

August 1, 2019  
HARAKOSAN CO., LTD.  
Takafumi Okamoto  
Representative Director,  
President and Chief Executive Officer

## **Notice of the conclusion of an Unsecured Loan Facility Agreement of Maximum 2.5 Billion Yen**

At the Board of Directors meeting held today, the Company resolved to conclude and signed a maximum 2.5 billion yen Unsecured Loan Facility Agreement (hereinafter referred to as the "Facility Agreement").

### **1. Purpose of the Facility Agreement**

In order to consider and execute new businesses, the Company announced on May 13, 2019, "Notice of Partial Changes to the Articles of Incorporation" for partial amendments to the Articles of Incorporation pertaining to business objectives, and on July 2, 2019 the partial change of the Articles of Incorporation was approved at the extraordinary general meeting of shareholders. As a result, we are considering new business opportunities in areas which our parent company, EVO FUND, and its belonging group has expertise in, and for the funds to execute on new businesses, our current cashflow would limit the amount of capital available to invest into new businesses. Therefore, we entered into this Facility Agreement with a related company to EVO FUND's group, EVOLUTION JAPAN Asset Management Co., Ltd. (Representative: Shaun Lawson, Address: 4-1 Kioi-cho, Chiyoda-ku, Tokyo).

From our recent financing through warrants, resolving negotiations to pay off debt to performing a Debt Equity Swap, we have been working to continuously restructure and improve our company's financial situation, performance and business management structure which had been in critical situation since 2008. This loan facility represents a major milestone for the company. It reflects the improved standing of the company with global institutional financiers which allows for investments into new business opportunities and we believe effective use of the facility will result in material increases to revenue and profitability.

This Facility Agreement is one which agreed upon for setting a maximum loan facility of 2.5 billion yen for new business support, where evaluation of whether the loan will be extended or not will take place per project so the actual execution of the loans are not promised.

### **2. Overview of the Facility Agreement**

- 1) Lender: EVOLUTION JAPAN Asset Management Co., Ltd.  
Representative: Shaun Lawson  
Address: 4-1 Kioi-cho, Chiyoda-ku, Tokyo
- 2) Loan Amount (Facility): JPY 2,500,000,000
- 3) Interest: 2.5% per annum
- 4) Period: Six months after funding date of each loan
- 5) Collateral: None
- 6) Relationship of the Lender and Listed Company or Harakosan:  
Our parent company EVO FUND is an affiliate organization to the Lender which Michael Lerch is the ultimate beneficiary. There are no other relationships to be disclosed

**3. Schedule**

August 1 , 2019 Board resolution for the Facility Agreement  
The signing of the Facility Agreement

**4. Outlook**

The impact on the business performance of the Company is minor at this point, as the new business is under consideration and we have agreed to set a loan examination framework under this facility contract. In the case there is a decision on a new business, we will promptly release such information.