

MORITO CO., LTD.

**Presentation Materials for the Fiscal
Year Ended November 30, 2023,
Financial Results**

Prime Market of TSE: 9837

January 2024

Where innovation is the norm

MORITO

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1

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 snap fasteners
- 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 19 locations around the world

● Operating three businesses

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



Eyelets



Snap fasteners



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>



Snap fasteners



MAGIC TAPE®



Buttons



Tape



Eyelets and shoelaces



In-house brands

<Applications>

- Casual wear/shoes
- Sportswear/shoes
- Workwear/shoes
- Medical wear, baby wear
- Formal wear/shoes, bags

Product Business

<Examples of products handled>



MAGIC TAPE®



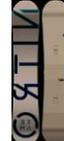
Grease filter



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
- Grease filter rental service

Transportation Business

<Examples of products handled>



Snap fasteners



MAGIC TAPE®



Nets



Emblems



Trunk floor lining



Door armrests

<Applications>

- Automotive interior components
- Railway and Shinkansen interior components
- Aircraft interior components

Morito's Strengths

- **Lines of business for daily necessities, which are unaffected by trends**

Since we deal in parts for things that are vital to people's daily lives, many of our businesses are essentially immune to trends or economic downturns and can continue to operate as usual.

- **Stable performance with a diversified portfolio**

Operating worldwide with 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 crises (in the 1970s), the 2008 financial crisis, and the COVID-19 pandemic.

- **Enjoying high market share for various products targeting niche areas**

Many products dominate the market in their respective industry.

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

- **Global manufacturing, procurement, and sales capabilities**

In addition to our own locations, we have partner plants and distributors all over the world, giving us close proximity to our customers and the ability to respond to their every need.

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8th Mid-term Management Plan Update

Medium- and Long-term Policy Morito's Vision

**Become a global niche top company
that keeps making a big difference in
the world with small parts**

Summary of 8th Mid-term Management Plan Update

Situational analysis

<Outcome of initiatives implemented>

1. Improved profit margin as a result of business restructuring
2. Opportunities created and costs cut during the pandemic
3. Improved PBR (see graph on the right)

➔ **Establishing a lean profit structure**
Initial financial targets to be achieved earlier than projected



<Issues>

1. Specific growth strategies for each business
2. Investment for future growth
3. Management aiming at PBR of 1 or higher
→ Realize ROE exceeding cost of equity

Action plan

● Investing with an eye to growth under the next mid-term plan

Boost capital investments, new businesses, and B2C / Build IT infrastructure and invest in human capital / Expand manufacturing function

● Growth strategies for existing businesses

Local production for local consumption and Asia strategies / Increase global market share

● Moving Rideeco® forward

8th Mid-term Management Plan update

- Revised financial targets upward
- Use the run-up to FY 2026 to pave the way toward accelerating growth in the future

Financial targets

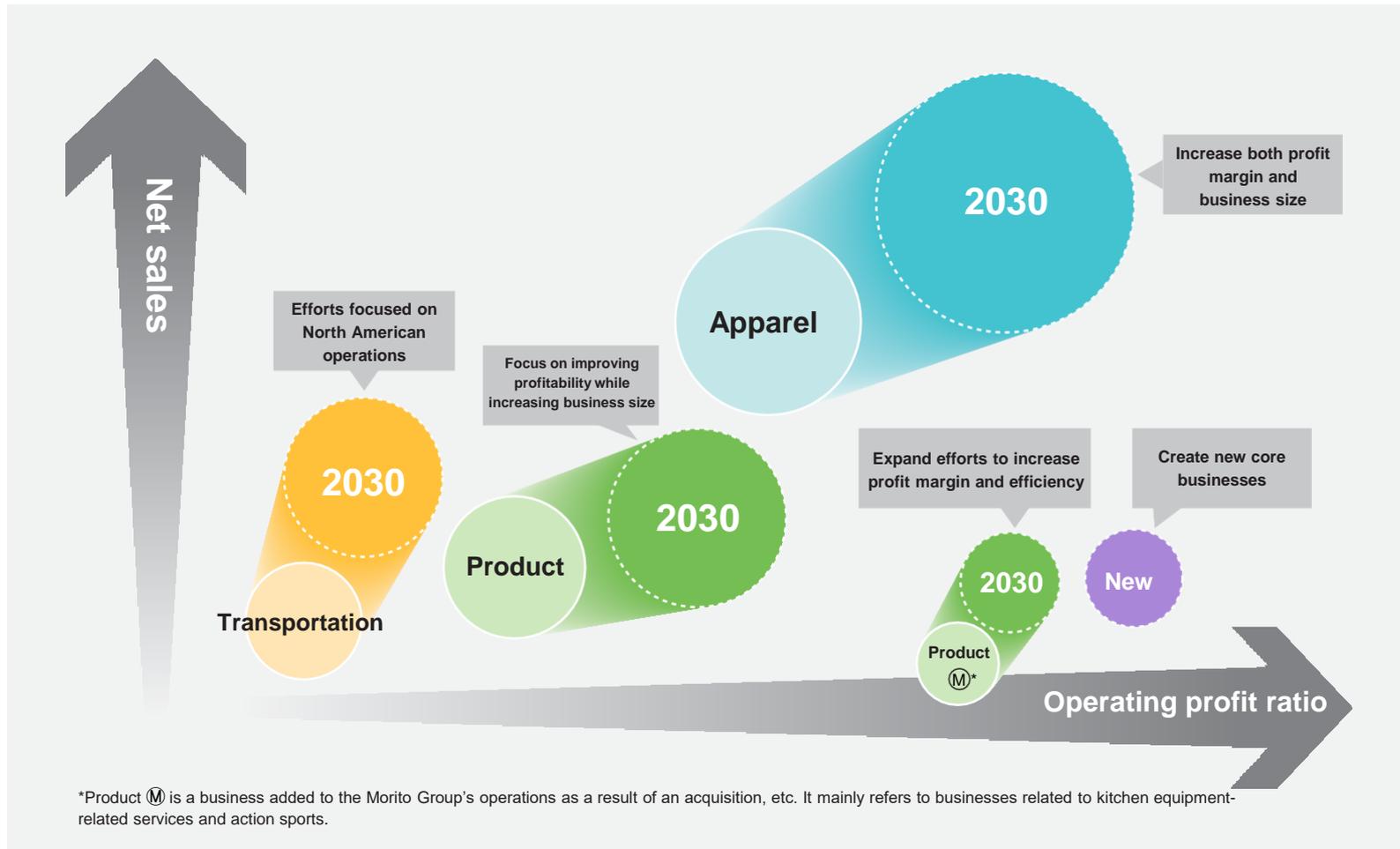
[FY2026]

Net sales: 60,000 million JPY Operating profit: 3,000 million JPY ROE: 6.5%

[Our vision for FY 2030]

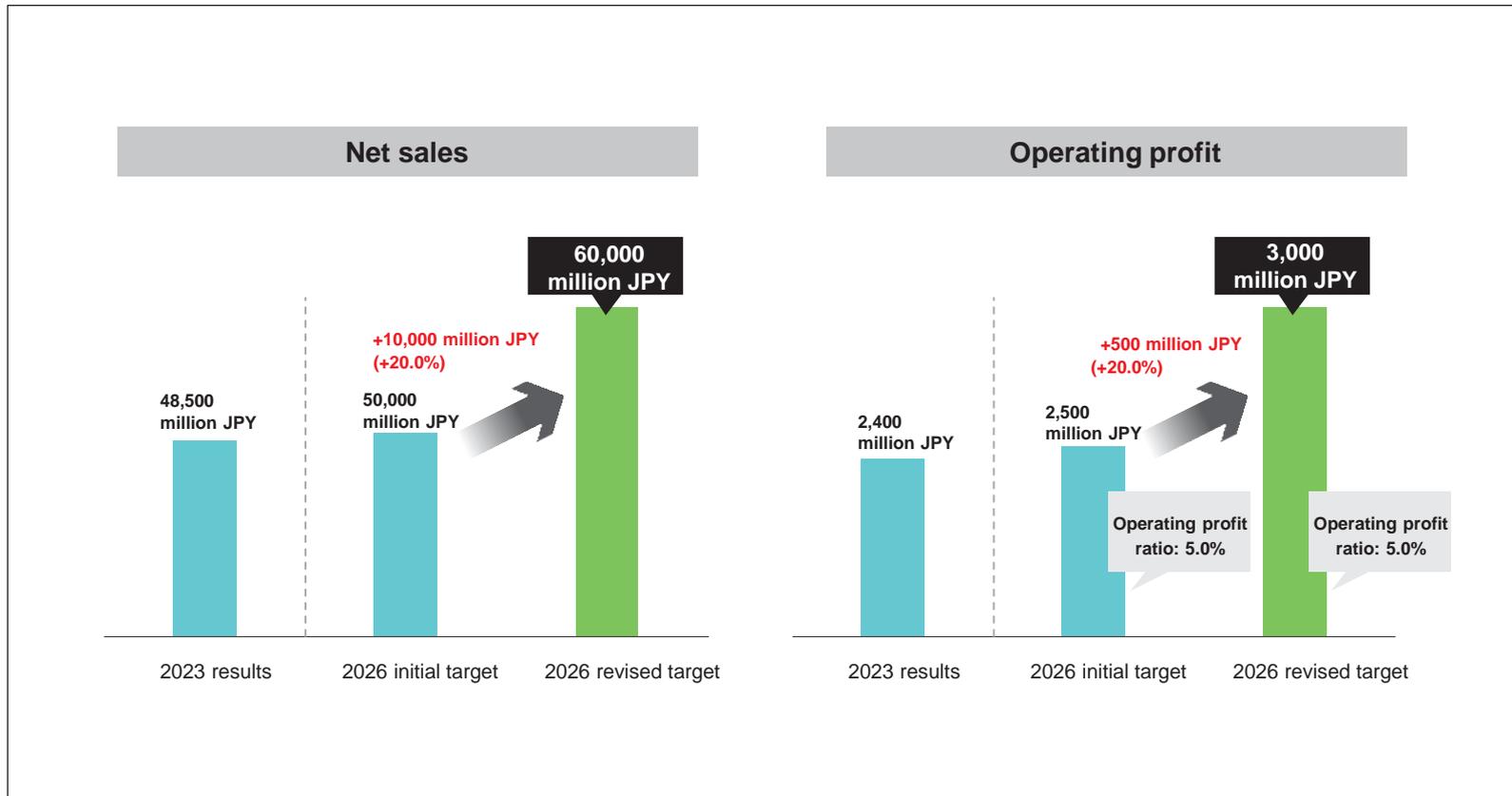
Net sales: 80,000 million JPY Operating profit: 5,000 million JPY ROE: 8.0%

