

Fiscal Year 2013 Full Year and Fourth Quarter Consolidated Financial Results

February 14, 2014

Rakuten, Inc.

This presentation includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation – and expressly disclaims any such obligation – to update or alter its forward-looking statements. Names of companies, products, and services and such that appear in this material are trademarks or registered marks of their respective companies.

Project V4

Project V4

Initiatives to improve profitability

- KKP (Optimizing expenses)
- Unifying e-commerce platform
- Small teams
- Strengthening operational management by utilizing talented executive officers

Target

**Cost reduction of
JPY 1 bn per month**

KKP (Kechi-Kechi Projects)

- Analyzing expenses of existing businesses
- Streamlining daily activities
- Example: company cell-phones

Unifying E-Commerce Platform

- Rakuten Merchant Server - Global (RMS-G)
- Reviewing inefficient platforms and business models
- Standardizing marketplace model
- Sharing expertise globally

Small Teams

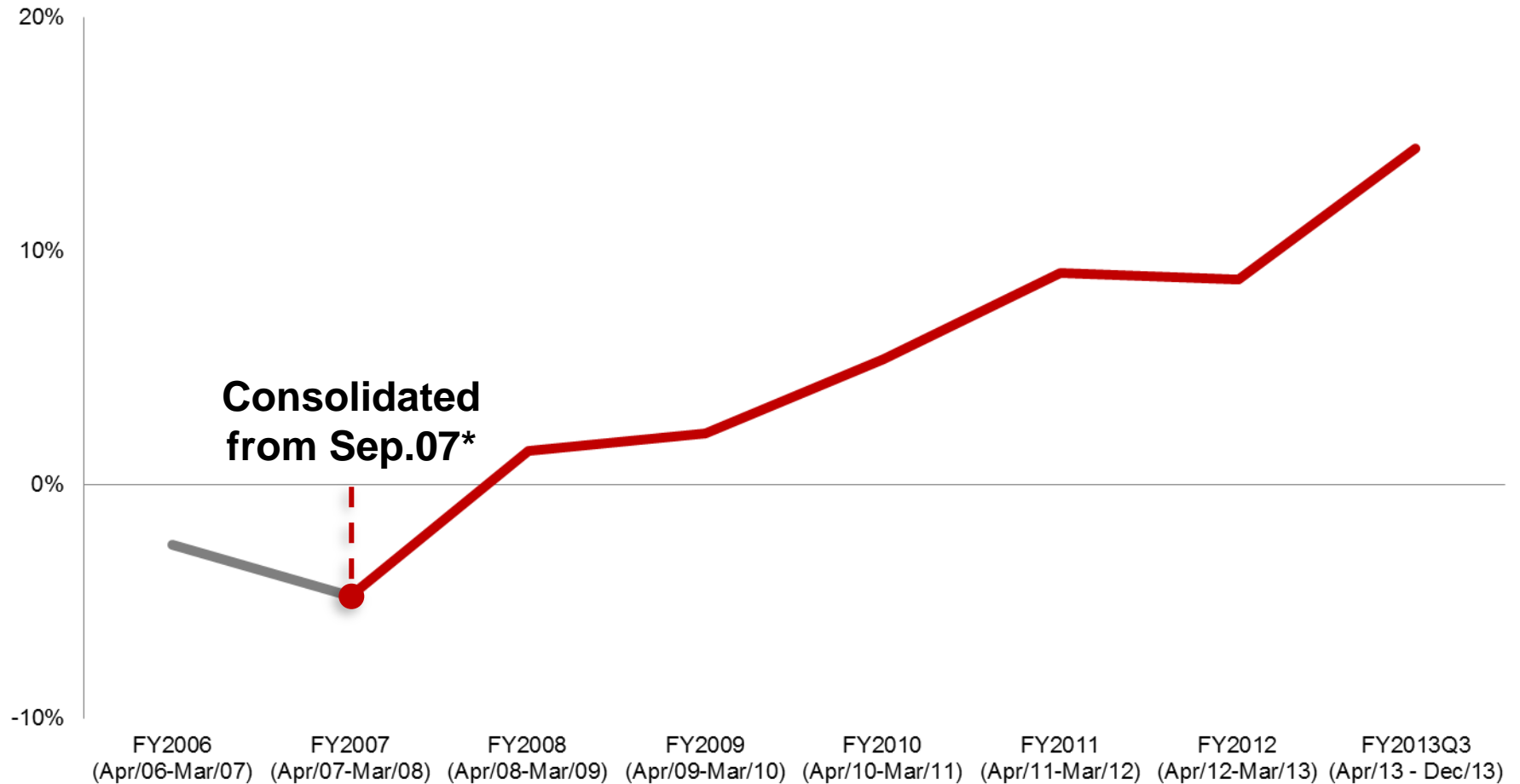
- Agile and small teams
- Back to the venture
- Example: Rakuten Smart Pay

Kobo Inc

- New CEO: Takahito Aiki
- Optimizing investments

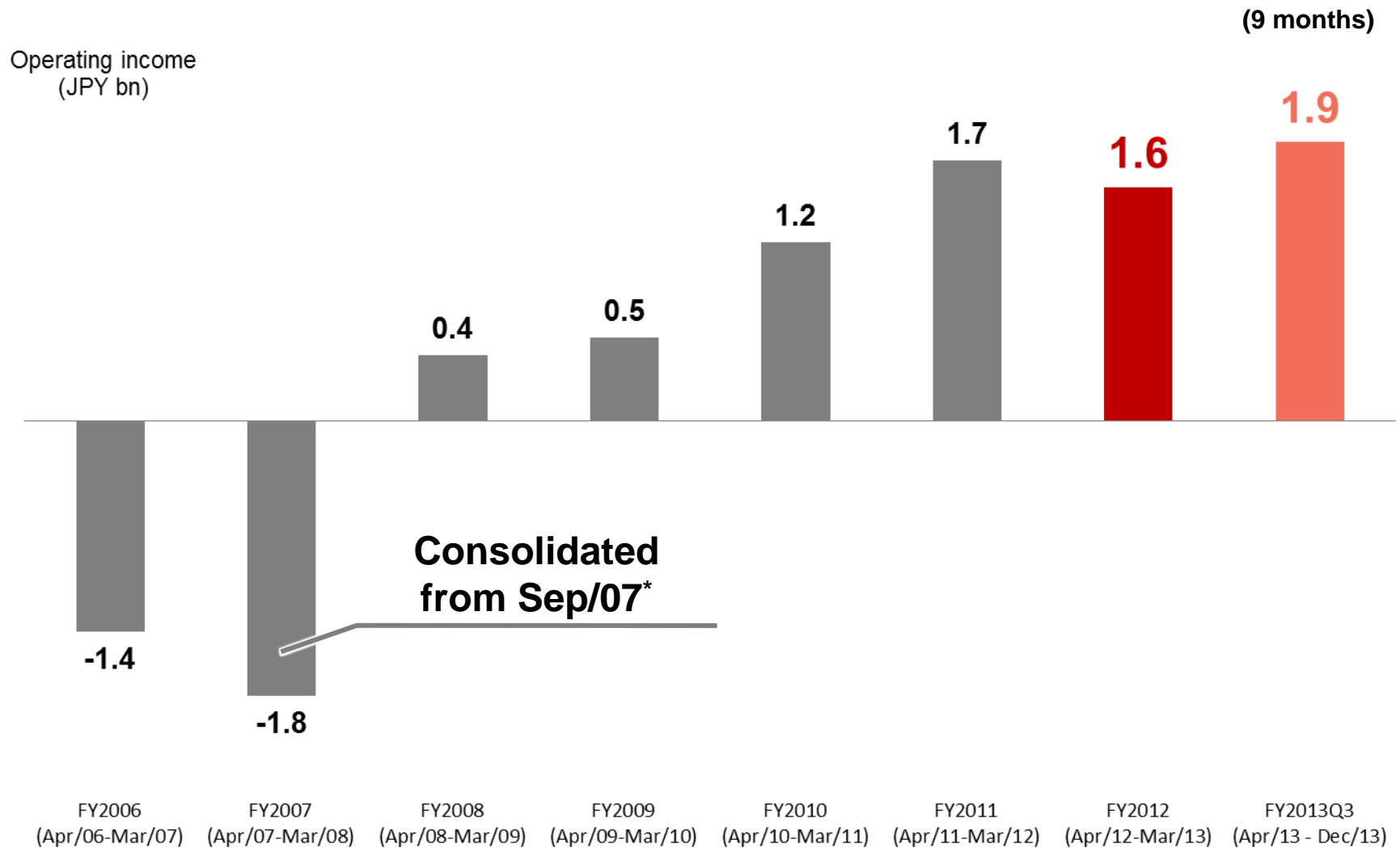
Fusion OI Margin Improvement

Operating income margin (%)



* Fusion Communications Corp. was consolidated from September, 2007

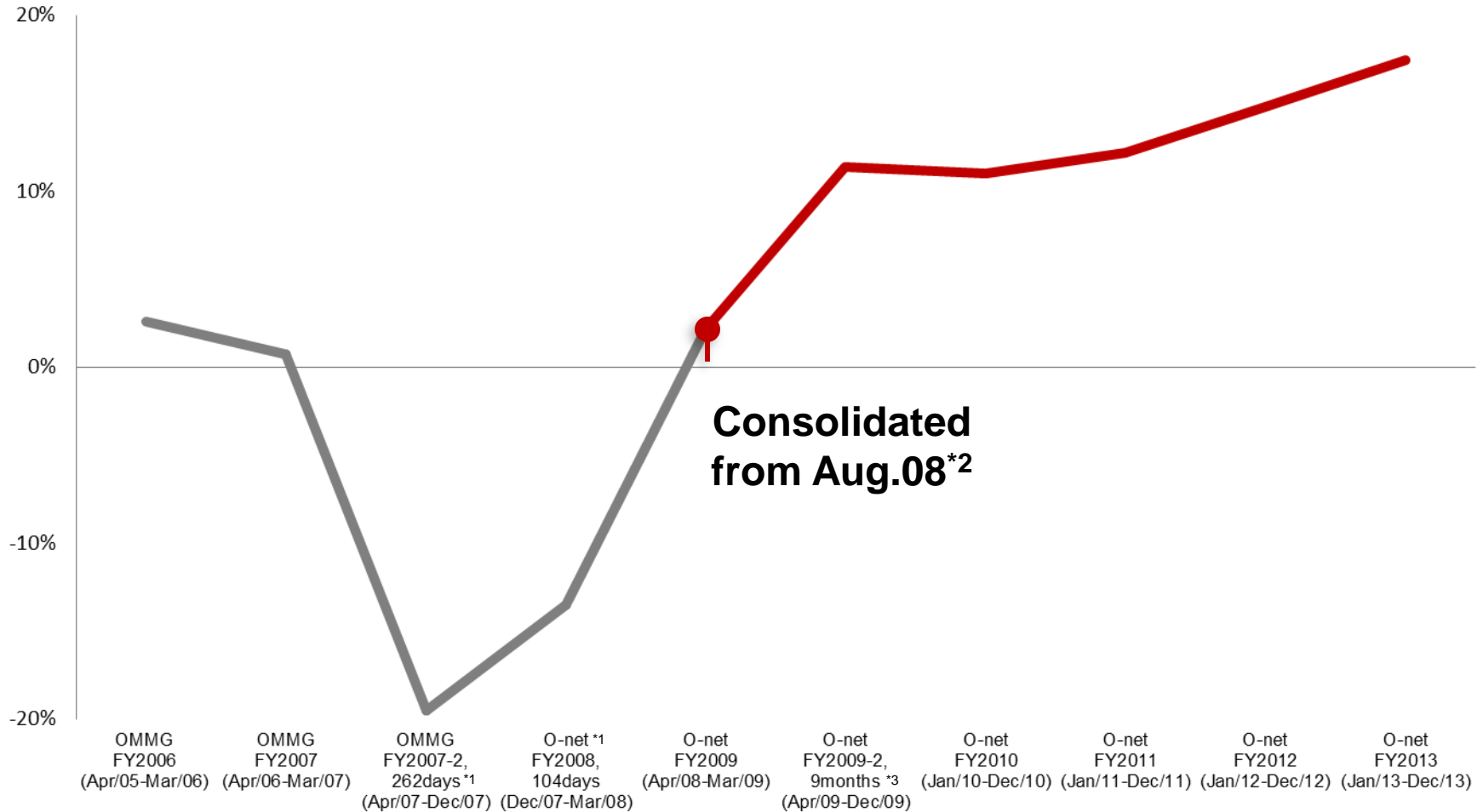
Fusion Operating Income Improvement



* Fusion Communications Corp. was consolidated from September, 2007

O-net OI Margin Improvement

Operating income margin (%)



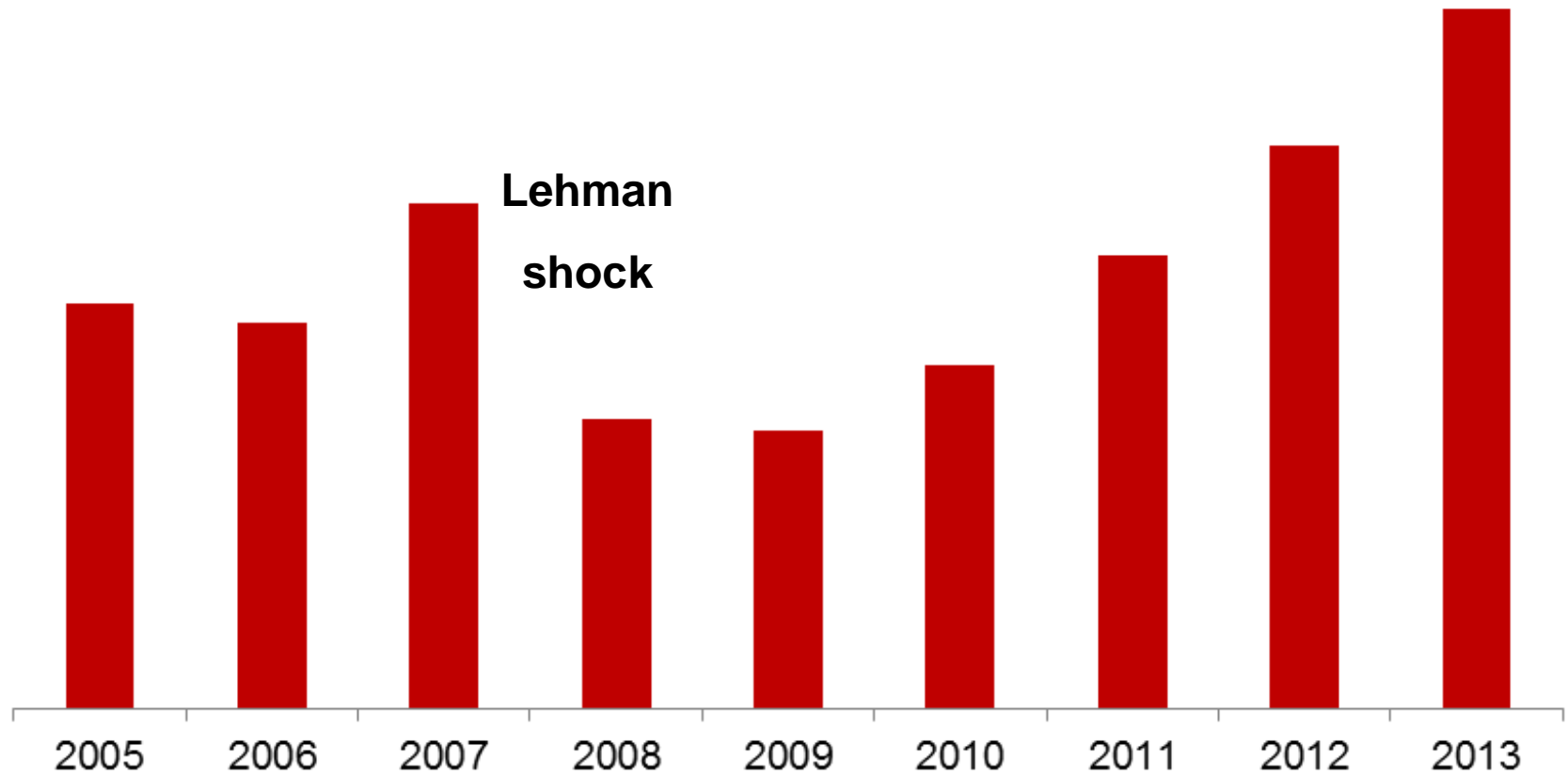
*1: 2007年12月19日O-net, Inc. 設立。株式会社オーエムエムジーより事業を承継。

*2: O-net, Inc. was consolidated from the end of August, 2008

*3: 3月決算から12月決算へ変更

LinkShare Corporation*

EBITDA



*: does not include LSJ

1 FY2013 & Q4 Financial Results

- Rakuten started to report quarterly financial results based on IFRS from Q1/13, versus J-GAAP up to Q4/12.
- Numbers for FY2012 in this presentation are retrospectively stated based on IFRS basis.
- Numbers are rounded to the nearest million, etc.

Q4/13 Results Summary

(JPY bn, IFRS)

	Q4/12	Q4/13	YoY
Revenue	120.6	148.8	+23.4%
Operating Income before One-off Items	22.7	26.4	+16.0%
Operating Income	-7.7	19.2	-
Net Income Attributable to Owners of the Parent Company	-11.7	6.6	-

Q4/13 Breakdown by Business Category (OI before One-off Items)

(JPY bn, IFRS)

	Q4/12	Q4/13	YoY
Rakuten Ichiba and Rakuten Travel			
Revenue	39.2	48.4	+23.5%
OI before one-off items	21.9	24.7	+12.9%
Other Internet Services			
Revenue	44.9	46.5	+3.7%
OI before one-off items	-5.3	-9.6	-
Internet Finance Segment			
Revenue	37.6	53.7	+42.8%
Operating Income	7.1	12.2	+70.6%
Others Segment			
Revenue	7.5	9.8	+31.0%
Operating Income	0.3	-0.1	-
Adjustments			
Revenue	-8.6	-9.6	-
OI before one-off items	-1.3	-0.8	-
Consolidated			
Revenue	120.6	148.8	+23.4%
OI before one-off items	22.7	26.4	+16.0%

FY2013 Results Summary

(JPY bn, IFRS)

	FY2012	FY2013	YoY
Revenue	400.4	518.6	+29.5%
Operating Income before One-off Items	79.8	97.4	+22.1%
Operating Income	50.1	90.2	+80.3%
Net Income Attributable to Owners of the Parent Company	20.5	42.9	+109.4%

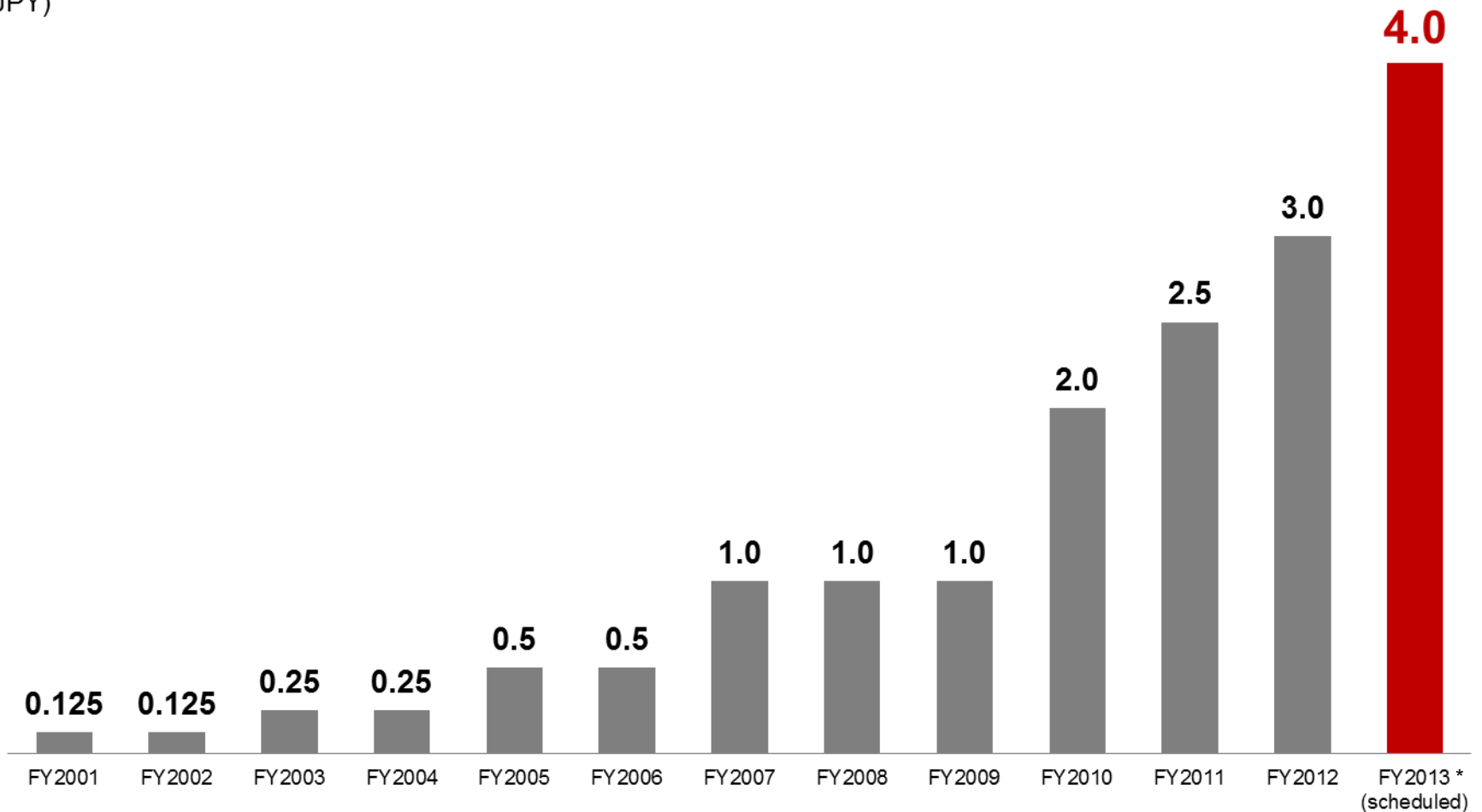
FY2013 Breakdown by Business Category (OI before One-off Items)

