

July 28, 2020

Company name Rakuten, Inc.

Representative Hiroshi Mikitani

Chairman and CEO

(Stock Code: 4755

Tokyo Stock Exchange First Section)

## Announcement of Financial Results of Rakuten Securities, Inc., a Consolidated Subsidiary

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Minato-ku, Tokyo), a consolidated subsidiary of Rakuten, Inc., today issued the attached press release relating to its consolidated financial reports (based on J-GAAP) for the second quarter ended June 30, 2020.

Rakuten Group plans to announce consolidated financial reports for the second quarter ended June 30, 2020, on August 11, 2020 (Tuesday).

In addition, Rakuten Group announces financial results based on IFRS. The attached financial results of Rakuten Securities, Inc. are based on J-GAAP, which has different accounting processes for transactions from IFRS.

July 28, 2020

## Financial Reports For the second quarter ended June 30, 2020

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Minato-ku, Tokyo) consolidated financial reports for the second quarter ended June 30, 2020 (J-GAAP).

The financial reports of Rakuten Securities, Inc. are based on “Uniform Accounting Standards for Securities Companies” (set by the Board of Directors of the Japan Securities Dealers Association, November 14, 1974). Commodity futures transactions are based on “Uniform Accounting Standards for Commodity Futures Transactions” (set by the Board of Directors of the Commodity Futures Association of Japan, March 3, 1993).

Results for the second quarter ended June 30, 2020 (January 1, 2020 to June 30, 2020)

### Consolidated Operating Results\*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Second quarter ended June 30, 2020	34,211	33,096	7,202	7,205	4,813
Second quarter ended June 30, 2019	27,622	26,411	5,597	5,158	3,094

\*Quarterly financial disclosure is not subject to quarterly review by a certified public accountant or an audit firm.

(Reference information)

Results for the three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)

### Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2020 to June 30, 2020	16,949	16,358	3,308	3,320	2,132
April 1, 2019 to June 30, 2019	13,236	12,584	2,261	2,085	1,185

## (1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2019	As of June 30, 2020
(Assets)		
Current assets	1,845,300	2,030,597
Cash and deposits	103,792	161,045
Cash segregated as deposits	1,242,181	1,349,677
Money held in trust	1,800	1,800
Trading products	26,093	29,863
Trading securities and others	948	1,021
Derivatives	25,145	28,842
Operating investment securities for sale and others	8	7
Trade date accrual	313	437
Margin transaction assets	406,325	413,423
Loans on margin transactions	320,946	344,090
Cash collateral pledged for securities borrowing on margin transactions	85,378	69,333
Advances paid	130	304
Cash paid for offering	4,170	7,514
Securities received as collateral *1	255	119
Short-term guarantee deposits	48,733	53,909
Variation margin paid	1,646	2,140
Advance payments	232	1,809
Prepaid expenses	451	701
Accounts receivable – other	2,341	2,638
Accrued revenues	7,054	5,484
Allowance for doubtful accounts	(229)	(283)
Fixed assets	30,077	31,105
Tangible fixed assets	1,576	1,579
Buildings	345	331
Furniture and fixtures	1,012	1,032
Lease assets	218	215
Intangible fixed assets	25,628	26,464
Goodwill	5,572	5,276
Customer relationships	1,008	912
Software	17,202	17,941
Software in progress	1,431	1,962
Lease assets	414	370
Investments and other assets	2,872	3,062
Investment securities	456	430
Long-term loans receivable	269	246
Long-term guarantee deposits	1,291	1,298
Long-term prepaid expenses	41	96
Deferred tax assets	219	201
Others	2,542	2,663
Allowance for doubtful accounts	(1,948)	(1,876)
Total assets	1,875,377	2,061,702

(Millions of yen)

	As of December 31, 2019	As of June 30, 2020
(Liabilities)		
Current liabilities	1,773,346	1,957,765
Trading products	8,589	9,021
Derivatives	8,589	9,021
Margin transaction liabilities	149,300	136,805
Borrowings on margin transactions	18,057	18,089
Cash received for securities lending on margin transitions	131,243	118,716
Loans payable secured by securities	179,007	258,539
Cash received on debt credit transactions of securities	179,007	258,539
Deposits received	954,814	1,049,475
Guarantee deposits received *2	316,179	352,279
Accounts for non-received securities and others	24	96
Short term loans payable	160,000	143,000
Advances received	328	723
Accrued revenue	7	—
Lease obligations	123	125
Accounts payable – other	48	1,724
Accrued expenses	3,921	4,887
Income taxes payable	501	581
Provision for employees' bonuses	259	323
Provision for directors' bonuses	30	10
Provision for sales promotion expenses	207	169
Other current liabilities	1	2
Fixed liabilities	996	1,179
Lease obligations	562	518
Net defined benefit liability	325	466
Asset retirement obligations	107	194
Deferred tax liability	—	1
Statutory reserves	3,805	3,805
Reserve for financial products liabilities	3,792	3,792
Reserve for liability for commodities transactions	12	12
Total liabilities	1,778,147	1,962,750
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	85,780	87,594
Total shareholders' equity	97,787	99,601
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	(528)	(623)
Remeasurements of defined benefit plans	(30)	(27)
Total accumulated other comprehensive income	(557)	(648)
Total net assets	97,229	98,952
Total liabilities and net assets	1,875,377	2,061,702

\*1: Securities received as collateral for commodity futures transactions (Securities deposited with a Commodity Clearing Organization as clearing margins for transactions by consignors and others).

\*2: Includes JPY 255 million securities in the fiscal year ended December 31, 2019 and JPY 119 million securities in the second quarter ended June 30, 2020 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions.

## (2) Consolidated Statements of Income

(Millions of yen)

	Second quarter ended June 30, 2019 (January 1 – June 30, 2019)	Second quarter ended June 30, 2020 (January 1 – June 30, 2020)
Operating revenue	27,622	34,211
Commission received	9,336	14,426
Commission to consignees	6,715	11,677
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	13	14
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	540	419
Other commissions received	2,067	2,315
Net trading income	8,288	9,597
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	9,569	8,996
Other operating revenue	427	1,190
Financial expenses	1,211	1,115
Net operating revenue	26,411	33,096
Selling, general, and administrative expenses	20,813	25,894
Trading related expenses	9,085	12,773
Personnel expenses	2,569	2,688
Real estate expenses	981	906
Office expenses	3,478	5,098
Depreciation	3,338	3,532
Taxes and dues	357	488
Goodwill amortization	276	275
Provision for allowance for doubtful accounts	635	56
Others	89	75
Operating income	5,597	7,202
Non-operating income	11	48
Non-operating expenses	451	44
Ordinary income	5,158	7,205
Extraordinary losses	281	129
Income before income taxes and other adjustments	4,876	7,076
Income taxes – current	1,984	2,246
Income taxes – deferred	(201)	15
Total income taxes	1,782	2,262
Net income	3,094	4,813
Profit (loss) attributable to owners of parent	3,094	4,813

## (3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Second quarter ended June 30, 2019 (January 1 – June 30, 2019)	Second quarter ended June 30, 2020 (January 1 – June 30, 2020)
Net income	3,094	4,813
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	0
Foreign currency translation adjustment	(140)	(94)
Remeasurements of defined benefit plans	—	3
Total other comprehensive income	(142)	(91)
Net comprehensive income	2,951	4,722
(Breakdown)		
Comprehensive income attributable to owners of parents	2,951	4,722
Comprehensive income attributable to non-controlling interests	—	—