

# MORESCO Corporation

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

## The 67th 1Q Financial Report

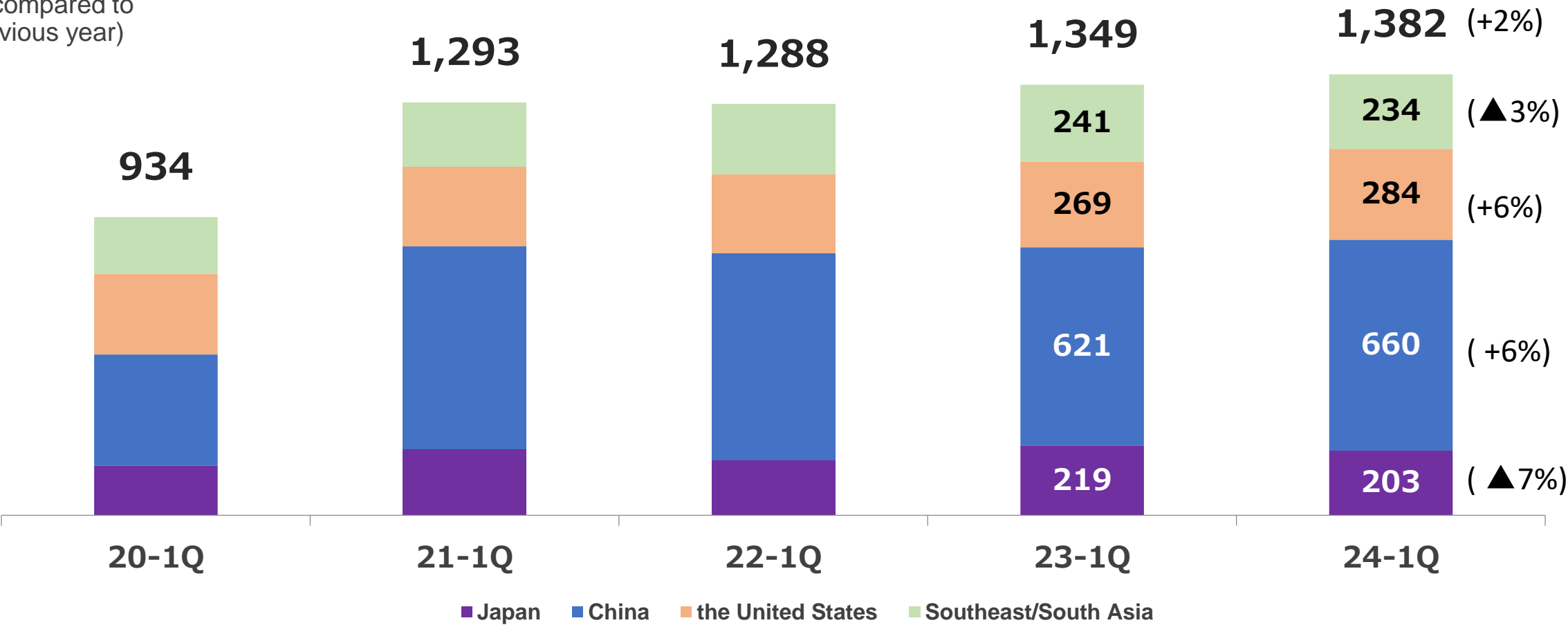
(From March 1, 2024 to May 31, 2024)

Tokyo Stock Exchange Standard Market 5018 (Petroleum and Coal Products)

