

MORESCO Corporation

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

The 67th 3Q Financial Report

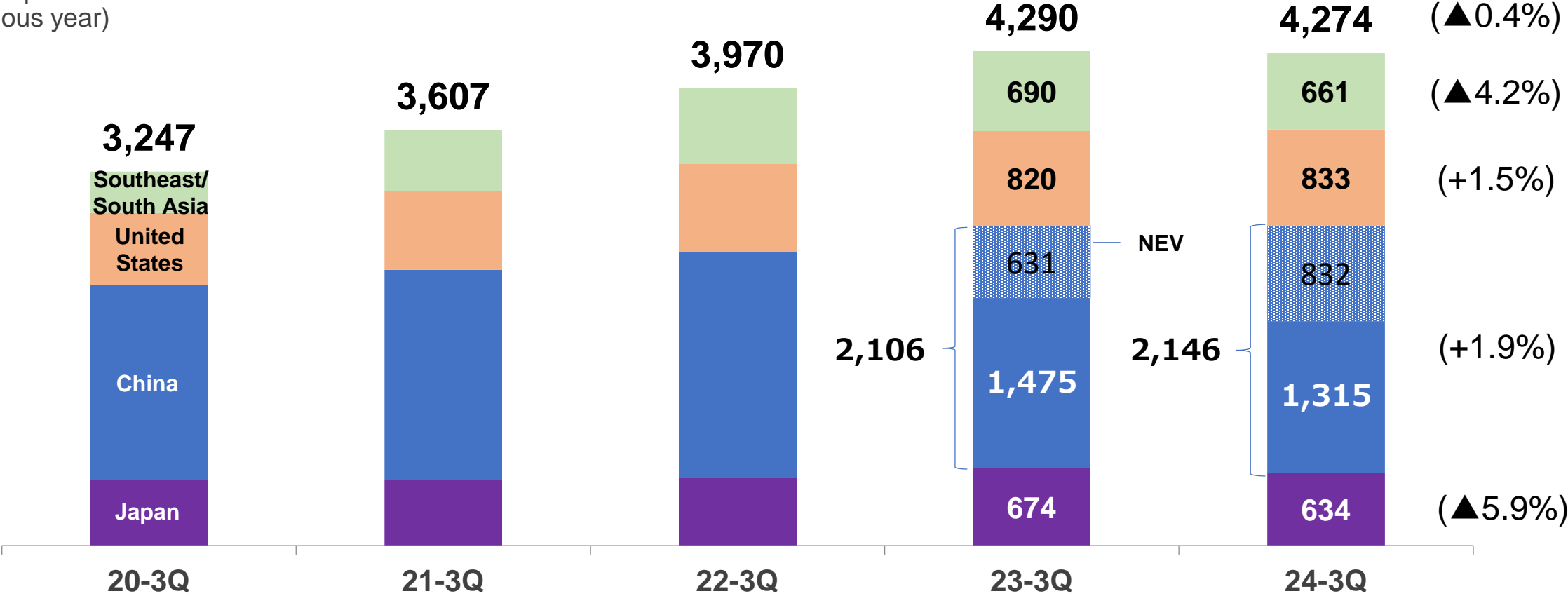
(From March 1, 2024 to November 30, 2024)

