

MORESCO (5018)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY02/2023		30,333	523	1,046	615	66.19	40.00	2,008.49
FY02/2024		31,886	1,225	1,826	1,283	139.01	45.00	2,179.85
FY02/2025CoE		34,000	1,500	1,850	1,050	114.50	45.00	-
FY02/2024		YoY	5.1%	134.2%	74.6%	-	-	-
FY02/2025CoE		YoY	6.6%	22.5%	1.3%	(18.2%)	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY02/2024		15,386	528	933	569	-	-	-
Q3 to Q4 FY02/2024		16,500	697	893	714	-	-	-
Q1 to Q2 FY02/2025		17,102	671	965	576	-	-	-
Q3 to Q4 FY02/2025CoE		16,898	829	885	474	-	-	-
Q1 to Q2 FY02/2025		YoY	11.2%	27.0%	3.4%	1.1%	-	-
Q3 to Q4 FY02/2025CoE		YoY	2.4%	18.9%	(0.9%)	(33.6%)	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (6 December 2024)


MGS Products

MORESCO, running operations of R&D, manufacture and sale of chemical goods used in diverse applications with autos as the mainstay, promotes its 10th Midterm Management Plan (FY02/2025 to FY02/2027), centered on its commitment to MORESCO Green SX (MGS) Products, calling for CAGR of 6.0% in sales and 30.1% in operating profit during the relevant period, when setting the FY02/2024 results as the point of origin. Meanwhile, operating profit margin is to increase 3.3% points from 3.8% to 7.1%. The Company intends to improve its sales mix by enhancing sales of MGS products, which are considered to have relatively high added value and thus gross profit margin due to their contribution to reducing environmental impact and so on, looking to the above-mentioned steady increases in earnings. For Q1 to Q2 FY02/2025, sales of wastewater treatment equipment, which are certified as MGS products, expanded significantly, indicating that the Company is making steady progress in expanding sales of MGS products in line with assumptions of the Midterm Management Plan. The sales composition ratio of MGS products from FY02/2023 to FY02/2024 has increased from 29% to 33%, while the Company plans to achieve 40% for FY02/2027, the final year of the plan.

IR Representative: Hirofumi Fujimoto, Director, Senior Executive Officer, CFO and Sustainability Officer
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2.0 Company Profile

“Interface Science” Specialist

Company Name	MORESCO Corporation Company Website IR Information Share Price (Japanese) 
Established	27 October 1958
Listing	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
Capital	¥2,118m (as of the end of August 2024)
No. of Shares	9,696,500 shares, including 525,730 treasury shares (as of the end of August 2024)
Main Features	<ul style="list-style-type: none"> ● Independent (non-keiretsu) manufacturer of chemical goods, some 45% exposed to autos by application in terms of sales ● Specializing in “interface science” with exclusive exposure to niche markets ● Development, manufacture and sale of chemical goods to fulfil the functionalities of lubrications, adhesives and surface protections
Segments	I . Japan II . China III. Southeast/South Asia (Thailand, Indonesia and India) IV. North America
Representative	CEO, Representative Director and President: Motohisa Morozumi
Shareholders	Matsumura Oil 11.6%, Cosmo Oil Lubricants 5.4%, ESOP 4.5%, NIPPON SODA 3.9%, STARLITE Co., Ltd. 3.5%, Mizuho Bank 2.7%, MUFG Bank 2.7% (as of the end of August 2024, but for treasury shares)
Head Office	Kobe-city, Hyogo-prefecture, JAPAN
No. of Personnel	Consolidated: 821, Parent: 387 (as of the end of February 2024)

Source: Company Data

3.0 Management Philosophy and Management Vision

MORESCO Group Delivers Sustainable One-of-a-Kind Products

The Company is an independent (non-keiretsu) manufacturer of chemical goods and its management philosophy on a group basis goes a) we strive for a business group to contribute to society by means of responding to needs associated with interface science with a creed of dedication to “user-oriented research and development”, b) we provide new functionalities and services via an entrance into new domains as interface science specialist and c) we strive for a business group to create new values together with development of a workplace that has a high regard for humanity and free-flowing thoughts, while advocating “MORESCO Group Delivers Sustainable One-of-a-Kind Products / Contributing to a Bright Future as a Specialist in Interface Science” as its management vision on a group basis at the same time. Elsewhere, the Company has begun [Integrated Report \(in Japanese\)](#), based on the results for FY02/2024, which comprehensively organizes and discloses non-financial information, including that of ESG, in addition to management and financial strategies.

Head Office and R&D Center

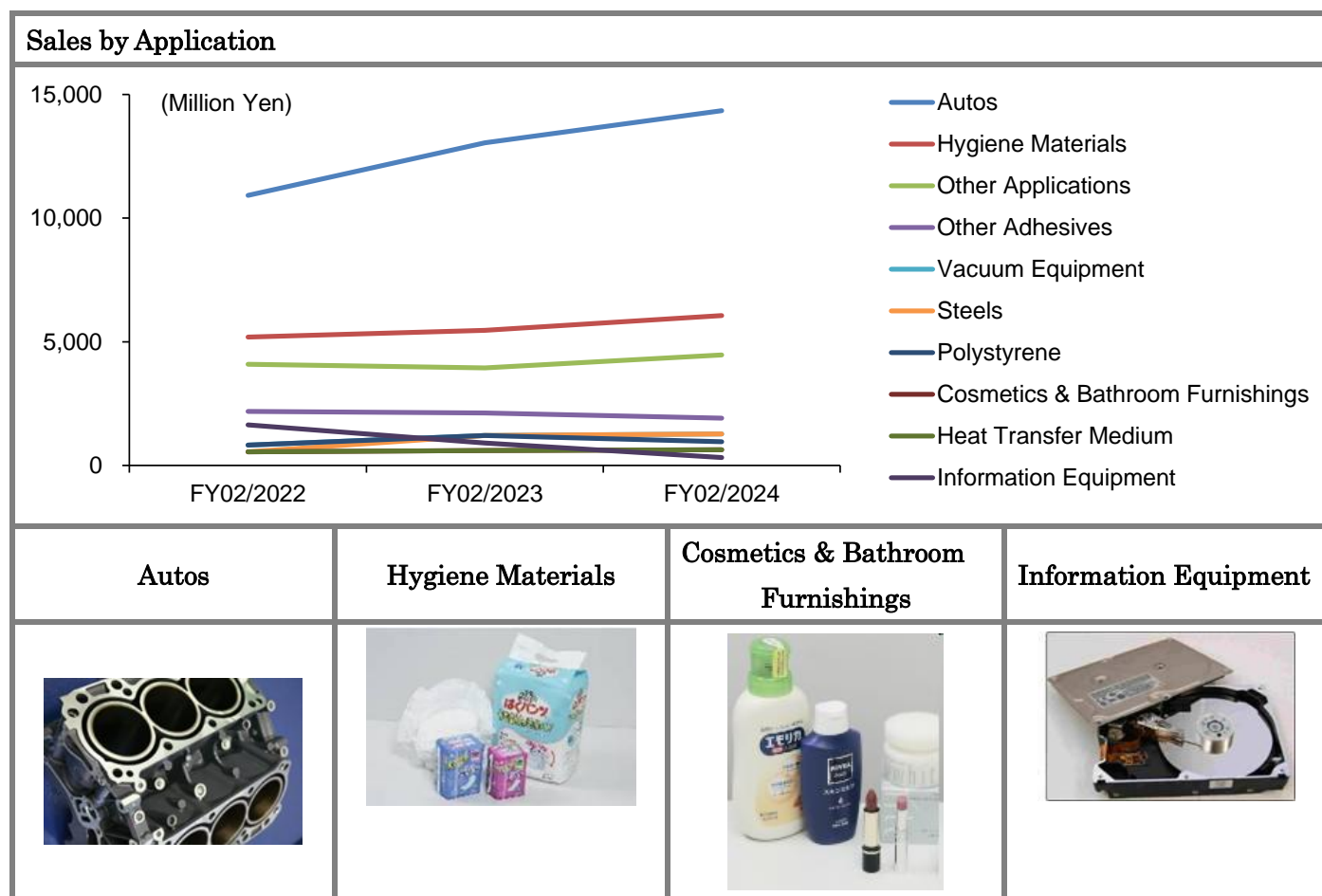


Source: Company Data

Overwhelming Shares in Niche Markets Small in Size

The Company is running operations of development, manufacture and sale for chemical goods which are mainly characterized by a) being attributed to niche markets, b) being attributed to “interface science” to deal with contacts between things one another and c) being exposed to diverse applications with autos as the mainstay. In other words, the Company is not involved with products large in size as markets, where the largest manufacturers of chemical goods are the mainstay players, while trying to get at overwhelming shares in niche markets, which has been achieved to more than a certain extent.

The Company suggests that it has continued generating unique products and/or leading-market-share products since the foundation in 1958 by means of leveraging its technology on blending, synthesizing and refining. As an example of unique products, the Company mentions high-temperature grease base oils for autos (commanding 100% market share in Japan, based on own research), while water-glycol fire-resistant hydraulic fluids (70%), high-vacuum pump oils (70%) and mold lubricants for diecasting (50%) as examples of leading-market-share products. As well, for the areas of so-called “interface science,” chemical goods are required for the functionalities of lubrications, adhesives and surface protections, while the Company’s products all have an aspect of being involved with some of the said functionalities and this is the reason why the Company is regarded as Interface Science Specialist.



Source: Company Data

Autos Accounting for 45% of Sales by Application

The Company’s sales came in at ¥30,333m (up 11.1% YoY) for FY02/2023, which was followed by ¥31,886m (up 5.1%) for FY02/2024. During the relevant period, an increase in sales associated with autos by application drove the increase in the Company’s sales most substantially and it appears that the former accounted for some 70% of the latter. As a result, sales associated with autos accounted for 45% of the Company’s sales for the actual results of FY02/2024. Meanwhile, the majority of sales associated with autos is of products belonging to the Special Lubricants side (55.1% of the Company’s sales for FY02/2024), the mainstay by business division.

