

Rakuten Group's Consolidated Subsidiary Will be Newly Listed—Positive Financial Factors; JCR Will Continue to Watch Trend of Mobile Segment

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Rakuten Group, Inc. (security code: 4755)'s "Notice of Approval of Listing of Shares of Rakuten Bank, Ltd. and Partial Selling of the Shares Held by Rakuten Group, Inc."

- (1) Rakuten Group, Inc. (the "Company") announced today that the Tokyo Stock Exchange has approved the initial listing of common stock of Rakuten Bank, Ltd. ("Rakuten Bank"), its consolidated subsidiary, on the Prime Market of the Tokyo Stock Exchange and that the Company will conduct a partial secondary offering of shares of Rakuten Bank owned by the Company in connection with the listing. The Company will acquire approximately 100 billion yen from the sale of Rakuten Bank shares. An amount equivalent to the proceeds from the sale is expected to be recorded as capital surplus in the consolidated statement of financial position.
- (2) The sale of the shares will strengthen the Company's financial base to a certain extent such as an increase in its equity capital, which is a positive factor on the rating. However, the situation in the Mobile segment, which is the cause of the financial burden, is far from favorable. While the impact of the discontinuation of the zero-yen plan may still be present, the net increase in subscriptions in January was only 33,000. Further strengthening of measures is needed to acquire new subscriptions and prevent churn. Although the loss in the Mobile segment has been on a downward trend since it peaked in the first quarter of the fiscal year ended December 2022, the degree of improvement has been slow. JCR believes that it is essential to improve profits of the Mobile segment as soon as possible. JCR will continue to monitor the number of subscriptions, data usage by users, communication quality, and profitability.

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<Reference>

Issuer: Rakuten Group, Inc.

Long-term Issuer Rating: A Outlook: Negative

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