

MORITO CO.,LTD

1st section of TSE : 9837

Presentation Materials

for the Third Quarter of Fiscal Year Ended  
November 30, 2021, Financial Results

October 2021

**MORITO**

1. FY2021.11 3Q Financial Results
2. FY2021.11 3Q Business Overview
3. Revision of Forecast of Consolidated Business Results
4. Business Topics
5. Shareholder Returns

# FY2021 3Q Progress & Highlights

- Impacts of closures and adjusting inventories in department stores and mass retailers caused by COVID-19. Impact of reducing and stopping production by automakers due to semiconductor shortage.
- Business for baby wear, medical wear and working wear has remained firm. Sales of products related to outdoor sports and activities increased.
- Compared to YoY, net sales +6%, operating income +164%, net income +352%.
- FY2021 full-year forecast revised upward.

# FY2021 3Q Summary of Financial Results

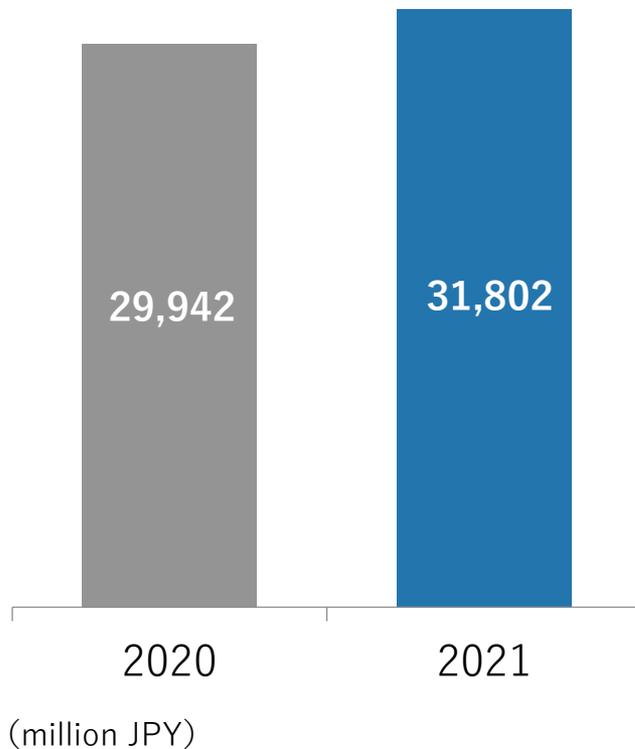
(Million JPY)

	2020 3Q	2021 3Q	Increase/ Decrease	Y/Y
Net sales	29,942	31,802	+1,860	+6.2%
Gross profit	7,750	8,272	+522	+6.7%
Gross profit ratio	25.9%	26.0%		
Cost	7,331	7,168	-163	-2.2%
Cost ratio	24.5%	22.5%		
Operating income	418	1,104	+686	+163.7%
Operating income ratio	1.4%	3.5%		
Ordinary income	417	1,259	+842	+201.9%
Ordinary income ratio	1.4%	4.0%		
Net income	167	757	+590	+352.1%
Net income ratio	0.6%	2.4%		

# 2021FY 3Q Net Sales

Net sales : 31,802 million JPY      Y/Y : +1,860 million JPY (+6.2%)

Despite the impacts of COVID-19 and the semiconductor shortage, the apparel business such as babywear, medical wear, and working wear has remained firm.



**Japan      21,967million JPY**

Y/Y +862 million JPY (+4.1%)

**Asia      5,963million JPY**

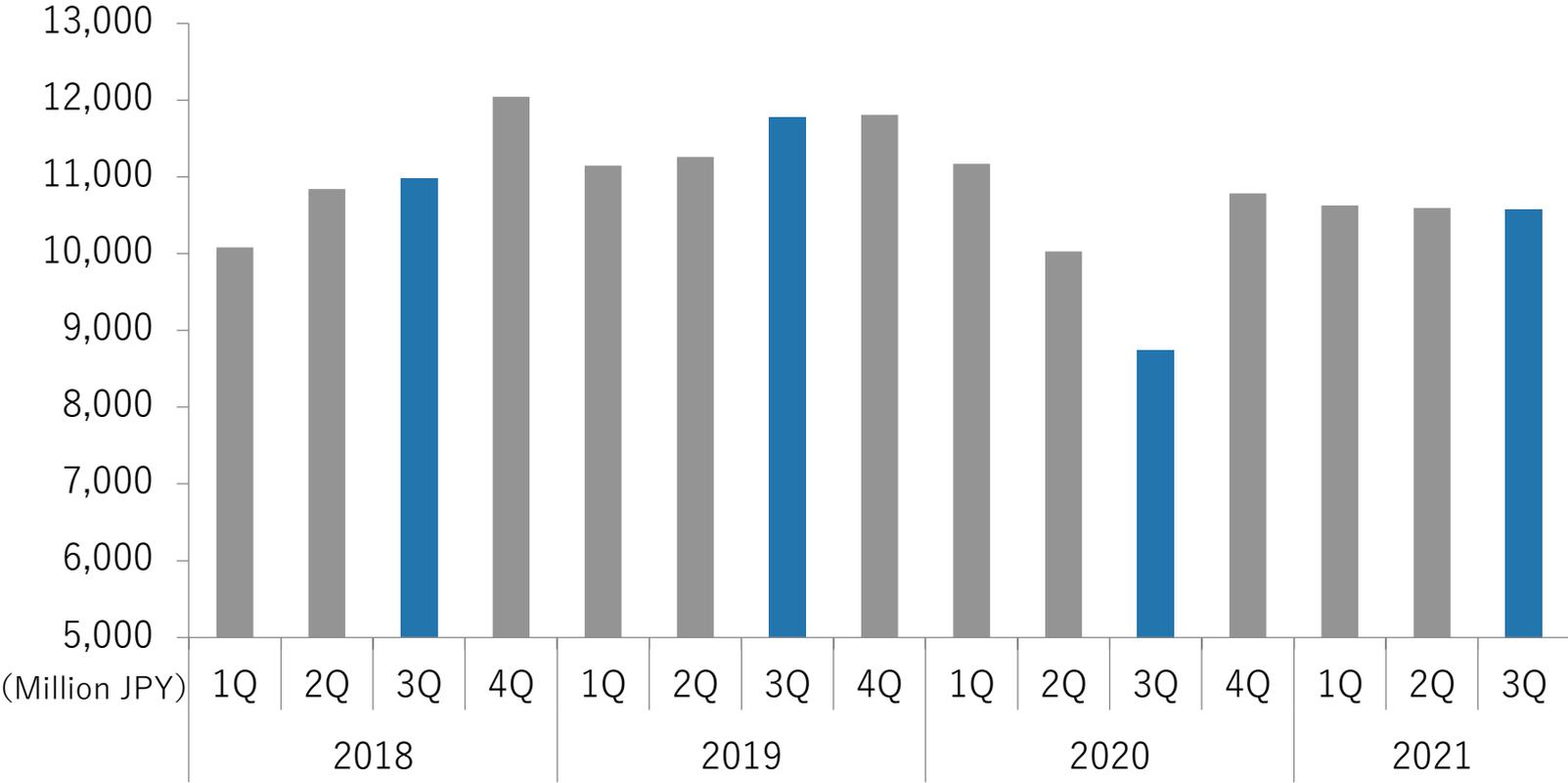
Y/Y +705 million JPY (+13.4%)

