

Tri Chemical Laboratories Inc. Integrated Report 2023



Contents of the Report

We explain our history and values, our business and strengths, our future vision and the value creation story to realize the vision, and our initiatives to realize sustainable growth.

Purposes of Issuing the Integrated Report 2023

We aim to enhance our corporate value through dialogues with our stakeholders and co-creation with our employees by disseminating our value creation story in an easy-to-understand manner to our stakeholders including our investors and employees.

Editorial Policies

The Integrated Report 2023 was prepared based on the following editorial policies.

- (1) To provide stakeholders with easy-to-understand information about our business, the value creation we aim to achieve, our strategies and business model, and the strengths and management resources that are the source of our value creation.
- (2) The above shall serve as a source of information for medium-to long-term dialogues with stakeholders.

Reporting Period

The primary reporting period is from February 1, 2022 to January 31, 2023 (If the period differs from the period covered by the report, a note is inserted).

Organizations Covered by the Report

The reporting data covers Tri Chemical Laboratories, Inc. and its 3 affiliated companies in Japan and abroad (If the scope of data differs from the scope of the report, the scope is indicated on a case-by-case basis).

* In this report, Tri Chemical Laboratories, Inc. on its own is referred to as "Tri Chemical Laboratories, Inc." or "the Company", while Tri Chemical Laboratories and its domestic and overseas affiliated companies are referred to as "Tri Chemical Group" or "the Group."

Reference Guidelines

The "International Integrated Reporting Framework" of the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" of the Ministry of Economy, Trade and Industry (METI) are used as references

Forward-looking Plans

This report contains forward-looking statements regarding future plans, strategies, and performance. Please note that actual results may differ from these plans due to various factors.

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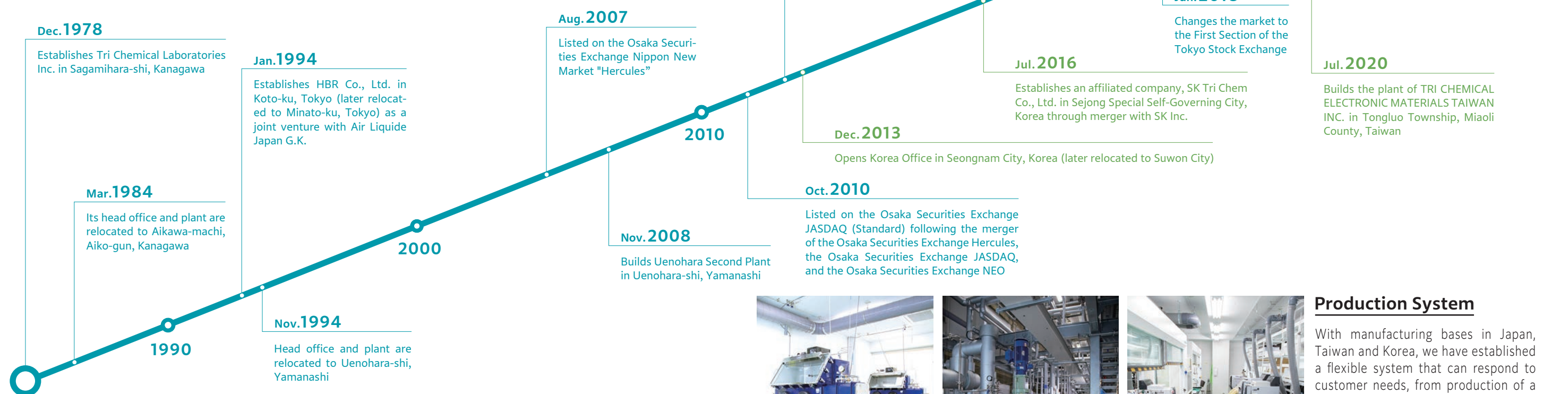
Our History

Corporate History

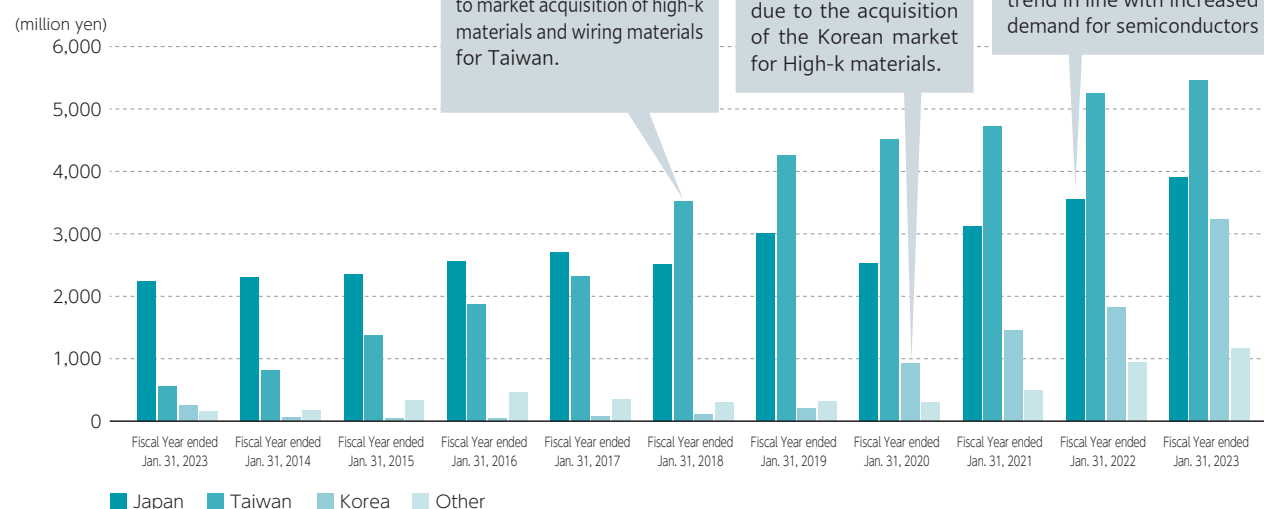
Since its establishment in December 1978, Tri Chemical Laboratories Inc. has been developing, manufacturing, and selling high-purity chemicals for the electronics and electrical industries.

Global Strategies

Tri chemical Laboratories Inc. has been expanding its global operations with a focus on East Asia, centering on Taiwan and South Korea, where semiconductor manufacturing is thriving.



Sales Trend by Country



Equipment in Head office



Head Office Plant

Characteristics: Manufacturing base for small-volume high-purity chemicals for R&D, contract synthesis, etc.



Chemical plant



Uenohara Second Plant

Characteristics: Chemical plant producing 1 to 10 tons of high purity chemicals



Equipment in Annex Building



Annex Building

Characteristics: An administration building with a clean room on the 1st floor, an analysis room on the 2nd floor, an office on the 3rd floor, and an employee cafeteria on the 4th floor.

Production System

With manufacturing bases in Japan, Taiwan and Korea, we have established a flexible system that can respond to customer needs, from production of a few milligrams to production of tons.



Subsidiary in Taiwan TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC.

Characteristics: A base for manufacturing, development and sales of high-purity chemicals in Taiwan



Affiliated Company in Korea SK Tri Chem Co., Ltd.

Characteristics: A base for manufacturing, development and sales of high-purity chemicals in Korea

Our Business and Strengths ①

Management Philosophy

Contributing to the development of leading-edge technology through science and technology to realize the creation of leeway for people

1

Providing Better Product Technologies

We aim to maximize customer satisfaction by improving our development capabilities and production technologies and providing better products and technologies for our customers.

3

Safety Improvement / Health Promotion / Environmental Conservation

We do our business activities with a proper awareness of the "significant impact of chemical substances on the environment," always keeping in mind the improvement of the safety and health of our customers and employees, and positioning "environmental conservation activities" as one of the most important management issues.

2

Soundness / Growth

We strive to maximize corporate value by engaging in businesses with sustained soundness and growth potential.

4

Open Corporate Climate

We aim to create a fair and open corporate climate in which each employee can work with a high sense of pride and responsibility.

Strengths of Tri Chemical Laboratories

Professional Human Resources for Development of Leading-edge Materials

As a manufacturer specializing in high-purity chemicals, we have many highly motivated employees with extensive scientific knowledge and development experience.

Development and Production System for a Wide Variety / Small Quantities of Products

We are equipped with a development system and production facilities capable of handling about 2,000 types of products, even for small quantities ranging from a few milligrams. No other major chemical manufacturers can establish a similar system.

Relationships with Customers

We are recognized for our technology and actual results, and have established relationships with some of the world-class semiconductor manufacturers, who bring inquiries for chemicals to us first. Our ability to constantly respond to leading-edge development projects further strengthens our technical capabilities.

Joint Development with Equipment Providers

Leading-edge semiconductors require not only the purity of chemicals, but also the matching and adjustment of manufacturing equipment. We have established a relationship with a domestic equipment manufacturer that has the world's top market share in order to jointly develop products.

Business (Product) Strategies: Focus on High Difficulty x Small Quantities and High Value-added Products

1

Focusing on High-difficulty Products

- We focus on the development and manufacturing of high-purity chemicals used in leading-edge logic and memory semiconductors and other products.
- We create product areas that only we can produce in the world, and maintain the high profit ratio by continuing to specialize in these areas. Also, we maintain our strengths in R&D by being a company that is constantly at the forefront of our customers' projects.

2

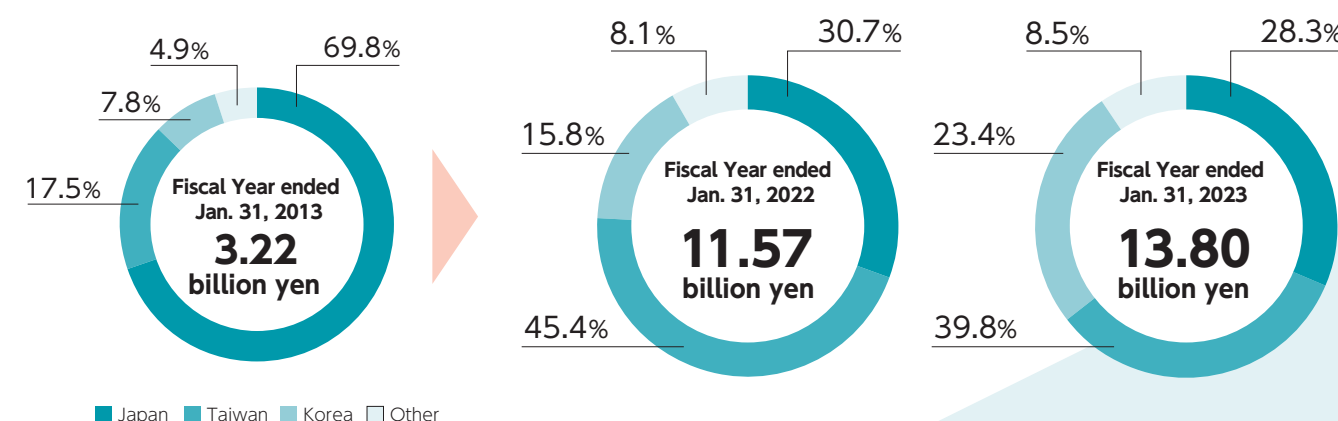
Focusing on Small Quantities and High Value-added Products

- We are expanding our product line by focusing on high value-added products even for small quantities.
- We are capturing the demand for products that are essential to our customers but only sold in small quantities, while global manufacturers overseas stop manufacturing as they consolidate their bases and focus on mass-produced, general-purpose products.

Business Strategies (Overseas Expansion)

Since its listing, the Company has aggressively pursued overseas business and expanded sales in response to the expansion of the global semiconductor and optical fiber markets. We will continue to focus on overseas business including Taiwan and South Korea, where we have already established bases, from many angles, centering on our head office in Japan.

Sales composition ratio by country/region

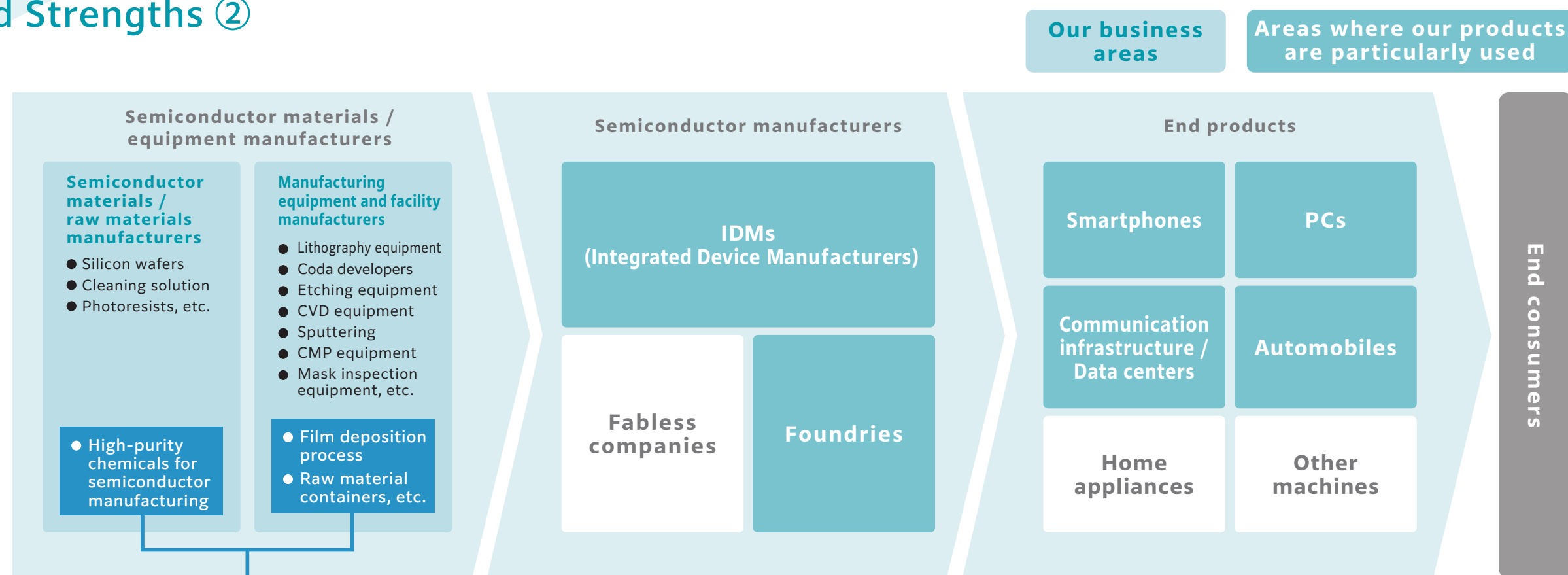


Our Business and Strengths ②

Semiconductor Industry Value Chain and Our Position

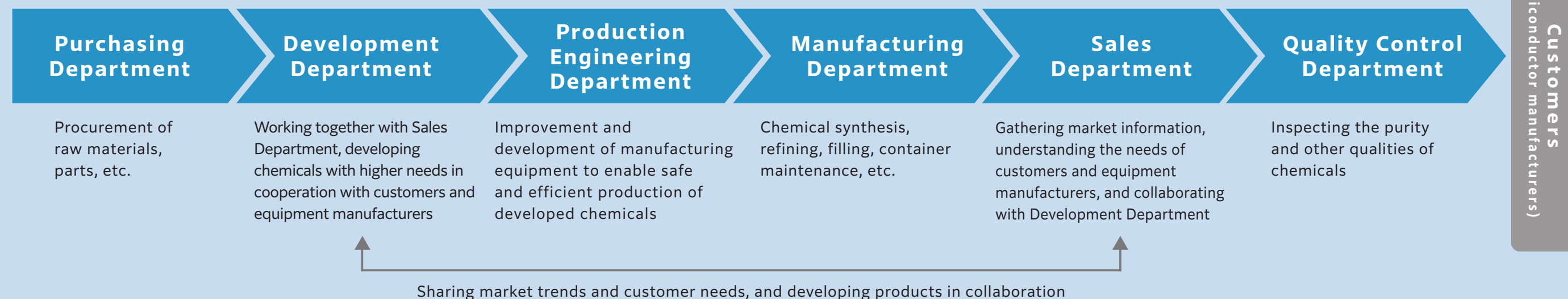
We are engaged in providing high value-added, high-purity chemicals mainly for the semiconductor industry. The chemicals we provide are used in manufacturing leading-edge logic and memory in particular, and these semiconductors are widely used in smartphones, PCs, data centers, and communication infrastructure.

We are also engaged in manufacturing and maintenance of containers for shipping high-purity chemicals, and the contract development of deposition processes,utilizing other peripheral technologies.



Our Value Chain

We have established an integrated system from development to manufacturing of high-purity chemicals, understanding the needs of our customers, semiconductor manufacturers.



Top Message

We will contribute to the realization of a sustainable society through the development and stable supply of high-purity chemicals that support technological innovation

Representative Director & CEO **Kiyoshi Tazuke**



Contributing to technological innovation through the supply of chemicals essential for semiconductor miniaturization

We supply high-purity chemicals that are indispensable for manufacturing of high-performance semiconductors, based on our management philosophy of "contributing to the development of leading-edge technology through science and technology, and realizing the creation of leeway for people."

Semiconductors are now used in everything from smartphones, tablets, PCs, game consoles, home appliances, cars, data centers, and communication base stations. And technological innovations such as miniaturization and higher performance of electronic devices, high-capacity high-speed communications, and the evolution of autonomous driving are constantly advancing, and high-performance semiconductors are making this possible. The production of high-performance semiconductors will be difficult with the chemicals previously used, and new chemicals will be required.

Under this circumstance, we develop, manufacture, and sell leading-edge chemicals essential for semiconductor miniaturization, which are used in the manufacturing processes of leading-edge logic and memory devices that require particularly high performance and

ultra-miniaturization. Specializing in high-value-added, low-volume, high-mix product areas, we have developed more than 2,000 chemicals to date. Currently, we have hundreds of chemicals that we ship in a year, many of which are one-time products for R&D. Through the development and stable supply of such chemicals, we are contributing to technological innovation throughout a variety of industries.

