

Consolidated Financial Results for the Six Months Ended July 31, 2023



[Japanese GAAP]

August 31, 2023

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <https://www.trichemical.com>
 Representative: Kiyoshi Tazuke, Representative Director & CEO
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 Scheduled date of filing quarterly securities report: September 14, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Not available
 Scheduled date of quarterly 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 Six Months Ended July 31, 2023 (February 1, 2023 to July 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	%
Six months ended								
July 31, 2023	5,622	(14.1)	1,100	(42.4)	1,906	(45.7)	1,453	(46.2)
July 31, 2022	6,548	22.0	1,911	31.1	3,508	43.3	2,703	43.7

(Note) Comprehensive income: Six months ended July 31, 2023: ¥1,565 million (down 49.6%)
 Six months ended July 31, 2022: ¥3,107 million (50.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
July 31, 2023	44.72	–
July 31, 2022	83.20	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of July 31, 2023	31,787	26,466	83.3
As of January 31, 2023	32,115	25,876	80.6

(Reference) Equity: As of July 31, 2023: ¥26,466 million
 As of January 31, 2023: ¥25,876 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, 2023	–	0.00	–	30.00	30.00
Fiscal year ending January 31, 2024	–	0.00			
Fiscal year ending January 31, 2024 (Forecast)			–	30.00	30.00

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

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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	11,300	(18.1)	1,700	(51.5)	3,370	(45.5)	2,680	(44.5)	82.47

(Note) Revision of financial results forecast from recently announced figures: Yes

* 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 July 31, 2023: 32,498,640 shares

As of January 31, 2023: 32,498,640 shares

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

As of July 31, 2023: 1,702 shares

As of January 31, 2023: 1,702 shares

3) Average number of shares during the period:

Six months ended July 31, 2023: 32,496,938 shares

Six months ended July 31, 2022: 32,497,052 shares

* 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.

The Company plans to hold a financial results briefing for institutional investors and analysts on September 1, 2023. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of January 31, 2023	As of July 31, 2023
Assets		
Current assets		
Cash and deposits	11,137,800	12,245,382
Notes and accounts receivable - trade	3,504,831	2,404,259
Electronically recorded monetary claims - operating	1,056,741	957,430
Merchandise and finished goods	132,660	122,521
Work in process	1,181,653	1,854,261
Raw materials and supplies	1,425,699	1,711,280
Other	483,179	329,364
Total current assets	18,922,566	19,624,499
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,466,764	5,546,611
Accumulated depreciation	(1,783,974)	(1,931,056)
Buildings and structures, net	3,682,789	3,615,555
Machinery, equipment and vehicles	3,948,405	4,108,718
Accumulated depreciation	(2,106,975)	(2,303,803)
Machinery, equipment and vehicles, net	1,841,429	1,804,914
Tools, furniture and fixtures	2,941,502	3,167,261
Accumulated depreciation	(1,886,835)	(2,061,912)
Tools, furniture and fixtures, net	1,054,667	1,105,348
Land	714,933	714,933
Other	1,415,049	2,142,210
Accumulated depreciation	(336,153)	(380,659)
Other, net	1,078,896	1,761,551
Total property, plant and equipment	8,372,717	9,002,302
Intangible assets	134,789	109,710
Investments and other assets		
Investment securities	4,400,387	2,587,619
Other	285,097	463,221
Total investments and other assets	4,685,485	3,050,841
Total non-current assets	13,192,992	12,162,854
Total assets	32,115,559	31,787,353

(Thousand yen)

	As of January 31, 2023	As of July 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,142,053	893,856
Current portion of long-term loans payable	785,442	736,209
Income taxes payable	787,378	523,934
Provision for bonuses	124,321	128,572
Other	836,475	925,360
Total current liabilities	3,675,670	3,207,933
Non-current liabilities		
Long-term loans payable	1,913,787	1,549,860
Net defined benefit liability	133,686	139,292
Other	516,354	423,887
Total non-current liabilities	2,563,828	2,113,039
Total liabilities	6,239,498	5,320,973
Net assets		
Shareholders' equity		
Capital stock	3,278,912	3,278,912
Capital surplus	3,179,912	3,179,912
Retained earnings	18,809,102	19,287,455
Treasury shares	(2,025)	(2,025)
Total shareholders' equity	25,265,902	25,744,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,229	7,993
Foreign currency translation adjustments	623,445	730,898
Remeasurements of defined benefit plans	(18,516)	(16,767)
Total accumulated other comprehensive income	610,158	722,124
Total net assets	25,876,060	26,466,380
Total liabilities and net assets	32,115,559	31,787,353

