



Financial Announcement for Year Ended March 31, 2022 [Japan standard] (Consolidated)

May 9, 2022

Company name: TOLI Corporation

Stock exchange: Tokyo Stock Exchange

Code number 7971 URL <https://www.toli.co.jp>

Representative (Position) President and Representative Director

(Name) Motohiro Nagashima

Official (Position) Managing Executive Officer, Director,

(Name) Yozo Araki

TEL 06-6494-6691

responsible for Administrative Division and Manager,

inquiries Accounting and Finance Department

Scheduled date for ordinary

Scheduled date for start June 24, 2022

general meeting of shareholders

of dividend payments

Scheduled date for submission June 23, 2022

of financial statements

Preparation of supplementary explanatory materials for the financial announcement

: Yes

Holding of a briefing on the financial announcement

: Yes (for securities analysts)

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

1. Consolidated results for year ended March 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated results

(% shows change from previous term)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2022	88,513	3.0	878	(44.9)	1,244	(38.6)	720	(48.1)
Year ended March 2021	85,931	(9.3)	1,595	(33.1)	2,026	(23.2)	1,386	(32.7)

(Note) Comprehensive income Year ended March 2022: 917 million yen (60.3%) Year ended March 2021: 2,311 million yen (81.0%)

	Profit per share	Profit per share - diluted	Return on equity capital	Return on total assets	Operating income on sales
	Yen	Yen	%	%	%
Year ended March 2022	11.79	-	1.9	1.6	1.0
Year ended March 2021	22.66	-	3.8	2.6	1.9

(Reference) Investment gain or loss under equity method Year ended March 2022: -108 million yen Year ended March 2021: 0 yen

(2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2022	79,982	38,285	47.5	630.05
Year ended March 2021	76,817	38,087	49.2	618.20

(Reference) Equity capital Year ended March 2022: 38,013 million yen Year ended March 2021: 37,825 million yen

(3) State of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended March 2022	4,962	(4,016)	(1,060)	10,189
Year ended March 2021	4,161	(3,106)	(987)	10,268

2. Dividend payments

	Annual dividend					Dividend payments (total)	Dividend payout ratio (consolidated)	Dividend ratio to net assets (consolidated)
	End 1st quarter	End 2nd quarter	End 3rd quarter	End of year	Total			
Year ended March 2021	-	0.00	-	8.00	8.00	489	35.3	1.3
Year ended March 2022	-	0.00	-	8.00	8.00	482	67.9	1.3
Year ending March 2023 (forecast)	-	0.00	-	8.00	8.00		50.7	

3. Consolidated forecasts for year ending March 2023 (April 1, 2022 to March 31, 2023)

(% shows the change for the full term against the previous full term and change for the quarter against the same quarter of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (cumulative)	42,000	4.4	(800)	-	(600)	-	(450)	-	(7.47)
Full term	92,000	3.9	1,100	25.3	1,450	16.5	950	31.9	15.78

* Notes

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary entailing a change in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, representation of amendments

[1] Changes in accounting policies accompanying revisions to accounting standards : Yes

[2] Changes to accounting policies other than [1] : None

[3] Changes in accounting estimates : None

[4] Representation of amendments : None

Note: For details, please see "(5) Notes on consolidated financial statements (Changes in Accounting Policies)" in "3. Consolidated Financial Statements and Major Notes" on page 13 of the attached document.

(3) Number of outstanding shares (ordinary shares)

[1] Number of outstanding shares at end of year (including treasury shares)	Year ended March 2022	66,829,249 shares	Year ended March 2021	66,829,249 shares
[2] Number of shares in treasury shares at end of year	Year ended March 2022	6,494,889 shares	Year ended March 2021	5,642,115 shares
[3] Average number of shares during the term	Year ended March 2022	61,096,915 shares	Year ended March 2021	61,187,384 shares

(Reference) Outline of Non-Consolidated business performance

Non-consolidated business performance for year ended March 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated management performance

(% shows change from previous term)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2022	52,284	2.2	39	(93.9)	628	(50.5)	337	(70.8)
Year ended March 2021	51,156	(9.3)	650	(41.2)	1,270	(18.6)	1,157	0.5

	Profit per share	Profit per share - diluted
	Yen	Yen
Year ended March 2022	5.53	-
Year ended March 2021	18.92	-

(2) Non-consolidated financial state

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2022	66,606	27,607	41.4	457.58
Year ended March 2021	63,292	27,974	44.2	457.20

(Reference) Equity capital Year ended March 2022: 27,607 million yen Year ended March 2021: 27,974 million yen

Reason for Differences from Non-consolidated Financial Results in Previous Fiscal Year

In response to several successive increases in raw material prices, efforts were made to revise selling prices, including raising the list price for end users. However, the improvement in revenue remained limited, and a certain level of difference in profit was observed compared with the actual figures for the previous fiscal year.

