

MORITO CO., LTD.

**Presentation Materials for the First Quarter
of Fiscal Year Ending November 30, 2024,
Financial Results**

Prime Market of TSE: 9837

April 2024

Where innovation is the norm

MORITO

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Company Profile

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 snap fasteners
- 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 in 19 locations around the world

● Operating three businesses

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



Eyelets

Snap fasteners



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>



Snap fasteners MAGIC TAPE® Buttons



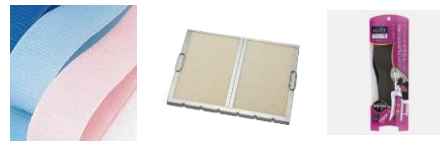
Tape Eyelets and shoelaces In-house brands

<Applications>

- Casual wear/shoes
- Sportswear/shoes
- Workwear/shoes
- Medical wear, baby wear
- Formal wear/shoes, bags

Product Business

<Examples of products handled>



MAGIC TAPE® Grease filter 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
- Grease filter rental service

Transportation Business

<Examples of products handled>



Snap fasteners MAGIC TAPE® Nets



Emblems Trunk floor lining Door armrests

<Applications>

- Automotive interior components
- Railway and Shinkansen interior components
- Aircraft interior components

Morito's Strengths

- **Lines of business for daily necessities, which are unaffected by trends**

Since we deal in parts for things that are vital to people's daily lives, many of our businesses are essentially immune to trends or economic downturns and can continue to operate as usual.

- **Stable performance with a diversified portfolio**

Operating worldwide with 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 oil crises (in the 1970s), the 2008 financial crisis, and the COVID-19 pandemic.

- **Enjoying high market share for various products targeting niche areas**

Many products dominate the market in their respective industry.

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

- **Global manufacturing, procurement, and sales capabilities**

In addition to our own locations, we have partner plants and distributors all over the world, giving us close proximity to our customers and the ability to respond to their every need.

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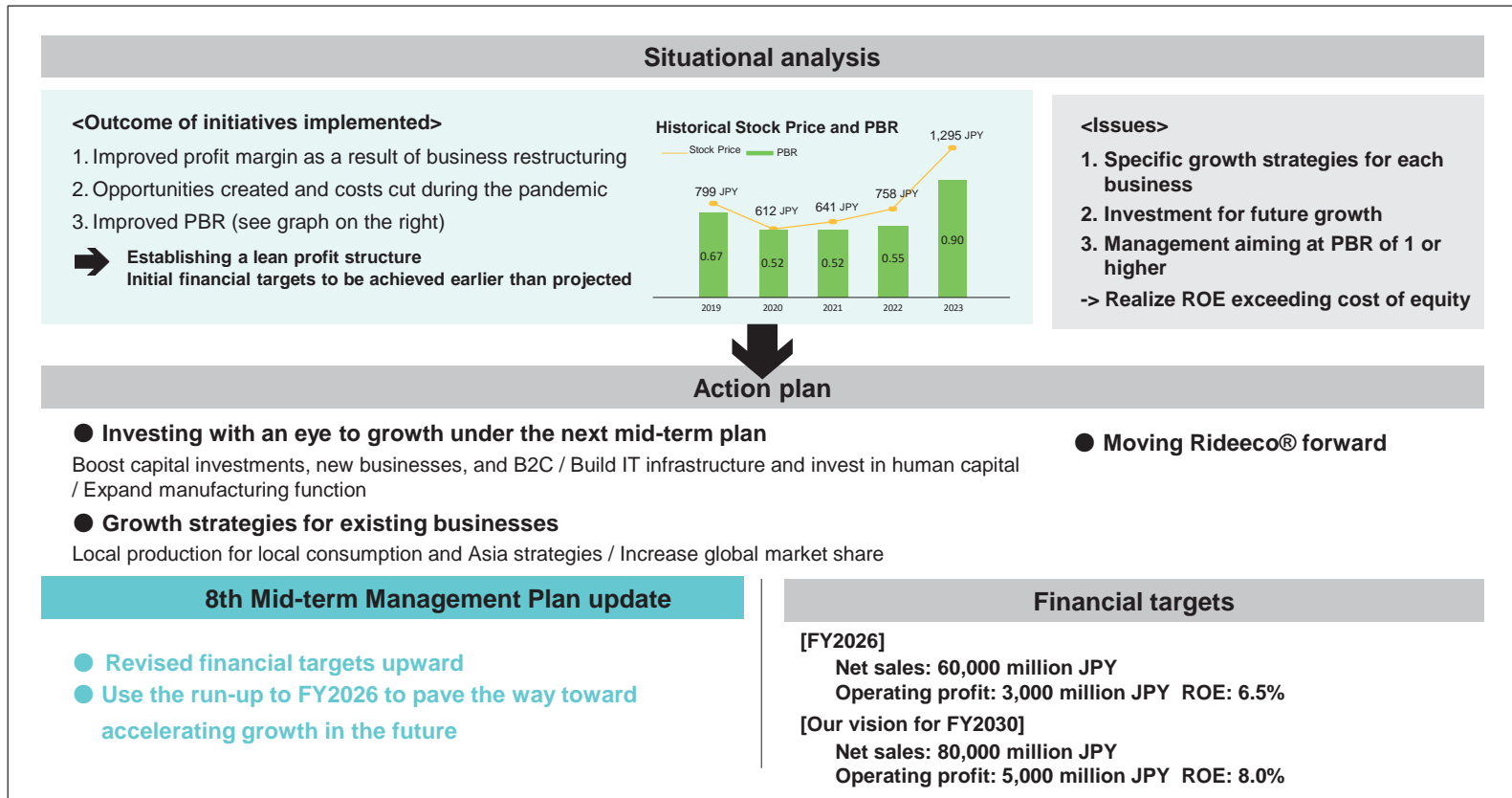
8th Mid-term Management Plan (Announced in January 2024)

Medium- and Long-term Policy Morito's Vision

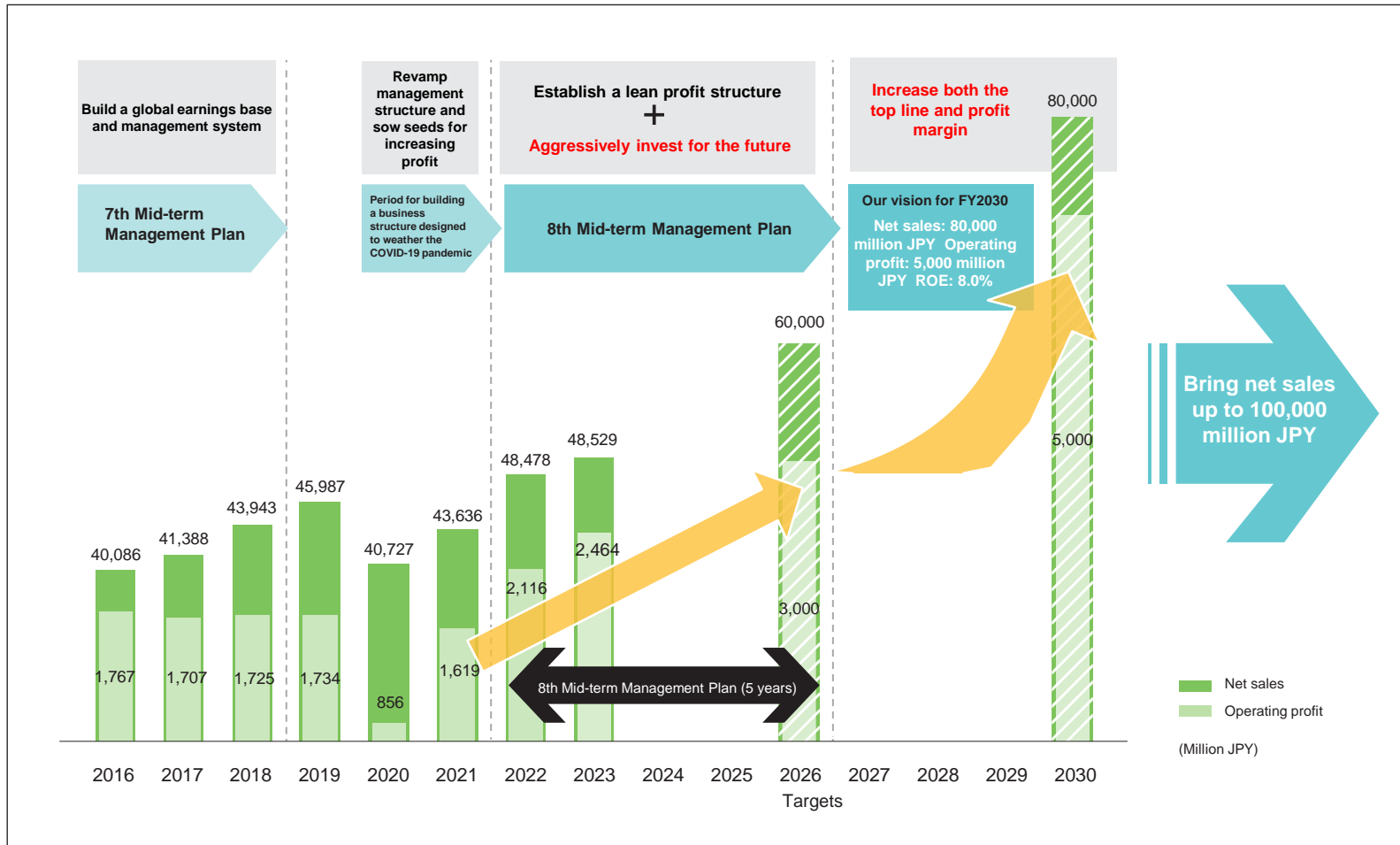
**Become a global niche top company
that keeps making a big difference in
the world with small parts**

