

Translation

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

December 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: December 12, 2019
 Scheduled date to commence dividend payments: –
 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 nine months ended October 31, 2019 (from February 1, 2019 to October 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	%
Nine months ended October 31, 2019	18,756	(0.7)	40	(92.3)	75	(86.6)	(26)	–
Nine months ended October 31, 2018	18,892	(0.6)	525	(28.7)	565	(29.9)	317	(38.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended October 31, 2019	(7.42)		–	
Nine months ended October 31, 2018	89.03		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2019	22,459	15,467	68.9
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 October 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 October 31, 2019	⋮	153,025 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)

Nine months ended October 31, 2019	⋮	3,547,567 shares	Nine months ended October 31, 2018	⋮	3,571,403 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2019	As of October 31, 2019
Assets		
Current assets		
Cash and deposits	2,411,424	3,009,793
Notes and accounts receivable - trade	5,574,871	1,862,190
Securities	2,100,000	1,499,737
Merchandise and finished goods	2,215,381	2,814,052
Work in process	253,807	943,709
Raw materials and supplies	388,429	481,716
Other	82,200	446,875
Allowance for doubtful accounts	(22,000)	(7,400)
Total current assets	13,004,115	11,050,676
Non-current assets		
Property, plant and equipment		
Buildings, net	2,585,239	2,637,364
Land	3,234,338	3,234,338
Other, net	1,805,259	2,070,440
Total property, plant and equipment	7,624,837	7,942,143
Intangible assets	159,277	150,712
Investments and other assets		
Investment securities	1,801,995	1,755,115
Other	1,028,180	1,561,146
Total investments and other assets	2,830,176	3,316,261
Total non-current assets	10,614,291	11,409,118
Total assets	23,618,407	22,459,794

(Thousands of yen)

	As of January 31, 2019	As of October 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,136,677	1,709,387
Electronically recorded obligations - operating	1,858,747	1,250,718
Short-term loans payable	1,850,000	1,850,000
Income taxes payable	365,575	64,232
Provision for bonuses	240,260	515,024
Other	1,682,292	1,167,792
Total current liabilities	<u>7,133,552</u>	<u>6,557,155</u>
Non-current liabilities		
Provision for retirement benefits	64,037	67,797
Provision for environmental measures	2,340	2,085
Other	348,051	365,643
Total non-current liabilities	<u>414,428</u>	<u>435,526</u>
Total liabilities	<u>7,547,981</u>	<u>6,992,681</u>
Net assets		
Shareholders' equity		
Capital stock	3,737,467	3,737,467
Capital surplus	3,921,855	3,921,919
Retained earnings	8,135,177	7,753,975
Treasury shares	(442,948)	(662,466)
Total shareholders' equity	<u>15,351,552</u>	<u>14,750,896</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	428,734	426,077
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	<u>718,873</u>	<u>716,216</u>
Total net assets	<u>16,070,425</u>	<u>15,467,112</u>
Total liabilities and net assets	<u>23,618,407</u>	<u>22,459,794</u>

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended October 31, 2018	Nine months ended October 31, 2019
Net sales	18,892,536	18,756,476
Cost of sales	9,616,358	9,667,507
Gross profit	9,276,177	9,088,968
Selling, general and administrative expenses	8,750,380	9,048,404
Operating profit	525,797	40,564
Non-operating income		
Interest income	621	441
Dividend income	26,781	25,223
Reversal of allowance for doubtful accounts	14,400	14,600
Other	26,560	23,659
Total non-operating income	68,364	63,924
Non-operating expenses		
Interest expenses	20,503	20,409
Other	7,788	8,484
Total non-operating expenses	28,291	28,893
Ordinary profit	565,870	75,595
Extraordinary income		
Gain on sales of investment securities	–	2,681
Total extraordinary income	–	2,681
Extraordinary losses		
Loss on sales and retirement of non-current assets	15,570	25,807
Impairment loss	–	1,960
Total extraordinary losses	15,570	27,767
Profit before income taxes	550,299	50,509
Income taxes - current	248,470	62,704
Income taxes - deferred	(16,120)	14,124
Total income taxes	232,350	76,828
Profit (loss)	317,949	(26,319)