



September 12, 2025

Company name Morozoff Limited  
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Director and President  
(Securities code 2217, Prime Market, Tokyo Stock Exchange)  
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## Notice on Introduction of Incentive Plan Utilizing Employee Stock Ownership Plan (Decision on Details)

We hereby announce that at its meeting of the Board of Directors held on June 20, 2025, the Company had resolved to introduce a trust-type incentive plan utilizing an employee stock ownership plan, “Employee stock ownership ESOP trust” (hereinafter referred to as the “ESOP Trust”) for the purpose of enhancing the medium-to long-term corporate value of the Company, and at its meeting of the Board of Directors today, the Company decided the details including the timing of establishment and the period of the ESOP Trust.

### • Contents of the Trust Agreement

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|--------------------------------------|--|
| (1) Type of the trust                | Designated non-collectively invested money trust (third party benefit trust)   |
| (2) Purpose of the trust             | Stable and continuous supply of the Company’s shares to the Company Shareholding Association and enhancement of the benefit program for employees who fulfill the requirements for beneficiaries       |
| (3) Settlor                          | The Company  |
| (4) Trustee                          | Mitsubishi UFJ Trust and Banking Corporation<br>(Co-trustee: The Master Trust Bank of Japan, Ltd.)   |
| (5) Beneficiaries                    | Members of the Company Shareholding Association who fulfil the requirements for beneficiaries  |
| (6) Trust administrator              | Third parties with no vested interest in the Company   |
| (7) Trust agreement date             | September 29, 2025 (scheduled)   |
| (8) Term of the trust                | September 29, 2025 – October 18, 2030 (scheduled)  |
| (9) Exercise of voting rights        | The trustee shall exercise voting rights for the Company’s shares in accordance with the instructions of the trust administrator reflecting the voting status of the Company Shareholding Association. |
| (10) Type of shares acquired         | Common stock of the Company  |
| (11) Total amount of shares acquired | 474,856,200 yen  |
| (12) Method of acquisition of shares | Acquisition of treasury stock of the Company through third-party allotment   |

[Reference]

1. Purpose of Introducing the ESOP Trust

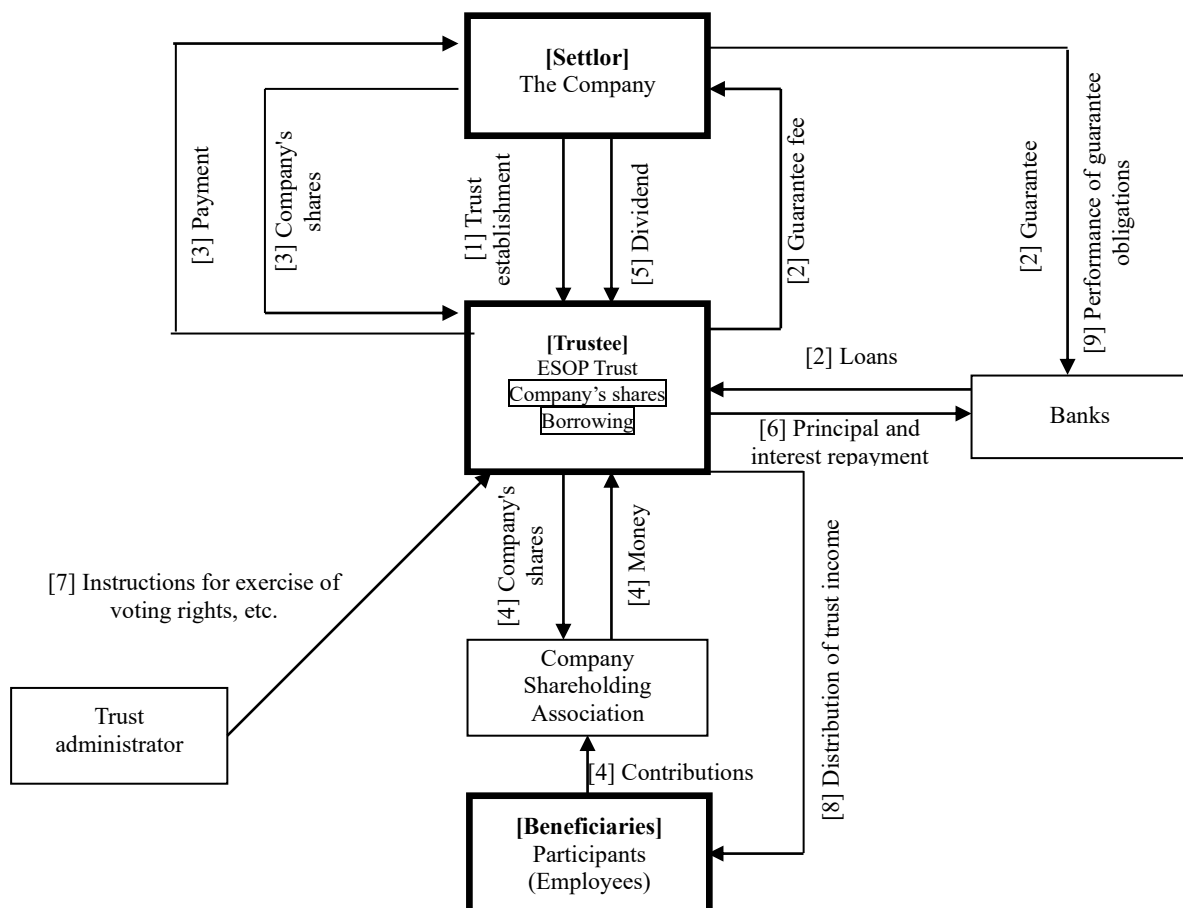
We will introduce the ESOP Trust to further enhance the benefit program for employees who support the Company's growth and to provide incentives to increase the stock price, thereby further raising employees' awareness of the Company's performance and stock value and improving the Company's corporate value over the medium to long term.

