

TOLI INTEGRATED REPORT 2023

TOLI Group Integrated Report



TOLI Corporation

5-125, Higashi-Arioka, Itami City, Hyogo Prefecture, Japan 664-8610

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



It's all about Trust.

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Introduction

This integrated report focuses on business reports for FY2022, and provides information to investors and employees about the philosophy and values that our group cherishes, as well as the entire value creation process from the sources of value creation to management strategies. We have endeavored to produce this report in a way that is easy to understand for all stakeholders.

As this is the first time that our group has published an integrated report, it is a good opportunity for everyone from management to employees to seriously consider value creation. For executives and employees, we aim to verbalize as much as possible what has been considered tacit knowledge within the company and to further deepen their understanding of our group, by creating a careful and simple structure, and expressing the current situation as it is without overreaching. We have endeavored to give a glimpse of the uniqueness of our group.

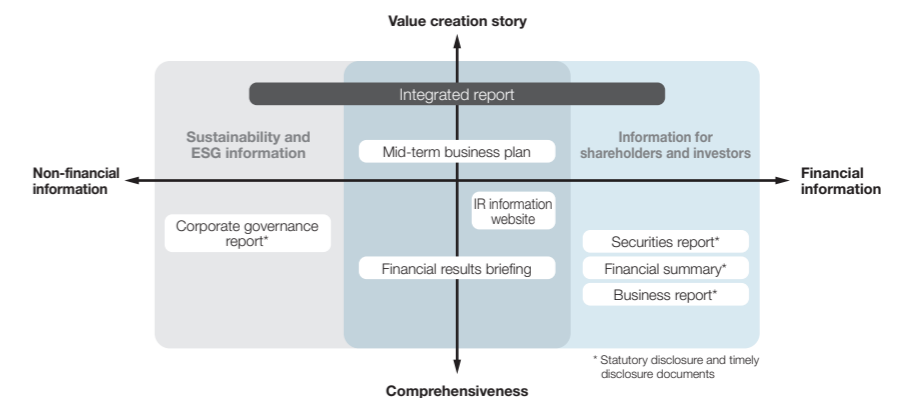
The contents of the CSR Report, which we published until last year, will be carried over into this integrated report, but we would like to express our gratitude for the valuable opinions we received from many stakeholders through the CSR Report. We utilize this information in our business activities and reflect it throughout this integrated report.

We will continue to aim to achieve better reports through dialogue with our stakeholders.

All members of the production committee

Reporting period	April 2022 to March 2023 *Includes some information outside of the applicable period	Month of publication	September 2023
Photographs taken	April 2022 to March 2023 *Includes some photos taken outside of the applicable period	Information on prospects	This integrated report contains a variety of information including the Group's future plans, strategies, and outlook. These are based on past facts and currently available information, and may change depending on factors such as future economic trends and the business environment. Thank you for understanding.
Subject organizations	TOLI Corporation Consolidated subsidiaries and equity method affiliates		

Position of information disclosure system and integrated report



Website information

TOLI Global Website
<https://toli-overseas.com/>



Point of contact for inquiries regarding integrated report

Global Department:+81-3-5403-2078

The origin of flooring

●1887

Teranishi Yutakaori Company established

The company succeeded in the development of the Yutaka Fabric carpet using discarded rice straw fibers and managed to export it overseas. It later developed Yutakaori which was also exported to overseas market.



Establishment

●1919

Established "TOYO Linoleum Co., Ltd"

The company succeeded in the domestic production of linoleum for the first time in Asia.

As a durable flooring material that was easy to clean and maintain, it dominated the market for many years until after the postwar period.



■ TOLI Corporation non-consolidated sales

The origin of vinyl flooring

●1957

"Vinylart Tile" launched

The company started on the development and sale of flooring materials using PVC.

●1963

"Matico V" launched

This became a beloved product for the next 60 years as a vinyl flooring due to its excellent durability, low cost and wide variety of colors.



Taking on the challenge of fiber-based flooring

●1967

Needle punch carpet "O.I.C." launched

This had excellent workability, durability and quality, and was used in various countries' pavilions at the 1970 Japan World Exposition.

●1970

Contract carpet "Grace" launched

This became a key product in the full-scale development of the carpet business.

Vinyl sheet

●1972

"CF Sheet" Launched

Succeeded in producing Japan's first cushion floor domestically. Thanks to our company's printing technology, it has a rich fashion sense and is popular in residential LDKs and commercial facilities.

●1977

"Floorleum" launched

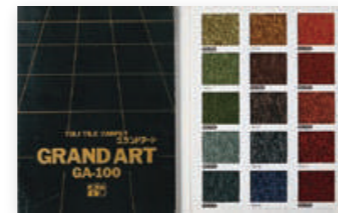
The company launched the next generation of linoleum.

The advent of Office Automation era

●1982

Grand Art "GA-100" launched

As offices become more office-automated, we have developed carpet tiles that can be partially removed and replaced after installation for wiring changes or inspections.

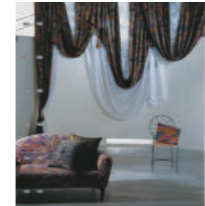


Towards total interiors

Following the floor materials business, we expanded our business to curtains and wallcoverings.

●1984

"TOLI Curtain" launched



●1986

Wallpaper "Vajradum" launched



The start of TOLI

●1991

The company name changed from TOYO Linoleum to TOLI Corporation



Taking on the challenge of maintenance business

●1992

The company established TOLI OFUROKE Corporation* as a carpet tile maintenance company.

This company promotes a "carpet tile off-location system" that enables the long-term maintenance of aesthetics by cleaning and rotating carpet tile.

* The name of the company changed to TOLI Interior Service Co., Ltd. in 2023.

Strengthening of the group sales system

●1999

The three distributors Kamei Co., Ltd., Toko Co., Ltd., and Matsui Jin Co., Ltd. merged to form LIC Co., Ltd.

Expansion of sales and manufacturing bases overseas

●2014

Established TOLI (Shanghai) Corporation

The company established the group's first overseas sales base in China.

●2019

Established Singapore Branch Office

●2020

Capital participation in Jiangsu Changlong Decorative Material Technical Co., Ltd.

The company participated in a joint venture with a Taiwanese company group to establish a full-scale vinyl tile manufacturing base overseas.

Every effort for environmental conservation

●2012

Branding of the "NW Series" flooring that does not require wax maintenance

The company promoted the conversion to no-wax (wax-free) versions of existing vinyl sheets and tiles, including "Nonwaxleum," which was launched in 2009.



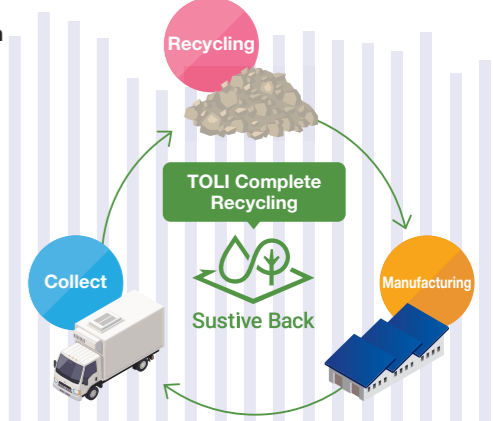
●2021

Start of operations of carpet tile recycling plants

●2022

Promote "TOLI Complete Recycling"

With the theme of establishing circular economy business activities, product development and infrastructure construction aimed at conserving the global environment are in full swing.



●1919-

Itami Factory

●1963-

Atsugi Factory

●1984-

Shiga TOLI Corporation
Hiroka TOLI Floor Corporation

●1987-

Santen TOLI Corporation

●2008-

Gifu TOLI Corporation

●2020-

Jiangsu Changlong Decorative Material Technical Co., Ltd.
*Equity-method affiliate

1887 Encounter with linoleum and founding

1957 Full-scale expansion into vinyl flooring business and development into a comprehensive flooring manufacturer

1984 Taking on the challenge to become a total interior manufacturer

2019 The SHINKA era

●1858

The United States-Japan Treaty of Amity and Commerce concluded

●1945

The end of the Pacific War

●1964

Holding of the Tokyo Olympic Games
Opening of the Tokaido bullet train line

●1970

Japan World Exposition (Osaka)

●1986

Bubble economy

●1991

Collapse of the bubble economy

●1997

Kyoto Protocol

●2015

Paris Agreement

●2020

COVID-19 pandemic

●2021

Holding of the Tokyo Olympic Games

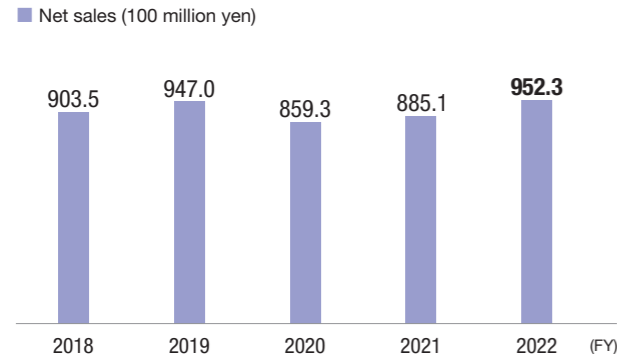
Who We Are

Financial and Non-Financial Highlights

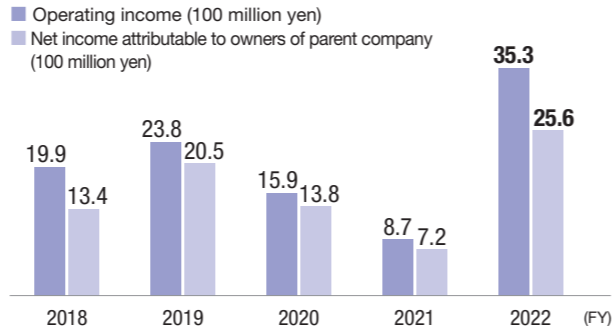
Key financial data

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

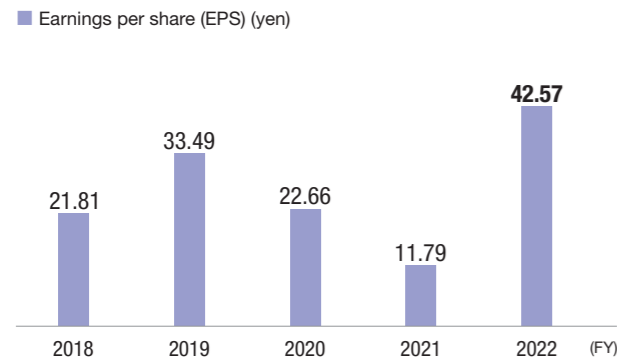
Net sales (consolidated)



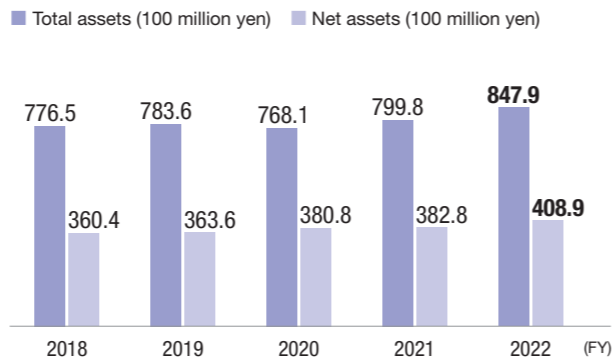
Operating income and net income attributable to owners of parent company (consolidated)



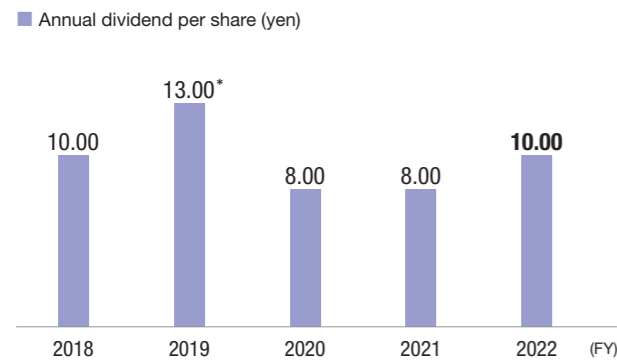
Earnings per share (EPS) (consolidated)



Total assets/net assets (consolidated)

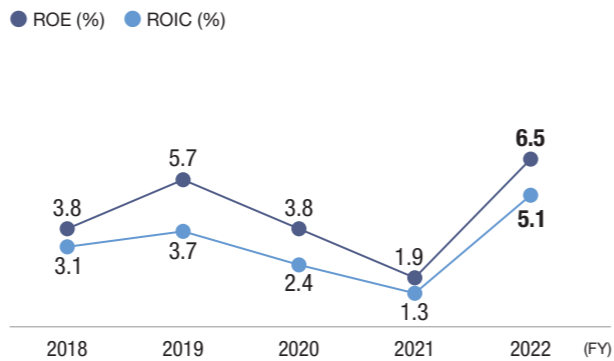


Annual dividend per share



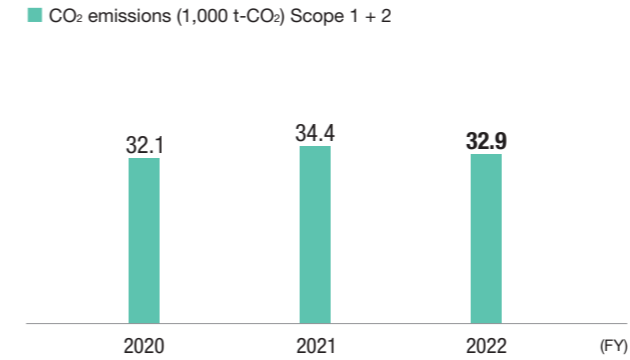
* This includes a commemorative dividend of 3.00 yen for "100 years in business."

ROE/ROIC (consolidated)



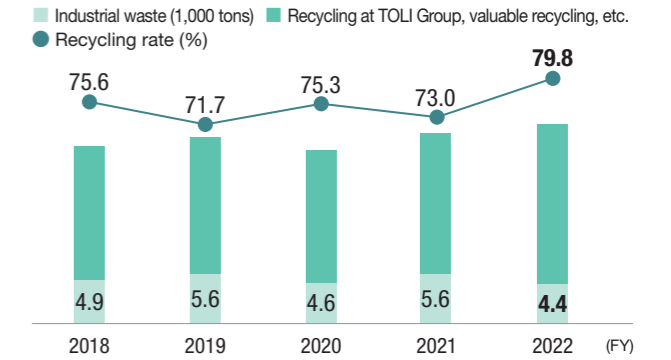
Key non-financial data

CO₂ emissions



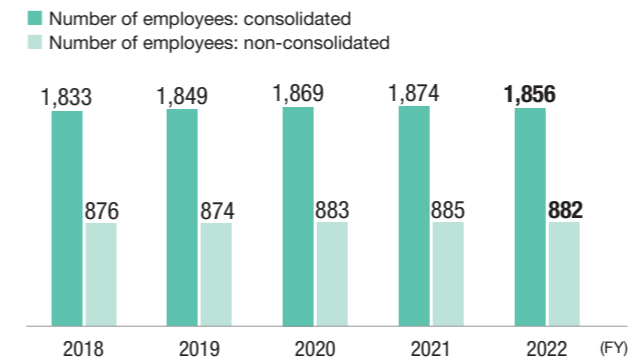
* Parties involved: Headquarters, sales offices, Itami factory, Atsugi factory, TOLI Warehouse and Distribution Company, and other group companies

Industrial waste/recycling



* Parties involved: Headquarters, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI OFUROKE (*), TOLI Interior Planning, TOLI Warehouse and Distribution Company (*) Currently TOLI Interior Service

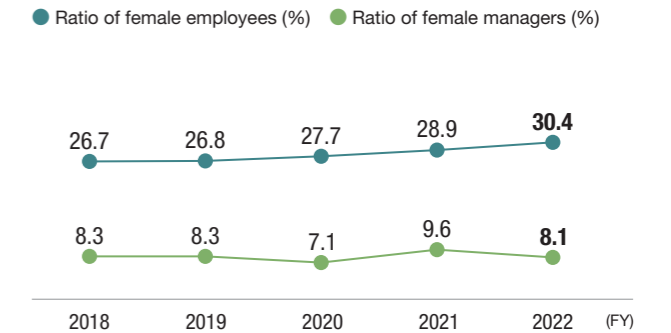
Number of employees



* Data as of the end of March, each FY

* Number of employees on a non-consolidated basis excludes people seconded from TOLI to group companies and part-time employees, and includes people seconded to TOLI from group companies.

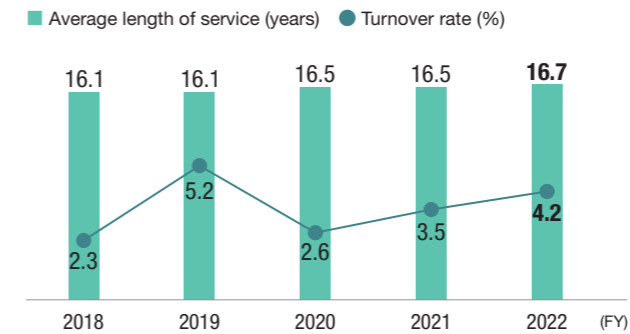
Ratio of female employees, ratio of female managers (non-consolidated)



* Data as of the end of March, each FY

* Number of employees on a non-consolidated basis excludes people seconded from TOLI to group companies and part-time employees, and includes people seconded to TOLI from group companies.

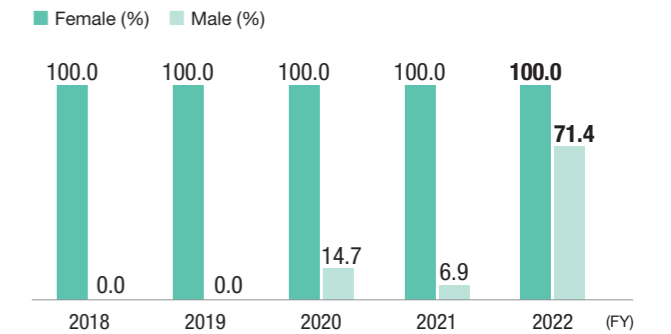
Average length of service, turnover rate (non-consolidated)



* Data as of the end of March, each FY

* Number of employees on a non-consolidated basis excludes people seconded from TOLI to group companies and part-time employees, and includes people seconded to TOLI from group companies.

Maternity/paternity leave acquisition rate (non-consolidated)



* Data as of the end of March, each FY

* Number of employees on a non-consolidated basis excludes people seconded from TOLI to group companies and part-time employees, and includes people seconded to TOLI from group companies.

Who We Are About TOLI Group

Product Business

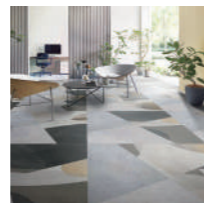
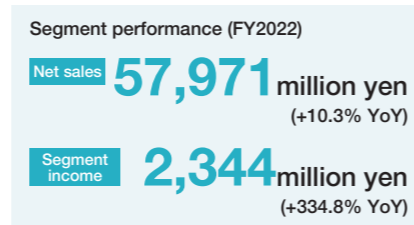
Product business consists of four fields: vinyl flooring, carpets, curtains and wall coverings, and we provide products for a wide range of buildings, including detached houses, condominiums, offices, hospitals, schools and accommodation facilities. We plan and develop a variety of functions and designs to suit people's respective lifestyles, and we conduct business consistently from manufacturing to sales and distribution, always meeting the needs of our customers.

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, we support people's diverse lifestyles from the ground up.

Main related factories and group companies

TOLI Corporation (Itami Factory, Atsugi Factory)
Hiroka TOLI Floor Corporation
Jiangsu Changlong Decorative Material Technical Co., Ltd.
(* equity method affiliate)



Vinyl tile



Vinyl sheet

Carpet

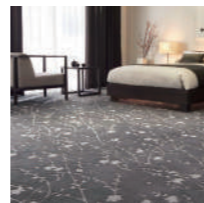
Carpets are widely used in everything from offices to accommodation. In particular, we boast one of the top market shares in the industry for carpet tiles, our long track record and proven high quality underpin this. Carpet tiles can be used to add colors to a variety of spaces.

Main related factories and group companies

Shiga TOLI Corporation
Gifu TOLI Corporation



Carpet tile



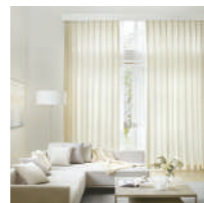
Roll carpet

Curtain

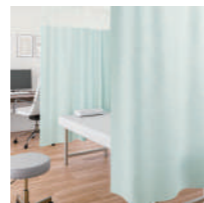
Curtains are essential for creating a gorgeous and comfortable space environment. Our curtains are fully made to order at our own sewing factory, allowing us to provide products that are perfect for our customers' lifestyles.

Main related factories and group companies

TOLI Interior Planning Co., Ltd



Residential made-to-order curtain



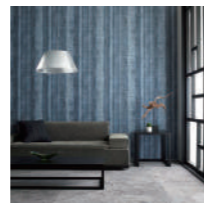
Curtains for various facilities

Wall covering

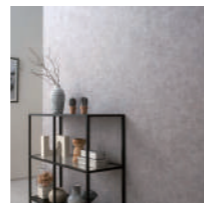
Wall covering materials have a rich variety of designs that expand the spatial design and create a comfortable environment. In addition, it helps create a safe and secure environment with its various functionalities such as antifouling, antibacterial, and antiviral properties.

Main related factories and group companies

Santen TOLI Co., Ltd.



Vinyl Wallcovering



Paper wallcovering

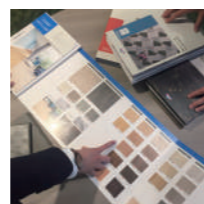
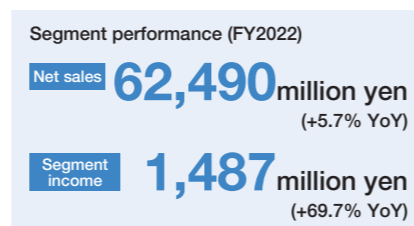
Interior wholesaling and installation business

The interior wholesale and installation business is doing supply and install of interior materials mainly TOLI's, from each area's sales office to the clients. Many interior materials are completed with skills of installers. Therefore, our Group's expertise of "Installation" plays a key role in this industry of Japan. In order to maximize the value of interiors, we have rolled out an integrated business model from product proposals to sales and installation.

