dollar-denominated unsecured bonds issued in November 2022 (of this amount, $150 million was redeemed by purchase in February 2024), $450 million raised through dollar-denominated unsecured bonds issued in January 2023 (all of this amount was redeemed by purchase in February 2024), ¥250,000 million procured through unsecured bonds issued in February 2023, and ¥296,010 million of the funds raised from the issuance of new shares through public offering and third-party allotment in May 2023, ¥30,000 million procured through unsecured bonds (Sustainability Bond) issued in July 2025, used in whole or in part. Capital investment of Rakuten Mobile, Inc. for the fiscal year ending December 31, 2026, is planned to be over ¥200,000 million.

However, going forward, there is a possibility that the Company may be required to make further investments in Rakuten Mobile, Inc., due to accelerated capital investments in 5G services, etc. In such cases, the Company will consider the most appropriate means of fund procurement, taking into account the "1) Basic Policy on Financial Management" above.

(4) Factors Having a Serious Impact on Business Results

For factors that have a serious impact on business results, please refer to "II. Business Overview, 3. Business

Risk and Other Risk Factors".

(5) Significant Accounting Estimates and the Assumptions Used in Such Estimates

The Rakuten Group's Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards. For the significant accounting estimates and the assumptions used in such estimates applied for the preparation of the Consolidated Financial Statements, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 3. Significant Accounting Estimates and Judgments".

5. Material Agreements, etc.

Material Agreements, etc. in the current fiscal year are as follows:
In relation to "agreements between companies and shareholders regarding the disposition or additional acquisition of shares held by shareholders", concluded prior to April 1, 2024, disclosure has been omitted pursuant to Article 3, Paragraph 4 of the Supplementary Provisions of the "Cabinet Office Ordinance Partially Amending the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. and the Cabinet Office Ordinance on Disclosure of Contents, etc. of Specified Securities".

(1) Issuance of Corporate Bonds

On July 29, 2025, the Company issued the 23rd unsecured bond (Sustainability bond) and the 24th unsecured bond (Sustainability bond), respectively. For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 24. Bonds and Borrowings".

(2) Issuance of Corporate Bonds

On August 4, 2025, the Company issued the 25th unsecured bond. For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 24. Bonds and Borrowings".

(3) Issuance of unsecured subordinated bonds with an interest deferred clause

On October 23, 2025, the Company issued the 1st unsecured undated bond with interest payment deferral and optional redemption clauses (with special subordination clauses applicable in liquidation bankruptcy proceedings). For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, 35. Equity".

6. Research and Development Activities

Research and development activities of the Rakuten Group are carried out separately from each business segment with the purpose of contributing to the development operations of the Company and the Rakuten Group. In February 2014, a research base was established in Paris, France, in July 2015 in Singapore and Boston, the United States, in April 2018 in San Mateo, the United States, and in December 2018 in Bengaluru, India, complementing our existing facilities in Japan, to expand our research system. We explore research themes focused on three areas, namely AI-related technologies, user interaction and AR/VR/MR, and mobile communication system-related technologies and IoT technologies, based on our corporate vision on the future direction of internet development, with the details given below. As the Rakuten Group's research and development activities primarily cover internet-related basic technologies and mobile communication system-related technologies, which are difficult to classify into specific segments, segment-specific details are not provided. The total expense of research and development for the fiscal year ended December 31, 2025 was ¥21,885 million.

1) AI-related Technologies

In the area of AI-related technologies, we develop advanced technologies to automatically analyse the abundant amount of text data and multi-media data that the Rakuten Group possesses, as well as technologies for optimizing recommender systems, advertisement, and searching systems. We also aim to develop platforms based on technologies that can be horizontally deployed across our commerce, finance, mobile, medical care, and other businesses.

2) User Interaction and AR/VR/MR

We develop user interaction technologies that enable a rich content experience and are compatible with various devices and sensors in line with changes in users' technical environments, in order to enhance the overall service level of the Company and the Rakuten Group. This area also includes the latest user interaction technologies, such as AR/VR/MR.

3) Mobile Communication System-related Technologies and IoT Technologies

We are engaged in the research and development of 5G-related technologies, technologies related to the advancement of next-generation virtualized wireless access networks and automation of network operations, and an IoT technology platform.

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

Capital expenditure in the fiscal year ended December 31, 2025 was ¥287,303 million. This was mainly due to increases in capital investment at Rakuten Mobile, Inc. for the purpose of establishing new base stations and network equipment regarding "4G" and "5G" and right-of-use assets.

2. Situation of Major Equipment

(1) Company filing Financial Reports

As of December 31, 2025

Business Place (Location)	Name of segments	Details of major facilities	Book value (Millions of Yen)						Number of employees (Persons)
			Buildings and accompanying facilities	Furniture, fixtures and equipment	Right-of-use assets	Software	Other	Total	
Head Office (Setagaya-ku,Tokyo)	-	Facilities involved with all operations	1,180	2,558	48,835	11,351	23,020	86,944	11,048

(Note)
Number of employees represents the number of persons engaged.

(2) Domestic Subsidiaries

As of December 31, 2025

Name of company	Location	Name of segments	Details of major facilities	Book value (Millions of Yen)							Number of employees (Persons)
				Furniture, fixtures and equipment	Machinery and facilities	Right-of-use assets	Software	Construction in progress	Other	Total	
Rakuten Mobile, Inc.	Setagaya-ku, Tokyo	Mobile	Facilities involved with all operations	40	3,712	—	49,214	—	105,474	158,440	754
Rakuten Mobile, Inc.	Base station network center in Japan	Mobile	Base stations, network equipment, etc.	37,283	448,513	175,013	7,189	106,000	65,383	839,381	262

(Note)
Number of employees represents the number of persons engaged.

(3) Overseas Subsidiaries

As of December 31, 2025

Name of companies	Location	Name of segments	Details of major facilities	Book value (Millions of Yen)						Number of employees (Persons)
				Buildings and accompanying facilities	Furniture, fixtures and equipment	Right-of-use assets	Land (m^2)	Software	Total	
Rakuten USA, Inc.	U.S.	Internet Services	Facilities involved with all operations	17,493	126	12	5,626 (19,287)	35	23,292	303

(Note)
Number of employees represents the number of persons engaged.

3. Plans for Establishment, Disposals, etc. of Facilities

(1) Establishment etc. of Major Facilities

As of December 31, 2025

Name of companies	Location	Name of segments	Details of major facilities	Expected investment amount	Method of procuring funds	Start date	Expected Completion date
				Total amount			
Rakuten Mobile, Inc.	Setagaya-ku, Tokyo	Mobile	Base stations, network equipment, etc. regarding "4G" and "5G"	Over ¥200 billion	Private funds, loans, issuance of bonds, issuance of new shares, etc.	January 2026	December 2026

(Note)
Expected investment amount excludes right-of-use assets and capitalization for specified base station opening fees.

(2) Disposals etc. of Major Facilities

Not applicable.

IV. Information on the Company Submitting Financial Reports

1. Information on the Company's Shares

(1) Total Number of Shares, etc.

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	3,941,800,000
Series 1 Bond-type Class Shares	75,000,000
Series 2 Bond-type Class Shares	75,000,000
Series 3 Bond-type Class Shares	75,000,000
Series 4 Bond-type Class Shares	75,000,000
Series 5 Bond-type Class Shares	75,000,000
Total	3,941,800,000

(Note)
In the "Total number of shares authorized to be issued" column for each type of stock, the total number of shares authorized to be issued for each class as stipulated in the Articles of Incorporation is listed. In the "Total" column, the total number of shares authorized to be issued as stipulated in the Articles of Incorporation is listed.

2) Total Number of Shares Issued

Class	As of the end of the current fiscal year (shares) (December 31, 2025)	As of the submission date (shares) (March 26, 2026)	Stock exchange on which the Company is listed	Description
Common stock	2,169,972,100	2,172,124,300	Tokyo Stock Exchange Prime Market	One unit of stock constitutes 100 common stocks.
Total	2,169,972,100	2,172,124,300	—	—

(Note)
The number of shares issued as of the submission date of this Annual Securities Report does not include shares issued due to the exercise of share acquisition rights between March 1, 2026 and said submission date.

(2) Status of Share Acquisition Rights

1) Share Option Program Details

Share Acquisition Rights issued pursuant to the Companies Act are as follows:

1), 2) Resolution at 18th General Shareholders' Meeting (March 27, 2015)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 27, 2015 (January 23, 2016)	March 27, 2015 (February 18, 2016)
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 6,680	Directors and employees of the Company, and employees of the Company's subsidiaries 108
Number of Share Acquisition Rights (Rights)*	7,977 [－] (Note 1)	2,741 [－] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (Shares)*	Common stock 797,700 [－] (Note 1)	Common stock 274,100 [－] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2017 to January 30, 2026 B. From February 1, 2018 to January 30, 2026	A. From March 1, 2017 to February 27, 2026 B. From March 1, 2018 to February 27, 2026

	C. From February 1, 2019 to January 30, 2026 D. From February 1, 2020 to January 30, 2026	C. From March 1, 2019 to February 27, 2026 D. From March 1, 2020 to February 27, 2026
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,290 Amount to be included in capital: ¥645 B. Issue price:¥1,286 Amount to be included in capital: ¥643 C. Issue price: ¥1,282 Amount to be included in capital: ¥641 D. Issue price: ¥1,277 Amount to be included in capital: ¥639 (Note 4)	A. Issue price: ¥1,069 Amount to be included in capital: ¥535 B. Issue price: ¥1,065 Amount to be included in capital: ¥533 C. Issue price: ¥1,060 Amount to be included in capital: ¥530 D. Issue price: ¥1,056 Amount to be included in capital: ¥528 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

* Abovementioned items are based on Information as of the end of the current fiscal year (December 31, 2025). For the items that changed between the end of the current fiscal year and the end of the month prior to the date of submission (February 28, 2026), information as of the end of the month prior to the date of submission are stated within square brackets. Other items have not changed since the end of the current fiscal year.

(Notes)

1. Class and number of shares to be issued upon exercise of Share Acquisition Rights
   If the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same shall apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such Share Acquisition Rights shall be adjusted according to the following formula; provided that such adjustment shall be made only to those remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

$$\text{Number of issued shares after adjustment} = \text{Number of issued shares before adjustment} \times \text{Ratio of split or consolidation}$$

   In addition, if the Company carries out a merger, a company split, share exchange, share transfer, etc. that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, and share transfer.
2. Value of the assets to be contributed upon exercise of Share Acquisition Rights
   The value shall be ¥1 per Share Acquisition Right.
3. Conditions for exercise of Share Acquisition Rights
   1) Those who received the allotment of the issue of Share Acquisition Rights (hereinafter "Holders of Share Acquisition Rights") shall remain Directors, Executive Officers, Audit & Supervisory Board Members or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights, provided however that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.
   2) Share Acquisition Rights shall not be inherited, provided however that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.
   3) Share Acquisition Rights shall not be offered for pledge or disposed of in any other way.
   4) Those who received the allotment of issue of Share Acquisition Rights Displayed in the Exercise period of Share Acquisition Rights may exercise all or a part of the Share Acquisition Rights. Details of A through D described in the exercise period are as follows:
      i) The entire allotment of Share Acquisition Rights may not be exercised prior to the date on which one year has passed from the Date of Issuance.
      ii) 15% of the allotment of Share Acquisition Rights may be exercised from the date on which one year has passed from the Date of Issuance to the date prior to the date on which two years have passed from the Date of Issuance (if a fraction less than one unit arises in the number of exercisable Share Acquisition Rights, such fraction will be discarded).

iii) 35% of the allotment of Share Acquisition Rights (if a portion of the allotment of Share Acquisition Rights had been exercised prior to the date on which two years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion shall be 35%) may be exercised from the date on which two years have passed from the Date of Issuance to the date prior to the date on which three years have passed from the Date of Issuance (if a fraction less than one unit arises in the number of exercisable Share Acquisition Rights, such fraction will be discarded).

iv) 65% of the allotment of Share Acquisition Rights (if a portion of the allotment of Share Acquisition Rights had been exercised prior to the date on which three years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion will be 65%) may be exercised from the date on which three years have passed from the Date of Issuance to the date prior to the date on which four years have passed from the Date of Issuance (if a fraction less than one unit arises in the number of exercisable Share Acquisition Rights, such fraction will be discarded).

v) The entire allotment of Share Acquisition Rights may be exercised from the date on which four years have passed from the Date of Issuance to the date on which ten years have passed from the Date of Issuance.

5) The Holders of Share Acquisition Rights have duties to pay all taxes and contributions (including but not limited to income tax, social security contributions, pensions, and employment insurance premiums, whether imposed in Japan or not) specified by laws and regulations in relation to Share Acquisition Rights and shares. In cases where the Company and its subsidiaries and affiliates is obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc. will be able to levy tax from Holders of Share Acquisition Rights by the methods listed below.

i) Receipt by cash

ii) Appropriation of shares owned by the Holders of Share Acquisition Rights

iii) Deduction from salaries, bonuses, etc. of the Holders of Share Acquisition Rights

iv) Other methods specified by the Company

4. Matters concerning an increase in capital stock and capital reserve by issuance of shares (including transfer of treasury stocks instead of issuance; hereinafter the same shall apply) upon exercise of Share Acquisition Rights

1) Amount of increase in capital stock by issuing shares upon exercise of Share Acquisition Rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

2) Amount of increase in capital reserve by issuing shares upon exercise of Share Acquisition Rights shall be the upper limit of capital stock increase as described in 1) above less the amount of increase in capital stock set out therein.

5. Reasons and conditions for the acquisition of Share Acquisition Rights

1) In case that the proposal of any merger agreement under which the Company is dissolved, or any absorption-type company split (kyushu-bunkatsu) agreement or incorporation-type company split (shinsetsu-bunkatsu) plan in which the Company will be a splitting company, or any share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary of another company is approved at a General Shareholders' Meeting, the Company may acquire Share Acquisition Rights at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

2) In case that Holders of Share Acquisition Rights cease to accommodate the conditions of 3 1) before exercising Share Acquisition Rights, the Company may acquire such Share Acquisition Rights at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

6. Restriction on Transfer

Transfer of Share Acquisition Rights requires approval by the Board of Directors of the Succeeding Company.

7. Treatment of Share Acquisition Rights in the event of organizational restructuring

In the event the Company merges (limited to cases where the Company becomes a dissolving company), performs an absorption-type company split or an incorporation-type company split, or conducts a share exchange or a share transfer (hereinafter collectively "Organizational Restructuring"), Share Acquisition Rights of a corporation described in Article 236, Paragraph 1, Items (viii) (a) through (e) of the Companies Act (hereinafter "Restructured Company") will be delivered under the following conditions to Holders of Share Acquisition Rights remaining unexercised (hereinafter "Remaining Share Acquisition Rights") at the time when Organizational Restructuring takes effect. In this case, the Remaining Share Acquisition Rights will lapse and the Restructured Company will issue new Share Acquisition Rights. However, the foregoing will apply only to cases in which the delivery of Share Acquisition Rights of the Restructured Company according to the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement, or the share transfer plan.

1) Number of Share Acquisition Rights of the Restructured Company to be delivered

The Restructured Company shall deliver Share Acquisition Rights, the number of which will equal the number of Share Acquisition Rights held by the holder of the Remaining Share Acquisition Rights.

2) Class of shares of the Restructured Company to be issued upon the exercise of Share Acquisition Rights

Shares of common stock of the Restructured Company

3) Number of shares of the Restructured Company to be issued upon the exercise of Share Acquisition Rights

To be decided according to 1 above and Total number of Share Acquisition Rights after taking into consideration the conditions, etc. of the Organizational Restructuring.

4) Value of the assets to be contributed upon the exercise of Share Acquisition Rights
The value of the assets to be contributed upon the exercise of each Share Acquisition Rights will be decided according to 2 above after taking into consideration the conditions, etc. of the Organizational Restructuring.

5) Exercise period of Share Acquisition Rights
Starting from the later of either the first date of the exercise period of Share Acquisition Rights as stipulated or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of Share Acquisition Rights.

6) Matters concerning increase in capital stock and capital reserve to be increased by the issuing of shares by the Restructured Company upon the exercise of Share Acquisition Rights
To be determined in accordance with 4 above.

7) Restriction on acquisition of Share Acquisition Rights by transfer
Acquisition of Share Acquisition Rights by transfer will be subject to the approval of the Board of Directors of the Restructured Company (or by the majority decision of Directors if such company is not a company with a Board of Directors).

8) Reasons and conditions for the acquisition of Share Acquisition Rights
To be determined in accordance with 5 above.

8. Rules pertaining to fractions of less than one share arising from the exercise of Share Acquisition Rights
Fractions of less than one share in the number of shares to be delivered to holders of Share Acquisition Rights who exercised Share Acquisition Rights shall be discarded.

3), 4) Resolution at 19th General Shareholders' Meeting (March 30, 2016)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2016 (April 28, 2016)	March 30, 2016 (July 22, 2016)
Classification and number of persons received (persons)	Directors and employees of the Company's subsidiaries 272	Directors and employees of the Company, and Directors and employees of the Company's subsidiaries 6,973
Number of Share Acquisition Rights (Rights)*	4,080 [4,080] (Note 1)	11,418 [11,304] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (Shares)*	Common stock 408,000 [408,000] (Note 1)	Common stock 1,141,800 [1,130,400] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2017 to May 1, 2026 B. From May 1, 2018 to May 1, 2026 C. From May 1, 2019 to May 1, 2026 D. From May 1, 2020 to May 1, 2026	A. From August 1, 2017 to July 31, 2026 B. From August 1, 2018 to July 31, 2026 C. From August 1, 2019 to July 31, 2026 D. From August 1, 2020 to July 31, 2026
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,216 Amount to be included in capital: ¥608 B. Issue price: ¥1,212 Amount to be included in capital: ¥606 C. Issue price: ¥1,207 Amount to be included in capital: ¥604 D. Issue price: ¥1,203 Amount to be included in capital: ¥602 (Note 4)	A. Issue price: ¥1,184 Amount to be included in capital: ¥592 B. Issue price: ¥1,180 Amount to be included in capital: ¥590 C. Issue price: ¥1,176 Amount to be included in capital: ¥588 D. Issue price: ¥1,171 Amount to be included in capital: ¥586 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

5), 6) Resolution at 19th General Shareholders' Meeting (March 30, 2016)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2016 (August 4, 2016)	March 30, 2016 (October 28, 2016)
Classification and number of persons received (persons)	Audit & Supervisory Board Members of the Company's subsidiaries 3	Employees of the Company's subsidiaries 390
Number of Share Acquisition Rights (Share Acquisition Rights)*	9 [9] (Note 1)	2,943 [2,943] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 900 [900] (Note 1)	Common stock 294,300 [294,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	From March 31, 2020 to March 29, 2026	A. From November 1, 2017 to October 30, 2026 B. From November 1, 2018 to October 30, 2026 C. From November 1, 2019 to October 30, 2026 D. From November 1, 2020 to October 30, 2026
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	Issue price: ¥1,316 Amount to be included in capital: ¥658 (Note 4)	A. Issue price: ¥1,214 Amount to be included in capital: ¥607 B. Issue price: ¥1,210 Amount to be included in capital: ¥605 C. Issue price: ¥1,206 Amount to be included in capital: ¥603 D. Issue price: ¥1,201 Amount to be included in capital: ¥601 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 9)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Notes 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9. Conditions for Exercise of Share Acquisition Rights

1)-3) Same as Note 3 1)-3) of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015. 4) Same as Note 3 5) of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

7), 8) Resolution at 19th General Shareholders' Meeting (March 30, 2016)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2016 (January 21, 2017)	March 30, 2016 (January 21, 2017)
Classification and number of persons received (persons)	Audit & Supervisory Board Members of the Company's subsidiaries 3	Employees of the Company, and Directors and employees of the Company's subsidiaries 6,996
Number of Share Acquisition Rights (Share Acquisition Rights)*	8 [8] (Note 1)	9,450 [9,353] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 800 [800] (Note 1)	Common stock 945,000 [935,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	From March 31, 2020 to March 29, 2026	A. From February 1, 2018 to February 1, 2027 B. From February 1, 2019 to February 1, 2027 C. From February 1, 2020 to February 1, 2027 D. From February 1, 2021 to February 1, 2027
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	Issue price: ¥1,092 Amount to be included in capital: ¥546 (Note 4)	A. Issue price: ¥1,101 Amount to be included in capital: ¥551 B. Issue price: ¥1,097 Amount to be included in capital: ¥549 C. Issue price: ¥1,093 Amount to be included in capital: ¥547 D. Issue price: ¥1,088 Amount to be included in capital: ¥544 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 9)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Notes 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9. Same as Note 9 of the Share Acquisition Rights of 3) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9), 10) Resolution at 19th General Shareholders' Meeting (March 30, 2016)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2016 (January 21, 2017)	March 30, 2016 (February 20, 2017)
Classification and number of persons received (persons)	Employees of the Company and employees of the Company's subsidiaries 299	Outside Directors and Audit & Supervisory Board Members of the Company 9
Number of Share Acquisition Rights (Share Acquisition Rights)*	1,203 [1,203] (Note 1)	36 [36] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 120,300 [120,300] (Note 1)	Common stock 3,600 [3,600] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2018 to March 1, 2027 B. From March 1, 2019 to March 1, 2027 C. From March 1, 2020 to March 1, 2027 D. From March 1, 2021 to March 1, 2027	From March 31, 2020 to March 29, 2026
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,114 Amount to be included in capital: ¥557 B. Issue price: ¥1,110 Amount to be included in capital: ¥555 C. Issue price: ¥1,106 Amount to be included in capital: ¥553 D. Issue price: ¥1,101 Amount to be included in capital: ¥551 (Note 4)	Issue price: ¥1,105 Amount to be included in capital: ¥553 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Notes 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9. Same as Note 9 of the Share Acquisition Rights of 3) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

11) Resolution at 19th General Shareholders' Meeting (March 30, 2016)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2016 (February 20, 2017)
Classification and number of persons received (persons)	Directors and employees of the Company, and Directors and employees of the Company's subsidiaries 244
Number of Share Acquisition Rights (Share Acquisition Rights)*	3,905 [3,905] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 390,500 [390,500] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2018 to March 1, 2027 B. From March 1, 2019 to March 1, 2027 C. From March 1, 2020 to March 1, 2027 D. From March 1, 2021 to March 1, 2027
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,114 Amount to be included in capital: ¥557 B. Issue price: ¥1,110 Amount to be included in capital: ¥555 C. Issue price: ¥1,106 Amount to be included in capital: ¥553 D. Issue price: ¥1,101 Amount to be included in capital: ¥551 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

12), 13) Resolution at 20th General Shareholders' Meeting (March 30, 2017)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2017 (April 24, 2017)	March 30, 2017 (July 28, 2017)
Classification and number of persons received (persons)	Directors and employees of the Company's subsidiaries 442	Employees of the Company, and Directors and employees of the Company's subsidiaries 7,378
Number of Share Acquisition Rights (Share Acquisition Rights)*	7,139 [7,139] (Note 1)	13,865 [13,783] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 713,900 [713,900] (Note 1)	Common stock 1,386,500 [1,378,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2018 to April 30, 2027 B. From May 1, 2019 to April 30, 2027 C. From May 1, 2020 to April 30, 2027 D. From May 1, 2021 to April 30, 2027	A. From August 1, 2018 to July 30, 2027 B. From August 1, 2019 to July 30, 2027 C. From August 1, 2020 to July 30, 2027 D. From August 1, 2021 to July 30, 2027
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,128 Amount to be included in capital: ¥564 B. Issue price: ¥1,124 Amount to be included in capital: ¥562 C. Issue price: ¥1,120 Amount to be included in capital: ¥560 D. Issue price: ¥1,115 Amount to be included in capital: ¥558 (Note 4)	A. Issue price: ¥1,345 Amount to be included in capital: ¥673 B. Issue price: ¥1,341 Amount to be included in capital: ¥671 C. Issue price: ¥1,336 Amount to be included in capital: ¥668 D. Issue price: ¥1,332 Amount to be included in capital: ¥666 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

14), 15) Resolution at 20th General Shareholders' Meeting (March 30, 2017)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2017 (October 24, 2017)	March 30, 2017 (December 14, 2017)
Classification and number of persons received (persons)	Directors and employees of the Company's subsidiaries 510	Employees of the Company's subsidiaries 272
Number of Share Acquisition Rights (Share Acquisition Rights)*	5,583 [5,583] (Note 1)	272 [271] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 558,300 [558,300] (Note 1)	Common stock 27,200 [27,100] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From November 1, 2018 to November 1, 2027 B. From November 1, 2019 to November 1, 2027 C. From November 1, 2020 to November 1, 2027 D. From November 1, 2021 to November 1, 2027	A. From January 1, 2019 to December 29, 2027 B. From January 1, 2020 to December 29, 2027 C. From January 1, 2021 to December 29, 2027 D. From January 1, 2022 to December 29, 2027
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,188 Amount to be included in capital: ¥594 B. Issue price: ¥1,184 Amount to be included in capital: ¥592 C. Issue price: ¥1,179 Amount to be included in capital: ¥590 D. Issue price: ¥1,175 Amount to be included in capital: ¥588 (Note 4)	A. Issue price: ¥1,027 Amount to be included in capital: ¥514 B. Issue price: ¥1,023 Amount to be included in capital: ¥512 C. Issue price: ¥1,019 Amount to be included in capital: ¥510 D. Issue price: ¥1,014 Amount to be included in capital: ¥507 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

16), 17) Resolution at 20th General Shareholders' Meeting (March 30, 2017)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2017 (January 18, 2018)	March 30, 2017 (January 18, 2018)
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 7,318	Employees of the Company's subsidiaries 317
Number of Share Acquisition Rights (Share Acquisition Rights)*	11,475 [11,344] (Note 1)	1,436 [1,432] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 1,147,500 [1,134,400] (Note 1)	Common stock 143,600 [143,200] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2019 to February 1, 2028 B. From February 1, 2020 to February 1, 2028 C. From February 1, 2021 to February 1, 2028 D. From February 1, 2022 to February 1, 2028	A. From March 1, 2019 to March 1, 2028 B. From March 1, 2020 to March 1, 2028 C. From March 1, 2021 to March 1, 2028 D. From March 1, 2022 to March 1, 2028
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥981 Amount to be included in capital: ¥491 B. Issue price: ¥977 Amount to be included in capital: ¥489 C. Issue price: ¥972 Amount to be included in capital: ¥486 D. Issue price: ¥968 Amount to be included in capital: ¥484 (Note 4)	A. Issue price: ¥948 Amount to be included in capital: ¥474 B. Issue price: ¥943 Amount to be included in capital: ¥472 C. Issue price: ¥939 Amount to be included in capital: ¥470 D. Issue price: ¥935 Amount to be included in capital: ¥468 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

18), 19) Resolution at 20th General Shareholders' Meeting (March 30, 2017)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 30, 2017 (February 19, 2018)	March 30, 2017 (February 19, 2018)
Classification and number of persons received (persons)	Outside Directors and Audit & Supervisory Board Members of the Company 9	Directors and employees of the Company, and Directors and employees of the Company's subsidiaries 117
Number of Share Acquisition Rights (Share Acquisition Rights)*	63 [63] (Note 1)	3,969 [3,948] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 6,300 [6,300] (Note 1)	Common stock 396,900 [394,800] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	From March 31, 2021 to March 29, 2027	A. From March 1, 2019 to March 1, 2028 B. From March 1, 2020 to March 1, 2028 C. From March 1, 2021 to March 1, 2028 D. From March 1, 2022 to March 1, 2028
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	Issue price: ¥939 Amount to be included in capital: ¥470 (Note 4)	A. Issue price: ¥948 Amount to be included in capital: ¥474 B. Issue price: ¥943 Amount to be included in capital: ¥472 C. Issue price: ¥939 Amount to be included in capital: ¥470 D. Issue price: ¥935 Amount to be included in capital: ¥468 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 9)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Notes 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9. Same as Note 9 of the Share Acquisition Rights of 3) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

20), 21) Resolution at 21st General Shareholders' Meeting (March 29, 2018)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 29, 2018 (April 27, 2018)	March 29, 2018 (July 27, 2018)
Classification and number of persons received (persons)	Directors of the Company, and Directors and employees of the Company's subsidiaries 1,264	Directors and employees of the Company's subsidiaries 7,503
Number of Share Acquisition Rights (Share Acquisition Rights)*	14,298 [14,297] (Note 1)	30,946 [30,714] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 1,429,800 [1,429,700] (Note 1)	Common stock 3,094,600 [3,071,400] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2019 to May 1, 2028 B. From May 1, 2020 to May 1, 2028 C. From May 1, 2021 to May 1, 2028 D. From May 1, 2022 to May 1, 2028	A. From August 1, 2019 to August 1, 2028 B. From August 1, 2020 to August 1, 2028 C. From August 1, 2021 to August 1, 2028 D. From August 1, 2022 to August 1, 2028
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥795 Amount to be included in capital: ¥398 B. Issue price: ¥790 Amount to be included in capital: ¥395 C. Issue price: ¥786 Amount to be included in capital: ¥393 D. Issue price: ¥782 Amount to be included in capital: ¥391 (Note 4)	A. Issue price: ¥777 Amount to be included in capital: ¥389 B. Issue price: ¥773 Amount to be included in capital: ¥387 C. Issue price: ¥768 Amount to be included in capital: ¥384 D. Issue price: ¥764 Amount to be included in capital: ¥382 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

22), 23) Resolution at 21st General Shareholders' Meeting (March 29, 2018)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 29, 2018 (October 26, 2018)	March 29, 2018 (January 18, 2019)
Classification and number of persons received (persons)	Directors and employees of the Company's subsidiaries 219	Employees of the Company, and Directors and employees of the Company's subsidiaries 8,417
Number of Share Acquisition Rights (Share Acquisition Rights)*	3,059 [3,059] (Note 1)	23,608 [23,331] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 305,900 [305,900] (Note 1)	Common stock 2,360,800 [2,333,100] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From November 1, 2019 to November 1, 2028 B. From November 1, 2020 to November 1, 2028 C. From November 1, 2021 to November 1, 2028 D. From November 1, 2022 to November 1, 2028	A. From February 1, 2020 to February 1, 2029 B. From February 1, 2021 to February 1, 2029 C. From February 1, 2022 to February 1, 2029 D. From February 1, 2023 to February 1, 2029
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥783 Amount to be included in capital: ¥392 B. Issue price: ¥778 Amount to be included in capital: ¥389 C. Issue price: ¥774 Amount to be included in capital: ¥387 D. Issue price: ¥769 Amount to be included in capital: ¥385 (Note 4)	A. Issue price: ¥798 Amount to be included in capital: ¥399 B. Issue price: ¥793 Amount to be included in capital: ¥397 C. Issue price: ¥789 Amount to be included in capital: ¥395 D. Issue price: ¥784 Amount to be included in capital: ¥392 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

24), 25) Resolution at 21st General Shareholders' Meeting (March 29, 2018)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 29, 2018 (January 18, 2019)	March 29, 2018 (February 22, 2019)
Classification and number of persons received (persons)	Employees of the Company's subsidiaries 321	Employees of the Company, and Directors and employees of the Company's subsidiaries 20
Number of Share Acquisition Rights (Share Acquisition Rights)*	1,960 [1,949] (Note 1)	398 [398] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 196,000 [194,900] (Note 1)	Common stock 39,800 [39,800] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2020 to March 1, 2029 B. From March 1, 2021 to March 1, 2029 C. From March 1, 2022 to March 1, 2029 D. From March 1, 2023 to March 1, 2029	A. From March 1, 2020 to March 1, 2029 B. From March 1, 2021 to March 1, 2029 C. From March 1, 2022 to March 1, 2029 D. From March 1, 2023 to March 1, 2029
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥880 Amount to be included in capital: ¥440 B. Issue price: ¥875 Amount to be included in capital: ¥438 C. Issue price: ¥871 Amount to be included in capital: ¥436 D. Issue price: ¥866 Amount to be included in capital: ¥433 (Note 4)	A. Issue price: ¥880 Amount to be included in capital: ¥440 B. Issue price: ¥875 Amount to be included in capital: ¥438 C. Issue price: ¥871 Amount to be included in capital: ¥436 D. Issue price: ¥866 Amount to be included in capital: ¥433 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1.-8. Same as Note 1-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

26), 27) Resolution at 22nd General Shareholders' Meeting (March 28, 2019)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 28, 2019 (April 26, 2019)	March 28, 2019 (April 26, 2019)
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 1,501	Directors of the Company who serve concurrently as Executive Officers of the Company and Executive Officers of the Company 55
Number of Share Acquisition Rights (Share Acquisition Rights)*	22,917 [22,901] (Note 1)	7,036 [7,036] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 2,291,700 [2,290,100] (Note 1)	Common stock 703,600 [703,600] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2020 to May 1, 2029 B. From May 1, 2021 to May 1, 2029 C. From May 1, 2022 to May 1, 2029 D. From May 1, 2023 to May 1, 2029	From November 1, 2019 to May 1, 2059 The Company may change the schedule during which holders of Share Acquisition Rights can exercise the Share Acquisition Rights.
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,195 Amount to be included in capital: ¥598 B. Issue price: ¥1,191 Amount to be included in capital: ¥596 C. Issue price: ¥1,187 Amount to be included in capital: ¥594 D. Issue price: ¥1,182 Amount to be included in capital: ¥591 (Note 4)	Issue price: ¥1,175 Amount to be included in capital: ¥588 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Conditions for exercise of Share Acquisition Rights

1) Holders of Share Acquisition Rights remain Directors, Executive Officers, Audit & Supervisory Board Members or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances or in the event where the Holders of Share Acquisition Rights have made applications for the exercise of Share Acquisition Rights in accordance with the procedures prescribed by the Company by the date of retirement (or by the application date immediately following the date of retirement if it is recognized that there are justifiable grounds for not being able to make the application by the date of retirement).

2)-5) Same as Notes 3 2)-5) of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

9. Conditions for exercise of Share Acquisition Rights

1) Holders of Share Acquisition Rights shall exercise such rights within ten days from the date following the date on which they retire as Directors, Executive Officers, Audit & Supervisory Board Members and employees of the company or its subsidiaries and affiliates.

2)-4) Same as Notes 3 2)-4) of the Share Acquisition Rights of 3) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

28), 29) Resolution at 22nd General Shareholders' Meeting (March 28, 2019)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 28, 2019 (July 26, 2019)	March 28, 2019 (October 25, 2019)
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 8,284	Employees of the Company's subsidiaries 1,029
Number of Share Acquisition Rights (Share Acquisition Rights)*	9,707 [9,547] (Note 1)	15,689 [15,450] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 970,700 [954,700] (Note 1)	Common stock 1,568,900 [1,545,000] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2020 to August 1, 2029 B. From August 1, 2021 to August 1, 2029 C. From August 1, 2022 to August 1, 2029 D. From August 1, 2023 to August 1, 2029	A. From November 1, 2020 to November 1, 2029 B. From November 1, 2021 to November 1, 2029 C. From November 1, 2022 to November 1, 2029 D. From November 1, 2023 to November 1, 2029
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,118 Amount to be included in capital: ¥559 B. Issue price: ¥1,114 Amount to be included in capital: ¥557 C. Issue price: ¥1,110 Amount to be included in capital: ¥555 D. Issue price: ¥1,105 Amount to be included in capital: ¥553 (Note 4)	A. Issue price: ¥1,019 Amount to be included in capital: ¥510 B. Issue price: ¥1,015 Amount to be included in capital: ¥508 C. Issue price: ¥1,011 Amount to be included in capital: ¥506 D. Issue price: ¥1,006 Amount to be included in capital: ¥503 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)
1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.
3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

30), 31) Resolution at 22nd General Shareholders' Meeting (March 28, 2019)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 28, 2019 (January 31, 2020)	March 28, 2019 (February 28, 2020)
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 10,081	Employees of the Company and employees of the Company's subsidiaries 50
Number of Share Acquisition Rights (Share Acquisition Rights)*	16,466 [16,205] (Note 1)	968 [963] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 1,646,600 [1,620,500] (Note 1)	Common stock 96,800 [96,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2021 to February 1, 2030 B. From February 1, 2022 to February 1, 2030 C. From February 1, 2023 to February 1, 2030 D. From February 1, 2024 to February 1, 2030	A. From March 1, 2021 to March 1, 2030 B. From March 1, 2022 to March 1, 2030 C. From March 1, 2023 to March 1, 2030 D. From March 1, 2024 to March 1, 2030
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥851 Amount to be included in capital: ¥426 B. Issue price: ¥847 Amount to be included in capital: ¥424 C. Issue price: ¥843 Amount to be included in capital: ¥422 D. Issue price: ¥838 Amount to be included in capital: ¥419 (Note 4)	A. Issue price: ¥898 Amount to be included in capital: ¥449 B. Issue price: ¥894 Amount to be included in capital: ¥447 C. Issue price: ¥890 Amount to be included in capital: ¥445 D. Issue price: ¥885 Amount to be included in capital: ¥443 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

32) Resolution at 22nd General Shareholders' Meeting (March 28, 2019)

Date of resolution at General Shareholders' Meeting (Date of resolution at Meeting of the Board of Directors)	March 28, 2019 (February 28, 2020)
Classification and number of persons received (persons)	Executive Officers of the Company 54
Number of Share Acquisition Rights (Share Acquisition Rights)*	5,022 [5,022] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 502,200 [502,200] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	From March 1, 2020 to March 1, 2060
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	Issue price: ¥878 Amount to be included in capital: ¥439 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)
1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.
3. Same as Note 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

33), 34) Resolution at Meeting of the Board of Directors (April 16, 2020)

Date of resolution at Meeting of the Board of Directors	April 16, 2020	April 16, 2020
Classification and number of persons received (persons)	Employees of the Company and employees of the Company's subsidiaries 2,012	Directors of the Company who serve concurrently as Executive Officers of the Company and Executive Officers of the Company 9
Number of Share Acquisition Rights (Share Acquisition Rights)*	30,161 [29,980] (Note 1)	1,702 [1,702] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 3,016,100 [2,998,000] (Note 1)	Common stock 170,200 [170,200] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2021 to May 1, 2030 B. From May 1, 2022 to May 1, 2030 C. From May 1, 2023 to May 1, 2030 D. From May 1, 2024 to May 1, 2030	From May 1, 2020 to May 1, 2060
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥909 Amount to be included in capital: ¥455 B. Issue price: ¥905 Amount to be included in capital: ¥453 C. Issue price: ¥901 Amount to be included in capital: ¥451 D. Issue price: ¥896 Amount to be included in capital: ¥448 (Note 4)	Issue price: ¥889 Amount to be included in capital: ¥445 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

35) Resolution at Meeting of the Board of Directors (July 16, 2020),

36) Resolution at Meeting of the Board of Directors (October 7, 2020)

Date of resolution at Meeting of the Board of Directors	July 16, 2020	October 7, 2020
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 10,804	Employees of the Company's subsidiaries 196
Number of Share Acquisition Rights (Share Acquisition Rights)*	18,402 [18,048] (Note 1)	3,590 [3,470] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 1,840,200 [1,804,800] (Note 1)	Common stock 359,000 [347,000] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2021 to August 1, 2030 B. From August 1, 2022 to August 1, 2030 C. From August 1, 2023 to August 1, 2030 D. From August 1, 2024 to August 1, 2030	A. From November 1, 2021 to November 1, 2030 B. From November 1, 2022 to November 1, 2030 C. From November 1, 2023 to November 1, 2030 D. From November 1, 2024 to November 1, 2030
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥960 Amount to be included in capital: ¥480 B. Issue price: ¥956 Amount to be included in capital: ¥478 C. Issue price: ¥952 Amount to be included in capital: ¥476 D. Issue price: ¥947 Amount to be included in capital: ¥474 (Note 4)	A. Issue price: ¥1,010 Amount to be included in capital: ¥505 B. Issue price: ¥1,006 Amount to be included in capital: ¥503 C. Issue price: ¥1,002 Amount to be included in capital: ¥501 D. Issue price: ¥997 Amount to be included in capital: ¥499 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

37) Resolution at Meeting of the Board of Directors (January 14, 2021)

Date of resolution at Meeting of the Board of Directors	January 14, 2021
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 12,814
Number of Share Acquisition Rights (Share Acquisition Rights)*	21,831 [21,397] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 2,183,100 [2,139,700] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2022 to February 1, 2031 B. From February 1, 2023 to February 1, 2031 C. From February 1, 2024 to February 1, 2031 D. From February 1, 2025 to February 1, 2031
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,008 Amount to be included in capital: ¥504 B. Issue price: ¥1,004 Amount to be included in capital: ¥502 C. Issue price: ¥1,000 Amount to be included in capital: ¥500 D. Issue price: ¥995 Amount to be included in capital: ¥498 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)
1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.
3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

38), 39) Resolution at Meeting of the Board of Directors (February 12, 2021)

Date of resolution at Meeting of the Board of Directors	February 12, 2021	February 12, 2021
Classification and number of persons received (persons)	Employees of the Company and employees of the Company's subsidiaries 102	Executive Officers of the Company 54
Number of Share Acquisition Rights (Share Acquisition Rights)*	1,400 [1,372] (Note 1)	4,158 [4,158] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 140,000 [137,200] (Note 1)	Common stock 415,800 [415,800] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2022 to March 1, 2031 B. From March 1, 2023 to March 1, 2031 C. From March 1, 2024 to March 1, 2031 D. From March 1, 2025 to March 1, 2031	From March 1, 2021 to March 1, 2061
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,162 Amount to be included in capital: ¥581 B. Issue price: ¥1,158 Amount to be included in capital: ¥579 C. Issue price: ¥1,154 Amount to be included in capital: ¥577 D. Issue price: ¥1,149 Amount to be included in capital: ¥575 (Note 4)	Issue price: ¥1,142 Amount to be included in capital: ¥571 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

40), 41) Resolution at Meeting of the Board of Directors (April 15, 2021)

Date of resolution at Meeting of the Board of Directors	April 15, 2021	April 15, 2021
Classification and number of persons received (persons)	Employees of the Company and employees of the Company's subsidiaries 2,411	Directors of the Company who serve concurrently as Executive Officers of the Company and Executive Officers of the Company 49
Number of Share Acquisition Rights (Share Acquisition Rights)*	33,362 [33,078] (Note 1)	1,846 [1,846] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 3,336,200 [3,307,800] (Note 1)	Common stock 184,600 [184,600] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2022 to May 1, 2031 B. From May 1, 2023 to May 1, 2031 C. From May 1, 2024 to May 1, 2031 D. From May 1, 2025 to May 1, 2031	From May 1, 2021 to May 1, 2061
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price:¥1,384 Amount to be included in capital: ¥692 B. Issue price: ¥1,380 Amount to be included in capital: ¥690 C. Issue price: ¥1,376 Amount to be included in capital: ¥688 D. Issue price: ¥1,371 Amount to be included in capital: ¥686 (Note 4)	Issue price: ¥1,362 Amount to be included in capital: ¥681 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)
1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.
3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

42) Resolution at Meeting of the Board of Directors (July 15, 2021)

43) Resolution at Meeting of the Board of Directors (September 29, 2021)

Date of resolution at Meeting of the Board of Directors	July 15, 2021	September 29, 2021
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 12,998	Employees of the Company, and Directors and employees of the Company's subsidiaries 774
Number of Share Acquisition Rights (Share Acquisition Rights)*	20,680 [20,123] (Note 1)	11,602 [10,967] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 2,068,000 [2,012,300] (Note 1)	Common stock 1,160,200 [1,096,700] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2022 to August 1, 2031 B. From August 1, 2023 to August 1, 2031 C. From August 1, 2024 to August 1, 2031 D. From August 1, 2025 to August 1, 2031	A. From November 1, 2022 to November 1, 2031 B. From November 1, 2023 to November 1, 2031 C. From November 1, 2024 to November 1, 2031 D. From November 1, 2025 to November 1, 2031
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥1,198 Amount to be included in capital: ¥599 B. Issue price: ¥1,194 Amount to be included in capital: ¥597 C. Issue price: ¥1,190 Amount to be included in capital: ¥595 D. Issue price: ¥1,185 Amount to be included in capital: ¥593 (Note 4)	A. Issue price: ¥1,258 Amount to be included in capital: ¥629 B. Issue price: ¥1,254 Amount to be included in capital: ¥627 C. Issue price: ¥1,250 Amount to be included in capital: ¥625 D. Issue price: ¥1,245 Amount to be included in capital: ¥623 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

44) Resolution at Meeting of the Board of Directors (January 14, 2022)

Date of resolution at Meeting of the Board of Directors	January 14, 2022
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 14,927
Number of Share Acquisition Rights (Share Acquisition Rights)*	36,377 [31,766] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 3,637,700 [3,176,600] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2023 to February 1, 2032 B. From February 1, 2024 to February 1, 2032 C. From February 1, 2025 to February 1, 2032 D. From February 1, 2026 to February 1, 2032
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥970 Amount to be included in capital: ¥485 B. Issue price: ¥966 Amount to be included in capital: ¥483 C. Issue price: ¥962 Amount to be included in capital: ¥481 D. Issue price: ¥957 Amount to be included in capital: ¥479 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

45), 46) Resolution at Meeting of the Board of Directors (February 14, 2022)

Date of resolution at Meeting of the Board of Directors	February 14, 2022	February 14, 2022
Classification and number of persons received (persons)	Executive Officers of the Company, and Directors and Executive Officers of the Company's subsidiaries 77	Executive Officers of the Company 48
Number of Share Acquisition Rights (Share Acquisition Rights)*	2,066 [2,056] (Note 1)	3,653 [3,653] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 206,600 [205,600] (Note 1)	Common stock 365,300 [365,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2023 to March 1, 2032 B. From March 1, 2024 to March 1, 2032 C. From March 1, 2025 to March 1, 2032 D. From March 1, 2026 to March 1, 2032	From March 1, 2022 to March 1, 2062
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥981 Amount to be included in capital: ¥491 B. Issue price: ¥977 Amount to be included in capital: ¥489 C. Issue price: ¥973 Amount to be included in capital: ¥487 D. Issue price: ¥968 Amount to be included in capital: ¥484 (Note 4)	Issue price: ¥959 Amount to be included in capital: ¥480 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

47), 48) Resolution at Meeting of the Board of Directors (April 14, 2022)

Date of resolution at Meeting of the Board of Directors	April 14, 2022	April 14, 2022
Classification and number of persons received (persons)	Directors of the Company and employees of the Company's subsidiaries 2,863	Directors of the Company who serve concurrently as Executive Officers of the Company 3
Number of Share Acquisition Rights (Share Acquisition Rights)*	59,245 [58,871] (Note 1)	2,507 [2,507] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 5,924,500 [5,887,100] (Note 1)	Common stock 250,700 [250,700] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2023 to May 1, 2032 B. From May 1, 2024 to May 1, 2032 C. From May 1, 2025 to May 1, 2032 D. From May 1, 2026 to May 1, 2032	From May 1, 2022 to May 1, 2062
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥913 Amount to be included in capital: ¥457 B. Issue price: ¥909 Amount to be included in capital: ¥455 C. Issue price: ¥905 Amount to be included in capital: ¥453 D. Issue price: ¥900 Amount to be included in capital: ¥450 (Note 4)	Issue price: ¥890 Amount to be included in capital: ¥445 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

49) Resolution at Meeting of the Board of Directors (July 14, 2022)

50) Resolution at Meeting of the Board of Directors (October 14, 2022)

Date of resolution at Meeting of the Board of Directors	July 14, 2022	October 14, 2022
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 14,037	Employees of the Company's subsidiaries 1,771
Number of Share Acquisition Rights (Share Acquisition Rights)*	53,338 [52,649] (Note 1)	37,773 [37,242] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 5,333,800 [5,264,900] (Note 1)	Common stock 3,777,300 [3,724,200] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2023 to August 1, 2032 B. From August 1, 2024 to August 1, 2032 C. From August 1, 2025 to August 1, 2032 D. From August 1, 2026 to August 1, 2032	A. From November 1, 2023 to November 1, 2032 B. From November 1, 2024 to November 1, 2032 C. From November 1, 2025 to November 1, 2032 D. From November 1, 2026 to November 1, 2032
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥667 Amount to be included in capital: ¥334 B. Issue price: ¥663 Amount to be included in capital: ¥332 C. Issue price: ¥659 Amount to be included in capital: ¥330 D. Issue price: ¥654 Amount to be included in capital: ¥327 (Note 4)	A. Issue price: ¥670 Amount to be included in capital: ¥335 B. Issue price: ¥666 Amount to be included in capital: ¥333 C. Issue price: ¥662 Amount to be included in capital: ¥331 D. Issue price: ¥657 Amount to be included in capital: ¥329 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

51) Resolution at Meeting of the Board of Directors (January 16, 2023)

Date of resolution at Meeting of the Board of Directors	January 16, 2023
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 15,679
Number of Share Acquisition Rights (Share Acquisition Rights)*	66,833 [63,744] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 6,683,300 [6,374,400] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2024 to February 1, 2033 B. From February 1, 2025 to February 1, 2033 C. From February 1, 2026 to February 1, 2033 D. From February 1, 2027 to February 1, 2033
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥662 Amount to be included in capital: ¥331 B. Issue price: ¥658 Amount to be included in capital: ¥329 C. Issue price: ¥654 Amount to be included in capital: ¥327 D. Issue price: ¥649 Amount to be included in capital: ¥325 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

52), 53) Resolution at Meeting of the Board of Directors (February 14, 2023)

Date of resolution at Meeting of the Board of Directors	February 14, 2023	February 14, 2023
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 79	Executive Officers of the Company 52
Number of Share Acquisition Rights (Share Acquisition Rights)*	7,481 [7,459] (Note 1)	6,842 [6,842] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 748,100 [745,900] (Note 1)	Common stock 684,200 [684,200] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2024 to March 1, 2033 B. From March 1, 2025 to March 1, 2033 C. From March 1, 2026 to March 1, 2033 D. From March 1, 2027 to March 1, 2033	From March 1, 2023 to March 1, 2063
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥675 Amount to be included in capital: ¥338 B. Issue price: ¥671 Amount to be included in capital: ¥336 C. Issue price: ¥667 Amount to be included in capital: ¥334 D. Issue price: ¥662 Amount to be included in capital: ¥331 (Note 4)	Issue price: ¥652 Amount to be included in capital: ¥326 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

54), 55) Resolution at Meeting of the Board of Directors (April 13, 2023)

Date of resolution at Meeting of the Board of Directors	April 13, 2023	April 13, 2023
Classification and number of persons received (persons)	Directors of the Company and employees of the Company's subsidiaries 3,983	Directors of the Company who serve concurrently as Executive Officers of the Company 5
Number of Share Acquisition Rights (Share Acquisition Rights)*	81,396 [80,898] (Note 1)	4,515 [4,515] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 8,139,600 [8,089,800] (Note 1)	Common stock 451,500 [451,500] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2024 to May 1, 2033 B. From May 1, 2025 to May 1, 2033 C. From May 1, 2026 to May 1, 2033 D. From May 1, 2027 to May 1, 2033	From May 1, 2023 to May 1, 2063
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥668 Amount to be included in capital: ¥334 B. Issue price: ¥664 Amount to be included in capital: ¥332 C. Issue price: ¥660 Amount to be included in capital: ¥330 D. Issue price: ¥655 Amount to be included in capital: ¥328 (Note 4)	Issue price: ¥645 Amount to be included in capital: ¥323 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

56) Resolution at Meeting of the Board of Directors (July 13, 2023)

57) Resolution at Meeting of the Board of Directors (October 16, 2023)

Date of resolution at Meeting of the Board of Directors	July 13, 2023	October 16, 2023
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 15,172	Employees of the Company's subsidiaries 76
Number of Share Acquisition Rights (Share Acquisition Rights)*	71,615 [70,967] (Note 1)	1,620 [1,600] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 7,161,500 [7,096,700] (Note 1)	Common stock 162,000 [160,000] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2024 to August 1, 2033 B. From August 1, 2025 to August 1, 2033 C. From August 1, 2026 to August 1, 2033 D. From August 1, 2027 to August 1, 2033	A. From November 1, 2024 to November 1, 2033 B. From November 1, 2025 to November 1, 2033 C. From November 1, 2026 to November 1, 2033 D. From November 1, 2027 to November 1, 2033
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥555 Amount to be included in capital: ¥278 B. Issue price: ¥551 Amount to be included in capital: ¥276 C. Issue price: ¥547 Amount to be included in capital: ¥274 D. Issue price: ¥542 Amount to be included in capital: ¥271 (Note 4)	A. Issue price: ¥547 Amount to be included in capital: ¥274 B. Issue price: ¥542 Amount to be included in capital: ¥271 C. Issue price: ¥538 Amount to be included in capital: ¥269 D. Issue price: ¥533 Amount to be included in capital: ¥267 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

58) Resolution at Meeting of the Board of Directors (January 16, 2024)

Date of resolution at Meeting of the Board of Directors	January 16, 2024
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 16,070
Number of Share Acquisition Rights (Share Acquisition Rights)*	73,434 [70,524] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 7,343,400 [7,052,400] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2025 to February 1, 2034 B. From February 1, 2026 to February 1, 2034 C. From February 1, 2027 to February 1, 2034 D. From February 1, 2028 to February 1, 2034
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥624 Amount to be included in capital: ¥312 B. Issue price: ¥624 Amount to be included in capital: ¥312 C. Issue price: ¥624 Amount to be included in capital: ¥312 D. Issue price: ¥624 Amount to be included in capital: ¥312 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

59), 60) Resolution at Meeting of the Board of Directors (February 14, 2024)

Date of resolution at Meeting of the Board of Directors	February 14, 2024	February 14, 2024
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 74	Executive Officers of the Company 48
Number of Share Acquisition Rights (Share Acquisition Rights)*	9,100 [9,094] (Note 1)	7,047 [7,047] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 910,000 [909,400] (Note 1)	Common stock 704,700 [704,700] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2025 to March 1, 2034 B. From March 1, 2026 to March 1, 2034 C. From March 1, 2027 to March 1, 2034 D. From March 1, 2028 to March 1, 2034	From March 1, 2024 to March 1, 2064
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥821 Amount to be included in capital: ¥411 B. Issue price: ¥821 Amount to be included in capital: ¥411 C. Issue price: ¥821 Amount to be included in capital: ¥411 D. Issue price: ¥821 Amount to be included in capital: ¥411 (Note 4)	Issue price: ¥821 Amount to be included in capital: ¥411 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

61), 62) Resolution at Meeting of the Board of Directors (April 12, 2024)

Date of resolution at Meeting of the Board of Directors	April 12, 2024	April 12, 2024
Classification and number of persons received (persons)	Directors of the Company and employees of the Company's subsidiaries 4,110	Directors of the Company who serve concurrently as Executive Officers of the Company 5
Number of Share Acquisition Rights (Share Acquisition Rights)*	179,283 [178,555] (Note 1)	3,838 [3,838] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 17,928,300 [17,855,500] (Note 1)	Common stock 383,800 [383,800] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2025 to May 1, 2034 B. From May 1, 2026 to May 1, 2034 C. From May 1, 2027 to May 1, 2034 D. From May 1, 2028 to May 1, 2034	From May 1, 2024 to May 1, 2064
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥755 Amount to be included in capital: ¥378 B. Issue price: ¥755 Amount to be included in capital: ¥378 C. Issue price: ¥755 Amount to be included in capital: ¥378 D. Issue price: ¥755 Amount to be included in capital: ¥378 (Note 4)	Issue price: ¥755 Amount to be included in capital: ¥378 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

63) Resolution at Meeting of the Board of Directors (July 16, 2024)

64) Resolution at Meeting of the Board of Directors (October 16, 2024)

Date of resolution at Meeting of the Board of Directors	July 16, 2024	October 16, 2024
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 15,429	Employees of the Company's subsidiaries 174
Number of Share Acquisition Rights (Share Acquisition Rights)*	66,630 [66,501] (Note 1)	6,261 [6,188] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 6,663,000 [6,650,100] (Note 1)	Common stock 626,100 [618,800] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2025 to August 1, 2034 B. From August 1, 2026 to August 1, 2034 C. From August 1, 2027 to August 1, 2034 D. From August 1, 2028 to August 1, 2034	A. From November 1, 2025 to November 1, 2034 B. From November 1, 2026 to November 1, 2034 C. From November 1, 2027 to November 1, 2034 D. From November 1, 2028 to November 1, 2034
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥855 Amount to be included in capital: ¥428 B. Issue price: ¥855 Amount to be included in capital: ¥428 C. Issue price: ¥855 Amount to be included in capital: ¥428 D. Issue price: ¥855 Amount to be included in capital: ¥428 (Note 4)	A. Issue price: ¥904 Amount to be included in capital: ¥452 B. Issue price: ¥904 Amount to be included in capital: ¥452 C. Issue price: ¥904 Amount to be included in capital: ¥452 D. Issue price: ¥904 Amount to be included in capital: ¥452 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

65) Resolution at Meeting of the Board of Directors (January 16, 2025)

Date of resolution at Meeting of the Board of Directors	January 16, 2025
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 16,093
Number of Share Acquisition Rights (Share Acquisition Rights)*	69,592 [67,407] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 6,959,200 [6,740,700] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2026 to February 1, 2035 B. From February 1, 2027 to February 1, 2035 C. From February 1, 2028 to February 1, 2035 D. From February 1, 2029 to February 1, 2035
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥983 Amount to be included in capital: ¥492 B. Issue price: ¥983 Amount to be included in capital: ¥492 C. Issue price: ¥983 Amount to be included in capital: ¥492 D. Issue price: ¥983 Amount to be included in capital: ¥492 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

66), 67) Resolution at Meeting of the Board of Directors (February 14, 2025)

Date of resolution at Meeting of the Board of Directors	February 14, 2025	February 14, 2025
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 103	Executive Officers of the Company 56
Number of Share Acquisition Rights (Share Acquisition Rights)*	8,627 [8,627] (Note 1)	6,139 [6,139] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 862,700 [862,700] (Note 1)	Common stock 613,900 [613,900] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2026 to March 1, 2035 B. From March 1, 2027 to March 1, 2035 C. From March 1, 2028 to March 1, 2035 D. From March 1, 2029 to March 1, 2035	From March 1, 2025 to March 1, 2065
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥921 Amount to be included in capital: ¥461 B. Issue price: ¥921 Amount to be included in capital: ¥461 C. Issue price: ¥921 Amount to be included in capital: ¥461 D. Issue price: ¥921 Amount to be included in capital: ¥461 (Note 4)	Issue price: ¥921 Amount to be included in capital: ¥461 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

68), 69) Resolution at Meeting of the Board of Directors (April 15, 2025)

Date of resolution at Meeting of the Board of Directors	April 15, 2025	April 15, 2025
Classification and number of persons received (persons)	Directors and employees of the Company, and employees of the Company's subsidiaries 3,397	Directors of the Company who serve concurrently as Executive Officers of the Company 3
Number of Share Acquisition Rights (Share Acquisition Rights)*	81,125 [81,125] (Note 1)	2,943 [2,943] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 8,112,500 [8,112,500] (Note 1)	Common stock 294,300 [294,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From May 1, 2026 to May 1, 2035 B. From May 1, 2027 to May 1, 2035 C. From May 1, 2028 to May 1, 2035 D. From May 1, 2029 to May 1, 2035	A. From May 1, 2025 to May 1, 2065
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥831 Amount to be included in capital: ¥416 B. Issue price: ¥831 Amount to be included in capital: ¥416 C. Issue price: ¥831 Amount to be included in capital: ¥416 D. Issue price: ¥831 Amount to be included in capital: ¥416 (Note 4)	A. Issue price: ¥831 Amount to be included in capital: ¥416 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

70) Resolution at Meeting of the Board of Directors (July 16, 2025)

71) Resolution at Meeting of the Board of Directors (October 16, 2025)

Date of resolution at Meeting of the Board of Directors	July 16, 2025	October 16, 2025
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 16,102	Employees of the Company's subsidiaries 254
Number of Share Acquisition Rights (Share Acquisition Rights)*	70,773 [70,773] (Note 1)	26,303 [26,303] (Note 1)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 7,077,300 [7,077,300] (Note 1)	Common stock 2,630,300 [2,630,300] (Note 1)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From August 1, 2026 to August 1, 2035 B. From August 1, 2027 to August 1, 2035 C. From August 1, 2028 to August 1, 2035 D. From August 1, 2029 to August 1, 2035	A. From November 1, 2026 to November 1, 2035 B. From November 1, 2027 to November 1, 2035 C. From November 1, 2028 to November 1, 2035 D. From November 1, 2029 to November 1, 2035
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥787 Amount to be included in capital: ¥394 B. Issue price: ¥787 Amount to be included in capital: ¥394 C. Issue price: ¥787 Amount to be included in capital: ¥394 D. Issue price: ¥787 Amount to be included in capital: ¥394 (Note 4)	A. Issue price: ¥1,009 Amount to be included in capital: ¥505 B. Issue price: ¥1,009 Amount to be included in capital: ¥505 C. Issue price: ¥1,009 Amount to be included in capital: ¥505 D. Issue price: ¥1,009 Amount to be included in capital: ¥505 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

72) Resolution at Meeting of the Board of Directors (January 15, 2026)

Date of resolution at Meeting of the Board of Directors	January 15, 2026
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 15,587
Number of Share Acquisition Rights (Share Acquisition Rights)*	50,314 (Notes 1, 10)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 5,031,400 (Notes 1, 10)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From February 1, 2027 to February 1, 2036 B. From February 1, 2028 to February 1, 2036 C. From February 1, 2029 to February 1, 2036 D. From February 1, 2030 to February 1, 2036
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥925 Amount to be included in capital: ¥463 B. Issue price: ¥925 Amount to be included in capital: ¥463 C. Issue price: ¥925 Amount to be included in capital: ¥463 D. Issue price: ¥925 Amount to be included in capital: ¥463 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)

(Notes)

1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.

3. Same as Note 3 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.

10. Abovementioned items are based on information as of the allotment date of the Share Acquisition Rights (February 1, 2026).

73), 74) Resolution at Meeting of the Board of Directors (February 12, 2026)

Date of resolution at Meeting of the Board of Directors	February 12, 2026	February 12, 2026
Classification and number of persons received (persons)	Employees of the Company, and Directors and employees of the Company's subsidiaries 72	Executive Officers of the Company 49
Number of Share Acquisition Rights (Share Acquisition Rights)*	9,151 (Notes 1, 10)	5,981 (Notes 1, 10)
Class, details and number of shares to be issued upon exercise of Share Acquisition Rights (shares)*	Common stock 915,100 (Notes 1, 10)	Common stock 598,100 (Notes 1, 10)
Cash payment upon exercise of Share Acquisition Rights*	¥1 per Share Acquisition Right (Note 2)	¥1 per Share Acquisition Right (Note 2)
Exercise period of Share Acquisition Rights*	A. From March 1, 2027 to March 1, 2036 B. From March 1, 2028 to March 1, 2036 C. From March 1, 2029 to March 1, 2036 D. From March 1, 2030 to March 1, 2036	From March 1, 2026 to March 1, 2066
Issue price for shares issued through exercise of Share Acquisition Rights and the amount to be included in capital*	A. Issue price: ¥828 Amount to be included in capital: ¥414 B. Issue price: ¥828 Amount to be included in capital: ¥414 C. Issue price: ¥828 Amount to be included in capital: ¥414 D. Issue price: ¥828 Amount to be included in capital: ¥414 (Note 4)	Issue price: ¥828 Amount to be included in capital: ¥414 (Note 4)
Conditions for exercise of Share Acquisition Rights*	(Note 3)	(Note 9)
Matters concerning transfer of Share Acquisition Rights*	(Note 6)	(Note 6)
Matters concerning issuance of Share Acquisition Rights accompanying organizational restructuring*	(Note 7)	(Note 7)

(Notes)
1., 2., 4.-8. Same as Notes 1, 2, 4-8 of the Share Acquisition Rights of 1), 2) Resolution at 18th General Shareholders' Meeting held on March 27, 2015.
3., 9. Same as Notes 3, 9 of the Share Acquisition Rights of 26), 27) Resolution at 22nd General Shareholders' Meeting held on March 28, 2019.
10. Abovementioned items are based on information as of the allotment date of the Share Acquisition Rights (March 1, 2026).

2) Rights Plans

Not applicable.

3) Other Status of Share Acquisition Rights

Not applicable.

(3) Status in the Exercise of Bonds with Share Acquisition Rights with Exercise Price Amendment

Not applicable.

(4) Changes in the Total Number of Shares Issued and the Amount of Common Stock and Others

(Millions of Yen, unless otherwise stated)

Period	Changes in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock	Balance of common stock	Changes in legal capital surplus	Balance of legal capital surplus
From January 1, 2021 to March 31, 2021 (Note 1)	1,458,600	1,436,032,500	721	206,645	721	174,182
March 29, 2021 (Note 2)	139,737,600	1,575,770,100	80,000	286,645	80,000	254,182
From April 1, 2021 to December 31, 2021 (Note 1)	5,965,000	1,581,735,100	3,028	289,673	3,028	257,210
From January 1, 2022 to December 31, 2022 (Note 1)	8,727,900	1,590,463,000	4,387	294,061	4,387	261,597
From January 1, 2023 to May 31, 2023 (Note 1)	4,993,900	1,595,456,900	2,548	296,609	2,548	264,146
May 31, 2023 (Note 3)	468,102,100	2,063,559,000	127,005	423,615	127,005	391,151
May 31, 2023 (Note 4)	74,204,700	2,137,763,700	20,999	444,615	20,999	412,151
From June 1, 2023 to December 31, 2023 (Note 1)	4,376,600	2,142,140,300	2,153	446,768	2,153	414,305
From January 1, 2024 to December 31, 2024 (Note 1)	12,343,300	2,154,483,600	5,878	452,646	5,878	420,183
From January 1, 2025 to December 31, 2025 (Note 1)	15,488,500	2,169,972,100	6,861	459,508	6,861	427,044

(Notes)

1. Through the exercise of Share Acquisition Rights.
2. Increased due to the issuance of new shares through third-party allotment for which payments were made on March 29, 2021 by the allottees Japan Post Holdings Co., Ltd., Mikitani Kosan, Inc., and Spirit Inc. The issue price for shares and the amounts to be included in capital in this offering are ¥1,145 and ¥573, respectively.
3. Increased due to the issuance of new shares through a public offering (Japanese domestic public offering and overseas offering) for which payments were made on May 31, 2023. The issue price for shares, subscription price and the amounts to be included in capital in this offering are ¥566, ¥542.64 and ¥271.32, respectively.
4. Increased due to the issuance of new shares through third-party allotment for which payments were made on May 31, 2023 by the allottees Mikitani Kosan, Inc., Spirit Inc., CyberAgent, Inc., and TOKYU CORPORATION. The issue price for shares and the amounts to be included in capital in this offering are ¥566 and ¥283, respectively.
5. Upon the exercise of Share Acquisition Rights from January 1, 2026 to February 28, 2026, the total number of shares issued, amounts of common stock and legal capital surplus increased by 2,152,200 shares, ¥917 million and ¥917 million, respectively.

(5) Status of Shareholders

As of December 31, 2025

Classification	Status of shares (the number of minimum unit is 100 shares)								Status of shares below unit (shares)
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Others	Individuals			
Number of shareholders	1	25	28	1,891	835	8,423	719,555	730,758	—
Number of shares held (Unit)	1,170	3,144,409	95,388	4,829,321	7,841,206	115,572	5,666,746	21,693,812	590,900
Percentage of shares held (%)	0.01	14.49	0.44	22.26	36.14	0.54	26.12	100.00	—

(Note)
5,878 shares of treasury stocks are included as 58 units in the item of "Individuals and others" and as 78 shares in the "Status of shares below unit".

(6) Major Shareholders

As of December 31, 2025

Name	Address	Number of shares held (shares)	Percentage of shares held to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	235,173,200	10.84
Crimson Group, LLC.	ARK Hills Executive Tower N211, 1-14-5 Akasaka, Minato-ku, Tokyo	226,419,000	10.43
Hiroshi Mikitani	Minato-ku, Tokyo	176,703,400	8.14
Japan Post Holdings Co., Ltd.	2-3-1 Otemachi, Chiyoda-ku, Tokyo	131,004,000	6.04
Haruko Mikitani	Shibuya-ku, Tokyo	112,625,000	5.19
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE, CANARY WHARF, LONDON E14 4QA, U.K. (Otemachi Financial City South Tower, 1-9-7 Otemachi, Chiyoda-ku, Tokyo)	81,941,532	3.78
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	58,679,800	2.70
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	PLUMTREE COURT, 25 SHOE LANE, LONDON EC4A 4AU, U.K. (Toranomon Hills Station Tower, 2-6-1 Toranomon, Minato-ku, Tokyo)	50,495,231	2.33
BNY GCM CLIENT ACCOUNT JPRD AC ISG （FE-AC）（Standing proxy: MUFG Bank, Ltd.）	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A 2BB UNITED KINGDOM (Transaction Services Division, 1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	45,192,968	2.08
Mikitani Kosan, Inc.	ARK Hills Executive Tower N211, 1-14-5 Akasaka, Minato-ku, Tokyo	40,868,500	1.88
Spirit Inc.	ARK Hills Executive Tower N211, 1-14-5 Akasaka, Minato-ku, Tokyo	40,868,500	1.88
Total	—	1,199,971,131	55.29

(7) Status of Voting Rights

1) Issued shares

As of December 31, 2025

Classification	Number of shares (shares)		Number of voting rights	Details
Shares without voting rights	—		—	—
Shares with limited voting rights (treasury stocks, etc.)	—		—	—
Shares with limited voting rights (others)	—		—	—
Shares with full voting rights (treasury stocks, etc.)	(Treasury stocks) Common stock	5,800	—	—
Shares with full voting rights (others)	Common stock	2,169,375,400	21,693,754	—
Shares below unit	Common stock	590,900	—	—
Total number of shares issued		2,169,972,100	—	—
Total voting rights held by all shareholders	—		21,693,754	—

(Note)
78 shares of treasury stocks are included in "Shares below unit".

