

MORESCO Corporation

MORESCO Group delivers sustainable one-of-a-kind products

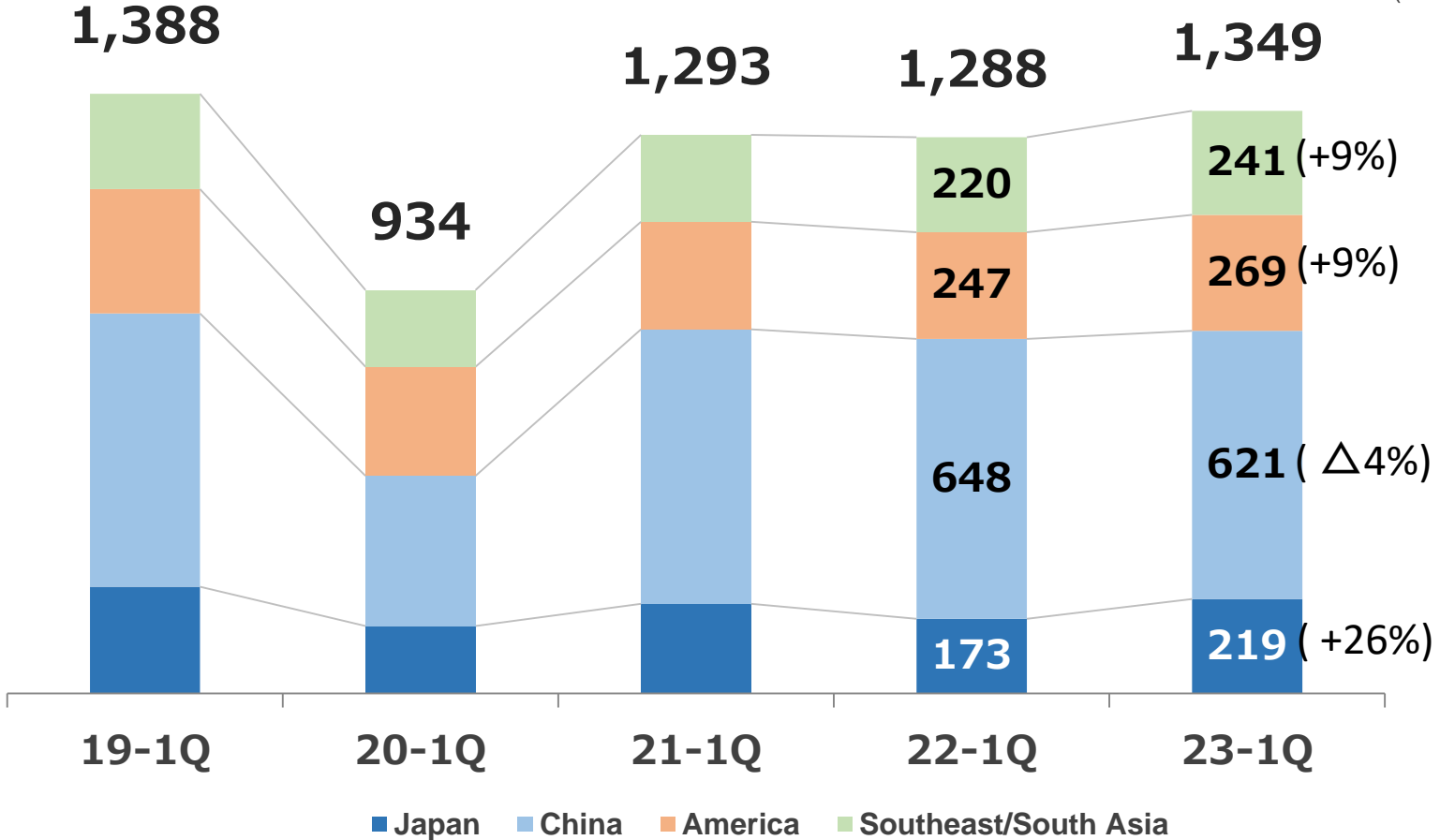
The 66th 1Q Financial Report

(From March 1, 2023 to May 31, 2023)

Tokyo Stock Exchange Prime Market 5018 (Petroleum and Coal Products)
July 2023

Changes in the number of automobiles produced in areas where our bases are located

Unit: 10,000 units
(Year-on-year %)



