

TOREX SEMICONDUCTOR | 6616

Sponsored Research
June 24, 2024

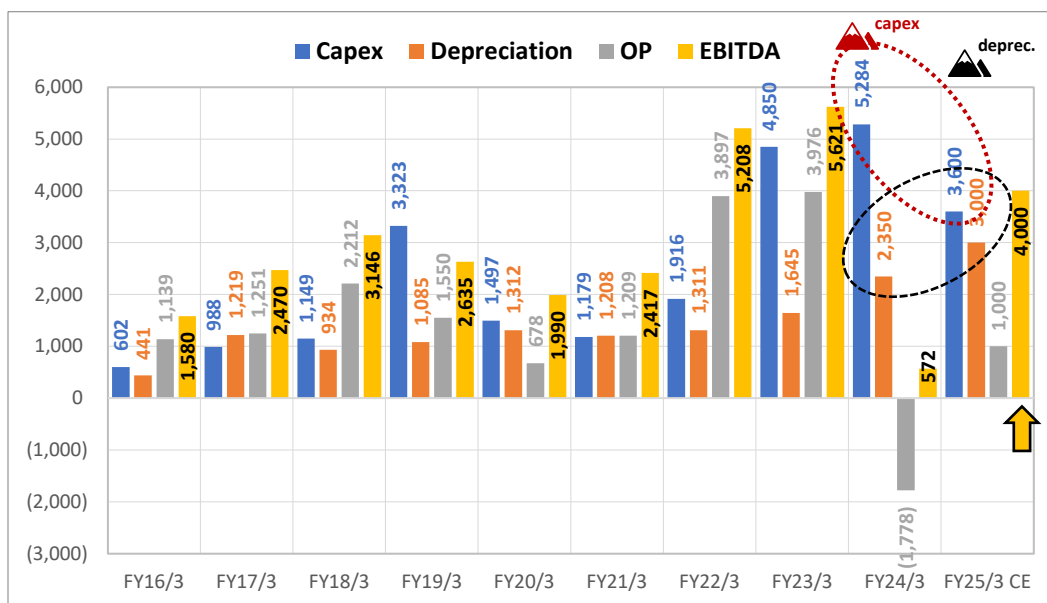
Sessa Investment Research

Top initiative for FY25/3 is ramping up sales Groundwork laid for profit recovery after large write-downs

SUMMARY

- ▶ While current underlying demand has yet to show signs of a strong recovery, progress has been made in inventory adjustments in the distribution supply chain, and TOREX expects a recovery in sales from the 2H of 2024, and the top priority for this term is strengthening sales expansion initiatives. Regarding the initial FY25/3 consolidated OP forecast, in addition to a contribution of ¥1,150mn from the +8.7% YoY increase in net sales, the decrease of ¥2,370mn in inventory write-downs in manufacturing cost of sales will drive a strong recovery in OP. Although capex is set to decline -31.9% YoY to ¥3,600mn (mainly for equipment being installed in the new Phenitec Kagoshima Fab clean room), having peaked out last term, depreciation will increase +27.7% YoY to ¥3,000mn as the new clean room has started operations. **Note the sharp rise in EBITDA in the graph below, with EV/EBITDA of 5.7x now trading 33% below its 10-year historical average. Dividend yield of 3.01% is trading 24% above its historical average.**
- ▶ Regarding management policy for FY25/3, among the three pillars of sustainability for sustainable development of the Group, 1) **Environmental Protection** – providing environmentally friendly products and services such as highly energy efficient and power conservation DC/DC, XCL series and power devices, etc. and 3) **Economic Development** – constantly focusing on innovation and strengthening the Group's competitive edge to enhance corporate value and market presence, stand out.
 - **TOREX: Early commercialization of medium- and high-voltage products** → High-performance, high-quality products for industrial equipment and automotive equipment applications → micro DC/DC converters, XCL Series DC/DC converters with built-in inductor coils, etc.
 - **Phenitec: Promotion of power device business** → Development of original technologies → SiC devices, Si (power MOSFETs, IGBTs), gallium oxide, etc.

TOREX SEMICONDUCTOR Group Major Capex Peaked in FY24/3 (JPY mn)



Source: compiled by SIR from IR results briefing materials.

4Q Follow-up



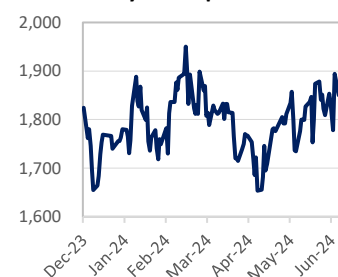
Focus Points:

Power management IC specialist with attractive growth profile from new applications driven by 5G/IoT, EV/ADAS and highly energy efficient next-gen power devices.

Key Indicators

Share price (6/21)	1,859
YH (24/2/7)	1,959
YL (24/4/19)	1,631
10YH (21/11/30)	3,960
10YL (15/8/25)	830
Shrs out. (mn shrs)	11.554
Mkt cap (¥ bn)	21.479
EV (¥ bn)	22.742
Equity ratio (3/31)	56.1%
25.3 P/E (CE)	29.2x
25.3 EV/EBITDA (CE)	5.7x
24.3 ROE (act)	-19.0%
24.3 P/B (act)	0.99x
25.3 DY (CE)	3.01%

6M daily share price trend



Chris Schreiber CFA

Company Specialist

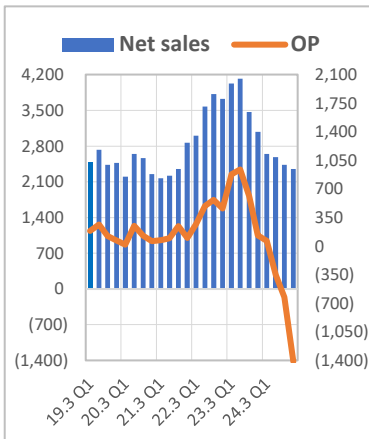
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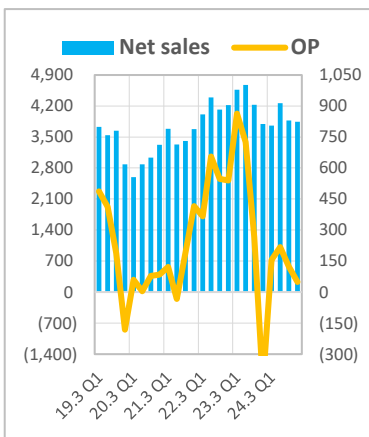
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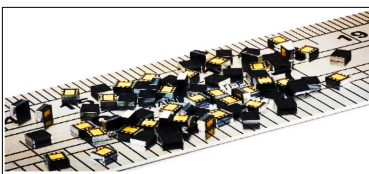
TOREX Parent (JPY mn)



Phenitec contrib. (JPY mn)



Source: compiled by SIR from IR results briefing materials.



