

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 13, 2020

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 13, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	11,408	10.4	260	(21.0)	177	(36.2)	157	0.0
Six months ended September 30, 2019	10,331	(17.1)	330	(75.6)	278	(84.0)	157	(83.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	14.44		-	
Six months ended September 30, 2019	14.27		14.25	

(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, 2020	30,250	18,659	61.7	1,705.64
As of March 31, 2020	27,846	18,671	67.1	1,712.30

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, 2020	-	20.00	-	20.00	40.00
Year ending March 31, 2021	-	16.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	16.00	32.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	23,000	7.0	500	(26.3)	400	(40.8)	340	(18.6)	31.14

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	11,554,200 shares	As of March 31, 2020	11,554,200 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2020	614,188 shares	As of March 31, 2020	649,648 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	10,918,257 shares	Six months ended September 30, 2019	11,053,314 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	9,281,215	11,346,169
Notes and accounts receivable - trade	4,020,517	3,934,653
Inventories	5,006,813	5,263,175
Other	540,103	633,436
Allowance for doubtful accounts	(2,983)	(3,268)
Total current assets	18,845,666	21,174,166
Non-current assets		
Property, plant and equipment	6,204,524	6,069,185
Intangible assets	801,474	965,233
Investments and other assets		
Other	2,020,976	2,067,017
Allowance for doubtful accounts	(25,680)	(25,115)
Total investments and other assets	1,995,296	2,041,902
Total non-current assets	9,001,295	9,076,321
Total assets	27,846,962	30,250,487
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,065,830	1,056,423
Short-term borrowings	2,901,627	2,901,587
Current portion of long-term borrowings	605,036	1,210,000
Income taxes payable	51,380	67,980
Provision for bonuses	355,975	371,200
Other	1,962,749	1,230,627
Total current liabilities	6,942,598	6,837,819
Non-current liabilities		
Long-term borrowings	1,142,500	3,837,500
Retirement benefit liability	656,153	650,155
Provision for share-based remuneration	53,546	39,249
Other	380,261	226,007
Total non-current liabilities	2,232,461	4,752,912
Total liabilities	9,175,060	11,590,732
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,297,198	8,288,461
Retained earnings	8,576,276	8,515,722
Treasury shares	(788,207)	(738,406)
Total shareholders' equity	19,053,202	19,033,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(145,538)	(124,298)
Foreign currency translation adjustment	15,011	(7,156)
Remeasurements of defined benefit plans	(250,774)	(242,500)
Total accumulated other comprehensive income	(381,300)	(373,956)
Total net assets	18,671,901	18,659,755
Total liabilities and net assets	27,846,962	30,250,487

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, 2019	Six months ended September 30, 2020
Net sales	10,331,365	11,408,862
Cost of sales	7,640,106	8,873,321
Gross profit	2,691,258	2,535,541
Selling, general and administrative expenses	2,361,007	2,274,748
Operating profit	330,251	260,792
Non-operating income		
Interest and dividend income	14,030	9,230
Royalty Income ²	4,152	3,143
Rental income	13,632	14,794
Other	4,888	14,156
Total non-operating income	36,702	41,325
Non-operating expenses		
Interest expenses	12,420	21,066
Foreign exchange losses	62,582	98,574
Commission expenses	4,000	4,000
Other	9,085	632
Total non-operating expenses	88,088	124,273
Ordinary profit	278,866	177,844
Extraordinary income		
Subsidy income	–	7,333
Insurance claim income	2,600	–
Surrender value of insurance policies	2,988	–
Total extraordinary income	5,589	7,333
Extraordinary losses		
Loss on sales and retirement of non-current assets	2,368	7,064
Loss on cancellation of insurance policies	–	11,736
Loss on disaster	–	7,386
Provision for loss compensation	50,000	–
Total extraordinary losses	52,368	26,187
Profit before income taxes	232,086	158,989
Income taxes	74,531	1,228
Profit	157,555	157,760
Loss attributable to non-controlling interests	(192)	–
Profit attributable to owners of parent	157,747	157,760

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	157,555	157,760
Other comprehensive income		
Valuation difference on available-for-sale securities	(18,404)	21,239
Foreign currency translation adjustment	(83,298)	(22,168)
Remeasurements of defined benefit plans, net of tax	4,325	8,273
Total other comprehensive income	(97,378)	7,344
Comprehensive income	60,176	165,105
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	61,585	165,105
Comprehensive income attributable to non-controlling interests	(1,408)	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	232,086	158,989
Depreciation	621,824	546,644
Loss on disaster	–	7,386
Loss (gain) on sales and retirement of non-current assets	2,368	7,064
Loss (gain) on cancellation of insurance policies	–	11,736
Subsidy income	–	(7,333)
Increase (decrease) in allowance for doubtful accounts	(824)	249
Increase (decrease) in provision for bonuses	(10,668)	15,412
Decrease (increase) in retirement benefit asset	(2,070)	–
Increase (decrease) in retirement benefit liability	(11,365)	(5,998)
Increase(decrease)in provision for compensation	50,000	–
Increase (decrease) in provision for share-based remuneration	8,436	(14,296)
Interest and dividend income	(14,030)	(9,230)
Insurance claim income	(2,600)	–
Interest expenses	12,420	21,066
Foreign exchange losses (gains)	152,727	69,097
Decrease (increase) in trade receivables	198,362	82,366
Decrease (increase) in inventories	(208,307)	(260,378)
Increase (decrease) in trade payables	24,723	(8,509)
Other, net	(302,321)	(299,730)
Subtotal	750,761	314,537
Interest and dividends received	14,030	9,230
Interest paid	(12,788)	(21,792)
Income taxes (paid) refund	(294,509)	18,356
Proceeds from insurance income	2,600	–
Surrender value of insurance policies	2,988	–
Guarantee loss paid	–	(91,712)
Payments associated with disaster loss	–	(4,500)
Net cash provided by (used in) operating activities	463,082	224,119
Cash flows from investing activities		
Net decrease (increase) in time deposits	(32,790)	(32,089)
Purchase of property, plant and equipment	(458,425)	(901,790)
Proceeds from sales of property, plant and equipment	–	187
Purchase of intangible assets	(189,866)	(192,347)
Purchase of investment securities	(1,703)	(52,541)
Proceeds from cancellation of insurance funds	–	20,070
Payments of leasehold and guarantee deposits	(1,615)	(166)
Proceeds from refund of leasehold and guarantee deposits	602	160
Other, net	(21,706)	(17,022)
Net cash provided by (used in) investing activities	(705,504)	(1,175,540)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	–	4,000,000
Repayments of long-term borrowings	(552,287)	(700,036)
Purchase of treasury shares	(598,999)	–
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	–	16,555
Repayments of lease obligations	(23,845)	(30,079)
Dividends paid	(228,865)	(218,935)
Other, net	(13,937)	(8,733)
Net cash provided by (used in) financing activities	(1,462,677)	3,058,770
Effect of exchange rate change on cash and cash equivalents	(168,860)	(79,632)
Net increase (decrease) in cash and cash equivalents	(1,873,961)	2,027,717
Cash and cash equivalents at beginning of period	10,883,205	9,172,228
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	6,797
Cash and cash equivalents at end of period	9,009,244	11,206,743