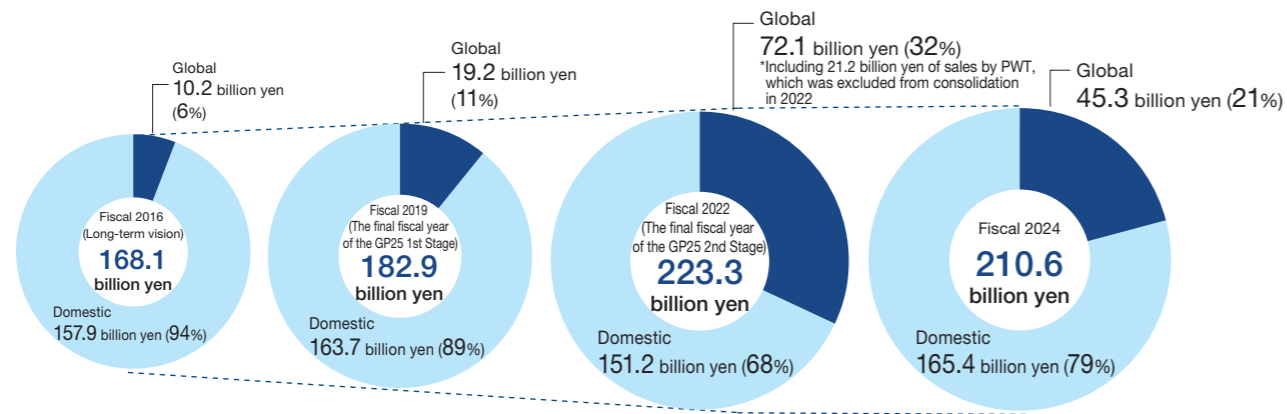


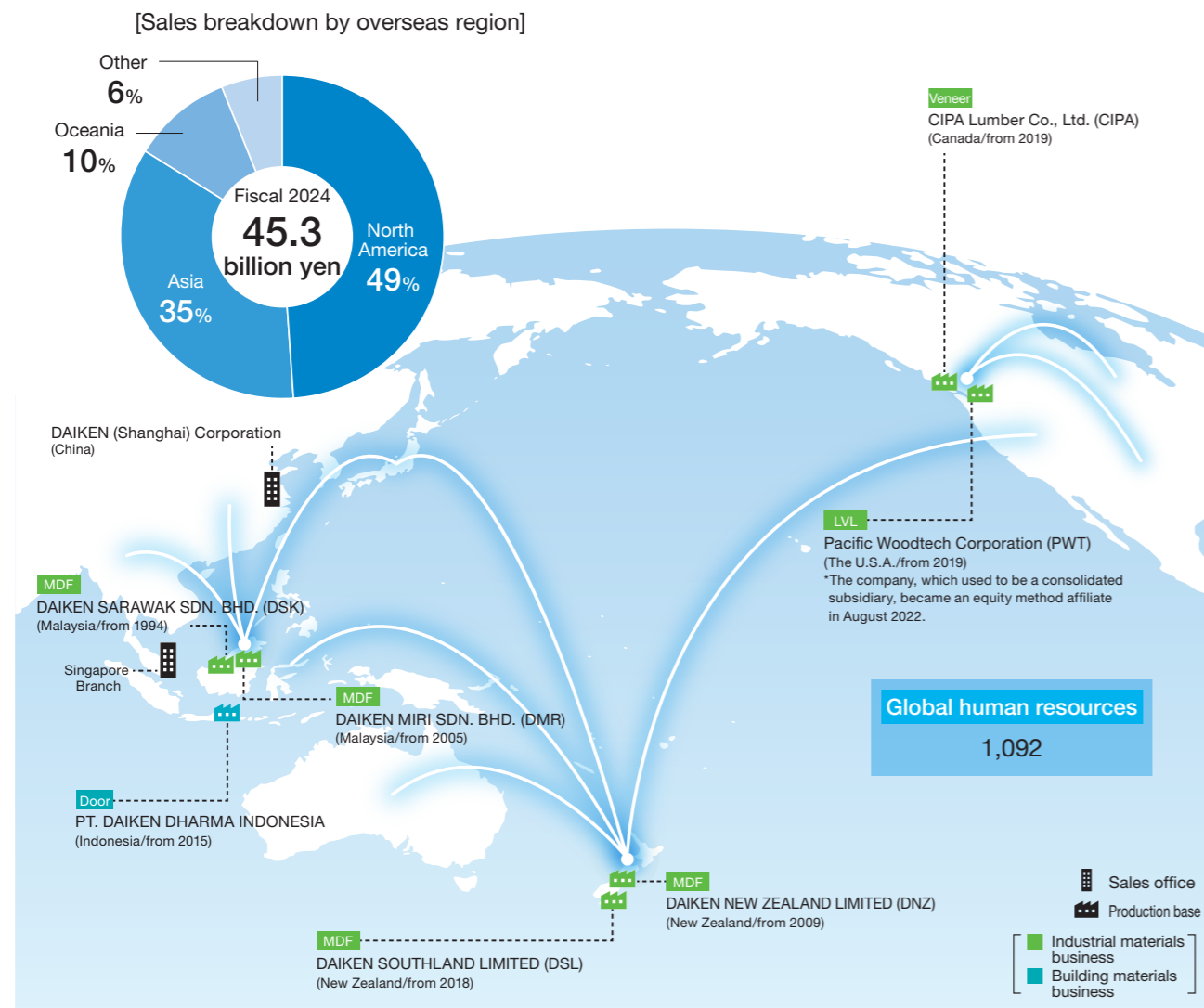
# Global Markets

In addition to the sales of MDF produced in Malaysia and New Zealand, the industrial materials business in the global markets expands the production and sales of wood materials with a focus on veneers and LVL in Canada and the USA. The building materials business has been deploying mainly interior doors in China, which has a huge market size, and Indonesia, where housing demand expansion is expected.

## Trends in domestic/global sales ratios



## Overseas bases



## Development by MDF

### Product characteristics

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 added value and the further expansion of the sales channels in global markets.

#### Malaysia

Tree species: Hardwood, TEKWOOD

- Excellent dimensional stability**  
Since the change in dimension is small and warpage is hard to occur even at high temperature/high humidity, it is widely used for cabinets and fittings.
- Excellent water resistance**  
Since swelling when absorbed water or moisture is small, it can be used for window frames (sash window frames) and floor base boards, which require water resistance and moisture resistance.
