

SHINKA Plus **ONE**

2021~2023

the Medium-Term Business Plan

April 20, 2021



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**Long-Term Vision
<TOLI VISION 2030>**

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**Medium-Term Business Plan
“SHINKA Plus ONE”**

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Key Performance Indicator

1

**Long-Term Vision
<TOLI VISION 2030>**

TOLI VISION 2030

A circular icon with a colorful, abstract, swirling pattern in shades of blue, purple, and yellow, resembling a globe or a stylized face.

**Evolution to
a Lifestyle Design Company**

TOLI VISION 2030



The four colors of TOLI's corporate logo symbolize: "Sincerity by blue", "Brightness by yellow", "Passion by pink", and "Environment by green".

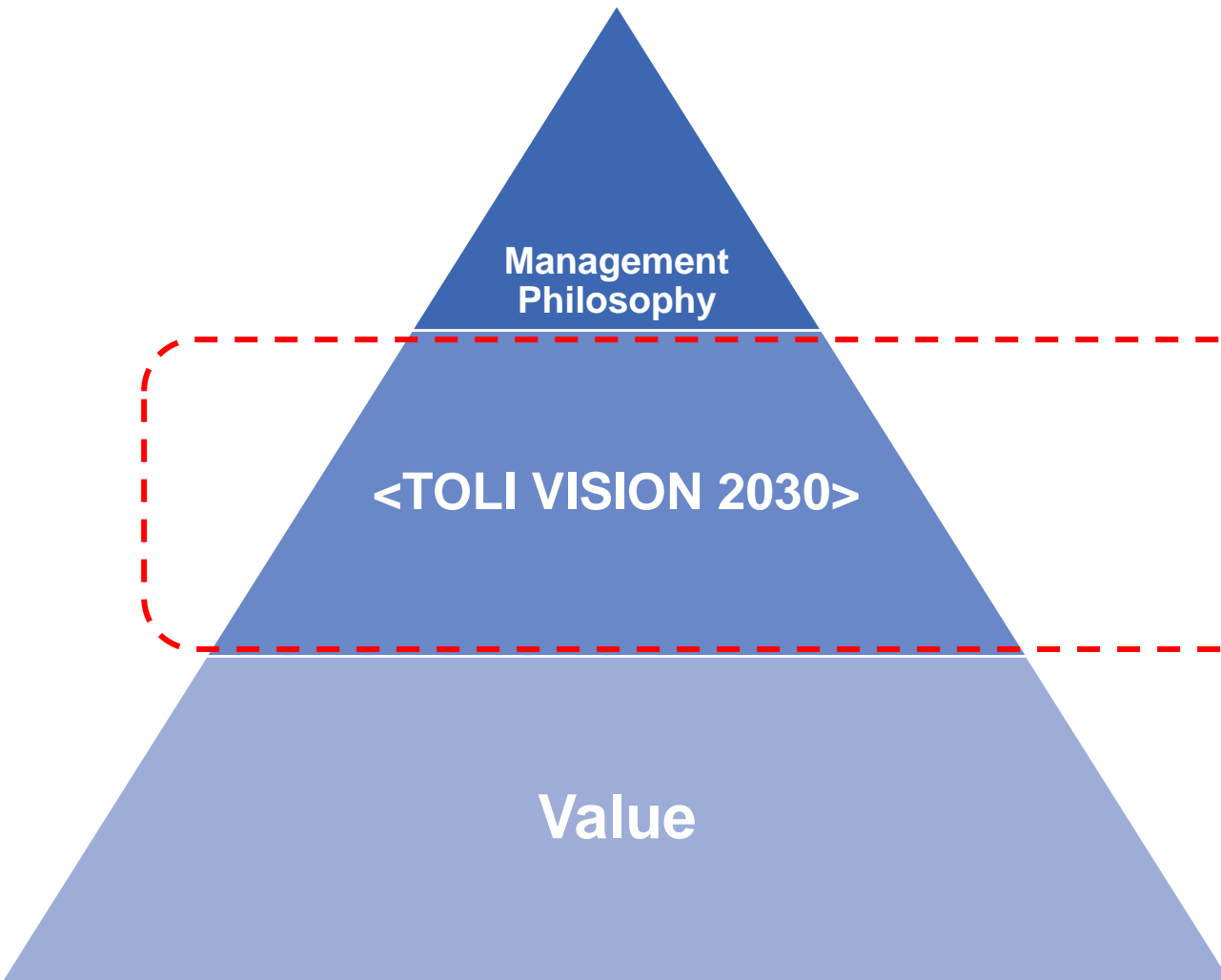
Above 2030 logo represents how the ideas of each employee are blended together and united toward achieving <TOLI VISION 2030> by the expression of 4-color marbling.

