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Consolidated Financial Results for the Six Months Ended April 30, 2020 [Japanese GAAP]

June 11, 2020

Company name: TORQ Inc.
Stock exchange listing: Tokyo
Code number: 8077
URL: https://www.torq.co.jp
Representative: Higaki Toshiyuki , President
Contact: Nishijima Hiroshi , General Manager, Administration Department
Phone: 06-6535-3690
Scheduled date of filing quarterly securities report: June 12, 2020
Scheduled date of commencing dividend payments: July 14, 2020
Availability of supplementary briefing material on quarterly financial results: No
Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended April 30, 2020 (November 01, 2019 to April 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 30, 2020	9,893	(11.1)	41	(83.2)	139	(61.7)	62	(74.8)
April 30, 2019	11,132	(2.1)	247	12.3	365	(0.8)	248	1.1

(Note) Comprehensive income: Six months ended April 30, 2020: ¥ (683) million [-%]
Six months ended April 30, 2019: ¥ 283 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
April 30, 2020	2.48	-
April 30, 2019	9.71	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
April 30, 2020	25,010	10,845	43.4
October 31, 2019	25,938	11,632	44.8

(Reference) Equity: As of April 30, 2020: ¥ 10,845 million
As of October 31, 2019: ¥ 11,632 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2019	-	3.00	-	3.00	6.00
Fiscal year ending October 31, 2020	-	3.00			
Fiscal year ending October 31, 2020(Forecast)			-	3.00	6.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2020(November 01, 2019 to October 31, 2020)

(% 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
Full year	-	-	-	-	-	-	-	-	-

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended April 30, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

April 30, 2020:	28,007,448 shares
October 31, 2019:	28,007,448 shares

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

April 30, 2020:	2,855,612 shares
October 31, 2019:	2,759,512 shares

3) Average number of shares during the period:

Six months ended April 30, 2020:	25,241,970 shares
Six months ended April 30, 2019:	25,620,976 shares

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of October 31,2019	As of April 30,2020
Assets		
Current assets		
Cash and deposits	2,249,538	2,527,400
Notes and accounts receivable - trade	7,622,272	6,679,248
Merchandise	3,851,367	3,901,410
Other	253,141	218,107
Allowance for doubtful accounts	(8,748)	(8,486)
Total current assets	13,967,570	13,317,680
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	610,022	596,587
Machinery, equipment and vehicles, net	102,065	154,926
Land	4,495,128	4,495,128
Other, net	97,364	812,165
Total property, plant and equipment	5,304,580	6,058,807
Intangible assets	105,082	110,681
Investments and other assets		
Investment securities	6,096,001	5,059,706
Claims provable in bankruptcy, claims provable in rehabilitation and other	8,633	8,771
Other	464,776	463,872
Allowance for doubtful accounts	(8,633)	(8,771)
Total investments and other assets	6,560,777	5,523,578
Total non-current assets	11,970,440	11,693,067
Total assets	25,938,011	25,010,747

(Thousand yen)

	As of October 31,2019	As of April 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,418,036	3,962,398
Short-term borrowings	6,260,000	6,940,000
Current portion of long-term borrowings	-	200,000
Provision for bonuses	129,307	114,246
Other	619,270	543,387
Total current liabilities	11,426,614	11,760,032
Non-current liabilities		
Long-term borrowings	1,300,000	1,100,000
Deferred tax liabilities	1,375,637	1,099,387
Retirement benefit liability	197,054	197,963
Long-term guarantee deposits	4,500	6,500
Other	2,074	1,342
Total non-current liabilities	2,879,266	2,405,193
Total liabilities	14,305,880	14,165,225
Net assets		
Shareholders' equity		
Share capital	2,712,335	2,712,335
Capital surplus	1,728,146	1,728,146
Retained earnings	4,784,392	4,771,360
Treasury shares	(806,125)	(833,764)
Total shareholders' equity	8,418,749	8,378,078
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,157,872	2,418,617
Remeasurements of defined benefit plans	55,507	48,826
Total accumulated other comprehensive income	3,213,380	2,467,444
Total net assets	11,632,130	10,845,522
Total liabilities and net assets	25,938,011	25,010,747

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended April 30,2019	For the six months ended April 30,2020
Net sales	11,132,479	9,893,410
Cost of sales	8,932,467	7,878,754
Gross profit	2,200,012	2,014,656
Selling, general and administrative expenses	1,952,637	1,973,190
Operating profit	247,374	41,465
Non-operating income		
Dividend income	81,327	89,500
Rental income	7,465	7,265
Purchase discounts	45,624	41,406
Other	11,545	9,887
Total non-operating income	145,963	148,059
Non-operating expenses		
Interest expenses	9,698	14,393
Sales discounts	15,980	18,561
Loss on valuation of securities	1,475	15,224
Other	1,074	1,436
Total non-operating expenses	28,227	49,615
Ordinary profit	365,110	139,909
Extraordinary income		
Gain on sales of investment securities	66	-
Gain on reversal of share acquisition rights	2,975	-
Total extraordinary income	3,041	-
Extraordinary losses		
Loss on valuation of investment securities	-	28,014
Total extraordinary losses	-	28,014
Profit before income taxes	368,151	111,894
Income taxes - current	94,342	39,987
Income taxes - deferred	25,046	9,195
Total income taxes	119,389	49,183
Profit	248,761	62,711
Profit attributable to owners of parent	248,761	62,711

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended April 30,2019	For the six months ended April 30,2020
Profit	248,761	62,711
Other comprehensive income		
Valuation difference on available-for-sale securities	41,199	(739,255)
Remeasurements of defined benefit plans, net of tax	(6,706)	(6,680)
Total other comprehensive income	34,492	(745,936)
Comprehensive income	283,254	(683,224)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	283,254	(683,224)