Main related group companies

LIC Co., Ltd
KIRONY Co., Ltd.
Hokkaido TOLI Corporation

TECHNO KAMEI CORPORATION
TOLI (Shanghai) Corporation
TOLI Interior Service Co., Ltd.*



Proposals using product catalogs



Carpet tile installation

(* Segment results shown includes transactions between segments)

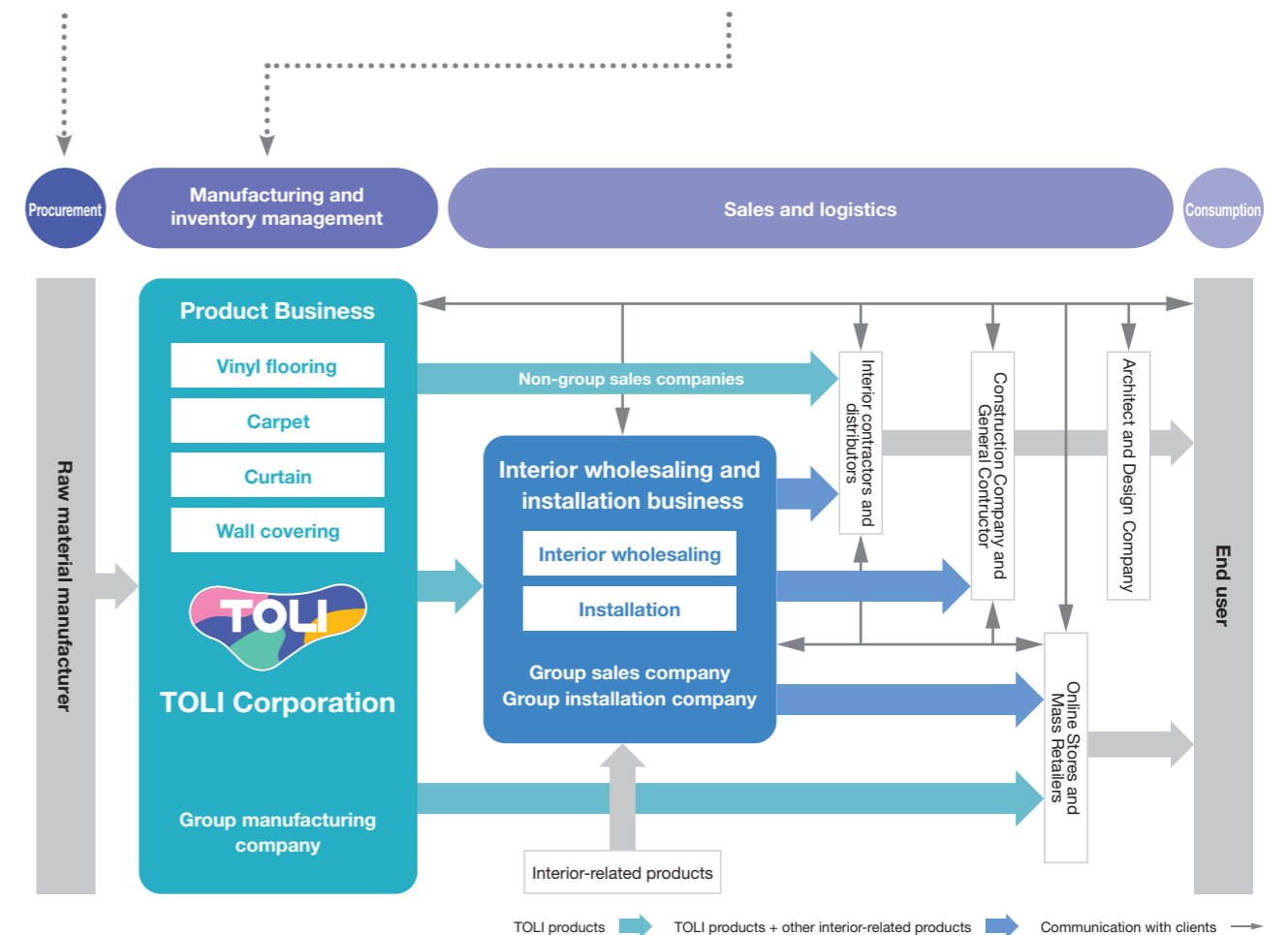
Supply chain and group framework

Raw material procurement

We procure a wide range of raw materials for manufacturing, including vinyl chloride resin, plasticizers, and nylon fibers, and we collaborate with numerous suppliers. Additionally, our 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.

Manufacturing and inventory management

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

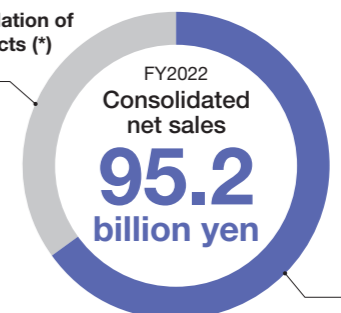


Sales and logistics

The sales function of our group is handled by TOLI Corporation and group sales and installation companies. Approximately 65% of our group's consolidated net sales come from sales of TOLI brand products, and the remaining 35% comes from purchasing, selling, and installing products from other companies. Our group sales companies and group installation companies handle TOLI brand products and other companies' products, providing a one-stop service for interior products.

Sales and installation of non-TOLI products (*)

Approx. 35%



Sales of TOLI brand products
Approx. 65%

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

Value Creation

The TOLI Group Value Creation Process

Evolution to a Lifestyle Design Company

With the rapidly changing social and business environments, our group aims for sustainable business activities, identifies key issues (materiality) for the company and promotes initiatives for their realization. We will contribute to social and economic development through interior products and services based on the capital we have cultivated over the long history since our founding.

External environment

Environmental changes in society as a whole

- Increase in geopolitical risk
- Declining birthrate, aging population, population decline
- Lifestyle changes due to the COVID-19 pandemic
- Increasing awareness toward decarbonization
- Diversification of work styles and penetration of diversity
- Evolution of AI and IoT
- Increasing severity of resource shortages and natural disasters

The business environment surrounding our group

- Soaring raw material prices
- Instability of the supply chain
- Decrease in the number of installation workers
- The 2024 problem in logistics and construction
- Decrease in domestic building starts
- Increasing needs for environmentally friendly products
- Diversification of spatial design
- Spread of construction technology

Materiality

Important issues for our group

- 01** The development of high value-added products
- 02** The provision of safe and secure products and services
- 03** Contributing to sustainable global environmental conservation
- 04** The creation of vibrant workplace environments
- 05** Building of sound and transparent governance systems

ESG Policy

Input

The TOLI Group's capital that supports and creates trust

Financial capital	
● Consolidated net assets	40,894 million yen
● Consolidated equity ratio	47.9%
Manufacturing capital	
● Vinyl flooring	Approx. 26 million m ² /year
● Carpet tile	Approx. 13 million m ² /year
Intellectual capital	
● Intellectual property rights (patents, design rights, trademarks)	Approx. 800
● Research and development expenses	692 million yen
Human capital	
● Consolidated employees	1,856
● Consolidated number of public qualifications held	428
Social and related capital	
● Sales companies	Approx. 370 companies
● Suppliers	Approx. 550 companies
Natural capital	
● Energy consumption	757,000 GJ
● Water consumption	923,000 m ³
● Environmental conservation costs	869 million yen

The provision of value to stakeholders and society

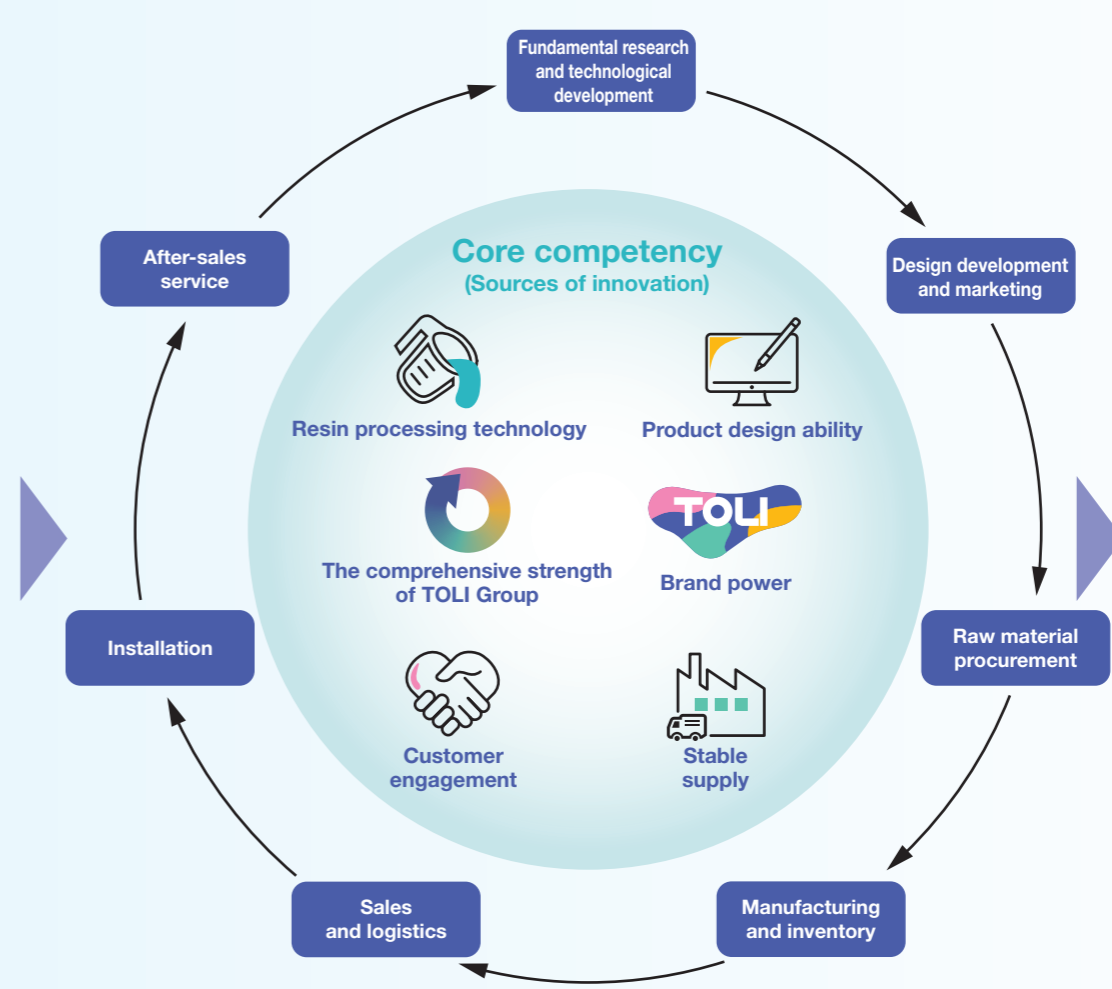
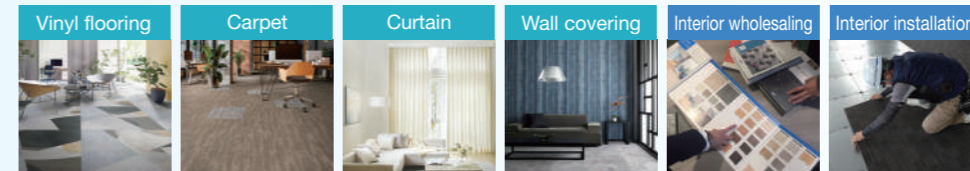
Business model

Business activities

Output

Outcomes

Goods and services provided



Value to the customer

- The creation of a positive space and environment through interiors
- Safe and secure "TOLI quality"
- High value-added products that add color to lifestyle

Value to shareholders

- The sustainable improvement of corporate value and stable returns
- Consolidated net sales: 95,230 million yen
- Consolidated net income: 2,562 million yen
- Consolidated ROE: 6.5%

Value to employees

- The realization of healthy activities and rich lifestyles
- Improvement of employee satisfaction
- Average length of service: 16.7 years
- Ratio of female managers: 8.1%
- Maternity leave acquisition rate: 100%
- Paternity leave acquisition rate: 71.4%

Value to society and the environment

- Contributing to global environmental conservation and solving social issues
- Amount of industrial waste: 20.5% reduction (Compared to FY2019)
- Recycling rate: 79.8%
- CO₂ emissions: 2.5% increase (Scope 1 + 2)
- 15.5% reduction (Scope 1 + 2 + 3) (Compared to FY2020)

Long-Term Vision and Mid-Term Business Plan

TOLI Group Management Philosophy

TOLI Group Value



**Motohiro Nagashima,
President and
Representative Director**

Dear Stakeholders

"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." Based on this management philosophy, our group is pursuing the improvement of lifestyle culture and comfort, and pushing forward business activities that contribute to the realization of a sustainable society. Our company was founded in 1919 as Asia's first linoleum manufacturing company, and in 2019 we celebrated our 100th anniversary. As the next target for after "the century", we have set out our ideal vision for 2030 <TOLI VISION

2030> - Evolution to a Lifestyle Design Company - and will be in its first phase (2021-2024). We are currently promoting the Mid-Term Business Plan "SHINKA Plus ONE."

Currently, the domestic market accounts for most of the group's sales in both the residential and non-residential sectors. Amid sluggish growth in the newly built domestic construction market, we will enhance our ability to respond to renovation and renewal demand, and work on the expansion of our global business and business field by expanding our technological seeds.

Q. Could you please tell us about the progress of the "SHINKA Plus ONE" Mid-Term Business Plan?

A. FY2022 was a year of recovery from adversity, with increased revenues and profits. On the other hand, due to delays in the important capital investment at the core of this Mid-Term Business Plan and dramatic changes in the business environment, we amended the period settings of "SHINKA Plus ONE" and revised the final year management indicators upwards.

In FY2022, the second year of the Mid-Term Business Plan, we worked on the reduction of manufacturing costs, such as converting upstream technologies to in-house production in response to soaring raw material and energy prices, and also focus on revising selling price to improve profit. We would like to thank all of our business partners, including distributors and installation companies, for their understanding and cooperation in making frequent revisions to sales prices. As a result, consolidated sales was 95.23 billion yen (7.6% increase year on year) and operating income was 3.531 billion yen (302.2% increase year on year), higher than the results for FY2019 prior to the COVID-19 pandemic. Although sales and profits continued to decline due to the market downturn and deterioration of the raw material procurement environment due to the COVID-19 pandemic, it was a year of recovery from adversity thanks to everybody's support and the efforts of group employees.

On the other hand, against the backdrop of significant changes in the business environment surrounding our group, we decided to revise the period settings of the "SHINKA Plus ONE" Mid-Term Business Plan. The Mid-Term Business Plan "SHINKA Plus ONE" has been hit by the prolonged COVID-19 pandemic since FY2021, the first year of the plan, resulting in delays in capital investment plans, which are the pillars of key strategies, and efforts to respond to soaring raw material prices. In particular, in view of the delays in the progress of important capital investment plans (1) carpet tile recycling plant, (2) nylon spinning equipment for carpets, and (3) a new flooring line at Hiroka TOLI Floor, we have revised each strategy in the three-year Mid-Term Business Plan. We reviewed the time schedule and revised the target period of Phase I from three years to four years.

In addition, with regard to the management indicators for the final fiscal year of "SHINKA Plus ONE" following the revision of the period settings, we revised important target indicators upwards in association with the diffusion of manufacturing cost reduction activities and sales price revisions. Regarding environmental impact reduction targets, in consideration of delays in capital investment plans, we have decided to revise the plan implementation period while keeping the target values unchanged.

Long-Term Vision and Mid-Term Business Plan ▶ P19

As mentioned above, progress has been delayed from the initial plan, but in FY2022, apart from the full-scale operation of the carpet tile recycling plant at Shiga factories, a new line for vinyl sheets will start, leading to major product cost reductions and new product development. In addition to cost reductions, the full-scale operation of the carpet tile recycling plant will greatly contribute to improving our group's recycling rate and reducing industrial waste emissions.

Promoting Reduction of Industrial Waste, Resource Conservation/Promotion of Recycling ▶ P33

Even during the COVID-19 pandemic, our group continued investment for growth. Currently, in preparation for our next level of growth, we are expanding our carpet tile recycling plant and nylon spinning equipment for carpets, and in addition to implementing our long-term BCP plan, we are continuing efforts to develop unique products and strengthen our supply chain.

In terms of products, we launched our third flooring material, ToughtecTile, in April. ToughtecTile, which combines the advantages of vinyl and ceramic tiles, is attracting attention as a new genre of resin-based floor tiles that uses our group's resin processing technology and expertise. The product is designed to meet the various needs of those involved in store management, and has been praised for its appropriate hardness, lightweight, and beautiful finish, and is expected to be used in a variety of areas, especially in the store renewal market. We will continue to focus on developing new products with the aim of capturing these new markets, and will also work to expand our business area.

Product Business ▶ P25

In addition, it goes without saying that continuous investment in human capital is one of the most important factors. In FY2022, we reviewed various human resources systems, including the childcare leave system and the expert certification system, aimed at the realization of employees' career development and work-life balance. Notably, we revised the childcare leave system aimed at achieving a 100% male childcare leave acquisition rate. The previously single-digit acquisition rate has increased to 71%. Promotion throughout the organization has increased momentum of this leave and greatly improve understanding among the target participants and those around them.

Promoting work-life balance ▶ P36

Revision of management indicators for the final fiscal year of Mid-Term Business Plan "SHINKA Plus ONE".

SHINKA Plus ONE 2021~2024		FY2024 (After revision)	FY2023 (Before revision)
Key performance indicators	Net sales	100 billion yen or more	95 billion yen or more
	Operating income	3.5 billion yen or more	3 billion yen or more
	ROE	5.5% or more	5.0% or more
Environmental impact reduction targets	Recycling rate	85% or more	85% or more
	Amount of industrial waste	Reduction of 40% or more (Compared to FY2019)	Reduction of 40% or more (Compared to FY2019)

Value Creation

Message from the President

Q. Could you please tell us about industry trends?

A. Although the business environment has improved as sales price revisions have spread throughout the industry, we will continue to address issues such as labor shortages. While construction demand is expected to recover in the future due to the Osaka/Kansai Expo and a recovery in inbound tourism, it is important to develop products that anticipate needs in order to achieve further growth.

Construction demand is expected to recover due to a recovery in the store and accommodation market as inbound demand picks up, large-scale redevelopment projects mainly in the Tokyo metropolitan area, and the 2025 Osaka/Kansai Expo. On the other hand, competition in the construction interior industry is expected to further intensify as various issues such as a decline in the number of new housing starts and a decline in the workforce due to the declining birthrate, aging population are emerging.

Additionally, with the soaring prices of crude oil and naphtha that began in the later half of 2020 and the rise in geopolitical risks stemming from the Ukraine crisis, purchasing prices of raw materials for our products have skyrocketed, resulting in three sales price revisions within two years. In FY2022, the sales price revisions became more widespread, contributing significantly to increases in sales and profits. In the future, we will focus our efforts on strengthening cost reduction activities and developing high value-added products in order to deal with further cost increase factors, including energy costs.

Under these circumstances, we are taking advantage of our group's strengths to further enhance the functionality of our main products, as well as developing products with less environmental impact and easy-to-install products that solve the shortage of skilled installers. We will continue to focus on developing innovative products.

Another important issue is the stable supply of products. The entire supply chain has been disrupted by the COVID-19 pandemic, and the raw material procurement environment for our products has changed significantly. Our group aims to reduce costs and achieve stable supply, including in-house production of upstream technologies, which we have been working on since before the COVID-19 outbreak.

Expansion of global business is also essential. We will focus on raising awareness of the TOLI brand in countries around the world, expand overseas distributors and develop global strategic products that meet the needs, laws and regulations of each country, and focus on the qualitative and quantitative expansion of global business.

Global Strategy ▶ P24

Q. Could you please tell us specifically your vision for "Evolution to a Lifestyle Design Company," the goal raised in <TOLI VISION 2030>?

A. We aim to become a corporate group that enables the design of various business models by having each employee participate in value creation in line with various changes in sense of value, from the consumption of goods to the consumption of experiences and meaning.

In April 2021, we set the goal of "Evolution to a Lifestyle Design Company" as the vision for our 110th year, our next target after 100 years in business. When formulating our Long-Term Vision, we asked young and mid-career employees at the time to consider what they want TOLI to be in FY2030 and submit proposals to management. The proposals include a variety of ideas, including core business expansion and global business expansion, as well as contributions to the SDGs, digital strategies, and personnel system revisions. Our goal is to become a company that is indispensable to people's lives through our products and services. With this desire in mind, we have established a Long-Term Vision, <TOLI VISION 2030> - Evolution to a Lifestyle Design Company - and have decided to progressively implement specific measures to realize this vision in our Mid-Term Business Plan.

For example, "Image Fit", a spatial synthesis simulation system that utilizes AI and is available on our website, is a system that allows you to easily synthesize our products into photos taken with smartphones, etc. By further evolving "Image Fit," we will make "home renovation" more familiar to general users, allowing them to design their own unique lifestyles. I look forward to that.

In addition, in order to encourage each and every employee to

proactively and voluntarily submit proposals, we have set up "+voice" (plus voice), which solicits social contribution ideas from all employees, and "Idea Post", which solicits new business ideas. To realize <TOLI VISION 2030>, the creativity and ingenuity of each and every employee is essential.

Social Contribution ▶ P43



Q. Could you please tell us about the company's materiality and the initiatives based on them?

A. Interiors have the "power to make people happy" and contributing to social issues through interiors will lead to the growth of our group.

As a manufacturing company, our group promotes business activities with an emphasis on sustainability, and we believe that the sustainable development of society will lead to our growth. Additionally, in order to contribute to the achievement of the Sustainable Development Goals (SDGs), we are promoting our business and activities by linking our group's materiality with the SDGs.

Our group's materiality (important issues) for the current fiscal year are based on our management philosophy and values, and are important issues that serve as a prerequisite for formulating medium- to long-term strategies, taking into account major trends in the world as a whole and changes in the industry-specific environment. This time, in addition to an approach to identifying issues using the ISO 26000 framework, we examined the issues using an approach that considers both risks and opportunities, and we endeavored to communicate this information in an easy-to-understand manner for all stakeholders.

In addition to identifying materiality, it is important to apply policies and goals to the organizational level and implement specific initiatives. Thoroughly managing and disclosing the progress of these efforts will further improve the level. **Materiality and Results of Initiatives ▶ P29**

We think that interiors have "the power to make people happy," like building a new house makes people feel wonderful, renovation makes people feel excited and redecorating a favorite room enriches people's lives. We will promote business activities with the belief that contributing to society with interiors through the group's products and services will lead to our growth.

