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MORITO

Consolidated Financial Results for the Three Months of the Fiscal Year Ending November 30, 2025 [Japanese GAAP]

April 11, 2025

Company name: MORITO CO., LTD. Stock exchange listing: Tokyo Stock Exchange
Code number: 9837 URL: <https://www.morito.co.jp>
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Corporate Administrative Division

Scheduled date of commencing
dividend payments: _

Availability of supplementary briefing material on financial results : Available

Schedule of financial results briefing session : None scheduled

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

1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending November 30, 2025 (December 1, 2024 to February 28, 2025)

(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	%
Three months ended February 28, 2025	12,161	3.6	617	(6.8)	689	2.9	601	6.5
Three months ended February 29, 2024	11,744	(0.5)	662	7.0	669	1.2	564	9.4

(Note) Comprehensive income: Three months ended February 28, 2025 1,573 million yen[-%] Three months ended February 29, 2024 140 million yen[-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended February 28, 2025	22.93	-
Three months ended February 29, 2024	21.24	21.19

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Three months ended February 28, 2025	52,726	39,840	75.6
FY2024	52,476	39,276	74.8

(Reference) Equity: Three months ended February 28, 2025 39,840 million yen FY2024 39,276 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024	-	29.00	-	34.00	63.00
FY2025	-	-	-	-	-
FY2025(Forecast)	-	33.00	-	34.00	67.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2025 (December 1, 2024 to November 30, 2025)

(% 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	56,000	15.4	3,200	11.5	3,300	9.9	2,800	8.9	106.63

(Note) Revision to the latest announcement of performance forecast : Yes

Notes:

(1) Significant changes in the scope of consolidation during the period : Yes
 Newly included: 1 company (Ms. ID Inc.)
 Excluded: None

(2) Adoption of special accounting treatment for preparing quarterly 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 : Yes
- 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):	February 28, 2025:	30,000,000	November 30, 2024:	30,000,000
2) Total number of treasury shares at the end of the period:	February 28, 2025:	3,797,749	November 30, 2024:	3,739,949
3) Average number of shares during the period:	For the three months of the fiscal year ending November 30, 2025:	26,215,626	For the three months of the fiscal year ended November 30, 2024:	26,584,286

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm : No

* 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 6.

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

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

The three months of the fiscal year ending November 30, 2025 (December 1, 2024, to February 28, 2025) saw the Japanese economy continue to grow at a moderate pace due to the improvement in the job market and the earnings environment as well as an increase in demand from inbound tourists. On the down side, the outlook for the future remains uncertain due to soaring resource and raw material prices, geopolitical risks such as U.S. policy trends and the situations in Ukraine and the Middle East, as well as the impact of financial and capital market fluctuations. 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 due to the prolonged impact of inventory adjustments in the Japanese apparel market, despite signs of recovery, weaker sales of active sports products due to a warm winter the year before last and overstocking in the market, as well as sluggish performance of Japanese automotive manufacturers in China. Otherwise, the Group enjoyed favorable sales of workwear accessories in Europe and the U.S. while the performance of its kitchen appliance and related service business remained upbeat. Under its "Rideeco®" initiative aimed at realizing a sustainable society, the Group moved forward with the development and sales of environmentally friendly products, using discarded fishing nets and fabric scraps from garment factories, with a focus on winning new business contracts.

As a result, for the three months of the fiscal year under review, net sales increased 3.6% year on year to 12,161 million yen. Operating profit was down 6.8% to 617 million yen, ordinary profit grew 2.9% to 689 million yen, and profit attributable to owners of the parent increased 6.5% to 601 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 three months of the fiscal year under review are as follows.

	1Q	
USD	152.37	(147.86)
EUR	162.58	(159.05)
CNY	21.16	(20.44)
HKD	19.60	(18.92)
VND	0.0060	(0.0061)
THB	4.49	(4.15)
MXN	7.59	(8.43)

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

Business results by segment are as follows.

Japan

The Apparel Division saw slight signs of a recovery from inventory adjustments as well as an uptick in sales for workwear accessories for the European and U.S. markets, accessories for high-end outdoor brands, and subsidiary material for apparel products sold at department stores.

The Product Division enjoyed an increase in sales of stationery-related products as well as higher revenues for the kitchen appliance rental, sales, and cleaning business, despite weaker sales of snowboarding and skateboarding products.

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

As a result, net sales increased 4.1% year on year to total 8,532 million yen, while segment profit dropped 0.4% year on year to reach 552 million yen.

Asia

The Apparel Division enjoyed growing sales of workwear accessories for the European and U.S. markets and athletic shoe accessories and workwear-related products in Vietnam although sales of casual wear accessories declined in China and Hong Kong.

In the Transportation Division, sales of automotive interior components to Japanese automotive manufacturers decreased in China due to the discontinuation of models that use Morito products.

