

Rakuten Group Announces Reorganization of FinTech Businesses—There is Possibility of Certain Effects on Financial Improvement

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Rakuten Group, Inc. (security code: 4755)'s commencement of discussions to restructure the FinTech businesses.

- (1) Today, Rakuten Group, Inc. (the "Company") announced that it will begin discussions with Rakuten Bank, Ltd. to reorganize Rakuten Group's FinTech businesses, which include Rakuten Bank. It plans to consolidate the entire FinTech businesses, including Rakuten Bank, Rakuten Card Co., Ltd., Rakuten Securities Holdings Inc., and Rakuten Insurance Holdings Co., Ltd., into one group. After the reorganization, Rakuten Bank will remain an important consolidated subsidiary of the Company, and there will be no change in the positioning of the FinTech businesses as a core business segment of the Company. In addition, Rakuten Bank's shares will remain listed on the stock exchange as before. The Company believes that the reorganization will lead to the further expansion of the FinTech Ecosystem and increase the competitive advantage in order to provide innovative financial services and further added value to its customers.
- (2) If the reorganization is realized, JCR assumes that the Company may obtain a reasonable size of funds. In that case, the Company's equity capital will increase, which will have a certain effect on financial improvement. The large loss in the Mobile segment has become a financial burden for it. As a countermeasure, the Company has been engaging in series in non-debt financing. JCR assumes that the same effect will be generated in this case. On the other hand, profits of Rakuten Card and other leading FinTech subsidiaries have been 100% taken by the Company so far, but some of them will flow out of the Company in the future. It is necessary to pay attention to this point. In addition, the Mobile segment is still in the red, although it has started to gradually improve. JCR will continue to watch further efforts to bring this business back into the black.

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<Reference>

Issuer: Rakuten Group, Inc.

Long-term Issuer Rating: A- Outlook: Negative

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