

Happiness Grows from Trees



FY12/2023 Financial Results and FY12/2024 Forecast



February 14, 2024

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
- From 12/2024, segment names have been changed as follows:
 - Global Housing, Construction and Real Estate segment →
Changed to Global Construction and Real Estate segment
- The reclassification’s impact on business performance is minor.
The full-year financial results for FY12/2023 were compared to the previous year’s results using the new segment classifications.

FY12/2023 Results



FY12/2023 Results

1. Statements of Income

- Sales increased partly due to the impact of yen depreciation, while a fall in unit selling price in the US single family homes business led to a decline in profit margin, and income declined as a result of a decrease in the number of properties sold in the US real estate development business and other factors.

(billion yen)

(Consolidated)	FY12/22	FY12/23	Change	Pct.
Net Sales	1,669.7	1,733.2	+63.5	+3.8%
Gross Profit	393.0	408.8	+15.9	+4.0%
SG&A Expenses	234.7	262.1	+27.4	+11.7%
Operating Income	158.3	146.8	-11.5	-7.3%
Recurring Income	195.0	159.4	-35.6	-18.2%
Net Income	108.7	102.5	-6.2	-5.7%

*Without actuarial differences

SG&A Expenses	242.7	267.1	+24.4	+10.1%
Recurring Income	187.0	154.4	-32.6	-17.4%

● Conversion rate (average during term)

	FY12/22	FY12/23
USD/JPY	131.52	140.57
AUD/JPY	91.11	93.27

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

FY12/2023 Results

2. Segment Sales and Recurring Income

- Timber and Building Materials: Sluggish sales volume against the backdrop of a decline in the number of new housing starts in Japan, as well as a drop in selling prices, among other factors, resulted in a decline in both sales and income.
- Housing: Increase in unit selling price due to price revisions and cost reductions due to falling timber prices led to increases in both sales and income.
- Global Housing, Construction and Real Estate : While sales increased due to an increase in sales in Australia and continued yen depreciation, income fell as a result of lower profit margins caused by a decrease in the unit selling price in the US single family homes business, alongside a decline in properties sold in the US real estate development business.
- Environment and Resources: Sales increased due to an increase in exports in the overseas forestry business, while income declined due to soaring fuel prices in the biomass power generation business.

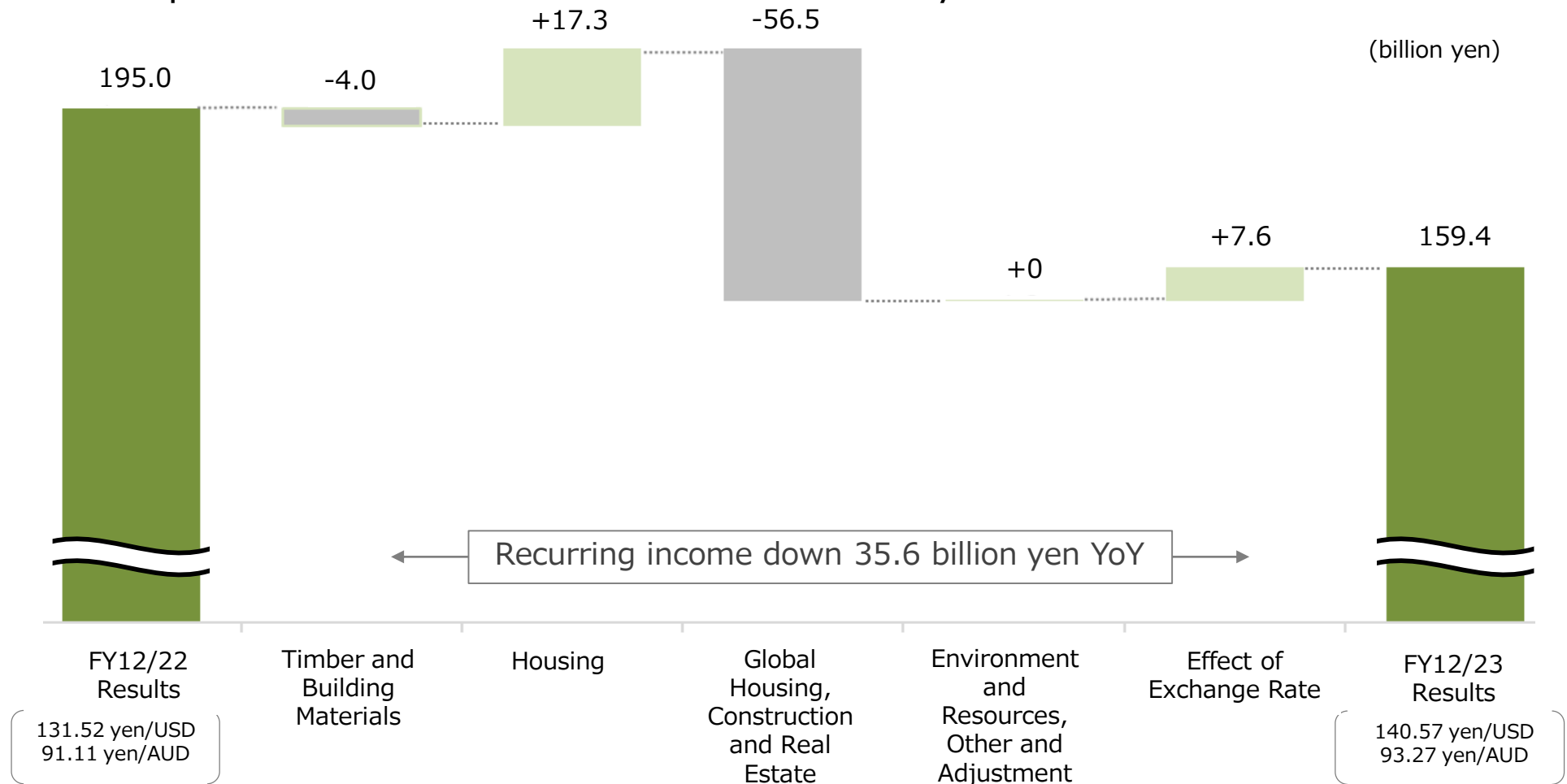
(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/22	FY12/ 23	Change	Pct.	FY12/22	FY12/ 23	Change	Pct.
Timber and Building Materials	273.7	236.1	-37.6	-13.7%	14.9	11.2	-3.7	-24.8%
Housing	508.7	534.0	+25.3	+5.0%	15.4	32.8	+17.3	+112.3%
Global Housing, Construction and Real Estate	873.5	948.1	+74.5	+8.5%	161.8	112.5	-49.2	-30.4%
Environment and Resources	21.9	24.8	+3.0	+13.6%	1.4	0.6	-0.8	-59.4%
Other	24.6	26.0	+1.5	+6.0%	1.9	2.2	+0.3	+13.2%
Adjustment	-32.7	-35.9	-3.2	-	-0.4	0.2	+0.6	-
Total	1,669.7	1,733.2	+63.5	+3.8%	195.0	159.4	-35.6	-18.2%

