

Happiness Grows from Trees



FY12/2020 Financial Overview and FY 12/2021 Forecast



February 16, 2021

Notes

- “Profit attributable to owners of the parent” is expressed as “net income.”
- Since FY12/20, in order to change the fiscal term end from March 31 to December 31, FY12/20 is the nine-month period from April to December. For overseas consolidated subsidiaries with a fiscal term ending in December, profits and losses from January to March 2020 have been incorporated as an increase or decrease of retained earnings at the beginning of the term in the consolidated financial statements for the fiscal term ending December 31, 2020.



- YoY change and percentage for FY12/20 are comparisons with the first nine months of FY3/20.

FY12/2020 Results



FY12/20 Results

1. Statements of Income

(billion yen)

(Consolidated)	FY3/20 3Q	FY12/20	Change	Pct.
Net Sales	802.7	839.9	+ 37.1	+ 4.6%
Gross Profit	175.4	191.3	+ 15.9	+ 9.1%
SG&A Expenses	137.1	143.9	+ 6.7	+ 4.9%
Operating Income	38.3	47.5	+ 9.2	+ 24.0%
Recurring Income	43.1	51.3	+ 8.2	+ 19.1%
Net Income	22.6	30.4	+ 7.8	+ 34.4%

*Without actuarial differences

SG&A Expenses	137.1	148.7	+ 11.5	+ 8.4%
Recurring Income	43.1	46.5	+ 3.4	+ 7.9%

- Increased sales volume and improved profitability of the spec homes business in the United States offset the decline in timber and building materials distribution business, manufacturing business, and domestic housing business due to COVID-19.

FY12/20 Results

2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY3/20 3Q	FY12/20	Change	Pct.	FY3/20 3Q	FY12/20	Change	Pct.
Timber and Building Materials	173.6	144.7	-28.9	-16.7%	5.1	2.3	-2.8	-54.7%
Housing and Construction	344.8	332.3	-12.5	-3.6%	15.7	8.5	-7.3	-46.3%
Overseas Housing and Real Estate	280.2	352.4	+72.2	+25.8%	22.9	44.0	+21.1	+92.1%
Environment and Resources	13.5	15.1	+1.6	+11.8%	2.4	1.7	-0.8	-31.0%
Other	17.3	18.4	+1.1	+6.4%	0.7	0.8	+0.1	+7.3%
Adjustment	-26.6	-22.9	+3.7	-	-3.9	-6.0	-2.1	-
Total	802.7	839.9	+37.1	+4.6%	43.1	51.3	+8.2	+19.1%

Timber and Building Materials: Sales and income down due to sluggish domestic and overseas market associated with spread of COVID-19

Housing and Construction: Current market conditions are recovering, but sales and profits decline due to delays in construction of custom-built detached houses and a decrease in the number of units completed in renovation business

Overseas Housing and Real Estate: Sales and income up substantially owing primarily to increase in number of units sold in United States detached housing business and decrease in amortization of goodwill

Environment and Resources: Sales up with strong performance of wood biomass power generation business, income down due to “loss on step acquisition” associated with making a reforestation business company a consolidated subsidiary.

FY12/20 Results

3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY3/20 3Q	FY12/20	Change	Pct.	FY3/20 3Q	FY12/20	Change	Pct.
Contract business	Custom-built detached houses	204.7	229.1	+24.4	+11.9%	228.3	219.9	-8.3	-3.6%
	(Units)	(5,507)	(5,924)	(+417)	(+7.6%)	(5,089)	(5,292)	(+203)	(+4.0%)
	(Unit price(mil. yen))	(34.6)	(35.0)	(+0.5)	-	(38.9)	(39.4)	(+0.6)	-
	Apartments	11.8	10.1	-1.7	-14.7%	11.8	12.1	+0.3	+2.6%
	Other contracts	1.1	1.1	-0.0	-4.2%	2.4	1.3	-1.1	-45.1%
Spec home and development business	Detached spec home					8.7	14.1	+5.4	+61.8%
	Land for custom-built housing					4.7	6.8	+2.2	+46.6%
	Existing home renovation					1.0	0.7	-0.3	-27.4%
	Other					4.4	2.6	-1.8	-41.3%
Net Sales Total						261.3	257.6	-3.7	-1.4%
Profit Ratio						23.5%	22.4%	-1.1p	
Gross Profit						61.4	57.8	-3.7	-6.0%

