

Consolidated Financial Results for the Fiscal Year Ended January 31, 2021



[Japanese GAAP]

March 15, 2021

Company name: Tri Chemical Laboratories Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4369
 URL: <http://www.trichemical.com>
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 Scheduled date of Annual General Meeting of Shareholders: April 27, 2021
 Scheduled date of filing annual securities report: April 28, 2021
 Scheduled date of commencing dividend payments: April 28, 2021
 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, 2021 (February 1, 2020 to January 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 | % |
| Fiscal year ended January 31, 2021 | 9,801 | 18.6 | 2,691 | 15.7 | 4,323 | 15.5 | 3,377 | 14.9 |
| January 31, 2020 | 8,267 | 6.1 | 2,326 | 8.1 | 3,744 | 27.7 | 2,939 | 29.7 |

(Note) Comprehensive income: Fiscal year ended January 31, 2021: ¥3,473 million (19.4 %)

Fiscal year ended January 31, 2020: ¥2,907 million (33.8 %)

| | 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, 2021 | 108.08 | - | 30.4 | 24.7 | 27.5 |
| January 31, 2020 | 94.08 | - | 35.4 | 28.5 | 28.1 |

(Reference) Equity in earnings of affiliated companies: Fiscal year ended January 31, 2021: ¥1,540 million

Fiscal year ended January 31, 2020: ¥1,324 million

(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, 2020. Diluted earnings per share for the fiscal year ended January 31, 2021, are not presented as there were no dilutive shares.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of January 31, 2021 | 19,867 | 12,601 | 63.4 | 403.28 |
| As of January 31, 2020 | 15,144 | 9,581 | 63.3 | 306.65 |

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

As of January 31, 2020: ¥9,581 million

(Note) The Company executed a four-for-one stock split for each common share on February 1, 2021. Accordingly, the figures for net assets per share have been calculated assuming that the stock split was executed at the beginning of the fiscal year ended January 31, 2020.

(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, 2021 | 2,090 | (2,963) | 948 | 1,698 |
| January 31, 2020 | 1,809 | (1,564) | (226) | 1,618 |

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, 2020 | - | 0.00 | - | 58.00 | 58.00 | 453 | 15.4 | 5.5 |
| January 31, 2021 | - | 0.00 | - | 68.00 | 68.00 | 531 | 15.7 | 4.8 |
| Fiscal year ending January 31, 2022 (Forecast) | - | 0.00 | - | 17.00 | 17.00 | | 15.9 | |

(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, 2020 and 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 |
| First half | 5,100 | 6.0 | 1,220 | (21.1) | 1,880 | (18.1) | 1,470 | (18.2) | 45.47 |
| Full year | 10,700 | 9.2 | 2,700 | 0.3 | 4,400 | 1.8 | 3,470 | 2.7 | 107.05 |

(Note) Basic earnings per share of the consolidated financial results for the fiscal year ending January 31, 2022, have been calculated based on the expected average number of issued shares during the period including the number of publicly offered shares (1,250,000 shares) and have taken no account of the number of shares to be issued for capital increase through third-party allocation related to the offering by way of overallotment (up to 187,500 shares).

*** 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, 2021: 31,248,640 shares

January 31, 2020: 31,248,640 shares

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

January 31, 2021: 1,580 shares

January 31, 2020: 1,412 shares

3) Average number of shares during the period:

Fiscal year ended January 31, 2021: 31,247,189 shares

Fiscal year ended January 31, 2020: 31,247,315 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, 2020.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended January 31, 2021 (February 1, 2020 to January 31, 2021)

(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, 2021 | 9,887 | 19.3 | 2,809 | 20.5 | 3,223 | 32.4 | 2,331 | 36.2 |
| January 31, 2020 | 8,285 | 6.3 | 2,330 | 9.1 | 2,434 | 16.6 | 1,712 | 16.2 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| January 31, 2021 | 74.61 | - |
| January 31, 2020 | 54.79 | - |

(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, 2020. Diluted earnings per share for the fiscal year ended January 31, 2021, are not presented as there were no dilutive shares.

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of January 31, 2021 | 16,396 | 9,632 | 58.7 | 308.28 |
| As of January 31, 2020 | 12,653 | 7,747 | 61.2 | 247.94 |

(Reference) Equity: As of January 31, 2021: ¥9,632 million

As of January 31, 2020: ¥7,747 million

(Note) The Company executed a four-for-one stock split for each common share on February 1, 2021. Accordingly, the figures for net assets per share have been calculated assuming that the stock split was executed at the beginning of the fiscal year ended January 31, 2020.