2) Treasury Stocks, etc.

As of December 31, 2025

Shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total (shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury stocks) Rakuten Group, Inc.	1-14-1 Tamagawa, Setagaya-ku, Tokyo	5,800	—	5,800	0.00
Total	—	5,800	—	5,800	0.00

(Note)
The Company holds 78 shares of treasury stocks that are below unit.

2. Status of Acquisition of Treasury Stocks, etc

Class of shares, etc. Acquisition of common stock as stipulated in Article 155, Item 7 of the Companies Act

(1) Status of the Acquisition of Treasury Stocks Resolved at Shareholders' Meetings

Not applicable.

(2) Status of the Acquisition of Treasury Stocks Resolved at the Meetings of the Board of Directors

Not applicable.

(3) Details of the Acquisition of Treasury Stocks not Based on the Resolutions of Shareholders' Meetings or the Resolutions of the Meetings of the Board of Directors

Acquisition in accordance with Article 155, Item 7 of the Companies Act

Classification	Number of shares (shares)	Total acquisition cost (Thousands of Yen)
Acquired treasury stocks during the current fiscal year	1,782	1,670
Acquired treasury stocks during the current period	245	243

(Note)
The number of shares of acquired treasury stocks during the current period does not include the number of shares as a result of the purchase of shares below unit during the period from March 1, 2026 to the filing date of this securities report.

(4) Status of the Disposition and Holding of Acquired Treasury Stocks

Classification	Current fiscal year		Current period	
	Number of shares (shares)	Total disposition amount (Millions of Yen)	Number of shares (shares)	Total disposition amount (Millions of Yen)
Acquired treasury stocks for which subscribers were solicited	—	—	—	—
Acquired treasury stocks that was cancelled	—	—	—	—
Acquired treasury stocks transferred due to merger, share exchange, share issuance or company split	—	—	—	—
Others (Disposal of treasury stocks associated with execution of share options)	—	—	—	—
Number of treasury stocks held	5,878	—	6,123	—

(Note)
The number of shares of treasury stocks held during the current period does not include the number of acquired shares during the period from March 1, 2026 to the filing date of this securities report.

3. Basic Policy on Dividends

Considering the current financial situation of the Company, under the financial policy of ensuring financial soundness, we have actively promoted various types of capital procurement without relying solely on interest-bearing debt. This approach allows us to secure investment resources for growth while simultaneously working to reduce the balance of interest-bearing debt. We believe that limiting capital outflows due to dividends for the fiscal year will lead to the stability of our financial base and ultimately to increased shareholder value, so we decided not to pay dividends at the Board of Directors meeting held on February 12, 2026.

Our basic dividend policy is to pay dividends in a stable and continuous manner, taking into account investment for medium- to long-term growth and the enhancement of internal reserves to stabilize our financial base. There are no changes to this policy. The timing of resuming dividends after the fiscal year ending December 2026 has not been determined at this time, but we will strive to resume dividends in a timely and appropriate manner as we move toward achieving profitability in consolidated results, and reducing interest-bearing debt.

The Company's distribution of dividends of surplus is decided by the Board of Directors. As a general rule, payment in principle is made once a year in the form of a year-end dividend. Payment of dividends in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act shall be subject to judgment allowing for management circumstances and other factors.

(Reference) Trends in dividend per share

Fiscal period	25th	26th	27th	28th	29th
Year-end	December 2021	December 2022	December 2023	December 2024	December 2025
Dividend per share (Yen)	4.50	4.50	0.00	0.00	0.00

4. Corporate Governance

(1) Overview of Corporate Governance

1) Basic Approach to Corporate Governance

Our corporate mission since founding is based on the empowerment of individuals and society through innovation and entrepreneurship. We achieve social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. To achieve this, the Rakuten Group has been implementing various measures by making rigorous corporate governance its highest priority.

2) Corporate Governance

(a) Basic Structure of Corporate Governance and Reasons for Adoption

The Company has adopted a company with an Audit & Supervisory Board structure, in which highly independent Audit & Supervisory Board Members provide auditing functions in order to improve the transparency of the Company's management and ensure its appropriateness, efficiency, fairness, and soundness. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System in which the Board retains responsibility for management decision-making and supervision, while Executive Officers are responsible for executive functions.

The Company's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in lively and multilateral discussions on management. Furthermore, the Company holds meetings, where discussions are held about Group management strategy, etc. and all Officers, including Outside Officers, attend, in principle, separately from the meetings of the Board of Directors. Participants discuss matters from a medium- to long-term perspective rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors, thereby enhancing the effectiveness of corporate governance.

(b) Corporate Organization

(Directors, Board of Directors, Executive Officers, etc.)

While it is stipulated in the Articles of Incorporation that the number of Directors shall be not more than 16, as of March 26, 2026, the Board of Directors consists of 9 Directors, including 6 Outside Directors. Resolutions to appoint Directors must be approved by a majority of voting rights at an Annual General Shareholders' Meeting attended by shareholders holding at least one-third of voting rights. Furthermore, the company plans to propose "Election of 10 Directors" as a resolution at the Annual General Meeting of Shareholders scheduled for March 27, 2026, which upon approval as proposed, will result in a board of 10 directors.

The Board of Directors holds regular meetings, as well as special meetings as required, for the purpose of enhancing medium- to long-term corporate value and shareholder value. Within these meetings, Directors make decisions on important management matters, which are under the authority of the Board of Directors, and supervise the business execution of each Executive Officer. Executive Officers, upon receiving business execution orders from the CEO, carry out business execution within the administrative authority set forth by the Company. As of March 26, 2026, the current members of the Board of Directors are 9 Directors, namely Hiroshi Mikitani (Representative Director, Chairman, President & CEO), Kentaro Hyakuno (Representative Director & Group Executive Vice President), Kenji Hirose (Director & Group Executive Vice President), Takaharu Ando (Outside Director), Sarah J.M. Whitley (Outside Director), Tsedal Neeley (Outside Director), Charles B. Baxter (Outside Director), Shigeki Habuka (Outside Director) and Takashi Mitachi (Outside Director) with Hiroshi Mikitani (Representative Director, Chairman, President & CEO) serving as the Chairman of the Board. Furthermore, the company is proposing "Election of 10 Directors" as a resolution at the Annual General Meeting of Shareholders scheduled for March 27, 2026. Upon approval of this proposal as proposed, the Board of Directors will consist of 10 members: Hiroshi Mikitani (Director), Kentaro Hyakuno (Director), Naho Kono (Director), Eiichi Kaga (Director), Takaharu Ando (Outside Director), Sarah J.M. Whitley (Outside Director), Tsedal Neeley (Outside Director), Charles B. Baxter (Outside Director), Shigeki Habuka (Outside Director) and Takashi Mitachi (Outside Director), with Hiroshi Mikitani (Director) serving as the Chairman of the Board.

For investment and financing projects involving new capital expenditures, the Investment Committee, which includes external experts, deliberates in advance and reports the results to the Board of Directors. In addition, for important projects, we share and deliberate on the outline and main points with Directors and Audit & Supervisory Board Members in advance before submitting them, thereby improving the quality of deliberations at the Board of Directors and ensuring appropriate decision-making.

In addition, to ensure objectivity and transparency in Directors' compensation, the Compensation Committee has been established as a voluntary committee. Its members are Takashi Mitachi (Outside Director), Hiroshi Mikitani (Representative Director, Chairman, President & CEO), and Kentaro Hyakuno (Representative Director & Group

Executive Vice President).

The Compensation Committee reviews the policy for directors' compensation and the decision-making process before the Board of Directors makes a resolution. It also reviews individual compensation amounts before Mr. Hiroshi Mikitani, who is delegated by the Board, makes the final decision. In 2025, the committee met once and discussed revisions to the compensation policy, the appropriateness of the compensation system and levels, the appropriateness of individual compensation amounts, and the committee's future approach.

(Activities of the Board of Directors)

The Company held 11 Board of Directors meetings during the current fiscal year, and the attendance of each director is as follows.

Position	Name	Attendance
Representative Director, Chairman, President & CEO	Hiroshi Mikitani	11/11 (100%)
Representative Director & Group Executive Vice President	Kentaro Hyakuno	11/11 (100%)
Director & Group Executive Vice President	Kenji Hirose	11/11 (100%)
Outside Director	Takaharu Ando	11/11 (100%)
Outside Director	Sarah J. M. Whitley	11/11 (100%)
Outside Director	Tsedal Neeley	11/11 (100%)
Outside Director	Charles B. Baxter	11/11 (100%)
Outside Director	Shigeki Habuka	11/11 (100%)
Outside Director	Takashi Mitachi	11/11 (100%)

(Note)

Apart from the above, there were 9 written resolutions that deemed to be Board of Directors resolutions.

The Company makes determinations and decisions via Board of Directors meetings about matters that are legally required to be resolved at the Board of Directors, as well as about strategically important matters that the Company has deemed they should be resolved at the Board of Directors. These items are stipulated in "the Rakuten Group Authority Table", which includes financial matters such as finance, M&A, assets, accounting, annual budget and business plan, and cost expenditure, and non-financial matters such as human resources, intellectual property, organizations, and information security.

In the current fiscal year, the Board of Directors deliberated on issuance of stock acquisition rights, financial settlement, budget planning, funding, subsidiary restructuring, dividend, cost expenditure, human resources, sponsorship and conflict of interest transaction, and important matters related to business management, etc.

(Audit & Supervisory Board Members and the Audit & Supervisory Board)

The Audit & Supervisory Board of the company comprises 4 members, including 2 full-time auditors, with a majority being Outside Audit & Supervisory Board Members. The Audit & Supervisory Board holds regular meetings and convenes extraordinary sessions as required. The Audit & Supervisory Board Members Office is also established under the Audit & Supervisory Board to support the auditors in their duties.

As key matters for deliberation, the Audit & Supervisory Board engages in discussions and reviews concerning auditing policies and plans, the audit report of the Audit & Supervisory Board, the auditing methods and reports of the independent auditor, and the reappointment of the independent auditor, all in accordance with laws, regulations, and the Articles of Incorporation.

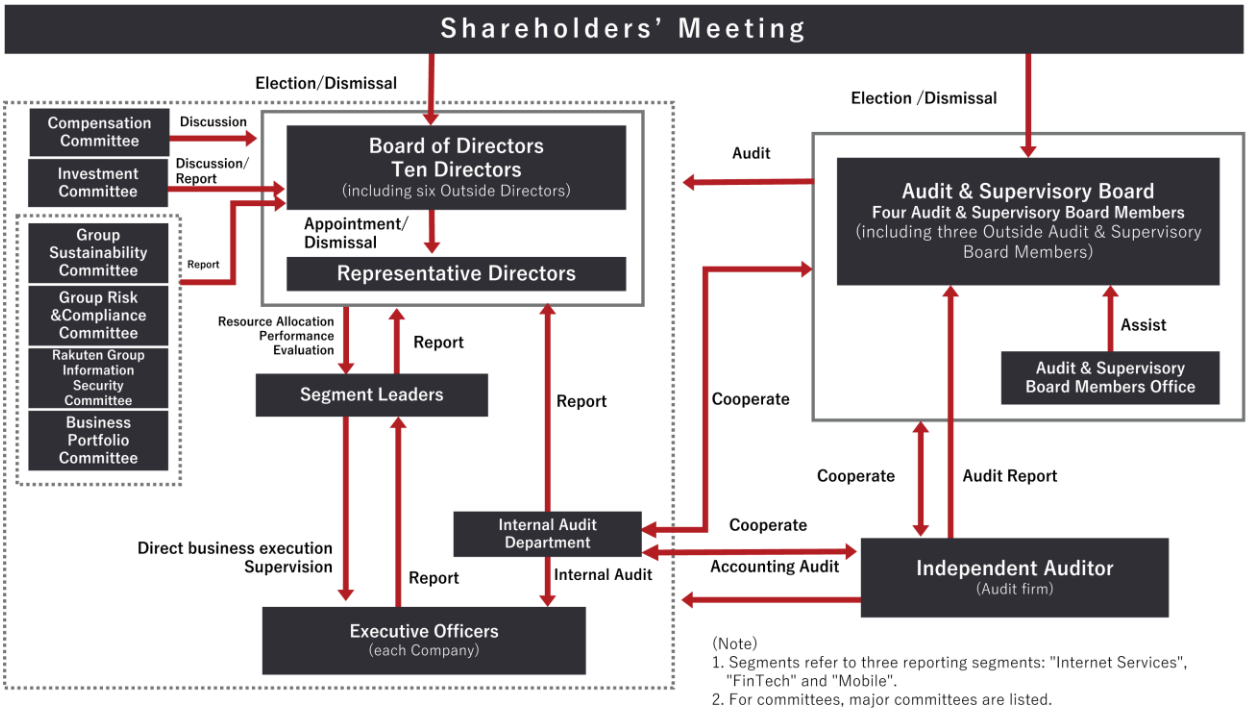
Audit & Supervisory Board Members attend Board of Directors meetings to audit the management of proceedings and resolutions and express opinions as necessary.

Full-time Audit & Supervisory Board Members, leveraging their full-time status, attend important management meetings to understand the execution of duties by the directors. They also review and confirm key approval documents and gather information through various departments/companies and group companies, which assists in appropriately monitoring the execution of duties and risk management by each director. Furthermore, they enhance the overall effectiveness of audits across the group by exchanging views and hearing about the audit status and results from group company auditors. Information obtained through these duties is regularly shared with part-time Audit & Supervisory Board Members at the Audit & Supervisory Board meetings to ensure mutual information sharing.

As of March 26, 2026, the current Audit & Supervisory Board is composed of Yoshito Naganuma (Audit & Supervisory Board Member, Full-time), Futoshi Nakamura (Outside Audit & Supervisory Board Member, Full-time), Maki Kataoka (Outside Audit & Supervisory Board Member, Part-time), and Katsuyuki Yamaguchi (Outside Audit & Supervisory Board Member, Part-time), with Yoshito Naganuma acting as the Chairman.

The composition of the Audit & Supervisory Board will remain unchanged even after the Ordinary General Shareholders' Meeting scheduled for March 27, 2026.

<Corporate Governance Structure>



(Note)

The Structure above is effective after the Annual General Shareholders' Meeting scheduled for March 27, 2026.

3) Internal Control Systems and System to Ensure the Appropriateness of Operations of Subsidiaries of the Company Submitting Financial Reports (Including Risk Management Systems)

The Board of Directors of the Company has made the following resolutions concerning systems to ensure the business operations of Directors comply with laws, regulations and the Articles of Incorporation.

(1) System for Ensuring Directors and Employees Comply with Laws, Regulations and the "Articles of Incorporation"

Rakuten Group, Inc. has stipulated the "Rakuten Group Code of Ethics" and Rakuten Group, Inc. as well as its subsidiaries ("Rakuten Group"), shall accordingly comply with all laws and regulations and undertake business actions with a high commitment to ethics. The proper execution of duties by Directors and employees of Rakuten Group shall be absolutely ensured through: operational audits carried out by the Internal Audit Department (an independent organizational unit under the direct control of the Representative Director, Chairman and President); initiatives promoting Group-wide compliance under the leadership of the Group CCO and Company Compliance Officer appointed according to Rakuten Group, Inc.'s Internal Company System structure; and by reporting the status of compliance initiatives to the Group Risk & Compliance Committee and the Board of Directors.

Moreover, Outside Directors and Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members shall also thoroughly supervise and audit the execution of duties by Directors and employees. To technically and objectively verify compliance with laws, regulations and the "Articles of Incorporation", lawyers shall also be appointed for those positions.

Additionally, compliance education about the knowledge and sense of ethics needed as a member of Rakuten Group is carried out for all executives and employees of Rakuten Group. Rakuten Group shall appropriately administer a system for internal reporting that prevents retribution against those who report and consult through establishing a point of contact for executives, current and former employees of Rakuten Group to consult and report about legal violations and other compliance issues. Rakuten Group will also collect information widely from outside the company.

(2) System for Managing and Protecting Information Related to the Execution of Duties by Directors

Any information, including written documents and digital records, regarding the execution of duties by Directors of Rakuten Group, Inc. shall be legally and properly preserved and managed in accordance with the Rakuten Group

Regulations and other internal regulations. Additionally, Directors and Audit & Supervisory Board Members shall have full-time access to all information relevant to this matter.

(3) System for Risk Management

In accordance with the Group's rules and regulations on risk management, Rakuten Group, Inc., shall: be aware of and devise/execute measures to contain risks; establish a system (i.e., PDCA cycle) with which to monitor the results of such measures; treat risks faced by its organizations in the course of business.

The Group CFO, Function CISO, Group COO, and Group CCO shall monitor the status of risks and action plans in their respective fields (i.e., finance, information security, compliance)-identified in their respective risk assessments-and treat, as needed, critical risks and those which affect the entire Group to reduce their impact and prevent materialization. The status of such risk treatment activities shall be discussed at the Group Risk & Compliance Committee and the outcome reported to the Important Meetings. Critical risks and related measures shall be reported to management at the Rakuten Group, Inc. Board of Directors or other Important Meetings.

With regard to information and personal data management, a critical risk, the Group Information Security and Privacy Committee shall convene to report/make decisions on important measures and incidents which have occurred since the previous meeting. Furthermore, to control investment-related risks at Rakuten Group, Inc., approval by the Investment Committee must be obtained for every matter, and cases in which the investment in question exceeds established thresholds shall require approval by the Rakuten Group, Inc. Board of Directors. For the mitigation of investment-related risks at subsidiaries, certain investment projects shall be subject to discussion by the Rakuten Group, Inc.'s Investment Committee and the Rakuten Group, Inc. Board of Directors, or are reported to Rakuten Group, Inc., based on predetermined criteria depending on the nature, the scale of the project, or whether such subsidiaries are listed or unlisted, etc.

The Internal Audit Department shall independently audit the compliance status of Rakuten Group, Inc., and its subsidiaries with laws and internal regulations and periodically report its findings to the Rakuten Group, Inc. Board of Directors.

(4) System Allowing Directors to Efficiently Carry Out their Duties

An appropriate and efficient decision-making system to allow Directors of Rakuten Group to execute their duties shall be formulated based on the Rakuten Group Regulations, and other internal regulations. Moreover, transparency and speed in decision-making shall be sought by promoting online internal procedures.

Prompt and flexible decision-making and execution of duties shall be promoted by having Executive Officers, who were appointed by the Board of Directors, perform duties under the control of Directors.

(5) System to Report Financial Information Appropriately

A system shall be developed to ensure appropriate operations for financial reporting related to the disclosure of management information, financial information, etc. In addition, generally accepted accounting practices, and timely disclosure based on "Financial Instruments and Exchange Act" and other applicable domestic and foreign laws and regulations shall be conducted and effectiveness of these shall be evaluated accordingly.

(6) System for Rakuten Group to Engage Only in Appropriate Business Practices

In order to realize unified Group management, Rakuten Group, Inc. stipulates Rakuten Group Regulations and other internal regulations dealing with company ideals, group governance, company management, risk management, compliance, etc. Regarding the execution of subsidiaries' significant duties, the Rakuten Group shall administer a system for approval or reporting to Rakuten Group, Inc. based on the Rakuten Group Authority Table, Rakuten Group Guidelines and agreements with such subsidiaries, in consideration of whether such subsidiaries are listed or unlisted, etc. The Rakuten Group Regulations protect the independence of the subsidiaries while also creating the needed framework for business operations which is followed by the entire Rakuten Group.

In addition, the Internal Audit Department, which is an independent organization under the Representative Director, Chairman and President, ensures the appropriateness of operations by having a strong relationship with the organizational unit-in-charge of internal audit of each subsidiary and by conducting internal audits on Rakuten Group as a whole.

(7) Requests from Audit & Supervisory Board Members for Employees' Assistance and Employees' Independence from Directors

To assist the duties of Audit & Supervisory Board Members, the Audit & Supervisory Board Members Office is established under the Audit & Supervisory Board, and the Audit & Supervisory Board Members may give orders to employees belonging to the Audit & Supervisory Board Members Office as the need arises. Additionally, when employees assist Audit & Supervisory Board Members, the effectiveness of the orders from Audit & Supervisory Board Members shall be ensured by employees of the Audit & Supervisory Board Members Office not receiving orders from Directors and by requiring approval from the Audit & Supervisory Board Members for such employees' transfer and performance assessments.

(8) System for Directors and Employees to Report to Audit & Supervisory Board Members and for Audit & Supervisory Board Members to Carry Out Effective Audits

Directors and employees of Rakuten Group shall give all legally required reports to Audit & Supervisory Board Members and provide additional necessary reports and information if the Audit & Supervisory Board Member requests it. Rakuten Group, Inc. will ensure the effectiveness of audits through prohibiting retribution for reporting against those who report to the Audit & Supervisory Board Members. Additionally, if Rakuten Group, Inc. receives a request for prepayment of expenses or repayment from Audit & Supervisory Board Members, it shall pay the expense or debt promptly unless the expenses are proved not to be necessary for the execution of the Audit & Supervisory Board Member's duty.

4) Overview of Liability Limitation Agreements

The Company has signed an agreement with each of its Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members under the provisions of Article 427, Paragraph 1 of the Companies Act. This agreement is summarized below:

Provided that duties have been carried out in good faith and without gross negligence, the total liability in situations as defined in Article 423, Paragraph 1 of the Companies Act will be limited to the sum of the amounts stipulated in the following items:

i. Two times the bigger of the sum of fees, bonuses and other payments received or asset benefits received in the year that includes the date on which the event that resulted in the liability occurred, and in the preceding year, or the value of asset benefits to be received (excluding benefits stipulated under item ii below).
ii. Two times the smaller of the sum of retirement bonuses or asset benefits that are in the nature of retirement bonuses, or that amount divided by the number of years during which the office of Director (excluding Executive Director) or Audit & Supervisory Board Member was held.
iii. The amounts stipulated below if Share Acquisition Rights, as defined in Article 238, Paragraph 3 of the Companies Act, were exercised or transferred after the person was appointed as a Director (excluding Executive Director) or an Audit & Supervisory Board Member.

1. If the Rights have been exercised
   An amount calculated by subtracting the sum of the issue price of the Share Acquisition Rights and the paid-in value per share on the exercise date from the market price per share on the exercise date and multiplying the result by the number of shares granted through the exercise of the Share Acquisition Rights.
2. If the Rights have been transferred
   An amount calculated by subtracting the issue price of the Share Acquisition Rights from the transfer price and multiplying the result by the number of Share Acquisition Rights.

5) Overview of Indemnity Agreements Entered into with Officers, etc.

The Company has entered into indemnity agreements provided for in Article 430-2, Paragraph 1 of the Companies Act with its Directors and Audit & Supervisory Board Members to indemnify them for the expense stipulated in Paragraph 1, Item 1 and the loss stipulated in Paragraph 1, Item 2 of the same article to the extent provided for by laws and regulations. However, in order to ensure that the appropriateness of the execution of duties by officers is not impaired by the said indemnity agreements, losses incurred due to malicious intent or gross negligence of officers are not subject to indemnification.

6) Overview of the Directors and Officers Liability Insurance Contract that Covers Officers, etc.

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act insuring all Directors, Audit & Supervisory Board Members, Executive Officers and Employees of the Company and its subsidiaries with an insurance company. The contract will cover legal damages and litigation expenses to be borne by the insured in the event that a claim for damages is made due to an act (or omission) committed by the insured in his or her capacity as officer, etc. of the Company. The Company bears the entire premium for the contract. However, in order to ensure that the appropriateness of the execution of duties by the insured is not impaired, there are certain exemptions; for example, damages that the insured has caused as a result of an act performed with the awareness that it is a violation of laws and regulations will not be covered.

7) Other Provisions of the Articles of Incorporation

(a) Matters Requiring Resolutions of Shareholders' Meetings that Can Be Implemented by Resolutions of the Board of Directors

The Articles of Incorporation of the Company state that, unless otherwise stipulated in laws and regulations, the Board of Directors is authorized to pass resolutions on matters pertaining to the distribution of surpluses and other matters, as stipulated in the items of Article 459, Paragraph 1 of the Companies Act, without resolutions of shareholders' meetings. The purpose of this provision is to allow the Board of Directors to implement a flexible dividend policy.

(b) Items Requiring Special Resolutions of Shareholders' Meetings and Class Shareholders Meetings

The Articles of Incorporation of the Company state that matters requiring resolutions of shareholders' meetings, as stipulated in Article 309, Paragraph 2 of the Companies Act, require resolutions supported by at least two-thirds of voting rights at shareholders' meetings attended by shareholders holding at least one-third of voting rights. Also, the Articles of Incorporation of the Company state that matters requiring resolutions of class shareholders meetings, as stipulated in Article 324, Paragraph 2 of the Companies Act, shall be adopted by two-thirds or more of the votes of the shareholders present at a class shareholders meeting, at which one-third or more of all shareholders holding voting rights are present. The purpose of this provision is to facilitate the administration of shareholders' meetings by easing the quorum requirements for special resolutions.

(c) Voting Rights of Bond-Type Class Shares

About voting rights of Bond-type class shares at shareholders' meetings of the common stocks' holders (hereinafter "Common Shareholders"), the Articles of Incorporation of the Company state that the shareholders holding Bond-type class shares (hereinafter "Bond-type class shareholders") may not exercise their voting rights at shareholders meetings of the Common Shareholders for any matters. In order to prevent, as much as possible, any harm to the rights of existing Common Shareholders, the Bond-type class shareholders do not have any voting rights at the shareholders' meeting of the Common Shareholders, although the Bond-type class shareholders have the right to receive dividends of surplus and distribution of residual assets in preference to common stocks.

Furthermore, Article 322, Paragraph 1 of the Companies Act states that in cases where the company carries out an act such as organizational restructuring or stock splits/consolidation, if it is likely to cause detriment to the class shareholders of any class of shares, in principle, such action shall not become effective unless a resolution is made at a class shareholders meeting constituted by the class shareholders of the shares of such class. Though, the Articles of Incorporation of the Company state that, unless otherwise provided by applicable laws and regulations, a resolution at a class shareholders meeting consisting of each of the Bond-type class shareholders will not be required to be passed for us to conduct any of the acts listed in each item of Article 322, Paragraph 1 of the Companies Act. However, if we conduct any acts listed below, and where it is likely to cause detriment to the Bond-type class shareholders, the Articles of Incorporation of the Company state that, in principle, the relevant act shall not become effective unless a resolution at a class shareholders meeting consisting of the Bond-type class shareholders is passed in addition to the resolution of our shareholder meeting of the Common Shareholders or board of directors meeting.

i. Mergers as a result of which the Company will become the disappearing company or a share exchange or share transfer by which we become a wholly-owned subsidiary (excluding share transfers solely conducted by us)
ii. Approval by our board of directors of a demand for cash-out made by our special controlling shareholders against other shareholders of the Company.

(2) Directors

1) List of Officers

a. Status of Officers as of March 26, 2026 (Date of submission of Annual Securities Report)

10 male, 3 female (Percentage of female: 23.1%)

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Representative Director, Chairman, President & CEO	Hiroshi Mikitani	March 11, 1965	April 1988 May 1993 February 1996 February 1997 February 2001 March 2004 April 2006 February 2010 October 2011 August 2012 July 2016 July 2017 March 2022 August 2023 August 2024	Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) Received MBA from Harvard Business School President & Representative Director (currently Representative Partner) of Crimson Group, Inc. (currently Crimson Group, LLC.) (current position) Founder, President & Representative Director of the Company Chairman, President, & Representative Director of the Company (current position) Chief Executive Officer of the Company (current position) Chairman & Representative Director of Crimson Football Club, Inc. (currently Rakuten Vissel Kobe, Inc.) (current position) Representative Director of Japan e-business Association (currently Japan Association of New Economy) (current position) Chairman of Tokyo Philharmonic Orchestra (current position) Chairman, Representative Director & team owner of Rakuten Baseball, Inc. (current position) Group President of Group Company Division of the Company (current position) Chairman & Representative Director of Rakuten Aspyrian Japan K.K. (currently Rakuten Medical K.K.) (current position) Representative Director & Chairman of Rakuten Mobile, Inc. (current position) Representative Director, Chairman & CEO of Rakuten Symphony, Inc. (current position) Vice Chairman of the Board and CEO of Rakuten Medical, Inc. (current position)	March 2025 to March 2026	176,703,400

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Representative Director & Group Executive Vice President	Kentaro Hyakuno	June 6, 1967	June 1990	Joined Toyota Motor Corporation	March 2025 to March 2026	311,300
			February 2007	Executive Officer of the Company		
			July 2009	Managing Executive Officer of the Company		
			March 2013	Director & Managing Executive Officer of the Company		
			June 2015	Director, Managing Executive Officer & CSO (Chief Strategy Officer) of the Company		
			March 2016	Managing Executive Officer & CSO of the Company		
			April 2016	Managing Executive Officer, COO & CMO (Chief Marketing Officer) of the Company		
			April 2017	Group Executive Vice President, COO & CMO of the Company		
			November 2018	Group Executive Vice President & COO of the Company		
			March 2021	Director, Group Executive Vice President & COO of the Company		
			July 2021	Director of JP Rakuten Logistics, Inc. (current position)		
			March 2022	Representative Director, Group Executive Vice President & Group COO of the Company		
			April 2022	President of Communications & Energy Company of the Company (current position)		
			April 2025	Representative Director, Group Executive Vice President, Group COO & Group CCO of the Company (current position)		
			April 2025	President of Ad & Media Company of the Company (current position)		
			April 2025	President of International & Sports Company of the Company (current position)		
Director & Group Executive Vice President	Kenji Hirose	August 8, 1962	April 1985	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)	March 2025 to March 2026	41,700
			September 2005	Joined Rakuten Securities, Inc.		
			January 2006	General Manager of Financial Business Department of the Company		
			November 2006	Executive Officer of the Company		
			March 2012	Managing Executive Officer of the Company		
			July 2016	Managing Executive Officer & CCO of the Company		
			April 2018	Managing Executive Officer, CFO & CRO of the Company		
			January 2019	Group Executive Vice President, CFO & CRO of the Company		
			February 2019	Group Executive Vice President & CFO of the Company		
			March 2023	Director, Group Executive Vice President & Group CFO of the Company (current position)		

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director	Takaharu Ando	August 31, 1949	April 1972 January 1996 August 1999 August 2004 June 2009 May 2013 June 2016 June 2017 June 2018 May 2020 June 2022 March 2023	Joined National Police Agency Executive Secretary to the Prime Minister Director of Public Security Bureau of Metropolitan Police Department Director General of Commissioner General's Secretariat of National Police Agency Commissioner General of National Police Agency Outside Director of Nitori Holdings Co., Ltd. Outside Director of AMUSE INC. (current position) Outside Director of ZENSHO HOLDINGS CO., LTD. (current position) Outside Director of TOBU RAILWAY CO., LTD. (current position) Outside Director (Audit and Supervisory Committee Member) of Nitori Holdings Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of NISSHIN SEIFUN GROUP INC. (current position) Outside Director of the Company (current position)	March 2025 to March 2026	—
Director	Sarah J. M. Whitley	August 6, 1958	September 1980 May 1986 March 2019 May 2019 May 2019 December 2021 January 2022	Joined Baillie Gifford & Co. Partner of Baillie Gifford & Co. Outside Director of the Company (current position) Trustee of Foundation Scotland (current position) Chair of Edinburgh International Festival Endowment Fund (current position) Trustee of the Abbotsford Trust (current position) Chair of Scottish Episcopal Church Pension Fund (current position)	March 2025 to March 2026	—
Director	Tsedal Neeley	December 16, 1972	July 2007 July 2012 December 2015 July 2018 June 2020 July 2020 July 2020 January 2021 March 2023 July 2025	Assistant Professor of Harvard Business School Associate Professor of Harvard Business School Outside Director of The Partnership, Inc. Naylor Fitzhugh Professor of Business Administration of Harvard Business School (current position) Outside Director of Brown Capital Management, LLC (current position) Outside Director of Brightcove, Inc. Senior Associate Dean for Faculty Development and Research of Harvard Business School Faculty Chair of the Christensen for Teaching and Learning of Harvard Business School (current position) Outside Director of the Company (current position) Senior Associate Dean and Chair of the MBA Program of Harvard Business School (current position)	March 2025 to March 2026	—

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director	Charles B. Baxter	April 19, 1965	October 1998 March 2001 March 2003 September 2005 March 2011 February 2012 January 2015 November 2021 March 2023	CEO of eTranslate, Inc. Director of the Company Retired as Director of the Company Manager of LinkShare Corporation (currently RAKUTEN MARKETING LLC) (current position) Director of the Company Chairman & Director of Rakuten USA, Inc. (current position) Chairman of Reyns Holdco, Inc. (current position) Director of Wineshipping.com LLC (current position) Outside Director of the Company (current position)	March 2025 to March 2026	44,600
Director	Shigeki Habuka	April 14, 1958	April 1981 July 2003 July 2005 January 2008 September 2009 September 2011 January 2014 June 2016 November 2017 April 2019 April 2022 March 2023	Joined the Ministry of Finance Director of the Budget Bureau of the Ministry of Finance Director of the Indirect Tax Policy Division, Tax Bureau of the Ministry of Finance Deputy Director-General of the Ministry of Defense Executive Secretary to the Prime Minister Deputy Director-General of the Budget Bureau of the Ministry of Finance Director General of the Cabinet Office Vice-Minister for Policy Coordination of the Cabinet Office Executive Officer of Corporate Strategy Department of Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) Corporate Executive Officer (co-charge of the Public Policy, Relation Office, the PR & IR Office (PR)) of Mitsubishi Chemical Holdings Corporation Corporate Executive Officer and Senior Vice President (supervising Government Affairs) of Mitsubishi Chemical Holdings Corporation Outside Director of the Company (current position)	March 2025 to March 2026	—

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director	Takashi Mitachi	January 21, 1957	April 1979 June 1992 October 1993 January 1999 January 2005 May 2005 March 2016 June 2016 March 2017 June 2017 June 2017 October 2017 March 2018 June 2022 April 2025	Joined Japan Airlines Co., Ltd. Received MBA from Harvard Business School Joined the Boston Consulting Group Vice President & Partner of the Boston Consulting Group Japan Co-chair of the Boston Consulting Group Managing Director & Senior Partner of the Boston Consulting Group Outside Director of the Company (current position) Outside Director of Lotte Holdings Co., Ltd. (current position) Outside Director of DMG MORI CO., LTD. (current position) Board Member of Ohara Museum of Art (currently Ohara Arts Foundation) (current position) Outside Director of Tokio Marine Holdings, Inc. (Scheduled to retire in June 2026) Senior Advisor of The Boston Consulting Group Chief Executive Director of Ronald McDonald House Charities Japan (current position) Outside Director of SUMITOMO CORPORATION (current position) Adjunct Professor of Graduate School of Management, Kyoto University (current position)	March 2025 to March 2026	1,800
Audit & Supervisory Board Member (Full-time)	Yoshito Naganuma	June 29, 1965	April 1988 April 2002 April 2003 October 2004 November 2005 May 2013 July 2018 April 2019 April 2022 October 2022 January 2023 March 2023	Joined Nichido Fire & Marine Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Manager of Financial Planning Department of Nichido Fire & Marine Insurance Co., Ltd. and Manager of Operation Audit Group, Legal Risk Management Department of Millea Holdings, Inc. (currently Tokio Marine Holdings, Inc.) Manager of Accounting Section, Corporate Accounting Department (in charge of operation promotion) of Nichido Fire & Marine Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Deputy Manager of Sapporo Business Accounting Group, Business Accounting Service Department of Tokio Marine & Nichido Fire Insurance Co., Ltd. Joined bitwallet, Inc. (currently Rakuten Edy, Inc.) Executive Officer & General Manager of Administration Department of Rakuten Edy, Inc. Executive Officer & General Manager of Brand Policy Department of Rakuten Edy, Inc. Executive Officer & Office Manager of Internal Audit Office of Rakuten Edy, Inc. and General Manager of Corporate Planning Department of Rakuten Sociobusiness, Inc. General Manager of Planning Division and General Manager of Corporate Planning Department of Rakuten Sociobusiness, Inc. General Manager of Management Division, General Manager of Corporate Planning Department, and General Manager of Human Resources Department of Rakuten Sociobusiness, Inc. General Manager of Business Management Division and General Manager of Business Management Department of Rakuten Sociobusiness, Inc. Full-time Audit & Supervisory Board Member of the Company (current position)	March 2023 to March 2027	9,300

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Audit & Supervisory Board Member (Full-time)	Futoshi Nakamura	November 23, 1957	April 1981 July 1990 July 1994 January 2000 September 2005 July 2009 July 2010 June 2012 June 2018 March 2024	Joined The Japan Tobacco and Salt Public Corporation (currently JAPAN TOBACCO INC.) Vice President & CFO of JT America Inc. Deputy Director, Finance Department of JAPAN TOBACCO INC. Deputy General Manager of Corporate Planning Division of JAPAN TOBACCO INC. Vice President Internal Audit of JT International Inc. Senior Manager of Accounting Division of JAPAN TOBACCO INC. Head of Operational Review and Business Assurance Division of JAPAN TOBACCO INC. Full-time Audit & Supervisory Board Member of JAPAN TOBACCO INC. Full-time Audit & Supervisory Board Member of J-Pharma Co., Ltd. Full-time Outside Audit & Supervisory Board Member of the Company (current position)	March 2024 to March 2028	—
Audit & Supervisory Board Member	Maki Kataoka	July 4, 1958	April 1982 May 1987 June 1989 August 1989 April 1994 March 2009 March 2014 August 2017 June 2020 April 2022 March 2023 June 2025	Joined Arthur Andersen Certified Public Accountants Office (currently KPMG AZSA LLC) Registered as a Certified Public Accountant Received MBA from Stanford Graduate School of Business Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.) Joined Tokyo Metropolitan Police Department Director of Tokyo Metropolitan Police Department Professor of National Police Academy Executive Director of Tokyo Metropolitan Police Department Outside Corporate Auditor of SHIBAURA ELECTRONICS CO., LTD. Member of Public Interest Commission of Cabinet Office Outside Audit & Supervisory Board Member of the Company (current position) Outside Audit & Supervisory Board Member of PENTA-OCEAN CONSTRUCTION CO., LTD. (current position)	March 2023 to March 2027	—
Audit & Supervisory Board Member	Katsuyuki Yamaguchi	September 22, 1966	April 1991 May 1997 September 1997 January 1998 May 1998 February 1999 July 1999 August 2000 March 2001 July 2007 September 2018 January 2025 January 2025	Registered with Dai-ichi Tokyo Bar Association Joined Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Graduated from Columbia Law School (LL.M.) Served Debevoise & Plimpton LLP in New York Admitted as Attorney-at-law in New York, USA Served Debevoise & Plimpton LLP in Paris Served Simeon & Associés in Paris Reinstated at Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Attorney and Partner of Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Outside Audit & Supervisory Board Member of the Company (current position) Outside Audit & Supervisory Board Member of FreeBit Co., Ltd. (current position) Managing Partner of Nishimura & Asahi NY LLP Reinstated at Nishimura & Asahi (Gaikokuho Kyodo Jigyo) Partner Attorney at the same firm (current position) Head of Nishimura & Asahi NY LLP (current position)	March 2024 to March 2028	74,900
					Total	177,187,000

(Notes)

1. 6 Directors, Takaharu Ando, Sarah J. M. Whitley, Tsedal Neeley, Charles B. Baxter, Shigeki Habuka, and Takashi Mitachi, are Outside Directors.
2. 3 Audit & Supervisory Board Members, Futoshi Nakamura, Maki Kataoka, and Katsuyuki Yamaguchi are Outside Audit & Supervisory Board Members.

b. Status of Officers Following the Annual General Shareholders' Meeting Scheduled for March 27, 2026

The proposal “Election of Ten Directors” is scheduled to be presented as an agenda item (resolution matter) at the Annual General Shareholders' Meeting scheduled for March 27, 2026. Should this proposal be approved and passed as proposed, the status of our officers is expected to be as follows.

10 male, 4 female (Percentage of female: 28.6%)

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Representative Director, Chairman, President & CEO	Hiroshi Mikitani	March 11, 1965	April 1988	Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)	March 2026 to March 2027	176,703,400
			May 1993	Received MBA from Harvard Business School		
			February 1996	President & Representative Director (currently Representative Partner) of Crimson Group, Inc. (currently Crimson Group, LLC.) (current position)		
			February 1997	Founder, President & Representative Director of the Company		
			February 2001	Chairman, President, & Representative Director of the Company (current position)		
			March 2004	Chief Executive Officer of the Company (current position)		
			April 2006	Chairman & Representative Director of Crimson Football Club, Inc. (currently Rakuten Vissel Kobe, Inc.) (current position)		
			February 2010	Representative Director of Japan e-business Association (currently Japan Association of New Economy) (current position)		
			October 2011	Chairman of Tokyo Philharmonic Orchestra (current position)		
			August 2012	Chairman, Representative Director & team owner of Rakuten Baseball, Inc. (current position)		
			July 2016	Group President of Group Company Division of the Company (current position)		
			July 2017	Chairman & Representative Director of Rakuten Aspyrian Japan K.K. (currently Rakuten Medical K.K.) (current position)		
			March 2022	Representative Director & Chairman of Rakuten Mobile, Inc. (current position)		
			August 2023	Representative Director, Chairman & CEO of Rakuten Symphony, Inc. (current position)		
			August 2024	Vice Chairman of the Board and CEO of Rakuten Medical, Inc. (current position)		

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Representative Director & Group Executive Vice President	Kentaro Hyakuno	June 6, 1967	June 1990 February 2007 July 2009 March 2013 June 2015 March 2016 April 2016 April 2017 November 2018 March 2021 July 2021 March 2022 April 2022 April 2025 April 2025 April 2025	Joined Toyota Motor Corporation Executive Officer of the Company Managing Executive Officer of the Company Director & Managing Executive Officer of the Company Director, Managing Executive Officer & CSO (Chief Strategy Officer) of the Company Managing Executive Officer & CSO of the Company Managing Executive Officer, COO & CMO (Chief Marketing Officer) of the Company Group Executive Vice President, COO & CMO of the Company Group Executive Vice President & COO of the Company Director, Group Executive Vice President & COO of the Company Director of JP Rakuten Logistics, Inc. (current position) Representative Director, Group Executive Vice President & Group COO of the Company President of Communications & Energy Company of the Company (current position) Representative Director, Group Executive Vice President, Group COO & Group CCO of the Company (current position) President of Ad & Media Company of the Company (current position) President of International & Sports Company of the Company (current position)	March 2026 to March 2027	311,300
Director & Group Executive Vice President	Naho Kono	November 22, 1976	August 2003 May 2013 April 2016 July 2016 February 2017 April 2017 November 2018 October 2020 April 2022 December 2024 March 2026	Joined the Company Executive Officer of the Company Senior Executive Officer of the Company Senior Vice President of EC Company of the Company President of EC Company of the Company Managing Executive Officer of the Company Managing Executive Officer & CMO of the Company Managing Executive Officer & CMO of Rakuten Mobile, Inc. (current position) Group Executive Vice President & Group CMO of the Company Director of Rakuten Card Co., Ltd. (current position) Director and Group Executive Vice President, Group CMO of the Company (current position)	March 2026 to March 2027	27,400

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director Senior Executive Officer	Eiichi Kaga	April 24, 1976	April 2001 May 2007 July 2007 July 2010 May 2017 May 2017 April 2022 July 2023 April 2024 August 2024 March 2026	Joined Ministry of Finance Received MBA from Vanderbilt University Seconded to Cabinet Secretariat Joined the Company General Manager of Finance Department of the Company (current position) General Manager of Investor Relations Department of the Company Executive Officer of the Company Director of Finance Supervisory Department of the Company Senior Executive Officer of the Company Director of Rakuten Medical, Inc. (current position) Director and Senior Executive Officer, Director of Finance Supervisory Department of the Company (current position)	March 2026 to March 2027	12,100
Director	Takaharu Ando	August 31, 1949	April 1972 January 1996 August 1999 August 2004 June 2009 May 2013 June 2016 June 2017 June 2018 May 2020 June 2022 March 2023	Joined National Police Agency Executive Secretary to the Prime Minister Director of Public Security Bureau of Metropolitan Police Department Director General of Commissioner General's Secretariat of National Police Agency Commissioner General of National Police Agency Outside Director of Nitori Holdings Co., Ltd. Outside Director of AMUSE INC. (current position) Outside Director of ZENSHO HOLDINGS CO., LTD. (current position) Outside Director of TOBU RAILWAY CO., LTD. (current position) Outside Director (Audit and Supervisory Committee Member) of Nitori Holdings Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of NISSHIN SEIFUN GROUP INC. (current position) Outside Director of the Company (current position)	March 2026 to March 2027	—
Director	Sarah J. M. Whitley	August 6, 1958	September 1980 May 1986 March 2019 May 2019 May 2019 December 2021 January 2022	Joined Baillie Gifford & Co. Partner of Baillie Gifford & Co. Outside Director of the Company (current position) Trustee of Foundation Scotland (current position) Chair of Edinburgh International Festival Endowment Fund (current position) Trustee of the Abbotsford Trust (current position) Chair of Scottish Episcopal Church Pension Fund (current position)	March 2026 to March 2027	—

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director	Tsedal Neeley	December 16, 1972	July 2007 July 2012 December 2015 July 2018 June 2020 July 2020 July 2020 January 2021 March 2023 July 2025	Assistant Professor of Harvard Business School Associate Professor of Harvard Business School Outside Director of The Partnership, Inc. Naylor Fitzhugh Professor of Business Administration of Harvard Business School (current position) Outside Director of Brown Capital Management, LLC (current position) Outside Director of Brightcove, Inc. Senior Associate Dean for Faculty Development and Research of Harvard Business School Faculty Chair of the Christensen for Teaching and Learning of Harvard Business School (current position) Outside Director of the Company (current position) Senior Associate Dean and Chair of the MBA Program of Harvard Business School (current position)	March 2026 to March 2027	—
Director	Charles B. Baxter	April 19, 1965	October 1998 March 2001 March 2003 September 2005 March 2011 February 2012 January 2015 November 2021 March 2023	CEO of eTranslate, Inc. Director of the Company Retired as Director of the Company Manager of LinkShare Corporation (currently RAKUTEN MARKETING LLC) (current position) Director of the Company Chairman & Director of Rakuten USA, Inc. (current position) Chairman of Reyns Holdco, Inc. (current position) Director of Wineshipping.com LLC (current position) Outside Director of the Company (current position)	March 2026 to March 2027	44,600
Director	Shigeki Habuka	April 14, 1958	April 1981 July 2003 July 2005 January 2008 September 2009 September 2011 January 2014 June 2016 November 2017 April 2019 April 2022 March 2023	Joined the Ministry of Finance Director of the Budget Bureau of the Ministry of Finance Director of the Indirect Tax Policy Division, Tax Bureau of the Ministry of Finance Deputy Director-General of the Ministry of Defense Executive Secretary to the Prime Minister Deputy Director-General of the Budget Bureau of the Ministry of Finance Director General of the Cabinet Office Vice-Minister for Policy Coordination of the Cabinet Office Executive Officer of Corporate Strategy Department of Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) Corporate Executive Officer (co-charge of the Public Policy, Relation Office, the PR & IR Office (PR)) of Mitsubishi Chemical Holdings Corporation Corporate Executive Officer and Senior Vice President (supervising Government Affairs) of Mitsubishi Chemical Holdings Corporation Outside Director of the Company (current position)	March 2026 to March 2027	—

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Director	Takashi Mitachi	January 21, 1957	April 1979 June 1992 October 1993 January 1999 January 2005 May 2005 March 2016 June 2016 March 2017 June 2017 June 2017 October 2017 March 2018 June 2022 April 2025	Joined Japan Airlines Co., Ltd. Received MBA from Harvard Business School Joined the Boston Consulting Group Vice President & Partner of the Boston Consulting Group Japan Co-chair of the Boston Consulting Group Managing Director & Senior Partner of the Boston Consulting Group Outside Director of the Company (current position) Outside Director of Lotte Holdings Co., Ltd. (current position) Outside Director of DMG MORI CO., LTD. (current position) Board Member of Ohara Museum of Art (currently Ohara Arts Foundation) (current position) Outside Director of Tokio Marine Holdings, Inc. (Scheduled to retire in June 2026) Senior Advisor of The Boston Consulting Group Chief Executive Director of Ronald McDonald House Charities Japan (current position) Outside Director of SUMITOMO CORPORATION (current position) Adjunct Professor of Graduate School of Management, Kyoto University (current position)	March 2026 to March 2027	1,800
Audit & Supervisory Board Member (Full-time)	Yoshito Naganuma	June 29, 1965	April 1988 April 2002 April 2003 October 2004 November 2005 May 2013 July 2018 April 2019 April 2022 October 2022 January 2023 March 2023	Joined Nichido Fire & Marine Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Manager of Financial Planning Department of Nichido Fire & Marine Insurance Co., Ltd. and Manager of Operation Audit Group, Legal Risk Management Department of Millea Holdings, Inc. (currently Tokio Marine Holdings, Inc.) Manager of Accounting Section, Corporate Accounting Department (in charge of operation promotion) of Nichido Fire & Marine Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Deputy Manager of Sapporo Business Accounting Group, Business Accounting Service Department of Tokio Marine & Nichido Fire Insurance Co., Ltd. Joined bitwallet, Inc. (currently Rakuten Edy, Inc.) Executive Officer & General Manager of Administration Department of Rakuten Edy, Inc. Executive Officer & General Manager of Brand Policy Department of Rakuten Edy, Inc. Executive Officer & Office Manager of Internal Audit Office of Rakuten Edy, Inc. and General Manager of Corporate Planning Department of Rakuten Sociobusiness, Inc. General Manager of Planning Division and General Manager of Corporate Planning Department of Rakuten Sociobusiness, Inc. General Manager of Management Division, General Manager of Corporate Planning Department, and General Manager of Human Resources Department of Rakuten Sociobusiness, Inc. General Manager of Business Management Division and General Manager of Business Management Department of Rakuten Sociobusiness, Inc. Full-time Audit & Supervisory Board Member of the Company (current position)	March 2023 to March 2027	9,300

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Shares)
Audit & Supervisory Board Member (Full-time)	Futoshi Nakamura	November 23, 1957	April 1981 July 1990 July 1994 January 2000 September 2005 July 2009 July 2010 June 2012 June 2018 March 2024	Joined The Japan Tobacco and Salt Public Corporation (currently JAPAN TOBACCO INC.) Vice President & CFO of JT America Inc. Deputy Director, Finance Department of JAPAN TOBACCO INC. Deputy General Manager of Corporate Planning Division of JAPAN TOBACCO INC. Vice President Internal Audit of JT International Inc. Senior Manager of Accounting Division of JAPAN TOBACCO INC. Head of Operational Review and Business Assurance Division of JAPAN TOBACCO INC. Full-time Audit & Supervisory Board Member of JAPAN TOBACCO INC. Full-time Audit & Supervisory Board Member of J-Pharma Co., Ltd. Full-time Outside Audit & Supervisory Board Member of the Company (current position)	March 2024 to March 2028	—
Audit & Supervisory Board Member	Maki Kataoka	July 4, 1958	April 1982 May 1987 June 1989 August 1989 April 1994 March 2009 March 2014 August 2017 June 2020 April 2022 March 2023 June 2025	Joined Arthur Andersen Certified Public Accountants Office (currently KPMG AZSA LLC) Registered as a Certified Public Accountant Received MBA from Stanford Graduate School of Business Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.) Joined Tokyo Metropolitan Police Department Director of Tokyo Metropolitan Police Department Professor of National Police Academy Executive Director of Tokyo Metropolitan Police Department Outside Corporate Auditor of SHIBAURA ELECTRONICS CO., LTD. Member of Public Interest Commission of Cabinet Office Outside Audit & Supervisory Board Member of the Company (current position) Outside Audit & Supervisory Board Member of PENTA-OCEAN CONSTRUCTION CO., LTD. (current position)	March 2023 to March 2027	—
Audit & Supervisory Board Member	Katsuyuki Yamaguchi	September 22, 1966	April 1991 May 1997 September 1997 January 1998 May 1998 February 1999 July 1999 August 2000 March 2001 July 2007 September 2018 January 2025 January 2025	Registered with Dai-ichi Tokyo Bar Association Joined Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Graduated from Columbia Law School (LL.M.) Served Debevoise & Plimpton LLP in New York Admitted as Attorney-at-law in New York, USA Served Debevoise & Plimpton LLP in Paris Served Simeon & Associés in Paris Reinstated at Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Attorney and Partner of Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) Outside Audit & Supervisory Board Member of the Company (current position) Outside Audit & Supervisory Board Member of FreeBit Co., Ltd. (current position) Managing Partner of Nishimura & Asahi NY LLP Reinstated at Nishimura & Asahi (Gaikokuho Kyodo Jigyo) Partner Attorney at the same firm (current position) Head of Nishimura & Asahi NY LLP (current position)	March 2024 to March 2028	74,900
					Total	177,184,800

2) Outside Directors and Outside Audit & Supervisory Board Members

As of March 26, 2026, the Company's 9 member Board of Directors currently includes 6 Outside Directors, and 3 of 4 Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members.

Director Takashi Mitachi is an Adjunct Professor at the Graduate School of Management, Kyoto University. The Company pays participation fees to the university for courses offered by the university. In fiscal 2025, the percentage of such payments was less than 1% of the combined total amount of the Company's cost of sales, selling, general, and administrative expenses for the year.

Audit & Supervisory Board Member Katsuyuki Yamaguchi is a Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo), which has a business relationship with the Company in terms of service provision, etc. The percentage of transactions between Nishimura & Asahi (Gaikokuho Kyodo Jigyo) and the Company in fiscal 2025 was less than 1% of the combined total amount of cost of sales and the selling, general, and administrative expenses of the Company for the year.

Mr. Charles B. Baxter and Takashi Mitachi, Outside Directors, and Mr. Katsuyuki Yamaguchi, Outside Audit & Supervisory Board Member, respectively hold the Company's shares, and the numbers of shares held by them are as described in the respective columns of "Number of shares held" in "(2) Directors 1) List of Officers". There are no other personal, capital or business relationships or significant interests.

With the aim of ensuring a high level of transparency and strong management supervision, thereby increasing the corporate value, the Company, in selecting its Independent Directors and Independent Audit & Supervisory Board Members, determines persons who, in principle, do not fall under any of the following criteria to be independent, and 6 Outside Directors, namely Mr. Takaharu Ando, Ms. Sarah J. M. Whitley, Ms. Tsedal Neeley, Mr. Charles B. Baxter, Mr. Shigeki Habuka, Mr. Takashi Mitachi, and 3 Outside Audit & Supervisory Board Members, namely Mr. Futoshi Nakamura, Ms. Maki Kataoka, and Mr. Katsuyuki Yamaguchi are appointed to the position of Independent Director/Audit & Supervisory Board Member specified by the regulations of the Tokyo Stock Exchange. When nominating candidates for Outside Director, the Company considers whether the candidates fall under any of the following criteria.

a. A party whose major client is the Company or an executive thereof (*1) or a major client (*2) of the Company or an executive thereof
b. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as Directors or Audit & Supervisory Board Members (if the party receiving the said property is an organization such as corporation or association, parties who belong to the said organization)
c. A party who substantially has 10% or more of the Company's total voting rights, or an executive thereof
d. A person or party who has recently fallen under any of a) through c) above (*3)
e. A close relative of a person who falls under the following criteria (excluding immaterial persons)
   1) A person who falls under any of a) through d) above
   2) An executive of a subsidiary of the Company
   3) A Non-executive Director of a subsidiary of the Company (limited to the case where Outside Audit & Supervisory Board Member is appointed as an Independent Audit & Supervisory Board Member)
   4) A person who has recently fallen under 2) or 3) above, or recently been an executive of the Company (including a Non-executive Director in the case where Outside Audit & Supervisory Board Member is appointed as an Independent Audit & Supervisory Board Member)

*1: An executive as stipulated in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, which includes employees in addition to Executive Directors.
*2: Refers to cases in which, using the transaction amount with the Company as the criterion, the sum of the Company's total purchase amount accounts for 1% or more of the combined total amount of cost of sales and the selling, general, and administrative expenses of the Company.
*3: Cases which are considered, in effect, equivalent to the present condition, such as where a party or person fell under any of a) through c) at the time the contents of the proposal of the General Shareholders' Meeting are determined for the election of such Independent Directors or Independent Audit & Supervisory Board Members as Outside Directors or Outside Audit & Supervisory Board Members.

Furthermore, as a proposal (matter for resolution) for the Annual General Shareholders' Meeting scheduled for March 27, 2026, we are proposing 'Election of 10 Directors.' If this proposal is approved as proposed, 6 of the Company's 10 Directors will be Outside Directors. There will be no changes to the Independent Directors/Audit & Supervisory Board Members.

There are 6 Outside Directors. Mr. Takaharu Ando has extensive experience and wide-ranging insight gained from serving in various important positions in police organizations, including Commissioner General of National Police Agency. Ms. Sarah J. M. Whitley has many years of experience in observing the Company and other Japanese companies mainly as an investor in independent overseas asset management firms, and possesses extensive knowledge of corporate finance. Ms. Tsedal Neeley has extensive experience and wide-ranging insight gained from serving as a professor at Harvard Business School and as an Outside Director of a U.S. listed company in the Internet industry, as well as her wide-ranging insight gained through her research on digital transformation and acculturation in companies and extensive advisory of companies worldwide. Mr. Charles B. Baxter has expertise and extensive experience in the Internet industry and corporate management. Mr. Shigeki Habuka has wide-ranging experience gained from serving in various important positions in administrative agencies, including Vice-Minister for Policy Coordination of the Cabinet Office and his extensive insight on financial administration and government affairs. And Mr. Takashi Mitachi has expert knowledge and experience as a management consultant. All Outside Directors have been appointed in expectation of their ability to provide management with advice and opinions to enhance the Company's corporate value based on their experience and expert knowledge.

There are 3 Outside Audit & Supervisory Board Members. Mr. Futoshi Nakamura has expertise and experience in global companies as well as audit & supervisory board member in listed companies. Ms. Maki Kataoka has extensive expertise and wealth of experience as a certified public accountant, as well as specialized knowledge of finance, accounting, and internal controls. Mr. Katsuyuki Yamaguchi has extensive expertise and wealth of experience as legal attorney on corporate legal affairs. They have been appointed in anticipation of their contribution to the Company's audit system.

Documents for meetings of the Board of Directors are forwarded in advance to the Outside Directors and Outside Audit & Supervisory Board Members, who, if necessary, can also seek advance briefings from and consultations with the units concerned. As noted in "(3) Audits", the Outside Audit & Supervisory Board Members also actively exchange views and collaborate with the Internal Audit Department and the independent auditors.

(3) Audits

1) Audits by Audit & Supervisory Board Members

(a) Organization, Personnel and Procedures of Audits by Audit & Supervisory Board Members

Information about organization, personnel and procedures of audits by Audit & Supervisory Board Members, please refer to "(1) Overview of Corporate Governance, 2) Corporate Governance (b) Corporate Organization (Audit & Supervisory Board Members and the Audit & Supervisory Board)".

(b) Activities of Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company held a total of 12 meetings of the Audit & Supervisory Board during the current fiscal year, and the attendance of each Audit & Supervisory Board Member is as follows:

Title and position	Name	Attendance of the meetings of the Audit & Supervisory Board
Audit & Supervisory Board Member (Full-time)	Yoshito Naganuma	12 out of the 12 meetings
Outside Audit & Supervisory Board Member (Full-time)	Futoshi Nakamura	12 out of the 12 meetings
Outside Audit & Supervisory Board Member (Part-time)	Maki Kataoka	12 out of the 12 meetings
Outside Audit & Supervisory Board Member (Part-time)	Katsuyuki Yamaguchi	12 out of the 12 meetings

As key matters for deliberation, the Audit & Supervisory Board engages in discussions and reviews concerning auditing policies and plans, the audit report of the Audit & Supervisory Board, the auditing methods and reports of the independent auditor, and the reappointment of the independent auditor, all in accordance with laws, regulations, etc., and the Articles of Incorporation.

Audit & Supervisory Board Members attend Board of Directors meetings to audit the management of proceedings and resolutions and express opinions as necessary.

Full-time Audit & Supervisory Board Members, leveraging their full-time status, attend important management meetings to understand the execution of duties by directors. They also review and confirm key approval documents and gather information through various departments/companies and group companies, which assists in appropriately monitoring the execution of duties and risk management by each director. Furthermore, they enhance the overall effectiveness of audits across the group by exchanging views and hearing about the audit status and results from group company auditors. Information obtained through these duties is regularly shared with part-time Audit & Supervisory Board Members at the Audit & Supervisory Board meetings to ensure mutual information sharing.

2) Internal Audits

(a) Organization, Personnel and Procedures

Internal audits are conducted by the 49-member (including General Manager) Internal Audit Department, which is an independent unit reporting directly to the Representative Director, Chairman, President & CEO. Head office divisions, business units and the Rakuten Group are all subject to internal auditing. Audits are implemented under plans approved by the Board of Directors with the aim of verifying the legality, appropriateness and efficiency of operations. The purpose of the internal audit process is to ensure that business operations are conducted in an appropriate manner by identifying any improvements that may be required, and by monitoring the implementation of those improvements. Audit results are reported to the Representative Director, Chairman, President & CEO, the Audit & Supervisory Board Members, and the relevant departments or services that were audited, and particularly important audit results are reported to the Board of Directors.

(b) Mutual Cooperation between Internal Audits, Audits by Audit & Supervisory Board Members and Audits by Independent Auditors, and the Relationship with Internal Control Divisions

The Internal Audit Department shares the results, etc. of the internal audits at regular meetings with Audit & Supervisory Board Members (Full-time), regularly shares audit results with the Audit & Supervisory Board and conducts information sharing with independent auditors including regular exchange of opinions and the results of the internal audits. A Three-Party Audit Meeting is held as needed, and an exchange of opinions among the three parties is conducted. In addition, the Internal Audit Department is also working to enhance the effectiveness of internal audits throughout the Rakuten Group by working closely with the other auditors of the Rakuten Group. Furthermore, the Internal Audit Department evaluates the design and operating status of internal controls over financial reporting based on guidelines by the Financial Services Agency and internal regulations, and shares such information with internal control divisions, as appropriate. Internal control divisions make efforts to improve the internal control system based on such information, as necessary.

3) Audits by Independent Auditors

(a) Name of the Independent Auditor

Ernst & Young ShinNihon LLC

The Company has entered into an auditing agreement with Ernst & Young ShinNihon LLC, which conducts financial audits in accordance with the Japanese Companies Act and the Financial Instruments and Exchange Act.

(b) Continuous Audit Period

28 years

(c) Certified public accountants

In the current fiscal year, audits were conducted by the following certified public accountants.

Designated and Engagement Partner	Tomoko Tanabe
Designated and Engagement Partner	Isamu Ando
Designated and Engagement Partner	Mitsutaka Kumagai
Designated and Engagement Partner	Kentaro Koyama

(d) Numbers of Assistants

In the current fiscal year, audits were assisted by the following assistants.

32 certified public accountants and 51 others

(e) Selection Policy, Reasons and Evaluation of Audit Firms

The Audit & Supervisory Board has established standards for properly selecting and evaluating independent auditors. Based on these standards, the Audit & Supervisory Board conducts a comprehensive review every fiscal year, taking into account matters such as the quality control system, independence, cooperation with business execution departments, audit implementation systems and audit fees of the auditing firm.

In the case where the independent auditor is believed to be applicable to any item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall consider the dismissal thereof and carry out such dismissal if such action is found adequate subject to the unanimous consent of all Audit & Supervisory Board Members. Also, the Audit & Supervisory Board shall decide the details of any proposal on dismissal or non-reappointment of the independent auditor to be presented to Shareholders' Meeting, if such action is deemed necessary for example, in cases where the independent auditor is found to have difficulty fulfilling their duties adequately.

In addition, the appropriateness and validity of the independent auditor are evaluated from the perspective of their quality control situation, the independence of their audit team, the appropriateness of the system to execute their duties, and their response to risk of fraud.

4) Audit Fees, etc.

(a) Audit Fees Paid to Certified Public Accountants, etc.

Item	2024		2025	
	Millions of Yen		Millions of Yen	
	Fees paid for audit certification services	Fees paid for non-audit services	Fees paid for audit certification services	Fees paid for non-audit services
Company submitting financial reports	311	133	344	31
Subsidiaries	630	124	638	62
Total	941	257	982	93

The details of the non-audit services for the Company mainly consisted of the preparation of a comfort letter related to the issuance of corporate bonds in the previous fiscal year and ESG data assurance services in the current fiscal year. The details of the non-audit services for the subsidiaries mainly consisted of the preparation of a comfort letter related to issuance of corporate bonds and the consulting services related to reorganization in the previous fiscal year and consulting services related to financial solvency in the current fiscal year.

(b) Remuneration Paid to the Same Network (Ernst & Young Group) as Certified Public Accountants, etc., excluding the abovementioned (a)

Item	2024		2025	
	Millions of Yen		Millions of Yen	
	Fees paid for audit certification services	Fees paid for non-audit services	Fees paid for audit certification services	Fees paid for non-audit services
Company submitting financial reports	—	1	—	3
Subsidiaries	432	167	496	177
Total	432	168	496	180

The details of the non-audit services for the Company mainly consisted of support services for tax compliance overseas for the previous fiscal year and transfer pricing consulting services for the current fiscal year. The details of the non-audit services for the subsidiaries mainly consisted of consulting services related to data utilization for the previous fiscal year and advisory services for digital transformation promotion for the current fiscal year.

(c) Fees based on Other Important Audit Certification Services

Not applicable.

(d) Policy on Setting of Audit Fees

The policy regarding audit fees is appropriately determined with the consent of the Audit & Supervisory Board in accordance with laws and regulations, based on relevant factors, including the size of the Company, the characteristics of its business activities, and the number of days required for audits.

(e) Reasons the Audit & Supervisory Board Agreed to the Remuneration of Independent Auditors

The Audit & Supervisory Board has agreed to the amount of remuneration, etc. for the independent auditor as a result of verifying and evaluating the details of the auditing plan for the current fiscal year, including number of days required for audits and placement of personnel, as well as the audit results of the previous year, which were explained by the independent auditor, and scrutinizing the appropriateness of the audit performance of the independent auditor, as well as the basis for calculating the estimate used as a premise for the remuneration.

(4) Compensation of Directors and Audit & Supervisory Board Members

1) Total amount of compensation, etc., for Each Category of Officers of the Company Submitting Financial Reports, Total amount of compensation by type, and Number of Recipients

Classification	Total amount of compensation (Millions of Yen)	Total amount of compensation by type (Millions of Yen)				Number of recipients
		Basic compensation	Bonuses	Share options	Special compensation for retiring Executive Officer	
Directors	2,048	336	123	293	1,297	12
(Of which, Outside Directors)	(109)	(61)	(—)	(47)	(—)	(7)
Audit & Supervisory Board Members	72	72	—	—	—	4
(Of which, Outside Audit & Supervisory Board Members)	(54)	(54)	(—)	(—)	(—)	(3)
Total	2,120	408	123	293	1,297	16

(Notes)

1. The total amount of compensation for Directors shall not exceed the maximum amount (¥1,900 million per year, including ¥200 million for Outside Directors) resolved at the 26th Annual General Shareholders' Meeting held on March 30, 2023. The number of Directors at the conclusion of this Annual General Shareholders' Meeting was twelve, including seven Outside Directors. The total amount of compensation in the table includes the amount recorded for the current fiscal year for share options, and as described in 3 and 4 below, the granting of share options has been approved separately from the above maximum amount of compensation. The amount of compensation for Directors excluding the amount recorded for share options from the total amount of compensation in the table above is within the above-mentioned maximum amount of compensation.
2. The total amount of compensation for Audit & Supervisory Board Members shall not exceed the maximum amount (¥120 million per year) resolved at the 10th Annual General Shareholders' Meeting held on March 29, 2007. The number of Audit & Supervisory Board Members at the conclusion of this Annual General Shareholders' Meeting was four.
3. With regard to the granting of share options to Directors (excluding Outside Directors), the Company resolved at the 28th Annual General Shareholders' Meeting held on March 28, 2025, to grant share acquisition rights as share options exercisable while in service (maximum 15,000 units per fiscal year) and share acquisition rights as retirement compensation share options (maximum 20,000 units per fiscal year) to Directors (excluding Outside Directors) as compensation, etc., separately from the maximum amount of compensation described in 1 above. The number of Directors (excluding Outside Directors) at the conclusion of this Annual General Shareholders' Meeting was three. The Company has granted 0 unit of share acquisition rights as share options exercisable while in service and 2,943 units of share acquisition rights as retirement compensation share options to Directors (excluding Outside Directors) in the fiscal year. The details of each share acquisition right are as follows.

