

# MORESCO (5018)

Consolidated Fiscal Year (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY02/2022	27,300	1,434	2,011	1,808	192.76	40.00	1,914.94
FY02/2023	30,333	523	1,046	615	66.19	40.00	2,008.49
FY02/2024CoE	31,800	1,120	1,800	1,130	122.41	45.00	-
FY02/2023	YoY	11.1%	(63.5%)	(48.0%)	(66.0%)	-	-
FY02/2024CoE	YoY	4.8%	114.1%	72.1%	83.7%	-	-

Source: Company Data, WRJ Calculation

## 1.0 NEWS RELEASE (21 February 2024)

### Midterm Management Plan

On 21 February 2024, MORESCO, running operations of R&D, manufacture and sale of chemical goods used in diverse applications with autos as the mainstay, released MORESCO 10th Midterm Management Plan (FY02/2025 to FY02/2027). The Company's "management objective" is to achieve sales of ¥38,000m, operating profit of ¥2,700m and operating profit margin of 7.1% for FY02/2027, the final year of the plan. When setting the latest estimates for FY02/2024 as the point of origin, the plan is calling for CAGR of 6.1% in sales and 34.1% in earnings during the relevant period, while operating profit margin is to rise by 3.6% points. Meanwhile, the plan advocates to satisfy both of Realization of Sustainable Society and Enhancement of Added Value with the Operations as the theme. One of the Company's basic policies under this theme is to Upgrade Product Portfolio (developing high-value-added products and expanding sales of all those products as well as responding to the circular economy), which is expected to make a significant contribution to the Company's future performance trends as far as we could see. By the way, the Company has also announced its plan to repurchase own shares, together with the above-mentioned announcement. The repurchase period is set from 1 March to 30 April 2024, while the Company plans to repurchase up to 0.87% of its total outstanding shares (excluding treasury shares) through a market purchase on the Tokyo Stock Exchange. We are to interview with the management to obtain further details and will update our Company Report, accordingly.


- The Company's Investor Relations: <https://www.moresco.co.jp/en/ir/index.php>
- The Company's Investor Relations (in Japanese): <https://www.moresco.co.jp/ir/index.php>
- Our Company Report: [MORESCO \(5018\) Growth Strategy \(11 December 2023\)](#)
- Our Results Update: [MORESCO \(5018\) Recovery in Japan \(17 January 2024\)](#)

IR Representative: Hirofumi Fujimoto, Director, Senior Executive Officer and CFO

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## 2.0 Company Profile

### Interface Science Specialist

<b>Company Name</b>	MORESCO Corporation <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price (Japanese)</a> 
<b>Established</b>	27 October 1958
<b>Listing</b>	20 October 2023: Tokyo Stock Exchange Standard Market (ticker: 5018) 4 April 2022: Tokyo Stock Exchange Prime Market 14 February 2011: Tokyo Stock Exchange 1st section 29 July 2008: Tokyo Stock Exchange 2nd section 13 November 2003: Registered on the over-the-counter market of JSDA
<b>Capital</b>	¥2,118m (as of the end of November 2023)
<b>No. of Shares</b>	9,696,500 shares, including 463,720 treasury shares (as of the end of Nov. 2023)
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Independent (non-keiretsu) manufacturer of chemical goods, some 43% exposed to autos by application in terms of sales</li> <li>● Specializing in “interface science” with exclusive exposure to niche markets</li> <li>● R&amp;D, manufacture and sale of chemical goods to fulfil the functionalities of lubrications, adhesives and surface protections</li> </ul>
<b>Segments</b>	I . Japan II . China III. Southeast/South Asia (Thailand, Indonesia and India) IV. North America
<b>Representative</b>	CEO, Representative Director and President: Motohisa Morozumi
<b>Shareholders</b>	Matsumura Oil 11.5%, Cosmo Oil Lubricants 5.4%, Master Trust Bank of Japan, T. 4.6%, MORESCO ESOP 4.3%, (as of the end of August 2023, but for treasury shares)
<b>Head Office</b>	Kobe-city, Hyogo-prefecture, JAPAN
<b>No. of Personnel</b>	Consolidated: 784, Parent: 381 (as of the end of February 2023)