- Utilization of unused resources and stable procurement of raw materials**  
In addition to the utilization of unused resources, such as offcuts from lumper/plywood plants, we promote the use of plantation timber (acacia).

#### New Zealand

Tree species: Softwood, CUSTOMWOOD/DSL MDF

- Light-colored surface that hardly has an influence on surface decoration**  
It is characterized by hardly having an influence on the decorative surface even if laminating a sheet where the base material can be seen through.
- Smooth surface**  
The surface that takes advantage of long wood fibers is smooth and suitable for lamination and painting.
- Utilization of unused resources and stable procurement of raw materials**  
New Zealand, where the plant is located, is rich in softwood that were planted in a planned manner, and by using these softwood as the main raw materials, we stably procure raw materials.



### Production base

#### DAIKEN SARAWAK SDN. BHD. (DSK)

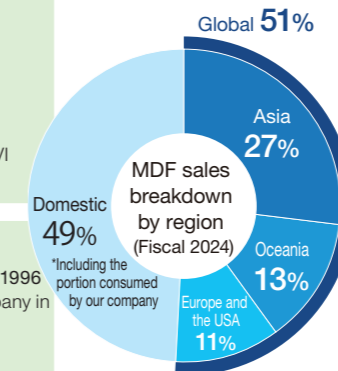


**Founding:** May 1994  
**Annual production capacity:** 120,000 m<sup>3</sup>  
**Acquired Certificate:** JIS A 5905, PEFC CoC CARB, EPA TSCA Title VI

