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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Under Japanese GAAP]



May 10, 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 of annual general meeting of shareholders: June 24, 2022

Scheduled date to commence dividend payments: June 2, 2022

Scheduled date to file annual securities report: June 27, 2022

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 fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Sales revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	37,296	13.4	4,583	12.3	5,707	42.0	5,364	81.3
March 31, 2021	32,893	(2.5)	4,081	69.5	4,020	74.3	2,959	53.8

(Note) Comprehensive income: For the fiscal year ended March 31, 2022: ¥5,671million [112.9%]

For the fiscal year ended March 31, 2021: ¥2,664 million [82.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	422.97	–	13.7	10.4	12.3
March 31, 2021	230.70	–	8.4	7.6	12.4

(Reference) Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended March 31, 2022: ¥994 million

For the fiscal year ended March 31, 2021: ¥ (202) million

(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 March 31, 2022	56,598	42,728	74.5	3,369.93
As of March 31, 2021	52,933	36,758	68.4	2,826.78

(Reference) Equity: As of March 31, 2022: ¥42,170 million

As of March 31, 2021: ¥36,220 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	5,403	(5,674)	94	15,538
March 31, 2021	7,352	(2,464)	(3,004)	15,245

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	22.00	–	25.00	47.00	608	20.4	1.7
Fiscal year ended March 31, 2022	–	24.00	–	36.00	60.00	766	14.2	1.9
Fiscal year ending March 31, 2023 (Forecast)	–	30.00	–	30.00	60.00		17.9	

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

(Percentages indicates changes from the previous corresponding period.)

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

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: – (Company name: –)

Excluded: 1 (Company name: STELLA PHARMA CORPORATION)

(2) 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: Yes

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

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

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

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

As of March 31, 2021: 13,213,248 shares

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

As of March 31, 2022: 699,457 shares

As of March 31, 2021: 399,729 shares

3) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022: 12,683,891 shares

Fiscal year ended March 31, 2021: 12,827,250 shares

(Reference) Overview of non-consolidated financial results**Non-consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)****(1) Non-consolidated Operating Results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Sales revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	23,307	10.4	4,284	21.9	5,029	21.9	4,280	44.9
March 31, 2021	21,102	(1.3)	3,515	37.6	4,125	54.8	2,954	45.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	337.46	—
March 31, 2021	230.31	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	40,113	31,145	77.5	2,484.99
March 31, 2021	38,658	28,312	73.1	2,205.61

(Reference) Equity: As of March 31, 2022: ¥31,096 million

As of March 31, 2021: ¥28,261 million

* Financial results reports are exempt from audit 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. Overview of Operating Results, etc. (4) Future Outlook" on page 4 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy showed a trend of gradual recovery for the fiscal year under review, but the outlook still remains uncertain due to the impact of Russia's invasion of Ukraine and economic sanction by many governments against Russia, in addition to the impact of the COVID-19 pandemic.

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 fiscal year under review, both domestic and overseas sales in the Semiconductors and LCDs increased, backed by the booming global demand for semiconductors. Increased sales of Enriched Boron (Boron-10) used in nuclear energy-related facilities also contributed to increasing sales revenue to 37,296 millions of yen (up 13.4% year-on-year).

In terms of profits, operating profit amounted to 4,583 millions of yen (up 12.3% year-on-year), thanks to the increased shipment volume in the Semiconductors and LCDs, although the price of anhydrous hydrofluoric acid, a key raw material, rose from the previous fiscal year, mainly due to the impact of supply and demand in the Chinese market. Ordinary profit amounted to 5,707 millions of yen (up 42.0% year-on-year), as a result of recording share of profit of entities accounted for using equity method, due to a significant rise in the sales price against a backdrop of the increased demand in China for electrolytes for lithium-ion secondary batteries sold by the Quzhou BDX New Chemical Materials Co., Ltd., an equity method affiliate, and a marked turnaround in the affiliate's operating results. By also recording gain on sale of shares of subsidiaries and associates as extraordinary income through a share transfer of FECT CO., LTD., an equity method affiliate, and a partial sale of shares of Stella Pharma Corporation, profit attributable to owners of parent amounted to 5,364 millions of yen (up 81.3% year-on-year).

