

Financial Results for 3Q(Nine months) of FYE 3/2021

February 10th, 2021
STELLA CHEMIFA CORPORATION
Securities code: 4109

【Financial Results】

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【Reference Material】

(Corporate Profile • Introduction of Our Business)

- Corporate Profile P. 17
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[3Q(Nine months) of FYE 3/2021 Results]

- ◆ Semiconductors and LCDs saw increased shipments to domestic market and other areas including Taiwan, albeit with lower shipments to South Korea.
- ◆ Shipments of enriched boron (10B) used by nuclear energy-related facilities contributed to the profit.
- ◆ Profitability improved in the Medical Business owing to the launch of sales of pharmaceuticals and curbed expenses.

[Full-year Forecast]

- ◆ Business environment remains strong mainly in Semiconductors and LCDs business.
- ◆ Price of anhydrous hydrofluoric acid(AHF) has started to rise since the end of 2020 although it remained at low level in 3Q.

Financial Summary



(million yen)	3Q (Nine months) of FYE 3/2020	3Q (Nine months) of FYE 3/2021	Increase/ Decrease	Percentage Increase/ Decrease
Sales Revenue	24,731	24,927	196	0.8
Gross Profit	4,843	6,022	1,178	24.3
Operating Profit	1,649	2,902	1,252	75.9
Ordinary Profit	1,611	2,763	1,152	71.5
Quarterly Profit Attributable to Owners of Parent	1,094	1,975	881	80.5
Earnings Per Share (yen)	84.76	153.99		
Capital Expenditures	2,652	1,245	− 1,406	− 53.0
Depreciation & Amortization	2,426	2,296	− 130	− 5.4
Research & Development Expenses	1,121	587	− 534	− 47.6

Sales Revenue and Operating Profit by Business Segment

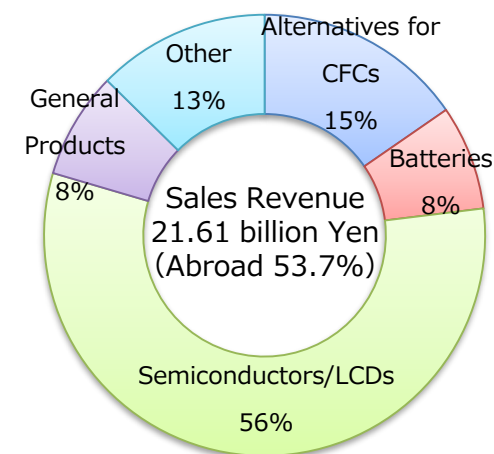


	Sales Revenue				Operating Profit			
(million yen)	3Q (Nine months) of FYE 3/2020	3Q (Nine months) of FYE 3/2021	Increase/ Decrease		3Q (Nine months) of FYE 3/2020	3Q (Nine months) of FYE 3/2021	Increase/ Decrease	
			Amount	%			Amount	%
High-Purity Chemical Business	21,249	21,619	370	1.7	2,008	3,041	1,032	51.4
Transportation Business	3,293	2,985	− 307	− 9.3	379	421	42	11.1
Medical Business	-	155	155	-	− 768	− 482	285	-
Other	188	166	− 22	− 11.8	24	17	− 7	− 31.1
Eliminations and Corporate	-	-	-	-	5	− 94	− 100	-
Total	24,731	24,927	196	0.8	1,649	2,902	1,252	75.9

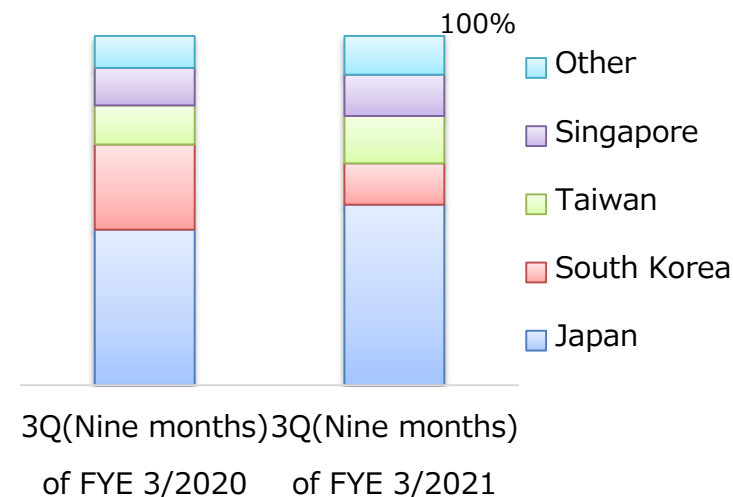
Sales Revenue of High-Purity Chemical Business (Breakdown)

(million yen)	3Q (Nine months) of FYE 3/2020	3Q (Nine months) of FYE 3/2021	Increase/ Decrease	Percentage Increase/ Decrease
Surface Treatment	1,135	722	-412	-36.4
Alternatives for CFCs	3,001	3,324	323	10.8
Batteries	1,933	1,659	-273	-14.2
Semiconductors/ LCDs	11,908	12,214	305	2.6
Semiconductor Devices	330	519	188	56.9
Catalysts	701	634	-67	-9.6
Gypsum	126	146	19	15.4
General Products	1,377	1,688	311	22.6
Other	732	709	-23	-3.2
Total	21,249	21,619	370	1.7

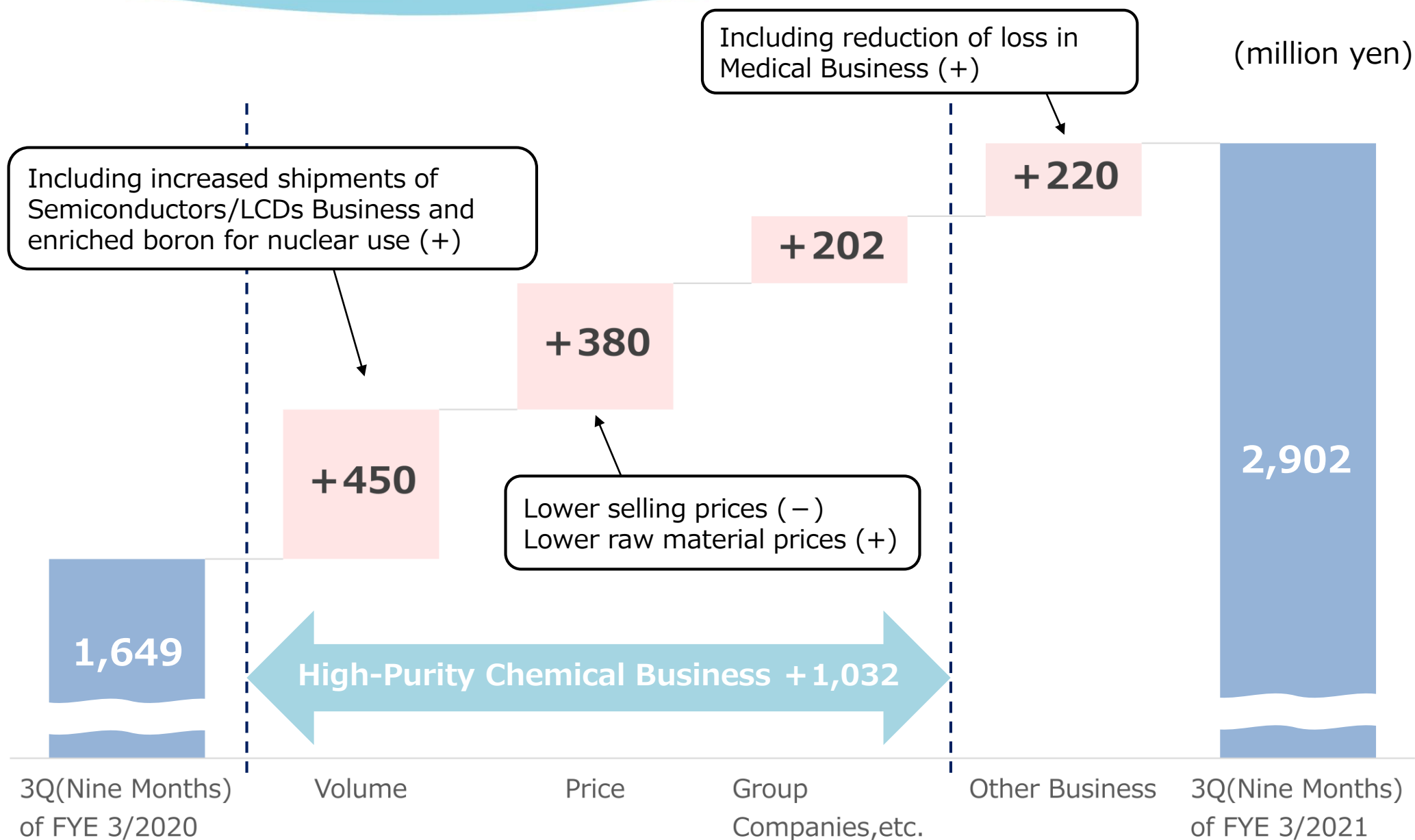
Sales Revenue Constituent Ratio of High-Purity Chemicals