Q. Could you please tell us about TOLI's DNA and what TOLI's identity is?

A. "Trust" is the source of value creation for the group, and TOLI's identity.

We renewed our current management philosophy in April 2019. At the time, executives and general manager-level employees were asked to find words suitable for the management philosophy, and sublimate it into content that would be easy for the next generation to understand for the future.

Our group's corporate mission is to propose the creation of richer and more comfortable spatial environments through business centered on interiors and to contribute to the sustainable development of the people around the world. The lifeblood of our group is quality and technology, and our group's DNA lies in our continued pursuit of "reliable quality" and "reliable technology".

Furthermore, the basis of our group's philosophy is "customer perspective". Instead of the traditional customer-oriented approach, we promote manufacturing from the customer's perspective and create new value together with our customers in a spirit of co-creation.

The strength of our group is that we are a manufacturing company. All Group employees will continue to evolve together with our customers, keeping in mind our pride as a manufacturing company.

The Strengths of TOLI Group ▶ P17

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."

On the other hand, "challenge" is essential to further grow our traditional DNA. It is important to cherish the spirit of always taking on challenges in the face of rapid change, and to transform "yesterday's dreams" into "today's hopes". And the "challenge" that connects "today's hopes" to "tomorrow's reality" will lead to the future of our group.

The Sustainability and Materiality of TOLI Group

The sustainability of TOLI Group

We position "Trust" with our various stakeholders, which has been built over a century of history, as the "most important asset" of the group and are focusing on initiatives for E (environment), S (society) and G (governance).

Above all, it is our responsibility as a manufacturing company to hone various technologies that contribute to society, including reducing environmental impact, and to promote business activities based on world-class quality and technology, thereby enriching the hearts of people around the world. We aim to contribute to the creation of a spatial environment.

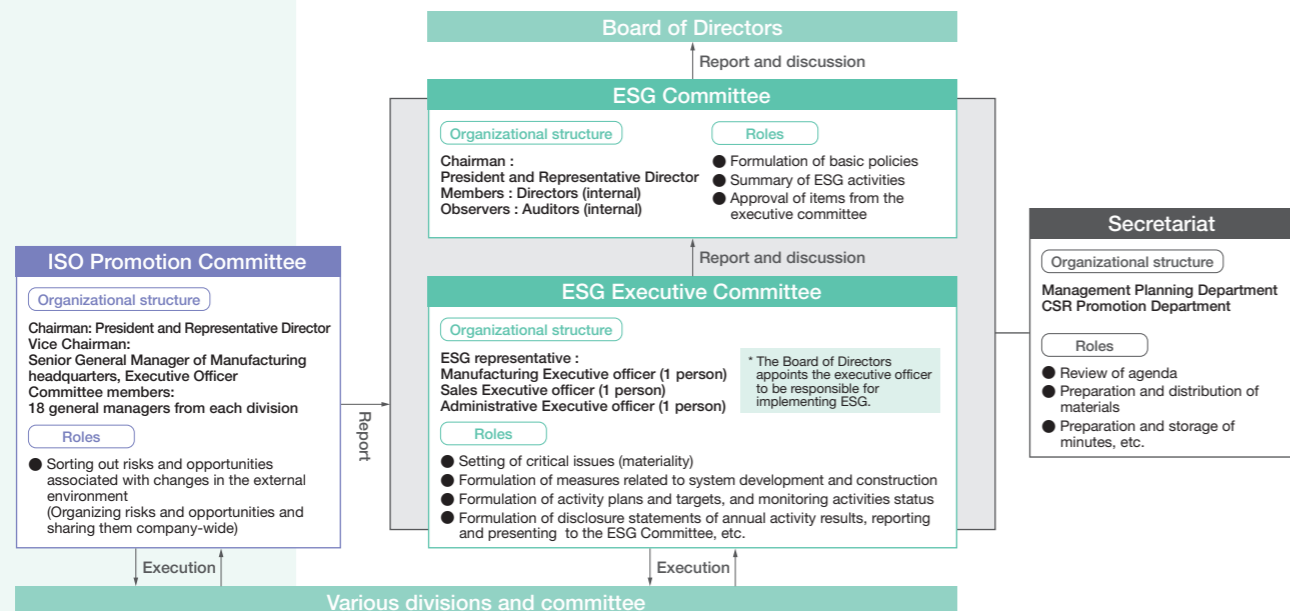
TOLI Group ESG policy



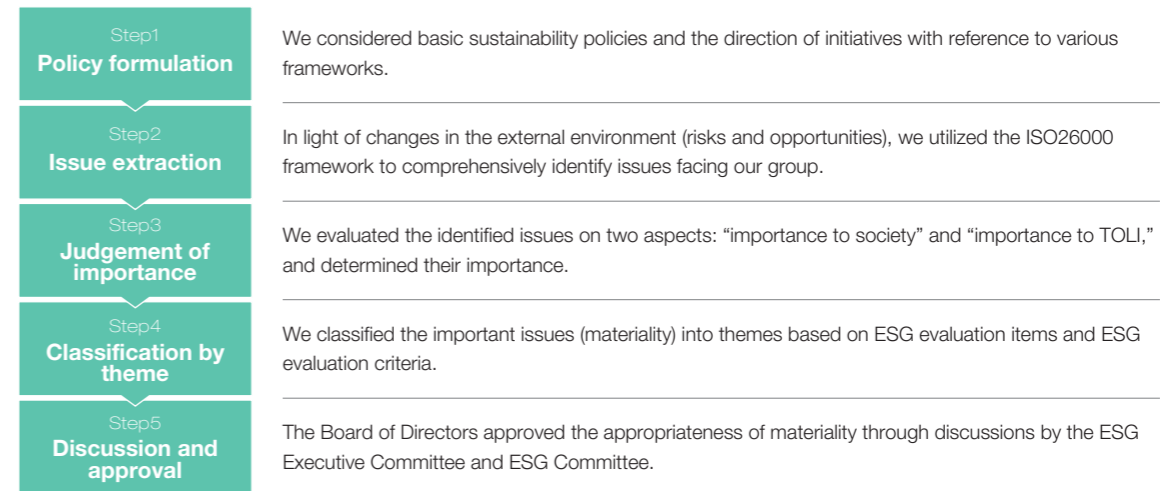
Global environment	Recognizing that global environmental conservation is an important issue for all human beings, we will work to reduce the environmental impact of our business activities and aim to contribute to a sustainable society.
Human rights	We recognize the importance of all human rights and aim to practice respect for human rights in our business activities.
Employment and labor	We aim to create and secure jobs and create a safe and pleasant working environment.
Business activities	We will promote fair and equal business activities and aim to build better relationships of trust with all stakeholders.
Quality	We will promote manufacturing from the customer's perspective based on reliable quality and technology, and aim to provide safe and secure products and services.
Social contribution	We aim to contribute to the development of society by promoting more voluntary activities toward the goal of achieving a better society.
Corporate governance	Recognizing the importance of corporate ethics, we aim to achieve sound and highly transparent corporate management by actively promoting the creation of systems to ensure the effectiveness of governance.

The ESG promotion system

In order to improve the driving force of ESG activities, we have established an "ESG Committee" chaired by the President and Representative Director. We have established an "ESG Executive Committee" consisting of executive officers for sales, manufacturing and administration, and are building a system to promote ESG management.



Materiality identification process



Identified materiality

01 The development of high value-added products

We will enhance the sustainability of our business activities further by developing high value-added products that meet customer needs based on reliable quality and technology.

02 The provision of safe and secure products and services

We conduct business activities from the customer's perspective with reliable quality and high transparency in all aspects of the value chain, from building relationships of trust with suppliers and business partners, to manufacturing and selling products and services, and after-sales support.

03 Contributing to sustainable global environmental conservation

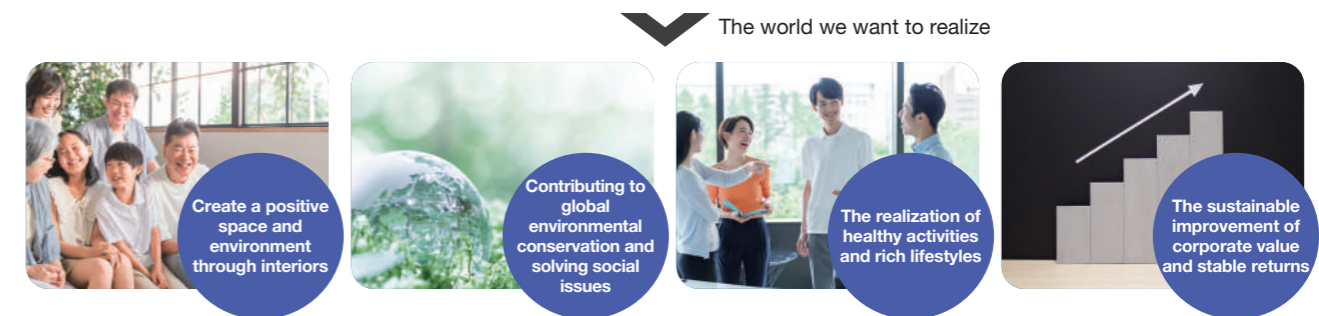
As a manufacturing company, we are responsible for reducing the environmental impact of our products and services throughout their life cycles.

04 Creation of a vibrant workplace environment

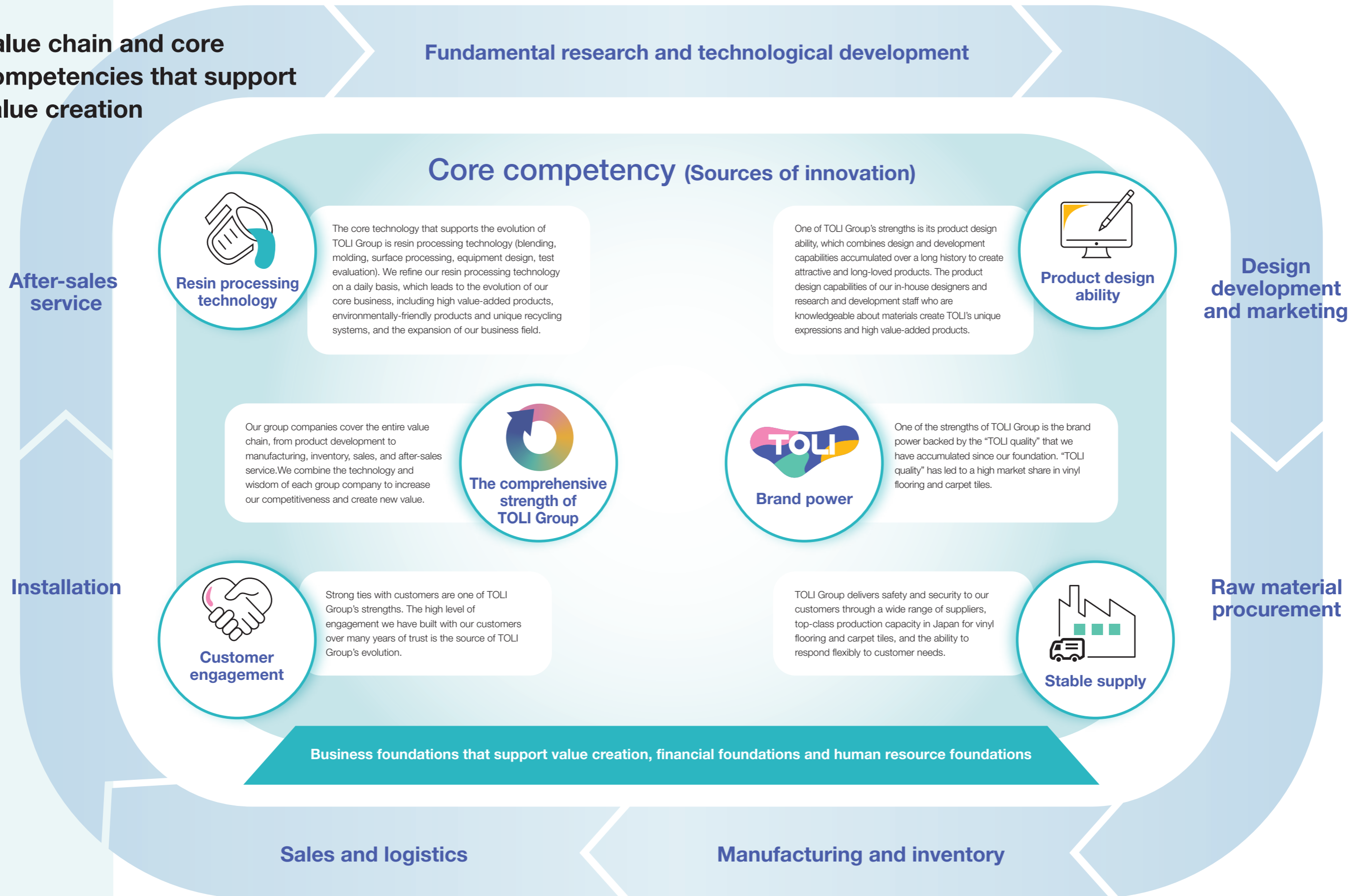
We aim to create a workplace environment where all employees can work with enthusiasm, and to achieve a good work-life balance and well-being of our employees.

05 Building of sound and transparent governance systems

We aim to build a highly transparent governance system for the purpose of healthy relationships with all stakeholders.



Value chain and core competencies that support value creation



Long-Term Vision

<TOLI VISION 2030>

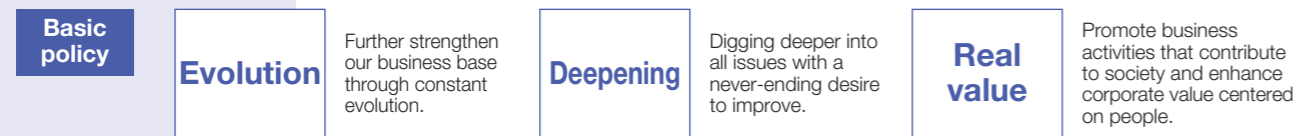
~Evolution to a Lifestyle Design Company~

We have set a Long-Term Vision <TOLI VISION 2030> - Evolution to a Lifestyle Design Company - as our vision for 2030: To become a company that designs lifestyles. Based on the manufacturing legacy built up over our 100-year history, we aim to create new value and evolve into a corporate group that designs people's lifestyles in any scene.



Evolution to a Lifestyle Design Company

We have shifted to an era in which lifestyles have changed from the "consumption of goods" to the "consumption of experiences," and in which lifestyles are expressed as the "consumption of meaning" and the "consumption of time." Based on the "TOLI quality" we have accumulated over the past 100 years, we will aim for evolution from "a company that manufactures and sells goods" into "a lifestyle design company."



Growth Plan for Achieving the Long-Term Vision



Our ideal situation in 2030

Key performance indicators	Net sales Stable growth as a company with net sales of 100 billion yen	ROE 10.0% or more	Environmental impact reduction targets	CO ₂ emissions Reduction of 30% or more (compared to FY2020)	Amount of industrial waste Reduction of 60% or more (compared to FY2019)
	Operating income 6 billion yen or more at an early stage			Recycling rate 90% or more	

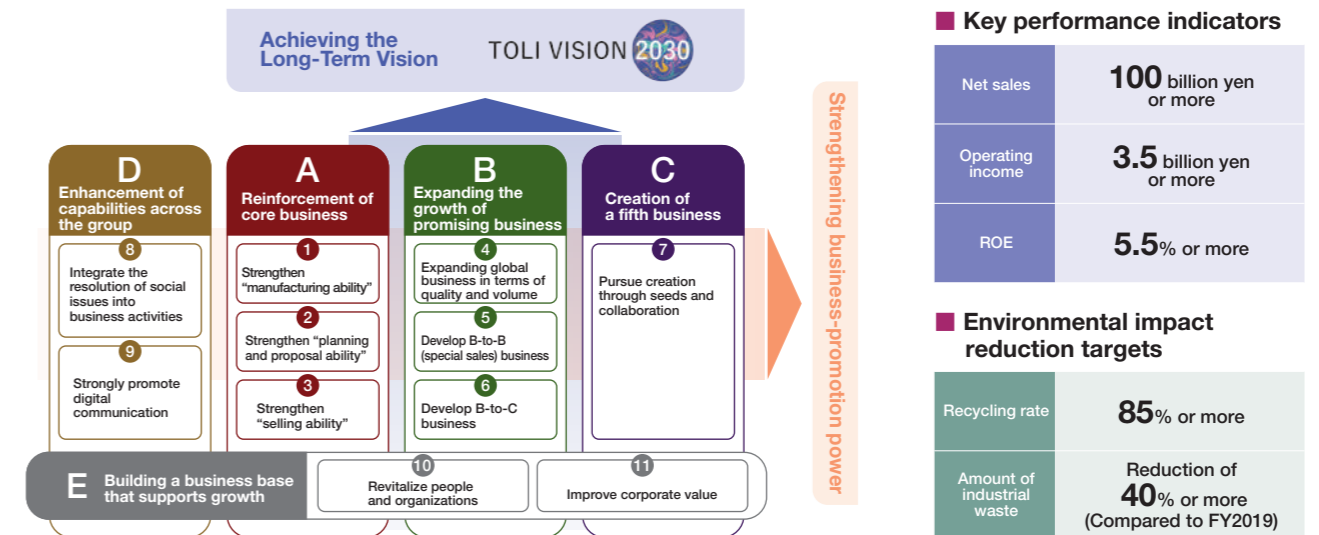
Mid-Term Business Plan

"SHINKA Plus ONE"

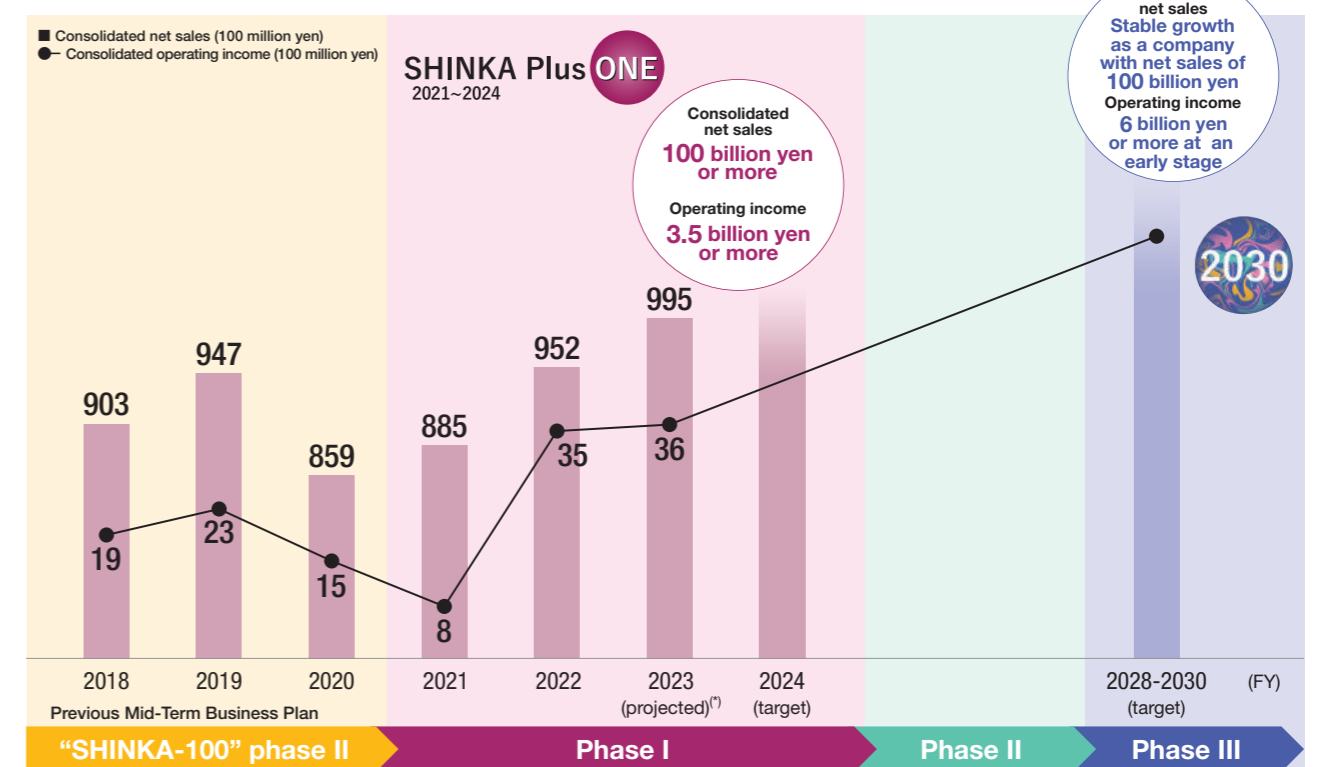


Our group is promoting the Mid-Term Business Plan "SHINKA Plus ONE", which is the first phase, in order to realize our vision for 2030 <TOLI VISION 2030>. With five priority strategies and 11 initiatives, we aim to maximize the TOLI Group's corporate value by expanding economic value and social value toward the realization of a sustainable society.

Five key strategies and 11 initiatives



Progress of management indicators



(*) Estimated figure at the time of disclosure on September 28

Management Strategy
Manufacturing Strategy and Sales Strategy

Manufacturing strategy

As a manufacturer of interior finishing materials, our group has strived to develop products that bring new value. Our passion for manufacturing stems from our pursuit of comfort in living spaces from the customer's perspective, and by constantly pursuing challenging research and development themes, we have evolved the manufacturing capabilities of our group. We will continue to lead the industry with our technological research and product development capabilities in manufacturing, and by creating numerous innovative products, we will contribute to increasing the value of society as a whole.

