

FY12/2021 Financial Results - Third Quarter Financial Results and Full Year Forecast



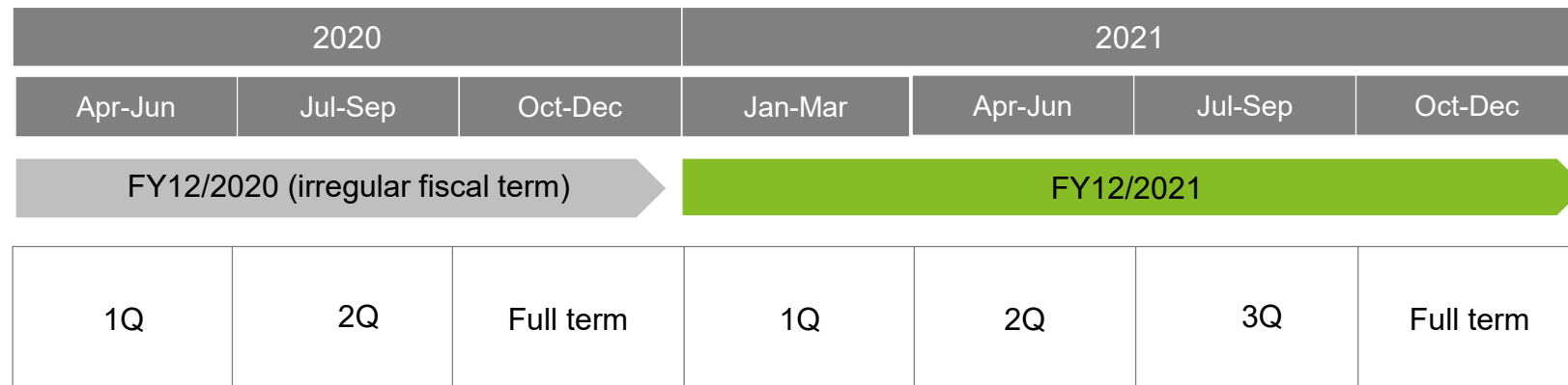
Note :

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October 29, 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 third quarter of FY12/21 is made against April to December 2020, which was the full-year results 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 Third Quarter Results



FY12/21 Third Quarter Results

1. Statements of Income

(billion yen)

(Consolidated)	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Net Sales	839.9	968.1	+128.2	+15.3%
Gross Profit	191.3	220.6	+29.3	+15.3%
SG&A Expenses	143.9	150.9	+7.0	+4.9%
Operating Income	47.5	69.7	+22.3	+46.9%
Recurring Income	51.3	88.4	+37.1	+72.4%
Net Income	30.4	53.7	+23.3	+76.7%

*Without actuarial differences

SG&A Expenses	148.7	150.9	+2.2	+1.5%
Recurring Income	46.5	88.4	+42.0	+90.3%

- The Overseas Housing and Real Estate Business continued to perform well, driven by the detached housing business in the United States. In addition, the Housing and Construction Business bounced back from the sluggishness of the previous year induced by COVID-19. As a result, net sales, recurring income, and net income were all up year on year.

FY12/21 Third Quarter Results

2. Segment Sales and Recurring Income

(billion yen)

(Consolidated)	Net Sales				Recurring Income			
	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Timber and Building Materials	144.7	154.2	+9.6	+6.6%	2.3	5.6	+3.2	+138.2%
Housing and Construction	332.3	365.5	+33.2	+10.0%	8.5	13.5	+5.1	+59.9%
Overseas Housing and Real Estate	352.4	437.6	+85.2	+24.2%	44.0	68.5	+24.5	+55.6%
Environment and Resources	15.1	16.8	+1.7	+11.5%	1.7	3.0	+1.3	+78.1%
Other	18.4	18.3	-0.1	-0.5%	0.8	2.0	+1.2	+162.9%
Adjustment	-22.9	-24.4	-1.5	-	-6.0	-4.2	+1.8	-
Total	839.9	968.1	+128.2	+15.3%	51.3	88.4	+37.1	+72.4%

Timber and Building Materials: Sales and income up owing to increased profit margin on imported lumber and plywood as result of sharp rise in timber prices.

Housing and Construction: Sales and income up owing to progress on construction of custom-built detached houses, recovery of real estate brokerage business, and contribution of COHNAN KENSETSU INC. to results.

Overseas Housing: Sales and income up owing to increase in number of units sold and selling prices of detached houses in United States against backdrop of favorable housing market as well as progress on selling real estate development properties.

Environment and Resources: Sales and income up owing to favorable performance of overseas forestry business, including in New Zealand, and contribution of Kanda biomass power generation, which began commercial operations in June.

