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November 10, 2025

Company name: Hirogin Holdings, Inc.
Name of representative: Toshio Heya, Representative Director and President
(Securities code: 7337; Prime Market of the Tokyo Stock Exchange)
Inquiries: Yoshihiro Abe, General Manager of Planning Office, Management Planning Group of Management Planning Division
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Hirogin Holdings to issue unsecured bonds and revise KPIs and shareholder returns policy under Mid-Term Plan 2024

Hirogin Holdings, Inc. (Toshio Heya, President; "Company" hereinafter) announced plans to issue the first and second unsecured bonds ("Bonds" hereinafter) through public offering, as outlined below.

As outlined below, the Board of Directors at its meeting held today chose to revise the KPIs and shareholder returns policy in Mid-Term Plan 2024.

Details

1. Issue of Bonds

(1) Purpose of use of funds raised by issuing Bonds

Funds from issuing the Bonds will be allocated to increase capital in Hiroshima Bank, Ltd. ("Hiroshima Bank" hereinafter), a Company subsidiary. Hiroshima Bank will use the resulting equity capital to enhance its financial intermediary functions and to contribute to solutions for the region and customers.

(2) Purpose of bond issue

Under its management vision—Contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers—the Group provides various financial solutions in its main business territory of Hiroshima, Okayama, Yamaguchi, and Ehime prefectures, as well as IT, HR/labor consulting, and other nonfinancial solutions.

The Company launched Mid-Term Plan 2024 as a plan for the period from April 2024 through March 2029. Based on the concept of growth of the Group through growth of the region, setting forth various strategies and ideals both for the Group and for the region 10 years into the future, Mid-Term Plan 2024 relies on back-casting to identify what must be done in the first five years of this period. We will strive to demonstrate our comprehensive capabilities as a Regional Comprehensive Services Group, delivering solutions for the region and customers based on the belief that the sustained progress of the regional economy remains the Group's prime mission.

We expect this bonds issue to improve Group profitability by helping us to formulate diverse solutions for the region and our customers through ever more proactive risk-taking, centered on fields like finance and equity, while enhancing the Hiroshima Bank's equity capital to maintain financial soundness.

By working to enhance profitability through proactive credit risk-taking, including the bonds issue, we plan to achieve the KPI of consolidated ROE of 9.5% or higher in Mid-Term Plan 2024's final fiscal year (year ending March 2029) while targeting a consolidated ROE level of 10%.

The Bonds will be issued as a part of capital policies to balance growth investment and shareholder returns. Unlike raising funds and increasing capital through issue of shares of stock, we believe issuing the Bonds will contribute to corporate value and to sustained growth by enhancing the Group's capital base, without harming shareholder value.

(3) Overview of the Bonds

Name	Hirogin Holdings, Inc. Unsecured Bonds (with Limited Inter-Bond Pari Passu Clause), No. 1	Hirogin Holdings, Inc. Unsecured Bonds (with Limited Inter-Bond Pari Passu Clause), No. 2
Issue amount	Up to 20 billion yen (planned)	10 billion yen (planned)
Amount of each bond	100 million yen	1 million yen
Issue duration	5 years	5 years
Time of issue	December 2025 (planned)	December 2025 (planned)
Subjects of offering	Mainly institutional investors	Mainly individual investors
Underwriting securities firms (planned)	SMBC Nikko Securities Inc. Nomura Securities Co., Ltd. Mizuho Securities Co., Ltd. Daiwa Securities Co. Ltd.	SMBC Nikko Securities Inc. Nomura Securities Co., Ltd. Daiwa Securities Co. Ltd. Rakuten Securities, Inc. SBI Securities Co., Ltd. Note: SMBC Nikko Securities Inc. plans to entrust Hirogin Securities Co., Ltd. to handle some of the Bond offering.
Ratings (planned)	AA- (Japan Credit Rating Agency, Ltd. [JCR]) A+ (Rating and Investment Information, Inc. [R&I])	

Note: The issuance amount may be reduced or the issuance itself may be canceled, depending on market conditions and other factors.