July 22, 2024

## Volume of automobile production in areas where our business sites are located

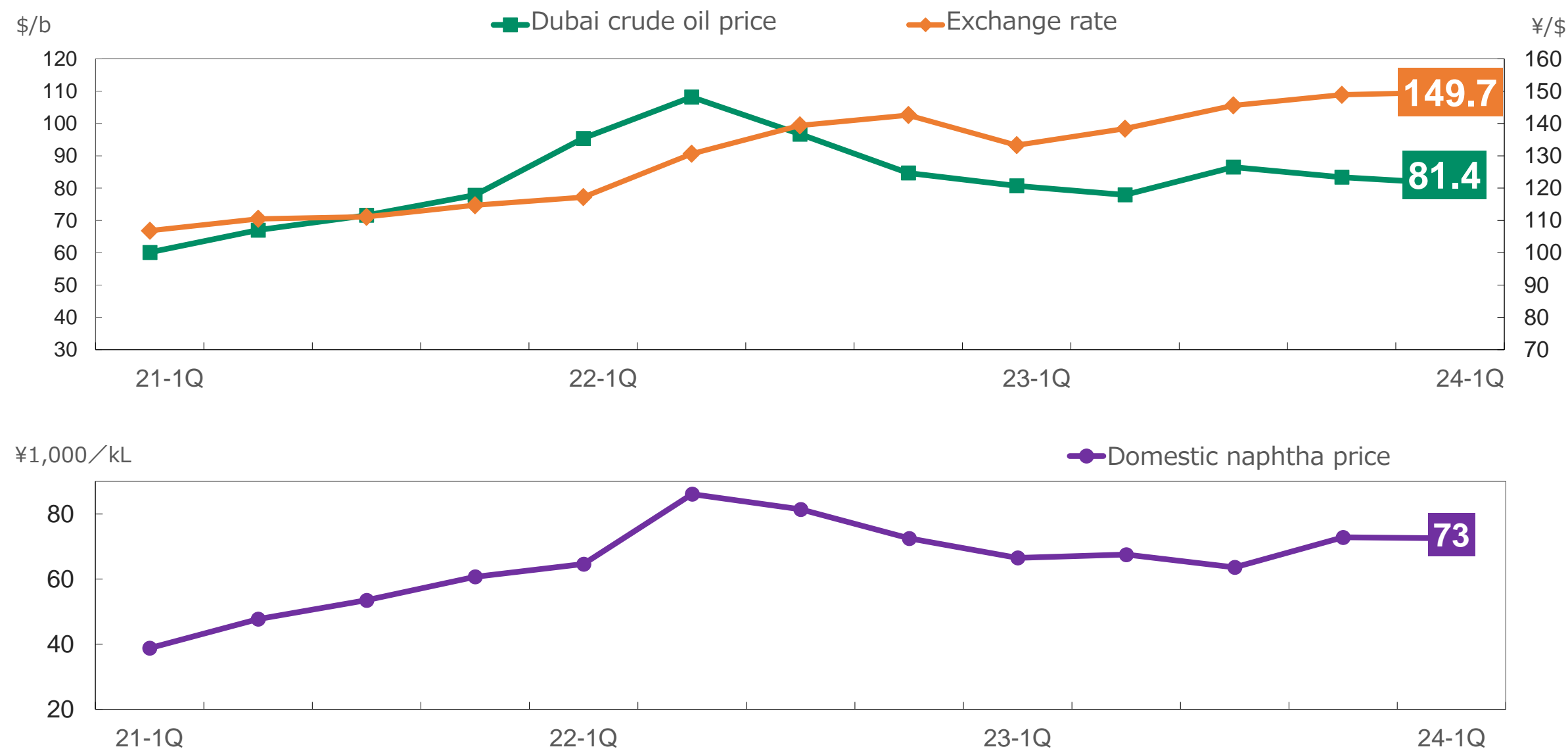
10,000 units  
(% compared to  
previous year)



Source: Prepared by MORESCO based on data released by MarkLines Co., Ltd.

Note 1: Data is aggregated based on MORESCO's fiscal year (Japan: March to May, overseas: January to March).

Note 2: Data for Southeast/South Asia includes only Thailand, Indonesia, and India, where we have operating sites.



