

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Six Months Ended September 30, 2023 [Under Japanese GAAP]



November 9, 2023

Company name: STELLA CHEMIFA CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 4109

URL: <https://www.stella-chemifa.co.jp>

Representative: Aki Hashimoto, Representative Director, President and Chief Executive Officer

Inquiries: Yasuhiko Nakashima, Director, Executive Officer and General Manager, Accounting Department

Telephone: +81-6-4707-1512

Scheduled date to file quarterly securities report: November 14, 2023

Scheduled date to commence dividend payments: November 30, 2023

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Sales revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	14,497	(26.1)	1,122	(50.0)	1,524	(49.7)	1,095	(63.8)
September 30, 2022	19,618	8.3	2,245	(8.3)	3,028	16.9	3,022	62.2

(Note) Comprehensive income: For six months ended September 30, 2023: ¥1,640 million [(58.3)%]

For six months ended September 30, 2022: ¥3,938 million [92.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	91.09	—
September 30, 2022	242.27	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	58,023	44,476	76.2	3,673.57
As of March 31, 2023	55,471	43,162	77.3	3,568.67

(Reference) Equity: As of September 30, 2023: ¥44,185 million

As of March 31, 2023: ¥42,875 million

2. Cash Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 30.00	Yen —	Yen 30.00	Yen 60.00
Fiscal year ending March 31, 2024	—	60.00			
Fiscal year ending March 31, 2024 (Forecast)			—	—	—

(Note) Revision to the forecast for dividends announced most recently: None

(Note) The year-end dividend for the fiscal year ending March 31, 2024 is undecided because it will be determined based on the future outlook and consideration of the shareholder return method.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	32,300	(8.7)	2,800	(20.3)	2,450	(43.7)	1,650	(27.7)	137.33

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

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

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

As of September 30, 2023: 13,213,248 shares

As of March 31, 2023: 13,213,248 shares

2) Number of treasury shares at the end of the period

As of September 30, 2023: 1,185,204 shares

As of March 31, 2023: 1,198,814 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Six months ended September 30, 2023: 12,021,389 shares

Six months ended September 30, 2022: 12,475,047 shares

* These quarterly consolidated financial results are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The forward-looking statements in this document, including financial results forecasts, are based on the information in current possession of the Company and the assumptions it believes are reasonable. They are not intended as the Company's promise to achieve them. Note also that actual financial results may differ significantly from them. For the assumptions that form the basis of financial results forecasts and notes on their use, see "1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 2 of the Attachments of quarterly consolidated financial results.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	2
2. Quarterly Consolidated Financial Statements and Principal Notes	3
(1) Quarterly Consolidated Balance Sheet	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statement of Income	
Six Months Ended September 30.....	5
Quarterly Consolidated Statement of Comprehensive Income	
Six Months Ended September 30.....	6
(3) Quarterly Consolidated Statement of Cash Flows	7
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes on Significant Changes to Shareholders' Equity)	9
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements).....	9
(Segment information, etc.)	10

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the six months ended September 30, 2023, the Japanese economy demonstrated full-scale resumption of economic activities as behavioral restrictions in place to counter COVID-19 were eased. However, the economic outlook remains uncertain due to concerns of an economic slowdown against a backdrop of monetary tightening mainly in Europe and the United States, rapid depreciation of the yen, geopolitical risks posed by volatile global situation and other factors.

In this environment, the Group continued to supply a diverse range of fluoride products in line with the needs of customers mainly in the information and communication industry in Japan and overseas, as well as developing the chemical product distribution business based on the unique know-how acquired in the transportation of special cargo.

In regard to the performance for the six months ended September 30, 2023, in the Semiconductors, shipment volume declined due to deterioration in the semiconductor market, and shipment volume also fell in the Energy and the Industrial Hydrofluoric Acid. As a result, sales revenue decreased to 14,497 millions of yen (down 26.1% year on year).

In terms of profits, having been buffeted by a decline in sales revenue, operating profit amounted to 1,122 millions of yen (down 50.0% year on year), ordinary profit amounted to 1,524 millions of yen (down 49.7% year on year), and profit attributable to owners of parent amounted to 1,095 millions of yen (down 63.8% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets at the end of the second quarter of the fiscal year under review increased by 1,380 millions of yen (4.8%) from the end of the previous fiscal year to 29,996 millions of yen. The main reasons for this increase included an increase of 1,734 millions of yen in cash and deposits, and a decrease of 677 millions of yen in notes and accounts receivable - trade. Non-current assets increased by 1,171 millions of yen (4.4%) from the end of the previous fiscal year to 28,027 millions of yen. The main reasons for this increase included increases of 1,077 millions of yen in property, plant and equipment and 149 millions of yen in investments and other assets.

