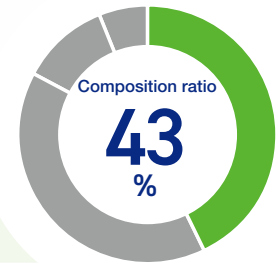


Three Businesses Use Strengths


Industrial Materials Business

Sales composition ratio



Developing and offering highly functional industrial materials

The Daiken Group offers various functional industrial materials having non-combustibility, anti-seismic, thermal insulation, sound insulation, humidity conditioning, and various other features required in our daily lives by making full use of wood and mineral resources from a sustainable perspective.

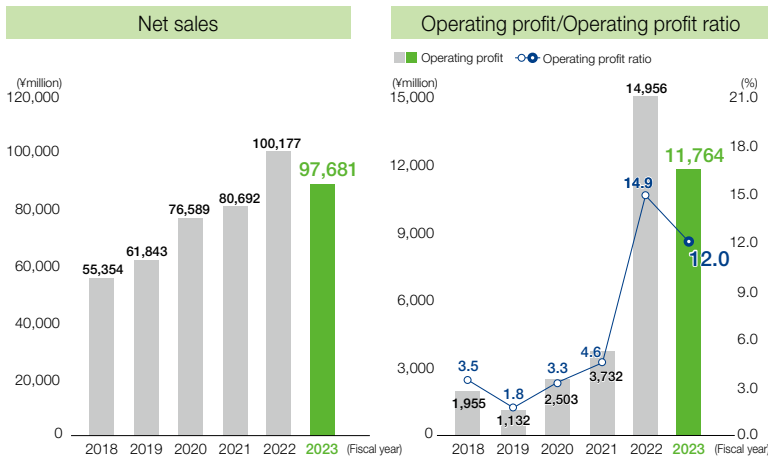
	Overview	Features and functions	Major applications	
Effective use of wood materials	Insulation board Wooden fiberboard using construction demolition timber for main raw material and molded into a board  Wood chips	<ul style="list-style-type: none"> ● Heat insulation ● Moisture conditioning ● Cushioning properties ● Lightweight 	Inner part of a tatami mat	Protection board
	MDF Wooden fiberboard using residual wood offcuts for main raw material and molded into a board  Wood fibers	<ul style="list-style-type: none"> ● Dimensional stability ● Surface smoothness ● Workability ● Water resistance 	Materials for flooring	Base materials for building and furniture (Substrate of door, storage, and window frame)
	Veneer/LVL Veneer: Cut from logs LVL: A fabricated wood product manufactured by laminating veneers all placed parallel in the fiber direction and gluing them together  Veneer LVL	<ul style="list-style-type: none"> ● Dimensional stability ● High strength ● Workability 	I-Joist	Structural material
	Tatami facing Tatami facing made from straw twisted machine-made Japanese paper strings and a resin coating  Machine-made Japanese paper	<ul style="list-style-type: none"> ● Light resistance ● Water repellent ● Moisture conditioning ● Color variations 	Tatami mats	
Effective use of mineral materials	DAILOTONE Mineral fiberboard molded into a board using slag wool as a byproduct of steel production  Slag wool	<ul style="list-style-type: none"> ● Non-combustibility ● Lightweight ● Sound absorbing ● Workability 	Ceiling materials	
	DAILITE An inorganic material molded into a board using an unused resource, <i>Shirasu</i> (volcanic ash), and slag wool  Slag wool and Shirasu	<ul style="list-style-type: none"> ● Non-combustibility ● Lightweight ● High strength ● Workability ● Moisture permeability ● Termite repellency ● Antiseptic 	Wall base materials	Wall materials



Second place in the inorganic bearing surface category

A questionnaire survey for the readers in regard to their intention to adopt building materials and equipment manufacturers' products
The November 24, 2022 issue





- Subsidiaries part of the Group**
- Dai-tac Corporation
 - Aizu Daikden Corporation
 - Nichinan Daikden 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)
 - CIPA Lumber Co., Ltd. (Canada)
- Production plants**
- Okayama Plant
 - Takahagi Plant

Results in fiscal 2023

Net sales in the industrial materials business in fiscal 2023 decreased because of the decreased revenues associated with the exclusion PWT from consolidation after August 1, 2022, in addition to the impact of CIPA's decreased revenues due to the decline in the market prices of wood products in North America, although the sales prices of MDF rose in Japan and overseas and the sales of DAILITE for the domestic housing market and public and commercial buildings increased.

