

MORITO CO., LTD.

Update for the Fiscal Year Ending November 2025

Measures to Realize Management Conscious of Cost of Capital and Stock Price

Where innovation is the norm **MORITO**

Measures to Realize Management Conscious of Cost of Capital and Stock Price

Update for the Fiscal Year Ending November 2025

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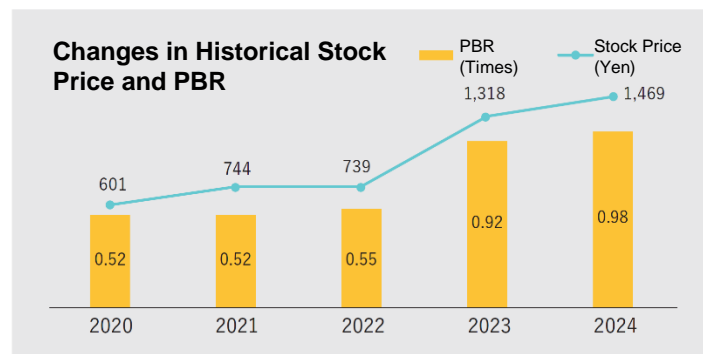
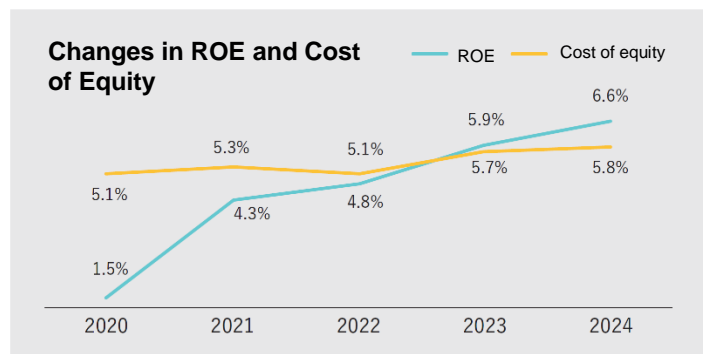
I. Analysis and Assessment of the Current Situation (1)

Our Approach to Cost of Equity

● Our Approach to Cost of Equity



- Our cost of equity is approximately 5.8% based on CAPM calculations
- Our ROE as of the end of the previous period was 6.6%, and taking into account factors such as the liquidity risk premium, we recognize that this is far from the investors' expectations for ROE
- PBR has been on an upward trend for the past few years, but is now hovering at 1x
- We believe there is a need to achieve at least 8% ROE as soon as possible



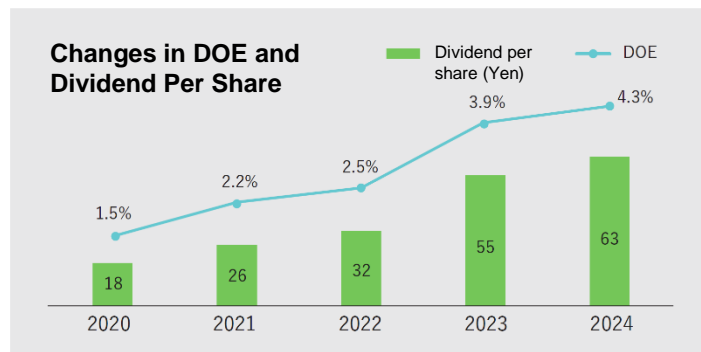
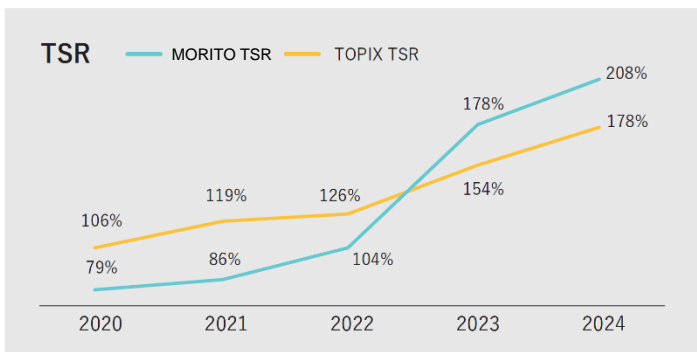
I. Analysis and Assessment of the Current Situation (2) PBR and TSR

