Financial Results for the Fiscal Year Ended March 31, 2025

May 2025

ZENKOKU HOSHO Co., Ltd.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Executive Summary

全国保証

Operating revenue	Ordinary profit	Profit attributable to owners of parent	ROE*1
56.9 billion yen YoY +10.3%	44.5 billion yen YoY +7.1%	32.0 billion yen YoY +11.4%	13.8% YoY +0.4pt

Organic growth results*2	Inorganic growth results*3	Outstanding guarantee exposure*4	Credit-related
Amount of new guarantees granted 1,788.9 billion yen YoY +4.2% Number of new guarantees granted 56,751 cases YoY +0.5%	1,173.6 billion yen YoY +37.3%	19.4 trillion yen YoY +10.0%	Subrogation rate*5 0.09% YoY +0.01pt Collateral disposal recovery rate*6 72.8% YoY -2.0pt

*1 Profit attributable to owners of parent ÷ average shareholders' equity at the beginning and end of the period
*2 Number and amount of new guarantees granted for private financial institutions provided by ZENKOKU HOSHO and Group companies
*3 Total housing loan receivables, etc. (including some for investment purposes) backing RMBS, Asset Backed Loans ("ABLs"), and loss compensation contracts in addition to outstanding guarantee exposure held by guarantee companies acquired through M&As
*4 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
*5 Amount repaid in subrogation ÷ outstanding guarantee exposure of ZENKOKU HOSHO and Group companies at the beginning of the period
*6 Percentage of guarantees of housing loans extended by private financial institutions to individual borrowers that are recovered through the sale of properties pledged as collateral (voluntary sale or auction)

Executive Summary

Financial summary	**Both operating revenue and profit increased for the fiscal year ended March 31, 2025.** ✓ Operating revenue increased (YoY +10.3%) due to the accumulation of outstanding guarantee exposure and the improvement in insurance-related revenue. ✓ Operating profit increased (YoY +7.3%), as the increase in expenses related to credit and personnel expenses, etc. was largely in line with the plan. ✓ Ordinary profit increased (YoY +7.1%) due to higher yields on securities and an increase in ABLs.
Organic growth	**The amount of new guarantees granted increased while the number of new guarantees granted remained unchanged.** ✓ The amount of new guarantees granted increased (YoY +4.2%) due to the contributions from increase in the guarantee fee per case owing partly to impact from soaring property prices. ✓ The number of new guarantees granted remained flat (YoY +0.5%) due to the sluggish housing market in the first half.
Inorganic growth	**We acquired outstanding guarantee exposure amounting to 1,173.6 billion yen from the existing housing loan market.** ✓ We acquired all shares of ChibaKoginCard Service Co., Ltd., Mie Sogo-Shinyo Co., Ltd., and Tohoku Guarantee Service Co., Ltd. and made them into subsidiaries. We also executed two ABLs. ✓ As acquisitions from the existing housing loan market outpaced the plan, outstanding guarantee exposure as of March 31, 2025 was 19.4 trillion yen, achieving the 19 trillion yen target in the medium-term management plan ahead of schedule.
Capital policy	**ROE reached 13.8%, marking a turnaround from the bottom.** ✓ ROE reached 13.8% (YoY +0.4 points), marking a turnaround from the bottom. We will continue to improve it through the steady implementation of our capital policies. ✓ In the fiscal year ended March 31, 2025, we conducted our first share buyback of 7.0 billion yen. In the fiscal year ending March 31, 2026, we plan to carry out a share buyback of up to 7.0 billion yen.

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Summary of Business Results for the Fiscal Year Ended March 31, 2025 (P/L)

While operating revenue was higher than expected, expenses related to credit remained within the planned range, resulting in increased revenue and profit

(Unit: million yen)

	FY2024/3	FY2025/3	Change
Operating revenue	51,638	56,972	10.3%
Operating expenses	12,536	14,997	19.6%
Expenses related to credit	3,382	4,096	21.1%
Provision for loss on guarantees	3,958	4,430	11.9%
Provision of allowance for doubtful accounts	-576	-334	-
Salaries, allowances and bonuses	2,287	2,594	13.4%
Other	6,866	8,306	21.0%
Operating profit	39,102	41,974	7.3%
Non-operating income	3,368	4,169	23.8%
Non-operating expenses	890	1,626	82.7%
Ordinary profit	41,581	44,518	7.1%
Extraordinary income and loss	-176	1,235	-
Profit attributable to owners of parent	28,796	32,089	11.4%

Supplemental explanation

■ Operating revenue

Operating revenue amounted to 56.9 billion yen due to the accumulation of outstanding guarantee exposure through the acquisition of new guarantees granted and M&As with other companies in the same industry.

■ Operating profit

Expenses related to credit and personnel expenses remained within the planned range, and operating profit amounted to 41.9 billion yen.

■ Ordinary profit

Non-operating income increased due to higher yields on securities and ABLs, etc. Meanwhile, non-operating expenses increased due to fees related to the subordinate loan refinancing. As a result, ordinary profit amounted to 44.5 billion yen.

■ Extraordinary income and loss

A gain on bargain purchase due to M&As with other companies in the same industry was recorded.

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	¥231.11
Dividend per share	¥115
Share buyback	¥7.0 billion
Target ROE	14%

Assumptions for Earnings Forecast

External conditions are to remain uncertain, and we are to steadily implement various measures and continue accumulating outstanding guarantee exposure

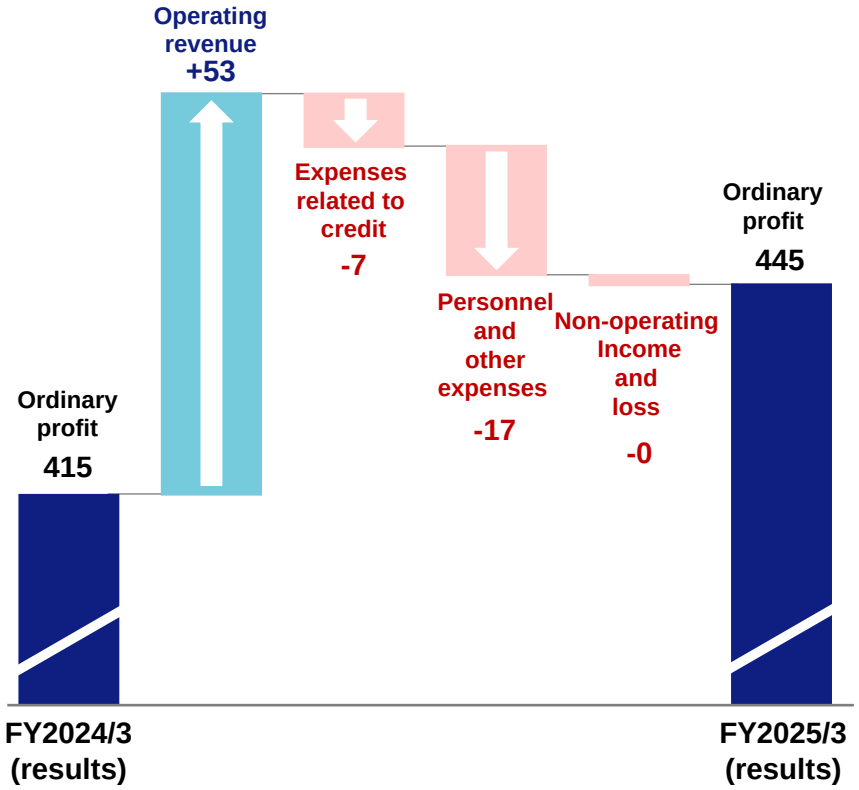
	Item	Forecast for the fiscal year ending March 31, 2026	Details
External factors	Housing loan market	Flat	✓ The new housing market shrinks while the used housing market expands ✓ Financial institutions step up the promotion of housing loans in anticipation of rising interest rates
	Employment environment	Flat	✓ Employment environment remains favorable due to continued labor shortages
	Corporate bankruptcies	Deteriorate	✓ Number of corporate bankruptcies is expected to increase due to deterioration in the business environment of self-employed persons
Internal factors	Organic growth (new guarantees granted)	Flat	✓ The number of new guarantees granted is expected to remain unchanged
	Inorganic growth (M&As with other companies in the same industry, ABLs, etc.)	Increase	✓ Inquiries and consultation requests from financial institutions continue, but as acquisition is anticipated at the end of the fiscal year, contributions to revenue are not expected until the next fiscal year or later
	Other growth investments (M&A with companies in different industries)	—	✓ We make approaches to related businesses as part of capital utilization measures ✓ Not factored into the earnings forecast due to many uncertainties

Factors for Year-on-Year Changes in Ordinary Profit

Revenue from M&As is not factored into the forecast in the FY2026/3 plan

FY2025/3 Results

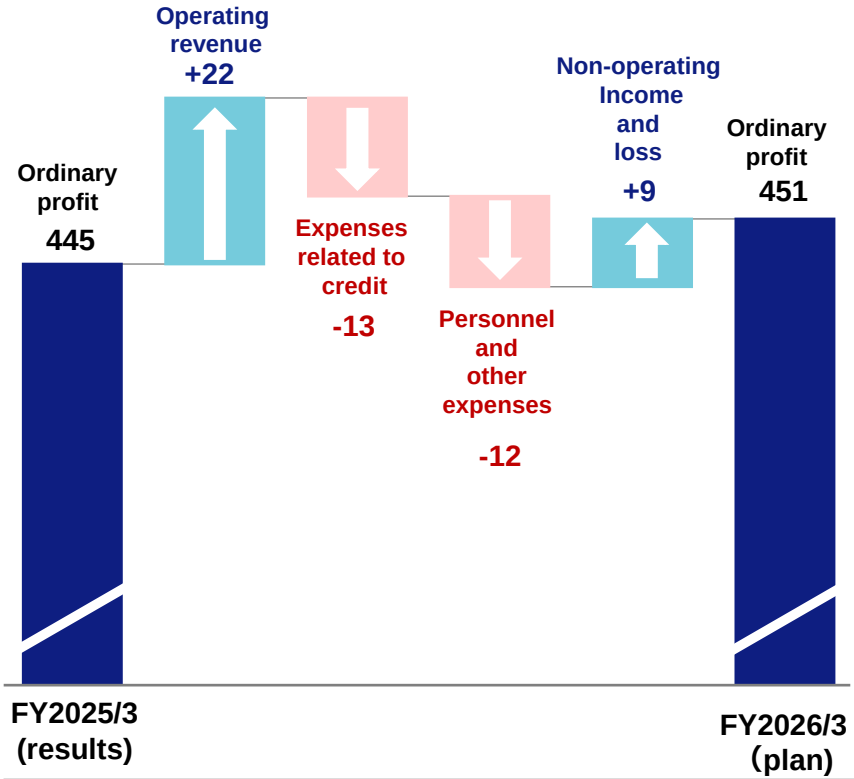
(Unit: 100 million yen)



- ✓ Operating revenue increased due to the acquisition of new guarantees granted and M&As with other companies in the same industry.
- ✓ The increase in personnel and other expenses was due to factors such as base salary raises and system-related expenses.

