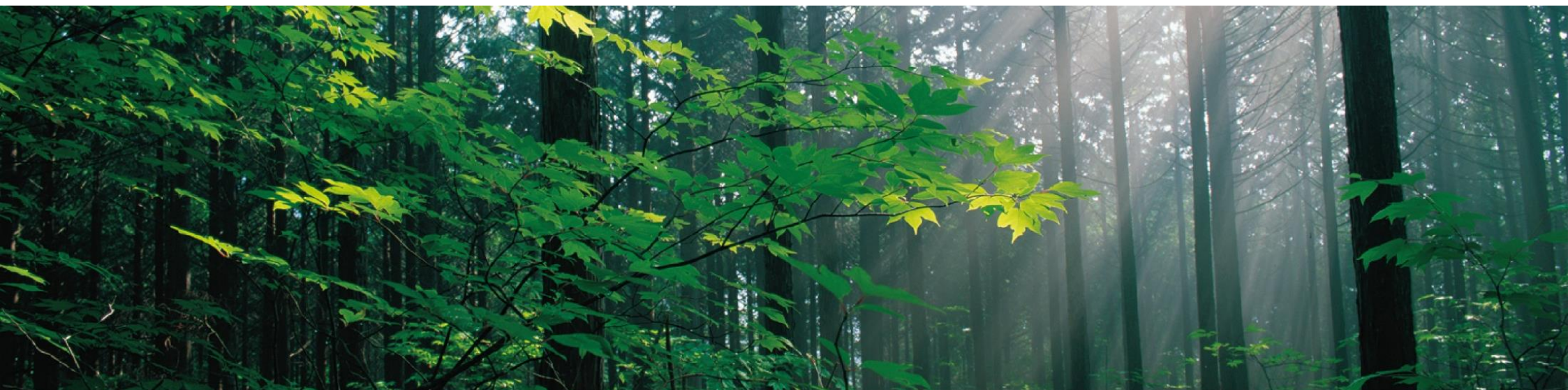


木と生きる幸福



FY12/2023 First Quarter Financial Results and Full Year Forecast



April 27, 2023

Notes

- "Net income attributable to owners of parent" is expressed as "net income."
- From FY12/2023, segments have been rearranged and names have been changed as follows:
 - Construction Business →
Transferred from Housing and Construction segment to Overseas Housing and Real Estate segment
 - Housing and Construction Business →
Changed to Housing segment
 - Overseas Housing and Real Estate segment →
Changed to Global Housing, Construction and Real Estate segment
- The reclassification's impact on business performance is minor. The financial results for FY12/2023 1Q were compared to the previous year's results using the new segment classifications, and the outlook for FY12/2023 were compared to the previous year's results based on the previous segment classifications.

The U.S. Housing and Real Estate Business

- The U.S. housing market is showing signs of recovery. Against the backdrop of a growing population of housing buyers, such as millennials and Gen Z buyers, and a shortage of pre-owned homes in circulation, the tight supply-demand situation is expected to continue for the present and the market is expected to grow over the medium- to long-term.
- The number of housing orders received by Sumitomo Forestry in the U.S. is moving at a pace that exceeds initial expectations at the start of the fiscal year. The number of housing orders received in the month of March moved into positive growth year-on-year, and orders for the quarter (three-month period) recovered to the same level as the fourth quarter of FY12/2021 to the first quarter of FY12/2022 when orders were in good form.
- The current level of mortgage rates (moving at 6.1% to 6.7% from January to March 2023) is gradually being accepted as the “new normal,” suggesting an improvement in the purchasing mindset of customers who had been taking a wait-and-see attitude.
- Sumitomo Forestry’s sales strategy corresponding to the situation in each region has been successful, with initiatives such as providing incentives where necessary and setting appropriate sales prices.
- Unit sales prices for the five US housing companies in the first quarter of FY12/2023 exceeded the full year forecast partly because of the successful price increases implemented in some areas. Recurring income ratio also landed at 14.9%, exceeding the full year forecast of 12.9%.
- In response to the favorable order situation, the number of housing starts is also increasing and will steadily achieve the full year housing sales target of 9,000 units.
- In Florida State, a new market for us, sales have improved for Southern Impression Homes whose business is in the sale of build-to-rent housing. We will continue to accelerate business expansion in Florida.

The U.S. Housing and Real Estate Business (Continued)

- We will continue to accelerate the FITP business,* reduce construction time, and strengthen cost competitiveness.
- In the U.S. real estate development business, leasing has remained strong with a focus on multi-family housing. As we have planned at the beginning of the fiscal year, we will proceed with property sales mainly in the second half of the fiscal year.
- The financial unrest in the market has not currently impacted the Single Family Homes Business, but we will continue to monitor the situation. Going forward, while changes may arise in the capital procurement environment for real estate development, we will continue to put effort into stable project development, including carbon neutral design such as mass timber architecture, in order to secure property for sale for the future.

Domestic Housing Business

- We will continue to strengthen our online strategy and promote high value-added housing such as ZEH. Orders have surpassed results in the same period last year, both in terms of value and number of houses. With regard to profit margin, which is improving, we anticipate the effects of price reviews to be further manifested particularly in the second half of the fiscal year.

Full Year Forecast

- With regard to the full year forecast, in view of the uncertainty in the financial markets and heightening geopolitical risks, we expect consolidated results, segment results, as well as domestic and overseas orders and sales forecasts to remain at the same level as initially planned at the start of the fiscal year.

*Fully Integrated Turn key Provider: A business that provides integrated services from panel design to production, delivery, and construction, for the purpose of rationalizing construction

FY12/2023 First Quarter Results



FY12/2023 First Quarter Results

1. Statements of Income

- While continued yen depreciation has contributed to an increase in sales, income has declined partly because of the particularly strong performance of the US single family homes business during the same period in the previous year.

