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MORITO

Consolidated Financial Results for the Six Months (First Half) of the Fiscal Year Ending November 30, 2026 [Japanese GAAP]

July 14, 2026

Company name: MORITO CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Code number: 9837
URL: https://www.morito.co.jp
Representative: Takaki Ichitsubo, Representative Director, CEO
Contact: Kiyomi Akui, Director, Managing Executive Officer, General Manager of Corporate Management Department, and Division Manager of Corporate Administrative Division (Phone) +81-6-6252-3551
Scheduled date of filing semi-annual securities report: July 15, 2026
Scheduled date of commencing dividend payments: August 6, 2026
Availability of supplementary briefing material on financial results : Available
Schedule of financial results briefing session : Yes (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending November 30, 2026 (December 1, 2025 to May 31, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2026	33,068	28.1	2,058	31.2	2,162	26.4	1,645	(29.9)
Six months ended May 31, 2025	25,805	8.7	1,568	5.7	1,711	9.3	2,346	68.4

(Note) Comprehensive income: Six months ended May 31, 2026 2,884 million yen[4.7%] Six months ended May 31, 2025 2,754 million yen[29.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2026	65.13	-
Six months ended May 31, 2025	89.53	-

(Note) In the fiscal year ended November 30, 2025, the Company finalized the provisional accounting treatment for the business combination, and the figures for the six months of the fiscal year ending November 30, 2025 reflect the details of the finalized provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Six months ended May 31, 2026	57,258	40,574	70.9
FY2025	55,498	39,832	71.8

(Reference) Equity: Six months ended May 31, 2026 40,574 million yen FY2025 39,832 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2025	-	33.00	-	37.00	70.00
FY2026	-	36.00			
FY2026(Forecast)			-	36.00	72.00

(Note) Revision to the latest announcement of dividend forecast : None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2026
(December 1, 2025 to November 30, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	63,000	10.8	3,500	5.0	3,700	2.1	3,000	2.9	117.21

(Note) Revision to the latest announcement of performance forecast : None

Notes:

(1) Significant changes in the scope of consolidation during the period : Yes

Newly included: 1 company (Hisanaga Seisakusho Co., Ltd.)

Excluded: None

(2) Adoption of special accounting treatment for preparing semi-annual consolidated financial statements : No

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards : No
2) Changes in accounting policies other than 1) above : No
3) Changes in accounting estimates : No
4) Retrospective restatement : No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	May 31, 2026:	26,800,000	November 30, 2025:	26,800,000
2) Total number of treasury shares at the end of the period:	May 31, 2026:	1,828,049	November 30, 2025:	1,204,249
3) Average number of shares during the period:	For the Six months of the fiscal year ending November 30, 2026:	25,262,616	For the Six months of the fiscal year ended November 30, 2025:	26,210,265

* These semi-annual consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions judged to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

As for suppositions that form the assumptions for the forecast of financial results and cautionary notes concerning the use thereof, please refer to "(3) Forecast of Consolidated Business Results and other Forward-looking Information" in "1. Overview of Business Results, Etc" on page 4.

The Company and some of the MORITO Group companies have introduced the "Japanese version of the employee stock ownership plan (J-ESOP)" and the "officer remuneration board incentive plan (BIP) trust". Consequently, the shares of the Company held by Custody Bank of Japan, Ltd. (trust account E) and The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account), respectively, are included in treasury shares.

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1. Overview of Business Results, Etc

The business combinations with Ms.ID Inc. on December 25, 2024 and Mitsuboshi Corporation Co., Ltd. on April 1, 2025 were provisionally accounted for in their respective fiscal years and finalized at the end of last fiscal year. In analyzing comparisons with the previous interim consolidated accounting period, figures after the finalization of provisional accounting procedures are used.