FY2026/3 Plan

(Unit: 100 million yen)



- ✓ Operating revenue and expenses related to credit are expected to increase in line with growth in outstanding guarantee exposure. (not including M&As)
- ✓ The expected increase in personnel and other expenses is due to factors such as continued base salary raises, staff increases and system-related expenses.

Summary of Business Results for the Fiscal Year Ended March 31, 2025 (B/S)

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

(Unit: million yen)

Assets	FY2024/3	FY2025/3	Change
Current assets	149,559	160,396	7.2%
Cash and deposits	125,342	137,577	9.8%
Right to reimbursement	14,960	17,268	15.4%
Securities	14,991	9,532	-36.4%
Allowance for doubtful accounts	-7,136	-8,339	-
Non-current assets	317,059	332,001	4.7%
Investments and other assets	313,630	328,588	4.8%
Investment securities	275,679	285,124	3.4%
Long-term loans receivable	14,791	14,515	-1.9%
Long-term time deposits	18,000	23,000	27.8%
Total assets	466,618	492,398	5.5%

Liabilities	FY2024/3	FY2025/3	Change
Current liabilities	34,879	39,498	13.2%
Unearned revenue	17,845	18,892	5.9%
Provision for loss on guarantees	7,297	8,528	16.9%
Non-current liabilities	206,656	214,221	3.7%
Long-term borrowings	30,000	30,000	-
Long-term unearned revenue	176,063	183,552	4.3%
Total liabilities	241,535	253,719	5.0%
Net assets			
Shareholders' equity	224,200	237,613	6.0%
Accumulated other comprehensive income	881	1,065	20.8%
Total net assets	225,082	238,678	6.0%
Total liabilities and net assets	466,618	492,398	5.5%

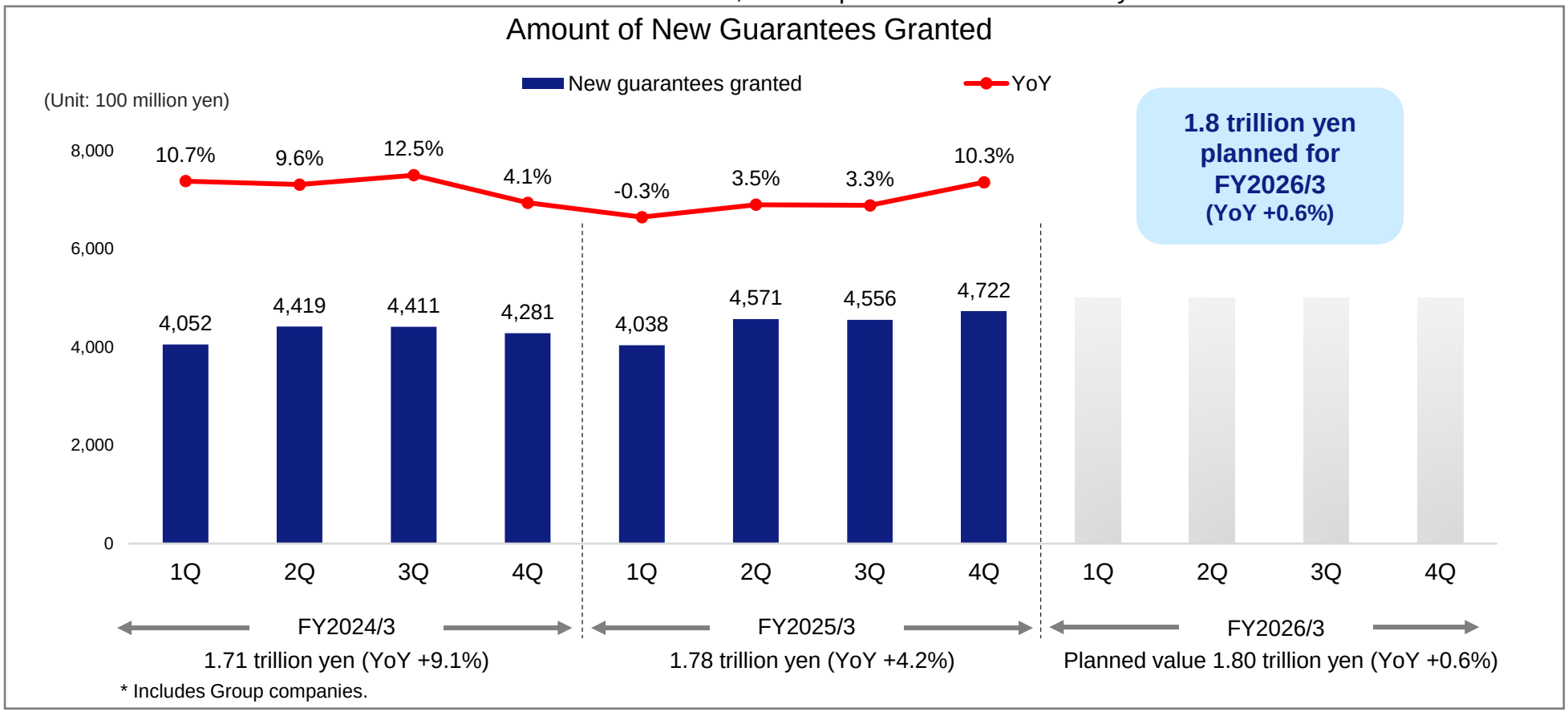
Status of New Guarantees Granted

The number of new guarantees granted remained flat, while the amount of new guarantees granted increased due to the contribution from increase in the guarantee fee per case

	Number of guarantees granted	Amount of guarantees granted
Planned amount (FY2025/3)	61,500 cases	1.80 trillion yen
Actual amount (FY2025/3)	56,751 cases	1.78 trillion yen
Planned amount (FY2026/3)	58,000 cases	1.80 trillion yen

New guarantees granted

For the fiscal year ended March 31, 2025, the number of new guarantees granted remained unchanged due to the weak trend in the housing market in the first half. (56,446 cases in FY2024/3)
On the other hand, the amount of new guarantees granted increased due to the contribution from increase in the guarantee fee per case.
The amount of new guarantees granted for the fiscal year ending March 31, 2026 is planned to be 1.8 trillion yen.



* Includes Group companies.

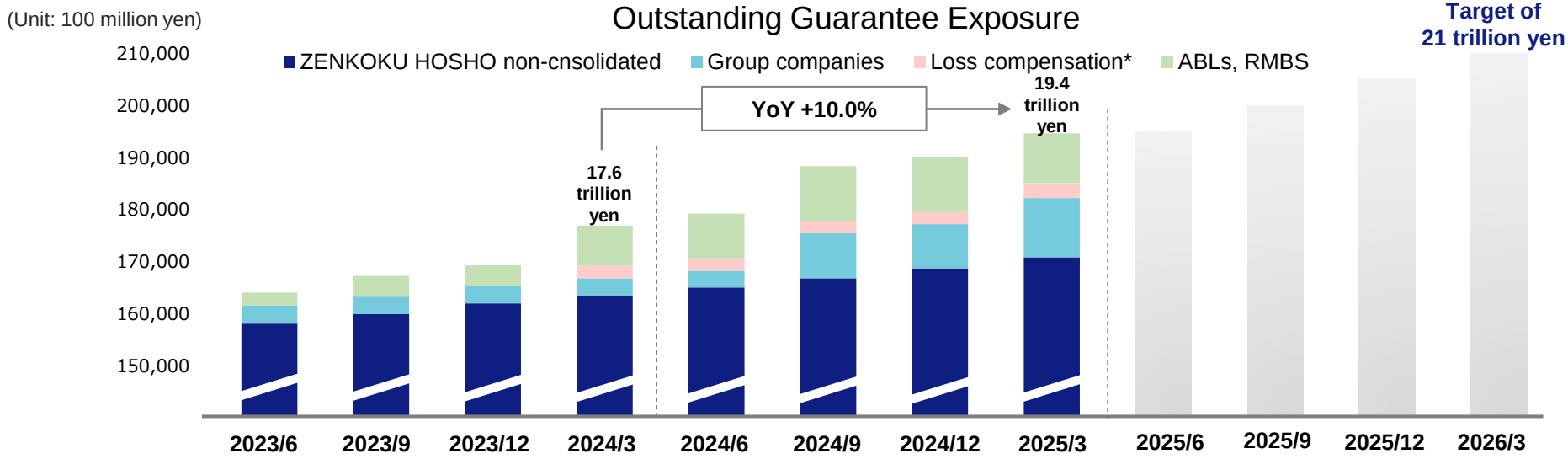
Status of Outstanding Guarantee Exposure

The acquisition of outstanding guarantee exposure from the existing housing loan market steadily progressed, and we achieved the medium-term management plan target of 19 trillion yen in outstanding guarantee exposure ahead of schedule

Outstanding guarantee exposure	
Planned amount (March 31, 2025) (unit: ¥100 million)	190,000
Actual amount (March 31, 2025) (unit: ¥100 million)	194,591
Planned amount (March 31, 2026) (unit: ¥100 million)	210,000

Outstanding guarantee exposure

Outstanding guarantee exposure amounted to 19.4 trillion yen as of March 31, 2025 due to the faster-than-expected acquisition from the existing housing loan market, and we achieved the medium-term management plan target of 19 trillion yen ahead of schedule.
Outstanding guarantee exposure is also expected to grow steadily in the fiscal year ending March 31, 2026.



