

MORESCO Corporation

The 68th 3Q Financial Report

(From March 1, 2025 to November 30, 2025)

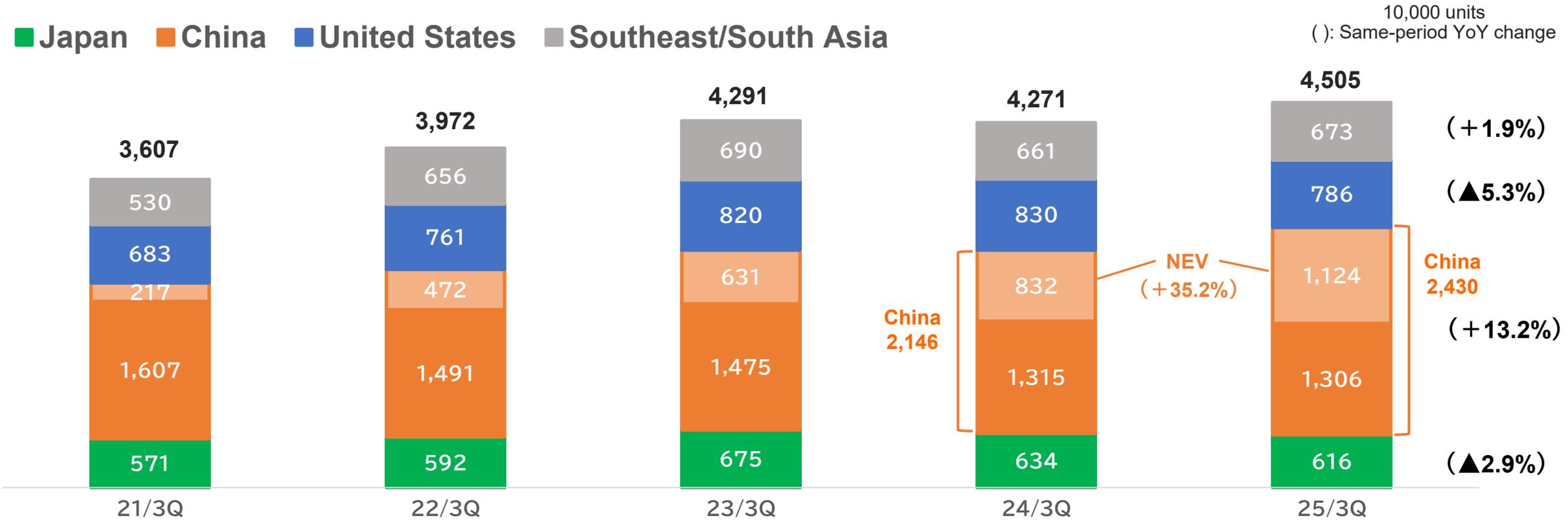
Tokyo Stock Exchange Standard Market 5018 (Petroleum and Coal Products)

January 20, 2026

Business Environment - Volume of automobile production

- Automotive production in Japan and the United States declined year-over-year during this period.
- In China, new energy vehicles maintained strong performance, driving substantial overall growth.

Trends in the volume of automobile production in areas where our business sites are located