Sales revenue and cost of sales decreased by 323 millions of yen, respectively, due to the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc.

<High-purity Chemical>

In the High-purity Chemical Business, both domestic and overseas sales increased, thanks to the continued booming demand for semiconductors so as to make semiconductor manufacturers raise their production, due to a global shortage of semiconductors. The shipment of Enriched Boron (Boron-10) used in nuclear energy-related facilities also increased, and therefore sales revenue amounted to 32,330 millions of yen (up 13.8% year-on-year).

In terms of profits, operating profit amounted to 4,776 millions of yen (up 13.7% year-on-year) contributed by the increased sales volume in respective product fields centered on the Semiconductors and LCDs, despite a significant rise in the price of anhydrous hydrofluoric acid, a key raw material, from the previous fiscal year.

Sales revenue in the major business line are as follows.

[Semiconductor and LCDs]

In the Japanese market, the shipment volume increased, thanks to maintaining high operation rates with the continued investment activities centered on memory manufacturers, the Company's major purchasers. In the overseas markets, sales also increased, backed by the booming global demand for semiconductors. Consequently, sales revenue amounted to 17,859 millions of yen (up 9.7% year-on-year).

<Transportation>

In the Transportation Business, sales revenue amounted to 4,676 millions of yen (up 14.9% year-on-year), as a result of the increased transportation-related transaction volume from the previous fiscal year.

In terms of profits, operating profit amounted to 764 millions of yen (up 28.8% year-on-year) due to an increase of sales revenue and a decrease of depreciation, although diesel prices rose from the previous fiscal year and transportation-related cost increased.

<Medical>

In the Medical Business, sales revenue amounted to 100 millions of yen (down 51.4% year-on-year) and operating loss amounted to 729 millions of yen (operating loss of 644 million for the previous fiscal year), as the shipment of boron agents for Boron Neutron Capture Therapy (BNCT), a cancer treatment, for the previous fiscal year included wholesalers' inventories as it was the first shipment after receiving the approval for sale.

<Other >

In other business lines, sales revenue amounted to 189 millions of yen (down 11.1% year-on-year) and operating profit amounted to 20 millions of yen (down 22.0% year-on-year), as a result of a decrease in revenue from the insurance agency business from the previous fiscal year.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased by 1,066 millions of yen (3.6%) from the end of the previous fiscal year to 30,581 millions of yen. The main reasons for this growth included increases of 327 millions of yen in cash and deposits and 389 millions of yen in accounts receivable - trade.

Non-current assets increased by 2,597 millions of yen (11.1%) from the end of the previous fiscal year to 26,016 millions of yen. The main reasons for this growth included an increase of 103 millions of yen in property, plant and equipment, and an increase of 2,642 millions of yen in investment securities due to the recording of shares of Stella Pharma Corporation, which changed from a consolidated subsidiary to an entity accounted for using equity method, as shares of subsidiaries and associates.

Consequently, total assets increased by 3,664 millions of yen from the end of the previous fiscal year to 56,598 millions of yen.

(Liabilities)

Current liabilities increased by 329 millions of yen (3.5%) from the end of the previous fiscal year to 9,804 millions of yen. The main reasons for this growth included increases of 379 millions of yen in notes and accounts payable - trade and 446 millions of yen in income taxes payable.

Non-current liabilities decreased by 2,635 millions of yen (39.3%) from the end of the previous fiscal year to 4,065 millions of yen. The main reason for this decline included a decrease of 2,747 millions of yen in long-term borrowings.

Consequently, total liabilities decreased by 2,305 millions of yen from the end of the previous fiscal year to 13,869 millions of yen.

