

Business Results for 1st Half of FYE 3/2023

November 9th, 2022 STELLA CHEMIFA CORPORATION Securities code: 4109

Index



(Business Results)

[Reference Material]

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Performance Highlights



[1st Half of FYE 3/2023 Results]

- Both domestic and overseas sales remained strong and sales price rose in the Semiconductors.
- ◆ The price of anhydrous hydrofluoric acid(AHF), a key raw material, soared year on year.
- Recording gain on sale of investment securities as extraordinary income due to sale of an unlisted security.

[Full-year Forecast]

- There is a growing concern about a slowdown in the global market on Semiconductors.
- ◆ We will pay close attention to how earnings will be affected by uncertainties such as the price of anhydrous hydrofluoric acid(AHF) and trends in foreign exchange rates.

Financial Summary



(million yen)	1st Half of FYE 3/2022	1st Half of FYE 3/2023	Increase/ Decrease	Percentage Increase/ Decrease
Sales Revenue	18,109	19,618	1,509	8.3
Gross Profit	4,531	4,172	-359	-7.9
Operating Profit	2,448	2,245	-202	-8.3
Ordinary Profit	2,589	3,028	438	16.9
Quarterly Profit Attributable to Owners of Parent	1,863	3,022	1,158	62.2
Earnings Per Share (yen)	145.45	242.27		

Sales Revenue and Operating Profit by Business Segment



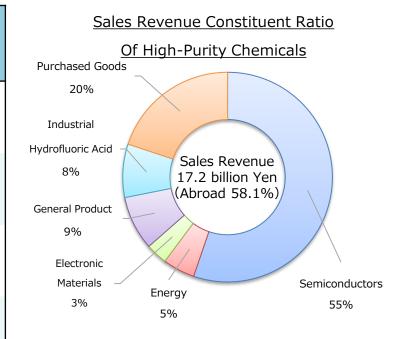
		Sales Rever	nue		Operating P	rofit		
	1st Half	1st Half	Increa Decre		1st Half	1st Half	Increa Decre	
(million yen)	of FYE 3/2022	of FYE 3/2023	Amount	%	of FYE3/2022	of FYE3/2023	Amount	%
High-Purity Chemical Business	15,631	17,263	1,632	10.4	2,523	1,958	-565	-22.4
Transportation Business	2,326	2,277	-49	-2.1	373	283	-90	-24.2
Medical Business	69	-	-69	-	-332	-	332	-
Other	82	77	-4	-5.3	8	9	1	15.6
Eliminations and Corporate	-	-	-	-	-124	-5	118	-
Total	18,109	19,618	1,509	8.3	2,448	2,245	-202	-8.3

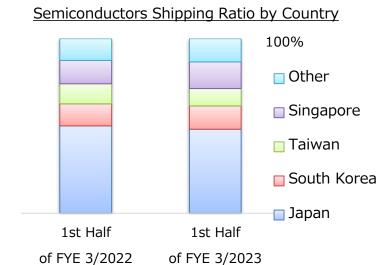
Beyond the Chemical

Sales Revenue of High-Purity Chemical Business (Breakdown)



