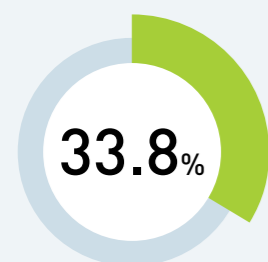


Summary of Business

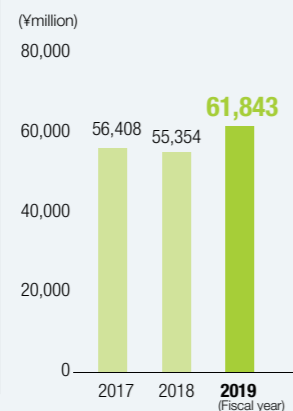
Industrial materials business

While achieving increased revenues due to the new consolidation effect of the MDF plant in New Zealand, profits declined due to the influences of the raw material price increase and troubles in procurement

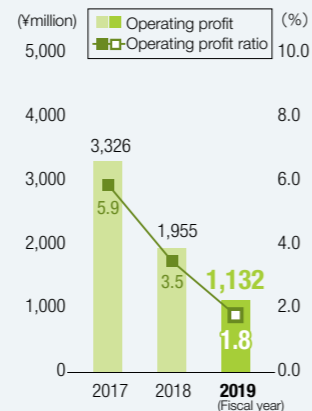
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



Production plants

- Okayama plant
- Takahagi plant

Subsidiaries part of the Group

- Dai-tac Corporation
- Aizu Daiken Corporation
- DAIKEN NEW ZEALAND LIMITED (New Zealand)
- DAIKEN SOUTHLAND LIMITED (New Zealand)
- DAIKEN SARAWAK SDN. BHD. (Malaysia)
- DAIKEN MIRI SDN. BHD. (Malaysia)
- Nichinan Daiken Co., Ltd.
- C&H Co., Ltd.
- Eco-Techno Co., Ltd.

Commentary and results for fiscal 2019

Regarding sales of the industrial materials business, there was a decrease in the shipping volume associated with the suspension of orders for Dai-Lite and Dai-Lotone due to the influence of troubles in procurement but due to the new consolidation effect of adding an MDF plant "DAIKEN SOUTHLAND LIMITED" in New Zealand in April 2018, revenues increased. Regarding profits, we could not fully absorb the increases in raw material prices for wood chips and logistics costs through streamlining and cost reductions. Besides, we also incurred the cost caused by the troubles in procurement and profits declined. As a result, in fiscal 2019, net sales amounted to ¥61,843 million (up 11.7% year-on-year), and operating profit amounted to ¥1,132 million (down 42.1% year-on-year).

Forecasts for fiscal 2020

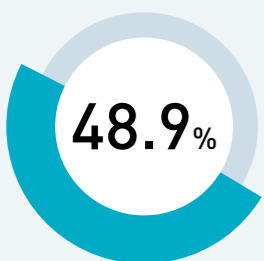
In fiscal 2020, the building materials business is forecasted to post ¥82,900 million, up 34.1%. We will increase sales by strengthening proposals of tatami facing and wall materials, such as Dai-Lite base materials, in public and commercial buildings, in addition to the effect of new consolidation of North American industrial materials business that will be newly developed from fiscal 2020.



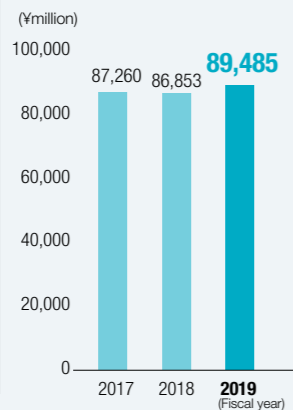
Building materials business

Although revenues increased by flooring, door, and acoustic products, etc., profits declined due to the increases in raw materials prices and logistics costs as well as system problems.