* This document is out of the scope of audit 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 of financial forecast and cautions when using the financial forecast, please refer to "(4) Financial Forecast" in "1. Overview of Management Performance, etc." on page 4 of the attachment.

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1. Overview of Management Performance, etc.

(1) Overview of Management Performance

During the current fiscal year, the Japanese economy began to gradually recover as the "With Corona" lifestyle took root. However, soaring crude oil prices and a weakening yen have severely damaged corporate earnings, and heightened geopolitical risks, including the situation in Ukraine, have increased uncertainty about the future.

In the construction industry, which is closely related to the Group's business, the number of new housing starts is on a recovery trend, and in the non-housing market, large-scale redevelopment projects are underway, mainly in urban areas, but the pace of deliveries of interior materials during the period remained low level. In addition, the business environment is becoming increasingly tough due to soaring prices of various raw materials in conjunction with rising domestic naphtha prices, as well as supply concerns caused by disruptions in the global supply chain.

Under these circumstances, the Group has been implementing its medium-term management plan "SHINKA Plus ONE" since April 2021. In order to realize our long-term vision, "TOLI VISION 2030," we are pursuing five key strategies: A. Reinforcement of core business, B. Growth expansion of promising business, C. Creation of the fifth business, D. Strengthening of functions across the Group, and E. Building of a management platform that supports growth. In the period under review, we particularly focused on the full-scale in-house production of solution-dyed nylon and utilization of carpet tile recycling plants, which fall under A and D. These efforts contributed to a stable supply of products and reduction of manufacturing costs.

In response to several sharp rises in raw material prices since early last spring, a sales price revision was launched in July last year and we proceeded to revise product selling prices in October. However, the improvement in revenues through cost-push price revisions remained limited.

As a result, the Group recorded in the current fiscal year on a consolidated basis net sales of 88,513 million yen (up 3.0% from the previous fiscal year), operating income of 878 million yen (down 44.9% from the previous fiscal year), ordinary income of 1,244 million yen (down 38.6% from the previous fiscal year), and profit attributable to owners of parent of 720 million yen (down 48.1% from the previous fiscal year).

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of current fiscal year. For details, please refer to "(5) Notes on consolidated financial statements" in "3. Consolidated Financial Statements and Major Notes."

Performance for business segments is as follows. This information includes business between segments.

<Product Business>

In the area of vinyl flooring materials, the Company launched the "Sheet Collection" vinyl floor sheet sample book in October, and expanded its "NW Series" of flooring materials that require no wax maintenance for a long period of time and its antiviral products (SIAA registered). Net sales of other vinyl flooring materials exceeded the previous year's results, including growth in the store renewal market for "Royal Stone" and "Royal Wood," our mainstay vinyl floor tiles.

In carpets, against the backdrop of the robust office renewal market, sales of the mainstay tile carpet, "GA-100 series," grew and we also promoted sales of the graphic tile carpet, "GX series," which was newly launched in October. In addition, sales of "TOLI Fabric Floor," a carpet tile for residential use, remained strong both in Japan and overseas. As a result, net sales increased from the previous year.

Net sales of overall wall covering materials exceeded the results in previous year due to a growth in sales of VS, a general-purpose vinyl wallpaper, as the number of housing starts is on a recovery trend, and efforts were made to expand sales of wall covering materials, particularly the newly launched "Power 1000," which features a sophisticated design and functionality.

Net sales results for curtains fell below the previous year, due to sluggish demand for contract curtains for educational and medical facilities, despite the steady growth of the comprehensive sample book, "Fufuru."

As a result, net sales for the Product business were 52,539 million yen (up 2.5% from the previous fiscal year). In terms of profit, efforts were made to revise selling prices, improve production efficiency, and reduce overhead costs in response to the deteriorating revenue factors caused by soaring prices of various raw materials such as PVC resin and nylon yarn. As a result, the segment income was 539 million yen (down 60.2% from the previous fiscal year). In response to several sharp rises in raw material prices, selling prices will be revised from May 2022, while further promoting cost-reduction activities.

