

## **INFRONEER HD's Wholly Owned Subsidiary Japan Wind Development Issues Preferred Shares—JCR Determines Equity Content to Be “Medium” or “50”**

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the issuance of Class A Preferred Shares by Japan Wind Development Co., Ltd. (security code: -).

Japan Wind Development Co., Ltd. (“JWD”), a wholly owned subsidiary of INFRONEER Holdings Inc. (“INFRONEER HD”), issued today Class A Preferred Shares (the “Preferred Shares”; amount to be paid: 70 billion yen). Concurrently, INFRONEER HD entered into a subordinated committed syndicated loan agreement (the “Subordinated Loan”; total commitment: 70 billion yen). The funds to be raised by the issuance of the Preferred Shares will be appropriated for such purposes as the construction of wind power plants currently undertaken by JWD. JWD and INFRONEER HD are expected to repurchase/acquire the Preferred Shares in the future, and the loan agreement was concluded to secure funds. For the assessment of equity content of the Subordinated Loan (“Medium” or “50”), please see JCR's press release 25-D-1770 dated today.

### <Assessment of Equity Content of Securities and Rationale>

JCR determined the equity content of the Subordinated Loan to be at “medium” or “50” (against 100 of a stock). JWD and INFRONEER HD are expected to repurchase/acquire the Preferred Shares in the future, and the loan agreement was concluded to secure funds. Hence, upon completion of such actions, the Preferred Shares are expected to be effectively transferred to the Subordinated Loan. For these reasons, the Preferred Shares and the Subordinated Loan are structured with identical key features for the assessment of equity content, including step-ups in dividend rates and interest rates, special exemptions for replacement and conditions for the suspension of dividend and interest payments. Therefore, they are considered to be substantively one for the assessment of equity content.

JCR takes into account that “there is no obligation to redeem principal or no maturity,” “there is no obligation to pay dividends” and “the ranking of claims at the time of bankruptcy is subordinated” when assessing the equity content of hybrid securities.

While the Preferred Shares have no specified maturity and so on, repurchase by JWD and acquisition by INFRONEER HD are possible under certain conditions, including a lapse of 5 years from the bond issuance. Dividend rate is set to step up by 30 bps and 70 bps (100 bps in total) after a lapse of 7 years and 27 years, respectively, from the bond issuance. JWD and INFRONEER HD have expressed their intention for replacement by, for instance, issuing replacement securities at the time of repurchase/acquisition, but, given the special exemptions to enable them to forgo the replacement, the replacement language is hardly effective. On the other hand, the discretion of JWD and INFRONEER HD will be materially constrained in effect when the dividend rate steps up by 100 bps in total. JCR incorporates this into the assessment of permanence of the principal.

Based on the above factors, JCR considers it unlikely that JWD and INFRONEER HD will make a repurchase/acquisition without replacement when their creditworthiness declines and factored this view in the assessment of the effective redemption obligation and maturity for the Preferred Shares. This judgment reflects, along with other factors, that: (i) JCR, through an interview with JWD and INFRONEER HD, was able to ascertain their future financial management policy including the position of the Preferred Shares; and (ii) INFRONEER HD as the wholly-owning parent company has been winning the confidence of investors and creditors by maintaining good relations with them in the financial market.

As for the preferred dividend payments, they can be deferred upon JWD's resolution due to such factors as the shortage of distributable amount, and there is a mechanism whereby outflows to external parties can be halted in a stressful situation. JCR takes into consideration the mechanisms for maturity and dividend payments discussed above, as well as other factors including the ranking of claims to the Preferred Shares at the time of bankruptcy being subordinated to the senior obligations of the Company.

Hiroyoshi Otsuka, Yasuhiro Shimoda for Issuer  
Kiichi Sugiura, Yasuhiro Shimoda for Hybrid Securities

## Outline of Preferred Shares

Issuer: Japan Wind Development Co., Ltd.

Issue	Amount (bn)	Issue Date	Due Date	Dividend Rate
Class A Preferred Shares	JPY 70	Mar. 31, 2026	No Maturity	(Note)

Note: Up to March 30, 2033: Base rate + initial spread  
 March 31, 2033 through March 30, 2053: Base rate + initial spread + 0.3%  
 From March 31, 2053 onward: Base rate + initial spread + 1.0%

Acquisition Clause: Acquisition in exchange for monetary consideration after a lapse of 5 years from the Issue Date  
 Acquisition by INFRONEER Holdings Inc.

Replacement: There has been the representation of intention for replacement.

Accumulation/Non-Accumulation: Accumulation for unpaid preferred dividends

Ranking of Claims: The preferred shares are subordinated to all debts (excluding the preferred shares and the subordinated debts ranking pari passu with the preferred shares) and rank pari passu with the first preferred stock.

## Outline of Subordinated Loan

Issuer: INFRONEER Holdings Inc.

Issue	Amount	Execution Date	Repayment Date	Interest Rate
Subordinated Committed Syndicated Loan	(Note 1)	(Note 2)	Mar. 31, 2063	(Note 3)

Notes:

- Credit limit: 70 billion yen
- Commitment period: March 31, 2026 through March 31, 2033
- Up to March 30, 2033: Base rate + initial spread  
 March 31, 2033 through March 30, 2053: Base rate + initial spread + 0.3%  
 From March 31, 2053 onward: Base rate + initial spread + 1.0%

Early Repayment: Repayment after a lapse of 5 years from the Commitment Start Date  
 Repayment upon occurrence of Tax Events or Rating Events  
 Repayment by agreement with all lenders and agents

Replacement: There has been the representation of intention for replacement.

Optional Interest Suspension: The Company may suspend interest payments at its discretion.

Accumulation/Non-Accumulation: Accumulation

Ranking of Claims: The Subordinated Loan is subordinated to all debts (excluding the Subordinated Loan and the subordinated debts ranking pari passu with the Subordinated Loan) and ranks pari passu with the first preferred stock.

### <Reference>

Long-term Issuer Rating: A+      Outlook: Stable

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