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## Consolidated Financial Results for the Year Ended October 31, 2021 [Japanese GAAP]

December 14, 2021

Company name: TORQ Inc.  
 Stock exchange listing: Tokyo  
 Code number: 8077  
 URL: <https://www.torq.co.jp>  
 Representative: Higaki Toshiyuki, President  
 Contact: Haruta Hisashi, General Manager, Administration Department  
 Phone: 06-6535-3690  
 Scheduled date of Annual General Meeting of Shareholders: January 25, 2022  
 Scheduled date of commencing dividend payments: January 26, 2022  
 Scheduled date of filing annual securities report: January 26, 2022  
 Availability of supplementary briefing material on annual financial results: No  
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2021 (November 01, 2020 to October 31, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended October 31, 2021	19,252	1.6	158	-	395	-	258	-
October 31, 2020	18,950	(14.1)	(57)	-	18	(97.3)	(132)	-

(Note) Comprehensive income: Fiscal year ended October 31, 2021: ¥ 151 million [-%]  
 Fiscal year ended October 31, 2020: ¥ (723) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended October 31, 2021	10.46	-	2.4	1.5	0.8
October 31, 2020	(5.28)	-	(1.2)	0.1	(0.3)

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2021	28,439	10,615	37.3	428.85
October 31, 2020	24,299	10,607	43.7	428.51

(Reference) Equity: As of October 31, 2021: ¥ 10,615 million  
 As of October 31, 2020: ¥ 10,607 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended October 31, 2021	(28)	(3,170)	3,196	1,967
October 31, 2020	601	(1,115)	221	1,956

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
October 31, 2020	-	3.00	-	3.00	6.00	151	-	1.3
October 31, 2021	-	3.00	-	3.00	6.00	148	57.4	1.4
Fiscal year ending October 31, 2022 (Forecast)	-	3.00	-	3.00	6.00		58.2	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2022 (November 01, 2021 to October 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended April 30, 2022	10,230	10.2	98	-	191	796.1	138	-	5.57
Full year	20,793	8.0	186	17.5	361	(8.6)	255	(1.5)	10.30

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

October 31, 2021: 28,007,448 shares

October 31, 2020: 28,007,448 shares

2) Total number of treasury shares at the end of the period:

October 31, 2021: 3,253,212 shares

October 31, 2020: 3,253,212 shares

3) Average number of shares during the period:

Fiscal Year ended October 31, 2021: 24,754,236 shares

Fiscal Year ended October 31, 2020: 25,033,677 shares

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousand yen)

	As of October 31,2020	As of October 31,2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,956,474	1,967,621
Notes and accounts receivable - trade	5,345,370	5,549,822
Electronically recorded monetary claims - operating	1,021,282	1,620,603
Securities	86,248	398,535
Merchandise	3,744,172	3,963,875
Other	88,587	46,640
Allowance for doubtful accounts	(10,628)	(7,845)
Total current assets	12,231,507	13,539,254
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,505,148	2,513,506
Accumulated depreciation	(1,886,516)	(1,923,687)
Buildings and structures, net	618,632	589,818
Machinery, equipment and vehicles	468,590	525,841
Accumulated depreciation	(243,285)	(284,217)
Machinery, equipment and vehicles, net	225,304	241,624
Land	4,476,806	4,476,806
Construction in progress	723,379	3,168,649
Other	400,355	401,104
Accumulated depreciation	(261,957)	(286,682)
Other, net	138,397	114,422
Total property, plant and equipment	6,182,520	8,591,320
Intangible assets		
Software	49,365	89,642
Right to use water facilities	8	-
Telephone subscription right	14,485	14,485
Other	38,741	3,865
Total intangible assets	102,600	107,992
Investments and other assets		
Investment securities	5,096,086	5,671,255
Distressed receivables	10,288	206
Deferred tax assets	44,688	55,329
Retirement benefit asset	94,779	167,673
Other	547,072	306,749
Allowance for doubtful accounts	(10,288)	(206)
Total investments and other assets	5,782,626	6,201,007
Total non-current assets	12,067,747	14,900,320
Total assets	24,299,254	28,439,574

(Thousand yen)

	As of October 31,2020	As of October 31,2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,645,801	4,135,353
Short-term borrowings	6,900,000	4,850,000
Current portion of long-term borrowings	200,000	186,637
Accounts payable - other	357,111	548,314
Accrued expenses	55,882	60,330
Income taxes payable	21,784	103,404
Provision for bonuses	121,122	141,553
Other	40,533	88,089
Total current liabilities	11,342,236	10,113,682
Non-current liabilities		
Long-term borrowings	1,100,000	6,511,362
Deferred tax liabilities	1,044,278	1,002,785
Retirement benefit liability	198,114	191,324
Long-term guarantee deposits	6,500	4,500
Other	610	-
Total non-current liabilities	2,349,503	7,709,973
<b>Total liabilities</b>	<b>13,691,739</b>	<b>17,823,655</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,712,335	2,712,335
Capital surplus	1,728,146	1,728,146
Retained earnings	4,500,948	4,612,530
Treasury shares	(956,101)	(956,101)
Total shareholders' equity	7,985,329	8,096,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,581,848	2,444,915
Remeasurements of defined benefit plans	40,337	74,093
Total accumulated other comprehensive income	2,622,186	2,519,008
<b>Total net assets</b>	<b>10,607,515</b>	<b>10,615,919</b>
<b>Total liabilities and net assets</b>	<b>24,299,254</b>	<b>28,439,574</b>