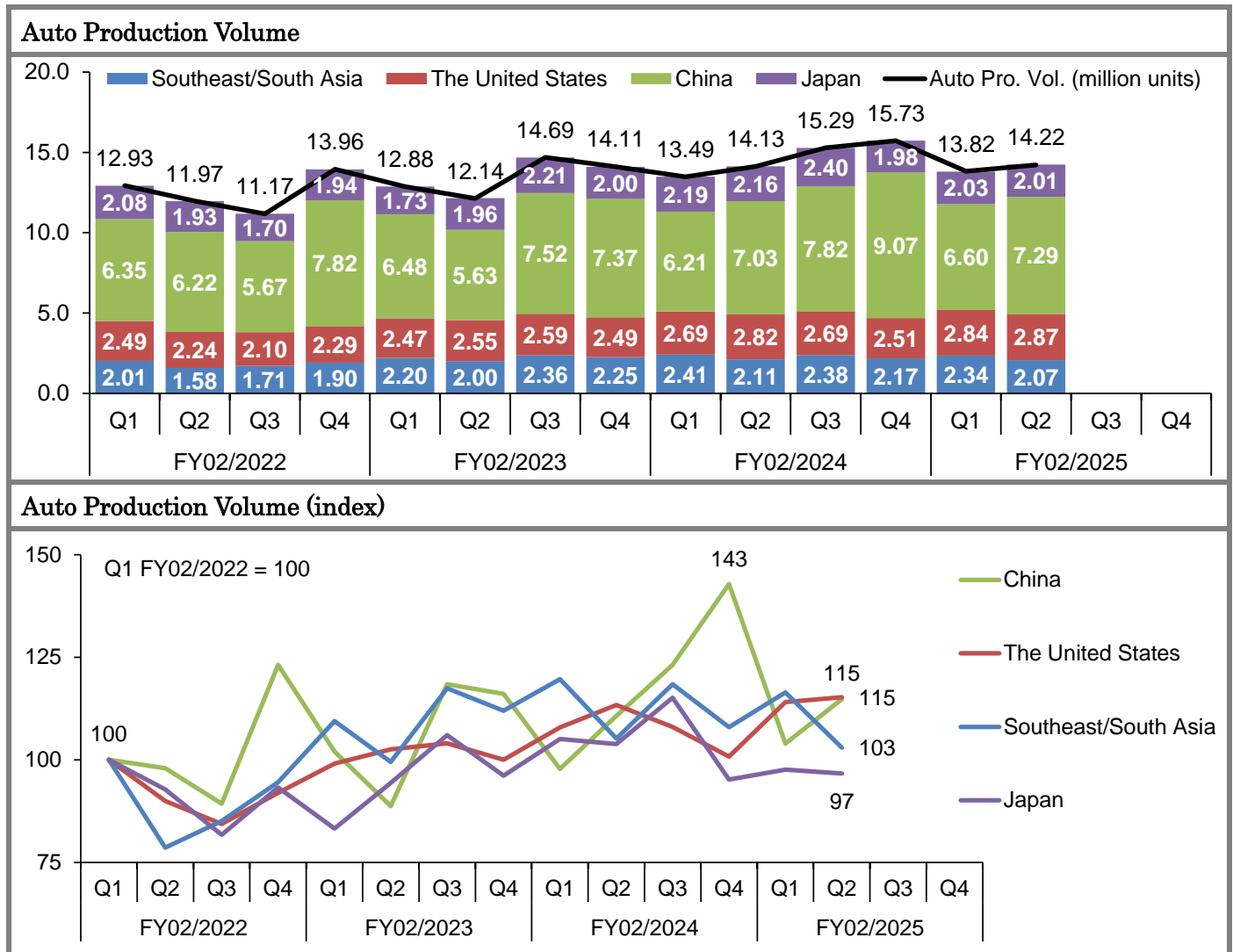
Specifically, they mainly comprise diecasting fluids, cutting fluids and forging lubricants. The Company is also exposed to hydraulic fluids and vacuum pump oils on the Special Lubricants side, while the former is basically associated with steels by application and the latter to diverse applications. For example, diecasting fluids, the mainstay on the Special Lubricants side, comprise mold lubricants for diecasting and plunger lubricants, while the mold lubricants for diecasting are used to release molds from high-temperature alloys made of non-ferrous metals on the occasion of casting (shaping products at a precise instant of time by means of injecting dissolved alloys made of non-ferrous metals into precision molds at high velocity and under high pressure) auto parts (with alloys made of non-ferrous metals, e.g., aluminum and/or magnesium, as materials) by diecasting machines. Meanwhile, as of Q1 FY02/2025, the former Synthetic Lubricants division was merged with the Special Lubricants division, so products such as high temperature lubricants and hard disc surface lubricants are now also attributed to the Special Lubricants side. In this report, the data available are all retrospectively adjusted.

Secondly, the Company benefited from an increase in sales associated with hygiene materials, principally associated with disposable diapers. It appears to have accounted for some 20% of the increase in the Company's sales, while sales associated with hygiene materials are the core part of sales on the Hot Melt Adhesives side (26.4% of the Company's sales).

On the other hand, sales associated with information equipment have declined significantly. It appears that the decrease in sales with this application equated to some 30% of the increase in the Company's sales. Sales associated with information equipment are represented by those of hard disc drive surface lubricants, which used to be included on the former Synthetic Lubricants side, Elsewhere, while the Company classifies its sales into 10 categories by application, each of the remaining 7 categories had a relative stability in changes of sales during the past two years, when compared with those of the above-mentioned three categories.

Auto Production Volume

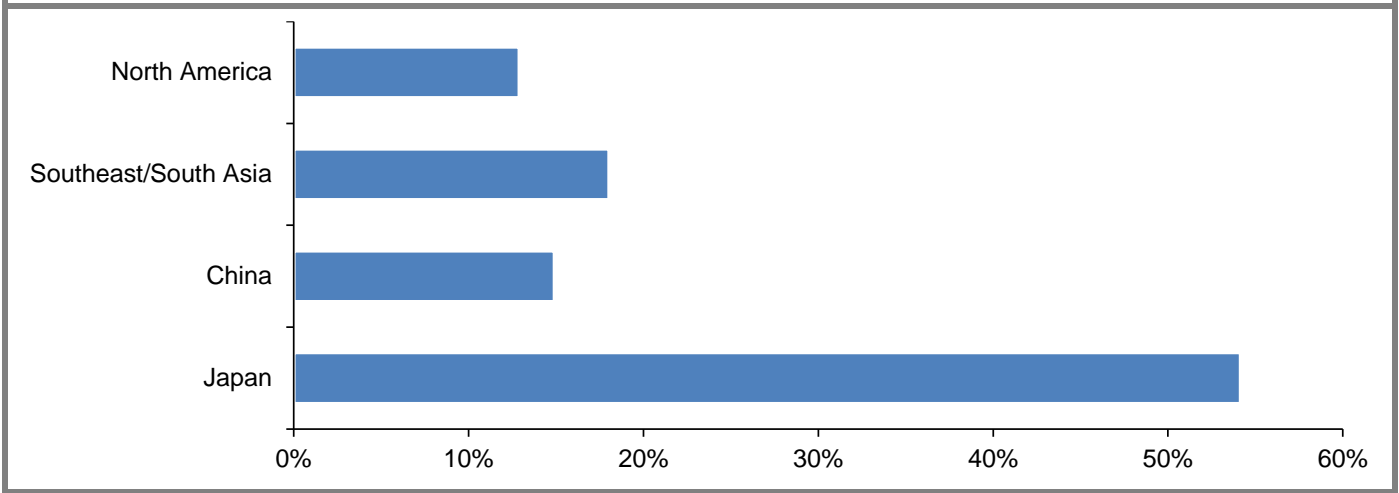
The Company is heavily involved with autos by application as above-mentioned, recognizing changes in auto production volume as one of the key elements for own management environment and the other one being raw material procurement costs. For the actual results of Q1 to Q2 FY02/2025, the Company saw auto production volume of 4.04m units (down 7.0% YoY) in Japan, 13.89m units (up 4.9%) in China, 5.71m units (up 3.7%) in the United States and 4.41m units (down 2.5%) in Southeast/South Asia (Thailand, Indonesia and India), having resulted in collective 28.04 units (up 1.6%) at the locations where the Company runs own operations.



Source: Company Data, WRJ Calculation

All of the above-mentioned data are based on those of MarkLines and the actual results of the relevant accounting period (March 2024 to August 2024) have been reflected for Japan versus those of the local accounting period (January 2024 to June 2024) for foreign operations, which are run by local subsidiaries with the fiscal yearend of December. Consequently, each of the above-mentioned auto production volumes corresponds to the Company's performance for Q1 to Q2 FY02/2025.

Sales Breakdown by Region on the Special Lubricants side (Q1 to Q2 FY02/2025)

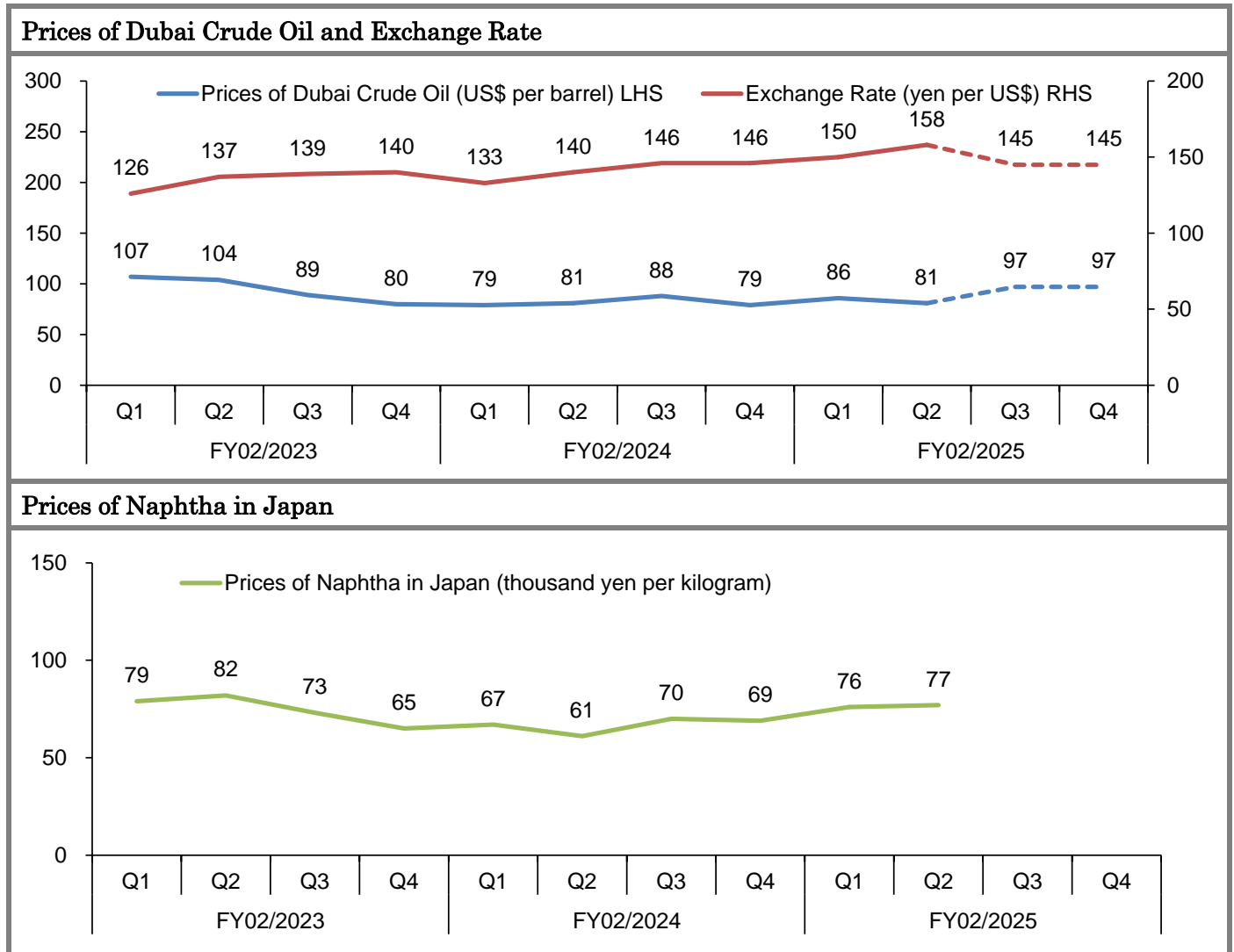


Source: Company Data, WRJ Calculation

In sales breakdown by region on the Special Lubricants side (but for the former Synthetic Lubricants side), where the bulk of the Company’s sales associated with autos are included, sales in Japan account for more than 50% of total, implying that the Company’s sales associated with autos are inclined to be affected by changes in auto production volume in Japan in particular. For Q1 to Q2, the Company was forced to see a low level of the said production volume, which is suggested to be attributed to production cutback caused by the fraudulent certification issues. In China, however, production of so-called new energy vehicles, such as electric vehicles (EVs), plug-in hybrid vehicles (PHVs) and fuel cell vehicles (FCVs), is expanding significantly, according to the Company. Meanwhile, the background cited for the drop in production volume in Southeast/South Asia (Thailand, Indonesia and India) is that of Indonesia and Thailand. Although production volume in India is increasing, it is said to be insufficient to make up for the drop in both countries. With respect to the United States, the Company saw auto production volume having remained at a high level.

