

## MORESCO (5018)

Consolidated Fiscal Year (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY02/2021	24,479	842	1,030	518	54.09	40.00	1,695.81
FY02/2022	27,300	1,434	2,011	1,808	192.76	40.00	1,914.94
FY02/2023CoE	30,500	1,850	2,200	1,300	138.59	40.00	-
FY02/2022	YoY	11.5%	70.3%	95.3%	249.1%	-	-
FY02/2023CoE	YoY	11.7%	29.0%	9.4%	(28.1%)	-	-

Source: Company Data, WRJ Calculation

### 1.0 Results Update (14 April 2022)

#### V-shaped Recovery


On 12 April 2022, MORESCO, running operations of R&D, manufacture and sale of chemicals used in diverse domains, mainly automobiles, hygiene products and IT-related equipment, released its FY02/2022 results. It has been revealed that the Company is seeing V-shaped recovery for sales and operating profit as a result of steadily capturing a recovery in demand for functional fluids, the mainstay by business division, as well as for other products. This trend is particularly pronounced for the operations in Japan, the mainstay by region, which appears to be assumed to be persisting in FY02/2023 Company forecasts. Meanwhile, most recently, the Company has been seeing a hike in unit purchase prices of raw materials in response to sharp rise in crude oil prices. Still, the Company suggests that this has been passed on to unit selling prices to more than a certain extent, going for a further continuation of V-shaped recovery for sales and operating profit in FY02/2023 Company forecasts. By the way, we are to view the Company's results briefing on the web, scheduled to be held on 18 April 2022, which is to be followed by our interview with management. Based on the contents of both, we are planning to launch the first full report on the Company.

IR Representative: Hirofumi Fujimoto Director, Senior Executive Officer and CFO

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## 2.0 Company Profile

### Interface Science Specialist

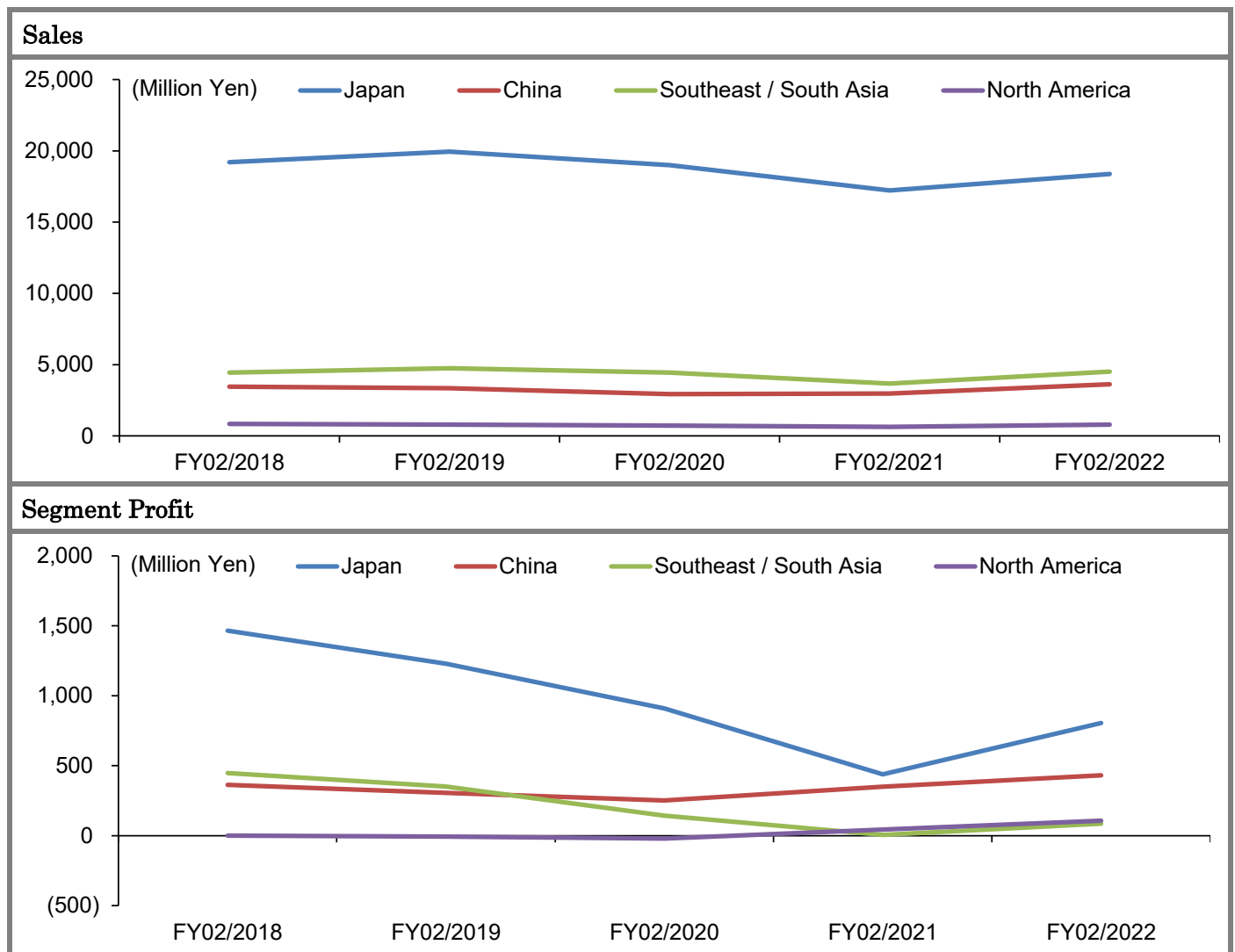
<b>Company Name</b>	MORESCO Corporation <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price (Japanese)</a>	
<b>Established</b>	27 October 1958	
<b>Listing</b>	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 5018) 14 February 2011: Tokyo Stock Exchange 1st section 29 July 2008: Tokyo Stock Exchange 2nd section 13 November 2003: JASDAQ Market	
<b>Capital</b>	¥2,118m (as of the end of February 2022)	
<b>No. of Shares</b>	9,696,500 shares, including 316,570 treasury shares (as of the end of Feb. 2022)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Independent (non-keiretsu) manufacturer of chemicals, some 40% exposed to automobiles in terms of sales</li> <li>● Focusing on niche market, while specializing in interface science</li> <li>● Developing, manufacturing and selling chemicals for lubrication, adhesive and surface protection</li> </ul>	
<b>Segments</b>	I . Japan II . China III. Southeast / South Asia IV. North America	
<b>Representative</b>	Representative Director, President & CEO: Motohisa Morozumi	
<b>Shareholders</b>	Matsumura Oil 11.38%, Cosmo Oil Lubricants 5.36%, Mater Trust Bank of Japan, T. 4.99% (as of the end of August 2021, but for treasury shares)	
<b>Head Office</b>	Kobe-city, Hyogo-prefecture, JAPAN	
<b>No. of Personnel</b>	Consolidated: 789, Parent: 384 (as of the end of February 2022)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### FY02/2022

