



Financial Announcement for First Quarter of the Year Ending March 2023 [Japan standard] (Consolidated)

July 29, 2022

Company name: TOLI Corporation

Stock exchanges: Tokyo Stock Exchange

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

Representative (Position) President and Representative Director

(Name) Motohiro Nagashima

Official responsible (Position) Managing Executive Officer, Director,
for inquiries Administrative Division and Manager, Accounting
and Finance Department

(Name) Yozo Araki TEL 06-6494-6691

Scheduled date for submission of quarterly reports: August 9, 2022

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 first quarter of the year ending March 2023 (April 1, 2022 to June 30, 2022)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 for year ending March 2023	20,651	5.1	(120)	-	(45)	-	(67)	-
Q1 for year ended March 2022	19,658	7.9	(95)	-	26	-	22	-

(Note) Comprehensive income for Q1 of year ending March 2023 22 million yen (-%)
Q1 for year ended March 2022 (53) million yen (-%)

	Profit per share		Profit per share - diluted	
	Yen		Yen	
Q1 for year ending March 2023	(1.13)		-	
Q1 for year ended March 2022	0.36		-	

(2) Consolidated assets

	Total assets		Net assets		Capital-to-asset ratio
	Million yen		Million yen		%
Q1 for year ending March 2023	77,210		37,790		48.6
Year ended March 2022	79,982		38,285		47.5

Reference: Equity capital Q1 for year ending March 2023 37,531 million yen
Year ended March 2022 38,013 million yen

2. Dividend payments

	Annual dividend				
	End of Q1	End of Q2	End of Q3	End of Year	Total
Year ended March 2022	-	0.00	-	8.00	8.00
Year ending March 2023	-				
Year ending March 2023 (forecast)		0.00	-	8.00	8.00

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (year to date)	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

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

*Notes

- (1) Significant changes to subsidiaries during the consolidated first quarter under review (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 : None
- [2] Changes in accounting policies other than [1] : None
- [3] Changes in accounting estimates : None
- [4] Representation of amendments : None

(4) Number of outstanding shares (ordinary shares)

[1] Number of outstanding shares at end of year (including treasury shares)	Q1 for year ending March 2023	66,829,249 shares	Year ended March 2022	66,829,249 shares
[2] Number treasury shares at end of year	Q1 for year ending March 2023	6,642,769 shares	Year ended March 2022	6,494,889 shares
[3] Average number of shares during the term (quarterly cumulative)	Q1 for year ending March 2023	60,223,490 shares	Q1 for year ended March 2022	61,187,107 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.

○	Contents of the supplementary materials	
1.	Qualitative information regarding quarterly results	2
(1)	Explanation of the management performance	2
(2)	Explanation of the financial situation	3
(3)	Explanation concerning future predictive information, such as consolidated forecasts	3
2.	Quarterly consolidated financial statements and major notes	4
(1)	Consolidated balance sheets	4
(2)	Consolidated statement of income and consolidated statement of comprehensive income	6
	Consolidated statement of income	
	Consolidated first quarter	6
	Consolidated statement of comprehensive income	
	Consolidated first quarter	7
(3)	Notes on consolidated financial statements	8
	(Notes on the assumption of the company as a going concern)	8
	(Notes when there are significant changes in amounts of shareholders' equity)	8
	(Segment information, etc.)	8

1. Qualitative information regarding quarterly results

(1) Explanation of the management performance

During the consolidated first quarter under review, the Japanese economy showed signs of gradual recovery, but the outlook remains uncertain due to the rapid depreciation of the yen, soaring oil and energy prices, and prolonged geopolitical risks.

In the construction industry, which is closely related to our Group's business, although the number of new housing starts has maintained a recovery trend, the business environment remains unpredictable due to soaring prices of various construction materials and greater supply concerns caused by disruption in the supply chain.

Under these circumstances, our Group is pursuing the following five key strategies in the Medium-term Business Plan "SHINKA Plus ONE" toward the realization of our long-term vision "TOLI VISION 2030": 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. During the period under review, in response to several rounds of raw material cost increases since last year, the Company worked to improve profitability through cost-reduction activities as well as by revising selling prices that started in May. However, raw material prices continued to rise, and we decided to conduct the third round of selling price revisions since last summer, starting on September 20.

