

FY12/2021 Financial Results – Second Quarter Financial Results and Full Year Forecast



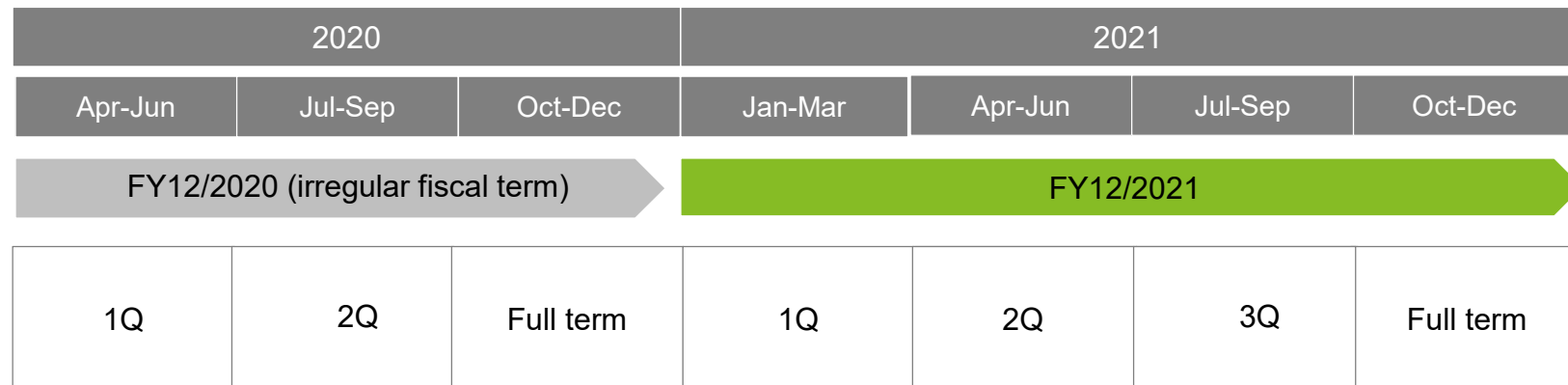
Note :

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August 11, 2021

Notes

- The fiscal term end was changed from March 31 to December 31 in FY12/20. As such, FY12/20 is the nine-month period from April to December 2020, while FY12/21 is the one-year period from January to December 2021.
- The year-on-year comparison for the second quarter of FY12/21 is made against April to September 2020, which was the second quarter of FY12/20.
- The year-on-year comparison for the full-year forecast for FY12/21 is against the results of FY3/20.



- “Net income attributable to shareholders of parent” is expressed as “net income.”
- Starting this fiscal year, the land for custom-built housing sales amount is included in the custom-built detached houses sales amount.

FY12/2021 Second Quarter Results



FY12/21 Second Quarter Results

1. Statements of Income

(billion yen)

(Consolidated)	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Net Sales	525.9	632.9	+106.9	+20.3%
Gross Profit	117.2	146.7	+29.5	+25.2%
SG&A Expenses	90.4	98.4	+8.0	+8.9%
Operating Income	26.9	48.3	+21.5	+80.0%
Recurring Income	28.7	51.8	+23.1	+80.5%
Net Income	16.3	29.2	+12.9	+79.5%

- The Overseas Housing and Real Estate Business continued to perform well, and the Timber and Building Materials Business and Housing and Construction Business, which had been sluggish in the previous fiscal year due to COVID-19, recovered. Both net sales and recurring income were up year on year as a result of these and other factors.

FY12/21 Second Quarter Results

2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Timber and Building Materials	94.5	98.4	+4.0	+4.2%	1.7	2.9	+1.2	+67.6%
Housing and Construction	208.6	247.2	+38.7	+18.5%	3.5	11.3	+7.8	+224.6%
Overseas Housing and Real Estate	216.8	279.8	+63.0	+29.1%	24.6	36.1	+11.5	+46.6%
Environment and Resources	10.3	11.1	+0.8	+7.5%	1.9	2.0	+0.1	+4.1%
Other	11.8	12.1	+0.2	+2.0%	-0.1	1.4	+1.5	-
Adjustment	-16.1	-15.7	+0.3	-	-2.9	-1.7	+1.2	-
Total	525.9	632.9	+106.9	+20.3%	28.7	51.8	+23.1	+80.5%