● PBR=ROE × PER

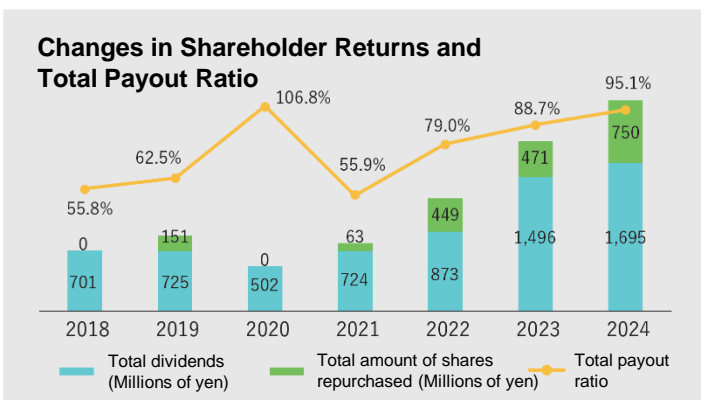
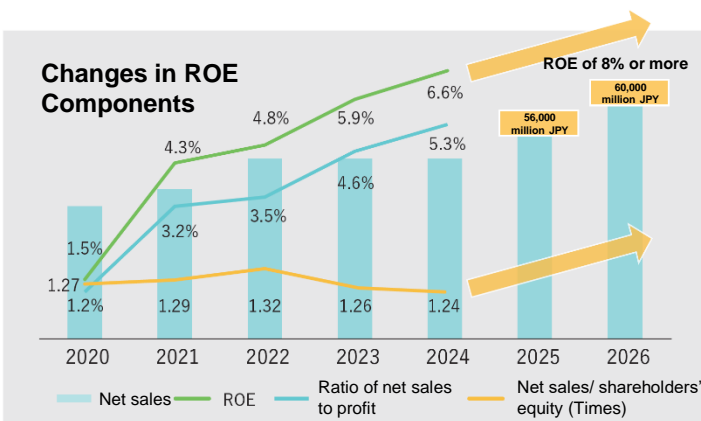
- With the PBR hovering around 1, MORITO needs to further strengthen its focus on ROE, which it can control
- Net sales have remained flat for three consecutive years and are significantly out of line with the 8th Mid-Term Management Plan (net sales of 60,000 million yen), so the expansion of net sales is imperative in order to realize growth potential and improve ROE
- Maintain and improve PER by promoting future growth strategies to investors and making them a reality

● TSR (Total Shareholder Return)

- By proactively working to realize management that is conscious of the cost of capital, we have exceeded the TOPIX TSR for two consecutive years and our dividend policy DOE has also exceeded the 4% standard. We will continue to focus on maintaining and expanding this



II. Future Initiatives (1) Improving ROE



Policy

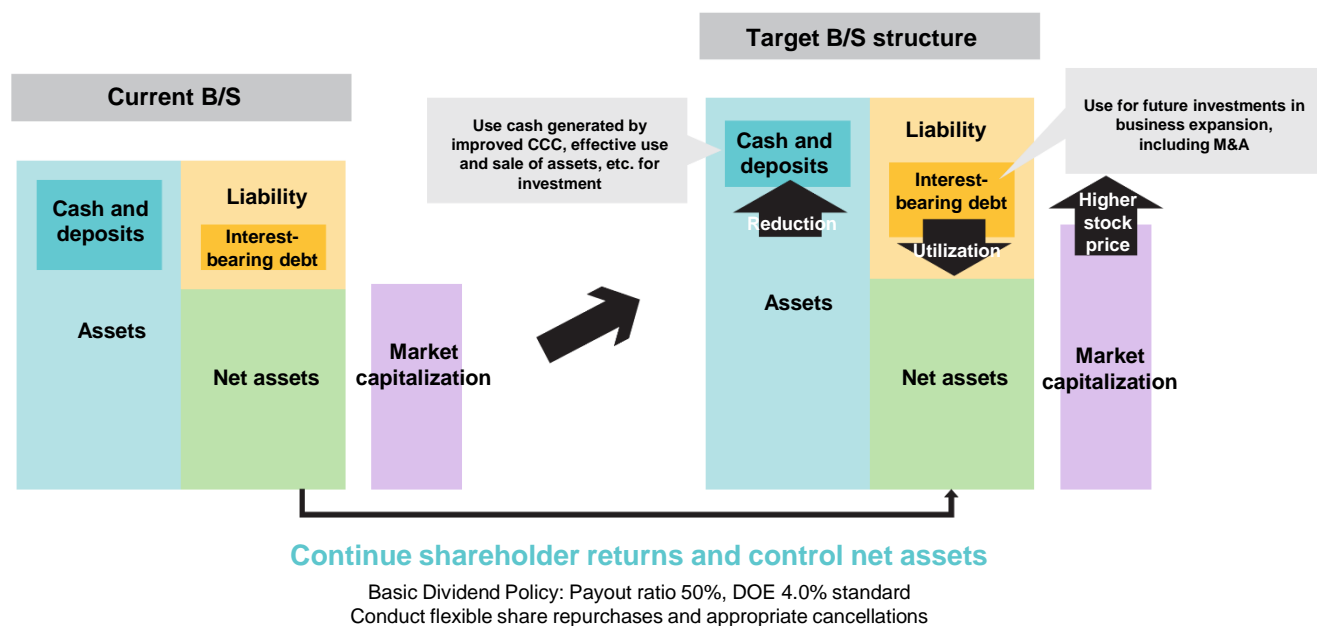
$$\text{ROE} = \frac{\text{Ratio of net sales to profit}}{\text{Net sales}} \times \frac{\text{Net sales}}{\text{Shareholders' equity}}$$