\* The average exchange rate in the fiscal year ended February 2024 was ¥141.2/\$1.  
Note: The prices of crude oil and naphtha and the exchange rates are on a three-month average basis.  
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# Consolidated Statement of Income

## Net sales

- An increase in sales volume and sales price adjustments
- Contribution of business acquisition in overseas subsidiary

## Operating Profit

- Securing gross profit by adjusting sales price
- An increase in shipment of high-value-added products
- An increase in SG&A due to the temporary expense for the domestic development project

## Profit

- Recognition of foreign exchange gains

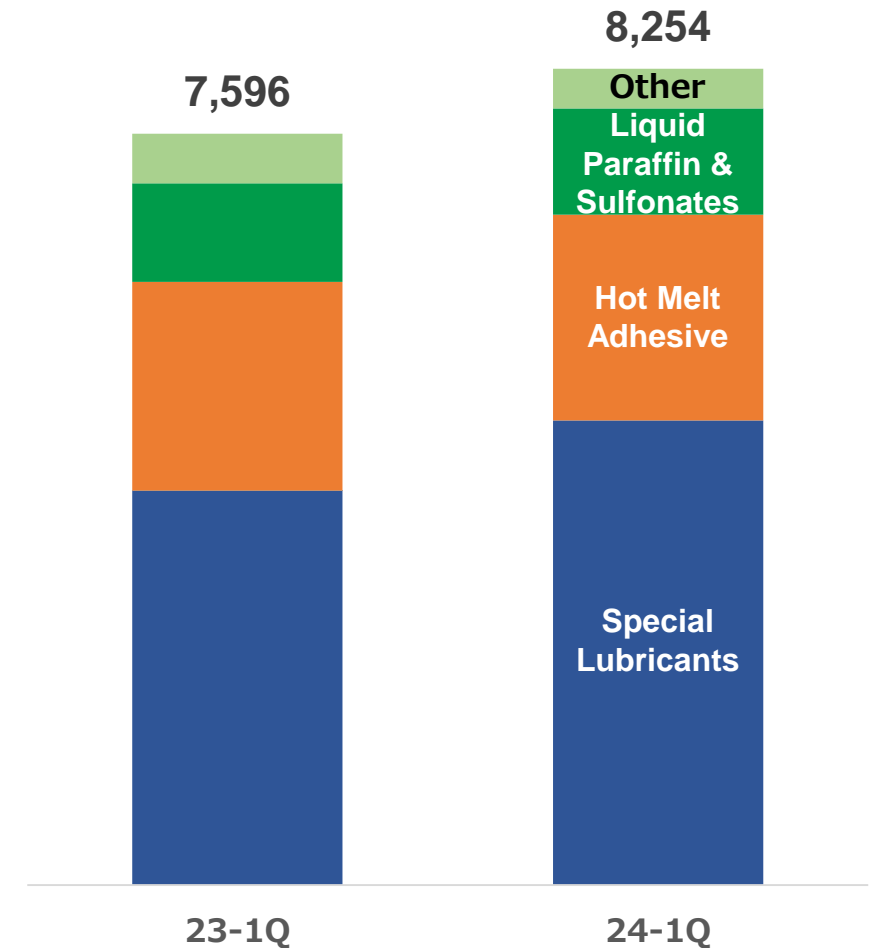
(Million yen)	23-1Q	24-1Q	Year-on-year change
<b>Net sales</b>	7,596	<b>8,254</b>	<b>+8.7%</b>
Gross profit	2,083	<b>2,330</b>	+11.9%
SG&A	1,826	<b>2,140</b>	+17.2%
<b>Operating profit</b>	257	<b>189</b>	<b>▲26.3%</b>
Non-operating profit (loss)	138	<b>260</b>	+88.4%
<b>Ordinary profit</b>	395	<b>450</b>	+13.8%
Profit before tax	395	<b>402</b>	+1.8%
<b>Profit*</b>	224	<b>250</b>	+11.6%

\* Profit attributable to owners of parent.

