

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



November 13, 2025

To whom it may concern

Company Name	Stella Chemifa Corporation
Representative	Aki Hashimoto, Representative Director, President and Chief Executive Officer (Code No.: 4109 Tokyo Stock Exchange Prime Market)
Inquiries	Yasuhiko Nakashima, Director, Executive Officer, General Manager, Accounting Department (TEL. +81-6-4707-1512)

Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

STELLA CHEMIFA CORPORATION (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held today, to update the disclosure of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" based on our analysis and evaluation of the current situation and the progress of our initiatives.

For details, please refer to the attached document, "Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update) ".

Action to Implement Management that is Conscious of Cost of Capital and Stock Price(Update)

November 13, 2025

Stella Chemifa Corporation

(Securities code:4109)



1. Analysis of Current Situation

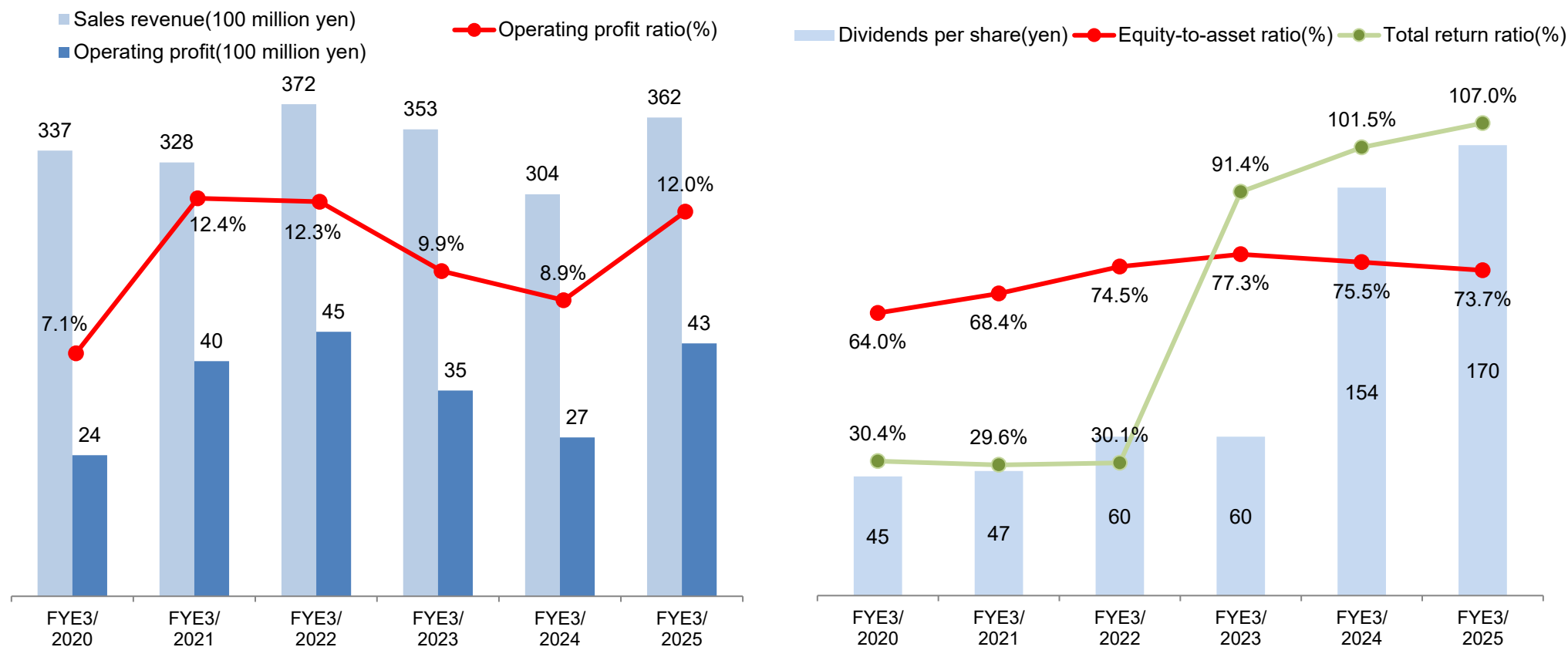
- Sales revenue ▪ Operating profit ▪ Operating profit ratio

Both the profit level and profit ratio improved in FYE3/2025 due to sales revenue increases in sections such as Semiconductors and Energy.

