

木と生きる幸福



FY12/2022 Financial Results and FY12/2023 Forecast



February 15, 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 segment→
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, so a revision of previous year's results (before FY12/2022) was not performed.

FY12/2022 Results



FY12/2022 Results

1. Statements of Income

- The Overseas Housing and Real Estate business, primarily in the United States, contributed to profit and loss, and the impact of the yen's depreciation contributed to record high recurring income and net income.

(billion yen)

(Consolidated)	FY12/21	FY12/22	Change	Pct.
Net Sales	1,385.9	1,669.7	+ 283.8	+20.5%
Gross Profit	322.0	393.0	+ 71.0	+22.0%
SG&A Expenses	208.3	234.7	+ 26.4	+12.7%
Operating Income	113.7	158.3	+ 44.6	+39.2%
Recurring Income	137.8	195.0	+ 57.2	+41.6%
Net Income	87.2	108.7	+ 21.5	+24.7%

*Without actuarial differences

SG&A Expenses	211.6	242.7	+ 31.1	+14.7%
Recurring Income	134.5	187.0	+ 52.5	+39.1%

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

● Conversion rate (average during term)

	FY12/21	FY12/22
USD/JPY	109.85	131.52
AUD/JPY	82.48	91.11

FY12/2022 Results

2. Segment Sales and Recurring Income

(billion yen)

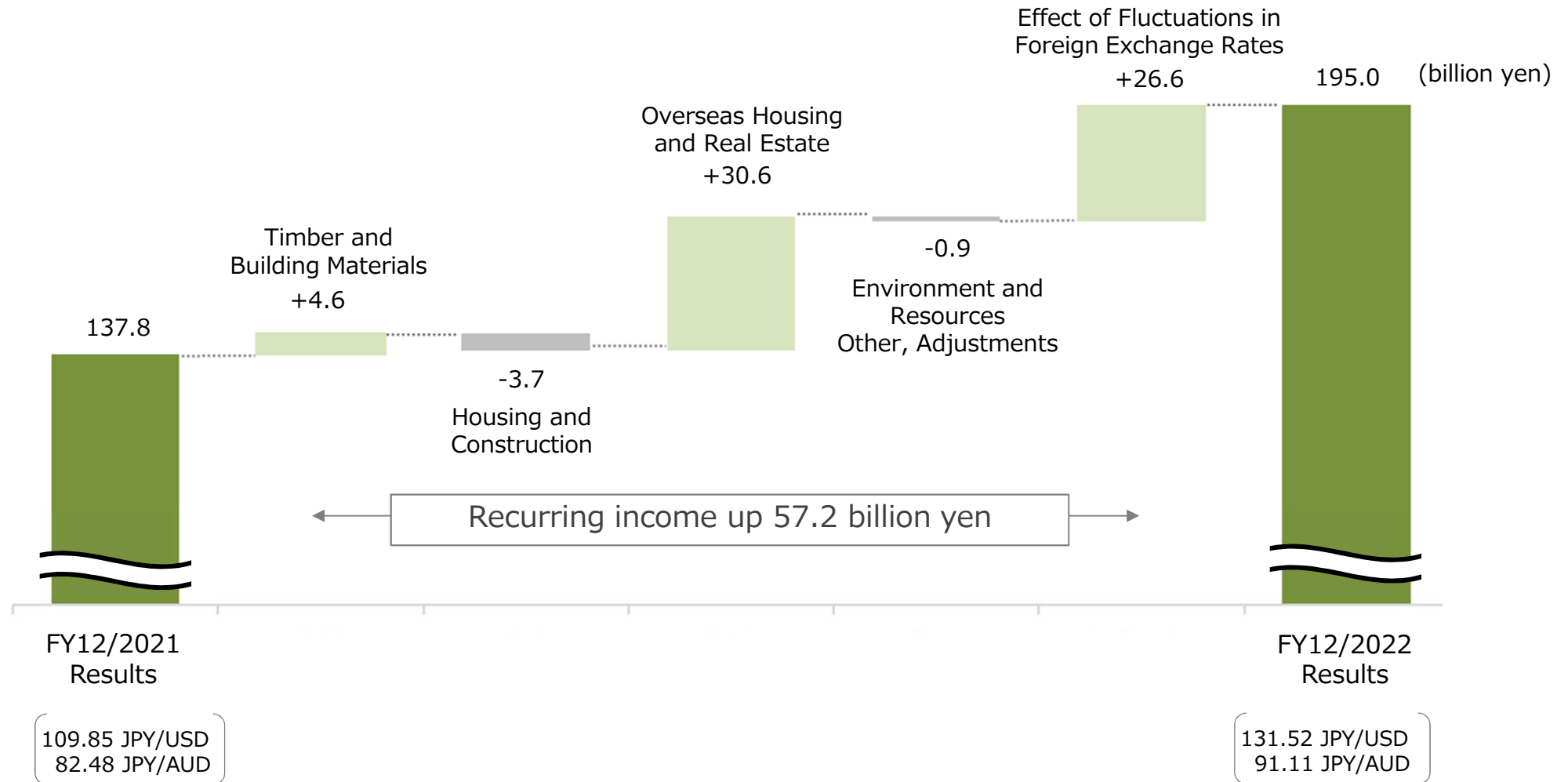
(Consolidated)	Net Sales				Recurring Income			
	FY12/21	FY12/22	Change	Pct.	FY12/21	FY12/22	Change	Pct.
Timber and Building Materials	216.9	273.7	+56.9	+26.2%	10.0	14.9	+4.9	+49.0%
Housing and Construction	510.9	533.5	+22.6	+4.4%	19.6	15.9	-3.7	-19.1%
Overseas Housing and Real Estate	644.6	848.7	+204.2	+31.7%	104.3	161.3	+57.0	+54.6%
Environment and Resources	22.3	21.9	-0.4	-1.9%	3.9	1.4	-2.5	-64.6%
Other	23.9	24.6	+0.6	+2.5%	3.0	1.9	-1.1	-35.7%
Adjustment	-32.7	-32.7	+0.0	-	-3.1	-0.4	+2.7	-
Total	1,385.9	1,669.7	+283.8	+20.5%	137.8	195.0	+57.2	+41.6%