3. Domestic Housing Business Orders Received and Sales

(billion yen)

		Orders received				Sales			
		FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Contract business	Custom-built detached houses *1	229.1	283.5	+54.4	+23.7%	226.8	238.1	+11.3	+5.0%
	(Units)	(5,924)	(6,992)	(+1,068)	(+18.0%)	(5,292)	(5,663)	(+371)	(+7.0%)
	(Unit price (mil. yen)) *2	(35.0)	(36.9)	(+1.8)	-	(39.4)	(38.2)	(-1.3)	-
	Apartments	10.1	10.3	+0.3	+2.7%	12.1	13.7	+1.6	+13.4%
	Other contracts	1.1	3.5	+2.5	+231.3%	1.3	1.4	+0.1	+4.0%
Other	Detached spec home					14.1	14.9	+0.9	+6.1%
	Other *3					3.3	3.1	-0.2	-5.8%
Net Sales Total						257.6	271.2	+13.6	+5.3%
Profit Ratio						22.4%	21.6%	-0.9p	
Gross Profit						57.8	58.5	+0.7	+1.2%

*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 Third Quarter Results

3. (Reference) Year-on-year comparison

(billion yen)

		Orders received				Sales			
		Jan-Sep 2020	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.	Jan-Sep 2020	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Contract business	Custom-built detached houses *1	237.3	283.5	+46.1	+19.4%	231.3	238.1	+6.7	+2.9%
	(Units)	(6,212)	(6,992)	(+780)	(+12.6%)	(5,800)	(5,663)	(-137)	(-2.4%)
	Apartments	12.8	10.3	-2.5	-19.3%	13.5	13.7	+0.2	+1.7%
	Other contracts	1.0	3.5	+2.5	+262.5%	2.1	1.4	-0.7	-35.1%
Other	Detached spec home					13.1	14.9	+1.8	+13.4%
	Other *2					3.9	3.1	-0.8	-20.9%
Net Sales Total						264.1	271.2	+7.2	+2.7%
Profit Ratio						22.9%	21.6%	-1.3p	
Gross Profit						60.4	58.5	-1.9	-3.2%

*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.