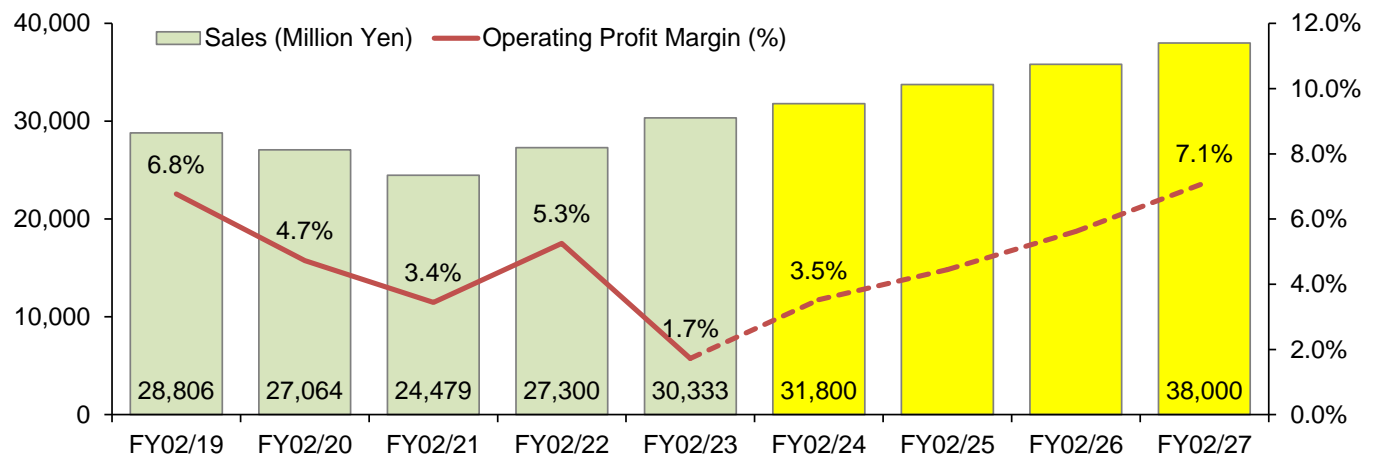
Source: Company Data

### 3.0 Recent Trading and Prospects

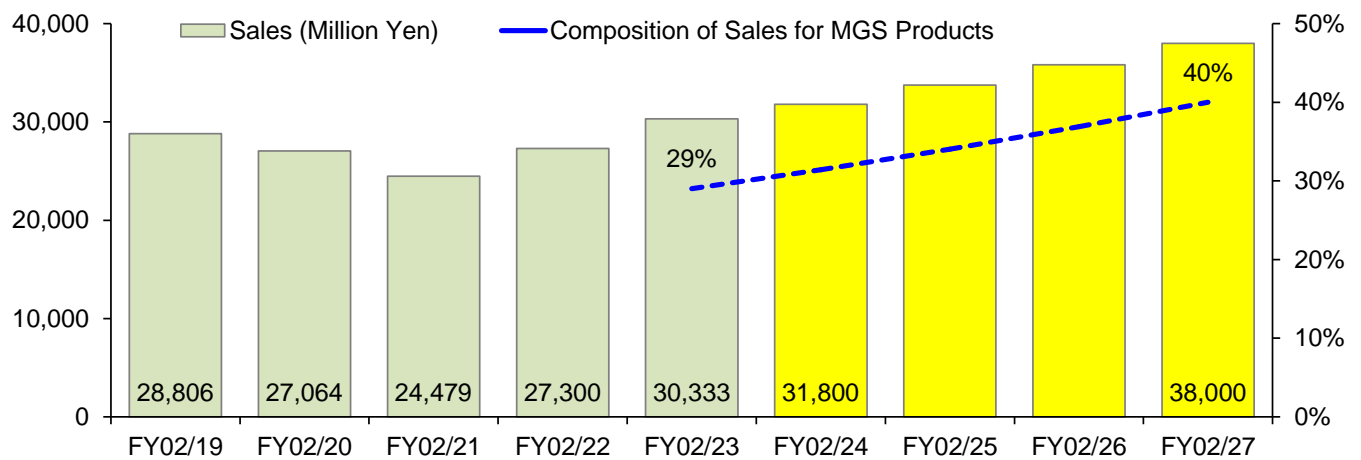
#### MORESCO 10th Midterm Management Plan

MORESCO 10th Midterm Management Plan (FY02/2025 to FY02/2027) is calling for sales of ¥38,000m, operating profit of ¥2,700m and recurring profit of ¥3,000m for FY02/2027, the final year of the plan, while ROE of some 8% (versus some 5% in the latest estimates for FY02/2024) as well as aiming at payout ratio of 30% or higher (versus some 37% in the latest estimates for FY02/2024).