	2023/6	2023/9	2023/12	2024/3	2024/6	2024/9	2024/12	2025/3
ZENKOKU HOSHO non-consolidated	158,058	159,825	161,926	163,473	164,982	166,756	168,667	170,766
Group companies	3,460	3,389	3,328	3,262	3,204	8,623	8,472	11,414
Loss compensation*	–	–	–	2,400	2,381	2,360	2,338	2,834
ABLs, RMBS	2,493	3,973	3,975	7,752	8,618	10,534	10,454	9,576
Total	**164,012**	**167,188**	**169,230**	**176,888**	**179,187**	**188,274**	**189,933**	**194,591**

21 trillion yen planned for FY2026/3 (YoY +7.9%)

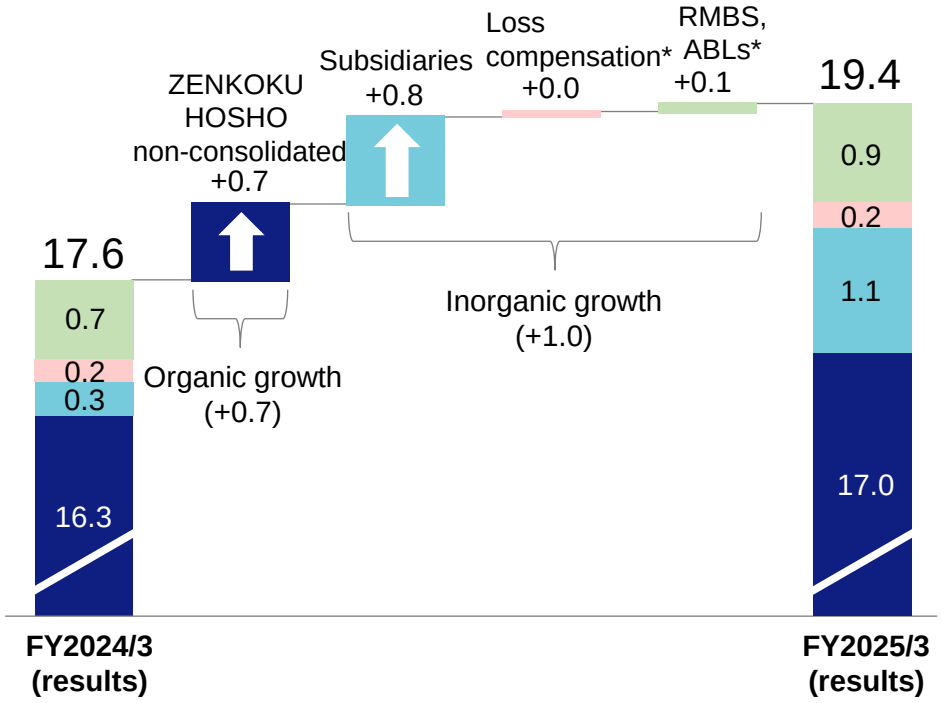
* Compensation for losses incurred from housing loan receivables

Factors for Year-on-Year Increase in Outstanding Guarantee Exposure

Aiming for outstanding guarantee exposure of 21 trillion yen or more including from the inorganic market for the fiscal year ending March 31, 2026

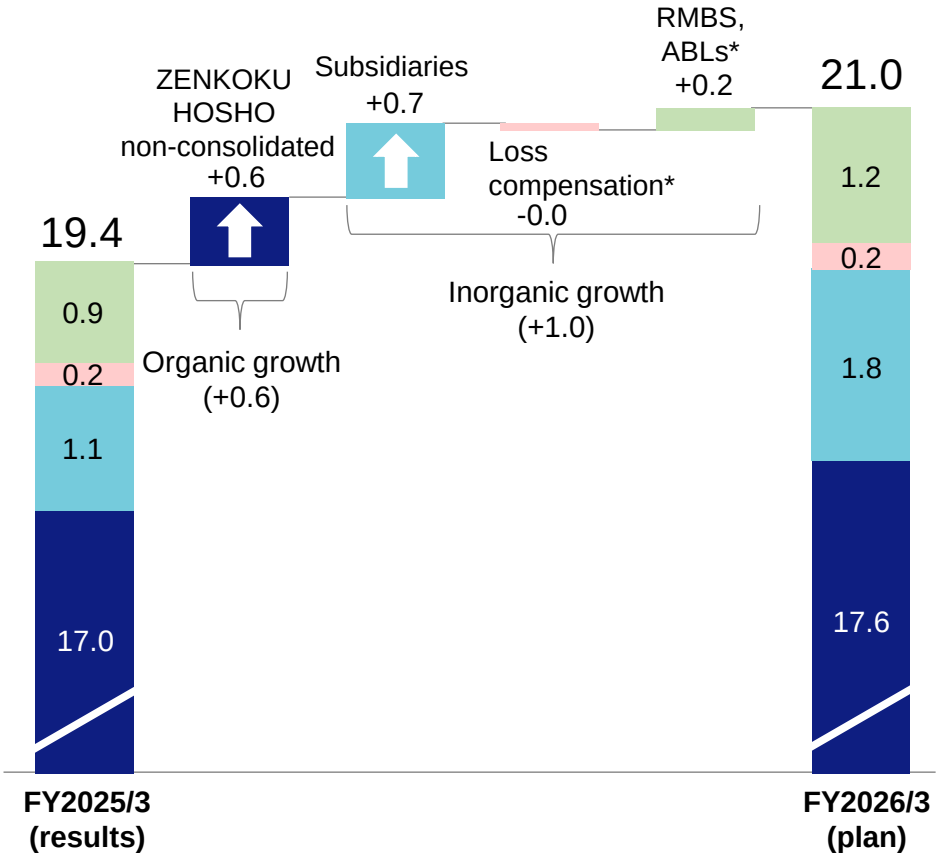
FY2025/3 Results

(trillion yen)



FY2026/3 Plan

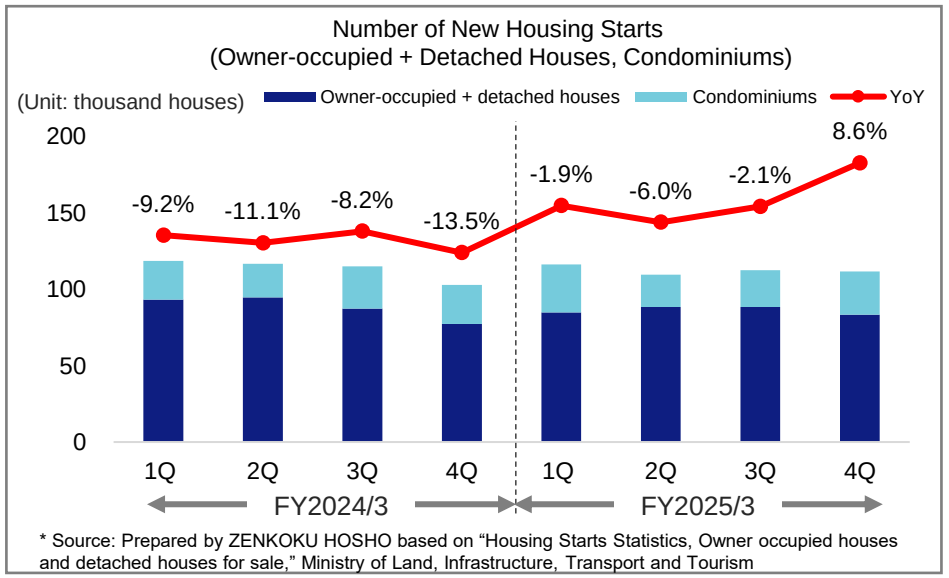
(trillion yen)



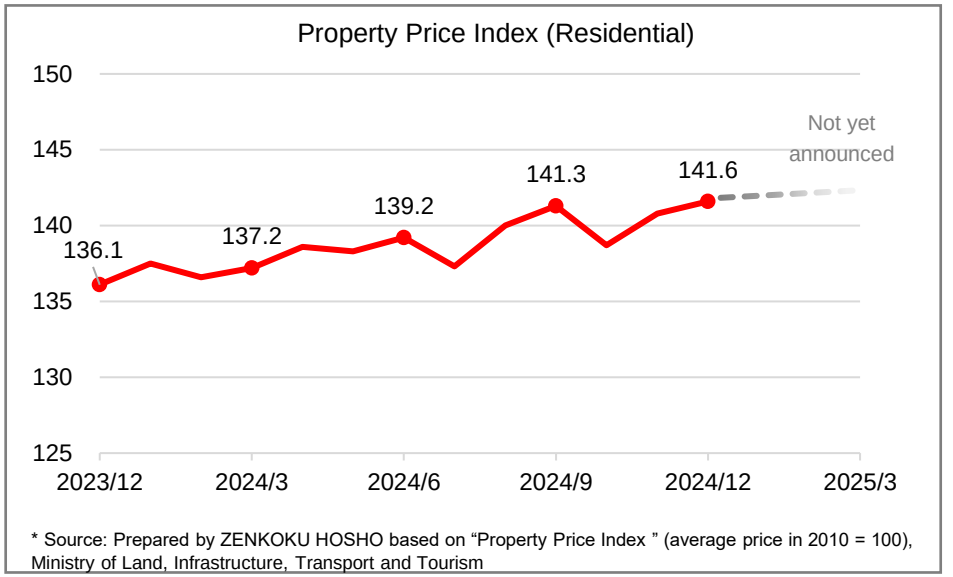
*The amount of underlying receivables is shown for RMBS, ABLs, and loss compensation.

[Reference] The Housing Market and the Housing Loan Market

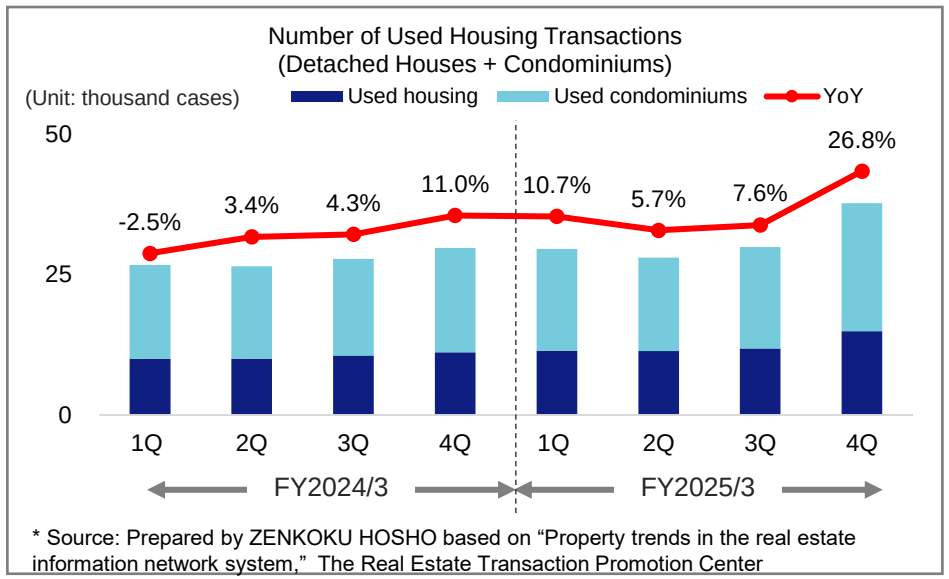
The number of used home sales transactions trended above the previous year's level, and the housing loan market remained robust due to the increase in the loan amount per case



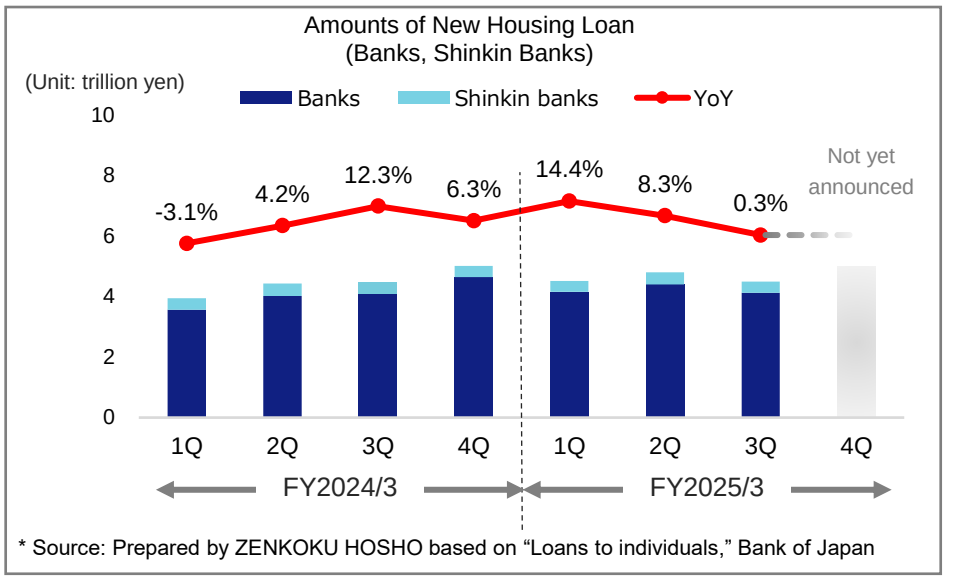
* Source: Prepared by ZENKOKU HOSHO based on "Housing Starts Statistics, Owner occupied houses and detached houses for sale," Ministry of Land, Infrastructure, Transport and Tourism



