

MORITO CO.,LTD

1st section of TSE : 9837

Presentation Materials

for the Fiscal Year Ended November 30,  
2021, Financial Results

January 2022

**MORITO**

1. FY2021.11 Financial Results
2. FY2021.11 Business Overview
3. FY2022.11 Consolidated Business Results Forecast
4. FY2022.11 Business Topics
5. Shareholder Returns

# FY2021 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.
- Soaring cost of raw materials and overseas transportation.
- Business for baby wear, medical wear and working wear remained firm.
- Sales of products related to the activities such as skateboarding, yoga, fishing and camping increased.
- Compared to YoY, net sales +7%, operating income +89%, net income +199%.

# FY2021 Summary of Financial Results

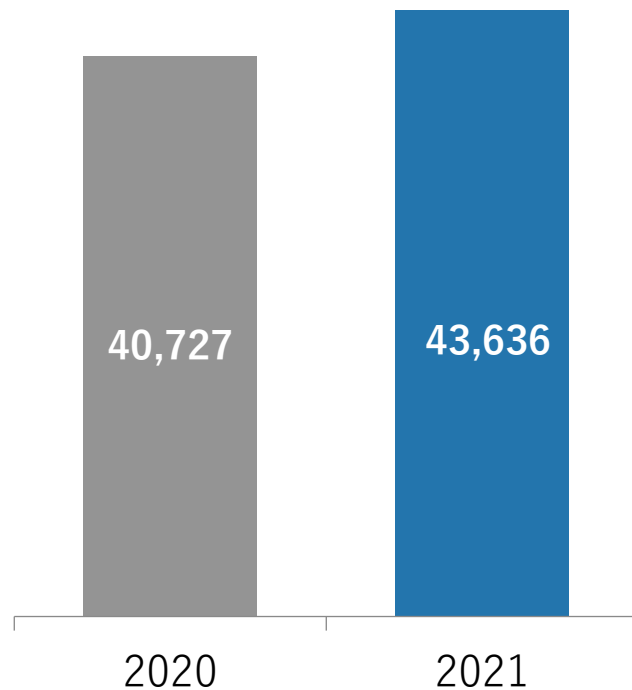
(Million JPY)

	2020	2021	Increase/ Decrease	Y/Y
Net sales	40,727	43,636	+2,909	+7.1%
Gross profit	10,573	11,401	+828	+7.8%
Gross profit ratio	26.0%	26.1%		
Cost	9,717	9,781	+64	+0.7%
Cost ratio	23.9%	22.4%		
Operating income	856	1,619	+763	+89.1%
Operating income ratio	2.1%	3.7%		
Ordinary income	928	1,834	+906	+97.6%
Ordinary income ratio	2.3%	4.2%		
Net income	470	1,407	+937	+199.3%
Net income ratio	1.2%	3.2%		

# 2021FY Net Sales

Net sales : 43,636 million JPY      Y/Y : +2,909 million JPY (+7.1%)

Despite the impacts of COVID-19 and the semiconductor shortage, the apparel business has remained firm and the transportation business has recovered.



(million JPY)

**Japan 30,229 million JPY**

Y/Y +1,419 million JPY (+4.9%)

**Asia 8,054 million JPY**

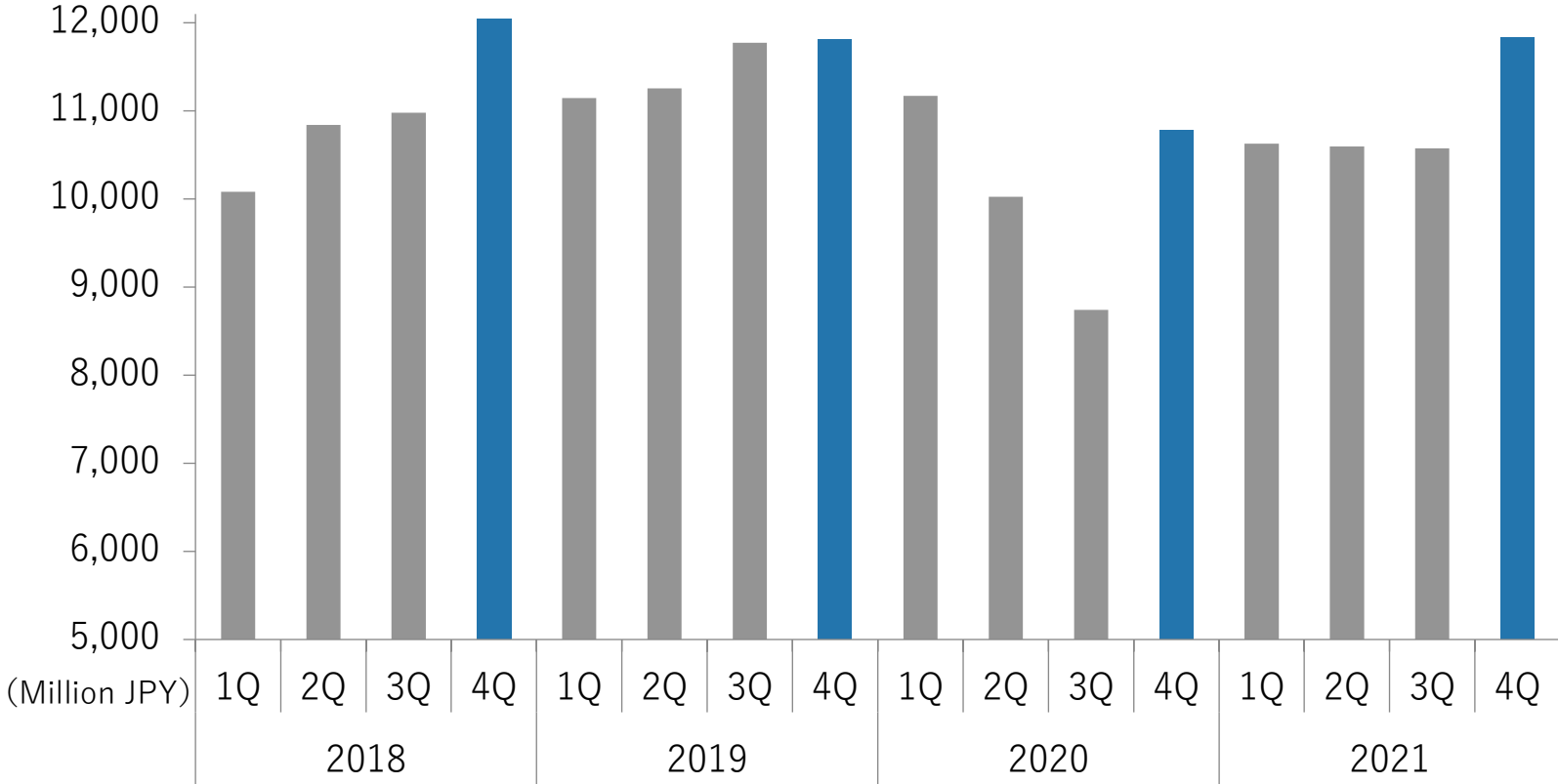
Y/Y +829 million JPY (+11.5%)

**Europe & the U.S. 5,353 million JPY**

Y/Y +662 million JPY (+14.1%)

# 2021FY Quarterly Financial Trends

Despite the impacts of the COVID-19 and semiconductor shortage, net sales of FY2021 4Q surpassed sales of FY2019 4Q when there was no COVID-19.

