

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended July 31, 2022 (Based on Japanese GAAP)

September 7, 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 to file Quarterly Securities Report: September 7, 2022  
 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. Consolidated financial results for the six months ended July 31, 2022 (from February 1, 2022 to July 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended July 31, 2022	14,568	–	796	–	984	–	627	–
Six months ended July 31, 2021	–	–	–	–	–	–	–	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2022	89.18		–	
Six months ended July 31, 2021	–		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2022	24,418	17,692	72.5
As of January 31, 2022	–	–	–

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, 2022	–	0.00	–	90.00	90.00
Year ending January 31, 2023	–	0.00	–	–	–
Year ending January 31, 2023 (Forecast)	–	–	–	45.00	45.00

3. Forecast of 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 attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	31,360	–	1,750	–	1,950	–	1,170	–	166.35

4. Notes

- (1) Changes in significant subsidiaries during the six months ended July 31, 2022  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

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

As of July 31, 2022	301,434 shares	As of January 31, 2022	304,988 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, 2022	7,034,919 shares	Six months ended July 31, 2021	7,032,426 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

As of July 31, 2022

Assets	
Current assets	
Cash and deposits	7,645,030
Notes and accounts receivable - trade	3,311,972
Merchandise and finished goods	785,474
Work in process	873,882
Raw materials and supplies	530,717
Other	154,408
Allowance for doubtful accounts	(12,930)
Total current assets	13,288,556
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	2,554,235
Land	3,644,738
Other, net	1,767,424
Total property, plant and equipment	7,966,399
Intangible assets	
Other	118,935
Total intangible assets	118,935
Investments and other assets	
Investment securities	1,611,388
Retirement benefit asset	532,791
Other	900,256
Total investments and other assets	3,044,436
Total non-current assets	11,129,771
Total assets	24,418,328
Liabilities	
Current liabilities	
Notes and accounts payable - trade	954,847
Electronically recorded obligations - operating	993,698
Short-term borrowings	1,630,000
Income taxes payable	375,914
Provision for bonuses	230,030
Other	1,827,409
Total current liabilities	6,011,900
Non-current liabilities	
Retirement benefit liability	82,821
Other	631,098
Total non-current liabilities	713,919
Total liabilities	6,725,820

(Thousands of yen)

As of July 31, 2022

Net assets	
Shareholders' equity	
Share capital	3,737,467
Capital surplus	3,926,610
Retained earnings	10,146,499
Treasury shares	(653,684)
Total shareholders' equity	<u>17,156,892</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	463,061
Revaluation reserve for land	290,138
Remeasurements of defined benefit plans	(217,585)
Total accumulated other comprehensive income	<u>535,615</u>
Total net assets	<u>17,692,507</u>
Total liabilities and net assets	<u>24,418,328</u>

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

	(Thousands of yen)
	Six months ended
	July 31, 2022
Net sales	14,568,111
Cost of sales	6,787,852
Gross profit	7,780,259
Selling, general and administrative expenses	6,983,863
Operating profit	796,395
Non-operating income	
Dividend income	64,729
Compensation income	97,820
Other	40,409
Total non-operating income	202,958
Non-operating expenses	
Interest expenses	12,724
Other	2,529
Total non-operating expenses	15,254
Ordinary profit	984,099
Extraordinary losses	
Loss on sale and retirement of non-current assets	9,011
Loss on sale of investment securities	16,697
Total extraordinary losses	25,709
Profit before income taxes	958,390
Income taxes	331,042
Profit	627,348
Profit attributable to owners of parent	627,348

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2022
Profit	627,348
Other comprehensive income	
Valuation difference on available-for-sale securities	42,897
Remeasurements of defined benefit plans, net of tax	16,462
Total other comprehensive income	59,360
Comprehensive income	686,708
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	686,708
Comprehensive income attributable to non-controlling interests	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2022
<b>Cash flows from operating activities</b>	
Profit before income taxes	958,390
Depreciation	350,919
Increase (decrease) in provision for bonuses	7,290
Increase (decrease) in retirement benefit liability	215
Decrease (increase) in retirement benefit asset	(9,632)
Increase (decrease) in allowance for doubtful accounts	(11,770)
Interest expenses	12,724
Interest and dividend income	(64,729)
Loss (gain) on sale of investment securities	16,697
Loss (gain) on sale and retirement of non-current assets	9,011
Decrease (increase) in trade receivables	2,539,450
Decrease (increase) in inventories	493,833
Increase (decrease) in trade payables	(641,174)
Other, net	(211,043)
Subtotal	<u>3,450,182</u>
Interest and dividends received	64,726
Interest paid	(14,193)
Income taxes paid	(581,667)
Net cash provided by (used in) operating activities	<u>2,919,048</u>
<b>Cash flows from investing activities</b>	
Payments into time deposits	(490,000)
Purchase of property, plant and equipment and intangible assets	(253,701)
Purchase of investment securities	(2,797)
Proceeds from sale and redemption of investment securities	43,810
Other, net	(16,900)
Net cash provided by (used in) investing activities	<u>(719,589)</u>
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	(150,000)
Repayments of lease obligations	(7,024)
Net decrease (increase) in treasury shares	(520)
Dividends paid	(314,812)
Net cash provided by (used in) financing activities	<u>(472,357)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,727,101</u>
Cash and cash equivalents at beginning of period	5,383,737
Beginning balance in cash and cash equivalents resulting from newly consolidation of subsidiaries	44,192
Cash and cash equivalents at end of period	<u>7,155,030</u>