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

January 20, 2025

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

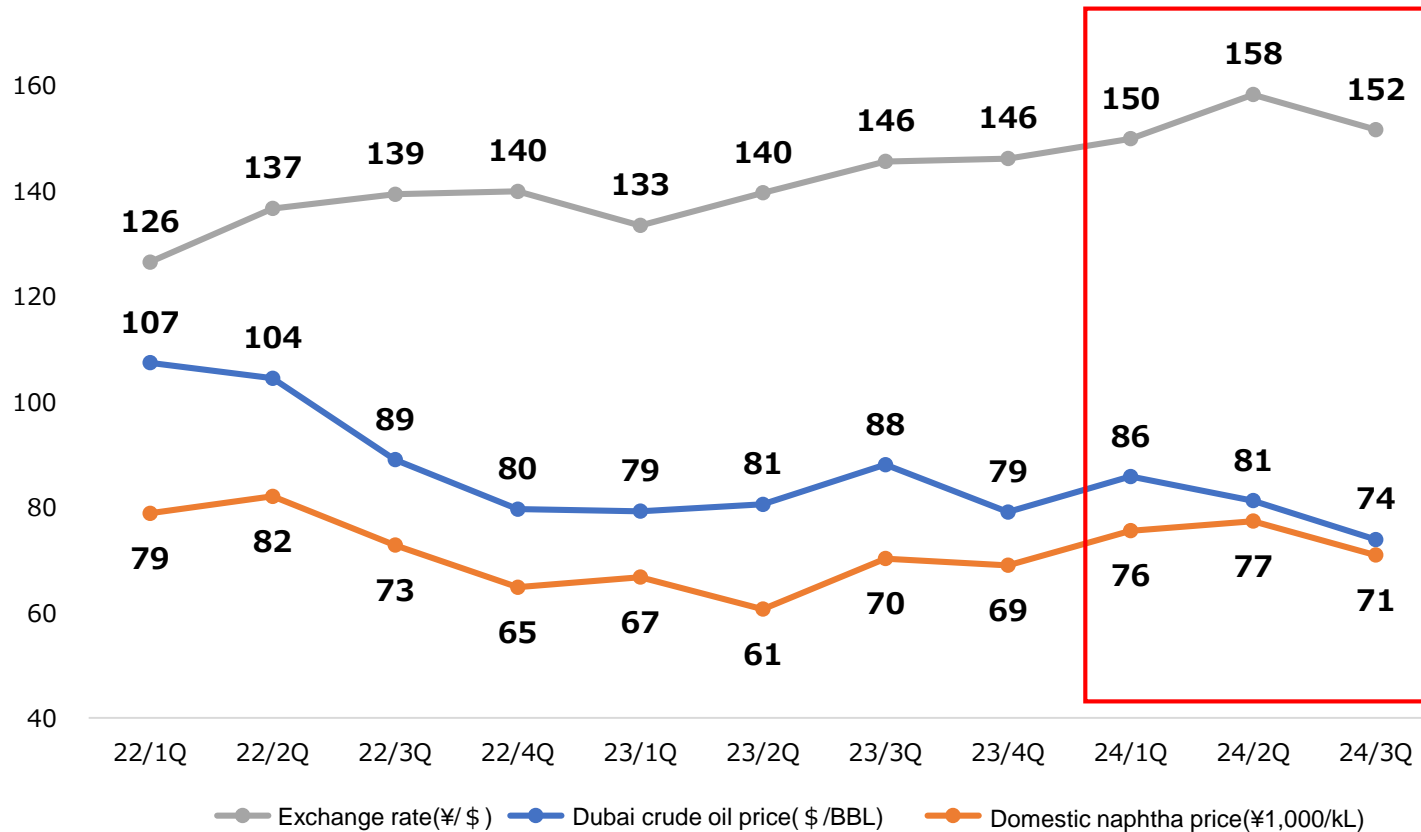
10,000 units
(% compared to previous year)



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 November, overseas: January to September).
 Note 2: Data for Southeast/South Asia includes only Thailand, Indonesia, and India, where we have operating sites.

➤ The yen slightly depreciated, while crude oil and naphtha prices were on the decline

Quarterly trend



Year-on-year comparison (3Q year-to-date)

	2023 (March– November avg.)	2024 (March– November avg.)	YoY change	2024 (Plan)	Vs. plan
Exchange rate (¥/\$)	139.6	153.3	13.7	145.0	8.3
Dubai crude oil price (\$/BBL)	82.6	82.0	-0.6	97.0	-15.0
Domestic naphtha price (¥1,000/kL)	65.9	74.6	8.7	-	-

Consolidated Statement of Income

Net sales

- Recorded higher sales due to an increase in sales volume and sales price adjustments
- Recorded higher sales due to a business acquisition

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 restructuring and acquisition of businesses

