

## Rakuten Group Announces FY2023 Results—Mobile Segment Shows Certain Progress, Efforts to Turn It Profitable to Be Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the financial results of Rakuten Group, Inc. (security code: 4755) for the fiscal year ended December 2023.

- (1) Rakuten Group, Inc. (the "Company") announced on February 14, 2024 its financial results for the fiscal year ended December 2023 (FY2023); both operating loss and net loss shrank by 158.8 billion yen and 37.7 billion yen over the year to 212.9 billion yen and 339.5 billion yen, respectively. Yet, the mobile segment is still weighing on its performance. That said, consolidated Non-GAAP EBITDA and consolidated Non-GAAP operating income have been improving on a quarterly basis, and, in December 2023, consolidated Non-GAAP operating income finally achieved profitability on a monthly basis. The Company aims to turn full-year consolidated Non-GAAP operating income profitable in FY2024.
- (2) In the mobile segment, the number of subscribers for the mobile carrier service came to 6.09 million as of December 31, 2023, indicating that new acquisitions are recovering. It appears that the quality of the mobile service is improving gradually as network optimization based on the new roaming contracts is beginning to be effective. The Company has also launched various measures to strengthen sales and intends to bring the number of subscribers to 8 to 10 million by December 2024. Fierce competition within the industry allows no optimism, but JCR concludes that the Company's competitiveness is starting to show signs of improvement compared to before.
- (3) On the financial front, the Company has suffered large losses but at the same time has been taking adequate measures, including a series of capital-based procurement and business divestitures. Moreover, although it has been feared that a large amount of corporate bonds will be redeemed in FY2024 and FY2025, the amount for FY2024 has been reduced by the recent issuance of foreign bonds, etc.
- (4) JCR announced in June 2023 a downgrade of the Company's rating by one notch to A- while retaining the Negative outlook. Even though the Company is making progress in its efforts to turn the mobile segment profitable and improving consolidated profit/loss, JCR concludes that it is still not at a level that warrants the Negative outlook to be revised. Close attention will be paid the Company's stepped-up efforts aimed at achieving profitability in the mobile segment.

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### <Reference>

Issuer: Rakuten Group, Inc.

Long-term Issuer Rating: A-

Outlook: Negative

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