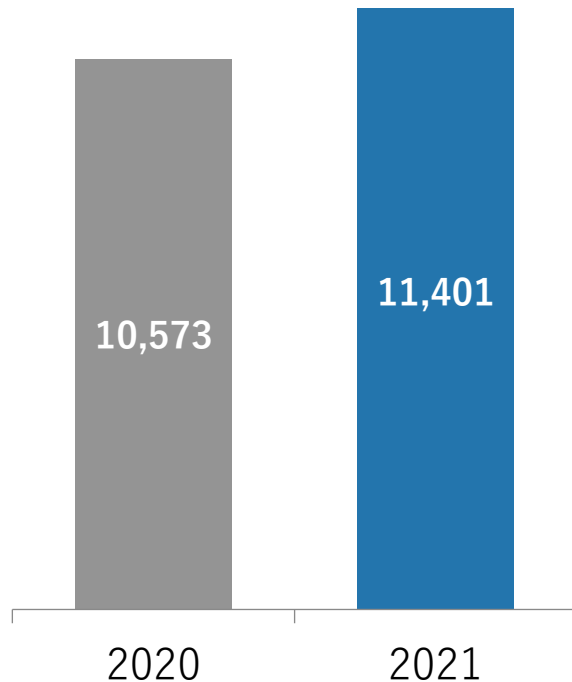


# 2021FY Gross Profit

Gross profit : 11,401 million JPY      Y/Y : +828 million JPY (+7.8%)

Increase in net sales

Improvement of profit ratio

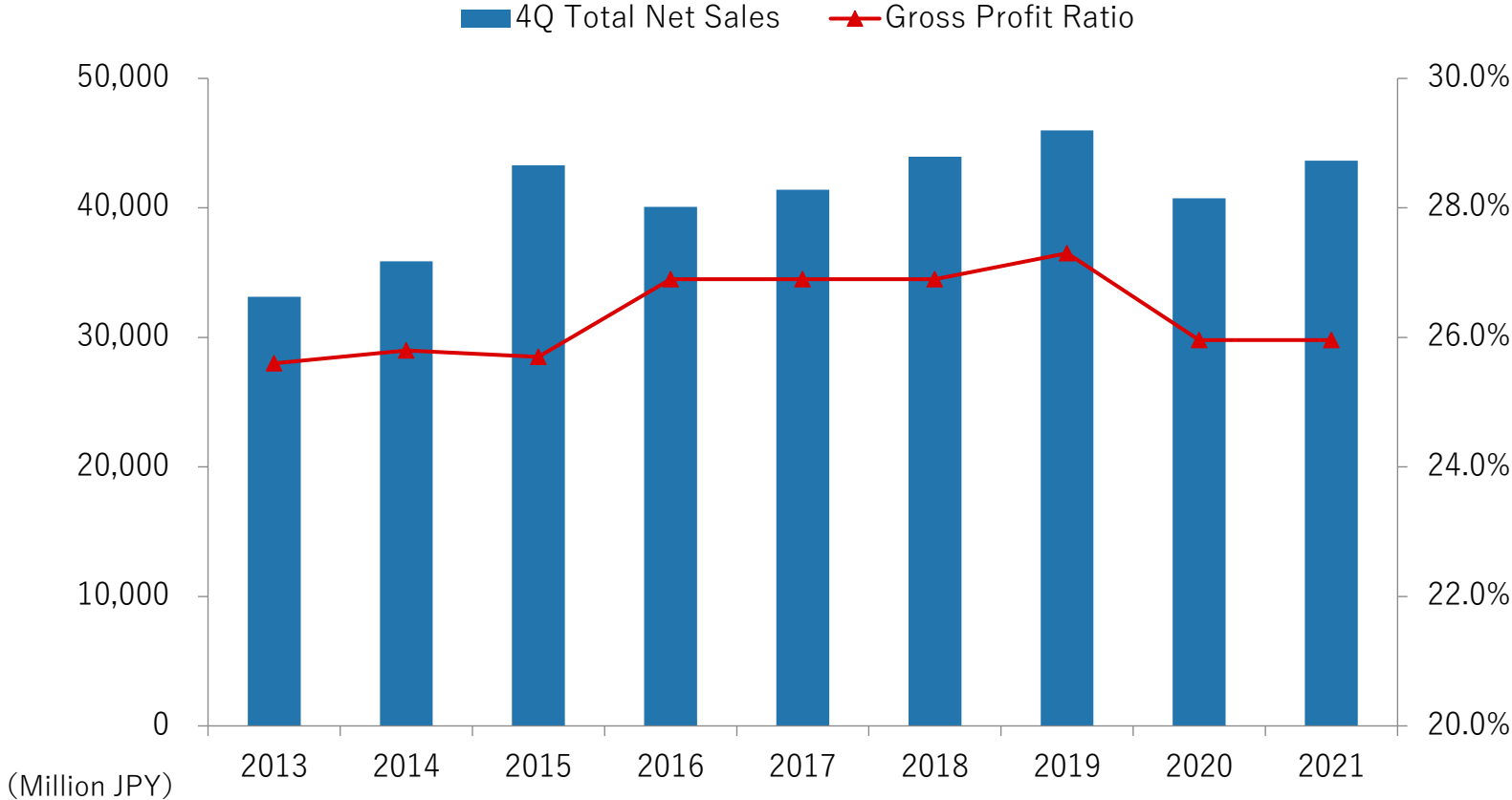


(Million JPY)

	2020	2021	Increase/ Decrease	Y/Y
Net sales	40,727	43,636	+2,909	+7.1%
Gross profit	10,573	11,401	+828	+7.8%
Gross profit ratio	26.0%	26.1%		
Cost	9,717	9,781	+64	+0.7%
Operating income	856	1,619	+763	+89.1%
Ordinary income	928	1,834	+906	+97.6%
Net income	470	1,407	+937	+199.3%

# 2021FY Trends in Net Sales & Gross Profit Ratio

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





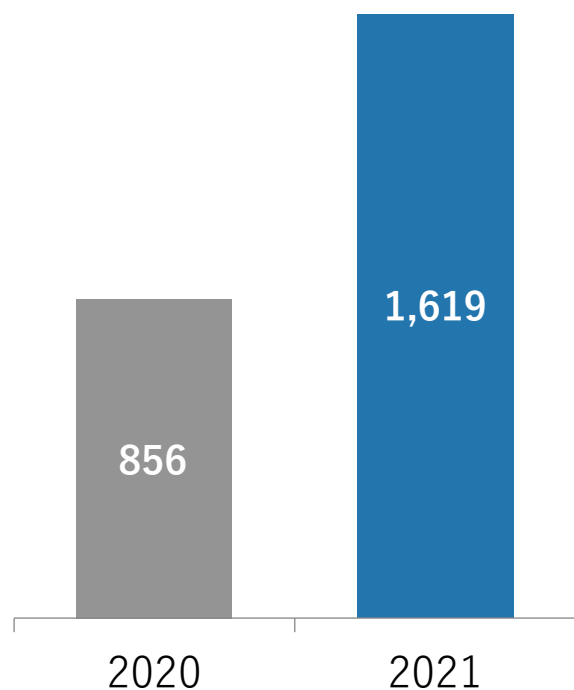
# 2021FY Operating Income

Operating income : 1,619 million JPY

Y/Y : +763 million JPY (+89.1%)

Increase in gross profit ratio

Decrease of cost



(Million JPY)

	2020	2021	Increase/ Decrease	Y/Y
Net sales	40,727	43,636	+2,909	+7.1%
Gross profit	10,573	11,401	+828	+7.8%
Gross profit ratio	26.0%	26.1%		
Cost	9,717	9,781	+64	+0.7%
Cost ratio	23.9%	22.4%		
Operating income	856	1,619	+763	+89.1%
Operating income ratio	2.1%	3.7%		
Ordinary income	928	1,834	+906	+97.6%
Net income	470	1,407	+937	+199.3%