Evolution to a Lifestyle Design Company

Evolution to Lifestyle Design Company

The vision incorporates our desire to be a company that can create value essential to people's lives based on the Company's achievements in manufacturing developed over its 100-year history.

The TOLI Group will continue to pursue unlimited possibilities toward the future, for the next 100 years.



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 VISION 2030>

Evolution to a Lifestyle Design Company

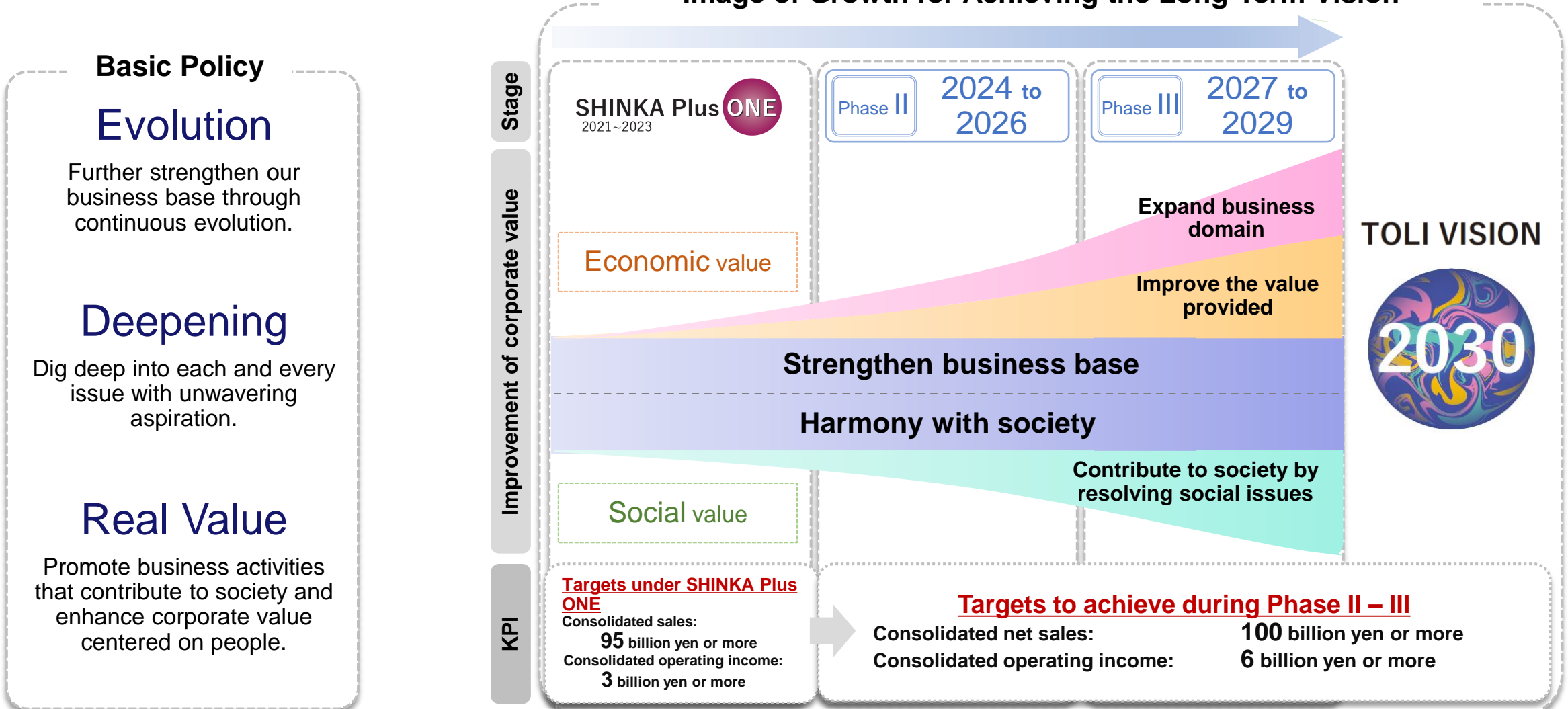
TOLI Group Value

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”.

Image of Growth for Achieving the Long-Term Vision

We will aim to maximize the corporate value of the TOLI Group by working to increase its social value toward the realization of a sustainable society in addition to improving its economic value.

Image of Growth for Achieving the Long-Term Vision



2

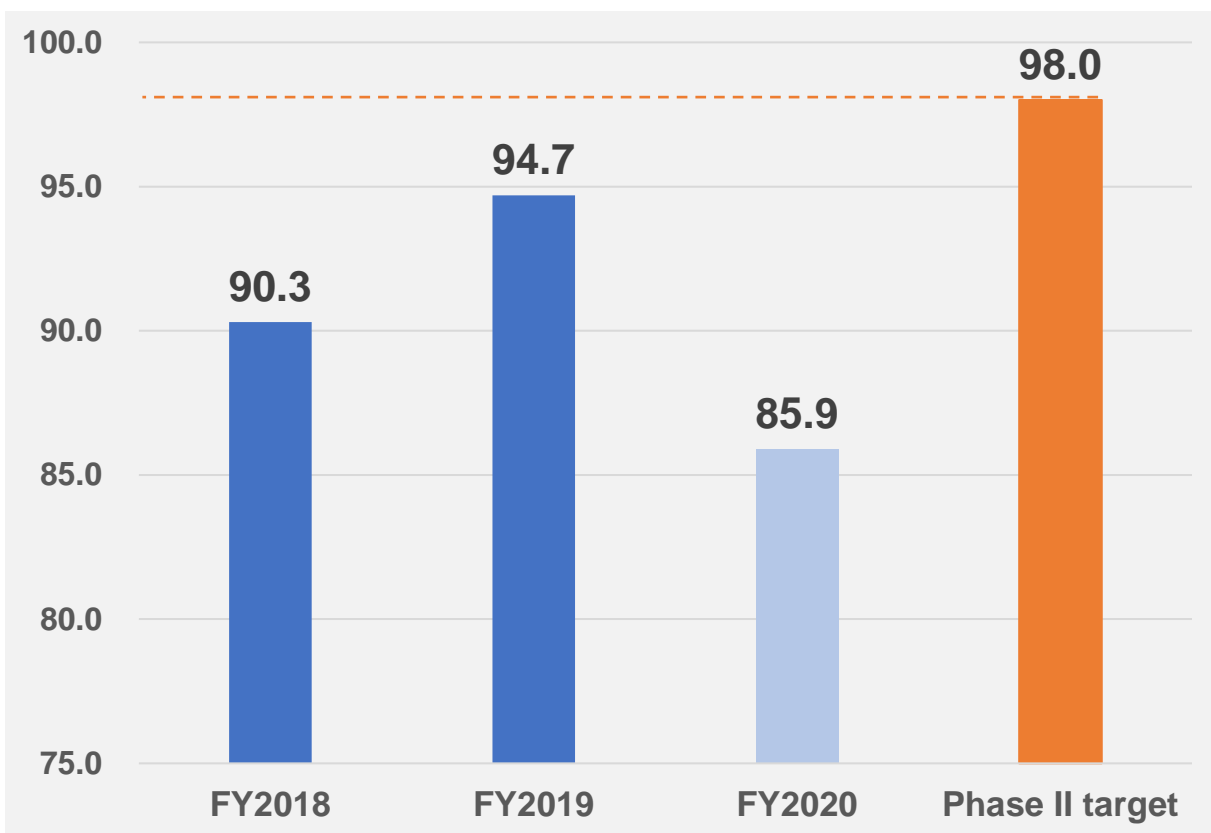
**Medium-Term Business Plan
“SHINKA Plus ONE”**