Timber and Building Materials:

Sales and income up owing to increased selling prices of imported lumber and plywood in distribution business as result of rising timber prices

Housing and Construction:

Sales and income up due to progress on construction of custom-built detached houses, recovery of renovation, real estate brokerage and landscaping businesses, and contribution of COHNAN KENSETSU INC. to results

Overseas Housing and Real Estate:

Sales and income up owing to increased selling prices and profit margin against backdrop of favorable housing market in US housing business. Australian housing business also performed well.

Environment and Resources:

Sales and income up owing primarily to strong sales of logs in New Zealand forestation business

FY12/21 Second Quarter Results

3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Contract business	Custom-built detached houses *1	152.6	187.9	+35.2	+23.1%	145.4	159.4	+14.1	+9.7%
	(Units)	(3,993)	(4,670)	(+677)	(+17.0%)	(3,462)	(3,848)	(+386)	(+11.1%)
	(Unit price(mil. yen)) *2	(34.7)	(36.4)	(+1.8)	-	(39.3)	(38.0)	(-1.2)	-
	Apartments	6.3	6.9	+0.6	+9.6%	7.3	9.7	+2.4	+32.3%
	Other contracts	0.4	0.7	+0.3	+57.7%	0.7	1.1	+0.4	+65.1%
Other	Detached spec home					7.8	9.9	+2.0	+25.6%
	Other *3					2.2	2.2	+0.0	+0.3%
Net Sales Total						163.4	182.3	+18.9	+11.6%
Profit Ratio						22.6%	22.2%	-0.4p	
Gross Profit						36.9	40.5	+3.6	+9.8%

*1 Custom-built detached houses sales amount includes land for custom-built housing.

*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, interior products, and commission sales from insurance agency business.

FY12/21 Second Quarter Results

3. (Reference) Year-on-year comparison

(billion yen)

		Orders received				Sales			
		Jan-Jun 2020	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.	Jan-Jun 2020	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Contract business	Custom-built detached houses *1	133.4	187.9	+54.5	+40.9%	154.2	159.4	+5.3	+3.4%
	(Units)	(3,471)	(4,670)	(+1,199)	(+34.5%)	(3,692)	(3,848)	(+156)	(+4.2%)
	Apartments	8.8	6.9	-1.9	-21.4%	9.3	9.7	+0.4	+4.3%
	Other contracts	0.5	0.7	+0.2	+29.3%	1.7	1.1	-0.7	-37.2%
Other	Detached spec home					6.9	9.9	+2.9	+42.5%
	Other *2					3.0	2.2	-0.9	-28.6%
Net Sales Total						175.2	182.3	+7.1	+4.1%
Profit Ratio						23.1%	22.2%	-0.9p	
Gross Profit						40.5	40.5	+0.0	+0.1%

*1 Custom-built detached houses sales amount includes land for custom-built housing.

