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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Under Japanese GAAP]



November 8, 2024

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 semi-annual securities report: November 12, 2024

Scheduled date to commence dividend payments: November 29, 2024

Preparation of supplementary material on financial results: Yes

Holding of 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, 2024 (April 1, 2024 – September 30, 2024)

(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, 2024	18,160	25.3	2,180	94.3	1,965	28.9	1,667	52.3
September 30, 2023	14,497	(26.1)	1,122	(50.0)	1,524	(49.7)	1,095	(63.8)

(Note) Comprehensive income: For six months ended September 30, 2024: ¥2,639 million [60.9%]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	138.56	–
September 30, 2023	91.09	–

(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, 2024	59,691	46,056	76.7	3,802.58
As of March 31, 2024	58,618	44,501	75.5	3,679.90

(Reference) Equity: As of September 30, 2024: ¥45,792 million

As of March 31, 2024: ¥44,261 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, 2024	–	60.00	–	94.00	154.00
Fiscal year ending March 31, 2025	–	85.00			
Fiscal year ending March 31, 2025 (Forecast)			–	85.00	170.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% 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
	34,500	13.3	3,650	34.1	3,550	15.8	2,600	40.9	216.16

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – (Company name: –)

Excluded: – (Company name: –)

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

(3) Changes in accounting policies, changes in accounting estimates and 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) 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, 2024: 13,213,248 shares

As of March 31, 2024: 13,213,248 shares

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

As of September 30, 2024: 1,170,646 shares

As of March 31, 2024: 1,185,297 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 12,035,410 shares

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

* These second quarter (semi-annual) consolidated financial results are exempt from review conducted by certified public accountants or an audit firm.

* 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. Overview of Operating Results, etc., (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 2 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the six months ended September 30, 2024, the Japanese economy showed signs of a gradual recovery thanks to improvement in the employment and income conditions, increased inbound tourism demand, and other factors. However, the economic outlook remains uncertain because of increased geopolitical risks, concerns about the impact of price increases on consumption, the effects of volatile exchange rates, and other factors.

In this environment, the Group continued to supply a diverse range of fluoride products in line with the needs of customers, 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 sales revenue for the six months ended September 30, 2024, in the Semiconductors, shipment volume increased compared to the previous corresponding period due to recovery in the semiconductor market, and shipment volume also increased in the Energy and the General Products. As a result, sales revenue increased to 18,160 millions of yen (up 25.3% year on year).

In terms of profits, thanks to increased sales revenue, operating profit amounted to 2,180 millions of yen (up 94.3% year on year), ordinary profit amounted to 1,965 millions of yen (up 28.9% year on year), and profit attributable to owners of parent amounted to 1,667 millions of yen (up 52.3% year on year).

(2) Overview of Financial Position for the Period under Review

(Assets)

Current assets at the end of the semi-annual period of the fiscal year under review increased by 494 millions of yen (1.7%) from the end of the previous fiscal year to 29,496 millions of yen. The main reason for this increase was an increase of 1,711 millions of yen in notes and accounts receivable - trade, despite a decrease of 1,427 millions of yen in cash and deposits. Non-current assets increased by 578 millions of yen (2.0%) from the end of the previous fiscal year to 30,194 millions of yen. The main reasons for this increase were increases of 220 millions of yen in property, plant and equipment and 408 millions of yen in investments and other assets.

Consequently, total assets at the end of the semi-annual period of the fiscal year under review increased by 1,072 millions of yen from the end of the previous fiscal year to 59,691 millions of yen.

(Liabilities)

Current liabilities at the end of the semi-annual period of the fiscal year under review decreased by 335 millions of yen (3.8%) from the end of the previous fiscal year to 8,554 millions of yen. The main reason for this decline was a decrease of 853 millions of yen in electronically recorded obligations facilities, despite an increase of 475 millions of yen in accounts payable - trade. Non-current liabilities decreased by 146 millions of yen (2.8%) from the end of the previous fiscal year to 5,079 millions of yen. The main reason for this decrease was a decrease of 352 millions of yen in long-term borrowings.

Consequently, total liabilities at the end of the semi-annual period of the fiscal year under review decreased by 482 millions of yen from the end of the previous fiscal year to 13,634 millions of yen.

(Net assets)

Total net assets at the end of the semi-annual period of the fiscal year under review amounted to 46,056 millions of yen, an increase of 1,554 millions of yen from the end of the previous fiscal year. The main reasons for this growth were increases of 523 millions of yen in retained earnings and 934 millions of yen in foreign currency translation adjustment.

Consequently, the equity-to-asset ratio was 76.7% (75.5% 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, 2025 have not been revised from the forecasts announced on May 10, 2024.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,225	14,798
Notes and accounts receivable - trade	6,775	8,487
Electronically recorded monetary claims - operating	25	25
Merchandise and finished goods	2,322	2,373
Work in process	1,787	1,718
Raw materials and supplies	1,366	1,538
Other	513	574
Allowance for doubtful accounts	(14)	(18)
Total current assets	29,002	29,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,684	8,617
Machinery, equipment and vehicles, net	4,583	5,417
Land	5,467	5,467
Leased assets	138	154
Construction in progress	4,308	3,797
Other, net	2,245	2,193
Total property, plant and equipment	25,426	25,647
Intangible assets		
Other	149	98
Total intangible assets	149	98
Investments and other assets		
Other	4,039	4,448
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,039	4,447
Total non-current assets	29,615	30,194
Total assets	58,618	59,691