* Source: Prepared by ZENKOKU HOSHO based on "Property Price Index " (average price in 2010 = 100), Ministry of Land, Infrastructure, Transport and Tourism



* Source: Prepared by ZENKOKU HOSHO based on "Property trends in the real estate information network system," The Real Estate Transaction Promotion Center



* Source: Prepared by ZENKOKU HOSHO based on "Loans to individuals," Bank of Japan

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

The amount repaid in subrogation is expected to increase in line with growth in outstanding guarantee exposure, etc. The recovery rate for right to reimbursement remains at a high level

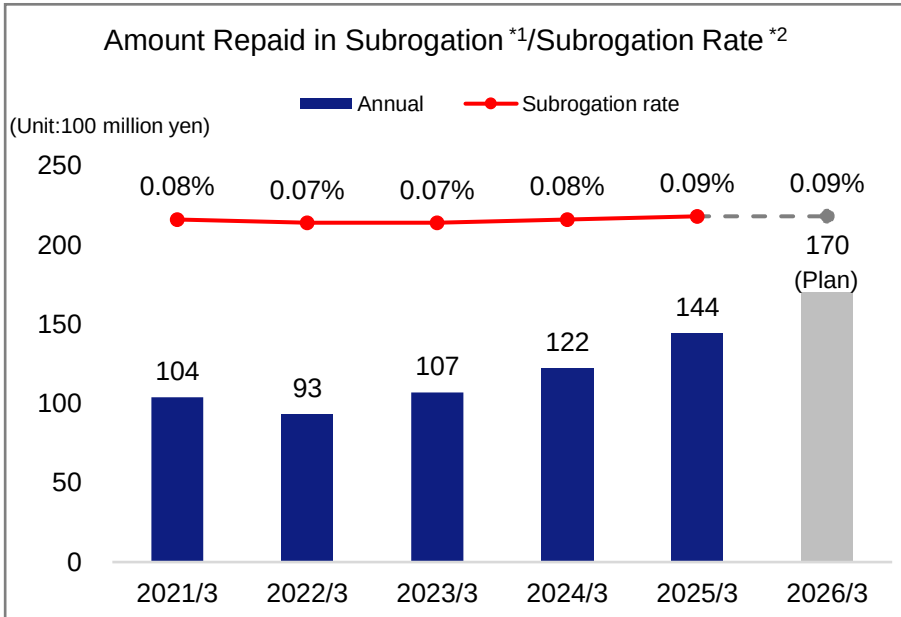
Amount repaid in subrogation	
Planned amount (FY2025/3) (unit: ¥ million)	14,005
Actual amount (FY2025/3) (unit: ¥ million)	14,496
Planned amount (FY2026/3) (unit: ¥ million)	17,000
Amount of collected right to reimbursement	
Planned amount (FY2025/3) (unit: ¥ million)	10,027
Actual amount (FY2025/3) (unit: ¥ million)	9,685
Planned amount (FY2026/3) (unit: ¥ million)	10,500

Amount repaid in subrogation

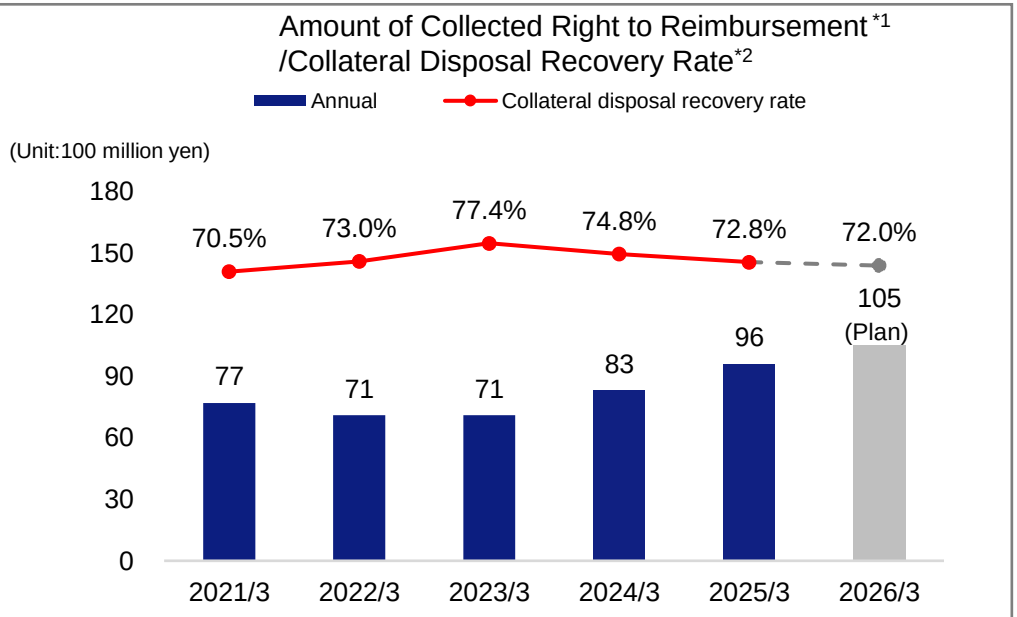
The amount repaid in subrogation exceeded the plan due partly to deterioration in the business environment of self-employed persons.
For the fiscal year ending March 31, 2026, we expect an increase backed by growth in outstanding guarantee exposure and deterioration in the business environment of self-employed persons.
In addition, the rise in the subrogation rate is expected to be limited, partly due to continued favorable employment conditions.

Amount of collected right to reimbursement

The collateral disposal recovery rate remains high due to soaring real estate prices and an increase in the number of used housing transactions, mainly in urban areas.



*1 Includes Group companies from the fiscal year ended March 31, 2023.
*2 Amount repaid in subrogation / outstanding guarantee exposure at the beginning of the period (total of ZENKOKU HOSHO non-consolidated and Group companies)



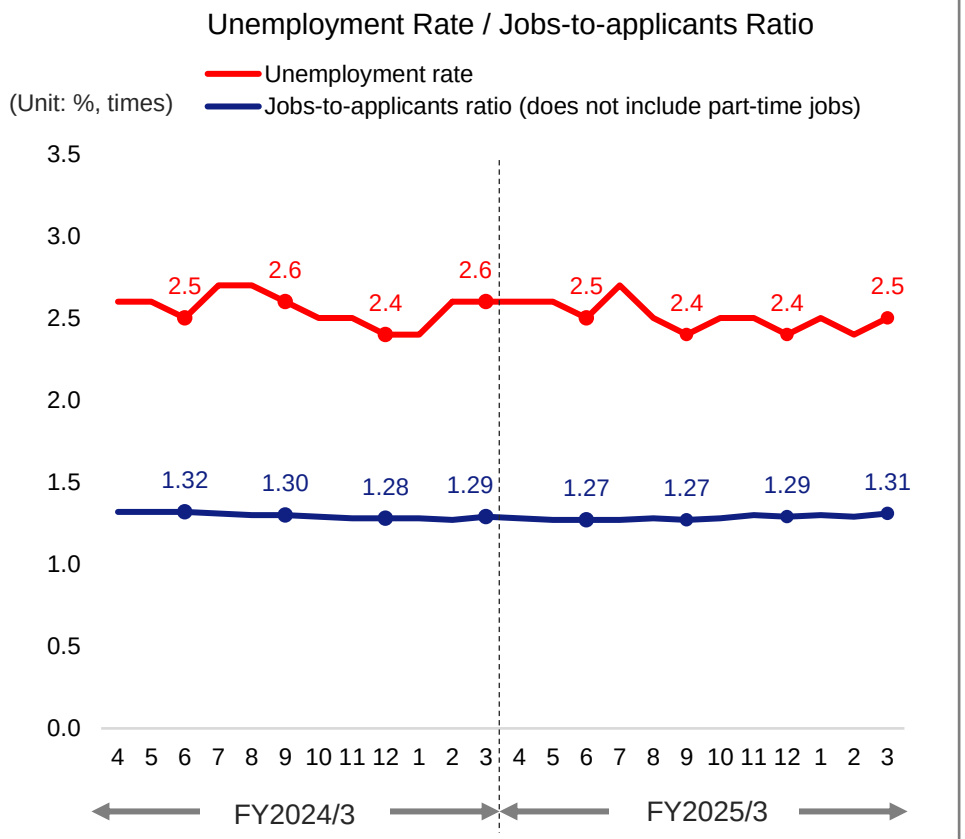
*1 Includes Group companies from the fiscal year ended March 31, 2023.
*2 Percentage of guarantees of housing loans extended by private financial institutions to individual borrowers that are recovered through the sale of properties pledged as collateral (voluntary sale or auction)

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

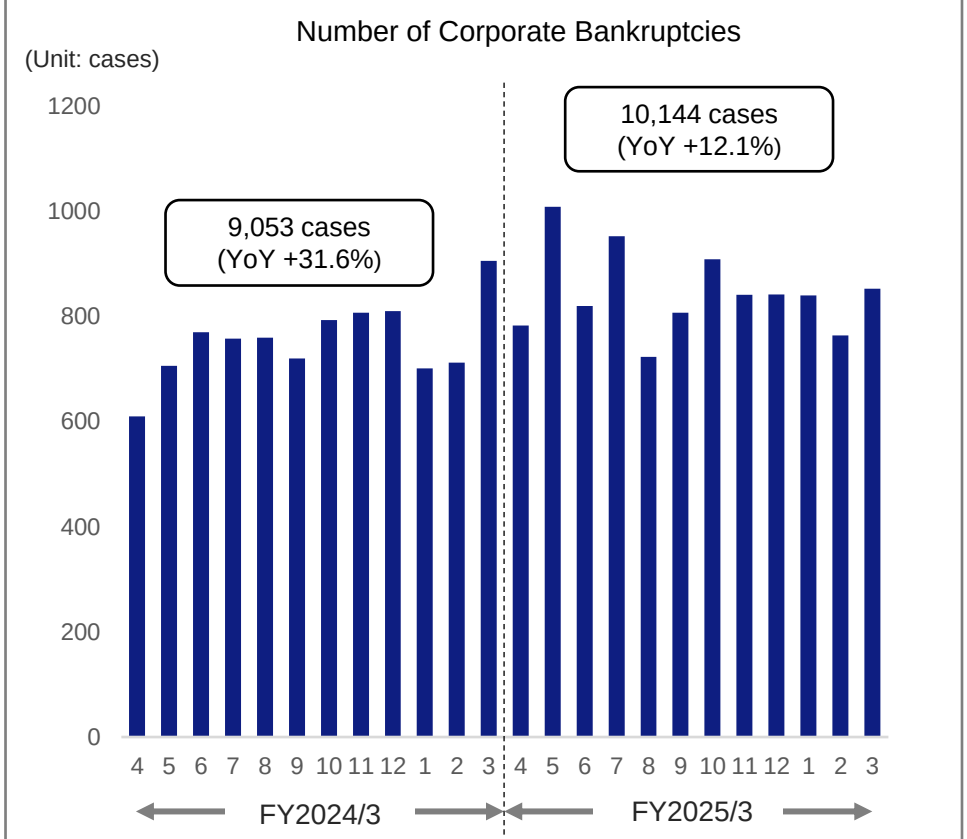
A favorable labor environment continues, and the unemployment rate, which is correlated with subrogation, remains low

■ **Unemployment Rate / Jobs-to-applicants Ratio**
There were no signs of deterioration in the unemployment rate and jobs-to-applicants ratio, as the labor shortage continued in the labor market.

