

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

Company name: MORESCO Corporation
 Stock exchange listing: Tokyo
 Stock code: 5018 URL <http://www.moresco.co.jp/>
 Representative: Representative Director, President Motohisa Morozumi
 Inquiries: Director, Senior Executive Officer Hirofumi Fujimoto TEL 078-303-9220
 Scheduled date to file Quarterly Securities Report: January 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2022	22,479	10.1	511	(62.8)	1,144	(34.0)	719	(58.5)
Nine months ended November 30, 2021	20,415	13.6	1,375	114.5	1,732	164.0	1,730	470.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	77.24	–
Nine months ended November 30, 2021	184.52	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	31,929	21,820	59.6	2,060.80
As of February 28, 2022	29,008	20,551	61.9	1,914.94

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	20.00	–	20.00	40.00
Year ending February 28, 2023	–	20.00	–		
Year ending February 28, 2023 (Forecast)				20.00	40.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	31,500	15.4	1,110	(22.6)	1,700	(15.5)	1,000	(44.7)	107.71

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2022	9,696,500 shares	As of February 28, 2022	9,696,500 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	468,970 shares	As of February 28, 2022	316,570 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	9,302,938 shares	Nine months ended November 30, 2021	9,378,048 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	4,001	4,172
Notes and accounts receivable - trade	6,844	7,831
Merchandise and finished goods	2,935	3,407
Raw materials and supplies	2,391	2,904
Other	461	641
Allowance for doubtful accounts	(25)	(28)
Total current assets	16,607	18,928
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,540	4,053
Machinery, equipment and vehicles, net	2,035	1,983
Land	1,954	1,969
Other, net	774	533
Total property, plant and equipment	8,304	8,537
Intangible assets		
Goodwill	219	124
Other	413	520
Total intangible assets	633	643
Investments and other assets	3,465	3,820
Total non-current assets	12,401	13,001
Total assets	29,008	31,929
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,308	5,173
Short-term borrowings	560	1,549
Income taxes payable	427	107
Provision for bonuses	529	291
Other	1,437	1,846
Total current liabilities	7,260	8,967
Non-current liabilities		
Long-term borrowings	350	307
Retirement benefit liability	531	555
Other	316	280
Total non-current liabilities	1,197	1,141
Total liabilities	8,457	10,108

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Net assets		
Shareholders' equity		
Share capital	2,118	2,118
Capital surplus	1,976	1,976
Retained earnings	13,517	13,864
Treasury shares	(384)	(567)
Total shareholders' equity	17,227	17,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38	61
Foreign currency translation adjustment	505	1,378
Remeasurements of defined benefit plans	191	186
Total accumulated other comprehensive income	735	1,625
Non-controlling interests	2,589	2,804
Total net assets	20,551	21,820
Total liabilities and net assets	29,008	31,929

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	20,415	22,479
Cost of sales	13,643	16,291
Gross profit	6,772	6,188
Selling, general and administrative expenses	5,397	5,677
Operating profit	1,375	511
Non-operating income		
Interest income	21	15
Dividend income	10	14
Foreign exchange gains	161	482
Share of profit of entities accounted for using equity method	126	95
Other	62	46
Total non-operating income	380	652
Non-operating expenses		
Interest expenses	14	8
Other	9	11
Total non-operating expenses	23	19
Ordinary profit	1,732	1,144
Extraordinary income		
Gain on sale of non-current assets	833	–
Total extraordinary income	833	–
Profit before income taxes	2,565	1,144
Income taxes - current	883	456
Income taxes - deferred	(198)	(108)
Total income taxes	685	347
Profit	1,880	796
Profit attributable to non-controlling interests	150	78
Profit attributable to owners of parent	1,730	719

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	1,880	796
Other comprehensive income		
Valuation difference on available-for-sale securities	10	27
Foreign currency translation adjustment	417	1,074
Remeasurements of defined benefit plans, net of tax	3	(6)
Share of other comprehensive income of entities accounted for using equity method	32	42
Total other comprehensive income	462	1,137
Comprehensive income	2,342	1,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,104	1,608
Comprehensive income attributable to non-controlling interests	238	325