#### DAIKEN MIRI SDN. BHD. (DMR)



**Founding:** September 1996  
→ Purchased the company in February 2005  
**Annual production capacity:** 120,000 m<sup>3</sup>  
**Acquired Certificate:** JIS A 5905, PEFC CoC CARB, EPA TSCA Title VI



#### DAIKEN NEW ZEALAND LIMITED (DNZ)



**Founding:** 1976  
→ Purchased the company in February 2009  
**Annual production capacity:** 110,000 m<sup>3</sup>  
**Acquired Certificate:** JIS A 5905, FSC CoC CARB, EPA TSCA Title VI

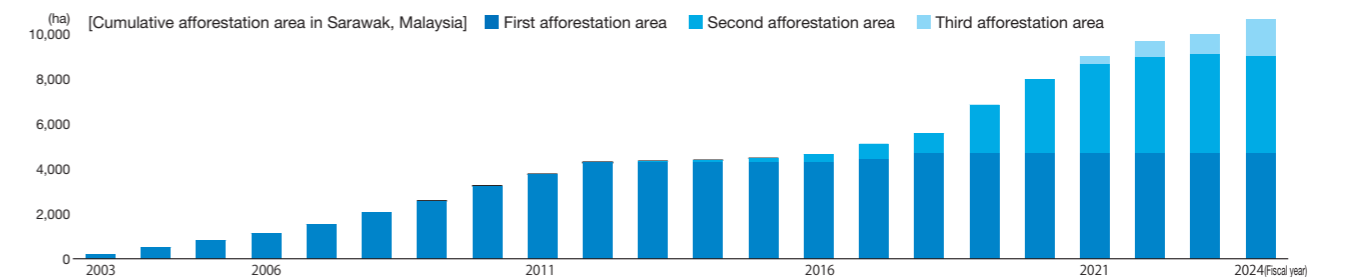
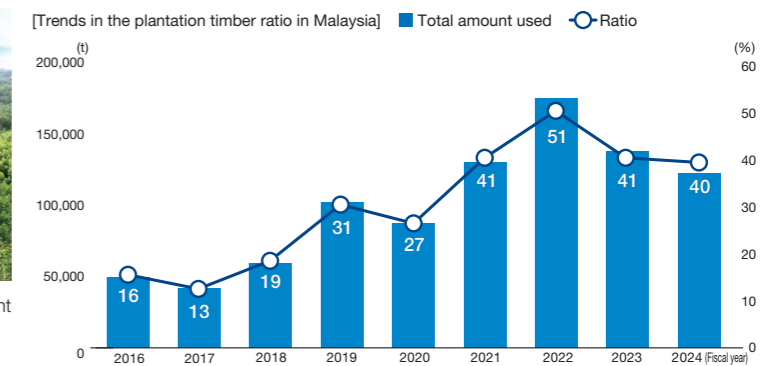
#### DAIKEN SOUTHLAND LIMITED (DSL)



**Founding:** November 1993  
→ Purchased the company in April 2018  
**Annual production capacity:** 200,000 m<sup>3</sup>  
**Acquired Certificate:** JIS A 5905, FSC CoC CARB, EPA TSCA Title VI

### Tree planting activity in Malaysia

Toward the realization of stable procurement of wood materials, we started acacia tree planting in Sarawak, Malaysia, in 2002, and the cumulative afforestation area is 10,500 ha or more. Regarding the MDF manufactured in Malaysia, we aim at increasing the plantation timber ratio in wood materials to 100% by fiscal 2026 (plantation timber ratio in fiscal 2024 is 40%) and proceed with the plantation timber growth management and the expansion of afforestation sites.