Current Status and Vision for 2030 by Business

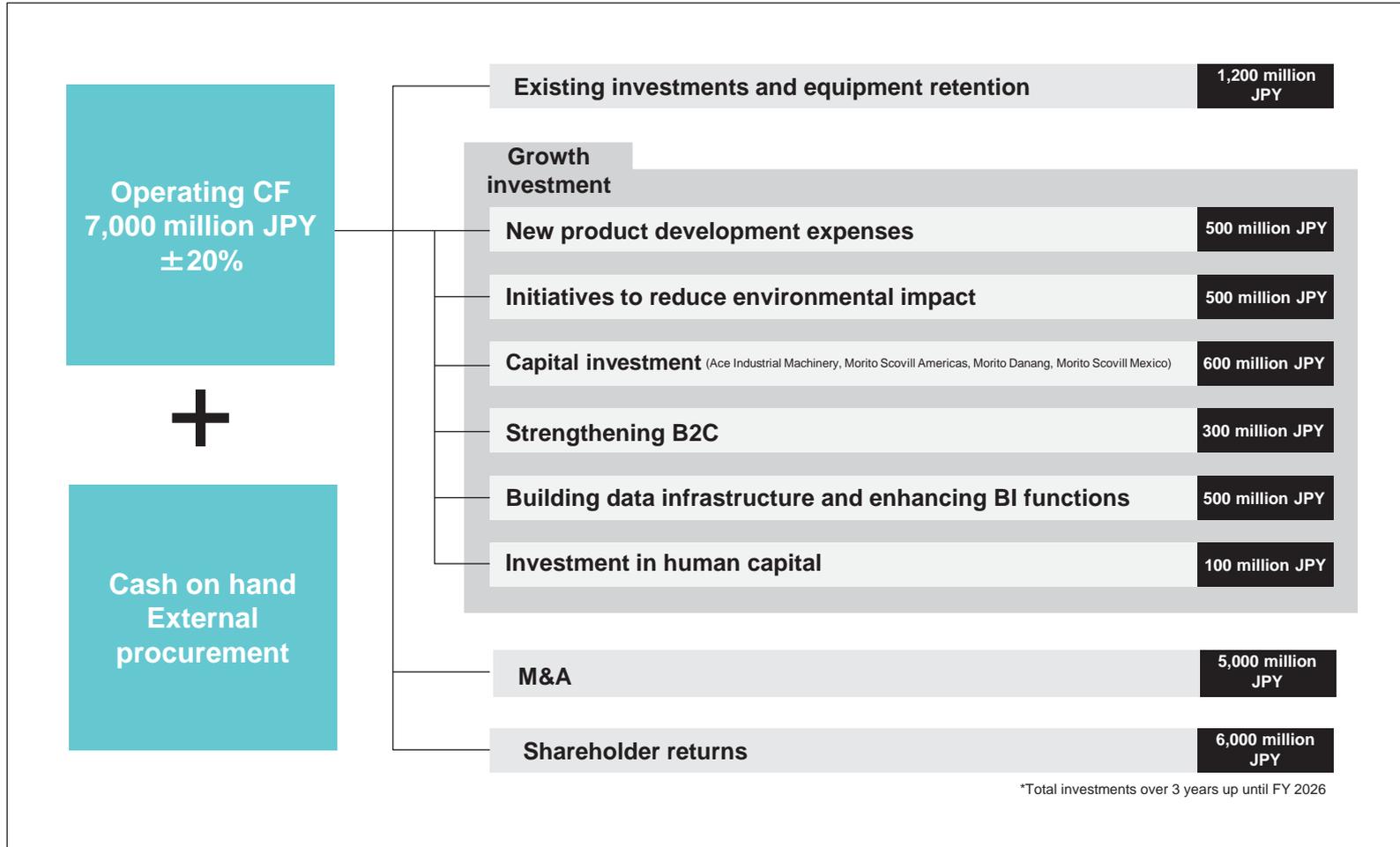


Financial Target Update

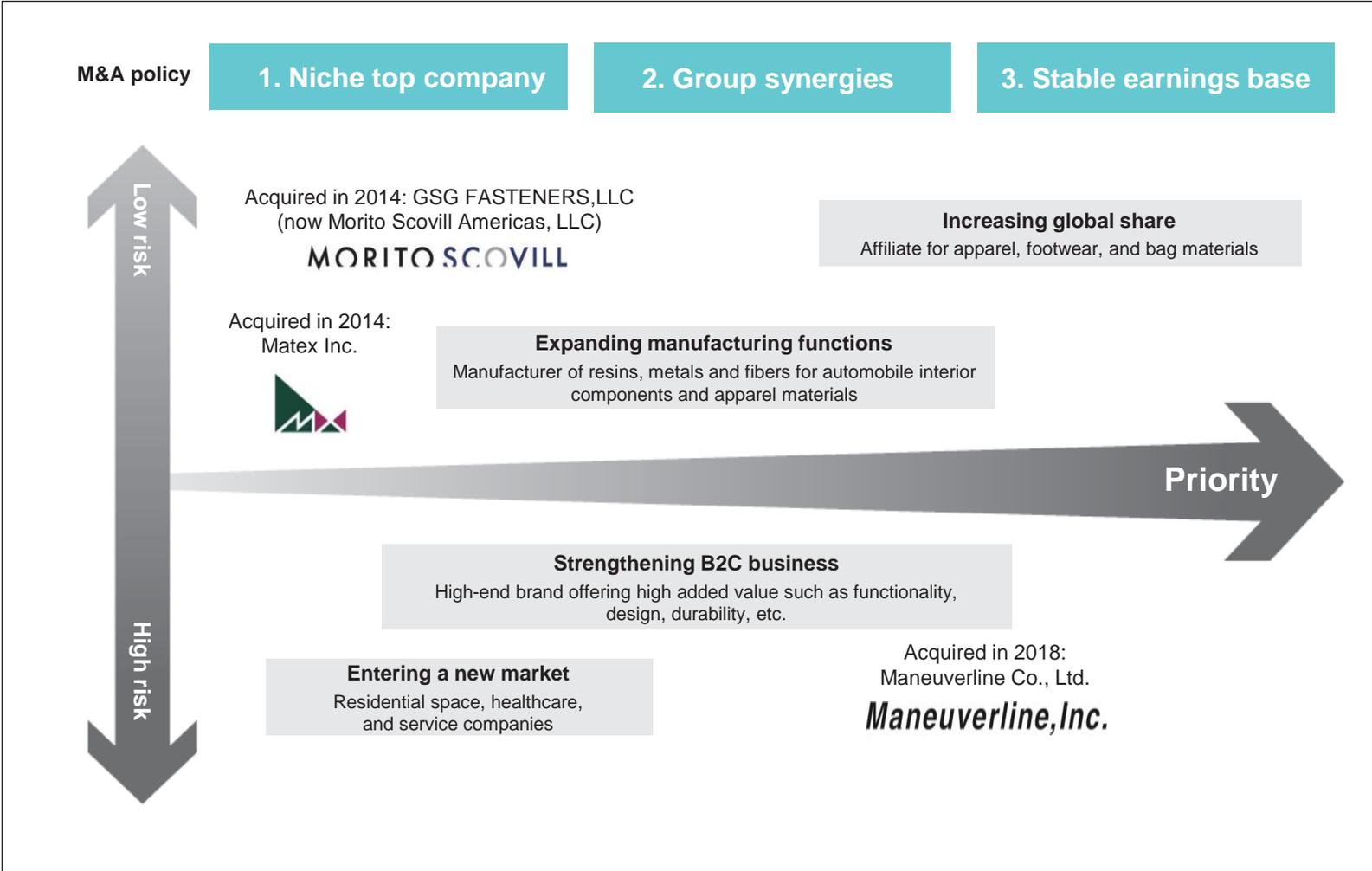
Focus on increasing our top line, in addition to keeping the recently improved profit margin up.
Aim to further expand the scale of operations.



Investment Strategy

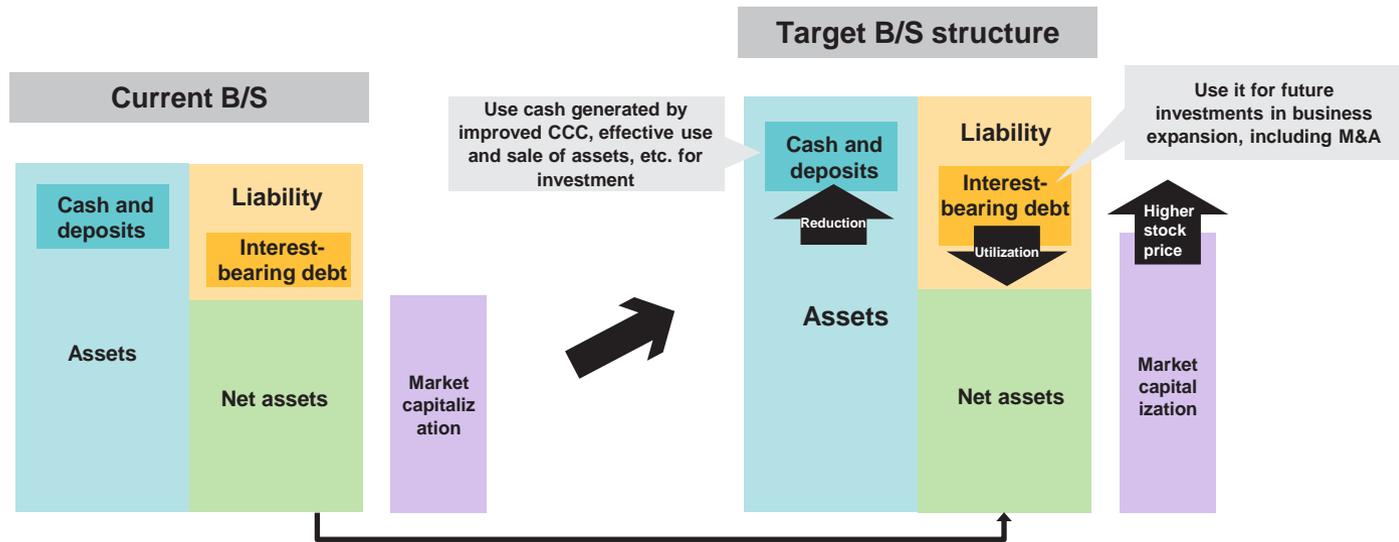


Investment Strategy [M&A]



