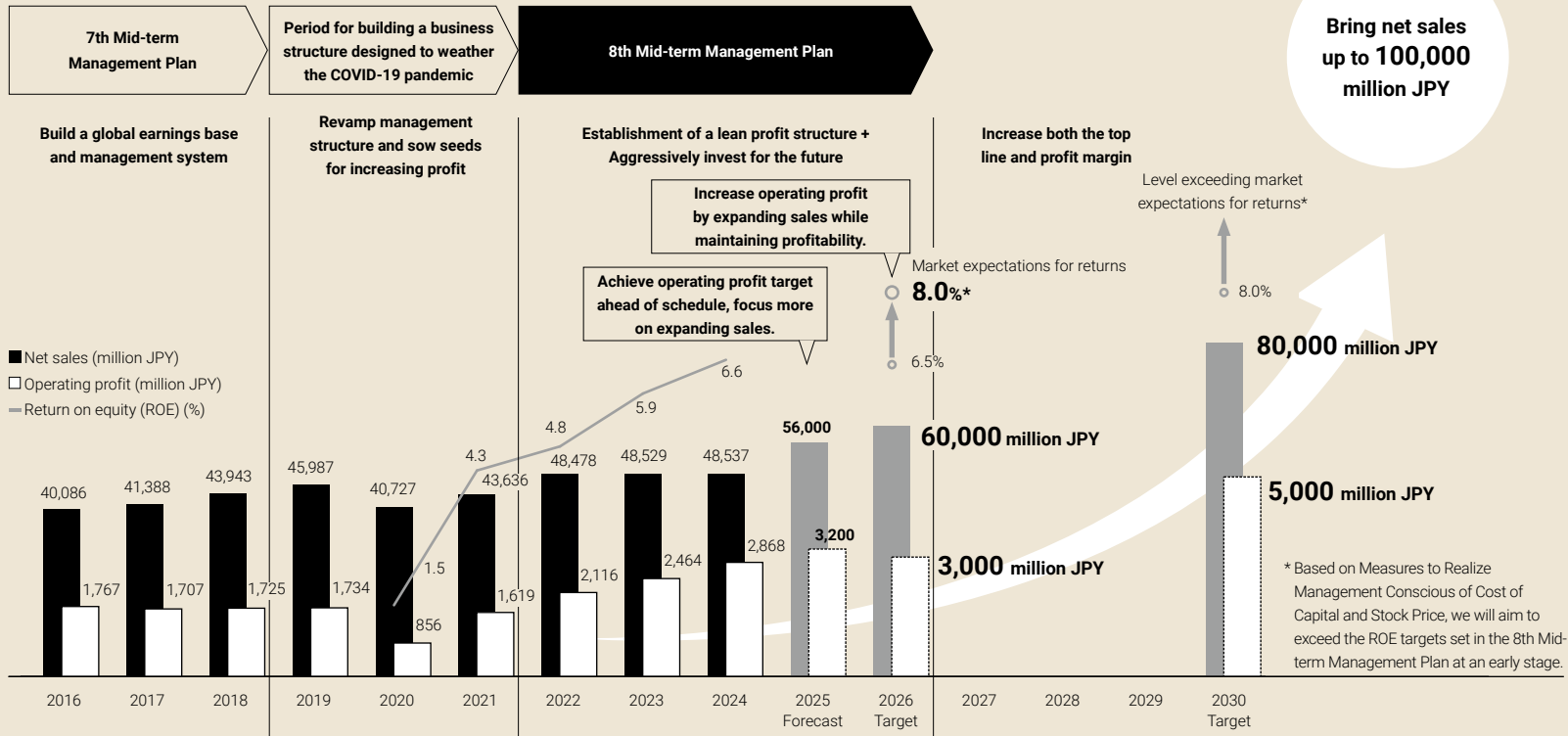


## Mid-term Management Plan



### Overview of the 8th Mid-term Management Plan

The 8th Mid-term Management Plan, which covers from FY2022 to FY2026, focuses on creating opportunities and reassessing expenses in the context of the COVID-19 pandemic. It also seeks to enhance profit margins through business restructuring as a way to establish a lean profit structure. Furthermore, we're actively investing in initiatives to position the next Mid-term Management Plan as a period of growth as we aggressively invest in strengthening our B2C capabilities, expanding our manufacturing functions, building a robust IT infrastructure, and enhancing human capital. At the same time, we're preparing for accelerated medium- to long-term growth by expanding the global market share of our existing businesses, strengthening our supply chain through initiatives such as local production for local consumption, and promoting our environmental initiative, Rideeco®.

### Progress, achievements, and future directions

Through structural reforms such as corporate spin-offs and change of awareness about profitability, we've observed a significant recovery in sales and improvement in profit margins following the challenges posed by the COVID-19 pandemic. For FY2025, we anticipate operating profit to exceed 3 billion JPY. Given that we expect to achieve the initial financial targets of the 8th Mid-term Management Plan (50 billion JPY in sales and 2.5 billion JPY in operating profit) ahead of schedule, we revised our targets upward in January 2024 to 60 billion JPY in sales and 3 billion JPY in operating profit. Our focus is on increasing the top line while maintaining profit margins.

