

Tri Chemical Laboratories Inc.
Financial Results for the First Half of
the 46th Fiscal Year
(Fiscal Year Ending January 31, 2024)

Tokyo Stock Exchange
Stock Exchange Code: 4369

1. Financial Results for the Six Months Ended July 31, 2023

Million yen

	FY2023 1H Results	FY2023 1H Plan	(Ref.) FY2022 1H Results	(Ref.) YoY Change	
				Amount	Percentage
Net sales	5,622	7,100	6,548	(926)	(14.1)%
Operating profit	1,100	1,620	1,911	(810)	(42.4)%
Ordinary profit	1,906	2,410	3,508	(1,601)	(45.7)%
Net profit	1,453	1,870	2,703	(1,250)	(46.2)%

Major decline due to the reduced operations of customers mainly in products for memory semiconductors.

Both net sales and profits decreased significantly year-on-year and fell short of the plan.

Ordinary profit includes 649 million yen as share of profit of entities accounted for using equity method (down 44.8% year-on-year).

A downward revision was made to the full year plan in light of current circumstances.

Million yen

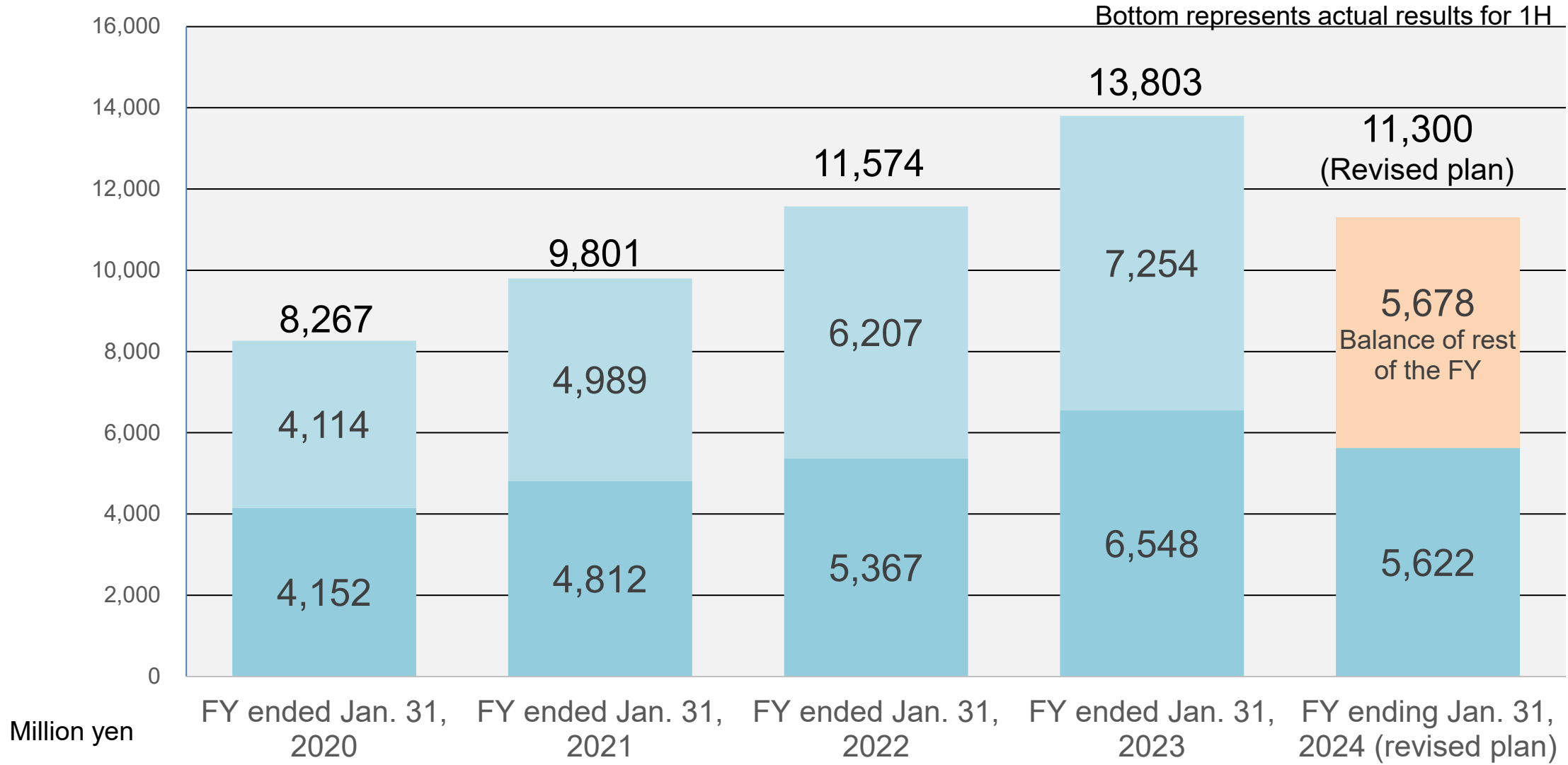
	As of Jul. 31, 2023	(Ref.) As of Jan. 31, 2023	Changes in amount	Main reasons for the changes		
Current assets	19,624	18,922	701	Current assets	Increase in cash and deposits	+1,107
Non-current assets	12,162	13,192	(1,030)		Increase in inventories	+948
Total assets	31,787	32,115	(328)		Decrease in notes and accounts receivable – trade	(1,199)
Current liabilities	3,207	3,675	(467)	Non-current assets	Decrease in investment securities due to dividends from entities accounted for using equity method	(1,812)
Non-current liabilities	2,113	2,563	(450)		Increase in property, plant and equipment	+629
Total liabilities	5,320	6,239	(918)	Current liabilities	Decrease in income taxes payable	(263)
Shareholders' equity	25,744	25,265	478		Decrease in accounts payable - trade	(248)
Accumulated other comprehensive income	722	610	111	Non-current liabilities	Decrease in long-term loans payable	(363)
Total net assets	26,466	25,876	590	Net assets	Increase in retained earnings due to recording profit	+478
Total liabilities and net assets	31,787	32,115	(328)			