Corporate Strategy [Capital and Financial Strategy: Overview]

- Expand business through aggressive growth investment (see p. 12 for details of investment strategy)
- Optimize capital structure by utilizing interest-bearing debt
- Continue shareholder return and control net assets



Continue shareholder return and control net assets

Basic dividend policy: Target a dividend payout ratio of 50% and DOE ratio of 4.0%, and buy back shares whenever necessary and cancel them appropriately

► [For more information about the 8th Mid-Term Management Plan Update, click here.](#)

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FY 2023.11 Financial Results

FY 2023 Highlights

- **Slowing consumption and stagnant demand in Europe, the United States, and China continued, in addition to the impact of the mild winter.**
- **Sales of accessories and products with superior functionality were strong.**
- **Awareness about boosting profit margins has continued to increase (e.g., withdrawal from unprofitable businesses) since Morito Japan's split.**
- **Net sales, operating profit, and ordinary profit for FY 2023 hit all-time highs.**

FY 2023 Summary of Financial Results

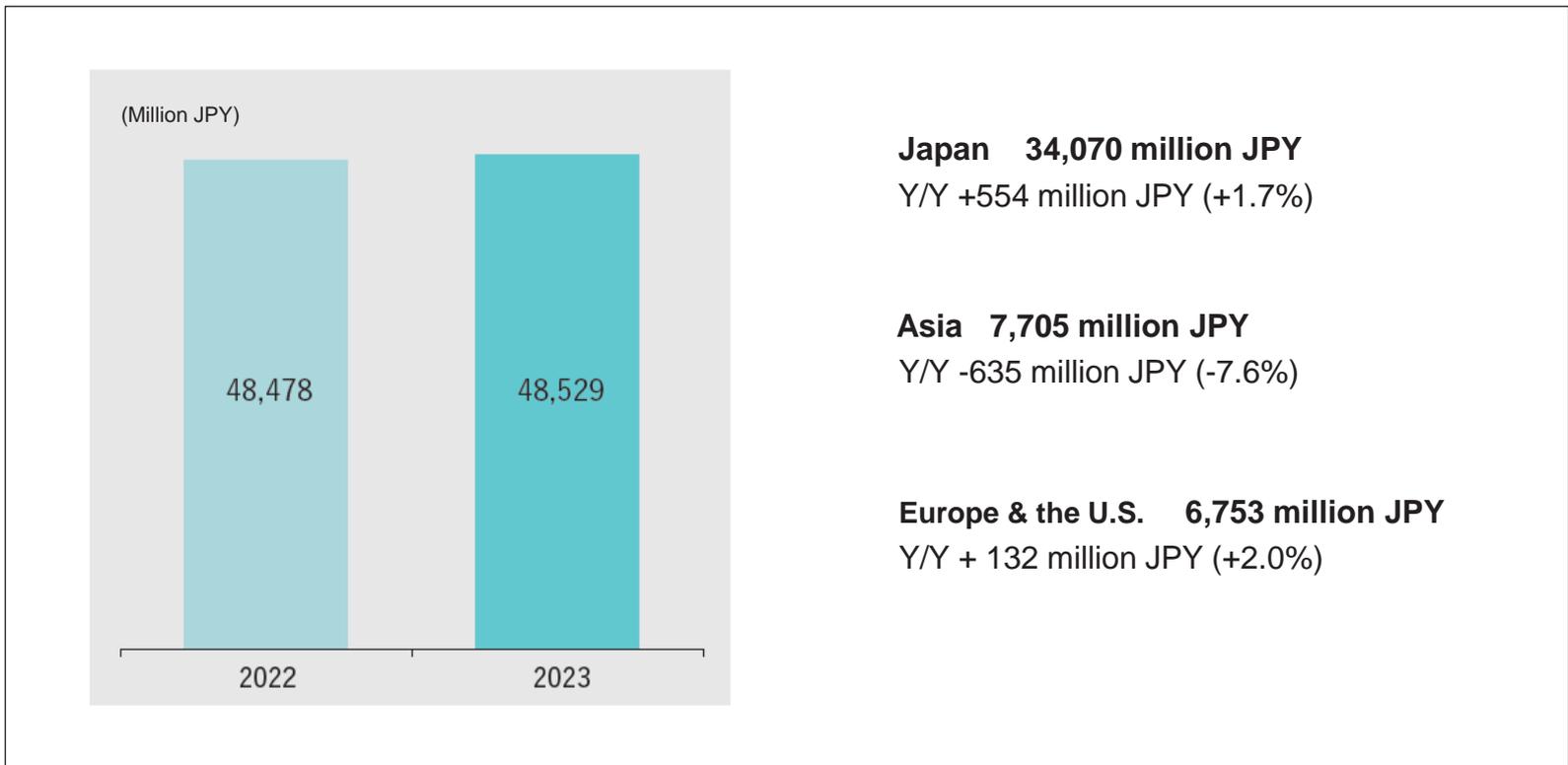
(Million JPY)

	FY2022	FY2023	Increase/ Decrease	Y/Y
Net sales	48,478	48,529	+51	+0.1%
Gross profit	12,487	13,265	+778	+6.2%
Gross profit ratio	25.8%	27.3%		
Cost	10,370	10,801	+431	+4.2%
Cost ratio	21.4%	22.3%		
Operating profit	2,116	2,464	+348	+16.4%
Operating profit ratio	4.4%	5.1%		
Ordinary profit	2,342	2,771	+429	+18.3%
Ordinary profit ratio	4.8%	5.7%		
Net income	1,674	2,217	+543	+32.5%
Net income ratio	3.5%	4.6%		

FY 2023 Net Sales

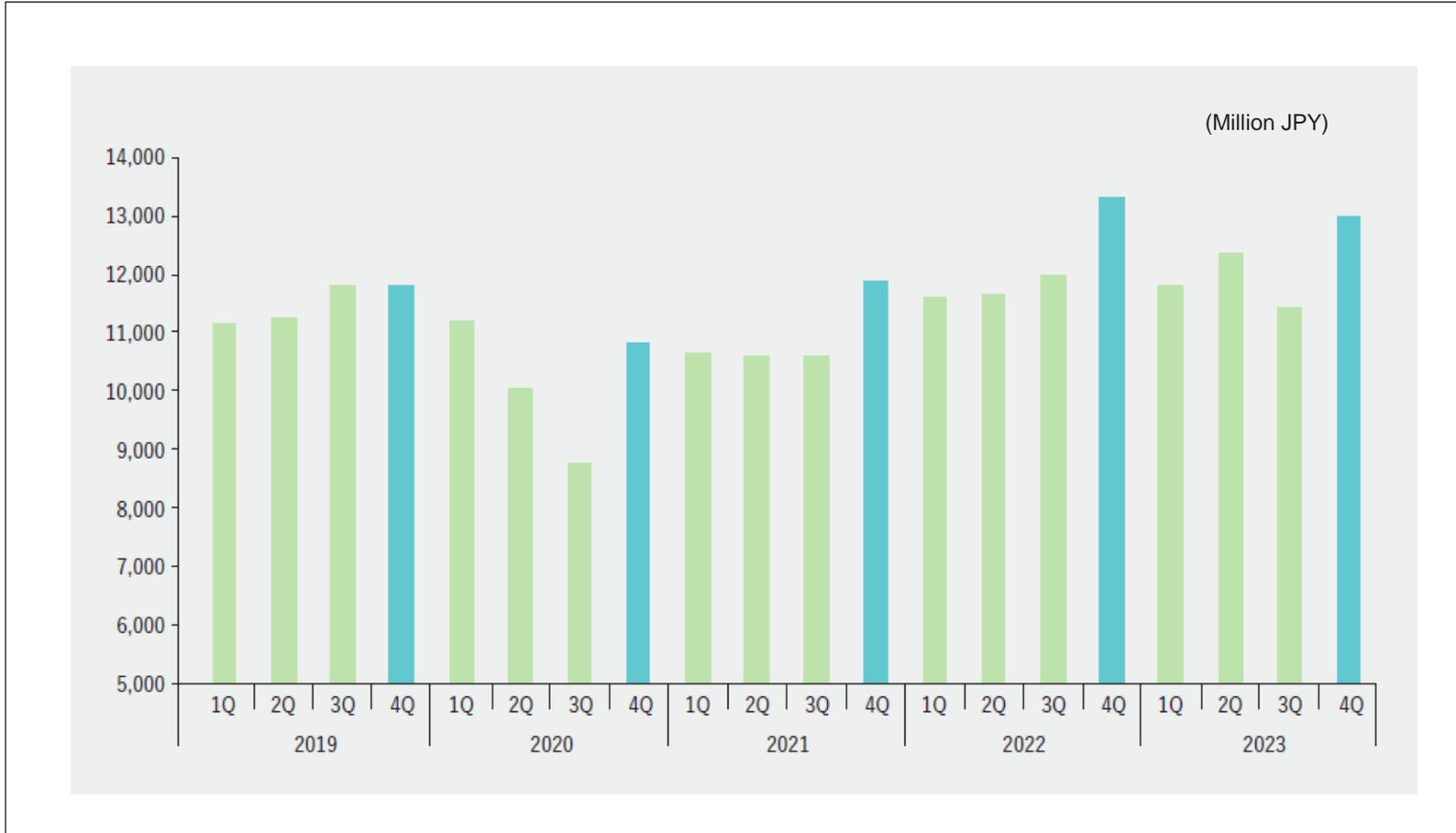
Net sales: 48,529 million JPY Y/Y: +51 million JPY (+0.1%)

In addition to the continued slowdown in consumption and stagnant demand in Europe, the United States, and China, the streamlining of unprofitable businesses and the warm winter hampered the growth of the domestic apparel and product businesses in 4Q.



