

Consolidated Financial Results for the Fiscal Year Ended January 31, 2023



[Japanese GAAP]

March 15, 2023

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
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 Representative: Kiyoshi Tazuke, Representative Director & CEO
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 Scheduled date of Annual General Meeting of Shareholders: April 27, 2023
 Scheduled date of filing annual securities report: April 28, 2023
 Scheduled date of commencing dividend payments: April 28, 2023
 Availability of supplementary briefing material on annual financial results: Not available
 Scheduled date of annual financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended January 31, 2023 (February 1, 2022 to January 31, 2023)

(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, 2023	13,803	19.3	3,504	17.8	6,186	16.8	4,832	18.0
January 31, 2022	11,574	18.1	2,976	10.6	5,294	22.5	4,095	21.3

(Note) Comprehensive income: Fiscal year ended January 31, 2023: ¥5,205 million (20.8%)
 Fiscal year ended January 31, 2022: ¥4,310 million (24.1%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
January 31, 2023	148.70	—	20.5	20.5	25.4
January 31, 2022	126.33	—	24.1	22.0	25.7

(Reference) Equity in earnings of affiliated companies: Fiscal year ended January 31, 2023: ¥2,409 million
 Fiscal year ended January 31, 2022: ¥1,936 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2023	32,115	25,876	80.6	796.26
As of January 31, 2022	28,288	21,320	75.4	656.07

(Reference) Equity: As of January 31, 2023: ¥25,876 million
 As of January 31, 2022: ¥21,320 million

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
January 31, 2023	6,392	(1,557)	(1,703)	11,137
January 31, 2022	3,638	(932)	3,594	8,034

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, 2022	–	0.00	–	20.00	20.00	649	15.8	3.8
January 31, 2023	–	0.00	–	30.00	30.00	974	20.2	4.1
Fiscal year ending January 31, 2024 (Forecast)	–	0.00	–	30.00	30.00		22.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2024 (February 1, 2023 to January 31, 2024)

(% 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	7,100	8.4	1,620	(15.2)	2,410	(31.3)	1,870	(30.8)	57.54
Full year	15,400	11.6	3,500	(0.1)	5,450	(11.9)	4,250	(12.1)	130.78

* 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: Yes

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, 2023: 32,498,640 shares

January 31, 2022: 32,498,640 shares

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

January 31, 2023: 1,702 shares

January 31, 2022: 1,580 shares

3) Average number of shares during the period:

Fiscal year ended January 31, 2023: 32,497,014 shares

Fiscal year ended January 31, 2022: 32,414,868 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended January 31, 2023 (February 1, 2022 to January 31, 2023)

(1) Non-consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
January 31, 2023	13,613	17.9	3,879	18.5	8,070	84.7	6,557	105.8
January 31, 2022	11,542	16.7	3,272	16.5	4,369	35.6	3,186	36.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
January 31, 2023	201.78	—
January 31, 2022	98.31	—

(Note) The reasons for the significant increase in ordinary profit and profit for the fiscal year ended January 31, 2023 over the previous corresponding period are mainly due to an increase in the dividend income received from the Company's affiliate entity accounted for using equity method, SK Tri Chem Co., Ltd.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of January 31, 2023	29,014	23,140	79.8	712.09
As of January 31, 2022	23,692	17,229	72.7	530.20

(Reference) Equity: As of January 31, 2023: ¥23,140 million

As of January 31, 2022: ¥17,229 million

* 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.