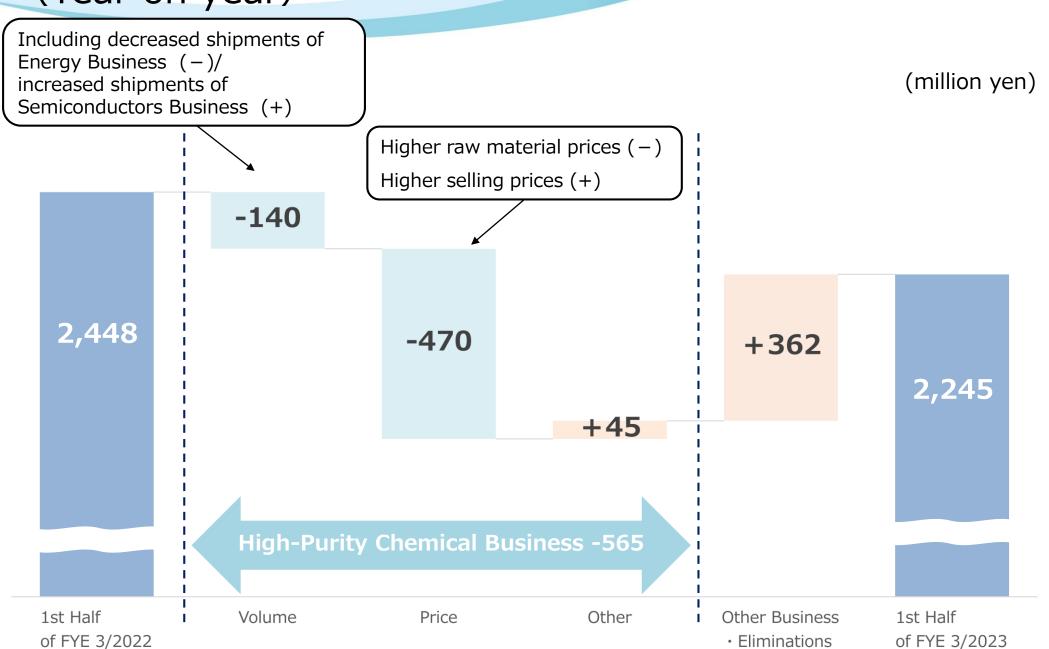
(million yen)	1st Half Of FYE 3/2022	1st Half Of FYE 3/2023	Increase/ Decrease	Percentage Increase/ Decrease
Semiconductors	8,567	9,539	971	11.3
Energy	1,536	854	-682	-44.4
Electronic Materials	593	571	-21	-3.6
General Products	1,069	1,442	373	34.9
Industrial Hydrofluoric Acid	2,027	1,418	-608	-30.0
Purchased Goods	1,836	3,437	1,600	87.1
Total	15,631	17,263	1,632	10.4





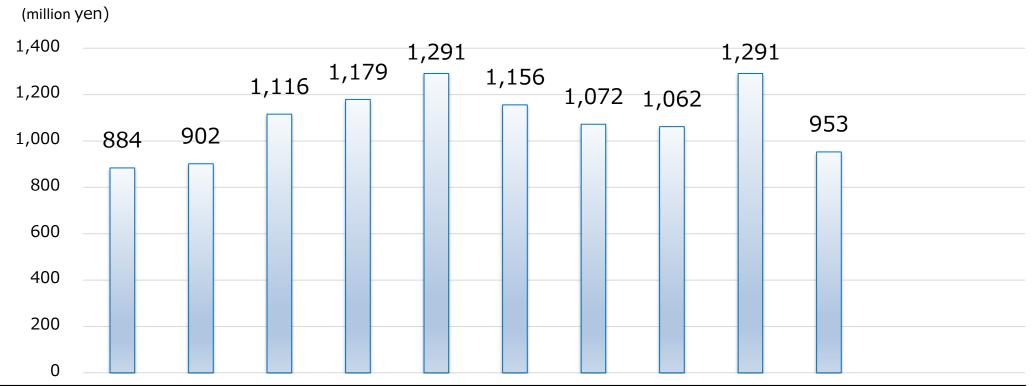
Analysis of Operating Profit (Year on year)





Change of Quarterly Operating Profit





	FYE 3/2021			FYE 3/2022			FYE 3/2023					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales Revenue	8,222	8,389	8,315	7,965	8,896	9,212	9,015	10,171	9,764	9,854		
Operating Profit	884	902	1,116	1,179	1,291	1,156	1,072	1,062	1,291	953		
Operating Profit Margin	10.8%	10.8%	13.4%	14.8%	14.5%	12.5%	11.9%	10.4%	13.2%	9.7%		

Transitions in Trade Statistics Value of Anhydrous Hydrofluoric Acid(AHF)