■ **Number of Corporate Bankruptcies**
For the business environment of self-employed persons, bankruptcies are on an uptrend caused by cost increases stemming from price increases and rising personnel expenses.



* Source: Ministry of Health, Labour and Welfare



* Source: TOKYO SHOKO RESEARCH, LTD.

[Reference] Impact of Rising Interest Rates

Impact on our expenses related to credit is expected to be limited, even under rising interest rates

Impact on expenses related to credit

- 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.

Image of change in monthly repayment amount when interest rate rises

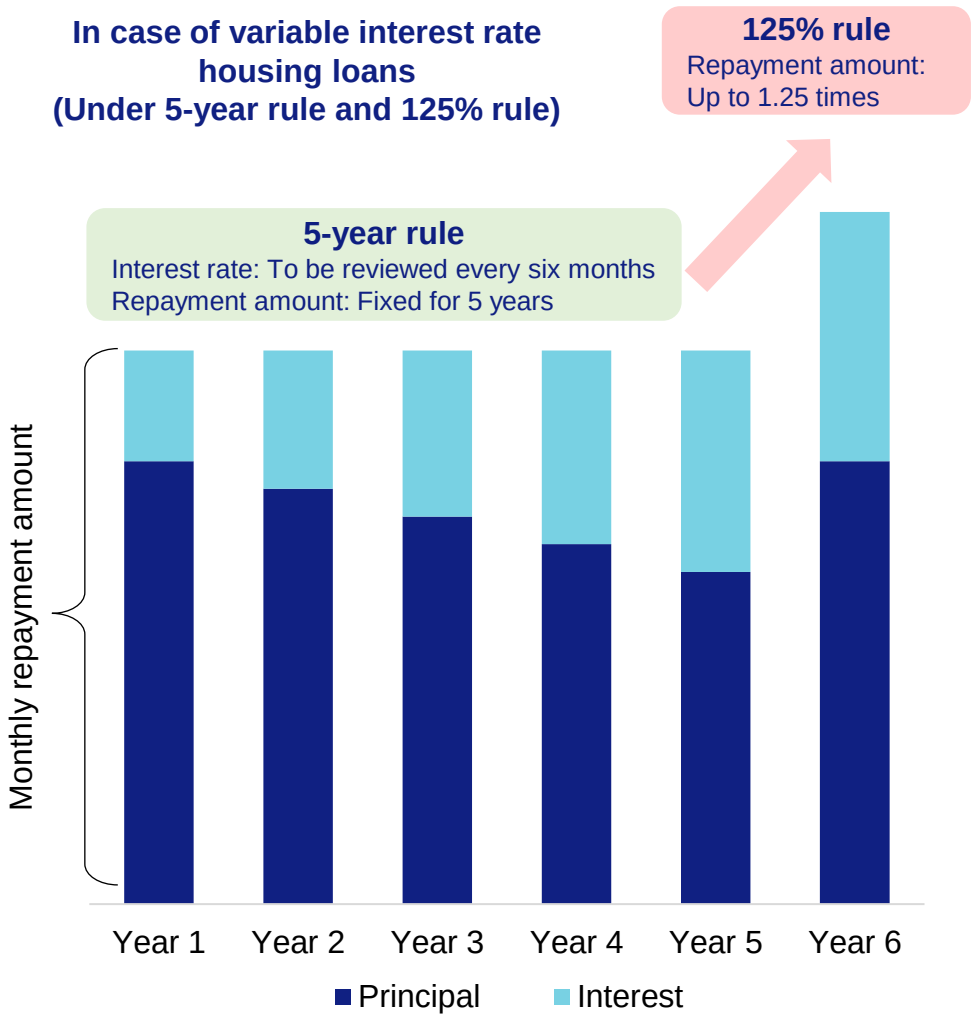
Loan terms

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	+20,000 yen

Image of monthly repayment amount



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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
Expansion of core business P18-21	Expansion of guarantee business in the new housing loan market (Organic growth)	Outstanding guarantee exposure of 21 trillion yen (19 trillion yen in the initial plan)
	Acquisition of outstanding guarantees from the existing housing loan market (Inorganic growth)	
Entry into related businesses P22	Expansion of loan contract channels	Building a housing loan platform
	Collaboration with other companies, M&As	
	Utilization of Group companies	
Capital policy P23-26	Implementation of capital utilization policy	ROE of 14%
ESG P27	Resolving various ESG issues	Human capital investment/ governance improvement

Enhancement of corporate value

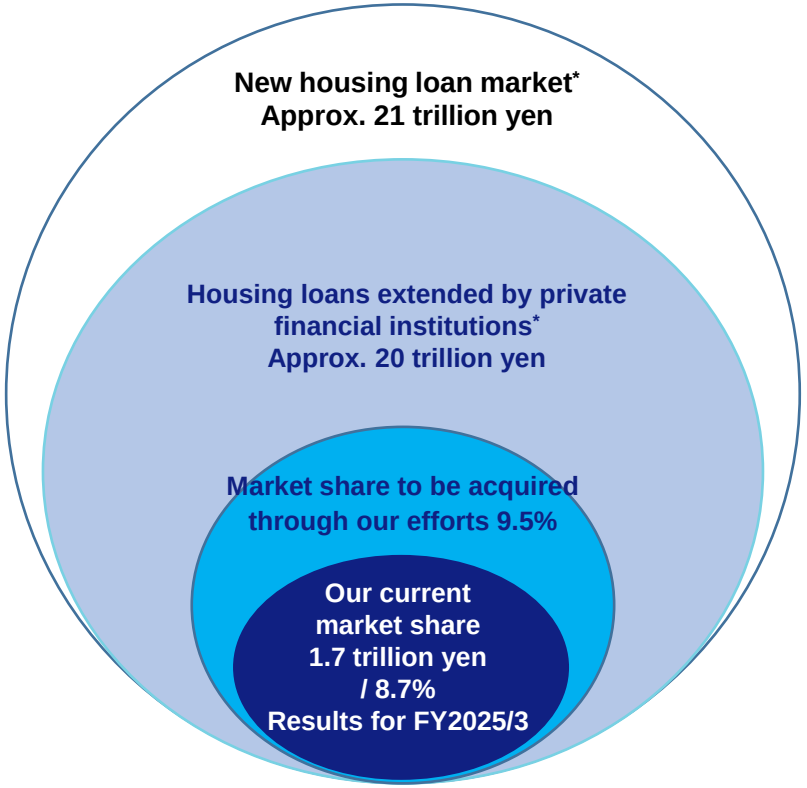
Further growth and value creation

Expansion of core business (Organic growth)

Expansion of guarantee business in the new housing loan market

Aiming to differentiate ourselves by leveraging our strengths in sales and creativity

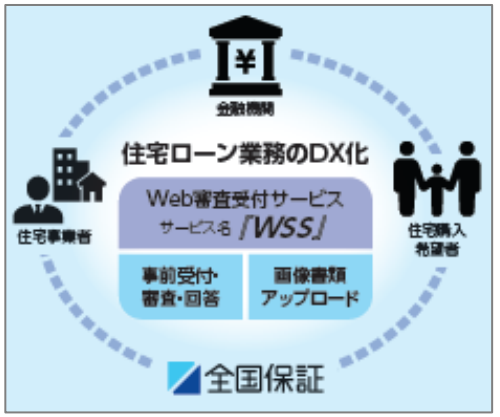
Target share of the new housing loan market (KPI)



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

Action plan for the fiscal year ending March 31, 2026

- In addition to ramping up sales activities using our nationwide branch network, we will aim to increase new guarantee acquisitions by developing and proposing products and DX-related services to generate demand.



Provision of our online housing loan screening application system to financial institutions



An initiative targeting the child-rearing generation

Target number of cases and amount

Number of new guarantees granted	58,000 cases	YoY +2.2%
Amount of new guarantees granted	1,800.0 billion yen	YoY +0.6%

Expansion of core business (Inorganic growth)

Acquisition of outstanding guarantees from the existing housing loan market

Achieved medium-term management plan target of 19 trillion yen in outstanding guarantee exposure ahead of schedule

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

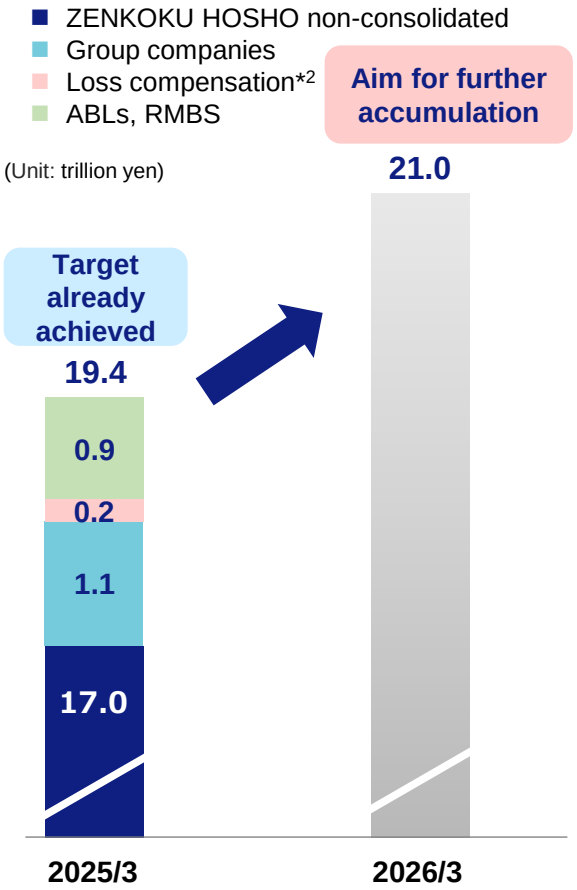
Outstanding housing loans*1: Approx. 220 trillion yen

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

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



Action plan for the fiscal year ending March 31, 2026

- The needs of financial institutions to streamline management align with our efforts to acquire outstanding guarantee exposure from the existing housing loan market.
  We will continue to steadily implement measures for inorganic growth in the fiscal year ending March 31, 2026.
- We will use our nationwide branch network to collect information on potential M&A companies and make proposals that meet the needs of financial institutions.

