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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Under Japanese GAAP]



November 9, 2022

Company name: STELLA CHEMIFA CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 4109

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

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Scheduled date to file quarterly securities report: November 14, 2022

Scheduled date to commence dividend payments: November 30, 2022

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, 2022 (April 1, 2022 - September 30, 2022)

(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, 2022	19,618	8.3	2,245	(8.3)	3,028	16.9	3,022	62.2
September 30, 2021	18,109	9.0	2,448	37.0	2,589	51.1	1,863	69.7

(Note) Comprehensive income: For six months ended September 30, 2022: ¥3,938 million [92.4%]

For six months ended September 30, 2021: ¥2,046 million [155.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	242.27	—
September 30, 2021	145.45	—

(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, 2022	58,577	45,404	76.6	3,671.47
As of March 31, 2022	56,598	42,728	74.5	3,369.93

(Reference) Equity: As of September 30, 2022: ¥44,865 million

As of March 31, 2022: ¥42,170 million

### 2. Cash Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	24.00	—	36.00	60.00
Fiscal year ending March 31, 2023	—	30.00			
Fiscal year ending March 31, 2023 (Forecast)			—	30.00	60.00

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

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	37,500	0.5	4,600	0.4	5,800	1.6	4,200	(21.7)	335.63

(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, 2022: 13,213,248 shares

As of March 31, 2022: 13,213,248 shares

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

As of September 30, 2022: 993,291 shares

As of March 31, 2022: 699,457 shares

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

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

Six months ended September 30, 2021: 12,813,519 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 3 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 .....	3
2. Quarterly Consolidated Financial Statements and Principal Notes .....	4
(1) Quarterly Consolidated Balance Sheet .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
Quarterly Consolidated Statement of Income	
Six Months Ended September 30.....	6
Quarterly Consolidated Statement of Comprehensive Income	
Six Months Ended September 30.....	7
(3) Quarterly Consolidated Statement of Cash Flows .....	8
(4) Notes to Quarterly Consolidated Financial Statements .....	10
(Notes on going concern assumption) .....	10
(Notes on Significant Changes to Shareholders' Equity) .....	10
(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements).....	10
(Segment information, etc.) .....	11

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

### (1) Explanation of Operating Results

The Japanese economy showed signs of normalized economic activities for the six months ended September 30, 2022, with eased COVID-19 restrictions. The outlook, however, still remains uncertain due to the prolonged Russia-Ukraine conflict and the impact of the sharp rise in resources and energy prices provoked by the rapid weakening of the yen in the foreign exchange market.

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, 2022, both domestic and overseas sales remained strong and sales price rose in the Semiconductors. As a result, sales revenue increased to 19,618 millions of yen (up 8.3% year on year).

In terms of profits, operating profit amounted to 2,245 millions of yen (down 8.3% year on year) despite the increased shipment volume in the Semiconductors, as the impact of supply and demand in the Chinese market and the weakening yen led to a significant year-on-year increase in the price of anhydrous hydrofluoric acid, a key raw material. Ordinary profit amounted to 3,028 millions of yen (up 16.9% year on year), as a result of recording share of profit of entities accounted for using equity method. This was due to a significant rise in the sales price following a surge in the market price in China for electrolytes for lithium-ion secondary batteries sold by the Quzhou BDX New Chemical Materials Co., Ltd., an equity method affiliate, resulting in the affiliate's robust operating results. Moreover, as a result of recording gain on sale of investment securities as extraordinary income due to sale of an unlisted security, profit attributable to owners of parent amounted to 3,022 millions of yen (up 62.2% year on year).

### (2) Explanation of Financial Position

#### (Assets)

Current assets increased by 580 millions of yen (1.9%) from the end of the previous fiscal year to 31,161 millions of yen. The main reasons for this growth included increases of 942 millions of yen in cash and deposits and 220 millions of yen in notes and accounts receivable - trade.

Non-current assets increased by 1,399 millions of yen (5.4%) from the end of the previous fiscal year to 27,416 millions of yen. The main reasons for this growth included increases of 802 millions of yen in property, plant and equipment and 644 millions of yen in investments and other assets.

