

July 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 six months ended June 30, 2022.

Rakuten Group plans to announce consolidated financial reports for the six months ended June 30, 2022, on August 10, 2022 (Wednesday).

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 six months ended June 30, 2022

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) consolidated financial reports for the six months ended June 30, 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 six months ended June 30, 2022 (January 1, 2022 to June 30, 2022)

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

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Six months ended June 30, 2022	46,698	44,375	7,493	7,044	3,828
Six months ended June 30, 2021	44,159	41,881	8,447	9,036	5,248

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

(Reference information)

Results for the three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

Consolidated Operating Results (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2022 to June 30, 2022	23,385	22,143	3,746	3,612	2,042
April 1, 2021 to June 30, 2021	20,524	19,350	2,809	3,063	1,671

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
(Assets)		
Current assets	2,821,965	2,982,409
Cash and deposits	252,960	348,597
Cash segregated as deposits	1,745,770	1,858,489
Money held in trust	1,000	—
Trading products	27,259	44,413
Trading securities and others	881	1,353
Derivatives	26,377	43,060
Operating investment securities for sale and others	7	7
Trade date accrual	1,637	1,393
Margin transaction assets	665,307	626,900
Loans on margin transactions	610,896	570,259
Cash collateral pledged for securities borrowing on margin transactions	54,411	56,641
Loans secured by securities	45,668	17,021
Cash collateral pledged for securities borrowed	45,668	17,021
Advances paid	184	266
Cash paid for offering	20,796	13,508
Short-term guarantee deposits	45,663	53,436
Variation margin paid	1,466	2,232
Advance payments	1,221	945
Prepaid expenses	575	797
Accounts receivable – other	4,554	5,425
Accrued revenues	8,328	9,099
Allowance for doubtful accounts	(437)	(126)
Fixed assets	34,391	36,142
Tangible fixed assets	1,700	1,663
Buildings	307	280
Furniture and fixtures	1,241	1,253
Lease assets	150	129
Intangible fixed assets	28,064	29,721
Goodwill	4,516	4,424
Customer relationships	624	528
Software	20,251	21,388
Software in progress	2,397	3,153
Lease assets	276	227
Investments and other assets	4,625	4,757
Investment securities	918	1,036
Long-term loans receivable	346	337
Long-term guarantee deposits	1,428	1,274
Long-term prepaid expenses	110	141
Deferred tax assets	424	396
Others	3,122	3,272
Allowance for doubtful accounts	(1,724)	(1,700)
Total assets	2,856,356	3,018,552

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(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
(Liabilities)		
Current liabilities	2,696,573	2,853,049
Trading products	8,650	20,985
Derivatives	8,650	20,985
Margin transaction liabilities	132,378	151,552
Borrowings on margin transactions	19,523	24,133
Cash received for securities lending on margin transitions	112,854	127,419
Loans payable secured by securities	509,198	496,716
Cash received on debt credit transactions of securities	509,198	496,716
Deposits received	1,361,133	1,473,616
Guarantee deposits received	481,923	499,267
Accounts for non-received securities and others	475	612
Variation margin received	58	—
Short term loans payable	189,000	200,000
Advances received	1,650	1,468
Accrued revenue	0	—
Lease obligations	135	129
Accounts payable – other	19	12
Consolidated taxes payable	3,908	1,603
Accrued expenses	6,614	5,881
Income taxes payable	828	624
Provision for employees' bonuses	300	388
Provision for directors' bonuses	30	20
Provision for sales promotion expenses	261	161
Other current liabilities	6	8
Fixed liabilities	20,183	20,225
Lease obligations	332	270
Long term loans payable	18,600	18,600
Net defined benefit liability	1,034	1,134
Asset retirement obligations	217	220
Statutory reserves	7,478	8,481
Reserve for financial products liabilities	7,478	8,481
Total liabilities	2,724,235	2,881,756
(Net assets)		
Shareholders' equity		
Capital stock	17,495	17,495
Capital surplus	14,511	14,511
Retained earnings	100,481	104,308
Total shareholders' equity	132,488	136,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Foreign currency translation adjustment	(264)	572
Remeasurements of defined benefit plans	(105)	(92)
Total accumulated other comprehensive income	(367)	480
Total net assets	132,120	136,796
Total liabilities and net assets	2,856,356	3,018,552

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2021 (January 1 – June 30, 2021)	Six months ended June 30, 2022 (January 1 – June 30, 2022)
Operating revenue	44,159	46,698
Commission received	19,439	19,964
Commission to consignees	15,255	15,047
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	67	309
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	793	544
Other commissions received	3,323	4,062
Net trading income	9,471	11,003
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	12,655	12,770
Other operating revenue	2,592	2,960
Financial expenses	2,278	2,322
Net operating revenue	41,881	44,375
Selling, general, and administrative expenses	33,433	36,881
Trading related expenses	18,471	20,893
Personnel expenses	3,021	3,243
Real estate expenses	953	1,068
Office expenses	6,172	6,682
Depreciation	3,870	4,330
Taxes and dues	502	603
Goodwill amortization	275	283
Provision for allowance for doubtful accounts	95	(326)
Others	69	102
Operating income	8,447	7,493
Non-operating income	648	184
Non-operating expenses	59	633
Ordinary income	9,036	7,044
Extraordinary losses	949	1,002
Income before income taxes and other adjustments	8,087	6,041
Income taxes – current	2,784	2,169
Income taxes – deferred	54	42
Total income taxes	2,838	2,212
Net income	5,248	3,828
Profit attributable to owners of parent	5,248	3,828

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2021 (January 1 – June 30, 2021)	Six months ended June 30, 2022 (January 1 – June 30, 2022)
Net income	5,248	3,828
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	298	837
Remeasurements of defined benefit plans	6	12
Total other comprehensive income	305	848
Net comprehensive income	5,554	4,677
(Breakdown)		
Comprehensive income attributable to owners of parents	5,554	4,677
Comprehensive income attributable to non-controlling interests	—	—