

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 20, 2020

Company name: TOREX SEMICONDUCTOR LTD.
 Stock exchange listing: Tokyo
 Stock code: 6616 URL <https://www.torex.co.jp/>
 Representative: President Koji Shibamiya
 Director
 Inquiries: Motoi Hikasa TEL 03-6222-2852
 General Manager, Administration Division
 Scheduled date of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to file Securities Report: June 24, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	21,500	(10.0)	678	(56.3)	676	(62.8)	417	(60.2)
Year ended March 31, 2019	23,896	(0.4)	1,550	(29.9)	1,820	(8.9)	1,049	16.3

	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, 2020	38.03	37.97	2.2	2.4	3.2
Year ended March 31, 2019	95.89	95.70	6.2	6.5	6.5

(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, 2020	27,846	18,671	67.1	1,712.30
As of March 31, 2019	28,385	19,638	69.0	1,717.90

(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, 2020	1,144	(1,549)	(1,176)	9,172
Year ended March 31, 2019	2,699	(3,256)	(928)	10,883

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, 2019	–	18.00	–	20.00	38.00	425	39.6	2.5
Year ended March 31, 2020	–	20.00	–	20.00	40.00	438	105.2	2.3
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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, 2020	11,554,200 shares	As of March 31, 2019	11,554,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	649,648 shares	As of March 31, 2019	148,248 shares
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Average number of shares during the period

Year ended March 31, 2020	10,975,995 shares	Year ended March 31, 2019	10,940,414 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	10,982,083	9,281,215
Notes and accounts receivable - trade	4,016,502	4,020,517
Merchandise and finished goods	1,731,140	2,042,628
Work in process	1,459,942	1,900,144
Raw materials and supplies	1,410,804	1,064,040
Other	308,789	540,103
Allowance for doubtful accounts	(2,604)	(2,983)
Total current assets	19,906,658	18,845,666
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,646,692	2,525,605
Machinery, equipment and vehicles, net	1,423,379	1,228,729
Tools, furniture and fixtures, net	654,877	494,403
Land	1,147,187	1,147,187
Leased assets, net	41,497	155,134
Construction in progress	335,398	653,463
Total property, plant and equipment	6,249,033	6,204,524
Intangible assets		
Software	163,578	170,524
Other	293,188	630,949
Total intangible assets	456,767	801,474
Investments and other assets		
Investment securities	740,067	913,366
Deferred tax assets	613,154	693,158
Other	446,370	414,452
Allowance for doubtful accounts	(26,396)	(25,680)
Total investments and other assets	1,773,195	1,995,296
Total non-current assets	8,478,995	9,001,295
Total assets	28,385,653	27,846,962

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	909,520	1,065,830
Short-term borrowings	1,902,775	2,901,627
Current portion of long-term borrowings	1,021,033	605,036
Lease obligations	19,726	56,114
Accounts payable - other	1,080,493	1,503,574
Income taxes payable	326,813	51,380
Provision for bonuses	388,064	355,975
Other	562,117	403,059
Total current liabilities	6,210,544	6,942,598
Non-current liabilities		
Long-term borrowings	1,747,536	1,142,500
Lease obligations	25,028	43,283
Long-term accounts payable - other	223,631	202,648
Retirement benefit liability	414,156	656,153
Provision for share-based remuneration	33,566	53,546
Asset retirement obligations	80,712	81,965
Deferred tax liabilities	752	41,455
Other	11,627	10,908
Total non-current liabilities	2,537,012	2,232,461
Total liabilities	8,747,556	9,175,060
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,302,952	8,297,198
Retained earnings	8,606,806	8,576,276
Treasury shares	(206,316)	(788,207)
Total shareholders' equity	19,671,377	19,053,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(87,404)	(145,538)
Foreign currency translation adjustment	74,061	15,011
Remeasurements of defined benefit plans	(63,720)	(250,774)
Total accumulated other comprehensive income	(77,063)	(381,300)
Non-controlling interests	43,783	–
Total net assets	19,638,097	18,671,901
Total liabilities and net assets	28,385,653	27,846,962