* 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, 2021. 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, 2020 | As of January 31, 2021 |
|---|------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,618,491 | 1,698,612 |
| Notes and accounts receivable - trade | 2,171,236 | 2,783,207 |
| Electronically recorded monetary claims - operating | 884,517 | 1,119,212 |
| Merchandise and finished goods | 32,836 | 13,422 |
| Work in process | 525,926 | 713,613 |
| Raw materials and supplies | 666,977 | 881,878 |
| Other | 247,186 | 374,759 |
| Total current assets | 6,147,171 | 7,584,706 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 2,638,742 | 5,020,683 |
| Accumulated depreciation | (1,040,904) | (1,233,191) |
| Buildings and structures, net | 1,597,838 | 3,787,491 |
| Machinery, equipment and vehicles | 2,026,251 | 2,669,674 |
| Accumulated depreciation | (1,204,553) | (1,429,693) |
| Machinery, equipment and vehicles, net | 821,698 | 1,239,980 |
| Tools, furniture and fixtures | 1,919,127 | 2,195,213 |
| Accumulated depreciation | (1,319,677) | (1,452,432) |
| Tools, furniture and fixtures, net | 599,449 | 742,780 |
| Land | 714,933 | 714,933 |
| Leased assets | 540,648 | 548,961 |
| Accumulated depreciation | (68,137) | (132,268) |
| Leased assets, net | 472,510 | 416,692 |
| Construction in progress | 1,516,300 | 759,476 |
| Other | 208,414 | 248,499 |
| Accumulated depreciation | (15,023) | (30,348) |
| Other, net | 193,391 | 218,151 |
| Total property, plant and equipment | 5,916,123 | 7,879,507 |
| Intangible assets | 192,982 | 208,508 |
| Investments and other assets | | |
| Investment securities | 2,862,052 | 4,147,328 |
| Deferred tax assets | 6,357 | 22,189 |
| Other | 19,659 | 25,518 |
| Total investments and other assets | 2,888,069 | 4,195,036 |
| Total non-current assets | 8,997,175 | 12,283,053 |
| Total assets | 15,144,347 | 19,867,759 |

(Thousand yen)

| | As of January 31, 2020 | As of January 31, 2021 |
|---|------------------------|------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 402,082 | 525,821 |
| Short-term loans payable | 580,000 | 580,000 |
| Current portion of long-term loans payable | 566,629 | 615,547 |
| Lease obligations | 80,420 | 88,307 |
| Income taxes payable | 454,563 | 593,172 |
| Provision for bonuses | 69,387 | 76,084 |
| Other | 897,059 | 811,527 |
| Total current liabilities | 3,050,141 | 3,290,460 |
| Non-current liabilities | | |
| Long-term loans payable | 1,722,873 | 3,160,646 |
| Lease obligations | 636,798 | 601,566 |
| Deferred tax liabilities | 49,080 | 111,368 |
| Net defined benefit liability | 103,523 | 102,327 |
| Total non-current liabilities | 2,512,274 | 3,975,908 |
| Total liabilities | 5,562,416 | 7,266,369 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 808,912 | 808,912 |
| Capital surplus | 709,912 | 709,912 |
| Retained earnings | 8,138,541 | 11,062,738 |
| Treasury shares | (1,150) | (1,720) |
| Total shareholders' equity | 9,656,216 | 12,579,843 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (7,867) | (168) |
| Foreign currency translation adjustments | (42,299) | 38,500 |
| Remeasurements of defined benefit plans | (24,119) | (16,785) |
| Total accumulated other comprehensive income | (74,285) | 21,545 |
| Total net assets | 9,581,930 | 12,601,389 |
| Total liabilities and net assets | 15,144,347 | 19,867,759 |

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

(Thousand yen)

| | For the fiscal year ended January 31, 2020 | For the fiscal year ended January 31, 2021 |
|---|---|---|
| Net sales | 8,267,457 | 9,801,982 |
| Cost of sales | 4,314,779 | 5,420,934 |
| Gross profit | 3,952,678 | 4,381,047 |
| Selling, general and administrative expenses | 1,625,752 | 1,689,666 |
| Operating profit | 2,326,925 | 2,691,380 |
| Non-operating income | | |
| Interest income | 222 | 158 |
| Dividend income | 313 | 355 |
| Share of profit of entities accounted for using equity method | 1,324,993 | 1,540,068 |
| Other | 125,740 | 147,237 |
| Total non-operating income | 1,451,270 | 1,687,821 |
| Non-operating expenses | | |
| Interest expenses | 32,529 | 34,448 |
| Loss on retirement of non-current assets | 143 | 9,725 |
| Loss on valuation of investment securities | - | 9,772 |
| Other | 1,231 | 1,924 |
| Total non-operating expenses | 33,905 | 55,871 |
| Ordinary profit | 3,744,290 | 4,323,329 |
| Profit before income taxes | 3,744,290 | 4,323,329 |
| Income taxes - current | 735,121 | 902,154 |
| Income taxes - deferred | 69,376 | 43,893 |
| Total income taxes | 804,497 | 946,048 |
| Profit | 2,939,792 | 3,377,281 |
| Profit attributable to owners of parent | 2,939,792 | 3,377,281 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended January 31, 2020 | For the fiscal year ended January 31, 2021 |
|--|---|---|
| Profit | 2,939,792 | 3,377,281 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3,468) | 7,698 |
| Foreign currency translation adjustments | 6,229 | 16,135 |
| Remeasurements of defined benefit plans, net of tax | 4,523 | 7,333 |
| Share of other comprehensive income of entities accounted for using equity method | (39,145) | 64,664 |
| Total other comprehensive income | (31,860) | 95,831 |
| Comprehensive income | 2,907,932 | 3,473,113 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,907,932 | 3,473,113 |
| Comprehensive income attributable to non-controlling interests | - | - |

