

Translation

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Summary of Consolidated Financial Results for the Year Ended January 31, 2024 (Based on Japanese GAAP)

March 15, 2024

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, 2024
 Scheduled date to file Securities Report: April 26, 2024
 Scheduled date to commence dividend payments: April 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended January 31, 2024 (from February 1, 2023 to January 31, 2024)

(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, 2024	34,933	7.5	2,474	2.1	2,517	(3.7)	1,715	0.7
Year ended January 31, 2023	32,505	–	2,423	–	2,615	–	1,703	–

	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, 2024	244.64	–	9.0	9.2	7.1
Year ended January 31, 2023	242.08	–	9.2	9.8	7.5

(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, 2024	27,919	19,719	70.6	2,850.79
As of January 31, 2023	26,595	18,580	69.9	2,640.42

(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, 2024	2,117	(456)	(1,011)	6,640
Year ended January 31, 2023	2,200	(1,540)	(440)	5,647

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, 2023	–	0.00	–	65.00	65.00	457	26.9	2.5
Year ended January 31, 2024	–	0.00	–	98.00	98.00	677	40.1	3.6
Year ending January 31, 2025 (Forecast)	–	35.00	–	43.00	78.00		40.5	

3. Forecast of consolidated financial results for the year ending January 31, 2025 (from February 1, 2024 to January 31, 2025)

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, 2024	16,050	1.9	790	(5.3)	820	(4.2)	540	0.1	77.00
Full year	35,370	1.2	2,120	(14.3)	2,170	(13.8)	1,350	(21.3)	192.49

4. Notes

(1) Changes in significant subsidiaries during the year ended January 31, 2024

(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: 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 January 31, 2024	7,088,452 shares	As of January 31, 2023	7,088,452 shares
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Number of treasury shares at the end of the period

As of January 31, 2024	171,117 shares	As of January 31, 2023	51,604 shares
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Average number of shares during the period

Year ended January 31, 2024	7,013,172 shares	Year ended January 31, 2023	7,035,930 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of January 31, 2023	As of January 31, 2024
Assets		
Current assets		
Cash and deposits	6,137,290	7,130,761
Accounts receivable - trade	6,512,340	6,726,775
Securities	499,950	499,950
Merchandise and finished goods	1,917,312	2,144,975
Work in process	283,427	338,301
Raw materials and supplies	474,326	497,382
Other	96,783	115,363
Allowance for doubtful accounts	(1,500)	(1,000)
Total current assets	15,919,931	17,452,510
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,918,864	7,952,739
Accumulated depreciation	(5,395,022)	(5,642,370)
Buildings and structures, net	2,523,842	2,310,368
Machinery, equipment and vehicles	7,187,366	7,307,027
Accumulated depreciation	(5,985,811)	(6,206,545)
Machinery, equipment and vehicles, net	1,201,555	1,100,482
Tools, furniture and fixtures	2,910,094	2,987,153
Accumulated depreciation	(2,553,269)	(2,635,129)
Tools, furniture and fixtures, net	356,824	352,024
Land	3,644,738	3,644,738
Leased assets	98,347	111,871
Accumulated depreciation	(31,361)	(47,020)
Leased assets, net	66,986	64,850
Construction in progress	1,689	125,601
Total property, plant and equipment	7,795,636	7,598,065
Intangible assets		
Software	54,940	141,670
Other	84,746	49,834
Total intangible assets	139,687	191,505
Investments and other assets		
Investment securities	1,607,710	1,496,133
Retirement benefit asset	253,970	277,639
Other	879,015	903,891
Total investments and other assets	2,740,696	2,677,664
Total non-current assets	10,676,019	10,467,235
Total assets	26,595,951	27,919,745

(Thousands of yen)

	As of January 31, 2023	As of January 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	884,677	1,048,751
Electronically recorded obligations - operating	1,993,360	2,185,384
Short-term borrowings	1,670,000	1,590,000
Income taxes payable	608,273	553,000
Accrued expenses	1,063,291	1,075,832
Provision for bonuses	227,180	206,050
Other	903,956	874,728
Total current liabilities	7,350,739	7,533,747
Non-current liabilities		
Deferred tax liabilities	80,641	86,959
Deferred tax liabilities for land revaluation	202,735	202,735
Retirement benefit liability	81,333	80,692
Other	300,284	295,745
Total non-current liabilities	664,995	666,132
Total liabilities	8,015,734	8,199,880
Net assets		
Shareholders' equity		
Share capital	3,737,467	3,737,467
Capital surplus	3,918,352	3,922,552
Retained earnings	10,688,523	12,146,385
Treasury shares	(112,182)	(565,558)
Total shareholders' equity	18,232,161	19,240,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	474,108	486,662
Revaluation reserve for land	290,138	290,138
Foreign currency translation adjustment	–	86,331
Remeasurements of defined benefit plans	(416,193)	(384,115)
Total accumulated other comprehensive income	348,054	479,017
Total net assets	18,580,216	19,719,864
Total liabilities and net assets	26,595,951	27,919,745

