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## Consolidated Financial Results for the Year Ended October 31, 2023 [Japanese GAAP]

December 14, 2023

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: +81-6-6535-3690  
 Scheduled date of Annual General Meeting of Shareholders: January 30, 2024  
 Scheduled date of commencing dividend payments: January 31, 2024  
 Scheduled date of filing annual securities report: January 31, 2024  
 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, 2023 (November 1, 2022 to October 31, 2023)

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

|                                    | Net sales       |     | Operating profit |       | Ordinary profit |      | Profit attributable to owners of parent |       |
|------------------------------------|-----------------|-----|------------------|-------|-----------------|------|---|-------|
|                                    | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %    | Millions of yen                         | %     |
| Fiscal year ended October 31, 2023 | 21,757          | 6.2 | 772              | 84.3  | 1,239           | 74.7 | 845                                     | 58.8  |
| October 31, 2022                   | 20,477          | 6.4 | 419              | 164.7 | 709             | 79.6 | 532                                     | 105.5 |

(Note) Comprehensive income: Fiscal year ended October 31, 2023: ¥ 1,440 million [ 158.4%]  
 Fiscal year ended October 31, 2022: ¥ 557 million [ 269.1%]

|                   | 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 |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Fiscal year ended | Yen                      | Yen                        | %                        | %                                     | %                                   |
| October 31, 2023  | 34.05                    | 34.04                      | 7.2                      | 3.9                                   | 3.6                                 |
| October 31, 2022  | 21.48                    | -                          | 4.9                      | 2.4                                   | 2.0                                 |

#### (2) Consolidated Financial Position

|                  | Total assets    | Net assets      | Capital adequacy ratio | Net assets per share |
|------------------|-----------------|-----------------|------------------------|----------------------|
| As of            | Millions of yen | Millions of yen | %                      | Yen                  |
| October 31, 2023 | 32,689          | 12,344          | 37.7                   | 496.58               |
| October 31, 2022 | 31,120          | 11,036          | 35.5                   | 444.95               |

(Reference) Equity: As of October 31, 2023: ¥ 12,333 million  
 As of October 31, 2022: ¥ 11,033 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 | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                                |
| October 31, 2023  | 1,865                                | (61)                                 | (634)                                | 2,632  |
| October 31, 2022  | (869)                                | (1,695)                              | 2,059                                | 1,461  |

## 2. Dividends

|  | Annual dividends |                 |                 |          |       | Total dividends | Payout ratio<br>(consolidated) | Dividends to net assets<br>(consolidated) |
|--|------------------|-----------------|-----------------|----------|-------|-----------------|--------------------------------|---|
|  | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |                 |                                |   |
| Fiscal year ended                                    | Yen              | Yen             | Yen             | Yen      | Yen   | Millions of yen | %                              | %   |
| October 31, 2022                                     | -                | 3.00            | -               | 3.00     | 6.00  | 148             | 27.9                           | 1.3                                       |
| October 31, 2023                                     | -                | 3.00            | -               | 3.00     | 6.00  | 148             | 17.6                           | 1.3                                       |
| Fiscal year ending<br>October 31, 2024<br>(Forecast) | -                | 3.00            | -               | 3.00     | 6.00  |                 | 17.3                           |   |

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2024 (November 1, 2023 to October 31, 2024)

(% indicates changes from the previous corresponding period.)

|                                  | Net sales       |     | Operating profit |      | Ordinary profit |     | Profit attributable to owners of parent |     | Basic earnings per share |
|----------------------------------|-----------------|-----|------------------|------|-----------------|-----|---|-----|--------------------------|
|                                  | Millions of yen | %   | Millions of yen  | %    | Millions of yen | %   | Millions of yen                         | %   | Yen                      |
| Six months ending April 30, 2024 | 11,420          | 6.4 | 500              | 35.1 | 620             | 1.2 | 430                                     | 2.9 | 17.32                    |
| Full year                        | 23,000          | 5.7 | 930              | 20.4 | 1,240           | 0.1 | 860                                     | 1.7 | 34.64                    |

### \* 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, 2023: 28,007,448 shares

October 31, 2022: 28,007,448 shares

2) Number of treasury shares at the end of the period:

October 31, 2023: 3,170,034 shares

October 31, 2022: 3,210,932 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended October 31, 2023: 24,824,591 shares