I. Share acquisition rights as share options exercisable while in service

(1) Persons to whom share acquisition rights will be allotted

Directors of the Company

(2) Class and number of shares to be issued upon exercise of share acquisition rights

The class of shares to be issued upon the exercise of share acquisition rights will be common stock of the Company, and the number of shares to be issued in each fiscal year will not exceed 1,500,000. However, if the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same will apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such share acquisition rights will be adjusted according to the following formula; provided that such adjustment will be made only to those that remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share acquisition right arises as a result of such adjustment, such fraction shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split or consolidation

In addition, if the Company carries out a merger, company split, share exchange, share transfer, or other action that makes it necessary to adjust the number of shares, the number of shares will be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer, or other similar actions.

(3) Total number of share acquisition rights to be issued

Share acquisition rights to be issued in each fiscal year will not exceed 15,000 units.

One hundred shares will be issued for each share acquisition right; provided, however, that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the share acquisition rights will be adjusted accordingly.

(4) Cash payment for share acquisition rights

No cash payment is required for share acquisition rights.

Share acquisition rights are fairly issued and granted as the consideration for execution of duties and do not fall under issuance with favorable terms and conditions.

(5) Value of the assets to be contributed upon exercise of share acquisition rights

The price for one share acquisition right will be one yen.

(6) Exercise period of share acquisition rights

The exercise period will be from the date on which one year has passed from the issuance of the share acquisition rights (hereinafter "Date of Issuance") to the date on which ten years have passed from the Date of Issuance. If the final day of the exercise period falls on a holiday of the Company, the final day will be the working day immediately preceding the final day.

(7) Conditions for exercising the share acquisition rights

a) Those who received an allotment of the issue of share acquisition rights (hereinafter "Holders of share acquisition rights") will remain Directors, Executive Officers, Audit & Supervisory Board Members or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances or in the event where the Holders of share acquisition rights have made applications for the exercise of share acquisition rights in accordance with the procedures prescribed by the Company by the date of retirement (or by the application date immediately following the date of retirement if it is recognized that there are justifiable grounds for not being able to make the application by the date of retirement).

b) Share acquisition rights may not be inherited; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.

c) Share acquisition rights may not be offered for pledge or disposed of in any other way.

d) Share acquisition rights may be exercised by the Holder of share acquisition rights, in whole or in part, according to the following categories.

i) The entire allotment of share acquisition rights may not be exercised prior to the date on which one year has passed from the Date of Issuance.

ii) 15% of the allotment of share acquisition rights may be exercised from the date on which one year has passed from the Date of Issuance to the date prior to the date on which two years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

iii) 35% of the allotment of share acquisition rights (if a portion of the allotment of share acquisition rights had been exercised by the date prior to the date on which two years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion shall be 35%) may be exercised from the date on which two years have passed from the Date of Issuance to the date prior to the date on which three years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

iv) 65% of the allotment of share acquisition rights (if a portion of the allotment of share acquisition rights had been exercised by the date prior to the date on which three years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion will be 65%) may be exercised from the date on which three years have passed from the Date of Issuance to the date prior to the date on which four years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

v) The entire allotment of share acquisition rights may be exercised from the date on which four years have passed from the Date of Issuance to the date on which ten years have passed from the Date of Issuance.

e) The Holders of share acquisition rights have duties to pay all taxes (including but not limited to income tax, social security contributions, pensions, and employment insurance premium in all applicable jurisdictions) specified by laws and regulations in relation to share acquisition rights and shares. In cases where the Company and its subsidiaries and affiliates are obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc.

will be able to levy tax from Holders of share acquisition rights by the methods listed below.
i) Receipt by cash
ii) Appropriation of shares owned by the Holders of share acquisition rights
iii) Deduction from salaries, bonuses, etc. of the Holders of share acquisition rights
iv) Other methods specified by the Company

(8) Grounds and terms of acquisition of share acquisition rights
a) If the General Shareholders' Meeting approves an absorption-type merger in which the Company is the absorbed company, an absorption-type company split agreement or incorporation-type company split plan in which the Company is the splitting company, or a share exchange agreement or share transfer plan under which the Company would become a wholly owned subsidiary, the Company may acquire new share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.
b) If the terms stipulated in (7) a) cease to apply to Holders of share acquisition rights before they exercise said options, the Company may acquire the share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.

(9) Restriction on the acquisition of share acquisition rights by transfer
Any acquisition of share acquisition rights by transfer will require approval via a resolution of the Board of Directors of the Company.

(10) Other details of share acquisition rights
Other details of share acquisition rights will be determined by the meeting of the Board of Directors to determine the conditions of the offer of share acquisition rights.

II. Share acquisition rights as retirement compensation share options
(1) Persons to whom share acquisition rights will be allotted
Directors of the Company who serve concurrently as Executive Officers of the Company.

(2) Class and number of shares to be issued upon exercise of share acquisition rights
The class of shares to be issued upon the exercise of share acquisition rights will be common stock of the Company, and the number of shares to be issued in each fiscal year will not exceed 2,000,000. However, if the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same will apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such share acquisition rights will be adjusted according to the following formula; provided that such adjustment will be made only to those that remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share acquisition right arises as a result of such adjustment, such fraction shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split or consolidation

In addition, if the Company carries out a merger, company split, share exchange, share transfer, or other action that makes it necessary to adjust the number of shares, the number of shares will be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer, or other similar actions.

(3) Total number of share acquisition rights to be issued
Share acquisition rights to be issued in each fiscal year will not exceed 20,000 units.
One hundred shares will be issued for each share acquisition right; provided, however, that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the share acquisition rights will be adjusted accordingly.

(4) Cash payment for share acquisition rights
No cash payment is required for share acquisition rights.
Share acquisition rights are fairly issued and granted as the consideration for execution of duties and do not fall under issuance with favorable terms and conditions.

(5) Value of the assets to be contributed upon exercise of share acquisition rights
The price for one share acquisition right will be one yen.

(6) Exercise period of share acquisition rights
The exercise period will be from the date on which share acquisition rights are issued (hereinafter "Date of Issuance") until the date on which 40 years have passed from the Date of Issuance. If the final day of the exercise period falls on a holiday of the Company, the final day will be the working day immediately preceding the final day.

(7) Conditions for exercise of share acquisition rights

a) Those who received an allotment of the issue of share acquisition rights (hereinafter "Holders of share acquisition rights"), shall exercise such rights within ten days from the date following the date on which they retire as Directors, Executive Officers, Audit & Supervisory Board Members and employees of the Company and its subsidiaries and affiliates.

b) Share acquisition rights may not be inherited; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors of the Company in consideration of circumstances.

c) Share acquisition rights may not be offered for pledge or disposed of in any other way.

d) The Holders of share acquisition rights have duties to pay all taxes (including but not limited to income tax, social security contributions, pensions, and employment insurance premium in all applicable jurisdictions) specified by laws and regulations in relation to share acquisition rights and shares. In cases where the Company and its subsidiaries and affiliates are obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc. will be able to levy tax from Holders of share acquisition rights by the methods listed below.

i) Receipt by cash

ii) Appropriation of shares owned by the Holders of share acquisition rights

iii) Deduction from salaries, bonuses, etc. of the Holders of share acquisition rights

iv) Other methods specified by the Company

(8) Grounds and terms of acquisition of share acquisition rights

a) If the General Shareholders' Meeting approves an absorption-type merger in which the Company is the absorbed company, an absorption-type company split agreement or incorporation-type company split plan in which the Company is the splitting company, or a share exchange agreement or share transfer plan under which the Company would become a wholly owned subsidiary, the Company may acquire new share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.

b) If the terms stipulated in (7) a) cease to apply to Holders of share acquisition rights before they exercise said options, the Company may acquire the share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.

(9) Restriction on the acquisition of share acquisition rights by transfer

Any acquisition of share acquisition rights by transfer will require approval via a resolution of the Board of Directors of the Company.

(10) Other details of share acquisition rights

Other details of share acquisition rights will be decided at the meeting of the Board of Directors of the Company to determine the conditions of the offer of share acquisition rights.

4. With regard to the granting of share options to Outside Directors, the Company resolved at the 25th Annual General Shareholders' Meeting held on March 30, 2022, to grant share acquisition rights as share options exercisable while in service (maximum 1,000 units per fiscal year) to Outside Directors as compensation, etc., separately from the maximum amount of compensation described in 1. above. The number of Outside Directors at the conclusion of this Annual General Shareholders' Meeting was five. The Company has granted 571 units of share acquisition rights as share options exercisable while in service to Outside Directors in the fiscal year. The details of such share acquisition right are as follows.

Share Acquisition rights as Share options exercisable while in service

(1) Persons to whom share acquisition rights will be allotted

Outside Directors of the Company

(2) Class and number of shares to be issued upon exercise of share acquisition rights

The class of shares to be issued upon the exercise of share acquisition rights will be common stock of the Company, and the number of shares to be issued in each fiscal year will not exceed 100,000. However, if the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same will apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such share acquisition rights will be adjusted according to the following formula; provided that such adjustment will be made only to those that remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share acquisition right arises as a result of such adjustment, such fraction shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split or consolidation

In addition, if the Company carries out a merger, company split, share exchange, share transfer, or other action that makes it necessary to adjust the number of shares, the number of shares will be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer, or other similar actions.

(3) Total number of share acquisition rights to be issued

Share acquisition rights to be issued in each fiscal year will not exceed 1,000 units.

One hundred shares will be issued for each share acquisition right; provided, however, that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the share acquisition rights will be adjusted accordingly.

(4) Cash payment for share acquisition rights

No cash payment is required for share acquisition rights.

(5) Value of the assets to be contributed upon exercise of share acquisition rights

The price for one share acquisition right will be one yen.

(6) Exercise period of share acquisition rights

The exercise period will be from the date on which one year has passed from the issuance of the share acquisition rights (hereinafter "Date of Issuance") to the date on which ten years have passed. If the final day of the exercise period falls on a holiday of the Company, the final day will be the working day immediately preceding the final day.

(7) Conditions for exercising the share acquisition rights

a) Those who received an allotment of the issue of share acquisition rights (hereinafter "Holders of share acquisition rights") will remain Directors, Executive Officers, Audit & Supervisory Board Members or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances or in the event where the Holders of share acquisition rights have made applications for the exercise of share acquisition rights in accordance with the procedures prescribed by the Company by the date of retirement (or by the application date immediately following the date of retirement if it is recognized that there are justifiable grounds for not being able to make the application by the date of retirement).

b) Share acquisition rights may not be inherited; provided, however, that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.

c) Share acquisition rights may not be offered for pledge or disposed of in any other way.

d) Share acquisition rights may be exercised by the Holder of share acquisition rights, in whole or in part, according to the following categories.

i) The entire allotment of share acquisition rights may not be exercised prior to the date on which one year has passed from the Date of Issuance.

ii) 15% of the allotment of share acquisition rights may be exercised from the date on which one year has passed from the Date of Issuance to the date prior to the date on which two years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

iii) 35% of the allotment of share acquisition rights (if a portion of the allotment of share acquisition rights had been exercised by the date prior to the date on which two years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion shall be 35%) may be exercised from the date on which two years have passed from the Date of Issuance to the date prior to the date on which three years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

iv) 65% of the allotment of share acquisition rights (if a portion of the allotment of share acquisition rights had been exercised by the date prior to the date on which three years have passed from the Date of Issuance, the total amount exercisable including the previously exercised portion will be 65%) may be exercised from the date on which three years have passed from the Date of Issuance to the date prior to the date on which four years have passed from the Date of Issuance (if a fraction less than one share acquisition right arises in the number of exercisable share acquisition rights, such fraction will be discarded).

v) The entire allotment of share acquisition rights may be exercised from the date on which four years have passed from the Date of Issuance to the date on which ten years have passed from the Date of Issuance.

e) The Holders of share acquisition rights have duties to pay all taxes (including but not limited to income tax, social security contributions, pensions, and employment insurance premium in all applicable jurisdictions) specified by laws and regulations in relation to share acquisition rights and shares. In cases where the Company and its subsidiaries and affiliates are obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc. will be able to levy tax from Holders of share acquisition rights by the methods listed below.

i) Receipt by cash

ii) Appropriation of shares owned by the Holders of share acquisition rights

iii) Deduction from salaries, bonuses, etc. of the Holders of share acquisition rights

iv) Other methods specified by the Company

(8) Grounds and terms of acquisition of share acquisition rights

a) If the General Shareholders' Meeting approves an absorption-type merger in which the Company is the absorbed company, an absorption-type company split agreement or incorporation-type company split plan in which the Company is the splitting company, or a share exchange agreement or share transfer plan under which the Company would become a wholly owned subsidiary, the Company may acquire new share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.

b) If the terms stipulated in (7) a) cease to apply to Holders of share acquisition rights before they exercise said options, the Company may acquire the share acquisition rights without consideration on the date separately specified by the Company's Board of Directors.

(9) Restriction on the acquisition of share acquisition rights by transfer

Any acquisition of share acquisition rights by transfer will require approval via a resolution of the Board of Directors of the Company.

(10) Other details of share acquisition rights

Other details of share acquisition rights will be determined by the meeting of the Board of Directors to determine the conditions of the offer of share acquisition rights.

5. With regard to share options, the amount recorded as expenses during the fiscal year for share acquisition rights granted as share options is provided. Such expenses include those related to share acquisition rights granted based on the following Board of Directors resolutions including the fiscal year:
   - The Board of Directors' meeting held on April 14, 2022 (Recipients: Directors (excluding Outside Directors) and Outside Directors)
   - The Board of Directors' meeting held on April 13, 2023 (Recipients: Outside Directors)
   - The Board of Directors' meeting held on April 12, 2024 (Recipients: Outside Directors)
   - The Board of Directors' meeting held on April 15, 2025 (Recipients: Directors (excluding Outside Directors) and Outside Directors)

6. Bonuses are classified as performance-linked compensation, etc. and share options are classified as non-cash-based compensation.

7. Decisions on specific details of compensation of individual Directors for the fiscal year under review have been delegated to Representative Director, Chairman, President & CEO Mr. Hiroshi Mikitani, and he has decided on the compensation within the limit of compensation resolved at the general shareholders' meeting, in accordance with the compensation policy described in (3) below. The policy and the decision-making process of compensation of the Company's Directors are subject to deliberation by the Compensation Committee, which includes Independent Outside Directors and was established in December 2025, for matters determined thereafter. For matters determined before the establishment of the Compensation Committee, explanations were provided to Independent Outside Directors at the meetings of Board of Directors and appropriate advice was obtained. The decision-making authority was delegated to Mr. Hiroshi Mikitani because he has been familiar with the Company's business since its establishment, and the individual is considered to be in the most appropriate position to see the Company's business performance as a whole from a higher perspective and evaluate the businesses each Director is in charge of.

2) Consolidated Total Amount of Fees, etc., for Directors and Audit & Supervisory Board Members of the Company Submitting Financial Reports

Name and category of officer	Total amount of compensation (Millions of Yen)	Category of company	Total amount of compensation by type (Millions of Yen)			
			Basic compensation	Bonuses	Share options	Special compensation for retiring Executive Officer
Hiroshi Mikitani (Representative Director, Chairman, President & CEO)	186	The filing company	10	—	176	—
Kentaro Hyakuno (Representative Director & Group Executive Vice President)	263	The filing company	143	88	32	—
Kazunori Takeda (Director & Group Executive Vice President)	640	The filing company	29	—	—	611
Kenji Hirose (Director & Group Executive Vice President)	821	The filing company	64	35	36	685

3) Policies on Determining the Amount of Directors' Compensation and the Calculation Method

(a) Basic Policies

The compensation for the Company's Directors is determined based on the following basic policies.

For Executive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources. The portion of share acquisition rights is designed to be high to promote sustainable growth of the Company by improving medium- to long-term corporate value and achieving management goals. For Non-executive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources who will support management with global expertise.

(b) Compensation Levels

We set appropriate compensation levels based on our business environment, management strategy, and human resources strategy, referencing objective market compensation survey data from external specialized institutions.

Specifically, we have implemented a globally unified compensation system. We obtain compensation levels for equivalent positions by benchmarking against comparable companies in the same industry and of similar size, both domestically and internationally. Based on this information, we determine each executive's compensation level by taking into account the individual circumstances such as the actual roles and responsibilities expected within our company. Furthermore, we apply the same method to determine compensation levels not only for our company’s executives but also for critical positions throughout the entire Rakuten Group.

(c) Compensation Structure

(For Executive Directors)

a. Basic compensation (fixed, monthly payment)
b. Performance-linked compensation (performance-linked bonuses as short-term incentive compensation, annual payment)
c. Non-cash based compensation (stock-based compensation share options as medium to long-term incentive compensation, annual payment)
d. Special compensation for retiring Executive Officer (eligible for directors (except for outside directors) who concurrently hold an Executive Officer position and paid upon retirement as an Executive Officer)

The ratio of basic compensation, performance-linked compensation and non-cash based compensation, and special compensation for retiring Executive Officer is set based on the position and role of each Executive Director.

(For Non-executive Directors)

a. Basic compensation (fixed, monthly payment)

b. Non-cash based compensation (stock-based compensation share option as medium- to long-term incentive compensation, annual payment)

The ratio of basic compensation and non-cash based compensation is set based on the role of each Director.

(d) Indicators and Method of Calculation of Performance-linked Compensation and Non-cash Based Compensation

(For Executive Directors)

[Indicators]

To increase awareness of the development and expansion of the Rakuten Ecosystem, multiple KPIs such as consolidated operating income (loss) of each fiscal year have been selected for performance-linked compensation. They are linked to growth and profitability.

[Method of calculation]

In determining the amount of performance-linked compensation, individual evaluations are determined based on the achievement of targets for the indicator set by the managing organization of each Executive Director. The indicator includes carbon neutrality commitment, etc. Non-cash based compensation for Executive Directors is granted with reference to the above-mentioned indicators. The amount paid is determined based on individual evaluations and overall company performance.

(For Non-executive Directors)

Performance-linked compensation is not applicable. There are no indicators used as reference for non-cash based compensation. The Company has decided that a percentage of the total amount of compensation for each Non-executive Director shall be non-cash compensation determined based on the role of each Non-executive Director.

(e) Compensation Determination Process

The Company’s Board of Directors resolves the compensation policy for Directors after deliberation by the Compensation Committee, which includes Independent Outside Directors. Other decision-making processes also undergo deliberation by the Compensation Committee, which includes Independent Outside Directors. For Outside Directors as well, a fixed compensation amount is determined after deliberation by the Compensation Committee, which includes Independent Outside Directors.

The amount of individual compensation for Directors is determined by Hiroshi Mikitani, the Representative Director, Chairman, President & CEO, who is delegated this authority by the Board of Directors within the compensation limit determined at the general shareholders’ meeting and in accordance with the compensation policy. He evaluates the business each Director is in charge of while considering the Company’s overall performance and obtaining advice from Outside Directors as necessary to determine the amount of individual compensation. Thus, the Board of Directors believes that the content of individual compensation, etc. is in line with the compensation policy. The special compensation for retiring Executive Officer is calculated in accordance with internal regulations based on a resolution of the Board of Directors and is paid only to those directors (except for outside directors) who concurrently serve as Executive Officers of the Company and are permitted to receive such compensation under the said regulations.

(5) Status of Securities Held by the Company

1) Criteria and Approach for Classification of Investment Securities

With regard to the classification of investment securities, the Company classifies them as "shares held purely for investment purposes" if the sole purpose is to make profit from changes in the value of the shares or dividends on shares, and classifies them as "shares held for other reasons than pure investment purpose" if the purpose is anything else. In addition, among "shares held for other reasons than pure investment purpose", the Company considers strategically held shares as shares that hinder the improvement of capital efficiency through continued long-term holding without rational reasons based on trading practices. Accordingly, the Company has a policy of not holding such shares in principle.

2) Shares Held for Other Reasons than Pure Investment Purpose

a. Method for verifying the holding policies and rationality of holding, and the details of verification by the Board of Directors regarding the suitability of holding individual shares.

With regard to shares held for other reasons than pure investment purposes, the Company comprehensively examines the benefits, capital costs and risks associated with holding them from a medium to long-term perspective, and holds the shares if it has been determined that it will contribute to the enhancement of the Company's shareholder value. In accordance with this policy, the Investment Committee, which is comprised of members including external experts, deliberates in advance whether or not to proceed with each project, then reports the results of the deliberations to the Board of Directors. In the event that ROI is determined to be maximized by sales, etc. or for shares for which the significance of holding is not necessarily sufficient, the Company will review and replace the portfolio by selling the shares as appropriate.

Regarding various investment projects, we conduct evaluations for each project based on our internally established hurdle rate, contribution to the ecosystem, the business plan of the investment target, corporate value, etc. We not only deliberate on whether to proceed with the project, but also conduct regular evaluations after acquiring shares, reporting the progress and results to the investment and lending committee.

When exercising voting rights related to held shares, the responsible department comprehensively considers the achievement status of the initial investment objectives, the results of regular evaluations, and whether it can contribute to the efficient and sound management of the issuing company and the enhancement of corporate value for each investment share.

b. Number of share names and balance sheet amount

	Number of share names	Total balance sheet amount (Millions of Yen)
Unlisted shares	8	511
Shares other than unlisted shares	1	226

(Note)
Amounts are stated in accordance with JGAAP.

(Share names for which the number of shares has increased in the current fiscal year)
Not applicable.

(Share names for which the number of shares has decreased in the current fiscal year)

	Number of share names	Total sale price for the decrease in the number of shares (Millions of Yen)
Unlisted shares	1	8
Shares other than unlisted shares	-	-

c. Information on the number of shares, amount recorded in balance sheet, etc. for each share name of special investment securities and deemed held shares

Special Investment Securities

Share name	Current fiscal year Number of shares (shares) Amount recorded in balance sheet (Millions of Yen)	Previous fiscal year Number of shares (shares) Amount recorded in balance sheet (Millions of Yen)	Purpose of holding, overview of the business alliance, etc., quantitative effect of holding and reasons for the increase in the number of shares	Ownership of the Company's shares
KANTSU Co. Ltd	498,000	498,000	(Purpose of holding) To enhance business relationship	No
	226	186		

(Note)
Amounts are stated in accordance with JGAAP.

Deemed Held Shares
Not applicable.

3) Shares Held for Pure Investment Purpose

Classification	Current fiscal year		Previous fiscal year	
	Number of share names	Total balance sheet amount (Millions of Yen)	Number of share names	Total balance sheet amount (Millions of Yen)
Unlisted shares	-	-	-	-
Shares other than unlisted shares	1	1,534	2	22,727

Classification	Current fiscal year		
	Total dividend income (Millions of Yen)	Total amount of gains (losses) on sale (Millions of Yen)	Total valuation gains (losses) (Millions of Yen)
Unlisted shares	-	-	-
Shares other than unlisted shares	-	21,222	1,096

(Note)
Amounts are stated in accordance with JGAAP.

4) Investment Securities for which the Purpose of Holding has been Changed from Pure Investment Purposes to Other Reasons in the Current Fiscal Year

Not applicable.

5) Investment Securities for which the Purpose of Holding has been Changed from Other Reasons to Pure Investment Purposes in the Current Fiscal Year and the Preceding Four Fiscal Years

Not applicable.

V. Financial Information

1. Basis of Preparation of Consolidated Financial Statements

(1) The Consolidated Financial Statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter the "IFRS Accounting Standards"), as issued by the International Accounting Standards Board, as the Company satisfies the requirements of a "specified company" prescribed in Article 1-2, paragraph 1 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter the "Rules on Consolidated Financial Statements") as provided in Article 312.

(2) The non-Consolidated Financial Statements of the Company are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the "Rules on Financial Statements").

In addition, the Company is treated as a special financial statement-submitting company and prepares non-Consolidated Financial Statements based on the provision of Article 127 of the Rules on Financial Statements.

2. Specific Efforts to Ensure the Appropriateness of the Consolidated Financial Statements

The Company has undertaken specific measures to ensure the appropriateness of its Consolidated Financial Statements, the details of which are as follows.

In order to establish a structure for adequately understanding the accounting standards in detail and appropriately responding to changes in them, the Company has become a member of the Financial Accounting Standards Foundation and has been expanding its understanding of accounting standards as well as responding to new standards.

3. Establishment of a Structure to Enable the Proper Preparation of Consolidated Financial Statements in Accordance with IFRS Accounting Standards

The Company continually works towards the establishment of a structure that enables it to properly prepare its Consolidated Financial Statements under IFRS Accounting Standards, the details of which are as follows.

In terms of IFRS Accounting Standards application, the Company keeps updated on the latest standards by obtaining press releases and statements of standards released by the International Accounting Standards Board, as necessary. Additionally, in order to properly prepare the Consolidated Financial Statements in accordance with IFRS Accounting Standards, the Company has prepared Group Accounting Policies in accordance with IFRS Accounting Standards, and has conducted its accounting accordingly.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

(Millions of Yen)

	Note	As of December 31, 2024	As of December 31, 2025
Assets			
Cash and cash equivalents	5	6,170,888	5,837,566
Accounts receivable - trade	6, 15	421,649	443,557
Financial assets for securities business	7, 15	5,211,989	6,035,176
Loans for credit card business	8, 15	3,497,107	3,662,676
Investment securities for banking business	9, 15	1,930,450	2,567,328
Loans for banking business	10, 15	4,630,790	5,440,459
Investment securities for insurance business	11, 12, 15	215,033	202,745
Derivative assets	12	248,351	276,706
Investment securities	13	288,973	491,145
Other financial assets	14, 15	1,035,547	1,115,534
Investments in associates and joint ventures	16	35,113	27,104
Property, plant and equipment	17, 19, 20	1,184,182	1,068,509
Intangible assets	18, 19	1,083,365	1,079,201
Deferred tax assets	33	116,642	71,912
Other assets		444,649	484,782
Total assets		26,514,728	28,804,400
Liabilities			
Accounts payable - trade	21	519,149	553,582
Deposits for banking business	22	11,311,973	12,741,293
Financial liabilities for securities business	23	5,512,292	6,028,009
Derivative liabilities	12	54,968	77,087
Bonds and borrowings	24	2,052,809	1,598,052
Borrowings for securities business	25	115,000	269,228
Bonds and borrowings for credit card business	26	587,893	810,559
Borrowings for banking business	27	2,706,011	2,891,783
Other financial liabilities	20, 29	1,610,584	1,551,575
Income taxes payable		55,837	43,687
Provisions	30	325,910	390,956
Insurance contract liabilities	31	148,063	136,350
Employee retirement benefit liabilities	32	47,345	48,958
Deferred tax liabilities	33	20,302	79,765
Other liabilities		208,078	229,284
Total liabilities		25,276,214	27,450,168
Equity			
Equity attributable to owners of the Company			
Common stock	35	452,647	459,508
Capital surplus	35, 52	649,389	658,458
Other equity instruments	35	398,717	479,661
Retained earnings	35	(824,700)	(1,036,141)
Treasury stock	35	(4)	(5)
Other components of equity	35, 52	251,819	430,921
Total equity attributable to owners of the Company		927,868	992,402
Non-controlling interests	52	310,646	361,830
Total equity		1,238,514	1,354,232
Total liabilities and equity		26,514,728	28,804,400

2) Consolidated Statement of Income

(Millions of Yen)

	Note	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)	Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)
Continuing operations			
Revenue	36, 37, 47	2,279,233	2,496,575
Operating expenses	20, 38, 47	2,303,806	2,399,167
Other income	39, 47	125,784	19,005
Other expenses	20, 39, 47	48,236	102,031
Operating income		52,975	14,382
Financial income	40, 47	82,282	63,357
Financial expenses	20, 40, 47	109,948	99,403
Share of losses of investments in associates and joint ventures	16	(9,032)	(7,886)
Income (loss) before income tax		16,277	(29,550)
Income tax expenses	33	145,762	93,663
Net loss		(129,485)	(123,213)
Net loss attributable to:			
Owners of the Company		(162,442)	(177,886)
Non-controlling interests		32,957	54,673
Net loss		(129,485)	(123,213)

(Yen)

Loss per share attributable to owners of the Company:			
Basic	42	(75.61)	(82.24)
Diluted	42	(75.62)	(82.26)

3) Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Note	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)	Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)
Net loss		(129,485)	(123,213)
Other comprehensive income			
Items that will not be reclassified to net income			
Changes in equity instruments measured at fair value through other comprehensive income	41	(9,373)	169,642
Remeasurement of defined benefit plans	41	1,126	1,416
Other comprehensive income of investments in associates and joint ventures	41	(17)	(5)
Total items that will not be reclassified to net income		(8,264)	171,053
Items that may be reclassified to net income			
Foreign currency translation adjustments	41	84,021	3,849
Changes in debt instruments measured at fair value through other comprehensive income	41	(5,803)	(10,748)
Cash flow hedges	41	2,019	9,854
Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	41	1,765	136
Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	41	(1,041)	(1,441)
Other comprehensive income of investments in associates and joint ventures	41	2,946	(1,530)
Total items that may be reclassified to net income		83,907	120
Total other comprehensive income, net of tax		75,643	171,173
Comprehensive income		(53,842)	47,960
Comprehensive income attributable to:			
Owners of the Company		(85,734)	(3,997)
Non-controlling interests		31,892	51,957
Comprehensive income		(53,842)	47,960

4) Consolidated Statement of Changes in Equity

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

(Millions of Yen)

	Note	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, 2024		446,769	541,520	317,316	(643,991)	(0)	174,958	836,572	251,151	1,087,723
Comprehensive income										
Net loss		—	—	—	(162,442)	—	—	(162,442)	32,957	(129,485)
Other comprehensive income, net of tax		—	—	—	—	—	76,708	76,708	(1,065)	75,643
Total comprehensive income		—	—	—	(162,442)	—	76,708	(85,734)	31,892	(53,842)
Transactions with owners etc.										
Issuance of other equity instruments	35	—	—	81,401	—	—	—	81,401	—	81,401
Distributions to owners of other equity instruments	35	—	—	—	(17,805)	—	—	(17,805)	—	(17,805)
Reclassified from other components of equity to retained earnings	35, 46	—	—	—	(871)	—	871	—	—	—
Acquisition of treasury stock	35	—	—	—	—	(4)	—	(4)	—	(4)
Exercise of share acquisition rights		5,878	(5,878)	—	—	—	—	0	—	0
Share-based compensation expenses	45	—	16,223	—	265	—	—	16,488	—	16,488
Equity transactions with non-controlling interests	35, 52	—	97,524	—	—	—	(718)	96,806	27,603	124,409
Others		—	—	—	144	—	—	144	—	144
Total transactions with owners etc.		5,878	107,869	81,401	(18,267)	(4)	153	177,030	27,603	204,633
As of December 31, 2024		452,647	649,389	398,717	(824,700)	(4)	251,819	927,868	310,646	1,238,514

Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Note	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 loss		—	—	—	(177,886)	—	—	(177,886)	54,673	(123,213)
Other comprehensive income, net of tax		—	—	—	—	—	173,889	173,889	(2,716)	171,173
Total comprehensive income		—	—	—	(177,886)	—	173,889	(3,997)	51,957	47,960
Transactions with owners etc.										
Issuance of other equity instruments	35	—	—	81,444	—	—	—	81,444	—	81,444
Distributions to owners of other equity instruments	35	—	—	—	(28,640)	—	—	(28,640)	—	(28,640)
Reclassified from other components of equity to retained earnings	35, 46	—	—	—	(5,221)	—	5,221	—	—	—
Acquisition of treasury stock	35	—	—	—	—	(1)	—	(1)	—	(1)
Exercise of share acquisition rights		6,861	(6,861)	—	—	—	—	0	—	0
Share-based compensation expenses	45	—	15,953	—	281	—	—	16,234	—	16,234
Equity transactions with non-controlling interests	35, 52	—	(5)	—	—	—	(8)	(13)	(773)	(786)
Others		—	(18)	(500)	25	—	—	(493)	0	(493)
Total transactions with owners etc.		6,861	9,069	80,944	(33,555)	(1)	5,213	68,531	(773)	67,758
As of December 31, 2025		459,508	658,458	479,661	(1,036,141)	(5)	430,921	992,402	361,830	1,354,232

5) Consolidated Statement of Cash Flows

(Millions of Yen)

	Note	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)	Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)
Cash flows from operating activities			
Income (Loss) before income tax		16,277	(29,550)
Depreciation and amortization	38	316,435	320,472
Impairment loss	19, 39	17,758	68,333
Other loss (income)	39, 40	(15,802)	110,517
Decrease (Increase) in operating receivables		(22,833)	(16,784)
Decrease (Increase) in loans for credit card business		(477,468)	(165,086)
Increase (Decrease) in deposits for banking business		1,574,499	1,420,349
Net decrease (increase) in call loans for banking business		9,279	(128,122)
Decrease (Increase) in loans for banking business		(742,063)	(805,188)
Net decrease (increase) in receivables under securities borrowing transactions		28,614	87,197
Increase (Decrease) in operating payables		86,042	27,373
Decrease (Increase) in financial assets for securities business		(1,083,478)	(823,128)
Increase (Decrease) in financial liabilities for securities business		1,275,335	515,744
Increase and decrease in derivative assets and liabilities		(58,053)	(59,378)
Others		310,833	(13,964)
Income tax paid		(44,493)	(84,692)
Net cash flows from operating activities		1,190,882	424,093
Cash flows from investing activities			
Payments in time deposits		(12,740)	(18,257)
Proceeds from time deposits		10,469	11,992
Purchases of property, plant and equipment		(83,952)	(65,669)
Purchases of intangible assets		(159,285)	(140,299)
Acquisitions of investments in associates and joint ventures		(400)	(1,461)
Proceeds from sales of investments in associates and joint ventures	39	4,113	4,717
Purchases of investment securities for banking business		(1,742,002)	(1,930,882)
Proceeds from sales and redemption of investment securities for banking business		1,026,851	1,296,303
Purchases of investment securities for insurance business		(41,154)	(112,561)
Proceeds from sales and redemption of investment securities for insurance business		93,866	138,516
Purchases of investment securities		(74,997)	(11,907)
Proceeds from sales and redemption of investment securities		46,186	34,191
Other payments		(8,208)	(13,095)
Other proceeds		19,529	28,603
Net cash flows from investing activities		(921,724)	(779,809)

(Millions of Yen)

	Note	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)	Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	24	(2,639)	(570)
Net increase (decrease) in commercial papers	24	64,500	(66,800)
Proceeds from long-term borrowings	24	195,279	79,508
Repayments of long-term borrowings	24	(142,223)	(154,032)
Proceeds from issuance of bonds	24	601,313	158,751
Redemption of bonds	24	(323,397)	(476,172)
Net increase (decrease) in short-term borrowings for securities business	25	27,000	154,215
Repayments of long-term borrowings for securities business	25	(18,600)	—
Net increase (decrease) in short-term borrowings for credit card business	26	(15,237)	15,868
Net increase (decrease) in commercial papers for credit card business	26	37,400	48,000
Proceeds from long-term borrowings for credit card business	26	173,132	182,144
Repayments of long-term borrowings for credit card business	26	(161,975)	(153,116)
Proceeds from issuance of bonds for credit card business	26	—	159,175
Redemptions of bonds for credit card business	26	(50,000)	(30,000)
Net increase (decrease) in short-term borrowings for banking business	27	95,255	199,158
Proceeds from long-term borrowings for banking business	27	163,500	16,900
Repayments of long-term borrowings for banking business	27	—	(31,300)
Proceeds from issuance of other equity instruments	35	80,855	80,687
Distributions to owners of other equity instruments	35	(14,167)	(18,533)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	52	164,997	—
Capital contribution from non-controlling interests	52	1,306	—
Repayments of lease liabilities	20, 28	(62,810)	(69,122)
Interest paid		(63,324)	(80,590)
Others		7,304	(37)
Net cash flows from financing activities		757,469	14,134
Effect of change in exchange rates on cash and cash equivalents		16,587	8,260
Net increase (decrease) in cash and cash equivalents		1,043,214	(333,322)
Cash and cash equivalents at the beginning of the year	5	5,127,674	6,170,888
Cash and cash equivalents at the end of the year	5	6,170,888	5,837,566

[Notes to the Consolidated Financial Statements]

1. General Information

(1) Reporting Entity

Rakuten Group, Inc. (hereinafter "Company") is a company resident in Japan. The registered headquarters and principal business locations of the Company are disclosed on its website (https://corp.rakuten.co.jp/). The business activities and primary operations of the Company and its consolidated subsidiaries (hereinafter "Rakuten Group") are described in "Note 4. Segment Information."

(2) Basis of Presentation

The Rakuten Group's Consolidated Financial Statements are prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board. As it meets the requirements set out under Article 1-2, item (1) of the Rules on Terminology, Forms and Compilation Methods of Consolidated Financial Statements, under which the Company qualifies for treatment as a "Specified Company under the Designated International Accounting Standards", the provision of Article 312 of the said rules is applied.

These Consolidated Financial Statements were approved on March 26, 2026 by Hiroshi Mikitani, Representative Director, Chairman, President & CEO, and Kenji Hirose, Director, Group Executive Vice President & CFO.

(3) Functional Currency and Presentation Currency

Items included in the financial statements of each subsidiary and associate are measured using the currency of the primary economic environment in which they conduct their business operations (hereinafter "functional currencies"). The Consolidated Financial Statements are presented in Japanese yen, the functional currency of the Company and the presentation currency of the Group. The amounts in the Consolidated Financial Statements are presented in millions of yen rounded to the nearest million.

(4) Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for those financial instruments, etc., that have been measured at fair value.

(5) Early Adoption of Standards and Interpretations

Not applicable.

(6) New Standards and Interpretations Not Yet Applied

As of December 31, 2025, the Rakuten Group has not applied the following standards, interpretations and amendments to standards or interpretations issued before the approval date of the Consolidated Financial Statements but which are not yet effective. We are currently considering the impact of this application.

IFRS Accounting Standards		Mandatory adoption (effective date)	Adoption by the Rakuten Group (reporting period ended)	Description
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	January 1, 2027	Introduced three new requirements to improve the reporting of companies' financial performance and provide investors with a better basis for company analysis and comparison.

2. Material Accounting Policies

The Rakuten Group consistently applies the accounting policies to the periods presented in the Consolidated Financial Statements.

(1) Basis of Consolidation

1) Subsidiaries

A subsidiary is an entity (including structured entities) that is controlled by the Rakuten Group. The Rakuten Group controls an entity when it is exposed, or has rights to variable returns from involvement with the entity and has the ability to affect those returns through power over that entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Rakuten Group controls another entity or not.

Changes in the ownership interest in a subsidiary are accounted for as equity transactions if the Rakuten Group retains control over that subsidiary. Any difference between the adjustment to the non-controlling interests and fair value of the consideration transferred or received is recognized directly in equity attributable to owners of the Company.

Intercompany balances and transactions are eliminated in consolidation. Unrealized gains or losses included in assets resulting from transactions within the Rakuten Group are also eliminated.

2) Arrangements for Associates

Associates are entities over which the Rakuten Group has significant influence but does not have control over the financial and operating policies of such entities. Significant influence is presumed to exist when the Rakuten Group holds 20% to 50% of the voting power of another entity. The factors considered in determining whether or not the Rakuten Group has significant influence include representation on the board of directors. The existence of these factors can lead to the determination that the Rakuten Group has significant influence, even though the investment of the Rakuten Group is less than 20% of the voting power.

Investments in associates are accounted for using the equity method. The Rakuten Group's share of the operating results of associates is adjusted to conform with the accounting policies of the Rakuten Group, and is reported in the Consolidated Statement of Income as "Share of income (losses) of investments in associates and joint ventures". The Rakuten Group's share of investees' gains or losses resulting from intercompany transactions is eliminated. Under the equity method of accounting, the investment of the Rakuten Group in associates is initially recorded at cost, and subsequently increased (or decreased) to reflect both the Rakuten Group's share of the post-acquisition net income or loss and other movements included directly in equity or other comprehensive income of the associates.

Goodwill arising on the acquisition of associates is included in the carrying value of the investment, and the Rakuten Group carries out any impairment testing on the entire interest in an associate. The Rakuten Group assesses whether there is any objective evidence that the investments in associates are impaired at each reporting date. If there is any objective evidence of impairment, an impairment test is performed by comparing the investment's recoverable amount, which is the higher of its value in use or fair value less costs of disposal, to its carrying amount. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. The impairment loss is reversed to the extent that the carrying amount of the investment equals the recoverable amount.

(2) Business Combinations

The Rakuten Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is fair value of the assets transferred, the liabilities incurred by the Rakuten Group to the former owners of the acquiree and the equity interests issued by the Rakuten Group. The consideration transferred includes fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs incurred by the Rakuten Group, such as agent commissions, legal fees, due diligence costs, other professional fees and other consulting costs, are recognized as expenses in the period in which they are incurred.

Further, the Rakuten Group recognizes any non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred, the fair value of non-controlling interest, and the fair value of any pre-existing interest in the acquiree at the acquisition date over fair value of the net identifiable assets acquired and liabilities assumed, measured, in principle, at fair value. If the aggregate of the consideration transferred, fair value of non-controlling interest in the acquiree, and fair value of pre-existing interest in the acquiree at the acquisition date is lower than the aggregate fair values of the net assets of the subsidiary acquired, the difference is recognized in the Consolidated Statement of Income as a gain from bargain purchase.

If the initial accounting for business combinations is incomplete by the end of the reporting period in which the business combinations occur, the Rakuten Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized as of that date. Additional assets or liabilities are recognized if new information, if known, would have resulted in the additional recognition of assets or liabilities. The measurement period does not exceed one year.

Goodwill relating to acquisitions prior to the date of transition to IFRS is reported based on the amount recognized in accordance with prior accounting standards.

(3) Foreign Currencies

1) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currencies of individual foreign subsidiaries using the spot exchange rate at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currencies using the spot exchange rate at the end of each reporting period. Non-monetary assets and liabilities based on fair value that are denominated in foreign currencies are retranslated using the spot exchange rates at the date when fair value was determined.

Exchange differences arising from settlement and translation of foreign currency denominated monetary assets and liabilities at the period end closing rate are recognized in the Consolidated Statement of Income. However, when profits or losses related to non-monetary items are recognized in comprehensive income, any exchange differences are also recognized in other comprehensive income.

2) Foreign Operations

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into Japanese yen using the spot exchange rate at the reporting date. Income and expenses are translated into Japanese yen at the average exchange rates for the period.

Translation differences arising from the translation of foreign operations are recognized in other comprehensive income.

These differences are presented as "Foreign currency translation adjustments" in other components of equity. On disposal of the entire interest in a foreign operation, and on the partial disposal of an interest which results in the loss of control or significant influence, the cumulative amount of the exchange differences is reclassified to income as part of gains or losses on disposal.

(4) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and insignificant risk of changes in value. However, short-term highly liquid investments in the banking business are excluded.

(5) Financial Instruments

1) Non-derivative Financial Assets

The Rakuten Group recognizes trade and other receivables at the time they arise. All financial assets other than trade and other receivables are recognized on the contract dates when the Rakuten Group becomes a party to the contractual provisions of the instrument.

The following is a summary of the classification and measurement model of non-derivative financial assets.

Financial Assets Measured at Amortized Cost

Financial assets that meet the following conditions are classified as financial assets that are subsequently measured at amortized cost:

- The asset is held within the Rakuten Group's business model with the objective of holding assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially based on fair value plus directly attributable transaction costs. After initial recognition, the carrying amount of the financial assets measured at amortized cost is subsequently measured based on the effective interest method.

Debt instruments Measured at Fair Value Through Other Comprehensive Income ("FVTOCI")

Financial assets that meet both of the following conditions are classified as debt instruments that are subsequently measured at FVTOCI.

- The financial instruments are held for the purpose of both the collection of contractual cash flows and eventual sale of cash flows, under the business model of the Rakuten Group.
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments measured at FVTOCI are initially based on fair value plus directly attributable transaction costs.

After initial recognition, subsequent changes are recognized as other comprehensive income. At the time of derecognition, the accumulated amount recognized as other comprehensive income is reclassified to net income.

Financial Instruments Measured at Fair Value Through Profit or Loss ("FVTPL")

Financial assets other than equity instruments that do not meet the conditions for measurement at amortized cost and designation as FVTOCI are based on fair value with gains or losses on remeasurement recognized in the Consolidated Statement of Income. Those financial assets include financial assets held for trading.

Equity investments are measured at fair value with gains or losses on remeasurement recognized in the Consolidated Statement of Income unless the Rakuten Group makes an irrevocable election to designate the equity investments as at FVTOCI on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in the Consolidated Statement of Income when they are incurred.

Equity Instruments Measured at FVTOCI

On initial recognition, the Rakuten Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. The election is made only for equity investments other than those held for trading.

Equity instruments measured at FVTOCI are initially measured/recognized at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value at each reporting date, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Changes in equity instruments measured at fair value through other comprehensive income" in other components of equity.

However, dividends on equity instruments measured at FVTOCI are recognized in the Consolidated Statement of Income as "Revenue" or "Financial income".

Impairment of Financial Assets Measured at Amortized Cost and Debt Instruments Measured at FVTOCI

With respect to financial assets measured at amortized cost, and debt instruments based on fair value through other comprehensive income, the Rakuten Group calculates the amount of allowance for doubtful accounts based on the estimated credit loss arising from possible defaults during the 12 months following the end of the fiscal year, in cases where the credit risk associated with the financial instruments has not significantly increased in the period between initial recognition and the fiscal year-end. In such cases specifically, the amount of allowance for doubtful accounts associated with financial instruments is calculated by forecasting the estimated credit loss for the next 12 months, based on available rational data for predictive analysis, such as the historical loan loss ratio. On the other hand, if the credit risk associated with the financial instruments has significantly increased in the period between initial recognition and the fiscal year-end, allowance for doubtful accounts is calculated based on the estimated credit loss arising from all possible defaults over the estimated remaining life of the financial instruments (estimated credit loss over the entire period). In such cases specifically, the amount of allowance for doubtful accounts associated with financial instruments is calculated by forecasting the estimated credit loss associated with the collection of said financial instruments for the entire period, based on available rational data for predictive analysis, such as historical loan losses, future collectible amounts.

Notwithstanding the above, with respect to operating receivables and contractual assets that do not contain critical financial elements, such as accounts receivable – trade (hereinafter "operating receivables, etc."), the amount of allowance for doubtful accounts is invariably calculated based on the estimated credit loss over the entire period. As a general rule, estimated credit loss is collectively measured after considering the available rational data for predictive analysis, such as historical loan loss ratios, that are based on operating receivables, etc. grouped by client attribute types. For financial assets with overdue periods above a certain threshold, those considered to pose significant concern for recoverability due to factors such as serious financial distress at the obligor shall be deemed to be credit-impaired.

The Rakuten Group directly writes off credit-impaired financial assets when there are no reasonable expectations of recovering future contractual cash flows on the financial asset.

Even after a financial asset is written off, the Rakuten Group continues to conduct recovery activities toward fulfillment of the contract and if the financial asset is recovered, the amount recovered is recognized in net income.

Derecognition of Financial Assets

The Rakuten Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Rakuten Group transfers the contractual right to receive cash flows from financial assets in transactions in which substantially all the risks and rewards of ownership of the asset are transferred to another entity. Any rights to transferred financial assets qualifying for derecognition created or retained by the Rakuten Group are accounted for separately.

2) Non-derivative Financial Liabilities

Debt securities issued by the Rakuten Group are initially recognized on the issue date. All other financial liabilities are initially recognized when the Rakuten Group becomes a party to the contractual provisions of the instruments.

The Rakuten Group classifies accounts payable - trade, deposits for banking business, financial liabilities for securities business, bonds and borrowings, borrowings for security business, bonds and borrowings for credit card business, borrowings for banking business and other financial liabilities as non-derivative financial liabilities, initially measures them at fair value, and subsequently measures them at amortized cost using the effective interest method.

The Rakuten Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expired.

3) Derivatives

Derivatives Qualifying for Hedge Accounting

The Rakuten Group enters into derivative transactions to manage the risk of fair value fluctuations, interest rate risk and foreign currency risk. The primary derivatives used by the Rakuten Group are interest rate swaps, forward contracts, options, foreign exchange forward contracts, and currency swaps.

At the initial designation of the hedging relationship, the Rakuten Group documents the hedging instrument and the hedged item and the relationship between them, along with the risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged, the evaluation of the effectiveness of the hedging instrument in offsetting the hedged risk, and the measurement of ineffectiveness.

At the inception of the hedge and on an ongoing basis, the Rakuten Group assesses whether the Rakuten Group can forecast if the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.

Derivatives are initially recognized at fair value with transaction costs recognized in the Consolidated Statements of Income as incurred. Subsequently derivatives are based on fair value, and gains and losses arising from changes in fair value are accounted for as follows:

- Fair Value Hedges

The changes in fair value of the hedging instrument resulting from subsequent measurements are recognized in the Consolidated Statement of Income. The gains or losses on the hedged items attributable to the hedged risks are recognized in the Consolidated Statement of Income, and the carrying amounts of the hedged items are adjusted. However, when the hedged item is an equity instrument whose change in fair value is recognized in other comprehensive income, the changes in fair value of the hedging instrument resulting from subsequent measurements are also recognized in other comprehensive income. Hedge accounting is discontinued prospectively when fair value hedge no longer qualifies for hedge accounting, or when the hedging instrument expires, or is sold, terminated, or exercised.

- Cash Flow Hedges

When derivatives are designated as hedging instruments to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities and might affect net income, the portion of the gain and loss on the derivative that is determined to be an effective hedge is presented as "Cash flow hedges" in Other Components of Equity. The balances of cash flow hedges are reclassified to income from other comprehensive income in the periods when the cash flows of hedged items affect income, in the same line items of the Consolidated Statement of Comprehensive Income as those of hedged items. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Income. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

Hedge accounting is discontinued prospectively when the cash flow hedge no longer qualifies for hedge accounting, or when the hedging instrument expires, or is sold, terminated or exercised, and the amount recognized as Other Comprehensive Income is reclassified to income from other components of equity.

Derivatives Not Qualifying for Hedge Accounting

The Rakuten Group holds some derivatives for hedging purposes that do not qualify for hedge accounting. Derivatives may also be held for trading as opposed to hedging purposes. Any changes in fair value of these derivatives are recognized immediately in the Consolidated Statement of Income.

Embedded Derivatives

There are some hybrid contracts, which contain both a derivative and a non-derivative component, within the financial instruments and other contracts. In such cases, the derivative component is termed an embedded derivative, with the non-derivative component representing the host contract. Where the host contract is a financial liability, if the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid contract itself is not classified as FVTPL as a financial liability, the embedded derivative is separated from the host contract and accounted for as a derivative. The financial liability component of the host contract is then accounted for in accordance with the Rakuten Group's accounting policy for non-derivative financial liabilities.

4) Presentation of Financial Instruments

Financial assets and liabilities are offset, and that net amount is presented in the Consolidated Statement of Financial

Position, only when the Rakuten Group holds a currently enforceable legal right to set off the recognized amounts, and the Rakuten Group has the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

5) Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the guarantor to make specified payments to reimburse the guarantee for losses incurred due to a debtor failing to make payments when due in accordance with the original or modified terms of a debt instrument.

Such financial guarantee contracts are measured initially at fair value on the date of the contract. Subsequent to initial recognition, the Rakuten Group measures financial guarantees, other than those based on fair value, at the higher of the amount of any loss allowance and the amount initially recognized less the cumulative amount of income.

(6) Property, Plant and Equipment

Property, plant and equipment are subsequently carried on the historical cost basis measured using the cost model and are recorded at cost less any accumulated depreciation and accumulated impairment losses.

Cost includes costs directly attributable to the acquisition of and dismantling and removal of the asset, as well as any estimated costs of restoring the site on which they are located. When the asset requires a substantial period of time to be ready for its intended use or sales, borrowing cost directly attributed to the acquisition, construction and manufacturing of such asset is capitalized and included in the cost of the asset.

Depreciation of property, plant and equipment other than land and construction in progress is mainly computed using the straight-line method based on the estimated useful life of each component.

The estimated useful lives of significant assets for the previous fiscal year and the current fiscal year are as follows:

- Buildings and accompanying facilities 2–50 years
- Tools, furniture and fixtures 2–20 years
- Machinery facilities 2–50 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and the effect is recognized prospectively as changes of accounting estimates if revised.

(7) Intangible Assets

1) Goodwill

Initial Recognition

Goodwill arising on the acquisition of a subsidiary is recognized as an intangible asset. Please refer to (2) Business Combinations for the measurement of goodwill on initial recognition.

Subsequent Measurement

Goodwill is based on cost less accumulated impairment losses.

2) Capitalized Software Costs

The Rakuten Group incurs certain costs to purchase or develop software primarily for internal use.

Expenditures arising from research activities to obtain new scientific or technical knowledge are recognized as expenses when they are occurred. Expenditures arising from development activities are capitalized as software, if, and only if, they are reliably measurable, they are technically feasible, it is highly probable that they will generate future economic benefits, and the Rakuten Group intends and has adequate resources to complete their development and to use or sell such assets.

Capitalized software is based on cost less accumulated amortization and any accumulated impairment losses.

3) Intangible Assets Acquired in Business Combinations

Intangible assets that are acquired in business combinations, such as trademarks and other similar items, are recognized separately from goodwill, and are initially recognized at fair value at the acquisition date.

Subsequently such intangible assets are based on cost less any accumulated amortization and accumulated impairment losses.

4) Amortization

Amortization is calculated based on the acquisition cost of an asset less its residual value. Intangible assets with definite useful lives are depreciated using the straight-line method.

Estimated useful lives of significant intangible assets with definite useful lives for the current and prior fiscal year are as follows:

- Software mainly 5 years

The amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and if there are any changes, the effect of a change is recognized prospectively as a change in accounting estimates.

(8) Lease Transactions (as Lessee)

At the commencement date, the Rakuten Group measures lease liabilities at the present value of the lease payments that are not paid at that date. Right-of-use assets are measured initially as the total amount of the lease liabilities measured initially, initial direct costs, lease prepayments, etc. After initial recognition, right-of-use assets are depreciated, primarily using the straight-line method over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Rakuten Group will obtain ownership by the end of the lease term. Lease payments are allocated into interest cost and the portion of the balance of the lease liabilities to be repaid, to ensure that the interest rate remains consistent in relation to the balance of the lease liabilities.

(9) Investment Property

The Rakuten Group measures investment property under other assets using the cost model, and they are stated at cost less any accumulated depreciation and accumulated impairment losses. Investment property is mainly depreciated using the straight-line method based on the estimated useful lives ranging from 3 to 60 years.

(10) Impairment of Non-Financial Assets

The Rakuten Group assesses at each reporting date whether there is an indication that a non-financial asset, except for inventories and deferred tax assets, may be impaired. If any such an indication exists, the Rakuten Group estimates the recoverable amount of the asset. For goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit, or group of cash-generating units (CGU) is the higher of its value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A CGU is the smallest identifiable group of assets, which generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets.

In principle, each entity is considered to be a CGU. Goodwill is allocated to a CGU or a group of CGUs based on the unit by which the goodwill is monitored for internal management purposes.

Since corporate assets do not generate independent cash flows, if there is an indication that corporate assets may be impaired, the recoverable amount is determined for the CGU or group of CGUs to which the corporate assets belong.

Impairment losses are recognized in the Consolidated Statement of Income when the carrying amount of an asset, a CGU or a group of CGUs exceeds its recoverable amount. Such impairment losses are recognized first by reducing the carrying amount of any allocated goodwill and then are allocated to the other assets of the CGU on a pro-rata basis based on the carrying amount of such assets.

Impairment losses recognized in respect of goodwill are not reversed. Assets other than goodwill are reviewed at the end of each reporting period to assess whether there is any indication that an impairment loss recognized in prior years may no longer exist or may have decreased. An impairment loss recognized is reversed if an indication of the reversal of impairment losses exists and there is a change in the estimates used to determine the asset's recoverable amount. The reversal of an impairment loss does not exceed the carrying amount, net of depreciation and amortization, which would have been determined if any impairment loss had never been recognized for the asset in prior years.

(11) Provisions

Provisions are recognized when the Rakuten Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are based on present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Insurance Contracts

The Rakuten Group applies IFRS 17 "Insurance Contracts" (hereinafter "IFRS 17") to insurance contracts issued by the insurer and reinsurance contracts held by the insurer.

1) Classification and aggregation of insurance contracts

Contracts under which the Rakuten Group accepts significant insurance risk are classified as insurance contracts. Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing into three groups based on the profitability of contracts:

- a group of contracts that are onerous on initial recognition.
- a group of contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- a group containing the remaining contracts in the portfolio.

2) Recognition and measurement of insurance contracts

Insurance contracts issued by the Rakuten Group are recognized from the earliest of:
- the beginning of its coverage period (i.e., the period during which the Rakuten Group provides services in respect of any premiums within the boundary of the contract).
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that a contract is onerous.

i) The initial recognition of insurance contracts not accounted for under the Premium Allocation Approach (hereinafter "PAA")

For insurance contracts not accounted for under the PAA, the general measurement model is applied, which consists of the following items.

(a) Fulfilment cash flows

The fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk. The fulfilment cash flows of a group of insurance contracts do not reflect the Rakuten Group's non-performance risk. The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

(b) Contractual service margin (hereinafter the "CSM")

The CSM of a group of insurance contracts represents the unearned profit that the Rakuten Group will recognize as it provides services under those contracts.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

ii) Subsequent measurement of insurance contracts not accounted for under the PAA

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The liability for remaining coverage consists of the following items.

(a) Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

(b) CSM

The CSM is calculated as of the reporting date by adding or subtracting the following items to or from the opening balance for the reporting period.

a) The CSM of any new contracts that are added to the group in the year.

b) Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition.

c) Changes in fulfilment cash flows that relate to future services.

1. Experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
2. Changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein.
3. Any difference with the investment component expected to become payable in the year, and the actual amount that becomes payable in the year.
4. Changes in the risk adjustment for non-financial risk that relate to future services.

However, the CSM is not adjusted in the following cases:

- Any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and creates a loss component.
- Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in profit or loss.

d) the amount recognized as insurance revenue to reflect the services provided in the year.

When preparing subsequent interim and annual financial statements, the Rakuten Group has determined that accounting estimates related to IFRS 17 made in past interim financial statements should be treated as experience adjustments or as changes in expected fulfilment cash flows related to future services.

3) Contract boundary

Cash flows are within the boundary of insurance contracts if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Rakuten Group has a substantive obligation to provide the policyholder with insurance coverage or other services.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Rakuten Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting, and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs incurred in fulfilling insurance contracts include claims processing, maintenance and administration costs.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognized in profit or loss as they are incurred.

4) PAA

In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the general measurement model.

The carrying amount of the liability for remaining coverage at initial recognition is measured as premiums received less other related amounts. The Rakuten Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

Even if each contract in the group of contracts has a coverage period of one year or less, the Rakuten Group has chosen to expense insurance acquisition cash flows when they are incurred.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Rakuten Group recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Rakuten Group recognizes the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

5) Presentation

i) Insurance revenue

(a) Insurance contract not accounted for under the PAA

The Rakuten Group recognizes insurance revenue as it satisfies its performance obligations – as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Rakuten Group expects to receive consideration, and comprises the following items. In addition, the Rakuten Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time.

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Experience adjustments for premium receipts regarding the insurance group for current or past services.

(b) Insurance contract accounted for under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Rakuten Group allocates the expected premium receipts to each period mostly based on the passage of time.

ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses.
- Amortization of insurance acquisition cash flows: this is equal to the amount of insurance revenue recognized in the

year that relates to recovering insurance acquisition cash flows.
- Adjustments to liabilities for incurred claims.
- Losses on onerous contracts and reversals of such losses.

iii) Loss component

The Rakuten Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The post-event fluctuations in fulfilment cash flows are allocated in a regular manner between the loss component and the liability related to the remaining coverage excluding the loss component. The fluctuations allocated to the loss component are presented in profit or loss as a negative insurance service expense and are excluded from insurance revenue.

iv) Insurance finance income or expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. The Rakuten Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. This systematic allocation results in a total amount recognized in other comprehensive income over the duration of the group of contracts totaling zero. The cumulative amount recognized in other comprehensive income at any point in time is the difference between the carrying amount of the group of insurance contracts and the amount at which the group is measured when the systematic allocation is applied.

(13) Equity

Proceeds from the issuance of equity instruments by the Company are included in "Common stock" and "Capital surplus". Direct issuance costs (net of tax) are deducted from "Capital surplus".

(14) Share-based Payments

The Rakuten Group has a share option program as incentive plans for directors, executive officers, and employees. The fair value of share acquisition rights at the grant date is recognized as an employee expense over the vesting period from the grant date as a corresponding increase in capital surplus. The fair value of the share options is measured using the Black-Scholes model or other models, taking into account the terms of the options granted. The Rakuten Group regularly reviews the assumptions and revises estimates of the number of options that are expected to vest, as necessary.

(15) Revenue

The Rakuten Group recognizes revenue based on the below five-step approach, reflecting the amount of consideration expected to be entitled to in exchange for transferring goods or services to customers, excluding interest and dividend income under IFRS 9 "Financial Instruments" (hereinafter "IFRS 9"), lease income under IFRS 16 "Leases", and insurance premium income under IFRS 17.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the distinct performance obligations in the contract.

Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

The Rakuten Group is a Global Innovation Company engaged in Internet Services, FinTech, and Mobile, operating in multiple businesses including its core EC business. Revenues arising from these businesses are recognized based on contracts with customers. There are no material revenues which are subject to variable consideration. In addition, the amount of promised consideration does not include significant financial elements.

(Internet Services)

With regard to the Internet Services segment, the Rakuten Group engages in EC businesses such as "Rakuten Ichiba", "Rakuten Travel", "Rakuten Rewards", "Rakuten 24", "Rakuten Books" and a variety of other internet businesses. The primary revenues in the Internet Services segment are described below.

Rakuten Ichiba and Rakuten Travel

A fundamental characteristic of marketplace model EC services including "Rakuten Ichiba" and travel booking services such as Rakuten Travel is to provide EC platforms for trading to customers, and the Rakuten Group provides merchants and travel-related businesses with services including EC platform services, transaction related services, advertising related services to promote the expansion of sales through the Rakuten Group, and payment agency services related to settlements between merchants or travel-related businesses and consumers. The nature of the services and the related rights and obligations are stipulated in various agreements with customers. Performance obligations are identified based on whether services are distinct or not, and the pattern of transfer to the customer. Revenues from major performance obligations are recognized as described below.

With regard to EC platform services to "Rakuten Ichiba", the Rakuten Group has obligations to provide services for merchants to open and operate on our EC platform and related consulting services and other similar services for a contracted term. These services are provided over time, and so these performance obligations are satisfied as time passes. Accordingly, the revenue is recognized over the contracted term on a monthly basis based on the amount stipulated in the agreement for each type of shop. Furthermore, consideration for a transaction is received at the time of contract in the form of advance payment for the period of three months, six months or one year, prior to the satisfaction of performance obligations.

The Rakuten Group has obligations based on agreed terms to provide services to match merchants and travel-related businesses with Rakuten users, and to enable the resultant transactions to be processed appropriately. These performance obligations are satisfied when the individual transaction between merchants or travel-related businesses and Rakuten users is completed. Revenues are recognized at the point of satisfaction of these performance obligations, based on the gross amount of merchandise sales (monthly sales of merchants and travel-related businesses) of completed transactions multiplied by the specified ratio stipulated separately for each service, plan, or amount of gross merchandise sales. The related payments are receivable approximately within three months of the completion of the transaction.

With regard to advertising-related services, the Rakuten Group has obligations to provide fixed-term advertisements to customers. The advertising related services are provided by displaying the advertisement over the contracted term, and the progress of providing the service is measured based on the passage of time. Therefore, performance obligations are satisfied over the contract term, and revenues are recognized evenly over the contract term according to the amount stipulated in the agreement for each type of advertisement. Advertising fees are, in principle, received by the end of the second subsequent month after the month that includes the advertising commencement date.

With regard to payment agency services, the Rakuten Group has obligations to provide payment agency services based on payment agent agreements between merchants and travel-related businesses. The Rakuten Group has obligations to receive payments for the transactions from credit card companies, etc., and to pay settlement amounts to merchants and travel-related businesses. Commission revenues arising from these transactions are primarily recognized when the transactions subject to payment are completed, as the performance obligations are considered to be satisfied at that point. Commissions are received within one month and a half after the cut-off date for invoices set out for each payment category, following the satisfaction of performance obligations.

Rakuten Rewards

"Rakuten Rewards" provides various services such as services for promoting Rakuten Rewards members' purchase at the websites of the retailers (customers) through offering cash back services, web advertising and targeting mail services for individual consumers. Rakuten Rewards is contractually obligated to promote purchases at the retailers' websites. Thus, such performance obligations are considered to be satisfied at the point of purchase by Rakuten Rewards members. Upon confirmation of the purchase by a Rakuten Rewards member, an amount calculated by multiplying the purchase amount by a certain rate is recorded as commission revenue. Expenses relating to the promotion to the Rakuten Rewards member are recorded as cost of sales at the point of purchase by the Rakuten Rewards member. Revenue and expense arising from the provision of this service are recorded on a gross basis, as "Rakuten Rewards" has the right to enforce discretionary control over the setting of rates for commissions earned from customers and also has separate discretionary control over the setting of prices in relation to promotion services to Rakuten Rewards members in each transaction. Payments of fees are received approximately within three months from the end of the month in which the order is completed and performance obligations are satisfied.

Rakuten 24, Rakuten Books

In the Internet Services segment, the Rakuten Group is the principal in the sales contracts for services including internet shopping sites "Rakuten 24" and "Rakuten Books" where the Rakuten Group offers products to Rakuten users. In these direct selling services, revenue is recognized when goods are delivered to the customer. In addition, payments are received approximately within two months after the delivery of goods when performance obligations are satisfied. For book (Japanese book) sales in Japan through Rakuten Books, revenues are recognized on a net basis after deducting costs of sales, because the role of the Rakuten Group in these transactions has the nature of an agent given the resale price maintenance system in Japan.

(FinTech)

With regard to the FinTech segment, the Rakuten Group engages in financial services businesses such as "Rakuten Card", "Rakuten Securities", "Rakuten Bank" and "Rakuten Payment" recognizing revenues primarily as follows:

Rakuten Card

"Rakuten Card" engages in the credit card business, and receives interchange fees for settlement services between credit card users and member merchants as well as, revolving payment commissions, installment commissions, and commissions arising from cash advances. With regard to interchange fees, the performance obligation, which is the provision of settlement services, is satisfied at the time of the sales data transfer from a member merchant to Rakuten Card Co., Ltd. as a result of a credit card purchase. Therefore, commission revenues which are at fixed rates of the settlement amounts are recognized at that point in time. In addition, basic points worth 1% of the settlement amounts are granted to the card members, and the expenses associated with the granting of these points are deducted from the interchange fees. As Rakuten Card Co., Ltd. collects credit card payments from the card members once a month, in principle, on a predetermined date, the payments are in substance received approximately within two months after the satisfaction of the performance obligations. For revolving payment commissions, installment commissions and commissions for cash advances, the respective commissions, which are at fixed rates of the number of payment installments on the balance are recognized as a revenue over the period when the interest accrues in accordance with IFRS 9.

Rakuten Securities

"Rakuten Securities" engages in financial instruments transaction services and other associated services. Sources of revenue include commissions arising from these transactions, net trading gains, and interest, etc. There is a wide range of financial instruments transactions, including domestic stock transactions, foreign stock transactions, sales of investments, and the commission structure for each transaction differs. For these transactions, margin transactions and sales of investment trusts, performance obligations are satisfied when trades are completed on the trade date or other appropriate date, therefore commission revenues arising from brokerage transactions are recognized at that point in time. Commissions from spot transactions of shares are received within two business days in principle after the satisfaction of the performance obligations, while commissions from margin transactions and future transactions are received approximately within the period from six months to one year during which open contracts are settled. Rakuten Securities records net revenue based on fair value of foreign exchange margin transactions, and income received on open contracts of domestic stock margin transactions, in accordance with IFRS 9.