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	23,896,699	21,500,955
Cost of sales	17,402,840	16,049,185
Gross profit	6,493,859	5,451,769
Selling, general and administrative expenses	4,942,896	4,773,608
Operating profit	1,550,962	678,161
Non-operating income		
Interest and dividend income	29,864	26,095
Foreign exchange gains	216,743	–
Royalty gain	9,945	8,104
Rental income	28,717	27,353
Other	27,315	17,188
Total non-operating income	312,586	78,741
Non-operating expenses		
Interest expenses	30,187	26,587
Foreign exchange losses	–	37,541
Commission expenses	8,000	8,000
Other	5,112	8,551
Total non-operating expenses	43,300	80,680
Ordinary profit	1,820,249	676,222
Extraordinary income		
Gain on sales of non-current assets	1,637	–
Subsidy income	3,400	20,340
Insurance claim income	2,742	9,013
Surrender value of insurance policies	–	2,988
Total extraordinary income	7,780	32,342
Extraordinary losses		
Loss on sales and retirement of non-current assets	23,159	2,587
Loss on disaster	66	4,500
Guarantee loss	–	109,691
Total extraordinary losses	23,226	116,779
Profit before income taxes	1,804,803	591,785
Income taxes - current	480,997	105,603
Income taxes - deferred	2,766	68,861
Total income taxes	483,763	174,464
Profit	1,321,039	417,321
Profit (loss) attributable to non-controlling interests	271,921	(192)
Profit attributable to owners of parent	1,049,117	417,513

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,321,039	417,321
Other comprehensive income		
Valuation difference on available-for-sale securities	(102,250)	(58,133)
Foreign currency translation adjustment	50,014	(60,266)
Remeasurements of defined benefit plans, net of tax	(175,652)	(187,053)
Total other comprehensive income	(227,888)	(305,453)
Comprehensive income	1,093,150	111,868
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	897,450	113,276
Comprehensive income attributable to non-controlling interests	195,700	(1,408)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,967,934	3,927,606	7,949,646	(416,335)	14,428,851
Changes during period					
Dividends of surplus			(391,958)		(391,958)
Profit attributable to owners of parent			1,049,117		1,049,117
Purchase of treasury shares				(107,383)	(107,383)
Disposal of treasury shares		(6,362)		14,095	7,732
Increased or decreased by the stock exchange		3,399,093		303,308	3,702,401
Purchase of shares of consolidated subsidiaries		982,615			982,615
Net changes in items other than shareholders' equity					
Total changes during period	–	4,375,346	657,159	210,019	5,242,525
Balance at end of period	2,967,934	8,302,952	8,606,806	(206,316)	19,671,377

	Accumulated other comprehensive income				Non-controlling interests	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	(9,868)	25,936	58,536	74,604	4,582,007	19,085,463
Changes during period						
Dividends of surplus						(391,958)
Profit attributable to owners of parent						1,049,117
Purchase of treasury shares						(107,383)
Disposal of treasury shares						7,732
Increased or decreased by the stock exchange						3,702,401
Purchase of shares of consolidated subsidiaries						982,615
Net changes in items other than shareholders' equity	(77,536)	48,125	(122,256)	(151,667)	(4,538,223)	(4,689,891)
Total changes during period	(77,536)	48,125	(122,256)	(151,667)	(4,538,223)	552,633
Balance at end of period	(87,404)	74,061	(63,720)	(77,063)	43,783	19,638,097

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,967,934	8,302,952	8,606,806	(206,316)	19,671,377
Changes during period					
Dividends of surplus			(448,042)		(448,042)
Profit attributable to owners of parent			417,513		417,513
Purchase of treasury shares				(591,686)	(591,686)
Disposal of treasury shares		(3,385)		9,794	6,409
Purchase of shares of consolidated subsidiaries		(2,368)			(2,368)
Net changes in items other than shareholders' equity					
Total changes during period	–	(5,754)	(30,529)	(581,891)	(618,175)
Balance at end of period	2,967,934	8,297,198	8,576,276	(788,207)	19,053,202