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

FY12/21 Second Quarter Results

4. Renovation Business Orders Received and Sales

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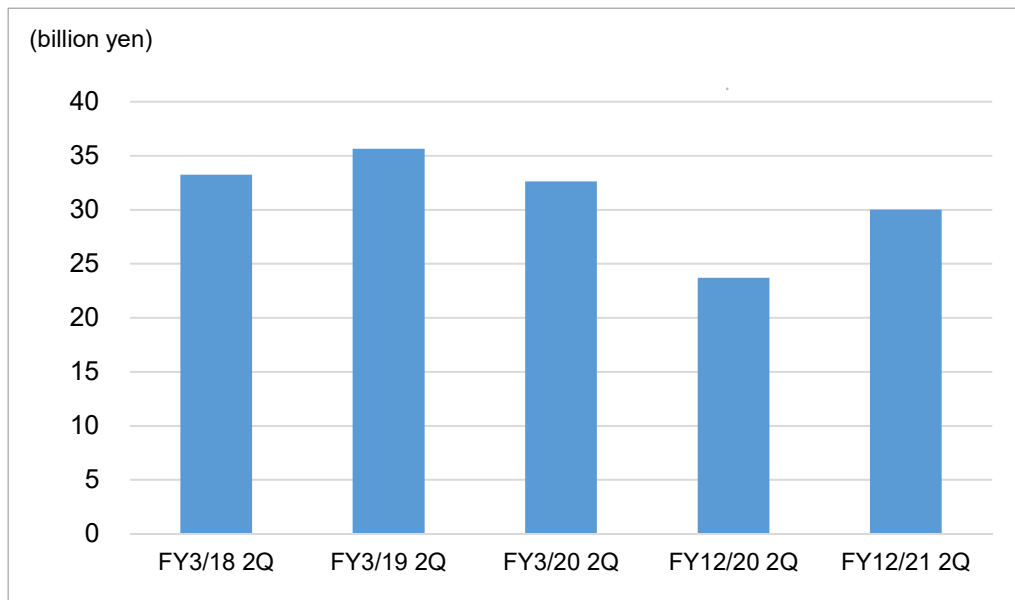
(billion yen)

(Reference) Year-on-year comparison

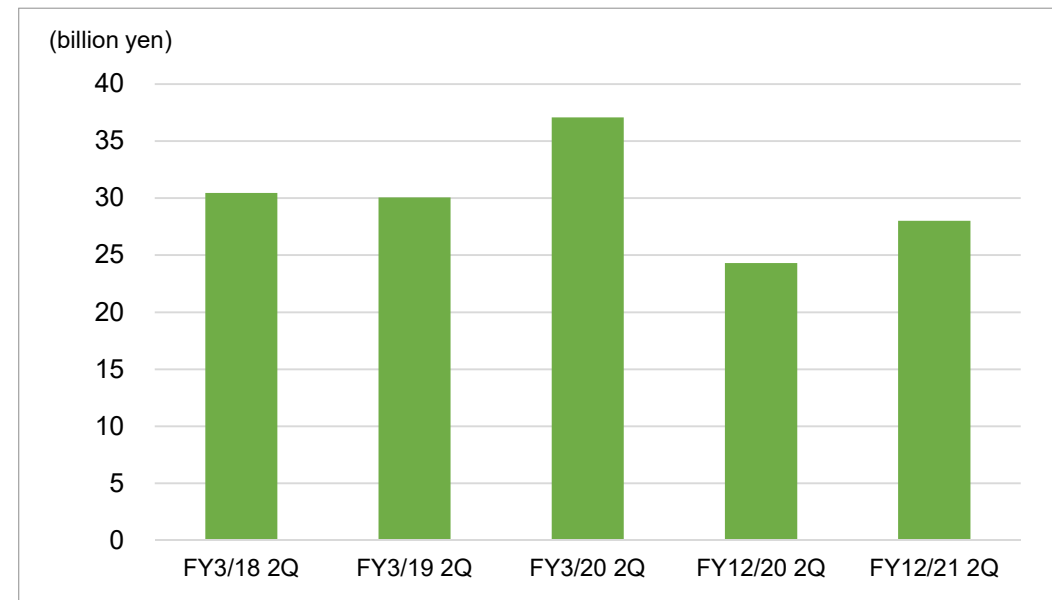
(billion yen)

	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.		Jan-Jun 2020	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Orders Received	23.7	30.0	+6.3	+26.6%	Orders Received	22.8	30.0	+7.2	+31.5%
Construction Completed	24.3	28.0	+3.7	+15.2%	Construction Completed	26.7	28.0	+1.3	+4.9%
Backlog of Orders Received at Term End	24.1	23.5	-0.6	-2.6%	Backlog of Orders Received at Term End	22.1	23.5	+1.4	+6.5%

◆ Trends in Orders Received



◆ Trends in Construction Completed



FY12/21 Second Quarter Results

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

(billion yen)

