



# Financial Announcement for Year Ended March 31, 2023 [Japan standard] (Consolidated)

May 9, 2023

Company name: TOLI Corporation  
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 responsible for inquiries  
 Scheduled date for ordinary general meeting of shareholders June 22, 2023  
 Scheduled date for submission of financial statements June 22, 2023  
 Preparation of supplementary explanatory materials for the financial announcement : Yes  
 Holding a briefing on the financial announcement : Yes (for securities analysts)  
 Stock exchange: Tokyo Stock Exchange  
 Scheduled date for start of dividend payments June 23, 2023  
 (Amounts of less than one million yen are rounded off)

## 1. Consolidated results for year ended March 2023 (April 1, 2022 to March 31, 2023)

### (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 2023	95,230	7.6	3,531	302.2	3,640	192.5	2,562	255.8
Year ended March 2022	88,513	3.0	878	(44.9)	1,244	(38.6)	720	(48.1)

(Note) Comprehensive income Year ended March 2023: 3,127 million yen [240.9%] Year ended March 2022: 917 million yen [-60.3%]

	Profit per share	Profit per share - diluted	Return on equity capital	Return on total assets	Operating income on sales
	Yen	Yen	%	%	%
Year ended March 2023	42.57	-	6.5	4.4	3.7
Year ended March 2022	11.79	-	1.9	1.6	1.0

(Reference) Investment gain or loss under equity method Year ended March 2023: -262 million yen Year ended March 2022: -108 million yen

### (2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 2023	84,791	40,894	47.9	674.80
Year ended March 2022	79,982	38,285	47.5	630.05

(Reference) Equity capital Year ended March 2023: 40,613 million yen Year ended March 2022: 38,013 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 2023	3,599	(3,275)	(934)	9,587
Year ended March 2022	4,962	(4,016)	(1,060)	10,189

## 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 2022	-	0.00	-	8.00	8.00	482	67.9	1.3
Year ended March 2023	-	0.00	-	10.00	10.00	601	23.5	1.5
Year ending March 2024 (forecast)	-	2.00	-	8.00	10.00		22.7	

3. Consolidated forecasts for year ending March 2024 (April 1, 2023 to March 31, 2024)

(% 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)	45,000	5.3	350	-	500	-	300	-	4.98
Full term	99,500	4.5	3,600	1.9	3,900	7.1	2,650	3.4	44.03

\*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 : None

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

[3] Changes in accounting estimates : None

[4] Representation of amendments : None

(3) Number of outstanding shares (ordinary shares)

[1] Number of outstanding shares at end of year (including treasury shares)	Year ended March 2023	66,829,249 shares	Year ended March 2022	66,829,249 shares
[2] Number of shares in treasury shares at end of year	Year ended March 2023	6,642,988 shares	Year ended March 2022	6,494,889 shares
[3] Average number of shares during the term	Year ended March 2023	60,197,736 shares	Year ended March 2022	61,096,915 shares

(Reference) Outline of Non-Consolidated business performance

Non-consolidated business performance for year ended March 2023 (April 1, 2022 to March 31, 2023)

(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 2023	57,689	10.3	2,044	-	2,651	321.9	1,924	469.5
Year ended March 2022	52,284	2.2	39	(93.9)	628	(50.5)	337	(70.8)

	Profit per share	Profit per share - diluted
	Yen	Yen
Year ended March 2023	31.97	-
Year ended March 2022	5.53	-

(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 2023	73,943	29,289	39.6	486.65
Year ended March 2022	66,606	27,607	41.4	457.58

(Reference) Equity capital Year ended March 2023: 29,289 million yen Year ended March 2022: 27,607 million yen

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

While pressure continued on rising manufacturing costs, efforts to improve profitability by conducting manufacturing cost reduction activities in addition to sales price revisions resulted in a certain level of difference in net sales and profit compared with the results in 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 forecasts 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 showed a gradual recovery in consumer spending and the number of foreign visitors to Japan. This occurred along with the gradual easing of restrictions on activities under COVID-19, as we moved toward the normalization of daily life, and economic activities have been picking up, albeit slowly. On the other hand, the future of the business environment remains uncertain due to supply chain disruptions caused by heightened geopolitical risks, inflation caused by rising costs (such as raw materials and energy costs).

In the construction industry, which is closely related to the Group's business, construction costs continued to rise due to soaring prices of various construction materials, and the housing and non-housing markets, which were robust in the first half of the fiscal year, are now showing somewhat sluggish growth. On the other hand, some aspects of the market are expected to recover in the future, such as the progress of large-scale redevelopment projects in urban areas and the new construction and renovation markets for store and accommodation facilities driven by the recovery of inbound demand.

