

April 26, 2022

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., today issued the attached press release relating to its consolidated financial reports (based on J-GAAP) for the three months ended March 31, 2022.

Rakuten Group plans to announce consolidated financial reports for the three months ended March 31, 2022, on May 13, 2022 (Friday).

In addition, Rakuten Group announces financial results based on IFRS. The attached financial results of Rakuten Securities, Inc. are based on J-GAAP, which has different accounting processes for transactions from IFRS.

Financial Reports For the three months ended March 31, 2022

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) consolidated financial reports for the three months ended March 31, 2022 (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, 2022 (January 1, 2022 to March 31, 2022)

Consolidated Operating Results*					(Millions of yen)
	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Three months ended March 31, 2022	23,312	22,231	3,746	3,432	1,786
Three months ended March 31, 2021	23,634	22,530	5,638	5,972	3,577

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

*The amounts presented in this report are rounded down to the nearest million.

(Reference information)

Results for the 12 months ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Consolidated Operating Results					(Millions of yen)
	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2021 to March 31, 2022	89,253	84,668	13,701	13,857	7,239
April 1, 2020 to March 31, 2021	78,678	75,290	16,840	17,303	9,566

*The amounts presented in this report are rounded down to the nearest million.

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
(Assets)		
Current assets	2,821,965	2,889,849
Cash and deposits	252,960	234,551
Cash segregated as deposits	1,745,770	1,889,483
Money held in trust	1,000	—
Trading products	27,259	37,108
Trading securities and others	881	1,187
Derivatives	26,377	35,921
Operating investment securities for sale and others	7	7
Trade date accrual	1,637	1,896
Margin transaction assets	665,307	597,300
Loans on margin transactions	610,896	516,364
Cash collateral pledged for securities borrowing on margin transactions	54,411	80,936
Loans secured by securities	45,668	43,902
Cash collateral pledged for securities borrowed	45,668	43,902
Advances paid	184	170
Cash paid for offering	20,796	16,836
Short-term guarantee deposits	45,663	51,523
Variation margin paid	1,466	3,741
Advance payments	1,221	36
Prepaid expenses	575	579
Accounts receivable – other	4,554	4,342
Accrued revenues	8,328	8,486
Allowance for doubtful accounts	(437)	(119)
Fixed assets	34,391	35,024
Tangible fixed assets	1,700	1,750
Buildings	307	297
Furniture and fixtures	1,241	1,313
Lease assets	150	140
Intangible fixed assets	28,064	28,848
Goodwill	4,516	4,442
Customer relationships	624	576
Software	20,251	21,304
Software in progress	2,397	2,273
Lease assets	276	251
Investments and other assets	4,625	4,424
Investment securities	918	1,023
Long-term loans receivable	346	343
Long-term guarantee deposits	1,428	1,092
Long-term prepaid expenses	110	105
Deferred tax assets	424	346
Others	3,122	3,227
Allowance for doubtful accounts	(1,724)	(1,714)
Total assets	2,856,356	2,924,873

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(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
(Liabilities)		
Current liabilities	2,696,573	2,762,323
Trading products	8,650	16,330
Derivatives	8,650	16,330
Margin transaction liabilities	132,378	171,690
Borrowings on margin transactions	19,523	16,219
Cash received for securities lending on margin transitions	112,854	155,470
Loans payable secured by securities	509,198	504,428
Cash received on debt credit transactions of securities	509,198	504,428
Deposits received	1,361,133	1,407,750
Guarantee deposits received	481,923	489,469
Accounts for non-received securities and others	475	1,076
Variation margin received	58	—
Short term loans payable	189,000	161,000
Advances received	1,650	2,063
Accrued revenue	0	—
Lease obligations	135	131
Accounts payable – other	19	7
Consolidated taxes payable	3,908	698
Accrued expenses	6,614	6,616
Income taxes payable	828	276
Provision for employees' bonuses	300	622
Provision for directors' bonuses	30	10
Provision for sales promotion expenses	261	144
Other current liabilities	6	8
Fixed liabilities	20,183	20,213
Lease obligations	332	301
Long term loans payable	18,600	18,600
Net defined benefit liability	1,034	1,093
Asset retirement obligations	217	218
Statutory reserves	7,478	8,107
Reserve for financial products liabilities	7,478	8,107
Total liabilities	2,724,235	2,790,645
(Net assets)		
Shareholders' equity		
Capital stock	17,495	17,495
Capital surplus	14,511	14,511
Retained earnings	100,481	102,260
Total shareholders' equity	132,488	134,267
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Foreign currency translation adjustment	(264)	58
Remeasurements of defined benefit plans	(105)	(99)
Total accumulated other comprehensive income	(367)	(39)
Total net assets	132,120	134,228
Total liabilities and net assets	2,856,356	2,924,873

(2) Consolidated Statements of Income

	(Millions of yen)	
	Three months ended March 31, 2021 (January 1 – March 31, 2021)	Three months ended March 31, 2022 (January 1 – March 31, 2022)
Operating revenue	23,634	23,312
Commission received	10,616	10,110
Commission to consignees	8,583	7,884
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	27	19
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	438	273
Other commissions received	1,566	1,932
Net trading income	5,285	5,422
Operating investment securities for sales and others	(0)	(0)
Financial revenue	6,177	6,117
Other operating revenue	1,555	1,662
Financial expenses	1,103	1,081
Net operating revenue	22,530	22,231
Selling, general, and administrative expenses	16,892	18,484
Trading related expenses	9,339	10,736
Personnel expenses	1,476	1,556
Real estate expenses	441	519
Office expenses	3,176	3,349
Depreciation	1,939	2,141
Taxes and dues	274	317
Goodwill amortization	137	140
Provision for allowance for doubtful accounts	66	(328)
Others	38	54
Operating income	5,638	3,746
Non-operating income	376	9
Non-operating expenses	42	323
Ordinary income	5,972	3,432
Extraordinary losses	527	629
Income before income taxes and other adjustments	5,445	2,803
Income taxes – current	1,810	939
Income taxes – deferred	57	77
Total income taxes	1,867	1,017
Net income	3,577	1,786
Profit attributable to owners of parent	3,577	1,786

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2021 (January 1 – March 31, 2021)	Three months ended March 31, 2022 (January 1 – March 31, 2022)
Net income	3,577	1,786
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	311	322
Remeasurements of defined benefit plans	3	6
Total other comprehensive income	314	328
Net comprehensive income	3,892	2,114
(Breakdown)		
Comprehensive income attributable to owners of parents	3,892	2,114
Comprehensive income attributable to non-controlling interests	–	–