



# FY12/2023

## — Third Quarter Financial Results and Full Year Forecast —



October 31, 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. The financial results for FY12/2023 3Q 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 US Housing and Real Estate Business

- In the US housing market, 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.
- Sumitomo Forestry is making steady progress in strategies toward realizing its target sales volume of 23,000 units in 2030.
- In Florida State, a new market for Sumitomo Forestry this fiscal year, in addition to the business expansion of Southern Impression Homes and Brightland Homes, DRB entered the new market of Orlando (Florida State) with the establishment of a new branch. The Group will work as one to accelerate sales in Florida.
- In the FITP\* business, which aims to reduce construction time, strengthen cost competitiveness, and achieve stable construction, the second manufacturing plant under the FITP business is scheduled to commence operation in North Carolina State in 2024. We plan to continue expanding the operational areas of our FITP business going forward.
- Sumitomo Forestry in the U.S. received 2,410 housing orders in the third quarter (July - September). This exceeds the 2,191 orders received between July and September 2021 when mortgage rates were around 3.0%. This reaffirms the solid demand for housing in the US housing market. Recurring income ratio for the five US housing companies in the same quarter also remained strong at 15.2%.
- We will continue to aim toward achieving the recurring income forecast of 101 billion yen for FY12/2023 for the five US housing companies.
- On the other hand, mortgage rates have recently risen to the high 7% range, and customers seem to be adopting a wait-and-see attitude. With regard to the projection for the US Single Family Homes Business for FY12/2024, our policy is to secure more orders and sales units than in FY12/2023 by providing incentives to customers where necessary, such as by taking on a part of the mortgage burden or offering discounts.

\*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

## The US Housing and Real Estate Business (Continued)

- Although the financing environment remains challenging in the US real estate development market, leasing has remained generally strong in the multi-family housing sector on the back of housing shortage.
- In November 2023, we plan to make JPI a consolidated subsidiary of Sumitomo Forestry. JPI is engaged in the development of multi-family housing mainly in the states of Texas and California, and this business combination is aimed at expanding the profitable real-estate business and building a stable earnings portfolio in the U.S. In addition to multi-family housing, we will also continue to structure property projects with high added value that will contribute to future profit growth, such as medium- to large-scale wooden office buildings, logistics facilities, and life science facilities.
- With solid housing demand on new single family homes and multi-family housing, we will steadily implement our strategy and aim to achieve further growth toward the realization of our 2030 targets.

## Domestic Housing Business

- Sales of custom-built houses exceeded the same period in the previous fiscal year in terms of both amount and number of units. Non-consolidated gross profit margin also improved, partly due to the effect of price revisions. On the order side, we will continue to strengthen our web strategy and enhance the appeal of high value-added housing such as ZEH.

## Full Year Forecast

- With regard to the full year forecast, we expect consolidated results, segment results, as well as domestic and overseas orders and sales to remain at the same level as the previous forecast.

# FY12/2023 Third Quarter Results



# FY12/2023 Third Quarter Results

## 1. Statements of Income

- With the impact of yen depreciation, sales increased while income declined due to a decrease in sales units in the US housing business, a decline in profit margin, and a decrease in the number of properties sold in the US real estate development business.

(billion yen)

(Consolidated)	FY12/22 3Q	<b>FY12/23 3Q</b>	Change	Pct.
Net Sales	1,206.3	<b>1,232.9</b>	+ 26.6	+2.2%
Gross Profit	287.1	<b>282.4</b>	-4.8	-1.7%
SG&A Expenses	176.0	<b>184.7</b>	+ 8.7	+5.0%
Operating Income	111.1	<b>97.6</b>	-13.5	-12.1%
Recurring Income	141.9	<b>99.6</b>	-42.3	-29.8%
Net Income	82.7	<b>63.8</b>	-18.9	-22.9%

● Conversion rate (average during term)

	FY12/22 3Q	<b>FY12/23 3Q</b>
USD/JPY	128.16	<b>138.12</b>
AUD/JPY	90.55	<b>92.30</b>

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



# FY12/2023 Third Quarter Results

## 2. Segment Sales and Recurring Income

- Timber and Building Materials : Sluggish sales volume due to a decline in the number of new housing starts in Japan, as well as a drop in selling prices, resulting in a decline in both sales and income.
- Housing : Increase in unit selling price and cost reductions due to falling timber prices, leading to increases in both sales and income.
- Global Housing, Construction and Real Estate : While sales increased due to an increase in the number of single family homes sold in Australia and continued yen depreciation, income fell as a result of a decline in the number of single family homes sold in the U.S. and a decline in properties sold in the US real estate development business.
- Environment and Resources : Despite an increase in income in the forestry business due to an increase in export sales to China, income declined as a result of lower profit margin due to soaring fuel prices in the power generation business.