■ Consolidated Quantitative Results

In FY2019, sales and profits returned to an upward track. However, we fell short of the management targets set for the final fiscal year due to the impact of COVID-19.

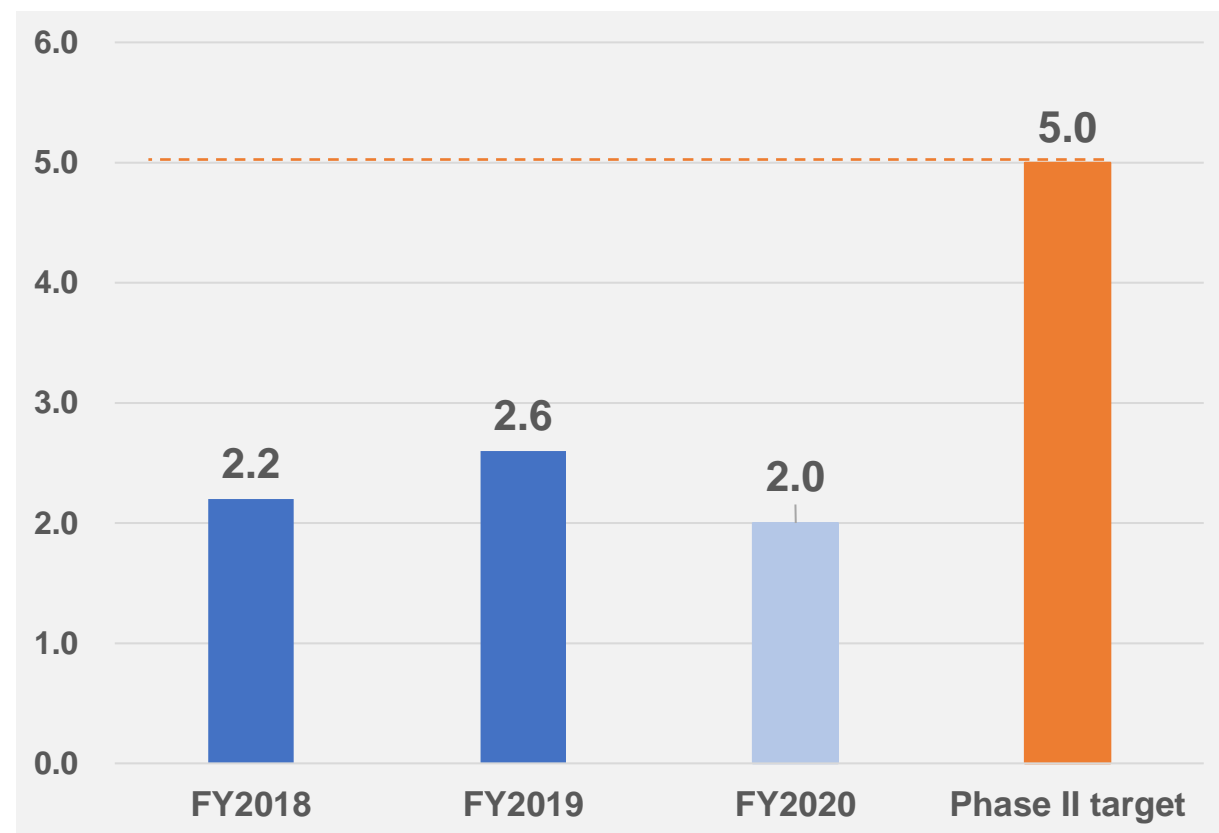
Net Sales

(Billion yen)



