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Consolidated Financial Results for the Year Ended October 31, 2022 [Japanese GAAP]

December 14, 2022

Company name: TORQ Inc.
 Stock exchange listing: Tokyo
 Code number: 8077
 URL: <https://www.torq.co.jp>
 Representative: Higaki Toshiyuki, President
 Contact: Shigaki Takashi, General Manager, Administration Department
 Phone: 06-6535-3690
 Scheduled date of Annual General Meeting of Shareholders: January 27, 2023
 Scheduled date of commencing dividend payments: January 30, 2023
 Scheduled date of filing annual securities report: January 30, 2023
 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, 2022 (November 01, 2021 to October 31, 2022)

(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, 2022	20,477	6.4	419	164.7	709	79.6	532	105.5
October 31, 2021	19,252	1.6	158	-	395	-	258	-

(Note) Comprehensive income: Fiscal year ended October 31, 2022: ¥ 557 million [269.1%]
 Fiscal year ended October 31, 2021: ¥ 151 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, 2022	21.48	-	4.9	2.4	2.0
October 31, 2021	10.46	-	2.4	1.5	0.8

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
October 31, 2022	31,120	11,036	35.5	444.95
October 31, 2021	28,439	10,615	37.3	428.85

(Reference) Equity: As of October 31, 2022: ¥ 11,033 million
 As of October 31, 2021: ¥ 10,615 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
October 31, 2022	(869)	(1,695)	2,059	1,461
October 31, 2021	(28)	(3,170)	3,196	1,967

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, 2021	-	3.00	-	3.00	6.00	148	57.4	1.4
October 31, 2022	-	3.00	-	3.00	6.00	148	27.9	1.3
Fiscal year ending October 31, 2023 (Forecast)	-	3.00	-	3.00	6.00		39.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2023 (November 01, 2022 to October 31, 2023)

(% 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, 2023	10,434	5.1	150	9.6	248	8.3	170	15.6	6.86
Full year	21,242	3.7	343	(18.2)	546	(23.0)	377	(29.2)	15.20

* 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: Yes

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

3) Changes in accounting estimates: Yes

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, 2022: 28,007,448 shares

October 31, 2021: 28,007,448 shares

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

October 31, 2022: 3,210,932 shares

October 31, 2021: 3,253,212 shares

3) Average number of shares during the period:

Fiscal Year ended October 31, 2022: 24,783,076 shares

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

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of October 31,2021	As of October 31,2022
Assets		
Current assets		
Cash and deposits	1,967,621	1,461,974
Notes and accounts receivable - trade	5,549,822	5,426,897
Electronically recorded monetary claims - operating	1,620,603	1,943,077
Securities	398,535	315,730
Merchandise	3,963,875	5,244,171
Other	46,640	498,462
Allowance for doubtful accounts	(7,845)	(7,832)
Total current assets	13,539,254	14,882,480
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,513,506	4,617,316
Accumulated depreciation	(1,923,687)	(1,984,793)
Buildings and structures, net	589,818	2,632,523
Machinery, equipment and vehicles	525,841	2,589,043
Accumulated depreciation	(284,217)	(495,169)
Machinery, equipment and vehicles, net	241,624	2,093,873
Land	4,476,806	4,476,806
Construction in progress	3,168,649	-
Other	401,104	366,923
Accumulated depreciation	(286,682)	(255,499)
Other, net	114,422	111,424
Total property, plant and equipment	8,591,320	9,314,627
Intangible assets		
Software	89,642	114,268
Telephone subscription right	14,485	14,485
Other	3,865	1,125
Total intangible assets	107,992	129,878
Investments and other assets		
Investment securities	5,671,255	6,408,854
Distressed receivables	206	1,118
Deferred tax assets	55,329	53,363
Retirement benefit asset	167,673	134,418
Other	306,749	196,959
Allowance for doubtful accounts	(206)	(1,118)
Total investments and other assets	6,201,007	6,793,596
Total non-current assets	14,900,320	16,238,102
Total assets	28,439,574	31,120,583

(Thousand yen)

	As of October 31,2021	As of October 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,135,353	4,313,858
Short-term borrowings	4,850,000	5,450,000
Current portion of long-term borrowings	186,637	1,586,764
Accounts payable - other	548,314	405,742
Accrued expenses	60,330	59,914
Income taxes payable	103,404	97,158
Provision for bonuses	141,553	144,767
Other	88,089	30,836
Total current liabilities	10,113,682	12,089,041
Non-current liabilities		
Long-term borrowings	6,511,362	6,719,854
Deferred tax liabilities	1,002,785	1,078,564
Retirement benefit liability	191,324	192,293
Long-term guarantee deposits	4,500	4,500
Total non-current liabilities	7,709,973	7,995,212
Total liabilities	17,823,655	20,084,253
Net assets		
Shareholders' equity		
Share capital	2,712,335	2,712,335
Capital surplus	1,728,146	1,724,259
Retained earnings	4,612,530	4,996,114
Treasury shares	(956,101)	(943,674)
Total shareholders' equity	8,096,910	8,489,035
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,444,915	2,504,280
Deferred gains or losses on hedges	-	24,693
Remeasurements of defined benefit plans	74,093	15,323
Total accumulated other comprehensive income	2,519,008	2,544,297
Share acquisition rights	-	2,997
Total net assets	10,615,919	11,036,329
Total liabilities and net assets	28,439,574	31,120,583