Profit

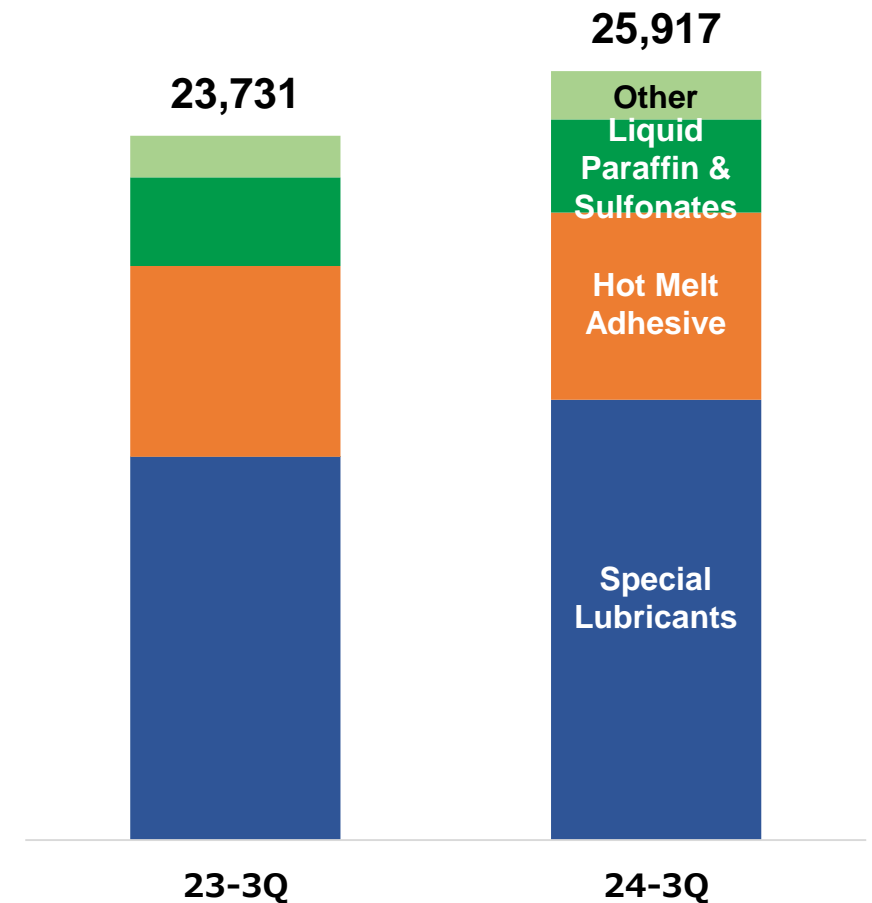
- A decrease in foreign exchange gains
- An extraordinary income (¥285 million) was recorded due to the restructuring of the Chinese business during the same period in the previous year

(Million yen)	23-3Q	24-3Q	Year-on-year change
Net sales	23,731	25,917	+9.2%
Gross profit	6,623	7,502	+13.3%
SG&A	5,572	6,390	+14.7%
Operating profit	1,050	1,112	+5.9%
Non-operating profit (loss)	649	247	▲61.9%
Ordinary profit	1,699	1,359	▲20.0%
Profit before tax	1,949	1,312	▲32.7%
Profit*	1,335	819	▲38.7%

* Profit attributable to owners of parent.

➤ Overall sales increased by 9.2% as a result of the demand recovery in Special Lubricants and Liquid Paraffin & Sulfonates

(Million yen)	23-3Q	24-3Q	Year-on-year change
Special Lubricants Division	12,922	14,836	+14.8%
Hot melt Adhesive Division	6,419	6,306	▲1.8%
Liquid Paraffin & Sulfonates Division	2,993	3,148	+5.2%
Other	1,397	1,627	+16.5%
Total net sales	23,731	25,917	+9.2%



[Net sales] **Up 14.8%** year on year (¥14,836 million) [Sales volume] **Up 16.7%** year on year

➤ **DC fluids**

Despite the decline in automobile production at our business sites, sales slightly increased due to the consolidation of new subsidiaries.

