

FY2017 Second Quarter Consolidated Financial Results

August 7, 2017

Rakuten, Inc.

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Establishment of New Company with Dentsu

- Offering new marketing solutions, integrating the customer base and data of Rakuten with the strengths of Dentsu



1 Financial Results and Strategy

Q2/17 Highlights

- **Global GTV: +21.8% YoY**
- **Domestic E-Commerce GMS: +15.2% YoY**
- **Domestic E-Commerce OI: +4.8% YoY, a return to positive growth**
- **FinTech's stable growth driven by Card's strong top line and Bank's increasing OI**
- **Other Internet Services losses steadily shrinking**
- **Leveraging FC Barcelona partnership to drive brand integration**

Q2/17 Consolidated Results Summary

(JPY bn, IFRS)

	Q2/16	Q2/17	YoY
Revenue	188.6	228.0	+20.9%
Non-GAAP Operating Income	31.8	31.9	+0.3%
IFRS Operating Income	26.0	28.2	+8.6%

Q2/17 Revenue and Operating Income

(JPY bn, IFRS)

	Q2/16	Q2/17	YoY
Domestic E-Commerce			
Revenue	72.5	95.0	+31.0%
Operating Income	17.5	18.4	+4.8%
Communications & Sports			
Revenue	17.3	22.9	+31.7%
Operating Income	-0.5	-0.3	+0.2
Other Internet Services			
Revenue	43.3	45.3	+4.6%
Operating Income	-3.2	-3.1	+0.1
Internet Services Segment			
Revenue	133.2	163.2	+22.5%
Operating Income	13.8	15.0	+8.7%
FinTech Segment			
Revenue	74.2	82.1	+10.6%
Operating Income	18.0	18.2	+1.4%
Adjustments			
Revenue	-18.8	-17.3	+1.5
Operating Income	0.0	-1.3	-1.3
Consolidated			
Revenue	188.6	228.0	+20.9%
Non-GAAP Operating Income	31.8	31.9	+0.3%
IFRS Operating Income	26.0	28.2	+8.6%

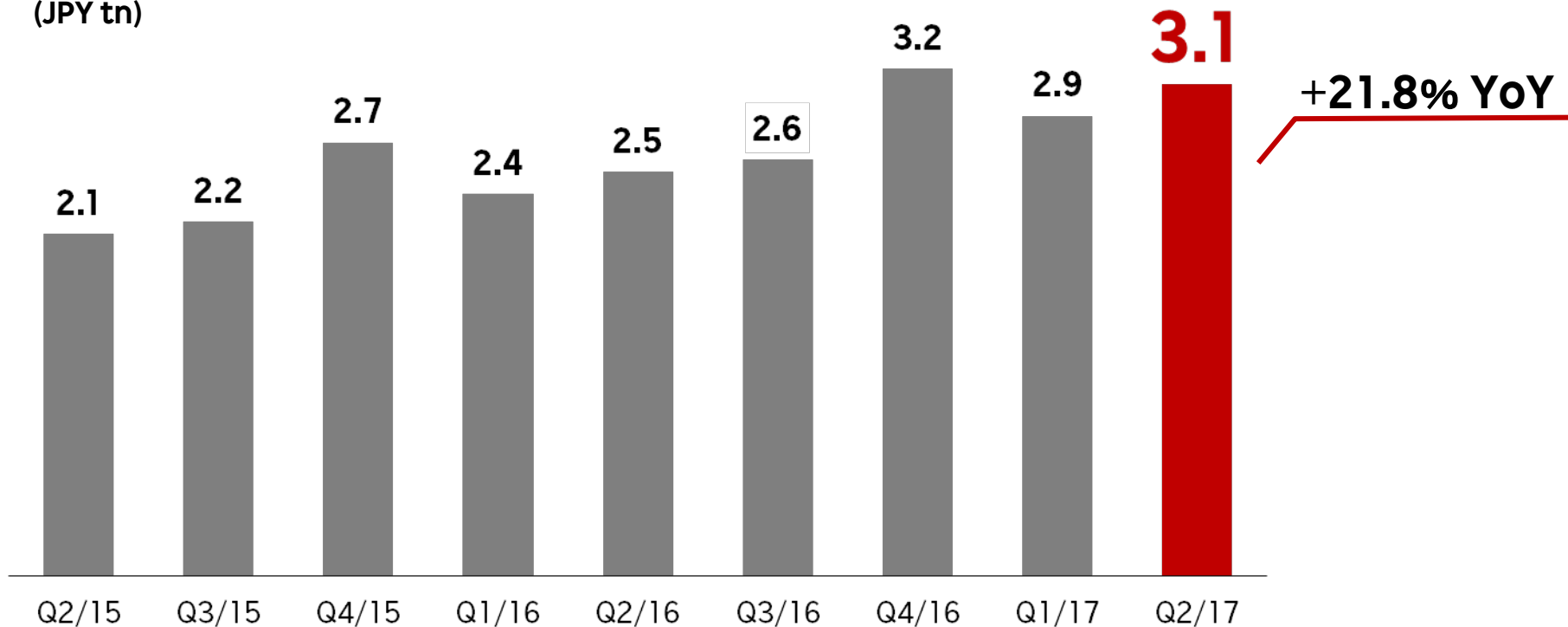
Q2/17 Revenue and EBITDA

(JPY bn, IFRS)

	Q2/16	Q2/17	YoY
Domestic E-Commerce			
Revenue	72.5	95.0	+31.0%
EBITDA	19.3	20.8	+7.9%
Communications & Sports			
Revenue	17.3	22.9	+31.7%
EBITDA	0.5	1.1	+95.6%
Other Internet Services			
Revenue	43.3	45.3	+4.6%
EBITDA	-0.3	-0.7	-0.4
Internet Services Segment			
Revenue	133.2	163.2	+22.5%
EBITDA	19.6	21.2	+8.4%
FinTech Segment			
Revenue	74.2	82.1	+10.6%
EBITDA	22.1	23.7	+7.5%
Adjustments			
Revenue	-18.8	-17.3	+1.5
EBITDA	-0.3	-1.4	-1.2
Consolidated			
Revenue	188.6	228.0	+20.9%
Non-GAAP EBITDA	41.4	43.5	+5.2%

Total Global GTV*

(JPY tn)

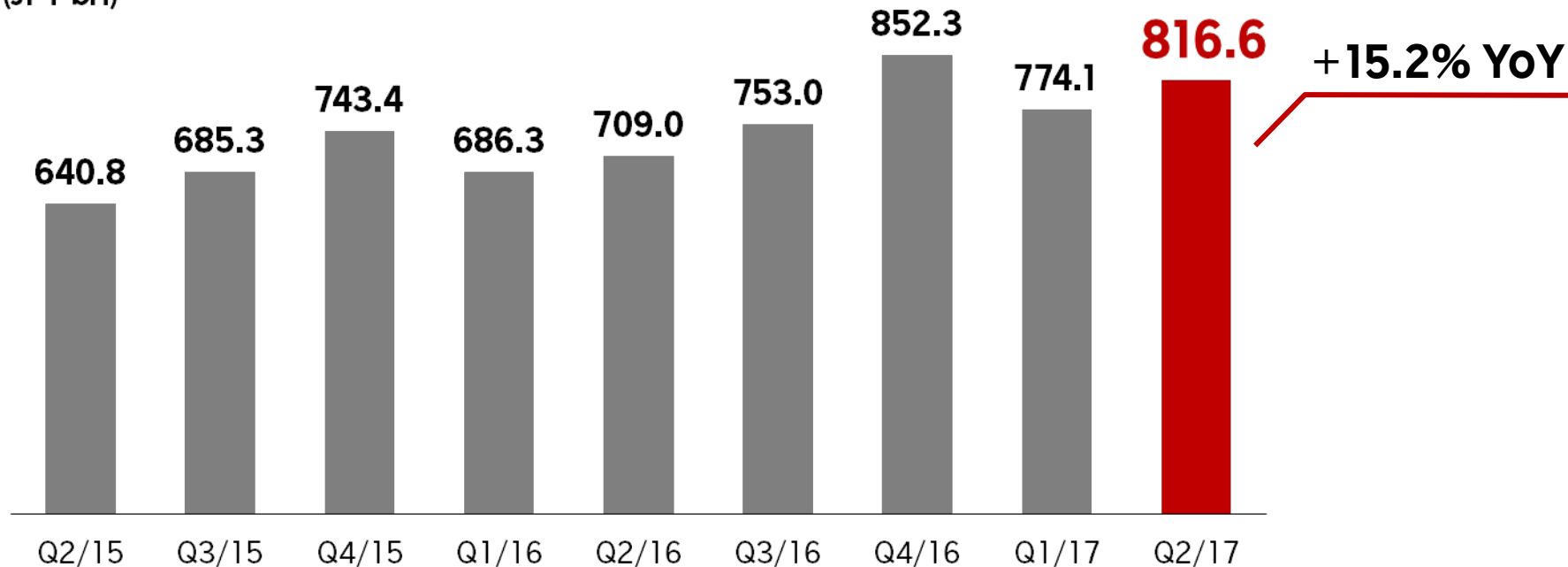


* Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Edy GTV + Rakuten Point Card GTV + Overseas E-Commerce GMS + Ebates GMS + Digital Contents GTV + Rakuten Marketing GTV

* Includes intercompany transactions for settlement and affiliate services

Domestic E-Commerce GMS*

(JPY bn)



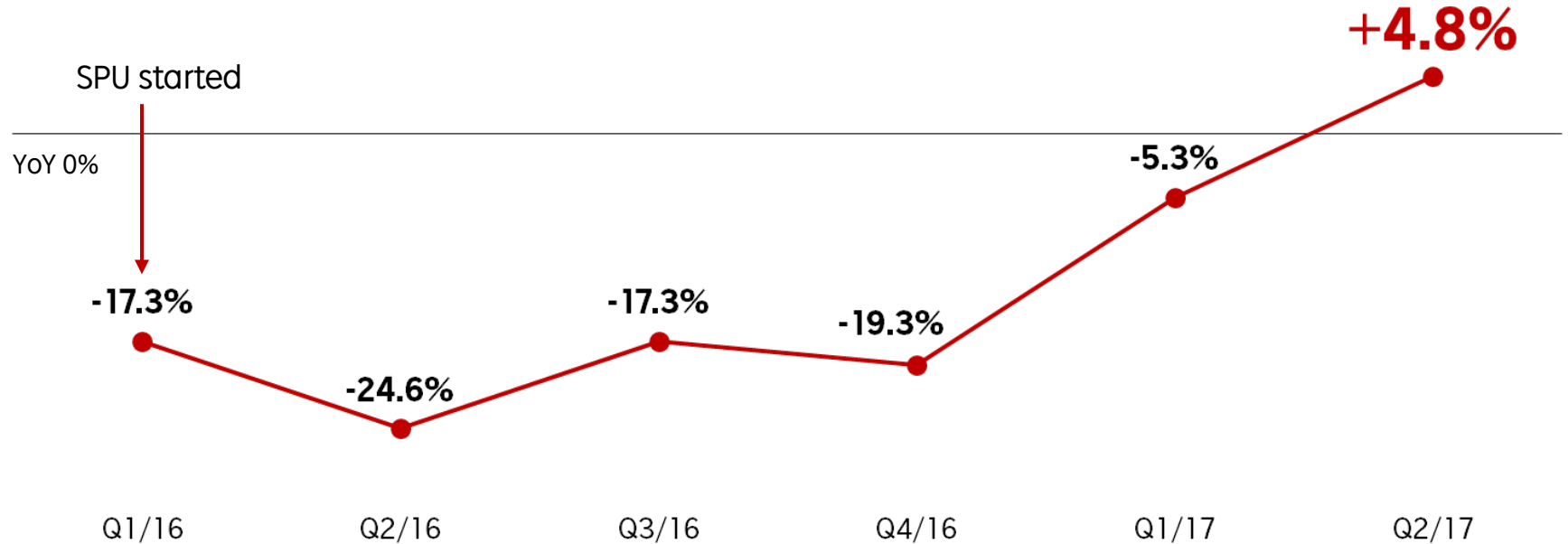
*1: Domestic E-Commerce GMS includes consumption tax. Consumption tax not included in GMS for businesses not required to pay consumption tax.

GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Stylife, Dream businesses, Video streaming, Dining, Beauty, Mart, Delivery, Kenko.com, Soukai Drug, Energy, Car Life, Rakuten Pay, Coupon, Rakuma, FRIL, Rakubin, Rebates etc.

*2: Definition of GMS for first party businesses was revised mainly upon the merger between Soukai Drug and Kenko.com. This has resulted in retroactive adjustments to Domestic E-Commerce GMS from Q2/15.

Domestic E-Commerce OI YoY

- Domestic E-Commerce OI growth YoY turned positive
(% YoY)



C2C Business

 Rakuma



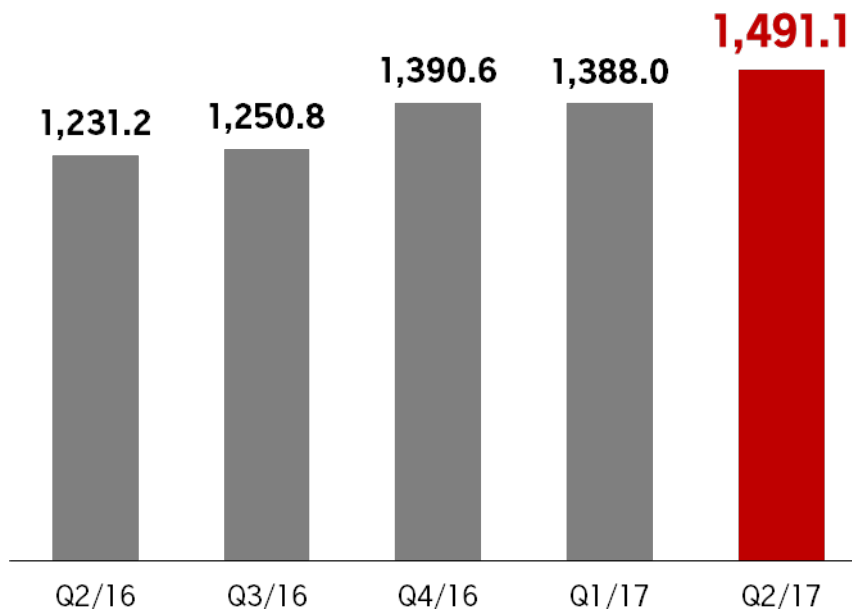
JPY 100bn annualized GMS in sight

Card GTV* and Bank OI Growth

Rakuten Card Shopping Transaction Value

(JPY bn)

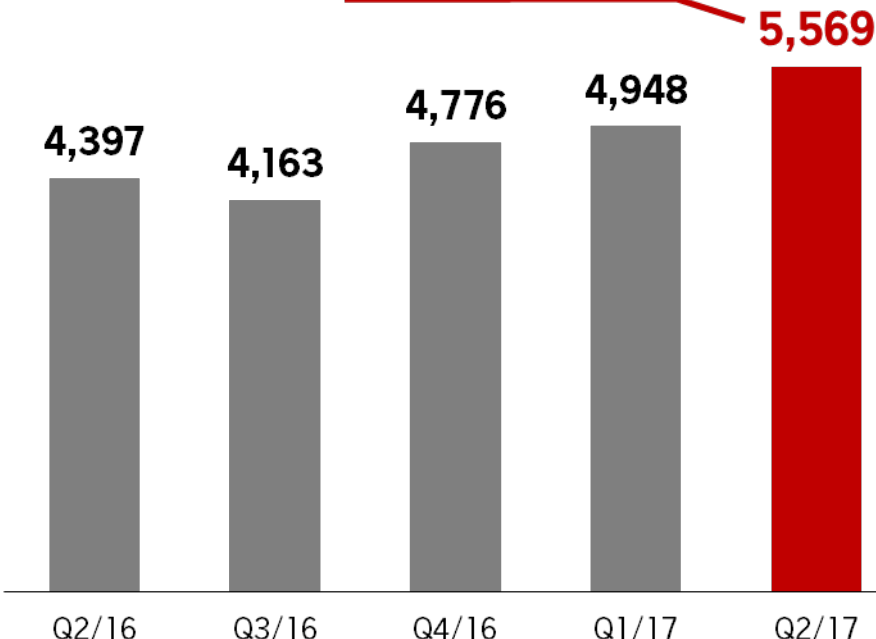
+21.1% YoY



Rakuten Bank Operating Income













(JPY mm)

+26.7% YoY



* Calculated on a managerial accounting basis, using different definitions from data in the Appendix. Detailed credit card data is shown in Appendix

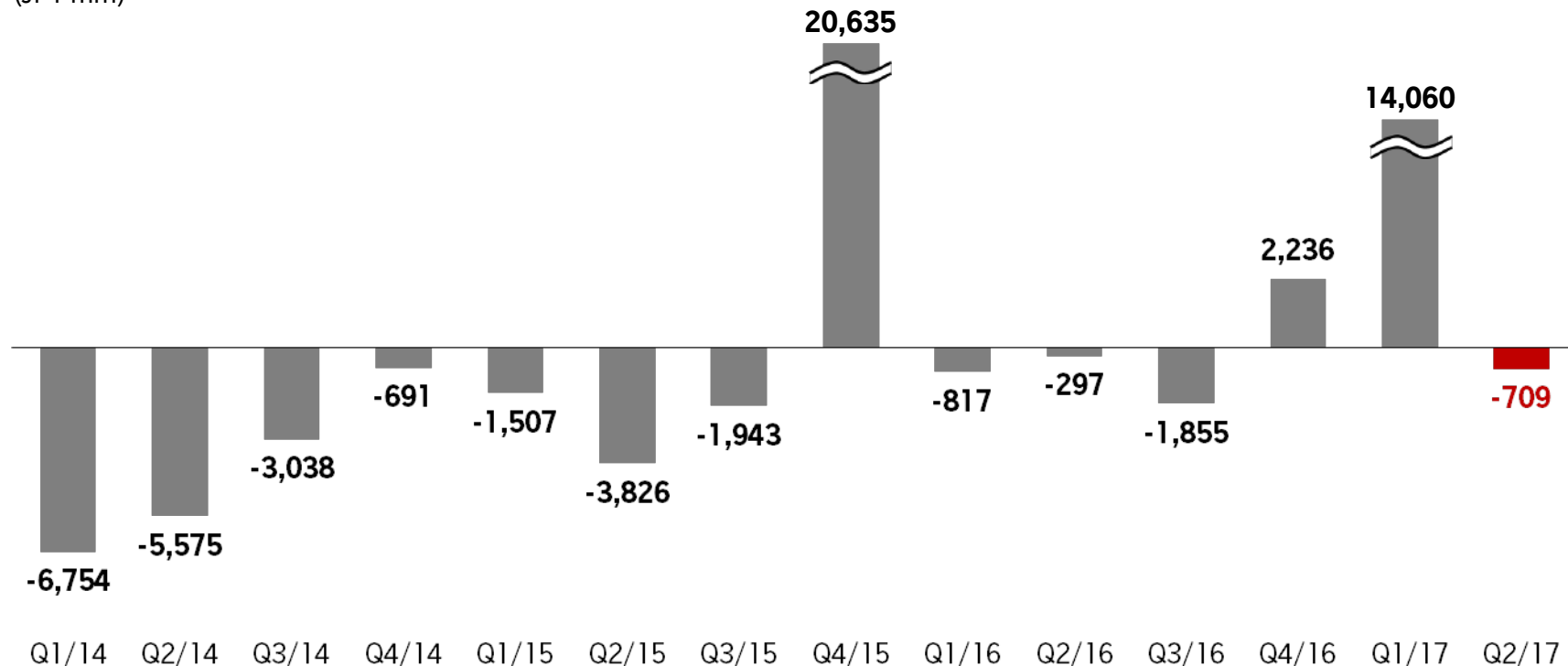
Other Internet Services

	Main Businesses	
Overseas E-Commerce	 A Rakuten Company	 Rakuten  
Digital Marketing	 	 
Digital Content		
e-Books		

Other Internet Services Non-GAAP EBITDA

- Other Internet Services losses shrinking steadily
- Group effective tax rate has fallen to between 30-40%

(JPY mm)