# Net sales by Business Segment

Recorded higher sales due to demand recovery in hard disk surface lubricant and liquid paraffin

(Million yen)	23-1Q	24-1Q	Year-on-year change
Special Lubricants	3,989	<b>4,696</b>	+17.7%
Hot Melt Adhesive	2,108	<b>2,081</b>	▲1.3%
Liquid Paraffin & Sulfonates	998	<b>1,076</b>	+7.8%
Other	501	<b>401</b>	▲20%
<b>Total net sales</b>	<b>7,596</b>	<b>8,254</b>	<b>+8.7%</b>



[Net sales] **Up 17.7%** year on year (¥4,696 million)    [Sales volume] **Up 8.9%** year on year

## ➤ DC fluids

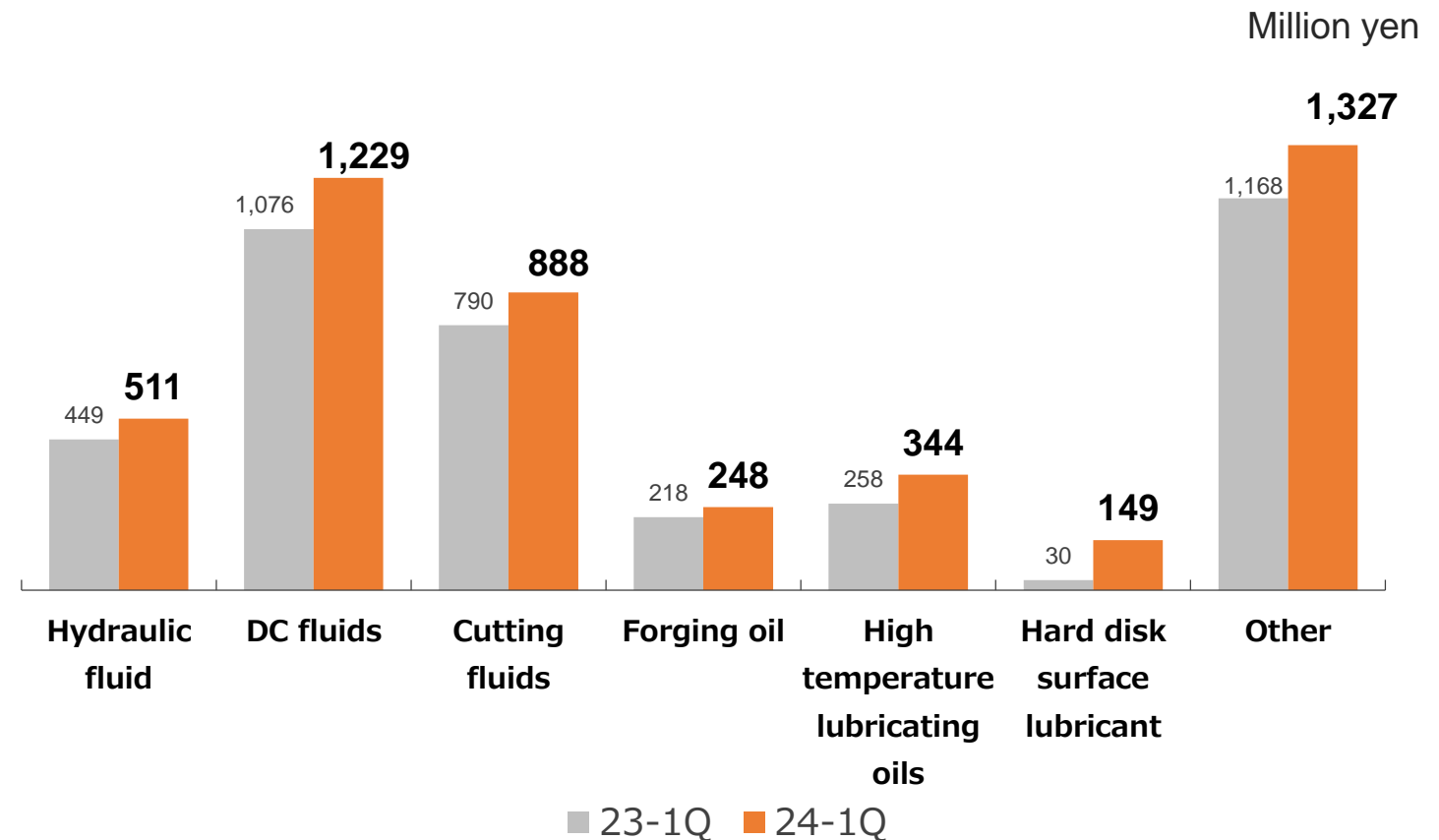
Sales increased due to an increase in the automobile production volume in the United States and new consolidated subsidiary.

