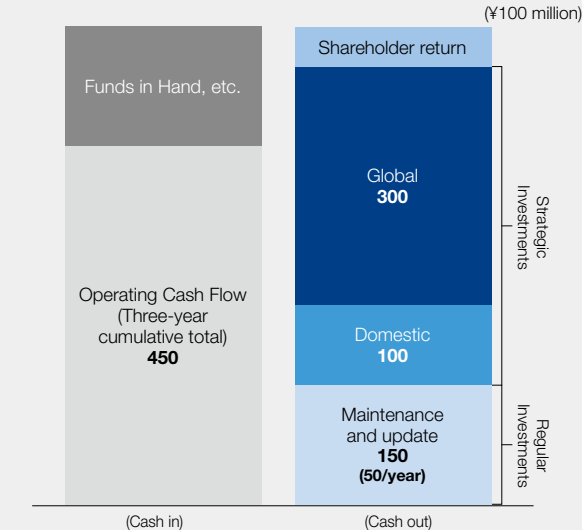


Financial Strategies

Investments Toward the Enhancement of Growth and Foundation

Medium-Term Management Plan (Three-Year) Goals

- Make it a top priority implement growth investments toward the realization of the long-term vision GP25
- Select investments by reflecting risk and return as well as the cost of capital
- Aggressively utilize advanced technologies such as AI and IoT, and lead to the improvement and efficiency of productivity

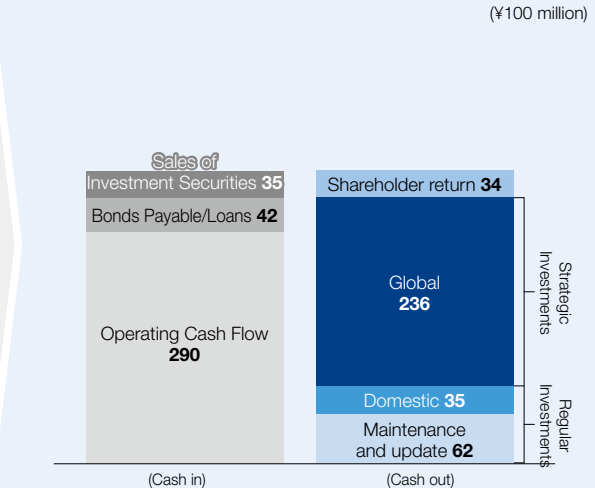


Strategic Investments

- Global** North American business: 20 billion yen
Industrial materials business: 10 billion yen
- Domestic** New business: 3 billion yen
Expanding market: 3 billion yen
Infrastructure: 4 billion yen
- Research and development
 - Operational efficiency system
 - Ordering and order receiving/logistic systems

Results from Fiscal 2020 to Fiscal 2021 (Two years)

- Aggressive investments in the three markets that are positioned as focused markets in the long-term vision GP25
- Stringent selection by evaluating the investment effect based on the consistency and synergy with the growth strategies, as well as the capital cost (We responded to the uncertainty of the COVID-19 crisis and reduced investments in fiscal 2021.)
- Expansion of IT investments toward the improvement of efficiency and productivity



Strategic Investments

- Fiscal 2020**
- Global** M&A of wood industrial materials business in North America: Productivity improvement of the MDF business: 22.5 billion yen
 - Domestic** M&A of solid wood flooring business and renovation business: Productivity improvement of building materials business and IT system: 2.5 billion yen
- Fiscal 2021**
- Global** Enhancement of cooperation in the North American business group and productivity improvement of the MDF business: 1.1 billion yen
 - Domestic** Additional acquisition of the stocks of a renovation business subsidiary and IT system: 1 billion yen

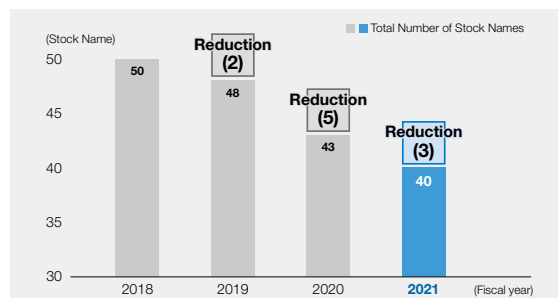
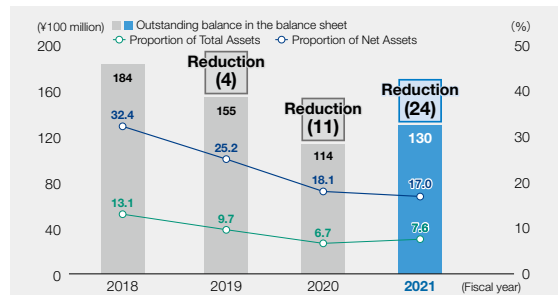
*M&A investments include interest-bearing debt of the acquiring company, but not cash or deposits.

Initiatives for reduction of cross-shareholdings

As one of the initiatives toward the realization of the Target Balance Sheet assumed in the financial indices upheld in the medium-term management plan, by aggressively making investments for the medium- to long-term growth and pursuing asset efficiency, we have been reducing cross-shareholdings. In fiscal 2021, we sold seven stock names for the amount of 2.4 billion yen (including partial selling of stocks).