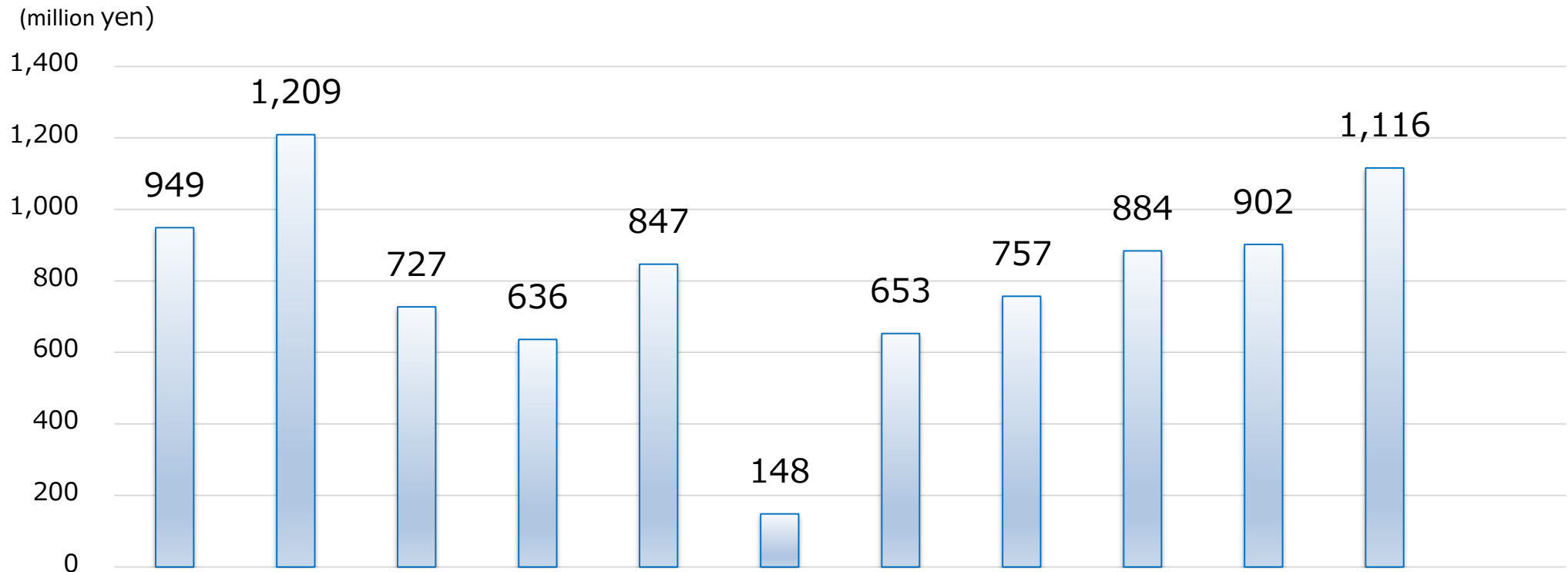
Semiconductors/LCDs Shipping Ratio by Country



Analysis of Operating Profit (Year on year)