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Net sales	19,252,955	20,477,806
Cost of sales	15,230,348	15,908,444
Gross profit	4,022,606	4,569,362
Selling, general and administrative expenses	3,864,290	4,150,289
Operating profit	158,316	419,073
Non-operating income		
Interest income	47	46
Dividend income	188,604	178,772
Rental income	14,178	12,531
Purchase discounts	75,034	83,640
Gain on investments in securities	38,861	63,756
Other	17,392	14,452
Total non-operating income	334,118	353,201
Non-operating expenses		
Interest expenses	44,924	56,951
Sales discounts	38,151	-
Other	14,271	5,858
Total non-operating expenses	97,347	62,810
Ordinary profit	395,087	709,464
Extraordinary income		
Gain on sale of investment securities	45	1,550
Gain on sale of shares of subsidiaries and associates	-	13,853
Total extraordinary income	45	15,404
Profit before income taxes	395,133	724,868
Income taxes - current	124,898	150,071
Income taxes - deferred	11,286	42,560
Total income taxes	136,185	192,632
Profit	258,947	532,236
Profit attributable to owners of parent	258,947	532,236

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Profit	258,947	532,236
Other comprehensive income		
Valuation difference on available-for-sale securities	(141,643)	59,365
Deferred gains or losses on hedges	-	24,693
Remeasurements of defined benefit plans, net of tax	33,756	(58,770)
Total other comprehensive income	(107,886)	25,288
Comprehensive income	151,061	557,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	151,061	557,524

Consolidated Statements of Changes in Net Assets

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 attributable to owners of parent			258,947		258,947
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 attributable to owners of parent				258,947
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

For the fiscal year ended October 31,2022

(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	4,612,530	(956,101)	8,096,910
Changes during period					
Dividends of surplus			(148,652)		(148,652)
Profit attributable to owners of parent			532,236		532,236
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(3,887)		12,431	8,544
Net changes in items other than shareholders' equity					
Total changes during period	-	(3,887)	383,584	12,427	392,124
Balance at end of period	2,712,335	1,724,259	4,996,114	(943,674)	8,489,035

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,444,915	-	74,093	2,519,008	-	10,615,919
Changes during period						
Dividends of surplus						(148,652)
Profit attributable to owners of parent						532,236
Purchase of treasury shares						(4)
Disposal of treasury shares						8,544
Net changes in items other than shareholders' equity	59,365	24,693	(58,770)	25,288	2,997	28,285
Total changes during period	59,365	24,693	(58,770)	25,288	2,997	420,410
Balance at end of period	2,504,280	24,693	15,323	2,544,297	2,997	11,036,329

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31,2021	For the fiscal year ended October 31,2022
Cash flows from operating activities		
Profit before income taxes	395,133	724,868
Depreciation	142,107	402,830
Increase (decrease) in retirement benefit liability	(5,208)	(11,046)
Increase (decrease) in allowance for doubtful accounts	(2,782)	898
Increase (decrease) in provision for bonuses	20,431	3,213
Interest and dividend income	(188,651)	(178,819)
Interest expenses	44,924	56,951
Loss (gain) on sale of investment securities	(45)	(1,550)
Loss (gain) on sale of shares of subsidiaries and associates	-	(13,853)
Loss (gain) on investments in securities	(38,861)	(63,756)
Decrease (increase) in trade receivables	(803,772)	(200,064)
Decrease (increase) in inventories	(219,703)	(1,280,295)
Decrease (increase) in other current assets	751	(384,765)
Increase (decrease) in trade payables	489,551	178,505
Increase (decrease) in other current liabilities	44,560	(51,911)
Other, net	(20,141)	(23,131)
Subtotal	(141,707)	(841,926)
Interest and dividends received	188,660	178,828
Interest paid	(44,760)	(56,943)
Income taxes refund (paid)	(30,845)	(149,906)
Net cash provided by (used in) operating activities	(28,653)	(869,948)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	355	0
Purchase of property, plant and equipment	(2,593,551)	(1,103,915)
Purchase of intangible assets	(25,522)	(58,348)
Proceeds from sale of investment securities	271	6,992
Purchase of investment securities	(644,618)	(653,568)
Other, net	92,932	113,381
Net cash provided by (used in) investing activities	(3,170,133)	(1,695,458)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,050,000)	600,000
Proceeds from long-term borrowings	5,598,000	1,852,000
Repayments of long-term borrowings	(200,000)	(243,382)
Purchase of treasury shares	-	(4)
Dividends paid	(148,734)	(148,244)
Other, net	(2,464)	(610)
Net cash provided by (used in) financing activities	3,196,801	2,059,759
Net increase (decrease) in cash and cash equivalents	(1,985)	(505,647)
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	13,132	-
Cash and cash equivalents at beginning of period	1,956,474	1,967,621
Cash and cash equivalents at end of period	1,967,621	1,461,974