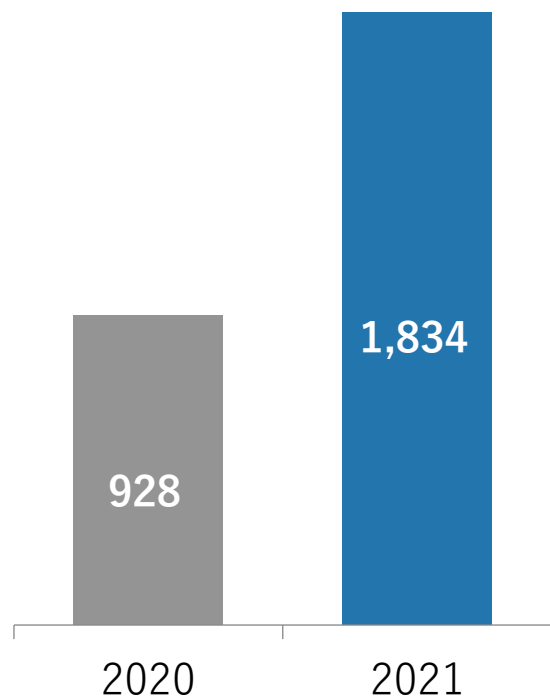
# 2021FY Ordinary Income

Ordinary Income : 1,834 million JPY

Y/Y : +906 million JPY (+97.6%)

Increase in operating income & non-operating income

Decrease of non-operating expenses



(Million JPY)

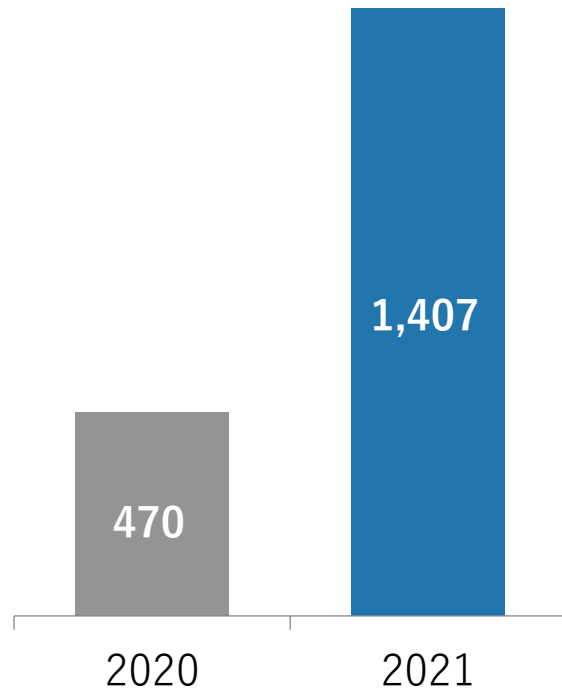
	2020	2021	Increase/ Decrease	Y/Y
Net sales	40,727	43,636	+2,909	+7.1%
Gross profit	10,573	11,401	+828	+7.8%
Gross profit ratio	9,717	9,781	+64	+0.7%
Cost	856	1,619	+763	+89.1%
Cost ratio	2.1%	3.7%		
Ordinary income	928	1,834	+906	+97.6%
Ordinary income ratio	2.3%	4.2%		
Net income	470	1,407	+937	+199.3%
Net income ratio	1.2%	3.2%		

# 2021FY Net Income

Net Income : 1,407 million JPY      Y/Y : +937 million JP (+199.3%)

Increase in ordinary income

Recording of 378 million yen as extraordinary income  
(gain on sale of investment securities)



(Million JPY)

	2020	2021	Increase/ Decrease	Y/Y
Net sales	40,727	43,636	+2,909	+7.1%
Gross profit	10,573	11,401	+828	+7.8%
Cost	9,717	9,781	+64	+0.7%
Operating income	856	1,619	+763	+89.1%
Ordinary income	928	1,834	+906	+97.6%
Ordinary income ratio	2.3%	4.2%		
Net income	470	1,407	+937	+199.3%
Net income ratio	1.2%	3.2%		

# 2021FY Balance Sheet

(Million JPY)

	2020	2021
<b>Assets</b>		
Current assets	25,496	26,957 (1,461)
Fixed assets	18,201	18,980 (779)
Deferred assets	1	0 (-1)
<b>Total assets</b>	<b>43,699</b>	<b>45,938</b> (2,239)

	2020	2021
<b>Liabilities</b>		
Current liabilities	6,927	7,507 (580)
Fixed liabilities	4,756	4,515 (-241)
<b>Total liabilities</b>	<b>11,684</b>	<b>12,023</b> (339)
<b>Net assets</b>		
Shareholders' equity	30,516	31,477 (961)
Other comprehensive income	1,441	2,381 (940)
<b>Total net assets</b>	<b>32,015</b>	<b>33,914</b> (1,899)
<b>Liabilities and net assets</b>	<b>43,699</b>	<b>45,938</b> (2,239)

Equity ratio 73.7 % (2020FY4Q 73.1 %)

# 2021FY Quarterly Consolidated Statements of Cash Flows

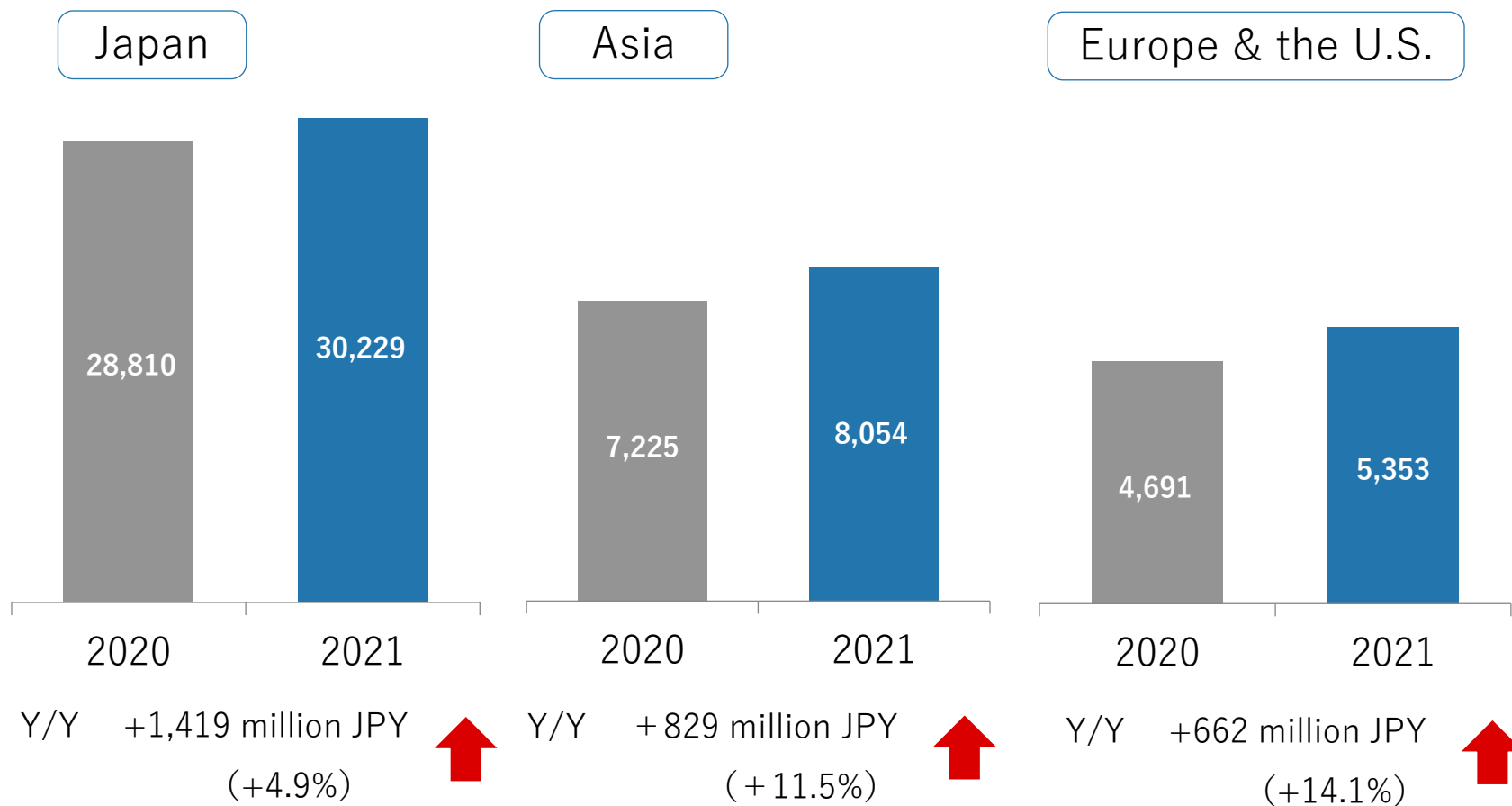
(Million JPY)