## ➤ Cutting fluids

Sales to customers in China and North America increased.

## ➤ Hard disk surface lubricant

Demand from the main customers recovered.



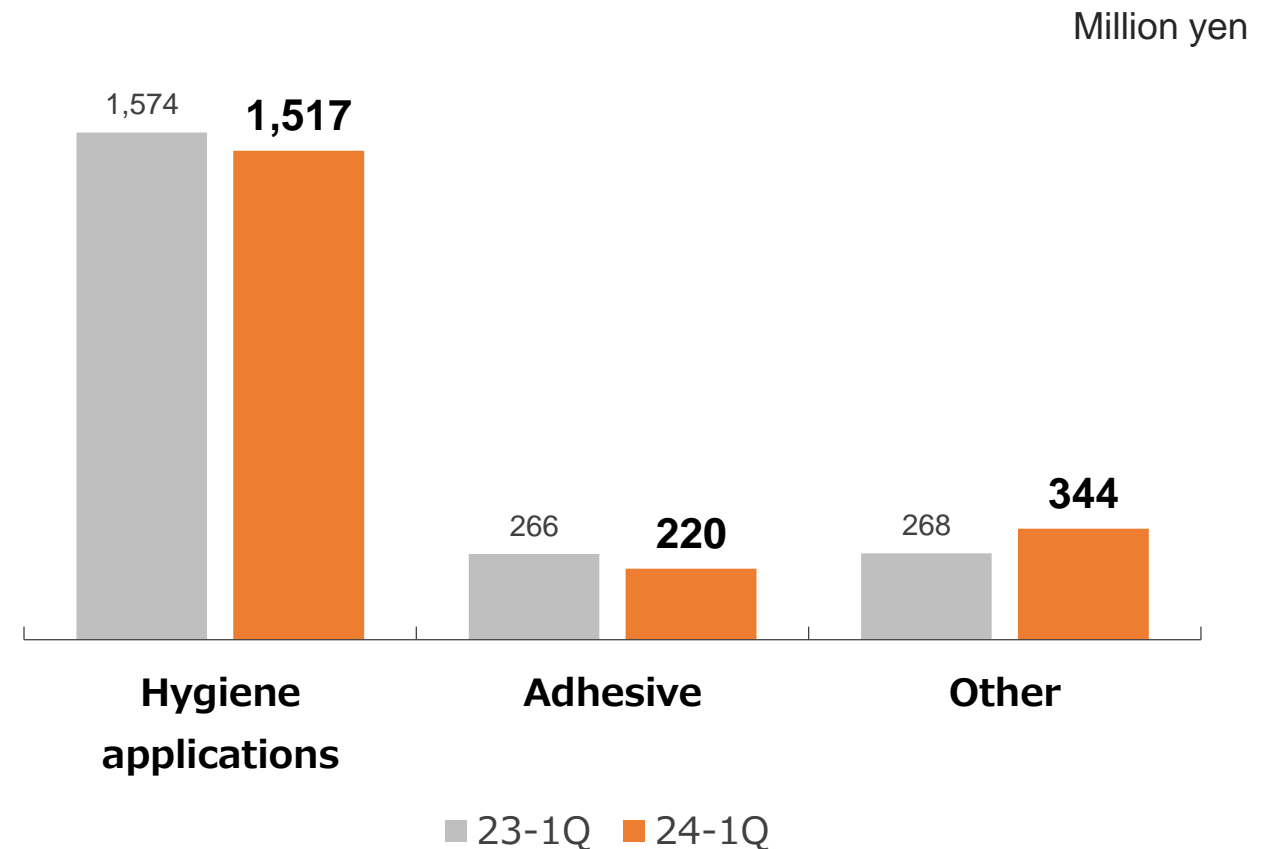
[Net sales] **Down 1.3%** year on year (¥2,081 million) [Sales volume] **Down 0.8%** year on year

