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TOLI INTEGRATED REPORT 2025

Website information

Corporate website
<https://toli-overseas.com/>



IR information website
https://www.toli.co.jp/ir_en/





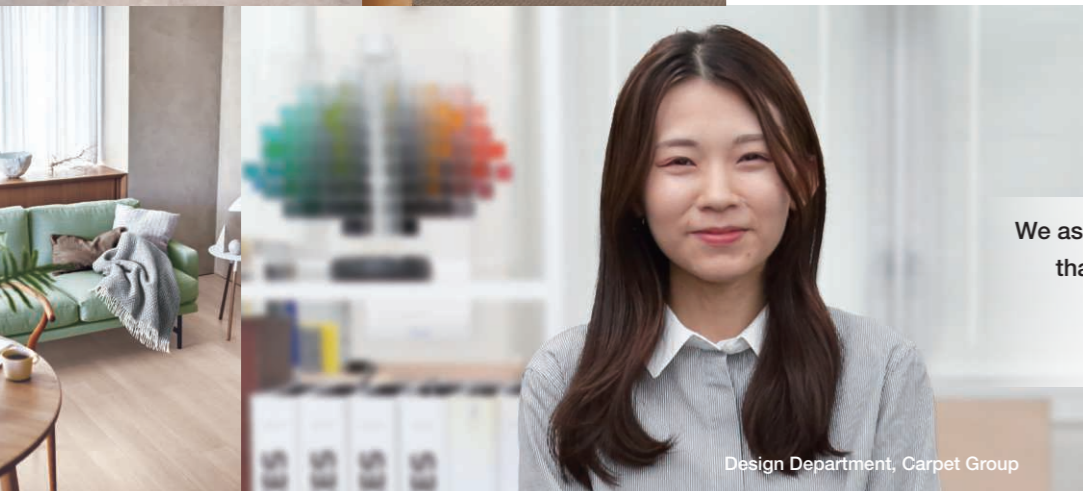
Technical and Development Department, R&D Group

Our CHALLENGE

We embrace the challenge of developing new technologies through continuous trial and error. By fostering open and creative thinking, we aim to unlock new possibilities and create value for society.



Evolution to a Lifestyle Design Company



Design Department, Carpet Group

Our CHALLENGE

We aspire to create meaningful designs that resonate with diverse lifestyles, built on continuous research and ongoing self-development.

Our CHALLENGE

Manufacturing inspired by dialogue with customers. Leveraging our strengths as a manufacturer, we transform needs into “tangible value” and build lasting trust.



West Japan Sales Development Department, Business Development Group

TOLI Group Management Philosophy

We, in response to the trust in our business, will keep creating new value that contributes to the creation of the positive space and environment for the people in the world.

TOLI Group Value

1. We build our credibility through “Reliable Quality and Technology.”
2. We keep the co-creation spirit through “Product Development from the Customer’s Standpoint.”
3. We aim to “Evolve from Global Perspectives.”



Our CHALLENGE

Driven by a passion for craftsmanship and continuous quality improvement, and supported by prompt and attentive customer care, we are committed to upholding the trust earned through our proven quality and technology.



Production and Engineering Department (Vinyl Floor Coverings)

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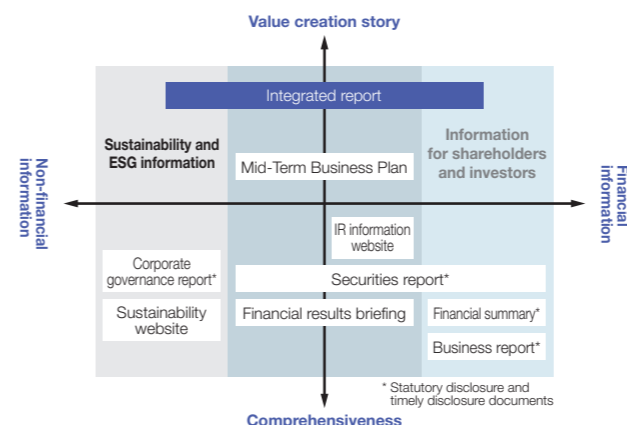
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Position of information disclosure system and integrated report



In preparation of the TOLI Integrated Report 2025

This integrated report has been published to help all stakeholders—including shareholders, investors, customers, and employees—gain a clear understanding of our business activities. It presents our value creation story, from the foundations of our value, including the principles and values the Group holds dear, to our management strategy.

This integrated report, the third we have published, reports in detail from both the financial and non-financial aspects information on our growth strategy and sustainability-oriented business activities based on the “SHINKA Plus ONE 2.0” mid-term business plan that began in fiscal year 2025. We have also tried to convey our sincere desire to continue taking on challenges as a manufacturing company.

Going forward, we will continue to aim for the enhancement of our group’s corporate value through communication with all of our stakeholders.

All members of the production committee

Message from our President

Starting “SHINKA Plus ONE 2.0” Driving the Future of the TOLI Group through Growth Strategy and New Value Creation



Motohiro Nagashima
President and Representative Director

Managing Risks and Enhancing Competitiveness

The business environment surrounding us continues to grow increasingly uncertain, as destabilizing factors such as rising geopolitical tensions, the impact of U.S. trade policies, and climate-related risks place mounting pressure on the global economy. In Japan’s construction market, which is closely linked to our business, factors such as population decline, rising construction material prices, and increasing labor costs have contributed to weakening demand for new residential and non-residential construction. Under the previous mid-term business plan, “SHINKA Plus ONE,” the Company undertook proactive capital investments in three key areas—Line No. 3 at

Hiroka-TOLI Floor, carpet tile recycling plant, and nylon spinning equipment for carpets—to mitigate rising raw material costs and supply chain risks. The progress of the Group’s unprecedented level of large-scale capital investment was delayed by the COVID-19 pandemic, we are confident that these investments are steadily strengthening the competitiveness of our core business, particularly in light of persistently high raw material prices and ongoing supply chain risks. We will continue to promote growth investment, which also leads to risk management, and aim for further improvement of our competitiveness.

Phase II of TOLI VISION 2030, “SHINKA Plus ONE 2.0,” has started

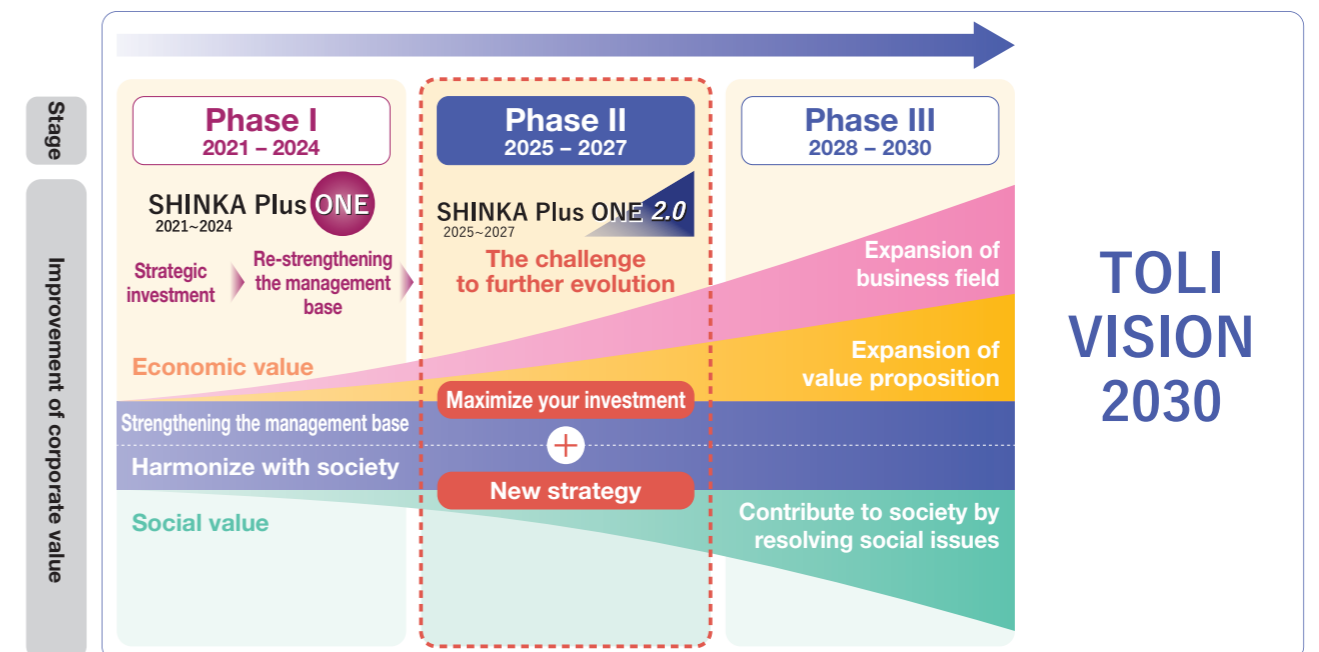
“SHINKA Plus ONE 2.0,” our mid-term business plan based on the three SHINKA policies (evolution, deepening and real value), started from April 2025 as the second phase towards the realization of the TOLI Group’s TOLI VISION 2030.

Under the previous mid-term business plan, “SHINKA Plus ONE,” we promoted various implementation strategies centered on the aforementioned positive capital investment. We achieved all five of the mid-term management indicators in the term ended March 2025, the last fiscal year of the plan (consolidated net sales of 100 billion yen or more, consolidated operating income of 4 billion yen or more, a consolidated ROE of 7.0% or more, recycling rate of 85% or more, and a reduction in the amount of industrial waste of 40% or more). On the other hand, several strategic objectives remain to be achieved, including realizing cost reductions that exceed depreciation expenses, increasing our share in the domestic market, and expanding our global business. We

must therefore further accelerate our initiatives during the current three-year mid-term plan.

In this context, to build on the achievements of the previous mid-term business plan, “SHINKA Plus ONE,” under the current plan, “SHINKA Plus ONE 2.0,” we will maximize the impact of our three major capital investments—Line No. 3 at Hiroka TOLI Floor, carpet tile recycling plants, and nylon spinning equipment for carpets—pursue challenges in new technological fields, and strive to further enhance corporate value.

In addition, we have further upgraded our consolidated management indices and pursue higher profitability, greater efficiency, and improvement of the effects of environmental impact reductions. The Group as a whole is pursuing this growth strategy as the “Challenge for Further Evolution” phase, marking a new stage in its efforts to achieve the TOLI VISION 2030.



Message from our President

Revision of business segments

The company revised its business segments from April 2025 to: ① Interior Business; ② Global Business; and ③ Building Materials and Other Businesses. Previously, the group was divided into the company and group manufacturing companies as the “Product Business” segment and group sales companies as the “Interior Wholesaling and Construction Business,” comprising the reporting segments in accordance with their respective roles. However, we received feedback from shareholders and investors that there was significant

overlap in sales between segments, making it difficult to clearly understand our business structure. As such, we decided to revise our business segments starting from the fiscal year ending March 2026, when the “SHINKA Plus ONE 2.0” mid-term business plan commenced. We will promote our business portfolio strategy by highlighting measures for the strengthening of our revenue base, the source of our business strategy, and measures for our growth strategy, the basis of our “growth potential.”

The evolution of Interior Business, the source of our growth power

The source of the group’s growth power is the growth of ① Interior Business, which is centered on vinyl flooring, carpets, wallcovering, and window treatments. The “new value creation” is essential for the growth of Interior Business. Under “SHINKA Plus ONE 2.0,” we will focus on new product development and the further expansion of production capacity at our three major capital investments, as well as technological investment

towards the establishment of new technological fields. In addition, challenges in new fields will also be essential for the growth of core business. Differentiation from competitors in the interior products field is a key factor. As a manufacturer, the Group aims to develop new technologies from a unique perspective and takes pride in its role, strengthening business competitiveness by embracing innovation and creating new value.

Developing “growth potential” steadily

As mentioned above, ① Interior Business is the source of our growth power, while ② Global Business and ③ Building Materials and Other Businesses are the “growth potential” areas of the group.

product lead times, while striving to expand sales and improve profitability.

In ② Global Business, we aim to contribute to the creation of spatial environments worldwide by leveraging our high-quality, highly functional products and the “JAPAN TOLI brand,” which we have fortified under strict Japanese standards. As in Japan, market conditions in each country are constantly evolving, requiring the ability to respond swiftly. Under “SHINKA Plus ONE 2.0,” we will proactively address a range of challenges, including compliance with environmental regulations across different countries and the shortening of

In addition, the expansion of business domain, targeting fields beyond industry boundaries, will also be an important theme. In ③ Building Materials and Other Businesses, we will take on the challenge of new business areas using the group’s core technologies. We believe that co-creation between the TOLI Group’s core competencies with various external partners will promote that innovation. Building on the R&D activities we have pursued over the past few years through industry-academia-government collaboration, we will take the next step toward expanding our business domains, positioning these initiatives as key drivers of next-generation growth.

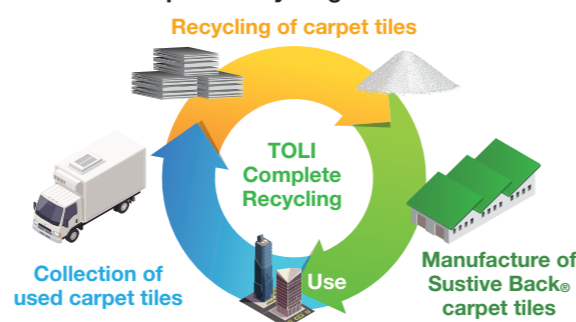
Contributions to a circular economy society

Contributions to a recycling-oriented, low-carbon society are an essential issue for the realization of a sustainable society. The group is focusing on the expansion of Eco Mark certified products and the promotion of “TOLI Complete Recycling” in the carpet tile field. With “TOLI Complete Recycling,” we will further enhance the processing capacity of our carpet tile recycling plants, which leverage the Group’s unique technologies, to contribute to a circular economy society.

highly evaluated, and “Sustive Back®” received the 2025 Good Design Award.

The plants’ “recycled chips” are transformed into “Sustive Back®,” an environmentally friendly carpet tile backing. The group’s unique recycling system, which reduces industrial waste emissions and CO₂ emissions significantly, has been

The “TOLI Complete Recycling” business model



Human capital strategy to support value creation

Under “SHINKA Plus ONE 2.0,” we will also strengthen investment in human capital as one of the key drivers of business value improvement. The qualitative improvement of human capital is an indispensable theme for the “creation of new value”. Efforts will be strengthened in reskilling and mid-career recruitment to develop highly skilled talent in software, digital transformation, and other areas that support the business.

In addition, maintaining the physical and mental health of each and every employee of the group is also an important theme. Workplace systems that support employee health and enable flexible ways of working aligned with different life stages are being promoted, with the aim of fostering a Group in which employees can work with a strong sense of purpose and fulfillment.

Re-strengthening of our governance structure

As announced on October 31, 2025, an act of fraudulent accounting by a single employee was discovered at a consolidated subsidiary of the company. We sincerely regret that this situation occurred and offer our deepest apologies to our shareholders and all other stakeholders for the significant inconvenience and concern it has caused. Since the discovery

of this fraudulent accounting, we will sincerely and rigorously reflect on the deficiencies in the Group’s internal control systems, thoroughly strengthen controls in the relevant business processes, and take all necessary measures to prevent any recurrence.

For the further improvement of capital efficiency

In the fiscal year ending March 2022, when the previous mid-term business plan “SHINKA Plus ONE” started, our price-to-book ratio (PBR) was trending at the low level of 0.35 times. Subsequently, reflecting the recovery of results after the COVID-19 pandemic and increased stock liquidity, the PBR for the fiscal year ending March 2025 was 0.57 times. However, the PBR remained below 1.0. So it cannot be said that the company has obtained a sufficient evaluation on the stock market.

Under “SHINKA Plus ONE 2.0,” the ROE (return on equity) target - one of the key components of the PBR - has been set at 8.0% or higher, exceeding the cost of equity. This target clearly demonstrates the Group’s growth potential. In line with the shareholder return policy under the current three-year mid-term business plan, efforts will be made to enhance shareholder value through improved profitability and sustained earnings growth.

The shareholder return policy during the three years of the “SHINKA Plus ONE 2.0” mid-term business plan

- We will secure internal reserves for investments in research and development and production facilities that contribute to enhancing corporate value, while giving consideration to the balance between shareholder returns. At the same time, we will continue to pay stable dividends on a regular basis, targeting a consolidated dividend payout ratio of 50% or a DOE of 3.5%, after comprehensively taking into account business performance and capital requirements.
- The minimum dividend will be set at 19 yen per share, which is the highest annual dividend recorded in the fiscal year ended March 2024.
- We will flexibly sell policy-held shares and acquire treasury shares to optimize shareholders’ equity, aiming for a total return ratio of 70% or more on average over the next three years.

Together with the launch of “SHINKA Plus ONE 2.0,” the TOLI Group will steadily advance toward a new stage. We look forward to continuing to deliver our growth strategy, creating new value in interior design and contributing to society.

The Trajectory of TOLI Group Value Creation (History)

The trajectory of business

1887~

Encounter with Linoleum and founding of the company

Toyotaro Teranishi, who successfully developed "Yutakaori" using discarded rice straw fiber, established Teranishi Yutakaori Company in Itami, near the export port of Kobe. Subsequently, Toyotaro's younger brother, Tomikichi, recognized the potential of linoleum, which was gaining attention in Europe and the United States, and succeeded in producing linoleum domestically for the first time in Asia. In 1919, they established TOYO Linoleum Co., Ltd. Following this, linoleum spread rapidly with the modernization of architecture and remained a significant product in the market for many years, even into the postwar period.

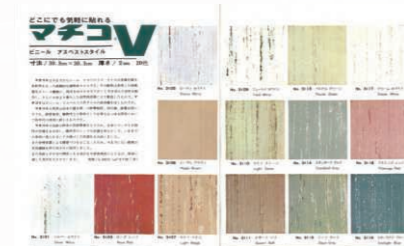


▲ Itami Factory at the time of its founding establishment (illustration).

1957~

Full-scale development of vinyl flooring business

After the war, we made the decisive move to fully expand into the vinyl flooring business. Following the release of "Vinylart Tile," we built a factory with the latest equipment in Atsugi City, Kanagawa Prefecture in 1963 and launched a series of vinyl tiles, including the beloved "Matico V." Additionally, we succeeded in producing Japan's first domestically manufactured cushion flooring, which was gaining attention in the U.S. at the time for its stylishness and cushioning properties, and released the "CF Sheet" in 1972. It was widely adopted in homes, shops, and offices.



▲ Product Sample Book from the Time of Release of "Matico V".

Expansion into a comprehensive flooring manufacturer

While expanding into vinyl flooring, we also ventured into a new market: textile flooring. In 1967, as a challenge to this new market, we released the needle-punch carpet "O.I.C." under the slogan "The Third Flooring." It was also used in the national pavilions at the 1970 Japan World Exposition. In 1982, with the rapid computerization of offices, we launched the "GA-100" carpet tile, which could be removed and replaced during wiring changes or inspections. This product gained widespread popularity, accelerating alongside the rise of intelligent office spaces.



▲ Product Sample Book from the Time of Release of "GA-100".

1984~

Taking on the challenge to become a total interior manufacturer

Since our founding, we have established our position as a comprehensive flooring manufacturer through the development of various technologies and products, and we now aim to evolve into a "total interior" company. Amid the significant changes in living spaces during Japan's period of rapid economic growth, we launched "TOLI Curtain Vol. 1" in 1984 and the wallcovering "Vajradum" in 1986. Shifting from the flat surface of flooring to the three-dimensional and comprehensive space of interiors, we began our challenge to become a leading company in the interior manufacturing industry.



▲ Taking on the challenge of curtain business was a step towards "total interiors".

Towards the 100th anniversary of the company's founding

Continuing our challenge to become a total interior manufacturer, we changed our company name to "TOLI Corporation" in 1991. Since then, we have worked to strengthen our group's sales structure and expand our sales and manufacturing bases overseas, contributing to the improvement of lifestyle culture through our interior business. In 2019, our group celebrated its "100th anniversary since founding." Built on a foundation of craftsmanship, we have provided products, services, and solutions that meet the needs of the times, and now we are moving forward beyond our "100th anniversary."



▲ Our current corporate symbol is a "T" made up of a soft curve.

2019~

The SHINKA era

Moving forward beyond our "100th anniversary," our group is creating new value with the spirit of "co-creation" and advancing efforts toward realizing a sustainable society. With environmental friendliness as our identity since our founding, we actively promote business activities that contribute to reducing environmental impact. By expanding social value and enhancing corporate value, we will continue to contribute to creating enriching spaces for people around the world.



▲ TOLI Interior History Museum (Former TOYO Linoleum Main Office Building).

Founding of TOLI

The trajectory of sustainable management

1887

Developed and launched "Yutakaori" using discarded **rice straw fiber**.

1920

Developed and launched "linoleum" using **natural raw materials**, producing it for the first time in Japan.

1979

Started using **recycled materials**. Started reusing discarded **agricultural vinyl** as part of the raw materials for vinyl flooring.

1982

Started initiatives to extend the life of products.

Launched "GA-100," a **stain-resistant** nylon carpet tile.

1985

Started operation of an "off-location system**".

* A service to **extend the product life** by collecting, cleaning, re-installing used carpet tiles.

2000

Announced the TOLI Group's environmental initiatives (**TOLI eco spirit**).

2012

Branded the "NW Series" of flooring that **does not require wax maintenance**.

Started operation of the "TOLI curtain recycling system" (a system using the wide-area certification system).

2013

Started operation of the "TOLI carpet tile recycling system" (a system using the wide-area certification system).

2021

Set mid to long-term environmental impact reduction targets.

Recycling rate, reduction of the amount of industrial waste, reduction of CO₂ emissions.

Started operation of Carpet Tile Recycling Plant No. 1.

2022

Established "TOLI Complete Recycling".

2023

Launched "Biomicstone," which partially replaces raw materials with "eggshells".

The group's first product that uses biomass, a sustainable resource derived from plants and animals.

2024

Started operation of Carpet Tile Recycling Plant No. 2.



For more information on the history of the group, please refer our website.
<https://toli-overseas.com/profile/>

TOLI Group Business

Interior Business

Interior Business consists mainly of the manufacture and sale of TOLI brand products, interior construction work, and the purchase and sale of various interior materials in Japan, and provides interior products and services for a wide range of buildings, including detached houses, condominiums, offices, hospitals, schools, and accommodation facilities. The Group plans and develops products with a variety of functions and designs tailored to individual lifestyles, and conducts business consistently from manufacturing to sales, construction and distribution, always meeting the needs of customers.

Main products and services

Wallcoverings

Wallcoverings have a rich variety of designs that expand the spatial design and create a comfortable environment. In addition, they help to create a safe and secure environment with various functionalities such as antifouling, antibacterial and antiviral properties.

Window treatments

The Group's window treatments are made to order at its sewing facilities. By offering a range of products around the window including TOLI-branded curtains and products handled by our Group's sales companies such as curtain rails, and blinds— TOLI aim to deliver solutions tailored to each customer's lifestyle.

Interior construction

Many of the interior materials sold by the Group are realized through the skills of installers. Therefore, the Group's "high quality installation expertise" plays a key role in this industry.

Vinyl flooring

Vinyl flooring is used for the floors of various buildings and is an important building material indispensable to daily life. By taking advantage of the rich functionality and design features unique to vinyl flooring, it supports people's diverse lifestyles from the ground up.

Carpet

Carpets are used widely everywhere from residential housing to offices and accommodation facilities. In particular, the Group holds one of the largest market shares in the carpet tile industry, supported by a long track record and proven quality that enhance a wide range of spaces.

Purchasing and sales of various interior materials

Through the purchase and sale of a wide range of interior materials other than TOLI-branded products via the Group's sales companies, one-stop solutions are provided to meet customer needs across sales bases throughout Japan.