	2020	2021
Cash and cash equivalents at beginning of period	9,442	10,052
Cash flows from operating activities	2,462	2,644
Cash flows from investing activities	-16	-401
Cash flows from financing activities	-1,878	-1,380
Effect of exchange rate change on cash and cash equivalents	9	106
Net increase (decrease) in cash and cash equivalents	576	968
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	32	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-
Cash and cash equivalents at end of period	10,052	11,020

1. FY2021.11 Financial Results
2. **FY2021.11 Business Overview**
3. FY2022.11 Consolidated Business Results Forecast
4. FY2022.11 Business Topics
5. Shareholder Returns

# 2021FY Net Sales by Regions

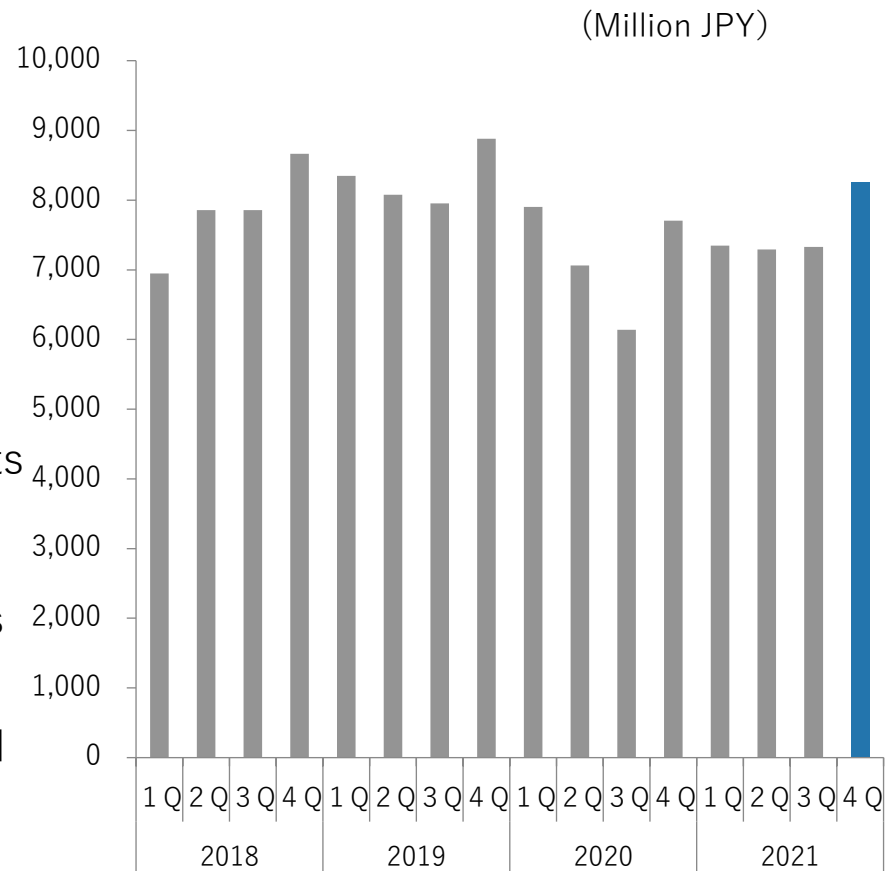
(Million JPY)



# 2021FY Net Sales by Regions (Japan)

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

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

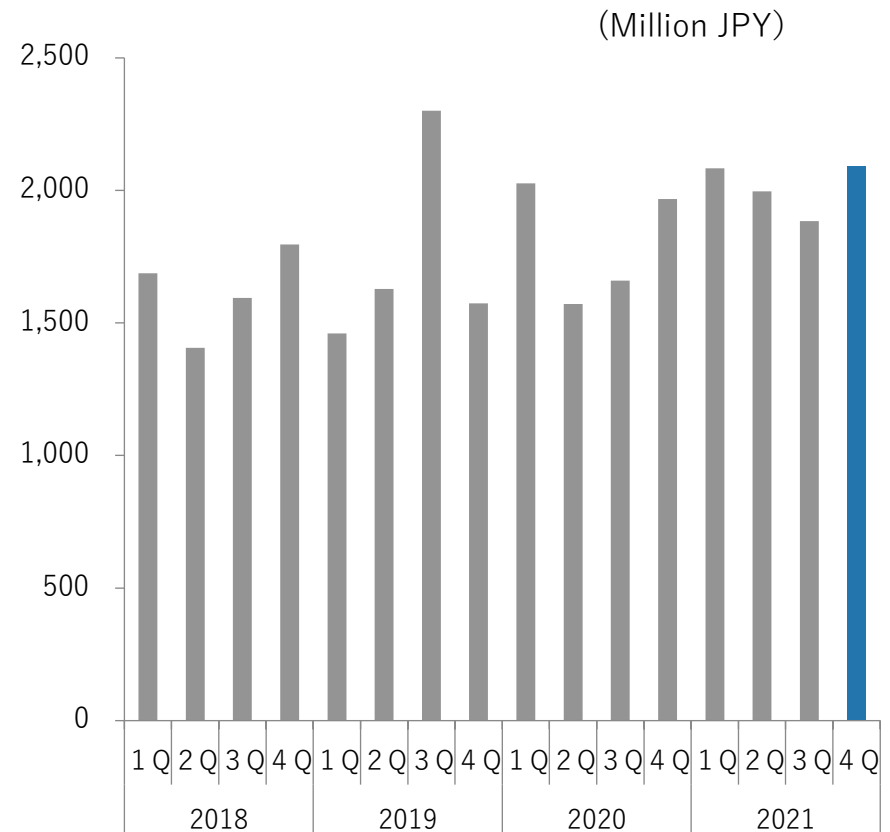




# 2021FY Net Sales by Regions (Asia)

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.

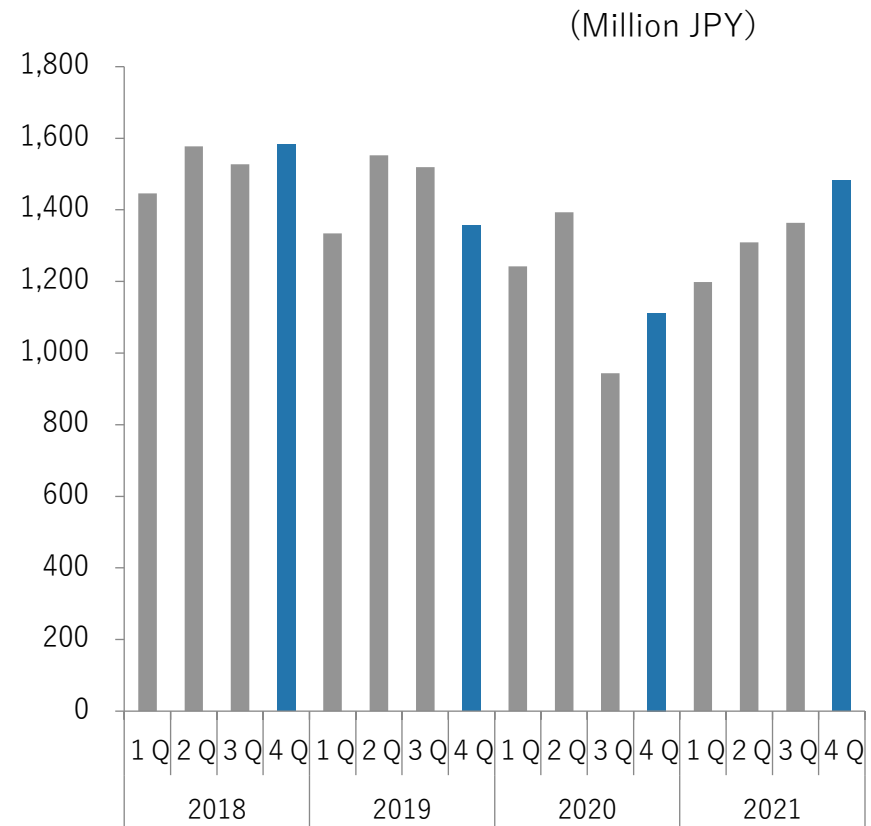
- Decrease of automobile interior components to Japanese automotive manufacturers in China
- Increase of accessories to working wear to Northern Europe in China & Hong Kong
- Increase of accessories to babywear to Europe and the U.S., and to major mass retailers



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

The apparel business such as working wear remained firm. Despite the semiconductor shortage, the transportation business was recovering.