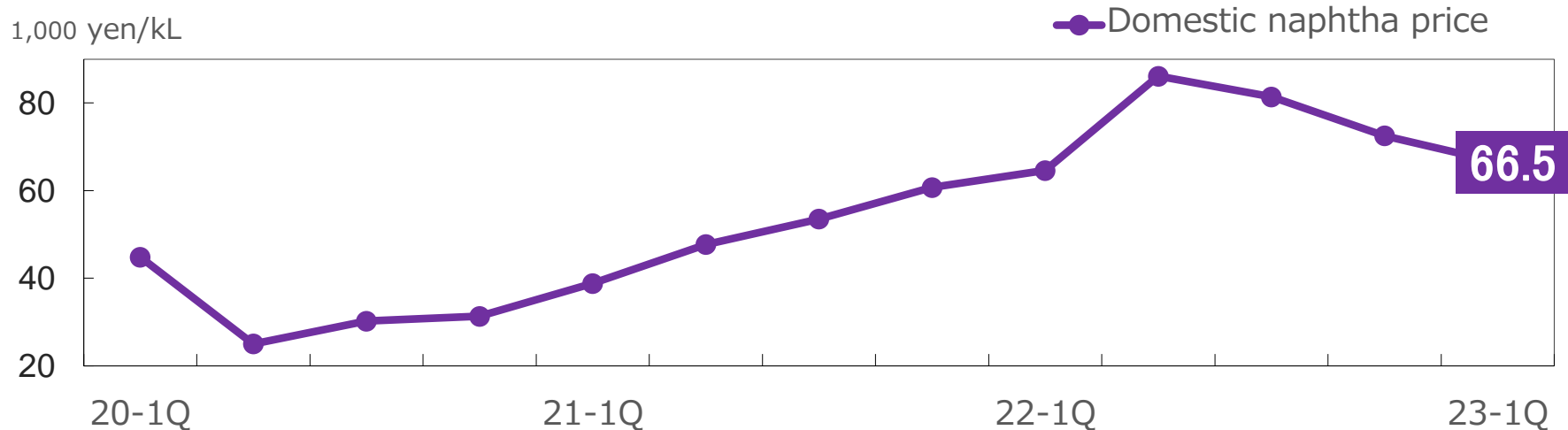
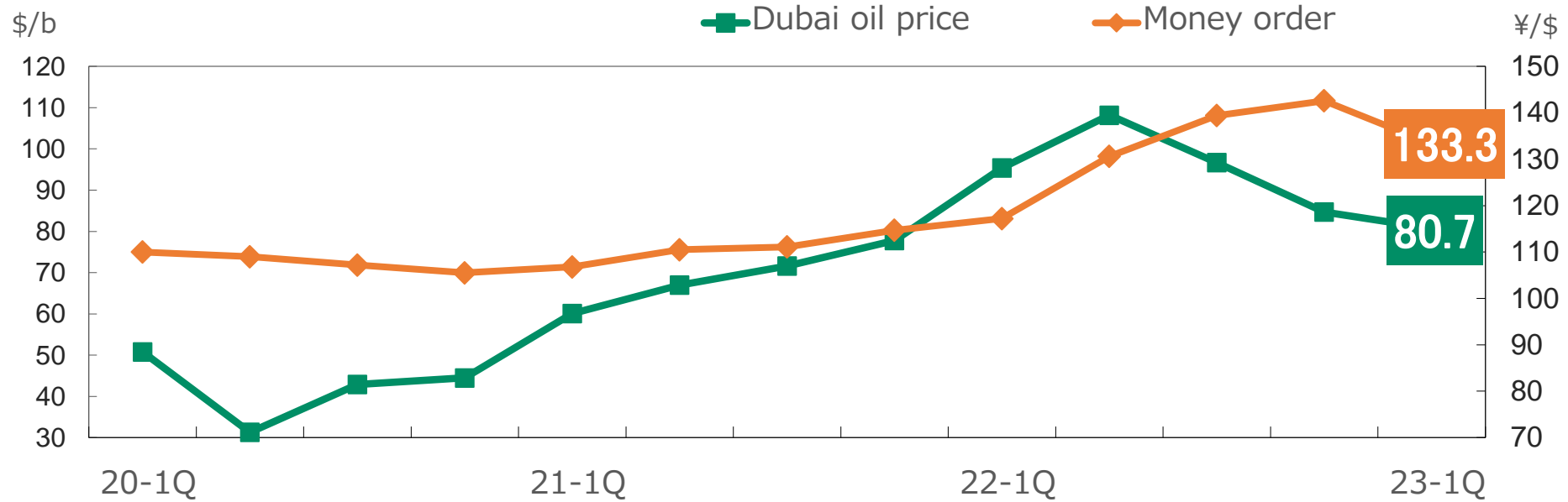
Source: Created in-house based on data published by MarkLines