Unique position established through the supply of high-purity chemicals in small quantities and many varieties

Revenue and profits for the fiscal year ended January 31, 2023 increased from the previous fiscal year. Net sales hit a record high for nine consecutive fiscal years, and respective profits hit a record high for eight consecutive fiscal years as a result of a significant increase in sales, especially sales to Korea, due to an expanded supply of products in response to increased semiconductor production and the supply of new products in response to the generation change in semiconductors. And the operating profit ratio we consider as the most important indicator as a result of supplying high value-added products re-

mained high at 25.4%.

The factors behind such high sales growth and profit ratio are the growing demand for high-purity chemicals, the Group's mainstay products, as semiconductor miniaturization continues, and the Group's increasing presence within the industry. To manufacture high-performance semiconductors, specialized production lines will be installed, and dedicated chemicals will be used. Chemicals used in such advanced areas must be highly pure and stable in quality. So, it is very difficult to develop and manufacture chemicals used in such advanced areas, and doing so creates highly-added value. On the other hand, since the amount used per semiconductor is very small, it is difficult for large companies pursuing consolidation of manufacturing facilities, production efficiency, and profits to engage in this business, which makes our company's presence even more valuable.

Aiming for further growth by strengthening our production system to expand supply

We believe that the digitalization of society and the resulting expansion of the leading-edge semiconductor market will continue for the foreseeable future. Demand for chemicals is also expected to increase further as semiconductor manufacturers are building many new plants in Japan, Taiwan, Korea, and China to expand their production capacity for leading-edge semiconductors, with plans to begin operations in the next few years.

Under these circumstances, in our medium-term management plan, which is reviewed annually on a rolling basis, we forecast a high growth rate, with net sales of 19,500 million yen (up 41.3% compared to the fiscal year ended January 31, 2023) and operating profit of 4,880 million yen (up 39.2% compared to the same fiscal year) for the fiscal year ending January 31, 2026, and we aim to secure an operating profit ratio of 25%. While maintaining high profit ratios in areas where we can take advantage of our strengths, we will develop and increase production of new materials such as gases for etching processes and expand sales to Japan, Taiwan, Korea, China and other East Asian countries.

To expand supply, we will enhance our production system. Currently, we have three plants in Uenohara-shi, Yamanashi: the Head Office Plant, which manufactures high-purity chemicals, Uenohara Second Plant, and the Annex Building, which is equipped with clean rooms and analysis laboratories. We plan to

start construction of a new plant in Minami-Alps-shi, Yamanashi at the end of 2023. The planned capital investment is 8.5 billion yen over the three-year period from the fiscal year ending January 31, 2024 to the fiscal year ending January 31, 2026, and this investment will cover equipment to be installed in the new plant. The new plant will be equipped with the latest equipment to achieve high productivity, robust security, and enhanced environmental responsiveness, and we hope to use it as a model case for other plants to become more sophisticated.



In Taiwan, Tongluo Plant of our subsidiary TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. began shipments in 2022, and sales are steadily expanding. We are expanding our facilities in order to increase production and expand our product lineup. By strengthening our local production system for customers in Taiwan, we will reduce geopolitical risks and ensure a stable supply. And in Korea, we are promoting business activities in collaboration with our affiliate SK Tri Chem Co., Ltd. By strengthening our overseas bases, we will reduce geopolitical risks to ensure stable supply and build a system that can respond immediately to demand for new materials. We will strengthen group-wide synergies over the medium-to long-term, improve business efficiency, and acquire new customers.

Ensuring safety measures and quality control

As we move forward with these measures to expand our business, we are more thoroughly implementing safety measures and quality control than ever before. If the supply of our products is disrupted due to industrial accidents, quality defects, or environmental pollution, the semiconductor supply chain will be severely affected and the production of various products will be disrupted. As natural disasters increase due to climate change and international situations become more complex, we will continue our initiatives to operate our plants safely and



securely and to build a system to ensure a stable supply of products.

I also visit the factory every three months with the health and safety manager and the plant managers to check the plants from the viewpoints of safety, hygiene, quality, environment, and productivity, identify problems, and make improvements. In the past, I used to give detailed instructions, but currently employees are working on improvements on their own, and I realize that our employees working on the site are developing themselves.

Creating a climate for active communication and new ideas

For our company, whose strengths lie in our technological capabilities, our most important capital is our human resources. The number of employees has increased as the business has expanded, and currently there are approximately 240 employees, about 70% of whom are engineers.

Securing and growing human resources is essential for improving on-site capabilities in development and production, and for launching new plants for business expansion. We plan to hire about 20 people each year, and have been able to secure a steady stream of new employees so far. In hiring, we value communication skills. We communicate with our customers and equipment manufacturers to create new chemicals. In addition, there are three major steps within the Company: R&D, initial production, and mass production, and the linkage between these steps is important. R&D is carried out by teams of multiple members for each theme, and in mass production, communication skills are important because products are not completed by operating manufacturing equipment, but by using a variety of know-how.

In terms of human resource development, we offer a high frequency of job rotations so that employees can experience many departments and gain a broad range of knowledge.

We are dealing with a specific niche product in the chemical field, and we cannot create a new product or business if we are only involved in its development. It is necessary to broaden and deepen our knowledge of chemicals, as well as acquire a wide range of knowledge and skills through a variety of experiences. We have divisions such as development, manufacturing, production control, quality control, sales, and administration, and we frequently transfer employees across divisions, such as from manufacturing to sales, from development to management, and to our Taiwanese subsidiary.

And in order to continually create new products for the next generation, we need an environment where new ideas are created. Our management philosophy is the "creation of leeway." Without time and mental leeway, there is no room for new ideas. To create such leeway, our working hours are from 8:30 to 16:30, and the Company also offers flextime and long-term leave systems, which many employees are utilizing. In addition, the cafeteria, which was newly established in May 2021, offers a variety of nutritionally balanced menu items and provides meals practically free of charge, leading to the improvement of employees' health and the revitalization of communication among employees.

Diversity initiatives are also important. We recognize that the current lack of female directors is an issue for our company, and we will actively work to hire female employees and promote women to management positions. In addition, as the ratio of overseas sales to total sales expands to approximately 70%, we will also focus on hiring foreign employees.

Regarding our corporate climate, our external directors say, "In a good sense, Tri Chemical Laboratories, Inc. is like a university club." Our employee turnover rate is low, and we want to ensure that our current corporate climate will not change. I myself sit at a desk in the same room as my employees and try to talk with them on a daily basis. We will focus on creating an open corporate climate for more active communication and an environment in which human resources can develop themselves.



Continuing to take on the challenge of realizing a sustainable society

We are also committed to communicating with our shareholders and investors. We have been publishing our integrated report since 2022, which we hope will serve as a tool to deepen your understanding of a sustainable society and the ways in which we create value and the challenges we face in this context. I also attend meetings with institutional investors after each quarter's financial results to explain our philosophy, strengths, and future strategies.

Since our founding, we have continued to research and develop leading-edge, high-purity chemical products that are difficult to develop and manufacture without being affected by market conditions. Our current growth is due to the fact that the high-purity chemicals for semiconductor development that we have been developing for a long time are now revealed to the world. Going forward, the evolution of generative artificial intelligence (AI) and the growing popularity of electric vehicles will further accelerate the development of higher performance semiconductors in the world. Under our long-term vision "Material of Materials — Solving social issues together with customers through the power of chemistry", we will continue to take on the challenge of developing new materials used in lead-

ing-edge manufacturing processes, contribute to solving customers' problems and realizing a sustainable society, and become an "indispensable company" for all of our stakeholders.

We would like you to expect the further evolution of Tri Chemical Laboratories, and we request your continued support.

Brief History

April 1987	Joined the Company
April 2007	Director and General Manager, Sales Department
April 2012	Senior Executive Director
April 2014	Representative Director and President
July 2016	Director, SKTri Chem Co., Ltd. (current position)
March 2017	Chairman, TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. (current position)
April 2022	Representative Director & CEO (current position)



Financial Status

We will actively invest for growth based on our solid financial foundation

Executive Officer in
charge of Management
Division

Yoshihide Suzuki



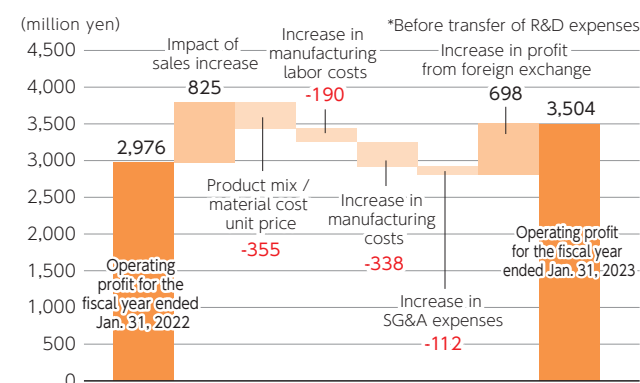
Financial Results and Financial Situation for the Fiscal Year Ended January 31, 2023

For the fiscal year ended January 31, 2023, net sales were 13,803 million yen (up 19.3% year-on-year), operating profit was 3,504 million yen (up 17.8% year-on-year), ordinary profit was 6,186 million yen (up 16.8% year-on-year), and profit attributable to owners of parent was 4,832 million yen (up 18.0% year-on-year), which exceeded the forecasts announced at the beginning of the fiscal year. The operating profit ratio, which we value, remained high at 25.4%.

As for the factors, sales to the semiconductor industry were strong, including a significant increase in sales to Korea, and although there was a move to reduce semiconductor memory production in the second half of the year, there was no major impact, resulting in an increase in revenue. Operating profit increased due to foreign exchange gains of 698 million yen, despite a lower operating profit ratio in the second half of the year due to soaring raw material costs, and ordinary profit increased due to equity in earnings of affiliates of 2,409 million yen related to Korean affiliate SK Tri Chem Co., Ltd.

On the financial front, total assets amounted to 32,115 million yen (up 13.5% year-on-year) due to an increase in cash and deposits resulting from dividends received from SK Tri Chem Co. Net assets amounted to 25,876 million (up 21.4% year-on-year) due to an increase in retained earnings, and the equity ratio was 80.6% (up 5.2 percentage points year-on-year).

Operating profit increase/decrease factors graph for the fiscal year ended Jan. 31, 2023



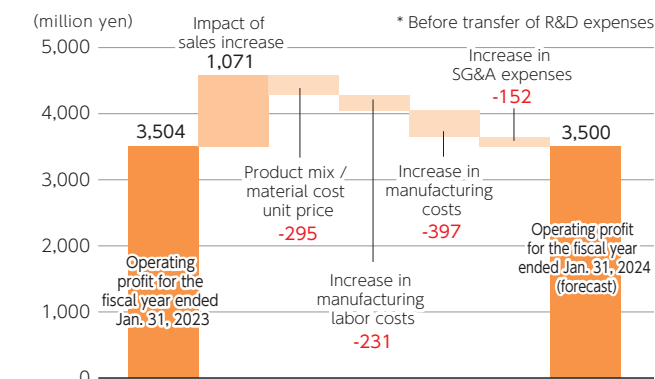
Forecast for the year ending January 31, 2024

For the fiscal year ending January 31, 2024, we forecast net sales of 15,400 million yen (up 11.6% year-on-year), operating profit of 3,500 million yen (down 0.1% year-on-year), ordinary profit of 5,450 million yen (down

11.9% year-on-year), and profit attributable to owners of parent of 4,250 million yen (down 12.1% year-on-year). In terms of sales, although the first quarter was tough due to the slowdown in the semiconductor mar-

ket, we expect sales to recover from the second quarter and expect an increase in revenue. On the profit side, however, although we are working to pass on higher raw material costs to selling prices, we expect a decrease in profit due to the continued trend of high raw material costs and the absence of foreign exchange gains recorded in the fiscal year ending January 31, 2023. The exchange rate is assumed to be 137 yen against a U.S. dollar.

Operating Profit Increase/Decrease Factors Graph for the fiscal year ending Jan. 31, 2024



Capital Investment Plan

Capital expenditures for the fiscal year ended January 31, 2023 totaled 1,426 million yen. This was a decrease from the plan due to the fact that part of the investment plan was postponed to the next fiscal year due to material shortages. We plan a total of approximately 8.5 billion yen in capital expenditures over the three-year period from the fiscal year ending January 31, 2024 to the fiscal year ending January 31, 2026. We will continue to make investments to strengthen our production system, improve safety, and en-

hance quality control, centering on the investment in a new plant to begin construction in Minami-Alps-shi at the end of 2023

The Company raised approximately 5 billion yen through a third-party allotment of new shares in 2020, leaving it with 11,137 million yen in cash and deposits at the end of the fiscal year ended January 31, 2023. For capital expenditures, the Company intends to allocate cash on hand and take a loan as needed.

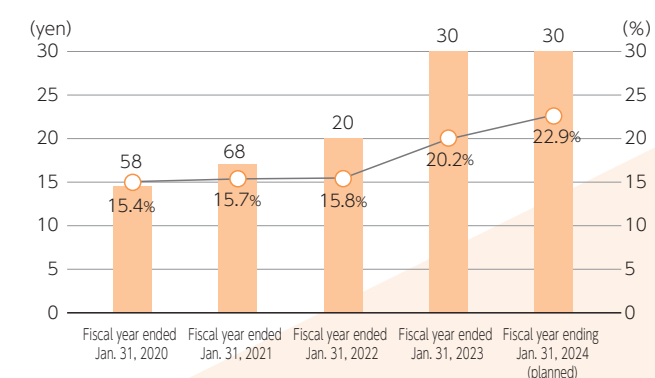
Capital Expenditures

	Amount (million yen)	Content
Fiscal year ended Jan. 31, 2022	920	Synthesis equipment, product shipping containers, etc.
Fiscal year ended Jan. 31, 2023	1,426	Synthesis equipment, product shipping containers, etc.
Fiscal year ending Jan. 31, 2024 (planned)	3,337	Facility expansion at Uenohara Plant, the subsidiary in Taiwan, etc.
Fiscal year ending Jan. 31, 2025 (planned)	3,685	Investment in new Minami-Alps plant, etc.
Fiscal year ending Jan. 31, 2026 (planned)	1,486	Investment in new Minami-Alps plant, etc.

Dividend Policy

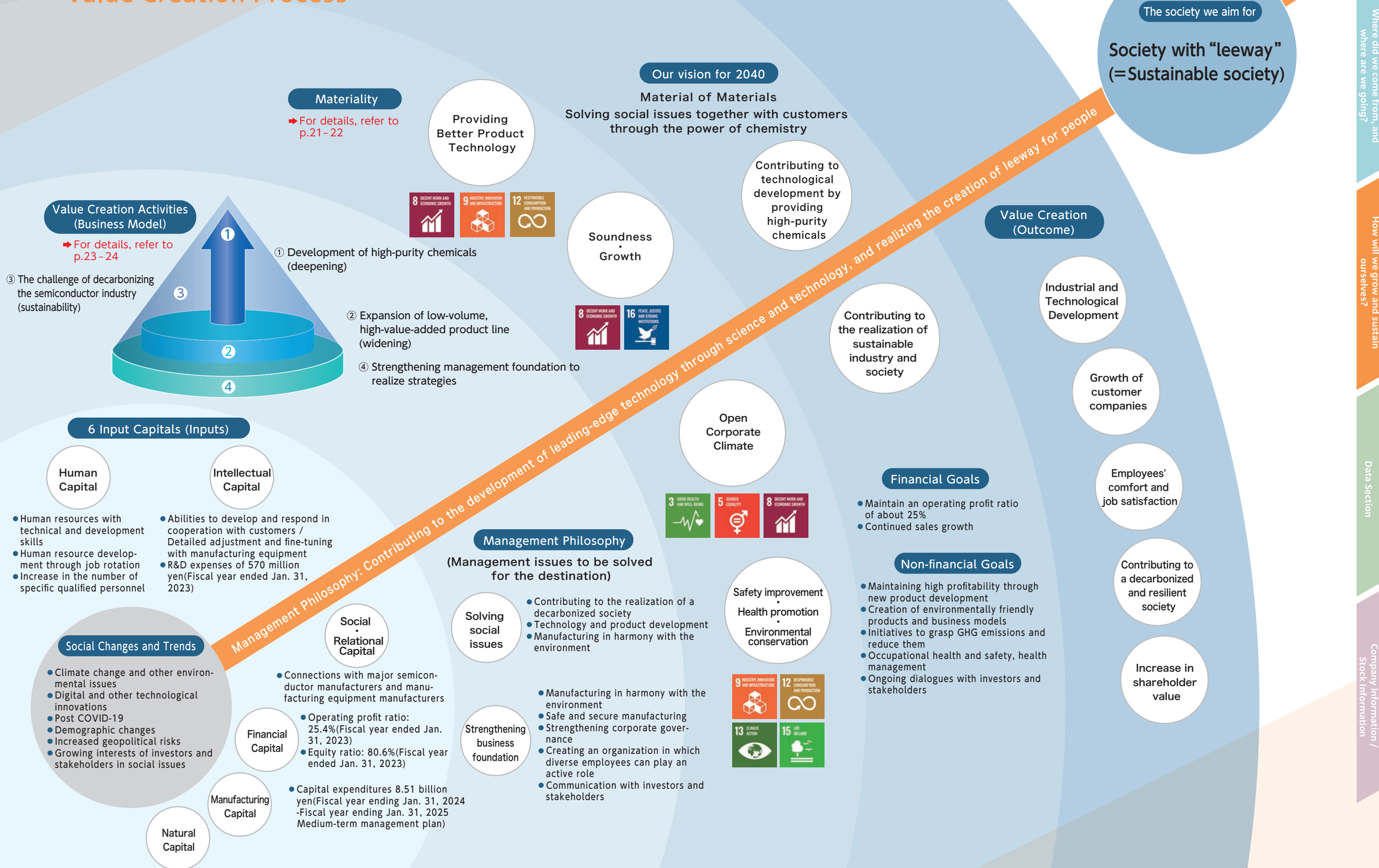
Our policy is to actively develop our business and strengthen our structure, while paying stable dividends. For the fiscal year ended January 31, 2023, we decided to pay a dividend of 30 yen per share, an increase of 10 yen per share from the previous fiscal year, taking into account that our profit exceeded the plan and the cash flow situation. For the fiscal year ending January 31, 2024, we plan to pay a dividend of 30 yen per share based on our earnings forecast.