Consequently, total assets at the end of the second quarter of the fiscal year under review increased by 2,552 millions of yen from the end of the previous fiscal year to 58,023 millions of yen.

(Liabilities)

Current liabilities at the end of the second quarter of the fiscal year under review decreased by 531 millions of yen (6.0%) from the end of the previous fiscal year to 8,362 millions of yen. The main reason for this decline included a decrease of 741 millions of yen in electronically recorded obligations facilities. Non-current liabilities increased by 1,770 millions of yen (51.8%) from the end of the previous fiscal year to 5,184 millions of yen. The main reason for this increase included an increase of 1,350 millions of yen in long-term borrowings.

Consequently, total liabilities at the end of the second quarter of the fiscal year under review increased by 1,238 millions of yen from the end of the previous fiscal year to 13,547 millions of yen.

(Net assets)

Total net assets at the end of the second quarter of the fiscal year under review amounted to 44,476 millions of yen, an increase of 1,313 millions of yen from the end of the previous fiscal year. The main reason for this growth included an increase of 730 millions of yen in retained earnings.

Consequently, the equity-to-asset ratio was 76.2% (77.3% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Consolidated financial results forecasts for the fiscal year ending March 31, 2024 have not been revised from the forecasts announced on May 9, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	15,097	16,832
Notes and accounts receivable - trade	7,069	6,391
Electronically recorded monetary claims - operating	41	7
Merchandise and finished goods	2,124	2,269
Work in process	1,701	1,943
Raw materials and supplies	1,671	1,987
Other	924	577
Allowance for doubtful accounts	(14)	(13)
Total current assets	28,615	29,996
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,567	8,324
Machinery, equipment and vehicles, net	4,527	4,780
Land	5,467	5,467
Leased assets	165	151
Construction in progress	1,833	2,766
Other, net	2,063	2,211
Total property, plant and equipment	22,625	23,702
Intangible assets		
Other	261	205
Total intangible assets	261	205
Investments and other assets		
Other	3,970	4,119
Total investments and other assets	3,970	4,119
Total non-current assets	26,856	28,027
Total assets	55,471	58,023

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,469	1,058
Electronically recorded obligations - operating	799	650
Short-term borrowings	1,920	2,000
Current portion of long-term borrowings	932	1,089
Accounts payable - other	1,322	1,709
Income taxes payable	384	368
Provision for bonuses	387	379
Provision for bonuses for directors (and other officers)	36	—
Electronically recorded obligations facilities	1,069	327
Other	573	778
Total current liabilities	8,894	8,362
Non-current liabilities		
Long-term borrowings	1,070	2,420
Provision for retirement benefits for directors (and other officers)	34	24
Provision for share awards	121	131
Retirement benefit liability	950	962
Asset retirement obligations	689	708
Other	548	936
Total non-current liabilities	3,414	5,184
Total liabilities	12,309	13,547
Net assets		
Shareholders' equity		
Share capital	4,829	4,829
Capital surplus	8,793	8,797
Retained earnings	30,904	31,635
Treasury shares	(2,991)	(2,957)
Total shareholders' equity	41,536	42,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42	75
Foreign currency translation adjustment	1,296	1,805
Total accumulated other comprehensive income	1,339	1,881
Share acquisition rights	48	48
Non-controlling interests	238	241
Total net assets	43,162	44,476
Total liabilities and net assets	55,471	58,023

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Sales revenue	19,618	14,497
Cost of sales	15,446	11,482
Gross profit	4,172	3,014
Selling, general and administrative expenses	1,927	1,892
Operating profit	2,245	1,122
Non-operating income		
Share of profit of entities accounted for using equity method	489	—
Gain on valuation of derivatives	—	125
Subsidy income	24	11
Foreign exchange gains	235	285
Other	53	85
Total non-operating income	803	507
Non-operating expenses		
Interest expenses	11	11
Share of loss of entities accounted for using equity method	—	89
Loss on valuation of derivatives	5	—
Other	3	4
Total non-operating expenses	20	105
Ordinary profit	3,028	1,524
Extraordinary income		
Gain on sale of non-current assets	7	10
Gain on change in equity	—	104
Gain on sale of investment securities	1,237	—
Total extraordinary income	1,245	115
Extraordinary losses		
Loss on abandonment of non-current assets	3	152
Loss on sale of non-current assets	0	1
Total extraordinary losses	3	153
Profit before income taxes	4,270	1,486
Income taxes	1,331	399
Profit	2,938	1,086
Loss attributable to non-controlling interests	(83)	(8)
Profit attributable to owners of parent	3,022	1,095