## Expansion with wood materials in North America

With the acquisition of CIPA, which is a veneer plant in Canada, and PWT, which is an LVL plant in the United States, in June 2019, we officially started to expand into the American market, which is the world's largest wooden housing market. In August 2022, PWT acquired the housing structural material manufacturing business with a focus on the business of manufacturing and selling LVL from Louisiana Pacific, and the size of the business expanded significantly. With the capital increase aimed at acquiring the business, PWT, which used to be a consolidated subsidiary, became an equity method affiliate but they will continue enhancing the cooperation with CIPA and further expand the North American wood industrial materials business by taking advantage of the Daiken Group's technological capabilities cultivated in Japan and proceeding with the deployment of more value-added products on the basis of LVL manufacturing/sales networks expanded throughout the United States.

### Veneer

#### CIPA Lumber Co., Ltd. (CIPA)

Founding: April 1968 → Purchased the company in June 2019  
 Location: Canada (Delta, British Columbia)  
 Business lineup: Veneer manufacturing and sales



### LVL

#### Pacific Woodtech Corporation (PWT)

Founding: January 1998 → Purchased the company in June 2019  
 → Became an equity method affiliate in August 2022  
 Location: The U.S.A. (Burlington, Washington)  
 Business lineup: Structural LVL and I-Joist manufacturing and sales



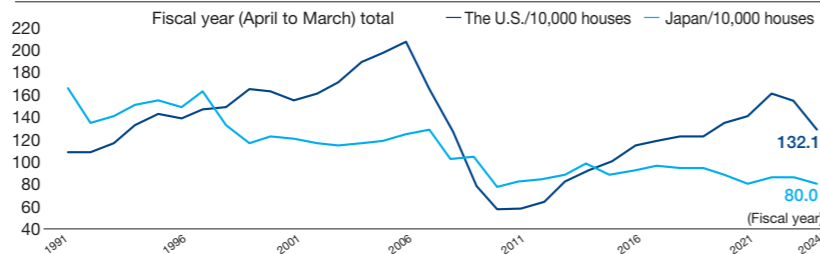
### Significance of group structure

1 Expansion in the global market	While shrinking of the new housing market in Japan is expected, expand into the global market, which is positioned as the prioritized market in the long-term vision.
2 Expansion into the world's largest wooden housing market	Expand into the North American market, which is the world's largest wooden housing market supplying about twice as many houses as Japan and the growing market where population is expected to increase by 2 million or more annually.
3 Pursuit of synergy that takes advantage of the capabilities to develop industrial materials	Further expand by deploying the business model expanded by infusing technology in industrial materials and increasing added value in the North American market. In addition, aim for the new use application development by capturing the market with a focus on industrial materials.

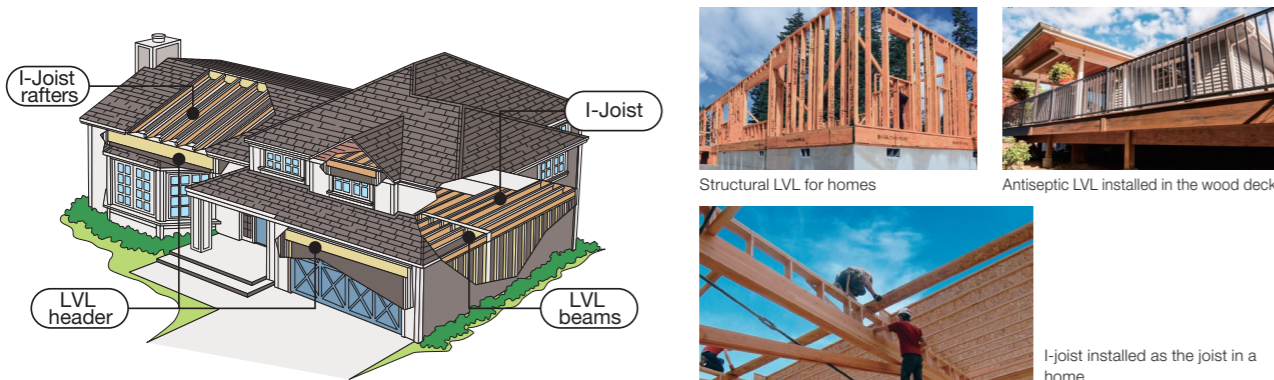
### The world's largest wooden housing market