Under these circumstances, the Company Group is pursuing priority strategies centering on strengthening core businesses and expanding growing businesses under the Medium-Term Business Plan "SHINKA Plus ONE," which is the first phase toward the realization of our Long-Term vision "TOLI VISION 2030." In the period under review, to cope with rising raw materials cost, we focused on reducing manufacturing costs by having in-house production of raw nylon yarn for carpet tiles and improving the ratio of recycled raw materials used. We also worked to improve earnings by having the second round of sales price revisions that took place in May and the third round in September.

In light of the current drastic changes in the management environment, and in particular, the fact that the key capital investment plan, which is the pillar of "SHINKA Plus ONE," has been delayed for about one year, we have reviewed the time schedule of each Medium-Term Business strategy and have revised the period-setting for "SHINKA Plus ONE" to 4 years instead of 3 years. In addition, we shall revise upward the management indicators for the final year and steadily execute priority strategies for further growth.

As a result, the Group recorded in the current fiscal year on a consolidated basis net sales of 95,230 million yen (up 7.6% from the previous fiscal year), operating income of 3,531 million yen (up 302.2% from the previous fiscal year), ordinary income of 3,640 million yen (up 192.5% from the previous fiscal year), and profit attributable to owners of parent of 2,562 million yen (up 255.8% from the previous fiscal year).

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

#### <Product Business>

In the Product Business, net sales increased as a result of enhanced promotion activities centering on new merchandise launched in the fiscal year under review, as well as efforts to focus on sales price revisions from May onward. In terms of profit, an earnings improvement was achieved through various efforts to reduce manufacturing costs and have sales price revisions take root. However, the situation remains bleak because the raw materials cost continues to be high.

For the vinyl flooring materials, net sales increased significantly over the previous year as a result of sales promotion activities focused on the Royal Series of vinyl floor tiles, the Company's mainstay merchandise, and the Tile Collection, which includes single-layer vinyl floor tiles that utilize the Company's proprietary technology. In addition, ToughtecTile, a new, third flooring material launched in April, was highly appraised as an evolution of vinyl floor tiles and received the GOOD DESIGN AWARD 2022, raising expectations for future market penetration.

For carpets, the Company focused on sales promotion activities for GA-3600 Sustive Back, an environmentally friendly carpet tile system launched in June, by strengthening promotion of the TOLI Complete Recycling, which returns 100% of used carpet tiles to raw materials, for the office market, where demand for environmental responsiveness is increasing. Although the overall sales volume of carpet tiles for housing and non-housing remained weak, net sales grew year on year with sales price revisions.

For wallcovering materials, net sales significantly exceeded the previous year's level due to sales promotion activities for "VS," a general-purpose vinyl wallpaper and "Real Deco," a non-combustible decorative wallcovering material launched in the fiscal year under review, as well as the fact that sales price revisions took root in the small-lot housing market. For curtains, the Company strengthened sales promotion activities for Contract Curtains for medical and educational facilities, which were launched in October, targeting the medical and welfare markets that are on the road to recovery; however, overall net sales of curtains fell slightly below the previous year.

As a result, for the Product Business, net sales were 57,971 million yen (up 10.3% from the previous fiscal year) and segment income came to 2,344 million yen (up 334.8% from the previous fiscal year).

#### <Interior Wholesaling and Installation Business>

In the Interior Wholesaling and Installation Business, amid a continued rise in procurement costs for interior design-related materials, we increased both revenues and profits in Japan by passing these costs onto selling prices and by improving our customer-focused, community-based services. Accompanying the end of the Zero-COVID policy in China, net sales of TOLI (SHANGHAI) Corporation have been recovering since October, and the company's net sales for the period under review (January to December 2022) exceeded the previous year.

As a result, net sales for the Interior Wholesaling and Installation Business were 62,490 million yen (up 5.7% from the previous fiscal year) and segment income came to 1,487 million yen (up 69.7% 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 50,677 million yen, up 3,837 million yen from the end of the previous fiscal year. This was mainly due to an increase in trade receivables and merchandise and finished goods. Non-current assets amounted to 34,113 million yen, up 970 million yen from the end of the previous fiscal year. This was mainly due to an increase in machinery, equipment and vehicles, resulting from the capital investment of a manufacturing subsidiary.

As a result, total assets amounted to 84,791 million yen, up 4,808 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 31,726 million yen, up 2,373 million yen from the end of the previous fiscal year. This was mainly due to an increase in trade payables and income taxes payable. Non-current liabilities amounted to 12,169 million yen, down 174 million yen from the end of the previous fiscal year.