Summary of 8th Mid-term Management Plan Update (Announced in January 2024)

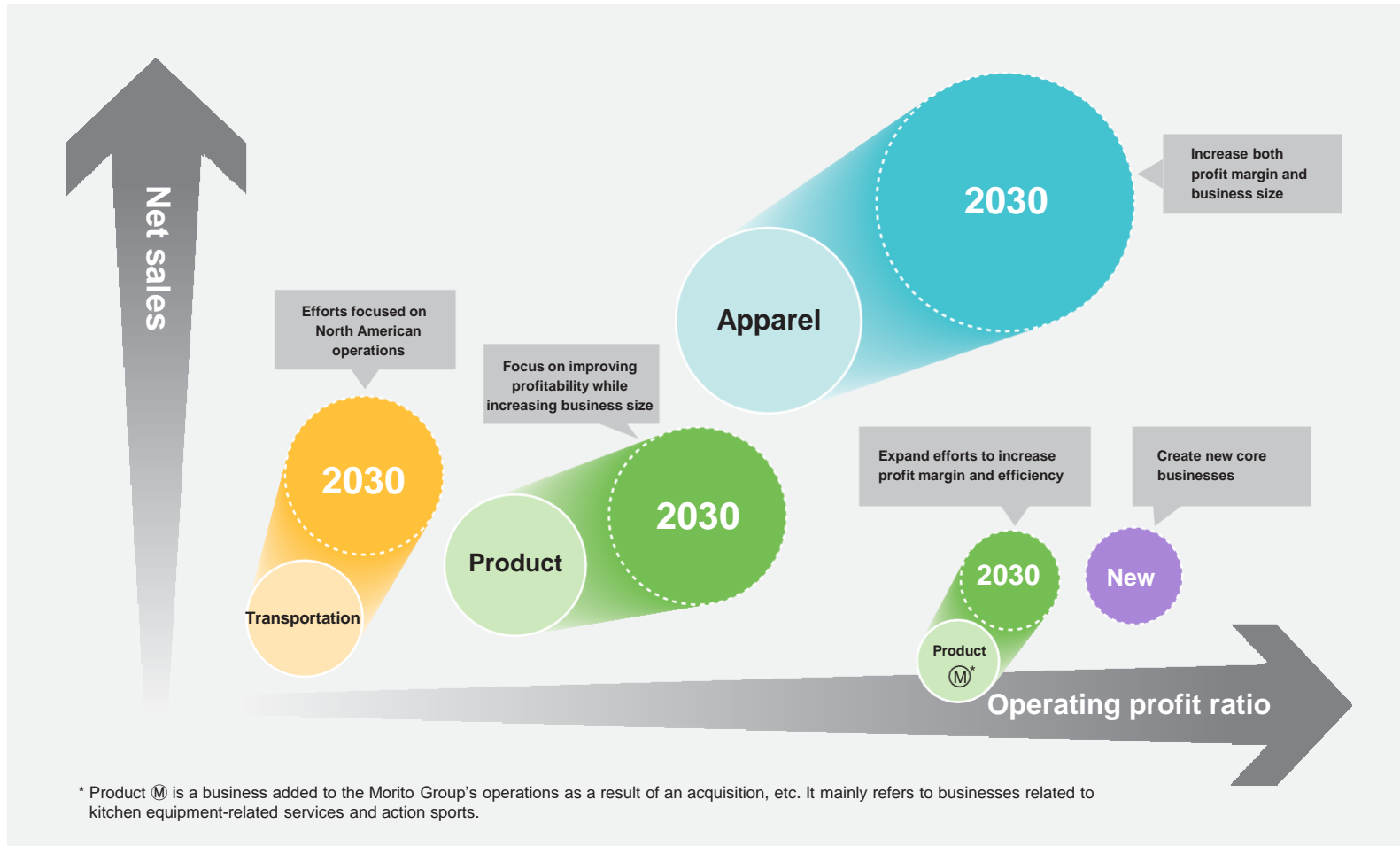
We updated the 8th Mid-term Management Plan in anticipation of achieving our initial financial targets earlier than planned thanks to the improved profit margin as a result of business restructuring and the opportunities created and costs cut during the pandemic, which enabled us to establish a lean profit structure (designed to create more customer value using fewer resources than a traditional structure).



Roadmap to 100,000 Million JPY in Net Sales



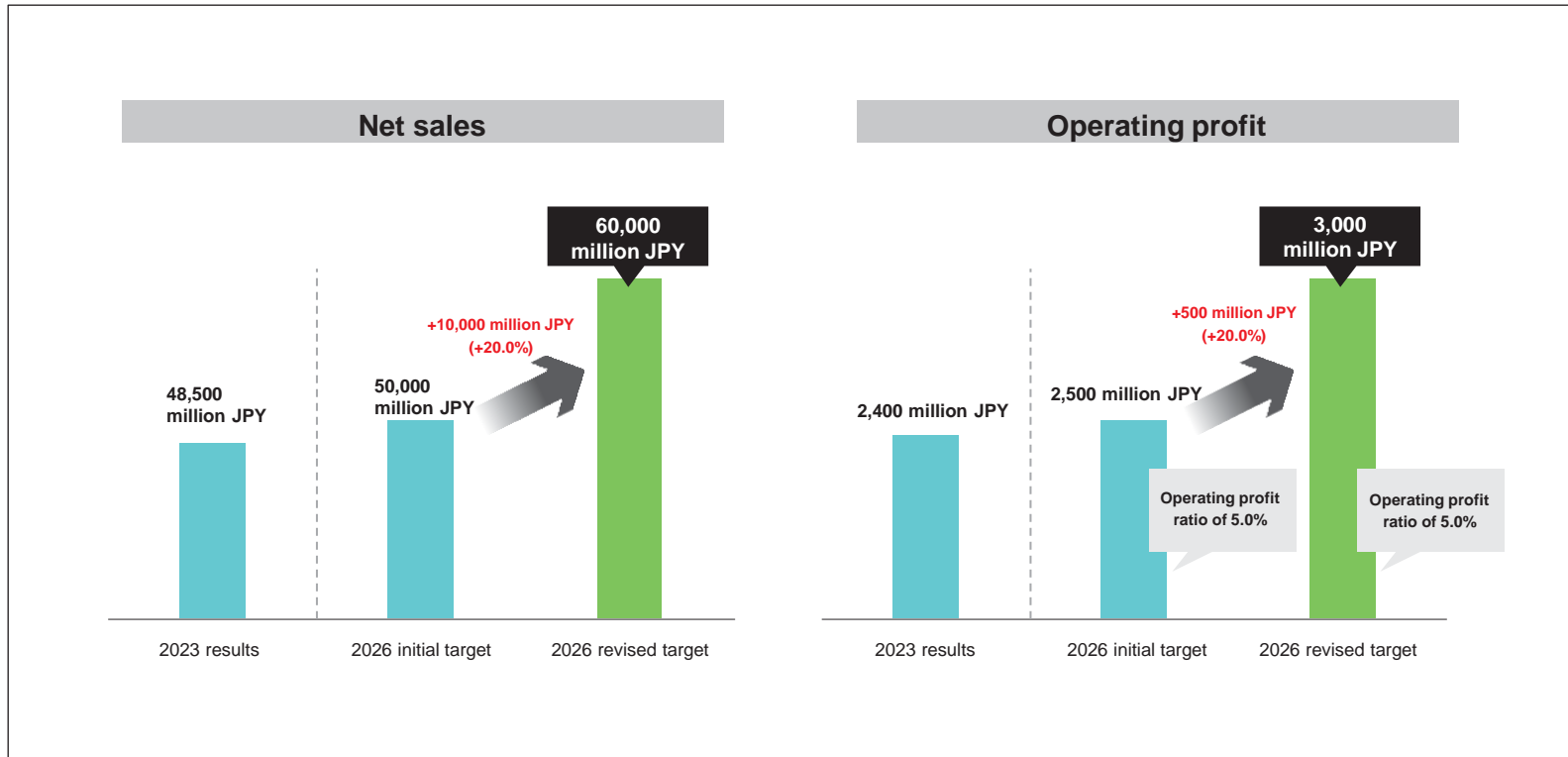
Current Status and Vision for 2030 by Business



