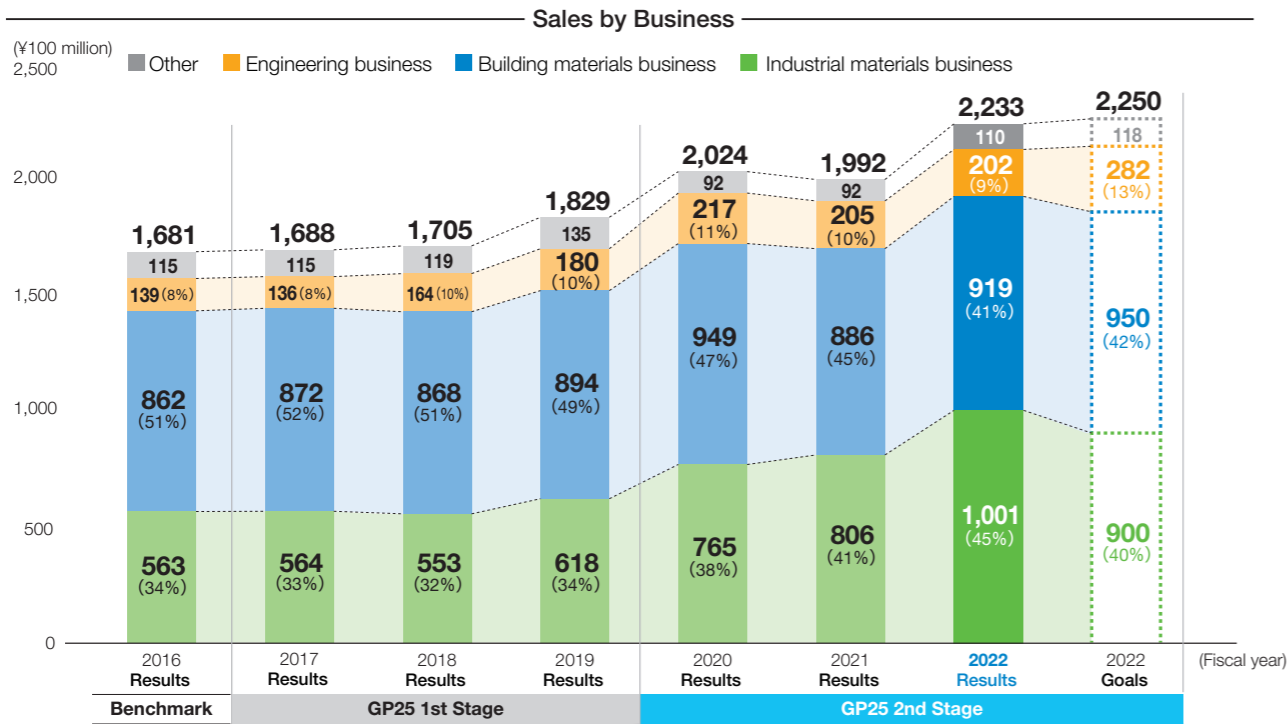


Strategies by Business Segment and Sales Result



GP25 2nd Stage (FY 2020-2022)

Strategies by Business Segment

Industrial materials business

Globally expand the markets and by taking advantage of sustainability and functionality, expand applications, and maximize the fixed asset efficiency

- Invest in the North American wood industrial materials business (LVL/veneer) and expand into the North American market
- Pursue optimization of the production system
- Accelerate application development centering on the resolution of social issues
 - Start the non-combustible business for wood materials
 - Consider commercialization of wood material use for the agricultural and gardening markets
 - Consider commercialization of new wood materials

Building materials business

By taking advantage of the industrial materials business, as well as functional and construction saving-type building materials, increase our share in the housing market and expand in the public and commercial building fields

- Further expand differentiated products that can keep getting chosen
- Expand the product/sales networks by actively utilizing M&A and external resources

Engineering business

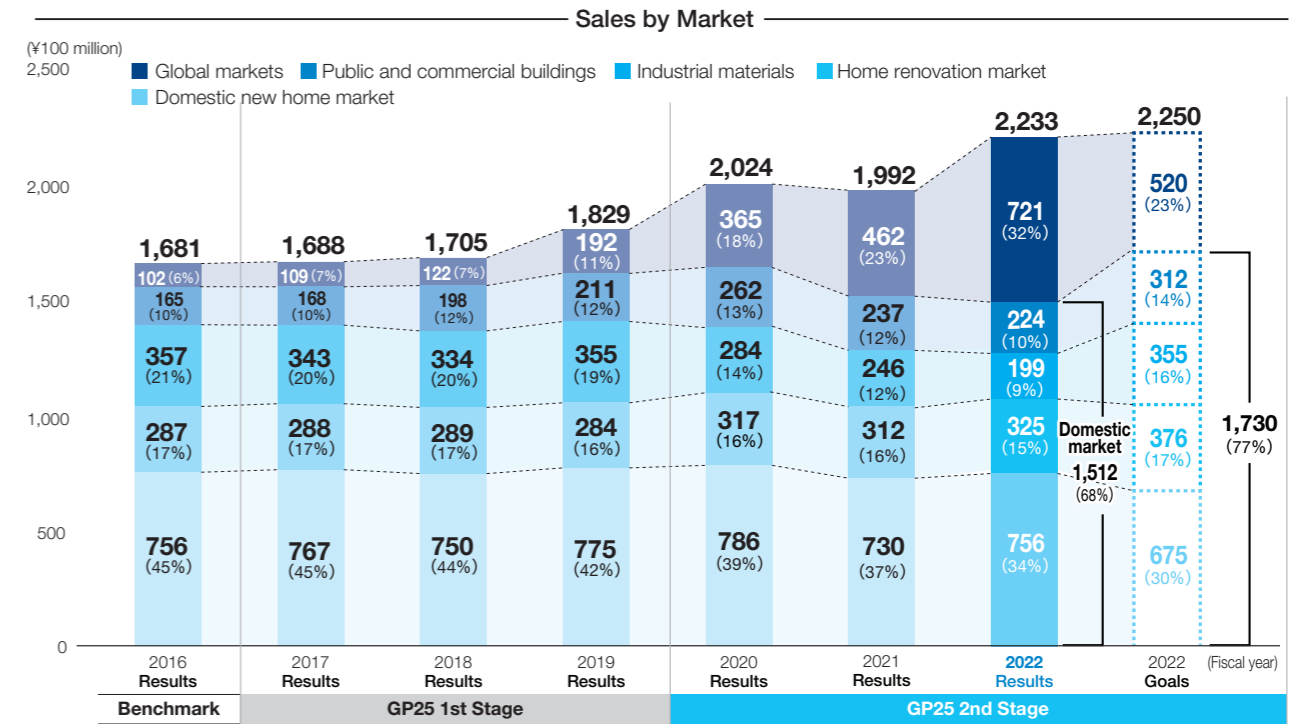
Expand the construction domains, areas, and order sources by M&A and cooperating with other companies

