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MORITO CO., LTD.

Prime Market of TSE: 9837

**Presentation Materials for the Second Quarter of
Fiscal Year Ending November 30, 2022, Financial
Results**

July 2022

MORITO

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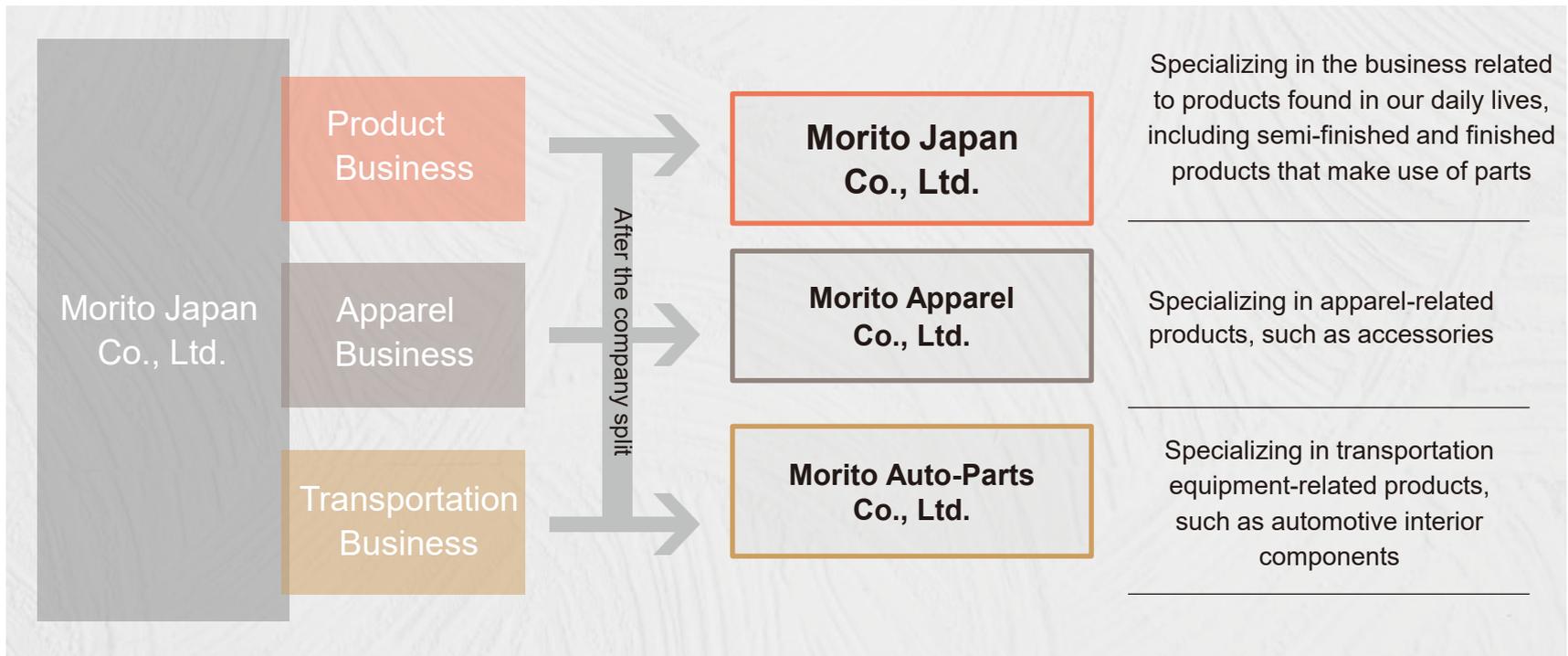
Corporate Brand Renewal

Corporate Brand Renewal

(Background)

Split of Morito Japan, the largest operating company in the Morito Group

→ Respond to any changes in the environment and operate the company according to the needs of each market

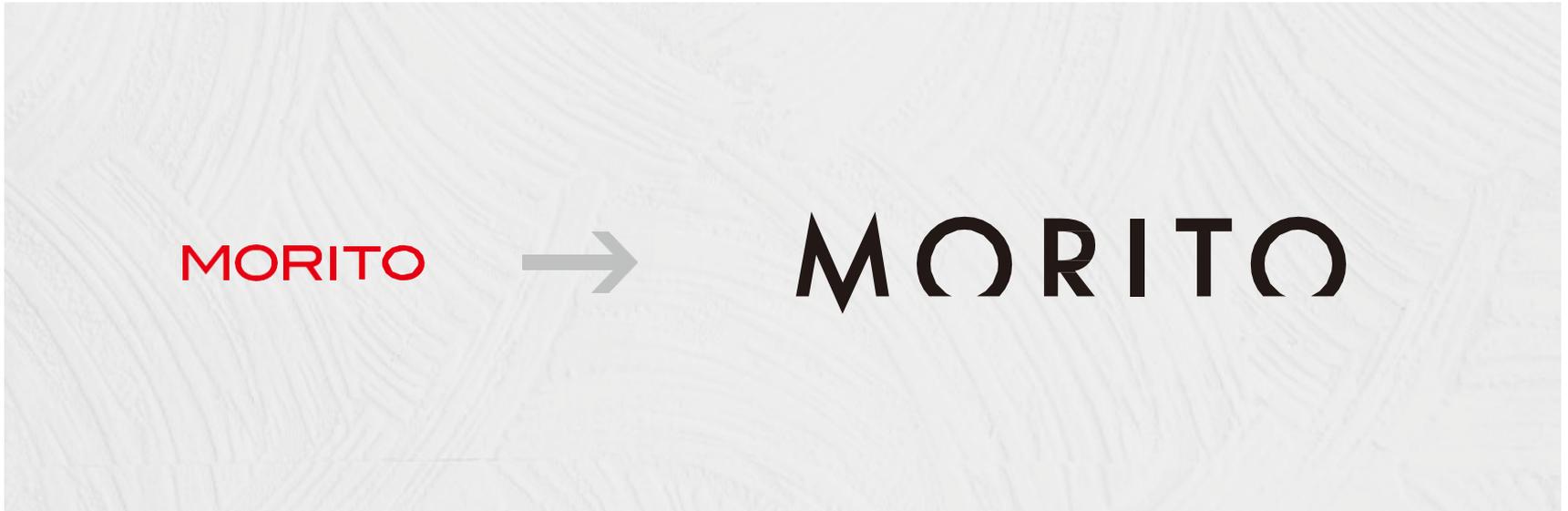


Corporate Brand Renewal: New Tag Line

Where innovation is the norm

While at Morito we seem to just make ordinary parts that tend to blend in seamlessly with the fabric of everyday life, we continually go the extra mile to come up with innovative, user-friendly products that work exceptionally well. The new tag line represents our commitment to make innovation the norm.

Corporate Brand Renewal: New Corporate Logo



The letter M expresses the excitement you feel when you experience something new.

The logotype that is cropped at the bottom to make it look slightly hidden represents the role we play in supporting various industries and expresses the dynamism of the rising sun.

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Company Profile

Morito Group Values

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 hooks
- 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 14 locations around the world

● Operating three businesses

- Apparel, product, and transportation businesses form the core of our operations
- Ratio between in-house production and procurement is 3:7



Eyelets



Hooks



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

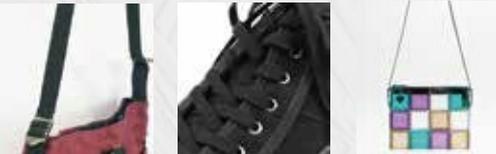
<Examples of products handled>



Hooks

MAGIC TAPE®

Button



Tape

Eyelets and
shoelaces

In-house
brands

<Applications>

Casual wear/shoes,
sportswear/shoes, working
wear/shoes

Medical wear, baby wear

Formal wear/shoes, bags

Product Business

<Examples of products handled>



MAGIC TAPE®

Resin parts

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

Transportation Business

<Examples of products handled>



Hooks

MAGIC TAPE®

Nets



Emblems

Trunk floor
lining

Door
armrests

<Applications>

Automotive interior components
Railway and Shinkansen interior
components
Aircraft interior components

Morito's Strengths

- **Three core businesses ensure stable performance**

Operating 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 crisis, the 2008 financial crisis, and the COVID-19 pandemic.

- **Enjoying high market share for various products**

Many products dominate the market in their respective industry.

We have the top market share for metal hooks in Japan, and the highest or second-highest in the world.