2. Revisions of KPIs (FY2028 targets) in Mid-Term Plan 2024

(1) Details of revisions

KPI	Before	After
Consolidated ROE	9.5% or higher	9.5% or higher (unchanged)
Consolidated capital adequacy ratio (Hiroshima Bank nonconsolidated capital adequacy ratio)	Approx. 11% (Approx. 10%)	Approx. 10% (Approx. 10%)
Consolidated BPS	2,000 yen or more	2,000 yen or more (unchanged)

(2) Reasons for revisions

The Company's target consolidated capital adequacy ratio ("consolidated capital adequacy ratio" hereinafter) of 11% before the revision assumes the Hiroshima Bank nonconsolidated capital adequacy ratio ("nonconsolidated capital adequacy ratio" hereinafter) will remain at approximately 10%. This reflects estimates that maintaining a nonconsolidated capital adequacy ratio of approximately 10% would make it possible to maintain a capital adequacy ratio of at least 4% (the minimum required under Basel regulations), even in the event of an economic downturn. We chose a target capital adequacy ratio of approximately 11% because the difference in capital adequacy ratio between consolidated and nonconsolidated figures is approximately one point.

Since funds raised from the bond issue will be used to enhance profitability through proactive credit risk-taking, the consolidated and nonconsolidated capital adequacy ratios may decrease. At the same time, the capital increase in the Hiroshima Bank is expected to reduce the difference in capital adequacy ratio between consolidated and nonconsolidated figures (capital buffer) from its previous levels of approximately one point. The target consolidated capital adequacy ratio has been revised to approximately 10%, which would make it possible to maintain a nonconsolidated capital adequacy ratio of approximately 10% even while reflecting planned future expansion in credit risk-taking and the effects of the finalization and complete implementation of Basel III.

3. Revisions of the Shareholder Returns Policy

(1) Details of revisions

The shareholder returns policy on the acquisition of treasury stock will be revised as follows:

Before	After
Policy on acquisition of treasury stock Treasury stock will be acquired dynamically based on a comprehensive consideration of various matters, including trends in financial results and market conditions, <u>to achieve a target consolidated capital adequacy ratio of approximately 11%</u>.	Policy on acquisition of treasury stock Treasury stock will be acquired dynamically based on a comprehensive consideration of various matters, including trends in financial results and market conditions, <u>while maintaining financial soundness.</u>

(2) Reasons for revisions

To enhance financial soundness and optimize capital efficiency based on “2. Revisions of KPIs (FY2028 targets) in Mid-Term Plan 2024,” above, the shareholder returns policy will be revised to implement dynamic returns to shareholders based on environmental changes, such as those in the market environment and stock price levels.

Note: In the year ending March 31, 2026, we expect the total return ratio to be 53.3% as a result of acquisition of 5 billion yen in treasury stock in addition to payment of annual dividends of 54 yen/share (projected).

Reference: Revised shareholder returns policy

(Basic perspective on shareholder returns)

To contribute as a Regional Comprehensive Services Group to the sustained growth of our region by meeting the various challenges facing the community and our customers, the Company will pay dividends in accordance with net income attributable to owners of the parent while continuing to track shareholder returns and internal reserves.

We will also seek to enhance the management foundations and strengthen the management structure by managing internal reserves balanced with the use of capital to enhance profitability—for example, through growth investments to help create regional solutions and sustained regional growth and expanded investments in human capital.

Policy on dividends

We are targeting a payout ratio of about 40% based on stable and continuous growth in dividends per share through profit growth.

Policy on acquisition of treasury stock

Treasury stock will be acquired dynamically based on a comprehensive consideration of various matters, including trends in financial results and market conditions, while maintaining financial soundness.

4. Other matters

For more information on the matters described under “1. Issue of the Bonds,” “2. Revisions of KPIs (FY2028 targets) in Mid-Term Plan 2024,” and “3. Revisions to the Shareholder Returns Policy,” see the Supplement, “Issue of Unsecured Bonds.”

This News Release is intended as a public announcement of the above issue of bonds. It is not intended in any way as an inducement to investment or similar.

Supplement

Issue of Unsecured Bonds

November 10, 2025

Hirogin Holdings, Inc.

Increasing corporate value

- To strengthen corporate value, the Group will grow ROE through financial leverage control and improving RORA.
- Now we will seek to enhance profitability through additional risk-taking, including deploying capital policies that include a capital increase by the subsidiary Hiroshima Bank based on the issue of senior bonds. This is intended to reach a consolidated ROE of 9.5% and strengthen the revenue base as we seek to achieve a ROE of around 10%.