Raw Material Procurement Costs

The Company is heavily involved with procurement of raw materials derived from naphtha (crude gasoline) and thus changes in prices of crude oil inevitably have a significant impact on the Company's raw material procurement costs. As indicators for the trends of raw material procurement costs, the Company raises prices of Dubai crude oil (US\$ per barrel), exchange rate (yen per US\$) and prices of naphtha in Japan (thousand yen per kilogram).



Source: Company Data

That is to say, the Company's raw material procurement costs basically hinge on changes in prices of naphtha in Japan (thousand yen per kilogram) to be principally decided by yen-denominated prices of Dubai crude oil. Meanwhile, the respective trends for Q1 to Q2, compared to assumptions of FY02/2025 Company forecasts are as follows:

Prices of Dubai Crude Oil (US\$ per barrel)

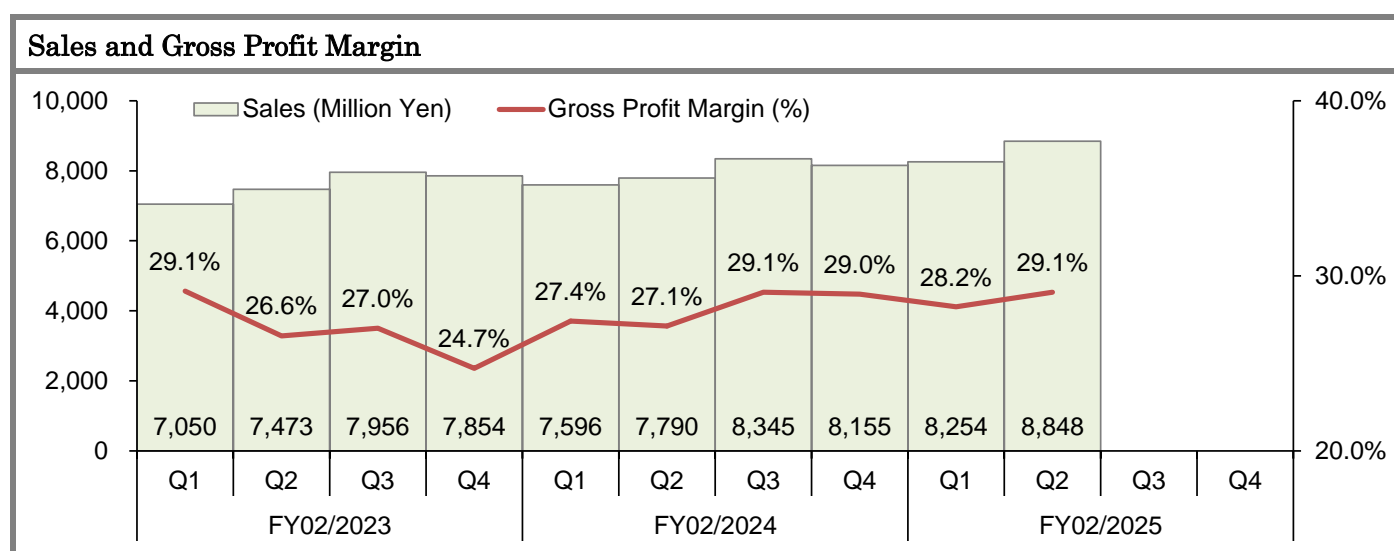
A gradual upward trend is recognized on a year-on-year basis as well as on a time-series basis. Meanwhile, the recent levels are below assumptions of Company forecasts (US\$97 per barrel), implying the Company's raw material procurement costs to be lower to a corresponding extent. However, according to the Company, geopolitical risks, such as tensions in the Middle East, remain uncertain and the Company says that it needs to keep a close eye on future trends.

Exchange Rate (yen per US\$)

Yen is depreciated on a year-on-year basis and in terms of comparison to assumptions of Company forecasts (¥145 yen per US\$), implying that the Company's raw material procurement costs to be higher to a corresponding extent. However, it appears to be the case that such impact is offset to a certain extent at the levels of earnings due to the Company's exposure to US\$-denominated sales.

Prices of Naphtha in Japan (thousand yen per kilogram)

Since hitting bottom for Q2 FY02/2024, the gradual upward trend has continued. Still, it appears to be the case that the recent levels are rather lower than assumptions of Company forecasts. In light of this, it should be the case that earnings are improving to a corresponding extent, but the Company suggests that real picture is rather different due to a factor stemming from the fact that it is also exposed to procurement of raw materials refined into from crude oil on top of naphtha. Most lately, the Company is experiencing price hikes in some of those areas, which is likely to worsen its earnings to a corresponding extent.



Source: Company Data, WRJ Calculation

Meanwhile, a trend of gradual V-shaped recovery is recognized for changes in the Company's gross profit margin over the past 10 quarters. Based on the Company's indications, the comprehensive impact of fluctuations in raw material procurement costs is as follows: For FY02/2023, the Company was entering a phase of adjustments after substantial increases in the costs, but it was difficult to pass on the past cost increases to unit selling prices. More importantly, however, the Company began doing so steadily since the beginning of FY02/2024, which is followed by further progress in doing so after the beginning of FY02/2025. It appears that the Company's unit selling prices for Q1 to Q2 have risen by more than 5% on average over the same period of the previous year, including the impact of yen's depreciation and changes in sales mix.

Company History (extract)

Date	Events
October 1958	Founded by spinoff of laboratory in MATSUMURA OIL CO., LTD.
December 1959	Head office / factory, constructed to productize special lubricants (e.g., vacuum pump oils) and synthetic lubricants, in Nishinomiya-city, Hyogo-prefecture
March 1962	Productized water-glycol fire-resistant hydraulic fluids
December 1965	Chiba factory, constructed to mass-produce liquid paraffins and petroleum sulfonates
September 1986	Akoh factory, constructed to mass-produce hot melt adhesives
November 1990	Akoh factory phase two construction, completed to set up production line for lubricants
June 1995	MORESCO (Thailand) CO., Ltd., established in Chonburi, Thailand
January 2001	Head office and R&D center, relocated to Chuo-ku, Kobe-city
March 2001	Wuxi MoreTex Technology Co., Ltd. (joint company with a company based in Taiwan), established in Wuxi, China
November 2001	MORESCO Honmachi Building, constructed in Chuo-ku, Osaka-city to relocate Osaka branch
March 2001	Phase three construction in Akoh factory, completed to relocate facilities represented by those of distilling lubricants from Nishinomiya factory
February 2003	MORESCO Holding (Thailand) Co., Ltd., established in Chonburi, Thailand.
November 2003	Shares registered on the over-the-counter market of Japan Securities Dealers Association (JDSA)
December 2004	Shares listed on JASDAQ market, making a cancellation for the JDSA registration
May 2006	MORESCO USA Inc., established in Michigan, United States
July 2008	Shares listed on Tokyo Stock Exchange 2nd section
May 2009	WUXI MORESCO TRADING CO., LTD., established in Wuxi, China
August 2009	Acquired business related to diecasting lubrications from Hanano Co., Ltd.
September 2009	Company name changed from MATSUMURA OIL RESERCH CORP. to MORESCO Corporation
February 2010	MORESCO HANANO DIE-CASTING COATING (SHANGHAI), consolidated as subsidiary
February 2011	Shares listed on Tokyo Stock Exchange 1st section
June 2011	PT. MORESCO INDONESIA, established in Karawang, Indonesia
January 2012	PT. MORESCO MACRO ADHESIVE, established in Jakarta, Indonesia
August 2013	Acquired business related to diecasting fluids and forging lubricants from NICCA CHEMICAL CO., LTD.
March 2014	TIANJIN MORESCO TECHNOLOGY CO., LTD., established in Tianjin, China
February 2017	MORESCO HM&LUB INDIA PRIVATE LIMITED, established in India
April 2021	Sale of MORESCO Honmachi Building
March 2022	MORESCO (ZHEJIANG) FUNCTION MATERIAL CO., LTD., established in Haining, China
April 2022	Listing of shares, transitioned to Tokyo Stock Exchange Prime Market
November 2022	MOLESCO Trading (Zhejiang) Ltd., established in Haining-city, China

October 2023 Wuxi MoreTex Technology Co., Ltd., an equity-method affiliate, became a consolidated subsidiary through the acquisition of all of its equity interests

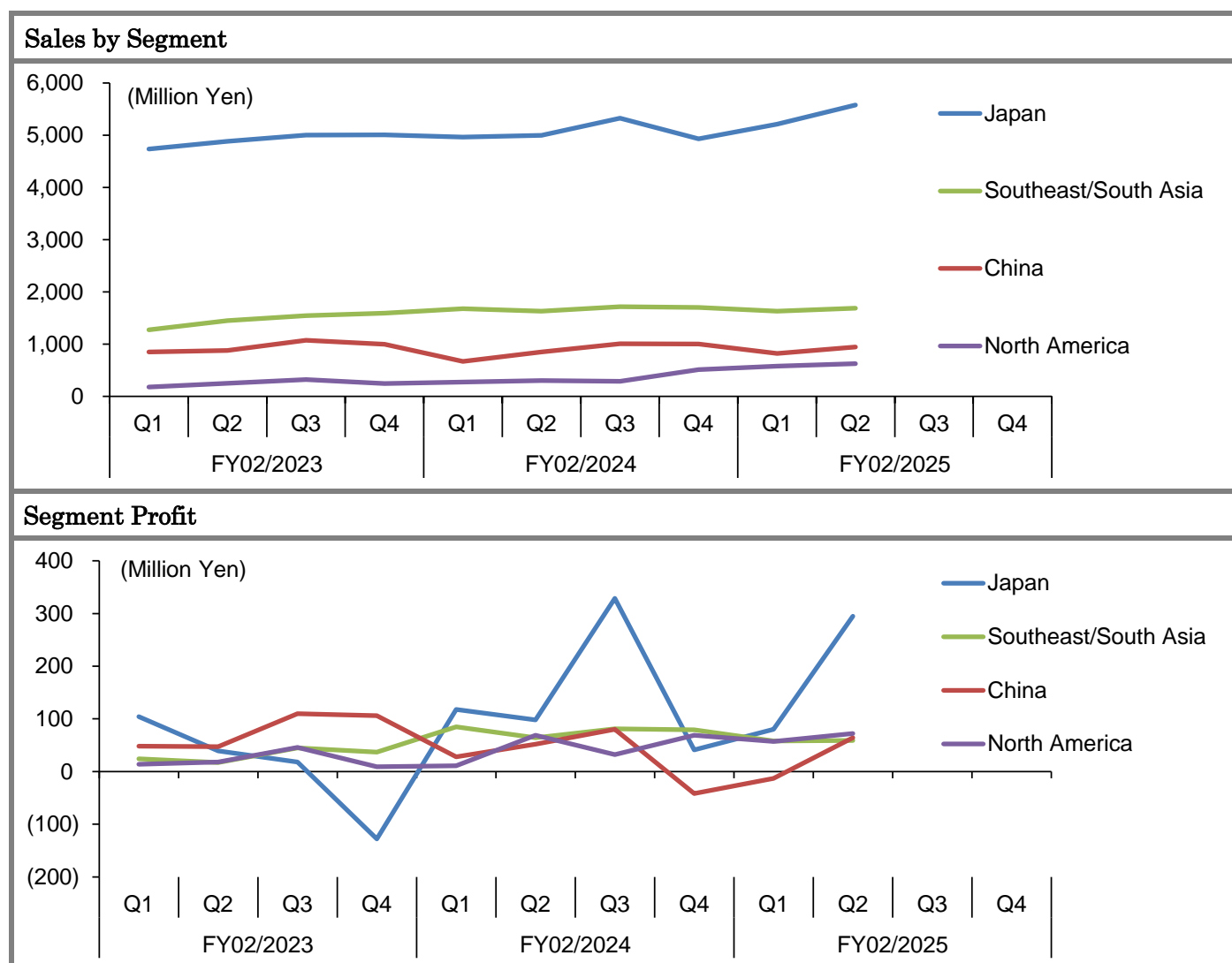
October 2023 Listing of shares, transitioned to Tokyo Stock Exchange Standard Market

October 2023 CROSS TECHNOLOGIES N.A. INC., established in Michigan, United States, taking over all business from CROSS TECHNOLOGIES GROUP, INC.

