

May 13, 2025

# **Information Material regarding Bond-Type Class Shares (listed type)**



ZENSHO HOLDINGS CO., LTD.

# Disclaimer

This material has been prepared solely for the benefit of the holders of common shares of ZENSHO HOLDINGS CO., LTD. (the “Company”) in evaluating the proposal of the Company for a partial amendment to the Articles of Incorporation scheduled to be submitted to the Company’s Ordinary General Meeting of Shareholders and General Meeting of Class Shareholders constituted by the holders of common shares of the Company planned to be held on June 27, 2025 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country.

This material does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

**ZENSHO HOLDINGS CO., LTD.**

- To achieve the corporate philosophy of “being responsible for the stability and development of human society through food”, we fulfill this responsibility through the creation of “food infrastructure”.
- We recognize the need to strengthen our financial base through capital expansion in order to accelerate the investment necessary to achieve our goal of becoming “the world’s No.1 company in the food industry”.
- In order to strengthen our financial base while giving consideration to existing shareholders, we will implement hybrid financing (equity capital financing that does not cause dilution of voting rights) such as hybrid bonds and bond-type class shares (listed type).

## Need for capital expansion

**Accelerating growth investment to become  
“the world’s No.1 company in the food industry”**

- Capital investment, including developing a mass merchandising system
- Acceleration of M&A, including global expansion

**The ideal financial strategy for  
supporting growth investment**

- Securing debt capacity for proactive investment
- Securing risk buffers to execute growth strategies flexibly
- Financial management that takes into consideration shareholder value and financial indicators

**Capital expansion with consideration for  
shareholder value is necessary**

## Utilization of hybrid financing

- Implement equity capital financing without dilution of voting rights while giving consideration to the impact on financial indicators

**Hybrid Bonds (\*1)**

Submitted Amendment to Shelf Registration Statement today



**Bond-Type Class Shares  
(listed type)**

Announcement was made today to submit a proposal for an amendment to the Articles of Incorporation for future issuance to the general meeting of shareholders

\*1 Refers to subordinated bonds.

# Features of Series 1 Bond-Type Class Shares

- Bond-Type Class Shares are treated as shares under the Companies Act and lead to an increase in shareholders' equity for accounting purposes, but do not have voting rights and are not convertible into common shares.
- At the time of the issuance, the product nature of Series 1 Bond-Type Class Shares is expected to give consideration to the existing shareholders while enhancing equity capital for both accounting and rating purposes.
- We plan to apply for listing on the Prime Market of the Tokyo Stock Exchange with the aim of providing investment opportunities to a wide range of investors, which is different from existing class A preferred shares.

		Issuance	Approx. five years after issuance
Accounting Purposes	For accounting purposes, the entire paid-in amount is recognized as equity	100% capital	
Rating Purposes	Expected to be evaluated as having the equity credit (50% of the aggregate amount of issuance) by Rating Agency (JCR)	Treat 50% of the aggregate amount of issuance as equity and 50% as debt	
Voting Rights	No voting rights	No dilution of common shares	
Rights to Convert	No rights to convert into common shares		
Tokyo Stock Exchange Listing	A listing application for the Prime Market of the Tokyo Stock Exchange is planned to be made	Listing on Tokyo Stock Exchange	
Preferred Dividend	Fixed for approx. five years from the issuance (floating thereafter) <sup>(*)1</sup> The order of distribution is senior to dividends to common shares, and is equal to class A preferred shares Non-participating <sup>(*)2</sup> , Cumulative <sup>(*)3</sup>	Fixed Dividend	Floating Dividend
Call Option in Exchange for Cash (Company's Option)	In principle, we may acquire the Bond-Type Class Shares after five years from the issuance <sup>(*)4</sup> (In exchange for cash equal to the issue price plus unpaid/accrued dividends payable)	We may acquire the shares in exchange for cash	

\*1 The annual dividend rate will be the sum of the fixed base rate plus the initial spread for approximately five years from the issuance, and thereafter, the sum of the floating base rate plus the initial spread+1%.

