

October 26, 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 nine months ended September 30, 2023.

Rakuten Group plans to announce consolidated financial reports for the nine months ended September 30, 2023, on November 9, 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 nine months ended September 30, 2023

Rakuten Securities, Inc.

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

Consolidated Operating Results*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Nine months ended September 30, 2023	84,324	80,514	24,076	23,670	16,362
Nine months ended September 30, 2022	70,741	67,059	12,356	11,932	7,109

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

(Reference information)

Results for the six months ended September 30, 2023 (April 1, 2023 to September 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 September 30, 2023	59,690	57,115	18,149	17,945	12,513
April 1, 2022 to September 30, 2022	47,428	44,828	8,610	8,500	5,322

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
(Assets)		
Current assets	3,214,373	3,505,102
Cash and deposits	322,366	274,377
Cash segregated as deposits	2,003,658	2,189,777
Trading products	57,058	53,657
Trading securities and others	1,941	5,954
Derivatives	55,117	47,703
Operating investment securities for sale and others	7	7
Trade date accrual	1,340	—
Margin transaction assets	701,812	859,102
Loans on margin transactions	637,630	766,718
Cash collateral pledged for securities borrowing on margin transactions	64,181	92,383
Loans secured by securities	23,905	20,437
Cash collateral pledged for securities borrowed	23,905	20,437
Advances paid	255	237
Cash paid for offering	22,202	22,352
Short-term guarantee deposits	60,167	62,844
Variation margin paid	3,550	2,446
Short-term loans receivable	—	900
Advance payments	1,789	161
Prepaid expenses	743	844
Accounts receivable – other	5,052	4,191
Accrued revenues	10,619	13,920
Allowance for doubtful accounts	(155)	(155)
Fixed assets	37,264	39,962
Tangible fixed assets	1,824	1,880
Buildings	539	489
Furniture and fixtures	1,176	1,091
Lease assets	107	75
Construction in progress	—	224
Intangible fixed assets	30,397	31,805
Goodwill	4,101	3,792
Customer relationships	432	288
Software	23,124	24,682
Software in progress	2,559	2,927
Lease assets	179	115
Investments and other assets	5,042	6,275
Investment securities	981	1,094
Long-term loans receivable	361	306
Long-term guarantee deposits	1,262	1,075
Long-term prepaid expenses	95	82
Deferred tax assets	392	500
Others	3,600	4,767
Allowance for doubtful accounts	(1,651)	(1,550)
Total assets	3,251,637	3,545,064

Rakuten Securities

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
(Liabilities)		
Current liabilities	3,078,939	3,374,100
Trading products	29,153	14,177
Derivatives	29,153	14,177
Trade date accrual	—	2,776
Margin transaction liabilities	156,368	185,858
Borrowings on margin transactions	26,098	16,757
Cash received for securities lending on margin transactions	130,270	169,101
Borrowings secured by securities	726,761	775,355
Cash received on debt credit transactions of securities	726,761	775,355
Deposits received	1,478,510	1,669,504
Guarantee deposits received	537,450	577,634
Accounts for non-received securities and others	930	468
Short term loans borrowings	139,000	113,000
Current portion of long-term borrowings	—	18,600
Advances received	2,113	2,679
Accrued revenue	2	0
Lease obligations	122	127
Accounts payable – other	21	16
Accrued expenses	7,197	6,935
Income taxes payable	669	5,525
Provision for employees' bonuses	441	1,242
Provision for directors' bonuses	—	18
Provision for sales promotion expenses	188	180
Other current liabilities	8	—
Fixed liabilities	20,330	1,716
Lease obligations	210	125
Long term loans borrowings	18,600	—
Net defined benefit liability	1,166	1,257
Asset retirement obligations	353	289
Reserve for retirement benefits for directors	—	44
Statutory reserves	9,799	9,799
Reserve for financial products liabilities	9,799	9,799
Total liabilities	3,109,069	3,385,617
(Net assets)		
Shareholders' equity		
Capital stock	19,495	19,495
Capital surplus	16,511	16,511
Retained earnings	106,147	122,510
Total shareholders' equity	142,154	158,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	425	932
Remeasurements of defined benefit plans	(12)	(4)
Total accumulated other comprehensive income	413	930
Total net assets	142,568	159,447
Total liabilities and net assets	3,251,637	3,545,064

Rakuten Securities

(2) Consolidated Statement of Income

(Millions of yen)

	Nine months ended September 30, 2022 (January 1 – September 30, 2022)	Nine months ended September 30, 2023 (January 1 – September 30, 2023)
Operating revenue	70,741	84,324
Commission received	30,048	34,134
Commission to consignees	22,446	23,690
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	320	877
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	836	1,422
Other commissions received	6,444	8,144
Net trading income	16,696	19,092
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	19,922	27,508
Other operating revenue	4,073	3,589
Financial expenses	3,681	3,810
Net operating revenue	67,059	80,514
Selling, general, and administrative expenses	54,702	56,437
Trading related expenses	30,061	30,593
Personnel expenses	4,965	5,571
Real estate expenses	1,651	1,614
Office expenses	10,002	9,378
Depreciation	6,668	7,395
Taxes and dues	969	1,190
Goodwill amortization	429	437
Provision for allowance for doubtful accounts	(210)	41
Others	165	215
Operating income	12,356	24,076
Non-operating income	206	16
Non-operating expenses	630	423
Ordinary income	11,932	23,670
Extraordinary income	—	286
Extraordinary losses	1,002	302
Income before income taxes and other adjustments	10,930	23,653
Income taxes – current	3,873	7,384
Income taxes – deferred	(52)	(93)
Total income taxes	3,821	7,290
Net income	7,109	16,362
Profit attributable to owners of parent	7,109	16,362

Rakuten Securities

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended September 30, 2022 (January 1 – September 30, 2022)	Nine months ended September 30, 2023 (January 1 – September 30, 2023)
Net income	7,109	16,362
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	1,102	507
Remeasurements of defined benefit plans	18	8
Total other comprehensive income	1,120	516
Net comprehensive income	8,229	16,879
(Breakdown)		
Comprehensive income attributable to owners of parents	8,229	16,879
Comprehensive income attributable to non-controlling interests	—	—