



Morito Co., Ltd.

Prime Market of TSE: 9837

**Presentation Materials for the Third Quarter
of Fiscal Year Ending November 30, 2022,
Financial Results**

October 2022

MORITO

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Company Profile

1

Morito Group Values

Founding Principles

Active and Steadfast

Corporate Principle

**DESIGN YOUR BRIGHT FUTURE WITH OUR
VARIOUS PARTS.**

Corporate Vision

**Create Morito's existence value, Realize
"New Morito Group"**

Company Profile

● Founded in 1908

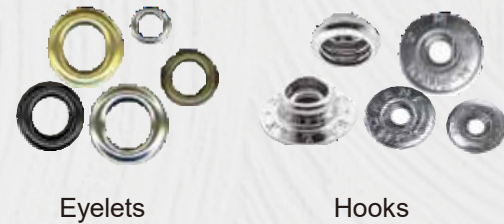
- Began operating in Osaka as a broker of eyelets and hooks
- Later expanded operations mainly for sales of MAGIC TAPE® and other clothing accessories, automotive interior components, etc.

● Trading company with manufacturing functions

- A specialized trading company that handles everything from planning and development to manufacturing, wholesale, and distribution
- Operating 14 locations around the world

● Operating three businesses

- Apparel, product, and transportation businesses form the core of our operations
- Ratio between in-house production and procurement is 3:7



Eyelets

Hooks



MAGIC TAPE®

*Eyelet: A metal ring attached to a hole in shoes, clothing, etc. through which a lace or cord is threaded



Operations by Business

Apparel Business

<Examples of products handled>



Hooks



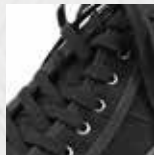
MAGIC TAPE®



Buttons



Tape



Eyelets and shoelaces



In-house brands

<Applications>

Casual wear/shoes,
sportswear/shoes
working wear/shoes
Medical wear, baby wear
Formal wear/shoes, bags

Product Business

<Examples of products handled>



MAGIC TAPE®



Resin parts



Insoles



Straps



Skateboards,
snowboards,
and surfboards



In-house brands

<Applications>

Insoles and shoe care products
Video equipment-related products such as camera and PC cases, braces and supports, safety products, teaching tools and stationery, skateboards, surfboards, etc.
Active sports products

Transportation Business

<Examples of products handled>



Hooks



MAGIC TAPE®



Nets



Emblems



Trunk floor lining



Door armrests

<Applications>

Automotive interior components
Railway and Shinkansen interior components
Aircraft interior components

Morito's Strengths

● Three core businesses ensure stable performance

Operating three core businesses focused on apparel, products, and transportation, we have maintained a stable financial performance without falling into the red despite the impact of the 1970s energy crisis, the 2008 financial crisis, and the COVID-19 pandemic.

● Enjoying high market share for various products

Many products dominate the market in their respective industry.

We have the top market share for metal hooks in Japan, and the highest or second-highest in the world.

● Global network

In addition to our own locations, we have partner plants and distributors all over the world, enabling us to be there for the customer whenever they need anything.

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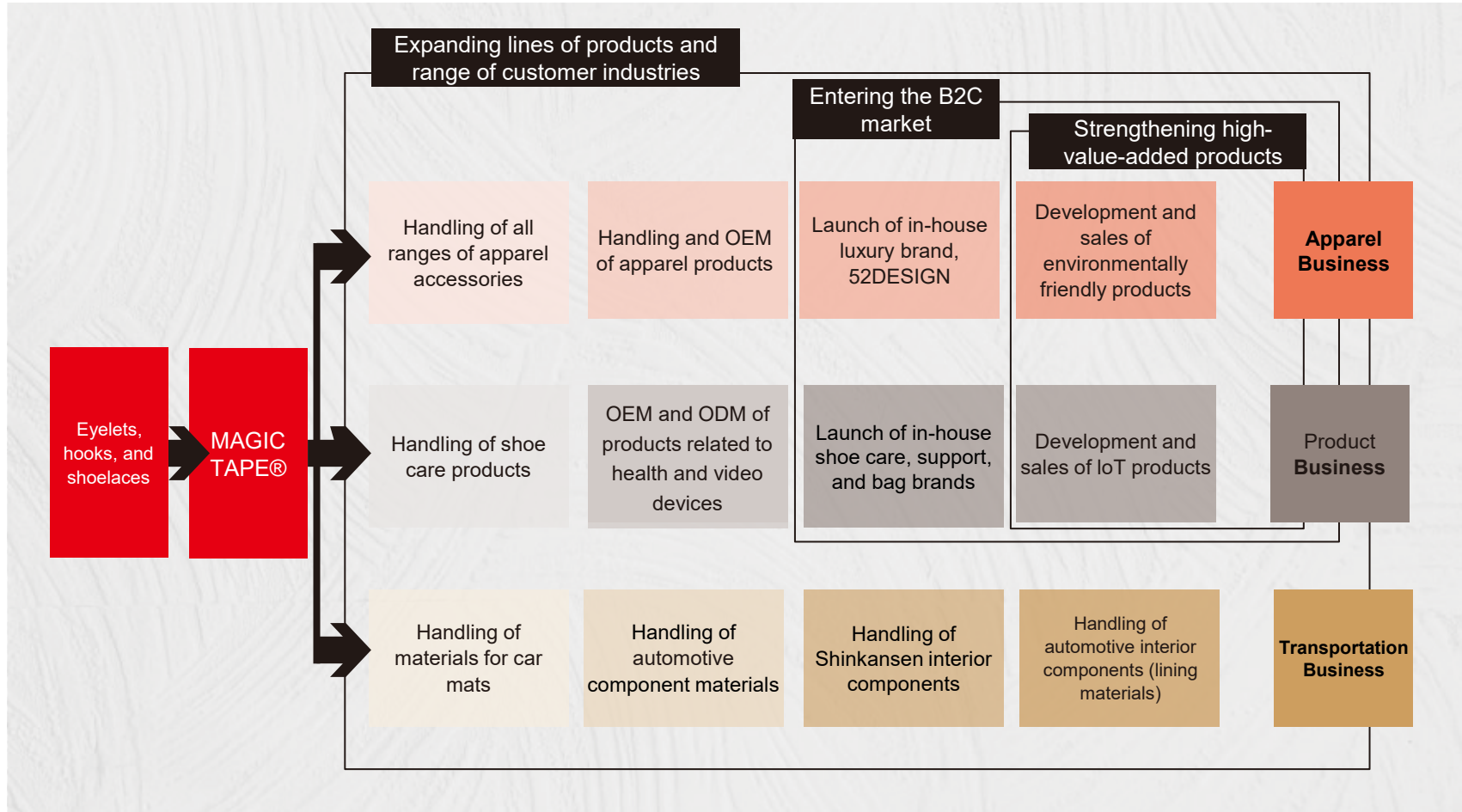
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Medium- and Long-term Policy

Past Efforts to Become a “Global Niche Top Company”



Past Efforts to Become a “Global Niche Top Company”

Building global network

Sales and procurement

Hong Kong, USA, Netherlands, Taiwan, China (Shanghai), Thailand, Myanmar, Mexico

Manufacturing

China (Shenzhen), USA (Georgia), Vietnam

M&A

Scovill (USA), Matex (Japan), Maneuverline (Japan)

Enhancing profitability

- Establishing a global quality assurance system
- Establishing an in-house logistics center
- Transition to a holding company structure
- Splitting operating company, Morito Japan

Strengthening management system

- Diversity and work style reform
- Personnel strategies, including hiring mid-career workers

Medium- and Long-term Policy Morito's Vision

Become a global niche top company that keeps making a big difference in the world with small parts