(Net assets)

Net assets at the end of the fiscal year under review amounted to 42,728 millions of yen, increased by 5,969 millions of yen from the end of the previous fiscal year. The main reasons for this growth included increases of 4,730 millions of yen in retained earnings and 1,481 millions of yen in capital surplus.

Consequently, the equity-to-asset ratio was 74.5% (68.4% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereafter "funds") for the fiscal year under review increased by 292 millions of yen from the end of the previous fiscal year and amounted to 15,538 millions of yen at the end of the fiscal year under review.

The status of cash flows and their contributing factors for the fiscal year under review are as follows.

[Cash flows from operating activities]

Funds provided by operating activities amounted to 5,403 millions of yen (down 1,948 millions of yen year-on-year).

The major components included profit before income taxes of 6,840 millions of yen, depreciation of 2,713 millions of yen, gain on sale of shares of subsidiaries and associates of 1,128 millions of yen, an increase in inventories of 1,128 millions of yen, and income taxes paid of 1,351 millions of yen.

[Cash flows from investing activities]

Funds used in investing activities amounted to 5,674 millions of yen (up 3,209 millions of yen year-on-year).

The major components included purchase of property, plant and equipment of 2,702 millions of yen and payments for sale of shares of subsidiaries resulting in change in scope of consolidation of 2,511 millions of yen.

[Cash flows from financing activities]

Funds provided by financing activities amounted to 94 millions of yen (funds used of 3,004 millions of yen for the previous fiscal year).

The major components included repayments of long-term borrowings of 2,004 millions of yen, proceeds from share issuance to non-controlling shareholders of 3,616 millions of yen, and purchase of treasury shares of 847 millions of yen.

(4) Future Outlook

For the consolidated results forecast for the next fiscal year, the Group forecasts sales revenue of 37,500 millions of yen (up 0.5% year-on-year) and operating profit of 4,600 millions of yen (up 0.4% year-on-year), given the outlook that sales in the Semiconductors and LCDs, which is the mainstay of the High-purity Chemical Business, remain strong, driven by the booming demand for semiconductors.

Moreover, the demand in China for electrolytes for lithium-ion secondary batteries sold by the Quzhou BDX New Chemical Materials Co., Ltd., an equity method affiliate, is expected to continue and recording of share of profit of entities accounted for using equity method is assumed. Accordingly, the Group forecasts ordinary profit of 5,800 millions of yen (up 1.6% year-on-year) and profit attributable to owners of parent of 4,200 millions of yen (down 21.7% year-on-year).

<Consolidated Results Forecast of the Group>

	For the fiscal year ended March 31, 2022 (Actual results)	For the fiscal year ending March 31, 2023 (Forecast)	Increase/Decrease
	Millions of yen	Millions of yen	%
Sales revenue	37,296	37,500	0.5
Operating profit	4,583	4,600	0.4
Ordinary profit	5,707	5,800	1.6
Profit attributable to owners of parent	5,364	4,200	(21.7)

(5) Significant Events Relating to Going Concern Assumption

Not applicable.

2. Basic Policy on Selection of Accounting Standards

The Group uses accounting principles generally accepted in Japan, in reflection of the fact that most parties with interests in the Group are shareholders, creditors, and business partners within Japan and there is little need for procurement of funds from outside Japan.

The Group's policy with regard to the adoption of international accounting standards is to formulate appropriate responses in light of conditions in Japan and overseas going forward.

