

July 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 six months ended June 30, 2021.

Rakuten Group plans to announce consolidated financial reports for the six months ended June 30, 2021, on August 11, 2021 (Wednesday).

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.

Financial Reports For the six months ended June 30, 2021

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) consolidated financial reports for the six months ended June 30, 2021 (J-GAAP).

The consolidated quarterly 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 six months ended June 30, 2021 (January 1, 2021 to June 30, 2021)

Consolidated Operating Results*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Six months ended June 30, 2021	44,159	41,881	8,447	9,036	5,248
Six months ended June 30, 2020	34,211	33,096	7,202	7,205	4,813

*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, 2021 (April 1, 2021 to June 30, 2021)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2021 to June 30, 2021	20,524	19,350	2,809	3,063	1,671
April 1, 2020 to June 30, 2020	16,949	16,358	3,308	3,320	2,132

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
(Assets)		
Current assets	2,400,906	2,707,740
Cash and deposits	200,721	237,372
Cash segregated as deposits	1,563,496	1,661,519
Money held in trust	2,000	2,000
Trading products	32,797	27,049
Trading securities and others	863	936
Derivatives	31,934	26,113
Operating investment securities for sale and others	7	7
Trade date accrual	2,352	643
Margin transaction assets	503,798	659,117
Loans on margin transactions	423,306	596,817
Cash collateral pledged for securities borrowing on margin transactions	80,491	62,299
Loans secured by securities	18,224	35,933
Cash collateral pledged for securities borrowed	18,224	35,933
Advances paid	279	329
Cash paid for offering	9,144	18,176
Short-term guarantee deposits	49,797	52,054
Variation margin paid	2,807	1,392
Advance payments	5,359	1,253
Prepaid expenses	530	477
Accounts receivable – other	3,271	3,439
Accrued revenues	6,702	7,409
Allowance for doubtful accounts	(384)	(435)
Fixed assets	31,885	33,230
Tangible fixed assets	1,555	1,848
Buildings	335	328
Furniture and fixtures	1,025	1,346
Lease assets	194	172
Intangible fixed assets	26,692	27,094
Goodwill	4,957	4,752
Customer relationships	816	720
Software	19,005	19,219
Software in progress	1,544	2,080
Lease assets	369	322
Investments and other assets	3,637	4,288
Investment securities	669	861
Long-term loans receivable	232	348
Long-term guarantee deposits	1,305	1,429
Long-term prepaid expenses	97	105
Deferred tax assets	376	322
Others	2,722	2,968
Allowance for doubtful accounts	(1,766)	(1,748)
Total assets	2,432,791	2,740,971

Rakuten 楽天証券

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
(Liabilities)		
Current liabilities	2,323,443	2,625,077
Trading products	10,719	8,605
Derivatives	10,719	8,605
Margin transaction liabilities	143,955	143,385
Borrowings on margin transactions	17,374	23,686
Cash received for securities lending on margin transitions	126,580	119,698
Loans payable secured by securities	314,589	535,265
Cash received on debt credit transactions of securities	314,589	535,265
Deposits received	1,222,711	1,301,479
Guarantee deposits received	398,487	446,359
Accounts for non-received securities and others	—	23
Short term loans payable	222,000	179,000
Advances received	1,216	1,398
Accrued revenue	3	—
Lease obligations	132	142
Accounts payable – other	16	2
Consolidated taxes payable	2,389	2,039
Accrued expenses	5,751	6,083
Income taxes payable	911	712
Provision for employees' bonuses	284	349
Provision for directors' bonuses	30	10
Provision for sales promotion expenses	240	215
Other current liabilities	3	5
Fixed liabilities	1,332	1,416
Lease obligations	463	399
Net defined benefit liability	653	801
Asset retirement obligations	215	216
Statutory reserves	5,356	6,264
Reserve for financial products liabilities	5,356	6,264
Total liabilities	2,330,132	2,632,758
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	91,450	96,699
Total shareholders' equity	103,457	108,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	(745)	(446)
Remeasurements of defined benefit plans	(55)	(49)
Total accumulated other comprehensive income	(798)	(493)
Total net assets	102,658	108,212
Total liabilities and net assets	2,432,791	2,740,971

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2020 (January 1 – June 30, 2020)	Six months ended June 30, 2021 (January 1 – June 30, 2021)
Operating revenue	34,211	44,159
Commission received	14,426	19,439
Commission to consignees	11,677	15,255
Commission for underwriting, secondary distribution and solicitation for selling and others for professional Investors	14	67
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	419	793
Other commissions received	2,315	3,323
Net trading income	9,597	9,471
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	8,996	12,655
Other operating revenue	1,190	2,592
Financial expenses	1,115	2,278
Net operating revenue	33,096	41,881
Selling, general, and administrative expenses	25,894	33,433
Trading related expenses	12,773	18,471
Personnel expenses	2,688	3,021
Real estate expenses	906	953
Office expenses	5,098	6,172
Depreciation	3,532	3,870
Taxes and dues	488	502
Goodwill amortization	275	275
Provision for allowance for doubtful accounts	56	95
Others	75	69
Operating income	7,202	8,447
Non-operating income	48	648
Non-operating expenses	44	59
Ordinary income	7,205	9,036
Extraordinary losses	129	949
Income before income taxes and other adjustments	7,076	8,087
Income taxes – current	2,246	2,784
Income taxes – deferred	15	54
Total income taxes	2,262	2,838
Net income	4,813	5,248
Profit (loss) attributable to owners of parent	4,813	5,248

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2020 (January 1 – June 30, 2020)	Six months ended June 30, 2021 (January 1 – June 30, 2021)
Net income	4,813	5,248
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(94)	298
Remeasurements of defined benefit plans	3	6
Total other comprehensive income	(91)	305
Net comprehensive income	4,722	5,554
(Breakdown)		
Comprehensive income attributable to owners of parents	4,722	5,554
Comprehensive income attributable to non-controlling interests	—	—