➤ **Cutting fluids**

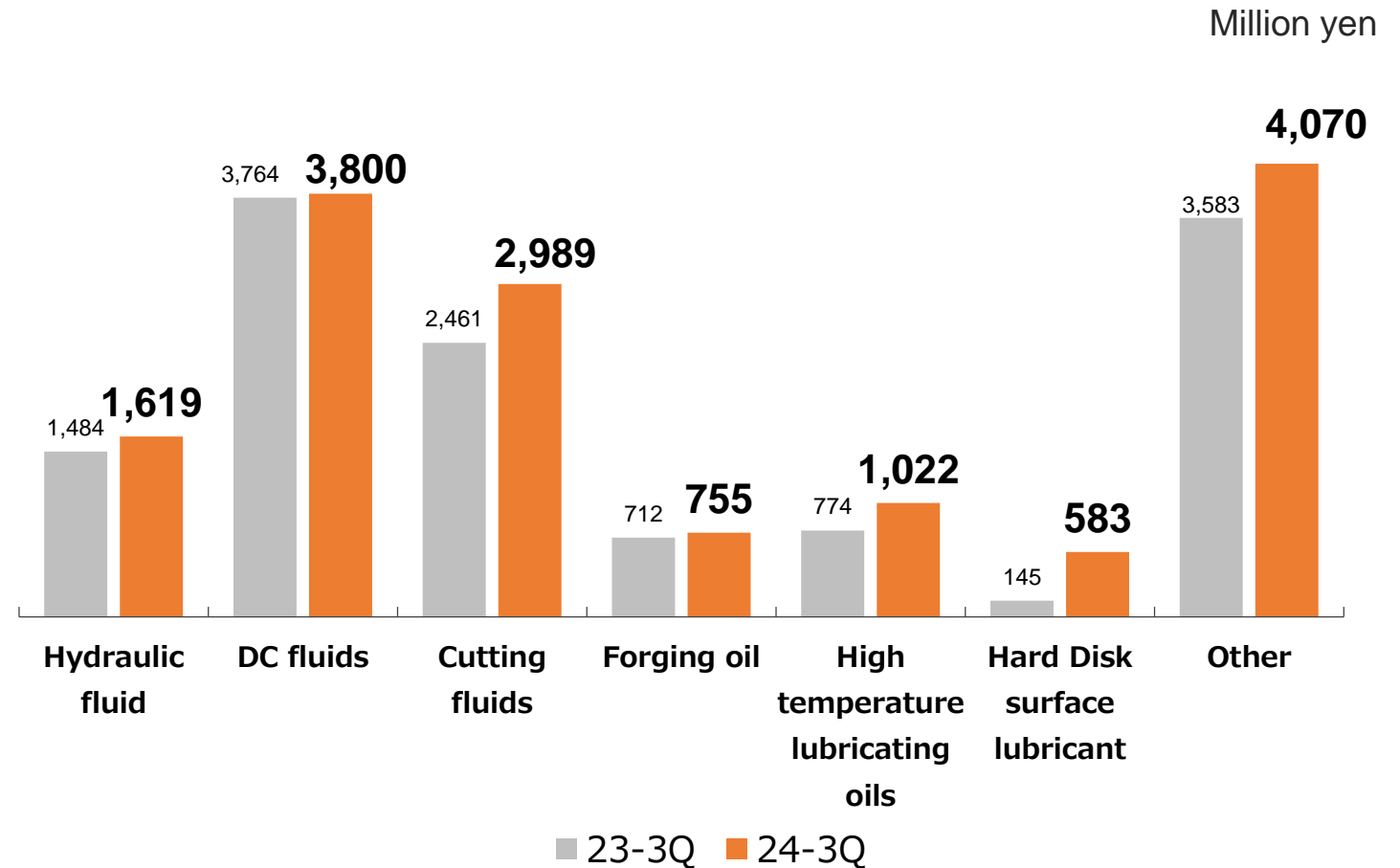
Sales to customers in Japan, China and North America increased.

➤ **Hard disk surface lubricant**

Demand from the main customers recovered.

➤ **Other**

Sales of vacuum oils and heat transfer media were favorable.