(JPY bn, IFRS)

	FY2012	FY2013	YoY
Rakuten Ichiba and Rakuten Travel			
Revenue	144.7	172.0	+18.8%
OI before one-off items	77.5	86.9	+12.1%
Other Internet Services			
Revenue	125.5	143.3	+14.1%
OI before one-off items	-19.0	-32.3	-
Internet Finance Segment			
Revenue	126.6	201.5	+59.2%
Operating Income	20.3	44.2	+117.8%
Others Segment			
Revenue	33.3	35.7	+7.4%
Operating Income	2.8	3.8	+33.2%
Adjustments			
Revenue	-29.6	-33.9	-
OI before one-off items	-1.9	-5.1	-
Consolidated			
Revenue	400.4	518.6	+29.5%
OI before one-off items	79.8	97.4	+22.1%

Dividend per Share (Adjusted for Stock Splits)

(JPY)



* Rakuten, Inc. scheduled to commemorate the listing on the First Section of the Tokyo Stock Exchange and to celebrate the first victory of the Tohoku Rakuten Golden Eagles, by offering a commemorative dividend of 1 yen per share, on top of ordinary dividend payment of 3 yen per share for the year ending December 2013

Q4/13 Financial Highlights

- Domestic e-commerce GMS keeps high growth: +23.0% YoY
- Revenue robust growth: +23.4% YoY
- Operating Income before one-off items: +16.0% YoY
- Financial business profit surged: +70.6% YoY

Reconciliation of One-off Items

(JPY mm)

	Q4/12	FY2012	Q4/13	FY2013	Comments
OI before one-off items	22,714	79,758	26,356	97,376	
One-off items	-30,435	-29,703	-7,132	-7,132	
Internet Services Segment	-33,982	-33,250	-7,132	-7,132	
Travel	-2,624	-1,892	-	-	Correction of accounting errors for DP
Buy, PriceMinister, Play	-31,358	-31,358	-	-	Impairment (additional line item): -29,910 mm Debt waiver (other loss): -1,448 mm
Logistics	-	-	-2,646	-2,646	Loss from termination of lease contracts
Play	-	-	-4,486	-4,486	Impairment of goodwill and intangible assets
Adjustments	3,548	3,548	-	-	
AIRIO Life*	2,375	2,375	-	-	Step-acquisition profit
Buy, PriceMinister, Play	1,172	1,172	-	-	Forex adjustments of impairment (additional line item)
Consolidated OI (IFRS)	-7,721	50,055	19,224	90,244	

* AIRIO Life Insurance Co., Ltd. changed its name to Rakuten Life Insurance Co., Ltd., on April 1, 2013

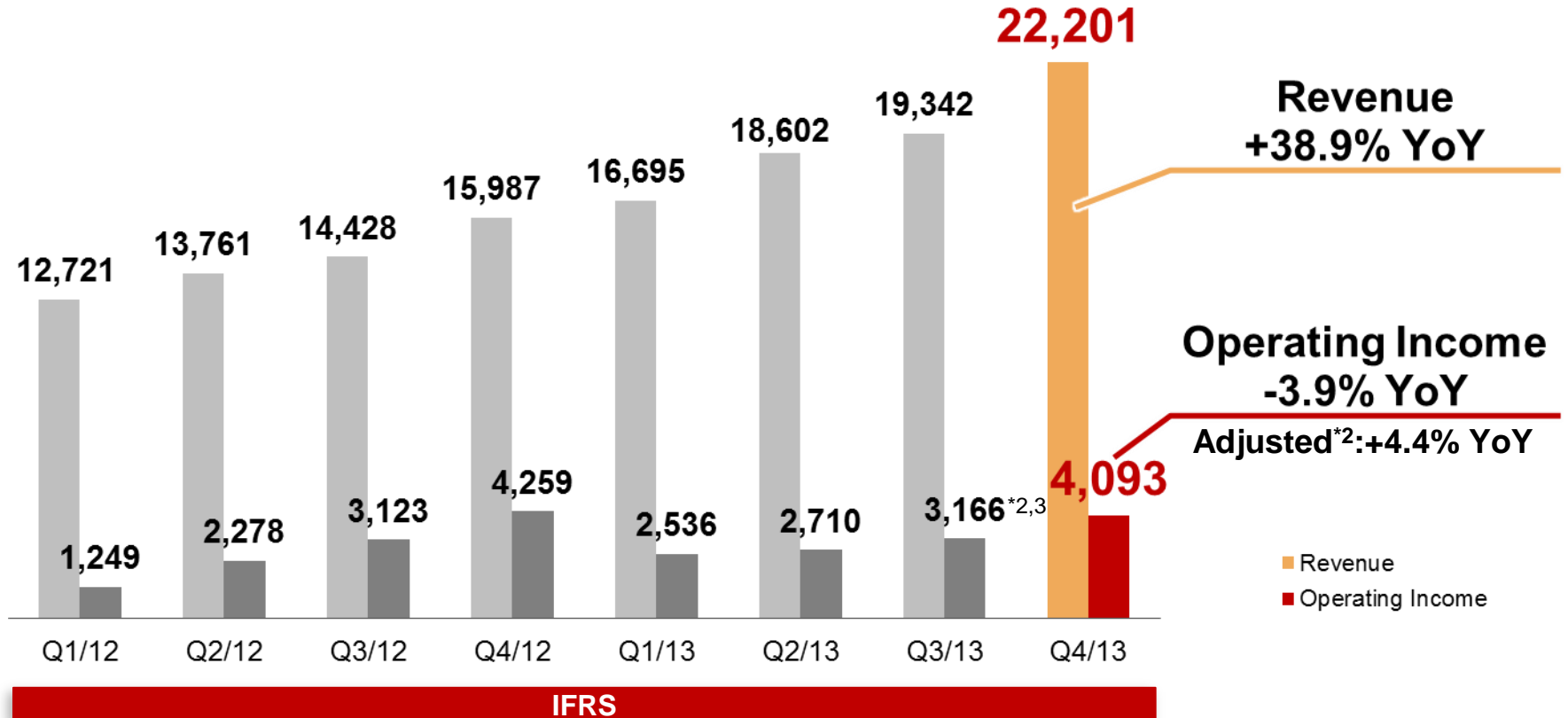
2 Internet Finance

Rakuten Card Results

■ Adjusting for changes in reserves: Operating income +4.4% YoY

(JPY mm)

Credit Card Business Quarterly Results



*1: Managerial accounting base (IFRS)

*2: Reversal of earthquake disaster reserve (decrease in expense): Q3/12 JPY 249 mm, Q4/12 JPY 340 mm

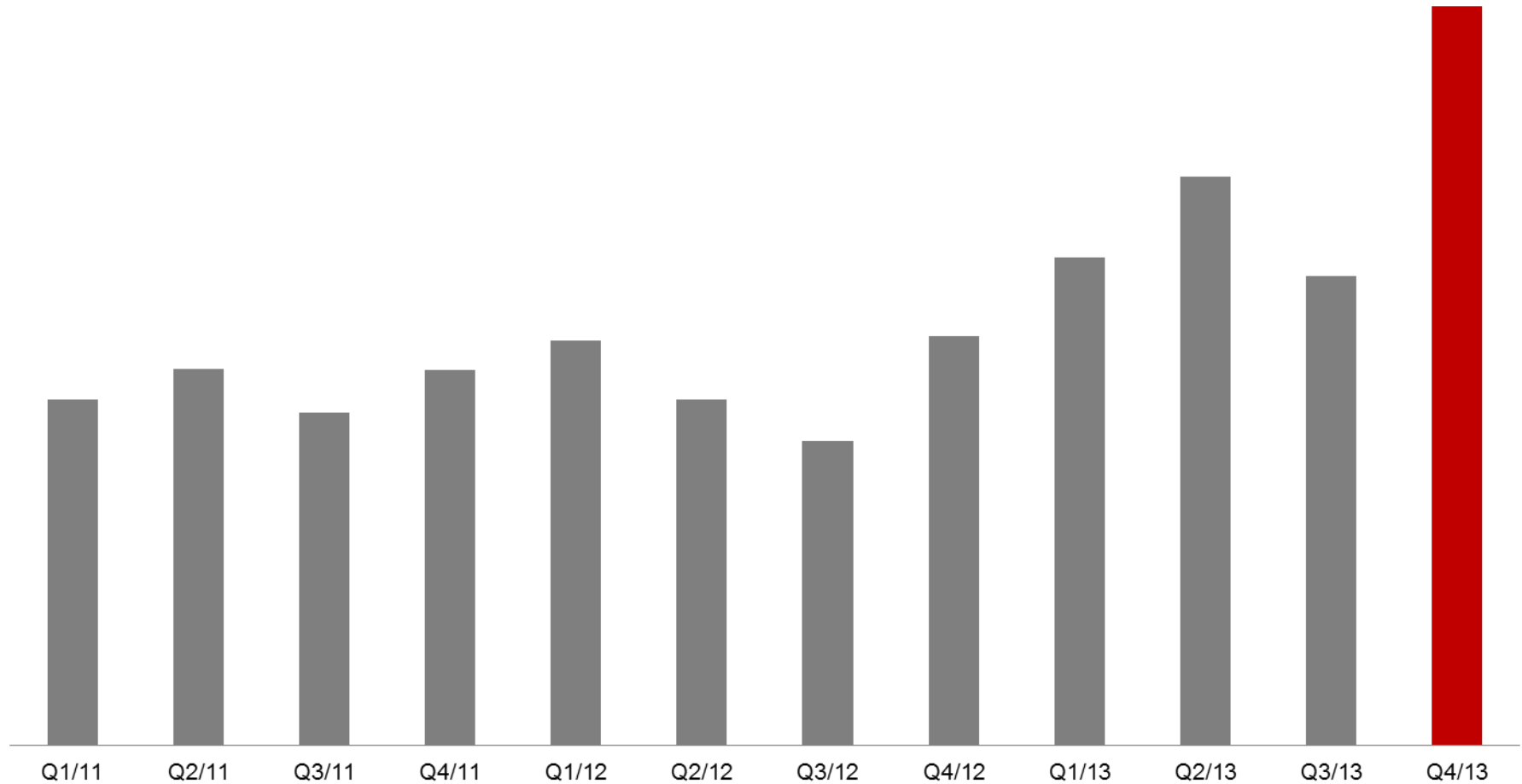
*3: Q3/13 JPY102 mm additional provision to reserve for retirement benefits due to the termination of the plan (increase in expense)

Acceleration in Cardholder Acquisition

■ Robust card holder acquisition, thanks to Eagles Japan Series victory

(Persons)

Net Increase in Rakuten Card Holders



Rakuten Card Shopping Transaction Value and Shopping Revolving Balance*

Rakuten Card Shopping Transaction Value

(JPY bn)

+48.1% YoY

771.3

453.4

520.9

535.8

606.2

647.7

Q3/12

Q4/12

Q1/13

Q2/13

Q3/13

Q4/13

Rakuten Card Shopping Revolving Balance

(JPY bn)

+33.2% YoY

214.8

149.7

161.3

172.7

186.0

199.2

Sep/12

Dec/12

Mar/13

Jun/13

Sep/13

Dec/13

* Managerial accounting basis and using different definition from Appendix

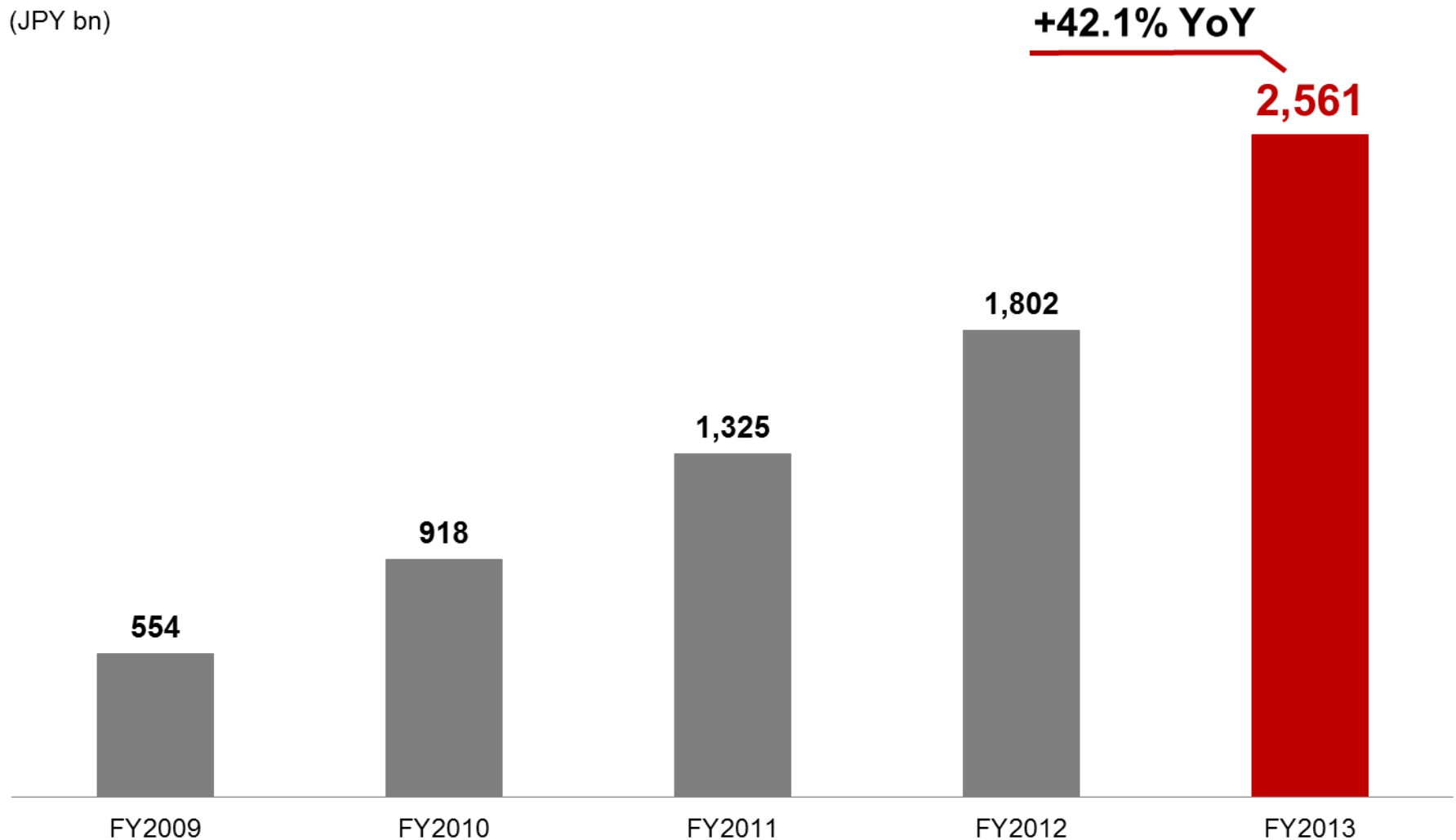
*.Total credit card data are shown in Appendix

Rakuten Card

Annual Shopping Transaction Value

- Rakuten Card annual shopping transaction value reached JPY 2.6 Trillion

(JPY bn)

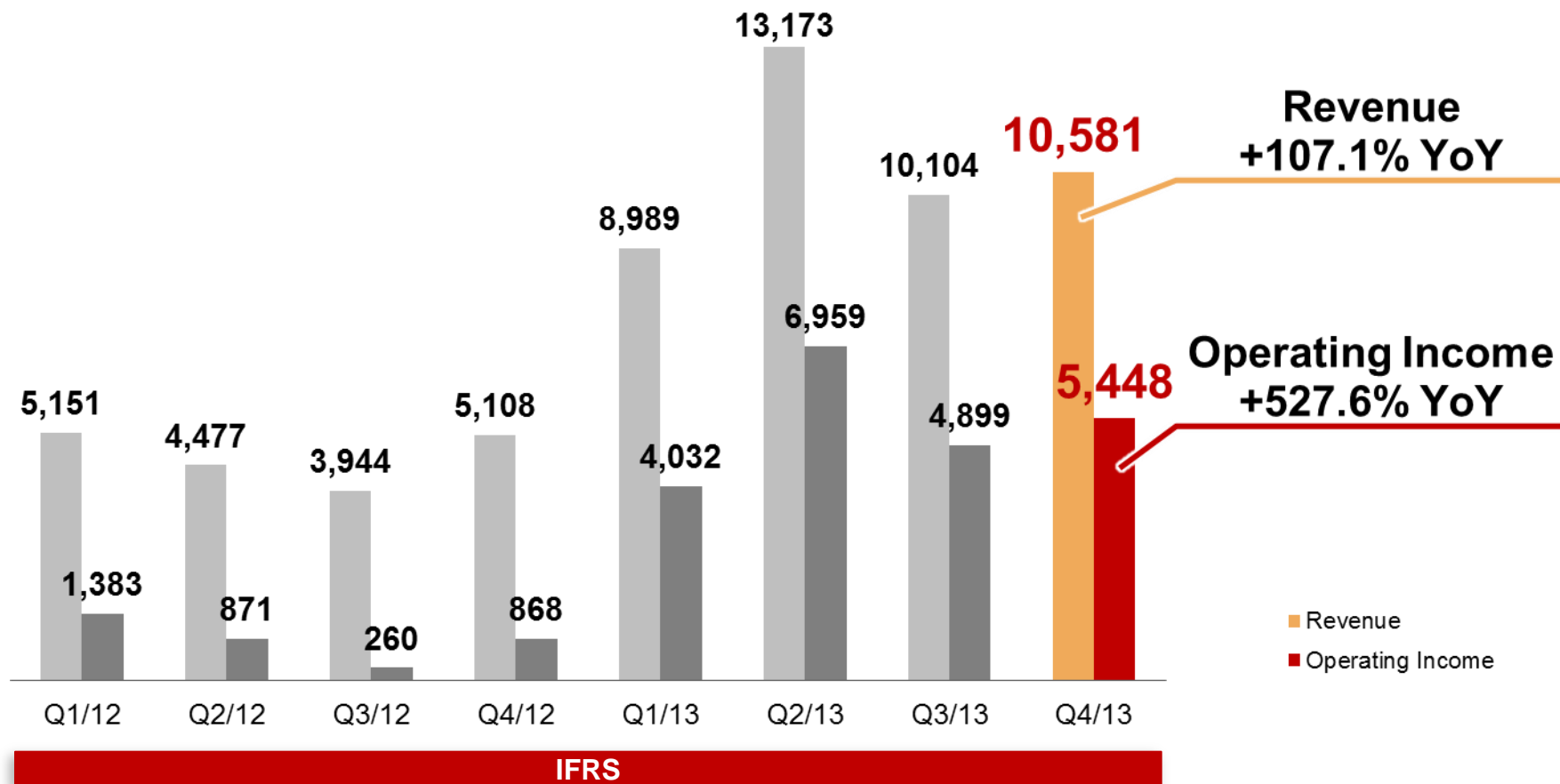


Rakuten Securities Results*

- Operating income up 6.3x YoY based on active trading by customers

(JPY mm)

