

Financial Results for the Three Months Ended June 30, 2025

August 2025

ZENKOKU HOSHO Co., Ltd.

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Financial summary

Both operating revenue and profit increased in the three months ended June 30, 2025.

- ✓ Operating revenue increased (YoY +6.7%), driven by the accumulation of outstanding guarantee exposure of the Company and the revenue contribution from three guarantee companies acquired through M&As after the second quarter of the previous fiscal year.
- ✓ Operating profit increased (YoY +5.0%), as expenses related to credit remained below expectations.
- ✓ Ordinary profit increased (YoY +6.2%) due to higher investment yields on securities and an increase in ABLs.

Organic growth

Both the number and amount of new guarantees granted increased.

- ✓ The number of new guarantees granted increased (YoY +2.7%) due to increased utilization by affiliated financial institutions, despite a sluggish housing market.
- ✓ The amount of new guarantees granted increased (YoY +6.4%) due to the contribution from increase in the guarantee fee per case owing partly to impact from soaring property prices.

Inorganic growth

We acquired outstanding guarantee exposure amounting to 286.0 billion yen from the existing housing loan market.

- ✓ We acquired outstanding guarantee exposure of 286.0 billion yen from the existing housing loan market through means of ABLs.
- ✓ We will continue to make proposals tailored to the needs of financial institutions and aim to achieve our fiscal year target of 1.45 trillion yen in outstanding guarantee exposure from the existing housing loan market.

Capital policy

Continuing from the previous fiscal year, we have carried out a share buyback of up to 7.0 billion yen.

- ✓ We have carried out a share buyback of up to 7.0 billion yen since May, and as of June 30, we had repurchased approximately 2.6 billion yen worth of shares.
- ✓ By steadily implementing a range of initiatives, we aim to achieve our ROE target of 14% for the current fiscal year.



1. Overview of Financial Results



2. Results of the Initiatives for the Fiscal Year Ending March 31, 2026

Summary of Business Results for the Three Months Ended June 30, 2025 (P/L)



Both operating revenue and profit increased due to the revenue contribution from three guarantee companies acquired through M&As after the second quarter of the previous fiscal year, and expenses related to credit remaining below expectations

(Unit: million yen)

	FY2025/3 1Q	FY2026/3 1Q	YoY
Operating revenue	10,761	11,481	6.7%
Operating expenses	3,415	3,768	10.4%
Expenses related to credit	916	1,000	9.2%
Provision for loss on guarantees	1,074	1,056	-1.6%
Provision of allowance for doubtful accounts	-157	-56	-
Salaries, allowances and bonuses	568	583	2.7%
Other	1,929	2,184	13.2%
Operating profit	7,346	7,712	5.0%
Non-operating income	1,015	1,166	14.9%
Non-operating expenses	210	227	7.7%
Ordinary profit	8,150	8,652	6.2%
Extraordinary income and loss	-	0	-
Profit attributable to owners of parent	5,660	5,999	6.0%

Supplemental explanation

■ Operating revenue

Operating revenue amounted to 11.4 billion yen, driven by the accumulation of outstanding guarantee exposure by the Company and the revenue contribution from three guarantee companies acquired through M&As after the second quarter of the previous fiscal year.

■ Operating profit

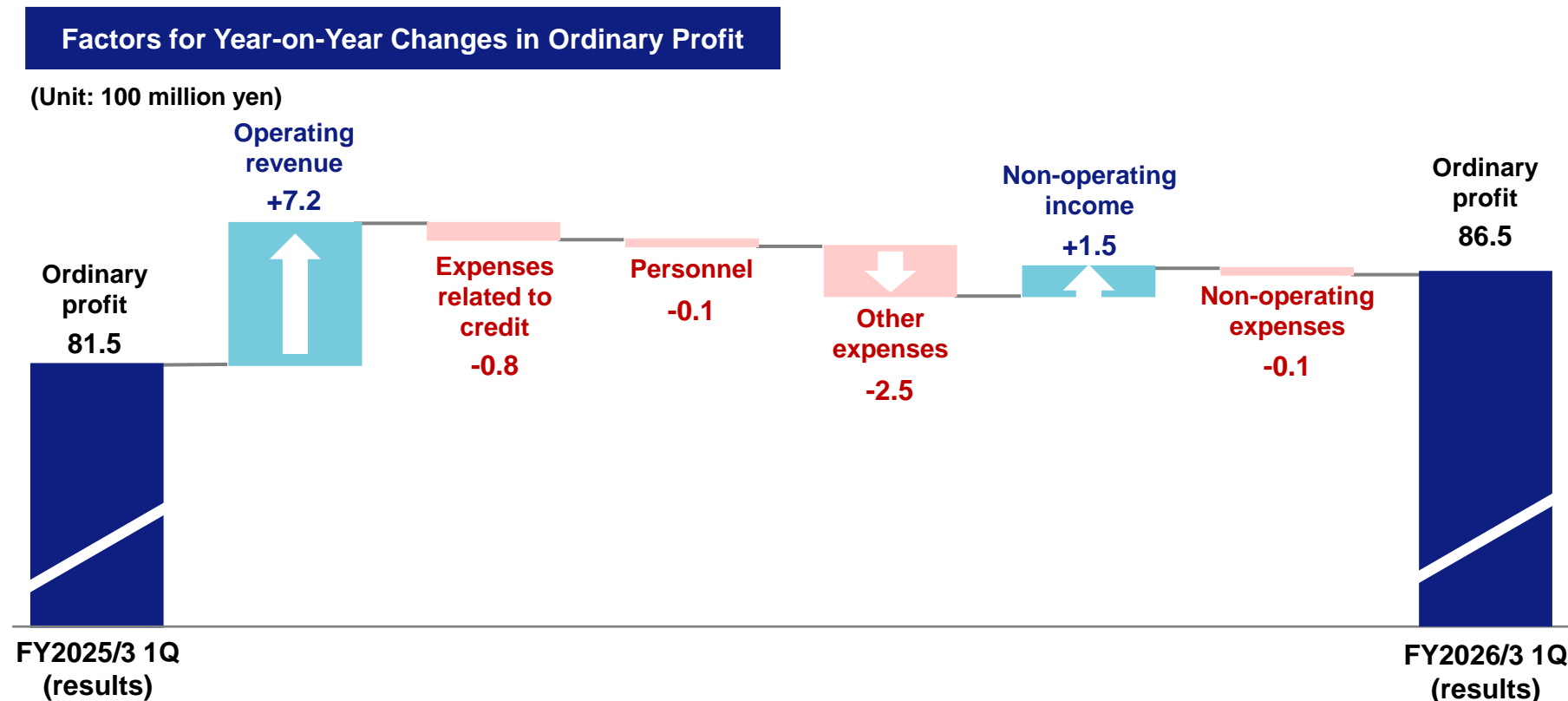
Expenses related to credit remained below expectations, and other expenses remained largely in line with the plan, resulting in operating profit of 7.7 billion yen.