- Timber and Building Materials: Sales and income up due to increased sales in the distribution business from the high prices of imported and domestic timber, and improved profitability in the overseas manufacturing industry.
- Housing and Construction: Sales up but income down due to rising timber and other construction material costs despite increased sales due to factors such as rising unit sales prices.
- Overseas Housing and Real Estate: Unit selling prices and profit margins increased due to effective price increases despite a decrease in the number of units sold in the single family homes business in the United States due to factors such as a decrease in orders from rising interest rates. Substantial increase in sales and income due to the depreciation of the yen.
- Environment and Resources: Sales and income down due to sluggish performance in the New Zealand Forestry Business associated with the economic slowdown in China, which is a major export destination, rising fuel procurement costs in the domestic biomass power generation business, and increased expenses related to new businesses.

FY12/2022 Results

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

- The Overseas Housing and Real Estate business drove performance, resulting in a substantial overall increase in profit.
- Yen depreciation had an impact of +26.6 billion yen. Excluding the impact of fluctuations in foreign exchange rates, the Overseas Housing and Real Estate business was up 30.6 billion yen.



*The impact of fluctuations in foreign exchange rates is primarily related to the Overseas Housing and Real Estate business

FY12/2022 Results

4. Domestic Housing Business Orders Received and Sales

- Orders for custom-built detached houses were down YoY in terms of both the number of units and sales due to the effect of the end of demand for detached housing from COVID-19, as well as from the last-minute rush in orders due to revisions of the tax reduction system for housing loans in September 2021.
- Sales increased YoY due to higher unit prices and increased construction volume, but gross profit was down due to higher material prices.