In FY02/2022, sales came in at ¥27,300m (up 11.5% YoY), operating profit ¥1,434m (up 70.3%), recurring profit ¥2,011m (up 95.3%) and profit attributable to owners of parent ¥1,808m (up 249.1%), while operating profit margin 5.3% (up 1.8% points). Meanwhile, gross profit came in at ¥8,725m (up 11.3%) and SG&A expenses ¥7,291m (up 4.2%), implying gross profit margin of 32.0% (down 0.1% point) and sales to SG&A expenses ratio of 26.7% (down 1.9% points).



Source: Company Data, WRJ Calculation

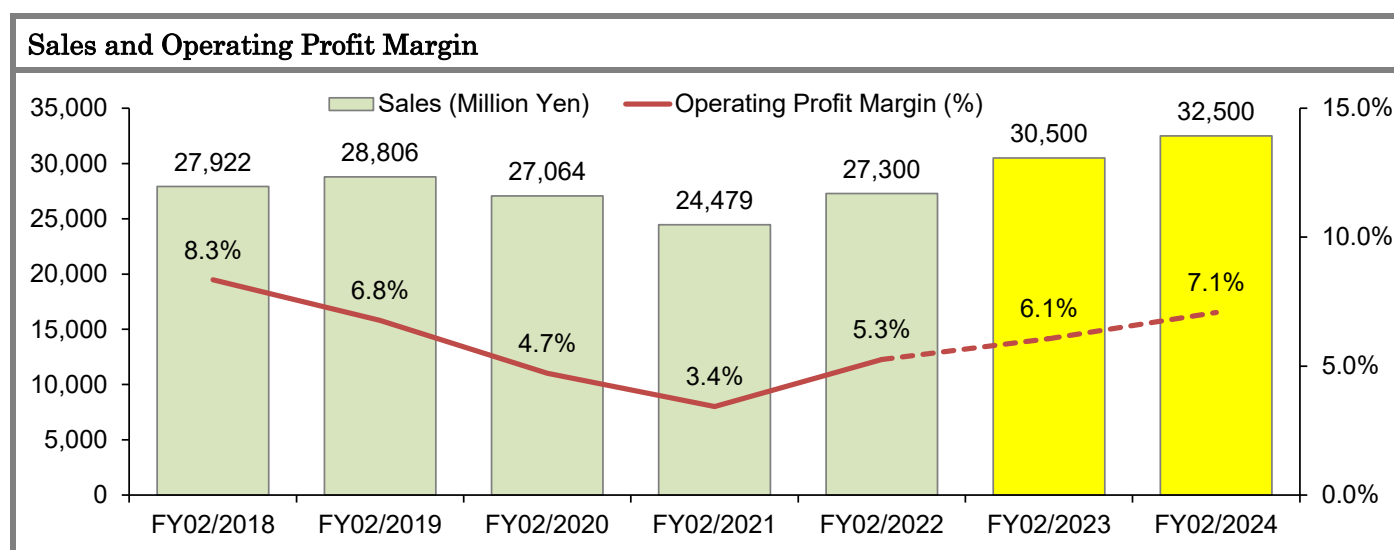
For Q4 (December to February), it appears that the Company suffered from a negative impact stemming from a rise in purchase prices of raw materials in response to the rise in crude oil prices, but gross profit margin has remained almost stable on a full-year basis. Meanwhile, the Company has benefited from lowered ratio of SG&A expenses as a result of increased sales, having seen an improvement in operating profit margin to a corresponding extent, generally speaking.