■ Ordinary profit

Ordinary profit amounted to 8.6 billion yen due to higher investment yields on securities and an increase in ABLs.

[Reference] Factors for Year-on-Year Changes in Ordinary Profit

Operating revenue increased due to the accumulation of outstanding guarantee exposure. Although expenses related to credit increased year-on-year, they remained below expectations



Supplemental explanation

- ✓ The increase in operating revenue is due to the accumulation of outstanding guarantee exposure of the Company and the revenue contribution from guarantee companies acquired through M&As after the second quarter of the previous fiscal year.
- ✓ While expenses related to credit increased year-on-year, subrogation remained below plan.
- ✓ The increase in other expenses was mainly attributable to the recording of expenses for guarantee companies acquired through M&As after the second quarter of the previous fiscal year.

[Reference] Forecast of Earnings for the Fiscal Year Ending March 31, 2026



The bottom line fell below the previous year due to an increase in operating revenue owing to accumulation of outstanding guarantee exposure and the absence of a gain on bargain purchase

(Unit: million yen)

	FY2025/3	FY2026/3	Change
Operating revenue	56,972	59,200	3.9%
Operating expenses	14,997	17,600	17.4%
Expenses related to credit	4,096	5,400	31.8%
Provision for loss on guarantees	4,430	5,600	26.4%
Provision of allowance for doubtful accounts	-334	-200	-
Salaries, allowances and bonuses	2,594	2,900	11.8%
Other	8,306	9,300	12.0%
Operating profit	41,974	41,600	-0.9%
Non-operating income	4,169	4,500	7.9%
Non-operating expenses	1,626	1,000	-38.5%
Ordinary profit	44,518	45,100	1.3%
Extraordinary income and loss	1,235	-	-
Profit attributable to owners of parent	32,089	31,200	-2.8%

Assumptions of earnings forecast

Outstanding guarantee exposure* (unit: ¥ trillion)	21
Number of new guarantees granted (unit: cases)	58,000
Amount repaid in subrogation (unit: ¥ million)	17,000
Collected right to reimbursement (unit: ¥ million)	10,500

*Total housing loan receivables (including some for investment purposes) backing RMBS, ABLs, and loss compensation contracts in addition to outstanding guarantee exposure of ZENKOKU HOSHO and Group companies

Key figures

EPS	¥232.29
Dividend per share	¥115
Share buyback	¥7.0 billion
Target ROE	14%

Summary of Business Results for the Three Months Ended June 30, 2025 (B/S)



Investments and other assets increased, and we will continue to pursue efficient asset management going forward

(Unit: million yen)

Assets			
	FY2025/3	FY2026/3 1Q	Change
Current assets	160,396	133,688	-16.7%
Cash and deposits	137,577	99,245	-27.9%
Right to reimbursement	17,268	18,291	5.9%
Securities	9,532	18,116	90.0%
Allowance for doubtful accounts	-8,339	-9,301	-
Non-current assets	332,001	342,925	3.3%
Investments and other assets	328,588	339,662	3.4%
Investment securities	285,124	289,655	1.6%
Long-term loans receivable	14,515	16,430	13.2%
Long-term time deposits	23,000	28,000	21.7%
Total assets	492,398	476,613	-3.2%

Liabilities			
	FY2025/3	FY2026/3 1Q	Change
Current liabilities	39,498	34,804	-11.9%
Unearned revenue	18,892	18,878	-0.1%
Provision for loss on guarantees	8,528	8,566	0.4%
Non-current liabilities	214,221	213,799	-0.2%
Long-term borrowings	30,000	30,000	-
Long-term unearned revenue	183,552	183,111	-0.2%
Total liabilities	253,719	248,604	-2.0%
Net assets			
Shareholders' equity	237,613	226,647	-4.6%
Valuation and translation adjustments	1,065	1,361	27.9%
Total net assets	238,678	228,009	-4.5%
Total liabilities and net assets	492,398	476,613	-3.2%

Status of New Guarantees Granted

Both the number and amount of new guarantees granted increased year-on-year, supported by increased utilization by affiliated financial institutions

	Number of guarantees granted	Amount of guarantees granted
Actual amount (1Q FY2025/3) (unit: cases)	12,998 cases	403.8 billion yen
Actual amount (1Q FY2026/3) (unit: cases)	13,353 cases	429.7 billion yen
Planned amount (FY2026/3) (unit: cases)	58,000 cases	1.80 trillion yen

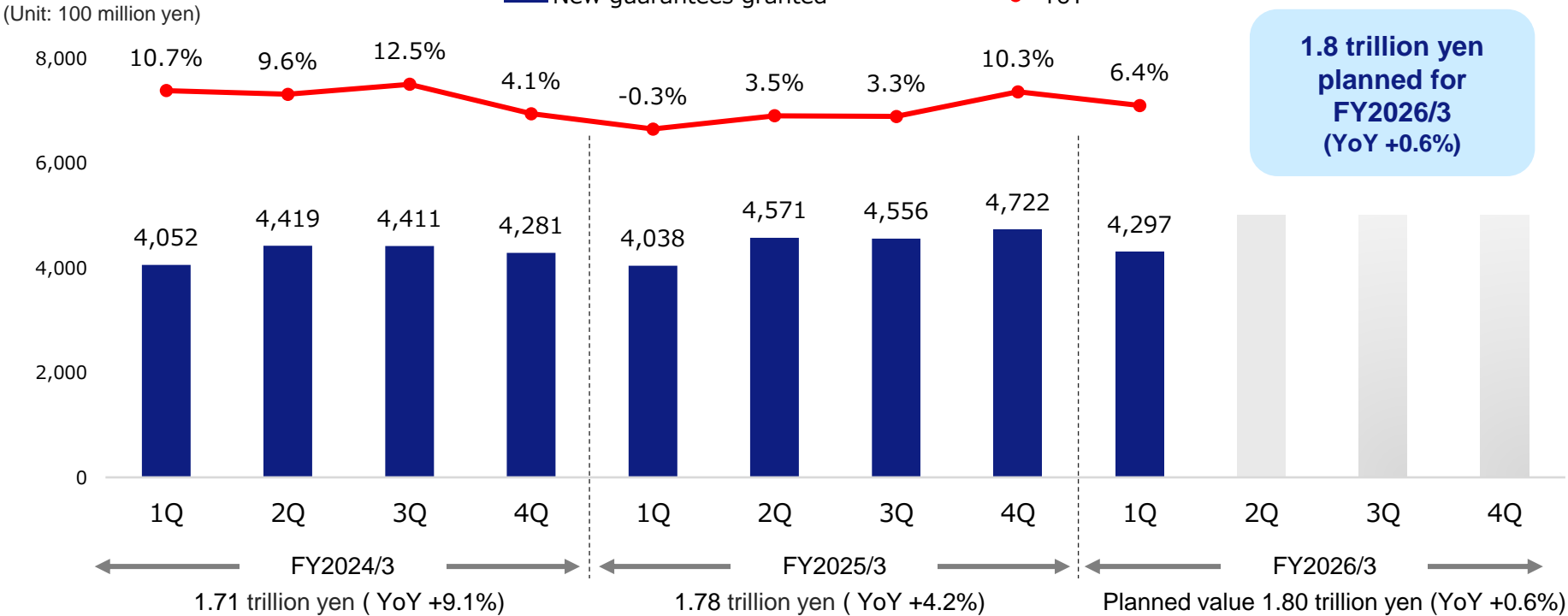
New guarantees granted

The number of new guarantees granted increased by 2.7% year-on-year due to increased utilization by affiliated financial institutions, amid a sluggish housing market.