(billion yen)

		Orders received				Sales			
		FY12/21	FY12/22	Change	Pct.	FY12/21	FY12/22	Change	Pct.
Contract business	Custom-built detached houses *1	358.3	352.6	-5.7	-1.6%	335.6	357.9	+22.2	+6.6%
	(Units)	(8,663)	(8,031)	(-632)	(-7.3%)	(8,347)	(8,300)	(-47)	(-0.6%)
	(Unit price(mil. yen)) *2	(37.4)	(39.5)	(+2.0)	(+5.4%)	(38.8)	(41.5)	(+2.6)	(+6.8%)
	Apartments	14.0	16.3	+2.3	+16.7%	18.2	14.6	-3.7	-20.1%
	Other contracts	4.4	4.5	+0.1	+1.7%	2.0	4.2	+2.2	+111.2%
Other	Detached spec home					19.5	18.9	-0.6	-2.9%
	Other *3					3.4	3.4	-0.1	-2.0%
Net Sales Total						378.8	398.9	+20.1	+5.3%
Profit Ratio						20.9%	19.1%	-1.8p	
Gross Profit						79.1	76.2	-3.0	-3.8%

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

*2. 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.

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

FY12/2022 Results

5. Renovation Business Orders Received and Sales

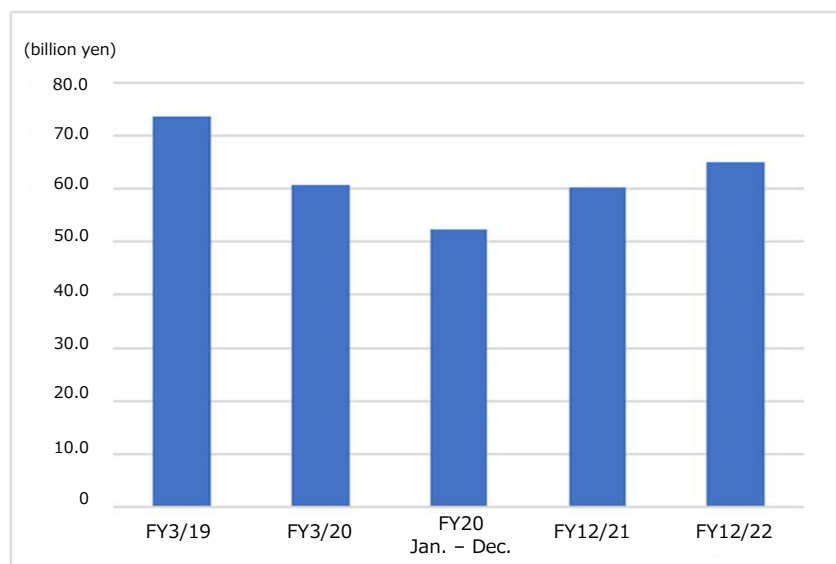
<Sumitomo Forestry Home Tech>

(billion yen)

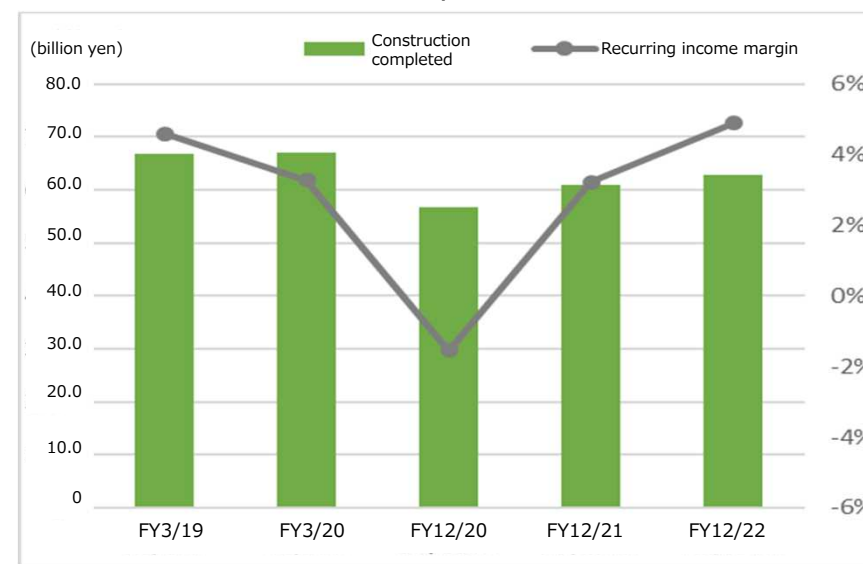
	FY12/21	FY12/22	Change	Pct.
Orders received	60.2	65.0	+4.7	+7.9%
Backlog of Orders Received at Term End Construction Completed	20.8	22.9	+2.1	+10.1%
Profit Ratio	3.2%	4.9%	+1.7p	
Recurring Income	2.1	3.2	+1.2	+55.9%