## ➤ Hygiene applications

Sales were favorable in Japan, on the other hand, there was an inventory adjustment and a demand decrease in Southeast/South Asia.

## ➤ Adhesive

The demand in Southeast/South Asia decreased.



[Net sales] **Up 7.8%** year on year (¥1,076 million)    [Sales volume] **Up 7.1%** year on year

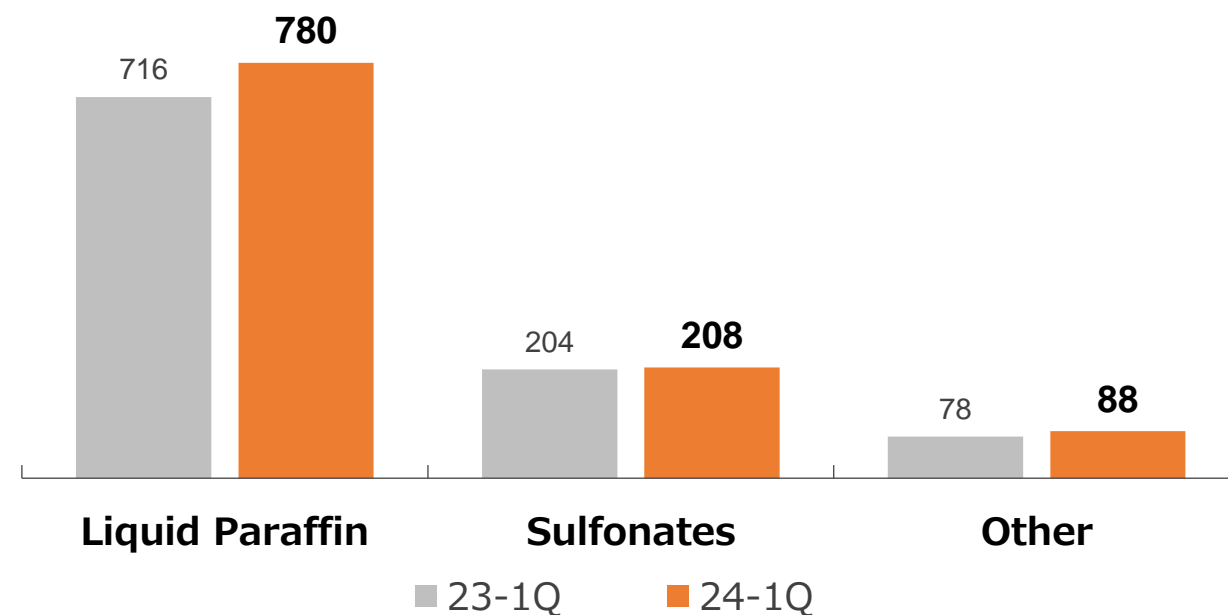
Million yen

## ➤ Liquid Paraffin

Sales increased due to recovery in main customer demand.