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

FY12/20 Results

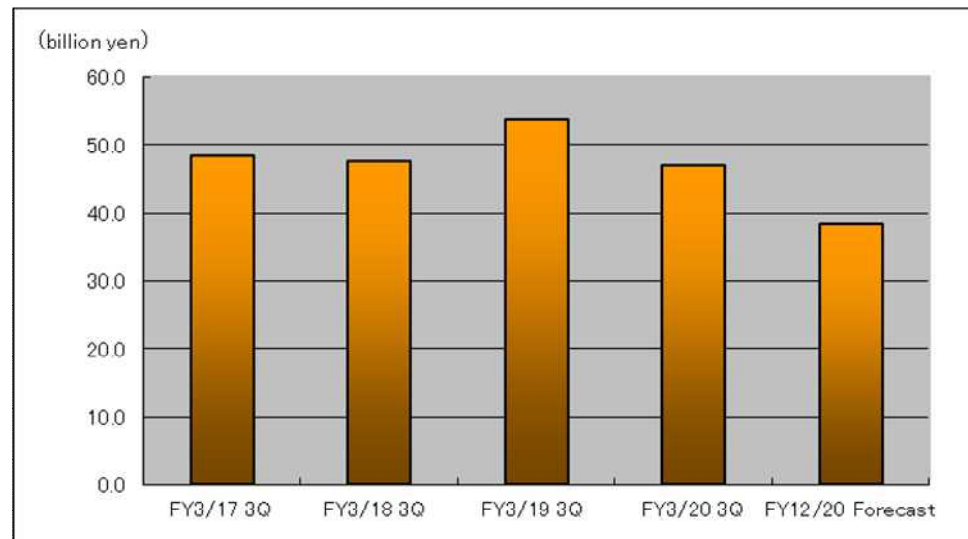
4. Renovation Business Orders Received and Sales

<Sumitomo Forestry Home Tech>

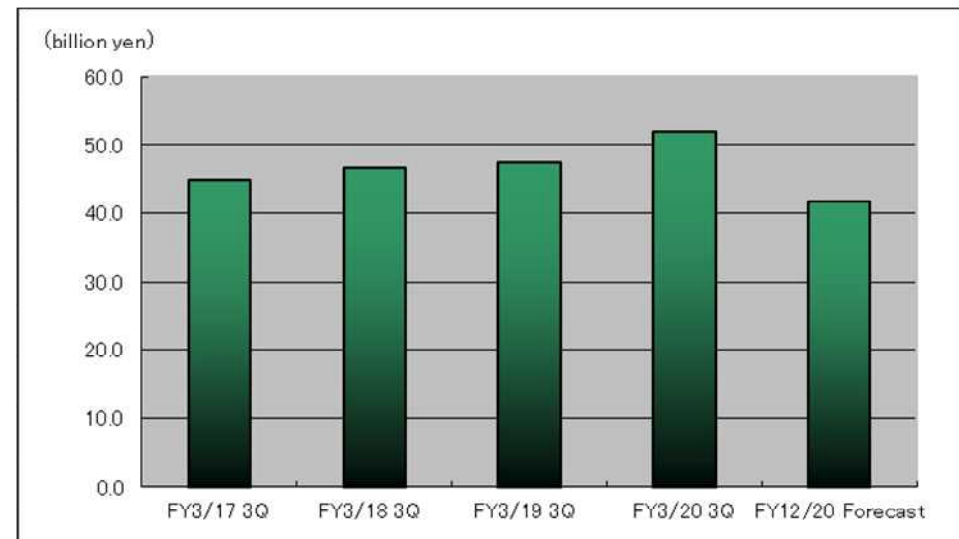
(billion yen)