- **Global network**

In addition to our own locations, we have partner plants and distributors all over the world, enabling us to be there for the customer whenever they need anything.

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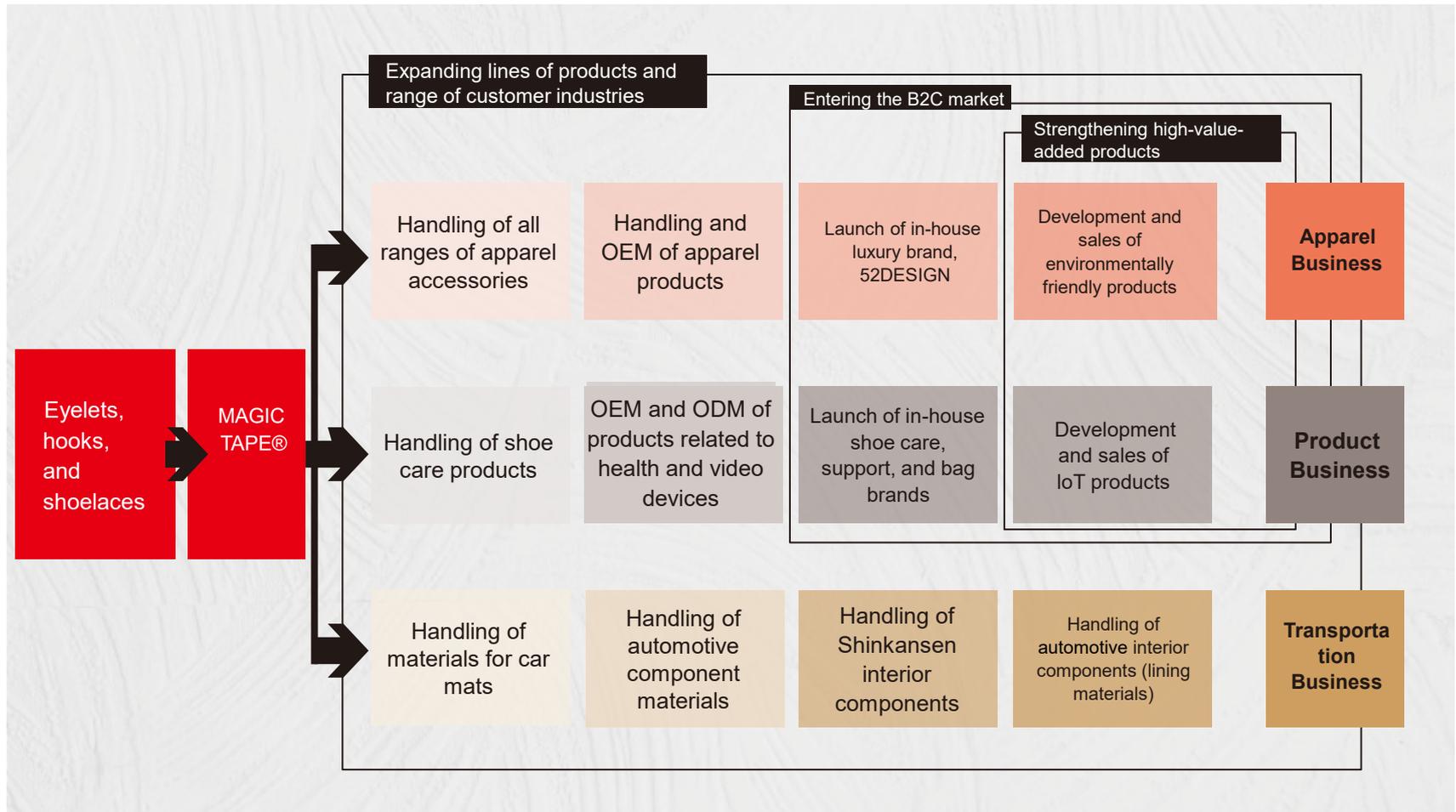
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Medium- and Long-term Policy

Past Efforts to Become a “Global Niche Top Company”



Past Efforts to Become a “Global Niche Top Company”

Building global network

Sales and procurement

Hong Kong, USA, Netherlands, Taiwan, China (Shanghai), Thailand, Myanmar, Mexico

Manufacturing

China (Shenzhen), USA (Georgia), Vietnam

M&A

Scovill (USA), Matex (Japan), Maneuverline (Japan)

Enhancing profitability

- Establishing a global quality assurance system
- Establishing an in-house logistics center
- Transition to a holding company structure
- Splitting operating company, Morito Japan

Strengthening management system

- Diversity and work style reform
- Personnel strategies, including hiring mid-career workers

Medium- and Long-term Policy Morito's Vision

Keep making a big difference in the world with small parts to become a global niche top company

8th Mid-term
Management
Plan

Business
strategies

- Enter the B2C market and step up efforts
- Gain top global market share across all markets
- Localize management, manufacturing, and procurement, and establish new locations
- Make capital investments in manufacturing companies and increase their production efficiency
- Sign M&A deals
- High-value-added products (safety, health, and environmental initiatives)

Corporate strategies

- Leverage IT to support manufacturing, business, and sales activities
- Manage Group companies' funds via forex strategies, etc.
- Operate the company with SDGs in mind

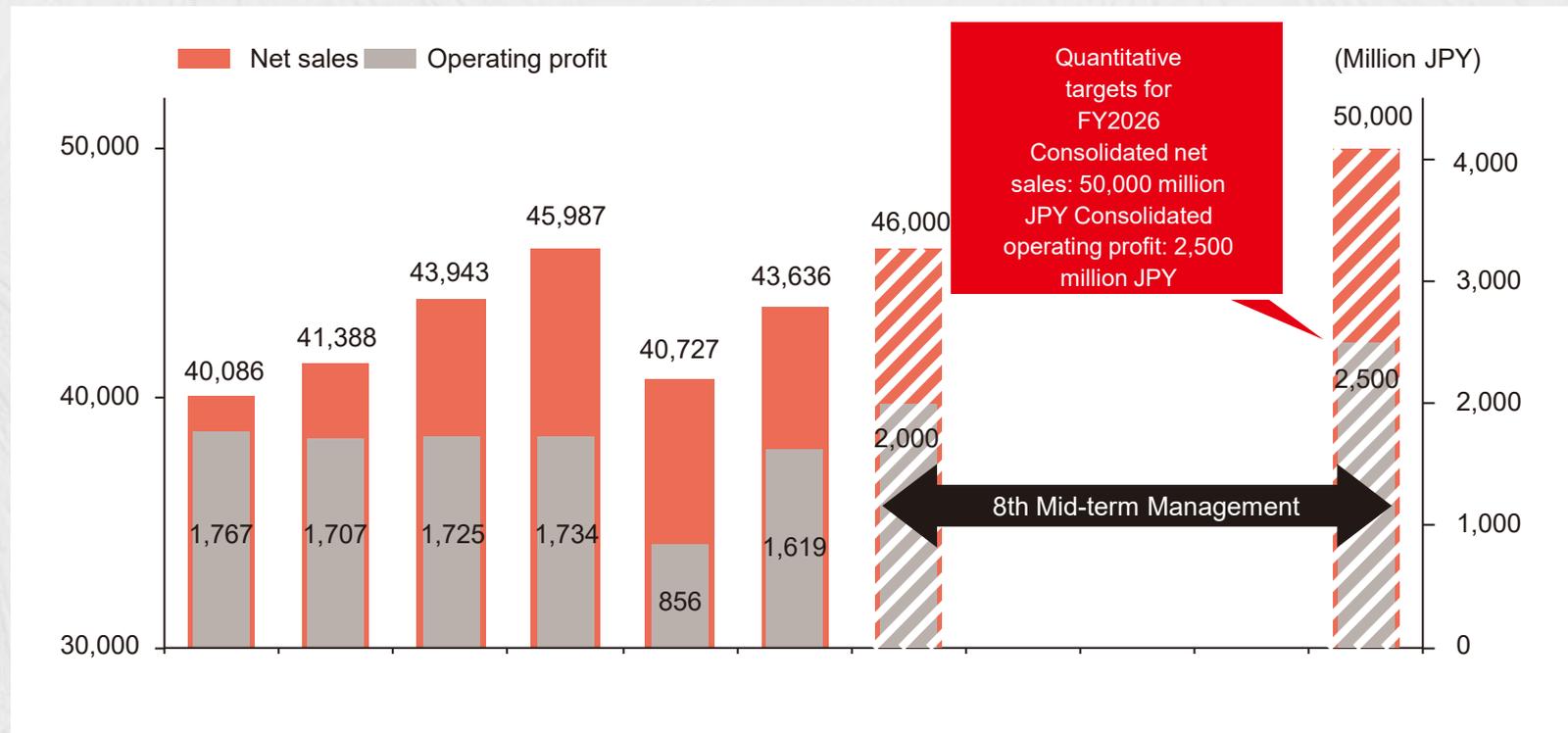
2020–2021

Building a business
structure to adapt to the
COVID-19 pandemic

- Streamline costs
- Enhance profitability
- Streamline unprofitable businesses

8th Mid-term Management Plan

Set FY2022–FY2026 quantitative targets for net sales and operating profit at 50,000 million JPY and 2,500 million JPY respectively.



