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## **Notice Regarding Partial Amendment to Articles of Incorporation and Shelf Registration with Respect to Issuance of Series 1 Bond-Type Class Shares**

May 13, 2025

Company Name	Zensho Holdings Co., Ltd.
Listings	Tokyo Stock Exchange Prime Market
Securities code	7550
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Zensho Holdings Co., Ltd. (hereafter the “Company”) hereby announces that the Board of Directors passed a resolution today to submit a proposal for a partial amendment to the Articles of Incorporation (the “Amendment to Articles of Incorporation”) at the Company’s 43<sup>rd</sup> Ordinary General Meeting of Shareholders and General Meeting of Class Shareholders constituted by holders of the shares of common stock of the Company (collectively, “General Meeting of Shareholders”) to be held on June 27, 2025 and has also submitted a shelf registration statement with respect to the issuance of Series 1 Bond-Type Class Shares, as described below.

The Amendment to Articles of Incorporation requires a resolution of the General Meeting of Class Shareholders for class shares pursuant to the provisions of Article 322 of the Companies Act, and the amendment was approved by the General Meeting of Class Shareholders constituted by class A preferred shareholders as of May 13, 2025.

### I. Amendment to Articles of Incorporation

#### 1. Purpose and Reason for Amendment to Articles of Incorporation

To remain a company “responsible for the stability and development of human society”, further evolving the corporate founding philosophy of “Eradicating hunger and poverty from the world”, the Company fulfils this responsibility through the creation of “food infrastructure” which the whole of humanity can live together peacefully by seeking to overcome conflicts arising from differences in race, religion, and ethnicity and by cooperating with each other. For this purpose, the Company is expanding globally with the mission of providing safe, delicious food at affordable prices to people around the world. To provide safe and delicious products and quality services to customers, the Company strives to become the world’s No.1 company in the food industry by developing a mass merchandising system (MMD) to plan and design all processes ranging from menu development through food procurement, production, processing, logistics and sales, and to implement integrated control of these processes.

In order to achieve this goal, it is important to strengthen the financial base through capital enhancement to support the execution of business strategies that will enable further sustainable growth. By utilizing class shares and hybrid bonds, the Company will raise its equity capital that does not cause dilution of

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voting rights. Based on this view, the Company believes that “Bond-Type Class Shares” that mainly target retail investors would be a useful option. Accordingly, the Company has decided to submit a proposal for the Amendment to Articles of Incorporation at the General Meeting of Shareholders.

- No dilution of the voting rights, as the holders of the Bond-Type Class Shares do not have the voting rights at the General Meetings of Shareholders, and the Bond-Type Class Shares will never be converted into common shares. (The Bond-Type Class Shares are considered ill-suited to takeover protection measures by their nature owing to the lack of the voting rights at the General Meetings of Shareholders and the lack of the rights to convert them into common shares, irrespective of the ownership ratio, and are not anticipated to be used in that manner.)
- As “non-participating” class shares, no dividend is paid beyond the preferred dividends determined at the time of issuance, and only common shareholders have the right to participate in dividends beyond that.
- The Amendment to Articles of Incorporation does not alter the total number of authorized shares (i.e., the total number of common shares, class A preferred shares and Bond-Type Class Shares authorized to be issued by the Company).
- While the Bond-Type Class Shares increase the Company’s shareholders’ capital at issuance, their effects on ROE and other financial indicators related to common shares are limited.
- Compared to a public offering of new common shares, the issuance of Bond-Type Class Shares involves lower capital costs as they are non-participating shares and their capital costs equal to the annual dividend rate determined at the time of issuance. (Note)

(Note) Assuming that the Company issues the Series 1 Bond-Type Class Shares with the expected annual dividend rate of 5% or less as specified in the Shelf Registration Statement filed on May 13, 2025. Please note that this expected rate is based on the market conditions as of May 13, 2025, and is subject to change as a result of any future developments in the market conditions and other factors.

