

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 15, 2021

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: Senior Manager, Business Planning Takashi Maegawa TEL 03-6222-2875
 Department
 Scheduled date to file Quarterly Securities Report: November 15, 2021
 Scheduled date to commence dividend payments: December 7, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	14,983	31.3	1,783	583.8	1,828	928.0	1,272	706.4
Six months ended September 30, 2020	11,408	10.4	260	(21.0)	177	(36.2)	157	0.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	116.28		-	
Six months ended September 30, 2020	14.44		-	

(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, 2021	31,855	20,806	65.3	1,901.93
As of March 31, 2021	31,512	19,789	62.8	1,808.96

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, 2021	-	16.00	-	20.00	36.00
Year ending March 31, 2022	-	20.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	24.00	44.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	29,500	24.4	2,700	123.3	2,700	123.8	1,890	102.4	172.76

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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: Yes
- 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, 2021	11,554,200 shares	As of March 31, 2021	11,554,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	614,350 shares	As of March 31, 2021	614,259 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, 2021	10,939,882 shares	Six months ended September 30, 2020	10,918,257 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	11,737,170	10,287,027
Notes and accounts receivable - trade	4,629,998	5,221,405
Inventories	5,470,259	6,644,975
Other	590,124	583,419
Allowance for doubtful accounts	(5,948)	(4,403)
Total current assets	22,421,604	22,732,424
Non-current assets		
Property, plant and equipment	5,965,946	6,033,507
Intangible assets	919,351	859,566
Investments and other assets		
Other	2,231,649	2,256,428
Allowance for doubtful accounts	(26,422)	(26,551)
Total investments and other assets	2,205,227	2,229,877
Total non-current assets	9,090,525	9,122,951
Total assets	31,512,129	31,855,376
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,344,974	1,664,792
Short-term borrowings	2,901,661	2,401,683
Current portion of long-term borrowings	1,030,000	950,000
Income taxes payable	203,234	556,752
Provision for bonuses	424,979	518,654
Other	1,774,241	1,445,130
Total current liabilities	7,679,092	7,537,014
Non-current liabilities		
Long-term borrowings	3,362,500	2,887,500
Retirement benefit liability	344,767	360,787
Provision for share awards	49,109	60,966
Other	286,737	202,203
Total non-current liabilities	4,043,114	3,511,457
Total liabilities	11,722,207	11,048,472
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,299,941	8,299,941
Retained earnings	9,115,933	10,153,341
Treasury shares	(749,981)	(750,187)
Total shareholders' equity	19,633,828	20,671,030
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(146,619)	(181,557)
Foreign currency translation adjustment	113,934	135,486
Remeasurements of defined benefit plans	188,778	181,944
Total accumulated other comprehensive income	156,093	135,873
Total net assets	19,789,922	20,806,903
Total liabilities and net assets	31,512,129	31,855,376

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, 2020	Six months ended September 30, 2021
Net sales	11,408,862	14,983,373
Cost of sales	8,873,321	10,607,704
Gross profit	2,535,541	4,375,668
Selling, general and administrative expenses	2,274,748	2,592,280
Operating profit	260,792	1,783,388
Non-operating income		
Interest and dividend income	9,230	20,551
Foreign exchange gains	–	15,859
Royalty Income ²	3,143	1,852
Rental income	14,794	20,546
Other	14,156	9,870
Total non-operating income	41,325	68,680
Non-operating expenses		
Interest expenses	21,066	18,284
Foreign exchange losses	98,574	–
Commission expenses	4,000	4,000
Other	632	1,464
Total non-operating expenses	124,273	23,749
Ordinary profit	177,844	1,828,319
Extraordinary income		
Subsidy income	7,333	–
Total extraordinary income	7,333	–
Extraordinary losses		
Loss on sale and retirement of non-current assets	7,064	3,590
Loss on cancellation of insurance policies	11,736	–
Loss on disaster	7,386	–
Total extraordinary losses	26,187	3,590
Profit before income taxes	158,989	1,824,729
Income taxes	1,228	552,542
Profit	157,760	1,272,186
Profit attributable to owners of parent	157,760	1,272,186

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	157,760	1,272,186
Other comprehensive income		
Valuation difference on available-for-sale securities	21,239	(34,937)
Foreign currency translation adjustment	(22,168)	21,551
Remeasurements of defined benefit plans, net of tax	8,273	(6,834)
Total other comprehensive income	7,344	(20,220)
Comprehensive income	165,105	1,251,966
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	165,105	1,251,966

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	158,989	1,824,729
Depreciation	546,644	584,625
Loss on disaster	7,386	–
Loss (gain) on sale and retirement of non-current assets	7,064	3,590
Loss (gain) on cancellation of insurance policies	11,736	–
Subsidy income	(7,333)	–
Increase (decrease) in allowance for doubtful accounts	249	(1,780)
Increase (decrease) in provision for bonuses	15,412	93,074
Decrease (increase) in retirement benefit asset	–	(85,531)
Increase (decrease) in retirement benefit liability	(5,998)	16,020
Increase (decrease) in provision for share awards	(14,296)	11,856
Interest and dividend income	(9,230)	(20,551)
Interest expenses	21,066	18,284
Foreign exchange losses (gains)	69,097	(61,134)
Decrease (increase) in trade receivables	82,366	(732,391)
Decrease (increase) in inventories	(260,378)	(1,023,082)
Increase (decrease) in trade payables	(8,509)	319,066
Other, net	(299,730)	(156,271)
Subtotal	314,537	790,503
Interest and dividends received	9,230	20,551
Interest paid	(21,792)	(16,890)
Income taxes refund (paid)	18,356	(185,064)
Guarantee loss paid	(91,712)	(5,139)
Payments associated with disaster loss	(4,500)	–
Net cash provided by (used in) operating activities	224,119	603,960
Cash flows from investing activities		
Net decrease (increase) in time deposits	(32,089)	(80)
Purchase of property, plant and equipment	(901,790)	(626,216)
Proceeds from sale of property, plant and equipment	187	1
Purchase of intangible assets	(192,347)	(148,114)
Purchase of investment securities	(52,541)	(2,072)
Proceeds from cancellation of insurance funds	20,070	–
Payments of leasehold and guarantee deposits	(166)	(1,482)
Proceeds from refund of leasehold and guarantee deposits	160	532
Other, net	(17,022)	(18,759)
Net cash provided by (used in) investing activities	(1,175,540)	(796,191)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(500,000)
Proceeds from long-term borrowings	4,000,000	–
Repayments of long-term borrowings	(700,036)	(555,000)
Purchase of treasury shares	–	(206)
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	16,555	–
Repayments of lease obligations	(30,079)	(25,979)
Dividends paid	(218,935)	(220,497)
Other, net	(8,733)	(8,400)
Net cash provided by (used in) financing activities	3,058,770	(1,310,083)
Effect of exchange rate change on cash and cash equivalents	(79,632)	51,709
Net increase (decrease) in cash and cash equivalents	2,027,717	(1,450,604)
Cash and cash equivalents at beginning of period	9,172,228	11,681,709
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	6,797	–
Cash and cash equivalents at end of period	11,206,743	10,231,104