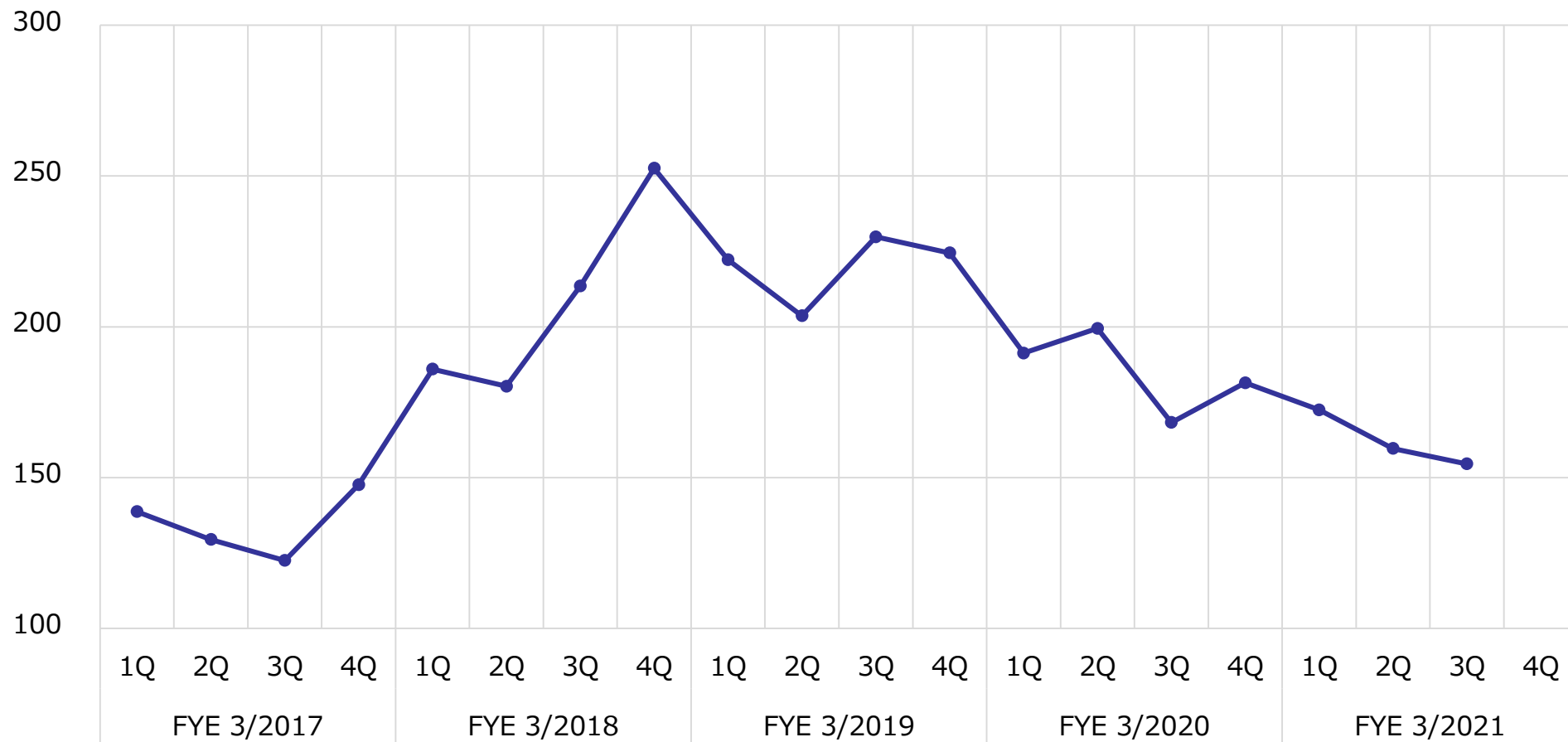
Change of Quarterly Operating Profit



	FYE 3/2019				FYE 3/2020				FYE 3/2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales Revenue	10,134	9,323	9,275	9,649	9,733	7,406	7,591	8,998	8,222	8,389	8,315	
Operating Profit	949	1,209	727	636	847	148	653	757	884	902	1,116	
Operating Profit Margin	9.4%	13.0%	7.8%	6.6%	8.7%	2.0%	8.6%	8.4%	10.8%	10.8%	13.4%	

Transitions in Trade Statistics Value of Anhydrous Hydrofluoric Acid

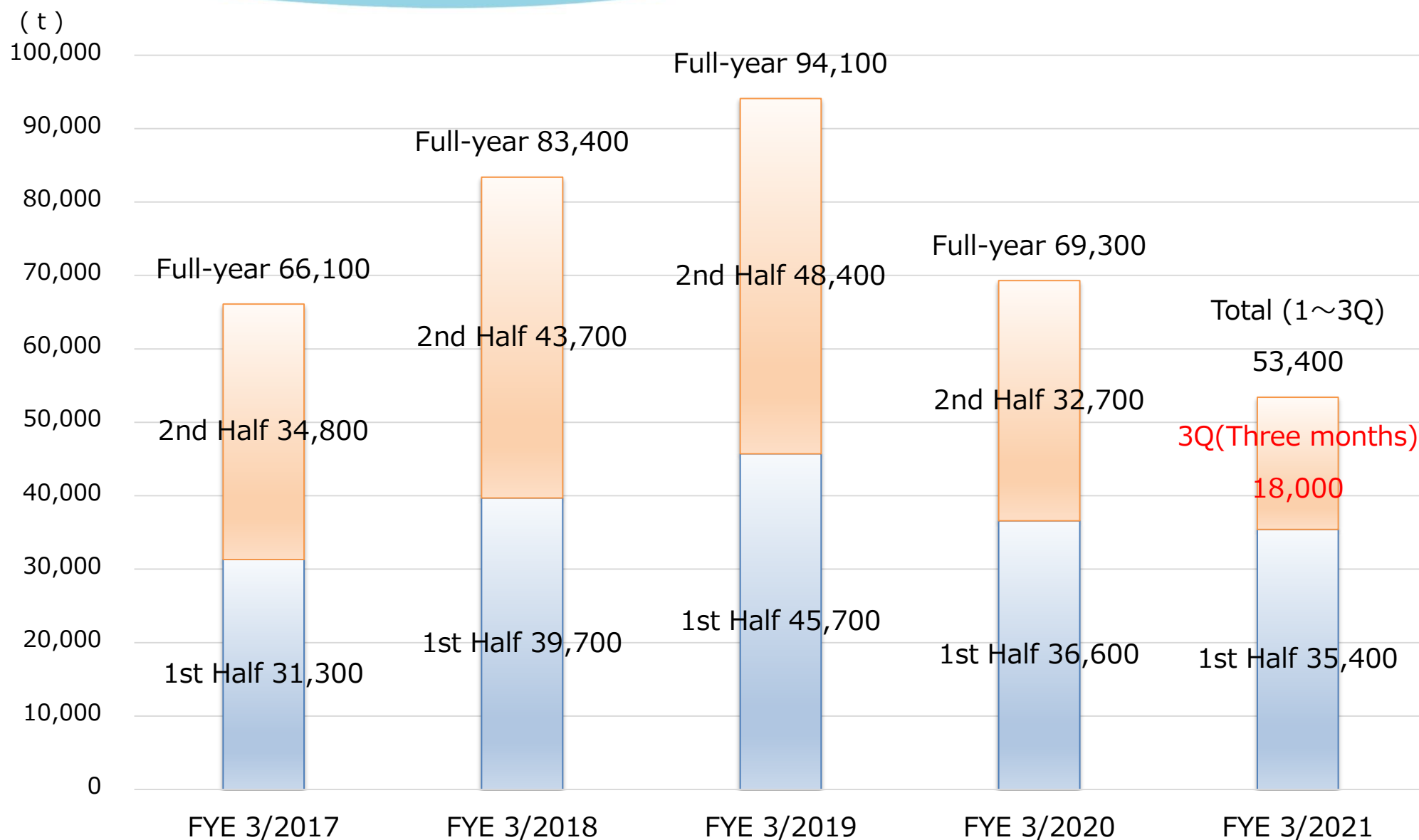
(yen/kg)



(yen/kg)	FYE 3/2017	FYE 3/2018	FYE 3/2019	FYE 3/2020	FYE 3/2021
Average Price	135	209	220	186	163

Source: Prepared by our company based on the Ministry of Finance's "Trade Statistics of Japan" (<http://www.customs.go.jp/toukei/info/>)

Change of Shipping Volume of High-Purity Hydrofluoric Acid (Semiconductors and LCDs)



Balance Sheet



(million yen)	FYE 3/2020 End-of-Year	Dec.31,2020	Increase/ Decrease	Percentage Increase/ Decrease
Assets	53,216	52,064	-1,152	-2.2
Cash and deposits	13,591	13,786	194	1.4
Operating receivables	8,137	9,559	1,421	17.5
Inventory assets	5,495	4,658	-837	-15.2
Property, plant, and equipment	22,794	21,719	-1,075	-4.7
Intangible assets	655	547	-107	-16.4
Liabilities	18,487	16,306	-2,181	-11.8
Operating liabilities	3,310	2,929	-380	-11.5
Interest-bearing liabilities	11,184	9,439	-1,745	-15.6
Net Assets	34,729	35,758	1,029	3.0
Equity capital	34,033	35,153	1,119	3.3
Liabilities and Net Assets	53,216	52,064	-1,152	-2.2

