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Notice Regarding Issuance of Series 1 Bond-Type Class Shares and Reduction of Share Capital and Additional Paid-in Capital

August 18, 2025

Company Name	ZENSHO HOLDINGS CO.,LTD.
Listings	Tokyo Stock Exchange Prime Market
Securities code	7550
Representative	Yohei Ogawa, Representative Director, President & CEO
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ZENSHO HOLDINGS CO.,LTD. (the “Company”) hereby announces that the Board of Directors passed a resolution today to issue Series 1 Bond-Type Class Shares (the “Bond-Type Class Shares”, and such issuance, the “Offering”), as described below. In addition, the Company also hereby announces that the Board of Directors passed a resolution today to reduce the amount of share capital and additional paid-in capital equivalent to the amount of its share capital and additional paid-in capital to be increased as a result of the issuance of the Bond-Type Class Shares, effective as of the Payment Date (defined below) of the issuance of the Bond-Type Class Shares through the Offering.

[Background and Purpose of the Financing]

The Company is committed to the management philosophy of “Taking responsibility for the stability and development of human society through food, helping eradicate hunger and poverty from the world.” To realize this management philosophy, the Company aims to establish a superior global mass merchandising system (“MMD”) that takes responsibility for all processes from raw materials to the end of consumption.

In order to achieve this goal, the Company has been exploring ways to raise its equity capital by utilizing class shares and hybrid bonds. Through the approval by the General Meeting of Shareholders and General Meeting of Common Shareholders of the Company held on June 27, 2025, the Company partially amended its Articles of Incorporation to authorize ten new series of bond-type class shares (i.e., Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares). The amendment was approved by the General Meeting of Class A Shareholders as of May 13, 2025 as well. The Company believes that Bond-Type Class Shares would be a useful option as a financing method to increase equity capital that would minimize the impact on the interests of existing Common Shareholders of the Company as much as possible, and would mainly meet the needs of retail investors.

The Company is now striving to become the world's No.1 company in the food industry and has established medium-term management plans to accelerate its growth. The key strategies include accelerating global operation of restaurant and store, technological innovation through DX and AI, and deepening global MMD. To accelerate

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the expansion of Global Sukiya, Global Hama-sushi and take-out sushi stores, etc., and to implement proactive refurbishment investments of restaurants and stores, the Company believes it is necessary to maintain financial soundness while securing funds for growth investments. After comprehensively considering the progress of its business environment and other factors, and market conditions, the Company has determined that the conditions are now in place to issue the Bond-Type Class Shares. Accordingly, the Company has decided to issue the Bond-Type Class Shares.

(Product Nature of the Bond-Type Class Shares)

The Bond-Type Class Shares are designed to be suitable for investments by a wide range of domestic investors including retail investors, while minimizing the impact of dilution on the interests of the Common Shareholders. The product nature of the Bond-Type Class Shares is as follows:

1) Main features: Consideration for Common Shareholders

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 minimizing the impact of dilution on the interests of the Common Shareholders, and (ii) features that resemble “shares”, such as the nature to increase equity capital.

No dilution of voting rights of common shares (Bond-Type Class Shares have no voting rights or rights to convert into common shares).

The effects on the calculation of the key financial indicators such as ROE related to common shares are limited. (Note 1)

No dividend is paid beyond the preferred dividends determined at the time of issuance (non-participating).

The capital costs of Bond-Type Class Shares in approximately five years from the issuance is expected to be lower than those of common shares, as their capital costs equal to the annual dividend rate determined at the time of issuance. (Note 2)

(Note 1) 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 other financial indicators for common shares.

(Note 2) If issuance is realized within the pricing range related to the Fixed Annual Dividend Rate (defined below).

2) Key product nature

The Company designs the Bond-Type Class Shares with the following main features. The Company plans to obtain the equity credit for the 50% of the amount of funds raised by the issuance of the Bond-Type Class Shares from a rating agency (Japan Credit Rating Agency, Ltd.).