- ROE is being improved by improving profit margins, a component of ROE
- On the other hand, net sales have been flat for the past three years and future growth potential has not been demonstrated
- We will proactively return profits to shareholders through dividends and share buybacks in order to limit excessive accumulation of shareholders' equity
- We will continue to maintain a lean profit structure, expand net sales through organic growth and synergies with existing businesses through M&A, and aim to improve ROE by continuing to maintain high total shareholder returns

◎ **Achieve an ROE of 8% or more by the final year of the 8th Mid-Term Management Plan**

II. Future Initiatives (2) Capital Policy - The Balance Sheet We Are Aiming For

- Proactively use cash generated from the sale of cross-shareholdings, etc.
- Expand business through M&A and other growth investments
- Improve capital efficiency by utilizing interest-bearing debt
- Continue to actively return profits to shareholders through dividends and share buybacks, control net assets



II. Future Initiatives (3) Dialogue with Investors - IR Activities

For the fiscal year ended November 2024, we actively approached institutional and individual investors as follows.

Opinions obtained through dialogue with investors are regularly reported to the Board of Directors and reflected in IR activities.

2024.1Q	2024.2Q	2024.3Q	2024.4Q
Financial results briefings	Video streaming of ordinary general meeting of shareholders	Semiannual financial results briefing	Video streaming for individual investors
Distribution of external report (Japanese/English)	IR seminar for individual investors (YouTube)	Distribution of external report (Japanese/English)	IR seminar for individual investors

Main IR Activities	Frequency	Main Correspondents	Overview of Participants
Financial results briefings	Twice	Representative Director and CEO	Institutional fund managers, analysts, etc. in Japan
Individual IR meetings	39 times	Representative Director and CEO, IR Manager	Institutional fund managers, analysts, etc. in Japan
Small meetings	Once	IR Manager	Institutional fund managers, analysts, etc. in Japan
Individual investor briefings	Twice	Representative Director and CEO, IR Manager	Individual investors