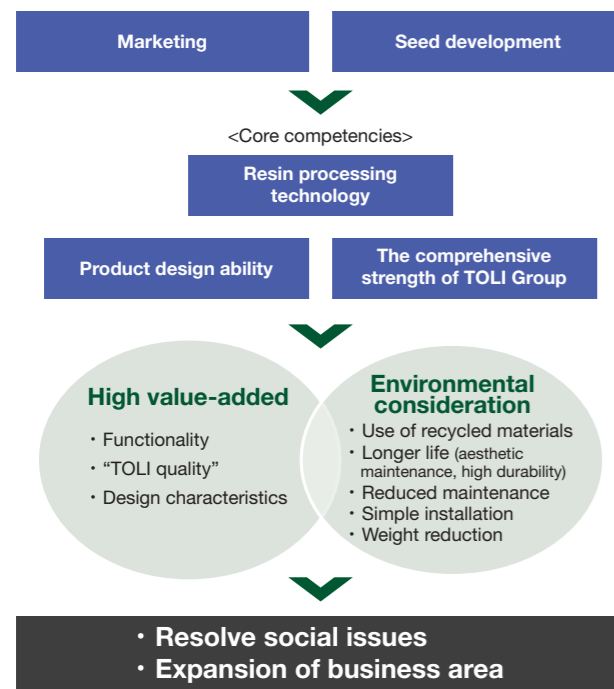


Director and Senior Managing Executive Officer, Senior General Manager of Manufacturing headquarters
Hirofumi Amano

Basic policy Endless pursuit of technological advancement

Concept of manufacturing

- Enhancement of corporate value through the development of unique products
- Balancing of economic value and social value
- Development of seeds for the expansion and strengthening of core competencies



Unique product development

Unique product development for sustainable improvement of corporate value is our group's most important strategy. The "Bathna Series", which was released in 2011, is a vinyl sheet for bathrooms and bathhouses, and is our original and unique product. Despite the conventional belief that "it is difficult to install vinyl sheets in bathrooms where there is a lot of water", we took on the challenge using resin processing and surface processing technology, and have successfully commercialized this product. Currently, we have a comprehensive lineup and are active in the renewal market.

The "Bathna Series" of flooring for bathrooms and bathing facilities

- Reduction of heat shock
- Fall prevention
- Suitable for renovation

We succeeded in the development of unique products with our technical ability and the spirit of challenge even in a space where the use of vinyl flooring was considered difficult due to the harsh usage condition.

Balancing economic value and social value

Expanding the use of recycled materials

By recycling used products that would otherwise have been discarded, we can contribute to reducing the amount of waste and conserving resources. In addition, replacing newly purchased raw materials with recycled materials will reduce CO₂ emissions generated during disposal and raw material manufacturing, as well as lower manufacturing costs. Our group has been working on reusing used agricultural vinyl for over 40 years.



Sales strategy

For over 100 years, our group has grown with the support of many customers. In our sales activities, running promotional activities for building owners, general contractors, construction companies, design offices, and companies that handle interior finishing materials remains our core and most important activity. Although the shape of our company has changed after the COVID-19 pandemic, we will continue to steadily advance our sales activities step by step to "really convey the goodness of our products" based on the "trust" of our customers.



Managing Executive Officer and Senior General Manager of Sales Headquarters
Yoji Nakano

Basic policy Achieving customer trust and satisfaction with meticulous services

Concept of sales activity

- Implementation of area-specific sales strategies
- Realization of customer needs
- Co-creation with group sales companies

Expansion of share in the domestic market

With 42 bases in Japan, sales personnel and floor sales (FS) have continued to work together on a daily basis to respond to requests from customers in various categories, including general contractors, design offices and contractors, thereby accumulating trust. In addition,

they also play the role of providing feedback on products, which leads to new product development, and this kind of sales activity has led to top-class sales volume in domestic markets.

Strengths

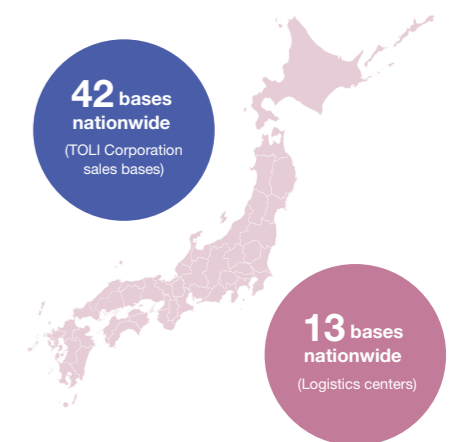
- Sales offices spread throughout the country
- A distribution network that covers a wide area of the country
- Strong relationships of trust with customers
- The know-how and installation capabilities of group sales companies

Strategy
 Strengthen sales channels and focus on promising business

- Promotion of area strategies that emphasize regional characteristics
- Expansion of small market and B-to-C business

Strategy
 Qualitative and quantitative expansion of sales promotion activities through digital use

- Evolution of AI simulation system "Image Fit"
- Enhancement of web marketing



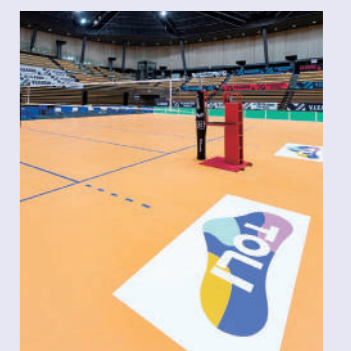
Expanding domestic market shares

Expansion of business field

Our group is a strong corporate group in the contract market (non-residential), but expanding our business field, including BtoC business, is becoming increasingly important. In our Mid-Term Business Plan, we have set two of our five priority strategies: "expanding the growth of promising businesses" and "Creation of a fifth business." In terms of "expanding the growth of businesses," we aim to expand the growth of our global business, special sales business, and BtoC business. Furthermore, under the "Creation of a Fifth Business" initiative, we are looking for new business seeds following vinyl flooring, carpets, wall coverings, and curtains, and are taking on the challenge of cross-industry business.

TOPICS The development of "Connect Mat," dedicated flooring material for volleyball

"Connect Mat," a flooring material specifically for volleyball games, was jointly developed with the Japan Volleyball League, and uses resin processing technology and product design capabilities to solve the problems faced by volleyball organizers and players. With Connect Mat, we were able to capture a new business field for our group: the sports market. We also collect used Connect Mats and recycle them as raw materials for our products.



Management Strategy
Financial Strategy and Global Strategy

Financial strategy

Under the Mid-Term Business Plan "SHINKA Plus ONE," we aim to further strengthen our core businesses by developing unique products, reducing costs, and making large-scale capital investments aimed at reducing environmental impact in order to achieve sustainable growth for our group. We are also focusing on building a management foundation that supports growth, including investing in the use of information systems and strengthening human capital. The basic concept of our group's finances is to maintain a stable financial base that supports growth investments. By implementing capital allocation that is both proactive and sound, we will support our growth strategy from a financial perspective.



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

Basic policy

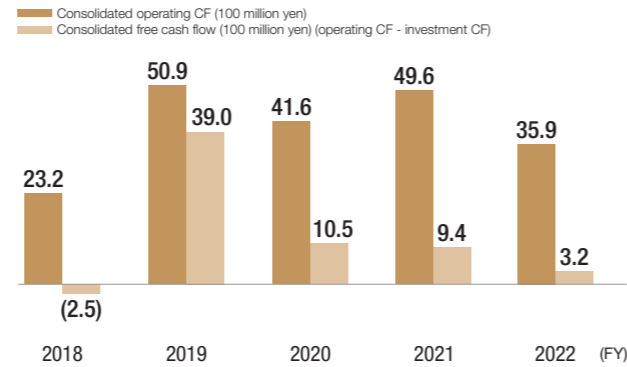
Maintenance of stable financial foundations that support growth investment

Concept of financial strategy

- Financial position aiming for safety and efficiency
- The continuation of positive investment for growth
- Stable shareholder returns

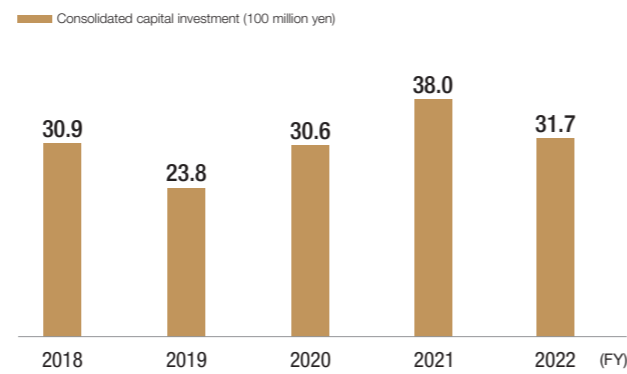
Financial position aiming for safety and efficiency
- Generating stable free cash flows -

Free cash flow was negative in FY2018, but since FY2019, we have generated free cash flow steadily while continuing to make positive capital investments, and are striving to maintain our financial foundations. We will continue to emphasize the creation of stable free cash flows as a source of funds for shareholder returns and growth investment.



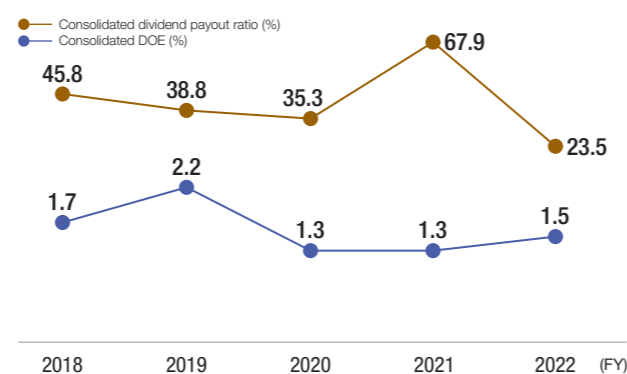
The continuation of positive investment for growth
- Further strengthening of core business and the building of management foundations -

Apart from capital investment aimed at the further strengthening of core business for sustainable growth, we continue to actively invest in building information systems and other management infrastructure to support growth. Under the Mid-Term Business Plan "SHINKA Plus ONE," we will focus on investments aimed at strengthening the competitiveness of manufacturing and reducing our environmental impact, particularly by building a new vinyl flooring manufacturing plant and carpet tile recycling plant. Please note that our capital investment plan has been delayed by approximately one year due to the prolonged COVID-19 pandemic (please see the "Message from the President" for details).



Stable shareholder returns
- The realization of stable dividends in the long-term -

Our group positions the return of profits to shareholders as an important management issues, and our basic policy is to continue paying stable dividends. Regarding stable dividends, we aim for a payout ratio of 30% or higher or a DOE of 1.5% or higher. Based on this policy, the annual dividend per share for FY2022 was 10.00 yen (dividend payout ratio 23.5%, DOE 1.5%). We will continue to enhance shareholder returns by continuing to pay stable dividends.



Global strategy

For the stable growth of our group, qualitative and quantitative expansion of global business is essential. Since the 1980s, we have been focusing on exports, establishing sales offices in Shanghai in 2014 and Singapore in 2019, actively expanding our business. However, we are still in the process of growth, and there is significant untapped potential in the vast global market. Armed with the dedication of 'MADE BY JAPAN' and the high quality and functionality associated with 'MADE BY TOLI,' we aim to elevate the 'JAPAN TOLI brand' and further advance our global business to new heights.



Director and Managing Executive Officer and responsible for Global Department
Masayuki Hashimoto

Basic policy

Improvement and expansion of the "JAPAN TOLI brand"

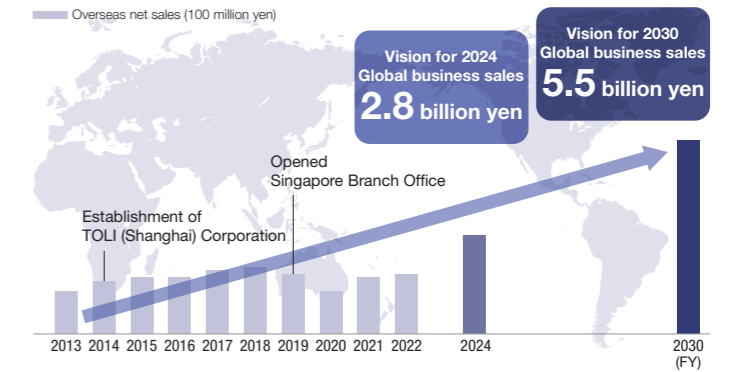
Global strategy concept

- Further improvement of TOLI brand awareness
- Strategic expansion of sales domains and increases in sales
- Promoting vinyl tile joint venture in China
- Enhancement of global human resources

Overseas distributor system

Countries around the world have different lifestyles and laws and regulations, and we work with overseas distributors who are familiar with each country to devise sales methods to meet the needs of each country. We supply the global market with products that have received high praise in the domestic market, as well as products tailored for the global market.

Overseas distributors
20 countries and regions 30 companies
 (As of August 2023)



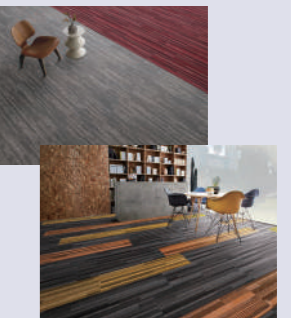
Product strategy

① Export of Japanese domestic products

Japanese aesthetics, traditions and culture are also evaluated highly around the world, and we can be proud of their quality. Using the technological capabilities of our interior business centered on vinyl flooring and carpets, which maintains a high market share in Japan, we will develop global strategic products with "TOLI quality" as a weapon and aim for the improvement and expansion of the "JAPAN TOLI brand."

Overseas strategic products > Carpet Tile "YUTAKA" series

The history of TOLI Group spans more than 100 years, starting with "Yutakaori," plain woven rugs with elaborate designs made from rice straw, which were also exported overseas. The word "Yutaka" represents the group's "foundation," "tradition" and "pride". The "YUTAKA Series," which was developed as a global strategic product, encapsulates more than 100 years of manufacturing and conveys the spirit of elegant hospitality to the world.



② Evolution of global manufacturing bases

Jiangsu Changlong Decorative Material Technical Co., Ltd., (an equity method affiliate) located in Jiangsu Province, China, develops and manufactures vinyl tiles. We aim to develop unique and attractive products by creating a synergistic effect between the joint venture's global market knowledge and technological capabilities and our group's manufacturing technology.

Overseas strategic products > Vinyl Tile "TOLI Select" series

"TOLI Select" series is a vinyl tile developed by Jiangsu Changlong Decorative Material Technical Co., Ltd., and TOLI Corporation for the global market. With a wide range of products to meet overseas needs, we will take on the challenge of further improving and expanding the TOLI brand in the global market.



Product Business

The product business is a business that manufactures and sells TOLI brand products, mainly vinyl flooring, carpets, curtains, and wall covering, and provides related logistics and other services.

Risks, strengths and value creation

Business risk <ul style="list-style-type: none"> Sluggish growth in the domestic construction market Strengthening of chemical substance regulations Destabilization of the supply chain Shortages of delivery drivers Decreases in the working population The heightened risks of climate change Decreases in construction workers 	The value creation we aim for <ul style="list-style-type: none"> Improving competitiveness through unique product development The development of technologies towards the creation of safe, secure and comfortable spaces Solving social issues through business activities
Sources of value creation (strengths) <ul style="list-style-type: none"> Marketing activities coordinated by Planning Division and Sales Division Abundant technology and knowledge with regard to flooring Manufacturing technology and capital to realize needs Design development by in-house designers 	The value creation we focus on <ul style="list-style-type: none"> The development of high value-added products that are safe, secure and comfortable The realization of a circular economy society through recycling technology Expansion of business field through "seed-out" Manufacturing based on global standards

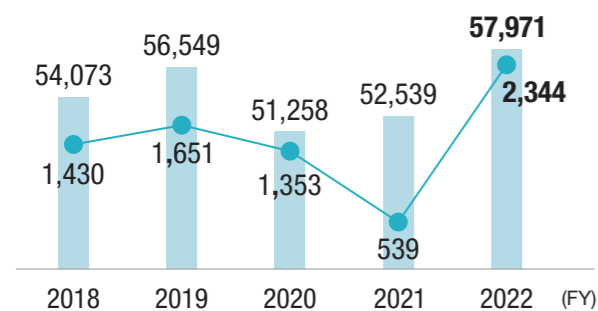
Performance highlights

FY2022 results (consolidated)

Net sales **57,971** million yen
(+10.3% YoY)

Segment income **2,344** million yen
(+334.8% YoY)

■ Net sales (million yen) ● Segment income (million yen)



TOLI brand lineup

Business	Main sample books	Main products
Vinyl flooring	Sheet collection CF Sheet collection NW Tile collection	[Vinyl tile] • Matico V • Royal Stone, Royal Wood • Loose Lay Tile • ToughtecTile [Vinyl Sheet] • Floorleum • CF sheet • Mature NW • Hitoe
Carpet	GA-100 Series Graphic carpet tile Roll carpet collection	[Carpet tile] • GA-100 Series • GA-3600 Sustive Back • GX Series/MTE • EXC [Roll carpet] • Etweal • Royal Thai + TOLI Collection
Curtain	TOLI Curtain Fuful TOLI Contract Curtain	[Curtains for residential] • Fuful [Curtains for facilities] • TOLI Contract Curtain
Wall covering	POWER 1000 VS Real Deco	[Vinyl wallcovering] • TOLI Wall VS • POWER1000 [Paper wallcovering] • Real Deco

FY2022 TOPICS


Vinyl flooring

Launch of third flooring material, "ToughtecTile" (April 2022)

We have launched Luxury Hard Tile (LHT) "ToughtecTile" which combines the advantages of vinyl tiles and ceramic tiles. ToughtecTile, a new flooring material created by combining our advanced technology and a pioneering spirit, is a product that is expected to expand the possibilities of vinyl flooring.

Store market

Features of ceramic tiles		Features of vinyl tiles	
High durability	Low maintenance	Lightweight	Antiviral property
No indentations	Concealability	Hardly get tired	Can be installed on existing flooring
Fragile	Heavy	Unevenness is conspicuous	Prone to indentation
Get tired easily	Slippery	Less durable and more slippery than ceramic tiles	



Problems faced by owners, designers and users

Explore latent needs and create new value with vinyl tile processing technology and extensive knowledge

LUXURY HARD TILE

ToughtecTile

POINT 01

Hard to break due to moderate rigidity

POINT 02

Less slippery than regular ceramic tiles

POINT 03

Lighter than regular ceramic tiles

POINT 04

More durable than regular vinyl tiles

POINT 05

Beautiful finish not easily affected by uneven groundwork

POINT 06

Sanitary, safe space due to antiviral processing

➔

Acquisition of new markets

Wall covering

Renewal of "Real Deco", a non-combustible decorative finishing material (October 2022)

We have made a major renewal of our proprietary product, "Real Deco", a non-combustible decorative finishing material. "Real Deco", which realistically expresses materials such as wood grain and stone grain, is a unique product of our group, and we aim to expand our share with this outstanding product in the wall covering market.

POINT 01

High quality texture and realistic expression



POINT 02

High functionality that expands the range of product selection

Scratch resistant

Stain resistant

Non-combustible certified product

Mildew resistant

➔

Expand market share with unique products

Management Strategy

Business status by segment

FY2022 TOPICS

Carpet

Launch of the environmentally-friendly "GA-3600 Sustive Back" carpet tile (June 2022)

The "GA-3600 Sustive Back" has adopted a "Sustive Back" for environmentally-friendly carpet tiles. "Sustive Back" has a carpet tile backing that uses recycled chips as part of the backing layer. The "TOLI Complete Recycling" will reduce the amount of industrial waste and greenhouse gas emissions.

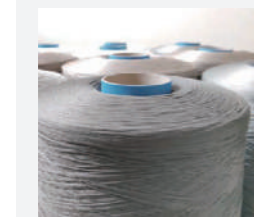


POINT 01 Adopted "Sustive Back," which uses recycled carpet tile material in the backing layer

We carry out horizontal recycling of scraps generated in the carpet tile manufacturing process, etc., and used carpet tiles collected from the market using a wide-area certification system, and these are reborn as "Sustive Back." This leads to the effective use of resources and reductions in the amount of industrial waste discharged and CO₂ emissions throughout the supply chain.

Factory scraps, market waste, etc. → Recycle → To the backing layer

POINT 02 Internalizing a portion of the nylon production for carpet manufacturing



We have introduced spinning facilities for nylon for carpet tiles at Shiga TOLI Corporation and are using that nylon in some of our GA-3600 Sustive Back products. This will contribute to the stable supply of products in response to the unstable raw material procurement environment. Moreover, we have also started on the reinforcement of nylon spinning facilities aimed at improvement of the in-house production ratio and new product development, which will lead to the development of unique products.



Curtain

Launch of "Contract Curtain Vol.15" for various facilities (October 2022)

We launched "Contract Curtain Vol.15," which has a wide variety of functionality and design features required in the contract (non-residential) market, such as medical, welfare and educational facilities. We aim to increase our share of the curtain market by expanding our lineup to meet various needs, including products processed with antiviral agents and products that comply with the Green Purchasing Law in Japan.

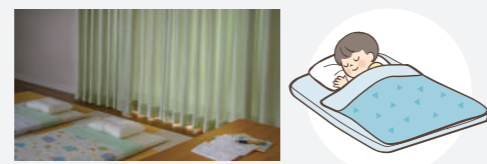
POINT 01 Newly released products with antiviral treatment

These curtains have been treated to reduce the number of specific viruses on the fibers.

New launch of 23 items with seven patterns



POINT 02 Functional curtains for various scenes



Expanding our share in the curtain market based on functional products

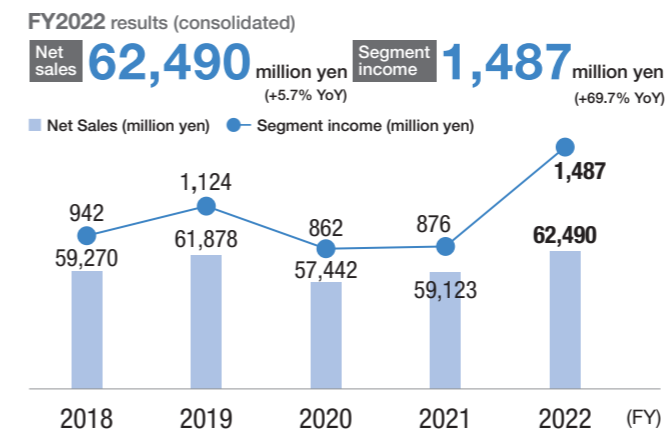
Interior wholesaling and installation business

Interior wholesale and installation business consist of the purchase and sale of interior-related products, including TOLI brand products, by the group's sales and installation companies, as well as installation business. The group's sales and installation companies provide one-stop solutions for interior products that meet customer needs.