(1) Overview of Business Results for the Period under Review

The first six months of the fiscal year ending November 30, 2026 (December 1, 2025 to May 31, 2026) saw the Japanese economy continue to grow at a moderate pace due to the improvement in employment and income conditions. On the downside, the outlook for the future remains uncertain due to the impact of financial and capital market fluctuations, rising resource and raw material prices as well as higher personnel expenses, trends in the U.S. and Chinese economies, and heightened geopolitical risks such as the situation in the Middle East. Working against this backdrop, the MORITO Group (the "Group"), which is mainly engaged in the apparel, product, and transportation businesses, faced an uphill battle. This was mainly due to the sluggish performance of some Japanese automotive manufacturers. The Group must also keep a close eye on how rising procurement risks and costs stemming from the situation in the Middle East will impact its operations. On the upside, net sales increased due to the consolidation of Ms.ID Inc. and Mitsuboshi Corporation Co., Ltd., strong sales of health care- and game-related products, and the robust performance of the kitchen appliance-related services business. Under its "Rideeco®" initiative aimed at realizing a sustainable society, the Group moved forward with the development and sales of MURON®, a fiber made entirely from discarded fishing nets collected in Japan, and ASUKAMI®, a blended paper made using fabric scraps from sewing factories.

As a result, for the six months of the fiscal year under review, net sales increased 28.1% year on year to 33,068 million yen. Operating profit was up 31.2% to 2,058 million yen, ordinary profit grew 26.4% to 2,162 million yen, and profit attributable to owners of the parent decreased 29.9% to 1,645 million yen.

Exchange rates used for the conversion of revenue and expenses of the Group's overseas subsidiaries during the preparation of consolidated financial statements for the six months of the fiscal year under review are as follows.

USD	155.47	(152.46)
EUR	181.45	(161.62)
CNY	22.18	(21.05)
HKD	19.94	(19.60)
VND	0.0059	(0.0060)
THB	4.88	(4.49)
MXN	8.67	(7.54)

(Note) The exchange rate of the same period in the previous fiscal year is stated in parentheses.

Business results by segment are as follows.

Effective from the previous fiscal year, the Group has changed the classification of its reportable segments. For details, please refer to "3. Matters related to changes in reportable segments, etc." in "Notes to the Semi-annual Consolidated Financial Statements (Segment Information, Etc.)".

Japan

In the Apparel Division, sales of silver accessories, uniform-related materials, accessories for high-end bags, and bear sprays increased although sales of materials for fashion apparel remained slow.

The Product Division performed well overall and enjoyed an increase in sales of health care-related products, stationery- and game-related products, products for one-coin shops, and products designed to beat the summer heat, as well as higher revenues for the kitchen appliance rental, sales, and cleaning business.

In the Transportation Division, sales of automotive interior components to Japanese automotive manufacturers rose.

As a result, net sales increased 36.3% year on year to total 24,598 million yen, and segment profit rose 24.0% year on year to reach 1,501 million yen.

Asia

The Apparel Division enjoyed growing sales of casual wear accessories in China and shoe accessories for Japanese sporting goods manufacturers in Vietnam although sales of kids and baby wear accessories declined in Hong Kong.

In the Transportation Division, sales of automotive interior components to Japanese automotive manufacturers fell.

As a result, net sales reached 10.3% year on year to total 4,667 million yen, and segment profit increased 9.0% year on year to total 462 million yen.

Europe and the U.S.

In the Apparel Division, sales of medical wear accessories increased in the U.S., and sales of workwear accessories increased in Europe.

In the Transportation Division, sales of automotive interior components to Japanese automotive manufacturers in Europe increased while sales of automotive interior components to some Japanese automotive manufacturers in the U.S. decreased.

As a result, net sales grew 7.8% year on year to total 3,801 million yen, and segment profit came to 155.7% year on year to reach 362 million yen.

(2) Overview of Financial Position for the Period under Review

Total assets for the fiscal year under review increased 1,759 million yen from the previous fiscal year-end to 57,258 million yen.