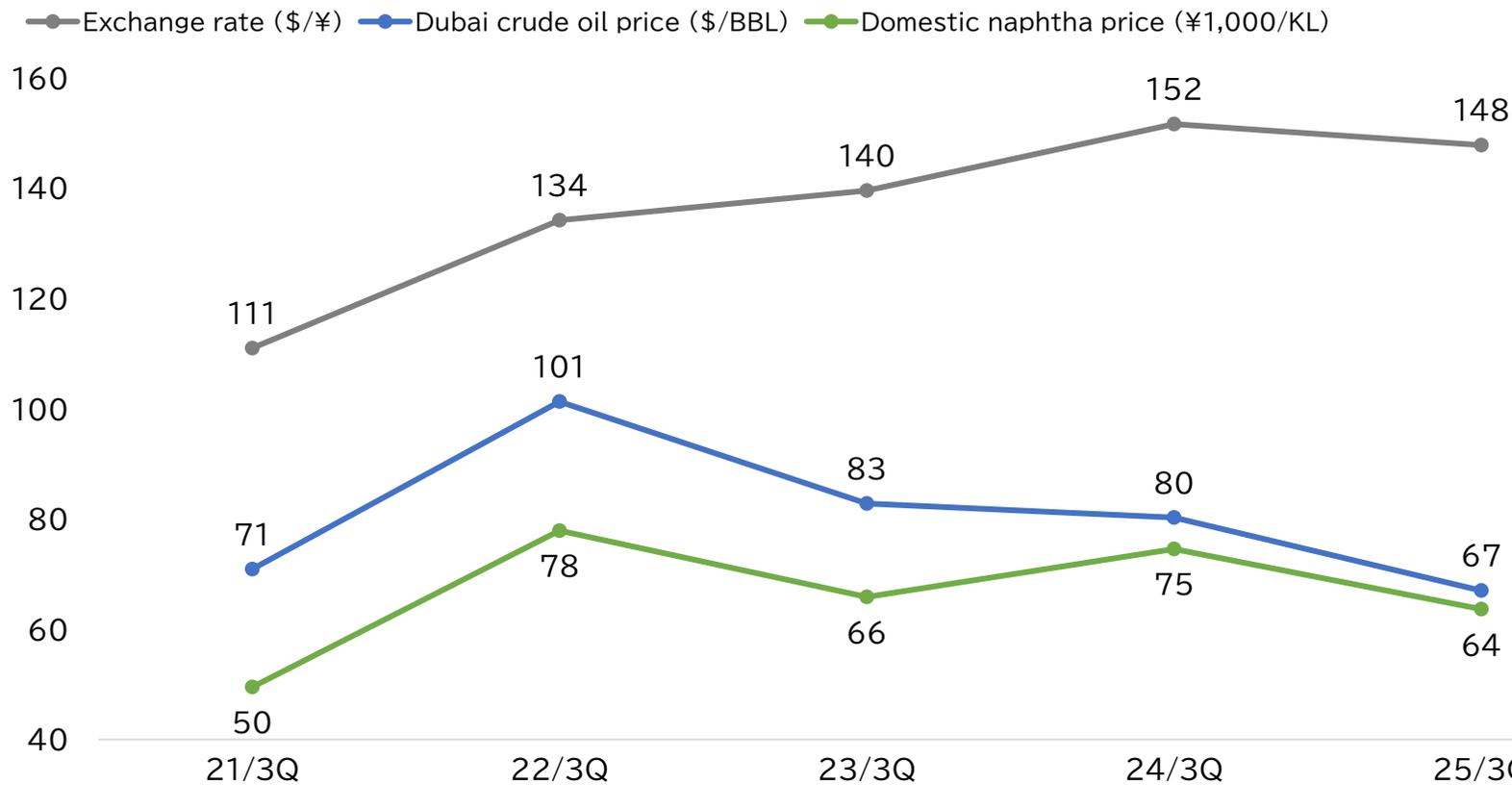


Source: Prepared by MORESCO based on data released by MarkLines Co., Ltd.
 Note 1: Data is aggregated based on MORESCO's fiscal year (Japan: March to August, overseas: January to June).
 Note 2: Data for Southeast/South Asia includes only Thailand, Indonesia, and India, where we have operating sites.
 Copyright © MORESCO Corporation All Rights Reserved.

Business Environment - Trends in foreign exchange, crude oil and naphtha prices

- The average USD/JPY exchange rate through the end of the third quarter of the FY26/2 period has trended stronger (yen appreciation) year over year.
- Crude oil prices have been trending downward.

Trends in foreign exchange, crude oil and naphtha prices(on a mid-period average basis).



| | 2024 (3Q average) | 2025 (3Q average) | YoY | FY 2025 Plan |
|------------------------------------|-------------------|-------------------|-------|--------------|
| Exchange rate (\$/¥) | 151.6 | 147.8 | ▲ 3.8 | 145.0 |
| Crude oil price (\$/BBL) | 80.3 | 67.0 | ▲13.3 | 79.5 |
| Domestic naphtha price (¥1,000/KL) | 74.6 | 63.7 | ▲10.9 | - |

Note: FX uses the average from January to September, while crude oil and naphtha prices use the average from March to November.

Source: Prepared by MORESCO based on publicly available data

Consolidated Statement of Income

➤ Net sales

- Revenue declined due to a drop in overseas automobile production, particularly in Thailand and North America.

➤ Operating profit

- Large growth in operating income driven by price adjustments and restrained selling, general, and administrative expenses.

➤ Profit

- Despite foreign exchange losses, non-operating profit remained positive, and ordinary profit and profit continued to grow at a high rate.

| | FY2024 3Q | FY2025 3Q | Same-period YoY change | |
|-------------------------|--------------|---------------|------------------------|----------------------|
| | | | Change in amount | Change in percentage |
| (Millions of yen) | | | | |
| Net sales | 25,917 | 25,573 | ▲344 | ▲1.3% |
| Gross profit | 7,502 | 8,017 | +515 | +6.9% |
| SG&A | 6,390 | 6,346 | ▲44 | ▲0.7% |
| Operating profit | 1,112 | 1,671 | +558 | +50.2% |
| Non-operating profit | 247 | 128 | ▲120 | ▲48.4% |
| Ordinary profit | 1,359 | 1,798 | +439 | +32.3% |
| Profit before tax | 1,312 | 1,796 | +484 | +36.9% |
| Profit* | 819 | 1,175 | +356 | +43.4% |