FY 2023 Quarterly Financial Trends

The domestic apparel and product businesses lagged behind more than expected in 4Q due to the strong impact of the warm winter.

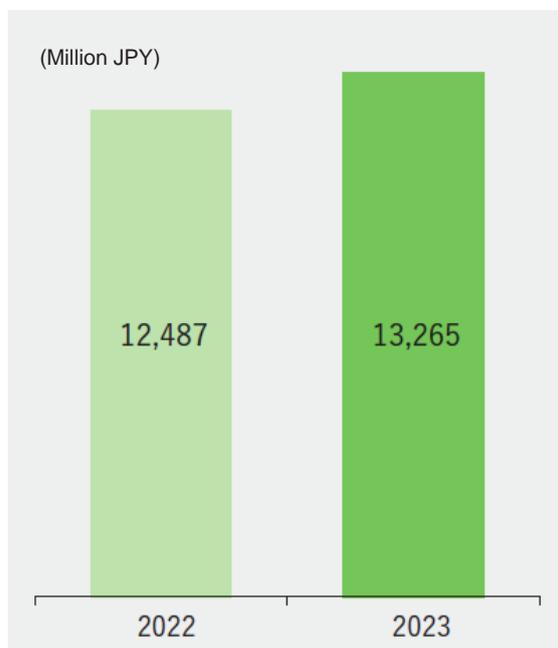


FY 2023 Gross Profit

Gross profit: 13,265 million JPY Y/Y: +778 million JPY (+6.2%)

Increased due to higher sales and improved gross profit ratio.

Since Morito Japan's split last year, awareness of profit margins has continued to increase among corporate managers and sales personnel of each company.

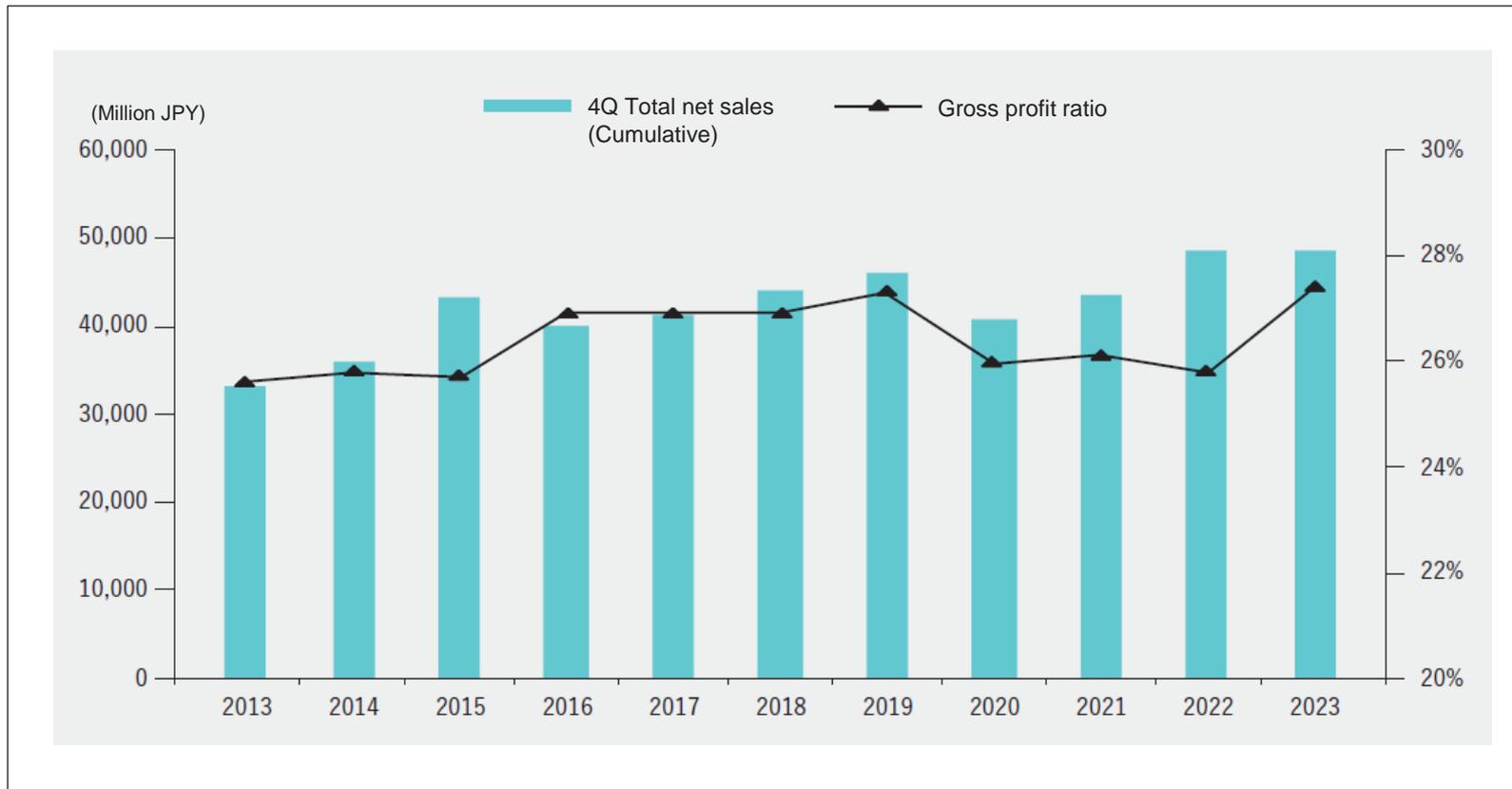


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FY 2023 Trends in Net Sales & Gross Profit Ratio

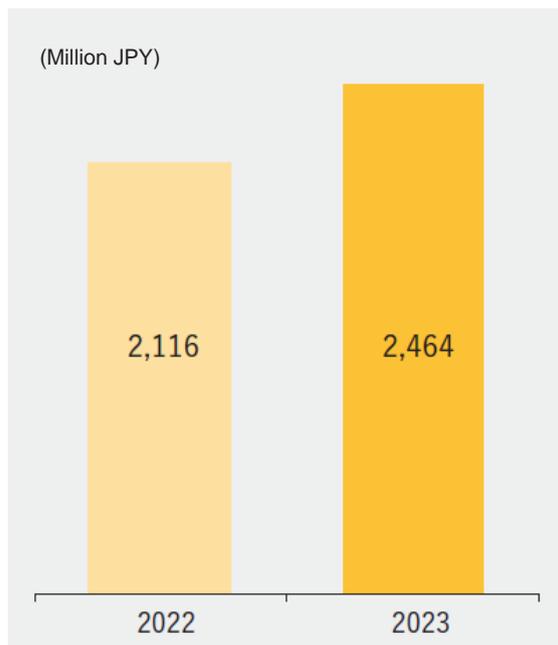
The gross profit ratio improved due to increased sales of high value-added products as well as rising awareness of profit margins, which resulted in the streamlining of unprofitable businesses, changes in sales terms and conditions, etc.



FY 2023 Operating Profit

Operating profit: 2,464 million JPY Y/Y: +348 million JPY (+16.4%)

Increased due to higher gross profit. The efficiency of logistics operations continued to improve although there was an increase in personnel costs.



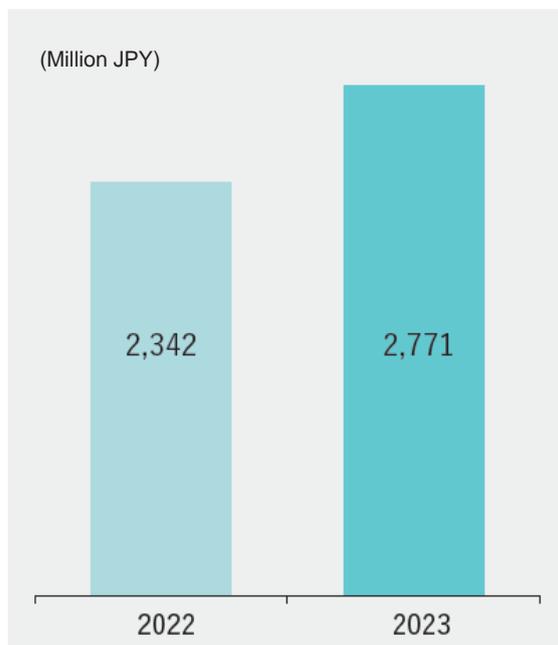
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Ordinary profit	2,342	2,771	+429	+18.3%
Net income	1,674	2,217	+543	+32.5%

FY 2023 Ordinary Profit

Ordinary profit: 2,771 million JPY Y/Y: +429 million JPY (+18.3%)

Increased due to higher operating profit.



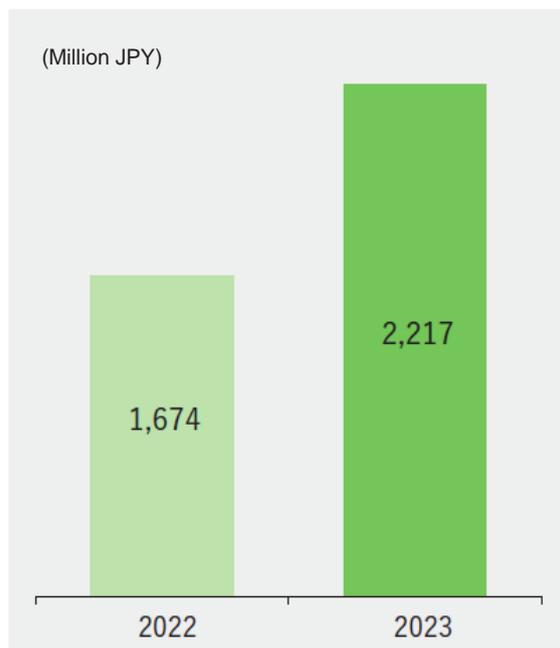
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FY 2023 Net Income

Net Income: 2,217 million JPY Y/Y: +543 million JPY (+32.5%)

Increased due to an increase in extraordinary income, including sales of investment securities, as well as the tax effect from reorganization.