2. Overview of the ESOP Trust

The ESOP Trust is a trust-type employee incentive plan that applies the mechanism of an employee stock ownership plan with reference to the Employee Stock Ownership Plan (ESOP) system in the U.S., with the purpose of expanding the savings system (expanding the benefit system) to promote asset-building of employees utilizing the Company's shares.

The Company will establish a trust for the beneficiaries who satisfy certain requirements among the employees who are members of the "Morozoff Employees' Shareholding Association" (hereinafter referred to as the "Company Shareholding Association"). The trust will acquire in a lump sum the number of Company shares expected to be acquired by the Company Shareholding Association over the next several years. Thereafter, the trust will sell the Company's shares to the Company Shareholding Association on a certain date each month. At the time of termination of the trust, if there is any trust income due to an increase in the stock price, money will be distributed to the beneficiary employees in accordance with the ESOP management rules in proportion to the ratio of interests. In the event that a transfer loss is incurred due to a decline in the stock price and a debt related to the trust assets remains, the Company will repay the bank in a lump sum in accordance with the guarantee clause in the loan agreement, and there will be no additional burden on the employees.

3. ESOP Trust Structure



- [1] The Company will establish the ESOP Trust whose beneficiaries are employees who satisfy the requirements for beneficiaries.
- [2] The ESOP Trust will borrow the funds necessary to acquire the Company's shares from the bank. The Company will guarantee the ESOP Trust's loans.
- [3] The ESOP Trust will acquire the number of the Company's shares expected to be acquired by the Company Shareholding Association during the trust period from the Company with the loans described in [2] above.
- [4] The ESOP Trust will transfer to the Company Shareholding Association the number of shares of the Company's stock that can be transferred with the money contributed to the ESOP Trust by a fixed date each month throughout the trust period at market value.
- [5] The ESOP Trust, as a shareholder of the Company, will receive the dividends distributed.
- [6] The ESOP Trust will use the proceeds from the sale of the Company's shares to the Company Shareholding Association and dividends on the shares held as the resource to repay the principal and interest of the bank loans.
- [7] Throughout the trust period, the trust administrator will provide instructions for the exercise of voting rights and other rights as a shareholder, and the ESOP Trust will exercise its rights as a shareholder in accordance with such instructions.
- [8] At the time of termination of the trust, if there are any remaining Company shares in the trust due to an increase in the stock price, they will be converted into cash and distributed to the beneficiaries in proportion to their ratio of interests.
- [9] If, at the time of termination of the trust, a loan remains in the trust due to a decline in the stock price, the Company will repay the loan to the bank in a lump sum based on the guarantee described in [2] above.