FY12/2023 Results

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

- Overall recurring income decreased by 35.6 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 +7.6 billion yen.



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

FY12/2023 Results

4. Domestic Housing Business Orders Received and Sales

- Although unit selling price increased year-on-year, market stagnation due to soaring prices and the outlook for higher interest rates contributed to a decline in the number of units, so orders received for custom-built detached houses decreased on a monetary basis.
- Sales and gross profit margin improved year on year due to the effect of price revisions and falling material costs.

(billion yen)

		Orders received				Sales			
		FY12/22	FY12/23	Change	Pct.	FY12/22	FY12/23	Change	Pct.
Contract business	Custom-built detached houses *1	352.6	345.8	-6.9	-1.9%	357.9	373.5	+15.7	+4.4%
	(Units)	(8,031)	(7,318)	(-713)	(-8.9%)	(8,300)	(8,275)	(-25)	(-0.3%)
	(Unit price(mil. yen)) *2	(39.5)	(42.5)	(+3.0)	(+7.6%)	(41.5)	(43.8)	(+2.3)	(+5.6%)
	Apartments	16.3	16.8	+0.5	+3.0%	14.6	15.6	+1.0	+7.2%
Other	Detached spec home					18.9	19.7	+0.8	+4.0%
	Other *3					3.3	3.0	-0.3	-8.8%
		Net Sales Total				394.6	411.8	+17.2	+4.4%
		Profit Ratio				19.2%	23.4%	+4.2pt	
		Gross Profit				75.8	96.3	+20.5	+27.0%

*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 commission sales from insurance agency business, etc.

FY12/2023 Results

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

- U.S.: Sales increased due to continued yen depreciation. Profits declined due to a decrease in the number of real estate development properties sold and a fall in unit selling prices in the single family homes business.
- Australia: With improvements in the trend of long construction periods, the number of units sold and profit margin increased.

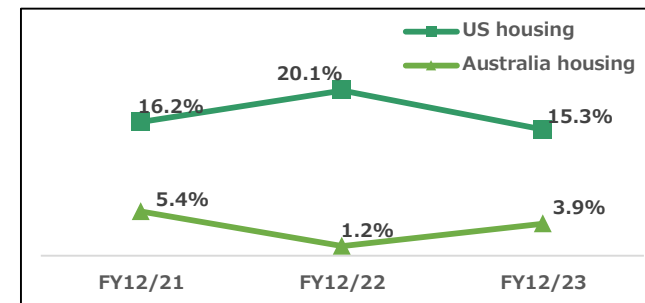
(billion yen)

		Net Sales				Recurring Income			
		FY12/22	FY12/ 23	Change	Pct.	FY12/22	FY12/ 23	Change	Pct.
U.S.	US housing companies	683.9	691.3	+7.4	+1.1%	137.5	105.9	-31.7	-23.0%
	US real estate companies	48.5	59.2	+10.8	+22.2%	23.5	2.0	-21.5	-91.5%
Australia	Australia housing companies	97.2	141.5	+44.2	+45.5%	1.2	5.5	+4.4	+382.0%
Other, housing and real estate		0.9	0.9	+0.0	+4.0%	2.0	0.5	-1.5	-74.6%
Other, consolidated adjustments, etc.		43.0	55.2	+12.1	+28.1%	-2.4	-1.4	+1.0	-
Total		873.5	948.1	+74.5	+8.5%	161.8	112.5	-49.2	-30.4%

■ Overseas housing companies: Changes in recurring income ratio

● Conversion rate (average during term)

	FY12/22	FY12/ 23
USD/JPY	131.52	140.57
AUD/JPY	91.11	93.27



FY12/2023 Results

6. Global Single Family Homes Business and Construction Business

- U.S.: Although current mortgage rates are still at a high level, demand has remained resilient and orders are on a recovery trend. On the other hand, unit selling price has fallen on a local currency basis. The order backlog has been maintained at a level exceeding that at the beginning of FY12/22.
- Australia: Orders decreased year on year due to rising mortgage rates and persistently high housing prices in the major areas. Unit selling price and the number of units sold both increased year on year due to price pass-through of the increases in material and labor costs, as well as an improvement in construction period.