### Annual highlights

#### FY2022

- Reduced costs through measures such as utilizing in-house warehouses
- Divided MORITO JAPAN the largest operating company in the MORITO Group, into three companies by business line

#### FY2023

- Leveraged improved awareness of profitability to facilitate the streamlining of unprofitable businesses, appropriate price pass-through, and revisions to inventory management
- Introduced profitability-related indicators into personnel evaluations
- Revised basic dividend policy to DOE 4.0%

#### FY2024

- Made progress in streamlining unprofitable businesses
- Strengthened lineup and marketing for existing B2C products
- Replaced equipment at MORITO SCOVILL AMERICAS, our U.S.-based in-house plant, to improve production efficiency
- Established a new service center for kitchen equipment (ACE INDUSTRIAL MACHINERY) in Hokkaido and enhanced facilities in Kitakyushu
- Enhanced data infrastructure and business intelligence functions
- Exhibited at trade shows to expand sales to high-end apparel brands (MORITO APPAREL)
- Developed MURON®, a yarn using 100% discarded fishing nets collected in Japan
- Saw strengthening sales of Rideeco®-related products

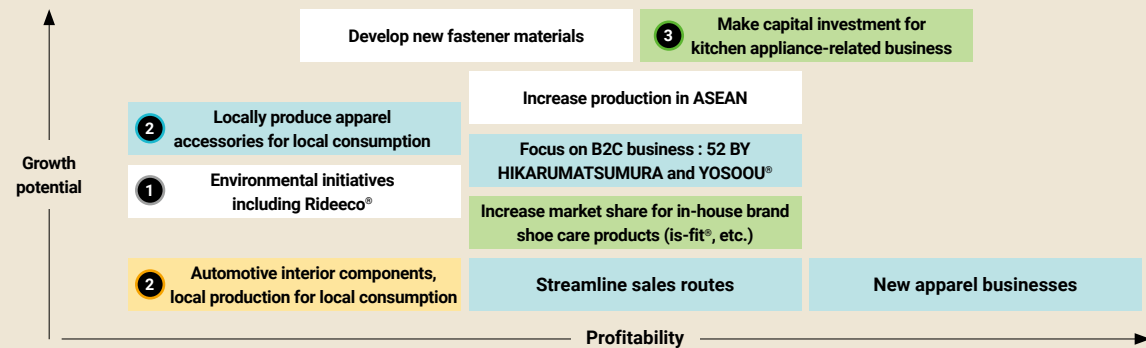
#### FY2025

- Acquired Ms.ID as a subsidiary in December 2024
- Strengthened production capacity in ASEAN through capital investment in MORITO DANANG, our Vietnam plant
- Continued equipment upgrades at MORITO SCOVILL AMERICAS to improve production efficiency
- Prepared for and began trial use of AI
- Prepared to establish human capital investment management items and KPIs
- Continued trade show participation to expand sales to high-end apparel brands (MORITO APPAREL)
- Acquired MITSUBOSHI CORPORATION as a subsidiary in April 2025
- Commenced full-scale sales of MURON®, a yarn using 100% discarded fishing nets collected in Japan

### Overview of growth strategy

The diagram on the right maps the initiatives of the 8th Mid-term Management Plan along two axes: profitability and growth potential. From these initiatives, we'll explore three key areas: environmental initiatives including Rideeco®, local production for local consumption, and capital investment related to kitchen appliance-related business.

■ Apparel ■ Product ■ Transportation ■ Shared domain



### Growth strategy ① Rideeco® environmental initiative

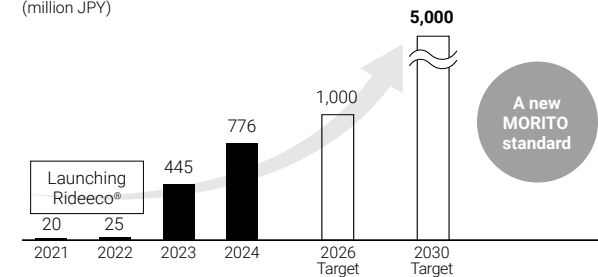
Since 2021, the MORITO Group has developed materials using discarded fishing nets, worked to reduce water and electricity consumption, and implemented manufacturing processes that emit no harmful substances as part of a unique approach to pursuing more sustainable creative production. Furthermore, these efforts are not limited to the Company. Through an initiative we call Rideeco®, we're working together with other companies and organizations that share the desire to create new value across all industries and sectors and generate new value that will pass on our beautiful planet and its resources to future generations.

We're actively engaged in the development and sales of materials using discarded fishing nets which are considered one of the main sources of marine plastic waste, and recycled paper using scrap fabric. Due to continued strong demand, sales have steadily increased year by year, approaching 800 million JPY across the Group in FY2024. In FY2025, we're striving to reach the 1 billion JPY sales target set forth in the 8th Mid-term Management Plan through the full-scale launch of MURON®, a yarn using 100% discarded fishing nets collected in Japan, and the establishment of a new department focused on sustainable product development. Looking ahead to 2030, we're targeting 5 billion JPY in sales and plan to expand the Rideeco® product line with the goal of making it a future MORITO standard.

Please see p32 for more information.

