



October 31, 2025

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Notice on “Medium-Term Business Plan ‘Tsunagu—next stage 2031’ Step 2 – Step 3”

In anticipation of its 100th anniversary in August 2031, the Company is promoting the medium-term business plan, “Tsunagu—next stage 2031,” in three steps.

In Step 1 (fiscal year ended January 31, 2024 – fiscal year ending January 31, 2026), which ends this fiscal year, we have worked to “establish a strategic foundation” with baked sweets at the core. We have steadily laid the groundwork for growth in Step 2 and beyond by commencing construction on a major capital investment of approximately 8.3 billion yen to increase production of baked sweets, starting to develop new baked sweet brands, and rebuilding our logistics system to prepare for increased volumes (e.g., operating the Kobe Logistics Center). However, for the financial results of the final year of Step 1 (estimate for the fiscal year ending January 31, 2026), although net sales are expected to exceed the plan, profits were squeezed by a sharp increase in raw material prices and higher labor costs that exceeded our assumptions. Despite the measures taken, the sharp rise in costs could not be absorbed, and operating profit is expected to be 1,030 million yen (a shortfall of 1,260 million yen) against the initial plan of 2,290 million yen.

In light of this, we will faithfully execute strategies under this plan to achieve business recovery and further growth, aiming for a record-high level of performance in the fiscal year ending January 31, 2032, the 100th anniversary. In Step 2 (fiscal year ending January 31, 2027 – fiscal year ending January 31, 2029), we will accelerate strategy implementation and aim to transform into a “profit recovery trend” at an early stage. In the following Step 3 (fiscal year ending January 31, 2030 – fiscal year ending January 31, 2032), we will fully pursue growth and profit expansion, aiming to achieve net sales of 41 billion yen, operating profit of 3 billion yen, and operating margin of 7.0% or more in the culminating year of the Company’s 100th anniversary.

In addition, we have set ROA, which indicates asset efficiency, as a new management indicator, with a target of 9.0% for the final fiscal year. At the same time, we will strive to maximize corporate value, aiming to quickly return ROE, which indicates capital efficiency, to our guideline of the 8.0% level.

■ Numerical Targets (Consolidated) for “Step 2” and “Step 3”

	Estimate for the year ending January 31, 2026 (Step 1)	Year ending January 31, 2029 (Step 2)	Year ending January 31, 2032 (Step 3)
Net sales	35,920 million yen	37,800 million yen	41,000 million yen
Operating profit	1,030 million yen	1,900 million yen	3,000 million yen
Operating margin	2.9 %	5.0 %	7.0% or more
ROA	4.0 %	5.9 %	9.0 %

* ROA is return on assets.

For details, please refer to the attached “Medium-Term Business Plan ‘Tsunagu—next stage 2031’ Step 2 – Step 3.”

The forecasts, plans, and other statements in this material are our projections based on information available at the time this material was prepared, and actual results may differ from these projections.

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.



KOKORO & EGAO

Medium-Term Business Plan

Tsunagu –next stage 2031

Step 2–Step 3

Morozoff Limited

October 31, 2025



Top Management's Message

Currently, Morozoff is implementing its medium-term business plan “Tsunagu –next stage 2031” with a view to its 100th anniversary in 2031.

In Step 1, which ends this fiscal year, we have worked on “establishing the strategic foundation” with “baked sweets” at its core. As a result, although we expect to clear our sales targets, on the profit and loss side, we expect to fall far short of our initial target due to greater-than-expected changes in the business environment, such as soaring raw material prices.

In light of this, we will faithfully execute strategies under this plan to achieve business recovery and further growth. Based on the strategic foundation we have established, we will implement our strategies more quickly, aiming to achieve a record level of performance in the fiscal year ending January 31, 2032, the 100th anniversary.

Moreover, in order to maximize the effects of large capital investments, we have set ROA, which indicates asset efficiency, as a new management indicator, with a target of 9% for the final fiscal year. At the same time, we will strive to maximize corporate value, aiming to quickly return ROE, which indicates capital efficiency, to our guideline of the 8% level.

To achieve this target, we will more quickly implement three medium- to long-term strategic themes.

(1) Realization of a new “growth strategy”

Leveraging the large capital investment of approximately 8.3 billion yen that is currently underway, we will greatly increase our production capacity. With “baked sweets” as a solid growth engine, we will more quickly grow within existing markets and develop new markets to expand the top line.

(2) Cost containment and further productivity improvement

We will work to automate manufacturing facilities and streamline store operations, while accelerating measures to cope with rising raw material prices. We will build a robust cost structure that is unaffected by changes in the external environment and drastically improve profitability.

(3) Securing of human resources and improvement in employee satisfaction

The foundation for sustainable growth is people. We will promote human capital management that maximizes the performance of the entire organization by securing and developing diverse human resources who are willing to take on challenges and reforming the personnel system to bring out individual abilities to the maximum extent.

In the spirit of pursuing “the exquisite flavor, safe and reliable quality, and service of the highest quality,” which has been passed down from generation to generation since our founding, we are committed to bringing smiles to the faces of all our customers and to becoming a company that is loved and trusted by everyone.

Shinji Yamaguchi, Representative Director and President

Concept of the Medium-Term Business Plan “Tsunagu –next stage 2031”

(FYE Jan 31, 2024 - FYE Jan 31, 2032)

For the fiscal year ending January 31, 2032, the 100th anniversary, we have set three strategic themes with “**baked sweets**” at the core of our growth strategy, aiming to “build a management foundation for the future” and “secure stable earnings.”

Management Philosophy

Management Philosophy: Be Prime, Be Sweet.

Exquisite flavor
Safe, reliable quality
Service of the highest quality
We aim to be first class and constantly deliver excitement by evolving day by day.
All for the smiles of our customers.

Corporate Slogan: Linked Hearts. Bright Smiles.

Morozoff
proposes a life enriched by sweets.
Sweets soothe the soul and put a smile on your face.
Sweets convey feelings and connect hearts. Morozoff always by your side.
Sweets dye time with vivid memories. Share the excitement.
Sweets evoke emotion and joy. Enjoy the thrill of the moment.
We would like to create such sweets. All for the smiles of our customers.