MORESCO 10th Midterm Management Plan (FY02/2025 to FY02/2027)



Composition of Sales for MORESCO Green SX (MGS) Products



Source: Company Data, WRJ Calculation

One of the specific measures to Upgrade Product Portfolio (developing high-value-added products and expanding sales of all those products as well as responding to the circular economy) is to enhance the Company's exposure to MORESCO Green SX (MGS) Products. The Company, advocating to Push on with Sustainability Management, is not only focusing on Initiatives for Carbon Neutrality but also MSG Products. In terms of composition of sales, the Company plans to achieve 40% for FY02/2027 versus 29% for the actual results of FY02/2023. That is to say, the Company is to enhance its exposure to products to Push on with Sustainability Management by means of sales promotions through improvement of existing products and development of new products. For example, the Company focuses on water-soluble minimum quantity spray type release agents, which are far superior to existing equivalents in terms of energy conservation, environmental preservation and improvement of work environment. To a corresponding extent, they have a higher added value and thus gross profit margin, relatively speaking.

## FY02/2024 Company Forecasts

FY02/2024 Company forecasts, announced on 21 February 2024, are going for prospective sales of ¥31,800m (up 4.8% YoY), operating profit of ¥1,120m (up 114.1%), recurring profit of ¥1,800m (up 72.1%) and profit attributable to owners of parent of ¥1,130m (up 83.7%). In other words, sales and operating profit are now expected to fall short of assumption made in initial Company forecasts, announced on 11 April 2023. According to the Company, this is principally attributable to “real estate issues and slow recovery of local demand in China” and “declining demand for synthetic lubricants and liquid paraffins & sulfonates amongst major users in Japan.”

Nevertheless, initial Company forecasts are now expected to be exceeded for recurring profit and profit attributable to owners of parent. At the non-operating level, the Company is to see foreign exchange gain of ¥292m and compensation income of ¥151m, both of which have not been assumed in initial Company forecasts. Further, the Company is to see gain on negative goodwill of ¥285m at the extraordinary level as a result of making an equity-method affiliate based in China a wholly-owned subsidiary, which is the reason for a surge in profit attributable to owners of parent.

### FY02/2024 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY02/2024CoE	11-Apr-23	Q4 Results	34,500	1,400	1,600	700
FY02/2024CoE	12-Jul-23	Q1 Results	34,500	1,400	1,600	700
FY02/2024CoE	12-Oct-23	Q2 Results	34,500	1,400	1,600	700
FY02/2024CoE	15-Jan-24	Q3 Results	34,500	1,400	1,600	700
FY02/2024CoE	21-Feb-24	Revision	31,800	1,120	1,800	1,130
		Amount of Gap	(2,700)	(280)	200	430
		Rate of Gap	(7.8%)	(20.0%)	12.5%	61.4%
FY02/2024CoE	11-Apr-23	Q4 Results	34,500	1,400	1,600	700
FY02/2024CoE	21-Feb-24	Revision	31,800	1,120	1,800	1,130
		Amount of Gap	(2,700)	(280)	200	430
		Rate of Gap	(7.8%)	(20.0%)	12.5%	61.4%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY02/2024CoE	11-Apr-23	Q4 Results	-	-	-	-
Q1 to Q2 FY02/2024CoE	12-Jul-23	Q1 Results	-	-	-	-
Q1 to Q2 FY02/2024Act	12-Oct-23	Q2 Results	15,386	528	933	569
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q1 to Q2 FY02/2024CoE	11-Apr-23	Q4 Results	-	-	-	-
Q1 to Q2 FY02/2024Act	12-Oct-23	Q2 Results	15,386	528	933	569
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY02/2024CoE	11-Apr-23	Q4 Results	-	-	-	-
Q3 to Q4 FY02/2024CoE	12-Jul-23	Q1 Results	-	-	-	-
Q3 to Q4 FY02/2024CoE	12-Oct-23	Q2 Results	19,114	872	667	131
Q3 to Q4 FY02/2024CoE	15-Jan-24	Q3 Results	19,114	872	667	131
Q3 to Q4 FY02/2024CoE	21-Feb-24	Revision	16,414	592	867	561
		Amount of Gap	(2,700)	(280)	200	430
		Rate of Gap	(14.1%)	(32.1%)	30.0%	328.2%
Q3 to Q4 FY02/2024CoE	12-Oct-23	Q2 Results	19,114	872	667	131
Q3 to Q4 FY02/2024CoE	21-Feb-24	Revision	16,414	592	867	561
		Amount of Gap	(2,700)	(280)	200	430
		Rate of Gap	(14.1%)	(32.1%)	30.0%	328.2%

