

Translation

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**Summary of Non-Consolidated Financial Results  
for the Six Months Ended July 31, 2019  
(Based on Japanese GAAP)**

September 4, 2019

Company name: Morozoff Limited  
 Stock exchange listing: Tokyo  
 Stock code: 2217 URL <http://www.morozoff.co.jp>  
 Representative: Representative Director and President Shinji Yamaguchi  
 Inquiries: Senior Managing Director Yoshinori Yamaoka TEL 078-822-5000  
 Scheduled date to file Quarterly Securities Report: September 12, 2019  
 Scheduled date to commence dividend payments: October 7, 2019  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended July 31, 2019 (from February 1, 2019 to July 31, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2019	13,927	(0.8)	744	(30.6)	776	(29.9)	488	(32.5)
Six months ended July 31, 2018	14,044	(0.8)	1,073	(14.1)	1,107	(15.7)	723	(18.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2019	137.33		-	
Six months ended July 31, 2018	202.47		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2019	22,737	16,232	71.4
As of January 31, 2019	23,618	16,070	68.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended January 31, 2019	-	50.00	-	50.00	100.00
Year ending January 31, 2020	-	50.00	-	-	-
Year ending January 31, 2020 (Forecast)	-	-	-	50.00	100.00

3. Forecast of non-consolidated financial results for the year ending January 31, 2020 (from February 1, 2019 to January 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	29,440	(0.4)	1,460	(33.3)	1,490	(32.9)	920	(34.2)	258.87

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of July 31, 2019	⋮	3,669,226 shares	As of January 31, 2019	⋮	3,669,226 shares
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Number of treasury shares at the end of the period

As of July 31, 2019	⋮	130,511 shares	As of January 31, 2019	⋮	110,289 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2019	⋮	3,553,871 shares	Six months ended July 31, 2018	⋮	3,571,779 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Assets		
Current assets		
Cash and deposits	2,411,424	3,561,380
Notes and accounts receivable - trade	5,574,871	3,062,785
Securities	2,100,000	2,299,920
Merchandise and finished goods	2,215,381	980,941
Work in process	253,807	996,935
Raw materials and supplies	388,429	387,780
Other	82,200	160,684
Allowance for doubtful accounts	(22,000)	(12,000)
Total current assets	13,004,115	11,438,427
Non-current assets		
Property, plant and equipment		
Buildings, net	2,585,239	2,599,345
Land	3,234,338	3,234,338
Other, net	1,805,259	2,094,084
Total property, plant and equipment	7,624,837	7,927,769
Intangible assets	159,277	152,357
Investments and other assets		
Investment securities	1,801,995	1,706,351
Other	1,028,180	1,512,167
Total investments and other assets	2,830,176	3,218,519
Total non-current assets	10,614,291	11,298,645
Total assets	23,618,407	22,737,073

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,136,677	1,174,579
Electronically recorded obligations - operating	1,858,747	963,421
Short-term loans payable	1,850,000	1,850,000
Income taxes payable	365,575	198,887
Provision for bonuses	240,260	243,870
Other	1,682,292	1,531,168
Total current liabilities	7,133,552	5,961,926
Non-current liabilities		
Provision for retirement benefits	64,037	64,461
Provision for environmental measures	2,340	2,085
Other	348,051	475,653
Total non-current liabilities	414,428	542,199
Total liabilities	7,547,981	6,504,125
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,737,467	3,737,467
Capital surplus	3,921,855	3,921,919
Retained earnings	8,135,177	8,445,297
Treasury shares	(442,948)	(544,724)
Total shareholders' equity	15,351,552	15,559,961
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	428,734	382,847
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	718,873	672,986
Total net assets	16,070,425	16,232,947
Total liabilities and net assets	23,618,407	22,737,073

**Non-consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Net sales	14,044,242	13,927,379
Cost of sales	7,097,446	7,088,212
Gross profit	6,946,795	6,839,167
Selling, general and administrative expenses	5,873,148	6,094,382
Operating profit	1,073,646	744,784
Non-operating income		
Interest income	433	314
Dividend income	25,546	23,923
Other	26,237	26,516
Total non-operating income	52,218	50,753
Non-operating expenses		
Interest expenses	13,593	13,531
Other	4,761	6,001
Total non-operating expenses	18,355	19,533
Ordinary profit	1,107,509	776,005
Extraordinary income		
Gain on sales of investment securities	–	722
Total extraordinary income	–	722
Extraordinary losses		
Loss on sales and retirement of non-current assets	4,350	11,053
Impairment loss	–	1,960
Total extraordinary losses	4,350	13,014
Profit before income taxes	1,103,159	763,713
Income taxes - current	343,031	126,337
Income taxes - deferred	36,950	149,309
Total income taxes	379,981	275,646
Profit	723,177	488,067

## Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,103,159	763,713
Depreciation	340,051	377,648
Impairment loss	–	1,960
Increase (decrease) in provision for bonuses	480	3,610
Increase (decrease) in provision for retirement benefits	(80,812)	423
Decrease (increase) in prepaid pension costs	–	(465,047)
Increase (decrease) in allowance for doubtful accounts	(9,100)	(10,000)
Interest expenses	13,593	13,531
Interest and dividend income	(25,980)	(24,237)
Loss (gain) on sales of investment securities	–	(722)
Loss (gain) on sales and retirement of non-current assets	4,350	11,053
Decrease (increase) in notes and accounts receivable - trade	2,342,471	2,512,086
Decrease (increase) in inventories	738,928	491,960
Increase (decrease) in notes and accounts payable - trade	(798,732)	(857,424)
Other, net	(426,138)	(400,760)
Subtotal	3,202,269	2,417,795
Interest and dividend income received	27,119	24,416
Interest expenses paid	(14,843)	(17,181)
Income taxes paid	(433,375)	(299,271)
Net cash provided by (used in) operating activities	2,781,169	2,125,759
Cash flows from investing activities		
Payments into time deposits	(2,190,000)	(1,290,000)
Proceeds from withdrawal of time deposits	990,000	890,000
Purchase of securities	(1,900,557)	(2,299,938)
Proceeds from sales and redemption of securities	2,000,425	2,100,134
Purchase of property, plant and equipment and intangible assets	(406,374)	(509,299)
Proceeds from sales of property, plant and equipment and intangible assets	99	–
Purchase of investment securities	(2,739)	(2,772)
Proceeds from sales and redemption of investment securities	500	35,218
Other, net	(9,933)	(19,881)
Net cash provided by (used in) investing activities	(1,518,579)	(1,096,540)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(11,207)	(101,999)
Cash dividends paid	(354,961)	(177,264)
Net cash provided by (used in) financing activities	(366,168)	(279,263)
Net increase (decrease) in cash and cash equivalents	896,421	749,955
Cash and cash equivalents at beginning of period	1,629,296	1,521,424
Cash and cash equivalents at end of period	2,525,718	2,271,380