

**MORITO CO., LTD.**

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

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Prime Market of TSE: 9837

October 2024

Where innovation is the norm

**MORITO**

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(Announced in January 2024)**
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# Company Profile

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# Morito Group Values

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## 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

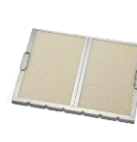
Formal wear/shoes, bags

## 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

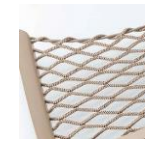
<Examples of products handled>



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

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- **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)**

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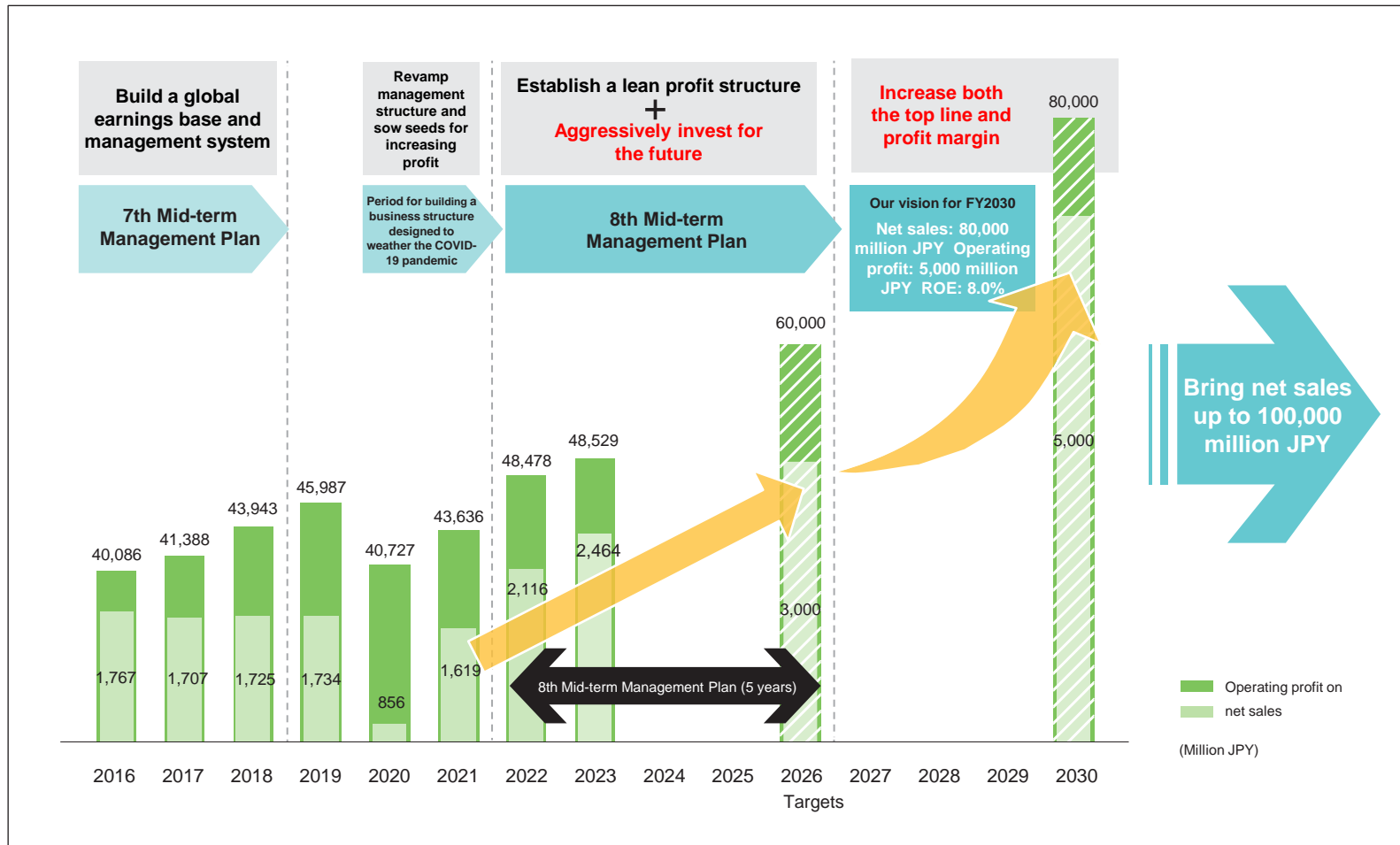