Rakuten Bank

"Rakuten Bank" provides a wide range of services including internet banking (deposits, loans and foreign exchange) and other services. With regard to loans, Rakuten Bank handles loans such as personal loans, "Rakuten Bank Super Loans," and housing loans, "Rakuten Bank home loans (flexible interest rate)" and earns interest income thereon. Interest income is also earned from investing activities such as interest on securities. This income, such as loan interest and interest earned on securities are recognized over the period in accordance with IFRS 9. With regard to foreign exchange, commission revenue is recognized when the foreign exchange transactions are executed because the performance obligation is satisfied at the point of processing the transaction. Payments related to exchange fees, etc. are received mainly on the same day.

Rakuten Payment

"Rakuten Payment" mainly provides mobile payment services. With regard to payment service fees arising from providing electronic payment services, the performance obligation for providing the payment service is satisfied at the time of the payment data transfer from a member merchant. Therefore, fee revenues which are at fixed rates of the settlement amounts are recognized at that point in time.

(Mobile)

With regard to the Mobile segment, the Rakuten Group engages in businesses such as "Rakuten Mobile", "Rakuten Symphony" and "Rakuten Energy" recognizing revenues primarily as follows:

Rakuten Mobile

"Rakuten Mobile" is mainly engaged in the provision of voice calling and data transmission services (hereinafter "telephone and telecommunications services") and sales of mobile handsets as a Mobile Network Operator (MNO) and Mobile Virtual Network Operator (MVNO). For telephone and telecommunications services, maintaining utilizable telephone and telecommunications circuits for users at all times and providing the services using such circuits based on contracts are identified as performance obligations. For handset sales, delivery of the handset is identified as a performance obligation. When multiple services are provided in a single package, the consideration received from users is divided by the stand-alone selling price and allocated to each performance obligation. The performance obligation for maintaining utilizable telephone and telecommunications circuits is satisfied over the period, and the performance obligation for providing the telephone and telecommunications services is satisfied when the circuits are utilized. Therefore, revenues arising from providing the circuits are recognized over the contract term. For provision of telephone and telecommunications services, connection fees according to the actual usage of the circuits are recognized on a monthly basis. For handset sales, the performance obligation is satisfied when a mobile handset is delivered to the user, and thus related revenues are recognized at that point. Payments for all performance obligations are received approximately within two months from the billing date.

Rakuten Symphony Singapore

Rakuten Symphony Singapore Pte. Ltd. engages in the sale of an Open RAN-based telecommunications infrastructure platform and the provision of related services. With regard to this service, based on the contract, the performance obligations are recognized as selling equipment and software developed by our group companies to customers, as well as providing maintenance and operational services for the said software. Regarding the sale of equipment and software, revenue is recognized upon completion of customer acceptance, as the performance obligation is fulfilled at that point. The maintenance and operational services for the software include routine services and specific support services. Regarding routine services, revenue is recognized throughout the service period, as the performance obligation is fulfilled over time. Regarding specific support services, revenue is recognized at the point when the service provision to the customer is completed in accordance with the contract. Payments for all performance obligations are generally received within one month from the billing date.

Rakuten Energy

"Rakuten Energy" provides "Rakuten Denki" services as a retail electricity provider under the Electricity Business Act, and is obligated to supply electricity to subscribers, its customers, based on the contracts. Such performance obligations are considered to be satisfied when the electricity procured is supplied to customers via general transmission and distribution companies, etc. Accordingly, electricity usage fees based on customers' electricity usage are recorded as revenue for each month. An amount mainly calculated by multiplying the amount of electricity used by the regional unit price set for each plan is billed to subscribers on a monthly basis, and such payments are received approximately within two months from the date of billing. The renewable energy generation promotion levy, which is collected from customers and paid to the expense sharing coordinating body under the feed-in tariff system for renewable energy, is excluded from both sales and cost of sales.

Government grants received under the "Electricity and Gas Price Burden Reduction Support Project" (effective from January 2025), a measure based on the "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth", are treated in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (hereinafter "IAS 20") and are included in revenue. Furthermore, all grants received are reflected appropriately in retail prices in accordance with the project's objectives.

(16) Contract Costs

The Rakuten Group recognizes the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset (hereinafter "assets arising from contract costs"), if those costs are expected to be recoverable and record them in "Other assets" in the Consolidated Statement of Financial Position. Incremental costs of obtaining contracts are those costs that the Rakuten Group incur to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

Assets arising from contract costs at the Rakuten Group are recognized primarily at "Rakuten Card" and "Rakuten Mobile", and are regularly reviewed for recoverability at the time of recognition and each quarter end.

The estimates and assumptions used in considering the recoverability could have a significant impact on the amount of assets arising from contract costs recorded through the recognition of impairment losses when circumstances change. Therefore, the Rakuten Group considers that these estimates and assumptions are significant.

Rakuten Card

Incremental costs of obtaining contracts recognized as assets are mainly initial costs incurred relating to the new memberships incurred when acquiring customers. Fulfillment costs directly related to contracts consists mainly of costs to issue Rakuten Card. The cost incurred relating to the new memberships in Rakuten Card are incurred by the granting of Rakuten Points to new Rakuten Card holders and would not have been incurred unless the contracts had been entered into. These costs are recognized as an asset to the extent they are considered recoverable based on the estimated active card member ratio.

The related asset is amortized evenly over five to ten years based on the estimated contract terms, during which performance obligations are satisfied through the provision of settlement services following the members' use of their Rakuten cards.

In assessing recoverability, the Rakuten Group considers whether the carrying amounts of such assets exceed the balance of the consideration which the Rakuten Group expects to be entitled in exchange for the relevant credit card related services over the estimated period of the contracts with the card members, less any unrecognized costs directly related to the provision of such services.

Rakuten Mobile

Incremental costs of obtaining contracts recognized as assets consist mainly of agency commissions and costs associated with affiliate programs. The costs incurred in fulfilling contracts directly associated with the contracts comprise mainly costs to deliver mobile handsets/SIM cards and costs to set up an internet connection. The agency commissions and the costs associated with affiliate programs in Rakuten Mobile are paid upon acquiring customers and would not have been incurred unless the contracts had been entered into.

The assets relating to the telephone and telecommunications services are amortized evenly over 36 to 108 months, by estimating the service period consumed by a normal user in which the performance obligations are satisfied to provide services. When a telecommunications service and a mobile handset sale are provided in a single package, the incremental costs to obtain a service contract is amortized at once after allocating to each performance obligation by its stand-alone selling price, and the assets relating to sale of mobile handsets are amortized at once when a mobile handset is delivered to the user.

In assessing recoverability, the Rakuten Group considers whether the carrying amounts of such assets exceed the balance of the consideration which the Rakuten Group expects to be entitled in exchange for the relevant telephone and telecommunications over the estimated period of the contracts with the users, less any unrecognized costs directly related to the provision of such services.

(17) Financial Income and Financial Expenses

Financial income mainly comprises interest income, dividend income and changes in fair value of financial assets measured at FVTPL. Interest income is accrued using the effective interest method. Dividend income is recognized on the date when the right of the Rakuten Group to receive the dividend is established.

Financial expenses mainly comprise interest expenses. Interest expenses are accrued using the effective interest method.

Financial income and Financial expenses incurred from the finance business of the subsidiaries are included in "Revenue" and "Operating expenses".

(18) Employee Benefits

1) Short-term Employee Benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed during the period when the related service is rendered. Accrued bonuses are recognized as liabilities, when the Rakuten Group has present legal or constructive obligations and when reliable estimates of the obligations can be made.

2) Post-employment Benefits

The Rakuten Group mainly adopts the defined benefit system as their retirement benefit system.

<u>Defined Benefit System</u>

The net defined benefit liability (asset) is measured at the present value of the defined benefit obligation less fair value of plan asset (adjusted, as necessary, for any effect of limiting a net defined benefit asset to the asset ceiling), and recognized as employee retirement benefit liabilities or assets in the Consolidated Statement of Financial Position. The projected unit credit method is used to calculate the defined benefit obligation and its present value is determined by applying a discount rate to the expected future payments required to settle the obligation. The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds with maturities which match the estimated maturity of the benefit payments.

Service costs and net interest on the net defined benefit liability (asset) are recognized in net income. Actuarial gains and losses and return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) are recognized as remeasurements in the period in which they were incurred under other comprehensive income. Additionally, past service cost is recognized in net income at the earlier of when the plan amendment or curtailment occurs; and when related restructuring costs or termination benefits are recognized.

(19) Current and Deferred Income Tax

The income tax expense comprises current and deferred taxes. These are recognized in the Consolidated Statement of Income, except for income taxes which arise from business combinations, or which are recognized either in other comprehensive income or directly in equity.

Current taxes are calculated as the expected tax payable or receivable on taxable income, using the tax rates enacted or substantially enacted by the end of the reporting period.

The Rakuten Group recognizes deferred tax assets and liabilities for temporary differences arising between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases, net operating loss carryforwards that can be offset against future taxable income, and tax credits that are deductible against future taxes.

Deferred tax assets and liabilities are based on the tax rate that is expected to apply in the period when the related deferred tax asset is realized or the deferred tax liability is settled, based on tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred tax assets are recognized for unutilized tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable income will be available against which such temporary differences can be utilized.

Deferred tax assets and liabilities are recognized for temporary differences associated with investments in subsidiaries, associates, and joint ventures. However, if the Rakuten Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets are recognized only to the extent that it is probable that there will be sufficient taxable income against which the benefit of temporary differences can be utilized, and the temporary differences will reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis.

The Company and some of its subsidiaries have adopted the Japanese Group Relief System or Consolidated Taxation System.

The Rakuten Group applies the "International Tax Reform - Pillar Two Model Rules" (Amendment to IAS 12 "Income Taxes"). This amendment clarified that IAS 12 applies to corporate income tax arising from tax laws enacted or substantively enacted to implement the OECD Model Rules on Pillar Two Global Minimum Tax (Global Minimum Taxation). However, it provides a temporary exception for companies to not recognize and disclose deferred tax assets and liabilities arising from the Global Minimum Taxation rules. The Group has applied this exception provided in IAS 12 and has not recognized and disclosed deferred tax assets and liabilities arising from the Global Minimum Taxation rules.

(20) Earnings Per Share

Basic earnings (losses) per share is calculated by dividing net income (loss) (attributable to equity owners of the Company) by the weighted average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock held. Diluted earnings (losses) per share are calculated, for the dilutive effects of all potential common stock by dividing net income (loss) (attributable to the owners of the Company) by the weighted average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock. Potential common stock of the Rakuten Group relates to the share option program.

(21) Operating Segments

Operating segments correspond to business activities, from which the Rakuten Group earns revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments. Discrete financial information for operating results of all operating segments is available, and is regularly reviewed by the Board of Directors of the Rakuten Group in order to determine the allocation of resources to the segment and assess its performance.

3. Significant Accounting Estimates and Judgments

(1) Significant Accounting Estimates and Assumptions

In preparing the Consolidated Financial Statements under IFRS Accounting Standards, 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.

i. Impairment of Non-Financial Assets

1) Amount recognized in the Consolidated Financial Statements for the fiscal year ended December 31, 2025

Please refer to Note 19. Impairment of Non-Financial Assets.

2) Information on the detail of significant accounting estimates concerning identified items

a) Method for calculating the estimates

Please refer to Note 2. Material Accounting Policies, (10) Impairment of Non-Financial Assets.

b) Key assumptions used for calculating the amounts

Please refer to Note 19. Impairment of Non-Financial Assets.

c) Impact on the Consolidated Financial Statements for the fiscal year ending December 31, 2026

The results of the calculation of the recoverable amount may vary significantly depending on changes in the circumstances that served as the basis for the judgments and assumptions.

Rakuten Mobile, Inc., a consolidated subsidiary of the Company belonging to the Mobile Segment, identified an indication of impairment for its property, plant and equipment and intangible assets totaling ¥997,821 million at the end of the fiscal year ended December 31, 2025. This was primarily due to budget shortfalls in the mobile business up to the end of the fiscal year ended December 31, 2025.

As a result of conducting an impairment test comparing the carrying amount of these assets, along with contract costs recognized as assets amounting to ¥44,323 million, with their recoverable amount, it was determined that the value in use exceeded the carrying amount. Therefore, no impairment loss has been recognized.

The value in use is calculated by discounting the estimated future cash flows at a discount rate of 10.20%, based on a five-year future forecast that factors in future uncertainties in the business plan which is approved by management, with a growth rate of 5.28% applied for the period from the sixth year to the tenth year based on the long-term average growth rate of the mobile market, and assuming a continuation of Japan's inflation rate of 2.00% from the eleventh year onwards.

The key assumptions in estimating the value in use include the average revenue per user (ARPU), the number of new subscribers, the churn rate, the discount rate based on the weighted average cost of capital (WACC), and growth rate, all of which are based on the above future forecast. These key assumptions have a high degree of estimation uncertainty, and any changes in these key assumptions could significantly impact the valuation of said company's fixed assets in the following consolidated fiscal year.

Furthermore, assuming other key assumptions remain constant, if the discount rate exceeds 11.97% or the growth rate falls below -1.79% from the eleventh year onwards, there is a possibility that an impairment loss may occur.

ii. Recoverability of Deferred Tax Assets

1) Amount recognized in the Consolidated Financial Statements for the fiscal year ended December 31, 2025

Please refer to Note 33. Income Tax Expense.

2) Information on the detail of significant accounting estimates concerning identified items

a) Method for calculating the estimates

Please refer to Note 2. Material Accounting Policies, (19) Current and Deferred Income Tax.

b) Key assumptions used for calculating the amounts

Please refer to Note 33. Income Tax Expense.

c) Impact on the Consolidated Financial Statements for the fiscal year ending December 31, 2026

Changes in the circumstances that served as the basis for the judgments and assumptions or amendments to tax laws etc. may have a significant impact on the amounts of deferred tax assets and deferred tax liabilities.

iii. Methods of Determining Fair Value of Financial Instruments Measured at Fair Value Including Derivative Instruments

1) Amount recognized in the Consolidated Financial Statements for the fiscal year ended December 31, 2025

Please refer to Note 48. Fair Value of Financial Instruments.

2) Information on the detail of significant accounting estimates concerning identified items

a) Method for calculating the estimates

Financial assets and financial liabilities including derivatives, held by the Rakuten Group are evaluated at fair value as follows:

- Quoted prices in active markets for identical assets or liabilities;
- Fair value calculated using observable inputs other than quoted prices for the assets or liability, either directly or indirectly; and
- Fair value calculated using valuation techniques incorporating unobservable inputs.

b) Key assumptions used for calculating the amounts

Fair values estimated using valuation techniques that include unobservable inputs are based on judgments and assumptions made by the Rakuten Group's management, including the selection of appropriate base rates, assumptions and calculation models to be applied.

c) Impact on the Consolidated Financial Statements for the fiscal year ending December 31, 2026

Changes in the circumstances etc. that served as the basis for the judgments and assumptions may have a significant impact on the calculation of fair value of financial instruments.

iv. Impairment of Financial Assets Measured at Amortized Cost and Debt Instrument Measured at Fair Value through Other Comprehensive Income

1) Amount recognized in the Consolidated Financial Statements for the fiscal year ended December 31, 2025

Please refer to Note 15. Allowance for Doubtful Accounts and Note 50. Financial Risk Management.

2) Information on the detail of significant accounting estimates concerning identified items

a) Method for calculating the estimates

Please refer to Note 2. Material Accounting Policies, (5) Financial Instruments.

b) Key assumptions used for calculating the amounts

Estimation of future cash flows considers factors including the possibility of default, historical trends concerning the amount of credit loss, and reasonably expected future events.

c) Impact on the Consolidated Financial Statements for the fiscal year ending December 31, 2026

The amount of impairment losses on financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income may vary significantly depending on changes in the circumstances that served as the basis for the judgments and assumptions.

(2) Significant Judgment in Applying the Accounting Policies of the Rakuten Group

In the process of applying the accounting policies, management of the Rakuten Group has made certain decisions which significantly impact the amounts recognized in the Consolidated Financial Statements.

The Rakuten Group, mainly in the credit card business and the banking business, transacts with structured entities, which are designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entities. Management of the Rakuten Group decides whether the Rakuten Group is controlling the entities or not. All related facts and circumstances on the involvement with the structured entity are considered in deciding whether control over such an entity exists.

4. 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 operating segment information is prepared in accordance with 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. Transactions between operating segments are based on prevailing market price. 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 its future outlook. Nonrecurring items refer to one-off items that the Rakuten Group believes should be excluded in preparing a future outlook based on certain rules. Other adjustment items are those that tend to differ depending on the standards applied, and are therefore less comparable between companies, such as share-based compensation expenses and amortization of acquisition-related intangible assets.

The Rakuten Group does not allocate assets and liabilities to the operating segment reviewed 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.

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

(Millions of Yen)

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

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Segment Revenue	1,369,697	975,931	482,838	2,828,466
Segment Profit (Loss)				
Before Considering	103,485	219,402	(195,863)	127,024
Mobile Ecosystem Contribution	(14,542)	(19,480)	34,022	—
After Considering	88,943	199,922	(161,841)	127,024
Other Items				
Depreciation and Amortization	38,296	66,669	187,952	292,917

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

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Segment Revenue	2,543,204	2,828,466
Intercompany Transactions, etc.	(263,971)	(331,891)
Consolidated Revenue	2,279,233	2,496,575

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

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Segment Profit (Loss)	29,581	127,024
Intercompany Transactions, etc.	(22,533)	(20,747)
Non-GAAP Operating Income	7,048	106,277
Amortization of Intangible Assets	(6,821)	(5,172)
Share-Based Compensation Expenses	(15,910)	(15,645)
One-off Items (Note)	68,658	(71,078)
Operating Income	52,975	14,382
Financial Income and Expenses	(27,666)	(36,046)
Share of Losses of Investments in Associates and Joint Ventures	(9,032)	(7,886)
Income (Loss) before Income Tax	16,277	(29,550)

(Note)

One-off items listed for the fiscal year ended December 31, 2024 include a loss on disposal of intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business of ¥5,863 million, an impairment loss of ¥9,662 million due to a revision of the core system development plan in the general insurance business, incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake of ¥1,154 million, a write-down loss due to a revision of contracts with certain agents and a revaluation of transactions recognized as assets from costs for contract acquisitions in the mobile business of ¥5,411 million, a loss on disposal of ¥1,891 million due to a business model shift focusing on advanced network software development in the Rakuten Symphony business, an impairment loss of ¥2,155 million due to changes in cash-generating units in the Rakuten Symphony business, an impairment loss of ¥1,667 million due to the re-evaluation of future revenue prospects in the Rakuten Farm business and overseas advertising business, impairment losses, etc., of ¥1,305 million due to restructuring in the Rakuten Ticket business, tax expenses of ¥4,151 million due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd., the provision of allowance for doubtful accounts of ¥4,386 million due to the risk of uncollectibility of receivables from the sale of overseas subsidiaries, expenses related to the resolution of litigation with International Business Machines Corporation, a remeasurement gain of ¥106,906 million due to changes in the accounting treatment of shares in AST SpaceMobile, Inc., and gains from the sale of shares of Min-Shu, Inc. of ¥1,613 million. Moreover, the write-down loss on assets etc. recognized from costs for contract acquisitions in the mobile business and tax expenses due to the intra-group sale of shares in Viber Media S.a.r.l. and partial sale of shares in Rakuten Card Co., Ltd are recorded in operating expenses, while other income and expenses are mainly recorded in other income and other expenses in the Consolidated Statement of Income. One-off items listed for the fiscal year ended December 31, 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 resulting from a change in the team's operational policy, payments of additional tax and delinquency charges, etc., including those for prior years, totaling ¥4,950 million, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to securitization of card receivables, a loss of ¥858 million for compensation of customer transactions due to unauthorized access in the securities business, an impairment loss, etc., of ¥27,909 million, in the fulfillment center-based online grocery delivery service, resulting from customer acquisition performance significantly falling below initial plans and the decision to withdraw from certain market areas, the reversal of allowance for doubtful accounts which was provided in the past of ¥2,258 million due to the collection of sales receivable from a sold overseas subsidiary, an impairment loss of ¥10,024 million in the logistics business due to delay in the pace of increase in future cargo volume at the leased warehouse and the decrease in storable cargo volume caused by the unexpected increase in the size of the products handled, an impairment loss of ¥20,497 million due to the unexpected time required to expand the business in the Open RAN business of "Rakuten Symphony", a gain from forgiveness of commission payment liability of ¥3,715 million, based on partial settlement with suppliers involved in fraudulent acts committed in collusion by former employees of a subsidiary and suppliers which came to light in the fiscal year ended December 31, 2022, an impairment loss of ¥1,254 million due to reassessment of future revenue projections in the overseas affiliate business, a provision for personnel expenses, etc. of ¥1,720 million for withdrawal from certain European business, and a provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary. Moreover, in the Consolidated Statement of Income, payments of additional tax and delinquency charges, etc., including those for prior years, arising from the receipt of a correction notice regarding consumption tax on funding transactions related to securitization of card receivables are included in operating expenses, while other income and expenses are mainly recorded in other income and other expenses.

(3) Products and Services Information

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

(Millions of Yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Rakuten Ichiba and Rakuten Travel	510,947	556,790
Rakuten Card	219,308	237,197
Rakuten Securities	120,198	154,178
Rakuten Bank	119,240	158,360
Rakuten Mobile	262,908	315,251
Others	1,046,632	1,074,799
Revenue from external customers	2,279,233	2,496,575

(4) Geographic Information

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

(Millions of Yen)

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

(Note)
Revenue is classified by country or region based on the locations of customers.

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Japan	Americas	Europe	Asia	Others	Total
Revenue from external customers	2,107,426	253,620	59,560	74,152	1,817	2,496,575
Property, plant and equipment and intangible assets	1,545,381	400,311	139,837	59,659	2,522	2,147,710

(Note)
Revenue is classified by country or region based on the locations of customers.

(5) Major Customers

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

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

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

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

5. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Cash and deposits	6,170,888	5,837,566
Cash and cash equivalents	6,170,888	5,837,566

(Note)

Funds (cash and cash equivalents) stated in the Rakuten Group's Consolidated Statement of Cash Flows include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and insignificant risk of changes in value. Short-term highly liquid investments in the banking business are not included.

6. Accounts Receivable - Trade

The breakdown of accounts receivable - trade is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Accounts receivable - trade measured at amortized cost		
Notes and accounts receivable - trade	431,742	453,274
Gross amount of accounts receivable - trade measured at amortized cost	431,742	453,274
Allowance for doubtful accounts	(10,093)	(9,717)
Net amount of accounts receivable - trade measured at amortized cost	421,649	443,557
Total accounts receivable - trade	421,649	443,557

(Note)

The accounts receivable - trade is mainly generated from sales related to the Internet Services business. The accounts receivable - trade classified as "measured at amortized cost" are limited to those accounts receivable - trade held as part of the Rakuten Group's business model with, the objective of collecting contractual cash flows and a date of receipt of principal as specified in the contract conditions.

7. Financial Assets for Securities Business

The breakdown of financial assets for securities business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets measured at amortized cost		
Cash segregated as deposits	2,624,403	3,134,035
Accounts receivable relating to investment securities transactions	1,330,561	1,380,406
Margin transactions assets	1,009,995	1,273,089
Short-term guarantee deposits	157,180	144,031
Others	90,221	103,832
Gross amount of financial assets measured at amortized cost	5,212,360	6,035,393
Allowance for doubtful accounts	(1,704)	(1,800)
Net amount of financial assets measured at amortized cost	5,210,656	6,033,593
Financial assets measured at FVTPL	1,333	1,583
Total financial assets for securities business	5,211,989	6,035,176

(Note)
Investment securities held for trading purposes are included in financial assets measured at FVTPL.
Derivative assets held for trading purposes are included in "Derivative assets", while operating investment securities are included in "Investment securities".

8. Loans for Credit Card Business

The breakdown of loans for credit card business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Gross amount of loans for credit card business	3,569,400	3,727,909
Allowance for doubtful accounts	(72,293)	(65,233)
Net amount of loans for credit card business	3,497,107	3,662,676

(Note)

Loans for credit card business mainly comprise accounts receivable arising from the use of credit cards by customers based on installment contracts and similar.

Loans for credit card business are measured at amortized cost because they are classified as financial assets held as part of the Rakuten Group's business model with the objective of collecting contractual cash flows, and such cash flows are limited to solely repayments of principal including interest on the principal balance outstanding.

9. Investment Securities for Banking Business

The breakdown of investment securities for banking business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets measured at amortized cost		
Domestic bonds	1,142,792	1,504,730
Foreign bonds	2,868	2,992
Gross amount of financial assets measured at amortized cost	1,145,660	1,507,722
Allowance for doubtful accounts	(2)	(1)
Net amount of financial assets measured at amortized cost	1,145,658	1,507,721
Financial assets measured at FVTPL		
Trust beneficiary rights	733	978
Others	17,333	22,335
Total financial assets measured at FVTPL	18,066	23,313
Debt instruments measured at FVTOCI		
Trust beneficiary rights	293,035	398,486
Domestic bonds	148,880	175,231
Foreign bonds	324,810	462,576
Total debt instruments measured at FVTOCI (Note)	766,725	1,036,293
Equity instruments measured at FVTOCI	1	1
Total investment securities for banking business	1,930,450	2,567,328

(Note)
The allowance for doubtful accounts on debt instruments measured at fair value through comprehensive income amounted to ¥67 million for the fiscal year ended December 31, 2024 and ¥120 million for the fiscal year ended December 31, 2025, and are included in other comprehensive income respectively.

Within investment securities for banking business, investment securities held with the objective of collecting contractual cash flows limited to solely payments of principal and interest on the principal balance outstanding on a specified date in accordance with the contractual terms, are classified as financial assets measured at amortized cost. Additionally, investment securities held with the objective of both collecting contractual cash flows and selling, and whose contractual cash flows are limited to solely payments of principal and interest on the principal balance outstanding on a specified date in accordance with the contractual terms, are classified as debt instruments measured at FVTOCI, while all other investment securities are classified as financial assets measured at FVTPL. However, investments in equity instruments where an irrevocable election has been made to recognize fair value fluctuations through other comprehensive income are classified as equity instruments measured at FVTOCI.

10. Loans for Banking Business

The breakdown of loans for banking business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Gross amount of loans for banking business	4,638,986	5,451,024
Allowance for doubtful accounts	(8,196)	(10,565)
Net amount of loans for banking business	4,630,790	5,440,459

(Note)

Loans for banking business mainly comprise loan receivables from individual customers.

Loans for banking business are measured at amortized cost because they are defined as financial assets held as part of the Rakuten Group's business model with the objective of collecting contractual cash flows, and such cash flows are limited to repayments of principal including interest on the principal balance outstanding.

11. Investment Securities for Insurance Business

The breakdown of investment securities for insurance business is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Financial assets measured at amortized cost		
Trust beneficiary rights	–	3,000
Total financial assets measured at amortized cost	–	3,000
Financial assets measured at FVTPL		
Domestic bonds	297	198
Beneficiary investment trust securities		
Unlisted	1,747	2,750
Others	1,596	1,354
Total financial assets measured at FVTPL	3,640	4,302
Debt instruments measured at FVTOCI		
Trust beneficiary rights	3,361	3,047
Domestic bonds	47,185	83,959
Foreign bonds	36,065	3,188
Total debt instruments measured at FVTOCI (Note)	86,611	90,194
Equity instruments measured at FVTOCI		
Domestic bonds	6,167	15,484
Foreign bonds	32,959	20,561
Stock		
Listed	8,044	6,624
Unlisted	3,806	3,111
Beneficiary investment trust securities		
Listed	73,806	59,469
Other	0	0
Total equity instruments measured at FVTOCI	124,782	105,249
Total investment securities for insurance business	215,033	202,745

(Note)
The allowance for doubtful accounts on debt instruments measured at fair value through comprehensive income amounted to ¥43 million for the fiscal year ended December 31, 2024 and ¥18 million for the fiscal year ended December 31, 2025, and are included in other comprehensive income respectively.

Within investment securities for insurance business, investment securities held with the objective of collecting contractual cash flows limited to solely payments of principal and interest on the principal balance outstanding on a specified date in accordance with the contractual terms, are classified as financial assets measured at amortized cost. Additionally, investment securities held with the objective of both collecting contractual cash flows and selling, and whose contractual cash flows are limited to solely payments of principal and interest on the principal balance outstanding on a specified date in accordance with the contractual terms, are classified as debt instruments measured at FVTOCI, while all other investment securities are classified as financial assets measured at FVTPL. However, investments in equity instruments where an (irrevocable) election has been made to recognize fair value fluctuations through other comprehensive income are designated as equity instruments measured at FVTOCI.

12. Derivative Assets and Derivative Liabilities, Hedge Accounting

The fair values and notional principal amounts of derivatives qualifying for hedge accounting and derivatives not qualifying for hedge accounting are as follows:

Derivatives Qualifying for Hedge Accounting

(Millions of Yen)

	Fiscal Year ended December 31, 2024					Average rate
	Notional principal amount by due date			Fair value		
	One year or less	Over one year	Total	Assets	Liabilities	
Fair value hedges						
Value fluctuation risk						
Foreign exchange forward contracts	17,554	13,121	30,675	—	2,203	1 USD = ¥145.32
Over-the-counter forward contracts	72,862	—	72,862	2,439	—	
Cash flow hedges						
Exchange rate risk						
Foreign exchange forward contracts	16,851	53	16,904	635	3	1 USD = ¥137.86 1 USD = 1.35 CAD 1 EUR = 1.50 CAD
Currency swap contracts	50,447	765,952	816,399	34,915	18,314	1 USD = ¥149.44
Interest rate risk						
Interest rate swap contracts	8,102	137,089	145,191	328	98	Floating interest rate 1.614% Fixed interest rate 1.901%
Total	165,816	916,215	1,082,031	38,317	20,618	

(Millions of Yen)

	Fiscal Year ended December 31, 2025					Average rate
	Notional principal amount by due date			Fair value		
	One year or less	Over one year	Total	Assets	Liabilities	
Fair value hedges						
Value fluctuation risk						
Foreign exchange forward contracts	18,702	—	18,702	5	641	1 USD = ¥146.11
Over-the-counter forward contracts	60,154	—	60,154	—	7,952	
Cash flow hedges						
Exchange rate risk						
Foreign exchange forward contracts	12,508	—	12,508	25	68	1 USD = ¥144.07 1 USD = 1.39 CAD 1 EUR = 1.61 CAD
Currency swap contracts	139,306	815,971	955,277	50,367	17,881	1 USD = ¥150.58
Interest rate risk						
Interest rate swap contracts	4,407	89,454	93,861	1,035	—	Floating interest rate 2.135% Fixed interest rate 2.088%
Total	235,077	905,425	1,140,502	51,432	26,542	

Derivatives Not Qualifying for Hedge Accounting

(Millions of Yen)

	Fiscal Year ended December 31, 2024			Fiscal Year ended December 31, 2025		
	Notional principal amount	Fair value		Notional principal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign currency contracts						
Foreign exchange forward contracts	161,798	2,631	2,518	168,581	2,161	94
Foreign exchange margin contracts	3,713,515	45,243	11,649	5,151,324	48,340	14,367
Currency swap contracts	415,917	104,425	4,450	427,772	144,380	5,734
Total of foreign currency contracts	4,291,230	152,299	18,617	5,747,677	194,881	20,195
Interest rate contracts						
Interest rate swap contracts	306,158	15,761	15,653	332,219	30,300	30,327
Total of interest rate contracts	306,158	15,761	15,653	332,219	30,300	30,327
Share price contracts						
Option contracts (Note)	77,952	37,549	—	1,403	—	—
Total of share price contracts	77,952	37,549	—	1,403	—	—
Others						
Futures contracts	—	—	74	—	—	—
Others	4,997	4,425	6	2,356	93	23
Total of others	4,997	4,425	80	2,356	93	23
Total	4,680,337	210,034	34,350	6,083,655	225,274	50,545

(Note)

In prior fiscal years, the Company entered into a cap-and-floor-model collar transaction for the prepaid variable share forward transactions on shares of Lyft, Inc., and recorded a notional principal amount and fair value of ¥76,549 million and ¥37,489 million, respectively, for option contracts under share price contracts as derivative assets for the fiscal year ended December 31, 2024. For the fiscal year ended December 31, 2025, the company early terminated the prepaid variable share forward transactions of shares of Lyft, Inc. Furthermore, all collar agreements related to the said forward sale agreement have also been terminated. Derivatives arising from the Prepaid Variable Share Forward Transactions of Shares of Lyft, Inc. are segregated as embedded derivatives. For details of the transaction, please refer to Note 29. Other Financial Liabilities.

The application of hedge accounting is as follows:

(1) Fair Value Hedges

Risk of fluctuation of fair value of listed investment securities

The Rakuten Group engages in fair value hedging through forward contracts in order to avoid the risk of fluctuation in fair values of their holding of listed investment securities that have initially chosen to recognize the fluctuation in fair values as other comprehensive income. The fluctuation in fair values related to forward contracts is also recognized as other comprehensive income. Thus, the fluctuation of fair value of listed investment securities as the hedged items can be offset by the fluctuation in fair values of the forward contracts as the hedging instrument. Please refer to Derivatives Qualifying for Hedge Accounting for the fair values of forward contracts as the hedging instrument.

As transactions for listed investment securities as the hedged item and those for forward contracts as the hedging instrument are conducted for each type of security at the same amount, the hedge ratio is 1:1. Existing hedging relationships are expected to be terminated by the year ending December 31, 2026.

Hedged items are as follows:

As of December 31, 2024

(Millions of Yen)

Hedged item	Presentation on the Consolidated Statement of Financial Position	Carrying amount	Change in fair value of the hedged item during the year	Cumulative adjustments of fair value hedge of the hedged item included in the hedge item's carrying amount
Listed investment securities	Investment securities for insurance business	72,862	(1,990)	(2,439)

As of December 31, 2025

(Millions of Yen)

Hedged item	Presentation on the Consolidated Statement of Financial Position	Carrying amount	Change in fair value of the hedged item during the year	Cumulative adjustments of fair value hedge of the hedged item included in the hedge item's carrying amount
Listed investment securities	Investment securities for insurance business	60,154	10,390	7,952

Exchange rate risk

The Rakuten Group engages in fair value hedging through foreign exchange forward contracts with financial institutions in order to hedge the risks associated with fluctuations in foreign exchange rates. This enables the Group to offset changes in the fair value of forward foreign exchange contracts as hedging instruments, against changes in the fair value of foreign exchange contracts as hedged items. For hedging instruments which are the fair value of forward foreign exchange contracts, please refer to derivatives qualifying for hedge accounting.

For hedged items that are foreign currency securities and forward foreign exchange contracts, the hedging ratio is 1:1 due to the transactions being conducted at the same amount. These hedging relationships are expected to be terminated by the year ending December 31, 2026.

Hedged items are as follows:

As of December 31, 2024

(Millions of Yen)

Hedged item	Presentation on the Consolidated Statement of Financial Position	Carrying amount	Change in fair value of the hedged item during the year	Cumulative adjustments of fair value hedge of the hedged item included in the hedge item's carrying amount
Foreign currency securities	Investment securities for insurance business	32,903	1,528	1,528

As of December 31, 2025

(Millions of Yen)

Hedged item	Presentation on the Consolidated Statement of Financial Position	Carrying amount	Change in fair value of the hedged item during the year	Cumulative adjustments of fair value hedge of the hedged item included in the hedge item's carrying amount
Foreign currency securities	Investment securities for insurance business	20,436	391	391

(2) Cash Flow Hedges

Interest rate fluctuation risk

In order to offset the risk of fluctuations on future cash flows relating to the interest payment for floating-rate borrowings, the Rakuten Group has entered into fixed-for-floating interest rate swap contracts with financial institutions and apply cash flow hedges. As a result of these hedges, it becomes possible to fix the fluctuations of cash flows relating to the interest payment for floating-rate borrowings. Please refer to Derivative Assets and Derivative Liabilities for the fair values of the interest rate swaps as hedging instruments.

As transactions for floating-rate borrowings as the hedged item and those for interest rate swaps as the hedging instrument are conducted for the same amount, the hedge ratio is 1:1. Existing hedging relationships are expected to be terminated by the year ending December 31, 2029.

The schedule of changes in the amounts recognized in other comprehensive income is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
January 1	(272)	161
Changes for the period	115	560
Reclassification to net income (Note)	318	(12)
December 31	161	709

(Note)

The amounts reclassified to net income are included in "Operating expenses" in the Consolidated Statement of Income.

Exchange rate risk

In order to offset the cash flow fluctuation risk due to fluctuations of foreign exchange, the Rakuten Group has entered into forward exchange contracts with financial institutions as cash flow hedges. As a result of these hedges, it will become possible to fix the fluctuations in cash flows from fluctuations in foreign exchange. When designating hedging instruments, the currency basis spread of currency swaps is excluded as hedging costs. Please refer to Derivatives Qualifying for Hedge Accounting for the fair values of the forward exchange contracts and currency swaps as hedging instruments are stated.

As transactions for foreign currency denominated monetary claims or liabilities as the hedged item and those for forward exchange contracts and currency swaps as the hedging instrument are conducted for the same amount, the hedge ratio is 1:1. Existing hedging relationships are expected to continue to the year ending December 31, 2029.

The schedule of changes in the amounts recognized in other comprehensive income is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
January 1	(1,113)	473
Changes for the period	(12,970)	820
Reclassification to net income (Note)	14,556	8,486
December 31	473	9,779

(Note)

The amounts reclassified to net income are included in "Revenue", "Operating expenses", "Other expenses" and "Financial expenses" in the Consolidated Statement of Income.

13. Investment Securities

The breakdown of investment securities is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets measured at amortized cost		
Trust beneficiary rights	800	1,000
Domestic bonds	6,811	6,851
Foreign bonds	2	2
Others	6	6
Total financial assets measured at amortized cost	7,619	7,859
Financial assets measured at FVTPL		
Shares		
Listed	22,743	1,555
Unlisted	88,718	66,116
Stock investment trust beneficiary securities		
Listed	—	1,043
Unlisted	37,495	46,800
Bonds		
Domestic bonds	17,801	—
Foreign bonds	915	2,778
Total financial assets measured at FVTPL	167,672	118,292
Equity instruments measured at FVTOCI		
Shares		
Listed	109,574	360,500
Unlisted	4,104	4,491
Others	4	3
Total equity instruments measured at FVTOCI	113,682	364,994
Total investment securities	288,973	491,145

14. Other Financial Assets

The breakdown of other financial assets is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets measured at amortized cost		
Accounts receivable - other	160,733	171,270
Call loans for banking business	6,835	135,000
Security deposits	37,488	33,306
Receivables under securities borrowing transactions	534,611	448,859
Others	266,013	298,224
Gross amount of financial assets measured at amortized cost	1,005,680	1,086,659
Allowance for doubtful accounts	(10,324)	(8,260)
Net amount of financial assets measured at amortized cost	995,356	1,078,399
Financial assets measured at FVTPL	277	336
Financial assets measured at FVTOCI	18	805
Insurance contract assets	18,677	16,055
Reinsurance contract assets	21,219	19,939
Total other financial assets	1,035,547	1,115,534

15. Allowance for Doubtful Accounts

Changes in the allowance for doubtful accounts by type of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income are as follows:

For the fiscal year ended December 31, 2024

(Millions of Yen)

	Accounts receivable - trade	Financial assets for securities business	Loans for credit card business	Investment securities for banking business	Loans for banking business	Investment securities for insurance business	Other financial assets	Total
January 1, 2024	9,313	1,646	76,309	56	7,020	99	5,169	99,612
Increase for the period (provision)	2,946	93	29,606	30	4,184	―	5,186	42,045
Increase for the period (others)	234	―	2	0	―	―	1,233	1,469
Decrease for the period (intended use)	(1,699)	(35)	(30,378)	―	(1,157)	―	(15)	(33,284)
Decrease for the period (reversal)	(701)	―	(3,246)	(17)	(1,805)	(56)	(1,249)	(7,074)
Decrease for the period (others)	―	―	―	―	(46)	―	―	(46)
December 31, 2024	10,093	1,704	72,293	69	8,196	43	10,324	102,722

(Note)
The above table includes the allowance for doubtful accounts on debt instruments measured at fair value through other comprehensive income. Such allowance is recognized in net income and deducted from losses in other comprehensive income.

For the fiscal year ended December 31, 2025

(Millions of Yen)

	Accounts receivable - trade	Financial assets for securities business	Loans for credit card business	Investment securities for banking business	Loans for banking business	Investment securities for insurance business	Other financial assets	Total
January 1, 2025	10,093	1,704	72,293	69	8,196	43	10,324	102,722
Increase for the period (provision)	2,681	130	40,457	58	4,881	18	351	48,576
Increase for the period (others)	185	―	―	1	50	―	―	236
Decrease for the period (intended use)	(2,819)	(34)	(44,720)	―	(1,088)	―	(17)	(48,678)
Decrease for the period (reversal)	(423)	―	(2,794)	(7)	(1,474)	(10)	(138)	(4,846)
Decrease for the period (others) (Note 2)	―	―	(3)	―	―	(33)	(2,260)	(2,296)
December 31, 2025	9,717	1,800	65,233	121	10,565	18	8,260	95,714

(Notes)
1. The above table includes the allowance for doubtful accounts on debt instruments measured at fair value through other comprehensive income. Such allowance is recognized in net income and deducted from losses in other comprehensive income.
2. The reversal of allowance for doubtful accounts which was provided in the past of ¥2,258 million due to the collection of sales receivable from a sold overseas subsidiary, was included for the fiscal year ended December 31, 2025.

16. Investments in Associates and Joint Ventures

(1) Investments in Associates

The Rakuten Group accounts for investments in associates and joint ventures using equity method with some exceptions.

An impairment loss of ¥4,626 million was recorded for the fiscal year ended December 31, 2025 for the investment in Rakuten Medical, Inc., which is accounted for using the equity method. The impairment loss is recorded in "Share of losses of investments in associates and joint ventures" in the Consolidated Statement of Income.

1) Condensed consolidated financial information on significant associates

For the fiscal year ended December 31, 2024

Not Applicable

For the fiscal year ended December 31, 2025

Not Applicable

2) Investments in insignificant associates

The carrying amounts of investments in associates, which are all individually insignificant, are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total carrying amount	31,551	23,506

Financial information on associates, which are all individually insignificant, is as follows. The following amounts represent the Rakuten Group's portion of ownership interests.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Net loss	(8,988)	(7,723)
Other comprehensive income	2,930	(1,535)
Comprehensive income	(6,058)	(9,258)

(2) Investments in Joint Ventures

For certain investments in companies, the Rakuten Group has entered into contracts which require unanimous consent among the counterparties for decisions that significantly affect the returns from the investment. As the Rakuten Group exercises joint control with such counterparties and have rights to the investee's net assets, such companies are determined to be joint ventures and are accounted for using the equity method.

The total carrying amounts of investments in individually insignificant joint ventures are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total carrying amount	3,562	3,598

Financial information on individually insignificant joint ventures is as follows. The following amounts represent the Rakuten Group's portion of ownership interests.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Net income (loss)	(44)	(163)
Comprehensive income	(44)	(163)

17. Property, Plant and Equipment

The breakdown of schedule of changes in property, plant and equipment is as follows:

(Millions of Yen)

	Buildings and accompanying facilities	Tools, furniture and fixtures	Machinery facilities	Construction in progress	Right-of-use assets	Others	Total
January 1, 2024							
Cost	102,370	169,866	681,911	143,370	566,692	107,899	1,772,108
Accumulated depreciation and accumulated impairment losses	(31,675)	(78,106)	(173,341)	(60)	(206,743)	(14,346)	(504,271)
Carrying amount	70,695	91,760	508,570	143,310	359,949	93,553	1,267,837
Increases	7,232	11,062	78,972	(29,571)	45,898	12,326	125,919
Acquisition through business combinations	12	10	—	6	4	0	32
Disposals and sales	(3,375)	(679)	(2,536)	(2,023)	(10,021)	(8,281)	(26,915)
Impairment losses	(1,025)	(641)	(262)	(873)	(1,889)	(227)	(4,917)
Depreciation	(7,538)	(20,443)	(81,350)	—	(63,227)	(5,684)	(178,242)
Foreign currency translation adjustments	2,807	682	—	96	1,542	598	5,725
Other changes	(319)	(280)	(456)	1,476	(4,771)	(907)	(5,257)
December 31, 2024							
Cost	107,492	176,066	755,774	112,478	587,238	111,257	1,850,305
Accumulated depreciation and accumulated impairment losses	(39,003)	(94,595)	(252,836)	(57)	(259,753)	(19,879)	(666,123)
Carrying amount	68,489	81,471	502,938	112,421	327,485	91,378	1,184,182
Increases	10,128	10,802	36,004	3,542	87,120	5,355	152,951
Acquisition through business combinations	3	6	—	0	707	—	716
Disposals and sales	(4,356)	(503)	(1,097)	(457)	(18,942)	(11,601)	(36,956)
Impairment losses	(2,158)	(2,239)	(2,445)	(1,063)	(35,128)	(103)	(43,136)
Depreciation	(6,629)	(19,860)	(84,976)	—	(65,738)	(5,635)	(182,838)
Foreign currency translation adjustments	(109)	(206)	—	35	(49)	17	(312)
Other changes	(6,651)	(458)	0	523	7,556	(7,068)	(6,098)
December 31, 2025							
Cost	102,468	178,474	786,767	115,309	649,576	96,855	1,929,449
Accumulated depreciation and accumulated impairment losses	(43,751)	(109,461)	(336,343)	(308)	(346,565)	(24,512)	(860,940)
Carrying amount	58,717	69,013	450,424	115,001	303,011	72,343	1,068,509

(Note)

With respect to construction in progress in the table above, 'Increases' includes the increase due to new acquisitions net of the decrease due to reclassification to others of property, plant and equipment. Depreciation is presented within "Operating expenses" and Impairment loss is presented within "Other expenses" in the Consolidated Statement of Income.

18. Intangible Assets

The breakdown of schedule of changes in intangible assets is as follows:

(Millions of Yen)

	Goodwill	Software	Others	Total
January 1, 2024				
Cost	680,563	753,471	248,057	1,682,091
Accumulated amortization and accumulated impairment losses	(86,091)	(445,795)	(126,004)	(657,890)
Carrying amount	594,472	307,676	122,053	1,024,201
Increases	—	120,166	18,658	138,824
Acquisition through business combinations	380	—	—	380
Disposals and sales	(398)	(10,689)	(721)	(11,808)
Impairment losses	(1,172)	(10,758)	(756)	(12,686)
Amortization	—	(100,138)	(14,995)	(115,133)
Foreign currency translation adjustments	54,206	3,572	2,659	60,437
Other changes	(34)	(588)	(228)	(850)
December 31, 2024				
Cost	741,864	829,664	275,092	1,846,620
Accumulated amortization and accumulated impairment losses	(94,410)	(520,423)	(148,422)	(763,255)
Carrying amount	647,454	309,241	126,670	1,083,365
Increases	—	123,894	13,490	137,384
Acquisition through business combinations	—	2	3,500	3,502
Disposals and sales	—	(4,293)	(1,853)	(6,146)
Impairment losses	—	(14,438)	(10,763)	(25,201)
Amortization	—	(101,242)	(11,718)	(112,960)
Foreign currency translation adjustments	(214)	426	(513)	(301)
Other changes	(27)	(578)	163	(442)
December 31, 2025				
Cost	745,724	908,476	256,057	1,910,257
Accumulated amortization and accumulated impairment losses	(98,511)	(595,464)	(137,081)	(831,056)
Carrying amount	647,213	313,012	118,976	1,079,201

(Note)

Software under intangible assets mainly comprises internally generated software.

Amortization of intangible assets is presented in "Operating expenses" and impairment losses are presented in "Other expenses" in the Consolidated Statement of Income.

Research and development expenses recognized as expenses for the years ended December 31, 2024 and 2025 were ¥17,136 million and ¥21,885 million, respectively.

19. Impairment of Non-Financial Assets

(1) Impairment of Property, Plant and Equipment and Intangible Assets (Except for Goodwill and Intangible Assets with Indefinite Useful Lives)

The Rakuten Group assesses each quarter whether there are any indications that property, plant and equipment and intangible assets (Except for Goodwill and Intangible Assets with Indefinite Useful Lives) (hereinafter the "intangible assets") may be impaired. If any indication exists, the Rakuten Group estimates the recoverable amount of the asset.

In principle, the Rakuten Group estimates the recoverable amount of individual assets. However, if estimation of the recoverable amount of individual assets is not possible, then estimation of the recoverable amount of the CGU to which the asset belongs is made. A CGU is the smallest identifiable group of assets, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In principle, each group company is considered to be a CGU. Idle assets for which no future use is anticipated are considered individually as CGUs.

Impairment losses of property, plant and equipment and intangible assets are as follows:

For the year ended December 31, 2024

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Property, plant and equipment	672	1,984	2,261	4,917
Intangible assets	2,952	6,972	1,566	11,490

FinTech

(General insurance business)

In the FinTech segment, an impairment loss of ¥9,662 million (comprising ¥1,984 million for property, plant and equipment, ¥6,482 million for intangible assets, and ¥1,196 million for goodwill and intangible assets with indefinite useful lives) has been recognized in the general insurance business. This impairment loss was recognized as a result of conducting an impairment test following a revision of the core system development plan in the general insurance business, which indicated that the recoverable amount was expected to fall below the carrying amount. The recoverable amount of the asset group was measured based on its value in use. Since the future cash flows of the CGU are negative, the value in use was calculated as zero. The discount rate is omitted as the undiscounted future cash flows are negative.

For the year ended December 31, 2025

(Millions of Yen)

	Internet Services	FinTech	Mobile	Total
Property, plant and equipment	36,824	260	6,052	43,136
Intangible assets	3,842	2,654	18,705	25,201

Internet Services segment

(Fulfillment Center-Based Online Grocery Delivery Service)

In December 2023, the Company made Rakuten Seiyu Netsuper, Inc. a wholly-owned subsidiary and continued to operate Rakuten Seiyu Netsuper, Inc. and the fulfillment center-based online grocery delivery service. Subsequently, in September 2024, the service name was changed from "Rakuten Seiyu Netsuper" to "Rakuten Mart", refreshing the brand image. Furthermore, the Company has implemented a wide range of initiatives, including rebuilding the product procurement process and promoting various measures to expand the customer base. However, building the product procurement process took longer than anticipated. In addition, while the e-commerce penetration rate for fresh food in Japan is steadily increasing, changes in the business environment following the subsiding of the COVID-19 pandemic, including a shift in consumer behavior in the supermarket industry back towards physical stores, also had an impact. As a result of these factors in combination, customer acquisition for our online grocery delivery service fell significantly short of initial projections. In light of this business situation, the Company has decided to withdraw from the Ibaraki warehouse (Kansai area) for the three months ended September 30, 2025.

As a result of these events, an indication of impairment was identified. Following an impairment test, it was determined that the recoverable amount is expected to fall below the carrying amount, and an impairment loss of ¥27,027 million (¥26,166 million for property, plant and equipment, ¥861 million for intangible assets) was recognized in the Internet Services segment.

The recoverable amount for this asset group is measured using its value in use. Since the future cash flows for this cash-generating unit are negative, the value in use has been calculated as zero. The discount rate is omitted as the undiscounted future cash flows are negative.

(Logistics Business)

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

For the three months ended December 31, 2025, it became highly probable that the pace of future growth in cargo volume within a portion of the warehouse space provided by this service would slow down, leading to a downward revision of the future business growth outlook for the service. Furthermore, considering the recent trend of larger product sizes being handled in this warehouse space, which is likely to worsen the revenue plan estimated from the storable quantity per unit area, 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 indication of impairment, 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 ¥10,024 million for property, plant and equipment was recognized in the Internet Services segment. The recoverable amount for this asset group, including intangible assets, was assessed at ¥16,536 million based on value in use. In calculating the value in use for this asset group, cash inflows are discounted using a pre-tax discount rate of 7.10%.

Mobile

(Rakuten Symphony)

The Rakuten Group provides infrastructure and platform solutions for 4G and 5G to the global market through Rakuten Symphony, Inc.

The cash-generating units used to consider impairment of non-financial assets of "Rakuten Symphony" are business units that generate largely independent cash inflows. These business units are the five businesses: Open RAN business, Cloud business, OSS business, Internet Services business, and Global Service Delivery business.

Among these five businesses, the Open RAN business had unique strengths in the Open RAN market due to its lack of hardware constraints and superior price competitiveness. The Rakuten Group had expected to continuously benefit from these cost advantages in future updates. However, in addition to the recent rise in interest rates, the overall growth of the Open RAN market, which was initially anticipated, has been prolonged, leading to the business taking longer than initially expected to ramp up.

Consequently, the profit level for future periods, considering the remaining useful life of the asset group (3.43 years), is expected to fall below initial expectations. Therefore, it was determined that there was an indication of impairment in the asset group related to the Open RAN business, and an impairment test was conducted.

As a result, the recoverable amount of this asset group is expected to fall below its carrying amount of ¥21,647 million (¥2,205 million for property, plant and equipment, and ¥19,442 million for intangible assets). An impairment loss of ¥20,497 million (¥2,185 million for property, plant and equipment, and ¥18,312 million for intangible assets) has been recognized in the Mobile segment.

The recoverable amount for this asset group is measured using its value in use and is evaluated at ¥348 million.

The value in use is calculated by discounting the estimated future cash flows, which are based on the average remaining useful life of the non-financial assets of the business, considering future uncertainties in the business plan approved by management, at a pre-tax discount rate of 16.45%.

No indication of impairment has been identified in the Cloud business and OSS business. Impairment losses were recognized in the Internet Services business and Global Service Delivery business in the previous fiscal year.

(2) Impairment of Goodwill and Intangible Assets with Indefinite Useful Lives

i) The balance of goodwill and intangible assets with indefinite useful lives

(Millions of Yen)

Operating segment	CGU or a group of CGUs	As of December 31, 2024		As of December 31, 2025	
		Goodwill	Intangible assets with indefinite useful lives	Goodwill	Intangible assets with indefinite useful lives
Internet Services	Internet Services segment	375,373	1,189	375,067	1,241
FinTech	Rakuten Bank, Ltd.	32,886	0	32,886	0
	Others	21,084	6	21,077	6
	Subtotal	53,970	6	53,963	6
Mobile	Mobile segment	218,111	73,259	218,183	76,066
Total		647,454	74,454	647,213	77,313

(Note)

Intangible assets with indefinite useful lives mainly refer to fees to set up specified base stations.

The fees to set up specified base stations are an amount incurred by the Rakuten Group to receive the allocation of frequencies and are determined to be an intangible asset with an indefinite useful life, as its effect will continue as long as the base stations are maintained and operated.

ii) Impairment losses of goodwill and intangible assets with indefinite useful lives

The Rakuten Group performs impairment testing of goodwill at least annually, regardless of whether there is any indication of impairment. Intangible assets with indefinite useful lives are not amortized; instead they are tested for impairment annually. The Rakuten Group individually determines the timing of the impairment test for goodwill and intangible assets with indefinite useful lives taking into consideration the timing of the formulation of the relevant business plan. Indications of impairment are also assessed every quarter; and if any such indication exists, impairment testing is performed.

When conducting an impairment test, the Rakuten Group, as a general rule, considers each company to be a CGU. A CGU is the smallest identifiable group of assets, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to CGUs or groups of CGUs expected to benefit from synergies associated with business combinations.

As a result, in the Internet Services segment and the Mobile segment, goodwill is subject to monitoring for internal management purposes, considering the expectations for the segment to benefit from intercompany synergies. Accordingly, impairment testing is conducted for the group of CGUs at the operating segment level. Meanwhile, in the FinTech segment, impairment testing is conducted, as a general rule, with each company as a CGU, in light of the unique business environment of each company.

The recoverable amount of a CGU or a group of CGUs with allocated goodwill is the higher of value in use and fair value less costs of disposal. On December 31, 2024 and December 31, 2025, the recoverable amounts of all CGUs or groups of CGUs to which goodwill was allocated were determined with reference to their calculated values in use.

Value in use is calculated based on the business plans approved by management of each CGU or group of CGUs, using pre-tax, estimated future cash flows for primarily three to five years. These business plans have been drawn up based primarily on gross merchandise sales in the Internet Services segment, the number of accounts and the number of registered members in the FinTech segment, and average revenue per user (ARPU), the number of new subscribers, and churn rate for the mobile business, and the growth outlook for the Open RAN market and the market penetration rate for the Symphony business in the Mobile segment. For periods beyond those covered by the business plans, the terminal value is assessed.

Terminal value is calculated using the estimated growth rate of each CGU or group of CGUs. Also, the pre-tax discount rate used in the assessment of value in use is calculated for each CGU or group of CGUs.

The growth rates used in predicting cash flows for periods beyond those covered by the business plans of each CGU reflect the status of the country and the industry to which the CGU belongs and do not exceed the average long-term growth rate of the industry in which the CGU is active. Pre-tax discount rates used in calculating terminal value reflect the inherent risks of the relevant businesses of each CGU or group of CGUs. Discount rates are determined based on comparable companies of each CGU or group of CGUs, incorporating market interest rates, the size of the subsidiary comprising the CGU, and other factors.

Additionally, the business plan, which forms the basis for the measurement of the recoverable amount in the impairment tests of goodwill and intangible assets with indefinite useful lives, is compared with past performance and consideration is made as to whether the business plan is a reasonable basis for predicting future cash flows.

Significant assumptions used in the calculation of the recoverable amount as of December 31, 2024 and 2025 are as follows. The following estimates have been used in the analysis of each CGU or group of CGUs.

Operating segment	CGU or a group of CGUs	As of December 31, 2024		As of December 31, 2025	
		Growth rate	Discount rate	Growth rate	Discount rate
Internet Services	Internet Services segment	2.02%	5.1%	2.00%	6.8%
FinTech	Rakuten Bank, Ltd.	2.02%	3.2%	2.00%	4.3%
	Others	2.02%	3.5%-8.6%	2.00%	4.5%-10.9%
Mobile (Note)	Mobile segment	2.02%	8.9%	2.00%	10.5%

(Note)
Discount rate of the Mobile segment has taken into account the planned business expansion of Rakuten Symphony, which was recently established.

Sensitivity Analysis

Regarding goodwill in the Mobile segment, the recoverable amount currently exceeds the carrying amount by ¥253,306 million. However, if the discount rate were to increase by 0.8%, there is a possibility that the recoverable amount would become equal to the carrying amount.

Furthermore, the recoverable amounts of CGUs and groups of CGUs to which goodwill and intangible assets with indefinite useful lives have been allocated significantly exceed their carrying amounts, therefore the Rakuten Group judges that significant impairment is unlikely to occur for these CGUs and groups of CGUs, even if the major assumptions used in impairment testing were to change within a reasonably predictable range.

Impairment losses of goodwill and intangible assets with indefinite useful lives are as follows:

For the fiscal year ended December 31, 2024

For the general insurance business in the FinTech segment, impairment losses of ¥1,196 million relating to goodwill and intangible assets with indefinite useful lives were recorded. For details regarding the impairment loss in the general insurance business, please refer to (1) Impairment of Property, Plant and Equipment and Intangible Assets (Except for Goodwill and Intangible Assets with Indefinite Useful Lives).

For the fiscal year ended December 31, 2025

Not applicable.

20. Lease Accounting

The Rakuten Group, as the lessee, mainly leases offices, warehouses, data centers and telecommunications facilities. Information on leases with the Rakuten Group as the lessee is as follows:

(1) Amounts recognized in the Consolidated Statement of Financial Position

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Right-of-use assets		
Offices as the underlying assets	53,355	77,171
Warehouses as the underlying assets	52,420	18,453
Data centers as the underlying assets	7,878	13,054
Telecommunications facilities as the underlying assets	197,073	172,383
Other underlying assets	16,759	21,950
Total right-of-use assets (Note 1)	327,485	303,011
Lease liabilities (Note 2)	352,856	361,443

(Notes)

1. Offices, warehouses, data centers and telecommunications facilities are mainly buildings and accompanying facilities.
2. Lease liabilities are included in "Other financial liabilities" in the Consolidated Statement of Financial Position.

(2) Amounts recognized in the Consolidated Statement of Income

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Depreciation associated with right-of-use assets		
Offices as the underlying assets	20,939	19,585
Warehouses as the underlying assets	5,179	5,078
Data centers as the underlying assets	4,148	5,058
Telecommunications facilities as the underlying assets	29,694	31,737
Other underlying assets	3,267	4,280
Total depreciation associated with right-of-use assets (Note 1)	63,227	65,738
Interest expenses associated with lease liabilities (Note 2)	10,630	11,939

(Notes)

1. Depreciation associated with right-of-use assets is included in "Operating expenses" of the Consolidated Statement of Income.
2. Interest expenses associated with lease liabilities are included in "Financial expenses" of the Consolidated Statement of Income.

(3) Cash flows associated with leases

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Total cash outflows associated with leases	74,584	82,193

(4) Extension options and termination options

Certain lease contracts have extension options and/or termination options, which can be exercised by the Rakuten Group, and the Rakuten Group may exercise such options, as necessary. The Rakuten Group assesses whether it is reasonably certain the extension option will be exercised or the termination option will not be exercised at the commencement date of the lease term. Given that the lease term is determined for each lease transaction on the assumption of a reasonably certain contractual period, the lease term includes leases that anticipate the extension option will be exercised and those that anticipate the termination option will not be exercised.

Major extension options and termination options are as follows:

- Office contracts: Automatic extension option (excluding fixed-term lease and rental contracts)
- Certain warehouse contracts: Cancellable after the elapse of ten years since the lease commencement date, by opting before the elapse of nine years

(5) Contracted leases that have not yet commenced

Not applicable.

21. Accounts Payable - Trade

The breakdown of accounts payable - trade is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Notes Payable and accounts payable - trade	519,149	553,582
Total accounts payable - trade	519,149	553,582

(Note)

The accounts payable - trade are classified as financial liabilities measured at amortized cost.

22. Deposits for Banking Business

The breakdown of deposits for banking business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial liabilities measured at amortized cost		
Demand deposits	10,118,948	10,809,992
Time deposits	1,193,025	1,931,301
Total financial liabilities measured at amortized cost	11,311,973	12,741,293
Total deposits for banking business	11,311,973	12,741,293

23. Financial Liabilities for Securities Business

The breakdown of Financial Liabilities for Securities Business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Accounts payable relating to securities transactions	1,330,701	1,376,327
Margin transactions liabilities	197,941	212,661
Deposits received	2,262,142	2,584,545
Borrowings secured by securities	1,015,857	1,031,303
Guarantee deposits received	703,701	812,105
Others	1,950	11,068
Total financial liabilities for securities business	5,512,292	6,028,009

(Note)
Financial liabilities for securities business are measured at amortized cost.
Derivative liabilities classified as held for trading are included in "Derivative liabilities".

24. Bonds and Borrowings

(1) Breakdown of bonds

(Millions of Yen)

Name	Type	Interest rate	As of December 31, 2024	As of December 31, 2025
Rakuten Group, Inc.	The 9th unsecured bond Currency: JPY, Maturity: 10 years	0.42%	9,985	9,991
Rakuten Group, Inc.	The 12th unsecured bond Currency: JPY, Maturity: 7 years	0.35%	19,580	19,593
Rakuten Group, Inc.	The 13th unsecured bond Currency: JPY, Maturity: 10 years	0.45%	19,952	19,963
Rakuten Group, Inc.	The 14th unsecured bond Currency: JPY, Maturity: 15 years	0.90%	19,525	19,533
Rakuten Group, Inc.	The 16th unsecured bond Currency: JPY, Maturity: 5 years	0.60%	44,923	44,963
Rakuten Group, Inc.	The 17th unsecured bond Currency: JPY, Maturity: 7 years	0.80%	9,973	9,980
Rakuten Group, Inc.	The 18th unsecured bond Currency: JPY, Maturity: 10 years	1.05%	84,213	83,754
Rakuten Group, Inc.	The 19th unsecured bond Currency: JPY, Maturity: 12 years	1.30%	37,852	37,868
Rakuten Group, Inc.	The 20th unsecured bond Currency: JPY, Maturity: 15 years	1.50%	43,803	43,820
Rakuten Group, Inc.	The 21st unsecured bond Currency: JPY, Maturity: 3 years	0.72%	149,692	—
Rakuten Group, Inc.	The 22nd unsecured bond Currency: JPY, Maturity: 2 years	3.30%	249,828	—
Rakuten Group, Inc.	The 23rd unsecured bond Currency: JPY, Maturity: 3 years	2.336%	—	14,746
Rakuten Group, Inc.	The 24th unsecured bond Currency: JPY, Maturity: 5 years	3.260%	—	14,935
Rakuten Group, Inc.	The 25th unsecured bond Currency: JPY, Maturity: 3 years	2.336%	—	129,033
Rakuten Group, Inc.	The 2nd subordinated bond Currency: JPY, Maturity: 37 years	2.61%	25,968	—
Rakuten Group, Inc.	The 3rd subordinated bond Currency: JPY, Maturity: 40 years	3.00%	12,948	12,961
Rakuten Group, Inc.	The 4th subordinated bond Currency: JPY, Maturity: 35 years	1.81%	49,927	—
Rakuten Group, Inc.	The 5th subordinated bond Currency: JPY, Maturity: 37 years	2.48%	19,928	19,954
Rakuten Group, Inc.	The 6th subordinated bond Currency: JPY, Maturity: 40 years	3.00%	49,716	49,765
Rakuten Group, Inc.	The February 2027 maturity USD-denominated unsecured bond Currency: USD, Maturity: 3 years	11.250%	275,799	278,285
Rakuten Group, Inc.	The April 2029 maturity USD-denominated unsecured bond Currency: USD, Maturity: 5 years	9.750%	308,709	309,055
Rakuten Group, Inc.	The April 2029 maturity JPY-denominated unsecured bond Currency: JPY, Maturity: 5 years	6.00%	49,373	49,519
	Total Bonds	—	1,481,694	1,167,718

(Note)
All bonds are measured at amortized cost.
The nominal interest rates applied for each bond in the fiscal year ended December 31, 2024 or 2025 are stated in the "Interest rate" column, and they differ from the effective interest rates.

(2) Breakdown of bonds issued

For the fiscal year ended December 31, 2024

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Group, Inc.	The February 2027 maturity USD-denominated unsecured bond	USD 1,800 million	11.250%	February 15, 2027
Rakuten Group, Inc.	The April 2029 maturity USD-denominated unsecured bond	USD 2,000 million	9.750%	April 15, 2029
Rakuten Group, Inc.	The April 2029 maturity JPY-denominated unsecured bond	JPY 50,000 million	6.00%	April 24, 2029

For the fiscal year ended December 31, 2025

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Group, Inc.	The 23rd unsecured bond	JPY 15,000 million	2.336%	July 28, 2028
Rakuten Group, Inc.	The 24th unsecured bond	JPY 15,000 million	3.260%	July 29, 2030
Rakuten Group, Inc.	The 25th unsecured bond	JPY 130,000 million	2.336%	August 4, 2028

(3) Breakdown of bonds redeemed

For the fiscal year ended December 31, 2024

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Group, Inc.	The 8th unsecured bond	JPY 20,000 million	0.32%	June 25, 2024
Rakuten Group, Inc.	The 11th unsecured bond	JPY 10,000 million	0.25%	June 25, 2024
Rakuten Group, Inc.	The 15th unsecured bond	JPY 75,000 million	0.50%	December 2, 2024
Rakuten Group, Inc.	The November 2024 maturity USD-denominated unsecured bond	USD 800 million	3.546%	November 27, 2024
Rakuten Group, Inc.	The November 2024 maturity USD-denominated unsecured bond	USD 450 million	10.250%	November 29, 2024
Rakuten Group, Inc.	The November 2024 maturity USD-denominated unsecured bond	USD 500 million	10.250%	November 29, 2024

(Note)

Cash tender offers for the November 2024 maturity USD-denominated unsecured bonds and cash purchase of the 15th unsecured bond are included.

For the fiscal year ended December 31, 2025

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Group, Inc.	The 21st unsecured bond	JPY 150,000 million	0.72%	June 13, 2025
Rakuten Group, Inc.	The 22nd unsecured bond	JPY 250,000 million	3.30%	February 10, 2025

The bonds redeemed before maturity date during the fiscal year ended December 31, 2025 are as follows:

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Group, Inc.	The 2nd subordinated bond	JPY 26,000 million	2.61%	February 14, 2025 December 11, 2025
Rakuten Group, Inc.	The 4th subordinated bond	JPY 50,000 million	1.81%	February 14, 2025 October 31, 2025

(4) Breakdown of borrowings

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Short-term borrowings	580	―
Long-term borrowings		
Floating-rate borrowings	160,613	120,727
Fixed-rate borrowings	314,922	281,407
Commercial paper	95,000	28,200
Total borrowings	571,115	430,334

(Note)
All borrowings are measured at amortized cost.

