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Consolidated Financial Results for the Year Ended October 31, 2020 [Japanese GAAP]

December 14, 2020

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 28, 2021
Scheduled date of commencing dividend payments: January 29, 2021
Scheduled date of filing annual securities report: January 29, 2021
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, 2020 (November 01, 2019 to October 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2020	18,950	(14.1)	(57)	-	18	(97.3)	(132)	-
October 31, 2019	22,050	(3.2)	432	(28.0)	662	(22.7)	469	(20.8)

(Note) Comprehensive income: Fiscal year ended October 31, 2020: ¥ (723) million [-%]
Fiscal year ended October 31, 2019: ¥ 138 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
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2020	(5.28)	-	(1.2)	0.1	(0.3)
October 31, 2019	18.45	-	4.0	2.7	2.0

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
October 31, 2020	24,299	10,607	43.7	428.51
October 31, 2019	25,938	11,632	44.8	460.72

(Reference) Equity: As of October 31, 2020: ¥ 10,607 million
As of October 31, 2019: ¥ 11,632 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, 2020	601	(1,115)	221	1,956
October 31, 2019	1,274	(3,078)	2,411	2,249

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, 2019	-	3.00	-	3.00	6.00	151	32.5	1.3
October 31, 2020	-	3.00	-	3.00	6.00	151	-	1.3
Fiscal year ending October 31, 2021(Forecast)	-	3.00	-	3.00	6.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2021 (November 01, 2020 to October 31, 2021)

(% 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, 2021	-	-	-	-	-	-	-	-	-
Full year	-	-	-	-	-	-	-	-	-

* 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, 2020: 28,007,448 shares
October 31, 2019: 28,007,448 shares

2) Total number of treasury shares at the end of the period:
October 31, 2020: 3,253,212 shares
October 31, 2019: 2,759,512 shares

3) Average number of shares during the period:
Fiscal Year ended October 31, 2020: 25,033,677 shares
Fiscal Year ended October 31, 2019: 25,433,523 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of October 31,2019	As of October 31,2020
Assets		
Current assets		
Cash and deposits	2,249,538	1,956,474
Notes and accounts receivable - trade	7,622,272	6,366,652
Merchandise	3,851,367	3,744,172
Other	253,141	174,836
Allowance for doubtful accounts	(8,748)	(10,628)
Total current assets	13,967,570	12,231,507
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,472,349	2,505,148
Accumulated depreciation	(1,862,327)	(1,886,516)
Buildings and structures, net	610,022	618,632
Machinery, equipment and vehicles	320,909	468,590
Accumulated depreciation	(218,844)	(243,285)
Machinery, equipment and vehicles, net	102,065	225,304
Land	4,495,128	4,476,806
Construction in progress	1,317	723,379
Other	348,836	400,355
Accumulated depreciation	(252,789)	(261,957)
Other, net	96,047	138,397
Total property, plant and equipment	5,304,580	6,182,520
Intangible assets		
Software	56,113	49,365
Right to use water facilities	251	8
Telephone subscription right	14,485	14,485
Other	34,231	38,741
Total intangible assets	105,082	102,600
Investments and other assets		
Investment securities	6,096,001	5,096,086
Distressed receivables	8,633	10,288
Deferred tax assets	40,288	44,688
Retirement benefit asset	85,760	94,779
Other	338,727	547,072
Allowance for doubtful accounts	(8,633)	(10,288)
Total investments and other assets	6,560,777	5,782,626
Total non-current assets	11,970,440	12,067,747
Total assets	25,938,011	24,299,254

(Thousand yen)

	As of October 31,2019	As of October 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,418,036	3,645,801
Short-term borrowings	6,260,000	6,900,000
Current portion of long-term borrowings	-	200,000
Accounts payable - other	388,242	357,111
Accrued expenses	56,243	55,882
Income taxes payable	105,854	21,784
Provision for bonuses	129,307	121,122
Other	68,931	40,533
Total current liabilities	11,426,614	11,342,236
Non-current liabilities		
Long-term borrowings	1,300,000	1,100,000
Deferred tax liabilities	1,375,637	1,044,278
Retirement benefit liability	197,054	198,114
Long-term guarantee deposits	4,500	6,500
Other	2,074	610
Total non-current liabilities	2,879,266	2,349,503
Total liabilities	14,305,880	13,691,739
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	4,500,948
Treasury shares	(806,125)	(956,101)
Total shareholders' equity	8,418,749	7,985,329
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,157,872	2,581,848
Remeasurements of defined benefit plans	55,507	40,337
Total accumulated other comprehensive income	3,213,380	2,622,186
Total net assets	11,632,130	10,607,515
Total liabilities and net assets	25,938,011	24,299,254