	FY3/20 3Q	FY12/20	Change	Pct.
Orders received	46.9	38.5	-8.4	-17.9%
Construction Completed	52.0	41.7	-10.3	-19.8%
Backlog of Orders Received at Term End	26.0	21.5	-4.4	-17.1%

◆ Trends in Orders Received



◆ Trends in Construction Completed



FY12/20 Results

5. Overseas Housing and Real Estate Segment Sales and Recurring Income

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 3Q Jan-Sep 2019	FY12/20 Apr-Dec 2020	Change	Pct.	FY3/20 3Q Jan-Sep 2019	FY12/20 Apr-Dec 2020	Change	Pct.
Affiliate Total	281.8	354.1	+72.4	+25.7%	29.4	47.0	+17.6	+60.0%
USA	228.7	293.5	+64.8	+28.3%	26.7	43.2	+16.5	+62.0%
Australia	52.5	60.0	+7.6	+14.4%	2.7	2.9	+0.2	+8.3%
others	0.5	0.6	+0.1	+11.1%	0.0	0.9	+0.9	-
Other, Consolidated Adjustments, etc.	-1.5	-1.8	-0.2	-	-6.4	-2.9	+3.5	-
Total	280.2	352.4	+72.2	+25.8%	22.9	44.0	+21.1	+92.1%

● Number of Units Sold by Country

	FY3/20 3Q Jan-Sep 2019	FY12/20 Apr-Dec 2020	Change	Pct.
US	5,584	7,332	+1,748	+31.3%
Australia	1,716	2,217	+501	+29.2%
Total	7,300	9,549	+2,249	+30.8%

● Conversion rate (average during term)

	FY3/20 3Q Jan-Sep 2019	FY12/20 Apr-Dec 2020
US\$/JPY	109.12	106.02
AU\$/JPY	76.31	74.32
NZ\$/JPY	72.47	69.48

FY12/20 Results

(Reference) Comparison with Same Period

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 Apr-Dec 2019	FY12/20 Apr-Dec 2020	Change	Pct.	FY3/20 Apr-Dec 2019	FY12/20 Apr-Dec 2020	Change	Pct.
Affiliate Total	323.1	354.1	+31.1	+9.6%	36.5	47.0	+10.5	+28.8%
USA	264.4	293.5	+29.1	+11.0%	32.9	43.2	+10.3	+31.4%
Australia	58.2	60.0	+1.9	+3.2%	3.5	2.9	-0.6	-17.9%
others	0.5	0.6	+0.1	+14.3%	0.1	0.9	+0.8	751.2%
Other, Consolidated Adjustments, etc.	-1.7	-1.8	-0.0	-	-1.9	-2.9	-1.0	-
Total	321.4	352.4	+31.0	+9.7%	34.5	44.0	+9.5	+27.5%

● Number of Units Sold by Country

	FY3/20 Apr-Dec 2019	FY12/20 Apr-Dec 2020	Change	Pct.
US	6,499	7,332	+833	+12.8%
Australia	1,907	2,217	+311	+16.3%
Total	8,406	9,549	+1,144	+13.6%

Referenve

Overseas Housing and Real Estate Segment Trend in Number of Units Sold by Country

■ 2019

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	(Units) Jan-Dec
Fiscal Period	1Q FY3/20	2Q FY3/20	3Q FY3/20	4Q FY3/20	—	FY3/20
US	1,474	2,032	2,078	2,389	6,499	7,973
Australia	511	598	607	701	1,907	2,417
Total	1,985	2,630	2,685	3,090	8,406	10,390

■ 2020

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
Fiscal Period	—	1Q FY12/20	2Q FY12/20	3Q FY12/20	FY12/20	—
US	1,713	2,088	2,396	2,848	7,332	9,045
Australia	543	669	734	814	2,217	2,760
Total	2,256	2,757	3,130	3,662	9,549	11,805

■ Pct.