The amount of new guarantees granted increased by 6.4% year-on-year due to the contributions from increase in the guarantee fee per case owing to soaring property prices.

Amount of New Guarantees Granted

New guarantees granted YoY



* Includes subsidiaries.

Status of Outstanding Guarantee Exposure

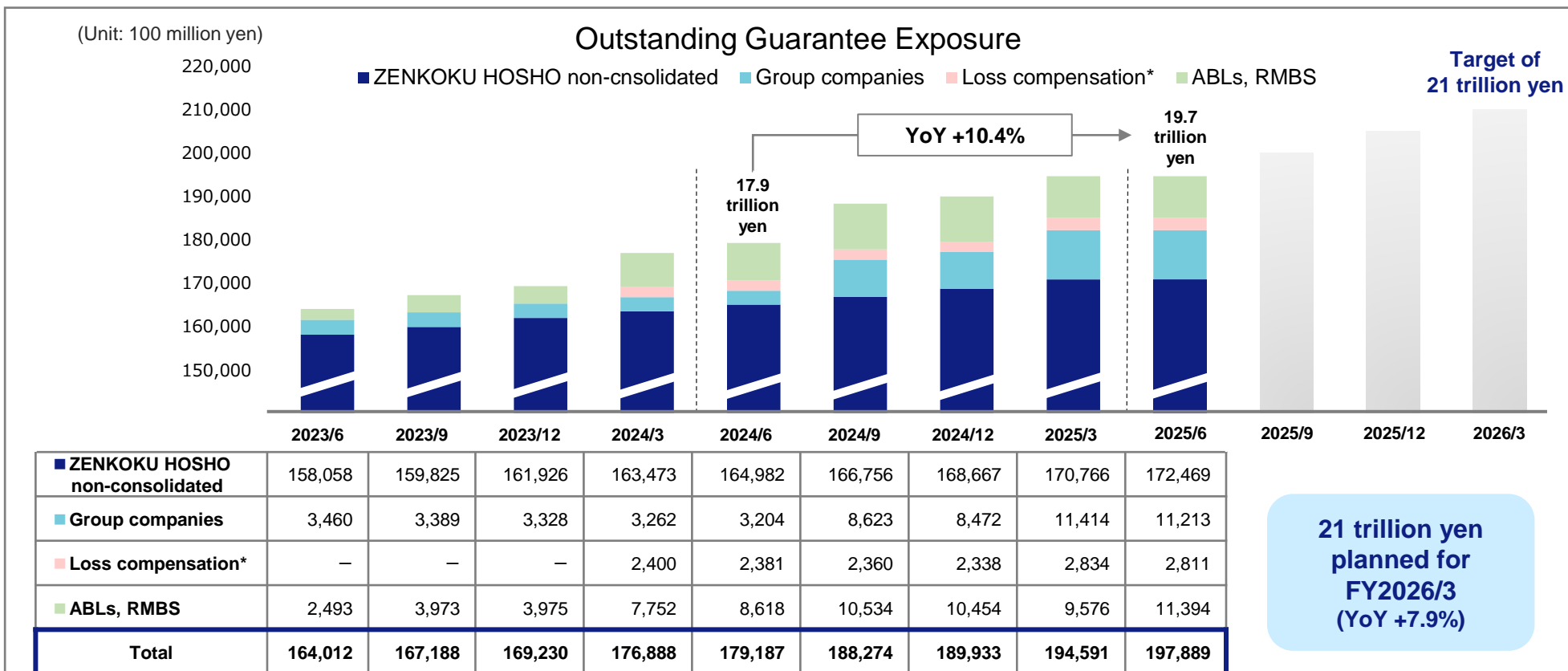
We aim to steadily acquire outstanding guarantee exposure from both new and existing housing loan markets to achieve our target of 21 trillion yen

Outstanding guarantee exposure	
Actual amount (March 31, 2025) (unit: ¥100 million)	194,591
Actual amount (June 30, 2025) (unit: ¥100 million)	197,889
Planned amount (March 31, 2026) (unit: ¥100 million)	210,000

■ Outstanding guarantee exposure

In the first quarter of the fiscal year ending March 31, 2026, we acquired outstanding guarantee exposure of 286.0 billion yen through ABLs, one of the inorganic growth methods.