Note 1: Aggregated data based on our fiscal year (Japan: March to May, Overseas: January to March)

Note 2: Southeast/South Asia counts only Thailand, Indonesia and India, which are our bases.

Current business environment

- Fluctuations in major raw material prices and standards



Consolidated income statement

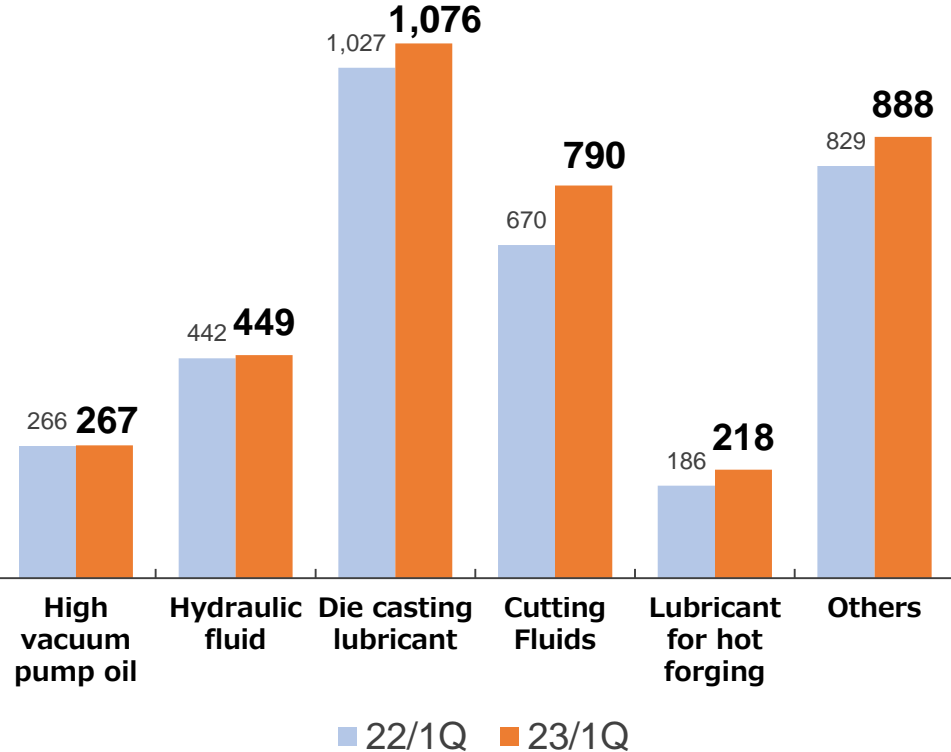
(Unit: million yen)	22/1Q	23/1Q	YoY
Net Sales	7,050	7,596	+7.7%
Gross Profit	2,053	2,083	+1.5%
Selling, General and Administrative Expenses	1,852	1,826	▲1.4%
Operating Income	201	257	+28.0%
Non-operating profit & loss	271	138	▲48.9%
Ordinary Income	471	395	▲16.1%
Income before Income Tax	471	395	▲16.1%
Net Income *	317	224	▲29.5%

* Profit attributable to owners of parent, the same below

(Unit: million yen)	22/1Q	23/1Q	YoY
Functional Fluids Division	3,420	3,688	+7.8%
Hot Melt Adhesive Division	1,809	2,108	+16.6%
Synthetic Lubricants Division	502	301	▲40.0%
Liquid Paraffin & Sulfonates Division	902	998	+10.6%
Others	417	500	+20.1%
Total Net Sales	7,050	7,596	+7.7%

[Sales] **7.8% increase** year on year (3,688 million yen)
[Sales volume] **7.3% decrease** year on year