(billion yen)

(Consolidated)	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Net Sales	353.9	376.3	+22.4	+6.3%
Gross Profit	81.5	82.4	+0.9	+1.1%
SG&A Expenses	53.7	58.0	+4.3	+8.0%
Operating Income	27.8	24.4	-3.4	-12.3%
Recurring Income	35.9	25.6	-10.3	-28.7%
Net Income	22.6	14.4	-8.2	-36.3%

* "Net income attributable to owners of parent" is expressed as "Net income."

● Conversion rate (average during term)

	FY12/22 1Q	FY12/23 1Q
USD/JPY	116.34	132.39
AUD/JPY	84.31	90.49

FY12/2023 First Quarter Results

2. Segment Sales and Recurring Income

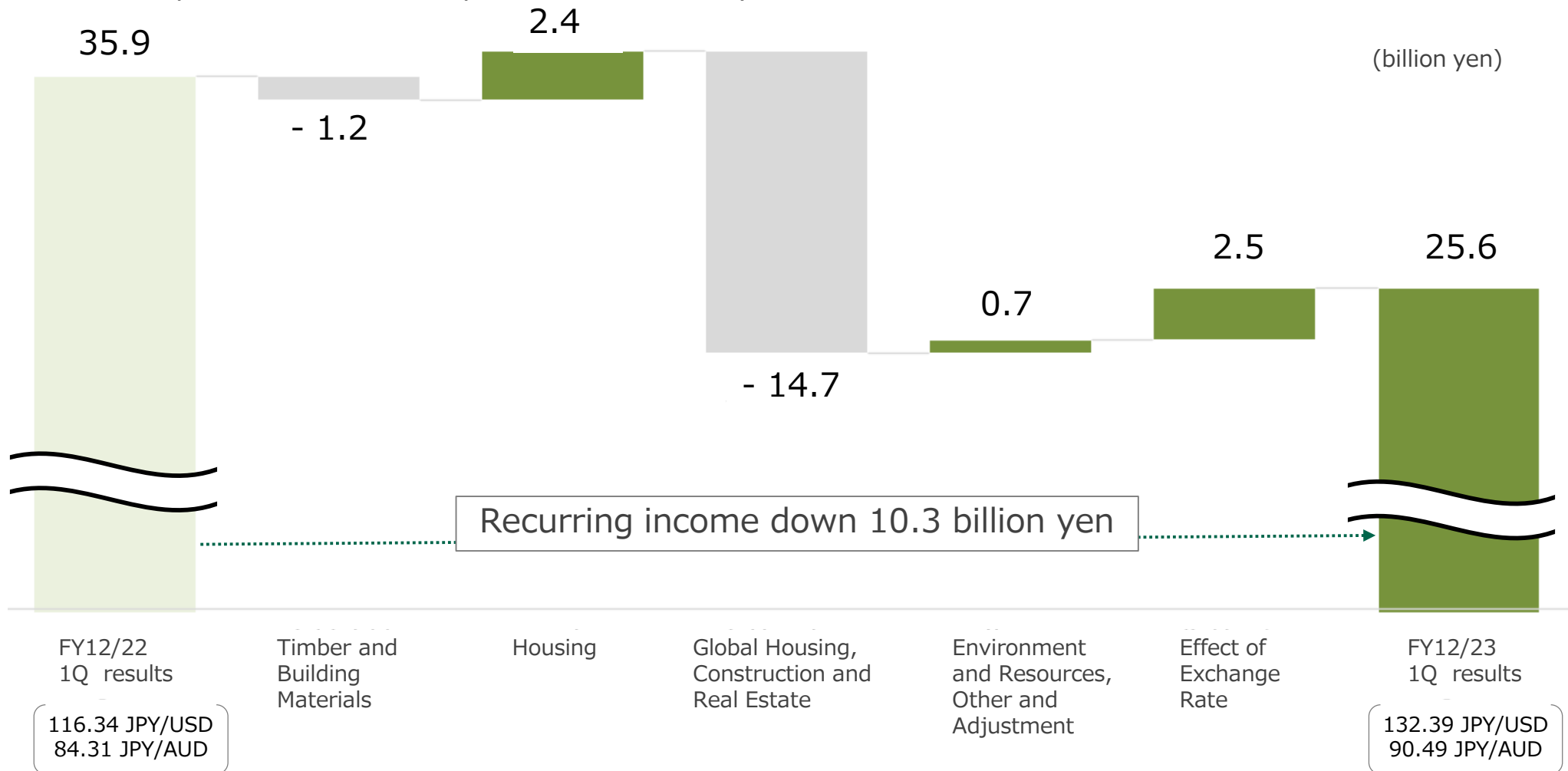
- Timber and Building Materials : Selling prices down due to falling timber prices, and decline in both sales and income due to sluggish growth in sales volume.
- Housing : Increase in unit selling prices due to increase in ZEH ratio and the effect of price revisions, leading to increases in both sales and income.
- Global Housing, Construction and Real Estate : While sales increased due to continued yen depreciation and other factors, income fell as a result of rising material costs and the sale of large-scale real estate development properties in the U.S. during the same period last year.
- Environment and Resources : While sales increased for the biomass power generation business, soaring fuel prices put pressure on profit margins and resulted in a fall in income.

(Consolidated) (billion yen)	Net Sales				Recurring Income			
	FY12/22 1Q	FY12/23 1Q	Change	Pct.	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Timber and Building Materials	66.0	58.8	-7.3	-11.0%	3.5	2.4	-1.1	-32.0%
Housing	113.7	119.8	+6.1	+5.4%	0.7	3.1	+2.4	+346.7%
Global Housing, Construction and Real Estate	170.5	193.4	+22.9	+13.4%	31.9	19.7	-12.2	-38.4%
Environment and Resources	5.6	5.9	+0.3	+5.4%	0.9	0.4	-0.5	-54.2%
Other	5.7	6.1	+0.4	+7.0%	1.1	0.9	-0.2	-15.6%
Adjustment	-7.6	-7.7	-0.1	-	-2.2	-0.9	+1.3	-
Total	353.9	376.3	+22.4	+6.3%	35.9	25.6	-10.3	-28.7%

FY12/2023 First Quarter Results

3. Change in Recurring Income (vs. Previous Fiscal Year)

- Overall recurring income decreased by 28.7% year-on-year, primarily due to the profit decline in the Global Housing, Construction, and Real Estate Business.
- Yen depreciation had an impact of +2.5 billion yen.