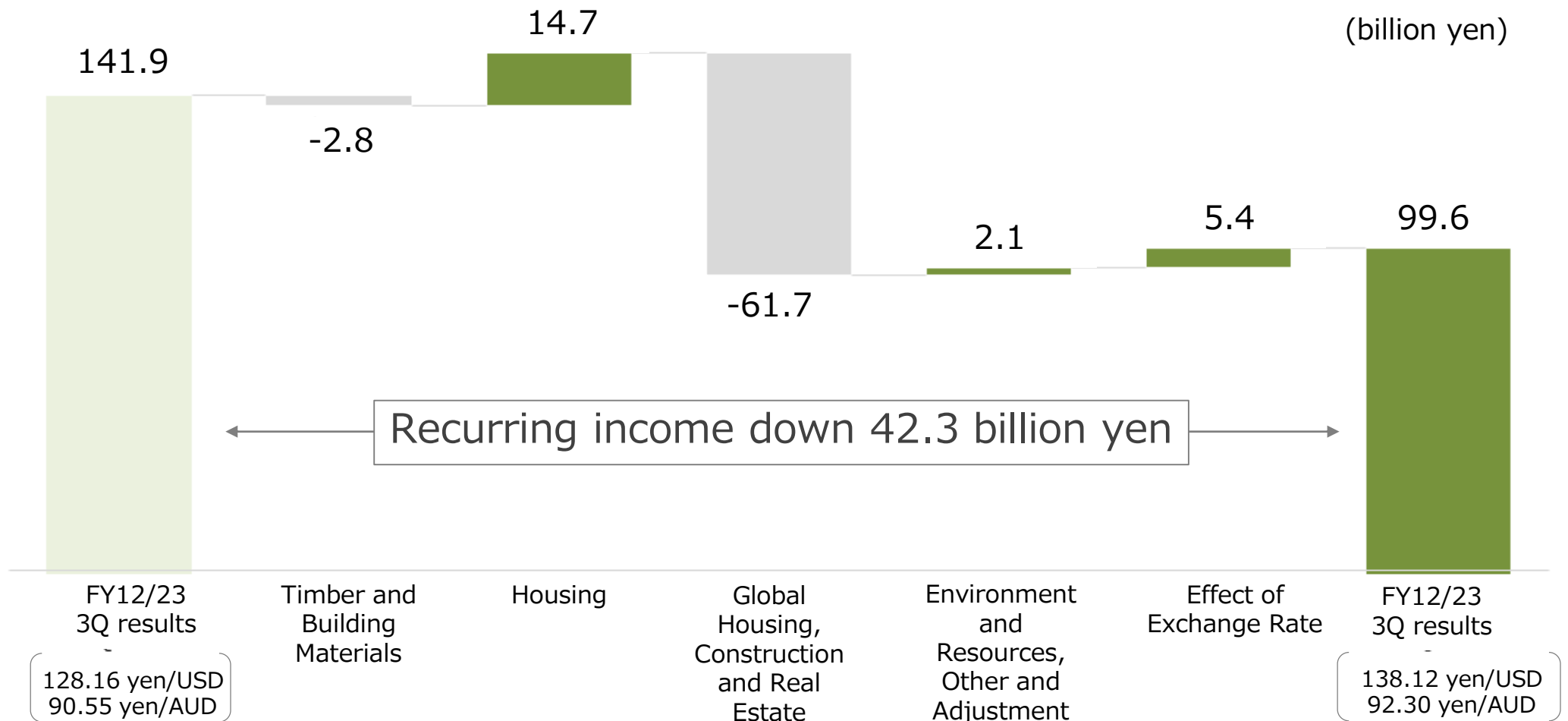
(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/22 3Q	FY12/23 3Q	Change	Pct.	FY12/22 3Q	FY12/23 3Q	Change	Pct.
Timber and Building Materials	205.9	175.7	-30.2	-14.7%	10.6	8.0	-2.7	-25.2%
Housing	364.1	386.7	+22.7	+6.2%	7.4	22.0	+14.7	+198.2%
Global Housing, Construction and Real Estate	626.7	658.9	+32.2	+5.1%	126.6	70.2	-56.4	-44.5%
Environment and Resources	16.1	18.0	+1.9	+11.8%	1.3	0.7	-0.5	-42.2%
Other	18.2	19.4	+1.2	+6.7%	2.0	1.5	-0.5	-25.6%
Adjustment	-24.6	-25.9	-1.2	—	-6.0	-2.9	+3.2	—
Total	1,206.3	1,232.9	+26.6	+2.2%	141.9	99.6	-42.3	-29.8%