Medium- to Long-term Vision

(1) Enhance corporate value

- Secure stable profits and realize capital-efficiency-oriented management
- Invest in growth for the future while maintaining financial soundness

(2) Enhance brand value

- Establish a seller’s market position
- Achieve sustainable competitive advantage

(3) Enhance social value

- Increase satisfaction of all stakeholders
- Strengthen ESG initiatives to achieve sustainability

Medium-Term Business Plan

“Tsunagu –next stage 2031”

Creating new value and markets with “**baked sweets**” to create a foundation for growth

Strategic Theme (1)
Realization of a new “growth strategy”

Strategic Theme (2)
Cost containment and further productivity improvement

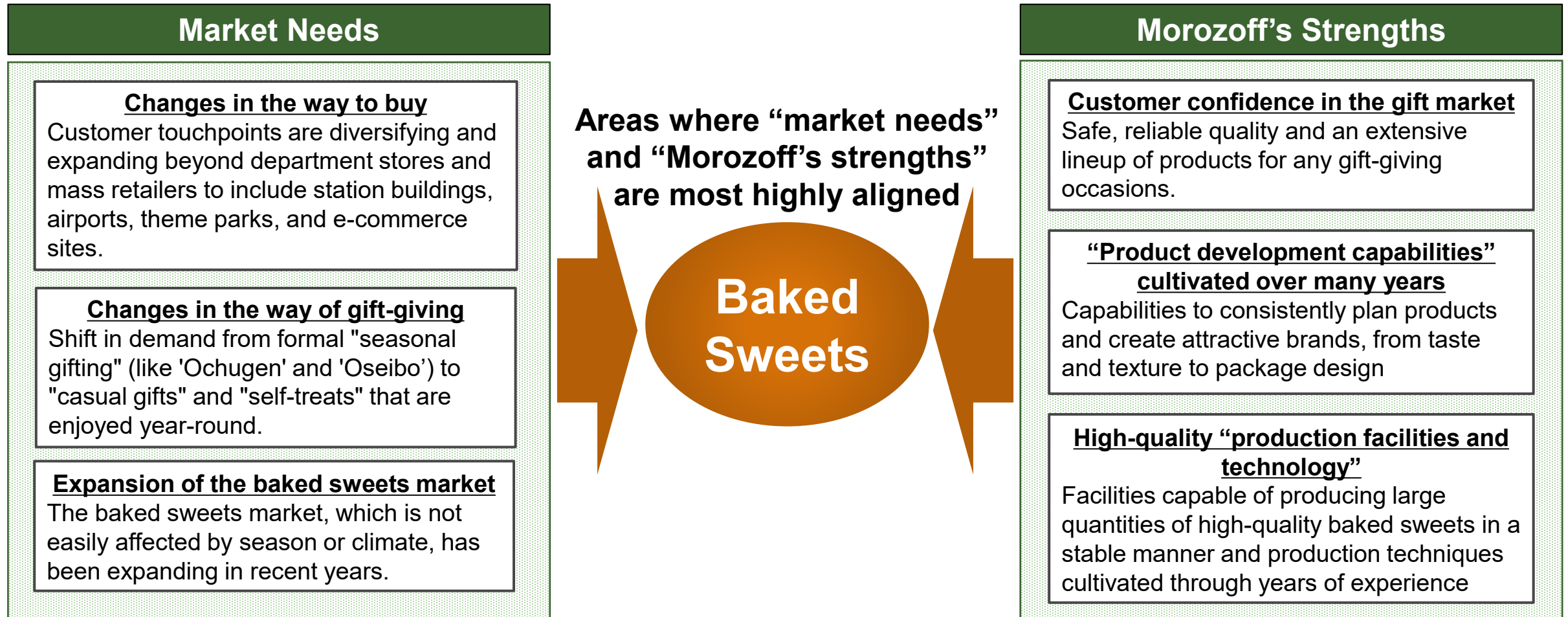
Strategic Theme (3)
Securing of human resources and improvement in employee satisfaction

Medium-Term Business Plan Slogan: “Tsunagu –next stage 2031”

- **Build a management foundation for the future** by creating customer contact points that are in tune with the times and creating new value to offer customers.
- On top of that, we will implement new growth strategies to **secure stable earnings and achieve sustainability** without being affected by economic and environmental changes.

Background of placing “baked sweets” at the core of our growth strategy

We will strengthen “**baked sweets**” as an engine for future growth and the optimal commercial product that allows us to accurately respond to the changing market environment and maximize our competitive advantage.



1. Summary of Step 1 (FYE Jan 31, 2024 – FYE Jan 31, 2026)

Business Outlook for the Final Year of Step 1 (Year ending January 31, 2026)

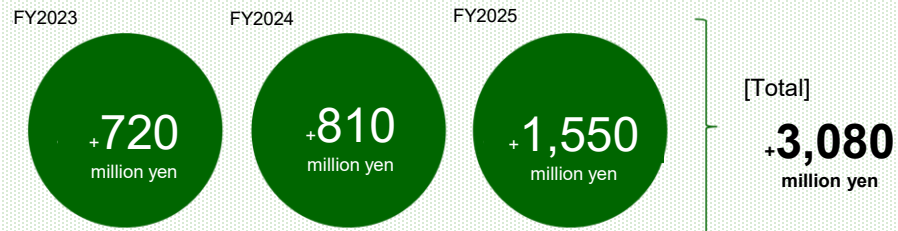
While the Company achieved certain results in terms of sales, the sharp rise in raw material prices, which was much higher than expected, hit the profit side.

Despite the measures taken, they were not able to absorb the sharp rise in costs, and the profit plan is expected to be missed.

【Consolidated】	FYE Jan 31, 2026 Plan (Disclosed in Jan 2024)	FYE Jan 31, 2024 Result	FYE Jan 31, 2025 Result	FYE Jan 31, 2026 Estimate	Difference from the plan
Net Sales	35,500 million yen	34,933 million yen	36,017 million yen	35,920 million yen	+420 million yen
Operating profit	2,290 million yen	2,474 million yen	2,058 million yen	1,030 million yen	▲ 1,260 million yen
Operating margin	6.5%	7.1%	5.7%	2.9%	▲ 3.6%

Soaring Raw Material Prices (Morozoff Non-Consolidated)

Step 1: Purchase price increase during the period



Step 1: Countermeasures for raw material price hikes during the period



- **3.1 billion yen** in raw material purchase price hikes during the Step 1 period
- In response to this price hike, the total amount of countermeasures for raw material price hikes during the Step 1 period was **1.35 billion yen**, which was not enough to keep up with the price hike.
- As a result, performance was significantly affected during the Step 1 period.
- During Step 2 and after, further cost containment measures will be an issue.

Step 1 Theme “Establishment of the Strategic Foundation”

In Step 1, under the theme of “Establishment of the strategic foundation,” we were able to lay a solid foundation for growth in Step 2 and beyond, including the start of construction of a large capital investment (approximately 8 billion yen) to increase production of baked sweets.

Main Initiatives in Step 1 “Establishment of the Strategic Foundation”

(1) Started development of new baked sweets products and baked sweets brands

- Increased production and stores of existing product brands (GALETTE au BEURRE and CUSTA)
- Deployed pop-ups (temporary retail or brand spaces) for new product brands (GALETTE du SOLEIL, etc.) and converted them to permanent locations
- Launched new baked sweets for existing stores
- Started planning and development of new standard baked sweets and product brands to be deployed in Step 2 and beyond.

