

April 27, 2021

Company name Rakuten Group, 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. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki), a consolidated subsidiary of Rakuten Group, Inc., today issued the attached press release relating to its consolidated financial reports (based on J-GAAP) for the three months ended March 31, 2021.

Rakuten Group plans to announce consolidated financial reports for the three months ended March 31, 2021, on May 13, 2021 (Thursday).

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.

April 27, 2021

Financial Reports For the three months ended March 31, 2021

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) consolidated financial reports for the three months ended March 31, 2021 (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 three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)

Consolidated Operating Results*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Three months ended March 31, 2021	23,634	22,530	5,638	5,972	3,577
Three months ended March 31, 2020	17,262	16,737	3,893	3,884	2,680

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

(Reference information)

Results for the 12 months ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2020 to March 31, 2021	78,678	75,290	16,840	17,303	9,566
April 1, 2019 to March 31, 2020	58,932	56,501	11,857	11,069	7,070

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2020	As of March 31, 2021
(Assets)		
Current assets	2,400,906	2,575,700
Cash and deposits	200,721	193,161
Cash segregated as deposits	1,563,496	1,643,249
Money held in trust	2,000	2,000
Trading products	32,797	28,745
Trading securities and others	863	992
Derivatives	31,934	27,753
Operating investment securities for sale and others	7	7
Trade date accrual	2,352	838
Margin transaction assets	503,798	600,210
Loans on margin transactions	423,306	519,788
Cash collateral pledged for securities borrowing on margin transactions	80,491	80,422
Loans secured by securities	18,224	34,605
Cash collateral pledged for securities borrowed	18,224	34,605
Advances paid	279	429
Cash paid for offering	9,144	11,821
Short-term guarantee deposits	49,797	48,778
Variation margin paid	2,807	1,705
Advance payments	5,359	562
Prepaid expenses	530	416
Accounts receivable – other	3,271	2,698
Accrued revenues	6,702	6,912
Allowance for doubtful accounts	(384)	(443)
Fixed assets	31,885	32,328
Tangible fixed assets	1,555	1,481
Buildings	335	325
Furniture and fixtures	1,025	972
Lease assets	194	183
Intangible fixed assets	26,692	26,924
Goodwill	4,957	4,892
Customer relationships	816	768
Software	19,005	19,115
Software in progress	1,544	1,801
Lease assets	369	346
Investments and other assets	3,637	3,922
Investment securities	669	806
Long-term loans receivable	232	227
Long-term guarantee deposits	1,305	1,327
Long-term prepaid expenses	97	98
Deferred tax assets	376	321
Others	2,722	2,909
Allowance for doubtful accounts	(1,766)	(1,769)
Total assets	2,432,791	2,608,029

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(Millions of yen)

	As of December 31, 2020	As of March 31, 2021
(Liabilities)		
Current liabilities	2,323,443	2,494,219
Trading products	10,719	10,028
Derivatives	10,719	10,028
Margin transaction liabilities	143,955	161,416
Borrowings on margin transactions	17,374	21,855
Cash received for securities lending on margin transitions	126,580	139,560
Loans payable secured by securities	314,589	450,870
Cash received on debt credit transactions of securities	314,589	450,870
Deposits received	1,222,711	1,260,436
Guarantee deposits received	398,487	428,145
Accounts for non-received securities and others	—	46
Short term loans payable	222,000	173,000
Advances received	1,216	1,297
Accrued revenue	3	—
Lease obligations	132	133
Accounts payable – other	16	10
Consolidated taxes payable	2,389	1,330
Accrued expenses	5,751	6,274
Income taxes payable	911	450
Provision for employees' bonuses	284	600
Provision for directors' bonuses	30	—
Provision for sales promotion expenses	240	174
Other current liabilities	3	5
Fixed liabilities	1,332	1,373
Lease obligations	463	430
Net defined benefit liability	653	726
Asset retirement obligations	215	216
Statutory reserves	5,356	5,884
Reserve for financial products liabilities	5,356	5,884
Total liabilities	2,330,132	2,501,478
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	91,450	95,027
Total shareholders' equity	103,457	107,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	(745)	(434)
Remeasurements of defined benefit plans	(55)	(52)
Total accumulated other comprehensive income	(798)	(484)
Total net assets	102,658	106,550
Total liabilities and net assets	2,432,791	2,608,029

(2) Consolidated Statements of Income

	(Millions of yen)	
	Three months ended March 31, 2020 (January 1 – March 31, 2020)	Three months ended March 31, 2021 (January 1 – March 31, 2021)
Operating revenue	17,262	23,634
Commission received	6,584	10,616
Commission to consignees	5,152	8,583
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8	27
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	227	438
Other commissions received	1,195	1,566
Net trading income	5,538	5,285
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	4,580	6,177
Other operating revenue	559	1,555
Financial expenses	525	1,103
Net operating revenue	16,737	22,530
Selling, general, and administrative expenses	12,844	16,892
Trading related expenses	6,476	9,339
Personnel expenses	1,316	1,476
Real estate expenses	420	441
Office expenses	2,568	3,176
Depreciation	1,744	1,939
Taxes and dues	234	274
Goodwill amortization	138	137
Provision for allowance for doubtful accounts	(84)	66
Others	29	38
Operating income	3,893	5,638
Non-operating income	32	376
Non-operating expenses	41	42
Ordinary income	3,884	5,972
Extraordinary losses	—	527
Income before income taxes and other adjustments	3,884	5,445
Income taxes – current	1,183	1,810
Income taxes – deferred	20	57
Total income taxes	1,203	1,867
Net income	2,680	3,577
Profit (loss) attributable to owners of parent	2,680	3,577

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2020 (January 1 – March 31, 2020)	Three months ended March 31, 2021 (January 1 – March 31, 2021)
Net income	2,680	3,577
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(85)	311
Remeasurements of defined benefit plans	1	3
Total other comprehensive income	(84)	314
Net comprehensive income	2,596	3,892
(Breakdown)		
Comprehensive income attributable to owners of parents	2,596	3,892
Comprehensive income attributable to non-controlling interests	—	—