

Rakuten Group's FY2022 Results—Mobile Segment Far from Steady, Future Developments to Be Closely Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on financial results for the fiscal year ended December 2022 (FY2022) announced by Rakuten Group, Inc. (security code: 4755).

Rakuten Group, Inc. (the "Company") announced its financial results for FY2022 on February 14, 2023. While revenue grew 14.6% over the year to 1,927.8 billion yen, an operating loss of 363.8 billion yen was recorded. Despite steady growth in the Internet Services and FinTech segments, losses in the Mobile segment weighed on heavily. These losses kept shrinking after reaching the peak at 135.0 billion yen in the first quarter to 124.2 billion yen in the second quarter, 120.8 billion yen in the third quarter and 112.6 billion yen in the fourth quarter, but the pace of improvement is slow. Moreover, the acquisition of subscribers in the Mobile segment is hardly sufficient. Even on the financial front, the losses led to, among others, a decline in the ratio of total equity attributable to owners of the Company to total assets. JCR does not consider it necessary to immediately review the rating on the Company because of these results, but the Mobile segment's profits must be improved as soon as possible. Going forward, close attention will be paid to the number of subscribers, data usage by customers, quality of telecommunications and profitability, as well as progress in financing leveraging businesses and assets aimed at financial improvement.

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<Reference>

Issuer: Rakuten Group, Inc.

Long-term Issuer Rating: A Outlook: Negative

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