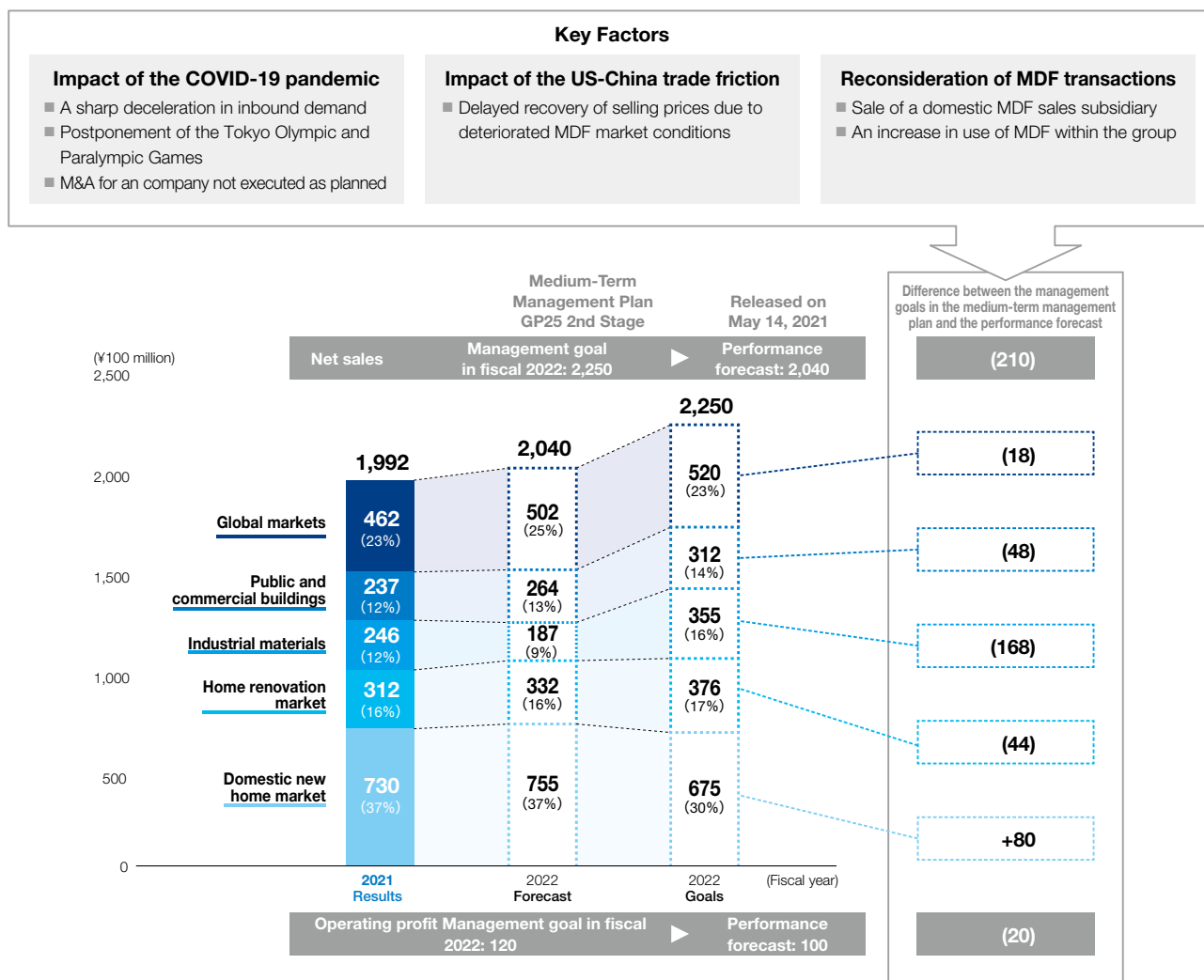


# Differences Between the Management Goals in the Medium-Term Management Plan and the Performance Forecast

Because of the reconsideration of MDF transactions, in addition to the changes in the external environment, such as the impact of the COVID-19 pandemic that was not assumed in the beginning of formulating the medium-term management plan GP25 2nd Stage, as well as the impact of the US-China trade friction, our forecasts for net sales will be ¥21 billion lower, and operating profit will be ¥2 billion lower than the management goals in the performance forecast in fiscal 2022 released on May 14, 2021.



**Future Response**

**Firmly maintain the basic strategies in the medium-term management plan GP25 2nd Stage**  
Maintain the initial management goals as the stretch goals