Powerfully small

“Micro DC/DC” XCL Series
Ultra small DC/DC converters
that integrate a coil and a
control IC. Simultaneously
achieve **space-saving, high
efficiency, low noise, high
heat dissipation, low cost.**

FY24/3 largely completed the reset cycle

SIR key indicators point to an upturn from summer 2024 onward

RESULTS SUMMARY

▶ TOREX SEMICONDUCTOR announced 4Q FY24/3 consolidated financial results on Tuesday 5/14, and it held an online results briefing on Friday 5/17, hosted by newly appointed TOREX President Takeshi Kimura and Phenitec President Hiroyuki Ishii. Headline numbers for FY24/3 results were consolidated net sales -19.4% YoY, operating profit dropping from ¥3,976mn in FY23/3 to an operating loss of ¥1,778mn, and profit attributable to owners of parent dropping from ¥2,179mn in FY23/3 to a net loss of ¥4,297mn. Nevertheless, the Company maintained the dividend of ¥56.00.

▶ Two main losses were incurred in FY24/3: inventory write-down in mfg. cost of sales and extraordinary impairment loss. The inventory write-down announced on 11/14 increased due to weak China recovery and poor orders in the 2H (4Q CE ¥0.7bn → ¥1.24bn), and on 5/7, the Company announced an impairment loss of ¥1.7bn mainly for capex deployed in the plant of an outside partner to secure 8-inch capacity. In addition, although a large amount of loss carryforwards were generated, after reviewing potential for recovery, it was decided to reverse the deferred tax assets. It is worth noting that the inventory write-down in FY24/3 will be recovered (written back) in the future if the subject inventory is sold, which TOREX will strive to achieve.

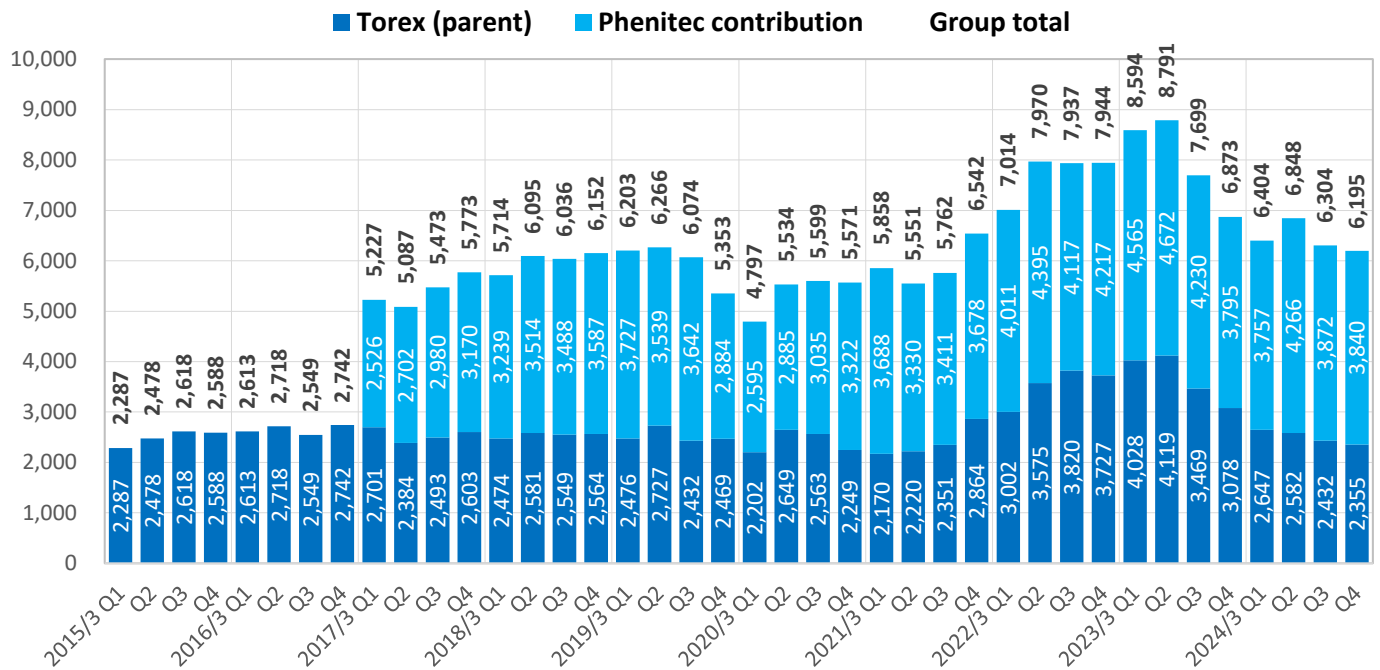
TOREX SEMICONDUCTOR FY24.3 Consolidated Financial Results Summary

JPY mn, yen per share, %	FY21.3	FY22.3	FY23.3	FY24.3	FY24.3	FY24.3	FY24.3	FY25.3
[J-GAAP]	act	act	act	init CE	23.11.14	24.5.7	act	init CE
Net sales	23,712	30,864	31,956	29,000	26,500	25,700	25,751	28,000
YoY	10.3	30.2	3.5	(9.3)	(17.1)	(19.6)	(19.4)	8.7
Overseas sales ratio (%)*	70.5%	67.6%	70.0%	-	-	-	66.5%	-
Average yen-dollar rate	¥106.2	¥112.9	¥134.9	¥130.0	¥141.0	-	¥144.4	¥150.0
Operating Profit	1,209	3,897	3,976	1,500	(900)	(1,800)	(1,778)	1,000
YoY	78.3	222.3	2.0	(62.3)	-	-	-	-
OPM (%)	5.1%	12.6%	12.4%	5.2%	-	-	-	3.6%
Ordinary profit	1,206	4,124	3,981	1,500	(1,200)	(2,450)	(2,452)	1,000
Profit ATOP	933	3,157	2,179	1,050	(840)	(4,300)	(4,297)	700
EPS (¥)	¥85.42	¥288.60	¥198.69	¥95.47	¥76.36	¥390.94	¥390.73	¥63.63
ROE (%)	4.9	14.9	9.2	-	-	-	-	-
DPS (¥)	¥36.00	¥44.00	¥56.00	¥56.00	¥56.00	¥56.00	¥56.00	¥56.00
Payout ratio (%)	42.1	15.2	28.2	58.7	-	-	-	88.0
BPS (¥)	¥1,809	¥2,078	¥2,236	-	-	-	¥1,869	-
Equity ratio (%)	62.8	65.4	66.4	-	-	-	56.1	-
Depreciation	1,208	1,311	1,645	2,487	2,487	2,487	2,350	3,000
Capex	1,179	1,916	4,850	5,917	5,917	5,917	5,284	3,600
Net sales by entity								
TOREX parent	9,605	14,124	14,694	-	-	-	10,016	-
YoY	(0.6)	47.0	4.0	-	-	-	(31.8)	-
Phenitec contribution	14,107	16,740	17,262	-	-	-	15,753	-
YoY	19.2	18.7	3.1	-	-	-	(8.7)	-
OP by entity								
TOREX parent	516	1,789	2,567	-	-	-	(2,322)	-
YoY	13.9	246.7	43.5	-	-	-	-	-
Phenitec contribution	693	2,108	1,409	-	-	-	544	-
YoY	208.0	204.2	(33.2)	-	-	-	(61.4)	-

