



TOLI Corporation

Financial Results for the Fiscal Year Ended March 2022

May 31, 2022 (held at Itami Head Office/Zoom Webinar)

Thank you for taking the time to attend the financial results briefing for TOLI Corporation today.
My name is Nagashima, and I am the President of TOLI Corporation.
It is my pleasure to meet you all.

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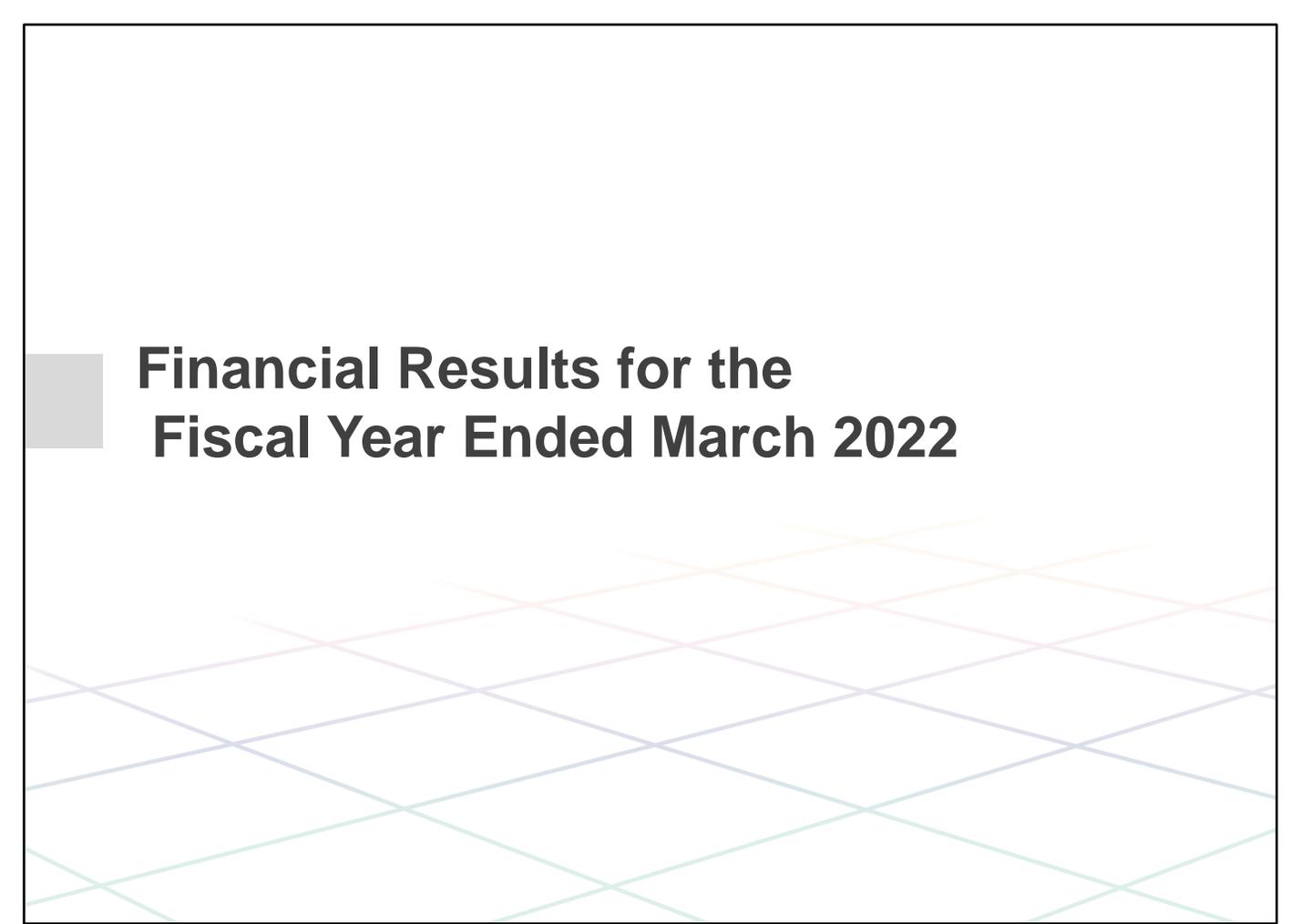
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Today, I would like to give you an overview of the financial results for the fiscal year ended March 2022, the business outlook for the fiscal year ending March 2023, and a progress report on our medium-term business plan.



Financial Results for the Fiscal Year Ended March 2022

First, I would like to summarize the financial results for the fiscal year ended March 2022, which were announced on May 9.

Business Environment Surrounding Our Group

Domestic Construction Market Trends

Statistics on Building Construction Starts	New construction (area) (YoY increase *1)	Renovation (Market value) (YoY increase *2)
Housing	+0.2%	+21.9%
Non-residential	(1.9%)	+9.3%
Office	(7.5%)	+5.6%
Store and accommodation facilities	+11.1%	+11.8%
School	(2.0%)	(20.4%)
Welfare facilities or hospitals	(11.2%)	+6.3%

Point

- ▶ Both new construction and renovation remained strong throughout the year.
- ▶ Large-scale redevelopment projects in progress in major metropolitan areas will peak in fiscal 2023-24. Office renovations for moving in and out remains strong.
- ▶ Store market bottomed out and is recovering, but hotel projects remain sluggish.
- ▶ Large-scale construction was sluggish for both new and renewal buildings, resulting in a substantial decline.
- ▶ Renovation work has been strong, while new projects remaining sluggish throughout the year.

Source: Ministry of Land, Infrastructure, Transport and Tourism, "Statistical Survey on Building Construction Starts" and "Survey on Building Reform and Renovation"

※1 As a realistic index forecasting our business, the figure was shifted backward by 7 months for housing and 9-12 months for non-residential.

※2 YoY increase of April-to-December, 2021

Other Business Environment

Point

Changes in the Raw Material Procurement Environment
Increasing Risks of Climate Change
Progress of the digital society

- ▶ Raw material price hikes and procurement risks arise due to soaring crude oil and naphtha prices, supply-demand balance, and unstable marine transportation.
- ▶ Increasing social demands for initiatives to reduce environmental impact through business activities.
- ▶ Dissemination of digital tools for design work, process control, etc. Penetration of digital tools for various proposals and product appeal.

I will begin with an explanation of the business environment for the fiscal year.

In the domestic construction market, which is closely related to our business, the housing market had been performing well in terms of both new construction and renovations.

In the non-residential market, although the new office market had been weak due to the off-season for large-scale projects, the market for renovations of offices and stores remained strong.

Other factors included the price increase of various raw materials, particularly crude oil and naphtha, which continued to soar to levels never before seen, and this was a major source of pressure on earnings.

In addition, there was, and still is, an urgent need to tackle social issues in all of our business activities as common issues for society, such as actions to lower climate-change risks and promotion of digital technology in response to the COVID-19.

We have outlined the results for the previous fiscal year based on these factors in the business environment.

Consolidated Financial Results for the Fiscal Year Ended March 2022

(¥ million)

	FY 3/21		FY 3/22			
	Results	Ratio to sales	Actual	Ratio to sales	YoY increase rate	YoY increase
Net sales	85,931	-	88,513	-	3.0%	2,582
Gross profit	24,488	28.5%	24,124	27.3%	(1.5%)	(364)
Selling, general and administrative expenses	22,893	26.6%	23,246	26.3%	1.5%	353
Operating income	1,595	1.9%	878	1.2%	(45.0%)	(717)
Ordinary income	2,026	2.4%	1,244	1.4%	(38.6%)	(782)
Profit attributable to owners of parent	1,386	1.6%	720	1.0%	(48.1%)	(666)
Return on assets (ROA)	2.6%	-	1.6%	-	-	(1.0) points
Return on equity (ROE)	3.8%	-	1.9%	-	-	(1.9) points

(※) Year-on-year(YoY) comparisons are made after the adoption of the "Accounting Standard for Revenue Recognition."

