

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

PASMO Co., Ltd. (security code: -)

<Affirmation>

Commitment Line: AA-

Rationale

- (1) Established by a joint investment from major private railroad companies and bus companies operating in the Tokyo metropolitan area, the Tokyo Metropolitan Government and other parties, PASMO Co., Ltd. (the "Company") has been issuing and managing PASMO common IC card tickets and providing electronic money services. PASMO cards bring greater convenience to transportation users and also helps its participating operators (the "Operators") improve the quality of their services and increase efficiency of their operations. After going through the COVID-19 pandemic, there are no changes in its position as an indispensable function in the transport infrastructure of the Tokyo metropolitan area, and the cooperative relationship between the Company and the Operators is extremely stable. Smooth PASMO operations are inseparably linked to its asset value, and the commitment line established is a project finance focusing on cash flows generated from such business operations rather than material values of collaterals. The rating reflects the Company's solid business base, close relations with its shareholders and the Operators, a mechanism to ensure earnings to withstand even a temporary decline in card usage, a security package and so forth.
- (2) The Operators are major transportation companies mainly operating in the densely populated Tokyo metropolitan area. After the number of used and the amount of money used for PASMO as a ticket, which fell in the fiscal year ended March 2021 (FY2020) due to the impacts of the pandemic, recovered to the pre-pandemic level by and large in FY2023 along with easing the movement restrictions. In FY2024, it reached the level exceeding the level of FY2023. The usage ratio of IC cards relative to tickets continues to be high indicating that PASMO's significance for the Operators remains unchanged. Distribution of IC cards was suspended between 2023 and 2025 due to the semiconductor shortage, but this did not cause any significant problem in offering services because of prevalence of Mobile PASMO. Subsequently, sale of IC cards was resumed. The Company has a mechanism to ensure certain earnings through revisiting terms and conditions of business transactions with the Operators when the demand shrinks. Therefore, it can still maintain cash flow required to repay debts.
- (3) Beginning with the mutual use with Suica in Kanto region, such mutual use of transportation-based IC cards has now spread nationwide. Furthermore, efforts are underway to improve convenience, such as auto recharging and mobile PASMO. The system and network responses associated with these efforts are also steady by and large, and no particular concerns are recognized for the smooth operation of the Company's business.
- (4) Through limitations on its business objectives and act of assuming debts and other measures, the Company does not take any business risk other than those related to the issuance, operation and management of PASMO cards. In addition, a security package, including performance trigger, ensures the stability of its operation structure.

Tetsuya Nakagawa, Emi Koyama

Rating

<Affirmation>

Instrument Name: Commitment Line
Total Credit Limit: JPY5 billion
Commitment Period: April 16, 2024 to April 15, 2030
Rating: AA-

<Information on Structure and Stakeholders>

Debtor: PASMO Co., Ltd.
Lead Arranger: Development Bank of Japan Inc.
Co-Arranger: MUFG Bank, Ltd.

Rating Assignment Date: July 18, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Project Finance" (August 28, 2012) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>). Rating methodologies for other ancillary points such as eligible deposit accounts and bankruptcy remoteness are also shown within the same page.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)