8th Mid-term
Management
Plan

Business strategies

- Enter the B2C market and step up efforts
- Gain top global market share across all markets
- Localize management, manufacturing, and procurement, and establish new locations
- Make capital investments in manufacturing companies and increase their production efficiency
- Sign M&A deals
- High-value-added products (safety, health, and environmental initiatives)



Corporate strategies

- Leverage IT to support manufacturing, business, and sales activities
- Manage Group companies' funds via forex strategies, etc.
- Operate the company with SDGs in mind

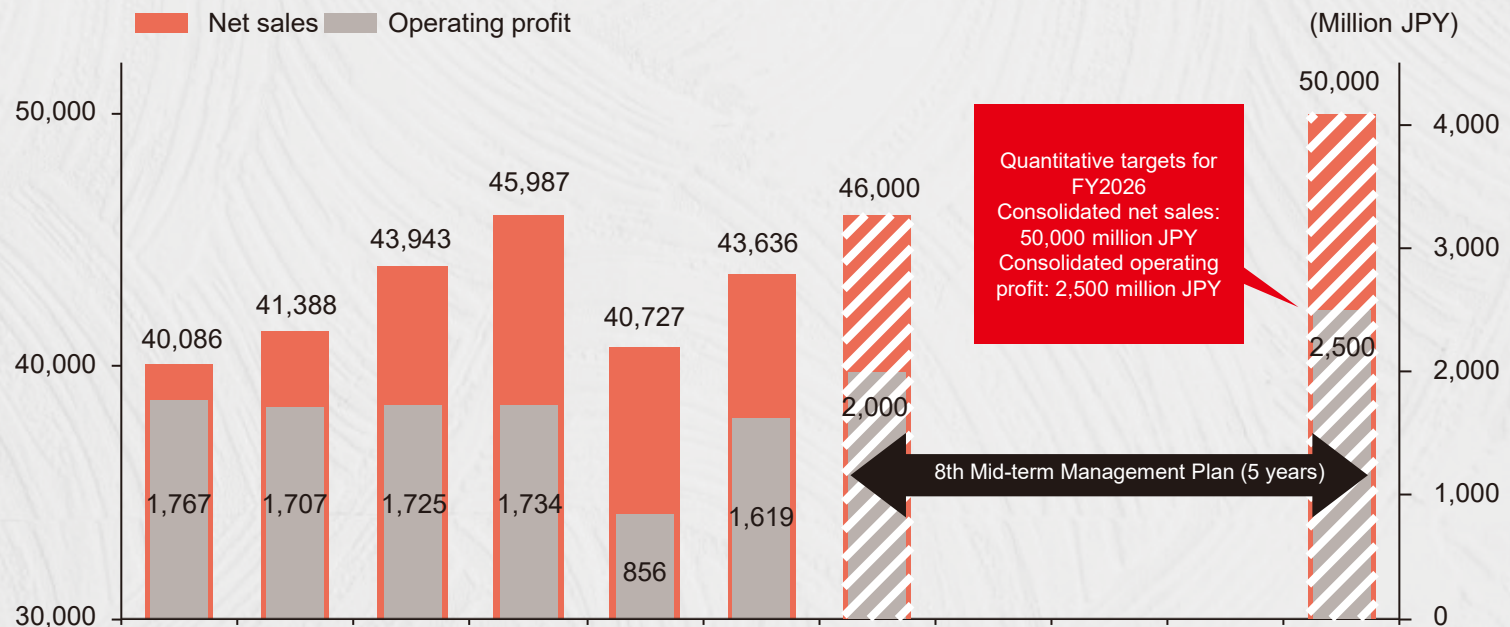
2020–2021

Building a business structure to adapt to the COVID-19 pandemic

- Streamline costs
- Enhance profitability
- Streamline unprofitable businesses

8th Mid-term Management Plan

Set FY2022–FY2026 quantitative targets for net sales and operating profit at 50,000 million JPY and 2,500 million JPY respectively.



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FY2022. 11 3Q Financial Results

FY2022 3Q Highlights

- Remained affected by automakers' production cutbacks due to semiconductor shortages, soaring raw material prices, delays in overseas transportation, and rising transportation costs
- Strong sales of accessories and products with superior functionality, including medical wear, working wear, and sports related products
- Continued to cut back on transportation and other expenses
- Net sales, operating profit, and ordinary profit for the first nine months hit all-time record highs since we began reporting quarterly results.

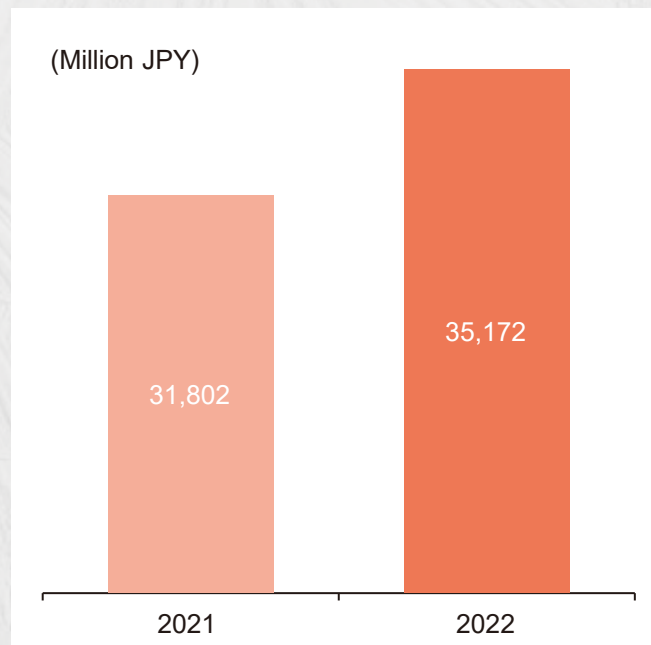
FY2022 3Q Summary of Financial Results

(Million JPY)

	FY2021	FY2022	Increase/Decrease	Y/Y
Net sales	31,802	35,172	+3,370	+10.6%
Gross profit	8,272	9,135	+863	+10.4%
Gross profit ratio	26.0%	26.0%		
Cost	7,168	7,549	+381	+5.3%
Cost ratio	22.5%	21.5%		
Operating profit	1,104	1,586	+482	+43.7%
Operating profit ratio	3.5%	4.5%		
Ordinary profit	1,259	1,747	+488	+38.7%
Ordinary profit ratio	4.0%	5.0%		
Net income	757	1,242	+485	+64.1%
Net income ratio	2.4%	3.5%		

FY2022 3Q Net Sales

Net sales: 35,172 million JPY Y/Y: +3,370 million JPY (+10.6%)
Although the transportation business has been affected by the semiconductor shortage, the apparel business has grown in Japan and overseas.