As a result, net sales reached 3.0% year on year to total 2,028 million yen, while segment profit decreased 9.0% year on year to total 188 million yen.

Europe and the U.S.

In the Apparel Division, sales of workwear accessories as well as leather goods accessories in Mexico increased.

In the Transportation Division, sales of automotive interior components to Japanese automotive manufacturers in North America increased while sales in Europe decreased after withdrawing from businesses in Europe in order to streamline operations.

As a result, net sales grew 1.4% year on year to total 1,600 million yen, and segment profit came to 11 million yen (segment loss for the same period in the previous fiscal year was 27 million yen).

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

Total assets for the fiscal year under review increased 249 million yen from the previous fiscal year-end to 52,726 million yen.

Current assets fell 4,013 million yen from the previous fiscal year-end to 28,036 million yen. This was mainly due to an increase of 1,434 million yen in "Inventories", and a decrease of 5,465 million yen in "Cash and deposits".

Non-current assets were up 4,262 million yen from the previous fiscal year-end to 24,689 million yen. This was mainly due to an increase of 3,423 million yen in "Goodwill", an increase of 370 million yen in "Construction in progress" included in "Other property, plant and equipment", and an increase of 261 million yen in "Right-of-use assets" included in "Other tangible assets".

Current liabilities decreased 515 million yen from the previous fiscal year-end to 8,371 million yen. This was mainly due to an increase of 188 million yen in "Notes and accounts payable - trade", a decrease of 452 million yen in "Income taxes payable", and a decrease of 334 million yen in "Accrued expenses" included in "Other".

Non-current liabilities increased 200 million yen from the previous fiscal year-end to 4,514 million yen. This was mainly due to an increase of 169 million yen in "Long-term borrowings", and an increase of 39 million yen in "Deferred tax liabilities" included in "Other".

Net assets increased 564 million yen from the previous fiscal year-end to 39,840 million yen.

The shareholders' equity ratio increased 0.8 percentage points to 75.6% from 74.8% in the previous fiscal year.

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

The consolidated forecast for the fiscal year ending November 30, 2025, is expected to exceed the initial forecast. For details, please refer to the "Notice of Revision of Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2025" released today (April 11, 2025).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	15,461,604	9,996,184
Notes and accounts receivable - trade	7,872,398	7,689,992
Electronically recorded monetary claims - operating	2,378,976	2,690,880
Inventories	5,082,101	6,516,188
Other	1,289,224	1,180,134
Allowance for doubtful accounts	(34,802)	(36,887)
Total current assets	32,049,501	28,036,492
Non-current assets		
Property, plant and equipment		
Land	4,657,230	4,665,673
Other, net	5,121,781	5,856,520
Total property, plant and equipment	9,779,012	10,522,193
Intangible assets		
Goodwill	2,126,642	5,549,683
Other	962,207	964,434
Total intangible assets	3,088,850	6,514,117
Investments and other assets		
Investment securities	6,386,750	6,408,334
Retirement benefit asset	336,596	337,629
Other	976,573	1,051,634
Allowance for doubtful accounts	(140,545)	(144,102)
Total investments and other assets	7,559,375	7,653,495
Total non-current assets	20,427,238	24,689,807
Total assets	52,476,739	52,726,299
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,450,704	3,638,832
Electronically recorded obligations - operating	1,218,565	1,009,252
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	280,008	360,012
Income taxes payable	821,731	369,588
Provision for bonuses	448,579	450,797
Provision for bonuses for directors (and other officers)	165,169	45,557
Other	2,451,973	2,447,661
Total current liabilities	8,886,731	8,371,701
Non-current liabilities		
Long-term borrowings	863,278	1,033,268
Provision for share awards	57,673	54,345
Provision for retirement benefits for directors (and other officers)	70,827	69,378
Provision for share awards for directors (and other officers)	112,519	115,801
Provision for environmental measures	25,611	28,364
Retirement benefit liability	846,659	856,787
Other	2,337,161	2,356,324
Total non-current liabilities	4,313,731	4,514,269
Total liabilities	13,200,463	12,885,971

(Thousands of yen)

	As of November 30, 2024	As of February 28, 2025
Net assets		
Shareholders' equity		
Share capital	3,532,492	3,532,492
Capital surplus	3,075,137	3,075,137
Retained earnings	29,565,881	29,256,594
Treasury shares	(3,044,430)	(3,142,899)
Total shareholders' equity	33,129,080	32,721,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,814,841	2,814,938
Deferred gains or losses on hedges	(9,137)	2,195
Revaluation reserve for land	419,773	419,773
Foreign currency translation adjustment	2,850,452	3,817,404
Remeasurements of defined benefit plans	71,265	64,690
Total accumulated other comprehensive income	6,147,195	7,119,003
Non-controlling interests	-	-
Total net assets	39,276,276	39,840,327
Total liabilities and net assets	52,476,739	52,726,299