Challenges are to grow the top line and further improve the profit ratio.

- Dividends ▪ Equity-to-asset ratio ▪ Total return ratio

The equity-to-asset ratio shifted to a downward trend by having lifted the total return ratio target to 100% from FYE3/2024 with the aim of improving capital efficiency, in addition to balancing growth investment and shareholder returns.



1. Analysis of Current Situation

- **ROE - Cost of capital**

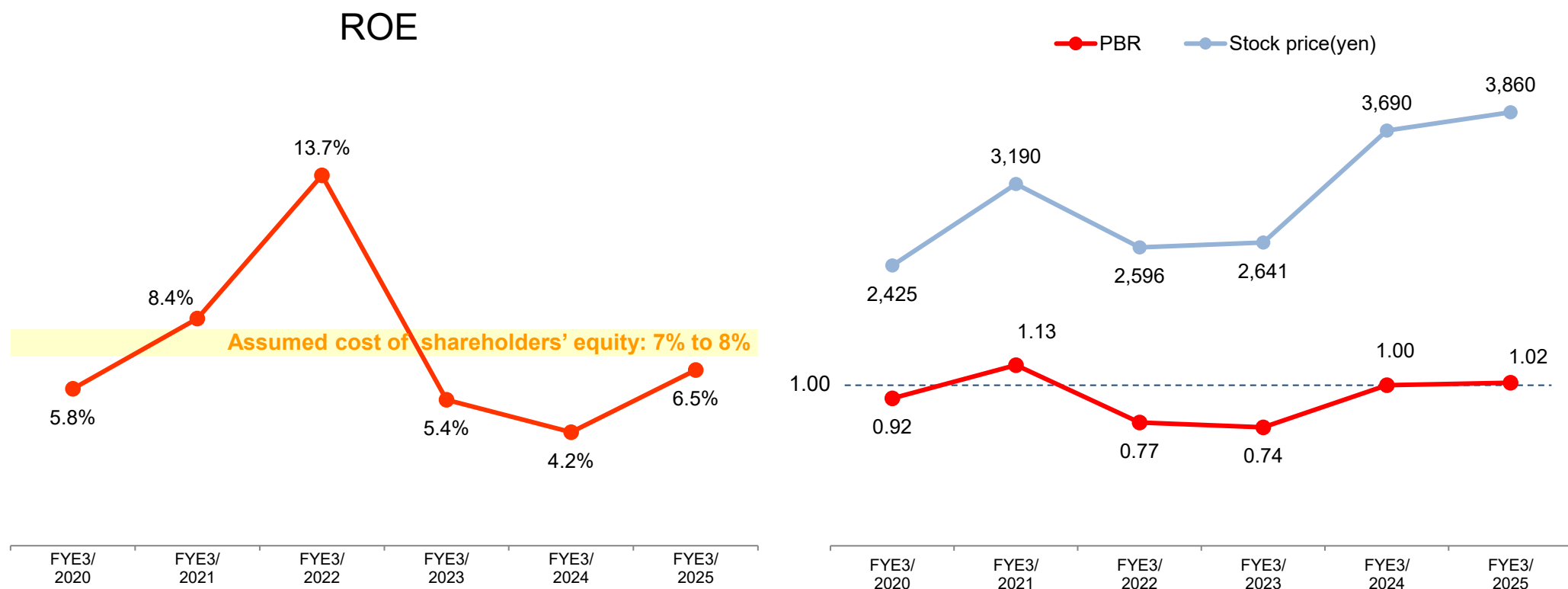
Despite an improvement resulting from a profit increase in FYE3/2025, ROE remains stuck in the state of being below the assumed cost of shareholders' equity (7% to 8%).

We aim to achieve an ROE of 8.0% or more during the Fourth Medium-Term Management Plan.

- **PBR - Stock price**

PBR recovered to 1.00 during FYE3/2024 as our stock price rose as the result of distributing shareholder returns that exceeded a total return ratio of 100% or more and actively implementing IR activities.

Nonetheless, PBR struggles to rise, hovering around 1.00.