### Trends in net sales of environmental initiative

(million JPY)



### TOPIC Recycling discarded fishing nets

Marine plastic pollution is a global issue, and according to a 2016 study by Japan's Ministry of the Environment, discarded fishing nets and ropes account for approximately 40% of the total weight of plastic waste washed ashore in Japan. The MORITO Group is actively addressing this issue by recycling discarded fishing nets. Sustaining this recycling effort requires the cooperation of those in the fishing industry and the involvement of individuals who can handle the task of removing debris tangled in the recovered nets. We're participating in a closely connected network of fishery professionals established by REFINVERSE Group, Inc., and through Rideeco®, we're building new communities that bring together fishery workers, partner companies, students, and others as we work with a diverse range of collaborators to solve this pressing issue.

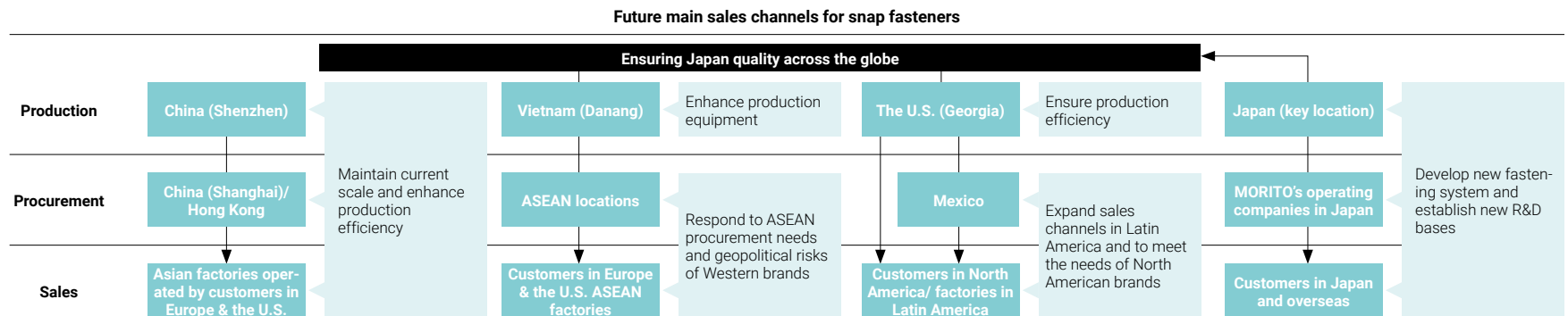
MORITO's commitment to passing on a rich natural environment to future generations has resonated with apparel brands, stationery manufacturers, and other stakeholders, earning their support. In 2024, fabric partially made from recycled materials derived from discarded fishing nets was adopted for items from BEAMS GOLF, and fabric made from MURON®, a yarn using entirely discarded fishing nets collected in Japan, was used in garments featured in ANREALAGE's Paris Collection line. We have built up a track record as shown these examples.



Fabric partially made from recycled materials derived from discarded fishing nets and chosen for BEAMS GOLF items (left)  
Fabric made with MURON® used by ANREALAGE as material for the look presented at the Paris Collection (right)

**Growth strategy ②**  
Local production for local consumption

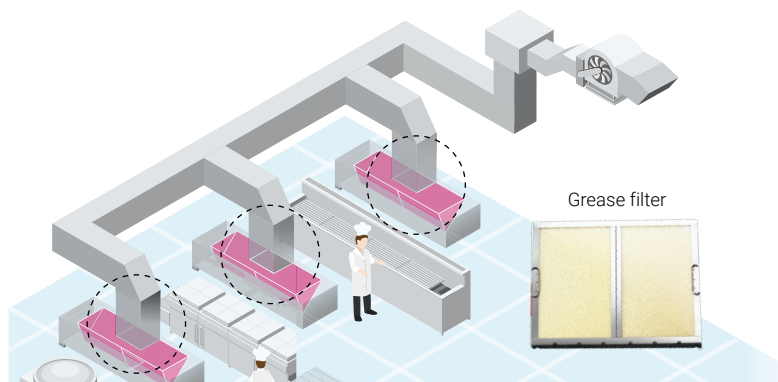
The MORITO Group is working to establish a localized production and consumption framework to better address geopolitical risks and meet customer demand in a sophisticated manner. By FY2026, the Group seeks to select appropriate production sites and build a system to enable end-to-end operations, from production and procurement to logistics and sales, in each region. We're making particularly strong progress in responding to the needs of domestic global brands. Local sourcing and transactions are increasing especially in Vietnam and Mexico. The president himself has visited group companies in various countries, where he confirmed growing demand for localized production and consumption in both the Apparel and Transportation Businesses. Through this initiative, we're striving to increase sales by enhancing service and quality, strengthening relationships with customers and business partners, and building a production and supply system that minimizes transportation distances for sustainability.



**Growth Strategy ③**  
Make capital investment for kitchen appliance-related business

ACE INDUSTRIAL MACHINERY CO., LTD., a group company engaged in the Product Business, offers a nationwide rental service for grease filters installed at the inlets of kitchen exhaust ducts in restaurants, food factories, and convenience stores. The service includes cleaning, replacement, and delivery. Regular maintenance is essential since neglecting to clean kitchen ventilation fans and exhaust ducts can increase the risk of fire. Thanks to the labor-intensive nature of the process, the rental service has been well received by the industry. ACE also provides cleaning service for kitchen exhaust systems, helping to create a safer, more comfortable workplace environment while reducing fire risk.

It continues to actively invest in expanding service centers equipped with state-of-the-art cleaning systems, including automated washers. In April 2025, it started full operation at a new service center in Hokkaido as part of this expansion.



