

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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 of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 23, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	30,864	30.2	3,897	222.3	4,124	241.9	3,157	238.2
Year ended March 31, 2021	23,712	10.3	1,209	78.3	1,206	78.4	933	123.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	288.60	–	14.9	12.4	12.6
Year ended March 31, 2021	85.42	–	4.9	4.1	5.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	34,770	22,729	65.4	2,077.66
As of March 31, 2021	31,512	19,789	62.8	1,808.96

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,753	(1,608)	(2,056)	10,163
Year ended March 31, 2021	1,790	(1,545)	2,175	11,681

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	16.00	–	20.00	36.00	396	42.1	2.0
Year ended March 31, 2022	–	20.00	–	24.00	44.00	481	15.2	2.3
Year ending March 31, 2023 (Forecast)	–	28.00	–	28.00	56.00		17.5	

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	319.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	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 March 31, 2022	614,377 shares	As of March 31, 2021	614,259 shares
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Average number of shares during the period

Year ended March 31, 2022	10,939,862 shares	Year ended March 31, 2021	10,929,077 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	11,737,170	10,219,751
Notes and accounts receivable - trade	4,629,998	5,916,777
Merchandise and finished goods	1,734,438	3,438,373
Work in process	2,448,495	2,818,287
Raw materials and supplies	1,287,325	1,940,970
Other	590,124	552,662
Allowance for doubtful accounts	(5,948)	(6,373)
Total current assets	22,421,604	24,880,449
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,429,076	2,403,060
Machinery, equipment and vehicles, net	1,259,066	1,680,428
Tools, furniture and fixtures, net	375,861	343,332
Land	1,247,258	1,247,258
Leased assets, net	148,070	134,316
Construction in progress	506,612	804,861
Total property, plant and equipment	5,965,946	6,613,258
Intangible assets		
Software	870,668	752,856
Other	48,683	24,263
Total intangible assets	919,351	777,120
Investments and other assets		
Investment securities	966,440	1,056,742
Retirement benefit asset	321,973	463,063
Deferred tax assets	535,578	587,245
Other	407,657	421,453
Allowance for doubtful accounts	(26,422)	(29,015)
Total investments and other assets	2,205,227	2,499,489
Total non-current assets	9,090,525	9,889,868
Total assets	31,512,129	34,770,317

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,344,974	1,720,227
Short-term borrowings	2,901,661	2,400,000
Current portion of long-term borrowings	1,030,000	950,000
Lease liabilities	47,560	38,216
Accounts payable - other	1,052,957	1,485,304
Contract liabilities	–	30,044
Income taxes payable	203,234	1,242,667
Provision for bonuses	424,979	571,792
Provision for bonuses for directors (and other officers)	15,100	45,000
Other	658,624	494,221
Total current liabilities	7,679,092	8,977,473
Non-current liabilities		
Long-term borrowings	3,362,500	2,412,500
Lease liabilities	45,248	37,039
Long-term accounts payable - other	68,476	39,803
Retirement benefit liability	344,767	383,131
Provision for share awards	49,109	75,883
Asset retirement obligations	83,336	84,990
Deferred tax liabilities	60,769	1,033
Other	28,906	29,186
Total non-current liabilities	4,043,114	3,063,567
Total liabilities	11,722,207	12,041,040
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	11,817,830
Treasury shares	(749,981)	(750,278)
Total shareholders' equity	19,633,828	22,335,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(146,619)	(111,934)
Foreign currency translation adjustment	113,934	353,682
Remeasurements of defined benefit plans	188,778	152,101
Total accumulated other comprehensive income	156,093	393,849
Total net assets	19,789,922	22,729,277
Total liabilities and net assets	31,512,129	34,770,317

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	23,712,981	30,864,245
Cost of sales	17,753,827	21,389,757
Gross profit	5,959,153	9,474,487
Selling, general and administrative expenses	4,749,858	5,576,812
Operating profit	1,209,294	3,897,675
Non-operating income		
Interest and dividend income	18,651	19,045
Foreign exchange gains	–	185,333
Royalty gain	4,548	4,235
Rental income	31,705	40,256
Subsidy income	9,672	–
Other	30,712	23,690
Total non-operating income	95,290	272,560
Non-operating expenses		
Interest expenses	42,583	34,900
Foreign exchange losses	46,077	–
Commission expenses	8,000	8,000
Other	1,713	2,761
Total non-operating expenses	98,374	45,662
Ordinary profit	1,206,211	4,124,574
Extraordinary income		
Gain on sale of non-current assets	–	372,176
Subsidy income	7,333	24,282
Insurance claim income	19,808	–
Total extraordinary income	27,141	396,458
Extraordinary losses		
Loss on sale and retirement of non-current assets	17,217	22,969
Loss on disaster	7,297	–
Loss on valuation of investment securities	–	84,059
Guarantee loss	25,072	–
Loss on cancellation of insurance policies	11,736	–
Other	903	–
Total extraordinary losses	62,227	107,029
Profit before income taxes	1,171,125	4,414,003
Income taxes - current	252,574	1,361,383
Income taxes - deferred	(15,040)	(104,728)
Total income taxes	237,533	1,256,655
Profit	933,591	3,157,348
Profit attributable to owners of parent	933,591	3,157,348

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	933,591	3,157,348
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,081)	34,684
Foreign currency translation adjustment	98,922	239,748
Remeasurements of defined benefit plans, net of tax	439,552	(36,677)
Total other comprehensive income	537,394	237,755
Comprehensive income	1,470,985	3,395,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,470,985	3,395,103