	Net Sales				Recurring Income			
	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
Affiliate Total	217.9	281.2	+63.3	+29.1%	26.7	38.2	+11.4	+42.8%
US	180.0	238.4	+58.4	+32.4%	24.3	36.7	+12.4	+51.1%
Australia	37.5	42.4	+4.9	+13.1%	1.7	1.6	-0.1	-7.0%
Other	0.4	0.4	+0.0	+1.4%	0.7	-0.1	-0.9	-
Other, Consolidated Adjustments, etc.	-1.1	-1.4	-0.3	-	-2.1	-2.1	+0.0	-
Total	216.8	279.8	+63.0	+29.1%	24.6	36.1	+11.5	+46.6%

● Number of Units Sold by Country

(billion yen)

	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)	Change	Pct.
US	4,484	5,467	+983	+21.9%
Australia	1,404	1,523	+119	+8.5%
Total	5,888	6,990	+1,102	+18.7%

● Conversion rate (average during term)

	FY12/20 2Q (Apr-Sep 2020)	FY12/21 2Q (Jan-Jun 2021)
US\$/JPY	106.82	107.75
AU\$/JPY	73.29	83.11
NZ\$/JPY	68.35	77.25

Reference

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

■ 2020

(Units)

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
Fiscal term	—	FY12/20 1Q	FY12/20 2Q	FY12/20 3Q	FY12/20 Full year	-
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

■ 2021

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
Fiscal term	FY12/21 1Q	FY12/21 2Q	FY12/21 3Q	FY12/21 4Q	FY12/21 2Q-4Q	FY12/21 Full year
US	2,443	3,024	-	-	8,607	11,050
Australia	685	838	-	-	2,865	3,550
Total	3,128	3,862	-	-	11,472	14,600

■ Year on year

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
US	+42.6%	+44.8%	-	-	+17.4%	+22.2%
Australia	+26.3%	+25.1%	-	-	+29.2%	+28.6%
Total	+38.7%	+40.0%	-	-	+20.1%	+23.7%

FY12/21 Second Quarter Results

6. Investments

◆ Capital Investment

<*acquired basis>

(billion yen)

(Consolidated)	FY12/20 Cumulative 2Q (Reference*)	FY12/21 Cumulative 2Q (Jan-Jun 2021)
Property, Plant and Equipment	13.6	7.1
Intangible Asstes	1.4	1.6
Other	1.6	1.1
Total	16.7	9.8

* For companies whose fiscal year end was previously in December, the totals are for the nine months from January to September, and for companies whose fiscal year end was changed from March to December, the totals are for the six months from April to September.

◆ Main Investments

Domestic and overseas housing display centers: 3.4 billion yen

IT-related: 1.6 billion yen

Development of profit-earning real estate in US: 1.2 billion yen

Capital investment in manufacturing business: 800 million yen

FY12/21 Second Quarter Results

7. Balance Sheet

(billion yen)

	End of December 2020	End of June 2021	Change		End of December 2020	End of June 2021	Change
Cash, deposits, marketable securities	89.1	94.8	+5.8	Payables	191.8	193.6	+1.8
Receivables	164.8	166.9	+2.1	Short-term borrowings (Bank loans)	50.1	44.1	-6.0
Finished goods	23.2	26.3	+3.2	Commercial papers	10.0	0.0	-10.0
Real estate for sale	54.0	48.4	-5.6	Advances received on construction contracts in progress	33.0	39.1	+6.1
Real estate for sale in process	225.3	287.2	+61.9	Other current liabilities	95.4	103.4	+8.0
Costs on construction contracts in progress	15.0	15.8	+0.8	Long-term borrowings/bonds issued	233.3	272.1	+38.8
Accounts receivable – other	46.5	47.5	+1.0	Retirement benefit liability	18.7	19.8	+1.1
Other current assets	60.2	65.3	+5.1	Other long-term liabilities	59.4	63.2	+3.8
Total current assets	678.0	752.2	+74.3	Liabilities	691.7	735.4	+43.7
Property, plant and equipment	185.9	191.5	+5.6	Shareholders' equity	332.4	355.2	+22.8
Intangible assets	21.6	19.3	-2.3	Accumulated other comprehensive income	35.1	52.6	+17.5
Investments and other assets	205.6	219.4	+13.8	Non-controlling interests	32.0	39.3	+7.3
Total non-current assets	413.2	430.2	+17.0	Net assets	399.5	447.1	+47.7
Total assets	1,091.2	1,182.5	+91.3	Total liabilities/net assets	1,091.2	1,182.5	+91.3

