

April 26, 2017

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: Setagaya-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 fiscal year ended March 31, 2017.

Rakuten Group plans to announce consolidated financial reports for the three months ended March 31, 2017, on May 11, 2017 (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.

In the previous fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016), a JPY 2,988 million net gain on trading of investment securities for sale was included as a part of operating revenue of Rakuten Securities, Inc. which did not have any impact on the Consolidated Statements of Income of the Rakuten Group's first quarter ending March 31, 2016. It only had a direct impact on the net assets part of the Balance Sheet.



April 26, 2017

Financial Reports For the Fiscal Year ended March 31, 2017

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Setagaya-ku, Tokyo) consolidated financial reports for the Fiscal Year ended March 31, 2017 (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 Fiscal Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Fiscal Year ended March 31, 2017	46,687	44,241	16,745	16,368	12,010
Fiscal Year ended March 31, 2016	55,006	52,645	24,606	24,603	15,299

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(Assets)		
Current assets	848,412	965,248
Cash and deposits	69,173	81,434
Cash segregated as deposits	445,926	507,070
Money held in trust	1,000	1,000
Trading products	22,945	20,660
Trading securities and others	1,301	1,112
Derivatives	21,643	19,547
Operating investment securities for sale and others	12	8
Trade date accrual	71	99
Margin transaction assets	270,469	314,008
Loans on margin transactions	259,419	282,270
Cash collateral pledged for securities borrowing on margin transactions	11,050	31,737
Advances paid	512	173
Cash paid for offering	2,469	2,749
Securities received as collateral *1	917	338
Short-term guarantee deposits	25,804	28,830
Variation margin paid	2,906	1,503
Short-term loan receivables	110	96
Advance payments	371	272
Prepaid expenses	243	282
Accounts receivable – other	822	1,607
Accrued corporate taxes and others	11	8
Accrued revenues	4,610	5,481
Deferred tax assets	528	253
Allowance for doubtful accounts	(495)	(92)

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Fixed assets	24,401	25,402
Tangible fixed assets	1,556	1,405
Buildings	499	500
Furniture and fixtures	1,036	904
Construction in progress	20	—
Intangible fixed assets	21,785	22,770
Goodwill	7,669	7,278
Customer relationships	1,728	1,536
Software	11,827	13,226
Software in progress	559	728
Investments and other assets	1,060	1,226
Investment securities	132	272
Long-term loans receivable	221	301
Long-term guarantee deposits	800	843
Long-term prepaid expenses	17	15
Others	1,153	1,346
Allowance for doubtful accounts	(1,265)	(1,553)
Total assets	872,814	990,650

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(Liabilities)		
Current liabilities	787,381	899,420
Trading products	6,952	6,116
Derivatives	6,952	6,116
Margin transaction liabilities	50,482	80,454
Borrowings on margin transactions	6,149	9,306
Cash received for securities lending on margin transitions	44,332	71,148
Loans payable secured by securities	130,932	148,842
Cash received on debt credit transactions of securities	130,932	148,842
Deposits received	282,872	342,639
Guarantee deposits received *2	198,558	200,165
Accounts for non-received securities and others	13	23
Short term loans payable	108,921	117,235
Advances received	101	148
Accrued revenue	1	9
Accounts payable – other	206	75
Accrued expenses	2,458	2,438
Income taxes payable	5,397	868
Provision for employees' bonuses	419	363
Provision for sales promotion expenses	36	31
Other current liabilities	27	8
Fixed liabilities	536	370
Asset retirement obligations	175	185
Deferred tax liabilities	269	185
Other fixed liabilities	90	—
Statutory reserves	4,473	3,423
Reserve for financial products liabilities	4,445	3,402
Reserve for liability for commodities transactions	28	21
Total liabilities	792,391	903,214

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	68,824	75,834
Total shareholders' equity	80,831	87,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	8
Foreign currency translation adjustment	(414)	(414)
Total accumulated other comprehensive income	(407)	(406)
Total net assets	80,423	87,435
Total liabilities and net assets	872,814	990,650

Notes:

*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 917 million securities in the fiscal year ended March 31, 2016 and JPY 338 million securities in the fiscal year ended March 31, 2017 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions.

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1 – March 31, 2016)	Fiscal year ended March 31, 2017 (April 1 – March 31, 2017)
Operating revenue	55,006	46,687
Commission received	25,350	20,842
Commission to consignees	19,031	15,669
Commission for underwriting, secondary distribution and solicitation for selling and others for professional Investors	0	0
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	1,944	1,343
Other commissions received	4,374	3,828
Net trading income	9,973	9,564
Net gain on trading of investment securities for sale	2,988	(3)
Financial revenue	16,156	15,796
Other operating revenue	536	488
Financial expenses	2,361	2,446
Net operating revenue	52,645	44,241
Selling, general, and administrative expenses	28,039	27,495
Trading related expenses	11,428	11,064
Personnel expenses	3,966	3,877
Real estate expenses	1,767	1,700
Office expenses	4,850	4,761
Depreciation	4,314	4,871
Taxes and dues	559	593
Goodwill amortization	499	556
Provision for allowance for doubtful accounts	519	(71)
Others	132	140
Operating income	24,606	16,745
Non-operating income	102	30
Non-operating expenses	104	407
Ordinary income	24,603	16,368

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1 – March 31, 2016)	Fiscal year ended March 31, 2017 (April 1 – March 31, 2017)
Extraordinary gains	7	1,049
Extraordinary losses	973	480
Income before income taxes and other adjustments	23,637	16,937
Income taxes – current	8,427	4,740
Income taxes – deferred	(89)	186
Total income taxes	8,338	4,927
Net income	15,299	12,010
Profit (loss) attributable to owners of parent	15,299	12,010

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2016 (April 1 – March 31, 2016)	Fiscal year ended March 31, 2017 (April 1 – March 31, 2017)
Net income	15,299	12,010
Other comprehensive income		
Valuation difference on available-for-sale securities	(630)	0
Foreign currency translation adjustment	(414)	0
Total other comprehensive income	(1,045)	1
Net comprehensive income	14,253	12,011
(Breakdown)		
Comprehensive income attributable to owners of parents	14,253	12,011
Comprehensive income attributable to non-controlling interests	—	—