(5) Breakdown of the maturity and interest rate of borrowings

	As of December 31, 2024		As of December 31, 2025	
	Maturity	Interest rate	Maturity	Interest rate
Short-term borrowings	―	4.00%	―	―
Long-term borrowings				
Floating-rate borrowings	5 years to 10 years	0.93%-4.18%	5 years to 10 years	1.23%-4.43%
Fixed-rate borrowings	5 years to 10 years	2.50%-6.50%	5 years to 10 years	2.75%-6.50%
Commercial paper	―	0.55%-1.00%	―	0.60%-0.90%

(Note)
Maturities of short-term borrowings and commercial paper are within one year, and thus the description is omitted.
The nominal interest rates applied for each borrowing are stated in the "Interest rate" column, and they differ from the effective interest rates.

25. Borrowings for Securities Business

(1) Breakdown of borrowings for securities business

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Short-term borrowings	115,000	269,228
Total borrowings for securities business	115,000	269,228

(Note)
All borrowings for securities business are measured at amortized cost.

(2) Breakdown of the maturity and interest rate of borrowings for securities business

	As of December 31, 2024		As of December 31, 2025	
	Maturity	Interest rate	Maturity	Interest rate
Short-term borrowings	—	0.40%-0.82%	—	0.70%-2.68%

(Note)
Maturities of short-term borrowings for securities business are within one year, and thus the description is omitted.
The nominal interest rates applied for each borrowing are stated in the "Interest rate" column, and they differ from the effective interest rates.

26. Bonds and Borrowings for Credit Card Business

(1) Breakdown of bonds for credit card business

(Millions of Yen)

Name	Type	Interest rate	As of December 31, 2024	As of December 31, 2025
Rakuten Card Co., Ltd.	The 3rd unsecured bond Currency: JPY, Maturity: 7 years	0.420%	9,986	9,499
Rakuten Card Co., Ltd.	The 4th unsecured bond Currency: JPY, Maturity: 5 years	0.490%	29,949	—
Rakuten Card Co., Ltd.	The 6th unsecured bond Currency: JPY, Maturity: 5 years	0.620%	13,974	13,987
Rakuten Card Co., Ltd.	The 7th unsecured bond Currency: JPY, Maturity: 7 years	0.830%	4,984	4,988
Rakuten Card Co., Ltd.	The 8th unsecured bond Currency: JPY, Maturity: 10 years	1.070%	10,959	10,964
Rakuten Card Co., Ltd.	The 9th unsecured bond Currency: JPY, Maturity: 5 years	1.650%	49,790	49,740
Rakuten Card Co., Ltd.	The 10th unsecured bond Currency: JPY, Maturity: 1 year	1.680%	—	79,725
Rakuten Card Co., Ltd.	The 11th unsecured bond Currency: JPY, Maturity: 1 year	1.680%	—	21,962
Rakuten Card Co., Ltd.	The 12th unsecured bond Currency: JPY, Maturity: 3 years	2.422%	—	4,979
Rakuten Card Co., Ltd.	The 13th unsecured bond Currency: JPY, Maturity: 5 years	3.214%	—	2,983
Rakuten Card Co., Ltd.	The 14th unsecured bond Currency: JPY, Maturity: 1.5 years	1.836%	—	49,825
	Total bonds for credit card business	—	119,642	248,652

(Note)

All bonds for credit card business are measured at amortized cost.

The nominal interest rates applied for each bond in the fiscal year ended December 31, 2024 or 2025 are stated in the "Interest rate" column, and they differ from the effective interest rates.

(2) Breakdown of bonds for credit card business issued

For the fiscal year ended December 31, 2024

Not applicable.

For the fiscal year ended December 31, 2025

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Card Co., Ltd.	The 10th unsecured bond	JPY 80,000 million	1.680%	June 26, 2026
Rakuten Card Co., Ltd.	The 11th unsecured bond	JPY 22,000 million	1.680%	June 18, 2026
Rakuten Card Co., Ltd.	The 12th unsecured bond	JPY 5,000 million	2.422%	June 16, 2028
Rakuten Card Co., Ltd.	The 13th unsecured bond	JPY 3,000 million	3.214%	June 18, 2030
Rakuten Card Co., Ltd.	The 14th unsecured bond	JPY 50,000 million	1.836%	June 16, 2027

(3) Breakdown of bonds for credit card business redeemed

For the fiscal year ended December 31, 2024

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Card Co., Ltd.	The 2nd unsecured bond	JPY 20,000 million	0.300%	December 12, 2024
Rakuten Card Co., Ltd.	The 5th unsecured bond	JPY 30,000 million	0.300%	December 17, 2024

For the fiscal year ended December 31, 2025

Name	Type	Total issuance amount	Interest rate	Maturity date
Rakuten Card Co., Ltd.	The 4th unsecured bond	JPY 30,000 million	0.490%	December 23, 2025

(4) Breakdown of borrowings for credit card business

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Short-term borrowings	47,387	63,656
Long-term borrowings		
Floating-rate borrowings	136,191	222,870
Fixed-rate borrowings	192,573	135,281
Commercial paper	92,100	140,100
Total borrowings for credit card business	468,251	561,907

(Note)
All borrowings for credit card business are measured at amortized cost.

(5) Breakdown of the maturity and interest rate of borrowings for credit card business

	As of December 31, 2024		As of December 31, 2025	
	Maturity	Interest rate	Maturity	Interest rate
Short-term borrowings	—	0.65%-2.74%	—	0.90%-2.74%
Long-term borrowings				
Floating-rate borrowings	2 years to 5 years	0.65%-3.60%	2 years to 5 years	1.36%-4.06%
Fixed-rate borrowings	3 years to 25 years	0.35%-2.90%	3 years to 25 years	0.70%-2.90%
Commercial paper	—	0.45%-0.95%	—	0.58%-1.10%

(Note)
Maturities of short-term borrowings and commercial paper are within one year, and thus the description is omitted.
The nominal interest rates applied for each borrowing are stated in the "Interest rate" column, and they differ from the effective interest rates. In addition, fixed-rate borrowings include the underlying hedged items of cash flow hedges where floating-rate borrowings is swapped for fixed rate debt, and the interest rates stated in the "Interest rate" column incorporate the effect of the cash flow hedges.

27. Borrowings for Banking Business

The breakdown of borrowings for banking business is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Short-term borrowings	108,911	309,083
Long-term borrowings		
Floating-rate borrowings	31,300	16,900
Fixed-rate borrowings	2,565,800	2,565,800
Total borrowings for banking business	2,706,011	2,891,783

(Note)
All borrowings for banking business are measured at amortized cost.

The breakdown of the maturity and interest rate of borrowings for banking business is as follows:

	As of December 31, 2024		As of December 31, 2025	
	Maturity	Interest rate	Maturity	Interest rate
Short-term borrowings	－	0.10%-1.62%	－	0.56%-1.43%
Long-term borrowings				
Floating-rate borrowings	1 year	0.25%	1 year	0.68%
Fixed-rate borrowings	4 years	0%	4 years	0%

(Note)
Maturities of short-term borrowings are within one year, and thus the description is omitted.
The nominal interest rates applied for each borrowing are stated in the "Interest rate" column, and they differ from the effective interest rates.

28. Reconciliation of Changes in Liabilities relating to Cash Flows arising from Financing Activities

For the fiscal year ended December 31, 2024

(Millions of Yen)

	Liabilities						
	Bonds	Bonds for credit card business	Borrowings	Borrowings for securities business	Borrowings for credit card business	Borrowings for banking business	Lease liabilities
January 1, 2024	1,181,870	169,407	456,110	106,578	434,462	2,446,746	380,367
Changes in cash flows from financing and repayments							
Net increase (decrease) in short-term borrowings	—	—	(2,639)	27,000	(15,237)	95,255	—
Increase (decrease) in commercial papers	—	—	64,500	—	37,400	—	—
Proceeds from long-term borrowings	—	—	195,279	—	173,132	163,500	—
Repayments of long-term borrowings	—	—	(142,223)	(18,600)	(161,975)	—	—
Proceeds from issuance of bonds	611,750	—	—	—	—	—	—
Redemption of bonds	(319,888)	(50,000)	—	—	—	—	—
Repayments of lease liabilities	—	—	—	—	—	—	(62,810)
Payments of transaction costs relating to borrowings, etc.	(10,437)	—	—	—	—	—	—
Total changes from financing cash flows	281,425	(50,000)	114,917	8,400	33,320	258,755	(62,810)
Non-fund transactions							
Changes as a result of gaining or losing control of a subsidiary or another business	—	—	466	—	—	—	—
Changes due to increases in right-of-use assets	—	—	—	—	—	—	48,073
Impact of changes in foreign currency exchange rates	(2,669)	—	212	—	287	510	1,823
Interest expenses	7,874	177	1,122	22	182	—	383
Other changes	13,194	58	(1,712)	—	—	—	(14,980)
December 31, 2024	1,481,694	119,642	571,115	115,000	468,251	2,706,011	352,856

For the fiscal year ended December 31, 2025

(Millions of Yen)

	Liabilities						
	Bonds	Bonds for credit card business	Borrowings	Borrowings for securities business	Borrowings for credit card business	Borrowings for banking business	Lease liabilities
January 1, 2025	1,481,694	119,642	571,115	115,000	468,251	2,706,011	352,856
Changes in cash flows from financing and repayments							
Net increase (decrease) in short-term borrowings	—	—	(570)	154,215	15,868	199,158	—
Increase (decrease) in commercial papers	—	—	(66,800)	—	48,000	—	—
Proceeds from long-term borrowings	—	—	79,508	—	182,144	16,900	—
Repayments of long-term borrowings	—	—	(154,032)	—	(153,116)	(31,300)	—
Proceeds from issuance of bonds	160,000	160,000	—	—	—	—	—
Redemption of bonds	(476,000)	(30,000)	—	—	—	—	—
Repayments of lease liabilities	—	—	—	—	—	—	(69,122)
Payments of transaction costs relating to borrowings, etc.	(1,249)	(825)	—	—	—	—	—
Total changes from financing cash flows	(317,249)	129,175	(141,894)	154,215	92,896	184,758	(69,122)
Non-fund transactions							
Changes as a result of gaining or losing control of a subsidiary or another business	—	—	(51)	—	—	—	712
Changes due to increases in right-of-use assets	—	—	—	—	—	—	88,939
Impact of changes in foreign currency exchange rates	(1,862)	—	22	—	380	1,014	(65)
Interest expenses	5,641	438	1,123	13	380	—	1,071
Other changes	(506)	(603)	19	—	—	—	(12,948)
December 31, 2025	1,167,718	248,652	430,334	269,228	561,907	2,891,783	361,443

29. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial liabilities measured at amortized cost		
Other payables	557,550	516,836
Accrued expenses	98,104	109,880
Deposits received	422,575	417,724
Margin deposits received	16,505	18,375
Guarantee deposits received (Note)	94,397	54,808
Lease liabilities	352,856	361,443
Others	61,647	66,568
Total financial liabilities measured at amortized cost	1,603,634	1,545,634
Reinsurance contract liabilities	6,950	5,941
Total other financial liabilities	1,610,584	1,551,575

(Note) Prepaid Variable Share Forward Transactions of Shares of Lyft, Inc.

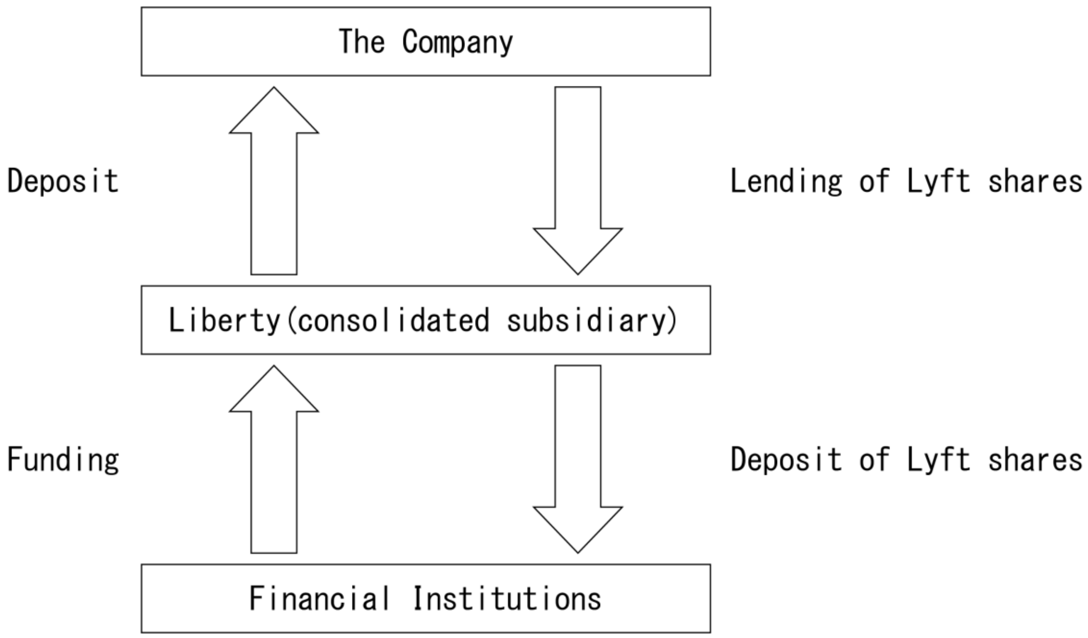
For the three months ended September 30, 2020, the Company concluded a master contract with financial institutions through its subsidiary, Liberty Holdco Ltd., for a forward contract concerning all 31,395,679 of the shares of Lyft, Inc. held by the Company and in return, obtained 714 million USD in this financing for the three months ended December 31, 2020. When the five-year contract matures, Liberty Holdco Ltd. can choose to settle the deal in either cash or shares of Lyft, Inc. The Company lent Liberty Holdco Ltd. the shares of Lyft, Inc. and accepted cash from Liberty Holdco Ltd. as a deposit receivable. In addition to the above financing, we have reduced risk associated with price fluctuations of our investments in the share of Lyft, Inc. by agreeing on a separate collar transaction that sets cap and floor.

As the share price of Lyft, Inc. has risen in the three months ended June 30, 2021 from the inception of the contract, the cap and floor of some notional principal amounts in the collar agreement have been revised and the terms of the contract have been changed to cover the risks of fluctuations in fair value of derivatives arising from the collar agreement.

For the three months ended December 31, 2024, the partial settlement of the prepaid variable share forward transactions of shares of Lyft, Inc. was completed.

For the three months ended September 30, 2025, the company early terminated the prepaid variable share forward transactions of shares of Lyft, Inc., using all of the Lyft, Inc. shares held by the Company as a source of repayment. Furthermore, all collar agreements related to the said forward sale agreement have also been terminated.

As a result, the liabilities associated with the financing using shares of Lyft, Inc. of ¥57,689 million (¥60,901 million for the fiscal year ended December 31, 2024) included in other financial liabilities, the derivatives associated with the collar agreement involving shares of Lyft, Inc. of ¥31,129 million (¥37,489 million for the fiscal year ended December 31, 2024) included in derivative assets, and the shares of Lyft, Inc. of ¥26,236 million (¥22,283 million for the fiscal year ended December 31, 2024) were derecognized. Additionally, the Company received ¥91 million in cash associated with the transfer price of fractional shares for actual settlements, and a gain on redemption for the difference related to the settlement of ¥415 million is recognized in "financial income".



As a result of the aforementioned series of transactions, for the fiscal year ended December 31, 2025, in addition to the above noted redemption gain related to the settlement of the prepaid variable share forward transactions of Lyft, Inc. shares, the difference in fair value measurement of shares of Lyft, Inc. of ¥3,952 million in financial income (¥7,469 million for the fiscal year ended December 31, 2024), and the difference in fair value measurement of the derivatives related to a partial redemption within the collar agreement involving shares of Lyft, Inc. of ¥767 million, and foreign exchange gains of ¥3,523 million (For the fiscal year ended December 31, 2024, financial expenses of ¥15,671 million) has been recognized, while in financial expenses, the amortized cost incurred from the liabilities associated with financing using shares of Lyft, Inc. of ¥307 million (¥1,053 million for the fiscal year ended December 31, 2024), and the difference in fair value measurement of ¥7,127 million for derivatives related to an early redemption and other factors within the collar agreement involving Lyft, Inc. shares has been recognized.

30. Provisions

(1) Schedule of Changes in Provisions

(Millions of Yen)

	Provision for customer points	Others	Total
January 1, 2024	246,441	17,445	263,886
Increases during the period (provisions made)	306,909	1,773	308,682
Increases during the period (others)	241	4,156	4,397
Decreases during the period (provisions used)	(246,874)	(3,351)	(250,225)
Decreases during the period (others)	(248)	(582)	(830)
December 31, 2024	306,469	19,441	325,910
Increases during the period (provisions made)	362,061	2,920	364,981
Increases during the period (others)	315	12,606	12,921
Decreases during the period (provisions used)	(306,862)	(4,895)	(311,757)
Decreases during the period (others)	(323)	(776)	(1,099)
December 31, 2025	361,660	29,296	390,956

(2) Provision for Customer Points

The Rakuten Group operates point programs, including the Rakuten Points program, for the purpose of promoting members' transactions within the Rakuten Group, whereby members are granted points for their purchase of goods at Rakuten Ichiba shops, use of services such as Rakuten Travel, use of Rakuten Card, various membership registrations within the Rakuten Group and customer referrals. Members are able to exchange accumulated points for products and services, obtain discounts, or transfer their points to point programs of other companies. Points have an expiry date and once they expire a member forfeits the right to use them.

In anticipation of the future use of such points by members, the Rakuten Group recorded a provision for customer points at an estimated amount based on historical experiences etc. These are estimates and there is an inherent uncertainty regarding the extent of usage of such points by members.

(3) Other Provisions

Other provisions include asset retirement obligations and provision for liabilities related to a lawsuit concerning payment claims for debts of a previously sold subsidiary. These provisions are not individually significant.

31. Insurance Contracts

(1) Carrying value of insurance contract assets and liabilities by insurance service

(Millions of Yen)

	As of December 31, 2024			As of December 31, 2025		
	Rakuten General Insurance	Rakuten Life Insurance	Carrying value	Rakuten General Insurance	Rakuten Life Insurance	Carrying value
Insurance contract liabilities	138,558	9,505	148,063	126,312	10,038	136,350
Insurance contract assets	—	18,677	18,677	—	16,055	16,055

(Note)
Insurance contract assets are recorded under "Other financial assets" in the Consolidated Statement of Financial Position. Reinsurance contract assets and reinsurance contract liabilities are not shown as they are immaterial in value.

(2) Increase/decrease in outstanding insurance contracts

Analysis by remaining coverage and incurred claims shows the net changes in the carrying value of the insurance policies of Rakuten General Insurance and Rakuten Life Insurance included in the FinTech segment during the period due to cash flows and amounts recognized in the Consolidated Statements of Income and Comprehensive Income. The Rakuten Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and other comprehensive income. Analysis by measurement component is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

Analysis by remaining coverage and incurred claims
For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)

(Millions of Yen)

	Rakuten General Insurance				Rakuten Life Insurance			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
January 1, 2024 (Assets)	—	—	—	—	(19,424)	—	1,406	(18,018)
January 1, 2024 (Liabilities)	124,470	14,942	14,096	153,508	8,385	—	2,312	10,697
January 1, 2024 (Net Amount)	124,470	14,942	14,096	153,508	(11,039)	—	3,718	(7,321)
Insurance revenue								
Contracts under the modified retrospective transition approach	—	—	—	—	(19,210)	—	—	(19,210)
Other contracts	(32,081)	—	—	(32,081)	(13,939)	—	—	(13,939)
Insurance service expenses								
Incurred claims and other insurance service expenses	—	(4,532)	16,950	12,418	—	—	21,329	21,329
Amortization of insurance acquisition cash flows	7,868	—	—	7,868	6,955	—	—	6,955
Adjustments for incurred claims	—	—	11,844	11,844	—	—	—	—
Losses and reversals of losses on onerous contracts	—	3,492	—	3,492	—	—	—	—
Insurance service result	(24,213)	(1,040)	28,794	3,541	(26,194)	—	21,329	(4,865)
Net insurance finance income and expenses	(1,960)	14	(75)	(2,021)	51	—	—	51
Total changes in the statement of profit or loss and other comprehensive income	(26,173)	(1,026)	28,719	1,520	(26,143)	—	21,329	(4,814)
Investment components and premium refunds	(16,971)	—	16,971	—	(372)	—	372	—
Cash flows								
Premiums received	37,036	—	—	37,036	37,352	—	—	37,352
Claims paid	—	—	(45,421)	(45,421)	—	—	(21,549)	(21,549)
Insurance acquisition cash flows	(8,085)	—	—	(8,085)	(12,840)	—	—	(12,840)
Total cash flows	28,951	—	(45,421)	(16,470)	24,512	—	(21,549)	2,963
December 31, 2024 (Assets)	—	—	—	—	(20,223)	—	1,546	(18,677)
December 31, 2024 (Liabilities)	110,277	13,916	14,365	138,558	7,181	—	2,324	9,505
December 31, 2024 (Net Amount)	110,277	13,916	14,365	138,558	(13,042)	—	3,870	(9,172)

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Rakuten General Insurance				Rakuten Life Insurance			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
January 1, 2025 (Assets)	—	—	—	—	(20,223)	—	1,546	(18,677)
January 1, 2025 (Liabilities)	110,277	13,916	14,365	138,558	7,181	—	2,324	9,505
January 1, 2025 (Net Amount)	110,277	13,916	14,365	138,558	(13,042)	—	3,870	(9,172)
Insurance revenue								
Contracts under the modified retrospective transition approach	—	—	—	—	(33,143)	—	—	(33,143)
Other contracts	(33,571)	—	—	(33,571)	—	—	—	—
Insurance service expenses								
Incurred claims and other insurance service expenses	—	(6,204)	15,872	9,668	—	—	21,789	21,789
Amortization of insurance acquisition cash flows	7,948	—	—	7,948	6,839	—	—	6,839
Adjustments for incurred claims	—	—	12,762	12,762	—	—	—	—
Losses and reversals of losses on onerous contracts	—	7,160	—	7,160	—	—	—	—
Insurance service result	(25,623)	956	28,634	3,967	(26,304)	—	21,789	(4,515)
Net insurance finance income and expenses	(3,046)	34	(39)	(3,051)	3,375	—	—	3,375
Total changes in the statement of profit or loss and other comprehensive income	(28,669)	990	28,595	916	(22,929)	—	21,789	(1,140)
Investment components and premium refunds	(12,464)	—	12,464	—	(459)	—	459	—
Cash flows								
Premiums received	35,494	—	—	35,494	38,271	—	—	38,271
Claims paid	—	—	(40,732)	(40,732)	—	—	(22,311)	(22,311)
Insurance acquisition cash flows	(7,924)	—	—	(7,924)	(11,665)	—	—	(11,665)
Total cash flows	27,570	—	(40,732)	(13,162)	26,606	—	(22,311)	4,295
December 31, 2025 (Assets)	—	—	—	—	(17,766)	—	1,711	(16,055)
December 31, 2025 (Liabilities)	96,714	14,906	14,692	126,312	7,942	—	2,096	10,038
December 31, 2025 (Net Amount)	96,714	14,906	14,692	126,312	(9,824)	—	3,807	(6,017)

(Note)
The risk adjustment for non-financial risk for contracts measured under the PAA and estimates of present value of future cash flows are presented in liabilities for incurred claims as they are immaterial in value.

Analysis by measurement component – Contracts not measured under the PAA

(Rakuten General Insurance)

(Millions of Yen)

	Fiscal Year ended December 31, 2024				Fiscal Year ended December 31, 2025			
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening liabilities	152,364	528	497	153,389	137,625	616	208	138,449
Changes that relate to current services								
CSM recognized for services provided	—	—	(690)	(690)	—	—	(386)	(386)
Changes in risk adjustments	—	(359)	—	(359)	—	(493)	—	(493)
Experience adjustments	(10,388)	—	—	(10,388)	(14,707)	—	—	(14,707)
Changes that relate to future services								
Contracts initially recognized in the year	2,749	306	560	3,615	4,949	513	253	5,715
Changes in estimates that adjust the CSM	136	25	(161)	—	(237)	0	237	—
Changes in estimates that result in losses and reversals of losses on onerous contracts	(216)	92	—	(124)	1,423	22	—	1,445
Changes that relate to past services								
Adjustments for incurred claims	11,830	32	—	11,862	12,859	(106)	—	12,753
Insurance service result	4,111	96	(291)	3,916	4,287	(64)	104	4,327
Net insurance finance income and expenses	(2,015)	(8)	2	(2,021)	(3,039)	(17)	5	(3,051)
Total changes in the statement of profit or loss and other comprehensive income	2,096	88	(289)	1,895	1,248	(81)	109	1,276
Cash flows								
Premiums received	36,503	—	—	36,503	34,972	—	—	34,972
Claims paid	(45,311)	—	—	(45,311)	(40,611)	—	—	(40,611)
Insurance acquisition cash flows	(8,027)	—	—	(8,027)	(7,867)	—	—	(7,867)
Total cash flows	(16,835)	—	—	(16,835)	(13,506)	—	—	(13,506)
Closing liabilities	137,625	616	208	138,449	125,367	535	317	126,219

(Rakuten Life Insurance)

(Millions of Yen)

	Fiscal Year ended December 31, 2024					Fiscal Year ended December 31, 2025				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under modified retrospective transition approach	Other contracts				Contracts under modified retrospective transition approach	Other contracts	
Opening assets	(101,028)	9,265	35,886	37,859	(18,018)	(92,830)	8,554	30,640	34,959	(18,677)
Opening liabilities	(21,547)	4,702	22,264	4,156	9,575	(19,907)	4,846	20,061	3,166	8,166
Net opening balance	(122,575)	13,967	58,150	42,015	(8,443)	(112,737)	13,400	50,701	38,125	(10,511)
Changes that relate to current services										
CSM recognized for services provided	—	—	(4,210)	(2,483)	(6,693)	—	—	(3,735)	(2,503)	(6,238)
Changes in risk adjustments	—	(710)	—	—	(710)	—	(671)	—	—	(671)
Experience adjustments	1,188	—	—	—	1,188	1,952	—	—	—	1,952
Changes that relate to future services										
Contracts initially recognized in the year	(9,797)	1,211	—	8,586	—	(7,132)	1,190	—	5,942	—
Changes in estimates that adjust the CSM	14,572	(1,068)	(3,276)	(10,228)	—	2,700	(1,428)	(319)	(953)	—
Insurance service result	5,963	(567)	(7,486)	(4,125)	(6,215)	(2,480)	(909)	(4,054)	2,486	(4,957)
Net insurance finance income and expenses	(221)	—	37	235	51	3,090	—	44	241	3,375
Total changes in the statement of profit or loss and other comprehensive income	5,742	(567)	(7,449)	(3,890)	(6,164)	610	(909)	(4,010)	2,727	(1,582)
Cash flows										
Premiums received	33,216	—	—	—	33,216	33,549	—	—	—	33,549
Claims paid	(16,421)	—	—	—	(16,421)	(17,066)	—	—	—	(17,066)
Insurance acquisition cash flows	(12,699)	—	—	—	(12,699)	(11,531)	—	—	—	(11,531)
Total cash flows	4,096	—	—	—	4,096	4,952	—	—	—	4,952
Closing assets	(92,830)	8,554	30,640	34,959	(18,677)	(88,510)	8,252	27,735	36,468	(16,055)
Closing liabilities	(19,907)	4,846	20,061	3,166	8,166	(18,665)	4,239	18,956	4,384	8,914
Net closing balance	(112,737)	13,400	50,701	38,125	(10,511)	(107,175)	12,491	46,691	40,852	(7,141)

(3) Investment income and Insurance Finance expenses

(Millions of Yen)

	Fiscal Year ended December 31, 2024			Fiscal Year ended December 31, 2025		
	Rakuten General Insurance	Rakuten Life Insurance	Total	Rakuten General Insurance	Rakuten Life Insurance	Total
Net investment income or expenses	3,636	973	4,609	(679)	1,160	481
Finance income and expenses from the insurance contracts issued						
Interest accreted	459	23	482	580	(53)	527
Effect of changes in interest rates and other financial assumptions	(2,480)	28	(2,452)	(3,631)	3,428	(203)
Net insurance finance income and expenses	(2,021)	51	(1,970)	(3,051)	3,375	324
Recognized in profit or loss	6,743	1,542	8,285	5,076	1,772	6,848
Net investment income or expenses	6,284	1,519	7,803	4,496	1,825	6,321
Net insurance finance income and expenses	459	23	482	580	(53)	527
Recognized in other comprehensive income	(5,128)	(518)	(5,646)	(8,806)	2,763	(6,043)
Net investment income or expenses	(2,648)	(546)	(3,194)	(5,175)	(665)	(5,840)
Net insurance finance income and expenses	(2,480)	28	(2,452)	(3,631)	3,428	(203)

(4) Effect of initial recognition of insurance contracts in the current year.

The following table summarizes the effect on the measurement components arising from the initial recognition of insurance contracts not measured under the PAA in the year.

(Millions of Yen)

	Rakuten General Insurance			Rakuten Life Insurance		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Fiscal Year ended December 31, 2024						
Claims and other insurance service expenses	6,033	21,871	27,904	24,911	—	24,911
Insurance acquisition cash flows	999	7,542	8,541	8,286	—	8,286
Estimates of present value of cash outflows	7,032	29,413	36,445	33,197	—	33,197
Estimates of present value of cash inflows	(7,763)	(25,933)	(33,696)	(42,994)	—	(42,994)
Risk adjustment for non-financial risk	171	135	306	1,211	—	1,211
CSM	560	—	560	8,586	—	8,586
Losses recognized on initial recognition	—	3,615	3,615	—	—	—
Fiscal Year ended December 31, 2025						
Claims and other insurance service expenses	1,516	28,872	30,388	24,077	—	24,077
Insurance acquisition cash flows	(61)	9,492	9,431	10,987	—	10,987
Estimates of present value of cash outflows	1,455	38,364	39,819	35,064	—	35,064
Estimates of present value of cash inflows	(1,737)	(33,133)	(34,870)	(42,196)	—	(42,196)
Risk adjustment for non-financial risk	29	484	513	1,190	—	1,190
CSM	253	—	253	5,942	—	5,942
Losses recognized on initial recognition	—	5,715	5,715	—	—	—

(5) Contractual service margin

The following table sets out when the Rakuten Group expects to recognize the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

(Millions of Yen)

	1 year or less	1–2 years	2–3 years	3-4 years	4-5 years	5-10 years	More than 10 years	Total
Fiscal Year ended December 31, 2024								
Rakuten General Insurance	199	2	2	2	2	1	0	208
Rakuten Life Insurance	7,373	6,895	6,444	6,006	5,596	22,668	33,844	88,826
Total	7,572	6,897	6,446	6,008	5,598	22,669	33,844	89,034
Fiscal Year ended December 31, 2025								
Rakuten General Insurance	303	5	3	2	2	2	0	317
Rakuten Life Insurance	7,609	7,141	6,688	6,263	5,862	23,790	30,190	87,543
Total	7,912	7,146	6,691	6,265	5,864	23,792	30,190	87,860

(6) General Insurance claims development

The table below illustrates how estimates of cumulative claims for the Rakuten General Insurance service have developed over time on a gross basis. The Rakuten Group's estimates of total claims for each year of accident occurrence have developed over time and reconciles the cumulative claims to the amount included in the Consolidated Statement of Financial Position.

(Millions of Yen)

	2021	2022	2023	2024	2025	Total
Gross amount before reinsurance deduction						
Estimates of undiscounted gross cumulative claims						
At of the end of the year of accident occurrence	7,711	8,491	6,850	7,332	6,909	37,293
One year later	9,368	9,010	7,801	7,871	—	34,050
Two years later	9,117	9,623	7,757	—	—	26,497
Three years later	9,066	9,420	—	—	—	18,486
Four years later	8,829	—	—	—	—	8,829
Cumulative gross claims paid	(7,824)	(8,215)	(6,410)	(5,735)	(3,530)	(31,714)
Gross liabilities – accident years from 2021 to 2025	1,005	1,205	1,347	2,136	3,379	9,072
Gross liabilities – accident years before 2020						860
Effect of discounting						(159)
Others						4,919
Gross liabilities for incurred claims included in the statement of financial position						14,692

(7) Significant judgements and estimates

i) Fulfilment cash flows

Fulfilment cash flows comprise

– estimates of future cash flows.

– an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows.

– a risk adjustment for non-financial risk.

The Rakuten Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Rakuten Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Rakuten Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

(Rakuten General Insurance)

The elapsed period covers the estimation of the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making an estimated allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using the chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Rakuten Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each insurance type etc. The assumptions used, including frequency of incidents etc., are derived from the historical claims development data on which the projections are based, although judgment is applied to assess the extent to which past trends might not apply in the future and new future trends are expected to emerge. The non-elapsed period covers accruals that reflect information from prior years, including recent actual results, while assumptions used in estimating future cash flow, such as loss ratios, are based on the contractual terms and characteristics of future cash flows.

The loss ratios used to estimate future cash flows in the previous and current fiscal years are as follows.

The maximum and minimum loss ratios for significant groups of insurance contracts for each fiscal year are shown.

	As of December 31, 2024	As of December 31, 2025
Loss ratio	34.8% - 78.6%	28.1% - 85.7%

(Rakuten Life Insurance)

Assumptions about insurance incident rates and policyholder behavior that are used in estimating future cash flows are developed by product type reflecting recent experience and the profiles of policyholders within a group of insurance contracts. Assumptions such as mortality rates are observed through regular surveys of internal and external data. The results of these surveys are used to set premium rates for new products and to measure existing insurance contracts.

To determine how to identify changes in discretionary cash flows for the contracts, the Rakuten Group generally regards its commitment based on the contract to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

Assumptions about insurance incident rates used in estimating future cash flows in the previous and current fiscal years that are material in each of the fiscal years are as follows:

	As of December 31, 2024	As of December 31, 2025
Sickness hospitalization experience factor	50%	55%

When estimating future cash flows, the Rakuten Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Contract boundaries

The assessment of the contract boundary, that defines future cash flows included in the measurement of a group of contracts, requires judgement and consideration of the Rakuten Group substantive rights and obligations under the contract.

Insurance contracts issued by Rakuten General Insurance mainly have annual terms that are guaranteed as renewable each year. Certain insurance contracts issued by Rakuten Life Insurance are group credit life insurance contracts that are guaranteed as renewable. The Rakuten Group determines that the cash flows related to future renewals of these contracts are outside the contract boundary. This is because the premiums charged each year reflect the expected exposure to risk for that year, and upon renewal, premium prices can be revised to reflect the actual claims experience and the reassessed risk for the following year based on each portfolio's projections and the previous year's insurance income and expenses. Any renewal of the contract is treated as a new contract and is recognized separately from the initial contract, when the recognition criteria are met.

Discount rates

Rakuten General Insurance determines discount rates by using liquidity risk-free yield curves adjusted to reflect the differences between characteristics of the liquidity of financial instruments underlying rates observed in the market and the characteristics of the liquidity of the insurance contracts. Risk-free yield curves are determined by using government bond yields. The yield curves are determined by incorporating long-term real interest rate and inflation expectations. Regarding extrapolation for the periods in which market data is not available, ultimate forward rate is applied and for interpolation for the periods, the Smith-Wilson method is applied. To reflect the liquidity characteristics of the insurance contracts, Volatility Adjustment (hereinafter "VA") as published by the European Insurance and Occupational Pensions Authority (hereinafter the "EIOPA"), is taken into account as an illiquidity premium. Illiquidity premiums are determined by setting up reference portfolio from assets.

Rakuten Life Insurance applies swap rate published by EIOPA as its discount rate, with the VA published by EIOPA taken into account as an illiquidity premium.

The table below sets out the yield curves used to discount the cash flows of insurance contracts.

Term	As of December 31, 2024		As of December 31, 2025	
	Yield curve (%)			
	JPY		JPY	
	Rakuten General Insurance	Rakuten Life Insurance	Rakuten General Insurance	Rakuten Life Insurance
1 Year	0.55%	0.58%	1.02%	1.02%
5 Year	0.85%	0.83%	1.68%	1.62%
10 Year	1.25%	1.11%	2.23%	2.01%
15 Year	1.73%	1.45%	2.85%	2.42%
20 Year	2.13%	1.75%	3.28%	2.79%

Risk adjustments for non-financial risk

The risk adjustment for non-financial risk relates to risk arising from insurance contracts other than financial risk.

Financial risk is included in the estimates of the future cash flows or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks.

The Rakuten Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The risk adjustments for non-financial risk are determined using the following techniques:

- General insurance contracts: a confidence level technique.
- Life insurance contracts: a confidence level technique.

When applying the confidence level technique, Rakuten General Insurance and Rakuten Life Insurance calculate risk adjustments for non-financial risks based on the target confidence level. The target confidence levels of Rakuten General Insurance and Rakuten Life Insurance are 65% and 85%, respectively.

ii) Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognized in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The quantity of benefits is based on the quantity of earned premiums and the amount of claims etc. Coverage units are reviewed and updated on each reporting date.

iii) Determination of investment components

The Rakuten Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Certain insurance contracts issued by Rakuten General Insurance and Rakuten Life Insurance have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is generally determined as the surrender value specified in the contractual terms.

Surrender values in other contracts are determined as refund of premiums but not the investment components since they are characterized as refund of unearned premiums which excuse insurance companies from payment when the contract is matured.

(8) Risk management

For sound and appropriate insurance business operations, it is important to accurately comprehend and adequately manage increasingly diversified and complex risks. Therefore, a cross-organizational risk management framework has been developed, and the company undertakes the following overall risk management activities: appointing departments responsible for risk management; developing a risk management framework; comprehending, analyzing and assessing risk status; and instructing operational departments.

i) Credit Risk

Due to credit risks arising from the issuance of insurance contracts being mitigated in cases where policyholders are unable to meet insurance payment obligations, giving the Rakuten Group the ability to terminate insurance contracts, there is no material exposure to credit risk.

ii) Liquidity Risk

For liquidity risk management, we strive to collect and analyse information on fund transfers, such as new policies, cancellations, and maturities, and to manage cash flows appropriately. We also pay attention to systems for securing funds in the event of a major disaster and constantly monitor the trading environment to ensure the smooth liquidation of assets for fundraising purposes. In addition, we monitor the daily inflow and outflow of funds and secure a certain amount or more of high liquidity assets.

Maturity analysis

As of December 31, 2024

(Millions of Yen)

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Insurance contract liabilities (Note)	32,152	11,077	18,445	14,312	11,645	30,087

(Note)
The amount of payment on demand for insurance contracts is ¥120,587 million, and the corresponding carrying amount is ¥109,254 million.

As of December 31, 2025

(Millions of Yen)

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Insurance contract liabilities (Note)	33,041	19,560	12,835	10,762	7,397	23,106

(Note)
The amount of payment on demand for insurance contracts is ¥113,407 million, and the corresponding carrying amount is ¥96,928 million.

iii) Market risk

For the Rakuten Group's subsidiaries engaged in the insurance business, financial assets exposed to exchange rate risk, interest rate risk and price fluctuation risk are mainly the investment securities and insurance contract for the insurance business. To manage these risks with investment securities for insurance business, these subsidiaries engage in measurement and management of total risk exposure through stress testing, along with monitoring of the balance as well as unrealized gains/losses of the assets under management.

Such stress testing involves estimation of the risk exposure assuming market fluctuations beyond normal volatility.

Market risk management of insurance contracts is managed by establishing a risk tolerance in the solvency margin ratio based on economic value, which is measured on a regular basis.

Of the market risks, a significant impact on insurance contracts is interest rate risk, which is expected to increase future net income (loss) and equity if interest rates are expected to rise. The following table analyses the increase (decrease) in net income (loss) and equity if reasonably possible changes in interest rates were to occur at the reporting date.

It also shows the net gain (loss) and increase (decrease) in equity resulting from investment securities held by the Rakuten Group in the insurance business.

The present value impact assuming that all risk variables other than the discount rate remain constant and that all indexed discount rates increase or decrease by 50 basis points (0.5%).

(Millions of Yen)

	As of December 31, 2024		As of December 31, 2025	
	Profit or loss	Equity	Profit or loss	Equity
0.5% increase				
Insurance contract	−	(778)	−	(1,023)
Investment securities in insurance business	−	(1,545)	−	(2,579)
0.5% decrease				
Insurance contract	−	759	−	1,023
Investment securities in insurance business	−	1,606	−	2,697

iv) Insurance Risk

The Rakuten Group is exposed to underwriting risk, consisting of insurance risk, policyholder behavior risk and expense risk, through its insurance contracts. Information on the Rakuten Group's risk exposure, risk measurement and management, and capital management objectives, policies and processes are as follows.

In the general insurance business, risks are understood by analysing the financial situation of insurance contracts and making future financial forecasts, while taking into account the occurrence of insurance incidents, interest rate trends, and economic conditions. Also, underwriting insurance is strictly operated with underwriting standards set in accordance with the characteristics of the risk.

In the life insurance business, risks are analysed and monitored by regularly checking factors such as the occurrence rate of insurance incidents and cancellation rates, along with risk analyses conducted for the development of new products, which consider the balance with profitability. The Rakuten Group manages its underwriting risk by ensuring adequate diversification in terms of type and volume and through reinsurance arrangements. The Rakuten Group's portfolio of insurance policies is geographically diversified and does not have excessively concentrated insurance risks.

In the general insurance business, the loss ratio is a key assumption, and if it is expected to increase, it is assumed that future net income or loss and equity will decrease through increased future cash outflows.

For the life insurance business, the key assumption is primarily the incidence of insured events, and if it is expected to increase, it is assumed that future net income or loss and equity will decrease through higher future cash outflows.

The following table analyses the net gain (loss) and increase (decrease) in equity if reasonably possible changes in underwriting risk occurred at the reporting date. The following is a sensitivity analysis assuming all other variables remain constant. This analysis shows the sensitivity before deducting the risk ceded to reinsurance.

1) Rakuten General Insurance

(Millions of Yen)

	As of December 31, 2024		As of December 31, 2025	
	Profit or loss	Capital	Profit or loss	Capital
Loss ratio (10% increase)	(5,070)	(4,771)	(5,873)	(5,259)
Loss ratio (10% decrease)	4,986	4,687	5,188	4,591

2) Rakuten Life Insurance

(Millions of Yen)

	As of December 31, 2024		As of December 31, 2025	
	Profit or loss	Capital	Profit or loss	Capital
Insured incident occurrence rate (10% increase)	(2,030)	1,609	(2,479)	3,792
Insured incident occurrence rate (10% decrease)	1,329	(2,344)	1,403	(4,935)

32. Employee Benefits

The Rakuten Group primarily adopts a defined benefit system as its retirement benefit system, which consists mainly of a lump sum severance payment plan. The Rakuten Group directly assumes payment obligations to beneficiaries rather than having the plan externally funded. There are no legal requirements regarding the funding of the plan. Lump sum severance payments are made in accordance with the retirement benefit provisions of each company's rules, including the Employment Regulations, and are based on employees' salaries, length of service and other relevant factors.

(1) Amounts Recognized in the Consolidated Statement of Financial Position

Amounts recognized in the Consolidated Statement of Financial Position are as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Present value of defined benefit obligations	47,578	49,162
Fair value of plan assets	233	204
Net amount of employee retirement benefit liabilities recognized in the Consolidated Statement of Financial Position	47,345	48,958

(2) Changes in Present Value of Defined Benefit Obligations

Details of the changes in present value of defined benefit obligations are as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Present value of defined benefit obligations (at beginning of period)	41,309	47,578
Service cost	7,673	7,681
Interest expense	563	749
Remeasurement of defined benefit obligations		
Actuarial gains and losses arising from changes in demographic assumptions	(473)	373
Actuarial gains and losses arising from changes in financial assumptions	(1,326)	(3,660)
Other revisions	91	1,580
Past service cost	1,534	-
Benefit paid	(2,753)	(5,075)
Others	960	(64)
Present value of defined benefit obligations (at end of period) (Note)	47,578	49,162

(Note)

The weighted average duration of the defined benefit obligation for the fiscal years ended December 31, 2024 and 2025 is 8.4 years and 7.8 years, respectively.

(3) Actuarial Assumptions

Significant actuarial assumptions (weighted averages) are as follows:

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Discount rate	1.68%	2.59%

(4) Sensitivity Analysis

The sensitivity analysis for significant actuarial assumptions is shown below.

The calculation method used for the sensitivity analysis of defined benefit obligations is consistent with that used for the obligations recognized in the Consolidated Statement of Financial Position. The sensitivity analysis is performed as of the reporting date, based on changes in the relevant actuarial assumption that were reasonably possible at that date. Additionally, the sensitivity analysis assumes that all other actuarial assumptions remain unchanged. However, in practice, changes in some assumptions may be correlated and could affect the results.

(Millions of Yen)

		Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Discount rate	In the case of 0.5% increase	(1,809)	(1,712)
	In the case of 0.5% decrease	1,945	1,832

33. Income Tax Expense

The deferred tax assets and deferred tax liabilities include the following:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Deferred tax assets		
Tax losses carried forward	42,122	45,280
Allowance for doubtful accounts	20,943	19,667
Provision for customer points	93,867	110,755
Financial instruments measured at fair value through other comprehensive income	4,969	—
Others	91,530	79,355
Total	253,431	255,057
Deferred tax liabilities		
Intangible assets	(33,986)	(33,819)
Assets arising from contract costs	(31,031)	(31,017)
Gains on valuation of derivatives from currency swaps	(31,975)	(44,209)
Financial instruments measured at fair value through other comprehensive income	—	(74,148)
Others	(60,099)	(79,717)
Total	(157,091)	(262,910)
Net amount of deferred tax assets		
Deferred tax assets	116,642	71,912
Deferred tax liabilities	(20,302)	(79,765)
Net	96,340	(7,853)

The breakdown of changes in deferred tax assets and deferred tax liabilities are as follows:

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

(Millions of Yen)

	January 1, 2024	Recognized in net income	Recognized in other comprehensive income	Changes in scope of consolidation	Others	December 31, 2024
Tax losses carried forward	146,864	(108,320)	3,578	—	—	42,122
Allowance for doubtful accounts	18,962	1,981	—	—	—	20,943
Provision for customer points	75,498	18,369	—	—	—	93,867
Intangible assets	(31,271)	823	(3,538)	—	—	(33,986)
Assets arising from contract costs	(28,927)	(2,104)	—	—	—	(31,031)
Gains on valuation of derivatives from currency swaps	(17,110)	(14,865)	—	—	—	(31,975)
Financial instruments measured at fair value through other comprehensive income	4,487	—	482	—	—	4,969
Others	42,672	(8,156)	(2,661)	—	(424)	31,431
Total	211,175	(112,272)	(2,139)	—	(424)	96,340

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	January 1, 2025	Recognized in net income	Recognized in other comprehensive income	Changes in scope of consolidation	Others	December 31, 2025
Tax losses carried forward	42,122	3,139	19	—	—	45,280
Allowance for doubtful accounts	20,943	(1,276)	—	—	—	19,667
Provision for customer points	93,867	16,888	—	—	—	110,755
Intangible assets	(33,986)	(93)	260	—	—	(33,819)
Assets arising from contract costs	(31,031)	14	—	—	—	(31,017)
Gains on valuation of derivatives from currency swaps	(31,975)	(12,234)	—	—	—	(44,209)
Financial instruments measured at fair value through other comprehensive income	4,969	—	(79,117)	—	—	(74,148)
Others	31,431	(27,847)	(3,520)	(9)	(417)	(362)
Total	96,340	(21,409)	(82,358)	(9)	(417)	(7,853)

The breakdown (tax basis) of deductible temporary differences and tax losses carried forward for which no deferred tax asset is recognized in the Consolidated Statement of Financial Position is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Deductible temporary differences	177,119	303,807
Unused tax losses carried forward	465,929	541,599
Total	643,048	845,406

(Note)
Deferred tax assets associated with the above are not recognized, as it is unlikely that future taxable income necessary for the Rakuten Group Companies to utilize their benefits would be generated.

The breakdown by expiry date of tax losses carried forward for which no deferred tax asset is recognized in the Consolidated Statement of Financial Position are as follows. There are no deductible temporary differences with an expiry date.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
1 year or less	827	5,792
Over 1 year to 5 years	31,290	77,618
Over 5 years to 10 years	349,639	368,656
Over 10 years	84,173	89,533
Total	465,929	541,599

In addition to the above, the total amounts of temporary differences (income basis) relating to investments in subsidiaries, associates and joint ventures that are not recognized as deferred tax assets or deferred tax liabilities are as follows. There will be no significant impact on the Rakuten Group Companies' tax payment, even if the retained earnings of the subsidiaries or associates are remitted to the Rakuten Group Companies in the future.

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Deductible temporary differences	1,901,299	2,021,888
Taxable temporary differences	821,481	45,526

Breakdown of income tax expense recognized through net income is as follows:

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Current tax expense		
Income tax expense for net income	28,606	72,254
Subtotal	28,606	72,254
Deferred tax expense (Note 2)		
Generation and reversal of temporary difference	8,836	24,548
Changes in unused tax losses carried forward	108,320	(3,139)
Subtotal	117,156	21,409
Total income tax expense	145,762	93,663

(Notes)
1. The Company is mainly subject to income taxes, inhabitant tax and business tax treated as deductible expenses, and the statutory tax rate calculated based on these taxes was 30.6% for the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025.
2. Deferred tax expense includes the deferred tax expense incurred as a result of the write-down of deferred tax assets and the reversal of write-downs recognized in prior years. Deferred tax expense as a result of the above was ¥119,208 million and ¥(610) million for the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025 respectively.

Reconciliations between the statutory tax rates in Japan and effective tax rates on income tax expense presented in the Consolidated Statement of Income are as follows:

(%)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Statutory tax rate in Japan	30.6	30.6
(Reconciliations)		
Permanent non-deductible items	30.2	(43.5)
Permanent non-taxable items	(86.4)	50.4
Effect due to recoverability of deferred tax assets	896.0	(376.3)
Differences due to statutory tax rate of subsidiaries (Note)	(86.8)	29.0
Share of income (loss) of associates and joint ventures	17.0	(8.2)
Gain (loss) on sale of shares of subsidiaries	99.3	0.7
Others	(4.4)	0.3
Effective tax rate on income tax expense	895.5	(317.0)

(Note)
The difference is due to the difference in the statutory tax rate of Japan, where the Company is resident, and that of the other jurisdictions where certain subsidiaries are resident.

34. Classification of Current and Non-current

As of December 31, 2024

(Millions of Yen)

	Collection or settlement period		Total
	12 months or less	Over 12 months	
Assets			
Cash and cash equivalents	6,170,888	—	6,170,888
Accounts receivable - trade	411,743	9,906	421,649
Financial assets for securities business	5,211,596	393	5,211,989
Loans for credit card business	2,853,852	643,255	3,497,107
Investment securities for banking business	87,599	1,842,851	1,930,450
Loans for banking business	1,420,499	3,210,291	4,630,790
Investment securities for insurance business	24,494	190,539	215,033
Derivative assets	95,592	152,759	248,351
Investment securities	44,543	244,430	288,973
Other financial assets	951,701	83,846	1,035,547
Investments in associates and joint ventures	—	35,113	35,113
Property, plant and equipment	—	1,184,182	1,184,182
Intangible assets	—	1,083,365	1,083,365
Deferred tax assets	—	116,642	116,642
Other assets	266,464	178,185	444,649
Total assets	17,538,971	8,975,757	26,514,728
Liabilities			
Accounts payable - trade	519,149	—	519,149
Deposits for banking business	11,157,508	154,465	11,311,973
Financial liabilities for securities business	5,512,292	—	5,512,292
Derivative liabilities	22,056	32,912	54,968
Bonds and borrowings	711,616	1,341,193	2,052,809
Borrowings for securities business	115,000	—	115,000
Bonds and borrowings for credit card business	307,510	280,383	587,893
Borrowings for banking business	140,211	2,565,800	2,706,011
Other financial liabilities	1,265,681	344,903	1,610,584
Income taxes payable	55,837	—	55,837
Provisions	309,728	16,182	325,910
Insurance contract liabilities	140,885	7,178	148,063
Employee retirement benefit liabilities	—	47,345	47,345
Deferred tax liabilities	—	20,302	20,302
Other liabilities	207,851	227	208,078
Total liabilities	20,465,324	4,810,890	25,276,214

As of December 31, 2025

(Millions of Yen)

	Collection or settlement period		Total
	12 months or less	Over 12 months	
Assets			
Cash and cash equivalents	5,837,566	—	5,837,566
Accounts receivable - trade	434,398	9,159	443,557
Financial assets for securities business	6,034,691	485	6,035,176
Loans for credit card business	3,002,202	660,474	3,662,676
Investment securities for banking business	277,567	2,289,761	2,567,328
Loans for banking business	1,821,495	3,618,964	5,440,459
Investment securities for insurance business	25,485	177,260	202,745
Derivative assets	116,761	159,945	276,706
Investment securities	3,608	487,537	491,145
Other financial assets	1,035,762	79,772	1,115,534
Investments in associates and joint ventures	—	27,104	27,104
Property, plant and equipment	—	1,068,509	1,068,509
Intangible assets	—	1,079,201	1,079,201
Deferred tax assets	—	71,912	71,912
Other assets	276,621	208,161	484,782
Total assets	18,866,156	9,938,244	28,804,400
Liabilities			
Accounts payable - trade	553,582	—	553,582
Deposits for banking business	12,597,329	143,964	12,741,293
Financial liabilities for securities business	6,028,009	—	6,028,009
Derivative liabilities	29,574	47,513	77,087
Bonds and borrowings	222,725	1,375,327	1,598,052
Borrowings for securities business	269,228	—	269,228
Bonds and borrowings for credit card business	479,700	330,859	810,559
Borrowings for banking business	1,536,183	1,355,600	2,891,783
Other financial liabilities	1,176,033	375,542	1,551,575
Income taxes payable	43,687	—	43,687
Provisions	365,932	25,024	390,956
Insurance contract liabilities	128,507	7,843	136,350
Employee retirement benefit liabilities	—	48,958	48,958
Deferred tax liabilities	—	79,765	79,765
Other liabilities	229,192	92	229,284
Total liabilities	23,659,681	3,790,487	27,450,168

35. Equity

(1) Common Stock

Schedule of shares authorized to be issued and total number of shares issued.

(Thousands of Shares)

	Number of authorized shares (Common stock with no par value)	Total number of shares issued (Common stock with no par value)
January 1, 2024	3,941,800	2,142,140
Changes during the period:	—	12,343
December 31, 2024	3,941,800	2,154,483
Changes during the period:	—	15,489
December 31, 2025	3,941,800	2,169,972

(Note)

All shares issued are paid up.

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

Not applicable.

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

Not applicable.

(2) Capital Surplus

The Companies Act of Japan (hereinafter the "Companies Act") requires that at least 50% of the proceeds of certain issues of common shares be credited to common stock, while the remainder of the proceeds be credited to capital reserve included in capital surplus. The Companies Act permits, upon approval at the General Shareholders' Meeting, the transfer of amounts from capital reserve to common stock.

(3) Other Equity Instruments

Issuance of unsecured subordinated bonds with an interest deferred clause (2021)

During the three months ended June 30, 2021, the Company issued USD-denominated non-call 5-year permanent subordinated bonds (with an interest deferral clause), EUR-denominated non-call 6-year permanent subordinated bonds (with an interest deferral clause), and USD-denominated non-call 10-year permanent subordinated bonds (with an interest deferral clause) (hereinafter collectively the "Bonds"), for the purpose of diversifying financing methods, expanding the investor base, and further enhancing its financial soundness.

The Bonds are classified as equity instruments under IFRS Accounting Standards, due to the fact that they are offered with no fixed maturity, thus redeemable at the Company's own discretion, and that the interest payment is also deferrable at the Company's own discretion without involving any payment obligations.

The payments of interests were completed on the interest payment date of April 22, 2024 and October 22, 2024, as well as April 22, 2025 and October 22, 2025, with "retained earnings" in the Consolidated Statement of Changes in Equity reduced by ¥17,805 million and ¥21,942 million respectively as a "distributions to owners of other equity instruments" for the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025.

As of December 31, 2024 and as of December 31, 2025, accrued interest amounted to ¥7,811 million and ¥8,430 million, which has not yet been recognized as a "distribution to the owners of other equity instruments" due to undetermined payment schedule.

The Company entered into currency swap agreements involving USD, EUR and JPY, with respect to the principal and interest of foreign currency denominated permanent subordinated bonds. As of December 31, 2024 and as of December 31, 2025, gains or losses on derivatives arising from these currency swaps are deemed to increase by ¥2,359 million and ¥1,470 million if JPY depreciates by 1% against the targeted currency, while they are deemed to decrease by ¥2,359 million and ¥1,470 million if JPY appreciates by 1% against the targeted currency, based on the assumption that all risk variables other than the targeted risk variable remain constant. On the other hand, gains or losses on derivatives arising from these currency swaps are deemed to increase by ¥944 million and ¥943 million if the reference JPY rate increases 10 basis points (0.1%), and to decrease by ¥942 million and ¥943 million if the reference JPY rate decreases 10 basis points (0.1%), while they are deemed to decrease by ¥717 million and ¥538 million if the reference foreign currency rate increases by 0.1%, and to increase by ¥720 million and ¥540 million if the reference foreign currency rate decreases by 0.1%. These currency swaps are effective in fixing the amount of distribution to the owners of other equity instruments, as well as the amount of cash expenditure in the event of future redemption at the discretion of the Company.

Issuance of unsecured subordinated bonds with an interest deferred clause (2024)

During the three months ended December 31, 2024, the Company issued USD-denominated non-call 5-year permanent subordinated bonds (with an interest deferral clause) (hereinafter the "Bonds"), for the primary purpose of redeeming or otherwise repurchasing and canceling the 4th Subordinated Bond of ¥50 billion (first call date: November 4, 2025) and the 2nd Subordinated Bond of ¥26 billion (first call date: December 13, 2025).

The Bonds are classified as equity instruments under IFRS Accounting Standards, due to the fact that they are offered with no fixed maturity, thus redeemable at the Company's own discretion, and that the interest payment is also deferrable at the Company's own discretion without involving any payment obligations.

The payments of interests were completed on the interest payment date of June 15, 2025 and December 15, 2025, with "retained earnings" in the Consolidated Statement of Changes in Equity reduced by ¥6,698 million as a "distributions to owners of other equity instruments" for the fiscal year ended December 31, 2025.

As of December 31, 2024 and as of December 31, 2025, accrued interest amounted to ¥351 million and ¥311 million, which has not yet been recognized as a "distributions to owners of other equity instruments" due to undetermined payment schedule.

The Company entered into currency swap agreements involving USD and JPY, with respect to the principal and interest of foreign currency denominated permanent subordinated bonds. As of December 31, 2024 and as of December 31, 2025, gains or losses on derivatives arising from these currency swaps are deemed to increase by ¥504 million and ¥320 million if JPY depreciates by 1% against the targeted currency, while they are deemed to decrease by ¥504 million and ¥320 million if JPY appreciates by 1% against the targeted currency, based on the assumption that all risk variables other than the targeted risk variable remain constant. On the other hand, gains or losses on derivatives arising from these currency swaps are deemed to increase by ¥437 million and ¥345 million if the reference JPY rate increases 10 basis points (0.1%), and to decrease by ¥438 million and ¥345 million if the reference JPY rate decreases 10 basis points (0.1%), while they are deemed to decrease by ¥208 million and ¥172 million if the reference foreign currency rate increases by 0.1%, and to increase by ¥209 million and ¥172 million if the reference foreign currency rate decreases by 0.1%. These currency swaps are effective in fixing the amount of distribution to the owners of other equity instruments, as well as the amount of cash expenditure in the event of future redemption at the discretion of the Company.

Issuance of unsecured subordinated bonds with an interest deferred clause (2025)

During the three months ended December 31, 2025, the Company issued unsecured undated bonds with interest payment deferral and optional redemption clauses (with special subordination clauses applicable in liquidation bankruptcy proceedings) (hereinafter "the Bonds"), for the primary purpose of refinancing the USD-denominated 5-year non-call undated subordinated notes (with an interest deferral clause) issued in 2021.

Given that the Bonds have no fixed redemption date and may be redeemed at the discretion of the Company, in addition to the fact that interest may be deferred at will and there is no payment obligation etc., they are classified as equity instruments under IFRS Accounting Standards. As a result of these transactions, other equity instruments increased by ¥81,444 million (after deduction of ¥556 million in transaction costs (after considering tax effect)) in the fiscal year ended December 31, 2025. Meanwhile, gain arising from the transactions is recognized as proceeds from the issuance of other equity instruments under cash flows from financing activities in the Consolidated Statements of Cash Flows.

As of December 31, 2025, accrued interest amounted to ¥727 million, which has not yet been recognized as a "distribution to owners of other equity instruments" due to undetermined payment schedule.

The outline of the Bonds is as follows:

Type of Bond	Rakuten Group, Inc. The first series of unsecured undated bonds with interest payment deferral and optional redemption clauses (with special subordination clauses applicable in liquidation bankruptcy proceedings)
Issue amount	JPY 82,000 million
Issue price	100% of face value
Interest rate	Up to October 23, 2030: 4.691% per year. Between the date immediately following October 23, 2030 and October 23, 2045 (or up to October 23, 2050 if it is announced that the issuer credit rating by S&P will be BBB- or above): the interest rate obtained by adding 3.750% to the One-year JGB Yield. On or after the date immediately following October 23, 2045 (or October 23, 2050 if it is announced that the issuer credit rating by S&P will be BBB- or above): the interest rate obtained by adding 4.500% to the One-year JGB Yield.
Interest Payment date	April 23 and October 23 every year The Company may wholly or partially defer at its discretion payment of interest on the Bonds.
Maturity date	No fixed redemption date. However, optional redemption for all (but not part) of the Bonds is possible on each interest payment date on and after the first optional redemption date.
Collateral	No collateral or guarantee is attached to this bond issue and there is no particular asset set aside for the issue.
Financial covenants	There is no special financial clause attached.
Special subordination clauses	In the issuer’s liquidation or bankruptcy proceedings, or liquidation proceedings, bankruptcy proceedings, or proceedings equivalent to liquidation or bankruptcy proceedings under laws other than Japanese laws, each of the bondholders of the Bonds shall have subordinated claim rights. Any clause of the agreement pertaining to the Bonds cannot be changed in any way to the disadvantage of the creditors of senior obligations.

(4) Retained Earnings

The Companies Act requires that an amount equal to 10% of dividends of surplus be appropriated as capital reserve (within capital surplus) or as legal reserve (within retained earnings) until the aggregate amount of the capital reserve and the legal reserve equals to 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the General Shareholders' Meeting.

Retained earnings available for dividends under the Companies Act are based on the amount recorded in the Company's general accounting records prepared in accordance with JGAAP.

(5) Treasury Stock

Changes in the number of treasury stocks are as follows:

(Thousands of Shares)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
January 1	0	4
Acquisition	4	2
Disposal	—	—
December 31	4	6

(6) Accumulated other comprehensive income

Changes in accumulated other comprehensive income are as follow.

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

(Millions of Yen)

	Foreign currency translation adjustments	Financial instruments measured at fair value through other compre-hensive income	Cash flow hedges	Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	Remeasure-ment of defined benefit plans	Total
As of January 1, 2024	194,987	(14,505)	(1,424)	(1,749)	(1,353)	(998)	174,958
Other comprehensive income (attributable to owners of the company)	85,731	(12,571)	1,699	1,765	(1,041)	1,125	76,708
Reclassified from other components of equity to retained earnings	—	871	—	—	—	—	871
Equity transactions with non-controlling interests	(193)	(582)	(9)	—	—	66	(718)
As of December 31, 2024	280,525	(26,787)	266	16	(2,394)	193	251,819

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Foreign currency translation adjustments	Financial instruments measured at fair value through other compre-hensive income	Cash flow hedges	Changes on insurance contracts due to changes in interest rates not recognized in profit or loss	Changes on reinsurance contracts due to changes in interest rates not recognized in profit or loss	Remeasure-ment of defined benefit plans	Total
As of January 1, 2025	280,525	(26,787)	266	16	(2,394)	193	251,819
Other comprehensive income (attributable to owners of the company)	1,172	162,447	10,185	136	(1,441)	1,390	173,889
Reclassified from other components of equity to retained earnings	—	5,221	—	—	—	—	5,221
Equity transactions with non-controlling interests	(0)	(8)	(0)	—	—	0	(8)
As of December 31, 2025	281,697	140,873	10,451	152	(3,835)	1,583	430,921

36. Revenue

(1) The Breakdown of Revenue

1) Revenue Arising from Contracts with Customers and Other Sources

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Revenue arising from contracts with customers	1,866,345	1,996,858
Revenue arising from other sources	412,888	499,717
Total	2,279,233	2,496,575

(Note)
Revenue arising from other sources includes interest and dividend income and other such income recognized in accordance with IFRS 9 and insurance revenues etc. recognized in accordance with IFRS 17. Please refer to Note 37. Insurance Revenue for insurance revenues recognized in accordance with IFRS 17.

2) Relationship between Breakdown of Revenue and Segment Revenue
For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)

(Millions of Yen)

		Segment			
		Internet Services	FinTech	Mobile	Total
Main service lines	Rakuten Ichiba and Rakuten Travel	510,947	―	―	510,947
	Rakuten Rewards	157,903	―	―	157,903
	Rakuten 24	111,547	―	―	111,547
	Rakuten Books	58,374	―	―	58,374
	Rakuten Card	―	219,308	―	219,308
	Rakuten Securities	―	120,198	―	120,198
	Rakuten Bank	―	119,240	―	119,240
	Rakuten Payment (Note 2)	―	70,662	―	70,662
	Rakuten Mobile	―	―	262,908	262,908
	Rakuten Symphony Singapore	―	―	62,297	62,297
	Rakuten Energy (Note 3)	―	―	39,697	39,697
	Others	428,449	104,637	13,066	546,152
	Total	1,267,220	634,045	377,968	2,279,233
Revenue arising from contracts with customers		1,266,864	221,513	377,968	1,866,345
Revenue arising from other sources		356	412,532	―	412,888

(Notes)
1. Amounts are after eliminations of intercompany transactions.
2. For the fiscal year ended December 31, 2025, revenue of "Rakuten Payment", included in "Others" in the FinTech segment for the previous fiscal year, has been presented separately due to its increased materiality. As a result, revenues of "Others", which amounted to ¥175,299 million for the previous fiscal year, have been presented separately as ¥70,662 million of revenue of "Rakuten Payment" and ¥104,637 million of "Others."
3. Government grants based on IAS 20 are included as revenue.

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

		Segment			
		Internet Services	FinTech	Mobile	Total
Main service lines	Rakuten Ichiba and Rakuten Travel	556,790	—	—	556,790
	Rakuten Rewards	149,717	—	—	149,717
	Rakuten 24	116,108	—	—	116,108
	Rakuten Books	66,437	—	—	66,437
	Rakuten Card	—	237,197	—	237,197
	Rakuten Securities	—	154,178	—	154,178
	Rakuten Bank	—	158,360	—	158,360
	Rakuten Payment	—	82,348	—	82,348
	Rakuten Mobile	—	—	315,251	315,251
	Rakuten Symphony Singapore	—	—	52,208	52,208
	Rakuten Energy (Note 2)	—	—	37,179	37,179
	Others	441,013	114,812	14,977	570,802
	Total	1,330,065	746,895	419,615	2,496,575
Revenue arising from contracts with customers		1,329,696	248,863	418,299	1,996,858
Revenue arising from other sources		369	498,032	1,316	499,717

(Notes)
1. Amounts are after eliminations of intercompany transactions.
2. Government grants based on IAS 20 are included as revenue.

Interest and dividend income and other such income are recorded as revenue in accordance with IFRS 9.

For the fiscal year ended December 31, 2024, "Rakuten Card", "Rakuten Securities" and "Rakuten Bank" recorded revenue of ¥166,704 million, ¥73,581 million and ¥86,554 million, respectively, in accordance with IFRS 9. For the fiscal year ended December 31, 2025, "Rakuten Card", "Rakuten Securities" and "Rakuten Bank" recorded revenue of ¥184,592 million, ¥96,598 million and ¥124,154 million, respectively, in accordance with IFRS 9.

(2) Accounts arising from contracts

The breakdown of the balance of accounts arising from contracts of the Rakuten Group is as follows:

(Millions of Yen)

	As of January 1, 2024	As of December 31, 2024	As of December 31, 2025
Receivables arising from contracts with customers (Note 1)			
Notes and accounts receivable - trade	377,992	421,649	443,557
Accounts receivable based on installment contracts, etc. (Note 2)	2,817,025	3,211,066	3,359,552
Other financial assets	141,890	150,666	156,908
Total	3,336,907	3,783,381	3,960,017
Contract liabilities (Note 3)	39,658	29,534	35,750

(Notes)

1. The amounts of impairment losses recognized for receivables arising from contracts with customers are accounts receivable of ¥4,484 million and loans for credit card business of ¥9,503 million for the year ended December 31, 2024, and accounts receivable of ¥4,040 million and loans for credit card business of ¥13,651 million for the year ended December 31, 2025.
2. This represents accounts receivable arising from the use of credit cards by customers based on installment contracts, etc., which are recorded under "Loans for credit card business" in the Consolidated Statement of Financial Position. Such accounts receivables include commissions the Rakuten Group receives.
3. Contract liabilities are recognized under "Other liabilities" in the Consolidated Statement of Financial Position.