TOLI products in everyday life

Offices

Vinyl wallcovering
Carpet tile
Vinyl tile

Residential buildings

Vinyl wallcovering
Curtain
Vinyl tile
Carpet for residential use


Accommodation facilities

Vinyl wallcovering
Curtain
Broadloom carpet

Medical and welfare facilities


Vinyl wallcovering
Curtain
Vinyl sheet

TOLI products are also used in various other living spaces. For details, please see the [Project References](#).



Global Business

Global Business is export sales business centered on TOLI brand products in global markets. In China, North America, Southeast Asia, and other regions, the Group will work to expand the presence of the "JAPAN TOLI brand" by leveraging its technological development and manufacturing capabilities to meet local market needs, supported by a network of distributors in each country and area, centered on the Group's sales companies.



- TOLI manufacturing bases
- TOLI global sales offices
- TOLI Group sales companies and sales/inventory bases

Global consolidated net sales (FY2024)

China	approx. 34%
North America	approx. 25%
ASEAN	approx. 13%
Other	approx. 13%
Middle East, India	approx. 9%
Oceania	approx. 6%

Main products and services
 -TOLI brand products
 -Other (other companies' products)


Building Materials and Other Businesses

In Building Materials and Other Businesses, the Group manufactures and sells TOLI brand products for fields beyond industry boundaries and the industrial market, and purchases and sells building materials and housing equipment through group sales companies.

Main products and services

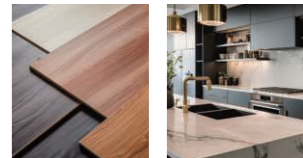
TOLI brand products for fields beyond industry boundaries and industrial materials

The Group will expand its business domains with a technological approach to special applications for markets such as the bathroom market and the sports market, which are different from the traditional spatial environments that have been the main focus of the group.

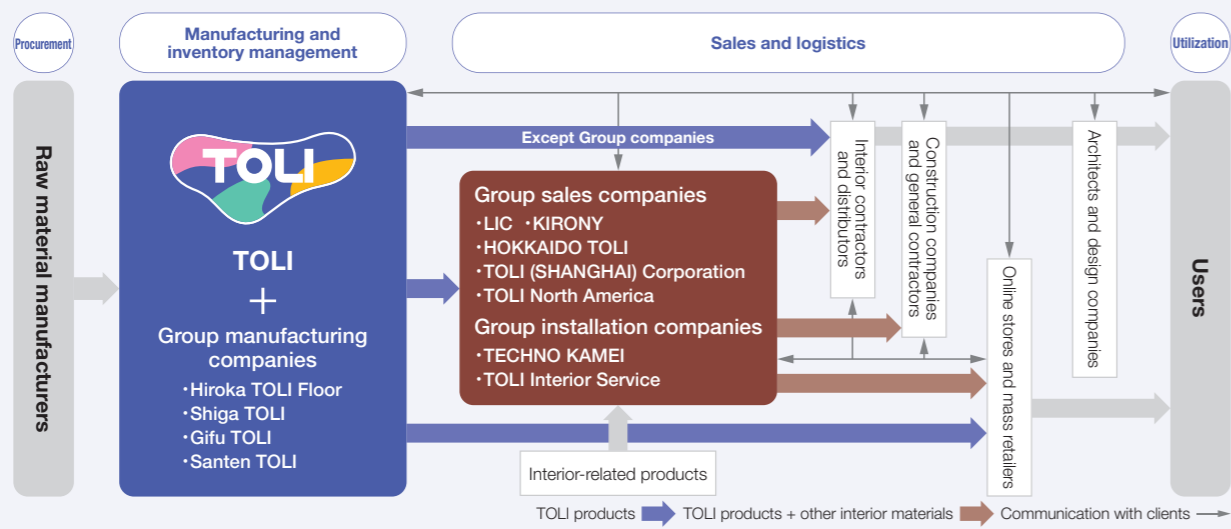


Purchase and sale of building materials and housing equipment, etc.

The Group meets customer needs with one-stop solutions by purchasing and selling flooring and other building materials, as well as housing equipment such as kitchens, that are well aligned with TOLI-branded products.



Supply chain and group framework



Raw material procurement

The Group procure a wide range of raw materials for manufacturing, including vinyl chloride resin, plasticizers and nylon fibers. The Group also collaborate with numerous suppliers. Additionally, the Group has been focusing on green procurement for more than 40 years, including the recycling of used agricultural vinyl, and the proportion of recycled raw materials used has been increasing year by year.

Sales and logistics

The sales function of our group is handled by TOLI Corporation and group sales and interior construction companies. Approximately 60% of the Group's consolidated net sales are generated from sales of TOLI-brand products, and the remaining 40% from distribution and installation services for third-party products. The Group's sales companies and interior construction companies handle TOLI brand products and other companies' products, providing a one-stop service for interior.

Manufacturing and inventory management

Our five manufacturing plants in Japan manufacture interior products such as vinyl flooring, carpets, curtains, and wall coverings. Production plans are centrally managed by TOLI Corporation and products are stocked at distribution bases adjacent to factories and depot warehouses located throughout the country, ensuring a stable supply.

Sales and installation of non-TOLI brand products* about 40%

FY2024 consolidated net sales 105.7 billion yen

Sales of TOLI brand products about 60%

(* Non-TOLI brand products: Products of other companies in the same industry, curtain rails, blinds, housing equipment, etc.)

TOLI Group Value Creation Process

Evolution to a Lifestyle Design Company

Our group aims for sustainable business activities in the midst of a rapidly changing social and business environment. The Group has identified material issues critical to its operations and is advancing initiatives to address them. Leveraging the capital built over our long history, we remain committed to contributing to societal and economic development through our interior products and services.

External environment

Environmental changes in society as a whole

- Increase in geopolitical risk
- Declining birthrate, aging population, population decline
- Increasing awareness toward decarbonization
- Diversification of work styles and penetration of diversity
- Mobility of human resources
- Evolution of AI and IoT
- Increased cyber risk
- Lack of resources and worsening natural disasters
- Greater sophistication of governance

Business environment surrounding our group

- Rising raw material prices
- Instability of the supply chain
- Decrease in the number of installation workers
- Rising logistics costs
- Decline in new construction starts in Japan
- Increasing needs for environmentally friendly products
- Diversification of spatial design
- Spread of construction technology

Materiality [P.32](#)

Important issues for our group

- 01 Development of high value-added products
- 02 Provision of safe and secure products and services
- 03 Contributing to sustainable global environmental conservation
- 04 Creation of a vibrant workplace environment
- 05 Building of sound and transparent governance systems

ESG Basic Policy [P.31](#)

Input

The TOLI Group's capital that supports and creates trust

Financial capital
• Consolidated net assets 48,377 million yen
• Consolidated equity ratio 51.1%
Manufacturing capital
• Vinyl flooring about 26 million m²/year
• Carpet tiles about 13 million m²/year
Intellectual capital
• Intellectual property rights (patents, design rights, trademarks): approx. 800
• R&D expenses 599 million yen
Human capital
• Consolidated number of employees 1,910 people
• Consolidated number of public qualifications held 484
Social and related capital
• Number of customers approx. 360 companies
• Number of suppliers approx. 540
Natural capital
• Energy consumption 703,000 GJ
• Water consumption 922,000 m³
• Environmental conservation costs 2,162 million yen

Long-Term Vision / Mid-Term Business Plan [P.15 / 18](#)

TOLI Group Management Philosophy / TOLI Group Value

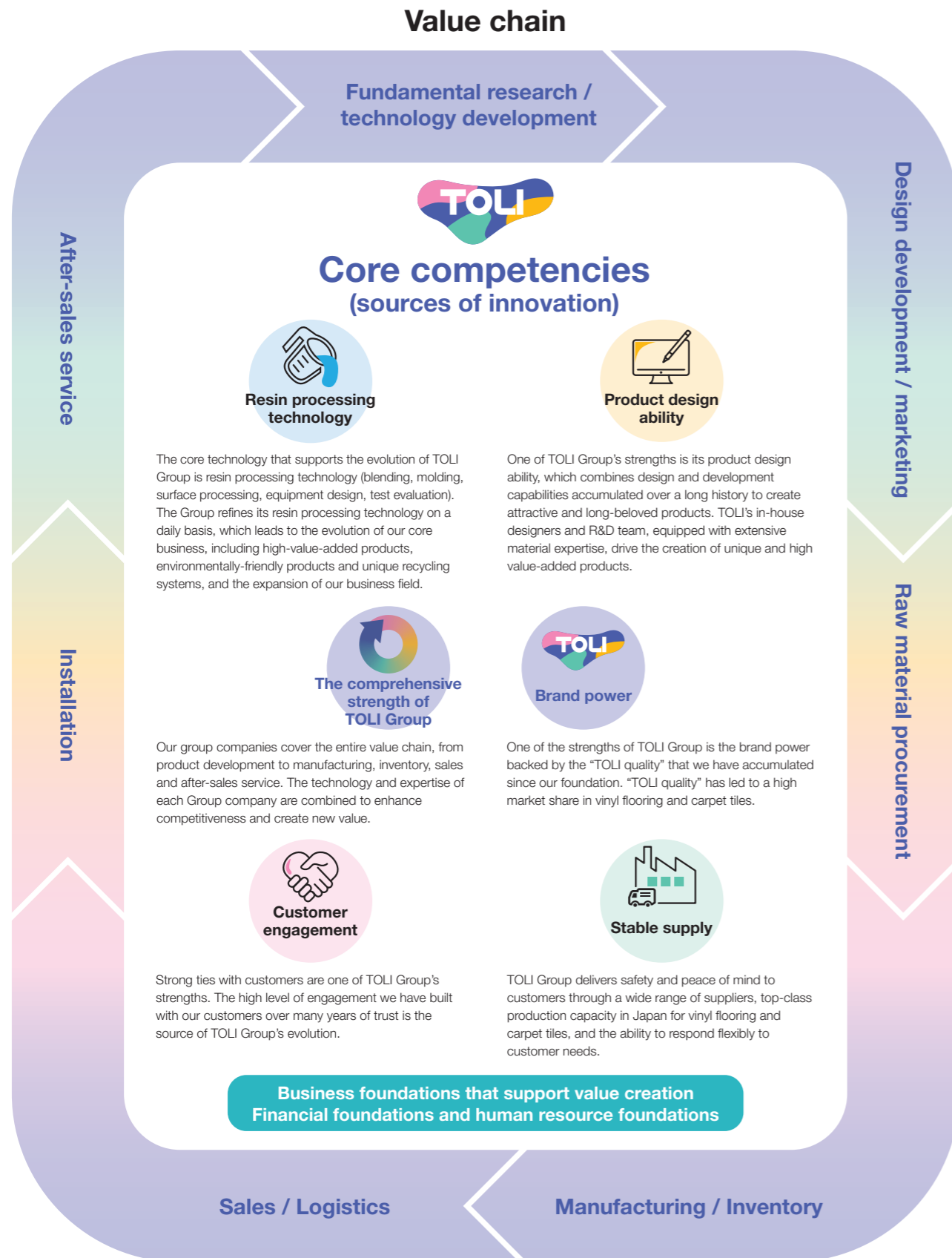
Business model

Business Activities	Output	Outcome
Products and services provided		
Interior Business	Global Business	Building Materials and Other Businesses
<p>Core competencies (sources of innovation) P.13</p> <ul style="list-style-type: none"> Resin processing technology Product design ability The comprehensive strength of TOLI Group Brand power Customer engagement Stable supply 		
After-sales service	Design development / marketing	Raw material procurement
Installation		
Sales / Logistics	Manufacturing / Inventory	
<p>Value for customers</p> <ul style="list-style-type: none"> • The creation of a positive space and environment through interiors • Safe and secure "TOLI quality" • High value-added products that add color to lifestyle 		
<p>Value for shareholders</p> <ul style="list-style-type: none"> • The sustainable improvement of corporate value and stable returns • Consolidated net sales 105,709 million yen • Consolidated net income 3,507 million yen • Consolidated ROE 7.5% 		
<p>Value for employees</p> <ul style="list-style-type: none"> • Achieving a healthy work-life balance and a fulfilling lifestyle • Improvement of employee satisfaction • Average length of service 17.1 years • Ratio of female managers 11.1% • Maternity leave acquisition rate 100% • Paternity leave acquisition rate 100% <p>(*) All non-consolidated results</p>		
<p>Value to society and the environment</p> <ul style="list-style-type: none"> • Contributing to global environmental conservation and solving social issues • Reduce industrial waste by 57.9% or more (compared to FY2019) • Recycling rate 87.9% • CO₂ emissions Scope 1 + 2 12.1% increase • CO₂ emissions Scope 1 + 2 + 3 17.9% reduction (compared to FY2020) 		

Providing value to stakeholders and society

The Strengths of TOLI Group

Value chain and core competencies that support value creation



TOLI by the numbers (FY2024)



Long-Term Vision <TOLI VISION 2030>

In April 2021, the Group formulated <TOLI VISION 2030> – Evolution to a Lifestyle Design Company – as its vision for 2030, marking the 110th anniversary since its founding as the next milestone beyond the 100th anniversary. Guided by its management philosophy of contributing to the creation of positive spaces and environments for people around the world, the Group aims to enrich lifestyles by delivering new value and services through innovation.

<TOLI VISION 2030> is structured as a mid-term business plan consists of three phases to achieve this goal. By steadily implementing growth strategies in each phase, the Group aims to enhance both economic and social value, contributing to a sustainable society while progressing toward the vision it aspires to realize.

Long-Term Vision <TOLI VISION 2030>

~Evolution to a Lifestyle Design Company~

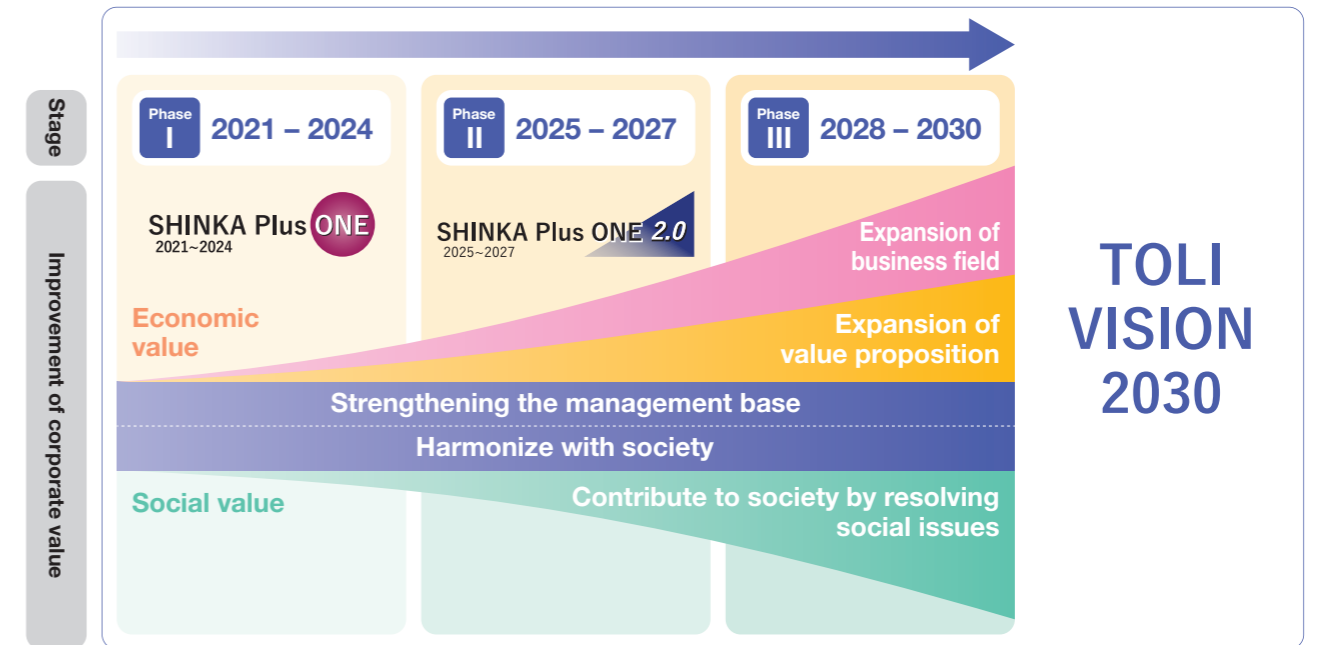
In an era of rapid and dramatic changes in the business environment, people's values are becoming increasingly diverse, and companies are entering a period of significant transformation. By combining the innovation born from the core strengths cultivated over our 100-year history with the individuality and creativity of our employees, the Group aims to evolve from a manufacturer and seller of products into a company that delivers comfort and enriches lifestyles worldwide through new value and services – a true "Lifestyle Design Company."



Our envisioned state for 2030

Profitability targets		Environmental impact reduction targets	
Consolidated net sales	120 billion yen	Recycling rate	90% or more
Consolidated operating income	6 billion yen	Amount of industrial waste discharged (compared with FY2019)	60% or more
ROE	10.0% or more	CO ₂ emissions (Scope 1, 2) (compared with FY2020)	30% or more
Efficiency target			

Growth Plan for Achieving the Long-Term Vision



Basic policy	Evolution	Deepening	Real Value
	Further strengthen our business base through continuous evolution.	Dig deep into each and every issue with unwavering aspiration.	Aim to increase corporate value by improving economic value and social value.
Basic measures to realize the envisioned state	<ol style="list-style-type: none"> 1. Strengthen existing businesses and create new value by leveraging core competencies 2. Further integrate the Group's collective strengths to enhance corporate value 3. Leverage human capital development to drive innovation 4. Achieve final performance targets through steady progress based on the mid-term business plan 		

Initiatives for ~Evolution to a Lifestyle Design Company~

Coexistence with society

"Biomicstone," a luxurious calcium carbonate tile that partially replaces raw materials with "eggshells."

"Biomicstone," a luxurious calcium carbonate tile that uses "biomass," a sustainable resource derived from plants and animals, is a sustainable product that replaces some raw materials with "eggshells." It is contributing to the realization of a sustainable society by upcycling food residue and conserving natural resources.



Experiential value

"Image Fit" space simulation tool

"Image Fit" is a proprietary AI-powered space simulation tool that enables users to easily create realistic interior images. By analyzing photographs of spaces taken with a smartphone, the tool seamlessly integrates the Group's flooring and wallcovering products to generate simulated space visuals. Available on the Group's website, "Image Fit" offers users an accessible way to experience the enjoyment of selecting interior materials.



Review of the Previous Mid-Term Business Plan “SHINKA Plus ONE”

The previous mid-term business plan, SHINKA Plus ONE, served as the first phase toward the realization of the Group’s long-term vision, TOLI VISION 2030. Implemented over a four-year period beginning in fiscal year 2021, the plan set out five priority strategies and eleven key initiatives with the objective of maximizing Group value. During this period, the Group executed strategic and proactive investments and reinforced its management foundation to support sustainable growth over the long term.

Medium-term management indicators and results trends

Indicator	FY2021	FY2022	FY2023	FY2024	Target
Consolidated net sales	88.5 billion yen	95.2 billion yen	Achieved 102.4 billion yen	Achieved 105.7 billion yen	100 billion yen or more
Consolidated operating income	0.8 billion yen	3.5 billion yen	Achieved 4.9 billion yen	Achieved 4.3 billion yen	4.0 billion yen or more
ROE	1.9%	6.5%	Achieved 8.6%	Achieved 7.5%	7.0% or more
Recycling rate	72.8%	79.2%	Achieved 84.2%	Achieved 87.9%	85% or more
Amount of industrial waste (compared to FY2019)	Slight increase	20.5% reduction	Achieved 45.9% reduction	Achieved 57.9% reduction	40% reduction or more

Under SHINKA Plus ONE, the Group focused on three major capital investment projects that formed the core of its growth strategy. Alongside these initiatives, the Group worked to establish a stable supply system, reduce manufacturing costs, develop proprietary products, and advance efforts to reduce environmental impact. In addition, the Group conducted targeted sales promotion activities centered on high value-added products and implemented multiple price revisions in response to rising raw material and energy costs, as

well as increased supply chain-related expenses. In addition to expanding global operations and promoting research and development aimed at creating new businesses, the Group advanced growth strategies from multiple perspectives, including strengthening its business foundation through initiatives to enhance employee engagement. As a result of these efforts, the Group achieved all five mid-term management targets, including environmental impact reduction goals, in fiscal year 2024, the final year of the business plan.

Outcomes and issues

	Main outcomes
A Reinforcement of core business	<ul style="list-style-type: none"> Improvement of product competitiveness and building of a stable supply system based on three major capital investment projects Promotion of “TOLI Complete Recycling” for carpet tiles Development of original products such as “Toughtec Tile,” a renewal tile for stores, and “NS800 Fine Inlaid,” a slip-resistant vinyl sheet
B Expanding the growth of promising business	<ul style="list-style-type: none"> Establishment of TOLI North America Corporation Start of joint venture Jiangsu Changlong Decorative Material Technical Co., Ltd., and licensing of technology for the manufacture of vinyl tiles Launch of “Connect Mat,” a flooring material specifically for volleyball games, as part of the development of flooring materials for the sports market
C Creation of a fifth business	<ul style="list-style-type: none"> Promotion of R&D activities through industry-academia-government collaboration
D Enhancement of capabilities across the group	<ul style="list-style-type: none"> Reduction of the amount of industrial waste through recycling activities Installation of solar power generation systems at each production base
E Building a business base that supports growth	<ul style="list-style-type: none"> Renewal of the personnel evaluation and wage systems, and promotion of measures for the improvement of engagement Formulation of a capital allocation plan and revision of the shareholder return policy

Three major capital investment projects



Production Line No. 3 at Hiroka TOLI Floor
 New plant for vinyl flooring
 • Reduction of manufacturing costs
 • Development of proprietary products



Carpet tile recycling plants
 The core of the “TOLI Complete Recycling”
 • Development of proprietary products
 • Reduction of manufacturing costs
 • Reduction of the amount of industrial waste



Nylon spinning equipment for carpets
 Switch to in-house production of nylon yarn for carpets
 • Stable supply
 • Reduction of manufacturing costs
 • Development of proprietary products

While the Group achieved tangible results in strengthening its core businesses, executing strategic investments to enhance business continuity, and reinforcing its management foundation, several key themes identified in the first phase remain to be addressed. These

include expanding market share on a volume basis in the domestic market, achieving both qualitative and quantitative growth in global markets, broadening business domains, and creating new businesses. The Group will continue to pursue these challenges in the second phase.

The Mid-Term Business Plan “SHINKA Plus ONE 2.0”

The mid-term business plan SHINKA Plus ONE 2.0, launched in April 2025, represents the second phase toward the realization of TOLI VISION 2030 and is positioned as a phase of **further evolution**. The designation “2.0” signifies an upgraded version of the plan. Building on the investment outcomes achieved under SHINKA Plus ONE, the Group will implement new growth strategies aimed at achieving the sustainable growth of the TOLI Group.