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,967,934	8,297,198	8,576,276	(788,207)	19,053,202
Changes during period					
Dividends of surplus	–	–	(394,710)	–	(394,710)
Profit attributable to owners of parent	–	–	933,591	–	933,591
Purchase of treasury shares	–	–	–	(76,870)	(76,870)
Disposal of treasury shares	–	2,743	–	115,096	117,840
Change in scope of consolidation	–	–	775	–	775
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	2,743	539,657	38,226	580,626
Balance at end of period	2,967,934	8,299,941	9,115,933	(749,981)	19,633,828

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(145,538)	15,011	(250,774)	(381,300)	18,671,901
Changes during period					
Dividends of surplus	–	–	–	–	(394,710)
Profit attributable to owners of parent	–	–	–	–	933,591
Purchase of treasury shares	–	–	–	–	(76,870)
Disposal of treasury shares	–	–	–	–	117,840
Change in scope of consolidation	–	–	–	–	775
Net changes in items other than shareholders' equity	(1,081)	98,922	439,552	537,394	537,394
Total changes during period	(1,081)	98,922	439,552	537,394	1,118,021
Balance at end of period	(146,619)	113,934	188,778	156,093	19,789,922

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,967,934	8,299,941	9,115,933	(749,981)	19,633,828
Cumulative effects of changes in accounting policies	–	–	(14,169)	–	(14,169)
Restated balance	2,967,934	8,299,941	9,101,764	(749,981)	19,619,659
Changes during period					
Dividends of surplus	–	–	(441,282)	–	(441,282)
Profit attributable to owners of parent	–	–	3,157,348	–	3,157,348
Purchase of treasury shares	–	–	–	(297)	(297)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	–	2,716,066	(297)	2,715,769
Balance at end of period	2,967,934	8,299,941	11,817,830	(750,278)	22,335,428

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(146,619)	113,934	188,778	156,093	19,789,922
Cumulative effects of changes in accounting policies	–	–	–	–	(14,169)
Restated balance	(146,619)	113,934	188,778	156,093	19,775,752
Changes during period					
Dividends of surplus	–	–	–	–	(441,282)
Profit attributable to owners of parent	–	–	–	–	3,157,348
Purchase of treasury shares	–	–	–	–	(297)
Net changes in items other than shareholders' equity	34,684	239,748	(36,677)	237,755	237,755
Total changes during period	34,684	239,748	(36,677)	237,755	2,953,524
Balance at end of period	(111,934)	353,682	152,101	393,849	22,729,277

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,171,125	4,414,003
Depreciation	1,208,486	1,311,300
Loss on disaster	7,297	–
Guarantee loss	25,072	–
Loss (gain) on valuation of investment securities	–	84,059
Loss (gain) on sale and retirement of non-current assets	17,217	(349,207)
Loss (gain) on cancellation of insurance policies	11,736	–
Insurance claim income	(19,808)	–
Subsidy income	(7,333)	(24,282)
Increase (decrease) in allowance for doubtful accounts	2,441	(351)
Increase (decrease) in provision for bonuses	68,066	144,295
Increase (decrease) in provision for share awards	(4,436)	26,773
Decrease (increase) in retirement benefit asset	(321,973)	(141,090)
Increase (decrease) in retirement benefit liability	(311,386)	38,364
Interest and dividend income	(18,651)	(19,045)
Interest expenses	42,583	34,900
Foreign exchange losses (gains)	(66,251)	(353,513)
Decrease (increase) in trade receivables	(535,975)	(1,321,473)
Decrease (increase) in inventories	(450,782)	(2,508,431)
Increase (decrease) in trade payables	279,271	370,199
Increase (decrease) in long-term accounts payable - other	(115,865)	(28,675)
Other, net	975,184	421,189
Subtotal	1,956,019	2,099,016
Interest and dividends received	18,651	19,045
Interest paid	(45,219)	(34,309)
Income taxes refund (paid)	(42,676)	(339,838)
Proceeds from insurance income	19,808	–
Subsidies received	7,333	14,282
Guarantee loss paid	(111,644)	(5,139)
Payments associated with disaster loss	(11,797)	–
Net cash provided by (used in) operating activities	1,790,473	1,753,056

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Net decrease (increase) in time deposits	52,981	(83)
Purchase of property, plant and equipment	(1,241,697)	(1,613,624)
Proceeds from sale of property, plant and equipment	–	359,091
Purchase of intangible assets	(243,256)	(198,497)
Purchase of investment securities	(54,598)	(124,294)
Proceeds from cancellation of insurance funds	20,070	–
Payments of leasehold and guarantee deposits	(11,446)	(3,038)
Proceeds from refund of leasehold and guarantee deposits	3,632	2,042
Other, net	(71,518)	(30,115)
Net cash provided by (used in) investing activities	(1,545,832)	(1,608,519)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(501,693)
Proceeds from long-term borrowings	4,000,000	–
Repayments of long-term borrowings	(1,355,036)	(1,030,000)
Purchase of treasury shares	–	(297)
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	16,555	–
Repayments of lease liabilities	(65,776)	(75,461)
Dividends paid	(394,324)	(440,962)
Other, net	(26,396)	(8,000)
Net cash provided by (used in) financing activities	2,175,021	(2,056,414)
Effect of exchange rate change on cash and cash equivalents	83,020	393,237
Net increase (decrease) in cash and cash equivalents	2,502,683	(1,518,639)
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	11,681,709	10,163,070