(3) Consolidated Statements of Changes in Net Assets
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 |

For the fiscal year ended January 31, 2021

(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 | 8,138,541 | (1,150) | 9,656,216 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (453,084) | | (453,084) |
| Profit attributable to owners of parent | | | 3,377,281 | | 3,377,281 |
| Purchase of treasury shares | | | | (569) | (569) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | - | 2,924,197 | (569) | 2,923,627 |
| Balance at end of current period | 808,912 | 709,912 | 11,062,738 | (1,720) | 12,579,843 |

| | 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 | (7,867) | (42,299) | (24,119) | (74,285) | 9,581,930 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | | | (453,084) |
| Profit attributable to owners of parent | | | | | 3,377,281 |
| Purchase of treasury shares | | | | | (569) |
| Net changes of items other than shareholders' equity | 7,698 | 80,799 | 7,333 | 95,831 | 95,831 |
| Total changes of items during period | 7,698 | 80,799 | 7,333 | 95,831 | 3,019,459 |
| Balance at end of current period | (168) | 38,500 | (16,785) | 21,545 | 12,601,389 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended January 31, 2020 | For the fiscal year ended January 31, 2021 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,744,290 | 4,323,329 |
| Depreciation | 642,186 | 814,438 |
| Increase (decrease) in provision for bonuses | 5,513 | 6,600 |
| Interest and dividend income | (535) | (514) |
| Interest expenses | 32,529 | 34,448 |
| Share of loss (profit) of entities accounted for using equity method | (1,324,993) | (1,540,068) |
| Loss (gain) on valuation of investment securities | - | 9,772 |
| Decrease (increase) in notes and accounts receivable - trade | (204,384) | (843,028) |
| Decrease (increase) in inventories | (291,680) | (378,187) |
| Increase (decrease) in notes and accounts payable - trade | 48,399 | 120,660 |
| Decrease/increase in consumption taxes receivable/payable | (40,891) | (88,654) |
| Increase (decrease) in accounts payable - other | 16,943 | 112,202 |
| Decrease (increase) in other current assets | (103,127) | (35,707) |
| Increase (decrease) in other current liabilities | (21,865) | 61,938 |
| Increase (decrease) in other non-current liabilities | 9,334 | (1,196) |
| Other, net | 18,032 | (15,437) |
| Subtotal | 2,529,752 | 2,580,596 |
| Interest and dividend income received | 535 | 308,298 |
| Interest expenses paid | (32,538) | (34,049) |
| Income taxes paid | (688,008) | (764,461) |
| Income taxes refund | 180 | - |
| Net cash provided by (used in) operating activities | 1,809,921 | 2,090,384 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (1,199) | (1,200) |
| Purchase of property, plant and equipment | (1,405,010) | (2,925,335) |
| Purchase of intangible assets | (158,122) | (37,291) |
| Net cash provided by (used in) investing activities | (1,564,332) | (2,963,827) |
| Cash flows from financing activities | | |
| Proceeds from long-term loans payable | 930,000 | 2,070,000 |
| Repayments of long-term loans payable | (731,217) | (583,309) |
| Repayments of lease obligations | (74,856) | (83,786) |
| Purchase of treasury shares | (253) | (569) |
| Cash dividends paid | (349,852) | (453,992) |
| Net cash provided by (used in) financing activities | (226,179) | 948,342 |
| Effect of exchange rate change on cash and cash equivalents | 3,334 | 5,220 |
| Net increase (decrease) in cash and cash equivalents | 22,744 | 80,121 |
| Cash and cash equivalents at beginning of period | 1,595,747 | 1,618,491 |
| Cash and cash equivalents at end of period | 1,618,491 | 1,698,612 |