In addition, with regard to hybrid bonds targeting institutional investors, the Company has submitted an amended shelf registration statement for the issuance of the series 1 unsecured bonds with interest payment deferral clause and early redemption clause (with subordination clause) today. Through these measures, the Company will pursue capital expansion that takes into consideration shareholders value by securing equity capital and capital with equity credits from a wide range of investors as part of its financial strategy.

Therefore, the Company intends to add provisions to its Articles of Incorporation for the issuance of new class shares, Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares (collectively, the “Bond Type-Class Shares”).

## 2. Content of Amendment to Articles of Incorporation

Please refer to the Attachment, “Proposed Amendment to Articles of Incorporation”.

## 3. Schedule of Amendment to Articles of Incorporation

Date of general meeting of shareholders to approve the Amendment to Articles of Incorporation: June 27, 2025 (planned)

Planned effective date for the Amendment to Articles of Incorporation: June 27, 2025 (planned)

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4. Product Nature of Bond-Type Class Shares

1) Product nature of “bond-type” class shares

In consideration of Common Shareholders, the hybrid design of the Bond-Type Class Shares provides a combination of (i) features that resemble a “corporate bond”, such as no dividend exceeding the preferred dividends initially set at the timing of issuance and no dilution of voting rights, and (ii) features that resemble “shares”, such as the nature to increase equity capital.

Therefore, the Company believes that if the proposed Amendment to Articles of Incorporation is approved at the General Meeting of Shareholders, the Bond-Type Class Shares will be a valuable financing method for the Company to realize an increase in equity capital to secure a sound financial base without dilution of the voting rights of Common Shareholders, while giving more consideration to the impact on the Company’s financial indicators, including ROE and EPS for common shares (\*), compared to a capital increase through the issuance of common shares.

(Note) On the assumption that the relevant amounts of the Bond-Type Class Shares (paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for common shares.

2) Product nature similar to that of hybrid bonds

To allow Bond-Type Class Shares to obtain equity credits (50% of the aggregate amount of issuance) by the rating agency (Japan Credit Rating Agency, Ltd.) upon issuance, the Company envisions a product nature similar to that of hybrid bonds, and is considering a design with the following key features.

(Key Features)

Preferred Dividends	Fixed dividend for approximately five years from the issuance (Note 1) and variable dividend thereafter, senior to common shares, cumulative, and non-participating
Clause for Acquisition by the Company (Call Option)	The Company may call Bond-Type Class Shares in exchange for cash after five years from the issuance
Replacement restrictions	Generally, financing with equal or greater equity credits will be required if the Company acquires the Bond-Type Class Shares by exercising the call option, etc. (Note 2)
Voting rights	None
Conversion into common shares	None

Meanwhile, unlike typical hybrid bonds, proceeds from the issuance of Bond-Type Class Shares can be recorded as equity for accounting purposes. Compared to the issuance of common shares, the issuance of Bond-Type Class Shares involves lower capital costs as their capital costs are equal to the annual dividend rate determined at the time of issuance. (Note 1)

(Note 1) The annual dividend rate is expected to be 5% or less for the period from the fiscal year of issuance of the Series 1 Bond-Type Class Shares to the fiscal year five years later. Please note that this expected rate is based on the market conditions as of May 13, 2025, and is

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subject to change as a result of any future developments in the market conditions and other factors.

(Note 2) In the case of hybrid bonds, it is common for hybrid bonds or other instruments with equal or greater equity credits to be issued in accordance with replacement restrictions when the issuer makes early redemption (call).

For this reason, the Company proposes an authorized capital of up to tenth series of Bond-Type Class Shares in the Amendment to Articles of Incorporation so that the Company may flexibly issue other series of the Bond-Type Class Shares in various situations, including where the Company acquires the Bond-Type Class Shares by exercising the call option.

3) Issuance by public offering; listing on the Tokyo Stock Exchange

Any subsequent series of Bond-Type Class Shares is anticipated to be issued through a public offering rather than a shareholder allotment (including gratuitous allotment) or third-party allotment, and the Company plans to submit a listing application for such Bond-Type Class Shares for the Prime Market of the TSE. As such, the Company intends to make the product available for investment by retail investors.