Current assets rose 51 million yen from the previous fiscal year-end to 31,053 million yen. This was mainly due to a decrease of 816 million yen in "Electronically recorded monetary claims - operating", a decrease of 703 million yen in " Notes and accounts receivable - trade", a decrease of 150 million yen in "Short-term loans receivable" included in "Other", an increase of 1,228 million yen in "Cash and deposits", and an increase of 680 million yen in "Inventories".

Non-current assets were up 1,707 million yen from the previous fiscal year-end to 26,205 million yen. This was mainly due to an increase of 501 million yen in "Investment securities", an increase of 323 million yen in "Land", an increase of 310 million yen in "Goodwill", an increase of 209 million yen in "Right of use assets" included in "Other property, plant and equipment", and an increase of 199 million yen in "Buildings and structures" included in "Other property, plant and equipment".

Current liabilities grew 832 million yen from the previous fiscal year-end to 11,049 million yen. This was mainly due to a decrease of 261 million yen in "Electronically recorded obligations-operating", a decrease of 165 million yen in "Provision for bonuses for directors (and other officers)", an increase of 1,125 million yen in "Short-term borrowings", and an increase of 126 million yen in "Accrued consumption taxes" included in "Other".

Non-current liabilities increased 184 million yen from the previous fiscal year-end to 5,633 million yen. This was mainly due to a decrease of 215 million yen in "Long-term borrowings", an increase of 183 million yen in "Long-term lease liabilities" included in "Other" and an increase of 146 million yen in "Deferred tax liabilities" included in "Other".

Net assets increased 742 million yen from the previous fiscal year-end to 40,574 million yen.

The shareholders' equity ratio decreased 0.9 percentage points to 70.9% from 71.8% in the previous fiscal year.

(3) Forecast of Consolidated Business Results and Other Forward-Looking Information

The consolidated financial forecast for the fiscal year ending November 30, 2026, remains unchanged from what was announced on January 14, 2026.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	9,401,479	10,630,475
Notes and accounts receivable - trade	9,249,151	8,545,876
Electronically recorded monetary claims - operating	3,285,056	2,468,650
Inventories	7,132,599	7,813,462
Other	1,965,918	1,625,652
Allowance for doubtful accounts	(32,775)	(30,850)
Total current assets	31,001,429	31,053,266
Non-current assets		
Property, plant and equipment		
Land	4,642,506	4,965,874
Other, net	5,998,173	6,642,968
Total property, plant and equipment	10,640,680	11,608,843
Intangible assets		
Goodwill	3,529,567	3,839,594
Trademark right	1,773,215	1,752,285
Other	295,685	298,277
Total intangible assets	5,598,468	5,890,157
Investments and other assets		
Investment securities	6,594,430	7,095,715
Retirement benefit asset	375,198	377,000
Other	1,444,787	1,396,667
Allowance for doubtful accounts	(156,101)	(163,094)
Total investments and other assets	8,258,314	8,706,288
Total non-current assets	24,497,464	26,205,289
Total assets	55,498,893	57,258,556
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,205,409	4,318,816
Electronically recorded obligations - operating	1,023,219	761,397
Short-term borrowings	600,000	1,725,385
Current portion of bonds payable	300,000	300,000
Current portion of long-term borrowings	440,004	435,004
Income taxes payable	791,705	799,992
Provision for bonuses	537,532	372,488
Provision for bonuses for directors (and other officers)	195,210	100,212
Other	2,124,254	2,236,677
Total current liabilities	10,217,336	11,049,973
Non-current liabilities		
Bonds payable	300,000	300,000
Long-term borrowings	1,049,947	834,945
Provision for share awards	65,821	75,216
Provision for retirement benefits for directors (and other officers)	131,787	143,177
Provision for share awards for directors (and other officers)	125,647	133,312
Provision for environmental measures	13,075	14,045
Retirement benefit liability	919,282	958,771
Other	2,843,398	3,174,156
Total non-current liabilities	5,448,960	5,633,625
Total liabilities	15,666,296	16,683,598

(Thousands of yen)