Securities Business Quarterly Results



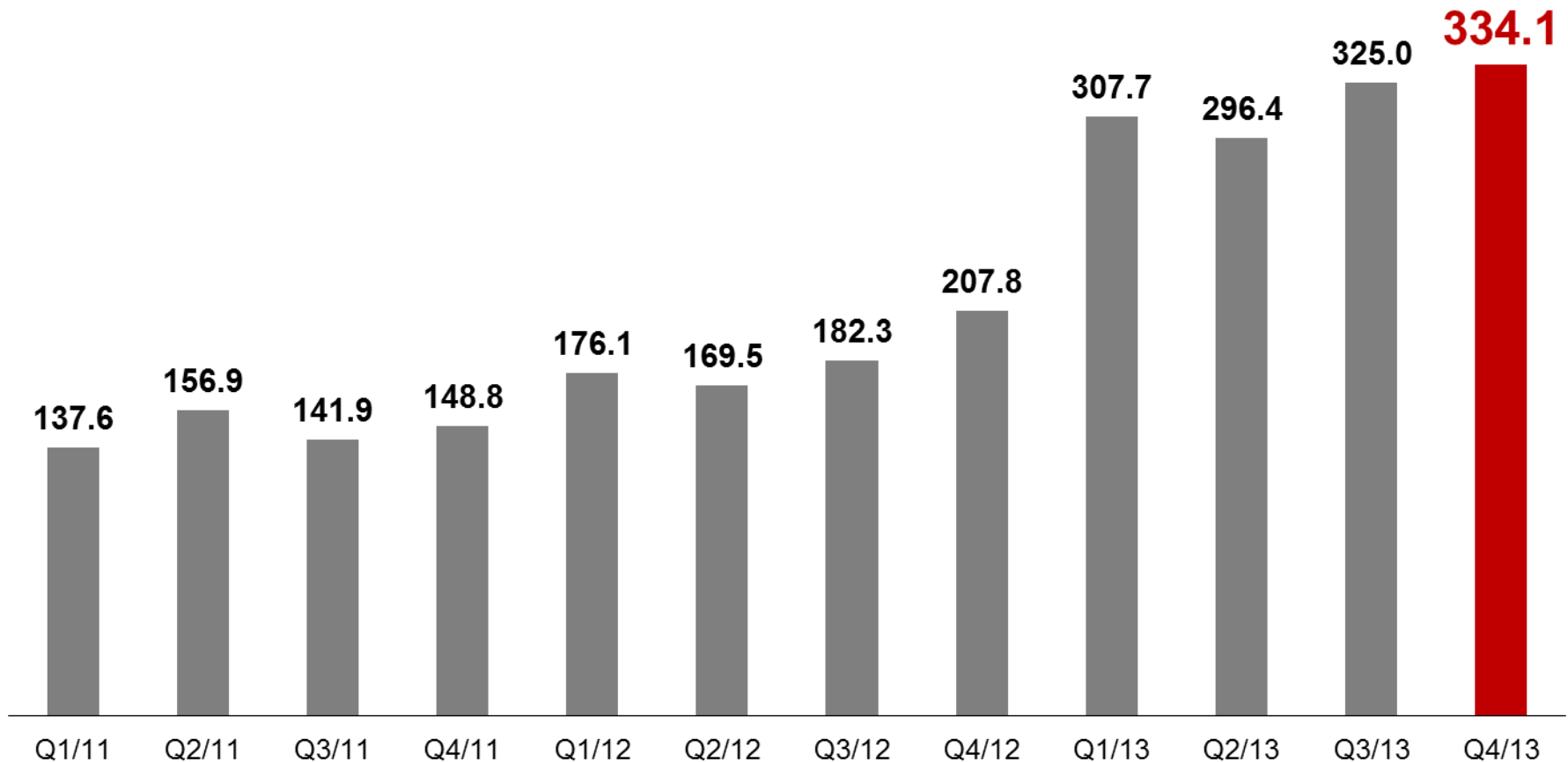
* Managerial accounting base (IFRS)

Rakuten Securities Investment Trust Asset Balance

- Net asset balance of Investment Trusts hit a record high

(JPY bn)

Net asset of Investment Trust
+60.8% YoY

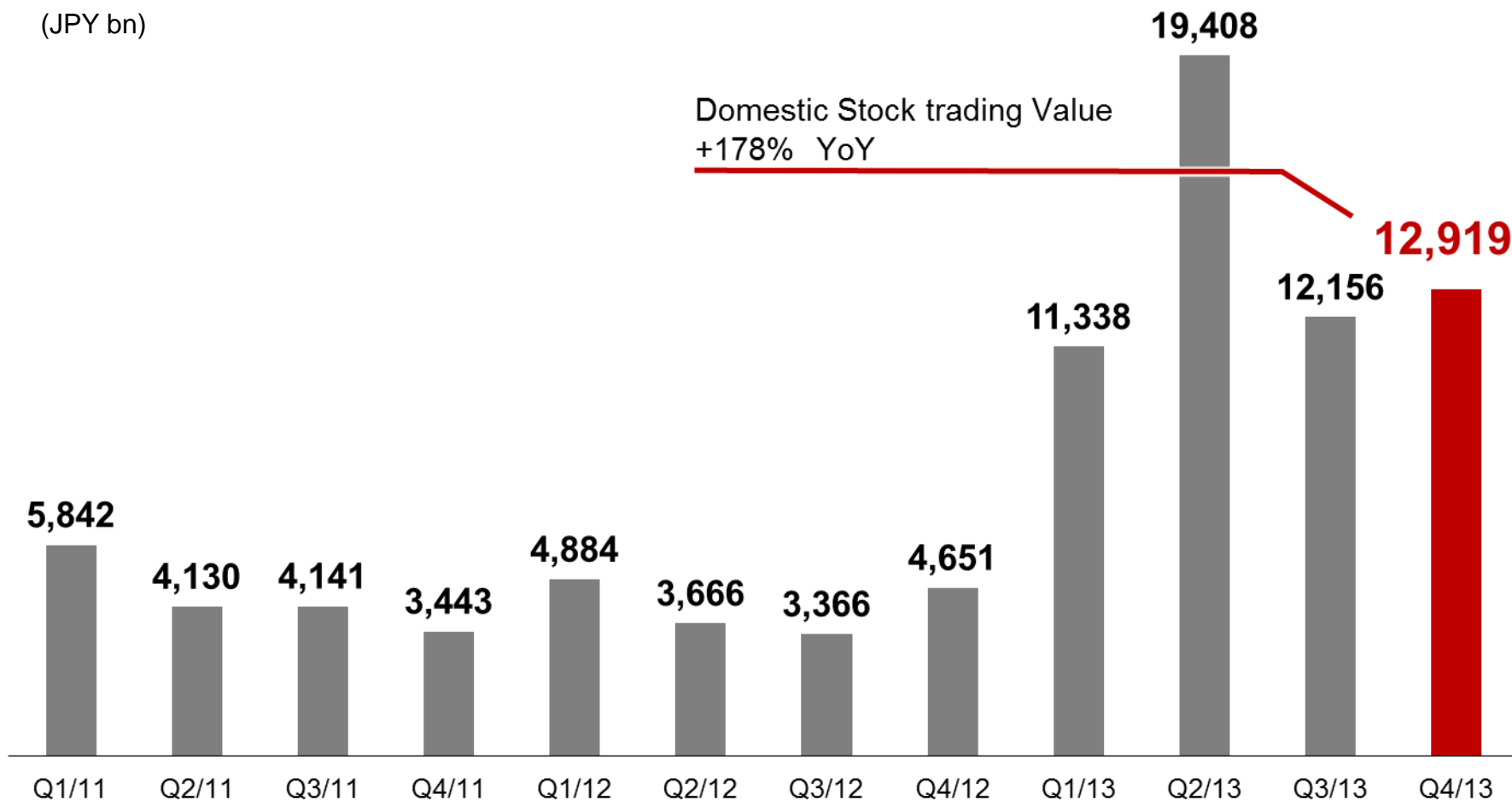


Rakuten Securities

Stock Brokerage Trading Value

- Domestic stock trading value maintained high level with active stock market

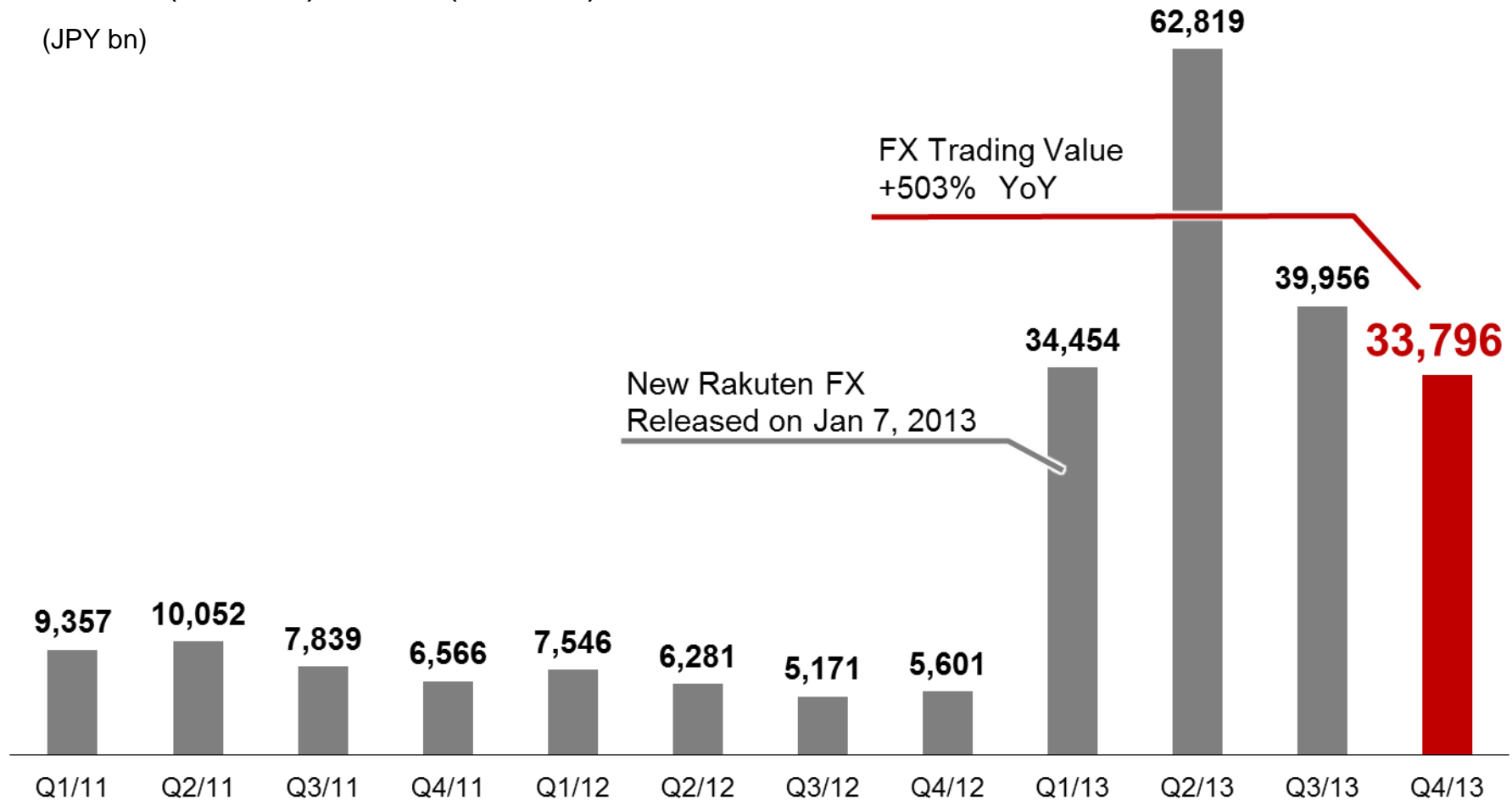
(JPY bn)



Rakuten Securities FX Trading Value

- Transaction amount greatly increased after release of New Rakuten FX service
- Ranking in Over-the-counter FX industry (by trading value) jumped up from 13th (Dec/12) to 6th (Dec/13)*

(JPY bn)



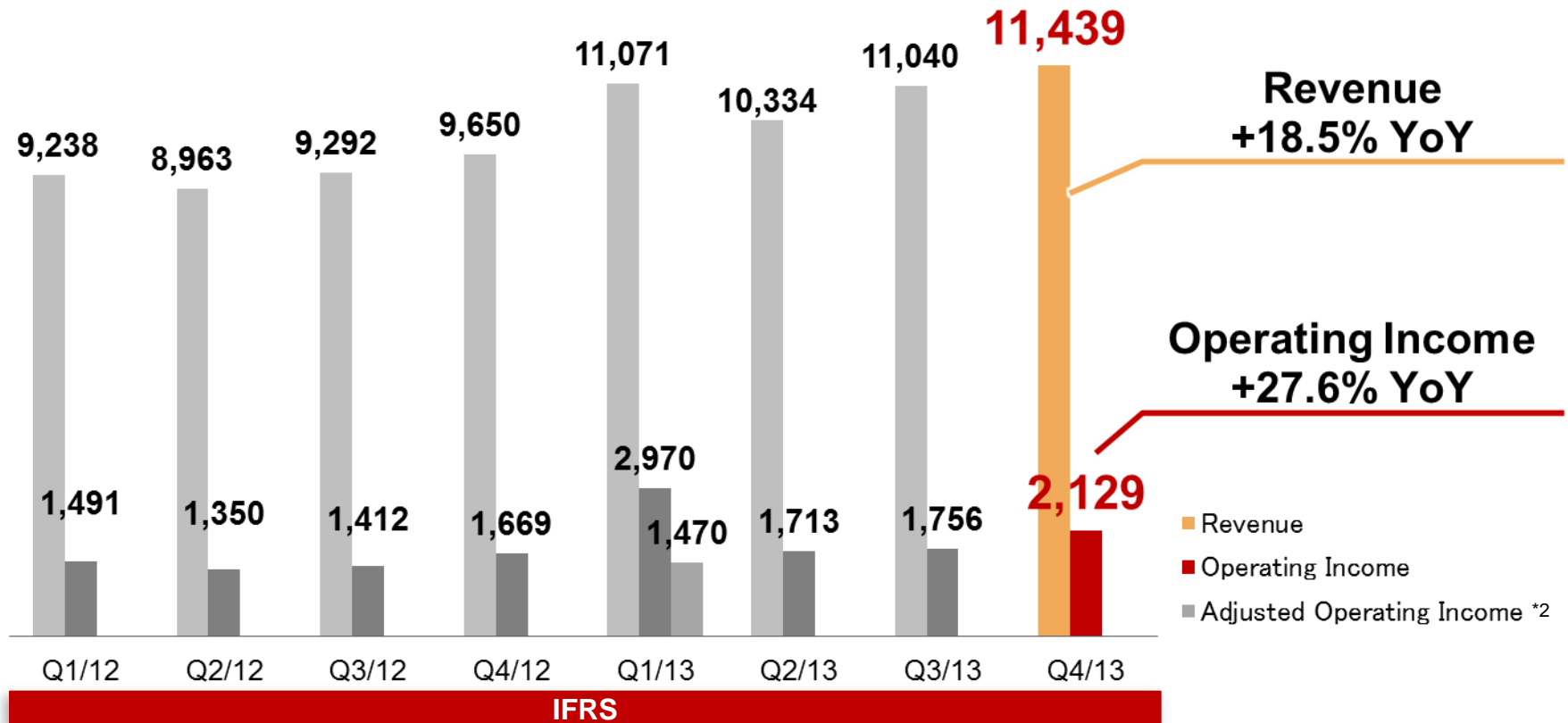
* Source: Based of the trading value (JPY) announced by the Financial Futures Association of Japan

Rakuten Bank Results*1

■ Operating Income +27.6% YoY, thanks to Rakuten Bank Super Loans growth

(JPY mm)

Banking Business Quarterly Results



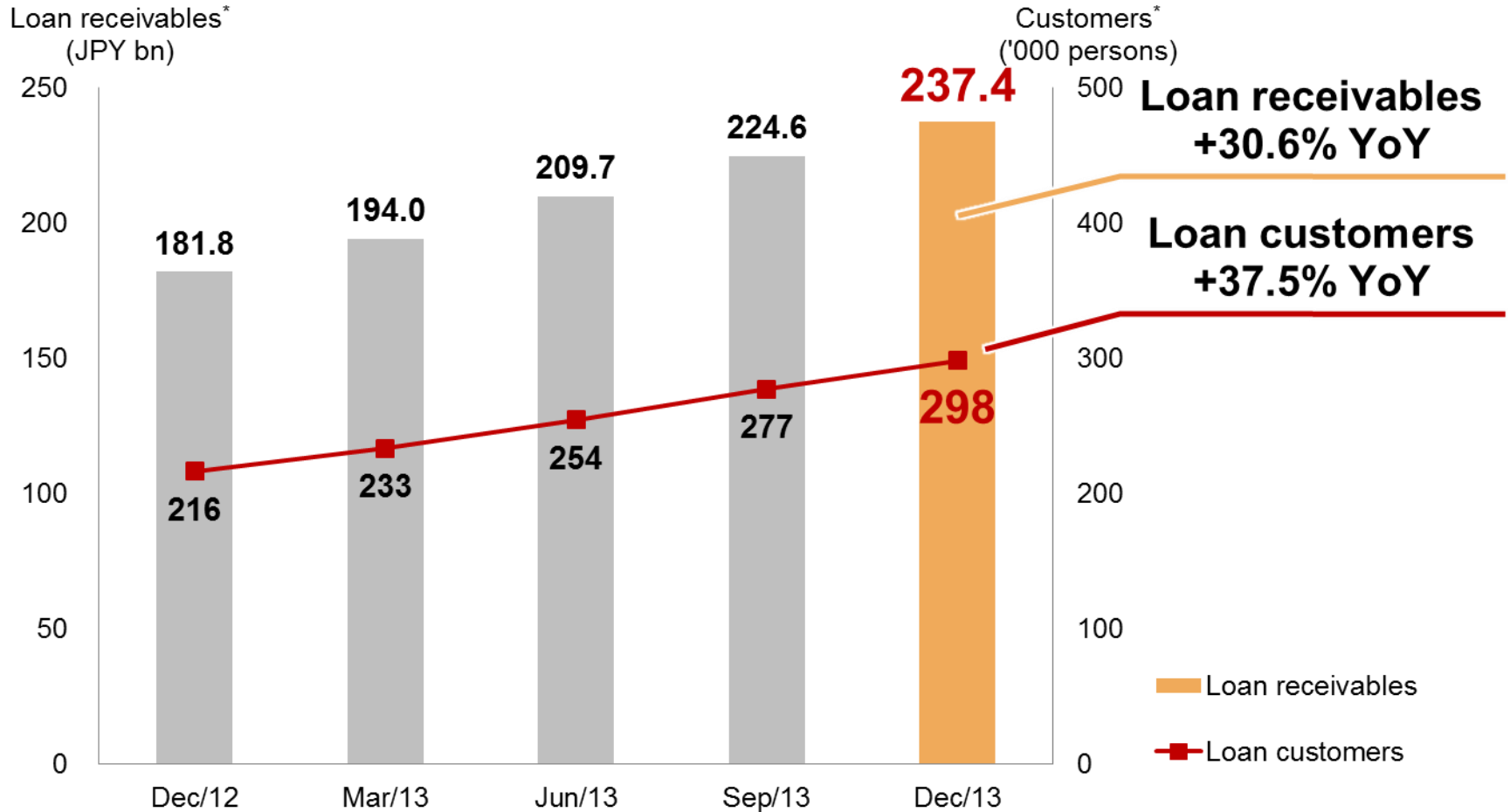
*1: Managerial accounting base (IFRS)

*2: Operating income in Q1/13 includes transfer gain (JPY1.5bn) of investment trust business to Rakuten Securities.