- Orders from owners of Sumitomo Forestry homes remained strong, and both orders and sales were up year on year.
- Recurring income margin improved as a result of successful cost reductions through efforts such as standardizing operations and raising profit margins at the order stage.

◆ Trends in Orders Received



◆ Trends in Construction Completed



*For FY12/20, the recurring income margin 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.

FY12/2022 Results

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

(billion yen)

		Net Sales				Recurring Income			
		FY12/21	FY12/22	Change	Pct.	FY12/21	FY12/22	Change	Pct.
USA	US housing companies	509.9	683.9	174.1	+34.1%	82.8	137.5	+54.8	+66.2%
	US real estate companies	43.1	48.5	5.4	+12.6%	20.0	23.5	+3.5	+17.6%
Australia	Australian housing companies	89.9	97.2	7.3	+8.1%	4.9	1.2	-3.7	-76.4%
Other, Housing and Real Estate		0.9	0.9	+0.0	+1.2%	0.5	2.0	+1.5	+330.5%
Other, Consolidated Adjustments, etc.		0.9	18.2	+17.4	-	-3.7	-2.9	+0.9	-
Total		644.6	848.7	+204.2	+31.7%	104.3	161.3	+57.0	+54.6%

● Conversion rate (average during term)

	FY12/21	FY12/22
USD/JPY	109.85	131.52
AUD/JPY	82.48	91.11

- USA: Sales and income up substantially, primarily in the single family homes business.
- Australia: Profits down due to increased costs from shortages of materials and labor, as well as prolonged construction periods due to bad weather.
- Other: Real estate development business in Vietnam is performing well.

FY12/2022 Results

7. Single Family Homes Business

<USA>

(Units/billion yen)

	FY12/21	FY12/22	Change	Pct.
Number of units ordered	10,962	6,056	- 4,906	-44.8%
Number of units sold	11,230	10,244	- 986	-8.8%
Sales (billion yen)	509.9	683.9	+ 174.1	+34.1%
(million USD)	4,641	5,200	+ 559	+12.0%
Unit selling price (million yen)	45.4	66.8	+ 21.4	+47.1%
(thousand USD)	413	508	+ 94	+22.8%

(Units/lots)

Order backlog	7,087	2,899	- 4,188	-59.1%
Lots owned	39,006	41,775	+ 2,769	+7.1%
(completed inventory)	229	1,206	+ 977	+426.6%
Option lots	33,349	28,106	- 5,243	-15.7%

<Australia>

(Units/billion yen)

	FY12/21	FY12/22	Change	Pct.
Number of units ordered	3,208	3,106	- 102	-3.2%
Number of units sold	3,169	2,787	- 382	-12.0%
Sales (billion yen)	89.9	97.2	+ 7.3	+8.1%
(million AUD)	1,090	1,067	- 23	-2.1%
Unit selling price (million yen)	28.4	34.9	+ 6.5	+22.9%
(thousand AUD)	344	383	+ 39	+11.3%

● Conversion rate (average during term)

