

Translation

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## Summary of Non-Consolidated Financial Results for the Year Ended January 31, 2022 (Based on Japanese GAAP)

March 16, 2022

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 of ordinary general meeting of shareholders: April 26, 2022  
 Scheduled date to file Securities Report: April 27, 2022  
 Scheduled date to commence dividend payments: April 27, 2022  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Non-consolidated financial results for the year ended January 31, 2022 (from February 1, 2021 to January 31, 2022)

#### (1) Non-consolidated operating results

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	%
Year ended January 31, 2022	27,207	6.0	2,012	167.9	2,126	146.7	1,028	192.1
Year ended January 31, 2021	25,672	(13.0)	751	(55.1)	862	(49.5)	352	(67.9)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2022	146.29	–	6.0	8.7	7.4
Year ended January 31, 2021	50.08	–	2.1	3.6	2.9

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of January 31, 2022	25,113	17,578	70.0	2,499.30
As of January 31, 2021	24,039	16,778	69.8	2,386.21

#### (3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended January 31, 2022	2,626	(345)	(314)	5,383
Year ended January 31, 2021	1,635	143	(178)	3,417

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended January 31, 2021	–	–	–	60.00	60.00	210	59.9	1.3
Year ended January 31, 2022	–	–	–	90.00	90.00	316	30.8	1.8
Year ending January 31, 2023 (Forecast)	–	–	–	45.00	45.00		24.0	

3. Forecast of non-consolidated financial results for the year ending January 31, 2023 (from February 1, 2022 to January 31, 2023)

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, 2022	14,000	–	690	25.9	720	19.0	460	215.5	65.41
Full year	30,450	–	2,010	(0.1)	2,050	(3.6)	1,320	28.3	187.69

4. Notes

(1) 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

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2022	7,338,452 shares	As of January 31, 2021	7,338,452 shares
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Number of treasury shares at the end of the period

As of January 31, 2022	304,988 shares	As of January 31, 2021	306,994 shares
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Average number of shares during the period

Year ended January 31, 2022	7,033,026 shares	Year ended January 31, 2021	7,031,926 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2021	As of January 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,417,188	5,383,737
Accounts receivable - trade	5,671,457	5,800,980
Merchandise and finished goods	2,051,132	1,874,771
Work in process	325,788	296,618
Raw materials and supplies	373,282	408,929
Prepaid expenses	35,689	30,482
Short-term loans receivable	100,240	200,440
Accounts receivable - other	15,126	22,553
Other	37,238	33,922
Allowance for doubtful accounts	(22,660)	(23,510)
Total current assets	12,004,482	14,028,925
Non-current assets		
Property, plant and equipment		
Buildings	7,239,991	7,201,999
Accumulated depreciation	(4,702,223)	(4,819,181)
Buildings, net	2,537,767	2,382,818
Structures	479,450	479,450
Accumulated depreciation	(419,991)	(425,762)
Structures, net	59,459	53,688
Machinery and equipment	6,938,739	6,995,843
Accumulated depreciation	(5,528,610)	(5,785,001)
Machinery and equipment, net	1,410,128	1,210,842
Vehicles	31,243	30,592
Accumulated depreciation	(28,542)	(28,731)
Vehicles, net	2,700	1,861
Tools, furniture and fixtures	2,839,938	2,844,969
Accumulated depreciation	(2,438,372)	(2,517,695)
Tools, furniture and fixtures, net	401,566	327,274
Land	3,234,338	3,234,338
Construction in progress	–	3,281
Total property, plant and equipment	7,645,962	7,214,105
Intangible assets		
Telephone subscription right	33,505	33,506
Trademark right	83	–
Right to use facilities	730	532
Software	85,700	55,982
Total intangible assets	120,020	90,021

(Thousands of yen)