Rakuten Bank recognizes transfer gain as extraordinary profit under J-GAAP, while consolidated Rakuten group eliminates it in "Adjustments" as group transaction

Rakuten Bank Super Loans

■ Achieved high growth of loan receivables



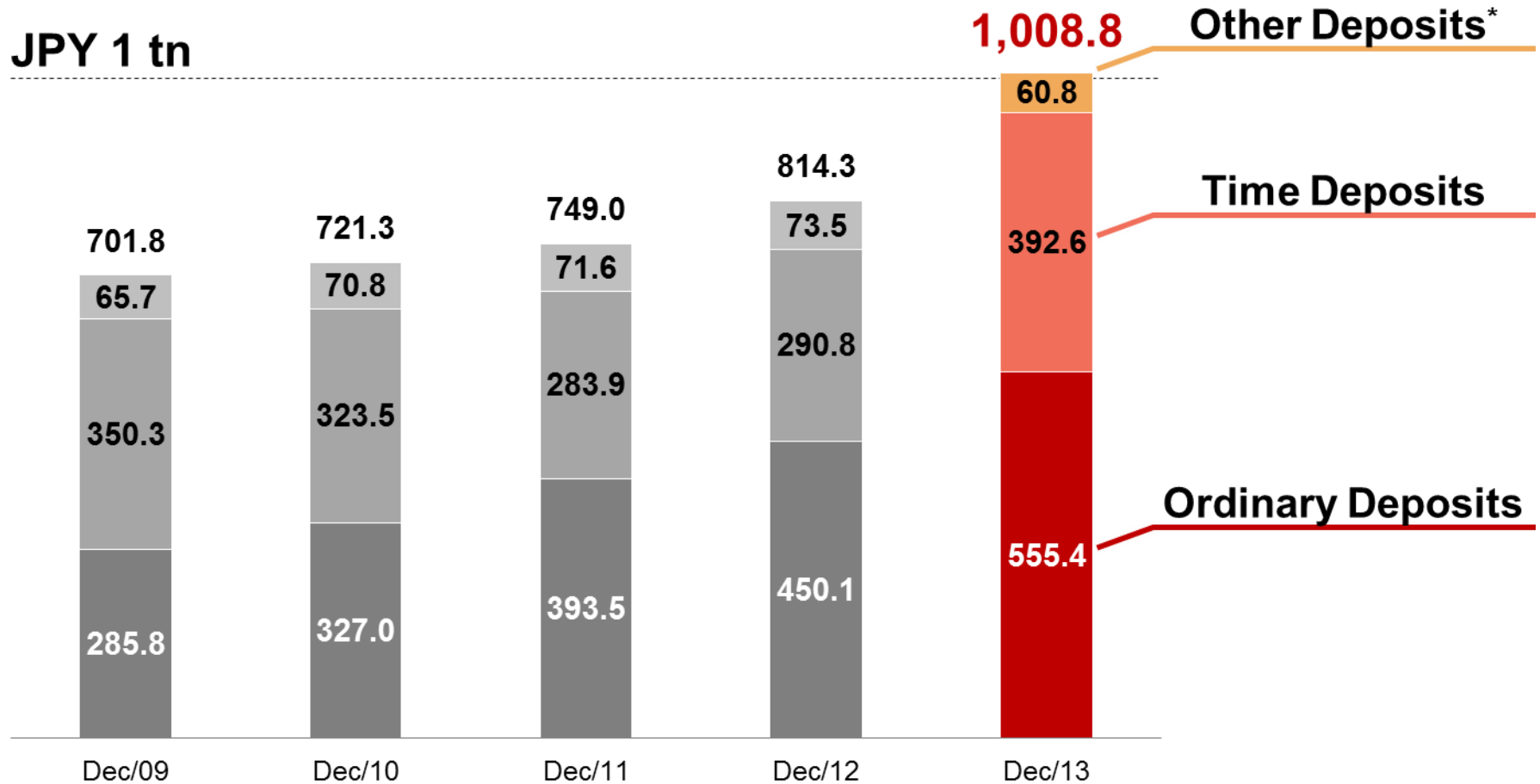
* Loan receivables and loan customers are total of Rakuten Bank and credit guarantees of Rakuten Card Co., Ltd

Rakuten Bank Deposits

■ Deposits exceeded 1 trillion yen on Dec 26, 2013

(JPY bn)

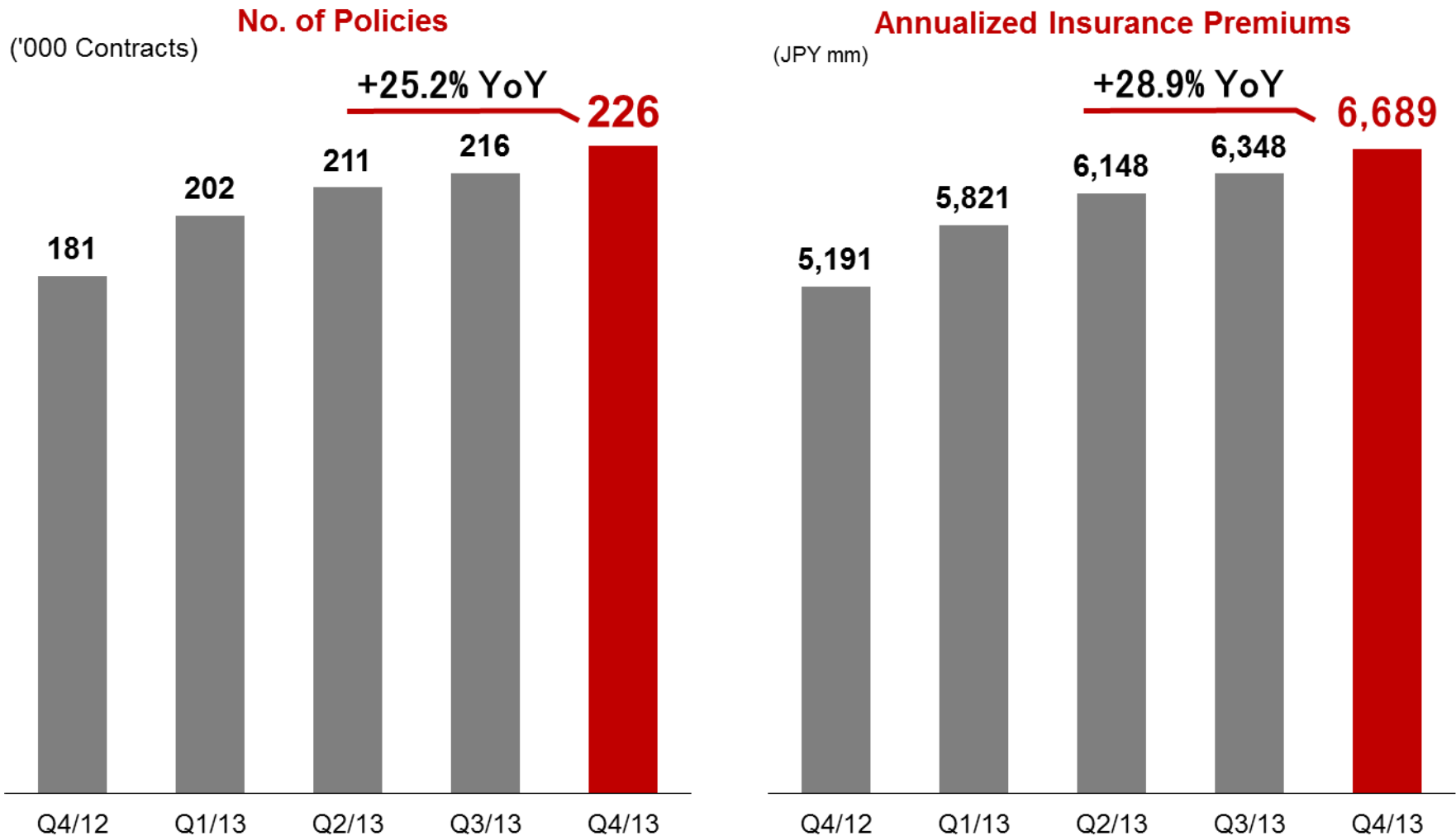
JPY 1 tn



* Other deposits include deposits in foreign currencies and others

Life Insurance Business*

Life Insurance Contracts (excl. mutual aid association)



* Rakuten Life Insurance Co., Ltd. was consolidated from the end of October, 2012

Life Insurance Business*1: Quarterly Results and Major Indices

■ Rakuten Life Insurance Co., Ltd. quarterly results

(JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Revenue		6,716	6,786	6,717	6,804
Operating Income before PPA*2		319	70	695	813
Operating Income (Loss)		110	-139	486	604

■ Rakuten Life Insurance Co., Ltd. Major indices

(No. of contracts, JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
No. of New Policies	13,882	28,157	16,947	12,244	15,654
Annualized Insurance Premiums	435	849	548	425	536
No. of Policies*3	649,449	659,710	658,836	654,293	654,289
Annualized Insurance Premiums*3	26,854	27,154	27,180	27,157	27,266
Solvency Margin	1,023.2%	1,076.6%	917.1%	866.2%	862.6%
MCEV*4					42,576
Adjusted Net Asset Value					4,560
The Present Value of Future Profits					38,015

*1: Rakuten Life Insurance Co., Ltd. was consolidated from the end of October, 2012

*2: Depreciation of intangible assets by PPA (Purchase Price Allocation) through acquisition is adjusted

*3: Including policies of succeeded mutual aid association business in 2008

*4: MCEV uses Simplified calculation methodology. Estimated cash flow period changed for more accurate calculation in this term

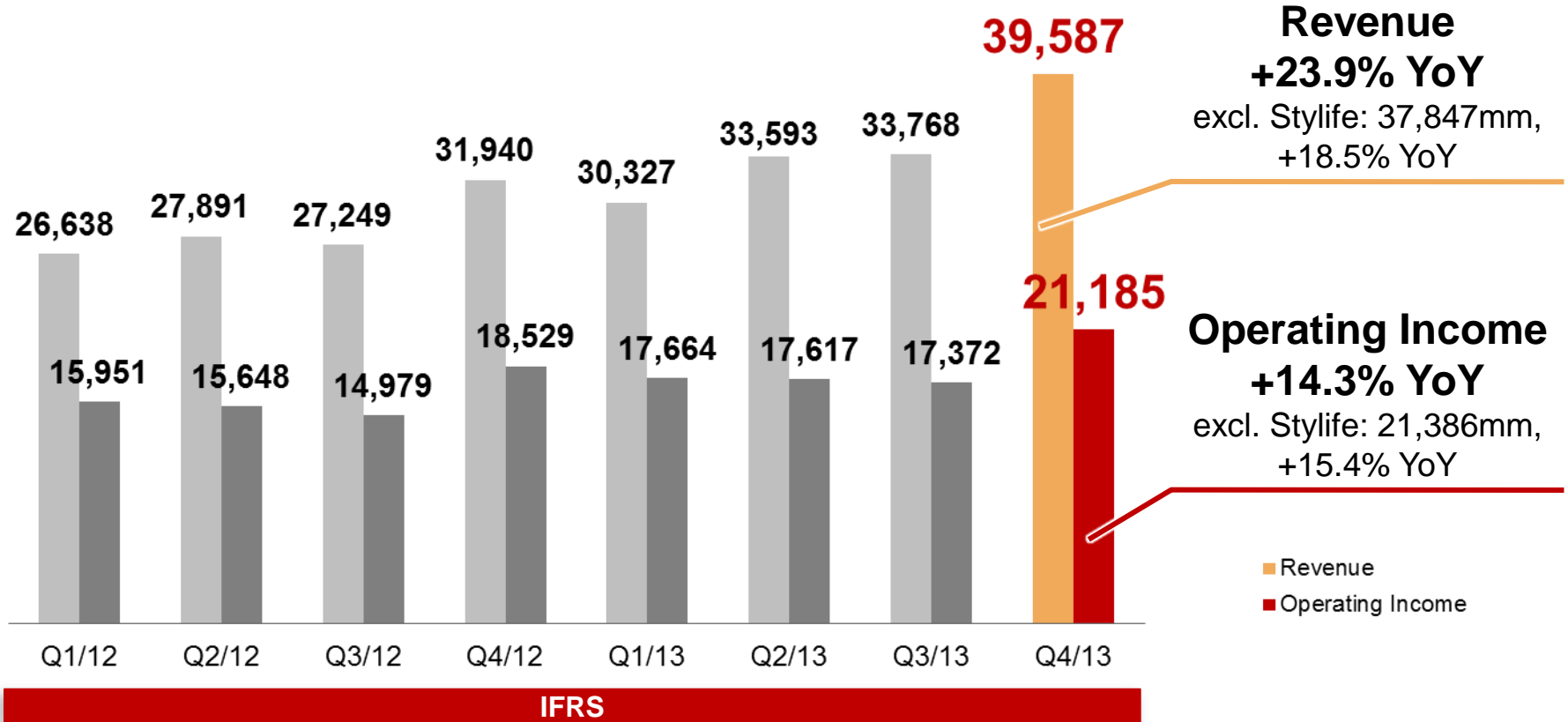
3 Internet Services

Rakuten Ichiba Results*

■ OI margin excluding Stylife, consolidated from Q2/13: 56.5%

(JPY mm)

Ichiba Business Quarterly Results

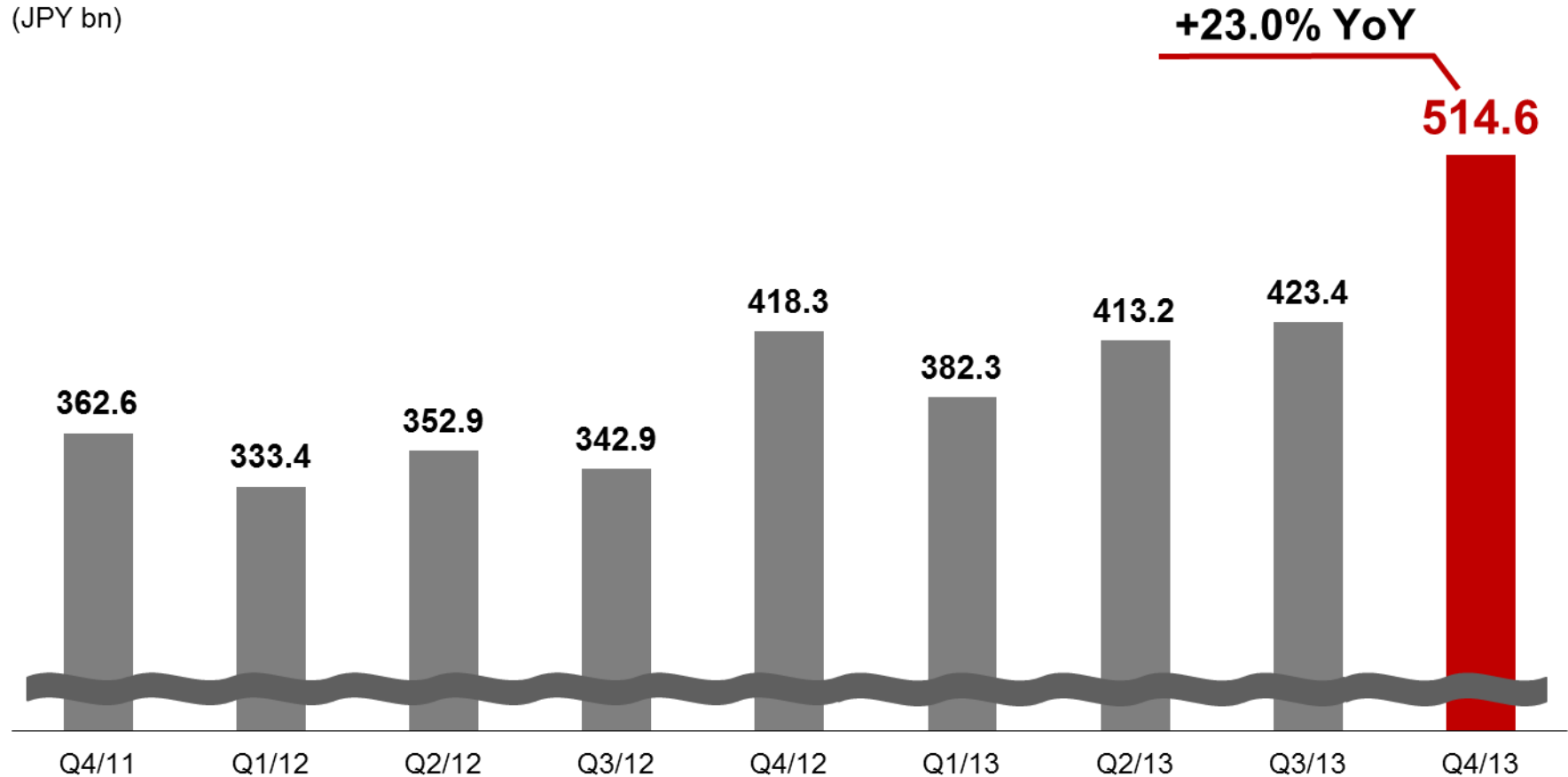


* Managerial accounting base (IFRS)

Domestic E-Commerce GMS

■ Domestic E-Commerce GMS: +23.0% YoY

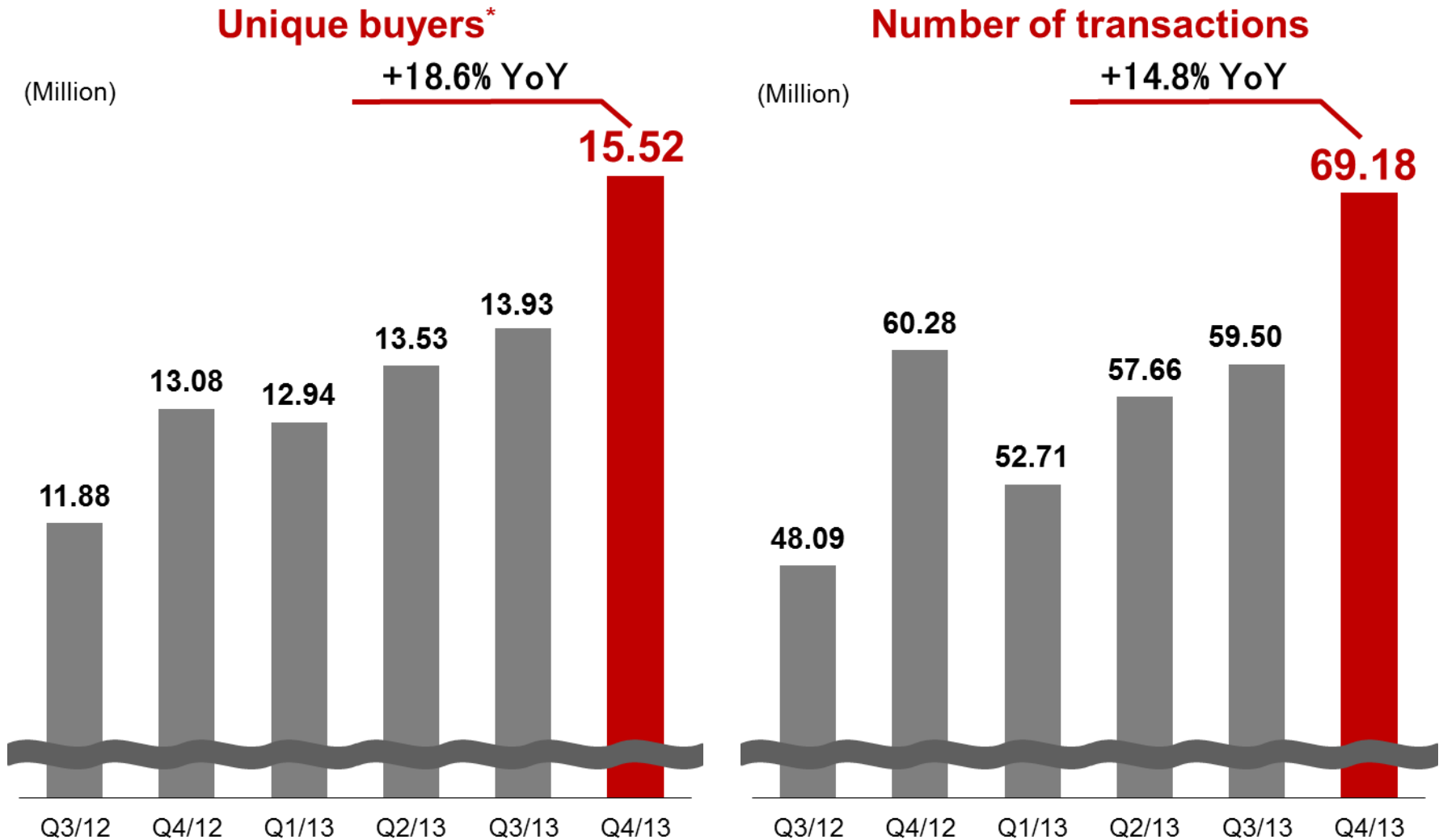
(JPY bn)



* Domestic E-Commerce = Ichiba, Auction, Package Media, Golf, Business, Download, Tickets, Internet Supermarket, Check Out, Off-track betting, toto, Showtime, Media rental, Dining, Salon (added from Q2/12), Mart, Kenko.com and Solar (added from Q3/12), Stylife (added from Q2/13), Smart pay (retroactively added from Q4/12)

Rakuten Ichiba

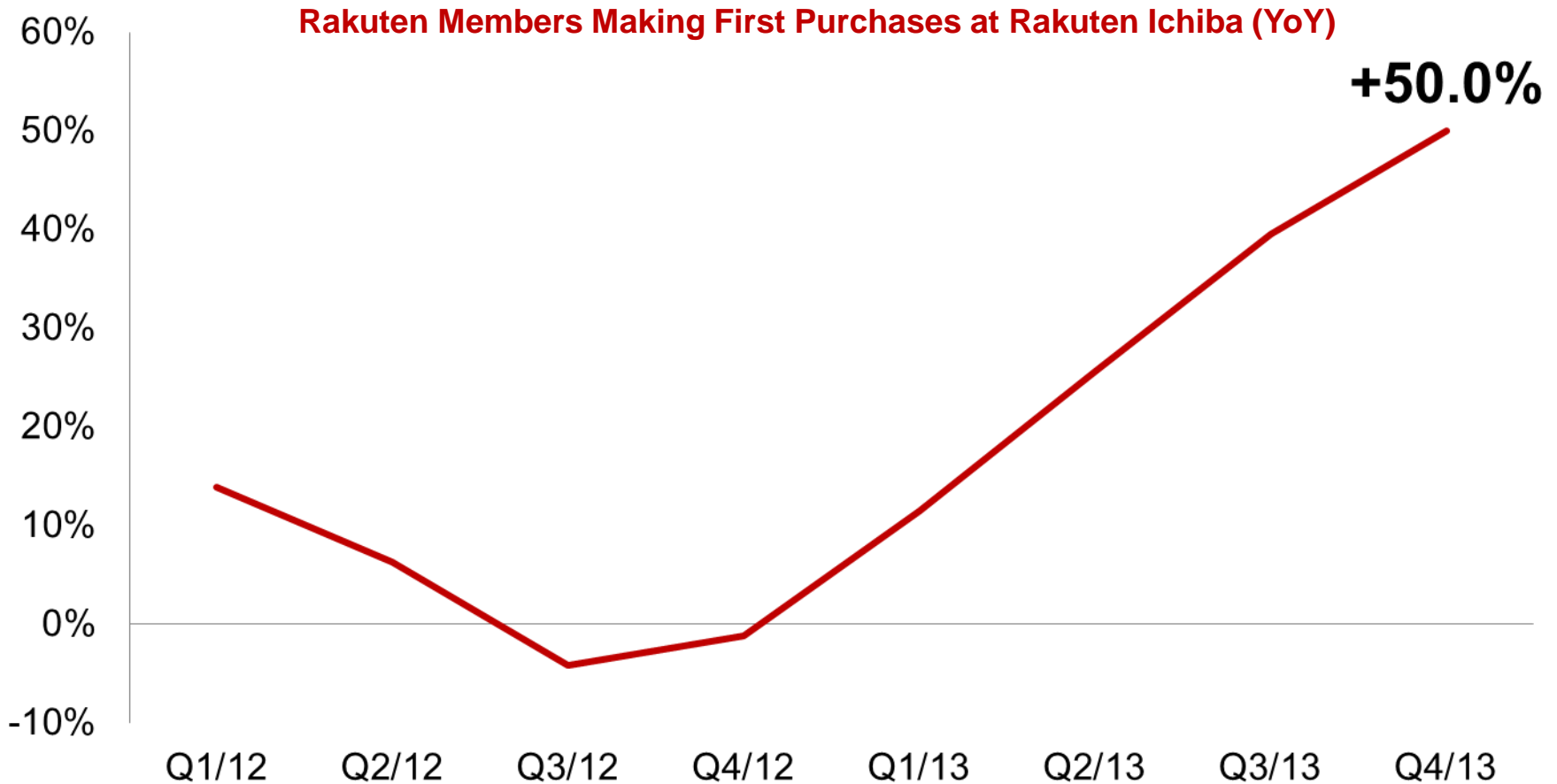
Unique Buyers* and Transactions



* Unique Buyers: Number of buyers sorted by e-mail address with purchasing records during the listed 3 month period.