As a result, for the consolidated first quarter under review, the Company posted net sales of 20,651 million yen (up 5.1% compared with the same period of the previous year), operating loss of 120 million yen (operating loss of 95 million yen for the same period of the previous year), ordinary loss of 45 million yen (ordinary income of 26 million yen for the same period of the previous year), and loss attributable to owners of parent of 67 million yen (profit attributable to owners of parent of 22 million yen for the same period of the previous year).

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

<Product Business>

In the Product Business, net sales increased due to a recovery in sales volume and the effect of sales price revisions.

In the area of vinyl flooring materials, "Sheet Collection," a vinyl floor sheet sample book launched last year, penetrated the market, and sales of the "NW Series," flooring materials that require no wax maintenance for a long period of time, were strong. In April, "ToughtecTile" was also launched, a new, third flooring material that combines the strengths of vinyl floor tiles and ceramic tiles, focusing on appeal to the markets.

In carpets, we focused on expanding sales of the "GX Series" of graphic carpet tiles, which were launched last year. In June, "GA-3600 Sustive Back" was also launched, an environment-friendly carpet tile that reuses used carpet tiles, focusing on reducing industrial waste and emissions.

In wall covering materials, with a background of robust housing markets, there was growth in sales of "VS," a general-purpose vinyl wallpaper, and "POWER1000," featuring design and functionality, which was revised last October.

As for curtains, "contract curtains" (with special functions) for various facilities such as medical and welfare facilities drove overall sales.

As a result, the Product Business reported net sales of 12,434 million yen (up 5.3% year on year).

In terms of profit, segment income was 56 million yen (down 68.5% year on year) due to a continuous rise in raw material costs, while, in addition to the effect of sales price revisions, the promotion of in-house production of nylon yarn for carpets and the full-scale operation of a carpet tile recycling plant have helped to reduce manufacturing costs.

<Interior Wholesaling and Installation Business>

Net sales in the Interior Wholesaling Business were up year on year due to efforts to capture small-lot demand amid a declining trend in large-lot demand and due to shifting higher procurement costs onto the product prices. As for TOLI (Shanghai) Corporation, although the Shanghai area was locked down, the impact on the company's first quarter (January–March 2022) results was negligible, resulting in an increase in both sales and profit.

As a result, the Interior Wholesaling and Installation Business reported net sales of 13,600 million yen (up 5.5% compared with the same period of the previous year) and segment income of 74 million yen (up 305.5% compared with the same period of the previous year).

(2) Explanation of the financial situation

<Assets>

Current assets at the end of first quarter of the fiscal year under review were down 2,465 million yen compared with the end of the previous fiscal year to 44,373 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 down 306 million yen compared with the end of the previous fiscal year to 32,836 million yen.

As a result, total assets were down 2,772 million yen compared with the end of the previous fiscal year to 77,210 million yen.

<Liabilities>

Current liabilities at the end of first quarter of the fiscal year under review were down 1,866 million yen compared with the end of the previous fiscal year to 27,486 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 down 410 million yen compared with the end of the previous fiscal year to 11,932 million yen.

As a result, total liabilities were down 2,277 million yen compared with the end of the previous fiscal year to 39,419 million yen.

<Net assets>

Total net assets at the end of first quarter of the fiscal year under review were down 494 million yen compared with the end of the previous fiscal year to 37,790 million yen. This was mainly due to a decrease in retained earnings resulting from dividends paid.

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

No revision has been made to the consolidated performance forecast, which was announced on May 9, 2022.

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

2. Quarterly consolidated financial statements and major notes

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (March 31, 2022)	Q1 of Current Fiscal Year (June 30, 2022)
Assets		
Current assets		
Cash and deposits	10,341	9,535
Notes and accounts receivable - trade	18,899	15,549
Electronically recorded monetary claims	5,505	5,583
Merchandise and finished goods	7,722	8,724
Work in process	1,328	1,567
Raw materials and supplies	1,800	2,166
Other	1,280	1,281
Allowance for doubtful accounts	(38)	(34)
Total current assets	46,839	44,373
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,296	7,219
Machinery, equipment and vehicles, net	3,607	3,565
Tools, furniture and fixtures, net	361	334
Land	8,371	8,371
Construction in progress	2,382	2,461
Other, net	97	94
Total property, plant and equipment	22,116	22,046
Intangible assets		
Software	821	745
Other	167	179
Total intangible assets	989	925
Investments and other assets		
Investment securities	4,705	4,598
Deferred tax assets	959	988
Other	4,839	4,777
Allowance for doubtful accounts	(467)	(500)
Total investments and other assets	10,036	9,864
Total non-current assets	33,142	32,836
Total assets	79,982	77,210