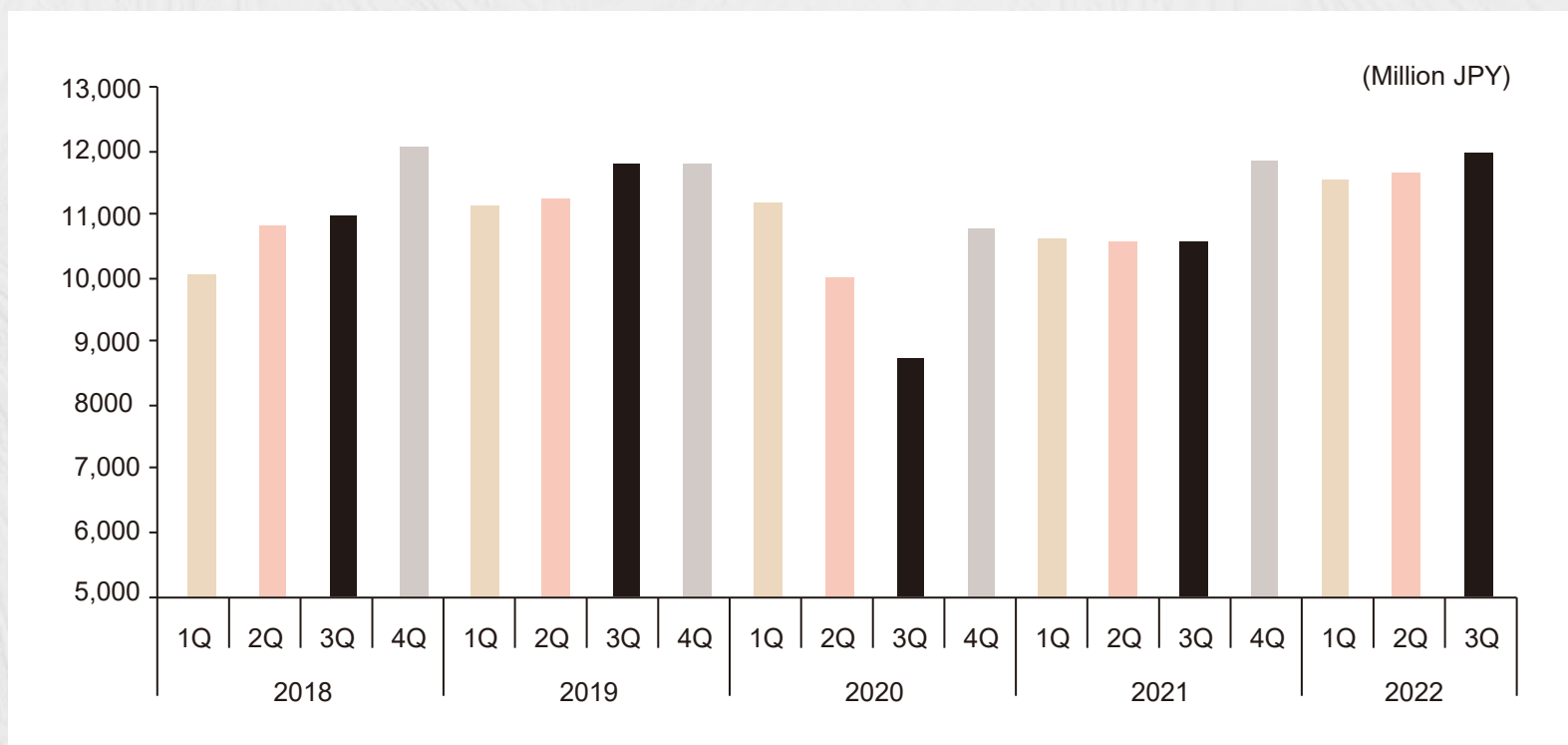
Japan 24,139 million JPY
Y/Y: +2,172 million JPY (+9.9%)

Asia 6,277 million JPY
Y/Y: +314 million JPY (+5.3%)

Europe & the U.S. 4,755 million JPY
Y/Y: +884 million JPY (+22.8%)

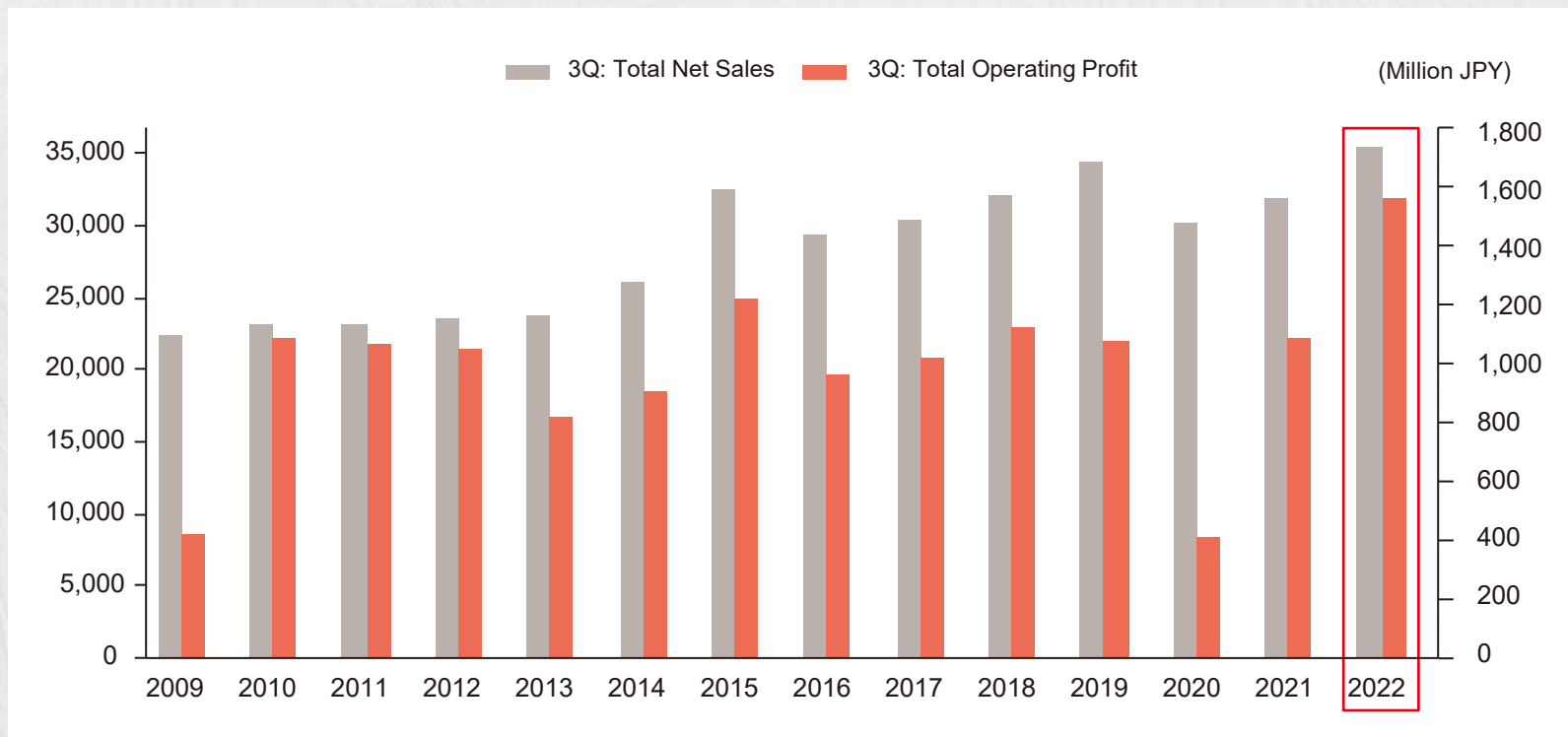
FY2022 3Q Quarterly Financial Trends

FY2022 3Q net sales were higher than in the same period in FY2019 when there was no COVID-19.



FY2022 3Q Trends in Net Sales & Operating Profit

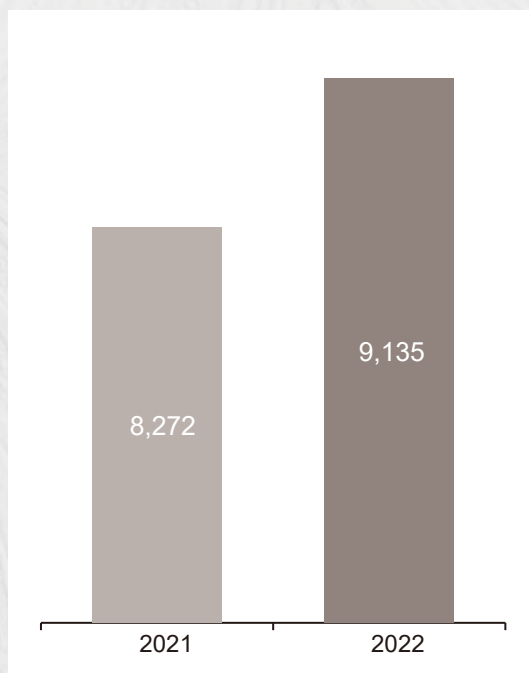
In FY2022 3Q, net sales and operating profit for the first nine months hit new record highs since we began reporting quarterly results.