Source: Company Data, WRJ Calculation

## 4.0 Financial Statements

### Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	02/2023	02/2023	02/2023	02/2023	02/2024	02/2024	02/2024	02/2024	02/2024	
<b>Sales</b>	<b>7,050</b>	<b>14,523</b>	<b>22,479</b>	<b>30,333</b>	<b>7,596</b>	<b>15,386</b>	<b>23,731</b>	-	-	<b>+1,252</b>
Cost of Sales	4,997	10,484	16,291	22,204	5,513	11,188	17,108	-	-	+817
Gross Profit	2,053	4,039	6,188	8,129	2,083	4,197	6,623	-	-	+435
SG&A Expenses	1,852	3,744	5,677	7,606	1,826	3,669	5,572	-	-	(105)
<b>Operating Profit</b>	<b>201</b>	<b>295</b>	<b>511</b>	<b>523</b>	<b>257</b>	<b>528</b>	<b>1,050</b>	-	-	<b>+539</b>
Non-Operating Balance	270	551	633	523	138	405	649	-	-	+16
<b>Recurring Profit</b>	<b>471</b>	<b>846</b>	<b>1,144</b>	<b>1,046</b>	<b>395</b>	<b>933</b>	<b>1,699</b>	-	-	<b>+555</b>
Extraordinary Balance	-	-	-	-	-	-	250	-	-	+250
Profit before Income Taxes	471	846	1,144	1,046	395	933	1,949	-	-	+805
Total Income Taxes	116	286	347	320	125	262	455	-	-	+108
Profit Attributable to Non-Controlling Interests	38	56	78	112	47	102	159	-	-	+81
<b>Profit Attributable to Owners of Parent</b>	<b>317</b>	<b>504</b>	<b>719</b>	<b>615</b>	<b>224</b>	<b>569</b>	<b>1,335</b>	-	-	<b>+616</b>
Sales YoY	+5.9%	+8.7%	+10.1%	+11.1%	+7.7%	+5.9%	+5.6%	-	-	-
Operating Profit YoY	(61.4%)	(68.0%)	(62.8%)	(63.5%)	+28.0%	+78.8%	+105.5%	-	-	-
Recurring Profit YoY	(34.7%)	(27.3%)	(34.0%)	(48.0%)	(16.1%)	+10.4%	+48.6%	-	-	-
Profit Attributable to Owners of Parent YoY	(71.0%)	(62.9%)	(58.5%)	(66.0%)	(29.5%)	+13.0%	+85.8%	-	-	-
Gross Profit Margin	29.1%	27.8%	27.5%	26.8%	27.4%	27.3%	27.9%	-	-	+0.4%
SG&A Ratio	26.3%	25.8%	25.3%	25.1%	24.0%	23.8%	23.5%	-	-	(1.8%)
Operating Profit Margin	2.9%	2.0%	2.3%	1.7%	3.4%	3.4%	4.4%	-	-	+2.2%
Recurring Profit Margin	6.7%	5.8%	5.1%	3.4%	5.2%	6.1%	7.2%	-	-	+2.1%
Profit Attributable to Owners of Parent Margin	4.5%	3.5%	3.2%	2.0%	2.9%	3.7%	5.6%	-	-	+2.4%
Total Income Taxes / Profit before Income Taxes	24.6%	33.8%	30.3%	30.6%	31.6%	28.1%	23.3%	-	-	(7.0%)
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	02/2023	02/2023	02/2023	02/2023	02/2024	02/2024	02/2024	02/2024	02/2024	
<b>Sales</b>	<b>7,050</b>	<b>7,473</b>	<b>7,956</b>	<b>7,854</b>	<b>7,596</b>	<b>7,790</b>	<b>8,345</b>	-	-	<b>+389</b>
Cost of Sales	4,997	5,487	5,807	5,913	5,513	5,675	5,920	-	-	+113
Gross Profit	2,053	1,986	2,149	1,941	2,083	2,114	2,426	-	-	+277
SG&A Expenses	1,852	1,892	1,933	1,929	1,826	1,843	1,903	-	-	(30)
<b>Operating Profit</b>	<b>201</b>	<b>94</b>	<b>216</b>	<b>12</b>	<b>257</b>	<b>271</b>	<b>522</b>	-	-	<b>+306</b>
Non-Operating Balance	270	281	82	(110)	138	267	244	-	-	+162
<b>Recurring Profit</b>	<b>471</b>	<b>375</b>	<b>298</b>	<b>(98)</b>	<b>395</b>	<b>538</b>	<b>766</b>	-	-	<b>+468</b>
Extraordinary Balance	-	-	-	-	-	-	250	-	-	+250
Profit before Income Taxes	471	375	298	(98)	395	538	1,016	-	-	+718
Total Income Taxes	116	170	61	(27)	125	137	193	-	-	+132
Profit Attributable to Non-Controlling Interests	38	18	22	34	47	55	57	-	-	+35
<b>Profit Attributable to Owners of Parent</b>	<b>317</b>	<b>187</b>	<b>215</b>	<b>(104)</b>	<b>224</b>	<b>345</b>	<b>766</b>	-	-	<b>+551</b>
Sales YoY	+5.9%	+11.4%	+12.9%	+14.1%	+7.7%	+4.2%	+4.9%	-	-	-
Operating Profit YoY	(61.4%)	(76.7%)	(52.2%)	(79.7%)	+28.0%	+188.3%	+141.7%	-	-	-
Recurring Profit YoY	(34.7%)	(15.2%)	(47.6%)	-	(16.1%)	+43.5%	+157.0%	-	-	-
Profit Attributable to Owners of Parent YoY	(71.0%)	(29.2%)	(42.0%)	-	(29.5%)	+84.5%	+256.3%	-	-	-
Gross Profit Margin	29.1%	26.6%	27.0%	24.7%	27.4%	27.1%	29.1%	-	-	+2.1%
SG&A Ratio	26.3%	25.3%	24.3%	24.6%	24.0%	23.7%	22.8%	-	-	(1.5%)
Operating Profit Margin	2.9%	1.3%	2.7%	0.2%	3.4%	3.5%	6.3%	-	-	+3.5%
Recurring Profit Margin	6.7%	5.0%	3.7%	(1.2%)	5.2%	6.9%	9.2%	-	-	+5.4%
Profit Attributable to Owners of Parent Margin	4.5%	2.5%	2.7%	(1.3%)	2.9%	4.4%	9.2%	-	-	+6.5%
Total Income Taxes / Profit before Income Taxes	24.6%	45.3%	20.5%	27.6%	31.6%	25.5%	19.0%	-	-	(1.5%)