- Increase of accessories to working wear
- Increase of products related to leisure
- Increase of automotive interior components to Japanese automotive manufacturers



# 2021FY Net Sales by Regions (Quarterly)

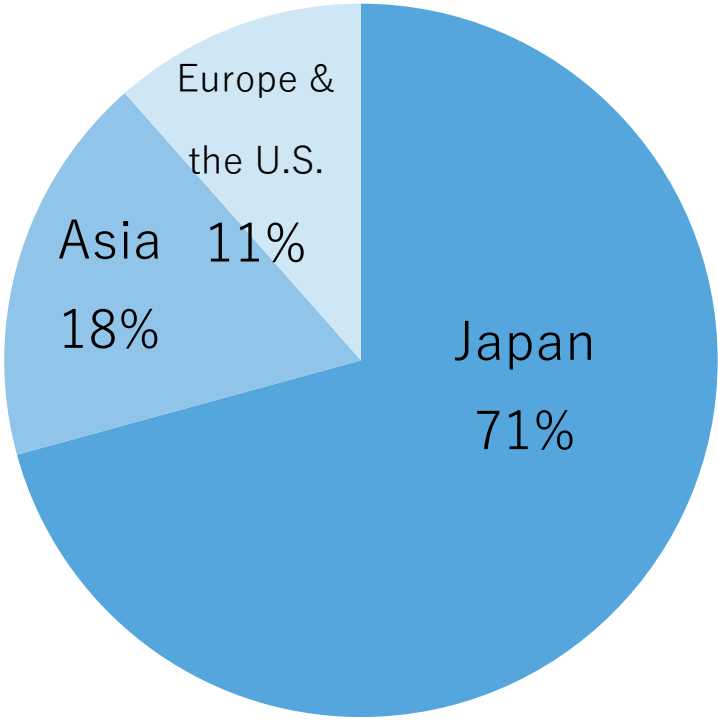
(Million JPY)

2021FY								
	1 Q	2 Q	3 Q	4 Q	Total	Composition	Increase/ Decrease	Y/Y
Japan	7,347	7,291	7,329	8,262	30,229	69.3%	+1,419	+4.9%
Asia	2,083	1,996	1,884	2,091	8,054	18.5%	+829	+11.5%
Europe& the U.S.	1,198	1,309	1,364	1,482	5,353	12.3%	+662	+14.1%
Total	10,629	10,596	10,577	11,834	43,636	100.0%	+2,909	+7.1%

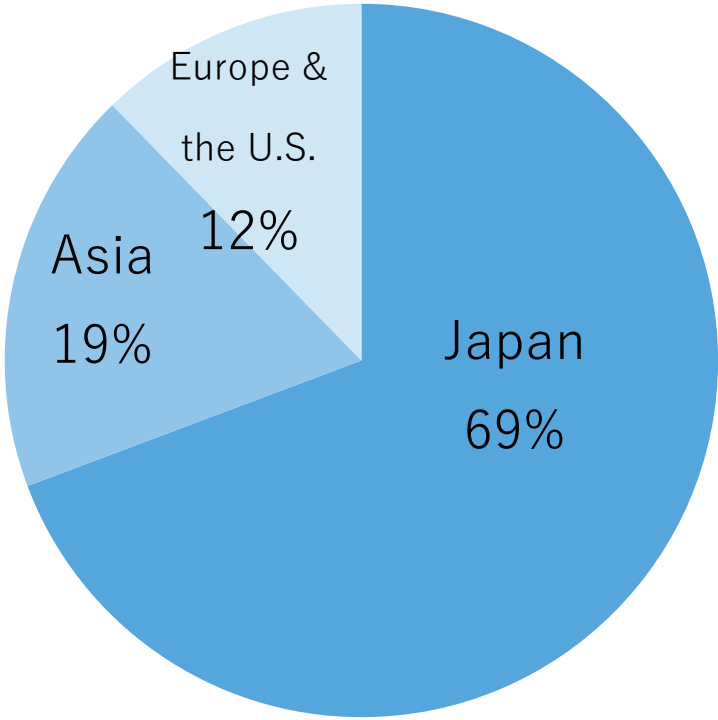
2020FY								
	1 Q	2 Q	3 Q	4 Q	Total	Composition	Increase/ Decrease	Y/Y
Japan	7,902	7,062	6,141	7,705	28,810	70.7%	-4,452	-13.4%
Asia	2,026	1,572	1,660	1,967	7,225	17.7%	+262	+3.8%
Europe& the U.S.	1,242	1,393	944	1,112	4,691	11.5%	-1,071	-18.6%
Total	11,171	10,027	8,744	10,785	40,727	100.0%	-5,260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