Increase corporate value.

×

ROE improvements — To 10%

FY2024 results 6.9% → FY2028 plans 9.5% or more

×

Improving RORA

FY2024 results 0.87% → FY2028 plans approx. 1.2%

Controlling financial leverage

FY2024 results 8.1 times → FY2028 plans Approx. 9 times

Enhancing PER

Enhancing the anticipated growth rate (as viewed by shareholders)

Mid- to long-term initiatives

Contributing to regional economic growth

Achieving the goals set forth in the Mid-Term Plan 2024

Point 1 Issue of unsecured straight bonds

Point 2 Capital increase by Hiroshima Bank

Point 3 Increased profit through risk-taking

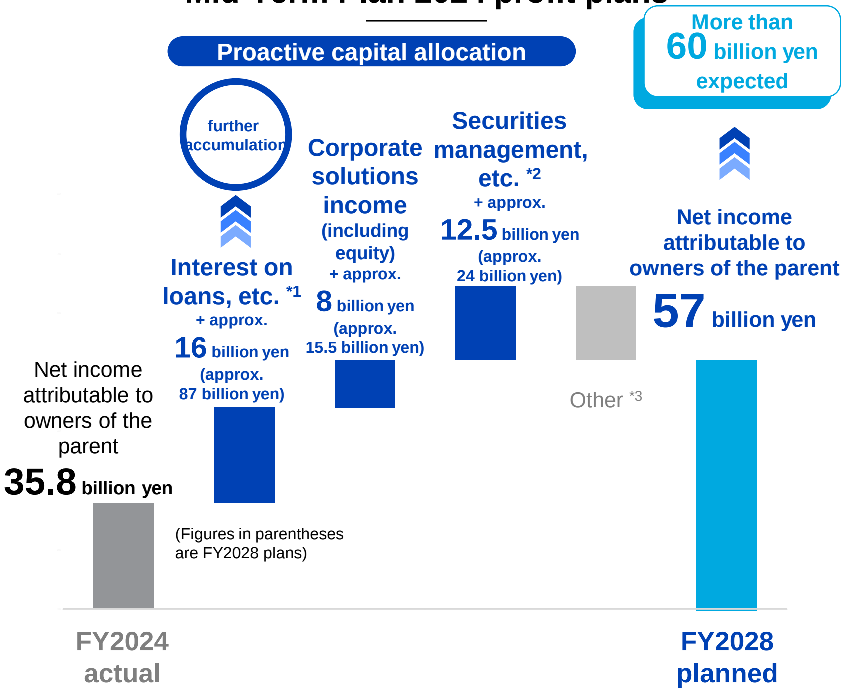
In addition to reliably achieving a consolidated ROE of 9.5%, strengthening the revenue base aiming to achieve ROE of 10%

Note: Our currently recognized capital costs are approx. 6-10%.

Utilizing assets to enhance profitability

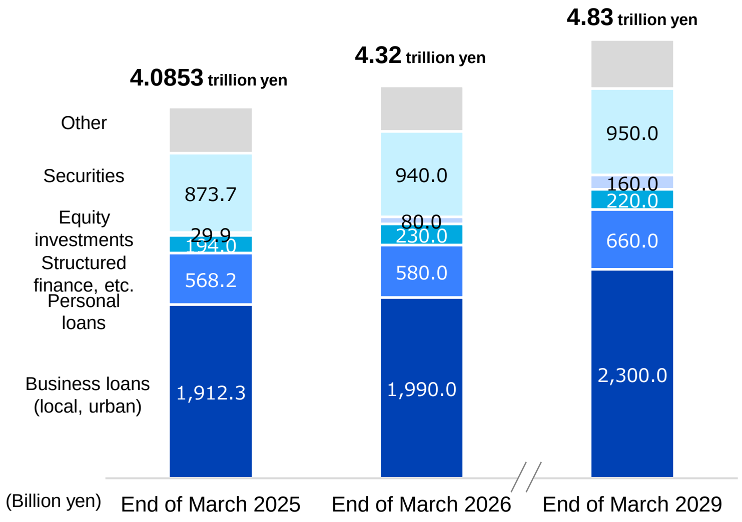
- **In today's world of positive interest rates, Mid-Term Plan 2024 calls for 57 billion yen in net income attributable to owners of the parent (in FY2028, the final fiscal year of the Mid-Term Plan) by enhancing profitability through proactive credit risk-taking.**
- **Accordingly, while anticipating an increase of over 60 billion yen through additional loan interest and related earnings, we plan to allocate appropriate capital to support risk-taking in loans and similar assets.**