Beginning of Partnership with FC Barcelona

Please watch the video

FC Barcelona Partnership

- FC Barcelona partnership kicked off on July 1, 2017



Brand Unification

■ Brand unification to strengthen Rakuten Ecosystem

® Rakuten Energy

® Rakuten PointClub

® Rakuten Dining

® Rakuten ジョブサーチ

® Rakuten チェック

® Rakuten Research

® Rakuten カーサービス

® Rakuten GORA

® Rakuten VIKI

® Rakuten マンガ

® Rakuten アフィリエイト

® Rakuten Travel

® Rakuten TV

® Rakuten チケット

® Rakuten 写真館

® Rakuten Card

® Rakuten クラウド

® Rakuten MAGAZINE

® Rakuten ウェブ検索

® Rakuten ダウンロード

® Rakuten Delivery

® Rakuten BEAUTY

® Rakuten ブックス

® Rakuten

® Rakuten toto

® Rakuten カレンダー

® Rakuten WEDDING

® Rakuten CUTTER

® Rakuten O-net

® Rakuten みんな

® Rakuten Infoseek

® Rakuten レシピ

® Rakuten music

® Rakuten くじ広場

® Rakuten Viber

® Rakuten リワード

® Rakuten Kドリームス

® Rakuten 室くじ

® Rakuten Mart

LIFULL Partnership: Entering the Minpaku market



Users in Japan



Users from overseas

“Vacation Stay”
(Tentative name)

Rakuten + **LIFULL**

Accommodation Rental
Intermediary Service

Operational Support/
Agent



Individual Owners



Corporate Owners

2

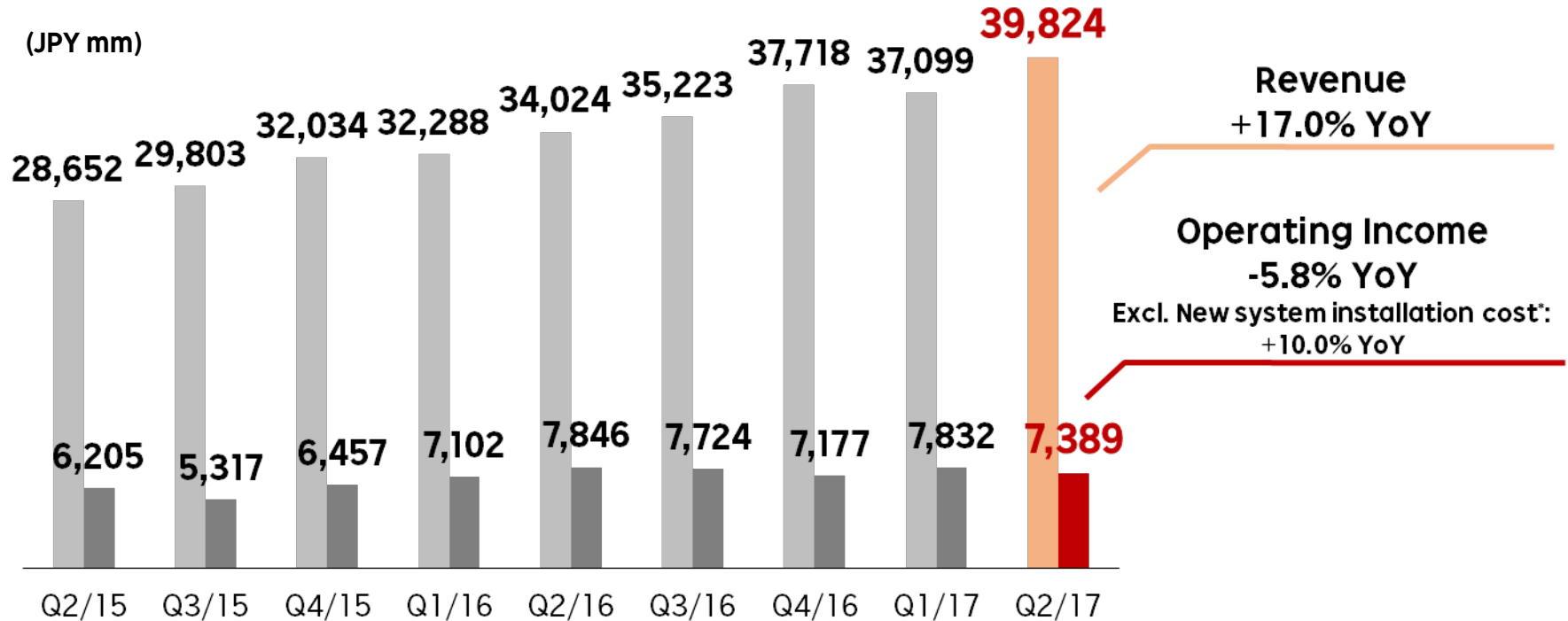
FinTech

Q2/17 FinTech Results Summary

(JPY bn, IFRS)

	Revenue	YoY	Operating Income	YoY
Card	39.8	+17.0%	7.4	-5.8%
Bank	18.6	+11.4%	5.6	+26.7%
Life Insurance	8.1	-4.7%	0.7	+12.7%
Others	3.4	+23.0%	0.0	+ 0.0
FinTech Total excl.Securities	69.9	+12.8%	13.7	+6.3%
Securities	12.2	-0.4%	4.5	-11.1%
FinTech Total	82.1	+10.6%	18.2	+1.4%

Rakuten Card Results



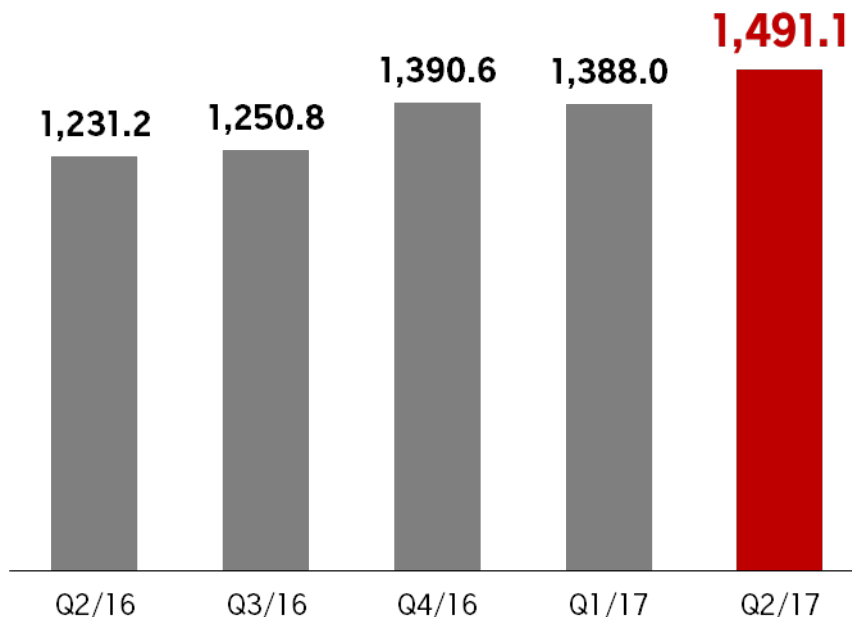
* New system installation cost: JPY 1.2 bn

Rakuten Card KPIs* (1)

Shopping Transaction Value

(JPY bn)

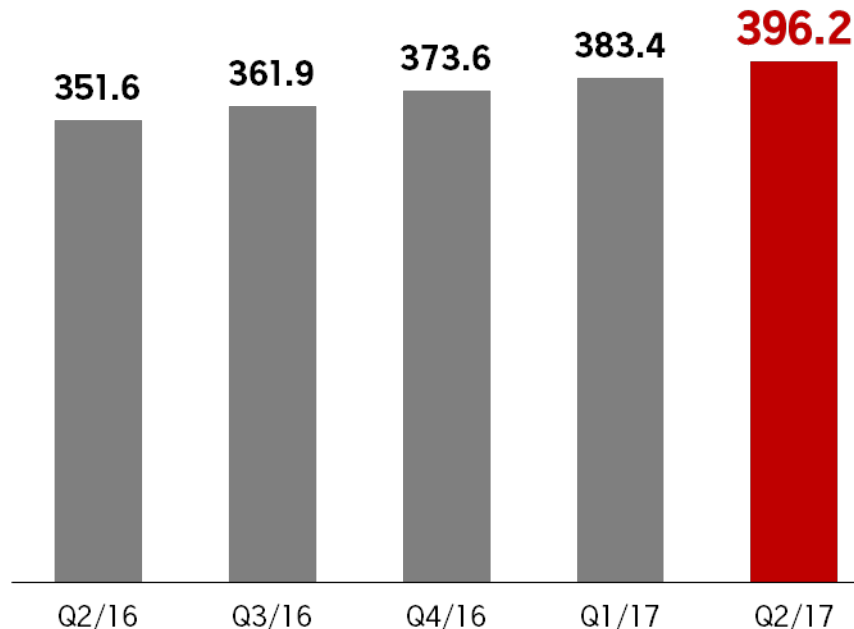
+21.1% YoY



Shopping Revolving Balance

(JPY bn)

+12.7% YoY

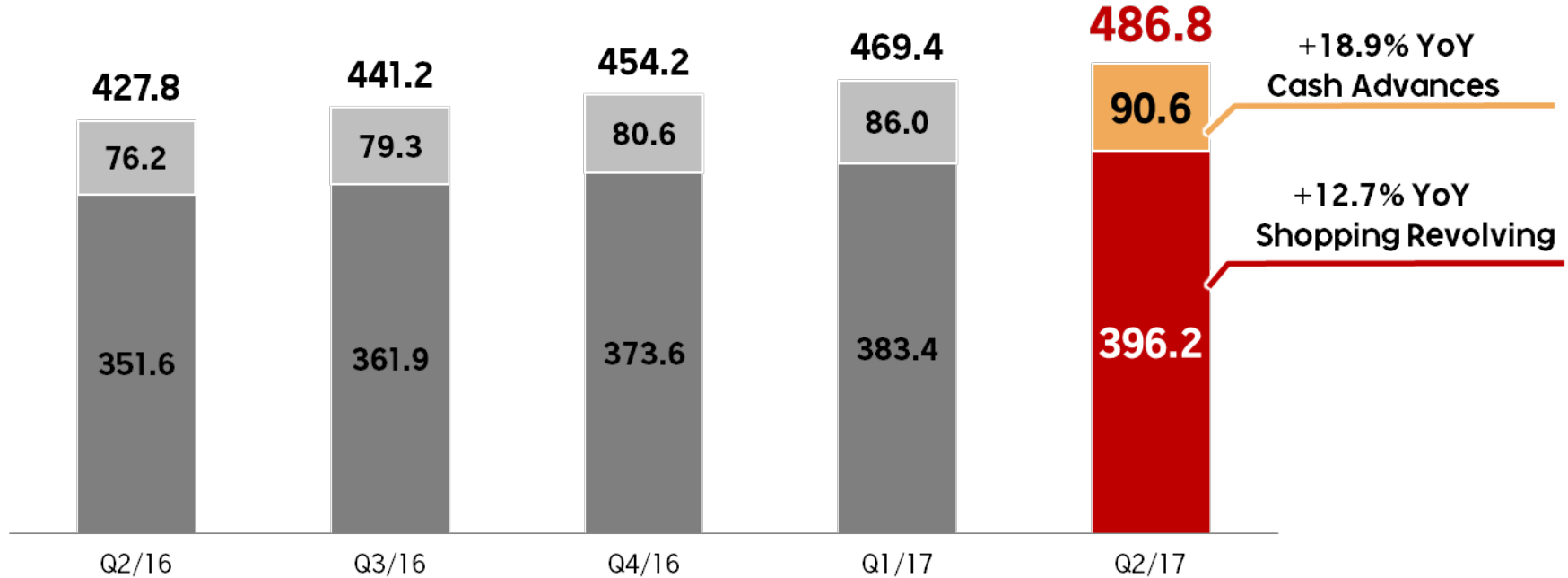


* Calculated on a managerial accounting basis, using different definitions from data in the Appendix.
Detailed credit card data is shown in the Appendix. Revolving balance is calculated on a principal basis.

Rakuten Card KPIs*(2)

(JPY bn)

Shopping Revolving and Cash Advances Balance

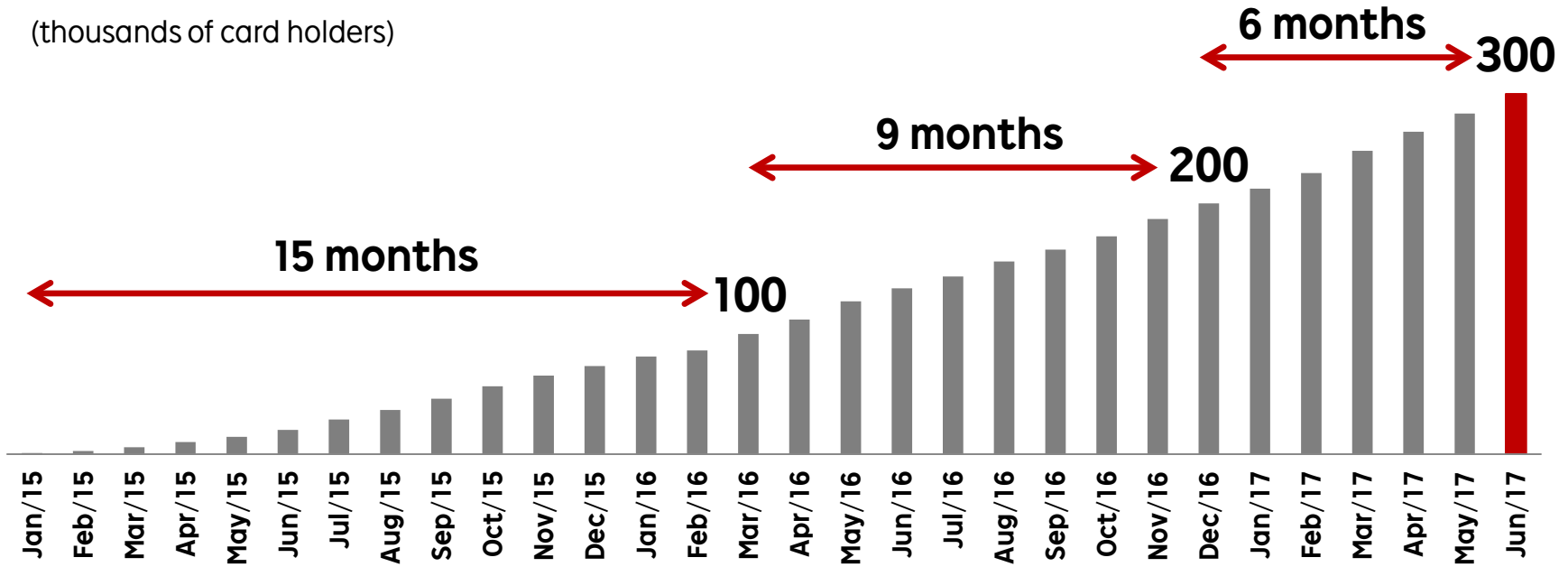


* Calculated on a managerial accounting basis, using different definitions from data in the Appendix. Detailed credit card data is shown in the Appendix. Revolving balance is on a principal basis

Taiwan Rakuten Card Holders Increasing

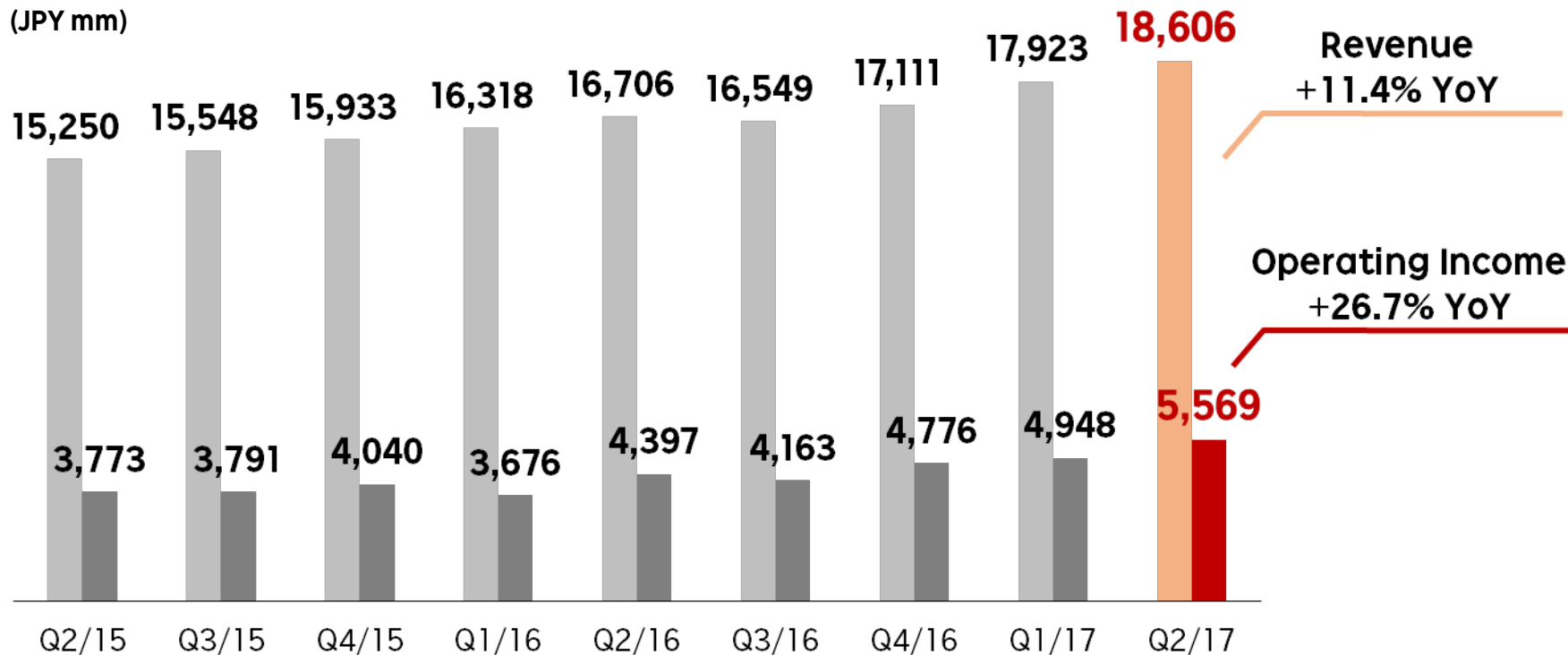
- Card membership accelerated to 300,000 in June 2017
- Latest 100,000 members added in 6 months, faster than previous growth

(thousands of card holders)

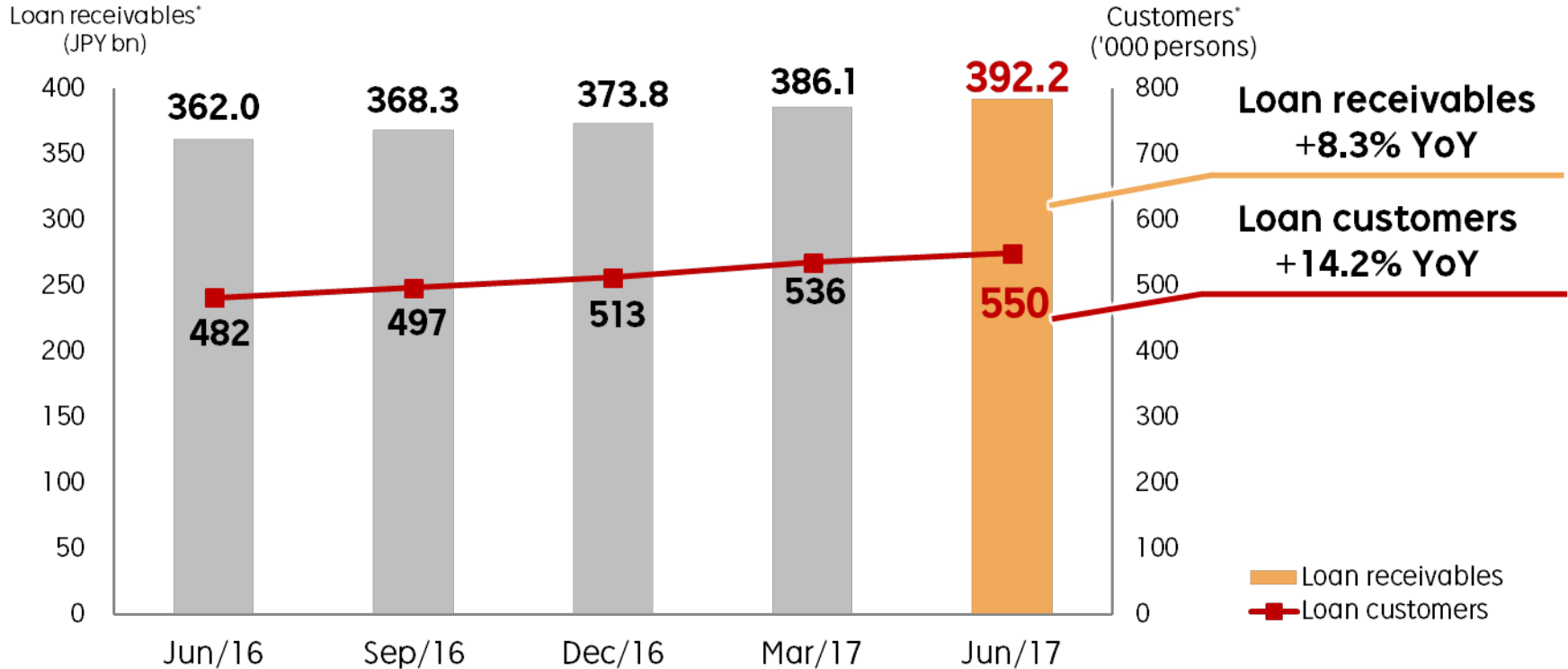


Rakuten Bank Results

(JPY mm)