Risks, strengths and value creation

Business risk <ul style="list-style-type: none"> ● Aging of interior installers ● Sluggish growth in the domestic construction market ● Intense price competition ● Shortages of delivery drivers 	The value creation we aim for <ul style="list-style-type: none"> ● The creation of safe, secure and comfortable spaces through interior services ● The creation of customer value through high level of expertise ● Contributing to society through sales of interior products
Sources of value creation (strengths) <ul style="list-style-type: none"> ● Strong customer foundations rooted in the region ● Realization of diverse needs with TOLI brand + products from other companies ● Extensive network with interior installers ● Abundant knowledge and experience in interior 	The value creation we focus on <ul style="list-style-type: none"> ● Realization of customer needs through one-stop service ● Creation of new interior services ● Strengthening the network of interior installers

Performance highlights



Products handled

TOLI brand	Purchase and sale of TOLI brand products by group sales companies
Other companies' products	[Interior products of other companies in the same industry] Purchase and sale of TOLI brand equivalent products [Window treatment] Purchase and sale of window products such as blinds, curtain rails and roller blinds
Building materials and housing equipment	Purchase and sale of housing equipment and building materials related to interiors
Installation services	Provision of interior finishing installation services by specialized technicians

Role of group sales company

To provide "abundant living space"

LIC Co., Ltd. was born through the merger of three historic interior product wholesale trading companies, and has continued to transform and evolve in line with changes in the interior business. Currently, we have added housing equipment and building materials to our business field, and are continuing to take on the challenge of becoming a "general trading company specializing in interior, housing and building materials."

Today, Japan is at a major turning point in society, such as the declining birthrate and aging population and the response to the COVID-19 pandemic, and lifestyles and values are about to change



































Toshiki Murayama, President and Representative Director, LIC Co., Ltd.

significantly even in our business area of "living space." In order to provide "rich living spaces" that are in line with the changing times, we must use our "customer responsiveness" based on our strengths in "the number of products we handle and the ability to provide information" to "support our suppliers and customers." We believe that it is increasingly important to hone the capabilities of the supply chain that connects our customers.

We will continue to make further efforts to demonstrate our ability to collect and disseminate information nationwide, expand the circle of win-win relationships, and meet the expectations of our customers.



Materiality and Results of Initiatives

Materiality (important issues)	Initiatives	Target	FY2022 results	Related SDGs
<p>The development of high value-added products</p> <p>Using reliable quality and technology, we develop high value-added products that meet customer needs and further enhance the sustainability of our business activities.</p> 	<p>Enhance customer satisfaction level</p> <p>Improve the level of product planning and product design Responding to digital contents</p>	<ul style="list-style-type: none"> Strengthening of product planning abilities in response to market needs Expand digitization of promotions 	<ul style="list-style-type: none"> Market-specific marketing project activities Updating of "Real Net" (information provision system for distributors) New version of "Image Fit" New web product presentation held in FY2022 	  
	<p>Protection and utilization of intellectual property rights</p> <p>Set award system for invention by employees Hold study sessions on intellectual property rights for technical and planning staff</p>	<ul style="list-style-type: none"> Holding of meetings of the Intellectual Property Evaluation Committee 	<ul style="list-style-type: none"> Rewards for three patents and two designs Six training sessions, 23 participants 	
<p>The provision of safe and secure products and services</p> <p>We conduct business activities from the customer's perspective with reliable quality and high transparency in all aspects of the value chain, from building relationships of trust with suppliers and business partners, to manufacturing and selling products and services, and after-sales support.</p> 	<p>Corporate activities considering safety and security</p> <p>Development of products mindful of indoor environment Promoting environmental globalization</p>	<ul style="list-style-type: none"> Collection of information on domestic and overseas hazardous chemical substances and prompt response 	<ul style="list-style-type: none"> All products launched in FY2023 comply with 4VOC standards Acquisition of Eco-Leaf environmental label for GA-3600 Sustive Back Maintenance of ISO14001 certification in FY2022 	   
	<p>Strengthen supply chain</p> <p>Strengthening and stabilization of the raw material procurement system Planned repairs of aging equipment and implementation of seismic reinforcement work In-house production of main raw materials</p>	<ul style="list-style-type: none"> Establishment of a multi-company purchasing system Implementation of long-term repair plans (FY2022) Promoting in-house production of nylon spinning for carpets 	<ul style="list-style-type: none"> Continuation of procurement from multiple suppliers for key raw materials 100% completion of planned repair projects in current fiscal year Stable operation of the first nylon spinning machine for carpets and start of expansion 	
	<p>Upgrading quality assurance systems</p> <p>Quality maintenance and improvement at quality meetings and quality control committees Alignment of management indicators with subcontractors, regular audits and meetings</p>	<ul style="list-style-type: none"> Total number of quality complaints from 5 factories (carpet and vinyl flooring): less than 120/year 	<ul style="list-style-type: none"> Number of quality complaints in FY2022: 142 Complaint incidence rate: 0.005% (based on number of cases) 	 
<p>Contributing to sustainable global environmental conservation</p> <p>As a manufacturing company, we are responsible for reducing the environmental impact of our products and services throughout their life cycles.</p> 	<p>Promoting reduction of industrial waste, resource conservation/promotion of recycling</p> <p>Promoting recycling in business activities and reducing industrial waste emissions by promoting recycling Expansion of "TOLI Complete Recycling" system</p>	<p>By FY2024</p> <ul style="list-style-type: none"> Recycling rate to be 85% or more Reduce industrial waste by 40% or more (Compared to FY2019) <p>By FY2030</p> <ul style="list-style-type: none"> Recycling rate to be 90% or more Reduce industrial waste by 60% or more (Compared to FY2019) 	<ul style="list-style-type: none"> Recycling rate 79.8% Reduce industrial waste by 20.5% (compared to FY2019) Start of operations of carpet tile recycling plants Start of sample recycling center 	   
	<p>Promote reduction of greenhouse gas emissions and energy saving</p> <p>Development and supply of eco-friendly products and services Promote energy-saving measures at business locations, upgrade to high-efficiency equipment, and introduce new equipment Improving the efficiency of transportation and delivery</p>	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1 + 2) by 30% or more (compared to FY2020) 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1 + 2) 2.5% increase (compared to FY2020) * 4.4% reduction year-on-year 	   
<p>Creation of a vibrant workplace environment</p> <p>We aim to create a workplace environment where all employees can work with enthusiasm, and to achieve a good work-life balance and well-being for our employees.</p> 	<p>Promoting work-life balance</p> <p>Promoting TOLI work styles Setting and utilizing maternity and childcare leave periods longer than legally mandated periods</p>	<ul style="list-style-type: none"> Reduce average overtime hours by 4 hours/month year on year (FY2022) Paternity leave acquisition rate of 20% or more (FY2022) Early acquisition of the "Tomonin" mark 	<ul style="list-style-type: none"> Reduced average overtime hours: 1.8 hours/month year on year Paternity leave acquisition rate 71.4% Acquisition of "Tomonin" mark (August) 	 
	<p>Well-planned training programs</p> <p>Establishment and continuous operation of education systems by level and job type Support for obtaining official qualifications and self-development support through correspondence education system</p>	<ul style="list-style-type: none"> Training satisfaction and effectiveness: 4.0 points or more (out of 5.0) (FY2022) Completion rate of correspondence courses: 80% or more (FY2022) 	<ul style="list-style-type: none"> Level-specific training satisfaction level: 4.4 points (133 participants, 9 sessions in total) Job-specific training satisfaction level: 4.6 points (87 participants, 7 sessions in total) Effectiveness of public training: 4.2 points (68 people) Completion rate of correspondence courses: 80.7% 	 
	<p>Promoting diversity management</p> <p>Active promotion of women to management positions Continuous efforts for employing people with disabilities</p>	<ul style="list-style-type: none"> Ratio of female managers: 10% or more (FY2022) Employment rate of people with disabilities: 1.9% or more (FY2022) 	<ul style="list-style-type: none"> Ratio of female managers 8.1% Employment rate of people with disabilities: 2.1% (0.2 point improvement) 	  
<p>Building of sound and transparent governance system</p> <p>We will aim to build a highly transparent governance system for sound engagement with all stakeholders.</p> 	<p>Strengthening sound governance</p> <p>Set Basic approach to corporate governance Analyzing and evaluating the effectiveness of the Board of Directors</p>	<ul style="list-style-type: none"> Disclosure through corporate governance report (FY2022) 	<ul style="list-style-type: none"> Disclosure of corporate governance reports (June and November) Analyze and evaluate the effectiveness of the Board of Directors 	
	<p>Compliance with fair transactions</p> <p>Thorough implementation of TOLI Group Code of Conduct Implementation of (Japan's) Antimonopoly Act training</p>	<ul style="list-style-type: none"> Continuation of business activities in compliance with the Antimonopoly Act and Subcontracting Act (Japan) 	<ul style="list-style-type: none"> Implementation of (Japan's) Antimonopoly Act and Subcontracting Act training Implementation of outsourced training Implementation of outsourcing survey 	
	<p>Enhancement of information disclosure</p> <p>Conducting scenario analysis on climate change based on TCFD</p>	<ul style="list-style-type: none"> Information disclosure based on TCFD recommendations (FY2022) 	<ul style="list-style-type: none"> Information disclosure based on TCFD recommendations (June) 	

Global environment

ESG policy (global environment)

Recognizing that global environmental conservation is an important issue for all human beings, we will work to reduce the environmental impact of our business activities and aim to contribute to a sustainable society.

- Environmental impact reduction targets, performance trends, and TOLI products' environmental philosophy [▶ Page 31](#)
- Responding to climate change issues [▶ Page 32](#)
- Promoting reduction of industrial waste, resource conservation/promotion of recycling [▶ Page 33](#)
- Promoting reduction of greenhouse gas emissions and energy saving [▶ Page 34](#)



Environmental Activities Guidelines

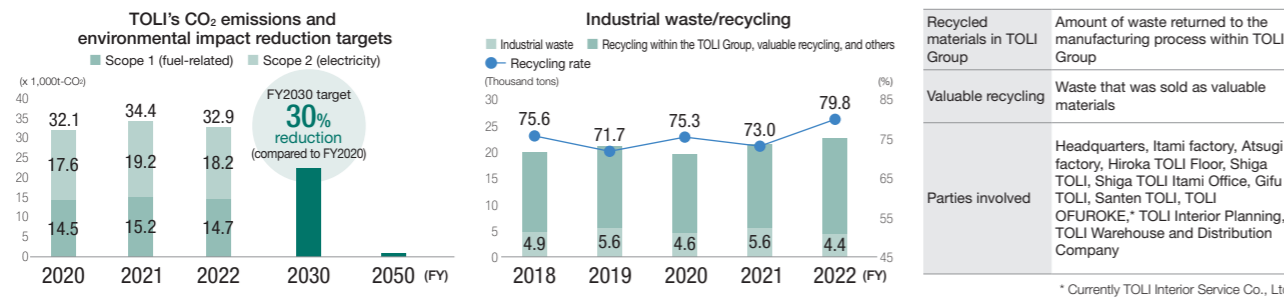
1. We will actively work on products and services which are eco-friendly and are safe and secure to use.
2. We will continuously strive to conserve energy, resources, and recycle.
3. We will comply with environmental laws and regulations and fulfill our corporate social responsibilities.
4. We will set environmental targets and strive to utilize the environmental management system and achieve targets.
5. We will regularly disclose our environmental policy, environmental activities guidelines, and the results of our initiatives.



Environmental impact reduction targets



Actual trends



TOLI products' approach to the environment

Our group aims to build circular economy business activities throughout the group. Aimed at reducing the environmental impact in each cycle from product procurement to disposal, we would like to provide products focusing on six initiatives: recycling; longer life (aesthetic maintenance, high durability); low maintenance; simple installation; and weight reduction.

- | | | |
|---|--|--|
| [1] Procurement: recycling
Procurement of waste materials from the market | [2] Manufacturing: recycling
Reuse of waste materials in the market, scraps in factories, etc. | [3] Transportation: energy saving
Product weight reduction |
| [4] Installation: resource and energy saving
Simple installation | [5] Use: longer life (aesthetic maintenance, high durability) Low maintenance | [6] Disposal: recycling
Collection and reuse of used products through a wide-area certification system |



Responding to climate change issues

Thoughts on climate change issues

Extreme climate change is a major problem that threatens people around the world and the global environment, and it has a major impact not only on corporate business activities but also on people's lifestyles. While responding to climate change poses risks for companies, such as increased costs and business interruption, we also see it as an opportunity to create new value. In FY2022, we

appointed one climate change response project manager with the aim of strengthening climate change countermeasures within our group. In order to contribute to the creation of a positive space and environment for people around the world, our group is working together as one to tackle climate change.

Information disclosure based on TCFD recommendations

In 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by Financial Stability Board (FSB) and our participation in the consortium. As a scenario for future climate change, we assumed a temperature increase of 2°C to 4°C, conducted a scenario analysis for FY2030 (*), identified risks and opportunities for business brought about by climate change, and established strategies. In the future, we will enhance the quality and quantity of related information, and further strengthen our analysis and efforts against climate change.



Information disclosure based on TCFD recommendations



(*) We began conducting scenario analysis for our domestic business which accounts for a large share of total sales.

Risks and opportunities

We identified the risks and opportunities envisioning each stage of the supply chain for each factors behind risks and opportunities. From these, we identified seven risks and six opportunities that would significantly impact our business and that have a high probability of actually occurring.

Category	Factors behind risks	Details	Financial impact	
Risks	Regulation/policy	Introduction of carbon pricing	The introduction of carbon pricing and rising carbon prices lead to higher energy costs and raw materials costs. As a result of the introduction of carbon pricing, private sector demand stagnates and sales decline.	Large Small
		Replacement of existing products and services with eco-friendly options	Switch from raw materials with a high emission factor to raw materials with a low emission factor leads to higher capital investment and development and procurement costs.	Large
	Technology	Shift to recycling oriented business results in higher capital investment and development costs.	Large	
		Upfront costs associated with transition to eco-friendly technologies	Higher costs for the development and procurement of energy saving products, products with a long lifetime, and easy-to-install and lightweight products.	Small
	Market	Rising raw material prices	Higher capital investment and development costs as a result of rising raw material prices and the adoption of in-house manufacturing measures.	Large
Physical risks	Increase in the severity and frequency of abnormal weather events such as typhoons and floods	Disasters cause supply chain disruptions, leading to the suspension or scaling-back of business activities and decline in sales. Disaster countermeasures also lead to higher costs.	Small	
Opportunities	Resource efficiency	Establishment of circular economy business	Establishment of recycling business that turns waste materials in the market and scrap, etc., generated in-house into recycled raw materials leads to lower raw materials costs. Corporate reputation improves as a result of contribution to reduction of CO ₂ emissions and sales increase.	Large
		Energy sources	Reduction of energy costs through energy saving measures such as the introduction of high efficiency equipment	By introducing highly efficient equipment that contributes to reducing CO ₂ emissions, reducing the weight of products, and improving the efficiency of transportation and delivery, energy costs in each supply chain will decrease and profits will increase.
	Products and services	Development of technologies to meet needs for expansion in the recycling rate, reduction of CO ₂ emissions and reduction of manufacturing costs, and expansion of eco-friendly products and services - applying these technologies leads to increased sales.	Large	
Development of new products and services through R&D and innovation		Higher levels of technology to meet needs for low carbon materials and various other raw materials. To process them efficiently and more options for the procurement of raw materials strengthen business continuity capabilities and also reduce manufacturing costs.	Small	
Market	Use of public sector incentives	Provision of new products and services that help reduce CO ₂ emissions leads to increased sales. Renewal and rebuilding demand arise leading to increase in sales	Medium Small	

Strategy

We will continuously implement medium- and long-term countermeasures to address risks and opportunities identified based on scenario analysis and will increase the resilience of our business activities.

Countermeasures	Details
• Reduce greenhouse gas emissions by steadily implementing groupwide plan	(1) "Reduce"...<Scope 1 and 2> Install energy saving/energy efficient equipment, review processes <Scope 3> reduction of transportation energy (2) "Create"...Install solar power generation facilities (3) "Replace"...<Scope 1 and 2> Switch to low emission energy sources, renewable energy sources, etc., <Scope 3> Switch to raw materials with a low emission factor
• Expand eco-friendly products and services and improve profit margins	(1) Expand Eco Mark products and other products made from recycled raw materials (2) Expand products with a long lifetime and low maintenance products (NW series, etc.) (3) Expand easy to install products (flooring which does not require adhesive, etc.) (4) Promote shifting to lightweight products (5) Expand new eco-friendly products and services (6) Improve technologies for optimum use of recycled materials
• Procure and use recycled raw materials	(1) Collect waste materials in the market through the wide area certification system, etc. (2) Pursue zero emission in carpet tile business (3) Establish stable procurement routes for recycled raw materials (4) Improve technologies for optimum use of recycled raw materials (5) Promotion of cross-factories utilization of raw materials
• In-house production of upstream processes	(1) Establish technologies for the in-house production of upstream raw materials (2) Install new raw material manufacturing equipment (3) Expansion of technology compatible with various raw materials (4) Invest in new equipment for intermediate processing and recycling, put into stable operation
• Strengthen supply chain BCP	(1) Strengthen Business Continuity Plan (BCP) including supply chain
• Improve transportation and delivery	(1) "Reduce"...<Scope 3> Reduce transportation and delivery energy costs • Reduce the weight of products • Improve transportation and delivery efficiency • Request outsourcing logistics companies to improve their transportation and delivery efficiency • Improve storage and cargo handling efficiency

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

Establishment of circular economy business

Our group has set business activities aimed at realizing a circular economy society as one of our strategies. In addition to reusing scrap materials generated from business activities within the group, we are contributing to the realization of a circular economy society through initiatives such as recycling of waste materials that were discarded and

horizontal recycling of sold products. Furthermore, we have positioned reductions in industrial waste, improved recycling rates, and reductions in greenhouse gas emissions as important medium to long-term environmental impact reduction goals, and will regularly disclose our efforts and results.

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

01 Establishment of complete resource recycling of carpet tile waste

Our group has established unique carpet tile recycling technology that does not separate the pile layer from the backing layer. With the operation of the carpet tile recycling plant at Shiga TOLI Corporation in 2021, it has become possible to perform circular horizontal recycling that returns almost 100% of the used carpet tiles that can be processed into raw materials. In order to further increase our competitiveness in the carpet tile business, which boasts a high market share in Japan, we will continue to expand the "TOLI complete recycling system". Promoting recycling will increase CO₂ emissions (Scope 1 and 2) by our group, but will reduce CO₂ emissions related to raw material procurement (Scope 3), contributing to the realization of a sustainable society. TOLI Group, which boasts one of the top domestic distribution volumes of carpet tiles, has an obligation to promote recycling, and we believe that our contribution to society is significant.

The role of TOLI Complete Recycling

- The realization of a circular economy
- Effective use of resources
- Reduction of the CO₂ emissions generated during the manufacturing and procurement of raw materials (Scope 3)
- Reducing CO₂ emissions (Scope 3) generated when disposing used carpet tiles
- Fostering an environmentally friendly culture in the construction industry

02 Collection of in-house carpet tiles using (Japan's) wide-area certification system

In addition to recycling factory scraps, etc., we have been certified by the Minister of Environment (in Japan) as a wide-area certified business that collects our own products that have become waste and properly processes them into product materials, etc. We collect and recycle carpet tiles.

03 Development of carpet tiles using recycled chips

"GA-3600 Sustive Back" was created using the technology of turning factory scraps and used in-house carpet tile waste into chips and using them as raw materials for carpet tiles. Due to the use of recycled materials, we have received Eco Mark certification and compliance with the Green Purchasing Law (in Japan). We are working to further expand the TOLI Complete Recycling System and expand the range of products that comply with the Eco Mark and Green Purchasing Law.

Employee interview

Breakthrough in building the system

In order to increase the economic efficiency of recycling, it is necessary to establish technology to recycle the pile layer and backing layer without separating them. There were many issues to overcome in establishing the technology, but among them, when designing the equipment to produce recycled chips from carpet tiles, it was difficult to treat the fibers in the pile layer, and it was difficult to find a way to pass the process without problems. We went through a lot of trial and error with the project members. From now on, we will actively collect used carpet tiles, increase production of recycled chips, reduce industrial waste, and expand our range of Sustive Back products.



Yushiro Yasuda, Manager,
Technical and Development Department Carpet Group,
TOLI Corporation

Expansion of eco-friendly products

Aiming to reduce our environmental impact, we are promoting six initiatives: use of recycled materials, longer lifespan (maintaining aesthetics and high durability), reduced maintenance, simple installation, and weight reduction. As a result, many products, including vinyl flooring and carpet tiles, are now environmentally friendly. In addition, in product development, we are actively working on

obtaining environmental certification from third-party organizations and developing compliant products. For products that use recycled materials, we display environmental information such as recycled material weight ratio, CO₂ emissions, and CO₂ emissions reduction rate, in an effort to help our customers use our products with peace of mind.

Prolonged lifespan through reduced maintenance and aesthetic preservation

NW Series, NW-EX Series

The NW Series and NW-EX Series are flooring materials that "do not require wax maintenance" because their surfaces are covered with a highly durable protective layer, making them difficult to get dirty and easy to clean. Because of that, the amount of electricity and water required, and the amount of wastewater generated when carrying out maintenance decreases compared to floor materials that require wax maintenance, contributing to the reduction of environmental impact.

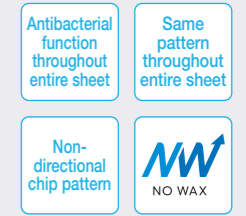


Longer lifespan due to high durability

Homogeneous vinyl sheet "HITOE Granza" "HITOE Fine"

Single-layer structure with a pattern that lasts throughout the entire layer. In addition to the "all-layer no-wax specification" that is easy to maintain, it also has a resin-rich structure that is highly wear resistant, making it extremely durable.

By continuing to develop and sell products with longer lifespan, we will extend the life cycle from installation to replacement, contributing to resource conservation and waste reduction.



Environmental certification by third-party certification organizations, etc.

Green Purchasing Law: Fabric

An unified label for "Products compliant with the Green Purchasing Law" as determined by the Interior Fabric Industry Revitalization Council.

Green Purchasing Law: Vinyl flooring

A label for "Products compliant with the Green Purchasing Law" as determined by the Plastic Flooring Subcommittee of the Nippon Interior Association.

Eco Mark

This mark is for products examined and certified by the Japan Environment Association.

Eco Leaf

A mark for products certified by SuMPO Environmental Labeling Program operated by the Sustainable Management Promotion Organization.

Promote reduction of greenhouse gas emissions and energy saving

The movement to become carbon neutral by 2050 is gaining momentum around the world, and our group has also set reduction targets by 2030. CO₂ emissions reduction targets are also an important management indicator in the Mid-Term Business Plan "SHINKA Plus ONE." In addition to diligent efforts such as energy-saving activities

that we have undertaken so far, we are aiming to achieve our CO₂ emissions reduction target, including investment in equipment to improve energy efficiency. Going forward, we will continue to discuss long-term goals and take on the challenge of becoming a zero-emissions company.