	As of November 30, 2025	As of May 31, 2026
Net assets		
Shareholders' equity		
Share capital	3,532,492	3,532,492
Retained earnings	30,652,347	31,331,943
Treasury shares	(962,920)	(2,139,304)
Total shareholders' equity	33,221,918	32,725,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,947,894	3,323,660
Deferred gains or losses on hedges	24,640	11,501
Revaluation reserve for land	388,729	388,729
Foreign currency translation adjustment	3,165,086	4,055,886
Remeasurements of defined benefit plans	84,326	70,048
Total accumulated other comprehensive income	6,610,678	7,849,826
Non-controlling interests	-	-
Total net assets	39,832,596	40,574,957
Total liabilities and net assets	55,498,893	57,258,556

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended May 31, 2025	For the six months ended May 31, 2026
Net sales	25,805,520	33,068,033
Cost of sales	17,937,125	22,952,021
Gross profit	7,868,394	10,116,011
Selling, general and administrative expenses	6,299,426	8,057,479
Operating profit	1,568,967	2,058,532
Non-operating income		
Interest income	5,051	7,228
Dividend income	41,911	49,049
Rental income from real estate	18,596	24,495
Foreign exchange gains	※1 45,287	-
Share of profit of entities accounted for using equity method	24,638	24,893
Insurance refund	-	51,678
Other	35,962	12,207
Total non-operating income	171,446	169,552
Non-operating expenses		
Interest expenses	9,893	15,763
Foreign exchange losses	-	※1 21,182
Other	18,866	28,295
Total non-operating expenses	28,760	65,240
Ordinary profit	1,711,654	2,162,844
Extraordinary income		
Gain on sale of non-current assets	88	9,848
Gain on sale of investment securities	130,193	361,444
Insurance claim income	70,000	-
Gain on bargain purchase	1,105,306	-
Total extraordinary income	1,305,588	371,293
Extraordinary losses		
Loss on retirement of non-current assets	15,629	7,163
Total extraordinary losses	15,629	7,163
Profit before income taxes	3,001,613	2,526,973
Income taxes - current	688,842	819,987
Income taxes - deferred	(33,957)	61,587
Total income taxes	654,885	881,574
Profit	2,346,728	1,645,399
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,346,728	1,645,399

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the six months ended May 31, 2025	For the six months ended May 31, 2026
Profit	2,346,728	1,645,399
Other comprehensive income		
Valuation difference on available-for-sale securities	73,505	375,765
Deferred gains or losses on hedges	(860)	(13,140)
Revaluation reserve for land	(7,276)	-
Foreign currency translation adjustment	355,248	890,799
Remeasurements of defined benefit plans, net of tax	(13,148)	(14,277)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	407,469	1,239,148
Comprehensive income	2,754,198	2,884,547
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,754,198	2,884,547
Comprehensive income attributable to non-controlling interests	-	-

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended May 31, 2025	For the six months ended May 31, 2026
Cash flows from operating activities		
Profit before income taxes	3,001,613	2,526,973
Depreciation	476,418	553,784
Amortization of goodwill	176,497	173,001
Gain on bargain purchase	(1,105,306)	-
Increase (decrease) in provision for bonuses	(42,040)	(207,221)
Decrease (increase) in retirement benefit asset	(9,146)	(13,381)
Increase (decrease) in retirement benefit liability	6,597	3,464
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2,968	(45,940)
Increase (decrease) in provision for share awards	12,338	9,394
Increase (decrease) in provision for share awards for directors (and other officers)	6,563	7,665
Increase (decrease) in allowance for doubtful accounts	(2,413)	(3,437)
Interest and dividend income	(46,962)	(56,278)
Interest expenses	9,893	15,763
Insurance claim income	(70,000)	-
Share of loss (profit) of entities accounted for using equity method	(24,638)	(24,893)
Loss (gain) on sale of non-current assets	(88)	(9,848)
Loss (gain) on sale of investment securities	(130,193)	(361,444)
Loss on retirement of non-current assets	15,629	7,163
Decrease (increase) in trade receivables	451,396	1,815,838
Decrease (increase) in inventories	(115,139)	(162,343)
Increase (decrease) in trade payables	(280,850)	(282,729)
Other, net	(286,599)	222,962
Subtotal	2,046,537	4,168,492
Interest and dividends received	45,042	57,628
Interest paid	(9,934)	(16,376)
Proceeds from insurance income	70,000	-
Income taxes paid	(816,905)	(708,471)
Net cash provided by (used in) operating activities	1,334,739	3,501,273
Cash flows from investing activities		
Purchase of investment securities	(5,388)	(5,210)
Proceeds from sale of investment securities	134,175	430,833
Purchase of property, plant and equipment	(705,422)	(331,027)
Proceeds from sale of property, plant and equipment	261	84,502
Purchase of intangible assets	(81,130)	(19,699)
Loan advances	(150,000)	-
Proceeds from collection of loans receivable	-	150,000
Payments for Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,571,492)	-
Proceeds from Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	78,864
Other, net	(14,262)	(5,041)
Net cash provided by (used in) investing activities	(5,393,258)	383,222

