

July 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 six months ended June 30, 2023.

Rakuten Group plans to announce consolidated financial reports for the six months ended June 30, 2023, on August 10, 2023 (Thursday). 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 six months ended June 30, 2023

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) announces its consolidated financial reports for the six months ended June 30, 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 six months ended June 30, 2023 (January 1, 2023 to June 30, 2023)

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

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Six months ended June 30, 2023	54,017	51,469	15,439	15,129	10,596
Six months ended June 30, 2022	46,698	44,375	7,493	7,044	3,828

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

(Reference information)

Results for the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

Consolidated Operating Results (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2023 to June 30, 2023	29,383	28,070	9,512	9,404	6,746
April 1, 2022 to June 30, 2022	23,385	22,143	3,746	3,612	2,042

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
(Assets)		
Current assets	3,214,470	3,607,838
Cash and deposits	322,463	387,243
Cash segregated as deposits	2,003,658	2,274,265
Trading products	57,058	51,902
Trading securities and others	1,941	3,053
Derivatives	55,117	48,849
Operating investment securities for sale and others	7	7
Trade date accrual	1,340	—
Margin transaction assets	701,812	749,458
Loans on margin transactions	637,630	670,868
Cash collateral pledged for securities borrowing on margin transactions	64,181	78,590
Loans secured by securities	23,905	42,101
Cash collateral pledged for securities borrowed	23,905	42,101
Advances paid	255	338
Cash paid for offering	22,202	17,140
Short-term guarantee deposits	60,167	62,427
Variation margin paid	3,550	4,449
Short-term loans receivable	—	600
Advance payments	1,789	641
Prepaid expenses	743	929
Accounts receivable – other	5,052	4,073
Accrued revenues	10,619	12,374
Allowance for doubtful accounts	(155)	(115)
Fixed assets	37,167	38,922
Tangible fixed assets	1,824	1,742
Buildings	539	497
Furniture and fixtures	1,176	1,158
Lease assets	107	86
Intangible fixed assets	30,397	31,367
Goodwill	4,101	3,905
Customer relationships	432	336
Software	23,124	24,212
Software in progress	2,559	2,768
Lease assets	179	143
Investments and other assets	4,945	5,813
Investment securities	981	1,189
Long-term loans receivable	361	369
Long-term guarantee deposits	1,165	1,075
Long-term prepaid expenses	95	89
Deferred tax assets	392	509
Others	3,600	4,175
Allowance for doubtful accounts	(1,651)	(1,594)
Total assets	3,251,637	3,646,761

Rakuten Securities

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
(Liabilities)		
Current liabilities	3,078,939	3,463,141
Trading products	29,153	16,393
Derivatives	29,153	16,393
Trade date accrual	—	1,101
Margin transaction liabilities	156,368	200,857
Borrowings on margin transactions	26,098	25,388
Cash received for securities lending on margin transactions	130,270	175,468
Loans payable secured by securities	726,761	759,458
Cash received on debt credit transactions of securities	726,761	759,458
Deposits received	1,478,524	1,738,155
Guarantee deposits received	537,450	610,662
Accounts for non-received securities and others	930	579
Short term loans payable	139,000	121,000
Advances received	2,098	1,998
Accrued revenue	2	0
Lease obligations	122	129
Accounts payable – other	21	27
Accrued expenses	7,197	6,920
Income taxes payable	669	4,850
Provision for employees' bonuses	441	804
Provision for directors' bonuses	—	13
Provision for sales promotion expenses	188	189
Other current liabilities	8	—
Fixed liabilities	20,330	20,310
Lease obligations	210	156
Long term loans payable	18,600	18,600
Net defined benefit liability	1,138	1,212
Asset retirement obligations	353	288
Reserve for retirement benefits for directors	28	52
Statutory reserves	9,799	9,799
Reserve for financial products liabilities	9,799	9,799
Total liabilities	3,109,069	3,493,251
(Net assets)		
Shareholders' equity		
Capital stock	19,495	19,495
Capital surplus	16,511	16,511
Retained earnings	106,147	116,743
Total shareholders' equity	142,154	152,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	425	765
Remeasurements of defined benefit plans	(12)	(7)
Total accumulated other comprehensive income	413	759
Total net assets	142,568	153,510
Total liabilities and net assets	3,251,637	3,646,761

Rakuten Securities

(2) Consolidated Statement of Income

(Millions of yen)

	Six months ended June 30, 2022 (January 1 – June 30, 2022)	Six months ended June 30, 2023 (January 1 – June 30, 2023)
Operating revenue	46,698	54,017
Commission received	19,964	22,318
Commission to consignees	15,047	15,534
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	309	844
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	544	755
Other commissions received	4,062	5,184
Net trading income	11,003	11,845
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	12,770	17,602
Other operating revenue	2,960	2,250
Financial expenses	2,322	2,547
Net operating revenue	44,375	51,469
Selling, general, and administrative expenses	36,881	36,030
Trading related expenses	20,893	18,827
Personnel expenses	3,243	3,808
Real estate expenses	1,068	1,052
Office expenses	6,682	6,267
Depreciation	4,330	4,884
Taxes and dues	603	817
Goodwill amortization	283	289
Provision for allowance for doubtful accounts	(326)	(66)
Others	102	149
Operating income	7,493	15,439
Non-operating income	184	10
Non-operating expenses	633	320
Ordinary income	7,044	15,129
Extraordinary income	—	286
Extraordinary losses	1,002	186
Income before income taxes and other adjustments	6,041	15,228
Income taxes – current	2,169	4,738
Income taxes – deferred	42	(106)
Total income taxes	2,212	4,632
Net income	3,828	10,596
Profit attributable to owners of parent	3,828	10,596

Rakuten Securities

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2022 (January 1 – June 30, 2022)	Six months ended June 30, 2023 (January 1 – June 30, 2023)
Net income	3,828	10,596
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	837	340
Remeasurements of defined benefit plans	12	5
Total other comprehensive income	848	346
Net comprehensive income	4,677	10,942
(Breakdown)		
Comprehensive income attributable to owners of parents	4,677	10,942
Comprehensive income attributable to non-controlling interests	—	—