FY12/2021 Forecast



FY12/21 Forecast

1. Statements of Income (Comparison with FY3/20)

- Substantial increases in sales and income expected owing primarily to contribution of US housing business

(billion yen)

(Consolidated)	FY3/20	FY12/21 Forecast	Change	Pct.
Net Sales	1,104.1	1,310.0	+205.9	+18.6%
Gross Profit	242.7	295.0	+52.3	+21.6%
SG&A Expenses	191.3	207.0	+15.7	+8.2%
Operating Income	51.4	88.0	+36.6	+71.3%
Recurring Income	58.8	100.0	+41.2	+70.0%
Net Income	27.9	60.0	+32.1	+115.4%

FY12/21 Forecast

2. Segment Sales and Recurring Income (Comparison with FY3/20)

- Sales and income expected to be up in Overseas Housing and Real Estate Business against backdrop of vibrant US housing market, while income expected to be down in Housing and Construction Business due to increased costs, including timber prices and labor, despite increase in sales

(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	215.0	-8.6	-3.9%	6.1	5.5	-0.6	-9.8%
Housing and Construction	474.0	503.0	+29.0	+6.1%	22.6	18.0	-4.6	-20.2%
Overseas Housing and Real Estate	399.4	591.0	+191.6	+48.0%	34.5	78.0	+43.5	+125.8%
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	-47.0	-11.4	-	-9.4	-7.0	+2.4	-
Total	1,104.1	1,310.0	+205.9	+18.6%	58.8	100.0	+41.2	+70.0%

3. Domestic Housing Business Orders Received and Sales (Comparison with 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 *1	313.7	343.0	+29.3	+9.3%	312.8	327.0	+14.2	+4.6%
	(Units)	(8,143)	(8,500)	(+357)	(+4.4%)	(7,630)	(8,250)	(+620)	(+8.1%)
	(Unit price (mil. Yen)) *2	-	(36.5)	-	-	-	(39.0)	-	-
	Apartments	16.6	12.0	-4.6	-27.6%	18.3	19.0	+0.7	+4.1%
	Other contracts	1.6	2.6	+1.0	+63.8%	2.8	2.1	-0.7	-25.0%
Other	Detached spec home					19.3	16.0	-3.3	-17.3%
	Other *3					5.1	4.9	-0.2	-3.9%
Net Sales Total						358.3	369.0	+10.7	+3.0%
Profit Ratio						22.7%	21.3%	-1.4p	
Gross Profit						81.3	78.5	-2.8	-3.4%

*1 Custom-built detached houses sales amount includes land for custom-built housing.

*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, interior products, and commission sales from insurance agency business.

FY12/21 Forecast

4. Renovation Business Orders Received and Sales (Comparison with Jan-Dec 2020)

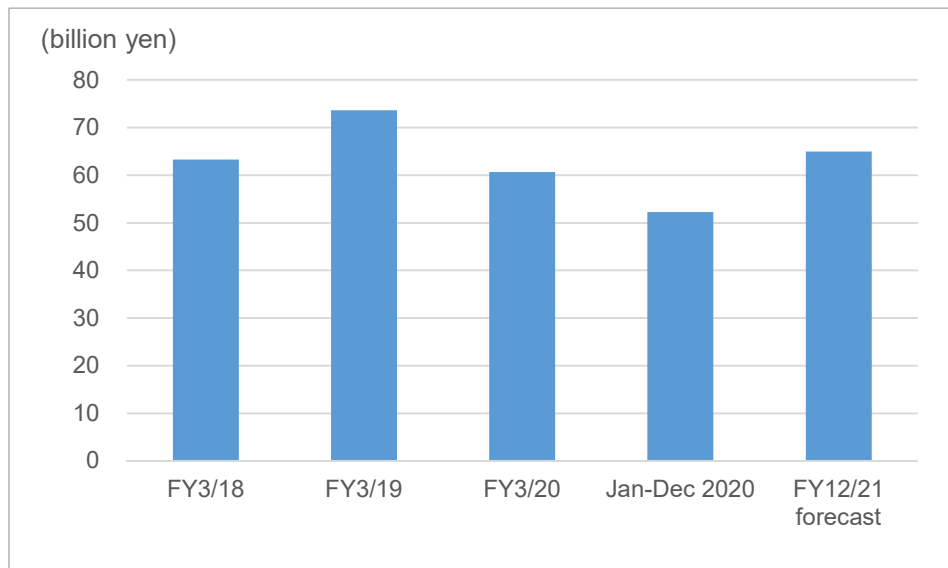
➤ Orders received and sales expected to increase with recovery from COVID-19

