

Moresco Corporation

The 68th Term Financial Results Briefing Material (From March 1, 2025 to February 28, 2026)

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

April 20, 2026

Contents

- **Management environment and business overview**
- **Performance report**
- **Topics**
- **Progress of the 10th Medium-Term Management Plan**

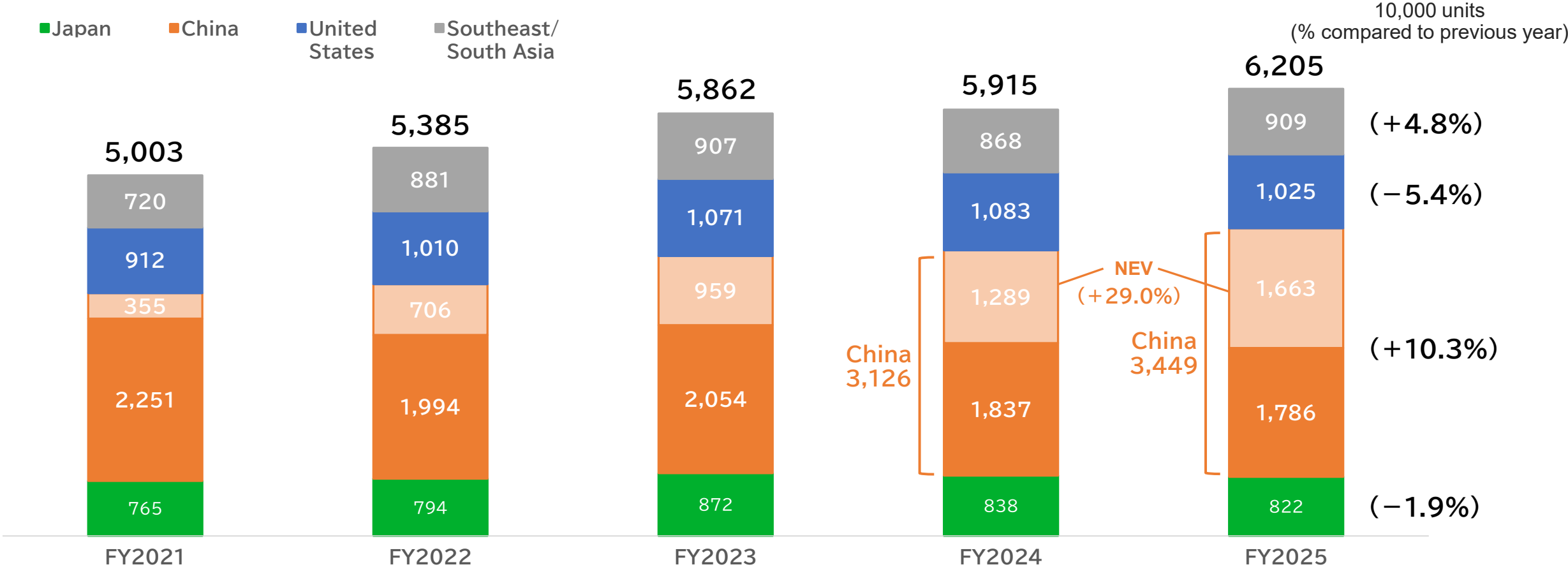
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Business Environment - Volume of automobile production

➤ Automobile production in North America and Japan declined year on year, while China and Southeast/South Asia (India) recorded increases.

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

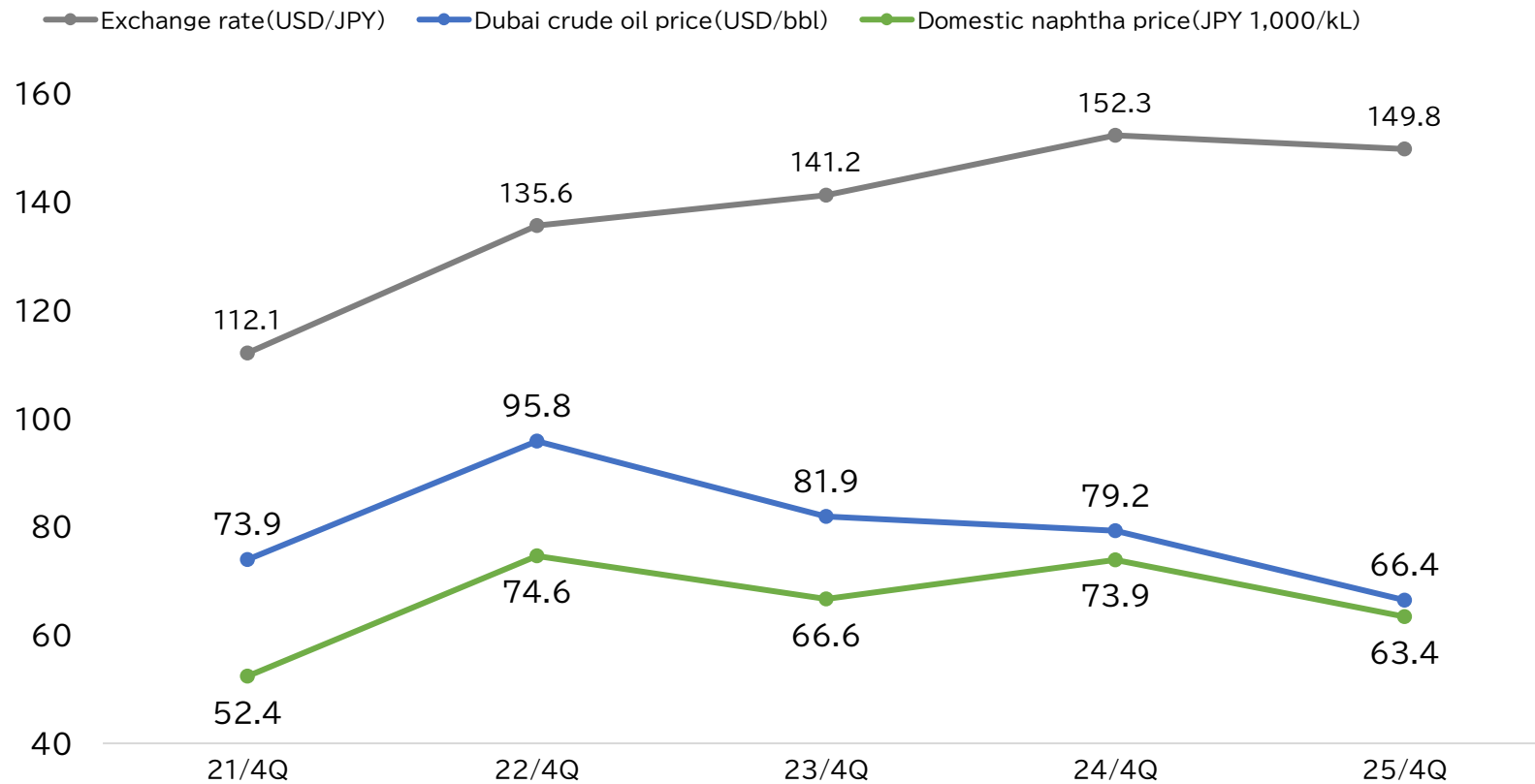


Source: Prepared by MORESCO based on data released by MarkLines Co., Ltd.
 Note 1: Data is aggregated based on MORESCO's fiscal year (Japan: March to February, overseas: January to December).
 Note 2: Data for Southeast/South Asia includes only Thailand, Indonesia, and India, where we have operating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

