

January 11, 2019

MORITO CO., LTD.
Financial Statement (Unaudited)
For the Fiscal Year ended November 30, 2018
(Translated from the Japanese original)

Corporate Information

Code : 9837 Listings in First Section of the Tokyo Stock Exchange

(URL [http : www.morito.co.jp/english/index.html](http://www.morito.co.jp/english/index.html))

Representative : Takaki Ichitsubo

Representative Director and President

Contact : Kenji Kojima

Director, Executive Officer and General Manager of Control Division

Telephone: +81-6-6252-3551

Scheduled date of annual general meeting of shareholders

February 27, 2019

Scheduled date of dividend payment:

February 28, 2019

Scheduled date of filling of Security Report:

February 28, 2019

Supplementary explanation material for quarterly financial results:

Yes

Presentation meeting for quarterly financial results:

Yes (for analyst and institution investors)

(Amounts rounded down)

1. Consolidated Financial Results for the Fiscal Year 2018(December 1, 2017 through November 30, 2018)**(1) Consolidated Financial Results**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2018	43,943	6.2	1,725	1.0	1,790	5.1	1,257	△62.0
FY 2017	41,388	3.2	1,707	△3.4	1,703	3.4	3,305	179.7

(Note) Comprehensive income : 1,064 million yen (△78.2%) (FY 2018) 4,882 million yen (－%) (FY 2017)

	Net income Per share	Fully diluted net Income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2018	45.71	45.62	3.8	3.9	3.9
FY 2017	119.29	119.14	10.7	4.0	4.1

(Reference) Equity in earnings (losses) of affiliates : 66 million yen (FY 2018) 44 million yen (FY 2017)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2018	48,059	32,959	68.5	1,196.17
FY 2017	43,473	32,615	74.9	1,184.79

(Reference) Equity capital : 32,905 million yen (FY 2018) 32,581 million yen (FY 2017)

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2018	626	△5,171	2,303	8,525
FY 2017	1,802	2,939	△2,572	10,776

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividends Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year- end	Annual			
	Yen	Yen	Yen	Yen	Yen			
FY 2017	-	14.00	-	14.00	28.00	788	23.5	2.5
FY 2018	-	12.50	-	12.50	25.00	701	54.7	2.1
FY 2019 (Forecast)	-	13.00	-	13.00	26.00		51.1	

(Note) 1: Each 3 yen commemorative dividends are included in both of FY2017 Second quarter-end and FY2017 fiscal year end dividends.

(Note) 2: Dividends payout ratio (consolidated) 23.5% in FY2017 is mentioned. But it is more than 50% based on net income excluded extraordinary income.

(Note) 3: Each 0.50 yen commemorative dividends are included in both of FY2018 Second quarter-end and FY2018 fiscal year end dividends.

3. Consolidated Forecast for FY 2018 (December 1, 2018 through November 30, 2018)

(Percentages represent changes from corresponding period of previous year)

	Net Sales		Operating income		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,000	7.0	1,900	10.1	1,900	6.1	1,400	11.3	50.90

***Notes**

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation) : Yes

Newly included : MANEUVERLINE CO., LTD.

Extended company : None

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatements : None

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares, including treasury shares at end of period:

30,800,000 shares (FY 2018)

30,800,000 shares (FY 2017)

(ii) Number of shares of treasury stock at end of period:

3,290,700 shares (FY 2018)

3,300,100 shares (FY 2017)

(iii) Average outstanding number of shares during the period:

27,505,500 shares (FY 2018)

27,709,133 shares (FY 2017)

(Reference) Summary of Non-Consolidated Financial Results**1. Non-Consolidated Financial Results for FY 2018 (December 1, 2017 through November 30, 2018)****(1) Non-Consolidated Financial Results**

(Percentages represent changes from corresponding period of previous year)

	Net Sales		Operating income		Ordinary profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of Yen	%
FY 2018	27,769	6.6	711	△3.1	1,244	△4.8	1,055	△72.0
FY 2017	26,041	0.9	734	4.5	1,308	30.3	3,768	343.4

	Net income per share	Fully diluted net Income per share
	Yen	Yen
FY 2018	38.37	38.30
FY 2017	136.00	135.83

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2018	40,820	29,333	71.7	1,064.35
FY 2017	37,404	29,168	77.9	1,059.46

(Reference) Equity capital: 29,279 million yen (FY 2018) 29,134 million yen (FY2017)

*This financial summary does not need to undergo an audit.

*Disclosure and other special notes regarding performance forecasts

The forecast in this statement is based on information available to management as of the date on which these performance-related figures were disclosed, and various factors may cause actual results to differ from these forecasts. For issues to keep in mind when using the forecasts and criteria conditioned upon the forecasts, please refer to "1. Qualitative Information for the Period under Review (4) Outlook for the next fiscal year" on page 7.

We have also introduced "Stock Granting Trust (J-ESOP)" and "Board Incentive Plan (BIP)". Consequently, the shares held by Trust and Custody Service Bank, Ltd. and The Master Trust Bank of Japan, Ltd. are included in the treasury stock.

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1. Qualitative Information for the Period under Review

(1) Overview of Business Performance

In the fiscal year ended November 30th, 2018 (From 1st December, 2017 to 30th November, 2018), the Japanese economy has shown signs of modest recovery by improving employment situation and capital investment because corporate performance has continued stable.

In the global economy, despite concerns about the increase of the US-China trade friction, the global economy was on a recovery trend.

In such a situation, our group has been accelerating a growth strategy by the development of value-added Japanese items, expansion of a global sales channel under the 7th mid-term management plan, and promoted the realization of value creation which the era seeks, expanded our business in not only existing market such ASEAN, china, western, but also in untapped market.

As a result, in the current yearly performance reaches net sales ¥43,943 million (increased by 6.2% from a year earlier), operating income ¥1,725 million (increased by 1.0% from a year earlier), ordinary income ¥1,790 million (increased by 5.1% from a year earlier), net income ¥1,257 million (decreased by 62.0% from a year earlier).