**Europe & the U.S. 3,871million JPY**

Y/Y +292 million JPY (+8.2%)

# 2021FY 3Q Quarterly Financial Trends

Although the level of 2019FY 3Q wasn't reached due to the impacts of the COVID-19 and semiconductor shortage, sales recovered mainly in the apparel business and significantly exceeded 2020FY 3Q.

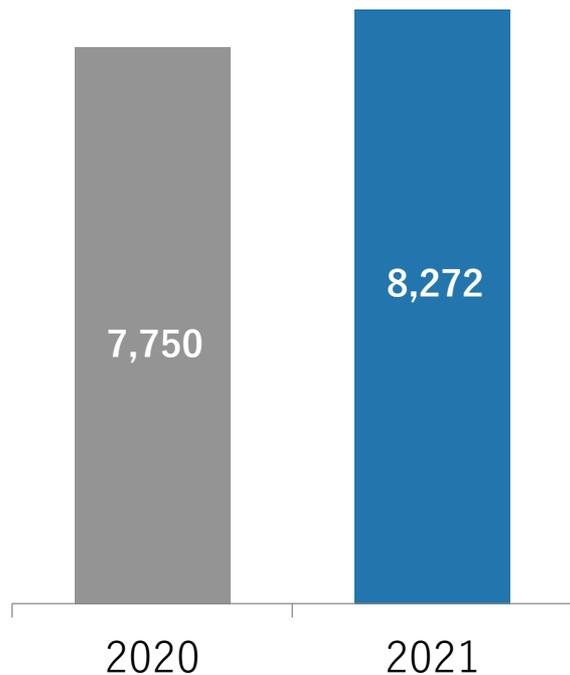


# 2021FY 3Q Gross Profit

Gross profit : 8,272 million JPY      Y/Y : +522 million JPY (+6.7%)

Increase in net sales

Improvement of profit ratio

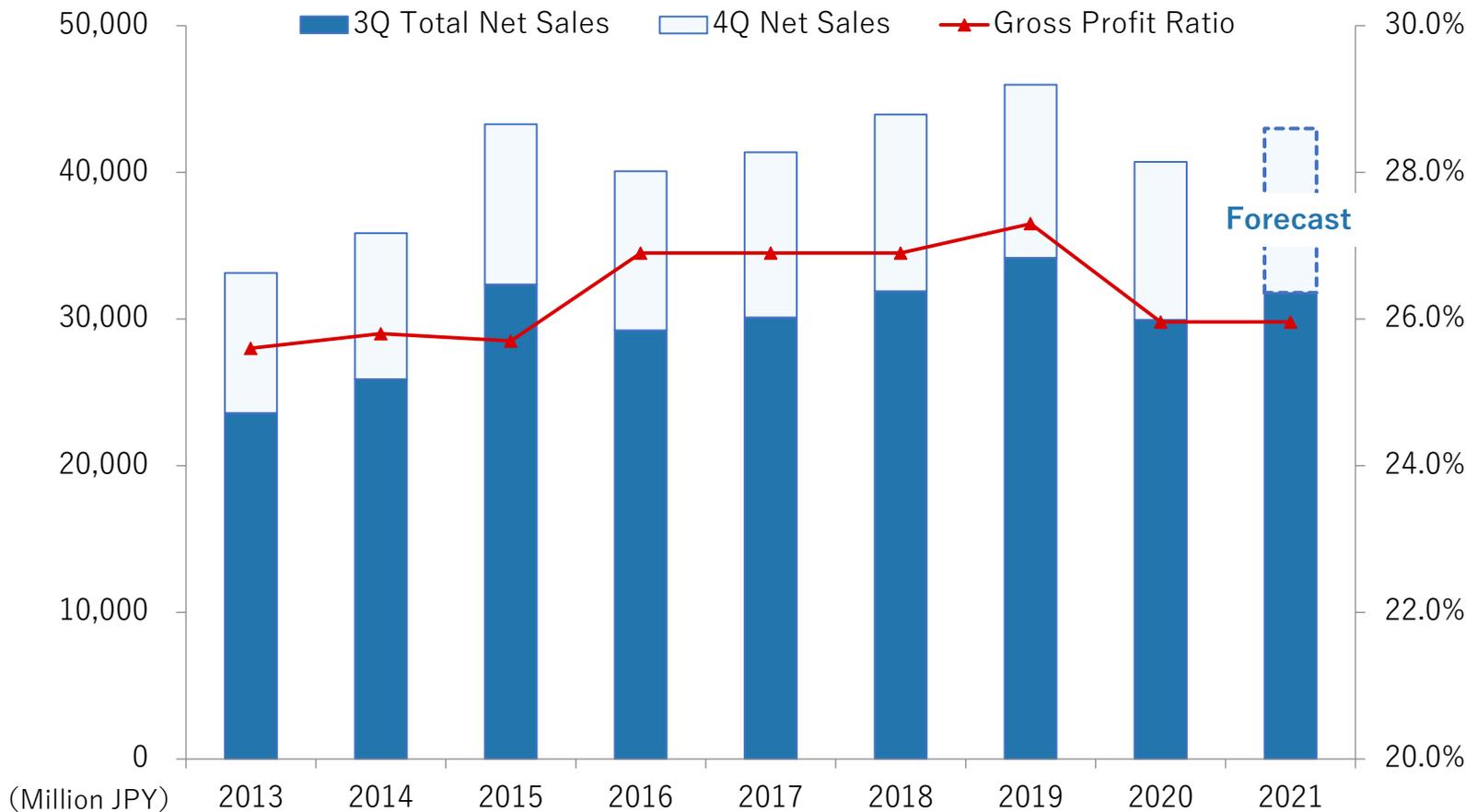


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# 2021FY 3Q Trends in Net Sales & Gross Profit Ratio

Despite soaring raw material prices, a certain level of gross profit ratio has been maintained.