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

- The average USD/JPY exchange rate for FY26/2 was slightly stronger yen compared to the same period of the previous year.
- Crude oil and naphtha prices remained at low levels.

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



	FY2025 Result	FY2025 Plan	vs. Plan	(YoY Change)
Exchange rate (USD/JPY)	149.8	145.0	+ 4.8	- 2.5
Crude oil price (USD/bbl)	66.4	79.5	- 13.1	- 12.8
Domestic naphtha price (JPY 1,000/kL)	63.4	-	-	-

Source: Compiled by MORESCO based on publicly available data.
Note: Figures represent period averages.

Consolidated Statement of Income

- Both revenue and profit increased, driven by higher sales of high-value-added products and the containment of selling, general and administrative expenses.

(Millions of yen)	FY2024	FY2025	Year-on-year change	
			Change in amount	Change in percentage
Net sales	34,374	34,871	+497	+1.4%
Gross profit	9,960	10,957	+997	+10.0%
SG&A	8,569	8,590	+21	+0.3%
R&D expenses	(1,599)	(1,544)	-55	-3.4%
Operating profit	1,391	2,367	+976	+70.2%
Non-operating profit (loss)	430	337	-93	-21.7%
Ordinary profit	1,821	2,704	+883	+48.5%
Profit before tax	1,585	2,612	+1,027	+64.8%
Profit*	1,013	1,525	+512	+50.6%

* Profit attributable to owners of parent.

Net sales by Division

- Revenue from Cutting Fluids and Hard Disk Surface Lubricants for data centers increased (Special Lubricants Division).
- Sales of hygiene material applications declined (Hot Melt Adhesive Division).
- Sales of wastewater treatment equipment increased (Other).

(Millions of yen)	FY2024	FY2025	Year-on-year change	
			Change in amount	Change in percentage
Special Lubricants Division	19,697	20,238	+541	+2.7%
Hot melt Adhesive Division	8,332	7,720	-612	-7.3%
Liquid Paraffin & Sulfonates Division	4,234	4,298	+64	+1.5%
Other	2,110	2,615	+505	+23.9%
Total net sales	34,374	34,871	+497	+1.4%

Departmental net sales share



Special Lubricants Division

[Net sales] **Up 2.7%** year on year (¥20,238 million) [Sales volume] **Up 0.3%** year on year

Hydraulic fluid

- Domestic demand declined, resulting in lower revenue.

DC (die casting) fluids

- Sales decreased in China and North America.

Cutting fluids

- Revenue increased, driven by expansion into new customers.

High temperature lubricating oils

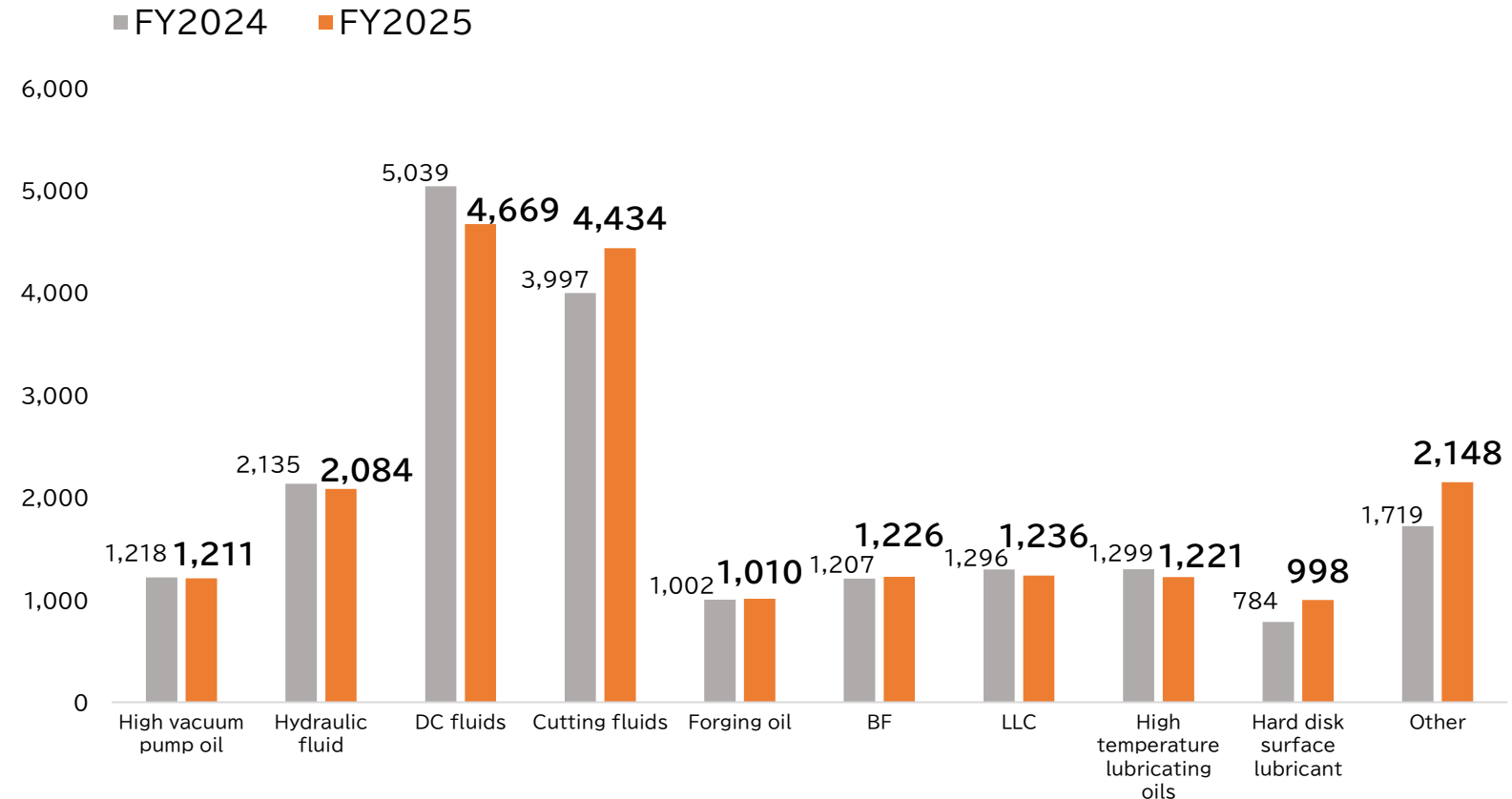
- Domestic demand declined, resulting in lower revenue.