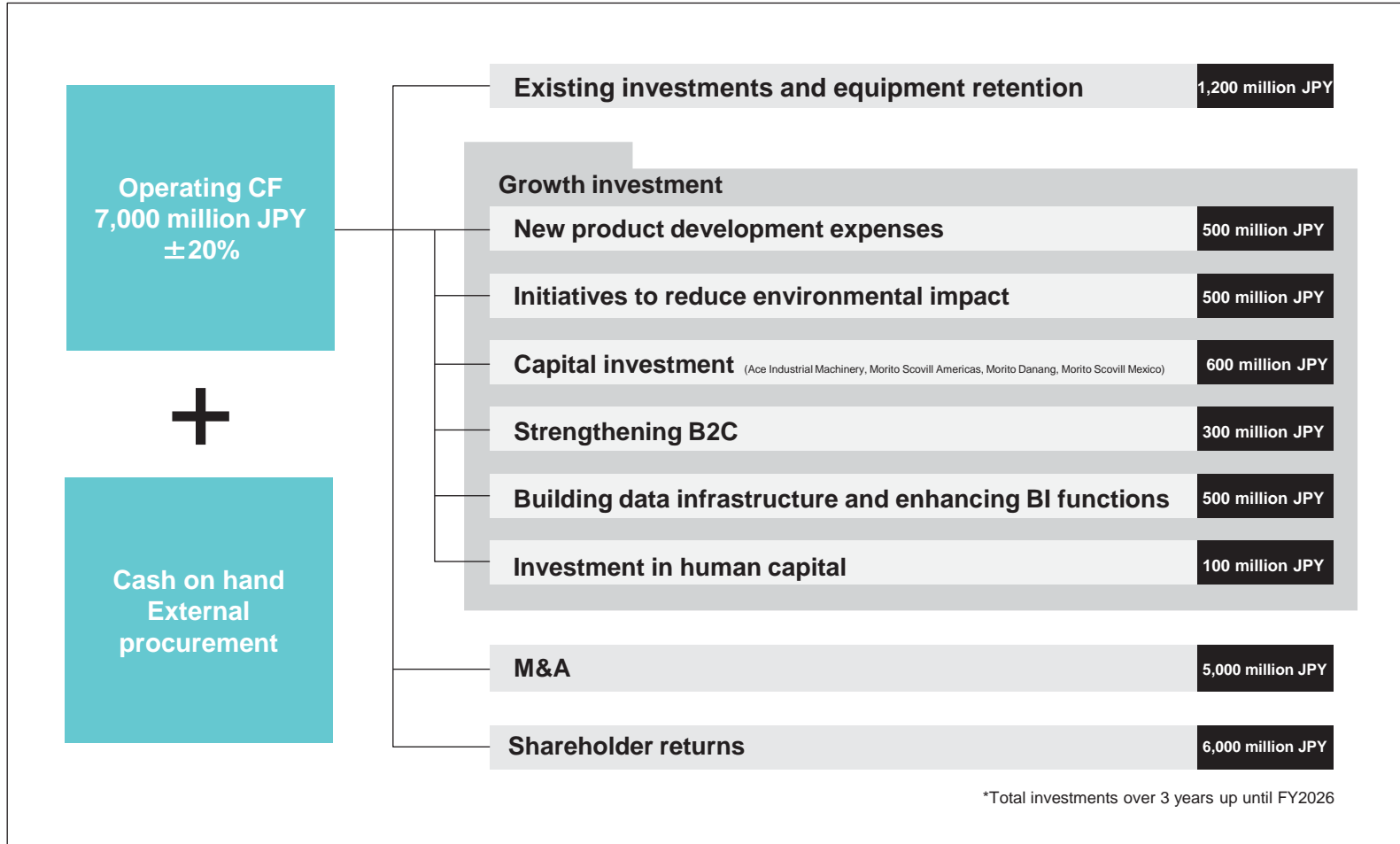
Financial Target Update

Focus on increasing our top line, in addition to keeping the recently improved profit margin up.

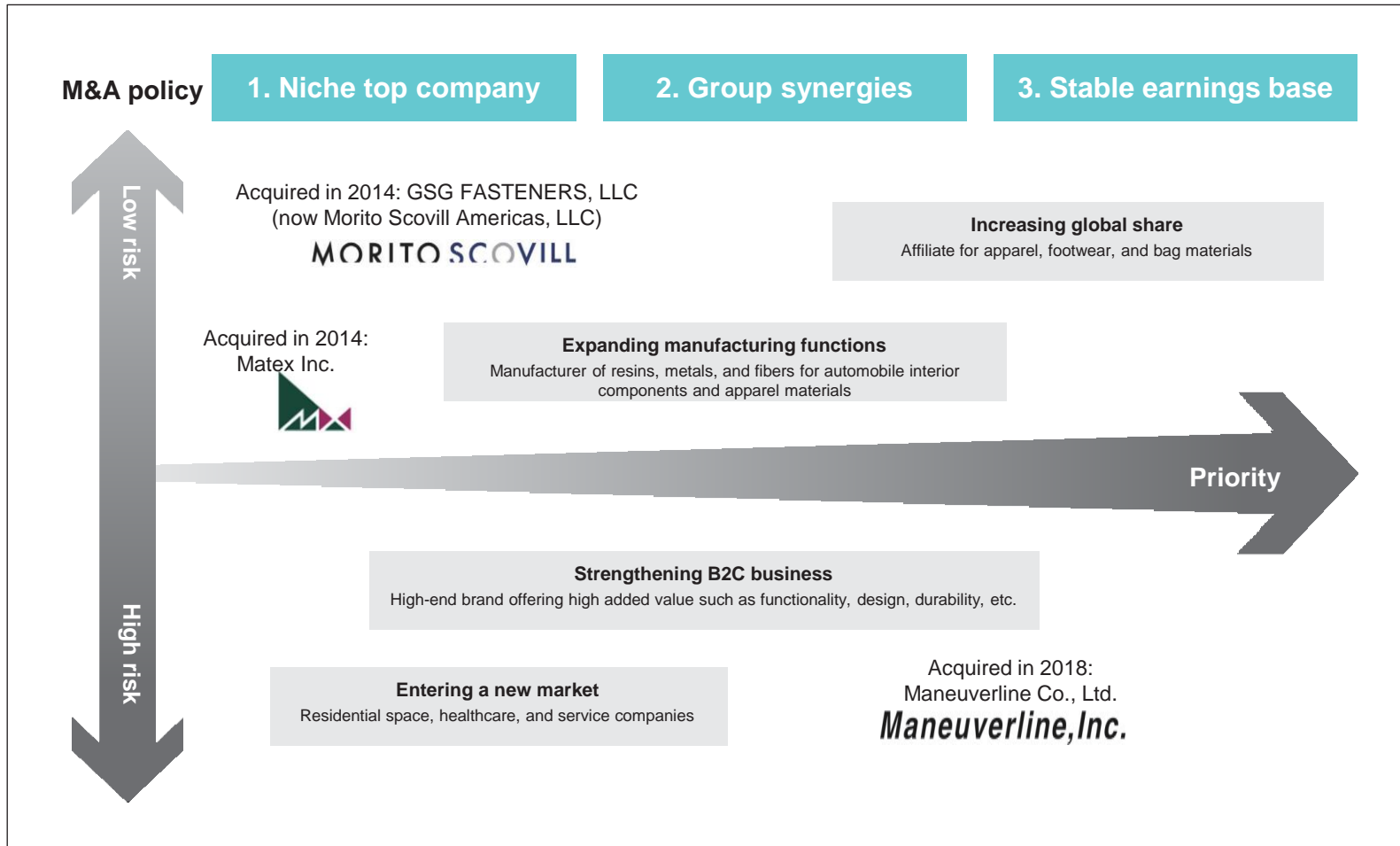
Aim to achieve further growth in both sales and operating profit after the 8th Mid-term Management Plan period although we expect growth in operating profit to remain within a certain range due to aggressive investment.