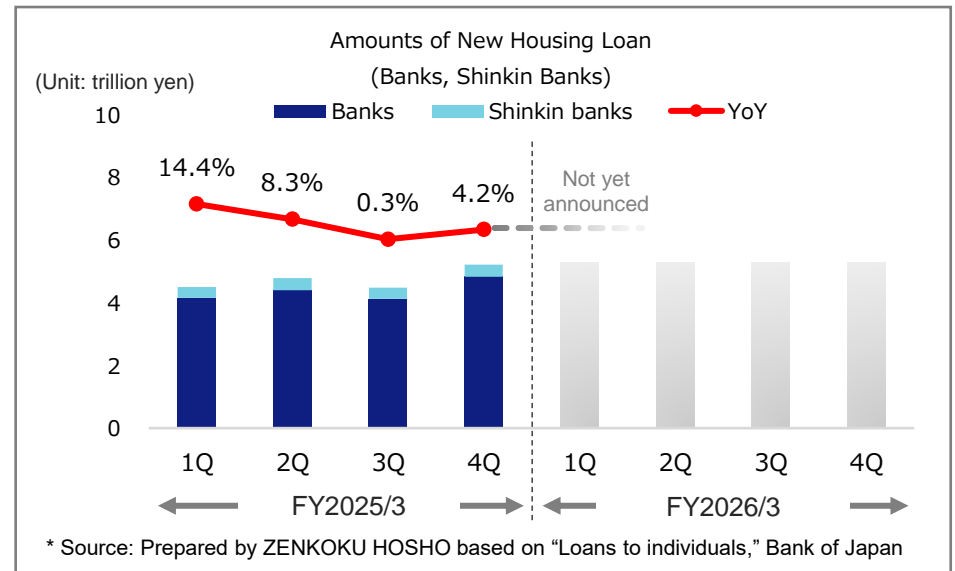
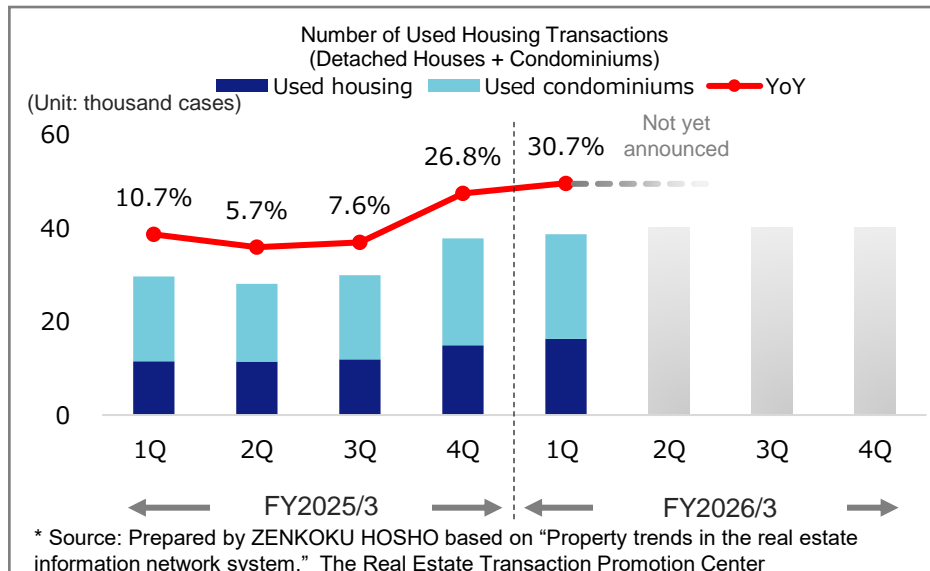
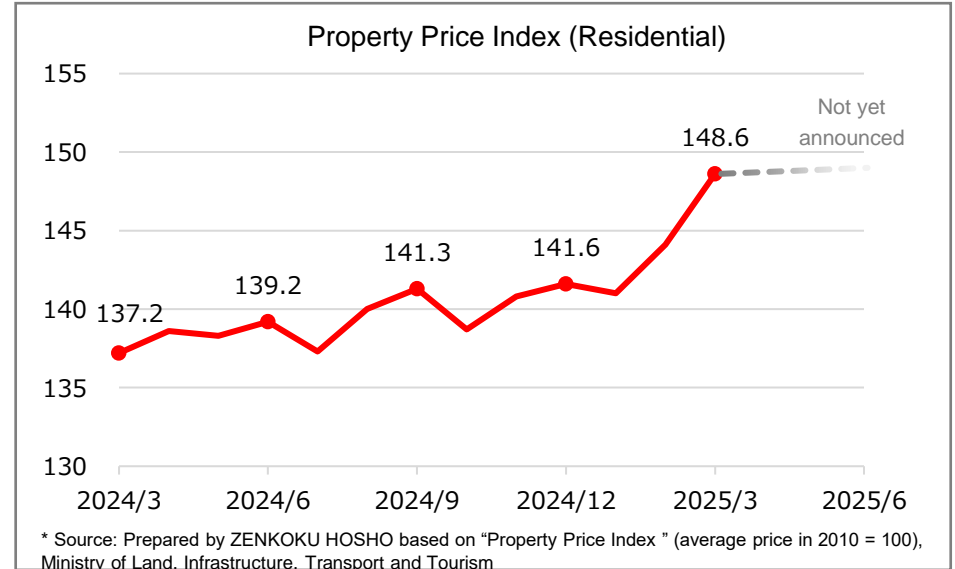
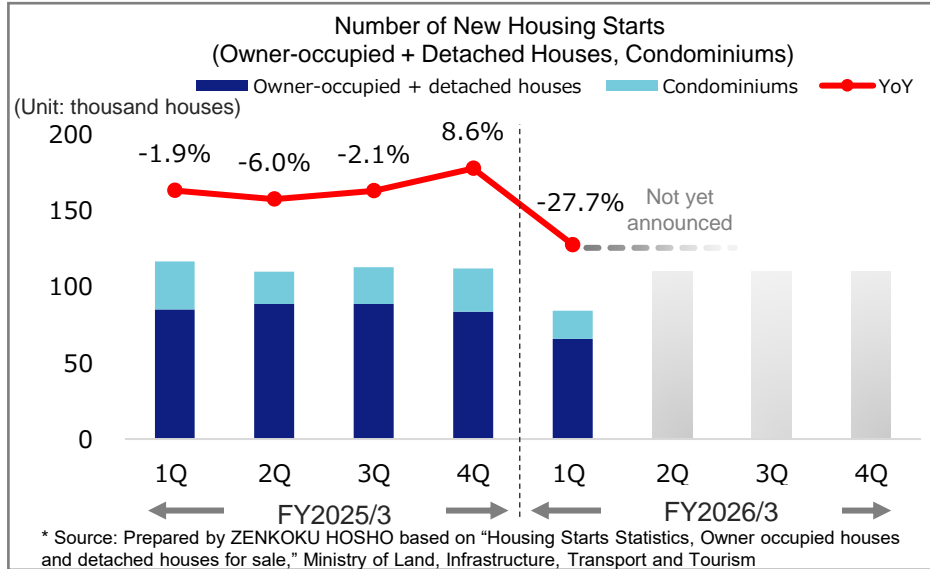
Having already surpassed the 19 trillion yen target set in our medium-term management plan, we now aim to exceed our initial goal and reach 21 trillion yen by the fiscal year ending March 31, 2026.



* Compensation for losses incurred from housing loan receivables

[Reference] The Housing Market and the Housing Loan Market

While the new housing loan market remains sluggish, the number of used housing transactions continues to show strong performance



Status of Amount Repaid in Subrogation and Amount of Collected Right to Reimbursement

For the fiscal year ending March 31, 2026, the amount repaid in subrogation is expected to increase in line with growth in outstanding guarantee exposure, etc.