	As of January 31, 2021	As of January 31, 2022
Investments and other assets		
Investment securities	1,626,061	1,493,128
Shares of subsidiaries and associates	514,729	202,980
Investments in capital	82,191	81,656
Long-term loans receivable	424	384
Long-term loans receivable from subsidiaries and associates	500,000	500,000
Distressed receivables	4,044	–
Leasehold and guarantee deposits	569,168	490,232
Life insurance funds	135,940	154,232
Long-term prepaid expenses	24,478	18,011
Prepaid pension costs	810,392	834,522
Other	6,850	6,850
Allowance for doubtful accounts	(5,240)	(1,190)
Total investments and other assets	4,269,041	3,780,808
Total non-current assets	12,035,024	11,084,935
Total assets	24,039,507	25,113,861
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	1,706,124	1,763,645
Accounts payable - trade	926,631	805,685
Short-term borrowings	1,850,000	1,750,000
Accounts payable - other	48,830	314,317
Accrued expenses	1,017,231	910,562
Income taxes payable	283,561	653,302
Accrued consumption taxes	331,240	375,079
Deposits received	167,123	33,863
Provision for bonuses	224,210	222,740
Electronically recorded obligations-facilities	45,102	23,738
Asset retirement obligations	6,336	5,440
Total current liabilities	6,606,392	6,858,374
Non-current liabilities		
Deferred tax liabilities	247,428	233,028
Deferred tax liabilities for land revaluation	202,735	202,735
Provision for retirement benefits	74,677	80,536
Provision for environmental measures	2,085	–
Asset retirement obligations	101,850	135,936
Other	25,829	24,493
Total non-current liabilities	654,607	676,730
Total liabilities	7,261,000	7,535,104

(Thousands of yen)

	As of January 31, 2021	As of January 31, 2022
Net assets		
Shareholders' equity		
Share capital	3,737,467	3,737,467
Capital surplus		
Legal capital surplus	3,918,352	3,918,352
Other capital surplus	3,567	3,298
Total capital surplus	3,921,919	3,921,651
Retained earnings		
Legal retained earnings	614,883	614,883
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	156,611	156,611
General reserve	2,300,000	2,300,000
Retained earnings brought forward	5,981,100	6,798,994
Total retained earnings	9,052,595	9,870,489
Treasury shares	(665,080)	(661,154)
Total shareholders' equity	16,046,903	16,868,454
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	441,465	420,164
Revaluation reserve for land	290,138	290,138
Total valuation and translation adjustments	731,604	710,303
Total net assets	16,778,507	17,578,757
Total liabilities and net assets	24,039,507	25,113,861

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022
Net sales	25,672,838	27,207,405
Cost of sales		
Beginning finished goods inventory	2,356,135	2,051,132
Cost of products manufactured	12,698,363	13,124,690
Purchase of finished goods	648,943	725,700
Transfer from other account	16,751	19,140
Total	15,720,193	15,920,663
Transfer to other account	116,450	95,233
Ending finished goods inventory	2,051,132	1,874,771
Total cost of sales	13,552,610	13,950,658
Gross profit	12,120,228	13,256,746
Selling, general and administrative expenses	11,368,894	11,243,905
Operating profit	751,333	2,012,840
Non-operating income		
Interest income	4,952	6,384
Interest on securities	91	–
Dividend income	30,825	33,906
Subsidies for employment adjustment	–	40,269
Subsidy income related to Infectious	–	18,249
Surrender value of insurance policies	77,084	13,832
Electricity sale income	11,127	11,017
Miscellaneous income	22,298	25,519
Total non-operating income	146,379	149,179
Non-operating expenses		
Interest expenses	28,359	28,262
Electricity sale expenses	4,765	4,221
Miscellaneous losses	2,543	2,544
Total non-operating expenses	35,669	35,028
Ordinary profit	862,044	2,126,991
Extraordinary income		
Subsidies for employment adjustment	146,475	–
Total extraordinary income	146,475	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	26,805	46,648
Loss on sale of investment securities	10,009	23,811
Loss on valuation of investment securities	19,323	–
Loss on valuation of shares of subsidiaries and associates	–	311,749
Impairment losses	152,531	4,118
Compensation for absence from work to employee	139,085	–
Total extraordinary losses	347,755	386,327
Profit before income taxes	660,764	1,740,663
Income taxes - current	260,002	709,589
Income taxes - deferred	48,578	2,236
Total income taxes	308,580	711,825
Profit	352,183	1,028,837

## Non-consolidated statements of changes in equity

Fiscal year ended January 31, 2021

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward		
Balance at beginning of period	3,737,467	3,918,352	3,567	3,921,919	614,883	156,611	2,300,000	5,804,724	8,876,219
Changes during period									
Purchase of treasury shares									
Disposal of treasury shares									
Dividends of surplus								(175,807)	(175,807)
Profit								352,183	352,183
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	-	-	-	176,376	176,376
Balance at end of period	3,737,467	3,918,352	3,567	3,921,919	614,883	156,611	2,300,000	5,981,100	9,052,595