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended October 31,2020	For the fiscal year ended October 31,2021
Net sales	18,950,541	19,252,955
Cost of sales	15,019,970	15,230,348
Gross profit	3,930,571	4,022,606
Selling, general and administrative expenses	3,988,212	3,864,290
Operating profit (loss)	(57,641)	158,316
Non-operating income		
Interest income	409	47
Dividend income	148,947	188,604
Rental income	14,354	14,178
Purchase discounts	77,412	75,034
Gain on investments in securities	3,064	38,861
Other	18,775	17,392
Total non-operating income	262,962	334,118
Non-operating expenses		
Interest expenses	29,354	44,924
Sales discounts	34,676	38,151
Other	123,087	14,271
Total non-operating expenses	187,118	97,347
Ordinary profit	18,202	395,087
Extraordinary income		
Gain on sale of investment securities	4,821	45
Total extraordinary income	4,821	45
Extraordinary losses		
Impairment losses	147,699	-
Loss on valuation of investment securities	28,014	-
Loss on sale of investment securities	89	-
Total extraordinary losses	175,803	-
Profit (loss) before income taxes	(152,779)	395,133
Income taxes - current	70,701	124,898
Income taxes - deferred	(91,236)	11,286
Total income taxes	(20,534)	136,185
Profit (loss)	(132,244)	258,947
Profit (loss) attributable to owners of parent	(132,244)	258,947

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31,2020	For the fiscal year ended October 31,2021
Profit (loss)	(132,244)	258,947
Other comprehensive income		
Valuation difference on available-for-sale securities	(576,024)	(141,643)
Remeasurements of defined benefit plans, net of tax	(15,169)	33,756
Total other comprehensive income	(591,194)	(107,886)
Comprehensive income	(723,438)	151,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(723,438)	151,061

Consolidated Statements of Changes in Net Assets

For the fiscal year ended October 31,2020

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,712,335	1,728,146	4,784,392	(806,125)	8,418,749
Changes during period					
Dividends of surplus			(151,199)		(151,199)
Profit (loss) attributable to owners of parent			(132,244)		(132,244)
Purchase of treasury shares				(149,976)	(149,976)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(283,443)	(149,976)	(433,420)
Balance at end of period	2,712,335	1,728,146	4,500,948	(956,101)	7,985,329

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,157,872	55,507	3,213,380	11,632,130
Changes during period				
Dividends of surplus				(151,199)
Profit (loss) attributable to owners of parent				(132,244)
Purchase of treasury shares				(149,976)
Net changes in items other than shareholders' equity	(576,024)	(15,169)	(591,194)	(591,194)
Total changes during period	(576,024)	(15,169)	(591,194)	(1,024,614)
Balance at end of period	2,581,848	40,337	2,622,186	10,607,515

For the fiscal year ended October 31,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,712,335	1,728,146	4,500,948	(956,101)	7,985,329
Changes during period					
Dividends of surplus			(148,525)		(148,525)
Profit (loss) attributable to owners of parent			258,947		258,947
Purchase of treasury shares					-
Change in scope of consolidation			1,158		1,158
Net changes in items other than shareholders' equity					
Total changes during period	-	-	111,581	-	111,581
Balance at end of period	2,712,335	1,728,146	4,612,530	(956,101)	8,096,910

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,581,848	40,337	2,622,186	10,607,515
Changes during period				
Dividends of surplus				(148,525)
Profit (loss) attributable to owners of parent				258,947
Purchase of treasury shares				-
Change in scope of consolidation				1,158
Net changes in items other than shareholders' equity	(136,933)	33,756	(103,177)	(103,177)
Total changes during period	(136,933)	33,756	(103,177)	8,404
Balance at end of period	2,444,915	74,093	2,519,008	10,615,919



## Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31,2020	For the fiscal year ended October 31,2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(152,779)	395,133
Depreciation	125,414	142,107
Increase (decrease) in retirement benefit liability	(888)	(5,208)
Increase (decrease) in allowance for doubtful accounts	10,430	(2,782)
Increase (decrease) in provision for bonuses	(8,184)	20,431
Interest and dividend income	(149,356)	(188,651)
Interest expenses	29,354	44,924
Impairment losses	147,699	-
Loss (gain) on valuation of investment securities	28,014	-
Loss (gain) on sale of investment securities	(4,732)	45
Loss (gain) on investments in securities	(3,064)	(38,861)
Decrease (increase) in trade receivables	1,246,828	(803,772)
Decrease (increase) in inventories	107,194	(219,703)
Decrease (increase) in other current assets	29,420	751
Increase (decrease) in trade payables	(772,235)	489,551
Increase (decrease) in other current liabilities	(36,952)	44,560
Other, net	69,365	(20,141)
Subtotal	665,529	(141,615)
Interest and dividends received	149,364	188,660
Interest paid	(29,414)	(44,760)
Income taxes refund (paid)	(184,105)	(30,845)
Net cash provided by (used in) operating activities	601,374	(28,561)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	235	355
Purchase of property, plant and equipment	(1,061,340)	(2,593,551)
Purchase of intangible assets	(31,289)	(25,522)
Proceeds from sale of investment securities	207,387	179
Purchase of investment securities	(39,612)	(644,618)
Other, net	(190,930)	92,932
Net cash provided by (used in) investing activities	(1,115,548)	(3,170,225)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	640,000	(2,050,000)
Proceeds from long-term borrowings	-	5,598,000
Repayments of long-term borrowings	-	(200,000)
Purchase of treasury shares	(149,976)	-
Dividends paid	(151,448)	(148,734)
Commission for syndicate loan paid	(116,000)	(1,000)
Other, net	(1,464)	(1,464)
Net cash provided by (used in) financing activities	221,110	3,196,801
Net increase (decrease) in cash and cash equivalents	(293,064)	(1,985)
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	13,132
Cash and cash equivalents at beginning of period	2,249,538	1,956,474
Cash and cash equivalents at end of period	1,956,474	1,967,621