

Rakuten's Approval for 5G Base Station Deployment Plan— No Immediate Impact on Rating, but JCR will Closely Watch Development

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on approval for special base station deployment plan for 5G base station of Rakuten Mobile, Inc., which is a consolidated subsidiary of Rakuten, Inc. (security code: 4755), from the Minister for Internal Affairs and Communications.

- (1) Rakuten, Inc. (the “Company”) announced today that its consolidated subsidiary Rakuten Mobile, Inc. (“Rakuten Mobile”) received approval for its special base station deployment plan for 5G base station (3.7GH frequency band and 28GH frequency band) from the Minister for Internal Affairs and Communications. 5G is characterized by “super-high,” super-low delay” and “multiple simultaneous connections” as compared with existing mobile communications systems. Rakuten Group expects 5G as a social infrastructure to help resolve various kinds of social issues through use in many fields and creation of new businesses as well as to improve consumers’ convenience.
- (2) Rakuten Mobile has already received approval for allocation of frequency band for the fourth generation mobile communications system (4G) and aims to start services in October 2019. JCR places Negative outlook on the Company’s long-term issuer rating in consideration of financial burden to be borne due to the start of 4G services. Although addition of 5G to 4G will increase the Company’s financial burden for the mobile communications business, JCR considers that the new plan will not have any immediate impact on the rating in light of its financial strength. JCR will continue monitoring conditions of its risk control through measures to strengthen competitiveness leveraging its existing businesses and various kinds of efforts for financing and other developments for its mobile communications business to be reflected in the rating.

Hiroyuki Chikusa, Akihisa Motonishi

<Reference>

Issuer: Rakuten, Inc.

Long-term Issuer Rating: A Outlook: Negative

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