Contract liabilities involve the receipt of consideration by the Rakuten Group prior to the fulfillment of performance obligations, and are reduced in line with the recognition of revenue as performance obligations are satisfied over the contract period, or the progress of the contract.

Contract liabilities recognized by the Rakuten Group consist mainly of deferred revenues through development and delivery of Open RAN-based telecommunications infrastructure platform and services etc., deferred revenues through EC platform services at Rakuten Ichiba, and deferred annual fee revenues from Rakuten Card holders.

Of the revenues recognized in the current fiscal year, ¥20,701 million was included in the balance of contract liabilities as of the beginning of the fiscal year (¥32,295 million in the previous fiscal year). In addition, the amount of revenues recognized during the previous and current fiscal year from the performance obligations satisfied (or partially satisfied) in the past periods was immaterial.

(3) Transaction Price Allocated to the Remaining Performance Obligations

The Rakuten Group applies the practical expedient for disclosing the transaction price allocated to the remaining performance obligations and does not include contracts with an individual expected contract period of one year or less. Unsatisfied performance obligations consist mainly of development and delivery of Open RAN-based telecommunications infrastructure platform and services etc. The aggregated amount of transaction price allocated to the remaining performance obligations for the year ended December 31, 2024 and 2025 is ¥77,891 million and ¥42,980 million, respectively, and revenue is recognized in line with the progress of the development and delivery of Open RAN-based telecommunications infrastructure platform and services etc. Such revenue is estimated to be generated over a period of 60 months. Also, revenue related to the development and delivery of Open RAN-based telecommunications infrastructure platform and services etc. is recorded in Rakuten Symphony Singapore and "others" in the Mobile segment.

(4) Assets Recognized from the Costs to Obtain or Fulfill Contracts with Customers

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Assets recognized from costs to obtain a contract	101,412	109,804
Assets recognized from costs to fulfill a contract	25,292	25,392
Total	126,704	135,196

For the years ended December 31, 2024 and 2025, amortization associated with the assets arising from contract costs of the Rakuten Group was ¥26,345 million and ¥28,353 million, respectively.

37. Insurance Revenue

Rakuten General Insurance engages in the general insurance business with automobile insurance policies as its primary product. Insurance revenues are in principle recognized by applying the general measurement model to general insurance policy groups.

Rakuten Life Insurance engages in the life insurance business with health insurance policies as its primary product. Insurance revenues are in principle recognized by applying the general measurement model to life insurance policy groups.

(Millions of Yen)

	Fiscal Year ended December 31, 2024		Fiscal Year ended December 31, 2025	
	Rakuten General Insurance	Rakuten Life Insurance	Rakuten General Insurance	Rakuten Life Insurance
Insurance contracts not measured under the PAA				
Changes in amount of liabilities for remaining coverage				
-CSM recognized in net income for services provided	690	6,693	386	6,238
-Risk adjustment for non-financial risk for risk expired	336	710	476	671
-Expected incurred claims and other insurance service expenses	21,800	15,269	23,616	15,129
-Others	834	(478)	606	(324)
Recovery of insurance acquisition cash flows	7,747	6,814	7,784	6,705
Total insurance revenue associated with contracts not measured under the PAA	31,407	29,008	32,868	28,419
Total insurance revenue associated with contracts measured under the PAA	674	4,141	703	4,724
Total insurance revenue	32,081	33,149	33,571	33,143

38. Operating Expenses

The breakdown of operating expenses is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Advertising and promotion expenditures	340,863	344,427
Employee benefits expenses	365,118	380,873
Depreciation and amortization	331,258	335,261
Communication and maintenance expenses	71,793	64,343
Consignment and subcontract expenses	122,820	131,042
Allowance for doubtful accounts charged to expenses	33,186	45,092
Cost of sales of merchandise and services rendered	702,073	698,854
Interest expenses for finance business	27,619	56,844
Commission fee expenses for finance business	28,353	31,442
Insurance service expenses	47,238	48,526
Others	233,485	262,463
Total	2,303,806	2,399,167

The breakdown of employee expenses (employee benefits expenses) is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Wages and salaries	289,529	302,858
Retirement benefits	24,049	22,952
Legal welfare expenses	22,587	25,701
Share option expenses relating to directors and employees (Note)	16,852	16,753
Other salaries	12,101	12,609
Total	365,118	380,873

(Note)
Please refer to Note 45. Share-based Payments.

39. Other Income and Other Expenses

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

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Gains on sales of investments in associates and joint ventures	4,113	979
Foreign exchange gains	—	1,902
Gains on sales of property, plant and equipment and intangible assets	3,860	4,413
Gains from remeasurement relating to discontinuing the use of the equity method (Note 1)	106,906	—
Gains on bad debts recovered (Note 2)	11	2,272
Others (Note 3)	10,894	9,439
Total other income	125,784	19,005
Foreign exchange losses	2,289	—
Losses on disposal of property, plant and equipment, and intangible assets (Note 4, 5)	14,359	5,317
Losses on valuation of investment securities	474	10,493
Impairment losses (Note 4, 6, 8)	17,758	68,333
Others (Note 4, 7, 8)	13,356	17,888
Total other expenses	48,236	102,031

(Notes)

1. The Rakuten Group previously accounted for its shares in AST SpaceMobile, Inc. (hereinafter "AST") using the equity method, considering the substantial influence exerted over AST, including the dispatch of directors to the Board of Directors. In recent years, due to a continued decline in the Rakuten Group's voting rights ratio and changes in the composition of AST's Board of Directors, we lost significant influence over AST on October 11, 2024. Accordingly, the Rakuten Group has accounted for these shares as financial assets measured at fair value through other comprehensive income. As a result of this change in accounting treatment, the difference between the fair value of AST shares (Level 1 inputs) as of the date of the change, and the equity method book value on a consolidated basis, was recorded in the amount of ¥106,906 million in the Consolidated Financial Statements for the fiscal year ended December 31, 2024.
2. The reversal of allowance for doubtful accounts which was provided in the past due to the collection of sales receivable from a sold overseas subsidiary, was included for the fiscal year ended December 31, 2025.
3. Gains from the sale of shares of Min-Shu, Inc. were included for the fiscal year ended December 31, 2024. A gain from forgiveness of commission payment liability based on partial settlement with suppliers involved in fraudulent acts committed in collusion by former employees of a subsidiary and suppliers which came to light in the fiscal year ended December 31, 2022, was included for the fiscal year ended December 31, 2025.
4. Incurred expenses including maintenance and repair costs for base stations related to the 2024 Noto Peninsula Earthquake were included for the fiscal year ended December 31, 2024.
5. Losses on disposal of property, plant and equipment and intangible assets for a part of the life and general insurance integrated core system and other systems in the insurance business, Rakuten Symphony business, and Rakuten Ticket business were recorded for the fiscal year ended December 31, 2024.
6. Impairment losses on fixed assets related to the general insurance business, overseas advertising business, Rakuten Symphony business, Rakuten Ticket business, and Rakuten Farm business were recorded for the fiscal year ended December 31, 2024.
7. The provision of allowance for doubtful accounts recorded due to the risk of uncollectibility of receivables from the sale of overseas subsidiaries, and expenses related to the resolution of litigation with International Business Machines Corporation, were included for the fiscal year ended December 31, 2024. For the fiscal year ended December 31, 2025, a mid-term cancellation fee, which was incurred in the domestic sports business due to the termination of a consulting agreement that had a significant impact on team operations resulting from a change in the team's operational policy, a loss 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, were included.

8. An impairment loss on fixed assets, etc., in the fulfillment center-based online grocery delivery service, resulting from customer acquisition performance significantly falling below initial plans and the decision to withdraw from certain market areas, an impairment loss on fixed assets in the logistics business due to delay in the pace of increase in future cargo volume at the leased warehouse and the decrease in storable cargo volume caused by the unexpected increase in the size of the products handled, an impairment loss on fixed assets due to the unexpected time required to expand the business in the Open RAN business of "Rakuten Symphony", an impairment loss on fixed assets due to reassessment of future revenue projections in the overseas affiliate business, and provision for personnel expenses, etc. for withdrawal from certain European business, were included for the fiscal year ended December 31, 2025. For details on impairment losses in the fulfillment center-based online grocery delivery service, logistics business, and Open RAN business of "Rakuten Symphony", please refer to Note 19. Impairment of Non-financial Assets.

40. Financial Income and Financial Expenses

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

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Interest income	2,885	4,257
Gains on valuation of investment securities (Note 1)	7,603	4,415
Gains on valuation of derivatives (Note 2,3)	66,975	50,663
Foreign exchange gains (Note 4)	—	3,523
Others (Note 5,6)	4,819	499
Total financial income	82,282	63,357
Interest expenses (Note 7)	84,782	86,680
Losses on valuation of derivatives (Note 3)	22	7,197
Foreign exchange losses (Note 4)	15,671	—
Others	9,473	5,526
Total financial expenses	109,948	99,403

(Notes)

1. Gains on valuation of investment securities related to an investment in Lyft, Inc. of ¥7,469 million and ¥3,952 million were recorded for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2025, respectively.
2. Gains on valuation of derivatives from currency swaps related to foreign currency denominated permanent subordinated bonds of ¥56,799 million and ¥49,896 million were recorded for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2025, respectively.
   Please refer to Note 35. Equity for foreign currency denominated permanent subordinated bonds.
3. Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥10,176 million were recorded for the fiscal year ended December 31, 2024.
   Gains on valuation of derivatives from the collar contract for the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥767 million related to partial maturity redemption and losses of ¥7,127 million related to early redemption and other factors were recorded for the fiscal year ended December 31, 2025.
   Please refer to Note 29. Other Financial Liabilities for prepaid variable share forward transactions.
4. Foreign exchange losses of ¥15,671 million arising from liabilities relating to funds raised from the utilization of shares of Lyft, Inc. were recorded for the fiscal year ended December 31, 2024.
   Foreign exchange gains of ¥3,523 million arising from liabilities relating to funds raised from the utilization of shares of Lyft, Inc. were recorded for the fiscal year ended December 31, 2025.
5. Redemption gains arising from the partial settlement of the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥3,679 million were recorded for the fiscal year ended December 31, 2024.
6. Redemption gains of ¥415 million arising from the settlement of the prepaid variable share forward transactions of Lyft, Inc. shares were recorded for the fiscal year ended December 31, 2025, as a result of the early termination of the forward sales contract for Lyft, Inc. shares, using all of the Company's holdings of Lyft, Inc. shares as the source of repayment.
7. Interest expenses incurred from financial liabilities measured at amortized cost relating to financing under the prepaid variable share forward transactions of shares of Lyft, Inc. of ¥1,053 million and ¥307 million were recorded for the fiscal year ended December 31, 2024, and the fiscal year ended December 31, 2025, respectively.

41. Other Comprehensive Income

The amounts arising during the year, reclassification adjustments to profit or loss, and the income tax effect of each item in other comprehensive income are as follows:

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

(Millions of Yen)

	Amounts arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to net income					
Changes in equity instruments measured at fair value through other comprehensive income	(4,159)	—	(4,159)	(5,214)	(9,373)
Remeasurement of defined benefit plans	1,708	—	1,708	(582)	1,126
Other comprehensive income of investments in associates and joint ventures	(17)	—	(17)	—	(17)
Total items that will not be reclassified to net income	(2,468)	—	(2,468)	(5,796)	(8,264)
Items that may be reclassified to net income					
Foreign currency translation adjustments	85,806	(2,126)	83,680	341	84,021
Changes in debt instruments measured at fair value through other comprehensive income	(7,045)	(782)	(7,827)	2,024	(5,803)
Cash flow hedges	(17,531)	20,710	3,179	(1,160)	2,019
Changes in the difference between discount rate changes in insurance contracts	2,452	—	2,452	(687)	1,765
Changes in the difference between discount rate changes in reinsurance contracts	(842)	—	(842)	(199)	(1,041)
Other comprehensive income of investments in associates and joint ventures	2,946	—	2,946	—	2,946
Total items that may be reclassified to net income	65,786	17,802	83,588	319	83,907
Total other comprehensive income	63,318	17,802	81,120	(5,477)	75,643

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Amounts arising during the year	Reclassification adjustments	Before tax effect	Income tax effect	After tax effect
Items that will not be reclassified to net income					
Changes in equity instruments measured at fair value through other comprehensive income	248,153	—	248,153	(78,511)	169,642
Remeasurement of defined benefit plans	1,707	—	1,707	(291)	1,416
Other comprehensive income of investments in associates and joint ventures	(5)	—	(5)	—	(5)
Total items that will not be reclassified to net income	249,855	—	249,855	(78,802)	171,053
Items that may be reclassified to net income					
Foreign currency translation adjustments	3,849	—	3,849	—	3,849
Changes in debt instruments measured at fair value through other comprehensive income	(15,344)	916	(14,428)	3,680	(10,748)
Cash flow hedges	3,224	12,391	15,615	(5,761)	9,854
Changes in the difference between discount rate changes in insurance contracts	204	—	204	(68)	136
Changes in the difference between discount rate changes in reinsurance contracts	(1,364)	—	(1,364)	(77)	(1,441)
Other comprehensive income of investments in associates and joint ventures	(1,530)	—	(1,530)	—	(1,530)
Total items that may be reclassified to net income	(10,961)	13,307	2,346	(2,226)	120
Total other comprehensive income	238,894	13,307	252,201	(81,028)	171,173

42. Earnings per Share

The basis for calculating basic and diluted loss per share are as follows:

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)			For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)		
	Basic	Adjustments	Diluted	Basic	Adjustments	Diluted
Net loss attributable to owners of the Company (Millions of Yen)	(162,442)	(13)	(162,455)	(177,886)	(58)	(177,944)
Weighted average number of shares (Thousands of shares) (Note)	2,148,420	—	2,148,420	2,163,085	—	2,163,085
Loss per share (Yen)	(75.61)	(0.01)	(75.62)	(82.24)	(0.02)	(82.26)

(Note)
For the fiscal year ended December 31, 2024, share acquisition rights corresponding to 61,289 thousand shares have been excluded from the calculation of diluted loss per share, as they have reverse dilutive effects. For the fiscal year ended December 31, 2025, share acquisition rights corresponding to 67,009 thousand shares have been excluded from the calculation of diluted loss per share, as they have reverse dilutive effects.

43. Assets Pledged as Collateral and Assets Received as Collateral

(1) Assets Pledged as Collateral

The Rakuten Group pledges assets mainly as collateral for liabilities arising from borrowing contracts, e-money deposits, margin trading and security lending transactions conducted under normal terms and conditions, as margin deposits in relation to derivatives, and also as deposits.

The carrying amounts of assets pledged as collateral for liabilities and contingent liabilities by the Rakuten Group are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Cash and cash equivalents	194,623	—
Loans for credit card business (Note 1)	74,026	33,617
Investment securities for banking business	928,900	1,318,060
Loans for banking business	1,814,442	2,068,195
Investment securities (Note 2)	25,756	6,851
Other financial assets	20,273	15,860
Buildings and accompanying facilities	4,000	3,745
Tools, furniture and fixtures	34,951	28,655
Machinery facilities	318,366	273,342
Other property, plant and equipment	38,321	41,521
Software	10	1
Total	3,453,668	3,789,847

(Notes)

1. Loans for credit card business include securitized receivables.
2. Liberty Holdco Ltd. had pledged Lyft, Inc. shares (¥22,283 million as of December 31, 2024) as collateral for other financial liabilities of ¥60,901 million (as of December 31, 2024) incurred from the prepaid variable share forward transactions of shares of Lyft, Inc. However, for the three months ended September 30, 2025, the prepaid variable share forward transactions of shares of Lyft, Inc. were early terminated, with all Lyft, Inc. shares used as a repayment source. Therefore, Lyft, Inc. shares are not included in the amount for the Investment securities as of December 31, 2025. For details of this transaction, please refer to Note 29. Other Financial Liabilities.

The carrying amounts of assets pledged other than as collateral for liabilities and contingent liabilities by the Rakuten Group are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Financial assets for securities business (Note 1)	287,363	277,258
Investment securities for banking business (Note 2)	244,600	258,315
Investment securities for insurance business (Note 2)	69,228	55,626
Other financial assets (Note 2)	48,880	64,686
Total	650,071	655,885

(Notes)

1. Pledged as collateral for guarantee deposits for margin transactions and future transactions, collateral for borrowing of share certificates in margin transactions in the securities business.
2. Pledged as collateral mainly for exchange settlements, derivative transactions, and commitment lines.

(2) Assets Received as Collateral

The Rakuten Group receives securities pledged as collateral in lieu of guarantee deposits and as collateral for other transactions, which are conducted under normal terms and conditions. The Rakuten Group has the right to sell or repledge the collateral received, provided that it returns equivalent securities when the relevant transactions are completed. The fair values of securities received by the Rakuten Group as collateral to which the Rakuten Group held the right to sell or repledge the collateral as of December 31, 2024 and 2025 were ¥2,423,881 million and ¥2,846,807 million, respectively. Within such collateral, fair values of the collateral actually sold or repledged were ¥1,504,393 million and ¥1,687,122 million, respectively.

44. Contingent Liabilities and Commitments

(1) Commitment Line Lending Contracts and Guarantee Obligations

Certain subsidiaries are engaged in consumer lending business through cash advances and credit card loans, which are related to the credit cards. With regard to such loans, of the amount established in a loan contract (the contracted limit), the contract allows customers to take out a loan at any time within the amount of credit limit approved by these subsidiaries (the loan limit).

Since some of these contracts expire without the actual loan being drawn, in addition to the Rakuten Group having discretion to increase or decrease the loan limit, the unused balance of these loans would not necessarily be drawn in its entirety.

Additionally, certain subsidiaries provide credit guarantees to general customers who have received loans from business partners of other subsidiaries.

Furthermore, the Company provides credit guarantees for lease liabilities of some associates accounted for using the equity method.

The balances of the unused lending commitment lines and guarantee obligations given in the credit guarantee and other businesses stated above are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Unused balance of lending commitment lines	5,839,954	6,079,334
Financial guarantee contracts	9,030	7,286
Total	5,848,984	6,086,620

(2) Commitment Line Borrowing Contracts

The Company and certain subsidiaries have entered into commitment line borrowing contracts with multiple financial institutions and the balances of the unused portions of such commitment lines available are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total commitment line borrowings	258,574	288,336
Amounts borrowed	22,124	56,407
Unused commitment lines	236,450	231,929

(3) Commitments (Contracts)

Commitments related to acquisition of property, plant and equipment and intangible assets are as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Commitments related to acquisition of property, plant and equipment and intangible assets	52,959	67,091

45. Share-based Payments

Employee expenses relating to share options recognized by the Rakuten Group during the years ended December 31, 2024 and 2025 were ¥16,852 million and ¥16,753 million, respectively.

The Company and Rakuten Bank, Ltd. have granted equity-settled share options to executives and employees of the Group Companies and associates.

Details of the share options granted by the Company are as follows:

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 24th Share Acquisition Rights_01	May 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 25th Share Acquisition Rights_01	July 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 26th Share Acquisition Rights_01	September 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 27th Share Acquisition Rights_01	September 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 28th Share Acquisition Rights_01	October 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 29th Share Acquisition Rights_01	October 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 30th Share Acquisition Rights_01	November 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 31st Share Acquisition Rights_01	November 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 32nd Share Acquisition Rights_01	November 1, 2014	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 33rd Share Acquisition Rights_01	February 1, 2015	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 34th Share Acquisition Rights_01	March 1, 2015	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 35th Share Acquisition Rights_01	March 1, 2015	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024
The 36th Share Acquisition Rights_01	March 1, 2015	March 28, 2018	0.01	—	From March 29, 2018 To March 27, 2024

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 37th Share Acquisition Rights_01	June 1, 2015	May 31, 2016	0.01	—	From June 1, 2016 To June 1, 2025
The 37th Share Acquisition Rights_02	June 1, 2015	May 31, 2017	0.01	—	From June 1, 2017 To June 1, 2025
The 37th Share Acquisition Rights_03	June 1, 2015	May 31, 2018	0.01	—	From June 1, 2018 To June 1, 2025
The 37th Share Acquisition Rights_04	June 1, 2015	May 31, 2019	0.01	—	From June 1, 2019 To June 1, 2025
The 38th Share Acquisition Rights_01	July 1, 2015	June 30, 2016	0.01	—	From July 1, 2016 To July 1, 2025
The 38th Share Acquisition Rights_02	July 1, 2015	June 30, 2017	0.01	—	From July 1, 2017 To July 1, 2025
The 38th Share Acquisition Rights_03	July 1, 2015	June 30, 2018	0.01	—	From July 1, 2018 To July 1, 2025
The 38th Share Acquisition Rights_04	July 1, 2015	June 30, 2019	0.01	—	From July 1, 2019 To July 1, 2025
The 39th Share Acquisition Rights_01	August 1, 2015	July 31, 2016	0.01	—	From August 1, 2016 To August 1, 2025
The 39th Share Acquisition Rights_02	August 1, 2015	July 31, 2017	0.01	—	From August 1, 2017 To August 1, 2025
The 39th Share Acquisition Rights_03	August 1, 2015	July 31, 2018	0.01	—	From August 1, 2018 To August 1, 2025
The 39th Share Acquisition Rights_04	August 1, 2015	July 31, 2019	0.01	—	From August 1, 2019 To August 1, 2025
The 40th Share Acquisition Rights_01	August 1, 2015	March 27, 2019	0.01	—	From March 28, 2019 To March 26, 2025
The 41st Share Acquisition Rights_01	October 1, 2015	September 30, 2016	0.01	—	From October 1, 2016 To October 1, 2025

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 41st Share Acquisition Rights_02	October 1, 2015	September 30, 2017	0.01	—	From October 1, 2017 To October 1, 2025
The 41st Share Acquisition Rights_03	October 1, 2015	September 30, 2018	0.01	—	From October 1, 2018 To October 1, 2025
The 41st Share Acquisition Rights_04	October 1, 2015	September 30, 2019	0.01	—	From October 1, 2019 To October 1, 2025
The 42nd Share Acquisition Rights_01	November 1, 2015	October 31, 2016	0.01	—	From November 1, 2016 To October 31, 2025
The 42nd Share Acquisition Rights_02	November 1, 2015	October 31, 2017	0.01	—	From November 1, 2017 To October 31, 2025
The 42nd Share Acquisition Rights_03	November 1, 2015	October 31, 2018	0.01	—	From November 1, 2018 To October 31, 2025
The 42nd Share Acquisition Rights_04	November 1, 2015	October 31, 2019	0.01	—	From November 1, 2019 To October 31, 2025
The 43rd Share Acquisition Rights_01	November 1, 2015	October 31, 2016	0.01	—	From November 1, 2016 To October 31, 2025
The 43rd Share Acquisition Rights_02	November 1, 2015	October 31, 2017	0.01	—	From November 1, 2017 To October 31, 2025
The 43rd Share Acquisition Rights_03	November 1, 2015	October 31, 2018	0.01	—	From November 1, 2018 To October 31, 2025
The 43rd Share Acquisition Rights_04	November 1, 2015	October 31, 2019	0.01	—	From November 1, 2019 To October 31, 2025
The 44th Share Acquisition Rights_01	February 1, 2016	January 31, 2017	0.01	7,100	From February 1, 2017 To January 30, 2026
The 44th Share Acquisition Rights_02	February 1, 2016	January 31, 2018	0.01	4,900	From February 1, 2018 To January 30, 2026
The 44th Share Acquisition Rights_03	February 1, 2016	January 31, 2019	0.01	18,900	From February 1, 2019 To January 30, 2026

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 44th Share Acquisition Rights_04	February 1, 2016	January 31, 2020	0.01	24,600	From February 1, 2020 To January 30, 2026
The 45th Share Acquisition Rights_01	February 1, 2016	March 27, 2019	0.01	—	From March 28, 2019 To March 26, 2025
The 46th Share Acquisition Rights_01	March 1, 2016	February 28, 2017	0.01	9,000	From March 1, 2017 To February 27, 2026
The 46th Share Acquisition Rights_02	March 1, 2016	February 28, 2018	0.01	12,000	From March 1, 2018 To February 27, 2026
The 46th Share Acquisition Rights_03	March 1, 2016	February 28, 2019	0.01	22,100	From March 1, 2019 To February 27, 2026
The 46th Share Acquisition Rights_04	March 1, 2016	February 29, 2020	0.01	26,200	From March 1, 2020 To February 27, 2026
The 47th Share Acquisition Rights_01	March 1, 2016	March 27, 2019	0.01	—	From March 28, 2019 To March 26, 2025
The 48th Share Acquisition Rights_01	March 1, 2016	March 27, 2019	0.01	—	From March 28, 2019 To March 26, 2025
The 49th Share Acquisition Rights_01	May 1, 2016	April 30, 2017	0.01	—	From May 1, 2017 To May 1, 2026
The 49th Share Acquisition Rights_02	May 1, 2016	April 30, 2018	0.01	200	From May 1, 2018 To May 1, 2026
The 49th Share Acquisition Rights_03	May 1, 2016	April 30, 2019	0.01	100	From May 1, 2019 To May 1, 2026
The 49th Share Acquisition Rights_04	May 1, 2016	April 30, 2020	0.01	400	From May 1, 2020 To May 1, 2026
The 50th Share Acquisition Rights_01	August 1, 2016	July 31, 2017	0.01	—	From August 1, 2017 To July 31, 2026
The 50th Share Acquisition Rights_02	August 1, 2016	July 31, 2018	0.01	11,500	From August 1, 2018 To July 31, 2026

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 50th Share Acquisition Rights_03	August 1, 2016	July 31, 2019	0.01	29,000	From August 1, 2019 To July 31, 2026
The 50th Share Acquisition Rights_04	August 1, 2016	July 31, 2020	0.01	60,400	From August 1, 2020 To July 31, 2026
The 51st Share Acquisition Rights_01	September 1, 2016	March 30, 2020	0.01	—	From March 31, 2020 To March 29, 2026
The 52nd Share Acquisition Rights_01	November 1, 2016	October 31, 2017	0.01	—	From November 1, 2017 To October 30, 2026
The 52nd Share Acquisition Rights_02	November 1, 2016	October 31, 2018	0.01	100	From November 1, 2018 To October 30, 2026
The 52nd Share Acquisition Rights_03	November 1, 2016	October 31, 2019	0.01	1,600	From November 1, 2019 To October 30, 2026
The 52nd Share Acquisition Rights_04	November 1, 2016	October 31, 2020	0.01	200	From November 1, 2020 To October 30, 2026
The 53rd Share Acquisition Rights_01	November 1, 2016	October 31, 2017	0.01	—	From November 1, 2017 To October 30, 2026
The 53rd Share Acquisition Rights_02	November 1, 2016	October 31, 2018	0.01	—	From November 1, 2018 To October 30, 2026
The 53rd Share Acquisition Rights_03	November 1, 2016	October 31, 2019	0.01	—	From November 1, 2019 To October 30, 2026
The 53rd Share Acquisition Rights_04	November 1, 2016	October 31, 2020	0.01	—	From November 1, 2020 To October 30, 2026
The 54th Share Acquisition Rights_01	February 1, 2017	March 30, 2020	0.01	—	From March 31, 2020 To March 29, 2026
The 55th Share Acquisition Rights_01	February 1, 2017	January 31, 2018	0.01	1,400	From February 1, 2018 To February 1, 2027
The 55th Share Acquisition Rights_02	February 1, 2017	January 31, 2019	0.01	15,300	From February 1, 2019 To February 1, 2027

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 55th Share Acquisition Rights_03	February 1, 2017	January 31, 2020	0.01	40,000	From February 1, 2020 To February 1, 2027
The 55th Share Acquisition Rights_04	February 1, 2017	January 31, 2021	0.01	79,500	From February 1, 2021 To February 1, 2027
The 56th Share Acquisition Rights_01	March 1, 2017	February 28, 2018	0.01	500	From March 1, 2018 To March 1, 2027
The 56th Share Acquisition Rights_02	March 1, 2017	February 28, 2019	0.01	1,000	From March 1, 2019 To March 1, 2027
The 56th Share Acquisition Rights_03	March 1, 2017	February 29, 2020	0.01	1,200	From March 1, 2020 To March 1, 2027
The 56th Share Acquisition Rights_04	March 1, 2017	February 28, 2021	0.01	2,100	From March 1, 2021 To March 1, 2027
The 57th Share Acquisition Rights_01	March 1, 2017	March 30, 2020	0.01	1,800	From March 31, 2020 To March 29, 2026
The 58th Share Acquisition Rights_01	March 1, 2017	March 30, 2020	0.01	—	From March 31, 2020 To March 29, 2026
The 59th Share Acquisition Rights_01	March 1, 2017	February 28, 2018	0.01	14,600	From March 1, 2018 To March 1, 2027
The 59th Share Acquisition Rights_02	March 1, 2017	February 28, 2019	0.01	24,600	From March 1, 2019 To March 1, 2027
The 59th Share Acquisition Rights_03	March 1, 2017	February 29, 2020	0.01	37,700	From March 1, 2020 To March 1, 2027
The 59th Share Acquisition Rights_04	March 1, 2017	February 28, 2021	0.01	71,700	From March 1, 2021 To March 1, 2027
The 60th Share Acquisition Rights_01	May 1, 2017	April 30, 2018	0.01	700	From May 1, 2018 To April 30, 2027
The 60th Share Acquisition Rights_02	May 1, 2017	April 30, 2019	0.01	1,200	From May 1, 2019 To April 30, 2027

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 60th Share Acquisition Rights_03	May 1, 2017	April 30, 2020	0.01	1,600	From May 1, 2020 To April 30, 2027
The 60th Share Acquisition Rights_04	May 1, 2017	April 30, 2021	0.01	2,100	From May 1, 2021 To April 30, 2027
The 61st Share Acquisition Rights_01	August 1, 2017	March 30, 2021	0.01	—	From March 31, 2021 To March 29, 2027
The 62nd Share Acquisition Rights_01	August 1, 2017	July 31, 2018	0.01	1,200	From August 1, 2018 To July 30, 2027
The 62nd Share Acquisition Rights_02	August 1, 2017	July 31, 2019	0.01	12,800	From August 1, 2019 To July 30, 2027
The 62nd Share Acquisition Rights_03	August 1, 2017	July 31, 2020	0.01	43,700	From August 1, 2020 To July 30, 2027
The 62nd Share Acquisition Rights_04	August 1, 2017	July 31, 2021	0.01	84,900	From August 1, 2021 To July 30, 2027
The 63rd Share Acquisition Rights_01	November 1, 2017	October 31, 2018	0.01	—	From November 1, 2018 To November 1, 2027
The 63rd Share Acquisition Rights_02	November 1, 2017	October 31, 2019	0.01	3,000	From November 1, 2019 To November 1, 2027
The 63rd Share Acquisition Rights_03	November 1, 2017	October 31, 2020	0.01	—	From November 1, 2020 To November 1, 2027
The 63rd Share Acquisition Rights_04	November 1, 2017	October 31, 2021	0.01	500	From November 1, 2021 To November 1, 2027
The 64th Share Acquisition Rights_01	November 1, 2017	October 31, 2018	0.01	—	From November 1, 2018 To November 1, 2027
The 64th Share Acquisition Rights_02	November 1, 2017	October 31, 2019	0.01	—	From November 1, 2019 To November 1, 2027
The 64th Share Acquisition Rights_03	November 1, 2017	October 31, 2020	0.01	—	From November 1, 2020 To November 1, 2027

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 64th Share Acquisition Rights_04	November 1, 2017	October 31, 2021	0.01	1,300	From November 1, 2021 To November 1, 2027
The 65th Share Acquisition Rights_01	January 1, 2018	December 31, 2018	0.01	—	From January 1, 2019 To December 29, 2027
The 65th Share Acquisition Rights_02	January 1, 2018	December 31, 2019	0.01	—	From January 1, 2020 To December 29, 2027
The 65th Share Acquisition Rights_03	January 1, 2018	December 31, 2020	0.01	200	From January 1, 2021 To December 29, 2027
The 65th Share Acquisition Rights_04	January 1, 2018	December 31, 2021	0.01	3,300	From January 1, 2022 To December 29, 2027
The 66th Share Acquisition Rights_01	February 1, 2018	March 30, 2021	0.01	—	From March 31, 2021 To March 29, 2027
The 67th Share Acquisition Rights_01	February 1, 2018	January 31, 2019	0.01	2,000	From February 1, 2019 To February 1, 2028
The 67th Share Acquisition Rights_02	February 1, 2018	January 31, 2020	0.01	34,000	From February 1, 2020 To February 1, 2028
The 67th Share Acquisition Rights_03	February 1, 2018	January 31, 2021	0.01	53,700	From February 1, 2021 To February 1, 2028
The 67th Share Acquisition Rights_04	February 1, 2018	January 31, 2022	0.01	121,200	From February 1, 2022 To February 1, 2028
The 68th Share Acquisition Rights_01	March 1, 2018	February 28, 2019	0.01	800	From March 1, 2019 To March 1, 2028
The 68th Share Acquisition Rights_02	March 1, 2018	February 29, 2020	0.01	1,900	From March 1, 2020 To March 1, 2028
The 68th Share Acquisition Rights_03	March 1, 2018	February 28, 2021	0.01	3,200	From March 1, 2021 To March 1, 2028
The 68th Share Acquisition Rights_04	March 1, 2018	February 28, 2022	0.01	6,100	From March 1, 2022 To March 1, 2028

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 69th Share Acquisition Rights_01	March 1, 2018	March 30, 2021	0.01	—	From March 31, 2021 To March 29, 2027
The 70th Share Acquisition Rights_01	March 1, 2018	March 30, 2021	0.01	4,200	From March 31, 2021 To March 29, 2027
The 71st Share Acquisition Rights_01	March 1, 2018	February 28, 2019	0.01	26,300	From March 1, 2019 To March 1, 2028
The 71st Share Acquisition Rights_02	March 1, 2018	February 29, 2020	0.01	39,500	From March 1, 2020 To March 1, 2028
The 71st Share Acquisition Rights_03	March 1, 2018	February 28, 2021	0.01	85,700	From March 1, 2021 To March 1, 2028
The 71st Share Acquisition Rights_04	March 1, 2018	February 28, 2022	0.01	105,300	From March 1, 2022 To March 1, 2028
The 72nd Share Acquisition Rights_01	May 1, 2018	April 30, 2019	0.01	700	From May 1, 2019 To May 1, 2028
The 72nd Share Acquisition Rights_02	May 1, 2018	April 30, 2020	0.01	1,100	From May 1, 2020 To May 1, 2028
The 72nd Share Acquisition Rights_03	May 1, 2018	April 30, 2021	0.01	2,400	From May 1, 2021 To May 1, 2028
The 72nd Share Acquisition Rights_04	May 1, 2018	April 30, 2022	0.01	15,000	From May 1, 2022 To May 1, 2028
The 73rd Share Acquisition Rights_01	August 1, 2018	July 31, 2019	0.01	7,900	From August 1, 2019 To August 1, 2028
The 73rd Share Acquisition Rights_02	August 1, 2018	July 31, 2020	0.01	83,100	From August 1, 2020 To August 1, 2028
The 73rd Share Acquisition Rights_03	August 1, 2018	July 31, 2021	0.01	62,300	From August 1, 2021 To August 1, 2028
The 73rd Share Acquisition Rights_04	August 1, 2018	July 31, 2022	0.01	200,900	From August 1, 2022 To August 1, 2028

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 74th Share Acquisition Rights_01	November 1, 2018	October 31, 2019	0.01	600	From November 1, 2019 To November 1, 2028
The 74th Share Acquisition Rights_02	November 1, 2018	October 31, 2020	0.01	—	From November 1, 2020 To November 1, 2028
The 74th Share Acquisition Rights_03	November 1, 2018	October 31, 2021	0.01	200	From November 1, 2021 To November 1, 2028
The 74th Share Acquisition Rights_04	November 1, 2018	October 31, 2022	0.01	400	From November 1, 2022 To November 1, 2028
The 75th Share Acquisition Rights_01	November 1, 2018	October 31, 2019	0.01	—	From November 1, 2019 To November 1, 2028
The 75th Share Acquisition Rights_02	November 1, 2018	October 31, 2020	0.01	400	From November 1, 2020 To November 1, 2028
The 75th Share Acquisition Rights_03	November 1, 2018	October 31, 2021	0.01	1,200	From November 1, 2021 To November 1, 2028
The 75th Share Acquisition Rights_04	November 1, 2018	October 31, 2022	0.01	2,100	From November 1, 2022 To November 1, 2028
The 76th Share Acquisition Rights_01	February 1, 2019	January 31, 2020	0.01	11,800	From February 1, 2020 To February 1, 2029
The 76th Share Acquisition Rights_02	February 1, 2019	January 31, 2021	0.01	105,300	From February 1, 2021 To February 1, 2029
The 76th Share Acquisition Rights_03	February 1, 2019	January 31, 2022	0.01	112,400	From February 1, 2022 To February 1, 2029
The 76th Share Acquisition Rights_04	February 1, 2019	January 31, 2023	0.01	273,100	From February 1, 2023 To February 1, 2029
The 77th Share Acquisition Rights_01	March 1, 2019	February 29, 2020	0.01	900	From March 1, 2020 To March 1, 2029
The 77th Share Acquisition Rights_02	March 1, 2019	February 28, 2021	0.01	3,000	From March 1, 2021 To March 1, 2029

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 77th Share Acquisition Rights_03	March 1, 2019	February 28, 2022	0.01	7,000	From March 1, 2022 To March 1, 2029
The 77th Share Acquisition Rights_04	March 1, 2019	February 28, 2023	0.01	10,800	From March 1, 2023 To March 1, 2029
The 78th Share Acquisition Rights_01	March 1, 2019	February 29, 2020	0.01	—	From March 1, 2020 To March 1, 2029
The 78th Share Acquisition Rights_02	March 1, 2019	February 28, 2021	0.01	—	From March 1, 2021 To March 1, 2029
The 78th Share Acquisition Rights_03	March 1, 2019	February 28, 2022	0.01	3,100	From March 1, 2022 To March 1, 2029
The 78th Share Acquisition Rights_04	March 1, 2019	February 28, 2023	0.01	4,000	From March 1, 2023 To March 1, 2029
The 79th Share Acquisition Rights_01	May 1, 2019	April 30, 2020	0.01	2,500	From May 1, 2020 To May 1, 2029
The 79th Share Acquisition Rights_02	May 1, 2019	April 30, 2021	0.01	7,600	From May 1, 2021 To May 1, 2029
The 79th Share Acquisition Rights_03	May 1, 2019	April 30, 2022	0.01	20,900	From May 1, 2022 To May 1, 2029
The 79th Share Acquisition Rights_04	May 1, 2019	April 30, 2023	0.01	27,300	From May 1, 2023 To May 1, 2029
The 80th Share Acquisition Rights_01	May 1, 2019	April 30, 2020	0.01	—	From May 1, 2020 To May 1, 2029
The 80th Share Acquisition Rights_02	May 1, 2019	April 30, 2021	0.01	—	From May 1, 2021 To May 1, 2029
The 80th Share Acquisition Rights_03	May 1, 2019	April 30, 2022	0.01	—	From May 1, 2022 To May 1, 2029
The 80th Share Acquisition Rights_04	May 1, 2019	April 30, 2023	0.01	—	From May 1, 2023 To May 1, 2029

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 81st Share Acquisition Rights_01	May 1, 2019	October 31, 2019	0.01	614,500	From November 1, 2019 To May 1, 2059
The 82nd Share Acquisition Rights_01	August 1, 2019	July 31, 2020	0.01	3,600	From August 1, 2020 To August 1, 2029
The 82nd Share Acquisition Rights_02	August 1, 2019	July 31, 2021	0.01	34,300	From August 1, 2021 To August 1, 2029
The 82nd Share Acquisition Rights_03	August 1, 2019	July 31, 2022	0.01	104,200	From August 1, 2022 To August 1, 2029
The 82nd Share Acquisition Rights_04	August 1, 2019	July 31, 2023	0.01	201,500	From August 1, 2023 To August 1, 2029
The 83rd Share Acquisition Rights_01	November 1, 2019	October 31, 2020	0.01	16,700	From November 1, 2020 To November 1, 2029
The 83rd Share Acquisition Rights_02	November 1, 2019	October 31, 2021	0.01	30,700	From November 1, 2021 To November 1, 2029
The 83rd Share Acquisition Rights_03	November 1, 2019	October 31, 2022	0.01	58,600	From November 1, 2022 To November 1, 2029
The 83rd Share Acquisition Rights_04	November 1, 2019	October 31, 2023	0.01	73,200	From November 1, 2023 To November 1, 2029
The 84th Share Acquisition Rights_01	November 1, 2019	October 31, 2020	0.01	1,200	From November 1, 2020 To November 1, 2029
The 84th Share Acquisition Rights_02	November 1, 2019	October 31, 2021	0.01	1,600	From November 1, 2021 To November 1, 2029
The 84th Share Acquisition Rights_03	November 1, 2019	October 31, 2022	0.01	3,600	From November 1, 2022 To November 1, 2029
The 84th Share Acquisition Rights_04	November 1, 2019	October 31, 2023	0.01	4,200	From November 1, 2023 To November 1, 2029
The 85th Share Acquisition Rights_01	February 1, 2020	January 31, 2021	0.01	8,600	From February 1, 2021 To February 1, 2030

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 85th Share Acquisition Rights_02	February 1, 2020	January 31, 2022	0.01	103,100	From February 1, 2022 To February 1, 2030
The 85th Share Acquisition Rights_03	February 1, 2020	January 31, 2023	0.01	144,300	From February 1, 2023 To February 1, 2030
The 85th Share Acquisition Rights_04	February 1, 2020	January 31, 2024	0.01	335,700	From February 1, 2024 To February 1, 2030
The 86th Share Acquisition Rights_01	March 1, 2020	February 28, 2021	0.01	5,300	From March 1, 2021 To March 1, 2030
The 86th Share Acquisition Rights_02	March 1, 2020	February 28, 2022	0.01	8,100	From March 1, 2022 To March 1, 2030
The 86th Share Acquisition Rights_03	March 1, 2020	February 28, 2023	0.01	13,600	From March 1, 2023 To March 1, 2030
The 86th Share Acquisition Rights_04	March 1, 2020	February 29, 2024	0.01	18,700	From March 1, 2024 To March 1, 2030
The 87th Share Acquisition Rights_01	March 1, 2020	March 1, 2020	0.01	497,700	From March 1, 2020 To March 1, 2060
The 88th Share Acquisition Rights_01	May 1, 2020	April 30, 2021	0.01	28,100	From May 1, 2021 To May 1, 2030
The 88th Share Acquisition Rights_02	May 1, 2020	April 30, 2022	0.01	53,600	From May 1, 2022 To May 1, 2030
The 88th Share Acquisition Rights_03	May 1, 2020	April 30, 2023	0.01	89,900	From May 1, 2023 To May 1, 2030
The 88th Share Acquisition Rights_04	May 1, 2020	April 30, 2024	0.01	102,500	From May 1, 2024 To May 1, 2030
The 89th Share Acquisition Rights_01	May 1, 2020	May 1, 2020	0.01	170,200	From May 1, 2020 To May 1, 2060
The 90th Share Acquisition Rights_01	August 1, 2020	July 31, 2021	0.01	12,800	From August 1, 2021 To August 1, 2030

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 90th Share Acquisition Rights_02	August 1, 2020	July 31, 2022	0.01	139,200	From August 1, 2022 To August 1, 2030
The 90th Share Acquisition Rights_03	August 1, 2020	July 31, 2023	0.01	182,800	From August 1, 2023 To August 1, 2030
The 90th Share Acquisition Rights_04	August 1, 2020	July 31, 2024	0.01	440,000	From August 1, 2024 To August 1, 2030
The 91st Share Acquisition Rights_01	November 1, 2020	October 31, 2021	0.01	12,800	From November 1, 2021 To November 1, 2030
The 91st Share Acquisition Rights_02	November 1, 2020	October 31, 2022	0.01	22,200	From November 1, 2022 To November 1, 2030
The 91st Share Acquisition Rights_03	November 1, 2020	October 31, 2023	0.01	33,600	From November 1, 2023 To November 1, 2030
The 91st Share Acquisition Rights_04	November 1, 2020	October 31, 2024	0.01	41,200	From November 1, 2024 To November 1, 2030
The 92nd Share Acquisition Rights_01	November 1, 2020	October 31, 2021	0.01	5,400	From November 1, 2021 To November 1, 2030
The 92nd Share Acquisition Rights_02	November 1, 2020	October 31, 2022	0.01	15,800	From November 1, 2022 To November 1, 2030
The 92nd Share Acquisition Rights_03	November 1, 2020	October 31, 2023	0.01	23,700	From November 1, 2023 To November 1, 2030
The 92nd Share Acquisition Rights_04	November 1, 2020	October 31, 2024	0.01	29,800	From November 1, 2024 To November 1, 2030
The 93rd Share Acquisition Rights_01	February 1, 2021	January 31, 2022	0.01	14,000	From February 1, 2022 To February 1, 2031
The 93rd Share Acquisition Rights_02	February 1, 2021	January 31, 2023	0.01	146,800	From February 1, 2023 To February 1, 2031
The 93rd Share Acquisition Rights_03	February 1, 2021	January 31, 2024	0.01	229,600	From February 1, 2024 To February 1, 2031

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 93rd Share Acquisition Rights_04	February 1, 2021	January 31, 2025	0.01	547,800	From February 1, 2025 To February 1, 2031
The 94th Share Acquisition Rights_01	March 1, 2021	February 28, 2022	0.01	13,000	From March 1, 2022 To March 1, 2031
The 94th Share Acquisition Rights_02	March 1, 2021	February 28, 2023	0.01	18,900	From March 1, 2023 To March 1, 2031
The 94th Share Acquisition Rights_03	March 1, 2021	February 29, 2024	0.01	28,300	From March 1, 2024 To March 1, 2031
The 94th Share Acquisition Rights_04	March 1, 2021	February 28, 2025	0.01	46,700	From March 1, 2025 To March 1, 2031
The 95th Share Acquisition Rights_01	March 1, 2021	March 1, 2021	0.01	415,800	From March 1, 2021 To March 1, 2061
The 96th Share Acquisition Rights_01	May 1, 2021	April 30, 2022	0.01	55,600	From May 1, 2022 To May 1, 2031
The 96th Share Acquisition Rights_02	May 1, 2021	April 30, 2023	0.01	85,700	From May 1, 2023 To May 1, 2031
The 96th Share Acquisition Rights_03	May 1, 2021	April 30, 2024	0.01	141,800	From May 1, 2024 To May 1, 2031
The 96th Share Acquisition Rights_04	May 1, 2021	April 30, 2025	0.01	204,200	From May 1, 2025 To May 1, 2031
The 97th Share Acquisition Rights_01	May 1, 2021	May 1, 2021	0.01	184,600	From May 1, 2021 To May 1, 2061
The 98th Share Acquisition Rights_01	August 1, 2021	July 31, 2022	0.01	13,800	From August 1, 2022 To August 1, 2031
The 98th Share Acquisition Rights_02	August 1, 2021	July 31, 2023	0.01	91,000	From August 1, 2023 To August 1, 2031
The 98th Share Acquisition Rights_03	August 1, 2021	July 31, 2024	0.01	256,900	From August 1, 2024 To August 1, 2031

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 98th Share Acquisition Rights_04	August 1, 2021	July 31, 2025	0.01	571,100	From August 1, 2025 To August 1, 2031
The 99th Share Acquisition Rights_01	November 1, 2021	October 31, 2022	0.01	35,200	From November 1, 2022 To November 1, 2031
The 99th Share Acquisition Rights_02	November 1, 2021	October 31, 2023	0.01	52,100	From November 1, 2023 To November 1, 2031
The 99th Share Acquisition Rights_03	November 1, 2021	October 31, 2024	0.01	85,900	From November 1, 2024 To November 1, 2031
The 99th Share Acquisition Rights_04	November 1, 2021	October 31, 2025	0.01	177,200	From November 1, 2025 To November 1, 2031
The 100th Share Acquisition Rights_01	November 1, 2021	October 31, 2022	0.01	3,600	From November 1, 2022 To November 1, 2031
The 100th Share Acquisition Rights_02	November 1, 2021	October 31, 2023	0.01	4,900	From November 1, 2023 To November 1, 2031
The 100th Share Acquisition Rights_03	November 1, 2021	October 31, 2024	0.01	8,200	From November 1, 2024 To November 1, 2031
The 100th Share Acquisition Rights_04	November 1, 2021	October 31, 2025	0.01	30,000	From November 1, 2025 To November 1, 2031
The 101st Share Acquisition Rights_01	February 1, 2022	January 31, 2023	0.01	24,500	From February 1, 2023 To February 1, 2032
The 101st Share Acquisition Rights_02	February 1, 2022	January 31, 2024	0.01	150,700	From February 1, 2024 To February 1, 2032
The 101st Share Acquisition Rights_03	February 1, 2022	January 31, 2025	0.01	360,700	From February 1, 2025 To February 1, 2032
The 101st Share Acquisition Rights_04	February 1, 2022	January 31, 2026	0.01	1,526,400	From February 1, 2026 To February 1, 2032
The 102nd Share Acquisition Rights_01	February 1, 2022	January 31, 2023	0.01	1,800	From February 1, 2023 To February 1, 2032

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 102nd Share Acquisition Rights_02	February 1, 2022	January 31, 2024	0.01	2,600	From February 1, 2024 To February 1, 2032
The 102nd Share Acquisition Rights_03	February 1, 2022	January 31, 2025	0.01	4,800	From February 1, 2025 To February 1, 2032
The 102nd Share Acquisition Rights_04	February 1, 2022	January 31, 2026	0.01	31,200	From February 1, 2026 To February 1, 2032
The 103rd Share Acquisition Rights_01	March 1, 2022	February 28, 2023	0.01	10,900	From March 1, 2023 To March 1, 2032
The 103rd Share Acquisition Rights_02	March 1, 2022	February 29, 2024	0.01	15,200	From March 1, 2024 To March 1, 2032
The 103rd Share Acquisition Rights_03	March 1, 2022	February 28, 2025	0.01	28,000	From March 1, 2025 To March 1, 2032
The 103rd Share Acquisition Rights_04	March 1, 2022	February 28, 2026	0.01	97,400	From March 1, 2026 To March 1, 2032
The 104th Share Acquisition Rights_01	March 1, 2022	March 1, 2022	0.01	365,300	From March 1, 2022 To March 1, 2062
The 105th Share Acquisition Rights_01	May 1, 2022	April 30, 2023	0.01	107,800	From May 1, 2023 To May 1, 2032
The 105th Share Acquisition Rights_02	May 1, 2022	April 30, 2024	0.01	167,700	From May 1, 2024 To May 1, 2032
The 105th Share Acquisition Rights_03	May 1, 2022	April 30, 2025	0.01	306,000	From May 1, 2025 To May 1, 2032
The 105th Share Acquisition Rights_04	May 1, 2022	April 30, 2026	0.01	2,444,400	From May 1, 2026 To May 1, 2032
The 106th Share Acquisition Rights_01	May 1, 2022	May 1, 2022	0.01	250,700	From May 1, 2022 To May 1, 2062
The 107th Share Acquisition Rights_01	August 1, 2022	July 31, 2023	0.01	53,000	From August 1, 2023 To August 1, 2032

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 107th Share Acquisition Rights_02	August 1, 2022	July 31, 2024	0.01	480,300	From August 1, 2024 To August 1, 2032
The 107th Share Acquisition Rights_03	August 1, 2022	July 31, 2025	0.01	521,100	From August 1, 2025 To August 1, 2032
The 107th Share Acquisition Rights_04	August 1, 2022	July 31, 2026	0.01	2,309,500	From August 1, 2026 To August 1, 2032
The 108th Share Acquisition Rights_01	August 1, 2022	July 31, 2023	0.01	500	From August 1, 2023 To August 1, 2032
The 108th Share Acquisition Rights_02	August 1, 2022	July 31, 2024	0.01	700	From August 1, 2024 To August 1, 2032
The 108th Share Acquisition Rights_03	August 1, 2022	July 31, 2025	0.01	2,100	From August 1, 2025 To August 1, 2032
The 108th Share Acquisition Rights_04	August 1, 2022	July 31, 2026	0.01	6,200	From August 1, 2026 To August 1, 2032
The 109th Share Acquisition Rights_01	November 1, 2022	October 31, 2023	0.01	57,000	From November 1, 2023 To November 1, 2032
The 109th Share Acquisition Rights_02	November 1, 2022	October 31, 2024	0.01	95,000	From November 1, 2024 To November 1, 2032
The 109th Share Acquisition Rights_03	November 1, 2022	October 31, 2025	0.01	230,600	From November 1, 2025 To November 1, 2032
The 109th Share Acquisition Rights_04	November 1, 2022	October 31, 2026	0.01	1,044,000	From November 1, 2026 To November 1, 2032
The 110th Share Acquisition Rights_01	November 1, 2022	October 31, 2023	0.01	5,500	From November 1, 2023 To November 1, 2032
The 110th Share Acquisition Rights_02	November 1, 2022	October 31, 2024	0.01	7,600	From November 1, 2024 To November 1, 2032
The 110th Share Acquisition Rights_03	November 1, 2022	October 31, 2025	0.01	22,100	From November 1, 2025 To November 1, 2032

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 110th Share Acquisition Rights_04	November 1, 2022	October 31, 2026	0.01	57,900	From November 1, 2026 To November 1, 2032
The 111th Share Acquisition Rights_01	February 1, 2023	January 31, 2024	0.01	78,400	From February 1, 2024 To February 1, 2033
The 111th Share Acquisition Rights_02	February 1, 2023	January 31, 2025	0.01	640,900	From February 1, 2025 To February 1, 2033
The 111th Share Acquisition Rights_03	February 1, 2023	January 31, 2026	0.01	1,241,200	From February 1, 2026 To February 1, 2033
The 111th Share Acquisition Rights_04	February 1, 2023	January 31, 2027	0.01	2,529,500	From February 1, 2027 To February 1, 2033
The 112th Share Acquisition Rights_01	March 1, 2023	February 29, 2024	0.01	18,800	From March 1, 2024 To March 1, 2033
The 112th Share Acquisition Rights_02	March 1, 2023	February 28, 2025	0.01	32,700	From March 1, 2025 To March 1, 2033
The 112th Share Acquisition Rights_03	March 1, 2023	February 28, 2026	0.01	226,900	From March 1, 2026 To March 1, 2033
The 112th Share Acquisition Rights_04	March 1, 2023	February 28, 2027	0.01	267,600	From March 1, 2027 To March 1, 2033
The 113th Share Acquisition Rights_01	March 1, 2023	February 29, 2024	0.01	—	From March 1, 2024 To March 1, 2033
The 113th Share Acquisition Rights_02	March 1, 2023	February 28, 2025	0.01	—	From March 1, 2025 To March 1, 2033
The 113th Share Acquisition Rights_03	March 1, 2023	February 28, 2026	0.01	41,000	From March 1, 2026 To March 1, 2033
The 113th Share Acquisition Rights_04	March 1, 2023	February 28, 2027	0.01	47,800	From March 1, 2027 To March 1, 2033
The 114th Share Acquisition Rights_01	March 1, 2023	March 1, 2023	0.01	684,200	From March 1, 2023 To March 1, 2063

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 115th Share Acquisition Rights_01	May 1, 2023	April 30, 2024	0.01	183,700	From May 1, 2024 To May 1, 2033
The 115th Share Acquisition Rights_02	May 1, 2023	April 30, 2025	0.01	327,000	From May 1, 2025 To May 1, 2033
The 115th Share Acquisition Rights_03	May 1, 2023	April 30, 2026	0.01	1,831,000	From May 1, 2026 To May 1, 2033
The 115th Share Acquisition Rights_04	May 1, 2023	April 30, 2027	0.01	2,259,300	From May 1, 2027 To May 1, 2033
The 116th Share Acquisition Rights_01	May 1, 2023	April 30, 2024	0.01	10,500	From May 1, 2024 To May 1, 2033
The 116th Share Acquisition Rights_02	May 1, 2023	April 30, 2025	0.01	18,800	From May 1, 2025 To May 1, 2033
The 116th Share Acquisition Rights_03	May 1, 2023	April 30, 2026	0.01	114,800	From May 1, 2026 To May 1, 2033
The 116th Share Acquisition Rights_04	May 1, 2023	April 30, 2027	0.01	136,300	From May 1, 2027 To May 1, 2033
The 117th Share Acquisition Rights_01	May 1, 2023	May 1, 2023	0.01	451,500	From May 1, 2023 To May 1, 2063
The 118th Share Acquisition Rights_01	August 1, 2023	July 31, 2024	0.01	109,800	From August 1, 2024 To August 1, 2033
The 118th Share Acquisition Rights_02	August 1, 2023	July 31, 2025	0.01	834,600	From August 1, 2025 To August 1, 2033
The 118th Share Acquisition Rights_03	August 1, 2023	July 31, 2026	0.01	1,609,600	From August 1, 2026 To August 1, 2033
The 118th Share Acquisition Rights_04	August 1, 2023	July 31, 2027	0.01	2,805,600	From August 1, 2027 To August 1, 2033
The 119th Share Acquisition Rights_01	August 1, 2023	July 31, 2024	0.01	—	From August 1, 2024 To August 1, 2033

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 119th Share Acquisition Rights_02	August 1, 2023	July 31, 2025	0.01	200	From August 1, 2025 To August 1, 2033
The 119th Share Acquisition Rights_03	August 1, 2023	July 31, 2026	0.01	2,700	From August 1, 2026 To August 1, 2033
The 119th Share Acquisition Rights_04	August 1, 2023	July 31, 2027	0.01	3,000	From August 1, 2027 To August 1, 2033
The 120th Share Acquisition Rights_01	November 1, 2023	October 31, 2024	0.01	11,600	From November 1, 2024 To November 1, 2033
The 120th Share Acquisition Rights_02	November 1, 2023	October 31, 2025	0.01	17,000	From November 1, 2025 To November 1, 2033
The 120th Share Acquisition Rights_03	November 1, 2023	October 31, 2026	0.01	38,300	From November 1, 2026 To November 1, 2033
The 120th Share Acquisition Rights_04	November 1, 2023	October 31, 2027	0.01	45,700	From November 1, 2027 To November 1, 2033
The 121st Share Acquisition Rights_01	November 1, 2023	October 31, 2024	0.01	—	From November 1, 2024 To November 1, 2033
The 121st Share Acquisition Rights_02	November 1, 2023	October 31, 2025	0.01	—	From November 1, 2025 To November 1, 2033
The 121st Share Acquisition Rights_03	November 1, 2023	October 31, 2026	0.01	700	From November 1, 2026 To November 1, 2033
The 121st Share Acquisition Rights_04	November 1, 2023	October 31, 2027	0.01	1,000	From November 1, 2027 To November 1, 2033
The 122nd Share Acquisition Rights_01	February 1, 2024	January 31, 2025	0.01	97,300	From February 1, 2025 To February 1, 2034
The 122nd Share Acquisition Rights_02	February 1, 2024	January 31, 2026	0.01	1,404,100	From February 1, 2026 To February 1, 2034
The 122nd Share Acquisition Rights_03	February 1, 2024	January 31, 2027	0.01	1,485,300	From February 1, 2027 To February 1, 2034

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 122nd Share Acquisition Rights_04	February 1, 2024	January 31, 2028	0.01	2,888,200	From February 1, 2028 To February 1, 2034
The 123rd Share Acquisition Rights_01	March 1, 2024	February 28, 2025	0.01	15,500	From March 1, 2025 To March 1, 2034
The 123rd Share Acquisition Rights_02	March 1, 2024	February 28, 2026	0.01	154,500	From March 1, 2026 To March 1, 2034
The 123rd Share Acquisition Rights_03	March 1, 2024	February 28, 2027	0.01	231,700	From March 1, 2027 To March 1, 2034
The 123rd Share Acquisition Rights_04	March 1, 2024	February 29, 2028	0.01	273,200	From March 1, 2028 To March 1, 2034
The 124th Share Acquisition Rights_01	March 1, 2024	February 28, 2025	0.01	—	From March 1, 2025 To March 1, 2034
The 124th Share Acquisition Rights_02	March 1, 2024	February 28, 2026	0.01	29,900	From March 1, 2026 To March 1, 2034
The 124th Share Acquisition Rights_03	March 1, 2024	February 28, 2027	0.01	44,900	From March 1, 2027 To March 1, 2034
The 124th Share Acquisition Rights_04	March 1, 2024	February 29, 2028	0.01	52,400	From March 1, 2028 To March 1, 2034
The 125th Share Acquisition Rights_01	March 1, 2024	March 1, 2024	0.01	704,700	From March 1, 2024 To March 1, 2064
The 126th Share Acquisition Rights_01	May 1, 2024	April 30, 2025	0.01	665,200	From May 1, 2025 To May 1, 2034
The 126th Share Acquisition Rights_02	May 1, 2024	April 30, 2026	0.01	2,874,600	From May 1, 2026 To May 1, 2034
The 126th Share Acquisition Rights_03	May 1, 2024	April 30, 2027	0.01	4,379,200	From May 1, 2027 To May 1, 2034
The 126th Share Acquisition Rights_04	May 1, 2024	April 30, 2028	0.01	5,206,700	From May 1, 2028 To May 1, 2034

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 127th Share Acquisition Rights_01	May 1, 2024	April 30, 2025	0.01	51,200	From May 1, 2025 To May 1, 2034
The 127th Share Acquisition Rights_02	May 1, 2024	April 30, 2026	0.01	161,600	From May 1, 2026 To May 1, 2034
The 127th Share Acquisition Rights_03	May 1, 2024	April 30, 2027	0.01	248,800	From May 1, 2027 To May 1, 2034
The 127th Share Acquisition Rights_04	May 1, 2024	April 30, 2028	0.01	292,600	From May 1, 2028 To May 1, 2034
The 128th Share Acquisition Rights_01	May 1, 2024	May 1, 2024	0.01	383,800	From May 1, 2024 To May 1, 2064
The 129th Share Acquisition Rights_01	August 1, 2024	July 31, 2025	0.01	162,500	From August 1, 2025 To August 1, 2034
The 129th Share Acquisition Rights_02	August 1, 2024	July 31, 2026	0.01	1,275,900	From August 1, 2026 To August 1, 2034
The 129th Share Acquisition Rights_03	August 1, 2024	July 31, 2027	0.01	1,394,300	From August 1, 2027 To August 1, 2034
The 129th Share Acquisition Rights_04	August 1, 2024	July 31, 2028	0.01	2,854,600	From August 1, 2028 To August 1, 2034
The 130th Share Acquisition Rights_01	August 1, 2024	July 31, 2025	0.01	400	From August 1, 2025 To August 1, 2034
The 130th Share Acquisition Rights_02	August 1, 2024	July 31, 2026	0.01	2,300	From August 1, 2026 To August 1, 2034
The 130th Share Acquisition Rights_03	August 1, 2024	July 31, 2027	0.01	3,400	From August 1, 2027 To August 1, 2034
The 130th Share Acquisition Rights_04	August 1, 2024	July 31, 2028	0.01	4,100	From August 1, 2028 To August 1, 2034
The 131st Share Acquisition Rights_01	November 1, 2024	October 31, 2025	0.01	56,100	From November 1, 2025 To November 1, 2034

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 131st Share Acquisition Rights_02	November 1, 2024	October 31, 2026	0.01	96,400	From November 1, 2026 To November 1, 2034
The 131st Share Acquisition Rights_03	November 1, 2024	October 31, 2027	0.01	150,800	From November 1, 2027 To November 1, 2034
The 131st Share Acquisition Rights_04	November 1, 2024	October 31, 2028	0.01	178,100	From November 1, 2028 To November 1, 2034
The 132nd Share Acquisition Rights_01	November 1, 2024	October 31, 2025	0.01	1,100	From November 1, 2025 To November 1, 2034
The 132nd Share Acquisition Rights_02	November 1, 2024	October 31, 2026	0.01	1,400	From November 1, 2026 To November 1, 2034
The 132nd Share Acquisition Rights_03	November 1, 2024	October 31, 2027	0.01	2,400	From November 1, 2027 To November 1, 2034
The 132nd Share Acquisition Rights_04	November 1, 2024	October 31, 2028	0.01	2,700	From November 1, 2028 To November 1, 2034
The 133rd Share Acquisition Rights_01	February 1, 2025	January 31, 2026	0.01	388,500	From February 1, 2026 To February 1, 2035
The 133rd Share Acquisition Rights_02	February 1, 2025	January 31, 2027	0.01	1,138,700	From February 1, 2027 To February 1, 2035
The 133rd Share Acquisition Rights_03	February 1, 2025	January 31, 2028	0.01	1,686,800	From February 1, 2028 To February 1, 2035
The 133rd Share Acquisition Rights_04	February 1, 2025	January 31, 2029	0.01	2,948,700	From February 1, 2029 To February 1, 2035
The 134th Share Acquisition Rights_01	February 1, 2025	January 31, 2026	0.01	4,600	From February 1, 2026 To February 1, 2035
The 134th Share Acquisition Rights_02	February 1, 2025	January 31, 2027	0.01	6,400	From February 1, 2027 To February 1, 2035
The 134th Share Acquisition Rights_03	February 1, 2025	January 31, 2028	0.01	9,800	From February 1, 2028 To February 1, 2035

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 134th Share Acquisition Rights_04	February 1, 2025	January 31, 2029	0.01	11,600	From February 1, 2029 To February 1, 2035
The 135th Share Acquisition Rights_01	March 1, 2025	February 28, 2026	0.01	91,500	From March 1, 2026 To March 1, 2035
The 135th Share Acquisition Rights_02	March 1, 2025	February 28, 2027	0.01	127,700	From March 1, 2027 To March 1, 2035
The 135th Share Acquisition Rights_03	March 1, 2025	February 29, 2028	0.01	191,800	From March 1, 2028 To March 1, 2035
The 135th Share Acquisition Rights_04	March 1, 2025	February 28, 2029	0.01	227,200	From March 1, 2029 To March 1, 2035
The 136th Share Acquisition Rights_01	March 1, 2025	February 28, 2026	0.01	19,400	From March 1, 2026 To March 1, 2035
The 136th Share Acquisition Rights_02	March 1, 2025	February 28, 2027	0.01	26,000	From March 1, 2027 To March 1, 2035
The 136th Share Acquisition Rights_03	March 1, 2025	February 29, 2028	0.01	39,000	From March 1, 2028 To March 1, 2035
The 136th Share Acquisition Rights_04	March 1, 2025	February 28, 2029	0.01	45,500	From March 1, 2029 To March 1, 2035
The 137th Share Acquisition Rights_01	March 1, 2025	March 1, 2025	0.01	613,900	From March 1, 2025 To March 1, 2065
The 138th Share Acquisition Rights_01	May 1, 2025	April 30, 2026	0.01	904,200	From May 1, 2026 To May 1, 2035
The 138th Share Acquisition Rights_02	May 1, 2025	April 30, 2027	0.01	1,322,700	From May 1, 2027 To May 1, 2035
The 138th Share Acquisition Rights_03	May 1, 2025	April 30, 2028	0.01	2,030,600	From May 1, 2028 To May 1, 2035
The 138th Share Acquisition Rights_04	May 1, 2025	April 30, 2029	0.01	2,506,600	From May 1, 2029 To May 1, 2035

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 139th Share Acquisition Rights_01	May 1, 2025	April 30, 2026	0.01	58,100	From May 1, 2026 To May 1, 2035
The 139th Share Acquisition Rights_02	May 1, 2025	April 30, 2027	0.01	86,000	From May 1, 2027 To May 1, 2035
The 139th Share Acquisition Rights_03	May 1, 2025	April 30, 2028	0.01	132,600	From May 1, 2028 To May 1, 2035
The 139th Share Acquisition Rights_04	May 1, 2025	April 30, 2029	0.01	159,700	From May 1, 2029 To May 1, 2035
The 140th Share Acquisition Rights_01	May 1, 2025	May 1, 2025	0.01	294,300	From May 1, 2025 To May 1, 2065
The 141st Share Acquisition Rights_01	August 1, 2025	July 31, 2026	0.01	317,900	From August 1, 2026 To August 1, 2035
The 141st Share Acquisition Rights_02	August 1, 2025	July 31, 2027	0.01	1,534,100	From August 1, 2027 To August 1, 2035
The 141st Share Acquisition Rights_03	August 1, 2025	July 31, 2028	0.01	1,538,400	From August 1, 2028 To August 1, 2035
The 141st Share Acquisition Rights_04	August 1, 2025	July 31, 2029	0.01	3,374,600	From August 1, 2029 To August 1, 2035
The 142nd Share Acquisition Rights_01	August 1, 2025	July 31, 2026	0.01	4,900	From August 1, 2026 To August 1, 2035
The 142nd Share Acquisition Rights_02	August 1, 2025	July 31, 2027	0.01	7,100	From August 1, 2027 To August 1, 2035
The 142nd Share Acquisition Rights_03	August 1, 2025	July 31, 2028	0.01	11,300	From August 1, 2028 To August 1, 2035
The 142nd Share Acquisition Rights_04	August 1, 2025	July 31, 2029	0.01	13,400	From August 1, 2029 To August 1, 2035
The 143rd Share Acquisition Rights_01	November 1, 2025	October 31, 2026	0.01	366,600	From November 1, 2026 To November 1, 2035

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
The 143rd Share Acquisition Rights_02	November 1, 2025	October 31, 2027	0.01	496,400	From November 1, 2027 To November 1, 2035
The 143rd Share Acquisition Rights_03	November 1, 2025	October 31, 2028	0.01	752,000	From November 1, 2028 To November 1, 2035
The 143rd Share Acquisition Rights_04	November 1, 2025	October 31, 2029	0.01	885,200	From November 1, 2029 To November 1, 2035
The 144th Share Acquisition Rights_01	November 1, 2025	October 31, 2026	0.01	3,200	From November 1, 2026 To November 1, 2035
The 144th Share Acquisition Rights_02	November 1, 2025	October 31, 2027	0.01	4,500	From November 1, 2027 To November 1, 2035
The 144th Share Acquisition Rights_03	November 1, 2025	October 31, 2028	0.01	7,500	From November 1, 2028 To November 1, 2035
The 144th Share Acquisition Rights_04	November 1, 2025	October 31, 2029	0.01	8,800	From November 1, 2029 To November 1, 2035

(Note)
The balance of outstanding options has been converted into the number of shares.

