

Translation

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Summary of Non-Consolidated Financial Results for the Nine Months Ended October 31, 2020 (Based on Japanese GAAP)

December 4, 2020

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: Representative Director and Vice President Yoshinori Yamaoka TEL 078-822-5000
 Scheduled date to file Quarterly Securities Report: December 11, 2020
 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, 2020 (from February 1, 2020 to October 31, 2020)

(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, 2020	15,744	(16.1)	(777)	–	(661)	–	(632)	–
Nine months ended October 31, 2019	18,756	(0.7)	40	(92.3)	75	(86.6)	(26)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended October 31, 2020	(179.88)		–	
Nine months ended October 31, 2019	(7.42)		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2020	22,165	15,707	70.9
As of January 31, 2020	23,678	16,591	70.1

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, 2020	–	50.00	–	50.00	100.00
Year ending January 31, 2021	–	0.00	–	–	–
Year ending January 31, 2021 (Forecast)	–	–	–	40.00	40.00

3. Forecast of non-consolidated financial results for the year ending January 31, 2021 (from February 1, 2020 to January 31, 2021)

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	25,500	(13.6)	250	(85.1)	350	(79.5)	10	(99.1)	2.84

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, 2020	⋮	3,669,226 shares	As of January 31, 2020	⋮	3,669,226 shares
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Number of treasury shares at the end of the period

As of October 31, 2020	⋮	153,384 shares	As of January 31, 2020	⋮	153,075 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, 2020	⋮	3,516,021 shares	Nine months ended October 31, 2019	⋮	3,547,567 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2020	As of October 31, 2020
Assets		
Current assets		
Cash and deposits	2,306,581	4,350,441
Notes and accounts receivable - trade	5,688,208	1,806,613
Securities	1,199,929	–
Merchandise and finished goods	2,356,135	2,519,944
Work in process	287,749	898,927
Raw materials and supplies	404,123	444,319
Other	85,450	248,243
Allowance for doubtful accounts	(22,454)	(7,500)
Total current assets	12,305,723	10,260,990
Non-current assets		
Property, plant and equipment		
Buildings, net	2,723,376	2,638,650
Land	3,234,338	3,234,338
Other, net	2,070,524	1,986,633
Total property, plant and equipment	8,028,240	7,859,623
Intangible assets	154,621	130,085
Investments and other assets		
Investment securities	1,607,708	1,490,027
Other	1,586,267	2,429,313
Allowance for doubtful accounts	(4,046)	(5,000)
Total investments and other assets	3,189,929	3,914,341
Total non-current assets	11,372,791	11,904,050
Total assets	23,678,515	22,165,040

(Thousands of yen)

	As of January 31, 2020	As of October 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,133,545	1,568,497
Electronically recorded obligations - operating	1,824,145	1,010,402
Short-term borrowings	1,850,000	1,850,000
Income taxes payable	146,827	51,125
Provision for bonuses	230,780	505,912
Other	1,375,744	1,065,987
Total current liabilities	6,561,041	6,051,924
Non-current liabilities		
Provision for retirement benefits	69,341	72,830
Provision for environmental measures	2,085	2,085
Other	455,031	331,027
Total non-current liabilities	526,457	405,942
Total liabilities	7,087,498	6,457,867
Net assets		
Shareholders' equity		
Share capital	3,737,467	3,737,467
Capital surplus	3,921,919	3,921,919
Retained earnings	8,876,219	8,067,949
Treasury shares	(662,718)	(664,408)
Total shareholders' equity	15,872,888	15,062,928
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	375,974	354,105
Revaluation reserve for land	342,153	290,138
Total valuation and translation adjustments	718,128	644,244
Total net assets	16,591,016	15,707,173
Total liabilities and net assets	23,678,515	22,165,040

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended October 31, 2019	Nine months ended October 31, 2020
Net sales	18,756,476	15,744,586
Cost of sales	9,667,507	8,440,339
Gross profit	9,088,968	7,304,246
Selling, general and administrative expenses	9,048,404	8,081,663
Operating profit (loss)	40,564	(777,417)
Non-operating income		
Interest income	441	3,415
Dividend income	25,223	23,670
Surrender value of insurance policies	–	77,084
Other	38,259	37,888
Total non-operating income	63,924	142,058
Non-operating expenses		
Interest expenses	20,409	20,484
Other	8,484	5,676
Total non-operating expenses	28,893	26,160
Ordinary profit (loss)	75,595	(661,519)
Extraordinary income		
Gain on sales of investment securities	2,681	–
Subsidies for employment adjustment	–	145,293
Total extraordinary income	2,681	145,293
Extraordinary losses		
Loss on sales and retirement of non-current assets	25,807	22,877
Loss on sales of investment securities	–	10,009
Loss on valuation of investment securities	–	31,113
Impairment loss	1,960	80,600
Compensation for absence from work to employee	–	138,474
Total extraordinary losses	27,767	283,075
Profit (loss) before income taxes	50,509	(799,302)
Income taxes - current	62,704	62,099
Income taxes - deferred	14,124	(228,939)
Total income taxes	76,828	(166,840)
Loss	(26,319)	(632,461)