**Number of installed locations**

About **20,000** sites

There are around 500,000 restaurants in Japan\*, so there's still plenty of room for growth.

\* Based on the Ministry of Internal Affairs and Communications' 2021 Economic Census for Business Activity.

**Number of filters in use**

About **154,000**

If laid flat, the filters would stretch about 4,600 meters, making them far taller than Mt. Fuji. If stacked vertically, they would reach approximately 62 kilometers, well into the stratosphere.

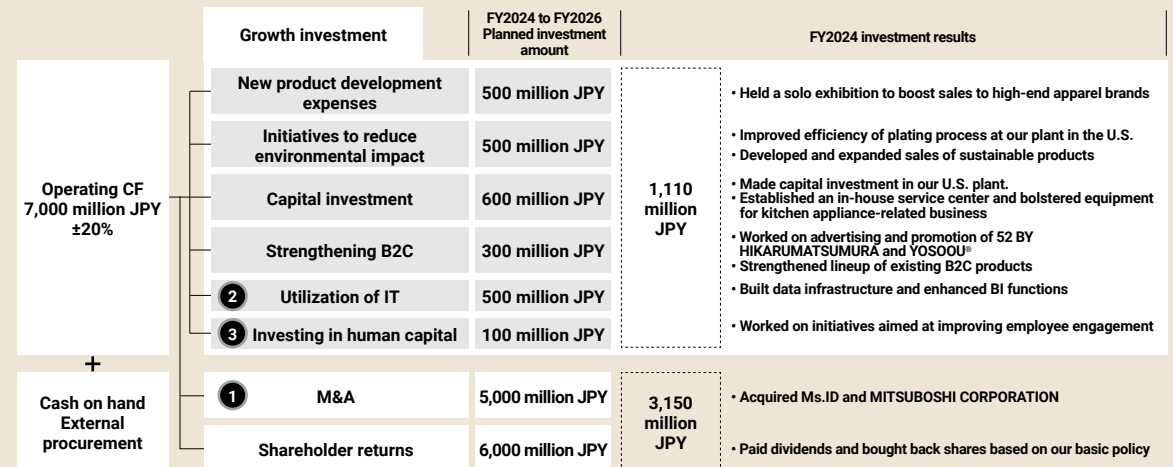
**Number of filters cleaned per month**

About **107,000**

The company cleans about 5,400 filters every day.

### Overview and progress of financial and investment strategy

We aim to improve ROE and PBR by actively maintaining control over net assets while utilizing cash and interest-bearing debt for investments such as M&As and business expansion to generate profits. During FY2024, we made investments totaling 1.11 billion JPY, focusing primarily on strengthening equipment at our U.S. plant and investing in kitchen equipment-related business. We also returned profits to shareholders through dividends and flexible share buybacks. Under the 8th Mid-term Management Plan, we plan to invest a total of approximately 13 to 14 billion JPY, and as of the end of FY2024, around 60% of that investment had been completed. We will continue to proactively consider M&A opportunities and pursue aggressive investments for the future.



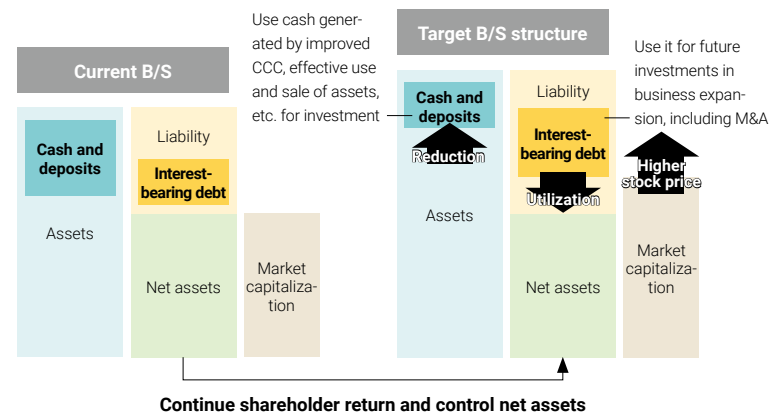
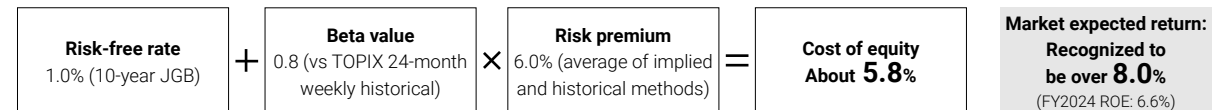
### Measures to realize management conscious of cost of capital and stock price

ROE for FY2024 stands at 6.6%, while the cost of equity based on CAPM was about 5.8%. We recognize that market expectations for returns exceed 8.0% and consider bridging this gap to be a key challenge.

Thanks to improved profit margins over the past three years, ROE has risen, but with net sales remaining flat, we believe expanding net sales is essential for further ROE improvement. We're working to grow net sales both organically and through M&A activities that generate synergies with our existing businesses while maintaining a lean and efficient profit structure. At the same time, we plan to enhance capital efficiency by utilizing cash generated from the sale of cross-held shares, and interest-bearing debt to make forward-looking investments, including business expansion through M&As. Additionally, we will continue shareholder returns through dividends, flexible share buybacks, and appropriate share cancellations as ways to control net assets and limit excessive accumulation of shareholders' equity.