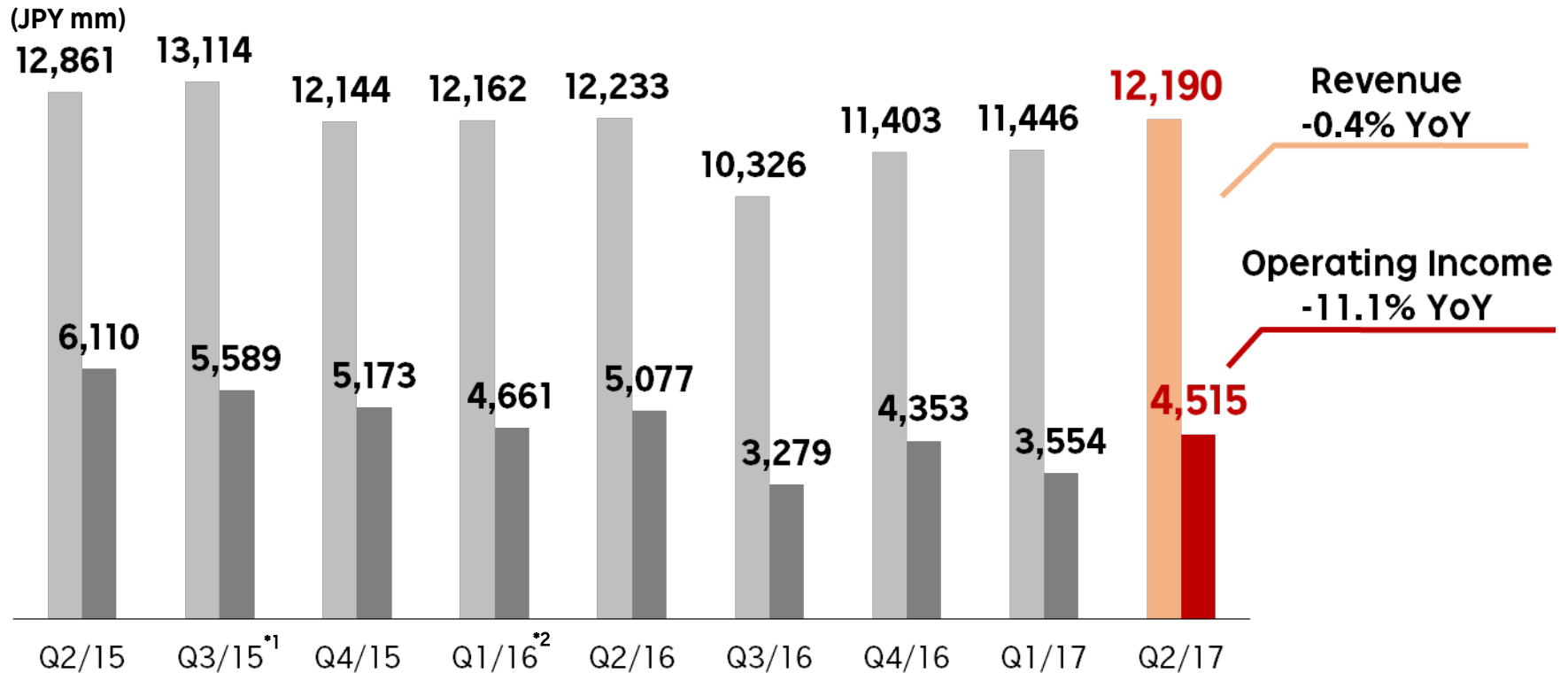


Rakuten Bank Super Loans (IFRS)



* Loan receivables and loan customers include foreclosed credit guarantees of Rakuten Card Co., Ltd.

Rakuten Securities Results

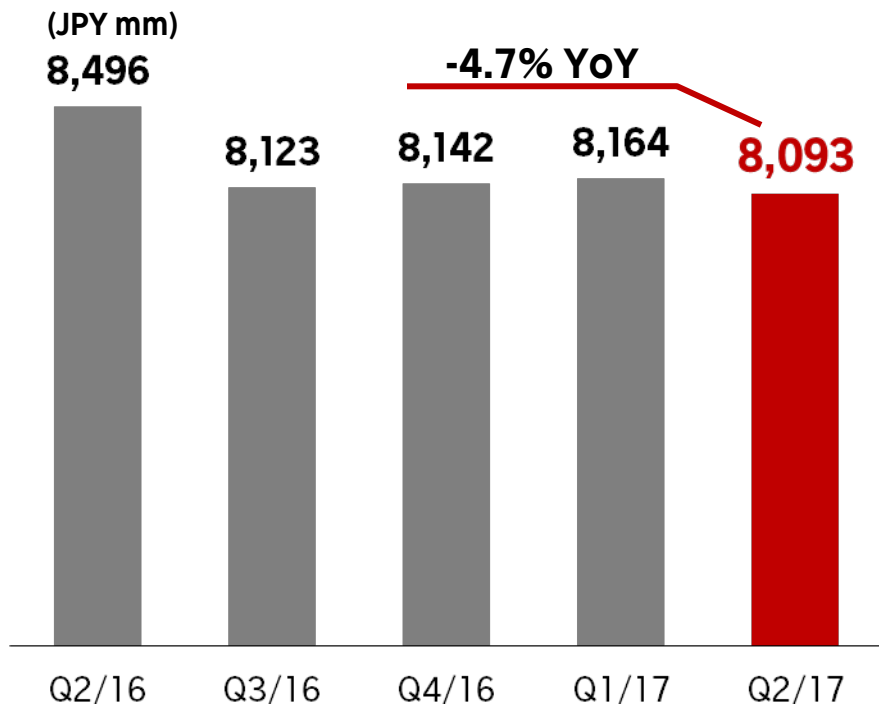


*1: Rakuten Securities acquired FXCM Japan Securities Co. Ltd. in August 2015.

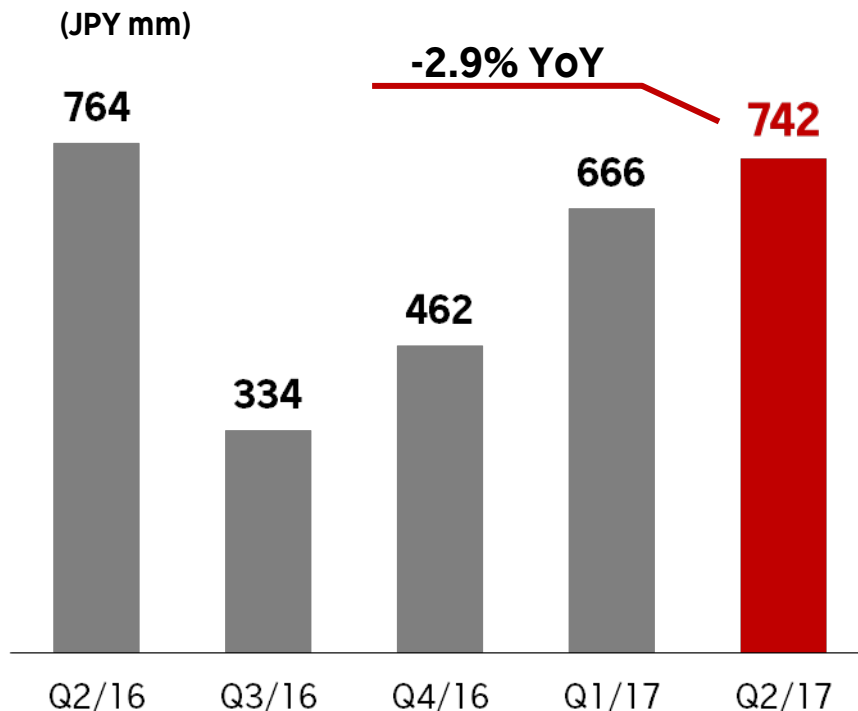
*2: Q1/16 IFRS revenue and operating income does not include JPY 3bn from sale of stocks of a minority investment, while it was recorded under J-GAAP.

Rakuten Life Insurance Results

Revenue

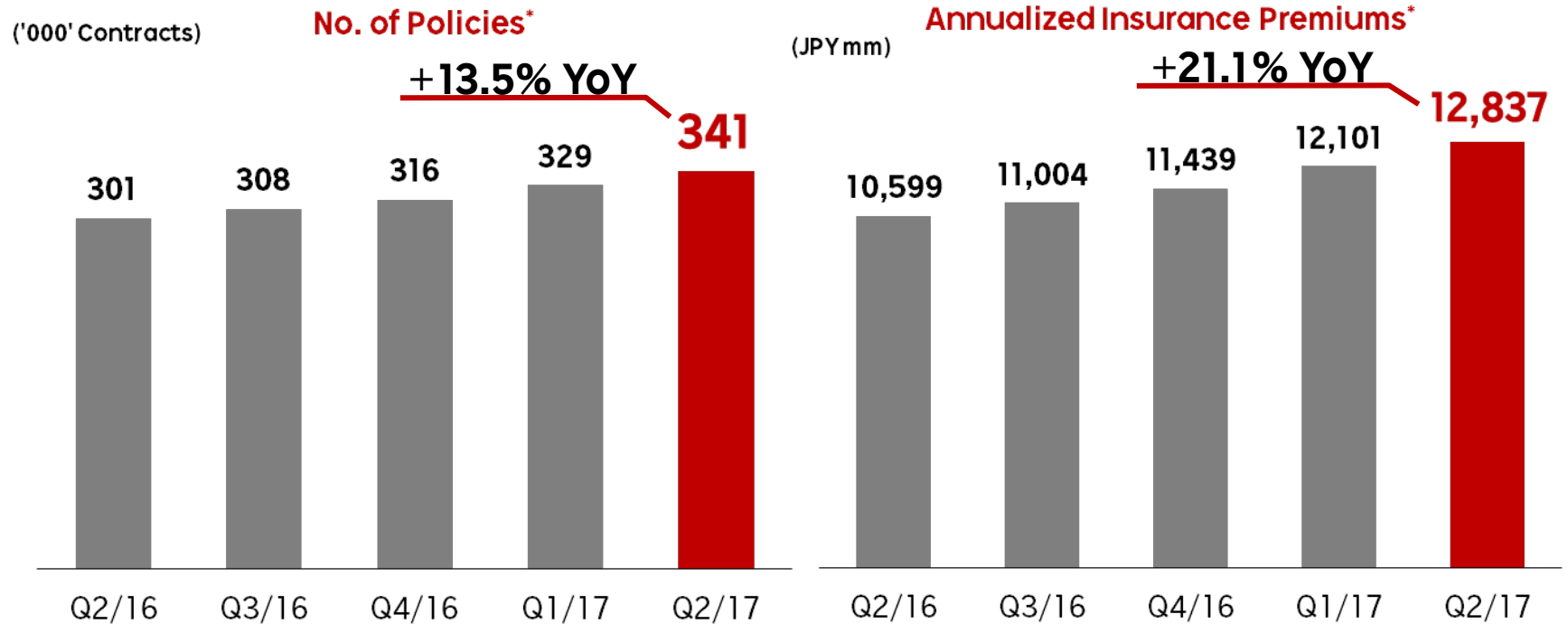


Retroactively Adjusted OI*



* From Q1/17, the standard used for calculating insurance policy reserves was changed. This has resulted in retroactive adjustments to consolidated results, but have not been applied to segment results.

Rakuten Life Insurance Contracts and Premiums



* Excluding policies of mutual aid association business transferred in 2008, and one-year cancer insurance for eligible Rakuten members which started from Q4/14

Rakuten Life Insurance: Main Products

- Great success with product lines matched for sale through the internet (Example: “Super 2000”)



Rakuten Life “Super 2000”
Hospitalization - Cancer - Death
All covered



JPY 2,000 per month
For healthy 20-59 year olds
(Can be insured up to 65)

Rakuten Life Insurance:

- Annualized new premiums: +71.5% YoY since TV advertisements started in April 2017
- Annualized new premiums through direct marketing channels*1: +82.0% YoY

New ANP Growth*2

+71.5% YoY

Q2/17

Direct Marketing*1

New ANP Growth*3

+82.0% YoY

Q2/17

*1: Direct marketing channels by internet and mail.

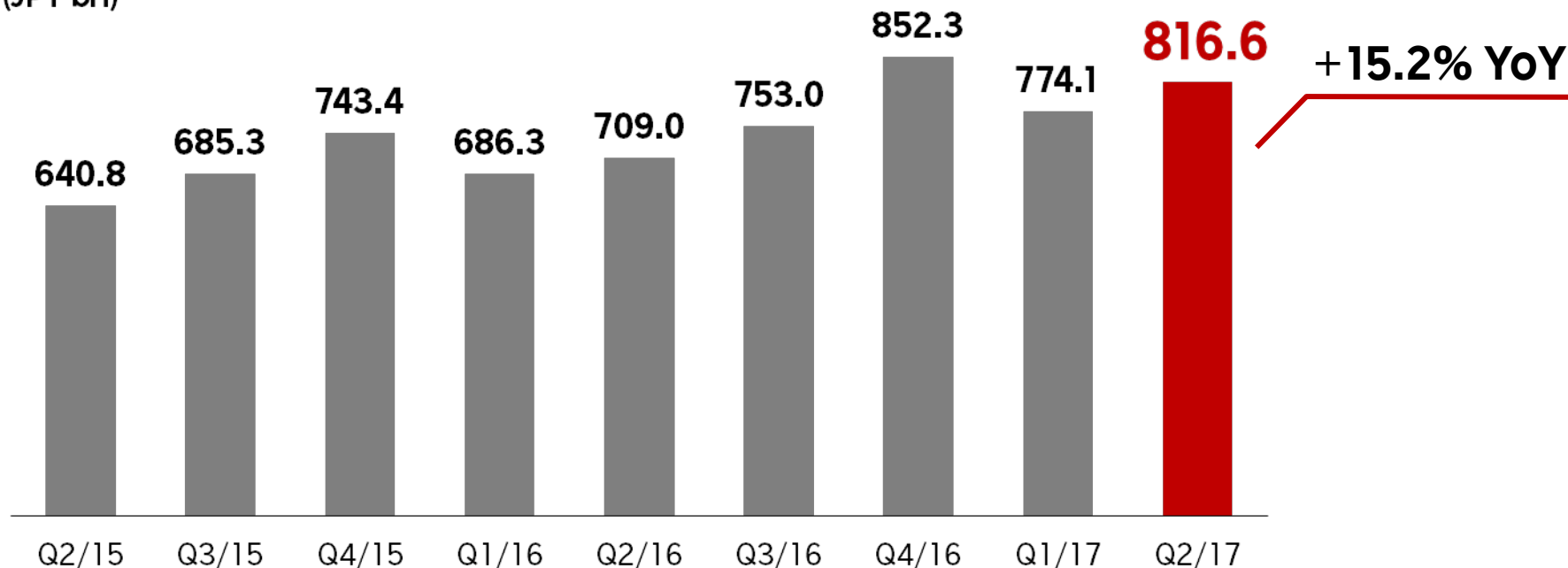
*2: Annualized insurance premiums for new policies in Q2/17, excluding one-year cancer insurance for eligible Rakuten members which started from Q4/14.

*3: Annualized insurance premiums for new policies through direct marketing channels in Q2/17, excluding one-year cancer insurance for eligible Rakuten members which started from Q4/14.

3 Internet Services

Domestic E-Commerce GMS*

(JPY bn)



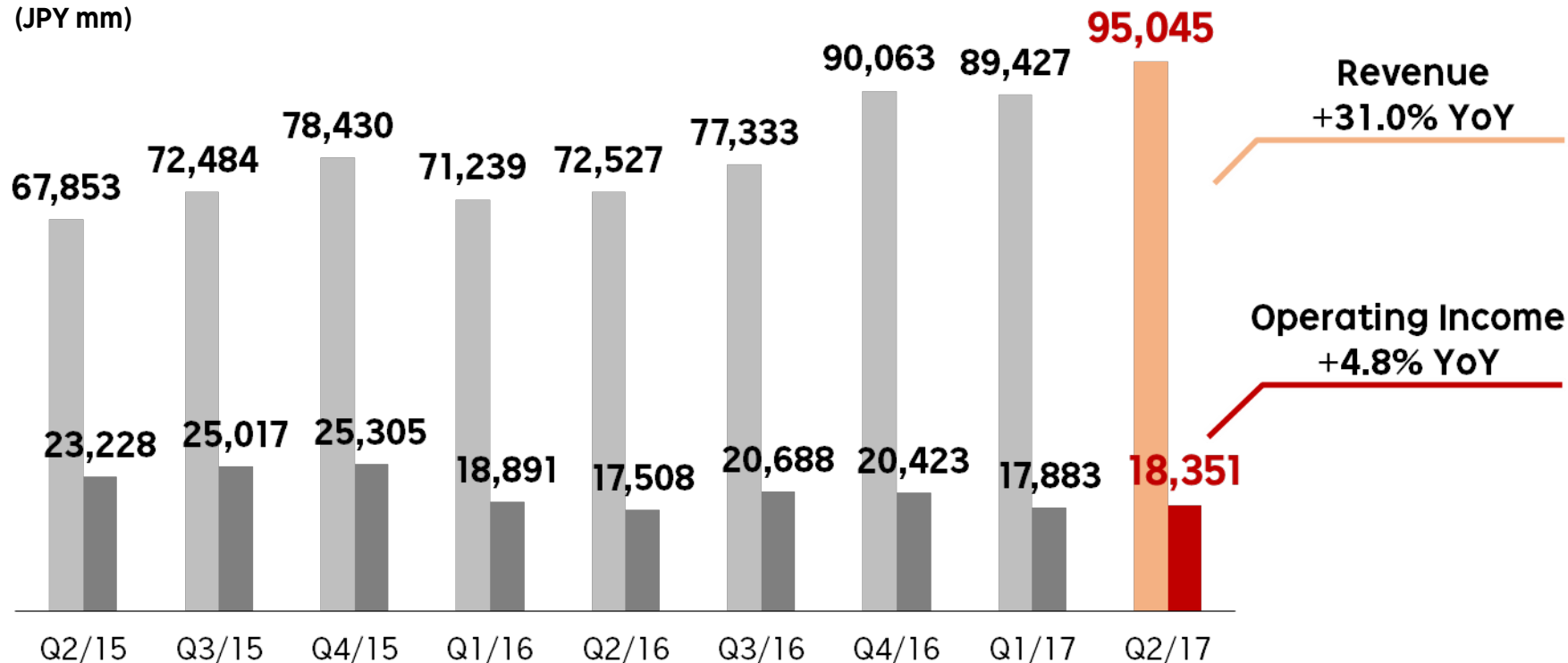
*1: Domestic E-Commerce GMS includes consumption tax. Consumption tax not included in GMS for businesses not required to pay consumption tax.

GMS comprises Ichiba, Travel GTV on checkout basis, Books, Golf, Ticket, Stylife, Dream businesses, Video streaming, Dining, Beauty, Mart, Delivery, Kenko.com, Soukai Drug, Energy, Car Life, Rakuten Pay, Coupon, Rakuma, FRIL, Rakubin, Rebates etc.

*2: Definition of GMS for first party businesses was revised mainly upon the merger between Soukai Drug and Kenko.com. This has resulted in retroactive adjustments to Domestic E-Commerce GMS from Q2/15.