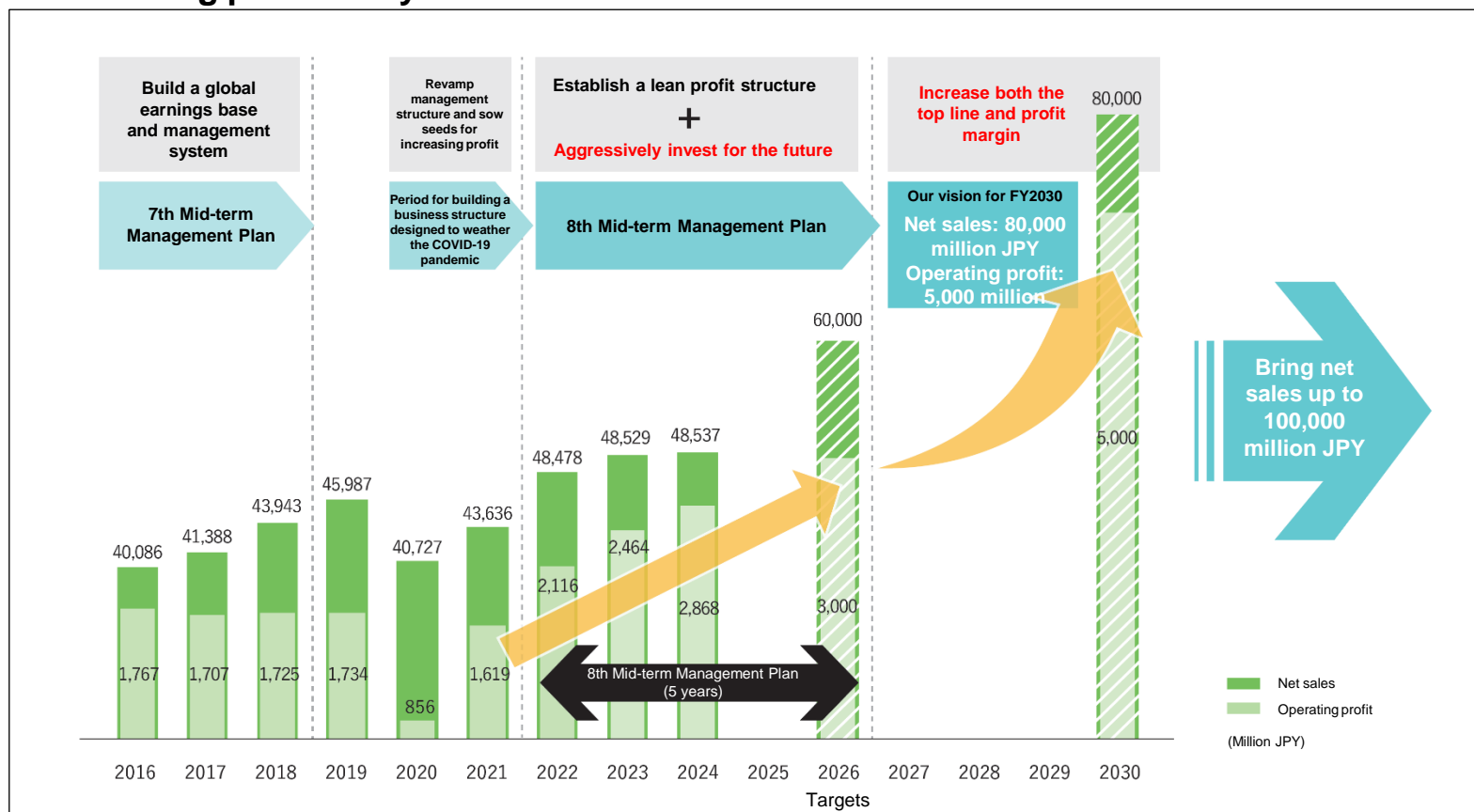
● Main themes and concerns of the dialogues

- Market environment and our situation in each business and business region
- Sustainability of profit margin improvements through structural reforms
- M&A progress
- Medium- to long-term growth strategy
- Our approach to capital efficiency such as ROE and ROIC, stock price, etc.
- Shareholder return policy

Progress in the 8th Mid-Term Management Plan

1. Toward Our Long-term Target of 100,000 Million JPY in Net Sales under the 8th Mid-Term Management Plan

Aim to expand the scale of sales through aggressive investments such as M&A while maintaining profitability



Progress in the 8th Mid-Term Management Plan

2. 8th Mid-Term Management Plan - Cash Allocation (Investment Strategy)