[Net sales] **Down 1.8%** year on year (¥6,306 million) [Sales volume] **Down 1.0%** year on year

➤ Hygiene applications

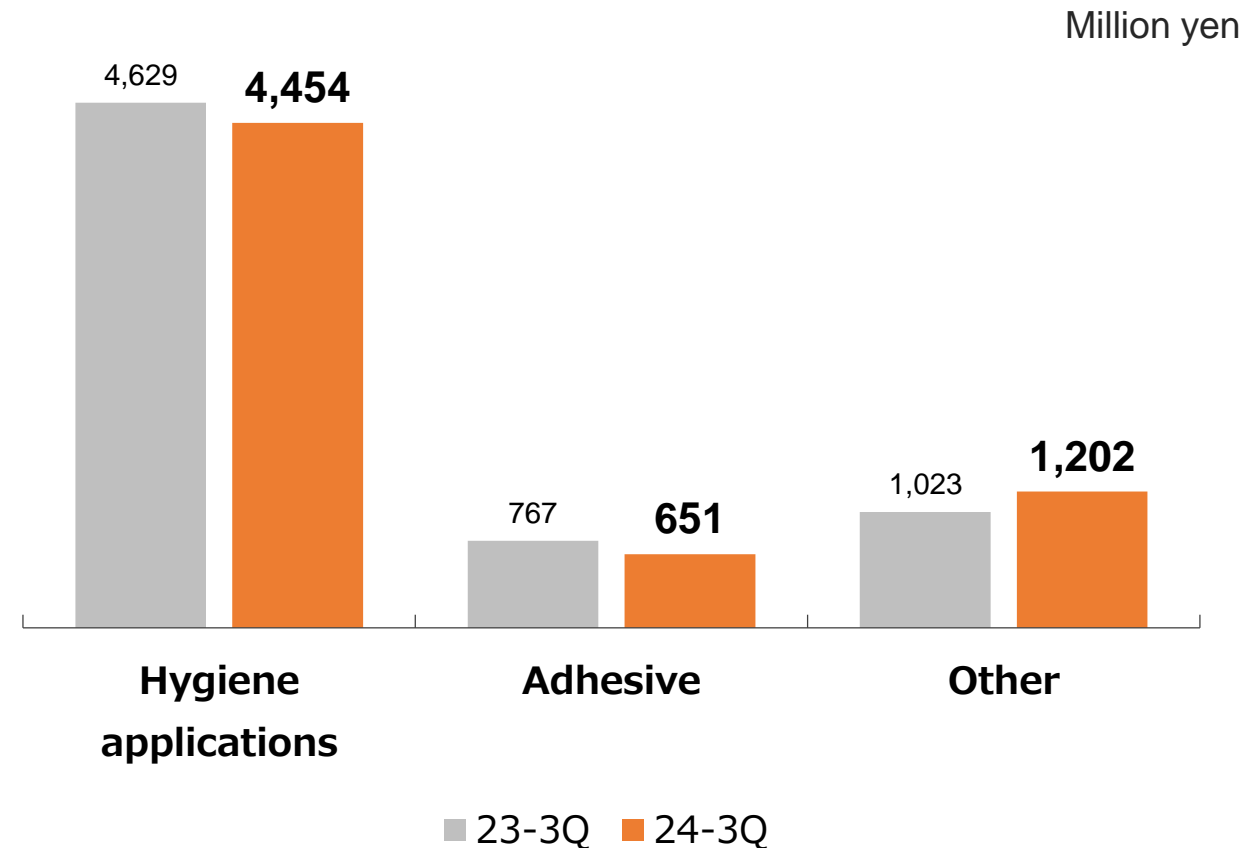
There were inventory adjustments at the main customers and a decline in demand.

➤ Adhesive

Demand in Southeast/South Asia decreased.

➤ Other

Sales for air cleaning filter applications recovered in China.