The exchange rate used for the oversea subsidiaries' consolidated financial statement of the current quarter end as below:

	1Q Oct-Dec	2Q Jan-Mar	3Q Apr-Jun	4Q Jul-Sep
USD	112.98 (109.43)	108.23 (113.61)	109.10 (111.10)	111.43 (110.95)
EUR	133.01 (117.86)	133.15 (121.04)	130.03 (122.26)	129.54 (130.43)
RMB	17.08 (15.99)	17.04 (16.56)	17.13 (16.21)	16.36 (16.63)
HKD	14.47 (14.11)	13.83 (14.64)	13.90 (14.27)	14.20 (14.20)
TWD	3.75 (3.45)	3.70 (3.66)	3.67 (3.67)	3.64 (3.67)
VND	0.0050 (0.0048)	0.0048 (0.0050)	0.0048 (0.0048)	0.0048 (0.0048)
THB	3.43 (3.09)	3.43 (3.24)	3.42 (3.24)	3.38 (3.33)

*() is the exchange rate of FY2017.

Segment information as below

[Japan]

As for the apparel division, sales of the accessories for sports apparel manufacturer was decreased, however sales of the accessories for uniform/working wear and mass retailer were increased.

In the consumer product division, sales of accessories for health-related items such as medical supporters, sales of products for hardware store/working wear store, retailers and automobile interior components, and rental/cleanup of kitchen supplies were increased.

Furthermore, the results of MANEUVERLINE CO., LTD., which acquired in April, are included in the consolidated income statement for Consolidated fiscal year 2018. Accordingly, Sales of business on MANEUVERLINE CO., LTD.. which imports and sells goods for marine leisure, snowboarding, and skateboarding were increased.

As a result, net sales were ¥31,326 million (increased by 10.0% from a year earlier).

[Asia]

As for the apparel division, sales of the accessories for Japanese apparel manufacturers in Shanghai were increased, however sales of the accessories for Europe and the US apparel manufacturers in Hong Kong were decreased.

In the consumer product division, sales of accessories for video equipment in Hong Kong and Thailand were decreased.

As a result, net sales were ¥6,484 million (decreased by 10.0% from a year earlier).

[Europe and the US]

As for the apparel division, sales of the accessories in Europe and the US were increased.

In the consumer product division, sales of accessories for video equipment in Europe were decreased, however sales of automobile interior component for Japanese auto maker in Europe and the US were increased.

As a result, net sales were ¥6,132 million (increased by 7.3% from a year earlier).

(2) Overview of Financial Position

Total assets came to ¥48,059 million, increased by ¥4,586 million from a year earlier.

Total current assets came to ¥27,704 million, decreased by ¥329 million from a year earlier. This change was mainly due to increase in notes and accounts receivable ¥1,210 million, commercial goods and finished goods ¥1,049 million, and decrease in cash and deposits ¥2,892 million.

Total fixed assets came to ¥20,345 million, increased by ¥4,920 million from a year earlier. This change was mainly due to increase in building and structures ¥2,232 million, land ¥1,805 million, and goodwill ¥468 million.

Total current liabilities came to ¥7,926 million, increased by ¥974 million from a year earlier. This change was mainly due to increase in current portion of long-term debt ¥588 million, and notes and accounts payable ¥183 million.

Total fixed liabilities came to ¥7,173 million, increased by ¥3,267 million from a year earlier. This change was mainly due to increase in long-term debt ¥3,667 million.

Total net assets came to ¥32,959 million, increased by ¥344 million from a year earlier. Besides, share holders' equity ratio was 68.5%, decreased by 6.4% from a year earlier.

(3) Overview of Cash Flows

The overall situation regarding cash flow during the fiscal year as follow:

[Cash flows from operating activities]

Net cash provided by operating activities was ¥626 million (¥1,802 million provided in the same period of the previous fiscal year). This change was mainly due to acquisition of net income before taxes.

[Cash flows from investing activities]

Net cash used in investing activities was ¥5,171 million (¥2,939 million provided in the same period of the previous fiscal year). This change was mainly due to purchase of tangible fixed assets and investments in subsidiaries resulting in change in scope of consolidation.

[Cash flows from financing activities]

Net cash provided by financing activities was ¥2,303 million (¥2,572 million used in the same period of the previous fiscal year). This change was mainly due to proceeds from long-term loans and dividends payout.

As a result of above, cash and cash equivalent was ¥8,525 million, decreased by ¥2,250 million from a year earlier.

The following table shows financial indicators associated with cash flows.

	FY2016	FY2017	FY2018
Equity ratio	71.6%	74.9%	68.5%
Equity ratio (market value basis)	55.7%	66.4%	46.5%
Interest-bearing debt / cash flow ratio	180.8%	89.4%	896.1%
Interest coverage ratio	78.3	336.7	109.8

(Note)

Equity ratio = Equity capital / Total assets

Equity ratio (market value basis) = Market capitalization / Total Assets

Interest-bearing debt / cash flow ratio = Interest-bearing debt/net cash provided by operating activities

Interest coverage ratio = Operating cash flows / Interest paid

*Each indicator is calculated on a consolidated basis.

*Market capitalization is based on the year-end share price multiple by the number of shares issued and outstanding at year-end not including treasury stocks.

*Operating cash flows refers to net cash provided by operating activities in the consolidated statement of cash flows.

*Interest-bearing debt includes bonds and loans payable on the consolidated balance sheet.

*The interest payments use the interest paid as recorded in the consolidated statement of cash flows.

(4) Outlook for the next fiscal year

Our group set and has promoted 『Create Morito's existence value, Realize "New Morito Group"』 under the 7th mid-term management plan "Make it happen, We develop our future ! ! !" (December 1, 2015 through November 30, 2018). As we have already announced, MORITO CO., LTD. will transit to a holding company structure on June 1, 2019. Accordingly, we will accelerate to enhance our business with create a new mid-term management plan under new company.

