

Outline of TOLI Group's  
**Medium-Term Business Plan**  
**'SHINKA-100'**

(Phase I :2015-2017, Phase II :2018-2020)

Issued on May 8, 2018

**TOLI Corporation**



- ◆ TOLI group is promoting ever-lasting growth strategy by building up strong foundations with the flexibility to satisfy the market needs, through six-year medium-term business plan of 'SHINKA-100'.
- ◆ The period of Phase I of SHINKA-100 was the year of 2015-2017, and we are now in the first year of Phase II ending in 2020.
- ◆ The company will reach in 2019, a major milestone of 100th anniversary of its foundation. We will strengthen our business base established through our many years' endeavor, promote our growth strategy for another hundred years, then we will upgrade the continuity strength of our business.

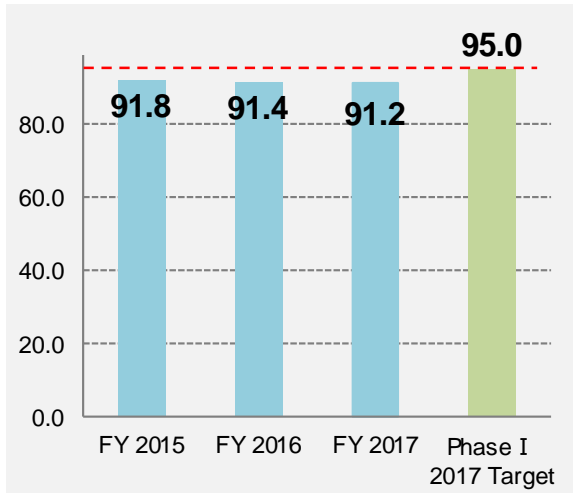


# Evaluation of Phase I of SHINKA-100

## Achievement during the Phase I

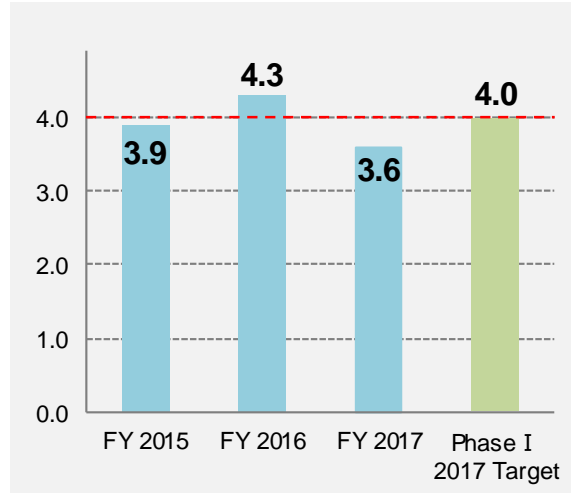
[Sales]

(billion Yen)



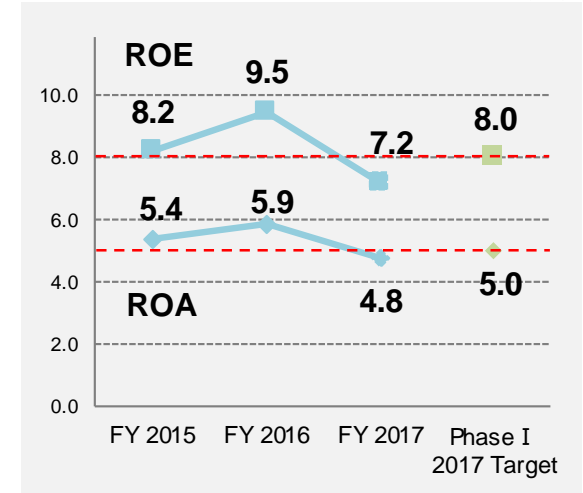
[Ordinary Income]

(billion Yen)



[ROA · ROE]

(%)



ROA : Return on assets ROE : Return on equity

- ◆ As for Consolidated Business Index, we reached the target of Ordinary income, ROA(return on assets) and ROE(return on equity) in 2016, the second year of Phase I.
- ◆ However, we could not reach the target of Sales during Phase I.