# FY12/2023 Third Quarter Results

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

- Overall recurring income decreased by 42.3 billion yen year-on-year, primarily due to the profit decline in the Global Housing, Construction and Real Estate segment.
- Yen depreciation had an impact of +5.4 billion yen.



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



# FY12/2023 Third Quarter Results

## 4. Domestic Housing Business Orders Received and Sales

- Although unit selling price increased year-on-year due to price revisions, increased sale of ZEH housing, and other factors, the number of units declined significantly, so orders received decreased on a monetary basis.
- Gross profit margin improved significantly due to the effect of price revisions and falling material costs.

(billion yen)

		Orders received				Sales			
		FY12/22 3Q	FY12/23 3Q	Change	Pct.	FY12/22 3Q	FY12/23 3Q	Change	Pct.
Contract business	Custom-built detached houses *1	272.5	262.8	-9.8	-3.6%	257.1	272.0	+14.8	+5.8%
	(Units)	(6,279)	(5,630)	(-649)	(-10.3%)	(5,779)	(5,822)	(+43)	(+0.7%)
	(Unit price (mil. yen)) *2	(39.2)	(41.9)	(+2.6)	(+6.7%)	(40.6)	(43.3)	(+2.7)	(+6.6%)
	Apartments	13.4	11.1	-2.4	-17.7%	10.5	12.0	+1.5	+14.5%
Other	Detached spec home					14.1	14.5	+0.4	+3.0%
	Other *3					2.4	2.2	-0.2	-10.1%

Net Sales Total
-----------------

284.2	300.7	+16.5	+5.8%
-------	-------	-------	-------

Profit ratio
Gross Profit

18.8%	23.3%	+4.5pt	
53.5	70.1	+16.6	+31.0%

\*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 Third Quarter Results

10

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

- U.S. :The single-family home business maintained high levels of sales and income despite a decrease when compared to the previous period when performance was strong.
- Australia :Sales and income increased due to a gradual improvement in the trend of long construction periods and an increase in the number of units sold.

(billion yen)

		Net Sales				Recurring Income			
		FY12/22 3Q	FY12/23 3Q	Change	Pct.	FY12/22 3Q	FY12/23 3Q	Change	Pct.
U.S.	US housing companies	497.9	481.3	-16.6	-3.3%	103.3	71.5	-31.9	-30.8%
	US real estate companies	31.8	35.0	+3.2	+10.2%	24.3	-4.3	-28.6	—
Australia	Australia housing companies	66.1	100.3	+34.2	+51.7%	-0.1	2.8	+2.9	—
Other, housing and real estate		0.6	0.7	+0.0	+2.0%	1.4	0.5	-0.9	-65.2%
Other, consolidated adjustments, etc.		30.3	41.6	+11.3	+37.4%	-2.3	-0.2	+2.1	—
Total		626.7	658.9	+32.2	+5.1%	126.6	70.2	-56.4	-44.5%

● Conversion rate (average during term)

	FY12/22 3Q	FY12/23 3Q
USD/JPY	128.16	138.12
AUD/JPY	90.55	92.30

# FY12/2023 Third Quarter Results

## 6. Global Single Family Homes Business and Construction Business

- U.S.: Orders increased significantly year-on-year. Unit selling price has also remained at a high level.
- Australia: Unit selling price increased significantly year-on-year on the back of price pass-through of the increases in material costs.