Dividend per share and dividend payout ratio



(Notes) 1. On February 1, 2021, the Company conducted a 4-for-1 stock split of its common stock.
2. The graph is based on post-split figures.
3. Figures in the graph represent actual dividend amounts.

Value Creation Process



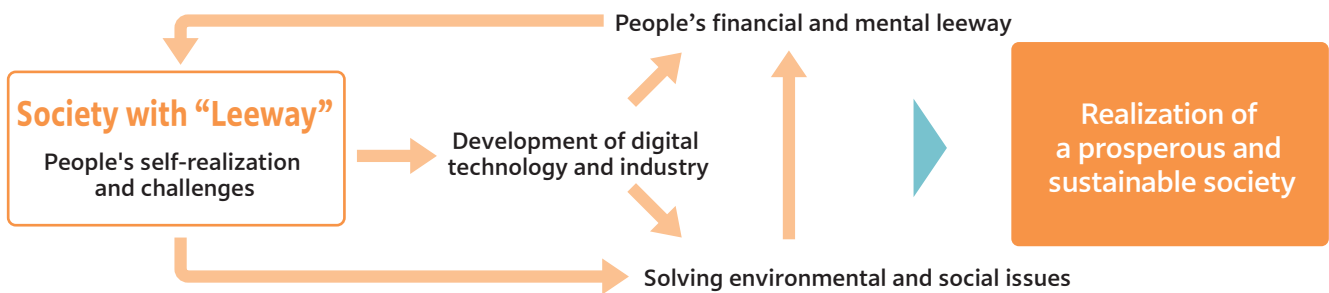
Long-term Vision

The social image we are aiming for: “Society with ‘leeway’ ”

Since our founding, we have focused on "leeway." Our management philosophy has been "having leeway and enjoy your leisure time" since our founding. Following this philosophy, we have realized a relaxed work-life balance while encouraging our employees to take on challenges, and as a result, we have established a strong position in the field of leading-edge semiconductors, which always requires expertise and creativity.

Based on our management philosophy and the

history of our company's development, we have defined the society we wish to realize as "society with 'leeway'." We believe that a society in which people's lives are more affluent and convenient than ever before, and in which environmental and resource issues have been resolved, resulting in a society in which people can live with peace of mind, will enable people to engage in activities for self-realization and for further solving social issues, and will result in the realization of an even better society.



Long-term Vision, “Material of Materials”

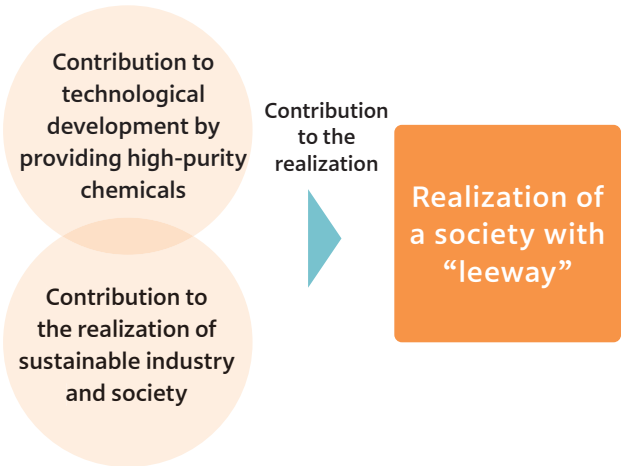
Material of Materials — Solving social issues together with customers through the power of chemistry —

Position	Management resources to support the position	Financial KPIs	Non-financial KPIs
A global leader in "low-volume, high-value-added" chemical and materials industry	Employees who understand leading-edge chemical technology, know-how, collaboration and co-creation with customers and partners, technology, engineering and business	Achieving sustainable sales growth and high revenues (Maintaining an operating profit ratio of about 25%)	Carbon neutrality by 2050

Our long-term vision, "Material of Materials," is an expression of the ideal form of a company we aim for in order to contribute to the realization of a "society with leeway." The word "material" has the meaning of "necessary or indispensable" in addition to the meaning of "material" that we manufacture. We believe that further development of the digital industry and the realization of a sustainable society, creating value for society and our customers, and remaining an irreplaceable and indispensable company are the key to maintaining growth and a high rate of profitability.

By developing and providing chemical materials necessary for miniaturization and high integration of semiconductors, we have been contributing to the spread of convenient and inexpensive devices and communication services, thereby creating leeway on finance and time for people. Going forward, we will continue to work on our business to make the semi-

conductor industry as a whole more robust and sustainable industry that can coexist in harmony with the environment and society, so that we can realize a society with "leeway" from the social and environmental perspectives as well.



Medium-to long-term Environmental Awareness (Risks and Opportunities)

We have organized the possible opportunities and risks by focusing on "digitalization and technological innovation," "changes in demographic structure and the balance of power," "heightened geopolitical risks," and "transition to a decarbonized, recycling-oriented society" as changes in the external environment that may affect our ability to create economic and social value and our competitive ad-

vantage. These elements are used as inputs for the consideration of our vision and materiality, which are material issues to be addressed in the future, and will be reviewed on an ongoing basis in light of important changes in the external environment and our business structure.

Changes in the external environment		Opportunities	Risks
Economy Industry	Digitalization and technological innovation	- Increased demand for our products (high-purity chemical materials) due to increased demand for advanced semiconductors - Improving productivity of our employees through automation of development and manufacturing processes	- Risks of reduced hiring due to increased demand for human resources in semiconductor and digital-related industries - Risks of reduced demand and commoditization of advanced semiconductors due to the spread of quantum computers - Risks of obsolescence of our advantages due to innovations in development processes, such as materials informatics
	Changes in demographic structure and balance of power	- Growing demand for digital devices, especially in emerging countries - Growing demand for digital devices and semiconductors for manpower saving and automation due to population decline - Attracting diverse human resources by realizing diverse and relaxed work styles	Shortage of human resources and increased labor costs due to declining birth-rate and outflow of population to urban areas
Society	Increased geopolitical risks	Gaining market share among customers through local production, etc.	- Raw material procurement risks or export suspension risks due to changes in social conditions - Risks of reduced manufacturing volume by customers and reduced demand for our products due to supply shortages of other semiconductor materials caused by the complexity of the supply chain
	Transition to a decarbonized, recycling-oriented society	Opportunities to build new competitive advantages by developing chemical materials and manufacturing processes that contribute to reducing environmental impact	- Risks of customer defection due to delayed response to climate change - Risks of cash flow impairment due to introduction of carbon tax, etc. - Risks of damage to the local environment due to chemical spills, etc.
Environment			

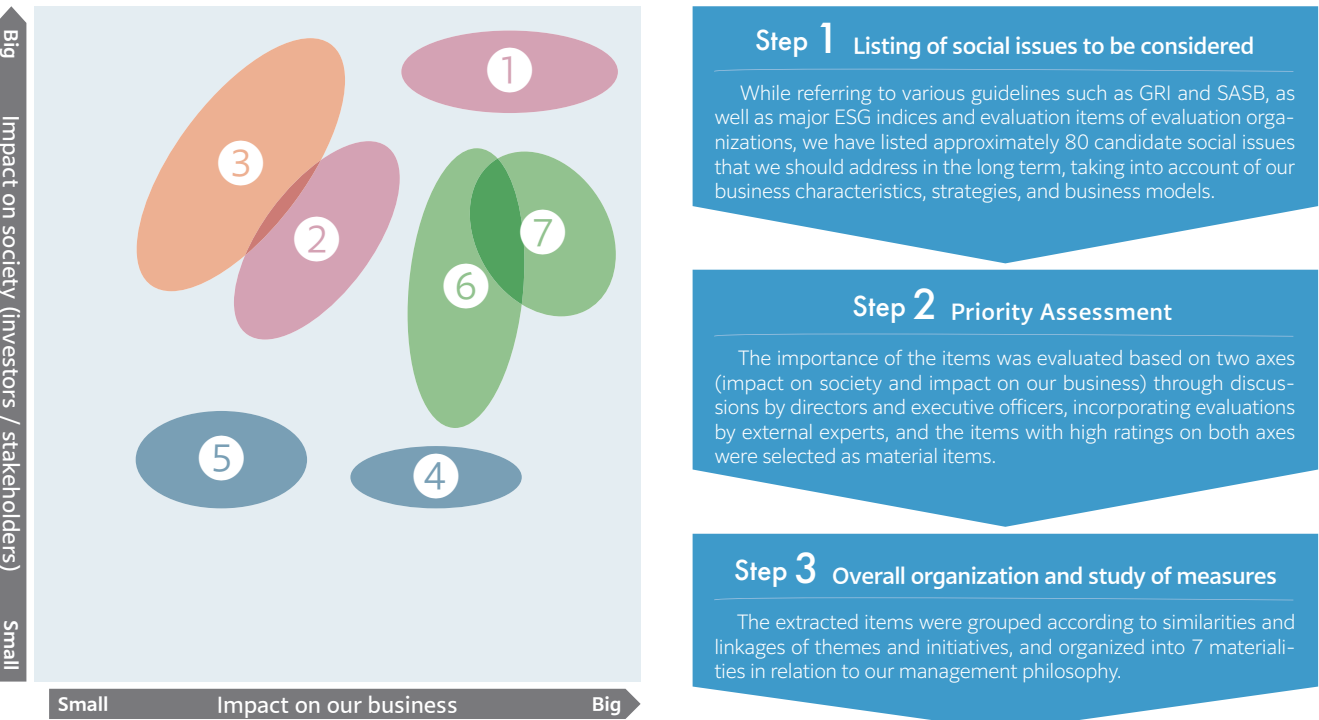
Materiality (Material issues)

We had previously defined materiality as the issues that should be addressed to achieve SDGs. However, we have reorganized them as materiality by considering them from the perspective of our business and business model, and have redefined them as "material issues that should be addressed to maintain our competitive advantage and

create corporate value in the medium-to long- term." We are committed to address these 7 materialities, which are linked to our management philosophy, in order to contribute to the development of our customers and industries by utilizing our chemical-related technologies, and to realize the "society with leeway" that we aim for.



Materiality Review Process



Our Materialities and Corresponding Initiatives

Philosophy	Materiality	Related Themes	Initiative Policies	Materiality Category		SDGs we contribute to
				Solving Social Issues	Strengthening Business Foundation	
Providing Better Product Technology	1 Contributing to the realization of a decarbonized society	- Life cycle management - Decarbonization and carbon neutrality - Response to climate change	- Initiatives to grasp GHG emissions and reduce them based on the International Framework (Scope3) - Creation of environmentally friendly products and business models	○		8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	2 Technology and product development	- R&D - Quality improvement - Material development and process innovation - Response to technological innovation	- Maintaining high profitability through new product development - Customer satisfaction improvement - Providing high quality products - Product / technology development in next-generation growth areas	○		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Safety Improvement / Health Promotion / Environmental Conservation	3 Manufacturing in harmony with the environment	- Waste reduction - Recycling of products and raw materials - Stable product supply	- Cleaning of our customers' manufacturing equipment - Recovery and reuse of product containers - Wastewater and waste management - Reduction in GHG emissions (Scope 1,2)	○	○	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 15 LIFE ON LAND
	4 Safe and secure manufacturing	- Occupational health and safety - Customer safety and manufacturing responsibility	- Occupational health and safety, health management - Safety-conscious manufacturing / product development		○	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Soundness / Growth Potential	5 Strengthening corporate governance	- Diversity of Directors - Evaluation of the effectiveness of the Board of Directors	- Skills mapping for Directors - Training for Directors		○	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	6 Creating an organization in which diverse employees can play an active role	- Promotion of D&I - Improving job satisfaction - New hires / turnover prevention - Continuous improvement of treatment	- Work-style reform (taking long-term leave) - Promotion of childcare leave, etc. - Enhancement of training opportunities		○	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Open Corporate Climate	7 Communication with investors and stakeholders	- Communication with investors - Stakeholder communication	- Continuous dialogues with investors - Conducting dialogues with stakeholders		○	8 DECENT WORK AND ECONOMIC GROWTH

- Materiality for solving social issues: Aiming to contribute to solving issues faced by society, investors, and stakeholders through business activities
- Materiality for strengthening the business foundation: Minimizing environmental and social impact as a natural responsibility of a company and aiming to enhance social value

Future Review and Policies for Initiatives

Based on the identified materialities, we will formulate specific action plans for the medium-term management plan, etc., to be formulated in the future, and will define and apply KPI (Key Performance Indicators) to evaluate its progress in order to make our initiatives

to resolve these issues more effective. The materialities identified this time will be reviewed periodically, taking into account of changes in the social and business environment, and reflecting the opinions of investors and stakeholders.

Medium-term Management Plan

The Group has formulated a medium-term management plan for the next three years (rolling annual review) that reflects the latest external and internal environment, and is working on our business.

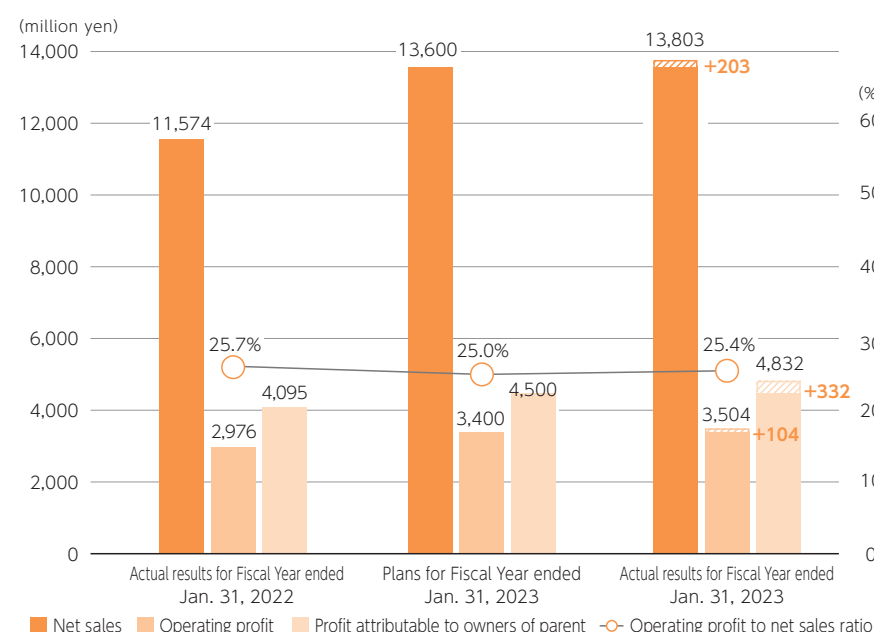
We consider net sales and operating profit to net sales ratio to be particularly important management indicators. We will strive to build a robust corporate

structure that can surely generate profits by promoting management efficiency while aiming for stable sales growth and expansion of scale.

We aim to maintain the operating profit to net sales ratio at around 25%.

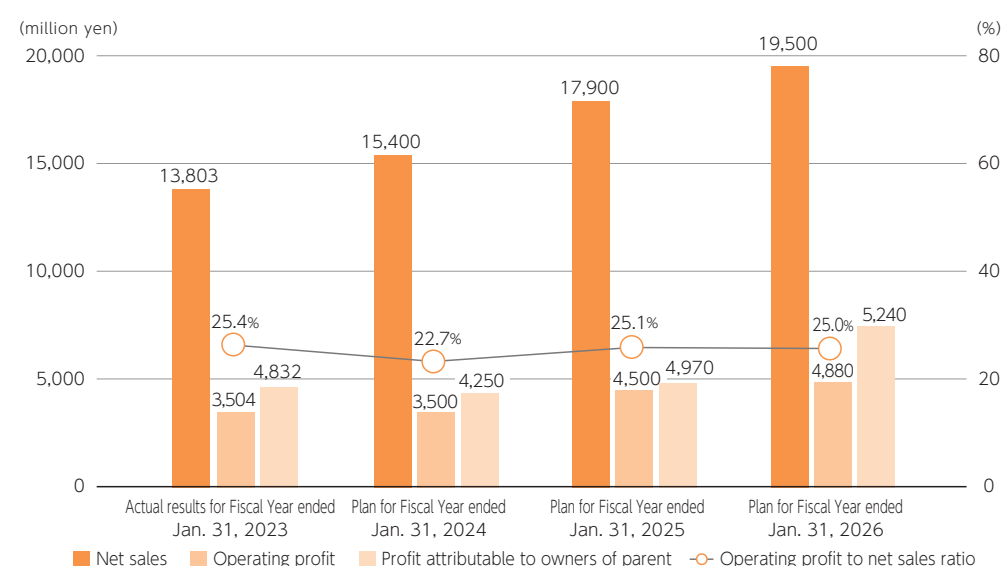
Review of Fiscal Year Ended Jan. 31, 2023

Customer demand, mainly for chemical materials for leading-edge semiconductors, exceeded our expectations, and our financial results exceeded our plan. Profit attributable to owners of parent also exceeded the initial plan due to better-than-expected performance of our Korean affiliate SK Tri Chem Co., Ltd.