Meanwhile, the Company saw an improvement by ¥389m (¥188m to ¥577m) at the non-operating level, having accelerated the growth rate of recurring profit to a corresponding extent, which was basically in line with an improvement by ¥372m (minus ¥125m to ¥247m) for forex profit/loss balance. On top of this, the Company has booked a gain of ¥833m on sale of fixed assets at the extraordinary level, having enlarged increase in profit attributable to owners of parent to a corresponding extent. At the end of the day, FY02/2023 Company forecasts inevitably assume both of them not to reappear.

For operations in Japan, the mainstay by region, the Company saw sales of ¥18,385m (up 6.8%), segment profit of ¥805m (up 83.9%) and segment profit margin of 4.4% (up 1.8%), which drove V-shaped recovery in sales and operating profit for the Company as a whole. The Company has successfully made progress in sales promotions for products on which it focuses, while having pulled out of unprofitable products at the same time.

### FY02/2023 Company Forecasts

FY02/2023 Company forecasts (announced on 12 April 2022) are going for prospective sales of ¥30,500m (up 11.7% YoY), operating profit of ¥1,850m (up 29.0%), recurring profit of ¥2,200m (up 9.4%) and profit attributable to owners of parent of ¥1,300m (down 28.1%), while operating profit margin of 6.1% (up 0.8% points). At the same time, Company forecasts are going for prospective annual dividend of ¥40.00 per share, implying payout ratio of 28.9%.



Source: Company Data, WRJ Calculation

By the way, MORESCO 9th midterm management plan (FY02/2022 to FY02/2024) is calling for prospective sales of ¥32,500m, operating profit of ¥2,300m and operating profit margin of 7.1% as performance target (revised on 22 February 2022 most lately) in FY02/2024, the final year. The Company saw FY02/2022 results basically in line, while FY02/2023 Company forecasts being in line. Meanwhile, the plan is now calling for CAGR of 9.1% in sales and 26.6% for operating profit towards FY02/2024, when setting the FY02/2022 results as the point of origin, implying that V-shaped recovery in sales and operating after hitting the bottom in FY02/2022 is to persist from a midterm perspective. According to the Company, sales will remain firm for environmentally compatible products for the foreseeable future, while looking to ongoing sales expansion in India by region.

