



Financial Announcement for 2nd Quarter of the Year Ending March 2022 [Japan standard] (Consolidated)

November 1, 2021

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Scheduled date for submission of quarterly reports: November 11, 2021

Scheduled date for start of dividend payments: —

Preparation of supplementary explanatory materials for the quarterly financial announcement: None

Holding of a briefing on the quarterly financial announcement: None

(Amounts of less than 1 million yen are rounded off)

1. Consolidated results for 2nd quarter of the year ending March 2022 (April 1, 2021 to September 30, 2021)

(1) Consolidated results (cumulative) (% shows change for the quarter against the same quarter of the previous year)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--|-------------|--------|------------------|---|-----------------|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 2nd quarter for year ending March 2022 | 40,225 | 4.8 | (263) | - | (34) | - | (3) | - |
| 2nd quarter for year ended March 2021 | 38,379 | (12.7) | (474) | - | (177) | - | (100) | - |

(Note) Comprehensive income 2nd quarter for year ending March 2022 131 million yen (764.7%)

2nd quarter for year ended March 2021 15 million yen (-96.8%)

| | Profit per share | | Profit per share - diluted | |
|--|------------------|--|----------------------------|--|
| | Yen | | Yen | |
| 2nd quarter for year ending March 2022 | (0.05) | | - | |
| 2nd quarter for year ended March 2021 | (1.63) | | - | |

(2) Consolidated assets

| | Total assets | | Net assets | | Capital-to-asset ratio | |
|--|--------------|--|-------------|--|------------------------|--|
| | Million yen | | Million yen | | % | |
| 2nd quarter for year ending March 2022 | 75,202 | | 37,695 | | 49.8 | |
| Year ended March 2021 | 76,817 | | 38,087 | | 49.2 | |

(Reference) Equity capital 2nd quarter for year ending March 2022 37,422 million yen

Year ended March 2021 37,825 million yen

2. Dividend payments

| | Annual dividend | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-------------|-------|
| | End 1st quarter | End 2nd quarter | End 3rd quarter | End of year | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 2021 | - | 0.00 | - | 8.00 | 8.00 |
| Year ending March 2022 | - | 0.00 | - | - | - |
| Year ending March 2022 (forecast) | - | - | - | 8.00 | 8.00 |

(Note) Adjustment from most recently published dividend forecast: none

3. Consolidated forecasts for year ending March 2022 (April 1, 2021 to March 31, 2022)

(% shows change from previous term)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Profit per share |
|-----------|-------------|-----|------------------|--------|-----------------|--------|---|--------|------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full term | 89,000 | 3.6 | 1,250 | (21.6) | 1,550 | (23.5) | 1,000 | (27.9) | 16.34 |

(Note) Adjustment from most recently published performance projections: none

* Notes

- (1) Significant changes to subsidiaries during the consolidated cumulative period for this quarter (changes for a specified subsidiary entailing a change in the scope of consolidation): None
- (2) Application of specific accounting procedure for creation of quarterly consolidated financial statement:: None
- (3) Changes in accounting policies, changes in accounting estimates, representation of amendments
- [1] Changes in accounting policies accompanying revisions to accounting standards: Yes
 - [2] Changes in accounting policies other than [1]: None
 - [3] Changes in accounting estimates: None
 - [4] Representation of amendments: None

(Note) For details, please refer to “2. Quarterly consolidated financial statements and major notes – (4) Notes on quarterly consolidated financial statements (Changes in accounting policies)” on page 9 of the attachment.

(4) Number of outstanding shares (ordinary shares)

| | | | | |
|---|-------------------------------|-------------------|------------------------------|-------------------|
| [1] Number of outstanding shares at the end of the term (including treasury shares) | Q2 for year ending March 2022 | 66,829,249 shares | Year ended March 2021 | 66,829,249 shares |
| [2] Number of shares in treasury shares at the end of the term | Q2 for year ending March 2022 | 5,642,284 shares | Year ended March 2021 | 5,642,115 shares |
| [3] Average number of shares during the term (quarterly cumulative) | Q2 for year ending March 2022 | 61,187,046 shares | Q2 for year ended March 2021 | 61,187,535 shares |

* Quarterly Financial Announcement is out of the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the appropriate use of performance projections and other special instructions

The financial forecasts and other descriptions related to future events presented in this document are based on information currently available and certain assumptions judged as reasonable. As such, the financial forecasts and future descriptions are not considered to ensure the fulfillment thereof. Actual financial performance may vary significantly due to various factors. For details, such as assumptions for financial forecasts and cautions when using financial forecasts, please refer to “1. Qualitative information regarding quarterly results – (3) Explanation concerning future predictive information, such as consolidated forecasts” on page 3 of the attachment.

| | | |
|-----|---|----|
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1. Qualitative information regarding quarterly results

(1) Explanation of the management performance

During the first six months of the current fiscal year, the Japanese economy continued to be in a difficult situation. This was due to sluggish economic activities and consumer spending with the repeated declaration of states of emergency and implementation of priority preventive measures, although vaccinations to prevent the spread of COVID-19 progressed.

