

MORITO CO.,LTD

Prime Market of TSE : 9837

Presentation Materials

for the First Quarter of Fiscal Year Ended  
November 30, 2022, Financial Results

April 2022

**MORITO**

1. FY2022.11 1Q Financial Results
2. FY2022.11 1Q Business Overview
3. Business Topics
4. Shareholder Returns

# FY2022 1Q Highlights

- Remained affected by automakers' production cutbacks and stoppages due to semiconductor shortages, soaring raw material prices and procurement difficulties, delays in overseas transportation, and rising transportation costs.
- Apparel business for medical wear and working wear remained firm.
- In a YoY comparison, net sales +8%, operating profit +28%, net income +55%.
- 1Q net sales, operating profit, ordinary profit, and net income hit all-time highs since the start of quarterly disclosure.

# FY2022 1Q Summary of Financial Results

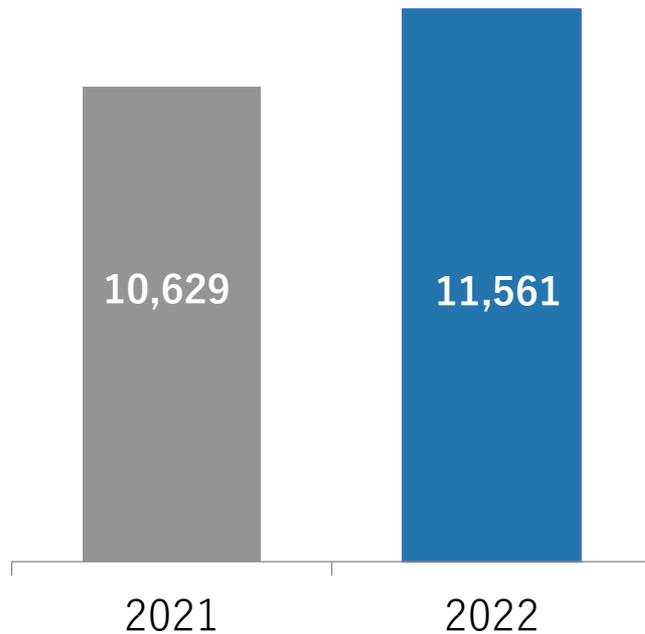
(Million JPY)

	2021 1Q	2022 1Q	Increase/ Decrease	Y/Y
Net sales	10,629	11,561	+932	+8.8%
Gross profit	2,795	3,058	+263	+9.4%
Gross profit ratio	26.3%	26.5%		
Cost	2,321	2,448	+127	+5.4%
Cost ratio	21.8%	21.2%		
Operating profit	473	610	+137	+28.9%
Operating profit ratio	4.5%	5.3%		
Ordinary profit	485	655	+170	+35.0%
Ordinary profit ratio	4.6%	5.7%		
Net income	288	449	+161	+55.6%
Net income ratio	2.7%	3.9%		

# 2022FY 1Q Net Sales

Net sales : 11,561 million JPY      Y/Y : +932 million JPY (+8.8%)

Although the transportation business has been affected by the semiconductor shortage, the apparel business has grown in Japan and overseas.



(million JPY)

**Japan      7,912 million JPY**

Y/Y +565 million JPY (+7.7%)

**Asia      2,212 million JPY**

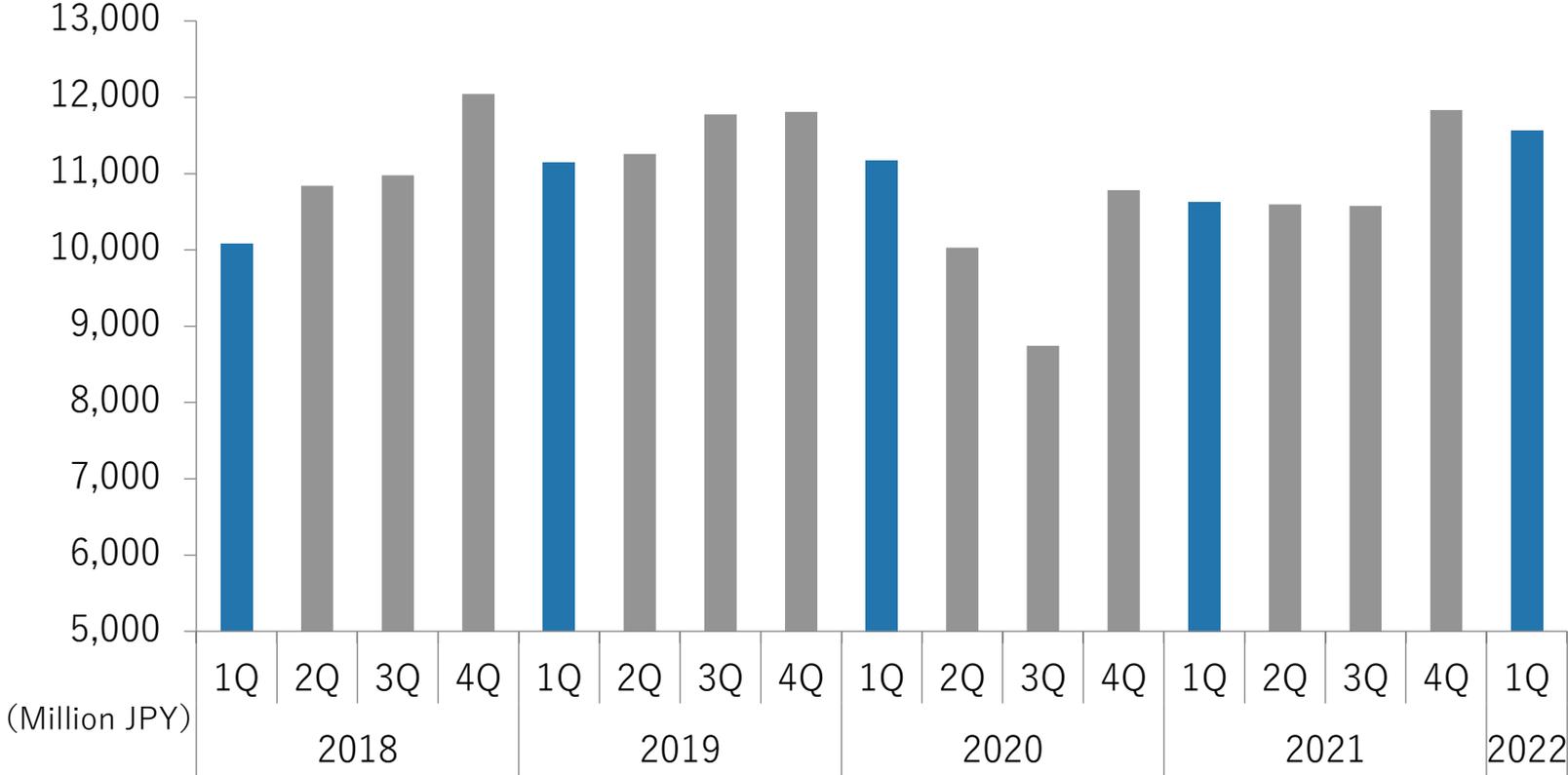
Y/Y +129 million JPY (+6.2%)

