

INV to Make Koyo Securities A Wholly Owned Subsidiary— Possible Improvement in the Group’s Earnings Capacity and Increase in Debts Will Be Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)’s opinion on the announcement made by INV Inc. (security code: 7338) to make Koyo Securities Co., Ltd. a wholly owned subsidiary.

- (1) INV Inc. (the “Company”) announced on February 14, 2022 that it has reached basic agreement with Koyo Holdings, Inc. to acquire all shares of the latter’s subsidiary Koyo Securities Co., Ltd. to make it a wholly owned subsidiary. Share transfer agreement is scheduled to be signed in March 2022 and is expected to become effective in April 2022 or at a later date. Koyo Securities is a securities firm that makes face-to-face sales to offer Equity Index Daily Futures contracts “Click Kabu 365” and sell investment trusts, etc.
- (2) Even though JCR has not grasped the details of Koyo Securities’ operations yet, JCR finds it possible that, as a result of the above transaction, the INV Group’s business portfolio will expand and earnings capacity on a consolidated basis will improve. On the other hand, while the share acquisition price has yet to be determined, interest-bearing debt may increase in case that the Company makes debt financing, which may negatively affect the Group and the Company’s profitability and financial structure. Going forward, JCR will closely examine the business and finances of Koyo Securities and how much impact the transaction will have on the financial structure, which will be reflected in the rating.

Kenji Sumitani, Kota Matsuzawa

<Reference>

Issuer: INV Inc.

Short-term Issuer Rating: J-3

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