

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 13, 2022

Company name: MORESCO Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 5018 URL <https://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: July 13, 2022  
 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 three months ended May 31, 2022 (from March 1, 2022 to May 31, 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	%
Three months ended May 31, 2022	7,050	5.9	201	(61.4)	471	(34.7)	317	(71.0)
Three months ended May 31, 2021	6,656	13.1	520	265.0	721	–	1,095	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	33.84	–
Three months ended May 31, 2021	116.80	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	29,691	21,121	62.3	1,971.47
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	–				
Year ending February 28, 2023 (Forecast)		20.00	–	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	30,500	11.7	1,850	29.0	2,200	9.4	1,300	(28.1)	140.02

#### 4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 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 May 31, 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 May 31, 2022	316,570 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)

Three months ended May 31, 2022	9,379,930 shares	Three months ended May 31, 2021	9,375,430 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,001	3,812
Notes and accounts receivable - trade	6,844	7,046
Merchandise and finished goods	2,935	3,147
Raw materials and supplies	2,391	2,580
Other	461	607
Allowance for doubtful accounts	(25)	(27)
Total current assets	16,607	17,165
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,540	3,556
Machinery, equipment and vehicles, net	2,035	2,037
Land	1,954	1,960
Other, net	774	777
Total property, plant and equipment	8,304	8,330
Intangible assets		
Goodwill	219	187
Other	413	426
Total intangible assets	633	614
Investments and other assets	3,465	3,583
Total non-current assets	12,401	12,527
Total assets	29,008	29,691
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,308	4,419
Short-term borrowings	560	857
Income taxes payable	427	208
Provision for bonuses	529	274
Other	1,437	1,569
Total current liabilities	7,260	7,328
Non-current liabilities		
Long-term borrowings	350	457
Retirement benefit liability	531	535
Other	316	251
Total non-current liabilities	1,197	1,242
Total liabilities	8,457	8,570

	(Millions of yen)	
	As of February 28, 2022	As of May 31, 2022
Net assets		
Shareholders' equity		
Share capital	2,118	2,118
Capital surplus	1,976	1,976
Retained earnings	13,517	13,647
Treasury shares	(384)	(384)
Total shareholders' equity	17,227	17,357
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38	46
Foreign currency translation adjustment	505	900
Remeasurements of defined benefit plans	191	190
Total accumulated other comprehensive income	735	1,135
Non-controlling interests	2,589	2,629
Total net assets	20,551	21,121
Total liabilities and net assets	29,008	29,691

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

## Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	6,656	7,050
Cost of sales	4,332	4,997
Gross profit	2,324	2,053
Selling, general and administrative expenses	1,805	1,852
Operating profit	520	201
Non-operating income		
Interest income	5	6
Dividend income	1	1
Share of profit of entities accounted for using equity method	61	43
Foreign exchange gains	123	210
Other	17	17
Total non-operating income	208	277
Non-operating expenses		
Interest expenses	3	2
Loss on valuation of derivatives	0	3
Other	3	1
Total non-operating expenses	6	7
Ordinary profit	721	471
Extraordinary income		
Gain on sale of non-current assets	833	—
Total extraordinary income	833	—
Profit before income taxes	1,555	471
Income taxes - current	573	197
Income taxes - deferred	(194)	(82)
Total income taxes	379	116
Profit	1,176	356
Profit attributable to non-controlling interests	81	38
Profit attributable to owners of parent	1,095	317

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	1,176	356
Other comprehensive income		
Valuation difference on available-for-sale securities	15	7
Foreign currency translation adjustment	383	485
Remeasurements of defined benefit plans, net of tax	1	(2)
Share of other comprehensive income of entities accounted for using equity method	25	22
Total other comprehensive income	423	512
Comprehensive income	1,599	868
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,431	718
Comprehensive income attributable to non-controlling interests	167	150