Business Environment

Interior market

Positive factors

- Diversifying lifestyles and living environments
- The return to office-based work
- Growing demand for renovation, refurbishment, and DIY
- Increasing environmental sustainability needs

Negative factors

- Decline in new housing starts
- Increase in construction labor and transportation costs
- Shortage of interior finish installation technicians
- Weakening of the supply chain

TOLI Group's vision for sustainable growth

- Increase market share on a sales volume basis
- Aggressive investment to strengthen core businesses
- Enhancement of profitability through high-value-added and proprietary products
- Cost reduction and the establishment of a stable supply system
- Development into a global brand
- Expansion into new markets
- Enhancement of shareholder value
- Enhancement of employee engagement

Overview of growth strategy

- Promoting growth strategies based on three business segments
- Strengthening the management foundation to support business growth (Value-Up Driver Strategy)
- Aiming for sustainable growth by enhancing the value of our business portfolio



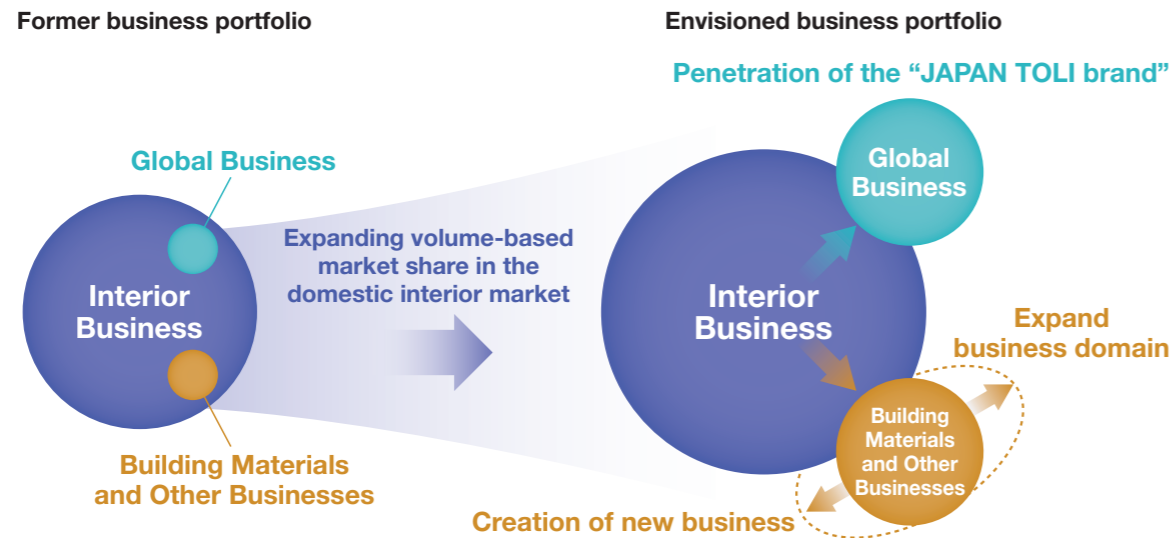
Key Performance Indicators (KPI)

Profitability targets		Efficiency target		Environmental impact reduction targets	
Consolidated net sales	113 billion yen or more	ROE	8.0% or more	Recycling rate	88.5% or more
Consolidated operating income	5 billion yen or more			Reduction of industrial waste (compared with fiscal year 2019)	emissions by 58% or more

Optimization of the TOLI Group business portfolio

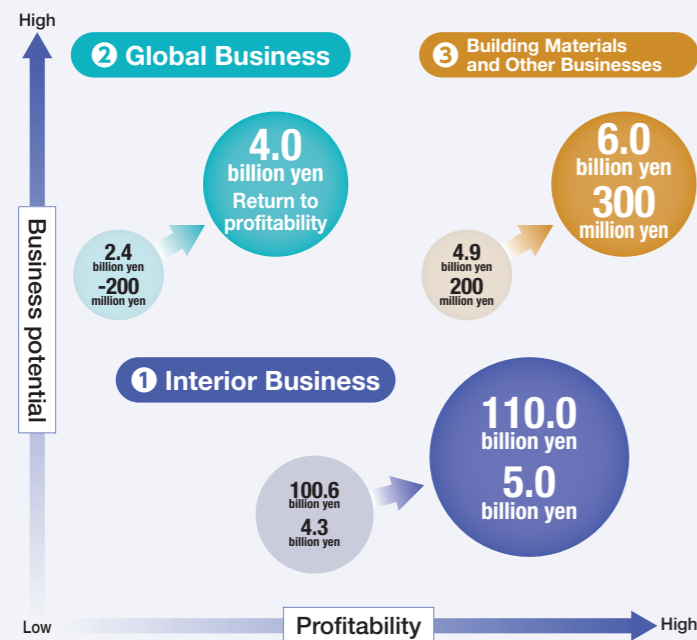
To further clarify the Group’s business portfolio strategy, the Group revised its business segments effective from the fiscal year ending March 2026. The segments were reorganized into three categories: Interior Business, Global Business, and Building Materials and Other Businesses. Previously, the Group operated under two segments: Product Business and Interior Wholesale and Installation Business. The Group will clarify the envisioned state of each business segment and steadily execute growth strategies tailored to each business. Through the optimal allocation of management resources, the Group aims to enhance the value of its business portfolio.

Diagram showing the optimization of the business portfolio



- Generating additional growth resources from the core “Interior Business”
- Advancing strategies for high-growth-potential businesses (Global Business and Building Materials and Other Businesses)

Segment-level KPIs



Year ending March 2025 Year ending March 2028 (target)

* Figures shown
Sales: top figure
Operating income: bottom figure

To ensure the achievement of the management targets set under SHINKA Plus ONE 2.0, the Group has established specific targets for each business segment.

In the Interior Business, depreciation expenses are expected to rise during the current mid-term business plan period due to significant capital investments aimed at future growth. Nevertheless, the Group aims to achieve revenue and profit growth by expanding market share on a volume basis and accelerating the realization of investment returns. In the high-growth-potential segments of Global Business and Building Materials and Other Businesses, the Group seeks to increase their contribution to overall business performance while pursuing steady growth and strengthening profitability.

1 Interior Business

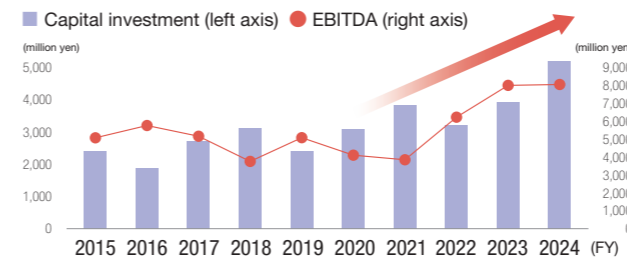
The Interior Business is the core business of the TOLI Group. It primarily involves the manufacture and sale of TOLI brand products, the procurement and sale of interior materials, and interior installation services in Japan. By enhancing the value of TOLI brand products, expanding domestic market share on a volume basis, and improving profitability, the Group will advance growth strategies across the organization to ensure the stable securing of management resources.

- A Investment for sustainable growth [▶ P.20](#)
- B Expansion of recycling activities [▶ P.21](#)
- C Challenge of further in-house production [▶ P.22](#)
- D Evolution of promotions [▶ P.22](#)

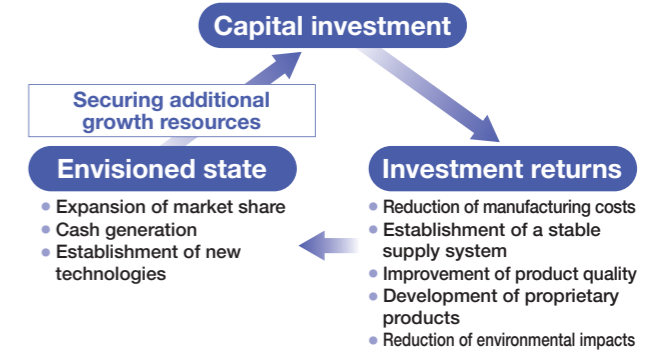
Business description	Risks and opportunities	Strengths
<ul style="list-style-type: none"> • Manufacture and sale of TOLI brand products • Purchasing and sales of various interior materials • Interior installation • Collection of used carpet tiles 	<ul style="list-style-type: none"> • Declining construction starts in Japan • Shortage of interior finish installation technicians • Progress toward a circular economy 	<ul style="list-style-type: none"> • Proprietary product development capabilities driven by technology and product design • Strong brand awareness in the construction market • Strong customer engagement built over many years

A Investment for sustainable growth

Under the previous mid-term business plan, SHINKA Plus ONE, the Group undertook three major capital investment projects: Production Line No. 3 at Hiroka TOLI Floor, a carpet tile recycling plant, and nylon spinning facilities for carpets. These investments contributed to lower manufacturing costs, the establishment of a stable supply system, improved product quality, and progress in proprietary product development. Under SHINKA Plus ONE 2.0, the Group will further strengthen these facilities and maximize the returns on past investments. In addition, the Group will invest in the development of new technologies and in driving significant growth in wallcovering sales, a business area with high growth potential.



Over the past several years, the Group has actively pursued capital investments. While capital expenditures and depreciation expenses have increased as a result, EBITDA has continued to trend upward, supported by the steady realization of investment returns.



Main capital investment plans and goals

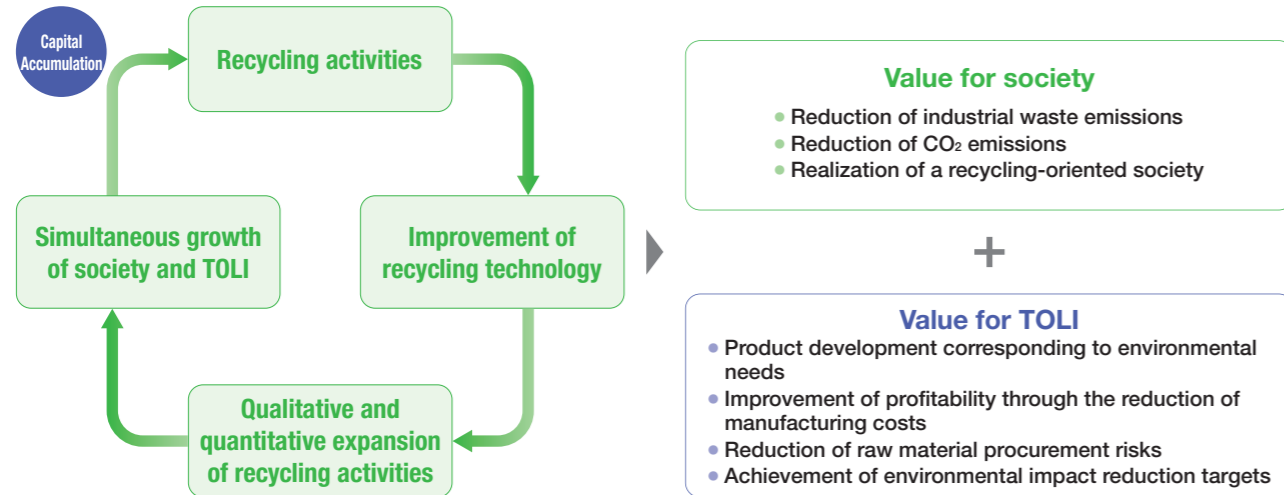
“SHINKA Plus ONE”	“SHINKA Plus ONE 2.0”
Production Line No. 3 at Hiroka TOLI Floor <ul style="list-style-type: none"> • Establishment of the new vinyl sheet production line • Development and release of uniquely designed anti-slip vinyl sheet 	<ul style="list-style-type: none"> • Launch of vinyl sheets featuring proprietary designs • Maximizing cost reduction effects through increased sales volume
Carpet tile recycling plants <ul style="list-style-type: none"> • Operation of two recycling plants • Increased collection of used carpet tiles • Expansion of Sustive Back (recycled) products 	<ul style="list-style-type: none"> • Increased recycling volume through equipment to improve recycling efficiency • Expansion of products containing recycled materials • Maximize cost reduction effect through increasing sales and collection volume
Nylon spinning equipment for carpets <ul style="list-style-type: none"> • Operation of three nylon yarn spinning facilities • Expansion of products using in-house yarn 	<ul style="list-style-type: none"> • Operation of fourth nylon yarn spinning facility • Expansion of warehouse for yarn warehouse • Maximize cost reductions through the expansion of in-house yarn products
Further challenges <ul style="list-style-type: none"> • Establishment of proprietary digital printing technology • Significant growth in wallcovering sales (strengthening production capabilities and channel strategy) 	

The Mid-Term Business Plan “SHINKA Plus ONE 2.0”

B Expansion of recycling activities

The Group positions recycling initiatives as a key element of its business strategy. These initiatives not only help reduce environmental impact, including industrial waste, but also enhance profitability by strengthening market competitiveness through proprietary products and lowering manufacturing costs. Building on the technological expertise the Group has cultivated over many years as a manufacturing company, the Group has developed a proprietary carpet tile recycling system, the TOLI Complete Recycling. Under SHINKA Plus ONE 2.0, the Group will further promote recycling initiatives centered on this system, with the aim of enhancing both social and economic value.

Improvement of corporate value through the expansion of recycling activities



Recycling strategy in “SHINKA Plus ONE 2.0”

- Further promotion of “TOLI Complete Recycling”
 - Installation of Equipment to Enhance Process Efficiency at existing recycling plants
 - Expansion of collection routes for used carpet tiles
- Establishment of recycling technologies for currently non-recyclable raw materials
- Increasing carpet tile lineup with Sustive Back

Environmental impact reduction targets	
Recycling rate	88.5% or more
Industrial waste reduction (compared to FY2019)	58% or more

For details on TOLI Complete Recycling, see [P.35](#) (Global environment)

“Sustive Back®” environmentally-friendly carpet tile backing

Sustive Back is the Group’s environmentally friendly carpet tile backing that incorporates recycled chips into the backing layer of carpet tiles. Used carpet tiles collected under the wide-area certification system, as well as manufacturing cut-offs generated during production, are recycled without separating the pile layer (surface fiber layer) and the backing layer (PVC resin layer), and are processed into recycled chips. In addition, Sustive Back carpet tiles can be used and recycled repeatedly. This proprietary technology significantly reduces industrial waste and CO₂ emissions, while also supporting the development of a circular economy society.

These initiatives have been very well received in the design industry, and “Sustive Back®” environmentally friendly carpet tile backing received the 2025 Good Design Award from the Japan Institute of Design Promotion.



C Challenge of further in-house production

The Group is transitioning certain upstream technologies to in-house production to reduce manufacturing costs and establish a stable supply system. With raw material procurement risks increasing year by year—driven by the exit of material manufacturers and ongoing supply chain instability—these in-house production initiatives have become increasingly important. The Group’s in-house production strategy in its business operations requires a balanced approach with external procurement. While maintaining long-term partnerships with suppliers as a basic policy, the Group aims to achieve sustainable growth based on stable procurement by strengthening in-house production facilities and acquiring new technologies.

Background	Basic policy	Benefits of in-house production
<ul style="list-style-type: none"> • Withdrawal of Certain Material Manufacturers from the market • High raw material prices • Instability of the supply chain 	<ul style="list-style-type: none"> • Continuation of partnerships with suppliers • Promote of in-house production strategy 	<ul style="list-style-type: none"> • Reduction of manufacturing costs • Establishment of a stable supply system • Development of proprietary products • Creation of technological seeds through early-stage research

Switch to in-house production of nylon spinning for carpet tiles

<ul style="list-style-type: none"> • Introduction of fourth spinning facility • Measures to improve yarn storage efficiency • Development of original yarn with proprietary functions and designs • Expansion of carpet tiles made using in-house yarn 	<ul style="list-style-type: none"> • Reduction of manufacturing costs • Establishment of a stable supply system • Development of proprietary products 	<ul style="list-style-type: none"> • Improve profitability by increasing sales volume of carpet tiles using in-house yarn • Development of proprietary yarns to further enhance competitiveness
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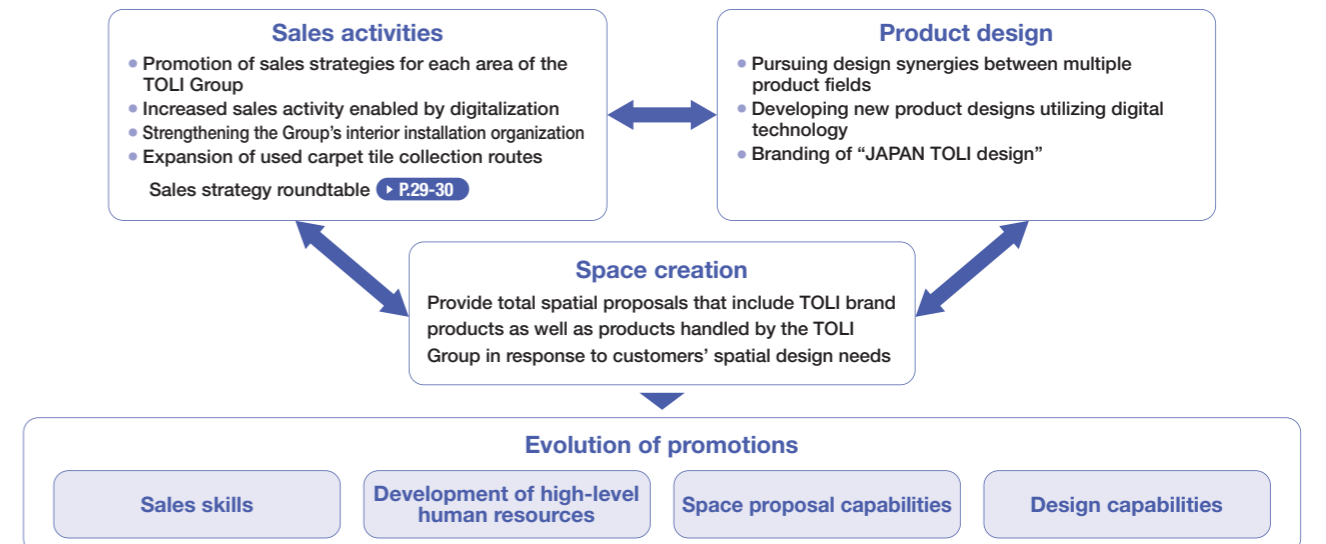
“GA-3600 Sustive Back” fully renewed with the adoption of proprietary in-house yarns across the entire lineup

In October 2025, the Group launched “GA-3600 Sustive Back” with new specifications, featuring proprietary in-house yarn produced using nylon spinning equipment for carpet tiles across the entire lineup. Previously, in-house yarn was used only for selected items. However, the expansion of nylon spinning capacity enabled an expanded yarn lineup, making it possible to adopt in-house yarn for all products.



D Evolution of promotions

In the Interior Business, promotional activities will be further evolved through the integrated operation of three functions - sales, space creation, and product design - while product capabilities are strengthened through capital investments. Alongside sales activities centered on group-based area strategies tailored to the characteristics of each sales area, the enhancement of space design and product design will support deeper market penetration of the TOLI brand and contribute to the expansion of the Interior Business’s market share.

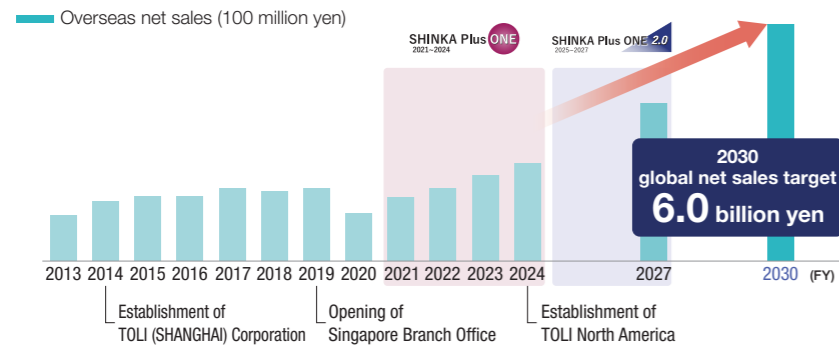


2 Global Business

Global Business is an export-oriented business centered on TOLI brand products in global markets. In recent years, the Group has actively expanded its sales operations, including the establishment of sales bases in Shanghai, Singapore, and North America. Further qualitative and quantitative expansion of the Global Business is essential to the Group’s sustainable growth. With the aim of enhancing the global presence of the “JAPAN TOLI” brand, the Group will pursue growth strategies that address both quality and scale.

Business description	Risks and opportunities	Strengths
<ul style="list-style-type: none"> Sales of TOLI brand products Purchasing and sales of other companies’ brand products 	<ul style="list-style-type: none"> Increase in geopolitical risk Diversification of sustainability needs Trust in Japanese quality and brand value 	<ul style="list-style-type: none"> Technological development and manufacturing technology capabilities to meet the needs of each country The high quality and high functionality of “Made by TOLI” Network of overseas distributors across countries and regions worldwide

Global Business: Sales Trends and Sales Structure

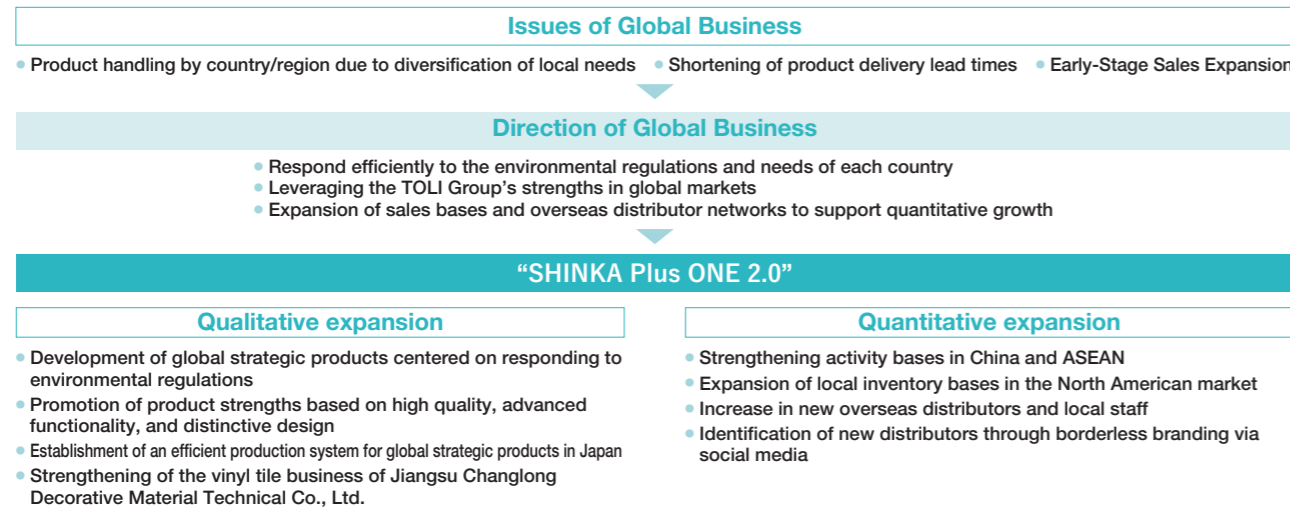


During the “SHINKA Plus ONE” period, sales declined temporarily due to the global spread of COVID-19. However, by focusing on strengthening the presence of the “JAPAN TOLI” brand - through initiatives such as establishing a local subsidiary in the North American market and opening the TOLI (SHANGHAI) showroom - net sales subsequently returned to an upward trend. In addition, the Group is advancing initiatives aimed at the next stage of Global Business, including the launch of a joint venture for the manufacture of vinyl tiles at Jiangsu Changlong Decorative Material Technical Co., Ltd.