New Medium-Term Management Plan Numerical Goals (Fiscal Year ending Jan. 31, 2024 - Fiscal Year ending Jan. 31, 2026)

In the medium-term management plan ending January 31, 2026, we aim to achieve sales of 19,500 million yen and operating profit of 4,880 million yen by capturing market growth and promoting the various measures shown on the right.

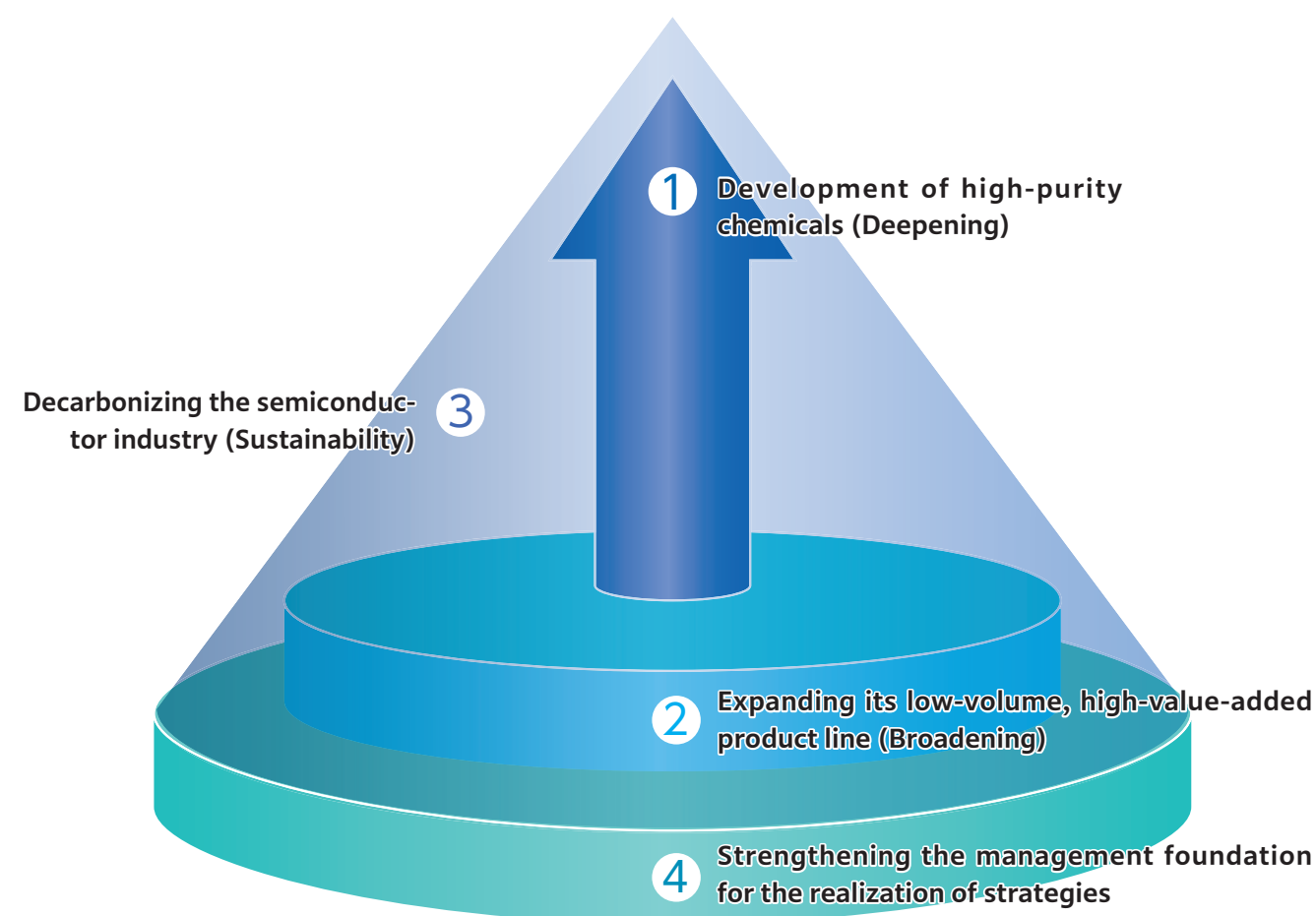


Basic Strategies and Specific Initiatives

With demand for leading-edge semiconductors expected to increase both in Japan and overseas, the Company will continue to maintain both high growth and high profit ratio by **(1) focusing on the development of high-purity chemicals** and **(2) expanding its low-volume, high-value-added product line**.

In addition, we will take on the challenge of **(3) de-**

carbonizing the semiconductor industry through our business activities in order to grow in harmony with the environment and society. Also, in order to further promote these initiatives, we will also continue to **(4) strengthen the management foundation for the realization of strategies**, including the enhancement of production and sales capabilities.



Basic Strategies	Specific Initiatives
1 Development of high-purity chemicals (Deepening)	Development and provision of high-purity chemicals for leading-edge semiconductors
2 Expanding its low-volume, high-value-added product line (Broadening)	- Capturing market share of major overseas companies in low-volume, high-value-added areas - Exploring business opportunities overseas and in other industries
3 Decarbonizing the semiconductor industry (Sustainability)	- Development of materials for next-generation high-performance semiconductors with high functionality - Study of initiative policies for grasping and reducing GHG emissions in the supply chain
4 Strengthening the management foundation for the realization of strategies	- Strengthening production and sales systems at the Taiwan plant, etc. - Acquiring / training human resources - Improving business continuity planning - Strengthening initiatives related to ESG foundation

Initiatives Related to Materiality ①

Philosophy	Materiality	Related Theme	Initiative Policy	Initiative Item	Initiative Contents
Providing Better Product Technology	① Contributing to the realization of a decarbonized society ② Technology and product development	- Life cycle management - Decarbonization and carbon neutrality - Response to climate change - R&D - Quality Improvement - Material development and process innovation - Response to technological innovation	- Initiatives to grasp GHG emissions and reduce them based on the International Framework (Scope3) - Creation of environmentally friendly products and business models - Maintaining high profitability through new product development - Customer satisfaction improvement - Providing high quality products - Product / technology development in next-generation growth areas	Maintaining a highly profitable structure through new product development, etc. (Goal: 10 new product development cases by FY2025) (Actual results: FY2020 - FY2022 / 5 cases)	By developing products for leading-edge technologies and recycled products, as well as applying existing products to other fields, we maintain a structure that generates high profits and contribute to technological innovation and energy reduction throughout the industry. [Specific initiative] Through collaboration with customers such as equipment manufacturers and educational and research institutions, we aim to develop 10 new product development contracts by FY2025.
				Increasing customer satisfaction by providing high-value-added products	By providing high-value-added products to our customers, we achieve higher customer satisfaction and establish a foundation for a sustainable company. [Specific initiative] In order to encourage technological innovation by our customers, our sales and development departments actively propose product technologies, and our development and manufacturing departments work diligently to respond to requests from customers.
				Providing high quality products in line with customer needs	We improve our manufacturing technology and facilities to provide high-quality products that better meet customer needs. [Specific initiative] During new product development, the Development Department leads a working group consisting of members from the Manufacturing Department, Sales Department, and other departments to thoroughly discuss manufacturing technology, business processes, and other issues. We are also working to improve quality through the use of digital technology, such as real-time monitoring of manufacturing records. Through further stabilization of the manufacturing process and reduction of non-conforming products, we strive to provide high-quality products to our customers.
				Initiatives to grasp GHG emissions and reduce them (Scope3)	To realize a decarbonized society, we promote grasping the actual status and reducing all greenhouse gas (GHG) emissions related to our business activities. [Specific initiative] Starting this year, we will calculate emissions for Scope 3 (GHG emissions other than our own from our business activities). To this end, we are examining the subject and scope, collecting data, organizing them by category, and processing and tabulating the data.
Safety Improvement / Health Promotion / Environmental Conservation	③ Manufacturing in harmony with the environment	- Waste reduction - Recycling of products and raw materials - Stable product supply	- Cleaning of our customers' manufacturing equipment - Recovery and reuse of product containers - Wastewater and waste management - Reduction in GHG emissions (Scope 1,2)	Reducing in the environmental impact of cleaning customers' manufacturing equipment (Goal: continuing to be entrusted with more than 500 contracts by FY2025) (Actual results: 796 contracts in FY2022)	To reduce the environmental impact of resources and manufacturing energy, we clean our customers' manufacturing equipment and maintain its components. [Specific initiative] In order to reduce the environmental impact, we started parts cleaning service in 2019. The number of orders has been steadily increasing every year, and we are preparing to accept them by introducing new cleaning equipment and providing local support at our Taiwanese subsidiary.
				Effective use of resources through returnable (recovery and reuse of) product containers	In order to make effective use of limited resources, we make our product containers returnable (recovered and reused). [Specific initiative] In principle, we ask our customers to return the product containers we provide after use. Collected containers are thoroughly cleaned and rigorously inspected for reusability before being used. Containers that are not suitable for reuse are recycled as resources for manufacturing new containers, etc.
				Reduction in environmental impact through thorough management of wastewater and exhaust gas	Based on the belief that business activities and environmental considerations should go hand in hand, we thoroughly manage industrial wastewater and industrial emissions in order to reduce the burden on the environment, including the conservation of mountain ecosystems. [Specific initiative] Wastewater used in manufacturing is collected and managed in an intermediate water storage facility called a "pit. Wastewater collected at the intermediate water storage facility is discharged after undergoing a 30-point inspection process to reduce its impact on the environment. We also strictly control emissions into the atmosphere, and are working on in-house production of dedicated equipment to disable toxins in gases.
				Reducing greenhouse gas emissions through changes in facility operation, etc. (Goal: 10% reduction in carbon dioxide emissions per unit sales in FY2023 [Compared to FY2022])	As a countermeasure against climate change, we work to reduce greenhouse gas (GHG / Scope 1, 2) emissions. [Specific initiative] In 2022, the company underwent a government-subsidized project called "Energy Conservation Optimization Assessment." Based on the results of this assessment, we will strive to reduce energy consumption by installing new facilities that contribute to GHG emission reductions and modifying the operation of existing facilities.
Soundness / Growth	④ Safe and secure manufacturing ⑤ Strengthening corporate governance	- Occupational health and safety - Customer safety and manufacturing responsibility - Diversity of Directors - Evaluation of the effectiveness of the Board of Directors	- Occupational health and safety, health management - Safety-conscious manufacturing / product development - Skills mapping for Directors - Training for Directors	Initiatives to evaluate the effectiveness of the Board of Directors to strengthen governance	We aim to better manage the Company by publicly disclosing our activities (Evaluation of the effectiveness of the Board of Directors) to strengthen governance. [Specific initiative] In FY2022, all directors and auditors were asked to complete a questionnaire, the results of which confirmed that the Company's Board of Directors operates properly and is effective. In FY2023, we promote initiatives to discuss material issues surrounding sustainability in light of medium-long-term management strategies, etc. at the Board of Directors meetings, strengthen Group governance, and improve methods of training directors and officers.
				Establishment of occupational health and safety management system	We build a safe and secure workplace for all employees through appropriate management of occupational health and safety. [Specific initiative] We reviewed our occupational health and safety management methods and began operating a management system in September 2021, and acquired ISO45001 certification in July 2022. By continuing to make improvements through the PDCA cycle and strengthening employee education on occupational health and safety, we are creating a workplace that is easy for everyone to work in.
Open Corporate Climate	⑥ Creating an organization in which diverse employees can play an active role ⑦ Communication with investors and stakeholders	- Promotion of D&I - Improving job satisfaction - New hires / turnover prevention - Continuous improvement of treatment - Communication with investors - Communication with stakeholders	- Work-style reform (taking long-term leave) - Promotion of childcare leave, etc. - Enhancement of training opportunities - Continuous dialogues with investors - Having dialogues with stakeholders	Improvement of workplace environment through promotion of work-style reform (Goal: the rate of taking long-term leave: over 85% in FY2023) (Actual results: the rate of taking long-term leave: 80% in FY2022)	Through the promotion of work-style reform, we aim to create a work environment in which employees can work with vitality, shorten total working hours, and increase the rate of employees taking long-term leave. [Specific initiative] Aiming to create a workplace environment where each employee can work with vitality, we are working to shorten total working hours and increase the rate of employees taking long-term leave through measures to promote work-style reform, such as shortening manufacturing processes by introducing equipment, eliminating unnecessary regular meetings, introducing telework, increasing the number of paid work days, building cooperative systems within the workplace by disclosing each employee's schedule, and sending strong messages from top management.
				Creating an environment to achieve compliance	To achieve compliance, we develop an environment that facilitates the use of the whistle-blowing system. [Specific initiative] Our whistleblowing system allows employees to whistleblow (possible to whistleblow anonymously) any event that should be reported to any of the following: an unattended reception desk, the General Affairs Department, a full-time auditor, our corporate lawyer (external), or a labor and social security attorney (external). We ensure that the content of reports is kept confidential and that whistleblowers are not treated in a disadvantageous manner. In addition, in order to increase the utilization rate of the reporting system, we are working to raise awareness of the system through workshops, the company intranet, etc.
				Dialogues with investors and stakeholders	We engage in appropriate dialogues with investors and stakeholders in order to remain a company that continues to be trusted by customers and society. [Specific initiative] We hold financial results briefings and company presentations for individual investors and stakeholders. Regarding the General Meeting of Shareholders, we implemented a participatory hybrid virtual meeting so that more shareholders can watch the meeting. Going forward, we will consider an attendance-based hybrid virtual general meeting based on the status of other companies holding such meetings and the implementation environment. In addition, we have prepared an integrated report to provide an easy-to-understand description of our business, the value creation we aim to achieve, our business model, and the strengths and management resources that are the source of our value creation.

Initiatives Related to Materiality ②

Providing Better Product Technology



Maintaining a highly profitable structure through new product development, etc.

By developing products for leading-edge technologies and recycled products, as well as applying existing products to other fields, we will maintain a structure that generates high profits and contribute to technological innovation and energy reduction throughout the industry.

Goal: 10 new product development cases by FY2025

Actual results: 5 cases in FY2020 – FY2022

The role we should play

In the semiconductor industry, our major sales destination, there are signs of a partial production cutback in semiconductors for PCs and smartphones, and there are indications that chemical compounds for semiconductor manufacturing will enter an adjustment phase as well. However, with demand expected to recover in the future, there continues to be a need to develop new chemicals and bring them to market. Under this environment, our R&D activities are centered on the Development Department, which collaborates with the Production Engineering Department, Manufacturing Department, Sales Department, etc., to build a system that enables us to quickly and efficiently produce results. Our role is to maintain a highly profitable structure by regularly developing superior products, thereby contributing to technological innovation throughout the industry and energy reduction* in society. Therefore, we aim to develop 10 new products by FY2025 through collaboration with customers such as equipment manufacturers and educational and research institutions.

* Our products are mainly used as raw materials for manufacturing semiconductors, especially for leading-edge devices. As we innovate our technology and develop new products, we can help society reduce energy consumption by minimizing the size of semiconductors.



Providing Better Product Technology



Increasing customer satisfaction by providing high-value-added products

By providing high-value-added products to our customers, we will achieve higher customer satisfaction and establish a foundation for a sustainable company.

✓ Proactive product technology proposals

✓ Diligent approach to requested projects

To meet the demands of our customers

As for the business environment surrounding our company, we are seeing a decline in demand for semiconductors due to a reactionary drop in staying-at-home demand and the impact of rising prices. On the other hand, however, many new semiconductor plants in Japan and overseas are being built on schedule, and further performance improvement is required along with active investment in semiconductor manufacturing facilities. Our sales, development, and manufacturing divisions are working together to promote operational reforms and improve cost performance in order to accurately respond to customer requests. We will continue to improve our development capabilities and production technologies to provide better products and technologies to our customers, thereby enhancing customer satisfaction. Therefore, in order to encourage technological innovation by our customers, we will maximize customer satisfaction by proactively proposing product technology mainly through our sales and development departments, and by earnestly addressing "requested projects*" from customers mainly through our development and manufacturing departments.

* Requested projects mean those in which we receive requests from customers for experiments, design, development, data measurement, etc. An increase in the number of requested projects indicates high customer expectations and a commitment to technological improvement and innovation.



Safety Improvement / Health Promotion / Environmental Conservation



Reduce in the environmental impact of cleaning customers' manufacturing equipment

To reduce the environmental impact of resources and manufacturing energy, we clean our customers' manufacturing equipment and maintain its components.

Goal: Continuing to be entrusted with more than 500 contracts by FY2025

Actual results: 796 contracts in FY2022

Consideration for Environmental Issues

In recent years, as climate change and loss of biodiversity have become more prevalent on a global scale, the need for all people and companies to take ownership of these issues has become more urgent. As a company engaged in the development, manufacturing, and sales of leading-edge, high-purity chemical products, we are properly aware of the "significant impact of chemical substances on the environment" and we do our business activities with the improvement of the safety and health of our customers and employees always in mind, and with "environmental conservation activities" as one of our top management priorities. Against this backdrop, we launched our parts cleaning service in 2019 to reduce our environmental impact. The number of orders is steadily increasing each year, and we are preparing to accept these orders by installing new cleaning equipment and providing local support at our Taiwanese subsidiary.



Initiatives Related to Materiality ③

Safety Improvement / Health Promotion / Environmental Conservation



Reducing greenhouse gas emissions through changes in facility operation, etc.

As a countermeasure against global warming, we work to reduce greenhouse gas (GHG) emissions (Scope 1 / 2).

Goal for FY2024 / Reduce greenhouse gas (GHG) emissions per sales (Scope 1 / 2) by 10% [Compared to FY2022]

Toward Carbon Neutrality

"Carbon neutrality" is gaining attention as an important initiative in achieving environmental conservation. The government has declared that the total amount of greenhouse gas (GHG) subtracting the amount of absorption and removal should be zero by 2050. This movement is required not only by the government, but also by companies that are responsible for economic activities. In 2022, we underwent a government-subsidized project called the "Energy Conservation Optimization Assessment." Based on the results of this assessment, we will strive to reduce energy consumption by installing new facilities that contribute to GHG emission reductions and modifying the operation of existing facilities.