\*2 Bond-Type Class Shares are "non-participating", meaning that no dividend is paid more than the amount of the preferred dividend to be determined at the time of issuance.

\*3 Bond-Type Class Shares are "cumulative", meaning that any unpaid dividends shall be carried over to subsequent fiscal years.

\*4 The specific events triggering the call option will be determined at the time of issuance.

# Effects and Impacts on Financial Indicators, etc.

- Although the Bond-Type Class Shares are shares, the impact on ROE and EPS for common shares is limited. Dividends and distribution of residual assets are senior to those of common shares. The amount of preferred dividend is fixed for a certain period of time and shall be limited to the amount determined at the time of issuance. The amount raised by issuing Bond-Type Class Shares is recorded as equity capital for accounting purposes and contributes to the improvement of financial soundness indicators, including a decline in the D/E Ratio, etc.
- We do not anticipate any impact on the shareholder benefit program for common shares. Furthermore, at this point, we have no plan to establish a shareholder benefit program for the holders of Bond-Type Class Shares.

Impact on Key Financial Indicators	ROE (for Common Shares)	$\frac{\text{Net Income} - \text{Preferred Dividend}^{(*1)}}{\text{Equity capital (Common Shares)}}$	Impact is mostly limited to the preferred dividend amount (as compared to before issuance)
	EPS (for Common Shares)	$\frac{\text{Net Income} - \text{Preferred Dividend}^{(*1)}}{\text{Number of issued shares (Common Shares)}}$	
	PBR (for Common Shares)	$\frac{\text{Market Capitalization (Common Shares)}}{\text{Equity capital} - \text{Capital related to Bond-Type Class Shares and Class A Preferred Shares} - \text{Preferred Dividend}^{(*1)}}$	
	D/E Ratio	$\frac{\text{Interest-Bearing Debt}}{\text{Equity capital (including Bond-Type Class Shares)}}$	Contribute to improvement of financial soundness

Distribution to Bond-Type Class Shareholders	Preferred Dividend	Senior to common shares, limited to the annual dividend rate determined at the time of issuance (fixed dividend for approx. five years from the issuance)	Non-participation
	Distribution of Residual Assets	Senior to common shares, limited to the amount equivalent to the issue price and the amount of preferred dividend	

\*1 In calculating ROE and EPS for common shares, we have deducted preferred dividends to Bond-Type Class Shares and class A preferred shares from net income for the respective period. In calculating PBR for common shares, we have deducted the paid-in capital relating to and preferred dividends paid to Bond-Type Class Shares and class A preferred shares from equity capital.

# Comparison of Capital Financing Methods

- **Bond-Type Class Shares** are a capital financing method with features of both hybrid bonds/loans and common shares.
- We plan to apply for listing on the Prime Market of the Tokyo Stock Exchange, and after issuance, the shares will be freely tradable on the market.

	Hybrid bonds/loans	Bond-Type Class Shares (listed type)	Public offering of Common Shares
Accounting Treatment	Debt: 100%	Equity: 100%	Equity: 100%
Treatment in terms of Ratings	Equity: 50% Debt: 50%	Equity: 50% Debt: 50%	Equity: 100%
Dilution of Voting Rights	No dilution of voting rights	<b>No dilution of voting rights</b> No rights to vote/convert into common shares	Voting rights will be diluted
Primary Impact on Financial Indicators (ROE, EPS, etc. for common shares)	No impact	<b>Limited impact</b> Limited to the preferred dividend determined at the time of issuance	Impacted
Distribution of Dividends (Participation/Non-participation)	Non-participation Limited to interest prescribed in the terms and conditions of the bonds	<b>Non-participation</b> Limited to the preferred dividend determined at the time of issuance	Participation
Clause for Acquisition by the Issuer (Call)	Yes	Yes	No
Listing	No	<b>Application for listing will be made</b> Prime Market of the Tokyo Stock Exchange	Listed stock Prime Market of the Tokyo Stock Exchange
Transaction with NISA account	—	<b>Available for NISA</b>	<b>Available for NISA</b>

# ZÉNSHO