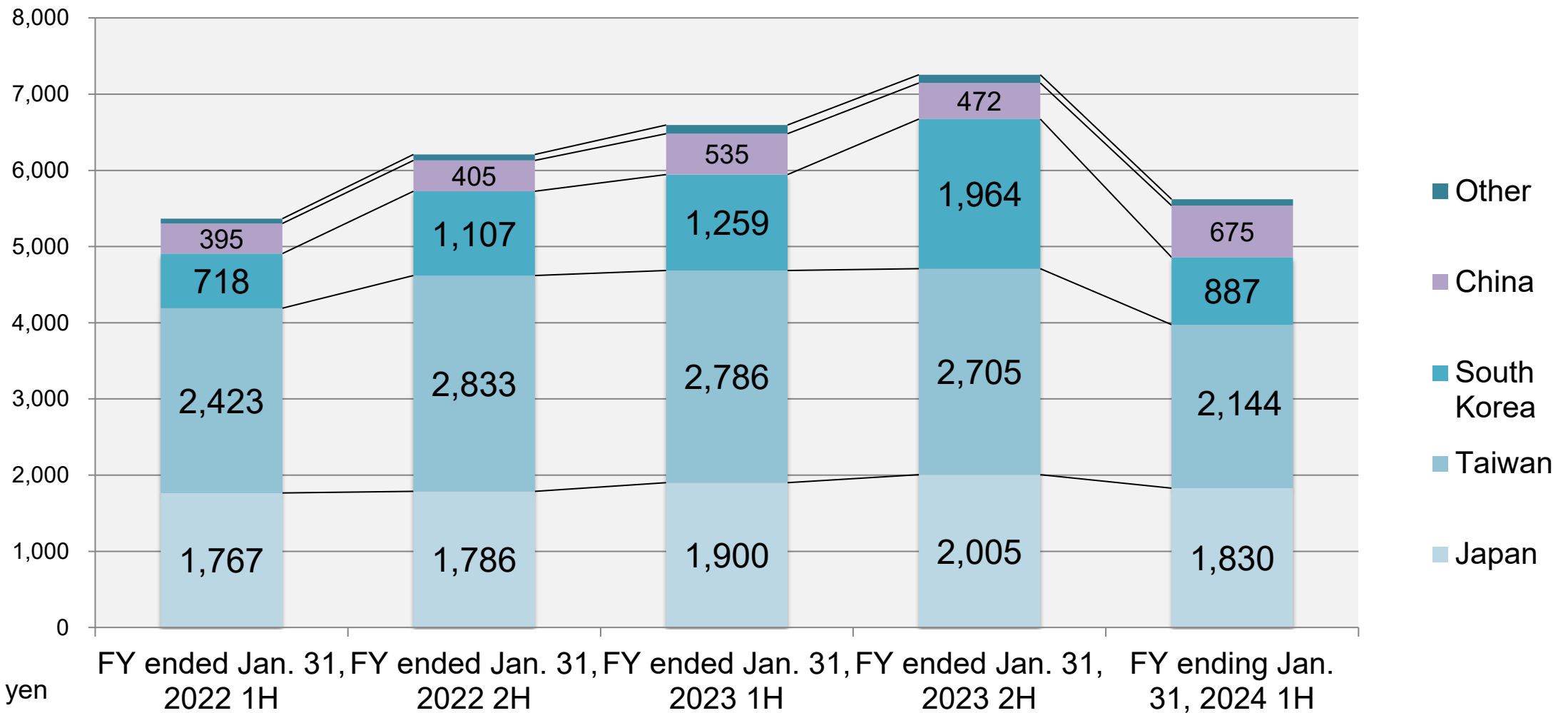
Million yen

	FY2023 1H	(Ref.) FY2022 1H
Cash flows from operating activities	3,649	4,496
Cash flows from investing activities	(1,104)	(1,037)
Cash flows from financing activities	(1,435)	(1,179)
Net increase (decrease) in cash and cash equivalents	1,107	2,272
Cash and cash equivalents at end of period	12,245	10,306

