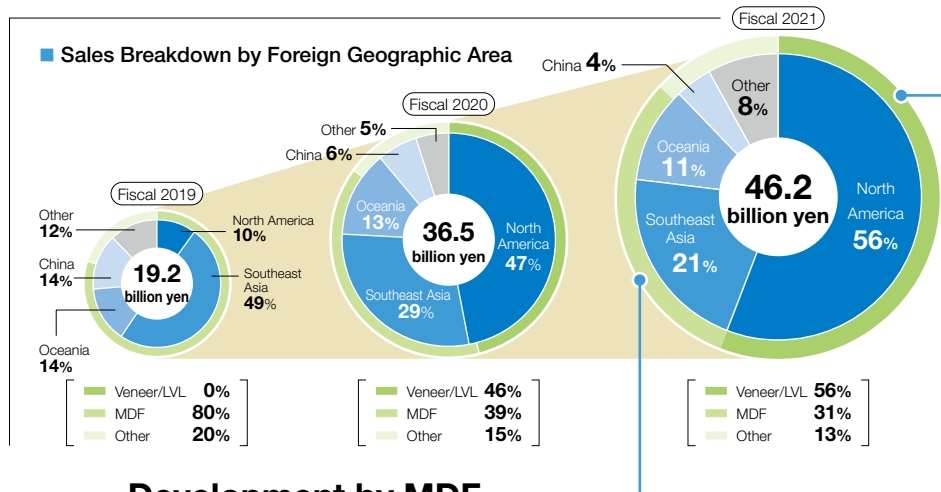


# Initiatives for Priority Markets

## Global Markets

In addition to the sales of MDF produced in Malaysia and New Zealand to Southeast Asia, Oceania, North America, and China, the industrial materials business expands the sales by the North American wood materials with a focus on veneer and LVL produced in Canada and the USA. The building materials business has been deploying interior doors in China, which has a huge market size, and Indonesia, where housing demand expansion is expected.



### Development by MDF

With the system of four plants in the two countries of Malaysia and New Zealand, we are engaged in the production of MDF for which wood offcuts from timber are effectively used. By taking advantage of tree species and the characteristics of the production lines and cooperation, we will promote the distribution of products having new value and the further expansion of the sales channels in global markets.

#### Malaysia

##### Tree species: Hardwood

Brown-colored MDF that effectively uses wood offcuts from the plywood/lumber plants in Malaysia. It is used for the base materials for flooring that require excellent water resistance and dimensional stability.

##### Characteristics

DSK is a mother plant for MDF, which produces high value-added special MDF, etc. They are in the two-plant system with DMR after M&A in 2005. They developed MDF that uses 100% plantation acacia timber that they started to engage in 2002 and proceeded with the distribution of new use applications.