Soundness / Growth



Initiatives to evaluate the effectiveness of the Board of Directors to strengthen governance

We aim to better manage the Company by publicly disclosing our activities (Evaluation of the effectiveness of the Board of Directors) to strengthen governance.

☑ Sustainable growth through implementation of the effectiveness of the Board of Directors

Overview of the effectiveness of the Board of Directors

With respect to the evaluation of the effectiveness of the Board of Directors in fiscal year 2022, a questionnaire was sent to all directors and auditors, which was analyzed and evaluated based on the opinions of an external consultant. As a result, we confirmed that the Company's Board of Directors is properly managed and effective. We will continue to examine ways to make the Board of Directors more effective.

Initiatives for FY2023

In FY2023, we will promote initiatives to discuss material issues surrounding sustainability based on medium-to long-term management strategies, etc. at Board of Directors meetings, strengthen Group governance, and improve our executive training methods*. In addition, from the perspective of the Company's medium-to long-term growth, we would like to examine the skills needed as directors and auditors and provide focused training.

* As part of our training policy, in order to ensure that directors and auditors can properly fulfill their expected roles and responsibilities, we actively provide opportunities to promote understanding of our company through training by external organizations, tours and explanations of internal facilities, and management strategy meetings attended by department managers and above as well as the members of the Board of Directors, etc.

Open Corporate Climate



Improvement of workplace environment through promotion of work-style reform

Through the promotion of work-style reform, we aim to create a work environment in which employees can work with vitality, shorten total working hours, and increase the rate of employees taking long-term leave.

Goal: the rate of taking long-term leave: 85% in FY2023
Actual results: the rate of taking long-term leave: 80% in FY2022

Employees' Voices

"Creating a good organization to work for" (Female Manager, First Manufacturing Department)

Having experienced childbirth and childcare myself, I would like the members of the department to actively take maternity and childcare leave. To realize this, it is necessary to create an organization in which employees can compensate each other on a daily basis. By improving work efficiency, we are fostering an atmosphere in which it is easy to take maternity and childcare leave, and we are creating an organization that allows the entire department to make effective use of time after work.

"I've taken childcare leave and am committed to both raising my children and working." (Male employee, Quality Control Department)

I took childcare leave for about a month before and after my wife gave birth. With the support of my colleagues and supervisors, I was able to take my childcare leave without worries. Thanks to the support of those around me, I had no particular concerns about taking childcare leave and was able to concentrate on childbirth and child raising. There are people in the same department who have taken maternity and childcare leave. We support each other and there is an atmosphere in which it is easy to take maternity and childcare leave.

"It's a company with a homey atmosphere that makes it easy to take long vacations." (Male employee, General Affairs Department)

Our seniors and coworkers in the workplace support my work, so I can take long vacations without hesitation. The Company is also promoting its work-style reform, making it easier to take paid leave by eliminating unnecessary meetings, introducing telework, sharing schedules, etc. The other day, I received a message from the president of the company saying, "I would like employees to spend time for themselves rather than working overtime."



Environment

Enviromental Initiatives

We are promoting various initiatives to reduce our environmental impact, including reductions in electricity consumption. We will also continue our efforts to contribute to the reduction of energy consumption in society as a whole by innovating our products, which are utilized in leading-edge devices, to make semiconductors smaller, more energy-efficient, and greener.

We obtained ISO 14001 certification, the international stan-

dard for environmental management system, for our Head Office Plant in 2008 and Uenohara Second Plant in 2011. This environmental management system applies to all environmental conservation activities related to our corporate activities (design, development, manufacturing, and sales of chemical products), employees, buildings, and facilities at our Head Of- fice Plant, Uenohara Second Plant, and Annex Building.

Enhanced detoxification equipment

In order to increase the amount of exhaust gas treatment due to in- creased production and to further reduce environmental impact, a de- toxification equipment with higher treatment capacity than the con- ventional one has been installed and is currently under assessment.

Recycling of products

For products requested by customers, we are actively promoting product recycling initiatives. We re-refine, re-fill, and re-analyze products that are not used up and discarded.

The process is currently in the establishment stage and dedicated equipment is being prepared for commercialization in fall of 2023.

The promotion of product recycling in the future is expected to re- duce the amount of waste and the use of raw materials.

Forest Conservation Initiatives

Prior to the completion of the Minami-Alps Plant, we signed a partnership agreement with Minami-Alps-shi, Yamanashi Prefecture for the "UNESCO Eco Park x PEACEFUL GREEN PROJECT."

The Company plans to complete construction of its Minami-Alps Office in Minami-Alps-shi, Yamanashi Prefecture in 2025. In cooper- ation and collaboration with Minami-Alps-shi, we aim to contribute to the SDGs, as well as promote the development and promotion of the region and the conservation of its beautiful natural environment.

*What is a Eco Park?
It is an area internationally recognized by UNESCO (United Nations Educational, Scien- tific and Cultural Organization) for the purpose of harmonizing the conservation and sus- tainable use of ecosystems (coexistence of nature and human society). The Eco Park is the common name in Japan, while it is called Biosphere Reserves (BR) overseas.



Installed equipment (as of May 2023)



Mt. Kita-dake, Minami-Alps-shi, Yamanashi Prefecture

TCFD ①

Further promoting solutions to climate change in accordance with TCFD recommendations

In accordance with the Prime Market Corporate Gov- ernance Code, Tri Chemical Laboratories, Inc. conducted a scenario analysis of the risks and opportunities that cli- mate change poses to its business based on the TCFD's recommendations, and disclosed relevant information. Going forward, we will expand the scope of our analy-

sis, reflect it in our management strategies, and work to enhance disclosure of information on financial impacts. In order to continue to contribute to the formation of a decarbonized society, we will take the opportunity of en- dorsing the TCFD recommendations to further promote solutions to climate change.

Basic item	Summary	Explanation
Governance	Governance of the organization with re- spect to climate-related risks and opportu- nities	Board oversight of risks and opportunities
		Management's role in assessing and managing risks and opportunities
Strategies	Organization's climate-related risks/oppor- tunities and their impact on business, strat- egies, and finances	Short, medium and long term risks and opportunities
		Impact of risks and opportunities on business, strategy, and finance
		Impact of 2 ° C target and other climate scenarios, resil- ience of organizational strategy
Risk management	Process for identifying, assessing, and man- aging climate change risks	Climate-related risk identification and assessment pro- cess
		Climate-related risk management process
		Status of integration into organization-wide risk manage- ment
Indicators and Goals	Indicators and goals used to assess and manage climate-related risks and opportu- nities	Indicators used to manage climate change risks and op- portunities
		Greenhouse gas emissions (Scope 1, 2, 3)
		Goals and performance used to manage climate change risks and opportunities

Risk Management

Process for identifying and assessing climate-related risks

The ISO 14001 committee actively identifies and as- sesses risks to the "overall environment." In conjunction with these activities, the General Affairs Department, headed by the executive officer in charge, is responsible for examining risk opportunities for sustainability as a whole in order to address a wider range of issues, with a particular focus on addressing climate change.

Process for managing climate-related risks

Significant sustainability risks, including climate change, are reviewed by the General Affairs Department and reported to the Board of Directors as necessary. The Board of Directors discusses and finalizes the reported climate-related risks and the policy for addressing them. The response policies discussed and decided by the Board of Directors are reflected in the business activities of each department through the executive officer in charge, and the status of response is monitored.

TCFD②

Governance

We plan to strengthen our governance on climate change in the future.

In addition, the executive officer in charge of the General Affairs Department is in charge of climate change-related matters, and the General Affairs Department is the main body responsible for climate change-related matters. The General Affairs Department identifies important risks and opportunities related to sustainability, including climate change, and examines measures to address them, promotes and supports

initiatives for priority issues, monitors progress, and formulates response policies and coordinates with related departments.

The results of sustainability studies are reported to the Board of Directors on a regular basis once a year, and the contents of such reports are managed and supervised.

In the future, a Sustainability Committee or Sustainability Office will be established as necessary.

The Company's corporate governance structure is described in "Basic Ideas on Corporate Governance (p. 37 -)".

Strategies

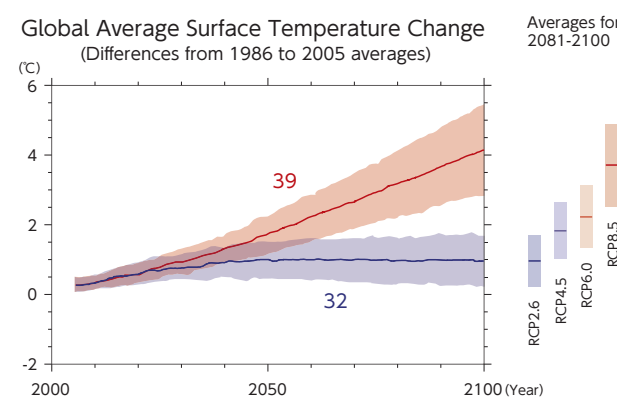
We believe that the impacts of climate change can be both a risk and an opportunity. The Group conducted a scenario analysis in accordance with the TCFD frame-

work for assessing future climate change impacts in FY2022.

• Reference Scenarios

Category	Outline of Scenario	Type of Risk	Reference
4° C Scenario	A scenario in which solutions to climate change do not progress and temperatures rise in fate's hands, resulting in physical risks and opportunities.	Physical risks are "acute" and "chronic"	• IEA World Energy Outlook2020. Stated Policy Scenario • IPCC RCP8.5
Less than 2° C Scenario	A scenario in which various activities are implemented to prevent global warming and risks and opportunities associated with the transition to a decarbonized society will arise	"Policy and Regulation," "Technology," "Market," and "Reputation" of Transition Risks	• IEA World Energy Outlook 2020. Sustainable Development Scenario • Net Zero Emission 2050 • IPCC RCP2.6/SSP2.6

The Paris Agreement pursues efforts to keep the global average temperature increase well below 2° C above pre-industrial levels and to limit it to 1.5° C. Based on this, in October 2018, the Intergovernmental Panel on Climate Change (IPCC) prepared a special report on the impacts of 1.5° C global warming and the greenhouse gas emission pathways leading to it, which we also use in our scenario analysis.



Scenario Analysis Steps

Listing of climate-related risk and opportunity items

- Extraction of climate change risk opportunities
- Assessment of risk opportunities of high significance
- Assessment axis setting related to opportunities of high significance

Qualification of business impact

- Listing of existing scenarios that are closely related
- Climate change scenario setting

Quantification of financial impact

- Analysis of the financial impact in each scenario based on each scenario and the identified significant climate-related risk opportunities and related parameters

Consideration of countermeasures

- Assessment of resilience of our strategies to climate change risk opportunities
- Examination of response measures based on current situation assessment

In conducting the scenario analysis, we specifically examined our major businesses, calculated the financial impact of major risks and opportunities as of 2030, and examined countermeasures. In addition to accessing

the financial impact of the opportunities, we assessed business areas on 2 items: market size and contribution to decarbonization, and examined the potential for business development and business growth for the Company.

	Large category	Middle category	Small category	Impact on business	Time axis	Influence rate	Our response
Risks	Transition risks	Policy and regulation	Carbon tax	Increase in energy procurement costs	Short-term	Small	· Setting long-term GHG reduction targets
				Increased costs due to the start of the carbon tax	Short-term	Small	· Introduction of energy-saving equipment
			Electricity	Rising costs of electricity	Medium-term	Moderate	· Switching to renewable energy · Introduction of energy-saving equipment
		Market	Plastic packaging	Raw materials for plastic packaging	Medium-term	Small	· Utilization of recycled raw materials · Low-carbon products/Transition to suppliers · Biomass plastic
			Rise in interest rates	Rising interest rates due to climate change	Long-term	Small	· Decrease in long-term debt
			Switch to renewable raw materials	Increase in raw material costs	Long-term	Large	· Utilization of recycled raw materials · Transition to low-carbon products/suppliers · Setting long-term GHG reduction targets
		Reputation	environment-related	Increase in expenses for environment-related measures	Medium-term	Small	· System introduction · Improvement of efficiency of emission calculation
	Physical risks	Acute	Supplier's plant shutdown	Production stoppage due to supplier's plant shutdown	Long-term	Large	· Identification of water risks and implementation of countermeasures,diversification of raw material sources · BCP formulation / continuous review at each supplier · Strengthening of proactive measures (Review of inventory levels,Consideration of multiple purchases and locations, etc.)
			Flooding	Suspension of operations due to damage caused by flooding at the Company's plant	Long-term	Moderate	· BCP formulation/continuous review at each plant · Strengthening proactive measures (review inventory levels, consider multiple purchases and locations, etc.)
	Opportunities	Energy source	Solar power	Cost reductions through the introduction of renewable energy	Medium-term	Small	· Investment in renewable energy
Increase in semi-conductors for EVs			Increase in revenue from new product development and sales	Long-term	Large	· Expansion of materials for semi-conductor manufacturing for EVs	
Market		Proactive response to climate change issues	Proactive response leads to new opportunities	Short-term	Small	· Proactive environmental disclosure	

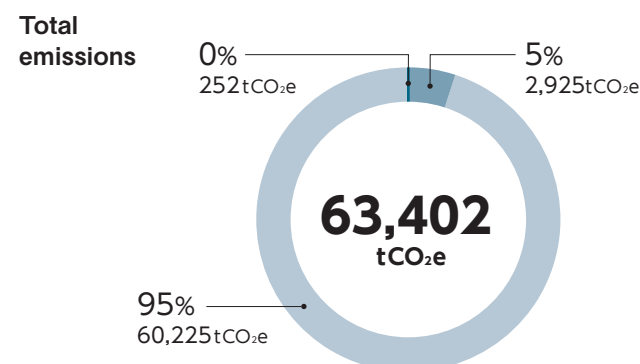
TCFD ③

Indicators and Goals

Further promoting solutions to climate change in accordance with TCFD recommendations

• Tri Chemical Laboratories Inc.

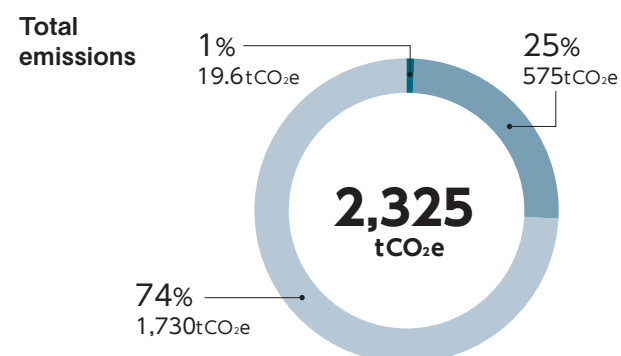
Emissions by Scope	Emissions in FY2022 [t-CO ₂]
Scope 1	252
Scope 2	2,925
Scope 3	60,225
Total	63,402



Breakdown of Scope 3 emissions	Main body	
	Emissions [t-CO ₂]	Ratio to total I in fiscal year (%)
Category 1	55,472	92.1%
Category 2	1,235	2.05%
Category 3	462	0.77%
Category 4	1,397	2.32%
Category 5	1,546	2.57%
Category 6	16	0.03%
Category 7	97	0.16%
Total	60,225	100%

• TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC.

Emissions by Scope	Emissions in FY2022 [t-CO ₂]
Scope 1	19.6
Scope 2	575
Scope 3	1,730
Total	2,325



Breakdown of Scope 3 emissions	Main body	
	Emissions [t-CO ₂]	Ratio to total I in fiscal year (%)
Category 1	900	52.0%
Category 2	709	41.0%
Category 3	77	4.4%
Category 5	4	0.2%
Category 6	22	1.3%
Category 7	18	1.1%
Total	1,730	100%

* In accordance with the GHG Protocol, transactions between group companies are excluded from the calculation.

• Breakdown of other indirect emissions (Scope 3)

Category 1	Emissions from activities until the production of raw materials related to / parts / purchased goods / materials related to sales
Category 2	Emissions generated from the construction and manufacturing of our own capital goods
Category 3	Emissions from procurement of fuels necessary for power generation, such as electricity and heat, etc., which are procured from other companies
Category 4	① Emissions from logistics (transportation, loading, and storage) of products and services purchased in the reporting year from suppliers to the company ② Emissions from logistics services (transportation, cargo handling, storage) other than ① purchased in the reporting year (emissions from logistics for which the company bears the cost) Activity volume: domestic and overseas shipment flow * The transportation of TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. is included in the emissions of the main body of Tri Chemical Laboratories, Inc.
Category 5	Emissions from the transportation and treatment of waste generated by the company
Category 6	Emissions generated by employees' business travel
Category 7	Emissions generated by employees traveling to and from work
Category 8	GHG emissions from products leased by the Company are not included because they are subject to Scope 1 and 2 emissions calculations
Category 9	Transportation of products for which the Company is not the shipper is not included in this calculation because it is difficult to confirm.
Category 10	Emissions from the processing of intermediate products by a business entity. Processing of products is not included in the calculation because it's a chemical intermediate materials manufacturer
Category 11	Emissions due to the use of products by users (consumers and businesses). It's not included in the calculation because the company is a chemical intermediate materials manufacturer, and it's not applicable to use of products
Category 12	Emissions from the disposal of products by users (consumers and businesses) at the time of disposal. Disposal of products is not included in the calculation because the company is a chemical intermediate materials manufacturer.
Category 13	It is not included in the calculation because the company doesn't have any leased assets being leased.
Category 14	Emissions from franchisees. There is no emission because the business form is not a franchise system.
Category 15	Emissions related to investment management. It's not included in the calculation because it's not applicable to "investment for profit"

Where did we come from, and where are we going?

How will we grow and sustain ourselves?

