

April 27, 2023

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 three months ended March 31, 2023.

Rakuten Group plans to announce consolidated financial reports for the three months ended March 31, 2023, on May 12, 2023 (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 three months ended March 31, 2023

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) announces its consolidated financial reports for the three months ended March 31, 2023 (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 three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

Consolidated Operating Results*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Three months ended March 31, 2023	24,633	23,399	5,926	5,724	3,849
Three months ended March 31, 2022	23,312	22,231	3,746	3,432	1,786

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

(Reference information)

Results for the 12 months ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2022 to March 31, 2023	96,762	91,700	19,552	19,224	11,346
April 1, 2021 to March 31, 2022	89,253	84,668	13,701	13,857	7,239

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
(Assets)		
Current assets	3,214,373	3,071,672
Cash and deposits	322,366	263,199
Cash segregated as deposits	2,003,658	1,881,033
Trading products	57,058	42,733
Trading securities and others	1,941	2,009
Derivatives	55,117	40,723
Operating investment securities for sale and others	7	7
Trade date accrual	1,340	804
Margin transaction assets	701,812	738,699
Loans on margin transactions	637,630	628,562
Cash collateral pledged for securities borrowing on margin transactions	64,181	110,136
Loans secured by securities	23,905	38,537
Cash collateral pledged for securities borrowed	23,905	38,537
Advances paid	255	239
Cash paid for offering	22,202	11,341
Short-term guarantee deposits	60,167	75,503
Variation margin paid	3,550	2,782
Short-term loans receivable	—	150
Advance payments	1,789	47
Prepaid expenses	743	977
Accounts receivable – other	5,052	3,563
Accrued revenues	10,619	12,158
Allowance for doubtful accounts	(155)	(105)
Fixed assets	37,264	38,146
Tangible fixed assets	1,824	1,854
Buildings	539	511
Furniture and fixtures	1,176	1,246
Lease assets	107	97
Intangible fixed assets	30,397	30,848
Goodwill	4,101	3,963
Customer relationships	432	384
Software	23,124	23,372
Software in progress	2,559	2,955
Lease assets	179	171
Investments and other assets	5,042	5,443
Investment securities	981	1,175
Long-term loans receivable	361	353
Long-term guarantee deposits	1,262	1,202
Long-term prepaid expenses	95	81
Deferred tax assets	392	437
Others	3,600	3,822
Allowance for doubtful accounts	(1,651)	(1,629)
Total assets	3,251,637	3,109,819

Rakuten Securities

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
(Liabilities)		
Current liabilities	3,078,939	2,933,294
Trading products	29,153	12,257
Derivatives	29,153	12,257
Margin transaction liabilities	156,368	212,041
Borrowings on margin transactions	26,098	41,993
Cash received for securities lending on margin transitions	130,270	170,047
Loans payable secured by securities	726,761	649,798
Cash received on debt credit transactions of securities	726,761	649,798
Deposits received	1,478,510	1,394,087
Guarantee deposits received	537,450	548,421
Accounts for non-received securities and others	930	570
Short term loans payable	139,000	104,000
Advances received	2,113	3,295
Accrued revenue	2	1
Lease obligations	122	132
Accounts payable – other	21	29
Accrued expenses	7,197	5,799
Income taxes payable	669	1,785
Provision for employees' bonuses	441	929
Provision for directors' bonuses	—	8
Provision for sales promotion expenses	188	128
Other current liabilities	8	9
Fixed liabilities	20,330	20,289
Lease obligations	210	188
Long term loans payable	18,600	18,600
Net defined benefit liability	1,166	1,213
Asset retirement obligations	353	287
Statutory reserves	9,799	9,799
Reserve for financial products liabilities	9,799	9,799
Total liabilities	3,109,069	2,963,383
(Net assets)		
Shareholders' equity		
Capital stock	19,495	19,495
Capital surplus	16,511	16,511
Retained earnings	106,147	109,996
Total shareholders' equity	142,154	146,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	425	440
Remeasurements of defined benefit plans	(12)	(10)
Total accumulated other comprehensive income	413	431
Total net assets	142,568	146,435
Total liabilities and net assets	3,251,637	3,109,819

Rakuten Securities

(2) Consolidated Statement of Income

(Millions of yen)

	Three months ended March 31, 2022 (January 1 – March 31, 2022)	Three months ended March 31, 2023 (January 1 – March 31, 2023)
Operating revenue	23,312	24,633
Commission received	10,110	10,121
Commission to consignees	7,884	6,900
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	19	397
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	273	303
Other commissions received	1,932	2,519
Net trading income	5,422	5,541
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	6,117	7,887
Other operating revenue	1,662	1,082
Financial expenses	1,081	1,234
Net operating revenue	22,231	23,399
Selling, general, and administrative expenses	18,484	17,472
Trading related expenses	10,736	8,986
Personnel expenses	1,556	1,824
Real estate expenses	519	516
Office expenses	3,349	3,178
Depreciation	2,141	2,420
Taxes and dues	317	392
Goodwill amortization	140	144
Provision for allowance for doubtful accounts	(328)	(69)
Others	54	78
Operating income	3,746	5,926
Non-operating income	9	2
Non-operating expenses	323	204
Ordinary income	3,432	5,724
Extraordinary losses	629	153
Income before income taxes and other adjustments	2,803	5,571
Income taxes – current	939	1,768
Income taxes – deferred	77	(46)
Total income taxes	1,017	1,722
Net income	1,786	3,849
Profit attributable to owners of parent	1,786	3,849

Rakuten Securities

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2022 (January 1 – March 31, 2022)	Three months ended March 31, 2023 (January 1 – March 31, 2023)
Net income	1,786	3,849
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	322	15
Remeasurements of defined benefit plans	6	2
Total other comprehensive income	328	18
Net comprehensive income	2,114	3,867
(Breakdown)		
Comprehensive income attributable to owners of parents	2,114	3,867
Comprehensive income attributable to non-controlling interests	—	—