**Europe & the U.S. 1,436 million JPY**

Y/Y +238 million JPY (+19.9%)

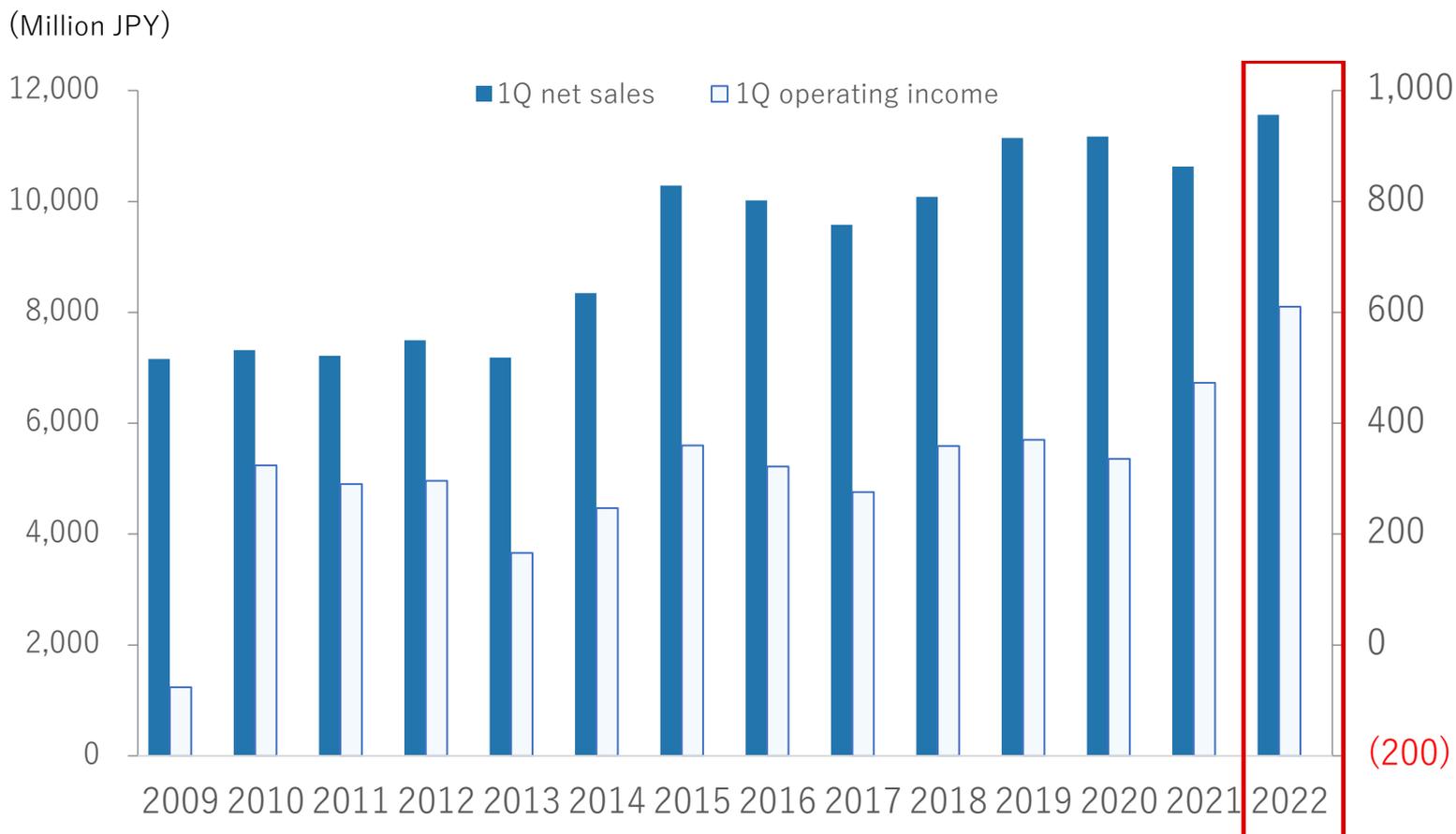
# 2022FY 1Q Quarterly Financial Trends

FY2022 1Q net sales was higher than FY2019 1Q when there was no COVID-19.



# FY2022 1Q Quarterly Financial Trends

FY2022 1Q net sales and operating profit were the highest first-quarter results since the start of quarterly disclosure.

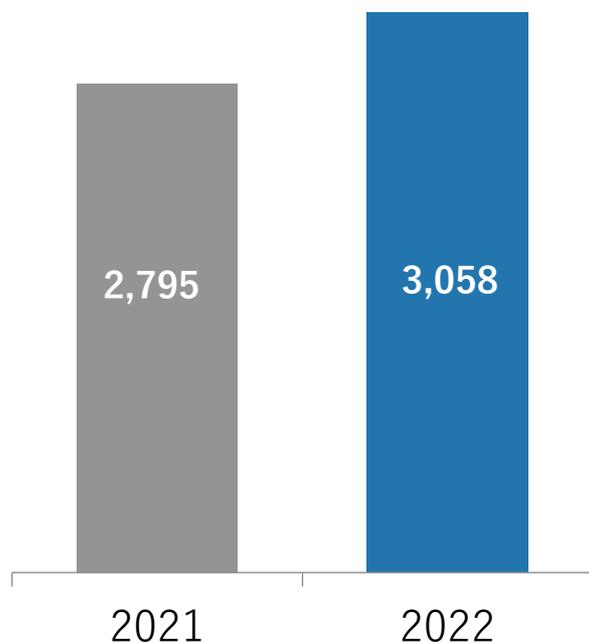


# FY2022 1Q Gross Profit

Gross profit : 3,058 million JPY      Y/Y : +263 million JPY (+9.4%)

