



Dec 15, 2020

For Immediate Release

Corporate Name PARK24 CO., LTD.
Shares Listed First Section of TSE : 4666 (Ticker Symbol: PKCOY)
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Notice Regarding Financing through Subordinated Syndicated Loan

PARK24 CO., LTD. (“the Company”) announces the signing of an agreement for a subordinated syndicated loan totaling 50 billion yen (“the Subordinated Loan”).

1. Purpose and background of establishing the Subordinated Loan

Demand related to human movement has been drastically changing due to the spread of COVID-19. This is having a significant impact on the business environment of the PARK24 GROUP (“the Group”), including gradual changes in the supply-demand balance of the parking facility service in each area of Japan and abroad and ever-higher demand for short-distance travel in the mobility service.

In response, the Group plans to improve its income balance at an early stage by cutting fixed expenses and through other measures. It will also adopt structural reforms for the Parking Businesses Japan and Overseas and Mobility Business to secure profit even against COVID-19. In the medium to long run, the Group aims to get its businesses back on a growth path in view of a future environment in which COVID-19 has run its course. To this end, the Group has decided to acquire financing through the Subordinated Loan to secure long-term funds for investment in growth and to improve and maintain its financial health.

2. Characteristics of the Subordinated Loan

The nature of the Subordinated Loan lies between capital and liability. While it is a liability, it has the nature and characteristics that are similar to those of capital. For this reason, the borrowing is scheduled to receive accreditation for a 50% capital nature from a rating agency (Rating and Investment Information, Inc.). This will allow the Group to improve its effective financial composition ratios to bolster its financial health without diluting shares.

3. Overview of the Subordinated Loan

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| (1) Amount of borrowing | 50,000 million yen |
| (2) Date of agreement | December 15, 2020 |
| (3) Borrowing date | December 30, 2020 |

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| (4) Repayment date (term) | December 30, 2050 |
| (5) Date of first prepayment allowed | December 30, 2025 (5 years later) |
| (6) Applicable interest rate | Base rate + spread (floating rate) 1.00% is added to the initial spread after the date of the first prepayment allowed. |
| (7) Use of proceeds | Funds for general business and repayment of interest-bearing debts |
| (8) Provision for restrictions on refinancing | <p>The Company intends not to prepay the Subordinated Loan unless it has acquired funds through securities or liabilities approved by the rating agency as having a capital nature that is equivalent to or higher than the Subordinated Loan within six months prior to the repayment date.</p> <p>In the event that a prepayment is to be made, if the condition (A) below is satisfied in the consolidated financial statements for the accounting period immediately preceding the repayment (*1), the amount determined by subtracting the amount satisfying the requirement of (B) from the amount resulting from multiplying the principal of the loan to be prepaid by 50% and dividing the result by the value converted to the percentage of capital nature approved by the rating agency for the refinancing securities, etc. issued as a means of refinancing can be set as the amount required for refinancing.</p> <p>(A) Consolidated net debt equity ratio (*2) \leq 1.56</p> <p>(B) [(total shareholders' equity in the accounting period immediately preceding prepayment (*1)) - (total shareholders' equity as of October 31, 2000)] x 50%</p> <p>*1 End of a fiscal year or end of a quarter</p> <p>*2 Calculated using consolidated net interest-bearing debt [(borrowing + corporate bonds + bonds with share acquisition rights + lease obligations) - (cash and deposits)] as the numerator and total consolidated shareholders' equity as the denominator.</p> |
| (9) Arbitrary termination of interest payment | Payment of all or part of the interest on the Subordinated Loan may be deferred at the discretion of the Company. |
| (10) Subordination agreement | The Subordinated Loan is subordinated in liquidation proceedings, bankruptcy proceedings, corporate reorganization procedures, civil rehabilitation proceedings in Japan, or other proceedings equivalent to these in countries outside Japan. Provisions of agreements related to the Subordinated Loan must not be changed to a condition that may be disadvantageous in any sense to creditors of senior debts. |
| (11) Arranger | Sumitomo Mitsui Banking Corporation |
| (12) Agent | Sumitomo Mitsui Banking Corporation |
| (13) Participating financial institutions | Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. |

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| | MUFG Bank, Ltd. Mizuho Bank, Ltd. Resona Bank, Limited |
| (14) Evaluation of capital nature by rating agency (plan) | Rating and Investment Information, Inc.: "Class 3, 50% capital" |

* The amount borrowed exceeds the amount equivalent to 30% of consolidated net assets in the fiscal year ended October 31, 2020, the period immediately preceding the borrowings.

4. Future financial management policy

The Company has set the maintenance of appropriate shareholders' equity according to business risks as its financial management policy with the aim of adapting to various changes in its business environment. It will actively use hybrid financial techniques such as subordinated loans and subordinated debts as necessary with a focus on growing shareholders' equity by accumulating net profit. As a financial indicator, the Company has set a target of 30% or more of shareholders' equity ratio to be achieved by 2025.