The forecast for consolidated results for the fiscal year of 2019 is net-sales ¥47,000 million yen, operating income ¥1,900 million, ordinary profit ¥1,900 million and net income ¥1,400 million (Exchange rate: US\$1.00 = ¥111.88).

(5) Basic policy on Payment of Dividends

The company's basic dividend policy is to return the profit to our shareholders by reinforced financial ground and improved profitability. In addition, we will use the internal reserve to invest, and M&A for the long-term growth in the future.

Dividend was distributed in a manner that reflects the consolidated company result and financial standing.

- Continuous dividends payment
- Maintain DOE 1.5%
- Basic policy of dividend payout ratio more than 50%

(However, payment dividend will be determined in consideration of the impact in the case of that profit(loss) attributable to owners of parent of the fiscal year fluctuates significantly due to extraordinary factors.)

The company will consider purchase and retirement of treasury stock to enrich shareholder return promptly, based on the company's financial situation and share price.

During this fiscal year, we scheduled to propose the general meeting of shareholders held on February 27, 2019, to payout ¥12.5 (including ¥0.5 for commemorative dividends) per share as dividend of year-ended. As a result, dividends for the subject fiscal year amount to ¥25 (including ¥1 for commemorative dividends) per share including the interim dividends of ¥12.5 (including ¥0.5 for commemorative dividends) per share.

For next fiscal year, we plan each ¥13 for both of FY2019 Second quarter-end and FY2019 fiscal year end dividends. A total dividend is ¥26 per share.

2. Organization of the group

Our group consists of the parent company, 23 subsidiaries and 1 affiliate company. The group's main business is sales and manufacture of materials for daily-life: including apparel materials, parts for automotive, life style goods, and rental and cleaning of kitchen appliances etc.

◎ Consolidated subsidiaries: 20 companies ○ Non-consolidated subsidiaries: 3 companies □ Affiliates: 1 company

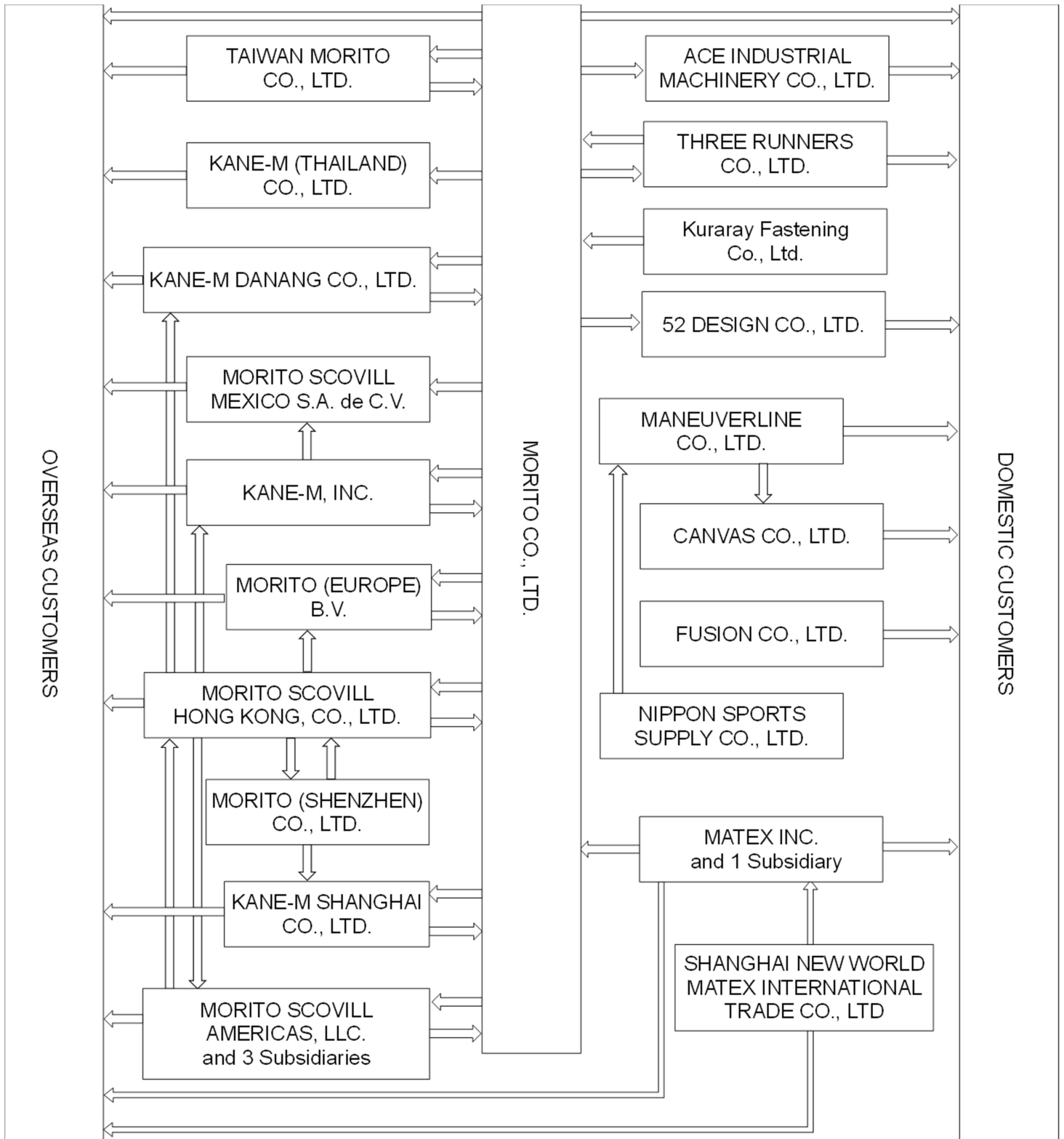
- ◎ MORITO SCOVILL HONG KONG Co., LTD.: Selling of component of apparel and consumer products
- ◎ MORITO (SHENZHEN) CO., LTD.: A subsidiary of MORITO SCOVILL HONG KONG Co., LTD.(100%)
Manufacturing of component of apparel and consumer products
- ◎ TAIWAN MORITO CO., LTD.: Selling of component of apparel and consumer products.
- ◎ KANE-M SHANGHAI CO., LTD.: Selling of component of apparel and consumer products.
- ◎ KANE-M, INC.: Selling of component of consumer products.
- ◎ MORITO (EUROPE) B.V.: Selling of component of apparel and consumer products.
- ◎ KANE-M DANANG CO., LTD.: Selling and manufacturing of component of apparel and consumer products, operation of rental factories.
- ◎ KANE-M (THAILAND) CO., LTD.: Selling of component of apparel and consumer products..
- ◎ SHANGHAI NEW WORLD MATEX INTERNATIONAL TRADE CO., LTD.: A subsidiary of MATEX INC. (100%). Manufacturing and selling of apparel parts, design and copying to Chinese and overseas.
- MATEX BANGKOK CO., LTD.: A subsidiary of MATEX INC. (100%). Manufacturing and selling of apparel parts, design and copying to Thailand and overseas.
- ◎ MORITO SCOVILL AMERICAS, LLC.: Manufacturing and selling of component of apparel and consumer products.
- ◎ GSG (SCOVILL) FASTENERS ASIA LIMITED: A subsidiary of MORITO SCOVILL AMERICAS, LLC. (100%). Selling of component of apparel and consumer products.
- ◎ SCOVILL FASTENERS UK LIMITED: A subsidiary of MORITO SCOVILL AMERICAS, LLC. (100%). Selling of component of apparel and consumer products
- ◎ SCOVILL FASTENERS INDIA PVT. LIMITED: A subsidiary of MORITO SCOVILL AMERICAS, LLC. (100%). Selling of component of apparel and consumer products
- MORITO SCOVILL MEXICO S.A. de C.V.: A subsidiary of KANE-M, INC. (99%) and MORITO SCOVILL AMERICAS, LLC.. Selling of component of automobile and apparel.
- ◎ ACE INDUSTRIAL MACHINERY CO., LTD.: Rental service, selling and cleaning of kitchen appliance
- ◎ THREE RUNNERS CO., LTD.: Selling and manufacturing of sports supporter.
- ◎ MATEX INC.: Manufacturing and designing apparel component, HP designing and producing and DTP printing.
- 52DESIGN CO., LTD.: Manufacturing and selling of bags, accessories, clothes, and miscellaneous goods.
- ◎ MANEUVERLINE CO., LTD.: Imports and sells goods for marine leisure, snowboarding, and skateboarding.
- ◎ CANVAS CO., LTD.: A subsidiary of MANEUVERLINE CO., LTD.(100%). Imports and sells goods for Apparel.
- ◎ FUSION CO., LTD.: A subsidiary of MANEUVERLINE CO., LTD.(100%). Imports and sells goods for snowboarding.
- ◎ NIPPON SPORTS SUPPLY CO., LTD.: A subsidiary of MANEUVERLINE CO., LTD.(100%). Imports and sells goods for marine leisure.
- Kuraray Fastening Co., Ltd.: Selling and manufacturing of hook and loop fastener.