Status of cash flows

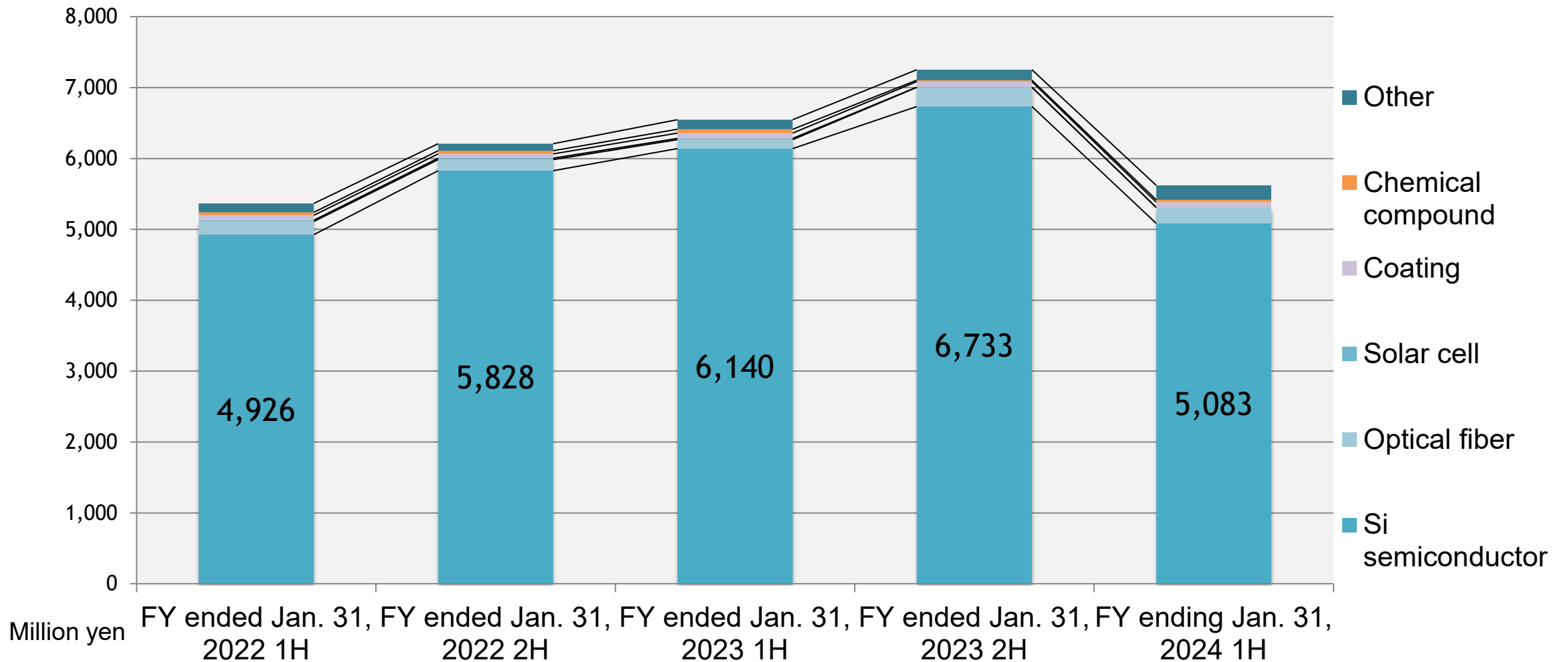
Cash flows from operating activities	Profit before income taxes	+1,906
	Interest and dividend income received	+2,542
	Decrease (increase) in notes and accounts receivable - trade	+1,208
	Decrease (increase) in inventories	(938)
	Income taxes paid	(863)
Cash flows from investing activities	Purchase of property, plant and equipment	(1,086)
Cash flows from financing activities	Repayments of loans payable	(413)
	Cash dividends paid	(973)





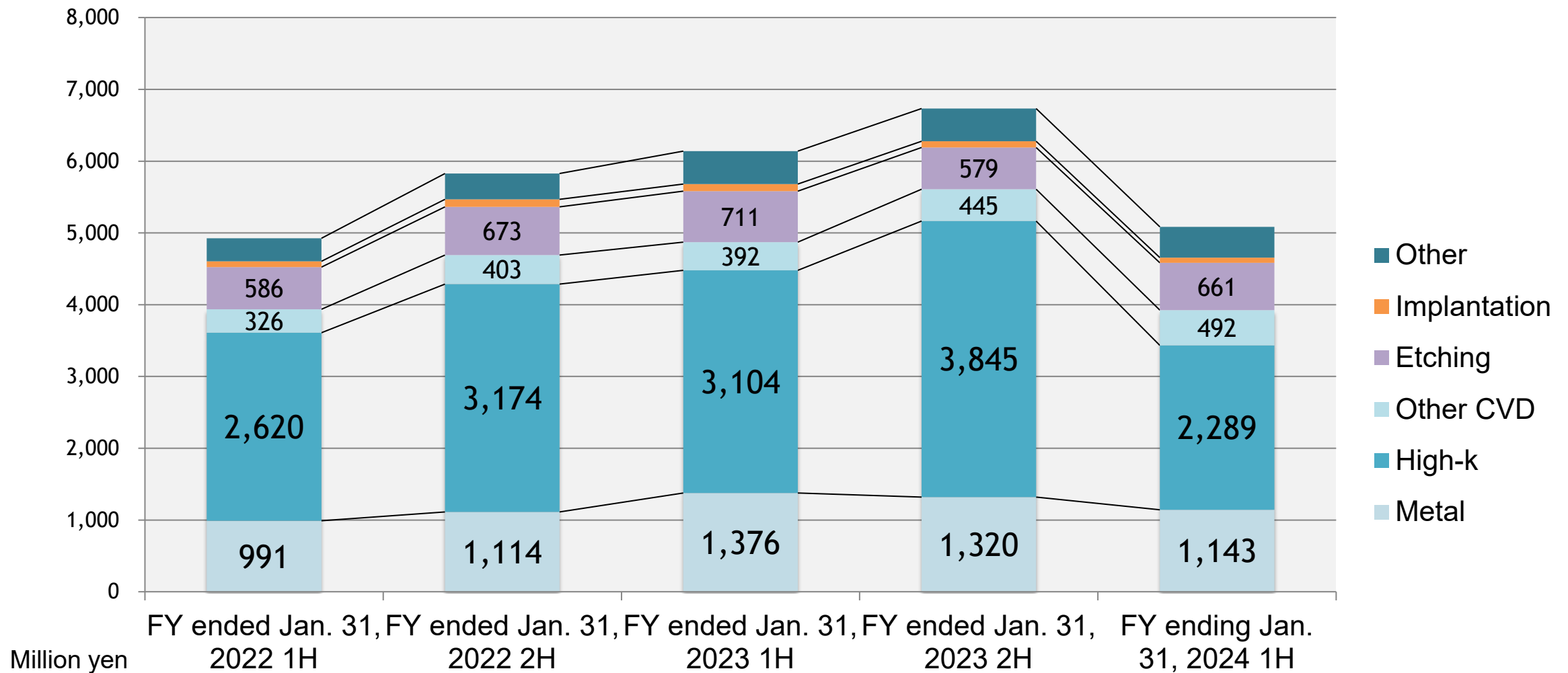
*Approximate figures based on estimates by the Company

Sales of products for Taiwan and South Korea declined significantly.