*The impact of fluctuations in foreign exchange rates is primarily related to the Global Housing, Construction and Real Estate Business.

FY12/2023 First Quarter Results

4. Domestic Housing Business Orders Received and Sales

- Both orders received and sales increased year-on-year on a monetary basis, due to the continued implementation of value-added proposals such as ZEH, price revisions, and other factors.

(billion yen)

		Orders				Sales			
		FY12/22 1Q	FY12/23 1Q	Change	Pct.	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Contract business	Custom-built detached houses *1	82.9	90.7	+7.8	+9.4%	81.6	84.6	+3.0	+3.7%
	(Units)	(1,947)	(2,041)	(+94)	(+4.8%)	(1,961)	(1,879)	(-82)	(-4.2%)
	(Unit price (mil. yen)) *2	(38.7)	(40.8)	(+2.1)	(+5.5%)	(40.1)	(42.7)	(+2.6)	(+6.4%)
	Apartments	3.3	4.9	+1.7	+50.9%	3.7	3.9	+0.2	+4.9%
Other	Detached spec home					4.8	4.8	-0.0	-0.8%
	Other *3					0.8	0.7	-0.1	-15.6%

Net Sales Total	90.9	93.9	+3.0	+3.4%
Profit Ratio	18.3%	20.5%	+2.2p	
Gross Profit	16.6	19.2	+2.6	+15.7%

*1. Custom-built detached houses sales amount includes land for custom-built housing and interior products, etc.

*2. Unit price for orders received was calculated from orders received at the time of contract signing for units ordered in the current period. Orders received for additional construction were not included.

*3. Other sales amount includes home renovation business, commission sales from insurance agency business, etc.

FY12/2023 First Quarter Results

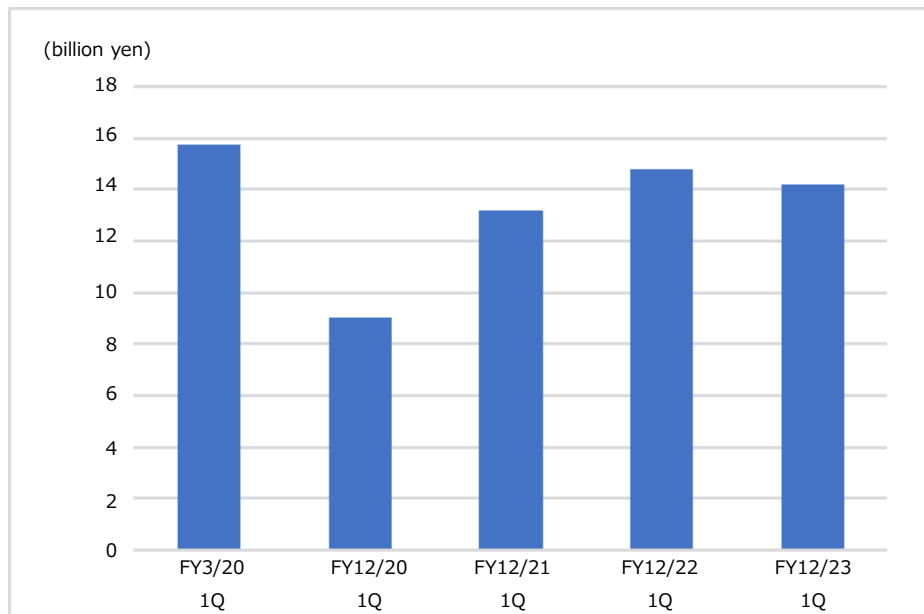
5. Renovation Business Orders Received and Sales

<Sumitomo Forestry Home Tech>

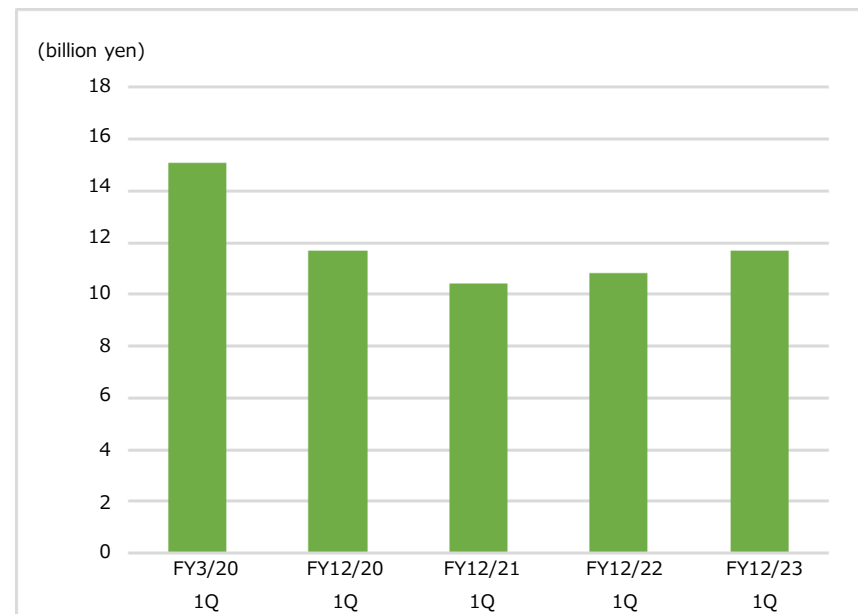
(billion yen)

	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Orders received	14.8	14.2	-0.6	-4.0%
Backlog of Orders Received at Term End	24.8	25.4	+0.6	+2.5%
Construction Completed	10.8	11.7	+0.9	+8.3%

◆ Trends in Orders Received



◆ Trends in Construction Completed



FY12/2023 First Quarter Results

6. Global Housing, Construction and Real Estate Segment Sales and Recurring Income

- U.S. :Despite the fall compared to the same period previous year, which was before mortgage rates rose sharply, the margin of decline was smaller than anticipated as the current mortgage rates level is gradually being accepted by customers.
- Australia: Even with the continued price pass-through, costs have continued to rise in areas such as materials and labor costs, resulting in a recurring income deficit.