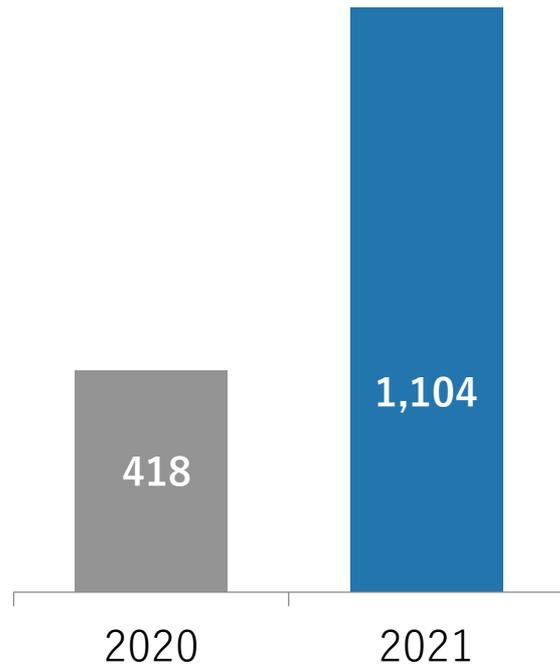
# 2021FY 3Q Operating Income

Operating income : 1,104 million JPY

Y/Y : +686 million JPY (+163.7%)

Increase in gross profit ratio

Decrease of cost



(Million JPY)

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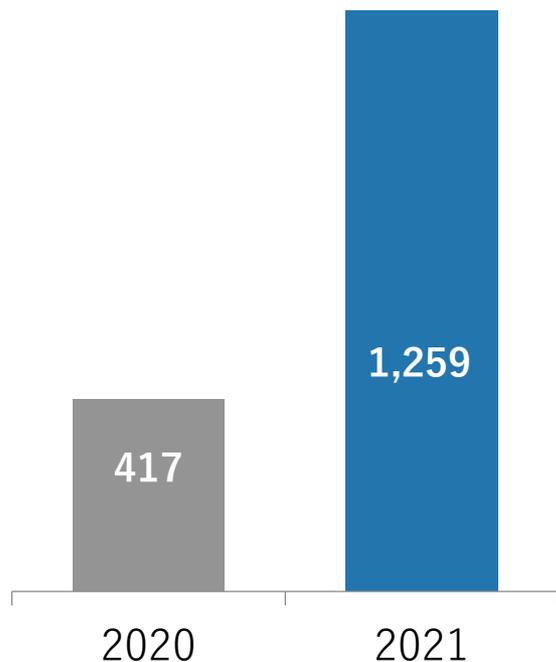
# 2021FY 3Q Ordinary Income

Ordinary Income : 1,259 million JPY

Y/Y : +842 million JPY (+201.9%)

Increase in operating income & non-operating income

Decrease of non-operating expenses



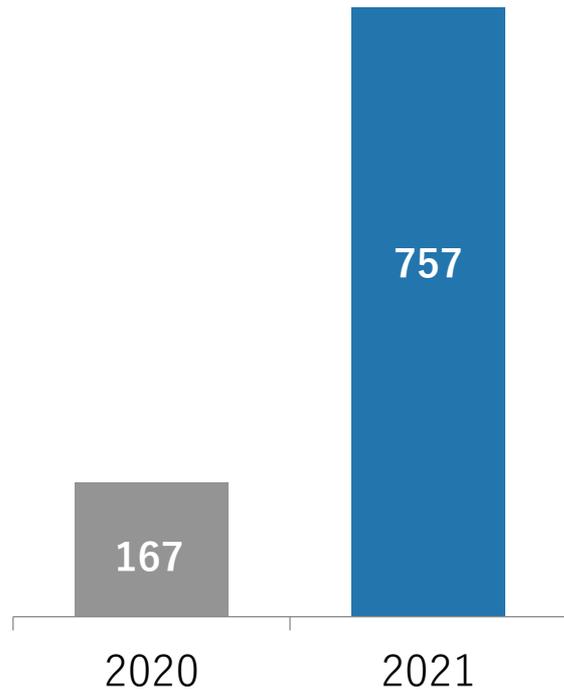
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Ordinary income ratio	1.4%	4.0%		
Net income	167	757	+590	+352.1%
Net income ratio	0.6%	2.4%		

# 2021FY 3Q Net Income

Net Income : 757million JPY      Y/Y : +590million JPY (+352.1%)

Increase in ordinary income



(Million JPY)

	2020 3Q	2021 3Q	Increase/ Decrease	Y/Y
Net sales	29,942	31,802	+1,860	+6.2%
Gross profit	7,750	8,272	+522	+6.7%
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Net income ratio	0.6%	2.4%		

# 2021FY 3Q Balance Sheet

(Million JPY)

	2020 4Q	2021 3Q
<b>Assets</b>		
Current assets	25,496	25,413 (-83)
Fixed assets	18,201	19,202 (+1,001)
Deferred assets	1	0 (-1)
<b>Total assets</b>	<b>43,699</b>	<b>44,615</b> (+916)