4) General Meetings of Class Shareholders

Under the Companies Act, holders of the Bond-Type Class Shares (“Bond-Type Class Shareholders”) may vote only on certain matters provided for in the Companies Act or the Articles of Incorporation at General Meetings of Class Shareholders. The Amendment to Articles of Incorporation, if passed, will require the Company to have a resolution of the General Meeting of Class Shareholders constituted by Bond-Type Class Shareholders of each series if it performs any of the following acts and there is any likelihood of causing detriment to Bond-Type Class Shareholders:

- a merger in which the Company will be a disappearing company or a share exchange or share transfer in which the Company will be a wholly-owned subsidiary company (except for a sole-share transfer conducted by the Company); or
- an approval by the Board of Directors of the Company of a demand for a cash-out by a special controlling shareholder against the other shareholders of the Company.

As stated above, the Company does not believe the Bond-Type Class Shares to carry a product nature that results in disadvantages to the Common Shareholders in terms of dilution of their voting rights. Further, based on the Company’s belief that it is important to increase the flexibility of its financial strategy in order to respond to various situations, the Company proposes the Amendment to Articles of Incorporation to enhance financing options for equity capital and capital with equity credits.

II. Shelf Registration with respect to the issuance of Series 1 Bond-Type Class Shares

The Company filed a shelf registration statement today for Series 1 Bond-Type Class Shares in the following manner.

The issuance conditions, total issuance amount and certain conditions of the Series 1 Bond-Type Class Shares have not yet been determined. Further, the specific timing of the issuance of the Bond-Type Class Shares (including Series 1 Bond-Type Class Shares) has not yet been determined. However, if the proposed Amendment to Articles of Incorporation is approved at the General Meeting of Shareholders and if the Company considers Series 1 Bond-Type Class Shares as the best financing option, it may consider issuing the Series 1 Bond-Type Class Shares with offering size of up to 50 billion yen, with such a decision dependent on the prevailing market conditions. The issuance will be determined by a resolution

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of the Board of Directors of the Company or by a decision of a director who is delegated the authority through resolution of the Board of Directors of the Company, in light of the Company's financing strategy. The specific timing of issuance and conditions of the Series 2 Bond-Type Class Shares and subsequent Series of Bond-Type Class Shares, if any, will be determined based on comprehensive consideration of future capital needs and market trends; at this time, however, the product nature of the future series is anticipated to be substantially the same as that of the Series 1 Bond-Type Class Shares, with a maximum of 10 million shares, no voting rights or rights to convert into common shares, and no dilution of the voting rights. Upon issuance of Series 1 Bond-Type Class Shares, the proceeds will be used for capital investment in new store openings to achieve global expansion and in development of MMD, investment and financing for M&A, repayment of borrowings, redemption of bonds, etc. The details will be decided after careful consideration of future capital requirements and market trends.

(1) Class of Offered Securities	Series 1 Bond-Type Class Shares
(2) Planned Issue Period	2 years from the planned effective date of the shelf registration (May 21, 2025 to May 20, 2027)
(3) Planned Issue Amount	The maximum amount is set at 50 billion yen
(4) Offering Method	Public offering
(5) Use of Proceeds	The proceeds will be used for capital investment in new store openings to achieve global expansion and in development of MMD, investment and financing for M&A, repayment of borrowings, redemption of bonds, etc. Further details will be determined at the timing of the resolution of issuance.