## Achievement during the Phase I

Strategy Slogan	Main achievement in Phase I	Issues carried over to Phase II
<b>SHINKA (Evolution)</b>	<ul style="list-style-type: none"> <li>◇ <u>Increase unique products</u> → Expanded NW series, which needs no waxing → Development of 'JS Method' for seam welding of NW series sheet vinyl and the development of non-flammable vinyl wainscot</li> <li>◇ <u>Development and marketing of new core products for new generation</u> → Released new carpet tile 'GA-100T'</li> <li>◇ <u>Development of product of easy installation</u> → Developed 'Lay flooring-PITAFI' which can be easily and quickly installed without adhesive mainly for house-reform projects</li> <li>◇ <u>Expansion of the sales in DIY market</u></li> </ul>	<ul style="list-style-type: none"> <li>◇ <u>Put marketing strategy into action responding each market</u></li> <li>◇ <u>Product development for inter-business market</u></li> <li>◇ <u>Strengthening the promotion to get designers and architects specify TOLI products</u></li> </ul>
<b>SHINKA (Deepen the existing business)</b>	<ul style="list-style-type: none"> <li>◇ <u>Sales expansion through newly established TOLI (Shanghai) Corporation</u> → Steady &amp; deep penetration of TOLI brand in China market through establishing local subsidiary</li> <li>◇ <u>Improvement of overseas business base</u></li> </ul>	<ul style="list-style-type: none"> <li>◇ <u>Development of products matching overseas needs</u></li> <li>◇ <u>Recovery of the sales to the United States</u></li> </ul>
<b>SHINKA (Stable Value)</b>	<ul style="list-style-type: none"> <li>◇ <u>Responding the diversified working style</u> → Adopt the system to use varied human resources</li> <li>◇ <u>Finish of the design of company's new backbone computer system</u></li> </ul>	<ul style="list-style-type: none"> <li>◇ <u>Reform to further efficient and profitable company</u></li> <li>◇ <u>Improve the efficiency of inventory</u></li> </ul>

◆ During Phase I, TOLI promoted varied growth strategy based on medium-term business plan.

◆ Based on the achievement and evaluation of Phase I, we will promote growth strategy for the prosperous future.

## ■ Significance of Phase II

- ◆ TOLI will reach a milestone of 100th anniversary in 2019. The TOLI group will strive as one to promote its growth strategy and strengthening of the business foundation, and pursue possibilities toward the future ‘beyond hundred years further’.

## ■ Requested function & performance of TOLI

- ◆ TOLI will strengthen for future growth its corporate body through the firm footing of core business of floor vinyl and carpet tile, expansion of overseas business, interior-related business and the development of the hit products. For upgrading the promotion power, TOLI will improve and strengthen its business base to generate growth strategy.

## ■ Key Policies (through medium-term business plan)

### (1) Reinforce core business

- For establishing firm business foundation, TOLI will strive to strengthen core business.

### (2) Cultivate business potential

- TOLI will create potential market from various view points.

### (3) Creation of globalism

- Casting off the conventional rules, TOLI will pursue new possibility of global business.

## ■ Key Strategy

### Three SHINKA's

#### 1. SHINKA (Evolution)

: Development and creation of the core business

#### 2. SHINKA (Deepening)

: Deepening of the existing business for future growth

#### 3. SHINKA (Stable Value)

: Strengthen the business foundation to support growth strategy and to reinforce brand reliability

- ◆ During Phase I , we promoted key strategy entitled 3 SHINKA's.  
During Phase II , we will upgrade the 3 SHINKA's by planning specific measure to practice and adding new issues to tackle, then we have the clear vision of growth strategy.

## ■ Key Strategy

### 1. SHINKA (Evolution)

: Development and creation of the core business

- ◆ The TOLI group will strive further to promote its growth strategy and challenge to develop new technology for another century, and pursue possibilities of expanding our activity fields as additional core business.

#### Specified theme;

- \* Reinforcement of R&D
- \* Upgrade of product value
- \* Create efficient system of manufacturing and logistics
- \* Pursuit of inter-business
- \* Strengthen promotion power to get the products specified



## ■ Key Strategy

### 2. SHINKA (Deepening)

: Deepening of the existing business for future growth

- ◆ The TOLI group will cultivate the existing business and improve it in quality-wise and volume-wise. We will change to have a strong business structure with progressive engine of 1 billion project and overseas business.

#### Specified theme;

- \* **Promotion of 1 billion yen project**  
(Create core business of its turnover worth 1 billion yen /year)
- \* **Expansion of overseas business**
- \* **Reinforcement of Customer Relations activity**
- \* **Deepening of the wall covering business**
- \* **Reconstruction of Curtain business**

## ■ Key Strategy

### 3. SHINKA (Stable Value)

: Strengthen the business foundation to support growth strategy and to reinforce brand reliability

- ◆ Toward the growth and development of the business, we will reinforce our brand power and reliability on quality, pursuing efficiency from all angles, and will build up tough and stable group organization, and keep upgrading the business-promotion power.