# 4.0 Financial Statements

## Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022	02/2022	
<b>Sales</b>	<b>5,884</b>	<b>11,348</b>	<b>17,968</b>	<b>24,479</b>	<b>6,656</b>	<b>13,366</b>	<b>20,415</b>	<b>27,300</b>	<b>27,300</b>	<b>+2,821</b>
Cost of Sales	3,978	7,812	12,155	16,640	4,332	8,822	13,643	18,575	18,575	+1,935
Gross Profit	1,905	3,536	5,813	7,838	2,324	4,544	6,772	8,725	8,725	+887
SG&A Expenses	1,763	3,436	5,172	6,996	1,805	3,621	5,397	7,291	7,291	+295
<b>Operating Profit</b>	<b>142</b>	<b>100</b>	<b>641</b>	<b>842</b>	<b>520</b>	<b>923</b>	<b>1,375</b>	<b>1,434</b>	<b>1,434</b>	<b>+592</b>
Non Operating Balance	(118)	(42)	15	188	201	240	357	577	577	+389
<b>Recurring Profit</b>	<b>24</b>	<b>58</b>	<b>656</b>	<b>1,030</b>	<b>721</b>	<b>1,163</b>	<b>1,732</b>	<b>2,011</b>	<b>2,011</b>	<b>+981</b>
Extraordinary Balance	-	-	(20)	(119)	834	833	833	833	833	+952
Profit before Income Taxes	24	58	636	911	1,555	1,996	2,565	2,844	2,844	+1,933
Total Income Taxes	32	99	237	240	379	527	685	831	831	+591
Profit Attributable to Non-Controlling Interests	9	49	96	153	81	110	150	205	205	+52
<b>Profit Attributable to Owners of Parent</b>	<b>(17)</b>	<b>(90)</b>	<b>303</b>	<b>518</b>	<b>1,095</b>	<b>1,359</b>	<b>1,730</b>	<b>1,808</b>	<b>1,808</b>	<b>+1,290</b>
Sales YoY	(13.2%)	(16.2%)	(12.1%)	(9.6%)	+13.1%	+17.8%	+13.6%	+11.5%	+11.5%	-
Operating Profit YoY	(54.0%)	(84.5%)	(40.7%)	(34.1%)	+265.0%	+820.0%	+114.5%	+70.3%	+70.3%	-
Recurring Profit YoY	(93.7%)	(92.1%)	(45.8%)	(34.3%)	-	-	+164.0%	+95.3%	+95.3%	-
Profit Attributable to Owners of Parent YoY	-	-	(49.9%)	(33.3%)	-	-	+471.0%	+249.1%	+249.1%	-
Gross Profit Margin	32.4%	31.2%	32.4%	32.0%	34.9%	34.0%	33.2%	32.0%	32.0%	(0.1%)
Sales to SG&A Expenses Ratio	30.0%	30.3%	28.8%	28.6%	27.1%	27.1%	26.4%	26.7%	26.7%	(1.9%)
Operating Profit Margin	2.4%	0.9%	3.6%	3.4%	7.8%	6.9%	6.7%	5.3%	5.3%	+1.8%
Recurring Profit Margin	0.4%	0.5%	3.7%	4.2%	10.8%	8.7%	8.5%	7.4%	7.4%	+3.2%
Profit Attributable to Owners of Parent Margin	(0.3%)	(0.8%)	1.7%	2.1%	16.5%	10.2%	8.5%	6.6%	6.6%	+4.5%
Total Income Taxes / Profit before Income Taxes	133.3%	170.7%	37.3%	26.3%	24.4%	26.4%	26.7%	29.2%	29.2%	+2.9%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022	02/2022	
<b>Sales</b>	<b>5,884</b>	<b>5,464</b>	<b>6,620</b>	<b>6,511</b>	<b>6,656</b>	<b>6,710</b>	<b>7,049</b>	<b>6,885</b>	<b>6,885</b>	<b>+374</b>
Cost of Sales	3,978	3,834	4,343	4,485	4,332	4,490	4,821	4,932	4,932	+447
Gross Profit	1,905	1,631	2,277	2,025	2,324	2,220	2,228	1,953	1,953	(72)
SG&A Expenses	1,763	1,673	1,736	1,824	1,805	1,816	1,776	1,894	1,894	+70
<b>Operating Profit</b>	<b>142</b>	<b>(42)</b>	<b>541</b>	<b>201</b>	<b>520</b>	<b>403</b>	<b>452</b>	<b>59</b>	<b>59</b>	<b>(142)</b>
Non Operating Balance	(118)	76	57	173	201	39	117	220	220	+47
<b>Recurring Profit</b>	<b>24</b>	<b>34</b>	<b>598</b>	<b>374</b>	<b>721</b>	<b>442</b>	<b>569</b>	<b>279</b>	<b>279</b>	<b>(95)</b>
Extraordinary Balance	-	-	(20)	(99)	834	(1)	-	-	-	+99
Profit before Income Taxes	24	34	578	275	1,555	441	569	279	279	+4
Total Income Taxes	32	67	138	3	379	148	158	146	146	+143
Profit Attributable to Non-Controlling Interests	9	40	47	57	81	29	40	55	55	(2)
<b>Profit Attributable to Owners of Parent</b>	<b>(17)</b>	<b>(73)</b>	<b>393</b>	<b>215</b>	<b>1,095</b>	<b>264</b>	<b>371</b>	<b>78</b>	<b>78</b>	<b>(137)</b>
Sales YoY	(13.2%)	(19.3%)	(4.0%)	(1.6%)	+13.1%	+22.8%	+6.5%	+5.7%	+5.7%	-
Operating Profit YoY	(54.0%)	-	+25.2%	+1.0%	+265.0%	-	(16.5%)	(70.6%)	(70.6%)	-
Recurring Profit YoY	(93.7%)	(90.4%)	+25.4%	+4.5%	-	-	(4.8%)	(25.4%)	(25.4%)	-
Profit Attributable to Owners of Parent YoY	-	-	+48.9%	+25.7%	-	-	(5.6%)	(63.7%)	(63.7%)	-
Gross Profit Margin	32.4%	29.8%	34.4%	31.1%	34.9%	33.1%	31.6%	28.4%	28.4%	(2.7%)
Sales to SG&A Expenses Ratio	30.0%	30.6%	26.2%	28.0%	27.1%	27.1%	25.2%	27.5%	27.5%	(0.5%)
Operating Profit Margin	2.4%	(0.8%)	8.2%	3.1%	7.8%	6.0%	6.4%	0.9%	0.9%	(2.2%)
Recurring Profit Margin	0.4%	0.6%	9.0%	5.7%	10.8%	6.6%	8.1%	4.1%	4.1%	(1.7%)
Profit Attributable to Owners of Parent Margin	(0.3%)	(1.3%)	5.9%	3.3%	16.5%	3.9%	5.3%	1.1%	1.1%	(2.2%)
Total Income Taxes / Profit before Income Taxes	133.3%	197.1%	23.9%	1.1%	24.4%	33.6%	27.8%	52.3%	52.3%	+51.2%