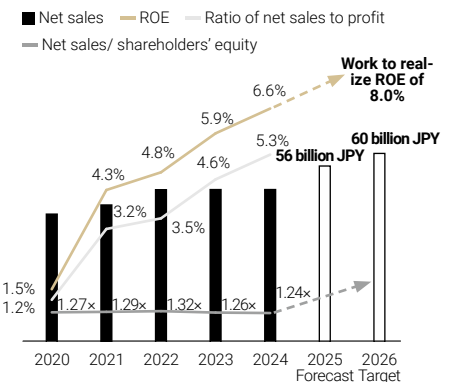
More information on Measures to Realize Management Conscious of Cost of Capital and Stock Price (Update) is available at the following link.  
<https://en.morito.co.jp/ir/management-policy/file/costofcapital.pdf>

### Approach to cost of equity (CAPM basis)



Basic dividend policy: Target a dividend payout ratio of 50% and DOE ratio of 4.0% standard  
 Buy back shares flexibly and cancel them appropriately

### Changes in ROE components

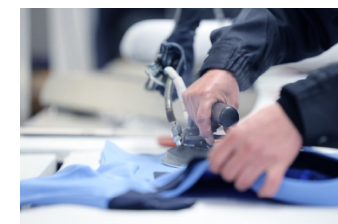


## Investment Strategy ① M&As

The MORITO Group considers M&As to be a key element of its investment strategy as it looks to expand global market share, strengthen its B2C business, and enhance its business portfolio through the development of new businesses. We actively study M&A opportunities based on our policy such as niche top company, expected synergies with existing MORITO Group operations, and business stability.

In December 2024, we acquired Ms.ID INC., a company operating EC fashion, accessories, luxury knitwear for overseas markets, and EC platform businesses. The acquisition seeks to expand the Group's B2C business in the Apparel Business. Leveraging Ms.ID's EC platform, the Group will enhance marketing and sales in its B2C business while developing apparel-related parts and products by integrating both companies' procurement and manufacturing capabilities with the goal of growing sales to 10 billion JPY over the next ten years. We will also utilize our overseas network as well as quality control and logistics functions to boost the global expansion and quality of Ms.ID's brands.

In April 2025, the Group also acquired MITSUBOSHI CORPORATION CO.,LTD., mainly runs the sales business of a full line of clothing materials primarily for the workwear and uniform industries. The acquisition is expected to contribute to increased sales. We consider the workwear and uniform sectors, which functionality and quality are demanded and which are less susceptible to seasonality and fashion trends, to be an ideal market for leveraging the MORITO Group's strengths in parts. By integrating both companies' procurement and sales functions as well as their global networks, the Group seeks greater efficiency as it renews its focus on the apparel industry that the Company has expanded since its founding, with the goal of becoming a global niche leader in the apparel market.



	Ms.ID	MITSUBOSHI CORPORATION
<b>Business</b>	Manufacture, import, and sales of clothing and accessories (e-commerce and physical stores)	Sales of a full line of clothing materials, apparel product production management, and recycling
<b>Net assets</b>	1,475 million JPY	2,262 million JPY
<b>Total assets</b>	2,467 million JPY	5,335 million JPY
<b>Net sales</b>	3,893 million JPY	7,462 million JPY
<b>Operating profit</b>	442 million JPY	66 million JPY
<b>Ordinary profit</b>	459 million JPY	235 million JPY
<b>Net income</b>	310 million JPY	190 million JPY

Notes: 1. Combined simple total of Ms.ID's results for the fiscal year ended August 31, 2024 and C.T.A.' results for the fiscal year ended December 31, 2023.  
2. MITSUBOSHI CORPORATION's results for the fiscal year ended March 31, 2024.

### Impact on FY2025 forecast

<b>Ms.ID</b>	Since we plan to consolidate Ms.ID starting in Q2 of FY2025, the consolidated earnings forecast includes nine months of Ms.ID's figures. Goodwill is currently under review.
<b>MITSUBOSHI CORPORATION</b>	Since we plan to consolidate MITSUBOSHI CORPORATION starting in Q3 of FY2025, the consolidated earnings forecast includes six months of MITSUBOSHI CORPORATION's figures. We expect some negative goodwill, which will be disclosed promptly once finalized (the amount remains under discussion).

### Investment strategy ② Growth investment Utilization of IT

By developing IT platforms across three domains— management information systems, business processing systems, and foundational information—the MORITO Group is promoting efficient management and utilization of information across its organization in support of speedy management and improved operational efficiency.

#### Through FY2026, the Group will establish IT capabilities in the following three areas:

- ▶ **Management information systems:** Build systems to efficiently share and manage the group's management information and establish a data analysis platform for data collaboration among group companies.
  - Ensure high-precision analysis and efficient management of group companies
- ▶ **Business processing systems:** Introduce online B2B ordering system, introduce and use PSI planning, and use of RPA.
  - Realize efficient one-stop operations, including everything from ordering to distribution, and establish a streamlined inventory management system
- ▶ **Foundational information systems:** Build common infrastructure for the entire group with a safe, secure and stable environment.
  - Strengthen BCP and ability to respond to changes that may arise due to business expansion, etc.