Key Features

Preferred Dividends	Fixed dividend for approximately five years from the issuance 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

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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.
Voting rights	None
Conversion into common shares	None

In addition, in order to promptly and flexibly manage its capital structure based on the Offering, the Company has decided to reduce its share capital and additional paid-in capital by the amount of the increase in share capital and additional paid-in capital as a result of the issuance of the Bond-Type Class Shares through the Offering, as of the Payment Date, on the condition that the Offering successfully closes, and to transfer the full amount of both to “other capital surplus.”

I. Outline of Issuance of Series 1 Bond-Type Class Shares by Public Offering

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| 1. | Class and Number of Shares for Subscription | Series 1 Bond-Type Class Shares of ZENSHO HOLDINGS CO.,LTD. (the “Series 1 Bond-Type Class Shares”): 10,000,000 shares |
| 2. | Aggregate Amount of Issue Price (Offer Price) | 50,000,000,000 yen (5,000 yen per share) |
| 3. | Amount to be Paid in | 4,850 yen per share |
| 4. | Amount of Increase in Share Capital and Additional Paid-in Capital | Amount of increase in share capital
24,250,000,000 yen (2,425 yen per share)
Amount of increase in additional paid-in capital
24,250,000,000 yen (2,425 yen per share) |
| 5. | Offering Method | Public offering in Japan (the “Public Offering”) with firm commitment underwriting of all shares by the Japanese underwriter. |
| 6. | Consideration of Underwriter | The Company will not pay any underwriting commission to the underwriter, although the aggregate amount of the difference between the Issue Price (Offer Price) and the amount to be paid to the Company by the underwriter shall constitute proceeds to the underwriter. |
| 7. | Subscription Period | From the next business day after the Pricing Date to Tuesday, September 30, 2025

The Pricing Date is expected to be a date between Tuesday, September 9, 2025 and Thursday, September 11, 2025. |
| 8. | Payment Date | Wednesday, October 1, 2025 |
| 9. | Share Unit for Subscription | 100 shares |

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10. Preferred Dividends (1)

Preferred Dividends

When the Company makes a year-end dividend with March 31 as the record date, the Company shall pay the year-end dividend in cash to holders of the Series 1 Bond-Type Class Shares ("Series 1 Bond-Type Class Shareholders") 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 Shareholders, in the amount per Series 1 Bond-Type Class Share equal to the product of equivalent of the Issue Price per share of the Series 1 Bond-Type Class Shares multiplied by the annual dividend rate specified in the following subsection (not more than 10%; the "Annual Dividend Rate")(a "Preferred Dividend to Series 1 Bond-Type Class Shares").

(2) Annual Dividend Rate

(i) If the record date falls in a fiscal year ending on or before March 31, 2031:

A rate not less than 4.00% per annum and not greater than 4.50% per annum, to be determined on the Pricing Date (the "Fixed Annual Dividend Rate").

(ii) If the record date falls in a fiscal year ending on or after April 1, 2031:

The interest rate of One-Year Japanese government bonds (JGBs) as of two business days before the last day of the immediately preceding fiscal year, plus a rate equal to the spread over the secondary yield (biannual compound basis) on 10-year JGBs with a remaining maturity of about 5 years applicable on the date that the Fixed Annual Dividend Rate is determined plus 1% (to be determined on the Pricing Date).

(3) Accumulation

If the total amount of dividend of surplus actually paid in cash to the Series 1 Bond-Type Class Shareholders per Series 1 Bond-Type Class Share in a given fiscal year in which the record date falls is less than the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for that fiscal year, that shortfall amount shall accumulate in subsequent fiscal years by a simple interest calculation (such accumulated shortfall shall be hereinafter referred to as "Accumulated Dividends Payable to Series 1 Bond-Type Class Shares"). The Company shall pay dividend of surplus in cash to the Series 1 Bond-Type Class Shareholders until such payment reaches the amount of the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares per share of Series 1 Bond-Type Class Shares, in preference to any dividend of surplus provided for in the subsection (1) of this section or the following section.

(4) Non-Participation

No dividend of surplus shall be paid to the Series 1 Bond-Type Class Shareholders in excess of the total of the Preferred Dividend to Series 1 Bond-Type Class Shares and the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares.