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
US	+16.2%	+2.8%	+15.3%	+19.2%	+12.8%	+13.4%
Australia	+6.2%	+11.9%	+21.0%	+16.0%	+16.3%	+14.2%
Total	+13.6%	+4.8%	+16.6%	+18.5%	+13.6%	+13.6%

FY12/20 Results

6. Investments

◆ Capital Expenditures

< acquired basis >

(billion yen)

(Consolidated)	FY3/20	FY12/20	Change	Pct.
Tangible Fixed Assets	32.4	18.1	-14.3	-44.1%
Intangible Fixed Asstes	3.5	3.0	-0.5	-13.9%
Other	2.3	2.8	+0.6	+25.0%
Total	38.2	23.9	-14.2	-37.2%

◆ Main investments

US profit-earning real estate development	··· 5.4 billion yen
Domestic and overseas housing display centers	··· 5.0 billion yen
Production equipment in manufacturing business	··· 2.7 billion yen
IT investment	··· 3.0 billion yen

FY12/20 Results

7. Balance Sheet and Cash Flow

				(billion yen)			(billion yen)			
	End of March 2020	End of December 2020	Change		End of March 2020	End of December 2020	Change		FY3/20	FY12/20
Cash, deposits, securities	96.4	89.1	-7.4	Payables	192.5	191.8	-0.6	Operating CF	46	47
Receivables	157.8	164.8	7.0	Short-term debt (Bank loans)	39.4	50.1	10.7	Investing CF	-39	-45
Finished goods	28.4	23.2	-5.2	Commercial paper	-	10.0	10.0	Free CF	6.8	2.2
Real estate for sale	66.7	54.0	-12.7	Advances received from customers	35.2	33.0	-2.3	Financial CF	1.1	-6.8
Real estate for sale in process	185.4	225.3	39.9	Other current liabilities	95.8	95.4	-0.4			
Construction projects in progress	14.2	15.0	0.8	Long-term debt/bonds issued	220.6	233.3	12.7			
Other receivables	46.4	46.5	0.1	Liability for retirement benefits	22.6	18.7	-3.9			
Other current assets	40.8	60.2	19.4	Other long-term liabilities	41.6	59.4	17.8			
Total current assets	636.1	678.0	41.9	Liabilities	647.7	691.7	44.0			
Tangible fixed assets	179.4	185.9	6.5	Shareholders' equity	307.3	332.4	25.1			
Intangible fixed assets	22.5	21.6	-0.8	Accumulated other comprehensive income	15.2	35.1	19.9			
Investments and other assets	166.8	205.6	38.8	Non-controlling interests	34.6	32.0	-2.6			
Total non-current assets	368.7	413.2	44.5	Net assets	357.1	399.5	42.4			
Total assets	1,004.8	1,091.2	86.4	Total liabilities/net assets	1,004.8	1,091.2	86.4			

FY12/2021 Forecast



FY12/21 Forecast

1. Statements of Income (Compared to FY3/20)

(billion yen)

(Consolidated)	FY3/20	FY12/20 Forecast	Change	Pct.
Net Sales	1,104.1	1,257.0	+152.9	+13.8%
Gross Profit	242.7	278.0	+35.3	+14.5%
SG&A Expenses	191.3	205.5	+14.2	+7.4%
Operating Income	51.4	72.5	+21.1	+41.1%
Recurring Income	58.8	80.0	+21.2	+36.0%
Net Income	27.9	48.0	+20.1	+72.3%

*Without actuarial differences

SG&A Expenses	188.7	205.5	+16.8	+8.9%
Recurring Income	61.4	80.0	+18.6	+30.3%

- Increase net sales and income due to the strong performance of detached housing business in the United States . The performance of the domestic housing business will recover in view of the current environment.
- Net sales(1,260 billion yen) and recurring income(85 billion yen), which are the targets of the medium-term management plan, are slightly below. On the other hand, the net income target(48 billion yen) will achieve.