(Thousands of yen)

	For the six months ended May 31, 2025	For the six months ended May 31, 2026
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	(500,000)
Repayments of lease liabilities	(129,968)	(132,880)
Repayments of long-term borrowings	(160,005)	(220,002)
Purchase of treasury shares	(102,257)	(1,148,441)
Dividends paid	(910,529)	(965,803)
Net cash provided by (used in) financing activities	(1,302,760)	(2,967,127)
Effect of exchange rate change on cash and cash equivalents	112,499	311,626
Net increase (decrease) in cash and cash equivalents	(5,248,779)	1,228,995
Cash and cash equivalents at beginning of period	15,460,171	9,401,479
Cash and cash equivalents at end of period	10,211,391	10,630,475

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, Etc.)

I For the six months of the fiscal year ended November 30, 2025

1. Information on amounts of net sales and profit by reportable segment and disaggregated revenue

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe & the U.S.	Total		
Net sales						
Apparel	7,347,578	3,680,582	2,787,074	13,815,235	-	13,815,235
Product	8,541,773	316,845	12,131	8,870,750	-	8,870,750
Transportation	2,157,645	235,624	726,265	3,119,534	-	3,119,534
Revenue from contracts with customers	18,046,997	4,233,051	3,525,471	25,805,520	-	25,805,520
Net sales to external customers	18,046,997	4,233,051	3,525,471	25,805,520	-	25,805,520
Intersegment sales or transfers	958,703	1,687,583	44,326	2,690,613	(2,690,613)	-
Total	19,005,700	5,920,634	3,569,797	28,496,133	(2,690,613)	25,805,520
Segment profit	1,211,331	424,126	141,699	1,777,157	(208,189)	1,568,967

(Notes) 1 The adjustment of (208,189) thousand yen to segment profit includes eliminations of intersegment transactions in the amount of (62,411) thousand yen, and corporate expenses of (145,777) thousand yen not allocated to the reportable segments.

2 The amount of segment profit has been adjusted with operating profit in the Semi-annual Consolidated Statements of Income.

2. Information on impairment losses on non-current assets or goodwill by reportable segment

(Significant Changes in the Amount of Goodwill)

In the Japan segment, the Group acquired shares in Ms.ID Inc. and made it a consolidated subsidiary.

The increase in goodwill due to the acquisition amounted to 2,536,270 thousand yen in the six months of the current fiscal year.

Note that the amount of goodwill resulting from this transaction reflects a significant revision to the initial allocation of the acquisition cost following the finalization of the provisional accounting treatment related to the business combination.

(Material Gain on Bargain Purchase)

In the Japan and Asia segment, the Group recognized a gain on bargain purchase due to the acquisition of shares in Mitsuboshi Corporation Co., Ltd. and the consolidation of the company and its subsidiary as consolidated subsidiaries, which was made a consolidated subsidiary.