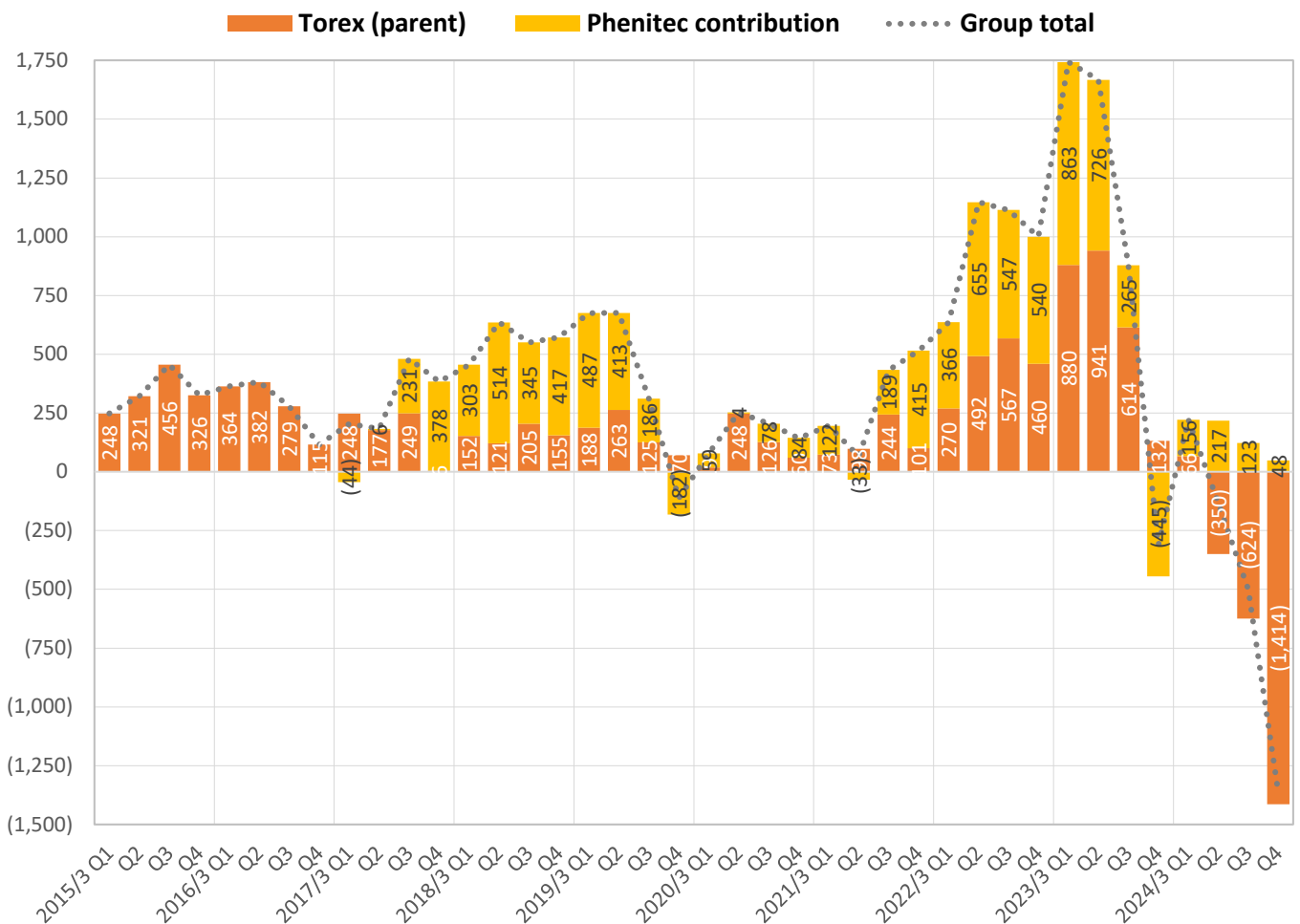
Source: compiled by SIR from TANSBIN financial results summaries and IR results briefing materials.

*Note: overseas sales ratio: ratio of sales denominated in foreign currencies.

TOREX Group Quarterly Trend of Consolidated Net Sales by Entity (JPY million)