## ➤ Sulfonates

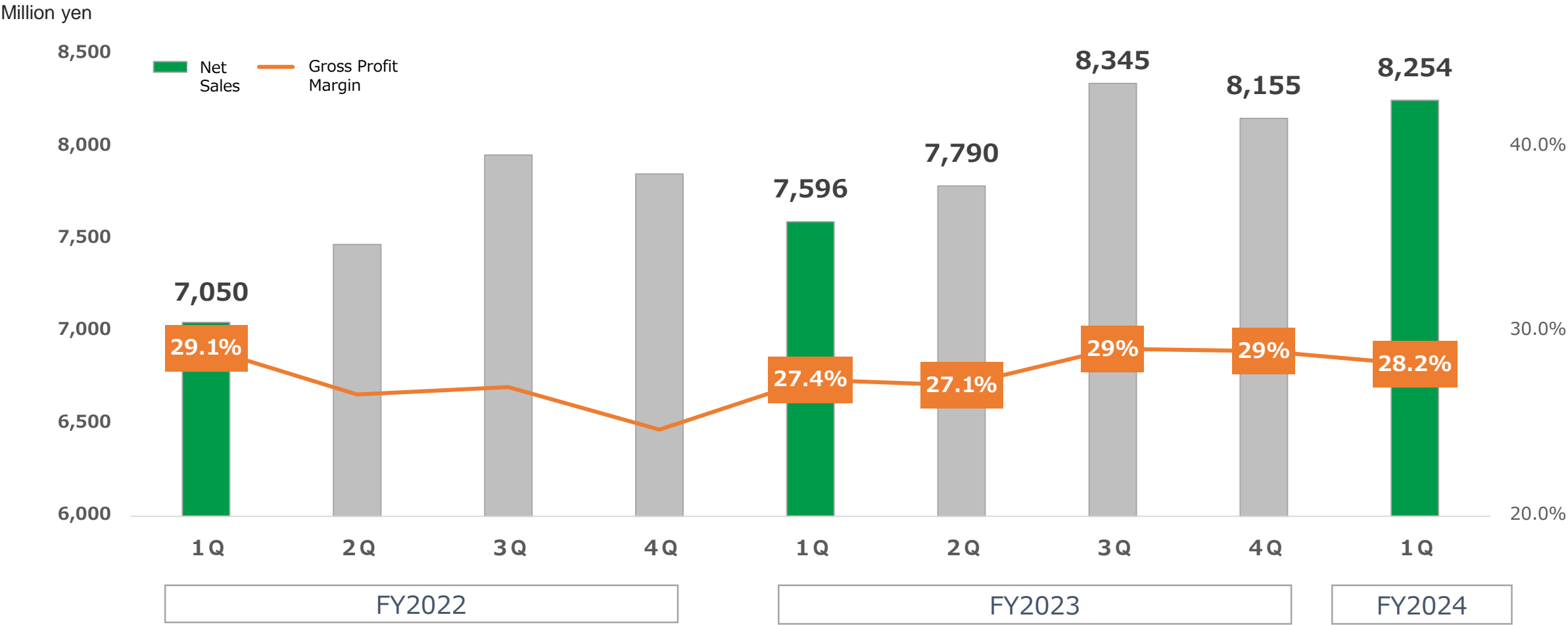
Slightly increased year on year.





# Net Sales and Gross Profit Margin

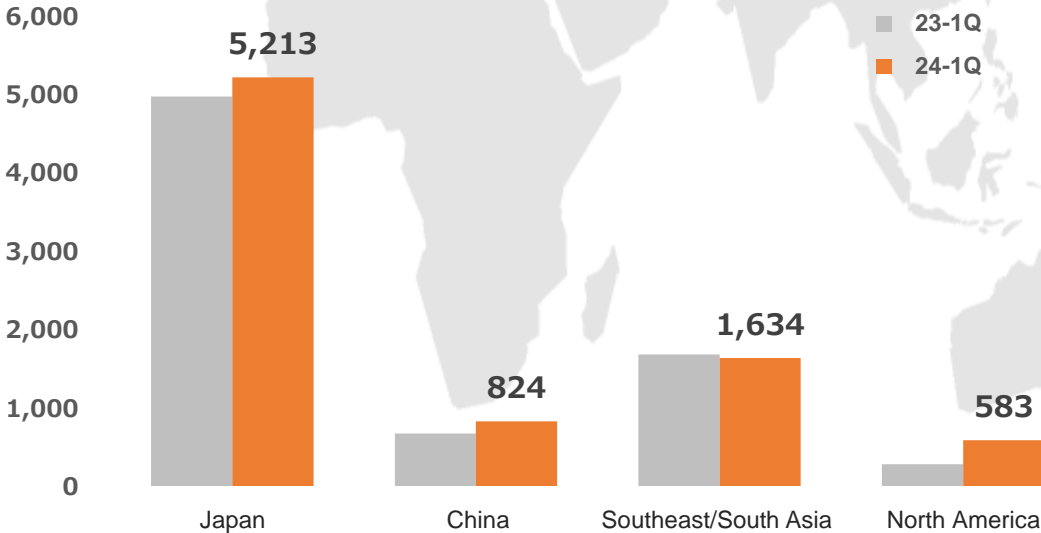
Profit ratio remains at roughly the same level due to the promotion of price adjustments and an increase in sales of high-value-added products