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,278	1,754
Electronically recorded obligations - operating	688	906
Short-term borrowings	2,000	2,000
Current portion of long-term borrowings	978	823
Accounts payable - other	1,126	856
Income taxes payable	151	528
Provision for bonuses	390	386
Provision for bonuses for directors (and other officers)	41	18
Electronically recorded obligations facilities	1,186	333
Other	1,047	947
Total current liabilities	8,890	8,554
Non-current liabilities		
Long-term borrowings	1,949	1,596
Provision for retirement benefits for directors (and other officers)	27	29
Provision for share awards	143	158
Retirement benefit liability	972	970
Asset retirement obligations	719	748
Other	1,413	1,576
Total non-current liabilities	5,226	5,079
Total liabilities	14,116	13,634
Net assets		
Shareholders' equity		
Share capital	4,829	4,829
Capital surplus	8,797	8,818
Retained earnings	31,655	32,179
Treasury shares	(2,957)	(2,920)
Total shareholders' equity	42,324	42,907
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110	123
Foreign currency translation adjustment	1,826	2,761
Total accumulated other comprehensive income	1,936	2,885
Non-controlling interests	240	263
Total net assets	44,501	46,056
Total liabilities and net assets	58,618	59,691

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Sales revenue	14,497	18,160
Cost of sales	11,482	14,015
Gross profit	3,014	4,145
Selling, general and administrative expenses	1,892	1,964
Operating profit	1,122	2,180
Non-operating income		
Interest income	47	54
Dividend income	0	0
Gain on valuation of derivatives	125	—
Foreign exchange gains	285	34
Other	48	41
Total non-operating income	507	131
Non-operating expenses		
Interest expenses	11	13
Share of loss of entities accounted for using equity method	89	153
Loss on valuation of derivatives	—	146
Other	4	34
Total non-operating expenses	105	347
Ordinary profit	1,524	1,965
Extraordinary income		
Gain on sale of non-current assets	10	3
Gain on change in equity	104	263
Total extraordinary income	115	267
Extraordinary losses		
Loss on abandonment of non-current assets	152	11
Loss on sale of non-current assets	1	—
Total extraordinary losses	153	11
Profit before income taxes	1,486	2,221
Income taxes	399	555
Profit	1,086	1,665
Loss attributable to non-controlling interests	(8)	(2)
Profit attributable to owners of parent	1,095	1,667

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,086	1,665
Other comprehensive income		
Valuation difference on available-for-sale securities	32	13
Foreign currency translation adjustment	415	726
Share of other comprehensive income of entities accounted for using equity method	105	233
Total other comprehensive income	553	973
Comprehensive income	1,640	2,639
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,637	2,615
Comprehensive income attributable to non-controlling interests	3	23

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,486	2,221
Depreciation	1,375	1,321
Increase (decrease) in allowance for doubtful accounts	(1)	4
Increase (decrease) in provision for bonuses for directors (and other officers)	(36)	(23)
Increase (decrease) in provision for bonuses	(7)	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9)	1
Increase (decrease) in retirement benefit liability	11	(2)
Increase (decrease) in provision for share awards	10	15
Interest and dividend income	(48)	(55)
Interest expenses	11	13
Foreign exchange losses (gains)	(221)	42
Share of loss (profit) of entities accounted for using equity method	89	153
Loss (gain) on change in equity	(104)	(263)
Loss (gain) on sale and retirement of property, plant and equipment	142	7
Loss (gain) on valuation of derivatives	(125)	146
Decrease (increase) in trade receivables	810	(1,589)
Decrease (increase) in inventories	(651)	(73)
Increase (decrease) in trade payables	(615)	604
Decrease (increase) in consumption taxes refund receivable	480	0
Increase (decrease) in accrued consumption taxes	124	(193)
Decrease (increase) in other current assets	(81)	(8)
Increase (decrease) in other current liabilities	(213)	(292)
Other, net	489	31
Subtotal	2,917	2,058
Interest and dividends received	48	55
Interest paid	(10)	(14)
Income taxes refund (paid)	(368)	(57)
Net cash provided by (used in) operating activities	2,586	2,042
Cash flows from investing activities		
Payments into time deposits	(189)	(297)
Proceeds from withdrawal of time deposits	189	187
Purchase of property, plant and equipment	(2,431)	(2,202)
Proceeds from sale of property, plant and equipment	10	5
Payments for retirement of property, plant and equipment	(65)	(1)
Purchase of intangible assets	(2)	(4)
Purchase of investment securities	(1)	(76)
Other payments	(2)	(53)
Other proceeds	9	82
Net cash provided by (used in) investing activities	(2,483)	(2,361)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
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	(593)	(507)
Repayments of lease liabilities	(27)	(23)
Dividends paid	(364)	(1,141)
Net cash provided by (used in) financing activities	1,194	(1,672)
Effect of exchange rate change on cash and cash equivalents	426	431
Net increase (decrease) in cash and cash equivalents	1,724	(1,559)
Cash and cash equivalents at beginning of period	14,728	15,846
Cash and cash equivalents at end of period	16,452	14,286

(4) Notes to Semi-annual 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 semi-annual 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 semi-annual period of the fiscal year under review and multiplying profit before income taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

[Segment information]

I. 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 semi-annual 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 semi-annual 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.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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	15,826	2,276	18,103	56	18,160
Inter-segment sales revenue or transfers	35	1,790	1,825	119	1,944
Total	15,862	4,067	19,929	176	20,105
Segment profit	1,790	392	2,182	6	2,189

(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 semi-annual consolidated statement of income and main details of this difference (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segment total	2,182
Profit in “Other” category	6
Inter-segment elimination	(8)
Operating profit in the semi-annual consolidated statement of income	2,180

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.