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MORITO



Consolidated Financial Results for the Fiscal Year Ended November 30, 2023 [Japanese GAAP]

January 12, 2024

Company name: MORITO CO., LTD. Stock exchange listing: Tokyo Stock Exchange
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 Management Division

Scheduled date of filing quarterly securities report: February 28, 2024 Scheduled date of commencing dividend payments: February 29, 2024

Scheduled date of filing annual securities report: February 29, 2024

Availability of supplementary briefing material on annual financial results : Available

Schedule of annual 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 Fiscal Year Ended November 30, 2023

(December 1, 2022 to November 30, 2023)

(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	%
Fiscal year ended November 30, 2023	48,529	0.1	2,464	16.4	2,771	18.3	2,217	32.5
Fiscal year ended November 30, 2022	48,478	11.1	2,116	30.7	2,342	27.7	1,674	19.0

(Note) Comprehensive income: Fiscal year ended November 30, 2023, 3,231 million yen[(20.6)%] Fiscal year ended November 30, 2022: 4,070 million yen[73.4%]

	Basic earnings per share	Diluted earnings per share	return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended November 30, 2023	83.05	82.80	5.9	5.5	5.1
Fiscal year ended November 30, 2022	62.23	-	4.8	4.9	4.4

(Reference) Share of profit (loss) of entities accounted for using equity method: Fiscal year ended November 30, 2023: 52 million yen Fiscal year ended November 30, 2022: 73 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended November 30, 2023	51,429	38,457	74.7	1,445.12
Fiscal year ended November 30, 2022	50,271	36,684	72.9	1,371.63

(Reference) Equity: Fiscal year ended November 30, 2023: 38,433 million yen Fiscal year ended November 30, 2022: 36,628 million yen

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended November 30, 2023	4,399	77	(1,983)	13,009
Fiscal year ended November 30, 2022	850	(135)	(1,916)	10,396

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022	-	13.50	-	18.50	32.00	873	51.4	2.4
FY2023	-	27.00	-	28.00	55.00	1,496	66.2	3.9
FY2024 (Forecast)	-	29.00	-	29.00	58.00		67.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2024 (December 1, 2023 to November 30, 2024)

(% 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	51,000	5.1	2,600	5.5	2,800	1.0	2,300	3.7	86.48

Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in the scope of consolidation) : No

(2) 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

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

1) Total number of issued shares at the end of the period (including treasury shares):	November 30, 2023:	30,000,000	November 30, 2022:	30,000,000
2) Total number of treasury shares at the end of the period:	November 30, 2023:	3,404,514	November 30, 2022:	3,295,500
3) Average number of shares during the period:	November 30, 2023:	26,708,206	November 30, 2022:	26,901,369

* These quarterly 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 “(4) Future Outlook” in “1. Overview of Business Results, Etc.” on page 7.

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 fiscal year under review (December 1, 2022, to November 30, 2023) saw economic activity steadily return to normal as the impact of the COVID-19 pandemic eased. However, the outlook for the future remains uncertain due to a sharp rise in raw material prices caused by the situation in Ukraine and other factors, global monetary tightening, and the possibility of an economic slowdown overseas, particularly in Europe, the U.S., and China, as well as exchange rate 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 due to soaring raw material prices for its mainstay products and other factors, which all kept profits low, stagnant demand caused by slowing consumption in Europe, the U.S., and Asia, as well as a warm winter in Japan. On the other hand, the Group enjoyed favorable sales of accessories and products with superior functionality, including athletic shoes- and medical device-related products, which are unaffected by trends, 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. The Group also enjoyed higher operating profit thanks to increased sales of high-value-added products and the enhanced efficiency of logistics operations.

As a result, for the fiscal year under review, net sales increased 0.1% year on year to 48,529 million yen. Operating profit was up 16.4% to 2,464 million yen, ordinary profit grew 18.3% to 2,771 million yen, and profit attributable to owners of the parent increased 32.5% to 2,217 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 fiscal year under review are as follows.

	1Q		2Q		3Q		4Q	
USD	141.39	(113.71)	132.43	(116.34)	137.49	(129.73)	144.63	(138.28)
EUR	144.26	(130.04)	142.17	(130.40)	149.58	(138.25)	157.32	(139.26)
CNY	19.85	(17.78)	19.35	(18.31)	19.56	(19.60)	19.94	(20.18)
HKD	18.07	(14.60)	16.89	(14.90)	17.54	(16.53)	18.49	(17.62)
TWD	4.51	(4.09)	4.36	(4.16)	4.48	(4.41)	4.57	(4.55)
VND	0.0058	(0.0050)	0.0056	(0.0051)	0.0059	(0.0056)	0.0060	(0.0059)
THB	3.89	(3.41)	3.91	(3.52)	3.99	(3.77)	4.12	(3.80)
MXN	7.19	(5.48)	7.11	(5.67)	7.79	(6.48)	8.48	(6.83)

(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 increases in sales of accessories for workwear and athletic shoes as well as for bags although sales of medical wear accessories for the European and the U.S. markets declined.

The Product Division enjoyed increases in sales of medical device-related products and products for one-coin shops (like 100-yen stores) as well as higher revenues for the kitchen appliance rental, sales, and cleaning business, despite declining sales of construction safety products and surfboard-related products.

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

As a result, net sales grew 1.7% year on year to total 34,070 million yen, and segment profit rose 25.2% year on year to reach 2,026 million yen.