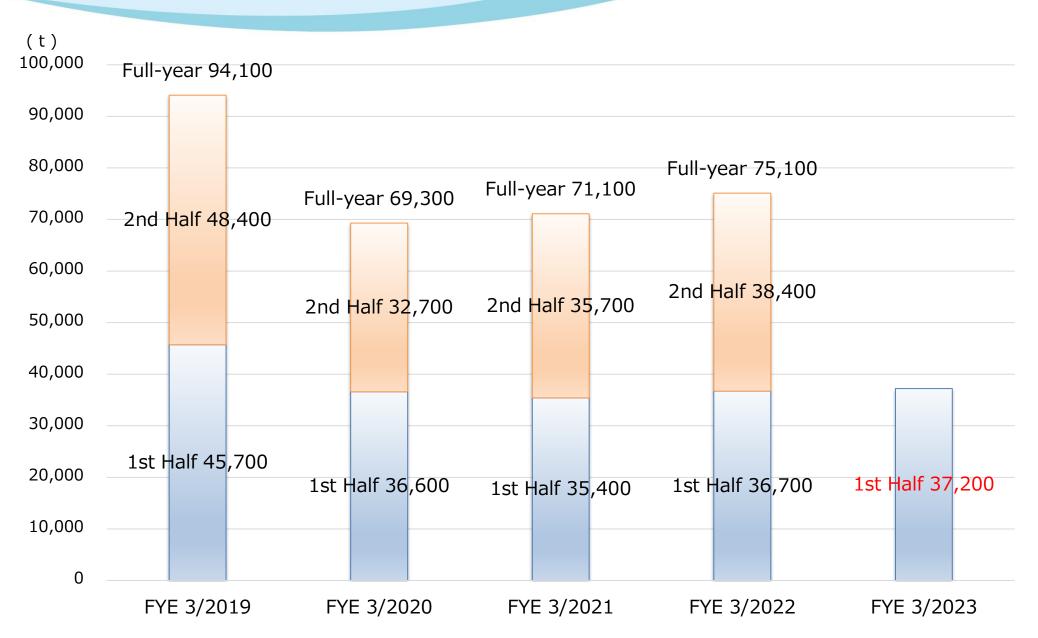


(yen/kg)	FYE 3/2019	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023
Average Price	220	186	168	225	278

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)





Balance Sheet



(million yen)	FYE 3/2022 End-of-Year	Sep.30,2022	Increase/ Decrease	Percentage Increase/ Decrease
Assets	56,598	58,577	1,979	3.5
Cash and deposits	15,895	16,838	942	5.9
Operating receivables	8,642	8,851	208	2.4
Inventory assets	5,271	4,894	-376	-7.1
Property, plant, and equipment	21,667	22,469	802	3.7
Intangible assets	375	327	-47	-12.7
Liabilities	13,869	13,173	-696	-5.0
Operating liabilities	3,522	3,895	373	10.6
Interest-bearing liabilities	5,594	4,853	-741	-13.2
Net Assets	42,728	45,404	2,675	6.3
Equity capital	42,170	44,865	2,694	6.4
Liabilities and Net Assets	56,598	58,577	1,979	3.5

Statement of Cash Flows Capital Expenditures, Depreciation & Amortization, Research & Development Expenses



(million yen)

(1) Consolidated Statement of Cash Flows	1st Half of FYE 3/2022	1st Half of FYE 3/2023
Cash Flows from Operating Activities	2,476	2,941
Cash Flows from Investing Activities	-1,584	-595
Free Cash Flows (Operating CF + Investment CF)	891	2,346
Cash Flows from Financing Activities	2,231	-2,051
Net Increase (Decrease) in Cash and Cash Equivalents	3,296	895
Cash and Cash Equivalents, Beginning of Period	15,245	15,538
Cash and Cash Equivalents, End of Period	18,542	16,433

(2) Capital Expenditures, Depreciation & Amortization, Research & Development Expenses	1st Half of FYE 3/2022	
Capital Expenditures	1,380	1,668
Depreciation & Amortization	1,338	1,299
Research & Development Expenses	359	233