Details of the share options granted by Rakuten Bank, Ltd. are as follows:

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
Share options for February 2024 (i)	February 29, 2024	February 27, 2025	0.01	4,200	From February 28, 2025 To February 28, 2034
Share options for February 2024 (ii)	February 29, 2024	February 27, 2026	0.01	48,500	From March 2, 2026 To February 28, 2034
Share options for February 2024 (iii)	February 29, 2024	February 27, 2027	0.01	47,900	From March 1, 2027 To February 28, 2034
Share options for February 2024 (iv)	February 29, 2024	February 28, 2028	0.01	108,400	From February 29, 2028 To February 28, 2034
Share options for June 2024 (i)	June 26, 2024	June 25, 2026	0.01	600	From June 26, 2026 To June 26, 2034
Share options for June 2024 (ii)	June 26, 2024	June 25, 2027	0.01	100	From June 28, 2027 To June 26, 2034
Share options for June 2024 (iii)	June 26, 2024	June 25, 2028	0.01	1,300	From June 26, 2028 To June 26, 2034
Share options for June 2024 (iv)	June 26, 2024	June 26, 2024	0.01	19,300	From June 26, 2024 To June 26, 2064
Share options for July 2024	July 22, 2024	July 22, 2024	0.01	—	From July 22, 2024 To July 22, 2064
Share options for August 2024 (i)	August 29, 2024	August 28, 2026	0.01	700	From August 31, 2026 To August 29, 2034
Share options for August 2024 (ii)	August 29, 2024	August 28, 2027	0.01	5,500	From August 30, 2027 To August 29, 2034
Share options for August 2024 (iii)	August 29, 2024	August 28, 2028	0.01	45,500	From August 29, 2028 To August 29, 2034
Share options for February 2025 (i)	February 26, 2025	February 25, 2027	0.01	100	From February 26, 2027 To February 26, 2035

Name	Grant date	Vesting date	Exercise price (Yen)	Balance of outstanding options (Note)	Exercise period
Share options for February 2025 (ii)	February 26, 2025	February 25, 2028	0.01	900	From February 28, 2028 To February 26, 2035
Share options for February 2025 (iii)	February 26, 2025	February 25, 2029	0.01	34,500	From February 26, 2029 To February 26, 2035
Share options for June 2025 (i)	June 24, 2025	June 23, 2028	0.01	300	From June 26, 2028 To June 22, 2035
Share options for June 2025 (ii)	June 24, 2025	June 23, 2029	0.01	800	From June 25, 2029 To June 22, 2035
Share options for June 2025 (iii)	June 24, 2025	June 24, 2025	0.01	12,400	From June 24, 2025 To June 24, 2065
Share options for August 2025 (i)	August 28, 2025	August 27, 2028	0.01	100	From August 28, 2028 To August 28, 2035
Share options for August 2025 (ii)	August 28, 2025	August 27, 2029	0.01	21,500	From August 28, 2029 To August 28, 2035

(Note)
The balance of outstanding options has been converted into the number of shares.

The number of options and the weighted average exercise price related to share options granted by the Company are as follows:

	Year ended December 31, 2024		Year ended December 31, 2025	
	Number of options (Note)	Weighted average exercise price (Yen)	Number of options (Note)	Weighted average exercise price (Yen)
Balance at the beginning of the year	71,248,500	0.01	87,934,000	0.01
Granted	36,919,000	0.01	26,559,200	0.01
Forfeited	7,870,200	0.01	10,059,300	0.01
Exercised	12,343,300	0.01	15,488,500	0.01
Expired	20,000	0.01	27,400	0.01
Outstanding balance at the end of the year	87,934,000	0.01	88,918,000	0.01
Exercisable amount at the end of the year	16,487,600	0.01	19,015,300	0.01
Weighted average remaining contract years	9.88 years		9.74 years	

(Note)
The number of options has been converted into the number of shares.

The weighted average share prices of the Company as of the exercise date were ¥842 and ¥903 for the years ended December 31, 2024 and 2025, respectively.

The number of options and the weighted average exercise price related to share options granted by Rakuten Bank, Ltd. are as follows:

	Year ended December 31, 2024		Year ended December 31, 2025	
	Number of options (Note)	Weighted average exercise price (Yen)	Number of options (Note)	Weighted average exercise price (Yen)
Balance at the beginning of the year	—	—	321,100	0.01
Granted	345,300	0.01	73,400	0.01
Forfeited	24,200	0.01	25,500	0.01
Exercised	—	—	16,400	0.01
Expired	—	—	—	—
Outstanding balance at the end of the year	321,100	0.01	352,600	0.01
Exercisable amount at the end of the year	34,000	0.01	35,900	0.01
Weighted average remaining contract years	12.47 years		11.20 years	

(Note)
The number of options has been converted into the number of shares.

The weighted average share price of Rakuten Bank, Ltd. as of the exercise date was ¥6,683 for the fiscal year ended December 31, 2025.

The expiration dates and the exercise prices of the outstanding options related to share options granted by the Company are as follows:

	Year ended December 31, 2024		Year ended December 31, 2025	
	Exercise price (Yen)	Number of options (Note)	Exercise price (Yen)	Number of options (Note)
2025	0.01	74,300	—	—
2026	0.01	371,300	0.01	230,100
2027	0.01	609,100	0.01	450,300
2028	0.01	1,221,300	0.01	858,000
2029	0.01	1,561,200	0.01	1,123,100
2030	0.01	2,759,500	0.01	1,870,800
2031	0.01	6,544,800	0.01	2,862,300
2032	0.01	16,121,100	0.01	10,173,200
2033	0.01	20,403,900	0.01	15,486,000
2034	0.01	33,052,500	0.01	26,743,400
2035	—	—	0.01	23,489,600
2059	0.01	707,100	0.01	614,500
2060	0.01	749,400	0.01	667,900
2061	0.01	671,500	0.01	600,400
2062	0.01	681,500	0.01	616,000
2063	0.01	1,259,200	0.01	1,135,700
2064	0.01	1,146,300	0.01	1,088,500
2065	—	—	0.01	908,200
Balance at end of the period	—	87,934,000	—	88,918,000

(Note)
The number of options has been converted into the number of shares.

The expiration dates and the exercise prices of the outstanding options related to share options granted by Rakuten Bank, Ltd. are as follows:

	Year ended December 31, 2024		Year ended December 31, 2025	
	Exercise price (Yen)	Number of options (Note)	Exercise price (Yen)	Number of options (Note)
2034	0.01	287,100	0.01	262,700
2035	—	—	0.01	58,200
2064	0.01	34,000	0.01	19,300
2065	—	—	0.01	12,400
Balance at end of the period	—	321,100	—	352,600

(Note)
The number of options has been converted into the number of shares.

The Company and Rakuten Bank, Ltd. granted equity-settled share options to executives and employees of the company, its subsidiaries, and associates during the year ended December 31, 2025. The fair value of the options granted has been calculated using the Black-Scholes model adjusted for dividends. The fair value and assumptions used in the calculation are as follows.

Expected volatility for both the Company and Rakuten Bank, Ltd. has been calculated as an annual rate based on the historical period of share prices corresponding to the expected remaining period and weekly data (weekly closing price versus volatility of the previous week), assuming 52 weeks in a year. For Rakuten Bank, Ltd., the expected volatility for some share options is calculated based on the stock price performance of comparable listed companies.

(The Company)

	Year ended December 31, 2025		
	2025 133rd Share Acquisition Rights_01	2025 133rd Share Acquisition Rights_02	2025 133rd Share Acquisition Rights_03
Weighted average share prices (Yen)	983	983	983
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	46.29	39.74	37.14
Remaining term (Years)	1.00	2.00	3.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.55	0.72	0.76
Fair value per share (Yen)	983	983	983

	Year ended December 31, 2025		
	2025 133rd Share Acquisition Rights_04	2025 134th Share Acquisition Rights_01	2025 134th Share Acquisition Rights_02
Weighted average share prices (Yen)	983	983	983
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	38.30	46.29	39.74
Remaining term (Years)	4.01	1.00	2.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.84	0.55	0.72
Fair value per share (Yen)	983	983	983

	Year ended December 31, 2025		
	2025 134th Share Acquisition Rights_03	2025 134th Share Acquisition Rights_04	2025 135th Share Acquisition Rights_01
Weighted average share prices (Yen)	983	983	921
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	37.14	38.30	40.45
Remaining term (Years)	3.00	4.01	1.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.76	0.84	0.61
Fair value per share (Yen)	983	983	921

	Year ended December 31, 2025		
	2025 135th Share Acquisition Rights_02	2025 135th Share Acquisition Rights_03	2025 135th Share Acquisition Rights_04
Weighted average share prices (Yen)	921	921	921
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	40.12	37.34	37.99
Remaining term (Years)	2.00	3.01	4.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.81	0.87	0.95
Fair value per share (Yen)	921	921	921

	Year ended December 31, 2025		
	2025 136th Share Acquisition Rights_01	2025 136th Share Acquisition Rights_02	2025 136th Share Acquisition Rights_03
Weighted average share prices (Yen)	921	921	921
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	40.45	40.12	37.34
Remaining term (Years)	1.00	2.00	3.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.61	0.81	0.87
Fair value per share (Yen)	921	921	921

	Year ended December 31, 2025		
	2025 136th Share Acquisition Rights_04	2025 137th Share Acquisition Rights_01	2025 138th Share Acquisition Rights_01
Weighted average share prices (Yen)	921	921	831
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	37.99	39.32	36.28
Remaining term (Years)	4.01	6.30	1.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.95	1.07	0.50
Fair value per share (Yen)	921	921	831

	Year ended December 31, 2025		
	2025 138th Share Acquisition Rights_02	2025 138th Share Acquisition Rights_03	2025 138th Share Acquisition Rights_04
Weighted average share prices (Yen)	831	831	831
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	40.45	37.55	36.59
Remaining term (Years)	2.00	3.01	4.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.62	0.67	0.75
Fair value per share (Yen)	831	831	831

	Year ended December 31, 2025		
	2025 139th Share Acquisition Rights_01	2025 139th Share Acquisition Rights_02	2025 139th Share Acquisition Rights_03
Weighted average share prices (Yen)	831	831	831
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	36.28	40.45	37.55
Remaining term (Years)	1.00	2.00	3.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.50	0.62	0.67
Fair value per share (Yen)	831	831	831

	Year ended December 31, 2025		
	2025 139th Share Acquisition Rights_04	2025 140th Share Acquisition Rights_01	2025 141st Share Acquisition Rights_01
Weighted average share prices (Yen)	831	831	787
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	36.59	39.03	36.28
Remaining term (Years)	4.01	6.70	1.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.75	0.93	0.65
Fair value per share (Yen)	831	831	787

	Year ended December 31, 2025		
	2025 141st Share Acquisition Rights_02	2025 141st Share Acquisition Rights_03	2025 141st Share Acquisition Rights_04
Weighted average share prices (Yen)	787	787	787
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	38.79	36.50	37.07
Remaining term (Years)	2.00	3.01	4.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.81	0.89	1.00
Fair value per share (Yen)	787	787	787

	Year ended December 31, 2025		
	2025 142nd Share Acquisition Rights_01	2025 142nd Share Acquisition Rights_02	2025 142nd Share Acquisition Rights_03
Weighted average share prices (Yen)	787	787	787
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	36.28	38.79	36.50
Remaining term (Years)	1.00	2.00	3.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.65	0.81	0.89
Fair value per share (Yen)	787	787	787

	Year ended December 31, 2025		
	2025 142nd Share Acquisition Rights_04	2025 143rd Share Acquisition Rights_01	2025 143rd Share Acquisition Rights_02
Weighted average share prices (Yen)	787	1,010	1,010
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	37.07	32.72	39.01
Remaining term (Years)	4.01	1.00	2.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	1.00	0.73	0.93
Fair value per share (Yen)	787	1,009	1,009

	Year ended December 31, 2025		
	2025 143rd Share Acquisition Rights_03	2025 143rd Share Acquisition Rights_04	2025 144th Share Acquisition Rights_01
Weighted average share prices (Yen)	1,010	1,010	1,010
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	36.57	35.87	32.72
Remaining term (Years)	3.01	4.01	1.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	1.01	1.14	0.73
Fair value per share (Yen)	1,009	1,009	1,009

	Year ended December 31, 2025		
	2025 144th Share Acquisition Rights_02	2025 144th Share Acquisition Rights_03	2025 144th Share Acquisition Rights_04
Weighted average share prices (Yen)	1,010	1,010	1,010
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	39.01	36.57	35.87
Remaining term (Years)	2.00	3.01	4.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.93	1.01	1.14
Fair value per share (Yen)	1,009	1,009	1,009

(Rakuten Bank, Ltd.)

	Year ended December 31, 2025		
	Share options for February 2025 (i)	Share options for February 2025 (ii)	Share options for February 2025 (iii)
Weighted average share prices (Yen)	5,731	5,731	5,731
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	42.17	26.57	25.24
Remaining term (Years)	2.00	3.00	4.01
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.80	0.86	0.95
Fair value per share (Yen)	5,731	5,731	5,731

	Year ended December 31, 2025		
	Share options for June 2025 (i)	Share options for June 2025 (ii)	Share options for June 2025 (iii)
Weighted average share prices (Yen)	6,851	6,851	6,851
Exercise price (Yen)	0.01	0.01	0.01
Expected volatility (%)	47.69	47.69	47.69
Remaining term (Years)	3.01	4.01	5.00
Expected dividend (Yen)	—	—	—
Risk-free rate (%)	0.80	0.90	0.98
Fair value per share (Yen)	6,851	6,851	6,851

	Year ended December 31, 2025	
	Share options for August 2025 (i)	Share options for August 2025 (ii)
Weighted average share prices (Yen)	8,426	8,426
Exercise price (Yen)	0.01	0.01
Expected volatility (%)	47.65	47.65
Remaining term (Years)	3.01	4.01
Expected dividend (Yen)	—	—
Risk-free rate (%)	0.96	1.08
Fair value per share (Yen)	8,426	8,426

46. Classification of Financial Instruments

The Rakuten Group's financial instruments are classified as follows:

As of December 31, 2024

(Financial Assets)

(Millions of Yen)

	Financial assets measured at fair value			Financial assets measured at amortized cost	Total
	Financial assets measured at FVTPL	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI		
Cash and cash equivalents	—	—	—	6,170,888	6,170,888
Accounts receivable - trade	—	—	—	421,649	421,649
Financial assets for securities business	1,333	—	—	5,210,656	5,211,989
Loans for credit card business	—	—	—	3,497,107	3,497,107
Investment securities for banking business	18,066	766,725	1	1,145,658	1,930,450
Loans for banking business	—	—	—	4,630,790	4,630,790
Investment securities for insurance business	3,640	86,611	124,782	—	215,033
Derivative assets (Note 1)	248,351	—	—	—	248,351
Investment securities	167,672	—	113,682	7,619	288,973
Other financial assets (Note 2)	277	—	18	995,356	995,651
Total	439,339	853,336	238,483	22,079,723	23,610,881

(Notes)

1. Derivative assets of ¥38,317 million represent derivatives as hedging instruments, and fluctuations in their fair value are recognized through other comprehensive income. For details, please refer to Note 12. Derivative Assets and Derivative Liabilities, Hedge Accounting.
2. Insurance contract assets of ¥18,677 million and reinsurance contract assets of ¥21,219 million are excluded.

(Financial Liabilities)

(Millions of Yen)

	Financial liabilities measured at fair value		Financial liabilities measured at amortized cost	Total
	Financial liabilities subject to mandatory measurement at fair value	Financial liabilities designated as being measured at FVTPL		
Accounts payable - trade	—	—	519,149	519,149
Deposits for banking business	—	—	11,311,973	11,311,973
Financial liabilities for securities business	—	—	5,512,292	5,512,292
Derivative liabilities (Note 1)	54,968	—	—	54,968
Bonds and borrowings	—	—	2,052,809	2,052,809
Borrowings for securities business	—	—	115,000	115,000
Bonds and borrowings for credit card business	—	—	587,893	587,893
Borrowings for banking business	—	—	2,706,011	2,706,011
Other financial liabilities (Note 2)	—	—	1,603,634	1,603,634
Total	54,968	—	24,408,761	24,463,729

(Notes)

1. Derivative liabilities of ¥20,618 million represent derivatives as hedging instruments, and fluctuations in their fair value are recognized through other comprehensive income. For details, please refer to Note 12. Derivative Assets and Derivative Liabilities, Hedge Accounting.
2. Reinsurance contract liabilities of ¥6,950 million are excluded.

As of December 31, 2025
(Financial Assets)

(Millions of Yen)

	Financial assets measured at fair value			Financial assets measured at amortized cost	Total
	Financial assets measured at FVTPL	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI		
Cash and cash equivalents	—	—	—	5,837,566	5,837,566
Accounts receivable - trade	—	—	—	443,557	443,557
Financial assets for securities business	1,583	—	—	6,033,593	6,035,176
Loans for credit card business	—	—	—	3,662,676	3,662,676
Investment securities for banking business	23,313	1,036,293	1	1,507,721	2,567,328
Loans for banking business	—	—	—	5,440,459	5,440,459
Investment securities for insurance business	4,302	90,194	105,249	3,000	202,745
Derivative assets (Note 1)	276,706	—	—	—	276,706
Investment securities	118,292	—	364,994	7,859	491,145
Other financial assets (Note 2)	336	—	805	1,078,399	1,079,540
Total	424,532	1,126,487	471,049	24,014,830	26,036,898

(Notes)
1. Derivative assets of ¥51,432 million represent derivatives as hedging instruments, and fluctuations in their fair value are recognized through other comprehensive income. For details, please refer to Note 12. Derivative Assets and Derivative Liabilities, Hedge Accounting.
2. Insurance contract assets of ¥16,055 million and reinsurance contract assets of ¥19,939 million are excluded.

(Financial Liabilities)

(Millions of Yen)

	Financial liabilities measured at fair value		Financial liabilities measured at amortized cost	Total
	Financial liabilities subject to mandatory measurement at fair value	Financial liabilities designated as being measured at FVTPL		
Accounts payable - trade	—	—	553,582	553,582
Deposits for banking business	—	—	12,741,293	12,741,293
Financial liabilities for securities business	—	—	6,028,009	6,028,009
Derivative liabilities (Note 1)	77,087	—	—	77,087
Bonds and borrowings	—	—	1,598,052	1,598,052
Borrowings for securities business	—	—	269,228	269,228
Bonds and borrowings for credit card business	—	—	810,559	810,559
Borrowings for banking business	—	—	2,891,783	2,891,783
Other financial liabilities (Note 2)	—	—	1,545,634	1,545,634
Total	77,087	—	26,438,140	26,515,227

(Notes)
1. Derivative liabilities of ¥26,542 million represent derivatives as hedging instruments, and fluctuations in their fair value are recognized through other comprehensive income. For details, please refer to Note 12. Derivative Assets and Derivative Liabilities, Hedge Accounting.
2. Reinsurance contract liabilities of ¥5,941 million are excluded.

Equity Instruments Measured at FVTOCI

Of the shares held by the Rakuten Group, those held over the long term for the purpose of strengthening business relationships or in anticipation of synergistic effects, etc. in business operations are designated as equity instruments measured at FVTOCI given this purpose of holding.

Equity instruments measured at FVTOCI mainly comprise listed stocks and exchange-traded real estate investment trusts, with a fair value of ¥117,618 million and ¥73,806 million for the fiscal year ended December 31, 2024, with a fair value of ¥367,123 million and ¥59,469 million for the fiscal year ended December 31, 2025.

In addition, some stocks were sold as part of the operational strategy decisions for insurance business. The fair value of such investments at the time of sales was ¥65,861 million, and cumulative fair value losses within other comprehensive income at the time of sale were ¥492 million for the fiscal year ended December 31, 2024. The fair value of such investments at the time of sales was ¥48,684 million, and cumulative fair value gains within other comprehensive income at the time of sale were ¥3,313 million for the fiscal year ended December 31, 2025.

Additionally, for the fiscal year ended December 31, 2024, dividend income recognized from equity instruments measured at FVTOCI was ¥6,785 million, of which, the amount relating to stocks held as of December 31, 2024 was ¥5,650 million. Furthermore, for the fiscal year ended December 31, 2025, dividend income recognized from equity instruments measured at FVTOCI was ¥5,717 million, of which, the amount relating to stocks held as of December 31, 2025 was ¥5,255 million.

For the fiscal year ended December 31, 2024, the Rakuten Group reclassified ¥871 million of cumulative losses in equity, related to equity instruments measured at FVTOCI, to retained earnings on the sale of such instruments. For the fiscal year ended December 31, 2025, the Rakuten Group reclassified ¥5,221 million of cumulative losses in equity, related to equity instruments measured at FVTOCI, to retained earnings on the sale of such instruments.

47. Gains and Losses on Financial Instruments

The analysis of the gains and losses on financial instruments held by the Group Companies is as follows:

For the fiscal year ended December 31, 2024

(1) Breakdown of Net Gains and Losses on Financial Assets by Type of Financial Instruments

(Millions of Yen)

	Financial assets measured at fair value			Financial assets measured at amortized cost	Total
	Financial assets measured at FVTPL	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI		
Revenue	31,667	(55)	6,778	―	38,390
Operating expenses	―	4	―	33,186	33,190
Other income	2,634	―	―	1	2,635
Other expenses	589	―	―	―	589
Financial income	64,402	―	7	4,085	68,494
Financial expenses	40	―	―	―	40
Amount recognized in other comprehensive income during the year	(17,531)	(7,001)	(4,159)	―	(28,691)
Amount of reclassification adjustment at the time of derecognition	20,710	(782)	―	―	19,928

There are no net gains or losses on financial assets designated as being measured at fair value.

Net gains on financial assets measured at FVTPL include interest income, dividend income, commissions received, and valuation gains on investment securities relating to such assets. Please refer to (3) and (4) for interest income and commission revenue from financial assets measured at FVTOCI and financial assets measured at amortized cost, respectively.

(2) Breakdown of Net Gains and Losses on Financial Liabilities by Type of Financial Instruments

(Millions of Yen)

	Financial liabilities measured at fair value		Financial liabilities measured at amortized cost	Total
	Financial liabilities subject to mandatory measurement at fair value	Financial liabilities designated as being measured at fair value		
Other expenses	168	―	―	168
Financial income	10,176	―	726	10,902
Financial expenses	―	―	20,964	20,964

Net gains on financial liabilities subject to mandatory measurement at fair value include gain on derivatives. Please refer to (3) and (4) for interest expenses and commission fee expenses from financial liabilities measured at amortized cost, respectively.

(3) Breakdown of Total Interest Income and Interest Expenses (Calculated Using the Effective Interest Method) from Financial Instruments by Type of Financial Instruments

(Millions of Yen)

	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost
Revenue	7,936	284,982	—
Operating expenses	—	—	25,090
Financial income	—	2,885	—
Financial expenses	—	—	84,782
Total	7,936	287,867	109,872

(4) Breakdown of Commission Revenue and Commission Fee Expenses from Financial Instruments by Type of Financial Instruments

(Millions of Yen)

	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Trust and other trustee operations
Revenue	—	—	—	—	429
Financial expenses	—	—	—	4,162	—

(5) Analysis of Gains and Losses on Derecognition of Financial Assets Measured at Amortized Cost and Reason for Derecognition

(Millions of Yen)

	Gains on derecognition of financial assets measured at amortized cost	Losses on derecognition of financial assets measured at amortized cost
Others	1	—

For the fiscal year ended December 31, 2025

(1) Breakdown of Net Gains and Losses on Financial Assets by Type of Financial Instruments

(Millions of Yen)

	Financial assets measured at fair value			Financial assets measured at amortized cost	Total
	Financial assets measured at FVTPL	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI		
Revenue	36,451	7	5,710	—	42,168
Operating expenses	—	2,325	—	45,092	47,417
Other income	96	—	—	—	96
Other expenses	10,482	—	—	—	10,482
Financial income	54,347	—	7	3	54,357
Financial expenses	70	—	—	—	70
Amount recognized in other comprehensive income during the year	3,224	(15,405)	248,153	—	235,972
Amount of reclassification adjustment at the time of derecognition	12,391	916	—	—	13,307

There are no net gains or losses on financial assets designated as being measured at fair value.

Net gains on financial assets measured at FVTPL include interest income, dividend income, commissions received, and valuation gains on investment securities relating to such assets. Please refer to (3) and (4) for interest income and commission revenue from financial assets measured at FVTOCI and financial assets measured at amortized cost, respectively.

(2) Breakdown of Net Gains and Losses on Financial Liabilities by Type of Financial Instruments

(Millions of Yen)

	Financial liabilities measured at fair value		Financial liabilities measured at amortized cost	Total
	Financial liabilities subject to mandatory measurement at fair value	Financial liabilities designated as being measured at fair value		
Other expenses	—	—	—	—
Financial income	767	—	4,013	4,780
Financial expenses	7,127	—	251	7,378

Net gains on financial liabilities subject to mandatory measurement at fair value include gain on derivatives. Please refer to (3) and (4) for interest expenses and commission fee expenses from financial liabilities measured at amortized cost, respectively.

(3) Breakdown of Total Interest Income and Interest Expenses (Calculated Using the Effective Interest Method) from Financial Instruments by Type of Financial Instruments

(Millions of Yen)

	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost
Revenue	8,719	360,148	—
Operating expenses	—	—	53,082
Financial income	—	4,221	—
Financial expenses	—	—	86,680
Total	8,719	364,369	139,762

(4) Breakdown of Commission Revenue and Commission Fee Expenses from Financial Instruments by Type of Financial Instruments

(Millions of Yen)

	Debt instruments measured at FVTOCI	Equity instruments measured at FVTOCI	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Trust and other trustee operations
Revenue	—	—	—	—	451
Financial expenses	—	—	—	5,276	—

(5) Analysis of Gains and Losses on Derecognition of Financial Assets Measured at Amortized Cost and Reason for Derecognition

(Millions of Yen)

	Gains on derecognition of financial assets measured at amortized cost	Losses on derecognition of financial assets measured at amortized cost
Others	—	—

48. Fair Value of Financial Instruments

(1) Carrying Amount and Fair Value of Financial Instruments

The following table provides a comparison between carrying amounts and fair values of the financial instruments held by the Rakuten Group.

Cash and cash equivalents, accounts receivable - trade, financial assets for securities business, other financial assets, accounts payable - trade, financial liabilities for securities business, and borrowings for securities business have not been included in the following table.

They are mainly subject to short-term settlement and consist of financial assets or financial liabilities whose fair values approximate their carrying amounts, or financial assets or financial liabilities whose fair values are calculated by discounting future cash flows using the discount rate, considering the period to maturity and credit risk, which approximate their carrying amounts.

In addition, derivative assets and derivative liabilities, and investment securities for insurance business consist of financial assets or financial liabilities routinely measured at fair value. Accordingly, they have not been included in the table below.

(Millions of Yen)

	As of December 31, 2024		
	Carrying amount	Fair value	Difference
Financial assets:			
Loans for credit card business	3,497,107	3,549,920	52,813
Investment securities for banking business	1,930,450	1,905,006	(25,444)
Loans for banking business	4,630,790	4,626,128	(4,662)
Investment securities	288,973	288,931	(42)
Total	10,347,320	10,369,985	22,665
Financial liabilities:			
Deposits for banking business	11,311,973	11,311,965	(8)
Bonds and borrowings	2,052,809	2,080,812	28,003
Bonds and borrowings for credit card business	587,893	587,152	(741)
Borrowings for banking business	2,706,011	2,706,099	88
Other financial liabilities (Note)	1,250,778	1,248,896	(1,882)
Total	17,909,464	17,934,924	25,460

(Note)

Lease liabilities of ¥352,856 million and reinsurance contract liabilities of ¥6,950 million are excluded. In addition, guarantee deposits received for the prepaid variable share forward transactions of Lyft, Inc. shares of ¥60,901 million and ¥59,176 million are included in carrying amount and fair value, respectively. For details of the prepaid variable share forward transactions of Lyft, Inc. shares, please refer to Note 29. Other Financial Liabilities.

(Millions of Yen)

	As of December 31, 2025		
	Carrying amount	Fair value	Difference
Financial assets:			
Loans for credit card business	3,662,676	3,708,885	46,209
Investment securities for banking business	2,567,328	2,507,781	(59,547)
Loans for banking business	5,440,459	5,439,749	(710)
Investment securities	491,145	490,442	(703)
Total	12,161,608	12,146,857	(14,751)
Financial liabilities:			
Deposits for banking business	12,741,293	12,741,471	178
Bonds and borrowings	1,598,052	1,619,296	21,244
Bonds and borrowings for credit card business	810,559	809,165	(1,394)
Borrowings for banking business	2,891,783	2,892,409	626
Other financial liabilities (Note)	1,184,191	1,184,132	(59)
Total	19,225,878	19,246,473	20,595

(Note)
Lease liabilities of ¥361,443 million and reinsurance contract liabilities of ¥5,941 million are excluded. In addition, the company early terminated the prepaid variable share forward transactions of shares of Lyft, Inc., using all of the Lyft, Inc. shares held by the Company as a source of repayment. For details of the prepaid variable share forward transactions of Lyft, Inc. shares, please refer to Note 29. Other Financial Liabilities.

The measurement method of fair values is as follows:

- Loans for credit card business and loans for banking business

The fair value of loans for credit card business and loans for banking business is based on present value calculated by discounting each portion of future cash flows classified by period, for the corresponding remaining maturity using the applicable interest rate considering credit risk.

- Investment securities for banking business, investment securities for insurance business and investment securities

Of investment securities for banking business, investment securities for insurance business and investment securities, fair value of listed shares is measured using the year-end closing market price, while fair value of unlisted shares is measured using an appropriate valuation technique, mainly by comparison with actual similar transactions. The fair value of bonds is based on reasonable valuation methods using available information, including trading statistics and brokers' quotes.

- Deposits for banking business

For demand deposits of the deposits for banking business, amounts payable on request at the year-end closing date (carrying amount) are considered to represent fair value. Fair value of time deposits is based on present value calculated by discounting each portion of future cash flows classified by period, for the corresponding remaining maturity, using the applicable interest rate considering credit risk. For time deposits with short remaining maturities (one year or less), the carrying amount is deemed as fair value as such fair value approximates the carrying amount.

- Bonds and borrowings, bonds and borrowings for credit card business and borrowings for banking business

Within bonds and borrowings, bonds and borrowings for credit card business and borrowings for banking business, fair values of those with longer remaining maturities are based on present value calculated by discounting each portion of future cash flows classified by period, for the corresponding remaining maturity, using the applicable interest rate considering credit risk.

- Other financial liabilities

The fair value of other financial liabilities is based on present value calculated by discounting each portion of future cash flows classified by period, for the corresponding remaining maturity using the applicable interest rate considering credit risk.

- Derivative assets and derivative liabilities

Within derivative assets and derivative liabilities, fair value of forward exchange contracts is measured based on forward exchange rates. Trading derivatives for over-the-counter transactions are measured based on quotations provided by brokers. Fair value of interest rate swaps is based on present value calculated by discounting future cash flows for the remaining maturity using the rate of the interest rate swap at the end of year. Since counterparties of interest rate swap contracts are limited to financial institutions with superior credit ratings, consideration of credit risk is not incorporated in the calculation of fair value as it is determined to be minimal.

(2) Fair Value Hierarchy

The following table shows fair value measurement classified into one of three levels from Level 1 to Level 3 based on the fair value hierarchy.

[Definition of Each Level of Hierarchy]

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value calculated by using inputs that are directly or indirectly observable for assets or liabilities, other than quoted prices included within Level 1

Level 3: Fair value calculated by using the valuation technique including inputs that are unobservable

The Rakuten Group recognizes transfers between each level in hierarchy at the end of the fiscal year in which the events causing the transfers occur.

Classification by level of assets and liabilities based on fair value in the Consolidated Statement of Financial Position
As of December 31, 2024

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets for securities business	154	1,179	—	1,333
Investment securities for banking business	129,744	96,386	558,662	784,792
Investment securities for insurance business	81,850	94,274	38,909	215,033
Derivative assets	—	243,989	4,362	248,351
Investment securities	132,318	55,296	93,740	281,354
Other financial assets	—	—	295	295
Derivative liabilities	—	54,968	—	54,968

(Note)
There were no significant transfers between Level 1 and Level 2 during the year ended December 31, 2024.

As of December 31, 2025

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Financial assets for securities business	126	1,457	—	1,583
Investment securities for banking business	124,302	107,788	827,517	1,059,607
Investment securities for insurance business	98,003	89,075	12,667	199,745
Derivative assets	—	276,706	—	276,706
Investment securities	363,288	46,800	73,198	483,286
Other financial assets	—	—	1,141	1,141
Derivative liabilities	—	77,087	—	77,087

(Note)
There were no significant transfers between Level 1 and Level 2 during the year ended December 31, 2025.

Classification by level of assets and liabilities not based on fair value in the Consolidated Statement of Financial Position

As of December 31, 2024

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Loans for credit card business	—	—	3,549,920	3,549,920
Investment securities for banking business	1,116,985	3,229	—	1,120,214
Loans for banking business	—	—	4,626,128	4,626,128
Investment securities	6,769	2	806	7,577
Deposits for banking business	—	11,311,965	—	11,311,965
Bonds and borrowings	—	2,080,812	—	2,080,812
Bonds and borrowings for credit card business	—	587,152	—	587,152
Borrowings for banking business	—	2,706,099	—	2,706,099
Other financial liabilities	—	1,248,896	—	1,248,896

As of December 31, 2025

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Loans for credit card business	—	—	3,708,885	3,708,885
Investment securities for banking business	1,444,787	3,387	—	1,448,174
Loans for banking business	—	—	5,439,749	5,439,749
Investment securities	6,148	2	1,006	7,156
Deposits for banking business	—	12,741,471	—	12,741,471
Bonds and borrowings	—	1,619,296	—	1,619,296
Bonds and borrowings for credit card business	—	809,165	—	809,165
Borrowings for banking business	—	2,892,409	—	2,892,409
Other financial liabilities	—	1,184,132	—	1,184,132

(3) Reconciliation of Level 3 of the Hierarchy

The following reconciliation table indicates changes in the balances, from the beginning to the end of each year, of the financial instruments classified as Level 3, with one or more significant inputs not supported by observable market data.

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

(Millions of Yen)

	Investment securities for banking business	Investment securities for insurance business	Derivative assets	Investment securities	Other financial assets	Total
January 1, 2024	310,689	36,666	1,783	84,299	418	433,855
Gains or losses						
Net income (loss) (Note 1)	0	(52)	2,579	(371)	17	2,173
Other comprehensive income (Note 2)	617	392	—	106	—	1,115
Acquisition	1,051,099	300	—	1,503	220	1,053,122
Disposal	—	(878)	—	(335)	—	(1,213)
Settlement	—	—	—	—	—	—
Redemption	(817,344)	(125)	—	—	—	(817,469)
Others	13,601	2,606	—	8,538	(360)	24,385
Transfer to Level 3 (Note 3)	—	—	—	0	—	0
Transfer from Level 3	—	—	—	—	—	—
December 31, 2024	558,662	38,909	4,362	93,740	295	695,968

Total gains or losses recognized in net income (loss) on financial instruments held as of December 31, 2024 (Note 1)	0	(123)	2,579	(371)	16	2,101

(Notes)

1. Gains or losses recognized in net income are included in "Revenue", "Other income", "Other expenses", and "Financial income".
2. Gains or losses recognized in other comprehensive income are included in "Changes in equity instruments measured at fair value through other comprehensive income" and "Changes in debt instruments measured at fair value through other comprehensive income".
3. For "Investment securities", the transfer resulted from the delisting of an investee as it became difficult to utilize measurable input information.

The fair value of unlisted shares classified in Level 3 is estimated based on the transaction comparison method. Other valuation methods and inputs are as follows:

Valuation method	Significant unobservable inputs	Range of unobservable inputs
Discounted cash flow method	Discount rate	11.0% - 13.5%

With regard to unobservable inputs, the rise in discount rate correlates with the decrease in fair value of shares.

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

(Millions of Yen)

	Investment securities for banking business	Investment securities for insurance business	Derivative assets	Investment securities	Other financial assets	Total
January 1, 2025	558,662	38,909	4,362	93,740	295	695,968
Gains or losses						
Net income (loss) (Note 1)	0	47	―	(11,286)	8	(11,231)
Other comprehensive income (Note 2)	(549)	(432)	―	144	―	(837)
Acquisition	1,205,988	984	―	3,439	350	1,210,761
Disposal	―	(13,718)	―	(12,818)	―	(26,536)
Settlement	―	―	(4,362)	―	―	(4,362)
Redemption	(939,651)	(11,905)	―	―	―	(951,556)
Others	3,067	(1,218)	―	177	488	2,514
Transfer to Level 3	―	―	―	―	―	―
Transfer from Level 3 (Note 3)	―	―	―	(198)	―	(198)
December 31, 2025	827,517	12,667	―	73,198	1,141	914,523

Total gains or losses recognized in net income (loss) on financial instruments held as of December 31, 2025 (Note 1)	0	47	―	(10,765)	8	(10,710)

(Notes)

1. Gains or losses recognized in net income are included in "Revenue", "Other income", and "Other expenses".
2. Gains or losses recognized in other comprehensive income are included in "Changes in equity instruments measured at fair value through other comprehensive income" and "Changes in debt instruments measured at fair value through other comprehensive income".
3. For "Investment securities", the transfer was made because unadjusted quoted prices in active markets are now available.

The fair value of unlisted shares classified in Level 3 is estimated based on the transaction comparison method. Other valuation methods and inputs are as follows:

Valuation method	Significant unobservable inputs	Range of unobservable inputs
Discounted cash flow method	Discount rate	11.0% - 13.0%

With regard to unobservable inputs, the rise in discount rate correlates with the decrease in fair value of shares.

The fair values of unlisted shares, etc. are measured in accordance with rules specified by the administrative department independent of the sales department. In measuring fair value, the Rakuten Group uses different valuation models that most appropriately reflects the nature, characteristics, and risks of each asset. The reasons for the use of certain valuation models and fair value measurement processes are reported to the department in charge of risk management to ensure the utilization of appropriate fair value measurement policies and procedures.

The fair values of investment securities for banking business are measured by the Risk Management Department in accordance with the official standard of market value calculation. Prices presented by transacting financial institutions and others are categorized by the type of investment securities. To validate the consistency of changes in these prices, movements in key data that may have an impact on changes in the market value of these categories of investment securities are carefully monitored. Validation results are reported to the Risk Management Committee, Management Meetings, and the Board of Directors on a monthly basis.

Operation and management of investment securities for insurance business are conducted in accordance with "Authorization Matrix Table" and "Regulation for Risk Management concerning Investment of Assets". The major shares are held to enhance relationships with our business partners. To validate the consistency of changes in these prices, the market environment of their business and their financial conditions are monitored.

For investment securities for banking business, investment securities for insurance business, derivative assets, and investment securities which are classified as Level 3, if each input were to be changed to reasonable alternative assumptions, any resulting changes in fair value are not expected to be significant. Additionally, for other financial assets classified as Level 3, significant changes in fair value are not anticipated if each input were to be changed to reasonable alternative assumptions.

49. Offsetting of Financial Assets and Financial Liabilities

The Rakuten Group's gross amount before the offsetting of recognized financial assets and financial liabilities that are presented on a net basis after offsetting in the Consolidated Statement of Financial Position, the offset amount, and the net balance after offsetting are as follows. Additionally, the potential effect of offsetting legally enforceable master netting arrangements or similar agreements relating to recognized financial assets or financial liabilities are disclosed for amounts that are not presented on a net basis.

As of December 31, 2024

(Financial assets that are presented on a net basis after offsetting in the Consolidated Statement of Financial Position, and legally enforceable master netting arrangements or similar agreements)

(Millions of Yen)

Financial assets	Type of transaction	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the Consolidated Statement of Financial Position	Net amount of financial assets presented in the Consolidated Statement of Financial Position
Derivative assets	Derivatives	74,382	(7,602)	66,780
Financial assets for securities business	Reverse repurchase agreements, investment securities borrowing agreements and similar agreements	1,009,995	—	1,009,995
	Financial assets, etc. relating to investment securities and other transactions, etc.	2,491,562	(1,109,700)	1,381,862
Other financial assets	Reverse repurchase agreements, investment securities borrowing agreements and similar agreements, and accounts receivable, etc.	606,637	(75,722)	530,915

(Millions of Yen)

Type of transaction	Net amount of financial assets presented in the Consolidated Statement of Financial Position	Related amounts that are not presented on a net basis after offsetting in the Consolidated Statement of Financial Position		Net amount
		Financial instruments	Collateral received	
Derivatives	66,780	(13,651)	(31,912)	21,217
Reverse repurchase agreements, investment securities borrowing agreements and similar agreements	1,009,995	(1,005,515)	—	4,480
Financial assets, etc. relating to investment securities and other transactions, etc.	1,381,862	(1,340,684)	—	41,178
Reverse repurchase agreements, investment securities borrowing agreements and similar agreements, and accounts receivable, etc.	530,915	(524,212)	—	6,703

(Financial liabilities that are presented on a net basis after offsetting in the Consolidated Statement of Financial Position, and legally enforceable master netting arrangements or similar agreements)

(Millions of Yen)

Financial liabilities	Type of transaction	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the Consolidated Statement of Financial Position	Net amount of financial liabilities presented in the Consolidated Statement of Financial Position
Derivative liabilities	Derivatives	61,143	(7,602)	53,541
Financial liabilities for securities business	Repurchase agreements, investment securities lending agreements and similar agreements	1,213,797	—	1,213,797
	Financial liabilities, etc. relating to investment securities and other transactions, etc.	4,294,990	(1,109,700)	3,185,290
Other financial liabilities	Repurchase agreements, investment securities lending agreements and similar agreements, and accounts payable, etc.	257,393	(75,722)	181,671

(Millions of Yen)

Type of transaction	Net amount of financial liabilities presented in the Consolidated Statement of Financial Position	Related amounts that are not presented on a net basis after offsetting in the Consolidated Statement of Financial Position		Net amount
		Financial instruments	Collateral pledged	
Derivatives	53,541	(13,651)	(34,619)	5,271
Repurchase agreements, investment securities lending agreements and similar agreements	1,213,797	(1,211,844)	—	1,953
Financial liabilities, etc. relating to investment securities and other transactions, etc.	3,185,290	(1,340,684)	—	1,844,606
Repurchase agreements, investment securities lending agreements and similar agreements, and accounts payable, etc.	181,671	(69,228)	—	112,443

As of December 31, 2025
(Financial assets that are presented on a net basis after offsetting in the Consolidated Statement of Financial Position, and legally enforceable master netting arrangements or similar agreements)

(Millions of Yen)

Financial assets	Type of transaction	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offset in the Consolidated Statement of Financial Position	Net amount of financial assets presented in the Consolidated Statement of Financial Position
Derivative assets	Derivatives	86,106	(5,108)	80,998
Financial assets for securities business	Reverse repurchase agreements, investment securities borrowing agreements and similar agreements	1,273,089	—	1,273,089
	Financial assets, etc. relating to investment securities and other transactions, etc.	2,648,120	(1,225,285)	1,422,835
Other financial assets	Reverse repurchase agreements, investment securities borrowing agreements and similar agreements, and accounts receivable, etc.	511,089	(65,766)	445,323

(Millions of Yen)

Type of transaction	Net amount of financial assets presented in the Consolidated Statement of Financial Position	Related amounts that are not presented on a net basis after offsetting in the Consolidated Statement of Financial Position		Net amount
		Financial instruments	Collateral received	
Derivatives	80,998	(16,557)	(29,848)	34,593
Reverse repurchase agreements, investment securities borrowing agreements and similar agreements	1,273,089	(1,264,979)	―	8,110
Financial assets, etc. relating to investment securities and other transactions, etc.	1,422,835	(1,382,933)	―	39,902
Reverse repurchase agreements, investment securities borrowing agreements and similar agreements, and accounts receivable, etc.	445,323	(438,512)	―	6,811

(Financial liabilities that are presented on a net basis after offsetting in the Consolidated Statement of Financial Position, and legally enforceable master netting arrangements or similar agreements)

(Millions of Yen)

Financial liabilities	Type of transaction	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offset in the Consolidated Statement of Financial Position	Net amount of financial liabilities presented in the Consolidated Statement of Financial Position
Derivative liabilities	Derivatives	81,549	(5,108)	76,441
Financial liabilities for securities business	Repurchase agreements, investment securities lending agreements and similar agreements	1,243,964	―	1,243,964
	Financial liabilities, etc. relating to investment securities and other transactions, etc.	4,695,168	(1,225,285)	3,469,883
Other financial liabilities	Repurchase agreements, investment securities lending agreements and similar agreements, and accounts payable, etc.	235,081	(65,766)	169,315

(Millions of Yen)

Type of transaction	Net amount of financial liabilities presented in the Consolidated Statement of Financial Position	Related amounts that are not presented on a net basis after offsetting in the Consolidated Statement of Financial Position		Net amount
		Financial instruments	Collateral pledged	
Derivatives	76,441	(16,557)	(47,545)	12,339
Repurchase agreements, investment securities lending agreements and similar agreements	1,243,964	(1,239,514)	—	4,450
Financial liabilities, etc. relating to investment securities and other transactions, etc.	3,469,883	(1,382,933)	—	2,086,950
Repurchase agreements, investment securities lending agreements and similar agreements, and accounts payable, etc.	169,315	(53,615)	—	115,700

The right to offset financial assets and liabilities subject to legally enforceable master netting agreements or other similar agreements that are not presented on a net basis after offsetting in the statement of financial position becomes enforceable and affects the realization or settlement of individual financial assets and liabilities only following a default or other specified circumstances not expected to arise in the normal course of business.

50. Financial Risk Management

The objective of the Rakuten Group's investment activities is to protect the principal and ensure the efficient use of funds by fully taking into account various risks including credit risk, market risk and liquidity risk. In addition, in view of factors such as the current economic environment, the Rakuten Group's fund-raising activities are based on the best conceivable choice of the alternative options among direct as well as indirect financing methods.

In the securities business, the Rakuten Group focuses on the brokerage and intermediary services of financial instruments including stocks for individual customers, and under the Financial Instruments and Exchange Act invest the deposits and guarantee deposits received from customers that have been segregated in trusts for customers for separate management. When utilizing funds, importance is placed on the safety of investments, such as bank deposits and financial assets with high liquidity, while fund-raising is conducted mainly by borrowing from financial institutions.

In the credit card business (including the comprehensive credit purchase intermediation business, credit guarantee business and loan business), the Rakuten Group restricts its investment of funds to short-term deposits. Meanwhile, funding is obtained through borrowings from banks and other financial institutions and through direct financing by issuance of commercial papers, issuance of corporate bonds and securitization of receivables.

In the banking business, the Rakuten Group primarily focuses on deposit-taking, lending and exchange business, and mainly offer ordinary deposits, time deposits and foreign currency deposits. In addition, using such financial liabilities as major resources, the Rakuten Group mainly provides unsecured card loans (partially guaranteed), residential mortgages and business loans, as well as engaging in investment activities through investment securities, monetary claims purchased, monetary trusts and call loans, along with derivative transactions and foreign exchange transactions associated with the sales of financial instruments to customers. In asset management, the Rakuten Group is always aware of the significance of a bank's social responsibility and public mission, which strictly restrains it from entering into investment transactions beyond its management capacity in the undue pursuit of profit, and emphasis is placed on investing deposits entrusted by customers with full consideration of safety. Furthermore, to ensure an optimum asset and liability structure along with appropriate capital adequacy over the entire financial operations from funding to investment, the Rakuten Group engages in Asset and Liability Management (ALM) focused on interest rate sensitivity, funding liquidity and market liquidity.

In the insurance business, the Rakuten Group considers ensuring safety and profitability as its priority mission in asset management, in order to honor its commitment to the reliable payment of insurance claims and benefits over the years to come. Its policy in asset management is to invest mainly in public bonds seeking to disperse risks with an aim to receive consistent investment yields over the medium to long-term, in an effort to develop a safety-first liquidity and profitability-oriented sound investment portfolio.

Under the corporate policy, derivative transactions are handled responsibly, never to be entered into as speculative instruments.

(1) Credit Risk

1) Outline of credit risk associated with financial instruments

Financial assets held by the Rakuten Group mainly comprise accounts receivable — trade, financial assets for securities business, loans for credit card business, investment securities for banking business, loans for banking business, investment securities for insurance business and investment securities.

Accounts receivable — trade mainly include accounts receivable relating to sales revenue from individual customers, merchants, hotels and other clients, and are exposed to the credit risk of these clients.

Financial assets for securities business include cash segregated as deposits for securities business and margin transaction assets. Cash segregated as deposits for securities business are primarily trust segregated for customer's money, which are invested in bank deposits, thus exposed to the credit risk of the deposit-taking financial institutions. Margin transaction assets are exposed to customers' credit risk.

Loans for credit card business include credit card receivables, loan receivables, and others held by the subsidiaries engaged in the credit card business. These are exposed to credit risk associated with respective debtors.

Investment securities for banking business mainly include securities in domestic bonds and foreign bonds, as well as trust beneficiary rights. Such securities are exposed to credit risk of the issuers as well as underlying assets.

Loans for banking business include unsecured card loans, residential mortgages, real estate mortgages and business loans for individual customers, which are exposed to credit risk of customers.

Investment securities for insurance business include government bonds, municipal bonds and corporate bonds, and are exposed to credit risk related to the financial position of issuers.

Investment securities include debt instruments, etc., which are exposed to credit risk of issuers.

These financial assets are well diversified both in terms of the investees' types of business and their geographical locations, avoiding particular concentration of credit risk.

2) Management system of credit risks associated with financial instruments

Specific methods and systems to manage various risks within the Rakuten Group are set out under risk management regulations established at each group company. Additionally, with regard to financial assets for securities business and loans for banking business, the Rakuten Group engages in activities to reasonably mitigate the credit risk through collateral and debt guarantees.

Credit risks are managed under the group management regulations, through establishing individual credit limits, understanding the credit status of individual customers, and controlling due dates and loan balances on a regular basis, while efforts are made on early detection and mitigation of the risk of default resulting from deterioration of borrowers' financial conditions and other factors. In addition to the customers' financial information obtained through the course of such credit administration, expected credit loss is recognized and measured by considering macroeconomic factors such as the unemployment rate and the number of corporate bankruptcy cases.

With regard to financial assets for securities business and loans for credit card business and banking business, as a general rule, if the repayment or the settlement of the financial assets becomes more than 30 days overdue, the credit risk of the financial instrument is determined to have significantly increased since initial recognition.

With regard to investment securities which are considered to be debt instruments within the investment securities for banking business, the investment securities for insurance business, and investment securities, if the financial instrument, which had been investment grade at initial recognition, is downgraded to below investment grade, the credit risk of the financial instrument is determined to have significantly increased. Additionally, upon referencing third-party ratings, if the credit risk as of the reporting date is deemed to be small, the credit risk of such financial instrument is presumed not to have significantly increased. Ratings information provided by major rating organizations is used for the determination of credit risk.

With regard to these financial assets, as a general rule, if the repayment or the settlement becomes more than 90 days overdue, the contractual conditions have been modified, or recovery has been deemed to be extremely difficult, it is determined that a default has occurred.

Derivative transactions are managed under hedge transaction management rules. While credit risk is deemed to be minimal because the counterparties are mainly financial institutions with high credit ratings, the derivative transactions are exposed to the risk of financial loss resulting from the counterparty's contractual default.

3) Change analysis of allowance for doubtful accounts

As of December 31, 2024

(Millions of Yen)

	12-months expected credit losses	Lifetime expected credit loss			Total
		Financial assets with credit risk which has significantly increased since initial recognition	Financial assets impaired	Financial assets with allowance for doubtful accounts always measured at an amount equal to lifetime expected credit losses	
January 1, 2024	11,854	6,597	73,235	7,926	99,612
Increase for the period (provision)	1,769	9,011	30,703	2,286	43,769
Decrease for the period (intended use)	(10)	(286)	(31,302)	(1,686)	(33,284)
Decrease for the period (reversal)	(2,173)	(128)	(2,842)	(3,655)	(8,798)
Reclassification for the period	139	(4,279)	4,140	—	—
Other changes for the period	(74)	184	562	751	1,423
December 31, 2024	11,505	11,099	74,496	5,622	102,722

(Note)

The above table includes the allowances for doubtful accounts on debt instruments measured at FVTOCI. Allowance for doubtful accounts is recognized in net income or loss and deducted from losses in other comprehensive income.

As of December 31, 2025

(Millions of Yen)

	12-months expected credit losses	Lifetime expected credit loss			Total
		Financial assets with credit risk which has significantly increased since initial recognition	Financial assets impaired	Financial assets with allowance for doubtful accounts always measured at an amount equal to lifetime expected credit losses	
January 1, 2025	11,505	11,099	74,496	5,622	102,722
Increase for the period (provision)	1,096	6,100	39,245	1,836	48,277
Decrease for the period (intended use)	(3)	(258)	(46,114)	(2,303)	(48,678)
Decrease for the period (reversal)	(2,044)	(90)	(2,203)	(210)	(4,547)
Reclassification for the period	(1,126)	(4,043)	5,169	—	—
Other changes for the period	477	(2,367)	3,651	(3,821)	(2,060)
December 31, 2025	9,905	10,441	74,244	1,124	95,714

(Note)
The above table includes the allowances for doubtful accounts on debt instruments measured at FVTOCI. Allowance for doubtful accounts is recognized in net income or loss and deducted from losses in other comprehensive income.

4) Exposure to credit risks

The Rakuten Group's maximum exposure to credit risk is as follows:

The maximum credit risk exposure represents the maximum exposure to credit risk without taking into account the collateral held and any other credit enhancement.

The maximum exposure to credit risk associated with financial assets stated as on-balance sheet items recognized in the Statement of Financial Position in the following table, are the same as their carrying amounts. The maximum exposure to credit risk associated with commitment line agreements stated as off-balance sheet items in the following table, is the unused portion of such commitment lines. Meanwhile, the maximum exposure to credit risk associated with financial guarantee agreements is the maximum amount payable in the event that exercise of the guarantee is requested.

Exposure to credit risks of operating receivables, etc.
As of December 31, 2024

(Millions of Yen)

	Classification by creditworthiness		Total	Allowance for doubtful accounts	Maximum credit risk exposure
	Financial assets not impaired	Financial assets impaired			
On-balance sheet Items:					
Accounts receivable - trade (Note)	417,879	13,863	431,742	(10,093)	421,649
Other financial assets (Note)	223,259	5,608	228,867	(10,317)	218,550
Total:	641,138	19,471	660,609	(20,410)	640,199

(Note)
As they do not contain a significant financing component and thus allowance for doubtful accounts are always based on amounts equal to lifetime expected credit loss, there are no categories that depend on whether a significant increase in credit risk since initial recognition has taken place.

As of December 31, 2025

(Millions of Yen)

	Classification by creditworthiness		Total	Allowance for doubtful accounts	Maximum credit risk exposure
	Financial assets not impaired	Financial assets impaired			
On-balance sheet Items:					
Accounts receivable - trade (Note)	438,559	14,715	453,274	(9,717)	443,557
Other financial assets (Note)	239,035	4,704	243,739	(8,220)	235,519
Total:	677,594	19,419	697,013	(17,937)	679,076

(Note)
As they do not contain a significant financing component and thus allowance for doubtful accounts are always based on amounts equal to lifetime expected credit loss, there are no categories that depend on whether a significant increase in credit risk since initial recognition has taken place.

Exposure to credit risks of receivables other than operating receivables, etc.
As of December 31, 2024

(Millions of Yen)

	Classification by creditworthiness			Total	Allowance for doubtful accounts (Note)	Maximum credit risk exposure
	12-months expected credit losses	Financial assets with credit risk which has significantly increased since initial recognition	Financial assets impaired			
On-balance sheet Items:						
Cash and cash equivalents	6,170,888	—	—	6,170,888	—	6,170,888
Financial assets for securities business	5,210,296	0	2,064	5,212,360	(1,704)	5,210,656
Loans for credit card business	3,414,921	17,185	137,294	3,569,400	(72,293)	3,497,107
Investment securities for banking business	1,912,385	—	—	1,912,385	(2)	1,912,383
Loans for banking business	4,628,995	2,249	7,742	4,638,986	(8,196)	4,630,790
Investment securities for insurance business	86,611	—	—	86,611	—	86,611
Investment securities	7,619	—	—	7,619	—	7,619
Other financial assets	770,638	4,946	1,229	776,813	(7)	776,806
Total of On-balance sheet items:	22,202,353	24,380	148,329	22,375,062	(82,202)	22,292,860
Off-balance sheet items:						
Commitment lines	—	—	—	—	—	5,839,954
Financial guarantee agreements	—	—	—	—	—	9,030
Total of Off-balance sheet items:	—	—	—	—	—	5,848,984
Total	22,202,353	24,380	148,329	22,375,062	(82,202)	28,141,844

(Notes)
Expected credit losses for doubtful accounts of debt instruments measured at FVTOCI are not included.

*1 With regard to credit-impaired financial assets, the allowance for doubtful accounts has been reduced by ¥3,808 million in the previous fiscal year as a result of collateral and other credit enhancements.

*2 Regarding the financial assets which terms and conditions are modified when customers or clients request modification of payment due dates of financial assets, the Rakuten Group may change the repayment contract terms and modify the initial contractual cash flows so as to facilitate the recovery of the financial assets. For the fiscal year ended December 31, 2024, with regard to the financial assets with allowance for doubtful accounts based on an amount equivalent to estimated credit loss over the entire period, the amortized cost of the financial asset prior to the modification and net losses recognized as a result of the contractual cash flow modification were ¥31,607 million and ¥8,077 million, respectively.

As of December 31, 2025

(Millions of Yen)

	Classification by creditworthiness			Total	Allowance for doubtful accounts (Note)	Maximum credit risk exposure
	12-months expected credit losses	Financial assets with credit risk which has significantly increased since initial recognition	Financial assets impaired			
On-balance sheet Items:						
Cash and cash equivalents	5,837,566	—	—	5,837,566	—	5,837,566
Financial assets for securities business	6,033,209	148	2,036	6,035,393	(1,800)	6,033,593
Loans for credit card business	3,577,234	18,184	132,491	3,727,909	(65,233)	3,662,676
Investment securities for banking business	2,544,015	—	—	2,544,015	(1)	2,544,014
Loans for banking business	5,439,821	1,681	9,522	5,451,024	(10,565)	5,440,459
Investment securities for insurance business	93,194	—	—	93,194	—	93,194
Investment securities	7,859	—	—	7,859	—	7,859
Other financial assets	835,386	5,568	1,966	842,920	(40)	842,880
Total of On-balance sheet items:	24,368,284	25,581	146,015	24,539,880	(77,639)	24,462,241
Off-balance sheet items:						
Commitment lines	—	—	—	—	—	6,079,334
Financial guarantee agreements	—	—	—	—	—	7,286
Total of Off-balance sheet items:	—	—	—	—	—	6,086,620
Total	24,368,284	25,581	146,015	24,539,880	(77,639)	30,548,861

(Notes)
Expected credit losses for doubtful accounts of debt instruments measured at FVTOCI are not included.

*1 With regard to credit-impaired financial assets, the allowance for doubtful accounts has been reduced by ¥4,324 million in the current fiscal year as a result of collateral and other credit enhancements.

*2 Regarding the financial assets which terms and conditions are modified when customers or clients request modification of payment due dates of financial assets, the Rakuten Group may change the repayment contract terms and modify the initial contractual cash flows so as to facilitate the recovery of the financial assets. For the fiscal year ended December 31, 2025, with regard to the financial assets with allowance for doubtful accounts based on an amount equivalent to estimated credit loss over the entire period, the amortized cost of the financial asset prior to the modification and net losses recognized as a result of the contractual cash flow modification were ¥28,343 million and ¥7,944 million, respectively.

5) Past due information of financial assets

Aging analysis of past due financial assets is as follows:

In the following aging analysis, amounts of financial assets, for which payment has been delayed or payment has not been made since the contractual due dates, are classified according to the length of the overdue period from the respective due dates for each fiscal year.

Past due information of operating receivables, etc.
As of December 31, 2024

(Millions of Yen)

	Three months or less	Over three months to one year	Over one year
Accounts receivable - trade	23,642	5,293	8,570
Other financial assets	2,948	1,601	4,006
Total	26,590	6,894	12,576

As of December 31, 2025

(Millions of Yen)

	Three months or less	Over three months to one year	Over one year
Accounts receivable - trade	35,580	5,462	9,253
Other financial assets	1,568	570	4,133
Total	37,148	6,032	13,386

Past due information of those other than operating receivables, etc.

As of December 31, 2024

(Millions of Yen)

	30 days or less	Over 30 days to 90 days	Over 90 days
Financial assets for securities business	33	0	2,064
Loans for credit card business	169,802	20,790	52,406
Loans for banking business	5,429	725	7,273
Other financial assets	—	—	3,166
Total	175,264	21,515	64,909

As of December 31, 2025

(Millions of Yen)

	30 days or less	Over 30 days to 90 days	Over 90 days
Financial assets for securities business	118	148	2,035
Loans for credit card business	178,187	21,762	50,755
Loans for banking business	42,088	1,504	9,516
Other financial assets	0	—	5,295
Total	220,393	23,414	67,601

(2) Liquidity Risk

1) Outline of liquidity risk associated with financial instruments

Within financial liabilities held by the Rakuten Group, bonds and borrowings, borrowings for securities business, bonds and borrowings for credit card business, borrowings for banking business, and deposits for banking business are mainly exposed to liquidity risks. Bonds and borrowings, borrowings for securities business, bonds and borrowings for credit card business, and borrowings for banking business are exposed to the risk of deteriorating funding conditions as a result of changes in the creditworthiness of the Rakuten Group against the transacting financial institutions and changes in the market environment.

In addition, certain borrowings of the Rakuten Group require compliance with covenants clauses such as maintaining equity and earnings.

2) Management of liquidity risk associated with financial instruments

Methods to control liquidity risk associated with funding include a cash management plan to ensure adequate liquidity on hand in accordance with regulations established by each group company.

3) Analysis of maturity of financial liabilities

The balances by maturity of financial liabilities (including derivatives) are as follows:

As of December 31, 2024

(Millions of Yen)

	One year or less	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years
Financial liabilities other than derivatives						
Accounts payable - trade	519,149	—	—	—	—	—
Deposits for banking business (Note 1)	11,004,374	141,901	4,325	2,130	3,282	2,826
Financial liabilities for securities business	5,512,292	—	—	—	—	—
Bonds and borrowings	731,408	190,288	394,383	76,788	429,729	293,929
Borrowings for securities business	115,765	—	—	—	—	—
Bonds and borrowings for credit card business	314,308	128,644	105,571	32,550	11,479	11,272
Borrowings for banking business	140,222	1,210,228	1,223,428	132,203	—	—
Lease liabilities	61,791	64,713	53,785	50,409	46,737	108,358
Other financial liabilities excluding lease liabilities (Note 2)	1,130,763	103,771	7,604	1,143	904	6,601
Derivative liabilities	23,890	25,408	6,747	279	478	—
Off-balance sheet items						
Commitment lines	5,839,954	—	—	—	—	—
Financial guarantee agreements	9,030	—	—	—	—	—

(Notes)

1. Financial liabilities payable on demand are classified as "One year or less". "Deposits for banking business" include ¥10,118,948 million of demand deposits.
2. Reinsurance contract liabilities of ¥6,950 million are excluded.

As of December 31, 2025

(Millions of Yen)

	One year or less	Over one year to two years	Over two years to three years	Over three years to four years	Over four years to five years	Over five years
Financial liabilities other than derivatives						
Accounts payable - trade	553,582	—	—	—	—	—
Deposits for banking business (Note 1)	12,588,501	100,588	7,068	2,394	6,418	6,051
Financial liabilities for securities business	6,028,009	—	—	—	—	—
Bonds and borrowings	235,984	410,480	239,593	445,941	99,543	217,922
Borrowings for securities business	271,049	—	—	—	—	—
Bonds and borrowings for credit card business	490,766	208,814	78,356	27,536	15,741	11,151
Borrowings for banking business	1,536,647	1,223,761	132,239	—	—	—
Lease liabilities	65,206	72,906	60,044	54,653	45,742	103,922
Other financial liabilities excluding lease liabilities (Note 2)	1,110,218	63,918	1,887	940	940	6,291
Derivative liabilities	31,504	46,727	243	116	421	25
Off-balance sheet items						
Commitment lines	6,079,334	—	—	—	—	—
Financial guarantee agreements	7,286	—	—	—	—	—

(Notes)

1. Financial liabilities payable on demand are classified as "One year or less". "Deposits for banking business" include ¥10,809,992 million of demand deposits.
2. Reinsurance contract liabilities of ¥5,941 million are excluded.

(3) Market Risk

1) Outline of market risk associated with financial instruments

The Rakuten Group's activities are exposed mainly to risks associated with changes in the economic environment and the financial market environment. Risks associated with changes in the financial market environment are specifically, exchange rate risk, interest rate risk and price fluctuation risk.

Financial assets held by the Rakuten Group exposed to market risks are mainly financial assets for securities business, investment securities for banking business, investment securities for insurance business, and investment securities.

Financial assets for securities business include foreign exchange margin transactions in the securities business. However, the exposure to exchange rate risk is minimal, in principle, as the Rakuten Group enters into cover deals with counterparties to mitigate market risks associated with these transactions with customers.

Investment securities for banking business mainly include securities in domestic bonds and foreign bonds, as well as trust beneficiary rights. Such securities are exposed to interest rate risk and exchange rate risk. Exchange rate risks of foreign bonds are hedged by entering into corresponding currency swap transaction. Furthermore, exposure to price fluctuation risk is minimal, as listed shares are not included.

Investment securities for insurance business mainly include government bonds, municipal bonds, corporate bonds, shares and investment trust funds, which are exposed to exchange rate risk, interest rate risk, and price fluctuation risk.

Investment securities include shares that are exposed to price fluctuation risk.

Within the financial liabilities held by the Rakuten Group, those exposed to market risks are mainly bonds and borrowings and banking business-related liabilities, which are exposed primarily to interest rate risk and exchange rate risk. Risks of bonds and borrowings are hedged by entering into corresponding interest rate swap transactions and currency swap transactions. Banking business-related liabilities include ordinary deposits, general time deposits and new types of time deposits for individual and corporate customers, as well as foreign currency ordinary deposits and foreign currency time deposits. Although new types of time deposits are exposed to interest rate risk, such risk is hedged by entering into corresponding interest rate swaption transactions. Although foreign currency ordinary deposits and foreign currency time deposits are exposed to exchange rate risk, such risk is hedged by entering into corresponding forward exchange contracts.

2) Control system of market risks associated with financial instruments

To control market risks, investment securities are subject to investment decisions based on discussion upon the Board of Directors, and it is ensured that such investment securities are appropriately evaluated according to internal regulations. With regard to foreign currency-denominated financial instruments, exchange markets are continuously monitored and the Rakuten Group's own positions are regulated by establishing position limits and maximum allowable losses for the prevention of any loss in excess of certain levels.