	FY12/21	FY12/22
USD/JPY	109.85	131.52
AUD/JPY	82.48	91.11

- USA: The number of units ordered decreased from the previous fiscal year due to a stronger wait-and-see attitude among customers and an increase in cancellations. Although the number of units sold decreased from the previous fiscal year due to the impact of prolonged construction periods, the value and unit price increased from the previous fiscal year due to effective price increases. Order backlog is at the same level as before the COVID-19 pandemic, when spec homes were the mainstream.
- Australia: While sales unit price has risen, the number of units ordered and the number of units sold decreased year on year due to factors such as prolonged construction periods and delays in government approval processes, and the sales amount on a local currency basis fell below that of the previous year.

FY12/2022 Results

8. US Real Estate Development Business

- 12 properties were sold, exceeding the results from the previous fiscal year, which was due to factors such as accelerating the sale of some properties in response to robust demand.
- There are 54 projects for which construction work has already commenced, which will contribute to earnings from this fiscal year onwards.

■ Construction Works Commenced

(Unit: projects)

	FY12/21		FY12/22	
	Projects	Total units	Projects	Total Units
Multi-family housing	27	8,631	33	10,533
Single family rental housing	4	398	5	440
Commercial and mixed use complexes	11	-	16	-
Total	42	9,029	54	10,973

■ Sales

(Unit: projects)

	FY12/21		FY12/22	
	Projects	Total units	Projects	Total Units
Multi-family housing	6	1,892	9	2,725
Single family rental housing	0	0	1	112
Commercial and mixed use complexes	4	-	2	-
Total	10	1,892	12	2,837

FY12/2022 Results

9. Investments

- Compared to the approximately 300 billion yen investments and loans plan in the three-year Medium-Term Management Plan, the results for FY12/2022 were 62.6 billion yen. Main activities include the development of commercial real estate in the United States, building model homes both domestically and overseas, and the acquisition of panel manufacturing companies.
- In FY12/23, we will actively invest in the overseas wooden non-residential construction business and in the forestry fund business.

Breakdown			FY12/22 Results	(billion yen)	
				Three-Year Medium-Term Plan	Progress
Major Decarbonization -Related Investments	Timber industrial complex investments		0.4	20.0	2%
	Overseas wooden non-residential construction investments		3.6	30.0	12%
	Forestry fund-related investments		0.2	12.0	2%
Investments and Loans Other than the Above, by Segment	Timber and Building Materials	Manufacturing business investments, etc.	3.9	35.0	11%
	Overseas Housing and Real Estate	Overseas real estate, land development, etc.	42.9	130.0	33%
	Housing and Construction	Model homes, offices, etc.	6.4	25.0	26%
	Environment and Resources	Forestry/afforestation investments, etc.	3.1	30.0	10%
	Other	System investments (DX promotion, etc.), etc.	2.1	15.0	14%
Total			62.6	297.0	21%

FY12/2022 Results

10. Balance Sheet

				(billion yen)						(billion yen)	
	End of December 2021	End of December 2022	Change		End of December 2021	End of December 2022	Change		FY12/21	FY12/22	
Cash, deposits, securities	143.3	131.9	-11.3	Payables	232.2	239.8	+7.5	Operating CF	91.6	55.3	
Receivables	189.6	212.4	+22.8	Short-term debt(Bank loans)	25.0	46.0	+20.9	Investing CF	-40.3	-52.4	
Finished goods	35.6	38.0	+2.4	Contract liabilities	0.0	80.1	+80.1	Free CF	51.3	2.9	
Real estate for sale	49.2	106.4	+57.3	Advances received from customers	40.1	0.0	-40.1	Financial CF	-7.0	-33.0	
Real estate for sale in process	332.9	434.0	+101.1	Other current liabilities	123.6	128.3	+4.6				
Construction projects in progress	15.0	16.1	+1.1	Long-term debt/bonds issued	268.5	277.9	+9.5				
Other receivables	54.7	56.9	+2.2	Liability for retirement benefits	17.1	11.8	-5.4				
Other current assets	71.7	76.9	+5.2	Other long-term liabilities	67.5	71.2	+3.7				
Total current assets	891.9	1,072.8	+180.9	Liabilities	774.1	855.0	+80.9				
Tangible fixed assets	184.2	198.8	+14.6	Shareholders' equity	441.2	526.3	+85.1				
Intangible fixed assets	20.7	22.9	+2.2	Accumulated other comprehensive income	54.4	101.2	+46.8				
Investments and other assets	217.5	243.2	+25.7	Non-controlling interests	44.5	55.0	+10.6				
Total non-current assets	422.3	464.8	+42.5	Net assets	540.1	682.6	+142.5				
Total assets	1,314.2	1,537.6	+223.4	Total liabilities/net assets	1,314.2	1,537.6	+223.4				