(Note 1) The results of MANEUVERLINE CO., LTD. and its subsidiaries, which acquired in April 2, 2018, are included in the consolidated subsidiary from consolidated FY2018. Besides, MANEUVERLINE CO., LTD. merged NIPPON SPORTS SUPPLY CO., LTD. on December 1, 2018.

(Note 2) One of business of GSG (SCOVILL) FASTENERS ASIA LIMITED has been transferred to MORITO INDUSTRIAL CO., (H.K.) LTD. on October 1, 2018. Therefore, company name of "MORITO INDUSTRIAL CO., (H.K.) LTD." changed to MORITO SCOVILL HONG KONG COMPANY LIMITED.

(Note 3) One of business of KANE-M, INC. has been transferred to GSG FASTENERS, LLC. on October 1, 2018. Therefore, company name of "GSG FASTENERS, LLC." changed to MORITO SCOVILL AMERICAS, LLC.

Business Flow Chart



3. Management Policy

(1) Basic Management Policy

We manage business under the corporate principle of 'DESIGN YOUR BRIGHT FUTURE WITH OUR VARIOUS PARTS'.

To enhance the sense of unity and centripetal force, we define and infiltrate our values which are existing in Morito's employers and employees as implicit knowledge as "MORITO Value", to all of Morito's staffs, and we realize new value creation which is not caught in habit.

(2) Target Indicator

Our targets to be achieved at the FY 2019 are as below:

Consolidated sales: 47 billion yen

Consolidated operating sales: 1.9 billion yen.

(3) Medium and Long-Term Management Strategy

We are addressing realization of create Morito's Value which era needs and enhancement of group revenue by global expansion, under management vision『Create Morito's existence value, Realize "New Morito Group"』.

We will transit to a holding company structure on June 1, 2019, then will create a new mid-term management plan under new company.

(4) Issues to be addressed

We address following subjects as our business challenges to enhance our corporate values.

1. Expansion and strengthening our group revenue

We will separate organization into group management and promotion business to flexibly operate business, at the same time, allocate corporate resource with middle and long term prospect of group management, under transition to a holding company structure.

Furthermore, strengthening plan and development with domestic and global business partners, and industry-academic collaboration. At the same time, establish global production, purchase, and stock based on sales strategy. At the beginning, strength domestic logistic to minimize logistic costs. And we actively invest to strength and expand of group revenue, enhance sales tool, capital investment, new base.

2. Strengthen group financial function

After transition to a holding company, we delegate an authority to operating company in order to flexibly operate business, moreover strengthen group financial function and manage properly financial risk to build structure which able to operate global cash management system.

3. Strengthening internal control

We consider strengthening internal control as one of significant task to address after a holding company. We and corporate governance including strength business management control and compliance, and fulfill accountability to all of stakeholders through IR activity. We promote activation of diversity of management to correspond low birthrate and longevity, population decrease, and promote of female and foreign national employees.