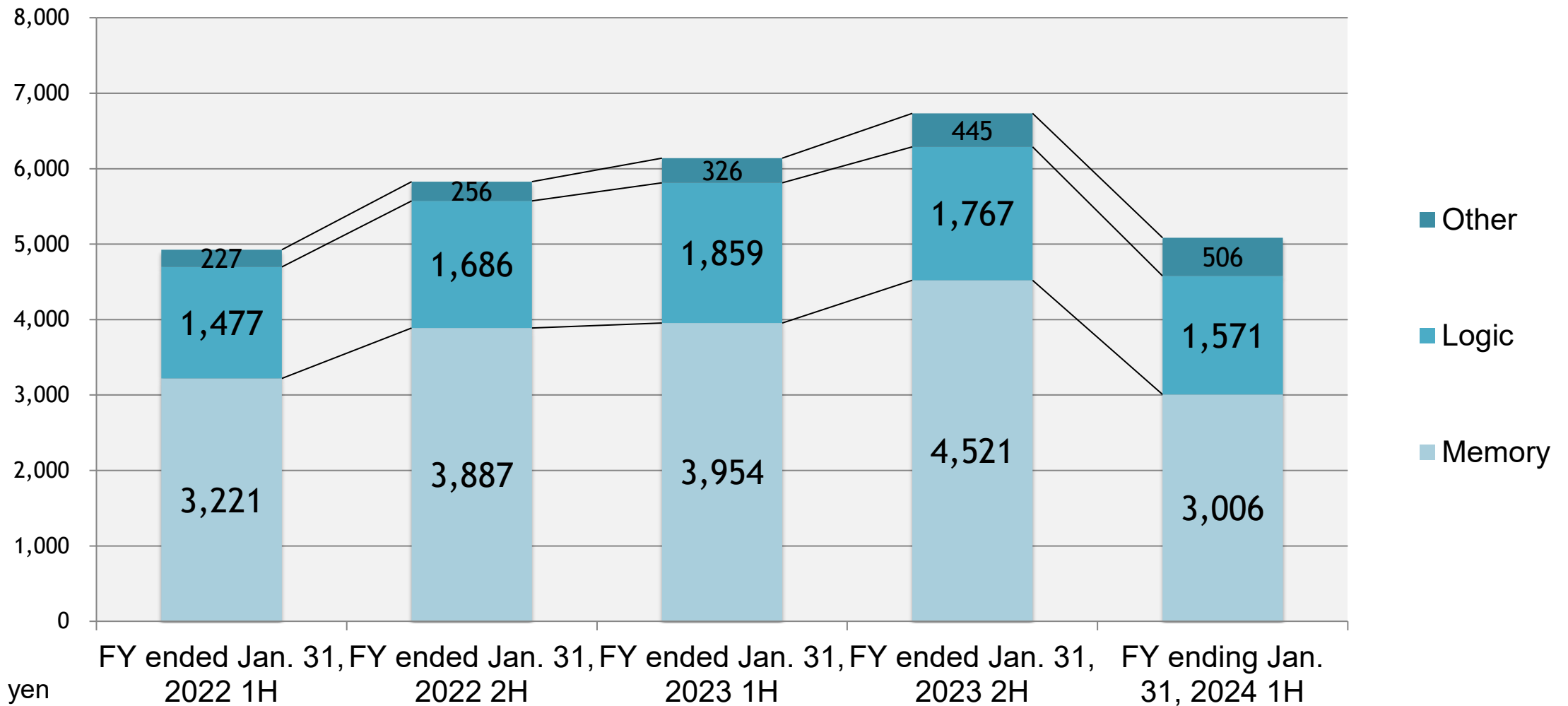
*Approximate figures based on estimates by the Company

Sales of products for semiconductors decreased.



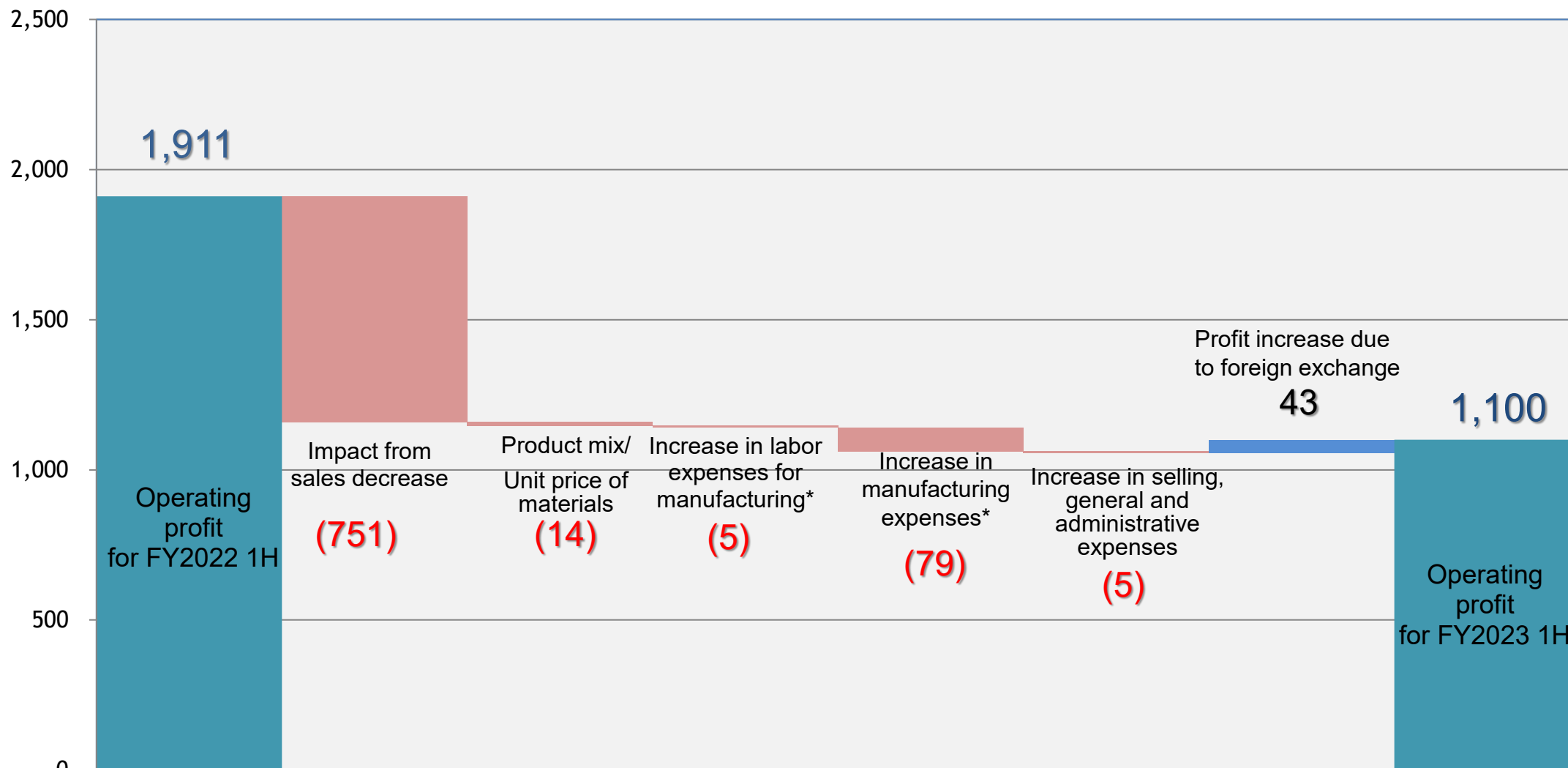
*Approximate figures based on estimates by the Company