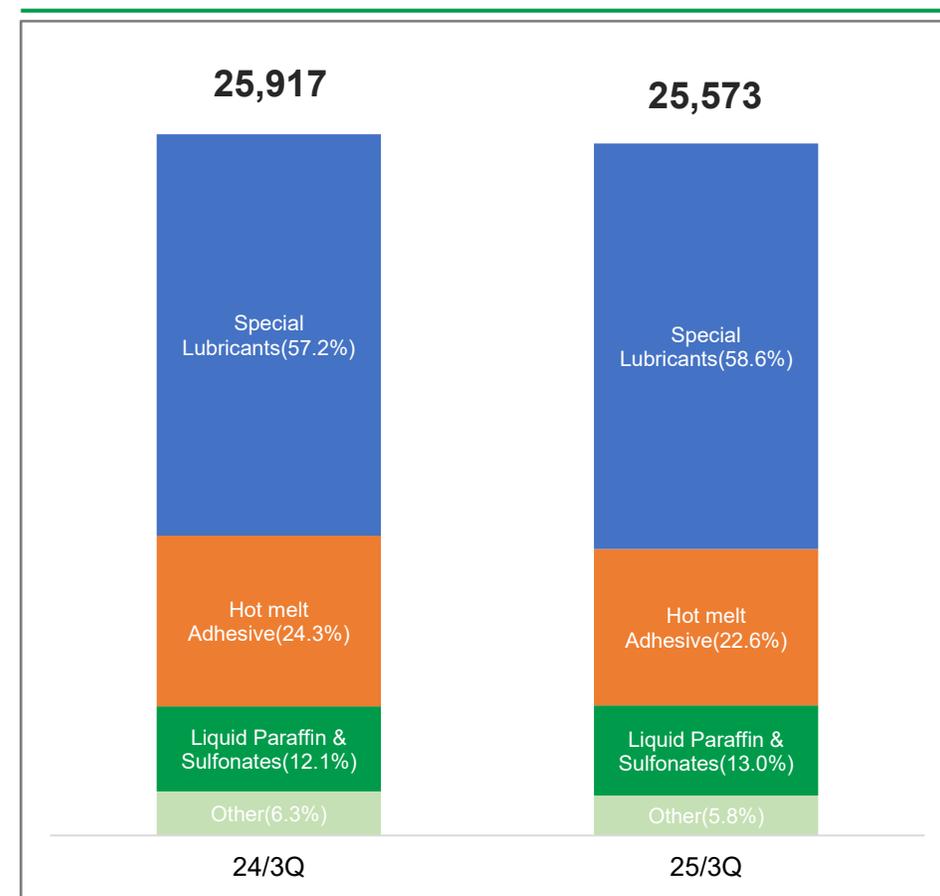
* Profit attributable to owners of the parent

Net sales by Division

- Net sales increased in the Special Lubricants and Liquid Paraffin & Sulfonates division, but a decline in Hot Melt Adhesive division dampened overall sales.

| (Millions of yen) | FY2024 3Q | FY2025 3Q | Same-period YoY change | |
|---|---------------|---------------|------------------------|-------------------------|
| | | | Change in amount | Change in percentage |
| Special Lubricants Division | 14,836 | 14,987 | + 151 | + 1.0% |
| Hot melt Adhesive Division | 6,306 | 5,784 | ▲522 | ▲8.3% |
| Liquid Paraffin & Sulfonates Division | 3,148 | 3,322 | + 174 | + 5.5% |
| Other | 1,626 | 1,479 | ▲147 | ▲9.0% |
| Total net sales | 25,917 | 25,573 | ▲344 | ▲1.3% |

Departmental net sales share



Special Lubricants Division

【Net sales】 Up 1.0% same-period YoY (¥ 14,987 million) **【Sales volume】 Down 1.0%** same-period YoY

➤ **High vacuum pump oil · Hydraulic fluid**

- Domestic and international demand declines led to lower sales.

➤ **DC fluids**

- Sales declined due to softened demand in China.