Domestic E-Commerce Results*

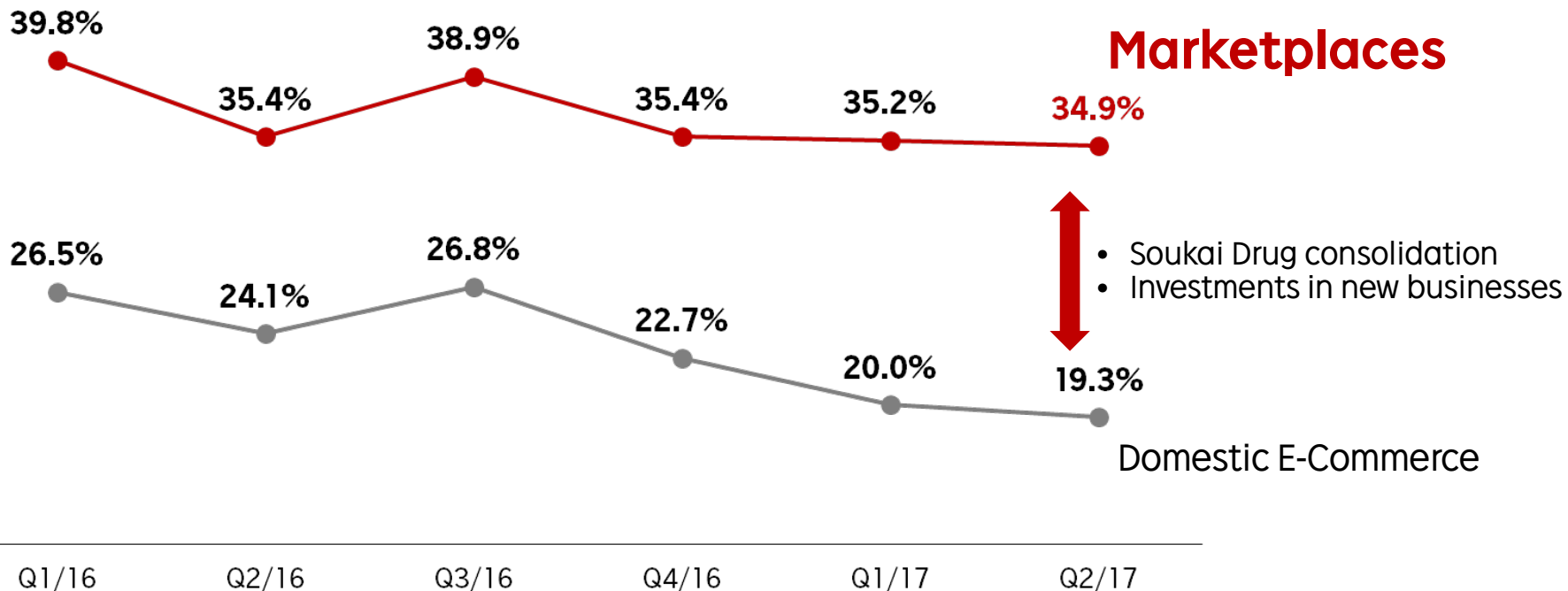
(JPY mm)



* Domestic E-Commerce = Ichiba, Travel, Books, Golf, Ticket, Stylife, Dream businesses, Video streaming, Dining, Beauty, Mart, Delivery, Kenko.com, Soukai Drug Logistics, Energy, Car Life, Rakuten Pay, Coupon, Rakuma, FRIL, Rakubin, etc.

Domestic E-Commerce OI Margin

■ Ichiba and other Marketplaces OI margins firm



* Marketplaces: Ichiba, Travel, GORA, Beauty, Delivery, Rakubin, Mart, Dining

GMS Growth Accelerating with SPU



R SPU!
スーパーポイントアップ
プログラム

楽天市場でのお買い物が
いつでも ^{※1} 誰でも ^{※2} どれでも
ポイント
最大 **7倍**

※1 楽天会員様限定になります
※2 対象外サービス・定期購入・頒布会・1商品ごとの購入金額が100円未満を除く

Rakuten Super Point Up Program on Rakuten Ichiba:
Maximum 7x Rakuten Points
Any time - All members - All products



Maximum 7x Rakuten Points:
Ichiba 1x,
Ichiba App 1x
Rakuten Card 3x
Rakuten Premium Card 1x
Rakuten Mobile 1x

Increasing Ichiba Orders and Purchasers

- Ichiba orders and purchasers increasing steadily
- Unit prices bottoming out

Number of Orders*

+11.4% YoY

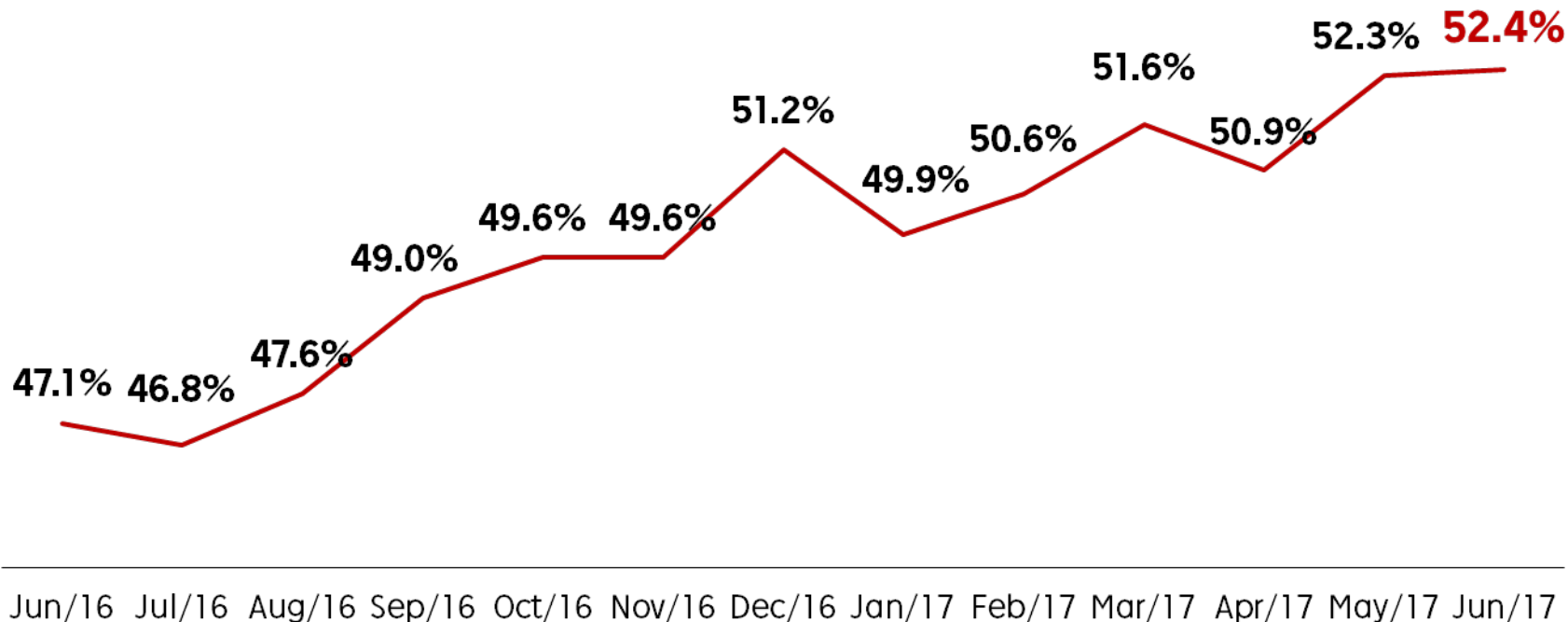
Unique Purchasers*

+7.6% YoY

* As of Q2/17. Unique purchasers is monthly average of Apr - Jun.

Rakuten Card Share of Rakuten Ichiba GMS

- Rakuten Card share of Ichiba GMS is consistently growing



Q2/17 Rakuten Ichiba Mobile GMS Ratio*

63.3%

Up 4.7 points YoY

* Mobile GMS Ratio = Ichiba mobile GMS / Total Ichiba GMS (includes feature phones, smartphones, and tablets)

Ichiba Advertising Revenue Growing Steadily

Advertising revenue

+16.8% YoY
in Q2/17

Support for Merchants and Usability Improvements



Merchant Support: 1) Data Usage

- R-Karte merchant tool: customer visit, purchase, and product analysis
- Usage rate by top-ranked merchants with high sales is **2.3x** higher than the average for all merchants



Merchant Support: 2) Merchants Sharing Know-How

- R Nations: Top Ichiba merchants offering consulting services to other merchants

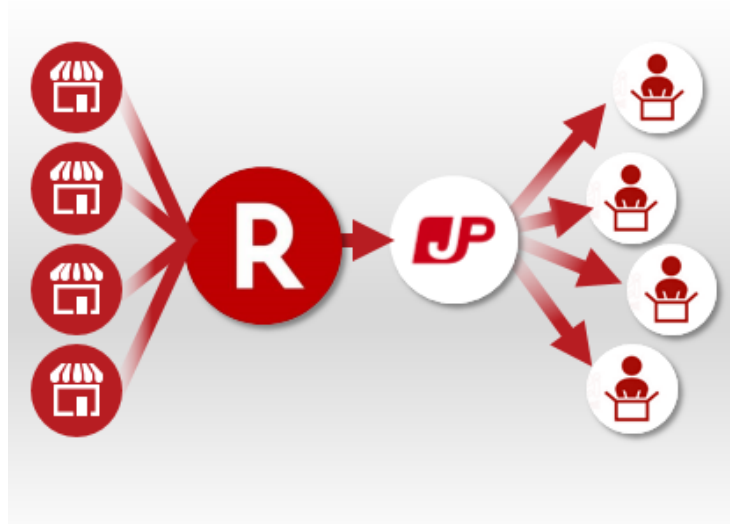
**Apr-Jun monthly sales
for merchants joining in the second round***

+77%
YoY

* 25 merchants participating in the second round

Merchant Support: 3) Special Delivery Fees

Single Contract between Rakuten and Japan Post



- Partnering with Japan Post and offering special fees for merchants, starting full operation this September
- Applications already received from over 2,000 merchants
- Strengthening efforts to cut redeliveries

Ichiba Usability Improvement Plan

■ More clear product information



ナイキ (nike) ベナッシ JDI 343880-090SP17 (Men's, Lady's)

1件 ★★★★★

3,240円

送料無料

5~7日以内に発送予定※取り寄せ、予約を除く



ナイキ ベナッシ サンドル(Men's/Lady's)

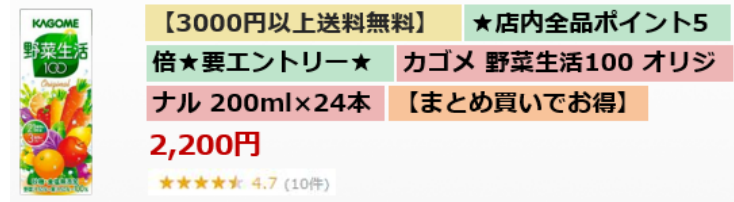
シャワーサンダル スポーツサンダル NIKE BENASSI JDI Black/White

372件 ★★★★★☆

3,240円

送料無料

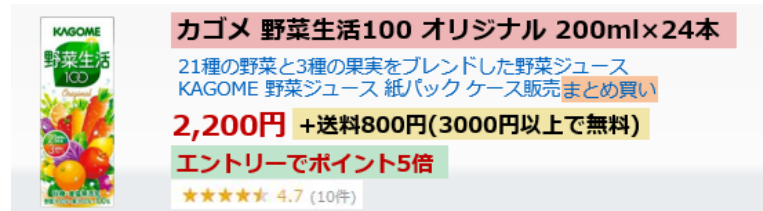
1~2日以内に発送予定 (店舗休業日を除く)



【3000円以上送料無料】 ★店内全品ポイント5倍★要エントリー★ カゴメ 野菜生活100 オリジナル 200ml×24本 【まとめ買いでお得】

2,200円

★★★★★ 4.7 (10件)



カゴメ 野菜生活100 オリジナル 200ml×24本

21種の野菜と3種の果実をブレンドした野菜ジュース
KAGOME 野菜ジュース 紙パック ケース販売まとめ買い

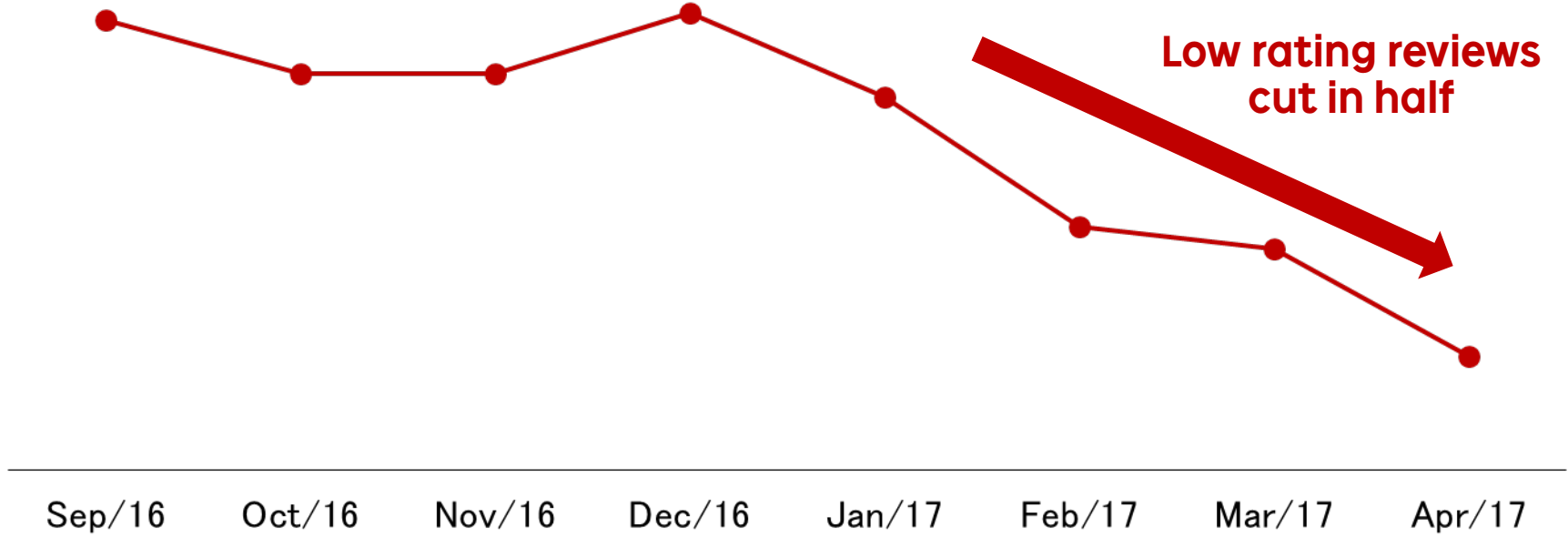
2,200円 +送料800円(3000円以上で無料)

エントリーでポイント5倍

★★★★★ 4.7 (10件)

Ichiba Quality Improvements

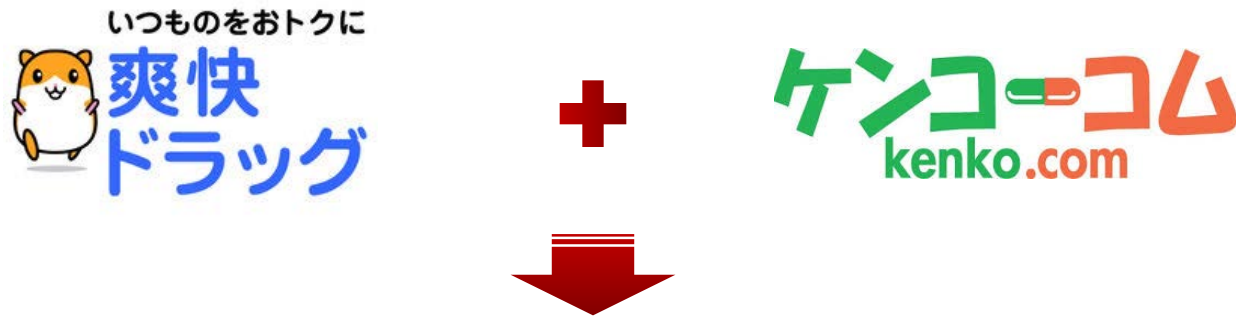
- Low rating reviews cut by half since last September, as a result of improvements in merchant support and usability



* Number of shop reviews under 3 stars divided by number of orders

Rakuten Direct: Merger of Soukai Drug and Kenko.com

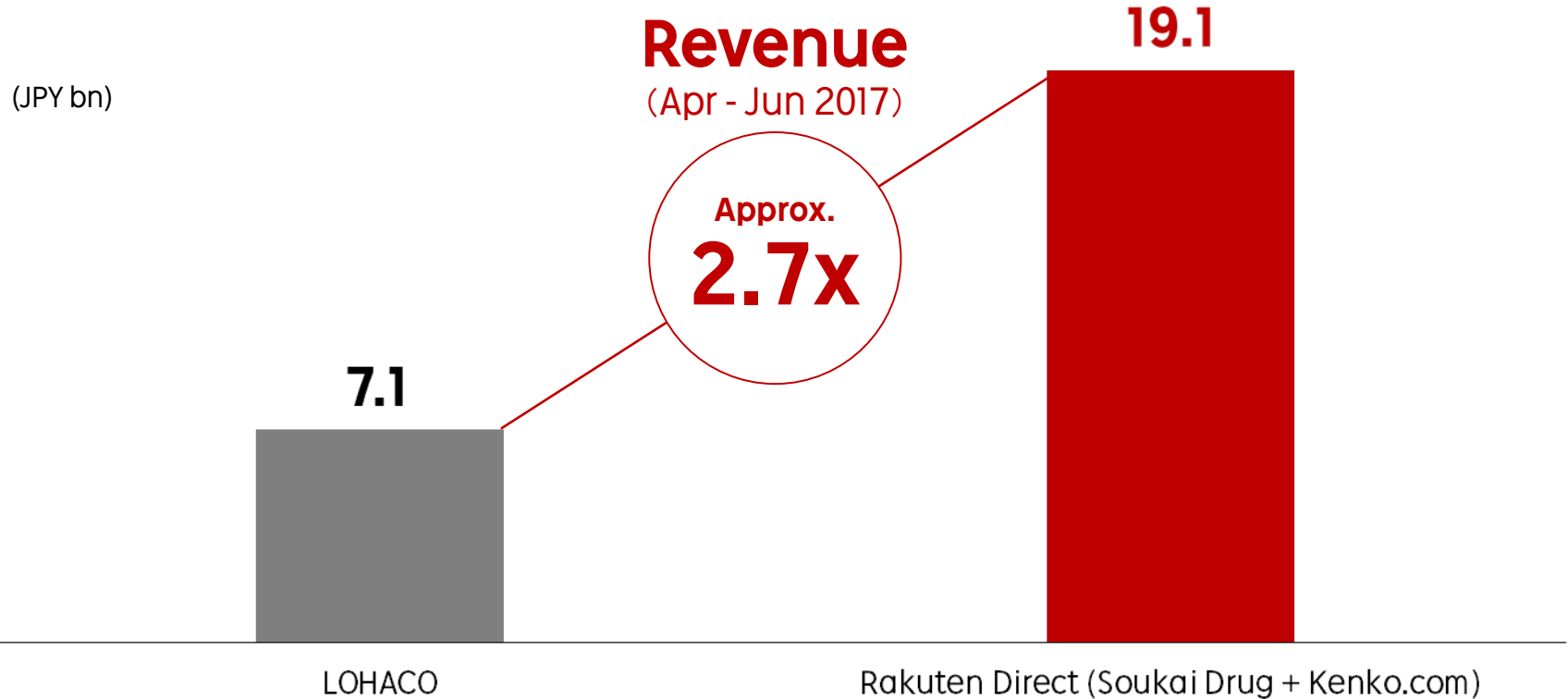
- Integration of operations to boost efficiencies



Rakuten Direct

Rakuten Direct: Revenue Scale

- Soukai Drug + Kenko.com revenues exceed those of their main competitor



* Revenue is adjusted for differences in accounting policies

C2C Business

- Active marketing including TV commercials has led to increases in GMS, sellers and orders