Asia

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

As a result, net sales decreased 7.6% year on year to total 7,705 million yen, and segment profit grew 7.6% year on year to reach 749 million yen.

Europe and the U.S.

In the Apparel Division, sales of accessories for casual wear and workwear decreased.

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

As a result, net sales grew 2.0% year on year to total 6,753 million yen while segment loss came to 27 million yen (segment profit for the same period in the previous fiscal year was 104 million yen).

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

Total assets for the fiscal year under review increased 1,157 million yen from the previous fiscal year-end to 51,429 million yen.

Current assets grew 667 million yen from the previous fiscal year-end to 31,149 million yen. This was mainly due to a decrease of 632 million yen in notes and accounts receivable, a decrease of 407 million yen in electronically recorded monetary claims, a decrease of 270 million yen in merchandise and finished goods, a decrease of 269 million yen in raw materials and supplies, and an increase of 2,613 million yen in cash and deposits.

Non-current assets were up 489 million yen from the previous fiscal year-end to 20,280 million yen. This was mainly due to a decrease of 217 million yen in goodwill, a decrease of 205 million yen in Buildings and structures, a decrease of 63 million yen in Construction in progress, and an increase of 956 million yen in Investment securities.

Current liabilities decreased 720 million yen from the previous fiscal year-end to 8,589 million yen. This was mainly due to an increase of 213 million yen in accrued consumption taxes included in other, an increase of 72 million yen in accrued expenses included in other, and a decrease of 1,026 million yen in notes and accounts payable - trade.

Non-current liabilities increased 104 million yen from the previous fiscal year-end to 4,382 million yen. This was mainly due to a decrease of 256 million yen in long-term borrowings, an increase of 288 million yen in Deferred tax liabilities, an increase of 51 million yen in Long-term lease obligations in other, and an increase of 12 million yen in Provision for share awards for directors (and other officers).

Net assets increased 1,772 million yen from the previous fiscal year-end to 38,457 million yen.

The shareholders' equity ratio increased 1.8 percentage points to 74.7% from 72.9% in the previous fiscal year.

(3) Overview of Cash Flows for the Period under Review

The status of cash flows for the fiscal year under review is as follows.

(Cash flows from operating activities)

Cash flows provided by operating activities amounted to 4,399 million yen, compared with cash flows of 850 million yen provided in the previous fiscal year. This was mainly due to an increase in funds due to the acquisition of profit before income taxes and a decrease in trade receivables.

(Cash flows from investing activities)

Cash flows provided in investing activities amounted to 77 million yen, compared with cash flows of 135 million yen used in the previous fiscal year. This was mainly due to a decrease in cash from the acquisition of property, plant and equipment, and an increase in cash from the proceeds from sale of investment securities, and the proceeds from redemption of investment securities.

(Cash flows from financing activities)

Cash flows used in financing activities amounted to 1,983 million yen, compared with cash flows of 1,916 million yen used in the previous fiscal year. This was mainly due to the repayment of long-term borrowings, payment of dividends, and purchase of treasury stock.

As a result of the above, cash and cash equivalents at the end of the fiscal year under review increased 2,613 million yen from the previous fiscal year-end to 13,009 million yen.

Trends of cash flow indicators are as follows.

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022	Fiscal year ended November 30, 2023
Equity ratio (%)	73.7	72.9	74.7
Equity ratio based on fair value (%)	38.1	40.3	67.0
Cash flow to interest-bearing debt ratio (%)	81.2	206.1	33.5
Interest coverage ratio (times)	245.6	63.5	287.1

(Note) Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debts / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest paid

- * The indicators were calculated using financial figures on a consolidated basis.
- * The total market value of shares was calculated by multiplying the closing share price by the total number of shares outstanding (less the treasury shares) on the date of the fiscal year-end.
- * Operating cash flow is the amount of net cash provided by (used in) operating activities recorded in the Consolidated Statements of Cash Flows.
- * Among the liabilities recorded on the Consolidated Balance Sheets, interest-bearing debts apply to borrowings.
- * Interest paid is the amount of interest paid recorded on the Consolidated Statements of Cash Flows.

(4) Future Outlook

During the fiscal year under review, the Group operated under the corporate vision of “Creating existence value: Realization of a new Morito Group.”

Although the outlook remains uncertain due to the prolonged situation in Ukraine, the problem in the Middle East, the weak yen, and global warming, the Group expects to achieve the quantitative targets set under the 8th Mid-Term Management Plan (running for 5 years from fiscal 2022 to fiscal 2026) earlier than projected. As a result, the 8th Mid-Term Management Plan has been updated. Working with the aim of achieving net sales of 60,000 million yen and operating profit of 3,000 million yen on a consolidated basis by the fiscal year ending November 30, 2026, the Group will take various measures to become a global niche top company with a focus on continuing to make small parts that make a big difference in the world.

Regarding the full-year forecast of the Group for the fiscal year ending November 30, 2024, the outlook for the global economy remains uncertain, due to factors including exchange rate fluctuations and price increases. However, the Group will focus on sales of value-added products with a particular emphasis on functionality, sustainability, and ecology, in addition to its core products. The consolidated financial results for fiscal 2024 are forecasted to exceed those of fiscal 2023, with net sales of 51,000 million yen, operating profit of 2,600 million yen, ordinary profit of 2,800 million, and profit attributable to owners of parent of 2,300 million yen.