➤ **Cutting fluids**

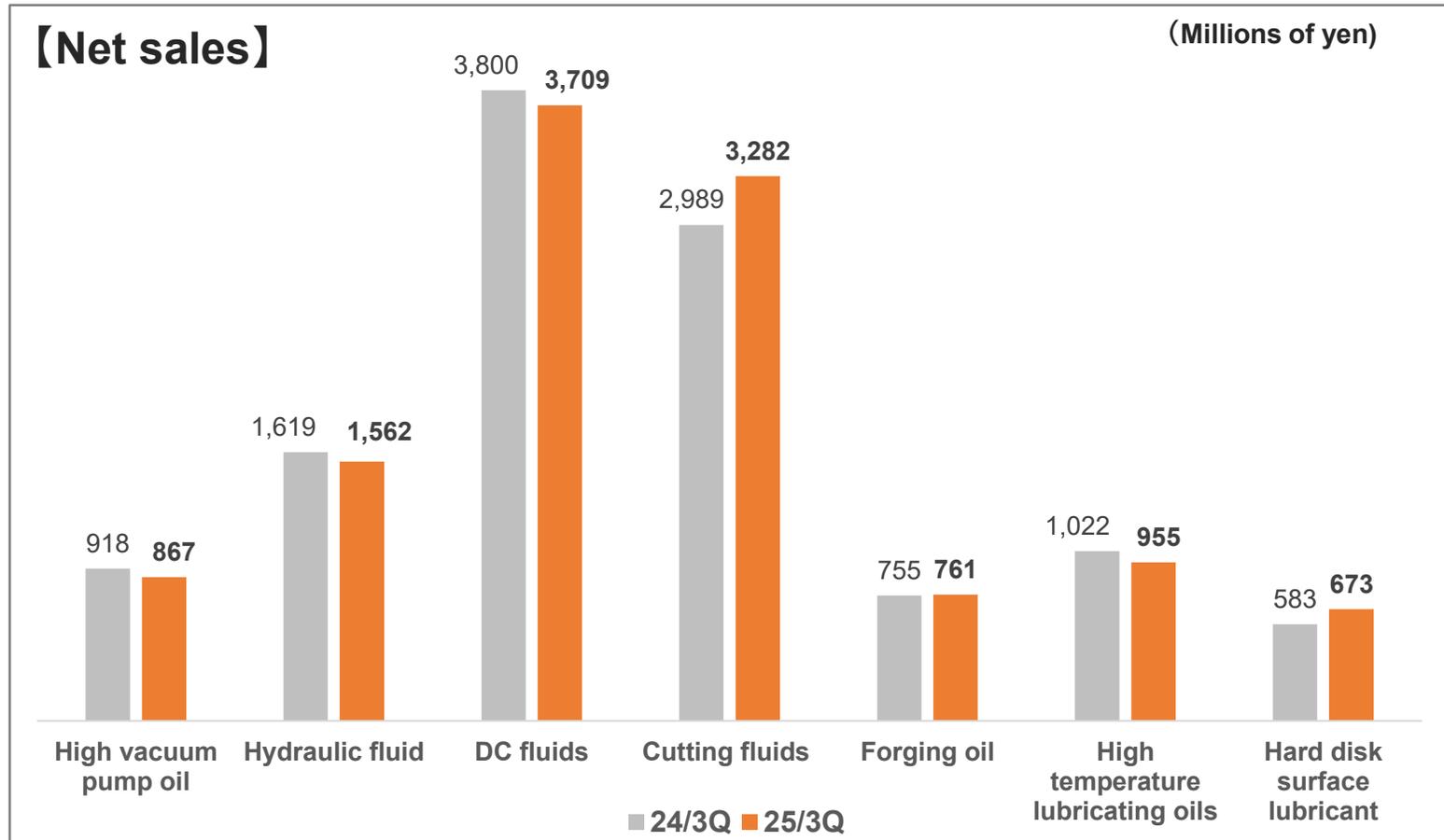
- Sales increased due to higher domestic and international demand.

➤ **High temperature lubricating oils**

- Sales declined due to a drop in domestic demand.

➤ **Hard disk Surface lubricant**

- Sales increased as key customers maintained high demand.



Hot melt Adhesive Division

【Net sales】 **Down 8.3%** same-period YoY (¥5,784 million) 【Sales volume】 **Down 5.6%** same-period YoY

➤ Hygiene applications

- Sales declined as sales in Japan and Southeast/South Asia decreased.

