

Translation

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Summary of Consolidated Financial Results for the Year Ended January 31, 2023 (Based on Japanese GAAP)

March 16, 2023

Company name: Morozoff Limited
 Stock exchange listing: Tokyo
 Stock code: 2217 URL <https://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 25, 2023
 Scheduled date to file Securities Report: April 26, 2023
 Scheduled date to commence dividend payments: April 26, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended January 31, 2023 (from February 1, 2022 to January 31, 2023)

(1) Consolidated operating results

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	%
Year ended January 31, 2023	32,505	–	2,423	–	2,615	–	1,703	–
Year ended January 31, 2022	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2023	242.08	–	9.2	9.8	7.5
Year ended January 31, 2022	–	–	–	–	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of January 31, 2023	26,595	18,580	69.9	2,640.42
As of January 31, 2022	–	–	–	–

(3) 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, 2023	2,200	(1,540)	(440)	5,647
Year ended January 31, 2022	–	–	–	–

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (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, 2022	–	–	–	90.00	90.00	316	–	–
Year ended January 31, 2023	–	–	–	65.00	65.00	457	26.9	2.5
Year ending January 31, 2024 (Forecast)	–	–	–	55.00	55.00		34.2	

3. Forecast of consolidated financial results for the year ending January 31, 2024 (from February 1, 2023 to January 31, 2024)

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
Six months ending July 31, 2023	14,710	1.0	440	(44.8)	530	(46.1)	310	(50.6)	44.06
Full year	32,570	0.2	1,710	(29.4)	1,800	(31.2)	1,130	(33.7)	160.60

4. Notes

(1) Changes in significant subsidiaries during the year ended January 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): 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: Yes

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 January 31, 2023	7,088,452 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 January 31, 2023	51,604 shares	As of January 31, 2022	304,988 shares
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Average number of shares during the period

Year ended January 31, 2023	7,035,930 shares	Year ended January 31, 2022	7,033,026 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of January 31, 2023

Assets	
Current assets	
Cash and deposits	6,137,290
Accounts receivable - trade	6,512,340
Securities	499,950
Merchandise and finished goods	1,917,312
Work in process	283,427
Raw materials and supplies	474,326
Other	96,783
Allowance for doubtful accounts	(1,500)
Total current assets	15,919,931
Non-current assets	
Property, plant and equipment	
Buildings and structures	7,918,864
Accumulated depreciation	(5,395,022)
Buildings and structures, net	2,523,842
Machinery, equipment and vehicles	7,187,366
Accumulated depreciation	(5,985,811)
Machinery, equipment and vehicles, net	1,201,555
Tools, furniture and fixtures	2,910,094
Accumulated depreciation	(2,553,269)
Tools, furniture and fixtures, net	356,824
Land	3,644,738
Leased assets	98,347
Accumulated depreciation	(31,361)
Leased assets, net	66,986
Construction in progress	1,689
Total property, plant and equipment	7,795,636
Intangible assets	
Software	54,940
Other	84,746
Total intangible assets	139,687
Investments and other assets	
Investment securities	1,607,710
Retirement benefit asset	253,970
Other	879,015
Total investments and other assets	2,740,696
Total non-current assets	10,676,019
Total assets	26,595,951

(Thousands of yen)

As of January 31, 2023

Liabilities	
Current liabilities	
Notes and accounts payable - trade	884,677
Electronically recorded obligations - operating	1,993,360
Short-term borrowings	1,670,000
Income taxes payable	608,273
Accrued expenses	1,063,291
Provision for bonuses	227,180
Other	903,956
Total current liabilities	7,350,739
Non-current liabilities	
Deferred tax liabilities	80,641
Deferred tax liabilities for land revaluation	202,735
Retirement benefit liability	81,333
Other	300,284
Total non-current liabilities	664,995
Total liabilities	8,015,734
Net assets	
Shareholders' equity	
Share capital	3,737,467
Capital surplus	3,918,352
Retained earnings	10,688,523
Treasury shares	(112,182)
Total shareholders' equity	18,232,161
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	474,108
Revaluation reserve for land	290,138
Remeasurements of defined benefit plans	(416,193)
Total accumulated other comprehensive income	348,054
Total net assets	18,580,216
Total liabilities and net assets	26,595,951