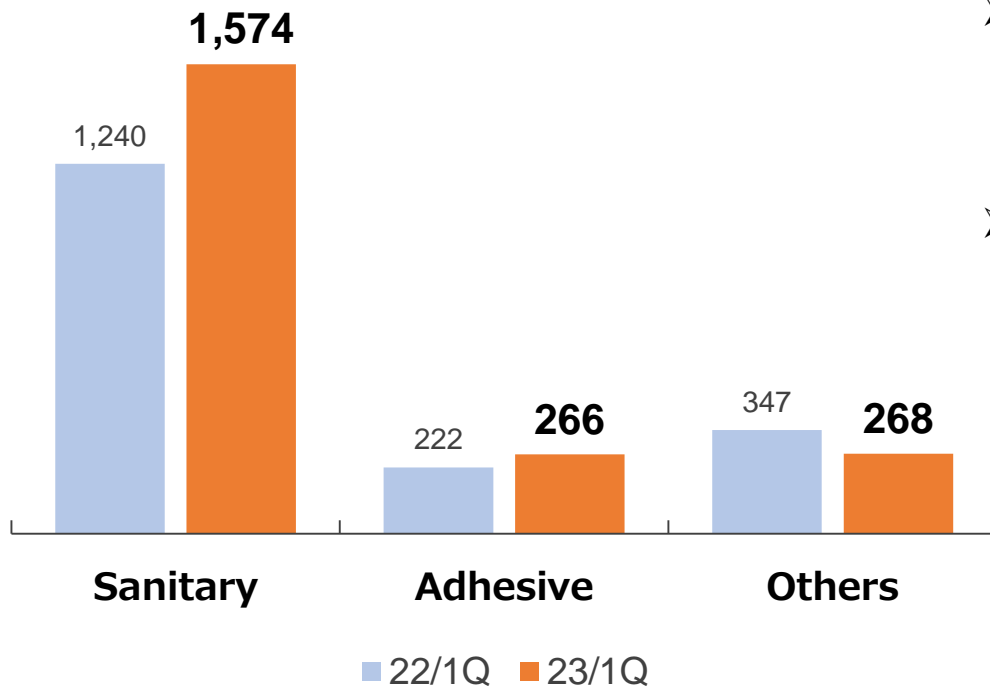
Unit: million yen



- **Japan/China**
Volume decreased due to the impact of inventory adjustments at auto parts manufacturers.
- **Southeast/South Asia/ North America**
Volume increased due to the increase in automobile production volume.

[Sales] **16.6% Increased** year on year (2,108 million yen)
[Sales volume] **9.2% Increased** year on year

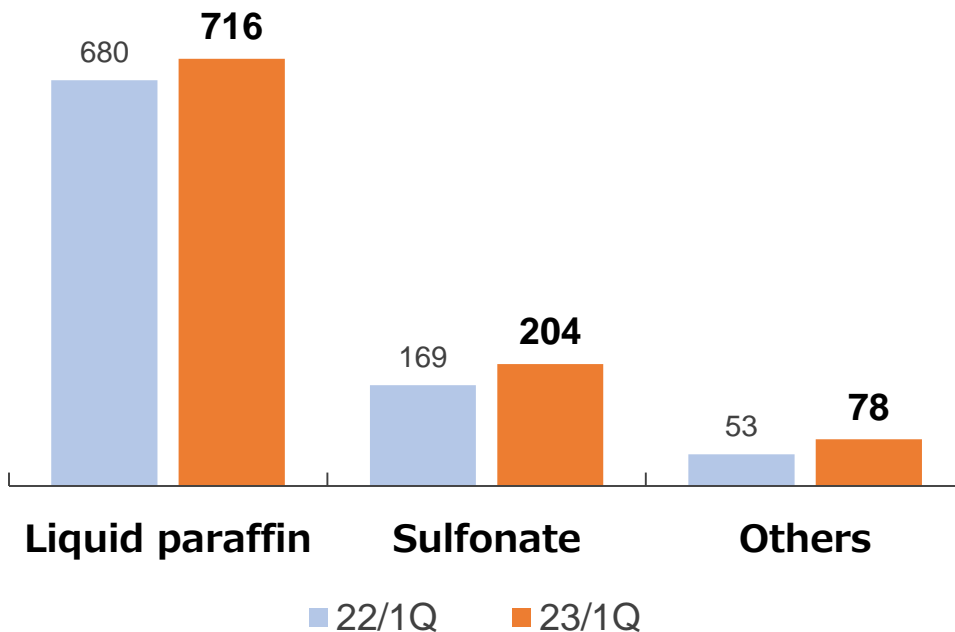
Unit: million yen



- **Japan**
Sales of sanitary material applications were firm.
- **Abroad**
Sales expanded in India and Indonesia for sanitary material applications.