(Million JPY)

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FY 2023 Balance Sheet

	2022 4Q	2023 4Q
Assets		
Current assets	30,481	31,149 (+668)
Fixed assets	19,790	20,280 (+490)
Total assets	50,271	51,429 (+1,158)

(Million JPY)

	2022 4Q	2023 4Q
Liabilities		
Current liabilities	9,309	8,589 (-720)
Fixed liabilities	4,278	4,382 (+104)
Total liabilities	13,587	12,972 (-615)
Net assets		
Shareholders' equity	31,860	32,673 (+813)
Accumulated other comprehensive income	4,768	5,760 (+992)
Share acquisition rights	55	23 (-32)
Total net assets	36,684	38,457 (+1,773)
Total liabilities and net assets	50,271	51,429 (+1,158)

Equity ratio 74.7% (FY2022 4Q 72.9%)

FY 2023 Consolidated Cash Flow Statement

(Million JPY)

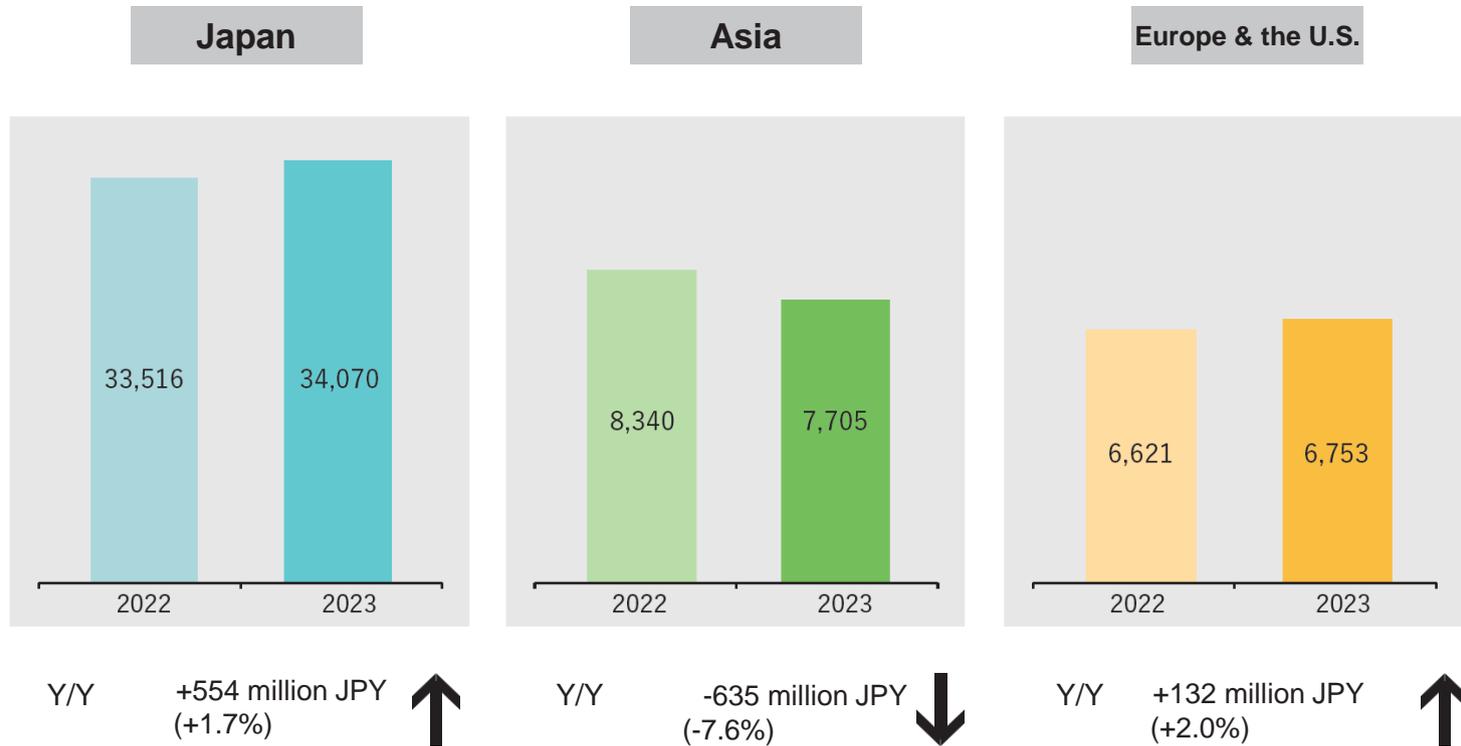
	2022 4Q	2023 4Q
Cash and cash equivalents at beginning of period	11,020	10,396
Cash flows from operating activities	850	4,399
Cash flows from investing activities	(135)	77
Cash flows from financing activities	(1,916)	(1,983)
Effect of exchange rate change on cash and cash equivalents	577	119
Net increase (decrease) in cash and cash equivalents	(623)	2,613
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	10,396	13,009

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FY 2023.11 Business Overview

FY 2023 Net Sales by Region

(Million JPY)

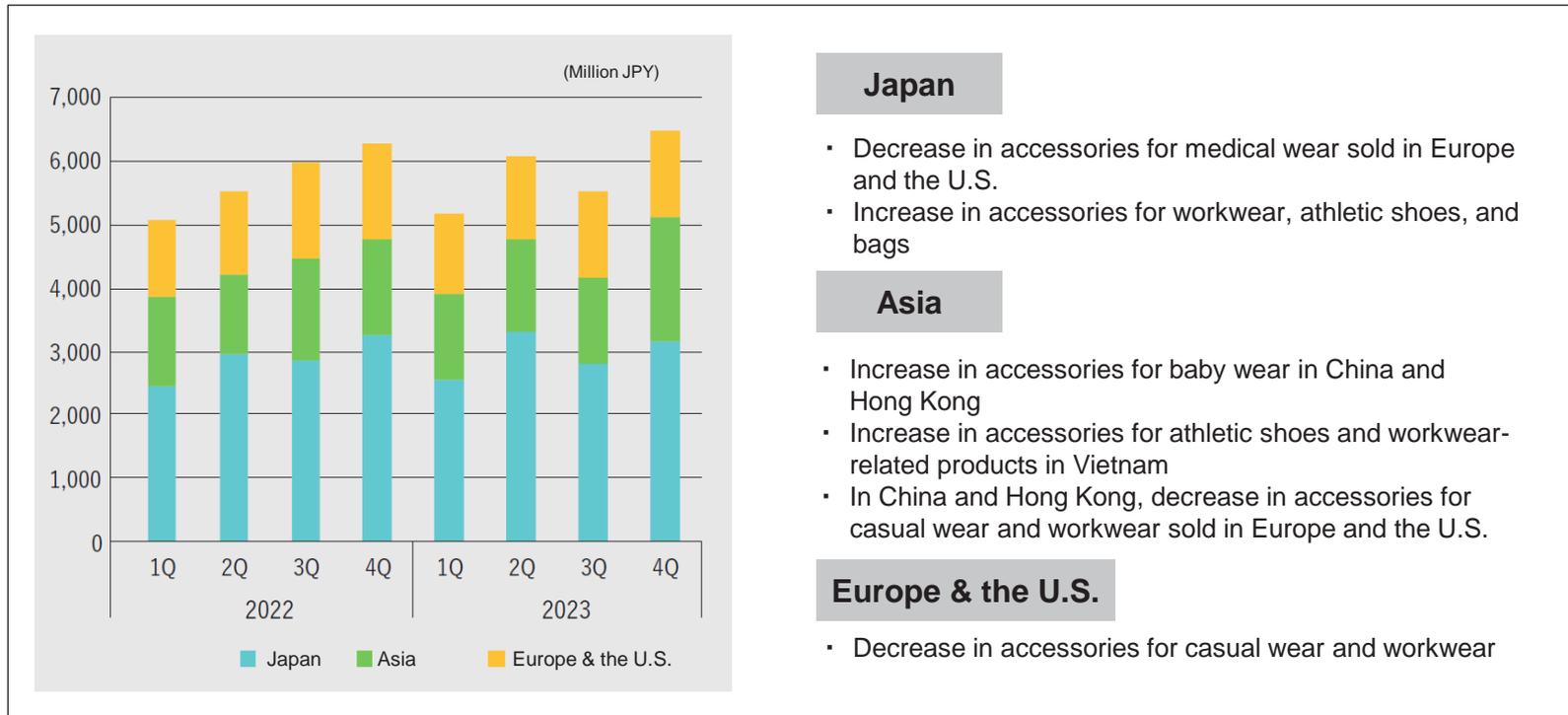


FY 2023 Net Sales for Apparel Business

Net sales: 23,205 million JPY Y/Y: +410 million JPY (+1.8%)

Sales of accessories for athletic shoes were strong.

Product sales in Europe and the United States were affected by overstocking and stagnant demand in the market. Sales of winter products also slowed down in 4Q due to the warm winter.



Japan

- Decrease in accessories for medical wear sold in Europe and the U.S.
- Increase in accessories for workwear, athletic shoes, and bags

Asia

- Increase in accessories for baby wear in China and Hong Kong
- Increase in accessories for athletic shoes and workwear-related products in Vietnam
- In China and Hong Kong, decrease in accessories for casual wear and workwear sold in Europe and the U.S.

Europe & the U.S.