FY12/21 Forecast

2. Segment Sales and Recurring Income (Compared to FY3/20)

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY3/20	FY12/21 Forecast	Change	Pct.	FY3/20	FY12/21 Forecast	Change	Pct.
Timber and Building Materials	223.6	212.0	-11.6	-5.2%	6.1	5.5	-0.6	-9.8%
Housing and Construction	474.0	495.0	+21.0	+4.4%	22.6	20.0	-2.6	-11.4%
Overseas Housing and Real Estate	399.4	545.0	+145.6	+36.5%	34.5	56.0	+21.5	+62.1%
Environment and Resources	19.3	22.0	+2.7	+14.2%	3.6	3.0	-0.6	-15.5%
Other	23.4	26.0	+2.6	+11.0%	1.5	2.5	+1.0	+68.4%
Adjustment	-35.6	-43.0	-7.4	-	-9.4	-7.0	+2.4	-
Total	1,104.1	1,257.0	+152.9	+13.8%	58.8	80.0	+21.2	+36.0%

Timber and Building Materials: The domestic housing-related market is recovering. Improve the operating rate at overseas manufacturing plants.

Housing and Construction: Recovery of the number of orders received and deliveries for custom-built detached houses. Made Cohnan Kensetsu a consolidated subsidiary (Expansion of medium- and large- scale wooden architectural structures business).

Overseas Housing and Real Estate: Expanding area in United States business. Early start of construction of backlog at the beginning of the term.

Environment and Resources: The end of the measures to address dramatic changes in the wood biomass power generation business. Start of operation of Kanda biomass power generation.

FY12/21 Forecast

3. Domestic Housing Business Orders Received and Sales (Compared to Jan.-Dec.2020)

(billion yen)

		Orders received				Sales			
		Jan-Dec 2020	FY12/21 Forecast	Change	Pct.	Jan-Dec 2020	FY12/21 Forecast	Change	Pct.
Contract business	Custom-built detached houses	313.7	298.0	-15.7	-5.0%	302.7	310.0	+7.3	+2.4%
	(Units)	(8,143)	(7,800)	(-343)	(-4.2%)	(7,630)	(8,000)	(+370)	(+4.8%)
	(Unit price (mil. yen))	-	(34.4)	-	-	-	(39.2)	-	-
	Apartments	16.6	13.0	-3.6	-21.5%	18.3	16.0	-2.3	-12.4%
	Other contracts	1.6	5.0	+3.4	+215.0%	2.8	2.0	-0.8	-28.6%
Spec home and development business	Detached spec home					19.3	16.0	-3.3	-17.3%
	Land for custom-built housing					10.1	11.0	+0.9	+9.1%
	Existing home renovation					1.0	0.9	-0.1	-14.0%
	Other					4.1	6.1	+2.0	+50.5%
Net Sales Total						358.3	362.0	+3.7	+1.0%
Profit Ratio						22.7%	23.1%	+0.4p	
Gross Profit						81.3	83.5	+2.2	+2.7%

* Unit price for orders received was calculated from orders received at time of contract signing for units ordered this period. Orders received for additional construction are not included.

FY12/21 Forecast

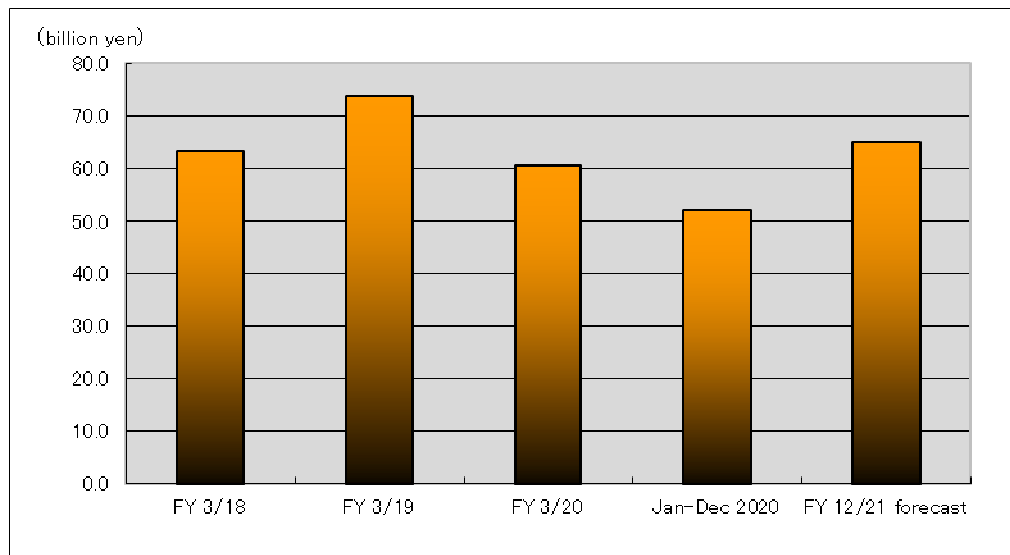
4. Renovation Business Orders Received and Sales (Compared to Jan.- Dec. 2020)