11. Interim Preferred Dividend

When the Company makes an interim dividend for a record date other than March 31 (an "Interim Dividend Record Date"), the Company shall pay a dividend in cash in the amount per share of Series 1 Bond-Type Class Shares to the Series 1 Bond-Type Class Shareholders whose names appear or are recorded in the register of shareholders as of the end of the Interim Dividend Record Date of

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that dividend, in preference to the Common Shareholders, in the amount determined by the resolution of the Board of Directors per Series 1 Bond-Type Class Share not exceeding one-half of the Preferred Dividend to Series 1 Bond-Type Class Shares.

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| 12. | Distribution of Residual Assets | <p>(1) Distribution of Residual Assets</p> <p>When the Company makes a distribution of residual assets, the Company shall pay in cash to the Series 1 Bond-Type Class Shareholders in preference to the Common Shareholders in the amount per Series 1 Bond-Type Class Share equal to the sum of the equivalent of the Issue Price per Series 1 Bond-Type Class Share plus the total of the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares and the Accrued Dividend (defined below) as of the date of the distribution of residual assets (the “Distribution Date”).</p> <p>“Accrued Dividend” means the amount obtained by multiplying the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for which the record date falls within that fiscal year by the number of days in the period beginning from (inclusive) the first day of the fiscal year in which the Distribution Date falls and ending on (inclusive) the Distribution Date, and then dividing such amount by the number of the days in the fiscal year.</p> <p>(2) Non-Participation</p> <p>No distribution of residual assets shall be made to the Series 1 Bond-Type Class Shareholders other than the distribution provided for in the preceding subsection.</p> |
| 13. | Order of Priority | <p>(1) Payments of Preferred Dividend to Bond-Type Class Shares, Interim Preferred Dividend to Bond-Type Class Shares and residual assets payable to Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares, and class A preferred dividends, class A preferred interim dividends and residual assets payable to class A preferred shares are ranked <i>pari passu</i>.</p> <p>(2) Payments of Accumulated Dividends Payable to Bond-Type Class Shares payable to Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares and cumulative unpaid class A preferred dividends payable to class A preferred shares are ranked <i>pari passu</i>.</p> |
| 14. | Voting Rights | <p>The Series 1 Bond-Type Class Shareholders shall have no voting rights at the General Meeting of Shareholders with respect to any matter.</p> |
| 15. | Resolutions of General Meeting of Class Shareholders | <p>(1) Unless otherwise provided by law, ordinance or the Articles of Incorporation, the resolutions of a General Meeting of Class Shareholders shall be adopted by a majority of the voting rights represented by the shareholders present who are entitled to exercise voting rights.</p> <p>(2) The resolutions provided for in Article 324, Paragraph 2 of the Companies Act shall be adopted by no less than two-thirds of the voting rights of shareholders present at the meeting whereby shareholders representing no less than one-third of the voting rights of shareholders who are entitled to exercise voting rights are present.</p> <p>(3) No resolution of a General Meeting of Class Shareholders constituted by the Series 1 Bond-Type Class Shareholders is required for the Company to conduct any of the acts provided for in the items of Article 322, Paragraph 1 of the Companies Act, unless otherwise provided by law.</p> |