### <U.S.>

	FY12/22 3Q	FY12/23 3Q	Change	Pct.
Number of units ordered	5,487	8,292	+2,805	+51.1%
Number of units sold	7,726	7,104	-622	-8.1%
Sales (billion yen)	497.9	481.3	-16.6	-3.3%
(million USD)	3,885	3,485	-400	-10.3%
Unit selling price (million yen)	64.4	67.8	+3.3	+5.1%
(thousand USD)	503	491	-12	-2.4%

(units, lots)

Order backlog	4,838	4,340	-498	-10.3%
Lots owned	42,432	47,078	+4,646	+10.9%
(completed inventory)	657	1,266	+609	+92.7%
Option lots	31,706	24,903	-6,803	-21.5%

### <Australia>

	FY12/22 3Q	FY12/23 3Q	Change	Pct.
Number of units ordered	2,331	2,179	-152	-6.5%
Number of units sold	1,993	2,485	+492	+24.7%
Sales (billion yen)	66.1	100.3	+34.2	+51.7%
(million AUD)	730	1,086	+357	+48.9%
Unit selling price (million yen)	33.2	40.3	+7.2	+21.7%
(thousand AUD)	366	437	+71	+19.4%

### <Construction business>

(billion yen)

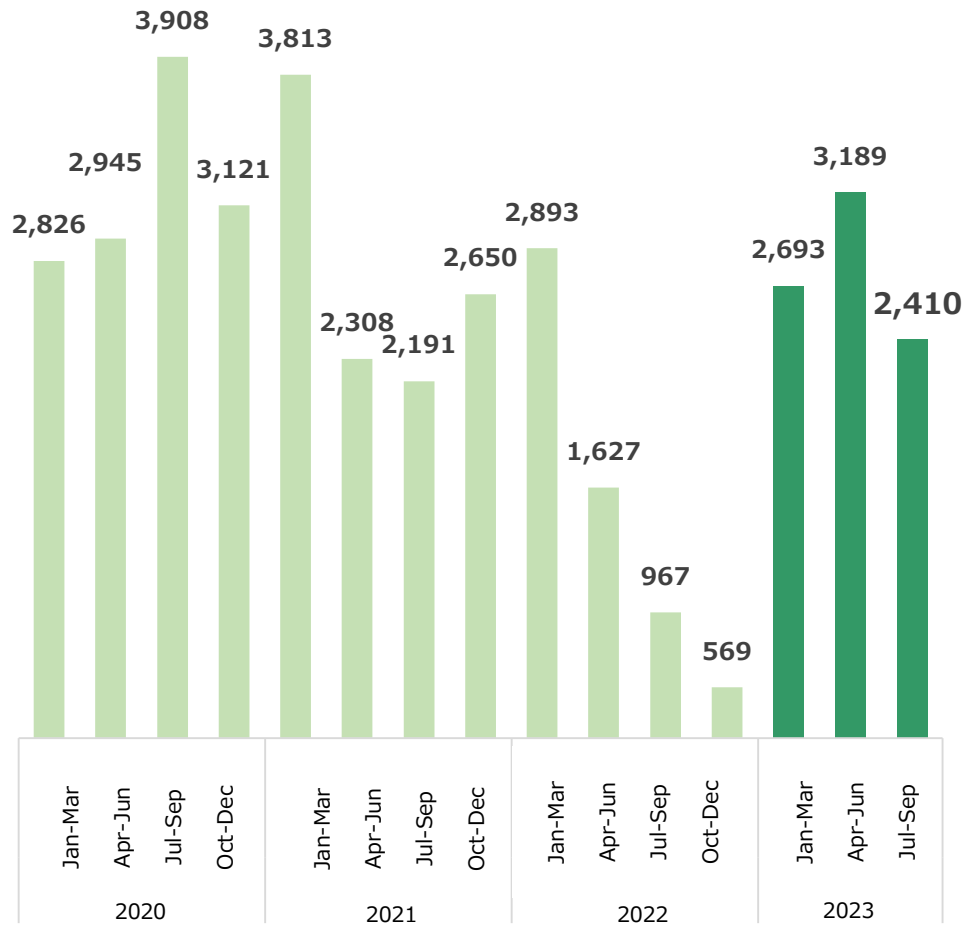
	FY12/22 3Q	FY12/23 3Q	Change	Pct.
Orders received	3.3	3.5	+0.2	+4.9%
Sales	2.7	4.1	+1.4	+51.9%

