

Notice Regarding Disposal of Treasury Stock through Third-Party Allotment in Connection with Additional Contributions to the Stock Benefit Trust (BBT and BBT-RS)

August 7, 2025

Company name: ZERO CO., LTD. Code No: 9028 (Tokyo Stock Exchange Standard Section)

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ZERO CO., LTD. (hereinafter, “the Company”) hereby announces that at the meeting of the Board of Directors held today, the Company resolved, as outlined below, to dispose of treasury stock through a third-party allotment (hereinafter, the disposal of treasury stock related to the BBT scheme, as defined later, is referred to as “the Disposal of Treasury Stock (BBT)”; the disposal of treasury stock related to the BBT-RS scheme, as defined later, is referred to as “the Disposal of Treasury Stock (BBT-RS)”; and both shall be referred to collectively as “the Disposal of Treasury Stock”), and hereby announces the same.

Formally, the Disposal of Treasury Stock is to be conducted by allotting shares to Custody Bank of Japan, Ltd. (Trust Account E), the re-trustee who has received a re-entrustment from the trustee, Mizuho Trust & Banking Co., Ltd., with whom we have entered into trust agreements concerning the stock compensation schemes “Board Benefit Trust (BBT)” (hereinafter, the “BBT scheme”) and “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter, the “BBT-RS scheme”; together with the BBT scheme, the “Schemes”), respectively, and the trust established thereunder (hereinafter, the “Trust”).

However, the Disposal of Treasury Stock is, in substance, equivalent to allotting shares as compensation for services rendered to the Company and its subsidiaries to the Company’s directors (excluding those who concurrently serve as executive officers of the parent company and outside directors), auditors (excluding outside auditors), corporate officers, and directors of subsidiaries (excluding outside directors) (hereinafter referred to as the “Eligible Directors, etc.”).

1. Outline of the disposition

(1)	Disposition date	Monday August 25, 2025
(2)	Class and number of shares to be disposed of	295,400 shares of common stock of the Company
(3)	Disposition Price	3,380 yen per share
(4)	Total disposition value	998,452,000 yen
(5)	Intended allottees	Four directors of the Company (excluding those who also serve as executive officers of the parent company and outside directors) 210,400 shares, One auditor of the Company (excluding outside auditors) 15,000 shares, Seven corporate officers of the Company 70,000 shares (Note 1、 Note 2)
(6)	Other	The effectiveness of this disposal of treasury stock is subject to the securities registration statement taking effect in accordance with the Financial Instruments and Exchange Act.

(Note 1) The formal planned allottee of this disposal of treasury stock is Custody Bank of Japan, Ltd. (Trust Account E). This Trust Account E has been established through a trust agreement concluded between the Company and Mizuho Trust & Banking Co., Ltd., in which the Company is the trustor, Mizuho Trust & Banking Co., Ltd. is the trustee, and Custody Bank of Japan, Ltd. is the re-trustee. On the other hand, as this disposal of treasury stock is intended for the allocation of shares to Directors, etc. based on this scheme, it is substantively the same as allocating shares to Directors, etc. as compensation for services rendered to the Company and its subsidiaries; therefore, Directors, etc. are listed as the actual planned allottees.

(Note 2) Under this scheme, Directors, etc. are granted points according to their position and other factors. Upon satisfying certain conditions and acquiring the right to receive shares, they are granted shares of the Company and/or a monetary amount equivalent to the market value of such shares (hereinafter, "the Company's Shares, etc.") corresponding to the granted points. Accordingly, the number of shares mentioned above represents the maximum number, and the actual number of the Company's Shares, etc. granted to Directors, etc. will vary depending on their position and other factors.

2. Purpose and Reason for the Disposal

Based on the resolution of the Ordinary General Meeting of Shareholders held on September 29, 2015, the Company introduced the BBT Scheme; additionally, at the Ordinary General Meeting of Shareholders held on September 28, 2022, the Company introduced the BBT-RS Scheme. (For details of the BBT Scheme, please refer to the "Notice Regarding Abolition of Retirement Allowance System for Officers and Introduction of Stock Benefit Trust (BBT)"

dated August 27, 2015, and the "Notice Regarding Adoption (Details Determined) of Stock Benefit Trust (BBT)" dated November 26, 2015. For details of the BBT-RS Scheme, please refer to the "Notice Regarding Introduction of Stock Compensation System" dated August 25, 2022.)

At this time, with the continuation of the BBT Scheme, the Company has decided to make an additional cash contribution to the Trust (hereinafter, the "Additional Trust (BBT)") so that the Trust can acquire the number of shares expected to be necessary for future benefits. In addition, to hold and dispose of shares in operating the BBT Scheme, the Company has decided to dispose of treasury shares through a third-party allotment to Trust E Account at Custody Bank of Japan, Ltd. (the re-trustee who received re-entrustment from the original trustee, Mizuho Trust & Banking Co., Ltd.) (such disposal being the "Disposal of Treasury Stock (BBT)"). Although, formally, the Disposal of Treasury Stock (BBT) is a disposal of shares by allotment to Custody Bank of Japan, Ltd. (Trust E Account), it is in substance equivalent to the allotment of shares as compensation for services provided to the Company to auditors.