[Sales] **10.6% increase** year on year (998 million yen)
[Sales volume] **12.2% decrease** year on year

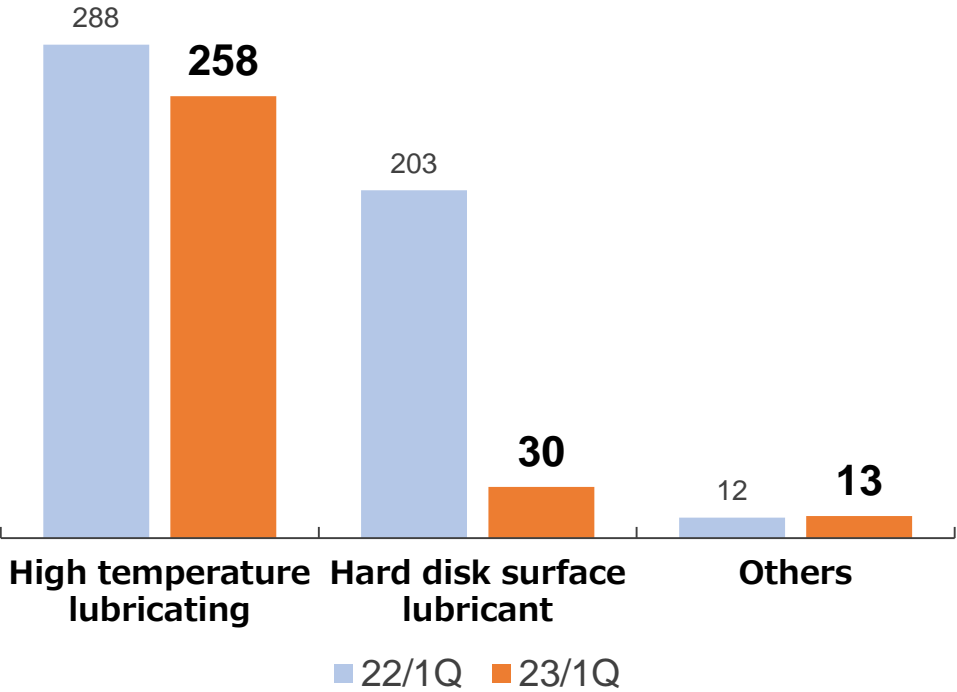
Unit: million yen



- **Liquid Paraffin**
The volume of polystyrene plasticizer applications decreased.
- **Sulfonates**
Exports covered the decline in domestic shipments due to inventory adjustments at auto parts manufacturers.

[Sales] **40.0% decrease** year on year (301 million yen)
[Sales volume] **27.6% decrease** year on year