Global bases



Global Business strategy in “SHINKA Plus ONE 2.0”

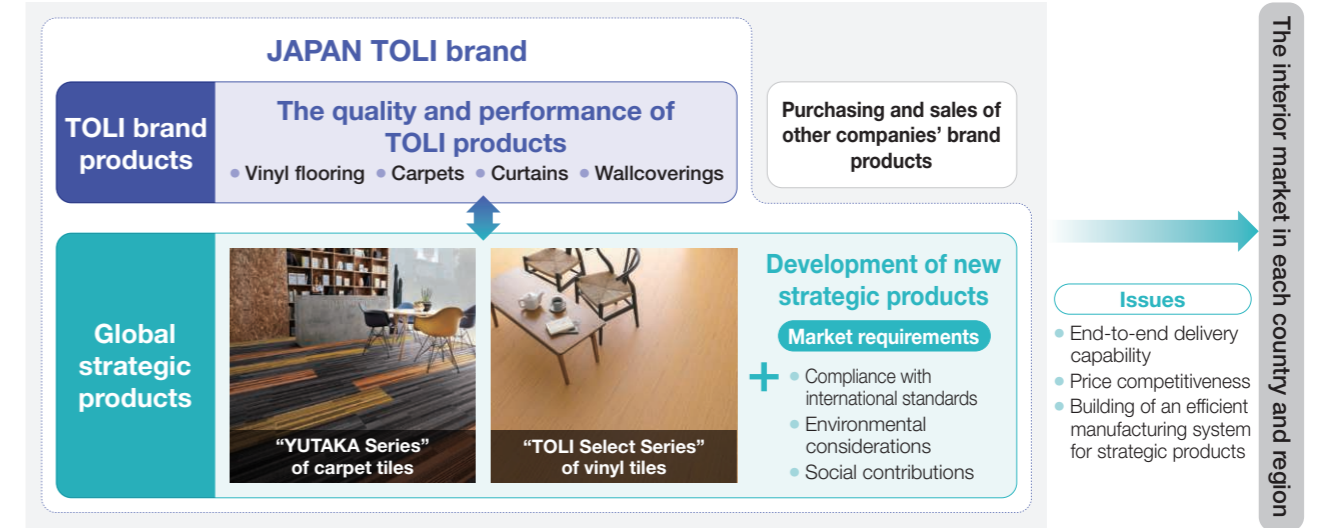


Rollout of global strategic products

In Global Business, in addition to export sales of TOLI brand products offered in the domestic Japanese market, the Group is rolling out global strategic products such as the “YUTAKA Series” of carpet tiles and the “TOLI Select Series” of vinyl tiles. Leveraging

the high quality and advanced functionality of “Made by TOLI,” the Group will promote the expanded sales of global strategic products and the development of new products, with the aim of enhancing the global penetration of the “JAPAN TOLI” brand.

Products handled by TOLI Global Business

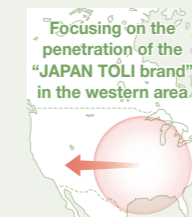


Sales strategy by country and region

North American market

In the North American market, TOLI North America Corporation commenced operations in July 2024. Building on its established business base in the eastern and central regions, the company is now focusing on expanding sales channels in the western region.

TOLI North America Corporation is aiming for the penetration of the “JAPAN TOLI brand” by strengthening relationships with design firms and distributors, centered on the medical and educational facility projects that are its forte, and strengthening its local inventory strategy, including expansion of its product lineup.



Chinese market

Through tailored sales activities and after-sales support by TOLI (SHANGHAI) Corporation, the company is working to expand its business in the Chinese market, which has a vast market size and high growth potential. Sales activities had previously focused on East China, including Shanghai, as well as North and Northeast China, and are now being expanded to strengthen coverage in South China. As the joint venture with Jiangsu Changlong moves forward, TOLI (SHANGHAI) is expected to play a key role, with a focus on further expanding sales of global strategic products.



ASEAN markets

To support business expansion in the high-growth ASEAN region, the Singapore Branch Office serves as the group’s core sales hub, driving strategy development, sales expansion initiatives, and distributor-focused sales activities tailored to the market conditions of each Southeast Asian country. Across ASEAN markets, country-specific needs - particularly those driven by environmental regulations - are becoming increasingly diverse, making the development of global strategic products essential. Sales capabilities are being strengthened through the expansion of distributor networks and closer collaboration with local distributors in each market. In July 2025, the “Indonesia Regional Summit” was held in Jakarta, bringing together distributors to deepen understanding of the group’s global business strategy and facilitate strategic dialogue, thereby strengthening local sales capabilities.



③ Building Materials and Other Businesses

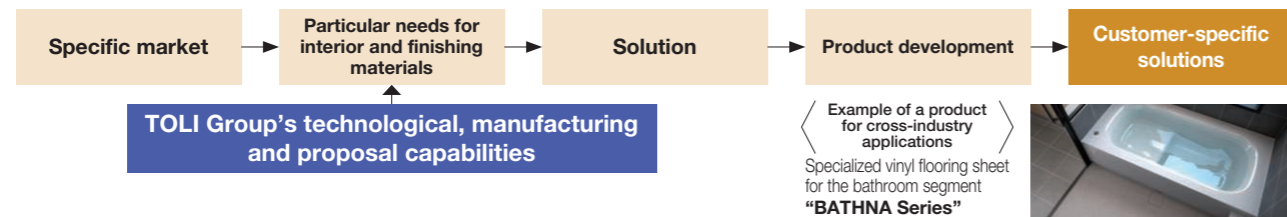
The Building Materials and Other Businesses segment comprises of manufacture and sale of products for cross-industry applications and industrial materials, as well as the distribution of building materials and housing equipment through the Group’s sales subsidiaries. Through the development of products for cross-industry applications and industrial materials, as well as initiatives in new business domains, the group aims to cultivate future growth opportunities and strengthen its business portfolio.

Business description	Risks and opportunities	Strengths
<ul style="list-style-type: none"> Manufacture and sale of products for cross-industry applications and industrial materials Distribution of building materials and housing equipment 	<ul style="list-style-type: none"> Expansion of business domain towards sustainable growth Obtaining technology through expansion into new business fields Customer-specific requirements 	<ul style="list-style-type: none"> Extensive expertise in floor surfaces cultivated over many years Proprietary product development capabilities based on technology development capabilities High product design and proposal capabilities

Manufacture and sale of products for cross-industry applications and industrial materials

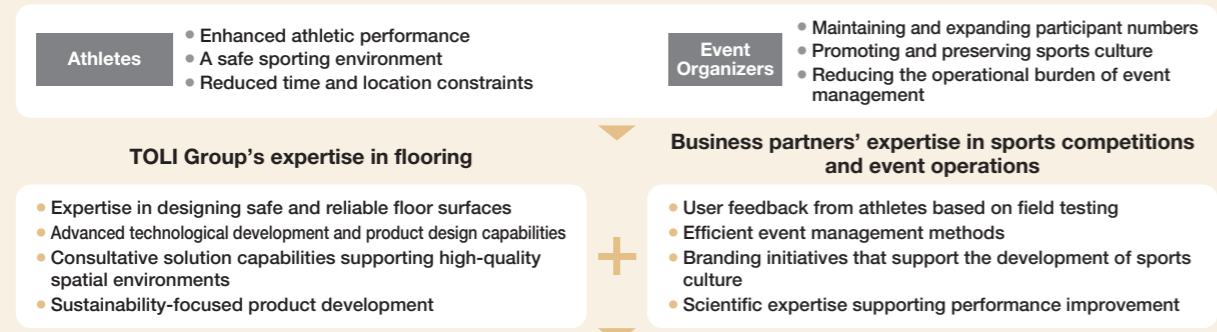
Within the Building Materials and Other Businesses segment, the group focuses on product development for markets distinct from conventional interior products, including cross-industry applications. One example is the “BATHNA Series” of vinyl flooring for bathrooms, developed to address spaces where vinyl flooring had traditionally been considered unsuitable.

By overcoming technical challenges through proprietary technological approaches, the series was successfully commercialized and has become one of the group’s hit products. By advancing product development and expanding sales channels for markets beyond the group’s traditional target spaces, the group aims to create and secure new market opportunities.



TOPICS Product development for the sports market

Needs in the sports market



Development of sports flooring

Example of product development Flooring for table tennis

Market needs in table tennis

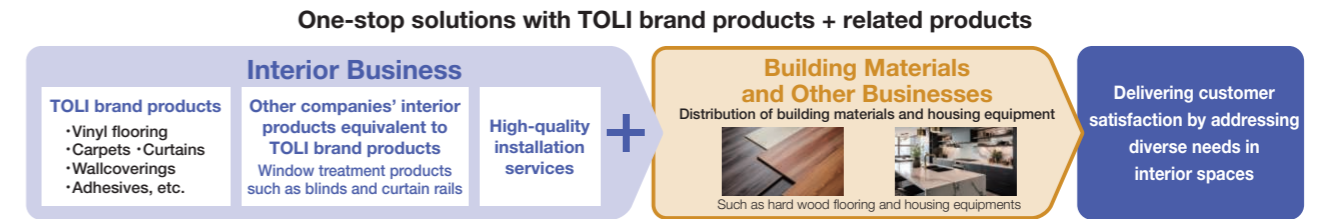
- Reduced burden of laying flooring in gymnasiums
- Creation of attractive sports environments

“Connect Mat T,” a mat designed specifically for table tennis

In Japan’s professional table tennis league, the T.League, matches are primarily held in gymnasiums, where dedicated flooring is laid for each event. However, the repeated installation and removal of flooring place a significant operational burden on event organizers. “Connect Mat T,” a mat designed specifically for table tennis, significantly reduces the workload associated with installation and removal through the use of proprietary adhesion technology and a modular tile design. In addition, extensive testing conducted in cooperation with the T.League ensured athlete safety and uninterrupted play, resulting in a product optimized for the specific requirements of table tennis.

Distribution of building materials and housing equipment

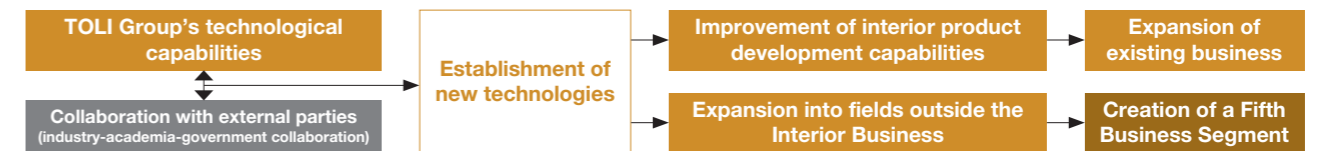
Within the Building Materials and Other Businesses segment, the Group’s sales subsidiaries handle a broad range of interior-related products, as well as the distribution of building materials and housing equipment. By combining TOLI brand products with related offerings, they provide one-stop solutions that address diverse needs in interior spaces.



Creation of a Fifth Business Segment

The Group will also focus on the creation of The Fifth Business, following its core businesses in vinyl flooring, carpets, wallcoverings, and window treatments. Through research activities conducted in collaboration among industry, academia, and government, new growth opportunities are being

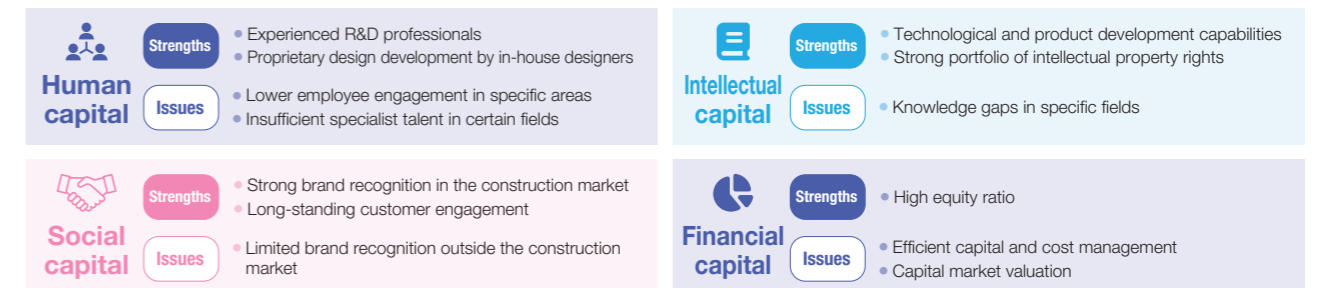
identified, and the foundations for future businesses are beginning to take shape. Under “SHINKA Plus ONE 2.0,” the Group will advance the commercialization of these emerging business opportunities and promote a business portfolio strategy designed to drive future growth.



④ Value-Up Driver strategy

Strengthening the management base is essential to drive value creation across the Interior Business, Global Business, and Building Materials and Other Businesses. Under “SHINKA Plus ONE 2.0,” growth strategies are being advanced across human resources, digital initiatives, brand strategy, sustainability management, and the financial base.

Understanding the Group’s Management Capital for Value Creation



Value Up Driver	Strategy	To Realize
Human capital strategy for value creation ▶ P.37	<ul style="list-style-type: none"> Developing and retaining talent to drive value creation Promotion of employee health and well-being Career development support 	Maximization of human capital
Digital strategy advancement	<ul style="list-style-type: none"> Driving operational efficiency through digitalization Development of new digital promotion approaches 	Improving the customer product selection experience
Enhancement of brand value and corporate awareness	<ul style="list-style-type: none"> Corporate PR leveraging social media 	Increased brand awareness among younger generations
Advancement of sustainability management ▶ P.31	<ul style="list-style-type: none"> Advancement of ESG management across the TOLI Group Implementation of environmental and social initiatives Enhancement of corporate governance 	Enhancing the sustainability of society and the TOLI Group
Strengthening the financial foundation to enhance shareholder value ▶ P.27	<ul style="list-style-type: none"> Disciplined investments based on the capital allocation plan Enhancement of shareholder returns 	Achieving returns exceeding the cost of capital

Financial Strategy

The TOLI Group aims to achieve sustainable corporate value growth through growth investments and enhanced shareholder returns.

Yozo Araki
Managing Executive Officer and Senior General Manager of Administration Headquarters



Review of the Previous Mid-Term Business Plan “SHINKA Plus ONE” (FY2021 – FY2024)

Review of the previous mid-term business plan

As the first phase toward the realization of our long-term vision, “TOLI VISION 2030,” the previous mid-term business plan “SHINKA Plus ONE” focused on a range of growth strategies, including the expansion of high-growth businesses such as Global Business, the strengthening of core businesses, and the enhancement of management foundations that support growth, including improved employee engagement.

Results of the capital allocation plan

Under the capital policy, growth investments and enhanced shareholder returns were implemented in accordance with the capital allocation plan, with the aim of improving corporate value and capital efficiency. Although operating cash flow in the final fiscal year fell short of the plan due to various factors, including higher-than-expected inventories amid market conditions, overall performance remained largely in line with the plan. Investments in growth and environmental initiatives, ordinary capital expenditures such as BCP measures, and shareholder returns were all executed as planned.

In terms of cash inflows, apart from operating cash flow, shares were sold to reduce cross-shareholdings, and borrowings were made to meet funding needs.

In terms of cash outflows, planned investments were made in growth and environmental initiatives, including three major capital expenditures, the strengthening of North American operations, BCP measures, and ordinary capital investment.

With regard to shareholder returns, stable dividends were maintained, based on a target of a **consolidated dividend payout ratio of 30% or more or a DOE of 2.0% or more (FY2021–FY2023: 1.5% or more)**. In addition, **approximately ¥1.0 billion** of treasury shares was repurchased over the four-year period of the previous mid-term business plan.

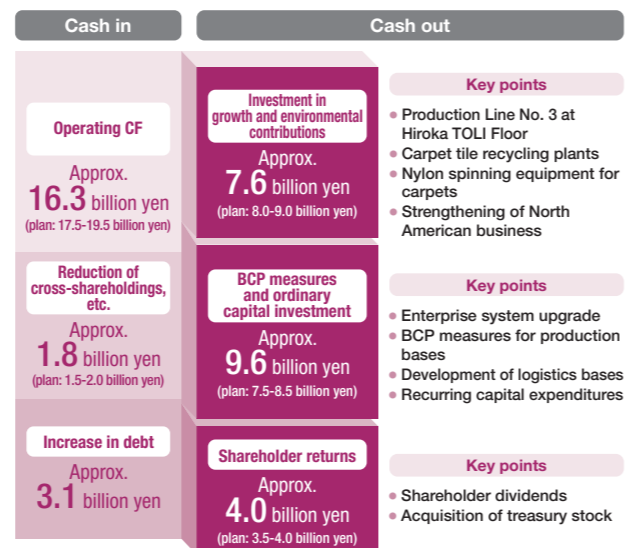
Future issues

The group’s ROE (return on equity) and PER (price-to-earnings ratio) have been on an upward trend, reflecting improvements in business profitability achieved under the previous mid-term business plan.

However, the PBR (price-to-book ratio) remains below 1.0x, indicating that the company’s shares continue to be valued at a discount.

Under the mid-term business plan “SHINKA Plus ONE 2.0,” the group will continue to pursue initiatives for sustainable growth, expand both economic and social value, and work toward achieving a PBR of 1.0x, thereby maximizing the corporate value of the TOLI Group.

Capital allocation plan and results (4-year cumulative results)



Indicator	FY2021	FY2022	FY2023	FY2024
ROE (%)	1.9	6.5	8.6	7.5
PER (x) ¹	18.7	6.4	6.8	7.9
PBR (x) ²	0.35	0.40	0.54	0.57

¹. Calculated based on the share price (closing price) on the last day of each fiscal year.
². Calculated based on the share price (closing price) and net assets on the last day of each fiscal year.

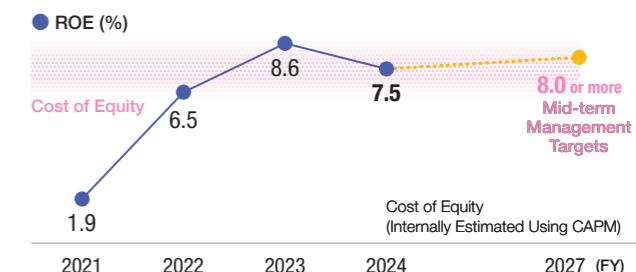
At the start of the mid-term business plan “SHINKA Plus ONE 2.0” (FY2025 – FY2027)

“SHINKA Plus ONE 2.0” is positioned as the second phase toward the realization of the Group’s ideal vision for fiscal year 2030, <TOLI VISION 2030>, under the theme “Challenge for Further Evolution.” Under this plan, the Group will maximize the returns on investments made under the previous mid-term business plan, roll out new growth strategies, pursue sustainable growth, and further enhance capital efficiency.

Current Status and Target for the Cost of Equity

The Group’s cost of equity, calculated using the Capital Asset Pricing Model (CAPM), is currently estimated to be in the range of approximately 7% to 8%.

Under “SHINKA Plus ONE 2.0,” the Group aims to achieve an ROE of **8.0% or higher** and to generate a sustainable positive equity spread by enhancing business profitability and further improving capital efficiency.

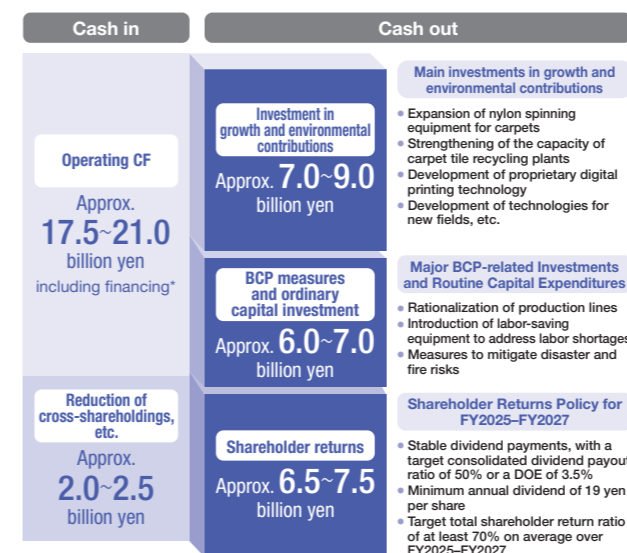


Capital Allocation Framework

At the launch of “SHINKA Plus ONE 2.0,” the Group has established a new capital allocation framework.

Under this framework, the Group will execute growth investments and shareholder returns, with the aim of further enhancing corporate value and capital efficiency.

Capital Allocation Framework (Three-Year Total)



* This framework also assumes financing, including borrowings, to meet future funding requirements for growth and environmental investments.

1. Increase in Operating Cash Flow through the Execution of Growth Strategies

By steadily executing growth strategies across the three business segments - such as capturing revenue through expansion into new markets in addition to existing markets and reducing manufacturing costs through greater in-house production - the Group aims to achieve sustainable growth and higher operating cash flow. [P.18](#)

2. Reduction of Cross-Shareholdings

Cooperative relationships with business partners across sales, production, and financing are important for business expansion and sustainable value creation.

However, in order to improve capital efficiency, the Group will continue to reduce cross-shareholdings.

Under “SHINKA Plus ONE 2.0,” the Group aims to reduce the ratio of cross-shareholdings to consolidated net assets from approximately 17% as of the end of FY2024 **to 10% or less by the end of March 2028**.

3. Investment in Growth and Environmental Initiatives

The Group will maximize the returns on the three major capital investment projects implemented under the previous mid-term business plan and pursue further expansion of these initiatives.

In addition, the Group will invest in the development of proprietary digital printing technologies and in R&D for new application fields.

Investment for Sustainable Growth [P.20](#)

4. Strengthening of Shareholder Returns

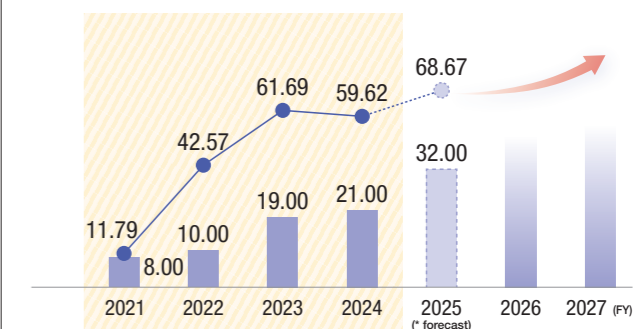
The Group recognizes shareholder returns as a key component of its capital policy.

While maintaining an appropriate balance between shareholder returns and the retention of internal funds for investments in R&D and production facilities that contribute to corporate value, the Group will continue to pay stable dividends, targeting a **consolidated dividend payout ratio of 50% or a DOE of 3.5%**, with a **minimum annual dividend of 19 yen per share**.

In addition, the Group will conduct share repurchases flexibly as part of efforts to optimize shareholder capital, and aims to achieve a total shareholder return ratio of **at least 70% on average over the FY2025 - FY2027 period**.

Dividend Performance

■ Annual dividend per share (yen) ● Earnings per share (EPS) (yen)



* As of October 31, 2025

Dividend payout ratio	67.9%	23.5%	30.8%	35.2%	Consolidated Dividend Payout Ratio: 50% or DOE: 3.5% (Target)
DOE	1.3%	1.5%	2.6%	2.6%	

Roundtable Discussion “SHINKA Plus ONE 2.0” Sales Strategy



Kenji Inoue

Executive Officer,
Regional General Manager, Kansai

Tsutomu Kudo

Managing Executive Officer and
Senior General Manager of Sales Headquarters

Takashi Nagahara

Executive Officer,
Regional General Manager, Greater Tokyo

With the launch of “SHINKA Plus ONE 2.0,” a new Head of Sales has been appointed, and two executive officers now oversee the Greater Tokyo and Kansai areas, establishing a new management structure. In the following interviews, they discuss the strategic intent behind the mid-term business plan and the key areas of focus.

Please describe the sales strategy in Japan under the new organizational structure.

Kudo: Under the current mid-term business plan, our sales strategy is built on two key pillars: an **“area-based strategy”** that promotes sales activities tailored to regional characteristics, and the **“development of human resources”** that support the sustainable growth of the organization. In the past, sales operations tend to be governed by uniform rules and controls applied nationwide. With my appointment as Head of Sales, we have placed strong emphasis on thoroughly analyzing the characteristics of each region and developing sales strategies based on those insights from the planning stage of this mid-term business plan. To enhance the effectiveness of sales strategies in the Greater Tokyo and Kansai areas, the organizational structure has also been revised. The Sales Development Department, which covers design firms and related channels, and the individual sales offices that serve as customer contact points, have been integrated under the respective regional general managers.

Nagahara: With the launch of the current mid-term business plan, I was appointed Regional General Manager for the Greater Tokyo area. From the formulation stage of the plan, I have been involved with a strong focus on strengthening the autonomy of each region in order to advance our area-based strategy.