- Total assets: Increase in inventories and increase in the yen conversion amount of assets owned by overseas subsidiaries due to yen depreciation
- Liabilities: Increase in borrowings due to the acquisition of real estate for sale in the United States
- Net assets: Increase in foreign currency translation adjustments due to yen depreciation

FY12/2023 Forecast



FY12/2023 Forecast

1. Statements of Income

- The housing market in the United States is deteriorating, which accounts for the majority of profits. A full recovery is expected to take time, and sales and profits are expected to decline year on 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 Forecast

2. Segment Sales and Recurring Income

(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 being compared with the old segment classifications for the FY12/22 results.

- Timber and Building Materials : Recurring income will be maintained at the same level as in the previous fiscal year due to enhanced sales of biomass fuel and improved profitability at manufacturing companies.
- Housing : Profitability will improve due to a decrease in material costs caused by a softening of the timber market and the effects of price revisions that were implemented up to the previous fiscal year.
- Global Housing, Construction and Real Estate : The single family homes business in the United States is expected to see a significant decline in both sales and profits due to the slowdown in the housing market and rising land and construction material costs. In the real estate development business, we are planning for reduced profits due to a decrease in the number of properties sold.
- Environment and Resources : In the overseas forestry business, sales and profits are expected to increase due to factors such as rising sales unit prices due to the recovery of the Chinese market.

FY12/2023 Forecast

3. Domestic Housing Business Orders Received and Sales

- Orders for custom-built detached homes up year on year and unit prices flat thanks to price revisions in June last year and sales expansion of "Forest Selection," a semi-custom-built-to-order product.
- Continue to work on plan proposals, web marketing, and expansion of ZEH sales that make use of our design capabilities.

(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	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 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.

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

*4. Refer to "6. Single Family Homes Business and Construction Business" (page 20) for "Other contracts" plans for FY12/23.

FY12/2023 Forecast

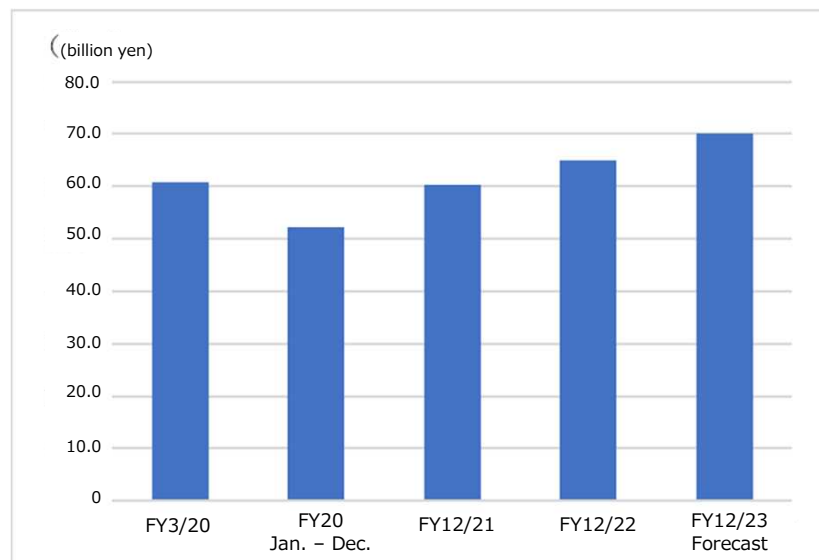
4. Renovation Business Orders Received and Sales