Rakuten Members Making First Purchases at Ichiba

- Rakuten Ichiba: New member acquisition accelerated
- New members acquired through Eagles Japan Series in November keeping high return rate.



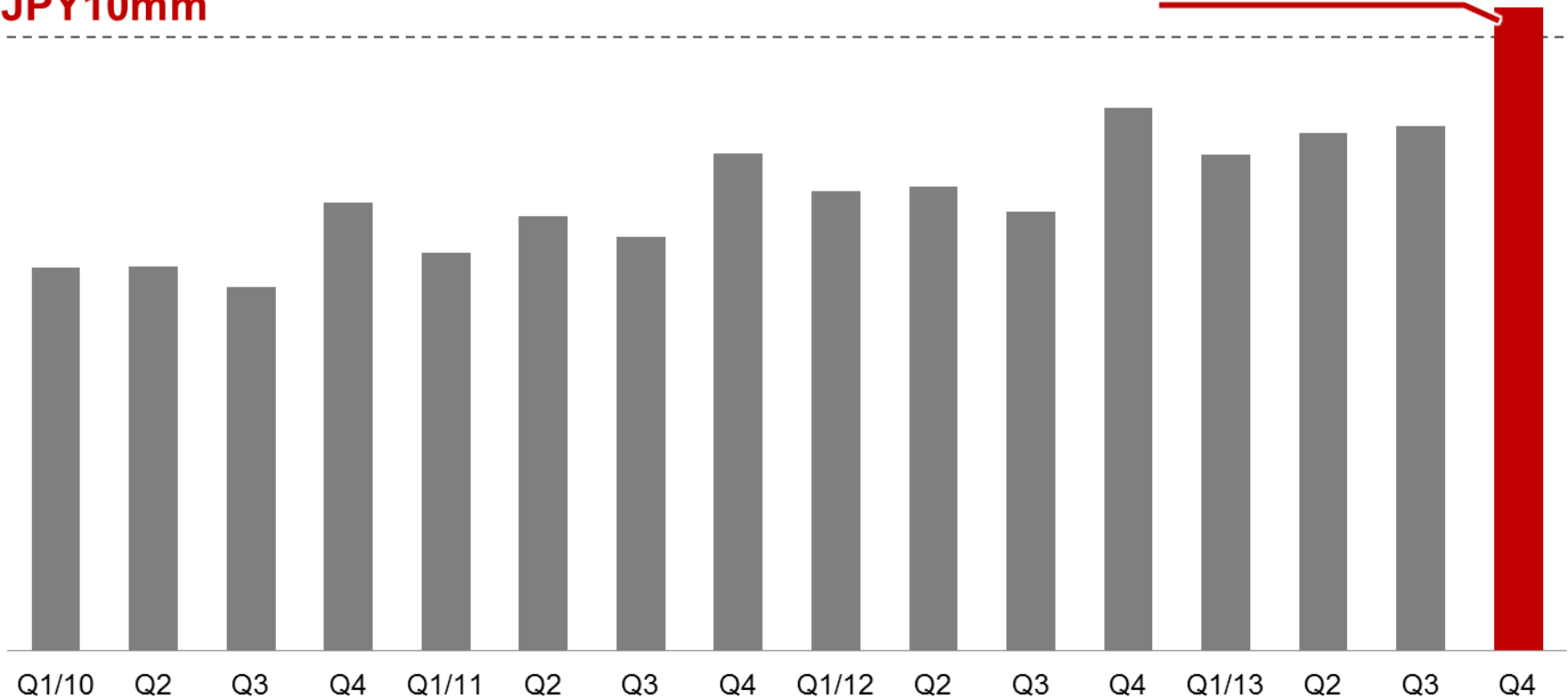
Rakuten Ichiba: GMS per Merchant

- Quarterly Ichiba GMS per merchant exceeded JPY 10mm
- Rakuten Ichiba is an attractive and healthy mall for merchants

(JPY)

JPY10mm

**Ichiba GMS
per merchant *
+18.3% YoY**

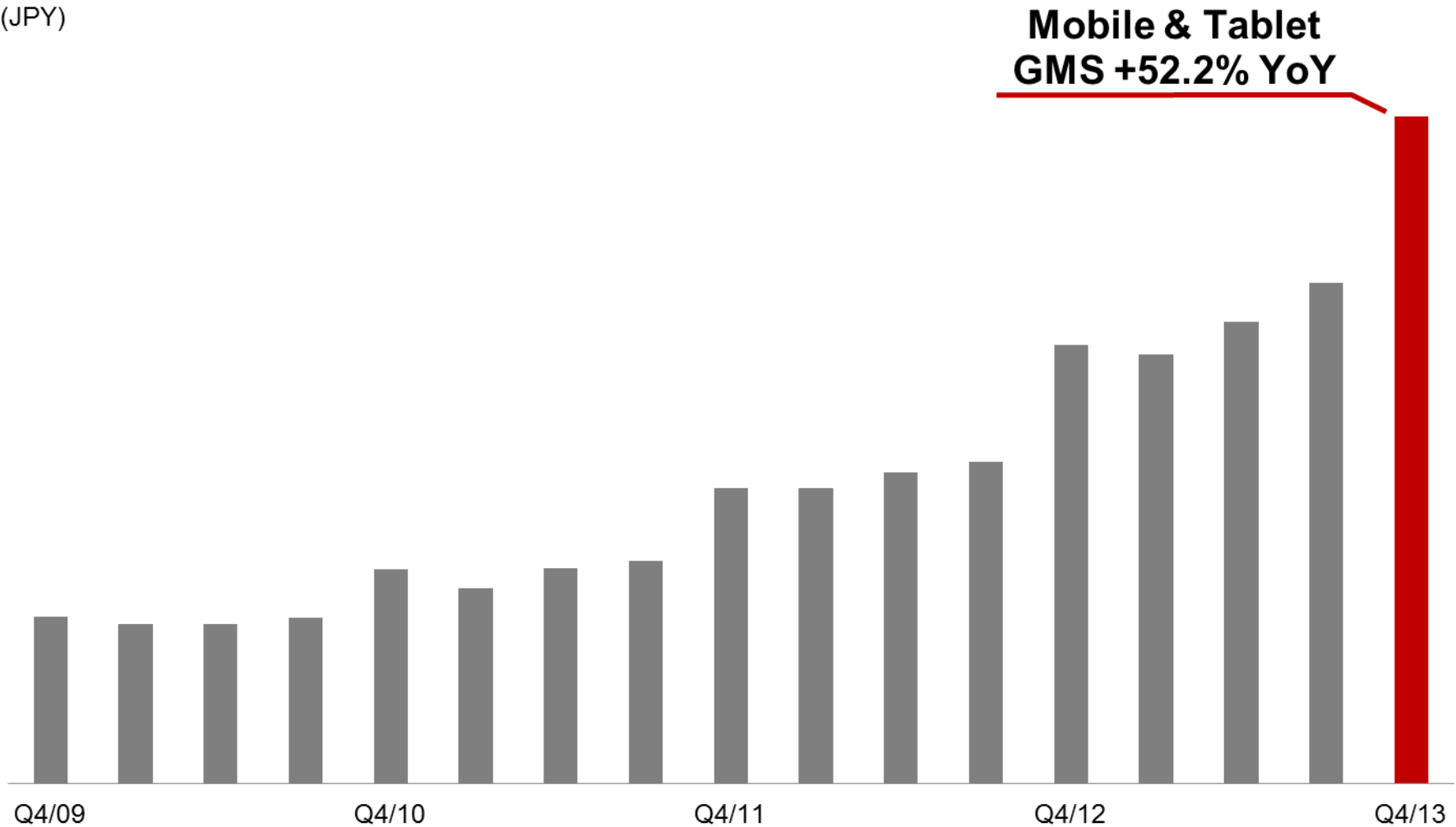


* No. of merchants is average of two most recent quarter ends

Ichiba Mobile & Tablet GMS Expanding

- E-commerce through smart devices increasing penetration in Japan

(JPY)



New Payment Platform

Rakuten Payment Platform



To Reinforce User Protection

Strategic Positioning of Logistics Service

■ Strengthening synergy with Ichiba

- Logistics and Ichiba is in the same unit
- Tighter, stronger working relationship with Ichiba

■ Optimizing logistics network

- Re-designing network adapting to increased capacity of delivery carriers
- Focus on expanding two RFCs (Ichikawa and Kawanishi)
- Optimizing the network, cancellation of RFC Kashiwa contract (Rakuten24)

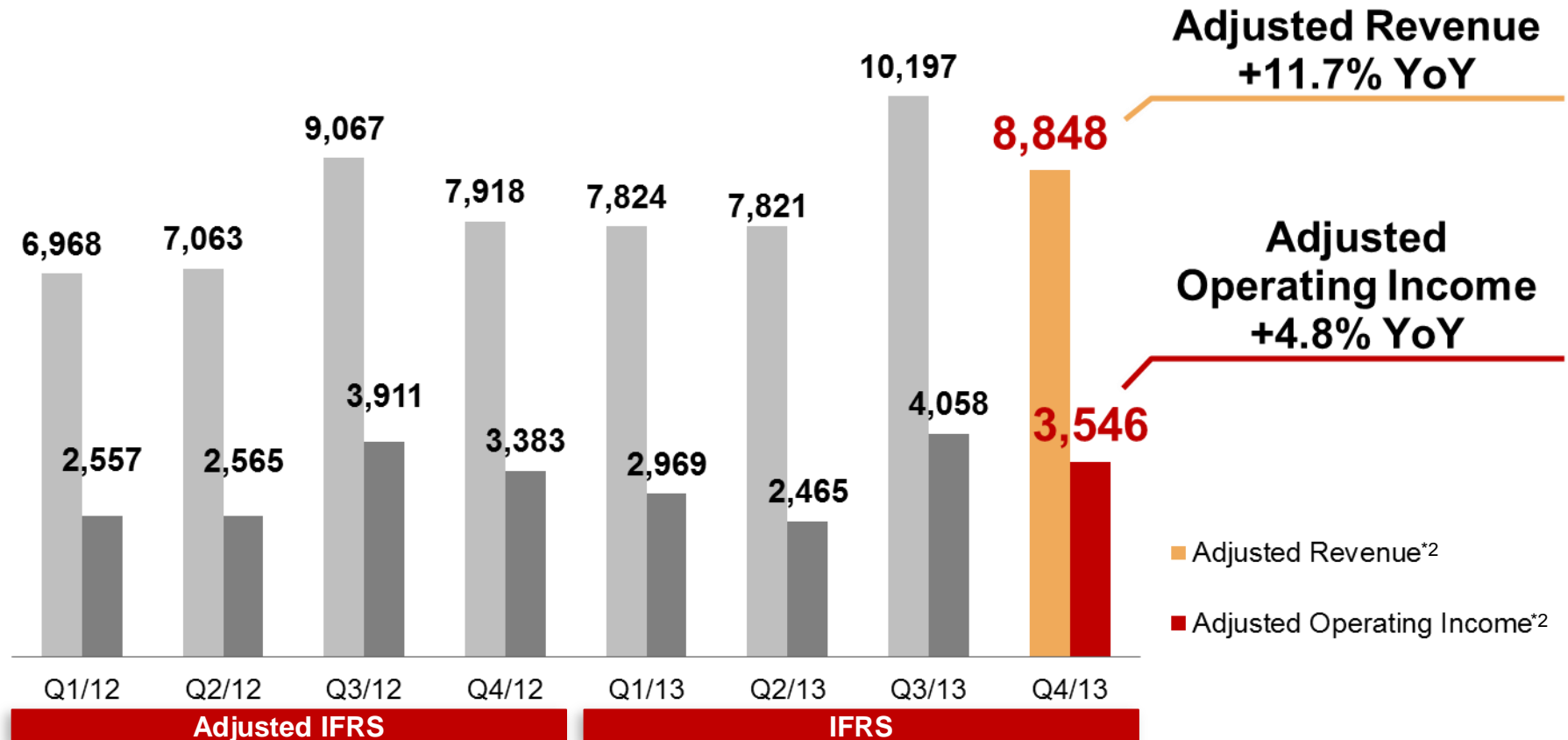
RFC: Rakuten Fulfillment Centers

Rakuten Travel Results*1

■ Adjusted Operating Income: +4.8% YoY

(JPY mm)

Travel Business Adjusted Quarterly Results*2



*1: Managerial accounting base (IFRS)

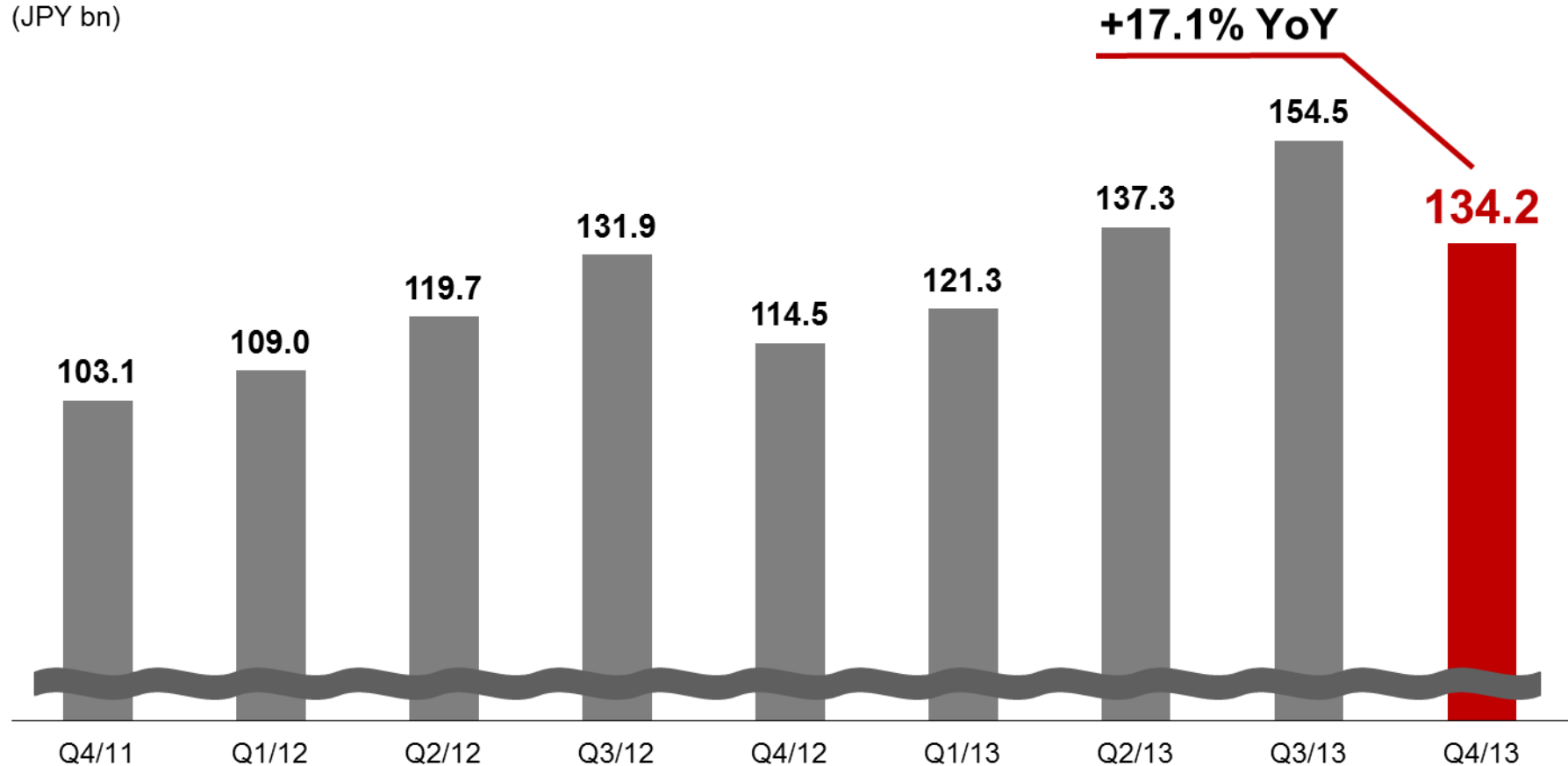
*2: Adjusted revenue and operating income: Adjusted for correction of costs recorded in Q4/12 regarding dynamic package transactions

Travel Business

Gross Booking Transaction Value

■ Gross bookings: +17.1% YoY

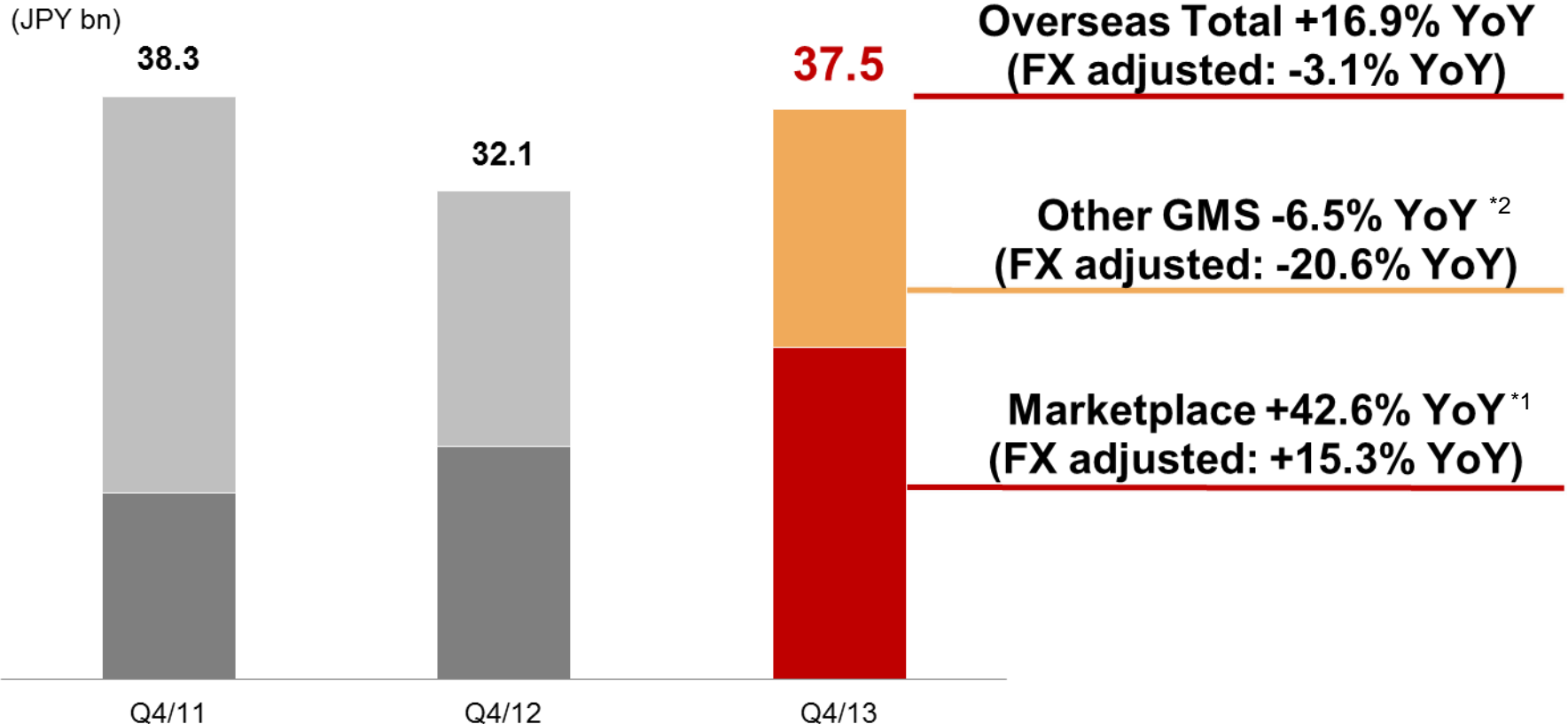
(JPY bn)