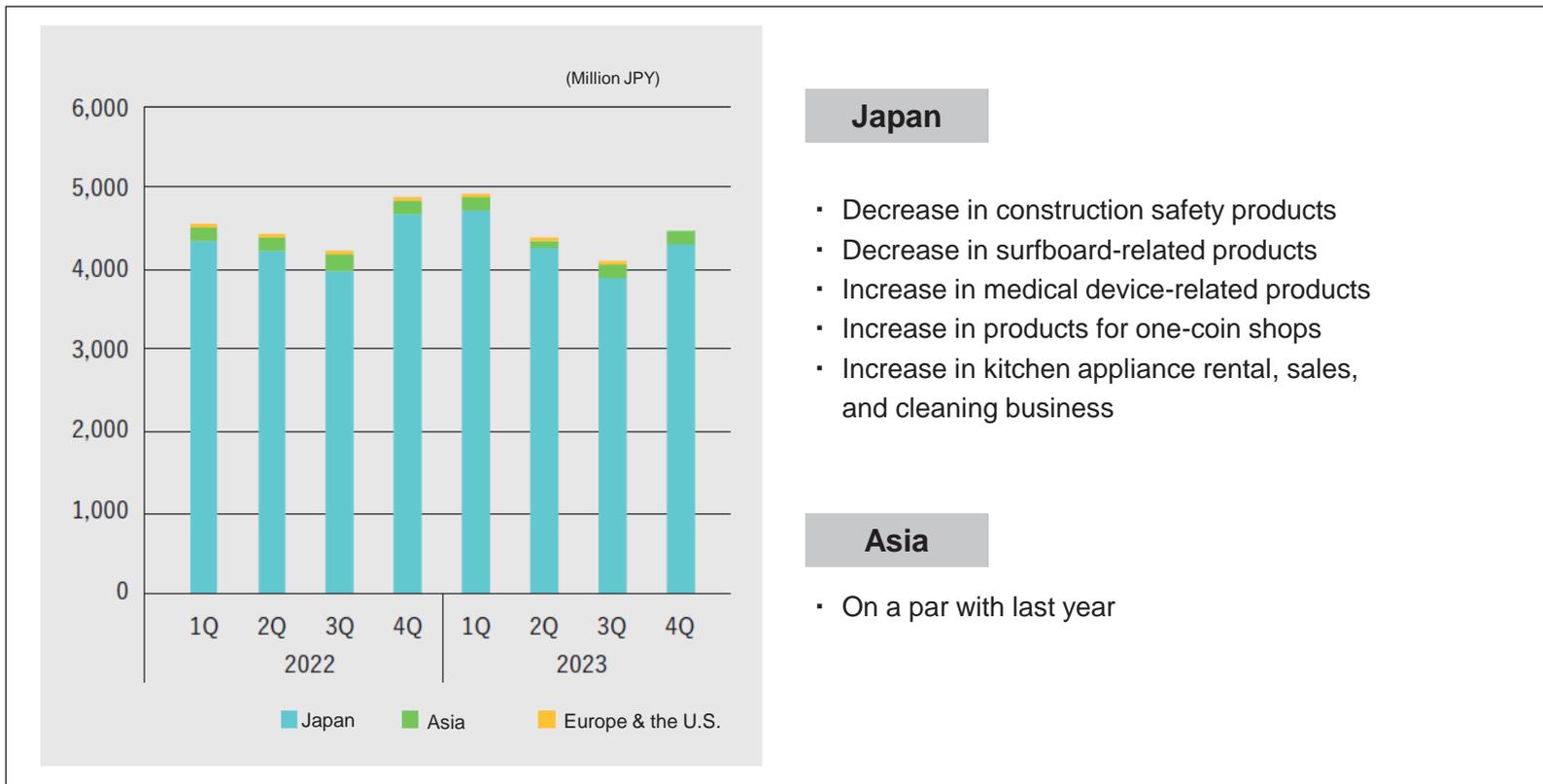
- Decrease in accessories for casual wear and workwear

FY 2023 Net Sales for Product Business

Net sales: 17,856 million JPY Y/Y: -203 million JPY (-1.1%)

Sales were robust for kitchen appliance-related services as well as medical device-related and other high-value-added products.

Demand for active sports-related products that rose during the COVID-19 pandemic subsided.



Japan

- Decrease in construction safety products
- Decrease in surfboard-related products
- Increase in medical device-related products
- Increase in products for one-coin shops
- Increase in kitchen appliance rental, sales, and cleaning business

Asia

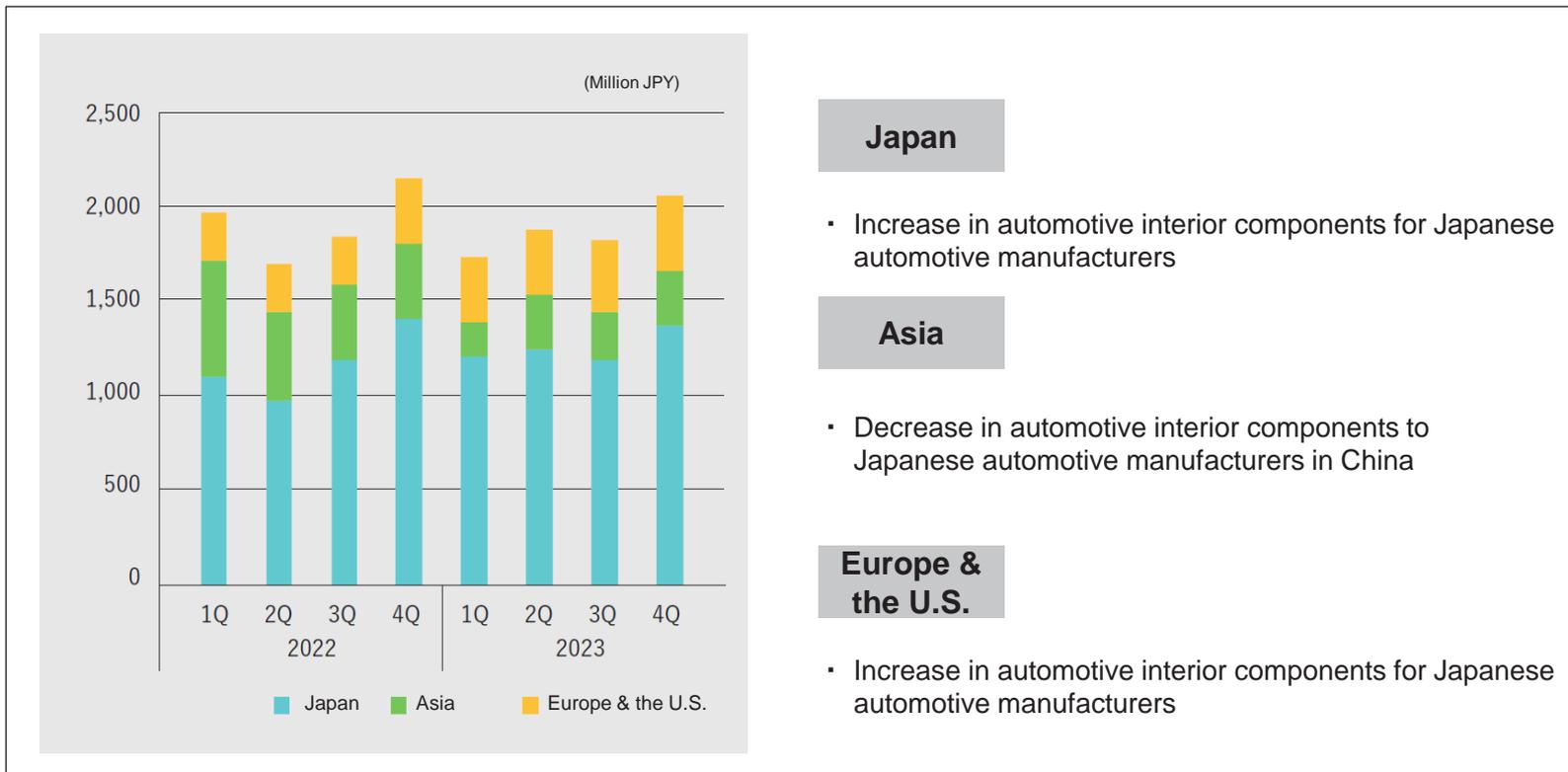
- On a par with last year

FY 2023 Net Sales for Transportation Business

Net sales: 7,467 million JPY Y/Y: -154 million JPY (-2.0%)

Automotive production was still below the pre-pandemic level, but the impact of the semiconductor shortage continued to lessen.

In China, however, sales declined due to the withdrawal from unprofitable businesses.



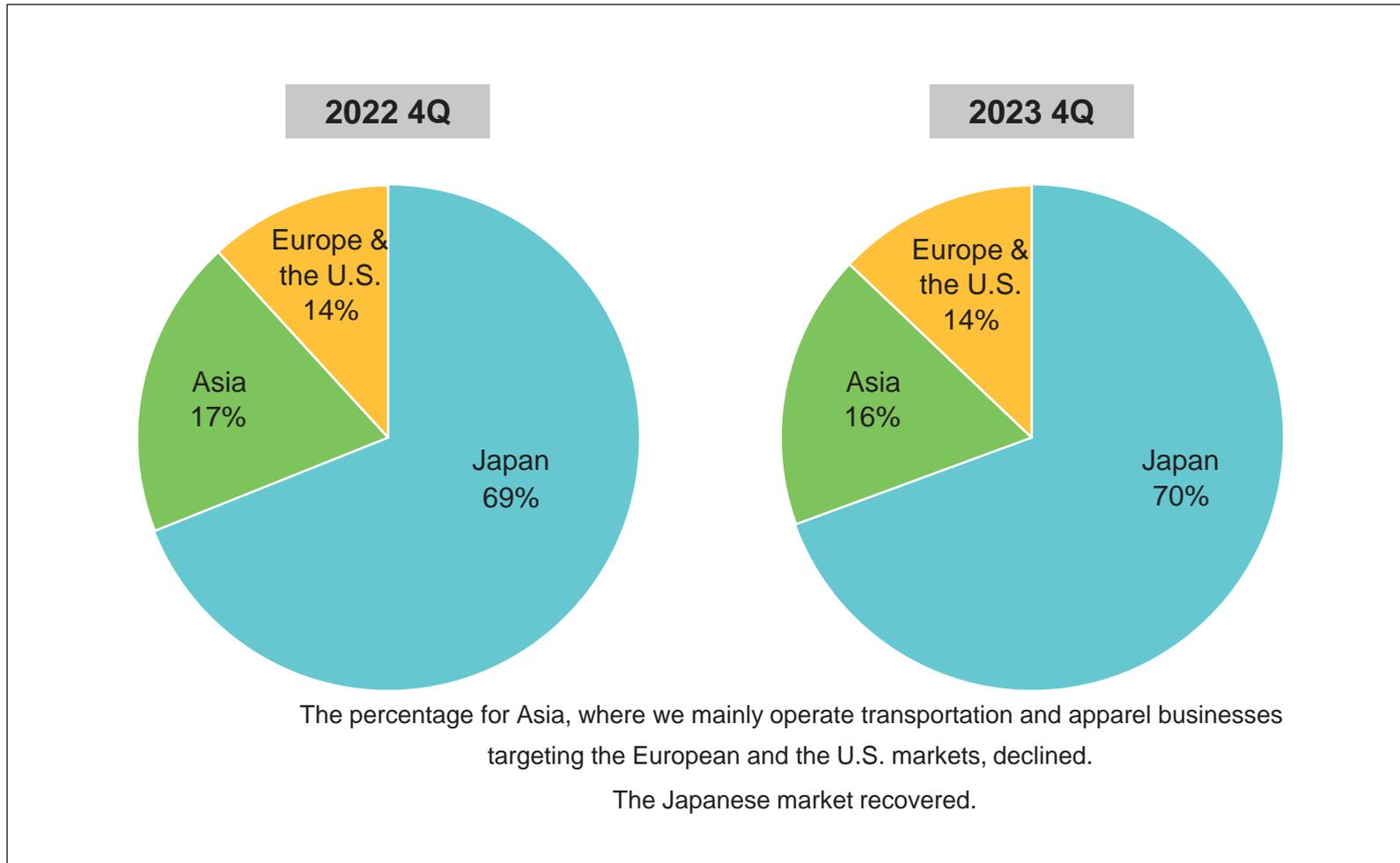
FY 2023 Net Sales by Region (Quarterly)