4.0 Recent Trading and Prospects

Q1 to Q2 FY02/2025

For Q1 to Q2 FY02/2025, sales came in at ¥17,102m (up 11.2% YoY), operating profit ¥671m (up 27.0%), recurring profit ¥965m (up 3.4%) and profit attributable to owners of parent ¥576m (up 1.1%). At the non-operating level, there was a deterioration due mainly to a reduction in currency gain from ¥268m to ¥149m. Meanwhile, the Company has made a change to include sales on the former Synthetic Lubricants side as a part of the Special Lubricants side for the Q1 results, while data in this report are retroactively adjusted.



Source: Company Data, WRJ Calculation

The steady increases in sales and earnings was brought forth by an increase in sales volume and an impact of revision on unit selling prices in Japan and foreign operations. Gross profit came in at ¥4,901m (up 16.8%) and SG&A expenses ¥4,230m (up 15.3%), implying gross profit margin of 28.7% (up 1.4% points) and SG&A ratio of 24.7% (up 0.9% points), i.e., the improvement in gross profit margin realized operating profit margin of 3.9% (up 0.5% points).

By segment, the mainstay Japan saw sales of ¥10,796m (up 8.3%), segment profit of ¥375m (up 73.8%) and segment profit margin of 3.5% (up 1.3% points), having driven the Company's performance so substantially. At the same time, North America also saw an increase in sales and earnings, while an increase in sales but a decrease in earnings with respect to China and Southeast/South Asia (Thailand, Indonesia and India).

In Japan, there was a major impact of increase in sales on the Special Lubricants side and the Other side. Meanwhile, sales have risen also on the Liquid Paraffins & Sulfonate side, which was mainly attributable to an increase in sales of liquid paraffins in line with a recovery in demand associated with polystyrene plasticizers. With respect to the Hot Melt Adhesives side, sales have remained roughly unchanged.

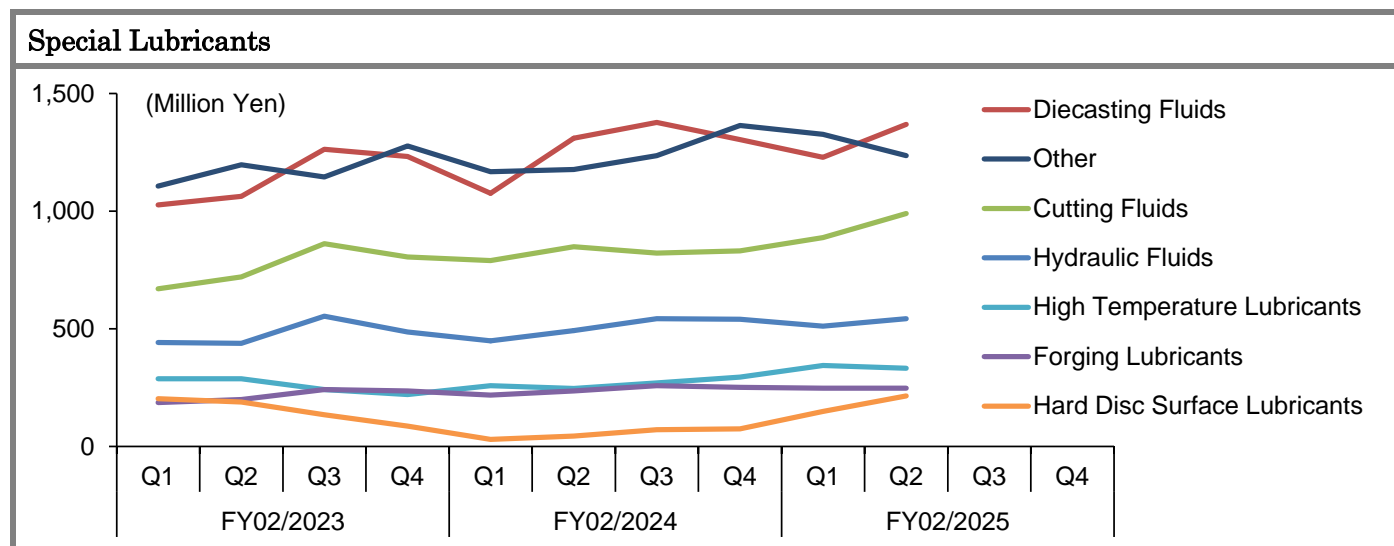
Sales on the Special Lubricants side were driven by those of hard disk surface lubricants. The strengths began for Q1 and continued for Q2 as a result of a recovery in so-called data center investments. According to the Company, demand for its hard disk surface lubricants hinges on demand for HDDs adopted in data centers. On top of this, sales have risen sharply on the Other side, as the Company has posted sales for a large-sized project to deliver wastewater treatment equipment via its subsidiary. Elsewhere, sales were weak for hydraulic fluids and diecasting fluids, while sales have risen for heat transfer medium.

In North America, it appears that sales on the Special Lubricants side, accounting for the bulk of sales of this segment, have more than doubled over the same period of the previous year. On top of the impact of an increase in the local auto production volume, the Company has benefited from some add-ons of new subsidiary.

Meanwhile, by business division, the Company discloses the trends for Q1 to Q2 FY02/2025 as well as assumptions of FY02/2025 Company forecasts, while assumptions of the Midterm Management Plan (FY02/2025 to FY02/2027) as well. Specifically, they are as follows:

Special Lubricants (56.3% of sales)

For Q1 to Q2 FY02/2025, sales came in at ¥9,628m (up 15.4%), while FY02/2025 Company forecasts are going for prospective sales of ¥19,500m (up 10.9%). At the same time, the Midterm Management Plan assumes prospective sales of ¥21,600m for FY02/2027, the final year of the plan, implying CAGR of 7.1% during the period of the plan, when setting the FY02/2024 results as the point of origin.



Source: Company Data

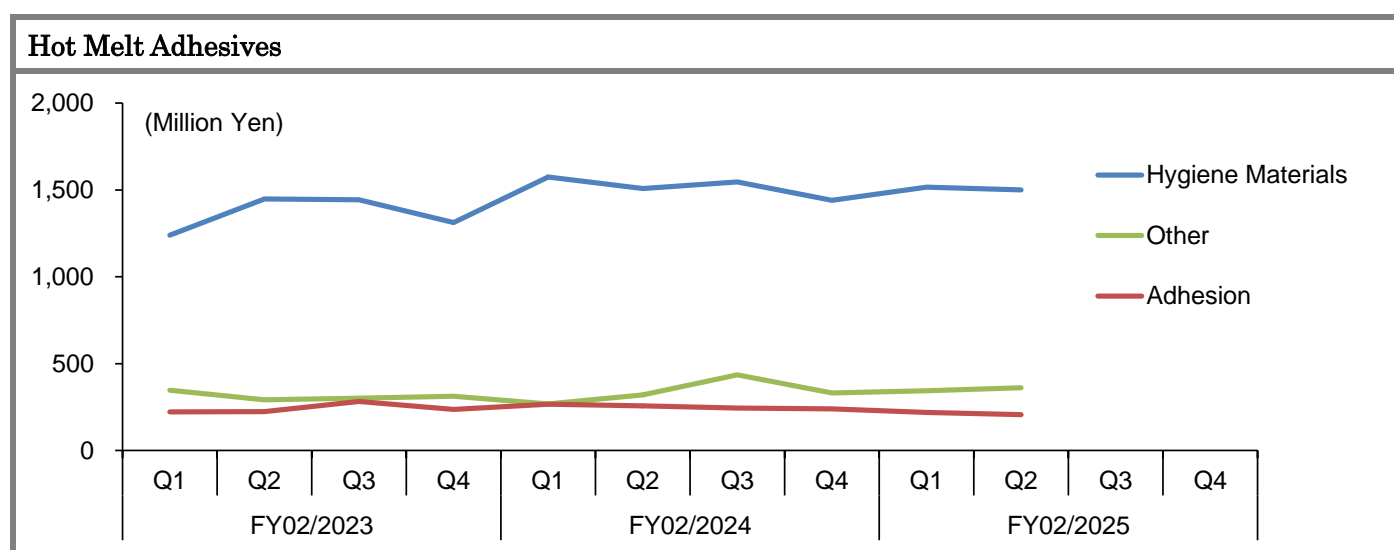
For the actual results of Q1 to Q2, the Company suggests that it saw sales increase 15.4% and sales volume increase 6.3%, implying an increase in unit selling prices of 8.5% in our simple estimates. On the Special Lubricants side, which includes a significant portion of sales associated with autos by application, the Company suffered from a sluggishness in auto production volume in Japan, the mainstay by region. More importantly, however, the Company saw favorably increased sales for minimum-quantity spray-type lubricants, certified as MGS products, in China and North America. On top of this, there is an aspect that sales volume was driven by some add-ons stemming from the impact of having newly consolidated subsidiary based in North America. For information, sales of minimum-quantity spray-type lubricants are included in those of diecasting fluids, the mainstay by product, on this side.

It was on 22 August 2023 that the Company announced a business acquisition agreement had been signed (and the acquisition completed on 20 October 2023) with CROSS TECHNOLOGIES GROUP, Inc. (CROSS, Inc.), based in the United States, with which the Company is planning to reinforce the share in the local market for mold lubricants for diecasting, i.e., a constituent of the mainstay diecasting fluids together with plunger lubricants. CROSS, Inc. also manufactures and sells metalworking oils, polyurethanes, lubricants for combined material industry as well as raw materials used in mold lubricants for diecasting, according to the Company.

The deal is making the Company secure a local production base, the first one in the United States, which will enable it to strengthen its stable local supply of products as well as being directly involved with development and self-manufacture of lubricant-related raw materials at the same time. Thus, the Company is now able to mass-produce products superior to ones before in terms of quality. On top of this, the Company is planning to enhance delivery to local auto-parts manufacturers by leveraging the acquired sales channels of the counterparty. With respect to mold lubricants for diecasting in the United States, the Company sees market share of no more than some 3% (in its own estimates and ditto for the followings) and collectively some 7%, including that of CROSS, Inc. Going forward, the Company will be in the pursuit of synergy by leveraging the strengths of itself and the counterparty, calling for prospective market share of some 15% by CY2030 as the target.

Hot Melt Adhesives (24.3% of sales)

For Q1 to Q2 FY02/2025, sales came in at ¥4,152m (down 1.0%), while FY02/2025 Company forecasts are going for prospective sales of ¥8,400m (down 0.4%). At the same time, the Midterm Management Plan assumes prospective sales of ¥9,600m for FY02/2027, the final year of the plan, implying CAGR of 4.4% during the period of the plan, when setting the FY02/2024 results as the point of origin.

