

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 franchised business operators (the "Operators") improve the quality of their services and increase efficiency of their operations. Even under the COVID-19 pandemic, there is no change 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 very stable. Smooth PASMO operations are inseparably linked to its asset value, and the rated commitment line 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. 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, increased in FY2021 but failed to reach the level of FY2019. Although the use is expected to gradually recover going forward as well, there remain concerns that the recovery may slow due to change in lifestyle such as prevalence of telecommuting and others. However, the smart card usage rate (the percentage of IC card usage as a ticket) has remained at a high level during this period, and the importance of PASMO for Operators remains unchanged. In addition, with a mechanism in place to ensure a certain level of earnings by revising terms and conditions when demand shrinks, the Company will likely maintain cash flow necessary to repay debt.
- (3) Beginning with the mutual use with Suica in Kanto region, such mutual use of transportation-based IC cards has now spread nationwide. Moreover, efforts are underway to improve convenience, such as auto recharging and mobile PASMO. The system and network responses associated with these effort 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 business risks 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.

Kiichi Sugiura, Tetsuya Nakagawa

Rating

<Affirmation>

Instrument Name: Commitment Line
Total Credit Limit: JPY10 billion
Commitment Period: April 16, 2018 to April 15, 2024
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 28, 2023

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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