

August 18, 2025

Information Material regarding Series 1 Bond-Type Class Shares (listed type)

This information material is an update of “Information Material regarding Bond-Type Class Shares (listed type)” disclosed as of May 13, 2025, in connection with the resolution on issuance of Series 1 Bond-Type Class Shares.



ZENSHO HOLDINGS CO., LTD.

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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.
- Series 1 Bond-Type Class Shares enhance equity capital for both accounting and rating purposes, and in principle, are callable by the Company on or after October 1, 2030.
- To be listed 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	Call Option in Exchange for Cash On or after October 1, 2030	Dividend Step-up On or after April 1, 2031
Accounting Purposes	For accounting purposes, the entire paid-in amount is recognized as equity	100% capital		
Rating Purposes	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	To be listed on the Prime Market of the Tokyo Stock Exchange (Securities Code: 75505)	Listing on Tokyo Stock Exchange		
Preferred Dividend	Fixed from the issuance to March 31, 2031 (floating thereafter) ^(*1) The order of distribution is senior to dividends to common shares, and is equal to class A preferred shares Non-participating ^(*2) , Cumulative ^(*3)	Fixed Dividend → Floating Dividend		
Call Option in Exchange for Cash (Company's Option)	In principle, we may acquire the Series 1 Bond-Type Class Shares on or after October 1, 2030 ^(*4) (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 from the issuance to March 31, 2031, and thereafter, the sum of the floating base rate plus the initial spread+1%.

*2 Series 1 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 Series 1 Bond-Type Class Shares are "cumulative", meaning that any unpaid dividends shall be carried over to subsequent fiscal years.

*4 The Company may call Series 1 Bond-Type Class Shares in exchange for cash (i) on or after October 1, 2030, or (ii) when a Change in Capitalization Event has occurred and is ongoing.

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, 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.
- To be listed 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	No dilution of voting rights 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	Limited impact 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	Non-participation Limited to the preferred dividend determined at the time of issuance	Participation
Clause for Acquisition by the Issuer (Call)	Yes	Yes	No
Listing	No	Listed stock Prime Market of the Tokyo Stock Exchange	Listed stock Prime Market of the Tokyo Stock Exchange
Transaction with NISA account	—	Available for NISA	Available for NISA

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