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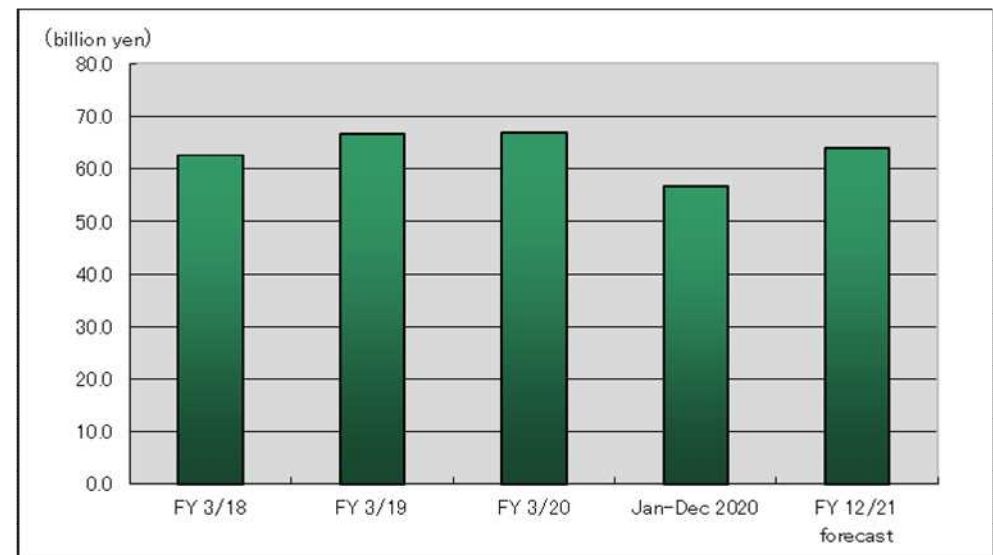
(billion yen)

	Jan-Dec 2020	FY12/21 Forecast	Change	Pct.
Orderes received	52.3	65.0	+ 12.7	+ 24.4%
Construction Completed	56.7	64.0	+ 7.3	+ 12.8%
Backlog of Orders Received at Term End	21.5	22.5	+ 1.0	+ 4.7%

◆ Trends in Orders Received



◆ Trends in Construction Completed



FY12/21 Forecast

5. Overseas Housing and Real Estate Segment Sales and Recurring Income (Compared to FY3/20)

(billion yen)

	Net Sales				Recurring Income			
	FY3/20 Jan-Dec 2019	FY12/21 Forecast Jan-Dec 2021	Change	Pct.	FY3/20 Jan-Dec 2019	FY12/21 Forecast Jan-Dec 2021	Change	Pct.
Affiliate Total	401.5	545.5	+143.9	+35.8%	42.8	61.3	+18.5	+43.3%
USA	327.4	452.5	+125.1	+38.2%	38.4	56.2	+17.7	+46.1%
Australia	73.5	92.3	+18.8	+25.7%	4.3	3.7	-0.6	-14.1%
others	0.7	0.7	-0.0	-5.2%	0.1	1.5	+1.4	-
Other, Consolidated Adjustments, etc.	-2.2	-0.5	+1.7	-	-8.2	-5.3	+3.0	-
Total	399.4	545.0	+145.6	+36.5%	34.5	56.0	+21.5	+62.1%

FY12/21 Forecast

(Reference) Performance of Overseas Housing and Real Estate Business (Trend for 3 years)