	Accumulated other comprehensive income				Non-controlling interests	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	(87,404)	74,061	(63,720)	(77,063)	43,783	19,638,097
Changes during period						
Dividends of surplus						(448,042)
Profit attributable to owners of parent						417,513
Purchase of treasury shares						(591,686)
Disposal of treasury shares						6,409
Purchase of shares of consolidated subsidiaries						(2,368)
Net changes in items other than shareholders' equity	(58,133)	(59,049)	(187,053)	(304,236)	(43,783)	(348,020)
Total changes during period	(58,133)	(59,049)	(187,053)	(304,236)	(43,783)	(966,195)
Balance at end of period	(145,538)	15,011	(250,774)	(381,300)	–	18,671,901

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,804,803	591,785
Depreciation	1,085,436	1,312,244
Loss on disaster	66	4,500
Guarantee loss	–	109,691
Loss (gain) on sales and retirement of non-current assets	21,522	2,587
Insurance claim income	(2,742)	(9,013)
Surrender value of insurance policies	–	(2,988)
Subsidy income	(3,400)	(20,340)
Increase (decrease) in allowance for doubtful accounts	1,050	609
Increase (decrease) in provision for bonuses	(63,384)	(31,732)
Increase (decrease) in provision for share-based remuneration	11,100	19,980
Decrease (increase) in retirement benefit asset	23,556	–
Increase (decrease) in retirement benefit liability	150,346	241,996
Interest and dividend income	(29,864)	(26,095)
Interest expenses	30,187	26,587
Foreign exchange losses (gains)	(70,837)	113,291
Decrease (increase) in trade receivables	378,343	(26,006)
Decrease (increase) in inventories	(83,669)	(412,928)
Increase (decrease) in trade payables	(56,440)	127,239
Increase (decrease) in long-term accounts payable - other	368	(11,596)
Other, net	(38,931)	(389,043)
Subtotal	3,157,509	1,620,769
Interest and dividends received	29,781	26,095
Interest paid	(29,378)	(25,273)
Income taxes paid	(464,208)	(498,021)
Proceeds from insurance income	2,742	9,013
Proceeds from surrender value of Insurance	–	2,988
Subsidies received	3,400	20,340
Guarantee loss paid	–	(11,079)
Payments associated with disaster loss	(66)	–
Net cash provided by (used in) operating activities	2,699,779	1,144,832

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Net decrease (increase) in time deposits	(44,365)	(11,004)
Purchase of securities	(100,000)	–
Proceeds from redemption of securities	200,000	–
Purchase of property, plant and equipment	(3,083,337)	(741,254)
Proceeds from sales of property, plant and equipment	1,637	–
Purchase of intangible assets	(193,222)	(516,519)
Purchase of investment securities	(3,932)	(253,033)
Payments of leasehold and guarantee deposits	(455)	(2,417)
Proceeds from refund of leasehold and guarantee deposits	3,534	2,029
Other, net	(36,607)	(27,638)
Net cash provided by (used in) investing activities	(3,256,749)	(1,549,839)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(580,572)	998,895
Proceeds from long-term borrowings	1,500,000	–
Repayments of long-term borrowings	(1,227,863)	(1,021,033)
Purchase of treasury shares	(107,395)	(598,999)
Proceeds from disposal of treasury shares	112	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(44,744)
Proceeds from disposal of treasury shares from exercise of subscription rights to shares	3,357	6,409
Repayments of lease obligations	(45,521)	(52,164)
Dividends paid	(390,955)	(447,659)
Dividends paid to non-controlling interests	(48,907)	–
Other, net	(30,574)	(17,377)
Net cash provided by (used in) financing activities	(928,319)	(1,176,672)
Effect of exchange rate change on cash and cash equivalents	88,167	(129,297)
Net increase (decrease) in cash and cash equivalents	(1,397,121)	(1,710,976)
Cash and cash equivalents at beginning of period	12,280,327	10,883,205
Cash and cash equivalents at end of period	10,883,205	9,172,228