Regarding operating profit, in addition to the impact of decreased revenues associated with the exclusion of PWT from consolidation, we proceeded with incorporation of the increases in raw material prices into selling prices; however, we could not fully absorb for the raw material price increases, and revenues decreased. As a result of the above, net sales amounted to 97,681 billion yen (down 2.5% year-on-year) and operating profit amounted to 11,764 billion yen (down 21.3% year-on-year).

* To evaluate each business segment more appropriately, we changed the method since fiscal 2023 in which costs directly related to the reporting segments among the costs for the general administrative departments, such as the Head Office, have been allocated to each reporting segment, and the costs that are not directly related have been booked as the company-wide costs. Figures in fiscal 2022 are written as the figures rearranged after changing the method.



Akihito Kawahara
 Operating Officer
 Division Manager
 MDF Division

In FY 2023, we were able to improve profits by implementing structural reform of the plants and by promoting a cost pass-through as a price leader in the industry while all variable costs increased because of the energy problem caused by geopolitical risks, hikes in the prices of wood resources, and the marine logistics disruption. We expect that the economic environment will remain uncertain in FY 2024. Our businesses will be affected by cost increases caused by hikes in energy costs and the price of wood resources. As the share of renewable energy in global power generation increases, I think it will be difficult to procure wood resources. The MDF Business Division aims to create a cycle of using and protecting forests by reforesting our plantations in

order to create a sustainable society and turn it into a business. In terms of sales and marketing, we will work on three new challenges—the development of new applications, development of new customers/markets, and planning of new businesses—with courage to prevent MDF from becoming a commodity. In addition, we will strive to secure excellent human resources at home and abroad and develop people with a global mindset who can work actively overseas by providing training to young employees. The wooden board business that includes MDF is a sustainable business as timber fixes the CO₂ it absorbs, is used as a building material, and is recycled as waste material. We would like to pursue the stable procurement, quality, and sale as our contribution to society.



Minoru Endo
 Executive Officer
 Division Manager
 Eco Division

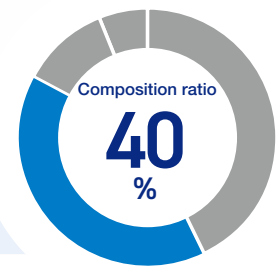
The Eco Division manufactures four materials in Japan: insulation boards made from wood, tatami facing, DAILITE made from minerals, and DAILOTONE. Though insulation boards are now used mainly as base materials for tatami mats and protection boards on construction sites, we are developing new applications as an alternative to plastic and plywood because they use recycled chips and help the environment by fixing carbon for a long period of time. Because the tatami facing that uses machine-made Japanese paper as the raw material is highly durable and easy to maintain, we will strive to strengthen proposals to commercial and accommodation facilities to use it and actively promote the special quality of living with tatami mats as well as their tradition and new value. Because

DAILITE not only can be used as a bearing surface material that supports the strength of wooden housing but is also noncombustible and workable, we have developed the louvers and eaves taking advantage of DAILITE's properties, and sales are growing as they are being introduced in public and commercial buildings. In addition, the ceiling material DAILOTONE is increasingly used not only in buildings and stores but also in housing because its sound absorbing property helps improve the sound environment inside rooms and has gained recognition in the COVID-19 crisis. We will continue to propose new spatial value by taking advantage of the strength of having a number of sustainable, functional materials.

Three Businesses Use Strengths

Building Materials Business

Sales composition ratio



Developing and providing building materials best suited for the interior of various buildings

The Daiken Group offers building materials that form spaces focusing on safety, peace of mind, health, and comfort to be used for housing, public spaces, and commercial facilities.

