July 30, 2024

Company name Rakuten Group, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(Stock Code: 4755, TSE Prime)

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 interim consolidated financial reports (based on J-GAAP) for the six months ended June 30, 2024.

Rakuten Group plans to announce interim consolidated financial reports for the six months ended June 30, 2024, on August 9, 2024 (Friday). 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.

July 30, 2024

Interim Financial Reports
For the six months ended June 30, 2024

Rakuten Securities, Inc.

Rakuten Securities, Inc. (Head Office: Minato-ku, Tokyo. President: Yuji Kusunoki) announces its interim consolidated financial reports for the six months ended June 30, 2024 (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, 2024 (January 1, 2024 to June 30, 2024)

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

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
Six months ended June 30, 2024	64,199	61,405	16,022	15,811	10,929
Six months ended June 30, 2023	54,017	51,469	15,439	15,129	10,596

*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, 2024 (April 1, 2024 to June 30, 2024)

Consolidated Operating Results (Millions of yen, rounded down)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
April 1, 2024 to June 30, 2024	33,022	31,414	9,029	8,886	6,075
April 1, 2023 to June 30, 2023	29,383	28,070	9,512	9,404	6,746

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
(Assets)		
Current assets	3,585,917	4,303,146
Cash and deposits	350,356	508,808
Segregated deposits	2,213,849	2,473,893
Trading products	45,715	51,398
Trading securities and other	890	1,249
Derivatives	44,825	50,149
Operational investment securities	7	7
Trade date accrual	892	1,356
Margin transaction assets	832,951	1,072,354
Loans on margin transactions	739,933	1,009,854
Cash collateral pledged for securities borrowing on margin transactions	93,018	62,499
Loans secured by securities	21,270	29,125
Cash collateral pledged for securities borrowed	21,270	29,125
Advances paid	254	220
Deposits paid for underwritten offering	34,505	41,843
Short-term guarantee deposits	60,825	88,688
Variation margin paid	866	97
Short-term loans receivable	2,352	2,352
Advance payments	159	7,719
Prepaid expenses	921	1,270
Accounts receivable – other	7,109	7,668
Accrued revenue	14,031	16,503
Allowance for doubtful accounts	(149)	(161)
Non-current assets:	41,507	43,199
Property and equipment	1,934	1,874
Buildings, net	476	525
Equipment, net	1,034	1,041
Leased assets, net	64	46
Construction in progress	359	260
Intangible assets	32,746	34,647
Goodwill	3,782	3,595
Customer-related intangible assets	240	144
Software	24,851	26,365
Software in progress	3,784	4,498
Leased assets	88	44
Investments and other assets	6,825	6,677
Investment securities	1,111	386
Long-term loans receivable	281	278
Guarantee deposits	1,075	1,150
Long-term prepaid expenses	84	120
Deferred tax assets	445	111
Other	5,370	6,158
Allowance for doubtful accounts	(1,542)	(1,527)
Total assets	3,627,425	4,346,345

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
(Liabilities)		
Current liabilities	3,453,598	4,160,928
Trading products	14,302	20,849
Derivatives	14,302	20,849
Margin transaction liabilities	171,671	247,370
Borrowings on margin transactions	9,957	101,981
Cash received for securities lending on margin transactions	161,713	145,389
Borrowings secured by securities	733,884	1,083,827
Cash collateral received for securities lent	733,884	1,083,827
Deposits received	1,794,055	1,976,314
Guarantee deposits received	593,736	671,772
Payables for securities to receive over due for delivery	851	606
Variation margin received	—	8
Short-term borrowings	107,000	125,500
Current portion of long-term borrowings	18,600	18,600
Advances received	3,438	2,487
Unearned revenue	0	—
Lease liabilities	122	103
Accounts payable – other	27	15
Accrued expenses	7,771	7,480
Income taxes payable	6,908	4,616
Provision for bonuses	916	1,161
Provision for directors' bonuses	136	10
Provision for sales promotion expenses	176	203
Non-current liabilities:	1,775	1,966
Lease liabilities	98	53
Retirement benefit liability	1,300	1,366
Asset retirement obligations	288	367
Provision for directors' retirement benefits	88	179
Reserves under special laws:	11,911	11,911
Reserve for financial instruments transaction liabilities	11,911	11,911
Total liabilities	3,467,285	4,174,805
(Equity)		
Shareholders' equity		
Share capital	19,495	19,495
Capital surplus	16,511	16,511
Retained earnings	123,503	134,432
Total shareholders' equity	159,510	170,439
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Foreign currency translation adjustments	628	1,092
Remeasurements of defined benefit plans	(0)	4
Total accumulated other comprehensive income	629	1,099
Total equity	160,139	171,539
Total liabilities and equity	3,627,425	4,346,345

(2) Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended June 30, 2023 (January 1 – June 30, 2023)	Six months ended June 30, 2024 (January 1 – June 30, 2024)
Operating revenue	54,017	64,199
Commission received	22,318	20,389
Brokerage commission	15,534	11,733
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	844	138
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	755	1,414
Other commission received	5,184	7,103
Net trading income	11,845	14,695
Net losses on operational investment securities	(0)	(0)
Financial revenue	17,602	25,277
Other operating revenue	2,250	3,837
Financial expenses	2,547	2,794
Net operating revenue	51,469	61,405
General and administrative expenses:	36,030	45,383
Trading related expenses	18,827	26,796
Personnel expenses	3,808	3,730
Real estate expenses	1,052	1,198
Office expenses	6,267	7,160
Depreciation and amortization	4,884	5,165
Taxes and dues	817	874
Amortization of goodwill	289	319
Provision of allowance for doubtful accounts	(66)	5
Other	149	132
Operating income	15,439	16,022
Non-operating income	10	50
Non-operating expenses	320	261
Ordinary income	15,129	15,811
Extraordinary income	286	203
Extraordinary losses	186	43
Income before income taxes	15,228	15,971
Income taxes – current	4,738	4,651
Income taxes – deferred	(106)	391
Total income taxes	4,632	5,042
Net income	10,596	10,929
Net income attributable to owners of the parent	10,596	10,929

(3) Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2023 (January 1 – June 30, 2023)	Six months ended June 30, 2024 (January 1 – June 30, 2024)
Net income	10,596	10,929
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustments	318	576
Remeasurements of defined benefit plans	5	5
Share of other comprehensive income of entities accounted for using equity method	21	—
Total other comprehensive income	346	582
Comprehensive income	10,942	11,511
Comprehensive income attributable to:		
Owners of the parent	10,942	11,511