<U.S.>

(units, billion yen)

	FY12/22	FY12/23	Change	Pct.
Number of units ordered	6,056	10,334	+4,278	+70.6%
Number of units sold	10,244	10,221	-23	-0.2%
Sales (billion yen)	683.9	691.3	+7.4	+1.1%
(million USD)	5,200	4,918	-282	-5.4%
Unit selling price (million yen)	66.8	67.6	+0.9	+1.3%
(thousand USD)	508	481	-26	-5.2%

(units, lots)

Order backlog	2,899	3,339	+440	+15.2%
Lots owned (completed inventory)	41,775	46,789	+5,014	+12.0%
	1,206	1,572	+366	+30.3%
Option lots	28,106	24,153	-3,953	-14.1%

<Australia>

(units, billion yen)

	FY12/22	FY12/23	Change	Pct.
Number of units ordered	3,106	2,935	-171	-5.5%
Number of units sold	2,787	3,402	+615	+22.1%
Sales (billion yen)	97.2	141.5	+44.2	+45.5%
(million AUD)	1,067	1,517	+449	+42.1%
Unit selling price (million yen)	34.9	41.6	+6.7	+19.2%
(thousand AUD)	383	446	+63	+16.4%

<Construction business>

(billion yen)

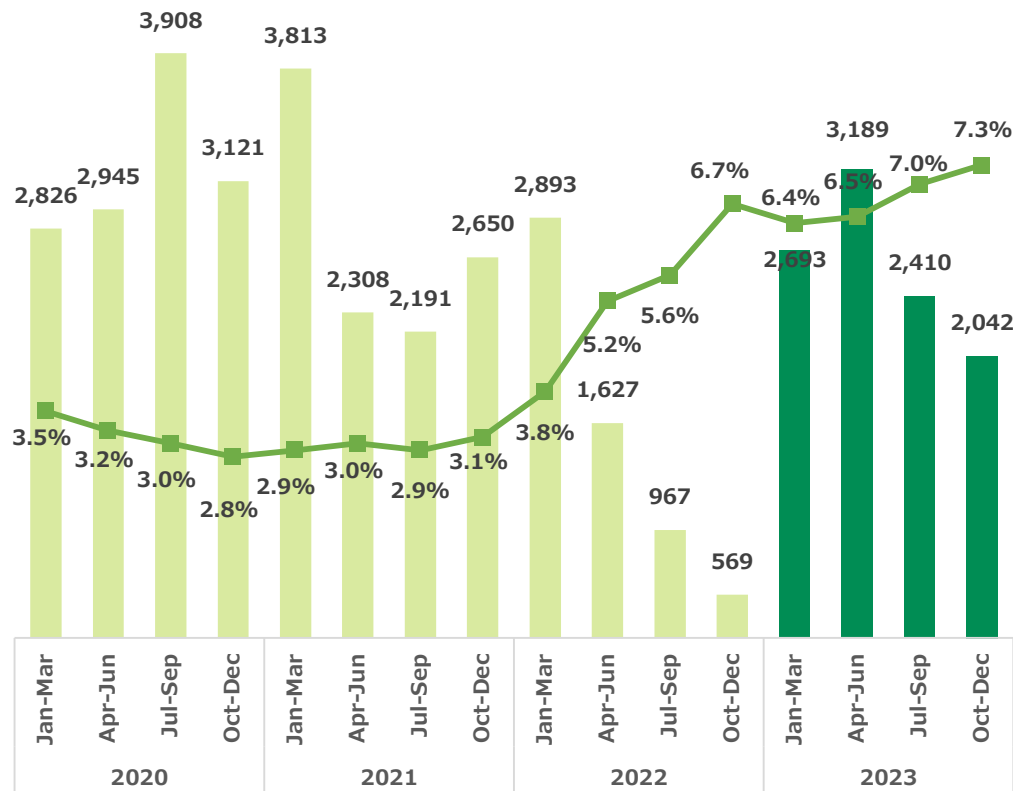
	FY12/22	FY12/23	Change	Pct.
Orders received	4.5	6.6	+2.1	+47.3%
Sales	4.2	5.3	+1.1	+26.0%

FY12/2023 Results

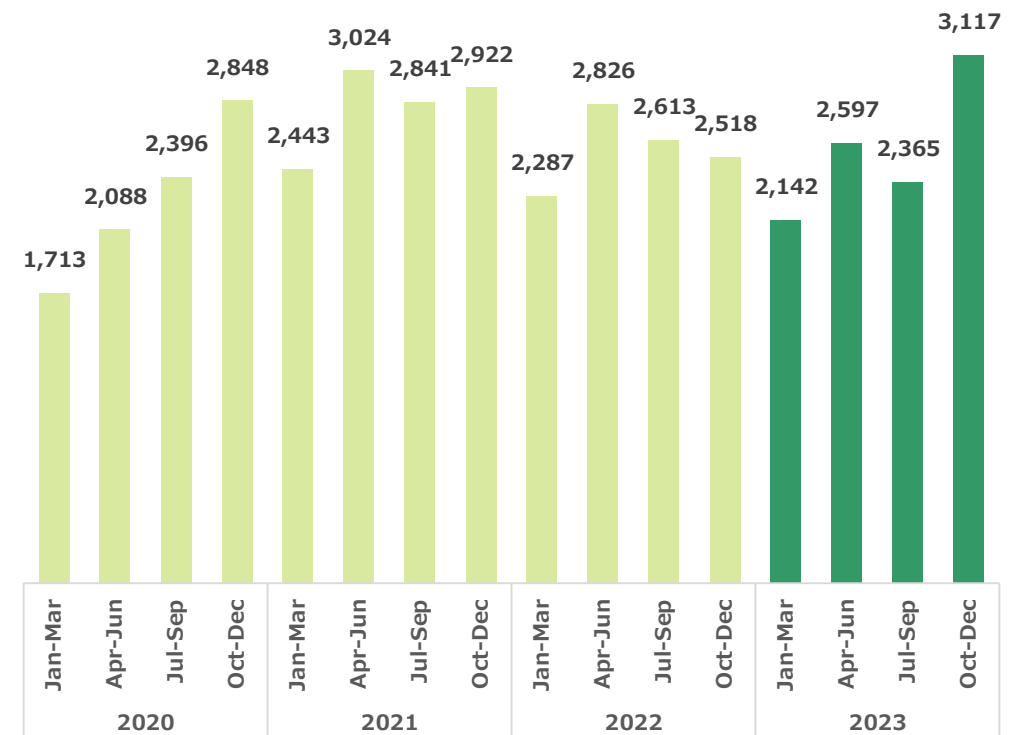
7. US Single Family Homes Business – Trends in Orders Received and Number of Units Sold

