

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	31,956	3.5	3,976	2.0	3,981	(3.5)	2,179	(31.0)
Year ended March 31, 2022	30,864	30.2	3,897	222.3	4,124	241.9	3,157	238.2

	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, 2023	198.69	–	9.2	11.1	12.4
Year ended March 31, 2022	288.60	–	14.9	12.4	12.6

(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, 2023	37,048	24,593	66.4	2,236.24
As of March 31, 2022	34,770	22,729	65.4	2,077.66

(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, 2023	1,294	(4,567)	1,510	8,515
Year ended March 31, 2022	1,753	(1,608)	(2,056)	10,163

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, 2022	–	20.00	–	24.00	44.00	481	15.2	2.3
Year ended March 31, 2023	–	28.00	–	28.00	56.00	620	28.2	2.6
Year ending March 31, 2024 (Forecast)	–	28.00	–	28.00	56.00		58.7	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	29,000	(9.3)	1,500	(62.3)	1,500	(62.3)	1,050	(51.8)	95.47

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	11,554,200 shares	As of March 31, 2022	11,554,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	556,324 shares	As of March 31, 2022	614,377 shares
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Average number of shares during the period

Year ended March 31, 2023	10,970,698 shares	Year ended March 31, 2022	10,939,862 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	10,219,751	8,572,536
Notes and accounts receivable - trade	5,916,777	5,332,969
Merchandise and finished goods	3,438,373	6,193,443
Work in process	2,818,287	2,199,331
Raw materials and supplies	1,940,970	1,641,954
Other	552,662	777,874
Allowance for doubtful accounts	(6,373)	(3,213)
Total current assets	24,880,449	24,714,896
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,403,060	3,101,302
Machinery, equipment and vehicles, net	1,680,428	2,000,128
Tools, furniture and fixtures, net	343,332	399,281
Land	1,247,258	1,225,620
Leased assets, net	134,316	158,304
Construction in progress	804,861	2,316,849
Total property, plant and equipment	6,613,258	9,201,486
Intangible assets		
Software	752,856	530,708
Other	24,263	52,371
Total intangible assets	777,120	583,080
Investments and other assets		
Investment securities	1,056,742	937,875
Retirement benefit asset	463,063	442,377
Deferred tax assets	587,245	774,009
Other	421,453	426,670
Allowance for doubtful accounts	(29,015)	(31,656)
Total investments and other assets	2,499,489	2,549,276
Total non-current assets	9,889,868	12,333,842
Total assets	34,770,317	37,048,739

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,720,227	1,200,122
Short-term borrowings	2,400,000	1,900,000
Current portion of long-term borrowings	950,000	1,470,496
Lease liabilities	38,216	52,857
Accounts payable - other	1,485,304	1,581,038
Income taxes payable	1,242,667	184,425
Contract liabilities	30,044	673
Provision for bonuses	571,792	589,493
Provision for bonuses for directors (and other officers)	45,000	24,070
Other	494,221	378,919
Total current liabilities	8,977,473	7,382,096
Non-current liabilities		
Bonds payable	–	100,000
Long-term borrowings	2,412,500	4,264,360
Lease liabilities	37,039	95,206
Long-term accounts payable - other	39,803	27,984
Retirement benefit liability	383,131	391,063
Provision for share awards	75,883	77,183
Asset retirement obligations	84,990	85,844
Deferred tax liabilities	1,033	1,703
Other	29,186	29,362
Total non-current liabilities	3,063,567	5,072,708
Total liabilities	12,041,040	12,454,805
Net assets		
Shareholders' equity		
Share capital	2,967,934	2,967,934
Capital surplus	8,299,941	8,388,605
Retained earnings	11,817,830	13,422,586
Treasury shares	(750,278)	(678,960)
Total shareholders' equity	22,335,428	24,100,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(111,934)	(105,201)
Foreign currency translation adjustment	353,682	550,361
Remeasurements of defined benefit plans	152,101	48,608
Total accumulated other comprehensive income	393,849	493,768
Total net assets	22,729,277	24,593,934
Total liabilities and net assets	34,770,317	37,048,739

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	30,864,245	31,956,887
Cost of sales	21,389,757	21,935,691
Gross profit	9,474,487	10,021,195
Selling, general and administrative expenses	5,576,812	6,044,976
Operating profit	3,897,675	3,976,219
Non-operating income		
Interest and dividend income	19,045	32,252
Foreign exchange gains	185,333	–
Royalty gain	4,235	3,954
Rental income	40,256	42,202
Other	23,690	32,142
Total non-operating income	272,560	110,552
Non-operating expenses		
Interest expenses	34,900	66,885
Commission expenses	8,000	8,000
Foreign exchange losses	–	25,058
Other	2,761	5,528
Total non-operating expenses	45,662	105,473
Ordinary profit	4,124,574	3,981,298
Extraordinary income		
Gain on sale of non-current assets	372,176	–
Subsidy income	24,282	–
Total extraordinary income	396,458	–
Extraordinary losses		
Impairment losses	–	793,424
Loss on sale and retirement of non-current assets	22,969	54,095
Loss on valuation of investment securities	84,059	132,033
Loss on cancellation of insurance policies	–	10,180
Other	–	3,132
Total extraordinary losses	107,029	992,867
Profit before income taxes	4,414,003	2,988,430
Income taxes - current	1,361,383	952,443
Income taxes - deferred	(104,728)	(143,820)
Total income taxes	1,256,655	808,622
Profit	3,157,348	2,179,807
Profit attributable to owners of parent	3,157,348	2,179,807