(5) Other Material Matters

Nil

4. Basic concept concerning the selection of accounting standards

We keep adopting Japan standard financial report for easy comparison with other companies for certain moment. For IFRS, we will consider to adopt it with various world and economic situation.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	FY 2017	FY 2018
	(As of November 30, 2017)	(As of November 30, 2018)
	Thousands of yen	Thousands of yen
Assets		
Current assets		
Cash and deposits	12,235,613	9,343,274
Notes and accounts receivable	10,797,872	12,008,498
Commercial goods and finished goods	3,714,499	4,764,286
Work in process	196,973	236,619
Raw materials and supplies	393,923	405,985
Deferred tax assets	151,765	124,068
Other current assets	578,315	859,513
Allowance for doubtful accounts	△35,215	△38,224
Total current assets	28,033,747	27,704,021
Fixed assets		
Tangible fixed assets		
Building and structures	4,783,454	7,510,858
Accumulated depreciation	△2,610,342	△3,105,590
Building and structures (net)	2,173,111	4,405,268
Machinery and delivery equipment	1,775,364	2,000,490
Accumulated depreciation	△1,090,214	△1,280,361
Machinery and delivery equipment (net)	685,149	720,129
Tools, furniture and fixtures	2,036,686	2,173,280
Accumulated depreciation	△1,670,066	△1,672,556
Tools, furniture and fixtures (net)	366,619	500,723
Land	2,526,981	4,332,821
Lease assets	273,841	219,354
Accumulated depreciation	△153,817	△117,899
Lease assets (net)	120,024	101,454
Construction-in-process-in-process	11,757	86,420
Total tangible fixed assets	5,883,643	10,146,818
Intangible fixed assets		
Goodwill	2,728,172	3,196,351
Lease assets	151,829	54,645
Other Intangible fixed assets	1,124,519	1,101,569
Total intangible fixed assets	4,004,521	4,352,566
Investments and other fixed assets		
Investment securities	4,551,840	4,727,033
Long-term loans	100,176	166,000
Deferred tax	44,297	44,869
Net defined benefit asset	289,728	237,765
Other fixed assets	621,231	745,652
Allowance for doubtful account	△70,037	△75,148
Total investments and other fixed assets	5,537,236	5,846,172
Total fixed assets	15,425,400	20,345,558
Deferred assets	14,004	9,802
Total assets	43,473,152	48,059,383

(Unaudited)

	FY 2017	FY 2018
	(As of November 30, 2017)	(As of November 30, 2018)
	Thousands of yen	Thousands of yen
Liabilities		
Current liabilities		
Notes and accounts payable	4,317,325	4,500,593
Short-term loans payable	50,000	200,000
Current portion of bonds	400,000	400,000
Current portion of long-term debt	161,081	749,146
Accrued tax payable	481,935	128,612
Reserve for bonuses	208,130	225,231
Reserve for director's bonuses	66,799	56,929
Other current liabilities	1,266,606	1,665,881
Total current liabilities	6,951,879	7,926,394
Fixed liabilities		
Bonds payable	1,000,000	600,000
Long-term debt	—	366,731
Deferred tax	1,224,545	1,095,407
Deferred tax assets for revaluation	351,211	329,031
Provision for retirement benefit by stock	24,761	26,501
Provision for director's retirement benefit	41,083	48,583
Provision for director's retirement benefit by stock	51,552	71,040
Provision for environmental measures	20,217	20,367
Net defined benefit liability	916,630	894,881
Other fixed liabilities	276,133	420,632
Total fixed liabilities	3,906,135	7,173,776
Total liabilities	10,858,014	15,100,171
Net Assets		
Shareholders' equity		
Capital	3,532,492	3,532,492
Capital surplus	3,498,724	3,498,724
Retained earnings	24,713,167	25,277,180
Treasury stock	△2,122,115	△2,118,444
Total shareholders' equity	29,622,267	30,189,951
Other comprehensive income		
Valuation difference on available-for-sale securities	1,577,017	1,409,695
Deferred gains or losses on hedges	△1,203	451
Difference in revaluation of land	621,625	571,368
Foreign currency translation adjustment	789,883	802,769
Remeasurement of defined benefit plans	△28,110	△68,550
Total other comprehensive income	2,959,211	2,715,733
Subscription rights to shares	33,658	53,526
Minority interests	—	—
Total net assets	32,615,138	32,959,212
Total liabilities and net assets	43,473,152	48,059,383

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen	FY 2018 (December 1, 2017 through November 30, 2018) Thousands of yen
Net sales	41,388,461	43,943,632
Cost of sales	30,245,702	32,135,727
Gross profit	11,142,759	11,807,904
Selling, general and administrative expenses		
Salary	3,097,032	3,248,321
Bonus	590,211	619,448
Welfare expense	781,530	862,182
Retirement benefit	185,361	150,251
Provision of director's bonus	67,137	55,231
Provision of directors' retirement benefits	10,650	7,500
Provision for board incentive plan	16,492	19,488
Postage	136,259	135,206
Freightage and packing expense	1,245,748	1,447,845
Provision of allowance for doubtful account	3077	4,875
Commission paid	655,541	795,147
Rental expense	409,564	390,663
Depreciation	300,403	330,284
Other selling, general and administrative expense	1,936,062	2,016,047
Total selling, general and administrative expense	9,435,073	10,082,494
Operating Income	1,707,685	1,725,409
Non-operating income		
Interest received	27,562	25,990
Dividends received	72,397	87,181
Rent on real estate	47,303	40,578
Commission received	1,016	772
Equity in earnings of affiliates	44,202	66,796
Other non-operating income	51,577	61,435
Total non-operating income	244,060	282,755
Non-operating expenses		
Interest paid	5,675	5,801
Cash discount on sales	83,912	82,830
Depreciation expense of assets lent	9,709	39,227
Foreign Exchange Loss	4,211	19,773
Others non-operating expense	144,890	70,306
Total non-operating expense	248,398	217,940
Ordinary Income	1,703,347	1,790,224
Extra ordinary income		
Gains on sales of fixed assets	3,292,482	36,409
Gains on sales of investment securities	—	9405
Total extra ordinary income	3,292,482	45,814
Extra ordinary loss		
Loss on sales of fixed assets	84,038	273
Loss on disposal of fixed assets	134,021	21,964
Impairment loss	405,338	—
Loss of business restructuring	98,897	43,420
Loss on golf membership rights	700	—
Total extra ordinary loss	722,996	65,659