- The number of units ordered is currently on a recovery trend, boosted by expectations of a reduction in policy interest rates.
- The number of units sold increased by 24% year on year from October to December due to strong order performance, but remained largely unchanged for the full year.

Trends in number of units ordered for US single family homes /
Changes in mortgage rates*
(Units/%)



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



*Source: Federal National Mortgage Association (Fannie Mae) <https://www.fanniemae.com/media/50096/display>

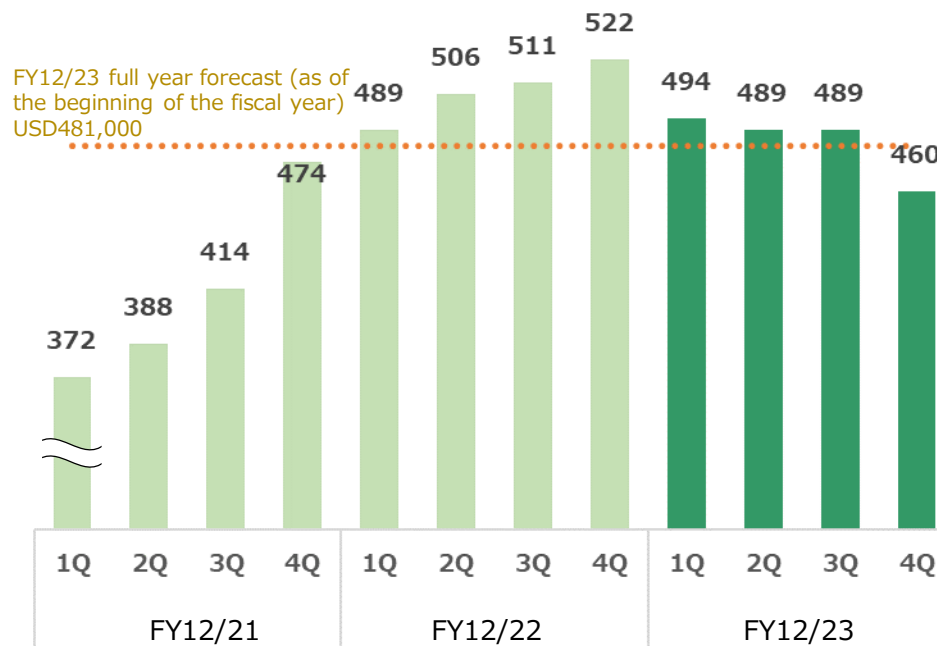
FY12/2023 Results

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

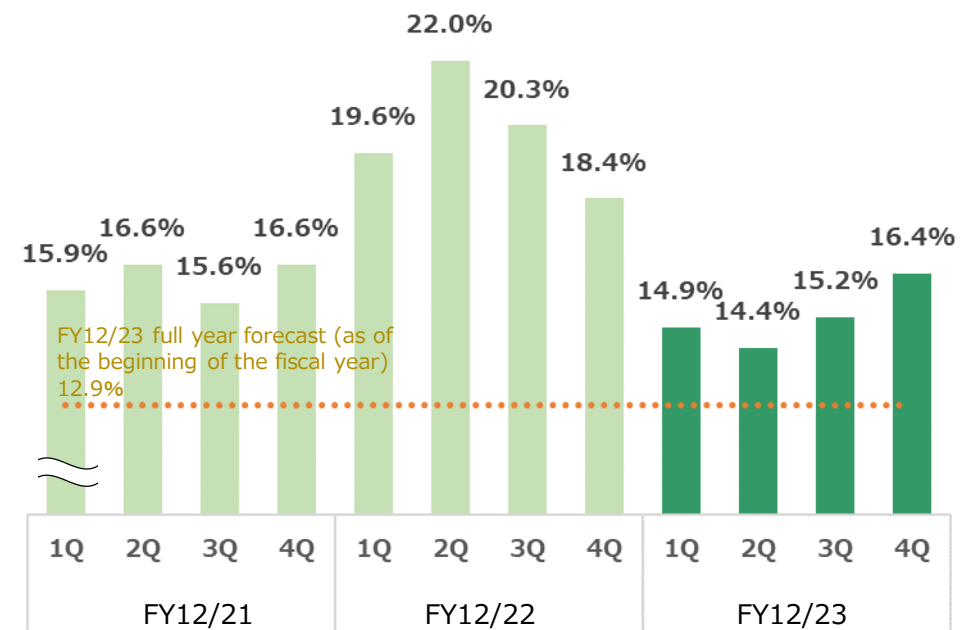
- Unit selling price fell from October to December due to the impact of mortgage rates reaching their peak in October.
- Recurring income to net sales ratio remained at a level above the forecast throughout the year.