Kudo: While this had not been my personal experience previously, the Group assigns sales representatives across the country who are each responsible for specific regional markets. Since assuming the role of Head of Sales, I have visited customers nationwide and gained many valuable insights through these interactions. From these experiences, I came to believe that sales performance should not be assessed based on uniform national standards, but rather through a proper evaluation of each individual’s activities and results. We are therefore reviewing how sales activities are conducted in each region - such as whether travel time is excessive or inefficient, and whether sufficient time is being devoted to customer meetings - and will promptly introduce systems that enable our teams to focus more on face-to-face

sales. In addition, we are working to foster a workplace culture that encourages idea generation and improves operational efficiency. I am confident that by having every member of the Sales Division - not only managers - think about how they work, we can become a stronger, higher-performing organization. Going forward, we will continue to actively listen to input from each region, with headquarters taking the lead in driving reform to enhance the business mindset across the organization. We have also begun strengthening the logistics framework that supports our area-based strategy. Enhancing our ability to deliver products accurately and in a timely manner has long been recognized as a key issue for the Group. In response, we are reviewing warehouse operations and logistics networks in each region and moving forward with reforms to establish the optimal structure for every area.

How will you refine and implement strategies in each area?

Inoue: With the launch of the current mid-term business plan, I was appointed an Executive Officer, and with the expansion of my responsibilities, I began by focusing on strengthening organizational effectiveness in the Kansai area, which covers six prefectures and Okinawa. Under the Head of Sales’ policy of granting each area as much discretion as possible, the area-based strategy has significantly broadened the range of options available, including action guidelines and sales promotion approaches. Building on this momentum, I work closely with the managers responsible for each department to align views and determine policy. As the Company was founded in Itami City, Hyogo Prefecture, its market share in the Kansai region is relatively high, and its logistics framework is more developed than in other areas. Against this backdrop, we will continue to exchange views with team members on which business areas should be expanded strategically, while also considering optimal personnel allocation and the future vision we aim to achieve, in order to further expand market share.

Nagahara: In developing the strategy for the Greater Tokyo area, I began by bringing together all department heads to conduct an in-depth review of the current situation, including strengths and weaknesses as well as key issues and potential solutions. We engaged in thorough discussions until we reached a shared understanding. While a top-down approach is one option, securing broad alignment is essential for effective execution in the highly competitive Greater Tokyo market. With that in mind, we worked together as a team to refine and finalize our area-based strategy.

Which business areas will you focus on over the three-year period of the mid-term business plan?

Kudo: Our first priority is to **expand market share in wallcoverings**. While the Group is widely recognized as a flooring manufacturer, we will strengthen initiatives to reaffirm our position as a total interior solutions provider offering vinyl flooring, carpets, wallcoverings, and curtains, in order to accelerate growth in the wallcoverings segment. To support this, we will enhance our competitiveness through the development of proprietary wallcovering products and more focused sales promotion activities, while also expanding our delivery capabilities and strengthening support for installation technicians. At the same time, we will pursue volume-based share growth in our core businesses of vinyl flooring and carpets. As products that perform well differ by region, we will leverage a wide range of data to refine our sales strategies and drive daily sales activities more effectively in each area.

Inoue: The Group’s market share in wallcoverings remains low, and even in the Kansai area we see this segment as having significant “room for growth”. For example, in newly constructed condominium projects, our initial focus had been on promoting “NS Sheet” for exterior corridors and balcony floors. However, following the recent organizational changes, the Sales Development Department, which handles developer relations, and the individual sales offices have begun working together as a single team across the region. As a result, we have been able to persistently promote wallcoverings alongside NS Sheet, and this approach is now starting to deliver tangible results. While the domestic construction market is expected to continue to decline, there remain many product categories, such as wallcoverings, where the Group’s market share is still low. We therefore see significant opportunities to expand sales by focusing on these underpenetrated segments.

Nagahara: We have launched similar initiatives for wallcoverings in the Greater Tokyo area, with the entire region working together to strengthen sales promotion activities. While regular customer follow-ups remain at the core of our daily work, we also receive a wide range of inquiries and requests directly from customers. Some of these fall outside the Group’s traditional business fields, but in order to drive future business expansion, it is essential to fully leverage the resources available within the Group and enhance our ability to convert these opportunities into tangible results. Developing human resources capable of delivering solution-based sales is therefore an urgent priority.

Kudo: In addition, we will actively promote the **“TOLI Circular Recycling”**, a key initiative to reduce construction waste and environmental impact while directly addressing customer demand for the collection of used carpet tiles. As collection volumes increase, unit collection costs decline. To further meet customer needs and reduce environmental impact, the entire Sales Division will focus on expanding the volume of used carpet tiles collected,

while also broadening the collection coverage across regions. We also see significant **opportunities in new business fields**. In particular, we are advancing initiatives in flooring solutions for the sports market as a new growth area. We have already achieved solid results in major domestic sports leagues, and expansion into global markets is also progressing. By viewing our technologies from a different perspective, there are many opportunities to create new forms of value. Guided by customer-oriented ideas and a strong commitment to solving real-world challenges, we aim to grow these initiatives into new pillars of the Group’s business.

What type of talent do you expect from your sales teams?

Kudo: With the spread of COVID-19, in-person interactions declined while digitalization accelerated. In this environment, our sales teams are returning to the fundamentals by **placing renewed emphasis on face-to-face engagement with customers**. We believe that sales is ultimately about people, and that direct, in-person interaction lies at the heart of effective sales. At the same time, by leveraging digital tools to enhance service quality and operational efficiency, we aim to drive both qualitative and quantitative growth in our sales activities.

Nagahara: We believe that job rotation plays a vital role in developing people. Through a wide range of experiences, sales professionals are expected to grow into future managers. By viewing job rotation as a positive opportunity and taking ownership of their roles, individuals can develop the ability to think independently and act decisively. We believe such people will form the foundation of TOLI’s future.

Kudo: Ideally, sales professionals should gain experience across a wide range of functions before being promoted to managerial roles, including both regional sales offices and specialized units such as the Sales Development Department. While it may not be possible for everyone to go through a perfectly structured job rotation, we are committed to ensuring that no one steps into a leadership role without a solid understanding of the key business areas they oversee.

Inoue: We are looking for people who are strongly committed to face-to-face sales and can execute with that mindset. While we will continue to leverage the strengths of digital tools wherever appropriate, our priority is to increase the number of sales professionals who can engage directly and confidently with customers. We also need people who take the initiative to understand their own company, develop strategies based on that knowledge, and translate those strategies into action. To cultivate such talent, it is important to provide opportunities to gain experience not only in sales but also across other functions.

Kudo: As discussed, our mid-term sales strategy, built around our area-based approach and our people, is not focused solely on improving financial performance. It is also designed to deepen trust with all stakeholders and to create value together. Even in a rapidly changing market environment, the Group will pursue sustainable growth while fulfilling its social responsibilities through sales activities rooted in local communities and the people who serve them across Japan.

Promotion of sustainability management

The Group regards the “trust” built with its stakeholders over more than a century of history as its most important asset, and is committed to initiatives related to E (Environment), S (Society), and G (Governance).

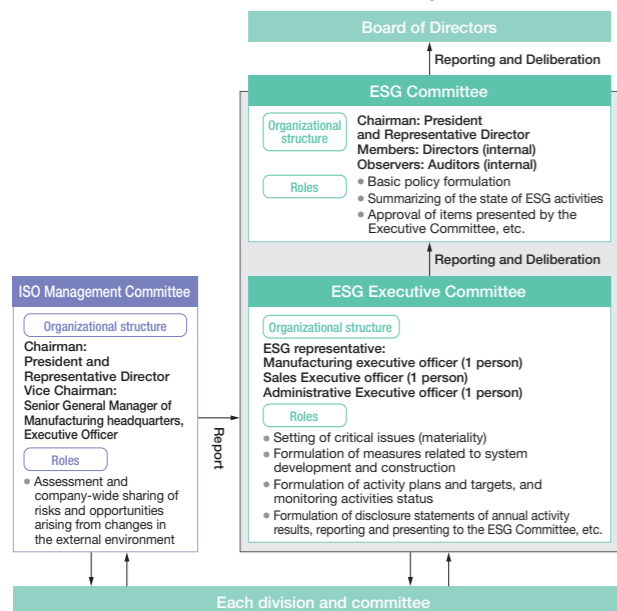
As a manufacturing company, the Group is committed to refining technologies that contribute to society, including the reduction of environmental impact, and to conducting business activities based on globally competitive quality and technology. Through these efforts, the Group aims to contribute to the creation of richer and more comfortable living environments for people around the world.

TOLI Group ESG policy	
Global environment	The Group recognizes environmental conservation as a critical global issue and is committed to reducing the environmental impact of its business activities, while contributing to the realization of a sustainable society.
Human rights	The Group recognizes the importance of all human rights and is committed to respecting human rights throughout its business activities.
Employment and labor	The Group aims to secure and create employment and to provide a safe, healthy, and supportive working environment.
Business activities	The Group promotes fair and equitable business practices and seeks to build strong relationships of trust with all stakeholders.
Quality	The Group promotes customer-oriented manufacturing based on reliable quality and technology, and is committed to providing safe and dependable products and services.
Social contribution	The Group seeks to contribute to the development of society by proactively engaging in initiatives that support the realization of a better and more sustainable society.
Corporate governance	The Group recognizes the importance of corporate ethics and is committed to ensuring effective governance systems in order to achieve sound and highly transparent corporate management.

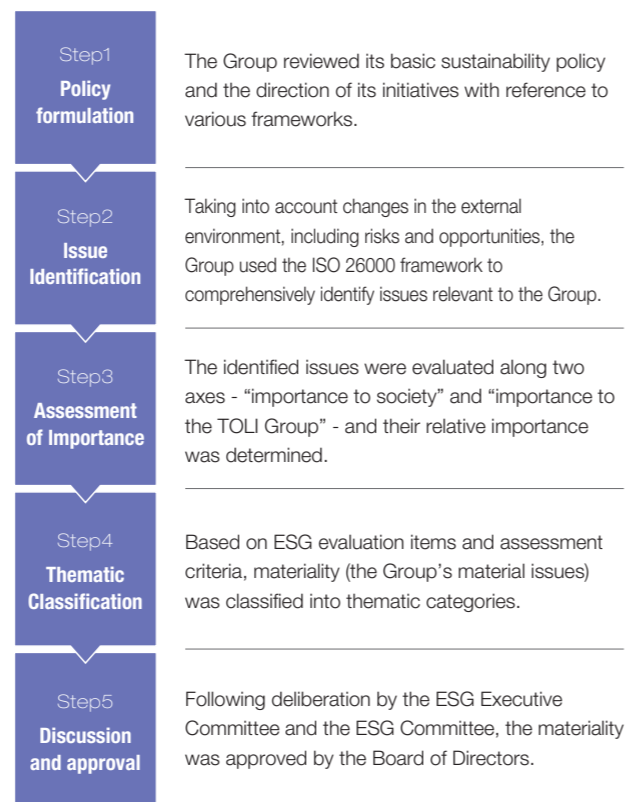


ESG Governance Structure

To strengthen the governance and execution of ESG initiatives, the Group has established an ESG Committee chaired by the President and Representative Director. In addition, an ESG Executive Committee, comprising executive officers from the manufacturing, sales, and administration, has been formed to oversee operational execution. Through this structure, the Group has established a robust framework for ESG-driven management.



Materiality identification process



Materiality and results of key initiatives

Materiality	Main important issues	Target	FY2024 result	Judgment	Related pages
Development of high value-added products By leveraging reliable quality and technology, the Group is committed to customer-centric manufacturing. The Group will develop high value-added products, including environmentally conscious offerings, to expand the TOLI Group's social value and further enhance the sustainability of its business activities.		Enhance customer satisfaction level	-Execution of new product launch plan for FY2024 Flooring: 6 new types, 119 new patterns, 329 new items Carpets: 14 new types, 22 new patterns, 140 new items Wallcoverings: 109 new patterns, 262 new items	●	
		Protection and utilization of intellectual property rights	-Expansion of eco-friendly products Increase in GA-3600 Sustive Back items Improvement of the stain resistance of vinyl sheet	●	P.35,36
		Upgrading quality assurance systems	-Capturing consumer needs through the Customer Service Center	-	P.43
Provision of safe and secure products and services Across the entire value chain - from building relationships of trust with suppliers and business partners, to manufacturing and selling products and services, and providing after-sales support - the Group is committed to customer-focused, safe and reliable business practices based on high quality standards and high transparency.		Strengthening of the supply chain	-Promotion of in-house nylon spinning for carpets Installation of a new spinning machine (No. 3) Full operation of existing spinning facilities	●	P.17,20, 22,44
		Corporate Activities Focused on Safety and Reliability	-Obtaining the "EcoLeaf" environmental label for Looselay Tile -Expansion of "Eco Mark" certified products for vinyl sheet and carpet tiles	●	P.36
		Promoting reduction of industrial waste, resource conservation/ promotion of recycling	-FY2024 recycling rate 85% or more * 90% or more in FY2030 -Reduce industrial waste by 40% or more in FY2024 (compared to FY2019) * Reduce by 60% or more in FY2030	●	P.17,20, 21,33, 35
Contributing to sustainable global environmental conservation As a manufacturing company, the Group is committed to reducing the environmental impact of its products and services throughout their life cycle.		Reduction of greenhouse gas emissions and promoting energy conservation	-Promotion of carpet tile recycling Amount recycled: 4,800 tons or more -Expansion of recycling capacity	▲	P.5,17, 20,21, 35
		Respect for human rights	-Establishment and dissemination of human rights action guidelines	●	P.40
		Promoting work-life balance	-Paternity leave take-up rate: 88.4% or higher	●	P.39
Creation of a vibrant workplace environment The Group aims to enhance work-life balance and promote employee well-being by supporting career development, nurturing talent that contributes to the sustainable development of both the company and society, and creating a workplace where all employees can perform at their best in good physical and mental health.		Planned Talent Development	-Level-based training: satisfaction 4.2, effectiveness 4.3 -Job-specific training: satisfaction 4.6, effectiveness 4.7 -Open-enrollment training: satisfaction 4.2, effectiveness 4.3	●	P.6,26, 38
		Promoting diversity management	-Support for professional certification and self-development Distance learning course completion rate: 80% or higher	●	P.37,38
		Compliance with fair transactions	-Ratio of female managers of 10% or more -Rate of employment of people with disabilities of 2.5% or more	●	P.44
Building of sound and transparent governance systems The Group aims to establish a highly transparent governance framework to ensure sound engagement with all stakeholders.		Strengthening sound governance	-Annual antitrust law training for all directors, executive officers, senior managers, and directors of affiliated companies	●	P.44
		Strengthening sound governance	-Verification of the rationality of cross-shareholdings	●	P.28
		Strengthening sound governance	-Analysis, evaluation and improvement of the effectiveness of the Board of Directors (once a year)	●	P.46-50

Global environment

ESG basic policy

global environment

The Group recognizes environmental conservation as a critical global issue and is committed to reducing the environmental impact of its business activities, while contributing to the realization of a sustainable society.

- Environmental impact reduction targets and actual results ▶ P.33
- Addressing climate change issues ▶ P.34
- Promoting reduction of industrial waste, resource conservation / promotion of recycling ▶ P.35
- Promote reduction of greenhouse gas emissions and energy saving ▶ P.36



Environmental Activities Guidelines

- The Group is committed to safe, reliable, and environmentally conscious design, as well as enhanced customer service.
- The Group continuously strives to conserve energy and resources and to promote recycling.
- The Group complies with environmental laws and regulations and fulfills its corporate social responsibilities.
- The Group sets environmental targets and operates an environmental management system to achieve those targets.
- The Group regularly discloses its environmental policy, environmental activity guidelines, and the results of its initiatives.



Environmental impact reduction targets and actual results

Under the previous mid-term business plan, "SHINKA Plus ONE" (FY2021–FY2024), the Group set environmental impact reduction targets and implemented various initiatives. As a result, in FY2024, the final year of the plan, the targets for the recycling rate and the reduction of industrial waste emissions were achieved.

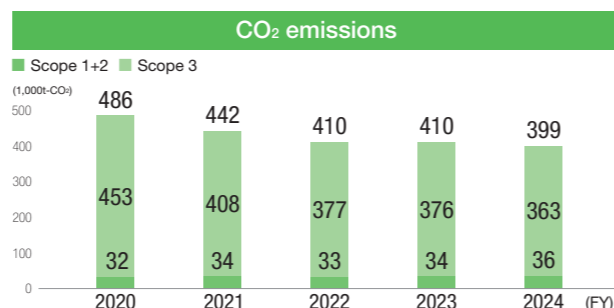
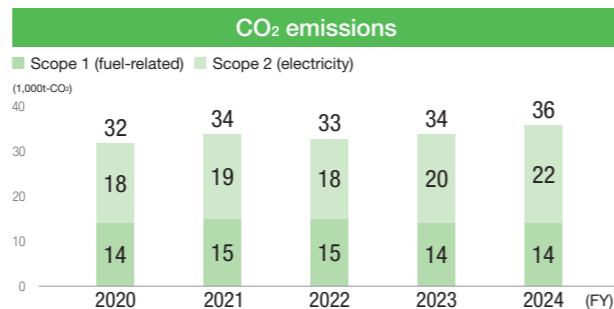
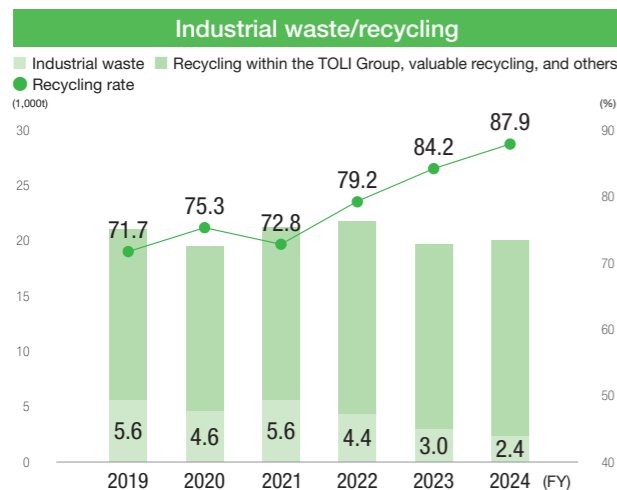
Under the mid-term business plan "SHINKA Plus ONE 2.0" (FY2025–FY2027), which started in FY2025, new environmental impact reduction targets exceeding those of the previous plan have been established.

The reduction of environmental impact is positioned as a key management issue to be addressed from an ESG perspective, with medium-to-long-term targets defined in both the long-term vision and the mid-term business plans. Through progress toward these new targets, further contributions will be made to global environmental conservation and the realization of a sustainable society.

	"SHINKA Plus ONE"		"SHINKA Plus ONE 2.0" (TOLI VISION 2030)	
	FY2021 - FY2024 target	FY2024 result	FY2025 - FY2027 target	FY2030 target
Recycling rate*	85% or more	Achieved 87.9%	88.5% or more	90% or more
Reduce industrial waste (compared to FY2019)	Reduction of 40% or more	Achieved Reduction of 57.9%	Reduction of 58% or more	Reduction of 60% or more
CO ₂ emissions (Scope 1+2) (compared to FY2020)	—	12.1% increase	—	Reduction of 30% or more

* Recycling rate: Percentage of recycled materials within TOLI Group and valuable recyclable materials in total emissions.

Actual trends



* Recycling at TOLI Group: Amount of waste returned to the manufacturing process within TOLI Group
 * Valuable recycling: Waste materials that were sold as valuable materials
 * Parties involved: Headquarters, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI Interior Service, TOLI Interior Planning, TOLI Warehouse and Distribution Company

Addressing Climate Change Issues

Information disclosure based on TCFD recommendations

The Group endorsed the TCFD recommendations and began related disclosures in 2022. In the Group's business activities, climate change-related risks and opportunities are identified and their impacts are analyzed, and measures to address climate change are being further strengthened. TCFD-related information is disclosed on the Company's website.

Risks and opportunities

The TOLI Group identifies risks and opportunities by factor, assesses their potential impacts, and determines the key issues to be addressed. For the identified risks and opportunities, medium-to-long-term measures are implemented on an ongoing basis to strengthen the resilience of business activities.

	Factors behind risks	Details	Financial impact
Risks	Policy and legal	The introduction and expansion of carbon pricing	Large
		Replacement of existing products and services with eco-friendly options	Large
	Transition risks	Upfront costs associated with the transition to eco-friendly technologies	Large
		Rising raw material prices	Large
	Market	Increase in the severity and frequency of abnormal weather events such as typhoons and floods	Small
Opportunities	Resource efficiency	Establishment of a circular economy type business	Large
		Reduction of energy costs through energy saving measures such as the introduction of high efficiency equipment	Small
	Products and services	Development of new products and services through R&D and innovation	Large
Market		Use of public sector incentives	Small

Six initiative strategies

Reduce greenhouse gas emissions by steadily implementing a groupwide plan <ul style="list-style-type: none"> ① Reduce <ul style="list-style-type: none"> • Install energy saving and energy efficient equipment, and review processes • Reduction of transportation energy ② Create <ul style="list-style-type: none"> • Install solar power generation facilities ③ Replace <ul style="list-style-type: none"> • Switch to low emissions energy, renewable electricity, etc. • Switch to raw materials with lower emission coefficients 	In-house production of upstream processes <ul style="list-style-type: none"> ① Establish technologies for the in-house production of upstream raw materials ② Install new raw material manufacturing equipment ③ Expand technology compatible with various raw materials ④ Invest in new equipment for intermediate processing and recycling, put it into stable operation
Expand eco-friendly products and services and improve profit margins <ul style="list-style-type: none"> ① Expand products made from recycled raw materials ② Expand products with a long-lifetime and low-maintenance products ③ Expand easy to install products ④ Promote shifting to lightweight products ⑤ Expand new eco-friendly products and services ⑥ Improve technologies for the optimum use of recycled raw materials 	Strengthen the supply chain BCP <ul style="list-style-type: none"> ① Strengthen Business Continuity Plan (BCP) including the supply chain
Procure and use recycled raw materials <ul style="list-style-type: none"> ① Establish stable procurement routes for recycled raw materials ② Improve technologies for the optimum use of recycled raw materials ③ Pursue zero emission in the carpet tile business ④ Collection of municipal waste materials using the wide-area certification system, etc. ⑤ Promotion of cross-factories utilization of raw materials 	Improve transportation and delivery <ul style="list-style-type: none"> ① Reduce <Scope 3> <ul style="list-style-type: none"> • Reduce transportation and delivery energy costs • Weight reduction • Improve transportation and delivery efficiency • Improve storage and cargo handling efficiency • Request outsourcing logistics companies to improve their transportation and delivery

Received a "B" score in CDP's 2024 Climate Change Disclosure

Following 2023, the TOLI Group responded again in 2024 to CDP's Climate Change disclosure and received a "B" score in recognition of its climate change governance, business strategy, and management of greenhouse gas emissions. A "B" score represents the third-highest management level in CDP's scoring system and indicates that a company recognizes climate-related risks and the impacts of its activities and is taking action to address them. This score reflects the Group's long-standing efforts to address climate change.



Promoting reduction of industrial waste, resource conservation/promotion of recycling

Establishment of a circular economy type business

The Group positions business activities aimed at realizing a circular economy as one of its strategic priorities. Through not only the reuse of offcuts and other waste generated at its manufacturing plants, but also the recycling of discarded materials in society and the horizontal recycling of products it sells, the Group contributes to the realization of a circular society across society as a whole. Going forward, the Group will further enhance sustainability by regularly disclosing the details and results of these initiatives.



Promoting "TOLI Complete Recycling" (Circular recycling of carpet tiles)

Collection of used carpet tiles (using the wide-area certification system)

In 2012, the company was certified under the "Wide-area Certification System" for carpet tiles, making us the only carpet manufacturer in Japan to collect and recycle our own used carpet tiles.



* The "Wide-area Certification System" is a special system that allows manufacturers and other businesses to collect and recycle their own products that have become waste on a wide area basis. (Ministry of Environment, Certification Number 215)

Recycling of carpet tiles (advanced material recycling)

In 2021, the Group established proprietary technology that enables the recycling of carpet tile waste without separating the pile layer (surface fiber layer) from the backing layer (PVC resin layer).