<Interior Wholesaling and Installation Business>

In the interior wholesaling and installation business, net sales increased from the previous year, mainly due to steady demand for renewal mainly in the office sector amid the ongoing recovery from the pandemic. In addition, TOLI (Shanghai) Corporation posted increases in both sales and earnings due to a recovery in economic activities in China.

As a result, net sales for the interior wholesaling and installation business were 59,123 million yen (up 2.9% from the previous fiscal year) and segment income came to 876 million yen (up 1.6% from the previous fiscal year).

(2) Overview of Financial Position

<Assets>

As of the end of current fiscal year, current assets on a consolidated basis amounted to 46,839 million yen, up 1,045 million yen from the end of the previous fiscal year. This was mainly due to an increase in merchandise and finished goods. Non-current assets amounted to 33,142 million yen, up 2,119 million yen from the end of the previous fiscal year. This was mainly due to an increase in machinery, equipment and vehicles in connection with the capital investment of Shiga Plant and an increase in investments and other assets as a result of investing in Jiangsu Changlong Decorative Material Technical Co., Ltd., a joint venture company for the manufacture and sales of vinyl floor tiles in China (Jiangsu Province).

As a result, total assets amounted to 79,982 million yen, up 3,165 million yen from the end of the previous fiscal year.

<Liabilities>

As of the end of current fiscal year, current liabilities on a consolidated basis amounted to 29,353 million yen, up 1,783 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable - trade. Non-current liabilities amounted to 12,343 million yen, up 1,184 million yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 41,697 million yen, up 2,967 million yen from the end of the previous fiscal year.

<Net assets>

As of the end of current fiscal year, total net assets were 38,285 million yen, up 197 million yen from the end of previous fiscal year. This was mainly due to an increase in retained earnings.

(3) Overview of Cash Flows

During the current fiscal year, cash and cash equivalents decreased 78 million yen from the end of previous period to finish at 10,189 million yen (10,268 million yen at the end of the previous period).

The status of respective cash flows and underlying factors for the current fiscal year are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to 4,962 million yen (4,161 million yen in the previous fiscal year). This was mainly due to profit before income taxes of 1,129 million yen, depreciation of 2,167 million yen, an increase in trade payables of 2,275 million yen, an increase in inventories of 748 million yen and other factors.

(Cash flows from investing activities)

Cash flows from investing activities totaled 4,016 million yen (3,106 million yen in the previous fiscal year). This was mainly due to the purchase of property, plant and equipment of 3,667 million yen, payments for investments in capital of subsidiaries and associates of 1,097 million yen, and other factors, despite the proceeds from sales of property, plant and equipment of 580 million yen.

(Cash flows from financing activities)

Cash flows from financing activities came to 1,060 million yen (987 million yen in the previous fiscal year). This was mainly due to the repayments of long-term loans payable of 1,505 million yen, payments for long-term accounts payable - other of 422 million yen, cash dividends paid of 489 million yen and other factors, despite the proceeds from long-term loans payable of 1,580 million yen.

Cash flow indices for the Group are shown below.

	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Capital-to-asset ratio (%)	46.1	46.1	49.2	47.5
Capital-to-asset ratio on market value basis (%)	21.1	20.3	19.9	16.7
Cash flow-to-interest-bearing debt ratio (years)	3.8	1.7	2.1	1.8
Interest coverage ratio	30.6	68.4	66.2	81.5

(Note) Capital-to-asset ratio: Equity capital/Total assets

Capital-to-asset ratio on market value basis: Market capitalization for stock/Total assets

Cash flow-to-interest-bearing debt ratio: Interest-bearing debts/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest payments

1. The indices above were calculated based on the financial data on a consolidated basis.
2. Market capitalization for stock was calculated as follows: Term-end closing price for shares × Term-end number of shares outstanding (after deducting treasury shares).
3. For the cash flows from operating activities, the data for cash flows from operating activities as stated in the consolidated statements of cash flows was used. Interest-bearing debts are all liabilities on the consolidated balance sheets for which interest is paid. For interest payments, the data for interest expenses paid shown in the consolidated statements of cash flows was used.