R&D that leads to environmental impact reductions

We exhibited biomass tile (flooring material) with a biomass content of 96% using only non-edible materials as a reference at the interior trend show "JAPANTEX" held in October 2022. Biomass minimizes the use of fossil-derived raw materials and absorbs CO₂ emitted during production and disposal during the growth process of the plants that serve as raw materials, so it has the effect of offsetting emissions.

Our company focused on this biomass and leveraged our knowledge and technology from many years of using recycled materials to consider the possibility of turning it into vinyl tiles. We will continue to engage in multifaceted R&D to address environmental issues and contribute to the realization of a sustainable society.

CO₂ emissions reduction results born from insights at the factory

Employee interview Our factories have equipment that burns a portion of the exhaust before releasing it into the atmosphere. After this treatment, the exhaust gas has high temperature and contains energy, so it is passed through a heat recovery device called a waste heat boiler before being released into the atmosphere. This waste heat boiler generates steam through heat exchange and reuses it in the process, but depending on the amount of emission, the steam pressure can sometimes be low. At that time, the low-pressure steam was discarded without being used. There was a period when the steam was rising. We realized the possibility of reusing this steam and began considering it. It was difficult to deal with fluctuations in the pressure of the steam used, but by dividing the parts of the factory that use steam into low-pressure sections and high-pressure sections and reusing the steam for the low-pressure sections, energy efficiency was improved and CO₂ emissions were reduced.

Satoru Isayama, Vice Plant Manager
TOLI Corporation Itami Factory
Shingo Yabushita, Soushi Toya, Mechanic Section



Employment and labor



ESG policy (employment and labor)

We aim to secure and create employment while creating a safe and comfortable working environment.

- Building an organizational foundation that supports growth ▶ Page 35
- Promoting work-life balance ▶ Page 36
- Well-planned training programs ▶ Page 37



Building an organizational foundation that supports growth

In order for each employee to continue to work and grow with satisfaction and a sense of fulfillment, it is necessary to be able to choose and realize a variety of work styles depending on each stage of life, from child-rearing to middle age and old age, in both family and

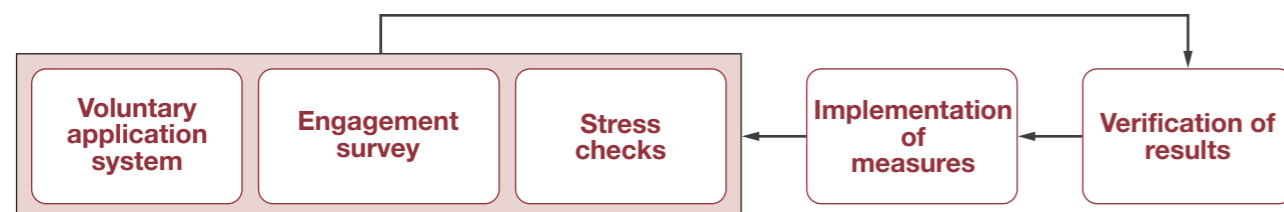
community life. By respecting various values and aiming to realize employee career development and work-life balance, we will enhance the motivation and abilities of individual employees, maximize the organizational results as a synergistic effect for the group to grow.



Initiatives for the improvement of engagement

As attitudes toward companies and work styles change dramatically, in order for employees with diverse values to continue working with enthusiasm, it is necessary to build highly engaged relationships that unite them with the company. Therefore, we introduced an engagement survey from FY2023 to visualize the extent to which there is a difference between what employees want from the organization

and the direction of the organization, to recognize organizational issues, and to implement improvement measures. We will also make more effective use of stress checks and voluntary application systems, learn about the attitudes of various employees, and confront organizational issues to promote the revitalization of people and the organization.



Promoting work-life balance

Basic approach to work-life balance

While improving work results, we are reducing chronic long working hours, expanding flexible work styles so that people can continue working without interrupting their careers in various life events, encouraging the acquisition of annual paid leave, and utilizing the

childcare leave system. We aim to promote these in a well-balanced manner. Promoting these initiatives will increase job satisfaction and engagement, and will lead to securing talented human resources.

Policy on the development of the internal environment

Basic policy on "TOLI Work Style"

1. Create an environment where all employees can work in good physical and mental health.
2. Aim to achieve both work-life balance and productivity improvement.
3. Make use of the "spirit of co-creation" by company and employees as the driving force.

Implementation of the "TOLI Work Style Promotion Project" with the aim of promoting work-life balance

We established the "TOLI Work Style" basic policy in September 2019, with the aim of promoting work styles that suit each job content. In FY2022, we implemented the "TOLI Work Style Promotion Project," centered on employees who have first-hand experience of the actual situation in each headquarter will take the lead in identifying factors that are hindering the improvement of awareness of operational efficiency, and propose ideas for reforming awareness, improving work flow, and ways to disseminate awareness from a variety of perspectives.

Based on the idea that improving work efficiency has two aspects: reducing workload and improving the quality of work, we will implement specific measures company-wide from now on aimed at the "improvement of individual skills," "the use of digital tools," "the sharing of wisdom" and "reform of awareness for people to implement work with a sense of ownership," and by doing so, make it easier to work and improve work efficiency.

Aiming to create a working environment where both men and women can balance work with childcare and nursing care

We aim to create a working environment where both men and women can balance work with childcare and nursing care. In FY2022, we newly established an "extension of the period of use of the reduced working hours system for childcare up to the first year of elementary school" and a "special paid leave system for spouse giving birth." These company policies have permeated our employees, and men's awareness and environment regarding childcare have changed significantly, resulting in a significant increase in the rate of male employees taking childcare

leave and annual leave for childcare purposes.

In FY2022, we acquired "Tomonin", a mark given to a company that promotes an environment that allows employees to balance work and nursing care. In addition to allowing stock leave to be used for nursing care purposes, we also take into account work location and working conditions through a voluntary application system, and are implementing unique initiatives to support employees who are in the position of providing nursing care.

Numerical targets to be achieved by FY2024

Percentage of male employees taking childcare leave and paid leave for childcare purpose: **70% or more**



Employee interview

My boss embodies the idea of balancing work and childcare, and is easy to talk to, allowing me to discuss taking childcare leave from an early stage. We compiled documents on the progress of our work, prepared the information so that it could be shared among departments, and while I was on leave, everybody in the department handled my work for me. I felt that teamwork is essential, both at home and at work, helping each other while fulfilling our roles.

Yuta Maegawa, Sales Development for commercial, East Japan Sales Development Department, TOLI Corporation

I believe that superiors have a role to play in creating a work environment that makes it easy for both men and women to take childcare leave. However, for those of us in the sales position, connections between people are important, and there are many situations where you cannot be replaced, so I think we are still in a transition period in creating an internal system for taking childcare leave. It is necessary to create a work environment where everyone can pool their knowledge and support each other throughout the company.

Miyoko Hamamoto, Manager, Sales Development for commercial, East Japan Sales Development Department, TOLI Corporation



Employment and labor

Well-planned training programs

Development of highly specialized specialists and generalists with high management capabilities

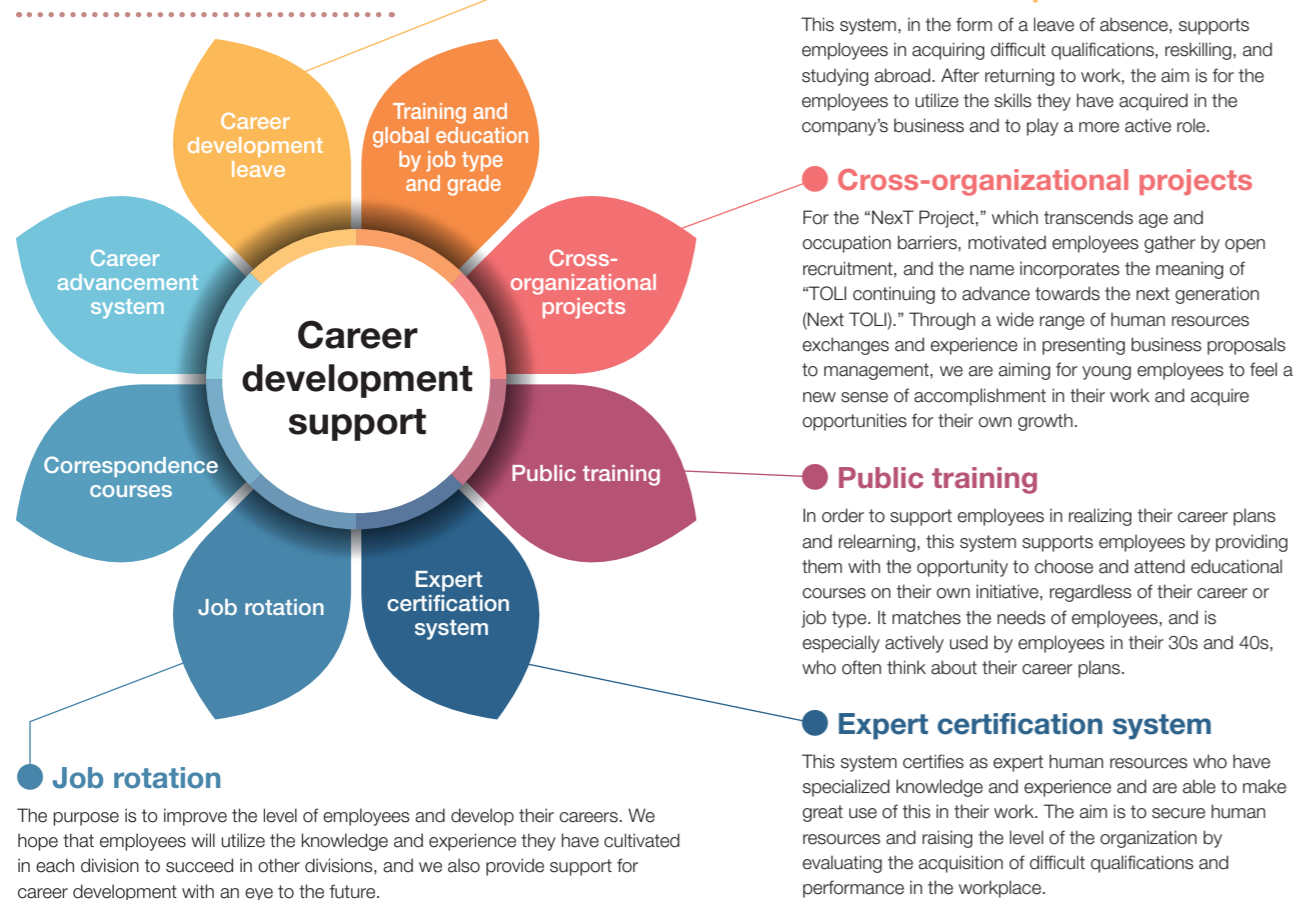
Our human resource development philosophy is to "realize the growth and happiness of our employees and contribute to the development of the company and society," and we support our employees with respect as they act with the right mindset and aim to achieve their goals. We are enhancing our education system to support career development and encourage the development of autonomous human resources, while also working to foster an organization and culture that helps employees maintain a proper work-life balance.

In addition, we believe that the development of the human resources who will be responsible for the company ten or twenty years from now is our most important mission, and we are putting effort into developing the next generation to ensure that they inherit the intangible assets (value) that we have accumulated over our long history, including technology and skills related to manufacturing and product development, and relationships of trust with suppliers, and create new value from them.

Human resources development policy

1. We respect and support our employees in achieving their goals of "growth and pursuit of happiness".
2. We will promote management that enables employees to improve their performance and demonstrate their abilities.
3. We strive to create opportunities for growth by promoting training systems that foster the improvement of each and every employee's abilities and skills, and systematic job rotations that improve organizational capabilities.

Career formation support



Revision of personnel treatment systems

With the diversification of values regarding work styles and lifestyles, and the increase in the number of dual-income households, the way people think about personnel transfers is changing dramatically. Our group believes that a certain degree of job rotation is necessary from the perspective of technology and personnel exchange and human resource development within the group. Consequently, in

consideration of fairness among employees and the reduction of burdens upon them, we reviewed the "system for working away from home," "the company housing system" and "the R course system (limiting the range of transfers to a restricted area for a certain period of time)" aimed at expanding flexible work style options. We will continue to develop system designs that expand the work style options suitable for each and every employee.

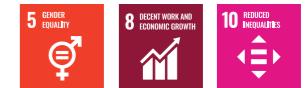
Human rights

ESG policy (human rights)



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

- Promoting diversity management



Promoting diversity management

Basic approach to diversity management

Diversity of the organization is an essential condition in order to respond flexibly to changes in the business environment. We are working to promote diversity management so that our employees' abilities, individualities, values, and ways of working will lead to growth without being limited by nationality, race, gender, age or disability.

The success of female employees

We actively hire talented people regardless of gender in order to diversify the way we think about manufacturing and improve our "technological capabilities", which are an asset for manufacturers. Additionally, some female employees expand their career opportunities to other departments after gaining experience as engineers for a certain period of time. We are working on the creation of a diverse

work environment so that they can demonstrate their specialized areas and sensibilities freely without being restrained by gender. In the action plan created based on the "Act on Promotion of Women's Participation and Advancement in the Workplace", we aim to "achieve and maintain and improve the ratio of women in managerial positions to 10%", and we will actively utilize human resources.

Employee interview

Gender does not matter when it comes to manufacturing. We need diverse perspectives because we are a manufacturer of interior materials that support people's lives.

In addition, manufacturing requires research, ideas, and ways of thinking that are not limited to internal evaluations but are also applicable externally. We believe that having a variety of "metrics" will be useful in product development. Additionally, when faced with a difficult research topic, I always discuss with my subordinates to think of ways to make it possible instead of thinking about why it can't be done from the beginning.

I believe that awareness of diversity will encourage our own growth and revitalize communication both within and outside the company, and will lead to the expansion of TOLI Group's product range.

Kohei Kajimura, Manager,
Research and Development Group,
Technical and Development Department, TOLI Corporation



Retention of foreign employees

We have set the goal of "Evolve from Global Perspective" as an important value in our management philosophy (TOLI Group Values). We are working to recruit and retain foreign employees in order to foster a global mindset by actively incorporating diverse human resources and values.

Employment of people with disabilities

It is important that employees with disabilities are able to work with enthusiasm. We will make improvements to the workplace environment to ensure retention and take steps to increase the number of employees.

The creation of employment for people with disabilities is a social mission, and we are working actively to create employment for people with disabilities by participating in fairs sponsored by Hello Work and accepting people to gain work experience by cooperating with local support schools.

The creation of employment for people with disabilities is a social

ESG policy (quality)

We will promote manufacturing from the customer's perspective based on reliable quality and technology, and aim to provide safe and secure products and services.

- Upgrading quality assurance systems ▶ Page 39
- Providing and disclosing appropriate information ▶ Page 40
- Enhance customer satisfaction level ▶ Page 41



Concept of quality from the customer's perspective, "TOLI quality"

"TOLI quality" aims to ensure trusted quality not only at the stage where the customer uses our products and services, but throughout the entire lifecycle from the "procurement of raw materials," to the "manufacturing stage at the factory," "transportation stage from the warehouse," "installation stage on-site," and "disposal stage."

In terms of quality assurance, we not only meet the quality standards stipulated by the Japanese Industrial Standards (JIS), but also utilize TOLI's technical capabilities cultivated over many years as a manufacturer to achieve quality standards that exceed JIS standards and TOLI's unique quality according to the intended use. Furthermore, we would like to refine our technical capabilities so that we can realize the quality required based on the opinions and requests of our customers, and build up the trust of our customers with reliable quality and technology.

TOLI quality

- Stability of raw material procurement
- Safety at the manufacturing stage
- Quality at the transportation stage
- Quality at the installation stage
- Quality in use stage
- Safety and environmental impact at the disposal stage

Upgrading quality assurance systems

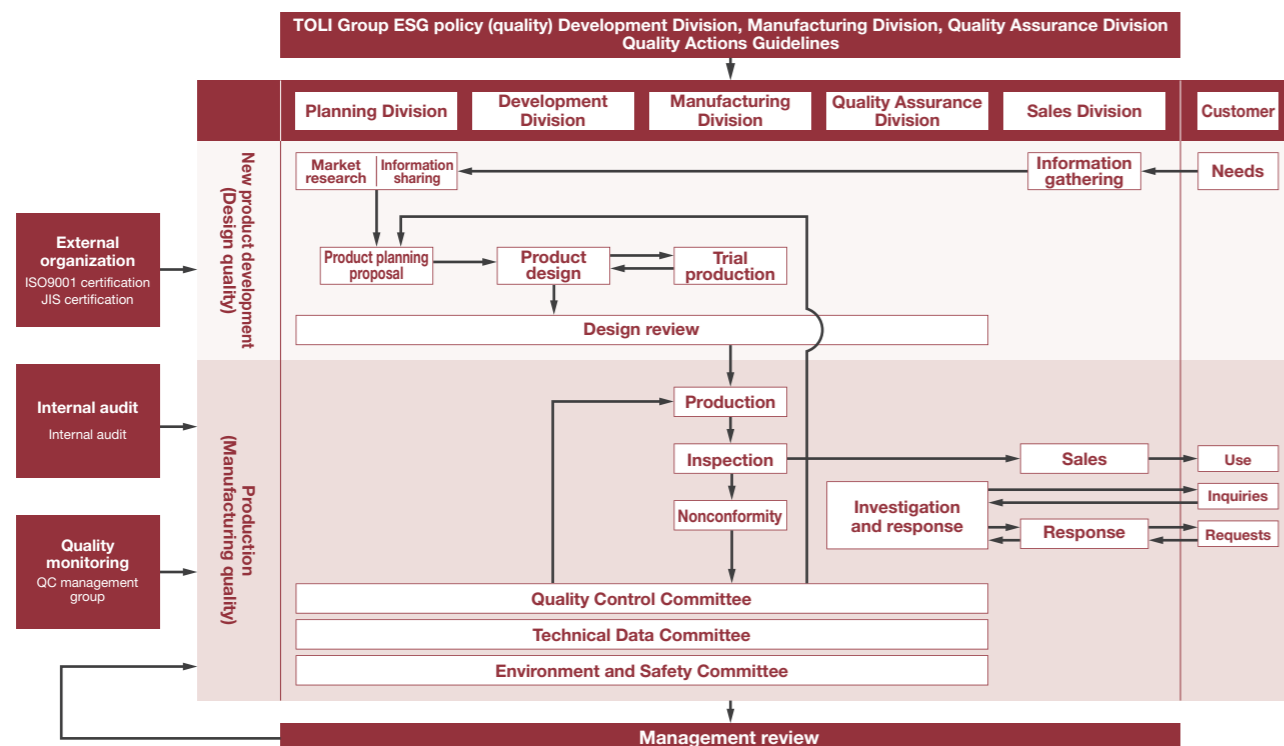
Thoughts on enhancing the quality assurance systems

We believe it is important to appropriately and speedily reflect customer requests and opinions in manufacturing and services based on a quality assurance system that allows each department to collaborate in all processes. Departmental and individual goals are set in accordance with the president's policy and each department's

policy, and by implementing the PDCA cycle, we have improved the quality of the products and services we provide to customers. We will continue to sincerely promote business activities that earn the trust of our customers by manufacturing and selling products from the customer's perspective.

Quality Actions Guidelines	President's policy	Look toward future, connect the evolution with "tomorrow's growth."
	Senior GM of manufacturing headquarters' policy	Aim to maximize customer satisfaction by continuing to produce high-quality, high value-added products.
	Senior GM of sales headquarters' policy	Earn customer trust and satisfaction with our ever-evolving and detailed services.
	Senior GM of administration headquarters' policy	Strive to develop our company by establishing a compliance system and cultivating human resources.

TOLI quality assurance system chart



TOLI's quality improvement initiatives (small group activities: PI activities)

As part of our efforts to improve quality, we conduct small group activities (PI activities: Product Innovation Activities) at our production plants. The process managers themselves select themes that will lead

to improved product quality, carry out improvement activities based on QC stories, and strive to improve "quality" and "field capabilities".

Employee interview

Realizing a sense of unity in the field aiming for quality improvement

Our team aimed to improve the quality of homogeneous vinyl sheets and worked on the theme of "reducing surface defects," which were relatively common during manufacturing. Up until now, we have focused on removing defective products that have occurred, but through PI activities we have analyzed the causes of the occurrence, identified the causes, and come up with countermeasures. Although there were times when things did not go as planned, we were able to come together as a team and pool our knowledge to solve the problem and significantly reduce the defective rate. I think the great thing about PI activities is that you can consider causes and countermeasures from various angles, and that you can feel a sense of accomplishment as a team. We will continue to utilize our field capabilities in various situations to improve quality.

Sota Takada, Carpet Tile Section, Gifu TOLI Corporation



Prevention of unauthorized tampering (QC Management Group)

We established the "QC Management Group" aimed at preventing unauthorized tampering. Regular meetings are held centered on Quality Assurance Division and Development Division to raise awareness of quality risks. We help prevent unauthorized tampering by communicating about "risks during manufacturing," "risks during

inspection and shipping," "risks during product development," etc., and about "legal compliance," and evaluating risk levels. We strive to foster a culture of sincere manufacturing by sharing each "realization" discovered through communication and deepening awareness of the importance of prevention.

Provision and disclosure of appropriate information

Technical Data Committee

The "Technical Data Committee" is an internal organization that deliberates on whether disclosed information and data are appropriate and easy to understand for customers, such as whether product performance evaluation tests are conducted using test methods that more closely reflect actual conditions. We examine various regulations, laws, and customer requests, and strive to provide easy-to-understand expressions for installation, maintenance methods, technical data, etc.

Environment and Safety Committee

In order to ensure that our customers can use our products safely and securely, the "Environment and Safety Committee" proactively obtain and share domestic and international chemical substance regulatory information with the relevant departments. We promptly respond to regulatory information related to products, ensuring swift incorporation and disclosure in documentation such as SDS (Safety Data Sheets) and AIS (Article Information Sheets) as well as in promotional materials.

