

January 25, 2022

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 fiscal year ended December 31, 2021.

Rakuten Group plans to announce consolidated financial reports for the fiscal year ended December 31, 2021, on February 14, 2022 (Monday).

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 fiscal year ended December 31, 2021

Rakuten Securities, Inc.

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

Consolidated Operating Results*

(Millions of yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Fiscal year ended December 31, 2021	89,575	84,967	15,592	16,398	9,031
Fiscal year ended December 31, 2020	72,306	69,497	15,096	15,214	8,669

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

*The amounts presented in this report are rounded down to the nearest million.

(Reference information)

Results for the nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

Consolidated Operating Results

(Millions of yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2021 to December 31, 2021	65,940	62,437	9,954	10,425	5,453
April 1, 2020 to December 31, 2020	55,044	52,759	11,202	11,330	5,988

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
(Assets)		
Current assets	2,400,906	2,821,965
Cash and deposits	200,721	252,960
Cash segregated as deposits	1,563,496	1,745,770
Money held in trust	2,000	1,000
Trading products	32,797	27,259
Trading securities and others	863	881
Derivatives	31,934	26,377
Operating investment securities for sale and others	7	7
Trade date accrual	2,352	1,637
Margin transaction assets	503,798	665,307
Loans on margin transactions	423,306	610,896
Cash collateral pledged for securities borrowing on margin transactions	80,491	54,411
Loans secured by securities	18,224	45,668
Cash collateral pledged for securities borrowed	18,224	45,668
Advances paid	279	184
Cash paid for offering	9,144	20,796
Short-term guarantee deposits	49,797	45,663
Variation margin paid	2,807	1,466
Advance payments	5,359	1,221
Prepaid expenses	530	575
Accounts receivable – other	3,271	4,554
Accrued revenues	6,702	8,328
Allowance for doubtful accounts	(384)	(437)
Fixed assets	31,885	34,391
Tangible fixed assets	1,555	1,700
Buildings	335	307
Furniture and fixtures	1,025	1,241
Lease assets	194	150
Intangible fixed assets	26,692	28,064
Goodwill	4,957	4,516
Customer relationships	816	624
Software	19,005	20,251
Software in progress	1,544	2,397
Lease assets	369	276
Investments and other assets	3,637	4,625
Investment securities	669	918
Long-term loans receivable	232	346
Long-term guarantee deposits	1,305	1,428
Long-term prepaid expenses	97	110
Deferred tax assets	376	424
Others	2,722	3,122
Allowance for doubtful accounts	(1,766)	(1,724)
Total assets	2,432,791	2,856,356

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(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
(Liabilities)		
Current liabilities	2,323,443	2,696,573
Trading products	10,719	8,650
Derivatives	10,719	8,650
Margin transaction liabilities	143,955	132,378
Borrowings on margin transactions	17,374	19,523
Cash received for securities lending on margin transitions	126,580	112,854
Loans payable secured by securities	314,589	509,198
Cash received on debt credit transactions of securities	314,589	509,198
Deposits received	1,222,711	1,361,133
Guarantee deposits received	398,487	481,923
Accounts for non-received securities and others	—	475
Variation margin received	—	58
Short term loans payable	222,000	189,000
Advances received	1,216	1,650
Accrued revenue	3	0
Lease obligations	132	135
Accounts payable – other	16	19
Consolidated taxes payable	2,389	3,908
Accrued expenses	5,751	6,614
Income taxes payable	911	828
Provision for employees' bonuses	284	300
Provision for directors' bonuses	30	30
Provision for sales promotion expenses	240	261
Other current liabilities	3	6
Fixed liabilities	1,332	20,183
Lease obligations	463	332
Long term loans payable	—	18,600
Net defined benefit liability	653	1,034
Asset retirement obligations	215	217
Statutory reserves	5,356	7,478
Reserve for financial products liabilities	5,356	7,478
Total liabilities	2,330,132	2,724,235
(Net assets)		
Shareholders' equity		
Capital stock	7,495	17,495
Capital surplus	4,511	14,511
Retained earnings	91,450	100,481
Total shareholders' equity	103,457	132,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustment	(745)	(264)
Remeasurements of defined benefit plans	(55)	(105)
Total accumulated other comprehensive income	(798)	(367)
Total net assets	102,658	132,120
Total liabilities and net assets	2,432,791	2,856,356

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2020 (January 1 – December 31, 2020)	Fiscal year ended December 31, 2021 (January 1 – December 31, 2021)
Operating revenue	72,306	89,575
Commission received	31,372	38,994
Commission to consignees	25,190	29,990
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	84	146
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	986	1,494
Other commissions received	5,110	7,363
Net trading income	17,524	19,013
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	20,252	26,355
Other operating revenue	3,158	5,212
Financial expenses	2,809	4,607
Net operating revenue	69,497	84,967
Selling, general, and administrative expenses	54,401	69,374
Trading related expenses	27,404	38,763
Personnel expenses	5,522	6,079
Real estate expenses	1,825	1,943
Office expenses	10,518	12,573
Depreciation	7,330	7,902
Taxes and dues	983	1,298
Goodwill amortization	549	553
Provision for allowance for doubtful accounts	133	81
Others	133	178
Operating income	15,096	15,592
Non-operating income	332	914
Non-operating expenses	214	109
Ordinary income	15,214	16,398
Extraordinary gains	12	—
Extraordinary losses	1,896	2,163
Income before income taxes and other adjustments	13,330	14,234
Income taxes – current	4,810	5,222
Income taxes – deferred	(149)	(19)
Total income taxes	4,660	5,203
Net income	8,669	9,031
Profit attributable to owners of parent	8,669	9,031

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2020 (January 1 – December 31, 2020)	Fiscal year ended December 31, 2021 (January 1 – December 31, 2021)
Net income	8,669	9,031
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(217)	481
Remeasurements of defined benefit plans	(24)	(50)
Total other comprehensive income	(240)	431
Net comprehensive income	8,428	9,462
(Breakdown)		
Comprehensive income attributable to owners of parents	8,428	9,462
Comprehensive income attributable to non-controlling interests	—	—