

## Sumitomo Forestry Establishes Wall Panel and Truss Manufacturing Plant in North Carolina, USA

~ Accelerating FITP business by establishing stable supply of high-quality products and integrated material and construction system ~

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; Headquarters: Chiyoda-ku, Tokyo) hereby announces that it will establish a structural housing component manufacturing plant in North Carolina, USA through its local subsidiary. This plant will manufacture wall panels and roof trusses and floor trusses for single-family home and multi-family housing and, in the future, will sell building materials such as windows and doors in the aim of ensuring a stable supply of high-quality products in North Carolina. Operations will begin in 2024, and the total investment will be around USD 26 million (about 3.44 billion yen<sup>\*1</sup>). Sumitomo Forestry is promoting its Fully Integrated Turnkey Provider (FITP) business, which provides integrated panel design, manufacturing, delivery, and installation, in the United States and will further expand the business with the establishment of this plant.

### ■ Characteristics of the location

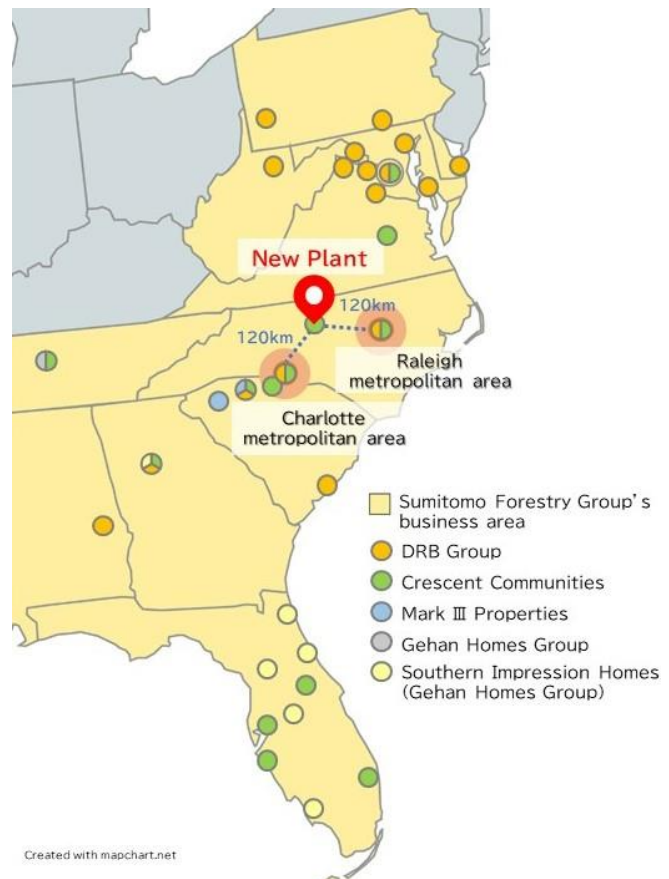
North Carolina is the third largest housing market<sup>2</sup> in the United States, backed by stable economic growth. The plant is located between the Raleigh and Charlotte metropolitan areas, which account for around 60% of all housing start permits in the state, and will supply materials to both areas by taking advantage of its location by the interstate.

In North Carolina, group company the DRB Group (President and CEO: Ronald Salameh; Headquarters: Rockville, Maryland) is engaged in the homebuilding business, and group company Crescent Communities, LLC (Chairman and CEO: Brian Natwick; Headquarters: Charlotte, North Carolina) is engaged in the real estate development business. Sumitomo Forestry aims to expand the scale of the plant by selling to external builders in the future in addition to supplying materials to the two aforementioned group companies.

The North Carolina state government and other agencies have high expectations for the plant in terms of investment and job creation associated with its establishment, and we aim to contribute to the local community while taking advantage of government subsidies.

### ■ Significance of engaging in FITP business

The plan is for the plant to manufacture structural housing components for 2,800 houses per year by 2030. One of the business policies set forth by the Sumitomo Forestry Group in its long-term vision Mission TREEING 2030 that covers the period up to 2030 is advancing globalization, and we aim to supply 23,000 houses per year in the United States. To achieve the long-term vision, Sumitomo Forestry will build a stable material procurement and supply network on the southern east coast of the United States by establishing this plant.



There are currently severe labor shortages and material shortages from supply chain disruptions in the US construction industry, which have resulted in issues such as soaring labor and material prices and prolonged construction periods. Last September, Sumitomo Forestry established wholly owned subsidiary Builder Solutions Group, LLC (President: Satoshi Fujita; Headquarters: Addison, Texas; "BSG") to manage and promote the FITP business. In addition to the construction functions such as framing and interior/exterior work, which have already been brought in-house, and the manufacturing functions such as for trusses and panels, BSG will also handle the operation of the newly established plant. Collaborating with group companies engaged in the homebuilding business in the United States, the aim is to reduce construction periods, cut costs, and improve quality through rationalization of construction.

#### ■Future initiatives and policy

Sumitomo Forestry Group will sell structural housing components together with the Group's framing, interior/exterior construction, and other installation functions to provide integrated material and construction services. The Group aims to strengthen the supply chain and improve the price competitiveness of its structural housing components by leveraging its lumber and building material procurement and distribution functions in the United States and other countries. Furthermore, aiming for accelerating digital transformation in housing industry, Sumitomo Forestry will link its system to that of plants, construction companies, and homebuilders as it works to streamline the FITP business as a whole.

The Company will utilize the business and operational expertise of existing function<sup>\*3</sup>, which is engaged in the manufacture of products such as trusses and panels and was acquired last September, in the operations of the new plant. The Sumitomo Forestry Group will also accumulate know-how related to starting up plants, and in the future, the Company aims to expand the FITP business into other states as well.

In addition to expanding its housing, construction, and real estate businesses by quickly establishing the FITP business on the southern east coast of the United States, the Company will work on cultivating and expanding a new distribution network in the Timber and Building Materials Business and creating new businesses to expand the Group's revenue and diversify its revenue streams.

The Sumitomo Forestry Group is engaged in a broad range of businesses revolving around wood, including forest management, timber and building material procurement and manufacturing, wooden construction including single family home and real estate development, and wood biomass power generation. Through the Sumitomo Forestry Wood Cycle, an element of our long-term vision for 2030 "Mission TREEING 2030", we are striving to increase the CO2 absorption of forests and store carbon for long periods of time with the popularization of mass timber buildings to contribute to decarbonization for the company, customers, business partners, and society. With the advancement of globalization being one of its long-term vision business policies, Sumitomo Forestry is also working to accelerate decarbonization initiatives in USA as well.

\*1. 1 US\$ = 132.25 yen (exchange rate on February 6, 2023)

\*2. Based on number of detached housing start permits

\*3. Related release: [https://sfc.jp/english/news/pdf/20220930\\_01.pdf](https://sfc.jp/english/news/pdf/20220930_01.pdf)

## ■ Illustration of wall panel and truss manufacturing plant



## ■ Overview of plant

Address	Archdale, North Carolina
Lot size	60.91 acres (approx. 246,500 m <sup>2</sup> )
Production scale	2,800 units (2030)
Start of construction	December 2022
Completion of construction (planned)	December 2023
Launch of production (planned)	1Q of 2024

## ■ Overview of Builder Solutions Group, LLC

Headquarters	Addison, Texas
Representative	Satoshi Fujita
History	Established in September 2022
Capital relationship	Investment through Sumitomo Forestry wholly owned subsidiary Sumitomo Forestry America, Inc.
Business summary	Management and promotion of FITP business