In the construction industry, which has deep relations with the TOLI Group's businesses, the outlook continues to remain uncertain as demand such as for commercial and lodging facilities was sluggish under the COVID-19 pandemic, although signs of a gradual recovery in the number of new construction starts for residential buildings could be seen. The business environment was also extremely difficult in terms of profitability due to the impact of surging prices of major raw materials with the rise in crude oil and naphtha prices.

Under such circumstances, the TOLI Group has been implementing a new medium-term business plan "SHINKA Plus ONE" since April 2021. To realize its long-term vision <TOLI VISION 2030>, the Group is promoting five key strategies: A. Reinforcement of core businesses, B. Expanding the growth of promising business, C. Creation of a fifth business, D. Enhancement of capabilities across the Group, and E. Building a business base that supports growth.

As a result, for the first six months of the current fiscal year, the Company posted net sales of 40,225 million yen (up 4.8% compared with the same period of the previous year), operating loss of 263 million yen (operating loss of 474 million yen for the same period of the previous year), ordinary loss of 34 million yen (ordinary loss of 177 million yen for the same period of the previous year), and loss attributable to owners of parent of 3 million yen (loss attributable to owners of parent of 100 million yen for the same period of the previous year).

From the beginning of the first quarter of the current fiscal year, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others have been applied. For details, please refer to "2. Quarterly consolidated financial statements and major notes – (4) Notes on quarterly consolidated financial statements (Changes in accounting policies)."

Performance by segment is as follows. This information includes business between segments.

<Product Business>

Sales in the Product Business grew in its key product lines of vinyl flooring materials and carpets in particular, as the Company focused on sales promotion activities that respond to new lifestyles under the COVID-19 pandemic.

In the area of vinyl flooring materials, while sales of vinyl flooring sheets in the general-purpose price range were sluggish due to continuous low demand for medical, welfare and educational facilities, overall sales exceeded those of the same period of the previous year, due in part to growing sales of "Loose Lay Tile LL Free 50NW-EX," a loose lay type vinyl flooring tile, thanks to the recovery in demand for office renewal.

In carpets, sales of carpet tiles "GA-100 Series" and "GA-3600," whose product lineups were reviewed in September 2020, grew significantly as they penetrated the office renewal market. With residential carpet tiles responding to the stay-at-home demand also remaining strong, sales exceeded those of the same period of the previous year.

In wall covering materials, sales were lower compared with the same period of the previous year due to sluggish sales of "POWER1000," although sales of vinyl wallpaper "VS," our mainstay sample book, grew.

As for curtains, sales were lower compared with the same period of the previous year due to sluggish sales of "contract curtains" (partly used as partitions) for use mainly in schools and hospitals, although "fufu," a comprehensive sample book, performed well.

As a result, the Product Business reported net sales of 23,919 million yen (up 3.0% compared with the same period of the previous year).

In terms of income, efforts were made to improve production efficiency and reduce indirect costs over negative factors against earnings resulting from surging prices of key raw materials such as PVC resin and nylon yarn. Certain product prices also have been revised since July. Yet, as a full-scale price revision, including revision of suggested retail prices, will be implemented in late October, the effect of such revision is limited to a certain degree for the period under review. As a result, segment loss of 19 million yen (segment loss of 8 million yen for the same period of the previous year) was reported.

<Interior Wholesaling and Installation Business>

Sales in the Interior Wholesaling and Installation Business exceeded those of the previous year mainly due to the strong

demand for offices in the midst of a recovery from the COVID-19 pandemic. TOLI (SHANGHAI) Corporation reported an increase in both sales and profit due to a recovery in economic activities in China.

As a result, the Interior Wholesaling and Installation Business reported net sales of 26,712 million yen (up 6.1% compared with the same period of the previous year) and segment income of 162 million yen (up 606.6% compared with the same period of the previous year).

(2) Explanation of the financial situation

[1] Financial position

<Assets>

Current assets at the end of the second quarter of the current fiscal year were down by 2,625 million yen compared with the end of the previous fiscal year, to 43,169 million yen. This was mainly due to a decrease in notes and accounts receivable-trade resulting from collection of notes and accounts receivable and others. Non-current assets were up by 1,010 million yen compared with the end of the previous fiscal year, to 32,033 million yen. This increase was mainly due to an increase in construction in progress resulting from the capital investment of a manufacturing subsidiary.