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative / Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
(Million Yen)	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022	02/2022	
Japan	4,123	8,029	12,807	17,220	4,537	9,053	13,843	18,385	+1,165	
China	497	1,189	2,042	2,957	830	1,677	2,612	3,625	+668	
Southeast / South Asia	1,066	1,857	2,667	3,671	1,080	2,205	3,345	4,501	+830	
North America	198	274	452	631	209	432	615	789	+158	
<b>Sales</b>	<b>5,884</b>	<b>11,348</b>	<b>17,968</b>	<b>24,479</b>	<b>6,656</b>	<b>13,366</b>	<b>20,415</b>	<b>27,300</b>	<b>+2,821</b>	
Japan	69	(8)	381	438	325	558	837	805	+367	
China	7	84	215	350	113	235	327	432	+82	
Southeast / South Asia	48	12	3	6	50	63	102	86	+80	
North America	28	15	40	43	35	76	101	107	+64	
<b>Segment Profit</b>	<b>153</b>	<b>103</b>	<b>640</b>	<b>837</b>	<b>523</b>	<b>932</b>	<b>1,367</b>	<b>1,431</b>	<b>+594</b>	
Adjustments	(10)	(3)	2	5	(3)	(9)	7	4	(1)	
<b>Operating Profit</b>	<b>142</b>	<b>100</b>	<b>641</b>	<b>842</b>	<b>520</b>	<b>923</b>	<b>1,375</b>	<b>1,434</b>	<b>+592</b>	
Japan	1.7%	(0.1%)	3.0%	2.5%	7.2%	6.2%	6.0%	4.4%	+1.8%	
China	1.4%	7.1%	10.5%	11.8%	13.6%	14.0%	12.5%	11.9%	+0.1%	
Southeast / South Asia	4.5%	0.6%	0.1%	0.2%	4.6%	2.9%	3.0%	1.9%	+1.7%	
North America	14.1%	5.5%	8.8%	6.8%	16.7%	17.6%	16.4%	13.6%	+6.7%	
Adjustments	(0.2%)	(0.0%)	0.0%	0.0%	(0.0%)	(0.1%)	0.0%	0.0%	(0.0%)	
<b>Operating Profit Margin</b>	<b>2.4%</b>	<b>0.9%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>7.8%</b>	<b>6.9%</b>	<b>6.7%</b>	<b>5.3%</b>	<b>+1.8%</b>	

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
(Million Yen)	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022	02/2022	
Japan	4,123	3,906	4,778	4,413	4,537	4,516	4,790	4,542	+129	
China	497	692	853	915	830	847	935	1,013	+98	
Southeast / South Asia	1,066	791	810	1,004	1,080	1,125	1,140	1,156	+152	
North America	198	76	178	179	209	223	183	174	(5)	
<b>Sales</b>	<b>5,884</b>	<b>5,464</b>	<b>6,620</b>	<b>6,511</b>	<b>6,656</b>	<b>6,710</b>	<b>7,049</b>	<b>6,885</b>	<b>+374</b>	
Japan	69	(77)	389	57	325	233	279	(32)	(89)	
China	7	77	131	135	113	122	92	105	(30)	
Southeast / South Asia	48	(36)	(9)	3	50	13	39	(16)	(19)	
North America	28	(13)	25	3	35	41	25	6	+3	
<b>Segment Profit</b>	<b>153</b>	<b>(50)</b>	<b>537</b>	<b>197</b>	<b>523</b>	<b>409</b>	<b>435</b>	<b>64</b>	<b>(133)</b>	
Adjustments	(10)	7	5	3	(3)	(6)	16	(3)	(6)	
<b>Operating Profit</b>	<b>142</b>	<b>(42)</b>	<b>541</b>	<b>201</b>	<b>520</b>	<b>403</b>	<b>452</b>	<b>59</b>	<b>(142)</b>	
Japan	1.7%	(2.0%)	8.1%	1.3%	7.2%	5.2%	5.8%	(0.7%)	(2.0%)	
China	1.4%	11.1%	15.4%	14.8%	13.6%	14.4%	9.8%	10.4%	(4.4%)	
Southeast / South Asia	4.5%	(4.6%)	(1.1%)	0.3%	4.6%	1.2%	3.4%	(1.4%)	(1.7%)	
North America	14.1%	(17.1%)	14.0%	1.7%	16.7%	18.4%	13.7%	3.4%	+1.8%	
Adjustments	(0.2%)	0.1%	0.1%	0.0%	(0.0%)	(0.1%)	0.2%	(0.0%)	(0.1%)	
<b>Operating Profit Margin</b>	<b>2.4%</b>	<b>(0.8%)</b>	<b>8.2%</b>	<b>3.1%</b>	<b>7.8%</b>	<b>6.0%</b>	<b>6.4%</b>	<b>0.9%</b>	<b>(2.2%)</b>	