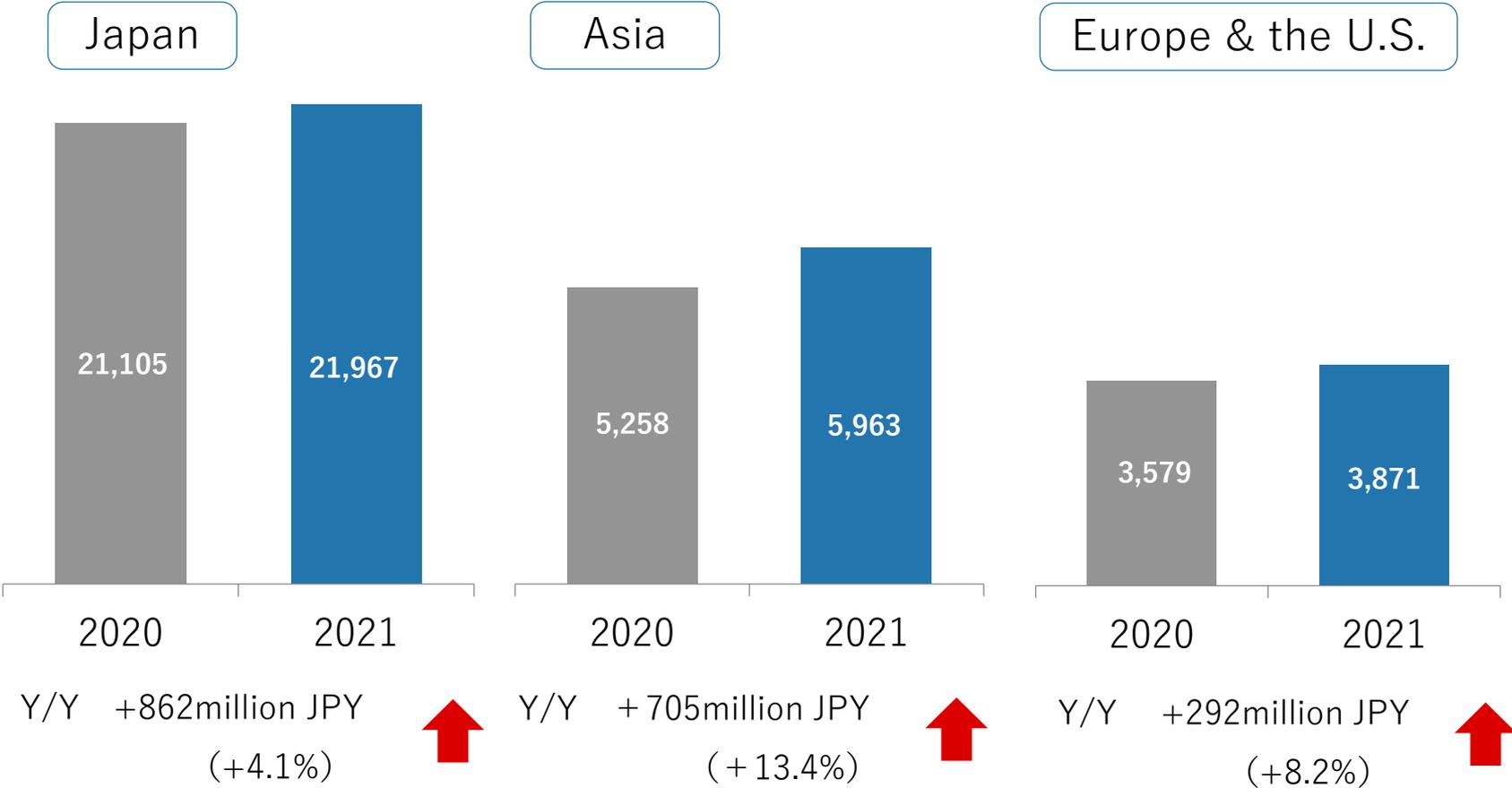
	2020 4Q	2021 3Q
<b>Liabilities</b>		
Current liabilities	6,927	6,794 (-133)
Fixed liabilities	4,756	4,557 (-199)
<b>Total liabilities</b>	<b>11,684</b>	<b>11,351</b> (-333)
<b>Net assets</b>		
Shareholders' equity	30,516	30,890 (+374)
Other comprehensive income	1,441	2,317 (+876)
<b>Total net assets</b>	<b>32,015</b>	<b>33,264</b> (+1,249)
<b>Liabilities and net assets</b>	<b>43,699</b>	<b>44,615</b> (+916)

Equity ratio 74.4 % (2020FY4Q 73.1 %)

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# 2021FY 3Q Net Sales by Regions

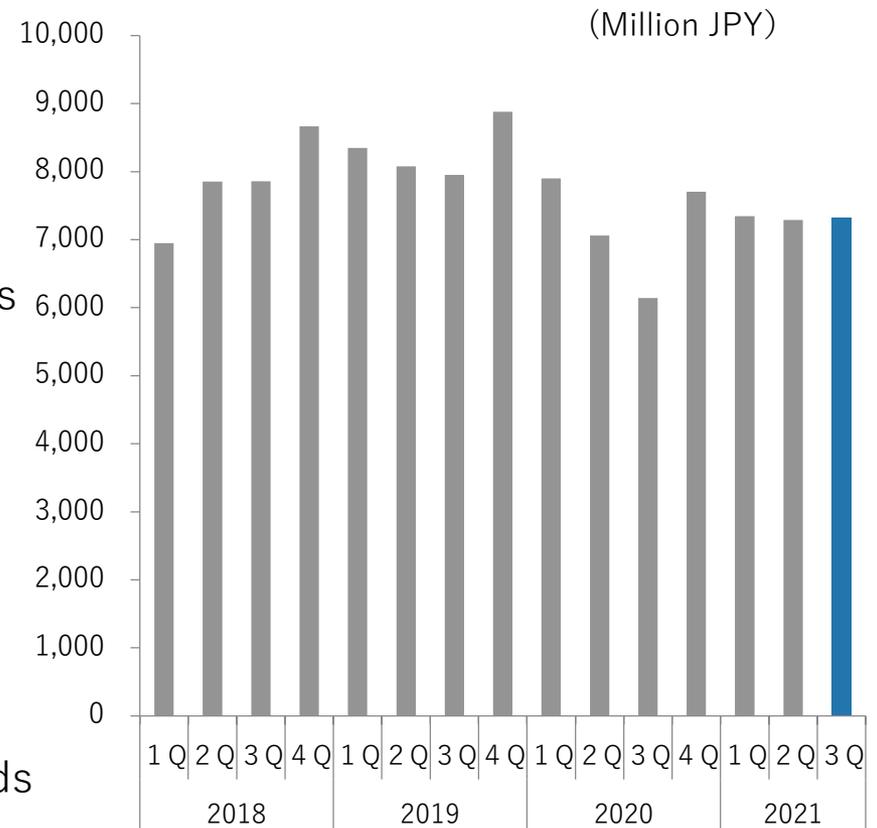
(Million JPY)



# 2021FY 3Q Net Sales by Regions (Japan)

While the impact of COVID-19 & the semiconductor shortage continues, the apparel business is recovering, and the business-related sports & outdoor activities are also firm.