## **Medium- and Long-term Policy Morito's Vision**

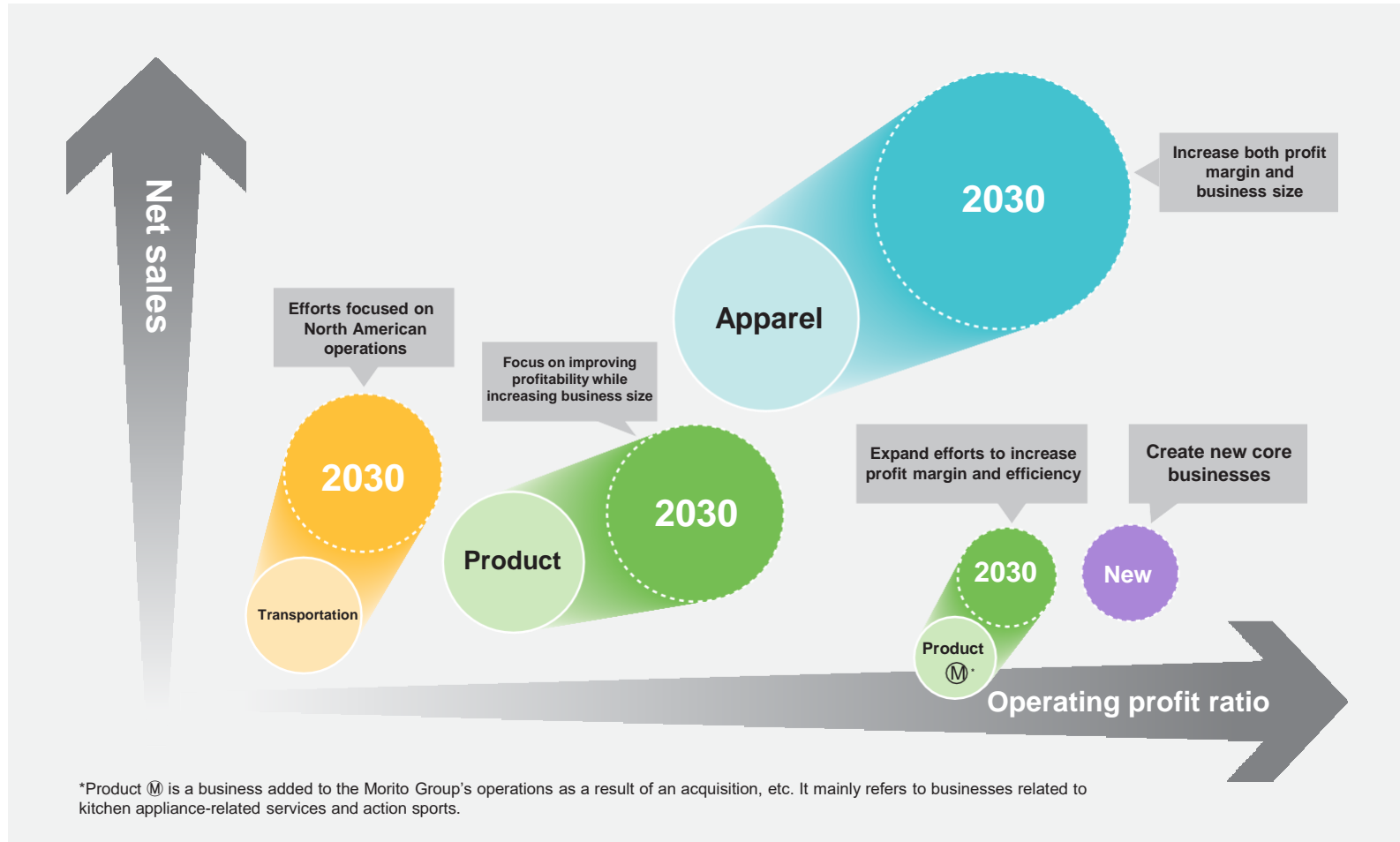
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**Become a global niche top  
company that keeps making a  
big difference in the world with  
small parts**

# Toward Our Long-term Target of 100,000 Million JPY in Net Sales



# Vision for 2030 by Business



# 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 3Q Financial Results Overview**

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## FY2024 3Q Highlights

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- 3Q net sales, operating profit, and ordinary profit hit all-time highs for the third consecutive fiscal year since we began reporting quarterly results.
- Continued efforts focused on profitability, such as revising sales terms and conditions in each business mainly in Japan; earning high marks for improved profits, including gross profit ratio.
- The apparel and product businesses were affected by inventory adjustments and production cutbacks by manufacturers in Japan due to a warm winter and the end of the post-pandemic surge in demand.
- The apparel business recovered from stagnant demand for products sold in Europe and the U.S. and inventory adjustments.