FY2022 3Q Gross Profit

Gross profit: 9,135 million JPY Y/Y: +863 million JPY (+10.4%)
 Increase in net sales

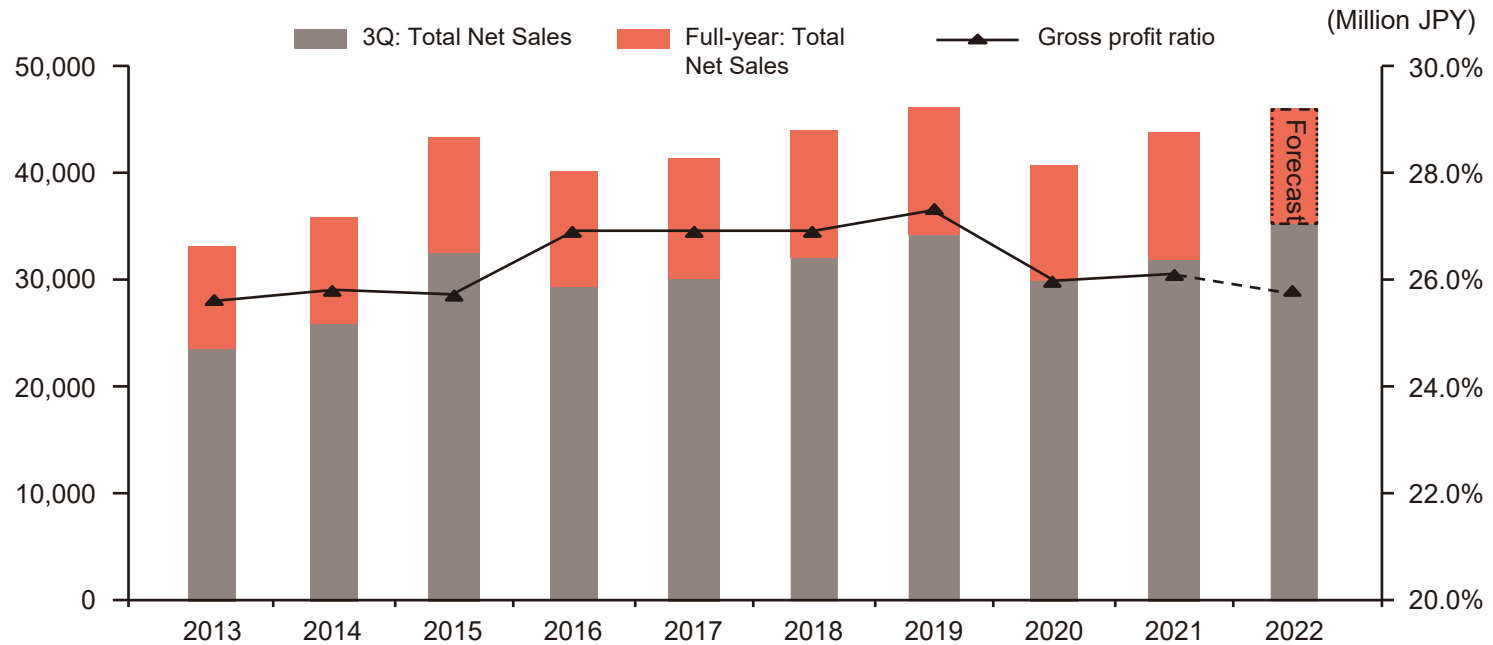
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FY2022 3Q Trends in Net Sales & Gross Profit Ratio

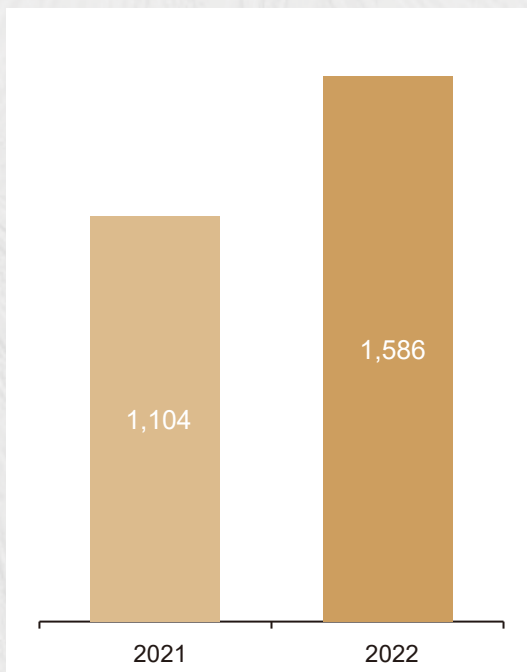
The gross profit ratio was about the same as it was last year due to soaring raw material prices and an increase in purchase prices caused by the weaker yen. Fluctuations in raw material prices and foreign exchange rates will remain a concern.



FY2022 3Q Operating Profit

Operating profit: 1,586 million JPY Y/Y: +482 million JPY (+43.7%)
 Increase in gross profit ratio, decrease in cost

(Million JPY)

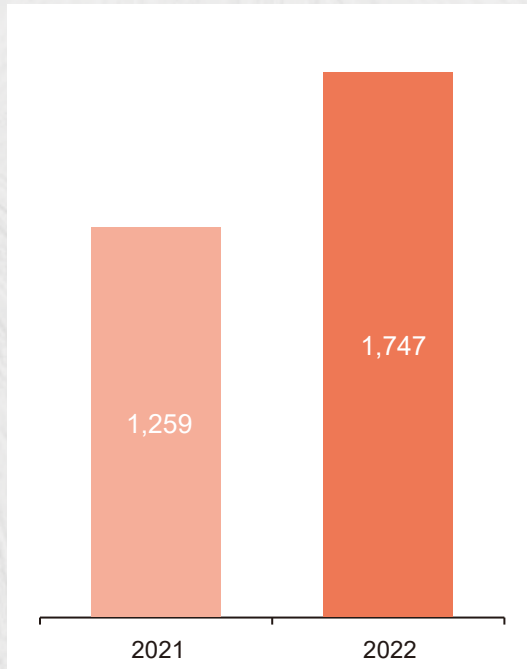


	FY2021	FY2022	Increase/Decrease	Y/Y
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Ordinary profit	1,259	1,747	+488	+38.7%
Net income	757	1,242	+485	+64.1%

FY2022 3Q Ordinary Profit

Ordinary profit: 1,747 million JPY Y/Y: +488 million JPY (+38.7%)
Increase in operating profit

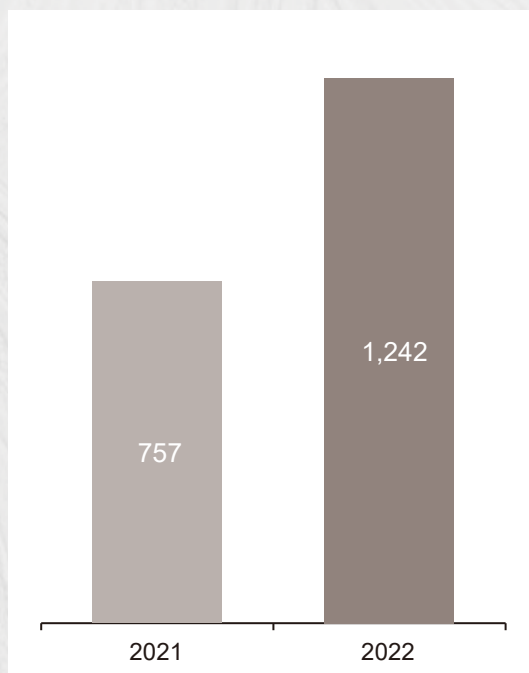
(Million JPY)