Amount of factory scrap and market waste processed for recycling
 Approx. 2,500 t/year (FY2023 results)
 Approx. 4,180 t/year (FY2024 results)

Recycling rate of processable carpet tile waste, etc., almost 100%



Factory scraps, market waste, etc.

Recycling (recycled chips)

In April 2024, "Carpet Tile Recycling Plant No. 2" at Shiga TOLI Co., Ltd. began full-scale operations, achieving a significant reduction in industrial waste through an expanded recycling capacity. (The combined processing capacity of Plant No. 1 and No. 2 has been increased by a maximum of about 3.5 times.) Moreover, we expanded our recycling intermediate processing facilities in October 2025 and will promote increased efficiency and the expansion of our collection area.



Manufacturing of environmentally friendly carpet tiles (recycled backing)

In addition to factory scrap generated during carpet tile manufacturing, we recycle our own used carpet tiles collected from the market into recycled chips at our group factories. These chips are then reused as part of the backing layer for environmentally friendly carpet tiles, promoting a circular horizontal recycling system (Sustive Back). In 2022, the "GA-3600 Sustive Back" was introduced, which incorporates Sustive Back, and has received high praise from various customers.

* "Sustive Back" won the "Good Design Award 2025," organized by the Japan Institute of Design Promotion.



TOPICS Promotion of recycling initiatives through participation in the Osaka-Kansai Expo

The Group participated as a venue development supplier in the Japan International Exposition 2025 (Osaka-Kansai Expo), held at Yumeshima in Osaka. Carpet tiles were supplied for the Expo's site administration building, and used carpet tiles will be collected and recycled through the "TOLI Complete Recycling" system. This initiative is expected to contribute to the reduction of industrial waste and CO₂ emissions even after the Expo closes. As a manufacturing company, the Group will continue to promote environmental impact reduction initiatives toward the realization of a sustainable society.



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Enhancement of eco-friendly products

The Group is promoting six initiatives to enhance its lineup of eco-friendly products as part of its environmental impact reduction efforts. By fully leveraging its technological development capabilities, the Group aims to enhance product value and contribute to the realization of a circular economy.

Six initiatives	
<p>Use of recycled materials</p> <p>By using recycled materials and operating a recycling system based on Japan's Wide-area Certification System, the Group reduces the use of virgin materials and the generation of waste, thereby lowering its environmental impact.</p>	<p>Low maintenance</p> <p>By developing and offering wax-free maintenance products, the Group reduces the use of cleaning materials and electricity required for routine and periodic cleaning, thereby lowering its environmental impact.</p>
<p>Longer lifespan (maintaining aesthetics)</p> <p>Through surface treatments such as stain-resistant coatings, the Group develops and markets products that resist soiling and retain their appearance over the long term. By extending product life cycles, this contributes to lower environmental impact.</p>	<p>Simplified installation</p> <p>By replacing conventional adhesives used to install vinyl flooring and carpet tiles with pressure-sensitive adhesives, tackifiers, suction-based systems, or double-sided tape, or by reducing the amount of adhesive used, the Group lowers its environmental impact.</p>
<p>Longer lifespans (high durability)</p> <p>By developing and offering highly durable products with features such as wear resistance and resistance to dynamic and static loads, the Group extends product life cycles and reduces environmental impact.</p>	<p>Weight reduction</p> <p>Promoting lighter products leads to the reduction of the energy required for transportation and delivery, which reduces environmental impacts.</p>

Expansion of Eco Mark certified products

The group promotes the use of recycled materials and obtained Eco Mark certification for all items in its core vinyl tile series: Royal Stone, Royal Wood, E-Clean NW-EX, E-Clean Master NW-EX, and LAY Flooring Pitafi. In addition to being environmentally friendly products that can be used with peace of mind as before, this initiative has further improved the effects of our CO₂ emissions reductions.

Product name	Number of items	CO ₂ emissions reduction rate*
Royal Stone, Royal Wood	280	46%
E-Clean NW-EX	92	46%
E-Clean Master NW-EX	8	51%
LAY Flooring Pitafi (residential use)	12	33%

* Calculated based on our internal calculation standards. Comparison with the same product without using recycled materials.

Promotion of greenhouse gas emissions reduction and energy conservation

As global momentum toward carbon neutrality by 2050 accelerates, the Group has set CO₂ emissions reduction targets through FY2030 as a key management indicator. In addition to ongoing energy-saving initiatives, the Group is examining investments in high-efficiency equipment for its production facilities in order to achieve these targets. Looking ahead, the Group will also consider longer-term goals and pursue the challenge of becoming a zero-emissions company.

Create Expansion of solar power generation capacity

Installation of solar power systems at three additional sites

As part of its efforts to reduce CO₂ emissions, the Group installed solar power generation facilities at the Itami facility in January 2024. In FY2024, additional systems were also installed at the Atsugi, Shiga, and Gifu facilities. Together, these four facilities are expected to generate approximately 3,000 MWh of electricity annually, equivalent to a reduction of about 1,100 tonnes of CO₂ emissions per year.



Group plan

- ① **Reduce** Energy conservation through the introduction of high-efficiency equipment, process optimization, and reduction of energy use in transportation and delivery
- ② **Create** Expansion of solar power generation capacity
- ③ **Replace** Switch to low-emission energy, renewable electricity, etc. Switch to raw materials with lower emission coefficients

Reduce Promote activities to reduce CO₂ emissions

Initiatives at places of business

The following initiatives were implemented by Shiga TOLI Corporation, which achieved outstanding results at the Group's production facilities in FY2024.

- Review of heating conditions by product type in the printing process
- Night-time shutdown of boilers
- Identification and repair of air leaks using imaging technology
- Replacement of winter heating equipment with automatic temperature-controlled heaters
- Use of thermal insulation covers and review of temperature settings in the welfare facility bath area

These initiatives were promoted as employee-driven carbon neutrality efforts at the workplace, requiring no major capital investment. As a result, CO₂ emissions were reduced by 42 tons, far exceeding the annual target of 18 tons. These measures also generated significant cost savings.

Employment and labor

ESG basic policy
employment and labor

The Group is committed to securing and creating employment and to providing a safe and comfortable working environment.

- Creating greater value through people and organizational capabilities ▶ P.37
- Initiatives for human capital development ▶ P.37
- Initiatives to enhance employee engagement ▶ P.38
- Aiming for a workplace where employees can work with peace of mind over the long term ▶ P.39

Related SDGs

Creating greater value through people and organizational capabilities

Under "SHINKA Plus ONE 2.0," which began in FY2025, the Group is focusing on a human capital strategy to support value creation and enhance corporate value through the strengthening of human capital. In line with the business strategy, the recruitment and development of purpose-specific talent, including digital and software-related personnel that support the businesses, are being promoted. By expanding mid-career hiring and providing diverse growth opportunities such as reskilling and job rotation, the Group aims to develop people who can respond to change. Through continued growth together with employees, the Group will pursue sustainable value creation.

SHINKA Plus ONE 2.0
2025~2027

Securing and developing diverse people

Creating an environment where employees can perform at their best

"The ability to develop people" and "an environment that brings out the best in people" are the two wheels that drive the organization forward.

Human Capital Development Policy

- Support employees, with respect and dignity, in achieving their goals of "growth and well-being".
- Promote management practices that enable people to perform at their best and fully realize their capabilities.
- Create opportunities for growth through training programs that nurture individual skills and capabilities, together with planned job rotations that strengthen the organization.

Basic policy "TOLI Work Style"

- Create an environment where all employees can work in good physical and mental health and stay engaged in their work.
- Strive to achieve both a healthy work-life balance and higher productivity.
- Make "the spirit of co-creation" between the company and its employees a driving force.

Towards a company where every employee can shape a diverse lifestyle through self-directed growth and flexible ways of working.

Initiatives for Human Capital Development

Development of Human Capital for Digital Transformation

To date, the Group has improved operational efficiency and expanded customer touchpoints by streamlining business processes through digitalization and strengthening digital marketing activities. Going forward, with the aim of further improving productivity and creating new value, the Group will focus on "advanced use of data", "the introduction of automation technologies", and "the use of AI". To make this possible, enhancing the digital and data literacy of each employee will be essential. Against this backdrop, the Group expanded digital transformation, IT,

and PC-related training programs offered through voluntary enrollment and distance-learning courses, enabling employees to proactively enhance their skills. In particular, from FY2024, the employee co-payment rate for distance-learning courses was reduced, creating an environment that makes it easier for employees to participate.

Going forward, in addition to raising the skill levels of all employees, greater emphasis will be placed on developing highly specialized professionals who can contribute in priority business areas.

Evolution of spatial design

To support the evolution of spatial design, the systematic reskilling of in-house designers is being advanced. Drawing on the expertise cultivated as designers at a manufacturing company, designers are being developed who can strengthen integrated space design and installation capabilities — encompassing the functionality, aesthetics,

and installability of an entire space based on product characteristics. To respond to increasingly diverse customer needs, the Group encourages employees to obtain professional qualifications such as Interior Coordinator and Interior Planner, and aims to provide comprehensive spatial value.

Establishing the foundation for an interior construction framework

From FY2025, the Package Sales and Construction Department, which supports the entire process from product sales to the completion of installation, was reorganized, and the two groups that had previously existed within the department were separated and established as independent specialized

departments. As part of human capital strengthening, in addition to hiring experienced professionals, the group is also reinforcing its training framework by supporting employees in attending vocational schools to obtain architecture-related qualifications, thereby enhancing the expertise of department members.

Providing growth opportunities and building systems to put them into action

Employee growth is positioned as the driving force behind the company's sustainable development, and diverse opportunities for growth are provided in line with each individual's role and career. In recent years in particular, greater emphasis has been placed on training for skilled employees working on the front lines of manufacturing, in order to strengthen competitiveness as a manufacturer. In addition, training programs are offered according to purpose and target group, including programs for new employees and mid-career employees. From FY2025, evaluator training will also be introduced, and a training framework aligned with on-site needs is being developed.

Training is not just about taking a course - it leads to real employee growth only when learning is applied in practice. After each training program, employees prepare an action plan for how they will apply what they have learned, and their supervisors consider specific ways to support them. Follow-up surveys are then conducted with both the employee and the supervisor to assess the effectiveness of the training, helping to ensure that learning is firmly embedded and that appropriate support is provided. Instead of relying solely on individual motivation, support from supervisors and the provision of opportunities in the workplace are also essential for putting learning into practice. Around 70% of employees report that they were able to receive such support

and opportunities from their supervisors. Going forward, the group will continue to promote initiatives that involve the workplace and enable employees to make the most of what they learn.

The Growth of Our People and the TOLI Group



Initiatives to Enhance Employee Engagement

Since FY2023, the Group has conducted an engagement survey with the aim of creating an organization in which each employee, with diverse values, can continue to work with motivation and vitality. Through the survey, employee feedback is captured and leveraged to foster a corporate culture that supports the realization of the Group's management philosophy and strategy.

TOLI's strengths A Culture of Mutual Respect and Support

Based on the results of the engagement survey, one of our strengths lies in a workplace culture built on "trust between people," where employees recognize and support one another. A spirit of consideration for others and a reliable support system are nurtured through daily work, forming a foundation that enables employees to work with peace of mind.

Support from supervisors is also rated highly, particularly in items such as "My supervisor listens carefully in dialogue" and "I can trust my supervisor." Relationships with supervisors built on trust and respect contribute to a sense of security and psychological safety in the workplace. Items related to the sense of purpose in work and social value, such as "I feel that my work helps others," also received high scores, indicating that employees view their roles positively and find

meaning in what they do. This workplace culture supports employees' willingness to take on challenges and grow, and serves as a key driver of the Group's sustainable growth.

Engagement Survey - Highest-Rated Items (7-point scale)

Item	FY2023	FY2024
Trust among employees	5.2	5.1
Supportive relationships	5.4	5.4
Sense of contributing	5.1	5.2

TOLI's issues Concerns about future career prospects and perceived unfairness in treatment

Based on employee feedback, two key issues have emerged: "concerns about future career prospects" and "a sense of unfairness in treatment."

With regard to career development, while the company's management philosophy is becoming more widely understood, some employees have expressed that it is difficult to see how it connects to their own work and future career paths. In response, career-related courses have been added to open-enrollment and distance learning programs to give employees opportunities to reflect on their own career plans. In promotion-related training, a framework has been established in which employees, their supervisors, and instructors discuss individual strengths, areas for improvement, and future career paths based on assessment results. In addition, supervisors are encouraged to set aside time in regular one-on-one meetings to discuss how employees' work and aspirations connect to the company's vision, thereby promoting mutual understanding through dialogue.

Regarding employee treatment, base pay increases and the performance evaluation system have been reviewed, and the details are communicated clearly and transparently. At the same time, fair and

transparent evaluations are being promoted through initiatives such as training for supervisors to deepen their understanding of evaluation rules and to strengthen the quality of feedback. Going forward, the engagement survey will continue to be used as a starting point for dialogue that supports organizational growth, and efforts will be made to improve the workplace environment.



Employment and labor

Aiming for a workplace where employees can work with peace of mind over the long term

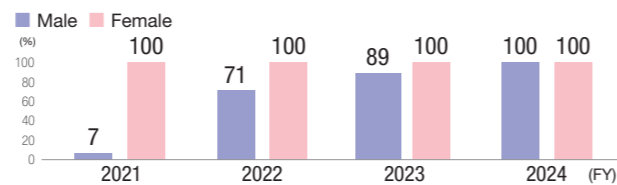
As the lifestyles and values of individual employees continue to diversify, the Group is enhancing flexibility in work styles and internal systems in order to create a workplace environment where employees can continue to work with peace of mind over the long term. These systems are not intended merely to be established; it is essential that they are genuinely easy for employees to use and are actually utilized.

Accordingly, the Group is developing systems that can be readily used by all employees to enable them to balance work and private life without giving up their careers in line with their life stage, while also strengthening communication about these systems and disclosing usage results.

Promotion of paternity leave

To support the balance between work and childcare, the company is creating a workplace where parental leave can be taken regardless of gender. In FY2024, as a result of initiatives such as sharing employees' experiences internally and strengthening awareness among managers, paternity leave uptake reached 100%, and the average number of days taken increased to 25, marking significant progress.

Percentage of Employees Taking Parental Leave



Interviews with program participants

The Production and Engineering Department for Vinyl Floor Coverings consists of three members, including myself. When the other two male members took parental leave consecutively, there were concerns about maintaining operations; however, thanks to their thorough advance preparations and the strong support of related departments, we were able to continue our work without disruption. As a small team, we maintain close daily communication and worked in a coordinated manner to ensure smooth operations. In a work style where employees alternate between parental leave and active duty, I found that maintaining appropriate communication is essential for minimizing stress on both sides.

Yuji Katayama

General Manager, Production and Engineering Department (Vinyl Floor Coverings), TOLI Corporation



In May, when I took parental leave, a new member had just joined our department as part of a personnel transfer. By making use of the company's flexible leave arrangements, I took parental leave three days a week and worked two days a week. With the support of colleagues in related departments, I was able to balance childcare and my professional responsibilities. Although this placed additional demands on our small team, I am sincerely grateful for their understanding and cooperation.

Shoya Ito

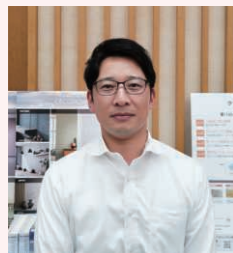
Production and Engineering Department (Vinyl Floor Coverings), TOLI Corporation

Expansion of the R-Course Program

The R-Course Program allows employees in nationwide career tracks to limit their work region for a certain period in line with changes in their life stage, enabling them to continue their careers while balancing work and family responsibilities. Previously, the

R-Course Program had a time limit when it was used for a spouse's employment; however, this restriction was removed in FY2024. In addition, eligibility was expanded to include use for childcare and child-rearing purposes.

Program Participant Interview



I applied for the R-Course Program because I wanted to stay close to my two children as they grow and create a stable environment for raising them in my hometown. When my eldest son entered elementary school, I felt it was important to establish a fixed living base, and receiving approval by the end of the year gave me peace of mind and made it easier to plan for the new school year.

One of the key attractions of this program is that it allows participants to review and change their status on an annual basis. For someone like me, who plans to return to a nationwide career track involving transfers in a few years, this flexibility makes it possible to balance work and family life while continuing to support my children's development. I hope the further expansion of this program will create a workplace where more employees can work with confidence while balancing their professional and personal lives.

Yusuke Kuroguchi Hiroshima Sales Office, TOLI Corporation

Boomerang Hiring Program

A Return-to-Work Program has been introduced to support former employees who left the company for reasons such as marriage, childbirth, childcare, caregiving, or career changes, enabling them to return and apply the experience and skills they acquired outside

the company. The Company fosters an environment that allows employees familiar with the industry and its business to contribute anew, supporting the realization of diverse and flexible career paths.

Human rights

ESG basic policy

human rights

Recognizing the importance of all human rights and aim to practice respect for human rights in our business activities.

- Respect for human rights/early detection, resolution and prevention of human rights violations

Related SDGs



Respect for human rights/early detection, resolution and prevention of human rights violations

The Group has raised the promotion of sustainability management as a value-adding driver strategy in its mid-term business plan, "SHINKA Plus ONE 2.0." Respect for human rights - including the early detection, resolution, and prevention of human rights violations - is one of the Group's core sustainability priorities. The Group regards the potential impacts of inadequate human rights practices as a material risk and therefore actively promotes related initiatives.

Human Rights Action Policy

In 2024, the "TOLI Group Human Rights Policy" was established to reaffirm respect for the human rights of all people and to prohibit all forms of discrimination, forced labor, child labor, and any actions that directly or indirectly contribute to human rights violations. The policy was developed with support from the Japan CSR Promotion Association's Kansai Region Office, reviewed by the ESG Committee, and approved by the Board of Directors.

Statement on Responsible Corporate Conduct

As a company engaged in textile products such as carpets and curtains, the Group endorsed the principles of the Guidelines for Corporate Behavior in the Textile Industry issued by the Japan Textile Federation and published a Statement on Responsible Corporate Conduct in September 2023. In line with these guidelines, including efforts to strengthen decent work across the textile industry, the Group is implementing initiatives to identify, prevent, and mitigate human rights risks.

Promotion of Human Rights Due Diligence and CSR Procurement

The Group supports internationally recognized standards, including the United Nations "International Bill of Human Rights" and "the International Labour Organization's Declaration on Fundamental Principles and Rights at Work", and respects internationally recognized human rights. In line with the TOLI Group CSR Procurement Guidelines, the Group promotes responsible procurement practices. The Group clearly communicates to its suppliers that they are expected to understand and comply with these guidelines and to conduct their business and procurement activities accordingly.

The Group is implementing the following initiatives to prevent and mitigate adverse impacts on human rights.

Key Elements of the TOLI Group CSR Procurement Guidelines

- Respect for human rights
- Protection of the global environment
- Fair business practices
- Stable supply and quality assurance

The Group communicates these guidelines to its major suppliers and conducts an annual CSR Procurement Questionnaire to identify and assess potential negative impacts related to ESG-related issues. In FY2024, the survey was conducted with 144 major primary suppliers - including procurement partners and subcontractors - of TOLI Corporation, Shiga TOLI, Hiroka TOL, and Gifu TOLI, and responses were received from 127 companies. As certain issues were identified regarding occupational health and safety for suppliers' employees, the Group is working with the relevant companies to encourage improvements and to monitor their progress.

Raising Awareness among Directors and Employees	<ul style="list-style-type: none"> Fostering a shared set of values through the annual joint reading of the "TOLI Group Code of Conduct" Providing CSR training for directors and employees in procurement and related divisions
Raising Awareness among Suppliers	<ul style="list-style-type: none"> Rolling out the "TOLI Group CSR Procurement Guidelines" Holding briefings that include the results of the "CSR Procurement Questionnaire" and explanations of related topics
Internal Reporting System	<ul style="list-style-type: none"> Establishing the TOLI Group Hotline, with reporting channels available both internally and through external legal counsel

These human rights initiatives are overseen and discussed by the ESG Executive Committee and the ESG Committee. Looking ahead, the Group will ensure the effective operation of the human rights due diligence PDCA cycle and continue to strengthen its effectiveness.

Quality

ESG basic policy

quality

The Group is committed to customer-focused manufacturing built on reliable quality and technology, and to delivering safe and secure products and services.

- Strengthening Quality Assurance and Product Safety Systems
- Enhancing Customer Satisfaction

Related SDGs

Strengthening Quality Assurance and Product Safety Systems

Quality Action Guidelines

President's policy
 "Innovation and Deepening" - Advancing with a Spirit of Challenge

Senior GM of manufacturing headquarters' policy
 We will continue to produce high quality, high value-added, environmentally friendly products, and aim for further challenges and evolution.

Senior GM of sales headquarters' policy
 We remain committed to delivering a high standard of customer service through attentive and courteous engagement with our customers.

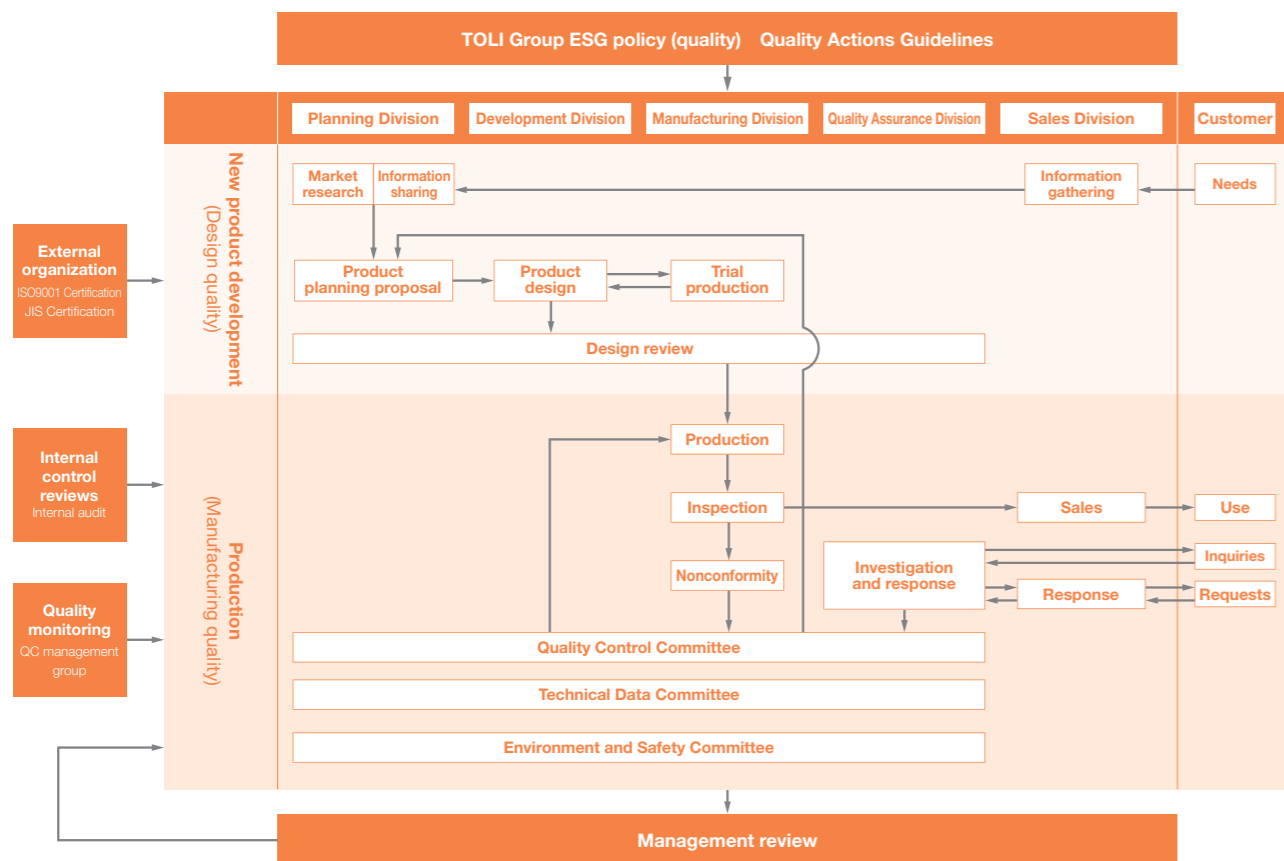
Senior GM of administration headquarters' policy
 We will strengthen employee engagement and develop people with a strong willingness to take on challenges, thereby supporting the company's sustainable growth.

