

January 30, 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 fiscal year ended December 31, 2022. Rakuten Securities, Inc. became a subsidiary of Rakuten Securities Holdings, Inc. on October 3, 2022.

Rakuten Group plans to announce consolidated financial reports for the fiscal year ended December 31, 2022, on February 14, 2023 (Tuesday). 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, 2022

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, 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 fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

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

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Fiscal year ended December 31, 2022	95,441	90,532	17,372	16,931	9,283
Fiscal year ended December 31, 2021	89,575	84,967	15,592	16,398	9,031

*Rakuten Wallet, Inc. became a subsidiary of Rakuten Securities, Inc. on July 1, 2022 and became a subsidiary of Rakuten Securities Holdings, Inc. on October 3, 2022. It is not included in the scope of consolidation at the end of this fiscal year because it is under temporary control.

*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, 2022 (April 1, 2022 to December 31, 2022)

Consolidated Operating Results (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2022 to December 31, 2022	72,128	68,300	13,626	13,499	7,497
April 1, 2021 to December 31, 2021	65,940	62,437	9,954	10,425	5,453

Rakuten Securities

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
(Assets)		
Current assets	2,821,965	3,214,373
Cash and deposits	252,960	322,366
Cash segregated as deposits	1,745,770	2,003,658
Money held in trust	1,000	—
Trading products	27,259	57,058
Trading securities and others	881	1,941
Derivatives	26,377	55,117
Operating investment securities for sale and others	7	7
Trade date accrual	1,637	1,340
Margin transaction assets	665,307	701,812
Loans on margin transactions	610,896	637,630
Cash collateral pledged for securities borrowing on margin transactions	54,411	64,181
Loans secured by securities	45,668	23,905
Cash collateral pledged for securities borrowed	45,668	23,905
Advances paid	184	255
Cash paid for offering	20,796	22,202
Short-term guarantee deposits	45,663	60,167
Variation margin paid	1,466	3,550
Advance payments	1,221	1,789
Prepaid expenses	575	743
Accounts receivable – other	4,554	5,052
Accrued revenues	8,328	10,619
Allowance for doubtful accounts	(437)	(155)
Fixed assets	34,391	37,264
Tangible fixed assets	1,700	1,824
Buildings	307	539
Furniture and fixtures	1,241	1,176
Lease assets	150	107
Intangible fixed assets	28,064	30,397
Goodwill	4,516	4,101
Customer relationships	624	432
Software	20,251	23,124
Software in progress	2,397	2,559
Lease assets	276	179
Investments and other assets	4,625	5,042
Investment securities	918	981
Long-term loans receivable	346	361
Long-term guarantee deposits	1,428	1,262
Long-term prepaid expenses	110	95
Deferred tax assets	424	392
Others	3,122	3,600
Allowance for doubtful accounts	(1,724)	(1,651)
Total assets	2,856,356	3,251,637

Rakuten Securities

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
(Liabilities)		
Current liabilities	2,696,573	3,078,939
Trading products	8,650	29,153
Derivatives	8,650	29,153
Margin transaction liabilities	132,378	156,368
Borrowings on margin transactions	19,523	26,098
Cash received for securities lending on margin transactions	112,854	130,270
Loans payable secured by securities	509,198	726,761
Cash received on debt credit transactions of securities	509,198	726,761
Deposits received	1,361,133	1,478,510
Guarantee deposits received	481,923	537,450
Accounts for non-received securities and others	475	930
Variation margin received	58	—
Short term loans payable	189,000	139,000
Advances received	1,650	2,113
Accrued revenue	0	2
Lease obligations	135	122
Accounts payable – other	19	21
Consolidated taxes payable	3,908	—
Accrued expenses	6,614	7,197
Income taxes payable	828	669
Provision for employees' bonuses	300	441
Provision for directors' bonuses	30	—
Provision for sales promotion expenses	261	188
Other current liabilities	6	8
Fixed liabilities	20,183	20,330
Lease obligations	332	210
Long term loans payable	18,600	18,600
Net defined benefit liability	1,034	1,166
Asset retirement obligations	217	353
Statutory reserves	7,478	9,799
Reserve for financial products liabilities	7,478	9,799
Total liabilities	2,724,235	3,109,069
(Net assets)		
Shareholders' equity		
Capital stock	17,495	19,495
Capital surplus	14,511	16,511
Retained earnings	100,481	106,147
Total shareholders' equity	132,488	142,154
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Foreign currency translation adjustment	(264)	425
Remeasurements of defined benefit plans	(105)	(12)
Total accumulated other comprehensive income	(367)	413
Total net assets	132,120	142,568
Total liabilities and net assets	2,856,356	3,251,637

Rakuten Securities

(2) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended December 31, 2021 (January 1 – December 31, 2021)	Fiscal year ended December 31, 2022 (January 1 – December 31, 2022)
Operating revenue	89,575	95,441
Commission received	38,994	40,174
Commission to consignees	29,990	29,769
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	146	427
Fee for offerings, secondary distribution and solicitation for selling and others for professional investors	1,494	1,209
Other commissions received	7,363	8,767
Net trading income	19,013	22,237
Operating Investment securities for sales and others	(0)	(0)
Financial revenue	26,355	28,032
Other operating revenue	5,212	4,996
Financial expenses	4,607	4,909
Net operating revenue	84,967	90,532
Selling, general, and administrative expenses	69,374	73,159
Trading related expenses	38,763	39,545
Personnel expenses	6,079	6,698
Real estate expenses	1,943	2,249
Office expenses	12,573	13,735
Depreciation	7,902	9,065
Taxes and dues	1,298	1,311
Goodwill amortization	553	576
Provision for allowance for doubtful accounts	81	(260)
Others	178	238
Operating income	15,592	17,372
Non-operating income	914	263
Non-operating expenses	109	704
Ordinary income	16,398	16,931
Extraordinary losses	2,163	2,395
Income before income taxes and other adjustments	14,234	14,536
Income taxes – current	5,222	5,245
Income taxes – deferred	(19)	7
Total income taxes	5,203	5,252
Net income	9,031	9,283
Profit attributable to owners of parent	9,031	9,283

Rakuten Securities

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2021 (January 1 – December 31, 2021)	Fiscal year ended December 31, 2022 (January 1 – December 31, 2022)
Net income	9,031	9,283
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	481	689
Remeasurements of defined benefit plans	(50)	92
Total other comprehensive income	431	781
Net comprehensive income	9,462	10,065
(Breakdown)		
Comprehensive income attributable to owners of parents	9,462	10,065
Comprehensive income attributable to non-controlling interests	—	—