Source: Company Data, WRJ Calculation

## Sales by Business Division (Cumulative / Quarterly)

Sales by Business Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2021	Q1 to Q2 02/2021	Q1 to Q3 02/2021	Q1 to Q4 02/2021	Q1 02/2022	Q1 to Q2 02/2022	Q1 to Q3 02/2022	Q1 to Q4 02/2022		
Functional Fluids	2,464	4,647	7,617	10,566	3,083	6,341	9,687	13,021		+2,455
Synthetic Lubricants	525	917	1,428	1,872	503	1,033	1,529	1,974		+102
Liquid Paraffine & Sulfonates	862	1,739	2,514	3,385	807	1,672	2,579	3,480		+95
Hot Melt Adhesives	1,625	3,301	5,058	6,807	1,671	3,325	5,086	6,785		(22)
Energy Device Materials	22	42	79	113	57	128	198	237		+124
Other	372	675	1,232	1,682	528	859	1,328	1,794		+112
<b>Chemical Business</b>	<b>5,870</b>	<b>11,321</b>	<b>17,928</b>	<b>24,425</b>	<b>6,648</b>	<b>13,358</b>	<b>20,407</b>	<b>27,292</b>		<b>+2,867</b>
<b>Office Building Rental Business</b>	<b>13</b>	<b>27</b>	<b>40</b>	<b>53</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>		<b>(45)</b>
<b>Sales</b>	<b>5,884</b>	<b>11,348</b>	<b>17,968</b>	<b>24,479</b>	<b>6,656</b>	<b>13,366</b>	<b>20,415</b>	<b>27,300</b>		<b>+2,821</b>
Functional Fluids	(21.5%)	(25.7%)	(20.0%)	(15.7%)	+25.1%	+36.5%	+27.2%	+23.2%		-
Synthetic Lubricants	+11.4%	(15.9%)	(13.2%)	(11.5%)	(4.3%)	+12.6%	+7.0%	+5.5%		-
Liquid Paraffine & Sulfonates	(10.6%)	(10.1%)	(11.1%)	(9.0%)	(6.4%)	(3.9%)	+2.6%	+2.8%		-
Hot Melt Adhesives	(5.5%)	(2.3%)	(2.1%)	(1.1%)	+2.8%	+0.7%	+0.5%	(0.3%)		-
Energy Device Materials	-	-	-	(10.3%)	+159.6%	+202.2%	+149.4%	+109.9%		-
Other	(9.8%)	(12.5%)	+9.0%	+3.3%	+41.8%	+27.3%	+7.8%	+6.6%		-
<b>Chemical Business</b>	<b>(13.2%)</b>	<b>(16.3%)</b>	<b>(12.1%)</b>	<b>(9.6%)</b>	<b>+13.2%</b>	<b>+18.0%</b>	<b>+13.8%</b>	<b>+11.7%</b>		-
<b>Office Building Rental Business</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(36.7%)</b>	<b>(68.3%)</b>	<b>(78.9%)</b>	<b>(84.2%)</b>		-
<b>Sales (YoY)</b>	<b>(13.2%)</b>	<b>(16.2%)</b>	<b>(12.1%)</b>	<b>(9.6%)</b>	<b>+13.1%</b>	<b>+17.8%</b>	<b>+13.6%</b>	<b>+11.5%</b>		-
Functional Fluids	41.9%	40.9%	42.4%	43.2%	46.3%	47.4%	47.5%	47.7%		-
Synthetic Lubricants	8.9%	8.1%	7.9%	7.6%	7.6%	7.7%	7.5%	7.2%		-
Liquid Paraffine & Sulfonates	14.6%	15.3%	14.0%	13.8%	12.1%	12.5%	12.6%	12.7%		-
Hot Melt Adhesives	27.6%	29.1%	28.2%	27.8%	25.1%	24.9%	24.9%	24.9%		-
Energy Device Materials	0.4%	0.4%	0.4%	0.5%	0.9%	1.0%	1.0%	0.9%		-
Other	6.3%	5.9%	6.9%	6.9%	7.9%	6.4%	6.5%	6.6%		-
<b>Chemical Business</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.9%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>		-
<b>Office Building Rental Business</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>		-
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-
Sales by Business Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2021	Q2 02/2021	Q3 02/2021	Q4 02/2021	Q1 02/2022	Q2 02/2022	Q3 02/2022	Q4 02/2022		
Functional Fluids	2,464	2,183	2,970	2,949	3,083	3,258	3,346	3,334		+385