(billion yen)

	Net Sales					Recurring Income				
	Jan-Dec 2019	Jan-Dec 2020	FY21/21 Forecast Jan-Dec 2021	Change	Pct.	Jan-Dec 2019	Jan-Dec 2020	FY21/21 Forecast Jan-Dec 2021	Change	Pct.
USA Affiliate Total	304.0	346.9	418.1	+71.2	+20.5%	35.9	50.8	50.3	-0.5	-0.9%
Number of Units Sold	7,973	9,045	11,000	+1,955	+21.6%					
Australia Affiliate Total	72.3	72.7	95.4	+22.7	+31.3%	2.9	2.4	4.0	+1.6	+67.0%
Number of Units Sold	2,417	2,760	3,550	+790	+28.6%					
Crescent Communities	13.0	4.9	15.4	+10.5	+212.7%	3.7	-0.9	2.8	+3.8	-
Others Affiliate Total	0.7	0.8	0.7	-0.1	-14.6%	0.1	1.0	1.5	+0.5	+50.2%

● Conversion rate (average during term)

	Jan-Dec 2019	Jan-Dec 2020	FY12/21 Forecast Jan-Dec 2021
US\$/JPY	109.01	106.73	105.00
AU\$/JPY	75.80	73.68	80.00
NZ\$/JPY	71.86	69.40	75.00

FY12/21 Forecast

6. Investments

◆ Capital Expenditures

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(billion yen)