Target for acquiring outstanding guarantees from the existing housing loan market	
M&A, ABLs, etc.	1,450.0 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

Acquired 1,200.0 billion yen, achieving the target set in the medium-term management plan ahead of schedule

全国保証

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

Period	Method	No. of acquisi-tions	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	5	581.0 billion yen
	RMBS	1	3.1 billion yen
	Loss compensation	1	240.0 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
Total		13	2,028.4 billion yen

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

Expansion of core business (Inorganic growth)

[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 2025/3	Outstanding guarantee exposure: 17,076.6 billion yen	100% owned subsidiaries: 6 companies Outstanding guarantee exposure 1,141.4 billion yen	Underlying receivables: 934.4 billion yen Long-term loans receivable recorded: 13.3 billion yen	Underlying receivables: 23.1 billion yen Securities recorded: 4.6 billion yen	Underlying receivables: 283.4 billion yen Subordinated beneficiary rights subject to loss compensation: 42.4 billion yen

* Compensation for losses incurred from housing loan receivables

Entry into related businesses

Initiatives for entry into related businesses

Aiming to diversify earnings sources by leveraging the strengths of the Group to achieve further growth

Action plan for the fiscal year ending March 31, 2026

Expansion of loan contract channels

- Increase cooperation with real estate search sites and real estate companies to expand loan contract channels
- Aim to build a scheme by strengthening cooperation with financial institutions to increase guarantee acquisitions for successful applications

Collaboration, M&As, investment

- Search for M&A deals that are expected to generate synergies in other industries, and execute investments
- Consider investing in and collaborating with startups using CVC

Utilizing Group companies

- Launch new products for niche markets (MINORI GUARANTEE)
- Ramp up proposal activities to increase acceptance of credit management and collection services (AKEBONO Servicer)

Implementation of capital utilization policy

Initiatives to improve ROE

Improve ROE by appropriately allocating capital and enhancing shareholder returns, in addition to increasing profit

- Improve ROE by increasing profitability, appropriately allocating capital, and enhancing shareholder returns
- Steadily implement various measures to achieve ROE of 14% in the final year of the medium-term management plan

Improve ROE
As of March 31, 2025: 13.8%

Medium-term management plan target: 14%

Increase in profit

Increase in operating revenue

- ✓ Acquire new guarantees granted through the development of new products and services
- ✓ Acquire outstanding guarantees from the existing housing loan market through M&As with other companies in the same industry
- ✓ Generate new earnings sources by utilizing capital

Improvement in ordinary profit margin

- ✓ Improve operating profit margin through credit management and operational efficiency improvements
- ✓ Acquire dividend income through asset management
- ✓ Acquire interest income from ABLs, etc.

Realization of appropriate capital levels

Optimal capital allocation

- ✓ Secure the financial base necessary to maintain and improve creditworthiness as a guarantee company
- ✓ Growth investments by utilizing capital

Enhancement of shareholder returns

- ✓ Increase the dividend payout ratio to 50% by March 2026
- ✓ Use unused portion of growth investments for flexible buybacks of own shares

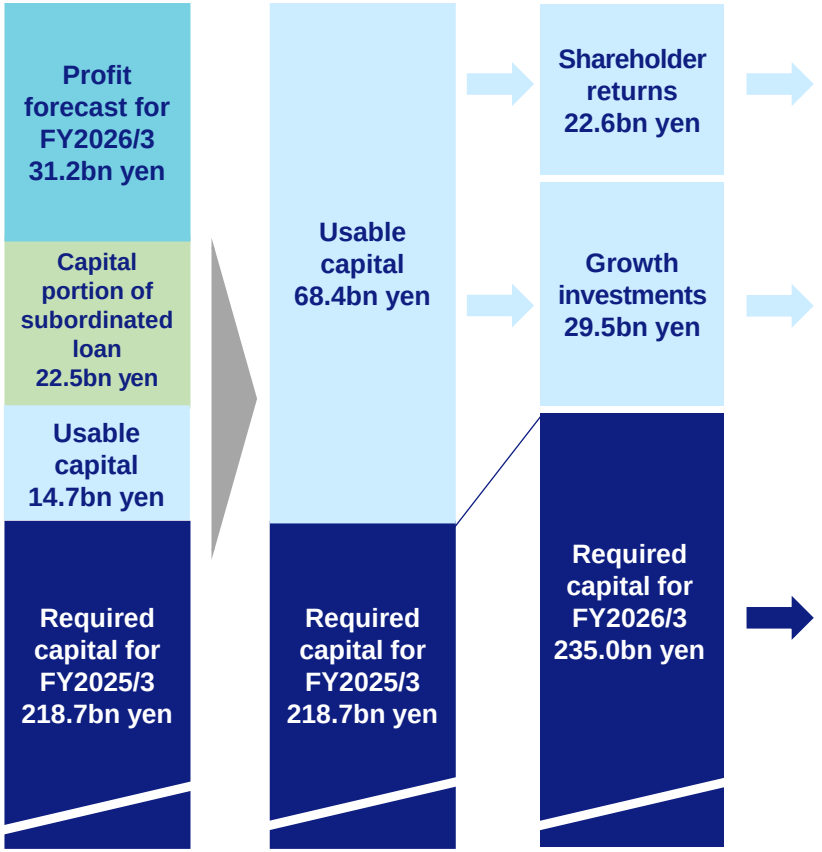
Implementation of capital utilization policy

Our approach to capital allocation

Utilize capital to improve ROE while securing the required capital as a guarantee company

- We refinanced a subordinated loan in March 2025, which was not planned when initially formulating the medium-term management plan, thereby securing usable capital while keeping the cost of capital down
- We will prioritize growth investments and implement shareholder returns (stable dividends + flexible share buybacks)

[Image of capital allocation]



[Dividends ⇒ 15.6 billion yen (payout ratio: 50%)]

[Share buybacks ⇒ 7.0 billion yen (scheduled to begin in May 2025)]

- ✓ The dividend payout ratio is planned to reach 50% by the fiscal year ending March 31, 2026
- ✓ In May 2025, we decided to implement share buybacks of approx. 7.0 billion yen, as in the previous fiscal year

[Growth investments ⇒ 29.5 billion yen]

- ✓ Utilize for inorganic growth that exceeds the plan and expansion into related businesses (M&As in other industries, etc.)
- ✓ Use unused portion for flexible buybacks of own shares

[Required capital ⇒ 235.0 billion yen]

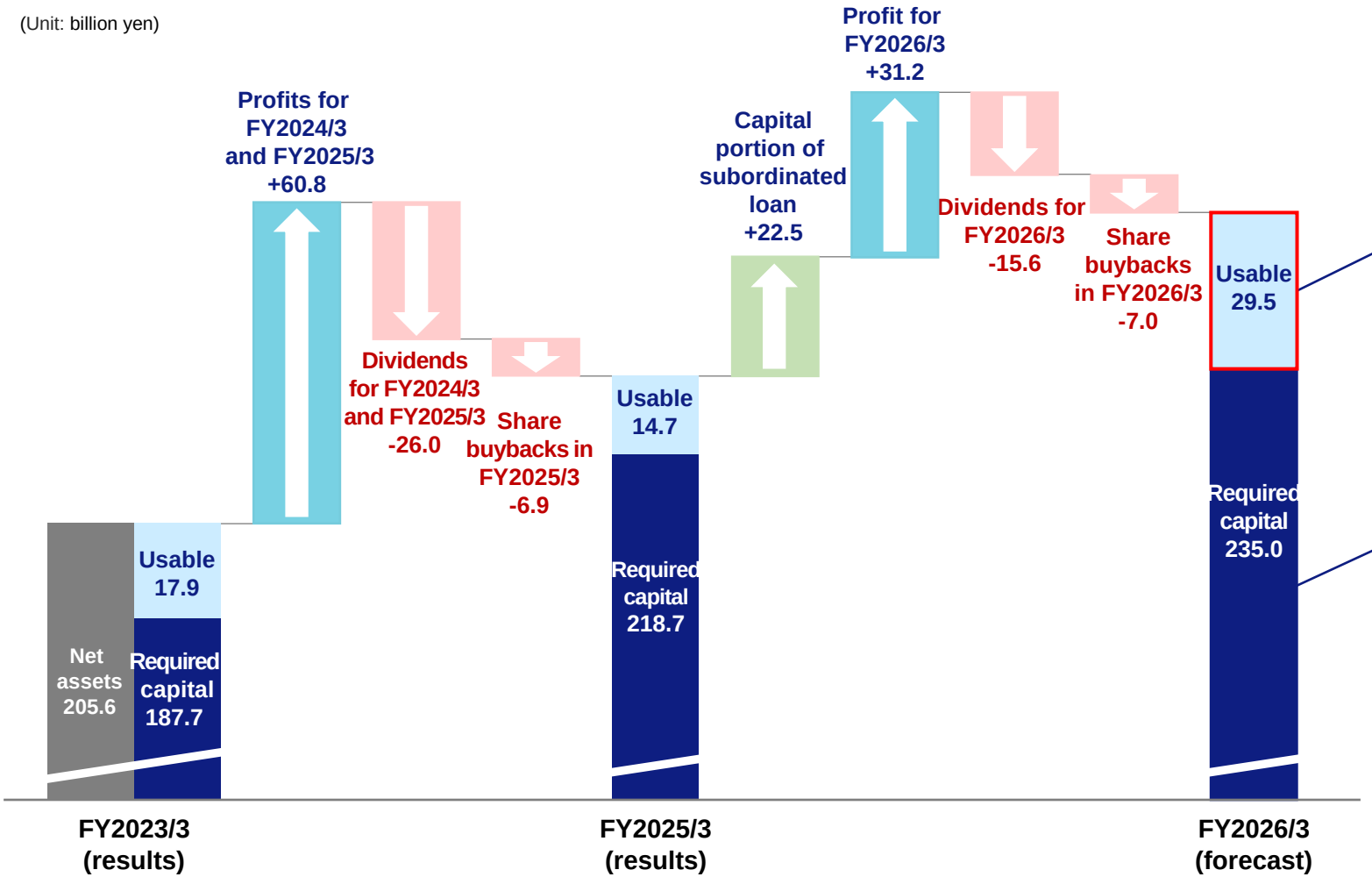
- ✓ Required capital as a leading guarantee company in Japan to maintain and enhance creditworthiness
- ✓ The required capital for the outstanding guarantee exposure of 21 trillion yen at the end of the fiscal year is estimated to be 235.0 billion yen
  - ➢ Estimated loss to be incurred in one year for guarantee exposure (non-consolidated and subsidiaries), ABLs, etc. is calculated according to the average payoff period
  - ➢ Standard to maintain a credit rating of A