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Attachment

Proposed Amendment to Articles of Incorporation

(Underline indicates the changes)

Current Articles of Incorporation	Proposed change
<p>Article 1-Article 5 (Omitted)</p> <p>(Total Number of Shares Authorized to be issued, etc.)</p> <p>Article 6: The total number of shares authorized to be issued by the Company shall be four hundred and thirty-two million one thousand (432,001,000) shares, <u>the total number of common shares authorized to be issued shall be four hundred thirty-two million (432,000,000) shares, and the total number of class A preferred shares authorized to be issued shall be one thousand (1,000) shares.</u></p>	<p>Article 1-Article 5 (No change)</p> <p>(Total Number of Shares Authorized to be issued, etc.)</p> <p>Article 6: The total number of shares authorized to be issued by the Company shall be four hundred and thirty-two million one thousand (432,001,000) shares <u>and each class share shall be as follows:</u>  <u>Common shares: four hundred thirty-two million (432,000,000) shares</u>  <u>Class A preferred shares: one thousand (1,000) shares</u>  <u>Series 1 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 2 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 3 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 4 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 5 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 6 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 7 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 8 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 9 Bond-Type Class Shares: ten million (10,000,000) shares</u>  <u>Series 10 Bond-Type Class Shares: ten million (10,000,000) shares</u></p>
<p>Article 7 (Omitted)</p>	<p>Article 7 (No change)</p>

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<Newly established>

(Number of shares consisting One Unit)

Article 8: The number of shares which will constitute one unit of the shares of the Company (the "Unit of Stock") shall be one hundred (100) shares for common shares, and one (1) share for class A preferred shares.

Article 9-Article 12-8 (Omitted)

<Newly established>

(Absence of Seller Put Options when the Company Acquires the Bond-Type Class Shares)

Article 7-2: If the Company decides to acquire all or part of the Bond-Type Class Shares (Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares (any one class of the Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares, "Shares of Each Series of Bond-Type Class" hereinafter)) held by a specific holder of the Bond-Type Class Shares ("Bond-Type Class Shareholder") under an agreement with such Bond-Type Class Shareholder pursuant to a resolution of the General Meeting of Shareholders, and further decides to notify such Bond-Type Class Shareholder of matters prescribed in any item of Article 157, Paragraph 1 of the Companies Act, the provisions of Article 160, Paragraphs 2 and 3 of the Companies Act shall not apply.

(Number of shares consisting One Unit)

Article 8: The number of shares which will constitute one unit of the shares of the Company (the "Unit of Stock") shall be one hundred (100) shares for common shares, one (1) share for class A preferred shares, and one hundred (100) shares for Bond-Type Class Shares.

Article 9-Article 12-8 (No change)

Chapter 2-3 Bond-Type Class Shares (Preferred Dividend to Bond-Type Class Shares)

Article 12-9: When the Company makes a year-end dividend of surplus under Article 35, the Company shall pay the year-end dividend of surplus in cash in the amount set forth below per Share of Each Series of Bond-Type Class ("Preferred Dividend to Bond-Type Class Shares") to the Bond-Type Class

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Shareholders or registered share pledgees of Bond-Type Class Shares (hereinafter, together with the Bond-Type Class Shareholders, referred to as “Bond-Type Class Shareholders, etc.”) whose names appear or are recorded in the register of shareholders as of the end of the record date of that year-end dividend, in preference to the common share shareholders, etc.; provided, however, that if Interim Preferred Dividends to Bond-Type Class Shares set forth in Article 12-10 have been paid during the fiscal year in which the record date of that year-end dividend falls, the total amount of those Interim Preferred Dividends to Bond-Type Class Shares shall be deducted from the Preferred Dividend to Bond-Type Class Shares.

The product of the equivalent of the Issue Price (defined below) per share of Bond-Type Class Shares multiplied by the annual dividend rate determined before the issuance of those Bond-Type Class Shares by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors (not exceeding ten (10) percent; hereinafter to be referred to as “Annual Dividend Rate”) (if any fractional remainder arises, the fractional remainder shall be as determined before the issuance of those Bond-Type Class Shares by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors).

“Issue Price” means the amount per share to be paid to the Company in connection with the offering of those Bond-Type Class Shares (or, if the Bond-Type Class Shares are offered through purchase and sale by underwriters, the amount per share to be paid by the investors as consideration for those Bond-Type Class

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Shares), as determined prior to the issuance of those Bond-Type Class Shares.