Integrate IT functions across  
the three areas

Realize speedy  
management and  
expand net sales and  
profitability by FY2030

### Investment strategy ③ Growth investment Investment in human capital

To enhance the value of human capital across the Group, MORITO has established the MORITO Group Human Resource Management Policy, which outlines its approach to recruitment, development, and placement to guide various related initiatives. In FY2024, the Group began conducting employee engagement surveys, which it uses to visualize organizational challenges, prevent turnover, and promote stronger internal communication.

More information on the Human Resource Management Policy is available at the following link.  
[https://www.morito.co.jp/sustainability\\_en/society/diversity/human\\_resource\\_management\\_policy/](https://www.morito.co.jp/sustainability_en/society/diversity/human_resource_management_policy/)

## Shareholder returns

We regard returning profits to shareholders as a priority management issue and determine the amount of dividends based on the following policy, taking into consideration investment projects and financial conditions (net assets, etc.). Since FY2023, we have adopted a revised basic dividend policy.

Realize stable and continuous dividend payments	Dividend payout ratio* of 50% or more	Standard for dividend on equity (DOE) ratio of 4.0% (on a consolidated basis)
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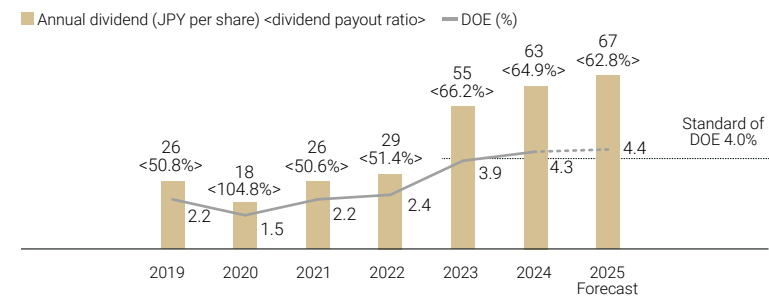
Continue to consider buying back shares whenever necessary and canceling them appropriately

\* Vs profit attributable to owners of parent.

Note: 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.

More information about share buybacks and related activities is available at the following link.  
<https://en.morito.co.jp/ir/dividend/>

## Trends of Dividend, Dividend Payout Ratio & DOE



Note: Since FY2023, we have adopted a revised basic dividend policy.



## Discussion

# MORITO's Unique Human Capital Strategy Makes the Company Even More Exciting

**MORITO believes that the most critical element in striving to become a global niche top company is people. In the 8th Mid-term Management Plan, we've declared a strong commitment to actively investing in human capital.**

**So what exactly do MORITO's unique HR strategy and approach to diversity & inclusion (D&I) look like?**

**One executive in charge of HR and three employees from the field share their perspectives based on their day-to-day experiences.**

## MORITO VALUE is deeply embedded in our daily work

**Akui** MORITO VALUE was established in 2014. When Ichitsubo-san became president, he initiated various reforms, and within that context, the leadership team began discussing how we might visualize the unique set of values that define MORITO. For instance, we often wondered, "Why are MORITO employees so warm and united?" It felt like there was something like DNA running through the organization.

Once the values were articulated, it became clear just how important it is to put things into words. We were able to communicate the MORITO VALUE not just to new hires, but also across our group companies. The values were translated into English, Chinese, and Vietnamese

and displayed prominently in workplaces to ensure they were shared not just with employees but with executives as well. Our president made it clear that "If someone acts in a way that contradicts the MORITO VALUE, they won't be reappointed." The business environment evolves over time, but we're determined not to lose sight of MORITO's DNA. That's why we come back to MORITO VALUE for guidance whenever we're uncertain about a decision.

**Tsujii** Ever since I joined the company, my supervisors and colleagues have always taken the time to listen sincerely, no matter which department I was assigned to. I've felt a warm, welcoming atmosphere throughout, which has made working here truly enjoyable. I really believe that the MORITO VALUE of "Collaboration" is deeply ingrained in our daily work. As a team, we build



(From left)  
Shinya Tsujii  
Kiyomi Akui

Sakiko Soumi  
Hisashi Matsukawa

Sales Department, Global Division MORITO AUTO-PARTS CO., LTD.  
Director, Managing Executive Officer, General Manager of Corporate Management Department, and Division Manager of Corporate Administrative Division  
Business Supply Sales Department, MORITO JAPAN CO., LTD.  
Life Design Business Department, General Business Division MORITO APPAREL CO., LTD.

strong relationships with both customers and suppliers, and we work together to solve problems.

**Soumi** I also think MORITO VALUE comes to life in our day-to-day work. Since our technologies are often closely tied to those of our suppliers, many employees naturally value relationships with them. When it comes to customers, we approach business discussions with a focus on understanding their challenges. If we relied solely on pricing to win business, it would be extremely difficult to build real trust. We have to foster relationships where customers feel comfortable opening up about their underlying issues.

**Matsukawa** Like Soumi-san said, I believe that “Trust and Confidence,” one of the MORITO VALUES, is fundamental for anyone in a sales role. Gaining a customer’s trust is extremely difficult, and it can unravel quickly, sometimes from the smallest trigger. Once that trust begins to erode, it tends to fall apart fast. So while earning trust is important, I believe protecting and maintaining it is just as crucial. That’s something I always keep in mind in my daily work.