[Net sales] **Up 5.2%** year on year (¥3,148 million) [Sales volume] **Up 1.1%** year on year

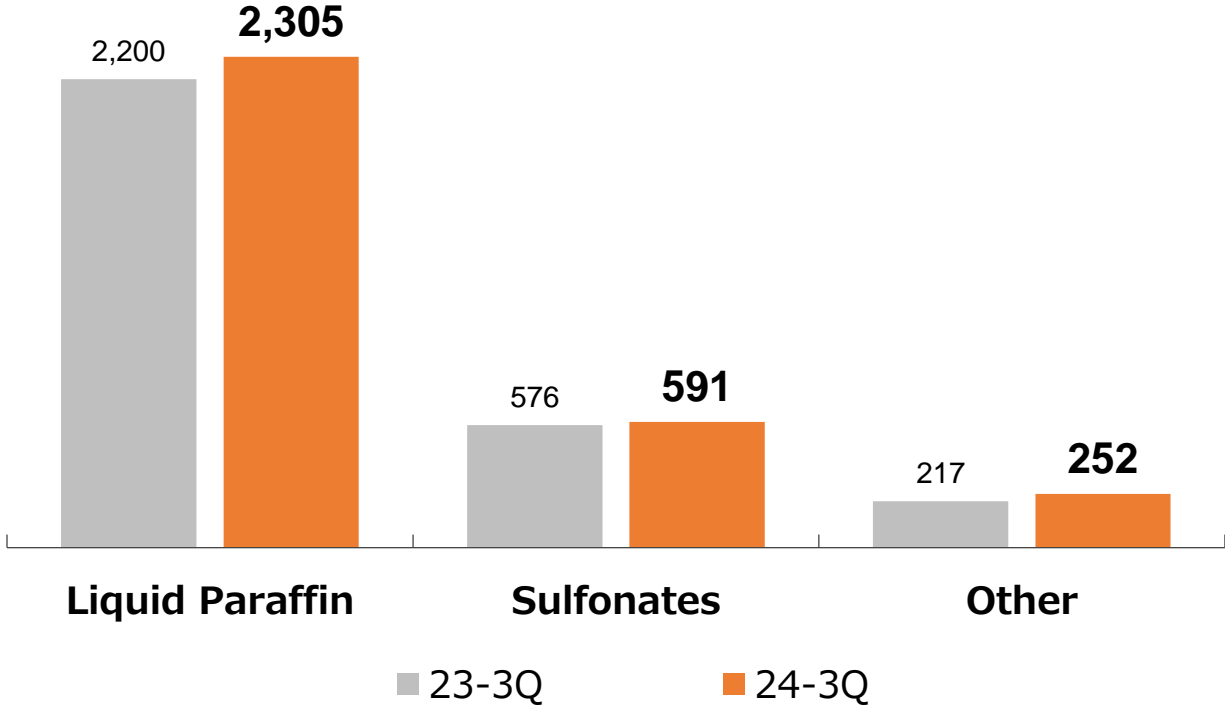
Million yen

➤ Liquid Paraffin

Demand recovered in polystyrene plasticizers applications.