2. If the total amount of dividend of surplus paid in cash to each Bond-Type Class Shareholder, etc. per Share of Each Series of Bond-Type Class in a given fiscal year in which the record date falls is less than the amount of the Preferred Dividend to Bond-Type Class Shares payable to those Bond-Type Class Shares for that fiscal year, that shortfall amount shall be accumulated in subsequent fiscal years by a simple interest calculation calculated by the method determined before the issuance of those Bond-Type Class Shares by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors based on the Annual Dividend Rate (such accumulated shortfall shall be hereinafter referred to as "Accumulated Dividends Payable to Bond-Type Class Shares"). The Company shall pay dividend of surplus in cash to the Bond-Type Class Shareholders, etc. until such payment reaches the amount of Accumulated Dividends Payable to Bond-Type Class Shares per share of the Bond-Type Class Shares, in preference to any dividend of surplus provided for in the preceding paragraph or Article 12-10.

3. No dividend of surplus shall be paid to Bond-Type Class Shareholders, etc. in excess of the total of the Preferred Dividend to Bond-Type Class Shares and the Accumulated Dividends Payable to Bond-Type Class Shares.

(Interim Preferred Dividend to Bond-Type Class Shares)

Article 12-10: When the Company makes an interim dividend for an interim dividend record date pursuant to Article 35, the Company shall pay a dividend in cash in the amount per Share of Each

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Series of Bond-Type Class determined by the calculation method determined before the issuance of those Bond-Type Class Shares by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors (“Interim Preferred Dividend to Bond-Type Class Shares”) to the Bond-Type Class Shareholders, etc. whose names appear or are recorded in the register of shareholders as of the end of the interim dividend record date of that dividend, in preference to the common share shareholders, etc.; provided, however, that the total amount of Interim Preferred Dividends to Bond-Type Class Shares for which the interim dividend record date falls in a given fiscal year shall not exceed the amount of the Preferred Dividend to Bond-Type Class Shares for which the record date falls in the same fiscal year.

(Distribution of Residual Assets)

Article 12-11: When the Company makes a distribution of residual assets, the Company shall pay cash in the amount set forth below per Share of Each Series of Bond-Type Class to the Bond-Type Class Shareholders, etc., in preference to the common share shareholders, etc.

The amount calculated by the method determined before the issuance of those Bond-Type Class Shares by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors as the sum of the equivalent of the Issue Price per share of the Bond-Type Class Shares plus the amount of the Accumulated Dividends Payable to Bond-Type Class Shares pertaining to those Bond-Type Class Shares and the equivalent of the Preferred Dividend to Bond-Type Class Shares pertaining to the period from

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the first day of the fiscal year in which the date of the distribution of residual assets falls to the date of the distribution of residual assets

2. No distribution of residual assets shall be made to Bond-Type Class Shareholders, etc. other than the distribution provided for in the preceding paragraph.

(Acquisition by the Company in Exchange for Cash)

Article 12-12: If an event provided for by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors before the issuance of Shares of Each Series of Bond-Type Class arises with respect to the Bond-Type Class Shares, the Company may acquire all or part of those Bond-Type Class Shares upon the arrival of a date separately determined by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors. In such case, the Company shall deliver to the Bond-Type Class Shareholders cash in the amount per share of Bond-Type Class Shares calculated by the method determined before the issuance of the Shares of Each Series of Bond-Type Class by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors as the sum of the equivalent of the Issue Price per share of the Bond-Type Class Shares plus the amount of the Accumulated Dividends Payable to Bond-Type Class Shares pertaining to those Bond-Type Class Shares and the equivalent of the Preferred Dividend to Bond-Type Class Shares pertaining to the period from the first day of the fiscal year in which the date of the acquisition falls to the date of the acquisition, in exchange for the acquisition of those Bond-Type

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Class Shares. If the Company acquires part of the Bond-Type Class Shares, the Company shall determine the scope of Bond-Type Class Shares to be acquired from Bond-Type Class Shareholders by a reasonable method determined by the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors.