(Million JPY)

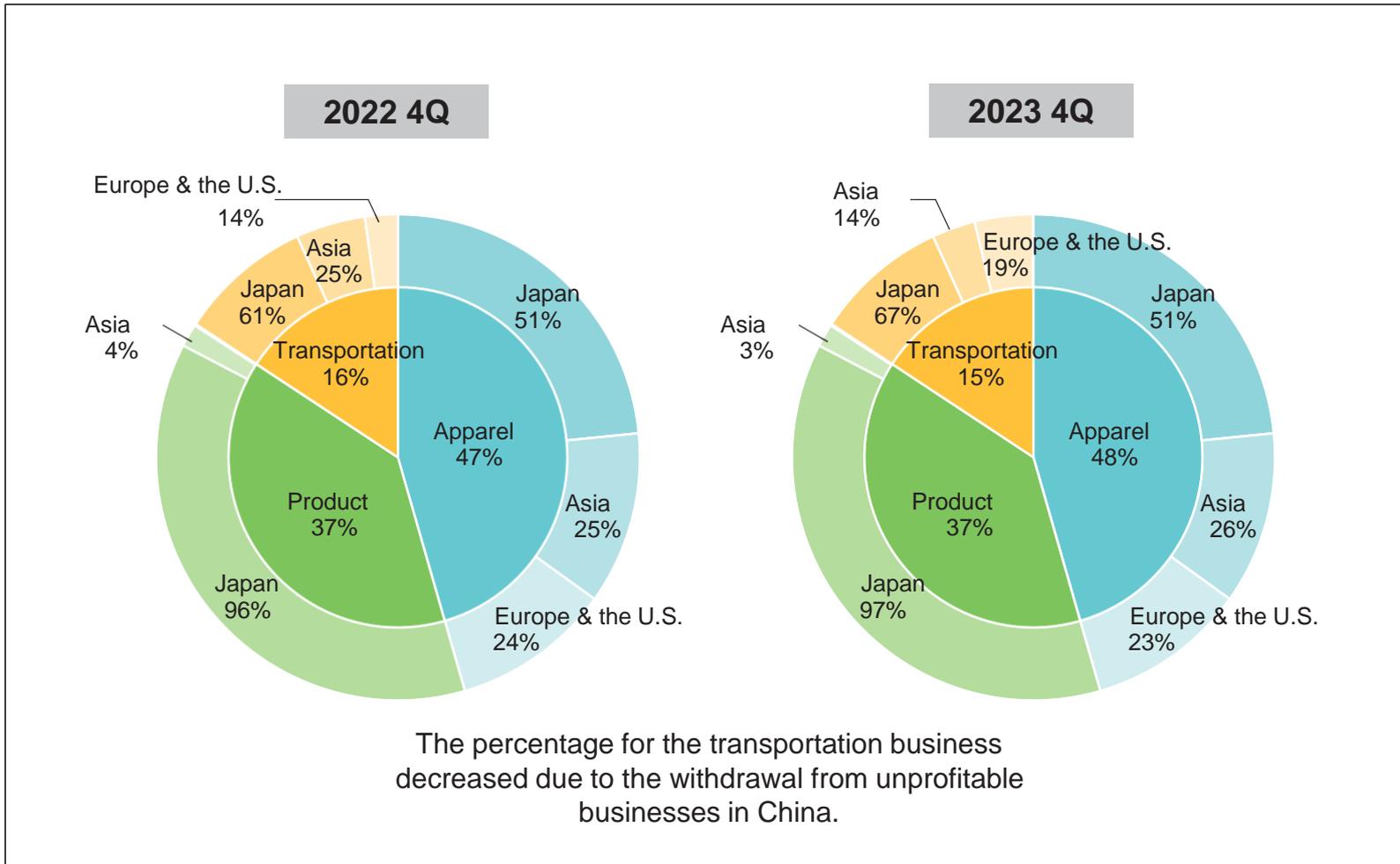
FY 2023								
	1Q	2Q	3Q	4Q	Full year	Composition	Increase/ Decrease	Y/Y
Japan	8,502	8,826	7,901	8,841	34,070	70.2%	+554	+1.7%
Asia	1,719	1,864	1,739	2,383	7,705	15.9%	-635	-7.6%
Europe & the U.S.	1,582	1,654	1,763	1,754	6,753	13.9%	+132	+2.0%
Total	11,804	12,344	11,403	12,978	48,529	100.0%	+51	+0.1%

FY 2022								
	1Q	2Q	3Q	4Q	Full year	Composition	Increase/ Decrease	Y/Y
Japan	7,912	8,196	8,031	9,377	33,516	69.1%	+3,287	+10.9%
Asia	2,212	1,885	2,180	2,063	8,340	17.2%	+286	+3.6%
Europe & the U.S.	1,436	1,564	1,755	1,866	6,621	13.7%	+1,268	+23.7%
Total	11,561	11,646	11,965	13,306	48,478	100.0%	+4,842	+11.1%

FY 2023 Sales Composition by Region



FY 2023 Sales Composition by Region & Business



5

FY 2024.11 Full-Year Forecast

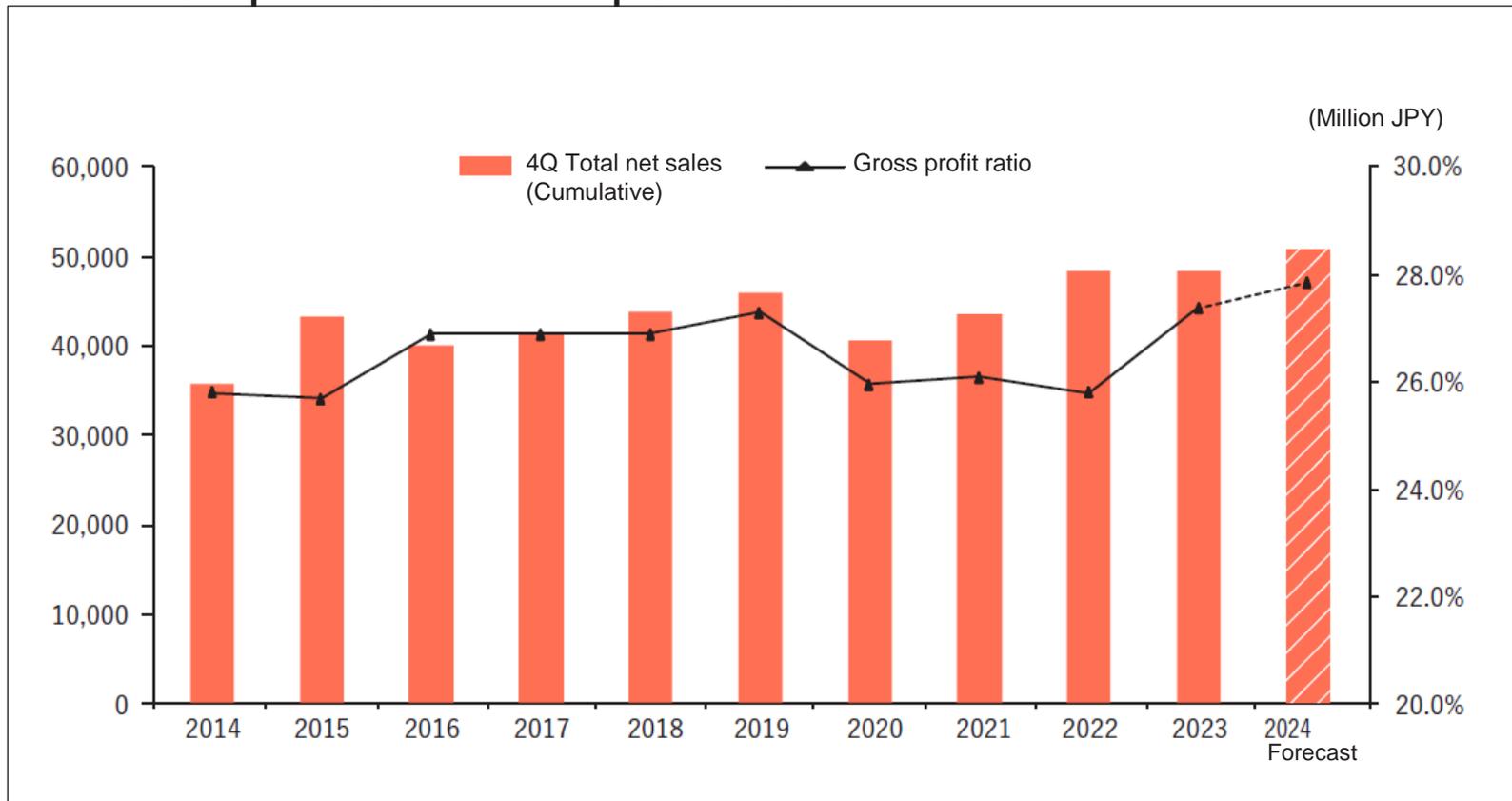
FY 2024 Full-Year Forecast

(Million JPY)

	FY 2023	FY 2024 Full-Year Forecast	Increase/ Decrease	Y/Y
Net sales	48,529	51,000	+2,471	+5.1%
Operating profit	2,464	2,600	+136	+5.5%
Operating profit ratio	5.1%	5.1%		
Ordinary profit	2,771	2,800	+29	+1.0%
Ordinary profit ratio	5.7%	5.5%		
Net income	2,217	2,300	+83	+3.7%
Net income ratio	4.6%	4.5%		

FY 2024 Forecasted Trends in Net Sales & Gross Profit Ratio

Gross profit ratio is expected to improve due to the streamlining of unprofitable businesses, acquisition of new customers, and a greater focus on local production for local consumption as well as local procurement.