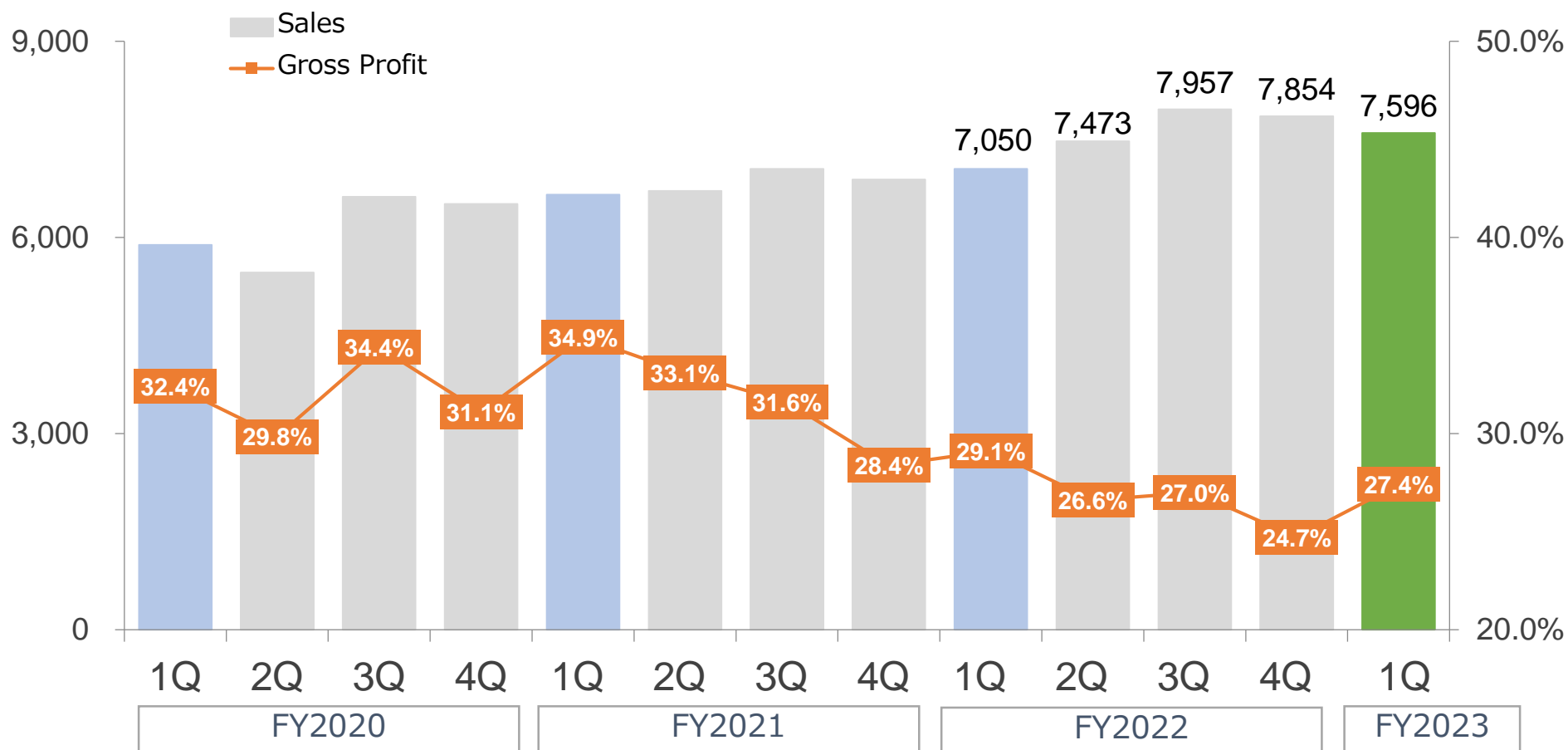
Unit: million yen



- **High temperature**
Sales declined due to inventory adjustments by customers.
- **Hard disk surface lubricant**
Sales decreased due to the impact of cooling data center investment.

