

Translation

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

December 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: December 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 nine months ended October 31, 2021 (from February 1, 2021 to October 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	%
Nine months ended October 31, 2021	16,386	4.1	(38)	–	61	–	(350)	–
Nine months ended October 31, 2020	15,744	(16.1)	(777)	–	(661)	–	(632)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended October 31, 2021	(99.69)		–	
Nine months ended October 31, 2020	(179.88)		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2021	22,716	16,188	71.3
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 October 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 October 31, 2021	⋮	152,423 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)

Nine months ended October 31, 2021	⋮	3,516,425 shares	Nine months ended October 31, 2020	⋮	3,516,021 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2021	As of October 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,417,188	5,403,992
Notes and accounts receivable - trade	5,671,457	1,912,635
Merchandise and finished goods	2,051,132	2,417,388
Work in process	325,788	909,757
Raw materials and supplies	373,282	476,671
Other	188,294	305,804
Allowance for doubtful accounts	(22,660)	(8,010)
<b>Total current assets</b>	<b>12,004,482</b>	<b>11,418,239</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	2,537,767	2,388,563
Land	3,234,338	3,234,338
Other, net	1,873,855	1,697,704
<b>Total property, plant and equipment</b>	<b>7,645,962</b>	<b>7,320,606</b>
Intangible assets	120,020	95,204
<b>Investments and other assets</b>		
Investment securities	1,626,061	1,581,006
Other	2,648,220	2,302,767
Allowance for doubtful accounts	(5,240)	(1,190)
<b>Total investments and other assets</b>	<b>4,269,041</b>	<b>3,882,584</b>
<b>Total non-current assets</b>	<b>12,035,024</b>	<b>11,298,395</b>
<b>Total assets</b>	<b>24,039,507</b>	<b>22,716,634</b>

(Thousands of yen)

	As of January 31, 2021	As of October 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	926,631	1,208,931
Electronically recorded obligations - operating	1,706,124	1,025,083
Short-term borrowings	1,850,000	1,850,000
Income taxes payable	283,561	31,036
Provision for bonuses	224,210	472,471
Other	1,615,865	1,365,734
<b>Total current liabilities</b>	<b>6,606,392</b>	<b>5,953,256</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	74,677	79,238
Provision for environmental measures	2,085	–
Other	577,844	495,834
<b>Total non-current liabilities</b>	<b>654,607</b>	<b>575,072</b>
<b>Total liabilities</b>	<b>7,261,000</b>	<b>6,528,329</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,737,467	3,737,467
Capital surplus	3,921,919	3,919,740
Retained earnings	9,052,595	8,491,095
Treasury shares	(665,080)	(660,754)
<b>Total shareholders' equity</b>	<b>16,046,903</b>	<b>15,487,548</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	441,465	410,617
Revaluation reserve for land	290,138	290,138
<b>Total valuation and translation adjustments</b>	<b>731,604</b>	<b>700,756</b>
<b>Total net assets</b>	<b>16,778,507</b>	<b>16,188,305</b>
<b>Total liabilities and net assets</b>	<b>24,039,507</b>	<b>22,716,634</b>

## Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended October 31, 2020	Nine months ended October 31, 2021
Net sales	15,744,586	16,386,827
Cost of sales	8,440,339	8,475,560
Gross profit	7,304,246	7,911,266
Selling, general and administrative expenses	8,081,663	7,950,238
Operating loss	(777,417)	(38,971)
Non-operating income		
Interest income	3,415	4,618
Dividend income	23,670	22,797
Subsidies for employment adjustment	–	31,465
Surrender value of insurance policies	77,084	–
Other	37,888	66,575
Total non-operating income	142,058	125,457
Non-operating expenses		
Interest expenses	20,484	21,384
Other	5,676	3,533
Total non-operating expenses	26,160	24,918
Ordinary profit (loss)	(661,519)	61,567
Extraordinary income		
Subsidies for employment adjustment	145,293	–
Total extraordinary income	145,293	–
Extraordinary losses		
Loss on sales and retirement of non-current assets	22,877	25,367
Loss on sales of investment securities	10,009	–
Loss on valuation of investment securities	31,113	–
Loss on valuation of shares of subsidiaries and associates	–	311,749
Impairment loss	80,600	3,804
Compensation for absence from work to employee	138,474	–
Total extraordinary losses	283,075	340,921
Loss before income taxes	(799,302)	(279,354)
Income taxes - current	62,099	125,810
Income taxes - deferred	(228,939)	(54,608)
Total income taxes	(166,840)	71,202
Loss	(632,461)	(350,556)