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(662,718)	15,872,888	375,974	342,153	718,128	16,591,016
Changes during period						
Purchase of treasury shares	(2,361)	(2,361)				(2,361)
Disposal of treasury shares		-				-
Dividends of surplus		(175,807)				(175,807)
Profit		352,183				352,183
Net changes in items other than shareholders' equity			65,490	(52,014)	13,476	13,476
Total changes during period	(2,361)	174,014	65,490	(52,014)	13,476	187,490
Balance at end of period	(665,080)	16,046,903	441,465	290,138	731,604	16,778,507

Fiscal year ended January 31, 2022

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,737,467	3,918,352	3,567	3,921,919	614,883	156,611	2,300,000	5,981,100	9,052,595
Changes during period									
Purchase of treasury shares									
Disposal of treasury shares			(268)	(268)					
Dividends of surplus								(210,943)	(210,943)
Profit								1,028,837	1,028,837
Net changes in items other than shareholders' equity									
Total changes during period	–	–	(268)	(268)	–	–	–	817,893	817,893
Balance at end of period	3,737,467	3,918,352	3,298	3,921,651	614,883	156,611	2,300,000	6,798,994	9,870,489

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	(665,080)	16,046,903	441,465	290,138	731,604	16,778,507
Changes during period						
Purchase of treasury shares	(2,076)	(2,076)				(2,076)
Disposal of treasury shares	6,002	5,733				5,733
Dividends of surplus		(210,943)				(210,943)
Profit		1,028,837				1,028,837
Net changes in items other than shareholders' equity			(21,301)	–	(21,301)	(21,301)
Total changes during period	3,925	821,551	(21,301)	–	(21,301)	800,249
Balance at end of period	(661,154)	16,868,454	420,164	290,138	710,303	17,578,757



## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022
Cash flows from operating activities		
Profit before income taxes	660,764	1,740,663
Depreciation	830,508	743,414
Impairment losses	152,531	4,118
Increase (decrease) in provision for bonuses	(6,570)	(1,470)
Increase (decrease) in provision for retirement benefits	5,336	5,858
Decrease (increase) in prepaid pension costs	(246,746)	(24,129)
Increase (decrease) in allowance for doubtful accounts	1,400	(3,200)
Interest expenses	28,359	28,262
Interest and dividend income	(35,869)	(40,291)
Loss (gain) on sale of investment securities	10,009	23,811
Loss (gain) on valuation of investment securities	19,323	–
Loss on valuation of shares of subsidiaries and associates	–	311,749
Loss (gain) on sale and retirement of non-current assets	26,805	46,648
Decrease (increase) in trade receivables	16,750	(129,522)
Decrease (increase) in inventories	297,805	169,883
Increase (decrease) in trade payables	(324,934)	(63,424)
Increase (decrease) in accrued consumption taxes	102,511	43,839
Other, net	220,304	100,683
Subtotal	1,758,290	2,956,894
Interest and dividends received	31,391	39,907
Interest paid	(28,237)	(24,835)
Income taxes paid	(126,228)	(345,874)
Net cash provided by (used in) operating activities	1,635,216	2,626,092
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	490,000	–
Purchase of securities	(299,977)	–
Proceeds from sale and redemption of securities	1,499,976	–
Purchase of property, plant and equipment and intangible assets	(674,612)	(343,234)
Payments for asset retirement obligations	–	(34,102)
Purchase of investment securities	(5,407)	(5,559)
Proceeds from sale and redemption of investment securities	55,541	76,742
Purchase of shares of subsidiaries and associates	(400,000)	–
Loan advances	–	(480)
Loan advances to subsidiaries and associates	(650,000)	(100,000)
Proceeds from collection of loans receivable	415	320
Collection of loans receivable from subsidiaries and affiliates	50,000	–
Payments of leasehold and guarantee deposits	(7,567)	(5,274)
Proceeds from refund of leasehold and guarantee deposits	9,329	84,210
Purchase of long-term prepaid expenses	(300)	(150)
Other payments	(26,104)	(18,291)
Other proceeds	102,124	534
Net cash provided by (used in) investing activities	143,416	(345,283)

(Thousands of yen)

	Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(100,000)
Net decrease (increase) in treasury shares	(2,809)	(2,212)
Dividends paid	(175,217)	(212,046)
Net cash provided by (used in) financing activities	(178,026)	(314,259)
Net increase (decrease) in cash and cash equivalents	1,600,606	1,966,549
Cash and cash equivalents at beginning of period	1,816,581	3,417,188
Cash and cash equivalents at end of period	3,417,188	5,383,737