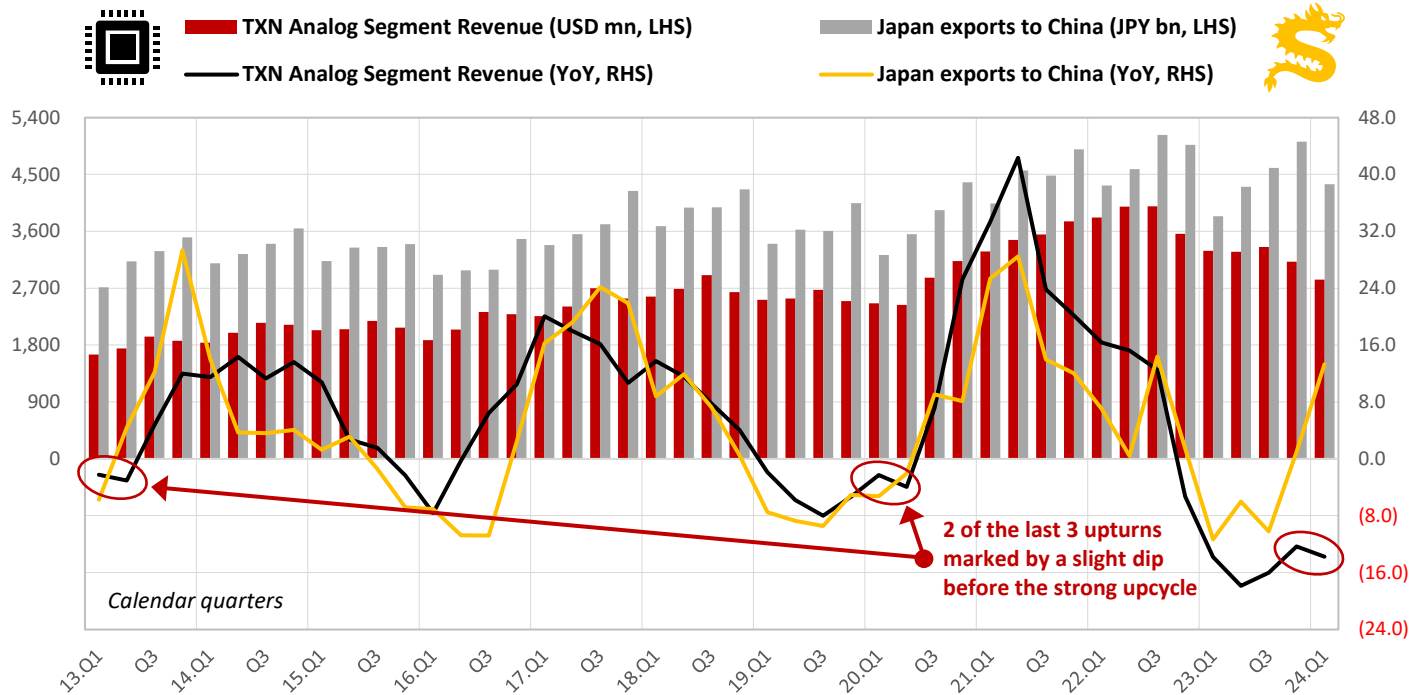


TOREX Group Quarterly Trend of Consolidated Operating Profit/Loss by Entity (JPY million)



Source: compiled by SIR from IR results briefing materials.

★ Key indicators tracked by SIR for the TOREX Group business environment point to a 2H 2024 recovery



Source: Customs and Tariff Bureau, Ministry of Finance, Texas Instruments (NASDAQ: TXN) historical financial statements, quarterly segment revenue.

Insights from Japan exports to China: semiconductor exports turned positive in April

▶▶ Since Dec-2023, overall Japan exports to China have turned positive, driven by general machinery and automobiles. However, until March, due to ongoing consolidation of distribution inventories, shipments of semiconductors/components and the subset ICs, had remained negative YoY. As can be seen below, **both turned sharply positive in April**.

Monthly Trend of Japan Exports to China for Selected Categories

JPY bn, %	Exports to PRC (total)	YoY	General Machinery	YoY	Electrical / Electronics	YoY	Semicon / Components	YoY	ICs	YoY	Autos	YoY
2022.07	1,783	12.8	373	8.7	410	15.6	137	21.2	100	28.6	126	18.2
2022.08	1,612	13.4	332	8.7	340	7.9	90	(13.8)	59	(20.6)	92	55.2
2022.09	1,731	17.0	370	14.8	405	16.5	137	20.1	103	26.8	112	336.8
2022.10	1,720	7.7	357	(3.0)	396	9.6	133	8.5	98	13.3	82	71.8
2022.11	1,632	3.5	350	(3.2)	355	2.7	118	2.2	85	2.2	93	11.3
2022.12	1,618	(6.2)	351	(7.7)	376	(2.4)	132	3.9	99	10.9	57	(50.2)
2023.01	968	(17.1)	208	(16.2)	241	(16.0)	100	(2.5)	80	7.9	29	(52.1)
2023.02	1,316	(10.9)	301	(11.8)	279	(12.1)	100	1.6	75	9.5	51	(34.2)
2023.03	1,552	(7.7)	387	2.0	335	(11.3)	120	14.9	89	33.3	32	(62.7)
2023.04	1,446	(2.9)	323	9.4	302	(10.8)	94	2.5	63	12.5	64	(27.3)
2023.05	1,341	(3.4)	285	(3.0)	291	(3.2)	109	14.3	83	28.4	66	50.5
2023.06	1,519	(10.9)	372	1.2	339	(11.7)	119	(12.8)	87	(10.9)	74	(7.6)
2023.07	1,543	(13.4)	362	(2.8)	325	(20.6)	114	(16.8)	80	(19.4)	97	(23.5)
2023.08	1,435	(11.0)	304	(8.6)	322	(5.1)	113	25.5	82	39.4	90	(2.3)
2023.09	1,624	(6.2)	375	1.4	344	(15.1)	106	(22.9)	75	(27.2)	121	7.6
2023.10	1,651	(4.0)	373	4.4	343	(13.5)	102	(23.3)	71	(27.8)	109	31.8
2023.11	1,596	(2.2)	371	6.1	320	(9.8)	99	(15.9)	67	(21.9)	110	18.2
2023.12	1,771	9.5	470	33.8	349	(7.1)	103	(22.0)	70	(29.2)	101	78.7
2024.01	1,250	29.2	279	34.1	264	9.7	93	(6.7)	66	(17.2)	62	11.4
2024.02	1,349	2.5	353	17.4	279	0.0	96	(4.3)	70	(7.0)	62	22.5
2024.03	1,747	12.6	465	20.0	355	6.0	118	(1.6)	83	(6.7)	71	120.6
2024.04p	1,587	9.6	390	20.5	325	7.4	110	17.1	77	22.0	87	36.0

Source: compiled by SIR from monthly Trade Statistics of Japan, Customs and Tariff Bureau, Ministry of Finance. *p = provisional.

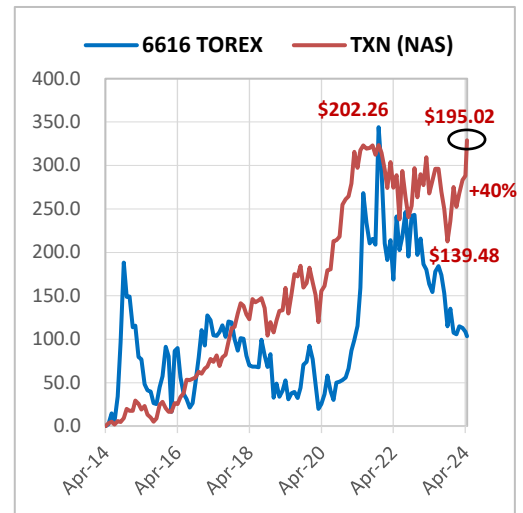


Relative underperformance of the share price of TOREX in the price chart on the right reflects the two major write-downs described on P2.

Going forward, the groundwork is laid for a profit recovery in FY25/3, in light of the large write-downs last term, and potential to write back inventories subject to the valuation loss if and when they are sold.

Upturn from Jul-Sep onward seems likely
Texas Instruments, the world's No.1 maker of analog semiconductor devices, held its 1Q 2024 results briefing webcast on April 23 at 15:30 US central time. 2Q revenue guidance is for \$3,800mn, +4% QoQ (see table below). Many analyst questions focused on progress in consolidation of distribution inventories. Since then, the stock price has risen 17.9%, closing at \$195.02 on 5/17, just 2.9% below the all-time high of \$202.26 on 10/25/2021.