Enhance customer satisfaction level

Renewal of “Real Net” information provision system for distributors

In October 2022, we implemented a major renewal of our “Real Net” information provision service for distributors. Aimed at improving customer convenience and work efficiency, we rebuilt the system centered on the enhancement of the inquiry function and the expansion

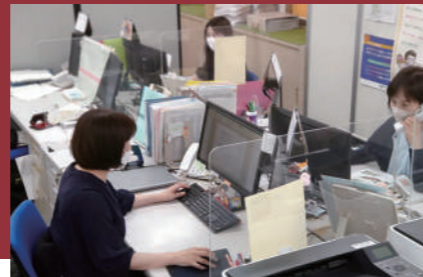
of the information provided. We aim to further improve customer satisfaction by increasing the usage rate of the highly convenient “Real Net” and making improvements through user interviews.

Employee interview

Experience improved work efficiency and accuracy

In the past, inquiries such as checking inventory and delivery status, making product reservations, and issuing shipping certificates were mainly done through telephone. With the recent renewal of “Real Net”, distributors can now obtain information through “Real Net” for operations that previously required telephone inquiries, leading to improved operational efficiency for both customers and TOLI. Additionally, as a result of the reduction in the number of telephone calls, more time can be devoted to order processing, which has improved the accuracy of shipping arrangement.

The use of “Real Net” has progressed greatly at Kobe Sales Office as the method of use was explained from the perspective of order personnel and a consultation desk on how to use the system was established. We will continue to communicate with customers and promote the use of “Real Net” from now on.



All sales floor staff at Kobe Sales Office, TOLI Corporation

Collecting and sharing information on needs and concerns

Opinions and impressions obtained through sales activities are shared daily with management and related departments through a system called the “Sales Information Sheet”. The “customer feedback”

collected by the sales department is used to plan products and improve quality, and in FY2022, 3,752 customer comments were reflected in manufacturing.

- Number of customer feedback: 3,752 in FY2022
- Main opinions: Expansion of antiviral products, enhancement of eco-friendly products, opinions and advice on installation, evaluation of sample books, etc.

TOPICS

Creation of new designs through “technology capabilities” x “quality” x “design”

Development background of “Royal Series” Tetra, TOLI’s original design that reflects trends

We believe that what is required of a designer is an attitude of constantly coming up with new proposals. In order to satisfy our customers who look forward to the new products we release every year, we must commercialize TOLI’s “technology” and “quality” and continue to propose “new designs”. Communication is important in the design thinking that is valued by the Product Design Group, which is responsible for design development in product development. We brainstorm various ideas, create and propose new designs from among the many ideas. The result of close communication was “Tetra”, a trapezoid vinyl floor tile.

The next step was to communicate closely with Technology Division towards commercialization, and the new concept “Tetra” was finally realized. The designers, members of the design group,

shared many ideas while asking what design could make use of this unique shape to create the various designs of the Tetra series.



Business activities

ESG policy (business activities)



We will promote fair and equal business activities and aim to build better relationships of trust with all stakeholders.

- Supply chain management
- Compliance with fair transactions



Supply chain management

As a manufacturer, we strive to provide a stable supply of products and disclose product safety information so that our customers can use TOLI products with peace of mind. In order to gain further trust from our customers, we will manage risks both upstream and downstream in the supply chain.

Creation of a safe and secure procurement environment

Our group procures many raw materials and products to manufacture and sell. In addition to complying with domestic and international laws and regulations, we also need to respond quickly to information on regulated substances. In procurement activities, we identify products with procurement risks, utilize a wide range of suppliers to obtain substitute products, and achieve a stable supply of products through product development activities.

Nylon fiber for carpet tiles was formerly procured from a major overseas yarn manufacturer, but the supplier’s withdrawal from the business resulted in a major procurement risk. At that time, we

decided to switch to domestically produced yarn and manufacture yarn in-house in an effort to ensure a stable supply of products. In the future, we will leverage our strengths as a yarn manufacturer not only in terms of supply, but also in new product development and technological innovation. Relevant laws and regulations regarding chemicals, which are the main raw materials of our group, are being reviewed on a daily basis, and companies are required to raise the level of their responsibilities. We will quickly grasp these trends and strive to provide products that our customers can feel at ease by switching to safer raw materials and thorough disclosure.

Implementation of CSR procurement

Conducting a survey of business partners toward sustainable procurement activities

As part of our procurement activities that take human rights, society, and the environment into consideration, we ask our major business partners to respond to a CSR procurement questionnaire that focuses on priority items (1) to (6) on the right.

Mutual understanding and cooperation with business partners is essential, and we will use questionnaire surveys to help avoid human rights, social, and environmental risks in our procurement activities.

● Priority items in CSR procurement

(1)	(2)	(3)	(4)	(5)	(6)
Procurement principles	Human rights	Employment and labor	Global environment	Business activities	Quality

Compliance with fair transactions

Implementation of (Japan’s) Antimonopoly Act training

Our group’s Code of Conduct states that we will engage in fair, transparent, and free competition and fair transactions. In particular, regarding the Antimonopoly Act (in Japan), which is an important law related to transactions, we have held Antimonopoly Act training every year since 2006 for executives employees by lawyers who specialize in the law. We promote fair business activities by continuously working to raise awareness about compliance with the law.

- Trainees: Directors, Auditors, Executive Officers, Executives from sales, procurement, planning and other departments
- Training themes
 - 2022 Points to be noted in alliances with regard to competition law
 - 2021 Outline of subcontracting regulations - focusing on construction industry law and regulations
 - 2020 Trends in antimonopoly laws and regulations in recent years and points to be noted in corporate confidentiality management



Social contributions

ESG policy (social contributions)

We aim to contribute to the development of society by promoting more voluntary activities toward the goal of achieving a better society.

- Support for developing countries
- Supporting and participating in local communities



Support for developing countries

Support for children in developing countries

LIC CO.,LTD., a sales company of the TOLI Group, is continuously implementing initiatives that contribute to the achievement of multiple SDGs. In May 2020, they started the "One Card, One Meal" project, and to FY2022, had supported children in Rwanda, Tanzania, Kenya and the Philippines with a cumulative total of 4,237 meals through TFT*. This initiative is a unique LIC program, and is based on a system where each "thanks card" that conveys appreciation and praise among employees becomes a "school meal" in a developing country. This

initiative, in which conveying feelings of "thanks" to each other in the workplace is linked directly to supporting the health and education of children in developing countries, won second place at the TFT Awards 2021 in the "Mental and Physical Health Promotion" category.

* TFT: TABLE FOR TWO: This is a certified NPO established in 2007 to support school meal programs and vegetable and plantation productivity improvement programs in five countries in East Africa and Southeast Asia.



Supporting and participating in local communities

We actively participate in the local community through "social gatherings and social events with local people" planned and held through the "+voice" system for employees to submit social contribution ideas.

* Social contribution idea submission system "+voice": The "+voice" system, which solicits ideas for social contribution activities from all TOLI employees, was started based on an idea of the president in autumn 2021. Based on the ideas submitted, eight social contribution activities including "participation in local communities" were realized in FY2022. We will continue to use the "+voice" system to contribute to the achievement of the SDGs.

01 Holding of an interior experience workshop

With the aim of letting local children become familiar with interior, we held a "TOLI fabric floor experience event" at a community seminar at Itami City Library. The children also experienced the fun of DIY laying carpet themselves and the fun of thinking while playing with the "Kids Road" educational carpet.



* TOLI Fabric Floor is a carpet tile for residential use.

02 Participate in "TRY-YARU week"

We participated in "TRY-YARU Week," a week where junior high school students learn from the local community and get hands-on activities, and in FY2022, two students from public junior high schools in Itami City visited for work experience. The participants helped create presentation boards used for design proposals and experienced customer service in the showroom, giving them a real sense of the fun and meaning of work.



* Experiential activity learning sponsored by the Hyogo Prefecture Board of Education

Corporate governance

ESG policy (corporate governance)

Recognizing the importance of corporate ethics, we aim to achieve sound and highly transparent corporate management by actively promoting the creation of systems to ensure the effectiveness of governance.

- Risk management [Page 44](#)
- Strengthening sound governance [Page 45](#)
- Thorough compliance [Page 46](#)



Risk management

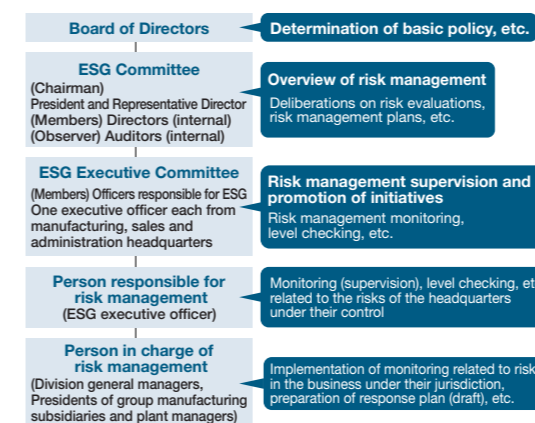
Basic concept of risk management

Our group has established a "Basic Policy on Risk Management" and "Action Guidelines for Risk Management" aimed at contributing to its sustainable development and increasing corporate value. Based on this policy and related internal regulations, we are working to grasp the various risks that would have a significant impact on the smooth operation of business, and take countermeasures against them.

- Basic Policy on Risk Management**
1. Fulfillment of corporate social responsibility
 2. Ensuring the trust of stakeholders and society
 3. Business continuity

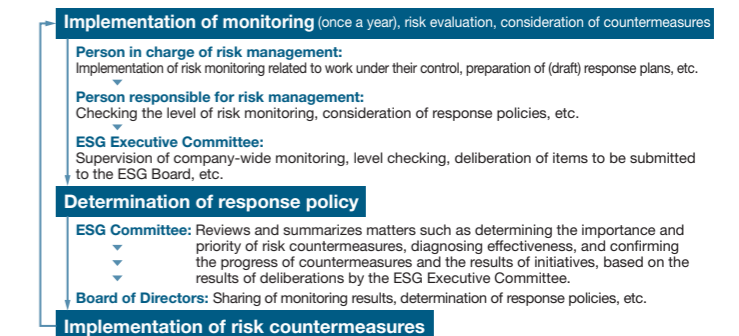
- Action Guidelines for Risk Management**
1. If a risk materializes, we will promptly respond and recover, and take measures to prevent recurrence.
 2. We will strive to protect our assets while giving due consideration to the safety and health of our executives, employees, families, customers, and local communities.
 3. Strive to prevent damage and improve risk handling capabilities through the sharing of risk information and the development of management systems.
 4. Always be conscious about contributing to society and strive to improve TOLI Group's social reputation.

Risk management promotion system



Risk management process

Based on the belief that "implementing appropriate risk countermeasures is an important sustainable activity", our group promotes risk management through the following process.



Cybersecurity

As the threat of cyberattacks has increased in recent years, we have strengthened our defense capabilities by introducing systems to prevent various risks such as unauthorized access from outside the company, computer viruses, and spam email, as well as to restrict website viewing. At the same time, we have established a system to quickly detect and respond to attacks. In addition, with the aim of

raising the awareness of each and every employee, we have established an "Information Security Policy" and "10 Information Security Measures," and are working to disseminate them through regular compliance checks and distribution of cyber risk information (IT Newsletter). In FY2022, we began "targeted attack email training" and are working to improve the IT literacy of our employees.

- Targeted attack e-mail training Implemented for 861 employees in FY2022
- IT newsletter FY2022 themes: A total of 6 distributions including Emotet threats, fake security alert threats, ransomware threats, etc.

Strengthening sound governance

Basic approach to corporate governance

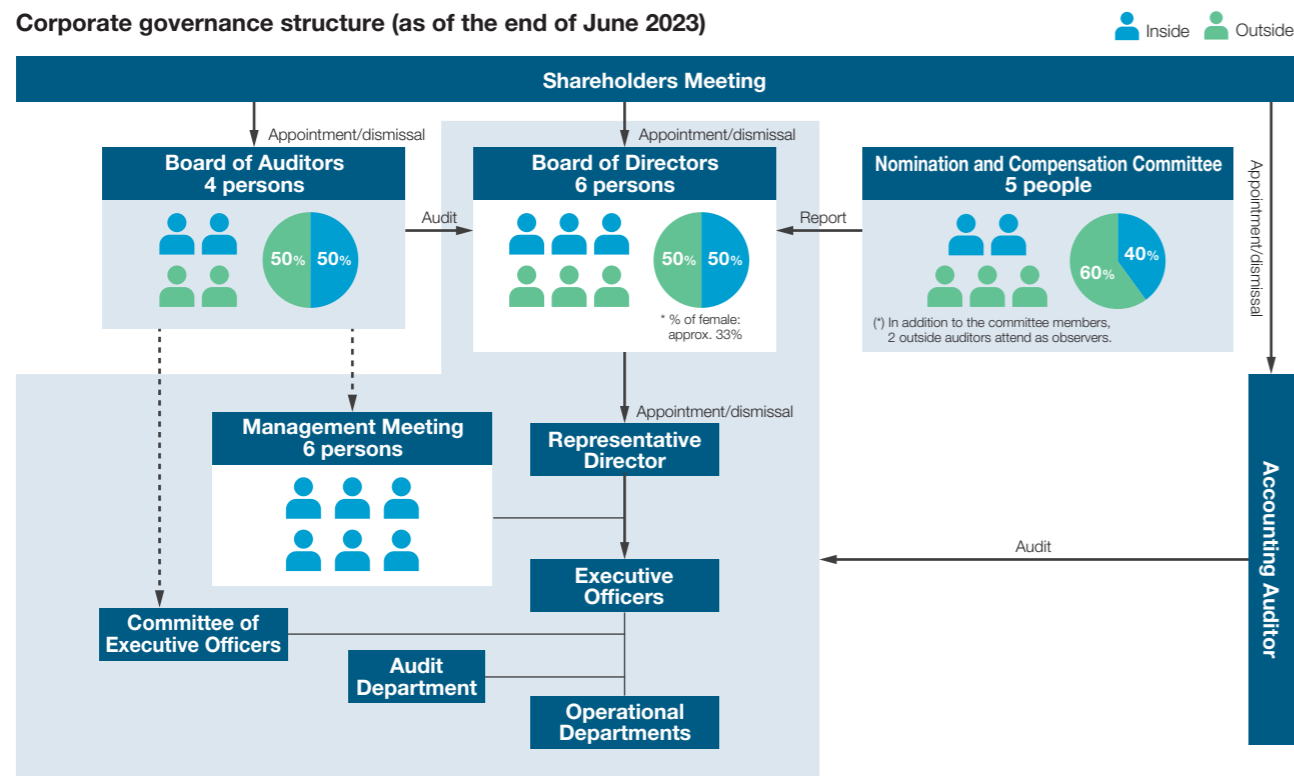
We have positioned the strengthening of corporate governance as a key management issue for sustainable growth and the improvement of medium to long-term corporate value, and are working on the enhancement of corporate governance in line with the following basic approach.

1. We will respect the rights of our shareholders, ensure their equality, and strive to create an environment in which they can exercise their rights appropriately.
2. We will strive for appropriate cooperation with various stakeholders, including customers, employees, and local communities.
3. We will strive to ensure management transparency through appropriate information disclosure (including non-financial information) and dialogue with shareholders.
4. We will strive to improve the effectiveness of corporate governance by clarifying the roles and responsibilities of the Board of Directors and Audit & Supervisory Board Members (Board of Auditors), and by utilizing highly independent outside officers.

Corporate governance structure

We have established the following structure aimed at building a management organization that can balance the speeding up of management and the strengthening of audit and control functions.

Corporate governance structure (as of the end of June 2023)



Board of Directors

The Board of Directors currently consists of six directors (including three outside directors), who make decisions on important matters related to management and business execution, and supervises the state of business execution through reports, etc., by each managing director (excluding outside directors) on the status of business execution and matters deemed necessary by the Board of Directors.

Board of Auditors

The Board of Auditors currently consists of four auditors (including two outside auditors), and audits the execution of duties by the directors from an objective and independent standpoint in order to contribute to the sound and sustainable management of the company. In addition, it also makes decisions on auditing policies, investigates into the state of the company's business and assets, and other matters related to the execution of duties by the auditors.

Nomination and Compensation Committee

The Nomination and Compensation Committee currently consists of five directors and auditors, and as an advisory body to the Board of Directors, it deliberates on the appropriateness of matters related to officer nominations and compensation, and reports to the Board of Directors. In order to ensure transparency and objectivity, the majority of this committee is comprised of independent outside directors.

Analysis and evaluation of the effectiveness of the Board of Directors

To improve the functioning of the Board of Directors further, we analyze and evaluate the effectiveness of the board of directors as a whole annually, based on the opinions of outside officers. This is done through discussions at the Board of Directors' meeting on the composition and operation of each director, including the self-

evaluation of each individual director. In addition, we also expect outside directors to assess the appropriateness, etc., of the group's management decisions and business execution from an objective perspective and express their views.

Summary of analysis and evaluation results

Issues	Initiatives
Promoting understanding of our business by outside directors	<ul style="list-style-type: none"> ● Enhancement of meeting materials for the Board of Directors and thorough distribution in advance ● Preliminary deliberation of important measures and risk issues ● Setting opportunities for periodic discussion of company-wide issues, etc.

Activities status of Outside Directors

Position	Name	Activity status
Outside Director	Eri Yokota	We expect her to play a role in reflecting her deep insight and wide-ranging experience as a university professor in the management of our company. In order to fulfill this role, the director attended all 16 Board of Directors meetings held in FY2022, and provided advice and recommendations regarding the Company's overall management from an objective and professional perspective as a university professor. In addition to actively implementing these measures, she also strives to supervise management.
Outside Director	Chikako Sekine	We expect her to play a role in reflecting her extensive experience and wide-ranging insight as a corporate manager and outside director of other companies in the management of the Company. In order to fulfill this role, the director attended all 16 Board of Directors meetings held in FY2022, and actively provided advice and recommendations regarding the Company's overall management from a multifaceted perspective based on her diverse background. In addition to actively implementing these measures, she also strives to supervise management.
Outside Director	Hidenobu Fujii	We expect him to play a role in reflecting his extensive experience and wide-ranging insight in corporate management into the management of our company. In order to fulfill this role, the Director attended all 16 Board of Directors meetings held in FY2022, and provided advice and recommendations regarding the Company's overall management from the perspective cultivated as a corporate manager. In addition to actively implementing these measures, he also strives to supervise management.

Details of the activities of the Nomination and Compensation Committee

The Nomination and Compensation Committee has been established and operated as an advisory body to the Board of Directors to enhance the transparency and objectivity of the decision-making process regarding matters related to the nomination and compensation systems, where meetings are held whenever required.

Specific agenda

- Composition of board members, expected business field to each director, skill matrix, etc.
- Policies for the election and retirement of directors, executive officers and corporate auditors, and proposals for each candidate (including reappointment)
- Appointment and removal of executive officers (directors and executive officers)
- Succession plan of the representative director and the president (Successor Plan)
- Items related to the compensation system for the board members and executive officers (including, but not limited to, the composition, individual compensation, evaluation method, bonus amount, calculation standards, etc.)

Thorough compliance

In order to foster a culture of compliance, it is important for each officer and employee to understand and raise their awareness, so we are actively working to educate and disseminate awareness among officers and employees, including the initiatives listed below.

Dissemination and thorough implementation of the Code of Conduct

We have established the "TOLI Group Code of Behavior" and the "TOLI Group Code of Conduct" as a basis for fostering common values among officers and employees, and are required to distribute and carry a pamphlet containing the above. We are working to disseminate this information through measures such as conducting annual readings.

Establishment and operation of hotline

We have established and operate the "TOLI Group Hotline (whistleblower hotline)" for the early detection and correction of legal violations etc. By setting up internal and external (lawyers) contact points, we will take into account the convenience of whistleblowers, as well as stipulate confidentiality and prohibition of disadvantageous treatment of informants in our internal regulations and code of conduct, and ensure that these policies are implemented thoroughly. Through this, we aim to protect whistleblowers.

Planning and implementation of various training programs

We strive to promote and enforce compliance awareness among our officers and the sales department through antimonopoly law training sessions targeting executives and department heads. Additionally, we conduct compliance training sessions structured according to hierarchy, specifically for newly appointed positions and new employees. Through these initiatives, we aim to raise and instill a strong culture of compliance among our staff.

Board of Directors and Auditors

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 of Management Planning Department and Human Resource Department
- June 2008 Director of the Company
- April 2009 Director, Sales Senior General Manager
- April 2012 President and Representative Director (current position)



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 (current position)



MASAYUKI HASHIMOTO, Director and Managing Executive Officer

- April 1983 Joined Nissho Iwai Corporation (now: Sojitz Corporation)
- April 2009 General manager, Osaka Chemicals 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 (current position)



ERI YOKOTA, Outside Director

- February 1997 Obtained a Ph.D. in Business Administration from Keio University
- April 2005 Appointed as a professor of Faculty of Business and Commerce, Keio University (current position)
- June 2014 Director of the Company (current position)
- June 2014 Outside Director, Idemitsu Kosan Co., Ltd.
- June 2023 Outside Auditor, STANLEY ELECTRIC CO., LTD. (current position)



CHIKAKO SEKINE, Outside 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 Outside Director, E-SUPPORTLINK, Ltd.
- February 2018 Representative Director, B-mind Co., Ltd. (current position)
- June 2018 Outside Director, NIPPON VALQUA INDUSTRIES (Now: VALQUA Ltd.) (current position)
- May 2019 Outside Director, FamilyMart UNY Holdings Co., Ltd. (the current FamilyMart Co., Ltd.)
- August 2019 Outside Director, Takara Printing Co., Ltd (now: TAKARA & COMPANY LTD.) (current position)
- June 2021 Director of the Company (current position)



HIDENOBU FUJII, Outside Director

- April 1979 Joined The Sanwa Bank, Limited.
- 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
- June 2021 Director of the Company (current position)
- August 2021 Outside Auditor, NAKAKITA SEISAKUSHO Co.,Ltd. (current position)



Auditors

JUN SUZUKI, Full-time Auditor

- April 1980 Joined the Company
- July 2001 General Manager, Promotion of IT Department
- April 2007 General Manager, Accounting and Finance Department
- April 2009 Executive Officer, Deputy General Manager of Administration Headquarters
- June 2011 Director, Deputy Senior General Manager of Administration Headquarters
- April 2013 Director, Senior General Manager of Administration Headquarters
- April 2015 Managing Director, Senior General Manager of Administration Headquarters
- April 2018 Senior Managing Director, Senior General Manager of Administration Headquarters
- April 2021 Director, Assistant to the President
- June 2021 Auditor (current position)



WATARU MATSUMOTO, Full-time Auditor

- April 1980 Joined the Company
- April 2003 General Manager, Accounting Department
- April 2005 General Manager for Chubu Area
- December 2006 President and Representative Director, DIA CARPET Co., Ltd.
- April 2010 Executive Officer, General Manager, Management Planning Department and General Manager, General Affairs and Personnel Department
- June 2011 Director of the Company
- April 2012 Director, Senior General Manager, 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 (current position)



TAKU MORIKAWA, Outside Auditor

- October 2001 Lawyer Registration
- February 2005 Principal, Masahiko Takimoto Law Office (now: Hyogo Law Office) (current position)
- June 2015 Auditor (current position)



TERUO WATANUMA, Outside Auditor

- August 1984 Certified Public Accountant Registration
- June 2005 Representative Partner, KPMG AZSA (now: KPMG AZSA LLC)
- October 2016 Representative, Watanuma CPA Firm (current position)
- January 2018 Outside Auditor, Teijin Frontier Co., Ltd. (current position)
- June 2019 Auditor (current position)



Skill matrix

◎ : Areas of high expectation ○ : Areas of expectation

	Corporate management Management strategy	Manufacturing and technology Quality control	Innovation Research and development	Sales Marketing	Finance Accounting	Personnel HR development	Global	Legal affairs Risk management	ESG
MOTOHIRO NAGASHIMA	◎			◎	○	○	○	○	○
HIROFUMI AMANO	○	◎	◎				○		○
MASAYUKI HASHIMOTO	○			○			◎		○
ERI YOKOTA	○				◎	○			○
CHIKAKO SEKINE	○			◎		○			○
HIDENOBU FUJII	◎			○	○	○			○
JUN SUZUKI	○		○		○	○	○	○	○
WATARU MATSUMOTO	○			○	○	○			○
TAKU MORIKAWA					○			◎	
TERUO WATANUMA					◎				○

Roundtable Discussion by Outside Directors



Outside Director

Chikako Sekine

Outside Director

Eri Yokota

Outside Director

Hidenobu Fujii

Tradition and history, and taking on challenges for the future Toward further development of the TOLI brand

We asked three outside directors, who are responsible for TOLI's governance, to speak from a variety of perspectives on the theme of how TOLI Group should develop for the future, based on its history and current situation.