Synthetic Lubricants	525	392	511	444	503	530	496	445		+1
Liquid Paraffine & Sulfonates	862	877	775	871	807	865	907	901		+30
Hot Melt Adhesives	1,625	1,676	1,757	1,749	1,671	1,654	1,761	1,699		(50)
Energy Device Materials	22	20	37	34	57	71	70	39		+5
Other	372	303	557	450	528	331	469	466		+16
<b>Chemical Business</b>	<b>5,870</b>	<b>5,451</b>	<b>6,607</b>	<b>6,497</b>	<b>6,648</b>	<b>6,710</b>	<b>7,049</b>	<b>6,885</b>		<b>+388</b>
<b>Office Building Rental Business</b>	<b>13</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>(13)</b>
<b>Sales</b>	<b>5,884</b>	<b>5,464</b>	<b>6,620</b>	<b>6,511</b>	<b>6,656</b>	<b>6,710</b>	<b>7,049</b>	<b>6,885</b>		<b>+374</b>
Functional Fluids	(21.5%)	(29.9%)	(9.2%)	(2.2%)	+25.1%	+49.2%	+12.7%	+13.1%		-
Synthetic Lubricants	+11.4%	(36.6%)	(8.1%)	(5.3%)	(4.3%)	+35.2%	(2.9%)	+0.2%		-
Liquid Paraffine & Sulfonates	(10.6%)	(9.5%)	(13.1%)	(2.6%)	(6.4%)	(1.4%)	+17.0%	+3.4%		-
Hot Melt Adhesives	(5.5%)	+1.0%	(1.7%)	+1.9%	+2.8%	(1.3%)	+0.2%	(2.9%)		-
Energy Device Materials	-	-	-	-	+159.6%	+255.0%	+89.2%	+14.7%		-
Other	(9.8%)	(23.7%)	+47.7%	+16.3%	+41.8%	+9.2%	(15.8%)	+3.6%		-
<b>Chemical Business</b>	<b>(13.2%)</b>	<b>(19.3%)</b>	<b>(4.1%)</b>	<b>(1.7%)</b>	<b>+13.2%</b>	<b>+23.1%</b>	<b>+6.7%</b>	<b>+6.0%</b>		-
<b>Office Building Rental Business</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(36.7%)</b>	<b>-</b>	<b>-</b>	<b>-</b>		-
<b>Sales (YoY)</b>	<b>(13.2%)</b>	<b>(19.3%)</b>	<b>(4.0%)</b>	<b>(1.6%)</b>	<b>+13.1%</b>	<b>+22.8%</b>	<b>+6.5%</b>	<b>+5.7%</b>		-
Functional Fluids	41.9%	40.0%	44.9%	45.3%	46.3%	48.6%	47.5%	48.4%		-
Synthetic Lubricants	8.9%	7.2%	7.7%	6.8%	7.6%	7.9%	7.0%	6.5%		-
Liquid Paraffine & Sulfonates	14.6%	16.1%	11.7%	13.4%	12.1%	12.9%	12.9%	13.1%		-
Hot Melt Adhesives	27.6%	30.7%	26.5%	26.9%	25.1%	24.6%	25.0%	24.7%		-
Energy Device Materials	0.4%	0.4%	0.6%	0.5%	0.9%	1.1%	1.0%	0.6%		-
Other	6.3%	5.5%	8.4%	6.9%	7.9%	4.9%	6.7%	6.8%		-
<b>Chemical Business</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.8%</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-
<b>Office Building Rental Business</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>		-
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022		
Cash and Deposit	4,183	4,128	3,350	4,108	4,521	3,988	4,090	4,001	(107)	
Accounts Receivables	5,978	5,286	6,344	6,643	6,479	6,337	6,800	6,844	+201	
Inventory	4,748	4,556	4,440	4,242	4,665	4,869	5,043	5,326	+1,084	
Other	455	370	365	311	545	413	343	436	+125	
<b>Current Assets</b>	<b>15,364</b>	<b>14,340</b>	<b>14,499</b>	<b>15,304</b>	<b>16,210</b>	<b>15,607</b>	<b>16,276</b>	<b>16,607</b>	<b>+1,303</b>	
Tangible Assets	8,773	8,732	8,519	8,518	7,811	7,842	7,954	8,304	(214)	
Intangible Assets	974	911	853	792	742	706	672	633	(159)	
Investments and Other Assets	2,654	2,627	2,805	3,093	3,238	3,182	3,320	3,465	+372	