Trends in Cross-Shareholdings (¥100 million)

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	
Outstanding balance in the balance sheet	Listed	183	154	112	129
	Unlisted	1	1	1	1
	Total	184	155	114	130
Sale Value	-	(4)	(11)	(24)	
Acquisition Cost	0	0	0	0	
Reduction	0	(4)	(11)	(24)	
Number of Stock Names	Listed	25	24	19	18
	Unlisted	25	24	24	22
	Total	50	48	43	40
	Decrease	0	(2)	(6)	(3)
	Increase	1	0	1	0
Reduction	1	(2)	(5)	(3)	
Total Assets	1,407	1,601	1,706	1,725	
Proportion of Total Assets	13.1%	9.7%	6.7%	7.6%	
Net Assets	569	617	629	767	
Proportion of Net Assets	32.4%	25.2%	18.1%	17.0%	



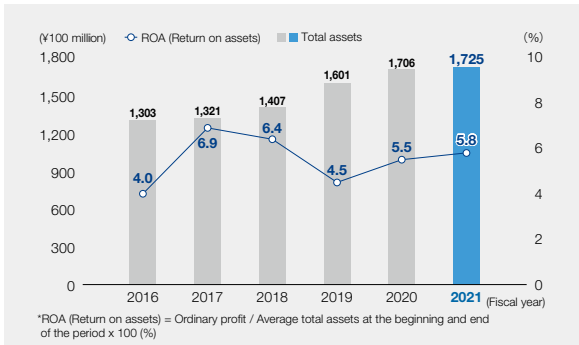
Target Financial Indices

Efficiency Goal

ROA: 7% ROE: 10%

- Improvement of the fixed asset turnover ratio (Reduction in inefficient assets and stringent selection of capital investment)
- Improvement of the working capital turnover ratio (Inventory optimization that gives consideration to BCP)

Trends in ROA* and Total Assets

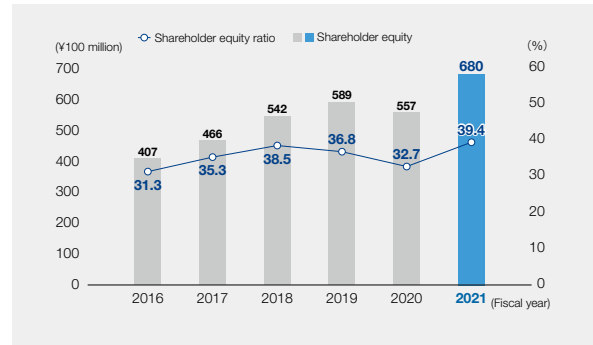


Soundness Goal

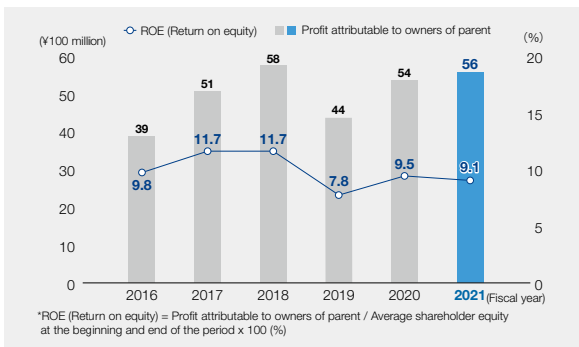
Shareholder equity ratio: 40% D/E ratio: 0.5-fold

- BS management with optimum balance
- Procurement of funds for investment that will support growth

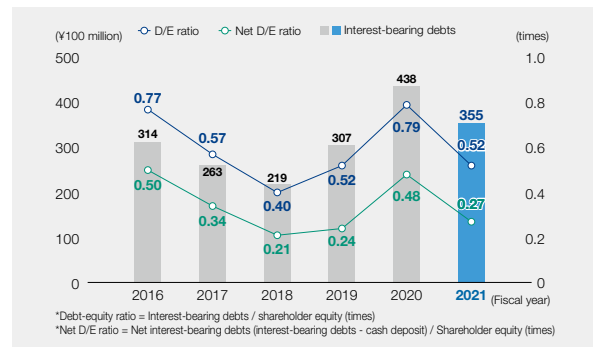
Trends in Shareholder Equity and Shareholder Equity Ratio



Trends in ROE* and Profit Attributable to Owners of Parent



Trends in the D/E Ratio*, Net D/E Ratio* and Interest-Bearing Debts



Target Balance Sheet

In fiscal 2019, as we executed M&A toward expansion into the priority markets, indices expressing financial soundness decreased, but as a result of reducing interest-bearing debts by using cash managed to raise from operating cash flow that we had steadily accumulated and reducing cross-shareholdings, the D/E ratio in fiscal 2021 decreased from 0.79-fold to 0.52-fold and the shareholder equity ratio increased from 32.7% to 39.4%. We will continuously aim for landing on the target balance sheet and promote optimal BS management.