Consequently, total assets increased by 1,979 millions of yen from the end of the previous fiscal year to 58,577 millions of yen.

#### (Liabilities)

Current liabilities decreased by 273 millions of yen (2.8%) from the end of the previous fiscal year to 9,530 millions of yen. The main reason for this decline included a decrease of 234 millions of yen in current portion of long-term borrowings.

Non-current liabilities decreased by 423 millions of yen (10.4%) from the end of the previous fiscal year to 3,642 millions of yen. The main reason for this decline included a decrease of 533 millions of yen in long-term borrowings.

Consequently, total liabilities decreased by 696 millions of yen from the end of the previous fiscal year to 13,173 millions of yen.

#### (Net assets)

Net assets at the end of the second quarter of the fiscal year under review amounted to 45,404 millions of yen, an increase of 2,675 millions of yen from the end of the previous fiscal year. The main reason for this growth included an increase of 2,566 millions of yen in retained earnings.

Consequently, the equity-to-asset ratio was 76.6% (74.5% 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, 2023 have not been revised from the forecasts announced on May 10, 2022.

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

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	15,895	16,838
Notes and accounts receivable - trade	8,577	8,798
Electronically recorded monetary claims - operating	65	53
Merchandise and finished goods	2,175	2,054
Work in process	1,510	1,469
Raw materials and supplies	1,584	1,370
Other	789	594
Allowance for doubtful accounts	(17)	(16)
Total current assets	30,581	31,161
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,535	6,402
Machinery, equipment and vehicles, net	4,772	4,630
Land	5,467	5,467
Leased assets	132	153
Construction in progress	3,147	4,271
Other, net	1,611	1,545
Total property, plant and equipment	21,667	22,469
Intangible assets		
Other	375	327
Total intangible assets	375	327
Investments and other assets		
Other	3,973	4,618
Total investments and other assets	3,973	4,618
Total non-current assets	26,016	27,416
Total assets	56,598	58,577

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,743	2,242
Electronically recorded obligations - operating	876	833
Short-term borrowings	1,920	1,920
Current portion of long-term borrowings	1,494	1,260
Income taxes payable	1,370	1,213
Provision for bonuses	379	379
Provision for bonuses for directors (and other officers)	55	17
Electronically recorded obligations facilities	401	229
Other	1,563	1,434
Total current liabilities	9,804	9,530
Non-current liabilities		
Long-term borrowings	2,003	1,469
Retirement benefit liability	956	942
Provision for retirement benefits for directors (and other officers)	31	32
Provision for share awards	99	110
Asset retirement obligations	645	676
Other	329	410
Total non-current liabilities	4,065	3,642
Total liabilities	13,869	13,173
Net assets		
Shareholders' equity		
Share capital	4,829	4,829
Capital surplus	8,793	8,793
Retained earnings	29,450	32,016
Treasury shares	(1,642)	(2,448)
Total shareholders' equity	41,430	43,191
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50	49
Deferred gains or losses on hedges	46	—
Foreign currency translation adjustment	643	1,624
Total accumulated other comprehensive income	739	1,673
Share acquisition rights	49	48
Non-controlling interests	508	490
Total net assets	42,728	45,404
Total liabilities and net assets	56,598	58,577

## (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, 2021	For the six months ended September 30, 2022
Sales revenue	18,109	19,618
Cost of sales	13,577	15,446
Gross profit	4,531	4,172
Selling, general and administrative expenses	2,083	1,927
Operating profit	2,448	2,245
Non-operating income		
Share of profit of entities accounted for using equity method	156	489
Subsidy income	34	24
Foreign exchange gains	—	235
Other	50	53
Total non-operating income	240	803
Non-operating expenses		
Interest expenses	15	11
Loss on valuation of derivatives	—	5
Share issuance costs	37	—
Foreign exchange losses	8	—
Depreciation	4	—
Provision of allowance for doubtful accounts	30	—
Other	3	3
Total non-operating expenses	99	20
Ordinary profit	2,589	3,028
Extraordinary income		
Gain on sale of non-current assets	14	7
Gain on sale of investment securities	—	1,237
Total extraordinary income	14	1,245
Extraordinary losses		
Loss on abandonment of non-current assets	35	3
Loss on sale of non-current assets	—	0
Total extraordinary losses	35	3
Profit before income taxes	2,568	4,270
Income taxes	907	1,331
Profit	1,661	2,938
Loss attributable to non-controlling interests	(202)	(83)
Profit attributable to owners of parent	1,863	3,022



