

Consolidated Financial Results for the Nine Months Ended October 31, 2021



[Japanese GAAP]

November 30, 2021

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <http://www.trichemical.com>
 Representative: Kiyoshi Tazuke, President
 Contact: Yoshihide Suzuki, Director
 Phone: +81-554-63-6600
 Scheduled date of filing quarterly securities report: December 15, 2021
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Not available
 Scheduled date of quarterly results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended October 31, 2021 (February 1, 2021 to October 31, 2021)

(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	%
Nine months ended								
October 31, 2021	8,527	16.2	2,350	6.7	4,074	19.0	3,159	18.1
October 31, 2020	7,339	20.0	2,203	31.7	3,424	29.1	2,674	29.6

(Note) Comprehensive income: Nine months ended October 31, 2021: ¥3,228 million (25.4%)
 Nine months ended October 31, 2020: ¥2,574 million (35.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
October 31, 2021	97.54	–
October 31, 2020	85.58	–

(Note) The Company executed a four-for-one stock split for each common share on February 1, 2021. Accordingly, the figures for basic earnings per share have been calculated assuming that the stock split was executed at the beginning of the fiscal year ended January 31, 2021. Diluted earnings per share are not presented as there were no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of October 31, 2021	26,708	20,238	75.8
As of January 31, 2021	19,867	12,601	63.4

(Reference) Equity: As of October 31, 2021: ¥20,238 million
 As of January 31, 2021: ¥12,601 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2021	–	0.00	–	68.00	68.00
Fiscal year ending January 31, 2022	–	0.00	–		
Fiscal year ending January 31, 2022 (Forecast)				17.00	17.00

(Note) Revision of dividend forecasts from recently announced figures: None

(Note) The Company executed a four-for-one stock split for each common share on February 1, 2021. For the fiscal year ended January 31, 2021, the figures for dividends are presented in amounts of the actual dividends paid, and the figures for dividends for the fiscal year ending January 31, 2022 (forecast) are presented in amounts after the said stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending January 31, 2022 (February 1, 2021 to January 31, 2022)

(% 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
Full year	11,000	12.2	2,950	9.6	4,980	15.2	3,880	14.9	119.70

(Note) Revision of financial results forecast from recently announced figures: None

* 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) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: No

(3) 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

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

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

As of October 31, 2021: 32,498,640 shares

As of January 31, 2021: 31,248,640 shares

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

As of October 31, 2021: 1,580 shares

As of January 31, 2021: 1,580 shares

3) Average number of shares during the period:

Nine months ended October 31, 2021: 32,387,169 shares

Nine months ended October 31, 2020: 31,247,224 shares

(Note) The Company executed a four-for-one stock split for each common share on February 1, 2021. Accordingly, the total number of issued shares at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares during the period have been calculated assuming that the stock split was executed at the beginning of the fiscal year ended January 31, 2021.

* These quarterly financial results are outside the scope of quarterly review 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2021	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	1,698,612	7,023,736
Notes and accounts receivable - trade	2,783,207	3,338,712
Electronically recorded monetary claims - operating	1,119,212	870,149
Merchandise and finished goods	13,422	64,820
Work in process	713,613	805,868
Raw materials and supplies	881,878	1,251,027
Other	374,759	254,314
Total current assets	7,584,706	13,608,629
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,020,683	5,229,794
Accumulated depreciation	(1,233,191)	(1,430,918)
Buildings and structures, net	3,787,491	3,798,875
Machinery, equipment and vehicles	2,669,674	3,070,285
Accumulated depreciation	(1,429,693)	(1,641,292)
Machinery, equipment and vehicles, net	1,239,980	1,428,993
Tools, furniture and fixtures	2,195,213	2,570,737
Accumulated depreciation	(1,452,432)	(1,649,117)
Tools, furniture and fixtures, net	742,780	921,619
Land	714,933	714,933
Other	1,556,937	1,296,240
Accumulated depreciation	(162,616)	(223,978)
Other, net	1,394,320	1,072,261
Total property, plant and equipment	7,879,507	7,936,684
Intangible assets	208,508	178,140
Investments and other assets		
Investment securities	4,147,328	4,861,884
Other	47,708	123,633
Total investments and other assets	4,195,036	4,985,518
Total non-current assets	12,283,053	13,100,343
Total assets	19,867,759	26,708,973

(Thousand yen)