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FY2022 3Q Net Income

Net income: 1,242 million JPY Y/Y: +485 million JPY (+64.1%)
 Increase in ordinary profit



(Million JPY)

	FY2021	FY2022	Increase/Decrease	Y/Y
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FY2022 3Q Balance Sheet

(Million JPY)

	2021 4Q	2022 3Q
Assets		
Current assets	26,957	28,974 (+2,017)
Fixed assets	18,980	19,473 (+493)
Total assets	45,938	48,448 (+2,510)

	2021 4Q	2022 3Q
Liabilities		
Current liabilities	7,507	8,553 (+1,046)
Fixed liabilities	4,515	4,245 (-270)
Total liabilities	12,023	12,799 (+776)
Net assets		
Shareholders' equity	31,477	31,428 (-49)
Other comprehensive income	2,381	4,165 (+1,784)
Total net assets	33,914	35,649 (+1,735)
Total liabilities and net assets	45,938	48,448 (+2,510)

Equity ratio 73.5% (FY2021 4Q 73.7%)

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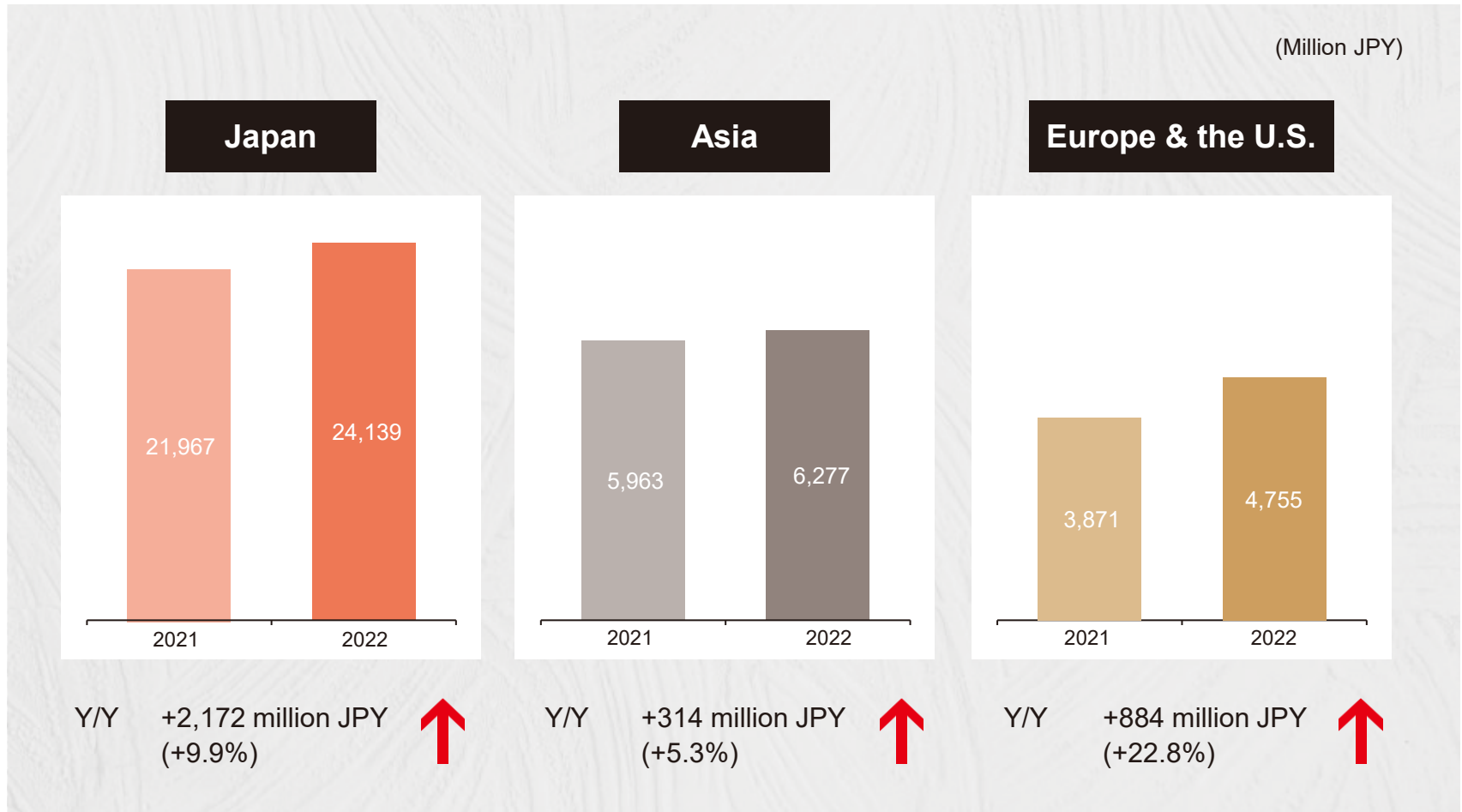
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FY2022.11 3Q Business Overview

FY2022 3Q Net Sales by Region

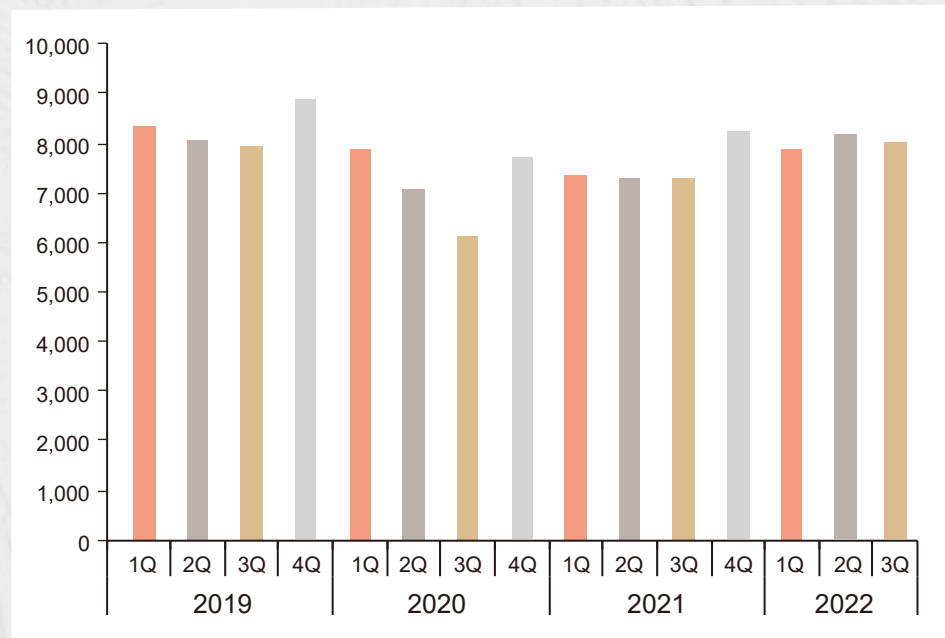


FY2022 3Q Net Sales by Region (Japan)

The apparel division has remained firm. In the transportation business, sales of interior components for Japanese automakers' facelift models were strong despite ongoing semiconductor shortages.

