

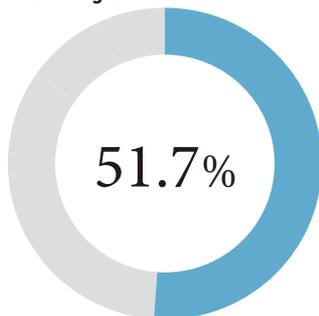
# Summary of Business

## Building Materials Business

Achieved an increase in profits by penetrating the effect of new products.

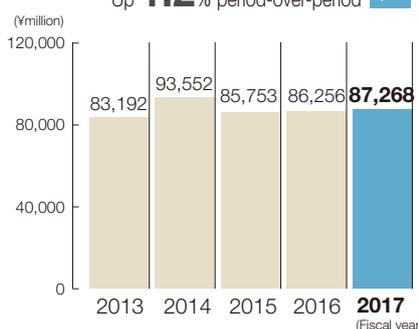
[Note] It is in the segment of residential space business in the summary of financial results.

Breakdown of sales by business segment



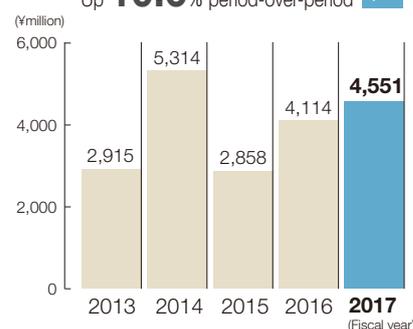
Changes in net sales

Up **1.2%** period-over-period



Changes in ordinary profit

Up **10.6%** period-over-period

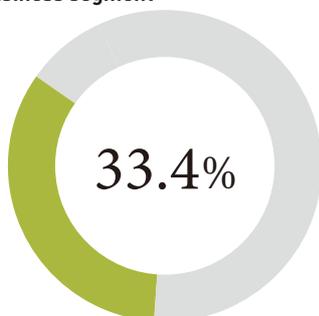


## Industrial materials Business

A significant increase in profits of more than four times year on year due to the reduction in costs, production efficiency, etc.

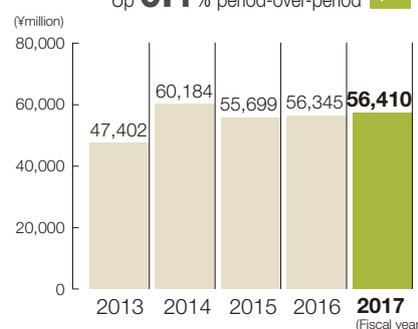
[Note] It is in the segment of ecological based business in the summary of financial results.

Breakdown of sales by business segment



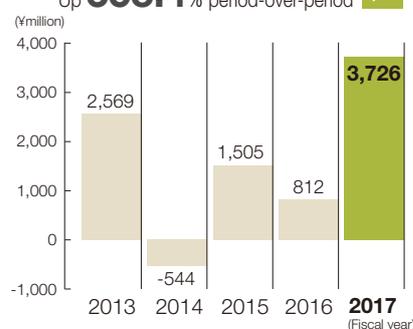
Changes in net sales

Up **0.1%** period-over-period



Changes in ordinary profit

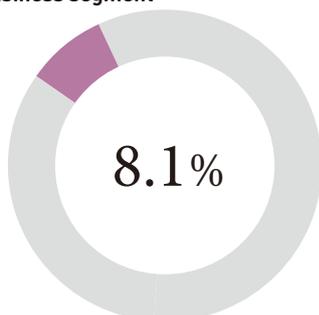
Up **358.4%** period-over-period



## Engineering Business

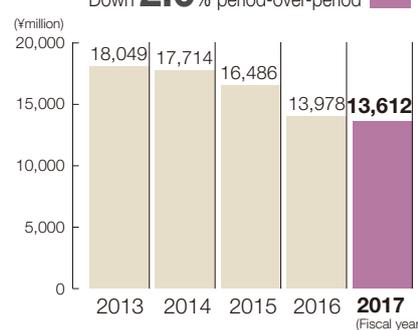
Achieved a two-digit increase in profits by improving profitability through the enhancement of the management system.