The amount of the gain on bargain purchase resulting from the acquisition totaled 1,105,306 thousand yen in the six months of the current fiscal year.

Note that the amount of the gain on bargain purchase resulting from this transaction reflects a significant revision to the initial allocation of the acquisition cost following the finalization of the provisional accounting treatment related to the business combination.

The gain on bargain purchase is extraordinary income and is not included in the above segment profit.

II For the six months of the fiscal year ending November 30, 2026

1. Information on amounts of net sales and profit by reportable segment and disaggregated revenue

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe & the U.S.	Total		
Net sales						
Apparel	12,760,551	4,155,242	2,974,564	19,890,358	-	19,890,358
Product	9,435,385	226,407	11,539	9,673,332	-	9,673,332
Transportation	2,402,923	205,821	687,613	3,296,357	-	3,296,357
Revenue from contracts with customers	24,598,859	4,587,471	3,673,717	32,860,048	-	32,860,048
Other revenue	-	80,211	127,773	207,985	-	207,985
Net sales to external customers	24,598,859	4,667,682	3,801,490	33,068,033	-	33,068,033
Intersegment sales or transfers	900,808	2,025,300	30,596	2,956,705	(2,956,705)	-
Total	25,499,668	6,692,982	3,832,087	36,024,738	(2,956,705)	33,068,033
Segment profit	1,501,642	462,484	362,368	2,326,495	(267,963)	2,058,532

(Notes) 1 The adjustment of (267,963) thousand yen to segment profit includes eliminations of intersegment transactions in the amount of (73,234) thousand yen, and corporate expenses of (194,729) thousand yen not allocated to the reportable segments.

2 The amount of segment profit has been adjusted with operating profit in the Semi-annual Consolidated Statements of Income.

3 Segment information for the previous interim consolidated accounting period is disclosed at the amount after the significant revision of the initial allocation of acquisition costs due to the finalization of the provisional accounting treatment.

2. Information on impairment losses on non-current assets or goodwill by reportable segment

(Significant Changes in the Amount of Goodwill)

In the Japan segment, the Group acquired shares in Hisanaga Seisakusho Co., Ltd. and made it a consolidated subsidiary.

The increase in goodwill due to the acquisition amounted to 413,823 thousand yen in the six months of the current fiscal year, but the amount of goodwill is a tentative figure since the allocation of the acquisition cost was not completed as of the end of the six months of the current fiscal year.

3. Matters related to changes in reportable segments, etc.

The Group previously reported goodwill and intangible assets arising from the consolidation of Scovill Americas, LLC (now Morito Scovill Americas, LLC) and its subsidiaries as consolidated subsidiaries in the fiscal year ended November 30, 2014 in the "Europe and the U.S." segment. However, effective from the previous consolidated fiscal year, following a review of management classifications, the goodwill and trademark right related to the business of Morito Scovill Hong Kong Co., Ltd. were reclassified to the "Asia" segment.

Due to this change in segmentation, segment information in the six months of the previous fiscal year has been reclassified to conform to the new reporting segment classification.

(Notes on statements of Semi-annual Consolidated Statements of Income)

*1 Presentation of gains (losses) related to forward exchange contracts

For the six months ended May 31, 2025

Valuation gains (losses) related to forward exchange contracts for transactions between consolidated group companies of 5,879 thousand yen are included in "Foreign exchange gains".

For the six months ended May 31, 2026

Valuation gains (losses) related to forward exchange contracts for transactions between consolidated group companies of 6,869 thousand yen are included in "Foreign exchange losses".

(Business Combinations)

(Significant revision to the initial allocation of acquisition cost in comparative information)

The business combination with Ms.ID Inc. that took place on December 25, 2024, which had been provisionally accounted for in the first half of the previous fiscal year, was finalized at the end of the previous fiscal year.

Due to the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for the first half of the current fiscal year reflects a revision to the initial allocation of the acquisition cost.

