

SCSK Commences Tender Offer for Net One Systems—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on SCSK Corporation (security code: 9719)'s commencement of a tender offer for Net One Systems Co., Ltd. (security code: 7518) for business integration.

- (1) On November 6, SCSK Corporation (the “Company”) announced that it would acquire common shares and others of Net One Systems through a tender offer with the aim of making Net One Systems a wholly owned subsidiary, in order to integrate the two companies' businesses. After the acquisition of Net One Systems as a wholly owned subsidiary is completed, the two companies plan to consider a merger between the two companies due in April 2026. The Company states that it expects to see a variety of synergies from the business integration, including unified digital services ranging from network, security and cloud to data utilization and other applications.
- (2) The tender offer is expected to create a financial burden of approximately 360 billion yen on the Company, of which it plans to borrow approximately 270 billion yen from financial institutions. If this transaction is realized, the Company's financial structure will deteriorate, and there will be downward pressure on the standalone evaluation. However, this business integration will not weaken the Company's position in the Media & Digital Business Unit of the Sumitomo Corporation Group. Considering the probability of support from the Sumitomo Corporation Group, JCR has determined that there is no need to immediately review the Company's rating.

Yosuke Sato, Saori Kitamura

<Reference>

Issuer: SCSK Corporation

Long-term Issuer Rating: A+ Outlook: Stable

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