The number of housing that started in fiscal 2024 in the United States, which is the world's largest wooden housing market, was about 1.32 million, and the number decreased from the previous fiscal year from the impact of housing prices remaining high and the policy interest rate increase, but the market size is still about 1.6 times larger than that of Japan. Regarding future market trends, although there are uncertainties, such as the interest-rate trend, on the background of the lack of housing stock after the bankruptcy of Lehman Brothers and an increase in the home ownership rate among millennials, in addition to the medium- to long-term population increase due to the immigration policy, steady housing demand is expected.

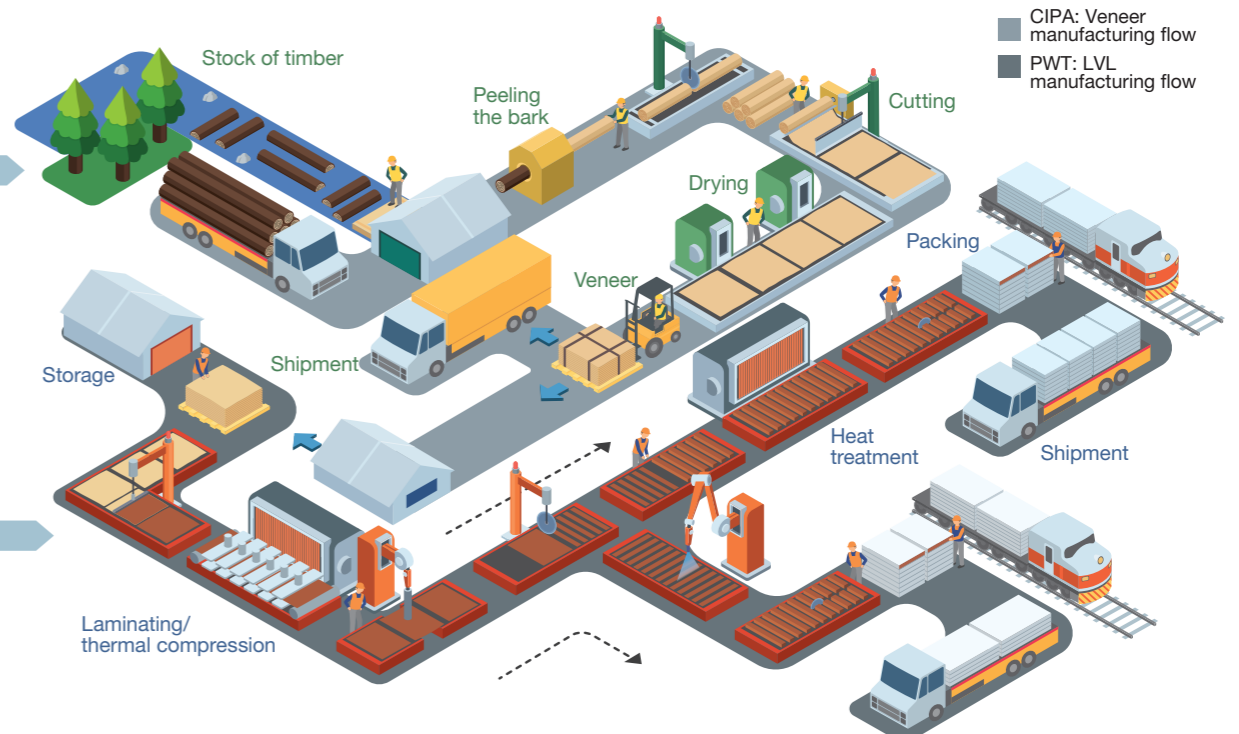
### Trends in housing starts in the United States and Japan