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 second 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 Results

9. US Real Estate Development Business

- 6 properties were sold, falling below the results from the previous fiscal year, which was partly due to the carrying over of some property sales to the next fiscal year.
- There are 86 projects for which construction work has already commenced, which will contribute to earnings from FY12/24 onwards.

■ Construction Works Commenced

(Unit: projects)

	FY12/22		FY12/23	
	Projects	Total units	Projects	Total units
Multi-family housing	33	10,533	62	20,629
Single family rental housing	5	440	5	447
Commercial and mixed use complexes	16	-	19	-
Total	54	10,973	86	21,076

■ Sales

(Unit: projects)

	FY12/22		FY12/23	
	Projects	Total units	Projects	Total units
Multi-family housing	9	2,725	4	1,188
Single family rental housing	1	112	1	118
Commercial and mixed use complexes	2	-	1	-
Total	12	2,837	6	1,306

FY12/2023 Results

10. Investments

- Compared to the approximately 300 billion yen investments and loans plan in the three-year Medium-Term Management Plan, the cumulative results from the beginning of FY12/22 to the end of FY12/23 were 178.7 billion yen. Main activities include the development of commercial real estate in the United States including the acquisition of JPI, the U.S. truss manufacturing company, acquisition of Southern Impression Homes, and investment in wooden office construction projects overseas.
- In 2024, we will promote decarbonization-related investments that will form the basis of our next Medium-Term Management Plan, including investing in wooden non-residential buildings in Europe and establishing a timber industrial complex, and acquiring forestry fund assets.

					(billion yen)		
Breakdown			FY12/22 Results	FY12/23 Results	Total	Three-Year Medium-Term Management Plan	Progress
Major decarbonization-related investments	Timber industrial complex investments		0.4	0.1	0.5	20.0	2%
	Overseas wooden non-residential construction		3.6	7.7	11.3	30.0	38%
	Forestry-fund related investments		0.2	0.4	0.7	12.0	5%
Investments and loans other than the above, by segment	Timber and Building Materials	Manufacturing business investments, etc.	3.9	3.7	7.6	35.0	22%
	Global Housing, Construction and Real Estate	Overseas real estate, land development, etc.	42.9	86.0	128.9	130.0	99%
	Housing	Model homes, offices, etc.	6.4	8.8	15.3	25.0	61%
	Environment and Resources	Renewable energy, forestry, afforestation investments, etc.	3.1	2.2	5.3	30.0	18%
	Other	System investments (DX promotion, etc.), etc.	2.1	7.2	9.4	15.0	62%
Total			62.6	116.1	178.7	297.0	60%

FY12/2023 Results

11. Balance Sheet

- In addition to increases in the yen conversion amounts in the balance sheet of overseas subsidiaries and accumulated other comprehensive income (currency translation adjustment account) due to continuing yen depreciation, total assets increased due to the consolidation of companies acquired in the previous fiscal year.

				(billion yen)							(billion yen)		
				End of December 2022	End of December 2023	Change		End of December 2022	End of December 2023	Change		FY12/22	FY12/23
Cash, deposits, securities	131.9	157.2	+25.3	Payables	239.8	269.0	+29.2	Operating CF	55.3	125.3			
Receivables	212.4	209.4	-3.0	Short-term debt(Bank loans)	46.0	51.8	+5.8	Investing CF	-52.4	-112.5			
Finished goods	38.0	35.6	-2.4	Contract liabilities	80.1	86.9	+6.8	Free CF	2.9	12.8			
Real estate for sale	106.4	127.9	+21.5	Advances received from customers	0.0	0.0	+0.0	Financial CF	-33.0	10.2			
Real estate for sale in process	434.0	524.6	+90.5	Other current liabilities	128.3	180.3	+52.0						
Construction projects in progress	16.1	16.2	+0.1	Long-term debt/bonds issued	277.9	310.5	+32.6						
Other receivables	56.9	87.2	+30.3	Liability for retirement benefits	11.8	10.6	-1.2						
Other current assets	76.9	77.8	+0.9	Other long-term liabilities	71.2	80.4	+9.2						
Total current assets	1,072.8	1,236.0	+163.3	Liabilities	855.0	989.4	+134.4						
Tangible fixed assets	198.8	226.3	+27.5	Shareholders' equity	526.3	613.4	+87.1						
Intangible fixed assets	22.9	64.4	+41.5	Accumulated other comprehensive income	101.2	141.0	+39.8						
Investments and other assets	243.2	286.1	+42.9	Non-controlling interests	55.0	68.9	+13.8						
Total non-current assets	464.8	576.7	+111.9	Net assets	682.6	823.3	+140.7						
Total assets	1,537.6	1,812.7	+275.1	Total liabilities/net assets	1,537.6	1,812.7	+275.1						

FY12/2024 Forecast



FY12/2024 Forecast

1. Statements of Income

- Both sales and profits are expected to increase, backed by the growth of the US single family homes business, increase in the number of properties sold in the US real estate development business, and the effects of the consolidation of companies acquired in the previous fiscal year.