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

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousands of yen)

|   | As of October 31, 2022 | As of October 31, 2023 |
|---|------------------------|------------------------|
| <b>Assets</b>                                       |                        |                        |
| Current assets                                      |                        |                        |
| Cash and deposits                                   | 1,461,974              | 2,632,284              |
| Notes and accounts receivable - trade               | 5,426,897              | 5,190,958              |
| Electronically recorded monetary claims - operating | 1,943,077              | 2,501,094              |
| Securities  | 315,730                | 610,174                |
| Merchandise   | 5,244,171              | 5,039,989              |
| Other   | 498,462                | 36,176                 |
| Allowance for doubtful accounts                     | (7,832)                | (5,166)                |
| Total current assets                                | 14,882,480             | 16,005,511             |
| Non-current assets                                  |                        |                        |
| Property, plant and equipment                       |                        |                        |
| Buildings and structures                            | 4,617,316              | 4,623,920              |
| Accumulated depreciation                            | (1,984,793)            | (2,103,516)            |
| Buildings and structures, net                       | 2,632,523              | 2,520,403              |
| Machinery, equipment and vehicles                   | 2,589,043              | 2,594,941              |
| Accumulated depreciation                            | (495,169)              | (845,026)              |
| Machinery, equipment and vehicles, net              | 2,093,873              | 1,749,915              |
| Land  | 4,476,806              | 4,476,806              |
| Other   | 366,923                | 393,795                |
| Accumulated depreciation                            | (255,499)              | (281,622)              |
| Other, net  | 111,424                | 112,172                |
| Total property, plant and equipment                 | 9,314,627              | 8,859,298              |
| Intangible assets                                   |                        |                        |
| Software  | 114,268                | 119,031                |
| Telephone subscription right                        | 14,485                 | 14,485                 |
| Other   | 1,125                  | 5,650                  |
| Total intangible assets                             | 129,878                | 139,167                |
| Investments and other assets                        |                        |                        |
| Investment securities                               | 6,408,854              | 7,285,895              |
| Distressed receivables                              | 1,118                  | 206                    |
| Deferred tax assets                                 | 53,363                 | 50,659                 |
| Retirement benefit asset                            | 134,418                | 157,517                |
| Other   | 196,959                | 191,847                |
| Allowance for doubtful accounts                     | (1,118)                | (206)                  |
| Total investments and other assets                  | 6,793,596              | 7,685,920              |
| Total non-current assets                            | 16,238,102             | 16,684,386             |
| Total assets  | 31,120,583             | 32,689,897             |

(Thousands of yen)

|   | As of October 31, 2022 | As of October 31, 2023 |
|---|------------------------|------------------------|
| <b>Liabilities</b>                                    |                        |                        |
| Current liabilities                                   |                        |                        |
| Notes and accounts payable - trade                    | 4,313,858              | 4,219,902              |
| Short-term borrowings                                 | 5,450,000              | 5,450,000              |
| Current portion of long-term borrowings               | 1,586,764              | 486,764                |
| Accounts payable - other                              | 405,742                | 520,417                |
| Accrued expenses                                      | 59,914                 | 56,618                 |
| Income taxes payable                                  | 97,158                 | 293,558                |
| Provision for bonuses                                 | 144,767                | 137,066                |
| Other   | 30,836                 | 305,111                |
| Total current liabilities                             | 12,089,041             | 11,469,439             |
| Non-current liabilities                               |                        |                        |
| Long-term borrowings                                  | 6,719,854              | 7,333,090              |
| Deferred tax liabilities                              | 1,078,564              | 1,346,507              |
| Retirement benefit liability                          | 192,293                | 191,556                |
| Long-term guarantee deposits                          | 4,500                  | 4,500                  |
| Total non-current liabilities                         | 7,995,212              | 8,875,654              |
| Total liabilities                                     | 20,084,253             | 20,345,094             |
| <b>Net assets</b>                                     |                        |                        |
| Shareholders' equity                                  |                        |                        |
| Share capital   | 2,712,335              | 2,712,335              |
| Capital surplus                                       | 1,724,259              | 1,720,737              |
| Retained earnings                                     | 4,996,114              | 5,692,597              |
| Treasury shares                                       | (943,674)              | (931,652)              |
| Total shareholders' equity                            | 8,489,035              | 9,194,018              |
| Accumulated other comprehensive income                |                        |                        |
| Valuation difference on available-for-sale securities | 2,504,280              | 3,124,864              |
| Deferred gains or losses on hedges                    | 24,693                 | 104                    |
| Remeasurements of defined benefit plans               | 15,323                 | 14,831                 |
| Total accumulated other comprehensive income          | 2,544,297              | 3,139,800              |
| Share acquisition rights                              | 2,997                  | 10,984                 |
| Total net assets                                      | 11,036,329             | 12,344,803             |
| <b>Total liabilities and net assets</b>               | <b>31,120,583</b>      | <b>32,689,897</b>      |