As a result, total liabilities amounted to 43,896 million yen, up 2,198 million yen from the end of the previous fiscal year.

### <Net assets>

As of the end of current fiscal year, total net assets were 40,894 million yen, up 2,609 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 under review, cash and cash equivalents decreased 601 million yen from the end of previous period to finish at 9,587 million yen (10,189 million yen at the end of prior 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 3,599 million yen (4,962 million yen in the previous fiscal year). This was mainly due to a decrease in revenues from the prior period, accompanying a decrease, etc. in changes in the amount of trade receivables and inventories.

### (Cash flows from investing activities)

Cash flows from investing activities totaled payments of 3,275 million yen (4,016 million yen in the previous fiscal year). This was mainly due to a decrease in payments from the prior period, accompanying payments for investments in capital of subsidiaries and associates, etc. in the prior period.

### (Cash flows from financing activities)

Cash flows from financing activities totaled payments of 934 million yen (1,060 million yen in the previous fiscal year). This was mainly due to a decrease in payments, accompanying a decrease in purchase of treasury shares from the prior period.

Cash flow indices for the Group are shown below.

	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
Capital-to-asset ratio (%)	46.1	49.2	47.5	47.9
Capital-to-asset ratio on market value basis (%)	20.3	19.9	16.7	19.4
Cash flow-to-interest-bearing debt ratio (years)	1.7	2.1	1.8	2.5
Interest coverage ratio	68.4	66.2	81.5	56.5

(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 Forecasts

Looking ahead, while a gradual recovery of the domestic economy is expected, the outlook remains uncertain due to cooling consumer sentiment caused by rising prices, economic deterioration, and a slowdown in overseas economies.

In the Group's management environment, the prices of raw materials continue to remain high, and furthermore, there are concerns that soaring energy costs will put pressure on profits.

Under these circumstances, the Group will promote business activities focusing on the key strategies set forth in our Medium-term Business Plan "SHINKA Plus ONE," aiming to achieve both economic and social value. In particular, we will focus on realizing the benefits of manufacturing cost reductions from major capital investments, including a carpet tile recycling plant and a vinyl flooring manufacturing line at the Shiga Works, and we will work to maintain sales price revisions and have them take root to ensure earnings improvement. In addition, we will accelerate our business activities to achieve the key performance indicators of our Medium-term Business Plan "SHINKA Plus ONE" by strengthening our network of local agencies not only in our business in Japan but also in our global business.

Based on the above, in the fiscal year ending March 2024, we expect consolidated net sales of 99,500 million yen (up 4.5% year-on-year), consolidated operating income of 3,600 million yen (up 1.9% year-on-year), consolidated ordinary income of 3,900 million yen (up 7.1% year-on-year), and consolidated profit attributable to owners of parent of 2,650 million yen (up 3.4% 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, 2022)	Current fiscal year (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	10,341	9,745
Notes and accounts receivable - trade	18,899	20,287
Electronically recorded monetary claims	5,505	6,666
Merchandise and finished goods	7,722	8,978
Work in process	1,328	1,780
Raw materials and supplies	1,800	2,284
Other	1,280	993
Allowance for doubtful accounts	(38)	(58)
Total current assets	46,839	50,677
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,283	22,325
Accumulated depreciation	(14,987)	(15,247)
Buildings and structures, net	7,296	7,077
Machinery, equipment and vehicles	27,889	30,818
Accumulated depreciation	(24,281)	(25,334)
Machinery, equipment and vehicles, net	3,607	5,483
Tools, furniture and fixtures	2,728	2,913
Accumulated depreciation	(2,366)	(2,473)
Tools, furniture and fixtures, net	361	439
Land	8,371	8,343
Construction in progress	2,382	1,587
Other	186	203
Accumulated depreciation	(88)	(93)
Other, net	97	110
Total property, plant and equipment	22,116	23,042
Intangible assets		
Software	821	698
Other	167	113
Total intangible assets	989	811
Investments and other assets		
Investment securities	4,705	5,200
Long-term loans receivable	27	24
Deferred tax assets	959	792
Net defined benefit asset	556	638
Other	4,255	3,862
Allowance for doubtful accounts	(467)	(260)
Total investments and other assets	10,036	10,258
Total non-current assets	33,142	34,113
Total assets	79,982	84,791

(Million yen)