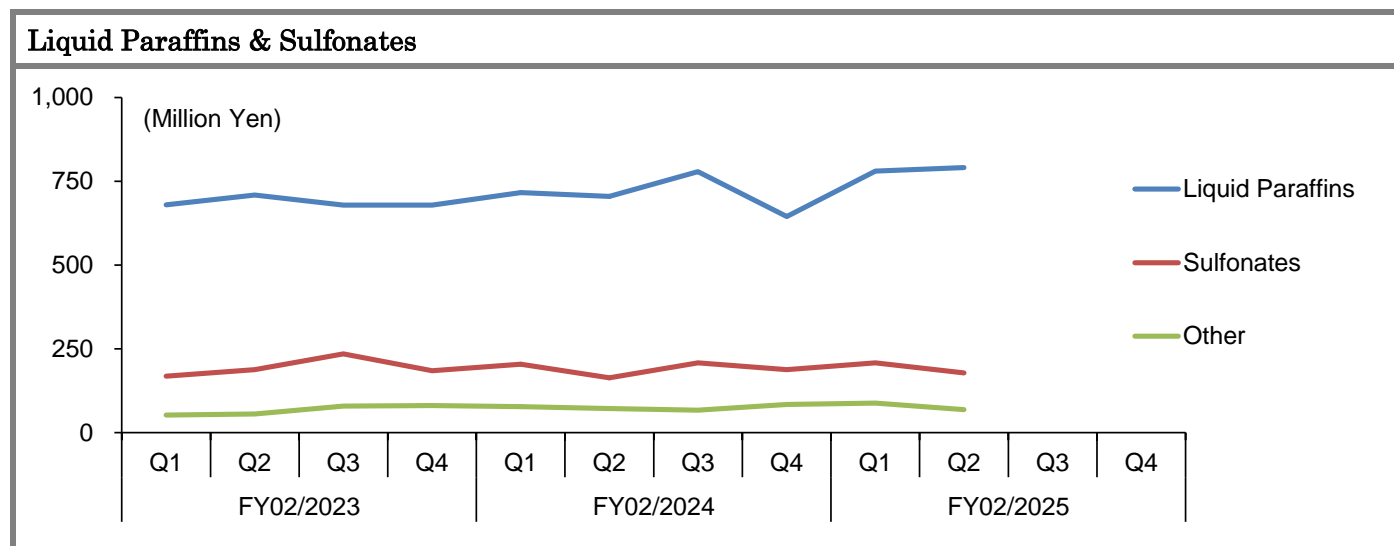


Source: Company Data

For the actual results of Q1 to Q2, the Company suggests that it saw sales decrease 1.0% and sales volume increase 0.5%, implying a decrease in unit selling prices of 1.4% in our simple estimates. According to the Company, sales volume is sluggish for the mainstay hygiene materials, principally associated with disposable diapers. In particular, there is a major impact of slowing demand for those of newborn babies in Southeast/South Asia (Thailand, Indonesia and India). In addition, as far as this business division is concerned, the Company has been experiencing hiking raw material procurement costs, which is likely to have a lasting impact on earnings. According to the Company, there are supply problems with petroleum resins, which are used as raw materials for the mainstay hygiene materials, principally associated with disposable diapers.

Liquid Paraffins & Sulfonates (12.4% of sales)

For Q1 to Q2 FY02/2025, sales came in at ¥2,114m (up 9.0%), while FY02/2025 Company forecasts are going for prospective sales of ¥4,000m (up 2.3%). At the same time, the Midterm Management Plan assumes prospective sales of ¥4,300m for FY02/2027, the final year of the plan, implying CAGR of 3.2% during the period of the plan, when setting the FY02/2024 results as the point of origin.

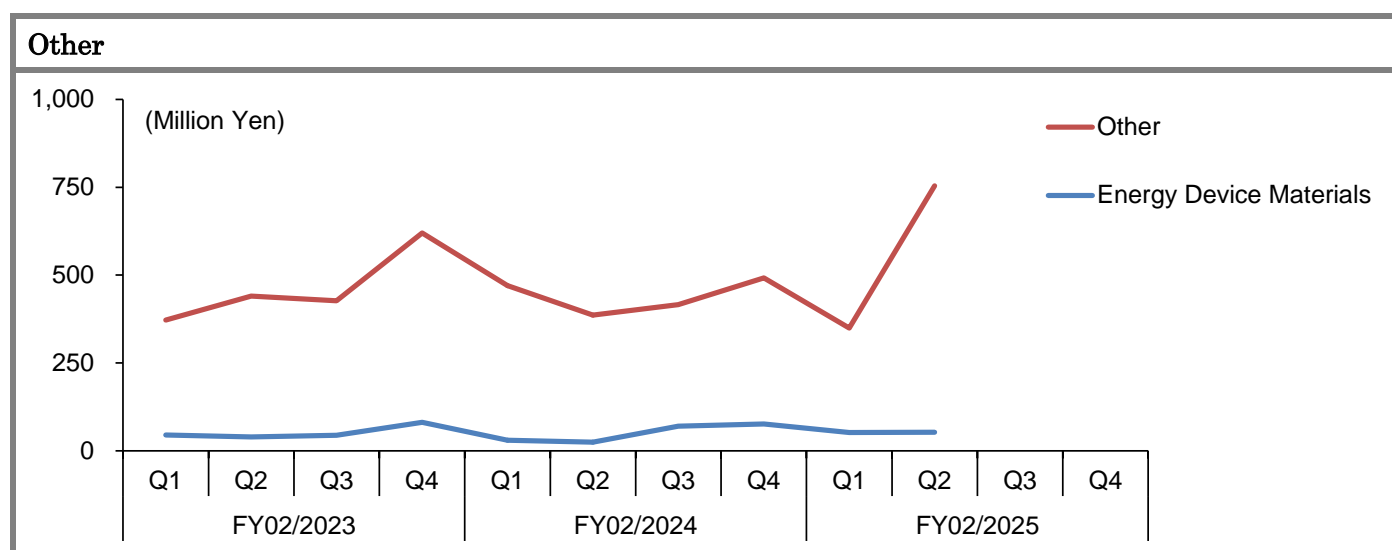


Source: Company Data

For the actual results of Q1 to Q2, the Company suggests that it saw sales increase 9.0% and sales volume increase 7.2%, implying an increase in unit selling prices of 1.7% in our simple estimates. According to the Company, the mainstay liquid paraffins are seeing a steady increase in sales volume, driven by a recovery in the market for polystyrene plasticizers, which are applied as additives in cosmetics and baby oils, for example. Liquid paraffins have been certified as MGS products in view of their environmentally friendly aspects. Meanwhile, the Company has achieved technological innovation that allows it to efficiently increase production of sulfonates and it plans to triple its current production capacity toward the end of FY02/2025 and expand sales of sulfonates from a global perspective.

Other (7.1% of sales)

For Q1 to Q2 FY02/2025, sales came in at ¥1,208m (up 32.7%), while FY02/2025 Company forecasts are going for prospective sales of ¥2,100m (up 7.0%). At the same time, the Midterm Management Plan assumes prospective sales of ¥2,500m for FY02/2027, the final year of the plan, implying CAGR of 8.4% during the period of the plan, when setting the FY02/2024 results as the point of origin.



Source: Company Data

For Q1 to Q2 FY02/2025 results, sales on the Energy Device Materials side came in at ¥105m (up 94.6%) and sales on the Other side came in at ¥1,103m (up 28.9%). In the first place, they are the two independent business divisions, while the Midterm Management Plan puts them together and treats them as a single business division. On the Energy Device Materials side, the Company is involved with development, manufacture and sale of sealants for organic EL and related equipment. Meanwhile, the bulk of sales on the Other side is generated by those of wastewater treatment equipment and wastewater treatment agents (consumables), for which MATSUKEN CO., LTD (wholly owned subsidiary) is responsible as a technology consulting firm. For Q2 (June to August), the Company has posted sales of a large-sized project to deliver wastewater treatment equipment, having driven sales on the Other side. Wastewater treatment equipment are certified as MGS products and this issue has increased the Company's exposure to MGS products to a corresponding extent.

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		Net Chg.
	02/2024	02/2024	02/2024	02/2024	02/2025	02/2025	02/2025	02/2025		
Sales	7,596	15,386	23,731	31,886	8,254	17,102	-	-	-	+1,716
Cost of Sales	5,513	11,188	17,108	22,902	5,925	12,201	-	-	-	+1,013
Gross Profit	2,083	4,197	6,623	8,984	2,330	4,901	-	-	-	+704
SG&A Expenses	1,826	3,669	5,572	7,759	2,140	4,230	-	-	-	+561
Operating Profit	257	528	1,050	1,225	189	671	-	-	-	+143
Non-Operating Balance	138	405	649	601	261	294	-	-	-	(111)
Recurring Profit	395	933	1,699	1,826	450	965	-	-	-	+32
Extraordinary Balance	-	-	250	229	(48)	(48)	-	-	-	(48)
Profit before Income Taxes	395	933	1,949	2,055	402	917	-	-	-	(16)
Total Income Taxes	125	262	455	606	111	274	-	-	-	+12
Profit Attributable to Non-Controlling Interests	47	102	159	165	42	68	-	-	-	(34)
Profit Attributable to Owners of Parent	224	569	1,335	1,283	250	576	-	-	-	+7
Sales YoY	+7.7%	+5.9%	+5.6%	+5.1%	+8.7%	+11.2%	-	-	-	-
Operating Profit YoY	+28.0%	+78.8%	+105.5%	+134.2%	(26.3%)	+27.0%	-	-	-	-
Recurring Profit YoY	(16.1%)	+10.4%	+48.6%	+74.6%	+13.8%	+3.4%	-	-	-	-
Profit Attributable to Owners of Parent YoY	(29.5%)	+13.0%	+85.8%	+108.8%	+11.6%	+1.1%	-	-	-	-
Gross Profit Margin	27.4%	27.3%	27.9%	28.2%	28.2%	28.7%	-	-	-	+1.4%
SG&A Ratio	24.0%	23.8%	23.5%	24.3%	25.9%	24.7%	-	-	-	+0.9%
Operating Profit Margin	3.4%	3.4%	4.4%	3.8%	2.3%	3.9%	-	-	-	+0.5%
Recurring Profit Margin	5.2%	6.1%	7.2%	5.7%	5.5%	5.6%	-	-	-	(0.4%)
Profit Attributable to Owners of Parent Margin	2.9%	3.7%	5.6%	4.0%	3.0%	3.4%	-	-	-	(0.3%)
Total Income Taxes / Profit before Income Taxes	31.6%	28.1%	23.3%	29.5%	27.6%	29.9%	-	-	-	+1.8%
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		Net Chg.
	02/2024	02/2024	02/2024	02/2024	02/2025	02/2025	02/2025	02/2025		
Sales	7,596	7,790	8,345	8,155	8,254	8,848	-	-	-	+1,058
Cost of Sales	5,513	5,675	5,920	5,794	5,925	6,276	-	-	-	+601
Gross Profit	2,083	2,114	2,426	2,361	2,330	2,571	-	-	-	+457
SG&A Expenses	1,826	1,843	1,903	2,187	2,140	2,090	-	-	-	+247
Operating Profit	257	271	522	175	189	482	-	-	-	+211
Non-Operating Balance	138	267	244	(48)	261	33	-	-	-	(234)
Recurring Profit	395	538	766	127	450	515	-	-	-	(23)
Extraordinary Balance	-	-	250	(21)	(48)	-	-	-	-	-
Profit before Income Taxes	395	538	1,016	106	402	515	-	-	-	(23)
Total Income Taxes	125	137	193	151	111	163	-	-	-	+26
Profit Attributable to Non-Controlling Interests	47	55	57	6	42	26	-	-	-	(29)
Profit Attributable to Owners of Parent	224	345	766	(52)	250	326	-	-	-	(19)
Sales YoY	+7.7%	+4.2%	+4.9%	+3.8%	+8.7%	+13.6%	-	-	-	-
Operating Profit YoY	+28.0%	+188.3%	+141.7%	-	(26.3%)	+77.9%	-	-	-	-
Recurring Profit YoY	(16.1%)	+43.5%	+157.0%	-	+13.8%	(4.3%)	-	-	-	-
Profit Attributable to Owners of Parent YoY	(29.5%)	+84.5%	+256.3%	-	+11.6%	(5.5%)	-	-	-	-
Gross Profit Margin	27.4%	27.1%	29.1%	29.0%	28.2%	29.1%	-	-	-	+1.9%
SG&A Ratio	24.0%	23.7%	22.8%	26.8%	25.9%	23.6%	-	-	-	(0.0%)
Operating Profit Margin	3.4%	3.5%	6.3%	2.1%	2.3%	5.4%	-	-	-	+2.0%
Recurring Profit Margin	5.2%	6.9%	9.2%	1.6%	5.5%	5.8%	-	-	-	(1.1%)
Profit Attributable to Owners of Parent Margin	2.9%	4.4%	9.2%	(0.6%)	3.0%	3.7%	-	-	-	(0.7%)
Total Income Taxes / Profit before Income Taxes	31.6%	25.5%	19.0%	142.5%	27.6%	31.7%	-	-	-	+6.2%

