

October 27, 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 third quarter ended September 30, 2020.

Rakuten Group plans to announce consolidated financial reports for the third quarter ended September 30, 2020, on November 12, 2020 (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.

## Financial Reports For the third quarter ended September 30, 2020

Rakuten Securities, Inc.

Rakuten Securities, Inc. (President: Yuji Kusunoki. Head Office: Minato-ku, Tokyo) consolidated financial reports for the third quarter ended September 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 third quarter ended September 30, 2020 (January 1, 2020 to September 30, 2020)

### Consolidated Operating Results\* (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Third quarter ended September 30, 2020	52,609	50,829	11,149	11,214	6,893
Third quarter ended September 30, 2019	41,760	39,928	8,604	7,863	4,969

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

(Reference information)

Results for the six months ended September 30, 2020 (April 1, 2020 to September 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 September 30, 2020	35,346	34,091	7,255	7,329	4,212
April 1, 2019 to September 30, 2019	27,373	26,101	5,268	4,789	3,060

# Rakuten 楽天証券

## (1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
(Assets)		
Current assets	1,845,300	2,162,840
Cash and deposits	103,792	170,334
Cash segregated as deposits	1,242,181	1,405,178
Money held in trust	1,800	2,000
Trading products	26,093	29,885
Trading securities and others	948	976
Derivatives	25,145	28,908
Operating investment securities for sale and others	8	7
Trade date accrual	313	136
Margin transaction assets	406,325	479,857
Loans on margin transactions	320,946	395,323
Cash collateral pledged for securities borrowing on margin transactions	85,378	84,533
Loans secured by securities	—	6,711
Cash collateral pledged for securities borrowed	—	6,711
Advances paid	130	538
Cash paid for offering	4,170	8,477
Securities received as collateral *1	255	—
Short-term guarantee deposits	48,733	46,640
Variation margin paid	1,646	2,318
Advance payments	232	1,420
Prepaid expenses	451	582
Accounts receivable – other	2,341	2,635
Accrued revenues	7,054	6,484
Allowance for doubtful accounts	(229)	(367)
Fixed assets	30,077	31,984
Tangible fixed assets	1,576	1,585
Buildings	345	323
Furniture and fixtures	1,012	1,056
Lease assets	218	204
Intangible fixed assets	25,628	27,021
Goodwill	5,572	5,117
Customer relationships	1,008	864
Software	17,202	19,096
Software in progress	1,431	1,549
Lease assets	414	393
Investments and other assets	2,872	3,377
Investment securities	456	553
Long-term loans receivable	269	246
Long-term guarantee deposits	1,291	1,304
Long-term prepaid expenses	41	99
Deferred tax assets	219	312
Others	2,542	2,671
Allowance for doubtful accounts	(1,948)	(1,810)
Total assets	1,875,377	2,194,825

# Rakuten 楽天証券

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
(Liabilities)		
Current liabilities	1,773,346	2,088,123
Trading products	8,589	7,267
Derivatives	8,589	7,267
Margin transaction liabilities	149,300	143,012
Borrowings on margin transactions	18,057	15,468
Cash received for securities lending on margin transactions	131,243	127,544
Loans payable secured by securities	179,007	311,626
Cash received on debt credit transactions of securities	179,007	311,626
Deposits received	954,814	1,080,099
Guarantee deposits received *2	316,179	364,092
Accounts for non-received securities and others	24	283
Short term loans payable	160,000	173,000
Advances received	328	854
Accrued revenue	7	0
Lease obligations	123	133
Accounts payable – other	48	59
Consolidated taxes payable	—	1,474
Accrued expenses	3,921	4,770
Income taxes payable	501	594
Provision for employees' bonuses	259	628
Provision for directors' bonuses	30	20
Provision for sales promotion expenses	207	203
Other current liabilities	1	3
Fixed liabilities	996	1,227
Lease obligations	562	496
Net defined benefit liability	325	536
Asset retirement obligations	107	193
Deferred tax liability	—	1
Statutory reserves	3,805	4,496
Reserve for financial products liabilities	3,792	4,496
Reserve for liability for commodities transactions	12	—
<b>Total liabilities</b>	<b>1,778,147</b>	<b>2,093,848</b>
(Net assets)		
Shareholders' equity		
Capital stock	7,495	7,495
Capital surplus	4,511	4,511
Retained earnings	85,780	89,674
Total shareholders' equity	97,787	101,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Foreign currency translation adjustment	(528)	(680)
Remeasurements of defined benefit plans	(30)	(26)
Total accumulated other comprehensive income	(557)	(704)
<b>Total net assets</b>	<b>97,229</b>	<b>100,977</b>
<b>Total liabilities and net assets</b>	<b>1,875,377</b>	<b>2,194,825</b>

\*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 received as substitute for clearing margins etc. from consignors and others for commodity futures transactions. No securities were received as substitute for the third quarter ended September 30, 2020.

## (2) Consolidated Statements of Income

	(Millions of yen)	
	Third quarter ended September 30, 2019 (January 1 – September 30, 2019)	Third quarter ended September 30, 2020 (January 1 – September 30, 2020)
Operating revenue	41,760	52,609
Commission received	14,285	22,529
Commission to consignees	10,168	18,149
Commission for underwriting, secondary distribution and solicitation for selling and others for professional Investors	27	46
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	928	669
Other commissions received	3,161	3,663
Net trading income	12,338	13,675
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	14,422	14,252
Other operating revenue	712	2,153
Financial expenses	1,831	1,779
Net operating revenue	39,928	50,829
Selling, general, and administrative expenses	31,323	39,679
Trading related expenses	13,745	19,678
Personnel expenses	3,859	4,114
Real estate expenses	1,442	1,332
Office expenses	5,503	7,743
Depreciation	5,040	5,401
Taxes and dues	509	758
Goodwill amortization	414	413
Provision for allowance for doubtful accounts	692	140
Others	115	98
Operating income	8,604	11,149
Non-operating income	23	185
Non-operating expenses	765	120
Ordinary income	7,863	11,214
Extraordinary gains	88	12
Extraordinary losses	287	833
Income before income taxes and other adjustments	7,664	10,393
Income taxes – current	2,884	3,596
Income taxes – deferred	(190)	(96)
Total income taxes	2,694	3,499
Net income	4,969	6,893
Profit (loss) attributable to owners of parent	4,969	6,893

## (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter ended September 30, 2019 (January 1 – September 30, 2019)	Third quarter ended September 30, 2020 (January 1 – September 30, 2020)
Net income	4,969	6,893
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	0
Foreign currency translation adjustment	(147)	(151)
Remeasurements of defined benefit plans	—	4
Total other comprehensive income	(149)	(146)
Net comprehensive income	4,820	6,747
(Breakdown)		
Comprehensive income attributable to owners of parents	4,820	6,747
Comprehensive income attributable to non-controlling interests	—	—