➔ **The key point for semiconductor stocks is they tend to begin to move 9–12 months in advance of the next change in trend. For TXN, the bottom was 10/30/2023 (40%↑).**



Texas Instruments (TXN NASDAQ) Quarterly Earnings Trends

USD mn, %	23.Q1	23.Q2	23.Q3	23.Q4	24.Q1	24.Q2
	act	act	act	act	act	CE*
Total Revenue	4,379	4,531	4,532	4,077	3,661	3,800
YoY	(10.7)	(13.1)	(13.5)	(12.7)	(16.4)	(16.1)
QoQ	(6.2)	3.5	0.0	(10.0)	(10.2)	3.8
● Analog Revenue	3,289	3,278	3,353	3,120	2,836	
YoY	(13.8)	(17.9)	(16.0)	(12.3)	(13.8)	★ slight dip before upturn
QoQ	(7.6)	(0.3)	2.3	(6.9)	(9.1)	
● Embedded Revenue	832	894	890	752	652	
YoY	6.4	8.9	8.4	(10.2)	(21.6)	
QoQ	(0.6)	7.5	(0.4)	(15.5)	(13.3)	
By Shipment destination**	23.Q1	23.Q2	23.Q3	23.Q4	24.Q1	
United States	555	715	630			
China	1,831	1,820	1,880			
Rest of Asia	549	534	571	no longer disclosed		
EMEA*	986	956	952			
Japan	289	349	338			
Rest of world	169	157	161			
By Customer HQ (TI est.)	23.Q1	23.Q2	23.Q3	23.Q4	24.Q1	
United States	1,357	1,493	1,541	1,423	1,288	
YoY	(13.6)	(12.5)	(13.5)	(8.3)	(5.1)	
China	876	872	813	732	623	
YoY	(31.3)	(34.9)	(28.9)	(30.2)	(28.9)	
Rest of Asia	394	435	434	458	401	
YoY	(27.0)	(23.6)	(18.7)	27.2	1.8	
EMEA*	1,270	1,194	1,193	985	955	
YoY	17.7	6.6	(6.9)	(25.8)	(24.8)	
Japan	438	480	455	409	330	
YoY	11.7	15.9	2.0	16.9	(24.7)	
Rest of world	44	57	96	70	64	
End market trends	24.Q1 QoQ			24.Q1 YoY		
Industrial	down high single digits			down about 25%		
Automotive	down mid single digits			down low single digits		
Personal electronics	down mid teens			actually up single digits		
Comm. Equipt.	down about 25%			down about 50%		
Enterprise systems	down mid teens			down mid teens		

Note: compiled by SIR from TI SEC filings 10-Q (quarterly YUHO) and 10-K (annual YUHO).

End market trends from TI Q1 2024 earnings call transcript, April 23, 2024 (15:30 US central time)

*Note: \$3,800mn is the mid-point of the Q2 forecast range: \$3,650mn — \$3,950mn.

**Note: revenue from products shipped to China includes to customers who manufacture in China and then ship worldwide.

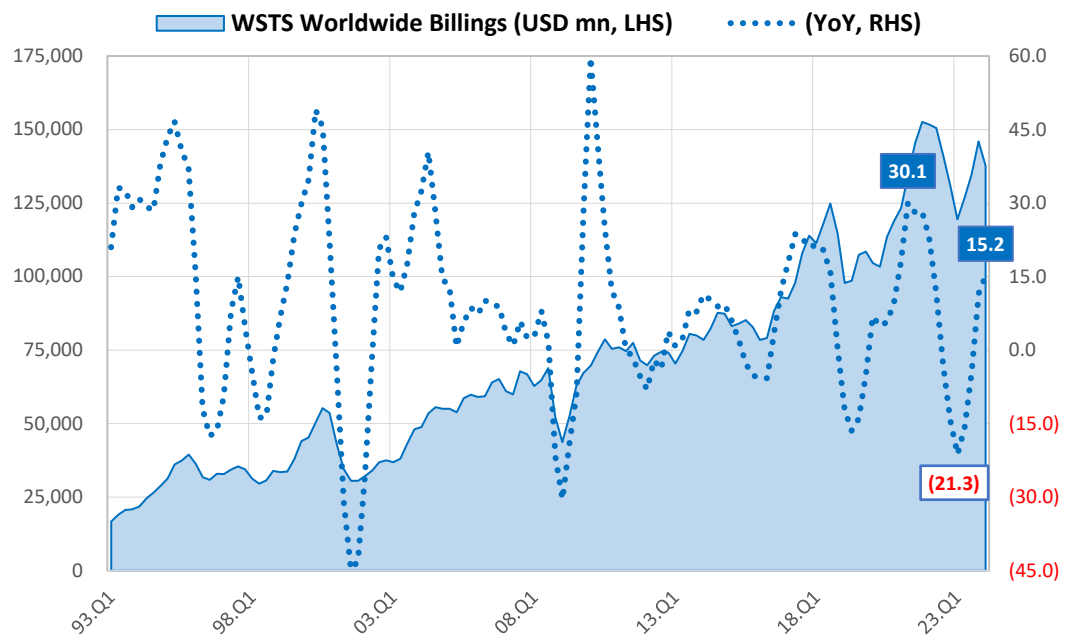
➔ TI estimates for revenue by end customer HQ location aims at a better geographic profile where critical decisions are made. This is a similar approach to the Design-in based regional sales classification by TOREX.



WSTS announces first forecast outlook for 2025

On June 4, WSTS announced its Spring forecast, revising up 2024 and providing the first forecast outlook for 2025. However, as can be seen from the red box in the table below, only logic and memory were revised up, attributed to brisk AI-related and automotive demand, while all other product categories were revised down slightly, attributed to delays in working off distribution inventories built up under the COVID boom. As an observation, however, this merely reflects the nature of forecast models, somewhat backward looking, as they tend to project forward worse-than-expected previous trends in 2H 2023. SIR believes the market has already priced in YoY declines for the 1H of 2024, and **related share prices are now moving in advance of the upturn in orders from the 2H onward.**

Quarterly Trend of WSTS WW Billings → month of Apr-2024 +17.5% (accelerating YoY)



Source: compiled by SIR from WSTS Worldwide Semiconductor Quarterly Historical Billings Report.