(billion yen)

(Consolidated)	FY12/23	FY12/24 Forecast	Change	Pct.
Net Sales	1,733.2	2,065.0	+ 331.8	+19.1%
Gross Profit	408.8	466.0	+ 57.2	+14.0%
SG&A Expenses	262.1	304.5	+ 42.4	+16.2%
Operating Income	146.8	161.5	+ 14.7	+10.0%
Recurring Income	159.4	173.0	+ 13.6	+8.5%
Net Income	102.5	105.5	+ 3.0	+2.9%

*Without actuarial differences

SG&A Expenses	267.1	304.5	+ 37.4	+14.0%
Recurring Income	154.4	173.0	+ 18.6	+12.0%

● Conversion rate

	FY12/23	Y12/ 24
USD/JPY	140.57	140.00
AUD/JPY	93.27	92.00

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

FY12/2024 Forecast

2. Segment Sales and Recurring Income

- Timber and Building Materials: Profits are expected to increase due to optimization of inventory levels in the market and improvements in profitability of the manufacturing business.
- Housing: Although unit selling price is expected to rise, sales are expected to increase while profits fall due to a decline in the order backlog at the beginning of the fiscal year and rising material costs.
- Global Construction and Real Estate: Both sales and profits are expected to increase due to an increase in the number of units sold in the US single family homes business, and an increase in the number of properties sold in the US real estate business.
- Environment and Resources: Sales and profits are expected to increase on the back of an increase in sales volume in the overseas forestry business, as well as the stable operation of biomass power plants.

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/23	FY12/24 Forecast	Change	Pct.	FY12/23	FY12/24 Forecast	Change	Pct.
Timber and Building Materials	236.1	237.0	+0.9	+0.4%	11.2	14.0	+2.8	+25.2%
Housing	534.0	540.0	+6.0	+1.1%	32.8	31.5	-1.3	-3.9%
Global Construction and Real Estate	948.1	1,274.0	+325.9	+34.4%	112.5	132.5	+20.0	+17.7%
Environment and Resources	24.8	27.0	+2.2	+8.7%	0.6	1.5	+0.9	+165.8%
Other	26.0	28.0	+2.0	+7.5%	2.2	2.4	+0.2	+9.5%
Adjustment	-35.9	-41.0	-5.1	-	0.2	-8.9	-9.1	-
Total	1,733.2	2,065.0	+331.8	+19.1%	159.4	173.0	+13.6	+8.5%

FY12/2024 Forecast

3. Domestic Housing Business Orders Received and Sales

- With regard to orders for custom-built detached houses, we will boost efforts to purchase land and increase plans for standard products, in order to strengthen our focus on supporting customers looking for land, which makes up close to 50% of all orders.
- Sales is expected to fall both in terms of number of units and amount, due to the major impact of a decline in the order backlog at the beginning of the fiscal year.

(billion yen)

		Orders received				Sales			
		FY12/23	FY12/24 Forecast	Change	Pct.	FY12/23	FY12/24 Forecast	Change	Pct.
Contract business	Custom-built detached houses *1	345.8	364.0	+ 18.2	+ 5.3%	373.5	367.0	- 6.5	- 1.8%
	(Units)	(7,318)	(7,800)	(+482)	(+ 6.6%)	(8,275)	(7,730)	(-545)	(-6.6%)
	(Unit price(mil. yen)) *2	(42.5)	(42.5)	(+ 0.0)	(+ 0.1%)	(43.8)	(47.0)	(+ 3.2)	(+ 7.3%)
	Apartments	16.8	19.0	+ 2.2	+ 13.0%	15.6	16.7	+ 1.1	+ 7.0%
Other	Detached spec home					19.7	23.2	+ 3.5	+ 17.7%
	Other *3					3.0	2.2	- 0.9	- 28.5%
		Net Sales Total		411.8	409.0	- 2.8	- 0.7%		
		Profit Ratio		23.4%	23.5%	+ 0.1pt			
		Gross Profit		96.3	96.0	- 0.3	- 0.3%		

*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 commission sales from insurance agency business, etc.

FY12/2024 Forecast

4. Construction and Real Estate Segment Sales and Recurring Income

- U.S.: The single family homes business is expected to see an increase in profits due to an increase in the number of units sold, despite a fall in recurring income ratio due to a fall in unit selling price associated with persistently high mortgage rates. Profit is expected to increase in the real estate development business due to an increase in the number of properties sold.
- Australia: Recurring income ratio is expected to improve due to the continuous price increases, the effect of shortened construction period resulting from streamlined production processes.

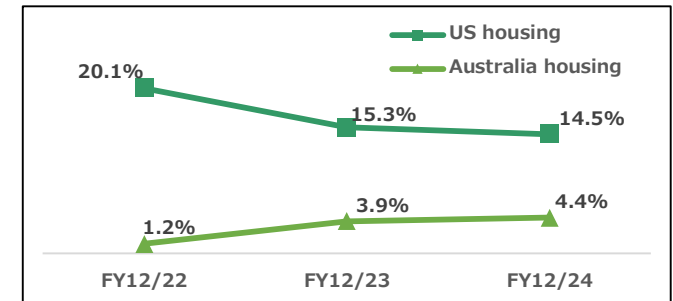
(billion yen)