Financial Forecast



(million yen)	FYE 3/2022 Actual	FYE 3/2023 Forecast	Increase/ Decrease	Percentage Increase/ Decrease
Sales Revenue	37,296	37,500	203	0.5
Operating Profit	4,583	4,600	16	0.4
Ordinary Profit	5,707	5,800	92	1.6
Profit Attributable to Owners of Parent	5,364	4,200	-1,164	-21.7
Earnings Per Share (yen)	422.97	335.63		
Dividend (yen)	60	60		
ROE (%)	13.7	9.6		
Capital Expenditures	2,648	4,900	2,251	85.0
Depreciation & Amortization	2,713	2,500	-213	-7.9
Research & Development Expenses	744	600	-144	19.4

Beyond the Chemical 13

Forecast on Sales Revenue and Operating Profit by Business Segment



		Sales Rever	nue	Operating Profit				
	FYE 3/2022	FYE 3/2023	Increa Decrea		FYE 3/2022	FYE 3/2023	Increa Decre	
(million yen)	Actual	Forecast	Amount	%	Actual	Forecast	Amount	%
High-Purity Chemical Business	32,330	32,930	599	1.9	4,776	3,990	-786	-16.5
Transportation Business	4,676	4,370	-306	-6.6	764	570	-194	-25.5
Medical Business	100	-	-100	-	-729	-	729	-
Other	189	200	10	5.6	20	30	9	43.2
Eliminations and Corporate	-	-	-	-	-248	10	258	-
Total	37,296	37,500	203	0.5	4,583	4,600	16	0.4

Change in Classification of High-Purity Chemical Business



In the High-Purity Chemical Business, we have used nine categories for presentation. However, in light of the current business strategy and business scale, we will change the number of categories to six as shown in the following table from the fiscal year ending March 2023.

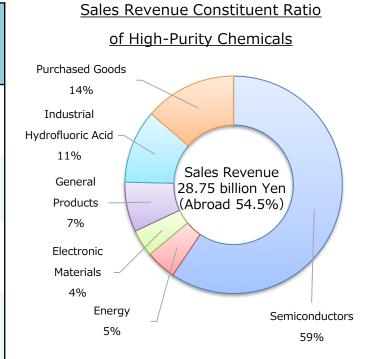
New categories in High-Purity Chemical Business (from the fiscal year ending March 2023)

New categories (six)	New categories in detail	(Reference) Old categories
Semiconductors	High-purity Hydrofluoric Acid for Semiconductors/LCDs	Semiconductors/ LCDs
Energy	Fluoride materials for batteries	Batteries
Lifelgy	Enriched Boron	General Products
Electronic Materials	Fluoride materials for raw materials used for semiconductor devices/capacitors	Semiconductor Devices
Liecti offic Materials	R&D Products (Phosphor materials etc)	General Products
	Fluoride materials for catalysts	Catalysts
General Products	Fluoride materials for toothpaste (Tin Fluoride)	General Products
	Other Fluoride materials	General Products
	Hydrofluoric Acid for surface treatment	Surface Treatment
Industrial Hydrofluoric Acid	Anhydrous Hydrofluoric Acid for alternatives for CFCs	Alternatives for CFCs
	Gypsum	Gypsum
Purchased Goods	Anhydrous Hydrofluoric Acid for alternatives for CFCs(Purchase & Sale)	Alternatives for CFCs
	Purchased Goods	Other

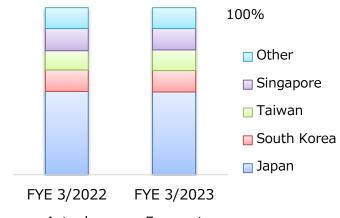
Forecast on Sales Revenue of High-Purity Chemical Business (Breakdown)



(million yen)	FYE 3/2022 Actual	FYE 3/2023 Forecast	Increase/ Decrease	Percentage Increase/ Decrease
Semiconductors	17,859	19,570	1,710	9.6
Energy	3,121	1,500	-1,621	-51.9
Electronic Materials	1,280	1,320	39	3.1
General Products	2,246	2,440	193	8.6
Industrial Hydrofluoric Acid	3,919	3,600	-319	-8.1
Purchased Goods	3,904	4,500	595	15.3
合計	32,330	32,930	599	1.9







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.