WSTS Spring 2024 Worldwide Semiconductor Forecast: 2024 +16.0%, 2025 +12.5%

USD mn (upper tier)	2018	2019	2020	2021	2022	2023	2024	2024	NEW
YoY (lower tier)	act	act	act	act	act	act	Nov-23	May-24	May-24
Discrete Semiconductors	24,102	23,881	23,804	30,337	33,993	35,530	37,459	32,773	35,310
Optoelectronics	38,032	41,561	40,397	43,404	43,908	43,184	43,324	42,736	44,232
Sensors	13,356	13,511	14,962	19,149	21,782	19,730	20,127	18,265	19,414
Integrated Circuits	393,288	333,354	361,226	463,002	474,402	428,442	487,454	517,457	588,425
● Analog	58,785	53,939	55,658	74,105	88,983	81,225	84,056	79,058	84,344
● Micro	67,233	66,440	69,678	80,221	79,073	76,340	81,937	77,590	81,611
● Logic	109,303	106,535	118,408	154,837	176,578	178,589	191,693	197,656	218,189
● Memory	157,967	106,440	117,482	153,838	129,767	92,288	129,768	163,153	204,281
Total Products	468,778	412,307	440,389	555,893	574,084	526,885	588,364	611,231	687,380
Discrete Semiconductors	11.3	(0.9)	(0.3)	27.4	12.0	4.5	4.2	(7.8)	7.7
Optoelectronics	9.2	9.3	(2.8)	7.4	1.2	(1.6)	1.7	(1.0)	3.5
Sensors	6.2	1.2	10.7	28.0	13.7	(9.7)	3.7	(7.4)	6.3
Integrated Circuits	14.6	(15.2)	8.4	28.2	2.5	(9.7)	15.5	20.8	13.7
● Analog	10.8	(8.2)	3.2	33.1	20.1	(8.7)	3.7	(2.7)	6.7
● Micro	5.2	(1.2)	4.9	15.1	(1.4)	(3.5)	7.0	1.6	5.2
● Logic	6.9	(2.5)	11.1	30.8	14.0	1.1	9.6	10.7	10.4
● Memory	27.4	(32.6)	10.4	30.9	(15.6)	(28.9)	44.8	76.8	25.2
Total Products	13.7	(12.0)	6.8	26.2	3.3	(8.2)	13.1	16.0	12.5

Source: compiled by SIR from World Semiconductor Trade Statistics (WSTS) press releases.



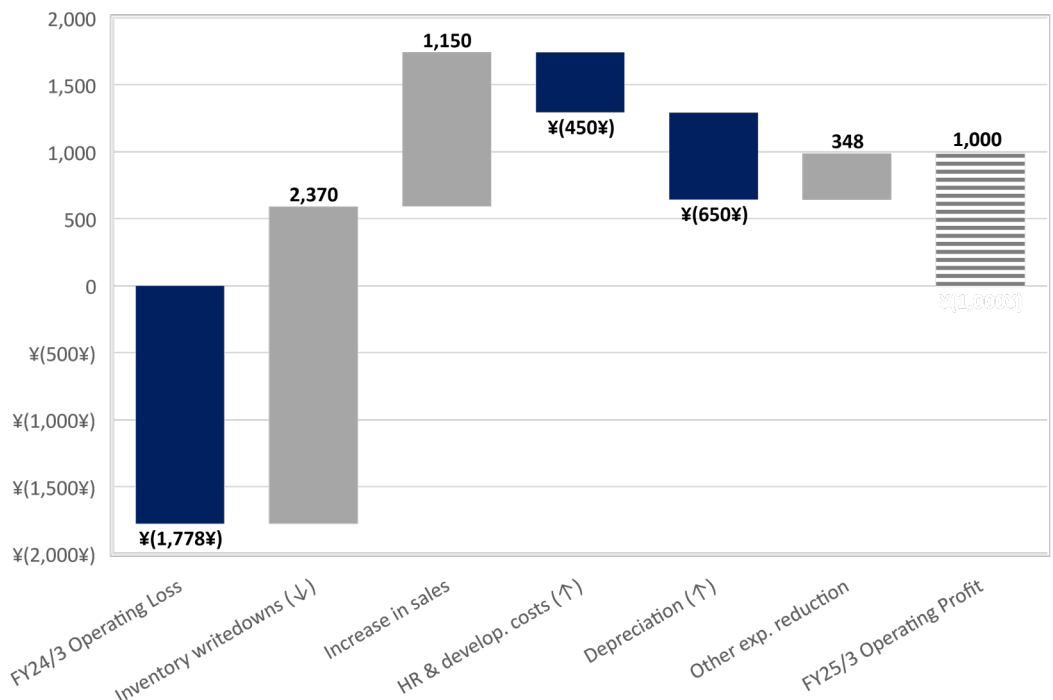
FY25/3 Management Policy and Key Initiatives to Strengthen Sales Expansion

▶▶ In his first time hosting the TOREX SEMICONDUCTOR Group’s results briefing as newly appointed President from April 1 (see bio on P10), Takeshi Kimura noted that while there is a sense the overall semiconductor market has bottomed, current underlying demand has yet to show signs of a strong recovery. However, progress has been made in inventory adjustments in the distribution supply chain, and TOREX expects a recovery in sales from the 2H of 2024, and the top priority for this term is strengthening sales expansion initiatives. As can be seen from the graph below showing a factor analysis for the initial FY25/3 consolidated OP forecast, in addition to a contribution of ¥1,150mn from the +8.7% YoY increase in net sales, the decrease of ¥2,370mn in inventory write-downs in manufacturing cost of sales will drive a strong recovery in OP. Although capex is set to decline -31.9% YoY to ¥3,600mn (mainly for equipment being installed in the new Phenitec Kagoshima Fab clean room), having peaked out last term, depreciation will increase +27.7% YoY to ¥3,000mn as the new clean room has started operations.

▶▶ Regarding management policy for FY25/3, the three pillars of sustainability for sustainable development of the Group include: 1) **Environmental Protection** – providing environmentally friendly products and services such as highly energy efficient and power conservation DC/DC, XCL series and power devices, etc., 2) **Social Development** – establishing a work environment where employees and the organization can grow and work with satisfaction, and 3) **Economic Development** – constantly focusing on innovation and strengthening the Group’s competitive edge to enhance corporate value and market presence. Specifically, the TOREX SEMICONDUCTOR Group will promote the following initiatives to increase its presence in the semiconductor market.

- **TOREX: Early commercialization of medium- and high-voltage products** → High-performance, high-quality products for industrial equipment and automotive equipment applications → micro DC/DC converters, XCL Series DC/DC converters with built-in inductor coils, etc.
- **Phenitec: Promotion of power device business** → Development of original technologies → SiC devices, Si (power MOSFETs, IGBTs), gallium oxide, etc.

FY25/3 Consolidated Operating Profit Forecast Factor Analysis (JPY million)



Source: compiled by SIR from IR results briefing materials.