Basic approach to quality assurance and product safety (TOLI quality)

The Group positions "quality" as one of the seven pillars of the TOLI Group's ESG basic policy and, in line with the Quality Action Guidelines, aims to maximize customer satisfaction through both reliable quality and product safety. To ensure that TOLI products meet customer expectations for reliable quality and safety, cross-functional design reviews involving the Planning, Development, Manufacturing, and Quality Assurance divisions are conducted repeatedly at key stages prior to product launch,

including the planning and design stage and the prototype evaluation stage. These reviews incorporate not only the perspective of manufacturing, but also the viewpoint of the customer. In addition, the Group has established a post-launch coordination framework that ensures relevant divisions can address customer feedback and regulatory developments promptly and collaboratively.

TOLI Quality Assurance and Product Safety Framework



TOLI quality

Quality goes beyond "product quality" alone and encompasses multiple dimensions. "TOLI Quality" refers not only to quality during product use by customers and during installation, but also to quality across the entire product life cycle - from raw material procurement and manufacturing to logistics and disposal - as well as the quality of customer engagement, including accurate information and attentive service. Through the enhancement of "TOLI Quality," the Group seeks to deliver reliable safety, reassurance, and inspiration to its customers.



Key Points of Commitment to "TOLI Quality" 1 Manufacturing Quality

Uncompromising, Customer-Focused Quality Control

Within the Quality Control Section, "Uncompromising, customer-focused quality control" is one of the core policies. As the final checkpoint before products reach customers, the team makes decisions based on the perspective of how the product would feel if they were to install or use it themselves. For some products, differences in installation conditions can significantly affect the finished result. When issues arise, the team makes every effort to visit the installation site, assess the situation firsthand, and respond diligently. By strengthening inspection processes that take such installation-related variations into account, the Group continues to deliver products that consistently meet customer expectations.



Mikio Torimaru
 Section Chief, Quality Control Section, Itami Plant, TOLI Corporation

Key Points of Commitment to "TOLI Quality" 2 Raw Material Procurement Quality

Ensuring Safety and Reliability Through the Environment and Safety Committee

To ensure the safety and reliability of TOLI products for customers, the Planning, Development, Manufacturing, and Quality Assurance divisions systematically monitor chemical substance information and work to obtain the latest regulatory updates in Japan and overseas at an early stage. Any newly obtained information is shared through the Environment and Safety Committee, led by the relevant divisions, and reviewed against the materials used in all products handled by the Group, with customer safety and reliability as the highest priority. Where necessary, formulations are revised, and the updated information is promptly reflected in SDS (Safety Data Sheets), AIS (Article Information Sheets), and other disclosure materials to ensure accurate communication with customers.



SDS (safety data sheet)

Prevention of Quality Data Falsification (QC Management Group)

Quality data falsification and misconduct can immediately undermine the trust of customers. Recognizing that such risks could also arise within the Group, the QC Management Group was established in January 2018 to strengthen the quality management framework and prevent quality-related misconduct. The Group operates through a three-step approach:

- (1) identifying risks of quality misconduct across various stages, including legal compliance, manufacturing, inspection, and shipment;

- (2) sharing and discussing the level of these risks with relevant functions, particularly the Quality Assurance and Development divisions; and
- (3) determining appropriate measures to mitigate the identified risks based on these shared assessments.

In addition, monitoring systems are in place to ensure that manufacturing processes are carried out in accordance with established procedures and to detect any deviations or conditions that could increase the risk of errors, thereby safeguarding customer trust.

Enhancing Customer Satisfaction

The Group aims to enhance customer satisfaction through the creation of new value and services.

Development of “TOLI PRO” Mobile App

In November 2024, the Group launched “TOLI PRO,” an interior materials selection app designed for business users. The app provides easy access to content and services that support efficient and informed interior material selection.

While TOLI’s official website has long provided extensive information, it did not fully support product selection. In response, “TOLI PRO” was developed as a dedicated tool for business users.

The app offers a range of advanced search functions, enabling flexible product searches tailored to customers’ needs.

- **Direct Search by “Product Code or Product Name”**
- **“Category Search” by Product Type, Color, Price, and Functionality**
- **“Market-Based Search” for Schools, Offices, Residences, and Other Applications**

- **“New Product Search” Showing the Latest Products Only**

Beyond functioning as a search tool, the app also offers features that support inspiration for interior material selection.

These include “Image Fit,” which uses AI to visualize TOLI flooring and wallcoverings on photos of the space under consideration, allowing users to easily preview installation images. The app is also linked with “TOLI LIFE,” which showcases installation examples from various facilities as well as residential interior projects shared on Instagram.

The Group will continue to enhance the app’s functionality and usability, aiming to provide a convenient and practical tool that business users across the architectural and interior industry can rely on anytime.

Official App Launched
Search for products, explore project references, access the latest information, and request samples - all in one app.

In addition to product searches, the app enables users to request cut samples and sample books, experience immersive 360° VR spaces, and simulate installation images.

- SEARCH!**
Easy access to target products
 Products can be searched using a wide range of criteria, including product code, category, and market.
- IDEA!**
AI Visualization, VR Experiences, and Installation Examples in One Place
 The app offers inspiration for interior material selection through AI visualization, space simulations, and installation image previews.
- PUSH!**
Latest updates delivered
 The latest announcements from TOLI are delivered via push notifications.

Gathering and sharing information on needs and issues

Customer feedback, including suggestions, opinions, and requests obtained through sales activities, is shared daily in a timely manner with management and relevant divisions nationwide through the Sales Information Sheet system. As a Group engaged in all stages from planning and design to technology development, production,

and sales, TOLI leverages insights derived from customer feedback collected by the Sales Division to support product development and continuous quality improvement.

- Number of sales information sheets: 4,477 in FY2024

Ongoing Training Programs for the Development of Skilled Installers

Continuing from 2023, a “Skilled Installer Training Seminar” was held in August 2024 for early-career installers recommended by members of the Toshinkai (the TOLI Group’s special distributor association consisting of sales agents and interior installation companies). In addition to hands-on training using various interior materials, the seminar provided opportunities to study basic knowledge of substrates and adhesives, as well as case studies of on-site issues. Participants stayed at the training center located at the Itami Factory, and the seminar also served as an opportunity to deepen professional exchanges with peers in the same profession who are active nationwide.

Voices of participants

- **The seminar provided an opportunity to learn installation methods for products that are not frequently handled at actual worksites.**
- **The detailed and hands-on training contributed to skill development.**



Business activities

ESG basic policy

business activities

Fair and equitable business activities are promoted to build stronger relationships of trust with all stakeholders.

- Supply chain management
- Compliance with fair trading practices

Related SDGs



Supply chain management

As a manufacturer, the Group ensures a stable supply of products and discloses product safety information so that customers can use TOLI products with peace of mind. To further strengthen customer trust, the Group manages risks across the entire supply chain.

Creation of a safe and reliable procurement environment

The Group procures a wide range of raw materials and products for manufacturing and sales activities. In addition to complying with domestic and international laws and regulations, prompt responses to information on regulated substances are required. Within procurement activities, products involving procurement risks are identified, alternative products are secured through a broad supplier base, and a safe and reliable supply of products is ensured through product development activities.

Nylon fiber for carpet tiles had previously been procured from a major overseas yarn manufacturer; however, the supplier’s withdrawal from the business created a significant procurement risk. In response, the Group shifted to domestically produced yarn and initiated in-house

yarn manufacturing, thereby ensuring a stable and reliable supply of products. Going forward, the Group’s strengths as a yarn manufacturer will be leveraged not only to ensure supply stability, but also to support new product development and technological innovation.

Chemicals, which constitute the Group’s principal raw materials, are subject to frequent revisions of related laws and regulations, and companies are increasingly required to meet higher standards of responsibility. By promptly identifying regulatory trends, the Group promotes the use of safer raw materials and ensures thorough disclosure, thereby providing products that customers can use with confidence.

Compliance with fair trading practices

Implementation of Training on Japan’s Antimonopoly Act

With regard to the Antimonopoly Act, an important law governing transactions, the Group has conducted annual Antimonopoly Act training since 2006 for directors and senior management, inviting lawyers specializing in this field.

- FY2024 participants: Directors, Auditors, Executive Officers; senior managers from the Sales, Procurement, Planning and other departments; and executives of affiliated companies
 Total: 52 participants
- Training theme for FY2024: Cartel compliance



In addition to the implementation of training programs, the Group* operates an internal system designed to prevent violations of the Antimonopoly Act. Under this system, employees are required to report any contact with representatives of competing companies at meetings or similar occasions to their department heads and the respective division,

and potential risks of violations are monitored accordingly. To ensure legal compliance, the Group continuously works to raise awareness among directors and employees and promotes fair business practices.

* This system applies to TOLI Corporation and the Group’s sales companies (LIC Co., Ltd., KIRONY Co., Ltd., HOKKAIDO TOLI Corporation, and TECHNO KAMEI Corporation).

Endorsement of the Declaration of Partnership Building

In 2023, the Group endorsed and publicly announced the “Declaration of Partnership Building” in agreement with its purpose. The TOLI Group has long upheld fair, transparent and free competition, as well as appropriate transactions with business partners, as stated in the TOLI Group Code of Conduct. Through this declaration, the Group has reaffirmed its commitment to enhancing added value across the entire supply chain and to achieving coexistence and mutual prosperity with its business partners. In addition, efforts are being made to comply with desirable business practices (the “Promotion Standards”) for transactions with small and medium-sized subcontracted business operators by correcting business and commercial practices that may hinder the building of partnerships.




Corporate Governance

ESG basic policy

corporate governance

Recognizing the importance of corporate ethics, the Group promotes the establishment of mechanisms to ensure the effectiveness of governance, with the aim of achieving sound and highly transparent corporate management.

- Risk management ▶ P.45
 - Strengthening sound governance ▶ P.46
 - Ensuring compliance ▶ P.47
- Related SDGs
- 

Risk management

The Group has established a “Basic Policy on Risk Management” and “Action Guidelines for Risk Management” with the objective of supporting sustainable growth and enhancing corporate value. Based on these policies and related internal regulations, the Group identifies a wide range of risks that could have a significant impact on the smooth operation of its business and implements appropriate countermeasures.

Basic Policy on Risk Management

1. Fulfillment of Corporate Social Responsibility
2. Building trust with stakeholders and society
3. Business continuity

Action Guidelines for Risk Management

1. In the event that a risk materializes, prompt response and recovery are undertaken, and measures are implemented to prevent recurrence.
2. Consideration is given to the safety and health of executives, employees, their families, customers, and local communities, while efforts are made to protect assets.
3. Through the sharing of risk-related information and the development of management systems, efforts are made to prevent damage and enhance risk response capabilities.
4. With a constant awareness of contributing to society, efforts are made to enhance the TOLI Group’s social reputation.

Risk Management Framework



Risk management process

Recognizing that “the implementation of appropriate risk countermeasures is an essential element of sustainable management”, the Group promotes risk management through the following processes.



Cybersecurity

In response to the increasingly serious threat of cyberattacks in recent years, multi-layered security measures have been strengthened. Defensive measures against risks such as unauthorized access, computer viruses, and ransomware have been implemented, including website access controls and the introduction of new detection and tracing systems. Systems and software are continuously updated to the latest versions. To ensure prompt and effective responses in the event of a security incident, the “Security Incident Reporting and Response Standards” were reviewed, and the emergency response framework was strengthened. These

initiatives contribute to minimizing damage and enhancing the overall security level of the organization. In addition, measures to raise security awareness among employees are also being promoted. An “Information Security Policy” and the “10 Information Security Measures” have been established, with regular compliance checks conducted and information shared through the internal IT newsletter. Furthermore, targeted attack e-mail training has been implemented since FY2022 to enhance employees’ IT literacy. Through these comprehensive initiatives, cybersecurity measures across the entire organization are being strengthened.

- **Targeted attack e-mail training:** Conducted in March 2025 for 860 employees
- **IT Newsletter (FY2024 themes):** Four issues were distributed, covering, “Groupware”, “Useful functions of TOLI groupware”, “Password management”, “Understanding and responding to PC power management”

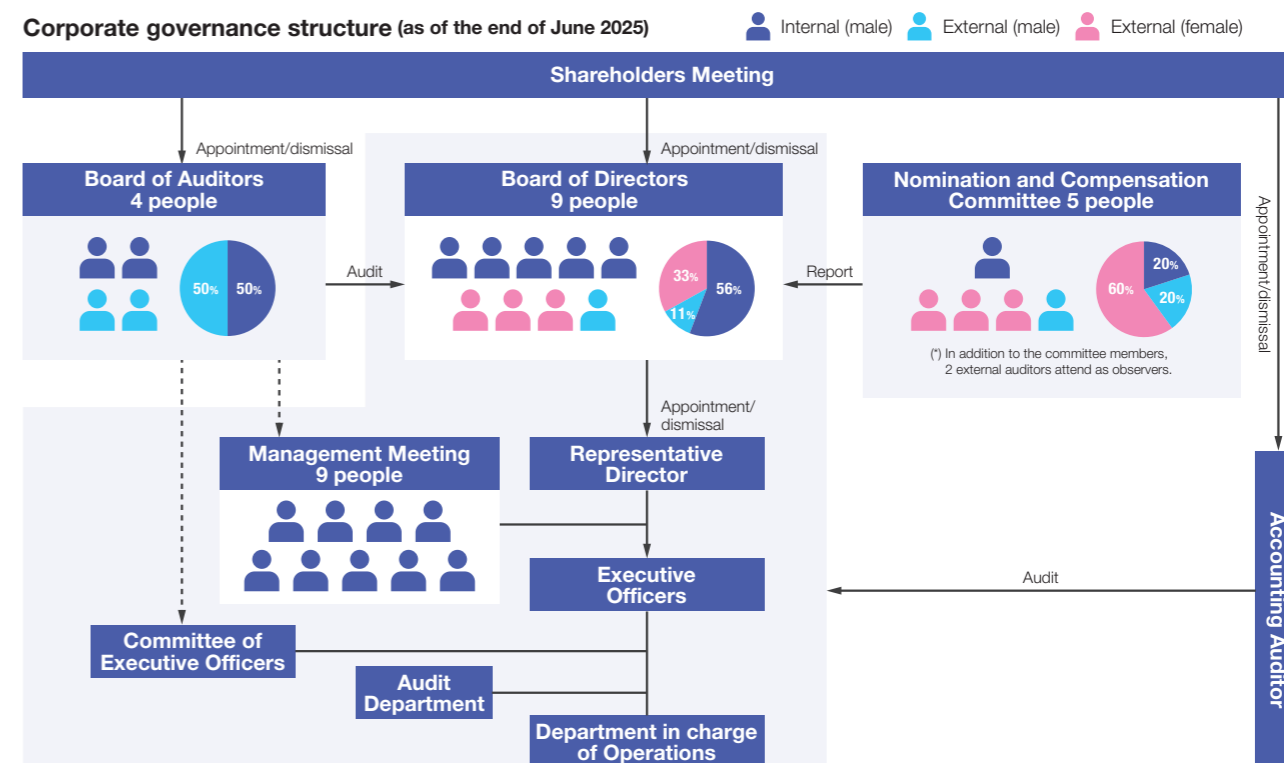
Strengthening Sound Governance

To achieve sustainable growth and enhance medium-to-long-term corporate value, the Group regards the strengthening of corporate governance as one of its key management priorities and is working to enhance corporate governance based on the following basic principles.

1. The Group respects the rights of its shareholders, ensures their equal treatment, and provides an appropriate environment for the exercise of those rights.
2. The Group promotes appropriate collaboration with a wide range of stakeholders, including customers, employees, and local communities.
3. The Group seeks to ensure management transparency through appropriate information disclosure, including non-financial information, and constructive dialogue with shareholders.
4. The Group clarifies the roles and responsibilities of the Board of Directors and the Audit & Supervisory Board, and enhances the effectiveness of corporate governance through the active involvement of highly independent external directors and auditors.

Corporate governance structure

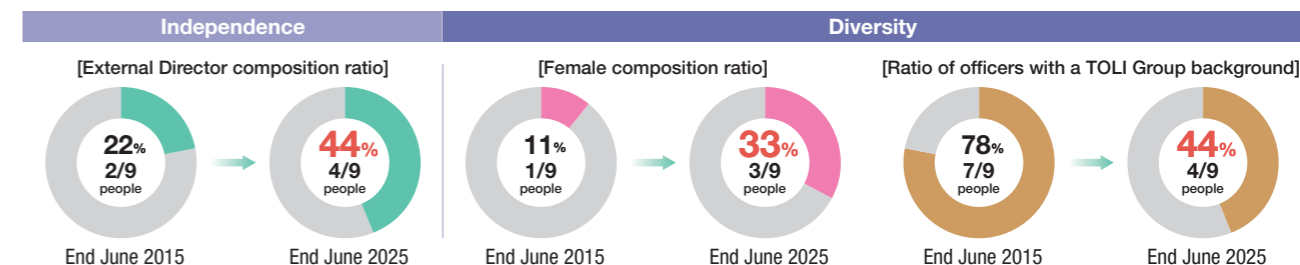
The following governance structure has been established to enhance management agility while strengthening audit and control functions.



Improvement of the corporate governance structure

Since the implementation of the Corporate Governance Code in 2015, governance systems have been continuously enhanced with a focus on improving management transparency and objectivity, as well as ensuring diversity. The changes in the composition of the Board of Directors are shown below.

Board of Directors composition ratio

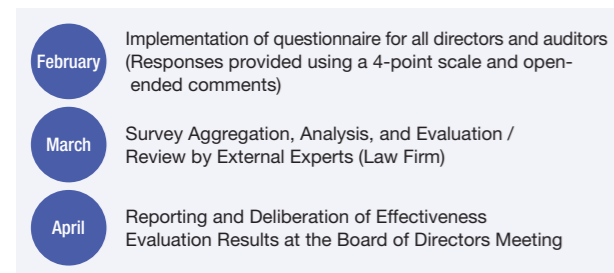


Analysis and evaluation of the effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors and enhance its functionality, an analysis and evaluation of the Board's effectiveness is conducted annually. In FY2024, a questionnaire developed with the advice of external experts (law firms) was

administered to all Directors and Audit & Supervisory Board Members. Based on the responses, discussions were held at the Board of Directors meeting, and the evaluation of effectiveness was finalized.

Implementation Flow



Evaluation item

- Board of Directors structure (number of members, composition, and other related matters)
- Board of Directors operations (frequency of meetings, deliberation time, agenda content and volume, information provision, Q&A sessions, and other related matters)
- Status of deliberations on key issues (sustainability, human capital management, and actions based on dialogue with shareholders and investors)
- State of initiatives on issues identified last year
- Self-evaluation by each director and auditor
- Other matters (including the composition and operation of the Nomination and Compensation Committee)

Overview of FY2024 Analysis and Evaluation Results

The survey results showed generally favorable evaluations across all items. With regard to the identified issue of "enhancing external directors' understanding of the Group's business," steady progress was confirmed. Specifically, initiatives to deepen understanding have continued, including repeated deliberations on key matters, themed reporting and discussions on business challenges and related initiatives, opinion exchange meetings with external directors, and the regular holding of individual meetings between the Representative Director, relevant executive officers, auditors and external directors, thereby strengthening communication. Based on these results, it was

concluded that the Board of Directors as a whole is functioning appropriately and that its effectiveness is being maintained. Going forward, efforts will continue to enhance information sharing with external directors and to further deepen their understanding through ongoing improvements and refinements. At the same time, by selecting timely agenda items in response to changes in the external environment and continuing deliberations on key themes, the Board aims to enhance the quality and depth of discussions. Through these efforts, the effectiveness of the Board of Directors as a whole will be further strengthened, contributing to sustained improvement in corporate value.

Details of the activities of the Nomination and Compensation Committee

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors to enhance the transparency and objectivity of decision-making processes related to executive appointments and compensation

systems. The committee convenes as necessary. Its independence is ensured by appointing a majority of independent external directors as committee members and by designating an external director as the chair.

Specific agenda

- Matters related to the composition of the Board of Directors, areas of expertise and expectations for each director, and the skill matrix
- Policies for the appointment and retirement of directors, executive officers and auditors, as well as proposals for individual candidates (including reappointment)
- Appointment and dismissal of officers with executive responsibilities
- Succession planning for the Representative Director and President
- Matters related to the compensation system for directors and executive officers, including its structure, individual compensation levels, evaluation methods, and bonus determination criteria

Ensuring Compliance

To foster a culture of compliance, it is essential that each officer and employee has a clear understanding and strong awareness of compliance. Accordingly, the Group actively promotes education and awareness-raising initiatives for officers and employees, including the following measures.

Dissemination and thorough implementation of the Code of Behavior and the Code of Conduct

The "TOLI Group Code of Behavior" and the "TOLI Group Code of Conduct" have been established as the foundation for fostering shared values and guiding value-based decision-making among officers and employees of the TOLI Group. To ensure thorough dissemination, a booklet containing these codes is distributed to all officers and employees and is required to be carried, and an annual joint reading is conducted. In FY2024, translations in English, Chinese, and Vietnamese were prepared and disseminated to further promote understanding.

Establishment and operation of the hotline

The "TOLI Group Hotline (internal whistleblowing system)" has been established and is operated for the early detection and correction of legal violations, human rights issues, and misconduct. Internal and external contact points (external lawyers) have been set up to enhance accessibility for whistleblowers. In addition, internal regulations and the Code of Conduct stipulate the protection of whistleblowers, including the confidentiality of information providers and the prohibition of any disadvantageous treatment, and these rules are enforced in practice. In FY2024, reports related to human rights and treatment issues were received, and all cases were appropriately addressed and reported to the Board of Directors.



The Role of an External Director — Leveraging Experience and Expertise to Support TOLI's Growth

Yokota: My research focuses on organizational design, human behavior within organizations, and the role of accounting information. At Board of Directors meetings, I seek to contribute by drawing on the experience and expertise I have accumulated over the years. Since assuming the role of external director, I have been particularly mindful of maintaining an external stakeholder perspective. One of the key responsibilities of an external director, in my view, is to identify and raise questions whenever there seems to be a gap between the company's long-standing logic and values and external perspectives. In the previous fiscal year, I had increased opportunities to provide input during the formulation of the mid-term business plan, "SHINKA Plus ONE 2.0," and endeavored to offer advice grounded in my area of expertise.

Kimura: I was appointed as an external director in June 2025. My research focuses on how accounting can function to ensure that corporate sustainability initiatives and economic performance are aligned rather than in conflict. My work has traditionally focused on environmental initiatives in corporate activities. Recently, I have broadened my research to include work style and gender-related issues. Beyond internal sustainability initiatives, I also examine external reporting and engage in dialogue with stakeholders. Through my research activities, I have been involved with a wide range of manufacturing companies, and I believe this background gives me a strong understanding of and affinity with the Company's business. In deliberations at the Board of Directors, I seek to contribute by applying this expertise and experience, while providing perspectives that consider both opportunities and risks for the Group.

The effectiveness of the Board of Directors — Multifaceted discussions are conducted based on a wide range of perspectives and expertise.