Financial Forecast



* Released on Nov.6.2020

(million yen)	FYE 3/2021 Initial Forecast	FYE 3/2021 Revised Forecast*	Increase/ Decrease	Percentage Increase/ Decrease	FYE 3/2020 Actual
Sales Revenue	33,300	32,200	- 1,100	- 3.3	33,729
Operating Profit	1,900	3,150	1,250	65.8	2,407
Ordinary Profit	1,950	3,100	1,150	59.0	2,307
Profit Attributable to Owners of Parent	1,400	2,150	750	53.6	1,924
Earnings Per Share (yen)	108.41	167.61			149.00
Dividend (yen)	45	45	-	-	45
ROE (%)	4.0	6.2	2.2	55.0	5.8
Capital Expenditures	2,250	1,950	- 300	- 13.3	3,694
Depreciation & Amortization	3,130	3,020	- 110	- 3.5	3,236
Research & Development Expenses	1,560	870	- 690	- 44.2	1,513

Forecast on Sales Revenue and Operating Profit by Business Segment



* Released on Nov.6.2020

	Sales Revenue				Operating Profit			
(million yen)	FYE 3/2021 Initial Forecast	FYE 3/2021 Revised Forecast*	Percentage Increase/ Decrease	FYE 3/2020 Actual	FYE 3/2021 Initial Forecast	FYE 3/2021 Revised Forecast*	Percentage Increase/ Decrease	FYE 3/2020 Actual
High-Purity Chemical Business	28,670	27,880	- 2.8	29,058	2,420	3,500	44.6	2,897
Transportation Business	4,420	3,900	- 11.8	4,429	510	490	- 3.9	502
Medical Business	-	200	-	-	- 1,050	- 760	-	- 1,035
Other	210	220	4.8	241	20	20	-	36
Eliminations and Corporate	-	-	-	-	-	- 100	-	7
Total	33,300	32,200	- 3.3	33,729	1,900	3,150	65.8	2,407

Forecast on Sales Revenue of High-Purity Chemical Business (Breakdown)



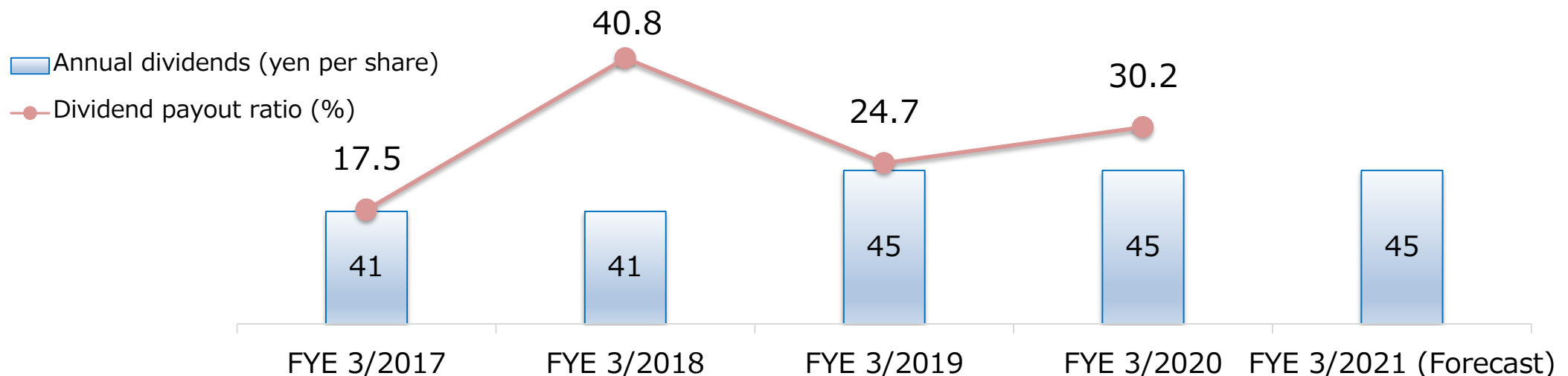
* Released on Nov.6.2020

(million yen)	FYE 3/2021 Initial Forecast	FYE 3/2021 Revised Forecast*	Increase/ Decrease	Percentage Increase/ Decrease	FYE 3/2020 Actual
Surface Treatment	1,300	900	− 400	− 30.8	1,525
Alternatives for CFCs	4,500	4,200	− 300	− 6.7	4,872
Batteries	2,290	1,980	− 310	− 13.5	2,576
Semiconductors/ LCDs	15,700	16,300	600	3.8	15,687
Semiconductor Devices	460	650	190	41.3	446
Catalysts	900	780	− 120	− 13.3	925
Gypsum	160	160	-	-	201
General Products	2,590	2,060	− 530	− 20.5	1,835
Other	770	850	80	10.4	988
Total	28,670	27,880	− 790	− 2.8	29,058

Shareholder Return

Stella Chemifa's basic policy is to provide stable and continuous dividend payments, giving comprehensive consideration to factors including its financial condition and profit level. Retained earnings will be allocated to capital investment and R&D investment, and will be proactively utilized for future business development to enhance corporate value.

- ◆ FYE 3/2020 ● Annual dividend: 45 yen per share
- ◆ FYE 3/2021 ● Annual dividend forecast: 45 yen per share
- The Company repurchased 100,000 of its own shares, worth 260 million yen, in the first half of the current fiscal year.




Reference Material

(Corporate Profile • Introduction of Our Business)

Corporate Profile



(as of December 31, 2020)

Corporate Name	STELLA CHEMIFA CORPORATION	
Head Office	Meiji Yasuda Seimei Osaka Midосуji Bldg. 10F, 4-1-1 Fushimi-machi, Chuo-ku, Osaka City, Osaka	
Founded/Established	February 1916 / February 1944	
Capital Fund	4,829,782,512 yen	
Representatives	Representative Director, President and Chief Executive Officer: Aki Hashimoto Representative Director, Senior Managing Executive Officer (Products Management Group): Kiyonori Saka	
U R L	https://www.stella-chemifa.co.jp/english/	
Number of Employees	298	
Sales Department	Osaka Sales Department (Chuo-ku, Osaka city, Osaka) Tokyo Sales Department (Chiyoda-ku, Tokyo)	
F a c t o r y	Sanpo Factory (Sakai-ku, Sakai City, Osaka) Izumi Factory (Izumiotu City, Osaka) Kitakyushu Factory (Yahatanishi-ku, Kitakyushu City, Fukuoka)	

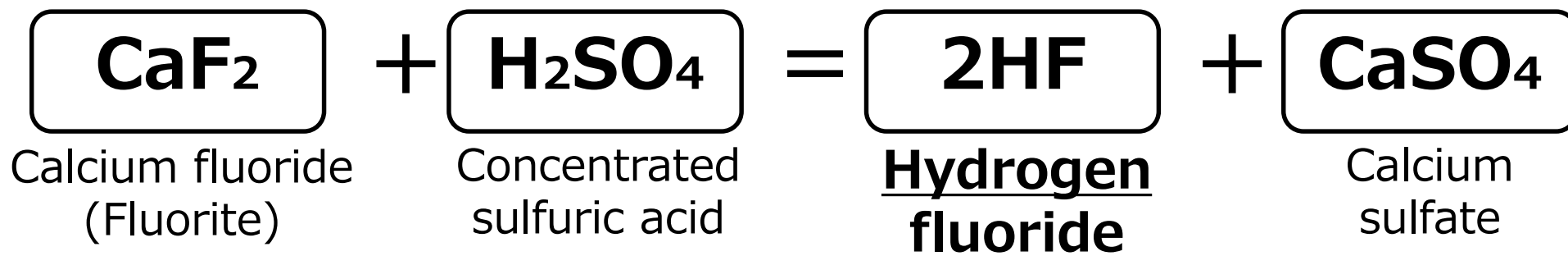
At home (3 companies)