As a result, total assets were down by 1,615 million yen compared with the end of the previous fiscal year, to 75,202 million yen.

<Liabilities>

Current liabilities at the end of the second quarter of the current fiscal year were down by 1,995 million yen compared with the end of the previous fiscal year, to 25,574 million yen. This was mainly due to a decrease in notes and accounts payable-trade resulting from payment of notes and accounts payable and others. Non-current liabilities were up by 772 million yen compared with the end of the previous fiscal year, to 11,932 million yen.

As a result, total liabilities were down by 1,222 million yen compared with the end of the previous fiscal year, to 37,507 million yen.

<Net assets>

Net assets at the end of the second quarter of the current fiscal year were down by 392 million yen compared with the end of the previous fiscal year, to 37,695 million yen. This was mainly due to a decrease in retained earnings resulting from dividends paid.

[2] Cash flows

Cash and cash equivalents at the end of the first six months of the current fiscal year increased 900 million yen compared with the end of the previous fiscal year to finish at 11,169 million yen (8,988 million yen at the end of the first six months of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities came to 3,050 million yen (1,577 million yen for the same period of the previous year). Cash inflows increased compared with the same period of the previous year due mainly to a decrease in payments of notes and accounts payable.

(Cash flows from investing activities)

Net cash used in investing activities came to 1,471 million yen (1,981 million yen for the same period of the previous year). Cash outflows decreased compared with the same period of the previous year due to payments for investments in capital of the joint venture Jiangsu Changlong Decorative Material Technical Co., Ltd.

(Cash flows from financing activities)

Net cash used in financing activities came to 692 million yen (748 million yen for the same period of the previous year).

(3) Explanation concerning future predictive information, such as consolidated forecasts

No revision has been made to the consolidated performance forecast, which was announced on October 28, 2021.

In case an event occurs that has impact on TOLI Group's performance and revision of forecasts become necessary, the Company will promptly announce to that effect.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Million yen)

| | Previous fiscal year (March 31, 2021) | 2nd quarter of the current fiscal year (September 30, 2021) |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,361 | 11,264 |
| Notes and accounts receivable-trade | 18,978 | 14,715 |
| Electronically recorded monetary claims | 5,535 | 4,874 |
| Merchandise and finished goods | 7,260 | 7,884 |
| Work in process | 1,260 | 1,379 |
| Raw materials and supplies | 1,576 | 1,914 |
| Other | 877 | 1,172 |
| Allowance for doubtful accounts | (56) | (37) |
| Total current assets | 45,794 | 43,169 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 6,703 | 6,750 |
| Machinery, equipment and vehicles, net | 3,021 | 3,355 |
| Tools, furniture and fixtures, net | 369 | 362 |
| Land | 9,012 | 8,951 |
| Construction in progress | 1,880 | 2,605 |
| Other, net | 70 | 59 |
| Total property, plant and equipment | 21,056 | 22,083 |
| Intangible assets | | |
| Software | 1,145 | 989 |
| Other | 139 | 142 |
| Total intangible assets | 1,284 | 1,131 |
| Investments and other assets | | |
| Investment securities | 4,872 | 4,884 |
| Deferred tax assets | 879 | 959 |
| Other | 3,191 | 3,233 |
| Allowance for doubtful accounts | (262) | (258) |
| Total investments and other assets | 8,681 | 8,817 |
| Total non-current assets | 31,022 | 32,033 |
| Total assets | 76,817 | 75,202 |

(Million yen)

| | Previous fiscal year (March 31, 2021) | 2nd quarter of the current fiscal year (September 30, 2021) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 15,490 | 14,445 |
| Electronically recorded obligations | 5,295 | 4,970 |
| Short-term loans payable | 1,625 | 1,020 |
| Income taxes payable | 201 | 248 |
| Accrued expenses | 1,590 | 1,445 |
| Provision for bonuses | 666 | 664 |
| Other | 2,701 | 2,781 |
| Total current liabilities | 27,570 | 25,574 |
| Non-current liabilities | | |
| Long-term loans payable | 5,000 | 5,630 |
| Net defined benefit liability | 3,847 | 3,928 |
| Other | 2,312 | 2,374 |
| Total non-current liabilities | 11,159 | 11,932 |
| Total liabilities | 38,730 | 37,507 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,855 | 6,855 |
| Capital surplus | 6,426 | 6,426 |
| Retained earnings | 24,033 | 23,508 |
| Treasury shares | (1,271) | (1,271) |
| Total shareholders' equity | 36,043 | 35,518 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,731 | 1,767 |
| Foreign currency translation adjustment | 33 | 118 |
| Remeasurements of defined benefit plans | 17 | 19 |
| Total accumulated other comprehensive income | 1,782 | 1,904 |
| Non-controlling interests | 261 | 272 |
| Total net assets | 38,087 | 37,695 |
| Total liabilities and net assets | 76,817 | 75,202 |