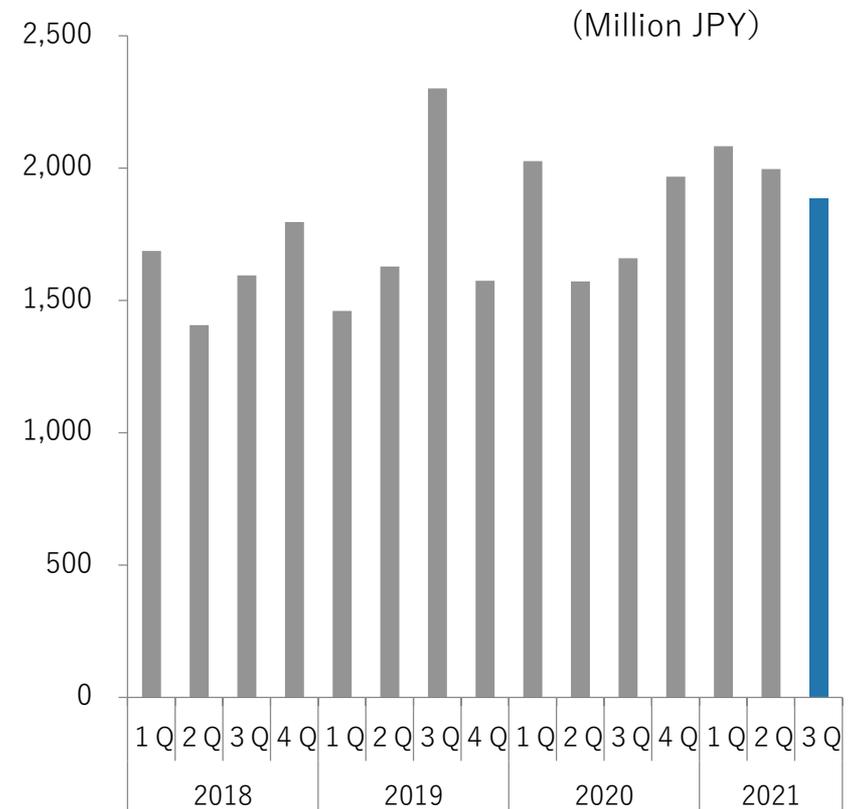
- Increase of accessories for casual wear, sportswear, and products related to outdoor activities
- Decrease of accessories for bags & shoes
- Increase of automotive interior components
- Increase of products for one-coin shops
- Increase of products related supporters
- Increase of products related to PC such as mousepads
- Increase of products related to surfing and skateboard
- Decrease of products related to snowboards



# 2021FY 3Q Net Sales by Regions (Asia)

In China, the apparel business increased due to the acquisition of new orders, etc. The transportation business decreased due to adjustments resulting from production transfers between manufacturers' plants.

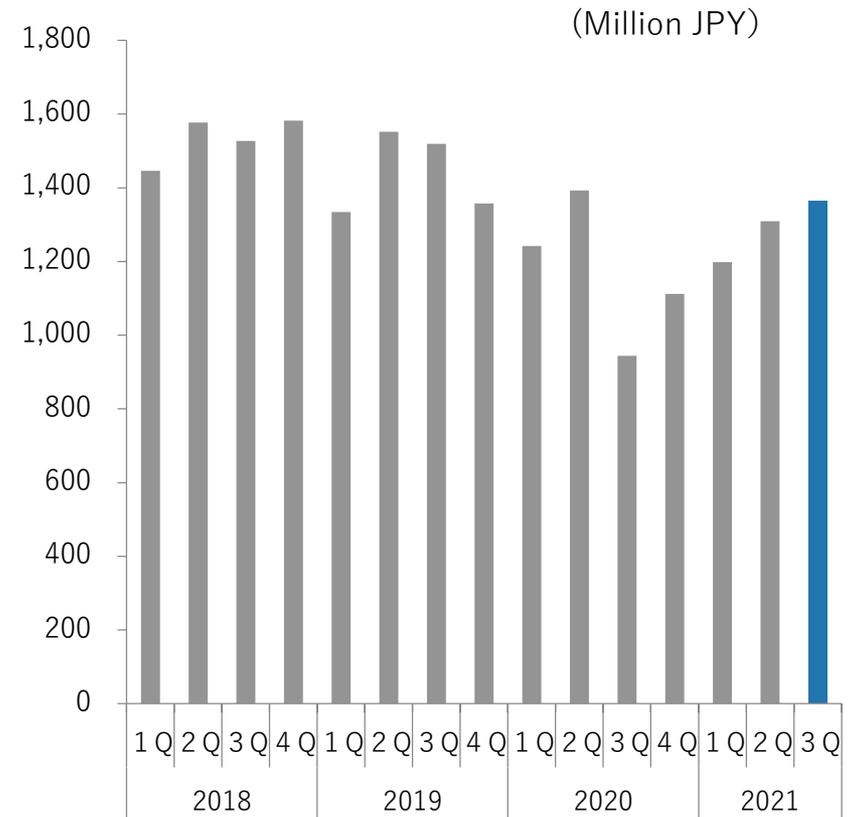
- Increase of accessories to Europe and the U.S. apparel manufacturers in China & Hong Kong
- Decrease of accessories to Japanese apparel manufacturers in Thailand
- Decrease of automobile interior components to Japanese automotive manufacturers in China



# 2021FY 3Q Net Sales by Regions (Europe & the U.S.)

Despite the impact of the semiconductor shortage, economic activity has been recovering.

- Increase of accessories to apparel manufacturers
- Increase of automotive interior components to Japanese automotive manufacturers in Europe
- Decrease of automobile interior components to Japanese automotive manufacturers in the U.S.