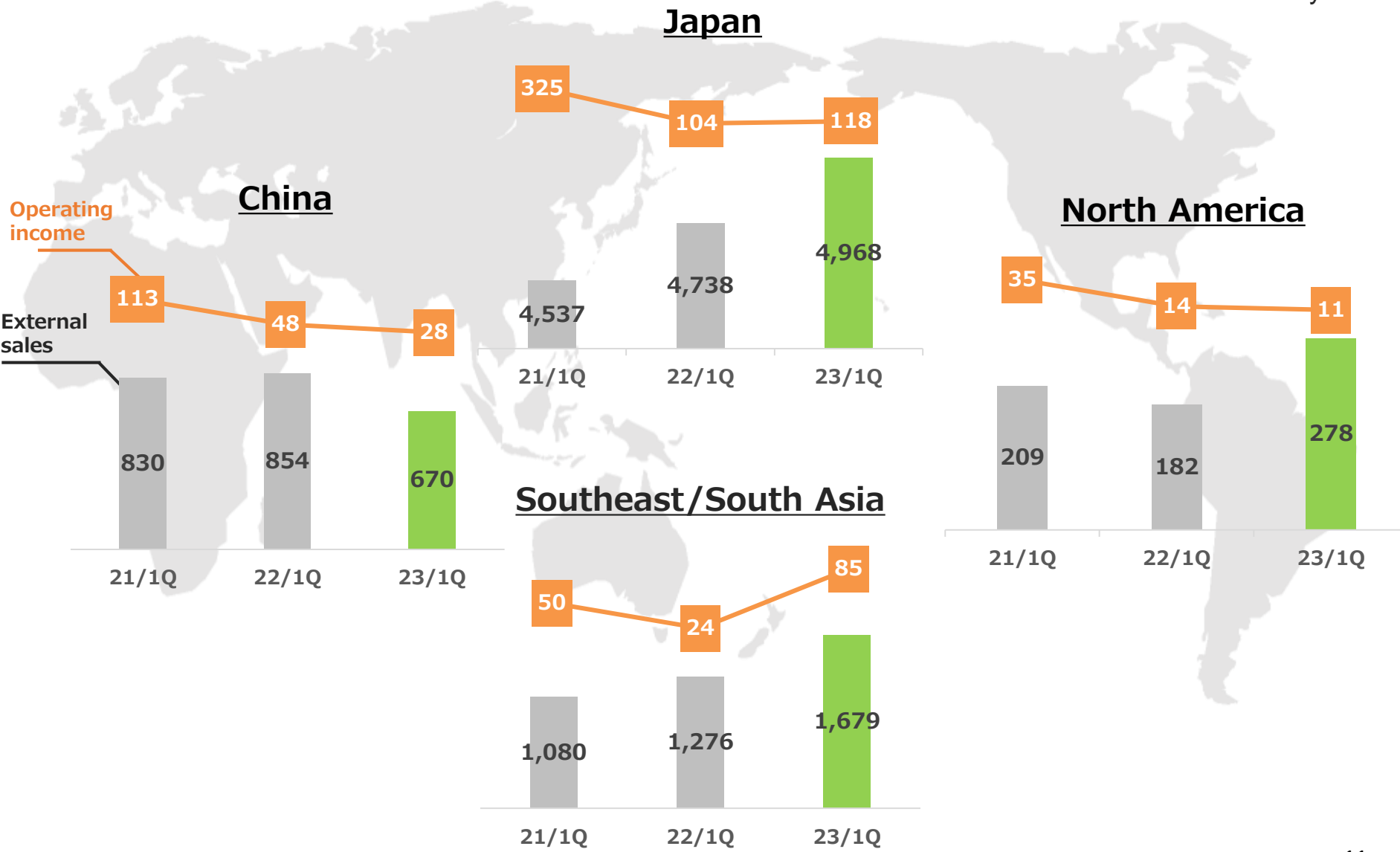
➤ The decline in the gross profit margin has come to a halt.

Unit : million yen



Profit and loss by segment

Unit : million yen



FY2023 Consolidated Earnings Forecast **MORESCO**

➤ Assumptions for full-year forecasts

Crude oil price: \$90/b Exchange rate: \$130/yen

Unit : million yen	23/1Q	Full-year forecast	Progress rate
Net Sales	7,596	34,500	22.0%
Operating Income	257	1,400	18.4%
Ordinary Income	395	1,600	24.7%
Net Income	224	700	32.0%

Realization of a Sustainable Society

Received the 73rd Industrial Technology Award from the Osaka Industrial Research Association.



Award ceremony



Single chamber type



Multi-chamber type

[Reason for award] We developed a new measurement method (MA method*) and equipment, and were able to shorten the measurement time to 1/5 of the conventional method.

※Modified differential pressure method with an Attached support method

Current field of application	Target field
OLED, silicon solar cell, sensors, semiconductors, electronic paper	Perovskite solar cells, fuel cells, hydrogen tanks, Food packaging, pharmaceutical packaging

Reduce GHG emissions from in-house energy consumption by **46%** by **2030** (compared to 2013)