Increase in net sales

Improvement of profit ratio

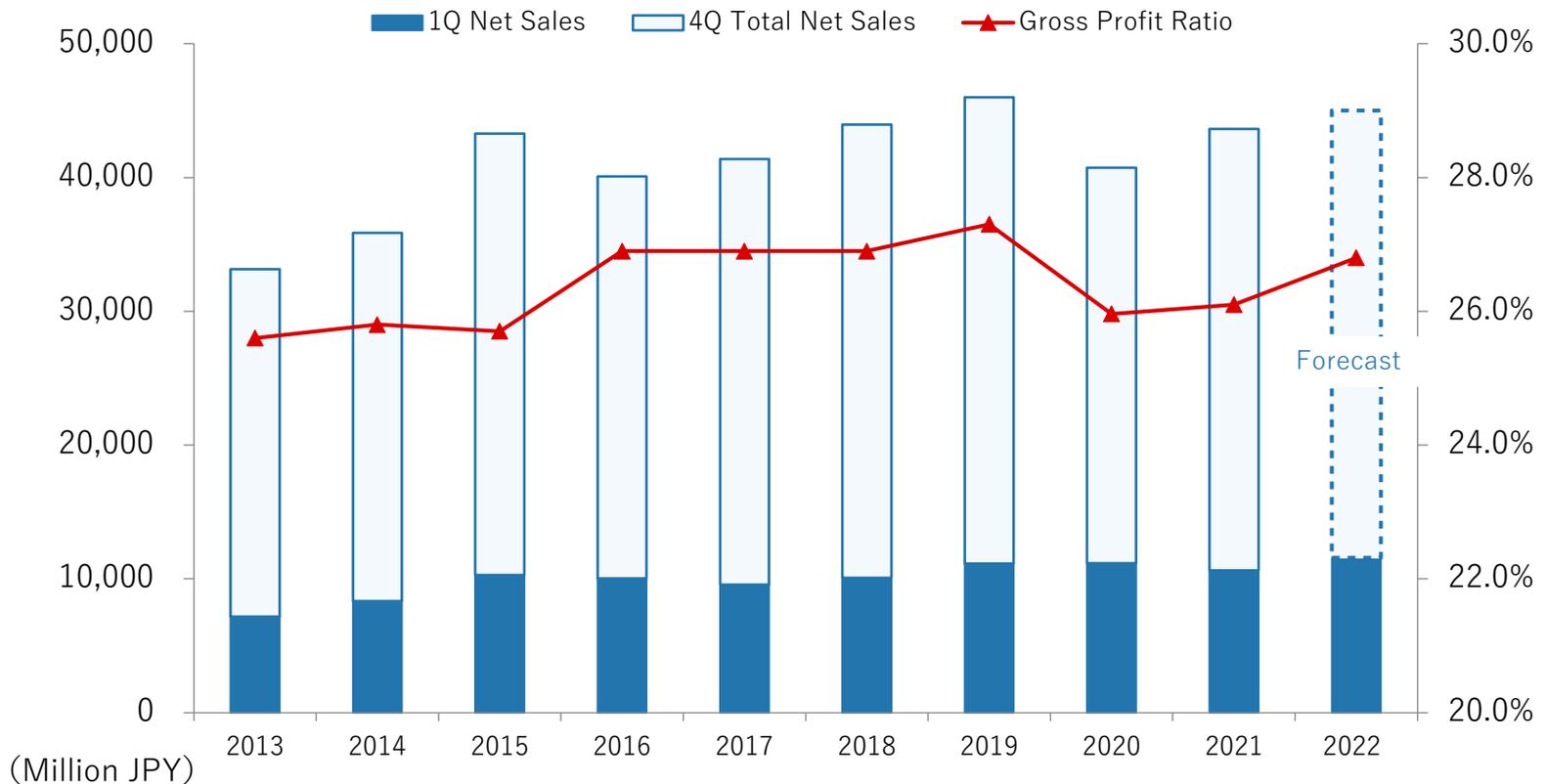


(Million JPY)

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Net income	288	449	+161	+55.6%

# FY2022 1Q Trends in Net Sales & Gross Profit Ratio

Despite soaring raw material prices and transportation costs, a certain level of gross profit ratio has been maintained by price pass-through.



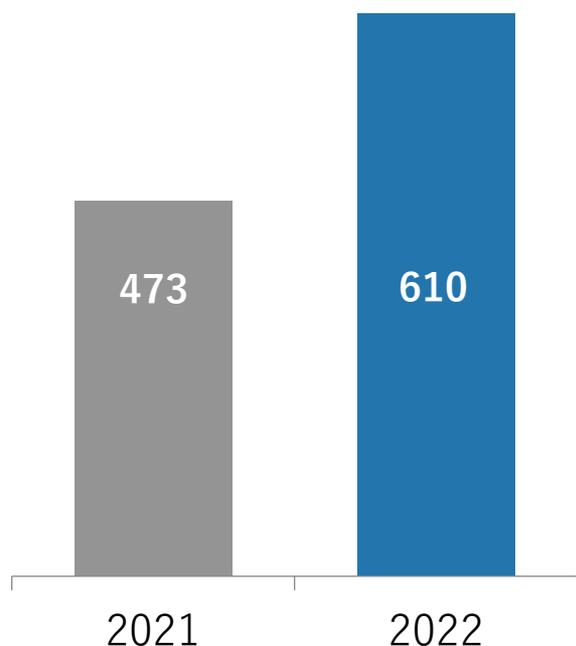
# FY2022 1Q Operating Profit

Operating profit : 610 million JPY

Y/Y : +137 million JPY (+28.9%)

Increase in gross profit ratio

Decrease of cost



(Million JPY)