## FY2024 3Q Summary of Financial Results

(Million JPY)	(Reference) FY2022 3Q	FY2023 3Q	FY2024 3Q	Y/Y	
				Increase/ Decrease	Percentage change
<b>Net sales</b>	35,172	35,551	<b>35,625</b>	+73	+0.2%
<b>Gross profit</b>	9,135	9,607	<b>10,403</b>	+796	+8.3%
<b>(%)</b>	(26.0%)	(27.0%)	<b>(29.2%)</b>		
<b>Cost</b>	7,549	7,856	<b>8,249</b>	+393	+5.0%
<b>(%)</b>	(21.5%)	(22.1%)	<b>(23.2%)</b>		
<b>Operating profit</b>	1,586	1,750	<b>2,153</b>	+403	+23.0%
<b>(%)</b>	(4.5%)	(4.9%)	<b>(6.0%)</b>		
<b>Ordinary profit</b>	1,747	1,993	<b>2,285</b>	+292	+14.7%
<b>(%)</b>	(5.0%)	(5.6%)	<b>(6.4%)</b>		
<b>Net income</b>	1,242	1,729	<b>1,919</b>	+189	+11.0%
<b>(%)</b>	(3.5%)	(4.9%)	<b>(5.4%)</b>		

# FY2024 3Q Major Factors for Y/Y Changes

Net sales rose slightly, while profits, especially gross profit, increased significantly.

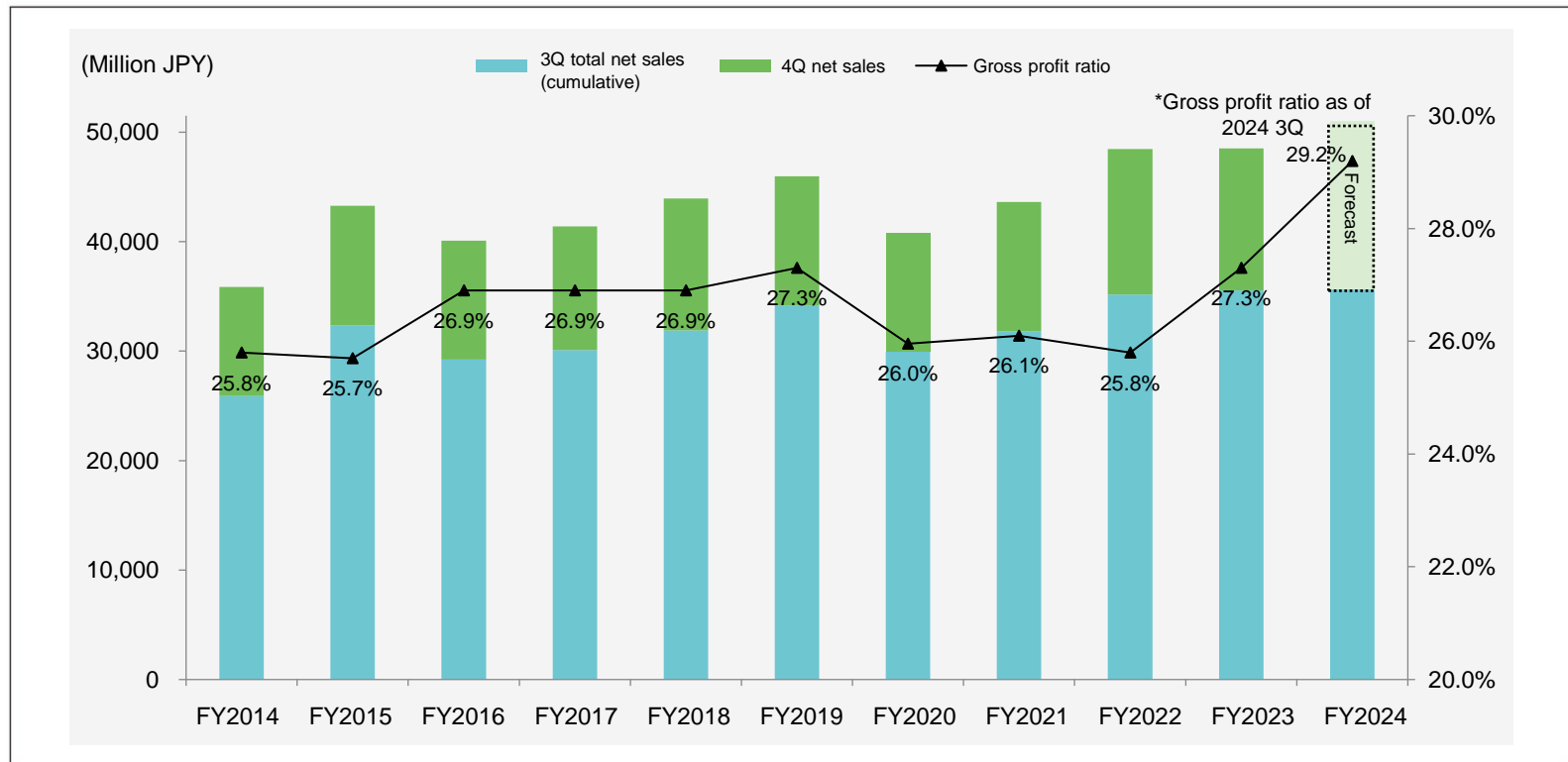
	Y/Y	Major factors for changes (+) Factor for increase (-) Factor for decrease
<b>Net sales</b>	+73 million JPY +0.2%	(+) Sales of products for Europe and the U.S. recovering from the impact of inventory adjustments (-) Inventory adjustments in Japan, mainly in the apparel and product businesses (-) Lingering effects of production stoppages at some automakers
<b>Gross profit</b>	+796 million JPY +8.3%	(+) Growing awareness of sales personnel about the need to increase profitability via sales activities, withdrawal from unprofitable businesses, etc. (+) Effect of product mix
<b>Operating profit</b>	+403 million JPY +23.0%	(+) Improved gross profit ratio (+) Reduced transportation costs (-) Increased costs due to travel/transportation, personnel, and other expenses
<b>Ordinary profit</b>	+292 million JPY +14.7%	(+) Increase in operating profit
<b>Net income</b>	+189 million JPN +11.0%	(+) Increase in extraordinary income due to sales of investment securities (cross-shareholdings)