➤ Adhesive

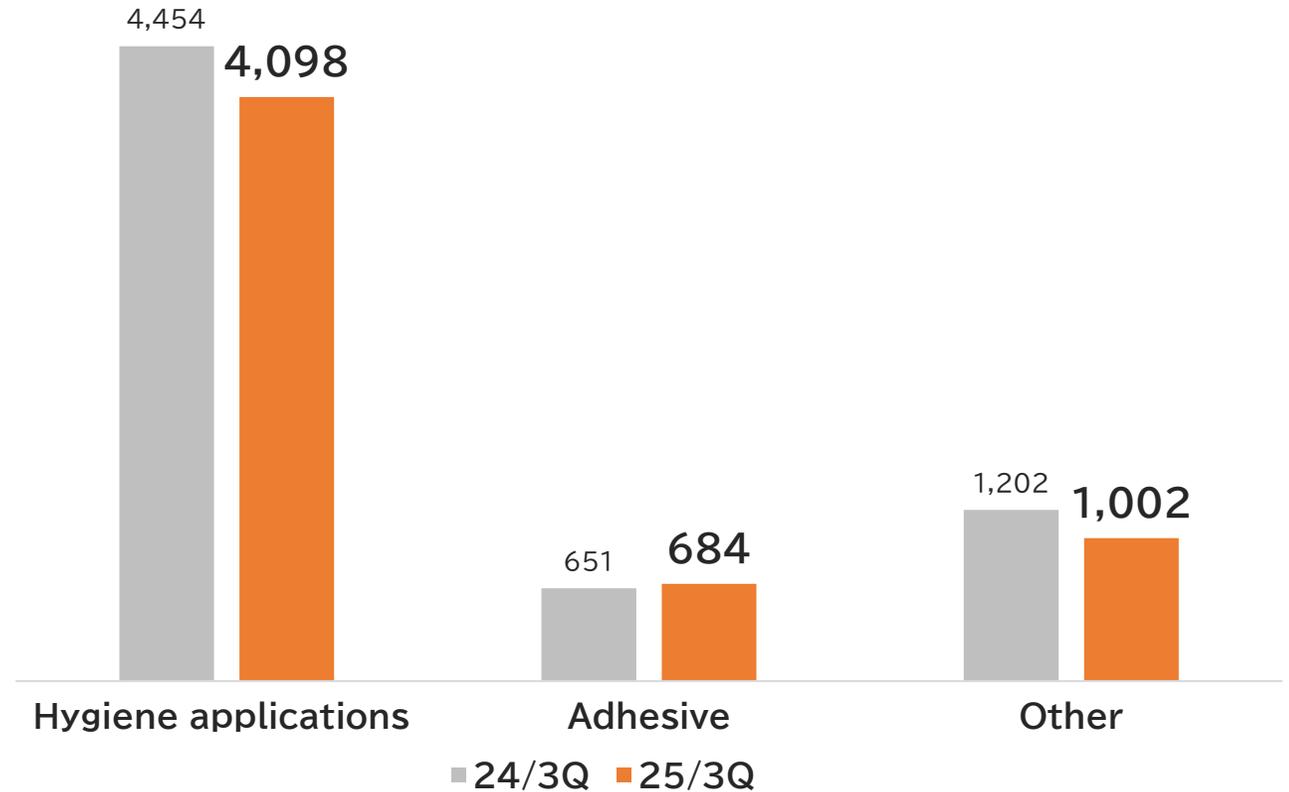
- Sales increased due to higher domestic sales.

➤ Other

- Sales declined due to decreases in filter-related applications in China.

【Net sales】

(Millions of yen)



Liquid Paraffin & Sulfonates Division

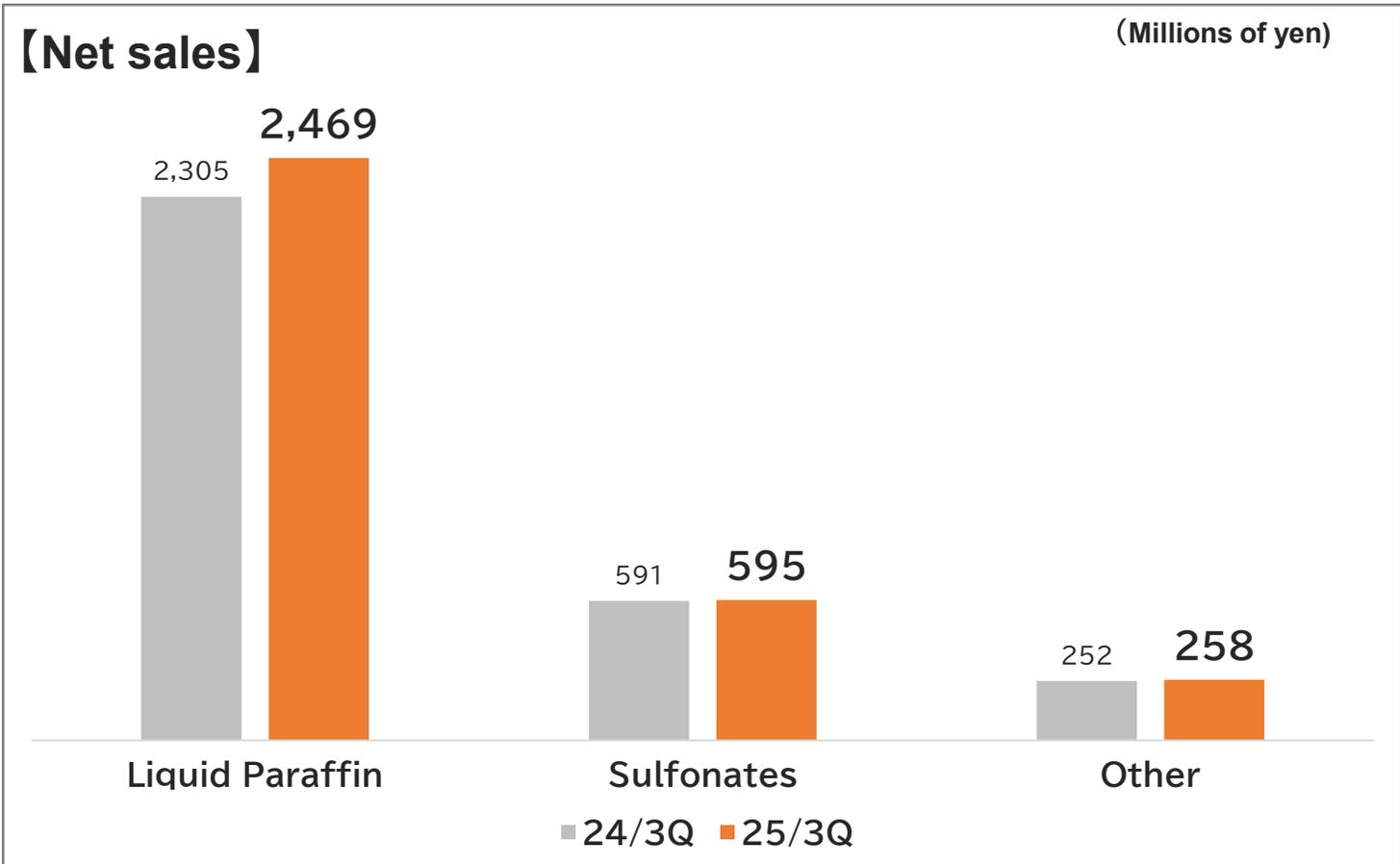
【Net sales】 Up 5.5% same-period YoY (¥ 3,322 million) 【Sales volume】 Up 4.7% same-period YoY