Investment Strategy

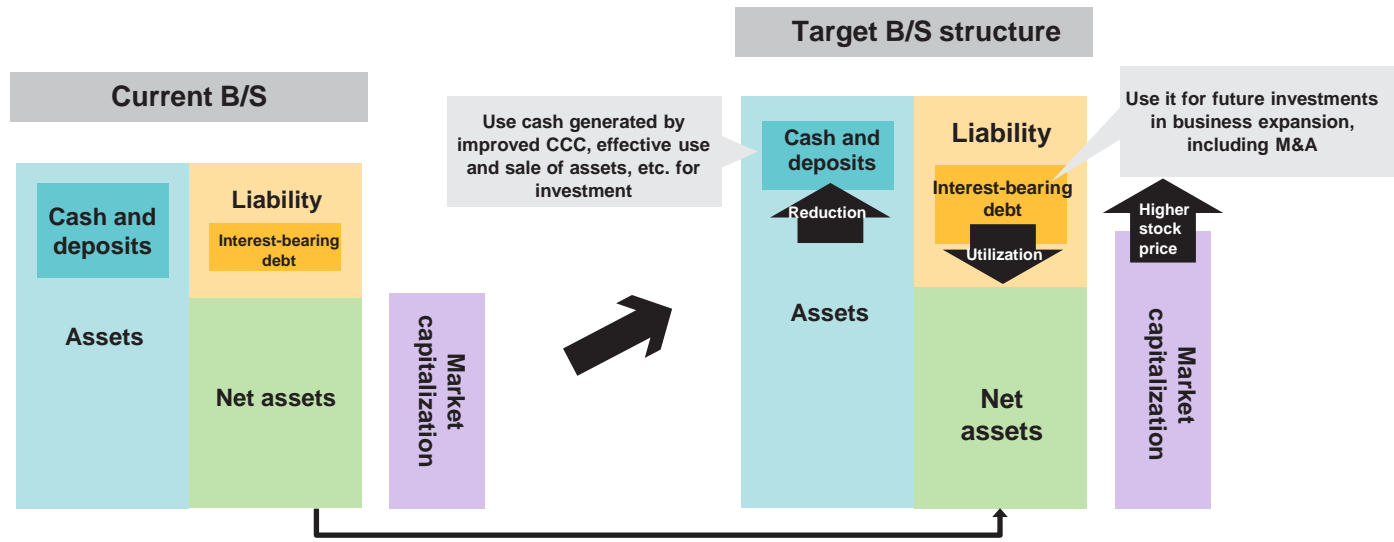


Investment Strategy [M&A]



Corporate strategies [Capital Policy and Financial Strategy: Overview]

- Expand business through aggressive growth investment (see p. 13 for details of investment strategy)
- Optimize capital structure by utilizing interest-bearing debt
- Continue shareholder return and control net assets



Continue shareholder return and control net assets

Basic dividend policy: Target a dividend payout ratio of 50% and DOE ratio of 4.0%, and buy back shares whenever necessary and cancel them appropriately

► For more information about the 8th Mid-Term Management Plan Update, [click here.](#)

Financial targets

		FY2023 results	FY2026 targets	Our vision for FY2030
Performance	Net sales	48,500 million JPY	60,000 million JPY	80,000 million JPY
	Operating profit	2,400 million JPY	3,000 million JPY	5,000 million JPY
Assets/ROE	Total assets	51,400 million JPY	Increase via growth investment ↑	
	Net assets	38,400 million JPY	Maintain current level via shareholder returns →	
	Interest-bearing debt	1,400 million JPY	Increase due to use for growth investment ↑	
	Equity ratio	74.7%	Decrease due to use of interest-bearing debt ↓	
	ROE	5.9%	6.5%	8.0%
Shareholder returns	Payout ratio	66.2%	Decrease due to profit growth	
	DOE	3.9%	4.0%	4.0%
	Share repurchase	470 million JPY	Consider buying back shares whenever necessary →	
Growth investment	Investment amount	540 million JPY	8,700 million JPY <small>*Total for the FY2024 – FY2026 period</small>	Increase growth investment

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FY2024.11 1Q Financial Results

FY2024 1Q Highlights

- **Slowing consumption and stagnant demand continued in 1Q despite signs of recovering sales in Europe and the U.S.**
- **The apparel and product businesses were affected by overstocking and production cutbacks by manufacturers in Japan due to a warm winter and the end of the post-pandemic surge in demand.**
- **Continued efforts to streamline unprofitable businesses resulted in improved profits despite a slight decline in net sales.**
- **1Q operating profit and net income hit all-time highs since we began reporting quarterly results for the third consecutive fiscal year.**

FY2024 1Q Summary of Financial Results

Made good progress in turning a profit, especially in terms of gross profit ratio, thanks to business restructuring and sales efforts, despite some issues with net sales due to a warm winter and overstocking mainly in Japan.

(Million JPY)

	FY2023	FY2024	Increase/Decrease	Y/Y
Net sales	11,804	11,744	-60	-0.5%
Gross profit	3,232	3,378	+146	+4.5%
Gross profit ratio	27.4%	28.8%		
Cost	2,613	2,715	+102	+3.9%
Cost ratio	22.1%	23.1%		
Operating profit	619	662	+43	+7.0%
Operating profit ratio	5.2%	5.6%		
Ordinary profit	661	669	+8	+1.2%
Ordinary profit ratio	5.6%	5.7%		
Net income	516	564	+48	+9.4%
Net income ratio	4.4%	4.8%		

FY2024 1Q Forecast & Progress

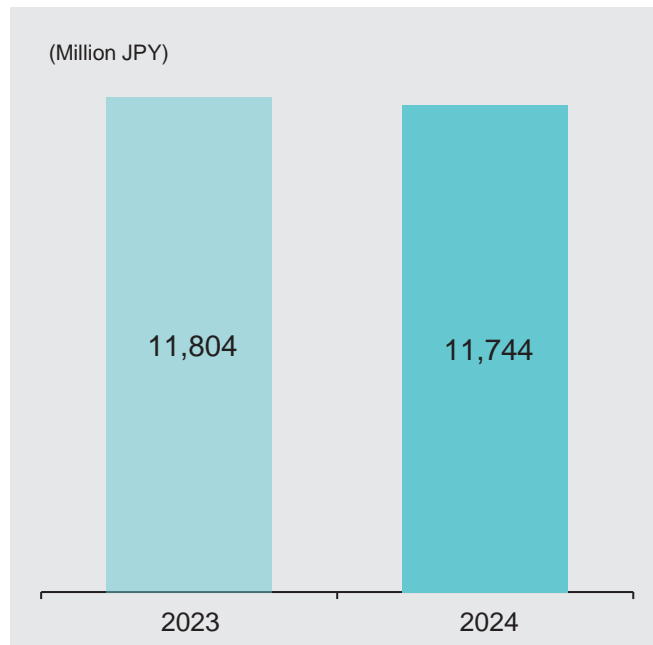
Net sales are slightly behind the forecast due to stagnant domestic consumption, particularly in the apparel and product businesses. Efforts are underway to acquire new customers. Profit ratios were as projected.

	FY2024 1Q	FY2024 Full-Year Forecast	Progress
Net sales	11,744	51,000	23.0%
Operating profit	662	2,600	25.5%
Operating profit ratio	5.6%	5.1%	
Ordinary profit	669	2,800	23.9%
Ordinary profit ratio	5.7%	5.5%	
Net income	564	2,300	24.5%
Net income ratio	4.8%	4.5%	

FY2024 1Q Net Sales

Net sales: 11,744 million JPY Y/Y: -60 million JPY (-0.5%)

Net sales fell off in Japan due to overstocking and production cutbacks by domestic manufacturers due to a warm winter and the end to the post-pandemic surge in demand, on top of a lingering lag in demand for products sold in Europe and the U.S. Net sales were also affected by the streamlining of unprofitable businesses.



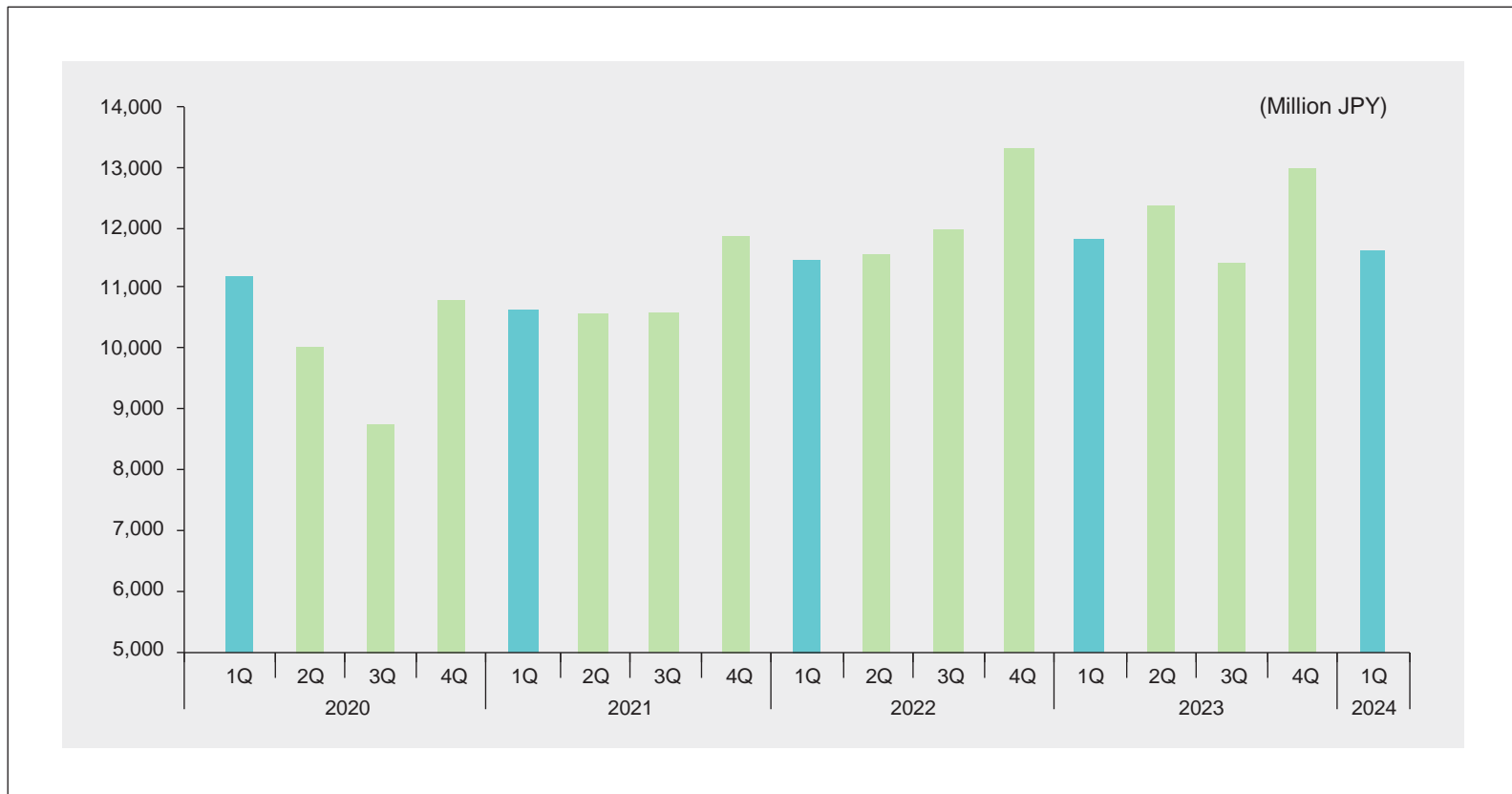
Japan 8,195 million JPY
Y/Y: -307 million JPY (-3.6%)

