

Translation

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## Summary of Non-Consolidated Financial Results for the Three Months Ended April 30, 2018 (Based on Japanese GAAP)

June 4, 2018

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: June 12, 2018  
 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 three months ended April 30, 2018 (from February 1, 2018 to April 30, 2018)

(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	%
Three months ended April 30, 2018	8,070	(2.0)	1,014	(3.1)	1,028	(3.0)	689	(6.4)
Three months ended April 30, 2017	8,236	1.6	1,046	12.6	1,060	12.5	736	20.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended April 30, 2018	193.00		–	
Three months ended April 30, 2017	205.09		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2018	22,436	15,894	70.8
As of January 31, 2018	23,680	15,686	66.2

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, 2018	–	0.00	–	100.00	100.00
Year ending January 31, 2019	–	–	–	–	–
Year ending January 31, 2019 (Forecast)	–	50.00	–	50.00	100.00

3. Forecast of non-consolidated financial results for the year ending January 31, 2019 (from February 1, 2018 to January 31, 2019)

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
Six months ending July 31, 2018	14,020	(0.9)	1,130	(9.6)	1,160	(11.7)	750	(15.8)	209.65
Full year	29,400	(0.7)	2,320	(3.6)	2,350	(5.0)	1,500	(9.4)	419.30

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 April 30, 2018	∴	3,669,226 shares	As of January 31, 2018	∴	3,669,226 shares
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Number of treasury shares at the end of the period

As of April 30, 2018	∴	96,896 shares	As of January 31, 2018	∴	96,859 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended April 30, 2018	∴	3,572,361 shares	Three months ended April 30, 2017	∴	3,590,336 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2018	As of April 30, 2018
Assets		
Current assets		
Cash and deposits	2,619,296	6,225,416
Notes and accounts receivable - trade	5,554,473	1,886,805
Securities	1,500,790	1,500,270
Merchandise and finished goods	2,106,530	675,844
Work in process	279,603	557,215
Raw materials and supplies	413,188	402,420
Other	221,528	307,342
Allowance for doubtful accounts	(22,000)	(7,500)
Total current assets	12,673,411	11,547,813
Non-current assets		
Property, plant and equipment		
Buildings, net	2,647,985	2,617,260
Land	3,234,338	3,234,338
Other, net	1,611,205	1,680,847
Total property, plant and equipment	7,493,529	7,532,446
Intangible assets	148,912	152,391
Investments and other assets		
Investment securities	2,435,496	2,257,783
Other	929,189	946,154
Total investments and other assets	3,364,685	3,203,937
Total non-current assets	11,007,127	10,888,775
Total assets	23,680,538	22,436,589

(Thousands of yen)

	As of January 31, 2018	As of April 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,217,041	930,463
Electronically recorded obligations - operating	1,733,368	836,552
Short-term loans payable	1,850,000	1,850,000
Income taxes payable	533,764	446,969
Provision for bonuses	240,530	520,143
Other	1,644,516	1,270,533
Total current liabilities	7,219,221	5,854,662
Non-current liabilities		
Provision for retirement benefits	158,452	111,571
Provision for environmental measures	4,286	2,340
Other	611,783	573,345
Total non-current liabilities	774,523	687,256
Total liabilities	7,993,745	6,541,918
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,737,467	3,737,467
Capital surplus	3,921,580	3,921,580
Retained earnings	7,271,935	7,604,166
Treasury shares	(369,904)	(370,148)
Total shareholders' equity	14,561,078	14,893,066
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	835,575	711,465
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	1,125,714	1,001,604
Total net assets	15,686,793	15,894,671
Total liabilities and net assets	23,680,538	22,436,589

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

(Thousands of yen)

	Three months ended April 30, 2017	Three months ended April 30, 2018
Net sales	8,236,984	8,070,868
Cost of sales	4,151,186	4,015,571
Gross profit	4,085,797	4,055,296
Selling, general and administrative expenses	3,039,197	3,040,961
Operating profit	1,046,599	1,014,334
Non-operating income		
Interest income	203	211
Dividend income	1,267	1,202
Reversal of allowance for doubtful accounts	14,000	14,500
Other	7,224	7,379
Total non-operating income	22,695	23,293
Non-operating expenses		
Interest expenses	6,684	6,684
Other	2,287	2,248
Total non-operating expenses	8,971	8,932
Ordinary profit	1,060,322	1,028,695
Extraordinary income		
Gain on sales of investment securities	40,275	–
Total extraordinary income	40,275	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	5,494	2,304
Total extraordinary losses	5,494	2,304
Profit before income taxes	1,095,103	1,026,390
Income taxes - current	437,867	408,163
Income taxes - deferred	(79,088)	(71,240)
Total income taxes	358,778	336,922
Profit	736,325	689,468