(2) Expanded production facilities to increase production of baked sweets (Total investment including Step 2: approx. 8 billion yen)

- Started construction of a new building and introduction of a new production line at the Funabashi Factory
- Started a building renovation and introduction of a new production line at Seishin Factory No. 2.

(3) Restructured logistics system to prepare for increased volume

- Began operations at the new Kobe Logistics Center, increasing the locations to three from two.
- Relocated from (former) Funabashi Logistics Center to (new) Funabashi Nishiura Logistics Center

Establishment of the Strategic Foundation (1): Started Development of New Baked Sweets Products and Baked Sweets Brands

In addition to the growth of existing brands, we successfully launched new brands and products in the market, obtaining solid evidence of baked sweet expansion. We have already started planning and development of new brands for Step 2 and beyond, and will continue to bring new brands to the market.

Increased production and stores of existing product brands

Based sweet “GALETTE au BEURRE”



Expanded store openings in department stores in major cities and grew into a popular brand that attracted lines of customers

- April 2023 Fourth shop at Daimaru Tokyo Store
- September 2023 Fifth shop at Kyoto Takashimaya S.C. Store

Baked sweet “CUSTA”



The first shop opened in Osaka in April 2022, the 60th anniversary of the launch of custard pudding. Two new stores opened in Tokyo.

- October 2024 Second shop at Mitsukoshi Ginza Store
- April 2025 Third shop at Nihonbashi Mitsukoshi Main Store

Market launch of new brands

Baked sweet “GALETTE du SOLEIL”



After test marketing at a limited-time pop-up store, the store was successfully converted to a permanent location.

- May 2024 Pop-up Daimaru Tokyo Store
- September 2025 First shop at Seibu Ikebukuro Main Store

Based sweet “GALETTE de NEIGE”



Test marketing at a limited-time pop-up store

- October 2024 Pop-up Daimaru Sapporo Store, Daimaru Tokyo Store

A day to enjoy baked sweets “BAKEFUL day”



Named September 9 as “BAKEFUL day” and planned and held a new event for people to enjoy baked sweets

Activation of existing channels

New baked sweets products

“TEA BREAK”



Launched as a new baked sweets product at existing Morozoff stores

“SABLE au CHOCOLAT”



Planning and development of new products and brands for Step 2

- Started planning and development of new baked sweets products and new product brands
- Developed specific strategies to expand existing markets and explore and expand new sales channels.

Establishment of the Strategic Foundation (2): Expanded Facilities to Increase Production of Baked Sweets

We have started renovating of our main factory, the Seishin Factory No.2, and building the new Funabashi Factory to boost production capacity for our baked sweets expansion strategy. (total investment including Step 2: approx. 8.3 billion yen).

Renovation of Seishin Factory No. 2 (construction started in February 2025)

Factory No. 2



Factory No. 1



Investment: **approx. 3.1 billion yen**

Scheduled operation: Sequentially in March 2026 and later

- While we constructed a new Factory No. 1 building (mainly for the production of chocolates and baked sweets) at the Seishin Factory in 2009, it is currently operating at almost full production capacity.
- We will renovate the old building of Factory No. 2 and introduce new baked sweets production equipment to strengthen the system for increased production of baked sweets and to improve efficiency.

New Funabashi Factory (construction started in March 2025)



Investment: **approx. 5.2 billion yen**

Scheduled operation: Sequentially in March 2026 and later

- The current Funabashi Factory and its attached automated logistics rack warehouse have become obsolete after years of use.
- We will dismantle the automated logistics rack warehouse and construct a new factory on the site of the warehouse to increase production capacity and efficiency by installing new manufacturing equipment for baked sweets, etc. (The logistics warehouse functions have already been relocated to the Funabashi Nishiura Logistics Center, and the current Funabashi Factory will be closed once the new factory is operational.)

Establishment of the Strategic Foundation (3): Restructured Logistics System to Prepare for Increased Volume

In order to flexibly respond to the increase in volume due to the expansion strategy for baked sweets, we have changed from the structure of two locations to that of three, and established a stable and efficient logistics network covering the entire country.

Kobe Logistics Center (operation started in September 2023)



Kobe Logistics Center started operation in order to establish a more flexible product supply system in light of the increased volume of mainly baked sweets and the logistics 2024 problem (a general term for various issues across the logistics industry that have arisen as a result of the Work Style Reform Act, which came into effect on April 1, 2024, setting a limit on overtime work for truck drivers).

Funabashi Nishiura Logistics Center (relocated in August 2024)

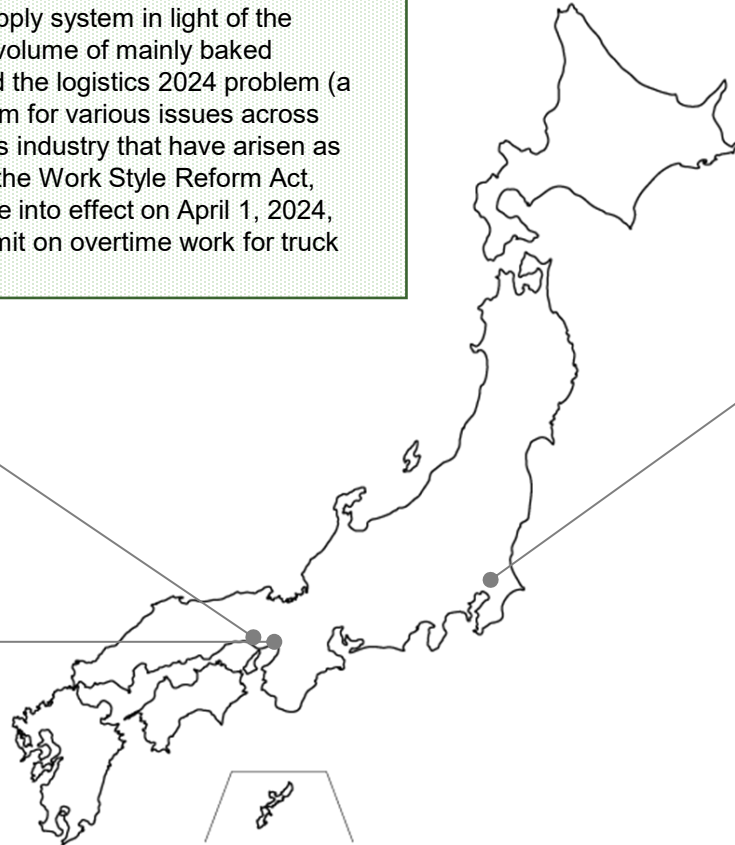


Due to the aging of the automated logistics rack warehouse (Funabashi Logistics Center) attached to the current Funabashi Factory, a new eastern logistics location was relocated to the **Funabashi Nishiura Logistics Center**.