(Million JPY)

- Increase in accessories for working wear and medical wear sold in Europe and the U.S.
- Increase in accessories for casual wear
- Increase in accessories for sportswear
- Increase in medical device-related products
- Increase in products for one-coin shops
- Increase in construction safety products
- Increase in snowboarding, surfing, and outdoor products
- Increase in automotive interior components

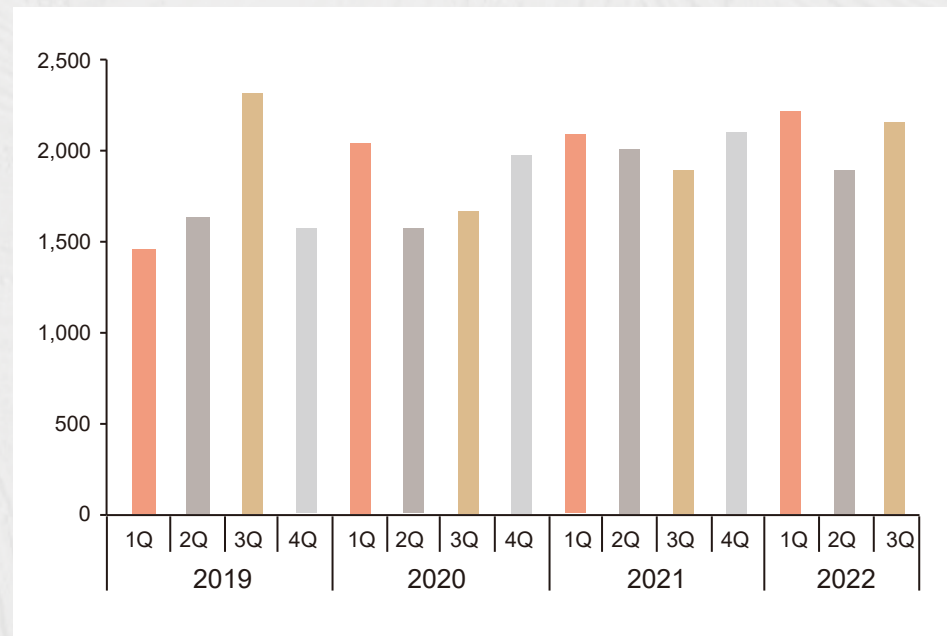


FY2022 3Q Net Sales by Region (Asia)

Apparel business remained upbeat in China and Hong Kong.
The Transportation Division saw a decrease in sales due to adjustments resulting from production transfers between manufacturers' plants.

(Million JPY)

- Decrease in automotive interior components to Japanese automotive manufacturers in China
- In China and Hong Kong increase in accessories for working wear sold in Europe and the U.S.
- Increase in accessories for casual wear in China and Hong Kong
- Increase in accessories for athletic shoes in Vietnam

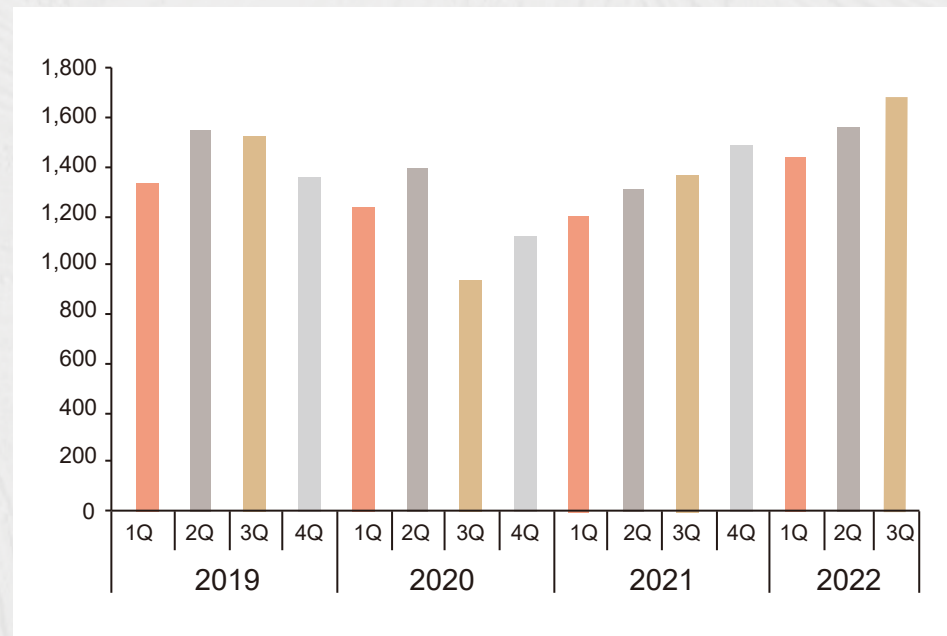


FY2022 3Q Net Sales by Region (Europe & the U.S.)

The Apparel Division has remained firm, such as in working wear and casual wear. Semiconductor shortages have continued to affect the Transportation Division.

(Million JPY)

- Increase in accessories for working wear
- Increase in accessories for casual wear
- Increase in accessories for high-end down wear
- Decrease in automotive interior components to Japanese automotive manufacturers