- ◆ FYE3/2022
- Annual dividend: 60 yen per share (Annual dividends 50yen, Special dividends 10yen)
- The Company repurchased 300,000 of its own shares, worth 840 million yen.
- ◆ FYE3/2023
- Annual dividend forecast: 60 yen per share
- Undertaking share buy-back up to a ceiling of 500,000 shares for 1.7 billion yen from August 25, 2022 to March 24, 2023





Reference Material

(Corporate Profile • Introduction of Our Business)

Corporate Profile



(as of Sep 30, 2022)

Corporate Name	STELLA CHEMIFA CORPORATION		
Head Office	Meiji Yasuda Seimei Osaka Midosuji 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 Director (Products Management Group): Kiyonori Saka		
U R L	https://www.stella-chemifa.co.jp/english/		
Number of Employees	287		
Sales Department	Osaka Sales Department (Chuo-ku, Osaka city, Osaka) Tokyo Sales Department (Chiyoda-ku, Tokyo)		
Factory	Sanpo Factory (Sakai-ku, Sakai City, Osaka) Izumi Factory (Izumiotsu City, Osaka) Kitakyushu Factory (Yahatanishi-ku, Kitakyushu City, Fukuoka)		

Subsidiaries & Associates



At home (3 companies)

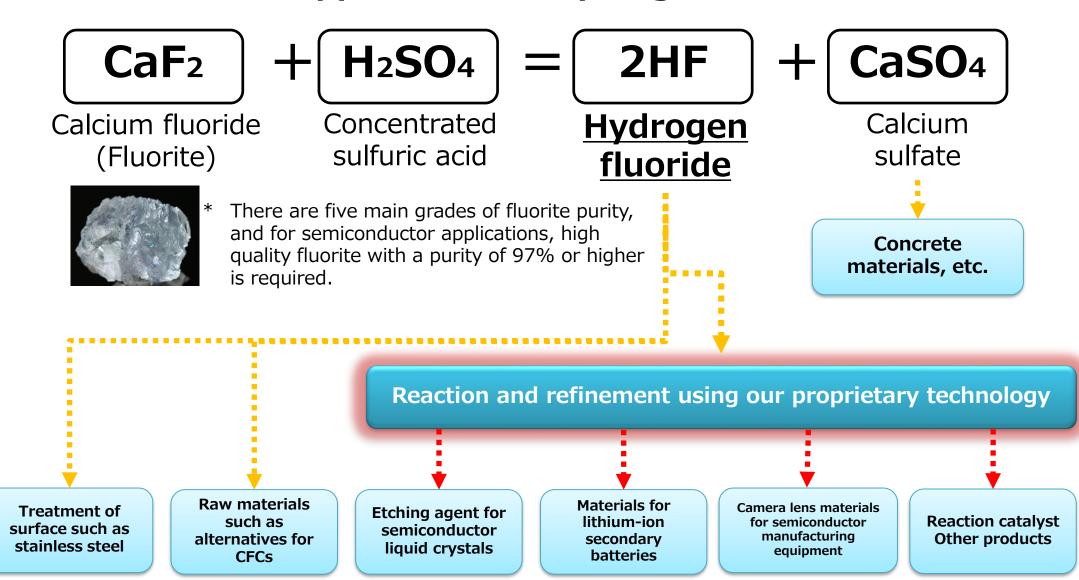
Transportation Business	BLUE EXPRESS, Inc.	Sakai-ku, Sakai City, Osaka
Other Business	BLUE AUTO TRUST Co., Ltd.	Sakai-ku, Sakai City, Osaka
Medical Business	STELLA PHARMA CORPORATION	Chuo-ku, Osaka city, Osaka