Mid-Term Plan 2024 profit plans



*1 Reflecting deduction of external fundraising costs (including deposits)
*2 Reflecting deduction of external fundraising costs, including gains on sale
*3 "Other" includes all items other than those shown above.

Allocation of risk assets (announced May 2025)

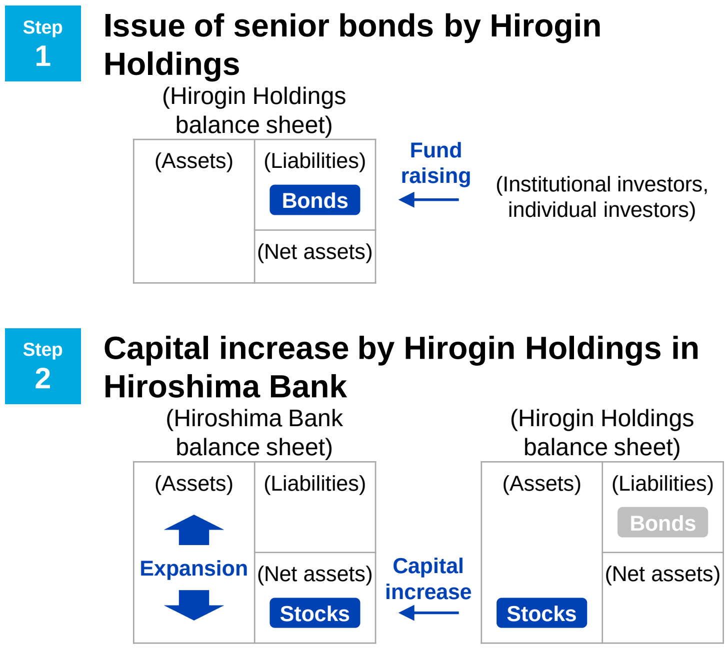


Strengthening profitability by expanding credit risk-taking in a world of positive interest rates

Creation of additional risk-taking capacity

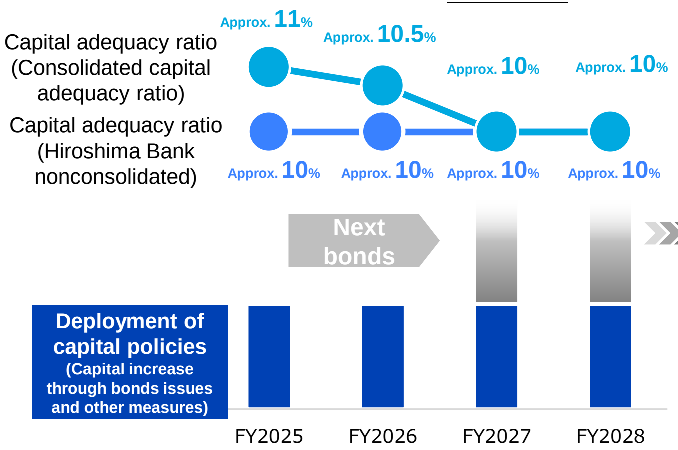
▶ **We will deploy a leveraged asset business while maintaining the capital adequacy ratio by increasing capital in the subsidiary Hiroshima Bank through the issue of Hirogin Holdings senior bonds and other measures.**

Scheme diagram



Note: Bond payments and redemption will be allocated using Hiroshima Bank dividends.

Results of issuing bonds (risk-taking capacity)



Considering the earnings situation and market environment, we will examine the possibility of additional issuance.