Point

- Increase in sales volume due to gradual recovery from Covid-19 pandemic and increase in sales value due to sales price revision.
- Decrease in gross profit due to an increase in material-related costs.
- Increase in SG&A expenses due to an increase in logistics costs associated with an increase in sales volume, etc.
- ROA and ROE declined due to a sharp decrease in profits resulting from higher costs mainly due to soaring raw material prices.

Here you can see the results for the fiscal year ended March 2022.

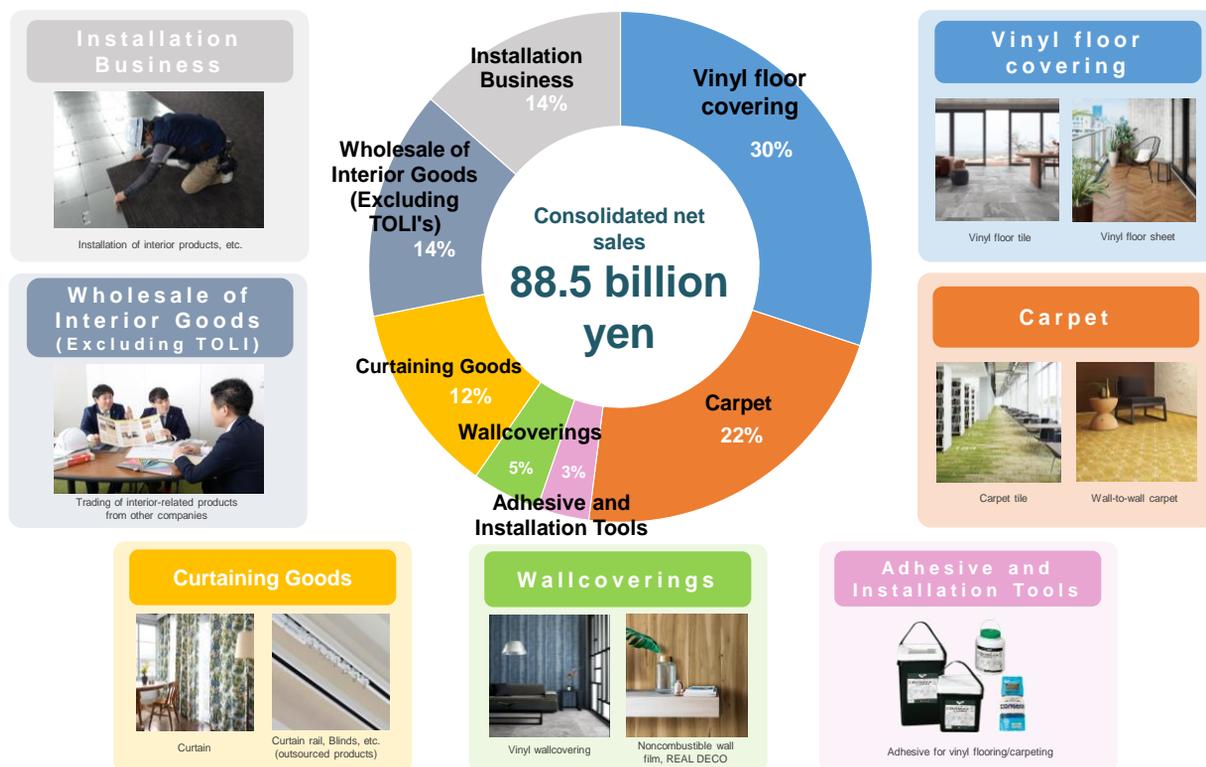
For this fiscal year, the sales volume of mainstay products increased against the backdrop of a gradual recovery in market conditions following the COVID-19 pandemic.

In response to rising raw material prices, we announced a revision of sales prices in July and implemented full-scale price increases starting that autumn.

As a result, net sales were up 3.0% year-on-year and up 3.6% on a pre-application basis based on revenue recognition.

However, the increase of our selling prices was a follow-up to the increase in raw material prices, and although efforts were made to reduce manufacturing costs and SG&A expenses, the revenue improvement effects for the fiscal year remained at a limited level, resulting in a significant decrease in operating income.

TOLI groups' sales composition by product category



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Next, I will explain the sales structure of our Group by product category.

Vinyl flooring category accounts for approximately 55% of the Group's net sales. The category consists of vinyl floor sheets and tiles, the carpet range such as carpet tiles, rugs, mats, and roll carpets, and the adhesives and auxiliary materials required for installation of these flooring products.

As for wall coverings, unlike other brand manufacturers, our consolidated subsidiary produces some of our products, and we are promoting sales with the emphasis of our uniqueness.

The window treatment category is made up of the sales of all window-related products, including curtain rails, blinds, and other products handled by Group sales companies, in addition to our brand curtain sales.

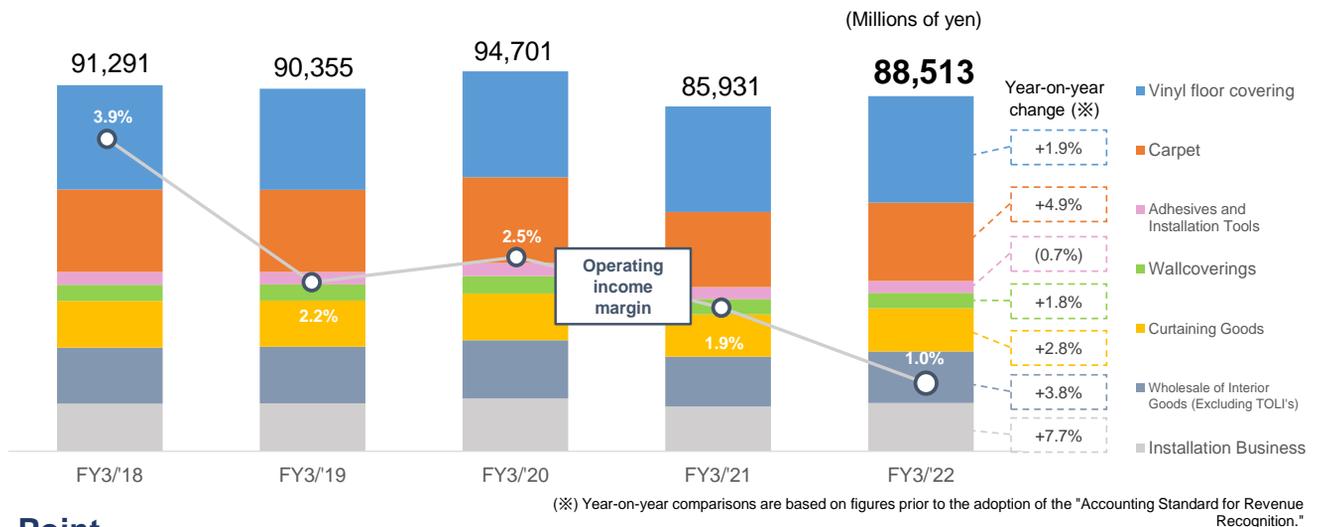
Furthermore, the interior wholesale business is engaged in the purchase and sale of products from other companies, excluding those from TOLI.

The installation business includes the sales from directly managed installation projects in addition to the sales of our sales subsidiaries.

In this way, with vinyl flooring and carpet as its core businesses, our Group is building a business portfolio that emphasizes balance in order to contribute to the creation of a spiritually rich living environment through proposals for total interiors.

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Consolidated Net Sales by Product Category / Ratio of Operating Income to Net Sales



Point

- Vinyl floor covering** : Vinyl floor tiles performed strong in the store and office markets, contributing to an increase in overall sales.
- Carpet** : Increased from the previous year, mainly in carpet tile, by strengthening sales to the office renovation market.
- Wallcoverings** : Increased from the previous year due to more adoption in the housing market on a recovery trend.
- Curtaining Goods** : Demand for products for education and medical and welfare facilities remained sluggish, although increased from the previous year against the backdrop of the robust housing market.
- Installation Business** : Large projects were sluggish, but small-and medium-sized projects were obtained and increased from the previous year.