(Unaudited)

	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen	FY 2018 (December 1, 2017 through November 30, 2018) Thousands of yen
Net income before taxes and other adjustment	4,272,832	1,770,379
Corporate, inhabitant and business taxes	833,633	575,466
Adjustments to corporate and other taxes	133,862	△62,440
Total income taxes	967,495	513,026
Income before minority interest	3,305,337	1,257,353
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	3,305,337	1,257,353

Consolidated Statements of Comprehensive Income

	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen	FY 2018 (December 1, 2017 through November 30, 2018) Thousands of yen
Income before income taxes	3,305,337	1,257,353
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	240,971	△167,322
Deferred gains or losses on hedges	△2,064	1,654
Foreign currency translation adjustment	1,253,368	12,885
Adjustments to retirement benefit	84,871	△40,439
Equity equivalent to equity method affiliate	△0	1
Total other comprehensive income	1,577,146	△193,220
Comprehensive income	4,882,483	1,064,132
(Breakdown)		
Comprehensive income attribute to the parent	4,882,483	1,064,132
Comprehensive income attribute to the minority shareholders	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2017 (December 1, 2016 through November 30, 2017)

(Thousands of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	3,532,492	3,498,724	23,966,197	△1,230,960	29,766,453
Changes of items during the period					
Dividends from surplus			△656,304		△656,304
Profit (loss) attributable to owners of parent			3,305,337		3,305,337
Purchase of treasury stock				△892,131	△892,131
Disposal of treasury stock				976	976
Reversal of revaluation reserve for land			△1,902,063		△1,902,063
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	746,969	△891,155	△144,185
Balance at the end of current period	3,532,492	3,498,724	24,713,167	△2,122,115	29,622,267

	Accumulated other comprehensive income						Stock option	Non-controlling shareholders' equity	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Difference in revaluation of land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,336,046	861	△1,280,438	△463,484	△112,982	△519,998	14,408	—	29,260,863
Changes of items during the period									
Dividends from surplus									△656,304
Profit (loss) attributable to owners of parent									3,305,337
Purchase of treasury stock									△892,131
Disposal of treasury stock									976
Reversal of revaluation reserve for land									△1,902,063
Net changes of items other than shareholders' equity	240,971	△2,064	1,902,063	1,253,368	84,871	3,479,210	19,250		3,498,460
Total changes of items during the period	240,971	△2,064	1,902,063	1,253,368	84,871	3,479,210	19,250	—	3,354,274
Balance at the end of current period	1,577,017	△1,203	621,625	789,883	△28,110	2,959,211	33,658	—	32,615,138

FY2018 (December 1, 2017 through November 30, 2018)

(Thousands of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at the beginning of current period	3,532,492	3,498,724	24,713,167	△2,122,115	29,622,267
Changes of items during the period					
Dividends from surplus			△743,597		△743,597
Profit (loss) attributable to owners of parent			1,257,353		1,257,353
Purchase of treasury stock					—
Disposal of treasury stock				3,670	3,670
Reversal of revaluation reserve for land			50,257		50,257
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	564,012	3,670	567,683
Balance at the end of current period	3,532,492	3,498,724	25,277,180	△2,118,444	30,189,951

	Accumulated other comprehensive income						Stock option	Non-controlling shareholders' equity	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Difference in revaluation of land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,577,017	△1,203	621,625	789,883	△28,110	2,959,211	33,658	—	32,615,138
Changes of items during the period									
Dividends from surplus									△743,597
Profit (loss) attributable to owners of parent									1,257,353
Purchase of treasury stock									—
Disposal of treasury stock									3,670
Reversal of revaluation reserve for land									50,257
Net changes of items other than shareholders' equity	△167,322	1,655	△50,257	12,885	△40,439	△243,477	19,868	—	△223,609
Total changes of items during the period	△167,322	1,655	△50,257	12,885	△40,439	△243,477	19,868	—	344,074
Balance at the end of current period	1,409,695	451	571,368	802,769	△68,550	2,715,733	53,526	—	32,959,212

(4) Consolidated Cash Flows

	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen	FY 2018 (December 1, 2017 through November 30, 2018) Thousands of yen
Cash flows from operating activities		
Income (loss) before income taxes	4,272,832	1,770,379
Depreciation of amortization	675,401	714,633
Impairment loss	405,338	-
Depreciation of goodwill	225,667	208,075
Change in provision for bonus	25,289	7,701
Changes in net defined benefit asset	15,706	△9,520
Changes net defined benefit liability	37,414	△18,553
Change in reverse for retirement benefits for officers	10,650	7,500
Changes in reverse for employee stock ownership plan	7,386	1,739
Changes in board incentive plan	16,492	19,488
Change in allowance for doubtful accounts	△2,734	1,973
Interest income and dividends income	△99,960	△113,171
Interest paid	5,675	5,801
Equity in net income of affiliates	△44,202	△66,796
Gains from sale of fixed assets	△3,208,443	△36,135
Gains from sale of investment securities	-	△9,405
Loss on retirement of noncurrent assets	134,021	21,964
Loss of restructuring	98,897	43,420
Change in notes and accounts	98,663	△699,692
Change in inventory	△34,102	△562,287
Change in account payable	△175,568	13,713
Others	△13,974	262,508
Subtotal	2,450,452	1,563,338
Proceed from interest and dividends income	111,196	114,891
Payment of interest	△5,353	△5,709
Payment of corporate tax	△754,108	△1,045,732
Net cash(used in)provided by operating activities	1,802,187	626,787
Cash flows from investing activities		
Decrease in time deposit	△531,728	△540,206
Increase in time deposit	251,723	1,261,189
Purchase of investment securities	△65,769	△139,863
Increase of sale for investment securities	117,473	13,383
Purchase of stocks of affiliates	△57,121	△101,442
Purchase of tangible fixed assets	△600,962	△3,556,622
Proceeds from sale for tangible fixed assets	3,933,854	154,274
Purchase of intangible assets	△124,290	△69,556
Proceeds from loans receivable	56,838	86,966
Payments of loans receivable	-	△100,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	△2,154,961
Others	△40,645	△24,580
Net cash provided by (used in) investing activities	2,939,372	△5,171,418