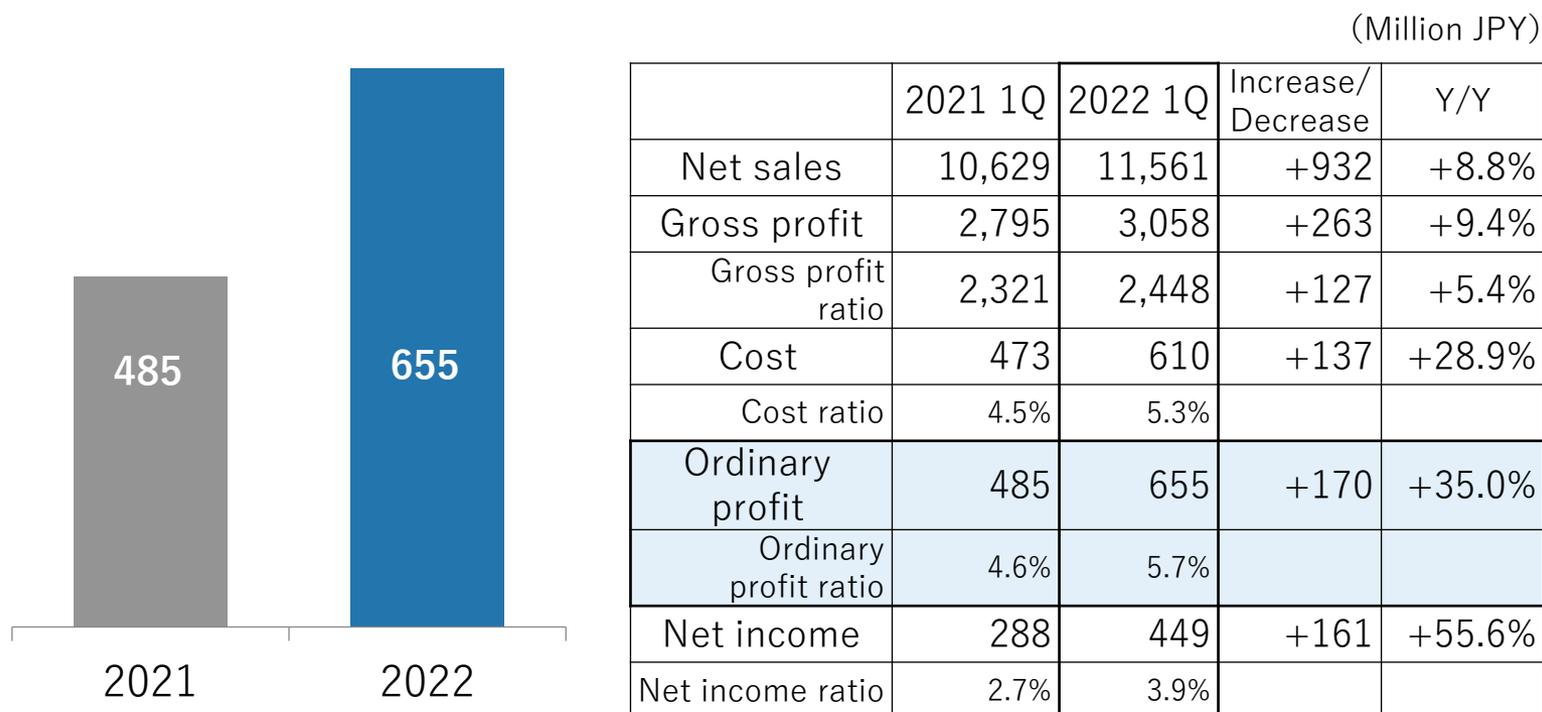
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Ordinary profit	485	655	+170	+35.0%
Net income	288	449	+161	+55.6%

# FY2022 1Q Ordinary Profit

Ordinary Profit : 655 million JPY      Y/Y : +170 million JPY (+35.0%)

Increase in operating profit & non-operating profit

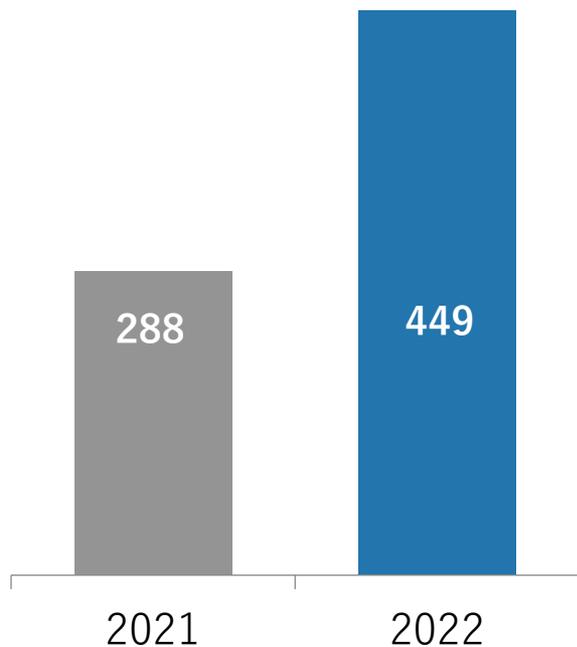
Decrease of non-operating expenses



# FY2022 1Q Net Income

Net Income : 449 million JPY      Y/Y : +161 million JPY (+55.6%)

Increase in ordinary profit



(Million JPY)

	2021 1Q	2022 1Q	Increase/ Decrease	Y/Y
Net sales	10,629	11,561	+932	+8.8%
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Net income	288	449	+161	+55.6%
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# FY2022 1Q Balance Sheet

(Million JPY)

	2021 4Q	2022 1Q
<b>Assets</b>		
Current assets	26,957	26,870 (-87)
Fixed assets	18,980	18,848 (-132)
Deferred assets	0	0 (0)
Total assets	45,938	45,718 (-220)

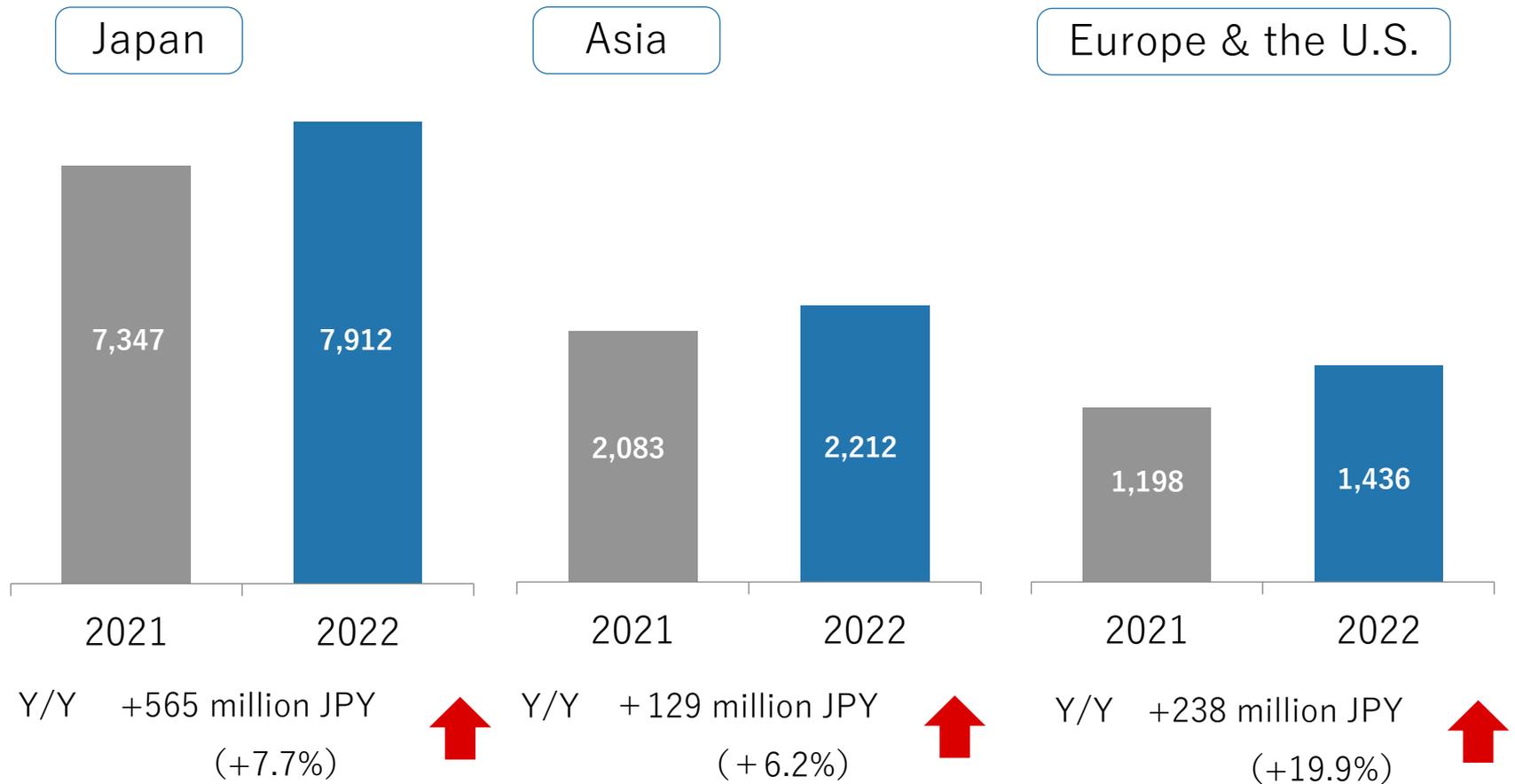
	2021 4Q	2022 1Q
<b>Liabilities</b>		
Current liabilities	7,507	7,557 (50)
Fixed liabilities	4,515	4,353 (▲ 162)
Total liabilities	12,023	11,911 (▲ 112)
<b>純資産の部</b>		
Shareholders' equity	31,477	31,281 (▲ 196)
Other comprehensive income	2,381	2,470 (89)
Total net assets	33,941	33,807 (▲ 107)
Liabilities and net assets	45,938	45,718 (▲ 220)