	Flooring	Door	Cabinet	Acoustic products
For houses	<p>A flooring of ultimate beauty</p> <p>A lineup that is particular about surface texture and that offers scratch resistance, long-lasting beauty, good design, high function, and high performance</p>	<p>Great range of design and variations</p> <p>Interior door that is highly functional and easy to use and can be coordinated flexibly</p>	<p>Storage improvement</p> <p>A complete lineup of cabinets equipped with abundant storage capacity that is space-saving and offers other features to fit individual spaces</p>	<p>Space for enjoying sound</p> <p>A complete lineup to meet the sound environment and sound quality needs of a variety of venues, including home theaters, musical instrument practice rooms, and audio rooms</p>
	<p>A flooring for heavy duty areas</p> <p>A complete line of flooring that can be used in heavy duty areas, including those made of natural wood resistant to damage, sound-proofing materials, and those that reduce the impact when a person falls</p>	<p>Functional door suitable for facility applications</p> <p>Interior doors with particular functionality for nursing homes, kindergartens, childcare facilities, medical facilities, and stores</p>	<p>Cabinets inspired by consideration to users</p> <p>Cabinets mitigate the various risks to users for comfort during use</p>	<p>Creating a comfortable sound environment</p> <p>A complete lineup suitable for sound-proofing, echo reduction, and other specific purposes</p>

For public spaces and commercial facilities	<p>A flooring for heavy duty areas</p> <p>A complete line of flooring that can be used in heavy duty areas, including those made of natural wood resistant to damage, sound-proofing materials, and those that reduce the impact when a person falls</p>	<p>Functional door suitable for facility applications</p> <p>Interior doors with particular functionality for nursing homes, kindergartens, childcare facilities, medical facilities, and stores</p>	<p>Cabinets inspired by consideration to users</p> <p>Cabinets mitigate the various risks to users for comfort during use</p>	<p>Creating a comfortable sound environment</p> <p>A complete lineup suitable for sound-proofing, echo reduction, and other specific purposes</p>
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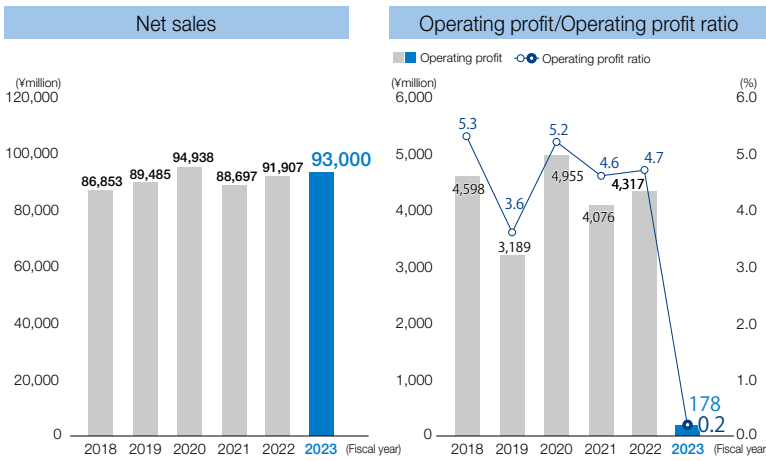
First place in the composite flooring category

A questionnaire survey for the readers in regard to their intention to adopt building materials and equipment manufacturers' products
The November 24, 2022 issue

First place in the home interior door category

A questionnaire survey for the readers in regard to their intention to adopt building materials and equipment manufacturers' products
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Domestic flooring share
No.1
(Estimated by our company)



- Subsidiaries part of the Group**
- Daifit Co., Ltd.
 - Dai-wood Corporation
 - Setouchi Kakoh Co., Ltd.
 - Toyama Juki Co., Ltd.
 - T.O FLOORING CO., LTD.
 - DAIKEN Industries (Ningbo) Corporation (China)
 - DAIKEN (Shanghai) Corporation (China)
 - PT. DAIKEN DHARMA INDONESIA (Indonesia)
- Production plants**
- Inami Plant
 - Mie Plant

Results in fiscal 2023

Regarding net sales in the building materials business in fiscal 2023, needs for the improvement of the sound environment, such as soundproofing and sound insulation, grew on the background of the penetration of new normal lifestyles, such as the rapid increase in online meetings and teleworking that have become popular, revenues increased in the acoustic products for which we enhanced proposal activities and as net sales were back on course for recovery from the impact of the decreased sales due to door delivery delays, and a limitation on orders for part of flooring occurred during the fourth quarter consolidated accounting period, revenues increased.