Bond issuance: up to 30 billion yen (including retail bonds)

Assumption | **Maintaining a Hiroshima Bank nonconsolidated capital adequacy ratio of 10%** × Capital policy | **Increasing Hiroshima Bank capital through bonds issues and other measures**

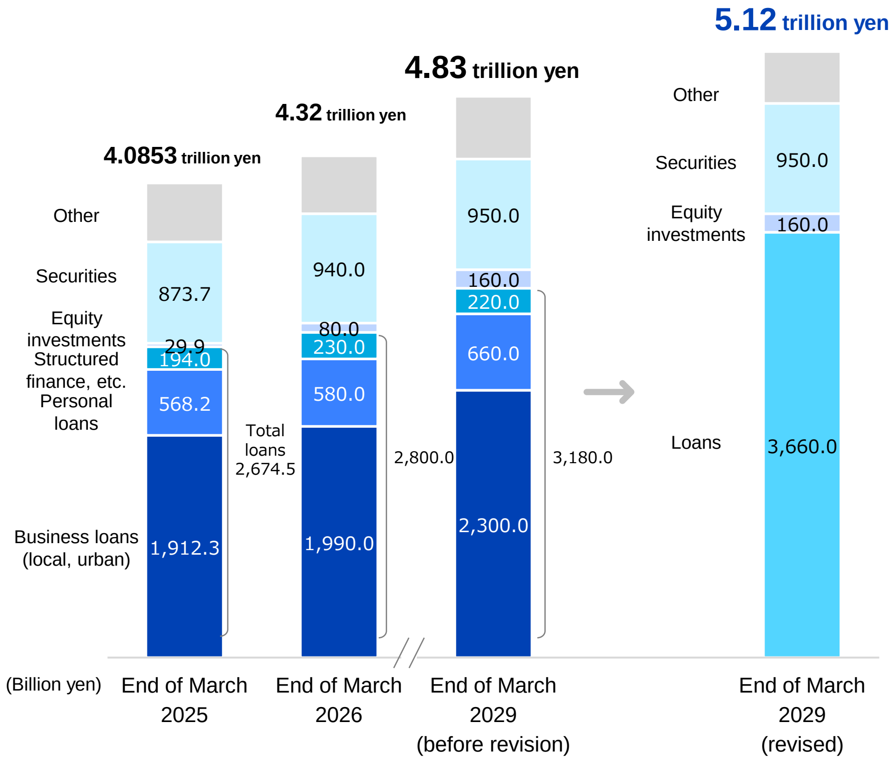
Enabling risk-taking on a scale of several hundreds of billions of yen (risk-asset basis)

(If bonds are issued up to a maximum of 30 billion yen, it will be possible to take on risks of approximately 300 billion yen.)

Note: Capital adequacy ratio reflects the capital increase from issue of bonds and the effects of Basel III finalization.

Expansion of profitability and maintenance of soundness

- **In addition to proactive local credit risk-taking, we will shift toward a portfolio of high-profit, high-efficiency assets to contribute to improved RORA (risk-asset control).**



Note: Amounts of risk assets above do not reflect the effects of Basel III finalization

Risk-asset control

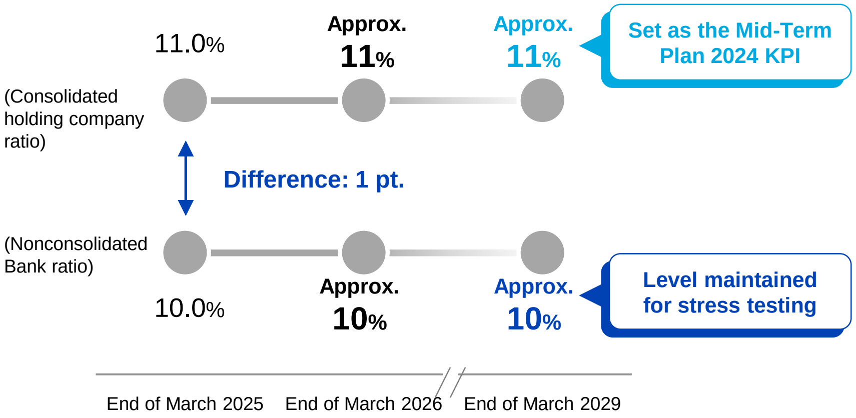
- ↗ **Lending to SMEs, ship finance, and other lending in the region; equity investments** **(expanding credit risk-taking)**
- ↗ **Finance related to the regional development business** **(including other high-profit, high-efficiency structured finance, etc.)**
- ↗ **LP investment in Tokyo investment funds to secure expertise**
- ↘ **Curtailing low-profit loans outside the region** **(urban business loans, some personal loans)**

Deployment of capital policies through issue of senior bonds, etc.