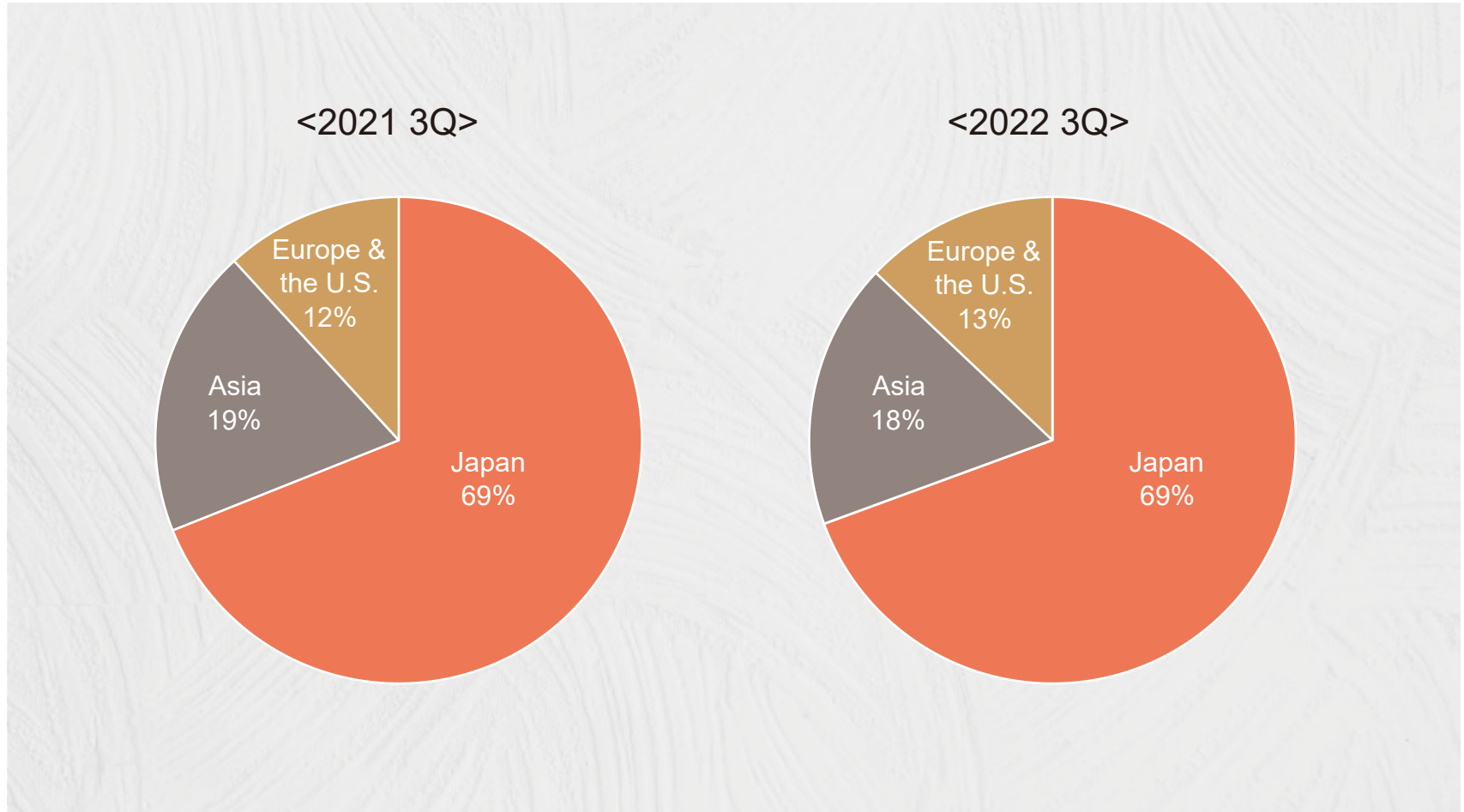


FY2022 3Q Net Sales by Region

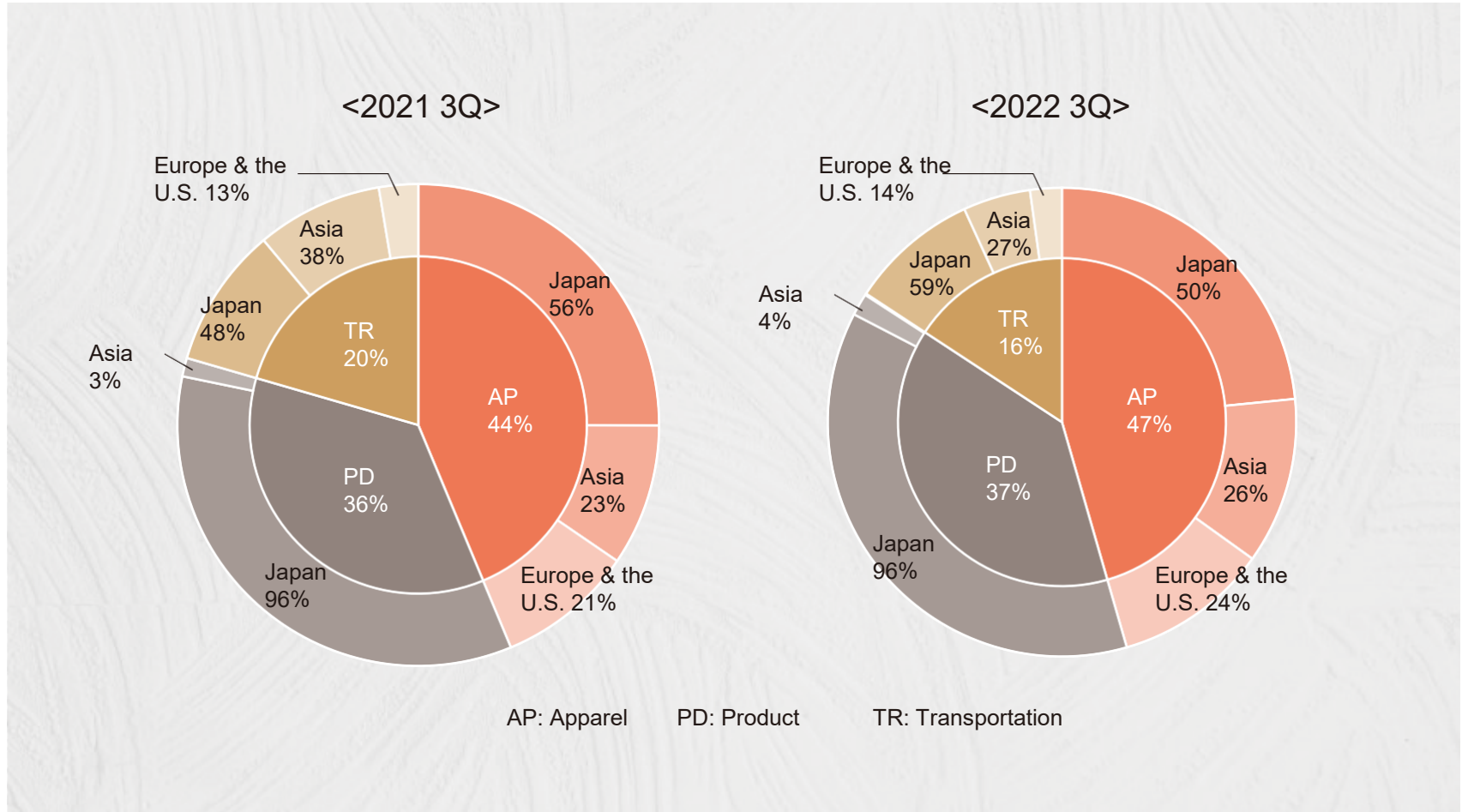
FY2022								(Million JPY)
	1Q	2Q	3Q	3Q Total	Composition	Increase/ Decrease	Y/Y	
Japan	7,912	8,196	8,031	24,139	68.6%	+2,172	+9.9%	
Asia	2,212	1,885	2,180	6,277	17.8%	+314	+5.3%	
Europe & the U.S.	1,436	1,564	1,755	4,755	13.5%	+884	+22.8%	
Total	11,561	11,646	11,965	35,172	100.0%	+3,370	+10.6%	

FY2021									
	1Q	2Q	3Q	3Q Total	4Q	Full year	Composition	Increase/ Decrease	Y/Y
Japan	7,347	7,291	7,329	21,967	8,262	30,229	69.3%	+1,419	+4.9%
Asia	2,083	1,996	1,884	5,963	2,091	8,054	18.5%	+829	+11.5%
Europe & the U.S.	1,198	1,309	1,364	3,871	1,482	5,353	12.3%	+662	+14.1%
Total	10,629	10,596	10,577	31,802	11,834	43,636	100.0%	+2,909	+7.1%

FY2022 3Q Sales Composition by Region



FY2022 3Q Sales Composition by Region & Business



FY2022 3Q Forecast & Progress

	FY2022 3Q	FY2022 Full-Year Forecast	Progress
Net sales	35,172	46,000	76.5%
Operating profit	1,586	2,000	79.3%
Operating profit ratio	4.5%	3.6%	
Ordinary profit	1,747	2,100	83.2%
Ordinary profit ratio	5.0%	4.0%	
Net income	1,242	1,550	80.1%
Net income ratio	3.5%	2.4%	

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Business Topics

"Rideeco" Environmental Initiative

We renamed our "C.O.R.E." project for developing environmentally friendly products "Rideeco" in order to expand its concept.

"Rideeco" means "RIDE FOR ECO," and "RIDE" stands for the Morito Group's renewed commitment. We will implement initiatives aimed at realizing a sustainable society by cooperating not only with each other but also with people from different businesses and industries.

Relation	Build relationships and collaborate with various businesses and industries to create new value,
Initiative	take action to build a sustainable society instead of being a bystander,
Devote	devote our wisdom not only to the pursuit of short-term profits but also to the future of society,
Energy	and act with perseverance and energy.



We will exhibit on a large scale at the Sustainable Fashion Expo Autumn in October.

* [Click here for more information](#)

Strong Sales of Sports and Outdoor Products

We received orders for accessories and finished products from major sports brands in Japan as well as overseas that recognized our product quality, delivery and global planning capabilities. In addition to that, our subsidiary, Canvas, enjoyed growth of its POLeR® brand which focuses on outdoor products.