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- (4) If the Company performs any of the following acts and it is likely to cause detriment to the Series 1 Bond-Type Class Shareholders, that act shall not take effect without a resolution of the General Meeting of Class Shareholders constituted by the Series 1 Bond-Type Class Shareholders, in addition to a resolution of the General Meeting of Shareholders or the Board of Directors, unless there are no Series 1 Bond-Type Class Shareholders who are entitled to vote at that General Meeting of Class Shareholders:
- (a) a merger in which the Company will be the absorbed company or a share exchange or share transfer in which the Company will be the wholly-owned subsidiary (except for a sole-share transfer conducted by the Company); or
 - (b) an approval by the Board of Directors of a demand for a cash-out by a special controlling shareholder against the other shareholders of the Company.
16. Acquisition (Acquisition by the Company in Exchange for Cash)
- (1) Acquisition in Exchange for Cash
- If either of the events specified in (a) or (b) below occurs, the Company may acquire all or part of the Series 1 Bond-Type Class Shares as of the acquisition date separately determined by a resolution of the Board of Directors or a determination of a director to whom the authority to make such determination has been delegated by a resolution of the Board of Directors:
- (a) five years have passed from and including the Payment Date (i.e., on or after October 1, 2030); or
 - (b) a capitalization event has occurred and exists.
- (2) Replacement Restrictions
- If the Company acquires the Series 1 Bond-Type Class Shares in exchange for cash in accordance with the call option under this section or repurchases Series 1 Bond-Type Class Shares (together with an acquisition in exchange for cash under this section, the “Acquisition for Monetary Consideration”), the Company shall not conduct that Acquisition for Monetary Consideration unless the Company funds the amount required for the Acquisition for Monetary Consideration with the issuance or disposition of replacement securities or borrowing with equal or greater equity credit within 12 months prior to the date of that Acquisition for Monetary Consideration.
- (3) Method of Acquisition
- In the case of an acquisition in exchange for cash in accordance with the call option under this section, the Company shall notify or announce the date of acquisition to the Series 1 Bond-Type Class Shareholders at least one month before the date of acquisition.
17. Share Consolidation; Share Split
- (1) The Company shall not split nor consolidate the Series 1 Bond-Type Class Shares, except as otherwise provided by law.
- (2) The Company shall not grant to the Series 1 Bond-Type Class Shareholders any rights to receive an allocation of offered shares or stock acquisition rights, or shall not make any gratuitous allotment of shares or stock acquisition rights.
- (3) If the Company conducts a share transfer (limited to a sole-share transfer conducted by the Company), the Company shall deliver to the Common Shareholders to be issued by the wholly-owning parent company to be 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 the Series 1 Bond-Type Class Shareholders shares to be issued by the wholly-owning parent

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| | | company to be incorporated in the share transfer that are of the same class as the Series 1 Bond-Type Class Shares in exchange for the Series 1 Bond-Type Class Shares, in the same ownership ratio respectively. |
| 18. | Absence of Seller Put Options When the Company Acquires Series 1 Bond-Type Class Shares | If the Company decides to acquire all or part of the Series 1 Bond-Type Class Shares held by the Series 1 Bond-Type Class Shareholders under an agreement with such Series 1 Bond-Type Class Shareholders pursuant to a resolution of the General Meeting of Shareholders, and further decides to notify the Series 1 Bond-Type Class Shareholders 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. |
| 19. | Listing | The Series 1 Bond-Type Class Shares are to be listed on the Prime Market of the Tokyo Stock Exchange. |
| 20. | Applicability of the Act on Book-Entry Transfer of Corporate Bonds and Shares, etc. | All of the Series 1 Bond-Type Class Shares are subject to the book-entry transfer system of Japan. |
| 21. | In addition to the above items, the representative director shall decide the Annual Dividend Rate and all other matters necessary for the issuance of the Series 1 Bond-Type Class Shares by the Public Offering pursuant to the delegation by the Board of Directors. The representative director is also authorized to change the pricing range specified in 10(2)(i) above. | |
| 22. | The above matters are conditional on the filing of a supplemental document to the shelf registration statement pursuant to the Financial Instruments and Exchange Act. | |

(Reference)

1. Use of Proceeds

(1) Use of Proceeds

Of the approximate net proceeds of 48,276,000,000 yen from the issuance of the Bond-Type Class Shares, 12,500,000,000 yen will be used by the end of March 2027 to finance the opening of new restaurants and stores as well as capital investments for renovating existing restaurants and stores, globally in Global Sukiya segment, 12,500,000,000 yen will be used by the end of March 2027 to finance the opening of new restaurants and stores as well as capital investments for renovating existing restaurants and stores, globally in Global Hama-sushi segment, 10,000,000,000 yen will be used by the end of March 2027 to finance the opening of new restaurants and stores as well as capital investments for renovating existing restaurants and stores in Restaurants segment, 10,000,000,000 yen will be used by the end of March 2027 for capital investments related to the establishment and relocation of factories and enhancement of business platforms such as DX and AI investments in Corporate and Support segment, and the remaining amount will be used by the end of March 2027 to finance the opening of new restaurants and stores as well as capital investments for renovating existing restaurants and stores in Global Prepared Food segment.

Such net proceeds will be allocated through investments and loans to the Company's consolidated subsidiaries, except for capital investments related to enhancement of business platforms such as DX and AI investments.