Here are the changes in consolidated sales and operating income ratio.

During the fiscal year, vinyl flooring material sales were driven by solid sales of vinyl floor tiles, particularly in the store and office markets.

In the carpet business, sales of carpet tiles increased in the office renovations market.

Sales of wall coverings and window treatments increased mainly in the housing market, which is on a recovery trend.

In the installation business, although the volume of orders received for large projects was sluggish and the Company struggled, we focused on acquiring small- and medium-class projects, resulting in a year-on-year increase.

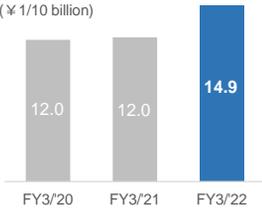
Topics by Product Category

Vinyl floor covering

Loose-laid vinyl floor tile

『LOOSE-LAY TILE "LL50NW-EX"』

(¥ 1/10 billion)



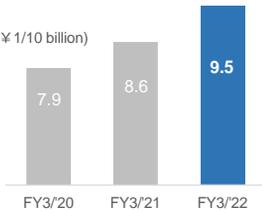
Creating "aesthetic" office space in a "New Design"



Vinyl floor sheets for toilets

『DEODRANT NS TOWARE NW』

(¥ 1/10 billion)



Toilets have evolved into "more comfortable places"

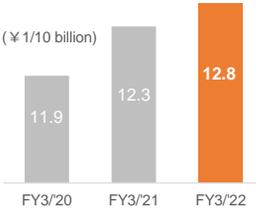


Carpet

Carpet tile for residential use

『TOLI FABRIC FLOOR』

(¥ 1/10 billion)



Pet-friendly functions accelerated online sales even in overseas market

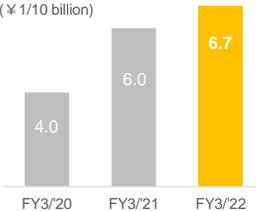


Curtaining Goods

Residential curtain swatch

『fufu』

(¥ 1/10 billion)



offering "Pleasure of selection"



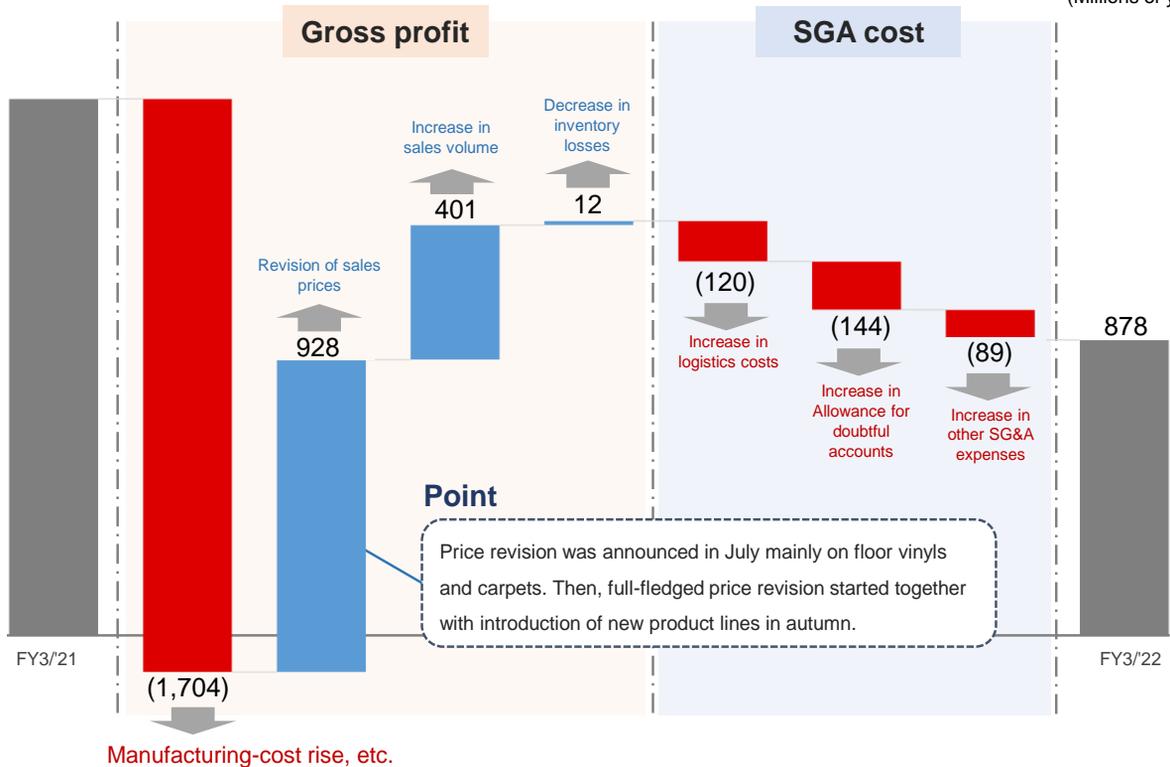
These are the topics for each field for the fiscal year.

Individual explanations have been omitted, but included are vinyl floor tiles, which have seen increased sales mainly in offices, vinyl floor sheets for toilets mainly in educational facilities and offices, carpet tiles for residences, comprehensive curtain collection, etc.

All of these products are being planned and developed in-house to provide new value to the market, and sales are growing year by year.

Breakdown of Changes in Consolidated Operating Income

(Millions of yen)



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Next, the main factors that have increased or decreased consolidated operating income are as seen here.

This fiscal year, rising costs due to soaring raw material prices were the biggest factor weighing down profits.

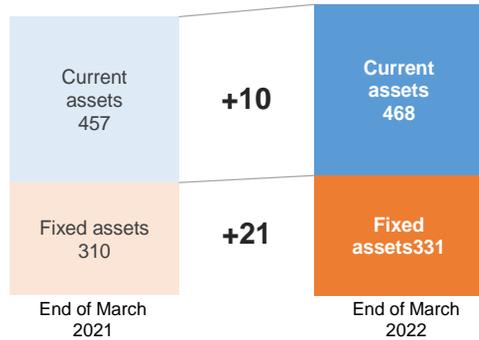
As I mentioned earlier, we have been proceeding with full-scale price revisions since autumn in order to respond to raw material prices, which have been sharply increasing since early spring last year. Even so, the improvement in revenues through the subsequent price shifting remained at a limited level.

As a result, consolidated operating income decreased by approximately 700 million yen.

Consolidated Balance Sheets

Assets

(¥million)



Point

<Current assets>

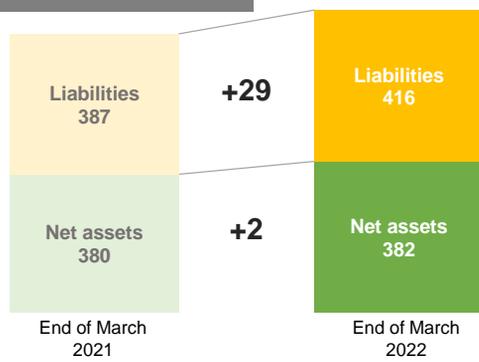
- Inventory increase +4
-Due to rising costs mainly associated with higher raw material prices

<Non-current assets>

- Increase in tangible fixed assets +10
-Construction of a new plant at Hiroka TOLI Floor Co., Ltd.
-Due to capital investment for new lines at Shiga TOLI Co., Ltd.
- Investments in subsidiaries +11
-Due to additional investment in Jiangsu Changlong Decorative Material Technical Co., Ltd., (Jiangsu Changlong).