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative / Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2023	Q1 to Q2 02/2023	Q1 to Q3 02/2023	Q1 to Q4 02/2023	Q1 02/2024	Q1 to Q2 02/2024	Q1 to Q3 02/2024	Q1 to Q4 02/2024		
Japan	4,738	9,624	14,629	19,637	4,968	9,966	15,295	-	-	+666
China	854	1,737	2,813	3,814	670	1,522	2,532	-	-	(281)
Southeast/South Asia (Thailand, Indonesia and India)	1,276	2,726	4,274	5,870	1,679	3,313	5,031	-	-	+757
North America	182	436	762	1,011	278	584	872	-	-	+110
<b>Sales</b>	<b>7,050</b>	<b>14,523</b>	<b>22,479</b>	<b>30,333</b>	<b>7,596</b>	<b>15,386</b>	<b>23,731</b>	-	-	<b>+1,252</b>
Japan	104	143	161	33	118	216	545	-	-	+384
China	48	95	205	311	28	80	160	-	-	(45)
Southeast/South Asia (Thailand, Indonesia and India)	24	41	86	123	85	149	230	-	-	+144
North America	14	32	78	87	11	80	112	-	-	+34
<b>Segment Profit</b>	<b>189</b>	<b>311</b>	<b>531</b>	<b>553</b>	<b>242</b>	<b>525</b>	<b>1,046</b>	-	-	<b>+515</b>
Adjustments	11	(16)	(20)	(30)	15	3	4	-	-	+24
<b>Operating Profit</b>	<b>201</b>	<b>295</b>	<b>511</b>	<b>523</b>	<b>257</b>	<b>528</b>	<b>1,050</b>	-	-	<b>+539</b>
Japan	2.2%	1.5%	1.1%	0.2%	2.4%	2.2%	3.6%	-	-	+2.5%
China	5.6%	5.5%	7.3%	8.2%	4.2%	5.3%	6.3%	-	-	(1.0%)
Southeast/South Asia (Thailand, Indonesia and India)	1.9%	1.5%	2.0%	2.1%	5.1%	4.5%	4.6%	-	-	+2.6%
North America	7.7%	7.3%	10.2%	8.6%	4.0%	13.7%	12.8%	-	-	+2.6%
<b>Segment Profit Margin</b>	<b>2.7%</b>	<b>2.1%</b>	<b>2.4%</b>	<b>1.8%</b>	<b>3.2%</b>	<b>3.4%</b>	<b>4.4%</b>	-	-	<b>+2.0%</b>
Adjustments	0.2%	(0.1%)	(0.1%)	(0.1%)	0.2%	0.0%	0.0%	-	-	+0.1%
<b>Operating Profit Margin</b>	<b>2.9%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>1.7%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>4.4%</b>	-	-	<b>+2.2%</b>