(Unaudited)

	FY 2017 (December 1, 2016 through November 30, 2017) Thousands of yen	FY 2018 (December 1, 2017 through November 30, 2018) Thousands of yen
Cash flows from financing activities		
Changes in short-term debt	△ 130,000	-
Repayments of lease obligations	△ 119,304	△ 82,729
Proceeds from long-term loans	-	4,100,000
Repayment of long-term loans	△ 375,396	△ 571,962
Redemption of bonds	△ 400,000	△ 400,000
Proceeds from sale from treasury stock	976	1,870
Payments to acquire treasury stock	△ 892,131	-
Payments of dividends	△ 656,304	△ 743,597
Net cash used in financing activities	△ 2,572,159	2,303,581
Effects of exchange rate on cash and cash equivalents	284,475	△ 9,774
Net increase (decrease) in cash and cash equivalents	2,453,875	△ 2,250,823
Cash and cash equivalents at beginning of year	8,322,707	10,776,583
Cash and cash equivalents at fiscal year-end	10,776,583	8,525,759

(5) Notes regarding Consolidated Financial Statements

(Notes on assumption of going concern)

Not applicable.

(Business Combinations)

<Business combinations through acquisition>

1. Outline of business combination

(1) Name of the acquired company and its business

MANEUVERLINE CO., LTD.

Import and sell of goods for Marine leisure, Snowboarding, and apparel supplies.

(2) Main reasons for the business combination

Morito Group has been steadily developing business so far with its basic policy of management specializing in apparel-related accessories for clothing and footwear, and consumer products for personal belongings.

We position M&A as one of the priority measures under the 7th mid-term management plan. Our target of M&A is that the business of the target company are within the scope of our organic business area or its surrounding area, a niche top, its stability, and some synergies with our business.

On the other hand, although the Company is maintaining a very stable achievement in the wholesale industry as a top runner in importing and selling goods for marine leisure, snowboarding, apparel supplies, etc., the Company was heirless. Then, as a result of these, the speculation of two companies matched.

In addition, we anticipate the synergy of switching accessories used for products that the Company purchases from third-party to our core products such as metal, plastic and fiber accessories, or of an increase opportunities for sales at each other's sales channels.

(3) Date of business combination

April 2, 2018

(4) Legal form of the business combinations

Acquisition of 100% share of MANEUVERLINE CO., LTD.

(5) Name of the entity after the business combination

No changes

(6) Percentage share of voting rights of acquired entity

100%

(7) Main reason for deciding to acquire the company

It is because MORITO CO., LTD. has acquired 100% share of MANEUVERLINE CO., LTD. in cash.

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

The results from April 1, 2018 to September 30, 2018 of MANEUVERLINE CO., LTD. are included in the consolidated income statement for Consolidated Financial Results of the FY2018.

3. Acquisition cost of the acquired company

Consideration for the acquisition company	Cash (incl. accounts payable)	3,342,715	thousand yen
Acquisition cost of the acquired company		3,342,715	thousand yen

4. Main acquisition related item and its expense

Advisory Fee	17,619 thousand yen
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5. Goodwill

(1) Amount of goodwill

661,478 thousand yen

This amount was the provisionally calculated amount because allocation of acquisition cost has not completed at the end of the third quarter of consolidated accounting period of FY2018. However, its allocation has completed.

The followings was revised amount of goodwill.

Goodwill (before revised)	861,478	thousand yen
Goodwill (after revised)	661,478	thousand yen

(2) Reason for goodwill

We accounted for the difference between the acquisition cost and net assets of the acquired company as goodwill.

- (3) Method and term to amortize goodwill
Straight-line method over 10 years

6. Amount and breakdown of assets and liabilities accepted at the date of acquisition

Current assets	2,145,733	thousand yen
Fixed assets	1,870,430	thousand yen
Total assets	4,016,163	thousand yen
Current liabilities	745,603	thousand yen
Fixed liabilities	589,322	thousand yen
Total liabilities	1,334,926	thousand yen

7. Impact on the consolidated income statement for consolidated fiscal year of 2018 under the assumption that business combination has completed at the beginning of consolidated fiscal year of 2018.

We have not calculated due to difficult to reasonable calculation.

(Segment Information)

1. Fiscal Year 2017 (December 1, 2016 through November 30, 2017)

The information on net sales, income or loss, assets and other items by reportable segment

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1,3)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	28,466,578	7,205,020	5,716,863	41,388,461	—	41,388,461
Inter segment sales and transfer	2,343,603	2,474,860	58,698	4,877,162	△4,877,162	—
Total	30,810,181	9,679,880	5,775,562	46,265,624	△4,877,162	41,388,461
Segment income	1,314,413	538,441	164,260	2,017,114	△309,429	1,707,685
Segment asset	27,225,575	6,995,578	7,057,483	41,278,638	2,194,513	43,473,152
Other						
Depreciation	347,491	147,115	180,794	675,401	—	675,401
Increase in tangible fixed assets	626,539	112,881	111,908	851,329	—	851,329

(Notes)

1. Adjustment of △309,429 thousand yen includes △314,992 thousand yen corporate expenses that are not distributed to each reportable segment and other 5,562 thousand yen.
2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.
3. The adjustment for segment asset includes elimination of intersegment transaction △10,114,614 thousand yen and corporate asset 12,309,128 thousand yen that have not been distributed to reportable segment. Corporate assets consist mainly of assets not belonging to specific segment (cash and cash equivalent and investments in securities) and assets related to administrative operations..