HD (hard disk) surface lubricant

- Sales increased due to an increase in demand.

Net sales by product

(Millions of yen)



[Net sales] **Down 7.4%** year on year (¥7,720 million) [Sales volume] **Down 4.8%** year on year

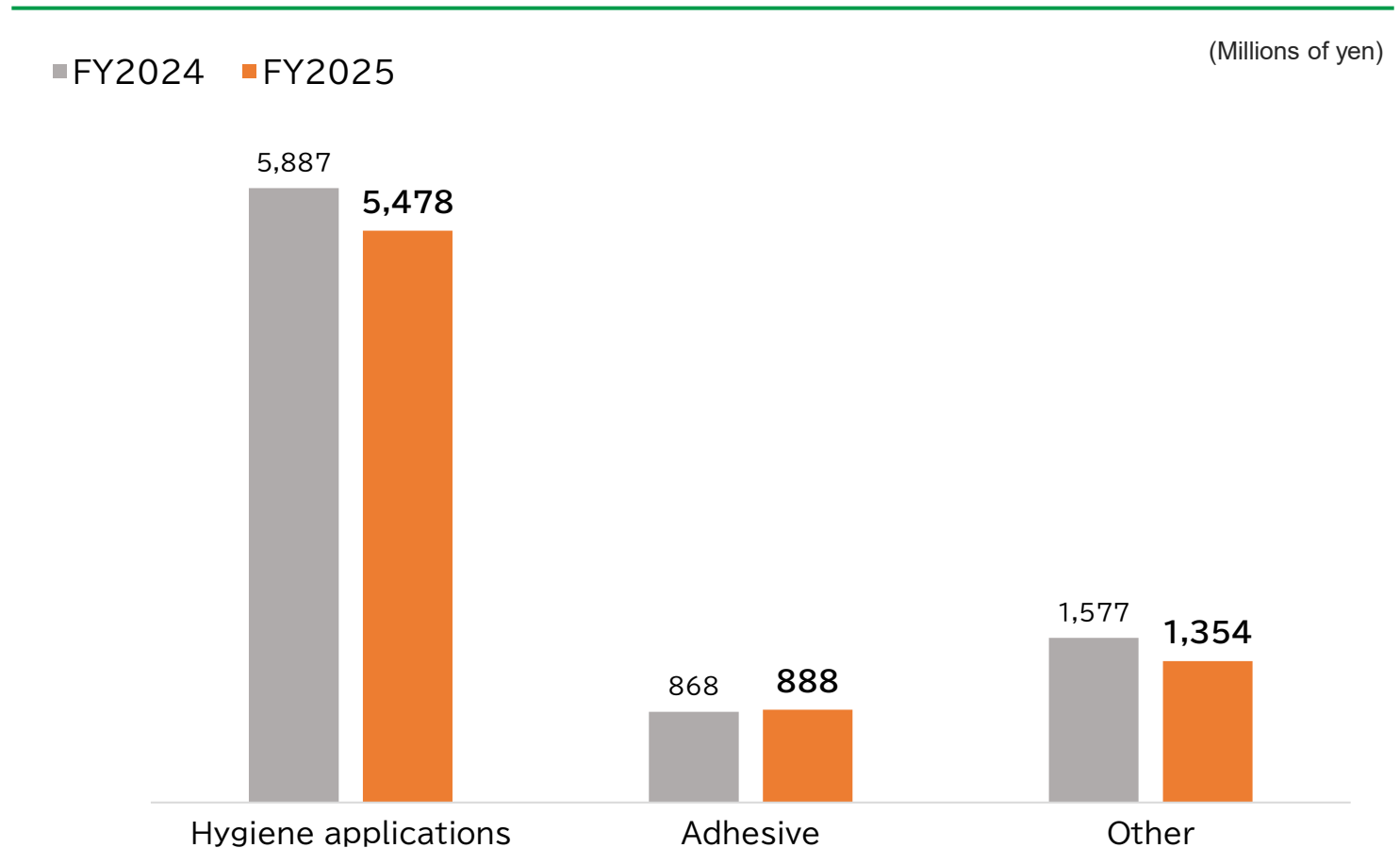
Hygiene applications

- Both revenue and volume declined.

Adhesive

- Overseas demand remained sluggish; however, recovery in domestic demand led to higher revenue.

Net sales by product



Liquid Paraffin & Sulfonates Division

[Net sales] **Up 1.5%** year on year (¥4,298 million) [Sales volume] **Down 0.3%** year on year