# 2021FY 3Q Net Sales by Regions (Quarterly)

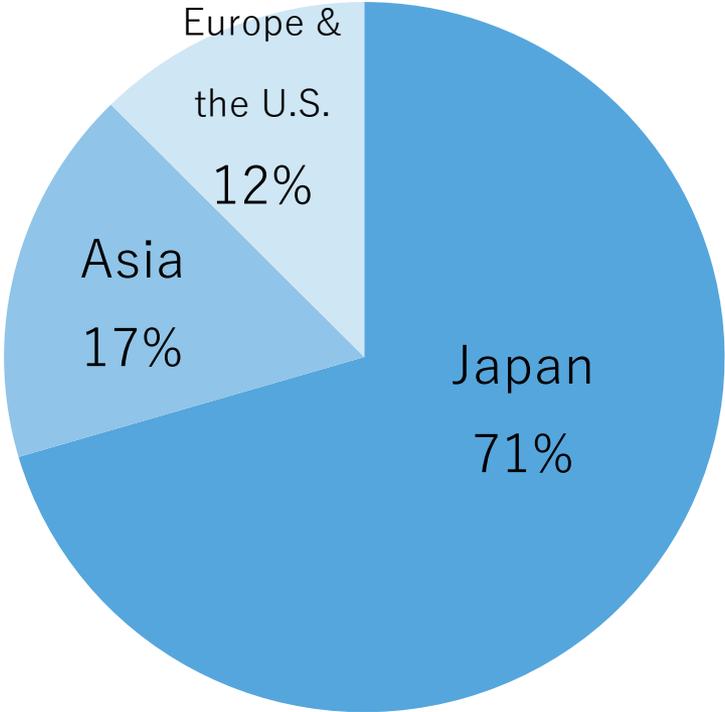
(Million JPY)

2021FY							
	1 Q	2 Q	3 Q	3 Q Total	Composition	Increase/Decrease	Y/Y
Japan	7,347	7,291	7,329	21,967	69.1%	+862	+4.1%
Asia	2,083	1,996	1,884	5,963	18.8%	+705	+13.4%
Europe& the U.S.	1,198	1,309	1,364	3,871	12.2%	+292	+8.2%
Total	10,629	10,596	10,577	31,802	100.0%	+1,860	+6.2%

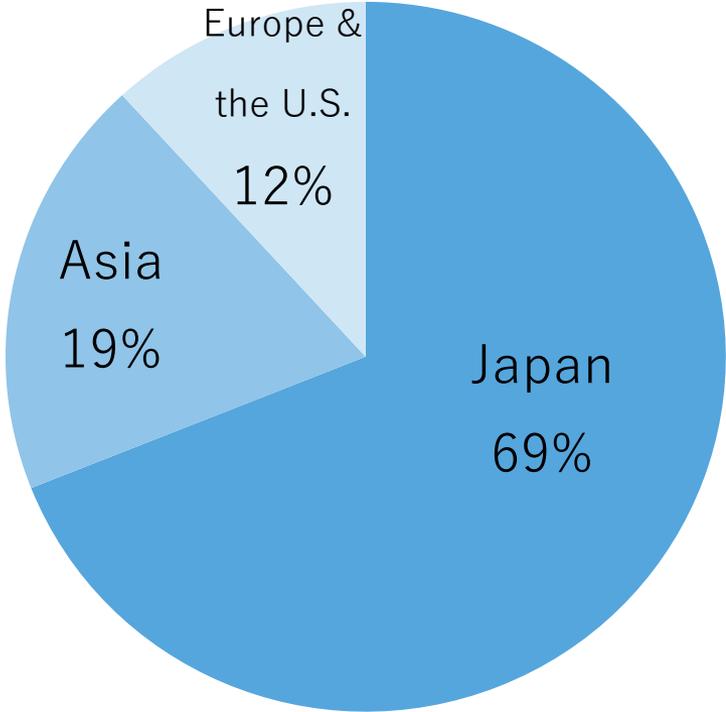
2020FY									
	1 Q	2 Q	Total for the first half	3 Q	4 Q	Total	Composition	Increase/Decrease	Y/Y
Japan	7,902	7,062	6,141	21,105	7,705	28,810	70.7%	-4,452	-13.4%
Asia	2,026	1,572	1,660	5,258	1,967	7,225	17.7%	+262	+3.8%
Europe& the U.S.	1,242	1,393	944	3,579	1,112	4,691	11.5%	-1,071	-18.6%
Total	11,171	10,027	8,744	29,942	10,785	40,727	100.0%	-5,260	-11.4%