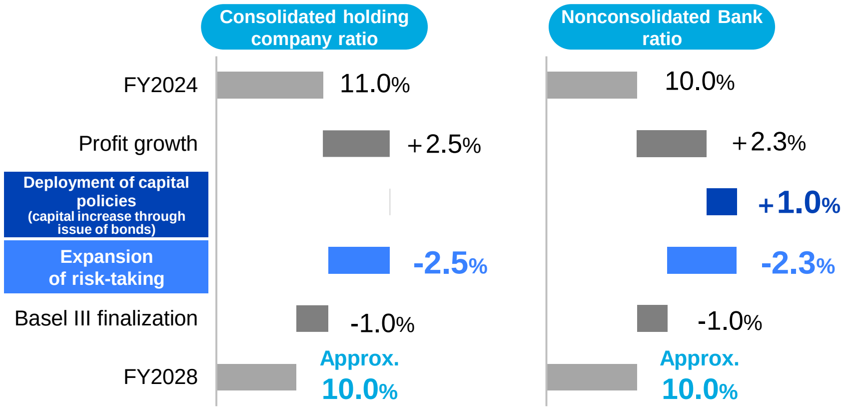
- **In planning business development utilizing assets, we have set a target for the capital adequacy ratio, an indicator of financial soundness.**
- **Capital policies implemented by issuing senior bonds and other measures will enable risk-taking to enhance profitability while maintaining financial soundness by enhancing Hiroshima Bank's equity capital.**

Rationale for 11% capital adequacy ratio target

- If the Bank can maintain a nonconsolidated capital adequacy ratio of approximately 10% **even under challenging conditions**, it can ensure that **its capital adequacy ratio remains above regulatory limits**.
- We chose a target capital adequacy ratio of 11% because the difference in capital adequacy ratio between consolidated and nonconsolidated figures (i.e., the difference between the consolidated holding company ratio and the nonconsolidated Bank ratio) is approximately 1 pt.



To expand profitability and maintain soundness



Allows risk-taking to enhance profitability while maintaining financial soundness through equity capital enhancements.

Capital policies through bonds issues and other measures will make it possible to secure a nonconsolidated Bank capital adequacy ratio of 10%, even after expanding risk-taking and implementing measures to reflect the effects of Basel III finalization.

Note: The effects of Basel III finalization consist mainly of adjustments associated with the fact that risk assets calculated through the internal rating method are below the capital floor (corresponding to 72.5% of risk assets calculated through the standard measurement method).

Our perspective on capital policies: Revised

- **We have revised our perspective on capital policies based on the overall state of various matters, including the external environment and interest rate conditions.**
- **We will deploy management in accordance with our capital adequacy ratio level while aiming for a consolidated capital adequacy ratio of approx. 10% (FY2028 target).**

Basic concept

Target consolidated holding company ratio: 10%
(FY2028 target)

Annual targets will be announced as they are determined.

Well-balanced management

Shareholder returns

Using capital to enhance profitability

- Building up assets
- Enhancing investments in strategic fields, human capital, etc.

Building up steady sustained profits
(internal reserves)

Shareholder returns policy

Payout ratio	Approx. 40%
Total return ratio	Flexible purchases of treasury stock

A treasury stock purchase of 5 billion yen was carried out in FY2025.
(announced May 12, 2025)

Rationale for consolidated capital adequacy ratio

Securing a nonconsolidated Bank capital adequacy ratio of approx. 10% should make it possible **to maintain both consolidated holding company and nonconsolidated Bank ratios at or above regulatory levels, even under conditions of stress (i.e., economic downturn).**

