

Monex Group Entered into Capital and Business Alliance with DOCOMO—JCR Will Confirm How to Collaborate with DOCOMO

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the capital and business alliance agreement entered into between Monex Group, Inc. (security code: 8698) and also Monex, Inc. and NTT DOCOMO, INC. (security code: -).

- (1) On October 4, Monex Group Inc. (MG) together with Monex, Inc. (MS) entered into a capital and business alliance agreement with NTT DOCOMO, INC. (DOCOMO). MG will establish an intermediate holding company through a sole-share transfer, and transfer of some shares of the intermediate holding company to DOCOMO scheduled for January 2024, while the intermediate holding company will issue common stock to DOCOMO through a third-party allotment of new shares. As a result, MG and DOCOMO will own 50.95% and 49.05% of the voting rights of the intermediate holding company, respectively. However, since DOCOMO has the right to appoint a majority of the directors of the intermediate holding company as well as other factors, the intermediate holding company and MS will be consolidated subsidiaries of DOCOMO based on the substantial control criteria and equity method affiliates of MG. MS plans to utilize DOCOMO's huge customer base and business base to propose products that meet customer needs to achieve profit growth over the medium to long term. In addition to providing asset-building services through the "d-payment" application, DOCOMO plans to link its services, such as "d POINT," "d payment," and "d CARD," with those of MS.
- (2) MS will become DOCOMO's consolidated subsidiary for accounting purposes, but JCR will carefully assess how DOCOMO's creditworthiness can be incorporated into MS's creditworthiness. While MS expects the business opportunities that will expand from DOCOMO's customer base, there is no change in its emphasis on the relationship with MG, which has knowledge and expertise in investment operations. JCR believes that the actual management situation, including the relationship with MG, will not change from the past at present. Since MG and DOCOMO have announced their intention to collaborate in the management of MS, it is necessary to confirm the degree of DOCOMO's control and involvement in MS. On the other hand, although MS will become an equity-method affiliate of MG from a consolidated subsidiary, JCR believes that there is little need to immediately change the rating of MG. This is because MG is expected to accumulate retained earnings as a result of the share transfer to DOCOMO, and the alliance with DOCOMO is expected to expand MS's business base and provide more room for profit growth.

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<Reference>

Issuer: Monex Group, Inc.

Long-term Issuer Rating: BBB+ Outlook: Stable

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