Breakdown of sales by business segment



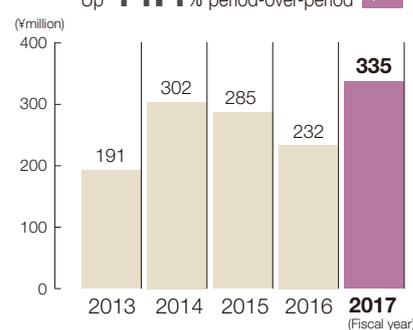
Changes in net sales

Down **2.6%** period-over-period



Changes in ordinary profit

Up **44.4%** period-over-period



\*Besides the above, other businesses account for 6.8%.

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## Summary of business results for fiscal 2017

We developed a new construction method for flooring and storage that featured labor-saving installation and started proposing this in the home renovation market. For the public and commercial buildings, we proceeded with proposals on products that suited the needs in the buildings, such as flooring for lodging facilities like hotels and doors for nursery schools and day-care centers for children.

Consequently, we increased profits as we recorded net sales of ¥87,268 million (up 1.2% year-on-year). In the aspect of profit, as we steadily proceeded with the switch to our leading interior finishing products that we drastically revamped in 2015, in addition to various kinds of streamlining to maintain our profitability in the second half of the previous period, we recorded ordinary profit of ¥4,551 million (up 10.6% year-on-year).

## Forecast, targets, and policy for fiscal 2018

In fiscal 2018, the building materials business is forecasted to post ¥89,400 million. While further penetrating into the existing market, we will also focus on the expansion of sales volumes in the public and commercial buildings, which is our prioritized market. We will enhance propositions on a new product that we launched in the market in June 2017 and expand it in a wide variety of markets, such as welfare facilities for the elderly, public facilities, educational facilities, and lodging facilities.



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## Summary of business results for fiscal 2017

Shipments of our original tatami facings using machine-made Japanese paper to hotels and Japanese inns increased and the sale of MDF expanded because of the development of covering flooring surface by decoration sheets. We also released non-combustible decorative wall materials and eave soffit materials by making use of the characteristics of our original inorganic material Dai-Lite.

Consequently, net sales slightly increased to ¥56,410 million (up 0.1% year-on-year). On the other hand, we achieved a significant increase in profit as ordinary profit was ¥3,726 million (up 358.4% year-on-year), which was four or more times larger than a year earlier due to the effects of our efforts made in optimizing production efficiency, such as reviews on the production items in each base, in addition to raw material and energy-related cost reductions and posting of the repair cost for the partial product deficiency in the previous period.

## Forecast, targets, and policy for fiscal 2018

In fiscal 2018, the industrial materials business is forecasted to post net sales of ¥55,700 million. As for housing starts, although we assume it will be in the same level as that of two fiscal years ago, we will proceed with the transformation of our business structure to be less affected by changes in the number of housing starts by expanding and strengthening our response to public and commercial buildings and focusing on the development of functional and distinguished products in the global markets.



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## Summary of business results for fiscal 2017

In the engineering business, domestic construction work steadily grew but we had a hard time because the demand for interior work centered on the condominium market did not increase.

Consequently, the engineering business saw a decrease in net sales and recorded net sales of ¥13,612 million (down 2.6% year-on-year) in this period. On the other hand, in terms of profit, we saw an increase in profit and recorded an ordinary profit of ¥335 million (up 44.4% year-on-year) as we worked to improve profitability by securing skilled workers and enhancing the management system at each site as the countermeasures for soaring construction cost due to the shortage of skilled workers.

## Forecast, targets, and policy for fiscal 2018

In fiscal 2018, the engineering business is forecasted to post net sales of ¥16,900 million. We will continuously expand our interior work in the metropolitan area, which has strong demand for construction, and begin full-fledged development in the condominium renovation business.