Amount repaid in subrogation	
Actual amount (1Q FY2025/3) (unit: ¥ million)	3,568
Actual amount (1Q FY2026/3) (unit: ¥ million)	3,519
Planned amount (FY2026/3) (unit: ¥ million)	17,000
Amount of collected right to reimbursement	
Actual amount (1Q FY2025/3) (unit: ¥ million)	2,057
Actual amount (1Q FY2026/3) (unit: ¥ million)	2,496
Planned amount (FY2026/3) (unit: ¥ million)	10,500

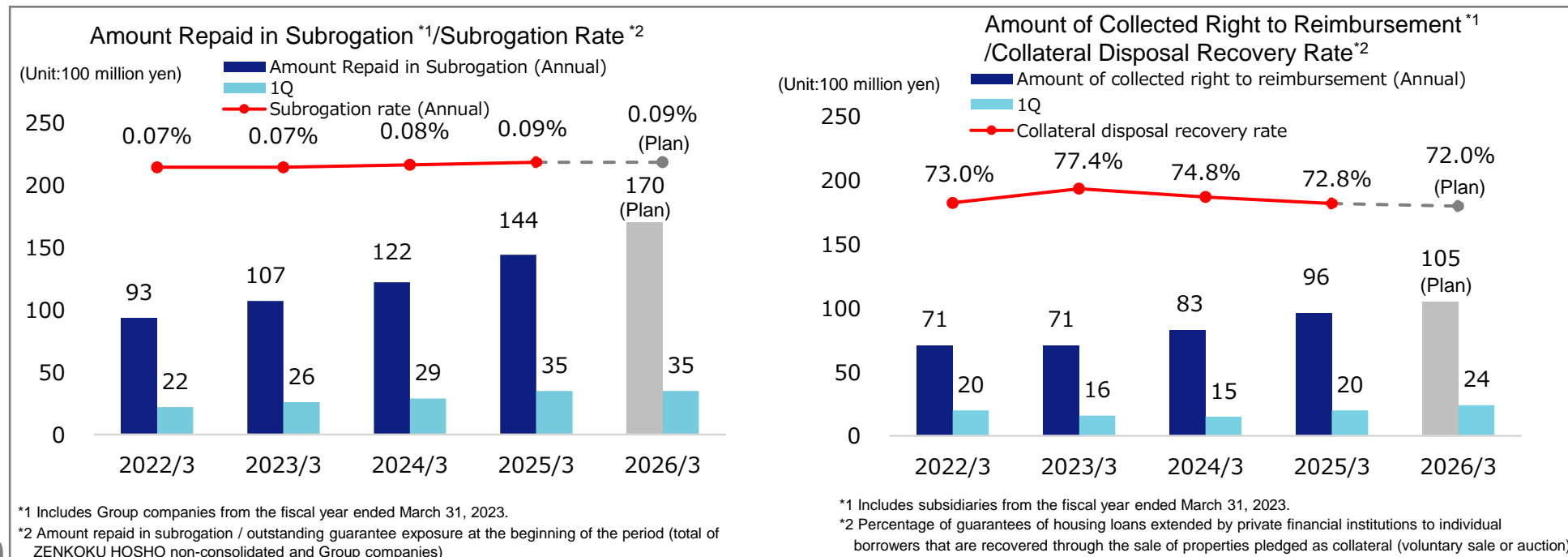
■ Amount repaid in subrogation

Despite the growth in outstanding guarantee exposure, the amount repaid in subrogation remained flat year-on-year.

Although a worsening business environment is anticipated for self-employed persons, a sharp increase in subrogation rates is not expected, given the continued favorable employment conditions for salaried workers.

■ Amount of collected right to reimbursement

The collateral disposal recovery rate is projected to remain high, supported by firm real estate prices and steady used housing transactions.

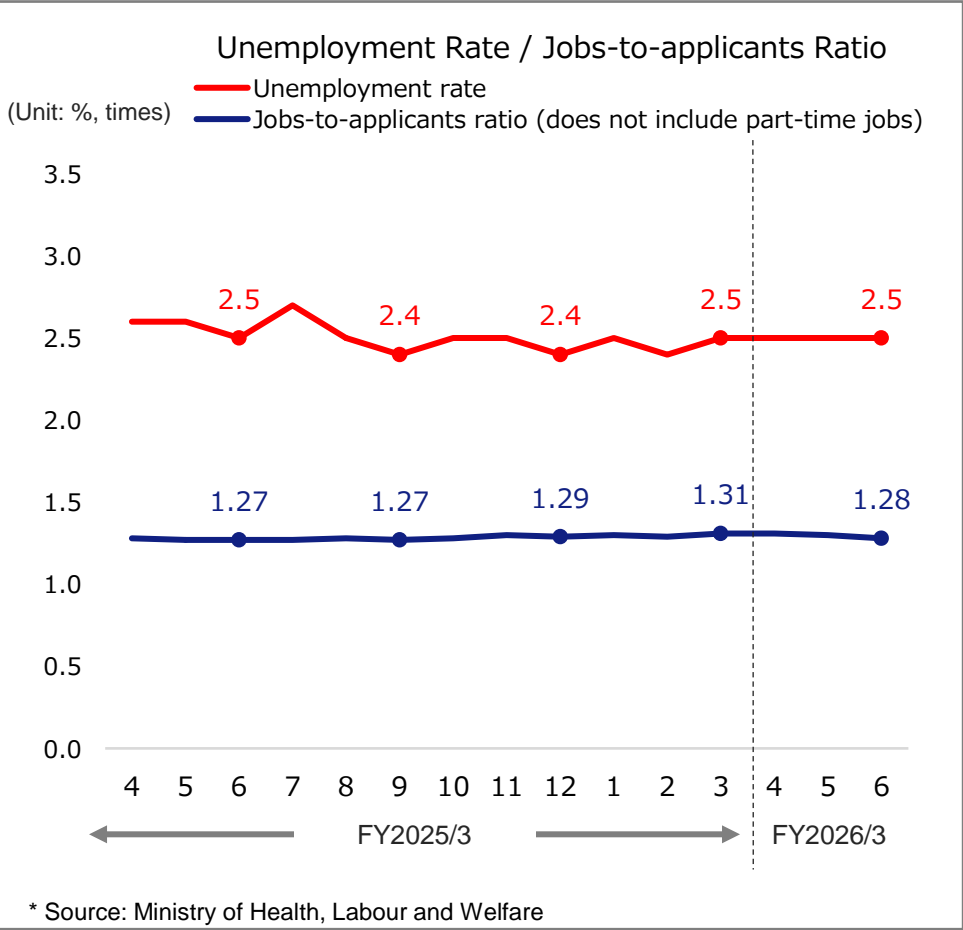


[Reference] Unemployment Rate, Jobs-to-applicants Ratio, Number of Corporate Bankruptcies

Labor shortages persist in the labor market, and the unemployment rate, which is correlated with subrogation, remains low

