

Consolidated Financial Results for the Fiscal Year Ended January 31, 2020



[Japanese GAAP]

March 13, 2020

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <http://www.trichemical.com>
 Representative: Kiyoshi Tazuke, President
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 Scheduled date of Annual General Meeting of Shareholders: April 24, 2020
 Scheduled date of filing annual securities report: April 27, 2020
 Scheduled date of commencing dividend payments: April 27, 2020
 Availability of supplementary briefing material on annual financial results: Not available
 Scheduled date of annual financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2020 (February 1, 2019 to January 31, 2020)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
January 31, 2020	8,267	6.1	2,326	8.1	3,744	27.7	2,939	29.7
January 31, 2019	7,792	-	2,153	-	2,931	-	2,267	-

(Note) Comprehensive income: Fiscal year ended January 31, 2020: ¥2,907 million (33.8 %)
 Fiscal year ended January 31, 2019: ¥2,173 million (- %)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
January 31, 2020	376.33	-	35.4	28.5	28.1
January 31, 2019	290.23	-	37.7	29.2	27.6

(Reference) Equity in earnings of affiliated companies: Fiscal year ended January 31, 2020: ¥1,324 million
 Fiscal year ended January 31, 2019: ¥826 million

(Note) Since the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2019, year-on-year changes are not shown above.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2020	15,144	9,581	63.3	1,226.60
As of January 31, 2019	11,094	7,025	63.3	899.37

(Reference) Equity: As of January 31, 2020: ¥9,581 million
 As of January 31, 2019: ¥7,025 million

(Note) Since the beginning of the fiscal year ended January 31, 2020, the Company has been applying the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28 issued on February 16, 2018). Major business indicators, etc. for the fiscal year ended January 31, 2019 have been retrospectively restated based on the amended standard, etc.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
January 31, 2020	1,809	(1,564)	(226)	1,618
January 31, 2019	1,411	(1,244)	269	1,595

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
January 31, 2019	-	0.00	-	45.00	45.00	351	15.5	5.8
January 31, 2020	-	0.00	-	58.00	58.00	453	15.4	5.5
Fiscal year ending January 31, 2021 (Forecast)	-	0.00	-	58.00	58.00		15.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2021 (February 1, 2020 to January 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,460	7.4	1,210	4.9	1,750	(1.6)	1,340	(2.8)	171.54
Full year	9,150	10.7	2,370	1.9	3,770	0.7	2,940	0.0	376.35

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specific subsidiaries due to changes in the scope of consolidation)

New: - companies (company name) , excluded: - companies (company name)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

January 31, 2020: 7,812,160 shares

January 31, 2019: 7,812,160 shares

2) Total number of treasury shares at the end of the period:

January 31, 2020: 353 shares

January 31, 2019: 306 shares

3) Average number of shares during the period:

Fiscal year ended January 31, 2020: 7,811,829 shares

Fiscal year ended January 31, 2019: 7,811,932 shares

* These financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and do not represent a commitment by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2019	As of January 31, 2020
Assets		
Current assets		
Cash and deposits	1,595,747	1,618,491
Notes and accounts receivable - trade	1,808,824	2,171,236
Electronically recorded monetary claims - operating	1,042,313	884,517
Merchandise and finished goods	53,020	32,836
Work in process	395,790	525,926
Raw materials and supplies	484,061	666,977
Other	57,599	247,186
Total current assets	5,437,356	6,147,171
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,569,990	2,638,742
Accumulated depreciation	(916,646)	(1,040,904)
Buildings and structures, net	1,653,343	1,597,838
Machinery, equipment and vehicles	1,876,986	2,026,251
Accumulated depreciation	(1,018,965)	(1,204,553)
Machinery, equipment and vehicles, net	858,020	821,698
Tools, furniture and fixtures	1,738,753	1,919,127
Accumulated depreciation	(1,186,029)	(1,319,677)
Tools, furniture and fixtures, net	552,724	599,449
Land	608,641	714,933
Leased assets	39,246	540,648
Accumulated depreciation	(8,336)	(68,137)
Leased assets, net	30,910	472,511
Construction in progress	240,383	1,516,300
Other	-	208,414
Accumulated depreciation	-	(15,023)
Other, net	-	193,391
Total property, plant and equipment	3,944,024	5,916,123
Intangible assets	70,211	192,982
Investments and other assets		
Investment securities	1,595,054	2,862,052
Deferred tax assets	28,838	6,357
Other	19,448	19,659
Total investments and other assets	1,643,341	2,888,069
Total non-current assets	5,657,577	8,997,175
Total assets	11,094,934	15,144,347

(Thousand yen)

As of January 31, 2019 As of January 31, 2020

Liabilities		
Current liabilities		
Accounts payable - trade	353,684	402,082
Short-term loans payable	580,000	580,000
Current portion of long-term loans payable	712,880	566,629
Lease obligations	5,659	80,420
Accounts payable - other	346,020	812,563
Income taxes payable	401,650	454,563
Provision for bonuses	63,857	69,387
Other	104,948	84,496
Total current liabilities	2,568,700	3,050,141
Non-current liabilities		
Long-term loans payable	1,377,839	1,722,873
Lease obligations	28,174	636,798
Deferred tax liabilities	246	49,080
Net defined benefit liability	94,188	103,523
Total non-current liabilities	1,500,448	2,512,274
Total liabilities	4,069,149	5,562,416
Net assets		
Shareholders' equity		
Capital stock	808,912	808,912
Capital surplus	709,912	709,912
Retained earnings	5,550,282	8,138,541
Treasury shares	(897)	(1,150)
Total shareholders' equity	7,068,210	9,656,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4,399)	(7,867)
Foreign currency translation adjustments	(9,382)	(42,299)
Remeasurements of defined benefit plans	(28,642)	(24,119)
Total accumulated other comprehensive income	(42,424)	(74,285)
Total net assets	7,025,785	9,581,930
Total liabilities and net assets	11,094,934	15,144,347