*Notes on the future outlook

The aforementioned outlook is based on information available at the date of release of these materials. Actual results and other details may differ from the outlook due to various factors in the future.

We will promptly disclose any changes in forecast figures.

(5) Basic Dividend Policy and Payments for the Period under Review and the Next Period

We see returning profits to shareholders as well as building a sound and efficient business foundation and financial structure to enhance profitability as key management issues. We will use retained earnings to aggressively invest in areas aimed at long-term growth, such as expanding existing core businesses, seeking new business opportunities, conducting M&As, etc., with an eye to enhancing our corporate value in the future. Dividends are determined after considering factors such as the financial position and net assets.

Our basic dividend policy is as follows:

- Realize stable and continuous dividend payments
- A dividend on equity (DOE) ratio of 4.0% is the standard
- Depending on business results, a dividend payout ratio of 50% or more in relation to profit attributable to owners of parent is the standard

(However, in a fiscal year with a significant fluctuation in after-tax profit attributable to owners of parent due to special factors such as extraordinary income or losses, the dividend amount will be determined in light of the corresponding impact.)

From the perspective of striving to further enhance shareholder returns, after considering factors such as the Company's earnings and expenditure balance as well as the share price level, the Company will continuously review the need to flexibly purchase or retire its treasury shares.

For the fiscal year under review, we plan to propose a year-end dividend of 28.00 yen per share at the Annual General Meeting of Shareholders that will be held on February 28, 2024. Accordingly, including the interim dividend of 27.00 yen per share, the annual dividend for the fiscal year under review will amount to 55.00 yen per share. This represents an increase of 23.00 yen from the previous year's annual dividend of 32.00 yen.

Regarding dividends for the next fiscal year, based on our basic dividend policy, we plan to pay out an interim dividend of 29.00 yen, and a year-end dividend of 29.00 yen, which will combine to form an annual dividend of 58.00 yen.

2. Overview of the Corporate Group

The Group consists of the parent company (the Company), 20 subsidiaries, and 1 affiliate. The main business of the Group is the sales and manufacturing of materials and products for apparel and lifestyle goods, centering on daily necessities, as well as automotive interior components. Business activities of the Group include: the sale and manufacturing of materials for apparel and lifestyle goods such as stationery and OA equipment, and automotive interior components; the import, sale, and wholesale of marine leisure and snowboarding equipment; and the rental, sale, and cleaning of kitchen appliances.

The classification of reportable segments is the same as the classification of segments described in “4. Consolidated Financial Statements and Primary Notes (5) Notes to the Consolidated Financial Statements.”

- Consolidated subsidiaries: 20 companies □ Affiliates accounted for using equity method: 1 company

Japan

- Morito Japan Co., Ltd.: Planning, development, manufacturing, and sales of consumer product materials and related products
- Morito Apparel Co., Ltd.: Planning, development, manufacturing, and sales of apparel materials and products
- Morito Auto-Parts Co., Ltd.: Planning, development, manufacturing, and sales of automotive interior components
- Ace Industrial Machinery Co., Ltd.: Rental, sales, and cleaning of kitchen appliances
- Matex Inc.: Manufacturing of apparel secondary materials, design, printing, website creation, desktop publishing, and graphic design production planning
- Maneuverline Co., Ltd.: Import, sales, and wholesaling of marine leisure, snowboarding, and apparel goods
- Canvas Co., Ltd.: A wholly owned subsidiary of Maneuverline Co., Ltd.; import, sales and wholesaling of apparel goods
- Kuraray Fastening Co., Ltd.: Sale and manufacturing of hook and loop fasteners

Asia

- Morito Scovill Hong Kong Co., Ltd.: Sale of materials for apparel and consumer products and automotive interior components
- Morito (Shenzhen) Co., Ltd.: A wholly owned subsidiary of Morito Scovill Hong Kong Co., Ltd.; manufacturing and sale of materials for apparel and consumer products
- Morito Shanghai Co., Ltd.: Sale of materials for apparel and consumer products and automotive interior components
- Morito Danang Co., Ltd.: Sale and manufacturing of materials for apparel and consumer products, and operation of rental factories
- Morito Trading (Thailand) Co., Ltd.: Sale of materials for apparel and consumer products and automotive interior components
- Shanghai New World Matex International Trade Co., Ltd.: A wholly owned subsidiary of Matex Inc.; sales and manufacturing of apparel secondary materials, design, and sales of printing materials both in and outside China
- GSG (Scovill) Fasteners Asia Ltd.: A wholly owned subsidiary of Morito Scovill Americas, LLC; sale of materials for apparel products
- Scovill Fasteners India PVT. Ltd.: A wholly owned subsidiary of Morito Scovill Americas, LLC; sale of materials for apparel products

Europe and the U.S.