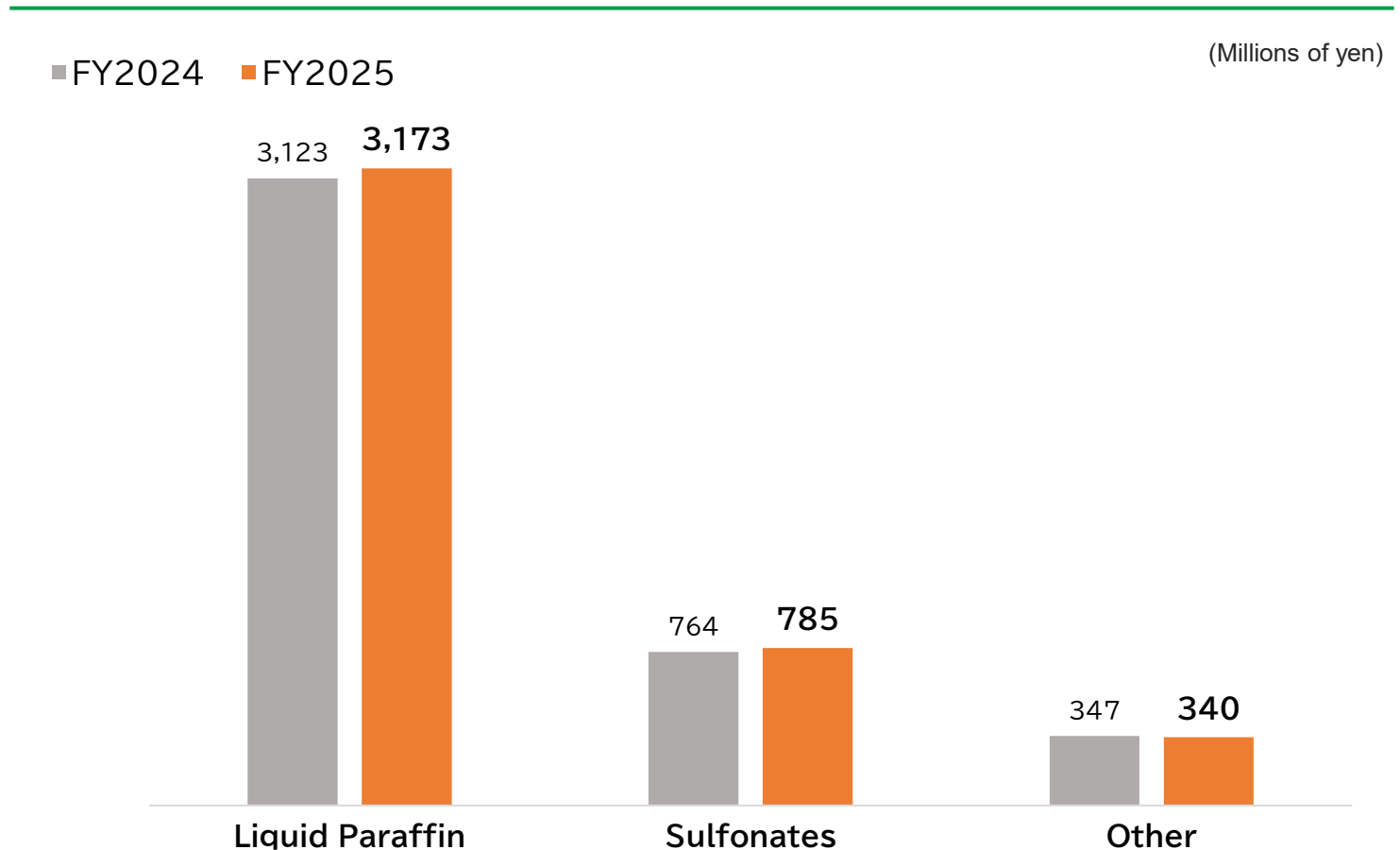
Liquid Paraffin

- Domestic sales remained stable, contributing to higher revenue.

Sulfonates

- Despite sluggish demand from China, increased sales to North America contributed to higher revenue.

Net sales by product



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Consolidated Statement of Income

Net sales

- Increase in Special Lubricants segment sales.

Gross Profit

- Price corrections and expansion of high-value-added product sales.

Operating Profit

- Containment of selling, general and administrative expenses.

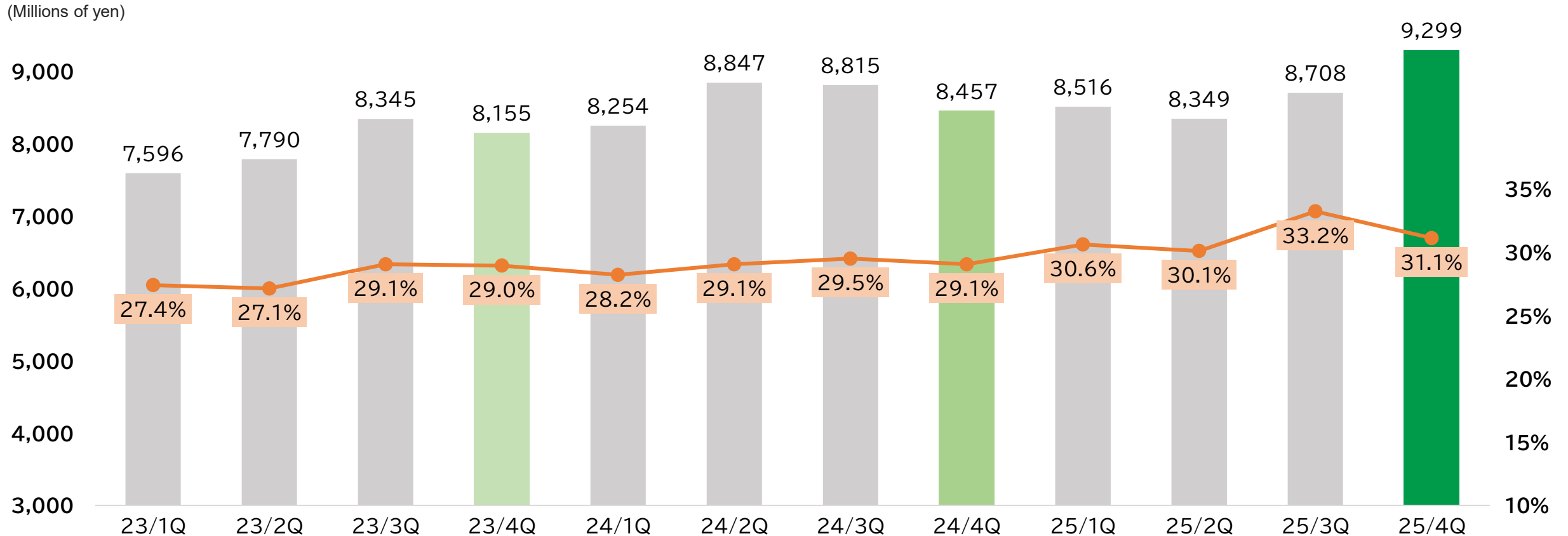
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Profit	1,013	1,525	+512	+50.6%

* Profit attributable to owners of the parent

Trends in Consolidated Net sales and Consolidated Gross Profit Margin (quarterly)

- Net sales maintained an upward trend.
- Gross profit margin held above 31%.