Ordinary Income

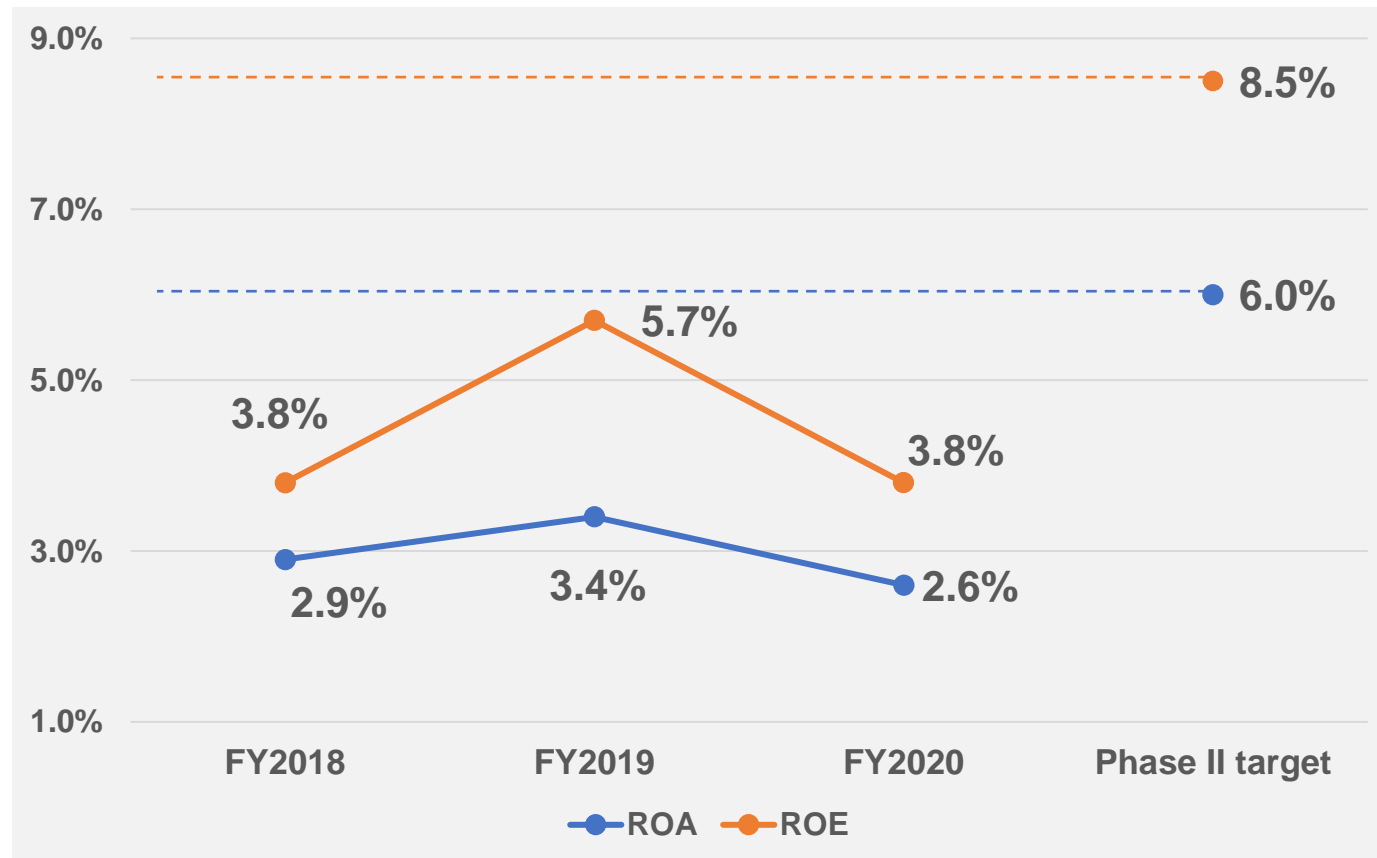
(Billion yen)