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2023	Q2 02/2023	Q3 02/2023	Q4 02/2023	Q1 02/2024	Q2 02/2024	Q3 02/2024	Q4 02/2024		
Japan	4,738	4,886	5,005	5,008	4,968	4,998	5,329	-	-	+324
China	854	883	1,076	1,001	670	852	1,010	-	-	(66)
Southeast/South Asia (Thailand, Indonesia and India)	1,276	1,450	1,548	1,596	1,679	1,634	1,718	-	-	+170
North America	182	254	326	249	278	306	288	-	-	(38)
<b>Sales</b>	<b>7,050</b>	<b>7,473</b>	<b>7,956</b>	<b>7,854</b>	<b>7,596</b>	<b>7,790</b>	<b>8,345</b>	-	-	<b>+389</b>
Japan	104	39	18	(128)	118	98	329	-	-	+311
China	48	47	110	106	28	52	80	-	-	(30)
Southeast/South Asia (Thailand, Indonesia and India)	24	17	45	37	85	64	81	-	-	+36
North America	14	18	46	9	11	69	32	-	-	(14)
<b>Segment Profit</b>	<b>189</b>	<b>122</b>	<b>220</b>	<b>22</b>	<b>242</b>	<b>283</b>	<b>521</b>	-	-	<b>+301</b>
Adjustments	11	(27)	(4)	(10)	15	(12)	1	-	-	+5
<b>Operating Profit</b>	<b>201</b>	<b>94</b>	<b>216</b>	<b>12</b>	<b>257</b>	<b>271</b>	<b>522</b>	-	-	<b>+306</b>
Japan	2.2%	0.8%	0.4%	(2.6%)	2.4%	2.0%	6.2%	-	-	+5.8%
China	5.6%	5.3%	10.2%	10.6%	4.2%	6.1%	7.9%	-	-	(2.3%)
Southeast/South Asia (Thailand, Indonesia and India)	1.9%	1.2%	2.9%	2.3%	5.1%	3.9%	4.7%	-	-	+1.8%
North America	7.7%	7.1%	14.1%	3.6%	4.0%	22.5%	11.1%	-	-	(3.0%)
<b>Segment Profit Margin</b>	<b>2.7%</b>	<b>1.6%</b>	<b>2.8%</b>	<b>0.3%</b>	<b>3.2%</b>	<b>3.6%</b>	<b>6.2%</b>	-	-	<b>+3.5%</b>
Adjustments	0.2%	(0.4%)	(0.1%)	(0.1%)	0.2%	(0.2%)	0.0%	-	-	+0.1%
<b>Operating Profit Margin</b>	<b>2.9%</b>	<b>1.3%</b>	<b>2.7%</b>	<b>0.2%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>6.3%</b>	-	-	<b>+3.5%</b>

