

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 in the Tokyo metropolitan area since 2007. PASMO cards bring greater convenience to transportation users and also helps franchised business operators improve the quality of their services and increase efficiency of their operations. As they now work as a function indispensable to transportation infrastructure, the Company's cooperative relationships with the franchised business operators are extremely stable. Smooth PASMO operations are inseparably linked to asset value, and the rated commitment line is 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 franchised business operators, mechanism to ensure earnings to withstand even a temporary decline in card usage, security package and so forth.
- (2) The Company's franchised business operators are major transportation companies mainly operating in the densely populated Tokyo metropolitan area. The Company conducts business also by taking advantage of the interoperability of PASMO and East Japan Railway Company's Suica cards. Even though PASMO card usage has declined due to a drop in passenger demand triggered by the COVID-19 pandemic, earnings deterioration stays at a controllable level over the scheduled business period. That said, attention must be paid to how factors like changes in working arrangements on the part of users will affect PASMO card usage in the future, but the Company has a mechanism in place to ensure a certain level of earnings by revising terms and conditions when demand shrinks. As such, cash flows necessary for debt repayment will probably be maintained.
- (3) With nationwide interoperability of transportation IC cards commencing in 2013, the robust mutual settlement system enables the reciprocal use of services in broad areas. The Company is making PASMO cards even more convenient by, for instance, launching the Mobile PASMO service in March 2020. It is steadily operating the PASMO system while taking measures to respond to the commencement of nationwide interoperability, the consumption tax hike and the launch of the Mobile PASMO service, and the system is highly stable.
- (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, Keiji Takiguchi

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 2, 2021

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.

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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.)

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