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

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	15,568	15,895
Notes and accounts receivable - trade	8,423	—
Notes receivable - trade	—	35
Accounts receivable - trade	—	8,542
Electronically recorded monetary claims - operating	60	65
Merchandise and finished goods	2,048	2,175
Work in process	1,383	1,510
Raw materials and supplies	1,440	1,584
Other	607	789
Allowance for doubtful accounts	(18)	(17)
Total current assets	29,514	30,581
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,580	20,147
Accumulated depreciation	(12,909)	(13,612)
Buildings and structures, net	6,671	6,535
Machinery, equipment and vehicles	30,958	29,090
Accumulated depreciation	(25,883)	(24,317)
Machinery, equipment and vehicles, net	5,075	4,772
Land	5,467	5,467
Leased assets	145	132
Construction in progress	2,520	3,147
Other	8,374	8,759
Accumulated depreciation	(6,690)	(7,148)
Other, net	1,683	1,611
Total property, plant and equipment	21,564	21,667
Intangible assets		
Other	516	375
Total intangible assets	516	375
Investments and other assets		
Investment securities	563	3,206
Deferred tax assets	347	330
Other	427	437
Allowance for doubtful accounts	—	(0)
Total investments and other assets	1,338	3,973
Total non-current assets	23,419	26,016
Total assets	52,933	56,598

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,363	1,743
Electronically recorded obligations – operating	710	876
Short-term borrowings	1,920	1,920
Current portion of long-term borrowings	2,004	1,494
Accounts payable - other	952	902
Income taxes payable	924	1,370
Provision for bonuses	376	379
Provision for bonuses for directors (and other officers)	47	55
Notes payable - facilities	40	—
Electronically recorded obligations facilities	399	401
Other	735	660
Total current liabilities	9,474	9,804
Non-current liabilities		
Long-term borrowings	4,751	2,003
Provision for retirement benefits for directors (and other officers)	33	31
Provision for share awards	75	99
Retirement benefit liability	955	956
Asset retirement obligations	584	645
Other	301	329
Total non-current liabilities	6,701	4,065
Total liabilities	16,175	13,869
Net assets		
Shareholders' equity		
Share capital	4,829	4,829
Capital surplus	7,311	8,793
Retained earnings	24,719	29,450
Treasury shares	(795)	(1,642)
Total shareholders' equity	36,065	41,430
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42	50
Deferred gains or losses on hedges	11	46
Foreign currency translation adjustment	101	643
Total accumulated other comprehensive income	155	739
Share acquisition rights	50	49
Non-controlling interests	486	508
Total net assets	36,758	42,728
Total liabilities and net assets	52,933	56,598

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Sales revenue	32,893	37,296
Cost of sales	24,680	28,394
Gross profit	8,213	8,902
Selling, general and administrative expenses	4,131	4,318
Operating profit	4,081	4,583
Non-operating income		
Interest income	15	10
Dividend income	3	3
Share of profit of entities accounted for using equity method	—	994
Rental income from land and buildings	5	27
Subsidy income	65	44
Foreign exchange gains	—	102
Consignment income from research and development	32	17
Electricity sale income	38	—
Insurance claim income	30	—
Other	83	39
Total non-operating income	274	1,240
Non-operating expenses		
Interest expenses	38	35
Foreign exchange losses	46	—
Depreciation	12	6
Share of loss of entities accounted for using equity method	202	—
Share issuance costs	—	37
Loss on valuation of derivatives	3	3
Loss on cancellation of insurance policies	—	16
Other	31	18
Total non-operating expenses	335	116
Ordinary profit	4,020	5,707
Extraordinary income		
Gain on sale of non-current assets	15	21
Gain on sale of shares of subsidiaries and associates	—	1,182
Other	2	—
Total extraordinary income	17	1,203
Extraordinary losses		
Loss on abandonment of non-current assets	27	70
Loss on sale of non-current assets	0	0
Impairment losses	43	—
Total extraordinary losses	71	70
Profit before income taxes	3,966	6,840
Income taxes - current	1,217	1,786
Income taxes - deferred	44	28
Total income taxes	1,262	1,814
Profit	2,704	5,026
Loss attributable to non-controlling interests	(255)	(338)
Profit attributable to owners of parent	2,959	5,364