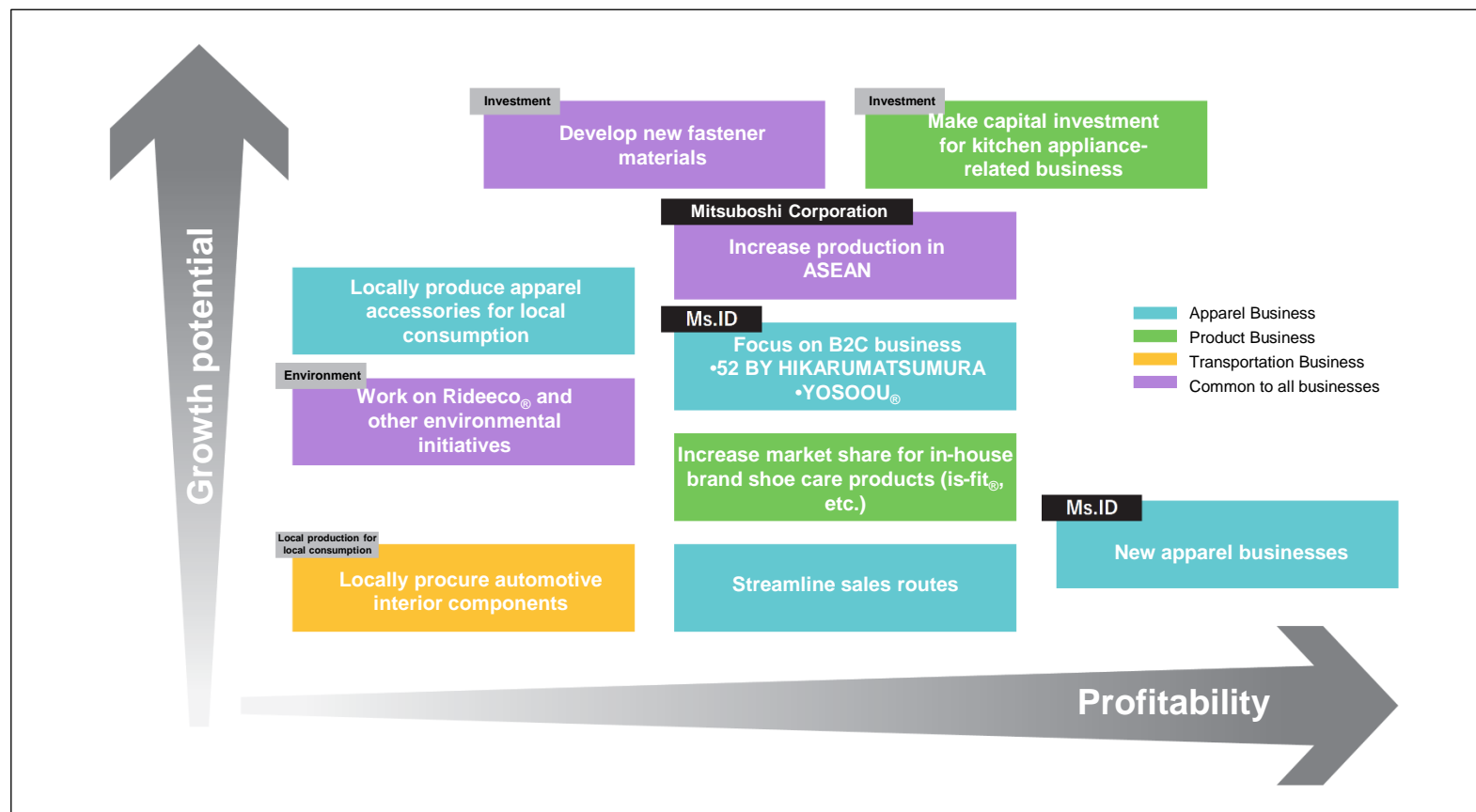
Cash generated from the sale of cross-shareholdings will be invested in M&A, initiatives to reduce environmental impact, etc.

Growth investment	Total investment for FY2024 – FY2026	FY2024 results	
New product development expenses	500 million JPY	<ul style="list-style-type: none"> Held a solo exhibition to boost sales to high-end apparel brands 	
Initiatives to reduce environmental impact	500 million JPY	<ul style="list-style-type: none"> Improved efficiency of plating process at our plant in the U.S. Developed and expanded sales of sustainable products 	
Capital investment	600 million JPY	<ul style="list-style-type: none"> Made capital investments in our U.S. plant Established an in-house service center and bolstered equipment for kitchen appliance-related services 	
Strengthening B2C	300 million JPY	<ul style="list-style-type: none"> Worked on advertising and promotion of 52 BY HIKARUMATSUMURA and YOSOOU Strengthened lineup of existing B2C products 	Results 1,110 million JPY
Building data infrastructure and enhancing BI functions	500 million JPY	<ul style="list-style-type: none"> Built data infrastructure and enhanced BI functions 	
Investing in human capital	100 million JPY	<ul style="list-style-type: none"> Worked on initiatives aimed at improving employee engagement 	
M&A	5,000 million	<ul style="list-style-type: none"> Ms.ID and Mitsuboshi Corporation became subsidiaries The number of deals is increasing, and we will continue to actively look into future deals 	
Shareholder returns	6,000 million	<ul style="list-style-type: none"> Paid dividends and bought back shares based on our basic policy 	Results 3,150 million JPY

Progress in the 8th Mid-Term Management Plan

3. 8th Mid-Term Management Plan - Overview of the Growth Strategy

Growth Strategies and Progress



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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the norm**