POLeR® products



220th Anniversary of Morito Scovill Americas

Morito Scovill Americas (Georgia, USA), which we acquired in 2014, celebrated its 220th anniversary this past August. The company, which has expanded its business from the production of jeans buttons and rivets, is now essential to the production of electrocardiogram patches, hooks for medical gowns and workwear, and more. It is aiming to improve production efficiency with capital expenditure in FY2022–FY2024.



Hosting a Joint Event with the Tokyo Verdy Women's Hockey Team

On August 2, we hosted a hands-on event for elementary school students. The fun hockey themed event enabled the kids to see just how big a part Morito's products play in our daily lives. Everyone had a great time as they used Morito parts to craft accessory cases from uniforms once worn by the Tokyo Verdy women's hockey team that were destined for the scrap heap as well as play a game using MAGIC TAPE® and some hockey too.

* [Click here to read all about the event.](#)



* MAGIC TAPE® is a registered trademark of Kuraray Co., Ltd.

New Products for One-coin Shops

We released some new domestically produced ceramic ware and products made from recycled paper with new growth potential for one-coin shops.



peacepiece®

This recycled paper is made from origami cranes that are sent to Hiroshima Peace Memorial Park every year. It will be used to make products that are designed for sending something to someone, such as stationery paper and cash gift envelopes.



Seto-yaki® mamezara

Seto-yaki® mamezara are small ceramic plates produced in Seto City, Aichi Prefecture. The unique color and pattern of each piece changes over time, making it enjoyable to use over and over again.

* Seto-yaki® is a registered trademark of the Aichi Ceramic Industry Cooperative and Seto Ceramic Wholesale Cooperative.

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Shareholder Returns

Basic Dividend Policy

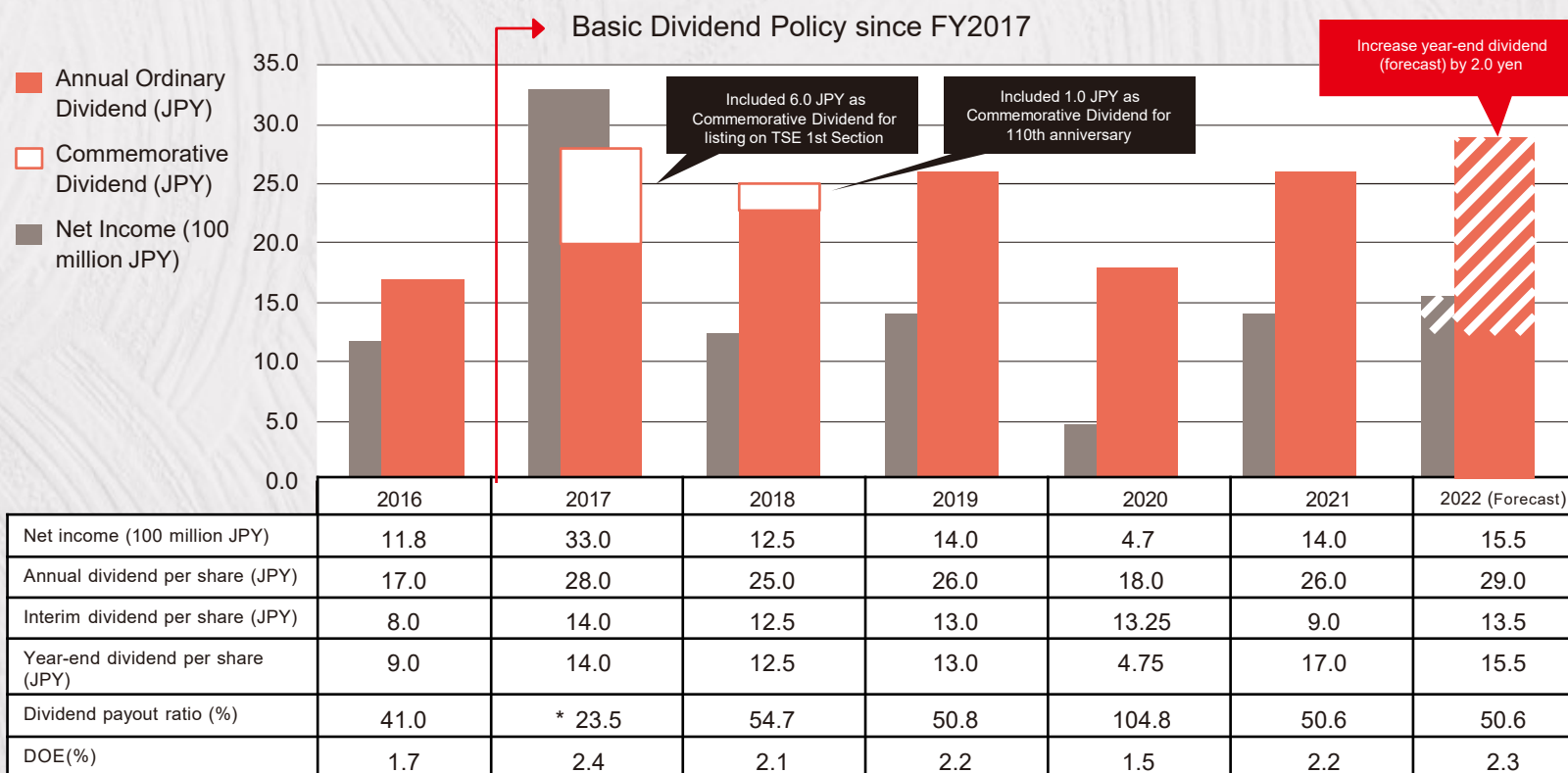
**Realize continuous
dividend payments**

**Dividend payout ratio
of 50% or more**
in relation to profit
attributable to owners of
parent is the standard*

**Maintain a
dividend on
equity (DOE) of
1.5%**

* In a fiscal year with a significant fluctuation in after-tax profit attributable to owners of parent due to special factors such as extraordinary income or losses, the dividend amount will be determined in consideration of the corresponding impact.

Trends of Dividend, Dividend Payout Ratio & DOE



* The dividend payout ratio for the fiscal year ended November 30, 2017 is 23.5% in the table, but based on the ordinary dividend of 22 yen excluding the commemorative dividend and the net income attributable to shareholders of the parent company excluding extraordinary gains and losses, the dividend payout ratio is more than 50%.

Commemorative Gift for Corporate Brand Renewal

In order to express our gratitude to our shareholders for their continued support and to show them our new corporate logo and tagline we debuted on June 1, 2022, we will present them with a commemorative gift.

Eligible shareholders

Shareholders owning 100 shares (one unit) or more who are listed or recorded on our shareholder register as of November 30, 2022

About the gift

Each shareholder owning 100 shares (one unit) or more will receive a 500 yen QUO card featuring the new Morito Group corporate logo and tagline.

Timing

The gift will be sent in early February 2023 (along with the notice of the annual general meeting of shareholders).

The Morito logo consists of the word "MORITO" in a bold, black, sans-serif font. The letter "M" is stylized with a small triangle on its left side. The letters "O", "R", "I", and "T" are standard, while the final "O" is a circle with a small gap at the bottom.

Where innovation is the norm

Disclaimer

This handout has been prepared only for information purposes and is not intended to solicit investment.

Although this handout is made with extreme care, its completeness cannot be guaranteed.

We assume no responsibility whatsoever for any damages resulting from the contents.

The financial results forecasts and forward-looking statements in this presentation are made with information known as of the day of presentation and contain some potential risks and uncertainties.

Therefore, please be aware that the content of the forecasts may differ significantly from actual results, due to various factors such as changes in the business environment.

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MORITO

Where innovation is the norm