- Morito North America, Inc.: Sale of automotive interior components
- Morito (Europe) B.V.: Sale of materials for apparel and consumer products, and automotive interior components

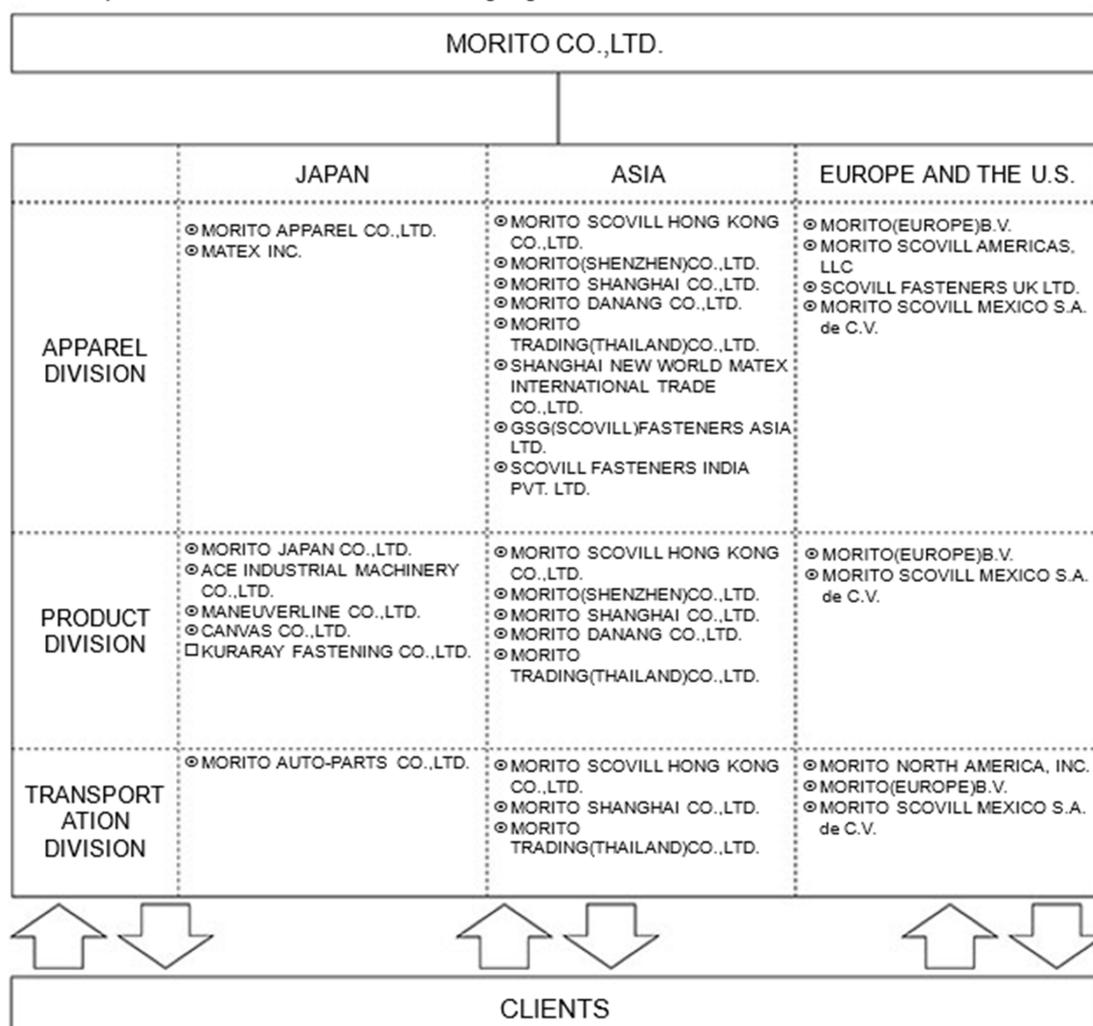
- Morito Scovill Americas, LLC: Sale and manufacturing of materials for apparel and consumer products
- Scovill Fasteners UK Ltd.: A wholly owned subsidiary of Morito Scovill Americas, LLC; sale of materials for apparel products
- Morito Scovill Mexico S.A. de C.V.: A subsidiary of Morito North America, Inc. (owning an 89.4% stake) and Morito Scovill Americas, LLC (owning a 10.6% stake); sale of materials for apparel and consumer products, and automotive interior components

(Notes) 1 The liquidation of consolidated subsidiary Taiwan Morito Co., Ltd. was completed on May 8, 2023.

2 On April 1, 2023, 52DESIGN CO., LTD., a former consolidated subsidiary, was absorbed in an absorption-type merger with another consolidated subsidiary Morito Apparel Co., Ltd. as the surviving company, and therefore has been excluded from the scope of consolidation.

3 Kane-M (Thailand) Co., Ltd. was renamed Morito Trading (Thailand) Co., Ltd. on December 1, 2022, and Kane-M Danang Co., Ltd. was renamed Morito Danang Co., Ltd. on December 22, 2022.

The Group conducts business with the following organizational structure.



(Note) ⊙: Consolidated subsidiaries □: Affiliates accounted for using equity method