As a result, the consolidated statement of income for the first half of the previous fiscal year includes an increase of 14 million yen in the amortization of trademark rights, a decrease of 12 million yen in the amortization of goodwill, and a decrease of 5 million yen in income taxes - deferred. Consequently, operating profit, ordinary profit, and profit before income taxes decreased by 1 million yen respectively, while profit and profit attributable to owners of the parent increased by 3 million yen.

(Significant revision to the initial allocation of acquisition cost in comparative information)

The business combination with Mitsuboshi Corporation Co., Ltd. that took place on April 1, 2025, which had been provisionally accounted for in the first half of the previous fiscal year, was finalized at the end of the previous fiscal year.

Due to the finalization of the provisional accounting treatment, the comparative information included in the consolidated financial statements for the first half of the current fiscal year reflects a revision to the initial allocation of the acquisition cost.

As a result, the consolidated statement of income for the first half of the previous fiscal year includes a decrease of 15 million yen in the gain on bargain purchase. Consequently, profit before income taxes, profit, and profit attributable to owners of the parent decreased by 15 million yen respectively.

(Business combination through acquisition)

1. Outline of business combination

(1) Name of the acquired company and its business

Name of acquired company Hisanaga Seisakusho Co., Ltd.

Business Manufacture and sale of metal snap fasteners and other precision metal products

(2) Reasons for business combination

The MORITO Group's main business entails the manufacture and sale of materials and products for apparel and lifestyle goods, focused on daily necessities, as well as automotive interior components. We have been steadily operating our businesses with the aim of becoming a global niche top company that keeps making a big difference in the world with small parts.

Additionally, as part of the investment strategy outlined in the ongoing 8th Mid-Term Management Plan, we have positioned expanding our manufacturing function as one of the key M&A strategies. In actively exploring M&A opportunities, we essentially search out companies at the top of niche markets that demonstrate the potential to create synergy with our businesses and achieve operational stability.

The target company offers a variety of products that apply precision press technology, such as metal snap fasteners and other precision metal products. By acquiring the target company's industry-leading manufacturing technology for snap fasteners and establishing a group structure that integrates manufacturing and sales, we aim to maximize the value of both companies and become a global niche top company in the apparel market.

(3) Date of business combination

April 1, 2026 (share acquisition date)

(4) Legal form of business combination

Acquisition of shares

(5) Name of the post-merger company

There will be no change to the company name.

(6) Percentage of voting rights acquired

100%

(7) Main reason for selecting the company to acquire

The Company acquired the shares for cash.

2. Period of the acquired company's financial results included in the interim consolidated statements of income

Only the balance sheet has been consolidated because the share acquisition date was April 1, 2026, and the difference from the consolidated closing date does not exceed three months. Therefore, the results of the acquired company are not included.

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition:	Cash	200,000	thousand yen
Acquisition cost		200,000	thousand yen

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc.	20,692	thousand yen

5. Amount of goodwill incurred, reason for incurrence, and amortization method and period

(1) Amount of goodwill incurred

413,823 thousand yen

The amount of goodwill is a tentative figure since the allocation of the acquisition cost was not completed as of the end of the first half of the current fiscal year.

(2) Reason for incurrence

The amount was incurred due to future excess earnings expected from future business activities.

(3) Amortization method and period

The amount will be amortized on a straight-line basis over the period during which the investment is expected to generate benefits. The amortization period is currently being determined.

6. Allocation of acquisition cost

As of the end of the first half of the current fiscal year, identifiable assets and liabilities as of the date of the business combination were not identified and their fair values were not yet calculated. Since the allocation of the acquisition cost was not completed, provisional accounting procedures were performed based on reasonable information available at that time.

7. Amounts of assets acquired and liabilities assumed on the date of business combination and their breakdown

Current assets	782,060	thousand yen
Non-current assets	822,178	thousand yen
Total assets	1,604,238	thousand yen
Current liabilities	1,791,291	thousand yen
Non-current liabilities	26,770	thousand yen
Total liabilities	1,818,062	thousand yen