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

|   | For the fiscal year<br>ended October 31, 2022 | For the fiscal year<br>ended October 31, 2023 |
|---|---|---|
| Net sales   | 20,477,806                                    | 21,757,123                                    |
| Cost of sales   | 15,908,444                                    | 16,844,160                                    |
| Gross profit  | 4,569,362                                     | 4,912,963                                     |
| Selling, general and administrative expenses          | 4,150,289                                     | 4,140,545                                     |
| Operating profit                                      | 419,073                                       | 772,418                                       |
| Non-operating income                                  |   |   |
| Interest income                                       | 46  | 126   |
| Dividend income                                       | 178,772                                       | 221,963                                       |
| Rental income   | 12,531  | 10,611  |
| Purchase discounts                                    | 83,640  | 88,329  |
| Gain on investments in securities                     | 63,756  | 190,539                                       |
| Other   | 14,452  | 16,253  |
| Total non-operating income                            | 353,201                                       | 527,823                                       |
| Non-operating expenses                                |   |   |
| Interest expenses                                     | 56,951  | 58,082  |
| Other   | 5,858   | 3,055   |
| Total non-operating expenses                          | 62,810  | 61,137  |
| Ordinary profit                                       | 709,464                                       | 1,239,104                                     |
| Extraordinary income                                  |   |   |
| Gain on sale of investment securities                 | 1,550   | 6,901   |
| Gain on sale of shares of subsidiaries and associates | 13,853  | -   |
| Total extraordinary income                            | 15,404  | 6,901   |
| Profit before income taxes                            | 724,868                                       | 1,246,006                                     |
| Income taxes - current                                | 150,071                                       | 355,969                                       |
| Income taxes - deferred                               | 42,560  | 44,652  |
| Total income taxes                                    | 192,632                                       | 400,621                                       |
| Profit  | 532,236                                       | 845,385                                       |
| Profit attributable to owners of parent               | 532,236                                       | 845,385                                       |

Consolidated Statements of Comprehensive Income

(Thousands of yen)

|   | For the fiscal year<br>ended October 31, 2022 | For the fiscal year<br>ended October 31, 2023 |
|---|---|---|
| Profit  | 532,236                                       | 845,385                                       |
| Other comprehensive income                            |   |   |
| Valuation difference on available-for-sale securities | 59,365  | 620,583                                       |
| Deferred gains or losses on hedges                    | 24,693  | (24,588)                                      |
| Remeasurements of defined benefit plans, net of tax   | (58,770)                                      | (492)   |
| Total other comprehensive income                      | 25,288  | 595,502                                       |
| Comprehensive income                                  | 557,524                                       | 1,440,887                                     |
| Comprehensive income attributable to                  |   |   |
| Comprehensive income attributable to owners of parent | 557,524                                       | 1,440,887                                     |

Consolidated Statements of Changes in Equity

For the fiscal year ended October 31, 2022

(Thousands of 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       |

For the fiscal year ended October 31, 2023

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 2,712,335            | 1,724,259       | 4,996,114         | (943,674)       | 8,489,035                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (148,902)         |                 | (148,902)                  |
| Profit attributable to owners of parent              |                      |                 | 845,385           |                 | 845,385                    |
| Purchase of treasury shares                          |                      |                 |                   | (27)            | (27)                       |
| Disposal of treasury shares                          |                      | (3,521)         |                   | 12,049          | 8,528                      |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | -                    | (3,521)         | 696,483           | 12,021          | 704,983                    |
| Balance at end of period                             | 2,712,335            | 1,720,737       | 5,692,597         | (931,652)       | 9,194,018                  |

|  | 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                       | 2,504,280   | 24,693                             | 15,323                                  | 2,544,297                                    | 2,997                    | 11,036,329       |
| Changes during period                                |   |                                    |   |  |                          |                  |
| Dividends of surplus                                 |   |                                    |   |  |                          | (148,902)        |
| Profit attributable to owners of parent              |   |                                    |   |  |                          | 845,385          |
| Purchase of treasury shares                          |   |                                    |   |  |                          | (27)             |
| Disposal of treasury shares                          |   |                                    |   |  |                          | 8,528            |
| Net changes in items other than shareholders' equity | 620,583   | (24,588)                           | (492)                                   | 595,502                                      | 7,987                    | 603,490          |
| Total changes during period                          | 620,583   | (24,588)                           | (492)                                   | 595,502                                      | 7,987                    | 1,308,473        |
| Balance at end of period                             | 3,124,864   | 104                                | 14,831                                  | 3,139,800                                    | 10,984                   | 12,344,803       |



