

# Progress of the Medium-Term Management Plan GP25 3rd Stage

## Basic policy

### I. Execution of the growth strategy ~Key to the resolution of social issues (CSV)~

#### Contribution to a recycling-oriented society

Accelerate the development of industrial materials using wood resources and waste where recycling is managed and the deployment to the global market through utilization development.

#### Satisfaction of user needs in the new normal era

For user needs that seek for further improved safety, security, health, and comfort in all kinds of spaces, enhance our solution proposal capabilities that take advantage of having diverse products (industrial materials and building materials), the spatial evaluation and analytical functions, and the construction function.

### II. Enhancement of the management foundation with sustainability as the key axis

#### Human resource foundation

- Creating the workplace environment and culture where diverse human resources can be active
- Human resource development that supports the growth and can respond to changes
- Establishment of the system and mechanism that admire and support challenges
- Building of the balanced human resource foundation

#### Business foundation

- Simultaneous pursuit of the reduction of environmental burden and risk management in the supply chain
- Restructure firm and flexible business infrastructure
- Optimization of the business portfolio (Selection and concentration)
- Ensuring quality, which is the source of provided value
- Offensive/defensive digital strategy
- Building of an efficient and optimal logistics system

#### Financial foundation

- Aggressive investments for growth
- Building of the solid financial foundation that supports growth

#### Governance

- Impartial and highly transparent management that supports the improvement of corporate value
- Improvement of the stakeholder engagement by enhancing the dissemination of information and improving dialogues

## Summary of the strategies of the medium-term management plan GP25 3rd stage

\*If excluding the decrease in sales by 21.2 billion yen associated with the change in PWT in the United States

Market	Domestic market				Global markets
	Domestic new home market	Home renovation market	Public and commercial buildings	Industrial materials	
	Securing of the revenue base (An increase in the share of new housing, shifting to housing stock and non-housing, and material utilization development)				Growth driver
Sales by market	Net sales Fiscal 2022 223.3 → Fiscal 2026 <b>250 billion yen</b> (+26.6 billion yen) ↑ [+47.8 billion yen] ↑				
Composition ratio	+5.1 billion yen ↑	+6.9 billion yen ↑	+13.8 billion yen ↑	+7.2 billion yen ↑	-5.6 billion yen ↓ [+15.6 billion yen] ↑
Market environment	Gradually decreasing trend in domestic new housing starts	Distribution of secondhand housing and revitalization of condominium renovations	Changes in how an office space should be Redevelopment project Recovery in demand from inbound tourists	New/alternative utilization development (From plywood and plastics to wood fiberboard)	The U.S.A. Medium- to long term stable housing demand Southeast Asia: Recovery/growth
Execution of growth strategies	Building materials business				Industrial materials business in North America
	An increase in share by functional products that correspond to the needs of users in the new normal era Corresponding to remote work, improvement of the sound environment, and antiviral functions				Capacity expansion Consideration of the introduction of new products using the sales channels
	Expansion of the products that save construction time and work		Proposals of the improvement of the thermal environment		Industrial materials business: MDF
	Expansion of condominium renovations in the Tokyo metropolitan area		Expansion of the interior projects in the redevelopment projects		Structural reform and capacity expansion Improvement of the ratio of the products with high added value
	Engineering business				
	Industrial materials business in Japan				Building materials business
	Acquisition of alternative demand, capacity expansion, and development of new materials				Supply expansion to Europe and Asia
Enhancement of the management foundation	Optimization of the logistics system		Enhancement of cooperation in the group and optimization of the production system		
	Operational efficiency and productivity improvement using digital technology and restructuring of the core system				
	Pursuit of the sustainability of raw materials / Initiatives for eliminating the use of lauan wood (tropical natural wood) Reduction of greenhouse gas emissions in the supply chain				
	Promotion of diversity and flexible work styles				
Human resource foundation	Optimization of the sales structure and personnel (Shift to the prioritized markets) / Prioritized market enhancement program				
Financial foundation	Investments in growth and foundation enhancement and cash flow allocation that optimizes financial soundness				

## Management goals

### I. Execution of growth strategies

	GP25 3rd Stage		
	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 goals
Net sales	2,288	2,106	<b>2,500</b>
Domestic market	1,641	1,654	<b>1,835</b>
Global markets	646	453	<b>665</b>
Operating profit	98	59	<b>150</b>
Operating profit ratio	4.3%	2.8%	<b>6%</b>
Profit attributable to owners of parent	103	39	<b>100</b>

### II. Enhancement of the management foundation

#### Financial indicators

	GP25 3rd Stage			
	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 goals	
Financial soundness	Shareholder equity ratio	45.0%	47.1%	<b>40% or more</b>
	D/E ratio	0.36 times	0.32 times	<b>0.5 times or less</b>

#### Nonfinancial indicators

	GP25 3rd Stage			
	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 goals	
E	Total greenhouse gas emissions in Japan and overseas <sup>1</sup>	(4.0%)	(15.8%)	<b>(10%)</b>
	Total diversity index <sup>2</sup>	+18.3pt	+25.9pt	<b>+30pt</b>
S	Serious quality incident/violation <sup>3</sup>	0	0	<b>0</b>
	Employee satisfaction <sup>4</sup>	54.4pt	57.4pt	<b>60pt</b>
G	Serious compliance violations <sup>3</sup>	1	0	<b>0</b>

<sup>1</sup>: Fiscal 2023 and fiscal 2024 results and fiscal 2026 goals included the total emissions in Japan and overseas (Scope 1+2) compared to fiscal 2022

<sup>2</sup>: Our own indices in which diversity-related items, such as the female manager ratio, were indexed. Seven items concerning the calculation method have been reset as the Diversity Composite Index 3rd Stage in the medium-term management plan GP25 3rd Stage in FY 2023.

Fiscal 2023 and fiscal 2024 results and fiscal 2026 goals were indexed as compared to fiscal 2022

<sup>3</sup>: During the medium-term management plan period <sup>4</sup>: Our own indices in which employees' actual feeling for satisfaction / job satisfaction in the workplace were indexed

## Achievements and issues in fiscal 2024

- Although demand for interior projects, such as office buildings, continued and the apartment renovation market remained robust, net sales decreased because of the decreased demand for wood materials on a global basis, and profit also decreased because of the soaring industrial materials prices, decreased sales of MDF, and exclusion of PWT from consolidation.
- Regarding the domestic market, as the revision of the sales prices in and after the second half penetrated and we could make sales at fair prices, we were able to restore profitability. Regarding the global markets, as demand for furniture and building materials decreased and housing demand in North America came to a temporary standstill, MDF and LVL sales prices were sluggish, and revenues and profit decreased.
- We acquired the shares of Karuteru Corporation, which deploys the sales of materials and construction of integrated storage furniture with a focus on apartments in the Tokyo metropolitan area and Kiyota Kougyo Co., Ltd., which is an air-conditioning equipment installation company, and secured a foothold in building a new business model to make one-stop responses for design proposals, material supply, construction, and after-sales services.

Information on the medium-term management plan GP25 1st Stage is published on our website. <https://www.daiken.jp/about/mediumterm1st.html>

Information on the medium-term management plan GP25 2nd Stage is published on our website. <https://www.daiken.jp/about/mediumterm2nd.html>