Quarterly Consolidated Statement of Comprehensive Income  
Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	1,661	2,938
Other comprehensive income		
Valuation difference on available-for-sale securities	19	(0)
Deferred gains or losses on hedges	19	(46)
Foreign currency translation adjustment	320	783
Share of other comprehensive income of entities accounted for using equity method	25	263
Total other comprehensive income	385	999
Comprehensive income	2,046	3,938
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,214	3,956
Comprehensive income attributable to non-controlling interests	(167)	(18)

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,568	4,270
Depreciation	1,338	1,299
Increase (decrease) in allowance for doubtful accounts	30	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	(30)	(37)
Increase (decrease) in provision for bonuses	(1)	(0)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	1
Increase (decrease) in retirement benefit liability	29	(13)
Increase (decrease) in provision for share awards	12	11
Interest and dividend income	(5)	(11)
Interest expenses	15	11
Subsidy income	(34)	(24)
Foreign exchange losses (gains)	(30)	(299)
Share of loss (profit) of entities accounted for using equity method	(156)	(489)
Loss (gain) on sale and retirement of property, plant and equipment	20	(4)
Loss (gain) on sale of investment securities	—	(1,237)
Loss (gain) on valuation of derivatives	(5)	5
Decrease (increase) in trade receivables	(438)	49
Decrease (increase) in inventories	(305)	509
Increase (decrease) in trade payables	587	252
Decrease (increase) in other current assets	(85)	199
Increase (decrease) in other current liabilities	(154)	(284)
Decrease (increase) in consumption taxes refund receivable	(8)	0
Increase (decrease) in accrued consumption taxes	(61)	(14)
Other, net	29	44
Subtotal	3,311	4,234
Interest and dividends received	5	11
Interest paid	(15)	(11)
Subsidies received	34	24
Income taxes paid	(858)	(1,318)
Net cash provided by (used in) operating activities	2,476	2,941
<b>Cash flows from investing activities</b>		
Payments into time deposits	(189)	(386)
Proceeds from withdrawal of time deposits	179	366
Purchase of property, plant and equipment	(1,054)	(1,808)
Proceeds from sale of property, plant and equipment	15	10
Purchase of intangible assets	(9)	(10)
Purchase of investment securities	(518)	(1)
Proceeds from sale of investment securities	—	1,245
Other payments	(10)	(33)
Other proceeds	1	22
Net cash provided by (used in) investing activities	(1,584)	(595)

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(1,029)	(767)
Proceeds from share issuance to non-controlling shareholders	3,601	—
Purchase of treasury shares	—	(806)
Repayments of lease liabilities	(17)	(21)
Dividends paid	(323)	(455)
Net cash provided by (used in) financing activities	2,231	(2,051)
Effect of exchange rate change on cash and cash equivalents	173	600
Net increase (decrease) in cash and cash equivalents	3,296	895
Cash and cash equivalents at beginning of period	15,245	15,538
Cash and cash equivalents at end of period	18,542	16,433

(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, 2021 (from April 1, 2021 to September 30, 2021)

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

(Millions of yen)

	Reportable segment				Other (Note)	Total
	High-purity Chemical	Transportation	Medical	Total		
Sales revenue						
Sales revenue to outside customers	15,631	2,326	69	18,027	82	18,109
Inter-segment sales revenue or transfers	125	1,476	—	1,602	104	1,707
Total	15,756	3,803	69	19,629	186	19,816
Segment profit (loss)	2,523	373	(332)	2,564	8	2,572

(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	2,564
Profit in “Other” category	8
Inter-segment elimination	(124)
Operating profit in the quarterly consolidated statement of income	2,448

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, 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.

In the previous fiscal year, the Company sold part of its shares in Stella Pharma Corporation, which became an equity method affiliate from a consolidated subsidiary. Accordingly, the “Medical” category has been excluded from reportable segments from the first quarter of the fiscal year.

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

Not applicable.