Implementation of capital utilization policy

Status of capital allocation in the Medium-Term Management Plan

Required capital increased in line with an increase in outstanding guarantee exposure. We aim to improve ROE through efficient capital utilization

(Unit: billion yen)



Utilize for improving ROE

Growth investments
+
Flexible buybacks

Required capital for the guarantee business

Required capital for the planned outstanding guarantee exposure of 21 trillion yen*

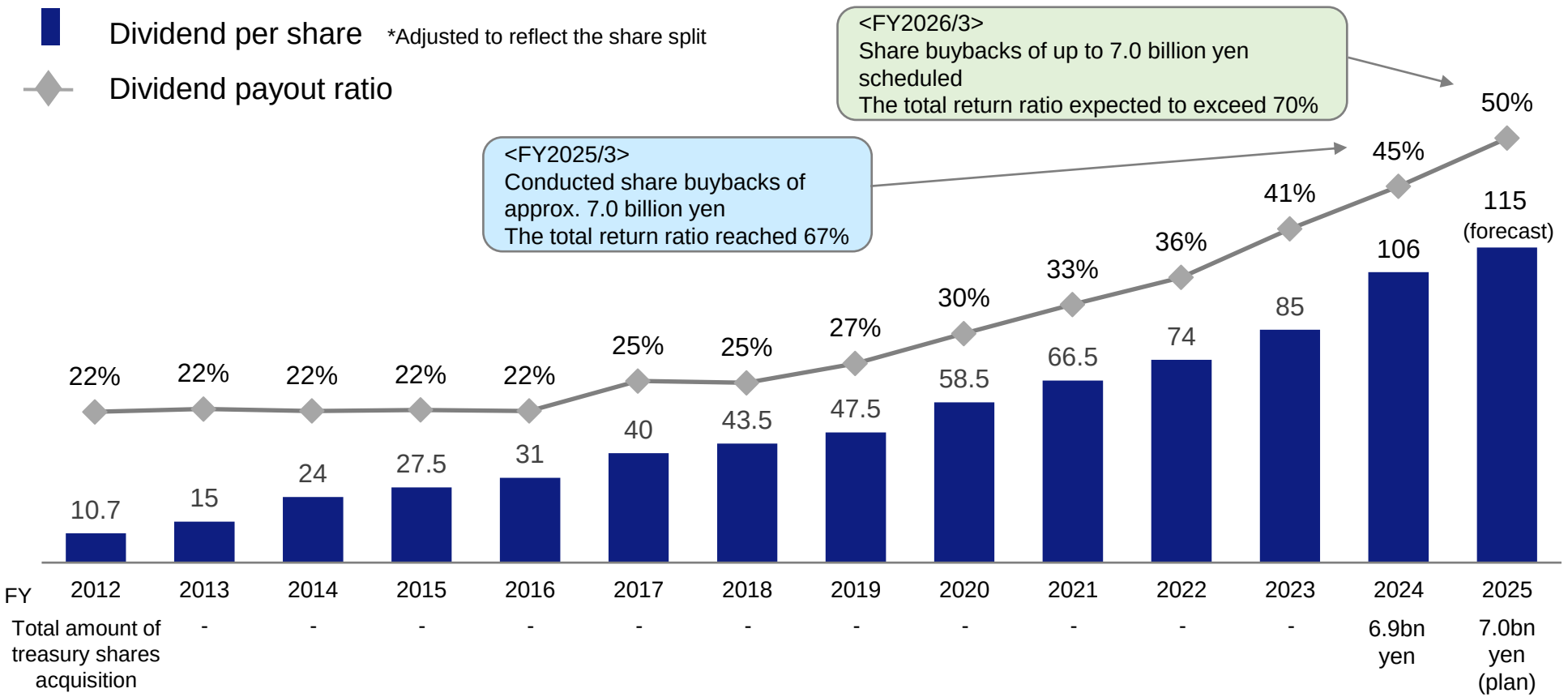
* Including 3.3 trillion yen from the inorganic market

Implementation of capital utilization policy

Shareholder returns

Actively carry out shareholder returns while maintaining a strong financial foundation

- In April 2025, we conducted a two-for-one share split. In addition, we have decided to introduce an interim dividend starting from the fiscal year ending March 31, 2026.
- The payout ratio 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%.



Initiatives for solving various ESG issues

We will continue investing in human capital to maximize the value of our personnel

Action plan for the fiscal year ending March 31, 2026

Human capital investment

- Maintain achievement of the target KPIs of the medium-term management plan
  Employee satisfaction ⇒ 4.5 points or higher
  Ratio of female managers ⇒ 5% or more
- Newly establish the Human Resources Division as a specialized division to realize human capital management
  (separated from the General Affairs Division)

Governance improvement

- Promote initiatives to improve the effectiveness of the integrated risk management system and the structure for managing operational risk so as to enhance the management of risks in core business
- Newly establish the Compliance and Risk Management Division to strengthen governance systems, including those of Group companies (integrating the Risk Management Division and the Legal Office)

Climate change measures

- Expand initiatives to solve the vacant house issue by cooperating with financial institutions and local governments to promote used housing
- Promote initiatives to reduce internal GHG emissions

CONTENTS

1. Overview of Financial Results

2. Initiatives to Enhance Corporate Value

3. Reference Materials

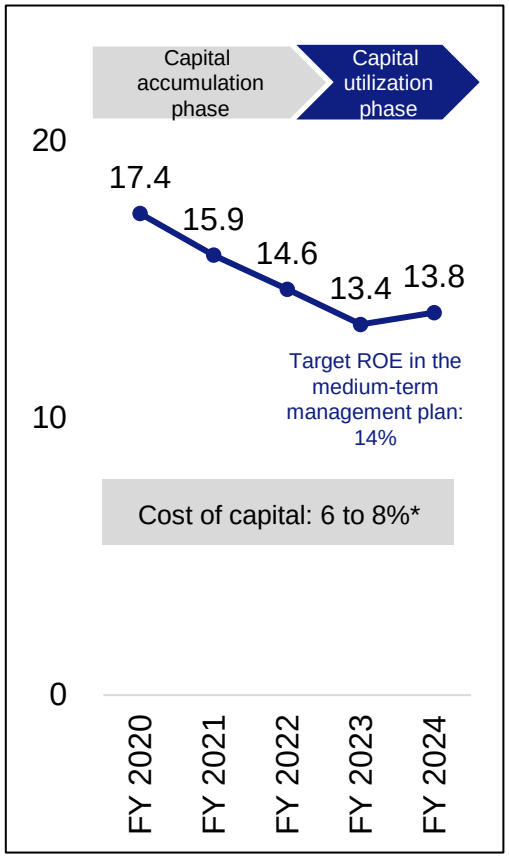
Initiatives Related to Management with an Awareness of Cost of Capital and Share Prices

Increase PBR by improving ROE and PER

- Increase PBR by improving PER through IR activities, in addition to achieving ROE targets (PBR＝ROE×PER)
- Continue to actively engage in IR activities, including with overseas investors

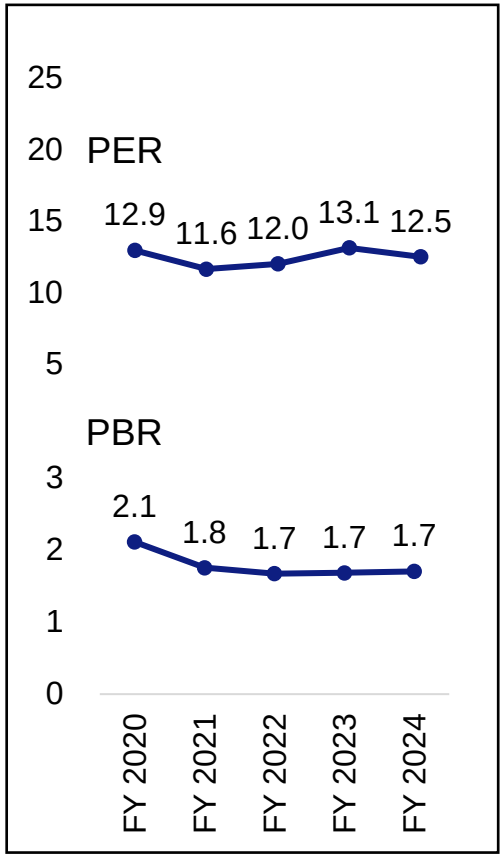
◆ ROE

Unit: %



◆ PER and PBR

Unit: times



◆ Status of dialogue with investors, etc.

For institutional investors and analysts	✓ Two financial results briefing sessions ✓ Participated in three conferences sponsored by securities firms (in Japan and Hong Kong) ✓ One overseas road shows (UK and US) * All of the above are attended by the President & Representative Director ✓ 166 1-on-1 meetings * Conducted with President & Representative Director, Director in charge of IR, and IR staff
For individual investors	✓ Two briefing sessions for individual investors * Conducted with President & Representative Director
Main topics of dialogue	✓ Status of the housing and housing loan markets ✓ Impact of rising interest rates on the Company ✓ Use of AI to improve operational efficiency ✓ Reasons for the increase in M&As with other companies in the same industry ✓ Status of capital utilization ✓ Dividend policy and approach to share buybacks

* Cost of capital is based on CAPM

Corporate Profile*1

Company name	**ZENKOKU HOSHO Co., Ltd.**
Founded	February 1981
Business activities	Credit guarantee business focusing on housing loans
Outstanding guarantee exposure*2	19,459.1 billion yen
Number of locations	12 locations (main branch, sales offices)
Number of employees	Consolidated: 369 / Non-consolidated: 305
Listing market and securities code	Prime Market of the Tokyo Stock Exchange: 7164 (Constituent stock of JPX-Nikkei Index 400) (Constituent stock of the FTSE Blossom Japan Sector Relative Index)
Headquarters	Taisei Otemachi bldg., 2-1-1 Otemachi, Chiyoda-ku, Tokyo
Capital	10,703 million yen

*1 As of March 31, 2025

*2 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

Business Model of ZENKOKU HOSHO

Solve various issues faced by financial institutions as the only and largest independent housing loan guarantee company in Japan

Size of private-sector housing loan market

New loan market

New loan market
Annual new loan amount is about 20 trillion yen.
(Our share is 8.7%)

Results for the fiscal year ended March 31, 2025

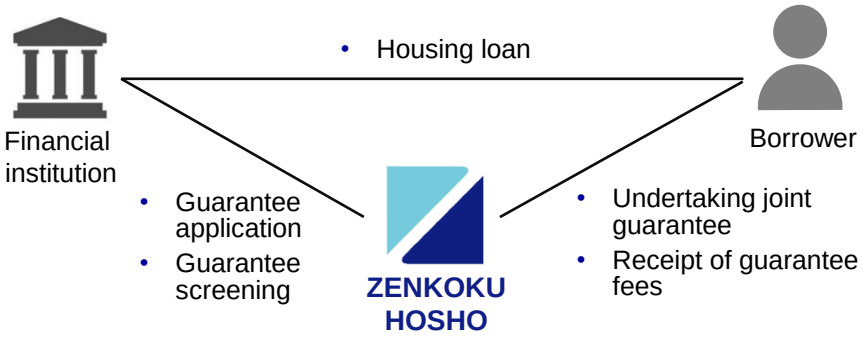
Outstanding loan market

Outstanding loan market
Existing outstanding loans exceed 200 trillion yen.
(Our share is 9.5%)

As of March 31, 2025

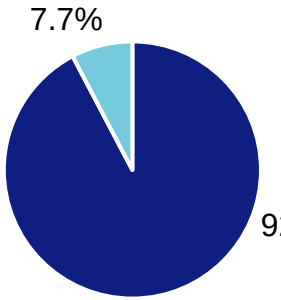
*Japan Housing Finance Agency “New Lending and Outstanding Amounts for Housing Loans by Lender”

ZENKOKU HOSHO undertakes joint guarantees for housing loan guarantees



- ✓ Receive guarantee fees in lump sum or installment based on outstanding guarantee exposure.
- ✓ Record in revenue as guarantee fee income based on outstanding guarantee exposure in each year.
- ✓ Secure stable continued revenue through accumulation of outstanding guarantee exposure.