Asia 1,969 million JPY
Y/Y: +250 million JPY (+14.5%)

Europe & the U.S. 1,579 million JPY
Y/Y: -3 million JPY (-0.2%)

FY2024 1Q Quarterly Financial Trends

1Q net sales lagged behind our forecast due to the slow recovery in Europe and the U.S. and a drop in repeat orders from manufacturers due to a warm winter.



FY2024 1Q Gross Profit

Gross profit: 3,378 million JPY Y/Y: +146 million JPY (+4.5%)

Increased due to improved gross profit ratio.

Since Morito Japan's split last year, awareness of profit margins has continued to increase among corporate managers and sales personnel of each company.

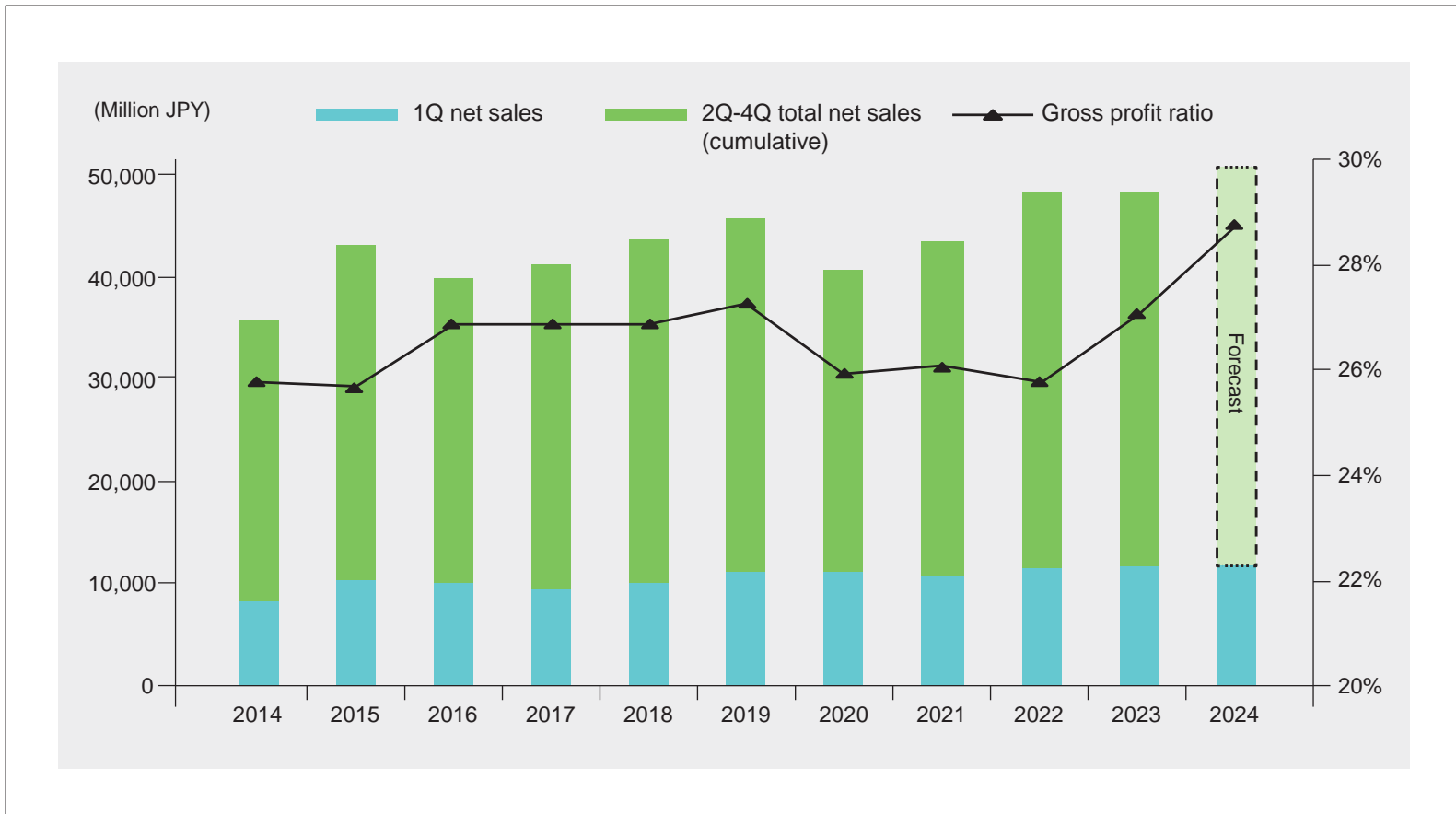


(Million JPY)

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FY2024 1Q Trends in Net Sales & Gross Profit Ratio

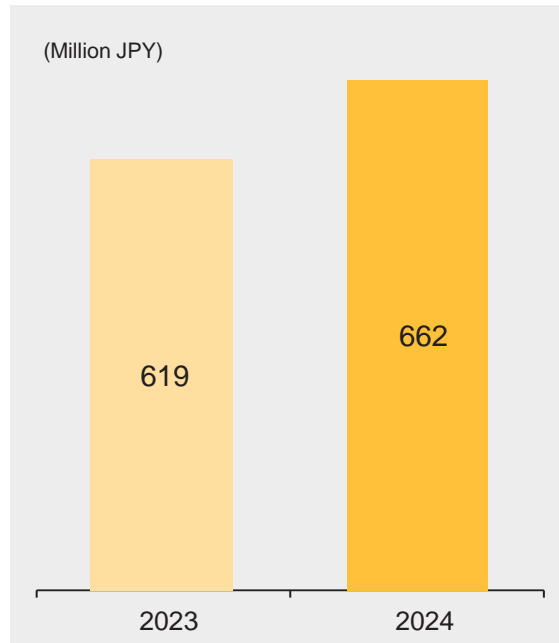
The gross profit ratio improved due to rising awareness of profit margins, which resulted in the streamlining of unprofitable businesses, changes in sales terms and conditions, etc.



FY2024 1Q Operating Profit

Operating profit: 662 million JPY Y/Y: +43 million JPY (+7.0%)

Increased due to higher gross profit. Cost increased due to personnel, travel, and other expenses.



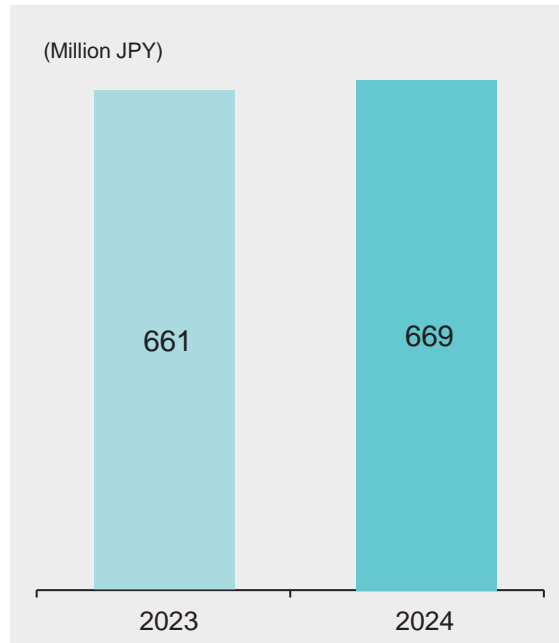
(Million JPY)

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Net income	516	564	+48	+9.4%

FY2024 1Q Ordinary Profit

Ordinary profit: 669 million JPY Y/Y: +8 million JPY (+1.2%)

Increased due to higher operating profit.