Liabilities/Net Assets

(¥million)



Point

<Liabilities>

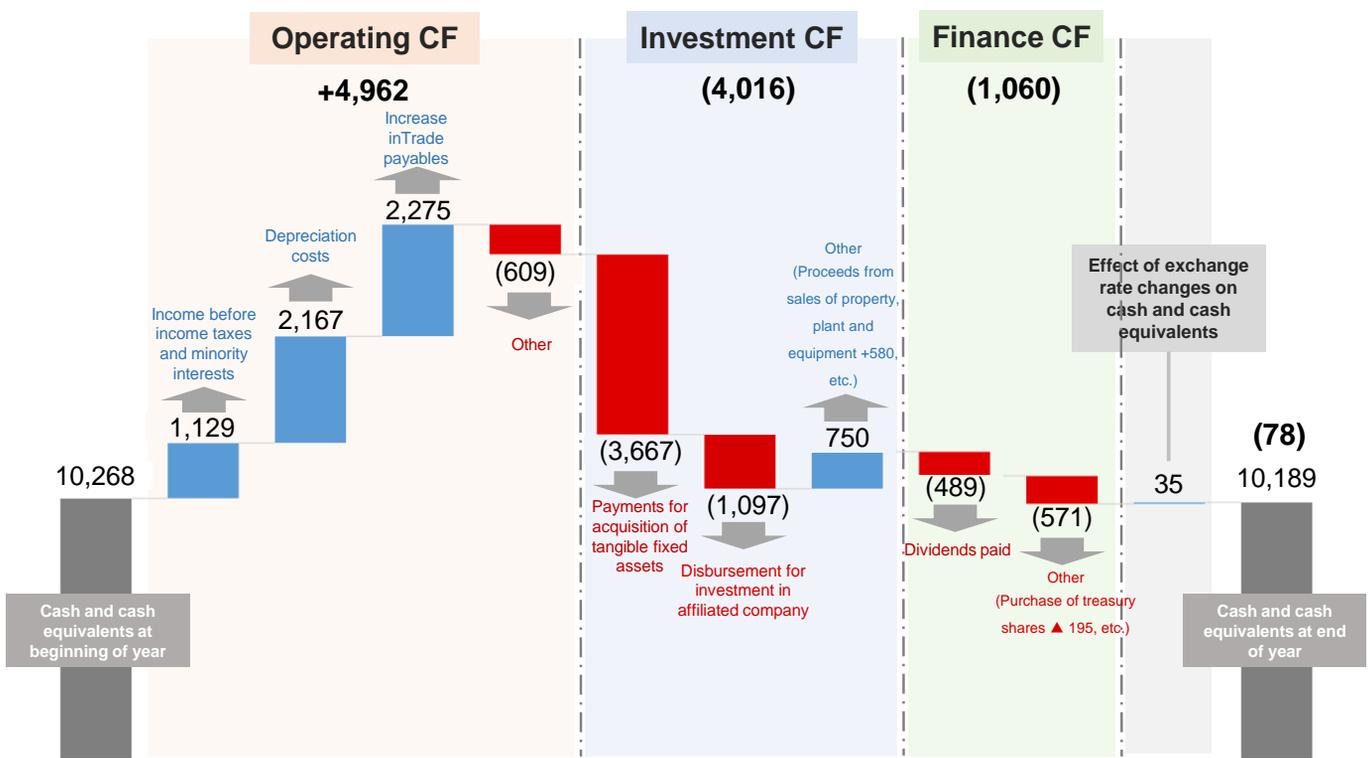
- Increase in notes and accounts payable +20
-Mainly due to higher raw material prices.
- Increased short-term and long-term borrowings +0.75

Next is an explanation of just the characteristic points for the consolidated balance sheets.

In the assets section, in terms of current assets, the book value of inventories increased mainly due to the rise in raw material prices, and non-current assets also increased due to the construction of a new flooring material factory at Hiroka TOLI Floor, the installation of a carpet tile recycling plant and a nylon spinning machine at Shiga TOLI, and additional investment in Jiangsu Changlong Decorative Material Technical Co., Ltd., (Jiangsu Changlong).

In the liabilities section, trade payables increased due to an increase in raw material prices, and long- and short-term debt increased by a total of 75 million yen, though the Company already started to repay them within one year.

Consolidated Statements of Cash Flows (CF)



Next, consolidated statements of cash flows.

Cash flows from operating activities amounted to 4.962 billion yen, mainly due to an increase in depreciation, although profit before income taxes decreased from the previous fiscal year.

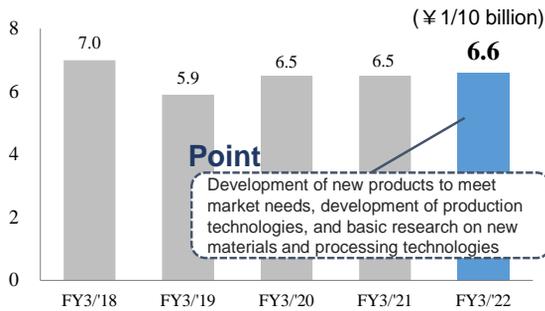
Cash flows from investing activities were 4.016 billion yen, mainly due to capital expenditures related to production and additional investments in Jiangsu Changlong, which I mentioned earlier.

Cash flows from financing activities were 1.060 billion yen, mainly due to the payment of dividends and purchase of treasury shares.

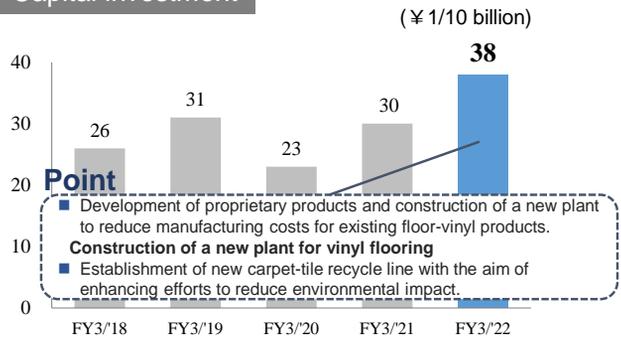
As a result, cash and cash equivalents at end of year decreased 78 million yen, to 10.189 billion yen.

Trends in Key Figures (1)

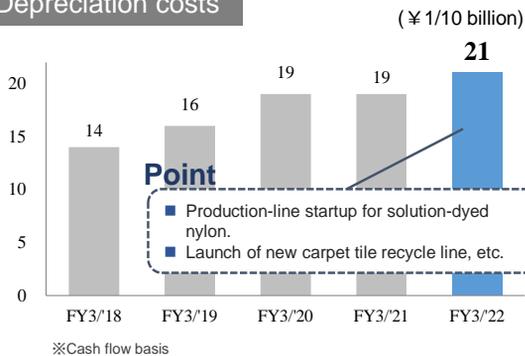
Research and development expenses



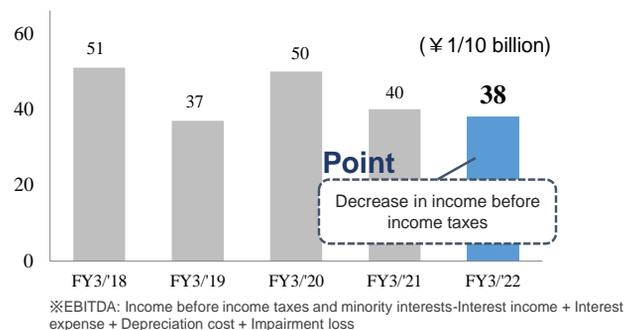
Capital investment



Depreciation costs



EBITDA



Continuing on, I would like to explain the trends for major consolidated items.