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FY2022.11 2Q Financial Results

FY2022 2Q Highlights

- Remained affected by automakers' production cutbacks due to semiconductor shortages, soaring raw material prices, delays in overseas transportation, and rising transportation costs.
- Strong sales of medical wear, working wear, and sports-related products, as well as rebounding casual wear sales, fueled growth of the apparel business.
- Continued to cut back on transportation and other expenses
- Net sales, operating profit, and ordinary profit for the first fiscal half hit all-time highs since we began reporting semiannually.
- Revised FY2022 full-year plan upward and increased year-end dividend by 2 yen

FY2022 2Q Summary of Financial Results

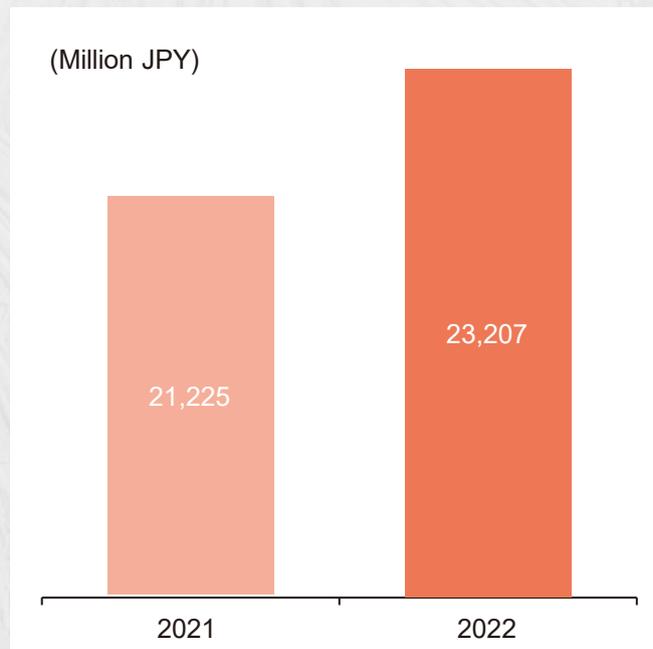
(Million JPY)

	FY2021	FY2022	Increase/Decrease	Y/Y
Net sales	21,225	23,207	+1,982	+9.3%
Gross profit	5,491	6,113	+622	+11.3%
Gross profit ratio	25.9%	26.3%		
Cost	4,715	4,995	+280	+5.9%
Cost ratio	22.2%	21.5%		
Operating profit	775	1,117	+342	+44.1%
Operating profit ratio	3.7%	4.8%		
Ordinary profit	885	1,219	+334	+37.8%
Ordinary profit ratio	4.2%	5.3%		
Net income	533	879	+346	+64.9%
Net income ratio	2.5%	3.8%		

FY2022 2Q Net sales

Net sales: 23,207 million JPY Y/Y: +1,982 million JPY (+9.3%)

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



Japan 16,108 million JPY

Y/Y +1,470 million JPY (+10.0%)

Asia 4,097 million JPY

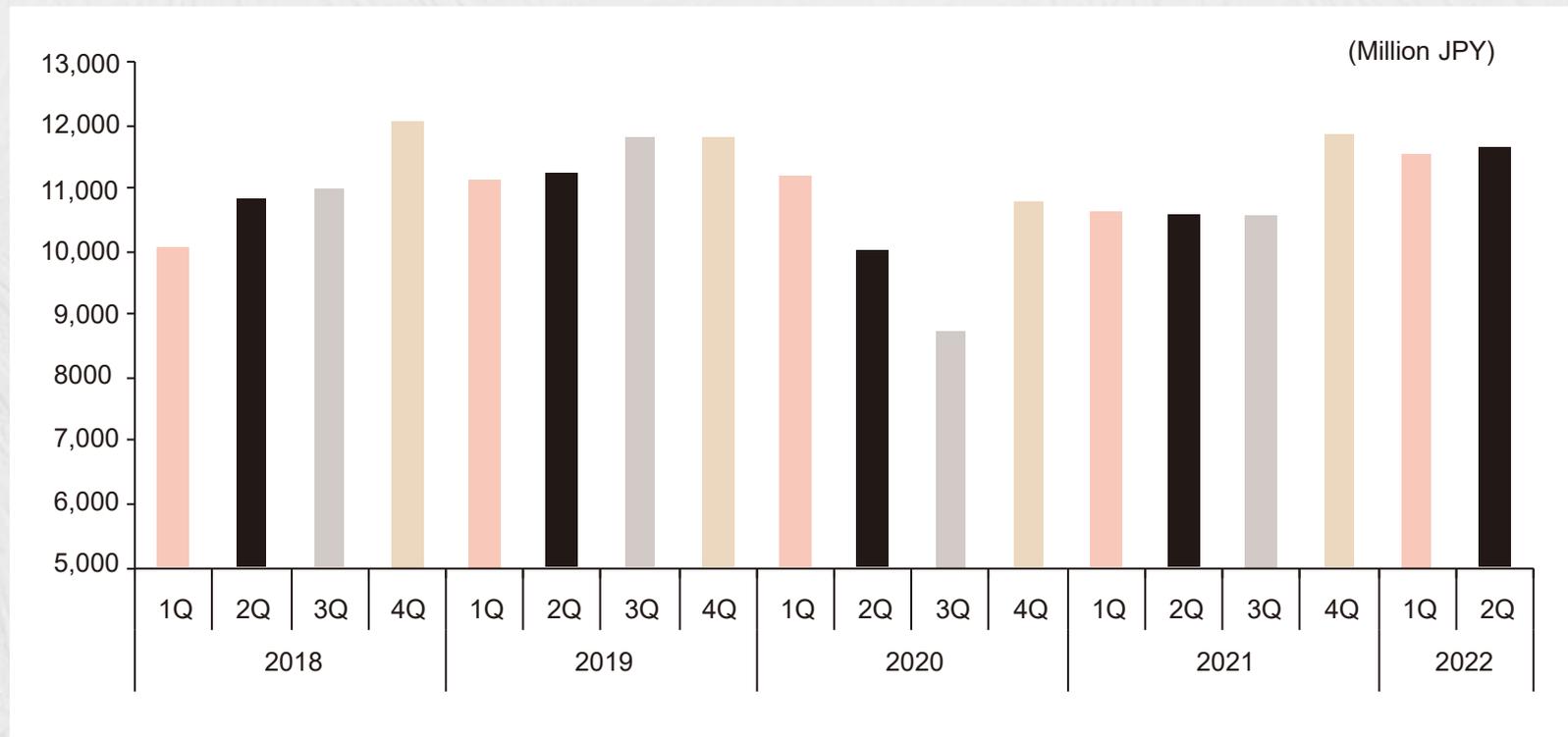
Y/Y +18 million JPY (+0.4%)

Europe & the U.S. 3,000 million JPY

Y/Y +493 million JPY (+19.7%)