# FY2024 3Q Trends in Net Sales & Gross Profit Ratio

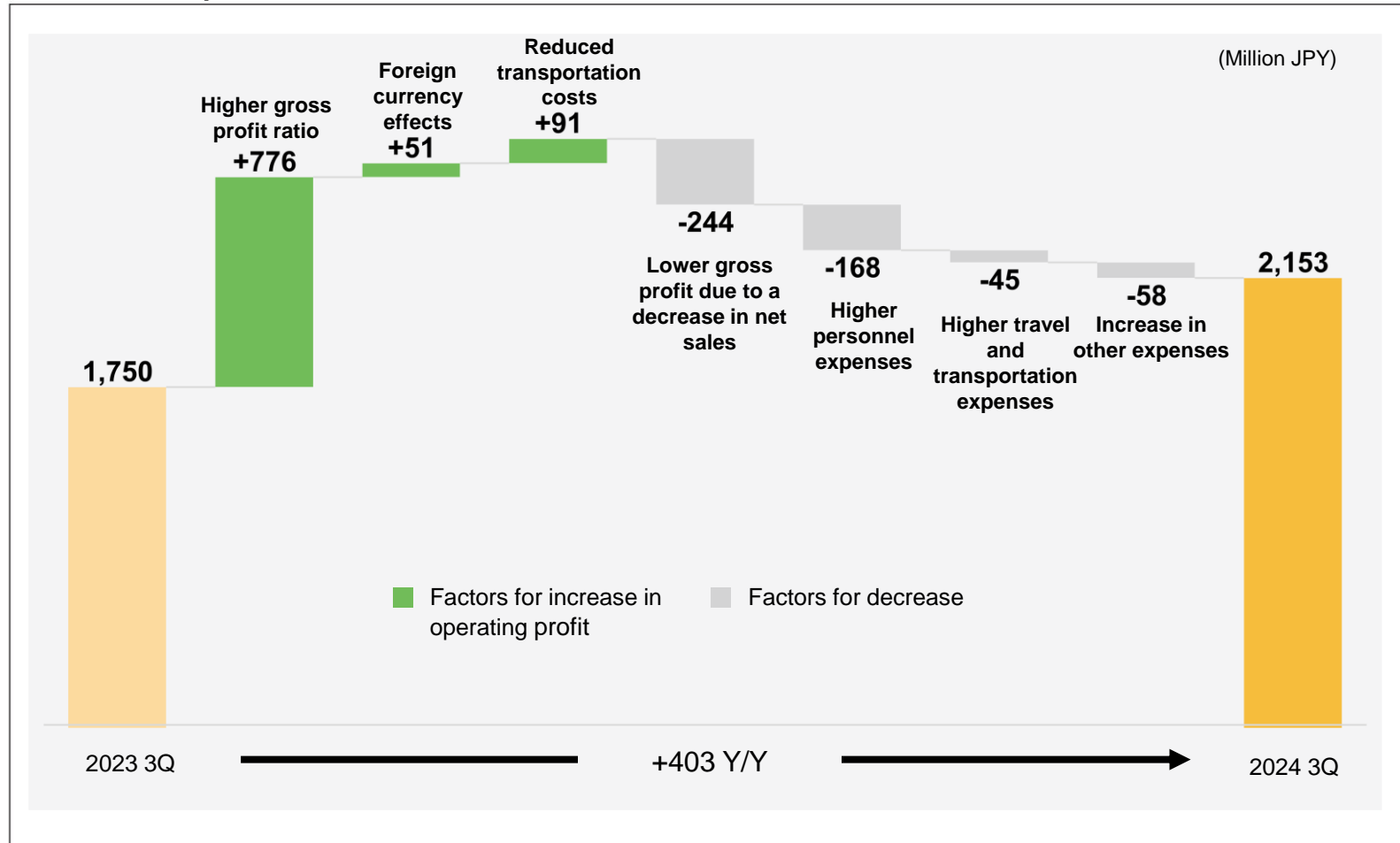
## [Positive factors for gross profit ratio]