Usage status of guarantee companies

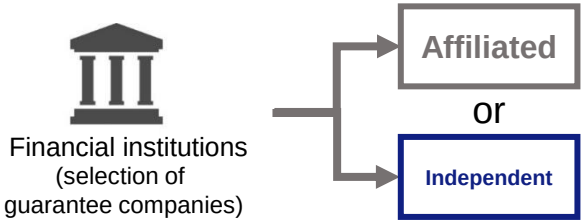


- ✓ Many financial institutions use guarantee companies.

■ Use guarantee companies ■ Do not use guarantee companies

*Japan Housing Finance Agency “Housing Loan Lending Trends Survey”

Guarantee companies are either affiliated or independent



- ✓ Subsidiaries of financial institutions or companies established through a joint investment.
- ✓ ZENKOKU HOSHO is the only independent housing loan guarantee company.

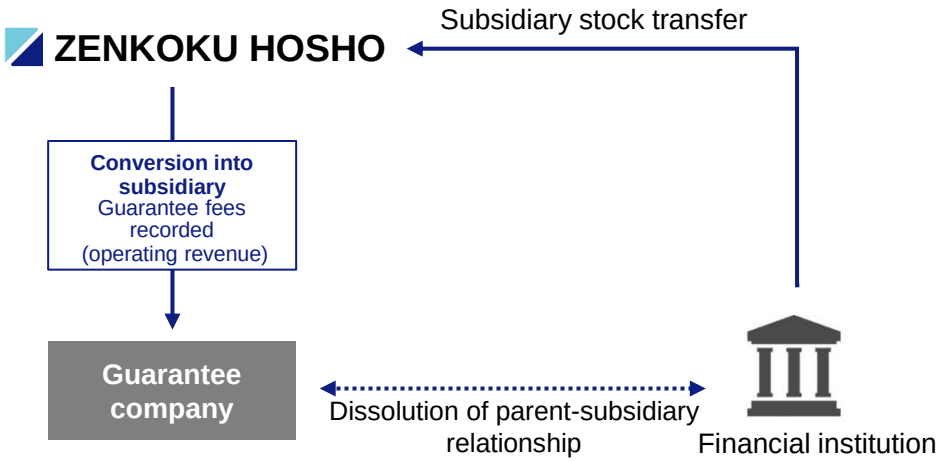
Issues with using affiliated companies → ✓ Solve various issues as the only independent housing loan guarantee company in Japan.

*Independent guarantee company: a housing loan guarantee company that is not a subsidiary or affiliate of a financial institution

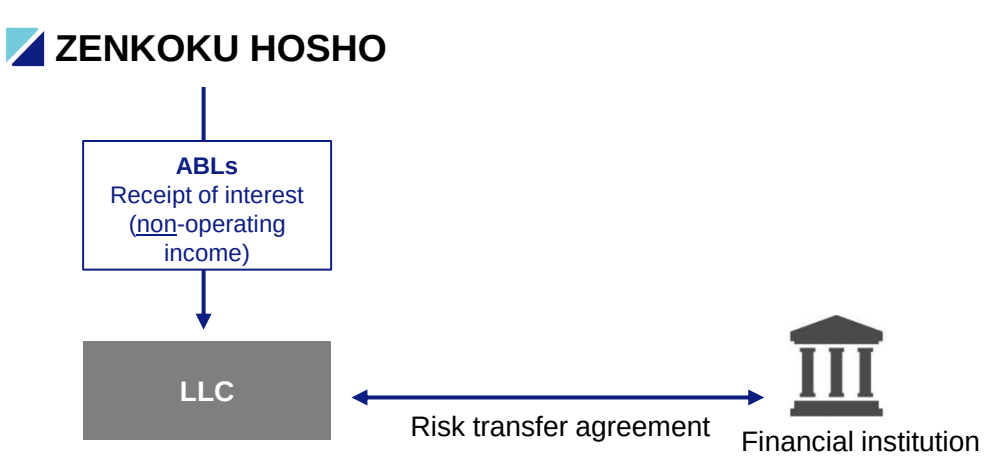
Scheme Diagram of Each Method

Inorganic growth schemes are diversified, and ZENKOKU HOSHO earns revenue by assuming the risk in each case

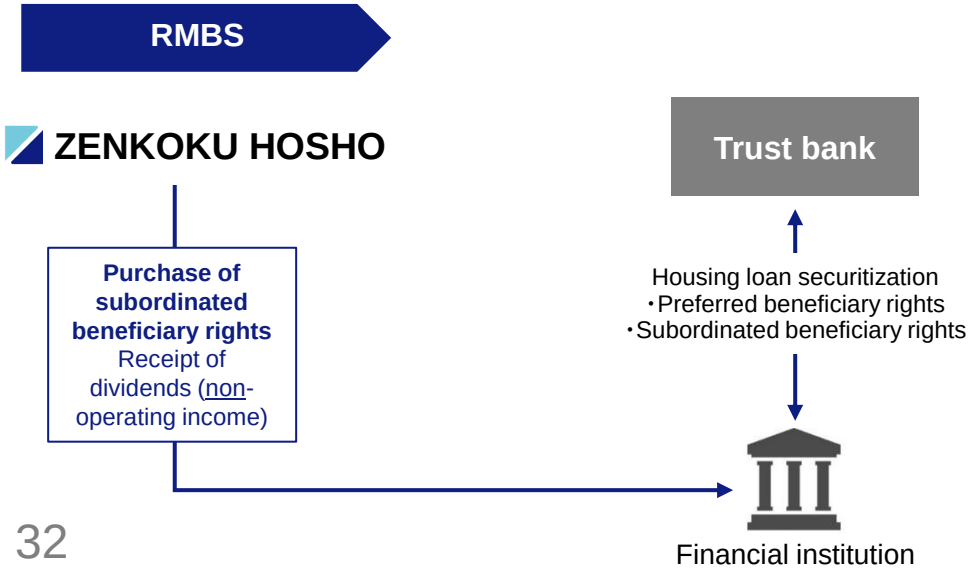
M&As



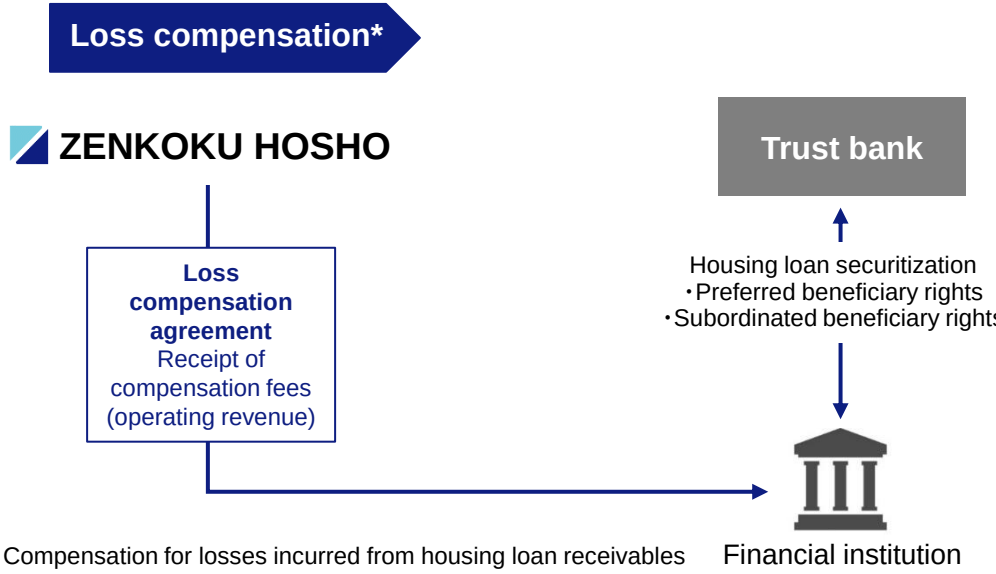
ABLs



RMBS



Loss compensation*



* Compensation for losses incurred from housing loan receivables

Changes in Key Financial Figures (5 Years)

P/L	Unit	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Operating revenue	million yen	47,834	48,842	50,272	51,638	56,972
Operating expenses	million yen	9,600	9,371	10,387	12,536	14,997
Expenses related to credit	million yen	2,849	2,171	2,073	3,382	4,096
Salaries, allowances and bonuses	million yen	1,644	1,718	2,154	2,287	2,594
Other expenses	million yen	5,106	5,481	6,159	6,866	8,306
Operating profit	million yen	38,233	39,470	39,884	39,102	41,974
Non-operating income and loss	million yen	758	1,080	1,572	2,478	2,543
Ordinary profit	million yen	38,991	40,551	41,456	41,581	44,518
Profit	million yen	27,002	27,835	28,584	28,796	32,089

Key Financial Figures	Unit	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Outstanding guarantee exposure	100 million yen	146,501	153,941	161,560	176,888	194,591
Of which, non-consolidated and subsidiaries	100 million yen	146,297	153,564	159,449	166,735	182,180
Of which, RMBS, ABLs, and loss compensation*	100 million yen	203	377	2,111	10,152	12,411
Amount of new guarantees granted	100 million yen	14,950	16,696	15,730	17,164	17,889
Amount repaid in subrogation	million yen	10,484	9,396	10,778	12,256	14,496
Amount of collected right to reimbursement	million yen	7,751	7,124	7,103	8,300	9,685

*Consolidated financial statements have been adopted from the fiscal year ended March 31, 2023, so figures before the fiscal year ended March 31, 2022 are from non-consolidated financial statements.

*The amount of underlying receivables is shown for RMBS, ABLs, and loss compensation.

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 May 8, 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.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