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
 (Quarterly consolidated statement of income)
 (First six months)

(Million yen)

| | First six months of the previous fiscal year (April 1, 2020 – September 30, 2020) | First six months of the current fiscal year (April 1, 2021 – September 30, 2021) |
|--|--|---|
| Net sales | 38,379 | 40,225 |
| Cost of sales | 27,624 | 29,195 |
| Gross profit | 10,755 | 11,029 |
| Selling, general and administrative expenses | 11,229 | 11,292 |
| Operating income (loss) | (474) | (263) |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Dividend income | 90 | 85 |
| Purchase discounts | 37 | 37 |
| Dividend income of insurance | 45 | 40 |
| Subsidy income | 164 | 20 |
| Other | 69 | 136 |
| Total non-operating income | 409 | 321 |
| Non-operating expenses | | |
| Interest expenses | 32 | 30 |
| Share of loss of entities accounted for using equity method | - | 36 |
| Other | 79 | 26 |
| Total non-operating expenses | 111 | 93 |
| Ordinary income (loss) | (177) | (34) |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 81 |
| Gain on sales of investment securities | 77 | 48 |
| Total extraordinary income | 77 | 129 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 11 | 9 |
| Loss on valuation of investment securities | 7 | 2 |
| Total extraordinary losses | 18 | 12 |
| Profit (loss) before income taxes | (118) | 83 |
| Income taxes - current | 61 | 156 |
| Income taxes - deferred | (78) | (82) |
| Total income taxes | (17) | 74 |
| Profit (loss) | (100) | 8 |
| Profit (loss) attributable to non-controlling interests | (0) | 12 |
| Loss attributable to owners of parent | (100) | (3) |

Quarterly consolidated statement of comprehensive income
(First six months)

(Million yen)

| | First six months of the previous fiscal year (April 1, 2020 – September 30, 2020) | First six months of the current fiscal year (April 1, 2021 – September 30, 2021) |
|---|--|---|
| Profit (loss) | (100) | 8 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 115 | 35 |
| Foreign currency translation adjustment | (5) | 84 |
| Remeasurements of defined benefit plans, net of tax | 6 | 1 |
| Total other comprehensive income | 115 | 122 |
| Comprehensive income | 15 | 131 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 15 | 119 |
| Comprehensive income attributable to non-controlling interests | (0) | 11 |

(3) Quarterly consolidated statement of cash flows

(Million yen)

| | First six months of the previous fiscal year (April 1, 2020 – September 30, 2020) | First six months of the current fiscal year (April 1, 2021 – September 30, 2021) |
|--|--|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (118) | 83 |
| Depreciation | 925 | 990 |
| Loss on retirement of non-current assets | 11 | 9 |
| Loss (gain) on sales of non-current assets | - | (81) |
| Loss (gain) on sales of investment securities | (77) | (48) |
| Loss (gain) on valuation of investment securities | 7 | 2 |
| Increase (decrease) in allowance for doubtful accounts | 53 | (22) |
| Increase (decrease) in net defined benefit liability | 85 | 82 |
| Interest and dividend income | (91) | (87) |
| Subsidy income | (164) | (20) |
| Interest expenses | 32 | 30 |
| Decrease (increase) in notes and accounts receivable | 7,670 | 4,927 |
| Decrease (increase) in inventories | (170) | (1,078) |
| Increase (decrease) in notes and accounts payable | (5,360) | (1,377) |
| Other | (762) | (326) |
| Subtotal | 2,040 | 3,085 |
| Interest and dividend income received | 91 | 87 |
| Proceeds from subsidy income | 164 | 20 |
| Interest expenses paid | (32) | (30) |
| Income taxes paid | (687) | (111) |
| Net cash provided by (used in) operating activities | 1,577 | 3,050 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,045) | (1,633) |
| Proceeds from sales of property, plant and equipment | - | 135 |
| Purchase of intangible assets | (154) | (63) |
| Purchase of investment securities | (4) | (4) |
| Proceeds from sales of investment securities | 159 | 91 |
| Payments for investments in capital of subsidiaries and associates | (967) | - |
| Payments of loans receivable | (6) | (6) |
| Collection of loans receivable | 7 | 6 |
| Other | 29 | 4 |
| Net cash provided by (used in) investing activities | (1,981) | (1,471) |
| Cash flows from financing activities | | |
| Proceeds from long-term loans payable | 1,200 | 1,430 |
| Repayments of long-term loans payable | (1,200) | (1,405) |
| Cash dividends paid | (489) | (489) |
| Other | (258) | (228) |
| Net cash provided by (used in) financing activities | (748) | (692) |
| Effect of exchange rate change on cash and cash equivalents | (14) | 14 |
| Net increase (decrease) in cash and cash equivalents | (1,166) | 900 |
| Cash and cash equivalents at beginning of year | 10,155 | 10,268 |
| Cash and cash equivalents at end of quarter | 8,988 | 11,169 |