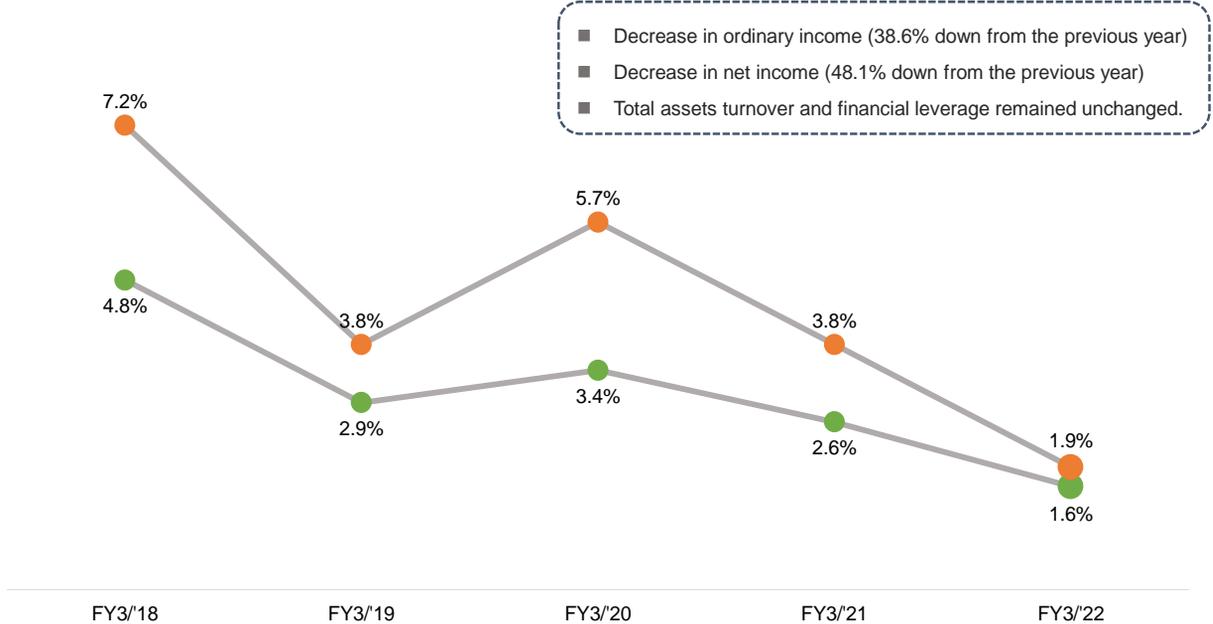
In R&D activities, we are actively promoting R&D investment as a source of future competitiveness.

Regarding capital investment, we have been making large-scale capital investments aimed at reducing environmental impact and developing original products, and depreciation has also been on an upward trend.

EBITDA for this fiscal year was 3.8 billion yen due to a decrease in profit before income taxes.

Trends in Key Figures (2)

ROA/ROE Trends



ROA and ROE both decreased due to a decrease in the amount of profit.

Needless to say, the key to improving asset efficiency is to quickly recover from the decline in profitability caused by the deterioration of the environment for procuring raw materials, by means of reducing manufacturing costs and revising prices.

Targets for Environmental-Impact Reduction

CO₂ Emission/ Recycling Rate/ Industrial Waste Emission

Item	Medium-term targets (in FY2023)	Achievement in FY2021	Long-term target (in FY2030)
CO ₂ emissions (Scope 1.2 ※1) (compared to FY2020)	-	+9%	30% reduction
Recycling rate ※2	85% or more	73%	90% or more
Industrial waste emissions ※3 (compared to fiscal 2019)	40% or more reduction	+0%	60% or more reduction

※1 Scope 1: Direct emissions from fuel-use activities by TOLI group

Scope 2: Indirect emissions from the use of electricity for the materials purchased by TOLI Group from other companies

※2 Percentage of In-group Recycling + Valuable Recycling against total emissions at main manufacturing lines, logistic company and head office of TOLI group

※3 Percentage of In-group Recycling + other emissions than Valuable Recycling against total emissions at main manufacturing lines, logistic company and head office of TOLI group

Point

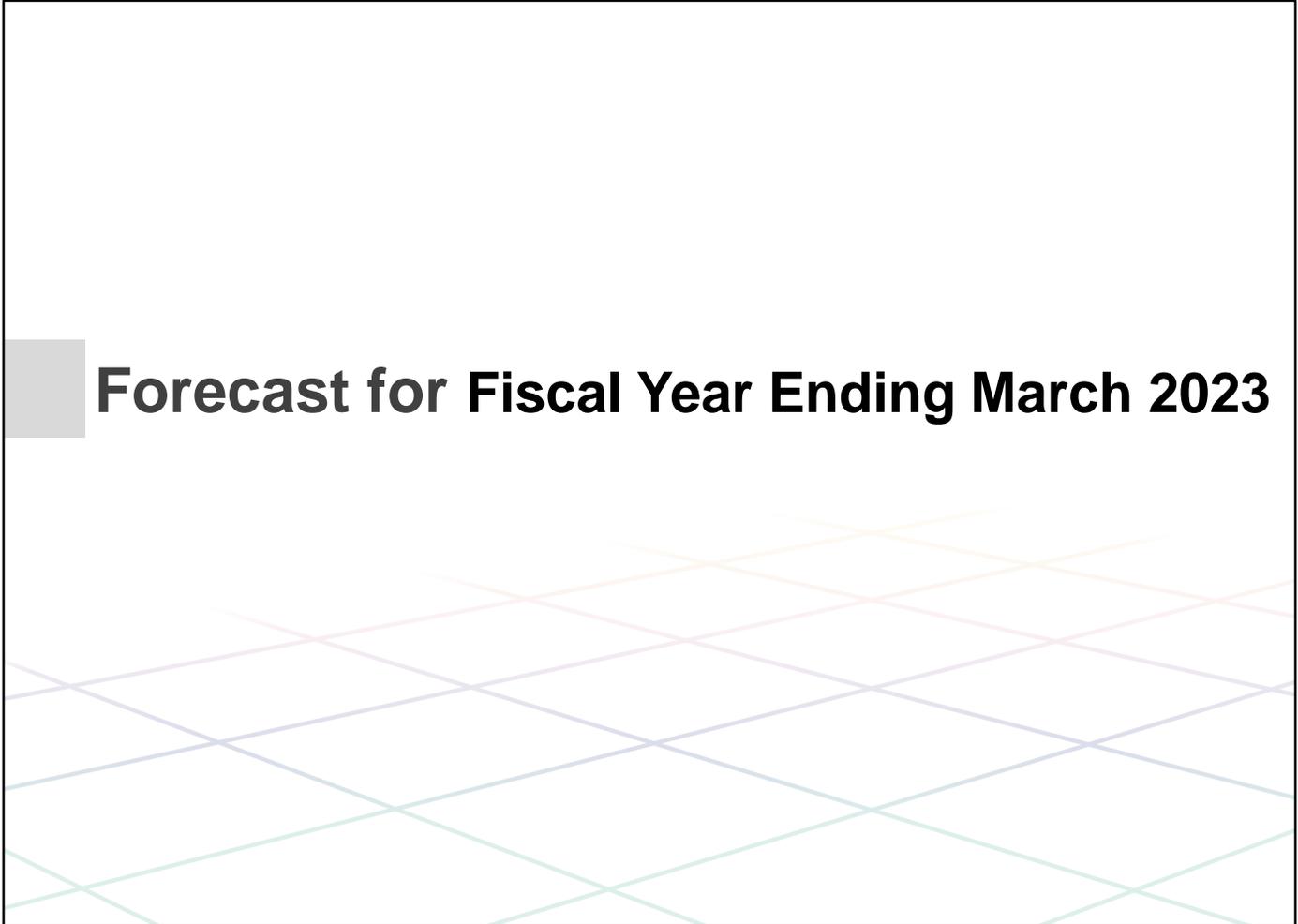
- Reduced energy consumption by reviewing production processes and promoting the use of LED lightings.
- CO₂ emissions increased due to an increase in production according to sales recovery.
- Shiga TOLI's carpet tile recycling plant will begin full-scale operation, resulting in an increase in the recycling rate to contribute to the reduction of industrial waste emissions.

These are medium- to long-term targets for reducing environmental impact.

For this fiscal year, we made efforts to reduce fuel and electricity consumption through initiatives such as reviewing production processes and switching to LED lighting. However, CO₂ emissions increased by 9% year-on-year due to an increase in production volume accompanying a recovery in sales.