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended October 31,2019	For the fiscal year ended October 31,2020
Net sales	22,050,805	18,950,541
Cost of sales	17,669,102	15,019,970
Gross profit	4,381,702	3,930,571
Selling, general and administrative expenses	3,948,857	3,988,212
Operating profit (loss)	432,845	(57,641)
Non-operating income		
Interest income	51	409
Dividend income	175,201	148,947
Rental income	14,931	14,354
Purchase discounts	90,454	77,412
Other	22,188	20,791
Total non-operating income	302,827	261,914
Non-operating expenses		
Interest expenses	23,714	29,354
Sales discounts	33,206	34,676
Commission for syndicated loans	-	116,000
Other	16,732	6,039
Total non-operating expenses	73,652	186,070
Ordinary profit	662,019	18,202
Extraordinary income		
Gain on sales of investment securities	7,409	4,821
Gain on reversal of share acquisition rights	2,975	-
Total extraordinary income	10,384	4,821
Extraordinary losses		
Impairment loss	-	147,699
Loss on sales of investment securities	106	89
Loss on valuation of investment securities	-	28,014
Total extraordinary losses	106	175,803
Profit (loss) before income taxes	672,297	(152,779)
Income taxes - current	178,941	70,701
Income taxes - deferred	24,187	(91,236)
Total income taxes	203,128	(20,534)
Profit (loss)	469,168	(132,244)
Profit (loss) attributable to owners of parent	469,168	(132,244)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended October 31,2019	For the fiscal year ended October 31,2020
Profit (loss)	469,168	(132,244)
Other comprehensive income		
Valuation difference on available-for-sale securities	(332,625)	(576,024)
Remeasurements of defined benefit plans, net of tax	2,354	(15,169)
Total other comprehensive income	(330,271)	(591,194)
Comprehensive income	138,897	(723,438)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	138,897	(723,438)

Consolidated Statements of Changes in Net Assets

For the fiscal year ended October 31,2019

(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	4,468,118	(656,121)	8,252,480
Changes during period					
Dividends of surplus			(152,895)		(152,895)
Profit (loss) attributable to owners of parent			469,168		469,168
Purchase of treasury shares				(150,004)	(150,004)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	316,273	(150,004)	166,269
Balance at end of period	2,712,335	1,728,146	4,784,392	(806,125)	8,418,749

	Accumulated other comprehensive income			Share acquisition rights	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	3,490,498	53,153	3,543,651	2,975	11,799,106
Changes during period					
Dividends of surplus					(152,895)
Profit (loss) attributable to owners of parent					469,168
Purchase of treasury shares					(150,004)
Net changes in items other than shareholders' equity	(332,625)	2,354	(330,271)	(2,975)	(333,246)
Total changes during period	(332,625)	2,354	(330,271)	(2,975)	(166,976)
Balance at end of period	3,157,872	55,507	3,213,380	-	11,632,130

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			Share acquisition rights	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

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended October 31,2019	For the fiscal year ended October 31,2020
Cash flows from operating activities		
Profit (loss) before income taxes	672,297	(152,779)
Depreciation	89,869	125,414
Increase (decrease) in retirement benefit liability	(6,529)	(888)
Increase (decrease) in allowance for doubtful accounts	(1,945)	10,430
Increase (decrease) in provision for bonuses for directors (and other officers)	(7,000)	-
Increase (decrease) in provision for bonuses	17,983	(8,184)
Interest and dividend income	(175,253)	(149,356)
Interest expenses	23,714	29,354
Commission for syndicate loan	-	116,000
Impairment loss	-	147,699
Loss (gain) on valuation of investment securities	-	28,014
Loss (gain) on sales of investment securities	(7,302)	(4,732)
Gain on reversal of share acquisition rights	(2,975)	-
Decrease (increase) in trade receivables	556,690	1,246,828
Decrease (increase) in inventories	285,611	107,194
Decrease (increase) in other current assets	10,983	29,420
Increase (decrease) in trade payables	(143,110)	(772,235)
Increase (decrease) in other current liabilities	(6,248)	(36,952)
Other, net	(22,026)	(49,699)
Subtotal	1,284,759	665,529
Interest and dividends received	175,261	149,364
Interest paid	(23,719)	(29,414)
Income taxes (paid) refund	(162,195)	(184,105)
Net cash provided by (used in) operating activities	1,274,105	601,374
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	394	235
Purchase of property, plant and equipment	(2,820,969)	(1,061,340)
Purchase of intangible assets	(51,102)	(31,289)
Proceeds from sales of investment securities	31,848	207,387
Purchase of investment securities	(334,532)	(39,612)
Other, net	95,847	(190,930)
Net cash provided by (used in) investing activities	(3,078,513)	(1,115,548)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,720,000	640,000
Purchase of treasury shares	(150,004)	(149,976)
Dividends paid	(156,624)	(151,448)
Commission for syndicate loan paid	-	(116,000)
Other, net	(1,464)	(1,464)
Net cash provided by (used in) financing activities	2,411,907	221,110
Net increase (decrease) in cash and cash equivalents	607,500	(293,064)
Cash and cash equivalents at beginning of period	1,642,038	2,249,538
Cash and cash equivalents at end of period	2,249,538	1,956,474