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

(Thousands of yen)

	For the three months ended February 29, 2024	For the three months ended February 28, 2025
Net sales	11,744,197	12,161,976
Cost of sales	8,365,773	8,635,000
Gross profit	3,378,423	3,526,976
Selling, general and administrative expenses	2,715,655	2,909,229
Operating profit	662,768	617,746
Non-operating income		
Interest income	5,489	2,529
Dividend income	10,613	14,420
Rental income from real estate	9,364	9,221
Foreign exchange gains	-	※ 1 26,206
Share of profit of entities accounted for using equity method	2,656	13,428
Subsidy income	-	18,031
Other	4,873	2,761
Total non-operating income	32,996	86,599
Non-operating expenses		
Interest expenses	3,265	4,802
Foreign exchange losses	※ 1 9,450	-
Other	13,410	10,227
Total non-operating expenses	26,126	15,030
Ordinary profit	669,638	689,315
Extraordinary income		
Gain on sale of investment securities	205,216	130,193
Insurance claim income	-	70,000
Total extraordinary income	205,216	200,193
Extraordinary losses		
Loss on sale of non-current assets	1,842	-
Loss on retirement of non-current assets	2,937	2,013
Total extraordinary losses	4,780	2,013
Profit before income taxes	870,074	887,496
Income taxes - current	298,045	283,057
Income taxes - deferred	7,312	3,194
Total income taxes	305,358	286,252
Profit	564,716	601,243
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	564,716	601,243

Quarterly Consolidated Statements of Comprehensive Income

The three-month period

(Thousands of yen)

	For the three months ended February 29, 2024	For the three months ended February 28, 2025
Profit	564,716	601,243
Other comprehensive income		
Valuation difference on available-for-sale securities	65,630	96
Deferred gains or losses on hedges	(4,867)	11,334
Foreign currency translation adjustment	(480,788)	966,952
Remeasurements of defined benefit plans, net of tax	(4,606)	(6,574)
Share of other comprehensive income of entities accounted for using equity method	2	(1)
Total other comprehensive income	(424,628)	971,807
Comprehensive income	140,087	1,573,051
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	140,087	1,573,051
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of Standards for Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and accounting standards for quarterly financial statements that are generally accepted as fair and appropriate in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Current Income Taxes, etc.)

The Group has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, hereinafter referred to as the "Revised Accounting Standard of 2022") and relevant ASBJ regulations effective as of the beginning of the three months of the current fiscal year.

Revisions related to the accounting classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment set forth in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment set forth in the proviso to paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "Revised Implementation Guidance of 2022"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

The Group has also adopted the Revised Implementation Guidance of 2022 effective as of the beginning of the three months of the current fiscal year for revisions related to the change in the treatment in consolidated financial statements when deferring, for tax purposes, gains or losses on sales of shares of subsidiaries and other securities arising from sales between consolidated companies. The change in accounting policy has been applied retroactively, and the quarterly consolidated financial statements for the previous quarter and the consolidated financial statements for the previous fiscal year are presented on a retroactive basis. The change in accounting policy has no effect on the quarterly consolidated financial statements and the consolidated financial statements of the previous fiscal year.

(Segment Information, Etc.)

Segment information

I For the three months of the fiscal year ended November 30, 2024

Information on amounts of net sales and profit (loss) 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	2,512,332	1,444,090	1,174,782	5,131,205	-	5,131,205
Product	4,513,633	166,386	10,712	4,690,731	-	4,690,731
Transportation	1,169,168	359,169	393,922	1,922,259	-	1,922,259
Revenue from contracts with customers	8,195,134	1,969,646	1,579,416	11,744,197	-	11,744,197
Net sales to external customers	8,195,134	1,969,646	1,579,416	11,744,197	-	11,744,197
Intersegment sales or transfers	423,867	940,847	20,411	1,385,126	(1,385,126)	-
Total	8,619,001	2,910,494	1,599,827	13,129,323	(1,385,126)	11,744,197
Segment profit (loss)	554,730	207,132	(27,921)	733,940	(71,172)	662,768

(Notes) 1 The adjustment of (71,172) thousand yen to segment profit (loss) includes corporate expenses of (60,780) thousand yen not allocated to the reportable segments, and other in the amount of (10,392) thousand yen.

2 The amount of segment profit (loss) has been adjusted with operating profit in the Quarterly Consolidated Statements of Income.