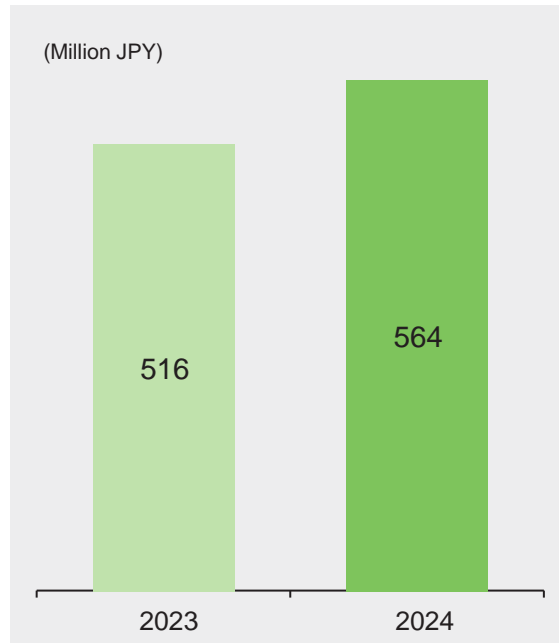
(Million JPY)

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Net income	516	564	+48	+9.4%
Net income ratio	4.4%	4.8%		

FY2024 1Q Net Income

Net income: 564 million JPY Y/Y: +48 million JPY (+9.4%)

Increased due to an increase in extraordinary income, including gains on sales of investment securities.



(Million JPY)

	FY2023	FY2024	Increase/Decrease	Y/Y
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Net income	516	564	+48	+9.4%
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FY2024 1Q Consolidated Balance Sheet

(Million JPY)

	2023 4Q	2024 1Q
Assets		
Current assets	31,149	30,021 (-1,128)
Fixed assets	20,280	19,778 (-502)
Total assets	51,429	49,800 (-1,629)

	2023 4Q	2024 1Q
Liabilities		
Current liabilities	8,589	7,743 (-846)
Fixed liabilities	4,382	4,251 (-131)
Total liabilities	12,972	11,994 (-978)
Net assets		
Shareholders' equity	32,673	32,458 (-215)
Accumulated other comprehensive income	5,760	5,335 (-425)
Share acquisition rights	23	12 (-11)
Total net assets	38,457	37,805 (-652)
Total liabilities and net assets	51,429	49,800 (-1,629)

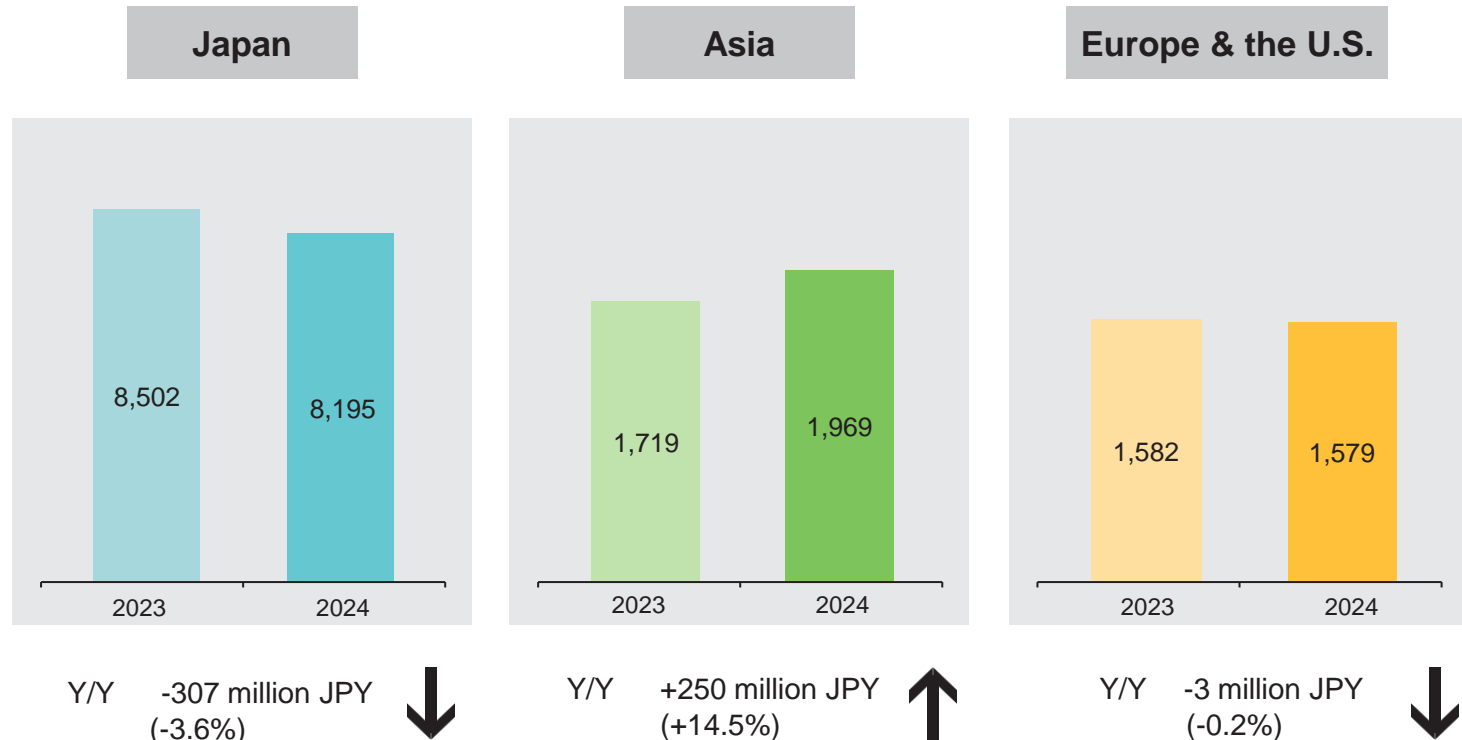
Equity ratio 2024.1Q 75.9%
(2023.4Q 74.7%)

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FY2024.11 1Q Business Overview

FY2024 1Q Net Sales by Region

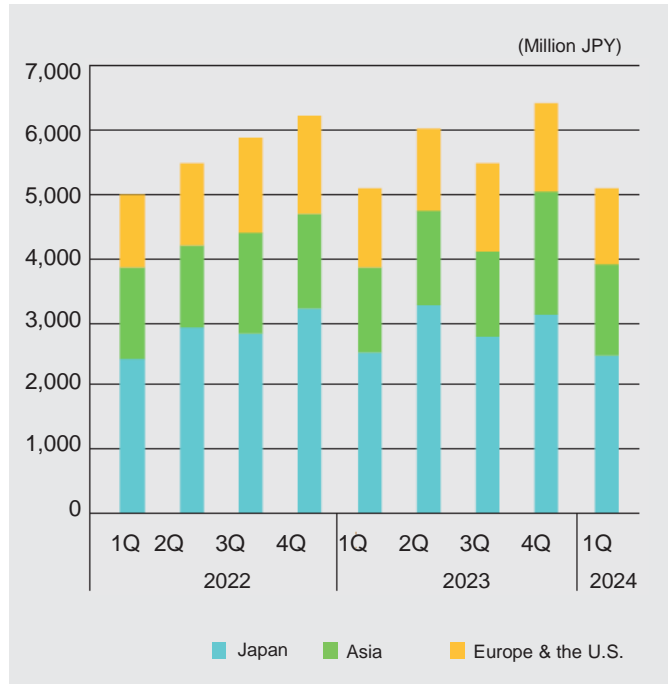
(Million JPY)



FY2024 1Q Net Sales for Apparel Business

Net sales: 5,131 million JPY Y/Y: -27 million JPY (-0.5%)

Sales of products sold in Europe and the U.S. remain weak, but there were signs of recovery. In Asia, locally produced and procured products were adopted. The domestic market lagged behind due to a decrease in repeat orders for winter products due to a warm winter.