■ Consolidated Quantitative Results

Efforts were made to improve asset efficiency, but ROA/ROE fell short of the targets due to a decrease in profits.

ROA/ROE



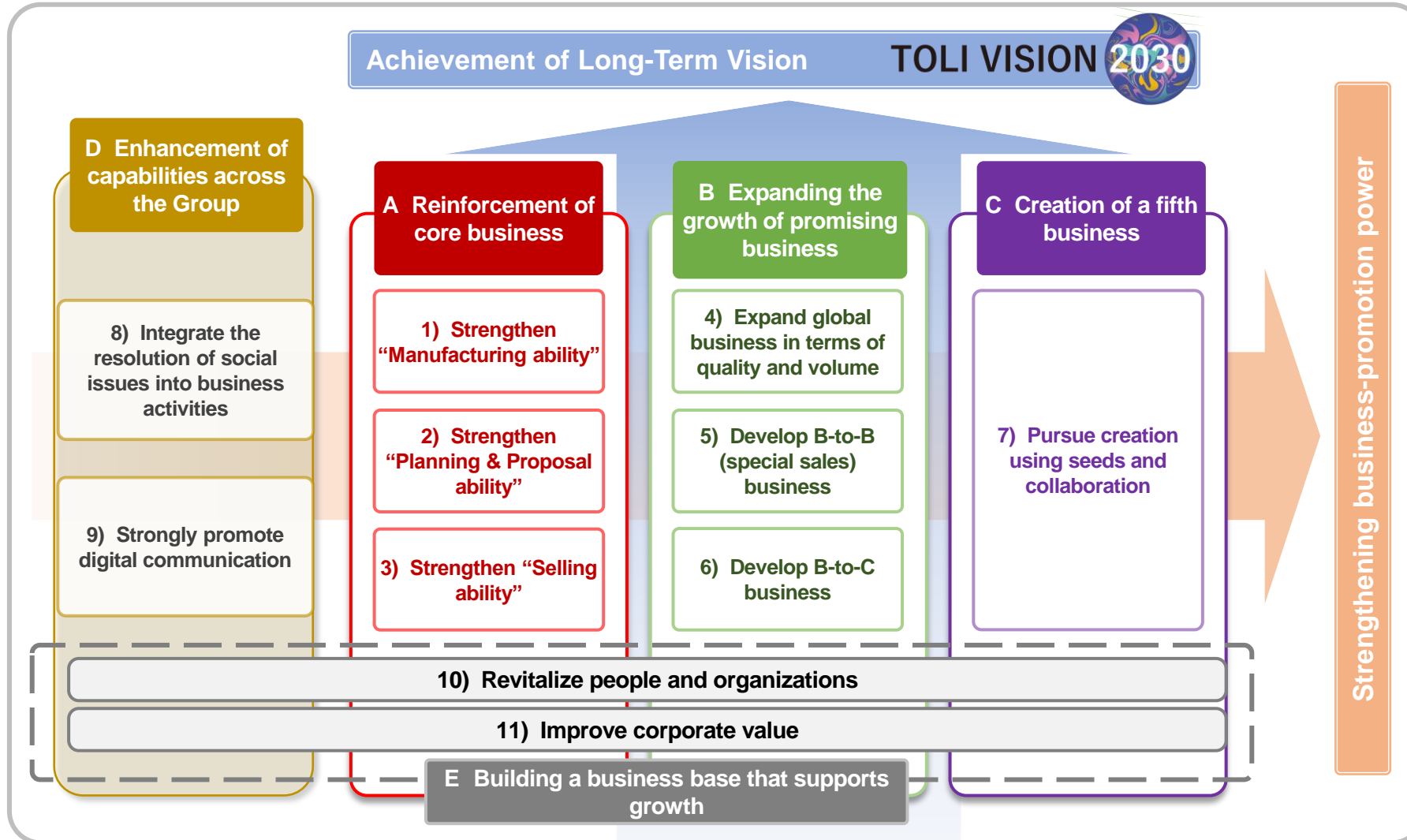
■ Major Achievements and Outstanding Issues