- Changes in sales terms and conditions for each business mainly in Japan
- Effect of product mix
- Ongoing awareness-raising among sales personnel about the need for higher profit margins



# FY2024 3Q Changes in Operating Profit (Y/Y)

Reduced transportation costs had a positive effect, on top of the improved gross profit ratio. Personnel expenses were on the rise.



# FY2024 3Q Consolidated Balance Sheet

CCC improved. Although we moved ahead with the sale of cross-shareholdings, their market value increased due to rising stock prices.

(Million JPY)

	2023 4Q	2024 3Q
<b>Assets</b>		
Current assets	31,149	31,448 (+298)
Fixed assets	20,280	21,671 (+1,391)
<b>Total assets</b>	<b>51,429</b>	<b>53,120</b> (+1,690)

	2023 4Q	2024 3Q
<b>Liabilities</b>		
Current liabilities	8,589	8,311 (- 277)
Fixed liabilities	4,382	4,594 (+211)
<b>Total liabilities</b>	<b>12,972</b>	<b>12,906</b> (- 65)
<b>Net assets</b>		
Shareholders' equity	32,673	32,672 (- 1)
Accumulated other comprehensive income	5,760	7,541 (+1,780)
Share acquisition rights	23	0 (-23)
<b>Total net assets</b>	<b>38,457</b>	<b>40,213</b> (+1,756)
<b>Total liabilities and net assets</b>	<b>51,429</b>	<b>53,120</b> (+1,690)

Equity ratio FY2024 Q3: 75.7%  
(FY2023 Q4: 74.7%)

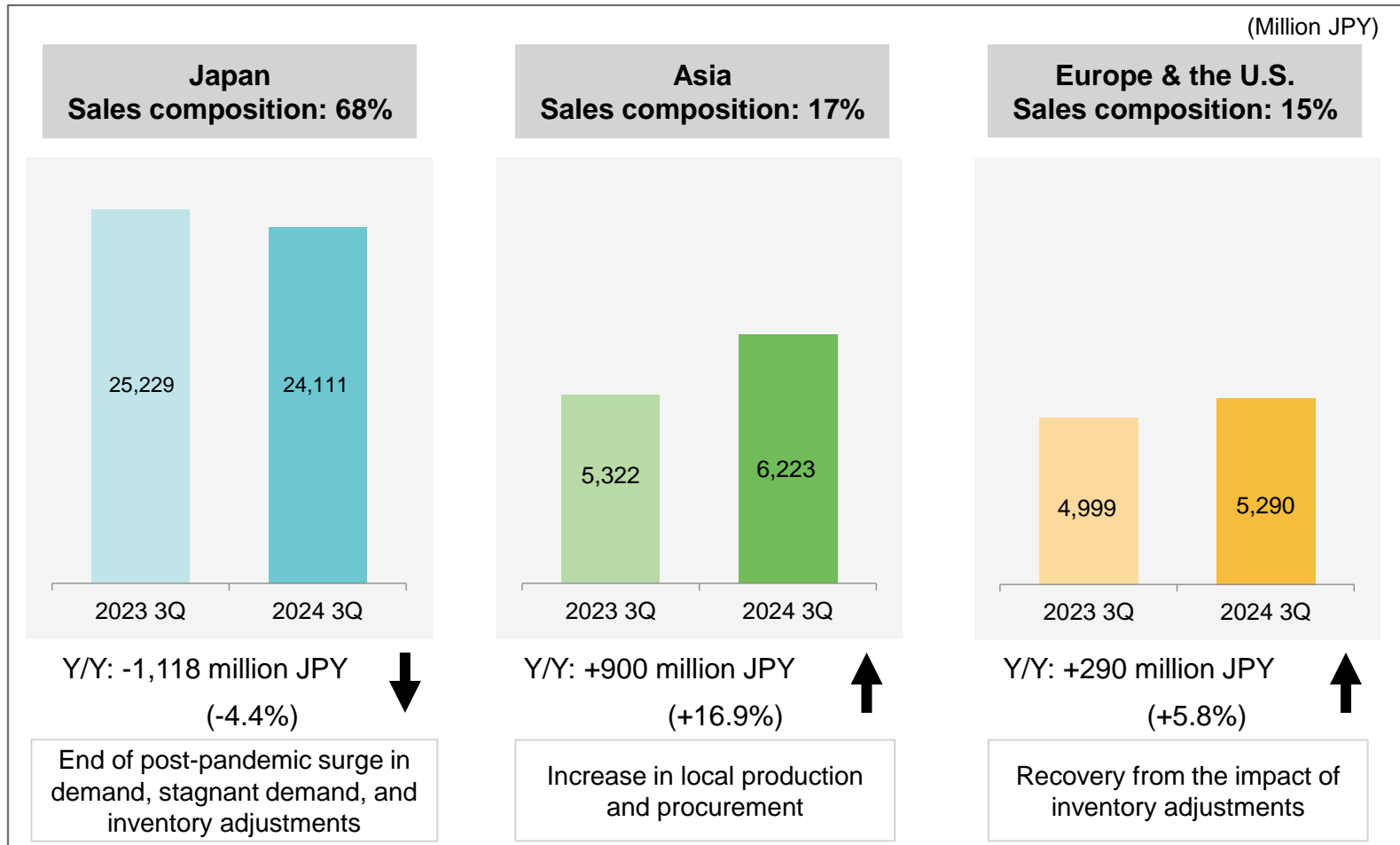
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## **FY2024 3Q Segment Information**