# 2021FY Sales Composition by Region

< 2020 4Q >

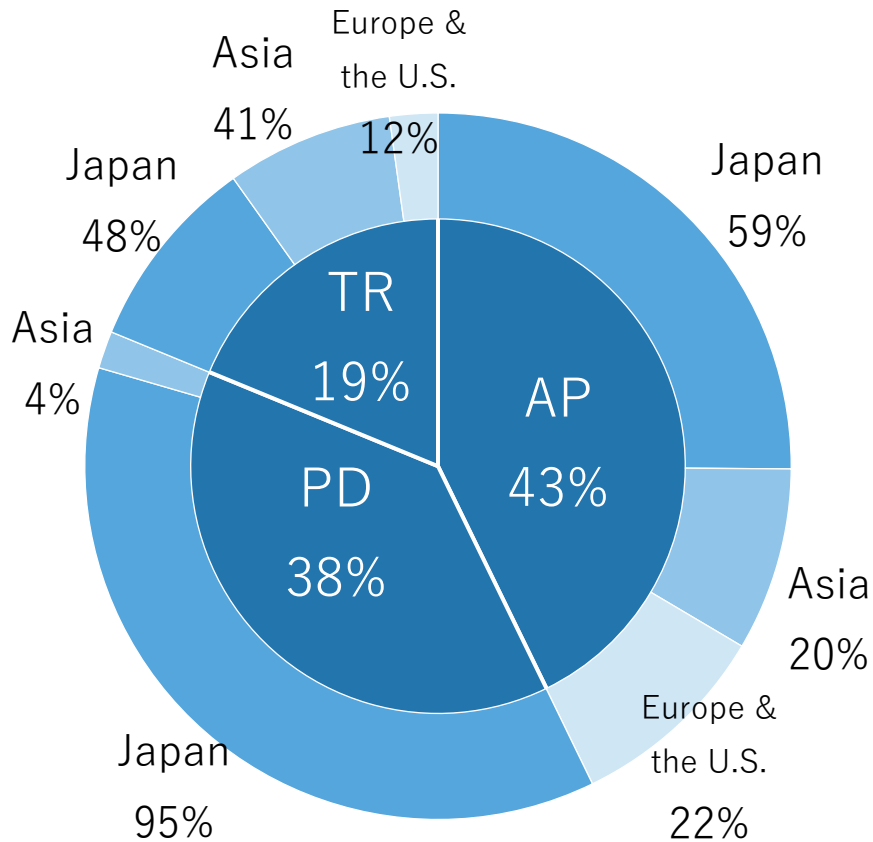


< 2021 4Q >

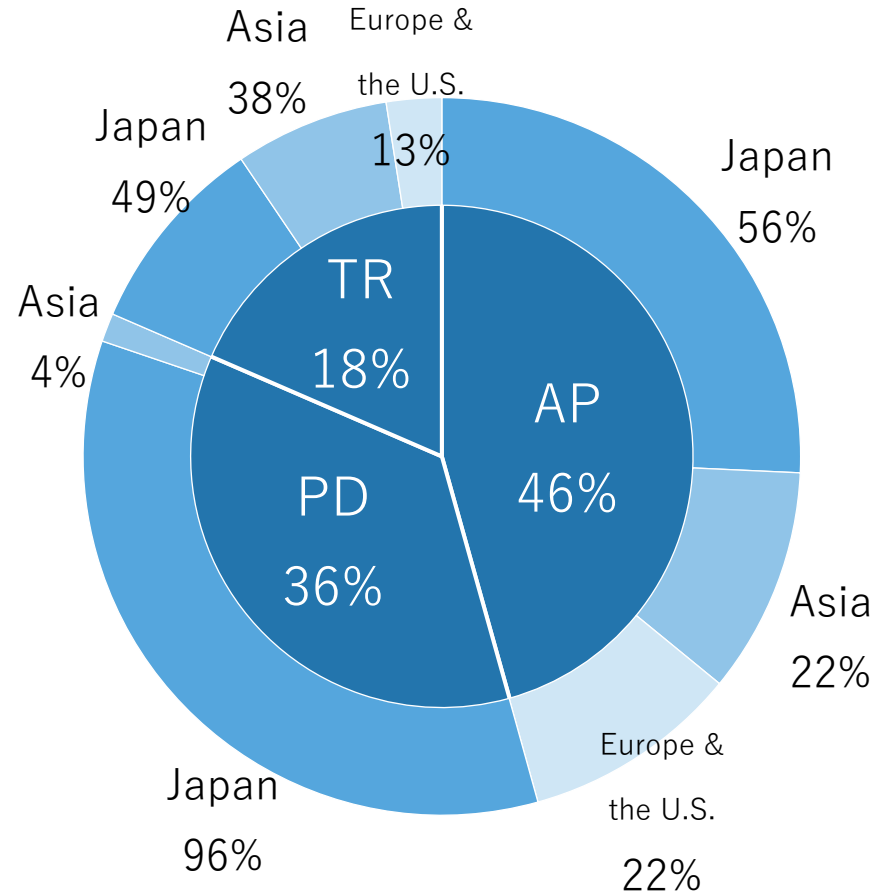


# 2021FY Sales Composition by Region & Business

< 2020 4Q >



< 2021 4Q >



AP : Apparel PD : Product TR: Transportation

1. FY2021.11 Financial Results
2. FY2021.11 Business Overview
3. FY2022.11 Consolidated Business Results Forecast
4. FY2022.11 Business Topics
5. Shareholder Returns

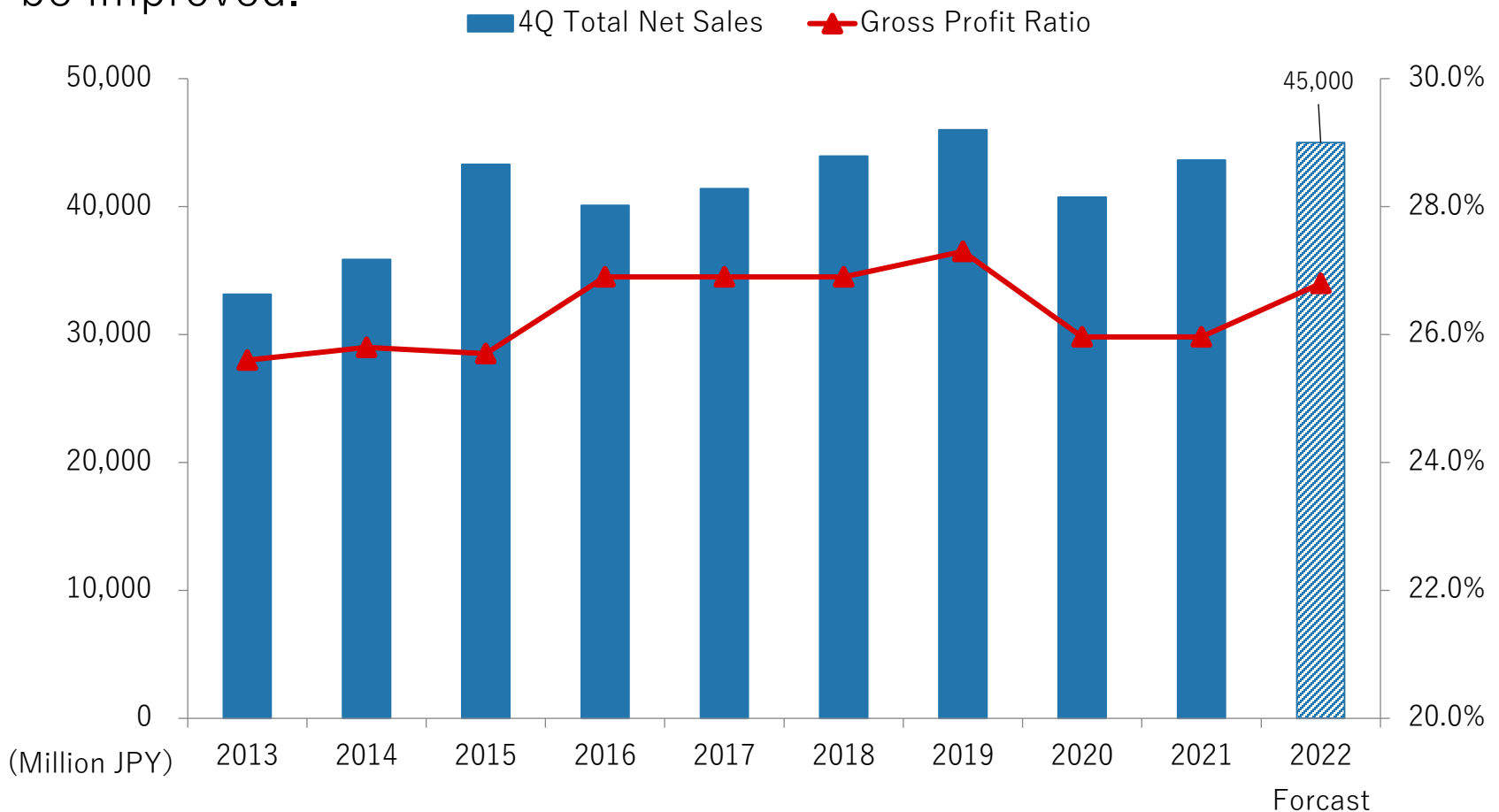
# 2022FY Consolidated Business Results Forecast

(Million JPY)

	2021FY	2022FY Forecast	Increase/ Decrease	Y/Y
Net sales	43,636	45,000	+1,364	3.1%
Operating income	1,613	1,800	+187	11.6%
Operating income ratio	3.7%	4.0%		
Ordinary income	1,827	1,850	+23	1.3%
Ordinary income ratio	4.2%	4.1%		
Net income	1,400	1,450	+50	3.6%
Net income ratio	3.2%	3.2%		