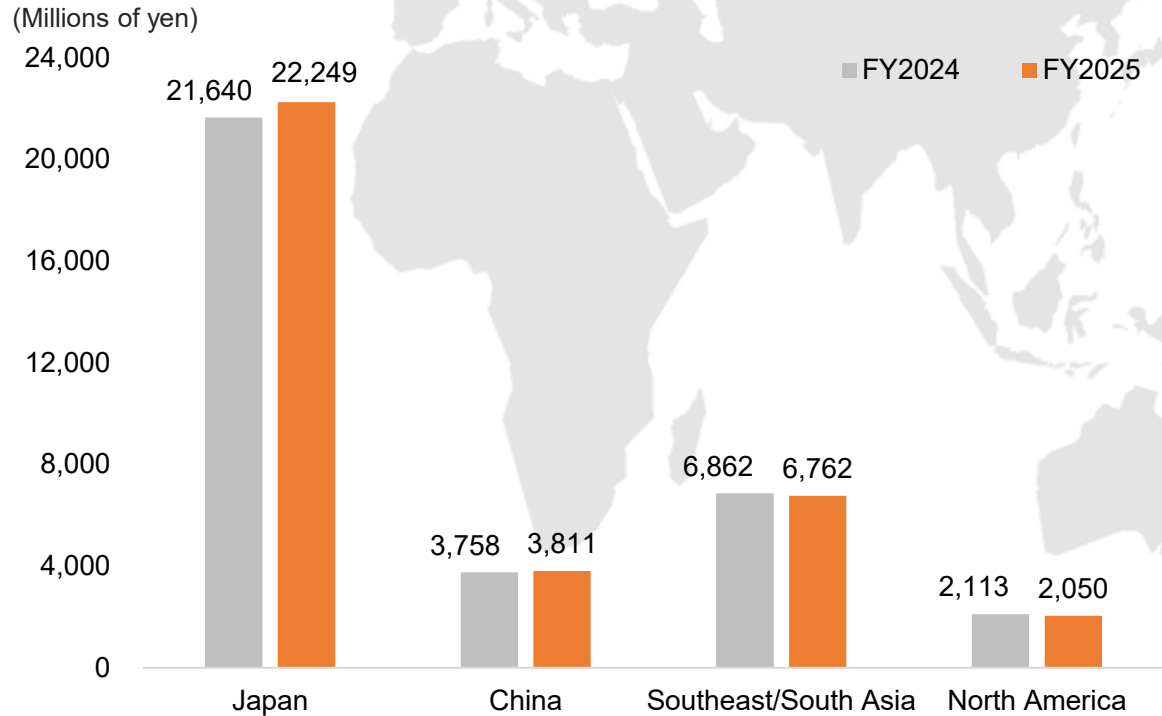
■ Consolidated net sales ● Consolidated gross profit margin



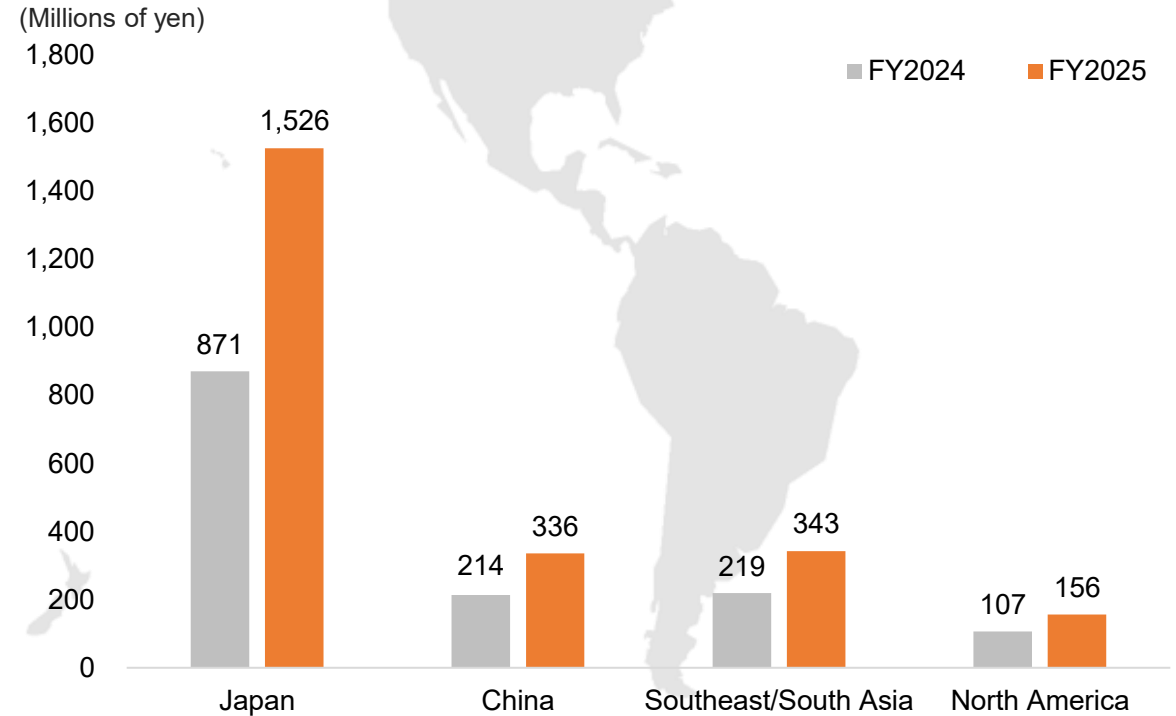
Consolidated Segment Profits and Losses

[Japan] Revenue and profit both increased, driven by expanded sales of Cutting Fluids and Hard Disk Surface Lubricants for data centers.
 [China] Despite lower Die Casting Lubricant sales, increased sales of vacuum oils and Cutting Fluids drove higher revenue and profit.
 [Southeast/South Asia] Revenue declined due to lower Hot Melt Adhesive sales; however, strong performance across lubricants overall led to higher profit.
 [North America] Revenue declined, but profit improved due to integration synergies.

Net sales



Operating profit



Consolidated Balance sheet

Inventories

- Products – 270

Property, plant and equipment

- Machinery & Vehicles – 275

Investments and other

- Retirement Benefit Assets + 606

Interest-bearing liabilities

- Long-Term Loans – 832

Accumulated comprehensive income

- Foreign Currency Translation Adjustments + 199
- Remeasurements of Defined Benefit Plans + 665

(Millions of yen)		Change in amount			Change in amount
Cash and deposits	6,914	+1,406	Trade payables	5,081	+81
Trade receivables	8,661	+531	Interest-bearing liabilities	4,560	–557
Inventories	6,892	–235	Other current liabilities	2,681	+496
Other	662	+167	Other non-current liabilities	1,477	+492
Total current assets	23,129	+1,870	Total liabilities	13,799	+511
Property, plant and equipment	9,932	–482	Share capital/capital surplus	4,096	+7
Intangible assets	1,283	–89	Retained earnings	16,385	+1,112
Investments and other	6,338	+1,087	Treasury shares	–641	+8
			Accumulated comprehensive income	3,637	+665
			Non-controlling interests	3,406	+82
Total non-current assets	17,553	+516	Total net assets	26,883	+1,874
Total assets	40,683	2,386	Total liabilities and capital	40,683	+2,386