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# FY2024 3Q Net Sales and External Environment by Region

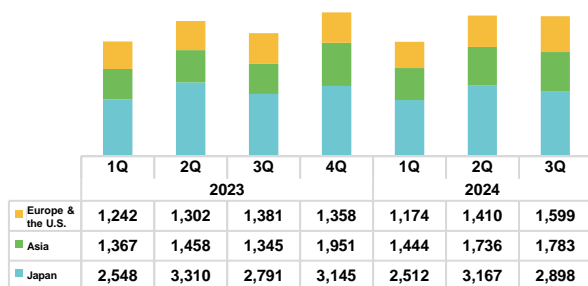
(Million JPY)



# FY2024 3Q Net Sales and Comments by Business

	Net sales				Y/Y			Comments		
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## Apparel Business 17,728 million JPN



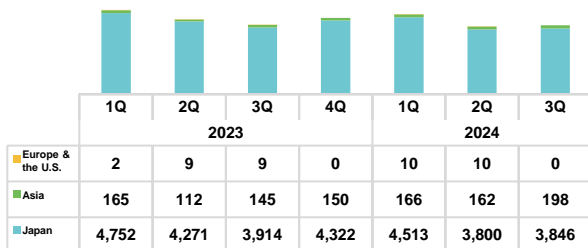
**+978 million JPN**  
**+5.8%**

[Japan]  
 (+) 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  
 (+) Strong sales of environmentally friendly products  
 (-) Sluggish sales mainly for workwear and casual wear due to the end of post-pandemic surge in demand, stagnant demand, and inventory adjustments

[Asia]  
 (+) Increase in accessories for casual wear 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 accessories

## Product Business 12,709 million JPN

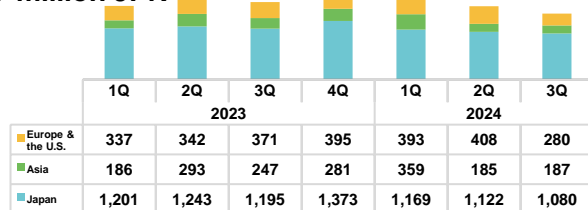


**-674 million JPY**  
**-5.0%**

[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 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