The Company plans to hold a financial results briefing for institutional investors and analysts on March 17, 2023. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2022	As of January 31, 2023
Assets		
Current assets		
Cash and deposits	8,034,494	11,137,800
Notes and accounts receivable - trade	3,058,124	3,504,831
Electronically recorded monetary claims - operating	838,248	1,056,741
Merchandise and finished goods	79,197	132,660
Work in process	749,403	1,181,653
Raw materials and supplies	1,321,772	1,425,699
Other	305,191	483,179
Total current assets	14,386,432	18,922,566
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,319,866	5,466,764
Accumulated depreciation	(1,500,630)	(1,783,974)
Buildings and structures, net	3,819,235	3,682,789
Machinery, equipment and vehicles	3,119,985	3,948,405
Accumulated depreciation	(1,708,130)	(2,106,975)
Machinery, equipment and vehicles, net	1,411,854	1,841,429
Tools, furniture and fixtures	2,616,297	2,941,502
Accumulated depreciation	(1,630,985)	(1,886,835)
Tools, furniture and fixtures, net	985,312	1,054,667
Land	714,933	714,933
Leased assets	548,961	548,961
Accumulated depreciation	(202,019)	(271,771)
Leased assets, net	346,941	277,190
Construction in progress	515,516	587,120
Other	265,008	278,968
Accumulated depreciation	(44,729)	(64,382)
Other, net	220,279	214,586
Total property, plant and equipment	8,014,073	8,372,717
Intangible assets	181,431	134,789
Investments and other assets		
Investment securities	5,535,422	4,400,387
Deferred tax assets	82,908	158,989
Other	88,668	126,107
Total investments and other assets	5,706,999	4,685,485
Total non-current assets	13,902,504	13,192,992
Total assets	28,288,937	32,115,559

(Thousand yen)

As of January 31, 2022 As of January 31, 2023

Liabilities		
Current liabilities		
Accounts payable - trade	613,784	1,142,053
Current portion of long-term loans payable	961,417	785,442
Lease obligations	90,428	91,997
Income taxes payable	800,361	787,378
Provision for bonuses	113,242	124,321
Other	886,210	744,477
Total current liabilities	3,465,445	3,675,670
Non-current liabilities		
Long-term loans payable	2,699,229	1,913,787
Lease obligations	532,436	453,767
Deferred tax liabilities	152,763	62,586
Net defined benefit liability	118,662	133,686
Total non-current liabilities	3,503,092	2,563,828
Total liabilities	6,968,537	6,239,498
Net assets		
Shareholders' equity		
Capital stock	3,278,912	3,278,912
Capital surplus	3,179,912	3,179,912
Retained earnings	14,626,625	18,809,102
Treasury shares	(1,720)	(2,025)
Total shareholders' equity	21,083,730	25,265,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,473	5,229
Foreign currency translation adjustments	254,279	623,445
Remeasurements of defined benefit plans	(19,083)	(18,516)
Total accumulated other comprehensive income	236,669	610,158
Total net assets	21,320,399	25,876,060
Total liabilities and net assets	28,288,937	32,115,559

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

(Thousand yen)

	For the fiscal year ended January 31, 2022	For the fiscal year ended January 31, 2023
Net sales	11,574,455	13,803,392
Cost of sales	6,739,426	8,224,218
Gross profit	4,835,029	5,579,174
Selling, general and administrative expenses	1,858,955	2,074,549
Operating profit	2,976,074	3,504,624
Non-operating income		
Interest income	201	383
Dividend income	406	548
Share of profit of entities accounted for using equity method	1,936,039	2,409,980
Other	463,282	303,086
Total non-operating income	2,399,929	2,713,998
Non-operating expenses		
Interest expenses	31,966	28,437
Share issuance costs	30,545	–
Other	18,629	3,678
Total non-operating expenses	81,141	32,115
Ordinary profit	5,294,861	6,186,508
Profit before income taxes	5,294,861	6,186,508
Income taxes - current	1,213,149	1,518,503
Income taxes - deferred	(13,374)	(164,412)
Total income taxes	1,199,774	1,354,090
Profit	4,095,086	4,832,417
Profit attributable to owners of parent	4,095,086	4,832,417

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended January 31, 2022	For the fiscal year ended January 31, 2023
Profit	4,095,086	4,832,417
Other comprehensive income		
Valuation difference on available-for-sale securities	1,642	3,756
Foreign currency translation adjustments	74,523	(11,498)
Remeasurements of defined benefit plans, net of tax	(2,298)	567
Share of other comprehensive income of entities accounted for using equity method	141,255	380,664
Total other comprehensive income	215,123	373,489
Comprehensive income	4,310,209	5,205,907
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,310,209	5,205,907
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended January 31, 2022