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	2,704	5,026
Other comprehensive income		
Valuation difference on available-for-sale securities	19	7
Deferred gains or losses on hedges	2	35
Foreign currency translation adjustment	(67)	541
Share of other comprehensive income of entities accounted for using equity method	5	60
Total other comprehensive income	(40)	645
Comprehensive income	2,664	5,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,913	5,949
Comprehensive income attributable to non-controlling interests	(248)	(278)

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,829	7,152	22,344	(495)	33,832
Changes during period					
Dividends of surplus			(584)		(584)
Profit attributable to owners of parent			2,959		2,959
Purchase of treasury shares				(267)	(267)
Treasury stock possession of stock ownership plan trust				(111)	(111)
Disposal of treasury shares by stocks payment trust		33		77	111
Capital increase of consolidated subsidiaries		125			125
Sale of shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	158	2,374	(300)	2,233
Balance at end of period	4,829	7,311	24,719	(795)	36,065

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	23	8	168	201	34	661	34,729
Changes during period							
Dividends of surplus							(584)
Profit attributable to owners of parent							2,959
Purchase of treasury shares							(267)
Treasury stock possession of stock ownership plan trust							(111)
Disposal of treasury shares by stocks payment trust							111
Capital increase of consolidated subsidiaries							125
Sale of shares of consolidated subsidiaries							—
Net changes in items other than shareholders' equity	19	2	(67)	(46)	16	(174)	(204)
Total changes during period	19	2	(67)	(46)	16	(174)	2,029
Balance at end of period	42	11	101	155	50	486	36,758

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,829	7,311	24,719	(795)	36,065
Changes during period					
Dividends of surplus			(634)		(634)
Profit attributable to owners of parent			5,364		5,364
Purchase of treasury shares				(847)	(847)
Treasury stock possession of stock ownership plan trust				—	—
Disposal of treasury shares by stocks payment trust				0	0
Capital increase of consolidated subsidiaries		1,605			1,605
Sale of shares of consolidated subsidiaries		(123)			(123)
Net changes in items other than shareholders' equity					
Total changes during period	—	1,481	4,730	(847)	5,364
Balance at end of period	4,829	8,793	29,450	(1,642)	41,430

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	42	11	101	155	50	486	36,758
Changes during period							
Dividends of surplus							(634)
Profit attributable to owners of parent							5,364
Purchase of treasury shares							(847)
Treasury stock possession of stock ownership plan trust							—
Disposal of treasury shares by stocks payment trust							0
Capital increase of consolidated subsidiaries							1,605
Sale of shares of consolidated subsidiaries							(123)
Net changes in items other than shareholders' equity	7	35	542	584	(1)	21	605
Total changes during period	7	35	542	584	(1)	21	5,969
Balance at end of period	50	46	643	739	49	508	42,728

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,966	6,840
Depreciation	3,039	2,713
Impairment losses	43	—
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	7
Increase (decrease) in provision for bonuses	7	3
Increase (decrease) in retirement benefit liability	56	52
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(553)	(1)
Increase (decrease) in provision for share awards	24	24
Interest and dividend income	(18)	(14)
Interest expenses	38	35
Subsidy income	(65)	(44)
Insurance claim income	(30)	—
Loss (gain) on sale and retirement of property, plant and equipment	1	49
Loss (gain) on sale of shares of subsidiaries and associates	—	(1,182)
Loss (gain) on valuation of derivatives	3	3
Share of loss (profit) of entities accounted for using equity method	202	(994)
Foreign exchange losses (gains)	(108)	(237)
Decrease (increase) in trade receivables	(344)	10
Decrease (increase) in inventories	615	(1,128)
Increase (decrease) in trade payables	(63)	482
Decrease (increase) in other current assets	470	(139)
Increase (decrease) in other current liabilities	20	(35)
Decrease (increase) in consumption taxes refund receivable	11	(40)
Increase (decrease) in accrued consumption taxes	133	(73)
Other, net	259	402
Subtotal	7,702	6,731
Interest and dividends received	18	14
Interest paid	(38)	(35)
Subsidies received	65	44
Proceeds from insurance income	30	—
Income taxes refund (paid)	(426)	(1,351)
Net cash provided by (used in) operating activities	7,352	5,403
Cash flows from investing activities		
Payments into time deposits	(493)	(399)
Proceeds from withdrawal of time deposits	473	389
Purchase of property, plant and equipment	(2,391)	(2,702)
Proceeds from sale of property, plant and equipment	15	66
Purchase of intangible assets	(39)	(18)
Purchase of investment securities	(2)	(306)
Purchase of shares of subsidiaries and associates	—	(516)
Proceeds from sale of shares of subsidiaries and associates	—	243
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(2,511)
Other payments	(38)	(15)
Other proceeds	11	96
Net cash provided by (used in) investing activities	(2,464)	(5,674)