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2023
Net sales	32,505,834
Cost of sales	15,552,631
Gross profit	16,953,202
Selling, general and administrative expenses	14,529,444
Operating profit	2,423,757
Non-operating income	
Dividend income	77,575
Electricity sale income	11,777
Compensation income	101,293
Other	31,089
Total non-operating income	221,736
Non-operating expenses	
Interest expenses	24,672
Electricity sale expenses	3,767
Other	1,295
Total non-operating expenses	29,736
Ordinary profit	2,615,757
Extraordinary income	
Gain on sale of investment securities	23,052
Total extraordinary income	23,052
Extraordinary losses	
Loss on sale and retirement of non-current assets	27,757
Loss on sale of investment securities	16,697
Total extraordinary losses	44,455
Profit before income taxes	2,594,354
Income taxes - current	880,635
Income taxes - deferred	10,484
Total income taxes	891,120
Profit	1,703,234
Profit attributable to owners of parent	1,703,234

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended January 31, 2023
Profit	1,703,234
Other comprehensive income	
Valuation difference on available-for-sale securities	53,944
Remeasurements of defined benefit plans, net of tax	(182,144)
Total other comprehensive income	(128,200)
Comprehensive income	1,575,034
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,575,034
Comprehensive income attributable to non-controlling interests	—

Consolidated statements of changes in equity

Fiscal year ended January 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,737,467	3,921,651	9,835,656	(661,154)	16,833,621
Changes during period					
Purchase of treasury shares				(1,477)	(1,477)
Disposal of treasury shares		4,984		8,304	13,289
Cancellation of treasury shares		(8,283)	(533,862)	542,145	–
Dividends of surplus			(316,505)		(316,505)
Profit attributable to owners of parent			1,703,234		1,703,234
Net changes in items other than shareholders' equity					
Total changes during period	–	(3,298)	852,866	548,972	1,398,540
Balance at end of period	3,737,467	3,918,352	10,688,523	(112,182)	18,232,161

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	420,164	290,138	(234,048)	476,254	17,309,876
Changes during period					
Purchase of treasury shares					(1,477)
Disposal of treasury shares					13,289
Cancellation of treasury shares					–
Dividends of surplus					(316,505)
Profit attributable to owners of parent					1,703,234
Net changes in items other than shareholders' equity	53,944	–	(182,144)	(128,200)	(128,200)
Total changes during period	53,944	–	(182,144)	(128,200)	1,270,340
Balance at end of period	474,108	290,138	(416,193)	348,054	18,580,216

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2023
Cash flows from operating activities	
Profit before income taxes	2,594,354
Depreciation	759,645
Increase (decrease) in provision for bonuses	4,440
Increase (decrease) in retirement benefit liability	176
Decrease (increase) in retirement benefit asset	(18,356)
Increase (decrease) in allowance for doubtful accounts	(23,200)
Interest expenses	24,672
Interest and dividend income	(77,575)
Loss (gain) on sale of investment securities	(6,354)
Loss (gain) on sale and retirement of non-current assets	27,757
Decrease (increase) in trade receivables	(660,917)
Decrease (increase) in inventories	(58,144)
Increase (decrease) in trade payables	288,318
Increase (decrease) in accrued consumption taxes	17,533
Other, net	211,947
Subtotal	<u>3,084,297</u>
Interest and dividends received	77,571
Interest paid	(25,899)
Income taxes paid	(935,230)
Net cash provided by (used in) operating activities	<u>2,200,739</u>
Cash flows from investing activities	
Payments into time deposits	(980,000)
Proceeds from withdrawal of time deposits	490,000
Purchase of securities	(499,950)
Purchase of property, plant and equipment and intangible assets	(611,135)
Proceeds from sale of property, plant and equipment and intangible assets	48
Payments for asset retirement obligations	(11,323)
Purchase of investment securities	(5,642)
Proceeds from sale of investment securities	78,986
Proceeds from collection of loans receivable	470
Payments of leasehold and guarantee deposits	(18,792)
Proceeds from refund of leasehold and guarantee deposits	35,006
Other payments	(18,361)
Net cash provided by (used in) investing activities	<u>(1,540,695)</u>
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(110,000)
Repayments of lease liabilities	(14,049)
Net decrease (increase) in treasury shares	(1,145)
Dividends paid	(315,487)
Net cash provided by (used in) financing activities	<u>(440,683)</u>
Net increase (decrease) in cash and cash equivalents	<u>219,360</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>5,647,290</u>