## Transportation Business 5,187 million JPN



**-230 million JPY**  
**-4.3%**

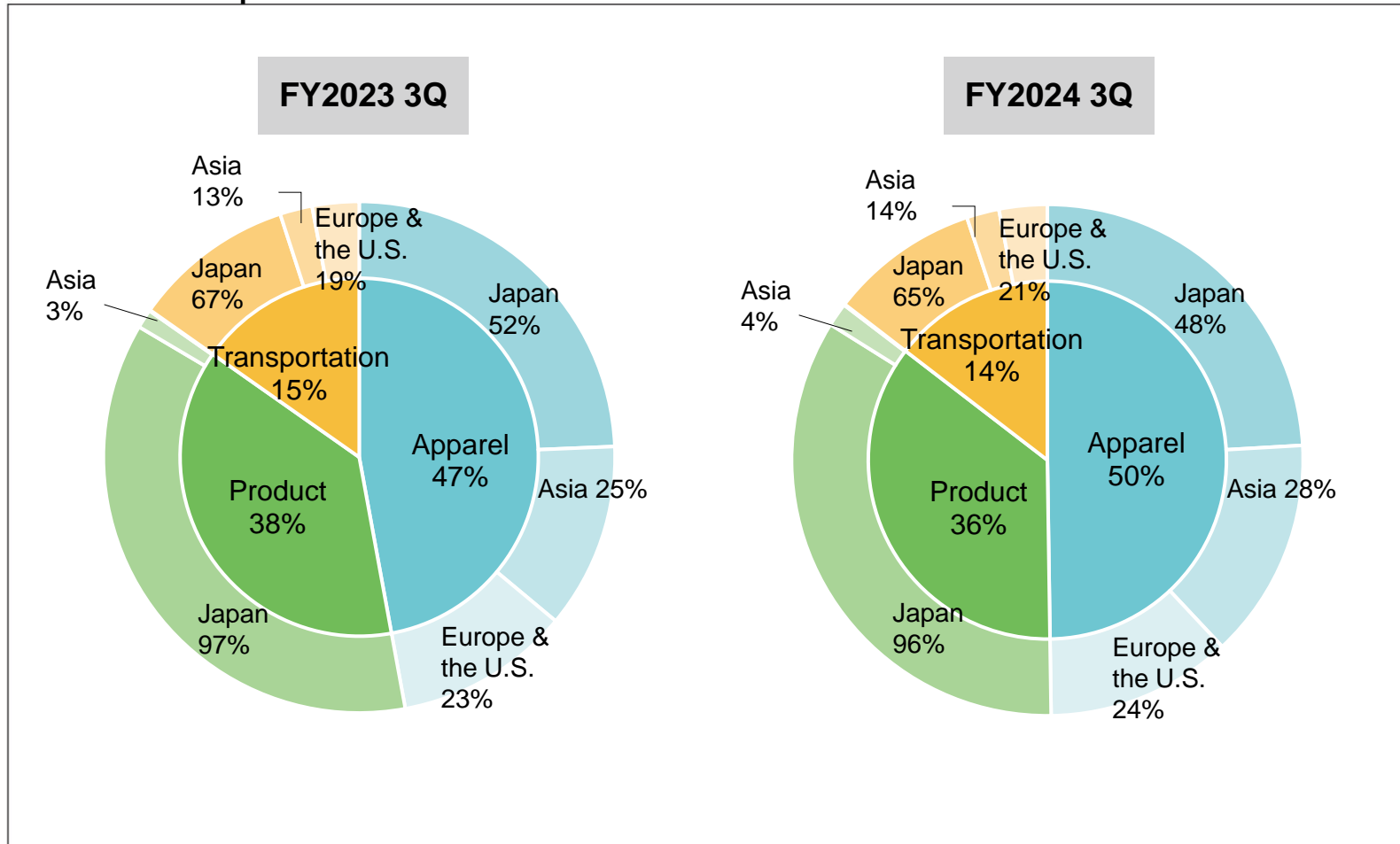
[Japan]  
 (-) Decrease in automotive interior parts for Japanese automakers due to the continuing impact of production stoppages by some manufacturers

[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 in North America  
 (-) Started withdrawing from some unprofitable businesses in Europe

# (FYI) FY2024 3Q Sales Composition by Region & Business

The percentage for Asia and Europe & the U.S. increased in the apparel business due to growing demand in Europe and the U.S.



## (FYI) FY2024 3Q Net Sales by Segment

(Million JPY)

FY2024							
	1Q	2Q	3Q	3Q Total	Composition	Increase/Decrease	Y/Y
Japan	8,195	8,090	7,826	24,111	67.7%	-1,118	-4.4%
Asia	1,969	2,085	2,169	6,223	17.5%	+900	+16.9%
Europe & the U.S.	1,579	1,830	1,881	5,290	14.8%	+290	+5.8%
<b>Total</b>	<b>11,744</b>	<b>12,005</b>	<b>11,875</b>	<b>35,625</b>	<b>100.0%</b>	<b>+73</b>	<b>+0.2%</b>

FY2023									
	1Q	2Q	3Q	3Q Total	4Q	Full year	Composition	Increase/Decrease	Y/Y
Japan	8,502	8,826	7,901	25,229	8,841	34,070	70.2%	+554	+1.7%
Asia	1,719	1,864	1,739	5,322	2,383	7,705	15.9%	-635	-7.6%
Europe & the U.S.	1,582	1,654	1,763	4,999	1,754	6,753	13.9%	+132	+2.0%
<b>Total</b>	<b>11,804</b>	<b>12,344</b>	<b>11,403</b>	<b>35,551</b>	<b>12,978</b>	<b>48,529</b>	<b>100.0%</b>	<b>+51</b>	<b>+0.1%</b>



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**FY 2024.11 Full-Year  
Forecast**

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# FY2024 4Q Outlook

We will keep high profitability although the external environment will remain harsh due to inventory adjustments, especially in Japan.