Hokko Logistics Center (August 2009–)



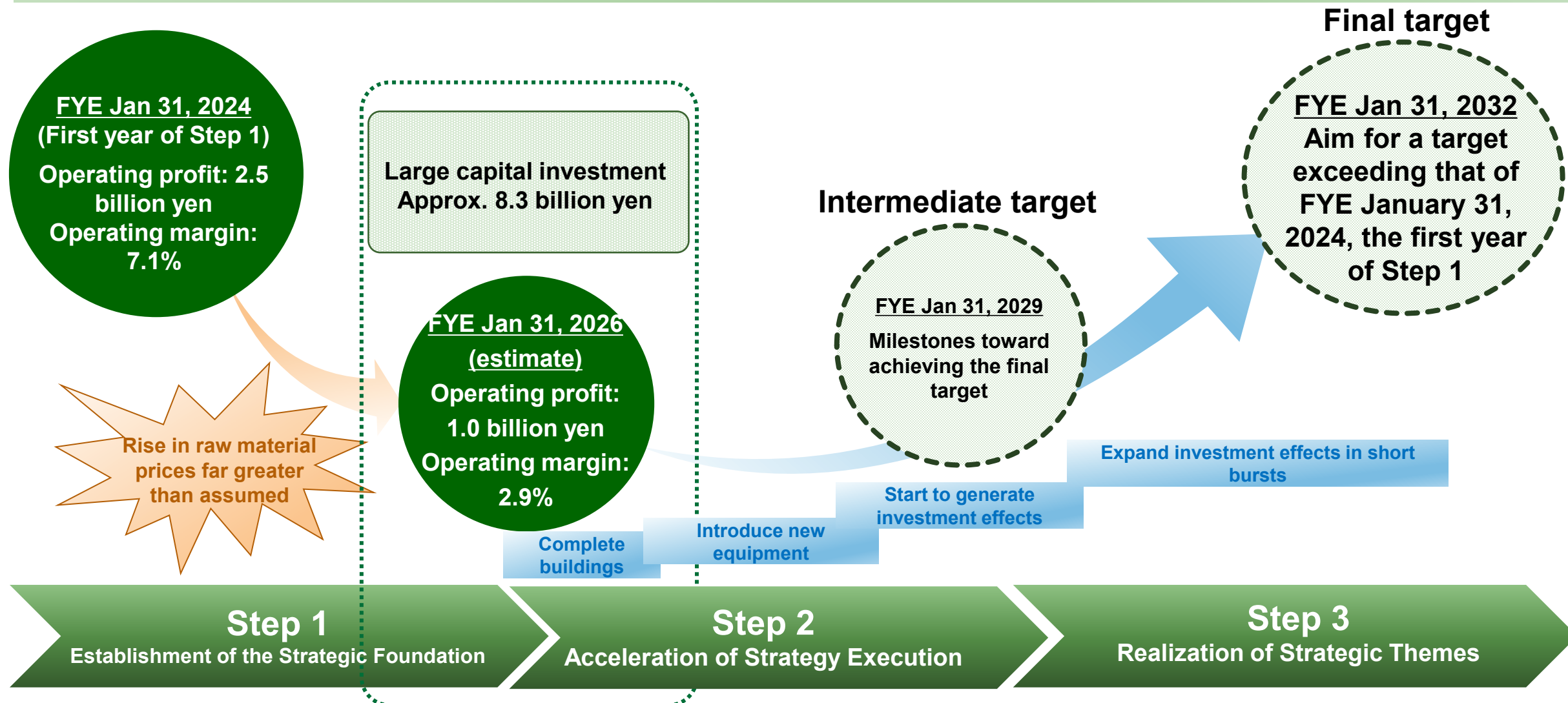
Our main logistics location
Packaging cooperative factory also co-located



2. Plan for Step 2 and Beyond to *Achieve Targets of the Medium-Term Business Plan*

Scenario for the 100th Anniversary (FYE January 31, 2032)

While the current business environment is severe, we will steadily make major capital investments based on the “establishment of the strategic foundation” set forth in Step 1. Through these efforts, we will change to a “profit recovery trend” at an early stage of Step 2 and achieve our targets for our 100th anniversary (year ending January 31, 2032).



Positioning of Step 2 and Beyond for V-Shaped Recovery

In order to achieve a V-shaped recovery in profitability, which will temporarily decline in the fiscal year ending January 31, 2026, we have clarified the positioning of each of the following Step 2 and Step 3 based on the strategic foundation established in Step 1.

Step 1

FYE Jan 31, 2024 – FYE Jan 31, 2026

Establishment of the Strategic Foundation

The period to establish a solid foundation for “baked sweets,” which is positioned as the growth engine of this medium-term business plan, to enable rapid expansion from Step 2 and beyond.

Step 2

FYE Jan 31, 2027 – FYE Jan 31, 2029

Acceleration of Strategy Execution

The period to accelerate strategy execution on the foundation established in Step 1.

Create a new market with “baked sweets” as the core, change to a “profit recovery trend” at an early stage of Step 2, and put business growth and profit expansion on track.

Step 3

FYE Jan 31, 2030 – FYE Jan 31, 2032

Realization of Strategic Themes

The period during which the growth and profit expansion that got underway in Step 2 will be in full swing and the strategic themes of this medium-term business plan will be realized.

The culmination of the 100th anniversary will bring its achievements to fruition.

Management Targets for 100th Anniversary (FYE January 31, 2032)

In the fiscal year ending January 31, 2032, we will achieve record-high “consolidated net sales of 41 billion yen and operating profit of 3 billion yen (operating margin of 7.0% or more).”

Moreover, in order to maximize the effects of large capital investments, we have introduced ROA as a new management indicator, with a target of 9.0% for the final fiscal year. At the same time, we will restore ROE to the 8% level, which is the standard for capital efficiency.

Consolidated	Step1 FYE Jan 31, 2026 (estimate)	Step2 FYE Jan 31, 2029	Step3 FYE Jan 31, 2032
Net sales	35,920 million yen	37,800 million yen	41 billion yen
Operating profit	1,030 million yen	1,900 million yen	3 billion yen
Operating margin	2.9%	5.0%	7.0% or more
ROA*	4.0%	5.9%	9.0%
			8.0%

*ROA is return on assets.

ROE

Management Issues and Strategic Direction in Advancing the Strategy

While the severe business environment we faced in Step 1 is expected to continue, we have reorganized our strategic direction to address the current management issues based on the “three strategic themes.”