(4) Financial Forecast

Although a recovery in economic activities is expected with the end of pandemic, the number of infections still remains high, and the financial forecast remains uncertain. In addition, the prices of various raw materials continue to rise due to further sharp increases in the prices of crude oil and naphtha against the backdrop of unstable global conditions and the decline in the yen exchange rate. Under the market conditions where demand for interior goods is still in the process of recovering, transportation and energy costs will also rise and the revenue environment will remain even more challenging.

Under these circumstances, the Group, based on its medium-term management plan "SHINKA Plus ONE," will strive to achieve both economic and social value for the realization of a sustainable society. In particular, aiming for early penetration of the revision of selling prices to be implemented in May, we will promote negotiations with customers and strive to improve profitability by further working on cost-reduction activities and reducing selling, general, and administrative expenses. At the same time, we will focus on investments for growth, including expansion of carpet tile recycling facilities and in-house production of raw materials, in order to strengthen business activities that contribute to the realization of a sustainable society, such as expansion of environmentally friendly products and stable supply of products for the creation of a recycling-oriented society.

Based on the above, in the fiscal year ending March 2023, we expect consolidated net sales of 92,000 million yen (up 3.9% year-on-year), consolidated operating income of 1,100 million yen (up 25.3% year-on-year), consolidated ordinary income of 1,450 million yen (up 16.5% year-on-year), and consolidated profit attributable to owners of parent of 950 million yen (up 31.9% year-on-year).

* The financial forecasts provided above are based on the information available as of the time of presentation, and the actual business performance may in some cases differ from the forecasts.

2. Basic Thinking Concerning Selection of Accounting Standards

The TOLI Group, in consideration of the potential for comparing periods and the potential for comparison between companies on the consolidated financial statements, aims to create consolidated financial statements according to Japanese standards for the time being.

As for the standards going forward, we plan to consider the application of international accounting standards, in consideration of domestic and international circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	10,361	10,341
Notes and accounts receivable - trade	18,978	18,899
Electronically recorded monetary claims	5,535	5,505
Merchandise and finished goods	7,260	7,722
Work in process	1,260	1,328
Raw materials and supplies	1,576	1,800
Other	877	1,280
Allowance for doubtful accounts	(56)	(38)
Total current assets	45,794	46,839
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,130	22,283
Accumulated depreciation	(15,427)	(14,987)
Buildings and structures, net	6,703	7,296
Machinery, equipment and vehicles	26,476	27,889
Accumulated depreciation	(23,454)	(24,281)
Machinery, equipment and vehicles, net	3,021	3,607
Tools, furniture and fixtures	2,601	2,728
Accumulated depreciation	(2,232)	(2,366)
Tools, furniture and fixtures, net	369	361
Land	9,012	8,371
Construction in progress	1,880	2,382
Other	165	186
Accumulated depreciation	(95)	(88)
Other, net	70	97
Total property, plant and equipment	21,056	22,116
Intangible assets		
Software	1,145	821
Other	139	167
Total intangible assets	1,284	989
Investments and other assets		
Investment securities	4,872	4,705
Long-term loans receivable	37	27
Deferred tax assets	879	959
Net defined benefit asset	425	556
Other	2,728	4,255
Allowance for doubtful accounts	(262)	(467)
Total investments and other assets	8,681	10,036
Total non-current assets	31,022	33,142
Total assets	76,817	79,982

(Million yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,490	17,583
Electronically recorded obligations	5,295	5,493
Short-term loans payable	1,625	920
Income taxes payable	201	382
Accrued expenses	1,590	1,644
Provision for bonuses	666	651
Asset retirement obligations	43	-
Other	2,658	2,677
Total current liabilities	27,570	29,353
Non-current liabilities		
Long-term loans payable	5,000	5,780
Net defined benefit liability	3,847	3,820
Asset retirement obligations	11	11
Provision for loss on litigation	-	76
Long-term guarantee deposited	2,115	2,218
Other	184	436
Total non-current liabilities	11,159	12,343
Total liabilities	38,730	41,697
Net assets		
Shareholders' equity		
Capital stock	6,855	6,855
Capital surplus	6,426	6,426
Retained earnings	24,033	24,231
Treasury shares	(1,271)	(1,467)
Total shareholders' equity	36,043	36,045
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,731	1,702
Foreign currency translation adjustment	33	176
Remeasurements of defined benefit plans	17	88
Total accumulated other comprehensive income	1,782	1,968
Non-controlling interests	261	271
Total net assets	38,087	38,285
Total liabilities and net assets	76,817	79,982