Japan

- Increase in accessories for medical wear and bags sold in Europe and the U.S.
- Decrease in accessories for workwear and casual wear

Asia

- Decrease in accessories for workwear in China and Hong Kong
- Increase in accessories for baby wear and casual wear in China and Hong Kong
- Increase in accessories for athletic shoes and workwear-related products in Vietnam

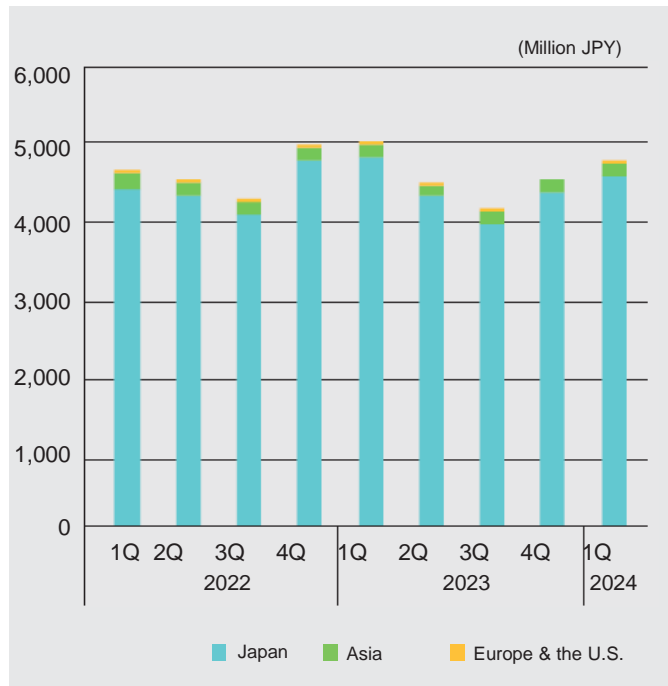
Europe & the U.S.

- Increase in accessories for medical wear sold in the U.S.
- Decrease in accessories for workwear in Europe

FY2024 1Q Net Sales for Product Business

Net sales: 4,690 million JPY Y/Y: -230 million JPY (-4.7%)

Kitchen appliance-related services remained strong. Demand for active sports-related products that rose during the COVID-19 pandemic subsided. A surge in demand is expected during the next Olympics.



Japan

- Increase in products for one-coin shops and stationery products
- Increase in kitchen appliance rental, sales, and cleaning business
- Decrease in construction safety products
- Decrease in snowboard and surfboard-related products

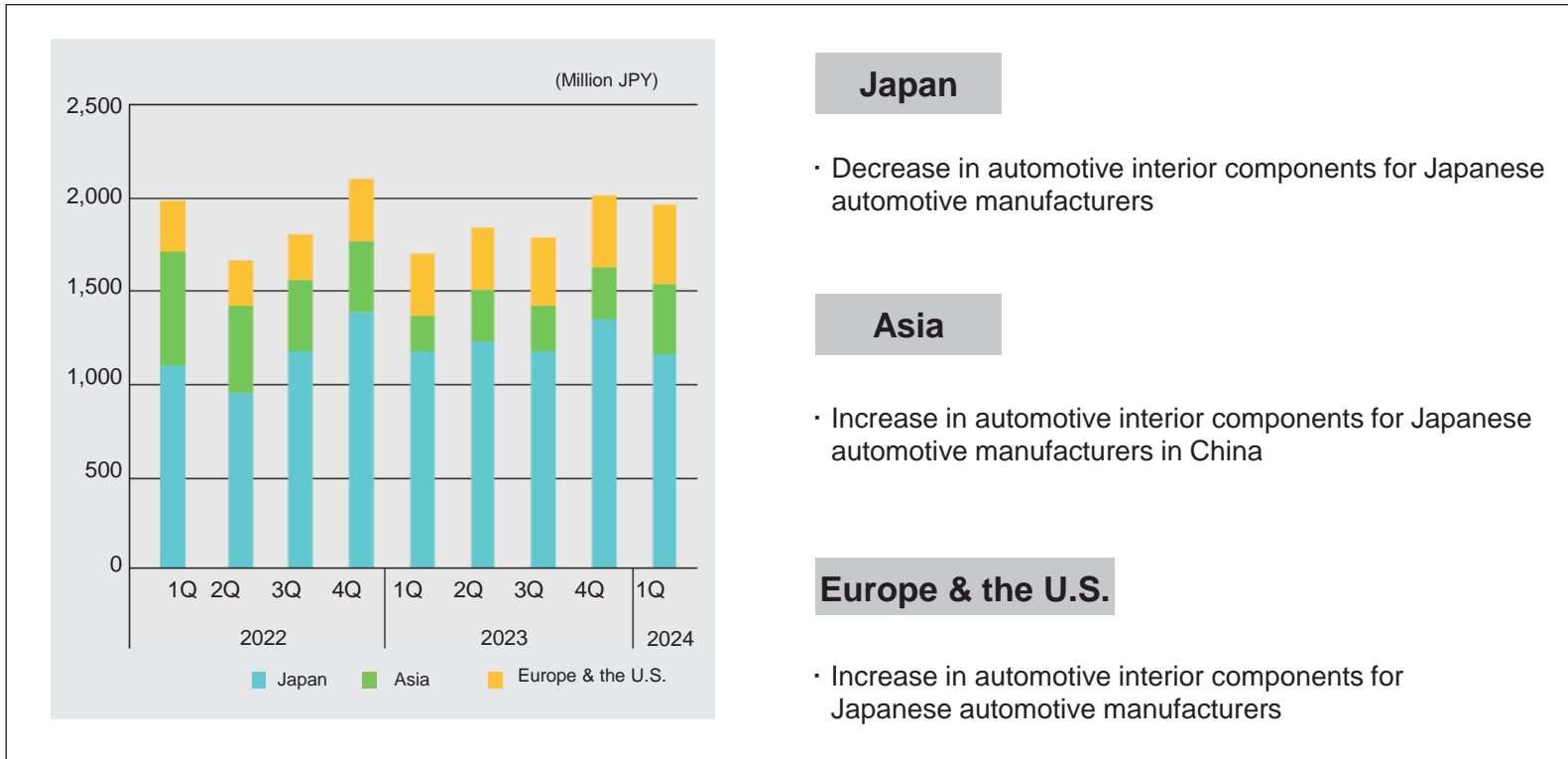
Asia

- On a par with last year

FY2024 1Q Net Sales for Transportation Business

Net sales: 1,922 million JPY Y/Y: +197 million JPY (+11.4%)

Although domestic production was idled due to the stoppage of factory operations by JAMA-affiliated automakers, the pace of production is expected to pick up in 2Q and onward to make up for the loss. Sales in China increased due to the end of the zero-COVID policy. However, we plan to continue withdrawing from unprofitable businesses.



Japan

- Decrease in automotive interior components for Japanese automotive manufacturers

Asia

- Increase in automotive interior components for Japanese automotive manufacturers in China

Europe & the U.S.

- Increase in automotive interior components for Japanese automotive manufacturers

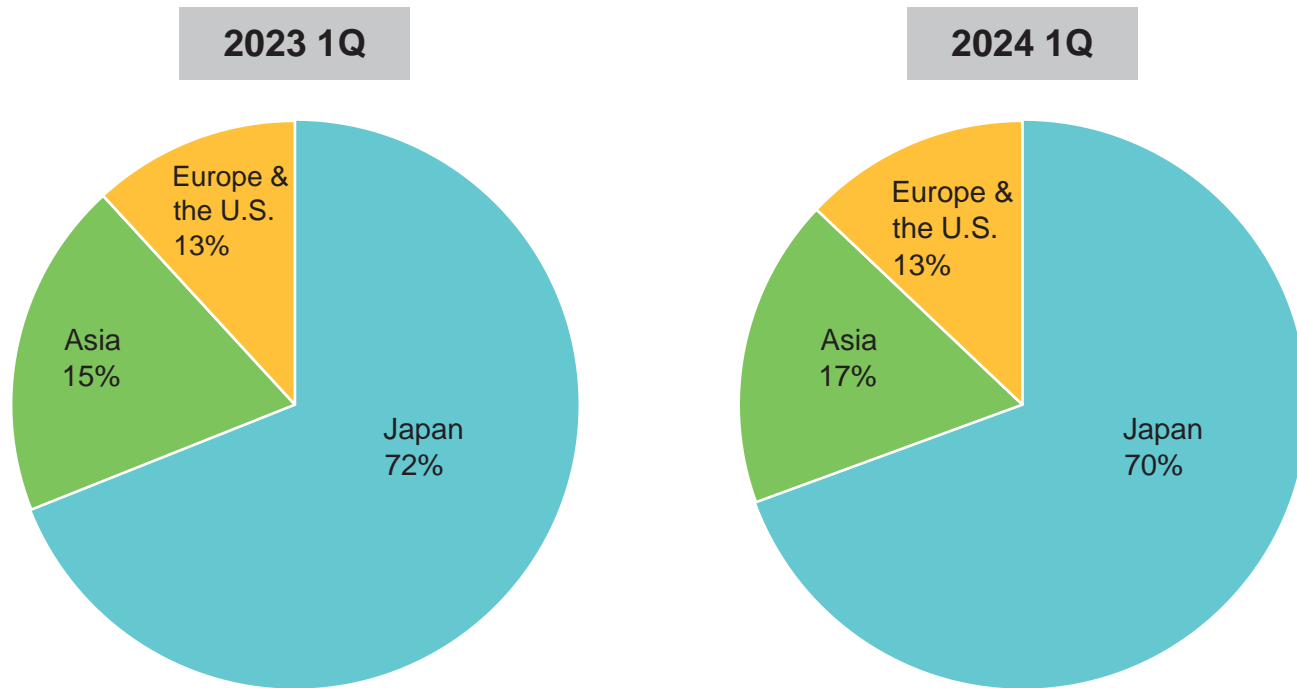
FY2024 1Q Net Sales by Region (Quarterly)