Sales of materials for High-k declined significantly.



*Approximate figures based on estimates by the Company

Severe impact of reduced memory production and inventory adjustments



*Before transferring research and development expenses

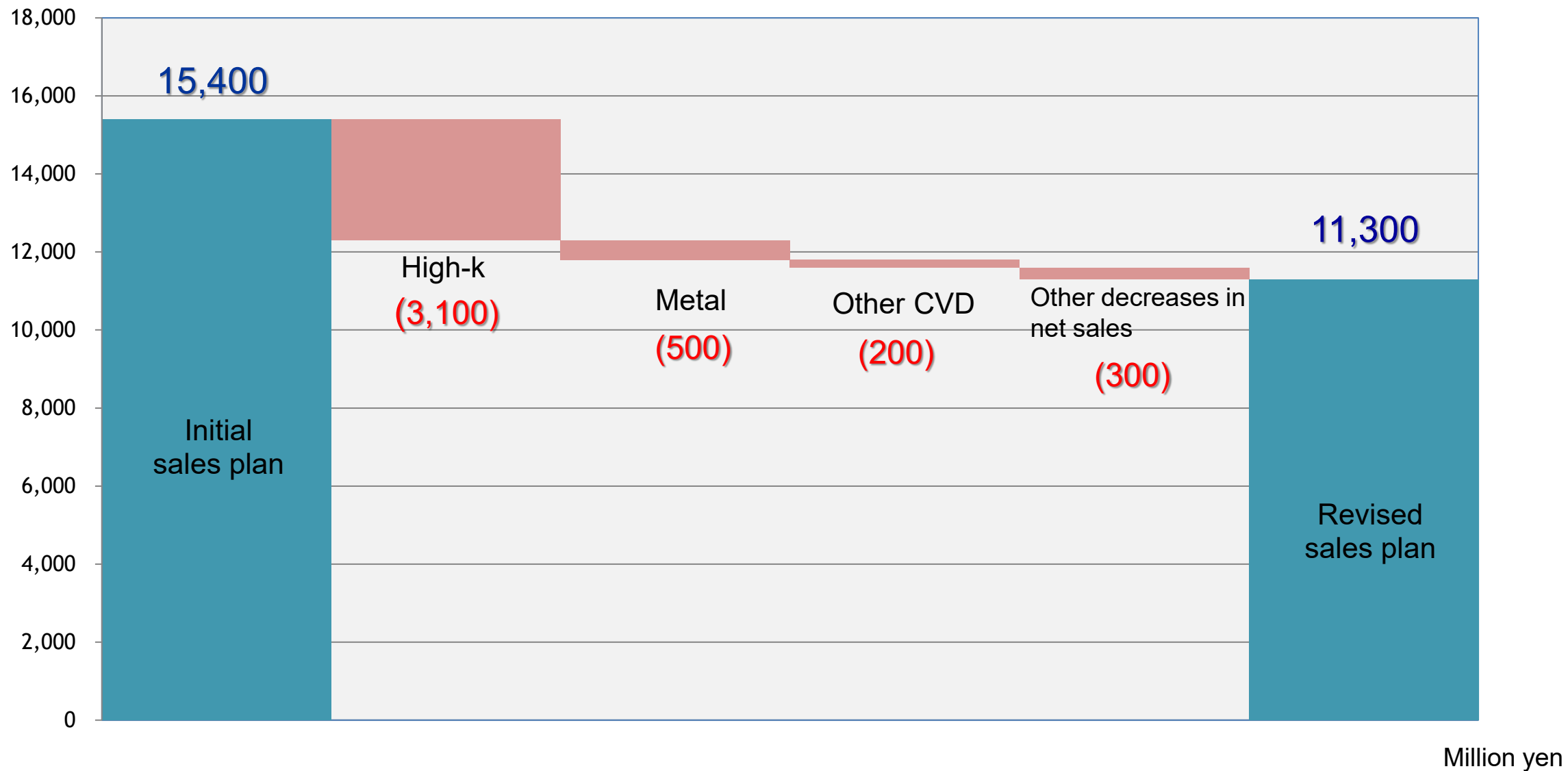
Million yen

2. Full Year Forecast and Strategy for the Fiscal Year Ending January 31, 2024

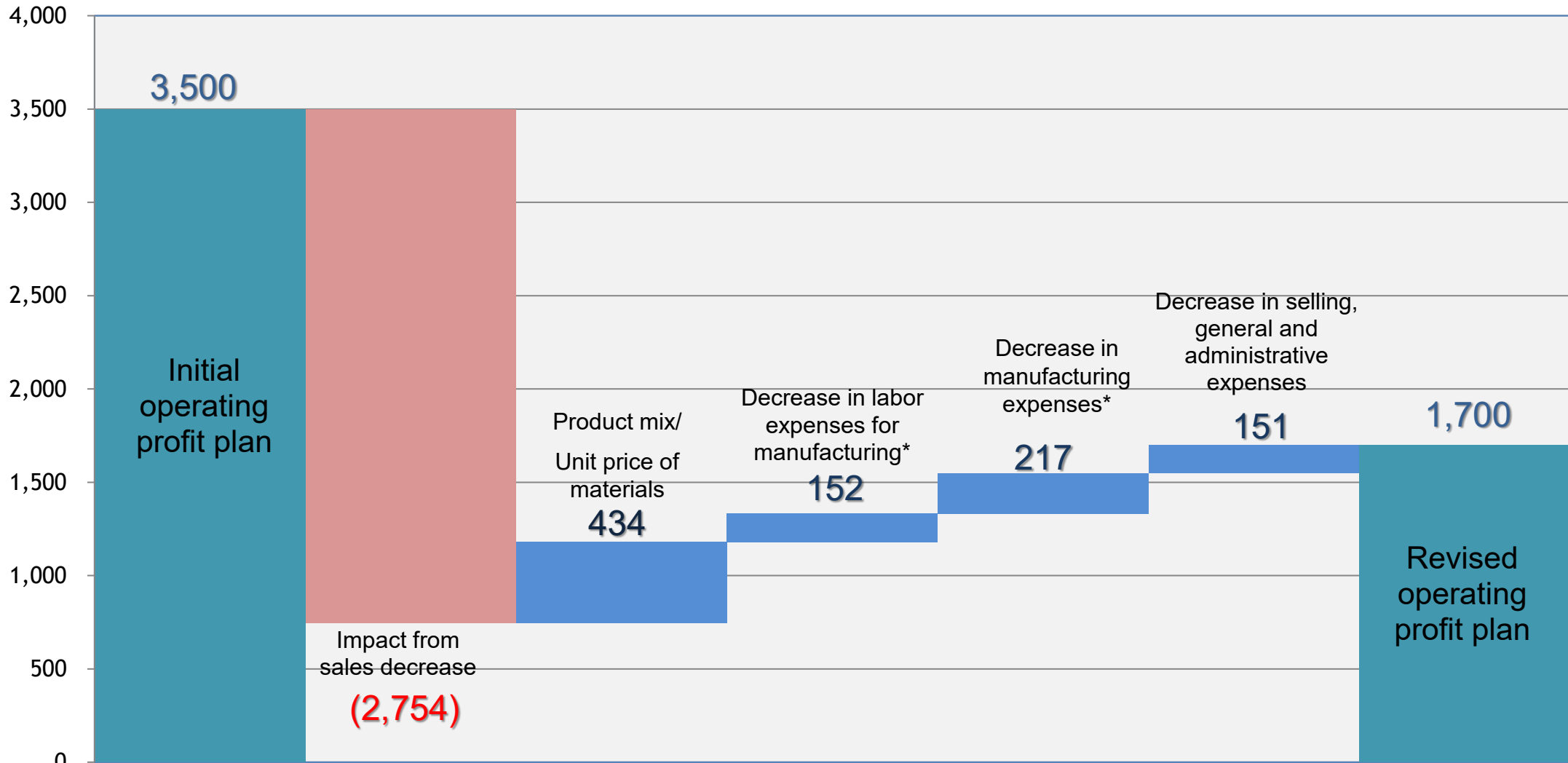
Million yen

	FY2023 1H	FY2023 full year (Plan revised on Aug. 31)	Progress ratio (vs. revised plan)	(Ref.) FY2023 full year plan prior to revision	(Ref.) FY2022 full year
Net sales	5,622	11,300	49.8%	15,400	13,803
Operating profit	1,100	1,700	64.8%	3,500	3,504
Ordinary profit	1,906	3,370	56.6%	5,450	6,186
Net profit	1,453	2,680	54.2%	4,250	4,832

A downward revision was made to the full year forecast in light of current circumstances.
 Net sales are expected to bottom out in the 2Q and profits in the 3Q.
 Share of profit of entities accounted for using equity method was revised from
 2,000 million yen of the initial plan to 1,500 million yen.