Source: Company Data, WRJ Calculation

## Sales by Business Division (Cumulative / Quarterly)

Sales by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	02/2023	02/2023	02/2023	02/2023	02/2024	02/2024	02/2024	02/2024	02/2024	
Functional Fluids	3,420	7,027	11,081	15,105	3,688	7,736	11,965	-	-	+884
Synthetic Lubricants	502	991	1,381	1,703	301	607	957	-	-	(424)
Liquid Paraffins & Sulfonates	902	1,855	2,849	3,793	998	1,940	2,993	-	-	+144
Hot Melt Adhesives	1,809	3,754	5,801	7,664	2,108	4,194	6,419	-	-	+618
Energy Device Materials	45	84	128	209	30	54	124	-	-	(4)
Other	372	812	1,239	1,859	470	856	1,272	-	-	+33
<b>Sales</b>	<b>7,050</b>	<b>14,523</b>	<b>22,479</b>	<b>30,333</b>	<b>7,596</b>	<b>15,386</b>	<b>23,731</b>	-	-	<b>+1,252</b>
Functional Fluids	+10.9%	+10.8%	+14.4%	+16.0%	+7.8%	+10.1%	+8.0%	-	-	-
Synthetic Lubricants	(0.1%)	(4.1%)	(9.7%)	(13.7%)	(40.0%)	(38.7%)	(30.7%)	-	-	-
Liquid Paraffins & Sulfonates	+11.9%	+11.0%	+10.5%	+9.0%	+10.6%	+4.6%	+5.1%	-	-	-
Hot Melt Adhesives	+8.2%	+12.9%	+14.1%	+13.0%	+16.6%	+11.7%	+10.7%	-	-	-
Energy Device Materials	(21.3%)	(34.5%)	(35.1%)	(11.8%)	(31.9%)	(35.7%)	(3.3%)	-	-	-
Other	(29.5%)	(5.4%)	(6.7%)	+3.6%	+26.4%	+5.3%	+2.6%	-	-	-
<b>Sales (YoY)</b>	<b>+5.9%</b>	<b>+8.7%</b>	<b>+10.1%</b>	<b>+11.1%</b>	<b>+7.7%</b>	<b>+5.9%</b>	<b>+5.6%</b>	-	-	-
Functional Fluids	48.5%	48.4%	49.3%	49.8%	48.6%	50.3%	50.4%	-	-	-
Synthetic Lubricants	7.1%	6.8%	6.1%	5.6%	4.0%	3.9%	4.0%	-	-	-
Liquid Paraffins & Sulfonates	12.8%	12.8%	12.7%	12.5%	13.1%	12.6%	12.6%	-	-	-
Hot Melt Adhesives	25.7%	25.8%	25.8%	25.3%	27.8%	27.3%	27.0%	-	-	-
Energy Device Materials	0.6%	0.6%	0.6%	0.7%	0.4%	0.4%	0.5%	-	-	-
Other	5.3%	5.6%	5.5%	6.1%	6.2%	5.6%	5.4%	-	-	-
<b>Sales (Component Percentages)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-
Sales by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	02/2023	02/2023	02/2023	02/2023	02/2024	02/2024	02/2024	02/2024	02/2024	
Functional Fluids	3,420	3,607	4,054	4,024	3,688	4,048	4,229	-	-	+175
Synthetic Lubricants	502	489	390	322	301	306	350	-	-	(40)
Liquid Paraffins & Sulfonates	902	953	994	944	998	942	1,053	-	-	+59
Hot Melt Adhesives	1,809	1,945	2,047	1,863	2,108	2,086	2,225	-	-	+178
Energy Device Materials	45	39	44	81	30	24	70	-	-	+26
Other	372	440	427	620	470	386	416	-	-	(11)
<b>Sales</b>	<b>7,050</b>	<b>7,473</b>	<b>7,956</b>	<b>7,854</b>	<b>7,596</b>	<b>7,790</b>	<b>8,345</b>	-	-	<b>+389</b>
Functional Fluids	+10.9%	+10.7%	+21.2%	+20.7%	+7.8%	+12.2%	+4.3%	-	-	-
Synthetic Lubricants	(0.1%)	(7.7%)	(21.4%)	(27.6%)	(40.0%)	(37.4%)	(10.3%)	-	-	-
Liquid Paraffins & Sulfonates	+11.9%	+10.2%	+9.6%	+4.8%	+10.6%	(1.2%)	+5.9%	-	-	-
Hot Melt Adhesives	+8.2%	+17.6%	+16.2%	+9.7%	+16.6%	+7.2%	+8.7%	-	-	-
Energy Device Materials	(21.3%)	(45.1%)	(37.1%)	+107.7%	(31.9%)	(38.5%)	+59.1%	-	-	-
Other	(29.5%)	+32.9%	(9.0%)	+33.0%	+26.4%	(12.3%)	(2.6%)	-	-	-
<b>Sales (YoY)</b>	<b>+5.9%</b>	<b>+11.4%</b>	<b>+12.9%</b>	<b>+14.1%</b>	<b>+7.7%</b>	<b>+4.2%</b>	<b>+4.9%</b>	-	-	-
Functional Fluids	48.5%	48.3%	51.0%	51.2%	48.6%	52.0%	50.7%	-	-	-
Synthetic Lubricants	7.1%	6.5%	4.9%	4.1%	4.0%	3.9%	4.2%	-	-	-
Liquid Paraffins & Sulfonates	12.8%	12.8%	12.5%	12.0%	13.1%	12.1%	12.6%	-	-	-
Hot Melt Adhesives	25.7%	26.0%	25.7%	23.7%	27.8%	26.8%	26.7%	-	-	-
Energy Device Materials	0.6%	0.5%	0.6%	1.0%	0.4%	0.3%	0.8%	-	-	-
Other	5.3%	5.9%	5.4%	7.9%	6.2%	5.0%	5.0%	-	-	-
<b>Sales (Component Percentages)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-