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

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Net sales	32,505,834	34,933,847
Cost of sales	15,552,631	16,954,864
Gross profit	16,953,202	17,978,983
Selling, general and administrative expenses	14,529,444	15,504,590
Operating profit	2,423,757	2,474,392
Non-operating income		
Dividend income	77,575	32,286
Electricity sale income	11,777	11,564
Other	132,383	28,491
Total non-operating income	221,736	72,341
Non-operating expenses		
Interest expenses	24,672	23,450
Electricity sale expenses	3,767	3,524
Other	1,295	1,994
Total non-operating expenses	29,736	28,969
Ordinary profit	2,615,757	2,517,764
Extraordinary income		
Gain on sale of investment securities	23,052	157,263
Total extraordinary income	23,052	157,263
Extraordinary losses		
Loss on sale and retirement of non-current assets	27,757	13,286
Loss on sale of investment securities	16,697	–
Impairment losses	–	37,962
Total extraordinary losses	44,455	51,248
Profit before income taxes	2,594,354	2,623,779
Income taxes - current	880,635	920,551
Income taxes - deferred	10,484	(12,461)
Total income taxes	891,120	908,090
Profit	1,703,234	1,715,689
Profit attributable to owners of parent	1,703,234	1,715,689

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Profit	1,703,234	1,715,689
Other comprehensive income		
Valuation difference on available-for-sale securities	53,944	12,553
Foreign currency translation adjustment	–	44,361
Remeasurements of defined benefit plans, net of tax	(182,144)	32,077
Total other comprehensive income	(128,200)	88,992
Comprehensive income	1,575,034	1,804,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,575,034	1,804,681
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	Foreign currency translation adjustment	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

Fiscal year ended January 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,737,467	3,918,352	10,688,523	(112,182)	18,232,161
Changes during period					
Purchase of treasury shares				(459,797)	(459,797)
Disposal of treasury shares		4,199		6,421	10,620
Change in scope of consolidation			199,567		199,567
Dividends of surplus			(457,395)		(457,395)
Profit attributable to owners of parent			1,715,689		1,715,689
Net changes in items other than shareholders' equity					
Total changes during period	–	4,199	1,457,861	(453,376)	1,008,684
Balance at end of period	3,737,467	3,922,552	12,146,385	(565,558)	19,240,846

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	474,108	290,138	–	(416,193)	348,054	18,580,216
Changes during period						
Purchase of treasury shares						(459,797)
Disposal of treasury shares						10,620
Change in scope of consolidation						199,567
Dividends of surplus						(457,395)
Profit attributable to owners of parent						1,715,689
Net changes in items other than shareholders' equity	12,553	–	86,331	32,077	130,963	130,963
Total changes during period	12,553	–	86,331	32,077	130,963	1,139,648
Balance at end of period	486,662	290,138	86,331	(384,115)	479,017	19,719,864

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,594,354	2,623,779
Depreciation	759,645	727,739
Impairment losses	–	37,962
Increase (decrease) in provision for bonuses	4,440	(21,130)
Increase (decrease) in retirement benefit liability	176	1,460
Decrease (increase) in retirement benefit asset	(18,356)	20,436
Increase (decrease) in allowance for doubtful accounts	(23,200)	(500)
Interest expenses	24,672	23,450
Interest and dividend income	(77,575)	(32,286)
Loss (gain) on sale of investment securities	(6,354)	(157,263)
Loss (gain) on sale and retirement of non-current assets	27,757	13,286
Decrease (increase) in trade receivables	(660,917)	(153,560)
Decrease (increase) in inventories	(58,144)	(265,559)
Increase (decrease) in trade payables	288,318	324,078
Increase (decrease) in accrued consumption taxes	17,533	(89,431)
Other, net	211,947	43,473
Subtotal	3,084,297	3,095,937
Interest and dividends received	77,571	32,236
Interest paid	(25,899)	(23,943)
Income taxes paid	(935,230)	(986,834)
Net cash provided by (used in) operating activities	2,200,739	2,117,394
Cash flows from investing activities		
Payments into time deposits	(980,000)	(980,000)
Proceeds from withdrawal of time deposits	490,000	980,000
Purchase of securities	(499,950)	(999,912)
Proceeds from sale and redemption of securities	–	999,952
Purchase of property, plant and equipment and intangible assets	(611,135)	(607,208)
Proceeds from sale of property, plant and equipment and intangible assets	48	18
Payments for asset retirement obligations	(11,323)	–
Purchase of investment securities	(5,642)	(3,984)
Proceeds from sale of investment securities	78,986	175,309
Loan advances	–	(2,400)
Proceeds from collection of loans receivable	470	1,004
Payments of leasehold and guarantee deposits	(18,792)	(9,399)
Proceeds from refund of leasehold and guarantee deposits	35,006	9,072
Other payments	(18,361)	(19,192)
Net cash provided by (used in) investing activities	(1,540,695)	(456,741)

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(110,000)	(80,000)
Repayments of lease liabilities	(14,049)	(15,659)
Net decrease (increase) in treasury shares	(1,145)	(459,883)
Dividends paid	(315,487)	(455,739)
Net cash provided by (used in) financing activities	(440,683)	(1,011,282)
Effect of exchange rate change on cash and cash equivalents	–	36,587
Net increase (decrease) in cash and cash equivalents	219,360	685,958
Cash and cash equivalents at beginning of period	5,383,737	5,647,290
Beginning balance in cash and cash equivalents resulting from newly consolidation of subsidiaries	44,192	307,512
Cash and cash equivalents at end of period	5,647,290	6,640,761