

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 | — | — |