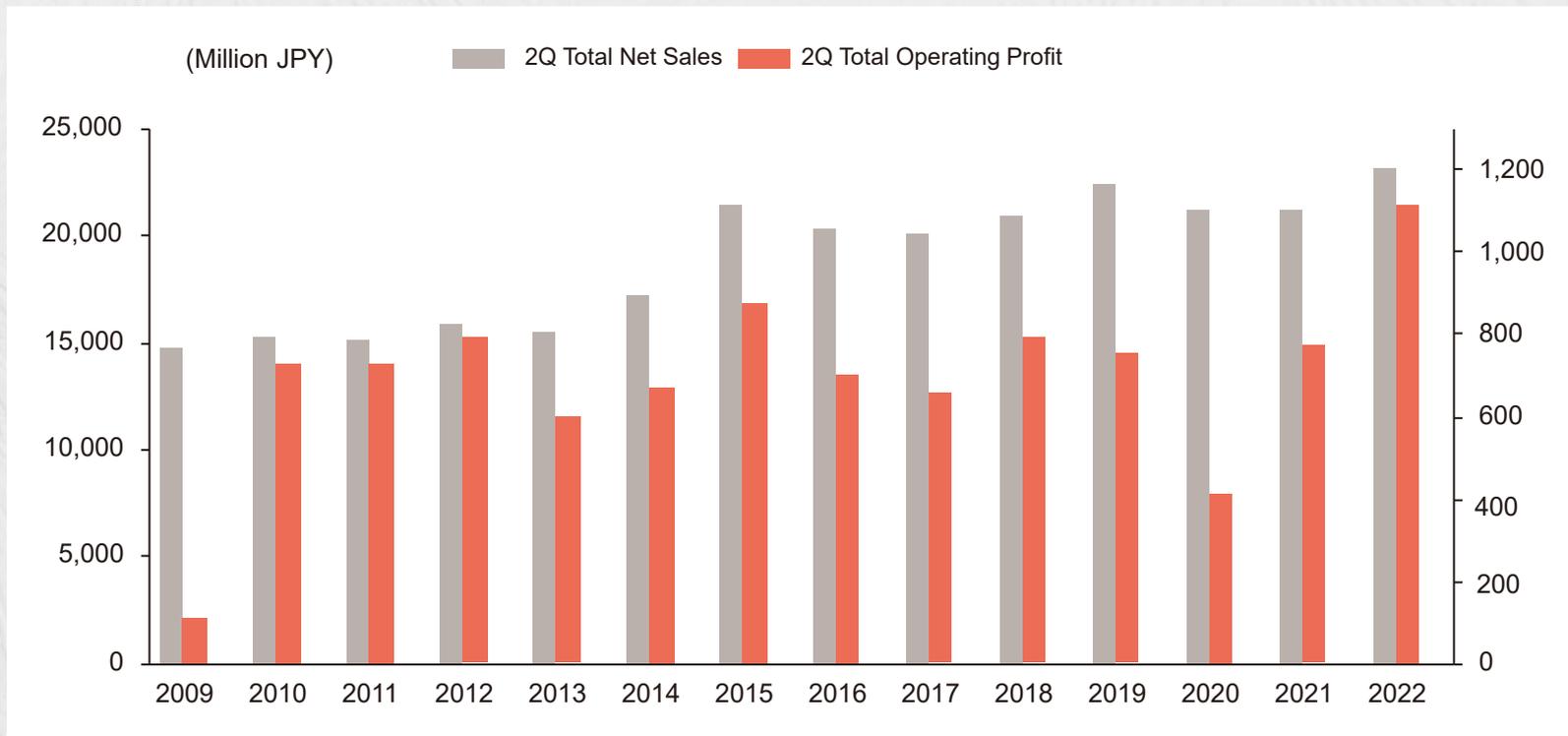
FY2022 2Q Quarterly Financial Trends

FY2022 2Q net sales were higher than FY2019 2Q when there was no COVID-19.



FY2022 2Q Trends in Net Sales & Operating Profit

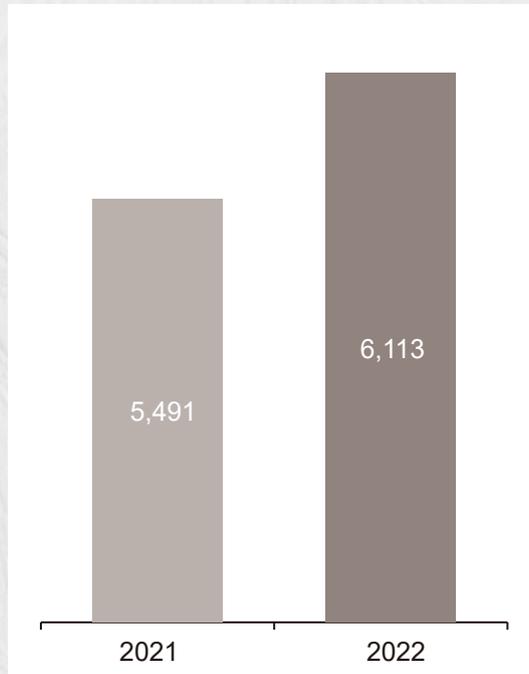
In FY2022 2Q, net sales and operating profit hit first-half record highs since we began reporting semiannually.



FY2022 2Q Gross profit

Gross profit: 6,113 million JPY Y/Y: +622 million JPY(+11.3%)
Increase in net sales, Improvement of profit ratio

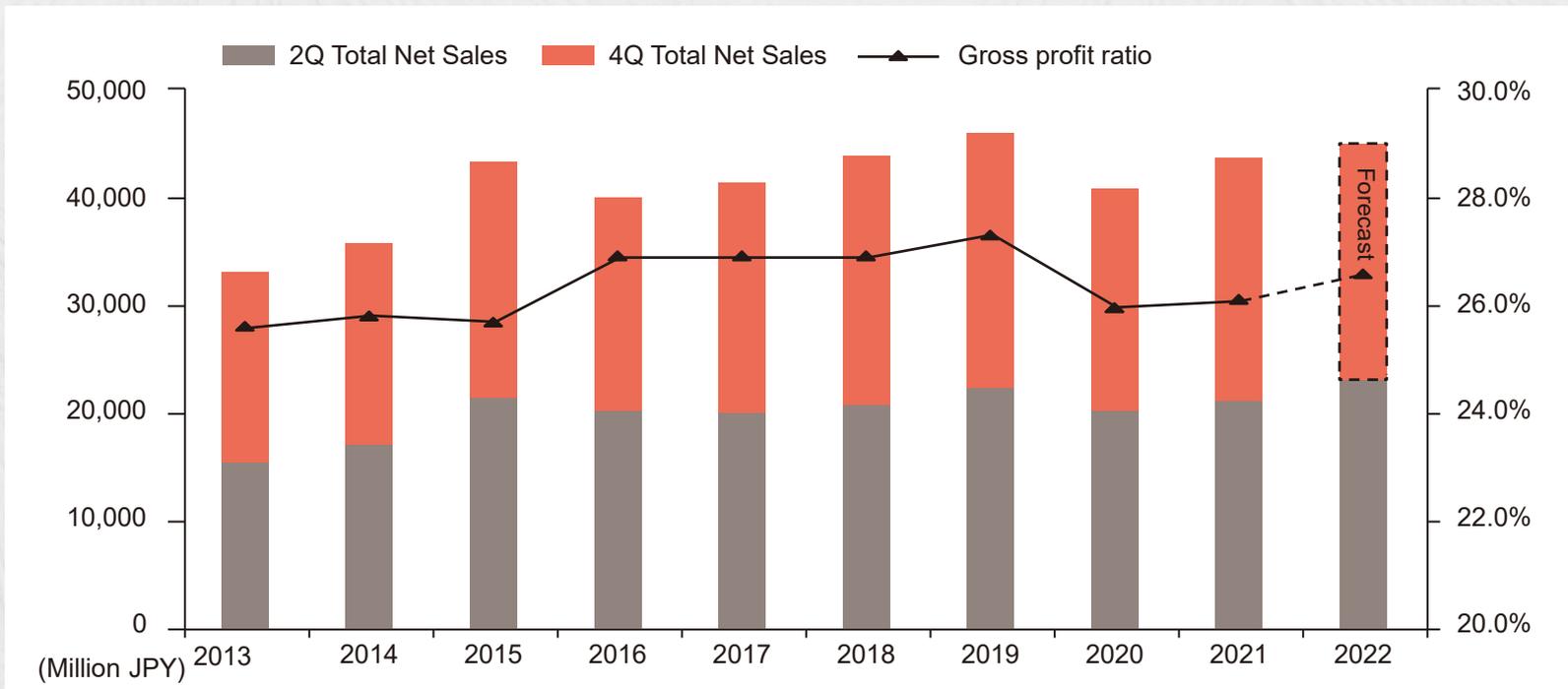
(Million JPY)