Our Business Environment

- Decrease in Valentine’s Day, mid-year and year-end gifts
- Expansion of casual and personalized gifts
- Shrinking of major markets (department stores and general merchandise stores (GMSs))
- Shift to station and commercial facilities
- Low birthrate, aging and declining population

- Soaring raw material prices
- Increase in logistics costs
- Rising pressure on labor costs

- Difficulty in securing human resources, increase in number of retiring employees

Management Issues to Be Addressed

Develop new growth strategies to raise the top line

Profit structure reforms to absorb cost increases due to changes in the environment

Addressing future shortages of core and front-line personnel

Strategic Direction

Strategic theme (1): Realization of a new “growth strategy”

Create new values and markets with “baked sweets” to build a foundation for growth

- Develop new products and brands
- Expand existing markets and develop new markets
- Establish a stable supply system for baked sweets

Strategic theme (2): Cost containment and further productivity improvement

Transformation into a profitable business structure

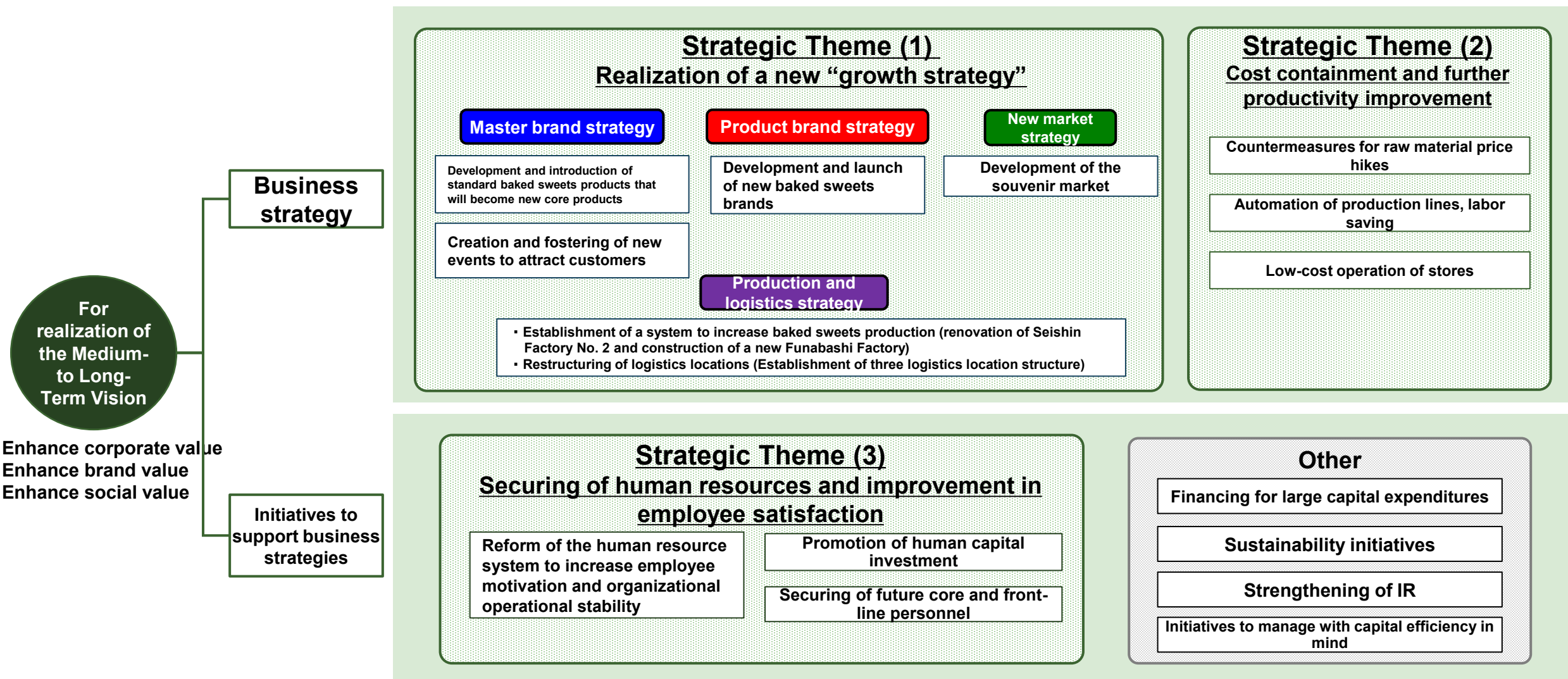
- Respond to countermeasures for raw material price hikes
- Restructure logistics system
- Automation of factory equipment, labor saving
- Low-cost operation of stores

Strategic theme (3): Securing of human resources and improvement in employee satisfaction

Advancing HR system reform and human capital investment

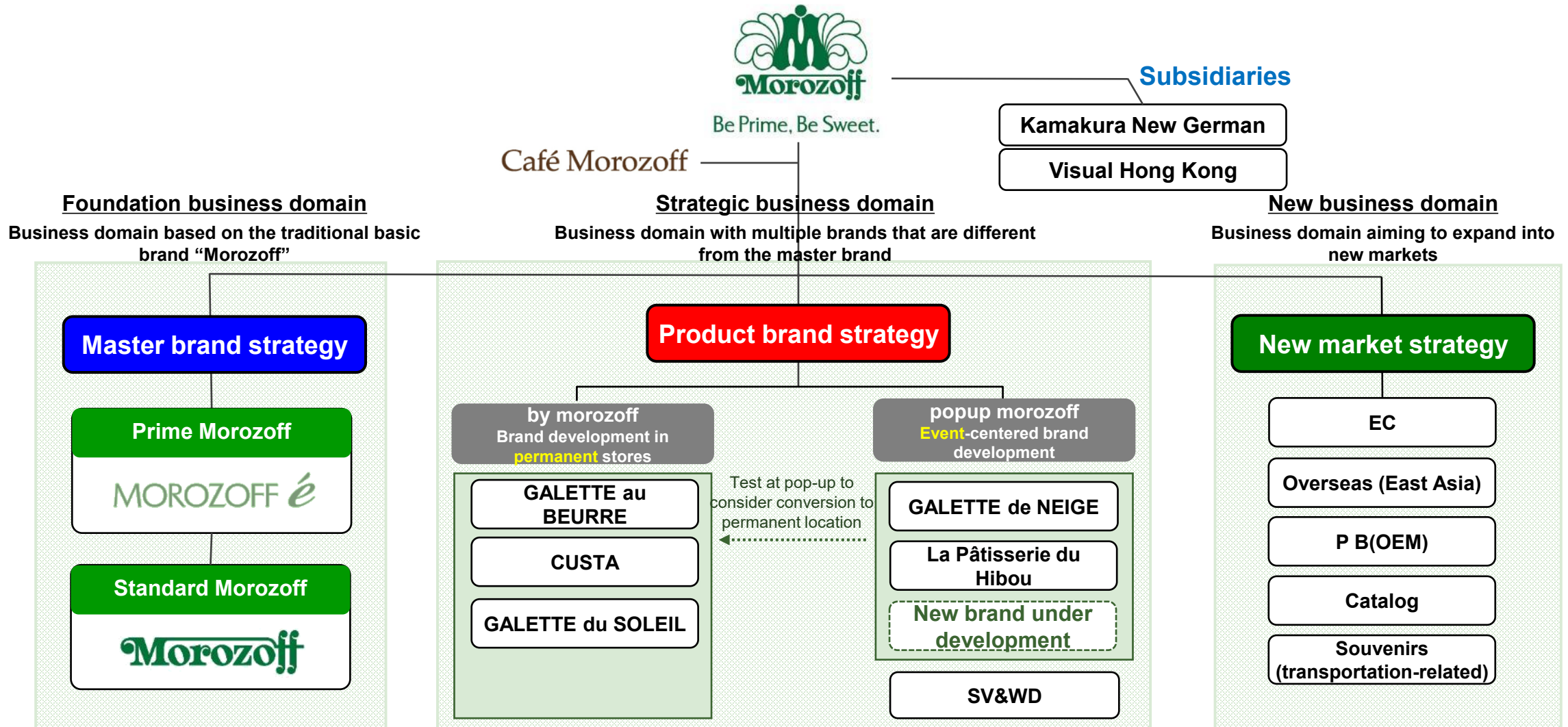
Overall View of the Medium-Term Business Plan (Relationship to Strategic Themes)