* Travel GTV = Booking base (before cancellation, excl. tax) transactions of Domestic / International accommodation booking, International air tickets, Domestic / International Dynamic Package, Bus, Rent-a-car and pet hotel services

Q4/13 GMS of Overseas Companies

- Marketplace GMS growth: +42.6% YoY (+15.3% YoY forex adjusted)
- Super Sales and other Ichiba events proving successful overseas



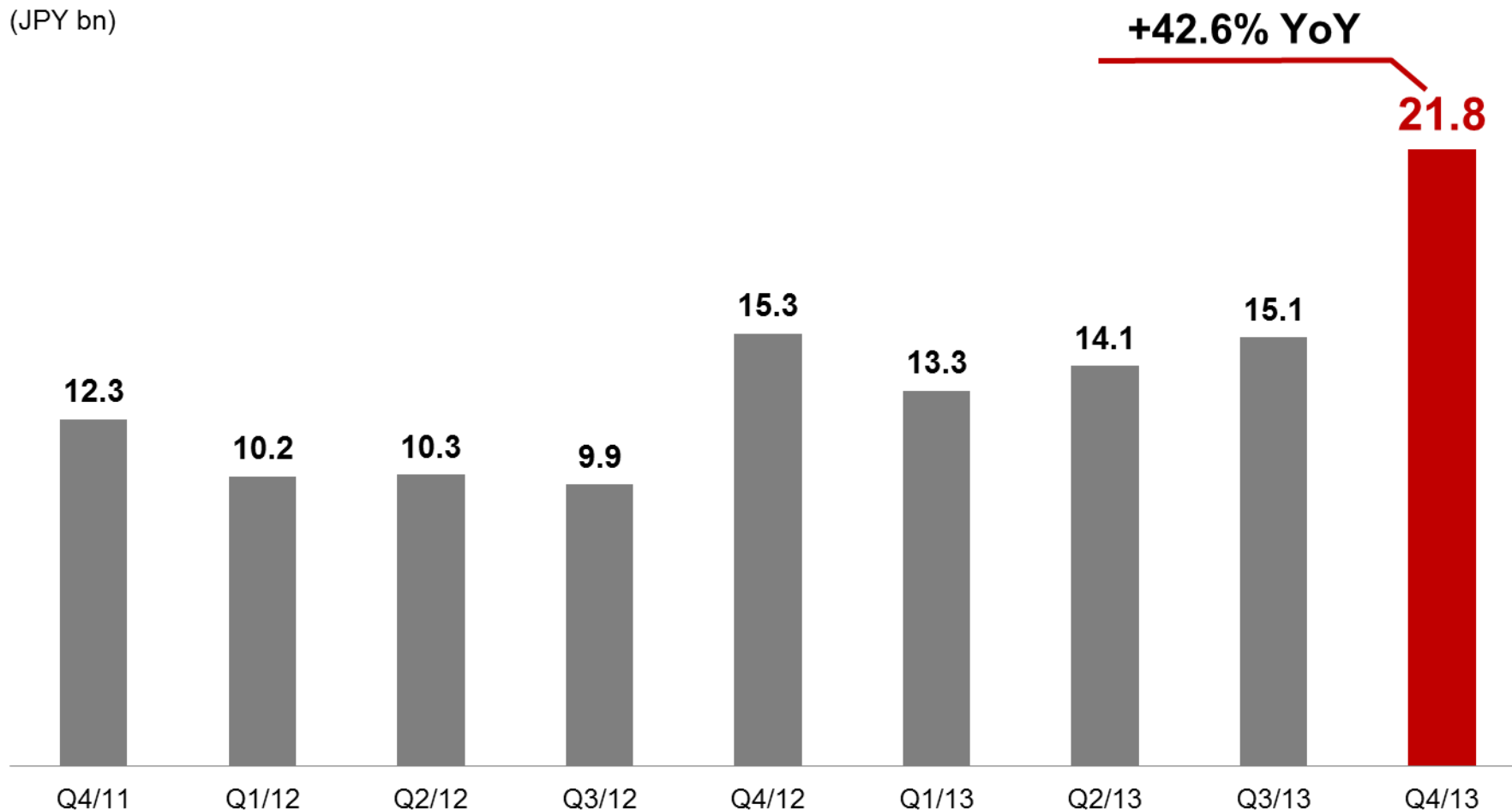
*1: Marketplace = Taiwan Rakuten Ichiba + Tarad Premium Mall + Lekutian + Buy.com marketplace + PriceMinister marketplace + Rakuten Belanja Online + Rakuten Deutschland + Play.com marketplace + Rakuten Brasil marketplace + Rakuten Malaysia + Rakuten Spain + Rakuten Austria

*2: Other GMS = C2C, SaaS, White Label and First Party = PriceMinister C2C + Rakuten Brasil SaaS + Buy.com White Label + Buy.com First Party + Play.com First Party

Marketplace GMS Overseas Companies

■ Marketplace GMS growth: +42.6% YoY (+15.3% YoY forex adjusted)

(JPY bn)

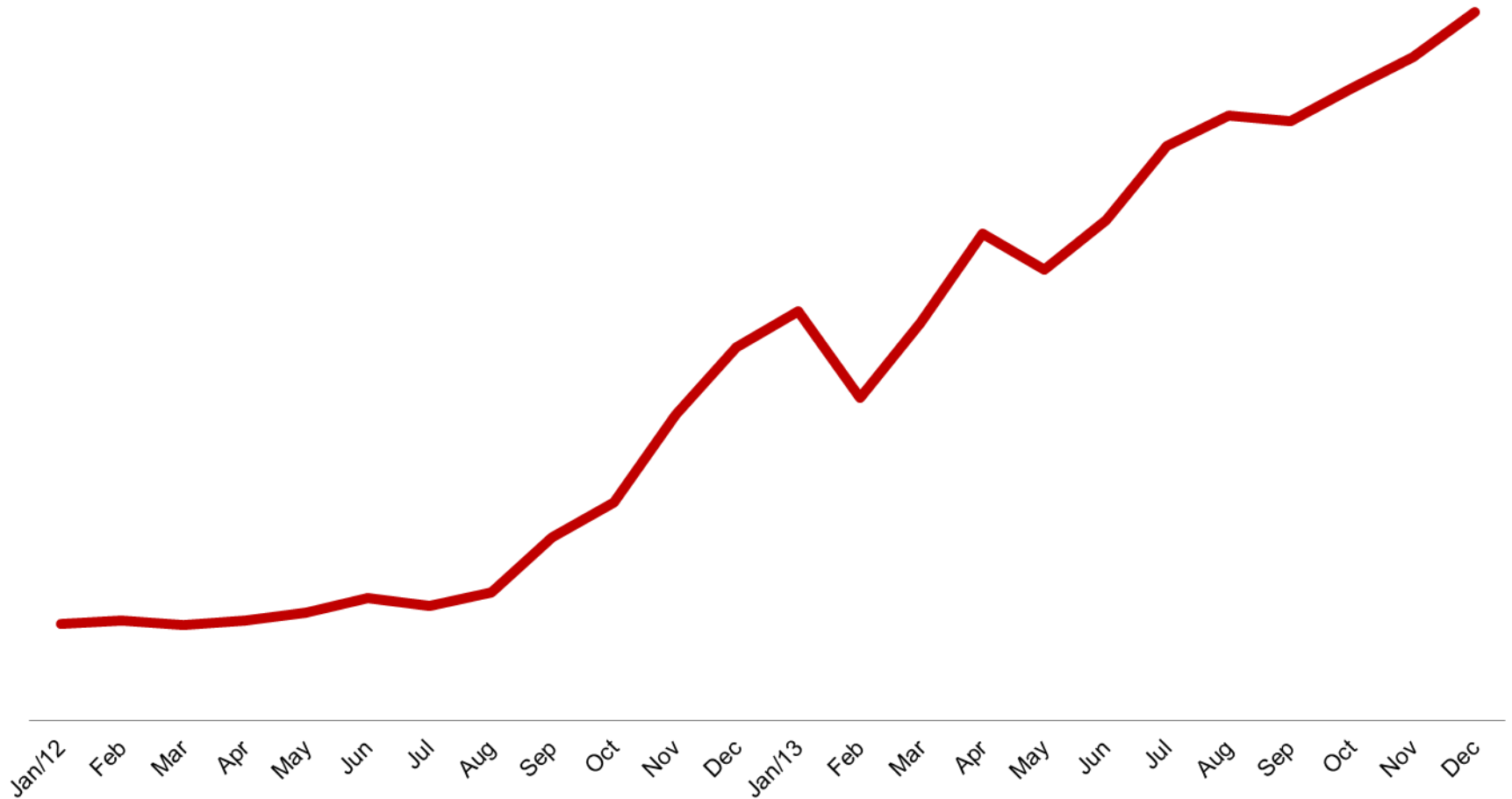


* Marketplace = Taiwan Rakuten Ichiba + Tarad Premium Mall + Lekutian + Buy.com marketplace + PriceMinister marketplace + Rakuten Belanja Online + Rakuten Deutschland + Play.com marketplace + Rakuten Brasil marketplace + Rakuten Malaysia.

Viki Monthly Active User Growth

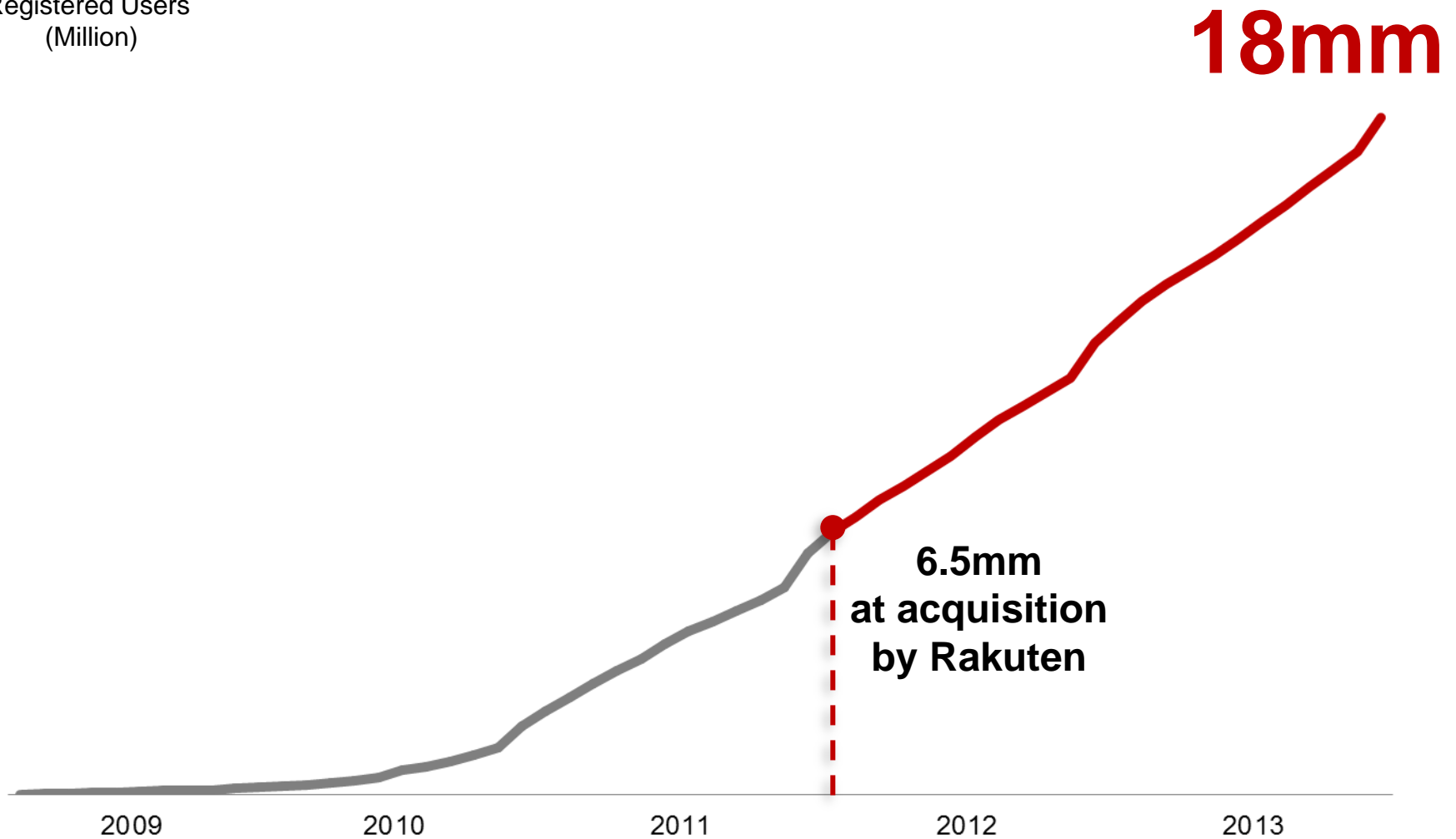
Monthly
Active Users
(Million)

28mm



Kobo User Growth

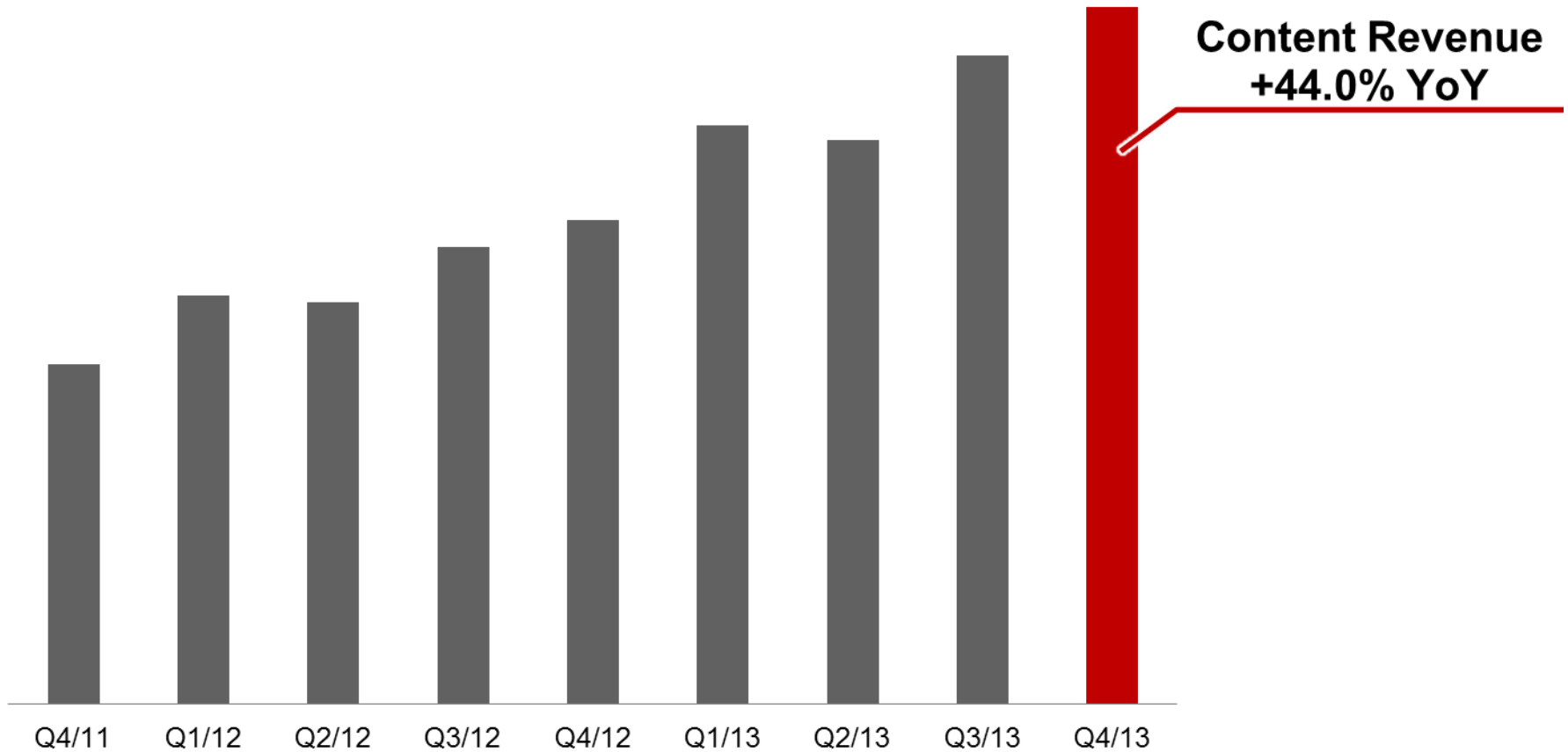
Cumulative
Registered Users
(Million)



Kobo Quarterly Content Revenue Growth

■ Kobo's global content revenue increasing rapidly

(CAD)



* Kobo Inc. was consolidated from Q1/12

4 Others Segment

- Telecommunication
- Professional Sports

Others Q4/13 Highlights

Fusion Communications (Telecom)



- Operating Income: JPY 373M*, continuously showing steady trend
- Launched “Rakuten Denwa”, a discount phone service for smartphone, on Dec 5, 2013. Its dedicated APP exceeded 250,000 downloads in only 16 days from launch

Rakuten Baseball



- Eagles won its first Japan Series championship, nine years after team founded.
- Rakuten Baseball, Inc moved into the black for the second time since its establishment.
- Average attendance per home game: +9% YoY

* Managerial accounting base (IFRS)

Appendix

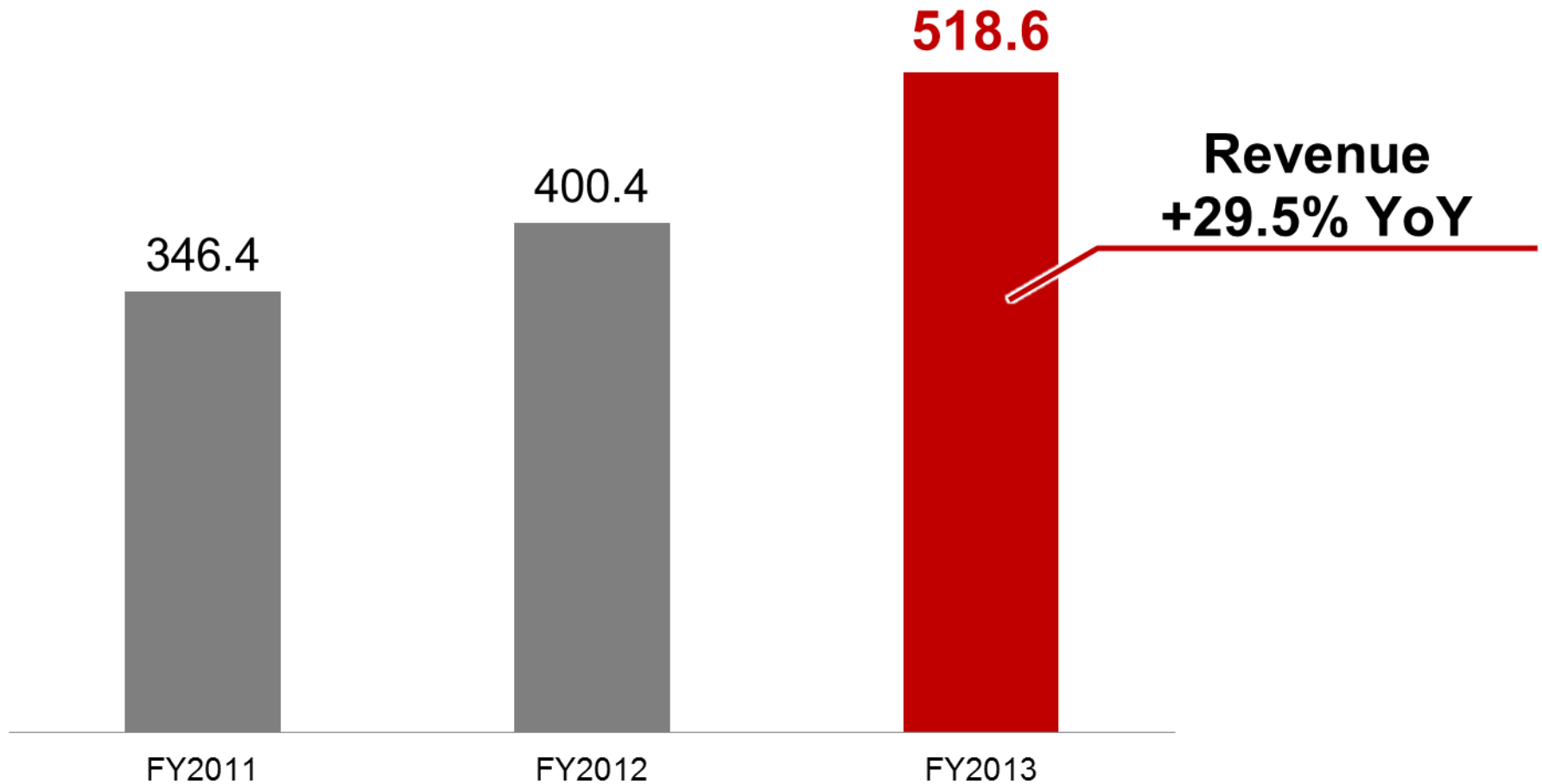
- Consolidated Results
- Financial Condition
- Other Information