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 02/2024	Q1 to Q2 02/2024	Q1 to Q3 02/2024	Q1 to Q4 02/2024	Q1 02/2025	Q1 to Q2 02/2025	Q1 to Q3 02/2025	Q1 to Q4 02/2025		
Japan	4,968	9,966	15,295	20,229	5,213	10,796	-	-	-	+830
China	670	1,522	2,532	3,536	824	1,771	-	-	-	+249
Southeast/South Asia (Thailand, Indonesia and India)	1,679	3,313	5,031	6,737	1,634	3,322	-	-	-	+9
North America	278	584	872	1,384	583	1,213	-	-	-	+629
Sales	7,596	15,386	23,731	31,886	8,254	17,102	-	-	-	+1,716
Japan	118	216	545	586	80	375	-	-	-	+159
China	28	80	160	118	(13)	51	-	-	-	(29)
Southeast/South Asia (Thailand, Indonesia and India)	85	149	230	309	58	117	-	-	-	(32)
North America	11	80	112	181	57	129	-	-	-	+49
Segment Profit	242	525	1,046	1,194	183	673	-	-	-	+148
Adjustments	15	3	4	31	6	(2)	-	-	-	(5)
Operating Profit	257	528	1,050	1,225	189	671	-	-	-	+143
Japan	2.4%	2.2%	3.6%	2.9%	1.5%	3.5%	-	-	-	+1.3%
China	4.2%	5.3%	6.3%	3.3%	(1.6%)	2.9%	-	-	-	(2.4%)
Southeast/South Asia (Thailand, Indonesia and India)	5.1%	4.5%	4.6%	4.6%	3.5%	3.5%	-	-	-	(1.0%)
North America	4.0%	13.7%	12.8%	13.1%	9.8%	10.6%	-	-	-	(3.1%)
Segment Profit Margin	3.2%	3.4%	4.4%	3.7%	2.2%	3.9%	-	-	-	+0.5%
Adjustments	0.2%	0.0%	0.0%	0.1%	0.1%	(0.0%)	-	-	-	(0.0%)
Operating Profit Margin	3.4%	3.4%	4.4%	3.8%	2.3%	3.9%	-	-	-	+0.5%

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 02/2024	Q2 02/2024	Q3 02/2024	Q4 02/2024	Q1 02/2025	Q2 02/2025	Q3 02/2025	Q4 02/2025		
Japan	4,968	4,998	5,329	4,934	5,213	5,583	-	-	-	+585
China	670	852	1,010	1,004	824	947	-	-	-	+95
Southeast/South Asia (Thailand, Indonesia and India)	1,679	1,634	1,718	1,706	1,634	1,688	-	-	-	+54
North America	278	306	288	512	583	630	-	-	-	+324
Sales	7,596	7,790	8,345	8,155	8,254	8,848	-	-	-	+1,058
Japan	118	98	329	41	80	295	-	-	-	+197
China	28	52	80	(42)	(13)	64	-	-	-	+12
Southeast/South Asia (Thailand, Indonesia and India)	85	64	81	79	58	59	-	-	-	(5)
North America	11	69	32	69	57	72	-	-	-	+3
Segment Profit	242	283	521	148	183	490	-	-	-	+207
Adjustments	15	(12)	1	27	6	(8)	-	-	-	+4
Operating Profit	257	271	522	175	189	482	-	-	-	+211
Japan	2.4%	2.0%	6.2%	0.8%	1.5%	5.3%	-	-	-	+3.3%
China	4.2%	6.1%	7.9%	(4.2%)	(1.6%)	6.8%	-	-	-	+0.7%
Southeast/South Asia (Thailand, Indonesia and India)	5.1%	3.9%	4.7%	4.6%	3.5%	3.5%	-	-	-	(0.4%)
North America	4.0%	22.5%	11.1%	13.5%	9.8%	11.4%	-	-	-	(11.1%)
Segment Profit Margin	3.2%	3.6%	6.2%	1.8%	2.2%	5.5%	-	-	-	+1.9%
Adjustments	0.2%	(0.2%)	0.0%	0.3%	0.1%	(0.1%)	-	-	-	+0.1%
Operating Profit Margin	3.4%	3.5%	6.3%	2.1%	2.3%	5.4%	-	-	-	+2.0%

Source: Company Data, WRJ Calculation

Sales by Business Division (Cumulative / Quarterly)

Sales by Business Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	02/2024	02/2024	02/2024	02/2024	02/2025	02/2025	02/2025	02/2025		
Special Lubricants	3,989	8,343	12,922	17,584	4,696	9,628	-	-	-	+1,285
Liquid Paraffins & Sulfonates	998	1,940	2,993	3,909	1,076	2,114	-	-	-	+174
Hot Melt Adhesives	2,108	4,194	6,419	8,430	2,081	4,152	-	-	-	(42)
Energy Device Materials	30	54	124	200	52	105	-	-	-	+51
Other	470	856	1,272	1,764	349	1,103	-	-	-	+247
Sales	7,596	15,386	23,731	31,886	8,254	17,102	-	-	-	+1,716
Special Lubricants	+1.7%	+4.1%	+3.7%	+4.6%	+17.7%	+15.4%	-	-	-	-
Liquid Paraffins & Sulfonates	+10.6%	+4.6%	+5.1%	+3.1%	+7.8%	+9.0%	-	-	-	-
Hot Melt Adhesives	+16.6%	+11.7%	+10.7%	+10.0%	(1.3%)	(1.0%)	-	-	-	-
Energy Device Materials	(31.9%)	(35.7%)	(3.3%)	(4.6%)	+71.4%	+94.6%	-	-	-	-
Other	+26.4%	+5.3%	+2.6%	(5.1%)	(25.7%)	+28.9%	-	-	-	-
Sales (YoY)	+7.7%	+5.9%	+5.6%	+5.1%	+8.7%	+11.2%	-	-	-	-
Special Lubricants	52.5%	54.2%	54.5%	55.1%	56.9%	56.3%	-	-	-	-
Liquid Paraffins & Sulfonates	13.1%	12.6%	12.6%	12.3%	13.0%	12.4%	-	-	-	-
Hot Melt Adhesives	27.8%	27.3%	27.0%	26.4%	25.2%	24.3%	-	-	-	-
Energy Device Materials	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	-	-	-	-
Other	6.2%	5.6%	5.4%	5.5%	4.2%	6.4%	-	-	-	-
Sales (component percentages)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Sales by Business Division (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	02/2024	02/2024	02/2024	02/2024	02/2025	02/2025	02/2025	02/2025		
Special Lubricants	3,989	4,354	4,579	4,662	4,696	4,932	-	-	-	+578
Liquid Paraffins & Sulfonates	998	942	1,053	916	1,076	1,038	-	-	-	+96
Hot Melt Adhesives	2,108	2,086	2,225	2,011	2,081	2,071	-	-	-	(15)
Energy Device Materials	30	24	70	76	52	53	-	-	-	+29
Other	470	386	416	492	349	754	-	-	-	+368
Sales	7,596	7,790	8,345	8,155	8,254	8,848	-	-	-	+1,058
Special Lubricants	+1.7%	+6.3%	+3.0%	+7.3%	+17.7%	+13.3%	-	-	-	-
Liquid Paraffins & Sulfonates	+10.6%	(1.2%)	+5.9%	(3.0%)	+7.8%	+10.2%	-	-	-	-
Hot Melt Adhesives	+16.6%	+7.2%	+8.7%	+7.9%	(1.3%)	(0.7%)	-	-	-	-
Energy Device Materials	(31.9%)	(38.5%)	+59.1%	(6.2%)	+71.4%	+120.8%	-	-	-	-
Other	+26.4%	(12.3%)	(2.6%)	(20.6%)	(25.7%)	+95.3%	-	-	-	-
Sales (YoY)	+7.7%	+4.2%	+4.9%	+3.8%	+8.7%	+13.6%	-	-	-	-
Special Lubricants	52.5%	55.9%	54.9%	57.2%	56.9%	55.7%	-	-	-	-
Liquid Paraffins & Sulfonates	13.1%	12.1%	12.6%	11.2%	13.0%	11.7%	-	-	-	-
Hot Melt Adhesives	27.8%	26.8%	26.7%	24.7%	25.2%	23.4%	-	-	-	-
Energy Device Materials	0.4%	0.3%	0.8%	0.9%	0.6%	0.6%	-	-	-	-
Other	6.2%	5.0%	5.0%	6.0%	4.2%	8.5%	-	-	-	-
Sales (component percentages)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

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 02/2024	Q2 02/2024	Q3 02/2024	Q4 02/2024	Q1 02/2025	Q2 02/2025	Q3 02/2025	Q4 02/2025		
Cash and Deposit	3,935	3,756	5,952	5,636	4,993	5,064	-	-	-	+1,308
Accounts Receivables	7,462	7,453	8,016	7,942	8,237	8,855	-	-	-	+1,402
Inventory	6,451	6,378	6,505	6,687	7,035	6,955	-	-	-	+577
Other	564	566	1,399	724	730	468	-	-	-	(98)
Current Assets	18,412	18,153	21,872	20,989	20,995	21,342	-	-	-	+3,189
Tangible Assets	8,666	9,114	9,540	10,140	10,280	10,453	-	-	-	+1,339
Intangible Assets	749	744	735	1,228	1,338	1,388	-	-	-	+644
Investments and Other Assets	4,068	4,166	4,370	4,695	4,754	4,931	-	-	-	+765
Fixed Assets	13,483	14,024	14,645	16,063	16,372	16,772	-	-	-	+2,748
Deferred Assets	18	32	42	-	-	-	-	-	-	(32)
Total Assets	31,913	32,208	36,559	37,053	37,367	38,114	-	-	-	+5,906
Accounts Payables	4,828	4,467	4,581	4,908	4,897	5,114	-	-	-	+647
Short-Term Debt	2,145	2,096	2,806	3,040	2,892	2,898	-	-	-	+802
Other	1,787	1,629	2,176	1,912	2,257	1,953	-	-	-	+324
Current Liabilities	8,760	8,192	9,563	9,860	10,046	9,965	-	-	-	+1,773
Long-Term Debt	942	887	2,994	3,065	2,762	2,451	-	-	-	+1,564
Other	667	748	814	1,006	970	1,048	-	-	-	+300
Fixed Liabilities	1,609	1,635	3,808	4,071	3,732	3,499	-	-	-	+1,864
Total Liabilities	10,369	9,827	13,371	13,931	13,778	13,463	-	-	-	+3,636
Shareholders' Equity	17,327	17,678	18,254	18,202	18,121	18,460	-	-	-	+782
Other	4,217	4,703	4,934	4,920	5,467	6,190	-	-	-	+1,487
Net Assets	21,544	22,381	23,188	23,122	23,588	24,650	-	-	-	+2,269
Total Liabilities & Net Assets	31,913	32,208	36,559	37,053	37,367	38,114	-	-	-	+5,906
Equity Capital	18,743	19,418	20,143	20,126	20,499	21,432	-	-	-	+2,014
Interest Bearing Debt	3,087	2,983	5,800	6,105	5,654	5,349	-	-	-	+2,366
Net Debt	(848)	(773)	(152)	469	661	285	-	-	-	+1,058
Equity Ratio	58.7%	60.3%	55.1%	54.3%	54.9%	56.2%	-	-	-	-
Net Debt Equity Ratio	(4.5%)	(4.0%)	(0.8%)	2.3%	3.2%	1.3%	-	-	-	-
ROE (12 months)	2.8%	3.5%	6.3%	6.6%	6.7%	6.3%	-	-	-	-
ROA (12 months)	3.1%	3.6%	4.7%	5.3%	5.4%	5.3%	-	-	-	-
Days for Inventory Turnover	106	102	100	105	108	101	-	-	-	-
Quick Ratio	130%	137%	146%	138%	132%	140%	-	-	-	-
Current Ratio	210%	222%	229%	213%	209%	214%	-	-	-	-