➤ Liquid Paraffin

- Demand for polystyrene plasticizer applications increased, leading to higher sales.

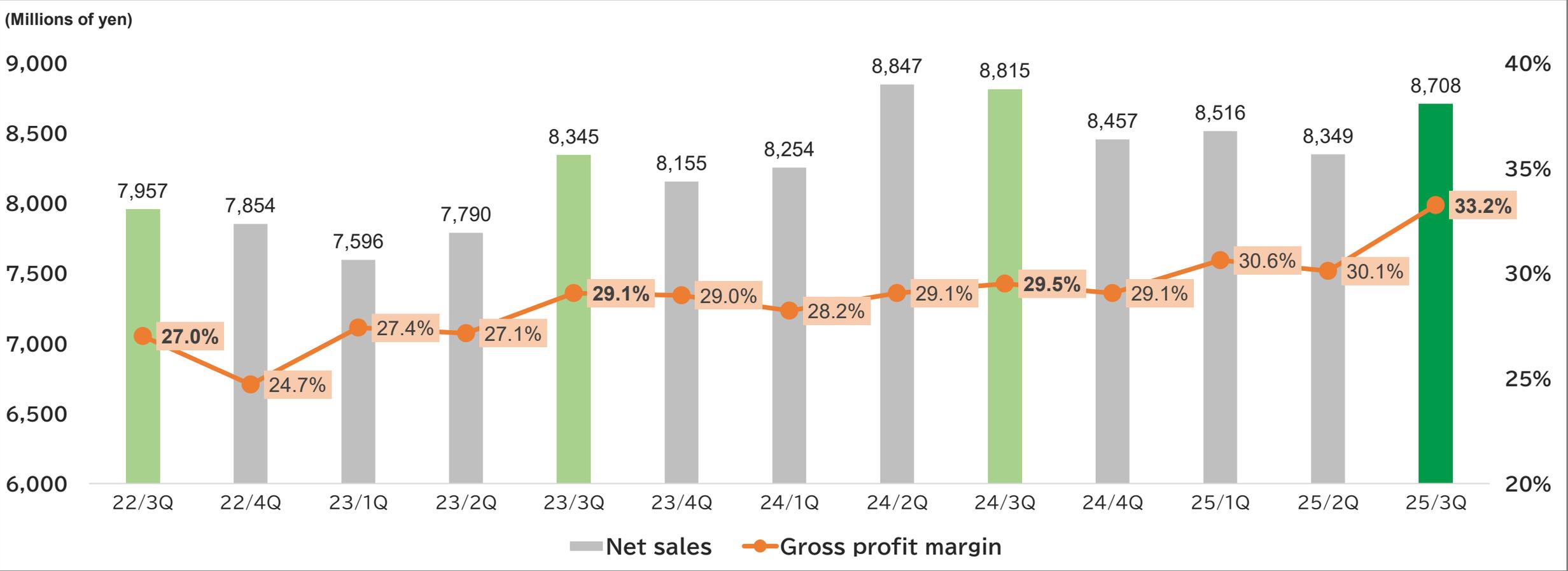
➤ Sulfonates

- Domestic sales remained solid, leading to higher sales.



Trends in Consolidated Net Sales and Consolidated Gross Profit Margin

- Net sales declined slightly year over year.
- Gross margin on net sales increased due to higher sales of high-value-added products.