Abroad (6 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	Quzhou BDX New Chemical Materials Co., Ltd.	China



Manufacture and applications of hydrogen fluoride



Beyond the Chemical



High-Purity Chemical Business

Semiconductors	Manufacture and sale of chemicals for etching and cleaning in the semiconductor and LCD panel manufacturing processes
Energy	· Manufacture and sale of additives to improve the performance of lithium-ion secondary batteries
	· Manufacture and sale of concentrated boron (boron 10) used for nuclear power and cancer therapy (BNCT)
	Manufacture and sale of tantalum production aids for tantalum capacitors
Electronic Materials	Manufacture and sale of raw materials for camera and stepper lenses
	Manufacture and sale of R&D products in the small-quantity production stage
	Manufacture and sale of raw materials for production of phosphors and phosphors used for LEDs
General Products	• Manufacture and sale of a range of chemicals and catalysts for the manufacture of pharmaceutical intermediates, etc.
	· Manufacture and sale of toothpaste additives to prevent tooth decay and gingivitis
	Manufacture and sale of other fluorine compounds
Industrial Hydrofluoric Acid	· Manufacture and sale of hydrofluoric anhydride, raw materials for CFCs and fluoropolymers
	· Manufacture and sale of chemicals used for acid cleaning of stainless steel and slimming of LCD panels
Purchased Goods	· Sales of purchased goods

Beyond the Chemical 22

- Semiconductors -



Ultra-High Purification Technology

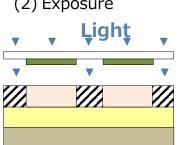
- Impurity levels of less than 1 ppt (1×10⁻¹²) are controlled by ultra-purification and ultra-cleaning technologies
- Mass production of ultra-pure chemicals for ultra-high integrated circuit

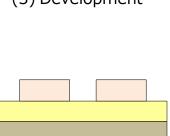
Ultra High Purity Hydrofluoric Acid	 Hydrofluoric acid (HF) is the only chemical capable of etching out silicon oxide film Chemical solutions are indispensable to the semiconductor manufacturing process and require ultra-high purity In particular, dilute hydrofluoric acid is used in a number of semiconductor processes
Ultra High Purity Buffered Hydrofluoric Acid	 Mixed aqueous solution of hydrofluoric acid (HF) and ammonium fluoride (NH₄F) 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

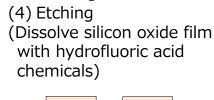
Example of Application (Photolithography Process) (1) Photoresist coating (2) Exposure (3) Development (4) Etching

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

Photoresist
Silicon oxide film
Silicon substrate











- Semiconductors -



Production capacity of High Purity Hydrofluoric Acid for Semiconductors

Kitakyushu Factory



30,000 t /year

Sanpo Factory



65,000 t /year

STELLA CHEMIFA 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.

- Energy -



Additives

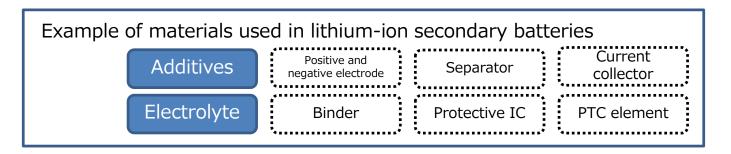
- Additive for electrolytic solution to improve the performance of lithium-ion secondary batteries
- High-temperature endurance High conductivity •
 Increased capacity Low resistance Flame retardance



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

Lithium Hexafluorophosphate

- High-purity electrolytes for lithium-ion secondary batteries
 - * Manufacture and sale at our affiliate company in China (Quzhou BDX New Chemical Materials Co., Ltd.)





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

- Energy -





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 99%
- 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
Enriched Boron	¹⁰ B	6,000kg
Enriched Boric Acid	H ₃ ¹⁰ BO ₃	36,000kg
Enriched Potassium tetrafluoroborate	K ¹⁰ BF ₄	75,000kg

- Energy -



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 ¹⁰B 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
 Heating and 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.