6

Business Topics

Environmental Initiatives “Rideeco®”

Rideeco® is the Morito Group’s initiative to develop environmentally friendly products and is one of the focus areas of its growth strategies under the 8th Mid-Term Management Plan. In fiscal 2023, we carried out a number of initiatives and events to raise brand awareness, with an eye to expanding sales channels for materials using discarded fishing nets.



Rideeco® products featured in an exhibit at the Kaiyukan Aquarium using an emptied aquarium tank



Started on-site SDGs classes at schools
(Kyoto City Iwakura Minami Elementary School)



Exhibited at the Sustainable Fashion Expo 2023



Project for collecting discarded fishing nets
(Shizuoka Prefecture, Chiba Prefecture, and more to come)

Environmental Initiatives

FY 2023 Product Development Results



Upcycling of baseball caps used by Orix Buffaloes players



DOCTORAIR Blue Life Series

Right: BLUE LIFE Premium 3D Neck Massager
Left: BLUE LIFE 3D Massage Pillow



ASUKAMI®

A mixed paper made from fabric scraps from apparel factories, adopted by World Co., Ltd. for use in tags, etc.



Tokyo Verdi Women's Hockey Team Jerseys



Smartphone pouch for Lexus Collection Spring/Summer 2023



Fabrics made from discarded fishing nets

Currently developing a recycled fishing net fabric containing a higher ratio of discarded fishing nets

Group Company Ace Industrial Machinery Co., Ltd. (Product Business)

The company provides rental services for grease filters installed in commercial kitchen ventilation hoods and has one of the highest market shares in Japan. It provides filter exchange, delivery, and cleaning services across Japan.

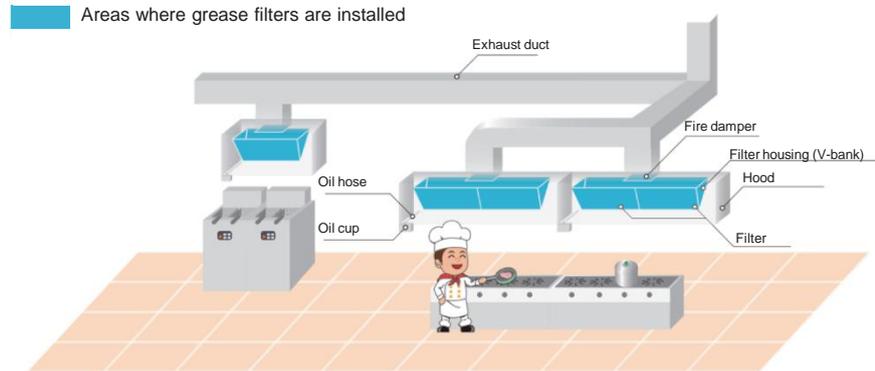
The company also offers kitchen exhaust hood cleaning services, helping restaurant operators realize a comfortable working environment and mitigate the risk of fire.

<https://www.ace-kouki.co.jp/index.html>



Grease filter

A grease filter is installed at the inlet of the exhaust duct in restaurant kitchens. It reduces grease build-up in the ducts and the risk of fire.



Number of restaurants using services

There are approximately 620,000 restaurants in Japan. There is still room for growth!

Approx. 18,000

*Based on the Ministry of Internal Affairs and Communications' 2014 Economic Census for Business Activity

Number of filters owned

If you stacked all our filters flat one on top of another, the pile would stand over 3,400 meters high. That's about the same height as the 8th station along the trail to the summit of Mt. Fuji. If you stacked them vertically they would reach the stratosphere, standing over 48.5 kilometers high.

Approx. 137,000

Number of filters cleaned per month

Over 4,500 filters are cleaned each day.

Approx. 101,000

Group Company Ace Industrial Machinery Co., Ltd. (Product Business)

The company operates a cleaning plant equipped with state-of-the-art cleaning systems at each location. They efficiently remove contaminants from industrial wastewater to protect the environment. The company plans to upgrade equipment at the Kyushu Service Center in fiscal 2024 and put a new service center into operation in 2025 to expand service coverage in the Hokkaido area. Additional capital investment in the company's plants by 2026 is in the works.

▶ See the [8th Mid-Term Management Plan Update](#) for more information.



In-house plant equipment

Automatic filter cleaning and drying with an automatically controlled crane

Environmentally friendly facility

Ace Industrial Machinery focuses on saving energy in its cleaning plants, reusing water used to clean filters, and appropriately treating wastewater with an eye to achieving the SDGs.

SUSTAINABLE DEVELOPMENT GOALS



YOSOOU® B2C Brand (Apparel Business)

Our down wear brand employing the stretch material, Dual Flex®, is the perfect combination of sophistication and style. Machine-washable, antistatic, and more, the lineup offers full functionality. We opened the brand's online store in October 2023 as well as pop-up shops at department stores, etc.

▶ [YOSOOU Official Online Shop](#)



(FYI) Media Coverage

- **Our joint initiative with Orix Buffaloes was featured on Wave!!!! on Kiss FM KOBE along with one of our group employees.**

<https://x.com/kissfmwave/status/1716677941315436630?s=46&t=7d2cBCnDhwx9FI7FLZelrg>

- **Articles about our on-site SDGs class initiative at schools were published on Yahoo! News, etc.**

<https://ovo.kyodo.co.jp/news/life/a-1912230>

- **Our Rideeco® initiative was featured on Live Door News.**

<https://x.com/livedoornews/status/1727261730164858884?s=12&t=7d2cBCnDhwx9FI7FLZelrg>

7

Shareholder Returns

Basic Dividend Policy

We regard returning profits to shareholders as one of the most important management issues, and determine the amount of dividends based on the following policy, taking into consideration investment projects and financial conditions (net assets, etc.).

Realize stable and continuous dividend payments

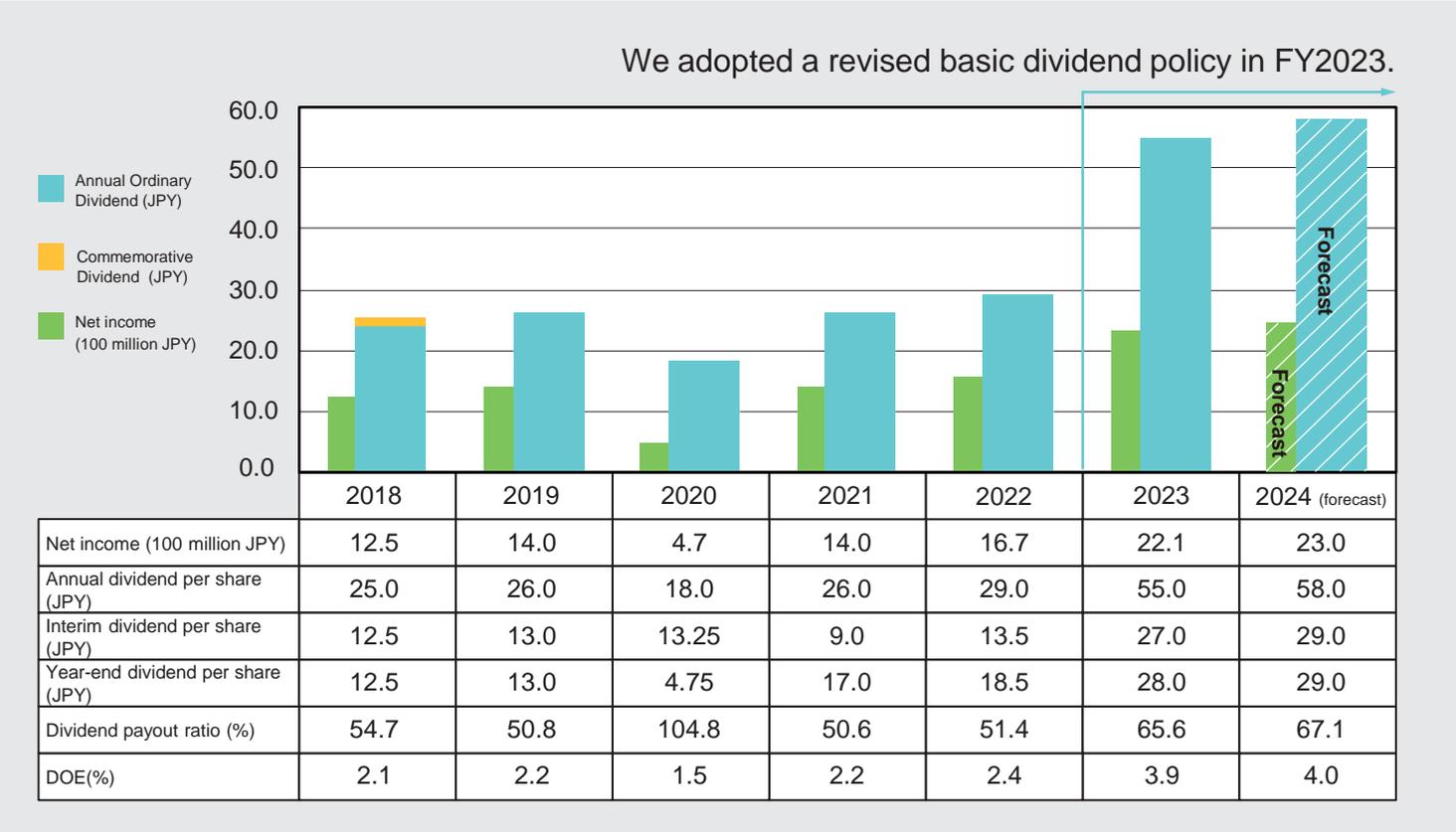
Dividend payout ratio of 50% or more
in relation to profit attributable to owners of parent is the standard

Standard of a dividend on equity (DOE) ratio of 4.0%
(on a consolidated basis)

Continue to consider buying back shares whenever necessary and canceling them appropriately

* 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.

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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MORITO

Where innovation is the norm