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,583	18,232
Electronically recorded obligations	5,493	6,066
Short-term loans payable	920	1,020
Income taxes payable	382	1,107
Accrued expenses	1,644	1,677
Provision for bonuses	651	739
Provision for bonuses for directors (and other officers)	-	9
Asset retirement obligations	-	5
Other	2,677	2,869
<b>Total current liabilities</b>	<b>29,353</b>	<b>31,726</b>
<b>Non-current liabilities</b>		
Long-term loans payable	5,780	5,680
Net defined benefit liability	3,820	3,762
Asset retirement obligations	11	9
Provision for loss on litigation	76	-
Long-term guarantee deposited	2,218	2,291
Other	436	426
<b>Total non-current liabilities</b>	<b>12,343</b>	<b>12,169</b>
<b>Total liabilities</b>	<b>41,697</b>	<b>43,896</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,855	6,855
Capital surplus	6,426	6,426
Retained earnings	24,231	26,311
Treasury shares	(1,467)	(1,500)
<b>Total shareholders' equity</b>	<b>36,045</b>	<b>38,092</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,702	2,048
Foreign currency translation adjustment	176	336
Remeasurements of defined benefit plans	88	136
<b>Total accumulated other comprehensive income</b>	<b>1,968</b>	<b>2,521</b>
Non-controlling interests	271	281
<b>Total net assets</b>	<b>38,285</b>	<b>40,894</b>
<b>Total liabilities and net assets</b>	<b>79,982</b>	<b>84,791</b>



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

(Million yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Net sales	88,513	95,230
Cost of sales	64,388	68,052
Gross profit	24,124	27,177
Selling, general and administrative expenses	23,246	23,646
Operating income	878	3,531
Non-operating income		
Interest income	3	4
Dividend income	162	185
Purchase discounts	75	76
Real estate rent	91	80
Dividend income of insurance	45	48
Other	194	71
Total non-operating income	572	467
Non-operating expenses		
Interest expenses	60	63
Share of loss of entities accounted for using equity method	108	262
Other	36	33
Total non-operating expenses	205	359
Ordinary income	1,244	3,640
Extraordinary income		
Gain on sales of non-current assets	257	29
Gain on sales of investment securities	226	15
Gain on bargain purchase	-	141
Total extraordinary income	483	186
Extraordinary losses		
Loss on retirement of non-current assets	21	17
Loss on sales of non-current assets	-	8
Impairment loss	478	-
Loss on valuation of investment securities	22	-
Provision for loss on litigation	76	-
Total extraordinary losses	599	26
Profit before income taxes	1,129	3,800
Income taxes - current	480	1,230
Income taxes - deferred	(83)	(3)
Total income taxes	397	1,226
Profit attributable to owners of parent	731	2,573
Profit attributable to non-controlling interests	11	10
Profit attributable to owners of parent	720	2,562

(Consolidated statement of comprehensive income)

(Million yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Profit attributable to owners of parent	731	2,573
Other comprehensive income		
Valuation difference on available-for-sale securities	(28)	346
Foreign currency translation adjustment	142	160
Remeasurements of defined benefit plans, net of tax	71	47
Total other comprehensive income	185	553
Comprehensive income	917	3,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	906	3,115
Comprehensive income attributable to non-controlling interests	11	11

## (3) Consolidated statement of changes in equity

Previous 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)
Disposal of treasury shares					-
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)
Disposal of treasury shares						-
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

Current fiscal year (April 1, 2022 – March 31, 2023)

(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	24,231	(1,467)	36,045
Changes of items during period					
Dividends of surplus			(482)		(482)
Profit attributable to owners of parent			2,562		2,562
Purchase of treasury shares				(33)	(33)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	2,079	(33)	2,046
Balance at end of term under review	6,855	6,426	26,311	(1,500)	38,092

	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	1,702	176	88	1,968	271	38,285
Changes of items during period						
Dividends of surplus						(482)
Profit attributable to owners of parent						2,562
Purchase of treasury shares						(33)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	345	160	47	553	9	563
Total changes of items during period	345	160	47	553	9	2,609
Balance at end of term under review	2,048	336	136	2,521	281	40,894