➤ Sulfonates

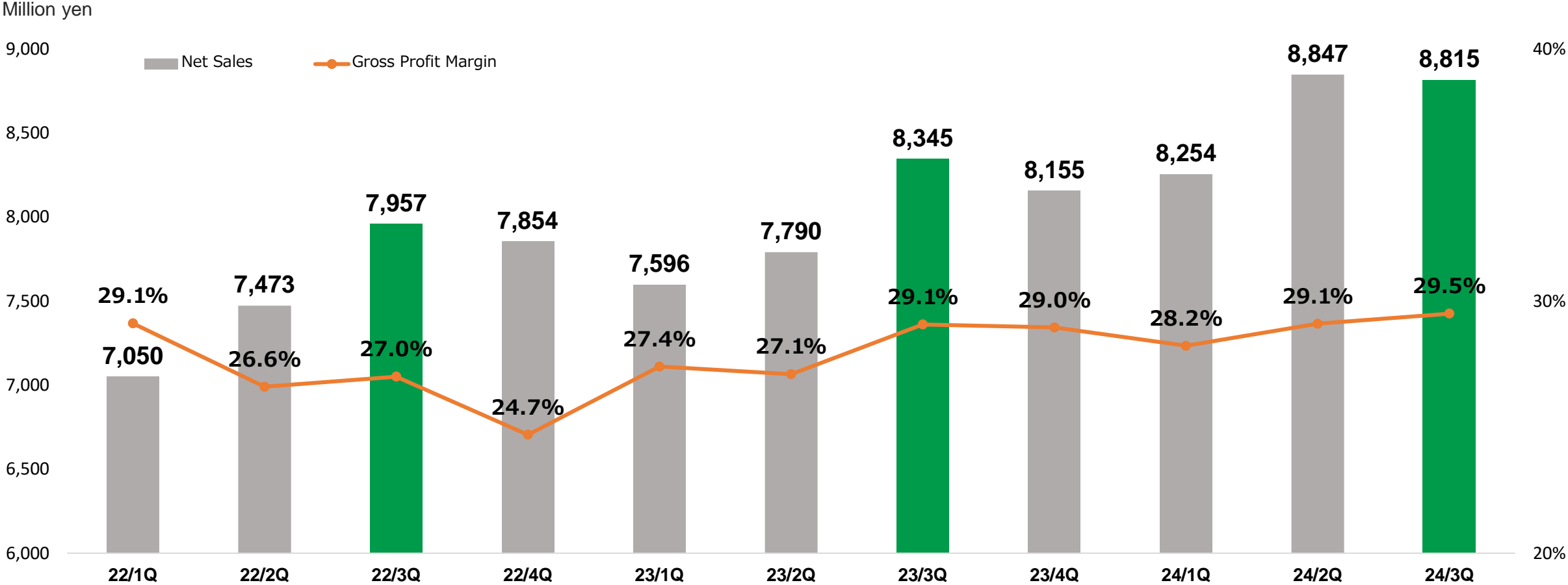
The price adjustments were promoted.



Net Sales and Gross Profit Margin



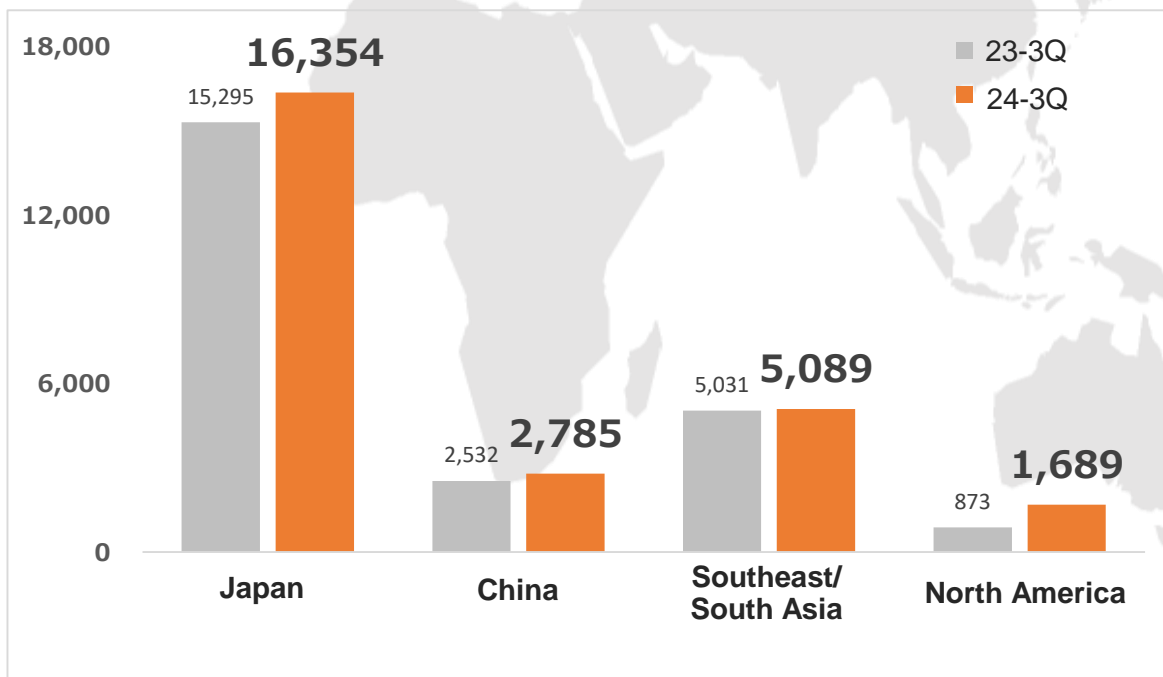
➤ Gross profit margin improved to 29.5% due to the promotion of price adjustments and an increase in sales of high-value-added products