Transportation Business	BLUE EXPRESS, Inc.	Sakai-ku, Sakai City, Osaka
Other Business	BLUE AUTO TRUST Co., Ltd.	Sakai-ku, Sakai City, Osaka
Medical Business	STELLA PHARMA CORPORATION	Chuo-ku, Osaka city, Osaka

Abroad (7 companies)

High-Purity Chemical Business	STELLA CHEMIFA SINGAPORE PTE LTD	Singapore
Transportation Business	STELLA EXPRESS (Singapore) PTE LTD	Singapore
High-Purity Chemical Business	Blue Express (Shanghai) International Trade Inc.	China
Transportation Business	Blue Express (Shanghai) International Freight Forwarding Co., Ltd.	China
High-Purity Chemical Business	Zhejiang Blue Star Chemical Co., Ltd.	China
High-Purity Chemical Business	FECT CO.,LTD	South Korea
High-Purity Chemical Business	Quzhou BDX New Chemical Materials Co., Ltd.	China

Manufacture and applications of hydrogen fluoride



* There are five main grades of fluorite purity, and for semiconductor applications, high quality fluorite with a purity of 97% or higher is required.

Concrete materials, etc.

Reaction and refinement using our proprietary technology

Treatment of surface such as stainless steel

Raw materials such as alternatives for CFCs

Etching agent for semiconductor liquid crystals

Materials for lithium-ion secondary batteries

Camera lens materials for semiconductor manufacturing equipment

Reaction catalyst
Other products

High-Purity Chemical Business

Surface Treatment	Manufacture and sale of chemicals used for acid cleaning of stainless steel and slimming of LCD panels
Alternatives for CFCs	Manufacture and sale of hydrofluoric anhydride, raw materials for CFCs and fluoropolymers
B a t t e r i e s	Manufacture and sale of additives to improve the performance of lithium-ion secondary batteries
Semiconductors/LCDs	Manufacture and sale of chemicals for etching and cleaning in the semiconductor and LCD panel manufacturing processes
Semiconductor Devices	Manufacture and sale of raw materials for camera and stepper lenses, tantalum production aids for tantalum capacitors, etc.
C a t a l y s t s	Manufacture and sale of raw materials for fluoropolymers and catalysts for the manufacture of pharmaceutical intermediates, etc.
G y p s u m	Sale as raw material for concrete, etc. (Byproduct of hydrofluoric acid production)
General Products	Manufacture and sale of fluorine compounds for toothpaste, concentrated boron compounds, etc.
O t h e r	Sales of purchased goods, etc.

Introduction of Our Business

- Semiconductors/LCDs -

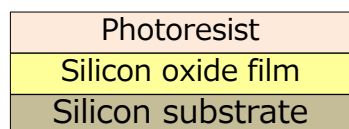
Ultra-High Purification Technology

- Impurity levels of less than 1 ppt (1×10^{-12}) are controlled by ultra-purification and ultra-cleaning technologies
- Mass production of ultra-pure chemicals for ultra-high integrated circuit

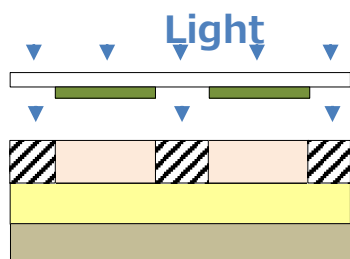
Ultra High Purity Hydrofluoric Acid	<ul style="list-style-type: none">• Hydrofluoric acid (HF) is the only chemical capable of etching out silicon oxide film• Chemical solutions are indispensable to the semiconductor manufacturing process and require ultra-high purity• In particular, dilute hydrofluoric acid is used in a number of semiconductor processes
Ultra High Purity Buffered Hydrofluoric Acid	<ul style="list-style-type: none">• Mixed aqueous solution of hydrofluoric acid (HF) and ammonium fluoride (NH_4F)• Mainly used in processes such as etching and cleaning of insulation films• Chemicals with etch rates ranging from tens of Å/min to thousands of Å/min can be produced

Example of Application (Photolithography Process)

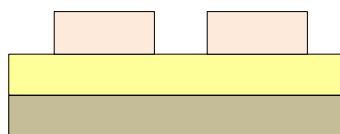
(1) Photoresist coating
on silicon wafer
(heat drying)



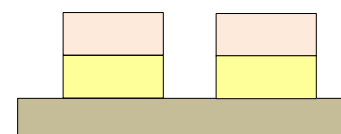
(2) Exposure



(3) Development



(4) Etching
(Dissolve silicon oxide film
with hydrofluoric acid
chemicals)



(5) Photoresist
stripping



Introduction of Our Business

- Semiconductors/LCDs -



Production capacity of High Purity Hydrofluoric Acid for Semiconductors

Kitakyushu Factory



Kitakyushu City, Fukuoka

30,000 t /year

Sanpo Factory



Sakai City, Osaka

65,000 t /year

STELLA CHEMIFA
SINGAPORE



Singapore

10,000 t /year

105,000 t /year

*** As a comprehensive manufacturer of fluorine compounds, we use our own technology to do everything from manufacturing to filling.**

Introduction of Our Business

- Batteries -



Additives

- Additive for electrolytic solution to improve the performance of lithium-ion secondary batteries
- High-temperature endurance • High conductivity • Increased capacity • Low resistance • Flame retardance

Lithium Hexafluorophosphate

- High-purity electrolytes for lithium-ion secondary batteries

* Manufacturing at our affiliate company in China (Maximum production capacity: 1,300 t/year)



Izumi Factory's manufacturing building (Izumiotu City, Osaka)

Example of materials used in lithium-ion secondary batteries

Additives

Positive and negative electrode

Separator

Current collector

Electrolyte

Binder

Protective IC

PTC element

Action on the Development of Materials for the Next-Generation Battery

[Metal-ion secondary batteries]

High-purity electrolytes for sodium-ion secondary batteries (sodium hexafluorophosphate)

[All-solid secondary batteries]

Fluoride materials for all solid-state batteries

[Fluoride-ion secondary batteries]

Fluoride-ion conductor material



Quzhou BDX New Chemical Materials Co., Ltd. (China)

Introduction of Our Business

- Enriched Boron -



Enrichment plant
(Izumiotsu City, Osaka)

Enriched Boron (Boron-10) and its features

- Natural boron is made up of two isotopes, boron-10(20%) and boron-11(80%)
- Developed technology to enrich boron-10 to over 95%
- Established mass production technology of enriched boron for the first time in Japan(2000)
- Boron-10 has an extremely high capacity to absorb neutrons, and further enriching it can increase its ability to absorb neutrons.