1. Analysis of Current Situation

- **Cash & Deposits**

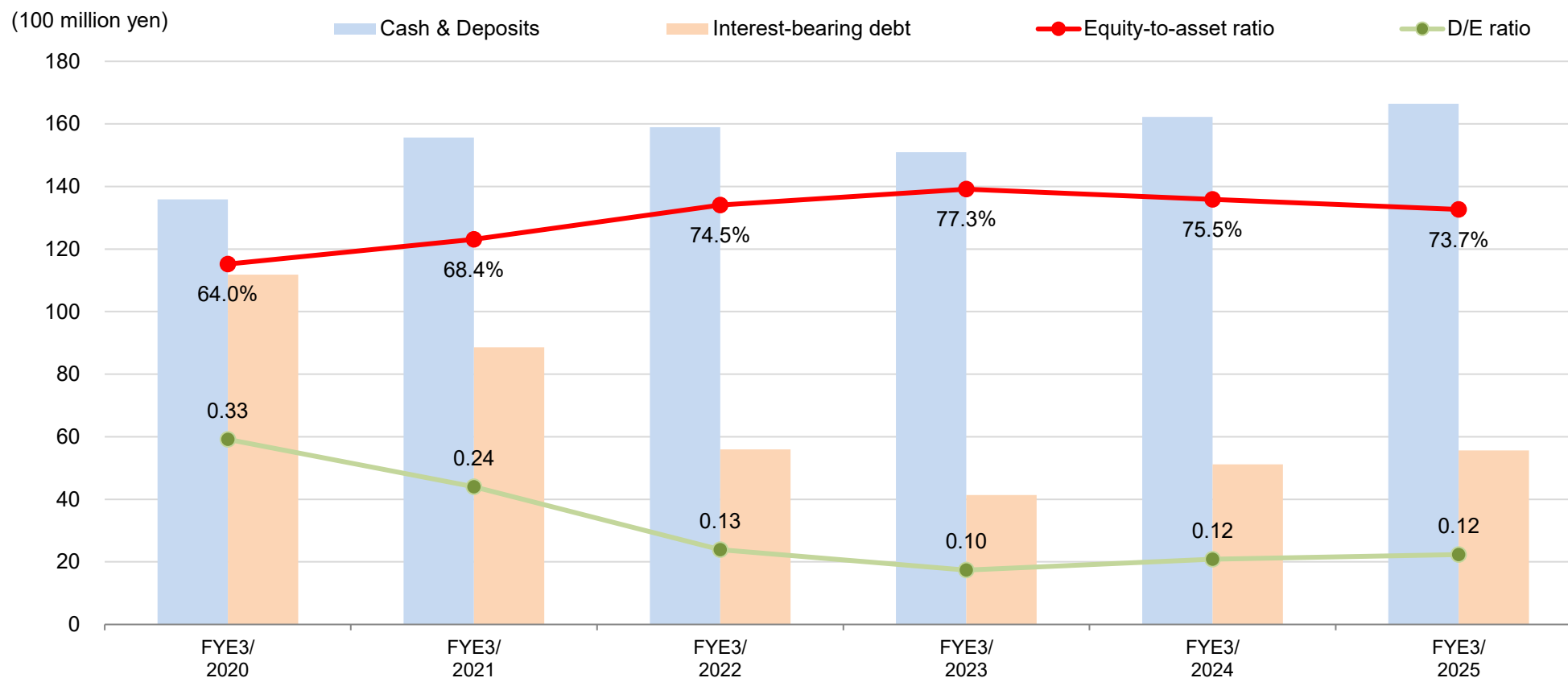
With cash & deposits trending at high levels, our recognition is that there is room for reduction through effective use of group funds.

We aim to decrease their balance by steadily implementing cash allocation stated in the Fourth Medium-Term Management Plan.