Equity ratio 73.8 % (2021FY4Q 73.7 %)

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# FY2022 1Q Net Sales by Regions

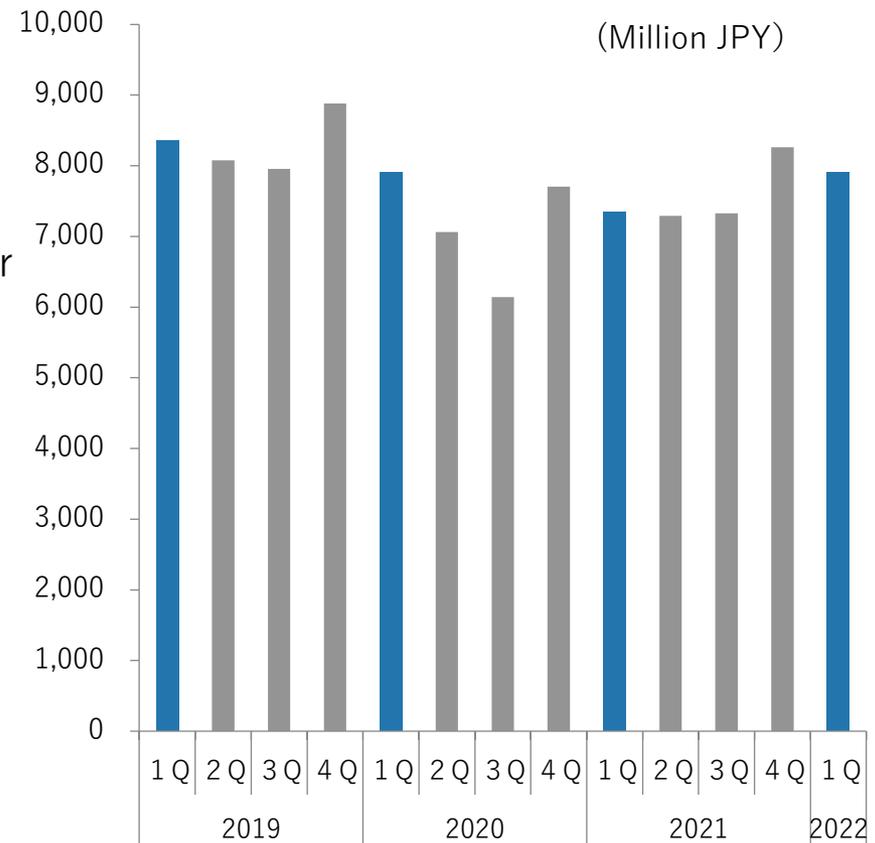
(Million JPY)



# FY2022 1Q Net Sales by Regions (Japan)

Despite the semiconductor shortage, the apparel division is recovering, and business-related sports have been firm.

- Increase of the accessories for working wear and medical wear sold in Europe and the U.S.
- Increase of the accessories for sportswear
- Increase of the products for one-coin shops
- Increase of the construction safety products
- Increase of the products related to snowboarding and surfing
- Increase of the automotive interior components

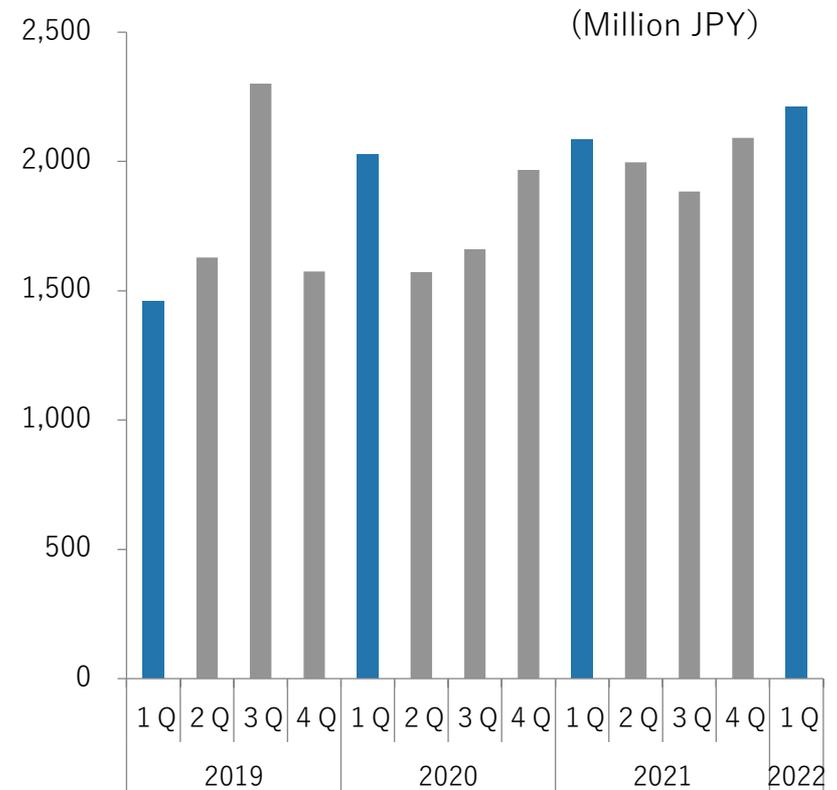


# FY2022 1Q Net Sales by Regions (Asia)

In China and Hong Kong, the apparel division increased by the acquisition of new orders, etc.