Consolidated Cash flow

➤ Factors behind change

Operating cash flow

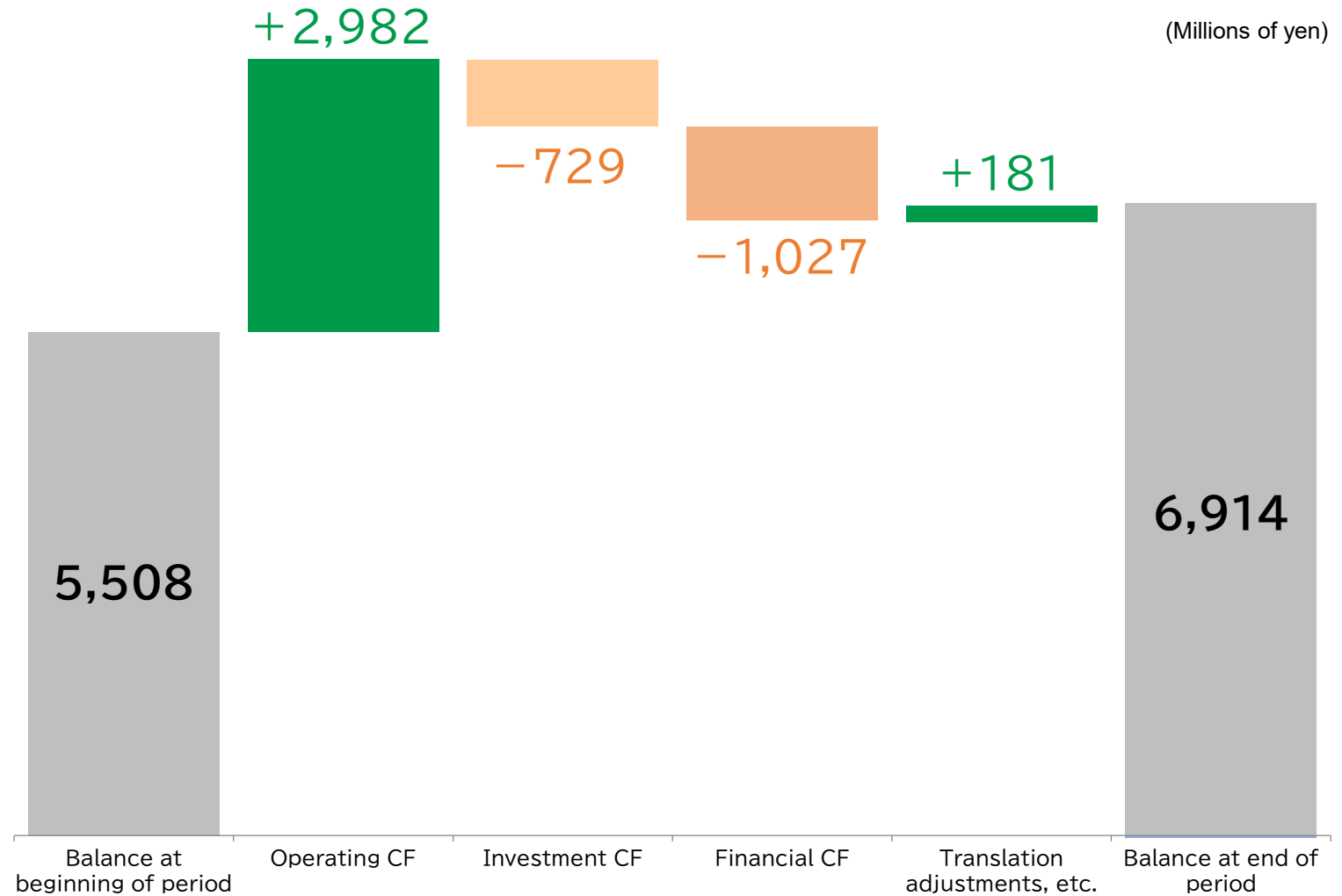
- Profit before income taxes +2,612
- Depreciation +1,223
- Change in retirement benefit assets & liabilities -632

Investment cash flow

- Purchase of property, plant and equipment -687

Financial cash flow

- Repayments of long-term borrowings -1,159
- Dividends paid -413



FY2026 Earnings Forecast

Full-Year Forecast Assumptions

- Crude Oil Price (Dubai): USD 130/bbl
- Exchange Rate: JPY 160/USD

Annual Dividend per Share (Forecast)

- JPY 55
(Interim: JPY 25, Year-end: JPY 30)

	FY2025 results	FY2026 forecasts	Year-on-year change	
			Change in amount	Change in percentage
Net sales (Millions of yen)	34,871	37,000	+2,129	+6.1%
Operating profit	2,367	2,400	+33	+1.4%
Ordinary profit	2,704	2,700	-4	-0.1%
Profit*	1,525	1,550	+25	+1.6%

* Profit attributable to owners of parent.

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- Review of Management Structure in North America and China (Announced December 12, 2025)

Merger of Two Group Companies in North America

MORESCO USA Inc. (Michigan, USA), a consolidated subsidiary of MORESCO Corporation, merged with CROSS TECHNOLOGIES N.A. INC. (Michigan, USA).

Dissolution of the Hot Melt Adhesive Plant in China (Tianjin)

MORESCO Group currently operates its Hot Melt Adhesive business in Japan, China, Indonesia, and India. As part of a review of our global production structure, we have decided to dissolve and liquidate the manufacturing plant in China.

Construction of the 2nd Research Center

- To drive the creation of new businesses, MORESCO is currently constructing a new research center. Operations are targeted to commence around March 2027.