# 2021FY 3Q Sales Composition by Region

< 2020 3Q >

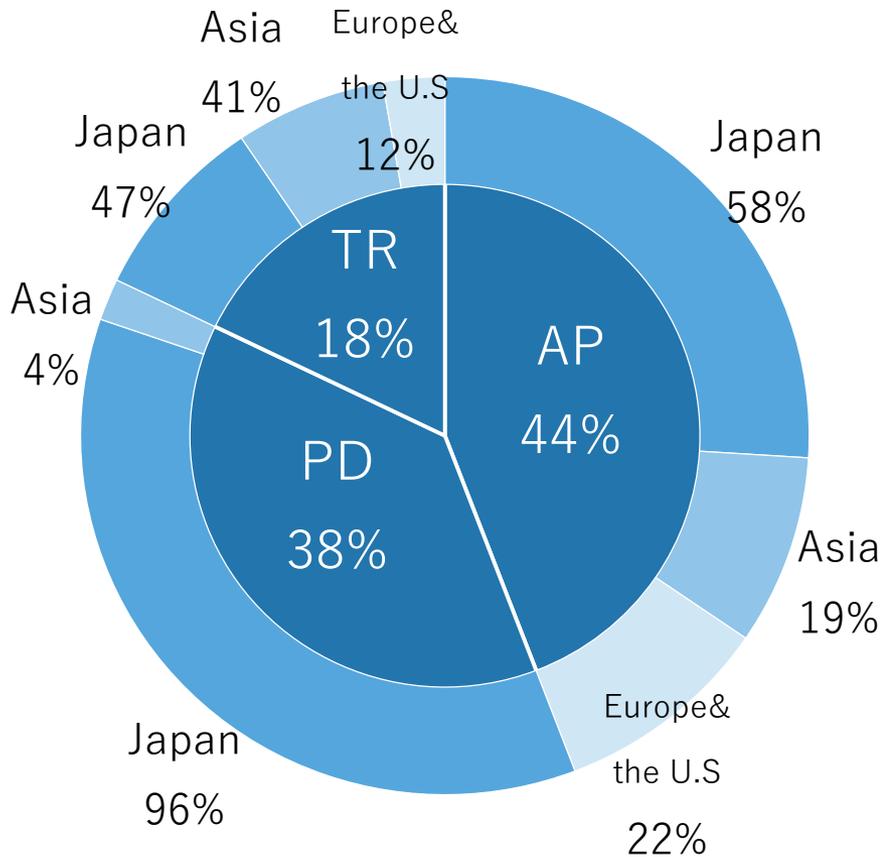


< 2021 3Q >

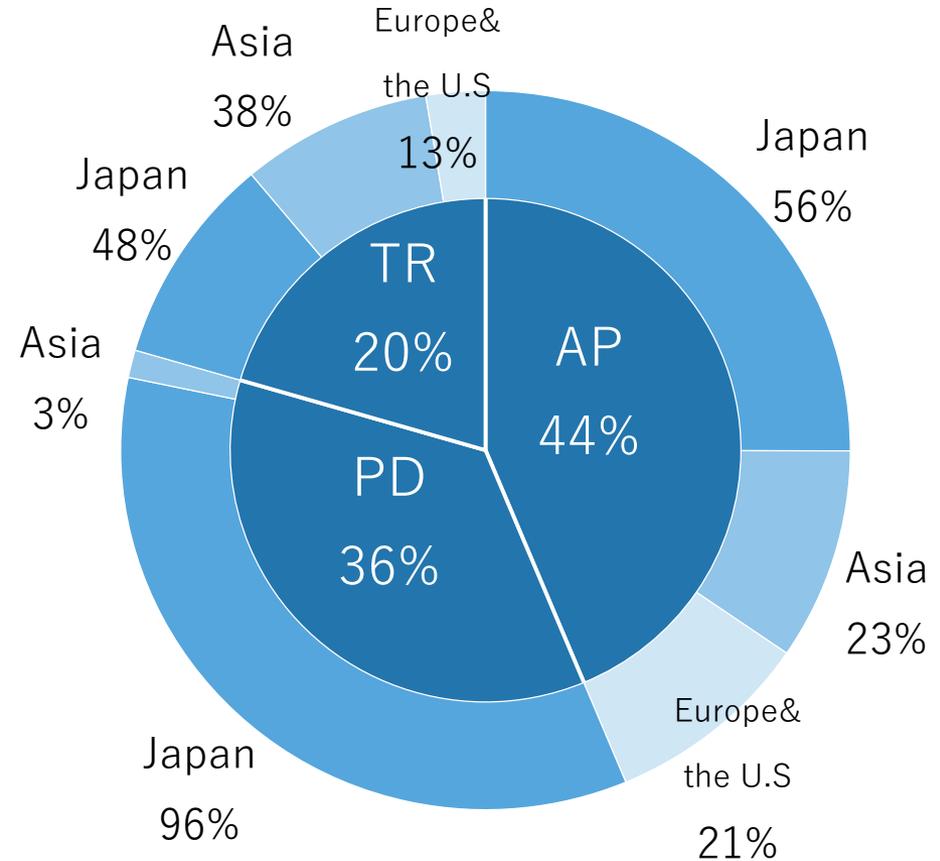


# 2021FY 3Q Sales Composition by Region & Business

< 2020 3Q >



< 2021 3Q >



AP : Apparel PD : Product TR: Transportation

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# Revision of Consolidated Financial Forecast

The consolidated financial forecast for 2021FY was revised by reviewing unprofitable businesses to improve profitability, continuous cost improvement, and policy to promote the sale of Cross-Shareholdings for improvement of asset efficiency. (14<sup>th</sup> October 2021)

	2021FY Full- Year Forecast (Before Revision)	2021FY Full- Year Forecast (After Revision)	Increase/ Decrease	Y/Y
Net sales	43,000	43,000	+0	0.0%
Operating income	1,300	1,550	+250	+19.2%
Operating income ratio	3.0%	3.6%		
Ordinary income	1,300	1,700	+400	+30.8%
Ordinary income ratio	3.0%	4.0%		
Net income	700	1,050	+350	+50.0%
Net income ratio	1.6%	2.4%		

# 2021FY 3Q Forecast & Progress

(Million JPY)

	2021FY 3Q	FY2021 Full-Year Forecast	Progress
Net sales	31,802	43,000	74.0%
Operating income	1,104	1,550	71.2%
Operating income ratio	3.5%	3.6%	
Ordinary income	1,259	1,700	74.1%
Ordinary income ratio	4.0%	4.0%	
Net income	757	1,050	72.1%
Net income ratio	2.4%	2.4%	

	2020FY 3Q	2020FY 4Q	Progress
Net sales	29,942	40,727	52.0%
Operating income	418	856	48.1%
Operating income ratio	1.4%	2.1%	
Ordinary income	417	928	43.2%
Ordinary income ratio	1.4%	2.3%	
Net income	167	470	32.8%
Net income ratio	0.6%	1.2%	

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# Morito Group Project to Develop Eco-friendly Products, "C.O.R.E."

## Production of bags made from discarded fishing nets(Upcycle)

〈Japan Apparel & Product Business〉

We developed apparel accessories made by "REAMIDE®" recycled from discarded fishing nets, such as buttons, tapes, and fabric. We use these apparel accessories and produce bags by collaboration with the Hyogo Prefecture's regional brand "Toyooka Kaban®".



Sales started from 1<sup>st</sup> October 2021.

Online Shop : <https://shop.artisan-atelier.net/c/special/gyomou>

TOYOOKA KABAN KITTE MARUNOUCHITEN

# A New Sense of Outdoor Brand "POLeR"

POLeR TOKYO opened in Shibuya PARCO.



〈Japan Product Business〉

A new sense of outdoor brand "POLeR" is mixed lifestyles such as surfer, skateboarder and snowboarder. It is handled by the consolidated subsidiary, CANVAS.



# POLeR

# Strong Performance of Products Related to Skateboarding & Surfing

〈 Japan Product Business 〉

Sales of products related to skateboard and surfing handled by Maneuverline co., Ltd. have expanded because their sports were attracted attention by the Tokyo Olympics.

(Skateboard)



etnies



es



Emerica



BAKER



DEATHWISH



SHAKE JUNT

(Surfing)



CHANNEL ISLANDS



OAM



CREATURES OF LEISURE



futures.

# Company split of consolidated subsidiary MORITO JAPAN

〈 Japan Whole Company 〉

Our consolidated subsidiary, Morito Japan that engages in the apparel, products and transportation business will be split on 1<sup>st</sup> June 2022 as the effective day to match business characteristics and the surrounding environment.

※The impact of the company split will be minimal, because MORITO JAPAN CO., LTD. and the companies to prepare for its company split which will be succeeded to the businesses will be complete subsidiaries of MORITO CO., LTD..

MORITO JAPAN CO.,  
LTD.