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Million yen)

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Net sales	85,931	88,513
Cost of sales	61,443	64,388
Gross profit	24,488	24,124
Selling, general and administrative expenses	22,893	23,246
Operating income	1,595	878
Non-operating income		
Interest income	2	3
Dividend income	162	162
Purchase discounts	75	75
Real estate rent	85	91
Dividend income of insurance	50	45
Subsidy income	186	37
Other	79	157
Total non-operating income	642	572
Non-operating expenses		
Interest expenses	62	60
Sales discounts	128	-
Share of loss of entities accounted for using equity method	-	108
Other	19	36
Total non-operating expenses	210	205
Ordinary income	2,026	1,244
Extraordinary income		
Gain on sales of non-current assets	2	257
Gain on sales of investment securities	81	226
Total extraordinary income	84	483
Extraordinary losses		
Loss on retirement of non-current assets	37	21
Loss on sales of non-current assets	1	-
Impairment loss	-	478
Loss on valuation of investment securities	-	22
Provision for loss on litigation	-	76
Total extraordinary losses	38	599
Profit before income taxes	2,071	1,129
Income taxes - current	602	480
Income taxes - deferred	60	(83)
Total income taxes	662	397
Profit attributable to owners of parent	1,409	731
Profit attributable to non-controlling interests	23	11
Profit attributable to owners of parent	1,386	720

(Consolidated statement of comprehensive income)

(Million yen)

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Profit attributable to owners of parent	1,409	731
Other comprehensive income		
Valuation difference on available-for-sale securities	656	(28)
Foreign currency translation adjustment	39	142
Remeasurements of defined benefit plans, net of tax	205	71
Total other comprehensive income	901	185
Comprehensive income	2,311	917
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,287	906
Comprehensive income attributable to non-controlling interests	23	11

(3) Consolidated statement of changes in equity

Previous fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at start of term under review	6,855	6,426	23,233	(1,271)	35,243
Changes of items during period					
Dividends of surplus			(489)		(489)
Profit attributable to owners of parent			1,386		1,386
Purchase of treasury shares				(0)	(0)
Change of scope of equity method			(96)		(96)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	800	(0)	800
Balance at end of term under review	6,855	6,426	24,033	(1,271)	36,043

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of term under review	1,075	(5)	(188)	880	239	36,363
Changes of items during period						
Dividends of surplus						(489)
Profit attributable to owners of parent						1,386
Purchase of treasury shares						(0)
Change of scope of equity method						(96)
Net changes of items other than shareholders' equity	655	39	205	901	22	923
Total changes of items during period	655	39	205	901	22	1,723
Balance at end of term under review	1,731	33	17	1,782	261	38,087

Current fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at start of term under review	6,855	6,426	24,033	(1,271)	36,043
Cumulative effect of changes in accounting policies			(32)		(32)
Balance at start of term under review reflecting changes in accounting policies	6,855	6,426	24,000	(1,271)	36,010
Changes of items during period					
Dividends of surplus			(489)		(489)
Profit attributable to owners of parent			720		720
Purchase of treasury shares				(195)	(195)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	230	(195)	35
Balance at end of term under review	6,855	6,426	24,231	(1,467)	36,045

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of term under review	1,731	33	17	1,782	261	38,087
Cumulative effect of changes in accounting policies						(32)
Balance at start of term under review reflecting changes in accounting policies	1,731	33	17	1,782	261	38,054
Changes of items during period						
Dividends of surplus						(489)
Profit attributable to owners of parent						720
Purchase of treasury shares						(195)
Net changes of items other than shareholders' equity	(28)	142	71	185	9	195
Total changes of items during period	(28)	142	71	185	9	230
Balance at end of term under review	1,702	176	88	1,968	271	38,285

