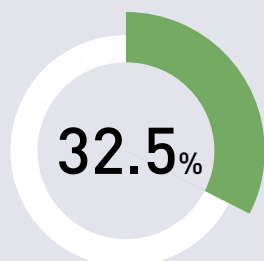


# Summary of Business

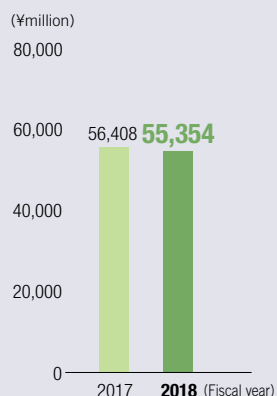
## Industrial Materials Business

Sharp profit drop caused by decrease in income and increase in costs

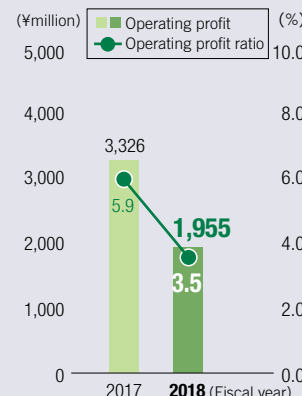
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



**Production plants**

- Okayama plant
- Takahagi plant

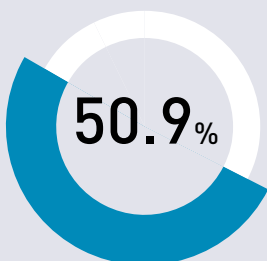
**Subsidiaries part of the Group**

- Dai-tac Corporation
- Aizu Daiken Kako K.K.
- C&H Co., Ltd.
- Eco Techno Co., Ltd.
- Daiken New Zealand Limited (New Zealand)
- Daiken Southland Limited (New Zealand)
- Daiken Sarawak Sdn Bhd. (Malaysia)
- Daiken Miri Sdn Bhd. (Malaysia)

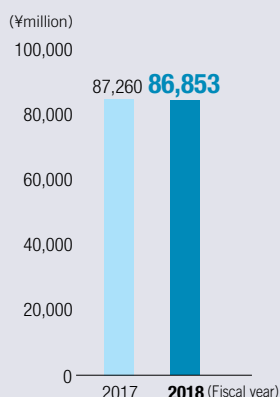
## Building Materials Business

Profit growth by improvements in profitability, a year-on-year decline in sales

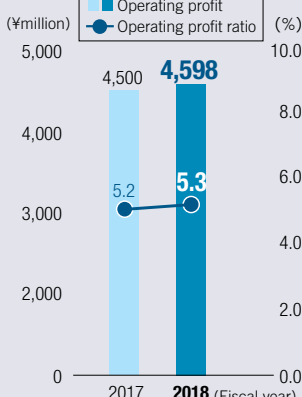
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



**Production plants**

- Mie plant
- Inami plant

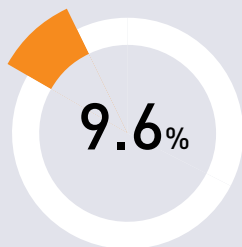
**Subsidiaries part of the Group**

- Daifit Co., Ltd.
- Dai-wood Corporation
- Setouchi Kakoh Co., Ltd.
- Toyama Juki Co., Ltd.
- Daiken Industries (Ningbo) Corporation (China)
- Daiken (Shanghai) Corporation (China)
- PT. Daiken Dharma Indonesia (Indonesia)

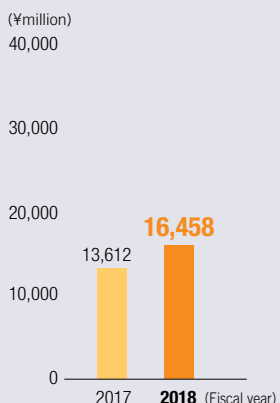
## Engineering Business

Double-digit growth in sales and income due to increase in construction demand

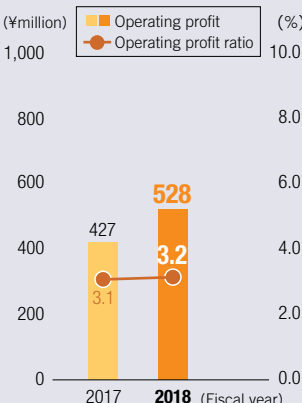
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



**Subsidiaries part of the Group**

- Daiken Engineering Corporation
- Koukou Sangyo Corporation
- Sankei Corporation
- Daiken Home & Service Corporation
- Smile-Up Corporation
- Pac System Co., Ltd.

(Note) 1. Other Daiken businesses account for 7.0% in addition to the above.

2. In fiscal 2019, the segments of ecological based business and dwelling space business are included in industrial materials business and building materials business, respectively.

### Commentary and results for fiscal 2018

Industrial materials business revenues were increased by the spread of the inorganic bearing surface, Dai-Lite, with a decline in the MDF used for building materials, furniture, and insulation boards used for tatami mats and flooring, which resulted in a decrease in overall sales.

Operating profit declined as a reflection of lower sales and an increase in materials and energy costs.

As a result, in fiscal 2018, net sales amounted to ¥55,354 million (down 1.9% year-on-year), and operating profit amounted to ¥1,955 million (down 41.2% year-on-year).

### Forecasts for fiscal 2019

For fiscal 2019, the industrial materials business is projected to have net sales of ¥63,100 million, an increase of 14.0% from fiscal 2018. We plan to enhance sales with the effect of consolidation of the New Zealand MDF factory, an acquisition that was completed in April 2018, and customer approaches with the deeply embossed non-combustible wall material Gravio Edge launched in June 2018.



### Commentary and results for fiscal 2018

Building materials business revenues increased in the public and commercial buildings fields and the revenues from builders and rental housing increased even in the lower Japanese housing market, but a sharp fall in sales to small and medium sized engineering firms was greater than we expected, resulting in overall sales for this business being lower than the previous fiscal year.

Operating profit remained the same as the previous fiscal year with streamlining and cost reductions due to the increase in self-manufacture and despite the rise in raw material prices.

As a result, in fiscal 2018, net sales amounted to ¥86,853 million (down 0.5% year-on-year), and operating profit amounted to ¥4,598 million (up 2.2% year-on-year).

### Forecast for fiscal 2019

For fiscal 2019, the building materials business is projected to have net sales of ¥89,000 million, an increase of 2.5% from fiscal 2018. With the launch of a new product in June 2018, which renewed our flagship series of interior materials to increase the market share in new housing, we will endeavor to expand our building materials business in our prioritized markets in the public and commercial buildings field and in global markets.



### Commentary and results for fiscal 2018

Engineering business revenues increased from the higher demand for interior construction of buildings and offices, expanding the scope of construction, and sales of the apartment renovation company, purchased in October 2016, contributed to fiscal 2018.

Operating profit increased from recruiting skilled workers and strengthening the management structure for each worksite in spite of surging personnel costs due to the shortage of skilled workers.

As a result, in fiscal 2018, net sales were ¥16,458 million (up 20.9% year-on-year), and operating profit was ¥528 million (up 23.6% year-on-year).

### Forecast for fiscal 2019

For fiscal 2019, the engineering business is projected to have net sales of ¥17,000 million, an increase of 3.3% from fiscal 2018. We will expand our interior work of office buildings in the latter half of the fiscal year and continuously strengthen the development toward the condominium renovation business.