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended July 31

(Thousand yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Net sales	6,548,819	5,622,408
Cost of sales	3,643,183	3,466,027
Gross profit	2,905,636	2,156,380
Selling, general and administrative expenses	994,162	1,055,456
Operating profit	1,911,473	1,100,924
Non-operating income		
Interest income	92	245
Dividend income	284	342
Share of profit of entities accounted for using equity method	1,177,698	649,790
Foreign exchange gains	364,382	186,745
Other	72,199	5,448
Total non-operating income	1,614,656	842,573
Non-operating expenses		
Interest expenses	14,854	12,360
Loss on retirement of non-current assets	2,777	24,179
Other	250	383
Total non-operating expenses	17,882	36,923
Ordinary profit	3,508,248	1,906,574
Profit before income taxes	3,508,248	1,906,574
Income taxes - current	1,004,169	610,943
Income taxes - deferred	(199,590)	(157,630)
Total income taxes	804,578	453,312
Profit	2,703,669	1,453,262
Profit attributable to owners of parent	2,703,669	1,453,262

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended July 31

(Thousand yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Profit	2,703,669	1,453,262
Other comprehensive income		
Valuation difference on available-for-sale securities	2,663	2,763
Foreign currency translation adjustments	43,270	35,836
Remeasurements of defined benefit plans, net of tax	1,802	1,749
Share of other comprehensive income of entities accounted for using equity method	355,800	71,616
Total other comprehensive income	403,537	111,965
Comprehensive income	3,107,206	1,565,227
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,107,206	1,565,227
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended July 31, 2022	For the six months ended July 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,508,248	1,906,574
Depreciation	597,148	641,614
Increase (decrease) in provision for bonuses	21,720	3,903
Interest and dividend income	(376)	(588)
Interest expenses	14,854	12,360
Share of loss (profit) of entities accounted for using equity method	(1,177,698)	(649,790)
Decrease (increase) in notes and accounts receivable - trade	(1,115,120)	1,208,364
Decrease (increase) in inventories	(426,357)	(938,309)
Increase (decrease) in notes and accounts payable - trade	220,884	(258,618)
Decrease/increase in consumption taxes receivable/payable	(55,130)	92,320
Increase (decrease) in accounts payable - other	11,587	26,668
Decrease (increase) in other current assets	61,006	64,020
Increase (decrease) in other current liabilities	35,714	(46)
Increase (decrease) in other non-current liabilities	5,338	5,606
Other, net	(154,655)	(130,011)
Subtotal	1,547,165	1,984,066
Interest and dividend income received	3,892,096	2,542,082
Interest expenses paid	(14,669)	(12,363)
Income taxes paid	(930,174)	(863,857)
Income taxes refund	1,710	–
Net cash provided by (used in) operating activities	4,496,128	3,649,927
Cash flows from investing activities		
Purchase of investment securities	(600)	(599)
Purchase of property, plant and equipment	(1,015,266)	(1,086,812)
Purchase of intangible assets	(21,722)	(17,321)
Net cash provided by (used in) investing activities	(1,037,589)	(1,104,734)
Cash flows from financing activities		
Repayments of long-term loans payable	(484,813)	(413,160)
Repayments of lease obligations	(45,556)	(48,872)
Purchase of treasury shares	(79)	–
Cash dividends paid	(648,805)	(973,049)
Net cash provided by (used in) financing activities	(1,179,254)	(1,435,082)
Effect of exchange rate change on cash and cash equivalents	(7,118)	(2,529)
Net increase (decrease) in cash and cash equivalents	2,272,166	1,107,581
Cash and cash equivalents at beginning of period	8,034,494	11,137,800
Cash and cash equivalents at end of period	10,306,661	12,245,382