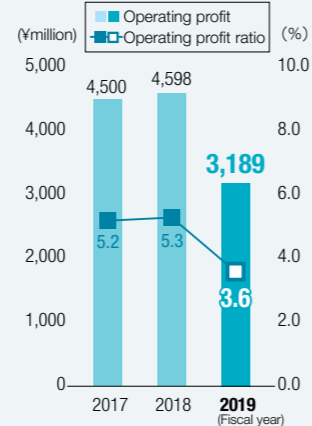
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



Production plants

- Inami plant
- Mie plant

Subsidiaries part of the Group

- Dai-fit 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)

Commentary and results for fiscal 2019

Regarding sales of the building materials business, there were influences, such as delay in delivery caused by the ordering and order receiving system problems, but because sale of new products, soundproof related products, and flooring was on a good note and sales of Omoiari door, an interior door for elderly facilities, kindergartens, and childcare facilities, expanded, revenues increased. Regarding profits, we strived to secure profits by streamlining and expanding sales of the new products against the increases in raw materials prices and logistics cost; however, we could not fully absorb all of these increases in this fiscal year. In addition, we incurred the cost caused by system problems, and profits declined. As a result, in fiscal 2019, net sales amounted to ¥89,485 million (up 3.0% year-on-year), and operating profit amounted to ¥3,189 million (up 30.6% year-on-year).

Forecasts for fiscal 2020

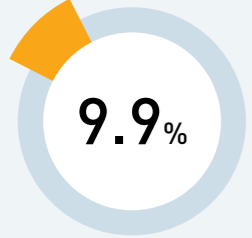
In fiscal 2020, the building materials business is forecasted to post ¥93,800 million, up 4.8%. While a decrease in new housing starts in Japan is expected after the consumption tax increase that is scheduled in October 2019, we will increase our share in the new home market and expand in the public and commercial buildings including the new consolidation of solid flooring materials business.



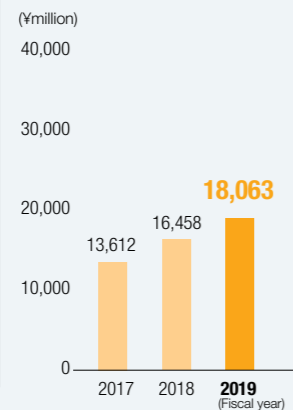
Engineering business

Profits increased by the expansion of renovation business and revenues increased by the increased profitability of interior finishing work for office buildings, etc.

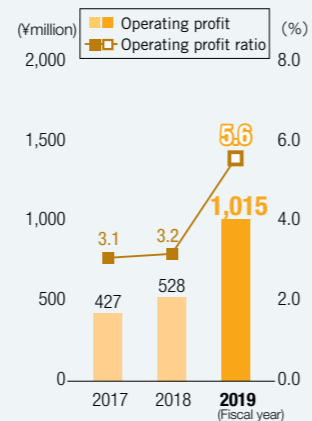
Sales breakdown by business sector



Net sales



Operating profit/Operating profit ratio



Subsidiaries part of the Group

- DAIKEN ENGINEERING CORPORATION
- Koukou Sangyo Corporation
- Sankai Corporation
- DAIKEN HOME & SERVICE CORPORATION
- Smileup Co., Ltd.
- PAC SYSTEM Co., Ltd.

Commentary and results for fiscal 2019

Regarding engineering business, because orders of interior finishing work for buildings and condominiums mainly in the Tokyo metropolitan area expanded and sales of condominium renovation business were on a good note, revenues increased. Regarding profits, we responded to the surge in personnel costs caused by the shortage of skilled craftsmen by securing skilled craftsmen and optimizing management for each construction site and profits increased. As a result, in fiscal 2019, net sales were ¥18,063 million (up 9.8% year-on-year), and operating profit was ¥1,015 million (up 92.3% year-on-year).

Forecasts for fiscal 2020

In fiscal 2020, the engineering business is forecasted to post net sales of ¥19,600 million, up 8.9%. Because the order receiving status for interior finishing work for office buildings has been going well and with the new consolidation of a renovation company and strengthening of condominium renovations, we will expand sales.



(Note) Other Daiken businesses account for 7.4% in addition to the above.