FY2024				
	1Q	Composition	Increase/ Decrease	Y/Y
Japan	8,195	69.8%	-307	-3.6%
Asia	1,969	16.8%	+250	+14.5%
Europe & the U.S.	1,579	13.4%	-3	-0.2%
Total	11,744	100.0%	-60	-0.5%

(Million JPY)

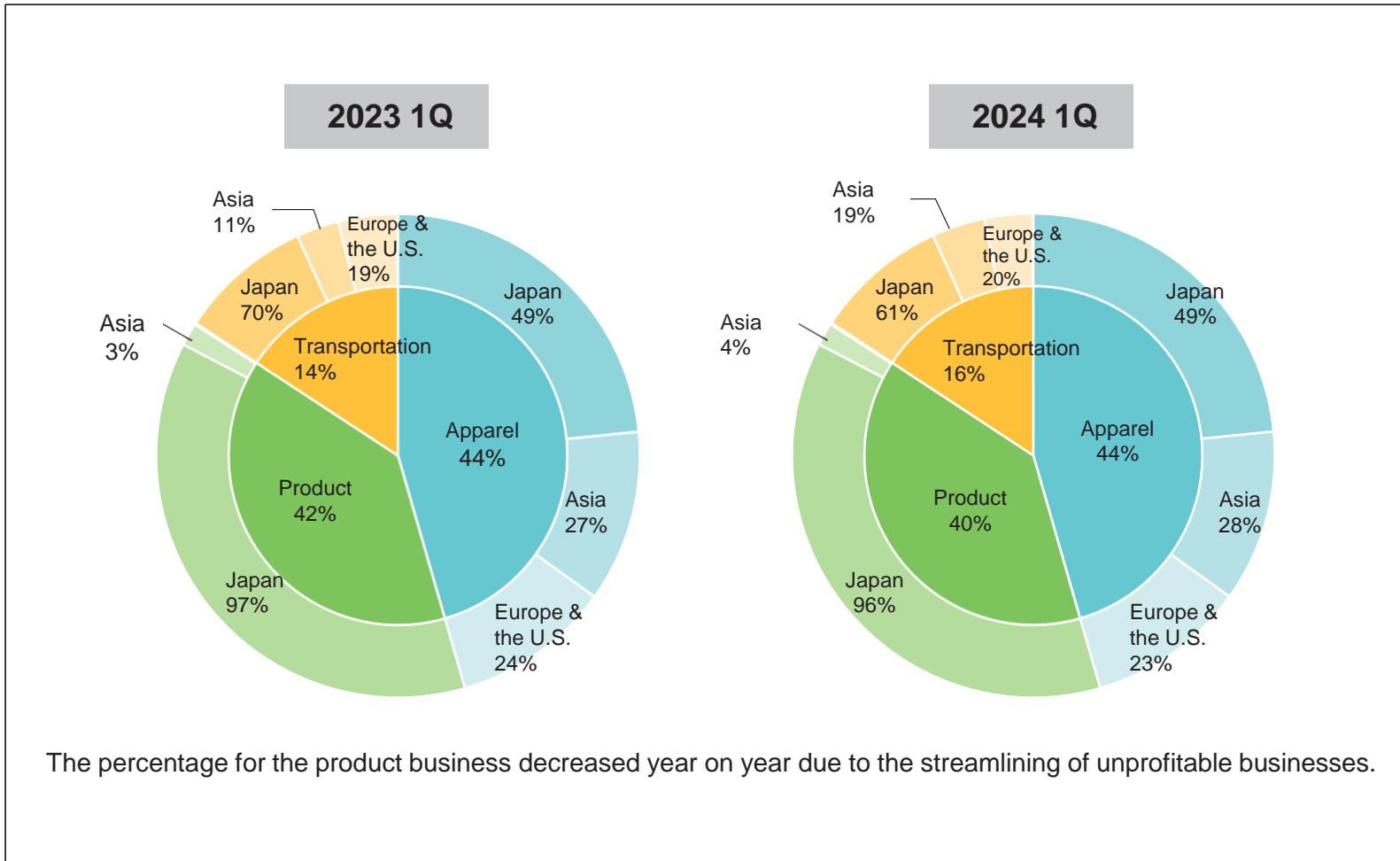
FY2023								
	1Q	2Q	3Q	4Q	Full year	Composition	Increase/ Decrease	Y/Y
Japan	8,502	8,826	7,901	8,841	34,070	70.2%	+554	+1.7%
Asia	1,719	1,864	1,739	2,383	7,705	15.9%	-635	-7.6%
Europe & the U.S.	1,582	1,654	1,763	1,754	6,753	13.9%	+132	+2.0%
Total	11,804	12,344	11,403	12,978	48,529	100.0%	+51	+0.1%

FY2024 1Q Sales Composition by Region



The percentage for Asia increased year on year due to the end of China's zero-COVID policy.

FY2024 1Q Sales Composition by Region & Business

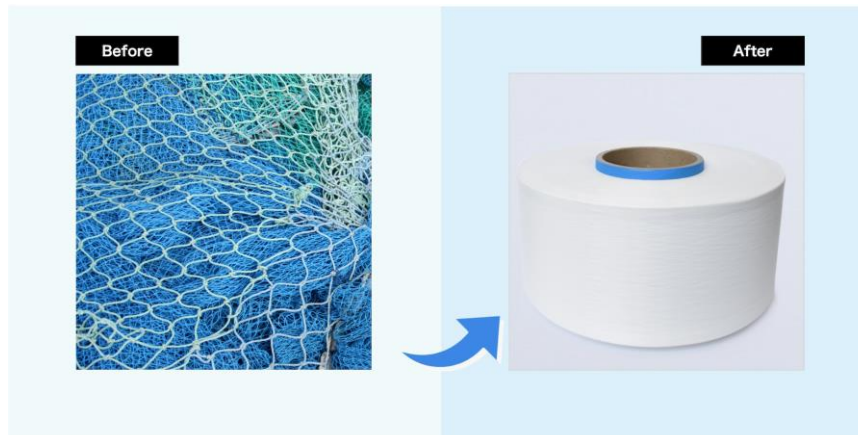


6

Business Topics

Environmental Initiatives Rideeco® New Product, MURON

We started manufacturing MURON, a chemically recycled fiber made entirely from discarded fishing nets collected in Japan. Chemical recycling makes producing stable, high-quality fibers possible. Plans are in the works for adoption and commercialization by several major ocean-related brands.



MURON

Recycled fiber made entirely from discarded fishing nets collected in Japan



1. Collect discarded fishing nets
2. Remove debris from discarded fishing nets
3. Turn discarded fishing nets into recycled nylon resin
4. Chemically recycle recycled nylon resin

*The images are for illustrative purposes only.

Group Company Maneuverline Co., Ltd. (Product Business)

Maneuverline handles products related to active sports such as skateboarding and surfing, which are attracting attention as official sports at the Paris Olympics. It carries a number of brands professional athletes use. Serving as an agency, Maneuverline designs and develops products originating in Japan, and sells products fitted with Morito Group's parts to create a synergistic effect. <https://maneuverline.co.jp/>

<Examples of skateboard brands handled>



etnies



BAKER SKATEBOARDS®



es®



DEATHWISH®



Emerica®



SHAKE JUNT®

<Examples of marine leisure brands handled>



CHANNEL ISLANDS®



RED PADDLE CO®



futures.®



CREATURES OF LEISURE®

Appearance in Nikkei CNBC's "Seme no IR: Market Breakthrough"

Morito's Representative Director, CEO, Takaki Ichitsubo, made an appearance on the program and talked about Morito's business, its strengths, and future growth strategies.



(FYI) Media Coverage

- Ice-Spike was featured on TV programs, etc. as an anti-slip footwear solution for walking on snowy surfaces.



- Our puncture-resistant safety insole was featured on Yahoo! News, etc. as a disaster prevention product.

https://nikkan-spa.jp/1969729?cx_clicks_art mdl=2 title



- New ALL WEATHER HIGH SPEC WEAR products were featured on Yahoo! News, etc.

<https://www.goodspress.jp/news/588146/>

泥も油も
落ちやすい
ホワイト
アクティブウェア

Sustain
White
System



7

Shareholder Returns

Basic Dividend Policy

We regard returning profits to shareholders as one of the most important management issues, and determine the amount of dividends based on the following policy, taking into consideration investment projects and financial conditions (net assets, etc.).

Realize stable and continuous dividend payments

Continue to consider buying back shares whenever necessary and canceling them appropriately

Dividend payout ratio of 50% or more

in relation to profit attributable to owners of parent is the standard

Standard of a dividend on equity (DOE) ratio of 4.0%
(on a consolidated basis)

* 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



Disclaimer

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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 forecast may differ significantly from actual results, due to various factors such as change of business environment.

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MORITO

Where innovation is the norm