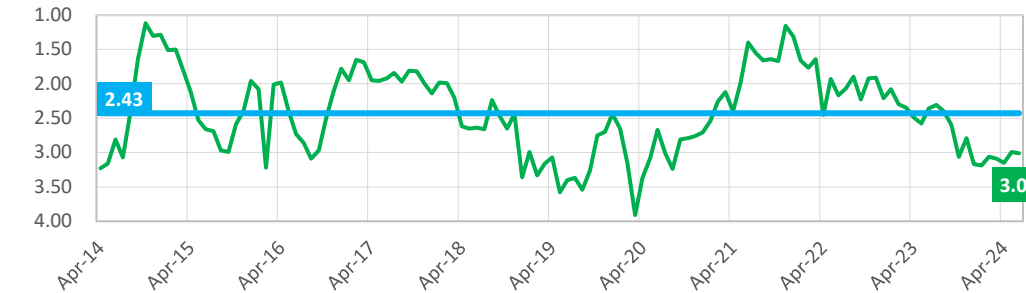
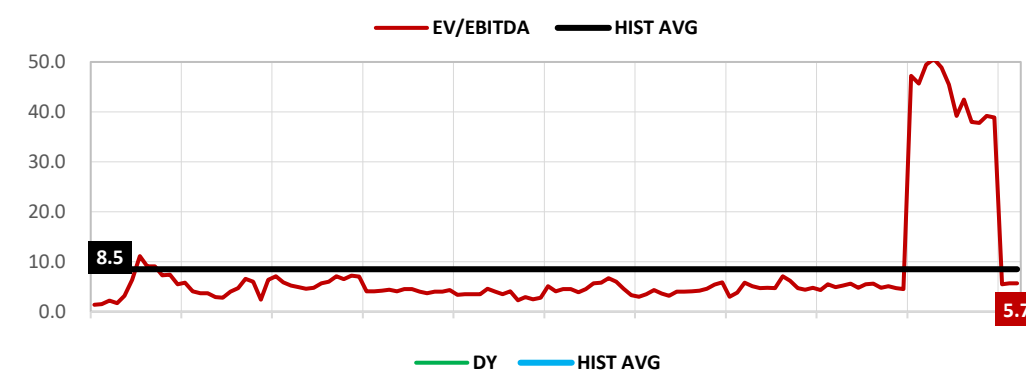
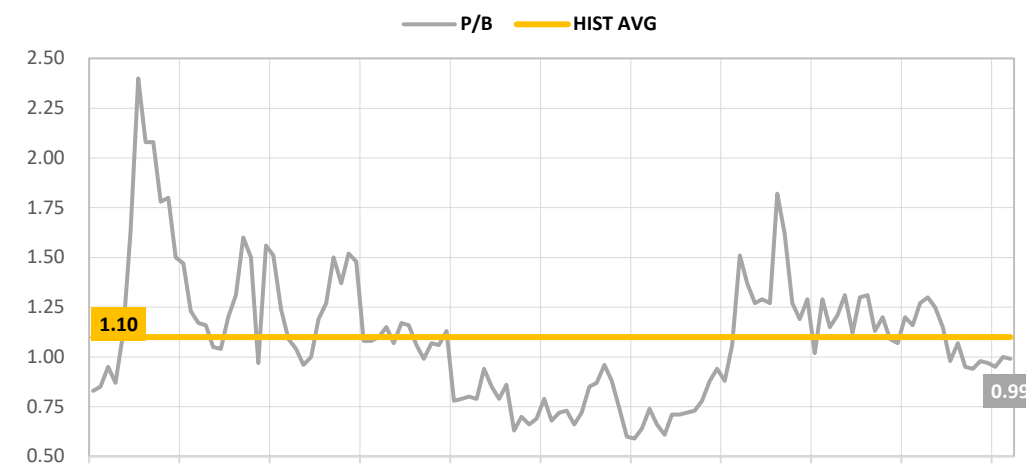
Performance and Valuations:
SESSA Smart Charts

- ✓ The current P/B of 0.99x and DY of 3.01% are trading 9% below and 24% above historical averages, respectively.
- ✓ Initial OP guidance for FY25/3 OP of ¥1,000mn puts EV/EBITDA on 5.7x, 33% below its historical average.
- ✓ These trough valuations suggest SIR's evolving stance to start buying ahead of the coming 2H upturn in orders appears appropriate.
- ✓ Structural growth drivers for TOREX include 5G rollout/IoT device proliferation, EV/hybrid ramp, and demand for next-gen power devices to combat climate change.

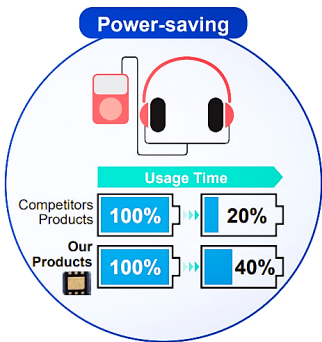
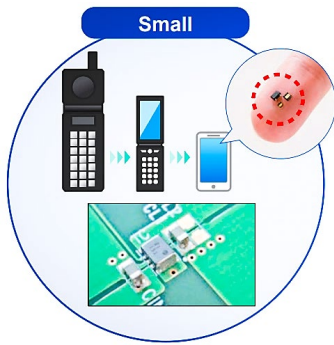


Analyst's view

10-Year Monthly Share Price, 6M/12M/24M MA, Volume and Valuations Trend



Source: compiled by SIR from SPEEDA historical earnings and price data. Valuations calculated based on LTM and CE.



Status of Major Shareholders (Top 10 as of March 31, 2024)

Rank	Shareholder name or designation	No. of shares owned	Ownership ratio*
①	The Master Trust Bank of Japan, Ltd. (Trust Account)	1,028,200	9.25%
②	PERSHING-DIV. OF DLJ SECS. CORP.	819,600	7.37%
③	THE BANK OF NEW YORK 133652	676,700	6.09%
④	Tomoyuki Fujisaka	477,660	4.30%
⑤	The Chugoku Bank, Ltd.	472,190	4.25%
⑥	ARS Co., Ltd.	452,000	4.06%
⑦	Kibi Kogyo Co., Ltd.	397,730	3.58%
⑧	Takanori Ozaki	321,500	2.89%
⑨	Koji Shibamiya	296,700	2.67%
⑩	Custody Bank of Japan, Ltd. (Trust Account)	280,130	2.52%
—	Top 10 Total	5,222,410	46.96%

Compiled by SIR from Notice of Convocation of the 29th Ordinary General Meeting of Shareholders, June 7, 2024.

*Note: the ownership ratio is calculated by excluding 434,333 shares of treasury stock from 11,554,200 shares issued and outstanding.