3. Basic Stance Regarding Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group's policy is to continue preparing its consolidated financial statements using Japanese GAAP for the time being. With regard to the application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on considerations of the situation in Japan and overseas.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	10,399,699	13,013,252
Notes receivable - trade	1,132,789	778,016
Accounts receivable - trade	8,122,904	7,845,458
Electronically recorded monetary claims - operating	2,847,664	2,440,431
Merchandise and finished goods	5,159,313	4,888,816
Work in process	509,281	453,769
Raw materials and supplies	1,285,121	1,015,825
Other	1,076,907	827,277
Allowance for doubtful accounts	(52,481)	(113,686)
Total current assets	30,481,201	31,149,163
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,005,558	7,908,854
Accumulated depreciation	(4,035,303)	(4,144,585)
Buildings and structures, net	3,970,255	3,764,268
Machinery, equipment and vehicles	3,017,147	3,135,447
Accumulated depreciation	(2,235,107)	(2,335,706)
Machinery, equipment and vehicles, net	782,039	799,740
Tools, furniture and fixtures	2,453,916	2,556,912
Accumulated depreciation	(2,108,137)	(2,228,808)
Tools, furniture and fixtures, net	345,778	328,103
Land	4,547,309	4,660,948
Leased assets	123,040	117,490
Accumulated depreciation	(82,431)	(91,633)
Leased assets, net	40,609	25,857
Right of use assets	634,820	598,826
Accumulated depreciation	(311,359)	(227,925)
Right of use assets, net	323,460	370,901
Construction in progress	157,477	94,051
Total property, plant and equipment	10,166,930	10,043,872
Intangible assets		
Goodwill	2,712,342	2,495,204
Leased assets	3,871	2,269
Other	1,150,396	1,064,806
Total intangible assets	3,866,611	3,562,280
Investments and other assets		
Investment securities	4,465,618	5,422,020
Long-term loans receivable	42,000	36,000
Deferred tax assets	535,338	516,890
Retirement benefit asset	286,915	314,646
Other	573,067	452,164
Allowance for doubtful accounts	(145,760)	(67,688)
Total investments and other assets	5,757,179	6,674,033
Total non-current assets	19,790,721	20,280,186
Total assets	50,271,922	51,429,350

(Thousands of yen)

	As of November 30, 2022	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,684,932	3,658,697
Electronically recorded obligations - operating	940,625	1,082,704
Short-term borrowings	50,000	50,000
Current portion of long-term borrowings	280,008	256,674
Income taxes payable	577,794	611,892
Provision for bonuses	393,205	473,097
Provision for bonuses for directors (and other officers)	145,842	146,836
Other	2,237,096	2,309,311
Total current liabilities	9,309,505	8,589,213
Non-current liabilities		
Long-term borrowings	1,423,294	1,166,620
Deferred tax liabilities	1,268,648	1,556,663
Deferred tax liabilities for land revaluation	272,019	262,126
Provision for share awards	37,448	48,176
Provision for retirement benefits for directors (and other officers)	45,558	54,208
Provision for share awards for directors (and other officers)	88,468	100,494
Provision for environmental measures	25,968	26,823
Retirement benefit liability	862,554	864,593
Other	254,097	303,208
Total non-current liabilities	4,278,056	4,382,915
Total liabilities	13,587,562	12,972,128
Net assets		
Shareholders' equity		
Share capital	3,532,492	3,532,492
Capital surplus	2,962,803	3,040,197
Retained earnings	27,539,047	28,538,155
Treasury shares	(2,174,195)	(2,437,142)
Total shareholders' equity	31,860,146	32,673,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,274,715	2,053,469
Deferred gains or losses on hedges	(15,199)	13,287
Revaluation reserve for land	442,187	419,773
Foreign currency translation adjustment	3,023,530	3,223,586
Remeasurements of defined benefit plans	43,380	49,934
Total accumulated other comprehensive income	4,768,615	5,760,051
Share acquisition rights	55,597	23,467
Non-controlling interests	-	-
Total net assets	36,684,360	38,457,221
Total liabilities and net assets	50,271,922	51,429,350

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended November 30, 2022	For the fiscal year ended November 30, 2023
Net sales	48,478,405	48,529,542
Cost of sales	35,990,975	35,264,050
Gross profit	12,487,429	13,265,491
Selling, general and administrative expenses		
Salaries	3,366,015	3,477,761
Bonuses	695,886	792,860
Welfare expenses	841,485	896,484
Retirement benefit expenses	187,420	125,805
Provision for bonuses for directors (and other officers)	129,796	146,950
Provision for retirement benefits for directors (and other officers)	13,900	16,450
Provision for share awards for directors (and other officers)	16,647	12,025
Communication expenses	101,875	96,682
Freight and packing costs	1,549,973	1,486,464
Provision of allowance for doubtful accounts	22,509	(5,211)
Commission expenses	698,672	738,759
Rent expenses	160,204	168,599
Depreciation	524,721	508,078
Other	2,061,370	2,339,325
Total selling, general and administrative expenses	10,370,480	10,801,037
Operating profit	2,116,949	2,464,454
Non-operating income		
Interest income	9,690	17,388
Dividend income	85,142	99,728
Gain on redemption of investment securities	-	44,438
Rental income from real estate	79,320	67,692
Foreign exchange gains	11,531	-
Share of profit of entities accounted for using equity method	73,334	52,294
Subsidies for employment adjustment	4,205	-
Insurance return	-	38,236
Other	50,693	41,436
Total non-operating income	313,917	361,215
Non-operating expenses		
Interest expenses	13,172	12,666
Depreciation of assets for rent	17,797	12,627
Foreign exchange losses	-	244
Other	57,306	28,760
Total non-operating expenses	88,275	54,298
Ordinary profit	2,342,590	2,771,370

(Thousands of yen)