Key Strategy	Major Achievements	Outstanding Issues
Evolution	<ul style="list-style-type: none"> ○ Reinforcement of R&D <ul style="list-style-type: none"> → Improved colorfastness and stain-proof properties of dyed carpets → Established carpet tile recycling technology → Promoted research themes through industry-academia-government collaboration ○ Upgrade of product value <ul style="list-style-type: none"> → Launched Japan’s first single-layer homogeneous vinyl floor sheet “HITOE” ○ Pursuit of inter-business <ul style="list-style-type: none"> → Deployed flooring materials for bathrooms and gymnasiums 	<ul style="list-style-type: none"> ○ Material conversion from outsourcing to self-manufacture (spinning and yarn processing) <ul style="list-style-type: none"> → Operation delays due to the pandemic although the installation of equipment was completed ○ Creating efficient system of manufacturing and logistics <ul style="list-style-type: none"> → Chronic increase in logistics costs
Deepening	<ul style="list-style-type: none"> ○ Promotion of 1 billion yen project* <ul style="list-style-type: none"> → Expanded sales of promising products ○ Reinforcement of Corporate Relations activity <ul style="list-style-type: none"> → Implemented web-based new product launch events and online promotional activities ○ Launch of Jiangsu Changlong project <ul style="list-style-type: none"> → Initiated development of highly original products 	<ul style="list-style-type: none"> ○ Expansion of overseas business ○ Reconstruction of the curtain business
Real Value	<ul style="list-style-type: none"> ○ Improvement of operation quality and maintaining the response to IT progress <ul style="list-style-type: none"> → Carried out stable operation of new core system ○ Challenge to lower down the manufacturing cost <ul style="list-style-type: none"> → Improved efficiency at manufacturing plants ○ Promotion of BCP measures at major production sites 	<ul style="list-style-type: none"> ○ Response to further IT progress <ul style="list-style-type: none"> → Speeding up digital responses in all areas ○ Reinforcement of Supply Chain Management (SCM) <ul style="list-style-type: none"> → Improvement of inventory turnover ○ Improvement of corporate value <ul style="list-style-type: none"> → Improvement of capital efficiency

* The 1 billion yen project aims to develop next-generation core products with annual sales of over 1 billion yen.

“SHINKA Plus ONE” Strategic Diagram (Five Key Strategies)

We will move forward with **A** “Reinforcement of core business”, **B** “Expansion of promising business”, and **C** “Creation of a fifth business” and strengthen the horizontal functions through **D** “Enhancement of capabilities across the Group”, as well as advance the establishment of a business base for Group businesses on the whole by **E** “Building a business base that supports growth”.



A-E : Five Key Strategies

1)-11) : 11 Activity Themes

A Reinforcement of core business

We will reinforce our core business centered on the four business segments of floor vinyl, carpets, wall covering, and curtains by strengthening our “Manufacturing ability”, “Planning & Proposal ability”, and “Selling ability”.

Activity Themes and Major Execution Strategies

1) Strengthen “Manufacturing ability”

- Expand research for component technologies
 - Pursue large-scale capital investment for developing original products and reducing manufacturing costs
 - Undertake in-house production of outsourced material
 - Establish eco-friendly technologies
- etc.