Production capacity

Products		Production Capacity (Kg/Year)	Degree of Concentration (wt%)
Enriched Boron	^{10}B	3,000	Over 96%
Enriched Boric Acid	$\text{H}_3^{10}\text{BO}_3$	20,000	96%
Enriched Potassium tetrafluoroborate	K^{10}BF_4	40,000	96%

Applications of Enriched Boron Compounds

- Neutron-absorbing material of spent nuclear fuel transportation and storage containers
- Material of control rods of nuclear reactors and rack material of spent nuclear fuel pools
- Excess reaction control of pressurized-water reactors by dissolving into primary cooling water
- Water source for facilities responding to specific major accidents, etc.
- Raw material for cancer treatment drugs (BNCT: Boron Neutron Capture Therapy)

Advantages of Using Enriched Boric Acid

- (1) Improvement of corrosive environment in nuclear reactors
Required ^{10}B concentration can be secured at 1/5 of natural products.
Operation at low concentration is possible, and corrosion in facilities can be reduced.
- (2) Reduction of storage costs
Heat retention are required to maintain the dissolution of boric acid water.
Enriched boric acid realizes the reduction in concentration, and reduces the problem of heat retention.
In addition, the storage tank can be made smaller.
- (3) More reliable control
In the event of an emergency stop, more reliable control is possible, and since boric acid is harmful to the human body and the environment, the reduction of overall amount of boric acid is an advantage.

Introduction of Our Business

- GMP-related -

Tin Fluoride

- 2017
The GMP inspection by USFDA for tin fluoride, an active ingredient of OTC anticaries drugs, was completed, and obtained official approval.
- 2018
Started marketing of “tin fluoride” as a GMP-compliant product.



Izumi Factory's manufacturing building
(Izumiotu City, Osaka)

<Actions of fluorine on teeth>

- To suppress Streptococcus mutans from producing acid (Cavity prevention)
- To promote tooth remineralization
- To form acid-resistant teeth (to form fluorapatite)

* We expect to see big demand mainly in Europe and the US, where there is strong interest in dental health and beauty.



* What is FDA?

FDA stands for Food and Drug Administration in the U.S.
(A public agency, similar in function to the Ministry of Health, Labour and Welfare in Japan)

* What is GMP?

It stands for “Good Manufacturing Practice”, which refers to a common standard for manufacturing and quality control of drugs and quasi-drugs.

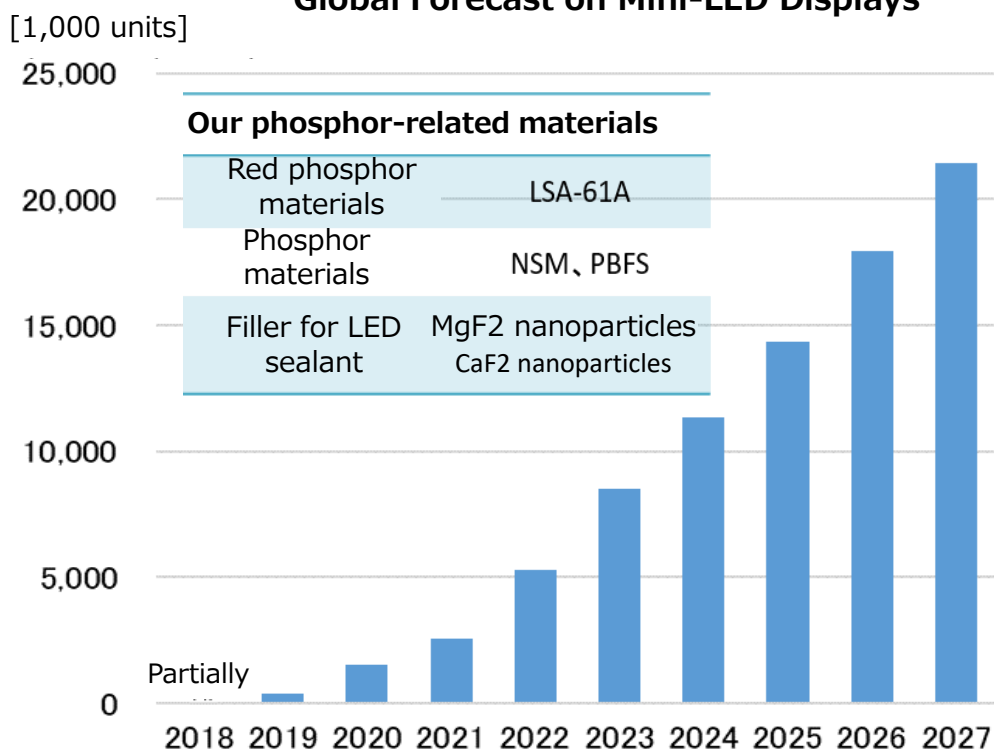
Introduction of Our Business

- New Initiatives -

Phosphor-related Materials

- Development of highly efficient and long-life fluoride phosphor materials using our core technologies
- Use of the materials is expected to increase in display applications such as mini-LED

Global Forecast on Mini-LED Displays



Source: Yano Research Institute
2019 LED Display Market and Future Prospects - Focusing on Micro LED and Mini-LED -

Mini-LED is expected to be adopted for in-vehicle displays and meter panels, driving the number of mini-LED displays installed