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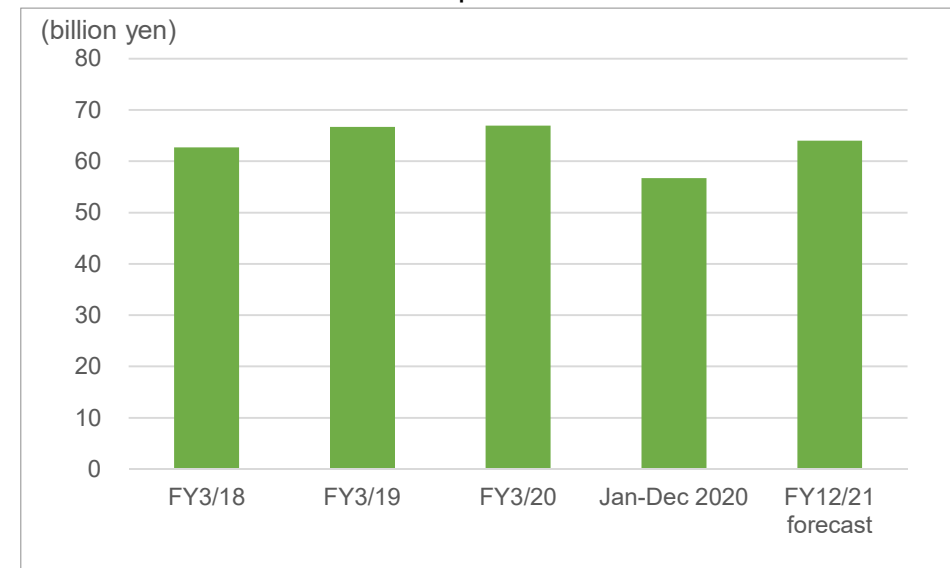
(billion yen)

	Jan-Dec 2020	FY12/21 Forecast	Change	Pct.
Orders 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 (Comparison with FY3/20)

➤ Increases in sales and income expected, especially in US housing business

(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	592.0	+190.4	+47.4%	42.8	82.0	+39.2	+91.6%
US	327.4	489.8	+162.4	+49.6%	38.4	75.0	+36.5	+95.0%
Australia	73.5	101.4	+28.0	+38.1%	4.3	4.8	+0.6	+13.6%
Other	0.7	0.8	+0.1	+8.3%	0.1	2.1	+2.1	-
Other, Consolidated Adjustments, etc.	-2.2	-1.0	+1.2	-	-8.2	-4.0	+4.3	-
Total	399.4	591.0	+191.6	+48.0%	34.5	78.0	+43.5	+125.8%

FY12/21 Forecast

6. Investments

◆ Capital Investment

<*acquired basis>

(billion yen)

(Consolidated)	FY3/20	FY12/21 Forecast	Change	Pct.
Property, Plant and Equipment	32.4	19.3	-13.1	-40.3%
Intangible Asstes	3.5	3.6	+0.2	+4.3%
Other	2.3	2.4	+0.1	+4.8%
Total	38.2	25.3	-12.8	-33.6%

