

January 30, 2024
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 fiscal year ended December 31, 2023.

Rakuten Group plans to announce consolidated financial reports for the fiscal year ended December 31, 2023, on February 14, 2024 (Wednesday). 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 fiscal year ended December 31, 2023

Rakuten Securities, Inc.

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

Consolidated Operating Results*

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Fiscal year ended December 31, 2023	110,877	105,871	28,554	28,186	17,356
Fiscal year ended December 31, 2022	95,441	90,532	17,372	16,931	9,283

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

(Reference information)

Results for the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

Consolidated Operating Results

(Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2023 to December 31, 2023	86,244	82,472	22,627	22,462	13,507
April 1, 2022 to December 31, 2022	72,128	68,300	13,626	13,499	7,497

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31 2022	As of December 31 2023
(Assets)		
Current assets	3,214,373	3,585,917
Cash and deposits	322,366	350,356
Segregated deposits	2,003,658	2,213,849
Trading products	57,058	45,715
Trading securities and other	1,941	890
Derivatives	55,117	44,825
Operational investment securities	7	7
Trade date accrual	1,340	892
Margin transaction assets	701,812	832,951
Loans on margin transactions	637,630	739,933
Cash collateral pledged for securities borrowing on margin transactions	64,181	93,018
Loans secured by securities	23,905	21,270
Cash collateral pledged for securities borrowed	23,905	21,270
Advances paid	255	254
Deposits paid for underwritten offering	22,202	34,505
Short-term guarantee deposits	60,167	60,825
Variation margin paid	3,550	866
Short-term loans receivable	—	2,352
Advance payments	1,789	159
Prepaid expenses	743	921
Accounts receivable – other	5,052	7,109
Accrued revenue	10,619	14,031
Allowance for doubtful accounts	(155)	(149)
Non-current assets:	37,264	41,507
Property and equipment	1,824	1,934
Buildings, net	539	476
Equipment, net	1,176	1,034
Leased assets, net	107	64
Construction in progress	—	359
Intangible assets	30,397	32,746
Goodwill	4,101	3,782
Customer-related intangible assets	432	240
Software	23,124	24,851
Software in progress	2,559	3,784
Leased assets	179	88
Investments and other assets	5,042	6,825
Investment securities	981	1,111
Long-term loans receivable	361	281
Guarantee deposits	1,262	1,075
Long-term prepaid expenses	95	84
Deferred tax assets	392	445
Other	3,600	5,370
Allowance for doubtful accounts	(1,651)	(1,542)
Total assets	3,251,637	3,627,425

Rakuten Securities

(Millions of yen)

	As of December 31 2022	As of December 31 2023
(Liabilities)		
Current liabilities	3,078,939	3,453,598
Trading products	29,153	14,302
Derivatives	29,153	14,302
Margin transaction liabilities	156,368	171,671
Borrowings on margin transactions	26,098	9,957
Cash received for securities lending on margin transactions	130,270	161,713
Borrowings secured by securities	726,761	733,884
Cash collateral received for securities lent	726,761	733,884
Deposits received	1,478,510	1,794,055
Guarantee deposits received	537,450	593,736
Payables for securities to receive over due for delivery	930	851
Short-term borrowings	139,000	107,000
Current portion of long-term borrowings	—	18,600
Advances received	2,113	3,438
Unearned revenue	2	0
Lease liabilities	122	122
Accounts payable – other	21	27
Accrued expenses	7,197	7,771
Income taxes payable	669	6,908
Provision for bonuses	441	916
Provision for directors' bonuses	—	136
Provision for sales promotion expenses	188	176
Other current liabilities	8	—
Non-current liabilities:	20,330	1,775
Lease liabilities	210	98
Long-term borrowings	18,600	—
Retirement benefit liability	1,166	1,300
Asset retirement obligations	353	288
Provision for directors' retirement benefits	—	88
Reserves under special laws:	9,799	11,911
Reserve for financial instruments transaction liabilities	9,799	11,911
Total liabilities	3,109,069	3,467,285
(Equity)		
Shareholders' equity		
Share capital	19,495	19,495
Capital surplus	16,511	16,511
Retained earnings	106,147	123,503
Total shareholders' equity	142,154	159,510
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Foreign currency translation adjustments	425	628
Remeasurements of defined benefit plans	(12)	(0)
Total accumulated other comprehensive income	413	629
Total equity	142,568	160,139
Total liabilities and equity	3,251,637	3,627,425

Rakuten Securities

(2) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2022 (January 1 – December 31, 2022)	Fiscal year ended December 31, 2023 (January 1 – December 31, 2023)
Operating revenue	95,441	110,877
Commission received	40,174	42,168
Brokerage commission	29,769	28,239
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	427	895
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	1,209	1,902
Other commission received	8,767	11,130
Net trading income	22,237	25,890
Net losses on operational investment securities	(0)	(0)
Financial revenue	28,032	38,069
Other operating revenue	4,996	4,749
Financial expenses	4,909	5,006
Net operating revenue	90,532	105,871
General and administrative expenses:	73,159	77,316
Trading related expenses	39,545	42,486
Personnel expenses	6,698	7,434
Real estate expenses	2,249	2,195
Office expenses	13,735	12,868
Depreciation and amortization	9,065	9,857
Taxes and dues	1,311	1,578
Amortization of goodwill	576	592
Provision of allowance for doubtful accounts	(260)	28
Other	238	275
Operating income	17,372	28,554
Non-operating income	263	43
Non-operating expenses	704	410
Ordinary income	16,931	28,186
Extraordinary income	–	313
Extraordinary losses	2,395	2,414
Income before income taxes	14,536	26,086
Income taxes – current	5,245	8,740
Income taxes – deferred	7	(10)
Total income taxes	5,252	8,730
Net income	9,283	17,356
Net income attributable to owners of the parent	9,283	17,356

Rakuten Securities

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2022 (January 1 – December 31, 2022)	Fiscal year ended December 31, 2023 (January 1 – December 31, 2023)
Net income	9,283	17,356
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustments	607	232
Remeasurements of defined benefit plans	92	12
Share of other comprehensive income of entities accounted for using equity method	82	(29)
Total other comprehensive income	781	215
Comprehensive income	10,065	17,571
Comprehensive income attributable to:		
Owners of the parent	10,065	17,571
Non-controlling interests	—	—