- Expand the construction company's business targeting the priority markets (public and commercial building, remodeling, and renovation)

Three-Year Summary (● Achievements and ▲ Issues)

- Expansion of business by purchasing two North American companies that are engaged in LVL and veneer
- Improvement of profitability through enhanced cooperation with the two North American companies and by introducing products with high added value
- Expansion of the non-combustible product lineup of DAILITE base materials
- Continuation and early completion of business structural reforms in the four group MDF plants
- Postponement of the judgment of commercialization of new wooden boards associated with the COVID-19 crisis and soaring construction costs
- Sales expansion of flooring centering on high design products that are our unique technology
- Introduction of new products that correspond to changing lifestyles during the COVID-19 crisis
- Enhancement of the BCP based on the delivery delays in the final fiscal year
- Sluggish orders received in the solid wood flooring business and delayed onset of synergy by purchasing companies
- Expansion of the sale of and increased profitability of apartment renovation business in the Tokyo metropolitan area
- Expansion of orders by enhancing cooperation with the ITOCHU Corporation Group
- Expansion of synergy between the sale of the industrial and building materials business products and the construction function
- Expansion and optimization of the construction domains (M&As not executed as planned due to the COVID-19 crisis)

Strategies by Market and Sales Results



GP25 2nd Stage (FY 2020-2022)

Strategies by Market

Global markets ▶P.39-40

Accelerate global expansion with a focus on the industrial materials business through aggressive investments

- Invest in the North American wood industrial materials business (LVL/veneer) and expand into the North American market
- Continuously expand wood materials with a focus on MDF
- Put the Chinese and Indonesian building materials businesses on a path toward stable growth and shift to the growth strategy

Public and commercial buildings ▶P.41-42

Expand investments, including M&A, and accelerate growth

- Expand the product lineup (The medical field will be the new focused target)
- Improve infrastructure for the expansion of the markets, such as logistics, correspondence of drawing, and the sales structure
- Expand the product and sales networks, including cooperation with other companies and M&A

Industrial materials

Cover the decrease in these for housing with application development and expand industrial materials business

- Focus on application development for the new markets and fields
- Promote the development of and search the applications of new materials and R&D products

Home renovation market ▶P.43-44

Expand in the renovation market from a perspective of development of functional products and methods

- Expand the renovated properties and renovation work in the Tokyo metropolitan area
- Focus on the expansion of the products for renovation, such as construction savings and waste savings

Domestic new home market

Restructure the sales structure in response to changes in the market and customer needs, and increase our share

- Continuously enhance the products and proposals from the perspective of functionality, such as soundproofing and construction work saving
- Enhance the collaborative system with key distribution companies as well as a system to make proposal to key customers

Three-Year Summary (● Achievements and ▲ Issues)

- Expansion centering on LVL in the American housing market on the background of a strong demand
- Expansion of the MDF sales channels for overseas countries
- An increase in door sales in the Indonesian plant due to the growth in demand from the UK
- Enhancement of the development of global human resources corresponding to the expansion of business operations
- An increase in the number of adoption of doors for elderly facilities, medical facilities, and offices
- Enhancement of the proposals with functional products, such as non-combustible, antivirus, and improvement of the sound environment
- Response to the decrease in demand in commercial and accommodation facilities associated with the rapid decrease in the number of overseas visitors to Japan and increased number of people staying at home
- Shift of the sales structure from the housing market and acceleration of the introduction of new products
- New deployment to the civil engineering, agriculture, and horticulture markets utilizing woody fibers
- Establishment of the technology for new wooden boards toward the substitution for lauan wood
- Review of the supply system based on the delivery delays
- Acceleration of the new application development in preparation for the decrease in demand in the future
- Development of labor-saving type products and enhancement of proposals for specialized remodeling companies
- Expansion of the apartment renovation and renovation work in the Tokyo metropolitan area
- Introduction of products that utilize the know-how on renovation work
- Optimization of the remodeling work system
- Expansion of sales to large production builders targeting first-time home buyers that are increasing their presence in the market
- Promotion to increase the use of domestically produced materials for flooring substrates
- A decrease in profitability associated with the change in the market structure
- Pursuit of the operational productivity improvement by promoting DX