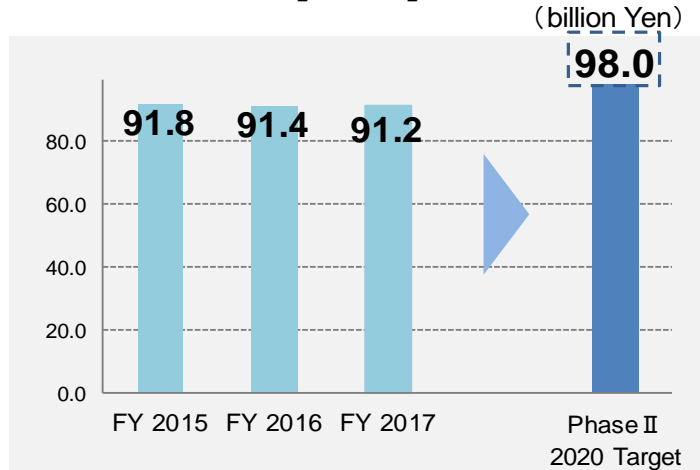
#### Specified theme;

- \* Challenge to lower down the manufacturing cost
- \* Human resource development
- \* Improvement of corporate value
- \* Improvement of operation quality and maintaining the response to IT progress
- \* Reinforcement of Supply Chain Management and promotion of Business Continuity Plan

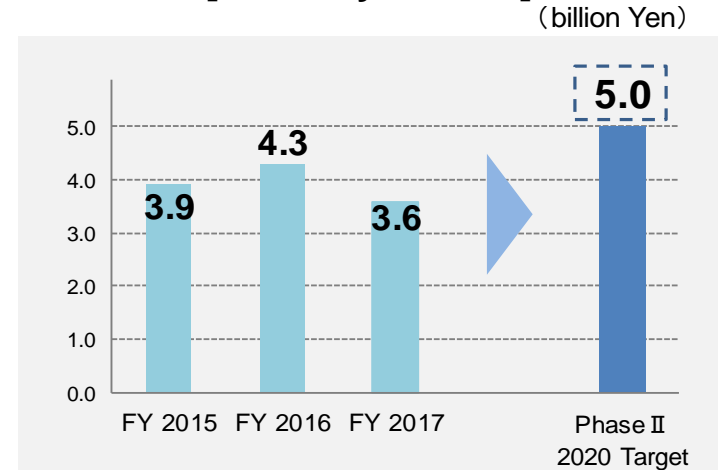
# SHINKA-100 Phase II

## Management Index

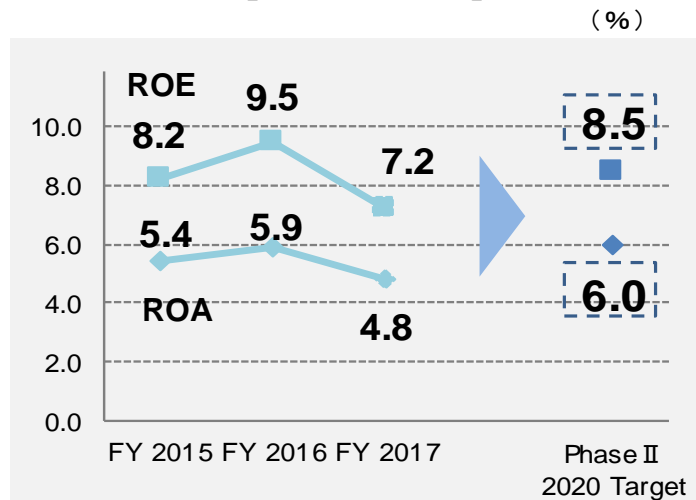
[Sales]



[Ordinary Income]



[ROA · ROE]



Consolidated management Index	Target index in 2020
Sales	<b>98 billion (J. Yen)</b>
Ordinary income	<b>5 billion (J. Yen)</b>
ROA (Return on assets)	<b>6.0 % or more</b>
ROE (Return on equity)	<b>8.5 % or more</b>

- The earnings forecasts provided above are based on the information available as of the time of presentation, and actual business performance figures may differ from the projections due to various factors.