Source: Company Data, WRJ Calculation



## Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2023	Q2 02/2023	Q3 02/2023	Q4 02/2023	Q1 02/2024	Q2 02/2024	Q3 02/2024	Q4 02/2024		
Cash and Deposit	3,812	4,166	4,172	4,256	3,935	3,756	5,952	-	+1,780	
Accounts Receivables	7,046	7,524	7,831	7,595	7,462	7,453	8,016	-	+185	
Inventory	5,727	6,102	6,311	6,306	6,451	6,378	6,505	-	+194	
Other	580	493	614	653	564	566	1,399	-	+785	
<b>Current Assets</b>	<b>17,165</b>	<b>18,285</b>	<b>18,928</b>	<b>18,810</b>	<b>18,412</b>	<b>18,153</b>	<b>21,872</b>	-	<b>+2,944</b>	
Tangible Assets	8,330	8,395	8,537	8,610	8,666	9,114	9,540	-	+1,003	
Intangible Assets	614	649	643	589	749	744	735	-	+92	
Investments and Other Assets	3,583	3,764	3,820	4,002	4,068	4,166	4,370	-	+550	
<b>Fixed Assets</b>	<b>12,527</b>	<b>12,808</b>	<b>13,001</b>	<b>13,202</b>	<b>13,483</b>	<b>14,024</b>	<b>14,645</b>	-	<b>+1,644</b>	
<b>Deferred Assets</b>	-	-	-	6	18	32	42	-	<b>+42</b>	
<b>Total Assets</b>	<b>29,691</b>	<b>31,092</b>	<b>31,929</b>	<b>32,017</b>	<b>31,913</b>	<b>32,208</b>	<b>36,559</b>	-	<b>+4,630</b>	
Accounts Payables	4,419	4,926	5,173	5,144	4,828	4,467	4,581	-	(592)	
Short-Term Debt	857	1,546	1,549	2,381	2,145	2,096	2,806	-	+1,257	
Other	2,052	1,611	2,245	2,074	1,787	1,629	2,176	-	(69)	
<b>Current Liabilities</b>	<b>7,328</b>	<b>8,083</b>	<b>8,967</b>	<b>9,599</b>	<b>8,760</b>	<b>8,192</b>	<b>9,563</b>	-	<b>+596</b>	
Long-Term Debt	457	382	307	472	942	887	2,994	-	+2,687	
Other	785	910	834	707	667	748	814	-	(20)	
<b>Fixed Liabilities</b>	<b>1,242</b>	<b>1,292</b>	<b>1,141</b>	<b>1,179</b>	<b>1,609</b>	<b>1,635</b>	<b>3,808</b>	-	<b>+2,667</b>	
<b>Total Liabilities</b>	<b>8,570</b>	<b>9,375</b>	<b>10,108</b>	<b>10,778</b>	<b>10,369</b>	<b>9,827</b>	<b>13,371</b>	-	<b>+3,263</b>	
<b>Shareholders' Equity</b>	<b>17,357</b>	<b>17,361</b>	<b>17,392</b>	<b>17,287</b>	<b>17,327</b>	<b>17,678</b>	<b>18,254</b>	-	<b>+862</b>	
Other	3,764	4,356	4,428	3,953	4,217	4,703	4,934	-	+506	
<b>Net Assets</b>	<b>21,121</b>	<b>21,717</b>	<b>21,820</b>	<b>21,240</b>	<b>21,544</b>	<b>22,381</b>	<b>23,188</b>	-	<b>+1,368</b>	
<b>Total Liabilities &amp; Net Assets</b>	<b>29,691</b>	<b>31,092</b>	<b>31,929</b>	<b>32,017</b>	<b>31,913</b>	<b>32,208</b>	<b>36,559</b>	-	<b>+4,630</b>	
Equity Capital	18,492	18,945	19,016	18,533	18,743	19,418	20,143	-	+1,127	
Interest Bearing Debt	1,314	1,928	1,856	2,853	3,087	2,983	5,800	-	+3,944	
Net Debt	(2,498)	(2,238)	(2,316)	(1,403)	(848)	(773)	(152)	-	+2,164	
Equity Ratio	62.3%	60.9%	59.6%	57.9%	58.7%	60.3%	55.1%	-	-	
Net Debt Equity Ratio	(13.5%)	(11.8%)	(12.2%)	(7.6%)	(4.5%)	(4.0%)	(0.8%)	-	-	
ROE (12 months)	5.8%	5.2%	4.4%	3.4%	2.8%	3.5%	6.3%	-	-	
ROA (12 months)	6.1%	5.8%	4.7%	3.4%	3.1%	3.6%	4.7%	-	-	
Days for Inventory Turnover	104	101	99	97	106	102	100	-	-	
Quick Ratio	148%	145%	134%	123%	130%	137%	146%	-	-	
Current Ratio	234%	226%	211%	196%	210%	222%	229%	-	-	

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 02/2023	Q1 to Q2 02/2023	Q1 to Q3 02/2023	Q1 to Q4 02/2023	Q1 02/2024	Q1 to Q2 02/2024	Q1 to Q3 02/2024	Q1 to Q4 02/2024		
Operating Cash Flow	-	535	-	515	-	1,004	-	-	-	
Investing Cash Flow	-	(718)	-	(1,172)	-	(1,305)	-	-	-	
<b>Operating Cash Flow and Investing Cash Flow</b>	-	<b>(183)</b>	-	<b>(657)</b>	-	<b>(301)</b>	-	-	-	
Financing Cash Flow	-	487	-	1,227	-	(115)	-	-	-	

Source: Company Data, WRJ Calculation

**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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