

Actions toward Realization of Management Conscious of Cost of Capital and Stock Price
(2nd edition)

August 25, 2025

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

Representative: CEO & President - Toshihiro Takahashi

Contact for Inquiries: Corporate Officer, General Manager of Corporate Strategy Division -
Takashi Date

Telephone: +81(44) 520-0106

We hereby announce that our Board of Directors, at a meeting, resolved to update its response toward realizing management with awareness of capital cost and share price. This includes an analysis and evaluation of the current status and specific initiatives for improvement, as outlined below.

1. Analysis and Evaluation of Current Status

As of the end of June 2025, our company's P/B ratio was 1.21 times (cf. 0.84 times as of the end of June 2024), and we recognize that we have achieved our immediate target of a PBR of 1.0 times or higher over the past year—a result we regard as a certain level of achievement. Over the past year, we identified specific initiatives to drive improvement: (1) revision of our shareholder return policy, (2) enhancement of stock liquidity, (3) improvement of capital profitability, and (4) enhancement of IR activities. The combination of these measures has generated synergistic effects and created upward momentum for our share price.

On the other hand, without being satisfied with the current situation, we recognize that further improving management indicators such as P/B ratio, P/E ratio, and others is our mission as a listed company. In particular, our shareholder equity cost, based on the earnings yield (the inverse of P/E ratio), stands at a high level of 13.9%. Although our ROE at 17.9% exceeds this cost of capital, resulting in a positive equity spread, there remains a significant gap compared to the shareholder equity cost calculated by CAPM, which is 6.4% (based on a 5-year adjusted beta, including liquidity risk premium). This suggests that our profitability and growth potential may not yet be fully reflected in the market. We understand that raising our P/E ratio and thus lowering the shareholder equity cost based on the earnings yield, and further expanding the equity spread, will be crucial.

Going forward, we recognize three key challenges for our company: (1) ensuring that our tradable share ratio meets the listing maintenance criteria for the Standard Market, (2) continuously improving capital profitability, and (3) enhancing corporate recognition through IR activities.

	Unit	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Sales revenue	Millions of yen	89,501	92,171	107,045	132,861	140,751	147,843
Operating income	Millions of yen	3,675	5,332	3,912	5,074	6,222	10,228
Profit before tax	Millions of yen	3,679	5,373	3,947	5,080	6,227	10,213
Net income ※1	Millions of yen	2,374	3,626	2,535	3,437	4,150	7,179
Total capital ※2	Millions of yen	24,864	28,280	30,067	33,285	37,209	42,901
ROE	%	9.9	13.6	8.7	10.9	11.8	17.9
Share price at end of period	Yen /Share	868	1,284	1,044	1,334	1,852	3,055
P/B ratio	x	0.58	0.76	0.58	0.68	0.84	1.21
P/E ratio	x	6.1	5.9	6.9	6.5	7.5	7.2

※1 Profit attributable to equity shareholders of the company

※2 Equity attributable to equity shareholders of the company

2. Specific Initiatives for Improvement

A. Initiatives Toward Compliance with the Standard Market Listing Maintenance Criteria

As of the end of June 2025, our company's ratio of tradable shares was 20.60%, which did not meet the listing maintenance criteria for the Standard Market. In addition, with the expiration of the transitional measures for the listing maintenance criteria at the end of June 2025, our company was included in the list of issuers subject to the improvement period published by the Tokyo Stock Exchange (TSE) on August 20, 2025.

On the other hand, as a result of the completion of the two corporate actions disclosed in the "Notice Regarding Completion of Off-Auction Distribution of Shares" dated August 19, 2025, and today's "Notice Regarding Completion of Disposal of Treasury Stock through Third-Party Allotment", the ratio of tradable shares is expected to exceed 25%, making it likely that we will meet the listing maintenance criteria for the Standard Market. However, it should be noted that, at this time, this is still subject to confirmation by the TSE.

We believe that this will dispel concerns regarding a large-scale release of shares onto the market by major shareholders.

B. Continuous Improvement of Capital Profitability

Although there were temporary factors contributing to increased profits in the fiscal year ended June 2025, we were able to achieve operating profit of over 10 billion yen, achieving our medium-term management plan's operating profit target for the fiscal year ending June 2027 two years ahead of schedule. On the other hand, we are still halfway toward accomplishing the 16 specific areas for improving "sales quality," "logistics quality," "human quality," and "financial quality" as laid out in the medium-term management plan, and we are confident that achieving all 16 areas over the next two years will further enhance capital profitability. In addition, by restructuring our business and asset portfolios, we will continue

to implement ROIC-based management.

Sales Quality: “Providing services that exceed customer expectations,” “Developing new business domains and areas,” “Leveraging group synergies,” and “Appropriate pricing.”

Logistics Quality: “Reducing and addressing accidents and claims,” “Ensuring transportation capacity (role allocation),” “Reviewing transportation methods and bases,” and “Digital investment.”

Human Quality: “Enhancing and securing group human resources,” “Investment in human resources (human capital management),” “Fostering professionalism,” and “Revising human resources and evaluation systems.”

Financial Quality: “Strengthening financial structure,” “Optimizing costs,” “Capital cost management,” and “Reviewing shareholder return policy.”

C. Enhancement of IR Activities

We will increase opportunities for dialogue with shareholders and investors, share our corporate environment (including our company’s position and barriers to entry in the vehicle transportation business), and promote our future growth strategies in order to enhance our stock price as well as PBR/PER. We are also preparing to enhance ESG-related disclosure.

Furthermore, we will work to disclose the rolling updates of the medium-term management plan at the financial results briefing for the first half of the fiscal year ending June 2026.