(4) Notes on quarterly consolidated financial statements

(Notes on the assumption of the company as a going concern)

No corresponding items exist.

(Notes when there are significant changes in amounts of equity)

No corresponding items exist.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition and others)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Accounting Standard”) and others effective from the beginning of the first quarter of the current fiscal year. Accordingly, revenue is recognized at the time of the transfer of control for promised goods or services to customers, in the amount to which they expect to be entitled in exchange for such goods or services.

In adopting the Revenue Recognition Accounting Standard and others, in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative impact of retrospective application of the new accounting policies prior to the beginning of the first quarter of the current fiscal year was added to or subtracted from retained earnings at the beginning of the said first quarter. The new accounting policy has been applied from the beginning balance of the first quarter of the current fiscal year.

As a result, operating loss increased 51 million yen as net sales, cost of sales, and selling, general and administrative expenses for the first six months of the current fiscal year decreased 280 million yen, 137 million yen, and 91 million yen, respectively. On the other hand, ordinary loss decreased 10 million yen and profit before income taxes increased 10 million yen due to a decrease of 61 million yen in non-operating expenses. The balance of retained earnings at the beginning of the current fiscal year decreased 32 million yen.

(Application of accounting standard for fair value measurement and others)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Fair Value Measurement Accounting Standard”) and others from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019), the new accounting policy set forth by the Fair Value Measurement Accounting Standard and others is and will be applied in the future. As a result of this application, the valuation method of other securities (available-for-sale) with market value has been changed from the market value method mainly based on the average of average market price and others one month prior to the quarter end of the fiscal year to the market value method mainly based on market price and others at the quarter end of the fiscal year.

As a result, investment securities and valuation difference on available-for-sale securities at the end of the second quarter of the current fiscal year increased 14 million yen and 10 million yen, respectively, while deferred tax assets decreased 4 million yen.

(Segment information, etc.)

<Segment information>

I First six months of the previous fiscal year (April 1, 2020 – September 30, 2020)

Information on net sales and profit or loss for each reportable segment

(Million yen)

| | Reporting segment | | | Adjustment (Note) 1 | Value posted in the quarterly consolidated statement of income (Note) 2 |
|---|---------------------|---|----------|------------------------|--|
| | Product Business | Interior Wholesaling and Installation Business | Subtotal | | |
| Net sales | | | | | |
| Sales to external customers | 13,387 | 24,992 | 38,379 | - | 38,379 |
| Internal sales or transfers among segments | 9,834 | 187 | 10,022 | (10,022) | - |
| Subtotal | 23,221 | 25,179 | 48,401 | (10,022) | 38,379 |
| Segment income (loss) | (8) | 23 | 14 | (191) | (177) |

(Notes) 1 The adjustment of segment income (loss) of -191 million yen is due to the elimination of transactions between segments.

2 Segment income (loss) has been adjusted with ordinary loss in the quarterly consolidated statement of income.

II First six months of the current fiscal year (April 1, 2021 – September 30, 2021)

Information on net sales and profit or loss for each reportable segment

(Million yen)

| | Reporting segment | | | Adjustment (Note) 1 | Value posted in the quarterly consolidated statement of income (Note) 2 |
|---|---------------------|---|----------|------------------------|--|
| | Product Business | Interior Wholesaling and Installation Business | Subtotal | | |
| Net sales | | | | | |
| Sales to external customers | 13,618 | 26,606 | 40,225 | - | 40,225 |
| Internal sales or transfers among segments | 10,300 | 106 | 10,407 | (10,407) | - |
| Subtotal | 23,919 | 26,712 | 50,632 | (10,407) | 40,225 |
| Segment income (loss) | (19) | 162 | 143 | (177) | (34) |

(Notes) 1 The adjustment of segment income (loss) of -177 million yen is due to the elimination of transactions between segments.

2 Segment income (loss) has been adjusted with ordinary loss in the quarterly consolidated statement of income.