 Rakuma

Q2/17 GMS
2.3x YoY

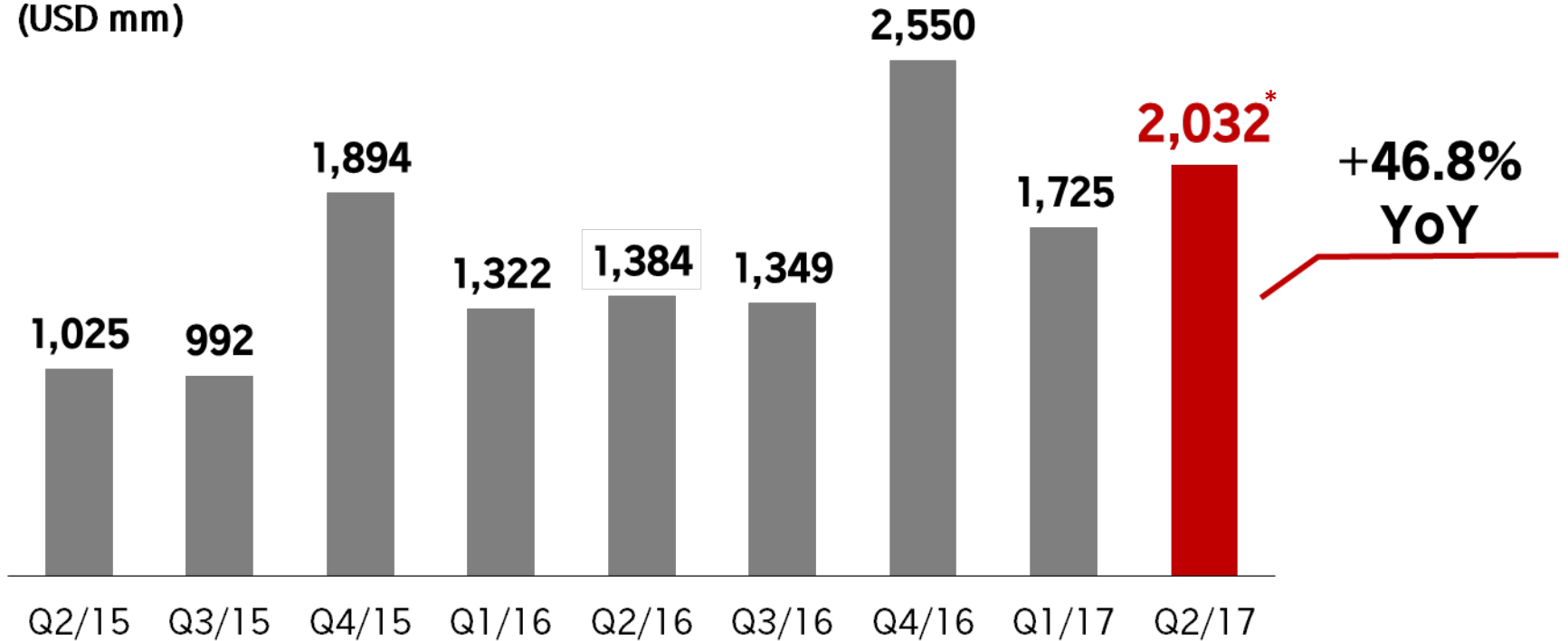


FRIL

Jun/17 GMS grew
3.7x
since Sep/16 acquisition

Ebates GMS

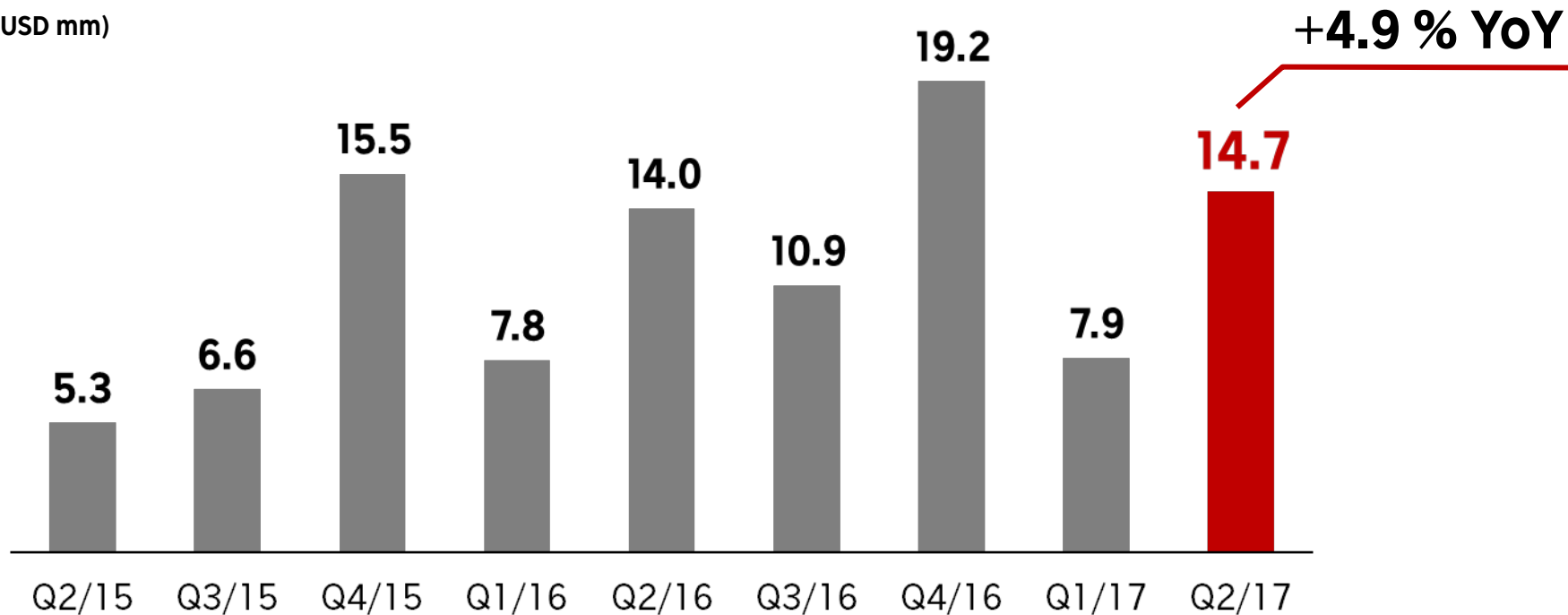
(USD mm)



* Includes GMS of Cartera acquired in Q1/17 and ShopStyle acquired in Q2/17

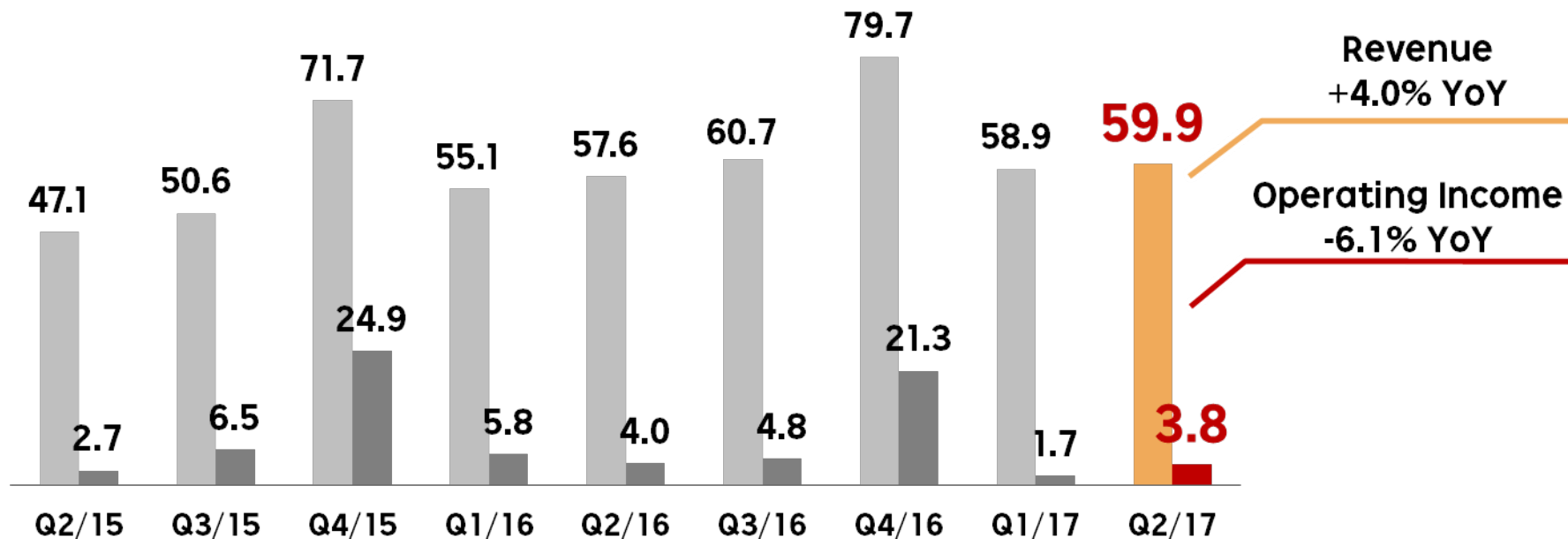
Ebates Operating Income

(USD mm)



Rakuten Marketing Results

(USD mm)



4 Media & Communications

Rakuten Viber Rebranding from July 1

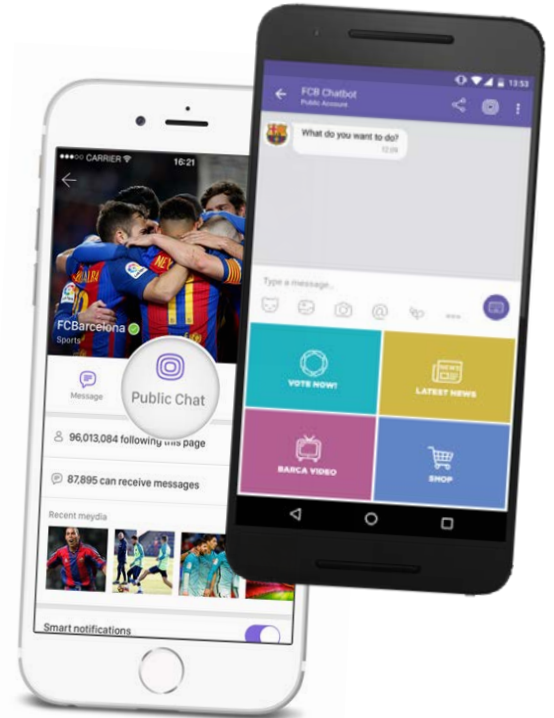
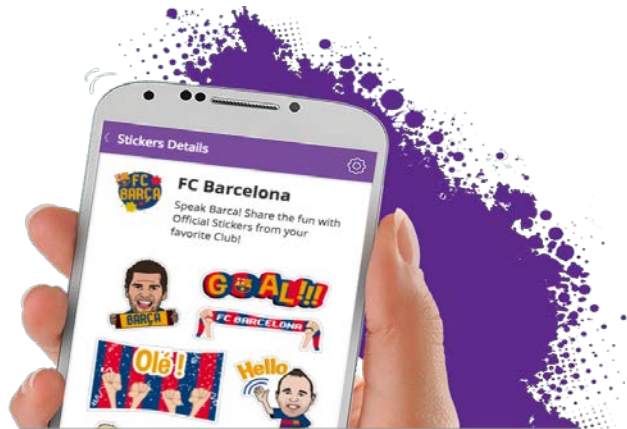
- Rakuten Viber: Official Communication Channel for FC Barcelona
- Rakuten Viber logo and website updated to reflect new branding



FC BARCELONA OFFICIAL
INNOVATION & ENTERTAINMENT PARTNER

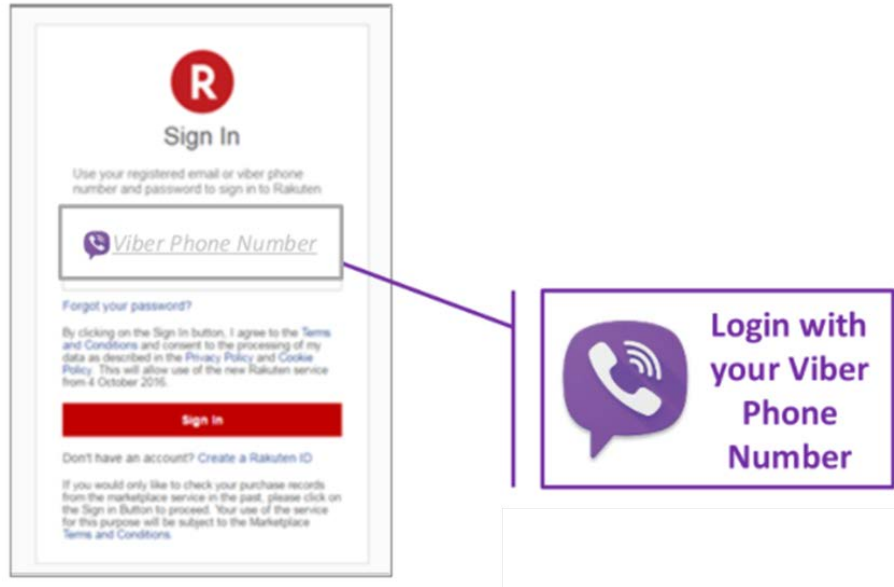
Viber - FC Barcelona Partnership

- FC Barcelona Viber Public Account with team updates
 - 4.7mm followers in 1 month
- Users can engage with FC Barcelona through bots
- Free FC Barcelona stickers



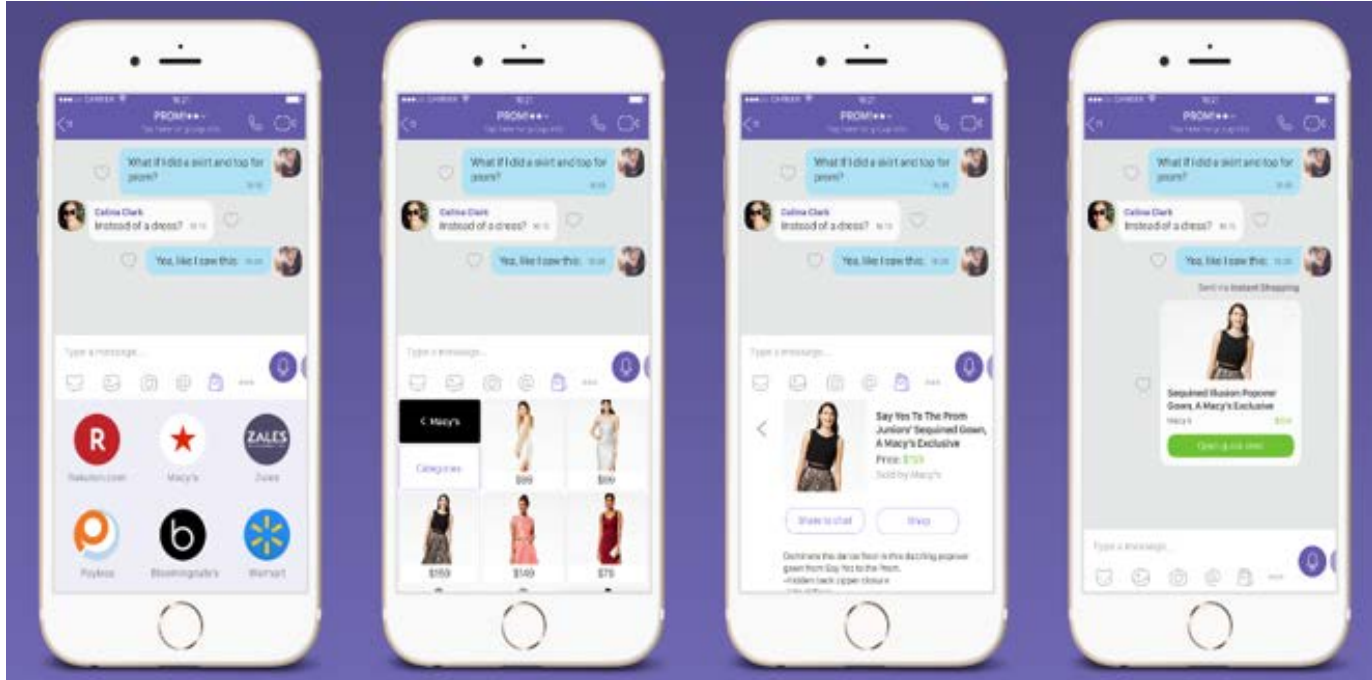
Rakuten + Viber Ecosystem Enhancements

- Rakuten Viber integration with Rakuten IDs planned to start in September



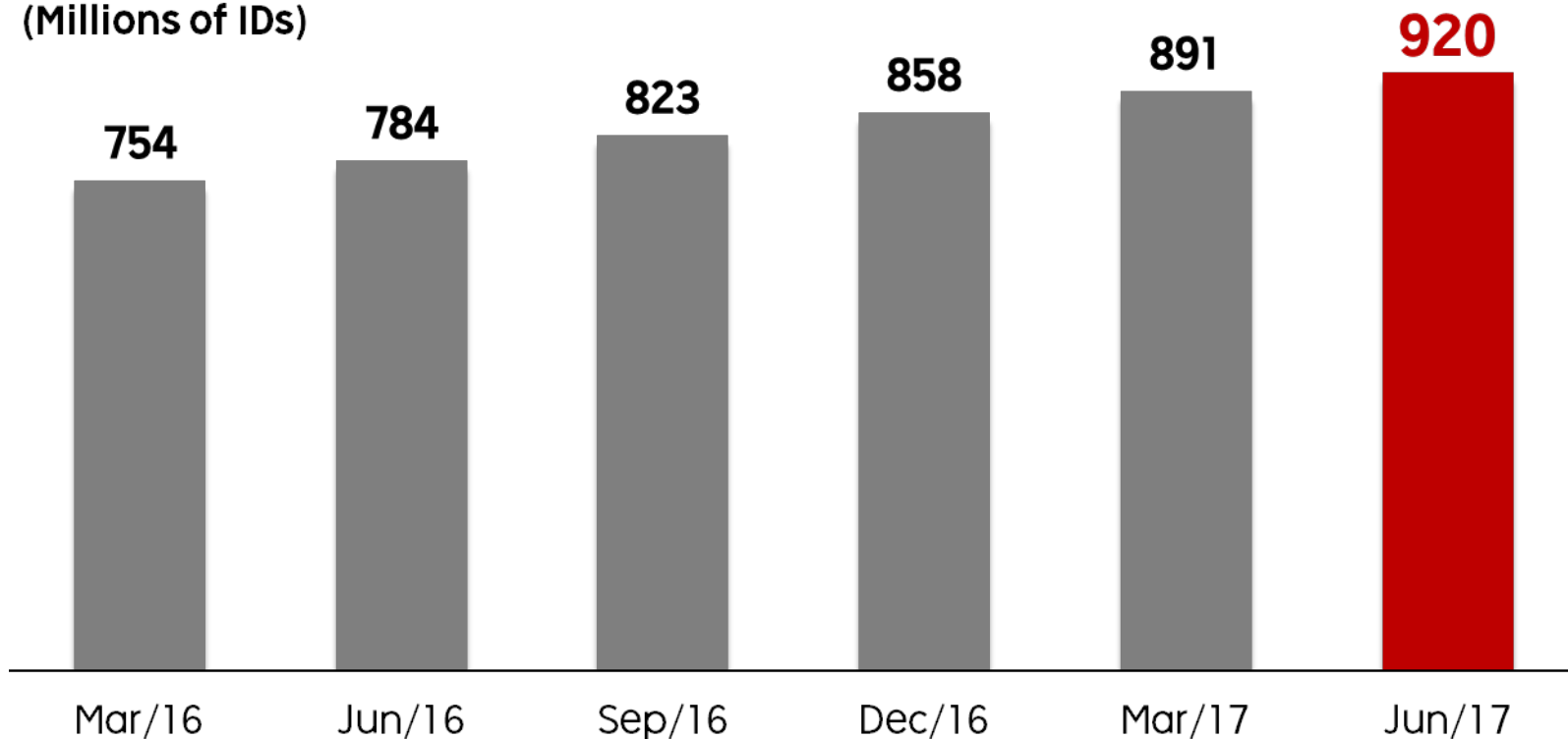
ShopChat: A new style of E-Commerce using keyboards

- Acquired Chatter Commerce, Inc. which operates ShopChat
- Viber to advance into shopping