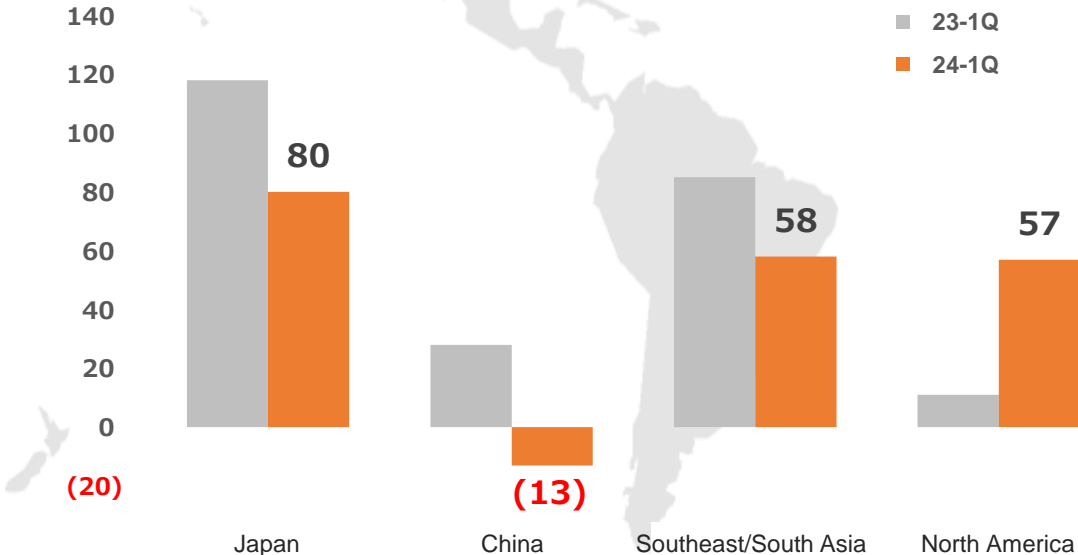
# Segment Profits and Losses

[Japan]	Recorded higher sales due to the sales recovery of hard disk surface lubricants. On the other hand, profits declined due to a temporary increase in SG&A
[China]	Recorded higher sales due to an increase in the volume of Japanese automobile production and an increase in shipment of hot melt adhesives for filters. Profits declined due to an increase in SG&A.
[Southeast/South Asia]	Both sales and profits declined due to an decrease in the automobile production volume and a decline in demand for hot melt adhesives
[North America]	Recorded higher sales and profits due to acquisition of businesses last year.

Net sales



Operating profit



## ➤ Premises of the full-year forecasts

Crude oil price: 97\$/b

Exchange rate:  
\$145 dollars/¥1

## ➤ Dividend/share (forecasts)

Interim: ¥20; year-end: ¥25

(Million yen)	FY2023 Result	Forecasts for the fiscal year ending February 2025	YoY
Net sales	31,886	<b>34,000</b>	<b>6.6%</b>
Operating profit	1,225	<b>1,500</b>	<b>22.5%</b>
Ordinary profit	1,826	<b>1,850</b>	1.3%
Profit	1,283	<b>1,050</b>	<b>▲18.2%</b>



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