

August 18, 2025

Q&A regarding Series 1 Bond-Type Class Shares (listed type)

This Q&A is an update of “Q&A 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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Question	Answer
1. What is hybrid financing?	<ul style="list-style-type: none">■ It is a financing method that enhances equity for accounting and/or credit rating purposes and does not cause dilution of voting rights. Hybrid financing includes class shares, hybrid bonds (subordinated bonds), and hybrid loans (subordinated loans).
2. What is the purpose of Bond-Type Class Shares?	<ul style="list-style-type: none">■ We are striving to become the world's No.1 company in the food industry and have established medium-term management plans to accelerate our growth. Our key strategies include accelerating global operation of restaurants and stores, technological innovation through DX and AI, and deepening global mass merchandising system (MMD).■ To accelerate the expansion of Global Sukiya, Global Hama-sushi and take-out sushi stores, etc., and to implement proactive refurbishment investments of restaurants and stores, we believe it is necessary to maintain financial soundness while securing funds for growth investments.■ After comprehensively considering the progress of our business environment and other factors, and market conditions, we have determined that the conditions are now in place to issue Series 1 Bond-Type Class Shares. Accordingly, we have decided to issue Series 1 Bond-Type Class Shares.
3. What are the characteristics of Bond-Type Class Shares?	<ul style="list-style-type: none">■ Bond-Type Class Shares are treated as shares under the Companies Act, and are one of the instruments for hybrid financing with an intermediate characteristic between shares and bonds, and the product nature is similar to that of hybrid bonds.■ Bond-Type Class Shares do not have voting rights and are not convertible into common shares, and the product nature is similar to "corporate bonds". In addition, Bond-Type Class Shares have priority over common shares in terms of the order of distribution of dividends and residual assets, and are non-participating, meaning that no dividend will be paid more than the amount of the preferred dividend to be determined at the time of issuance.■ We plan to get the Bond-Type Class Shares (in addition to common shares) to be listed on the Prime Market of the Tokyo Stock Exchange, with the intention of providing investment opportunities to a wide range of investors.

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Question	Answer
<p>4. What is the product nature similar to and different from that of hybrid bonds/hybrid loans?</p>	<ul style="list-style-type: none"> ■ As with hybrid bonds/hybrid loans, the Series 1 Bond-Type Class Shares will obtain the equity credit from a rating agency (JCR) for 50% of the aggregate amount of issuance. ■ On the other hand, the Bond-Type Class Shares differ from hybrid bonds/loans in a sense that they can increase equity capital for accounting purposes. In addition, the Bond-Type Class Shares may be considered for investment by a wide range of investors through their listing on the Prime Market of the Tokyo Stock Exchange (eligible for NISA).
<p>5. What is the product nature similar to and different from that of class A preferred shares?</p>	<ul style="list-style-type: none"> ■ As with class A preferred shares, the Bond-Type Class Shares can increase equity capital for accounting purposes. ■ On the other hand, while class A preferred shares targeted financial institutions, the Bond-Type Class Shares may be considered for investment by a wide range of investors through their listing on the Prime Market of the Tokyo Stock Exchange (eligible for NISA).
<p>6. What is the reason for capital financing with Bond-Type Class Shares while capital has been raised in the past through hybrid loans and class A preferred shares?</p>	<ul style="list-style-type: none"> ■ Among hybrid financings, hybrid loans and class A preferred shares primarily target financial institutions. The purpose of issuance of Series 1 Bond-Type Class Shares is to enhance equity for accounting purposes by raising funds from a wide range of investors, including retail investors. ■ It is expected that the payment of dividends on the Series 1 Bond-Type Class Shares and class A preferred shares and interest payments on Series 1 subordinated bonds and hybrid loans are ranked <i>pari passu</i>.
<p>7. What is the use of proceeds for Series 1 Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> ■ The proceeds from the issuance of the Series 1 Bond-Type Class Shares will be used for capital investments, etc. related to new openings and renovation of restaurants and stores globally in Global Sukiya segment and Global Hama-sushi segment, new openings and renovation of restaurants and stores in Restaurants segment and Global Prepared Food segment, and establishment and relocation of factories and enhancement of business platforms such as DX and AI investments in Corporate and Support segment.
<p>8. What form of issuance is planned for Series 1 Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> ■ It is planned that Series 1 Bond-Type Class Shares will be offered to a wide range of investors, including retail investors, through a public offering in Japan. ■ We plan to make Series 1 Bond-Type Class Shares also available for investment by common shareholders of the Company.

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9. What is the schedule for issuance of Series 1 Bond-Type Class Shares?	<ul style="list-style-type: none">■ The issuance term of Series 1 Bond-Type Class Shares will be determined on any day between September 9, 2025 (Tuesday) and September 11, 2025 (Thursday) , with payment date planned on October 1, 2025 (Wednesday) and listing on the Tokyo Stock Exchange planned on October 2, 2025 (Thursday).
10. What is the Issue Price of Series 1 Bond-Type Class Shares?	<ul style="list-style-type: none">■ The Issue Price of Series 1 Bond-Type Class Shares will be 5,000 yen.
11. When will trading on the Tokyo Stock Exchange begin, and what is the trading unit?	<ul style="list-style-type: none">■ The Series 1 Bond-Type Class Shares will be tradable on the Prime Market of the Tokyo Stock Exchange from the listing date (October 2, 2025).■ The trading unit of Series 1 Bond-Type Class Shares will be the same as common shares, i.e., 100 shares per unit.
12. How is the fixed dividend for Series 1 Bond-Type Class Shares determined?	<ul style="list-style-type: none">■ The fixed dividend for Series 1 Bond-Type Class Shares will be determined in the pricing range (4.00%-4.50%, per annum) set after comprehensively considering the valuation report of Series 1 Bond-Type Class Shares, and expected terms of the Series 1 subordinated bonds for which an amendment to shelf registration statement was submitted on July 31, 2025, the market price of subordinated bonds issued by corporates with similar credit ratings to ours and the market price of other Bond-Type Class Shares issued by other corporates, taking into account the demand from investors and other factors, using a method similar to book-building.■ The rate of the variable dividends (on or after April 1, 2031) will equal to 1-year JGB as of two business days before the last day of the immediately preceding fiscal year plus the initial spread determined at the time of pricing and an additional 1%.

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13. Does the issuance of the Series 1 Bond-Type Class Shares affect the dividend policy for common shares?	<ul style="list-style-type: none">■ We consider that stable distribution of profits to shareholders is one of the most important management policies. Our basic policy is to expand our business actively and increase internal reserves while distributing profits in accordance with business performance. Therefore, even if the Series 1 Bond-Type Class Shares are issued, we do not expect this to affect our dividend policy for common shares.
14. Does the issuance of the Series 1 Bond-Type Class Shares affect the shareholder benefit program?	<ul style="list-style-type: none">■ We do not expect any impact on the shareholder benefit program for common shares. Furthermore, we do not plan to establish a shareholder benefit program for the holders of the Bond-Type Class Shares.
15. Does the Company plan to acquire (call) the Series 1 Bond-Type Class Shares in exchange for cash after five years from the issuance?	<ul style="list-style-type: none">■ We are well aware that, in accordance with the market practice in hybrid financing, many investors expect us to acquire (call) the shares from five years after the date of issuance (i.e., when the call option becomes exercisable) (October 1, 2030) until the day before the dividend rate steps-up (March 31, 2031).■ Based on the above, we will determine whether to acquire (call) the Series 1 Bond-Type Class Shares in exchange for cash, taking into consideration the business and financial conditions and market conditions and other factors at that time.

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