	For the fiscal year ended November 30, 2022	For the fiscal year ended November 30, 2023
Extraordinary income		
Gain on sale of non-current assets	123,184	21,382
Gain on sale of investment securities	164,385	302,495
Gain on reversal of share acquisition rights	682	840
Gain on sale of golf club membership	466	-
Insurance claim income	96,654	-
Gain on liquidation of subsidiaries	-	130,102
Total extraordinary income	385,373	454,819
Extraordinary losses		
Loss on sale of non-current assets	585	0
Loss on retirement of non-current assets	15,236	32,065
Loss on valuation of golf club membership	-	1,690
Claim settlement money	48,648	-
Loss on withdrawal from business	46,658	-
Total extraordinary losses	111,128	33,756
Profit before income taxes	2,616,836	3,192,433
Income taxes - current	1,008,111	999,871
Income taxes - deferred	(65,355)	(25,427)
Total income taxes	942,755	974,444
Profit	1,674,080	2,217,989
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,674,080	2,217,989

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended November 30, 2022	For the fiscal year ended November 30, 2023
Profit	1,674,080	2,217,989
Other comprehensive income		
Valuation difference on available-for-sale securities	(46,951)	778,753
Deferred gains or losses on hedges	(19,811)	28,486
Foreign currency translation adjustment	2,382,413	200,055
Remeasurements of defined benefit plans, net of tax	80,303	6,553
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	2,395,953	1,013,849
Comprehensive income	4,070,034	3,231,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,070,034	3,231,838
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended November 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,532,492	3,507,603	26,726,521	(2,289,615)	31,477,001
Cumulative effects of changes in accounting policies			(27,800)		(27,800)
Restated balance	3,532,492	3,507,603	26,698,720	(2,289,615)	31,449,200
Changes during period					
Dividends of surplus			(842,681)		(842,681)
Profit attributable to owners of parent			1,674,080		1,674,080
Purchase of treasury shares				(449,455)	(449,455)
Disposal of treasury shares				20,074	20,074
Cancellation of treasury shares		(544,800)		544,800	-
Reversal of revaluation reserve for land			8,927		8,927
Net changes in items other than shareholders' equity					
Total changes during period	-	(544,800)	840,326	115,419	410,946
Balance at end of period	3,532,492	2,962,803	27,539,047	(2,174,195)	31,860,146

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,321,667	4,612	451,115	641,116	(36,922)	2,381,589	56,280	-	33,914,870
Cumulative effects of changes in accounting policies									(27,800)
Restated balance	1,321,667	4,612	451,115	641,116	(36,922)	2,381,589	56,280	-	33,887,069
Changes during period									
Dividends of surplus									(842,681)
Profit attributable to owners of parent									1,674,080
Purchase of treasury shares									(449,455)
Disposal of treasury shares									20,074
Cancellation of treasury shares									-
Reversal of revaluation reserve for land									8,927
Net changes in items other than shareholders' equity	(46,951)	(19,811)	(8,927)	2,382,413	80,303	2,387,026	(682)	-	2,386,343
Total changes during period	(46,951)	(19,811)	(8,927)	2,382,413	80,303	2,387,026	(682)	-	2,797,290
Balance at end of period	1,274,715	(15,199)	442,187	3,023,530	43,380	4,768,615	55,597	-	36,684,360

For the fiscal year ended November 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,532,492	2,962,803	27,539,047	(2,174,195)	31,860,146
Changes during period					
Dividends of surplus			(1,241,295)		(1,241,295)
Profit attributable to owners of parent			2,217,989		2,217,989
Purchase of treasury shares				(471,036)	(471,036)
Disposal of treasury shares		77,394		208,089	285,484
Reversal of revaluation reserve for land			22,413		22,413
Net changes in items other than shareholders' equity					
Total changes during period	-	77,394	999,108	(262,946)	813,555
Balance at end of period	3,532,492	3,040,197	28,538,155	(2,437,142)	32,673,702

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,274,715	(15,199)	442,187	3,023,530	43,380	4,768,615	55,597	-	36,684,360
Changes during period									
Dividends of surplus									(1,241,295)
Profit attributable to owners of parent									2,217,989
Purchase of treasury shares									(471,036)
Disposal of treasury shares									285,484
Reversal of revaluation reserve for land									22,413
Net changes in items other than shareholders' equity	778,753	28,486	(22,413)	200,055	6,553	991,435	(32,130)	-	959,305
Total changes during period	778,753	28,486	(22,413)	200,055	6,553	991,435	(32,130)	-	1,772,861
Balance at end of period	2,053,469	13,287	419,773	3,223,586	49,934	5,760,051	23,467	-	38,457,221

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended November 30, 2022	For the fiscal year ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,616,836	3,192,433
Depreciation	992,422	1,010,991
Amortization of goodwill	259,832	279,033
Increase (decrease) in provision for bonuses	86,830	74,997
Decrease (increase) in retirement benefit asset	11,278	(18,545)
Increase (decrease) in retirement benefit liability	10,204	2,300
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13,400	8,650
Increase (decrease) in provision for share awards	5,173	10,728
Increase (decrease) in provision for share awards for directors (and other officers)	(3,181)	12,025
Increase (decrease) in allowance for doubtful accounts	29,442	(19,490)
Interest and dividend income	(94,832)	(117,117)
Interest expenses	13,172	12,666
Subsidies for employment adjustment	(4,205)	-
Insurance claim income	(96,654)	-
Loss (gain) on redemption of investment securities	-	(44,438)
Share of loss (profit) of entities accounted for using equity method	(73,334)	(52,294)
Gain on reversal of share acquisition rights	(682)	(840)
Loss (gain) on sale of non-current assets	(122,599)	(21,382)
Loss (gain) on sale of investment securities	(164,385)	(302,495)
Loss (gain) on sale of golf club membership	(466)	-
Loss (gain) on liquidation of subsidiaries	-	(130,102)
Loss on valuation of golf club membership	-	1,690
Loss on retirement of non-current assets	15,236	32,065
Claim settlement money	48,648	-
Loss on withdrawal from business	46,658	-
Decrease (increase) in trade receivables	(775,801)	1,233,622
Decrease (increase) in inventories	(1,785,241)	688,611
Increase (decrease) in trade payables	702,848	(894,323)
Other, net	(147,792)	303,643
Subtotal	1,582,807	5,262,431
Interest and dividends received	94,848	117,119
Interest paid	(13,395)	(15,321)
Proceeds from subsidies for employment adjustment	19,572	-
Proceeds from insurance income	96,654	-
Payments for Claim settlement money	(36,709)	-
Income taxes paid	(893,143)	(964,733)
Net cash provided by (used in) operating activities	850,634	4,399,496

