

Translation

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## Summary of Non-Consolidated Financial Results for the Nine Months Ended October 31, 2018 (Based on Japanese GAAP)

December 3, 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: December 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 nine months ended October 31, 2018 (from February 1, 2018 to October 31, 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	%
Nine months ended October 31, 2018	18,892	(0.6)	525	(28.7)	565	(29.9)	317	(38.0)
Nine months ended October 31, 2017	19,005	1.2	737	68.8	807	60.8	512	99.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended October 31, 2018	89.03		–	
Nine months ended October 31, 2017	143.25		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of October 31, 2018	22,217		15,190		68.4	
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				
Year ended January 31, 2018	–	0.00	–	100.00	100.00
Year ending January 31, 2019	–	50.00	–	–	–
Year ending January 31, 2019 (Forecast)	–	–	–	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
Full year	29,400	(0.7)	2,060	(14.4)	2,100	(15.1)	1,330	(19.7)	372.36

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, 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 October 31, 2018	∴	98,736 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)

Nine months ended October 31, 2018	∴	3,571,403 shares	Nine months ended October 31, 2017	∴	3,578,976 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2018	As of October 31, 2018
Assets		
Current assets		
Cash and deposits	2,619,296	3,804,612
Notes and accounts receivable - trade	5,554,473	1,912,159
Securities	1,500,790	1,400,010
Merchandise and finished goods	2,106,530	2,487,593
Work in process	279,603	896,019
Raw materials and supplies	413,188	455,960
Other	221,528	426,183
Allowance for doubtful accounts	(22,000)	(7,600)
Total current assets	12,673,411	11,374,938
Non-current assets		
Property, plant and equipment		
Buildings, net	2,647,985	2,625,123
Land	3,234,338	3,234,338
Other, net	1,611,205	1,780,602
Total property, plant and equipment	7,493,529	7,640,064
Intangible assets	148,912	159,047
Investments and other assets		
Investment securities	2,435,496	2,055,962
Other	929,189	987,273
Total investments and other assets	3,364,685	3,043,236
Total non-current assets	11,007,127	10,842,348
Total assets	23,680,538	22,217,286

(Thousands of yen)

	As of January 31, 2018	As of October 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,217,041	1,611,560
Electronically recorded obligations - operating	1,733,368	1,200,952
Short-term loans payable	1,850,000	1,850,000
Income taxes payable	533,764	21,867
Provision for bonuses	240,530	508,955
Other	1,644,516	1,231,825
Total current liabilities	7,219,221	6,425,160
Non-current liabilities		
Provision for retirement benefits	158,452	62,301
Provision for environmental measures	4,286	2,340
Other	611,783	537,332
Total non-current liabilities	774,523	601,974
Total liabilities	7,993,745	7,027,135
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,737,467	3,737,467
Capital surplus	3,921,580	3,921,855
Retained earnings	7,271,935	7,054,111
Treasury shares	(369,904)	(382,519)
Total shareholders' equity	14,561,078	14,330,916
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	835,575	569,095
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	1,125,714	859,234
Total net assets	15,686,793	15,190,150
Total liabilities and net assets	23,680,538	22,217,286

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

(Thousands of yen)

	Nine months ended October 31, 2017	Nine months ended October 31, 2018
Net sales	19,005,360	18,892,536
Cost of sales	9,652,977	9,616,358
Gross profit	9,352,383	9,276,177
Selling, general and administrative expenses	8,614,483	8,750,380
Operating profit	737,899	525,797
Non-operating income		
Interest income	443	621
Dividend income	29,993	26,781
Reversal of allowance for doubtful accounts	13,800	14,400
Purchase quantity based dividend	23,570	–
Other	28,975	26,560
Total non-operating income	96,783	68,364
Non-operating expenses		
Interest expenses	20,503	20,503
Other	7,036	7,788
Total non-operating expenses	27,539	28,291
Ordinary profit	807,143	565,870
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	17,001	15,570
Total extraordinary losses	17,001	15,570
Profit before income taxes	830,416	550,299
Income taxes - current	371,274	248,470
Income taxes - deferred	(53,556)	(16,120)
Total income taxes	317,718	232,350
Profit	512,698	317,949