Source: Company Data, WRJ Calculation

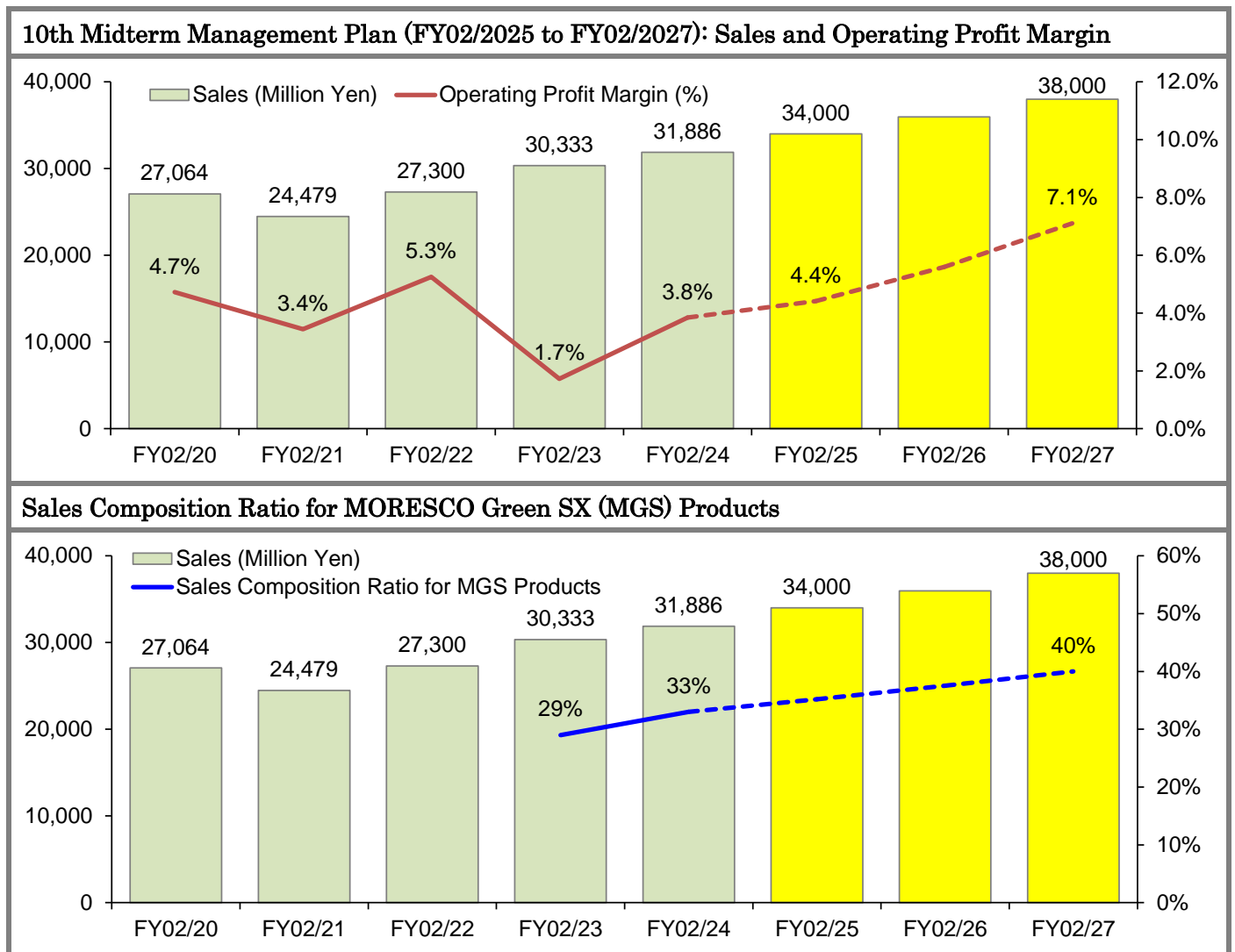
Cash Flow Statement (Cumulative)

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 02/2024	Q1 to Q2 02/2024	Q1 to Q3 02/2024	Q1 to Q4 02/2024	Q1 02/2025	Q1 to Q2 02/2025	Q1 to Q3 02/2025	Q1 to Q4 02/2025		
Operating Cash Flow	-	1,004	-	2,934	-	1,074	-	-	-	+70
Investing Cash Flow	-	(1,305)	-	(4,250)	-	(295)	-	-	-	+1,010
Operating Cash Flow and Investing Cash Flow	-	(301)	-	(1,316)	-	779	-	-	-	+1,080
Financing Cash Flow	-	(115)	-	2,819	-	(1,216)	-	-	-	(1,101)

Source: Company Data, WRJ Calculation

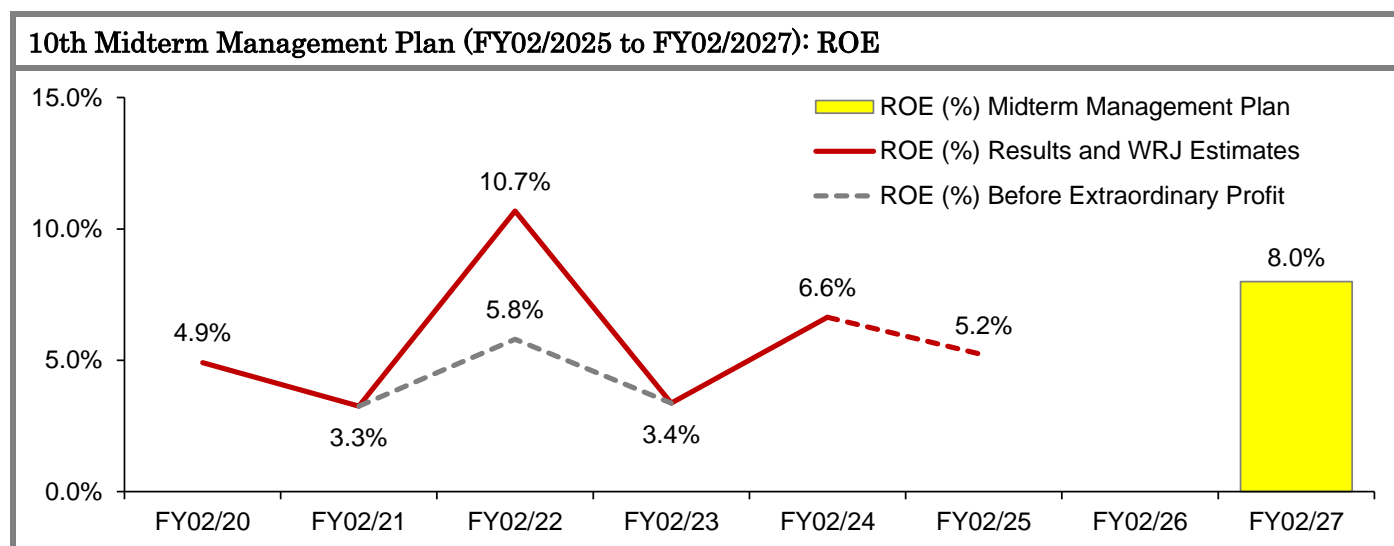
Long-Term Prospects

On 21 February 2024, the Company has announced its 10th Midterm Management Plan (FY02/2025 to FY02/2027), revealing its policy to achieve sustainable growth from a long-term perspective by means of satisfying both of Realization of a Sustainable Society and Enhancement of Added Value for Business. The managerial goal is to achieve sales of ¥38,000m, operating profit of ¥2,700m and recurring profit of ¥3,000m for FY02/2027, the final year of the plan. When setting the FY02/2024 results as the point of origin, the plan calls for CAGR of 6.0% in sales and 30.1% in operating profit during the relevant period. At the same time, the Company calls for 40% with respect to sales composition ratio for MORESCO Green SX (MGS) Products (versus 33% for FY02/2024) and a level of ROE at 8% (versus 6.6% for FY02/2024,) for FY02/2027, the final year of the plan.



Source: Company Data, WRJ Calculation

Meanwhile, FY02/2025 initial Company forecasts, announced on 12 April 2024, following the announcement of the Midterm Management Plan on 21 February 2024, have remained unchanged to date, going for prospective sales of ¥34,000m (up 6.6% YoY), operating profit of ¥1,500m (up 22.5%), recurring profit of ¥1,850m (up 1.3%) and profit attributable to owners of parent of ¥1,050m (down 18.2%), while operating profit margin of 4.4% (up 0.6% points). At the same time, Company forecasts have remained unchanged also for planned annual dividend, going for ¥45.00 per share for FY02/2025, implying payout ratio of 39.3%. With respect to the deterioration at the non-operating level, Company forecasts assume the impact stemming from currency gain of ¥251m posted for FY02/2024 not to reappear, while the impact stemming from gain on negative goodwill of ¥285m posted for FY02/2024 not to reappear at the extraordinary level.



Source: Company Data, WRJ Calculation

In our estimates based on the assumptions of the above-mentioned Company forecasts, the levels of ROE are to once decline from FY02/2024 to FY02/2025. Meanwhile, the Midterm Management Plan calls for the levels of 8% in ROE for FY02/2027, the final year of the plan, due to ongoing improvement in earnings during the relevant period.

The Company's policy to focus on sales promotions for MGS products is to drive the above-mentioned improvement in earnings. The Company is trying to get at an improvement in sales mix by means of enhancing sales of MGS products, which are considered to have relatively high added value and thus gross profit margin due to their contribution to reducing environmental impact and so on, represented by minimum-quantity spray-type lubricants and fire-resistant hydraulic fluids, belonging to the mainstay Special Lubricants side by business division. With respect to minimum-quantity spray-type lubricants, the Company is so keen on refinement of existing products as well as development, manufacture and sale of new products due to the aspect of high effectiveness in terms of energy conservation, environmental preservation and improvement of work environment, which is to push on with the Company's sustainability management. With respect to fire-resistant hydraulic fluids, basically for steel-related applications, it is highly appreciated that they cut back on CO₂ emission and contribute to environmental preservation. Also, the Company has certified wastewater treatment equipment as MGS products since FY02/2024 due to their similar characteristics.

Further, the Company suggests possibility for a contribution to emerge from its plan to make sealants for perovskite solar cells commercially viable for CY2025, although the Midterm Management Plan does not assume any impact of this. The Company is currently in the process of developing and/or executing proving tests for the said sealants that provide a solution with the issue of durability (for long life) by means of leveraging its technology and knowhow cultivated in hot melt adhesives and sealants for organic EL.