(Thousands of yen)

	For the fiscal year ended November 30, 2022	For the fiscal year ended November 30, 2023
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	91,921	9,596
Purchase of investment securities	(19,189)	(13,531)
Proceeds from sale of investment securities	193,429	371,540
Proceeds from redemption of investment securities	-	167,881
Purchase of property, plant and equipment	(517,000)	(491,815)
Proceeds from sale of property, plant and equipment	213,964	91,515
Purchase of intangible assets	(93,987)	(50,696)
Proceeds from collection of loans receivable	6,000	6,000
Other, net	(10,251)	(12,680)
Net cash provided by (used in) investing activities	(135,113)	77,810
Cash flows from financing activities		
Repayments of lease liabilities	(229,818)	(245,738)
Repayments of long-term borrowings	(394,620)	(280,008)
Purchase of treasury shares	(449,455)	(471,036)
Proceeds from exercise of employee share options	-	254,194
Dividends paid	(842,681)	(1,241,295)
Net cash provided by (used in) financing activities	(1,916,575)	(1,983,884)
Effect of exchange rate change on cash and cash equivalents	577,131	119,968
Net increase (decrease) in cash and cash equivalents	(623,922)	2,613,391
Cash and cash equivalents at beginning of period	11,020,111	10,396,188
Cash and cash equivalents at end of period	10,396,188	13,009,580

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has adopted the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) effective as of the beginning of the first quarter of the fiscal year under review. In accordance with the transitional treatment set forth in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Group has decided to apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively. This has no effect on the quarterly consolidated financial statements.

(Segment Information, Etc.)

Segment information

1. Overview of reportable segments

The Group's reportable segments are those constituent units for which discrete financial information is available, and for which the Board of Directors conducts regular reviews for the purposes of making decisions on the allocation of resources and assessing performance.

The main business of the Group is the sales and manufacturing of materials and products for apparel and lifestyle goods, centering on daily necessities, as well as automotive interior components. Operations in Japan are mainly carried out by six local subsidiaries, operations in Asia are mainly carried out by local subsidiaries in China and Hong Kong, and operations in Europe and the U.S. are mainly carried out by local subsidiaries in the U.S., Mexico, and the Netherlands. The Company and its local subsidiaries, etc. are independently managed units, but the Group formulates comprehensive strategies for business activities across all regions.

The Group therefore consists of three regional segments, each of which is a reportable segment: Japan, Asia, and Europe and the U.S.

2. Method used to calculate amounts of net sales, profit (loss), assets and other items by reportable segment

The accounting treatment used for each of the reportable segments is substantially the same as the accounting treatment used in the preparation of the consolidated financial statements.

The amounts presented for the profit of reportable segments represent operating profit.

The amounts presented for intersegment sales or transfers are based on prevailing market prices.

3. Information on amounts of net sales, profit (loss), assets and other items by reportable segment

I For the fiscal year ended November 30, 2022

(Thousand yen)

	Reportable Segment				Adjustment (Notes 1, 3)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe & the U.S.	Total		
Net sales Apparel	11,528,224	5,763,357	5,503,993	22,795,574	-	22,795,574
Product	17,315,149	711,216	33,820	18,060,186	-	18,060,186
Transportation	4,673,065	1,865,563	1,084,015	7,622,644	-	7,622,644
Revenue from contracts with customers	33,516,439	8,340,137	6,621,828	48,478,405	-	48,478,405
Net sales to external customers	33,516,439	8,340,137	6,621,828	48,478,405	-	48,478,405
Intersegment sales or transfers	1,795,433	3,630,045	91,183	5,516,662	(5,516,662)	-
Total	35,311,873	11,970,182	6,713,012	53,995,068	(5,516,662)	48,478,405
Segment profit	1,618,824	696,660	104,001	2,419,486	(302,536)	2,116,949
Segment assets	32,895,532	7,636,550	8,486,327	49,018,409	1,253,513	50,271,922
Other items Depreciation	422,817	353,393	216,211	992,422	-	992,422
Increase in property, plant and equipment and intangible assets	369,617	236,337	284,030	889,985	-	889,985

(Note) 1 The adjustment of (302,536) thousand yen to segment profit includes corporate expenses of (222,104) thousand yen not allocated to the reportable segments, and other in the amount of (80,432) thousand yen.