Rendering of the 2nd Research Center exterior



Research Center Location



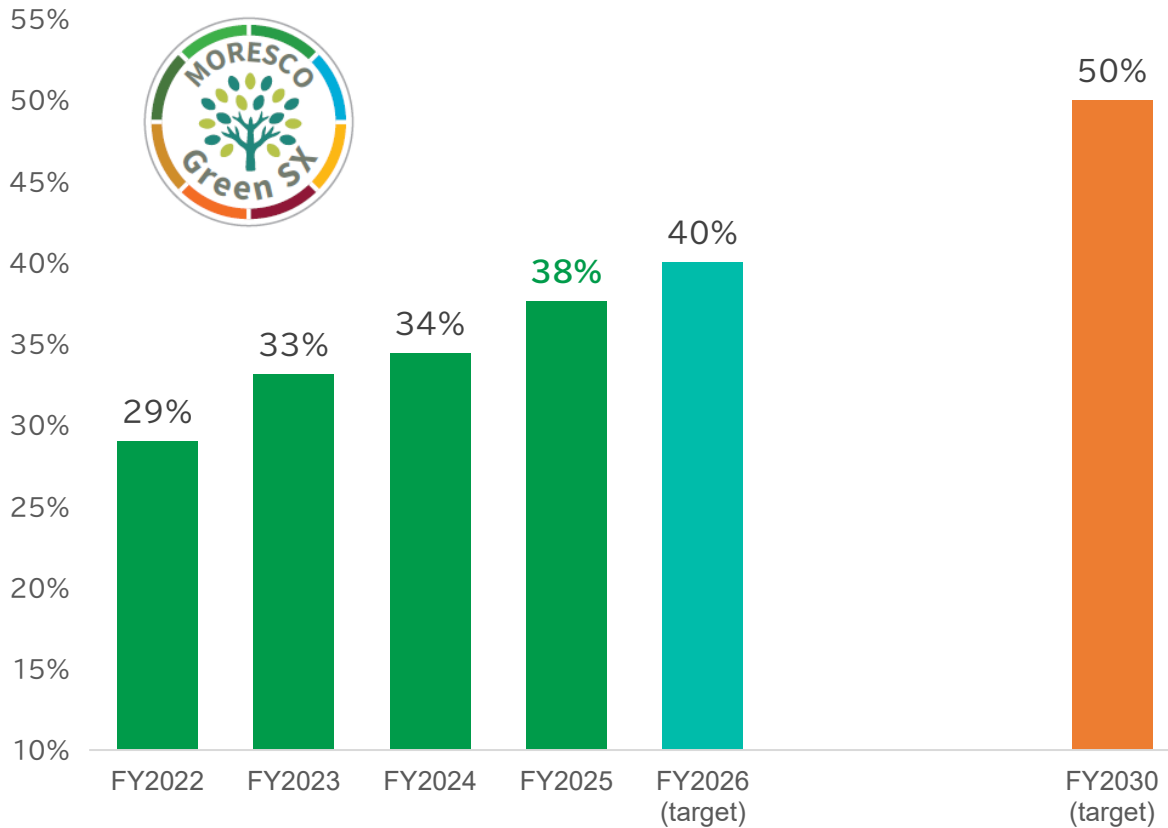
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MORESCO Green SX (MGS) Products Sales Ratio

➤ To achieve the FY2026 target of 40%, MORESCO will accelerate the development of MGS products.

MGS products sales ratio targets



MGS products

Water soluble cutting fluids MORESCO TOOLMATE GR-5

Environmental conservation

Building of a better workplace

A proprietary special additive suppresses the solidification and floating of glass powder, reducing malfunctions in peripheral equipment such as centrifugal separators and cutting replacement work time by 75%.



Reactive hot melt adhesive MORESCO-MELT RO-400

Energy conservation

Building of a better workplace

A reactive hot melt adhesive that cures through moisture in the air or on the substrate. It eliminates the drying process after application, improving productivity and reducing energy consumption, while also contributing to environmental improvement through solvent elimination.



Strengthening Sales of High-Value-Added Products: Hard Disk Surface Lubricant **MORESCO**

- Further expansion of sales of Hard Disk Surface Lubricant.

Trends in the HDD Market (Nearline Storage)

This chart is not displayed due to the expiration of the publication permission.

Hard Disk Surface Lubricant

- Our hard disk surface lubricants protect the data recorded on disks with a nanometer-level* thin film, contributing to improved reliability of hard disk drives.

* Nano: One Billionth



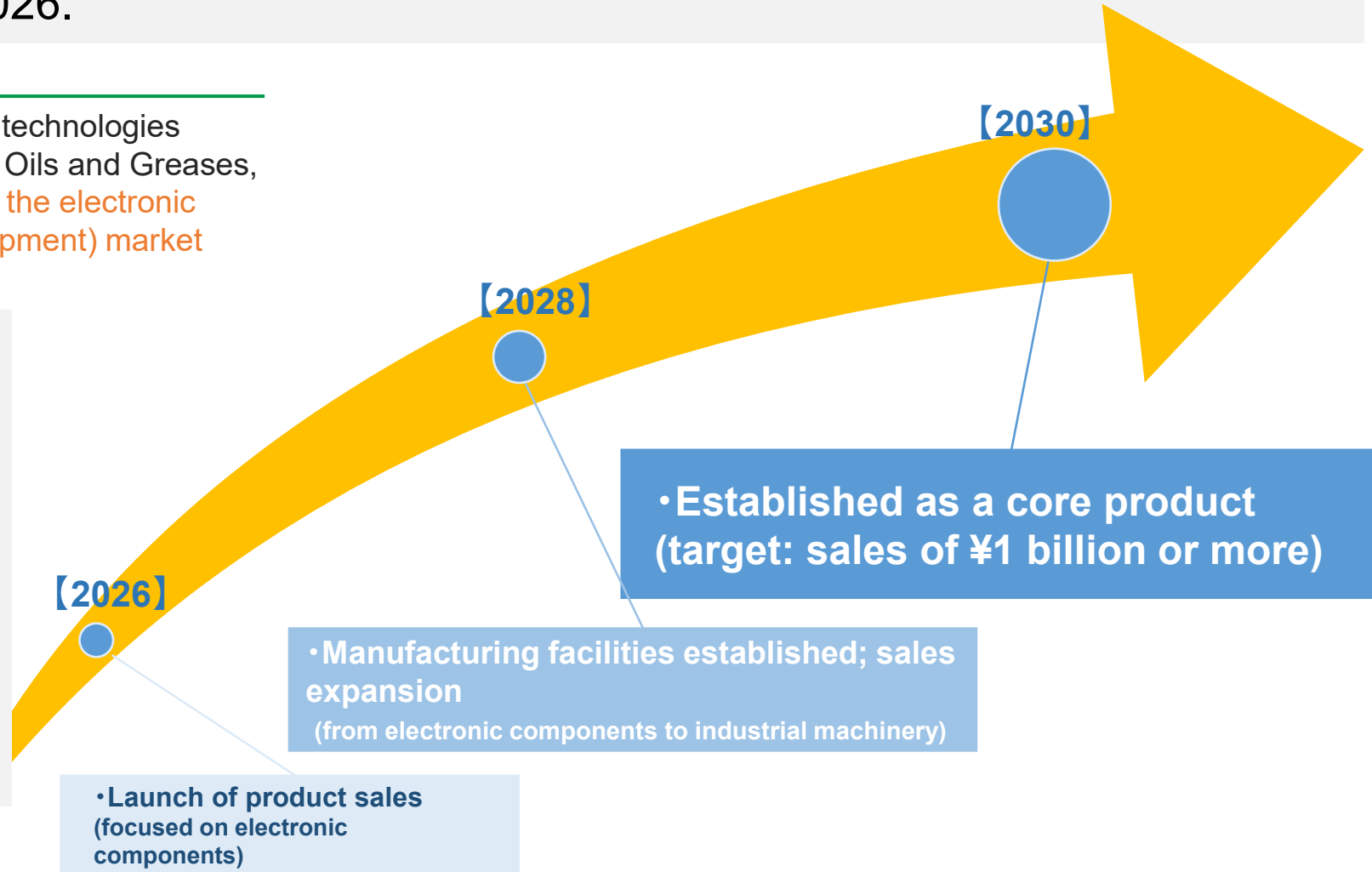
PFAS-free lubricants for electronic components (semiconductor manufacturing equipment), with commercial launch planned for FY2026.