II For the three months of the fiscal year ending 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	2,884,362	1,750,926	1,297,581	5,932,870	-	5,932,870
Product	4,509,082	161,924	1,200	4,672,207	-	4,672,207
Transportation	1,139,183	115,626	302,089	1,556,899	-	1,556,899
Revenue from contracts with customers	8,532,628	2,028,476	1,600,871	12,161,976	-	12,161,976
Net sales to external customers	8,532,628	2,028,476	1,600,871	12,161,976	-	12,161,976
Intersegment sales or transfers	433,137	839,744	30,355	1,303,237	(1,303,237)	-
Total	8,965,766	2,868,221	1,631,226	13,465,214	(1,303,237)	12,161,976
Segment profit	552,298	188,588	11,890	752,777	(135,030)	617,746

(Notes) 1 The adjustment of (135,030) thousand yen to segment profit includes corporate expenses of (72,498) thousand yen not allocated to the reportable segments, and other in the amount of (62,532) thousand yen.

2 The amount of segment profit has been adjusted with operating profit in the Quarterly 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 Ms. ID Inc. and made it a consolidated subsidiary.

The increase in goodwill due to the acquisition amounted to 3,288,364 thousand yen in the three 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 three months of the current fiscal year.

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

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on statements of Quarterly Consolidated Balance Sheets)

Discount on export notes

	(Thousands of yen)	
	As of November 30, 2024 (December 1, 2023 to November 30, 2024)	As of February 28, 2025 (December 1, 2024 to February 28, 2025)
Discount on export notes	9,604	32,386

(Notes on statements of Quarterly Consolidated Statements of Income)

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

For the three months ended February 29, 2024

Valuation losses related to forward exchange contracts for transactions between consolidated group companies of 6,804 thousand yen are included in "Foreign exchange losses".

For the three months ended February 28, 2025

Valuation losses related to forward exchange contracts for transactions between consolidated group companies of 943 thousand yen are included in "Foreign exchange gains".

(Changes in presentation)

Valuation gains (losses) related to forward exchange contracts for transactions between consolidated group companies, which were categorized and presented as "Gain (Loss) on derivatives" in the three months of the previous fiscal year, are included in "Foreign exchange gains (losses)" beginning in the previous nine months of quarterly consolidated accounting period to reflect actual transactions. In order to reflect this change in presentation, "Foreign exchange losses" of 2,645 thousand yen and a "Loss on derivatives" of 6,804 thousand yen in the consolidated statements of income for the three months of the previous fiscal year have been reclassified as "Foreign exchange losses" of 9,450 thousand yen.

(Notes on statements of Quarterly Consolidated Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months of the current fiscal year.

Depreciation (including amortization related to intangible assets excluding goodwill) and goodwill amortization for the three months of the current fiscal year are as follows.

	(Thousands of yen)	
	Three months ended February 29, 2024 (December 1, 2023 to February 29, 2024)	Three months ended February 28, 2025 (December 1, 2024 to February 28, 2025)
Depreciation	248,344	229,890
Goodwill amortization	72,702	67,083

(Business Combinations)

Business combination through acquisition

1. Outline of business combination

(1) Name of the acquired company and its business

Name of acquired company Ms. ID Inc.

Business Manufacture, import, and sales of clothing and accessories (e-commerce and physical stores)

(2) Reasons for business combination

The Morito Group's main business entails the sale and manufacturing 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 M&As as one of the key initiatives for expanding our business portfolio as we look for new business opportunities and seek to strengthen our B2C business. 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 has four business pillars: e-commerce fashion, accessories, luxury knitwear for overseas markets, and e-commerce platform business.

Acquiring the target company will enable us to expand the scope of our B2C operations in the apparel business and use its e-commerce platform business to strengthen marketing and sales in our B2C operations. We also believe that the acquisition will enable us to develop new apparel accessories and products by linking our procurement and manufacturing capabilities with the brands owned by the target company. We will also utilize our overseas network as well as quality control and logistics functions to boost the global expansion and quality of the target company's brands.

By combining the brands owned by the target company with our accessories, we aim to maximize the value of both companies and become a global niche company in the apparel market.

(3) Date of business combination

December 25, 2024 (share acquisition date)

December 31, 2024 (deemed 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 consolidated statements of income

Only the balance sheet is consolidated since the deemed acquisition date is December 31, 2024, which falls within three months of the fiscal year-end. 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	4,300,000	thousand yen
Acquisition cost		4,300,000	thousand yen

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc. 58,558 thousand yen

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

(1) Amount of goodwill incurred

3,288,364 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 three months 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 under calculation.

6. Allocation of acquisition cost

As of the end of the three months 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	1,607,831	thousand yen
Non-current assets	83,318	thousand yen
<hr/> Total assets	<hr/> 1,691,149	<hr/> thousand yen
Current liabilities	419,521	thousand yen
Non-current liabilities	259,992	thousand yen
<hr/> Total liabilities	<hr/> 679,513	<hr/> thousand yen