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Announcement Regarding Financing Through a New Subordinated Loan and Early Repayment of the Existing Subordinated Loan

YOKOREI Co., Ltd. (the “Company”), hereby announces that it will raise 10 billion yen through a new subordinated loan (hereinafter, the “Subordinated Loan”) and make early repayment of the existing subordinated loan (hereinafter, the “Existing Subordinated Loan”) which was raised in 2021 (hereinafter collectively, the “Refinancing”), as described below.

1. Purpose of the Refinancing

The purpose of this Refinancing is to maintain a sound financial base and capital efficiency and to diversify our funding methods, while taking into consideration the refinancing restrictions (*1) on the Existing Subordinated Loan. Furthermore, since the Subordinated Loan does not carry any conversion rights into common stock, there will be no dilution of equity.

*1 Clause stating that “the Company intends to issue refinancing securities, etc., with a total principal amount equal to or greater than the principal amount of the loan subject to early repayment, during the 12-month period preceding the early repayment date.”

2. Overview of the Subordinated Loan

(1) Amount of funds to be raised	10 billion yen
(2) Use of proceeds	Repayment of the Existing Subordinated Loan
(3) Contract date	June 29, 2026
(4) Execution date	September 25, 2026 (tentative)
(5) Repayment date	The date falling 35 years after the execution date However, if certain circumstances apply, all or part of the principal may be repaid on any interest payment date occurring on or after the date corresponding to five years after the execution date, designating such date as the early repayment date.

<p>(6) Refinancing restrictions</p>	<p>In the event of an early repayment, the Company intends to secure financing during the 12-month period preceding the date of such early repayment through the issuance of common stock or subordinated debt, etc., that has been recognized as equity by a credit rating agency. The evaluated capital amount of such financing shall be equal to or greater than the evaluated capital amount of the loan under the contract subject to early repayment. However, if both of the following requirements are met, the issuance, etc. may be postponed.</p> <p>(1) If the consolidated shareholders' equity ratio, calculated based on the most recent consolidated balance sheet or quarterly consolidated balance sheet published as of the date of such early repayment, is 42% or higher; and</p> <p>(2) If the amount of consolidated shareholders' equity, calculated based on the most recent consolidated balance sheet or quarterly consolidated balance sheet published as of the date of such early repayment, exceeds the sum of 72,738 million yen and the amount of such early repayment</p> <p>The application of the preceding paragraph shall be in accordance with the following items.</p> <p>(1) In case where only the requirement set forth in item (1) of the preceding paragraph is satisfied, an amount equal to 50% of the difference between the most recent consolidated shareholders' equity and the base amount may be deducted from the evaluated capital amount required for the relevant financing.</p> <p>(2) In the event that the Company makes, simultaneously with or prior to the early repayment under this contract, any redemption, repayment, retirement by repurchase, or acquisition of debt or preferred stock that have been classified as equity by a credit rating agency in the same manner as the borrowings under this contract (hereinafter, the "Equity Instruments"), the base amount shall be adjusted as follows:</p> <p>(a) If the Company decides not to raise funds equivalent to the evaluated capital amount, whether in whole or in part of the Equity Instruments, on the grounds that it meets certain requirements, including an increase in consolidated shareholders' equity, the amount for which financing was not executed shall be added to the base amount.</p> <p>(b) If the Company raises funds equivalent to all or part of the evaluated capital amount of the Equity Instruments through the issuance of common stock, preferred stock, or other classes of stock, and if the amount of such financing is recorded in the most recent consolidated shareholders' equity, the base amount shall be adjusted. The amount of funds raised through the issuance of common stock, preferred stock, or other classes of stock corresponding to such evaluated capital amount shall be added to the base amount.</p>
<p>(7) Voluntary suspension of interest</p>	<p>The payment of interest on the Subordinated Loan may be deferred in whole or in part at the Company's discretion.</p>
<p>(8) Subordinated provision</p>	<p>The lender shall have a subordinated claim in the event of liquidation, bankruptcy, reorganization, or rehabilitation proceedings involving the Company, or in any proceedings not under Japanese law that are equivalent to such proceedings. None of the provisions of the contract shall be changed</p>

	in any way that would be detrimental to senior creditors.
(9) Lender	The Bank of Yokohama, Ltd.
(10) Capital assessment of the Subordinated Loan by rating agencies	“Mid”, “50%” (Japan Credit Rating Agency, Ltd.) (tentative)