(billion yen)

		Net Sales				Recurring Income			
		FY12/22 1Q	FY12/23 1Q	Change	Pct.	FY12/22 1Q	FY12/23 1Q	Change	Pct.
U.S.	US housing companies	130.1	140.2	+ 10.1	+ 7.7%	25.5	21.0	-4.5	-17.7%
	US real estate companies	12.7	11.5	-1.1	-9.0%	6.6	- 1.0	-7.7	-
Australia	Australia housing companies	17.7	25.6	+ 7.9	+ 44.4%	-0.2	- 0.2	+ 0.1	-
Other, housing and real estate		0.2	0.2	-0	-5.9%	0.5	- 0	-0.5	-
Other, consolidated adjustments, etc.		9.8	15.9	+ 6.1	-	-0.4	- 0.1	+ 0.4	-
Total		170.5	193.4	+ 22.9	+ 13.4%	31.9	19.7	-12.2	-38.4%

■ Conversion rate (average during term)

	FY12/22 1Q	FY12/23 1Q
USD/JPY	116.34	132.39
AUD/JPY	84.31	90.49

FY12/2023 First Quarter Results

7. Global Single Family Homes Business and Construction Business

- U.S. : Orders were on a recovery trend due to improvement in customers' home purchase mindsets. Unit selling price exceeded expectations at the beginning of the fiscal year due to appropriate price setting and successful sales strategy, resulting in a year-on-year increase on a local currency basis. Order backlog increased from the start of the fiscal year against the backdrop of strong order performance.
- Australia: The number of units ordered fell year-on-year due to a stronger "wait-and-see" attitude among customers and an increase in mortgage rates. Unit selling price increased year-on-year on the back of continued price pass-through.

<U.S.>

	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Number of units ordered	2,893	2,693	-200	-6.9%
Number of units sold	2,287	2,142	-145	-6.3%
Sales (billion yen)	130.1	140.2	+10.1	+7.7%
(million USD)	1,118	1,059	-60	-5.3%
Unit selling price (million yen)	56.9	65.5	+8.6	+15.0%
(thousand USD)	489	494	+5	+1.1%

<Australia>

	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Number of units ordered	683	594	-89	-13.0%
Number of units sold	585	691	+106	+18.1%
Sales (billion yen)	17.7	25.6	+7.9	+44.4%
(million AUD)	210	283	+73	+34.6%
Unit selling price (million yen)	30.3	37.1	+6.8	+22.3%
(thousand AUD)	359	410	+50	+14.0%

Order backlog	7,707	3,535	-4,172	-54.1%
Lots owned (completed inventory)	41,238	41,673	+435	+1.1%
	317	1,574	+1,257	+396.5%
Option lots	34,584	26,985	-7,599	-22.0%

<Construction Business>

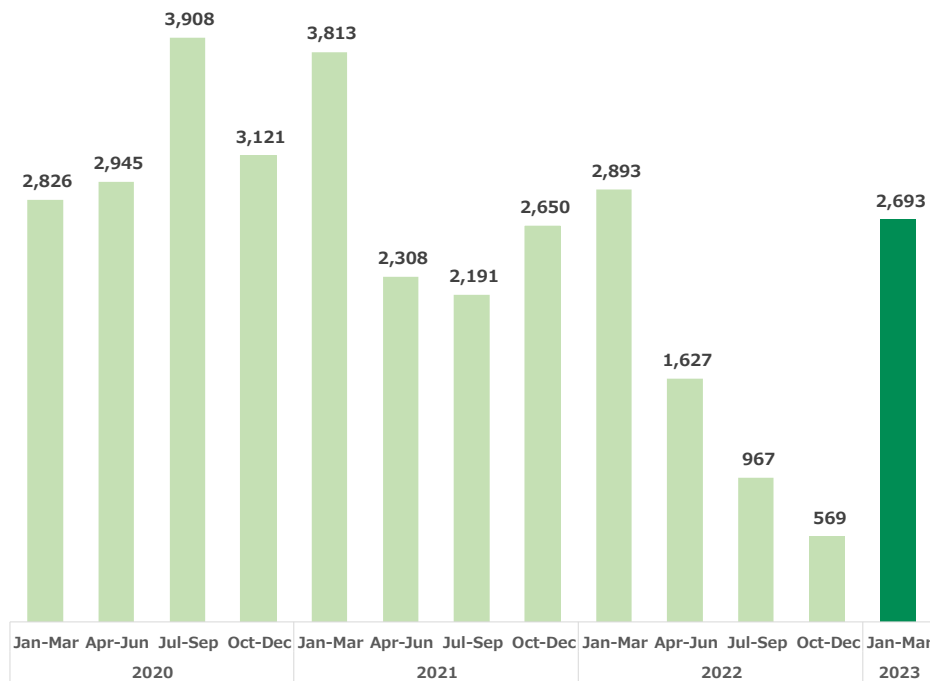
	FY12/22 1Q	FY12/23 1Q	Change	Pct.
Orders received	0	1.4	+1.4	-
Sales	1.1	1.7	+0.6	+53.1%

