

FUJI SOFT Makes Listed Consolidated Subsidiaries Wholly-Owned Subsidiaries—JCR Judged Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the tender offer by FUJI SOFT INCORPORATED (security code: 9749) to make its listed consolidated subsidiaries wholly owned subsidiaries.

- (1) FUJI SOFT INCORPORATED (the "Company") has announced that it had resolved at its board of directors meeting held on November 8, 2023 to conduct a tender offer for the four listed subsidiaries (CYBERNET SYSTEMS Co., Ltd., VINX Corporation, CYBER COM Co., Ltd., and FUJISOFT SERVICE BUREAU INCORPORATED). The purchase price is expected to be 15.4 billion yen for CYBERNET SYSTEMS, 14.8 billion yen for VINX, 7.3 billion yen for CYBER COM, and 3.3 billion yen for FUJISOFT SERVICE BUREAU, amounting to 40 billion yen. It is essential to pursue further group synergies in order to increase its corporate value, and the Company has decided that the four listed subsidiaries should be made wholly owned subsidiaries.
- (2) JCR places Positive outlook on the rating based on the Company's improved earnings power and sound financial structure. JCR believes that the Company's creditworthiness will continue to improve over the medium term, although this transaction will temporarily increase the financial burden on it, and decided that there is no need to immediately change the rating or rating outlook. JCR will confirm the future capital allocation and financial impact, as well as the efforts to create group synergies and their results.
- (3) The Company plans to finance the purchase amount for this transaction with fund on hand and bank loans, and its net interest-bearing debt is expected to increase. In addition, equity capital is expected to decrease due to a reduction in retained earnings and other items. While a certain degree of deterioration in the equity ratio and net DER is inevitable, it will not significantly impair the soundness of the Company's financial base. In addition to its ability to generate stable cash flow, it will be able to capture profits of its subsidiaries, which have been drained to the outside the Company. Furthermore, the Company is in the process of securitizing its real estate properties owned by it, which can generate cash equivalent to the purchase amount.

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<Reference>

Issuer: FUJI SOFT INCORPORATED

Long-term Issuer Rating: A- Outlook: Positive

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