# 2022FY Forecast of Trends in Net Sales & Gross Profit Ratio

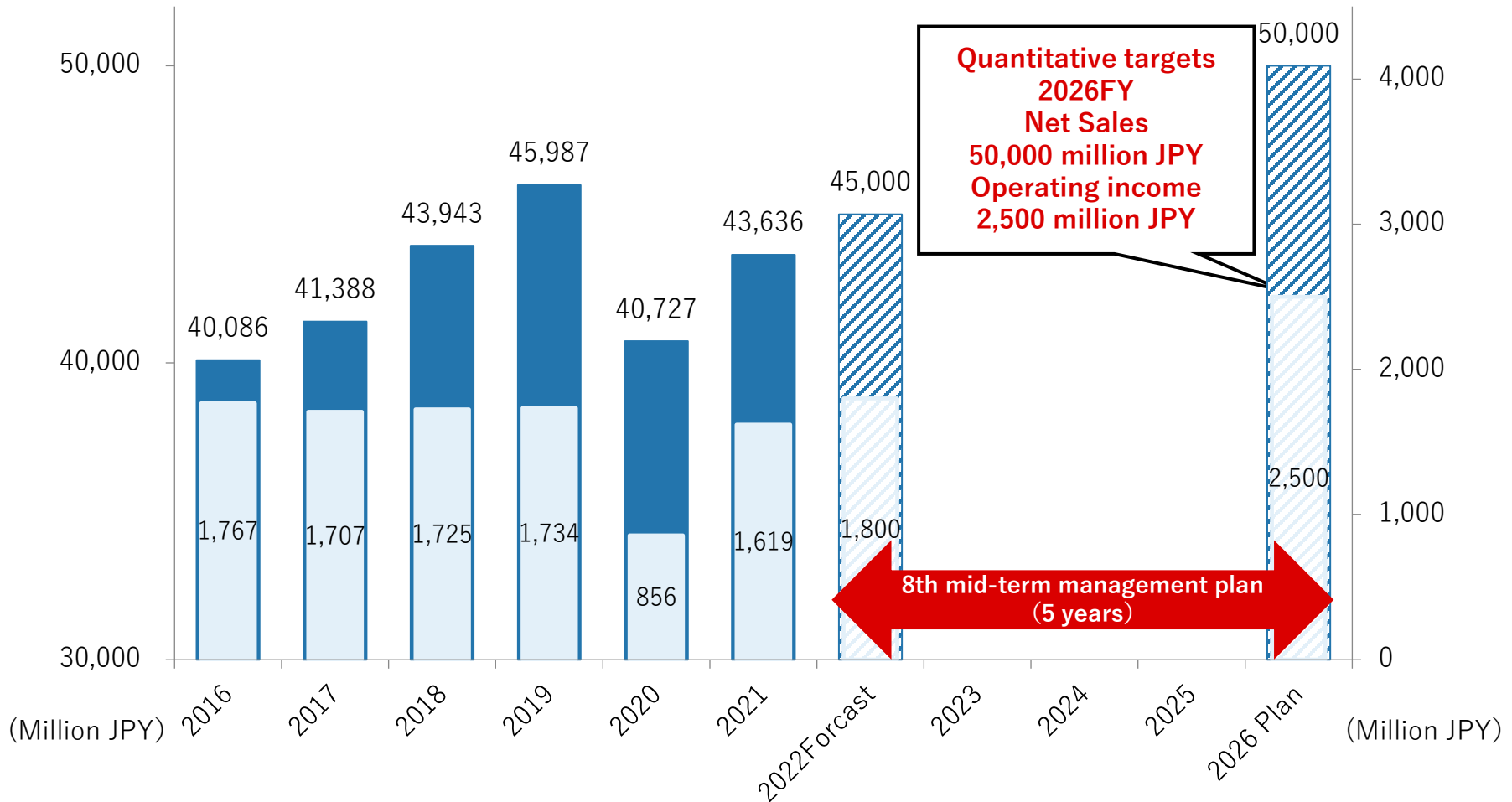
Orders are recovering all over the world. Though the gross profit ratio in 2021FY was affected by soaring raw material prices, in 2022FY will be improved.





# 8th Mid-term Management Plan

The mid-term Management Plan which was revised by COVID-19 has been carried out over 5 years from 2022FY to 2026FY.



1. FY2021.11 Financial Results
2. FY2021.11 Business Overview
3. FY2022.11 Consolidated Business Results Forecast
4. **FY2022.11 Business Topics**
5. Shareholder Returns

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

〈 Apparel & Product Business 〉

We have promoted the development of accessories made by "REAMIDE®" recycled from discarded fishing nets, such as buttons, tapes, and fabric. "C.O.R.E." can approach any industry from all perspectives of "dots, lines and plane".

( Examples of accessories made by materials recycled from discarded fishing nets )



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

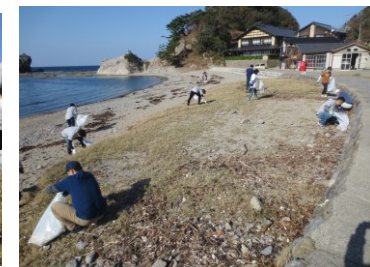
〈 Apparel & Product Business 〉

We have used the accessories made from materials recycled from discarded fishing nets and produced bags by collaboration with the Hyogo Prefecture's regional brand "Toyooka Kaban®" and promoted upcycle.



[Online shop](#)

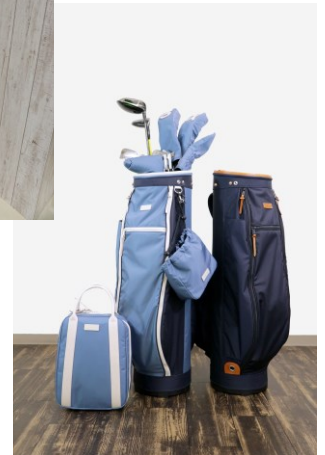
To promote local production for local consumption, we cleaned at Imagoura Beach in Hyogo Prefecture. We'll continue it.



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

〈 Apparel & Product Business 〉

We developed various accessories and products used by materials recycled from discarded fishing nets and exhibited them in "The Sustainable Fashion EXPO". We'll exhibit it in October 2022.



# Strong Performance of Products Related to Skateboarding & Surfing

〈 Product Business 〉

Sales of products related to skateboarding & surfing have expanded because their sports were attracted attention from the Tokyo Olympics.

( Skateboard Featured Brand )

etnies®



BAKER



es®



DEATHWISH



Emerica®



SHAKE JUNT



# Strong Performance of Products Related to Skateboarding & Surfing

( Surfing Featured Brand )

Maneuverline co., Ltd. has handled “NEILPRYDE”, the brand-related windsurfing since 2021FY. Moreover, it has been the import agency for “CHANNEL ISLANDS”, the brand that has famous surfers from around the world and will be expected to increase sales.



**NEILPRYDE**



# Development of B to C Business “52DESIGN”

## 〈 Apparel Business 〉

Pop-up stores have been held at various department stores and some famous select shops and focused on sales in Asia.

Going forward, we will collaborate with other industries and create other kinds of items.



Hankyu Umeda



JR Kyoto Isetan



TATRAS CONCEPT STORE Hibiya

### Other Pop-up store results (Some excerpts)

Oct.~Dec. Hainan Island Duty Free Shop

Dec. Takashimaya Osaka

JR Nagoya Takashimaya



# Expand the products for one-coin shops

## < Product Business >

Sales of computer-related products for one-coin shops such as mousepads have increased by the demand for stay home. Moreover, sales of products related to masks and handcraft have increased.



# Participation in IR and Individual Investor Fairs

〈 Corporate Activity 〉

The company has promoted IR activities using on-line.