Consolidated Results

Consolidated Revenue

■ Revenue growth: +29.5% YoY

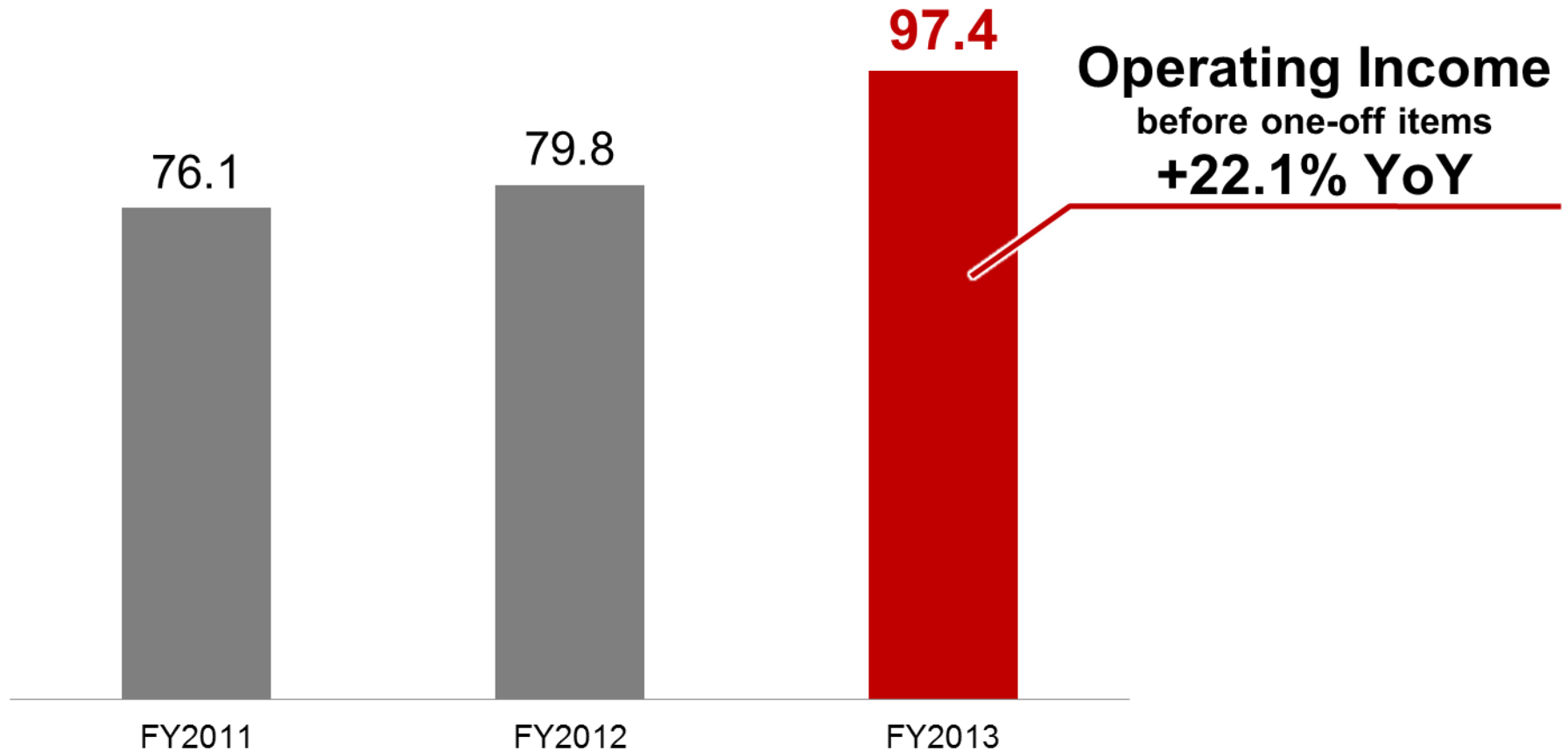
(JPY bn)



Consolidated Operating Income (before One-off Items)

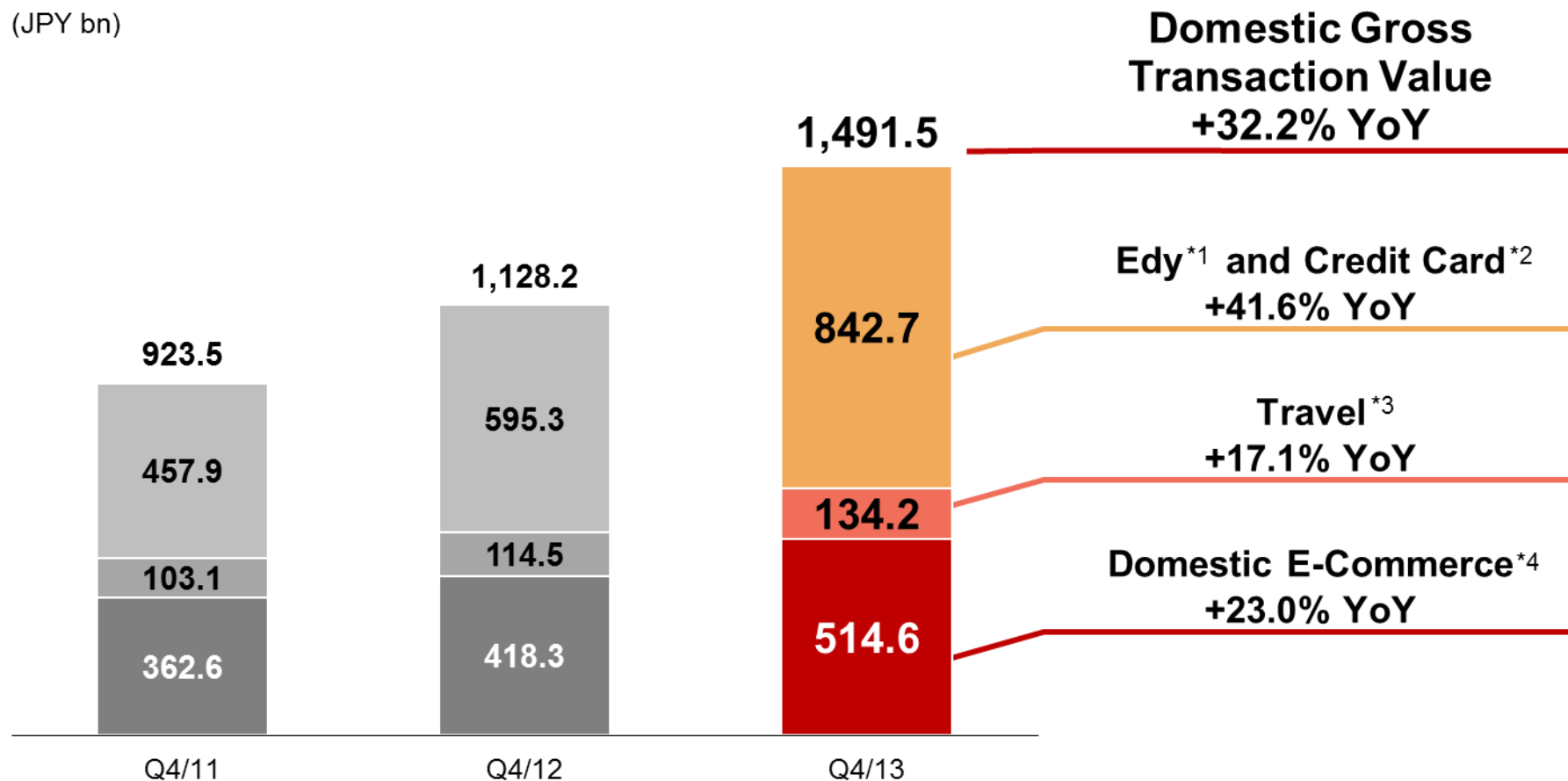
■ Growth of Operating Income before One-off Items: +22.1% YoY

(JPY bn)



Domestic Gross Transaction Value

(JPY bn)



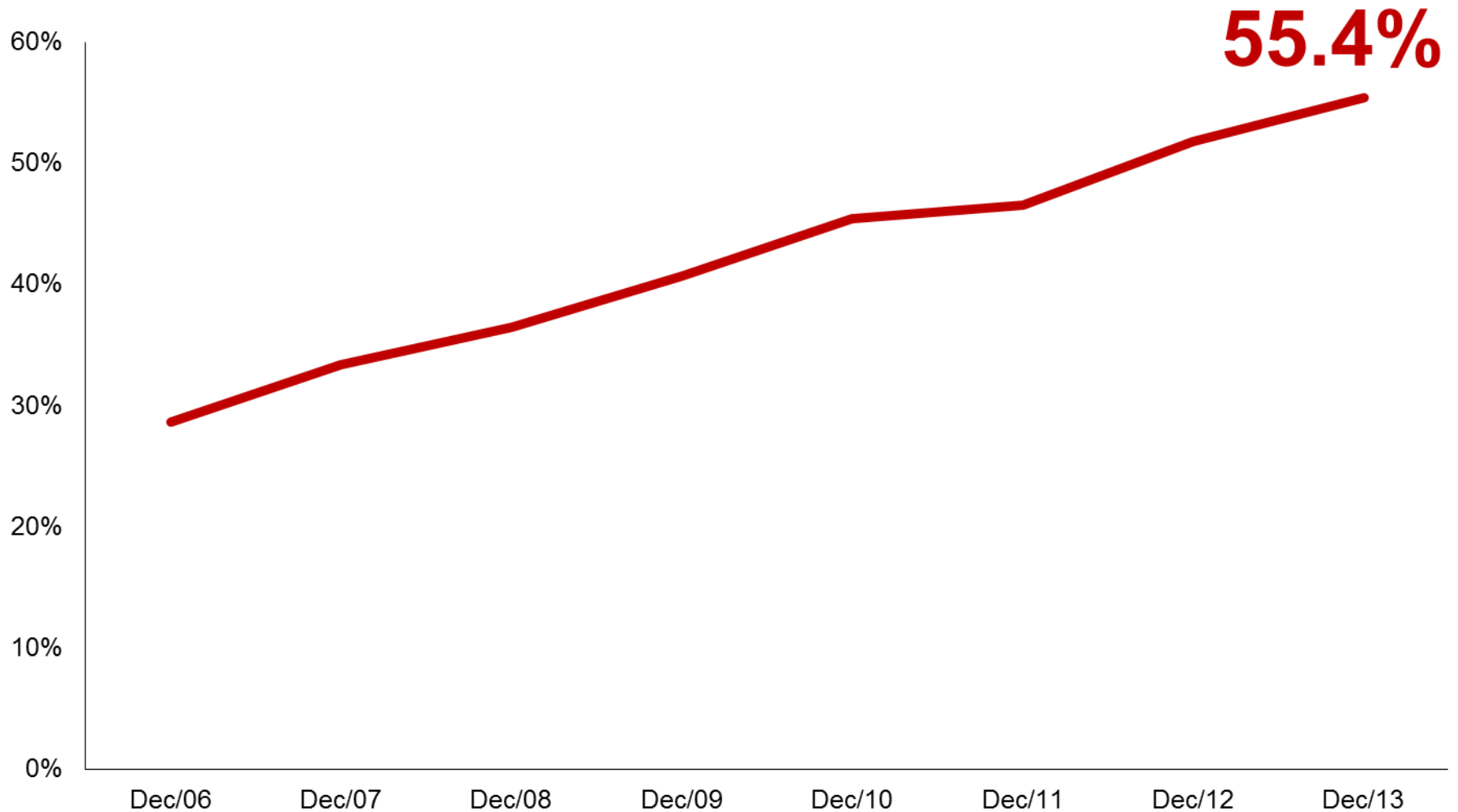
*1: Edy Transaction Value = Amount settled by E-Money "Rakuten Edy" (including mobile and cards)

*2: Credit Card Shopping Transaction Value = Shopping Transaction Value of credit cards (including Rakuten group service use)

*3: Travel (gross booking before cancellations, excluding tax) = Domestic / international accommodation bookings, International air tickets, Domestic / international dynamic packages, bus services, rent-a-car, pet hotel services

*4: Domestic E-Commerce = Ichiba, Auction, Package Media, Golf, Business, Download, Tickets, Internet Supermarket, Check Out, Off-track betting, toto, Showtime, Media rental, Dining, Salon (added from Q2/12), Mart, Kenko.com and Solar (added from Q3/12), Stylife (added from Q2/13), Smart pay (retroactively added from Q4/12)

Advancing Cross-use Ratio*



* Purchasing ratio of Rakuten members who have utilized two or more Rakuten services during the past 12 months of the listed month.
Applicable services are limited to those which can earn Rakuten Super Points.

Financial Condition

Rakuten Group : Balance Sheets (As of Dec 31, 2013. JPY bn)

Cash and cash equivalents 384.0	Bonds and borrowings 389.7
Financial assets for securities biz 1,219.0	Financial liabilities for securities biz 1,078.0
Investment securities and loans for banking biz 437.7	Deposits for banking biz 960.0
Loans for credit card biz 544.3	Other liabilities 475.7
Other assets 624.8	Total net assets 306.5

Total Assets 3,209.8

**Rakuten Group
(Consolidated)**

Cash and cash equivalents 10.3	Bonds and borrowings 8.5
Investment securities and loans for banking biz 762.7	Deposits for banking biz 1,010.5
111.9	60.1
133.3	31.5
156.3	
338.2	

Total Assets 627.7

Rakuten, Inc.

235.9	8.5
Investment securities and loans for banking biz 762.7	Deposits for banking biz 1,010.5
111.9	60.1
	31.5

Total Assets 1,110.6

Rakuten Bank, Ltd.

52.6	
Loans for credit card biz 544.3	458.2
95.4	185.6
	48.6

Total Assets 692.4

**Rakuten Card
Co., Ltd.**

46.5	148.2
Financial assets for securities biz 1,219.0	Financial liabilities for securities biz 1,077.9
28.5	53.5
	14.5

Total Assets 1,294.0

**Rakuten
Securities, Inc.**

4.3	22.3
39.7	21.7

Total Assets 44.0

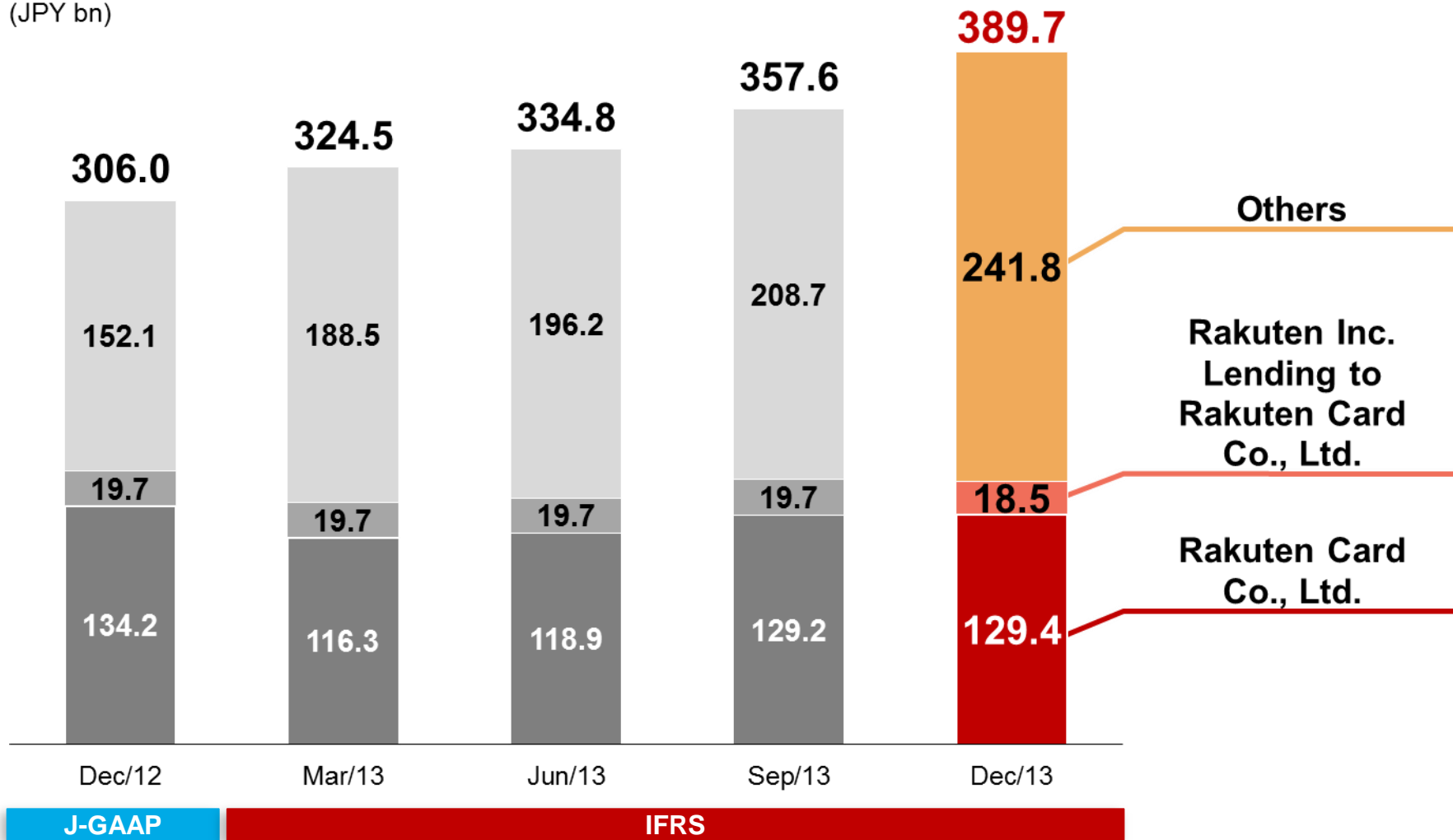
**Rakuten Life
Insurance Co.,Ltd**

*1: Rakuten, Inc. , Rakuten Bank, Ltd. Rakuten Card Co., Ltd., Rakuten Securities, Inc. and Rakuten Life Insurance Co., Ltd are IFRS based non-consolidated balance sheet

*2: Debt = Corporate bonds + CP + Borrowings

Debt from Outside Financial Institutions*

(JPY bn)



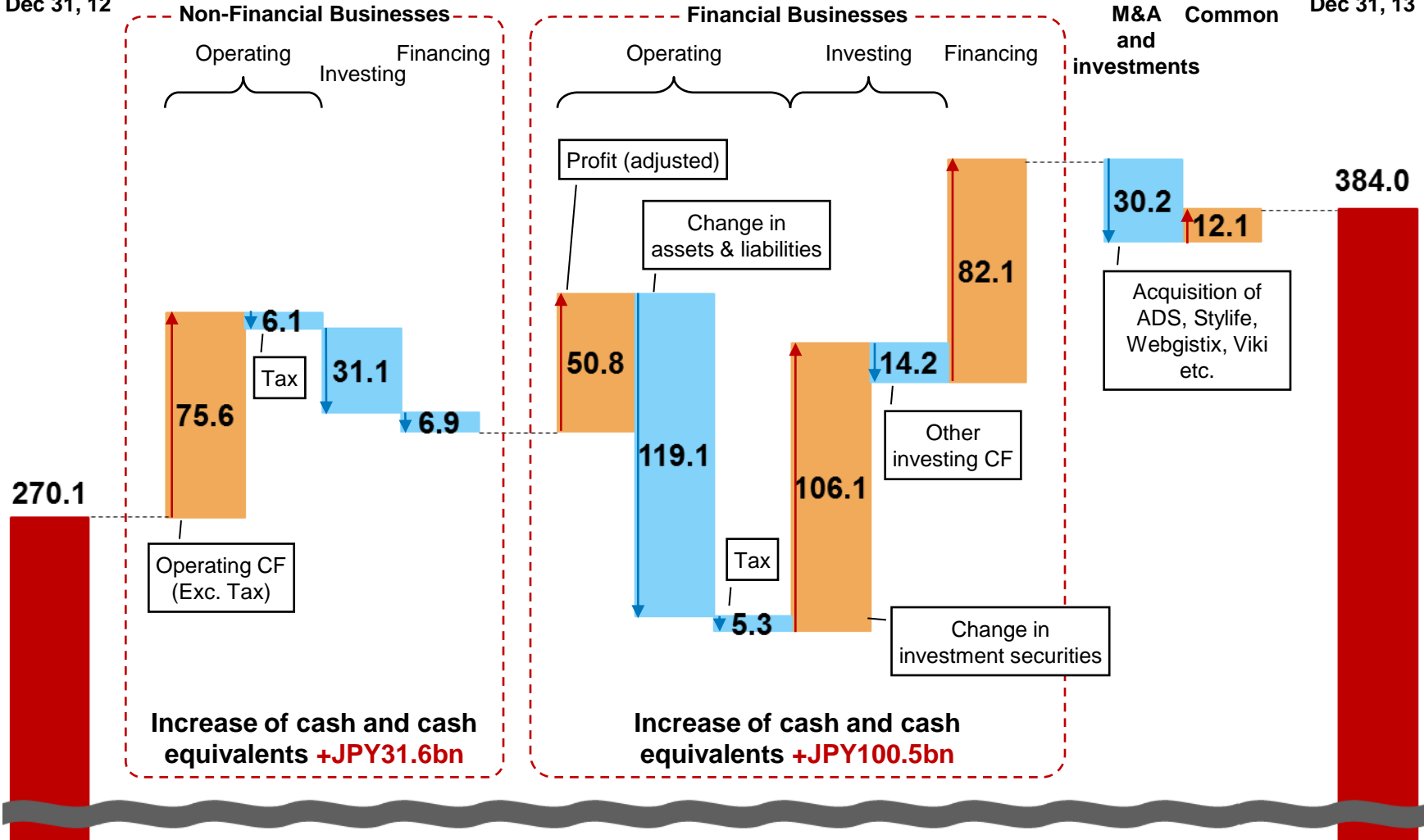
* Debt from outside financial institutions = Corporate Bonds + CP + Borrowings

Breakdown of Cash Flows: FY2013

(JPY bn)

Balance of cash
Dec 31, 12

Balance of cash
Dec 31, 13



Breakdown of Cash Flows by Financial Businesses and Non-financial Businesses: FY2013 (1)

(JPY bn)

Overview of cash flows for FY2013	Consolidated	Financial	Non-Financial	Common
Income before income tax	88.6	42.8	45.8	-
Depreciation and amortization	26.1	8.1	18.0	-
Other loss (profit)	5.5	-	-	5.5
Decrease (Increase) in operating receivables	(3.0)	(0.0)	(3.0)	-
Decrease (Increase) in loans for credit card biz	(141.9)	(141.9)	-	-
Increase (Decrease) in deposits for banking biz	150.4	150.4	-	-
Decrease (Increase) in call loans for banking biz	(32.0)	(32.0)	-	-
Decrease (Increase) in loans for banking biz	(50.1)	(50.1)	-	-
Increase (Decrease) in operating payables	29.5	25.5	4.0	-
Increase (Decrease) in accounts payable - other and accrued expenses	6.8	3.3	3.5	-
Decrease (Increase) in financial assets for securities biz	(603.3)	(603.3)	-	-
Increase (Decrease) in financial liabilities for securities biz	519.9	519.9	-	-
Others	16.4	9.1	7.3	-
Income tax paid	(11.3)	(5.3)	(6.1)	-
Net cash flows from operating activities	1.5	(73.6)	69.5	5.5

* Breakdown between financial and non-financial businesses are based on internal estimation and not reviewed by independent auditors.