# FY12/2023 Third Quarter Results

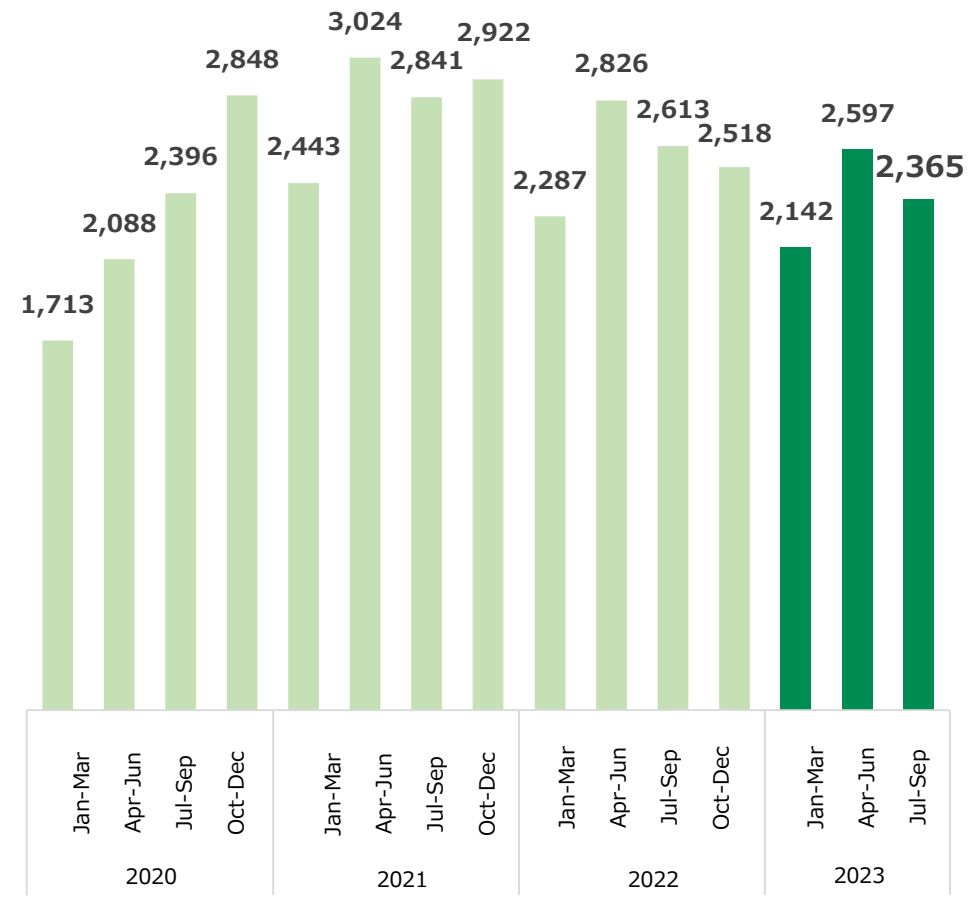
## 7. US Single Family Homes Business – Trends in Orders Received and Number of Units Sold

- From July to September 2023, the average number of units ordered per month exceeded 800 units and totaled 2,410 units for the three months. The number of units sold is also increasing steadily.