Consolidated Segment Profits and Losses

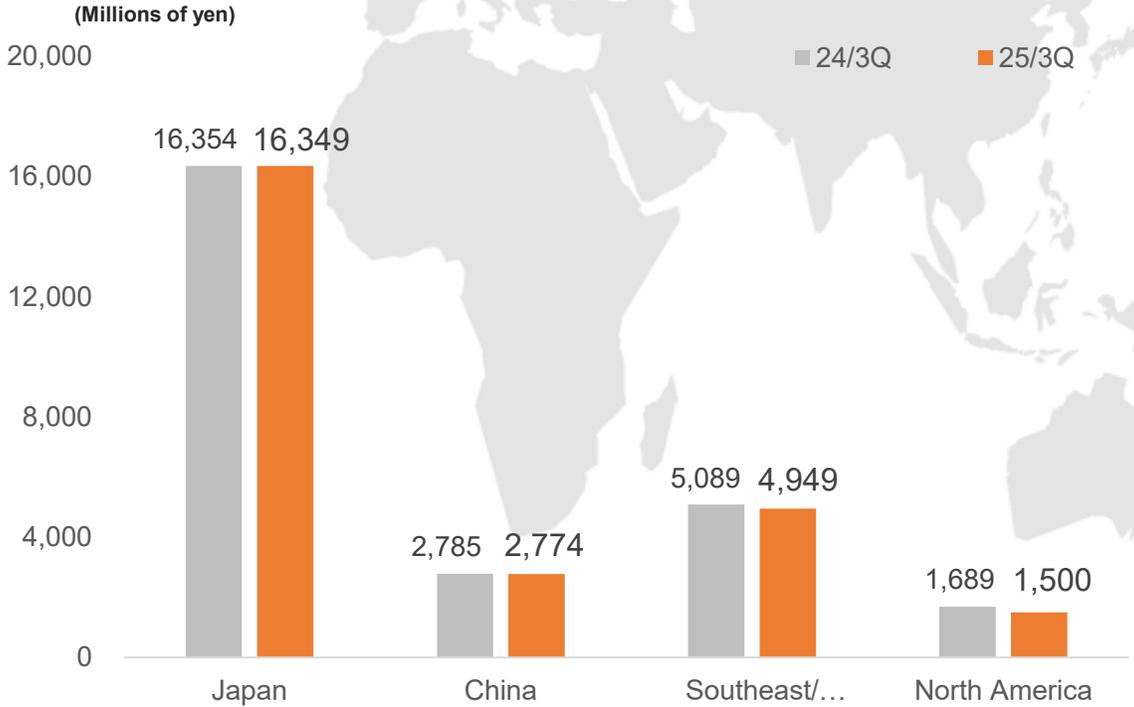
[Japan] Net sales declined slightly, but with increased high-value-added product sales and cost controls, operating profit rose significantly.

[China] Net sales from adhesive use in filters declined, but rationalization improved operating profit.

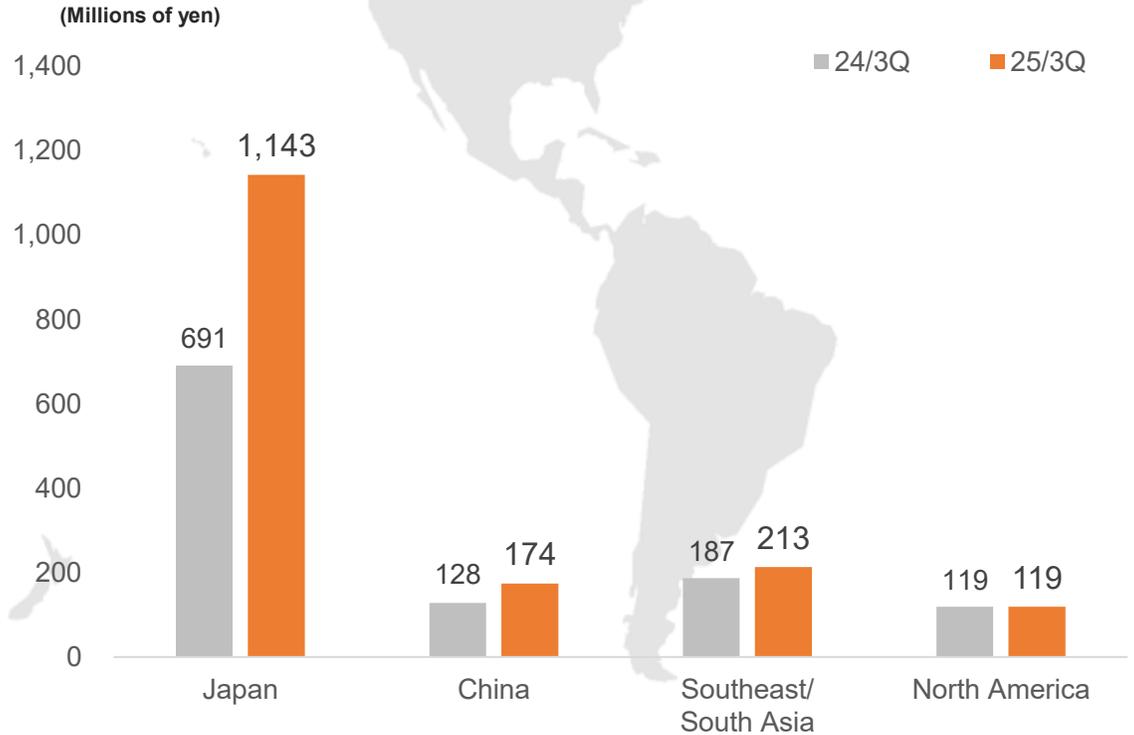
[Southeast/South Asia] Net sales declined due to weaker demand for hot melt adhesives, but profitability rose thanks to new sales of cutting oil additives.

