

October 25, 2022

Company name Rakuten Group, Inc.

Representative Hiroshi Mikitani

Chairman and CEO

(Stock Code: 4755

Tokyo Stock Exchange Prime Market)

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. (hereinafter "Rakuten Group"), announces its consolidated financial reports (based on J-GAAP) for the nine months ended September 30, 2022.

Rakuten Group plans to announce consolidated financial reports for the nine months ended September 30, 2022, on November 11, 2022 (Friday).

In addition, Rakuten Group announces financial results based on IFRS while the attached financial results of Rakuten Securities, Inc. are based on J-GAAP, which may recognize some transactions differently from IFRS.

Financial Reports For the nine months ended September 30, 2022

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) consolidated financial reports for the nine months ended September 30, 2022 (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).

Results for the nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)

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

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Nine months ended September 30, 2022	70,741	67,059	12,356	11,932	7,109
Nine months ended September 30, 2021	66,083	62,631	11,780	12,436	7,551

*Rakuten Wallet, Inc. became a subsidiary of Rakuten Securities, Inc. on July 1, 2022, but is not included in the scope of consolidation at the end of this quarter because it is under temporary control.

*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, 2022 (April 1, 2022 to September 30, 2022)

Consolidated Operating Results (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2022 to September 30, 2022	47,428	44,828	8,610	8,500	5,322
April 1, 2021 to September 30, 2021	42,449	40,100	6,142	6,463	3,973

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
(Assets)		
Current assets	2,821,965	3,122,253
Cash and deposits	252,960	267,151
Cash segregated as deposits	1,745,770	1,976,260
Money held in trust	1,000	—
Trading products	27,259	62,408
Trading securities and others	881	1,418
Derivatives	26,377	60,990
Operating investment securities for sale and others	7	7
Trade date accrual	1,637	868
Margin transaction assets	665,307	698,603
Loans on margin transactions	610,896	617,359
Cash collateral pledged for securities borrowing on margin transactions	54,411	81,244
Loans secured by securities	45,668	15,579
Cash collateral pledged for securities borrowed	45,668	15,579
Advances paid	184	439
Cash paid for offering	20,796	21,235
Short-term guarantee deposits	45,663	57,215
Variation margin paid	1,466	2,871
Advance payments	1,221	4,163
Prepaid expenses	575	764
Accounts receivable – other	4,554	4,663
Accrued revenues	8,328	10,194
Allowance for doubtful accounts	(437)	(173)
Fixed assets	34,391	40,672
Tangible fixed assets	1,700	1,700
Buildings	307	403
Furniture and fixtures	1,241	1,178
Lease assets	150	118
Intangible fixed assets	28,064	30,446
Goodwill	4,516	4,347
Customer relationships	624	480
Software	20,251	22,958
Software in progress	2,397	2,456
Lease assets	276	203
Investments and other assets	4,625	8,525
Investment securities	918	4,700
Long-term loans receivable	346	338
Long-term guarantee deposits	1,428	1,271
Long-term prepaid expenses	110	111
Deferred tax assets	424	497
Others	3,122	3,375
Allowance for doubtful accounts	(1,724)	(1,769)
Total assets	2,856,356	3,162,926

Rakuten Securities

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
(Liabilities)		
Current liabilities	2,696,573	2,989,702
Trading products	8,650	38,558
Derivatives	8,650	38,558
Margin transaction liabilities	132,378	167,491
Borrowings on margin transactions	19,523	30,235
Cash received for securities lending on margin transitions	112,854	137,255
Loans payable secured by securities	509,198	574,462
Cash received on debt credit transactions of securities	509,198	574,462
Deposits received	1,361,133	1,505,449
Guarantee deposits received	481,923	512,685
Accounts for non-received securities and others	475	596
Variation margin received	58	—
Short term loans payable	189,000	178,500
Advances received	1,650	1,491
Accrued revenue	0	0
Lease obligations	135	126
Accounts payable – other	19	16
Consolidated taxes payable	3,908	2,935
Accrued expenses	6,614	6,031
Income taxes payable	828	369
Provision for employees' bonuses	300	767
Provision for directors' bonuses	30	30
Provision for sales promotion expenses	261	178
Other current liabilities	6	9
Fixed liabilities	20,183	20,394
Lease obligations	332	239
Long term loans payable	18,600	18,600
Net defined benefit liability	1,034	1,200
Asset retirement obligations	217	354
Statutory reserves	7,478	8,481
Reserve for financial products liabilities	7,478	8,481
Total liabilities	2,724,235	3,018,578
(Net assets)		
Shareholders' equity		
Capital stock	17,495	19,495
Capital surplus	14,511	16,511
Retained earnings	100,481	107,588
Total shareholders' equity	132,488	143,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Foreign currency translation adjustment	(264)	837
Remeasurements of defined benefit plans	(105)	(86)
Total accumulated other comprehensive income	(367)	752
Total net assets	132,120	144,348
Total liabilities and net assets	2,856,356	3,162,926

Rakuten Securities

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended September 30, 2021 (January 1 – September 30, 2021)	Nine months ended September 30, 2022 (January 1 – September 30, 2022)
Operating revenue	66,083	70,741
Commission received	28,879	30,048
Commission to consignees	22,379	22,446
Commission for underwriting, secondary distribution and solicitation for selling and others for professional Investors	96	320
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	1,123	836
Other commissions received	5,280	6,444
Net trading income	14,146	16,696
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	19,199	19,922
Other operating revenue	3,858	4,073
Financial expenses	3,452	3,681
Net operating revenue	62,631	67,059
Selling, general, and administrative expenses	50,851	54,702
Trading related expenses	28,296	30,061
Personnel expenses	4,565	4,965
Real estate expenses	1,440	1,651
Office expenses	9,250	10,002
Depreciation	5,865	6,668
Taxes and dues	811	969
Goodwill amortization	414	429
Provision for allowance for doubtful accounts	95	(210)
Others	110	165
Operating income	11,780	12,356
Non-operating income	735	206
Non-operating expenses	79	630
Ordinary income	12,436	11,932
Extraordinary losses	950	1,002
Income before income taxes and other adjustments	11,486	10,930
Income taxes – current	3,927	3,873
Income taxes – deferred	6	(52)
Total income taxes	3,934	3,821
Net income	7,551	7,109
Profit attributable to owners of parent	7,551	7,109

Rakuten Securities

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2021 (January 1 – September 30, 2021)	Nine months ended September 30, 2022 (January 1 – September 30, 2022)
Net income	7,551	7,109
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	336	1,102
Remeasurements of defined benefit plans	9	18
Total other comprehensive income	345	1,120
Net comprehensive income	7,897	8,229
(Breakdown)		
Comprehensive income attributable to owners of parents	7,897	8,229
Comprehensive income attributable to non-controlling interests	—	—