

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 14, 2023

Company name: TOREX SEMICONDUCTOR LTD.
 Stock exchange listing: Tokyo
 Stock code: 6616 URL <https://www.torex.co.jp/>
 Representative: President Koji Shibamiya
 Corporate Officer
 Inquiries: General Manager, Corporate Planning Takashi Maegawa TEL 03-6222-2875
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 5, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		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, 2023	13,252	(23.8)	89	(97.4)	(266)	–	(199)	–
Six months ended September 30, 2022	17,384	16.0	3,410	91.2	3,531	93.2	2,461	93.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	(18.15)		–	
Six months ended September 30, 2022	224.94		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	38,655	24,510	63.4	2,228.20
As of March 31, 2023	37,048	24,593	66.4	2,236.24

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	28.00	–	28.00	56.00
Year ending March 31, 2024	–	28.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	28.00	56.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		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	26,500	(17.1)	(900)	–	(1,200)	–	(840)	–	(76.36)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	11,554,200 shares	As of March 31, 2023	11,554,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	554,263 shares	As of March 31, 2023	556,324 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	10,998,298 shares	Six months ended September 30, 2022	10,943,423 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,572,536	8,935,388
Notes and accounts receivable - trade	5,332,969	5,416,127
Inventories	10,034,728	9,795,385
Other	777,874	601,900
Allowance for doubtful accounts	(3,213)	(5,630)
Total current assets	24,714,896	24,743,171
Non-current assets		
Property, plant and equipment	9,201,486	10,296,037
Intangible assets	583,080	777,718
Investments and other assets		
Other	2,580,932	2,873,655
Allowance for doubtful accounts	(31,656)	(35,382)
Total investments and other assets	2,549,276	2,838,272
Total non-current assets	12,333,842	13,912,029
Total assets	37,048,739	38,655,201
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,200,122	858,630
Short-term borrowings	1,900,000	1,900,000
Current portion of long-term borrowings	1,470,496	1,608,992
Income taxes payable	184,425	203,793
Contract liabilities	673	7,281
Provision for bonuses	589,493	504,114
Provision for bonuses for directors (and other officers)	24,070	–
Other	2,012,815	2,181,689
Total current liabilities	7,382,096	7,264,501
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term borrowings	4,264,360	6,079,224
Retirement benefit liability	391,063	387,102
Provision for share awards	77,183	85,980
Other	240,101	228,310
Total non-current liabilities	5,072,708	6,880,617
Total liabilities	12,454,805	14,145,118
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,388,605	8,388,605
Retained earnings	13,422,586	12,912,586
Treasury shares	(678,960)	(674,462)
Total shareholders' equity	24,100,165	23,594,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(105,201)	12,061
Foreign currency translation adjustment	550,361	858,830
Remeasurements of defined benefit plans	48,608	44,527
Total accumulated other comprehensive income	493,768	915,419
Total net assets	24,593,934	24,510,082
Total liabilities and net assets	37,048,739	38,655,201

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	17,384,359	13,252,878
Cost of sales	11,057,207	10,328,851
Gross profit	6,327,152	2,924,027
Selling, general and administrative expenses	2,916,849	2,834,733
Operating profit	3,410,302	89,294
Non-operating income		
Interest and dividend income	14,520	24,769
Foreign exchange gains	100,190	–
Royalty Income ²	2,761	1,345
Rental income	20,652	24,031
Other	8,526	12,993
Total non-operating income	146,652	63,141
Non-operating expenses		
Interest expenses	18,253	68,416
Foreign exchange losses	–	344,535
Commission expenses	4,000	4,000
Other	3,063	2,309
Total non-operating expenses	25,317	419,260
Ordinary profit (loss)	3,531,637	(266,825)
Extraordinary income		
Gain on sale of non-current assets	–	170
Subsidy income	–	126,320
Total extraordinary income	–	126,491
Extraordinary losses		
Loss on sale and retirement of non-current assets	7,348	4,609
Loss on tax purpose reduction entry of non-current assets	–	112,262
Loss on cancellation of insurance policies	10,180	–
Other	–	1,352
Total extraordinary losses	17,529	118,224
Profit (loss) before income taxes	3,514,108	(258,559)
Income taxes	1,052,473	(58,830)
Profit (loss)	2,461,635	(199,729)
Profit (loss) attributable to owners of parent	2,461,635	(199,729)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	2,461,635	(199,729)
Other comprehensive income		
Valuation difference on available-for-sale securities	34,671	117,262
Foreign currency translation adjustment	370,326	308,468
Remeasurements of defined benefit plans, net of tax	(7,207)	(4,080)
Total other comprehensive income	397,790	421,650
Comprehensive income	2,859,425	221,921
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,859,425	221,921

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	3,514,108	(258,559)
Depreciation	738,899	924,581
Loss (gain) on sale and retirement of non-current assets	7,348	4,439
Loss on tax purpose reduction entry of non-current assets	–	112,262
Loss (gain) on cancellation of insurance policies	10,180	–
Subsidy income	–	(126,320)
Increase (decrease) in allowance for doubtful accounts	(1,007)	2,176
Increase (decrease) in provision for bonuses	(20,884)	(88,953)
Decrease (increase) in retirement benefit asset	(52,431)	(25,265)
Increase (decrease) in retirement benefit liability	(6,017)	(3,961)
Increase (decrease) in provision for share awards	11,780	13,386
Interest and dividend income	(14,520)	(24,769)
Interest expenses	18,253	68,416
Foreign exchange losses (gains)	(523,384)	(181,801)
Decrease (increase) in trade receivables	21,897	24,123
Decrease (increase) in inventories	(1,472,655)	305,103
Increase (decrease) in trade payables	69,511	(353,726)
Other, net	213,781	458,279
Subtotal	2,514,860	849,411
Interest and dividends received	14,520	24,769
Interest paid	(19,135)	(67,573)
Income taxes refund (paid)	(1,392,372)	(119,149)
Subsidies received	10,000	126,248
Net cash provided by (used in) operating activities	1,127,873	813,706
Cash flows from investing activities		
Net decrease (increase) in time deposits	(96)	(153)
Purchase of property, plant and equipment	(1,024,213)	(2,445,855)
Proceeds from sale of property, plant and equipment	13,510	–
Purchase of intangible assets	(64,319)	(33,999)
Purchase of investment securities	(2,122)	(102,062)
Proceeds from repayments of investment securities	–	204,558
Proceeds from cancellation of insurance funds	68,975	–
Payments of leasehold and guarantee deposits	(447)	(292)
Proceeds from refund of leasehold and guarantee deposits	2,685	3,857
Other, net	(28,516)	(5,269)
Net cash provided by (used in) investing activities	(1,034,544)	(2,379,216)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500,000)	–
Proceeds from long-term borrowings	2,000,000	2,500,000
Repayments of long-term borrowings	(550,000)	(715,066)
Proceeds from issuance of bonds	100,000	–
Purchase of treasury shares	–	(91)
Repayments of lease liabilities	(28,899)	(27,980)
Dividends paid	(264,937)	(309,731)
Other, net	(4,000)	(4,000)
Net cash provided by (used in) financing activities	752,162	1,443,130
Effect of exchange rate change on cash and cash equivalents	621,457	484,331
Net increase (decrease) in cash and cash equivalents	1,466,949	361,952
Cash and cash equivalents at beginning of period	10,163,070	8,515,480
Cash and cash equivalents at end of period	11,630,019	8,877,432