We will continue to work on improving the recycling rate and reducing the amount of industrial waste generated by the full-scale operation of the carpet tile recycling plant at Shiga TOLI.

In order to reduce CO₂ emissions, we will clarify our internal promotion system and appoint a director in charge as the project manager for responding to climate change, strengthening the efforts made throughout the entire Group.



Forecast for Fiscal Year Ending March 2023

Next, I would like to explain our forecast for the fiscal year ending March 2023.

Consolidated-Earnings Forecast for Fiscal Year Ending March 2023

(Millions of yen)

	FY3/'22	FY3/'23					
	Full year	First half		Second half		Full year	
			YoY increase (%)		YoY increase (%)		YoY increase (%)
Net sales	88,513	42,000	4.4	50,000	3.5	92,000	3.9
Operating income	878	(800)	-	1,900	66.5	1,100	25.3
Ordinary income	1,244	(600)	-	2,050	60.3	1,450	16.5
Net income attributable to owners of parent	720	(450)	-	1,400	93.6	950	31.9

- Raw material prices continue to soar in the present fiscal year.
- The price revision effect will be mainly in the second half, as it is following up the preceded increase of raw materials prices.

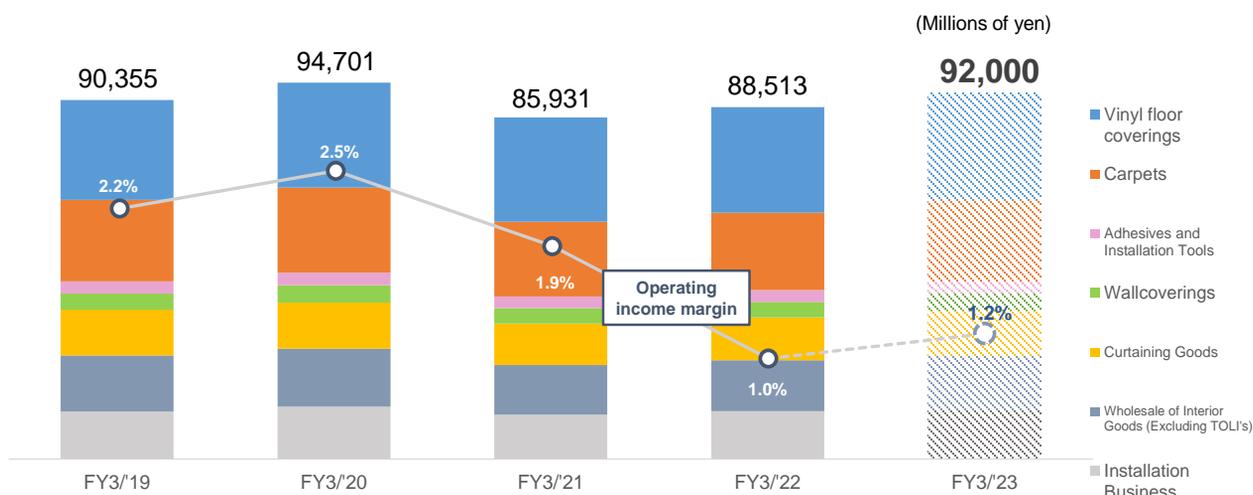
In response to soaring raw material prices, which are our biggest cause of concern, we will work to increase the penetration of price revisions.

Raw material prices will continue to rise in the first half of the fiscal year, and the effects of price revisions will mainly be seen in the second half.

In addition, against the backdrop of a gradual recovery in market conditions following the COVID-19 pandemic, we aim to increase both sales and profits by developing new products with a high level of originality, aiming for early market penetration and maximizing investment effects.

In response to further increases in raw material prices, we are currently considering a second price revision in May and a third price revision in autumn at the earliest.

Consolidated Net Sales by Product Category / Operating Income Margin Forecast



Point

- Focusing on the recovering commercial market, we implement the rebranding of "Composition Tile Series," and strongly promote newly-launched "ToughTec Tile," as well as the "Royal Stone & Wood," which will be in new lineup soon.
- Focus on sales of environment-friendly products, including the renewed GA3600-Sustive Back, toward a robust office renovation market.
- Focus on sales of highly-value-added products such as functional products including antiviral series.

Next, I would like to explain the consolidated net sales forecast.

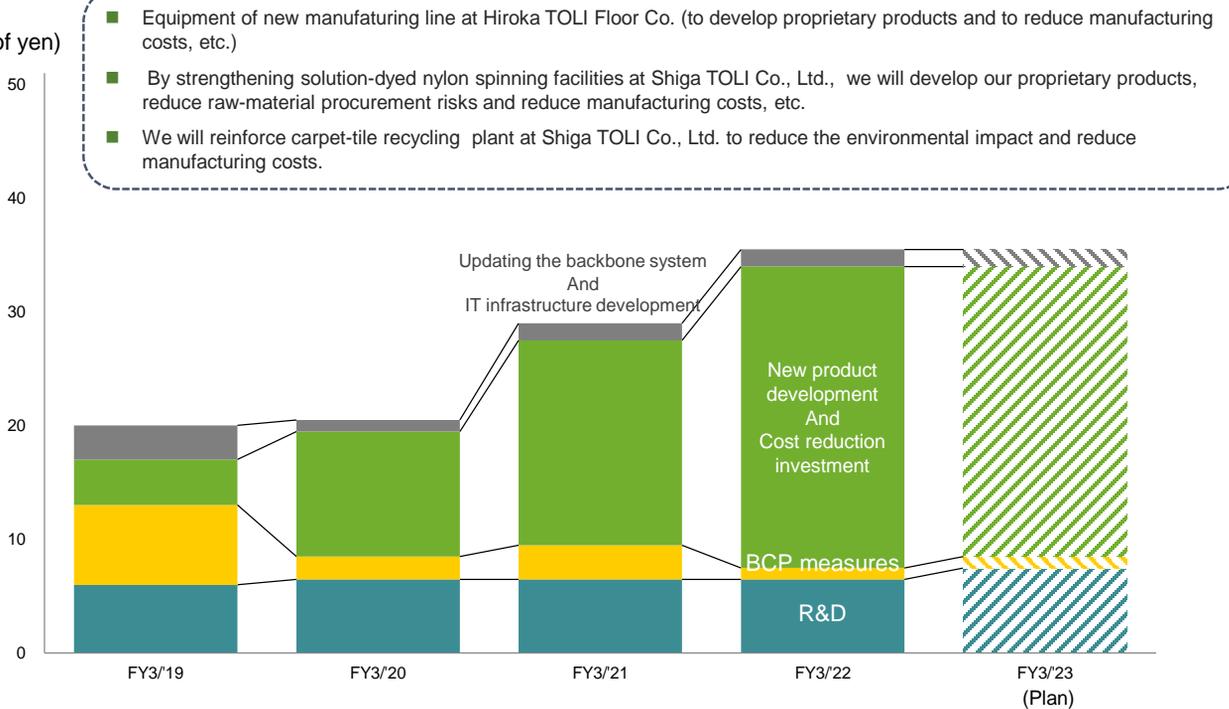
For the current fiscal year, we plan to implement large-scale revisions to vinyl floor tiles, which are used in various projects including commercial facilities and housing, and strengthen sales of new products and designs.

Additionally, we will focus on expanding sales of environmentally friendly products in the robust office renovation market and selling high value-added products, such as functional products with anti-viral performance.

Investment plan

Point

(Billions of yen)



※Figures do not include recurring capital expenditures.