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

3 The amount of the adjustment to segment assets of 1,253,513 thousand yen includes intersegment elimination of (9,675,966) thousand yen, and corporate assets of 10,929,480 thousand yen not allocated to the reportable segments. Corporate assets mainly refer to the financial assets (cash and deposits, investment securities, etc.) held by the Company, which is the holding company of the Group.

II For the nine months of the fiscal year ending November 30, 2023

(Thousand yen)

	Reportable Segment				Adjustment (Notes 1, 3)	Amount recorded in Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe & the U.S.	Total		
Net sales Apparel	11,796,377	6,123,353	5,285,849	23,205,580	-	23,205,580
Product	17,260,741	574,023	21,473	17,856,237	-	17,856,237
Transportation	5,013,408	1,008,095	1,446,219	7,467,723	-	7,467,723
Revenue from contracts with customers	34,070,527	7,705,472	6,753,542	48,529,542	-	48,529,542
Net sales to external customers	34,070,527	7,705,472	6,753,542	48,529,542	-	48,529,542
Intersegment sales or transfers	1,793,621	4,159,819	116,912	6,070,354	(6,070,354)	-
Total	35,864,148	11,865,292	6,870,455	54,599,896	(6,070,354)	48,529,542
Segment profit (loss)	2,026,957	749,562	(27,126)	2,749,393	(284,939)	2,464,454
Segment assets	30,766,797	7,301,621	8,458,770	46,527,190	4,902,160	51,429,350
Other items						
Depreciation	393,281	350,672	267,037	1,010,991	-	1,010,991
Increase in property, plant and equipment and intangible assets	319,461	356,110	221,946	897,517	-	897,517

(Note) 1 The adjustment of (284,939) thousand yen to segment profit (loss) includes corporate expenses of (248,287) thousand yen not allocated to the reportable segments, and other in the amount of (36,651) thousand yen.

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

3 The amount of the adjustment to segment assets of 4,902,160 thousand yen includes intersegment elimination of (9,401,423) thousand yen, and corporate assets of 14,303,583 thousand yen not allocated to the reportable segments. Corporate assets mainly refer to the financial assets (cash and deposits, investment securities, etc.) held by the Company, which is the holding company of the Group.

(Per Share Information)

Item	(Yen)	
	As of November 30, 2022 (December 1, 2021 to November 30, 2022)	As of November 30, 2023 (December 1, 2022 to November 30, 2023)
Net assets per share	1,371.63	1,445.12
Basic earnings per share	62.23	83.05
Diluted earnings per share	-	82.80

(Note) 1 The number of common shares that are treasury shares used to calculate “net assets per share” includes the Company’s shares (373 thousand shares in the previous fiscal year, 373 thousand shares in the fiscal year under review) held by Custody Bank of Japan, Ltd. (trust account E), and the Company’s shares (154 thousand shares in the previous fiscal year, 154 thousand shares in the fiscal year under review) held by The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account).

2 The average number of common shares during the period that are treasury shares used to calculate “basic earnings per share” includes the Company’s shares (373 thousand shares in the previous fiscal year, 373 thousand shares in the fiscal year under review) held by Custody Bank of Japan, Ltd. (trust account E), and the Company’s shares (162 thousand shares in the previous fiscal year, 154 thousand shares in the fiscal year under review) held by The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account).

3 In the previous fiscal year, there were no diluted stocks. Therefore there is no entry in the diluted net income per share adjusted section.

(Note) Basis for the Calculations

1 Net assets per share

Item	As of November 30, 2022	As of November 30, 2023
Total net assets on Consolidated Balance Sheets (Thousand yen)	36,684,360	38,457,221
Amount deducted from total net assets (thousand yen)	55,597	23,467
[Including: Share acquisition rights (thousand yen)]	(55,597)	(23,467)
[Including: Non-controlling interests (thousand yen)]	-	-
Net assets relating to common shares (thousand yen)	36,628,762	38,433,753
Number of common issued shares (thousand shares)	30,000	30,000
Number of common shares that are treasury shares (thousand shares)	3,295	3,404
Number of common shares used to calculate net assets per share (thousand shares)	26,704	26,595

(Note) The number of common shares that are treasury shares used to calculate net assets per share includes the Company’s shares held respectively by Custody Bank of Japan, Ltd. (trust account E) and The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account) as treasury shares.

2 Basic earnings per share

Item	As of November 30, 2022 (December 1, 2021 to November 30, 2022)	As of November 30, 2023 (December 1, 2022 to November 30, 2023)
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	1,674,080	2,217,989
Amount not attributable to common shareholders (thousand yen)	-	-
Profit attributable to owners of parent relating to common shares (thousand yen)	1,674,080	2,217,989
Average number of common shares during the period (thousand shares)	26,901	26,708
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)	-	80
(Stock Option (thousands share))	-	80
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	Share acquisition rights resolved by the Board of Directors and at the Annual General Meeting of Shareholders held on February 25, 2016 Common shares: 529,500	-

(Note) The average number of common shares during the period used to calculate basic earnings per share and diluted earnings per share includes the Company's shares held respectively by Custody Bank of Japan, Ltd. (trust account E) and The Master Trust Bank of Japan, Ltd. (officer remuneration BIP trust account) as treasury shares.

(Significant Subsequent Events)

Not applicable.

5. Other Information

(1) Changes in Officers

1. Changes of representative

Not applicable.

2. Changes of other officers

Not applicable.