	FY2021	FY2022	Increase/ Decrease	Y/Y
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FY2022 2Q Trends in Net Sales & Gross Profit Ratio

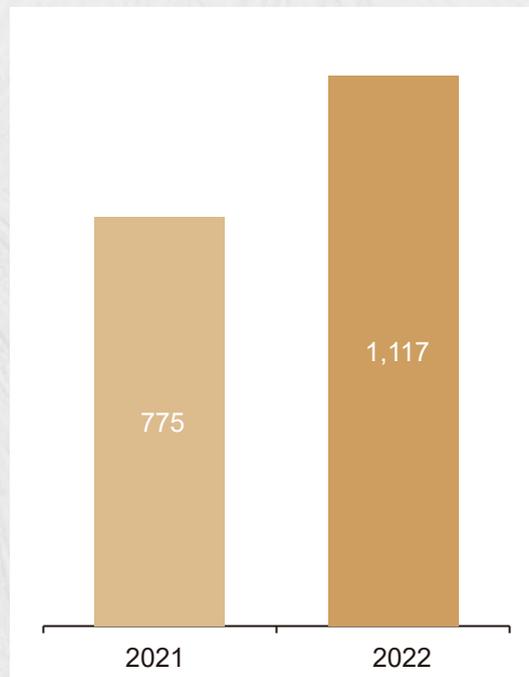
Despite the impact of soaring raw material prices that peaked in FY2021 2Q, a certain level of gross profit ratio has been maintained by price pass-throughs. Further increases in raw material prices and transportation costs remain a concern.



FY2022 2Q Operating profit

Operating profit: 1,117 million JPY Y/Y: +342 million JPY(+44.1%)
 Increase in gross profit ratio, Decrease in cost

(Million JPY)

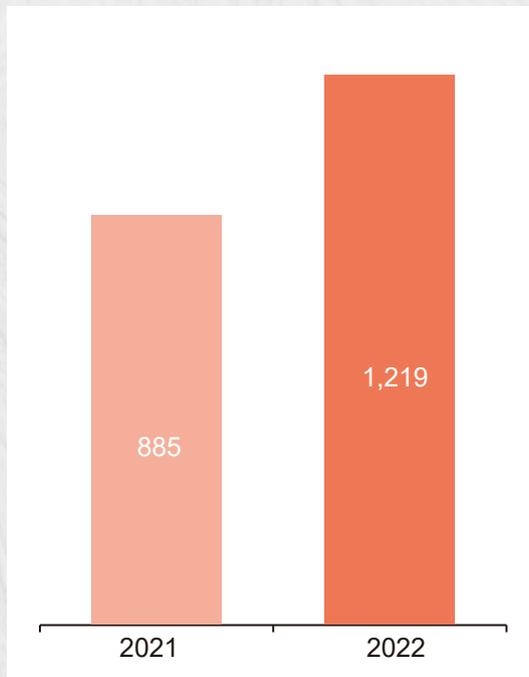


	FY2021	FY2022	Increase/ Decrease	Y/Y
Net sales	21,225	23,207	+1,982	+9.3%
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Net income	533	879	+346	+64.9%

FY2022 2Q Ordinary profit

Ordinary Profit: 1,219 million JPY Y/Y: +334 million JPY (+37.8%)
 Increase in operating profit

(Million JPY)



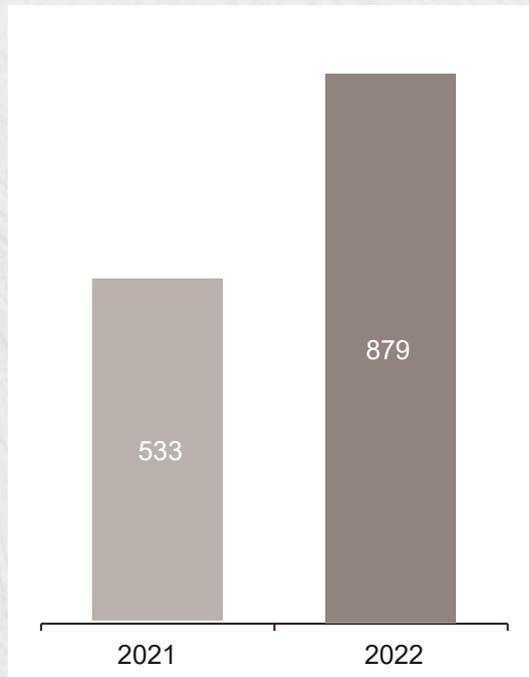
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Net income	533	879	+346	+64.9%
Net income ratio	2.5%	3.8%		

FY2022 2Q Net income

Net Income: 879 million JPY
Increase in ordinary profit

Y/Y: +346 million JPY (+64.9%)

(Million JPY)



	FY2021	FY2022	Increase/ Decrease	Y/Y
Net sales	21,225	23,207	+1,982	+9.3%
Gross profit	5,491	6,113	+622	+11.3%
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FY2022 2Q Balance Sheet

(Million JPY)

	2021 4Q	2022 2Q
Assets		
Current assets	26,957	27,619 (+662)
Fixed assets	18,980	19,144 (+164)
Total assets	45,938	46,764 (+826)

	2021 4Q	2022 2Q
Liabilities		
Current liabilities	7,507	7,835 (+328)
Fixed liabilities	4,515	4,276 (-239)
Total liabilities	12,023	12,111 (88)
Net assets		
Shareholders' equity	31,477	31,525 (+48)
Other comprehensive income	2,381	3,070 (+689)
Total net assets	33,914	34,652 (+738)
Liabilities and net assets	45,938	46,764 (+826)

Equity ratio 74.0% (FY2021 73.7%)

FY2022 2Q Consolidate Cash Flow Statement

(Million JPY)

	2021 2Q	2022 2Q
Cash and cash equivalents at beginning of period	10,052	11,020
Cash flows from operating activities	1,489	161
Cash flows from investing activities	-738	-204
Cash flows from financing activities	-696	-1,187
Effect of exchange rate change on cash and cash equivalents	108	215
Net increase (decrease) in cash and cash equivalents	162	-1,015
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-
Cash and cash equivalents at end of period	10,214	10,005

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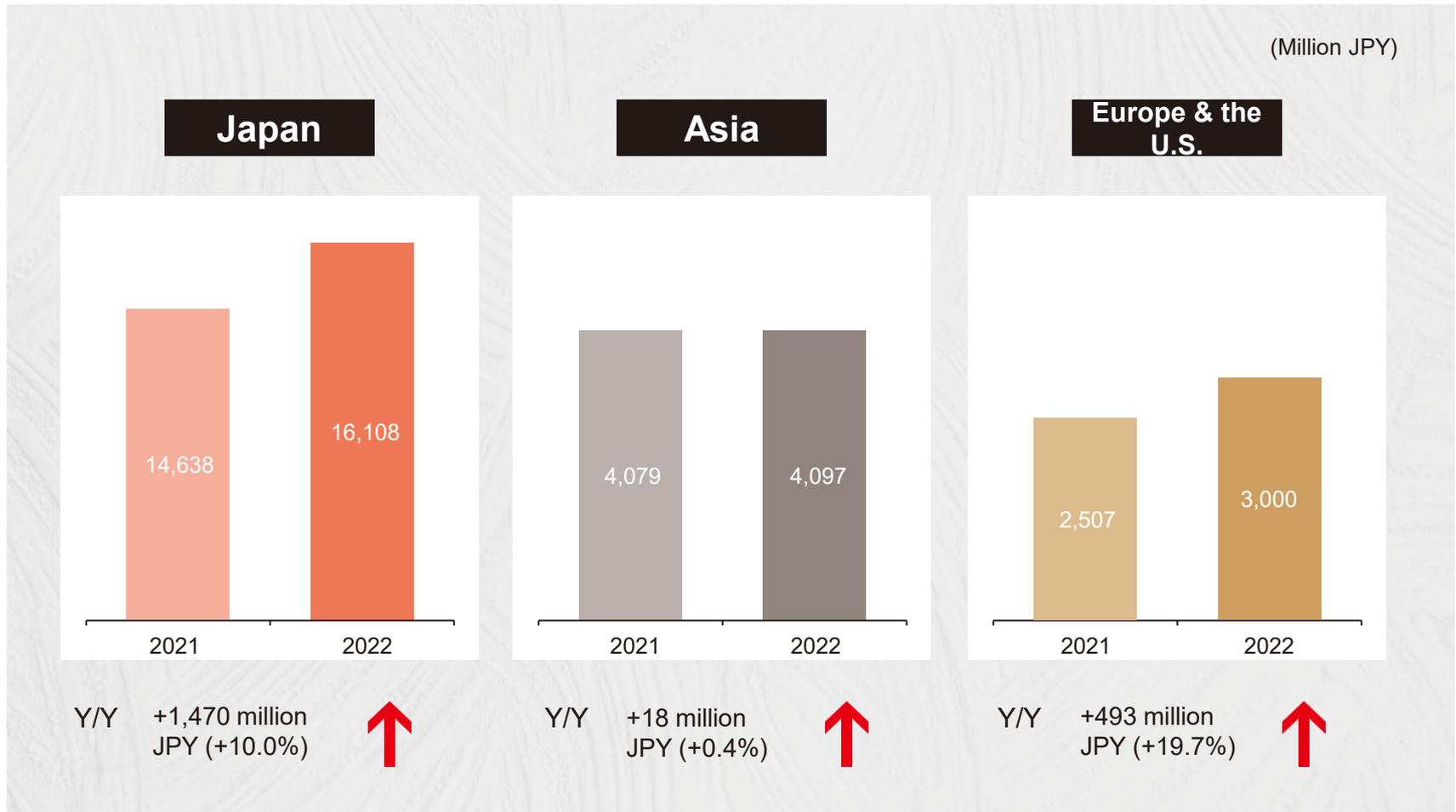
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FY2022.11 2Q Business Overview