- **Interest-bearing debt - D/E ratio**

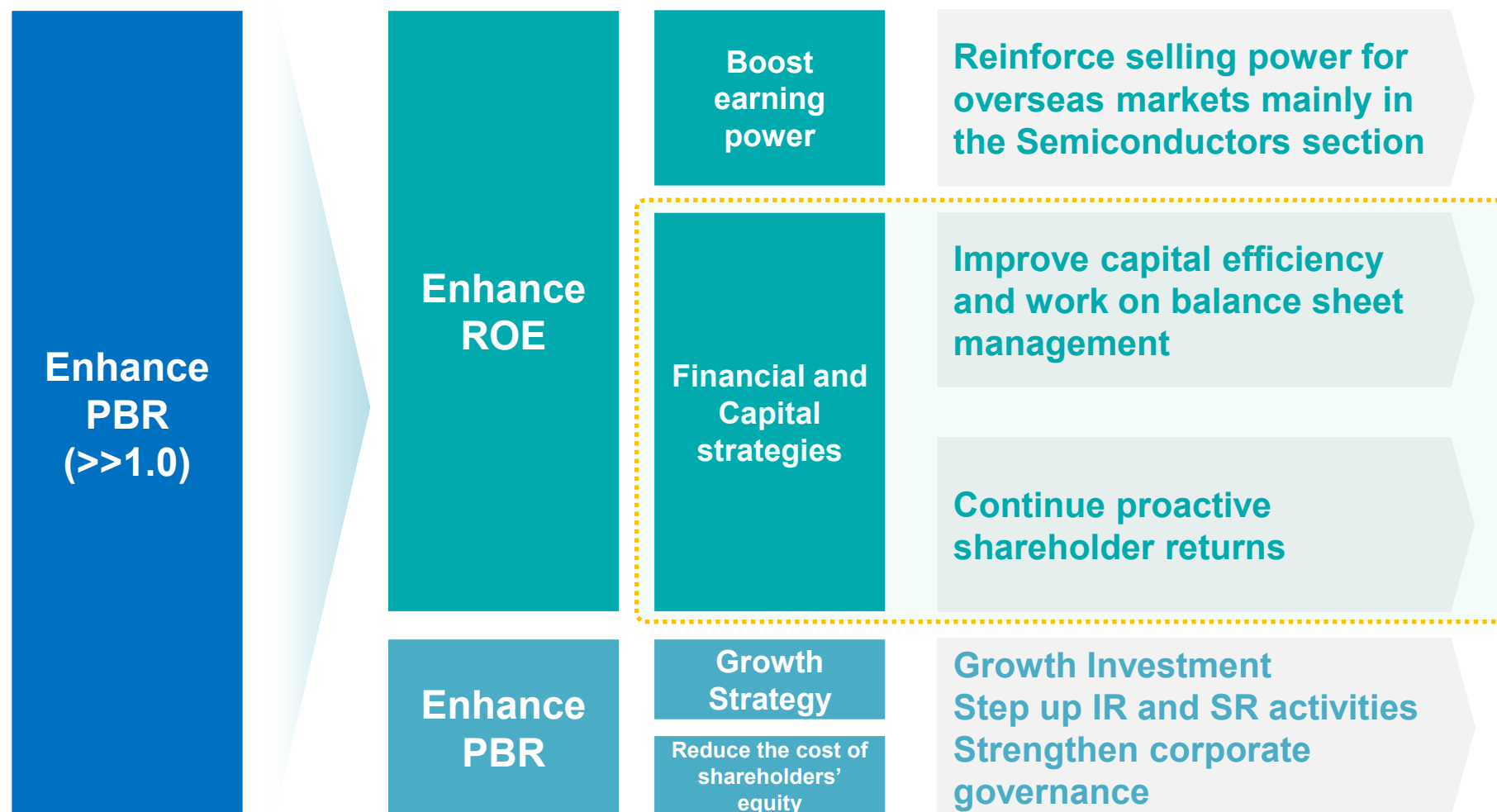
As interest-bearing debt bottomed out in FYE3/2023, the D/E ratio has shifted to an upward trend due in part to restraining the increase of equity capital.

We strive to further utilize interest-bearing debt to improve capital efficiency in the Fourth Medium-Term Management Plan.



2. Policy on Initiatives to Enhance Corporate Value

- As ROE is below the assumed cost of shareholders' equity, improving return on capital is an issue that cannot wait.
- To improve earning power, we will steadily carry out the measures stated in the Fourth Medium-Term Management Plan, announced on May 9, 2025.
- We recognize that **how to address accumulated equity capital is key to improving ROE.**



3. Financial and Capital Strategies

Basic policy

Under this medium-term management plan, we aim to achieve **ROE of 8.0% or more** above the assumed cost of shareholders' equity in FYE 3/2028, by steadily implementing our business and financial/capital strategies to further enhance corporate value.

To achieve this target, we will realize profit growth through the expansion of the High-purity Chemical Business and provide appropriate shareholder returns in order to achieve an appropriate financial structure in accordance with the profit and loss situation.