Yokota: When I was first appointed as an external director, there were relatively few external directors on the Board. For those without sufficient access to internal background information, it was sometimes challenging to participate fully in discussions at an early stage. Since then, the proportion of external directors has increased, and both the quality and quantity of information provided in advance have improved significantly. As a result, the Board of Directors is now composed of members with a broad range of professional backgrounds. Director Kimura and I come from academic fields, while other external directors bring experience from corporate management and financial institutions, as well as professional expertise as lawyers and certified public accountants. With directors of such diverse backgrounds contributing their respective perspectives, discussions at the Board have become more multifaceted and constructive.

Kimura: I share that perception as well. At Board meetings, I observe a strong willingness among internal directors to consider external perspectives, as expressed by external directors. This open atmosphere encourages a wide range of opinions, questions, and advice, reflecting the individual interests and viewpoints of each external director, and contributes to active and substantive discussions. I regard the Board's ability to engage seriously with agenda items and conduct thorough discussions as one of its key strengths.

Towards Sustainable Corporate Value Enhancement — Pursuing growth strategies through active dialogue with stakeholders

Yokota: TOLI is characterized by a close relationship between top management and employees, fostering an open and communicative corporate culture. As a result, a relatively calm corporate culture and a stable business environment have been established. At the same time, initiatives such as the "creation of a fifth business," which involve challenges in new business domains, will continue to be important going forward. By sharing the importance of growth strategies between management and front-line employees and working together toward the diversification of the business portfolio, the Group is well positioned to achieve further business growth. The foundation for this is firmly in place, and future developments are highly anticipated.

Kimura: The mid-term business plan "SHINKA Plus ONE 2.0" sets out a range of growth strategies. In addition to the "creation of a fifth business" mentioned by Director Yokota, the strengthening of global business is positioned as another key pillar. The Group's core business is currently centered in Japan, where shared values and mutual understanding among directors are well established, which represents a significant strength. At the same time, in the expansion of business in global markets, it may not be easy for overseas operations to fully share and internalize the same values as those of the domestic business. For the successful expansion of global business, it is essential to communicate with the understanding that each location has its own values and ways of thinking, and to align perspectives through ongoing dialogue. Such careful coordination will be a key factor in driving sustainable global growth.

Yokota: Information disclosure and dialogue with stakeholders have been areas of increased focus in recent years. However, given TOLI's level of name recognition among general consumers, there remains room for further improvement in these initiatives.

Kimura: From a sustainability perspective, information disclosure should focus on quantitatively demonstrating the value and advantages generated through sustainability initiatives. Disclosure related to sustainability is closely watched not only by customers and investors, but also by students, making it highly important from a recruitment perspective. In recent years, the use of generative AI for information gathering has increased. In light of this trend, initiatives such as optimizing website content for AI-based search and retrieval (AIO: AI Optimization) should be recognized as one of the areas to be addressed in the company's information disclosure strategy.

Yokota: Enhancing stakeholders' understanding of the Group, while internally sharing common values and perspectives in pursuing growth strategies, will contribute to the improvement of the Group's corporate value. As an external director, I aim to fulfill my role by deepening my understanding of TOLI through direct engagement with its products and on-site operations, and by applying these insights to board deliberations.

Kimura: I share this view. As an external director, I will continue to learn from those around me and strive to contribute constructive and well-considered perspectives that serve the interests of the Group's stakeholders.

Board of Directors

Director

MOTOHIRO NAGASHIMA

President and Representative Director

April 1982 Joined the Company
 April 2003 General Manager of Corporate Planning Department
 June 2007 Executive Officer, General Manager, Management Planning Department and General Affairs & Personnel Department
 June 2008 Director of the Company
 April 2009 Director, Sales Senior General Manager
 April 2012 President and Representative Director (present)



HIROFUMI AMANO

Director and Senior Managing Executive Officer

April 1984 Joined the Company
 April 2005 General Manager of Planning and Promoting Division
 April 2009 General Manager of Planning and Marketing Department
 April 2011 General Manager of Floor Development Department
 April 2012 Executive Officer, General Manager of Floor Development Department
 June 2015 Director of the Company
 April 2016 Director, Senior General Manager of Manufacturing Headquarters
 April 2018 Managing Director, Senior General Manager of Manufacturing Headquarters
 April 2021 Director and Senior Managing Executive Officer, Senior General Manager of Manufacturing headquarters (present)



ERI YOKOTA

External Director

February 1997 Obtained a Ph.D. in Business Administration from Keio University
 April 2005 Professor, Faculty of Commerce, Keio University (present)
 June 2014 Director of the Company (present)
 June 2014 External Director, Idemitsu Kosan Co., Ltd.
 June 2023 External Auditor, STANLEY ELECTRIC Co., Ltd. (present)
 September 2025 Executive Trustee, Keio University (present)



CHIKAKO SEKINE

External Director

April 1972 Joined Shiseido Yamagata Sales Co., Ltd.
 April 2012 Executive Officer, Shiseido Company, Limited
 April 2014 Managing Executive Officer, Shiseido Company, Limited
 January 2016 Corporate Advisor, Shiseido Company, Limited
 February 2016 External Director, E-SUPPORTLINK, Ltd.
 February 2018 Representative Director, B-Mind Co., Ltd. (present)
 June 2018 External Director, VALQUA, LTD.
 May 2019 External Director, FamilyMart Co., Ltd.
 August 2019 External Director, TAKARA & COMPANY LTD. (present)
 June 2021 Director of the Company (present)



MASAYUKI HASHIMOTO

Director and Managing Executive Officer

April 1983 Joined Nisho Iwai Corporation (now: Sojitz Corporation)
 April 2009 General manager, Osaka Chemical Department, Chemicals Unit, Sojitz Corporation
 April 2016 Vice COO, Chemicals Division, Sojitz Corporation
 April 2018 Full-time Advisor of the Company
 June 2018 Director of the Company
 April 2019 Director, General Manager of Global Department
 April 2021 Director and Managing Executive Officer General manager, Global Department
 April 2023 Director and Managing Executive Officer, responsible for Global Department and Climate Change Response Project Manager (present)



KORO KATO

Director and Executive Officer

April 1995 Joined the Company
 April 2018 General Manager of Management Planning Department
 April 2021 General Manager of Management Planning Department and General Manager of Digital Strategy Department
 April 2022 Executive Officer, General Manager of Management Planning Department and General Manager of Digital Strategy Department
 April 2024 Executive Officer and General Manager of Management Planning Department
 June 2025 Director of the Company, Executive Officer and General Manager of Management Planning Department (present)



HIDENOBU FUJII

External Director

April 1979 Joined The Sanwa Bank, Ltd.
 June 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (now: MUFG Bank, Ltd.)
 May 2009 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (now: MUFG Bank, Ltd.)
 June 2010 Member of the Board of Directors, Managing Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (now: MUFG Bank, Ltd.)
 June 2013 President and Representative Director, Mitsubishi UFJ Research and Consulting Co., Ltd.
 June 2017 Director and Vice Chairman, Hitachi Zosen Corporation (now: Kanadevia Corporation)
 June 2021 Director of the Company (present)
 August 2021 External Auditor, NAKAKITA SEISAKUSHO Co., Ltd.



ASAKO KIMURA

External Director

April 2008 Associate Professor, Faculty of Business and Commerce, Kansai University
 April 2014 Professor, Faculty of Business and Commerce, Kansai University (present)
 October 2022 Vice Dean, Faculty of Business and Commerce, Kansai University
 August 2023 Adjunct Professor, Graduate School of Management, Kyoto University (present)
 June 2024 External Director, Audit and Supervisory Committee Member, The Jojo Bank, Ltd. (present)
 October 2024 Deputy Vice President, Kansai University (present)
 June 2025 Director of the Company (present)



MASAKATSU TAKEKAWA

Director and Executive Officer

April 1997 Joined the Company
 April 2021 General Manager of Technical and Development Department
 April 2023 Executive Officer and General Manager of Technical and Development Department
 June 2025 Director of the Company, Executive Officer, and General Manager of Technical and Development Department (present)



Auditors

WATARU MATSUMOTO

Full-time Auditor

April 1980 Joined the Company
 April 2003 General Manager of Accounting Department
 April 2005 Regional General Manager, Chubu Area
 December 2006 President and Representative Director, Dia Carpet Co., Ltd.
 April 2010 Executive Officer, General Manager of Management Planning Department and General Manager of General Affairs & Personnel Department
 June 2011 Director of the Company
 April 2012 Director, Senior General Manager of Sales Headquarters
 April 2015 President and Representative Director, LIC Co., Ltd.
 April 2022 Chairman and Representative Director, LIC Co., Ltd.
 April 2023 Chairman and Director, LIC Co., Ltd.
 June 2023 Auditor (present)



YOJI NAKANO

Full-time Auditor

October 1989 Joined the Company
 April 2011 Regional General Manager, Kansai Area
 April 2015 Executive Officer, Deputy General Manager of Sales Headquarters and Regional General Manager, Kansai Area
 April 2021 Managing Executive Officer, Deputy General Manager of Sales Headquarters and Regional General Manager, Greater Tokyo
 April 2022 Managing Executive Officer and General Manager of Sales Headquarters
 April 2025 Full-time Auditor
 June 2025 Auditor (present)



TAKU MORIKAWA

External Auditor

October 2001 Lawyer Registration
 February 2005 Principal, Hyogo Law Office (present)
 June 2015 Auditor (present)



TERUO WATANUMA

External Auditor

August 1984 Certified Public Accountant Registration
 June 2005 Representative Partner, KPMG AZSA LLC
 October 2016 Representative, Watanuma CPA Firm (present)
 January 2018 External Auditor, TEIJIN FRONTIER Co., Ltd.
 June 2019 Auditor (present)



Skill matrix

⊙: Areas of Core Expertise ○: Areas of Expertise

Classification	Name	Business management and management strategy	Manufacturing, technology and quality control	Innovation, research and development	Sales and marketing	Finance and accounting	Personnel and HR development	Global	Legal affairs and risk management	ESG
Director	MOTOHIRO NAGASHIMA	○			○	○	○	○	○	○
	HIROFUMI AMANO	○	○	○				○		○
	MASAYUKI HASHIMOTO	○			○			○		○
	KORO KATO	○			○	○			○	○
	MASAKATSU TAKEKAWA	○	○	○						○
	ERI YOKOTA	○					○	○		○
	CHIKAKO SEKINE	○			○					○
	HIDENOBU FUJII	○			○	○	○			○
	ASAKO KIMURA	○					○			○
	WATARU MATSUMOTO	○			○	○	○		○	○
Auditors	YOJI NAKANO				○				○	○
	TAKU MORIKAWA					○		○	○	○
	TERUO WATANUMA					○				○

Financial Data

(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Operating Results												
Net sales (consolidated)	(million yen)	90,806	91,840	91,466	91,291	90,355	94,701	85,931	88,513	95,230	102,470	105,709
Operating income (consolidated)	(million yen)	3,152	3,825	4,249	3,522	1,991	2,382	1,595	878	3,531	4,978	4,376
Ordinary income (consolidated)	(million yen)	3,281	3,907	4,367	3,681	2,243	2,639	2,026	1,244	3,640	5,240	4,665
Profit attributable to owners of parent company (consolidated)	(million yen)	1,978	2,420	3,031	2,479	1,345	2,059	1,386	720	2,562	3,689	3,507
Depreciation expenses (consolidated) *Cash flow basis	(million yen)	1,236	1,276	1,302	1,431	1,634	1,921	1,954	2,167	2,340	2,619	2,892
Capital investment (consolidated)	(million yen)	2,910	2,400	1,879	2,685	3,094	2,383	3,064	3,805	3,175	3,913	5,153
R&D expenses (consolidated)	(million yen)	521	611	588	708	599	654	655	666	692	788	599
Financial situation												
Total assets (consolidated)	(million yen)	72,049	72,923	75,498	77,703	77,654	78,369	76,817	79,982	84,791	90,849	94,063
Net assets (consolidated)	(million yen)	28,681	30,323	33,555	35,894	36,042	36,363	38,087	38,285	40,894	45,760	48,377
Equity capital (consolidated)	(million yen)	28,561	30,162	33,376	35,703	35,833	36,124	37,825	38,013	40,613	45,433	48,046
Equity ratio (consolidated)	(%)	39.6	41.4	44.2	45.9	46.1	46.1	49.2	47.5	47.9	50.0	51.1
DE ratio (interest-bearing debt/equity) (consolidated)	(%)	33.1	30.7	26.8	24.6	24.4	24.4	23.1	23.5	22.2	19.9	25.4
Cash flows												
Cash flows from operating activities (consolidated)	(million yen)	3,324	4,426	5,187	2,668	2,321	5,095	4,161	4,962	3,599	5,288	2,469
Cash flows from investing activities (consolidated)	(million yen)	(1,671)	(2,571)	(2,254)	(2,690)	(2,575)	(1,190)	(3,106)	(4,016)	(3,275)	(3,895)	(4,769)
Cash flows from financing activities (consolidated)	(million yen)	(1,207)	(1,145)	(1,547)	(1,231)	(1,187)	(1,486)	(987)	(1,060)	(934)	(1,567)	842
Free cash flow (operating CF - investment CF) (consolidated)	(million yen)	1,652	1,854	2,933	(22)	(253)	3,905	1,054	945	323	1,393	(2,300)
Cash and cash equivalents at end of year (consolidated)	(million yen)	8,276	8,955	10,353	9,176	7,749	10,155	10,268	10,189	9,587	9,460	8,026
Stock information												
Total number of issued shares	(1,000 shares)	66,829	66,829	66,829	66,829	66,829	66,829	66,829	66,829	66,829	60,129	60,129
Dividend per share	(yen)	7.00	9.00	10.00	10.00	10.00	13.00	8.00	8.00	10.00	19.00	21.00
Dividend payout ratio (consolidated)	(%)	21.8	22.9	20.4	24.9	45.8	38.8	35.3	67.9	23.5	30.8	35.2
DOE (consolidated)	(%)	1.6	1.9	1.9	1.8	1.7	2.2	1.3	1.3	1.5	2.6	2.6
Per-share data												
Net assets per share (consolidated)	(yen)	462.90	488.92	541.03	578.76	580.88	590.38	618.20	630.05	674.80	767.66	824.90
Profit per share (consolidated)	(yen)	32.07	39.23	49.14	40.20	21.81	33.49	22.66	11.79	42.57	61.69	59.62
Key Performance Indicators												
ROA (consolidated)	(%)	4.7	5.4	5.9	4.8	2.9	3.4	2.6	1.6	4.4	6.0	5.0
ROE (consolidated)	(%)	7.3	8.2	9.5	7.2	3.8	5.7	3.8	1.9	6.5	8.6	7.5
ROIC (consolidated)	(%)	5.3	6.7	7.4	5.7	3.1	3.7	2.4	1.3	5.1	7.1	5.6
EBITDA (consolidated)	(million yen)	4,606	5,052	5,736	5,140	3,740	5,059	4,086	3,832	6,199	7,968	8,017

* The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of FY2021.

Non-Financial Data

(FY)	2020	2021	2022	2023	2024	
Environmental indicators						
Greenhouse gas emissions						
CO₂ emissions (Scope 1-3)	(1,000t-CO ₂)	486	442	410	410	399
Scope 1	(1,000t-CO ₂)	14	15	15	14	14
Scope 2	(1,000t-CO ₂)	18	19	18	20	22
Scope 3	(1,000t-CO ₂)	453	408	377	376	363
Category 1	(1,000t-CO ₂)	399	348	319	322	307
Category 2	(1,000t-CO ₂)	6	10	12	9	11
Category 3	(1,000t-CO ₂)	7	7	7	7	7
Category 4	(1,000t-CO ₂)	13	13	12	11	12
Category 5	(1,000t-CO ₂)	3	4	3	2	2
Category 12	(1,000t-CO ₂)	24	25	23	23	23
Others	(1,000t-CO ₂)	1	1	1	1	1
Industrial waste						
Industrial waste emissions	(1,000 tons)	4.6	5.6	4.4	3.0	2.4
Recycling rate	(%)	75.3	72.8	79.2	84.2	87.9
Energy						
Energy consumption	(1,000 GJ)	712	756	757	693	703
Water resources						
Water consumption	(10,000 m ³)	85.7	88.8	92.3	98.3	92.2
Amount of wastewater	(10,000 m ³)	45.9	49.0	44.7	44.2	42.5

Supplementary Notes on Environmental Indicators

- Calculation of CO₂ Emissions
- Calculated in accordance with the "Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7)" jointly issued by the Ministry of Environment and the Ministry of Economy, Trade and Industry of Japan.
- Transportation between factories and warehouses within the Group, as well as cargo handling, storage, and transportation at outsourced warehouses related to shipments, were calculated as Scope 3, Category 4, in accordance with the guidelines of the Ministry of Environment of Japan.
- Scope 3 emissions are calculated based on business activities related to products sold by the Company. Purchases and sales of products sourced from third parties by the Group's sales companies are excluded from the calculation.
- The calculation methodology for each Scope 3 category is continuously reviewed to enhance accuracy. Accordingly, the figures may differ from those disclosed in previous periods.
- Category 1: Emissions associated with the production activities of the raw materials, parts, containers and packaging for purchased products and services
- Category 2: Emissions associated with the building and manufacture of the company's capital goods
- Category 3: Activities related to fuel and energy consumption not included in Scope 1 and 2 (emissions associated with upstream processes such as procured fuel and electricity)
- Category 4: Emissions associated with the logistics (transportation, cargo handling, storage) of products and services purchased in the reporting year from suppliers to the company, and emissions associated with other logistics services (emissions associated with logistics carried out under company's expense)
- Category 5: Emissions from transportation and processing waste generated in-house
- Category 12: Emissions associated with disposal of products by users

- Calculation of the amount of industrial waste discharged
- Total emissions: Total weight of emissions * Total of recycled materials, valuable recycled materials, general waste, and waste materials within TOLI Group
- Recycling at TOLI Group: Amount of waste returned to the manufacturing process within TOLI Group
- Valuable recycling: Waste materials that were sold as valuable materials.
- Entities covered: Headquarters, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI Interior Service, TOLI Interior Planning, TOLI Warehouse and Distribution Company
- Calculation of energy consumption
- Energy consumption from FY2023 has been calculated using the revised coefficient in accordance with the "Act on Rationalization of Energy Use and Shift to Non-fossil Energy" (revised Energy Conservation Act).
- Parties involved: Headquarters, sales offices, Itami factory, Atsugi factory, TOLI Warehouse and Distribution Company, and other group companies
- Calculation of water consumption and the volume of wastewater
- Parties involved: Headquarters, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI Interior Service

Environmental accounting

Environmental conservation costs

Classification	Main initiatives	FY2023		FY2024	
		Costs	Investment	Costs	Investment
Operational area costs		360	893	538	1,466
(1) Breakdown	(1)-1 Pollution prevention costs	119	2	104	28
	(1)-2 Global environmental conservation costs	57	197	250	181
	(1)-3 Resources recycling costs	184	694	184	1,257
(2) Upstream/downstream costs	Eco Mark usage fees	16	0	10	0
(3) Administrative costs	Maintenance of environmental management systems and planting management	61	0	81	0
(4) R&D costs	Develop green products	127	0	57	9
(5) Social activity cost	—	0	0	0	0
(6) Environmental remediation costs	Pollution load levy (air)	1	0	1	0
Total		565	893	687	1,475

Effect of environmental conservation

Effectiveness metrics		FY2023	FY2024
Energy consumption ¹	(1,000 GJ)	660.7	672.1
CO ₂ emissions ¹	(1,000t-CO ₂)	32.3	34.0
Amount of industrial waste ¹	(1,000 tons)	3.2	2.6
Recycling rate ¹	(%)	83.4	87.0

¹. Pages 12, 14, 17, 32, 33, 53. The values differ from those in the upper graph and table because the scope of aggregation is partially different.

Economic effect by environmental conservation

Effectiveness metrics		FY2023	FY2024
Revenue ²	Revenue from sale of valuables	6.6	34.4
Cost reduction ³	Energy cost reduction	(4.4)	(109.0)
	Reduction of expenses for industrial waste treatment or disposal	30.4	26.7
Total		32.6	(47.9)

². Year-on-year difference of total estimated cost when disposing valuables and actual revenue (revenue decrease in brackets)

³. Year-on-year differences in actual figures (increased expenses in brackets)

Parties involved: Headquarters, Sales Offices, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI Interior Service, TOLI Interior Planning, TOLI Warehouse and Distribution Company
 Referred guideline: Environmental Accounting Guideline 2005 edition (Ministry of Environment)

(FY)	2020	2021	2022	2023	2024	
Social indicators						
Number of employees (consolidated)	(people)	1,869	1,874	1,856	1,883	1,910
Number of employees (non-consolidated)	(people)	883	885	882	883	905
Number of female employees (non-consolidated)	(people)	245	256	268	278	282
Female employee ratio (non-consolidated)	(%)	27.7	28.9	30.4	31.5	31.2
Number of female managers (non-consolidated)	(people)	8	11	9	11	13
Ratio of female managers (non-consolidated)	(%)	7.1	9.6	8.1	9.7	11.1
Average age (non-consolidated)	(years)	41.7	41.7	42.2	42.4	43.0
Average length of service (non-consolidated)	(years)	16.5	16.5	16.7	16.6	17.1
Number of new graduates hired (non-consolidated) [] indicates the number of female new graduate employees	(people)	27[14]	34[13]	27[5]	30[12]	24[9]
Turnover rate (non-consolidated)	(%)	2.6	3.5	4.2	3.8	3.3
Maternity leave acquisition rate (non-consolidated)	(%)	100.0	100.0	100.0	100.0	100.0
Paternity leave acquisition rate (non-consolidated)	(%)	14.7	6.9	71.4	88.9	100.0
Rate of returning to work after taking maternity leave (non-consolidated)	(%)	100.0	100.0	100.0	100.0	100.0
Employment rate of people with disabilities (non-consolidated)	(%)	1.9	1.9	2.1	2.3	2.5

* The number of non-consolidated employees excludes employees seconded to TOLI Group companies and part-time employees. In addition, it includes employees seconded from group companies to TOLI.
 * Childcare Leave: Long-term and short-term childcare leave
 * The number of female employees and the ratio of female employees in FY2023 and FY2024 differ from the figures shown in the annual securities report because we changed the calculation conditions.

	End June 2021	End June 2022	End June 2023	End June 2024	End June 2025	
Governance indicators						
Composition of the Board of Directors	(people)	7	6	6	6	9
Number of External Directors	(people)	3	3	3	3	4
Number of Female Directors	(people)	2	2	2	2	3
Composition of the Board of Auditors	(people)	4	4	4	4	4
Number of External Auditors	(people)	2	2	2	2	2
Number of Female Auditors	(people)	0	0	0	0	0

Company Profile and Stock Information (as of March 31, 2025)

Company information

Company name	TOLI Corporation
Founding	1st December 1919
Capital	6,855 million yen
Fiscal year	April 1 each year to March 31 the following year
Head Office	5-125, Higashi-Arioka, Itami City, Hyogo Prefecture, Japan
Tokyo Headquarters	2-10-4 Higashi-Shimbashi, Minato-ku, Tokyo
Factories	Itami, Atsugi
Showrooms	Sapporo, Tokyo, Nagoya, Osaka, Okayama, Takamatsu, Fukuoka
Sales Offices	Sapporo, Sendai, Morioka, Koriyama, Niigata, Nagano, Tokyo, Omiya, Chiba, Mito, Hachioji, Yokohama, Nagoya, Shizuoka, Kanazawa, Osaka, Kyoto, Kobe, Okayama, Hiroshima, Takamatsu, Matsuyama, Fukuoka, Kitakyushu, Kagoshima, Okinawa, Singapore

Stock information

Ordinary General Meeting of Shareholders	June every year
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation
Number of shares per unit	100 shares
Total number of authorized shares	141,603,000 shares
Total number of issued shares	60,129,249 shares
Listed stock exchange	Tokyo Stock Exchange, Standard Market
Securities Code	7971

Contact for the Integrated Report

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