(Voting Rights)

Article 12-13: The Bond-Type Class Shareholders shall have no voting rights at the General Meeting of Shareholders with respect to any matter.

(Share Consolidation and Share Split, etc.)

Article 12-14: The Company shall not split nor consolidate Bond-Type Class Shares, except as otherwise provided by law.

2. The Company shall not grant to Bond-Type Class Shareholders any rights to receive an allocation of offered shares or offered stock acquisition rights, and shall not make any gratuitous allotment of shares or stock acquisition rights to the Bond-Type Class Shareholders.

3. If the Company conducts a share transfer (limited to a sole-share transfer conducted by the Company), the Company shall deliver to common share shareholders, etc. shares issued by the wholly-owning parent company incorporated in the share transfer that are of the same class as the common shares of the Company in exchange for the common shares, and deliver to Bond-Type Class Shareholders, etc. shares issued by the wholly-owning parent company incorporated in the share transfer that are of the same class as the Bond-Type Class Shares in exchange for the Bond-Type Class Shares, in the same ownership ratio respectively.

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<p>Article 13-Article 18 (Omitted)</p> <p>(General Meeting of Class Shareholders)</p> <p>Article 18-2: The provisions of Article 15, Article 16, and Article 18 shall also apply to the general meeting of class shareholders.</p> <p>2. The provisions of Article 14 shall also apply to the general meeting of class shareholders held on the same day as the Ordinary General Meeting of Shareholders.</p> <p>3. The provisions of Article 17, Paragraph 1 shall apply to resolutions at the general meeting of class</p>	<p><u>4. The adjustment of the Preferred Dividend to Bond-Type Class Shares and Accumulated Dividends Payable to Bond-Type Class Shares in the case provided for in the preceding paragraph shall be conducted by the method determined before the issuance of the Shares of Each Series of Bond-Type Class by a resolution of the Board of Directors or by a decision of a director who is delegated the authority through resolution of the Board of Directors.</u></p> <p><u>(Order of Priority)</u></p> <p><u>Article 12-15: Payments of Preferred Dividends to Bond-Type Class Shares, Interim Preferred Dividends to Bond-Type Class Shares, and distribution of residual assets distributed to the Bond-Type Class Shareholders, etc., and class A preferred dividends, class A preferred interim dividends and distribution of residual assets distributed to class A preferred shareholders, etc. are ranked <i>pari passu</i> respectively.</u></p> <p><u>2. Payments of Accumulated Dividends Payable to Bond-Type Class Shares and cumulative unpaid class A preferred dividends to Shares of Each Series of Bond-Type Class are ranked <i>pari passu</i>.</u></p> <p>Article 13-Article 18 (No change)</p> <p>(General Meeting of Class Shareholders)</p> <p>Article 18-2: The provisions of Article 15, Article 16, and Article 18 shall also apply to the general meeting of class shareholders.</p> <p>2. The provisions of Article 14 shall also apply to the general meeting of class shareholders held on the same day as the Ordinary General Meeting of Shareholders.</p> <p>3. The provisions of Article 17, Paragraph 1 shall apply to resolutions at the general meeting of class</p>
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May 13, 2025

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

The logo for ZENSHO, featuring the word "ZENSHO" in a bold, blue, sans-serif font. The letter "Z" is stylized with a horizontal bar extending to the left.

ZENSHO HOLDINGS CO., LTD.

# Disclaimer

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**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

\*1 Refers to subordinated bonds.

## 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

# 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) (*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 Bond-Type Class Shares after five years from the issuance (*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 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)	<b>Non-participation</b> 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



May 13, 2025

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

The logo for ZENSHO, featuring the word "ZENSHO" in a bold, blue, sans-serif font. The letter "Z" is stylized with a horizontal bar extending to the left.

ZENSHO HOLDINGS CO., LTD.