Viber Unique IDs

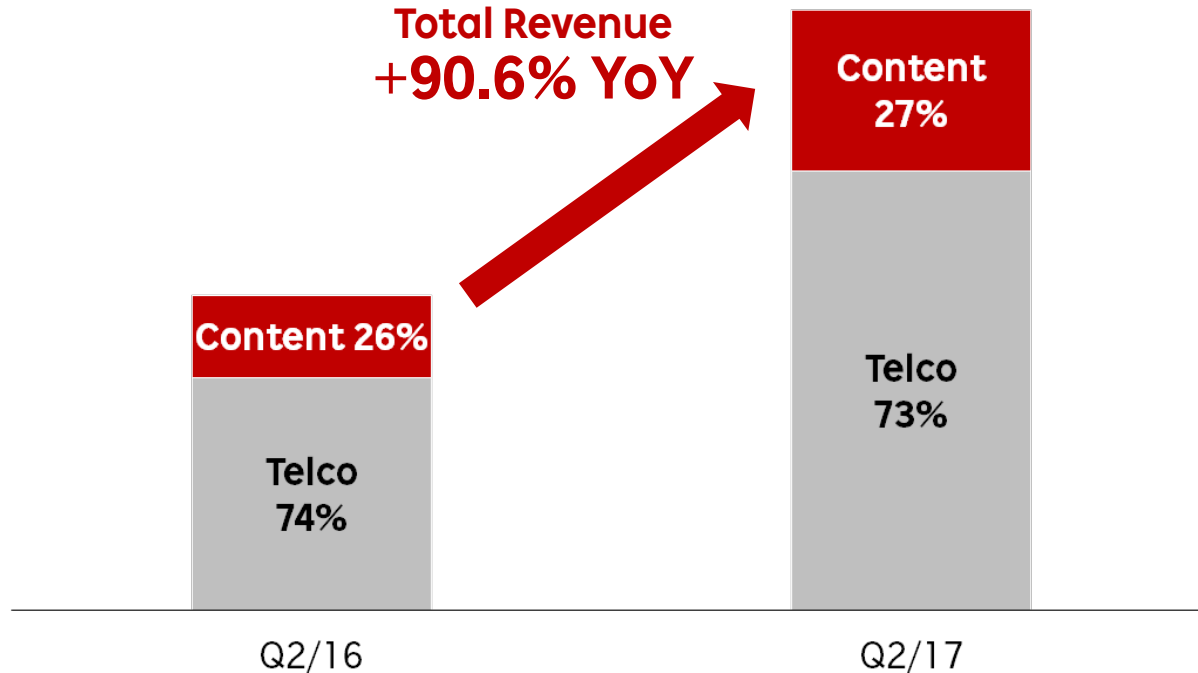
(Millions of IDs)



* Unique IDs: Unique phone numbers excluding deactivations

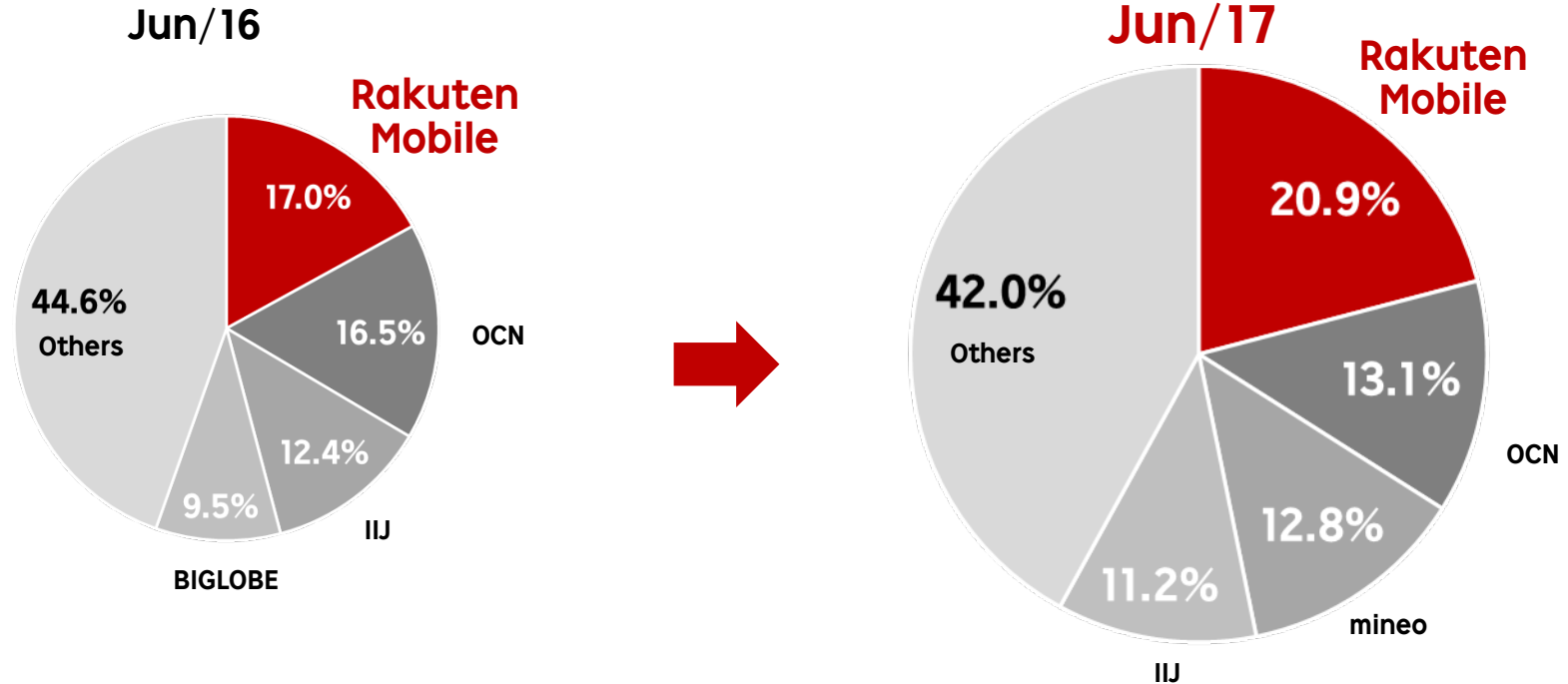
Viber Revenue

- Monetization driven by strong growth in both Telco (Viber In/Out) and content revenue



* Telco: Viber Out, Viber In, and service messages. Content: Ads, Stickers and others

Rakuten Mobile: Market Share Increasing



Source: *ICT Research & Consulting Inc. 2016 and 2017 "MVNO SIM Market Trends Survey"

Rakuten Mobile: Synergies in the Ecosystem

- As a result of campaigns with Rakuten Ichiba, amount purchased by users rose about 1.8x*¹ after the campaign, and users achieving Diamond status rose 6.6x*²

Mobile Campaigns with Ichiba

今お使いのスマホがそのまま使えます※3

ドコモ端末 SIMフリー端末

先着5,000名様だけの特典

エントリー+楽天モバイル通話SIMに申し込むと、ダイヤモンド会員の月の月額基本料が最大1年間無料! ※2

対象者 3月以降にダイヤモンド会員になられた方

特典適用の流れ

キャンペーンエントリー ▶ 楽天モバイル通話SIM お申し込み ▶ 月額基本料 0円 ※2

※1 月額基本料を指します。※2 通話SIM「ベーシックプラン」「3.1GBプラン」で契約した場合。「月額基本料 初月無料」特典を含む。※3 詳しくは「動作確認済み端末」ページをご確認ください。

Maximum 1 year free use of Rakuten Mobile SIM (basic plan) for each month members have Diamond status

Mobile Campaigns with Card

3つの条件達成で、7,500 円相当のポイントプレゼント!

1 年会費永年無料 楽天カードにお申し込み

2 楽天モバイル通話SIMにお申し込み

3 月々のお支払いを楽天カードに設定

5,000 円相当のポイントプレゼント!

最短2分で進呈※

さらに 月々のお支払いに使える!

2,500 円相当のポイントプレゼント!

Receive 7,500 Rakuten Points by:

- 1) Applying for a Rakuten Card
- 2) Applying for a Rakuten Mobile SIM
- 3) Setting mobile bill payment to Rakuten Card

*1 Data refers to Rakuten Ichiba users who applied for a Rakuten Mobile SIM, comparing the period 80 days before and after the campaign started.

*2 Based on calculations for users who moved up from Platinum status to Diamond status, during the period of two months after the campaign started.

Rakuten Mobile: Shop Expansion

Number of shops
as of Aug 1:

168



 **Rakuten**

Appendix

- Group Financial Information
- Internet Services
- FinTech
- Other Information

Group Financial Information

Q2/17 Operating Income Reconciliation

(JPY bn, IFRS)

	Q2/16	Q2/17	YoY
Non-GAAP Operating Income	31.8	31.9	+0.3%
Amotization of Intangible Assets (PPA)	-2.0	-2.0	+0.0
Stock Based Compensation	-1.8	-1.7	+0.1
One-off items	-2.0	-	+2.0
IFRS Operating Income	26.0	28.2	+8.6%

Rakuten Group: Balance Sheets (As of June 30, 2017)

(JPY bn)

Cash and cash equivalents 589.0	Bonds and borrowings 885.1
Financial assets for securities biz 1,298.6	Financial liabilities for securities biz 1,226.2
Investment securities and loans for banking biz 863.0	Deposits for banking biz 1,665.2
Loans for credit card biz 1,047.5	
Other assets 1,266.6	Other liabilities 639.4
	Total net assets 648.9

Total Assets 5,064.8

**Rakuten Group
(Consolidated)**

Cash and cash equivalents 54.4	444.7
Other assets 1,199.2	234.2
	Total net assets 574.7

Total Assets 1,253.6

Rakuten, Inc.

400.1	Bonds and borrowings 163.8
Investment securities and loans for banking biz 1,567.3	Deposits for banking biz 1,750.4
	26.4

Total Assets 2,037.6

Rakuten Bank, Ltd.

62.3	876.8
Loans for credit card biz 1,041.4	266.2
163.1	

Total Assets 1,266.9

Rakuten Card Co., Ltd.

58.9	83.0
Financial assets for securities biz 1,290.8	Financial liabilities for securities biz 1,218.6
56.4	Other liabilities 17.0

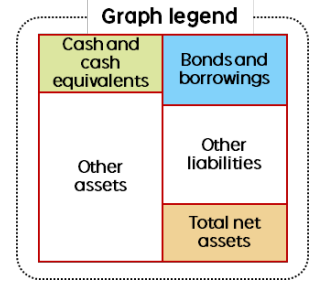
Total Assets 1,406.0

Rakuten Securities, Inc.

5.4	27.0
47.7	26.1

Total Assets 53.1

Rakuten Life Insurance Co., Ltd.

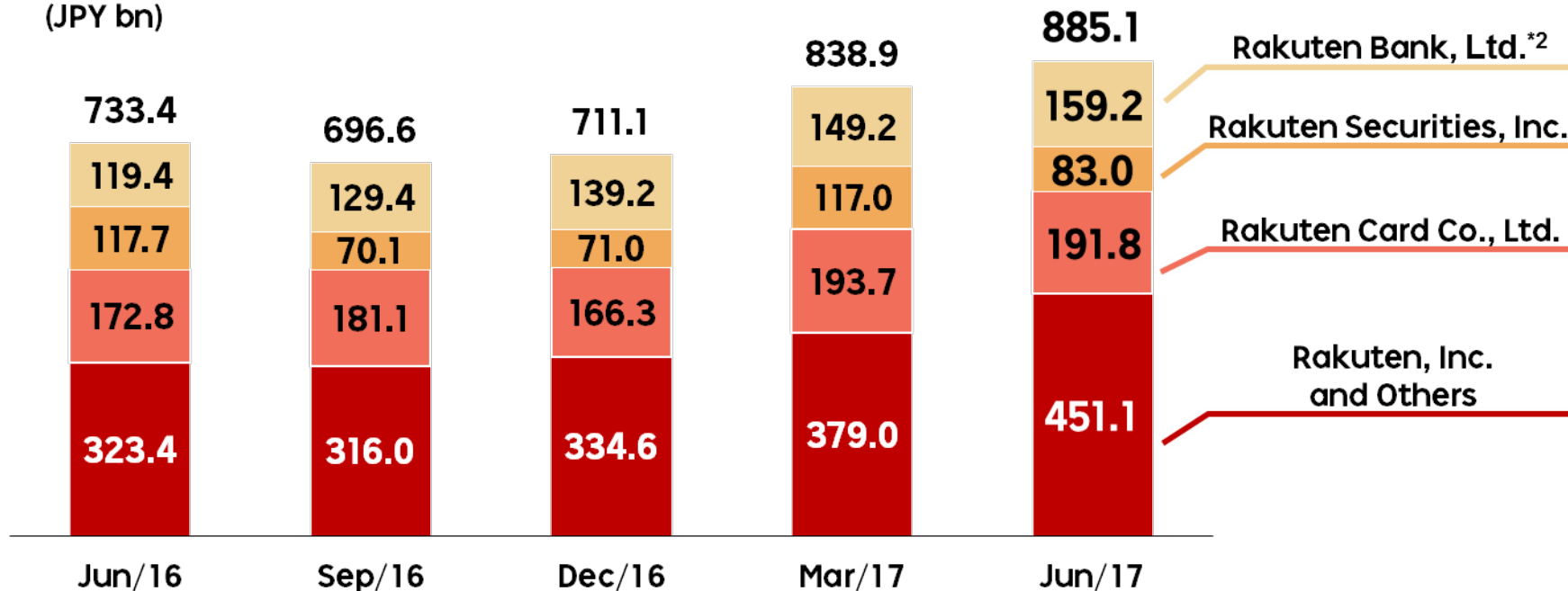


*1: Rakuten, Inc., Rakuten Bank, Ltd., Rakuten Card Co., Ltd., Rakuten Securities, Inc. and Rakuten Life Insurance Co., Ltd. are based on IFRS non-consolidated balance sheets.

*2: Bonds and borrowings = Corporate bonds + CP + Borrowings.

Debt from Outside Financial Institutions*¹

(JPY bn)



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

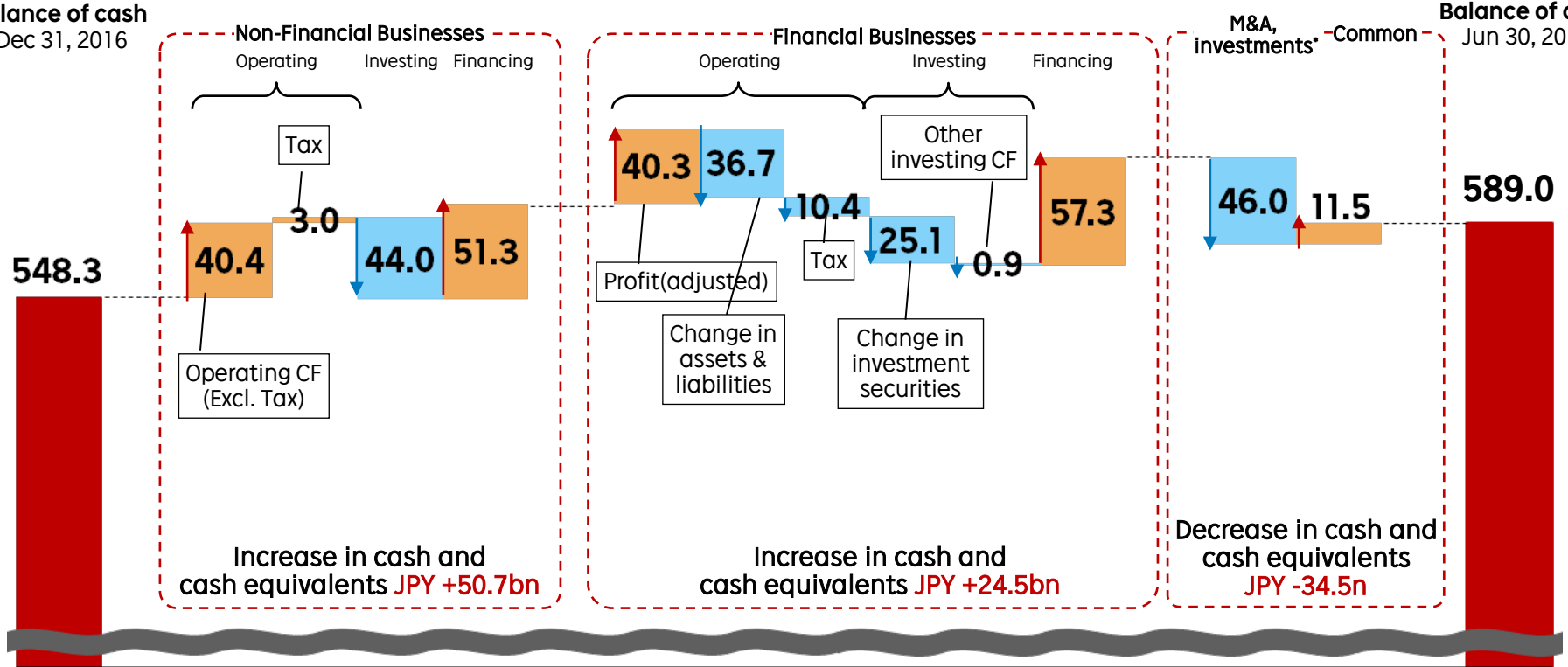
*2: Debt from Bank of Japan under eligible collateral.

Cash Flow Breakdown: Jan-Jun, 2017 (1)

Balance of cash
Dec 31, 2016

(JPY bn)

Balance of cash
Jun 30, 2017



* "M&A and investments" includes "Increase and Decrease in restricted deposits", "Purchase of investment securities" "Acquisition of investments in associates and joint ventures" and "Proceeds from sales and redemption of investment securities" of Non-Financial activities in addition to "Acquisition of subsidiaries"

Cash Flow Breakdown: Jan-Jun, 2017 (2)

(JPY bn)

Overview of cash flows for six months ended June 30, 2017	Consolidated	Financial	Non-Financial	Common
Income before income tax	63.4	30.7	32.8	-
Depreciation and amortization	25.2	9.7	15.5	-
Other loss (profit)	(6.2)	-	(16.9)	10.7
Decrease (Increase) in operating receivables	14.2	0.2	14.0	-
Decrease (Increase) in loans for credit card biz	(32.7)	(32.7)	-	-
Increase (Decrease) in deposits for banking biz	159.3	159.3	-	-
Decrease (Increase) in call loans for banking biz	(10.0)	(10.0)	-	-
Decrease (Increase) in loans for banking biz	(93.8)	(93.8)	-	-
Increase (Decrease) in operating payables	(27.0)	(22.1)	(4.9)	-
Decrease (Increase) in financial assets for securities biz	(178.2)	(178.2)	-	-
Increase (Decrease) in financial liabilities for securities biz	166.9	166.9	-	-
Others	(26.5)	(26.3)	(0.2)	-
Income tax paid	(7.4)	(10.4)	3.0	-
Net cash flows from operating activities	47.3	(6.8)	43.3	10.7

* Breakdown of financial and non-financial businesses are based on internal estimates and not reviewed by independent auditors

Cash Flow Breakdown: Jan-Jun, 2017 (3) (JPY bn)

Overview of cash flows for six months ended June 30, 2017	Consolidated	Financial	Non-Financial	Common
Increase in restricted deposits	(11.5)	-	(11.5)	-
Decrease in restricted deposits	11.5	-	11.5	-
Increase in time deposits	(6.7)	(6.7)	(0.0)	-
Decrease in time deposits	14.9	14.8	0.0	-
Purchase of property, plant and equipment	(25.2)	(1.3)	(23.9)	-
Purchase of intangible assets	(21.9)	(8.0)	(13.8)	-
Acquisition of subsidiaries	(5.1)	(0.6)	(4.5)	-
Acquisition of investments in associates and joint ventures	(12.4)	(0.2)	(12.3)	-
Purchase of investment securities for banking biz	(151.1)	(151.1)	-	-
Proceeds from sales and redemption of investment securities for banking biz	124.8	124.8	-	-
Purchase of investment securities for insurance biz	(11.1)	(11.1)	-	-
Proceeds from sales and redemption of investment securities for insurance biz	7.5	7.5	-	-
Purchase of investment securities	(30.7)	(2.2)	(28.4)	-
Proceeds from sales and redemption of investment securities	7.0	7.0	0.0	-
Other payments	(8.0)	(0.3)	(7.7)	-
Other proceeds	2.0	0.6	1.5	-
Net cash flows from investing activities	(115.9)	(26.7)	(89.2)	-
Net increase (decrease) in short-term borrowings	38.0	11.5	26.5	-
Increase (Decrease) in commercial papers	49.0	10.0	39.0	-
Proceeds from long-term debt	122.1	122.1	0.0	-
Repayment of long-term debt	(105.2)	(86.0)	(19.1)	-
Income from bond issuance	99.5	-	99.5	-
Repayment of bonds	(30.2)	(0.2)	(30.0)	-
Cash dividends paid	(6.4)	-	(6.4)	-
Purchase of treasury stock	(57.2)	-	(57.2)	-
Others	(1.2)	(0.2)	(1.0)	-
Net cash flows from financing activities	108.6	57.3	51.3	-
Effect of change in exchange rates on cash and cash equivalents	0.8	-	-	0.8
Net increase (decrease) in cash and cash equivalents	40.8	23.8	5.5	11.5
Cash and cash equivalents at beginning of the year	548.3	-	-	-
Cash and cash equivalents at end of June 2017	589.0	-	-	-

Balance of Goodwill

(JPY mm, IFRS)

	December 31, 2016		June 30, 2017	
	Goodwill	Non-amortizable intangible assets	Goodwill	Non-amortizable intangible assets
Internet Services	305,536	2,938	302,517	3,073
FinTech	52,895	-	53,006	-
Rakuten Securities, Inc.	10,935	-	10,935	-
Rakuten Bank, Ltd.	32,886	-	32,886	-
Others	9,074	-	9,184	-
Total	358,432	2,938	355,523	3,073