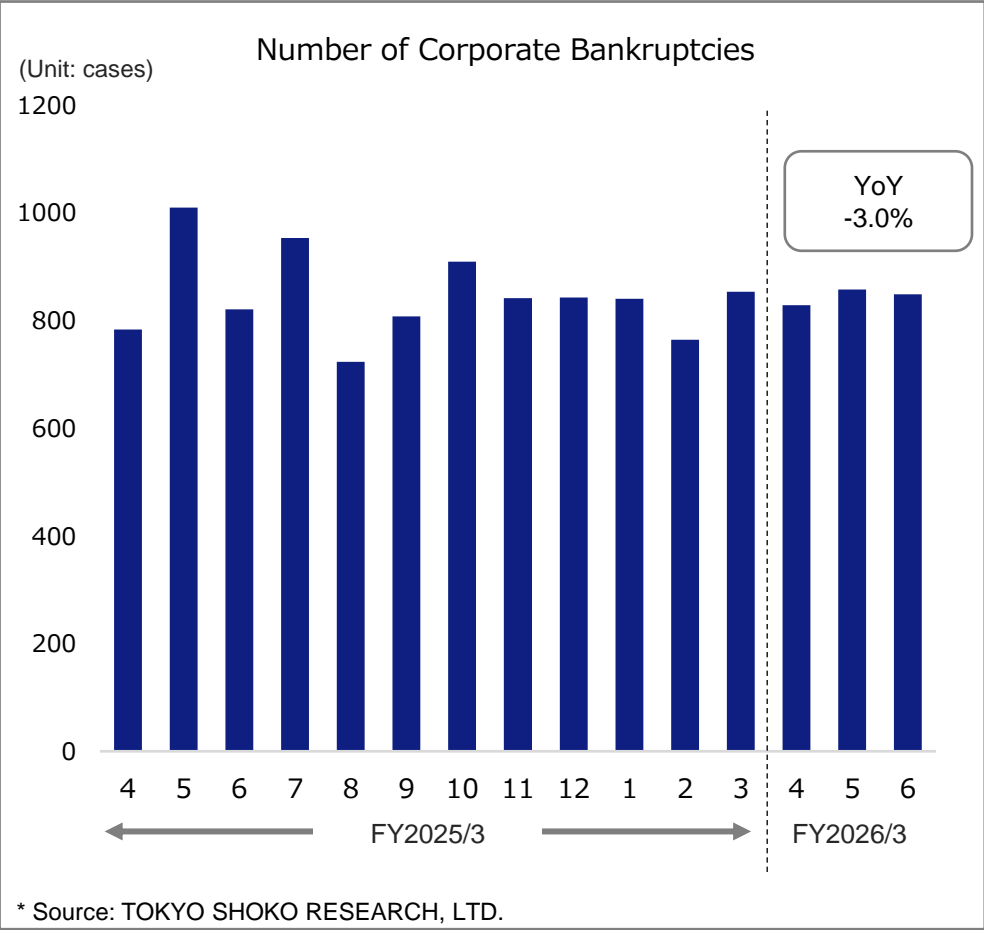
■ Unemployment Rate / Jobs-to-applicants Ratio

There were no signs of deterioration in the unemployment rate and jobs-to-applicants ratio and a favorable labor environment is projected to continue.



■ Number of Corporate Bankruptcies

Sustained high prices and labor shortages are leading to a rising trend in bankruptcies among self-employed persons.



[Reference] Impact of Rising Interest Rates

Rising interest rates are expected to have a positive impact on the Company

	Impact of rising interest rates	Supplemental explanation
Positive factors	Strengthening of housing loan promotion framework by financial institutions	✓ Strengthened housing loan promotion framework for revenue expansion leads to increased acquisition of new guarantees granted
	Growing needs for external risk transfer of financial institutions	✓ Utilization increases amid economic uncertainty, leading to increased acquisition of new guarantees granted
	Higher asset management yields	✓ Higher asset management yields lead to increased interest income, etc.
Negative factors	A decline in house-purchasing willingness among consumers	✓ However, any drop in demand is expected to be limited under the current pace and magnitude of interest rate hikes
	Increase in housing loan repayment amount for borrowers	✓ Impact on the Company is expected to be limited, even under rising interest rates *See below for details
	Decline in real estate prices	✓ Could impact sales prices of collateral real estate, however, no such signs have been observed at this point

Impact of rising interest rates on housing loan repayment amounts	Image of change in monthly repayment amount when interest rate rises			
<ul style="list-style-type: none"> ■ Increase in repayment amount due to higher interest rates [Table] For a loan amount of 30 million yen, an increase in the monthly repayment amount is approximately 7,000 yen when the interest rate rises by 0.5%. Therefore, the impact on repayments is minimal. ■ Increase in repayment amount controlled by 125% rule [Table] As variable interest rate housing loans often have special clauses set to limit the repayment amount to 1.25 times at the time of review every five years, the likelihood of immediate default is low. 	Loan terms Loan amount: 30 million yen Repayment period: 35 years Variable interest rate: 0.5% Repayment method: Equal repayment of principal and interest [Table]			
	Applicable interest rate	Range of increase	Monthly repayment amount	Increase amount
	0.5%	±0.0pt	77,000 yen	—
	1.0%	+0.5pt	84,000 yen	+7,000 yen
	2.5%	+2.0pt	97,000 yen *125% rule applies (107,000 yen before application)	+20,000 yen



CONTENTS



1. Overview of Financial Results



2. Results of the Initiatives for the Fiscal Year Ending March 31, 2026



Initiatives to Enhance Corporate Value

Aiming to achieve further growth and value creation by attaining the medium-term management plan targets

Medium-Term Management Plan
April 2023 to March 2026

Next Phase ~Growth and Value Creation~

Vision

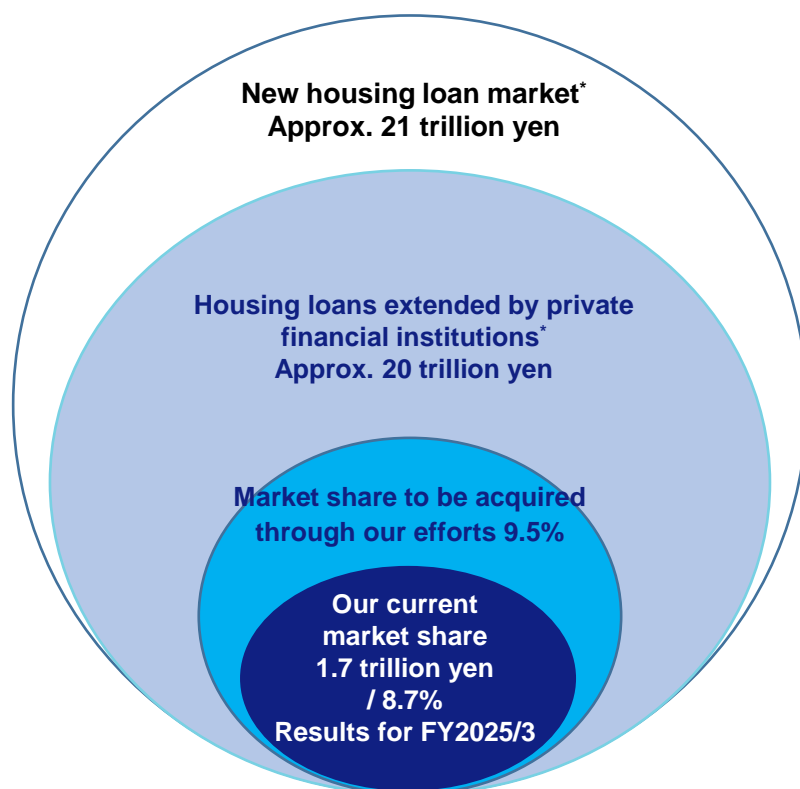
Becoming a **housing loan platformer** to achieve further growth and value creation