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



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

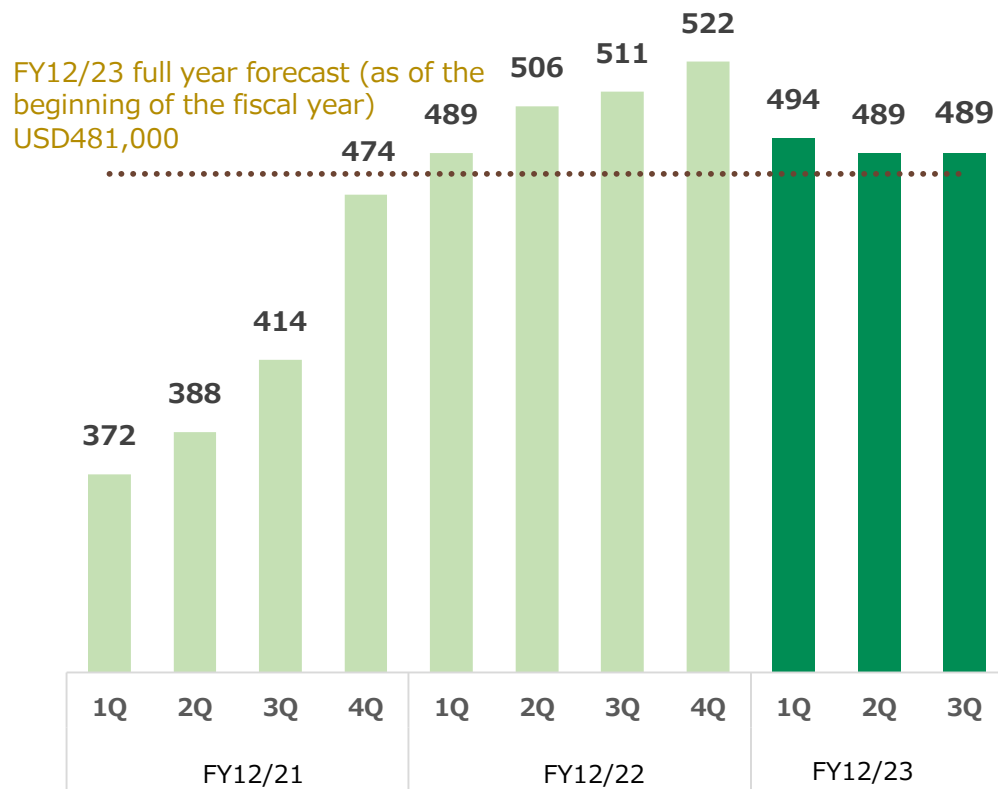


# FY12/2023 Third Quarter Results

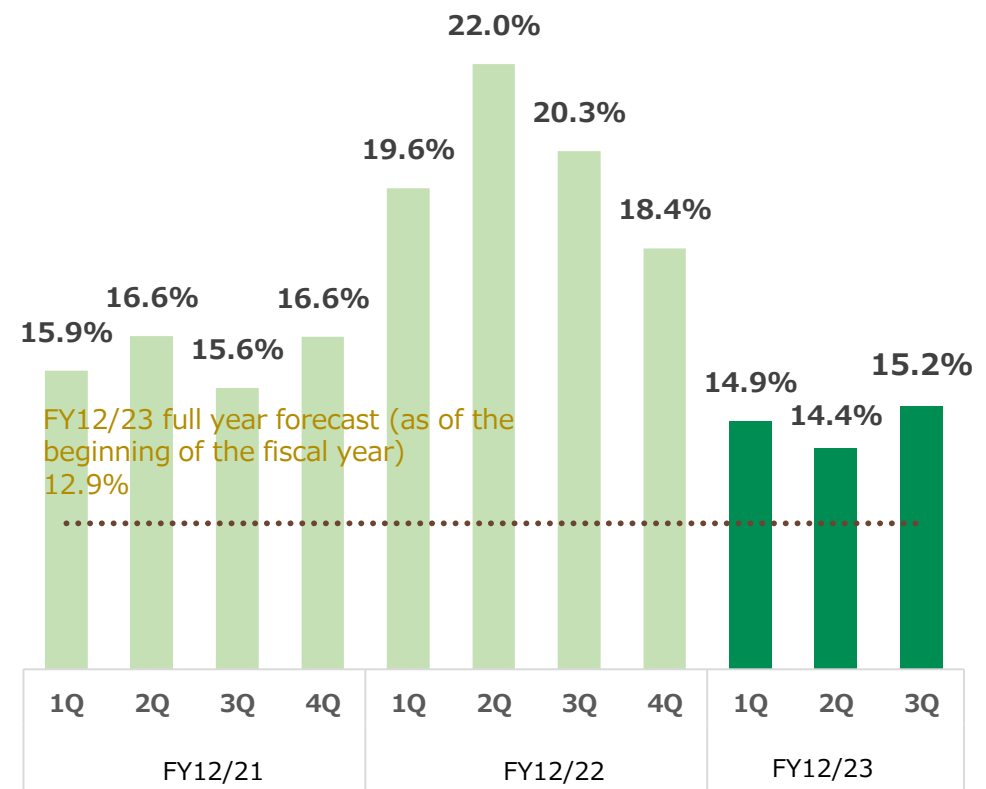
## 8. US Single Family Homes Business – Trends in Unit Selling Price and Recurring Income to Net Sales Ratio

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

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



\*The method of calculating unit selling price by quarter has changed from the third quarter of the current fiscal year, including for past years. We have changed from the previous method of calculation based on unit selling price on a yen basis, to a method of calculation based on net sales on a USD basis.