<Sumitomo Forestry Home Tech> (billion yen)

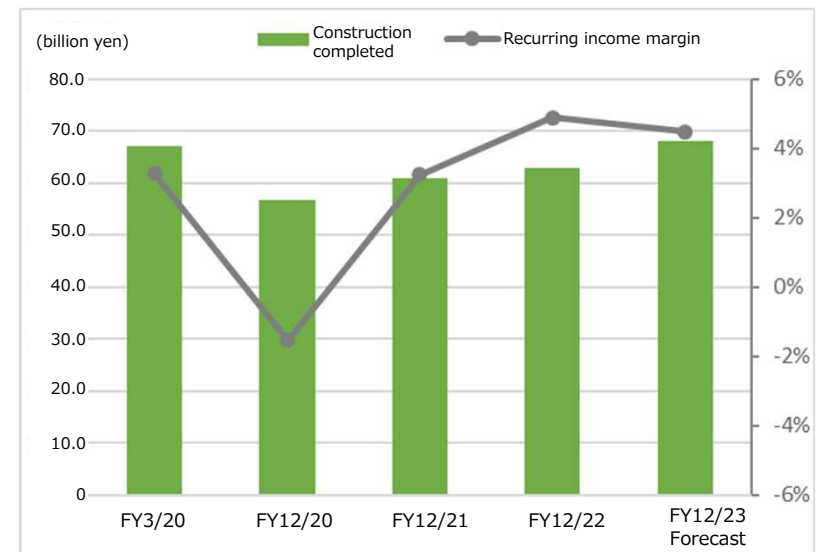
	FY12/22	FY12/23 Forecast	Change	Pct.
Orders received	65.0	70.0	+5.0	+7.7%
Backlog of Orders Received at Term End	22.9	24.9	+2.0	+8.7%
Construction Completed	62.9	68.0	+5.1	+8.2%
Profit Ratio	4.9%	4.5%	-0.4p	
Recurring Income	3.2	3.2	-0.0	-1.0%

- Continuing to focus on sales to owners of Sumitomo Forestry homes, and plan to increase both orders and construction completed year on year.
- Recurring income margin will slightly decrease due to the impact of future investments aimed at further improving operational efficiency.

◆ Trends in Orders Received



◆ Trends in Construction Completed



*For FY12/20, the recurring income margin 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 Forecast

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

(billion yen)

		Net Sales				Recurring Income			
		FY12/22	FY12/23 Forecast	Change	Pct.	FY12/22	FY12/23 Forecast	Change	Pct.
USA	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	Australian 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 are included in "Other, Consolidated Adjustments, etc."

● Conversion rate (average during term)

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

- USA: Expect a substantial decrease in income due to a decline in profit margins and a decrease in the number of units sold in the single family homes business, as well as from a decrease in the number of sales in the real estate development business.
- Australia: Sales and income up due to an increase in the number of units sold as a result of eliminating the impact of prolonged construction periods caused by bad weather.
- Other Regions: Expect a decrease in income due to the termination of a real estate development project in Vietnam and advance expenses for new development projects.
- Consolidated Adjustments, etc.: Sales up due to the transfer of the construction business. In addition, income up due to an increase in interest income from regional management companies due to rising interest rates, and full-year contributions from newly consolidated companies.