### Major applications



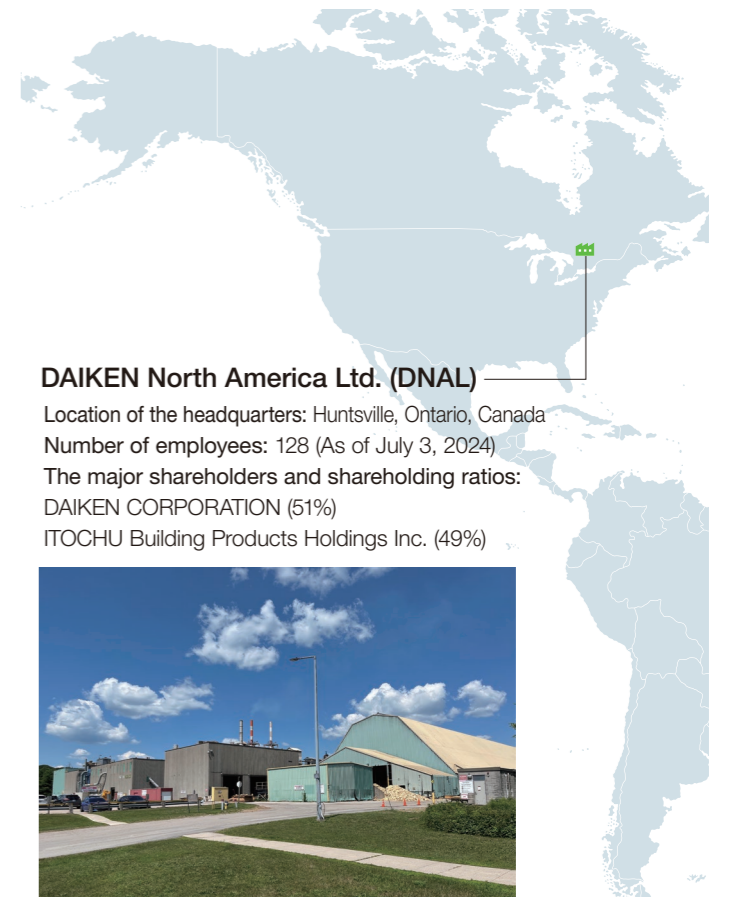
### Business flow



### Initiatives toward the commercialization of the new wood boards

In July 2024, we purchased Panolam Industry Ltd., which manufactures melamine faced chipboard\* in Huntsville, Ontario, Canada, under the umbrella of a laminate product manufacturer in the U.S., Panolam Industries International Inc., by acquiring 51% of the company's shares (the current trade name is DAIKEN North America Ltd. (DNAL)). We position the global markets as the priority markets to expand in the long-term vision GP25 and have been proceeding with the business expansion while cooperating with ITOCHU Corporation. Among such markets, as the demand for wood materials is large in the North American area that has the world's largest wooden housing market, we have focused on the supply of MDF and manufacturing and sales of LVL, and purchase of DNAL this time will further act as a steppingstone to business expansion. DNAL not only manufactures and sells melamine faced chipboard but will also be used as the manufacturing base of the new wood boards that we have proceeded with the development. The new wood board has excellent performance required as the veneer, such as the excellent dimensional stability, stiffness, and smooth and homogenous tonal surface texture, and is an environment-conscious product that we assume the local production for local consumption, which will make it possible to sustainably recycle timber. We set the start of production of new wood boards in fiscal 2027 as the near-term goal and will proceed with the expansion of the North American business, including the melamine faced chipboard.

\*A decorative board made through the low-pressure and heat-press molding of the decorative surface layer (impregnated paper) that melamine resin was impregnated to the decorative paper (titanium paper) and the wood board (particle board)



### DAIKEN North America Ltd. (DNAL)

Location of the headquarters: Huntsville, Ontario, Canada  
 Number of employees: 128 (As of July 3, 2024)  
 The major shareholders and shareholding ratios:  
 DAIKEN CORPORATION (51%)  
 ITOCHU Building Products Holdings Inc. (49%)



DAIKEN North America Ltd. that we purchased this time