FY12/2023 First Quarter Results

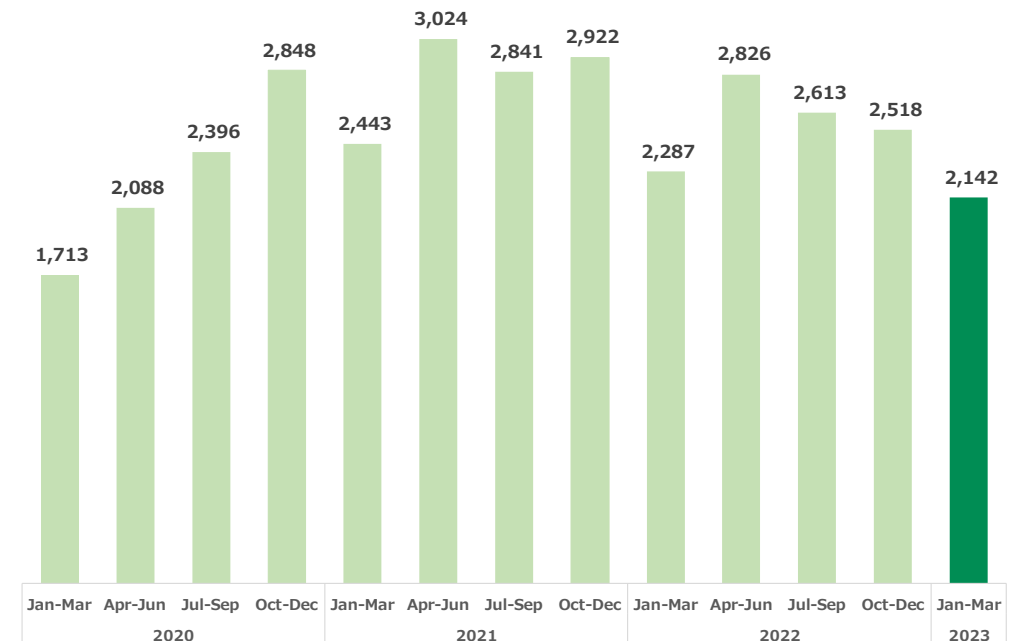
8. US Single Family Homes Business – Trends in Orders Received and Number of Units Sold

- The number of units ordered recovered significantly, and the number of units sold did not fall significantly below previous first-quarter results.

Trends in number of units ordered for US single family homes
(units)



Trends in number of units sold for US single family homes
(units)

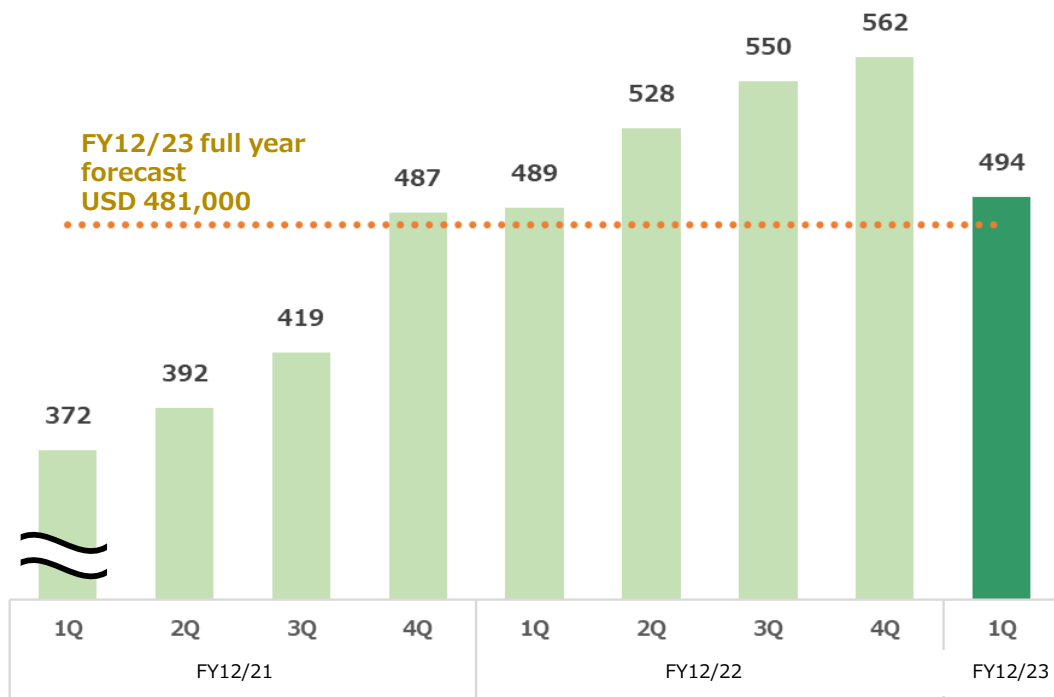


FY12/2023 First Quarter Results

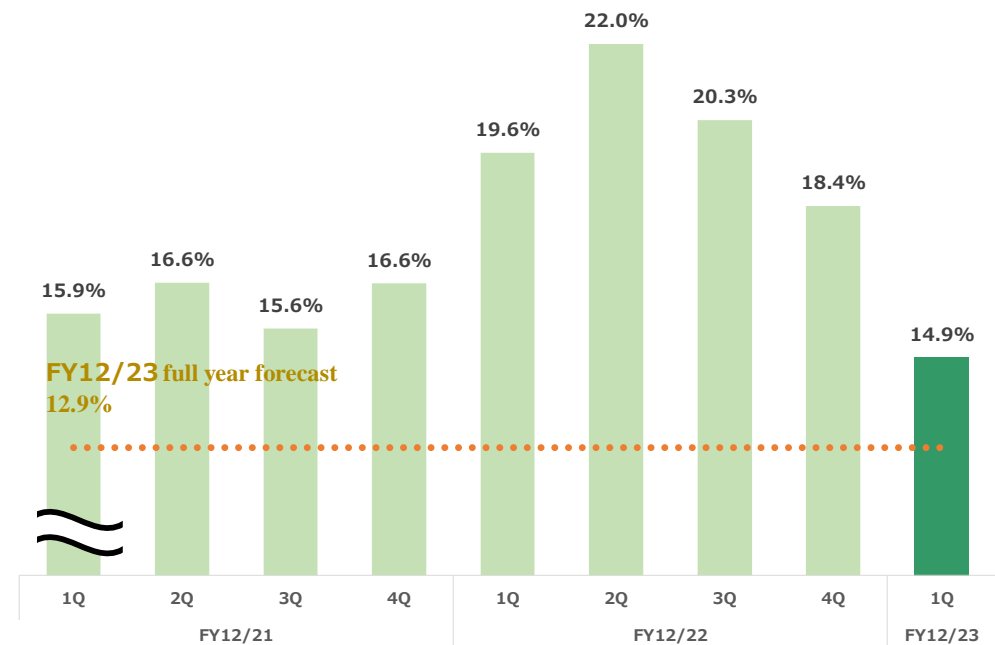
9. US Single Family Homes Business – Trends in Unit Selling Price and Recurring Income to Net Sales Ratio