Data Section

Company Information / Stock Information

Basic Ideas on Corporate Governance ①

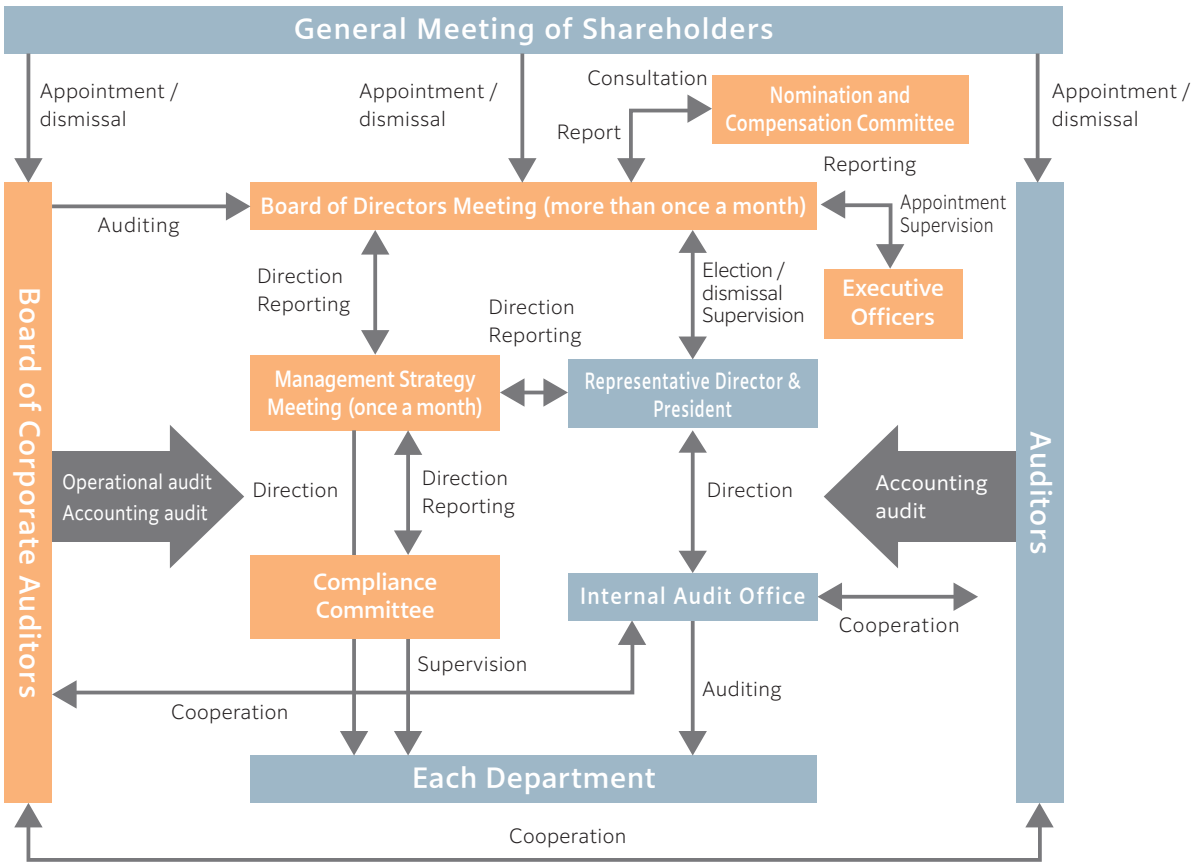
As an R&D-oriented company, we recognize that the basic goal of corporate governance is to increase and maximize corporate value by focusing management resources on the development of chemicals for leading-edge industries, the development of product application technologies, and the exploration of functionality, and to contribute to our shareholders and other diverse stakeholders. Based on this recognition, we will promptly conduct fair and efficient management by ensuring transparency in management execution, strengthening internal control systems, and thoroughly implementing compliance-based crisis management.

Outline of the corporate governance system and reasons for adopting the system

The Company has a board of directors and a corporate auditor system. The Board of Directors and the Board of Corporate Auditors respectively make decisions on, supervise, and audit the execution of important business operations. This is because the Company believes that the most effective way to enhance corporate governance is to strengthen management by enhancing audits by auditors, whose authority is strengthened under the Companies Act, and by strengthening each function of management decision-making and management supervision and clarifying their responsibilities through the appointment of independent external directors.

Board of Directors	The Board of Directors consists of 5 directors, including 2 independent external directors, and is chaired by the President and CEO, and in principle holds a regular meeting once a month. It makes decisions on basic management policies, matters required by law, and other important management matters. In order to ensure fairness and transparency in the execution of management, one full-time corporate auditor and 2 external auditors attend the meetings to monitor the directors' performance of their duties. In addition, executive officers are invited to attend meetings as necessary to enhance business execution and supervision functions.
Nomination and Compensation Committee	The committee, chaired by an independent external director and composed of 2 representative directors and 2 independent external directors, was established as a voluntary advisory body under the Board of Directors to strengthen the independence and objectivity of the Board of Directors' functions concerning the nomination and compensation of directors and executive officers, etc. Nomination and compensation of directors and executive officers are determined by the Board of Directors based on the report of the Nomination and Compensation Committee.
Board of Corporate Auditors	It consists of 3 auditors, including 2 external auditors, and is chaired by a full-time auditor. In addition to participating in the Board of Directors' meetings and other important meetings, the Board of Auditors holds regular meetings once a month as a general rule to share information among auditors and establish an efficient auditing system.
Management Strategy Meeting	In order to execute the decisions made by the Board of Directors, a Management Strategy Meeting is held once a month as a general rule, chaired by the President and Chief Executive Officer and consisting of 24 directors, auditors, executive officers, and managers of each department or higher, to ensure that business execution is thoroughly communicated.
Compliance Committee	From the viewpoint of "maintaining sound management," we have organized a Compliance Committee to ensure thorough compliance, which currently consists of section managers and above in each department. In addition, the Committee has a system for receiving advice from legal counsel on legal aspects
Executive Officers	In April 2022, the Company introduced an executive officer system to separate the supervisory and executive functions to enable efficient execution of operations, while at the same time enhancing discussions at the Board of Directors meetings and speeding up management decision-making.

Our Corporate Governance System



Status of Internal Control System

By establishing an internal control system, the Company is working to strengthen compliance and risk management, as well as to ensure the effectiveness of auditing by auditors.

- System for ensuring that the performance of duties by officers and employees complies with laws and regulations and the Articles of Incorporation
- Matters concerning the storage and management of information related to the performance of duties by directors and executive officers
- Regulations and other systems for managing the risks of losses
- System for ensuring the efficient execution of duties by directors and executive officers
- System for ensuring the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- Matters concerning the system related to employees to assist the Board of Corporate Auditors when the Board of Corporate Auditors requests to appoint such employees, and matters concerning the independence of such employees from the Directors
- System for reporting by officers and employees to the Board of Corporate Auditors and other systems related to reporting to the Board of Corporate Auditors
- System for handling expenses incurred in the performance of duties by auditors
- Other systems for ensuring that audits by the Board of Corporate Auditors are conducted effectively and that other audits by the Board of Corporate Auditors are conducted effectively

Basic Ideas on Corporate Governance ②

Contents of Exemption of Directors and Auditors from Liability

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that directors (including former directors) and auditors (including former auditors) may be exempted from liability

for damages under Article 423, Paragraph 1 of the said Act by a resolution of the Board of Directors to the extent permitted by law.

Contents of the Limited Liability Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and its external directors and external auditors have entered into an agreement to limit their liability for damages under Article 423, Paragraph

1 of the said Act. The maximum amount of liability for damages under this agreement is the amount stipulated by law.

Contents of Directors' and Officers' Liability Insurance

We have concluded a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which covers the amount of liability, settlement amounts, legal fees, etc. to be borne by the insured.

The Company's directors, auditors, and executive officers are insured, and the Company bears all premiums

for this insurance. In the event that the Company pursues liability for damages against the insured, the insurance policy is exclusion from liability, and measures are taken to ensure that appropriateness of the execution of duties is not impaired.

Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 directors.

Requirements for Appointment and Dismissal of Directors

(1) The Company's Articles of Incorporation stipulate that the resolution for the election of directors shall be adopted by a majority of the voting rights of the shareholders present at the meeting where the shareholders holding one-third or more of the vot-

ing rights of the shareholders who are entitled to exercise their voting rights are present.

(2) The Company's Articles of Incorporation stipulate that the election of directors shall not be by cumulative voting.

Matters that may be resolved at the General Meeting of Shareholders by the Board of Directors

(1) The Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by a resolution of the Board of Directors to enable the execution of a flexible capital policy.

(2) The Company's Articles of Incorporation stipulate that interim dividends may be paid by resolution of the Board of Directors in order to increase opportunities to distribute surplus to shareholders.

Requirements for Special Resolution of General Meeting of Shareholders

For the purpose of smooth operation of the General Meeting of Shareholders, the Company stipulates in its Articles of Incorporation that special resolutions of the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by

2/3 or more of the voting rights of shareholders present at the meeting where shareholders holding 1/3 or more of the voting rights of shareholders who are entitled to exercise voting rights are present.

Message from an External Director on Appointment

I'm Toshihisa Hashimoto. I was newly appointed as an external director in April this year. While working as a lawyer, I have realized not only the importance of preventing problems before they occur and being prepared to minimize damage when they do occur, but also the importance of properly understanding the advantages, disadvantages, and risks before making decisions and judgments about the actions to be taken.

An important prerequisite for doing these important things is to have an effective internal control system. I recognize that external directors have a major role to play in properly operating and verifying the internal control system and making necessary improvements and enhancements, so I will strive to play the role in the company.

In addition, the high-purity chemicals that we handle are highly difficult to develop and manufacture, and we must continue to improve our development capabilities and production technology. The number of employees of the Company has been increasing every year, and we believe that the succession of skills and experience is a realistic issue. The safe and stable supply of products to our customers is the foundation of the Company. I recognize the importance of sharing this awareness throughout the Company and achieving sustainable growth in conjunction with initiatives to strengthen development and sales, and will strive to make appropriate recommendations as an external director.

External Director

Toshihisa Hashimoto



Society ①

Code of Ethics

Under the Code of Ethics, we will ensure that all officers and employees of the Company develop high ethical standards and comply with the rules and spirit of the laws and regulations of the relevant countries and internal rules and regulations. We aim to achieve

sustainable growth by spreading our code of corporate ethics throughout the Company and building good relationships with all stakeholders, including shareholders, business partners, and local communities.

Conducting in-house ethics code briefing sessions

In fiscal year 2022, we substantially revised our "Corporate Code of Ethics" and held several explanatory briefings for all employees. Through these briefings, we worked to further deepen employees' understanding of ethics and to enable them to perform their duties with a high sense of ethics.

Conducting mental health seminars and harassment seminars

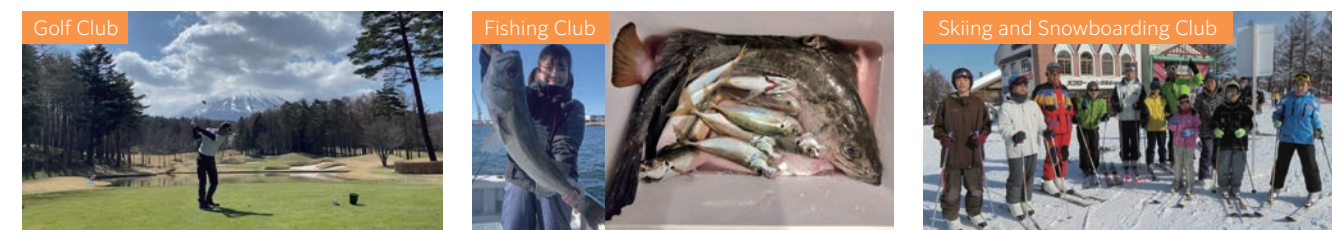
Every year, we invite lecturers to hold mental health seminars for our employees. We conducted a mental health seminar in June 2022 and a harassment seminar in September 2022. The seminars are popular as a place to update information, not only with an overview but also with the sharing of recent developments and other topics.

Welfare programs

Based on our management philosophy, "Through science and technology, realizing the creation of leeway for people," we promote the creation of a comfortable work environment for our employees.

Circle fund

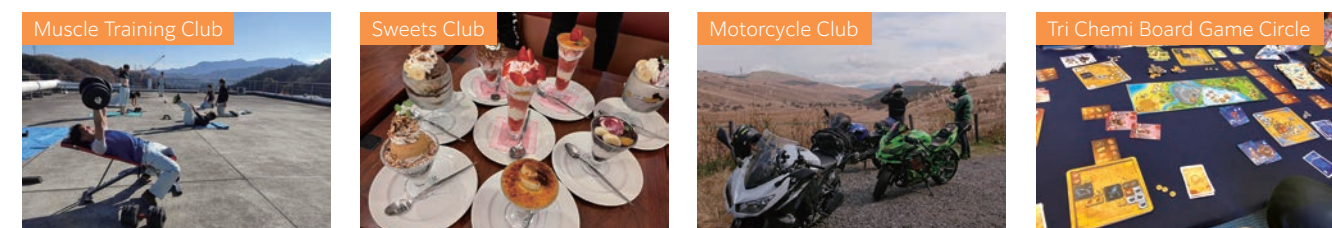
We support circle activities for the purpose of promoting sports, culture, and other circle activities to invigorate interactions among officers and employees and to support their health by relieving the lack of daily exercise and refreshing their minds. This year, 11 circles are scheduled to be active.



Competition at the foot of Mt. Fuji!

Japanese seabass and flounders were also caught!

Many participants bring their families.



Muscle training during break time!

Please give us all the sweets in the store!

Participating in circuits and touring

Trying board games from around the world!



Have a wonderful night ...

Standby OK!

We climbed Mt. Takao and the Three Passes.

Let's make Uenohara a lively place!

NEW

New employee training in Hawaii

Around October, we hold a 7-night/8-day training program in Hawaii for new employees who joined the company in April to deepen our friendship. Though the training had been postponed for three years as part of measures to prevent the COVID-19 infection, we were able to conduct training for new employees in FY2022, including those who joined the company during the postponed period.

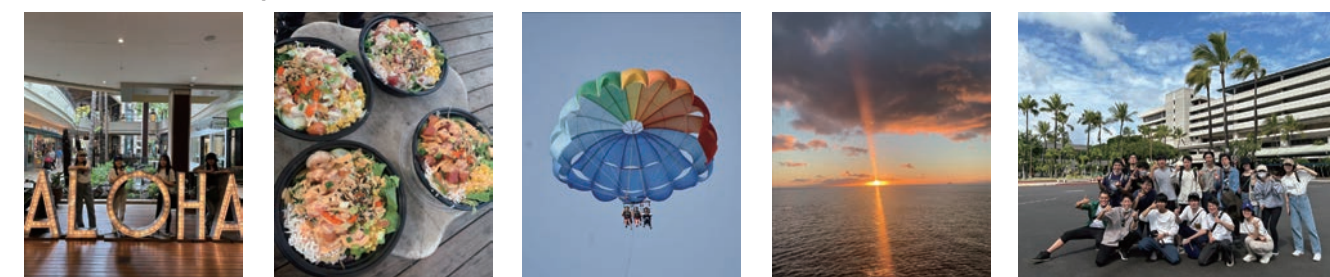
The 1st round : 9 persons



The 2nd round : 16 persons



The 3rd round : 17 persons



R&D Activities

We have established a system in which the Development Department plays a central role, collaborating with various departments, such as the Sales Department and the Manufacturing Department, to carry out activities and achieve results quickly and efficiently.

We are mainly engaged in development of materials for semiconductors, development of materials for the energy field, development of peripheral equipment for chemicals, and mass production support for newly developed products. In addition, with an eye to the future, the Development Department holds regular brainstorming meetings and presentations of development to promote product development that is more closely aligned with customers and the Manufacturing Department.



Design FMEA Meeting



Presentation of development

Society ②

Occupational Health and Safety Policy

We are committed to reducing occupational safety risks by conducting our business and creating a safe and secure work environment for our employees under our Occupational Health and Safety Policy. In July 2022, we obtained ISO 45001 certification, the international stan-

dard for occupational health and safety management system. This occupational health and safety management system applies to all operations and employees involved in the design, development, manufacturing, sales, and analysis of our chemical substances.

Health and Safety Committee / Evacuation drills

Led by the Safety Control Promotion Department, committee members are selected from each division and the committee meeting is held once a month. The meeting focuses on the reporting of near-miss activities and discussions to prevent troubles, with the aim of creating a better work environment. We share the reports of industrial physicians and health managers on their patrols and the content of their findings, and work daily to improve them.

In FY2022, we also conducted evacuation drills for night shift workers to confirm how to evacuate under various circumstances.



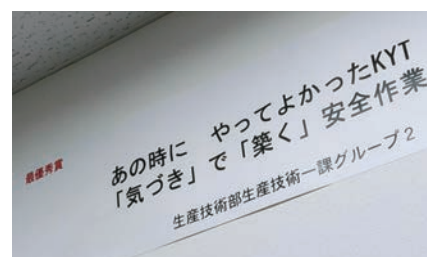
An evacuation drill at night

On-site patrols and health and safety system

We consider safety first and conduct daily ESH patrols, periodic visits by industrial physicians and health managers, and walkthroughs by the president and the Safety Management Promotion Department.

In addition, we also use a bulletin board called "Like-Notebook" to share information on improvement activities and innovations! Notebook" to share information on improvement activities and innovations, and to create an environment conducive to horizontal development.

At the end of the year, we also solicit entries for the "Health and Safety Slogan" to raise awareness of health and safety issues.



The best mottoes will be posted in the office of each building.

Quality Policy

In 2000, we obtained ISO 9001 certification, the international standard for quality management system. This quality management system applies to all operations related to the design, development, manufac-

turing, and sales of our chemical products, and we are committed to providing products that our customers can use with confidence.