Trend of 5% Rule-related MOF Filings by Overseas Investors

Date submitted	Large Shareholding Reports (over 5.0%) and Subsequent Change Reports*	Previous Shares	Updated Shares	Previous Ownership	Updated Ownership
Baillie Gifford & Co. (Edinburgh SCT, UK)					
2020-01-07	Large Shareholding Report (over 5.0%)	—	577,800	—	5.00%
2021-02-03	Change Report No. 1	577,800	764,800	5.00%	6.62%
2021-12-07	Change Report No. 2	764,800	1,023,500	6.62%	8.86%
2022-06-20	Change Report No. 3	1,023,500	1,158,600	8.86%	10.03%
2022-12-07	Change Report No. 4	1,158,600	1,041,800	10.03%	9.02%
2023-08-21	Change Report No. 5	1,041,800	893,200	9.02%	7.73%
2024-05-09	Change Report No. 6	893,200	774,900	7.73%	6.71%
Kaname Capital, LP (Boston MA, USA)					
2023-09-04	Large Shareholding Report (over 5.0%)	—	583,200	—	5.05%
2023-11-22	Change Report No. 1	583,200	706,400	5.05%	6.11%
2024-03-22	Change Report No. 2	706,400	822,300	6.11%	7.12%

Source: compiled by SIR from the Financial Service Agency's EDINET (Electronic Disclosure for Investors' NETwork) website.

*Note: under the Financial Instruments and Exchange Act, a Large Shareholding Report must be filed within 5 business days after a shareholding ratio exceeds 5.0%, and a Change Report must be filed when the ratio increases or decreases by over 1.0%, aiming at transparency for all market participants.

Dividend Policy, DOE and Payout Ratio: 11-Year Trend

JPY mn, %	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3
	act	act	act	act	act	act	act	act	act	act	init CE
Shareholders' equity	10,527	10,797	11,172	14,429	19,671	19,053	19,634	22,335	24,100	19,186	—
Total dividends paid	291	340	305	341	425	438	396	485	620	621	—
DOE	2.7%	3.1%	2.7%	2.6%	2.5%	2.3%	2.0%	2.3%	2.6%	2.7%	—
Profit ATOP	1,248	580	2,931	902	1,049	418	934	3,157	2,180	(4,298)	700
Payout ratio	23.4%	58.6%	10.4%	34.2%	39.6%	105.2%	42.1%	15.2%	28.2%	—	88.0%

Note: compiled by SIR from Summary of Financial Results (TANSHIN financial statements).



Reasons for nomination

Having held key senior roles in Sales, Development, and Production Departments, Koji Shibamiya drove the Group toward growth by exercising his strong leadership and decision-making ability as President from 2015 to Mar-2024, and he assumed the office of Chairman in Apr-2024. He is expected to continue to contribute to improving the Group's sustainable growth and mid- to long-term corporate value.

TOREX SEMICONDUCTOR Group's Senior Management Team

Koji Shibamiya (64), Representative Director, Chairman

No. of shares Attendance	Date	Brief Career Summary Positions and Responsibilities at the Company
No. of the Company's shares owned 296,700 shares	Apr-1983	Joined Abe Photo Printing Co., Ltd. (currently, Abeism Corporation)
	Aug-1986	Joined Nippon Precision Circuits Inc. (currently, Seiko NPC Corporation)
Attendance record at Board of Directors Meetings 16/16 (100%)	Oct-1987	Joined Ricoh Company, Ltd.
	Apr-1983	Joined Phenitec Semiconductor Corp.
	Jul-1999	Joined the Company
	Jun-2002	Director and General Manager of Sales Headquarters, the Company
	Jun-2009	Managing Director and General Manager of Sales Headquarters, the Company
	Jun-2014	Executive Director and General Manager of Business Headquarters, the Company
	Jun-2015	Representative Director, President, the Company
	Jun-2016	Representative Director, President, the Company
	Jun-2020	Representative Director, President, General Manager of Domestic Sales Headquarters the Company
	Apr-2024	Representative Director, Chairman, the Company (current)

Takeshi Kimura (58), Representative Director, President

No. of shares Attendance	Date	Brief Career Summary Positions and Responsibilities at the Company
No. of the Company's shares owned 38,300 shares	Apr-1989	Joined Ricoh Company, Ltd.
	Apr-2003	Joined Torex Device Co. Ltd. (currently, the Company)
Attendance record at Board of Directors Meetings 16/16 (100%)	Apr-2007	Senior Manager of R&D Headquarters, Unit I, the Company
	Jun-2015	Corporate Officer and General Manager of Business Headquarters, the Company
	Jun-2016	Director, Corporate Officer and General Manager of Business Headquarters, the Company
	Jun-2018	Director, Managing Executive Officer and General Manager of Sales Headquarters, the Company
	Jun-2020	Director, Managing Executive Officer and General Manager of R&D Headquarters, the Company
	Sep-2021	Director, Managing Executive Officer, General Manager of R&D Headquarters and Senior General Manager of Administration Headquarters, the Company
	Apr-2023	Director, Senior Executive Officer and GM of R&D Headquarters, the Company
	Apr-2024	Representative Director, President, the Company (current)

Hiroyuki Ishii (62), Director, President of Phenitec Semiconductor

No. of shares Attendance	Date	Brief Career Summary Positions and Responsibilities at the Company
No. of the Company's shares owned 20,450 shares	Apr-1984	Joined Phenitec Semiconductor Corp.
	Feb-2003	General Manager of Technical Division, Production Engineering Headquarters, Phenitec Semiconductor Corp.
Attendance record at Board of Directors Meetings 16/16 (100%)	Apr-2008	Operating Officer and General Manager of Technical Division, Production Engineering Headquarters, Phenitec Semiconductor Corp.
	Jun-2015	Director and General Manager of Technical Division, Production Engineering Headquarters and General Manager of Development Division, Phenitec Semiconductor Corp.
	Apr-2016	Director and Assistant Executive General Manager of Production Engineering Headquarters, Phenitec Semiconductor Corp.
	Sep-2017	Director and Department Head of Business Planning Department, Phenitec Semiconductor Corp.
	Jun-2019	Director, Senior Operating Officer and Department Head of Business Planning Department, Phenitec Semiconductor Corp.
	Jun-2020	Representative Director, President, Phenitec Semiconductor Corp. (current)
	Jun-2020	Director, the Company (current)

Reasons for nomination

Hiroyuki Ishii also serves as President of Phenitec Semiconductor Corp, a subsidiary of the Company. He has held key positions in Engineering & Development Department and Corporate Planning Department of Phenitec Semiconductor Corp., and he has extensive experience and advanced knowledge in mfg. and development as well as the Group's business management. He is expected continue to contribute to improving the Group's sustainable growth and mid- to long-term corporate value.

Compiled by SIR from Notice of Convocation of the 29th Ordinary General Meeting of Shareholders, June 7, 2024.

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