Rakuten Group CAPEX*

(JPY bn, IFRS)

	FY2016				
	Q1	Q2	Q3	Q4	Total
Property, plant and equipment	5.24	1.85	2.67	3.12	12.89
Intangible assets	10.17	10.30	10.22	10.36	41.05
Total	15.41	12.15	12.89	13.48	53.93

	FY2017				
	Q1	Q2	Q3	Q4	Total
Property, plant and equipment	23.23	2.67			25.90
Intangible assets	11.02	9.81			20.84
Total	34.25	12.49			46.74

* Acquisition Basis

Rakuten, Inc. Balance Sheet (Non-consolidated)

(JPY bn, IFRS)

Total assets	Jun/17
Cash and cash equivalents	54.4
Accounts receivable - trade	75.7
Property, plant and equipment	15.5
Intangible assets	42.6
Investment securities and financial assets	1,015.6
Other assets	49.8
Total assets	1,253.6

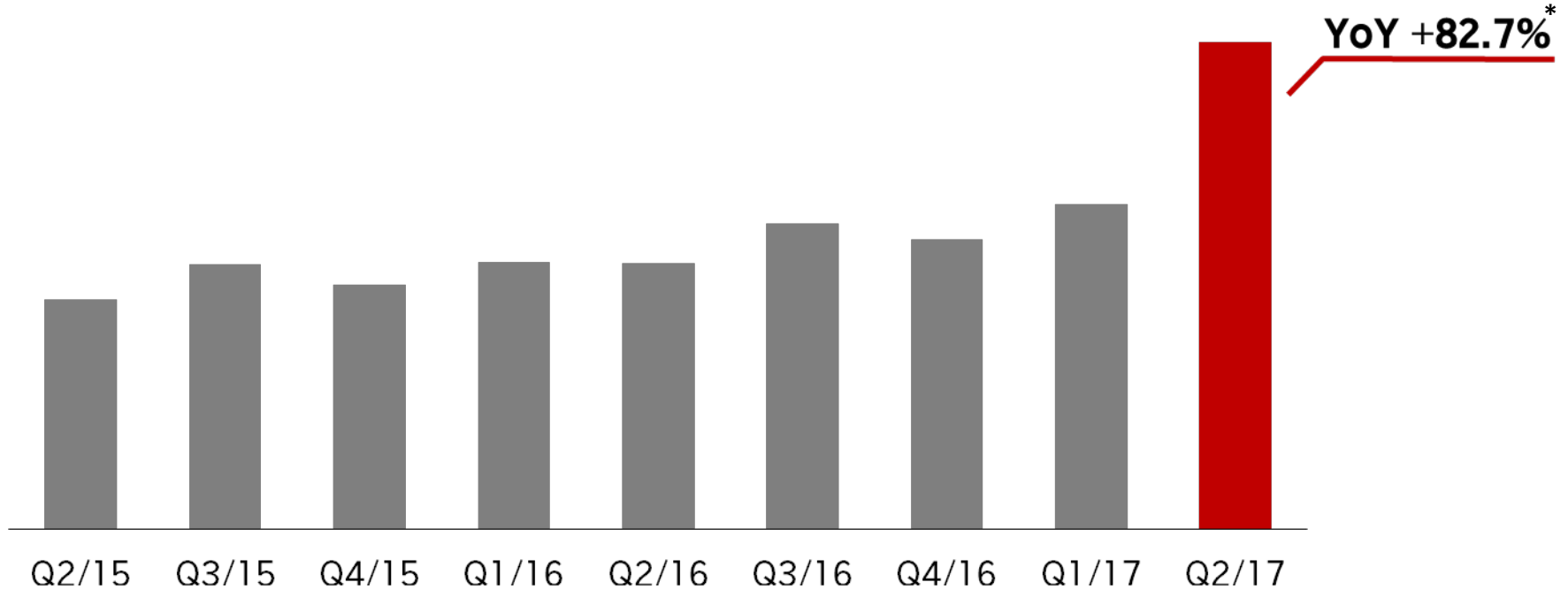
Liabilities and net assets	Jun/17
Accounts payable - trade	8.4
Bonds and borrowings	444.7
Other liabilities	225.8
Total liabilities	678.9
Common stock	205.3
Capital surplus	226.5
Retained earnings	202.1
Treasury stock	-60.8
Other components of equity	1.6
Total net assets	574.7
Total liabilities and net assets	1,253.6

Internet Services

Ichiba: Number of Merchants

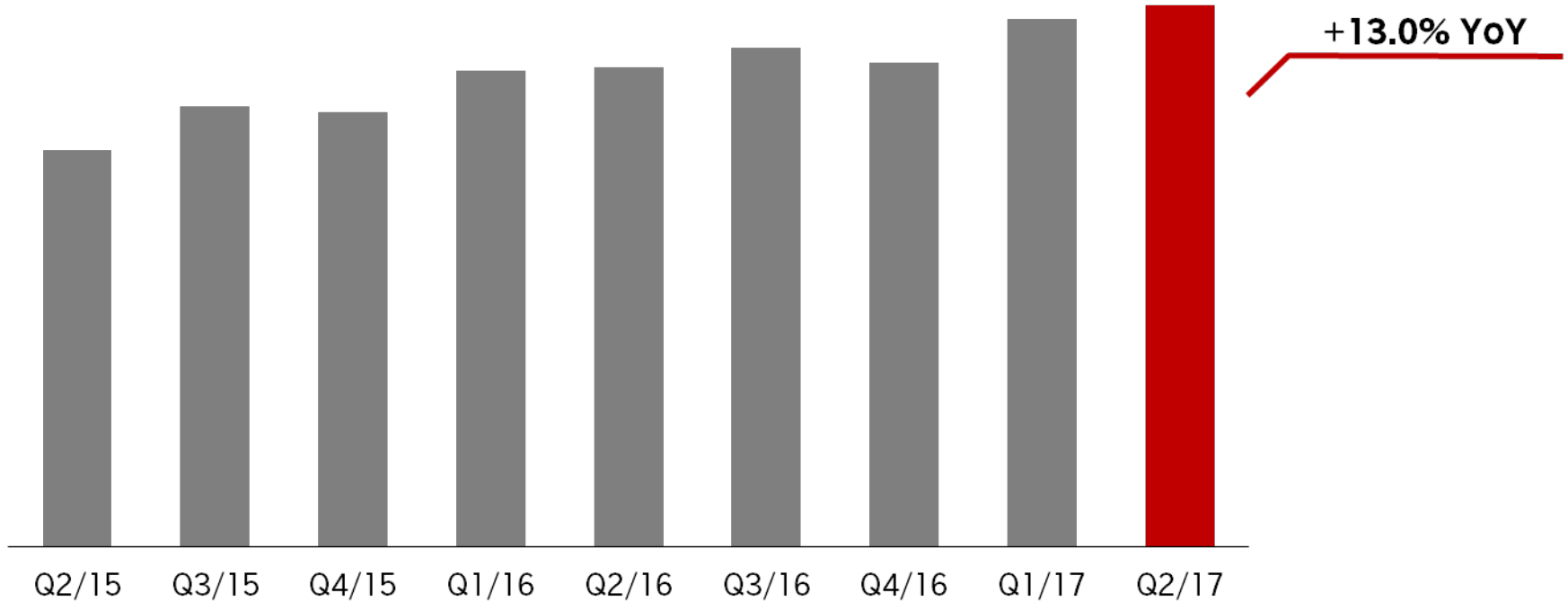
	Jun/15	Jun/16	Jun/17
Number of Merchants	41,660	44,453	45,211

Kobo: Content Net Sales



* Including Tolino acquired in Q1/17

OverDrive: Total Checkouts



* Total Checkouts includes e-books, audio books, and videos etc.



FinTech

Rakuten Card: Results

(JPY mm)

IFRS	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
Total revenues	34,024	35,223	37,718	37,099	39,824	17.0%
Shopping	21,541	22,220	23,728	23,874	25,227	17.1%
Revolving	12,772	13,193	13,590	13,985	14,424	12.9%
Others	8,769	9,027	10,137	9,888	10,803	23.2%
Credit guarantee	4,356	4,467	4,567	4,528	4,722	8.4%
Cash advances	3,533	3,641	3,783	3,814	3,958	12.0%
Others	4,594	4,894	5,641	4,883	5,917	28.8%
Total operating expenses	26,178	27,499	30,541	29,266	32,435	23.9%
Personnel costs	2,065	2,486	2,517	2,583	2,581	25.0%
General expenses	15,040	15,891	18,529	17,824	20,099	33.6%
Interest expenses	2,476	2,324	2,448	2,460	2,612	5.5%
Expenses related to doubtful accounts	6,561	6,762	6,997	6,306	7,031	7.2%
Others	36	35	50	94	112	214.0%
Operating income	7,846	7,724	7,177	7,832	7,389	-5.8%

Rakuten Card: Transaction Volume

(JPY mm)

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
General services	1,226,798	1,244,752	1,385,928	1,383,187	1,485,814	+21.1%
Card shopping	1,225,961	1,243,863	1,385,064	1,382,288	1,484,922	+21.1%
Others	836	889	864	899	892	+6.7%
Financing	35,664	33,848	35,395	36,579	39,590	+11.0%
Card cash advances	34,775	32,956	34,286	35,521	38,396	+10.4%
Loan cards, Others	889	892	1,108	1,058	1,194	+34.3%
Others	6,584	6,767	6,732	6,677	6,872	+4.4%
Total transaction volume	1,269,045	1,285,368	1,428,055	1,426,442	1,532,276	+20.7%

Rakuten Card: Loan Receivables Balance

(JPY mm)

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
General services	770,548	788,282	895,264	883,195	911,961	+18.4%
Card shopping	770,276	787,986	894,913	882,885	911,623	+18.4%
Revolving balance (principal)	351,772	362,076	373,716	383,497	396,305	+12.7%
Others	272	296	351	310	338	+24.2%
Financing	114,948	119,973	123,639	130,479	136,631	+18.9%
Card cash advances	76,224	79,350	80,611	86,007	90,641	+18.9%
Loan cards	3,404	3,250	3,090	2,936	2,777	-18.4%
Others	35,319	37,373	39,938	41,536	43,213	+22.4%
Foreclosed credit guarantees for Rakuten Bank Super Loans	25,633	27,038	28,520	29,836	31,575	+23.2%
Installments	18	17	17	18	17	-4.5%
Total balance	911,148	935,311	1,047,440	1,043,528	1,080,185	+18.6%
Differences between J-GAAP and IFRS	-1,912	-2,096	-2,304	-2,521	-2,780	-
Amount reported in IFRS B/S^{*1}	909,236	933,215	1,045,137	1,041,008	1,077,405	+18.5%
Credit Guarantee^{*2} for Rakuten Bank super loan (Off-balance)	322,891	326,786	329,846	339,820	343,322	+6.3%

*1: Before deducting allowance for doubtful accounts

*2: Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

Rakuten Card: Allowance for Doubtful Accounts

(JPY mm)

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
Expenses related to doubtful accounts	6,561	6,762	6,997	6,306	7,031	+7.2%
Ratio of expenses related to doubtful accounts ^{*1}	2.16%	2.16%	2.12%	1.82%	2.00%	-

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
Rakuten Card	886,606	909,692	1,020,232	1,015,374	1,050,360	+18.5%
Normal	870,433	891,377	999,707	994,736	1,029,986	+18.3%
Doubtful (4 months-and-over-delinquent)	16,173	18,315	20,525	20,638	20,375	+26.0%
Secured	2,052	1,986	1,916	1,800	1,692	-17.5%
Rakuten Bank Super Loans	348,524	353,824	358,366	369,656	374,897	+7.6%
Normal (Credit guarantees ^{*2})	322,891	326,786	329,846	339,820	343,322	+6.3%
Doubtful (Foreclosed credit guarantees)	25,633	27,038	28,520	29,836	31,575	+23.2%
Total balance of loan receivables	1,237,182	1,265,503	1,380,514	1,386,830	1,426,950	+15.3%
Allowance for doubtful accounts	29,874	32,451	34,907	35,523	35,975	+20.4%
Write-off for bad debt	4,055	4,179	4,538	5,666	6,609	+63.0%

*1: Ratio of expenses related to doubtful accounts

= (Expenses related to doubtful accounts) / (average of total balance of loan receivables at beginning and end of the period) * 4

*2: Balance of Rakuten Bank Super Loans guaranteed by Rakuten Card

Rakuten Bank: Results

(JPY mm)

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	YoY
Revenue (IFRS)	16,706	16,549	17,111	17,923	18,606	+11.4%
Differences between J-GAAP and IFRS, and etc.	474	717	791	319	584	
Ordinary income (J-GAAP)	17,181	17,266	17,903	18,241	19,190	+11.7%
Interest income	11,112	11,470	11,795	11,882	12,740	+14.7%
Fees and commissions	5,043	5,062	5,308	5,362	5,446	+8.0%
Other ordinary income	776	454	631	623	814	+4.9%
Other income	45	155	48	241	67	+48.8%
Trust fees	205	125	122	133	124	-39.6%
Ordinary expenses (J-GAAP)	12,632	12,897	12,969	13,009	13,441	+6.4%
Interest expenses	568	523	505	440	466	-17.9%
Fees and commissions payments	6,536	6,656	6,949	6,914	7,268	+11.2%
Other ordinary expenses	-	179	260	-293	-	-
General and administrative expenses	5,459	5,406	5,151	5,723	5,546	+1.6%
Other expenses	68	134	104	226	160	+133.7%
Ordinary profit (J-GAAP)	4,549	4,369	4,934	5,232	5,749	+26.4%
Differences between J-GAAP and IFRS and etc.	152	205	158	284	180	
Operating income (IFRS)	4,397	4,163	4,776	4,948	5,569	+26.7%

Rakuten Bank: Balance Sheet (IFRS)

(JPY bn)

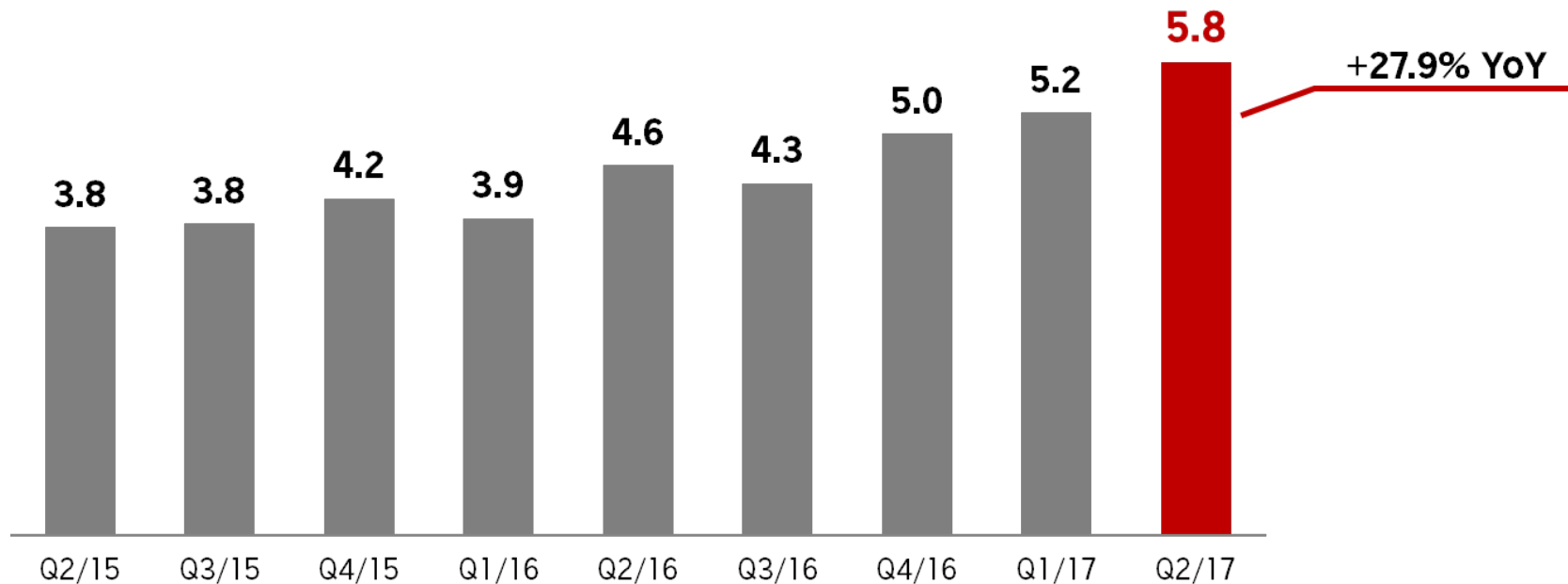
Assets		Jun/17	Liabilities and Net Assets		Jun/17
Invested assets		1,978.4	Deposits (received)		1,750.4
Deposits (paid)		400.1	Ordinary Deposits		1,120.0
Deposits with the Bank of Japan		389.7	Time Deposits		571.1
Other deposits		10.4	Other Deposits ^{*2}		59.4
Call loans		10.0	Other liabilities		190.1
Securitized loan receivables		743.7	Total Liabilities		1,940.5
Rakuten Card securitized assets ^{*1}		690.1	Total net assets		97.1
Others		53.6	Total liabilities and net assets		2,037.6
Securities		142.6			
JGBs, Local Government bonds, Authority bonds		106.3			
Short-term bonds		16.5			
Corporate bonds, Foreign bonds		19.8			
Others		0.0			
Loan Receivables		681.9			
Rakuten Bank Super Loan		360.6			
Others		321.3			
Other assets		59.2			
Total assets		2,037.6			

*1: Intercompany elimination on IFRS consolidation

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

Rakuten Bank: Core Net Business Profit*

■ Core net business profit: +27.9% YoY
(JPY bn)

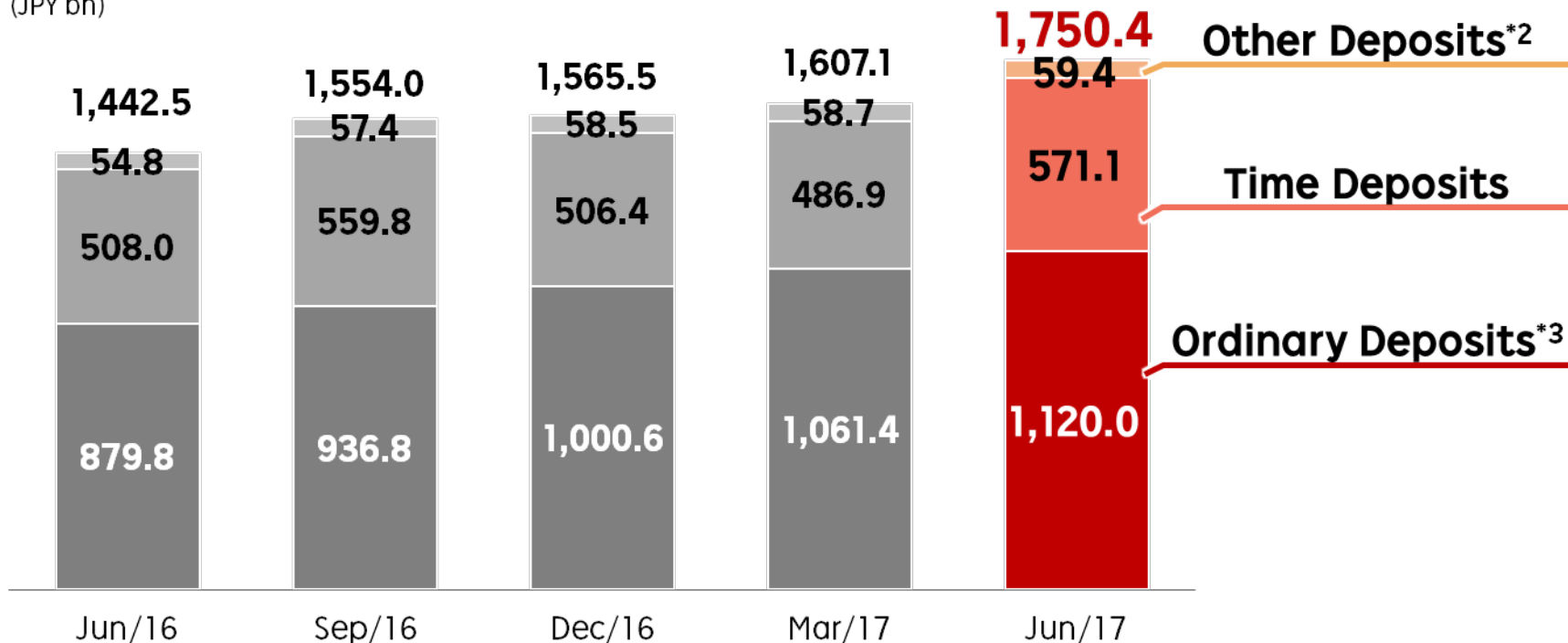


* Core net business profit = Net business profit - General and administrative expenses - Gains (losses) related to bonds
Net business profit = Net interest income and expenses + Net fees and commissions + Net other ordinary income and expenses + Trust fees

Rakuten Bank: Deposits*1

■ Deposit growth accelerated to +21.3% YoY

(JPY bn)



*1: Based on IFRS which includes derivatives in structured term deposits.