FY02/2025 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY02/2025CoE	12-Apr-24	Q4 Results	34,000	1,500	1,850	1,050
FY02/2025CoE	12-Jul-24	Q1 Results	34,000	1,500	1,850	1,050
FY02/2025CoE	11-Oct-24	Q2 Results	34,000	1,500	1,850	1,050
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY02/2025CoE	12-Apr-24	Q4 Results	34,000	1,500	1,850	1,050
FY02/2025CoE	11-Oct-24	Q2 Results	34,000	1,500	1,850	1,050
		Amount of Gap	0	0	0	0
		Rate of Gap	0	0	0	0
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY02/2025CoE	12-Apr-24	Q4 Results	-	-	-	-
Q1 to Q2 FY02/2025CoE	12-Jul-24	Q1 Results	-	-	-	-
Q1 to Q2 FY02/2025Act	11-Oct-24	Q2 Results	17,102	671	965	576
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q1 to Q2 FY02/2025CoE	12-Apr-24	Q4 Results	-	-	-	-
Q1 to Q2 FY02/2025Act	11-Oct-24	Q2 Results	17,102	671	965	576
		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 FY02/2025CoE	12-Apr-24	Q4 Results	-	-	-	-
Q3 to Q4 FY02/2025CoE	12-Jul-24	Q1 Results	-	-	-	-
Q3 to Q4 FY02/2025CoE	11-Oct-24	Q2 Results	16,898	829	885	474
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q3 to Q4 FY02/2025CoE	12-Apr-24	Q4 Results	-	-	-	-
Q3 to Q4 FY02/2025CoE	11-Oct-24	Q2 Results	16,898	829	885	474
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-

Source: Company Data, WRJ Calculation

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
Sales	27,064	24,479	27,300	30,333	31,886	34,000	+2,114
Cost of Sales	18,330	16,640	18,575	22,204	22,902	-	-
Gross Profit	8,734	7,838	8,725	8,129	8,984	-	-
SG&A Expenses	7,456	6,996	7,291	7,606	7,759	-	-
Operating Profit	1,279	842	1,434	523	1,225	1,500	+275
Non-Operating Balance	289	188	577	523	601	350	(251)
Recurring Profit	1,568	1,030	2,011	1,046	1,826	1,850	+24
Extraordinary Balance	-	(119)	833	-	229	-	-
Profit before Income Taxes	1,568	911	2,844	1,046	2,055	-	-
Total Income Taxes	540	240	831	320	606	-	-
Profit Attributable to Non-Controlling Interests	251	153	205	112	165	-	-
Profit Attributable to Owners of Parent	776	518	1,808	615	1,283	1,050	(233)
Sales YoY	(6.0%)	(9.6%)	+11.5%	+11.1%	+5.1%	+6.6%	-
Operating Profit YoY	(34.4%)	(34.1%)	+70.3%	(63.5%)	+134.2%	+22.5%	-
Recurring Profit YoY	(28.8%)	(34.3%)	+95.3%	(48.0%)	+74.6%	+1.3%	-
Profit Attributable to Owners of Parent YoY	(46.0%)	(33.3%)	+249.1%	(66.0%)	+108.8%	(18.2%)	-
Gross Profit Margin	32.3%	32.0%	32.0%	26.8%	28.2%	-	-
SG&A Ratio	27.5%	28.6%	26.7%	25.1%	24.3%	-	-
Operating Profit Margin	4.7%	3.4%	5.3%	1.7%	3.8%	4.4%	+0.6%
Recurring Profit Margin	5.8%	4.2%	7.4%	3.4%	5.7%	5.4%	(0.3%)
Profit Attributable to Owners of Parent Margin	2.9%	2.1%	6.6%	2.0%	4.0%	3.1%	(0.9%)
Total Income Taxes / Profit before Income Taxes	34.4%	26.3%	29.2%	30.6%	29.5%	-	-

Source: Company Data, WRJ Calculation

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Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
Japan	19,005	17,220	18,385	19,637	20,229	-	-
China	2,919	2,957	3,625	3,814	3,536	-	-
Southeast/South Asia (Thailand, Indonesia and India)	4,427	3,671	4,501	5,870	6,737	-	-
North America	713	631	789	1,011	1,384	-	-
Sales	27,064	24,479	27,300	30,333	31,886	34,000	+2,114
Japan	909	438	805	33	586	-	-
China	251	350	432	311	118	-	-
Southeast/South Asia (Thailand, Indonesia and India)	143	6	86	123	309	-	-
North America	(21)	43	107	87	181	-	-
Segment Profit	1,283	837	1,431	553	1,194	-	-
Adjustments	(4)	5	4	(30)	31	-	-
Operating Profit	1,279	842	1,434	523	1,225	1,500	+275
Japan	4.8%	2.5%	4.4%	0.2%	2.9%	-	-
China	8.6%	11.8%	11.9%	8.2%	3.3%	-	-
Southeast/South Asia (Thailand, Indonesia and India)	3.2%	0.2%	1.9%	2.1%	4.6%	-	-
North America	(2.9%)	6.8%	13.6%	8.6%	13.1%	-	-
Segment Profit Margin	4.7%	3.4%	5.2%	1.8%	3.7%	-	-
Adjustments	(0.0%)	0.0%	0.0%	(0.1%)	0.1%	-	-
Operating Profit Margin	4.7%	3.4%	5.3%	1.7%	3.8%	4.4%	+0.6%

Source: Company Data, WRJ Calculation

Sales by Business Division

Sales by Business Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
Special Lubricants	14,655	12,438	14,995	16,808	17,584	19,500	+1,916
Liquid Paraffins & Sulfonates	3,720	3,385	3,480	3,793	3,909	4,000	+91
Hot Melt Adhesives	6,882	6,807	6,785	7,664	8,430	8,400	(30)
Energy Device Materials	126	113	237	209	200	-	-
Other	1,628	1,682	1,794	1,859	1,764	-	-
Chemical Business	27,011	24,425	27,292	30,333	31,886	34,000	+2,114
Rental Building Business	53	53	8	-	-	-	-
Sales	27,064	24,479	27,300	30,333	31,886	34,000	+2,114
Special Lubricants	(7.0%)	(15.1%)	+20.6%	+12.1%	+4.6%	+10.9%	-
Liquid Paraffins & Sulfonates	(4.0%)	(9.0%)	+2.8%	+9.0%	+3.1%	+2.3%	-
Hot Melt Adhesives	(6.0%)	(1.1%)	(0.3%)	+13.0%	+10.0%	(0.4%)	-
Energy Device Materials	-	(10.3%)	+109.9%	(11.8%)	(4.6%)	-	-
Other	(5.3%)	+3.3%	+6.6%	+3.6%	(5.1%)	-	-
Chemical Business	(6.1%)	(9.6%)	+11.7%	+11.1%	+5.1%	+6.6%	-
Rental Building Business	0.0%	0.0%	(84.2%)	-	-	-	-
Sales (YoY)	(6.0%)	(9.6%)	+11.5%	+11.1%	+5.1%	+6.6%	-
Special Lubricants	54.1%	50.8%	54.9%	55.4%	55.1%	57.4%	-
Liquid Paraffins & Sulfonates	13.7%	13.8%	12.7%	12.5%	12.3%	11.8%	-
Hot Melt Adhesives	25.4%	27.8%	24.9%	25.3%	26.4%	24.7%	-
Energy Device Materials	0.5%	0.5%	0.9%	0.7%	0.6%	-	-
Other	6.0%	6.9%	6.6%	6.1%	5.5%	-	-
Chemical Business	99.8%	99.8%	100.0%	100.0%	100.0%	100.0%	-
Rental Building Business	0.2%	0.2%	0.0%	-	-	-	-
Sales (component percentages)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
Cash and Deposit	3,576	4,108	4,001	4,256	5,636	-	-
Accounts Receivables	6,720	6,643	6,844	7,595	7,942	-	-
Inventory	4,779	4,242	5,326	6,306	6,687	-	-
Other	361	311	436	653	724	-	-
Current Assets	15,436	15,304	16,607	18,810	20,989	-	-
Tangible Assets	9,034	8,518	8,304	8,610	10,140	-	-
Intangible Assets	1,046	792	633	589	1,228	-	-
Investments and Other Assets	2,613	3,093	3,465	4,002	4,695	-	-
Fixed Assets	12,693	12,403	12,401	13,202	16,063	-	-
Deferred Assets	-	-	-	6	-	-	-
Total Assets	28,129	27,707	29,008	32,017	37,053	-	-
Accounts Payables	4,072	3,975	4,308	5,144	4,908	-	-
Short-Term Debt	2,341	2,544	560	2,381	3,040	-	-
Other	1,650	1,602	2,392	2,074	1,912	-	-
Current Liabilities	8,063	8,121	7,260	9,599	9,860	-	-
Long-Term Debt	1,244	775	350	472	3,065	-	-
Other	612	649	847	707	1,006	-	-
Fixed Liabilities	1,856	1,424	1,197	1,179	4,071	-	-
Total Liabilities	9,919	9,545	8,457	10,778	13,931	-	-
Shareholders' Equity	15,939	15,836	17,227	17,287	18,202	-	-
Other	2,270	2,327	3,324	3,953	4,920	-	-
Net Assets	18,209	18,163	20,551	21,240	23,122	-	-
Total Liabilities & Net Assets	28,129	27,707	29,008	32,017	37,053	-	-
Equity Capital	15,931	15,899	17,962	18,533	20,126	-	-
Interest Bearing Debt	3,585	3,319	910	2,853	6,105	-	-
Net Debt	9	(789)	(3,091)	(1,403)	469	-	-
Equity Ratio	56.6%	57.4%	61.9%	57.9%	54.3%	-	-
Net Debt Equity Ratio	0.1%	(5.0%)	(17.2%)	(7.6%)	2.3%	-	-
ROE (12 months)	4.9%	3.3%	10.7%	3.4%	6.6%	-	-
ROA (12 months)	5.6%	3.7%	7.1%	3.4%	5.3%	-	-
Days for Inventory Turnover	95	93	104	103	106	-	-
Quick Ratio	128%	132%	149%	123%	138%	-	-
Current Ratio	191%	188%	229%	196%	213%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
Operating Cash Flow	1,771	2,088	2,333	515	2,934	-	-
Investing Cash Flow	(1,589)	(660)	603	(1,172)	(4,250)	-	-
Operating Cash Flow and Investing Cash Flow	182	1,428	2,936	(657)	(1,316)	-	-
Financing Cash Flow	78	(1,019)	(2,937)	1,227	2,819	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.
No. of Shares FY End (thousand shares)	9,697	9,697	9,697	9,697	9,697	-	-
Net Profit / EPS (thousand shares)	9,591	9,577	9,380	9,291	9,230	-	-
Treasury Shares FY End (thousand shares)	98	321	317	469	464	-	-
Earnings Per Share	80.91	54.09	192.76	66.19	139.01	114.50	-
Earnings Per Share (Fully Diluted)	-	-	-	-	-	-	-
Book Value Per Share	1,659.74	1,695.81	1,914.94	2,008.49	2,179.85	-	-
Dividend Per Share	50.00	40.00	40.00	40.00	45.00	45.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
FY	FY	FY	FY	FY	FY	FY	YoY
02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	Net Chg.	
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	80.91	54.09	192.76	66.19	139.01	114.50	-
Book Value Per Share	1,659.74	1,695.81	1,914.94	2,008.49	2,179.85	-	-
Dividend Per Share	50.00	40.00	40.00	40.00	45.00	45.00	-
Payout Ratio	61.8%	74.0%	20.8%	60.4%	32.4%	39.3%	-

Source: Company Data, WRJ Calculation

Disclaimer

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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