## (4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,129	3,800
Depreciation	2,167	2,340
Impairment loss	478	-
Gain on bargain purchase	-	(141)
Amortization of long-term prepaid expenses	485	446
Loss on retirement of non-current assets	21	17
Loss (gain) on sales of non-current assets	(257)	(20)
Loss (gain) on sales of investment securities	(226)	(15)
Loss (gain) on valuation of investment securities	22	-
Increase (decrease) in allowance for doubtful accounts	187	(187)
Increase (decrease) in net defined benefit liability	75	10
Share of loss (profit) of entities accounted for using equity method	108	262
Interest and dividend income	(165)	(190)
Subsidy income	(37)	(21)
Interest expenses	60	63
Foreign exchange losses (gains)	(19)	(0)
Decrease (increase) in notes and accounts receivable - trade	113	(2,549)
Decrease (increase) in inventories	(748)	(2,186)
Increase (decrease) in notes and accounts payable - trade	2,275	1,211
Other	(510)	1,132
Subtotal	5,161	3,971
Interest and dividend income received	165	190
Subsidy received	37	21
Interest expenses paid	(60)	(63)
Income taxes (paid) refund	(341)	(520)
Cash flows from operating activities	4,962	3,599
<b>Cash flows from investing activities</b>		
Payments into time deposits	(146)	(160)
Proceeds from withdrawal of time deposits	95	159
Purchase of property, plant and equipment	(3,667)	(3,208)
Proceeds from sale of property, plant and equipment	580	83
Purchase of intangible assets	(103)	(276)
Purchase of investment securities	(7)	(6)
Proceeds from sale of investment securities	335	21
Payments for investments in capital of subsidiaries and associates	(1,097)	-
Payments of loans receivable	(8)	(9)
Collection of loans receivable	19	13
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	146
Other	(15)	(38)
Cash flows from investing activities	(4,016)	(3,275)

(Million yen)

	Previous fiscal year (April 1, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,580	800
Repayments of long-term loans payable	(1,505)	(800)
Repayments of lease obligations	(25)	(34)
Payments for long-term accounts payable - other	(422)	(382)
Purchase of treasury shares	(195)	(33)
Cash dividends paid	(489)	(482)
Dividends paid to non-controlling interests	(1)	(1)
Other	-	0
Cash flows from financing activities	(1,060)	(934)
Effect of exchange rate change on cash and cash equivalents	35	8
Net increase (decrease) in cash and cash equivalents	(78)	(601)
Cash and cash equivalents at beginning of year	10,268	10,189
Cash and cash equivalents at end of year	10,189	9,587

(5) Notes on consolidated financial statements

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

No corresponding items exist.

(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, profits, 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, 2021 – March 31, 2022)

	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 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.

Current fiscal year (April 1, 2022 – March 31, 2023)

(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	33,056	62,174	95,230	-	95,230
Internal sales or transfers among segments	24,915	315	25,231	(25,231)	-
Subtotal	57,971	62,490	120,461	(25,231)	95,230
Segment income	2,344	1,487	3,832	(191)	3,640
Segment assets	75,631	32,489	108,120	(23,329)	84,791
Other items					
Depreciation	2,260	79	2,340	-	2,340
Interest income	0	23	24	(20)	4
Interest expenses	82	0	83	(20)	63
Investment loss on equity method	(262)	-	(262)	-	(262)
Value of investment in equity method affiliates	2,002	-	2,002	-	2,002
Increase in property, plant and equipment, and intangible assets	3,000	173	3,174	-	3,174

(Note) 1 The adjustment of segment income of -191 million yen, adjustment of segment assets of -23,329 million yen, adjustment of interest income of -20 million yen, and adjustment of Interest expenses of -20 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, 2021 – March 31, 2022)

(Million yen)

	Reporting segment			Corporate/ elimination	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.

Current fiscal year (April 1, 2022 – March 31, 2023)

No corresponding items exist.

5. Gain on bargain purchase by reporting segment

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

No corresponding items exist.

Current fiscal year (April 1, 2022 – March 31, 2023)

In the “Product Business” segment, gain on bargain purchase of 141 million yen is recorded under extraordinary income as a result of the additional acquisition of shares in Toyo Interior Service Co., Ltd. In addition, gain on step acquisitions of 1 million yen at the time of additional acquisition of the shares is recorded in “Other” under non-operating income. Gain on bargain purchase is not included in segment income as it is an extraordinary income.



(Per-share data)

Previous fiscal year (April 1, 2021 – March 31, 2022)		Current fiscal year (April 1, 2022 – March 31, 2023)	
Net assets per share	630.05 yen	Net assets per share	674.80 yen
Profit per share	11.79 yen	Profit per share	42.57 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, 2021 – March 31, 2022)	Current fiscal year (April 1, 2022 – March 31, 2023)
Profit per share		
Profit attributable to owners of parent (Million yen)	720	2,562
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent pertaining to common stock (million yen)	720	2,562
Average number of common stock shares during the period (1,000 shares)	61,096	60,197

(Important post-balance-sheet events)

No corresponding items exist.