FY2022 2Q Net Sales by Region

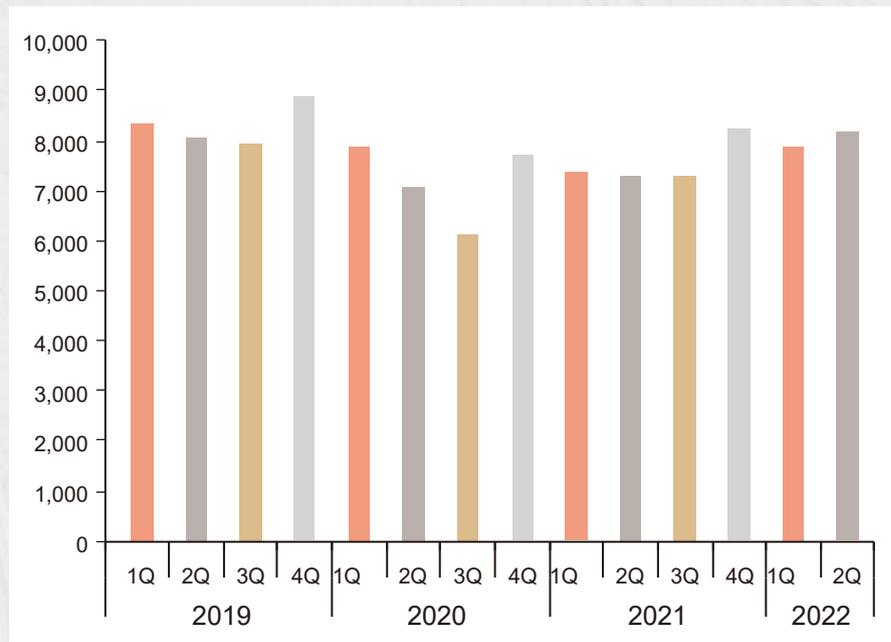


FY2022 2Q Net Sales by Region (Japan)

Despite the semiconductor shortage, the Apparel Division is recovering. Gained new customers for medical device-related products and products for one-coin shops.

(Million JPY)

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

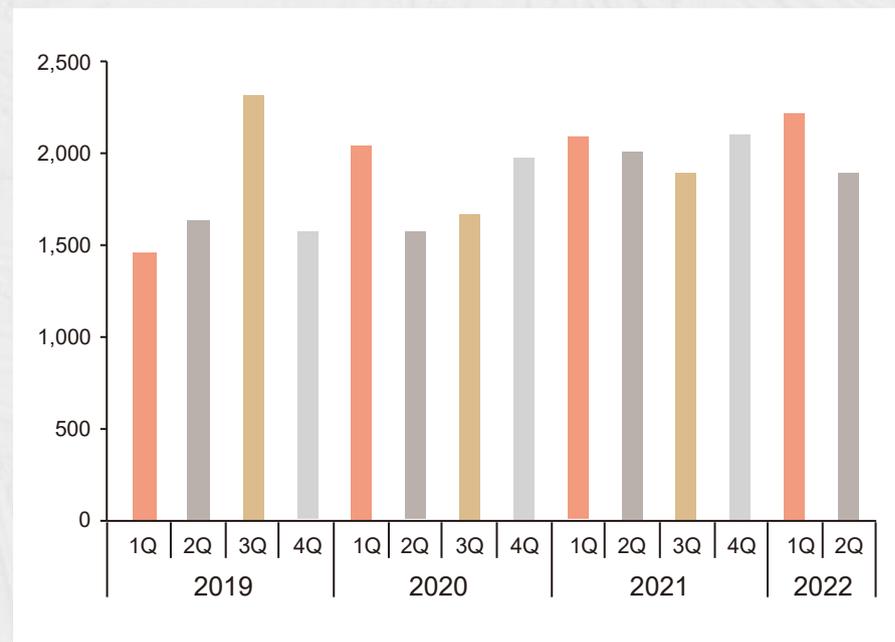


FY2022 2Q Net Sales by Region (Asia)

Apparel business remained upbeat in China and Hong Kong.
The Transportation Division saw a decrease in sales due to adjustments resulting from production transfers between manufacturers' plants.

(Million JPY)

- Decrease in automotive interior components to Japanese automotive manufacturers in China
- In China and Hong Kong increase in accessories for working wear sold in Europe and the U.S.
- Increase in accessories for athletic shoes in Vietnam

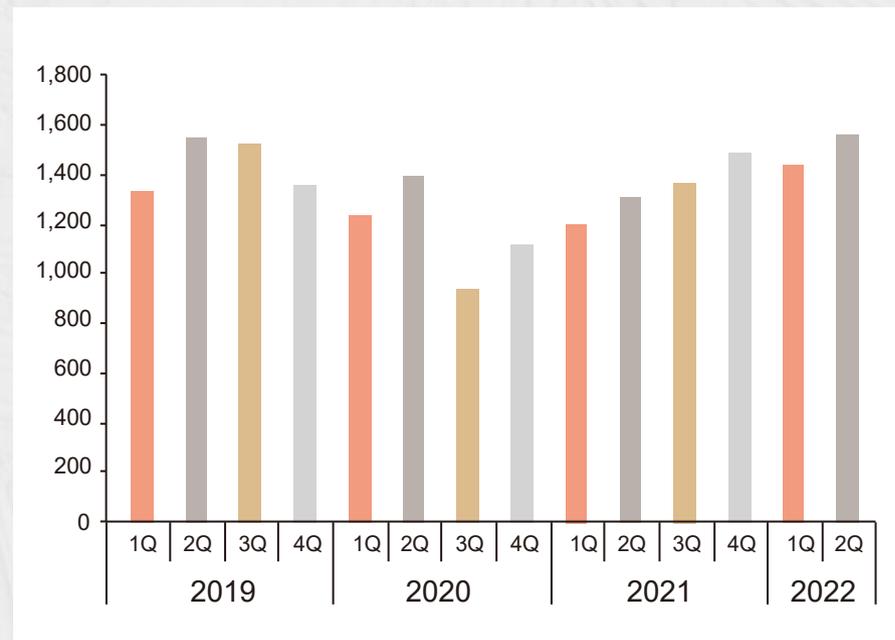


FY2022 2Q Net Sales by Region (Europe & the U.S.)

The Apparel Division has remained firm, such as in working wear and casual wear. Semiconductor shortages have continued to affect the Transportation Division.