+

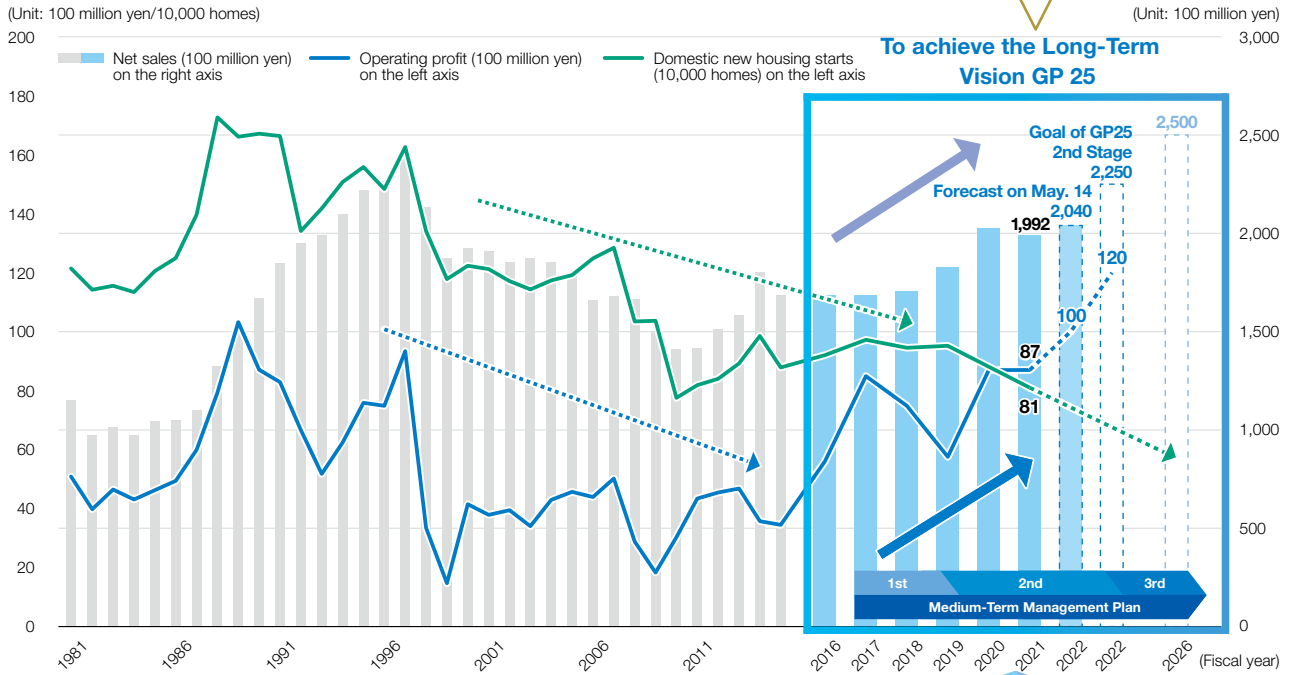
- Enhancement of the proposals for the new needs that became apparent due to the COVID-19 crisis
- Investments in the enhancement of the management foundation, such as the response to DX
- Investments to further expand in the global markets and increase medium- to long-term competitiveness

For these circumstances, while firmly maintaining the basic strategies in the medium-term management plan GP25 2nd Stage, we will respond to the changes from the initial assumptions, such as the enhancement of proposals that capture the needs that became apparent during the COVID-19 crisis, and restructuring in plants toward the improvement of MDF's profitability. While actively investing in DX, such as the core system, the improvement in logistical efficiency, and the expansion of digitized sales tools, we will also actively make investments that will enhance our medium- to long-term presence, such as continuously proceeding with the consideration of the next development of LVL in North America and M&As that will enhance MDF's presence, aimed at further expanding business on a global scale. Therefore, the management goals in the medium-term management plan GP25 2nd Stage will remain as the stretch goals, and the performance forecasts released on May 14, 2021 are positioned as our responsible figures to present to the shareholders and investors based on the business environment under the present circumstances.

# Initiatives for Priority Markets

While a decrease in new housing starts in Japan is expected in the future, we will accelerate our growth strategies, aiming at expanding the global markets, public and commercial buildings, and the home renovation market that we position as the priority markets, in addition to the increase in our share in the new home market. By proactively investing our management resources in these priority markets, we will proceed with the reform to become a company that will keep growing even in the situation of decreased domestic new housing starts.

**To become a company that will keep growing even in the situation of decreased domestic new housing starts**



**Increase our share in the new home market**

## Expansion in the priority markets Opportunities and needs in the three markets

### Global markets

- Expansion into the housing market in the USA, which is the world's largest wooden housing market and where continuous population growth is expected
- Increasing demand for MDF associated with the illegal logging of natural wood and the rising needs of sustainable industrial and building materials
- Improvement of quality of the living environment in emerging countries and the rising needs of high value-added products

▶ P37-38

### Public and commercial buildings

- Promotion of the use of wood in buildings and the use of domestic timber and local timber by the Act for Promotion of Use of Wood in Public Buildings, etc.
- The rising needs of antiviral products due to the COVID-19 pandemic
- Response to improve the sound environment in offices due to the penetration of Web meetings

▶ P39-40

### Home renovation market

- Demand associated with the responses to the new normal as a result of the COVID-19 crisis
- Demand associated with the responses to the construction of the housing circulation system toward a decarbonized society
- The rising needs of labor-saving type products associated with the decrease in the number of construction workers

▶ P41-42

## Key investments toward the expansion in the priority markets

	GP25 1st Stage			GP25 2nd Stage		
	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
<b>Global markets</b>			Enhancement of the MDF supply system (Purchased DSL in New Zealand)	Distribution of the wood material business in North America (Purchased CIPA and PWT)		
<b>Public and commercial buildings</b>		Door production facility expansion and reinforcement for special order items	Launch of a new Dai-Lite wall material product	Expansion and reinforcement of the production capacity	Tatami facing production facility expansion and reinforcement	Distribution of the solid wood flooring business (Purchased T.O FLOORING CO., LTD.)
<b>Home renovation market</b>		Distribution of the apartment renovation business (Purchased PAC SYSTEM Co., Ltd.)		Enhancement of renovation work in the Tokyo metropolitan area (Purchased ReformQ Co., Ltd.)		