- Both unit selling price and recurring income to net sales ratio remained at levels above the full year forecast.

Trends in Unit Selling Price for US Single Family Homes
(thousand USD)



Trends in Recurring Income to Net Sales Ratio for US Single Family Homes
(units)



FY12/2023 First Quarter Results

10. Balance Sheet

(billion yen)

	End of December 2022	End of FY12/23 1Q	Change		End of December 2022	End of FY12/23 1Q	Change
Cash, deposits, securities	131.9	108.2	-23.7	Payables	239.8	224.6	-15.1
Receivables	212.4	205.9	-6.5	Short-term debt • CP	46.0	65.4	+19.5
Finished goods	38.0	34.0	-4.1	Contract liabilities	80.1	86.7	+6.6
Real estate for sale	106.4	113.1	+6.7	Current portion of bonds payable	10.0	20.0	+10.0
Real estate for sale in process	434.0	437.2	+3.2	Other current liabilities	118.3	99.7	-18.5
Construction projects in progress	16.1	18.0	+1.9	Long-term debt/bonds issued	277.9	254.0	-24.0
Other receivables	56.9	55.9	-1.0	Liability for retirement benefits	11.8	11.7	-0.1
Other current assets	76.9	74.4	-2.6	Other long-term liabilities	71.2	74.0	+2.8
Total current assets	1,072.8	1,046.7	-26.1	Liabilities	855.0	836.2	-18.9
Tangible fixed assets	198.8	200.6	+1.8	Shareholders' equity	526.3	527.7	+1.3
Intangible fixed assets	22.9	28.1	+5.2	Accumulated other comprehensive income	101.2	105.2	+4.0
Investments and other assets	243.2	250.6	+7.4	Non-controlling interests	55.0	56.9	+1.8
Total non-current assets	464.8	479.3	+14.5	Net assets	682.6	689.8	+7.2
Total assets	1,537.6	1,526.0	-11.6	Total liabilities/net assets	1,537.6	1,526.0	-11.6

FY12/2023 Full Year Forecast



FY12/2023 Full Year Forecast

1. Statements of Income

- Remains unchanged since the start of the fiscal year.

(billion yen)

(Consolidated)	FY12/22	FY12/23 Forecast	Change	Pct.
Net Sales	1,669.7	1,598.0	-71.7	-4.3%
Gross Profit	393.0	355.5	-37.5	-9.5%
SG&A Expenses	234.7	254.0	+19.3	+8.2%
Operating Income	158.3	101.5	-56.8	-35.9%
Recurring Income	195.0	120.0	-75.0	-38.5%
Net Income	108.7	77.0	-31.7	-29.1%

*Without actuarial differences

SG&A Expenses	242.7	254.0	+11.3	+4.7%
Recurring Income	187.0	120.0	-67.0	-35.8%

* "Net income attributable to owners of parent" is expressed as "Net income."

FY12/2023 Full Year Forecast

2. Segment Sales and Recurring Income

➤ Remains unchanged since the start of the fiscal year.

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/22	FY12/23 Forecast	Change	Pct.	FY12/22	FY12/23 Forecast	Change	Pct.
Timber and Building Materials	273.7	278.0	+4.3	+1.6%	14.9	15.0	+0.1	+0.8%
Housing	533.5	519.0	-14.5	-2.7%	15.9	23.5	+7.6	+47.8%
Global Housing, Construction and Real Estate	848.7	805.0	-43.7	-5.2%	161.3	85.0	-76.3	-47.3%
Environment and Resources	21.9	26.0	+4.1	+18.9%	1.4	2.3	+0.9	+65.3%
Other	24.6	28.0	+3.4	+14.0%	1.9	2.4	+0.5	+23.9%
Adjustment	-32.7	-58.0	-25.3	-	-0.4	-8.2	-7.8	-
Total	1,669.7	1,598.0	-71.7	-4.3%	195.0	120.0	-75.0	-38.5%

*FY12/23 forecasts are compared with FY12/22 results under the old segment classification.

FY12/2023 Full Year Forecast

3. Domestic Housing Business Orders Received and Sales

- Remains unchanged since the start of the fiscal year.
Gross profit margin continues to improve due to the effects of falling timber prices and review of selling prices for housing.

(billion yen)

		Orders received				Sales			
		FY12/22	FY12/23 Forecast	Change	Pct.	FY12/22	FY12/23 Forecast	Change	Pct.
Contract business	Custom-built detached houses *1	352.6	364.0	+ 11.4	+ 3.2%	357.9	359.0	+ 1.1	+0.3%
	(Units)	(8,031)	(8,350)	(+319)	(+ 4.0%)	(8,300)	(8,300)	(+0)	(+ 0.0%)
	(Unit price (mil. yen)) *2	(39.5)	(39.5)	(+ 0.0)	(+ 0.1%)	(41.5)	(43.2)	(+ 1.7)	(+ 4.0%)
	Apartments	16.3	18.0	+ 1.7	+ 10.3%	14.6	16.4	+ 1.8	+ 12.6%
	Other contracts	4.5	-	-	-	4.2	-	-	-
Other	Detached spec home					18.9	19.1	+ 0.2	+ 1.1%
	Other *3					3.4	2.5	-0.9	-26.4%
Net Sales Total						398.9	397.0	-1.9	-0.5%
Profit Ratio						19.1%	21.8%	+ 2.7p	
Gross Profit						76.2	86.5	+ 10.3	+ 13.6%

*1. Custom-built detached houses sales amount includes land for custom-built housing and interior products, etc.