2) Strengthen “Planning & Proposal ability”

- Promote the 1 billion yen project
 - Strengthen promotion by pursuing digitalization
- etc.

3) Strengthen “Selling ability”

- Promote digital-based sales system
 - Strengthen cooperation with group sales companies
- etc.

B Expanding the growth of promising business

We will aim to expand the growth of our promising business by reinforcing communication in the special sales business* and with end-users, in addition to further strengthening our global business.

*The special sales business refers to the business of selling products outside the general distribution channel.

Activity Themes and Major Execution Strategies

4) Expand global business in terms of quality and volume

- Expand the business of TOLI (Shanghai) Corporation
- Expand businesses in the ASEAN region centering on Singapore Branch
- Manufacture, sell and develop new vinyl floor tiles in the Chinese joint venture plant (Jiangsu Changlong) etc.

5) Develop B-to-B (special sales) business

- Cultivate new channels through pursuing inter-business etc.

6) Develop B-to-C business

- Develop and expand products for end-users
- Build a supply system to expand sales at mass retailers and online sales channels etc.

C Creation of a fifth business

We will expand into new business areas through promoting open innovation toward unfamiliar fields and taking various other initiatives, in addition to pursuing research activities for component technologies.

Activity Themes and Major Execution Strategies

7) Pursue creation using seeds and collaboration

- Reinforce research activities for component technologies
- Pursue opportunities through industry-academia-government collaboration
- Acquire technologies and know-how through open innovation

etc.

* The fifth business refers to the creation of numbers of new seeds of growth, following floor vinyl, carpet, wall covering, and curtain.

D Enhancement of capabilities across the Group

In order to resolve company-wide issues relating to SDGs, digitalization, etc. we aim to create our new value by optimizing the entire Group through strengthening horizontally functioning system and enhancing our promotion power.

Activity Themes and Major Execution Strategies

8) Integrate the resolution of social issues into business activities

- Enhance the promotion power of CSR activities
- Strengthen efforts for SDGs

etc.

9) Strongly promote digital communication

- Strengthen digital marketing
- Improve internal business processes
- Increase sophistication of information data usage

etc.

E Building a business base that supports growth

In addition to creating an environment to realize the “TOLI Work Style” and developing human resources from a long-term perspective, we will build a business base by strengthening our IR strategy and brand power, etc.

Activity Themes and Major Execution Strategies

10) Revitalize people and organizations

- Promote “TOLI Work Style”, which pursues work styles specific to TOLI
- Restructure the personnel system to realize employee career plans
- Improve engagement by nurturing common values

etc.

11) Improve corporate value

- Promote brand penetration through public relations strategy
- Strengthen SCM aimed at stable supply and increased efficiency
- Strengthen IR strategy

etc.

3

Key Performance Indicator

<“SHINKA Plus ONE” Management Index>

Targets for FY2023

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*	85% or more
Amount of industrial waste discharged	Reduction of 40% or more (Compared to FY2019)

* Ratio of recycled materials to total waste from domestic TOLI Group plants and Itami Headquarters

<Long-Term Management Index>

Targets for FY2024 to FY2029

Item	Consolidated Management Index
Net Sales	100 billion yen or more
Overseas	5.5 billion yen or more
Operating income	6.0 billion yen or more
ROE	10.0% or more
CO ₂ emissions	Targets to be set by the end of FY2021
Recycling rate*	
Amount of industrial waste discharged	

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Disclaimer

Except for statements of historical fact, all forward-looking statements, including plans, strategies, and projections of the TOLI Group, contained in this document are forecasts of future performance. Such forward-looking statements are based on the assumptions and judgments of the TOLI Group made in light of information available at the time of the preparation of such statements, and actual results may differ from these forecasts due to various factors.