Regarding operating profit, although we could finally pull out of the situation of going into the red until the third quarter consolidated cumulative accounting period by proceeding with incorporation of the increases in raw material prices, such as plywood, into selling prices as we revised the list prices from the April 2022 shipment, revenues significantly decreased.

As a result of the above, net sales amounted to 93,000 million yen (up 1.2% year-on-year) and operating profit amounted to 0.178 billion yen (down 95.9% year-on-year).

* To evaluate each business segment more appropriately, we changed the method since fiscal 2023 in which costs directly related to the reporting segments among the costs for the general administrative departments, such as the Head Office, have been allocated to each reporting segment, and the costs that are not directly related have been booked as the company-wide costs. Figures in fiscal 2022 are written as the figures rearranged after changing the method.



Toshinori Kamimoto
 Operating Officer
 Division Manager
 Administration Division Interior Products

We manufacture flooring, the primary product of the building materials business, at the five plants of our group and four partner companies. For public and commercial buildings, which are the priority market, we launched a new heavy-duty WPC flooring and reinforced the production process in FY 2023. As a result, stores started introducing the product, and we were able to expand sales of flooring materials for public and commercial buildings. We expanded the product lineup for the home renovation market by bringing the soundproof flooring material for apartments with high design quality to the market. As part of the efforts to reduce the environmental load, we promote the use of recycled resources, such as plantation timber and domestic timber, for base flooring materials. Materials that use recycled resources now account for approximately 85% of the materials used for

flooring base materials, and about 45% of which is domestic timber. In addition, we have been manufacturing flooring using local materials from Japan for seven years. Since we started this effort, we have manufactured flooring with local materials from 28 prefectures, and the flooring has been adopted in 87 properties. The flooring is highly regarded by our customers because of the use of local materials.

We will strive to use recycled resources only for base flooring materials and will consider adopting resources of biological origin for decorative surface materials and paints. We will also strive to develop the flooring business while improving environmental friendliness by enhancing our efforts to manufacture flooring with local materials and by contributing to the increased use of domestic timber.



Masaru Morikawa
 Operating Officer
 Division Manager
 Home Furnishings Division

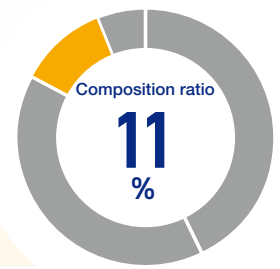
The Home Furnishings Division offers doors, construction materials, and a variety of case goods. In FY 2023, the future remained uncertain from the procurement perspective because of the disruption of the international supply chain caused by the COVID-19 pandemic, the prolonged conflict in the Ukraine, and the disaster that hit wooden board suppliers along with hikes in resource prices in Japan. Under such circumstances, we actively worked to find new suppliers after taking the risks into account and tried to ensure a stable supply of our products. The strength of the Home Furnishings Division is that we create new value by assembling existing members and technologies. For example, though there are a wide variety of products in the catalog, we can take custom orders for most of

those products, make adjustments on the order of millimeters, and quickly deliver custom-made products. We take advantage of this strength when renovating houses that cannot be done with standard-size products and by providing products for public and commercial buildings, such as nursing facilities, kindergartens, and nurseries. As doors and case goods are something people touch every day, we pay attention to every detail of our products and incorporate the unique features developed from our experience and the know-how that we have accumulated. We would like to carefully communicate the value of our products by explaining how they contribute to our clients' efforts and how they can make lives safe and comfortable.

Three Businesses Use Strengths

Engineering Business

Sales composition ratio



Total support for creation of spaces from the supply of building materials through installation work

The Daiken Group's major projects are interior construction for public spaces and commercial facilities, including schools, event venues, office buildings, and houses, to create spaces that optimize the performance of industrial and building materials.