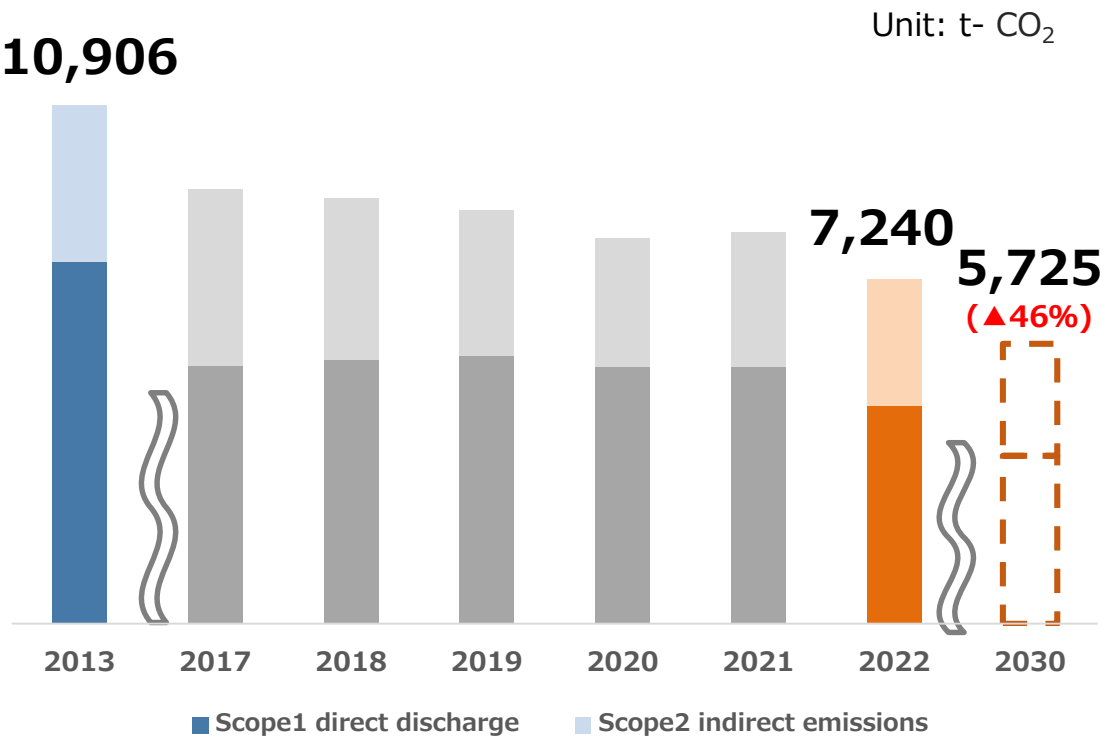
Achieve **carbon neutrality** by **2050**, including supply chain

GHG emissions Adjusting **Scope 3** target settings for release during this term



November 11, 2022
Expression of support

Changes in GHG Emissions of the MORESCO Group (Domestic)



2013 comparison

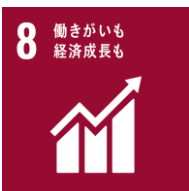
<u>2021</u>	▲ 24%
<u>2022*</u>	▲ 33%

*The reduction rate for 2022 is a provisional figure using the electric power emission factor before finalization for the current fiscal year



Excellent Health and Productivity Management Organization (Large Enterprise Category)

Certified for 3 consecutive years

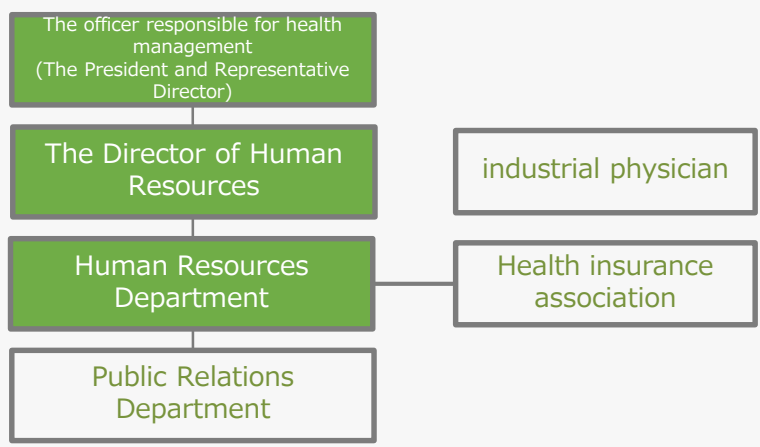


*A system to honor corporations that practice particularly excellent health management (Ministry of Economy, Trade and Industry)

Health management declaration

MORESCO believes that the physical and mental health of its employees is essential for the sustainable development of the company. We will promote the health of our employees in order to realize **"a company where each and every person grows up in a rich environment and creates new value."**

Structure





- Forecasts, strategic goals and other forward-looking information in this presentation are based on the judgements of MORESCO at the time this presentation was prepared. This information may be revised without prior notice.
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