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Last Update: January 30, 2026
Morozoff Limited

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Explanation of Actions

1. Current Status Assessment and Analysis

The projected **ROE (Return on Equity)** for the fiscal year ending January 2026 is expected to be around \$¥bullet¥%, falling below the **Cost of Equity (Shareholder's Capital Cost)**. This is primarily due to the impact of surging raw material prices. Meanwhile, the company's **PBR (Price-to-Book Ratio)** remains above 1x.

In light of this situation, our company recognizes that the **prompt recovery of capital profitability** is an urgent necessity.

2. Policy on Initiatives

(1) Promotion of the Medium-Term Management Plan

We will steadily execute the strategies aimed at performance recovery and further growth, based on the **Medium-Term Management Plan "Tsunagu ~next stage 2031~" Steps 2 to 3**, which was announced in October 2025. Leveraging the strategic foundation built so far, we will accelerate the execution of our strategies and aim for the **highest level of performance in our history** in the fiscal year ending January 2032, which marks the 100th anniversary of our founding.

(2) Setting Capital Efficiency and Key Performance Indicators (KPIs)

To ensure the steady execution of **large-scale capital investments** (such as strengthening the production system) for future growth and to maximize their effectiveness, we will introduce **ROA (Return on Assets - Ordinary Income / Total Assets)**, which indicates asset efficiency, as a new KPI. We aim to achieve **9%** in the final year of the Medium-Term Management Plan (fiscal year ending January 2032). Concurrently, we aim for the **prompt recovery of ROE** (which indicates capital efficiency) to the target level of **8%**.

(3) Enhancement of Dialogue

We strive to enhance market valuation by explaining the progress of our growth strategy and the path to profit recovery with **high transparency** through dialogue with our shareholders and investors.

In addition to financial results briefings and IR meetings with major institutional investors, we have newly commenced company information sessions for **individual investors** starting from the fiscal year ending January 2026.

Notice on "Medium-Term Business Plan 'Tsunagu-next stage 2031' Step 2 - Step 3" in October 2025
(https://www.morozoff.co.jp/company_ir/pdf/07_english/news_251031_01.pdf)