Board of Directors meetings where themes are actively discussed

Q. How do you feel about the atmosphere of the company's Board of Directors?

Sekine: I am also an outside director at other companies, but in TOLI's case, rather than concluding matters after seeking the opinions of the outside directors, questions and opinions are also raised actively by the directors and auditors. The Board of Directors also serves as the forum for final decisions on matters that have already been approved during Management Meeting, and we evaluate matters that need to be discussed further.

Fujii: This is my second year in office, and my understanding of various things has deepened because we are able to get accurate answers to the questions and confirmation we ask as outside directors. I have no major concerns or anxieties about the operation of the Board of Directors. Management Meeting materials are stored in a shared file for officers, and we can confirm the deliberation process in advance.

Yokota: The current Board of Directors meetings are taking up more time than when I first took office. I feel that the discussions have become more lively and fruitful.

Fujii: On the other hand, if I had to go into detail, I would say that the agenda should be a little more selective. There are many agendas, some of which are formal reports or administrative matters that do not require much discussion. For example, it would be a good idea to delegate the authority to approve agenda items related to internal business execution to a meeting other than the board of directors, and have the board of directors focus on issues such as management policy and business portfolio. If necessary, discussions may be held off-site in advance.

Sekine: That's right. It would be good if we could organize the agenda a little more, take a broader view of what is important to management, and focus our time on the agenda items that we should monitor. If our role is to supervise management, I think it is important that we should discuss how the management thinks about increasing corporate value, what the progress is, and what the differences are when things are going well and when they are not.

Yokota: It may be time to reconsider the content of board meetings and discussions. I believe that some of the agenda that have been generally decided by the management meeting but have not yet been reported to the board of directors have implications for TOLI's future. I think it is important to discuss such agenda items further and return them to management.

Q. What topics should be discussed at the Board of Directors meetings in the future?

Fujii: This year, we have been provided with a monthly list of annual themes for the Board of Directors. This made it easier to prepare for agenda items. For example, recently, contributions to the environment and the field of DX have been highlighted. It may be difficult to discuss matters such as compliance and risk management without specific examples, but it would be nice to have regular reports on the status of initiatives.

Sekine: The themes of governance structure and human resource development are also important. Firstly, it would be a good idea for the company to come up with what they think is an issue, and then exchange opinions from various angles during the board of directors meeting.

An established governance framework and fully thought out business plans

Q. How do you evaluate the company's governance framework?

Fujii: TOLI has a corporate culture of seriously tackling various issues. There are no major concerns regarding the governance structure. As for what I'm a little concerned about, I feel that there will be a need for further management and control in terms of group-wide governance and global expansion.

Sekine: As Mr. Fujii said, TOLI is a company with a sincere attitude. I believe that the governance system is in place, with various risks being discussed during board meetings. What I think the company should do in the future is to create a system to prevent scandals from occurring in the field, and to promptly report them to top management when they occur. We can monitor things that have occurred, but we cannot be involved in things that have not yet manifested. How can we create a system that brings latent risks to the surface? I think this is important for further strengthening governance.

Yokota: TOLI has many subsidiaries, so it is important to be aware of the risks of the TOLI Group as a whole, and President Nagashima also makes an effort to obtain information himself. We can see him trying to learn about the field in various ways.

Q. Please give us your opinion on the content and approach of our Medium- to Long-Term Business Plan.

Fujii: Regarding business plans, TOLI has a Long-Term Vision called <TOLI VISION 2030> and a Mid-Term Business Plan called "SHINKA Plus ONE", under which five key strategies and 11 initiatives are laid out. I think it's a very well organized plan.

Yokota: Yes. It is important that this Long-Term Vision and Mid-Term Business Plan are shared with employees in the field. In particular, I would like to focus on implementing the Mid-Term Business Plan.

Sekine: Due to changes in the environment, progress in capital investment has been delayed, and the period of the Mid-Term Business Plan has been extended by one year. The causes are clear, and information on issues and progress is also being properly shared. I think this is a promotion system that is down to earth.

Fujii: TOLI has a history of over 100 years, and discussions are underway for the next 100 years. More themes will likely be added in the future as new social issues emerge.

TOLI's strengths, cultivated by the tradition and history of more than 100 years

Q. What are the company's strengths from the perspective of an outside director?

Fujii: TOLI has many strengths. Firstly, we are a manufacturing company. We have steadily improved our technology and quality, and have taken time to cultivate strong relationships with our customers. The value chain is well established, starting with research and development technology, and includes product planning to procurement, manufacturing, sales, logistics, and after-sales follow-up. I want the company to be self-confident.

Yokota: For example, many companies are now taking steps to address environmental issues, but TOLI has already been working on recycling for quite some time. And they don't even try to promote it. I admire this sincere approach, looking at what's important and doing what needs to be done, rather than trying to use it to promote the company.



Sekine: That's true. People work diligently and take pride in their work and pass down the duties. In addition, there is a spirit of taking on challenges that does not allow us to be contented with our position as a long-established company. I once had the opportunity to speak with young employees of TOLI, and I felt that within a company with a long history, they were determined to continue to connect history to the future and create new value. I believe that by matching tradition with the challenge of the future, TOLI brand will move to the next stage.

Fujii: While the company has many good points, but there is also a weakness, which may be that it is conservative. To put it harshly, the company's culture of being serious, down-to-earth, and sincere can lead to a rigid constitution. This may be a future issue.

Yokota: However, I think it also has the ability to respond quickly without being constrained by the past when it is necessary. As an example, when the world was not yet used to online meetings during the COVID-19 pandemic, TOLI started online meetings at an early stage. I think the company has the attitude of not being bound by precedent.

A company culture that values people and the basic policy on work styles

Q. Could you please tell us your opinions on the company's use of human capital?

Sekine: As I mentioned earlier, TOLI has a corporate culture that values people. A concrete example of this is the "TOLI Work Style" basic policy established in 2019. It consists of three elements: "Creating an environment in which all employees are healthy both physically and mentally and able to engage in work actively", "Aim for the enhancement of work-life balance and improve productivity", using the "spirit of co-creation" between the company's organization and employees as a driving force". It has been four years since the policy was enacted, so as an outside director, I would like to see if these policies are understood, how they are being implemented, and whether employees' work environment and productivity have improved as a result.

Fujii: There is no silver bullet for utilizing human capital. People are a great intangible asset, so it is important to face them properly and respond accordingly. I hope they will develop our people by changing recruitment, personnel systems, work environment, etc. to be in line with or ahead of times. I would like to see the Board of Directors continue to report on systematic human resource development and improvements in employee work engagement.

Roundtable Discussion by Outside Directors

Yokota: I think the company is currently at the stage where they are compiling past achievements and ideas and organizing them in order to disseminate them to the outside world. TOLI is a company that has demonstrated its strength in the domestic field in Japan. There may be some trial and error and difficulties in deciding how to approach hiring foreigners and expanding globally. Regarding diversity, although many women are active in design-related departments, there are still fewer women in management positions. I think one of our challenges going forward will be to develop women's management skills.

Fujii: Utilizing young employees is also an issue. It is a common trend in today's world for young employees to leave the company after a relatively short cycle, but it is important to hire people with as much awareness of their strengths as possible and utilize them within the company. It must also change the personnel system based on job description in response to that.

Yokota: It would be great if there is a way to draw out the talent and motivation of young employees and guide those who are working hard. The company should create a system to accommodate people who want to maintain a balance between work and life, while at the same time showing them the appeal of work. Fortunately, TOLI has a variety of departments, so we have the environment to accept them.

Sekine: The company needs to create a system where people who join the company can envision their own dreams and thoughts. If personal growth and company growth are parallel, it is attractive that you can find what you want to do and learn the skills within TOLI. It would be great if the company can provide opportunities for employees to voluntarily learn skills and demonstrate their abilities within the integrated business operations from research and development to sales.

Yokota: Communication after joining the company is also important. I have had the opportunity to visit factories and other sites, and I feel that the management and the people working there are very close. There are many opportunities for communication, and they communicate their thoughts while understanding each other's positions.

Proactively provide strategic opinions to management

Q. How will you be involved in the management of the company as an outside director from now on?

Fujii: The mission of outside directors is to supervise and monitor corporate management. It would be great if this led to an increase in corporate value. Although the domestic market size is not expected to expand much in the future, TOLI has a large market share. How



can we fight against this situation with a strategy that is unconventional? In the future, we will likely need to review our business portfolio through M&A or separation. I would like to participate in such discussions and share my advice and thoughts.



Sekine: Perhaps TOLI's company culture has been around for a long time, but they place great importance on relationships with people. It is easy to communicate with the president, directors, and executive officers. Because of this corporate culture, I am able to make judgments from a neutral standpoint and express my opinions frankly as an outside director. I have experience in a company with a similar business process to TOLI's, so I would like to use the knowledge I have gained from that experience to ask questions, paying close attention to any small differences. In this way, I hope to contribute to increasing TOLI's corporate value.

Fujii: As Ms. Sekine said, I feel that TOLI is an organization with good communication. On the other hand, it is also important to clearly point out and confirm with each other what is not being done. Communication is done through friendly and mutual competition. I think that in this area, TOLI relies a lot on the lead from the top management. In the future, I would like to see more communication within each department. I also believe that the role of an outside director is to be involved in personnel affairs at the management level. If there are any issues that are difficult for management to express on their own, such as methods of evaluating management, treatment and incentives for executives, and mechanisms for motivating them, I will also speak out.

Yokota: What I am conscious of is to ask frankly whenever I have any questions. What is common sense to people who have been in the company for a long time may not be common sense to those outside the company. As Mr. Fujii said, outside directors are in a position to say things that are difficult to say to the president and top management, so I try to convey opinions even if they seem to go against the wishes of top management.

Fujii: The future of the company will require both the ability to protect tradition and trust, and the ability to take on new challenges. I have high hopes for the power of young people.

Financial/Non-Financial data

(FY)	2018	2019	2020	2021	2022	
Environmental indicators						
Greenhouse gas emissions						
CO ₂ emissions	(1,000t-CO ₂)		486	442	410	
Scope 1	(1,000t-CO ₂)		14	15	15	
Scope 2	(1,000t-CO ₂)		18	19	18	
Scope 3	(1,000t-CO ₂)		453	408	377	
Category 1 (purchased products, services)	(1,000t-CO ₂)		399	348	319	
Category 2 (capital goods)	(1,000t-CO ₂)		6	10	12	
Category 3 (energy-related activities)	(1,000t-CO ₂)		7	7	7	
Category 4 (transport, delivery: upstream)	(1,000t-CO ₂)		13	13	12	
Category 5 (waste from business)	(1,000t-CO ₂)		3	4	3	
Category 12 (disposal of sold products)	(1,000t-CO ₂)		24	25	23	
Others	(1,000t-CO ₂)		1	1	1	
Industrial waste						
Amount of industrial waste	(1,000 tons)	4.9	5.6	4.6	5.6	4.4
Recycling rate	(%)	75.6	71.7	75.3	73.0	79.8
Energy						
Energy consumption	(x 1,000GJ)	693	699	712	756	757
Water resources						
Water consumption	(10,000 m ³)	90.0	91.1	85.7	88.8	92.3
Amount of wastewater	(10,000 m ³)	54.7	52.6	45.9	49.0	44.7

Supplementary explanation on the calculation of environmental indicators

- In the calculation of CO₂ emissions
 - Calculated based on "Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout Supply Chain (Ver. 2.4)" by the Ministry of Environment and the Ministry of Economy, Trade and Industry in Japan.
 - Transport between factories and warehouses within our group, and cargo handling, storage, and transportation at outsourced warehouses associated with shipments were calculated as Category 4 of Scope 3 in accordance with the Ministry of Environment's guidelines.
 - Scope 3 is calculated based on business activities related to products sold by TOLI. Purchases and sales from other companies by TOLI Group's sales companies are not included in the calculation.
 - We are continually reviewing CO₂ emissions in an effort to improve the accuracy of our calculations. The figures may differ from past disclosures.
- 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 1.2 (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 at the company's expense)

Category 5: Emissions from transporting and processing waste generated in-house

Category 12: Emissions associated with disposal of products by users

- In calculating the amount of industrial waste discharged
 - Parties involved: Headquarters, Itami factory, Atsugi factory, Hiroka TOLI Floor, Shiga TOLI, Shiga TOLI Itami Office, Gifu TOLI, Santen TOLI, TOLI OFUROKE (*), TOLI Interior Planning, TOLI Warehouse and Distribution Company
- In calculating energy consumption
 - Parties involved: Headquarters, sales offices, Itami factory, Atsugi factory, TOLI Warehouse and Distribution Company, and other group companies
- In calculating 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 OFUROKE (*)

(*) Currently TOLI Interior Service Co., Ltd.

Environmental accounting

Environmental conservation costs

Classification	Main initiatives	FY2021		FY2022	
		Expenses	Investment	Expenses	Investment
Operational area costs		423	68	390	293
(1) Breakdown	(1)-1 Pollution prevention costs	135	17	130	31
	(1)-2 Global environmental conservation costs	48	51	48	35
	(1)-3 Resources recycling costs	240	0	212	227
(2)	Upstream/downstream costs	9	0	13	0
(3)	Administrative costs	30	0	42	0
(4)	R&D costs	81	129	123	7
(5)	Social activity cost	0	0	0	0
(6)	Environmental remediation costs	1	0	1	0
Total		544	197	569	300

Effect of environmental conservation

Effectiveness Metrics	FY2021	FY2022
Energy consumption ^{*1} (x 1,000GJ)	717.0	723.2
CO ₂ emissions ^{*1} (Thousand tons)	32.1	30.9
Amount of industrial waste ^{*1} (Thousand tons)	5.9	4.7
Recycling rate ^{*1} (%)	72.7	78.8

Economic effect by environmental conservation

Effectiveness Metrics	FY2021	FY2022	
Revenue ^{*2}	42.5	6.8	
Cost reduction ^{*3}	Energy cost reduction	(171.6)	(446.4)
	Reduction of expenses for industrial waste treatment or disposal	(24.6)	30.1
Total	(153.7)	(409.5)	

^{*1} Pages 6, 9, 10, 31, 52 The values differ from those in the upper graph and table because the scope of aggregation is partially different.

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

^{*2} Estimated cost when disposing valuables + actual revenue

^{*3} Year-on-year differences in actual figures (+: reduced expenses, -: increased expenses)

DATA

Financial/Non-Financial data

(FY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Management performance												
Net sales (consolidated)	(million yen)	84,912	89,707	90,806	91,840	91,466	91,291	90,355	94,701	85,931	88,513	95,230
Operating income (consolidated)	(million yen)	1,931	2,552	3,152	3,825	4,249	3,522	1,991	2,382	1,595	878	3,531
Ordinary income (consolidated)	(million yen)	1,923	2,633	3,281	3,907	4,367	3,681	2,243	2,639	2,026	1,244	3,640
Profit attributable to owners of parent company (consolidated)	(million yen)	1,038	1,339	1,978	2,420	3,031	2,479	1,345	2,059	1,386	720	2,562
Depreciation (consolidated)	(million yen)	1,235	1,230	1,236	1,276	1,302	1,431	1,634	1,921	1,954	2,167	2,340
Capital investment (consolidated)	(million yen)	1,245	1,064	2,910	2,400	1,879	2,685	3,094	2,383	3,064	3,805	3,175
R&D expenses (consolidated)	(million yen)	505	452	521	611	588	708	599	654	655	666	692
Financial situation												
Total assets (consolidated)	(million yen)	66,947	68,800	72,049	72,923	75,498	77,703	77,654	78,369	76,817	79,982	84,791
Net assets (consolidated)	(million yen)	25,575	26,043	28,681	30,323	33,555	35,894	36,042	36,363	38,087	38,285	40,894
Equity capital (consolidated)	(million yen)	25,369	25,936	28,561	30,162	33,376	35,703	35,833	36,124	37,825	38,013	40,613
Equity ratio (consolidated)	(%)	37.9	37.7	39.6	41.4	44.2	45.9	46.1	46.1	49.2	47.5	47.9
DE ratio (interest-bearing debt/equity) (consolidated)	(%)	39.3	38.0	33.1	30.7	26.8	24.6	24.4	24.4	23.1	23.5	22.2
Cash flows												
Cash flows from operating activities (consolidated)	(million yen)	1,740	4,000	3,324	4,426	5,187	2,668	2,321	5,095	4,161	4,962	3,599
Cash flows from investing activities (consolidated)	(million yen)	(701)	(1,283)	(1,671)	(2,571)	(2,254)	(2,690)	(2,575)	(1,190)	(3,106)	(4,016)	(3,275)
Cash flows from financing activities (consolidated)	(million yen)	(812)	(1,152)	(1,207)	(1,145)	(1,547)	(1,231)	(1,187)	(1,486)	(987)	(1,060)	(934)
Free cash flow (operating CF - investment CF) (consolidated)	(million yen)	1,038	2,716	1,652	1,854	2,933	(22)	(253)	3,905	1,054	945	323
Cash and cash equivalents at end of year (consolidated)	(million yen)	6,218	7,792	8,276	8,955	10,353	9,176	7,749	10,155	10,268	10,189	9,587
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	66,829	66,829
Dividend per share	(yen)	5.00	5.00	7.00	9.00	10.00	10.00	10.00	13.00	8.00	8.00	10.00
Dividend payout ratio (consolidated)	(%)	29.9	23.2	21.8	22.9	20.4	24.9	45.8	38.8	35.3	67.9	23.5
DOE (consolidated)	(%)	1.3	1.2	1.6	1.9	1.9	1.8	1.7	2.2	1.3	1.3	1.5
Per-share data												
Net assets per share (consolidated)	(yen)	407.77	420.29	462.90	488.92	541.03	578.76	580.88	590.38	618.20	630.05	674.80
Profit per share (consolidated)	(yen)	16.70	21.55	32.07	39.23	49.14	40.20	21.81	33.49	22.66	11.79	42.57
Management indicators												
ROA (consolidated)	(%)	2.9	3.9	4.7	5.4	5.9	4.8	2.9	3.4	2.6	1.6	4.4
ROE (consolidated)	(%)	4.2	5.2	7.3	8.2	9.5	7.2	3.8	5.7	3.8	1.9	6.5
ROIC (consolidated)	(%)	3.1	3.9	5.3	6.7	7.4	5.7	3.1	3.7	2.4	1.3	5.1
EBITDA (consolidated)	(million yen)	3,265	3,614	4,606	5,052	5,736	5,140	3,740	5,059	4,086	3,832	6,199

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

(FY)	2018	2019	2020	2021	2022	
Social indicators						
Number of employees (consolidated)	(people)	1,833	1,849	1,869	1,874	1,856
Number of employees (non-consolidated) [] indicates the number of female employees	(people)	876[234]	874[234]	883[245]	885[256]	882[268]
Female employee ratio (non-consolidated)	(%)	26.7	26.8	27.7	28.9	30.4
Number of female managers (non-consolidated)	(people)	9	9	8	11	9
Ratio of female managers (non-consolidated)	(%)	8.3	8.3	7.1	9.6	8.1
Average age (non-consolidated)	(years)	40.8	41.1	41.7	41.7	42.2
Average length of service (non-consolidated)	(years)	16.1	16.1	16.5	16.5	16.7
Number of new graduates hired (non-consolidated) [] indicates the number of female new graduate employees	(people)	32[13]	30[12]	27[14]	34[13]	27[5]
Turnover rate (non-consolidated)	(%)	2.3	5.2	2.6	3.5	4.2
Maternity leave acquisition rate (non-consolidated)	(%)	100	100	100	100	100
Paternity leave acquisition rate (non-consolidated)	(%)	0.0	0.0	14.7	6.9	71.4
Rate of returning to work after taking childcare leave (non-consolidated)	(%)	100	100	100	100	100
Employment rate of people with disabilities (non-consolidated)	(%)	2.1	1.9	1.9	1.9	2.1

* 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

Company Profile and Stock Information

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 Higashishimbashi, 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, Osaka Securities Agency Division
Number of shares per unit	100 shares
Total number of authorized shares	141,603,000 shares (as of March 31, 2023)
Total number of issued shares	66,829,249 shares (as of March 31, 2023)
Listed stock exchange	Tokyo Stock Exchange, Standard Market*
Securities code	7971

* The company applied to the Tokyo Stock Exchange on August 23, 2023 to be shifted to the standard market. The market classification change to Standard Market took place on October 20, 2023.