## Consolidated Statements of Cash Flows

(Thousands of yen)

|  | For the fiscal year<br>ended October 31, 2022 | For the fiscal year<br>ended October 31, 2023 |
|--|---|---|
| <b>Cash flows from operating activities</b>                  |   |   |
| Profit before income taxes                                   | 724,868                                       | 1,246,006                                     |
| Depreciation   | 402,830                                       | 539,378                                       |
| Increase (decrease) in retirement benefit liability          | (11,046)                                      | (2,873)                                       |
| Increase (decrease) in allowance for doubtful accounts       | 898   | (2,666)                                       |
| Increase (decrease) in provision for bonuses                 | 3,213   | (7,701)                                       |
| Interest and dividend income                                 | (178,819)                                     | (222,089)                                     |
| Interest expenses  | 56,951  | 58,082  |
| Loss (gain) on sale of investment securities                 | (1,550)                                       | (6,901)                                       |
| Loss (gain) on sale of shares of subsidiaries and associates | (13,853)                                      | -   |
| Loss (gain) on investments in securities                     | (63,756)                                      | (190,539)                                     |
| Decrease (increase) in trade receivables                     | (200,064)                                     | (322,079)                                     |
| Decrease (increase) in inventories                           | (1,280,295)                                   | 204,181                                       |
| Decrease (increase) in other current assets                  | (384,765)                                     | 391,482                                       |
| Increase (decrease) in trade payables                        | 178,505                                       | (93,955)                                      |
| Increase (decrease) in other current liabilities             | (51,911)                                      | 274,010                                       |
| Other, net   | (23,131)                                      | (73)  |
| Subtotal   | (841,926)                                     | 1,864,261                                     |
| Interest and dividends received                              | 178,828                                       | 222,098                                       |
| Interest paid  | (56,943)                                      | (58,203)                                      |
| Income taxes refund (paid)                                   | (149,906)                                     | (162,911)                                     |
| Net cash provided by (used in) operating activities          | (869,948)                                     | 1,865,245                                     |
| <b>Cash flows from investing activities</b>                  |   |   |
| Proceeds from sale of property, plant and equipment          | 0   | 900   |
| Purchase of property, plant and equipment                    | (1,103,915)                                   | (43,297)                                      |
| Purchase of intangible assets                                | (58,348)                                      | (48,491)                                      |
| Proceeds from sale of investment securities                  | 6,992   | 15,594  |
| Purchase of investment securities                            | (653,568)                                     | (27,095)                                      |
| Proceeds from sale of shares of subsidiaries and associates  | -   | 33,955  |
| Other, net   | 113,381                                       | 7,286   |
| Net cash provided by (used in) investing activities          | (1,695,458)                                   | (61,147)                                      |
| <b>Cash flows from financing activities</b>                  |   |   |
| Net increase (decrease) in short-term borrowings             | 600,000                                       | -   |
| Proceeds from long-term borrowings                           | 1,852,000                                     | 1,100,000                                     |
| Repayments of long-term borrowings                           | (243,382)                                     | (1,586,764)                                   |
| Purchase of treasury shares                                  | (4)   | (27)  |
| Proceeds from issuance of share acquisition rights           | -   | 588   |
| Dividends paid   | (148,244)                                     | (148,220)                                     |
| Other, net   | (610)   | -   |
| Net cash provided by (used in) financing activities          | 2,059,759                                     | (634,424)                                     |
| Effect of exchange rate change on cash and cash equivalents  | -   | 636   |
| Net increase (decrease) in cash and cash equivalents         | (505,647)                                     | 1,170,309                                     |
| Cash and cash equivalents at beginning of period             | 1,967,621                                     | 1,461,974                                     |
| Cash and cash equivalents at end of period                   | 1,461,974                                     | 2,632,284                                     |