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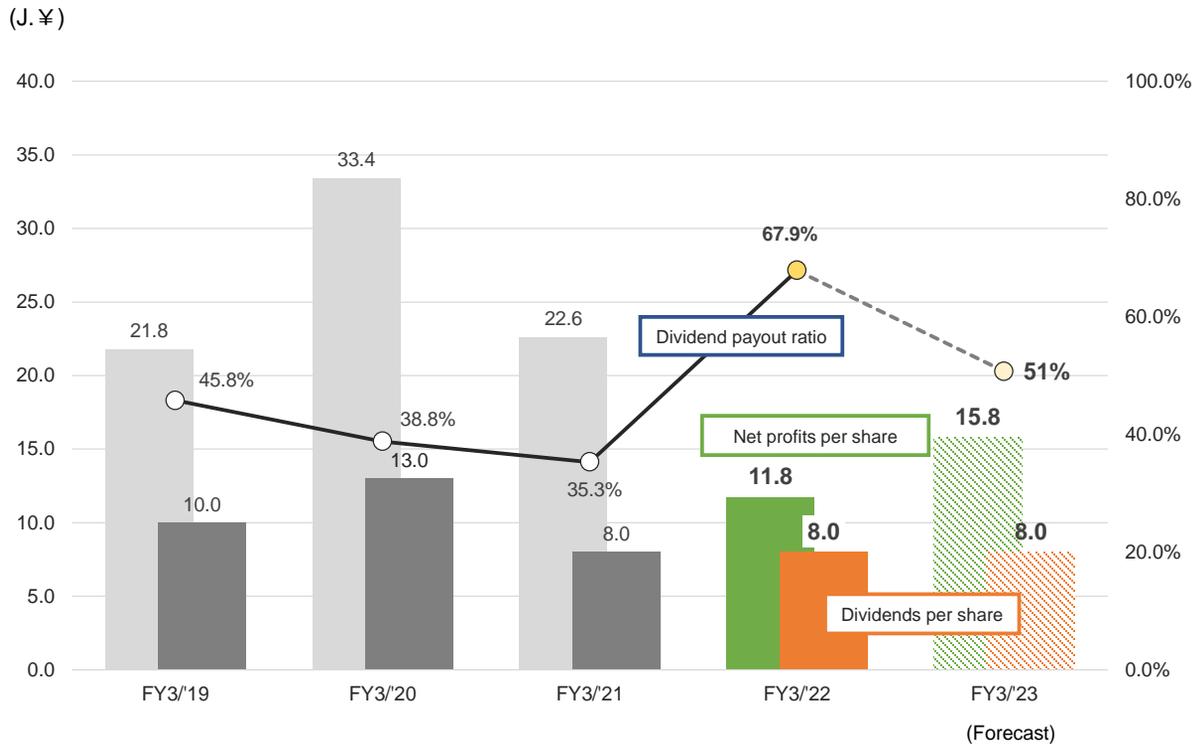
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Next, I would like to talk about the investment plan for the current fiscal year.

As I explained previously, the Group will focus on the development of new products with a high degree of originality, as well as further reduce costs and invest in growth toward the formation of a recycling-oriented society.

For the fiscal year ending March 2023 in particular, it will be important to steadily implement the three capital investments shown as the points on the upper half.

Dividends (Consolidated Basis)



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Finally, the status of dividends.

The Company plans to pay a year-end dividend of 8 yen per share for the fiscal year ending March 2022, taking into account the financial condition of the current fiscal year as well as the business environment and investment policy from a medium- to long-term perspective.

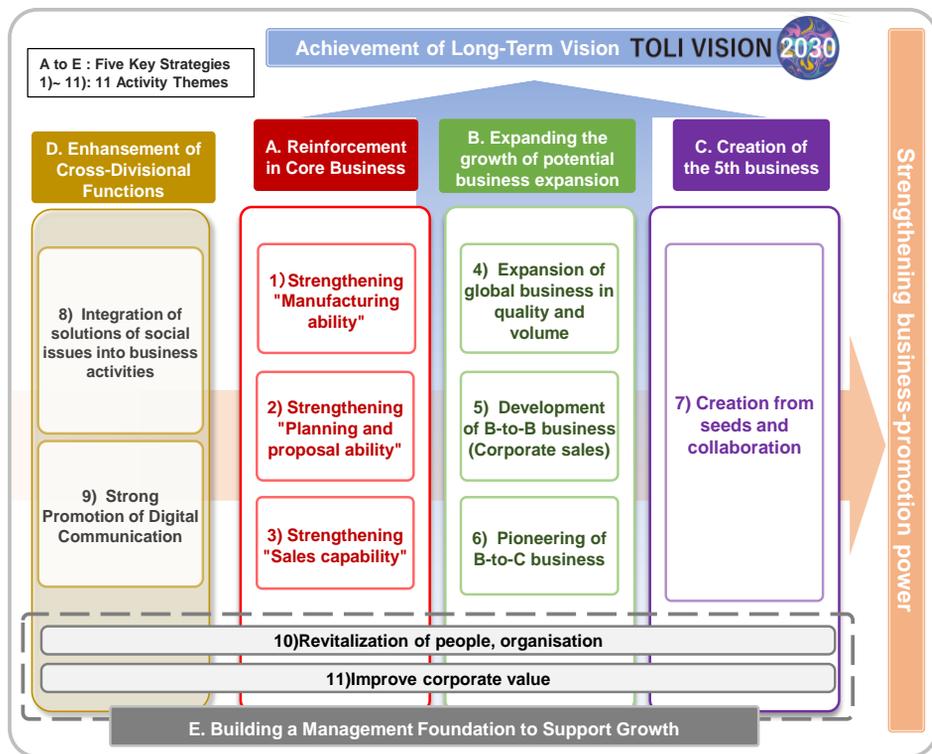
For the fiscal year ending March 2023, as has been previously announced, in light of the current situation the Company plans to pay a year-end dividend of 8 yen, the same as the previous fiscal year.



Progress of Medium-Term Management Plan “SHINKA Plus One”

Continuing on, I would like to explain the Group’s medium-term business plan as a future growth strategy, which started in fiscal 2021.

Outline of the Medium-Term Management Plan "SHINKA Plus ONE"



<SHINKA Plus ONE Management Index>

Item	Consolidated Management Index
Net sales	95 billion yen or more
Overseas	2.8 billion yen or more
Operating income	3 billion yen or more
ROE	5.0% or more
Recycling rate ※1	85% or more
Industrial waste emissions ※2 (compared to FY2019)	40% or more reduction

< Long-Term Management Index>

Yearly Target to be achieved within FY 2024 to 2029

Item	Combined Management Benchmarks
Net sales	100 billion yen or more
Overseas	5.5 billion yen or more
Operating income	6 billion yen or more
ROE	10.0% or more
CO ₂ emissions (Scope 1, 2 ※3) (compared to fiscal 2020)	30% or more
Recycling rate ※1	90% or more
Industrial waste emissions ※2 (compared to FY 2019)	60% or more reduction

※1 Percentage of In-group Recycling + Valuable Recycling against total emissions at main manufacturing lines, logistic company and head office of TOLI group

※2 Percentage of In-group Recycling + other emissions than Valuable Recycling against total emissions at main manufacturing lines, logistic company and head office of TOLI group

※3 Scope 1: Direct emissions from fuel-use activities by TOLI group

Scope 2: Indirect emissions from the use of electricity for the materials purchased by TOLI Group from other companies

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Page 20 of the materials provides an overview of the medium-term business plan "SHINKA Plus ONE" as well as important medium- to long-term management indicators.

SHINKA Plus ONE classifies the five key strategies, A through E, into 11 activity themes, and although they are not shown in this chart, there are 36 linked execution strategies corresponding to each theme.

We will be improving execution speed with key strategies A. "Reinforcement of core business," B. "Expanding the growth of promising business," C. "Creation of the fifth business," and D. "Enhancement of capabilities across the Group," and we will be expanding platform development for all of the Group's businesses through E. "Building a business base that supports growth."