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,157,348	2,179,807
Other comprehensive income		
Valuation difference on available-for-sale securities	34,684	6,733
Foreign currency translation adjustment	239,748	196,679
Remeasurements of defined benefit plans, net of tax	(36,677)	(103,492)
Total other comprehensive income	237,755	99,919
Comprehensive income	3,395,103	2,279,727
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,395,103	2,279,727

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(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	11,817,830	(750,278)	22,335,428
Changes during period					
Dividends of surplus	–	–	(575,051)	–	(575,051)
Profit attributable to owners of parent	–	–	2,179,807	–	2,179,807
Purchase of treasury shares	–	–	–	(227)	(227)
Disposal of treasury shares	–	88,663	–	71,545	160,208
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	88,663	1,604,756	71,317	1,764,737
Balance at end of period	2,967,934	8,388,605	13,422,586	(678,960)	24,100,165

	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	(111,934)	353,682	152,101	393,849	22,729,277
Changes during period					
Dividends of surplus	–	–	–	–	(575,051)
Profit attributable to owners of parent	–	–	–	–	2,179,807
Purchase of treasury shares	–	–	–	–	(227)
Disposal of treasury shares	–	–	–	–	160,208
Net changes in items other than shareholders' equity	6,733	196,679	(103,492)	99,919	99,919
Total changes during period	6,733	196,679	(103,492)	99,919	1,864,657
Balance at end of period	(105,201)	550,361	48,608	493,768	24,593,934

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,414,003	2,988,430
Depreciation	1,311,300	1,645,952
Impairment losses	–	793,424
Loss (gain) on valuation of investment securities	84,059	132,033
Loss (gain) on sale and retirement of non-current assets	(349,207)	54,095
Loss (gain) on cancellation of insurance policies	–	10,180
Subsidy income	(24,282)	–
Increase (decrease) in allowance for doubtful accounts	(351)	(3,134)
Increase (decrease) in provision for bonuses	144,295	16,056
Increase (decrease) in provision for share awards	26,773	14,916
Decrease (increase) in retirement benefit asset	(141,090)	20,686
Increase (decrease) in retirement benefit liability	38,364	7,932
Interest and dividend income	(19,045)	(32,252)
Interest expenses	34,900	66,885
Foreign exchange losses (gains)	(353,513)	(250,476)
Decrease (increase) in trade receivables	(1,321,473)	686,243
Decrease (increase) in inventories	(2,508,431)	(1,778,503)
Increase (decrease) in trade payables	370,199	(524,624)
Increase (decrease) in long-term accounts payable - other	(28,675)	2,212
Other, net	421,189	(387,237)
Subtotal	2,099,016	3,462,825
Interest and dividends received	19,045	32,252
Interest paid	(34,309)	(60,205)
Income taxes refund (paid)	(339,838)	(2,150,086)
Subsidies received	14,282	10,000
Guarantee loss paid	(5,139)	–
Net cash provided by (used in) operating activities	1,753,056	1,294,785

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Net decrease (increase) in time deposits	(83)	(96)
Purchase of property, plant and equipment	(1,613,624)	(4,484,750)
Proceeds from sale of property, plant and equipment	359,091	13,510
Purchase of intangible assets	(198,497)	(130,416)
Purchase of investment securities	(124,294)	(3,983)
Proceeds from cancellation of insurance funds	–	68,975
Payments of leasehold and guarantee deposits	(3,038)	(1,442)
Proceeds from refund of leasehold and guarantee deposits	2,042	4,842
Other, net	(30,115)	(33,826)
Net cash provided by (used in) investing activities	(1,608,519)	(4,567,187)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(501,693)	(500,000)
Proceeds from long-term borrowings	–	3,779,360
Repayments of long-term borrowings	(1,030,000)	(1,228,276)
Proceeds from issuance of bonds	–	100,000
Purchase of treasury shares	(297)	(227)
Repayments of lease liabilities	(75,461)	(57,591)
Dividends paid	(440,962)	(575,047)
Other, net	(8,000)	(8,000)
Net cash provided by (used in) financing activities	(2,056,414)	1,510,217
Effect of exchange rate change on cash and cash equivalents	393,237	114,594
Net increase (decrease) in cash and cash equivalents	(1,518,639)	(1,647,589)
Cash and cash equivalents at beginning of period	11,681,709	10,163,070
Cash and cash equivalents at end of period	10,163,070	8,515,480