(Millions of yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(2,316)	(2,004)
Proceeds from share issuance to non-controlling shareholders	199	3,616
Purchase of treasury shares	(267)	(847)
Repayments of lease liabilities	(34)	(36)
Dividends paid	(585)	(633)
Net cash provided by (used in) financing activities	(3,004)	94
Effect of exchange rate change on cash and cash equivalents	70	469
Net increase (decrease) in cash and cash equivalents	1,954	292
Cash and cash equivalents at beginning of period	13,291	15,245
Cash and cash equivalents at end of period	15,245	15,538

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Accordingly, the Company has changed the method of recognizing revenue on a net basis for direct delivery transactions, whereas it previously recognized revenue on a gross basis, as a result of the determination of the role (as principal or agent) in the provision of the goods or services to a customer.

The Company applies the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative impact of retrospectively applying the new accounting policies to the periods prior to the beginning of the fiscal year under review is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance, but this does not affect the beginning balance.

Furthermore, “notes and accounts receivable - trade,” which was presented under “current assets” in the consolidated balance sheet for the previous fiscal year, has been included under “notes receivable - trade” and “accounts receivable - trade” from the fiscal year under review. However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

Consequently, sales revenue decreased by 323 millions of yen and cost of sales decreased by 323 millions of yen in the consolidated statement of income for the fiscal year under review.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter, the “Fair Value Measurement Standard”), etc. from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Additional information)

(Accounting estimates in relation to the impact of the COVID-19 pandemic)

Considering the impact of the COVID-19 pandemic, the demand remains strong in the Semiconductors and LCDs, the Group’s major business line, despite the uncertainty around when the pandemic will come to an end, with semiconductor manufacturers continuing their investment activities. It is thus assumed that the pandemic has limited impact on accounting estimates, and the estimates are reflected in the accounting process regarding recoverability of deferred tax assets and impairment loss determination of non-current assets.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company are individual units for which separate financial information is available and which are subject to periodical review by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The Board of Directors and Management Meeting comprehensively assess the Group as a whole, formulate strategies for each line of business based on reports from each subsidiary, and pursue business activities accordingly.

The Company is thus composed of segments organized by business element and has three reportable segments: High-purity Chemical, Transportation, and Medical.

The High-purity Chemical Business is engaged in the manufacture and sale of high-purity chemical products; the Transportation Business is engaged in the transportation, storage, and customs clearance of chemical agents; the Medical Business is engaged in the development, manufacture, and sale of medical and pharmaceutical products.

2. Information on calculation methods for sales revenue, income (loss), assets, and other components by reportable segment

The accounting method applied for the reportable segments is the same as stated in “Significant Matters in Preparation of Consolidated Financial Statements.”

Reportable segment profit consists of figures based on operating profit.

Inter-segment sales and transfers are based on market prices.

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

As disclosed in “Application of the Accounting Standard for Revenue Recognition, etc.” in “Changes in accounting policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. from the consolidated financial statements for the fiscal year under review, and has changed the accounting method for revenue recognition. With this change, the Company has also changed the method for calculating profit or loss of the business segments.