(Million JPY)

- Increase in accessories for working wear
- Increase in accessories for casual wear
- Increase in accessories for high-end down wear
- Decrease in automotive interior components to Japanese automotive manufacturers



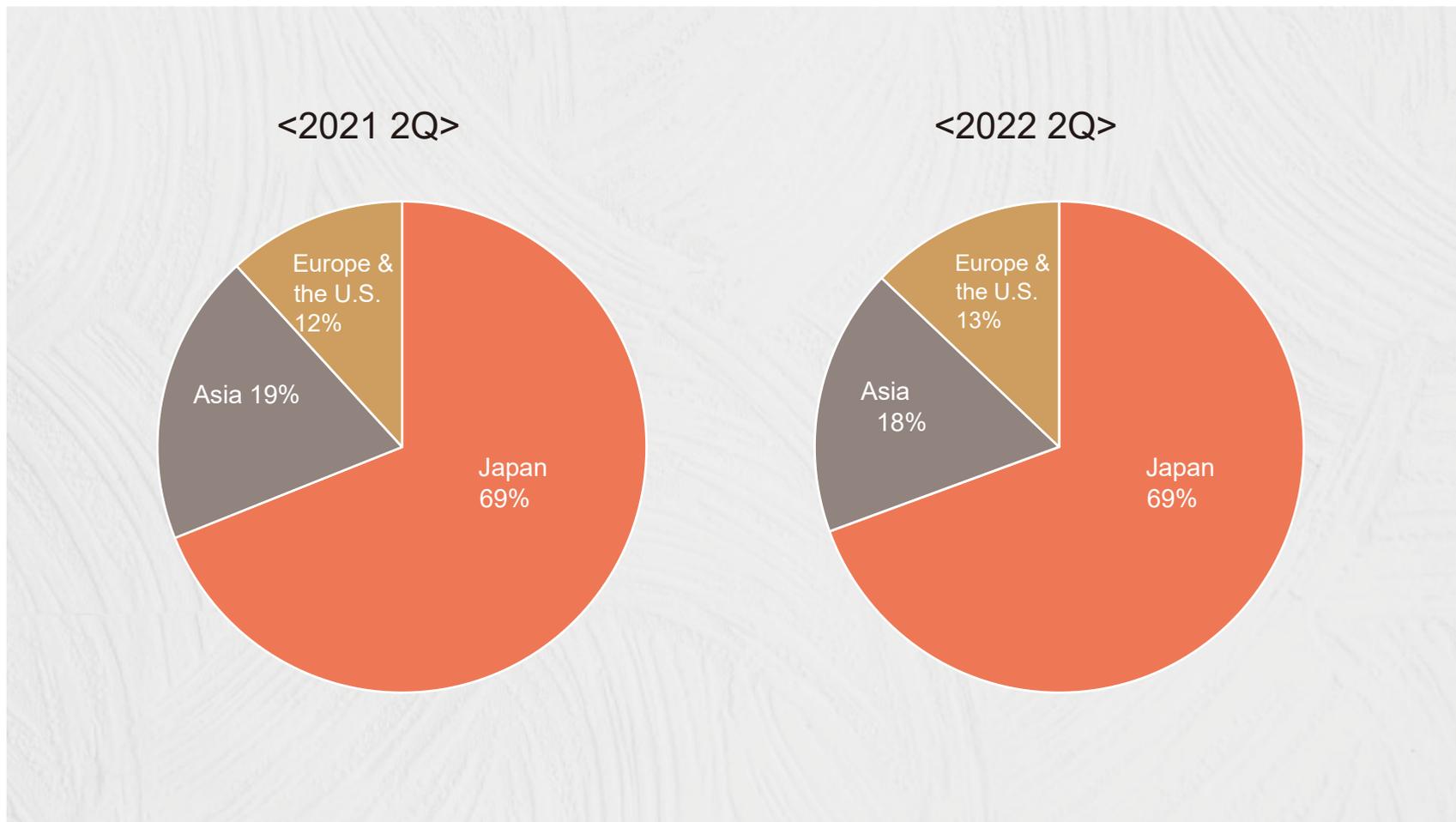
FY2022 2Q Net Sales by Region

(Million JPY)

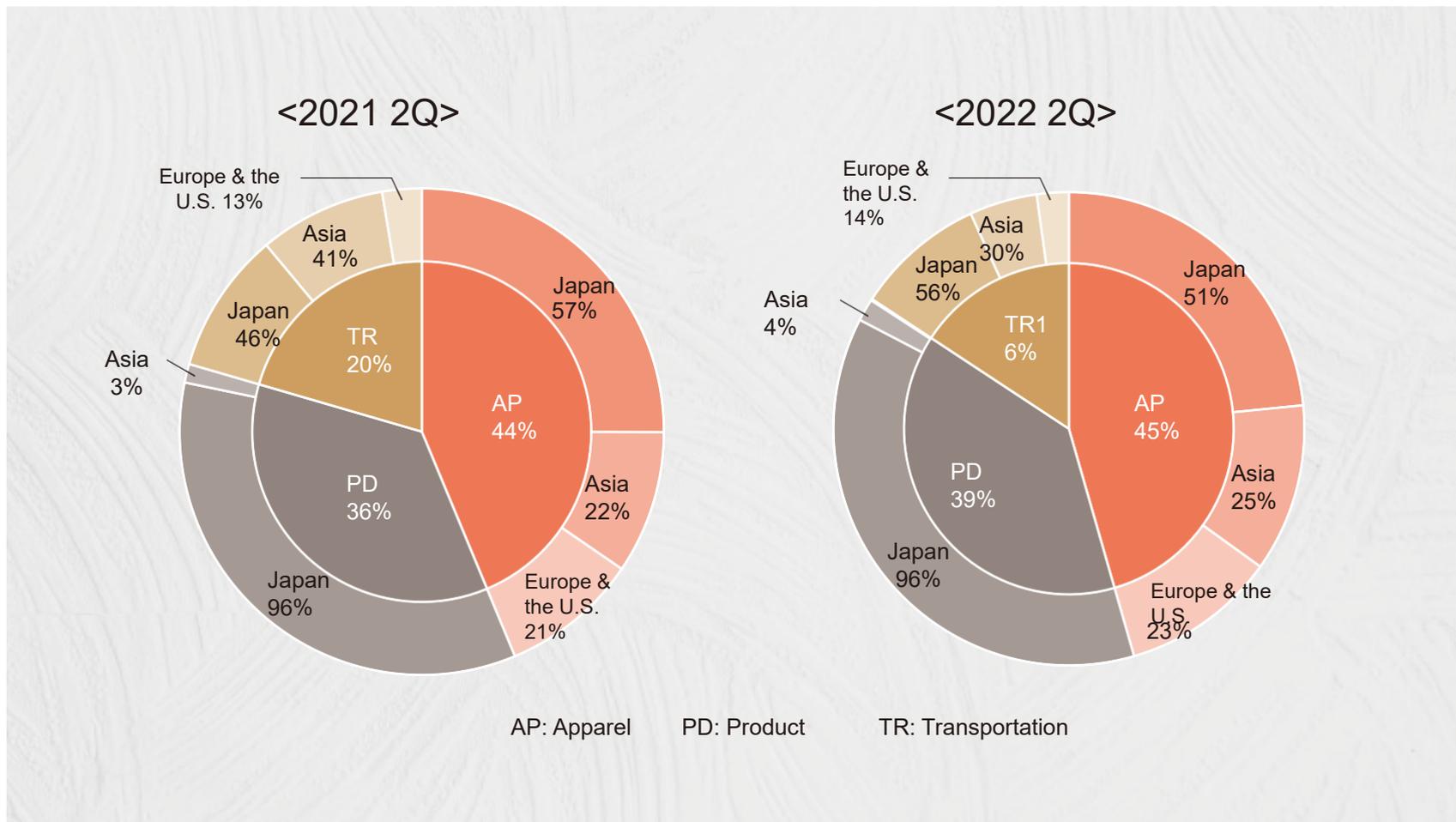
FY2022						
	1Q	2Q	First-half total	Composition	Y/Y Increase/Decrease	Y/Y
Japan	7,912	8,196	16,108	69.4%	+1,470	+10.0%
Asia	2,212	1,885	4,097	17.7%	+18	+0.4%
Europe & the U.S.	1,436	1,564	3,000	12.9%	+493	+19.7%
Total	11,561	11,646	23,207	100.0%	+1,982	+9.3%