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended January 31, 2019	For the fiscal year ended January 31, 2020
Net sales	7,792,295	8,267,457
Cost of sales	4,200,456	4,314,779
Gross profit	3,591,839	3,952,678
Selling, general and administrative expenses	1,438,666	1,625,752
Operating profit	2,153,173	2,326,925
Non-operating income		
Interest income	104	222
Dividend income	286	313
Share of profit of entities accounted for using equity method	826,688	1,324,993
Other	28,370	125,740
Total non-operating income	855,450	1,451,270
Non-operating expenses		
Interest expenses	11,983	32,529
Foreign exchange losses	27,149	-
Other	37,810	1,375
Total non-operating expenses	76,942	33,905
Ordinary profit	2,931,680	3,744,290
Profit before income taxes	2,931,680	3,744,290
Income taxes - current	623,529	735,121
Income taxes - deferred	40,927	69,376
Total income taxes	664,457	804,497
Profit	2,267,222	2,939,792
Profit attributable to owners of parent	2,267,222	2,939,792

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2019	For the fiscal year ended January 31, 2020
Profit	2,267,222	2,939,792
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,722)	(3,468)
Foreign currency translation adjustments	(18,005)	6,229
Remeasurements of defined benefit plans, net of tax	(12,051)	4,523
Share of other comprehensive income of entities accounted for using equity method	(56,276)	(39,145)
Total other comprehensive income	(94,056)	(31,860)
Comprehensive income	2,173,166	2,907,932
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,173,166	2,907,932
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended January 31, 2019

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	808,912	709,912	3,447,110	(421)	4,965,514
Changes of items during period					
Dividends of surplus			(164,051)		(164,051)
Profit attributable to owners of parent			2,267,222		2,267,222
Purchase of treasury shares				(475)	(475)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,103,171	(475)	2,102,696
Balance at end of current period	808,912	709,912	5,550,282	(897)	7,068,210

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	3,323	64,898	(16,590)	51,631	5,017,146
Changes of items during period					
Dividends of surplus					(164,051)
Profit attributable to owners of parent					2,267,222
Purchase of treasury shares					(475)
Net changes of items other than shareholders' equity	(7,722)	(74,281)	(12,051)	(94,056)	(94,056)
Total changes of items during period	(7,722)	(74,281)	(12,051)	(94,056)	2,008,639
Balance at end of current period	(4,399)	(9,382)	(28,642)	(42,424)	7,025,785

For the fiscal year ended January 31, 2020

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	808,912	709,912	5,550,282	(897)	7,068,210
Changes of items during period					
Dividends of surplus			(351,533)		(351,533)
Profit attributable to owners of parent			2,939,792		2,939,792
Purchase of treasury shares				(253)	(253)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,588,259	(253)	2,588,005
Balance at end of current period	808,912	709,912	8,138,541	(1,150)	9,656,216

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	(4,399)	(9,382)	(28,642)	(42,424)	7,025,785
Changes of items during period					
Dividends of surplus					(351,533)
Profit attributable to owners of parent					2,939,792
Purchase of treasury shares					(253)
Net changes of items other than shareholders' equity	(3,468)	(32,916)	4,523	(31,860)	(31,860)
Total changes of items during period	(3,468)	(32,916)	4,523	(31,860)	2,556,144
Balance at end of current period	(7,867)	(42,299)	(24,119)	(74,285)	9,581,930

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2019	For the fiscal year ended January 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,931,680	3,744,290
Depreciation	483,929	642,186
Increase (decrease) in provision for bonuses	2,464	5,513
Interest and dividend income	(391)	(535)
Interest expenses	11,983	32,529
Share of loss (profit) of entities accounted for using equity method	(826,688)	(1,324,993)
Decrease (increase) in notes and accounts receivable - trade	(486,526)	(204,384)
Decrease (increase) in inventories	(97,047)	(291,680)
Increase (decrease) in notes and accounts payable - trade	(31,157)	48,399
Decrease/increase in consumption taxes receivable/payable	11,294	(40,891)
Increase (decrease) in accounts payable - other	(22,111)	16,943
Decrease (increase) in other current assets	22,307	(103,127)
Increase (decrease) in other current liabilities	(5,079)	(21,865)
Increase (decrease) in other non-current liabilities	24,101	9,334
Other, net	(19,846)	18,032
Subtotal	1,998,913	2,529,752
Interest and dividend income received	391	535
Interest expenses paid	(11,948)	(32,538)
Income taxes paid	(576,065)	(688,008)
Income taxes refund	-	180
Net cash provided by (used in) operating activities	1,411,291	1,809,921
Cash flows from investing activities		
Purchase of investment securities	(1,201)	(1,199)
Purchase of property, plant and equipment	(1,199,286)	(1,405,010)
Purchase of intangible assets	(29,544)	(158,122)
Payments for guarantee deposits	(14,593)	-
Net cash provided by (used in) investing activities	(1,244,626)	(1,564,332)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,120,000	930,000
Repayments of long-term loans payable	(681,938)	(731,217)
Repayments of lease obligations	(3,639)	(74,856)
Purchase of treasury shares	(475)	(253)
Cash dividends paid	(164,120)	(349,852)
Net cash provided by (used in) financing activities	269,826	(226,179)
Effect of exchange rate change on cash and cash equivalents	(12,337)	3,334
Net increase (decrease) in cash and cash equivalents	424,154	22,744
Cash and cash equivalents at beginning of period	1,171,593	1,595,747
Cash and cash equivalents at end of period	1,595,747	1,618,491