# FY12/2023 Third Quarter Results

## 9. Balance Sheet

- As yen depreciation continued, the yen conversion amounts in the balance sheets of overseas subsidiaries as well as accumulated other comprehensive income (foreign currency conversion adjustment account) increased.

(billion yen)

	End of December 2022	End of FY12/23 3Q	Change		End of December 2022	End of FY12/23 3Q	Change
Cash, deposits, securities	131.9	129.2	-2.7	Payables	239.8	246.7	+7.0
Receivables	212.4	219.1	+6.7	Short-term debt(Bank loans)	46.0	61.8	+15.9
Finished goods	38.0	34.0	-4.0	Contract liabilities	80.1	94.0	+13.9
Real estate for sale	106.4	117.3	+10.9	Advances received from customers	0.0	0.0	+0.0
Real estate for sale in process	434.0	560.5	+126.5	Other current liabilities	128.3	130.1	+1.8
Construction projects in progress	16.1	22.3	+6.2	Long-term debt/bonds issued	277.9	322.2	+44.3
Other receivables	56.9	63.0	+6.0	Liability for retirement benefits	11.8	11.8	+0.0
Other current assets	76.9	86.7	+9.8	Other long-term liabilities	71.2	74.5	+3.3
Total current assets	1,072.8	1,232.2	+159.4	Liabilities	855.0	941.2	+86.1
Tangible fixed assets	198.8	215.3	+16.5	Shareholders' equity	526.3	574.7	+48.4
Intangible fixed assets	22.9	29.3	+6.4	Accumulated other comprehensive income	101.2	176.1	+74.9
Investments and other assets	243.2	282.4	+39.2	Non-controlling interests	55.0	67.2	+12.1
Total non-current assets	464.8	526.9	+62.1	Net assets	682.6	817.9	+135.4
Total assets	1,537.6	1,759.1	+221.5	Total liabilities/ net assets	1,537.6	1,759.1	+221.5

# FY12/2023 Full Year Forecast





# FY12/2023 Full Year Forecast

## 1. Statements of Income

➤ There are no changes from the previous forecast.

(billion yen)

(Consolidated)	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Net Sales	1,669.7	1,726.0	+ 56.3	+3.4%	—
Gross Profit	393.0	394.5	+ 1.5	+0.4%	—
SG&A Expenses	234.7	264.0	+ 29.3	+12.5%	—
Operating Income	158.3	130.5	-27.8	-17.5%	—
Recurring Income	195.0	150.0	-45.0	-23.1%	—
Net Income	108.7	92.0	-16.7	-15.3%	—

\*Without actuarial differences

SG&A Expenses	242.7	264.0	+ 21.3	+8.8%
Recurring Income	187.0	150.0	-37.0	-19.8%

● Conversion rate

	FY12/22	FY12/23	Change from previous forecast
USD/JPY	131.52	135.00	—
AUD/JPY	91.11	91.00	—

\*Figures for the previous forecast are figures from the forecast announced with the 2Q financial results (August 8).

# FY12/2023 Full Year Forecast

## 2. Segment Sales and Recurring Income

➤ There are no changes from the previous forecast.

(billion yen)

(Consolidated)	Net Sales					Recurring Income				
	FY12/22	FY12/23	Change	Pct.	Change from previous forecast	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Timber and Building Materials	273.7	254.0	-19.7	-7.2%	—	14.9	13.0	-1.9	-12.6%	—
Housing	533.5	531.0	-2.5	-0.5%	—	15.9	29.5	+13.6	+85.5%	—
Global Housing, Construction and Real Estate	848.7	942.0	+93.3	+11.0%	—	161.3	110.0	-51.3	-31.8%	—
Environment and Resources	21.9	26.0	+4.1	+18.9%	—	1.4	1.5	+0.1	+7.8%	—
Other	24.6	27.5	+2.9	+12.0%	—	1.9	2.5	+0.6	+29.0%	—
Adjustment	-32.7	-54.5	-21.8	—	—	-0.4	-6.5	-6.1	—	—
Total	1,669.7	1,726.0	+56.3	+3.4%	—	195.0	150.0	-45.0	-23.1%	—

\*Figures for the previous forecast are figures from the forecast announced with the 2Q financial results (August 8).