Accordingly, “Sales revenue to outside customers” decreased by 323 millions of yen for the fiscal year under review.

4. Information on sales revenue, profit or loss, assets, and other components by reportable segment
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment				Other (Note)	Total
	High-purity Chemical	Transportation	Medical	Total		
Sales revenue						
Sales revenue to outside customers	28,404	4,069	205	32,680	213	32,893
Inter-segment sales revenue or transfers	94	2,761	—	2,855	208	3,063
Total	28,498	6,830	205	35,535	421	35,956
Segment profit (loss)	4,201	593	(644)	4,150	26	4,177
Segment assets	41,937	9,481	1,585	53,004	243	53,248
Other						
Depreciation	2,483	529	25	3,038	0	3,039
Impairment losses	43	—	—	43	—	43
Investment in entities accounted for using equity method	402	—	—	402	—	402
Increase in property, plant and equipment and intangible assets	1,537	257	21	1,816	2	1,818

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

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment				Other (Note)	Total
	High-purity Chemical	Transportation	Medical	Total		
Sales revenue						
Sales revenue to outside customers	32,330	4,676	100	37,107	189	37,296
Inter-segment sales revenue or transfers	251	3,145	—	3,396	215	3,611
Total	32,581	7,822	100	40,503	404	40,908
Segment profit (loss)	4,776	764	(729)	4,811	20	4,832
Segment assets	46,595	9,992	—	56,588	268	56,856
Other						
Depreciation	2,179	504	28	2,712	0	2,713
Impairment losses	—	—	—	—	—	—
Investment in entities accounted for using equity method	1,996	—	1,032	3,028	—	3,028
Increase in property, plant and equipment and intangible assets	2,087	512	46	2,647	1	2,648

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

5. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Sales revenue	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Reportable segment total	35,535	40,503
Sales revenue in “Other” category	421	404
Inter-segment elimination	(3,063)	(3,611)
Sales revenue in the consolidated financial statements	32,893	37,296

(Millions of yen)

Profit	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Reportable segment total	4,150	4,811
Profit in “Other” category	26	20
Inter-segment elimination	(95)	(248)
Operating profit in the consolidated financial statements	4,081	4,583

(Millions of yen)

Assets	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Reportable segment total	53,004	56,588
Assets in “Other” category	243	268
Corporate assets (Note)	57	59
Other adjustments	(371)	(317)
Total assets in the consolidated financial statements	52,933	56,598

(Note) Corporate assets are mainly long-term investment funds (investment securities and memberships) that have not been attributed to a reportable segment.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	2,826.78 yen	3,369.93 yen
Earnings per share	230.70 yen	422.97 yen

- (Notes)
1. Shares of the Company owned by Custody Bank of Japan, Ltd. (138,600 shares at the end of the fiscal year under review and average of 138,871 shares during the year) and the treasury shares are excluded from the calculation of the total number of common shares issued at the end of the fiscal year under review used in calculating net assets per share, and the calculation of the average number of common shares during the period used in calculating earnings per share.
 2. Diluted earnings per share are not provided because the Company had no potential dilutive shares.
 3. The basis for calculation of net assets per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total net assets (Millions of yen)	36,758	42,728
Deduction from total net assets (Millions of yen)	537	557
[Share acquisition rights (Millions of yen)]	(50)	(49)
[Non-controlling interests (Millions of yen)]	(486)	(508)
Net assets relating to common shares (Millions of yen)	36,220	42,170
Number of common shares at end of period used in the calculation of net assets per share (Thousand shares)	12,813	12,513

4. The basis for calculation of earnings per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit attributable to owners of parent (Millions of yen)	2,959	5,364
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (Millions of yen)	2,959	5,364
Average number of common shares during the period (Thousand shares)	12,827	12,683

(Significant subsequent events)

Not applicable.