We clarified the positioning of the three strategic themes and the overall structure of the medium-term business plan to realize our medium- to long-term vision (“Enhance corporate value,” “Enhance brand value,” and “Enhance social value”).



Strategic Theme (1): Realization of New “Growth Strategy”

We will promote the strategic theme (1) “Realization of a new growth strategy” based on the three business domains of “Foundation business,” “Strategic business,” and “New business.” We will develop strategies tailored to the characteristics of each domain.



Specific Initiatives for Each Business Domain

With “**baked sweets**” as the core of our growth strategy, we will accelerate the implementation of the “**Master brand strategy**,” “**Product brand strategy**,” and “**New market strategy**” to expand existing markets and strongly cultivate new markets.

Master brand strategy

Development of new standard baked sweets

Development and launch of standard baked sweets products that will become new core products at permanent stores

New anniversary

Creation and cultivation of new customer-attracting events using baked sweets as a motif

Aim to revitalize existing channels and further expand sales by maximizing the brand assets of the basic brand “Morozoff”

Product brand strategy

New baked sweets brand

Development and launch of a new baked sweets brand separate from the master brand

Aim to expand the sales share of “Morozoff as a whole” by developing multiple brands different from the master brand

New market strategy

Area brand strategy

Development and launch of local specialties centered on baked sweets

Private brand strategy

Development of new markets through entry into theme parks and corporate collaborations

Aim to expand into new markets, especially the souvenir market

Production and logistics strategy

Establishment of system to increase production of baked sweets

Renovation of Seishin Factory No. 2 and construction of a new Funabashi Factory

Restructuring of logistics locations

Establishment of three logistics location structure

Master Brand Strategy (1) Launch of New Standard Baked Sweets

In our master brand strategy, which is our foundation business domain, we aim to revitalize existing channels and expand sales. We will build a new year-round earnings pillar next to chocolate and strengthen our ability to respond to business risks such as cacao price hikes.



Launch of "ARCADIA"

The cookie, topped with a whole rare foreign nut, was rare at the time of its launch and **has remained a popular product to this day.**



Launch of "FEUILLAGE"

Since its launch, Morozoff's mainstay baked sweet has been **an enduring long-seller.**



1971

1973

1986

2022

2024

Launch of "ODETTE"

The package design is based on the image of Princess Odette, the heroine in Tchaikovsky's "Swan Lake."

A long-selling product that continues to this day.



Launch of "SABLE au CHOCOLAT"



Launch of "TEA BREAK"

Create new long-selling products and expand sales in foundation business domain

Master Brand Strategy (2) New Anniversary

By combining Morozoff's strength in products and anniversaries, we aim to create and nurture new events that attract customers. We will change the usual "casual day" into a "fun day" and increase the frequency of customer visits.



Products in
which Morozoff
has strengths

– Morozoff Pudding Day
May 25 × Pudding



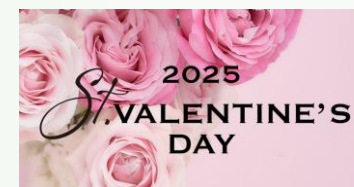
"NEW"
– BAKEFUL day
September 9 ×
Baked sweets



– Cheese Day
November 11 × Cheesecake



– Valentine's day
February 14 × Chocolate



Product Brand Strategy New Baked Sweets Brand

We aim to expand the sales share of Morozoff as a whole by developing multiple brands with different values from the master brand. We will apply our expertise in multi-brand development, cultivated through Valentine's Day and other events, to the growing field of "baked sweets" to capture new customer segments.



Based sweet "GALETTE au BEURRE"
First shop at Ginza Mitsukoshi Store opened



Baked sweet "CUSTA"
First shop at Hanshin Umeda Main Store opened

2019

2020

2022

2025



Original products for mass retailers
"Pudding cake"



Original products for mass retailers
"Morozoff's PUDDING COOKIES"



Debut of baked sweet "GALETTE du SOLEIL"
First shop at Ikebukuro Seibu Store opened

Developing and launching new brands that are different from the master brands

Aim to secure market superiority and increase market share for Morozoff as a whole by developing multiple brands

New Market Strategy Area Brand Strategy – Expansion of (Existing and New) Souvenir Markets

We will develop very rare baked sweets products that are limited to a certain area, and aim to obtain sales by targeting the non-resident population.

In addition to expanding existing channels, we aim to expand the overall “souvenir market” by developing new channels.