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,071	1,129
Depreciation	1,954	2,167
Impairment loss	-	478
Amortization of long-term prepaid expenses	527	485
Loss on retirement of non-current assets	37	21
Loss (gain) on sales of non-current assets	(0)	(257)
Loss (gain) on sales of investment securities	(81)	(226)
Loss (gain) on valuation of investment securities	-	22
Increase (decrease) in allowance for doubtful accounts	(18)	187
Increase (decrease) in net defined benefit liability	280	75
Share of loss (profit) of entities accounted for using equity method	(0)	108
Interest and dividend income	(165)	(165)
Subsidy income	(186)	(37)
Interest expenses	62	60
Foreign exchange losses (gains)	(6)	(19)
Decrease (increase) in notes and accounts receivable - trade	2,490	113
Decrease (increase) in inventories	1,235	(748)
Increase (decrease) in notes and accounts payable - trade	(2,225)	2,275
Other	(934)	(510)
Subtotal	5,043	5,161
Interest and dividend income received	165	165
Subsidy received	186	37
Interest expenses paid	(62)	(60)
Income taxes (paid) refund	(1,170)	(341)
Cash flows from operating activities	4,161	4,962
Cash flows from investing activities		
Payments into time deposits	(91)	(146)
Proceeds from withdrawal of time deposits	76	95
Purchase of property, plant and equipment	(2,267)	(3,667)
Proceeds from sales of property, plant and equipment	14	580
Purchase of intangible assets	(262)	(103)
Purchase of investment securities	(6)	(7)
Proceeds from sales of investment securities	168	335
Payments for investments in capital of subsidiaries and associates	(967)	(1,097)
Proceeds from sales of shares of subsidiaries and associates	192	-
Payments of loans receivable	(7)	(8)
Collection of loans receivable	11	19
Other	33	(15)
Cash flows from investing activities	(3,106)	(4,016)

(Million yen)

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,550	1,580
Repayments of long-term loans payable	(1,550)	(1,505)
Repayments of lease obligations	(25)	(25)
Payments for long-term accounts payable - other	(471)	(422)
Purchase of treasury shares	(0)	(195)
Cash dividends paid	(489)	(489)
Dividends paid to non-controlling interests	(1)	(1)
Cash flows from financing activities	(987)	(1,060)
Effect of exchange rate change on cash and cash equivalents	45	35
Net increase (decrease) in cash and cash equivalents	112	(78)
Cash and cash equivalents at beginning of year	10,155	10,268
Cash and cash equivalents at end of year	10,268	10,189

(5) Notes on consolidated financial statements

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

No corresponding items exist.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of current fiscal year, and revenue is recognized when control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for such goods or services.

Application of the Accounting Standard for Revenue Recognition, etc. follow the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The new accounting policies are applied from the balance at the beginning of fiscal year by adjusting cumulative effect of retrospective application of new accounting policies prior to the beginning of current fiscal year to/from the retained earnings at the beginning of current fiscal year.

As a result, net sales, cost of sales, and selling, general and administrative expenses decreased by 528 million yen, 218 million yen, and 182 million yen, respectively, for the current fiscal year, and operating income was down 127 million yen. On the other hand, ordinary income and profit before income taxes each increased by 2 million yen due to a drop of 130 million yen in non-operating expenses. In addition, the balance of retained earnings at start of term under review fell by 32 million yen.

(Application of Accounting Standard, etc. for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. have been applied since the beginning of current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc. are to be applied prospectively. As a result of this application, the valuation method for available-for-sale securities with market quotations was changed from the market value method based mainly on the average market price during the month prior to last day of the consolidated accounting period to that based mainly on the market price, etc. thereon.

As a result, investment securities and valuation difference on available-for-sale securities increased 48 million yen and 33 million yen, respectively, and deferred tax assets decreased 14 million yen at the end of the consolidated accounting period.

(Additional information)

(Litigation)

On November 4, 2021, the Osaka High Court rendered a judgment ordering the Company to pay unpaid wages, etc. in a court case concerning confirmation of status based on Article 40-6 of the Act on Securing the Proper Operation of Worker Dispatching Businesses and Protecting Dispatched Workers. The Company has appealed to the Supreme Court and a petition for acceptance of the appeal, and a provision for litigation loss of 76 million yen has been recorded in preparation for the event that the judgment becomes final and binding in accordance with the original judgment. The Company's business performance may be affected depending on the court's decision.

(Segment information, etc.)

1. Outline of reporting segments

The Company's reporting segments are those of the TOLI Group's constituent units for which segregated financial information can be obtained, and are subject to the Board of Directors conducting regular investigations in order to determine the allocation of management resources and evaluate management performance.

The TOLI Group manufactures, purchases, sells, and installs interior products centered on interior decoration materials, and also performs interior-related decoration work, and has two reporting segments: The "Product business" and "Interior wholesaling and installation business."

In regard to the "Product business," apart from the Company, related companies under the control of the Company's Manufacturing Headquarters manufacture interior products such as vinyl flooring materials, carpets, etc., and carry out related services such as interior decoration material maintenance, product warehouse management and distribution, etc.

