

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

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, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	17,384	16.0	3,410	91.2	3,531	93.2	2,461	93.5
Six months ended September 30, 2021	14,983	31.3	1,783	583.8	1,828	928.0	1,272	706.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	224.94		-	
Six months ended September 30, 2021	116.28		-	

(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, 2022	38,504	25,484	66.2	2,317.09
As of March 31, 2022	34,770	22,729	65.4	2,077.66

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, 2022	-	20.00	-	24.00	44.00
Year ending March 31, 2023	-	28.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	28.00	56.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	33,000	6.9	5,000	28.3	5,000	21.2	3,500	10.9	318.22

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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, 2022	11,554,200 shares	As of March 31, 2022	11,554,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	555,847 shares	As of March 31, 2022	614,377 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, 2022	10,943,423 shares	Six months ended September 30, 2021	10,939,882 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	10,219,751	11,687,583
Notes and accounts receivable - trade	5,916,777	6,036,437
Inventories	8,197,630	9,787,633
Other	552,662	694,429
Allowance for doubtful accounts	(6,373)	(5,409)
Total current assets	24,880,449	28,200,675
Non-current assets		
Property, plant and equipment	6,613,258	6,974,165
Intangible assets	777,120	682,740
Investments and other assets		
Other	2,528,505	2,681,620
Allowance for doubtful accounts	(29,015)	(34,324)
Total investments and other assets	2,499,489	2,647,295
Total non-current assets	9,889,868	10,304,201
Total assets	34,770,317	38,504,876
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,720,227	1,800,179
Short-term borrowings	2,400,000	1,900,000
Current portion of long-term borrowings	950,000	1,150,000
Income taxes payable	1,242,667	980,902
Contract liabilities	30,044	18,566
Provision for bonuses	571,792	555,728
Provision for bonuses for directors (and other officers)	45,000	–
Other	2,017,741	2,195,664
Total current liabilities	8,977,473	8,601,041
Non-current liabilities		
Bonds payable	–	100,000
Long-term borrowings	2,412,500	3,662,500
Retirement benefit liability	383,131	377,114
Provision for share awards	75,883	74,047
Other	192,052	206,028
Total non-current liabilities	3,063,567	4,419,690
Total liabilities	12,041,040	13,020,732
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,299,941	8,388,605
Retained earnings	11,817,830	14,014,697
Treasury shares	(750,278)	(678,733)
Total shareholders' equity	22,335,428	24,692,504
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(111,934)	(77,263)
Foreign currency translation adjustment	353,682	724,009
Remeasurements of defined benefit plans	152,101	144,893
Total accumulated other comprehensive income	393,849	791,639
Total net assets	22,729,277	25,484,143
Total liabilities and net assets	34,770,317	38,504,876

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, 2021	Six months ended September 30, 2022
Net sales	14,983,373	17,384,359
Cost of sales	10,607,704	11,057,207
Gross profit	4,375,668	6,327,152
Selling, general and administrative expenses	2,592,280	2,916,849
Operating profit	1,783,388	3,410,302
Non-operating income		
Interest and dividend income	20,551	14,520
Foreign exchange gains	15,859	100,190
Royalty Income ²	1,852	2,761
Rental income	20,546	20,652
Other	9,870	8,526
Total non-operating income	68,680	146,652
Non-operating expenses		
Interest expenses	18,284	18,253
Commission expenses	4,000	4,000
Other	1,464	3,063
Total non-operating expenses	23,749	25,317
Ordinary profit	1,828,319	3,531,637
Extraordinary losses		
Loss on sale and retirement of non-current assets	3,590	7,348
Loss on cancellation of insurance policies	–	10,180
Total extraordinary losses	3,590	17,529
Profit before income taxes	1,824,729	3,514,108
Income taxes	552,542	1,052,473
Profit	1,272,186	2,461,635
Profit attributable to owners of parent	1,272,186	2,461,635

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,272,186	2,461,635
Other comprehensive income		
Valuation difference on available-for-sale securities	(34,937)	34,671
Foreign currency translation adjustment	21,551	370,326
Remeasurements of defined benefit plans, net of tax	(6,834)	(7,207)
Total other comprehensive income	(20,220)	397,790
Comprehensive income	1,251,966	2,859,425
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,251,966	2,859,425

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,824,729	3,514,108
Depreciation	584,625	738,899
Loss (gain) on sale and retirement of non-current assets	3,590	7,348
Loss (gain) on cancellation of insurance policies	–	10,180
Increase (decrease) in allowance for doubtful accounts	(1,780)	(1,007)
Increase (decrease) in provision for bonuses	93,074	(20,884)
Decrease (increase) in retirement benefit asset	(85,531)	(52,431)
Increase (decrease) in retirement benefit liability	16,020	(6,017)
Increase (decrease) in provision for share awards	11,856	11,780
Interest and dividend income	(20,551)	(14,520)
Interest expenses	18,284	18,253
Foreign exchange losses (gains)	(61,134)	(523,384)
Decrease (increase) in trade receivables	(732,391)	21,897
Decrease (increase) in inventories	(1,023,082)	(1,472,655)
Increase (decrease) in trade payables	319,066	69,511
Other, net	(156,271)	213,781
Subtotal	790,503	2,514,860
Interest and dividends received	20,551	14,520
Interest paid	(16,890)	(19,135)
Income taxes refund (paid)	(185,064)	(1,392,372)
Subsidies received	–	10,000
Guarantee loss paid	(5,139)	–
Net cash provided by (used in) operating activities	603,960	1,127,873
Cash flows from investing activities		
Net decrease (increase) in time deposits	(80)	(96)
Purchase of property, plant and equipment	(626,216)	(1,024,213)
Proceeds from sale of property, plant and equipment	1	13,510
Purchase of intangible assets	(148,114)	(64,319)
Purchase of investment securities	(2,072)	(2,122)
Proceeds from cancellation of insurance funds	–	68,975
Payments of leasehold and guarantee deposits	(1,482)	(447)
Proceeds from refund of leasehold and guarantee deposits	532	2,685
Other, net	(18,759)	(28,516)
Net cash provided by (used in) investing activities	(796,191)	(1,034,544)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500,000)	(500,000)
Proceeds from long-term borrowings	–	2,000,000
Repayments of long-term borrowings	(555,000)	(550,000)
Proceeds from issuance of bonds	–	100,000
Purchase of treasury shares	(206)	–
Repayments of lease liabilities	(25,979)	(28,899)
Dividends paid	(220,497)	(264,937)
Other, net	(8,400)	(4,000)
Net cash provided by (used in) financing activities	(1,310,083)	752,162
Effect of exchange rate change on cash and cash equivalents	51,709	621,457
Net increase (decrease) in cash and cash equivalents	(1,450,604)	1,466,949
Cash and cash equivalents at beginning of period	11,681,709	10,163,070
Cash and cash equivalents at end of period	10,231,104	11,630,019