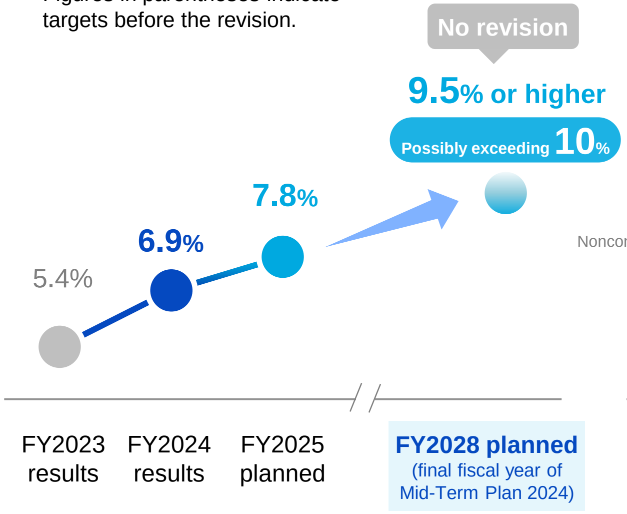
Revised Mid-Term Plan 2024 KPIs

- We have revised the target consolidated capital adequacy ratio.
- We will deploy capital policies through bonds issues and other measures to reach a consolidated ROE level of 9.5%; we will also strengthen the revenue base while targeting a ROE of around 10%. (We will also consider future revisions while considering various other matters, including revenues generated by future risk-taking.)

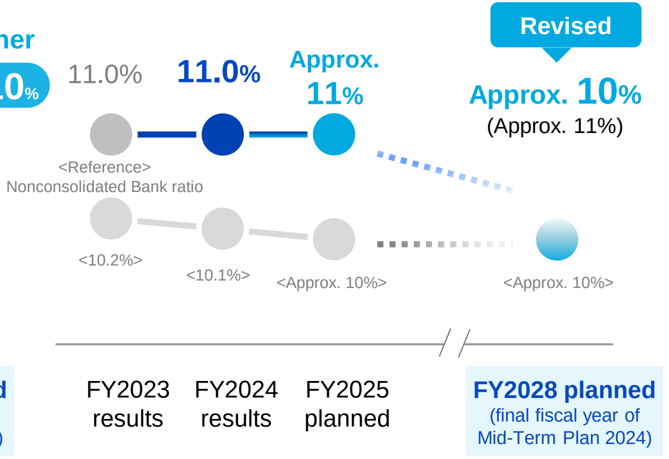
Mid-Term Plan 2024 Group KPIs

Figures in parentheses indicate targets before the revision.

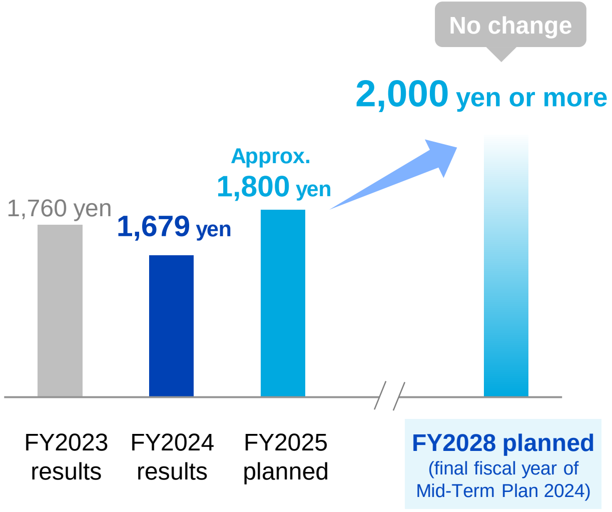
Consolidated ROE



Consolidated capital adequacy ratio



Consolidated BPS



Disclaimer

This document contains statements related to the future, including forecasts, outlooks, and plans concerning Hirogin Holdings, Inc. (hereinafter “the Company”) and its group companies (hereinafter “the Group”).
These statements are based on information currently available to the Company and reflect its expectations as of the time of preparation of this document. Certain assumptions have been used in preparing these statements. These statements and assumptions are subjective in nature and may prove to be inaccurate or may not materialize in the future. There are various uncertainties and risks that could cause such outcomes. Please refer to the Company’s financial results, securities reports, and integrated reports for additional information on these. In addition, the future-related statements in this document are, as stated above, based on information as of the date of this document (or as of any separately specified date), and the Company has neither the obligation nor the policy to update such information whenever changes occur. Also, any information contained in this document regarding companies or entities other than the Company or the Group has been quoted from publicly available sources, and the Company has neither verified the accuracy or appropriateness of such information nor does it guarantee its accuracy or appropriateness.

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