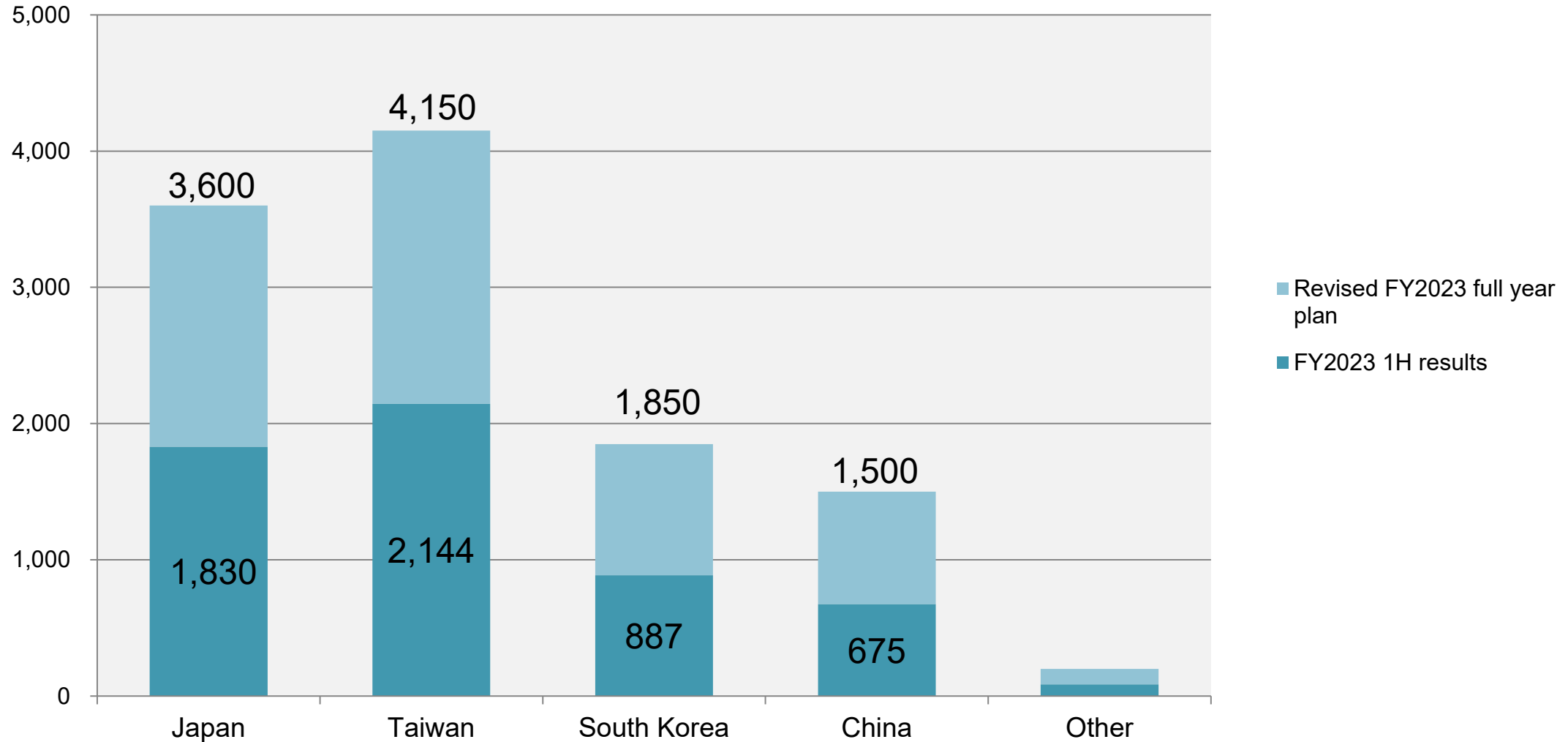


Waterfall Chart for Increases/Decreases in Operating Profit of the Fiscal Year Ending January 31, 2024 (Initial Plan vs. Revised Plan)