Until they are specifically allocated, such amounts will be properly managed in the Company's bank account.

(2) Change in Use of Proceeds Since Previous Issuance

Not applicable.

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(3) Impact on Business Performance

It has no significant impact on the Company's consolidated financial results and there is no change in the forecast for this fiscal year. As stated in "Background and Purpose of the Financing" above, the Company believes that this financing will contribute to its growth over the medium to long term and enhancement of its financial foundations.

2. Distribution of Profit to Shareholders, etc.

(1) Basic Policy on Profit Distribution

The Company believes that providing stable returns to shareholders is one of the most principal issues in corporate management. The Company's dividend policy is to distribute stable profits in accordance with business performance, while actively expanding its business and enhancing internal reserves.

(2) Policy for Determining Dividends

In accordance with Article 459 of the Companies Act of Japan, the Company's Articles of Incorporation stipulate that the Company is authorized to distribute dividends of surplus by a resolution of the Board of Directors. For the class A preferred shares, dividends will be paid according to the prescribed calculations set out at the time of issuance. The Company will pay dividends to the Bond-Type Class Shares in the amount of the product of the equivalent of the Issue Price per share multiplied by the annual dividend rate to be determined on the Pricing Date in accordance with the terms and conditions.

(3) Use of Retained Earnings

The Company will allocate its retained earnings effectively to the capital investments, mainly for opening of new restaurants and stores and refurbishment of existing restaurants and stores.

II. Reduction of Share Capital and Additional Paid-in Capital

1. Purpose of Reduction of Share Capital and Additional Paid-in Capital

As stated in "I. Outline of Issuance of Series 1 Bond-Type Class Shares by Public Offering" above, the Company passed a resolution with respect to the Offering today. In order to promptly and flexibly manage its capital structure based on the Offering, the Company decided to reduce its share capital and additional paid-in capital, by the amount of the increase in share capital and additional paid-in capital due to the issuance of the Series 1 Bond-Type Class Shares through the Offering, as of the Payment Date, on the condition that the Offering successfully closes, and to transfer the full amount of both to "other capital surplus" (the "Capital Reduction").

2. Outline of Reduction of Share Capital and Additional Paid-in Capital

(1) Amount of Reduction in Share Capital

24,250,000,000 yen

As the amount of share capital will increase by 24,250,000,000 yen as a result of the Offering, the amount of share capital after the effective date will not be less than the amount of share capital before the effective date.

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(2) Amount of Reduction in Additional Paid-in Capital

24,250,000,000 yen

As the amount of additional paid-in capital will increase by 24,250,000,000 yen as a result of the Offering, the amount of additional paid-in capital after the effective date will not be less than the amount of additional paid-in capital before the effective date.

(3) Method of Reduction of Share Capital and Additional Paid-in Capital

The Company will reduce the amounts of share capital and additional paid-in capital as described above in accordance with the provisions of Article 447, Paragraphs 1 and 3 and Article 448, Paragraphs 1 and 3 of the Companies Act, and transfer the full amount of both to “other capital surplus.”

3. Schedule of Reduction of Share Capital and Additional Paid-in Capital

Monday, August 18, 2025	Resolution by the Board of Directors
Tuesday, August 19, 2025	Public Notice of Objection by Creditors Regarding Reduction of Share Capital and Additional Paid-in Capital
Friday, September 19, 2025	Final Deadline for Objection by Creditors Regarding Reduction of Share Capital and Additional Paid-in Capital
Wednesday, October 1, 2025	Effective Date of Reduction of Share Capital and Additional Paid-in Capital

4. Future Outlook

The Capital Reduction is a transfer of share capital and additional paid-in capital accounts to the “other capital surplus” account within the net assets, and there will be no change in the Company’s net assets.

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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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ZENSHO HOLDINGS CO., LTD.

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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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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ZENSHO HOLDINGS CO., LTD.

Q&A regarding Series 1 Bond-Type Class Shares

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.

Q&A regarding Series 1 Bond-Type Class Shares

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.

Q&A regarding Series 1 Bond-Type Class Shares

Question	Answer
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%.

Q&A regarding Series 1 Bond-Type Class Shares

Question	Answer
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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