Basic policies of the medium-term management plan		FY2026/3 plan	Enhancement of corporate value
Expansion of core business P15-18	Expansion of guarantee business in the new housing loan market (Organic growth) Acquisition of outstanding guarantees from the existing housing loan market (Inorganic growth)	Outstanding guarantee exposure of 21 trillion yen (19 trillion yen in the initial plan)	Further growth and value creation
Entry into related businesses P19	Expansion of loan contract channels Collaboration with other companies, M&As Utilization of Group companies	Building a housing loan platform	
Capital policy P20	Implementation of capital utilization policy	ROE of 14%	
ESG P19	Resolving various ESG issues	Human capital investment/governance improvement	



Aiming to expand sales activities by leveraging our strengths in sales and creativity

Target share of the new housing loan market (KPI)



Progress of the initiatives for the fiscal year ending March 31, 2026

- To support affiliated financial institutions in acquiring housing loans and increase the Company's acquisition of new guarantees granted, we have launched a support program targeting child-rearing generation.
- We have revised product standards in line with housing loan market trends and expanded our lineup of group credit life insurance offerings.
- To differentiate ourselves from other companies, we proposed DX-related services that support the operational efficiency of financial institutions.



Actual amount (1Q FY2026/3)

Number of new guarantees granted	13,353 cases	YoY +2.7%
Amount of new guarantees granted	429.7 billion yen	YoY +6.4%

* Japan Housing Finance Agency "New Lending and Outstanding Amounts for Housing Loans by Lender"

Acquisition of outstanding guarantees from the existing housing loan market

We expect continued acquisition from the existing housing loan market even in the fiscal year ending March 31, 2026

Aiming to expand market share in the existing housing loan market (KPI)

[Medium-term management plan]
Outstanding guarantees target (KPI)

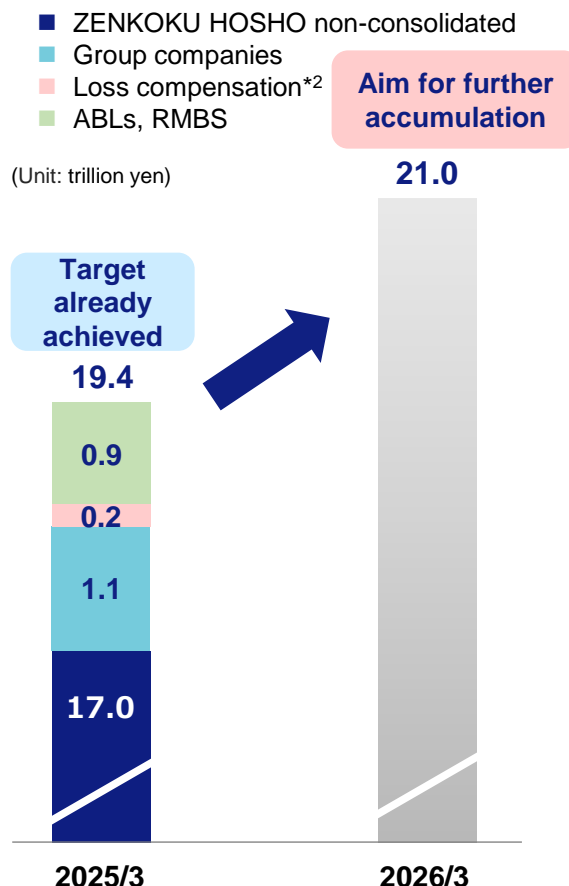
Action plan for the fiscal year ending March 31, 2026

Outstanding housing loans*1:
Approx. 220 trillion yen

Outstanding housing loans
extended by private financial
institutions*1:
Approx. 200 trillion yen

Market share to be acquired
through our efforts in the
medium-term management plan:
10.0%

Our current market share:
19.4 trillion yen / 9.5%
As of March 31, 2025



- We will continue to use our nationwide branch network to collect information on potential M&A targets and make proposals tailored to the needs of financial institutions by leveraging our expertise.
- We acquired outstanding guarantee exposure of 286.0 billion yen through ABLs.
- Including gains from the existing housing loan market, we aim to achieve our outstanding guarantee exposure target of 21 trillion yen this fiscal year.

1Q FY2026/3 acquisition results from the existing housing loan market

ABLs 1 case

286.0 billion yen

*1 Japan Housing Finance Agency "New Lending and Outstanding Amounts for Housing Loans by Lender"

*2 Compensation for losses incurred from housing loan receivables

Approaching the existing housing loan market

Acquisitions from the existing housing loan market are progressing steadily, and we aim to build on this momentum for further growth

Results of our approach to the existing housing loan market during the period of the medium-term management plan

Period	Method	No. of acquisitions	Guarantee exposure and underlying receivables* (at the time of publication)
FY2024/3 [the first year of medium-term management plan]	M&A Higashi-Nippon Guarantee Service	1	30.6 billion yen
	ABLs, RMBS Loss, compensation	7	824.2 billion yen
FY2025/3 [the second year of the medium-term management plan]	M&A ChibaKoginCard Service Mie Sogo-Shinyo Tohoku Guarantee Service	3	869.5 billion yen
	ABLs	2	304.0 billion yen
FY2026/3 First quarter [the final year of the medium-term management plan]	ABLs	1	286.0 billion yen
Total		14	2,314.4 billion yen

* For loss compensation and ABLs, etc., figures represent underlying receivables

【 Reference 】 Overview of Inorganic Growth Methods

The need for risk transfer among financial institutions is trending upward, and we are responding to the situation of each financial institution

	Organic growth	Inorganic growth			
	New guarantees granted	(1) M&As	(2) ABLs	(3) RMBS acquisition	(4) Loss compensation*
Contents of contract	Guarantee entrustment agreement	Share transfer agreement	Risk transfer agreement	Subordinated beneficiary right purchase agreement	Loss compensation agreement
Balance sheet	Outstanding guarantee exposure (off-balance-sheet)	Outstanding guarantee exposure (off-balance-sheet)	Long-term loans receivable	Investment securities	Outstanding loss compensation (off-balance-sheet)
Statement of income	Operating revenue Outstanding guarantee exposure x guarantee fee rate	Operating revenue Outstanding guarantee exposure x guarantee fee rate	Non-operating income Long-term loans receivable x interest rate	Non-operating income Securities x yield	Operating revenue Subordinated beneficiary rights x compensation fee rate
Contribution of cash and deposits for acquisition	No	No	Yes	Yes	No
Required capital	Loss arising from outstanding guarantee exposure is recorded according to the average payoff period.	Loss arising from outstanding guarantee exposure is recorded according to the average payoff period.	Loss arising from underlying receivables is recorded according to the average payoff period.	Loss arising from underlying receivables is recorded according to the average payoff period.	Loss arising from underlying receivables is recorded according to the average payoff period.
Average payoff period	15 years	15 years	6 years	15 years	6 years
Results as of 2025/6	Outstanding guarantee exposure: 17,246.9 billion yen	100% owned subsidiaries: 6 companies Outstanding guarantee exposure: 1,121.3 billion yen	Underlying receivables: 1,116.8 billion yen Long-term loans receivable recorded: 15.2 billion yen	Underlying receivables: 22.6 billion yen Securities recorded: 4.4 billion yen	Underlying receivables: 281.1 billion yen Subordinated beneficiary rights subject to loss compensation: 42.4 billion yen