The transportation division decreased due to adjustments resulting from production transfers between manufacturers' plants.

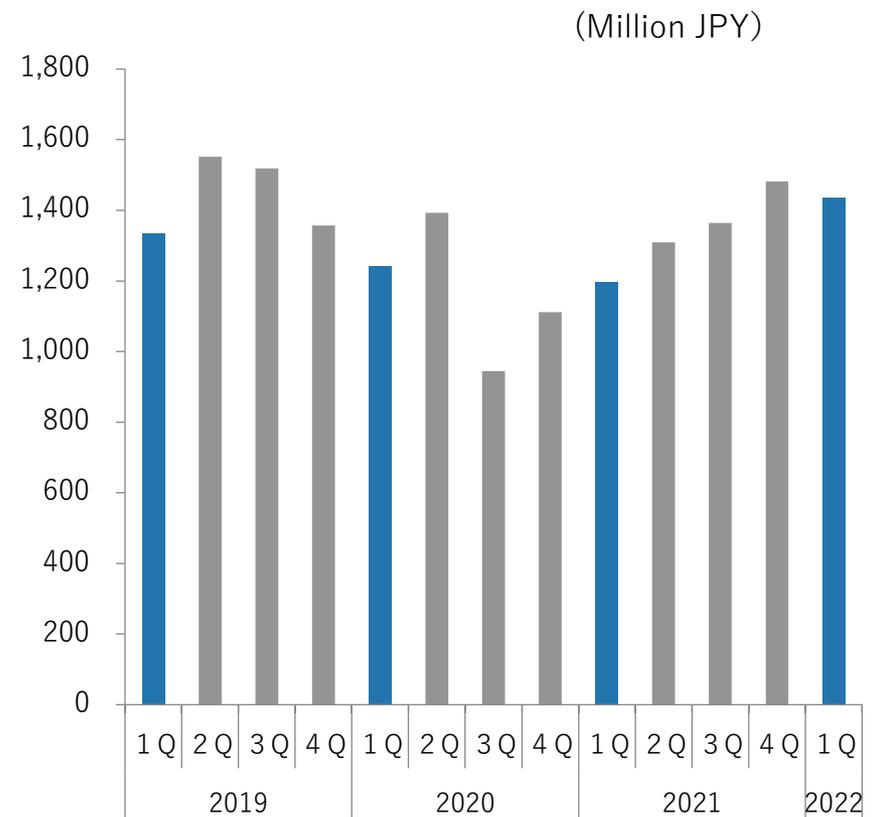
- Decrease of automotive interior components to Japanese automotive manufacturers
- Increase of the accessories for working wear sold in Europe and the U.S.



# FY2022 1Q Net Sales by Regions ( Europe & the U.S. )

The apparel division has remained firm, such as working wear.  
In the transportation division, semiconductor shortages have been affected.

- Increase of accessories related to working wear and casual wear
- Decrease of automotive interior components to Japanese automotive manufacturers



# FY2022 1Q Net Sales by Regions (Quarterly)

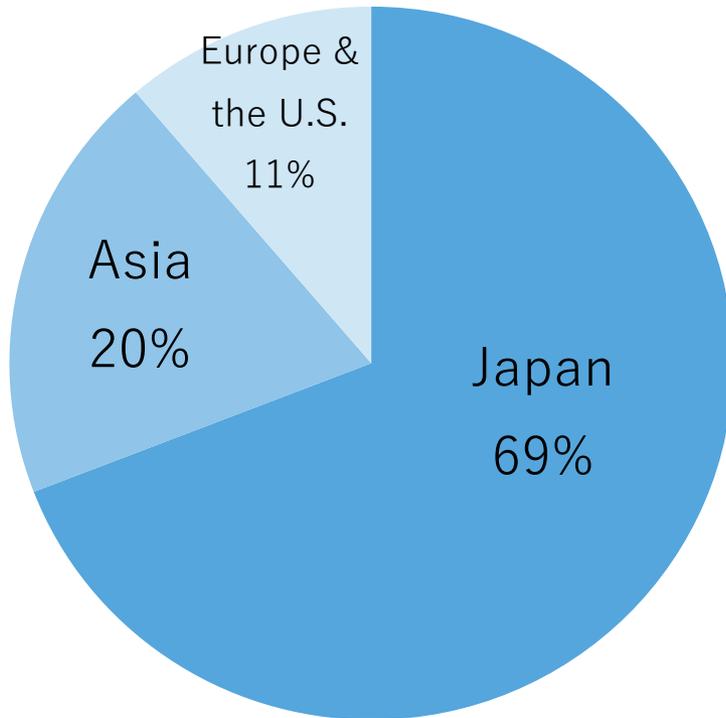
(Million JPY)

2022FY				
	1 Q	Composition	Increase/ Decrease	Y/Y
Japan	7,912	68.4%	+565	+7.7%
Asia	2,212	19.1%	+129	+6.2%
Europe& the U.S.	1,436	12.4%	+238	+19.9%
Total	11,561	100.0%	+932	+8.8%

