Media Release:

SYSTEX Corp. Upgraded To 'twA/twA-1' On Potential Group Support; Off CreditWatch Positive; Outlook Stable

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PRIMARY CREDIT ANALYST

Ping-Yi Chiang
Taipei
+886-2-7724-6591
pingyi.chiang
@spglobal.com
pingyi.chiang
@taiwanratings.com.tw

SECONDARY CONTACT

Amelia Wu
Taipei
+886-2-7724-6572
amelia.wu
@spglobal.com
amelia.wu
@taiwanratings.com.tw

Rating Action Overview

- Taiwan Mobile Co. Ltd. has increased its shareholding in **SYSTEX Corp.** to 61.02% after completing its tender offer to acquire an additional 49.16% stake in SYSTEX on Nov. 12, 2026.
- We now view SYSTEX as a moderately strategic member of the Taiwan Mobile group post-acquisition.
- We have therefore raised our long-term and short-term issuer credit ratings on SYSTEX to 'twA/twA-1' from 'twA-/twA-2'. At the same time, we removed the ratings from CreditWatch with positive implications where we placed them on Aug. 19, 2026.
- The rating outlook is stable to reflect our view that SYSTEX's stable position in Taiwan's IT services market can sustain moderate growth in the company's EBITDA and a net cash position over the next one to two years.

Rating Action Rationale

The upgrade reflects our view that SYSTEX will become a moderately strategic subsidiary of Taiwan Mobile group following the acquisition. Taiwan Mobile aims to deepen its integration with SYSTEX to expand its information and communications technology (ICT) business. This could drive cross-selling between communication and information technology services through a combined customer base, bridging the gap between infrastructure and application by integrating Taiwan Mobile's networks and AI data centers with SYSTEX's software and system integration expertise. Accordingly, we believe Taiwan Mobile Group is unlikely to sell its stake on SYSTEX in the near term, because such a sale would run counter to the group's strategy to expand its enterprise service revenue. In addition, we believe Taiwan Mobile will gain control over the majority of SYSTEX's board of directors after the acquisition.

Nevertheless, SYSTEX accounted for a modest 4.7% of the group's EBITDA in 2025 on a pro forma basis. In addition, it will take time for Taiwan Mobile to materialize material synergy from its business cooperation with SYSTEX. These factors therefore limit Taiwan Mobile's potential group support for SYSTEX, in our view.

Faster revenue growth and sound capital structure underpin SYSTEX's stable SACP. SYSTEX has leveraged its established relationship with Taiwan's tech sector to benefit from strong domestic and global spending driven by booming global AI investments. Taiwan companies in the tech supply chain, particularly semiconductor and electronics manufacturing services, have expanded their capacity at home and abroad. This has significantly increased demand for SYSTEX's value-added distribution and system integration services. In addition, we believe the

company will remain prudent in mergers and acquisitions and investments to avoid overstretching its financial capacity. Accordingly, we forecast SYSTEX can leverage its growing EBITDA and free operating cash flow to maintain a net cash position over the next two years.

Outlook

The stable rating outlook reflects our view that several factors will support the company's EBITDA generation over the next two years. These include SYSTEX's good domestic market position, accumulated industry know how, business expansion through acquisitions and strategic investments, and synergies from its acquisition by Taiwan Mobile. Meanwhile, the company's steady recurring revenue and adequate client and industry diversification should support a relatively stable EBITDA margin over the period. The outlook also reflects our projection SYSTEX will remain debt-free over the same period, despite a potential rise in spending on mergers and acquisitions.

Downward scenario

We may lower the long-term rating on SYSTEX if:

- The ratio of debt to EBITDA exceeds 2x for an extended period, possibly due to an overly aggressive growth strategy as indicated by a large-scale acquisition that exceeds SYSTEX's financial capability. It could also result from a material and sustained increase in the cash dividend payout ratio that substantially increases debt;
- SYSTEX's profitability deteriorates, possibly due to poor synergies from new acquisitions, substantial losses on bad debts, escalating competition, or a persistent economic downturn that lowers SYSTEX's manpower utilization rate; or
- We believe Taiwan Mobile's linkage with and support to SYSTEX have weakened materially, possibly because Taiwan Mobile significantly lowers its ownership in the company.

Upward scenario

We may upgrade SYSTEX if:

- The company materially expands its revenue and EBITDA scale through an enhanced business mix by offering more value-added services while sustaining the ratio of debt to EBITDA materially below 1x; or
- We believe the linkage between Taiwan Mobile and SYSTEX has materially strengthened. This strengthened group status would likely be driven by a significant increase in SYSTEX's contribution to the group's total EBITDA or deep operational integration and material synergy that indicate a stronger strategic role to the parent.

Rating Component Scores

SYSTEX Corp.		
	To	From
Issuer Credit Rating	twA/Stable/twA-1	twA-/Watch Pos/twA-2
Business risk	Weak	Weak
Country risk	Intermediate	Intermediate
Industry risk	Intermediate	Intermediate
Competitive position	Weak	Weak
Financial risk	Modest	Modest
Cash flow/Leverage	Modest	Modest
Anchor	twa-	twa-
Modifiers		
Diversification/Portfolio effect	Neutral (no impact)	Neutral (no impact)
Capital structure	Neutral (no impact)	Neutral (no impact)
Financial policy	Neutral (no impact)	Neutral (no impact)
Liquidity	Strong (no impact)	Strong (no impact)
Management and governance	Neutral (no impact)	Neutral (no impact)
Comparable ratings analysis	Neutral (no impact)	Neutral (no impact)
Stand-alone credit profile (SACP)	twa-	twa-
Entity status within group	Moderately strategic (+1 notch from SACP)	
Note: The above descriptors are in comparison with global obligors.		

Related Criteria

- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- Criteria | Corporates | General: Sector-Specific Corporate Methodology - July 07, 2025
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Upgraded; CreditWatch Action		
	To	From
SYSTEX Corp.		
Issuer Credit Rating	twA/Stable/twA-1	twA-/Watch Pos/twA-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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