Breakdown of Cash Flows by Financial Businesses and Non-financial Businesses: FY2013 (2)

(JPY bn)

Overview of cash flows for FY2013	Consolidated	Financial	Non-Financial	Common
Increase in time deposits	(8.1)	(7.5)	(0.6)	-
Decrease in time deposits	5.2	4.5	0.6	-
Purchase of property, plant and equipment	(10.0)	(2.2)	(7.8)	-
Purchase of intangible assets	(22.4)	(8.1)	(14.3)	-
Acquisition of subsidiaries	(30.2)	(0.4)	(29.8)	-
Purchase of investment securities for banking biz	(150.5)	(150.5)	-	-
Proceeds from sales and redemption of investment securities for banking biz	251.2	251.2	-	-
Purchase of investment securities for insurance biz	(6.2)	(6.2)	-	-
Proceeds from sales and redemption of investment securities for insurance biz	9.6	9.6	-	-
Purchase of investment securities	(4.7)	(3.6)	(1.1)	-
Proceeds from sales and redemption of investment securities	5.7	5.7	-	-
Other payments	(10.4)	(1.4)	(9.0)	-
Other proceeds	1.6	0.5	1.1	-
Net cash flows from investing activities	30.6	91.5	(60.9)	-
Net increase (decrease) in short-term borrowings	62.3	64.7	(2.4)	-
Increase (Decrease) in commercial papers	23.0	1.0	22.0	-
Proceeds from long-term debt	63.2	63.0	0.2	-
Repayment of long-term debt	(67.0)	(47.1)	(19.8)	-
Cash dividends paid	(4.0)	-	(4.0)	-
Others	(2.3)	0.5	(2.9)	-
Net cash flows from financing activities	75.3	82.1	(6.9)	-
Effect of change in exchange rates on cash and cash equivalents	6.6	-	-	6.6
Net increase (decrease) in cash and cash equivalents	113.9	100.1	1.7	12.1
Cash and cash equivalents at beginning of the year	270.1	-	-	-
Cash and cash equivalents at end of Decemberr 2013	384.0	-	-	-

* Breakdown between financial and non-financial businesses are based on internal estimation and not reviewed by independent auditors.

IFRS/J-GAAP differences in Q4/12

■ Revenue

(JPY bn)

	Internet Services	Internet Finance	Other	Adjustment	Consolidated
IFRS	84.1	37.6	7.5	-8.6	120.6
J-GAAP	89.3	46.1	7.5	-9.0	133.8
Major differences	<ul style="list-style-type: none"> Sales reporting of books business in Japan is on a net basis in IFRS, on a gross basis in J-GAAP. Point costs (J-GAAP) at books business are deducted from revenue in IFRS 	<ul style="list-style-type: none"> Sales reporting of a part of credit card business is on a net basis in IFRS, on a gross basis in J-GAAP. Point related promotion costs (J-GAAP) at credit card business are deducted from revenue in IFRS GAAP differs in gain from sale of floating JGB 			

■ Operating Income

(JPY bn)

	Internet Services	Internet Finance	Other	Adjustment	Consolidated
IFRS	-17.4	7.1	0.3	2.2	-7.7
J-GAAP	13.8	8.2	-0.2	-3.4	18.4
Major differences	<ul style="list-style-type: none"> Impairments on goodwill and intangible assets are recognized in operating loss under IFRS, whereas they are in extraordinary loss under JGAAP Difference of impairment loss on goodwill between IFRS and JGAAP 	<ul style="list-style-type: none"> GAAP differs in treatment of gains or loss from sale or evaluation of financial products, mainly floating JGB at banking business Other revenue and expenses, extraordinary loss at Rakuten Securities are included in Operating income in IFRS 	<ul style="list-style-type: none"> Other revenue, expenses and extraordinary gain(s) are included in Operating income in IFRS 	<ul style="list-style-type: none"> Goodwill is amortized in J-GAAP on a straight-line method, not amortized in IFRS 	

Balance of Goodwill (as of end Dec 2013)

(IFRS, JPY mm)

	December 31, 2012		December 31, 2013	
	Goodwill	Non-Amortizable intangible assets	Goodwill	Non-Amortizable intangible assets
Internet Services	58,736	5,871	92,386	7,420
PRICEMINISTER S.A.S.	12,273	5,110	15,519	6,462
Kobo Inc.	17,483	29	19,766	32
Others	28,980	732	57,101	926
Internet Finance	45,974	-	46,617	-
Rakuten Bank, Ltd.	34,386	-	32,886	-
Others	11,588	-	13,731	-
Others	3,186	-	3,223	-
Total	107,895	5,871	142,226	7,420

Rakuten Group's CAPEX*

(JPY bn)

	FY2012 (J-GAAP)			
	Q1	Q2	Q3	Q4
Hardware	1.61	1.33	1.97	1.39
Software	4.25	5.49	5.22	4.83
Total	5.86	6.82	7.20	6.22

	FY2013 (IFRS)			
	Q1	Q2	Q3	Q4
Property, plant and equipment	1.89	2.92	2.73	3.74
Intangible assets	5.55	6.56	4.78	6.34
Total	7.44	9.48	7.51	10.08

* Acquisition Basis

Rakuten, Inc. Balance Sheet (Non-consolidated)

As of Dec 31, 2013

(JPY bn, IFRS)

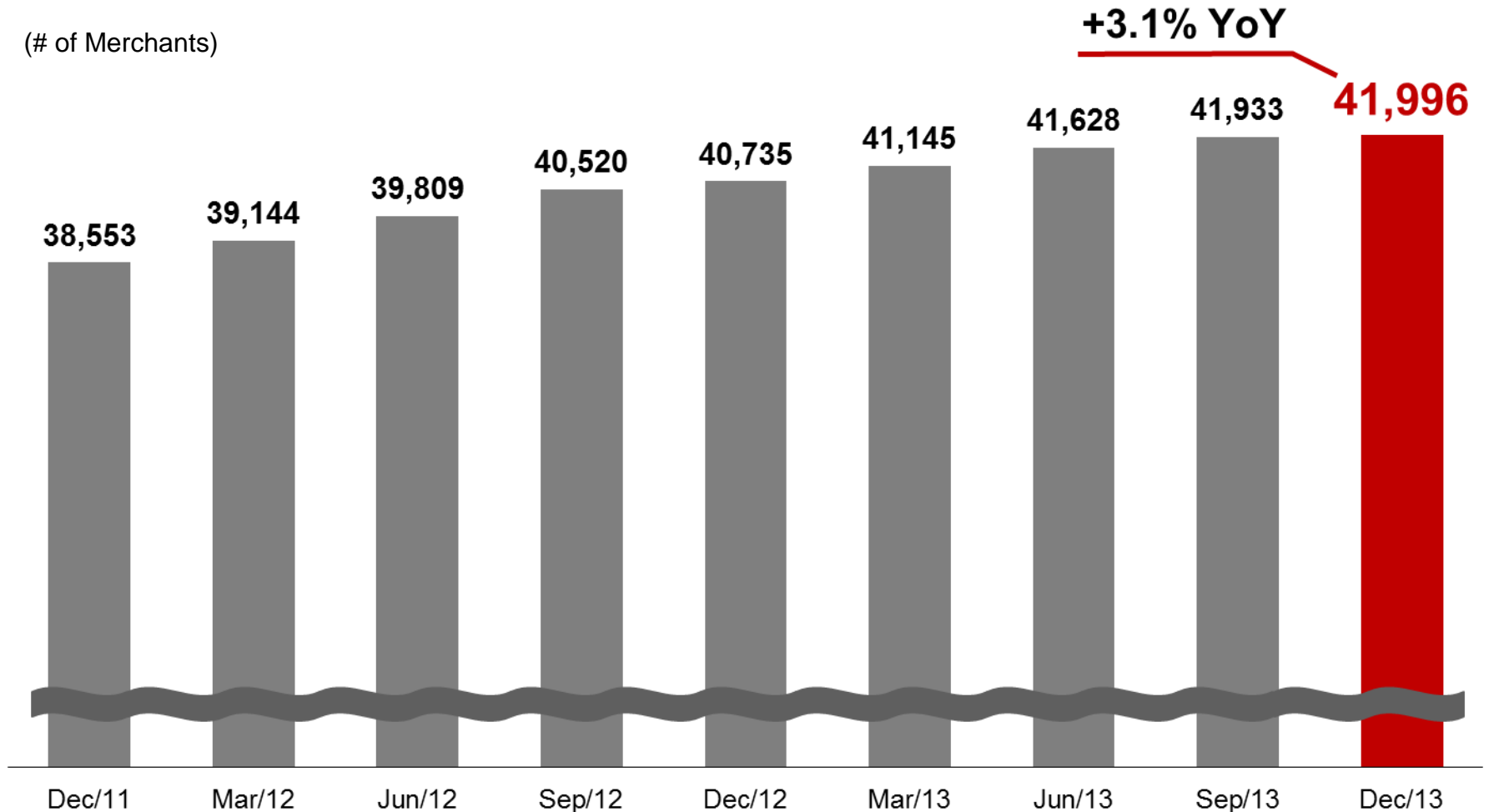
Cash and cash equivalents	10.3	Accounts payable - trade	3.9
Accounts receivable - trade	57.8	Bonds and borrowings	133.3
Property, plant and equipment	7.0	Other liabilities	152.3
Intangible assets	20.9	TOTAL LIABILITIES	289.6
Investment securities and financial assets	517.9	Common stock	109.5
Other assets	13.8	Capital surplus	120.4
		Retained earnings	106.6
		Treasury stock	△3.6
		Other components of equity	5.3
		TOTAL NET ASSETS	338.2
TOTAL ASSETS	627.7	TOTAL LIABILITIES AND NET ASSETS	627.7

Other Information

Rakuten Ichiba: Number of Merchants

- Stable growth of merchants
- In pursuit of mall quality, Mega plan merchants and Standard plan merchants increased

(# of Merchants)



Rakuten Travel: Accounting Adjustments

(JPY mm)

	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Revenue (Accounting)	7,125	7,247	9,371	7,272	7,824	7,821	10,197	8,848
Adjusted Revenue *	6,968	7,063	9,067	7,918				
Operating Income (Accounting)	2,735	2,773	4,256	759	2,969	2,465	4,058	3,546
Adjusted Operating Income *	2,557	2,565	3,911	3,383				

* Adjusted revenue and operating income: Adjusted for correction of costs recorded in Q4/12 regarding dynamic package transactions

Credit Card Business: Revenues and Expenses

■ FY2012

(JPY mm)

J-GAAP	Q4/12*2
Total revenues	23,374
General services	13,981
Card shopping	13,966
Others	16
Financing	1,254
Card cash advances	1,145
Loan card	80
Others	29
Credit guarantee (Rakuten Credit)	2,076
Others	6,063
Operating expenses	19,175
Personnel costs	1,307
General expenses	14,661
Interest expenses	831
Expenses related to doubtful accounts	2,376
Operating profit	4,200

IFRS *1	Q4/12
Revenues	15,987
Operating income	4,259

■ FY2013 IFRS

(JPY mm)

IFRS *1	Q1/13	Q2/13	Q3/13	Q4/13
Total revenues	16,695	18,602	19,342	22,201
Shopping	9,825	10,770	11,585	13,021
Revolving	6,165	6,616	7,100	7,626
Others	3,660	4,154	4,485	5,395
Credit guarantee	2,287	2,491	2,681	2,877
Cash advances	1,262	1,492	1,617	1,787
Others	3,322	3,850	3,459	4,516
Total operating expenses	14,159	15,892	16,176	18,109
Personnel costs	1,315	1,373	1,725	1,441
General expenses	8,389	9,922	9,601	11,623
Interest expenses	1,414	1,487	1,601	1,678
Expenses related to doubtful accounts	3,005	3,069	3,202	3,314
Others	36	42	47	53
Operating income	2,536	2,710	3,166	4,093

*1: Managerial accounting base (IFRS)

*2: Reversal of earthquake disaster reserve (decrease in expense): Q4/12 JPY 340 million

Credit Card Business: Transaction Volume

■ Composition of Transaction Volume

(JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
General services	522,686	537,428	607,767	649,382	768,057
Card shopping	522,016	536,726	607,087	648,636	767,314
Others	670	702	680	746	743
Financing	16,940	17,260	19,228	19,783	21,523
Card cash advances	14,650	15,942	18,303	18,905	20,825
Loan cards	2,289	1,317	925	878	698
Others	4,732	4,655	4,925	5,250	5,052
Total transaction volume	544,358	559,343	631,920	674,415	794,632

Credit Card Business: Loan Receivables Balance

(JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
General services	348,312	355,150	387,700	405,638	483,081
(Off-balance)	140,145	-	-	-	-
Card shopping	348,070	354,913	387,494	405,405	482,823
incl. Revolving balance (principal)	161,530	172,992	186,285	199,467	215,009
Others	242	237	206	234	258
Financing	66,050	67,626	68,793	69,856	70,234
Card cash advances	24,970	27,754	30,355	32,701	34,408
Loan cards	5,313	5,660	5,586	5,545	5,312
Others	35,767	34,211	32,852	31,610	30,515
Foreclosed credit guarantees	-	9,423	10,200	10,949	11,912
Installments	93	71	63	43	40
Others	22,083	-	-	-	-
(Off-balance)	20,301	-	-	-	-
Total balance (incl. off-balance)	436,537	-	-	-	-
Total balance (only on-balance)	276,091	-	-	-	-
Total balance (from 2013)	-	432,269	466,756	486,487	565,267
Differences between J-GAAP and IFRS	-	-346	-405	-497	-661
Amount reported in IFRS B/S*	-	431,923	466,351	485,990	564,606
Credit guarantee for Rakuten Bank super loan and etc	180,391	183,051	197,730	211,097	222,079
(Off-balance)	171,557	183,051	197,730	211,097	222,079

* Before deducting allowance for doubtful accounts

Credit Card Business: Allowance for Doubtful Accounts

(JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Rakuten Card	378,362	388,216	423,410	444,541	523,527
Normal	372,671	382,384	417,258	437,912	516,514
Doubtful (4months-and-over-delinquent)	5,691	5,832	6,152	6,629	7,013
Others (incl. re-contract)	33,669	32,180	30,766	29,549	28,490
Normal	24,689	23,913	23,314	22,888	22,678
Doubtful (4months-and-over-delinquent)	8,979	8,266	7,452	6,661	5,811
Total balance	412,031	420,396	454,176	474,090	552,017
Normal	397,360	406,297	440,572	460,800	539,192
Doubtful (4months-and-over-delinquent)	14,670	14,098	13,604	13,290	12,825
% of doubtful accounts	3.56%	3.35%	3.00%	2.80%	2.32%
Secured	4,318	4,117	3,999	3,922	3,859
Total balance of loan receivables	416,348	424,512	458,175	478,012	555,876
Allowance for doubtful accounts	17,791	17,486	17,202	16,987	16,644
Allowance ratio	4.27%	4.12%	3.75%	3.55%	2.99%
Write-off for bad debt	2,910	2,455	2,304	2,305	2,316

Credit Guarantee Business: Allowance for Doubtful Accounts

(JPY mm)

	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Foreclosed credit guarantees	8,834	9,423	10,200	10,949	11,912
Allowance for doubtful accounts	2,745	2,838	3,083	3,323	3,649
Write-off for bad debt	615	734	778	836	987

* This figure was amended on November 11, 2013

Banking Business: Revenues and Expenses

(JPY mm)

		Q1/12	Q2/12	Q3/12	Q4/12	Q1/13 ^{*1}	Q2/13	Q3/13	Q4/13	YoY
Revenue (IFRS^{*2})	(2)	9,238	8,963	9,292	9,650	11,071	10,334	11,040	11,439	+18.5%
Differences between J-GAAP and IFRS	(1-2)	-269	1,746	1,010	872	-1,371	230	98	440	
Ordinary income (J-GAAP^{*3})	(1)	8,969	10,709	10,302	10,522	9,700	10,564	11,139	11,879	+12.9%
Interest income		5,044	5,206	5,482	5,804	5,911	6,383	6,935	7,369	+27.0%
Fees and commissions		3,268	3,670	3,463	3,484	3,234	3,623	3,483	3,703	+6.3%
Other ordinary income		648	1,787	1,377	1,219	537	557	623	521	-57.3%
Other income		9	47	-20	15	18	1	97	286	+1,774.1%
Ordinary expenses (J-GAAP^{*3})		7,795	8,225	8,083	8,216	8,345	8,828	9,431	9,812	+19.4%
Interest expenses		571	531	542	475	491	470	551	614	+29.3%
Fees and commissions payments		2,948	3,158	3,219	3,426	3,433	3,777	3,972	4,294	+25.3%
Other ordinary expenses		36	220	-	-	42	-	-	-	-
General and administrative expenses		4,238	4,312	4,300	4,298	4,337	4,579	4,814	4,911	+14.3%
Other expenses		1	4	21	18	41	2	94	-6	-135.9%
Ordinary income (J-GAAP^{*3})	(3)	1,174	2,484	2,219	2,306	1,356	1,736	1,708	2,067	-10.4%
Differences between J-GAAP and IFRS	(3-4)	-317	1,134	807	637	-1,615	23	-48	-63	
Operating Income (IFRS^{*2})	(4)	1,491	1,350	1,412	1,669	2,970	1,713	1,756	2,129	+27.6%

*1: IFRS based operating income in Q1/13 includes transfer gain (JPY1.5bn) of investment trust business to Rakuten Securities.

Rakuten Bank recognizes transfer gain as extraordinary profit under J-GAAP, while consolidated Rakuten Group eliminates it in "Adjustments" as a group transaction

*2: Definitive figures for Rakuten Bank (non-consolidated) after having introduced managerial accounting to IFRS

*3: Consolidated figures for Rakuten Bank up to Q1/13. From Q2/13, non-consolidated figures of Rakuten Bank

Banking Business: Invested Assets and Deposits

■ Balance of Assets

(JPY mm)

	Dec/13
Invested assets	825,847
Securitized loan receivables	343,606
Rakuten Card securitized assets ^{*1}	318,253
Others	25,353
Securities	178,607
JGB	41,400
Local Government bonds	-
Corporate bonds	26,311
Stocks	1
Others	110,896
Loan Receivables	240,617
Rakuten Bank Super Loan	226,587
Others	14,031
Others	63,018
Other assets	284,833
Total assets	1,110,680

*1: Intercompany elimination at IFRS consolidation

*2: Other deposits include deposits in foreign currencies and others

■ Balance of Deposits (Liabilities)

(JPY mm)

	Dec/13
Deposit Balance	1,008,826
Ordinary Deposits	555,423
Time Deposits	392,591
Other Deposits ^{*2}	60,812

Rakuten Membership

(Million persons)

	Dec/12	Sep/13	Dec/13	YoY
Rakuten members	81.57	87.40	89.76	+10.0%
Log-in members*	54.90	60.27	62.65	+14.1%

* Rakuten Members excluding non-active users who have not used any Rakuten services, and excluding members who logged but later withdrew their membership within a month

 **Rakuten**