### **The flexibility of workplaces that allow individuals to thrive ultimately contributes to the strength of the entire organization.**

**Tsujii** When it comes to improving employee engagement, I think it’s really important to create an environment where even younger employees can think for themselves and take action. Of course, new hires need to be guided step by step at first, but at some point, they need to stand on their own so that they can

learn through trial and error. That’s the best way to grow. At least in my experience, that’s when I learned the most. It’s all about how well we can provide an environment where people feel safe to take risks and keep trying.

**Soumi** I agree with Tsujii-san: When it comes to our approach to training, learning from failure really is the best teacher. Our company is flexible and supportive when it comes to taking on new challenges.

**Akui** I believe that motivation and engagement ultimately come down to the individual. Of course, it’s the Company’s role to create the right environment and culture; in return, I want everyone to take ownership of our business strategy and see it as something personal.

**Soumi** Since I was part of the first cohort of female career-track employees, I can truly feel how much the environment has improved since I joined the company. After giving birth, we are able to work shorter hours until the child starts elementary school, and we can choose to work as a regular part-time employee until the end of the child’s third school year. Just having those options tailored to our circumstances gives me a great sense of security.

**Akui** Although you’re working shorter hours, you still want to fully engage in your job, right? In the past, the default was to assign simpler tasks to reduce workload, which was a kind of well-meaning but misdirected consideration. I believe true D&I means thinking about how someone can still work in a way that’s true to themselves, even if they’re on a shortened schedule. Employees are dealing with all sorts of life

situations like childcare and family care, and managing all that isn’t easy. But I think it’s important for the workplace to adapt flexibly, and that flexibility is what strengthens the entire organization.

### **Overseas assignments and job rotations build experience early in careers.**

**Tsujii** Speaking of diversity in the context of global talent development, there are certain generations of workers who find it hard to go abroad due to childcare and family care. So giving people the opportunity to gain hands-on experience with manufacturing overseas, including making mistakes early on, is incredibly valuable, both for them and for the company. I personally learned a lot from being stationed abroad, and I feel that experience still informs my work today. It would be great if more employees had the chance to do the same.

**Matsukawa** There’s a system in place where employees can express their career plan for their future, but I get the sense that not many people are actively making use of it like a job rotation program. I think it’s often hard for employees to take that first step. But MORITO has such a wide variety of roles, and I’d really like to see more employees gain different experiences early in their careers. It would be great if we could foster a culture where these kinds of rotations happen more naturally.

**Akui** Our greatest strength is our people. Each employee takes pride in acting professionally when working with customers. By helping



enhance the value of our customers’ businesses, we naturally help raise the value of the MORITO Group as well.

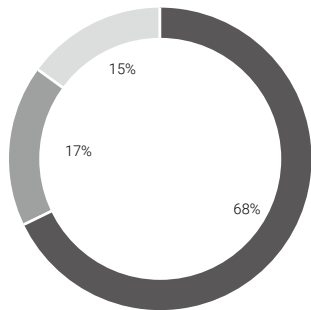
When each person achieves their individual goals, those efforts directly contribute to financial results. And because they’re working in areas they’re passionate about, engagement increases too. Everything happening within the company becomes personally meaningful. When the whole Group is filled with people like that, the result is that innovative products and services (what we mean by “Where innovation is the norm”) start to emerge. In today’s world, I think very few companies can deliver “Where innovation is the norm” on a global scale the way MORITO does.

The fact that our products, born from this unique company, are found throughout people’s everyday lives gives us a pride in what we do. Our HR strategy and D&I initiatives, all driven by MORITO VALUE, will continue to enhance the corporate value of the whole Group and make MORITO an even more rare and interesting company going forward.



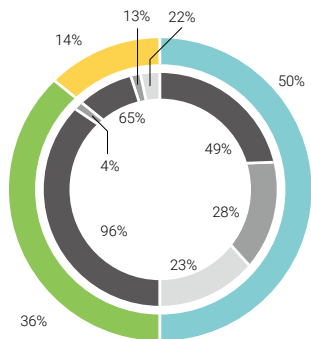
## Business Segment Strategies

Net sales composition by region  
(FY2024)



■ Japan ■ Asia ■ Europe & the U.S.

Net sales composition by region & business  
(FY2024)



■ Apparel ■ Product ■ Transportation  
■ Japan ■ Asia ■ Europe & the U.S.

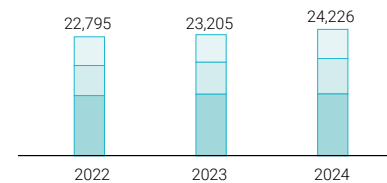
Performance trends by business segment

Opportunities and risks

Apparel Business

Net sales

■ Japan ■ Asia ■ Europe & the U.S.  
(million JPY)



Factors of change (FY2024)

- (+) Increase in medical wear accessories for the European and U.S. markets and accessories for some brands, including domestic bag brands and high-end outdoor brands
- Japan (+) Strong sales of environmentally friendly products
- (-) Sluggish sales mainly for workwear and casual wear due to the end of a post-pandemic surge in demand, stagnant demand, inventory adjustments, and the warm winter
- Asia (+) Increase in accessories for casual wear and workwear in China and Hong Kong
- (+) Increase in accessories for athletic shoes and workwear-related products in Vietnam
- Europe & the U.S. (+) Recovery from the impact of inventory adjustments and increase in medical wear and workwear accessories