Kyoto Area

<Launch of limited and new products>

Chubu Area

<Launch of limited and new products>



Hokkaido Area

<Launch of limited and new products>



Tokyo Area

<Launch of limited and new products>

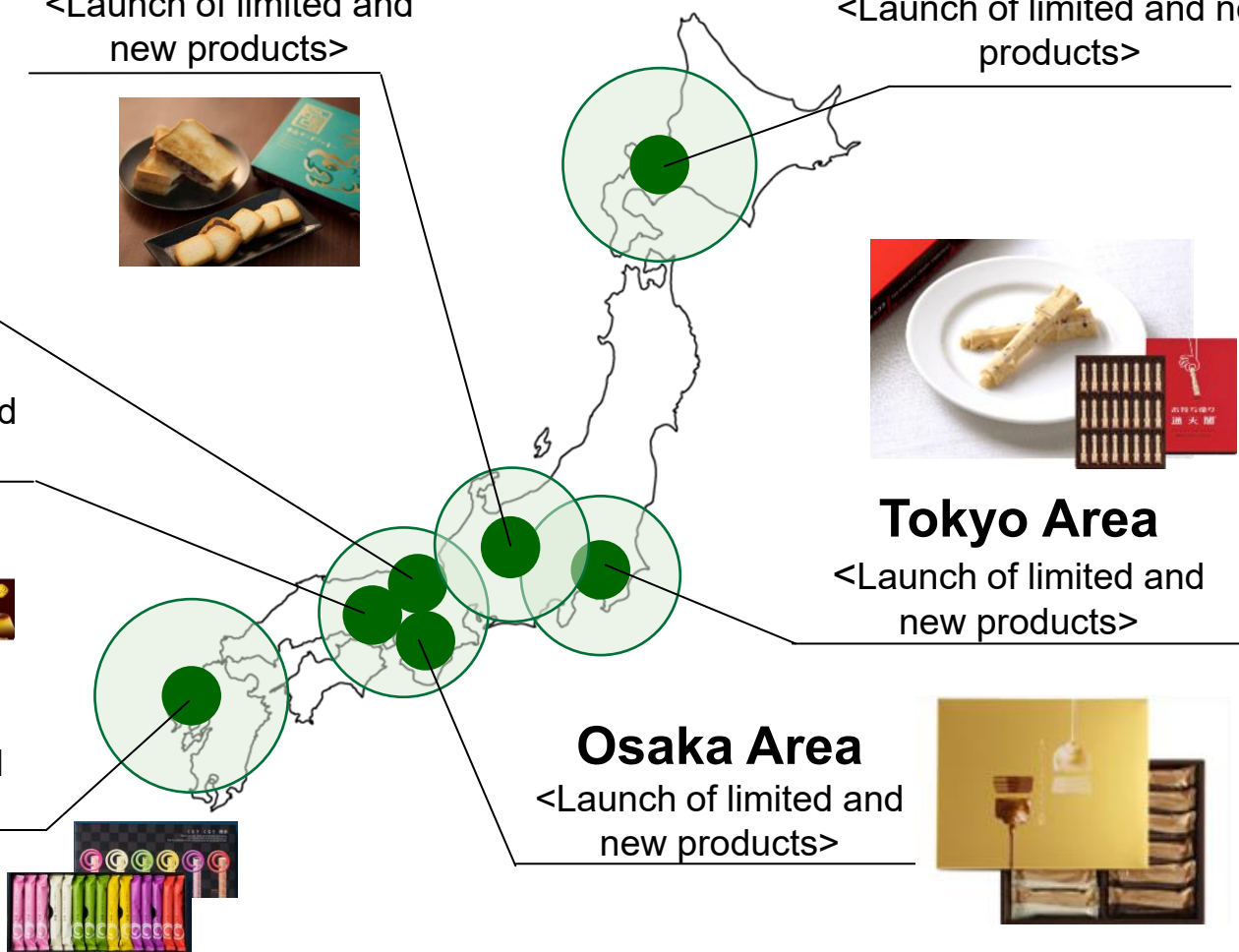


Osaka Area

<Launch of limited and new products>

Kyushu Area

<Launch of limited and new products>



In addition to expanding existing markets, develop new souvenir markets

Improvement

We will work to transform our business structure into a more profitable one by reducing costs and improving productivity, focusing on “(1) Countermeasures for raw material price hikes,” “(2) Automation of factory equipment, labor saving,” and (3) “Low-cost operation of stores.”

(1) Countermeasures for raw material price hikes

Rise in raw material prices
far greater than assumed



Initiatives implemented in Step 1 to be further strengthened in Step 2.

Steadily implement countermeasures for raw material price hikes, while keeping a close eye on market trends, based on the premise of maintaining quality.

- Price revisions and design changes
- In-house production of products
- Development of new products with higher cost performance, etc.

Following Step 1, make steady efforts in Step 2 and beyond for profit recovery

(2) Automation of factory equipment, labor saving

Automation and labor-saving measures will be implemented not only for new machines and equipment to be introduced at the “New Funabashi Factory building” and “Seishin Factory No. 2” but also for existing equipment.

Introduction of automated equipment for packing
GALETTE au BEURRE



(3) Low-cost operation of stores

Pursue efficient store design and lean operations at the same time, not only for new brand stores but also for existing stores

- Store operations focused on sales
- Development of products that do not require packaging
- Improved efficiency of over-the-counter operations (strengthening of IT support)



Strategic Theme (3): Securing of Human Resources and Improvement in Employee Satisfaction

Based on the recognition that the most important foundation supporting the sustainable growth of a company is its people, we will maximize the performance of the entire organization by reforming the human resource system to bring out the abilities of each employee to the maximum extent.

Recognition of Issues and Step 1 Initiatives

Issues faced

- In addition to changes in the external environment, such as recruitment difficulties, wage increases, and declining retention rates, employees are aging.
- The shortage of human resources in both the field and management has become a serious problem, and building an organizational structure for the future is an urgent issue.

Progress in Step 1 (utilizing outside consultants)

- Analyzed current situation, identified issues ⇒ Determined details of system revision
- Established an education system for the introduction of the new system in Step 2.



Future Initiatives

Step 2 and beyond

- Explain and disseminate the revised system to employees
- Implement personnel system reforms with the following four pillars
 - (1) **Establishment of personnel philosophy: Establishment of what a Morozoff employee should be**
 - (2) **Revision of grading system: Clarification of roles and skills for each qualification**
 - (3) **Revision of the wage system: From focus on “seniority” to “contribution”**
 - (4) **Revision of the evaluation system: Convincing evaluation and development**

Based on these system revisions, we will promote “human capital management” to improve employee satisfaction and engagement, secure human resources who support Morozoff’s future, and establish a strong organizational structure.



Shareholder Return Policy

We will proactively return profits to shareholders while balancing strategic investments for sustainable growth and ensuring financial soundness.

Profit Distribution Policy

Our basic policy is to distribute profits in line with business performance, taking into consideration the balance between investment for sustainable growth and enhancement of corporate value, financial soundness to prepare for various risks, and the outlook for business results.

Consolidated dividend payout ratio: Approx. 40%

Consolidated total return ratio: Approx. 50%

Shareholder Benefit System

We will continue and expand our attractive benefits system with the aim of increasing the attractiveness of investment in our shares and encourage more shareholders to hold our shares over the long term.

Eligible: Shareholders who continuously hold 100 shares or more for six months or more as of the end of July of each year

Details: Company products and benefit coupons are awarded according to the number of shares held and the period of continuous holding.

We offer more generous benefits to shareholders who have held our shares for a long period of time (three years or more).