Return on capital

ROE target: 8.0% or more

Excess profit creation

(Equity spread)

- Expand quality sales through improved customer appeal
- Reduce costs (strengthen production systems, streamline procurement)
- Lower cost of shareholders' equity (lower β value^(Note 1))

▼Equity spread

$$\text{PBR} \uparrow = 1 + \frac{(\text{ROE} \uparrow - \text{cost of shareholders' equity (r)} \downarrow)}{\text{Cost of shareholders' equity (r)} \downarrow - \text{Growth rate (g)} \uparrow}$$

Optimal capital structure

- Optimize cash allocation
- Implement shareholder returns based on controlling the increase of shareholders' equity

Total return ratio of 100% or more for the three-year total

Set annual minimum dividend of ¥170

- Utilize interest-bearing debt

Improved asset efficiency

- Reduce cash and deposits held through effective use of group funds
- Improve CCC^(Note 2) (reduce inventories, shorten payment period for accounts receivable)

(Note 1) Index of the percentage change in an individual stock when the TOPIX changes by 1%

(Note 2) Cash Conversion Cycle

3. Financial and Capital Strategies: Balance Sheet Management

- We are aware that reducing cash & deposits, and equity capital, and utilizing interest-bearing debt are issues related to balance sheet management.
- With an eye on the possibility of making a large investment for the future, we will come closer, step by step, to the optimal capital structure.

FYE 3/2025

Cash & Deposits	Interest-bearing debt 5.5 billion yen
16.6 billion yen	
	Equity capital 44.7 billion yen

Approach to computing optimal capital structure

- Consider the maximum amount of interest-bearing debt that we can procure in light of the level of our credit ratings.
- Calculate the minimum equity capital requirements by setting risk coefficients for account titles.
- Verify the maximum equity capital for achieving the target ROE.

Measures toward optimal capital structure

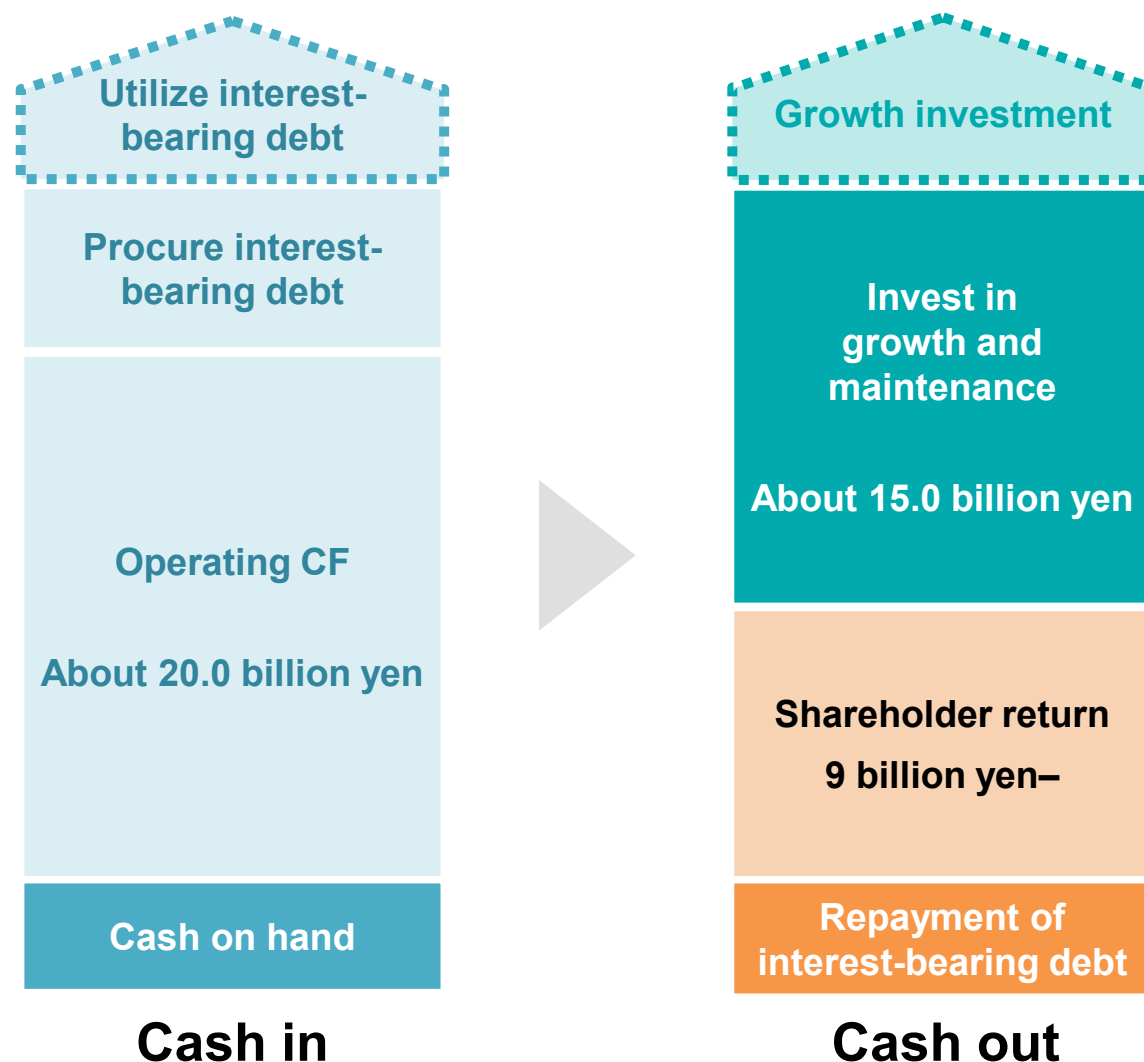
- Reduce equity capital through shareholder returns including flexible acquisition of treasury stock.
- Make better use of interest-bearing debt.
- Strengthen the Group's fund management system.
⇒ Optimize cash on hand through measures such as utilizing dividends from group companies.