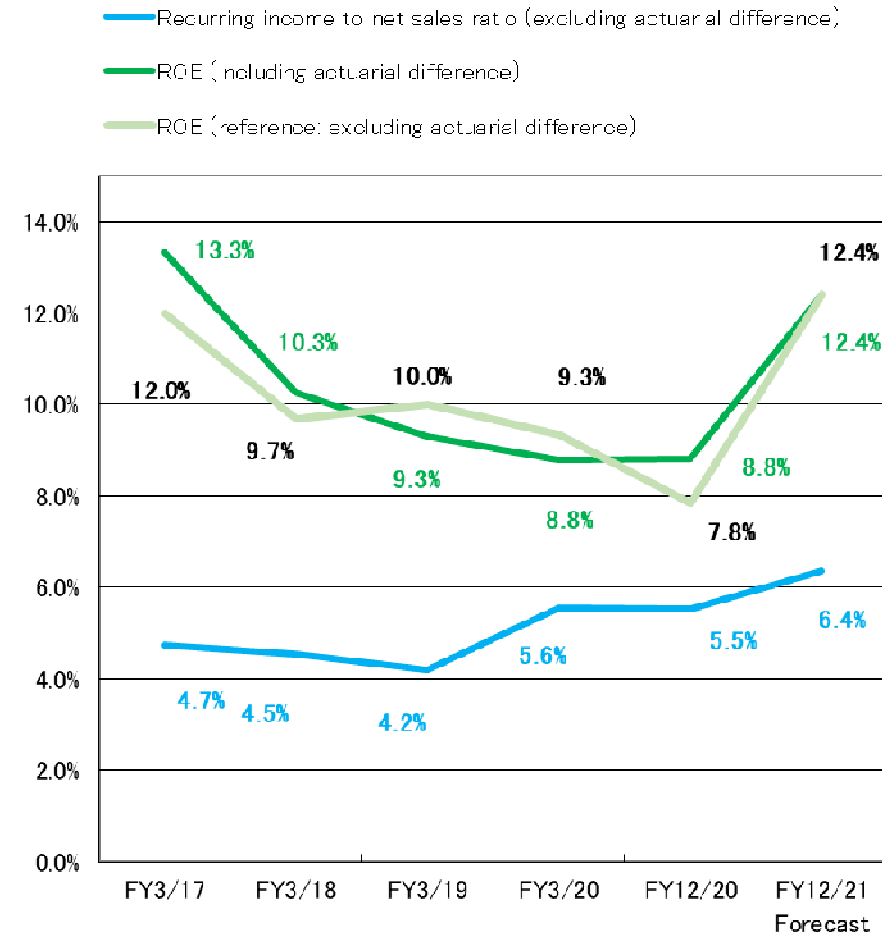
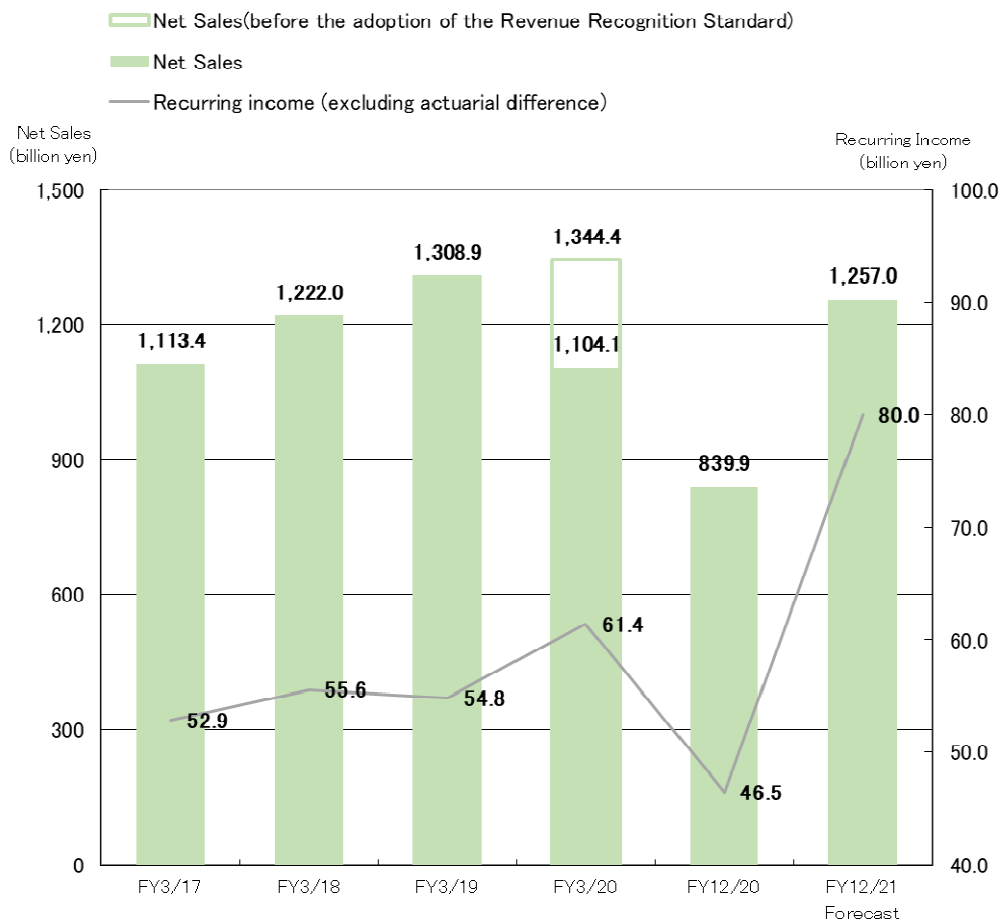
(Consolidated)	FY12/20	FY12/21 Forecast	Change	Pct.
Tangible Fixed Assets	18.1	26.1	+8.0	+44.1%
Intangible Fixed Asstes	3.0	5.0	+2.0	+66.4%
Other	2.8	1.9	-0.9	-33.0%
Total	23.9	33.0	+9.0	+37.8%

◆ Main investments

US profit-earning real estate development	··· 7.4 billion yen
Domestic and overseas housing display centers	··· 5.9 billion yen
Production equipment in manufacturing business	··· 3.8 billion yen
IT investment	··· 5.0 billion yen

FY 12/21 Forecast

7. Change in Profit and loss, Recurring income to net sales ratio and ROE



* Recurring income excludes actuarial difference.

* ROE (Reference) excluding actuarial difference is calculated using the effective statutory tax rate, and net assets for each period are not adjusted.

* The sales for FY3/20 are both before and after the adoption of the Revenue Recognition Standard.

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.