# FY12/2023 Full Year Forecast

## 3. Domestic Housing Business Orders Received and Sales

➤ There are no changes from the previous forecast.

(billion yen)

		Orders received					Sales				
		FY12/22	FY12/23	Change	Pct.	Change from previous forecast	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Contract business	Custom-built detached houses *1	352.6	364.0	+ 11.4	+ 3.2%	—	357.9	367.0	+ 9.1	+ 2.6%	—
	(Units)	(8,031)	(8,000)	(-31)	(-0.4%)	—	(8,300)	(8,200)	(-100)	(-1.2%)	—
	(Unit price (mil. yen))*2	(39.5)	(41.3)	(+ 1.8)	(+ 4.7%)	—	(41.5)	(43.9)	(+ 2.4)	(+ 5.8%)	—
	Apartments	16.3	16.0	-0.3	-2.0%	—	14.6	17.3	+ 2.7	+ 18.8%	—
	Other contracts	4.5	—	—	—	—	4.2	—	—	—	—
Other	Detached spec home						18.9	20.1	+ 1.2	+ 6.5%	—
	Other *3						3.4	2.6	-0.8	-24.0%	—

Net Sales Total	398.9	407.0	+ 8.1	+ 2.0%	—
Profit Ratio	19.1%	22.6%	+ 3.5pt		—
Gross Profit	76.2	92.0	+ 15.8	+ 20.8%	—

\*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 Full Year Forecast

19

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

➤ There are no changes from the previous forecast.

(billion yen)

		Net Sales					Recurring Income				
		FY12/22	FY12/23	Change	Pct.	Change from previous forecast	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
U.S.	US housing companies	683.9	688.0	+4.1	+0.6%	—	137.5	101.0	-36.5	-26.6%	—
	US real estate companies	48.5	48.8	+0.3	+0.7%	—	23.5	5.5	-18.0	-76.6%	—
Australia	Australia housing companies	97.2	139.0	+41.8	+42.9%	—	1.2	4.0	+2.8	+247.7%	—
Other, housing and real estate		0.9	0.9	+0.0	+3.6%	—	2.0	0.5	-1.5	-72.9%	—
Other, consolidated adjustments, etc.		18.2	65.3	+47.1	+257.9%	—	-2.9	-1.0	+1.8	-	—
Total		848.7	942.0	+93.3	+11.0%	—	161.3	110.0	-51.3	-31.8%	—

### ● Conversion rate

	FY12/22	FY12/23	Change from previous forecast
USD/JPY	131.52	135.00	—
AUD/JPY	91.11	91.00	—

# FY12/2023 Full Year Forecast

## 5. Global Single Family Homes Business and Construction Business

➤ There are no changes from the previous forecast.

### <U.S.>

	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Number of units sold	10,244	10,500	+ 256	+2.5%	—
Sales (billion yen)	683.9	688.0	+ 4.1	+0.6%	—
(million USD)	5,200	5,096	-104	-2.0%	—
Unit selling price (million yen)	66.8	65.5	-1.2	-1.9%	—
(thousand USD)	508	485	-22	-4.4%	—

### <Australia>

	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Number of units sold	2,787	3,420	+ 633	+22.7%	—
Sales (billion yen)	97.2	139.0	+ 41.8	+42.9%	—
(million AUD)	1,067	1,527	+ 460	+43.1%	—
Unit selling price (million yen)	34.9	40.6	+ 5.8	+16.5%	—
(thousand AUD)	383	447	+ 64	+16.6%	—

### <Construction Business> (billion yen)

	FY12/22	FY12/23	Change	Pct.	Change from previous forecast
Orders received	4.5	6.6	+ 2.1	+46.8%	—
Sales	4.2	5.3	+ 1.1	+25.4%	—



# 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.