*Before transferring research and development expenses

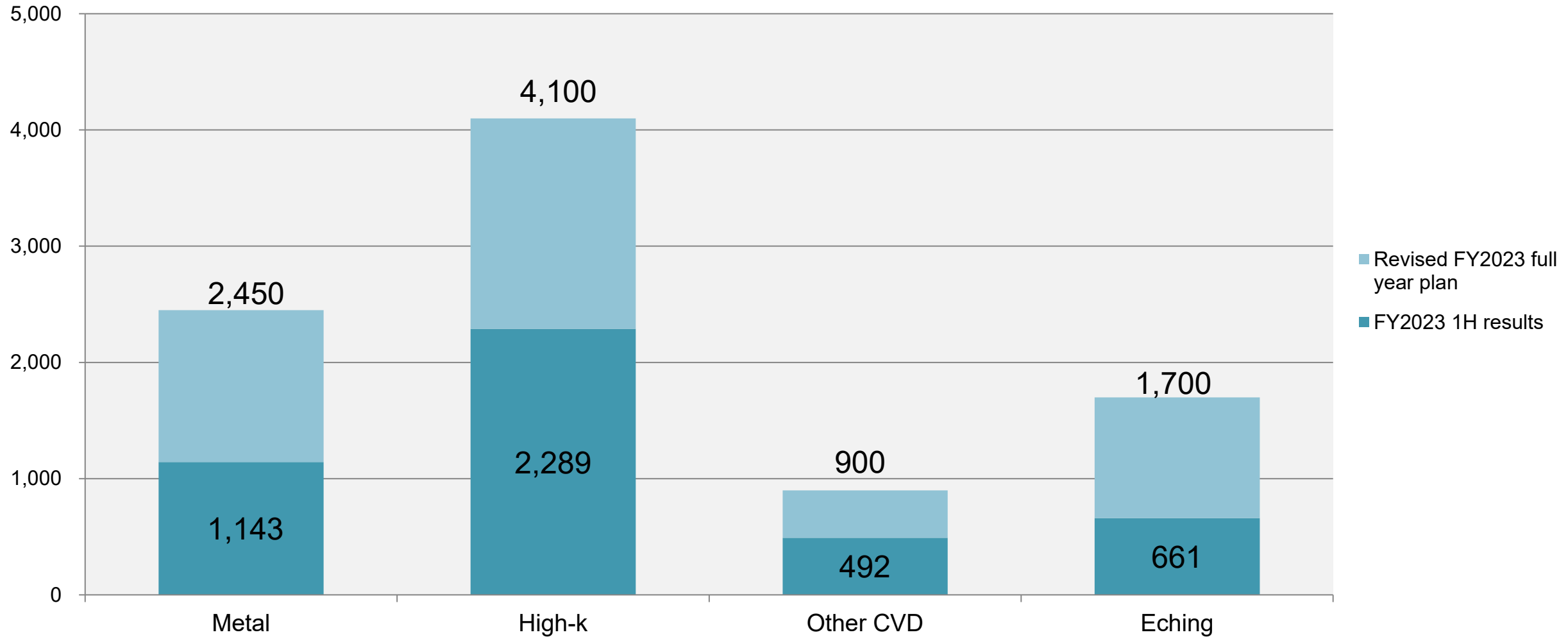
Million yen



*Approximate figures based on estimates by the Company

Million yen

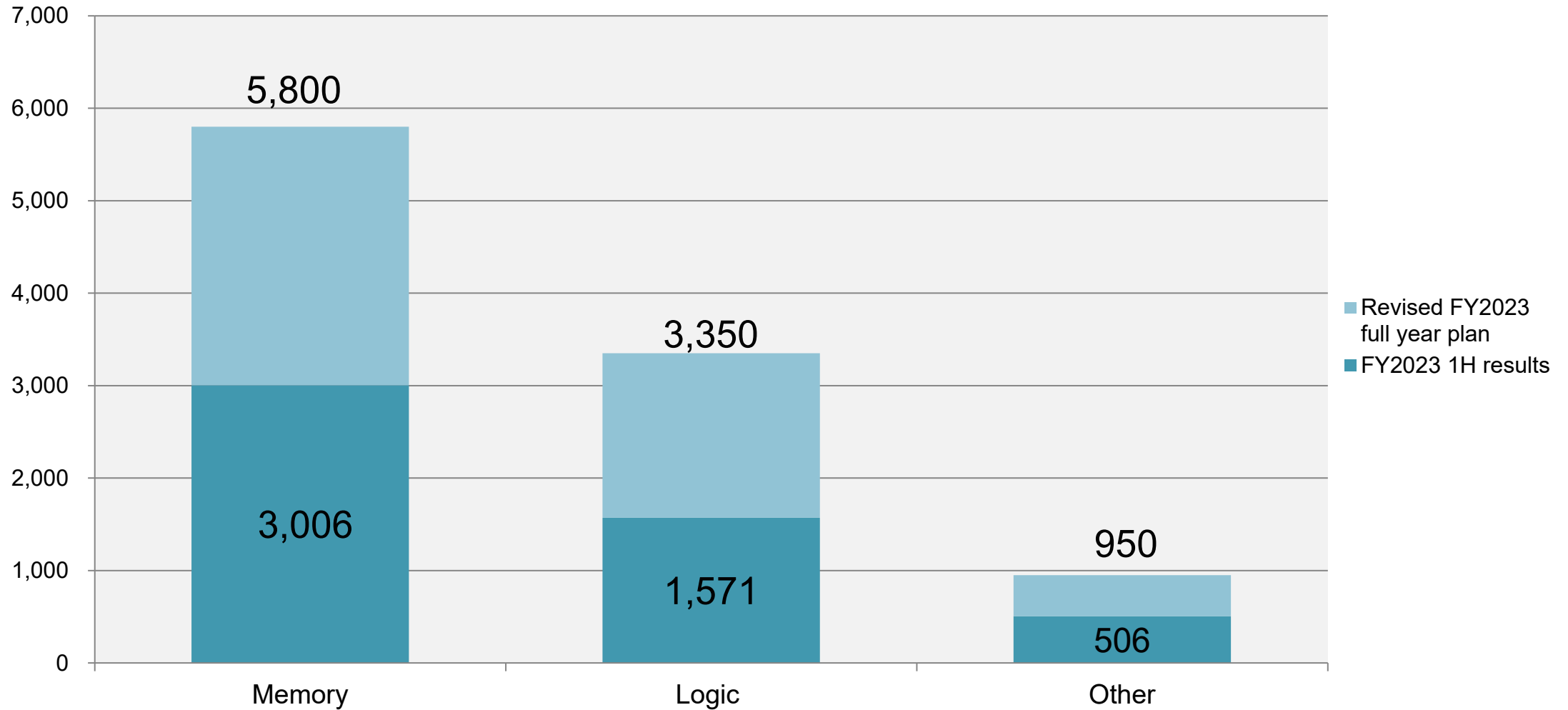
Sales of products for China will grow and sales of products for South Korea will recover.



*Approximate figures based on estimates by the Company

Million yen

High-k will be sluggish in FY2023 but etching materials are expected to grow.



*Approximate figures based on estimates by the Company

Million yen

Sales for the memory market will be sluggish in FY2023

Assumptions of the external environments for the forecast

1. Sales of products for logic will gradually recover but sales of products for memory, mainly DRAM, will remain low for the time being.
2. Sales of products for China will be relatively steady.
3. While the prices of some raw materials will soar, we will continue our sales price negotiations.

Initiative actions in 2H

1. To establish the production system of materials for next-generation semiconductors
2. To improve the productivity of existing materials of the Second Plant and other facilities
3. To continue to enhance the management systems for safety and quality
4. To continue the second-stage construction of the Taiwanese subsidiary's plant and product assessment by customers

3. Progress of Initiatives in the Medium-Term Management Plan



Name: Minami-Alps Business Office
Scheduled construction site:
 Shimoimasuwa Industrial Park A, Minami-Alps-shi, Yamanashi
Site area: Approx. 30,000 m²
To be completed: End of 2024
Scheduled commencement of operations: 2025

Candidates for next-generation materials

<p>New etching materials for next-generation 3D NAND</p>	<ul style="list-style-type: none"> • Will enable drilling down in a short time (capable of drilling down multilayer structures of 400 layers or more) • Will reduce the environmental impact of the process as this product does not contain carbon <p>Customer assessment has been good. Market expansion may also exceed initial expectations.</p>
<p>CVD materials for state-of-the-art logic</p>	<p>Commence market launch for state-of-the-art logic semiconductors at 5 nm and beyond</p> <p>Low-k insulating film materials</p>
<p>High-k materials for logic devices</p>	<p>Enhance added value in line with the customers' conditions for use</p>
<p>Other new metal materials for memory devices and new materials to improve the performance of existing products, etc.</p>	



Scheduled for completion in the current fiscal year



トリケミカル研究所 2023 統合報告書

Integrated Report 2023



https://www.trichemical.com/ir/pdf/report_2023.pdf

The plans, financial results forecasts, strategies, etc. discussed herein are based on the Company's management decisions that stand on information available as of the day of the presentation. Please note that due to a wide range of risks and uncertainties, actual results may differ significantly from those presented in these forward-looking statements.

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