	As of January 31, 2021	As of October 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	525,821	776,475
Short-term loans payable	580,000	–
Current portion of long-term loans payable	615,547	815,755
Income taxes payable	593,172	528,400
Provision for bonuses	76,084	237,092
Other	899,835	849,475
Total current liabilities	3,290,460	3,207,199
Non-current liabilities		
Long-term loans payable	3,160,646	2,502,639
Net defined benefit liability	102,327	108,552
Other	712,935	652,192
Total non-current liabilities	3,975,908	3,263,384
Total liabilities	7,266,369	6,470,583
Net assets		
Shareholders' equity		
Capital stock	808,912	3,278,912
Capital surplus	709,912	3,179,912
Retained earnings	11,062,738	13,690,576
Treasury shares	(1,720)	(1,720)
Total shareholders' equity	12,579,843	20,147,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(168)	106
Foreign currency translation adjustments	38,500	104,900
Remeasurements of defined benefit plans	(16,785)	(14,298)
Total accumulated other comprehensive income	21,545	90,708
Total net assets	12,601,389	20,238,390
Total liabilities and net assets	19,867,759	26,708,973

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended October 31

(Thousand yen)

	For the nine months ended October 31, 2020	For the nine months ended October 31, 2021
Net sales	7,339,914	8,527,370
Cost of sales	3,882,507	4,840,784
Gross profit	3,457,406	3,686,585
Selling, general and administrative expenses	1,254,361	1,335,678
Operating profit	2,203,044	2,350,907
Non-operating income		
Interest income	62	101
Dividend income	171	196
Share of profit of entities accounted for using equity method	1,179,553	1,395,615
Other	116,388	393,122
Total non-operating income	1,296,175	1,789,036
Non-operating expenses		
Interest expenses	25,320	24,612
Share issuance costs	–	30,545
Foreign exchange losses	33,978	–
Other	15,845	9,941
Total non-operating expenses	75,144	65,099
Ordinary profit	3,424,076	4,074,844
Profit before income taxes	3,424,076	4,074,844
Income taxes - current	769,612	963,597
Income taxes - deferred	(19,621)	(47,789)
Total income taxes	749,991	915,807
Profit	2,674,085	3,159,037
Profit attributable to owners of parent	2,674,085	3,159,037

Quarterly Consolidated Statements of Comprehensive Income
 Nine Months Ended October 31

(Thousand yen)

	For the nine months ended October 31, 2020	For the nine months ended October 31, 2021
Profit	2,674,085	3,159,037
Other comprehensive income		
Valuation difference on available-for-sale securities	8,299	274
Foreign currency translation adjustments	926	61,008
Remeasurements of defined benefit plans, net of tax	2,901	2,487
Share of other comprehensive income of entities accounted for using equity method	(111,304)	5,391
Total other comprehensive income	(99,177)	69,162
Comprehensive income	2,574,908	3,228,200
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,574,908	3,228,200
Comprehensive income attributable to non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the nine months ended October 31, 2020	For the nine months ended October 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,424,076	4,074,844
Depreciation	580,698	748,400
Increase (decrease) in provision for bonuses	168,229	159,830
Interest and dividend income	(233)	(298)
Interest expenses	25,320	24,612
Share issuance costs	–	30,545
Share of loss (profit) of entities accounted for using equity method	(1,179,553)	(1,395,615)
Loss (gain) on valuation of investment securities	9,772	–
Decrease (increase) in notes and accounts receivable - trade	(982,519)	(288,491)
Decrease (increase) in inventories	(349,764)	(509,827)
Increase (decrease) in notes and accounts payable - trade	147,370	230,385
Decrease/increase in consumption taxes receivable/payable	(67,087)	142,020
Increase (decrease) in accounts payable - other	178,528	(16,843)
Decrease (increase) in other current assets	(12,965)	(16,682)
Increase (decrease) in other current liabilities	33,493	39,207
Increase (decrease) in other non-current liabilities	1,468	6,225
Other, net	(32,929)	(148,807)
Subtotal	1,943,904	3,079,506
Interest and dividend income received	308,018	678,035
Interest expenses paid	(24,880)	(24,754)
Income taxes paid	(764,427)	(1,040,974)
Net cash provided by (used in) operating activities	1,462,614	2,691,812
Cash flows from investing activities		
Purchase of investment securities	(900)	(899)
Purchase of property, plant and equipment	(2,004,394)	(624,629)
Purchase of intangible assets	(33,432)	(46,319)
Net cash provided by (used in) investing activities	(2,038,727)	(671,848)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	500,000	(580,000)
Proceeds from long-term loans payable	1,150,000	–
Repayments of long-term loans payable	(422,048)	(457,799)
Repayments of lease obligations	(61,961)	(66,059)
Proceeds from issuance of shares	–	4,909,454
Purchase of treasury shares	(295)	–
Cash dividends paid	(453,832)	(530,833)
Net cash provided by (used in) financing activities	711,862	3,274,762
Effect of exchange rate change on cash and cash equivalents	(1,494)	30,397
Net increase (decrease) in cash and cash equivalents	134,254	5,325,124
Cash and cash equivalents at beginning of period	1,618,491	1,698,612
Cash and cash equivalents at end of period	1,752,745	7,023,736