<b>Apparel Business</b>	<b>Japan</b>	Sales of environmentally friendly products will be strong. The impact of inventory adjustments and manufacturers' production cuts is expected to continue somewhat. A shorter sales period and lower sales volumes for winter products are expected due to the summer heatwaves and lingering warm weather.
	<b>Asia</b>	Sales of products for Europe and the U.S. will recover from the impact of inventory adjustments. Efforts to promote local production for local consumption for products to be sold in the Japanese market are expected to continue.
	<b>Europe &amp; the U.S.</b>	Sales volumes will increase due to growing demand.
<b>Product Business</b>	<b>Japan</b>	Sales of products for one-coin shops will remain strong. The kitchen appliance-related services business is also expected to remain robust. Sales of active sports products will be slow due to the weak yen, inventory adjustments, and heat waves. We will continue to revise sales terms and conditions mainly for the ODM and OEM businesses. The sales volume for winter insoles may vary slightly.
	<b>Asia</b>	No significant increase or decrease is expected.
<b>Transportation Business</b>	<b>Japan</b>	Automakers that stopped production in 1Q are expected to increase the pace of production to make up for the loss by the end of FY2024. There will be no new model launches, etc. for the rest of FY2024.
	<b>Asia</b>	We finished withdrawing from unprofitable businesses in China.
	<b>Europe &amp; the U.S.</b>	Sales are expected to be affected by the delay in the launch of mass-produced parts for new car models in North America.

## Progress with FY2024 Full-Year Forecast

The impact of the warm winter and inventory adjustments, especially on the domestic apparel and product businesses, is believed to have bottomed out in the first half of FY2024, but took a toll on the 3Q results, resulting in net sales falling short of the target.

(Million JPY)

	2024 3Q	2024 Full-Year Forecast	Progress
Net sales	35,625	51,000	69.9%
Operating profit	2,153	2,600	82.8%
Operating profit ratio	6.0%	5.1%	
Ordinary profit	2,285	2,800	81.6%
Ordinary profit ratio	6.4%	5.5%	
Net income	1,919	2,300	83.4%
Net income ratio	5.4%	4.5%	

# 6

## **Business Topics**

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# Environmental Initiatives Rideeco®

Rideeco is one of our key growth strategies under the 8th Mid-term Management Strategy. Sales of fabrics and materials made from discarded fishing nets were strong. They were adopted for new applications, such as rewards for the Kaiyukan Aquarium's crowdfunding campaign. We also started selling MURON, a fiber made entirely from discarded fishing nets collected in Japan.



We started selling MURON, a new product developed this fiscal year. It has been adopted by multiple customers as a result of our enhanced efforts to make proposals to new customers.



Items using the fabric made from discarded fishing nets were adopted as rewards for Kaiyukan's crowdfunding campaign.

# Environmental Initiatives Rideeco®

## Joint Initiatives with Sports Teams

Once again this year, we worked on the upcycling project using pants that are going to be discarded after being used by Orix Buffaloes players. We also got high marks for our on-site SDG classes conducted jointly with the Chiba Lotte Marines at ZOZO Marine Stadium.



Upcycled amulet made from pants used by Orix Buffaloes players



On-site class at ZOZO Marine Stadium

# Apparel Business Solo Exhibition

We had a solo exhibition with the aim of boosting sales of products for high-end apparel brands. The exhibition showcased brand-name products and new products featuring sophisticated designs and functionality.



## (FYI) Media Coverage

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- **Our group company, Maneuverline, was featured in Asahi Television Broadcasting Corporation's "Pekopa's Marusupo."**

<https://www.asahi.co.jp/marusupo/index.html>

- **A Maneuverline employee was featured in a Livedoor news article on skateboarding.**

<https://news.livedoor.com/article/detail/26807267/>

- **Our on-site SDG classes conducted jointly with the Chiba Lotte Marines at ZOZO Marine Stadium were featured in the Nihon Keizai Shimbun.**

<https://www.nikkei.com/article/DGXZQOCC303S20Q4A630C200000/>



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## Shareholder Returns

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# 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**

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

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

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

\*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

We adopted a revised basic dividend policy in FY2023.



# Disclaimer

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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.

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Relations Department



# MORITO

Where innovation is the norm