We are implementing various measures to expand our business domains and resolve various ESG issues

Entry into related businesses

Collaboration, M&As, investment

- Considered M&A deals that are expected to generate synergies in other industries
- Invested in one startup company through CVC (July)

Expansion of loan contract channels

- Continued cooperation with real estate search sites and real estate companies to expand loan contract channels

Utilizing Group companies

- Continued to promote the introduction of products for niche markets
- Continued proposal activities to increase acceptance of credit management and collection services

Resolving various ESG issues

Human capital investment

- Established a new specialized department to secure and develop top talent
- Interviews were conducted by the Human Resources Division to help employees share and align career visions

Governance improvement

- Conducted reviews to improve the effectiveness of the integrated risk management system and operational risk
- Integrated the Risk Management Division and the Legal Office to strengthen compliance systems

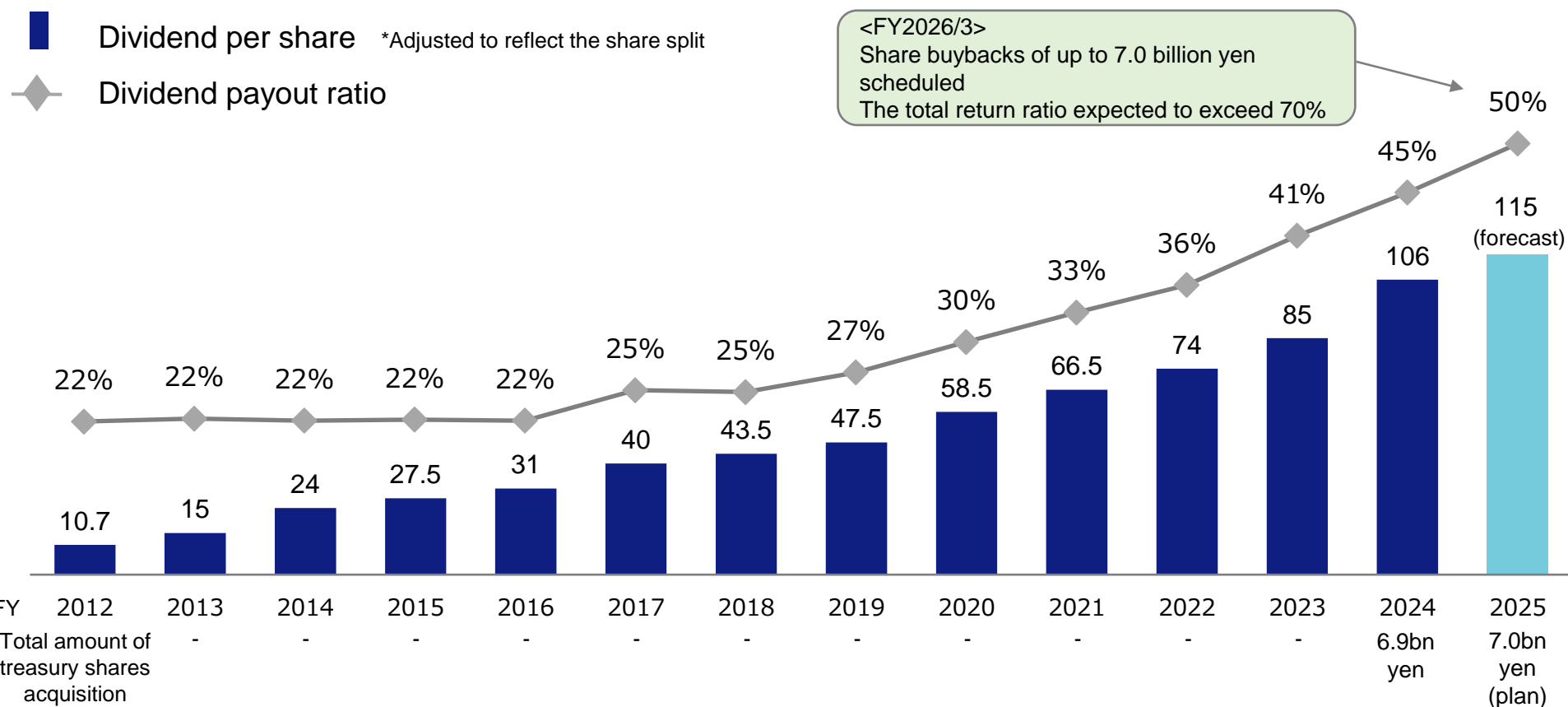
Climate change measures

- Continued initiatives to solve the vacant house problem by cooperation with local governments
- Continued initiatives to reduce GHG emissions

Shareholder returns

In the fiscal year ending March 31, 2026, the final year of the medium-term management plan, we intend to raise the dividend payout ratio to 50% in line with our original plan

- In April 2025, we conducted a two-for-one share split. Additionally, we plan to introduce an interim dividend starting from this fiscal year.
- The payout ratio for the fiscal year ending March 31, 2026 will be raised to 50%, with the annual dividend per share expected to be 115 yen (interim 45 yen, year-end 70 yen).
- Following on from the previous year, share buybacks of up to 7.0 billion yen was announced in May 2025, and the total return ratio is expected to exceed 70%.





Disclaimer and Notes Regarding Future Prospects

Disclaimer

This material is prepared by ZENKOKU HOSHO Co., Ltd. (hereinafter, “Zenkoku Hosho”) with the aim of helping investors understand Zenkoku Hosho and is provided purely for reference.

The information contained in the material is prepared based on generally accepted economic and social conditions as of August 5, 2025, and on certain assumptions that Zenkoku Hosho believes to be reasonable as well as on Zenkoku Hosho’s sole judgment. However, the information may change without notice subject to fluctuations in the business environment.

Notes Regarding Future Prospects

Data and information provided in this announcement include so-called “forward-looking statements.” These are based on assumptions associated with current estimations, predictions, and risks, and include uncertainties that could cause results to be substantially different from the description.

The risks and uncertainties include general economic conditions both in Japan and overseas, such as general industrial and market situations, interest rates, and currency exchange fluctuations.

Even in the case where there is new information or are related events in the future, etc., Zenkoku Hosho shall not be obliged to update and correct any “forward-looking statements” contained in this announcement.