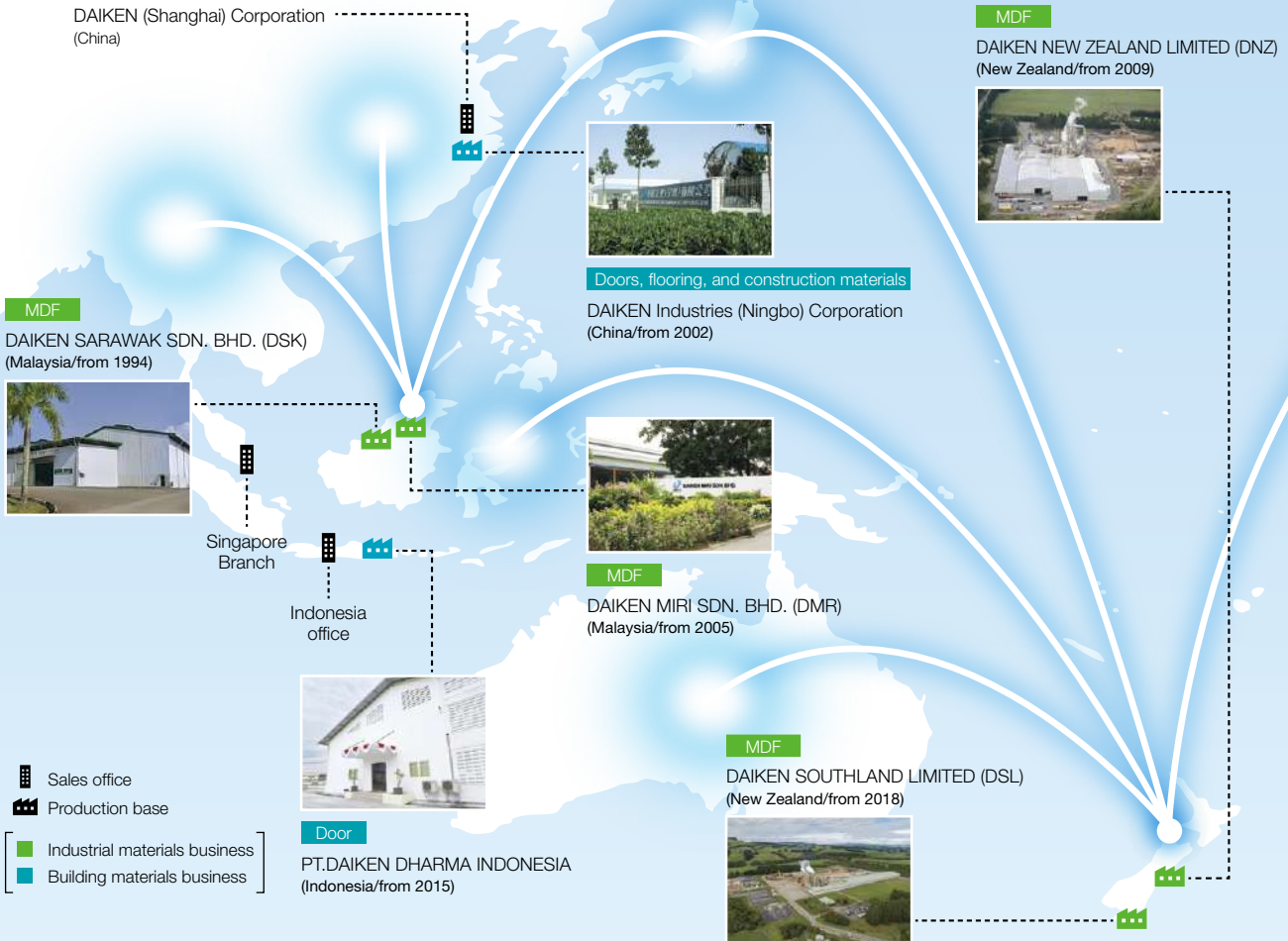
#### New Zealand

##### Tree species: Softwood

White-colored MDF that uses plantation *Pinus radiata* timber in New Zealand. It is used for the base materials for furniture and building materials that require lightness and smooth surface.

##### Characteristics

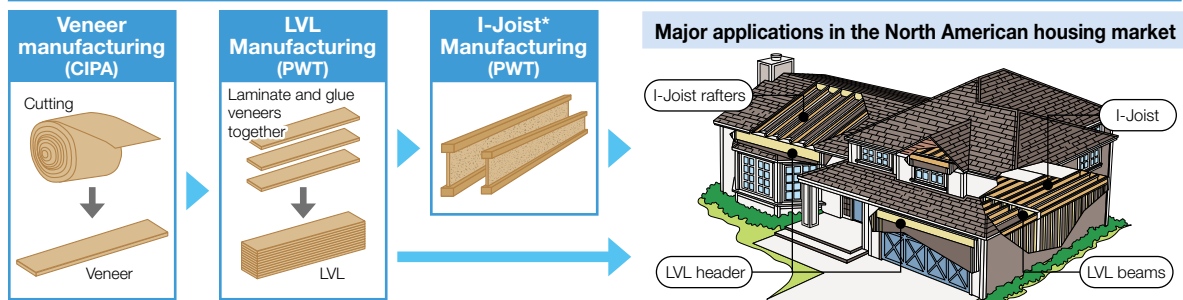
MDF that is globally recognized with the Customwood brand. In addition to the product development that corresponds to the customer needs, such as ultra-light-weight MDF, DNZ and DSL take advantage of their respective characteristics of the production lines and optimize their production items.



## Expansion with wood materials in North America

By purchasing CIPA, a veneer plant in Canada, and PWT, an LVL plant in the USA, in June 2019, we started the full-fledged expansion into the US market, which is the world's largest wooden housing market. Based on the manufacture and sales networks for LVL, which is essential as a structural material for wooden houses in the USA, we will further expand into the market by taking advantage of the Daikden Group's technological capabilities cultivated in Japan and by deploying higher value-added products.

### Business Flow



\*I-Joist: A structural material, which is a composite material of Oriented Strand Board (OSB: a structural wooden board made by laying thin rectangular wood pieces cut from raw wood upon one another in such a way that the surface layer and core layer cross at right angles in the fiber direction and are then compressed at high temperature), LVL, and timber.



### Results in Fiscal 2021

Net sales in the global markets in fiscal 2021 amounted to ¥46.254 billion (up 26.7% year-on-year). In the industrial materials business, in addition to the increase due to the inclusion of CIPA's and PWT's performance in our consolidated income statement in the beginning of this period that was included from the second quarter in the previous period, these companies' LVL sales in the USA did well in and after the second quarter, and revenues increased by ¥9.073 billion. In the building materials business, sales of doors in China and Indonesia were stagnant, and revenues decreased by ¥86 million. In other segments, because of the increase in inquiries about the stocking and selling of various industrial materials that we handle to expand sales in the future, revenues increased by ¥750 million.