Operation of Annex Building's Analysis Room and CR

In November 2022, Our Annex Building began full-scale operation of the Analysis Room and CR (Clean Room). The Analysis Room is equipped to handle increased production volume, and the CR is fully equipped to prevent contamination by foreign substances and maintain a clean environment. In 2023, the CR is undergoing expansion work to enhance its facilities.



Clean clothes and special protective equipment are worn at CR.



It is larger than the analysis room at the head office, and many analyzers have been installed.



We are in the midst of construction of the CR's expansion. (as of April 2023)

Expansion of Facilities

Since we have many opportunities to handle chemicals with spontaneous combustion, corrosiveness, and other hazards, the Production Engineering Department and the Safety Promotion Control Department are play-

ing a central role in not only the introduction of safety equipment and the establishment of handling rules, but also the introduction and enhancement of equipment in preparation for emergency situations.

Installation of more emergency assistance request switches and system improvements

The emergency support request switches installed at the head office and the Uenohara No. 2 Plant work area have been improved, and additional switches have been installed in more than 40 locations.

In addition, in order to minimize damage and further speed up the initial response, we have improved the reporting system by establishing a system that notifies the public via speakers when a switch is pressed, projecting the situation on monitors installed in various locations, and notifying department heads via e-mail.



Emergency support switches and monitors

Monitoring of equipment

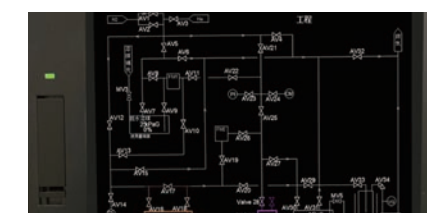
Monitoring equipment has been installed to monitor the status of equipment located outside the building. This allows us to immediately check the operating status within the company, creating an environment in which manufacturing operations can be carried out more safely.

Safety and automation of equipment

We are sequentially working to make our facilities safer and more automated in order to improve safety measures and stabilize the quality of existing equipment. We listen to requests and problems from production staff and work to introduce and improve safer and more efficient equipment.



Operational status can now be checked from anywhere in the company.



This system makes it easy to monitor the status of panel equipment for automatic filling equipment.



We promote work automation, safety, and efficiency through control panels.

Cooperation with equipment manufacturers

Cooperation with equipment manufacturers is essential for equipment installation, improvement, and inspection. In order to ensure stable production without stopping production due to equipment breakdowns, etc., inspections are periodically conducted with equipment manufacturers as preventive maintenance.

In addition, the production facilities that operate 24 hours a day are shut down before long vacations to prevent production from being affected, and the facilities are inspected by the Production Engineering Department and specialized contractors.



Equipment inspection is an essential part of continuous production.



We communicate closely with equipment manufacturers to operate the plant safely



Human Capital ①

Realization of the creation of leeway [Work-Life Management]

Since our founding in December 1978, we have been engaged in the development, manufacture, and sale of high-purity chemicals, and have accumulated a variety of technologies related to the handling of chemical substances. We believe this is the result of our ability to build

a workplace that gives our employees leeway and allows them to generate creative ideas under our management philosophy of "contributing to the development of leading-edge technology through science and technology, and realizing the creation of leeway for people."

Smart work initiatives (reduction of total actual working hours and time restraints)

At the beginning of the Company's history, working hours were from 8:30 a.m. to 5:30 p.m., but the hours had been reduced by 15 minutes a year, and in early 1980, the closing time became 4:30 p.m., which was a successful reduction of one hour.

We have established an easy-to-manage system for managing overtime through an imprinting system, and some departments have established "no-overtime" days to reduce overtime work.

In addition, we have increased the number of shuttle buses between the company and the nearest station (from 1 to 4 in the morning and from 3 to 5 in the evening compared to the time when the company bus was introduced) to enable employees to leave the office promptly after regular hours.



Two buses are in operation.

Initiatives to enhance and promote work-life balance

In order to enhance work-life balance, we have introduced a flexible working hours system and working remotely. In addition, we have established business days that facilitate taking of consecutive holidays, and a system that facilitates taking of childcare leave and nursing care leave.

In addition, we are working to establish a system that makes it easy for employees to take paid vacations, long-term leave, and a refreshment leave system (a system that grants special bonuses and leave based on years of service or age). Compared to the previous fiscal year, the percentage of employees taking paid leave and long-term leave increased in FY2022. Recognition of refreshment leave and childcare leave has also increased, and the number of employees taking such leave has been increasing every year.

• Work Schedule for FY2023

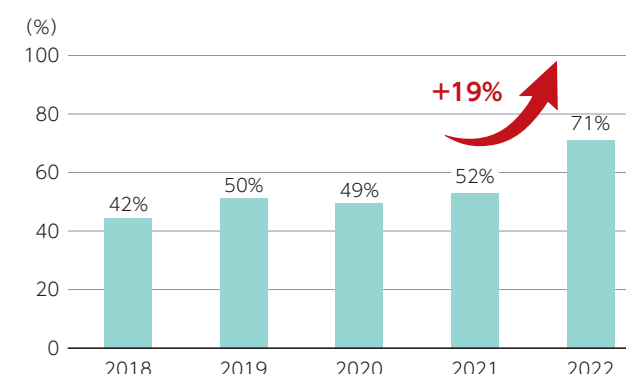
Working hours	8:30 – 16:30
No. of holidays	129 days (excluding a long vacation)
Summer vacation	3 days (6 consecutive holidays)
Break time	1 hour and 20 minutes
Year-end and New Year vacations	5 days (11 consecutive holidays)
Long vacation	10 days

• Flextime working system

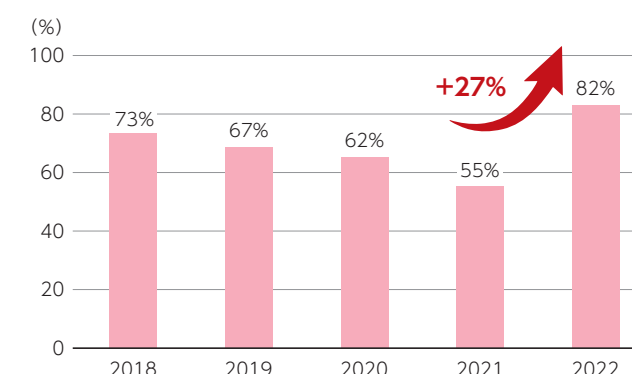
Our flextime work system was introduced in 1994. This system allows each employee to set his or her own start and finish time within a predetermined range to improve work efficiency and promote the physical and mental health of each employee. The beginning of the workday is between 6:00 am and 1:00 pm, and the end of the workday is between 3:00 pm and 9:00 pm, which can be set at the discretion of each employee. 1:00 pm to 3:00 pm is the required work hours (core hours).

Percentage of employees taking paid vacations and long vacations (from April 1 to March 31 of the following year)

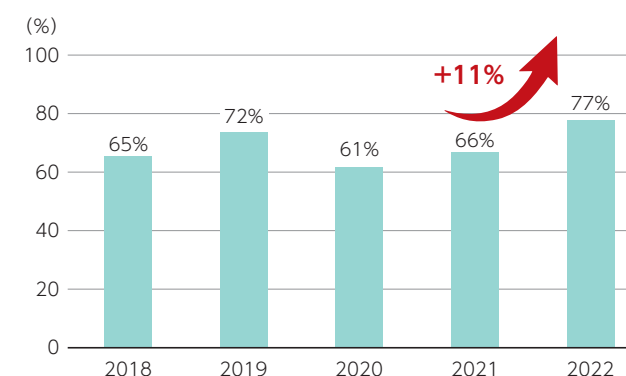
• Percentage of employees taking paid leave (male)



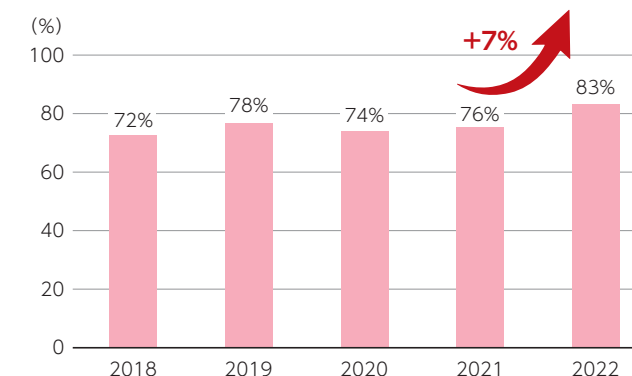
• Percentage of employees taking paid leave (female)



• Percentage of taking long vacations (male)



• Percentage of taking long vacations (female)



No. of employees taking refreshment leave (from April 1 to March 31 of the following year)

	2018	2019	2020	2021	2022
10 years of service	4	3	—	1	4
40 y. o.	1	3	1	1	4
45 y. o.	5	3	6	4	3
50 y. o.	—	1	3	3	8
55 y. o.	—	1	—	2	1

No. of employees taking childcare leave (from April 1 to March 31 of the following year)

	2018	2019	2020	2021	2022
Male	0	1	3	8	3
Female	2	2	2	1	3

Human Capital ②

Investment in human capital

Our chemicals are characterized by high variety and high purity due to the accumulation of niche technologies. We believe

that each and every one of our employees is important in making this possible at a high level and in achieving further growth.

Recruitment and retention of human resources

As for the Company's employee recruitment policy, since approximately 70% of our employees are engineers, we focus on a wide range of chemical-related fields in hiring, without being obsessive about the schools they have attended or the grades they have achieved in school, and we strive to hire people who can contribute to the future development of the Company by carefully assessing their abilities, passion, challenging spirit, and other essential qualities, mainly through personal interviews.

In order to respond to further increase in demand for semiconductor chemicals, we are focusing on expansion of facilities and construction of new plants, as well as securing and training human resources. In the past five years, we have hired about 100 new employees.

In addition, we believe that the accumulation and deepening of technology and know-how through a high employee retention rate will contribute greatly to the company's further growth. Our turnover rate has remained low, averaging 2.66% over the past five years. We will continue to focus on retaining human resources.



Employee Data

	2019 End of Jan.	2020 End of Jan.	2021 End of Jan.	2022 End of Jan.	2023 End of Jan.
No. of Employees (Tri Chemical Laboratories Group)	148 [18]	167 [19]	179 [22]	211 [24]	242 [24]
No. of Employees (Tri Chemical Laboratories, Inc.)	138 [18]	154 [19]	156 [22]	178 [24]	201 [24]
Percentage of female managers	4.17%	8.00%	7.69%	10.71%	11.54%
Percentage of disabled employees	2.56%	2.31%	3.37%	1.98%	2.23%

*The number of employees is the number of full-time employees, and the figures in parentheses represent the average number of temporary employees during the year.

Expansion of employee training

While focusing on recruitment and retention of human resources, the Company conducts a variety of education and training programs to enhance the skills and capabilities of its employees. New employee training is provided both internally and externally upon hire. After assignment, each department and committee provide on-the-job training to help employees gain competence in their work. We have a system in place to manage the history of competencies acquired through education and training.

The Company's employees are offered a variety of training programs by job title and department. We invite external lecturers for training and make it easy for them to participate.

In addition, we are working to implement job rotations across divisions so that employees can acquire all kinds of knowledge and abilities by experiencing the manufacturing, sales, development, and management divisions without any gap between them.

Major in-house training programs

Training contents	Eligible persons
New employee training	New employees
Participant awareness training	Mid-level employees
Time management training	Mid-level employees
Coaching skill training	Group leaders
Conflict management	Group leaders
Subordinate development training	Section manager
Motivation management training	Section manager
Lifesaving training	All employees
Risk assessment training	All employees
Fire drill	All employees
Training on handling air respirators	All employees
Safety Training for Hazardous Materials Handlers	All employees
ISO and National Regulations Training	All employees
Organic Specialized Training	All employees

Health checkups

In manufacturing chemicals, we handle a number of hazardous substances with toxic, deleterious, corrosive, or health-hazardous properties. While we do not neglect wearing of protective equipment during work and the reinforcement of safety by equipment, to emphasize the health of our employees, in addition to annual periodic health checkups and stress checks, we conduct special health checkups once every six months for workers who use organic solvents and special chemicals, and for those who work night shifts. We are working to improve operational efficiency and reduce the burden on employees by conducting health checkups in-house with hospital staff at the company.

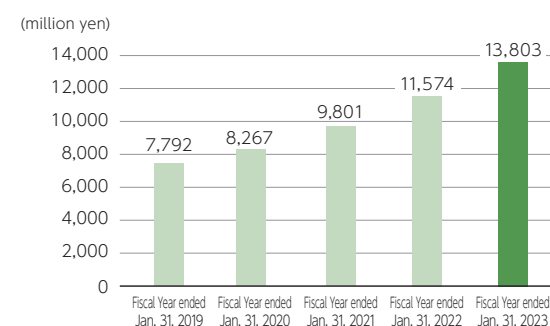
To support employees aged 40 or older and their spouses in receiving health checkups to prevent lifestyle-related diseases, the company pays a portion of the cost.

We also set up monthly meetings with industrial physicians to provide mental health care.

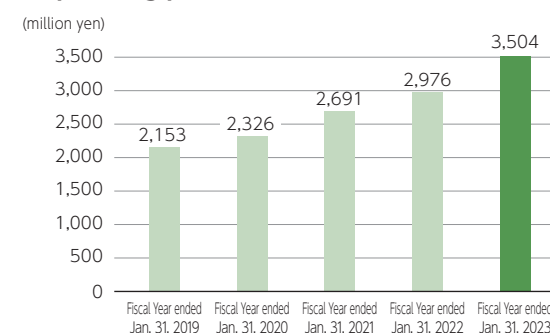


Consolidated Financial Highlights

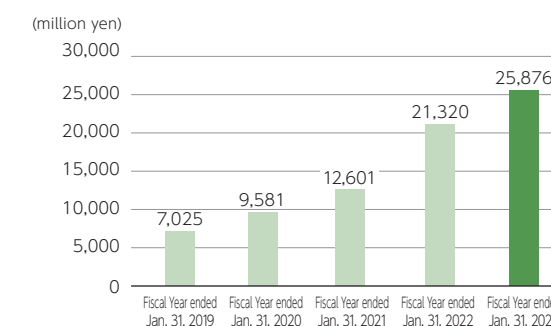
Net sales



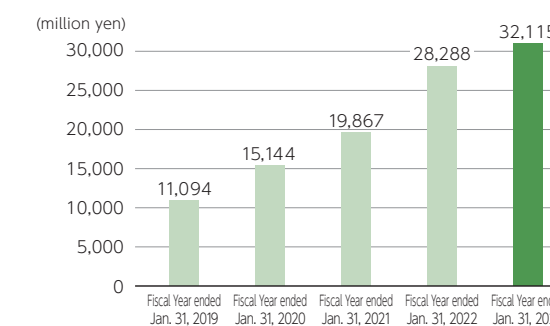
Operating profit



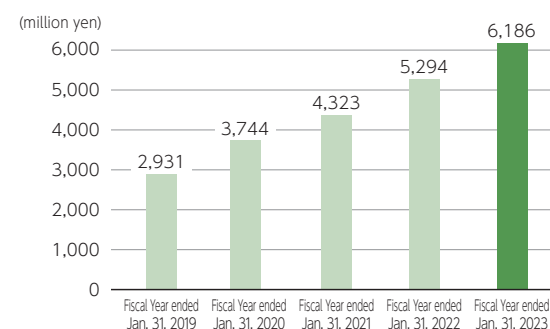
Net assets



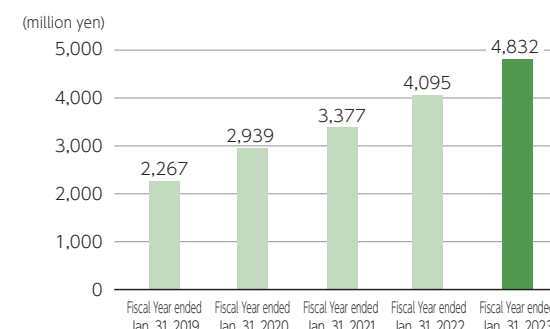
Net assets



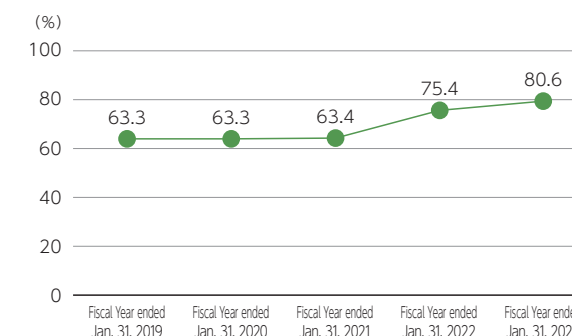
Ordinary Profit



Profit attributable to owners of parent



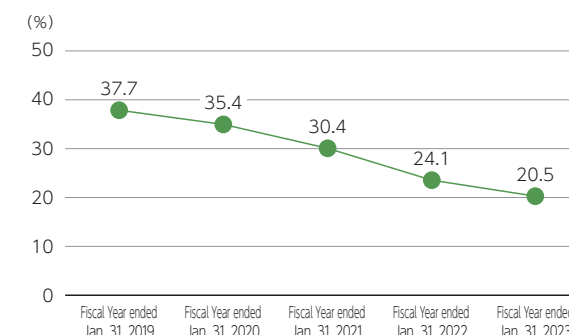
Equity ratio



Cash and cash equivalents at end of period



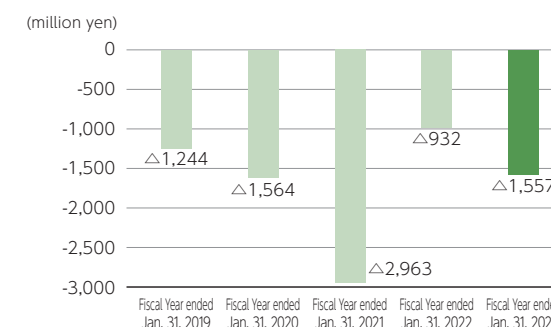
Rate of return on equity



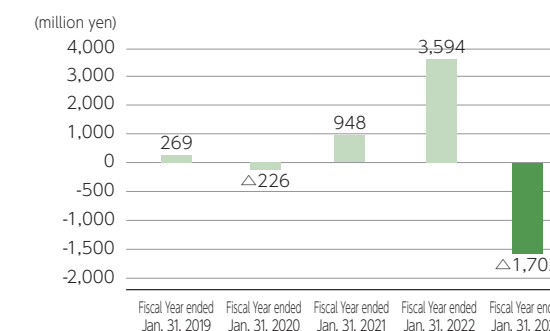
Cash flows from operating activities



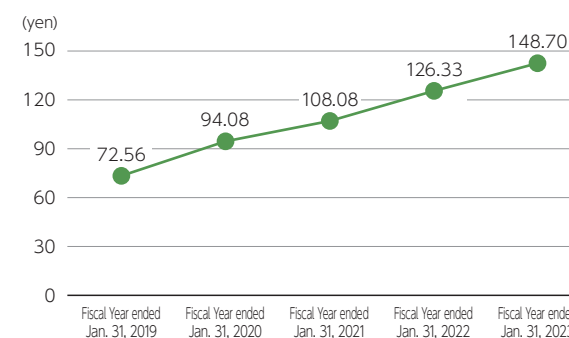
Cash flows from investing activities



Cash flows from financing activities



Basic earnings per share



On February 1, 2021, the Company conducted a 4-for-1 stock split of its common stock. Accordingly, basic earnings per share are calculated on the assumption that such stock split was conducted at the beginning of the fiscal year ending January 31, 2019.