Business Environment Awareness and Issues to be Addressed

Sluggish growth in new construction starts

- Reinforcement of a technical development force
 - Amid sluggish growth in the domestic market for new construction, it is important to strengthen existing businesses by taking further steps in the renovation market and enhancing the Group's competitive advantage.
 - Continue the efforts to strengthen technology development capabilities, including elemental technology research and capital investment to further reduce manufacturing costs.
- Expansion of Business Area
 - It is essential for sustainable growth to further strengthen existing businesses and continue to challenge for expanding business domains.
 - Continue to challenge new business domains that will support the next generation by deepening needs from the user's viewpoint and promoting research and development through industry-academia collaboration.
- Progress in globalization
 - Expansion of global business in quality and volume is a key point in the growth of our group.

Dwindling work force

- Securing human resources
- Restructuring the logistics system
- Continue the promotion of support system for training professional installers for distributors

Changes in the Raw Material Procurement Environment

- Optimize the supply chains
 - To cope with fluctuations in crude oil and naphtha prices and changes in the raw material procurement environment due to various geopolitical risks, we are strengthening our efforts to ensure a stable supply of products and reduce manufacturing costs from a multi-faceted perspective, including the incorporation of upstream technologies by the Group and the use of recycled raw materials.

Occurrence of natural disasters and pandemics

- Business continuity plan

Increasing Risks of Climate Change

- Global Environmental Conservation Initiatives

Progress of the digital society

- Use of digital technology

Increasing Awareness of Social Issues

- Commitment to CSR
- Enhancing corporate governance

Next, I would like to explain our awareness of the business environment surrounding the Group and the issues that need countermeasures in response.

Although there are some fluctuations in the volume of new construction starts in Japan, the market size will not be expanding significantly in the long run.

In order to enhance the competitive advantage of existing businesses in this limited market, we will strive to strengthen our technological development capabilities and sales capabilities, including those of Group sales companies.

We will also pursue R&D aimed at expanding our business domains, as well as qualitative and quantitative expansion of our global businesses.

From the previous fiscal year to the current fiscal year, a number of price hikes in key raw materials, including polyvinyl chloride resin, plasticizers, and nylon yarns, have posed a serious threat to business operations, as material procurement risks due to supply chain disruptions did.

In response to these rapid changes in the environment, there is an urgent need to reestablish a resilient and multifaceted supply chain, which includes in-house production of raw materials and utilization of recycled raw materials.

For some examples of how we are responding to these issues, I would like to introduce four topics from our fiscal 2022 business activities.

"SHINKA Plus ONE" Topics ①

Execution strategy :

Manufacture and sale of PVC flooring tiles and development of new products in the joint venture in China

A Reinforcement in
Core Business

B Growth and Expansion of
Potential Businesses

Launched ToughTec Tile, a new third flooring material that brings new value

LHT ToughtecTile



- "LHT," a new TOLI branded product that combines our advanced technological capabilities both domestically and abroad. (LHT : LUXURY HARD TILE)
- A flooring material with new value of "strong," "light" and "beautiful" that combines the advantages of vinyl floor tiles and ceramic tiles.
- Develop applications not only for existing vinyl-floor-tile areas but also for new markets.

(China) Jiangsu Changlong Decorative Materials
Technology Co., Ltd.



New development of global
business through highly-
value-added products born
from joint ventures.

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First, we developed a new flooring material, "ToughTec Tile," which provides new added value, and launched it in April of this year.

Developed through a joint venture in China (Jiangsu Province), this resin tile has unprecedented characteristics, combining the advantages of both vinyl and ceramic tiles.

It is expected to be used in a wide range of market applications, mainly commercial facilities, due to features such as its maintainability and ability to conceal subfloor unevenness, similar to ceramic tiles, and the light weight and excellent workability of vinyl floor tiles.

"SHINKA Plus ONE" Topics ②

Execution strategy :

Establishment of Technologies to Reduce Environmental Impact

A Reinforcement in
Core Business

D Enhancement of Cross-
Divisional Functions

Launch of environment-friendly carpet tile "GA3600-Sustive Back"



[GA3600-Sustive Back]



- Recycling plants are in operation, and GA3600 is renovated to environment-friendly product by adopting "Sustive Back," which uses recycled chips of in-house manufacturing.
- Recycling plants recycle carpet-tile wastes generated in the manufacturing process and used carpet tiles collected from the market. This contributes to the improvement of the recycling rate and the reduction of industrial waste emissions.
- Started to strengthen carpet-tile recycling plants with the aim of further reducing environmental impact.

The second topic is the release of the environmentally friendly carpet tile "GA-3600 Sustive Back (sustainable backing)."

The Group has developed a new carpet tile recycling system, the first of its kind in Japan and perhaps even the world, and the new recycling plant has been in full operation since the previous fiscal year at Shiga TOLI.

This is a 100% recycling plant, including fiber parts that could not be recycled using conventional technology.

The newly reborn GA-3600 uses "Sustive Back," which are made using recycled chips to reduce the impact on the global environment.

As the leading carpet tile manufacturer in Japan, we will continue to increase the capacity of our carpet tile recycling plant in order to achieve zero emissions in the future and actively utilize waste materials in the market.

"SHINKA Plus ONE" Topics ③

Execution Strategy :

Enhancement of promotions through digitalization

A Reinforcement in
Core Business

D Enhancement of Cross-
Divisional Functions

Creating New Communications with AI-Technology--- TOLI Ai Simulator, "Image Fit"--



TOLI Ai Simulator

Image Fit

- ① For any space design
- ② Authentic image in high quality
- ③ Quick and easy simulation

- Room image after Installation, which has been difficult to image, can be easily and quickly created using Image Fit.
- It makes it possible to propose a room image during business negotiations, which contributes to strengthening proposal-and-sales force.
- Creating a new process for interior-materials selection by synthesizing materials in room image using digital technology (AI).



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The third topic is the development of a new communication tool utilizing digital technology.

"Image Fit," a room image simulation tool, has been available on our Company website since October of last year.

Utilizing AI technology, this tool allows anyone, from professionals to the general public, to quickly and easily perform room image simulations. The tool not only expands the means of communication with customers, but also makes it possible to easily propose images when selecting interior materials.

We will continue to use digital technology to provide new value and communication tools.

Topics on Future Efforts

Execution Strategy :

In-house Manufacturing of Upstream Technologies

A Reinforcement in
Core Business

A nylon spinning facility for carpets began full-scale operation. Expansion to development of proprietary products.



Solution-dyed nylon spinning line

- Nylon spinning facility for carpet tile started full-scale operation, and some of yarns were switched from external procurement. Progress in stable supply of products and reduction of manufacturing costs.
- ▼
- Start to strengthen nylon spinning equipment for carpet with the aim of further stable supply of products and reduction of manufacturing cost.
 - Optimize the balance between in-house materials and materials procured externally, and aim to re-establish a resilient supply chain.
 - Promote research using proprietary spinning technology, leading to the development of new products for next-generation.

Finally, I would like to explain the topic on which we should further strengthen our efforts from this fiscal year onward.

The Group is making efforts to manufacture upstream technologies in-house with the aim of further ensuring a stable supply of products and reducing manufacturing costs.

In the previous fiscal year, we began full-scale operation of our nylon spinning equipment for carpet tiles and started the switch of nylon yarns for some products.

In the future, in addition to a stable supply of products, we will promote research and development using our unique spinning technology, leading to the development of new next-generation products.

Thank you very much for your attention.



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Notes on future prospects, etc.

The purpose of this document is to provide information to investors only and not to solicit transactions.

The forward-looking statements herein are based on our objectives and forecasts and do not constitute any guarantees.

Please also be aware that our future results may differ from our current expectations.

Descriptions of industry trends and external environmental awareness are also made based on various data that we believe to be reliable, but we do not guarantee the accuracy or completeness of such data.

We assume that this document is used at your own discretion and on responsibility for any purpose, and we assume no liability under any circumstances.

This concludes today's briefing.

We will continue to make efforts to disclose information related to business strategies from a medium- to long-term perspective by main means of the medium-term business plan.

We look forward to your continued guidance and encouragement.

Thank you very much for your time.