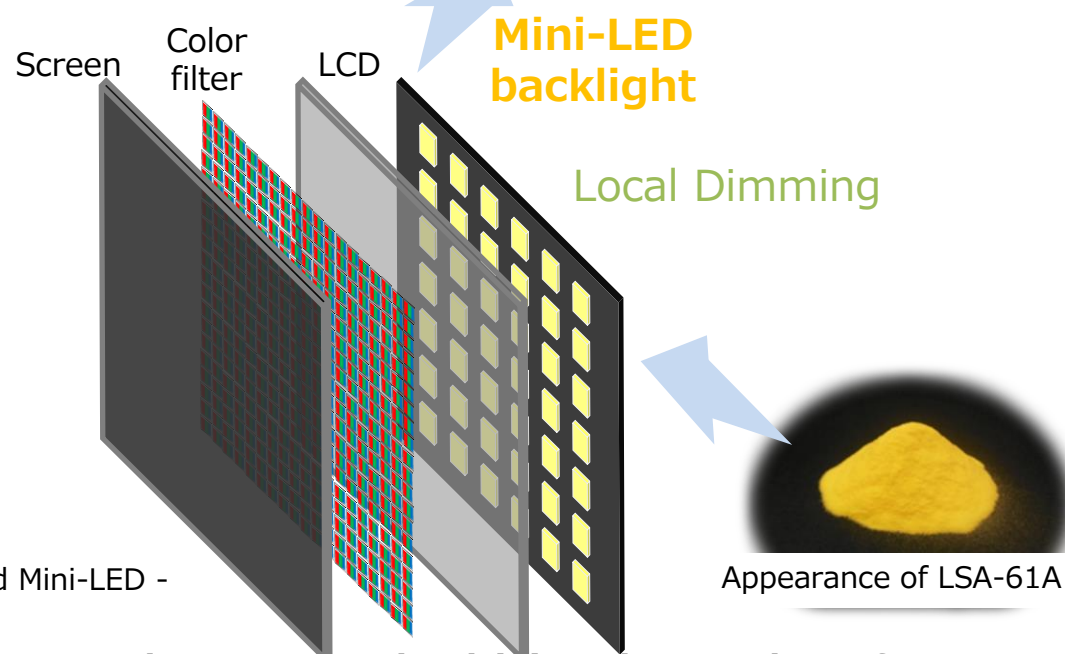
Beyond the Chemical



Display



Digital signage

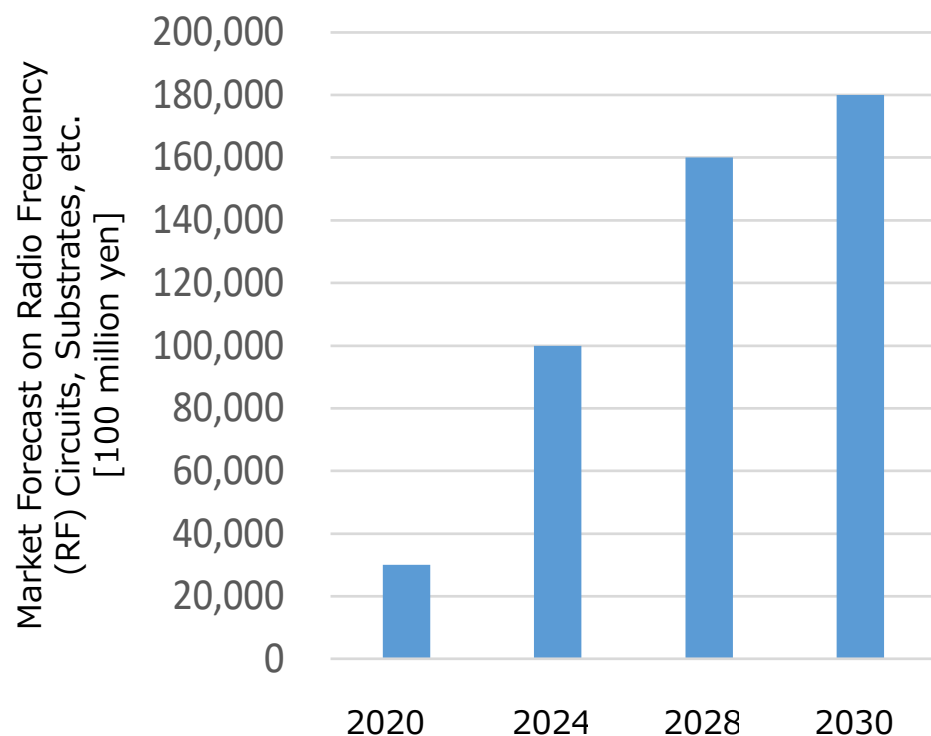


Introduction of Our Business

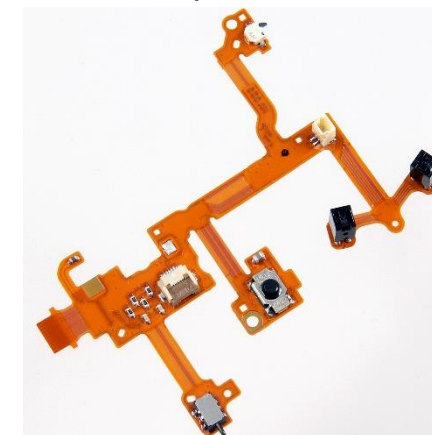
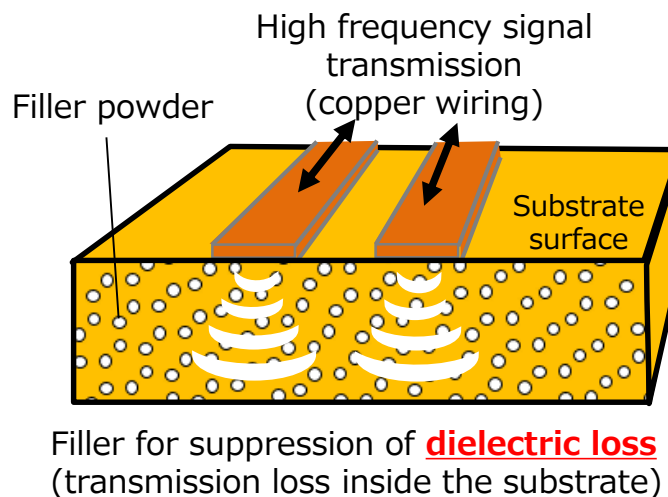
- New Initiatives -

PCB Materials (Low Dielectric Constant Materials)

- As materials for high-frequency communication devices, used as additives (fillers) to resin and other materials for substrates.
- Contribute to suppression of signal transmission loss, miniaturization of devices, and suppression of power consumption.



Source: Yano Research Institute
Market Forecast on 5G High-frequency Circuits, Substrates, etc.



Electronic substrate built in high-speed communication devices



Appearance of developed filler

Low dielectric
constant
Low dielectric
tangent

Introduction of Our Business

- Other product examples -



(Product information)

Optical Material-Related

- ◆ Calcium Fluoride
- ◆ Magnesium Fluoride
- ◆ Aluminum Fluoride
- ◆ Zinc Fluoride
- ◆ Lithium Fluoride
- ◆ Lead Fluoride
- ◆ Strontium Fluoride
- ◆ Barium Fluoride

Reactive Catalyst-Related

- ◆ High Purity Boron Trifluoride
- ◆ Boron Trifluoride n-Butyl Ether
- ◆ Boron Trifluoride Piperidine
- ◆ Boron Trifluoride Diethyl Ether
- ◆ Boron Trifluoride Phenol
- ◆ Triethylamine 3HF
- ◆ Boron Trifluoride Dimethyl Ether
- ◆ Boron Trifluoride Monoethyl Amine

Surface Treatment, Alternatives for CFCs-Related

- ◆ Anhydrous Hydrofluoric Acid
- ◆ 55% Hydrofluoric Acid

Nuclear Energy-Related

- ◆ ^{10}B Enriched Potassium Fluoroborate
- ◆ ^{10}B Enriched Boric Acid

Other Products

- ◆ Fluorosilicic Acid
- ◆ Copper Fluoroborate
- ◆ Ammonium Hydrogenfluoride
- ◆ Potassium Hexafluorozirconate
- ◆ Potassium Hexafluorophosphate
- ◆ Potassium Fluorosilicate
- ◆ Lead Fluoroborate
- ◆ Sodium Fluoride
- ◆ Potassium Hexafluorotitanate
- ◆ Fluoroboric Acid
- ◆ Sodium Fluoroborate
- ◆ Potassium Fluoride
- ◆ Refined Calcium Fluoride
- ◆ Tin Fluoroborate
- ◆ Potassium Fluoroborate
- ◆ Ammonium Fluoride

Newly-Developed Products

- ◆ Detergents Contributing to Increase in Chemical Lifetime
- ◆ Detergents Inhibiting Silicon and Polysilicon Damage
- ◆ Battery-Related (Ionic Liquids, Additives for Lithium-Ion Batteries, ...etc)
- ◆ Various Fluoride Nanoparticles Dispersant (Magnesium, Lithium, Ytterbium, Calcium)
- ◆ Nuclear Energy Industry
- ◆ Special-Purpose Inorganic Fluorine Compounds
- ◆ Detergents Suppressing Etching of Silicon Nitride Film
- ◆ Phosphor materials
- ◆ 5G/6G (Information Communication Systems), Printed Circuit Board
- ◆ Fluorinated Carbon Nano-Tubes

Introduction of Our Business



* For details, please visit the website.