*2. Unit price for orders received was calculated from orders received at the time of contract signing for units ordered in the current period.
Orders received for additional construction were not included.

*3. Other sales amount includes home renovation business, commission sales from insurance agency business, etc.

*4. Refer to "6. Global Single Family Homes Business and Construction Business" (page 22) for FY12/23 plans for "Other contracts."

FY12/2023 Full Year Forecast

4. Renovation Business Orders Received and Sales

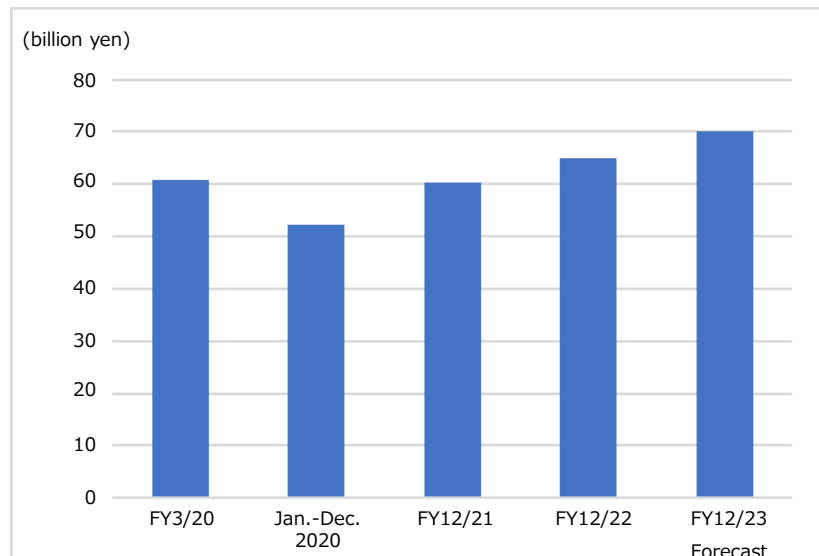
<Sumitomo Forestry Home Tech>

(billion yen)

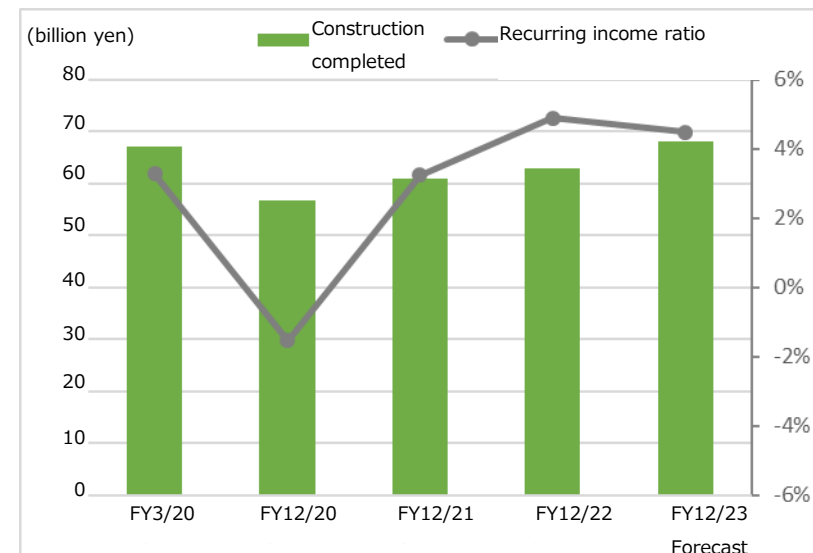
	FY12/22	FY12/23 Forecast	Change	Pct.
Orders received	65.0	70.0	+5.0	+7.7%
Backlog of Orders Received at Term End	22.9	24.9	+2.0	+8.7%
Construction Completed	62.9	68.0	+5.1	+8.2%
Profit Ratio	4.9%	4.5%	-0.4p	
Gross Profit	3.2	3.2	-0.0	-1.0%

➤ Remains unchanged since the start of the fiscal year.

◆ Trends in Orders Received



◆ Trends in Construction Completed



*For FY12/20, the recurring income ratio was calculated for the nine months from April to December 2020, and completed construction was calculated for the 12 months from January to December 2020.

FY12/2023 Full Year Forecast

5. Global Housing, Construction and Real Estate Segment Sales and Recurring Income

➤ Remains unchanged since the start of the fiscal year.

(billion yen)

		Net Sales				Recurring Income			
		FY12/22	FY12/23 Forecast	Change	Pct.	FY12/22	FY12/23 Forecast	Change	Pct.
U.S.	US housing companies	683.9	563.0	-120.9	-17.7%	137.5	72.5	-65.0	-47.3%
	US real estate companies	48.5	43.0	-5.5	-11.3%	23.5	8.5	-15.0	-63.8%
Australia	Australia housing companies	97.2	138.0	+40.8	+41.9%	1.2	3.5	+2.3	+204.2%
Other, housing and real estate		0.9	0.8	-0.1	-7.9%	2.0	-0.3	-2.3	-
Other, consolidated adjustments, etc.		18.2	60.2	+42.0	+230.0%	-2.9	0.8	+3.7	-
Total		848.7	805.0	-43.7	-5.2%	161.3	85.0	-76.3	-47.3%

*From FY12/23, construction Business results include "Other, consolidated adjustments, etc."