Our Initiatives

- ✓ Leveraging molecular synthesis and formulation technologies cultivated through High Temperature Lubricating Oils and Greases, MORESCO will expand PFAS-free products into the **electronic components (semiconductor manufacturing equipment)** market and the **industrial machinery** market.

【Market Size (Overall)】

- ¥70 billion (2022 actual) → ¥110 billion (2028 forecast)
- Key applications by segment (2022 actual)
 - **Electronic Components: 24%** (semiconductor manufacturing equipment-related)
 - ➔ Estimated market size of approx. ¥17 billion
 - **Industrial Machinery: 14%** (corrugating machines, etc.)
 - ➔ Estimated market size of approx. ¥10 billion
 - Automotive: 15%



Creation of Next-Generation Business: Radiation-Resistant Lubricants

- Contribution to the development of fusion (nuclear fusion) plants through proprietary Radiation Resistant Lubricating Oils and Greases.

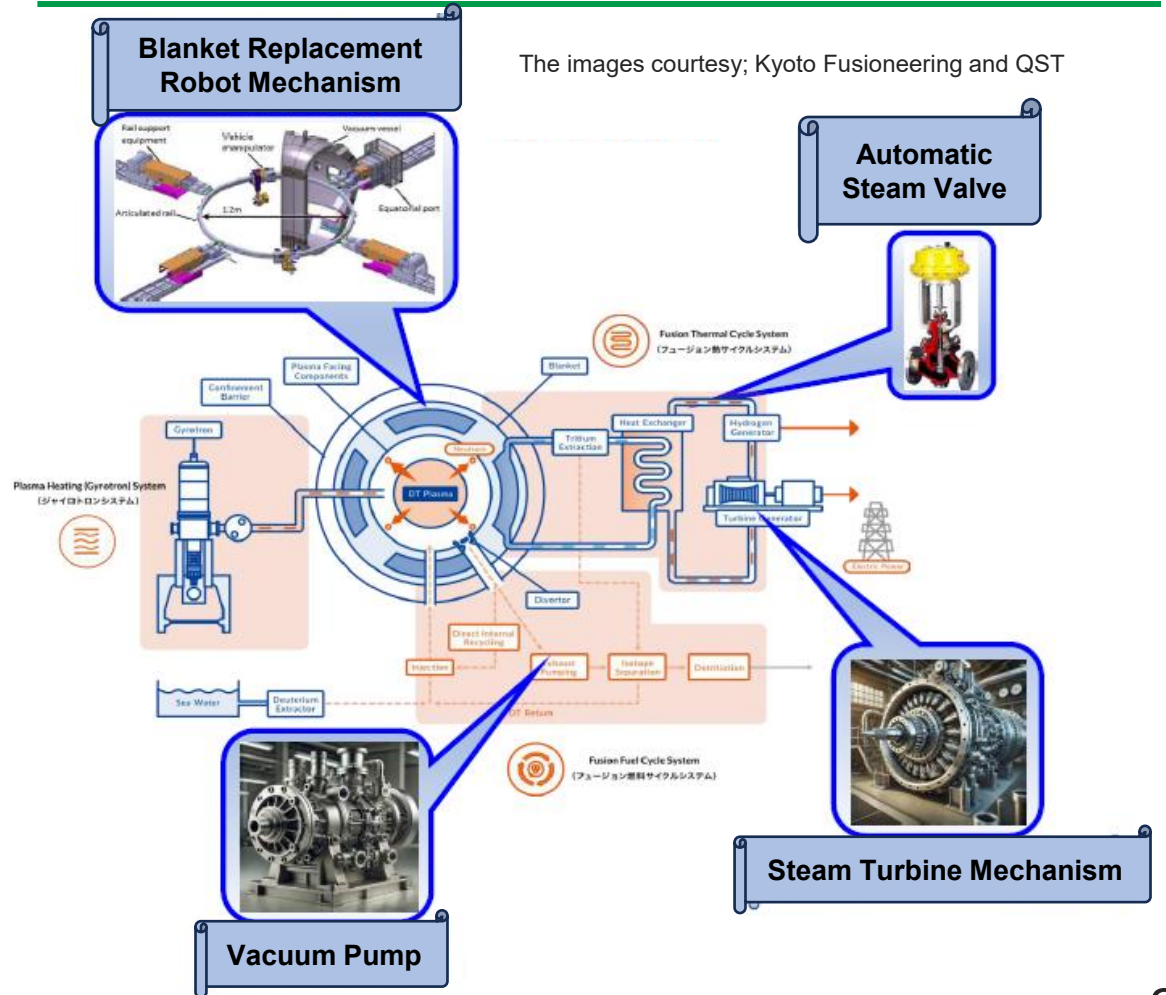
Our Radiation Resistant Lubricating Oils and Greases (MORESCO-HIRAD)

- MORESCO-HIRAD demonstrates world-class radiation resistance even under high-radiation environments such as nuclear power plants, particle accelerators, and the decommissioning of the Fukushima Daiichi Nuclear Power Plant.

Comprehensive Business Partnership with Kyoto Fusioneering Ltd.

- In May 2025, MORESCO entered into a comprehensive business partnership with Kyoto Fusioneering Ltd. for the joint development and commercialization of radiation-resistant lubricants for use in future fusion plants.

Equipment for Use in Fusion Plants



- Advancing the development of autophagy activating drugs in collaboration with Osaka University, Ehime University, APGO, Nara Medical University, the University of Tokyo, and other institutions.



■ What is Autophagy?

- Autophagy is a cellular system essential for sustaining life — it functions like a recycling mechanism, breaking down substances within cells to maintain their normal state. It is widely recognized that autophagy function declines in many cells as we age.
- Activating autophagy is expected to contribute to healthy longevity, and research in this field is attracting growing attention.

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



MORESCO Group Integrated Report 2025

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