With regard to financial assets and liabilities held by certain subsidiaries engaged in the banking business, such financial assets and liabilities are based on fair value assuming certain fluctuations in interest rates and exchange rates, and the effects on the net balance after offsetting such financial assets and liabilities (hereinafter the "present value") are used in a quantitative analysis to manage interest rate risk and exchange rate risk.

Market risk exposure associated with the financial assets held by certain subsidiaries of the Group operating insurance business is measured and managed through stress testing assuming market fluctuations beyond normal volatility, and reported periodically to the Board of Directors through the Risk Management Committee.

3) Interest rate risk (excluding the subsidiaries engaged in banking business)

The Rakuten Group's main financial liabilities are borrowings from financial institutions, of which borrowings at floating interest rates are exposed to interest rate risk.

Exposures associated with the Rakuten Group's financial liabilities are as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Bonds and borrowings	2,052,809	1,598,052
Floating interest rate	160,613	120,727
Fixed interest rate	1,892,196	1,477,325
Borrowings for securities business	115,000	269,228
Floating interest rate	—	—
Fixed interest rate	115,000	269,228
Bonds and borrowings for credit card business	587,893	810,559
Floating interest rate	181,563	263,950
Fixed interest rate	406,330	546,609

In respect of the above exposures, given all the risk variables remaining constant, except for interest rate risk, if all the key interest rates increased or decreased by 10 basis points (0.1%) for the years ended December 31, 2024 and 2025, loss (income) would be impacted as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Income before income tax		
In the event of an increase of 0.1%	(342)	(385)
In the event of a decrease of 0.1%	342	385

(Note)

Within bonds and borrowings with floating interest rates for credit card business, the Rakuten Group has implemented interest rate swap transactions to reduce interest rate fluctuation risk, and the balances of bonds and borrowings subject to the interest rate swap were ¥144,686 million and ¥93,558 million as of December 31, 2024 and 2025, respectively.

4) Price fluctuation risk

Of the equity instruments held by the Rakuten Group, marketable equity instruments are exposed to share price fluctuation risk. The Rakuten Group regularly checks the market prices of their equity instruments and financial conditions of their issuers.

The Rakuten Group carried out a sensitivity analysis as follows, based on the price risk of equity instruments at the end of the year.

The impact on income (loss) and equity (before tax effect) for the years ended December 31, 2024 and 2025 in the event of a 5% rise or fall in share prices due to changes in fair value, excluding Lyft, Inc. shares, are as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Income before income tax		
In the event of a 5% rise	23	130
In the event of a 5% fall	(23)	(130)
Accumulated other comprehensive income (before tax effect)		
In the event of a 5% rise	5,479	18,025
In the event of a 5% fall	(5,479)	(18,025)

The Company has concluded a derivative contract related to Lyft, Inc. shares in accordance with the Prepaid Variable Share Forward Transactions of Shares of Lyft, Inc. The fair value of this derivative transaction is impacted by the share price of Lyft, Inc. shares. Given all other variables remaining constant, in the event of a 10% rise or fall in the share price of Lyft, Inc. shares, the impact on income (loss) is as follows:

For the fiscal year ended December 31, 2025, details are omitted as all collar agreements related to the prepaid variable share forward transactions of shares of Lyft, Inc. have been terminated.

(Millions of Yen)

	December 31, 2024	December 31, 2025
Income before income tax		
In the event of a 10% rise	(1,994)	—
In the event of a 10% fall	2,042	—

(Note)

For details of the transactions, please refer to Note 29. Other Financial Liabilities.

As for the fair value of Lyft, Inc. shares, in the event of a 10% rise or fall in the share price, the impact on income (loss) is as follows:

For the fiscal year ended December 31, 2025, details are omitted as the company early terminated the prepaid variable share forward transactions of shares of Lyft, Inc., using all of the Lyft, Inc. shares held by the Company as a source of repayment.

(Millions of Yen)

	December 31, 2024	December 31, 2025
Income before income tax		
In the event of a 10% rise	2,228	—
In the event of a 10% fall	(2,228)	—

(Note)

For details of the transactions, please refer to Note 29. Other Financial Liabilities.

5) Management of market risks for subsidiaries engaged in banking business

(Management of Interest Rate Risk)

At the Rakuten Group's certain subsidiaries engaged in the banking business, financial assets exposed to interest rate risk, which is a significant risk variable, are mainly investment securities for banking business and loans for banking business. Financial liabilities exposed to the impact of interest rate risk include ordinary deposits, general time deposits and new types of time deposits for individual and corporate customers, as well as foreign currency ordinary deposits, foreign currency time deposits and interest rate swap transactions as part of derivative transactions.

For these subsidiaries, the effect of present value of these financial assets and liabilities, given certain fluctuations in interest rates, is used in quantitative analysis as part of the process to manage interest rate risk.

In calculating the effect of present value, the corresponding financial assets and financial liabilities are classified into a fixed rate group and a floating rate group, and then the balance of each group is allocated to an appropriate period based on due date of interest paid with a fluctuation range of the interest rate for the period. Specifically, given all the other risk variables remaining constant, except for the interest rate risk, when all the key interest rates increase or decrease by 10 basis points (0.1%) for the years ended December 31, 2024 and 2025, the impact on present value is as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Income before income tax		
In the event of a 0.1% increase	5,393	3,663
In the event of a 0.1% decrease	(5,393)	(3,663)

(Note)

These effects do not take into account correlations between interest rates and other risk variables, further foreign currency-denominated assets and liabilities are calculated in Japanese yen as translated by the exchange rates on December 31, 2024 and 2025. Additionally, the effects of a 10 basis point decline leading to negative interest rates in certain periods have not been excluded.

6) Management of market risks for subsidiaries engaged in insurance business

(Management of Market Risk)

At the Rakuten Group's subsidiaries engaged in the insurance business, financial assets exposed to exchange rate risk, interest rate risk and price fluctuation risk are mainly the investment securities for the insurance business. To manage these market risks, these subsidiaries engage in measurement and management of total risk exposure through stress testing, along with monitoring of the balance as well as unrealized gains/losses of the assets under management.

Such stress testing involves estimation of the risk exposure assuming market fluctuations beyond normal volatility.

Market risk of insurance contracts is managed by establishing a risk tolerance in the solvency margin ratio based on economic value, which is measured on a regular basis.

51. Capital Management

The Rakuten Group's capital structure is as follows:

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total liabilities	25,276,214	27,450,168
Less: Cash and cash equivalents	6,170,888	5,837,566
Net liabilities	19,105,326	21,612,602
Total equity	1,238,514	1,354,232

Certain subsidiaries of the Rakuten Group are required to maintain their capital-to-risk ratio and net assets, etc. above a certain level in accordance with the Japanese Financial Instruments and Exchange Act and other laws and regulations of a similar nature in foreign jurisdictions. Please refer to the chart below for principal laws and regulations in each country and region applicable to the major subsidiaries.

Country/Region	Company name	Laws and regulations	Requirements
Japan	Rakuten Bank, Ltd.	Banking Law	Maintenance of minimum required equity ratio, etc.
	Rakuten Securities, Inc.	Financial Instruments and Exchange Act	Maintenance of minimum required capital-to-risk ratio, etc.
	Rakuten Life Insurance Co., Ltd.	Insurance Business Act	Maintenance of solvency margin ratio
	Rakuten General Insurance Co., Ltd.	Insurance Business Act	Maintenance of solvency margin ratio
Hong Kong	Rakuten Securities Hong Kong Limited	Securities and Futures Ordinance (Cap. 571)	Maintenance of minimum required capital, etc.
Europe	Rakuten Europe Bank S.A.	Capital Requirements Regulation (EU) No 575/2013	Maintenance of minimum required capital, etc.
Taiwan	Rakuten International Commercial Bank Co., Ltd.	Regulations Governing the Capital Adequacy and Capital Category of Banks	Maintenance of minimum required capital, etc.

Each subsidiary adequately meets the capital requirements under the laws and regulations of each country and region.

52. Major Subsidiaries

(1) Major Subsidiaries

Major subsidiaries of the Rakuten Group are as follows:

Name	Location	Capital	As of December 31, 2024		As of December 31, 2025	
			Voting rights ratio	Ownership ratio	Voting rights ratio	Ownership ratio
Internet Services Segment:						
Ebates Inc.	U.S.	0.1 USD	100%	100%	100%	100%
Rakuten Kobo Inc.	Canada	973 million CAD	100%	100%	100%	100%
Viber Media S.a.r.l.	Luxembourg	217 thousand USD	100%	100%	100%	100%
FinTech Segment:						
Rakuten Card Co., Ltd.	Tokyo	¥19,324 million	85.01%	85.01%	85.01%	85.01%
Rakuten Bank, Ltd. (Note)	Tokyo	¥32,643 million	49.27%	49.27%	49.26%	49.26%
Rakuten Securities, Inc.	Tokyo	¥19,496 million	51.00%	51.00%	51.00%	51.00%
Rakuten Payment, Inc.	Tokyo	¥100 million	100%	83.31%	100%	83.31%
Rakuten General Insurance Co., Ltd.	Tokyo	¥29,753 million	100%	100%	100%	100%
Rakuten Life Insurance Co., Ltd.	Tokyo	¥10,000 million	100%	100%	100%	100%
Rakuten International Commercial Bank Co., Ltd.	Taiwan	10 billion TWD	51.00%	25.49%	51.00%	25.48%
Mobile Segment:						
Rakuten Mobile, Inc.	Tokyo	¥100 million	100%	100%	100%	100%
Rakuten Symphony Singapore Pte. Ltd.	Singapore	296,269 thousand USD	100%	100%	100%	100%

(Note)
The Rakuten Group does not own a majority of the voting rights in Rakuten Bank, Ltd., holding 49.26% of the voting rights. Taking into consideration the dispersed ownership of the voting rights, the Rakuten Group has determined that the Rakuten Group effectively controls Rakuten Bank, Ltd. and considers it as a consolidated subsidiary.

(2) Condensed Consolidated Financial Information and Other Information on Subsidiaries with Significant Non-controlling Interests

The condensed consolidated financial information of consolidated subsidiaries in which the Company recognizes significant non-controlling interests is as follows:

i) Rakuten Card Co., Ltd. (for the fiscal years ended December 31, 2024, including Rakuten Card, Inc. and its 20 subsidiaries and its 1 associate, for the fiscal years ended December 31, 2025, including Rakuten Card, Inc. and its 21 subsidiaries and its 1 associate)

1) General information

	As of December 31, 2024	As of December 31, 2025
Proportion of ownership interests held by the non-controlling interests (%)	14.99	14.99
Accumulated non-controlling interest in subsidiary group (millions of yen)	32,060	33,702

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Net income (loss) allocated to non-controlling interests in subsidiary groups	1,244	7,159

2) Condensed consolidated financial information

Rakuten Card Co., Ltd. decided at its Board of Directors meeting held on November 13, 2024 to distribute all shares of its subsidiary, Rakuten Insurance Holdings Co., Ltd., to the Company as a dividend in kind, with an effective date of December 1, 2024. As a result, Rakuten Insurance Holdings and its subsidiaries (hereinafter the "Insurance Business") were excluded from Rakuten Card Co., Ltd. as of the effective date.

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total assets	4,459,004	4,627,874
Total liabilities	4,324,625	4,447,994
Total equity	134,379	179,880

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Revenue	478,642	462,264
Net income	48,123	46,300
Comprehensive income	47,495	47,578

(Note)

Dividends paid by Rakuten Card Co., Ltd. to the non-controlling interest amounted to 182 million yen for the fiscal year ended December 31, 2025 (no dividends were paid by the company to the non-controlling interest for the fiscal year ended December 31, 2024). In addition, the condensed consolidated financial information for the fiscal years ended December 31, 2024 and 2025 does not include revenue, net income, and comprehensive income from the Insurance Business since the effective date.

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Cash flows from operating activities	(277,842)	(90,025)
Cash flows from investing activities	27,259	5,620
Cash flows from financing activities	380,522	96,632
Effect of change in exchange rates on cash and cash equivalents	164	56
Net increase (decrease) in cash and cash equivalents	130,103	12,283

(Note)
The condensed consolidated financial information for the fiscal years ended December 31, 2024 and 2025 does not include the cash flow effects of Insurance Business since the effective date.

ii) Rakuten Bank, Ltd., (for the fiscal years ended December 31, 2024 and 2025, including Rakuten Bank, Ltd., and its 25 subsidiaries)

1) General information

	As of December 31, 2024	As of December 31, 2025
Proportion of ownership interests held by the non-controlling interests (%)	50.73	50.74
Accumulated non-controlling interest in subsidiary group (millions of yen)	180,643	211,213

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Net income (loss) allocated to non-controlling interests in subsidiary groups	20,870	33,135

2) Condensed consolidated financial information

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total assets	15,363,213	16,863,957
Total liabilities	15,059,147	16,500,021
Total equity	304,066	363,936

(Millions of Yen)

	Fiscal Year ended December 31, 2024 (January 1 to December 31, 2024)	Fiscal Year ended December 31, 2025 (January 1 to December 31, 2025)
Revenue	159,341	221,992
Net income	42,467	66,196
Comprehensive income	44,396	66,878

(Note)
There were no dividends paid by Rakuten Bank, Ltd., to the non-controlling interest for the fiscal year ended December 31, 2024 and 2025.

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Cash flows from operating activities	1,110,545	188,174
Cash flows from investing activities	(728,642)	(653,412)
Cash flows from financing activities	257,368	183,388
Effect of change in exchange rates on cash and cash equivalents	341	563
Net increase (decrease) in cash and cash equivalents	639,612	(281,287)

iii) Rakuten Securities, Inc. (for the fiscal years ended December 31, 2024 and 2025, including Rakuten Securities, Inc. and its 2 subsidiaries)

1) General information

	As of December 31, 2024	As of December 31, 2025
Proportion of ownership interests held by the non-controlling interests (%)	49.00	49.00
Accumulated non-controlling interest in subsidiary group (millions of yen)	99,468	113,704

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Net income (loss) allocated to non-controlling interests in subsidiary groups	10,726	14,207

2) Condensed consolidated financial information

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Total assets	5,866,387	6,569,816
Total liabilities	5,668,265	6,342,640
Total equity	198,122	227,176

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Revenue	130,090	158,407
Net income	21,611	28,993
Comprehensive income	22,077	28,978

(Note)

There were no dividends paid by Rakuten Securities, Inc. to the non-controlling interest for the fiscal year ended December 31, 2024 and 2025.

(Millions of Yen)

	For the fiscal year ended December 31, 2024 (January 1 to December 31, 2024)	For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)
Cash flows from operating activities	213,175	(265,861)
Cash flows from investing activities	(16,708)	(22,718)
Cash flows from financing activities	(11,304)	153,410
Effect of change in exchange rates on cash and cash equivalents	10,115	(1,187)
Net increase (decrease) in cash and cash equivalents	195,278	(136,356)

(3) Changes in Ownership

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

Rakuten Card Co., Ltd.

The Rakuten Group sold 14.99% of its outstanding common shares in Rakuten Card Co., Ltd., one of the Company's consolidated subsidiaries, to Mizuho Financial Group, Inc. during the three months ended December 31, 2024.

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

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

(Millions of Yen)

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

For the fiscal year ended December 31, 2025 (January 1 to December 31, 2025)

Not applicable.

53. Structured Entities

(1) Consolidated Structured Entities

The Rakuten Group securitizes receivables using trusts, conduct investments through investment funds, and consolidate such structured entities.

These trusts and investment funds, etc. for securitization and other funds are structured entities, which have been designed so that voting or similar rights are not the dominant factor in deciding who controls these entities and it is determined that the Rakuten Group has control over these structured entities.

In accordance with the contractual arrangements with the structured entities, use of assets and settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities are as follows:

Carrying amounts of assets and liabilities of the consolidated structured entities

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Cash and cash equivalents	4,480	10,003
Loans for credit card business	35,131	33,617
Investment securities	89,652	67,354
Property, plant and equipment	43,036	16,200
Others	41,370	62,295
Total assets	213,669	189,469
Liabilities		
Bonds and borrowings for credit card business	29,877	24,308
Others	4,137	4,456
Total liabilities	34,014	28,764

(2) Unconsolidated Structured Entities

The Rakuten Group engages in investment activities involving structured entities as part of their fund management in the banking business and insurance business. These structured entities handle securitized products that are set up by third parties and collateralized assets including monetary claims such as auto loans, consumer loans and bonds, various real estates, derivatives, and other bonds. The Rakuten Group has interests in these structured entities through trust beneficiary interests, etc. The risks of these products are managed regularly on an individual basis under the group management regulations for the banking business and insurance business, for early recognition and mitigation of the risk of default resulting from deterioration of the debtors' financial conditions and other factors.

The Rakuten Group does not provide any guarantees or commitments to these structured entities. As a result, the maximum exposure to loss associated with the Rakuten Group's interests in these unconsolidated structured entities is limited to the carrying amount of the trust beneficiary interests, etc. held therein. The maximum exposure to loss represents the potential maximum loss the Rakuten Group could incur and does not reflect the likelihood of such a loss being incurred.

The following table shows the summary of the Rakuten Group's maximum exposure to loss from its interests in these structured entities by class of asset held therein.

Carrying amount of unconsolidated structured entities and maximum exposure to loss from interests in such entities

(Millions of Yen)

Consolidated Statement of Financial Position	Class of asset held by structured entities	As of December 31, 2024	As of December 31, 2025
Investment securities for banking business	Securitization products set up by third parties		
	Monetary claims for individual customers	149,099	197,139
	Lease receivables	67,556	72,922
	Public bonds	11,461	9,822
	Real estate	66,450	122,761
	Others	256,421	383,766
Loans for banking business	Securitization products set up by third parties		
	Monetary claims for individual customers	99,882	190,862
	Real estate	442,527	693,004
	Public bonds	529,443	491,505
Investment securities for insurance business	Securitization products set up by third parties		
	Monetary claims for individual customers	3,361	3,047
	Real estate	83,871	67,581
	Others	8,596	9,893
Total		1,718,667	2,242,302

54. Related Parties

Related party transactions and their corresponding outstanding balances of receivables and payables between the Rakuten Group and the other related parties are as follows. Transactions and the corresponding outstanding balances with subsidiaries are not subject to disclosure as they are eliminated for the purpose of Consolidated Financial Statements.

(1) Related Party Transactions

(Millions of Yen)

	Fiscal year ended December 31, 2024			Fiscal year ended December 31, 2025		
	Associates	Executives	Total	Associates	Executives	Total
Revenue	7,039	—	7,039	7,058	—	7,058
Operating expenses	78,365	—	78,365	78,531	—	78,531
Other income (Note 1)	1,889	—	1,889	—	—	—
Financial income	105	—	105	—	—	—
Accounts receivable - trade	808	—	808	928	—	928
Other financial assets	4,076	—	4,076	1,992	—	1,992
Investments in associates and joint ventures	—	—	—	1,461	—	1,461
Other assets	110	—	110	110	—	110
Accounts payable - trade	8,774	—	8,774	7,364	—	7,364
Deposits for banking business	1,424	787	2,211	1,006	612	1,618
Financial liabilities for securities business	—	137	137	—	253	253
Other financial liabilities	24,311	—	24,311	24,705	—	24,705
Common stock	—	226	226	—	78	78
Capital surplus	—	226	226	—	78	78
Guarantee obligations (Note 2)	6,484	—	6,484	5,354	—	5,354
Commitment (Note 3)	1,000	—	1,000	—	—	—

(Notes)

1. Other income for the fiscal year ended December 31, 2024 was from transactions of sales of property, plant and equipment to associates, and the transaction price of the fixed assets was reasonably determined based on a third-party appraisal.
2. Guarantee obligations in the fiscal year ended December 31, 2024 and December 31, 2025 comprise the balance of guarantee obligations due to the lease liabilities of associates.
3. Commitments for the fiscal year ended December 31, 2024 comprise unused credit balance related to loan commitment lines with associates.

(2) Transactions with Companies in which Majority of Voting Rights are Held by the Rakuten Group's Executives, Principal Shareholders (Individuals) and their Close Relatives

(Millions of Yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue	23	28
Operating expenses (Note 1)	371	296
Other income (Note 2)	1,516	—
Other expenses	69	—
Financial expenses	—	27
Deposits for banking business (Note 3)	1,188	528
Other financial liabilities	33	927
Other equity instruments (Note 4)	(14)	—

(Notes)

1. Operating expenses for the fiscal years ended December 31, 2024 and December 31, 2025 are primarily attorneys' fees and expenses paid to Nishimura & Asahi (Gaikokuho Kyodo Jigyo) etc., which are determined in the same manner as general terms of transactions.
2. Other income for the fiscal year ended December 31, 2024 consisted of the sale of Rakuten STAY FUJIMI TERRACE Hakone Ashinoko to the Mikitani Kosan, Inc. and Spirit Inc., and the transaction price was reasonably determined based on a third-party appraisal.
3. Deposits for banking business for the fiscal years ended December 31, 2024 and December 31, 2025 are deposits received from Crimson Group, LLC etc.
4. Other equity instruments in the fiscal year ended December 31, 2024 consisted of attorneys' fees and expenses paid to Nishimura & Asahi (Gaikokuho Kyodo Jigyo) etc., with respect to the issuance of unsecured subordinated bonds with deferred interest clause, based on terms and conditions similar to those of arm's length transactions. The amount after tax effect has been deducted from other equity instruments, with the amount before tax effect being ¥20 million.

(3) Executive Compensation

Executive compensation is as follows:

(Millions of Yen)

	Fiscal Year ended December 31, 2024	Fiscal Year ended December 31, 2025
Short-term employee benefits (Note 1)	1,358	1,005
Post-employment benefits (Note 2)	1,078	1,569
Share-based payments	573	514
Total	3,009	3,088

(Note)

1. Executive compensation comprises compensation to the officers of Rakuten Group, Inc. and other executives. Short-term employee benefits include bonuses for those employees who serve concurrently as employees and Directors.
2. Post-employment benefits comprises Special compensation for retiring Executive Officer to the officers of Rakuten Group, Inc. and other executives.

55. Business Combinations

During the year ended December 31, 2024

Not applicable

During the year ended December 31, 2025

Absorption-Type Merger of Rakuten Energy, Inc. by Rakuten Mobile, Inc., a Wholly-Owned Subsidiary of the Company

(1) Overview of the Business Combination

1. Name and Business Description of the Acquired Company
   Name of the Acquired Company: Rakuten Energy, Inc.
   Description of Business: Retail electricity business under the Electricity Business Act and other energy-related businesses
2. Purpose of the Business Combination
   To maximize synergies and efficiency within the Communications & Energy Company and to expand the mobile business
3. Date of the Business Combination
   February 1, 2025
4. Legal Structure of the Business Combination
   Absorption-type merger, with Rakuten Mobile, Inc. as the surviving company and Rakuten Energy, Inc. as the absorbed company

(2) Impact on the Rakuten Group

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

56. Subsequent Events

Corporate Reorganization

The Company and Rakuten Bank, Ltd., a consolidated subsidiary of the Rakuten Group, have agreed to re-commence discussions toward the reorganization of the Rakuten Group's FinTech Business, including Rakuten Bank, Ltd. (hereinafter the "Reorganization") and have executed a Memorandum of Understanding in connection with the Reorganization, based on the resolutions adopted at the meetings of the Boards of Directors of the respective companies held on February 25, 2026.

(1) Background and Purpose of Re-commencing Discussions on the Reorganization

Each service of our FinTech businesses continues to grow their membership base as more customers choose them as a comprehensive financial service to meet their everyday needs. Each FinTech business has been working to better collaborate to grow further in a cashless world. Meanwhile, the customers' needs for financial services are becoming increasingly diverse, demanding more seamless and flexible service operations. In response, the Rakuten Group has continuously examined its management strategies, the optimal allocation of resources, and the optimization of the group structure.

Based on these considerations, on April 1, 2024, the Company and Rakuten Bank, Ltd. announced the commencement of discussions regarding the reorganization of the FinTech Business, as disclosed in the "Notice Concerning Execution of a Memorandum of Understanding Regarding Reorganization of the Rakuten's FinTech Business." Although we subsequently carried out comprehensive examinations and discussions, the Rakuten Group ultimately determined – after comparing multiple options – that proceeding with the reorganization at that time was not necessarily the optimal approach for further expanding the FinTech Business ecosystem and improving its competitive advantage. Accordingly, the Company and Rakuten Bank, Ltd. announced the discontinuation of the proposed reorganization on September 30, 2024.

However, since then, the business environment has undergone rapid and significant changes. These include shifts in Japan's interest rate environment affecting funding conditions, as well as intensified competition for customer and deposit acquisition as many banks – including digital banks and major banking groups – roll out active promotional campaigns. In addition, major banking groups are making large-scale investments in the retail domain, and major telecommunications carriers are forming ecosystems that include financial services, leading to stronger customer lock-in. Furthermore, the importance of data integration is rising alongside the adoption of advanced technologies such as generative AI, and there is growing awareness of asset formation, represented by the spread of cashless payments and the expansion of the NISA program. As a result, trends in the FinTech sector are changing rapidly both domestically and globally, and the competitive environment surrounding the FinTech Business is no exception.

The Rakuten Group has been working to strengthen the FinTech Business as a whole under the current group structure. However, in light of the changes in the business environment, the Rakuten Group has reassessed – from the perspective of further expanding the Rakuten Ecosystem and achieving long-term and sustainable enhancement of corporate value - the need to re-optimize the group structure of the FinTech Business in order to strengthen collaboration among businesses, accelerate data integration and the utilization of AI, and establish a framework that expedites consideration of group-wide FinTech strategies, including the optimization of overall funding costs within the FinTech Business. Based on this renewed recognition, on January 14, 2026, the Company proposed to Rakuten Bank, Ltd. that the parties re-examine the Reorganization.

Meanwhile, Rakuten Bank, Ltd. aims to become a leading company in Japan's financial market for the coming age of zero cash, and is working to further expand its customer base, strengthen its earnings base, and capture growth in the FinTech domain. Rakuten Bank, Ltd. is working towards realization of this business expansion, by efficiently acquiring new customers from among Rakuten members who utilize the Rakuten Ecosystem and collaborating with various Rakuten Group companies. By offering banking services that address the financial transaction needs and funding demands existing within the Rakuten Ecosystem, it aims to increase its customer base and transaction opportunities, thereby further accelerating its business expansion.

In this context, taking into account environmental changes such as increased funding costs driven by rising domestic interest rates and the growing diversification of customer needs for financial services, Rakuten Bank, Ltd. has determined that strengthening integration across banking, card, and securities operations would enable faster and more agile decision-making within the group, facilitate deeper cross-business collaboration, and further accelerate the implementation of FinTech strategies. Through such integration, Rakuten Bank, Ltd. believes it can fully leverage its strong deposit-gathering capabilities, even in a rising interest rate environment, and achieve faster growth as an integrated FinTech company that meets increasingly diverse customer needs, compared with continuing operations independently as a standalone bank. Accordingly, Rakuten Bank, Ltd. has decided to proceed with further examination and discussions regarding the proposed Reorganization.

We believe that the Reorganization will strengthen the ecosystem of the FinTech Business and establish a management structure that enables more agile and flexible decision-making, thereby realizing growth across the entire Rakuten Ecosystem and delivering significant value to stakeholders of both the Rakuten Group and Rakuten Bank, Ltd.

(2) Structure of the Reorganization

We are considering a reorganization under which the entire FinTech Business, including Rakuten Bank, Ltd., Rakuten Card Co., Ltd., and Rakuten Securities Holdings Co., Ltd., etc., would be integrated into one group.

Even after the Reorganization, Rakuten Bank, Ltd. would remain an important consolidated subsidiary of the Company in forming the Rakuten Ecosystem, and the FinTech Business would continue to be one of the core business segments of the Rakuten Group.

Furthermore, the specific form of the reorganization and the manner in which Mizuho Bank, Ltd., which holds 14.99% of the common shares of Rakuten Card Co., Ltd., and Mizuho Securities Co., Ltd., which holds 49.00% of the common shares of Rakuten Securities, Inc., will be involved in the reorganization remains undecided at this time and will be discussed going forward.

The above reflects the current direction and is subject to future discussions. Depending on the result of such discussions and reviews, including those involving approvals and licenses from supervisory authorities, further reorganization of the Rakuten Group may be required, or it may be concluded not to implement all or part of the Reorganization.

(3) Future Outlook

The Company and Rakuten Bank, Ltd. will proceed with discussions toward entering into a definitive agreement related to the Reorganization and, with the aim of promptly implementing the Reorganization, subject to the approval at Rakuten Bank, Ltd.'s shareholders' meeting (if necessary) and the receipt of the required approvals and licenses from supervisory authorities. The Reorganization is currently expected to take effect in October 2026; however, the above schedule may be subject to change depending on the results of future discussions and reviews, including those involving approvals and licenses from supervisory authorities.

At this time, the impact of this change on the consolidated financial statements cannot be determined.

(2) Others

Interim Information for the current fiscal year

(Millions of Yen, unless otherwise stated)

	Three months ended March 31, 2025	Six months ended June 30, 2025	Nine months ended September 30, 2025	Fiscal year ended December 31, 2025
Revenue	562,704	1,159,073	1,787,635	2,496,575
Loss before income tax for the interim period (Quarterly) (Current)	(45,839)	(66,247)	(57,537)	(29,550)
Net loss attributable to owners of the Company for the interim period (Quarterly) (Current)	(73,471)	(124,435)	(151,294)	(177,886)
Basic losses per share for the interim period (Yen)	(34.08)	(57.64)	(70.01)	(82.24)

	Three months ended March 31, 2025	Three months ended June 30, 2025	Three months ended September 30, 2025	Three months ended December 31, 2025
Basic losses per share for the quarter (Yen)	(34.08)	(23.58)	(12.40)	(12.26)

(Note)

Review of Financial information for the three months ended March 31, 2025 and the nine months ended September 30, 2025: Yes (Voluntary)

2. Non-Consolidated Financial Statements

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheet

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	465,174	397,331
Accounts receivable - trade	*1 195,213	*1 143,779
Merchandise	17,519	18,385
Supplies	185	193
Securities	*1 269,838	—
Prepaid expenses	12,158	14,653
Accounts receivable - other	*1 480,410	*1 431,041
Income taxes refund receivable	700	1,843
Short-term loans receivable from subsidiaries and associates	*2 674,394	*2 559,697
Other	*1 151,359	*1 147,802
Allowance for doubtful accounts	(9,465)	(461)
Total current assets	2,257,489	1,714,266
Non-current assets		
Property, plant and equipment		
Buildings	*4 20,493	*4 21,936
Machinery, equipment and vehicles	1,310	201
Tools, furniture and fixtures	*4 16,395	*4 14,817
Land	*4 10,320	*4 13,696
Construction in progress	7,441	11,569
Other	*4 19,222	*4 1,305
Total property, plant and equipment	75,184	63,527
Intangible assets		
Goodwill	1,344	1,106
Patent right	871	1,269
Trademark right	332	308
Software	94,488	91,373
Software in progress	15,956	14,592
Other	3,771	1,389
Total intangible assets	116,765	110,039
Investments and other assets		
Investment securities	*6 78,225	48,336
Investments in shares of subsidiaries and associates	2,545,005	2,643,195
Investments in capital of subsidiaries and associates	4,878	4,968
Long-term loans receivable from subsidiaries and associates	*2 4,869	*2 4,869
Distressed receivables	7,284	5,547
Long-term prepaid expenses	1,656	1,057
Leasehold and guarantee deposits	10,274	10,142
Deferred tax assets	153,696	166,244
Other	25,776	25,856
Allowance for doubtful accounts	(8,261)	(6,777)
Total investments and other assets	2,823,406	2,903,439
Total non-current assets	3,015,356	3,077,006
Total assets	5,272,845	4,791,273

(Millions of Yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	*1 43,227	*1 45,469
Commercial papers	95,000	42,400
Short-term borrowings	*3,*4 47,169	*3,*4 36,612
Current portion of bonds payable	*1 400,000	*1 65,000
Accounts payable - other	*1 554,054	*1 451,358
Accrued expenses	*1 41,641	*1 41,402
Income taxes payable	18,781	—
Advances received	6,548	6,728
Deposits received	*1 504,558	*1 404,905
Provision for customer points	305,993	361,065
Provision for bonuses	6,214	6,361
Provision for shareholder benefit program	8,021	8,161
Suspense receipt	1,276	1,451
Other	6,616	6,758
Total current liabilities	2,039,106	1,477,675
Non-current liabilities		
Bonds payable	*1 1,471,306	*1 1,574,493
Long-term borrowings	*1,*3,*4 103,514	*1,*3,*4 82,667
Provision for retirement benefits	26,884	29,433
Provision for retirement benefits for directors and other officers	1,646	801
Provision for shareholder benefit program	3,514	3,919
Provision for loss on litigation	—	7,114
Asset retirement obligations	11,874	12,338
Other	28,063	25,888
Total non-current liabilities	1,646,805	1,736,657
Total liabilities	3,685,911	3,214,333
Net assets		
Shareholders' equity		
Share capital	452,646	459,508
Capital surplus		
Capital reserve	420,183	427,044
Other capital surplus	361	361
Total capital surplus	420,544	427,405
Retained earnings		
Other retained earnings		
Retained earnings brought forward	661,554	635,799
Total retained earnings	661,554	635,799
Treasury shares	(3)	(5)
Total shareholders' equity	1,534,742	1,522,708
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,196	10,006
Total valuation and translation adjustments	10,196	10,006
Share acquisition rights	41,994	44,224
Total net assets	1,586,933	1,576,939
Total liabilities and net assets	5,272,845	4,791,273

2) Non-Consolidated Statement of Income

(Millions of Yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Net sales	*2 897,686	*2 967,393
Cost of sales	*2 252,369	*2 266,222
Gross profit	645,317	701,170
Selling, general and administrative expenses	*1,*2 632,359	*1,*2 631,151
Operating profit	12,958	70,018
Non-operating income		
Interest income	*2 18,133	*2 19,951
Dividend income	*2 59,591	*2 36,078
Foreign exchange gains	—	*2 2,123
Other	*2 3,923	*2 2,345
Total non-operating income	81,648	60,498
Non-operating expenses		
Interest expenses	*2 74,679	*2 76,717
Foreign exchange loss	*2 10,811	—
Commission fee	*2 16,247	*2 8,732
Loss on debt forgiveness for subsidiaries and associates	*2 200	*2 18,567
Other	*2 986	*2 354
Total non-operating expenses	102,925	104,371
Ordinary profit	(8,318)	26,146
Extraordinary income		
Gain on extinguishment of tie-in shares	9,600	—
Gain on sale of non-current assets	*2,*3 5,889	*2,*3 71
Gain on sale of investment securities	—	8
Gain on offset of asset and liability	*4 43,670	*4 21,222
Gain on sale of shares of subsidiaries and associates	260,231	—
Gain on liquidation of subsidiaries and associates	—	209
Gain on redemption of bonds	726	—
Gain on redemption of derivatives	343	—
Other	0	0
Total extraordinary income	320,462	21,512
Extraordinary losses		
Loss on disposal of non-current assets	*5 1,196	*5 840
Impairment losses	1,270	24,651
Loss on valuation of shares of subsidiaries and associates	10,769	41,342
Provision for loss on litigation	—	7,114
Loss on redemption of bonds	4,296	247
Loss on redemption of derivatives	1,058	—
Other	146	433
Total extraordinary losses	18,736	74,630
Profit (loss) before income taxes	293,407	(26,971)
Income taxes - current	79,065	11,436
Income taxes - deferred	(35,593)	(12,652)
Income tax expenses	43,471	(1,216)
Profit	249,935	(25,754)

[Detailed Statement of Cost of Sales]

Classification	Note	Year ended December 31, 2024 Amount (Millions of Yen)	Year ended December 31, 2024 Composition Ratio (%)	Year ended December 31, 2025 Amount (Millions of Yen)	Year ended December 31, 2025 Composition Ratio (%)
I Cost of goods sold	*2	153,573	60.9	166,727	62.6
1.Beginning merchandise inventory		15,861		17,519	
2.Cost of purchased goods		155,232		167,592	
Total		171,093		185,112	
3.Ending merchandise inventory		17,519		18,385	
II Advertising media expenses	*2	3,483	1.4	2,846	1.1
III Cost of logistics business	*2	91,505	36.3	90,941	34.2
IV Cost of contents	*2	3,806	1.5	5,706	2.1
Total		252,369	100.0	266,222	100.0

3) Non-Consolidated Statement of Change in Equity

Year Ended December 31, 2024

(Millions of Yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance on January 01, 2024	446,768	414,305	365	414,670	411,618	411,618	(0)	1,273,057
Changes during period								
Issuance of new shares	5,878	5,878		5,878				11,756
Profit (loss)					249,935	249,935		249,935
Purchase of treasury shares							(3)	(3)
Decrease by sale of business			(4)	(4)				(4)
Net changes in items other than shareholders' equity								
Total changes during period	5,878	5,878	(4)	5,873	249,935	249,935	(3)	261,684
Balance on December 31, 2024	452,646	420,183	361	420,544	661,554	661,554	(3)	1,534,742

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance on January 01, 2024	16,843	16,843	37,527	1,327,428
Changes during period				
Issuance of new shares				11,756
Profit (loss)				249,935
Purchase of treasury shares				(3)
Decrease by sale of business				(4)
Net changes in items other than shareholders' equity	(6,646)	(6,646)	4,467	(2,179)
Total changes during period	(6,646)	(6,646)	4,467	259,505
Balance on December 31, 2024	10,196	10,196	41,994	1,586,933

Year Ended December 31, 2025

(Millions of Yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance on January 01, 2025	452,646	420,183	361	420,544	661,554	661,554	(3)	1,534,742
Changes during period								
Issuance of new shares	6,861	6,861		6,861				13,722
Profit (loss)					(25,754)	(25,754)		(25,754)
Purchase of treasury shares							(1)	(1)
Net changes in items other than shareholders' equity								
Total changes during period	6,861	6,861	―	6,861	(25,754)	(25,754)	(1)	(12,033)
Balance on December 31, 2025	459,508	427,044	361	427,405	635,799	635,799	(5)	1,522,708

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance on January 01, 2025	10,196	10,196	41,994	1,586,933
Changes of items during the period				
Issuance of new shares				13,722
Profit (loss)				(25,754)
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	(190)	(190)	2,230	2,039
Total changes during period	(190)	(190)	2,230	(9,993)
Balance on December 31, 2025	10,006	10,006	44,224	1,576,939

[Notes to Non-consolidated Financial Statements]

(Significant Accounting Policies)

1. Basis and method of valuation of securities

(1) Investments in shares of subsidiaries and associates	Measured at cost determined by the moving-average method
(2) Held-to-maturity securities	Measured at amortized cost using the straight-line method
(3) Available-for-sale securities	
Securities other than shares, etc. that do not have a market price	Market value method (any valuation differences are directly charged or credited to net assets and cost of securities sold is calculated by the moving-average method)
Shares, etc. that do not have a market price	Measured at cost determined by the moving-average method

2. Basis and method of valuation of inventories

(1) Merchandise and supplies	
Rakuten24 business, etc.	Moving-average method (balance sheet values are measured with the method of devaluing the carrying amount based on declining profitability)
Other businesses	First-in first-out method (balance sheet values are measured with the method of devaluing the carrying amount based on declining profitability)

3. Method of depreciation and amortization of non-current assets

(1) Property, plant and equipment	Depreciated using the straight-line method
(excluding leased assets)	Useful lives and residual values are calculated in accordance with the method prescribed in the Corporate Tax Act.
(2) Intangible Assets	Amortized using the straight-line method
(excluding leased assets)	Useful lives are calculated in accordance with the method prescribed in the Corporate Tax Act. Software for internal use is amortized using the straight-line method over the expected useful life in the Company (five years). Goodwill is amortized during the period in which is expected to remain effective (within 20 years). However, when the amount is immaterial, the whole amount is amortized in the relevant year that it was incurred.
(3) Leased assets	Leased assets related to finance leases that do not transfer ownership Amortized using the straight-line method assuming the lease period as the useful life and no residual value

4. Method of treatment for deferred assets

Share issuance and bond issuance costs	The full amount of expenses is accounted for when incurred.

5. Basis for recording provisions

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical loan loss ratios for general receivables, and an individual estimate of uncollectible amounts for specific receivables, including doubtful receivables.

(2) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the current fiscal year mainly to provide for future bonus payments to employees.

(3) Provision for customer points

An estimated amount that is anticipated to be used in the future is recorded at the end of the current fiscal year to provide for expenses to be incurred from the use of such points.

(4) Provision for retirement benefits

Provision for retirement benefits is recorded based on the projected retirement benefit obligations at the end of the current fiscal year to provide for employee retirement benefits.

1) Method of attributing projected retirement benefits to periods

Retirement benefit obligations are calculated by attributing projected retirement benefits to periods up to the end of the current fiscal year on a benefit formula basis.

2) Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a specified period (five years) within the average remaining employee service period at the time of their incurrence in each fiscal year from the fiscal year following their incurrence.

(5) Provision for retirement benefits for directors and other officers

Provision for retirement benefits for directors and other officers is recorded to provide for expenses to be incurred from directors and other officers' retirement benefits.

(6) Provision for shareholder benefit program

Provision for shareholder benefit program is recorded to provide for expenses to be incurred from shareholder benefit program.

(7) Provision for loss on litigation

Provision for loss on litigation is recorded to provide for potential future losses in the amount deemed necessary.

6. Basis for recording revenue and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

Rakuten Ichiba and Rakuten Travel

A fundamental characteristic of marketplace model EC services including "Rakuten Ichiba" and travel booking services such as "Rakuten Travel" is to provide EC platforms for trading to customers, and the Company provides merchants and travel-related businesses with services including EC platform services, transaction related services, advertising related services to promote the expansion of sales through the Company, and payment agency services related to settlements between merchants or travel-related businesses and consumers. The nature of the services and the related rights and obligations are stipulated in various agreements with customers. Performance obligations are identified based on whether services are distinct or not, and the pattern of transfer to the customer. Revenues from major performance obligations are recognized as described below.

With regard to EC platform services to "Rakuten Ichiba", the Company has obligations to provide services for merchants to open and operate on our EC platform and related consulting services and other similar services for a contracted term. These services are provided over time, and so these performance obligations are satisfied as time passes. Accordingly, the revenue is recognized over the contracted term on a monthly basis based on the amount stipulated in the agreement for each type of shop. Furthermore, consideration for a transaction is received at the time of contract in the form of advance payment for the period of three months, six months or one year, prior to the satisfaction of performance obligations.

The Company has obligations based on agreed terms to provide services to match merchants and travel-related businesses with Rakuten users, and to enable the resultant transactions to be processed appropriately. These performance obligations are satisfied when the individual transaction between merchants or travel-related businesses and Rakuten users is completed. Revenues are recognized at the point of satisfaction of these performance obligations, based on the gross amount of merchandise sales (monthly sales of merchants and travel-related businesses) of completed transactions multiplied by the specified ratio stipulated separately for each service, plan, or amount of gross merchandise sales. The related payments are receivable approximately within three months of the completion of the transaction.

With regard to advertising-related services, the Company has obligations to provide fixed-term advertisements to customers. The advertising related services are provided by displaying the advertisement over the contracted term, and the progress of providing the service is measured based on the passage of time. Therefore, performance obligations are satisfied over the contract term, and revenues are recognized evenly over the contract term according to the amount stipulated in the agreement for each type of advertisement. Advertising fees are, in principle, received by the end of the second subsequent month after the month that includes the advertising commencement date.

With regard to payment agency services, the Company has obligations to provide payment agency services based on payment agent agreements between merchants and travel-related businesses. The company has obligations to receive payments for the transactions from credit card companies, etc., and to pay settlement amounts to merchants and travel-related businesses. Commission revenues arising from these transactions are primarily recognized based on the amount stipulated in the agreement when the transactions subject to payment are completed, as the performance obligations are considered to be satisfied at that point. Commissions are received within one month and a half after the cut-off date for invoices set out for each payment category, following the satisfaction of performance obligations.

Rakuten 24, Rakuten Books

In the Internet Services segment, the Company is the principal in the sales contracts for services including internet shopping sites "Rakuten 24" and "Rakuten Books" where the Company offers products to Rakuten users. In these direct selling services, revenue is recognized when goods are delivered to the customer. In addition, payments are received approximately within two months after the delivery of goods when performance obligations are satisfied. For book (Japanese book) sales in Japan through Rakuten Books, revenues are recognized on a net basis after deducting costs of sales, because the role of the Company in these transactions has the nature of an agent given the resale price maintenance system in Japan.

7. Method of hedge accounting

(1) Method of hedge accounting

Calculated based on deferred hedge treatment. However, special treatments are applied in cases that qualify for special treatment.

(2) Hedging instruments and hedged items

Hedging instruments

Currency swaps

Hedged Items

Interest expenses on foreign currency-denominated bond

(3) Hedge Policy

The Company engages in currency swaps in accordance with the hedge transaction management rules of Rakuten Group, Inc. to avoid exchange rate risks associated with interest rates denominated in foreign currencies.

(4) Methods for evaluating hedge effectiveness

The effectiveness of hedges is evaluated for conformity with the hedging transaction in relation to currency units, transaction amounts and settlement dates in accordance with internal management documents. The evaluation of effectiveness is omitted in cases that qualify for special treatment.

8. Other significant matters forming the basis of preparation of financial statements

(Borrowing cost)

Borrowing costs directly attributed to the acquisition, construction and manufacturing of an asset that requires a substantial period of time to be ready for its intended use or sales are recognized as assets.

(Significant Accounting Estimates)

(Valuation of shares of subsidiaries and associates)

(1) Amount recorded in the financial statements

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Investments in shares of subsidiaries and associates	2,545,005	2,643,195
Loss on valuation of shares of subsidiaries and associates	10,769	41,342

(2) Information on details of the significant accounting estimates for the identified items

1) Calculation method

In the valuation of shares of subsidiaries and associates, if there is a marked drop in the actual value as a result of the worsening of the financial positions of the subsidiaries and associates, except when the recoverability is substantiated by sufficient proof, the value of the shares is reduced to an appropriate extent and the valuation differences are treated as losses for the year. The actual value of shares acquired reflecting the investee's excess earnings power is calculated by adding such excess earnings power to the investee's net asset equivalent amount, on condition that the future excess earnings power identified at the time of acquisition is assessed to continue.

In the current fiscal year, impairment was performed mainly for the following two companies:

(a)For Rakuten Medical, Inc., at the time of acquisition the actual value was calculated by adding excess earnings power, based on the anticipation of early U.S. FDA approval for ASP-1929 and a rapid improvement in profitability associated with it. However, as the U.S. FDA approval has been delayed compared to the initial plan, and as a result of reviewing the company's recent business performance and financial condition, it was determined in the current fiscal year that such excess earnings power could no longer be expected, leading to a marked drop in the actual value. Consequently, a loss on valuation of shares of subsidiaries and associates of ¥30,163 million was recognized.

(b)For shares of the associate engaged in the logistics business, the actual value is calculated based on the net asset equivalent amount, as no specific consideration was paid for the excess earnings power at the time of acquisition. However, since the volume of cargo did not grow as initially expected, and recoverability could no longer be substantiated by sufficient proof, a loss on valuation of shares of subsidiaries and associates of ¥8,039 million was recognized.

In the current fiscal year, no impairment was performed in relation to the shares of Rakuten Mobile, Inc. as recoverability is expected.

2) Key assumptions

Actual values are estimated using the business plans of each subsidiary and associate approved by the Board of Directors, and the key assumptions used include estimates of future cash flows and the sales growth rate, etc.

The key assumptions for the shares for which impairment was performed in the current fiscal year are as follows:

(a)When evaluating whether the excess earnings power identified at the time of acquisition of Rakuten Medical, Inc. continues to exist as of the balance sheet date, the probability of obtaining U.S. FDA approval for ASP-1929 and sales forecasts after-market launch are key assumptions.

(b)The key assumptions in the business plan of the associate engaged in the logistics business include the growth rate of cargo volume, etc.

Key assumptions in the business plan of Rakuten Mobile, Inc include ARPU, the number of new subscribers, and churn rate, etc.

3) Impact on financial statements for the following fiscal year

Key assumptions may be exposed to the effects of changes from uncertain economic conditions in the future, and it could have a significant impact on the financial statements for the following fiscal year if these assumptions require revision.

(Change in Accounting Policy)

(Application of the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules”)

Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (Practical Issues Task Force [PITF] No. 46, March 22, 2024, ASBJ) has been applied from the beginning of the current fiscal year. The impact of this change on the financial statements is immaterial.

(Non-Consolidated Balance Sheet)

*1 Monetary claims and liabilities to subsidiaries and associates (excluding information listed in balance sheet)

(Millions of Yen)

	December 31, 2024	December 31, 2025
Monetary claims	1,116,450	837,294
Monetary liabilities	711,297	560,892

*2 Commitment line lending contracts

The Group has implemented a cash management system, and the balances of the unused lending commitment lines associated with this system are as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Total commitment line lending	8,450	8,349
Amounts lend	—	—
Unused balance	8,450	8,349

*3 Commitment line borrowing contracts

The Company has entered into commitment line borrowing contracts with major financial institutions in Japan. The balances of the unused portions of such commitment lines available are as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Total commitment line borrowings	150,000	150,000
Amounts borrowed	—	—
Unused balance	150,000	150,000

*4 Pledged assets and secured liabilities

Pledged assets

(Millions of Yen)

	December 31, 2024	December 31, 2025
Buildings	8,860	11,353
Tools, furniture and fixtures	333	359
Land	7,374	11,914
Other	204	481
Total	16,771	24,109

Secured liabilities

(Millions of Yen)

	December 31, 2024	December 31, 2025
Short-term borrowings	2,371	1,808
Long-term borrowings	13,741	23,720
Total	16,113	25,529

The Company transferred Buildings, etc. to Goudou Kaisha in which the Company has invested and treated the transaction according to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" (Transferred Guidance, No. 10 of the Accounting Standards Board of Japan, July 1, 2024).

Accordingly, the figures above include such pledged assets and secured liabilities as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
Buildings	1,813	3,699
Tools, furniture and fixtures	94	200
Land	335	683
Other	8	154
Short-term borrowings	50	50
Long-term borrowings	1,607	1,557

*5 Balances of guarantee obligations, etc.

The Company provides credit guarantees to the following companies who are subsidiaries and associates of the Company for borrowings and other payment obligations. The balances of guarantee obligations are as follows:

(Millions of Yen)

December 31, 2024		December 31, 2025	
Rakuten Mobile, Inc.	391,242	Rakuten Mobile, Inc.	361,912
JP Rakuten Logistics, Inc.	6,483	JP Rakuten Logistics, Inc.	5,353
Rakuten Energy, Inc.	1,845	Rakuten Total Solutions, Inc.	1,143
Rakuten Total Solutions, Inc.	1,197	Rakuten Symphony Deutschland GmbH	6 (€34 thousand)
Rakuten USA, Inc.	943 ($6,000 thousand)		
Rakuten Symphony Deutschland GmbH	102 (€630 thousand)		
Rakuten Asia Pte. Ltd.	17		

*6 The balance sheet values of investment securities lent through contracts of loans for consumption are as follows:

(Millions of Yen)

	December 31, 2024	December 31, 2025
	22,283	-

(Non-Consolidated Statement of Income)

*1 Major components and amounts of selling, general and administrative expenses are as follows:

(Millions of Yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Point expenses	125,527	113,115
Advertising and promotion expenses	91,250	93,290
Provision for shareholder benefit program	11,536	8,632
Personnel expenses	100,582	102,497
Provision for bonuses	6,214	6,361
Provision for retirement benefits for directors and other officers	1,646	938
Depreciation	47,923	51,335
Communication expenses	10,524	11,188
Maintenance expenses	4,197	4,632
Consignment and subcontract expenses	182,067	199,051
Rent expenses on land and buildings	15,264	15,222
Commission expenses	85,731	87,368
Packing and freight expenses	234	121
Provision of allowance for doubtful accounts	5,864	177
Expenses of subsidiaries and associates	(117,913)	(125,044)
Other	61,705	62,261
Total	632,359	631,151

Expenses of subsidiaries and associates are costs involved in the provision of services and administrative operations, etc. to subsidiaries and associates, and are a deduction from personnel expenses and expenditures.

Approximate ratio

	Year ended December 31, 2024	Year ended December 31, 2025
Selling expenses	31%	29%
General and administrative expenses	69%	71%

*2 Amounts of transactions with subsidiaries and associates included in each account are as follows:

(Millions of Yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Amount of operating transactions	278,361	289,634
Net sales	69,914	78,950
Operating expenses	208,446	210,683
Amount of transactions other than operating transactions	116,963	81,113
Amount of transactions other than operating transactions (proceeds)	84,993	58,150
Amount of transactions other than operating transactions (payments)	31,970	22,963

Loss on debt forgiveness for subsidiaries and associates are all items involved in debt forgiveness in relation to subsidiaries and associates and are included in the amount of transactions other than operating transactions (payments).

*3 The breakdown of gain on sale of non-current assets is as follows:

(Millions of Yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Buildings	3,851	—
Tools, furniture and fixtures	(99)	71
Land	2,160	—
Other (Property, plant and equipment)	(109)	—
Patent right	14	—
Software	1	—
Software in progress	73	—
Other (Intangible assets)	(4)	—
Total	5,889	71

*4 Gain on offset of asset and liability

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

We have partially terminated the contract of loans for consumption that was entered into with our subsidiary, Liberty Holdco Ltd. This extraordinary gain arose from offsetting the lent investment securities with the deposits received from Liberty Holdco Ltd.

Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)

We have fully terminated the contract of loans for consumption that was entered into with our subsidiary, Liberty Holdco Ltd. This extraordinary gain arose from offsetting the lent investment securities with the deposits received from Liberty Holdco Ltd.

*5 The breakdown of loss on disposal of non-current assets is as follows:

(Millions of Yen)

	Year ended December 31, 2024	Year ended December 31, 2025
Buildings	144	7
Machinery, equipment and vehicles	—	13
Tools, furniture and fixtures	131	25
Software	608	628
Software in progress	310	165
Trademark right	2	—
Total	1,196	840

(Securities)

Investments in shares of subsidiaries and associates
As of December 31, 2024

(Millions of Yen)

Classification	Amount recorded in balance sheet	Market price	Difference
Investments in shares of subsidiaries	796	379,954	379,158
Investments in shares of associates	6,756	7,373	616
Total	7,553	387,327	379,774

(Notes)
1.The measurement method of market prices is based on the prices of shares on exchanges.
2. Amount recorded in balance sheet of shares, etc. that do not have a market price:

(Millions of Yen)

Classification	December 31, 2024
Investments in shares of subsidiaries	2,496,116
Investments in capital of subsidiaries	4,878
Investments in shares of associates	41,335
Total	2,542,331

As of December 31, 2025

(Millions of Yen)

Classification	Amount recorded in balance sheet	Market price	Difference
Investments in shares of subsidiaries	796	594,173	593,377
Investments in shares of associates	5,736	5,747	10
Total	6,532	599,920	593,388

(Notes)
1.The measurement method of market prices is based on the prices of shares on exchanges.
2. Amount recorded in balance sheet of shares, etc. that do not have a market price:

(Millions of Yen)

Classification	December 31, 2025
Investments in shares of subsidiaries	2,632,069
Investments in capital of subsidiaries	4,968
Investments in shares of associates	4,593
Total	2,641,631

(Tax Effect Accounting)

1. Breakdown of major reasons for occurrences of deferred tax assets and liabilities

(Millions of Yen)

	December 31, 2024	December 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	5,428	2,235
Provision for customer points	93,695	110,558
Provision for bonuses	1,850	1,907
Provision for retirement benefits	8,406	9,504
Loss on valuation of shares of subsidiaries and associates	93,701	109,332
Uncertain obligations	13,162	11,469
Asset retirement obligations	3,636	3,887
Share-based compensation expenses	4,434	5,055
Tax losses carried forward	14,679	15,060
Investment securities	21,582	71
Excess interest expense	—	9,916
Other provisions	—	6,166
Other	9,399	10,612
Deferred tax assets (subtotal)	269,976	295,779
Valuation allowance for tax losses carried forward	(13,856)	(14,383)
Valuation allowance for deductible temporary differences, etc.	(95,568)	(109,682)
Valuation allowance (subtotal)	(109,425)	(124,065)
Total deferred tax assets	160,550	171,713
Deferred tax liabilities		
Valuation difference on available-for-sale securities	4,500	4,605
Property, Plant and Equipment	1,890	553
Other	462	309
Total deferred tax liabilities	6,853	5,468
Net deferred tax assets	153,696	166,244

2. Breakdown of major reasons for differences between the statutory tax rates and the effective tax rates after application of tax-effect accounting

	December 31, 2024	December 31, 2025
Statutory tax rate	30.62%	30.62%
(Reconciliations)		
Increase (decrease) in valuation allowance	(1.73)%	(37.13)%
Extinguishment of tax losses carried forward	0.04%	(0.58)%
Dividends and other non-taxable income	(13.03)%	39.18%
Temporary differences additionally incurred upon filing for merged company, etc.	(0.08)%	0.19%
Donations	—	(29.24)%
Other	(1.01)%	1.44%
Subtotal	(15.80)%	(26.13)%
Effective tax rates after application of tax-effect accounting	14.82%	4.49%

3. Accounting for income tax and local income tax or accounting for tax-effect accounting related to these taxes

The Company has adopted the group tax sharing system. Furthermore, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company conducts accounting treatment or tax-effect accounting treatment and disclosure related to income tax and local income tax.

4. Adjustments to deferred tax assets and deferred tax liabilities due to changes in income tax rate

The Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) was passed by the National Diet on March 31, 2025. As a result, the Defense Special Corporation Tax will be imposed starting from fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after January 1, 2027 are calculated using a revised statutory effective tax rate, which is changed from 30.62% to 31.52%.

As a result of this change, deferred tax assets (net of deferred tax liabilities) increased by ¥994 million, and income taxes – deferred and valuation difference on available-for-sale securities decreased by ¥1,126 million and ¥131 million, respectively.

(Revenue Recognition)

Information is as presented in "Notes to the Consolidated Financial Statements, 2. Material Accounting Policies, (15) Revenue" and is therefore omitted.

(Significant Subsequent Events)

Information is as presented in "Notes to the Consolidated Financial Statements, 56. Subsequent Events" and is therefore omitted.

4) Supplementary Schedules

Supplementary Schedule of Property, Plant and Equipment, etc.

(Millions of Yen)

Classification	Class of assets	Balance on January 1, 2025	Increase during the year	Decrease during the year	Depreciation during the year	Balance on December 31, 2025	Accumulated depreciation
Property, plant and equipment	Buildings	20,493	8,875	4,501 (2,543)	2,931	21,936	17,113
	Machinery, equipment and vehicles	1,310	—	1,088	20	201	58
	Tools, furniture and fixtures	16,395	4,989	109 (12)	6,457	14,817	31,497
	Land	10,320	3,723	347	—	13,696	—
	Construction in progress	7,441	19,967	15,839	—	11,569	—
	Other	19,222	4,042	19,475 (19,221)	2,483	1,305	9,805
	Total	75,184	41,597	41,362 (21,778)	11,892	63,527	58,475
Intangible assets	Goodwill	1,344	—	—	238	1,106	—
	Patent right	871	598	0	199	1,269	—
	Trademark right	332	39	—	63	308	—
	Software	94,488	36,970	3,713 (2,432)	36,371	91,373	—
	Software in progress	15,956	37,246	38,610	—	14,592	—
	Other	3,771	1,194	804 (35)	2,771	1,389	—
	Total	116,765	76,048	43,129 (2,468)	39,645	110,039	—

(Notes)

1.Figures in brackets under "decrease during the year" indicate the recorded amount of impairment losses in the year.

2.The increase during the year in software indicates the recorded amount of software utilized mainly in operations related to Rakuten Ichiba.

3.The increase during the year in software in progress indicated the recorded amount of in-process software scheduled for utilization mainly in operations related to Rakuten Ichiba.

Supplementary Schedule of Provisions

(Millions of Yen)

Classification	Balance on January 1, 2025	Increase during the year	Decrease during the year	Balance on December 31, 2025
Allowance for doubtful accounts	17,727	7,238	17,727	7,238
Provision for bonuses	6,214	6,361	6,214	6,361
Provision for customer points	305,993	361,065	305,993	361,065
Provision for retirement benefits for directors and other officers	1,646	633	1,477	801
Provision for shareholder benefit program	11,536	8,632	8,088	12,081
Provision for loss on litigation	—	7,114	—	7,114

(2) Major assets and liabilities

This information is omitted as the consolidated financial statements are prepared.

(3) Other

Not applicable.

English Translation
Independent Auditor's Report

March 26, 2026

The Board of Directors
Rakuten Group, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Tomoko Tanabe
Designated Engagement Partner
Certified Public Accountant

Isamu Ando
Designated Engagement Partner
Certified Public Accountant

Mitsutaka Kumagai
Designated Engagement Partner
Certified Public Accountant

Kentaro Koyama
Designated Engagement Partner
Certified Public Accountant

<Consolidated Financial Statements Audit>

Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Rakuten Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as provided for in Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of property, plant and equipment and intangible assets of Rakuten Mobile, Inc., and goodwill in the Mobile segment	
Description of Key Audit Matter	**Auditor's Response**
As of December 31, 2025, the Group recorded property, plant and equipment of ¥1,068,509 million and intangible assets of ¥1,079,201 million, totaling ¥2,147,710 million in its consolidated statement of financial position. This included ¥997,821 million attributed to Rakuten Mobile, Inc. In addition, the intangible assets of ¥1,079,201 million in its consolidated statement of financial position include goodwill of ¥647,213 million. This included ¥218,183 million attributed to the Mobile segment. As a result of activities such as the construction of base stations for the mobile network operator business, which launched its business on a full-scale basis in April 2020, as well as sales promotions for acquiring new customers, Rakuten Mobile, Inc. has recorded operating losses consecutively since the launch of the business. As described in "3. Significant Accounting Estimates and Judgments” under Notes to the Consolidated Financial Statements, the Group determined that there was an indication of impairment of property, plant and equipment and intangible assets of Rakuten Mobile, Inc., and therefore conducted an impairment test by comparing the recoverable amount, determined based on value in use, with the carrying amount. The Mobile segment comprises businesses providing communication services and technologies, operating electricity supply services, and making investments related to the Mobile segment and other related businesses. Goodwill is monitored for internal management purposes, considering the expectation for the segment to benefit from intercompany synergies. Accordingly, impairment test is conducted for the group of cash-generating units (CGU) level. In addition to the mobile business described above, the Mobile segment's main businesses also include the Rakuten Symphony business. While Rakuten Symphony continues to advance its 4G and 5G infrastructure and platform solutions in the global market, the expansion of its core Open RAN business has taken longer than initially expected. As described in "19. Impairment of Non financial Assets” in the Notes to the Consolidated Financial Statements, the Group conducts impairment test of goodwill in the Mobile segment annually, in accordance with IAS 36 by comparing the recoverable amount, determined based on value in use, with the carrying amount.	We assessed the estimates of the recoverable amounts used in the impairment test of property, plant and equipment and intangible assets of Rakuten Mobile, Inc., and goodwill in the Mobile segment, by involving a component team to assist us in performing primarily the following audit procedures: - We obtained an understanding of the process for the development of business plans. - We assessed the key assumptions in the business plan by holding discussions with management on the actual trends and the future feasibility of the business plan in consideration of the operating environment, comparing the key assumptions with market forecasts and available external information, and performing historical trend analysis. - We compared the key assumptions that were used in formulating business plans in prior fiscal years with actual results, gained an understanding of the factors resulting in divergence, and evaluated their impact on management's judgments at the end of the current fiscal year. - We considered whether the business plan that is used for impairment test is consistent with the business plan that was approved and reported at the meeting of the Board of Directors. - We evaluated the method for calculating value in use, the Discount Rate, and the growth rate in accordance with the relevant accounting standards requirements, and assessed whether they are consistent with external information. We involved valuation specialists from our network firms to assist us in assessing the Discount Rate and the growth rate.

As a result of conducting the impairment tests, the Group did not recognize any impairment loss, as their value in use exceeded the carrying amounts for the property, plant and equipment and intangible assets of Rakuten Mobile, Inc., and the goodwill allocated to the Mobile segment. Value in use is calculated by discounting the estimated cash flows, based on a five-year future forecast that factors in future uncertainties in the business plan which is approved by management, with the long-term average growth rate of the mobile market and Japan's inflation rate applied as a growth rate for the period onwards. Key assumptions used in estimating the value in use of property, plant and equipment and intangible assets of Rakuten Mobile, Inc. are those used in estimating future cash flows, including average revenue per user, the number of new subscribers, the churn rate, the discount rate based on the weighted average cost of capital (the "Discount Rate"), and the growth rate. In addition, the key assumptions used in estimating the value in use of goodwill in the Mobile segment include the assumptions related to Rakuten Mobile, Inc. described above, together with those for the Rakuten Symphony business, such as the growth outlook for the Open RAN market and the market penetration rate, as well as the Discount Rate and the growth rate. In conducting these impairment tests, the combination of the business conditions described above and the rise in interest rates resulted in a smaller margin by which the recoverable amount exceeds the carrying amount compared with previous years. The aforementioned key assumptions used in estimating value in use involve a high degree of uncertainty and require management's judgment. Therefore, we have determined that this is a key audit matter.	

Other Information

The other information comprises the information included in the Annual Securities Report (Yukashoken-Hokokusho) that contains audited consolidated and non-consolidated financial statements but does not include the consolidated and non-consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRS Accounting Standards, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related Information>
The fees for the audits of the financial statements of the Group and other services provided by us and other EY member firms for the year ended December 31, 2025 are presented in paragraph (3) titled "Audits" in Section 4 "Corporate Governance" included in Item IV "Information on the Company Submitting Financial Reports" in Part 1 of the Annual Securities Report (Yukashoken-Hokokusho) for the year ended December 31, 2025 of the Group.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Note to the Readers of Independent Auditor's Report:
This is extracted and translated from the Independent Auditor's Report as required by Financial Instruments and Exchange Act for the convenience of the readers.

English Translation
Independent Auditor's Report

March 26, 2026

The Board of Directors
Rakuten Group, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Tomoko Tanabe
Designated Engagement Partner
Certified Public Accountant

Isamu Ando
Designated Engagement Partner
Certified Public Accountant

Mitsutaka Kumagai
Designated Engagement Partner
Certified Public Accountant

Kentaro Koyama
Designated Engagement Partner
Certified Public Accountant

<Non-Consolidated Financial Statements Audit>

Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying non-consolidated financial statements of Rakuten Group, Inc. (the Company), which comprise the non-consolidated balance sheet as at December 31, 2025, and the non-consolidated statements of income and changes in equity for the year then ended, and notes to the non-consolidated financial statements.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shares of Rakuten Mobile, Inc.	
Description of Key Audit Matter	**Auditor's Response**
As stated in the Notes to the Non-Consolidated Financial Statements, "Securities", shares of subsidiaries with no market price recorded on the balance sheet were ¥2,632,069 million as of December 31, 2025. The carrying amount of the investment in Rakuten Mobile, Inc. accounts for over 70% of this amount. The net asset-based value of Rakuten Mobile, Inc.'s shares declined significantly as of December 31, 2025. This decline resulted from activities such as constructing base stations and implementing sales promotions to acquire new customers for the mobile network operator business, which was launched in April 2020. In the valuation of shares of the subsidiary, the Company determined that the value of the shares is recoverable. This conclusion is supported by sufficient evidence based on the business plan and current period results; therefore, the carrying amount of the shares was not written down. Key assumptions in assessing the recoverability of the value of the shares include average revenue per user, number of new users, and churn rate. Given that the business plan used in the valuation of the shares of the subsidiary is subject to high degree of uncertainty and the evaluation of the recoverability of the shares, including comparisons with actual results, requires management to exercise judgment, we have determined that the valuation of shares of Rakuten Mobile, Inc. is a key audit matter.	We assessed the valuation of shares of Rakuten Mobile, Inc. by involving a component team to assist us in performing primarily the following audit procedures: - We obtained an understanding of the process for the development of business plans. - We assessed the key assumptions in the business plan by holding discussions with management on the actual trends and the future feasibility of the business plan in consideration of the operating environment, comparing the key assumptions with market forecasts and available external information, and performing historical trend analysis. - We compared the key assumptions used in formulating business plans in the prior fiscal years to actual results. We gained an understanding of factors that resulted in divergence and evaluated the impact of these key assumptions on management's judgement at the end of the current fiscal year. - We considered whether the business plan that is used for assessing the recoverability of the value of the shares, is consistent with the business plan that was approved and reported at the meeting of the Board of Directors.

Other Information

The other information comprises the information included in the Annual Securities Report (Yukashoken-Hokokusho) that contains audited consolidated and non-consolidated financial statements but does not include the consolidated and non-consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the non-consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related Information>
Fee-related Information is described in the Independent Auditor's Report on the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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