[North America] Net sales fell due to lower demand from major customers amid reduced automotive production, but operating profit edged up modestly due to benefits from subsidiary integration.

Net sales



Operating profit



FY2025 Consolidated Earnings Forecast

➤ Assumptions for the full-year forecasts

- Crude oil price: 79.5\$/b
- Exchange rate: \$145 dollars/¥1

➤ Dividend/share (forecasts)

- ¥45 (Interim: ¥20; year-end: ¥25)

| (Millions of yen) | FY2025 forecasts | FY2025 Interim results | Progress rate |
|-------------------------|------------------|------------------------|---------------|
| Net sales | 36,500 | 25,573 | 70.1% |
| Operating profit | 1,750 | 1,671 | 95.5% |
| Ordinary profit | 2,100 | 1,798 | 85.6% |
| Profit* | 1,300 | 1,175 | 90.4% |

* Profit attributable to owners of the parent

Topics (Initiatives to strengthen the global framework.)

Notice Concerning Dissolution of Chinese Subsidiary in Connection with Global Production Structure Reorganization

At a meeting of the Board of Directors held on December 12, 2025, our Company resolved to dissolve TIANJIN MORESCO TECHNOLOGY CO., LTD. in connection with the reorganization of our global production structure. We hereby provide notice as follows:

1. Production Structure Reorganization

Currently, our Group's hot melt adhesives business operates through four manufacturing facilities: our Company's Akoh Plant (Ako City, Hyogo Prefecture, Japan); TIANJIN MORESCO TECHNOLOGY CO., LTD. (Tianjin, China); PT. MORESCO MACRO ADHESIVE (Indonesia); and MORESCO HM&LUB INDIA PRIVATE LIMITED (India) for Southeast and South Asian markets.

Going forward, manufacturing of hot melt adhesives at TIANJIN MORESCO TECHNOLOGY CO., LTD. will be gradually transitioned through contract manufacturing with local partner companies and production transfers to the Akoh Plant and the Indonesia facility, among others. TIANJIN MORESCO TECHNOLOGY CO., LTD. will then be dissolved and liquidated.

With respect to Group company employees, local communities, and business partners affected by this matter, we will consider minimizing the impact and will proceed appropriately in accordance with all applicable laws, regulations, and labor agreements. The impact of this matter on our Group's consolidated financial results for the fiscal year ending February 2026 is currently under review. We will disclose the impact amount as soon as it is determined.

Notice Concerning Absorption-Type Merger between Consolidated Subsidiaries

At a meeting of the Board of Directors held on December 12, 2025, our Company resolved to execute an absorption-type merger (the "Merger") effective January 1, 2026, with MORESCO USA Inc. ("MUSA"), a consolidated subsidiary of the Company, as the surviving company, and CROSS TECHNOLOGIES N.A.INC. ("CTNA"), a consolidated subsidiary of the Company, as the dissolving company. We hereby provide notice as follows: Please note that while this Merger is between consolidated subsidiaries of the Company and does not meet the criteria for timely disclosure, we are providing this disclosure on a voluntary basis.

1. Purpose of the Merger

The purpose is to strengthen our revenue base by enhancing competitiveness through shared know-how in sales and research and development activities, improving operational efficiency through integration of overlapping functions, and reducing costs.

2. Merger Overview

(1) Merger Schedule

Effective Date of Merger: January 1, 2026 (scheduled)

(2) Merger Structure

This is an absorption-type merger with MUSA as the surviving company and CTNA as the dissolving company.

(3) Allotment Details in Connection with the Merger

There will be no issuance of new shares or allotment of cash or other consideration in connection with the Merger.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the Dissolving Company

Not applicable.

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



MORESCO Group Integrated Report 2025

- Performance outlook and other information related to future forecasts and strategies contained in this material is based on the Company's decisions at the time of preparation of this material and is subject to change in the future without prior notice.
- The Company will not be held responsible for any damage caused by making investment decisions based solely on the performance outlook and target figures provided in this material.
- Please note, copying or distributing this material without permission is prohibited.