(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	11,062,738	(1,720)	12,579,843
Changes of items during period					
Issuance of new shares	2,470,000	2,470,000			4,940,000
Dividends of surplus			(531,200)		(531,200)
Profit attributable to owners of parent			4,095,086		4,095,086
Purchase of treasury shares				–	–
Net changes of items other than shareholders' equity					
Total changes of items during period	2,470,000	2,470,000	3,563,886	–	8,503,886
Balance at end of current period	3,278,912	3,179,912	14,626,625	(1,720)	21,083,730

	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	(168)	38,500	(16,785)	21,545	12,601,389
Changes of items during period					
Issuance of new shares					4,940,000
Dividends of surplus					(531,200)
Profit attributable to owners of parent					4,095,086
Purchase of treasury shares					–
Net changes of items other than shareholders' equity	1,642	215,778	(2,298)	215,123	215,123
Total changes of items during period	1,642	215,778	(2,298)	215,123	8,719,009
Balance at end of current period	1,473	254,279	(19,083)	236,669	21,320,399

For the fiscal year ended January 31, 2023

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,278,912	3,179,912	14,626,625	(1,720)	21,083,730
Changes of items during period					
Issuance of new shares	–	–			–
Dividends of surplus			(649,941)		(649,941)
Profit attributable to owners of parent			4,832,417		4,832,417
Purchase of treasury shares				(305)	(305)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,182,476	(305)	4,182,171
Balance at end of current period	3,278,912	3,179,912	18,809,102	(2,025)	25,265,902

	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	1,473	254,279	(19,083)	236,669	21,320,399
Changes of items during period					
Issuance of new shares					–
Dividends of surplus					(649,941)
Profit attributable to owners of parent					4,832,417
Purchase of treasury shares					(305)
Net changes of items other than shareholders' equity	3,756	369,165	567	373,489	373,489
Total changes of items during period	3,756	369,165	567	373,489	4,555,660
Balance at end of current period	5,229	623,445	(18,516)	610,158	25,876,060

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended January 31, 2022	For the fiscal year ended January 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,294,861	6,186,508
Depreciation	1,019,283	1,209,690
Increase (decrease) in provision for bonuses	36,738	10,877
Interest and dividend income	(607)	(931)
Interest expenses	31,966	28,437
Share issuance costs	30,545	–
Share of loss (profit) of entities accounted for using equity method	(1,936,039)	(2,409,980)
Gain on insurance claims	–	(6,811)
Decrease (increase) in notes and accounts receivable - trade	23,344	(656,208)
Decrease (increase) in inventories	(533,916)	(584,536)
Increase (decrease) in notes and accounts payable - trade	68,019	515,065
Decrease/increase in consumption taxes receivable/payable	118,245	(165,607)
Increase (decrease) in accounts payable - other	55,124	(4,704)
Decrease (increase) in other current assets	(39,963)	(39,024)
Increase (decrease) in other current liabilities	19,456	(8,063)
Increase (decrease) in other non-current liabilities	16,335	15,023
Other, net	(169,733)	(77,869)
Subtotal	4,033,662	4,011,864
Interest and dividend income received	678,343	3,892,650
Interest expenses paid	(32,373)	(28,450)
Income taxes paid	(1,041,006)	(1,519,839)
Income taxes refund	–	1,721
Proceeds from insurance income	–	34,111
Net cash provided by (used in) operating activities	3,638,626	6,392,057
Cash flows from investing activities		
Purchase of investment securities	(1,200)	(1,200)
Purchase of property, plant and equipment	(881,387)	(1,529,622)
Purchase of intangible assets	(50,292)	(26,746)
Net cash provided by (used in) investing activities	(932,880)	(1,557,570)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	(580,000)	–
Proceeds from long-term loans payable	500,000	–
Repayments of long-term loans payable	(615,547)	(961,417)
Repayments of lease obligations	(88,420)	(92,233)
Proceeds from issuance of shares	4,909,454	–
Purchase of treasury shares	–	(305)
Cash dividends paid	(531,058)	(649,628)
Net cash provided by (used in) financing activities	3,594,427	(1,703,583)
Effect of exchange rate change on cash and cash equivalents	35,709	(27,598)
Net increase (decrease) in cash and cash equivalents	6,335,882	3,103,305
Cash and cash equivalents at beginning of period	1,698,612	8,034,494
Cash and cash equivalents at end of period	8,034,494	11,137,800