<b>Fixed Assets</b>	<b>12,402</b>	<b>12,270</b>	<b>12,177</b>	<b>12,403</b>	<b>11,791</b>	<b>11,730</b>	<b>11,947</b>	<b>12,401</b>	<b>(2)</b>	
<b>Total Assets</b>	<b>27,766</b>	<b>26,610</b>	<b>26,676</b>	<b>27,707</b>	<b>28,001</b>	<b>27,337</b>	<b>28,223</b>	<b>29,008</b>	<b>+1,301</b>	
Accounts Payables	3,782	2,873	3,538	3,975	3,925	3,762	4,151	4,308	+333	
Short Term Debt	2,994	3,053	2,231	2,544	1,119	566	553	560	(1,984)	
Other	1,822	1,498	1,614	1,602	2,223	2,065	2,453	2,392	+790	
<b>Current Liabilities</b>	<b>8,598</b>	<b>7,424</b>	<b>7,383</b>	<b>8,121</b>	<b>7,267</b>	<b>6,393</b>	<b>7,157</b>	<b>7,260</b>	<b>(861)</b>	
Long Term Debt	1,120	1,005	890	775	660	545	430	350	(425)	
Other	583	612	589	649	568	587	590	847	+198	
<b>Fixed Liabilities</b>	<b>1,703</b>	<b>1,617</b>	<b>1,479</b>	<b>1,424</b>	<b>1,228</b>	<b>1,132</b>	<b>1,020</b>	<b>1,197</b>	<b>(227)</b>	
<b>Total Liabilities</b>	<b>10,301</b>	<b>9,041</b>	<b>8,862</b>	<b>9,545</b>	<b>8,495</b>	<b>7,525</b>	<b>8,178</b>	<b>8,457</b>	<b>(1,088)</b>	
<b>Shareholders' Equity</b>	<b>15,681</b>	<b>15,617</b>	<b>15,866</b>	<b>15,836</b>	<b>16,697</b>	<b>16,966</b>	<b>17,150</b>	<b>17,227</b>	<b>+1,391</b>	
Other	1,784	1,952	1,948	2,327	2,809	2,846	2,896	3,324	+997	
<b>Net Assets</b>	<b>17,465</b>	<b>17,569</b>	<b>17,814</b>	<b>18,163</b>	<b>19,506</b>	<b>19,812</b>	<b>20,046</b>	<b>20,551</b>	<b>+2,388</b>	
<b>Total Liabilities &amp; Net Assets</b>	<b>27,766</b>	<b>26,610</b>	<b>26,676</b>	<b>27,707</b>	<b>28,001</b>	<b>27,337</b>	<b>28,223</b>	<b>29,008</b>	<b>+1,301</b>	
Equity Capital	15,387	15,410	15,646	15,899	17,096	17,381	17,586	17,962	+2,063	
Interest Bearing Debt	4,114	4,058	3,121	3,319	1,779	1,111	983	910	(2,409)	
Net Debt	(69)	(70)	(229)	(789)	(2,742)	(2,877)	(3,107)	(3,091)	(2,302)	
Equity Ratio	55.4%	57.9%	58.7%	57.4%	61.1%	63.6%	62.3%	61.9%	-	
Net Debt Equity Ratio	(0.4%)	(0.5%)	(1.5%)	(5.0%)	(16.0%)	(16.6%)	(17.7%)	(17.2%)	-	
ROE (12 months)	3.7%	2.2%	3.0%	3.3%	10.0%	12.0%	11.7%	10.7%	-	
ROA (12 months)	4.3%	3.3%	3.7%	3.7%	6.2%	7.9%	7.7%	7.1%	-	
Days for Inventory Turnover	108	108	93	86	98	98	95	98	-	
Quick Ratio	118%	127%	131%	132%	151%	162%	152%	149%	-	
Current Ratio	179%	193%	196%	188%	223%	244%	227%	229%	-	

Source: Company Data, WRJ Calculation

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## Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	02/2021	02/2021	02/2021	02/2021	02/2022	02/2022	02/2022	02/2022		
Operating Cash Flow	-	696	-	2,088	-	1,327	-	2,333	+245	
Investing Cash Flow	-	(317)	-	(660)	-	1,043	-	603	+1,263	
<b>Operating Cash Flow and Investing Cash Flow</b>	<b>-</b>	<b>379</b>	<b>-</b>	<b>1,428</b>	<b>-</b>	<b>2,370</b>	<b>-</b>	<b>2,936</b>	<b>+1,508</b>	
Financing Cash Flow	-	152	-	(1,019)	-	(2,504)	-	(2,937)	(1,918)	

Source: Company Data, WRJ Calculation



**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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