

## ZENSHO HD Issues New Shares—Limited Impact on Ratings, but JCR Recognizes Financial Improvement Effects

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the issuance of new shares and secondary offering of shares by ZENSHO HOLDINGS CO., LTD. (security code: 7550).

- (1) Today, ZENSHO HOLDINGS CO., LTD. (the "Company") announced that its Board of Directors had resolved to issue new shares by way of a public offering and to conduct a secondary offering of its shares. Through these transactions, the Company's capital stock and legal capital surplus will increase by approximately 49.9 billion yen, and the Company intends to use the entire amount as standby funds for M&A. Since the amount of interest-bearing debt relative to the equity capital remains high, JCR does not expect these transactions to have an immediate impact on the rating, but they will strengthen the Company's financial structure.
- (2) At the time of the announcement of the financial results for the second quarter of the fiscal year ending March 31, 2024 (FY2023), the Company upwardly revised its full-year forecast. Operating profit for FY2023 is expected to be 51 billion yen (up 134.7% year-on-year), a significant improvement over the record high in FY2022. The reasons for the upward revision are a pickup in demand for food services as a result of the removal of restrictions on activities, and the making SnowFox Topco Limited and other companies its subsidiaries. JCR will continue to monitor the steady growth of existing businesses and the contribution of new businesses to earnings, as well as trends in the further improvement of the Company's financial structure.

Shigenobu Tonomura, Misa Ishizaki

### <Reference>

Issuer: ZENSHO HOLDINGS CO., LTD.

Long-term Issuer Rating: BBB+      Outlook: Stable

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