FY12/2023 Forecast

6. Single Family Homes Business and Construction Business

<USA 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%

<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%

<Construction Business>

(billion yen)

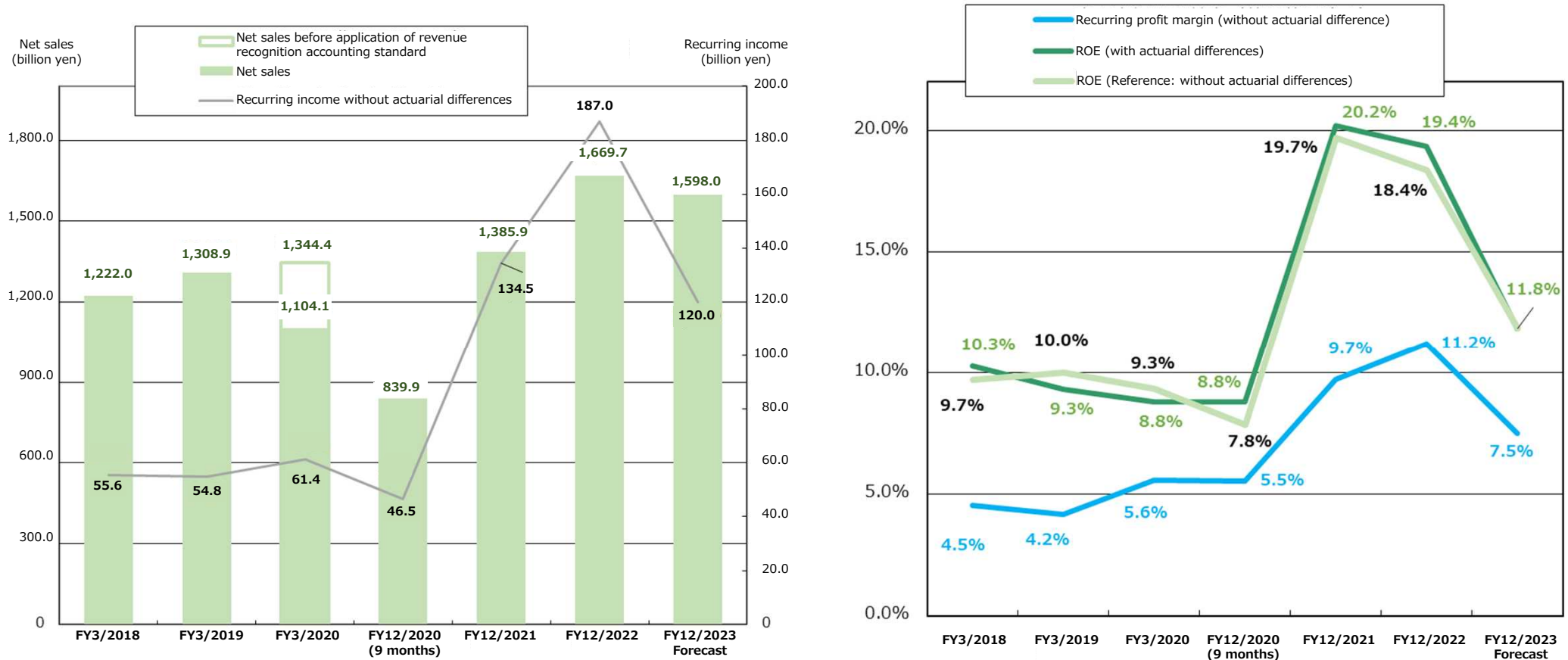
	FY12/22	FY12/23 Forecast	Change	Pct.
Orders received	4.5	5.5	+ 1.0	+22.3%
Sales	4.2	5.3	+ 1.1	+25.4%

- In the United States, contracts will be secured by providing effective incentives, construction starts will be controlled to prevent excess inventory, and sales of 9,000 units will be achieved.
- In Australia, both the number of units sold and the unit price are expected to increase from the previous fiscal year due to the shortening of construction periods from rationalization of production and from passing on increased material and labor costs to prices.

FY12/2023 Forecast

7. Change in Profit and Loss, Recurring Income to Net Sales Ratio and ROE

- Although ROE is negative compared to the previous year due to the decrease in net income, profitability will improve through effective investment with an eye to the future.



* 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.



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.