◆ Main Investments

Domestic and overseas housing display centers: 6.2 billion yen

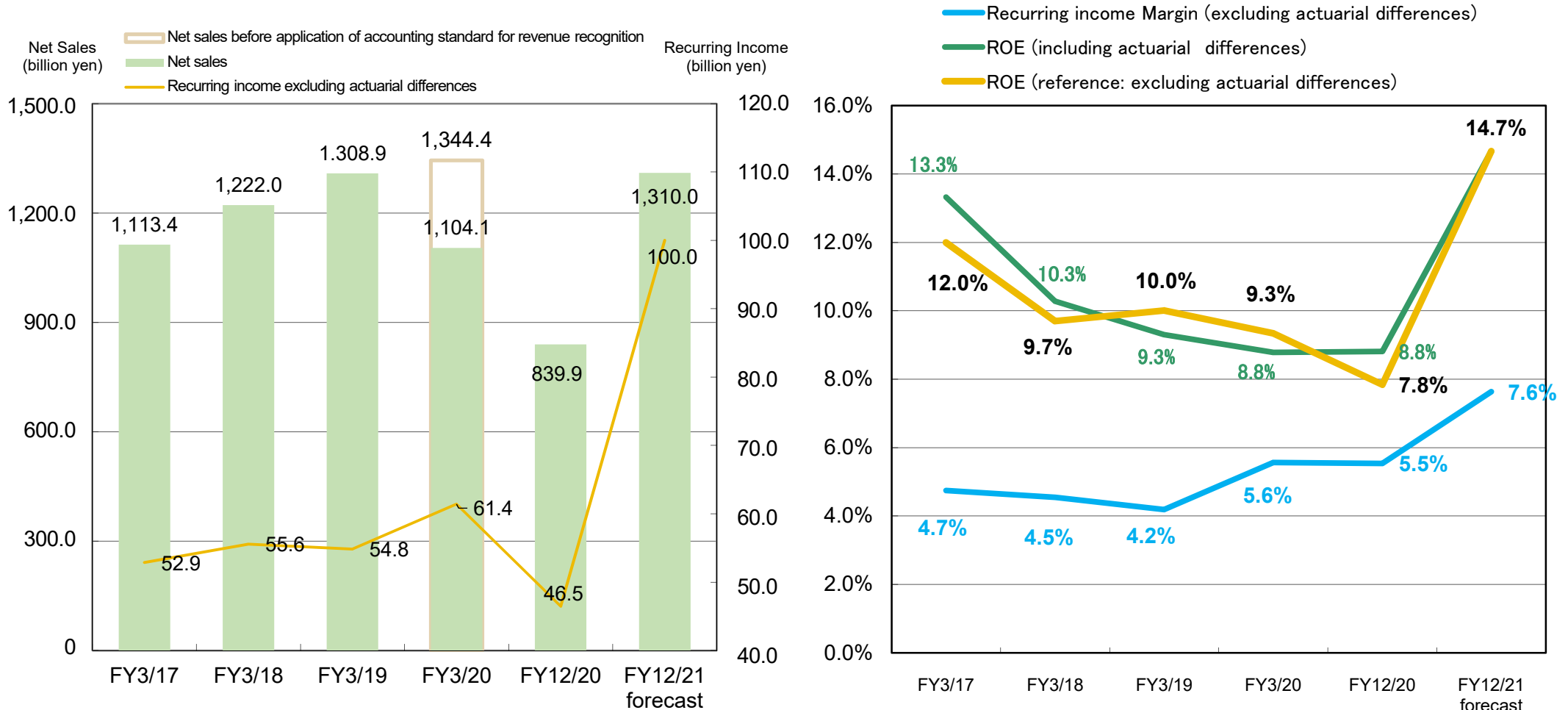
Development of profit-earning real estate in US: 4.5 billion yen

IT-related: 3.6 billion yen

Plant and equipment in manufacturing business: 2.7 billion yen

FY12/21 Forecast

7. Change in Profit and Loss, Recurring Income Margin and ROE



* Recurring income is without actuarial differences.

* ROE excluding actuarial differences (reference value) is calculated using the statutory effective tax rate, and no adjustments have been made for net assets in each fiscal year.

* Figures for net sales both before and after application of accounting standard for revenue recognition are provided for FY3/20.

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.