Consolidated Financial Statements

Consolidated Balance Sheets

Unit: thousand yen

	41st period ended Jan. 31, 2019	42nd period ended Jan. 31, 2020	43rd period ended Jan. 31, 2021	44th period ended Jan. 31, 2022	45th period ended Jan. 31, 2023
Assets					
Current assets	5,437,356	6,147,171	7,584,706	14,386,432	18,922,566
Non-current assets	5,657,577	8,997,175	12,283,053	13,902,504	13,192,992
Property, plant and equipment	3,944,024	5,916,123	7,879,507	8,014,073	8,372,717
Intangible assets	70,211	192,982	208,508	181,431	134,789
Investments and other assets	1,643,341	2,888,069	4,195,036	5,706,999	4,685,485
Total assets	11,094,934	15,144,347	19,867,759	28,288,937	32,115,559
Liabilities					
Current liabilities	2,568,700	3,050,141	3,290,460	3,465,445	3,675,670
Non-current liabilities	1,500,448	2,512,274	3,975,908	3,503,092	2,563,828
Total liabilities	4,069,149	5,562,416	7,266,369	6,968,537	6,239,498
Net assets					
Shareholders' equity	7,068,210	9,656,216	12,579,843	21,083,730	25,265,902
Capital stock	808,912	808,912	808,912	3,278,912	3,278,912
Capital surplus	709,912	709,912	709,912	3,179,912	3,179,912
Retained earnings	5,550,282	8,138,541	11,062,738	14,626,625	18,809,102
Treasury shares	△ 897	△ 1,150	△ 1,720	△ 1,720	△ 2,025
Accumulated other comprehensive income	△ 42,424	△ 74,285	21,545	236,669	610,158
Valuation difference on available-for-sale securities	△ 4,399	△ 7,867	△ 168	1,473	5,229
Foreign currency translation adjustments	△ 9,382	△ 42,299	38,500	254,279	623,445
Remeasurements of defined benefit plans	△ 28,642	△ 24,119	△ 16,785	△ 19,083	△ 18,516
Total net assets	7,025,785	9,581,930	12,601,389	21,320,399	25,876,060
Total liabilities and net assets	11,094,934	15,144,347	19,867,759	28,288,937	32,115,559

Consolidated Statements of Income

Unit: thousand yen

	41st period From Feb. 1, 2018 To Jan. 31, 2019	42nd period From Feb. 1, 2019 To Jan. 31, 2020	43rd period From Feb. 1, 2020 To Jan. 31, 2021	44th period From Feb. 1, 2021 To Jan. 31, 2022	45th period From Feb. 1, 2022 To Jan. 31, 2023
Net sales	7,792,295	8,267,457	9,801,982	11,574,455	13,803,392
Cost of sales	4,200,456	4,314,779	5,420,934	6,739,426	8,224,218
Gross profit	3,591,839	3,952,678	4,381,047	4,835,029	5,579,174
Selling, general and administrative expenses	1,438,666	1,625,752	1,689,666	1,858,955	2,074,549
Operating profit	2,153,173	2,326,925	2,691,380	2,976,074	3,504,624
Non-operating income	855,450	1,451,270	1,687,821	2,399,929	2,713,998
Non-operating expenses	76,942	33,905	55,871	81,141	32,115
Ordinary profit	2,931,680	3,744,290	4,323,329	5,294,861	6,186,508
Profit before income taxes	2,931,680	3,744,290	4,323,329	5,294,861	6,186,508
Income tax, etc.	664,457	804,497	946,048	1,199,774	1,354,090
Profit attributable to owners of parent	2,267,222	2,939,792	3,377,281	4,095,086	4,832,417

Consolidated Statements of Cash Flows

Unit: thousand yen

	41st period From Feb. 1, 2018 To Jan. 31, 2019	42nd period From Feb. 1, 2019 To Jan. 31, 2020	43rd period From Feb. 1, 2020 To Jan. 31, 2021	44th period From Feb. 1, 2021 To Jan. 31, 2022	45th period From Feb. 1, 2022 To Jan. 31, 2023
Cash flows from operating activities	1,411,291	1,809,921	2,090,384	3,638,626	6,392,057
Cash flows from investing activities	△ 1,244,626	△ 1,564,332	△ 2,963,827	△ 932,880	△ 1,557,570
Cash flows from financing activities	269,826	△ 226,179	948,342	3,594,427	△ 1,703,583
Effect of exchange rate change on cash and cash equivalents	△ 12,337	3,334	5,220	35,709	△ 27,598
Net increase (decrease) in cash and cash equivalents	424,154	22,744	80,121	6,335,882	3,103,305
Cash and cash equivalent-sat beginning of period	1,171,593	1,595,747	1,618,491	1,698,612	8,034,494
Cash and cash equivalent-s at end of period	1,595,747	1,618,491	1,698,612	8,034,494	11,137,800

List of Directors and Officers



Back row, from left: Motoharu Takamatsu, Michiaki Hagiwara, Nobuyoshi Umezawa, Tsuyoshi Jin, Toshihira Hashimoto, Hironobu Osugi
Front row, from left: Junpei Takenaka, Kiyoshi Tazuke

Representative Director & Chairman Junpei Takenaka

Date of Birth: Sep. 1, 1940
No. of shares held by him: 4,163,840

Apr. 1966 Joined Nitto Fusso Kogyo Co., Ltd. (Current AGC Seimi Chemical Co., Ltd.)
Jan. 1977 Joined Kojundo Chemical Lab. Co., Ltd.
Dec. 1978 Established the Company, President
Apr. 2001 Representative Director & Chairman
Jun. 2003 Representative Director & President
Apr. 2009 Representative Director & Chairman
Apr. 2010 Director & Adviser
Apr. 2016 Representative Director & Chairman (current position)

Representative Director & CEO Kiyoshi Tazuke

Date of Birth: Oct. 21, 1964
No. of shares held by him: 305,400

Apr. 1987 Joined the Company
Jul. 2002 General Manager, Sales Department
May. 2004 General Manager, Sales Headquarters
Apr. 2007 Director & General Manager, Sales Department
Oct. 2009 Auditor, HBR Co., Ltd. (current position)
Apr. 2012 Senior Executive Director
Apr. 2014 Representative Director & President
Jul. 2016 Director, SK Tri Chem Co., Ltd. (current position)
Mar. 2017 Director, TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. (current position)
Apr. 2022 Representative Director, President & CEO (current position)

Director Hironobu Ohsugi

Date of Birth: August 13, 1972
No. of shares held by him: 114,800

Apr. 1995 Joined the Company
Apr. 2006 Manager, Manufacturing Department
Feb. 2017 General Manager, Manufacturing and Production Engineering Department
Apr. 2017 Director in charge of Manufacturing and Production Engineering
Sep. 2019 Representative Director & President, HBR Co., Ltd. (current position)
Apr. 2022 Executive Officer in charge of Technology Division
Apr. 2023 Director & Executive Officer in charge of Technology Division (current position)

Directors' Skills Matrix

Name	Job Title	Gender	Years in office	Knowledge, experience, and abilities possessed by directors and auditors							
				Corpo-rate	Manu-facturing Technology	Human Resource Strategies	Sales & Marketing	Global	Financial Account-ing	Legal Risk Management	ESG Sustain-ability
Junpei Takenaka	Representative Direc-tor & Chairman	Male	44 years	○	○	○					
Kiyoshi Tazuke	Representative Director, President & CEO	Male	15 years	○	○	○	○	○			○
Hironobu Ohsugi	Director	Male	5 years		○						○
Takeshi Jin	Director	Male	8 years							○	○
Toshihisa Hashimoto	Director	Male	—							○	
Motoharu Takamatsu	Auditor	Male	4 years		○					○	
Nobuyoshi Umezawa	Auditor	Male	14 years						○		○
Michiaki Hagiwara	Auditor	Male	10 years								○

(as of the end of April 2023)

External Director Takeshi Jin

Date of Birth: March 21, 1938
No. of shares held by him: 66,300

Apr. 1964 Registered at Daini Tokyo Bar Association
Apr. 1964 Joined Chugai Godo Law Office (current position)
Aug. 2003 Auditor, the Company
Apr. 2005 Legal Advisor
Jun. 2015 Director, KANADEN CORPORATION (current position)
Apr. 2016 Director, the Company (current position)

External Auditor Nobuyoshi Umezawa

Date of Birth: August 23, 1940
No. of shares held by him: 3,800

Mar. 1961 Entered Faculty of Agriculture, The University of Tokyo
Apr. 1993 Assistant Administrative Director, Faculty of Letters, The University of Tokyo
Apr. 1995 Administrative Director, Research Center for Eukaryotic Microbes, Chiba University
Apr. 1997 Administrative Director, Faculty of Agriculture, The University of Tokyo
Apr. 1999 Administrative Director, Faculty of Pharmaceutical Sciences, The University of Tokyo
Oct. 2000 Japan Science and Technology Agency
Mr. Imai, Administrative Counselor, Quantum Computing Mechanism Project
Apr. 2008 Auditor, the Company (current position)

Officer Yoshihide Suzuki

Date of Birth: July 31, 1971
No. of shares held by him: 134,600

Apr. 1994 Joined the Company
Oct. 2007 Manager, Corporate Planning Office
Apr. 2014 Manager, Management Department
Feb. 2017 General Manager, General Affairs and System Management Department
Apr. 2018 Director in charge of General Affairs / System Management / Quality Control (current position)
Feb. 2021 Director in charge of Accounting / Finance / Purchasing
Apr. 2022 Executive Officer in charge of Management (current position)

External Director Toshihisa Hashimoto

Date of Birth: February 3, 1978
No. of shares held by him: -

Oct. 2006 Registered at Daini Tokyo Bar Association
Oct. 2006 Joined Chugai Godo Law Office (current position)
May 2016 Legal Advisor, the Company
Apr. 202 Director, the Company (current position)

External Auditor Michiaki Hagiwara

Date of Birth: September 30, 1948
No. of shares held by him: 42,300

Apr. 1967 Joined Nippon Telegraph and Telephone Public Corporation (current Nippon Telegraph and Telephone Corporation)
Apr. 1990 Assistant Section Chief, Chiyoda Branch
Nippon Telegraph and Telephone Corporation
Apr. 2012 Auditor, the Company (current position)

Officer Takashi Udagawa

Date of Birth: April 14, 1970
No. of shares held by him: 18,900

Apr. 1994 Joined the Company
Feb. 2017 Manager, First Sales Department
Apr. 2020 Director in charge of Sales (Japan / Korea)
Apr. 2022 Executive Officer in charge of Sales (Japan / Korea) (current position)

Auditor Motoharu Takamatsu

Date of Birth: May 2, 1961
No. of shares held by him: 96,500

Apr. 1984 Joined Tokai Rubber Industries, Ltd. (Current Sumitomo Riko Co., Ltd.)
Jan. 1988 Joined Higashi Nihon Inoac Co., Ltd.
Jan. 1992 Joined Fujitsu Quantum Devices, Ltd. (Current Sumitomo Electric Device Innovations, Inc)
Feb. 2003 Joined KEL Cooperation
Sep. 2004 Joined the Company, General Manager, Quality Control Department
Feb. 2017 General Manager, Development Department
Apr. 2018 Auditor, the Company (current position)

Officer Masahito Shibata

Date of Birth: May 30, 1967
No. of shares held by him: 170,200

Apr. 1991 Joined the Company
May 2004 Manager, Fist Sales Department
Apr. 2012 Director & General Manager, Seles Department
Feb. 2017 Director, in charge of Sales and Development
Apr. 2017 Director, the Company & TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. (current position)
Apr. 2022 Executive Officer, the Company & Director, TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC. (current position)

Officer Tatsuya Ohira

Date of Birth: Jun 10, 1973
No. of shares held by him: 144,500

Apr. 1996 Joined the Company
Apr. 2015 Manager, Second Sales Department
Feb. 2017 General Manager, Sales Department
Apr. 2020 Director in charge of Sales (Taiwan / China) and Development
Feb. 2021 Director in charge of Sales (Taiwan / China)
Apr. 2022 Executive Officer in charge of Sales (Taiwan / China) (current position)

Skill	Reason for selection
Corporate Management	Amidst a drastically changing business environment, extensive knowledge and experience in corporate management is necessary to contribute to the realization of a sustainable society as well as to formulate and achieve corporate growth strategies.
Manufacturing Technology R&D	Knowledge and extensive experience in chemical substances and their production are necessary to realize social contribution through chemical substances and increase corporate value. In addition, knowledge and experience in research and development are necessary to introduce high value-added products with high competitive advantage and to achieve sustainable growth.
Human Resource Strategies	Solid knowledge and experience in human resource strategies are necessary to recognize the human capital needed to increase corporate value and to develop the capabilities of each employee.
Sales and Marketing	Solid knowledge and experience to develop new fields, quickly obtain market and customer needs and requirements, and quickly apply them to our business are necessary in order to contribute to society through our products along with sustainable growth.
Global	Overseas business experience and actual experience in global companies are necessary to promote international business development and international business growth strategies.
Financial Accounting	Solid knowledge and experience in the areas of finance and accounting are necessary to improve the efficiency of man-agement resources (safety, efficiency, and growth), promote growth investments, and develop financial strategies.
Legal Risk Management	Solid knowledge and experience in the areas of legal affairs and risk management are necessary to ensure legal compli-ance, corporate governance, and risk management, and to become a company that is trusted by all stakeholders.
ESG Sustainability	Solid knowledge and experience in the field of sustainability, including diversity and environmental contributions are necessary to promote the company's contribution to the realization of a sustainable society in its long-term sustainable growth.

* The number of shares held is the number of shares as of January 31, 2023.

* The numbers of years of service of Hironobu Osugi and Tsuyoshi Jin are the total numbers of years including the numbers of years they served as directors in the past.

Company Information / Stock Information

Company Information (as of January 31, 2023)

Company Overview

Trade name	Tri Chemical Laboratories Inc.	Number of employees	201 (242 for consolidated)
Established	December 1978	Business description	Precursors for semiconductors, optical fibers, solar cells, and compound semiconductors, catalysts and special reagents etc.
Capital	¥3,278,912,800		

Tri Chemical Group

The Company

Tri Chemical Laboratories Inc. (Head Office)
8154-217 Uenohara, Uenohara-shi, Yamanashi
TEL+81-554-63-6600 (Main)

Uenohara Second Plant
8154-16 Uenohara, Uenohara-shi, Yamanashi

Annex Building
8154-29 Uenohara, Uenohara-shi, Yamanashi

Korea Office
256 Changnyong-daero, Yeongtong-gu, Suwon City, Gyeonggi-do, Korea

Subsidiary

TRI CHEMICAL ELECTRONIC MATERIALS TAIWAN INC.
No. 6, Neighboring Tongke 3rd Road, 12 Jiuhu Village, Tongluo Township, Miaoli County, Taiwan

Affiliated Companies

HBR Co., Ltd.
SK Tri Chem Co., Ltd.

Stock Information (as of January 31, 2023)

Total number of shares authorized to be issued	108,960,000
Total number of shares issued and outstanding	32,498,640 (excluding 1,702 shares of treasury stock)
Total number of shareholders	15,962

Major Shareholders (Top 10) (as of January 31, 2023)

Name	Number of shares owned (shares)	Ratio of shares owned to total number of shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,832,800	14.87
Junpei Takenaka	4,163,840	12.81
Custody Bank of Japan, Ltd. (trust account)	4,049,900	12.46
The Yamanashi Chuo Bank, Ltd.	1,400,000	4.30
Tri Chemical Laboratories Employee Stock Ownership	860,100	2.64
Takashi Saito	400,040	1.23
GOVERNMENT OF NORWAY (Permanent Agent: Citibank, N.A., Tokyo Branch)	372,041	1.14
STATE STREET BANK WEST CLIENT - TREATY 505234 (Permanent Agent: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	370,100	1.13
Hisakatsu Sugawara	323,000	0.99
Kiyoshi Tazuke	305,400	0.93
Total	17,077,221	52.55

Stock Prices Changes