		Net Sales				Recurring Income			
		FY12/23	FY12/24 Forecast	Change	Pct.	FY12/23	FY12/24 Forecast	Change	Pct.
U.S.	US housing companies	691.3	787.0	+95.7	+13.8%	105.9	114.0	+8.1	+7.7%
	US real estate companies	59.2	256.0	+196.8	+332.2%	2.0	12.5	+10.5	+522.9%
Australia	Australia housing companies	141.5	149.0	+7.5	+5.3%	5.5	6.5	+1.0	+17.2%
Other, housing and real estate		0.9	1.1	+0.2	+21.8%	0.5	-0.3	-0.8	-167.2%
Other, consolidated adjustments, etc.		55.2	80.9	+25.7	+46.7%	-1.4	-0.2	+1.2	-
Total		948.1	1,274.0	+325.9	+34.4%	112.5	132.5	+20.0	+17.7%

■ Overseas housing companies: Changes in recurring income ratio

● Conversion rate

	FY12/23	Y12/ 24
USD/JPY	140.57	140.00
AUD/JPY	93.27	92.00



FY12/2024 Forecast

5. Global Single Family Homes Business and Construction Business

- U.S.: The number of units sold is expected to increase due to an increase in the number of housing starts, improvement in construction period, and the expansion of the spec home business in Florida.
- Australia: Despite a slight decrease in the number of units sold, sales is expected to increase due to improvement in unit price, backed by continuous price increases.

<U.S.>

(units, billion yen)

	FY12/23	FY12/24 Forecast	Change	Pct.
Number of units sold	10,221	11,785	+1,564	+15.3%
Sales (billion yen)	691.3	787.0	+95.7	+13.8%
(million USD)	4,918	5,621	+704	+14.3%
Unit selling price (million yen)	67.6	66.8	- 0.9	-1.3%
(thousand USD)	481	477	-4	-0.9%

<Construction business>

(billion yen)

	FY12/23	FY12/ 24 Forecast	Change	Pct.
Orders received	6.6	7.0	+0.4	+5.7%
Sales	5.3	5.5	+0.2	+3.3%

<Australia>

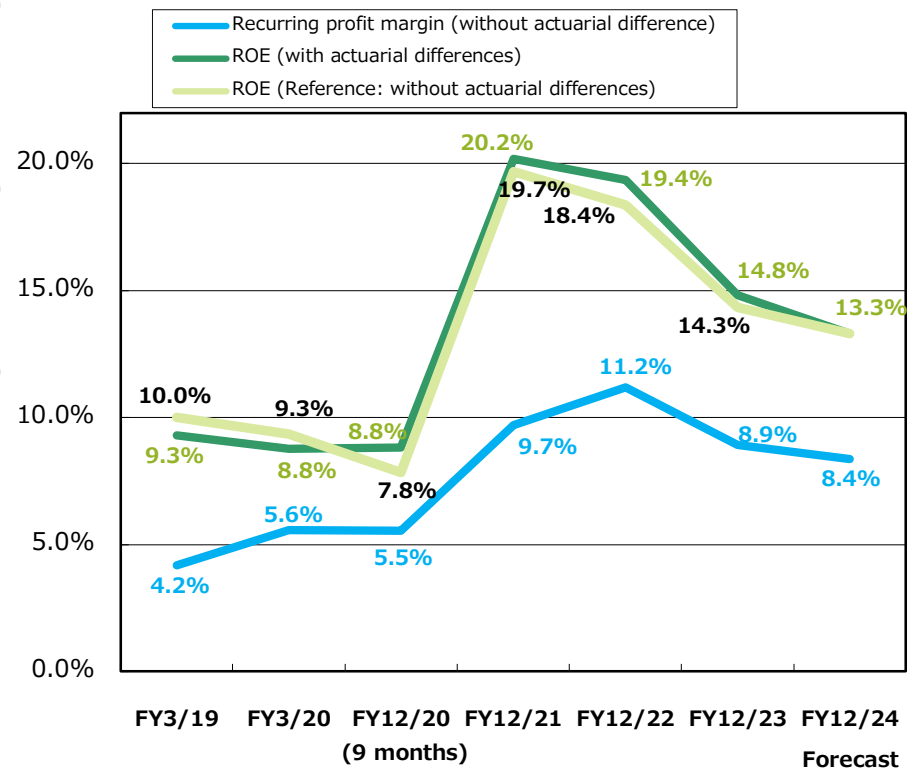
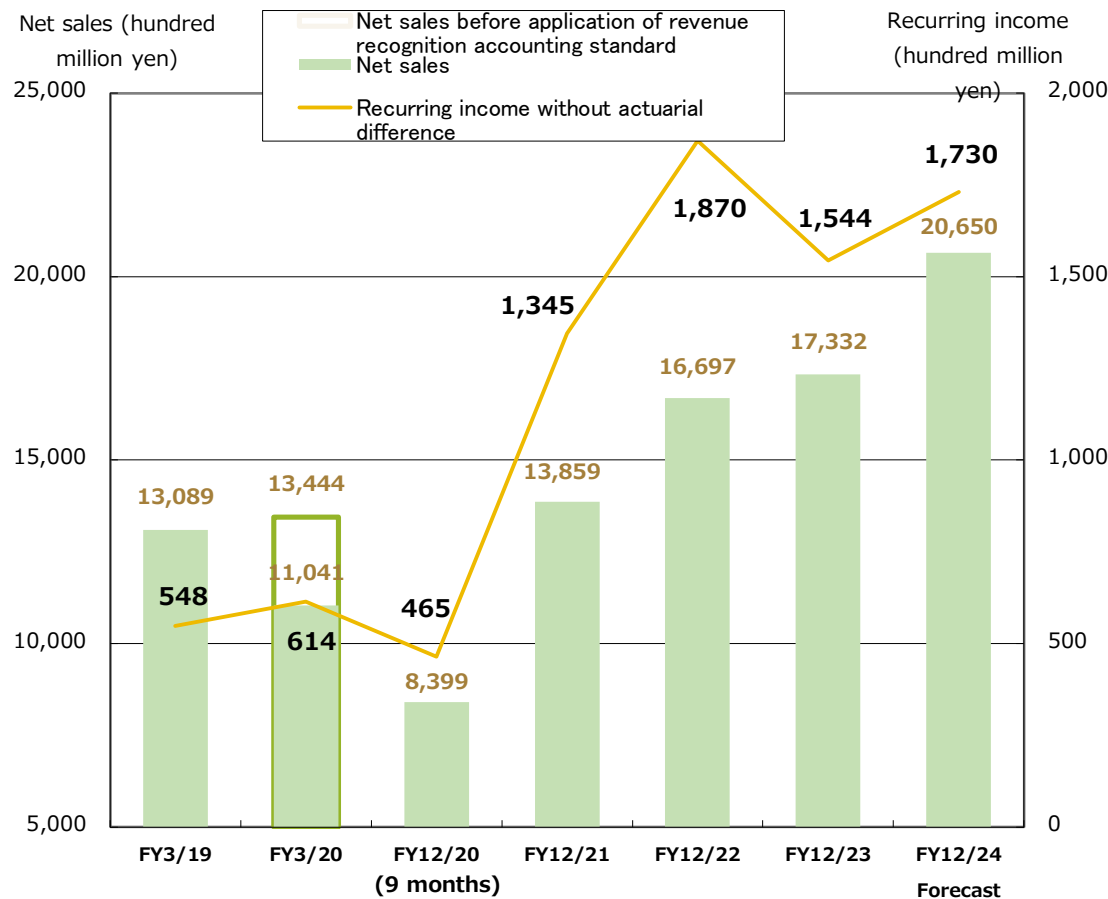
(units, billion yen)