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**ZENSHO HOLDINGS CO., LTD.**

# Q&A regarding Bond-Type Class Shares

Question	Answer
1. What is hybrid financing?	<ul style="list-style-type: none"><li>■ 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).</li></ul>
2. What is the purpose of Amendment to the Articles of Incorporation?	<ul style="list-style-type: none"><li>■ It is important to strengthen the financial base through capital enhancement to support the execution of business strategies that will enable further sustainable growth. By utilizing class shares and hybrid bonds, we will implement hybrid financing (capital financing that enhances equity and does not cause dilution of voting rights). Based on this view, we believe that “Bond-Type Class Shares” mainly targeting retail investors would be a useful option. Accordingly, we have decided to amend the Articles of Incorporation.</li></ul>
3. What are the characteristics of Bond-Type Class Shares?	<ul style="list-style-type: none"><li>■ 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.</li><li>■ Bond-Type Class Shares do not have voting rights and are not convertible into common shares, and we expect the product nature to be 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.</li><li>■ We plan to apply for listing of the Bond-Type Class Shares (in addition to common shares) on the Prime Market of the Tokyo Stock Exchange, with the intention of providing investment opportunities to a wide range of investors.</li></ul>

# Q&A regarding Bond-Type Class Shares

Question	Answer
<p>4. What is the expected role of hybrid financing in the financial strategy and its position in the capital structure?</p>	<ul style="list-style-type: none"> <li>■ Hybrid financing is considered to be an option of financing method to realize an increase in equity capital and capital with equity credits to secure a sound financial base, while limiting the dilution of voting rights of common shareholders and the impact on ROE and EPS for common shares as may be caused by the issuance of common shares <sup>(*)1</sup>.</li> <li>■ Unlike typical hybrid bonds, proceeds from the issuance of Bond-Type Class Shares can be recorded as equity for accounting purposes. Compared to the issuance of common shares, the issuance of Bond-Type Class Shares involves lower capital costs as their capital costs are equal to the annual dividend rate determined at the time of issuance <sup>(*)2</sup>.</li> </ul>
<p>5. What is the product nature similar to and different from that of hybrid bonds/hybrid loans?</p>	<ul style="list-style-type: none"> <li>■ As with hybrid bonds/hybrid loans, it is expected that the Bond-Type Class Shares will obtain the equity credit from a rating agency (JCR) for 50% of the aggregate amount of issuance.</li> <li>■ 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).</li> </ul>
<p>6. What is the product nature similar to and different from that of class A preferred shares?</p>	<ul style="list-style-type: none"> <li>■ As with class A preferred shares, the Bond-Type Class Shares can increase equity capital for accounting purposes.</li> <li>■ 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).</li> </ul>
<p>7. What is the reason for the Amendment to Articles of Incorporation while capital has been raised in the past through hybrid loans and class A preferred shares?</p>	<ul style="list-style-type: none"> <li>■ Among hybrid financings, hybrid loans and class A preferred shares primarily target financial institutions. The purpose of this amendment to the Articles of Incorporation is to increase options for capital financing that will enhance equity for accounting purposes by raising funds from a wide range of investors, including retail investors.</li> <li>■ It is expected that the payment of dividends on the Bond-Type Class Shares and class A preferred shares and interest payments on hybrid bonds and hybrid loans are ranked <i>pari passu</i>.</li> </ul>

\*1 Assuming that the relevant amounts of the Bond-Type Class Shares and class A preferred shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for common shares.

\*2 The annual dividend rate is expected to be 5% or less for the period from the fiscal year of issuance of the Series 1 Bond-Type Class Shares to the fiscal year five years later. Please note that this expected rate is based on the market conditions as of May 13, 2025, and is subject to change as a result of any future developments in the market conditions and other factors.