■ Conversion rate

	FY12/22	FY12/23
USD/JPY	131.52	130.00
AUD/JPY	91.11	90.00

FY12/2023 Full Year Forecast

6. Global Single Family Homes Business and Construction Business

➤ Remains unchanged since the start of the fiscal year.

<US Single Family Homes Business>

(units, billion yen)

	FY12/22	FY12/23 Forecast	Change	Pct.
Number of units sold	10,244	9,000	-1,244	-12.1%
Sales (billion yen)	683.9	563.0	-120.9	-17.7%
(million USD)	5,200	4,331	-869	-16.7%
Unit selling price (million yen)	66.8	62.6	-4.2	-6.3%
(thousand USD)	508	481	-26	-5.2%

<Construction Business>

(billion yen)

	FY12/22	FY12/23 Forecast	Change	Pct.
Orders received	4.5	5.5	+ 1.0	+22.3%
Sales	4.2	5.3	+ 1.1	+25.4%

<Australia Single Family Homes Business>

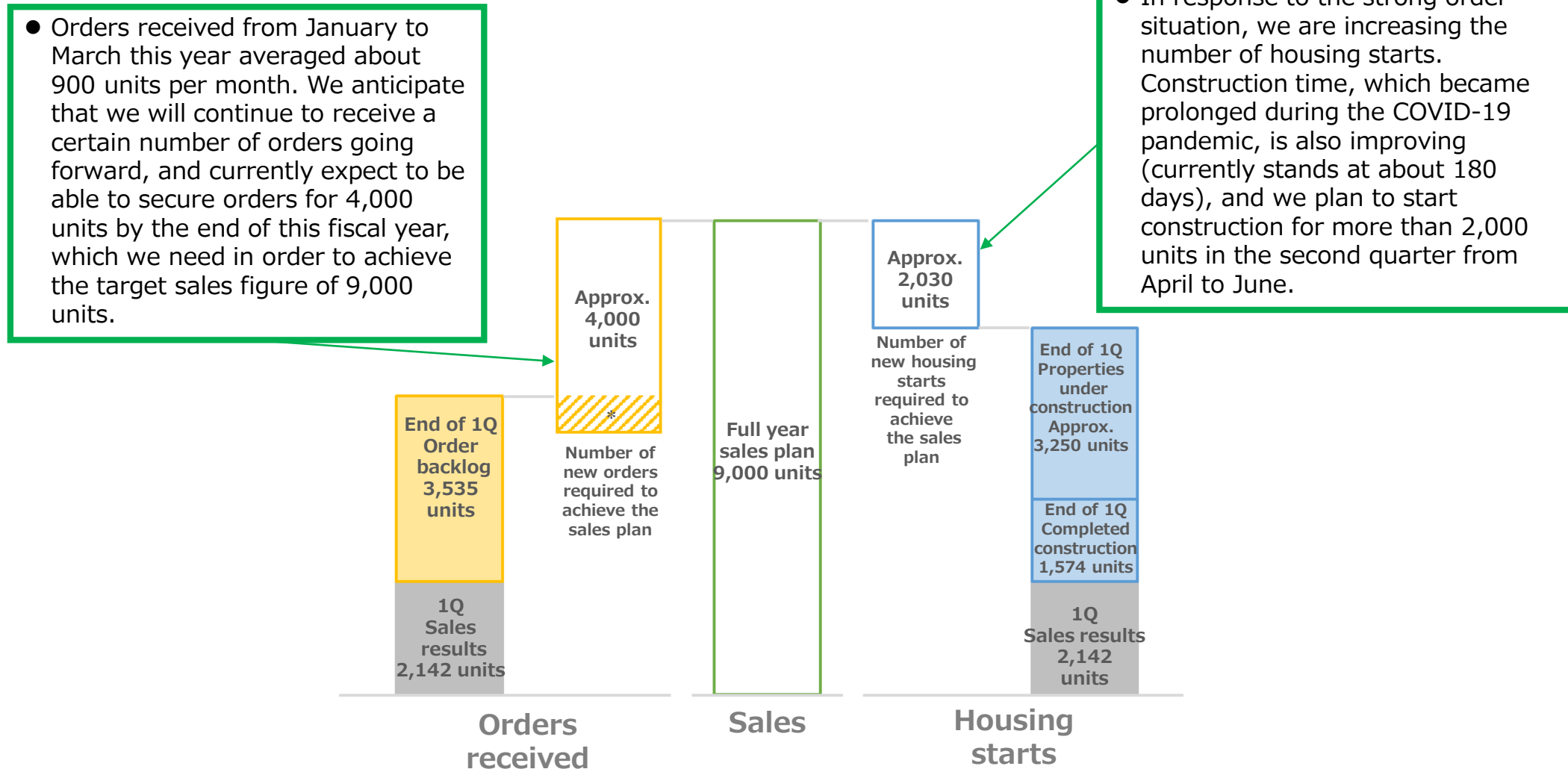
(units, billion yen)

	FY12/22	FY12/23 Forecast	Change	Pct.
Number of units sold	2,787	3,500	+ 713	+25.6%
Sales (billion yen)	97.2	138.0	+ 40.8	+41.9%
(million AUD)	1,067	1,533	+ 466	+43.7%
Unit selling price (million yen)	34.9	39.4	+4.5	+13.0%
(thousand AUD)	383	438	+ 55	+14.4%

FY12/2023 Full Year Forecast

7. Full Year Sales Outlook for US Single Family Homes Business

- Orders and housing starts will remain steady toward the target sales figure of 9,000 units. We aim to accumulate even more orders while steadily achieving the target sales units for the full year.



*About 20% (approx. 700 units) of order cancellations is assumed to arise from the order backlog.



Thank you for listening.

- The forecast figures in this presentation are based on projections deemed logical at the time when it was prepared. Actual performance may differ materially from these projections.
- This document does not constitute a solicitation to invest or purchase any financial instruments.