

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2021 (Based on Japanese GAAP)

September 3, 2021

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: September 13, 2021
 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 six months ended July 31, 2021 (from February 1, 2021 to July 31, 2021)

(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, 2021	12,218	5.8	548	–	605	–	145	–
Six months ended July 31, 2020	11,547	(17.1)	(134)	–	(25)	–	(195)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2021	41.47		–	
Six months ended July 31, 2020	(55.60)		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2021	22,842	16,711	73.2
As of January 31, 2021	24,039	16,778	69.8

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, 2021	–	0.00	–	60.00	60.00
Year ending January 31, 2022	–	0.00			
Year ending January 31, 2022 (Forecast)			–	60.00	60.00

3. Forecast of non-consolidated financial results for the year ending January 31, 2022 (from February 1, 2021 to January 31, 2022)

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	26,250	2.2	1,240	65.0	1,280	48.5	570	61.8	162.11

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, 2021	⋮	3,669,226 shares	As of January 31, 2021	⋮	3,669,226 shares
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Number of treasury shares at the end of the period

As of July 31, 2021	⋮	152,354 shares	As of January 31, 2021	⋮	153,497 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, 2021	⋮	3,516,213 shares	Six months ended July 31, 2020	⋮	3,516,081 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2021	As of July 31, 2021
Assets		
Current assets		
Cash and deposits	3,417,188	5,871,238
Notes and accounts receivable - trade	5,671,457	3,040,283
Merchandise and finished goods	2,051,132	757,232
Work in process	325,788	923,977
Raw materials and supplies	373,282	389,541
Other	188,294	262,660
Allowance for doubtful accounts	(22,660)	(12,410)
Total current assets	12,004,482	11,232,524
Non-current assets		
Property, plant and equipment		
Buildings, net	2,537,767	2,440,292
Land	3,234,338	3,234,338
Other, net	1,873,855	1,743,898
Total property, plant and equipment	7,645,962	7,418,529
Intangible assets	120,020	103,698
Investments and other assets		
Investment securities	1,626,061	1,620,939
Other	2,648,220	2,468,064
Allowance for doubtful accounts	(5,240)	(1,190)
Total investments and other assets	4,269,041	4,087,814
Total non-current assets	12,035,024	11,610,042
Total assets	24,039,507	22,842,567

(Thousands of yen)

	As of January 31, 2021	As of July 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	926,631	808,995
Electronically recorded obligations - operating	1,706,124	862,545
Short-term borrowings	1,850,000	1,850,000
Income taxes payable	283,561	256,780
Provision for bonuses	224,210	224,210
Other	1,615,865	1,464,119
Total current liabilities	6,606,392	5,466,652
Non-current liabilities		
Provision for retirement benefits	74,677	77,689
Provision for environmental measures	2,085	–
Other	577,844	586,888
Total non-current liabilities	654,607	664,577
Total liabilities	7,261,000	6,131,229
Net assets		
Shareholders' equity		
Share capital	3,737,467	3,737,467
Capital surplus	3,921,919	3,918,352
Retained earnings	9,052,595	8,986,940
Treasury shares	(665,080)	(660,380)
Total shareholders' equity	16,046,903	15,982,380
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	441,465	438,818
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	731,604	728,957
Total net assets	16,778,507	16,711,337
Total liabilities and net assets	24,039,507	22,842,567

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2020	Six months ended July 31, 2021
Net sales	11,547,198	12,218,859
Cost of sales	6,202,227	6,274,316
Gross profit	5,344,971	5,944,543
Selling, general and administrative expenses	5,479,761	5,396,402
Operating profit (loss)	(134,790)	548,140
Non-operating income		
Interest income	2,025	2,975
Dividend income	22,370	21,497
Surrender value of insurance policies	77,084	–
Other	25,419	49,410
Total non-operating income	126,899	73,884
Non-operating expenses		
Interest expenses	13,606	14,506
Other	3,653	2,476
Total non-operating expenses	17,259	16,983
Ordinary profit (loss)	(25,150)	605,040
Extraordinary income		
Subsidies for employment adjustment	57,040	–
Total extraordinary income	57,040	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	3,001	15,801
Loss on valuation of shares of subsidiaries and associates	–	220,663
Loss on sales of investment securities	10,009	–
Impairment loss	80,600	3,804
Compensation for absence from work to employee	137,094	–
Total extraordinary losses	230,706	240,269
Profit (loss) before income taxes	(198,816)	364,771
Income taxes - current	41,399	195,209
Income taxes - deferred	(44,709)	23,750
Total income taxes	(3,309)	218,959
Profit (loss)	(195,506)	145,811

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2020	Six months ended July 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(198,816)	364,771
Depreciation	396,303	362,476
Impairment loss	80,600	3,804
Increase (decrease) in provision for bonuses	10,550	–
Increase (decrease) in provision for retirement benefits	1,622	3,011
Decrease (increase) in prepaid pension costs	(262,652)	(33,761)
Increase (decrease) in allowance for doubtful accounts	(10,100)	(14,300)
Interest expenses	13,606	14,506
Interest and dividend income	(24,396)	(24,473)
Loss (gain) on sales of investment securities	10,009	–
Loss on valuation of shares of subsidiaries and associates	–	220,663
Loss (gain) on sales and retirement of non-current assets	3,001	15,801
Decrease (increase) in trade receivables	2,906,453	2,631,173
Decrease (increase) in inventories	892,931	679,451
Increase (decrease) in trade payables	(1,287,643)	(961,214)
Other, net	(362,934)	(186,079)
Subtotal	2,168,534	3,075,831
Interest and dividends received	22,521	26,498
Interest paid	(13,633)	(14,724)
Income taxes paid	(79,850)	(217,082)
Net cash provided by (used in) operating activities	2,097,572	2,870,522
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	490,000	–
Purchase of securities	(299,977)	–
Proceeds from sales and redemption of securities	1,199,979	–
Purchase of property, plant and equipment and intangible assets	(370,210)	(187,487)
Purchase of investment securities	(2,830)	(2,808)
Proceeds from sales and redemption of investment securities	55,541	0
Other, net	(668,768)	(13,269)
Net cash provided by (used in) investing activities	403,733	(203,564)
Cash flows from financing activities		
Net decrease (increase) in treasury shares	(1,224)	(1,427)
Dividends paid	(174,599)	(211,479)
Net cash provided by (used in) financing activities	(175,824)	(212,906)
Net increase (decrease) in cash and cash equivalents	2,325,481	2,454,050
Cash and cash equivalents at beginning of period	1,816,581	3,417,188
Cash and cash equivalents at end of period	4,142,063	5,871,238