街のなかでもステラケミファ



家のなかでもステラケミファ



病院のなかでもステラケミファ



学校のなかでもステラケミファ



Introduction of Our Business

- Transportation Business -



(HP URL)

Transportation Business

BLUE EXPRESS, Inc.

T r a n s p o r t	Land transport ・ Marine transport ・ Rail transport
Customs Clearance	Customs clearance ・ Loading and Unloading
W a r e h o u s i n g	Providing multi-functional warehouses fully equipped with the latest systems
Container services	Supplying large and pressurized containers that meet ISO specifications, medium-size IBC pressurized containers, as well as IBC containers with UN specifications, and also offering services for cleaning, repairing and leasing the containers

Customs
clearance sites

Shipping terminals

Overseas Bases

Ohama Office

Sendai Office

Singapore

Osaka Office

Kanto Office

China(Shanghai)

Yokohama Office

Yokohama Office

Shimizu Office

Nagoya Office

Ohama Office

Kobe Office

Kitakyushu Office



Introduction of Our Business

- Medical Business -



(HP URL)

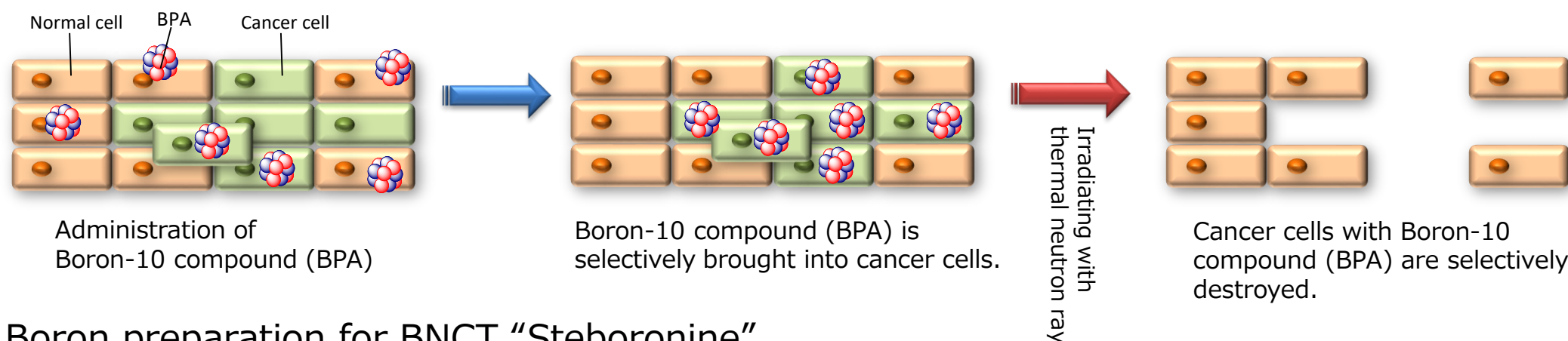
Medical Business

STELLA PHARMA CORPORATION

Boron Neutron Capture Therapy (Boron Neutron Capture Therapy : BNCT)

Mechanism of BNCT

A particle beam treatment that selectively destroys cancer cells by using the nuclear fission reaction between boron (Boron-10) and thermal neutrons produced by injecting a boron agent into cancer cells and irradiating the affected area with neutrons from outside the body.



Boron preparation for BNCT “Steboronine”



[Product name]

Steboronine Intravenous Drip Bag 9000 mg/300 mL

[Launch]

May 20, 2020

[Regulatory classification]

Prescription drugs *Used with a prescription from a doctor, etc.

[Indications]

Unresectable locally-advanced or locally recurrent head and neck cancers

Introduction of Our Business

- Medical Business -



(HP URL)

STELLA PHARMA CORPORATION

Medical Business

Efforts to Expand the Indications

Brain tumor
(recurrent malignant glioma)

A phase II study is underway.
(Under the consultation of the Prioritized Review System for innovative medicines [SAKIGAKE Designation System])

Melanoma/angiosarcoma

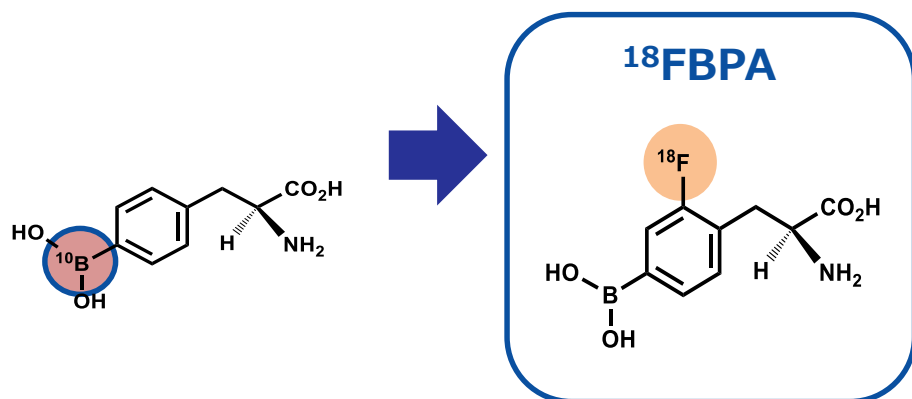
A phase I clinical study is underway.

Recurrent high-grade
meningioma

A physician-led phase II study is underway.
(A Physician-led study)

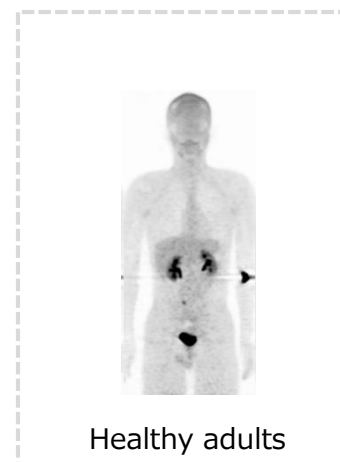
^{18}F BPA-PET Initiative

Boron-10 compound (BPA) labeled with ^{18}F

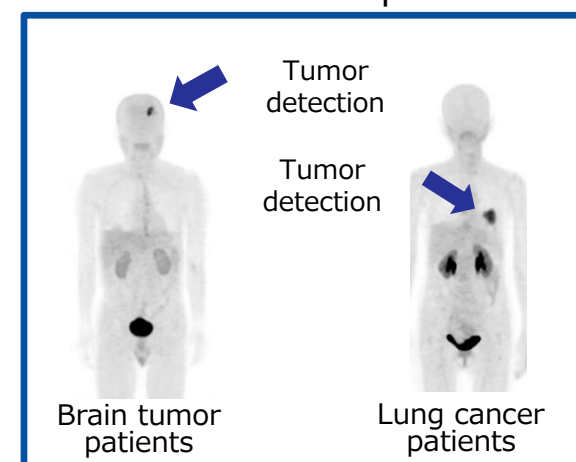


PET scan

Visualizing the distribution of Boron-10 compound (BPA) expands the scope of development to include cancers with limited clinical research experience



Healthy adults



Brain tumor patients

Lung cancer patients