# Q&A regarding Bond-Type Class Shares

Question	Answer
8. Will there be any disadvantages to common shareholders?	<ul style="list-style-type: none"><li>■ Bond-Type Class Shares do not have voting rights and are not convertible into common shares, so there will be no dilution of voting rights.</li><li>■ 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, and only common shareholders have the right to participate in dividends other than the preferred dividend.</li><li>■ This is a financing method that gives more consideration to the impact on ROE, EPS, etc. for common shares, compared to a public offering of common shares. (*1)</li></ul>
9. Does the issuance of the Bond-Type Class Shares affect the dividend policy for common shares?	<ul style="list-style-type: none"><li>■ 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.</li></ul>
10. Does the issuance of the Bond-Type Class Shares affect the shareholder benefit program?	<ul style="list-style-type: none"><li>■ We do not expect any impact on the shareholder benefit program for common shares. Furthermore, we do not currently plan to establish a shareholder benefit program for the holders of the Bond-Type Class Shares.</li></ul>
11. Is there any possibility that the Bond-Type Class Shares could be used as a takeover protection measure?	<ul style="list-style-type: none"><li>■ Bond-Type Class Shares do not have voting rights and are not convertible into common shares. Accordingly, they are not suitable for takeover protection measures and we do not expect to use them as such.</li><li>■ We do not expect to allot the Bond-Type Class Shares to common shareholders by gratis allotment or otherwise.</li></ul>
12. What form of issuance is planned?	<ul style="list-style-type: none"><li>■ In case of issuance, it is planned that the shares will be offered to a wide range of investors, including retail investors, through a public offering in Japan.</li><li>■ We plan to make the Bond-Type Class Shares also available for investment by common shareholders of the Company.</li></ul>

\*1 Assuming that the relevant amounts of the Bond-Type Class Shares and class A preferred shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for common shares.

# Q&A regarding Bond-Type Class Shares

Question	Answer
13. What is the planned timing and amount of Series 1 Bond-Type Class Shares?	<ul style="list-style-type: none"><li>■ Details of the issuance, including the specific timing of the issuance, have not yet been determined at this time.</li><li>■ However, if the proposal for the Amendment to Articles of Incorporation for the Bond-Type Class Shares is approved at the general meeting of shareholders, we will consider the timing and amount based on our financial strategies and capital policies, while taking account of market conditions.</li><li>■ In addition, the maximum issuance amount has been set at 50 billion yen in the shelf registration statement for the Series 1 Bond-Type Class Shares filed on May 13, 2025, and the maximum number of the Series 1 Bond-Type Class Shares authorized in the proposed amendment to the Articles of Incorporation is 10 million.</li></ul>
14. Why is the annual preferred dividend rate over a period of approximately five years after issuance expected to be 5% or less?	<ul style="list-style-type: none"><li>■ We have set the annual preferred dividend rate after comprehensively taking into account the market price of similar bond-type class shares and hybrid bonds and other factors based on the product nature of its position between equity and debt. Please note that this expected rate is based on the market conditions as of May 13, 2025, and is subject to change as a result of any future developments in the market conditions and other factors.</li></ul>
15. What is the reason for considering listing the Bond-Type Class Shares on the Prime Market of the Tokyo Stock Exchange?	<ul style="list-style-type: none"><li>■ In order to make the Bond-Type Class Shares available for investment by a wide range of investors, we believe it is important to increase recognition of the shares and provide trading opportunities by listing them on the Prime Market of the Tokyo Stock Exchange.</li></ul>
16. 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"><li>■ We will determine whether to acquire (call) the Series 1 Bond-Type Class Shares (if and when issued) for cash five years after the date of issuance or later, taking into consideration the business and financial conditions and market conditions and other factors at that time.</li><li>■ 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) and before the time when the dividend rate steps-up.</li></ul>
17. While multiple series of the Bond-Type Class Shares are provided under the proposed Articles of Incorporation, what are the thoughts of the Company on the specific issuances?	<ul style="list-style-type: none"><li>■ The specific timing of the issuance has not yet been determined at this time, including that of the Series 1. We propose to have the authorized share capital of up to tenth Series so as to realize flexible issuance in the event of any demand for an increase in equity capital.</li><li>■ In addition, since we expect that capital financing of equal or greater value shall be required in principle if we acquire (call) the Series 1 Bond-Type Class Shares in exchange for cash, another series of the Bond-Type Class Shares may be issued for such replacement.</li></ul>

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