2. Fiscal Year 2018(December 1, 2017 through November 30, 2018)

(1) The information on net sales, income or loss, assets and other items by reportable segment

(Thousands of yen)

	Reportable Segment				Adjustment (Note 1,3)	Consolidated Statement Amount (Note 2)
	Japan	Asia	EU and US	Total		
Net Sales						
Sales to external customers	31,326,136	6,484,696	6,132,799	43,943,632	—	43,943,632
Inter segment sales and transfer	2,515,242	3,345,322	36,064	5,896,629	△5,896,629	—
Total	33,841,378	9,830,018	6,168,864	49,840,262	△5,896,629	43,943,632
Segment income	1,361,395	469,331	305,800	2,136,527	△411,117	1,725,409
Segment asset	35,523,056	6,837,501	7,227,915	49,588,473	1,529,090	48,059,383
Other						
Depreciation	400,713	144,851	169,067	714,633	—	714,633
Increase in tangible fixed assets	3,464,358	200,988	73,363	3,738,710	—	3,738,710

(Notes)

1. Adjustment of △411,117 thousand yen includes △277,815 thousand yen corporate expenses that are not distributed to each reportable segment and other △133,302 thousand yen.
2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.
3. The adjustment for segment asset includes elimination of intersegment transaction △9,925,250 thousand yen and corporate asset 8,396,160 thousand yen that have not been distributed to reportable segment. Corporate assets consist mainly of assets not belonging to specific segment (cash and cash equivalent and investments in securities) and assets related to administrative operations.

(2) The information on impairment loss of fixed assets and goodwill by reportable segment

<Major change on amount of goodwill>

For details, please refer to "(Business combinations):Business combinations through acquisition".

(Per share data)

Item	FY2017	FY2018
	(December 1, 2016 through November 30, 2017)	(December 1, 2017 through November 30, 2018)
Net assets per share	1,184.79 yen	1,196.17 yen
Net income per share	119.29 yen	45.71 yen
Diluted net income per share	119.14 yen	45.62 yen

(Notes)

- No statement is made of the amount of current net profit per share after adjusting for residual stocks because there were no residual stocks that had a dilution effect.
- The amount of treasury stock to calculate the net assets per share and the weighted-average number of common shares to calculate net income per share and net income per share after adjustment for dilutive securities included the company's shares owned by Trust & Custody Services Bank, Ltd (for J-ESOP, FY2017 387 thousand shares, FY2018 377 thousand shares), and The Master Trust Bank Of Japan, LTD (for BIP, FY2017 173 thousand shares, FY2018 173 thousand shares).

(Notes)The basis for calculating

- Net assets per share

Item	FY2017	FY2018
	(As of November 30, 2017)	(As of November 30, 2018)
The total net assets in the consolidated balance sheet (Thousands of yen)	32,615,138	32,959,212
Deducted amount from total net asset (Thousands of yen)	33,658	53,526
(Stock Option (Thousands of yen))	(33,658)	(53,526)
(Non-controlling interests (Thousands of yen))	—	—
The net assets associated with common stock (Thousands of yen)	32,581,479	32,905,685
Number of issued stock (Thousand shares)	30,800	30,800
Number of treasury stock (Thousand shares)	3,300	3,290
Number of common stock for calculating the net assets per share (Thousand shares)	27,499	27,509

(Note)

The amount of treasury stock of common stock to calculate the net asset per share is included the stock of Trust & Custody Services Bank, Ltd. and Master Trust Bank Of Japan, LTD owned.

- Net income per share and Diluted net income per share

Item	FY2017	FY2018
	(December 1, 2016 through November 30, 2017)	(December 1, 2017 through November 30, 2018)
Net income per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	3,305,337	1,257,353
Share unallocated to common stock (Thousand shares)	—	—
Profit (loss) attributable to owners of parent relating to common stock	3,305,337	1,257,353

Shares on the average during the fiscal year (Thousand share)	27,709	27,505
Diluted net income per share adjusted		
Net income adjustment attributable to parent company shareholder (Thousands of yen)	—	—
The number of increase of common stock (Thousand share)	33	53
(Stock Option (Thousands of yen))	33	53
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	—	—

(Note)

The weighted-average number of common shares to calculate the net income per share is included the stock of Trust & Custody Services Bank, Ltd. and Master Trust Bank Of Japan, LTD owned.

(Material Subsequent Event)

<Conclusion of Absorption-type Company Split Agreement for the purpose of transition to a holding company structure>

MORITO CO., LTD. has resolved at the Board of Directors' meeting held on November 15, 2018, to establish MORITO JAPAN CO.,LTD. which is the Company's wholly-owned subsidiary as company split preparation company due to transition to a holding company structure on June 1, 2019, then MORITO JAPAN CO., LTD. was established on December 3, 2018.

Furthermore, MORITO CO., LTD. has resolved at the Board of Directors' meeting held on December 13, 2018, to approval of conclusion of Absorption-type Company Split Agreement with MORITO JAPAN CO.,LTD. (the "Split") due to transition to a holding company structure by executing a company split.

MORITO CO., LTD. after the Split will revise business purposes according to business after transition to a holding company on June 1, 2019. The Split will be carried out on condition that approval at the Shareholder's Meeting held on February 27, 2019, and permission of the governing agency are obtained.

For details, please refer "Notice regarding Conclusion of Absorption-type Company Split Agreement with transition to a holding company structure" on December 13, 2018.

6. Others

(1) Changes in Senior Managements

(i) Changes in President

Not applicable.

(ii) Changes in other officers (scheduled on February 27, 2019)

1. Newly appointed director candidate
Director KIYOMI AKUI
2. Retiring director
Not applicable
3. Newly appointed auditor candidate
Auditor MOTOSHI ISHIBASHI
4. Retiring auditor
Auditor SATOSHI KOBAYASHI