(Million yen)

	Previous fiscal year (March 31, 2022)	Q1 of Current Fiscal Year (June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,583	16,669
Electronically recorded obligations	5,493	5,804
Short-term loans payable	920	1,220
Income taxes payable	382	82
Accrued expenses	1,644	1,425
Provision for bonuses	651	188
Other	2,677	2,097
Total current liabilities	29,353	27,486
Non-current liabilities		
Long-term loans payable	5,780	5,480
Net defined benefit liability	3,820	3,851
Provision for loss on litigation	76	-
Other	2,666	2,601
Total non-current liabilities	12,343	11,932
Total liabilities	41,697	39,419
Net assets		
Shareholders' equity		
Capital stock	6,855	6,855
Capital surplus	6,426	6,426
Retained earnings	24,231	23,680
Treasury shares	(1,467)	(1,500)
Total shareholders' equity	36,045	35,461
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,702	1,629
Foreign currency translation adjustment	176	354
Remeasurements of defined benefit plans	88	86
Total accumulated other comprehensive income	1,968	2,069
Non-controlling interests	271	258
Total net assets	38,285	37,790
Total liabilities and net assets	79,982	77,210

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

(Million yen)

	Previous consolidated first quarter (April 1, 2021 – June 30, 2021)	Current consolidated first quarter (April 1, 2022 – June 30, 2022)
Net sales	19,658	20,651
Cost of sales	14,120	14,977
Gross profit	5,538	5,674
Selling, general and administrative expenses	5,633	5,794
Operating loss (-)	(95)	(120)
Non-operating income		
Interest income	0	0
Dividend income	80	79
Purchase discounts	19	19
Dividend income of insurance	40	43
Other	50	77
Total non-operating income	189	220
Non-operating expenses		
Interest expenses	15	16
Share of loss of entities accounted for using equity method	14	110
Other	38	19
Total non-operating expenses	68	145
Ordinary income or loss (-)	26	(45)
Extraordinary income		
Gain on sales of investment securities	48	6
Total extraordinary income	48	6
Extraordinary losses		
Loss on retirement of non-current assets	5	2
Loss on valuation of investment securities	2	-
Total extraordinary losses	7	2
Profit (loss) before income taxes	66	(41)
Income taxes - current	34	31
Income taxes - deferred	15	6
Total income taxes	50	37
Profit (loss)	16	(79)
Loss attributable to non-controlling interests	(6)	(11)
Profit (loss) attributable to owners of parent	22	(67)

(Consolidated statement of comprehensive income)

(Consolidated first quarter)

(Million yen)

	Previous consolidated first quarter (April 1, 2021 – June 30, 2021)	Current consolidated first quarter (April 1, 2022 – June 30, 2022)
Profit (loss)	16	(79)
Other comprehensive income		
Valuation difference on available-for-sale securities	(136)	(73)
Foreign currency translation adjustment	66	177
Remeasurements of defined benefit plans, net of tax	0	(2)
Total other comprehensive income	(69)	101
Comprehensive income	(53)	22
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(47)	33
Comprehensive income attributable to non-controlling interests	(6)	(11)

(3) Notes on 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 shareholders' equity)

No corresponding items exist.

(Segment information, etc.)

Segment information

I. Previous consolidated first quarter (April 1, 2021 – June 30, 2021)

Information on net sales and profit or loss for each reporting 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	Total		
Net sales					
Sales to external customers	6,816	12,842	19,658	-	19,658
Internal net sales or transfers among segments	4,989	49	5,038	(5,038)	-
Total	11,806	12,891	24,697	(5,038)	19,658
Segment income (loss)	179	18	198	(171)	26

(Notes) 1. The adjustment of segment income of -171 million yen is due to the elimination of transactions between segments.

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

II. Current consolidated first quarter (April 1, 2022 – June 30, 2022)

Information on net sales and profit or loss for each reporting 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	Total		
Net sales					
Sales to external customers	7,106	13,545	20,651	-	20,651
Internal net sales or transfers among segments	5,327	55	5,383	(5,383)	-
Total	12,434	13,600	26,035	(5,383)	20,651
Segment income	56	74	130	(176)	(45)

(Notes) 1. The adjustment of segment income of -176 million yen is due to the elimination of transactions between segments.

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