- General Products -



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 (Izumiotsu 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.
- ⇒ We are also developing new applications other than toothpaste (e.g., hoof sterilization)

New Initiatives(Semiconductors) -



Chemicals for semiconductors

- Development of functional chemical solutions to meet the requirements of manufacturers of DRAM, which is becoming increasingly smaller, and 3D NAND, which is increasingly multilayered, anticipating the time when various advanced technologies are demanded for improving the performance of semiconductors
- Smaller particle sizes will be guaranteed as logic and memory become smaller



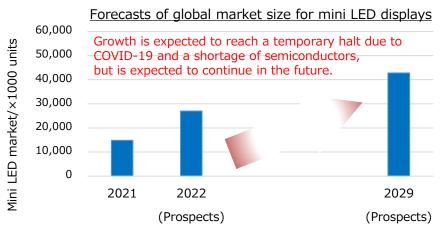
New Initiatives(Electronic Materials1) -



Phosphor-related Materials

- The iPad Pro 12.9-inch model will feature a mini LED backlight LCD, which is expected to lead to its wider use.
- Research on the use of mini LEDs for automotive display and other applications is attracting further attention.
- Other potential applications include digital signage and lighting.





Source: Yano Research Institute 2022 Micro, Mini LED Display Market and Future Prospects

- Development of highly efficient and long-life fluoride phosphor materials using our core technologies
- Customers have adopted some products, and R&D for further expanding adoption will be promoted

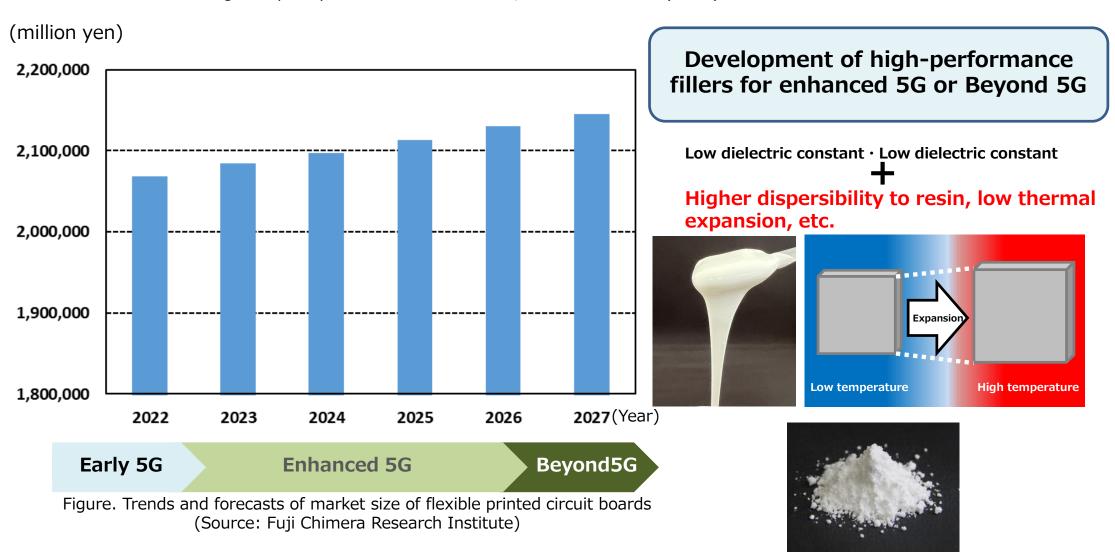
➤ Red phosphor materials	LSA-61A
➤ Phosphor materials	NSM, PBFS
➤ Filler for LED sealant	MgF2, CaF2 nanoparticles

- New Initiatives(Electronic Materials2) -



PCB Materials (Low Dielectric Constant Materials)

• As materials for high-frequency communication devices, used as additives (fillers) to resin and other materials for substrates.