(会社分割後)

MORITO JAPAN CO.,  
LTD.

Specializing in the product business, including semi-finished products and finished products that utilize parts



MORITO APPAREL  
CO., LTD.

Specializing in the apparel & sports business such as apparel accessories



MORITO  
AUTOPARTS CO.,  
LTD.

Specializing in the transportation business such as automotive interior components



# Participation in the Nikkei IR & Individual Investor Fair

〈 Japan Whole Company 〉

We participated in the company information session at the Nikkei IR & Individual Investor Fair held online in September 2021.

We introduced a company, business, and business that is expected to grow in the future.

日経IR・個人投資家フェア  
Online 2021

会社説明会

モリト  
代表取締役社長  
一坪 隆紀 氏

アパレルコンポーネント事業

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# Basic Dividend Policy

Realize  
continuous  
dividend  
payments

Dividend  
payout ratio of  
50% 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.

※From the perspective of striving to further enhance shareholder returns, after considering factors such as the Company's earnings and expenditure balance as well as the share price level, the Company will continuously review the need to flexibly conduct a purchase or retirement of its treasury shares.

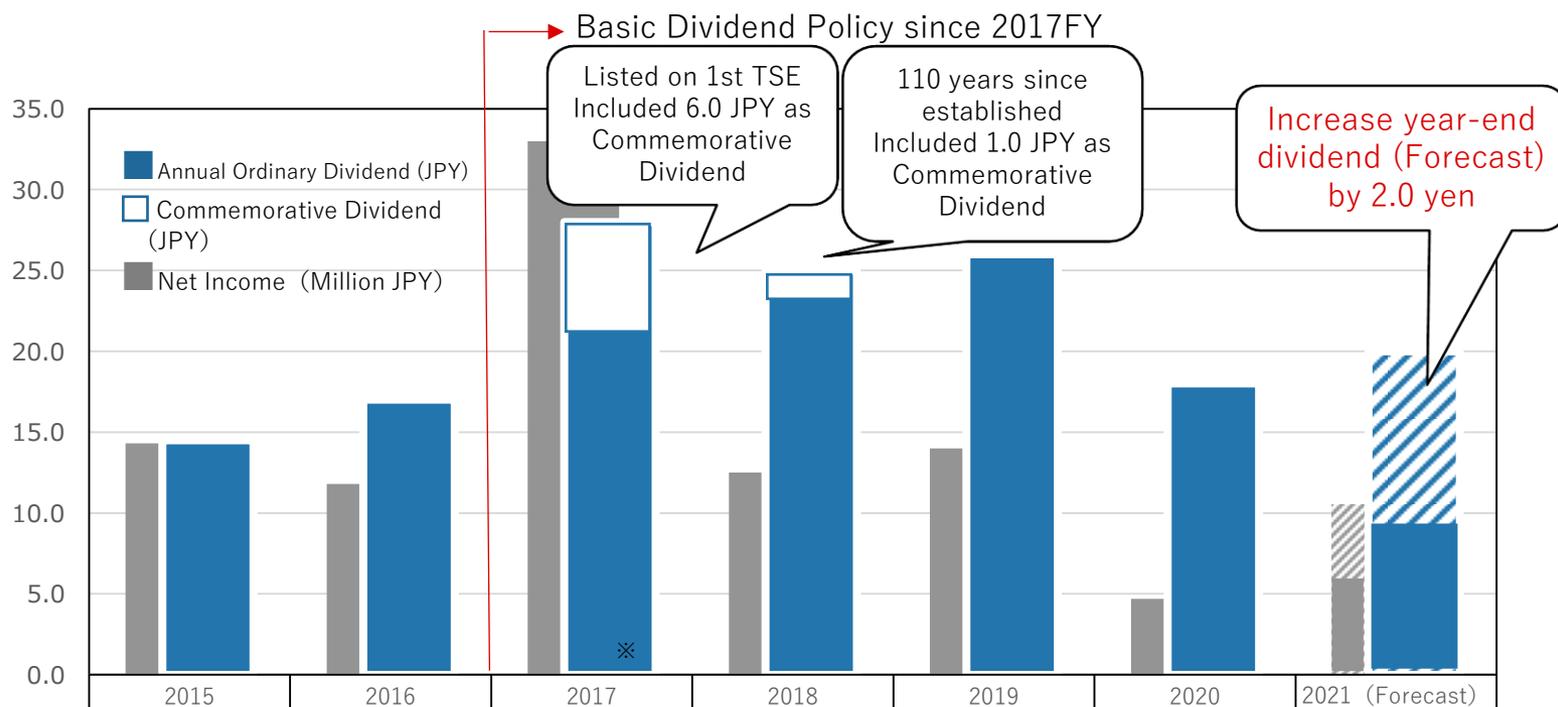
# Revision of Year-end Dividend Forecast

By revision of consolidated financial forecast, year-end dividend forecast was revised based on basic dividend policy. (14<sup>th</sup> October 2021)

Therefore, the annual dividends will be 20 JPY increased by 2 JPY. The dividend payout ratio will be 52.2% and DOE will be 1.7%.

	2 <sup>nd</sup> Quarter-end	Year-end	Annual Dividends	Increase/ Decrease
Fiscal Year Ended Nov 30, 2021 (Before Revision)	JPY 9.00	JPY 9.00	JPY 18.00	—
Fiscal Year Ended Nov 30, 2021 (After Revision)	JPY 9.00	JPY 11.00(Forecast)	JPY 20.00	JPY + 2.00

# Trends of Dividend, Dividend Payout Ratio & DOE



	2015	2016	2017	2018	2019	2020	2021 (Forecast)
Net income (Million JPY)	14.3	11.8	33.0	12.5	14.0	4.7	10.5
Annual dividend per share (JPY)	14.5	17.0	28.0	25.0	26.0	18.0	20.0
Interim dividend per share (JPY)	7.0	8.0	14.0	12.5	13.0	13.25	9.0
Year-end dividend per share (JPY)	7.5	9.0	14.0	12.5	13.0	4.75	11.0
Dividend payout ratio (%)	29.3	41.0	23.5	54.7	50.8	104.8	52.2
DOE (%)	1.37	1.69	2.42	2.13	2.22	1.53	1.7

※ 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%.

# Disclaimer

This handout has been prepared for only information purposes and made 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 in this presentation are judged by information known as of the day of presentation and contains 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.

## Contact

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