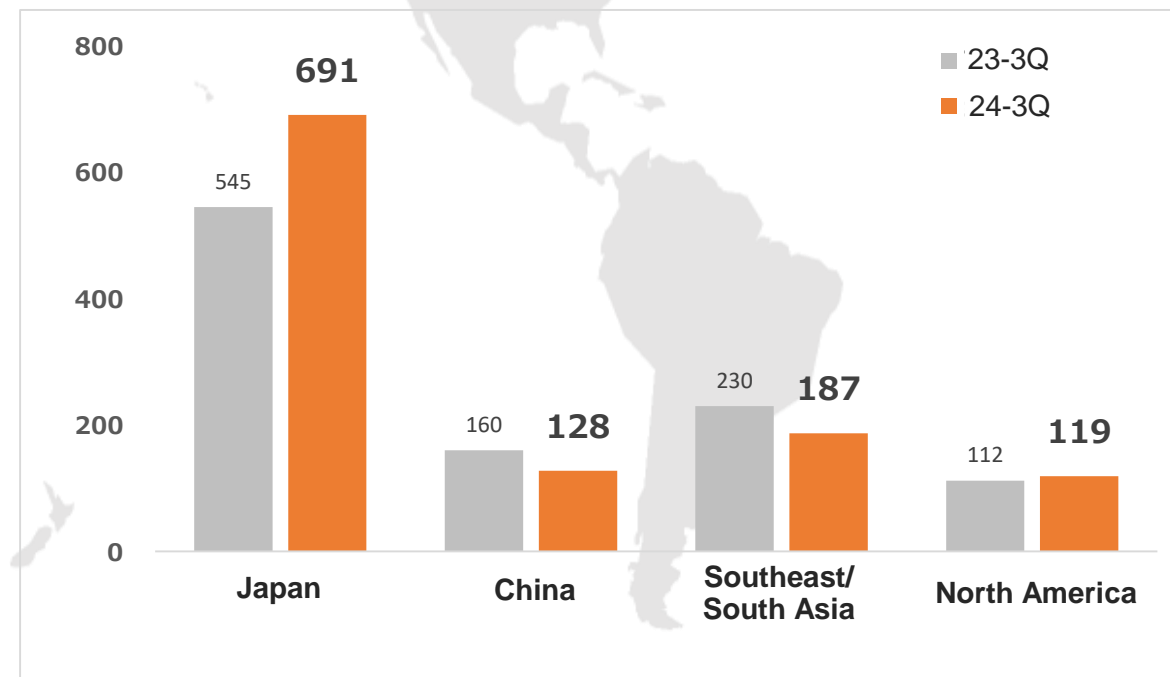
Segment Profits and Losses

- [Japan]** Despite a decline in sales in Hot Melt Adhesive, overall sales and profit increased due to the recovery in hard disk surface lubricant sales.
- [China]** Recorded higher sales due to the expansion into non-Japanese automobile manufacturers and the rise in shipments of hot melt adhesives for filters. Profits declined due to higher SG&A.
- [Southeast/South Asia]** Recorded higher sales due to sales price adjustments and sales expansion. Profits declined due to a decline in demand for hot melt adhesives.
- [North America]** Recorded higher sales and profits due to acquisition of businesses completed 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)	Forecasts for the fiscal year ending February 2025	24-3Q	Progress rate
Net sales	34,000	25,917	76.2%
Operating profit	1,500	1,112	74.1%
Ordinary profit	1,850	1,359	73.5%
Profit	1,050	819	78.0%



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