- Other product examples -





Optical Material-Related

◆Aluminum Fluoride

◆Lithium Fluoride

◆Strontium Fluoride

◆Barium Fluoride

◆Magnesium Fluoride
◆Lead Fluoride

◆Calcium Fluoride

Reactive Catalyst-Related

♦ High Purity Boron Trifluoride

◆Boron Trifluoride n-Butyl Ether

◆Boron Trifluoride Monoethyl Amine ◆Boron Trifluoride Piperidine

- ◆Boron Trifluoride Diethyl Ether
- ◆Boron Trifluoride Tetrahydrofuran

◆Boron Trifluoride Dimethyl Ether

(Product information)

- ◆Boron Trifluoride Phenol
- ◆Triethylamine 3HF

Surface Treatment, Alternatives for CFCs-Related

◆Anhydrous Hydrofluoric Acid ◆55% Hydrofluoric Acid

Nuclear Energy-Related

- ◆ ¹⁰B Enriched Potassium Fluoroborate
- ◆ ¹0B Enriched Boric Acid

◆Fluoroboric Acid

Other Products

◆Fluorosilicic Acid

◆Copper Fluoroborate

◆ Potassium Fluoroborate

◆ Potassium Fluoride

◆ Potassium Hexafluorotitanate ◆ Refined Calcium Fluoride

- ◆ Potassium Fluorosilicate
- **◆**Lead Fluoroborate
- **◆**Zinc Fluoroborate
- ◆Ammonium Hydrogenfluoride
- ◆Ammonium Fluoride

- **◆**Tin Fluoroborate
 - **♦**Sodium Fluoroborate
 - ◆Sodium Fluoride
- ◆ Potassium Hexafluorozirconate
- ◆ Potassium Hexafluorophosphate

Newly-Developed Products

◆ Detergents Contributing to Increase in Chemical Lifetime

◆ Detergents Suppressing Etching of Silicon Nitride Film

- ◆ Detergents Inhibiting Silicon and Polysilicon Damage
- ◆Battery-Related (Ionic Liquids, Electrolytes for Sodium Ion Batteries Sodium Hexafluorophosphate, Additives for Lithium-Ion Batteries,)
- ◆ Various Fluoride Nanoparticles Dispersant (Magnesium, Lithium, Ytterbium, Calcium, CNP-P)

◆ Phosphor materials

◆ Nuclear Energy Industry

- ◆Fluorinated Carbon Nano-Tubes
- ◆ Special-Purpose Inorganic Fluorine Compounds Beyond the Chemical

♦5G/6G (Information Communication Systems), Printed Circuit Board

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* For details, please visit the website.

街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



家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



- Transportation Business -



(HP URL)



Transportation Business

BLUE EXPRESS, Inc.

Transport	Land transport • Marine transport • Rail transport		
Customs Clearance	Customs clearance · Loading and Unloading		
Warehousing	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		





- Transportation Business -



Equipment

- * Tractors
- * Container Semitrailers 20FT chassis 35FT chassis 40FT chassis chassis for container Wings Semitrailers
- * Tank Trailer
 Tank trailers
 High Pressure Gas Trailers
- * $4\sim15$ -Ton Wings Trucks
- * Temperature Controlled Wings Trucks
- * 1~15-Ton Flatbed Bodies
- * Container Carrier
- * Tank Trucks

 Dedicated Trucks

 Tank Trucks for Hi
- Tank Trucks for High Pressure Gas
- * Tank containers ISO Tank Containers (Teflon Lined) ISO Tank Containers (Reefer) JR Tank Containers (Teflon Lined)
- * Portable Tank (Teflon Lined)

List of vehicle types































- Transportation Business -



TOPICS

Promoting initiatives focusing on profitability

- Revision of low-price transactions: Revising the rates to ones commensurate with costs and revising the transactions themselves
- Acquisition of new projects: Actively responding to inquiries, identifying potential demand of existing shippers, collaborating with other departments, etc.

(1) Sendai Office relocated on April 26, 2021



Sendai Office
Relocated to the adjacent area of
Sendai Port for capturing demand for
marine containers

(2) Introduction of top lifts in Kitakyushu Office



Top lift (April 2022)