FY2021									
	1Q	2Q	First-half total	3Q	4Q	Full year	Composition	Y/Y Increase/Decrease	Y/Y
Japan	7,347	7,291	14,638	7,329	8,262	30,229	69.3%	+1,419	+4.9%
Asia	2,083	1,996	4,079	1,884	2,091	8,054	18.5%	+829	+11.5%
Europe & the U.S.	1,198	1,309	2,507	1,364	1,482	5,353	12.3%	+662	+14.1%
Total	10,629	10,596	21,225	10,577	11,834	43,636	100.0%	+2,909	+7.1%

FY2022 2Q Sales Composition by Region



FY2022 2Q Sales Composition by Region & Business



Revision of the Full-year Forecast

We revised the consolidated financial forecast for FY2022 due to a recovery in economic activities in Europe & the U.S., and Japan, increases in revenues from businesses not affected by trends and sales of high-value-added products, as well as ongoing cost reductions. (As of July 14, 2022)

	Initial FY2022 Forecast	Revised FY2022 Forecast	Increase/Decrease	Y/Y
Net sales	45,000	46,000	+1,000	2.2%
Operating profit	1,800	2,000	+200	11.1%
Operating profit ratio	4.0%	4.3%		
Ordinary profit	1,850	2,100	+250	13.5%
Ordinary profit ratio	4.1%	4.6%		
Net income	1,450	1,550	+100	6.9%
Net income ratio	3.2%	3.4%		

FY2022 2Q Forecast & Progress

	FY2022 2Q	FY2022 Full-Year Forecast	Progress
Net sales	23,207	46,000	50.5%
Operating profit Operating profit ratio	1,117 4.8%	2,000 3.6%	55.9%
Ordinary profit Ordinary profit ratio	1,219 5.3%	2,100 4.0%	58.0%
Net income Net income ratio	879 3.8%	1,550 2.4%	56.7%

	FY2021 2Q	FY2021 Full-Year Forecast	Progress
Net sales	21,225	43,636	48.6%
Operating profit Operating profit ratio	775 3.7%	1,619 3.7%	47.9%
Ordinary profit Ordinary profit ratio	885 4.2%	1,834 4.2%	48.3%
Net income Net income ratio	533 2.5%	1,407 3.2%	37.9%

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Business Topics

Morito Group Project to Develop Eco-Friendly Products

Since 2021, we have been offering materials produced from recycled discarded fishing nets, which have been increasingly adopted as interest and sales continue to grow. We are also focusing on developing new products.



Our fabric was adopted for the Toyooka Kaban® UMI line of school backpacks.

[*Click here for more information about the product.](#)

Our fabric was adopted for Neo Critz—From Fishing Nets Recycling, pen cases from Kokuyo Co., Ltd.

[*Click here for more information about the product.](#)



Morito Group Project to Develop Eco-Friendly Products

Our Group company, Matex, started handling ASUKAMI, a mixed paper made from fabric scraps generated during production at our apparel-related business partners. ASUKAMI enables upcycling of fabric waste into new products such as paper bags and product tags.



Collected waste materials are pulverized and mixed into the papermaking process to produce upcycled paper.



Fabric scraps containing synthetic fibers are made into tags and paper bags for apparel products.



Morito Meets Sports

We work with various athletes and sports organizations as part of our activities to raise brand awareness and pave the way to the future.



We support Shimon Iwasawa, who runs the YouTube channel "MDAskater," in his project to build a skate park in Nepal that will fuel kids' dreams and put a smile on their faces.



We signed a corporate partner agreement with the Tokyo Verdy Women's Hockey Team. We plan to develop field hockey gear under an in-house brand using our environmentally friendly products.



We became an official sponsor of the Chiba Lotte Marines on July 1, 2022 and placed advertisements in the first-base and third-base dugouts of ZOZO Marine Stadium. (Chiba Lotte Marines competes in the Pacific League in Nippon Professional Baseball.)

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Shareholder Returns

Basic Dividend Policy

**Realize
continuous
dividend
payments**

**Dividend payout
ratio of 50% or
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.

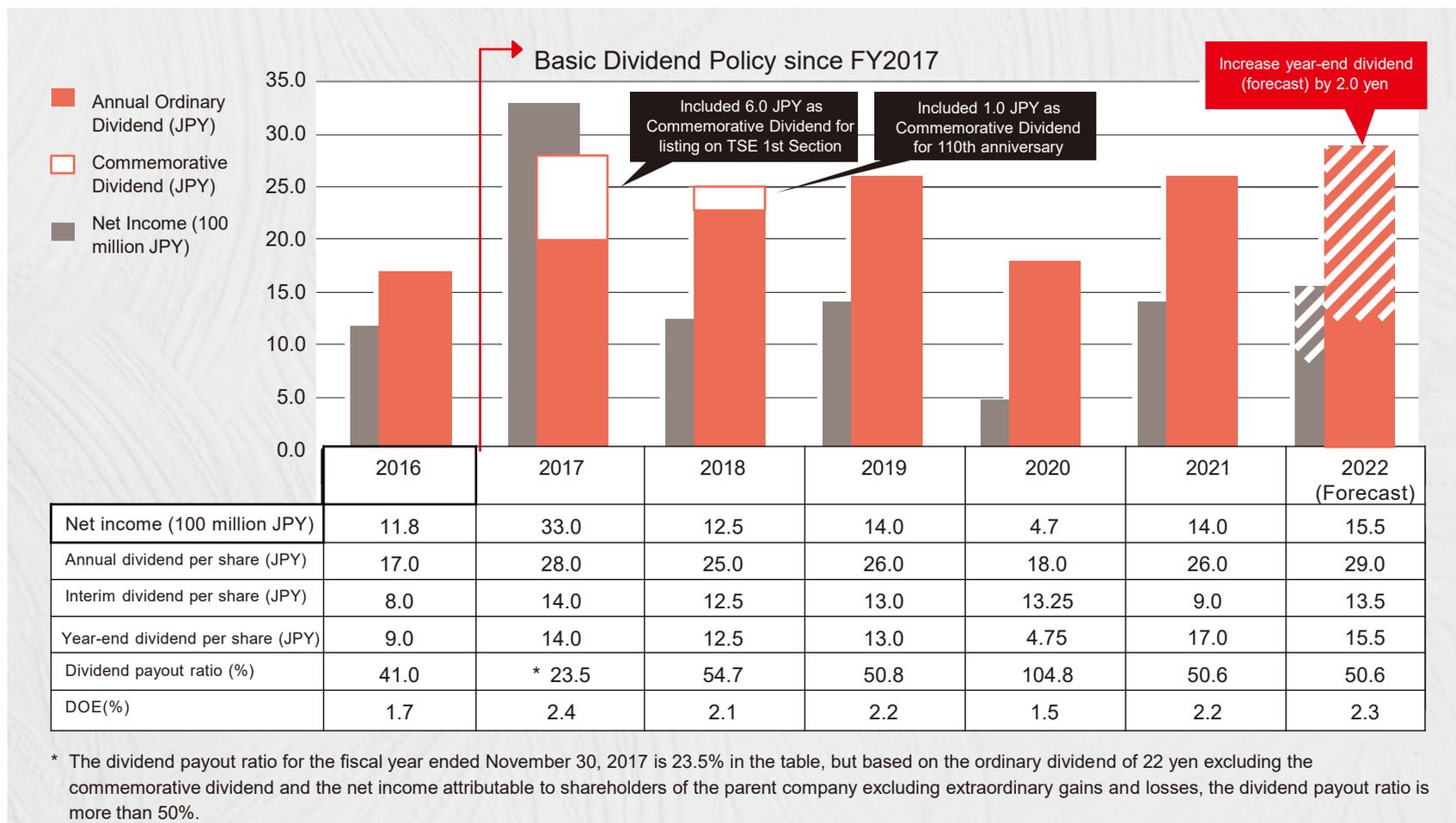
Revised Year-end Dividend Forecast

In line with the revised consolidated financial forecast, we revised the year-end dividend forecast within the scope of the basic dividend policy. (As of July 14, 2022)

As a result, the annual dividend for the current fiscal year is expected to be 29 yen, an increase of 2 yen from the initial forecast, with a dividend payout ratio of 50.6% and a DOE of 2.27%.

	2nd quarter-end (May 31)	Year-end (November 30)	Total	Increase/ Decrease
FY2021 results	Yen 9.00	Yen 17.00	Yen 26.00	Yen -
FY2022	Yen 13.50	Yen 15.50 (forecast)	Yen 29.00	Yen + 3.00

Trends of Dividend, Dividend Payout Ratio & DOE



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.

Contact

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