Balance sheet aimed at in the medium term

Cash & Deposits	Interest-bearing debt
↑ Reduction	↓ Utilization
	↓ Reduction
	Equity capital

3. Financial and Capital Strategies : Cash Allocation (FYE 3/2026–FYE 3/2028)

Focus on improving capital efficiency while expanding growth investment and shareholder returns



- M&A

- Renew equipment
- Establish a product supply system based on customer needs
- Develop new chemical solutions for semiconductors
- Expand and strengthen existing businesses

** New large investments related to semiconductors are assumed to be made in and after the fifth management plan and are not included in this allocation.*

- Total return ratio (Note 1) of 100% or more (Note 2) for the three-year total
- Set annual minimum dividend of ¥170

(Note 1) Total shareholder return for the period from FYE 3/2026 to FYE 3/2028 divided by total profit attributable to owners of parent for the same period.

(Note 2) However, in the case of a fiscal year in which profit attributable to owners of parent fluctuates significantly due to special factors such as extraordinary gains or losses, the amount of shareholder return shall be determined in consideration of the impact of such factors.

4. IR Activity Reinforcement

– Information Disclosure and Constructive Dialogue

Strive to eliminate information asymmetries by strengthening the disclosure of quantitative and qualitative information and expanding opportunities for dialogue with shareholders and investors

IR activities

● Status of dialogue with shareholders and investors

Interviews conducted (FYE 3/2025)

- Financial results briefings: Twice (year-end and interim) with 75 participants
- Individual meetings (domestic and foreign investors): 74 times

Main correspondents

- Representative Director, President and Chief Executive Officer
- Director in charge of Research and Development
- Director in charge of Accounting
- IR Manager

Main themes and interest of dialogue

- Performance
- Semiconductor market outlook
- Raw material price trends
- Growth strategy based on management resource allocation
- Financial strategy
- R&D

● Information disclosure and constructive dialogue

Response based on dialogue with shareholders and investors

(Details of implementation)

- Targeted total return ratio of 100% or more (FYE 3/2024–FYE 3/2025)
- Repurchased treasury stock
- Established a basic policy for holding and cancelling treasury stock, and cancelled treasury stock
- Introduced a restricted stock grant program for employees
- Disclosed materiality and responses to climate change

Contents of dialogues at IR and SR meetings after FYE3/2025

(Main themes and interest of dialogue)

- ✓ Regarding growth strategy in the Fourth Medium-Term Management Plan
- ✓ Optimal equity-to-asset ratio and D/E ratio
- ✓ High level of cash ratio
- ✓ Measures for enhancing ROE

Continue proactive dialogues in an attempt to improve profitability and capital efficiency

<Disclaimer>

The forward-looking statements in this document are based on information available as of the date of the release of this document and are not guarantees of future performance. Actual performance may differ from forecast figures due to various factors in the future.

Please note in advance that the information in this document is subject to change without prior notice. Moreover, we assume no responsibility for any damage resulting from errors in the information included in this document.

This document has been prepared for the purpose of promoting understanding of our business.

Investment decisions are the sole responsibility of the investor.