

February 12, 2016  
Company name Rakuten, Inc.  
Representative Hiroshi Mikitani  
Chairman and CEO  
(Stock Code: 4755  
Tokyo Stock Exchange First Section)

## **Announcement of Impairment Loss**

Rakuten, Inc. (hereinafter “the Company”) announces it recorded impairment loss and loss on valuation of stocks of subsidiaries and affiliates, in its consolidated and non-consolidated financial results, respectively, for the three months ended December 31, 2015 (October 1 – December 31, 2015).

### 1. Details

(Consolidated)		(Millions of yen)
Impairment loss	PRICEMINISTER S.A.S goodwill and other impairment	17,247
	Rakuten Kobo Inc. goodwill impairment	7,808
	Other impairment	13,080
Total		38,135

(Non-consolidated)		(Millions of yen)
Loss on valuation of stocks of subsidiaries and affiliates	Rakuten Kobo Inc. and others	62,328
Total		62,328

### 2. Impact on financial results

These items have already been included in the consolidated financial results (IFRS) announced today, for the three months ended December 31, 2015.

### 3. Background

(Consolidated)

As a result of carrying out impairment tests based on International Financial Reporting Standards (IFRS), and having examined the possibility of future recovery, based on the current business environment, we recorded an impairment loss on goodwill and others.

Specifically, regarding the consolidated subsidiary PRICEMINISTER S.A.S (France), as a result of being affected by the competitive environment of the French E-Commerce market, its cash flow plan fell behind original targets. However, PRICEMINISTER S.A.S has an important position within

European E-Commerce, hence we are aiming for sustained growth in its business.

In addition, Rakuten Kobo Inc., a consolidated subsidiary which is expanding its eBook business globally, has been impacted by a slower start to the rise of the global eBook industry than we originally expected, and hence its business plan fell behind original targets. On the other hand, within the Company's eBook business, the financial results of OverDrive Holdings, Inc., which offers an eBook platform for libraries, and which the Company acquired in 2015, has been rapidly improving. As a result, we expect EBITDA of our eBook business including Rakuten Kobo Inc. and OverDrive Holdings, Inc. to return to the black in the fiscal year ending December 31, 2016. From now, Rakuten Kobo Inc., together with OverDrive Holdings, Inc., which already has high coverage of educational institutions and libraries in North America, aims to increase its market share in the eBook market.

Other impairment includes several businesses where as a result of revising its business plans, the cash flow plans fell behind original targets, and hence we recorded impairment of goodwill and others.

(Non-consolidated)

Mainly for Rakuten Kobo Inc., given the above reasons, because its future business plans fell behind original targets, we recorded a loss arising from valuation of stocks of subsidiaries and affiliates in extraordinary losses, based on J-GAAP (Japanese Generally Accepted Accounting Principles).

#### 4. Earnings Forecasts

For further details of our financial reports for the Company in the year ended December 31, 2015, please refer to the financial results announcement made by the Company on February 12, 2016.

In addition, for the fiscal year ending December 31, 2016, excluding the securities business which is heavily impacted by stock market conditions, consolidated revenue is expected to grow double-digit year-on-year from the level recorded in the fiscal year ended December 31, 2015.