	FY12/23	FY12/24 Forecast	Change	Pct.
Number of units sold	3,402	3,385	-17	-0.5%
Sales (billion yen)	141.5	149.0	+7.5	+5.3%
(million AUD)	1,517	1,620	+103	+6.8%
Unit selling price (million yen)	41.6	44.0	+ 2.4	+5.9%
(thousand AUD)	446	478	+33	+7.3%

FY12/2024 Forecast

6. Changes in Profit and Loss, Recurring Income to Net Sales Ratio, and ROE

- While ROE is on a declining trend due to the impact of foreign currency translation adjustment account, we will work toward improving profitability through effective investment with an eye to the future, keeping in mind our target of achieving ROE of 15% or higher.



* Recurring income excludes actuarial difference.

* ROE (reference value) 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.

(Reference) Progress of Main Medium-Term Management Plan Indicators

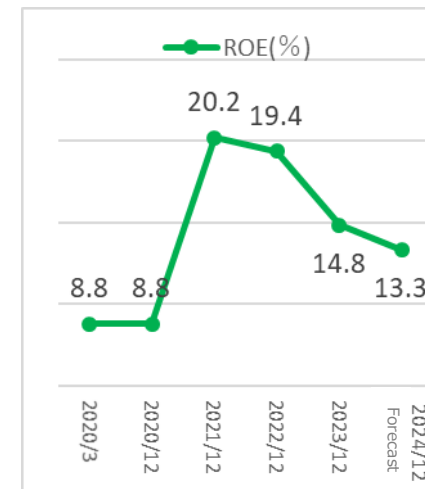
Consolidated results

(billion yen)	Medium-term Management Plan	12/24 Forecast	Compared to the Plan
Net sales	1,770.0	2065.0	+16.7%
Recurring income	173.0	173.0	-
Net income	116.0	105.5	-9.1%

Recurring income by segment

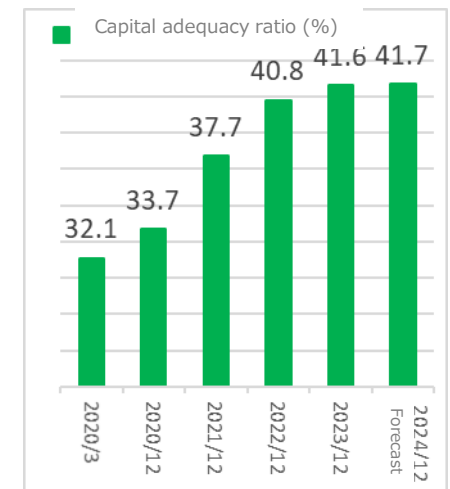
(billion yen)	Medium-term Management Plan	12/24 Forecast	Compared to the Plan
Timber and Building Materials	11.5	14.0	+ 21.7%
Housing	32.0	31.5	-1.6%
Construction and Real Estate	129.0	132.5	+ 2.7%
Environment and Resources	4.0	1.5	-62.5%
Others	5.0	2.4	-52.0%
Adjustment	-8.5	-8.9	-

ROE



Medium-Term Management Plan: 15% or more in a stable manner

Capital adequacy ratio



Medium-Term Management Plan: 40% or more

US single family housing business

	Medium-term Management Plan	12/24 Forecast	Compared to the Plan
Recurring income (billion yen)	107.5	114.0	+ 6.5
Recurring income ratio (%)	13.5	14.5	+ 1.0pt
No. of units sold (units)	16,000	11,785	-4,215

Total value for five US housing subsidiaries

The Medium-Term Management Plan values for recurring income by segment are the forecast values based on the segment classification at the time the plan was prepared. The assumed conversion rate (1USD) for FY12/24 was 115 yen at the time the Medium-Term Management Plan was prepared, and 140 yen in the FY12/24 forecast.



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.