The number of shares to be disposed is equivalent to the number of shares expected to be granted to auditors during the trust period (covering five fiscal years from the fiscal year ending June 30, 2026, to the fiscal year ending June 30, 2030) in accordance with the "Regulations on Officer Stock Benefits (BBT)". This represents 0.09% of the total number of issued shares as of June 30, 2025 (17,560,242 shares) and 0.09% of the total number of voting rights (170,988 units) as of the same date (both rounded to three decimal places). In light of the purpose of the BBT Scheme as stated in the "Notice Regarding Abolition of Retirement Allowance System for Officers and Introduction of Stock Benefit Trust (BBT)" dated August 27, 2015, and the "Notice Regarding Adoption (Details Determined) of Stock Benefit Trust (BBT)" dated November 26, 2015, the degree of dilution is considered reasonable.

Outline of Additional Trust (BBT)

Additional Trust Date: August 25, 2025

Additional Trust Amount: 50,700,000 yen

Type of Shares to Acquire: Common shares of the Company

Number of Shares to Acquire: 15,000 shares

Share Acquisition Date: August 25, 2025

Acquisition Method: By underwriting the Company's disposal of treasury shares (the Disposal of Treasury Stock (BBT))

Similarly, with the continuation of the BBT-RS Scheme, the Company has decided to make an additional cash contribution to the Trust (hereinafter, the "Additional Trust (BBT-RS)") so that the Trust can acquire the number of shares expected to be necessary for future benefits. In addition, to hold and dispose of shares in operating the BBT-RS Scheme, the Company has decided to dispose of treasury shares through a third-party allotment to Trust E Account at Custody Bank of Japan, Ltd. (the re-trustee who received re-entrustment from the original trustee, Mizuho Trust & Banking Co., Ltd.) (such disposal being the "Disposal of Treasury Stock (BBT-RS)"). Although, formally, the Disposal of Treasury Stock (BBT-RS) is a disposal of shares by allotment to Custody Bank of Japan, Ltd. (Trust E Account), it is in substance equivalent to the allotment of shares as compensation for services provided to the Company

and its subsidiaries to directors (excluding those who concurrently serve as executive officers of the parent company and outside directors), executive officers, and directors of subsidiaries (excluding outside directors) (hereinafter, the “Eligible Directors, etc. for BBT-RS”).

The number of shares to be disposed is equivalent to the number of shares expected to be granted to Eligible Directors, etc. for BBT-RS during the trust period (covering five fiscal years from the fiscal year ending June 30, 2026, to the fiscal year ending June 30, 2030) in accordance with the "Regulations on Officer Stock Benefits". This represents 1.60% of the total number of issued shares as of June 30, 2025 (17,560,242 shares) and 1.64% of the total number of voting rights (170,988 units) as of the same date (both rounded to three decimal places). In light of the purpose of the BBT-RS Scheme as stated in the "Notice Regarding Introduction of Stock Compensation System" dated August 25, 2022, the degree of dilution is considered reasonable.

Outline of Additional Trust (BBT-RS)

Additional Trust Date: August 25, 2025

Additional Trust Amount: 947,752,000 yen

Type of Shares to Acquire: Common shares of the Company

Number of Shares to Acquire: 280,400 shares

Share Acquisition Date: August 25, 2025

Acquisition Method: By underwriting the Company's disposal of treasury shares (the Disposal of Treasury Stock (BBT-RS))

3. Basis and Specific Details for Calculation of Disposal Value

The disposal value has been set at 3,380 yen, the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the Disposal of Treasury Stock. The closing price on the business day immediately preceding the Board of Directors' resolution was deemed to most reasonably represent the Company's fair market value.

Furthermore, the disposal price of 3,380 yen is calculated by multiplying the average closing price of 3,225 yen (rounded down to the nearest yen) for the most recent month prior to the board of directors' resolution date by 104.81%, and then multiplying the average closing price of 3,149 yen (rounded down to the nearest yen) for the most recent three months (rounded down to the nearest yen) multiplied by 107.34%, and the average closing price for the preceding six months of 2,923 yen (rounded down to the nearest yen) multiplied by 115.63%. After considering the above, we have determined that the disposal price for this self-stock disposal is not particularly advantageous but is reasonable.

In addition, regarding the above disposal value, three auditors (of whom two are outside auditors) who attended the meeting of the Board of Directors have stated that they are of the opinion that the disposal value does not constitute a particularly advantageous price.

4. Matters Related to Procedures Based on the Code of Corporate Conduct

This Disposal of Treasury Stock does not fall under the criteria of requiring procedures for obtaining the opinion of an independent third party or confirming the intention of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25%, and (ii) it does not involve any change in the controlling shareholder.