In regard to the "Interior wholesaling and installation business," related companies that manage sales and marketing operations purchase and sell interior-related materials, and carry out interior decoration-related work, etc.

2. Method of calculating amount of net sales, profit, assets and other items for each reporting segment

The method of accounting for the reported business segment is in accordance with the accounting principles and procedures used to prepare the consolidated financial statements.

Reporting segment income is a figure based on ordinary income.

The internal revenue and transfers between the segments are based on the market price.

3. Information on net sales, profit or loss, assets and other items for each reporting segment

Previous fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Reporting segment			Adjustment (Note) 1	Value posted in the consolidated financial statements (Note) 2
	Product business	Interior wholesaling and installation business	Subtotal		
Net sales					
Sales to external customers	28,851	57,079	85,931	-	85,931
Internal sales or transfers among segments	22,406	362	22,769	(22,769)	-
Subtotal	51,258	57,442	108,701	(22,769)	85,931
Segment income	1,353	862	2,216	(189)	2,026
Segment assets	65,497	28,745	94,242	(17,425)	76,817
Other items					
Depreciation	1,882	72	1,954	-	1,954
Interest income	1	17	18	(15)	2
Interest expenses	77	1	78	(15)	62
Investment income or loss on equity method	0	-	0	-	0
Value of investment in equity method affiliates	996	-	996	-	996
Increase in property, plant and equipment, and intangible assets	2,940	123	3,064	-	3,064

(Note) 1 The adjustment of segment income of -189 million yen, adjustment of segment assets of -17,425 million yen, adjustment of interest income of -15 million yen, and adjustment of interest expenses of -15 million yen are due to the elimination of transactions between segments.

2 Segment income has been adjusted with ordinary income in the consolidated statement of income.

Current fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

	Reporting segment			Adjustment (Note) 1	Value posted in the consolidated financial statements (Note) 2
	Product business	Interior wholesaling and installation business	Subtotal		
Net sales					
Sales to external customers	29,693	58,820	88,513	-	88,513
Internal sales or transfers among segments	22,845	303	23,149	(23,149)	-
Subtotal	52,539	59,123	111,662	(23,149)	88,513
Segment income	539	876	1,415	(171)	1,244
Segment assets	69,166	29,763	98,929	(18,947)	79,982
Other items					
Depreciation	2,118	49	2,167	-	2,167
Interest income	1	18	19	(16)	3
Interest expenses	76	0	77	(16)	60
Investment income or loss on equity method	(108)	-	(108)	-	(108)
Value of investment in equity method affiliates	2,111	-	2,111	-	2,111
Increase in property, plant and equipment, and intangible assets	3,760	44	3,805	-	3,805

(Note) 1 The adjustment of segment income of -171 million yen, adjustment of segment assets of -18,947 million yen, adjustment of interest income of -16 million yen, and adjustment of Interest expenses of -16 million yen are due to the elimination of transactions between segments.

2 Segment income has been adjusted with ordinary income in the consolidated statement of income.

4. Information on impairment loss of non-current assets by reporting segment

Previous fiscal year (April 1, 2020 – March 31, 2021)

No corresponding items exist.

Current fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

	Reporting segment			Corporate/elimin ation	Total
	Product business	Interior wholesaling and installation business	Subtotal		
Impairment loss	478	-	478	-	478

(Note) In the Product Business segment, the book value of assets held for sale was reduced to the recoverable amount, and the amount of reduction was recognized as an impairment loss.

(Per-share data)

Previous fiscal year (April 1, 2020 – March 31, 2021)		Current fiscal year (April 1, 2021 – March 31, 2022)	
Net assets per share	618.20 yen	Net assets per share	630.05 yen
Profit per share	22.66 yen	Profit per share	11.79 yen

(Note) 1 Profit per share - diluted is omitted because there was no potential dilution.

2 The basis for calculation of profit per share is as follows.

	Previous fiscal year (April 1, 2020 – March 31, 2021)	Current fiscal year (April 1, 2021 – March 31, 2022)
Profit per share		
Profit attributable to owners of parent (million yen)	1,386	720
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent pertaining to common stock (million yen)	1,386	720
Average number of common stock shares during the period (1,000 shares)	61,187	61,096

(Important post-balance sheet events)

No corresponding items exist.