Opportunity

- Rising demand for environmentally friendly products
- Rising demand for local production for local consumption, primarily in the ASEAN region
- Tailwind for Ms.ID and MATEX fueled by demand from inbound tourists

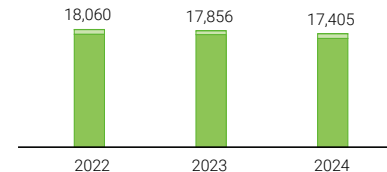
Risk

- Anticipated recovery in customer inventory adjustments during FY2025, tempered by persisting impacts

Product Business

Net sales

■ Japan ■ Asia ■ Europe & the U.S.  
(million JPY)



Factors of change (FY2024)

- (+) Increase in products for one-coin shops and stationery products
- (+) Increase in kitchen appliance rental, sales, and cleaning business
- (-) Decrease in construction safety products and medical device-related products
- (-) Decrease in snowboard- and surfing-related products due to the weak yen, inventory adjustments, etc.
- Asia (+) Increase in accessories for toys in Thailand

Opportunity

- Strong sales of products for one-coin shops
- Continued demand for kitchen appliance-related business
- Stronger original-brand products

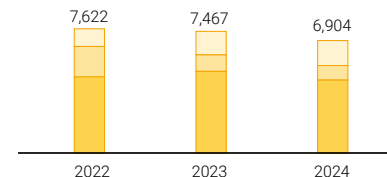
Risk

- Challenges in the active sports sector due to customer inventory adjustments
- Increase in import costs due to the weak yen

Transportation Business

Net sales

■ Japan ■ Asia ■ Europe & the U.S.  
(million JPY)



Factors of change (FY2024)

- (-) Decrease in automotive interior components for Japanese automotive manufacturers due to stagnant domestic automotive production
- Asia (-) Decrease due to slumping sales of Japanese automakers in China
- Europe & the U.S. (+) Increase in automotive interior components for Japanese automotive manufacturers following the launch of mass production in North America

Opportunity

- Rising demand for local production and consumption in North America

Risk

- Unlikely outlook for a significant recovery in domestic automotive production
- Sluggish performance of Japanese automakers in the Chinese market

## Business Segment Strategies

# Message from Segment Heads

## Apparel Business



## Creating new businesses by leveraging our global network and Rideeco® initiatives

Following the spin-off of MORITO JAPAN CO., LTD., MORITO's core Apparel Business has undergone a fundamental review of long-standing practices to improve profitability. Changing it is never easy, but by fostering internal discussions on the need for reform, we laid the groundwork for transformation by raising employee awareness around profitability and reaffirming the added value we bring through safety, reliability, and high quality. Looking ahead, we'll focus on growing our top line and creating new businesses. Specifically, this includes expanding full-scale sales of our original nylon material using discarded fishing nets in an effort to carve out a unique position in the textile industry. We also plan to strengthen our B2C business through synergies with Ms.ID, which recently joined the Group. While geopolitical risks and tightening environmental regulations present growing challenges, we see these as opportunities for our global network and Rideeco® initiatives to demonstrate their full potential. By seizing such opportunities and actively investing in the future, we'll continue to lead innovation in the industry—step by step, powered by every individual in the company.

## Product Business



## Always seeking the next business opportunity and enhancing product strength

Our business encompasses two main businesses: OEM and ODM operations that supply everything from parts to semi-finished and finished products for B2B clients, and the production and wholesale of our own branded products, including shoe insoles, supporter, and waterproof bags, primarily for mass retailers like home centers and variety shops. Because we serve a wide range of industries, our business is relatively resilient to demand fluctuations in individual sectors. However, the products our customers seek are constantly evolving. As a result, we not only pay close attention to the fine details of each product, but also stay attuned to broader industry and societal trends to identify our next business opportunities. In recent years, we've successfully captured emerging demand by reimagining conventional items, for example by developing new products inspired by the fandom boom, to contribute to top-line growth. Moving forward, we'll continue working toward the FY2030 sales target of 20 billion JPY and beyond as we look to achieve sustainable growth. By enhancing our product appeal and developing breakout hits through new initiatives, we hope to raise MORITO's brand recognition, which has been long understated as a behind-the-scenes company, and make our name known more widely in the market.

## Transportation Business



## Accelerating capital investment in North America to achieve 10 billion JPY in global sales

FY2025 marks a crucial turning point in our pursuit of 10 billion JPY in global sales by FY2030. As a company that operates in a traditionally low-margin industry, we've long focused on delivering unique added value and enhancing profitability from a long-term perspective. Looking ahead, we'll shift our focus more toward top-line increase for further growth. In particular, given the increasingly challenging external environment in regions like China and ASEAN, we'll accelerate capital investment in North America (specifically in the U.S. and Mexico) with the goal of replicating in those markets the production and procurement capabilities we've established in Japan. To begin, we're developing new outsourcing partners while considering M&As and capital alliances as part of our strategy to build a localized production and consumption framework. We'll also prioritize training local personnel at our global sites to ensure the same high level of quality as achieved in our domestic operations. These initiatives will lay a solid foundation for our medium- to long-term growth. We'll also invite ideas from employees regarding capital investment and business expansion as we work together to achieve the 10 billion JPY sales milestone and ensure sustainable growth beyond that.