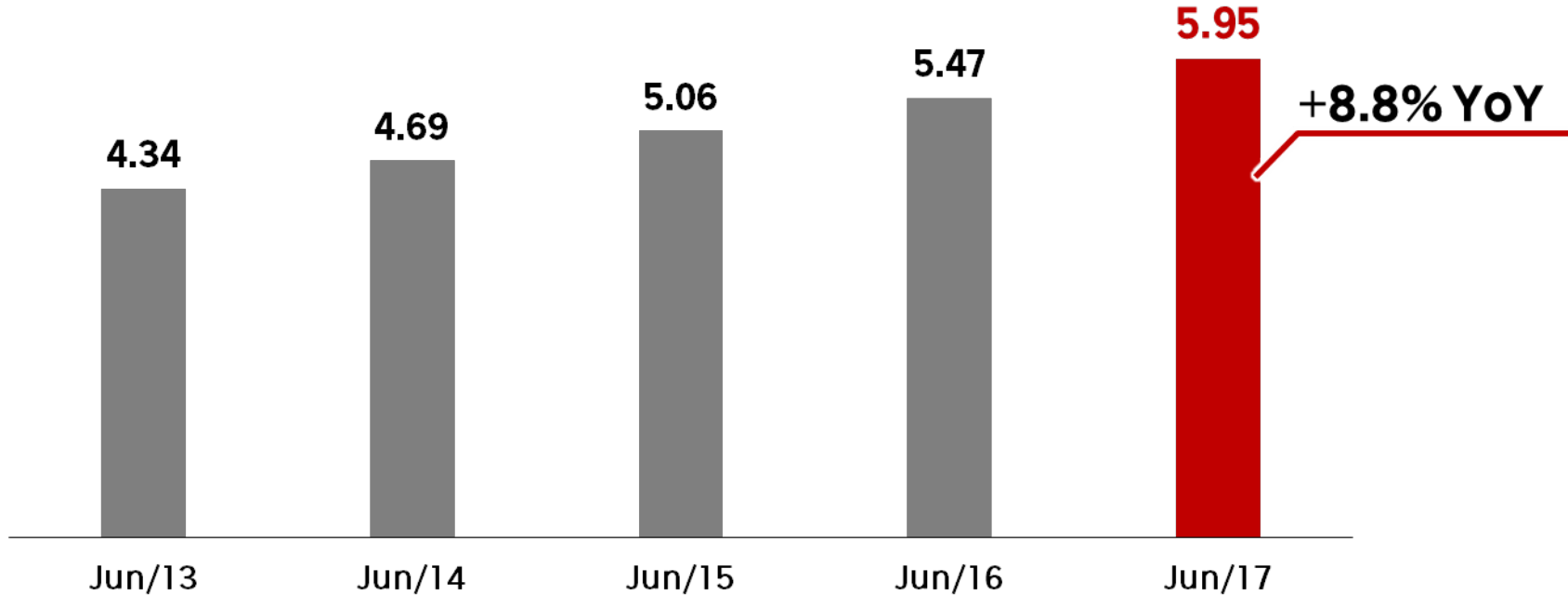
*2: Other deposits include deposits in foreign currencies and others.

*3: Ordinary deposits on Jun/16 exclude temporary deposits from equity finance and corporate bonds of Rakuten, Inc.

Rakuten Bank: Customer Accounts

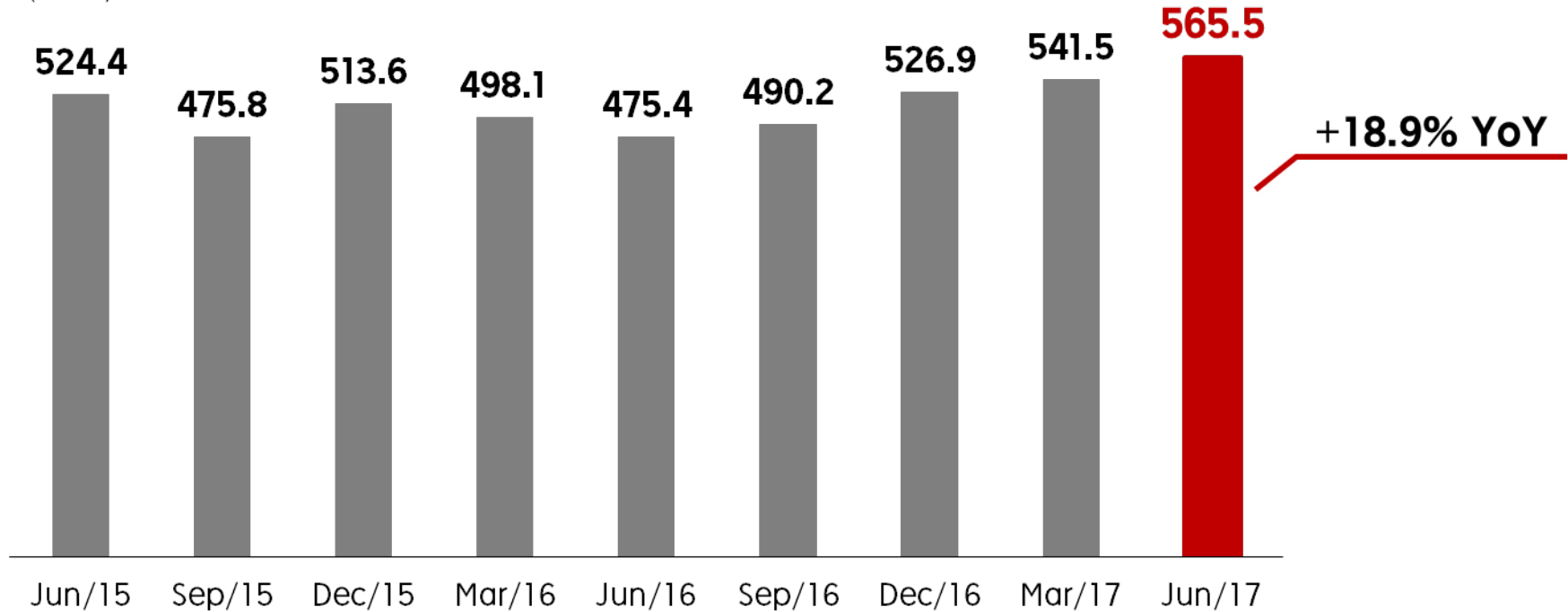
- Customer accounts consistently increasing: +8.8% YoY

(Millions of accounts)



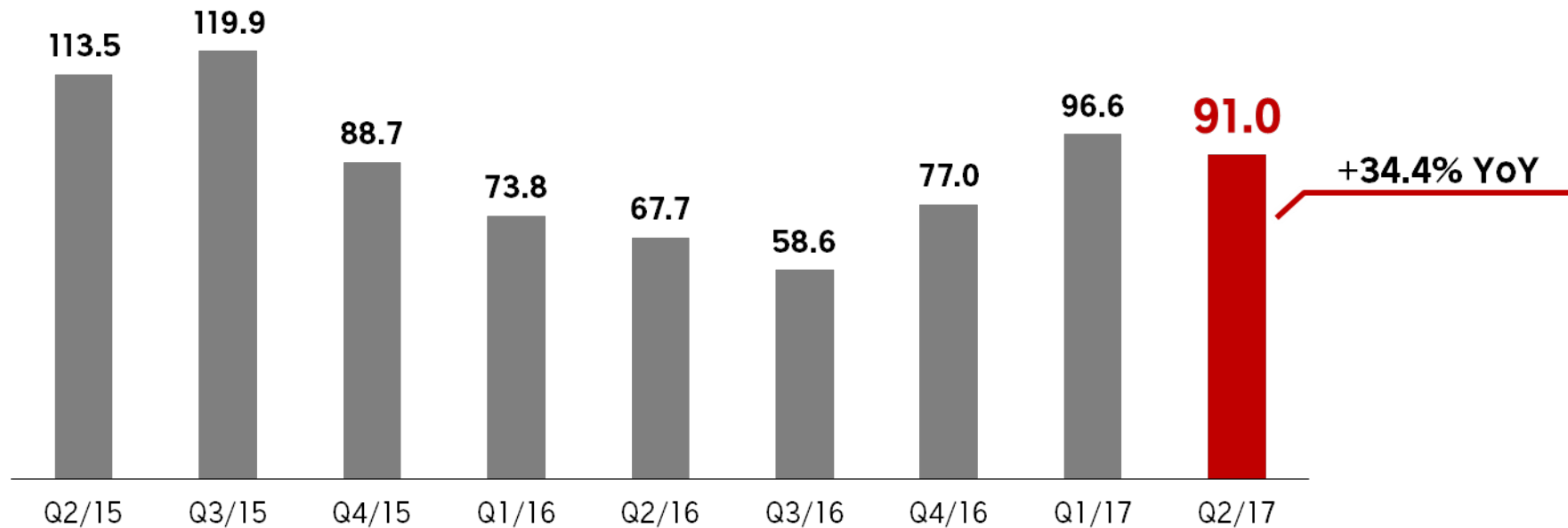
Rakuten Securities: Investment Trust Asset Balance

(JPY bn)

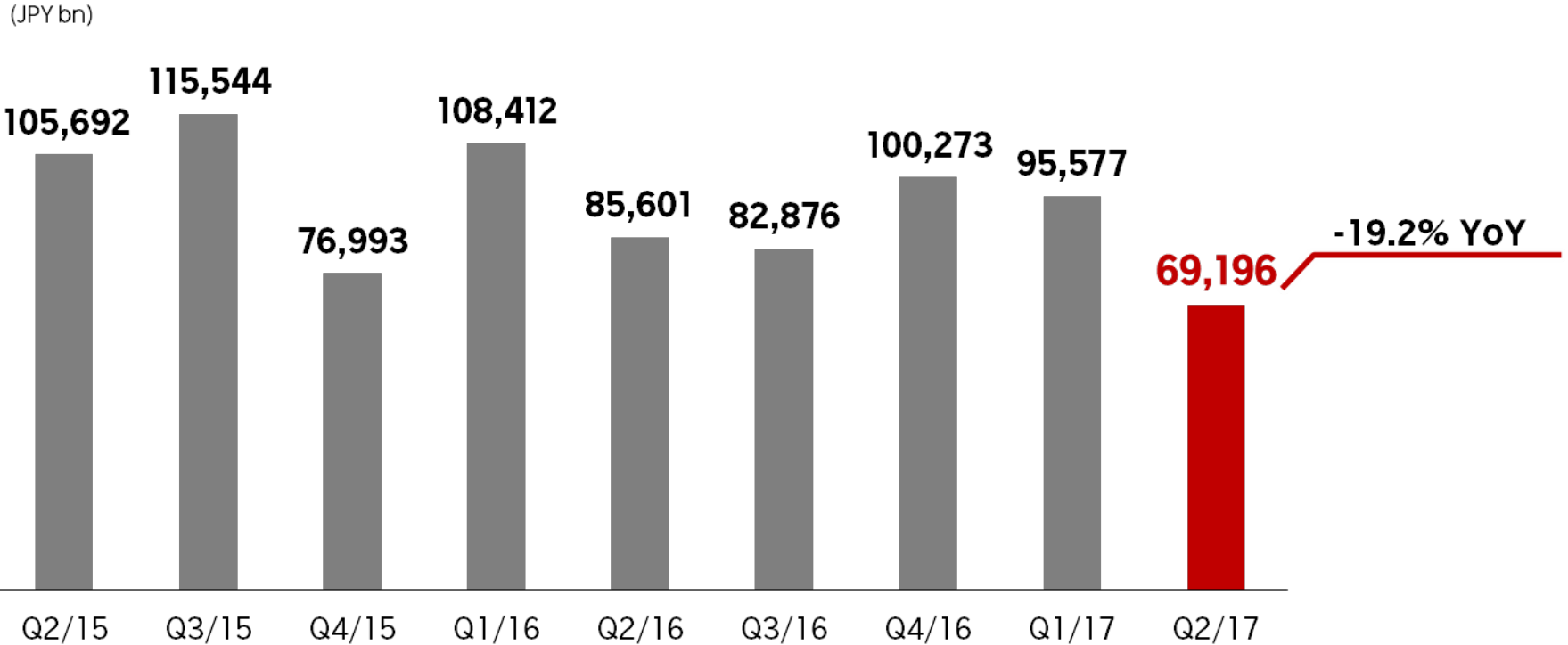


Rakuten Securities: Investment Trust Sales

(JPY bn)

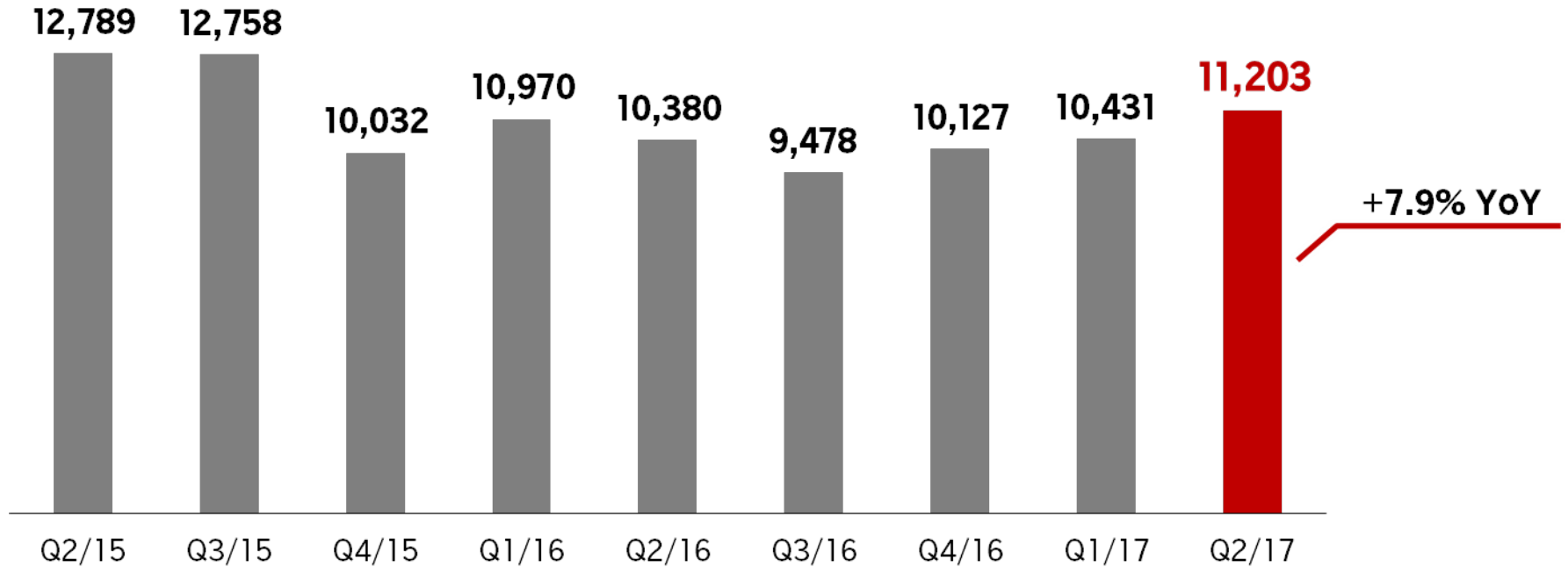


Rakuten Securities: FX Trading Value



Rakuten Securities: Stock Brokerage Trading Value

(JPY bn)



Rakuten Life Insurance: Quarterly Results and Major Indices

(No. of contracts, JPY mm)

IFRS	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Revenue	8,496	8,123	8,142	8,164	8,093
Operating Income	658	377	396	666	742
	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
No. of New Policies ^{*1}	81,172	64,518	77,168	91,827	85,963
Annualized Insurance Premiums of New Policies ^{*1,*2}	614	661	708	965	1,083
No. of Policies in Force ^{*1}	940,492	896,230	876,340	866,843	869,220
Annualized Insurance Premiums in Force ^{*1,*2}	27,974	28,027	28,120	28,388	28,739
Solvency Margin Ratio ^{*3}	1,632.8%	1,584.5%	1,504.4%	1,262.3%	1,576.1%

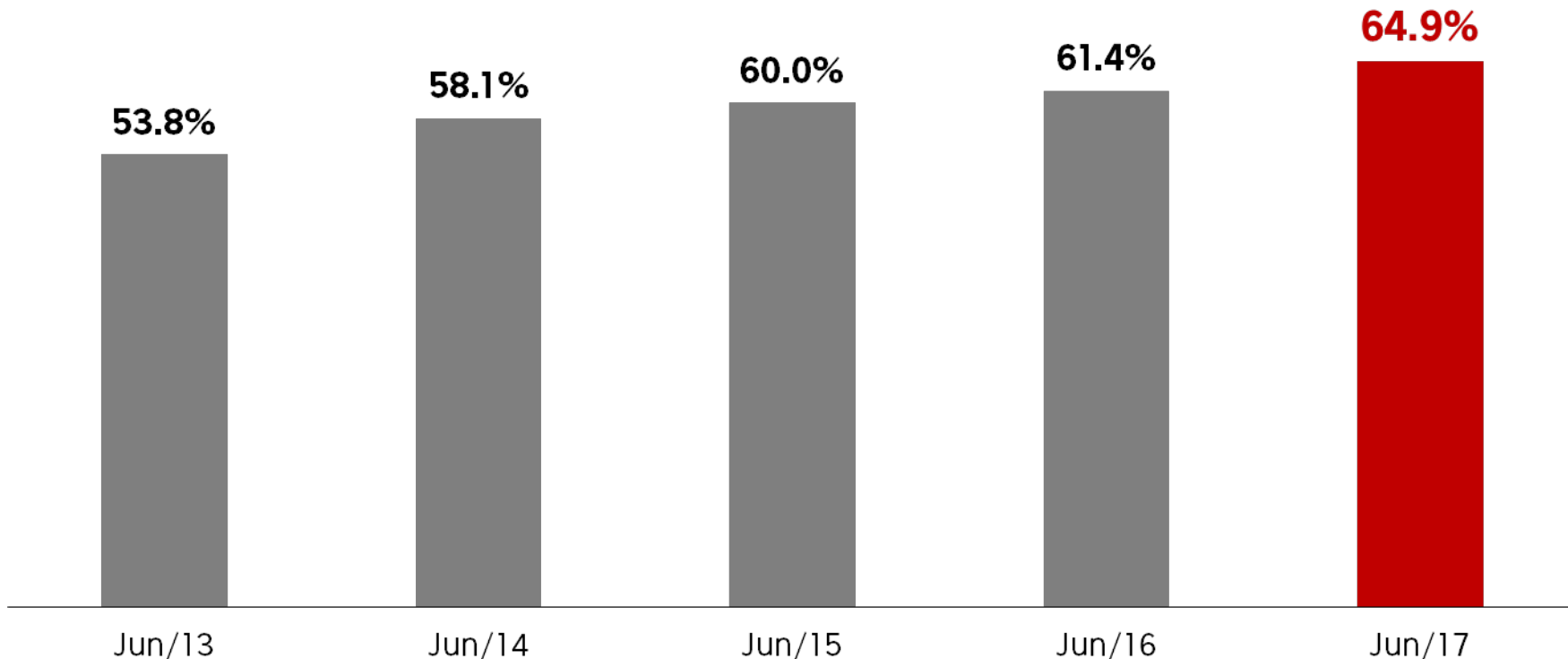
*1: Includes policies of mutual aid association business transferred in 2008, and one-year cancer insurance for eligible Rakuten members started from Q4/14

*2: Annualized Insurance Premiums as of Q4/16 is revised retroactively

*3: Solvency Margin Ratio is pre-audited

Other Information

Advancing Cross-use Ratio* in Japan



* 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.

Rakuten Membership

(Millions of persons)

	Jun/15	Jun/16	Jun/17	YoY
Rakuten members (logged-in*)	74.4	83.0	91.5	+10.3%

* Rakuten Members who logged in at least once after membership registration (excluding members who withdrew their membership)

 **Rakuten**