Public and commercial properties



Tokyo Metropolitan Government Building (Tokyo)



Kyoto Station Building (Kyoto)



Kansai University (Osaka)



Hotel Nikko Osaka (Osaka)



Marunouchi North Exit Building (Tokyo)



World Business Garden (Chiba)



Rinku Gate Tower Building (Osaka)



Tokiwa University (Ibaraki)



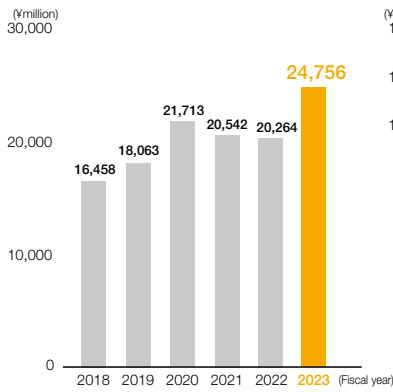
Sendai International Airport (Miyagi)

Our project

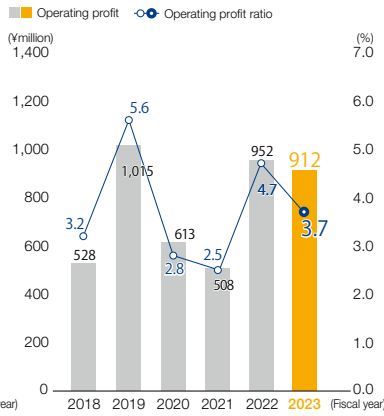
Apartment renovation



Net sales



Operating profit/Operating profit ratio



- #### Subsidiaries part of the Group
- DAIKEN ENGINEERING CORPORATION
 - Koukou Sangyo Corporation
 - Sankei Corporation
 - Smileup Corporation
 - ReformQ Co., Ltd.
 - PAC SYSTEM Co., Ltd.
 - T.O FLOORING CO., LTD. (construction)

Results in fiscal 2023

Regarding net sales in the engineering business in fiscal 2023, as the demand for interior projects for office buildings and other facilities recovered and apartment renovation that we engaged in the Tokyo metropolitan area was favorable, revenues increased. Regarding operating profit, because construction material prices and labor costs increased, revenues decreased. As a result of the above, net sales amounted to 24,756 million yen (up 22.2% year-on-year) and operating profit amounted to 0.912 billion yen (down 4.2% year-on-year).

* To evaluate each business segment more appropriately, we changed the method since fiscal 2023 in which costs directly related to the reporting segments among the costs for the general administrative departments, such as the Head Office, have been allocated to each reporting segment, and the costs that are not directly related have been booked as the company-wide costs. Figures in fiscal 2022 are written as the figures rearranged after changing the method.



Naoto Teraoka
Operating Officer
Division Manager
Engineering Business Division

In the engineering business, seven group companies specialize in installation and construction. They are mainly involved in three businesses: interior projects for offices, home renovation projects, and apartment renovations in the Tokyo metropolitan area. For the interior projects for offices, we have accepted an increased number of orders for interior finish projects for buildings, such as ceilings and walls, mainly in the Tokyo metropolitan area and the Kansai region since construction projects have resumed and are underway after the Tokyo Olympic Games. Because of the international events to be held in Japan, such as the World Expo 2025 in Osaka, it is expected that the construction industry as a whole will grow at an annual average rate of 1.2% from FY 2023 to FY 2026. While construction is in high demand, the shortage of site supervisors and construction technicians is a significant issue, so whether we can allocate these workers efficiently is an important factor in ensuring profitability. The Daikden Group has established relationships of trust with many construction contractors and strengthened

cooperation through business activities for more than half a century. We will continue to focus on the establishment of a more robust, optimal installation and construction system. For apartment renovations in the Tokyo metropolitan area, as renovating conveniently-located second-hand apartments to increase their value and live in them has become popular because of the continued hike in the prices of new apartments, we have expanded our operations with PAC System Co., Ltd., which became a group company in 2016, playing a central role, to meet these needs. To improve the design and quality as well as the profitability of renovation projects, we are developing construction methods and products that help shorten construction periods and reduce construction noise while cooperating with the division in charge of product development. As the division in charge of the business that is part of the strength of the Daikden Group, a corporate group that not only manufactures and sells industrial materials and building materials but also creates spaces utilizing them, we will strive to further strengthen our business.

Apartment renovation (Purchasing and reselling secondhand apartments)