(2021FY Results)

May. [The individual investor seminar hosted by EVENT'S Inc.](#)

Sep. The Nikkei IR & Individual Investor Fair

Nov. Hosted by EVEVT'S Inc.  
[Events web special talk \(Part 1\)](#)  
[Events web special talk \(Part 2\)](#)

[Top management interview on Minkabu and Kabutan](#)



The state of the seminar



The state of the special talk

# Continue proactive M&A

〈 Corporate Activity 〉

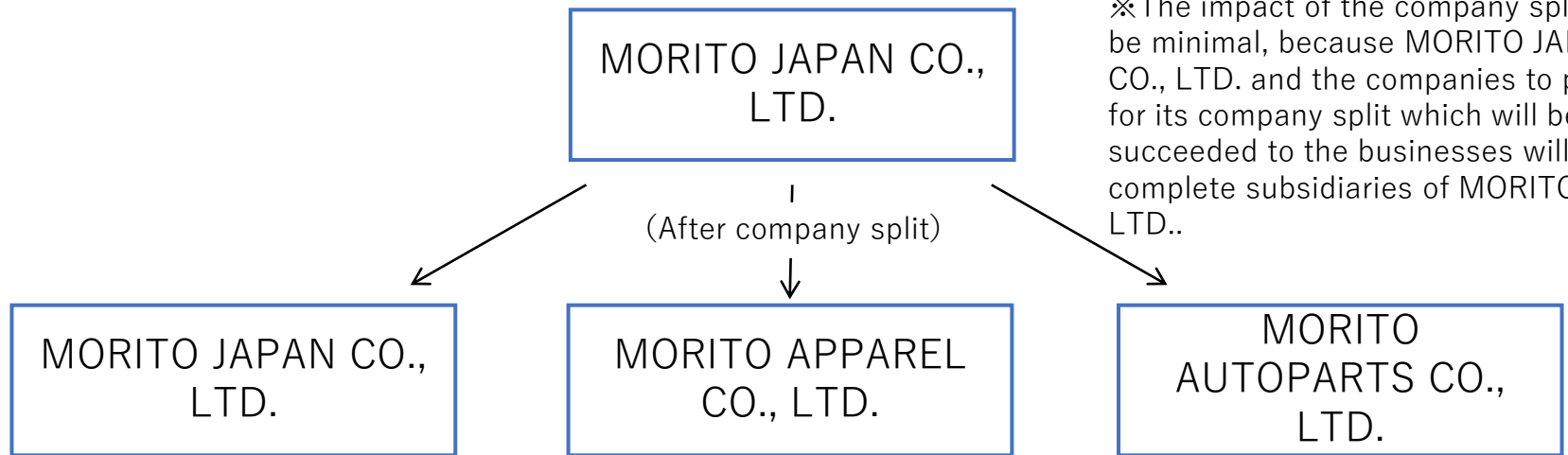
The company will continue M&A to enhance the corporate value and expand the business.

(Policy of M&A)

- ① Niche top
- ② The business field related to Morito
- ③ Stable and possible business

# Company split of consolidated subsidiary MORITO JAPAN

〈 Corporate Activity 〉



※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..

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



Specializing in the apparel & sports business such as apparel accessories



Specializing in the transportation business such as automotive interior components



# Establishment of Nomination and Compensation Committee

〈 Corporate Activity 〉

The company established the nomination and compensation committee as a voluntary advisory body to the Board of Directors in Dec. 2021.

It is composed of three directors, with the majority of the committee members being independent outside directors.

The chairman is selected from among the independent outside directors.

1. FY2021.11 Financial Results
2. FY2021.11 Business Overview
3. FY2022.11 Consolidated Business Results Forecast
4. FY2022.11 Business Topics
5. Shareholder Returns

# Basic Dividend Policy

Realize  
continuous  
dividend  
payments

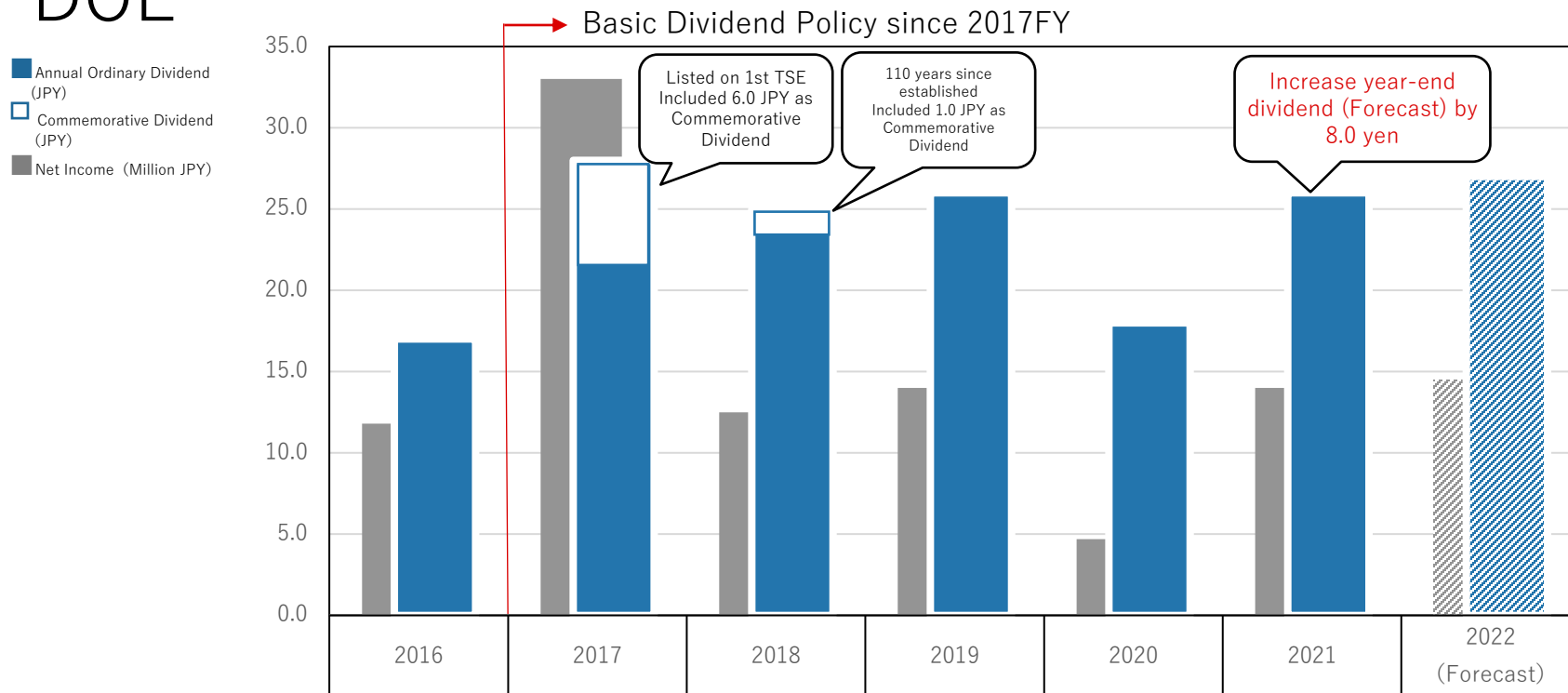
Dividend  
payout ratio of  
50% more in  
relation to profit  
attributable to owners  
of parent is the  
standard※

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.

※The Company has repurchased up to 900,000 shares during the period from Sep. 2021 to Aug. 2022. In Aug. 2022, the Company plans to cancel 800,000 shares. 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.

# Trends of Dividend, Dividend Payout Ratio & DOE



	2016	2017	2018	2019	2020	2021	2022 (Forecast)
Net income (Million JPY)	11.8	33.0	12.5	14.0	4.7	14.0	14.5
Annual dividend per share (JPY)	17.0	28.0	25.0	26.0	18.0	26.0	27
Interim dividend per share (JPY)	8.0	14.0	12.5	13.0	13.25	9.0	13.5
Year-end dividend per share (JPY)	9.0	14.0	12.5	13.0	4.75	17.0	13.5
Dividend payout ratio (%)	41.0	※ 23.5	54.7	50.8	104.8	50.6	50.8
DOE (%)	1.69	2.42	2.13	2.22	1.53	2.2	2.2

※ 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

MORITO CO., LTD. General Affairs Dept. IR & Stock Sect.

4-2-4,MINAMI HOMMACHI, CHUO-KU, OSAKA 541-0054 JAPAN

E-mail : [ir@morito.co.jp](mailto:ir@morito.co.jp)