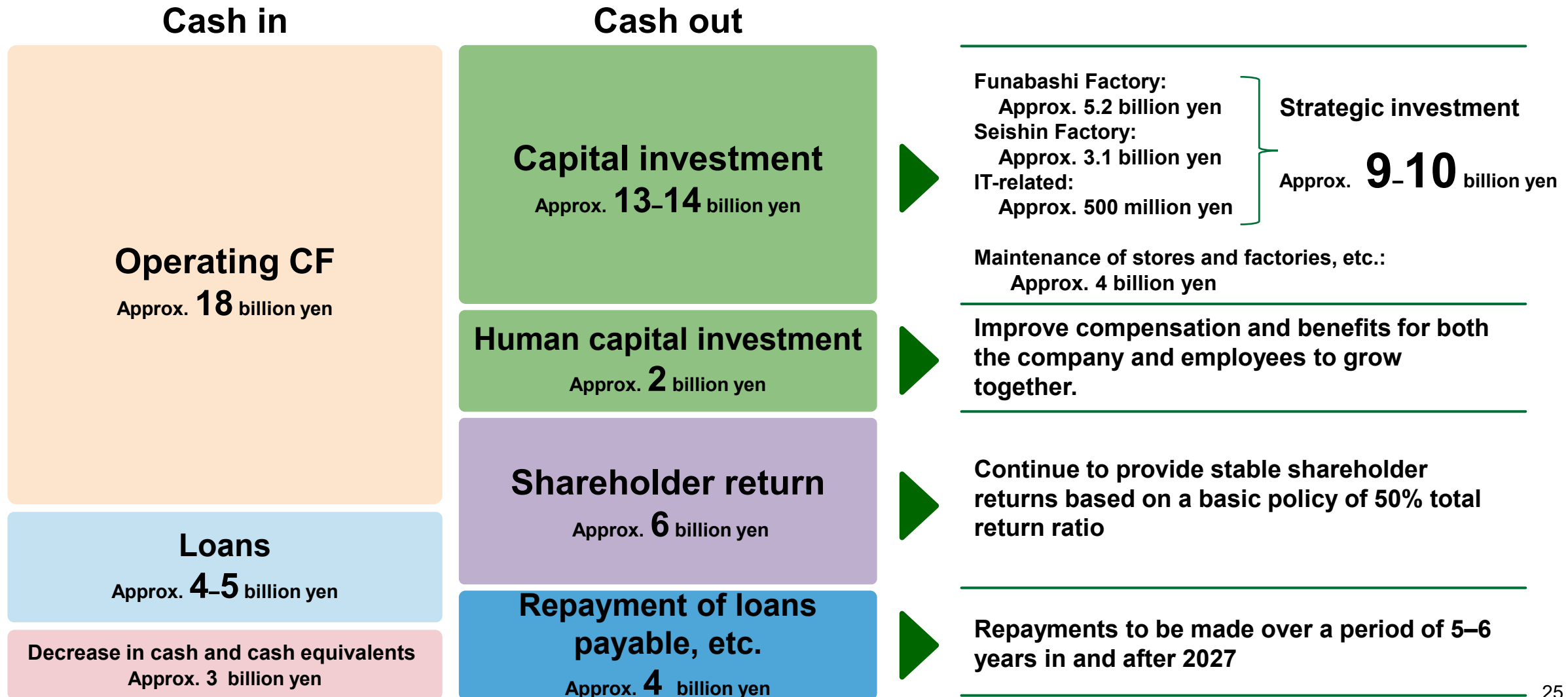
Execution of Stock Split

Effective February 1, 2025, one share was split into three shares and the amount per investment unit was reduced.

This will increase the liquidity of the stock and create an environment in which individual investors can invest more easily, thereby expanding the investor base.

Cash Allocation (9 Years from Step1 to Step3)

To accelerate growth while maintaining financial soundness, we will make strategic investments of approximately 9–10 billion yen. Through this investment, we will achieve sustainable growth and increase corporate value.



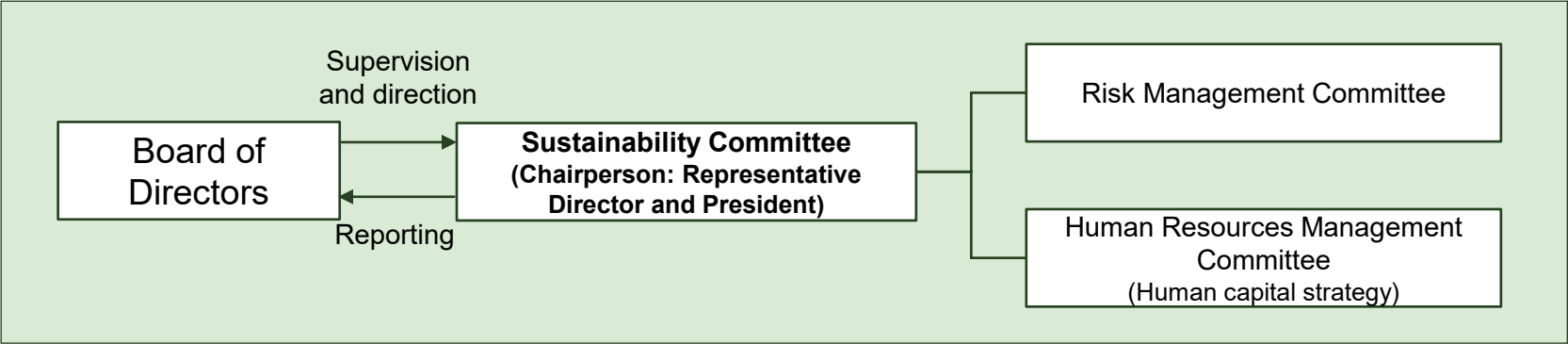


Sustainability Initiatives

We are committed to improving the satisfaction of all our stakeholders, and are working to enhance our corporate and brand value in a sustainable manner, while promoting sustainability initiatives with the aim of achieving both “corporate” and “social” sustainability.

Sustainability Promotion System

Under the supervision of the Board of Directors and with the Sustainability Committee chaired by Representative Director and President as the core, we promote company-wide sustainability activities.



Major ESG Initiatives

E (Environment)

Addressing climate change (based on TCFD recommendations)

- CO2 emissions reduction target: 46% reduction by FY2030 (compared with FY2014)
- Promote the use of renewable energy (e.g., expand installation of solar panels)

Promoting resource recycling

- Maintain a waste recycling rate of at least 99% at the plant
- Promote reduction of plastic materials that become marine debris

S (Social)

Creating a workplace where a diverse workforce can thrive (human capital)

- Review the personnel system with the aim of maximizing each employee’s abilities
- Promote women’s activities (e.g., increasing the ratio of women in management positions)

Contributing to customers and society

- Strengthen quality management system based on HACCP
- Continue to interact with and support local communities and donate to UNICEF

G (Governance)

Strengthening corporate governance system

- Establish and operate a promotion system centered on the Sustainability Committee
- Change the structure of the Nomination and Compensation Committee to be chaired by an outside director

Strengthening company-wide risk management

- Strengthen business continuity plan (BCP) and ensure compliance



Plans, forecasts, strategies and other statements contained in this document that are not historical facts are forward-looking statements about future performance. These statements are based on judgments and assumptions based on information available to the Company at the time the materials were prepared.

Actual results may differ materially from the forecasts stated here due to various factors, including future economic conditions, market conditions, competitive trends, and fluctuations in raw material prices.

This material is not intended as a solicitation to invest. Investment decisions should be made at your own discretion.