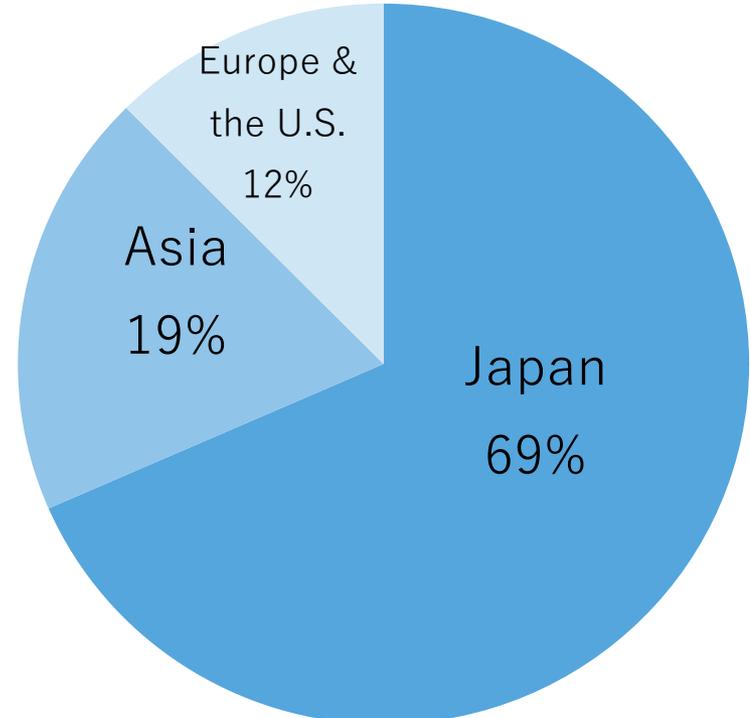
2021FY								
	1 Q	2 Q	3 Q	4 Q	Total	Composition	Increase/ Decrease	Y/Y
Japan	7,347	7,291	7,329	8,262	30,229	69.3%	+1,419	+4.9%
Asia	2,083	1,996	1,884	2,091	8,054	18.5%	+829	+11.5%
Europe& the U.S.	1,198	1,309	1,364	1,482	5,353	12.3%	+662	+14.1%
Total	10,629	10,596	10,577	11,834	43,636	100.0%	+2,909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

# FY2022 1Q Sales Composition by Region

< 2021 1Q >

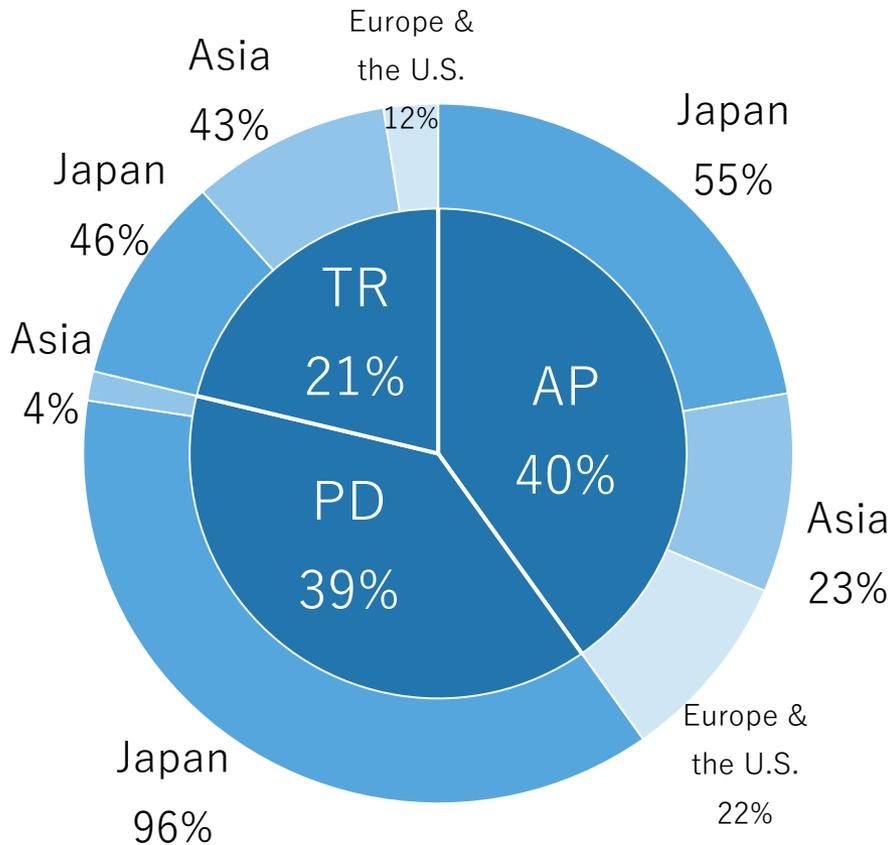


< 2022 1Q >

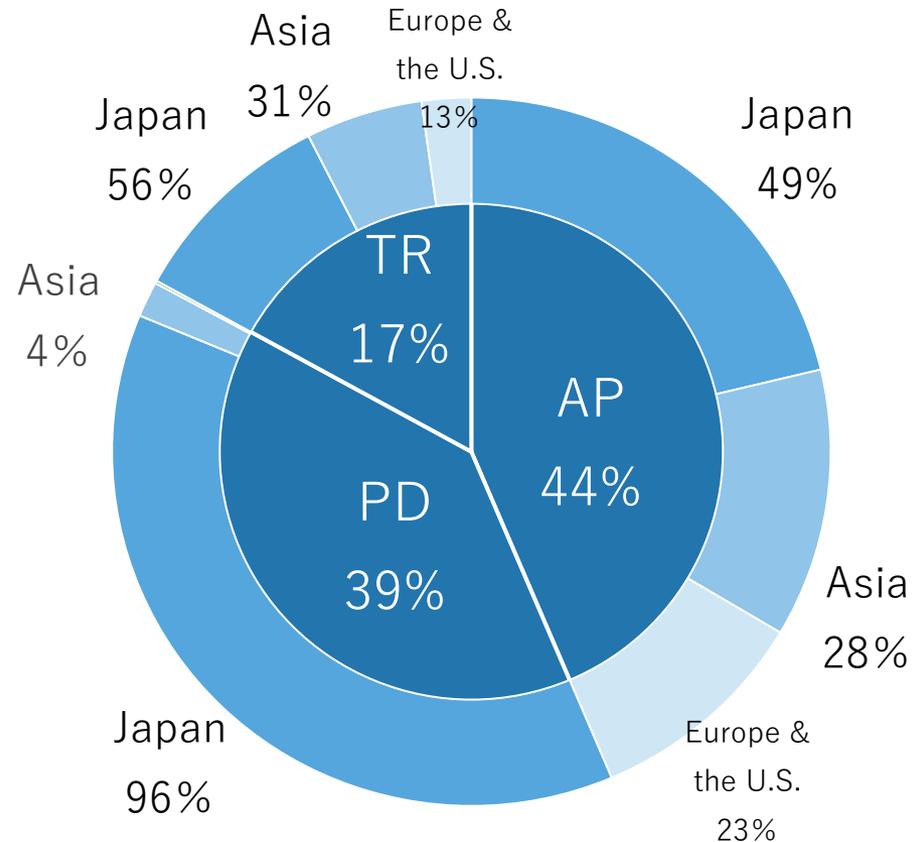


# FY2022 1Q Sales Composition by Region & Business

< 2021 1Q >



< 2022 1Q >



AP : Apparel PD : Product TR: Transportation

# 2022FY 1Q Forecast & Progress

(Million JPY)

	2022FY 1Q	FY2022 Full-Year Forecast	Progress
Net sales	11,561	45,000	25.7%
Gross profit	610	1,800	33.9%
Gross profit ratio	5.3%	3.6%	
Ordinary profit	655	1,850	35.4%
Ordinary profit ratio	5.7%	4.0%	
Net income	449	1,450	31.0%
Net income ratio	3.9%	2.4%	

	2021FY 1Q	2021FY 4Q	Progress
Net sales	10,629	43,636	24.4%
Gross profit	473	1,619	29.2%
Gross profit ratio	4.5%	3.7%	
Ordinary profit	485	1,834	26.4%
Ordinary profit ratio	4.6%	4.2%	
Net income	288	1,407	20.5%
Net income ratio	2.7%	3.2%	

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# Morito Group Project to Develop Eco-Friendly Products

## Apparel Business

As part of our efforts to develop eco-friendly products, we developed Ocean Current<sup>®</sup>, a fabric made with materials recycled from discarded fishing nets. Using this fabric, we made a premium line of Kobe Shoes<sup>®</sup>, For The Blue Collection.