3. Overview of early repayment of Existing Subordinated Loan

Early repayment date	September 25, 2026
Early repayment amount	10 billion yen
Reason for early repayment	Pursuant to the early repayment clause of the Existing Subordinated Loan

4. Details of the Existing Subordinated Loan

(1) Amount of funds raised	10 billion yen
(2) Use of proceeds	Repayment of the Existing Subordinated Loan
(3) Contract date	September 17, 2021
(4) Execution date	September 27, 2021
(5) Repayment date	The date falling 35 years after the execution date However, if certain circumstances apply, all or part of the principal may be repaid on any interest payment date occurring on or after the date corresponding to five years after the execution date, designating such date as the early repayment date.
(6) Refinancing restrictions	<p>In the event of an early repayment, the Company intends to secure financing during the 12-month period preceding the date of such early repayment through the issuance of common stock or subordinated debt, etc., that has been recognized as equity by a credit rating agency. The evaluated capital amount of such financing shall be equal to or greater than the evaluated capital amount of the loan under the contract subject to early repayment. However, if both of the following requirements are met, the issuance, etc. may be postponed.</p> <p>(1) If the consolidated shareholders’ equity ratio, calculated based on the most recent consolidated balance sheet or quarterly consolidated balance sheet published as of the date of such early repayment, is 42% or higher; and</p> <p>(2) If the amount of consolidated shareholders’ equity, calculated based on the most recent consolidated balance sheet or quarterly consolidated balance sheet published as of the date of such early repayment, exceeds the sum of 76.2 billion yen and the amount of such early repayment</p> <p>The application of the preceding paragraph shall be in accordance with the following items.</p> <p>(1) In case where only the requirement set forth in item (1) of the preceding paragraph is satisfied, an amount equal to 50% of the difference between the most recent consolidated shareholders’ equity and the base amount may be deducted from the evaluated capital amount required for the relevant financing.</p> <p>(2) In the event that the Company, simultaneously with or prior to the early repayment of the Subordinated Loan, redeems, repays, retires by repurchase, or acquires debt or preferred stock that have been classified as equity by a credit rating agency at the time of issuance of YOKOREI</p>

	Co., Ltd.'s 1st Series of Unsecured Corporate Bonds with Deferred Interest Payment and Early Redemption Clauses (with Subordinated Terms) (Sustainability Bond), scheduled for issuance on September 27, the base amount shall be adjusted as follows.
(7) Voluntary suspension of interest	The payment of interest on the Subordinated Loan may be deferred in whole or in part at the Company's discretion.
(8) Subordinated provision	The lender shall have a subordinated claim in the event of liquidation, bankruptcy, reorganization, or rehabilitation proceedings involving the Company, or in any proceedings not under Japanese law that are equivalent to such proceedings. None of the provisions of the contract shall be changed in any way that would be detrimental to senior creditors.
(9) Lender	The Bank of Yokohama, Ltd.
(10) Capital assessment of the Subordinated Loan by rating agencies	"Mid", "50%" (Japan Credit Rating Agency, Ltd.)

(Note) A fixed interest rate is applied from the day after the execution date through September 25, 2026, and a variable interest rate will be applied from the day after September 25, 2026 onward
(Interest rate increase effective September 26, 2026)

5. Impact on Business Results

The impact of this matter on consolidated financial results for the fiscal year ending September 30, 2026 will be minimal.