Quarterly Consolidated Statement of Comprehensive Income
Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	2,938	1,086
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	32
Deferred gains or losses on hedges	(46)	—
Foreign currency translation adjustment	783	415
Share of other comprehensive income of entities accounted for using equity method	263	105
Total other comprehensive income	999	553
Comprehensive income	3,938	1,640
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,956	1,637
Comprehensive income attributable to non-controlling interests	(18)	3

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,270	1,486
Depreciation	1,299	1,375
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	(37)	(36)
Increase (decrease) in provision for bonuses	(0)	(7)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	(9)
Increase (decrease) in retirement benefit liability	(13)	11
Increase (decrease) in provision for share awards	11	10
Interest and dividend income	(11)	(48)
Interest expenses	11	11
Subsidy income	(24)	(11)
Foreign exchange losses (gains)	(299)	(221)
Share of loss (profit) of entities accounted for using equity method	(489)	89
Loss (gain) on change in equity	—	(104)
Loss (gain) on sale and retirement of property, plant and equipment	(4)	142
Loss (gain) on sale of investment securities	(1,237)	—
Loss (gain) on valuation of derivatives	5	(125)
Decrease (increase) in trade receivables	49	810
Decrease (increase) in inventories	509	(651)
Increase (decrease) in trade payables	252	(615)
Decrease (increase) in other current assets	199	(81)
Increase (decrease) in other current liabilities	(284)	(213)
Decrease (increase) in consumption taxes refund receivable	0	480
Increase (decrease) in accrued consumption taxes	(14)	124
Other, net	44	489
Subtotal	4,234	2,905
Interest and dividends received	11	48
Interest paid	(11)	(10)
Subsidies received	24	11
Income taxes paid	(1,318)	(368)
Net cash provided by (used in) operating activities	2,941	2,586
Cash flows from investing activities		
Payments into time deposits	(386)	(189)
Proceeds from withdrawal of time deposits	366	189
Purchase of property, plant and equipment	(1,808)	(2,431)
Proceeds from sale of property, plant and equipment	10	10
Payments for retirement of property, plant and equipment	—	(65)
Purchase of intangible assets	(10)	(2)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	1,245	—
Other payments	(33)	(2)
Other proceeds	22	9
Net cash provided by (used in) investing activities	(595)	(2,483)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	80
Proceeds from long-term borrowings	—	2,100
Repayments of long-term borrowings	(767)	(593)
Purchase of treasury shares	(806)	—
Repayments of lease liabilities	(21)	(27)
Dividends paid	(455)	(364)
Net cash provided by (used in) financing activities	(2,051)	1,194
Effect of exchange rate change on cash and cash equivalents	600	426
Net increase (decrease) in cash and cash equivalents	895	1,724
Cash and cash equivalents at beginning of period	15,538	14,728
Cash and cash equivalents at end of period	16,433	16,452

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on Significant Changes to Shareholders' Equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company has calculated tax expenses by reasonably estimating the effective tax rate after the application of tax effect accounting to profit before income taxes for the fiscal year including the second quarter of the fiscal year under review and multiplying profit before income taxes by the estimated effective tax rate.

(Segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on sales revenue and profit or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note)	Total
	High-purity Chemical	Transportation	Total		
Sales revenue					
Sales revenue to outside customers	17,263	2,277	19,540	77	19,618
Inter-segment sales revenue or transfers	0	1,693	1,693	116	1,809
Total	17,263	3,970	21,234	194	21,428
Segment profit	1,958	283	2,241	9	2,250

(Note) The “Other” category is for non-reportable business segments, including insurance agency business and automobile maintenance business.

2. Difference between the total amount of reportable segment profit or loss and the amount in the quarterly consolidated statement of income and main details of this difference (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segment total	2,241
Profit in “Other” category	9
Inter-segment elimination	(5)
Operating profit in the quarterly consolidated statement of income	2,245

3. Matters relating to changes in reportable segments, etc.

Not applicable.

4. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.

II. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on sales revenue and profit or loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note)	Total
	High-purity Chemical	Transportation	Total		
Sales revenue					
Sales revenue to outside customers	12,405	2,007	14,413	84	14,497
Inter-segment sales revenue or transfers	0	1,548	1,548	126	1,675
Total	12,405	3,556	15,962	211	16,173
Segment profit	938	182	1,120	7	1,128

(Note) The “Other” category is for non-reportable business segments, including insurance agency business and automobile maintenance business.

2. Difference between the total amount of reportable segment profit or loss and the amount in the quarterly consolidated statement of income and main details of this difference (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segment total	1,120
Profit in “Other” category	7
Inter-segment elimination	(6)
Operating profit in the quarterly consolidated statement of income	1,122

3. Matters relating to changes in reportable segments, etc.

Not applicable.

4. Information on impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.