For The Blue Collection



Morito booth at the 171st Japan Grand Shoes Collection & Nationwide Sandals Fair Summer 2022



Ocean Current<sup>®</sup>

# Morito Group Project to Develop Eco-Friendly Products

## Apparel & Product Businesses

Ocean Current<sup>®</sup>, the fabric used for Kobe Shoes<sup>®</sup>, is made entirely of the REAMIDE<sup>®</sup> fiber produced from recycled discarded fishing nets collected in Japan.

Using traceable materials, we ensure strict process control from the production of recycled pellets to the making of the fabric and have plans to develop new fabrics in the future.

How Ocean Current<sup>®</sup> is made



# Strong Performance of Products Related to Snowboarding

## Product Business

Strong sales of products related to snowboarding that attracted attention during the Beijing Olympics

(Popular snowboard brands)

**NITRO®**



**SESSIONS®**



**THIRTYTWO®**



**BONFIRE®**



**FIX BINDING CO.**



**KOMBI**



# New Knee Support Product, Poka RAKU, Jointly Developed with Benesse Style Care

## Product Business

We released Poka RAKU, a line of knee support products developed by incorporating the opinions of the residents and staff of a retirement home run by Benesse Style Care.

It is a senior-friendly thermal knee brace with just the right compression.



Knee brace made with collagen fiber

## Poka RAKU

**Gentle Karaforo Collection**

**ひざ・ふくらはぎ 兼用 ショートタイプ**  
ふくらはぎ [両足用]  
膝丈長 約30~45cm

**ひざ用 ロング丈**  
ふくらはぎ [両足用]  
膝丈長 約30~45cm

**コラーゲン 配合**  
1枚入 (両足・両膝用)

**潤** 潤い効果  
**暖** 暖か効果  
**圧** 圧縮効果

やさしいカラフォロコレクション  
ポカらく Poka RAKU

本製品はモリトジャパン(株)と(株)ベネッセスタイルケア「ベネッセシニア・介護研究所」が共同企画開発したものです。

Available at [Morito Japan online store](https://morito.jp/)

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# Basic Dividend Policy

Realize  
continuous  
dividend  
payments

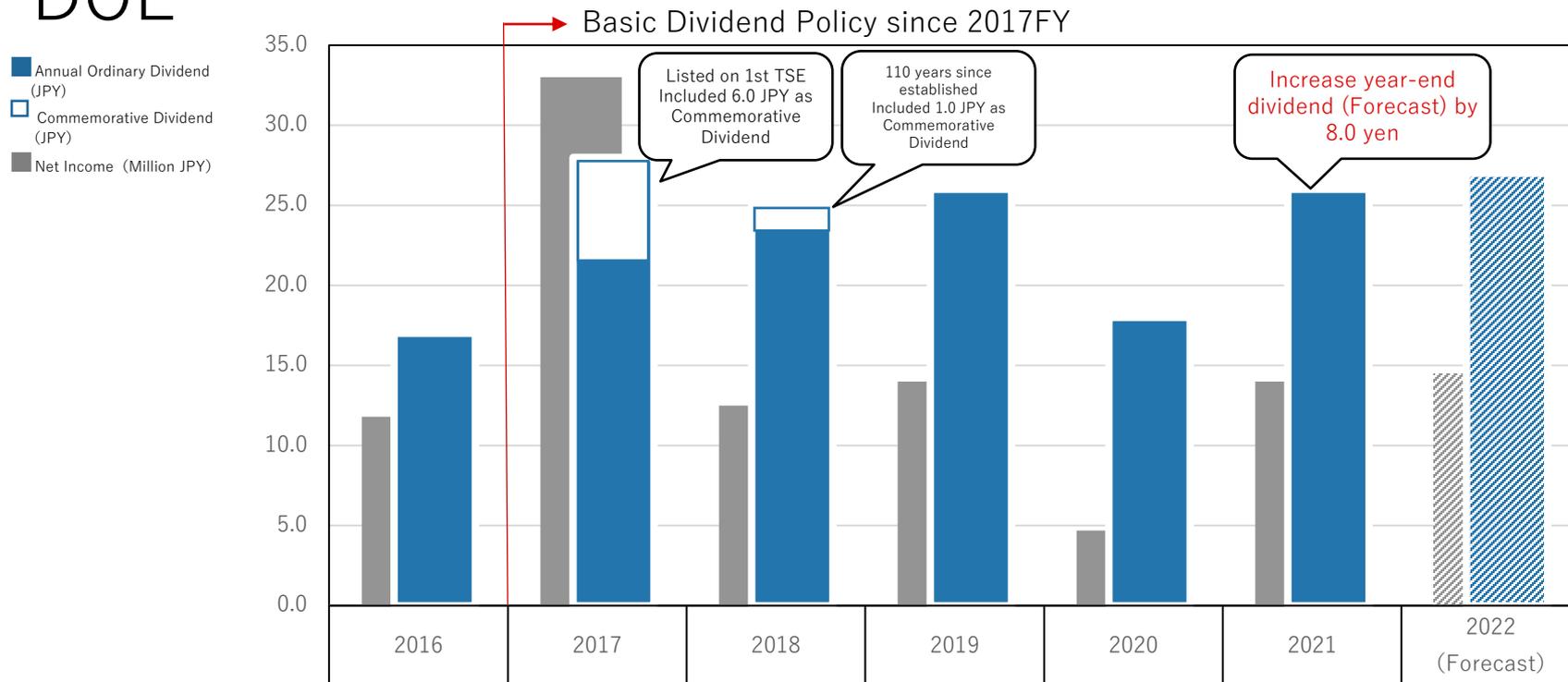
Dividend  
payout ratio of  
50% more in  
relation to profit  
attributable to owners  
of parent is the  
standard※

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.

※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
D O E (%)	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

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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 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.

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