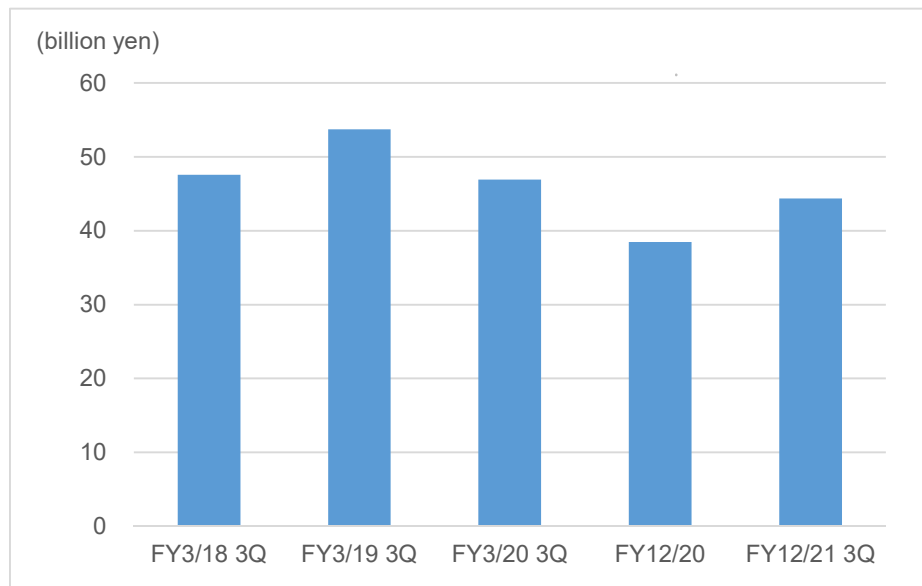
FY12/21 Third Quarter Results

4. Renovation Business Orders Received and Sales

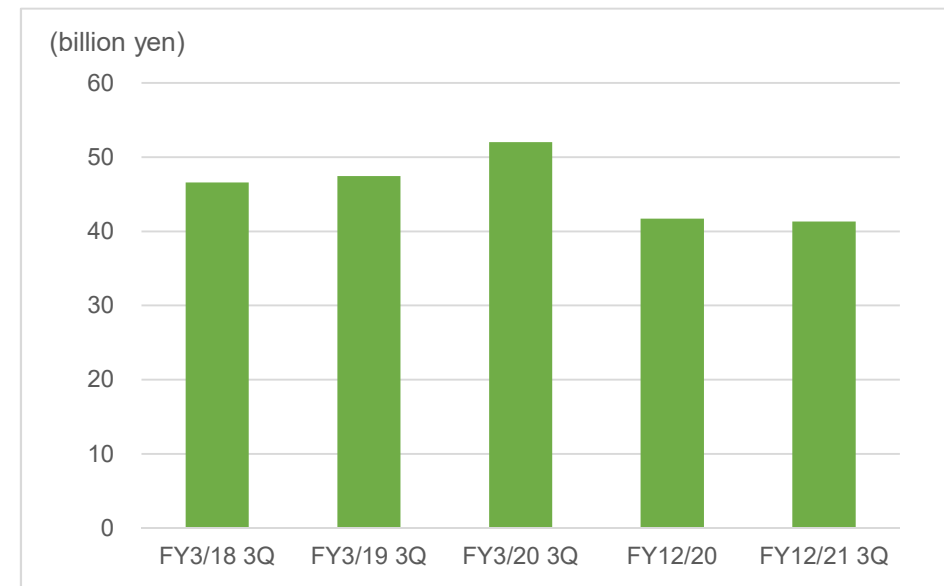
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(billion yen)					(Reference) Year-on-year comparison				
	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.		Jan-Sep 2020	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Orders received	38.5	44.4	+5.9	+15.3%	Orders received	37.5	44.4	+6.9	+18.4%
Construction Completed	41.7	41.3	-0.4	-1.0%	Construction Completed	39.3	41.3	+2.0	+5.1%
Backlog of Orders Received at Term End	21.5	24.6	+3.1	+14.2%	Backlog of Orders Received at Term End	24.1	24.6	+0.4	+1.8%

◆ Trends in Orders Received



◆ Trends in Construction Completed



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

(billion yen)

	Net Sales				Recurring Income			
	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
Affiliate Total	354.1	439.9	+85.8	+24.2%	47.0	72.1	+25.1	+53.4%
US	293.5	374.2	+80.7	+27.5%	43.2	69.5	+26.3	+60.8%
Australia	60.0	65.1	+5.1	+8.4%	2.9	2.6	-0.3	-8.7%
Others	0.6	0.6	+0.0	+4.9%	0.9	-0.0	-0.9	-
Other, Consolidated Adjustments, etc.	-1.8	-2.3	-0.6	-	-2.9	-3.5	-0.6	-
Total	352.4	437.6	+85.2	+24.2%	44.0	68.5	+24.5	+55.6%

●Number of Units Sold by Country

	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)	Change	Pct.
US	7,332	8,308	+976	+13.3%
Australia	2,217	2,337	+120	+5.4%
Total	9,549	10,645	+1,096	+11.5%

●Conversion rate (average during term)

	FY12/20 (Apr-Dec 2020)	FY12/21 3Q (Jan-Sep 2021)
US\$/JPY	106.02	108.55
AU\$/JPY	74.32	82.36

FY12/21 Third Quarter Results

6. Balance Sheet

(billion yen)

	End of December 2020	End of Sep 2021	Change		End of December 2020	End of Sep 2021	Change
Cash, deposits, marketable securities	89.1	131.6	+42.5	Payables	191.8	202.7	+10.9
Receivables	164.8	175.2	+10.5	Short-term borrowings (Bank loans)	50.1	29.0	-21.1
Finished goods	23.2	30.1	+7.0	Commercial papers	10.0	0.0	-10.0
Real estate for sale	54.0	47.4	-6.6	Advances received on construction contracts in progress	33.0	43.5	+10.5
Real estate for sale in process	225.3	313.5	+88.2	Other current liabilities	95.4	111.5	+16.1
Costs on construction contracts in progress	15.0	19.1	+4.1	Long-term borrowings/bonds issued	233.3	289.9	+56.6
Accounts receivable - other	46.5	50.0	+3.5	Retirement benefit liability	18.7	20.0	+1.3
Other current assets	60.2	67.7	+7.5	Other long-term liabilities	59.4	64.5	+5.1
Total current assets	678.0	834.6	+156.7	Liabilities	691.7	761.1	+69.4
Property, plant and equipment	185.9	191.2	+5.3	Shareholders' equity	332.4	407.8	+75.4
Intangible assets	21.6	19.1	-2.5	Accumulated other comprehensive income	35.1	58.2	+23.1
Investments and other assets	205.6	225.7	+20.1	Non-controlling interests	32.0	43.5	+11.5
Total non-current assets	413.2	436.0	+22.8	Net assets	399.5	509.5	+110.1
Total assets	1,091.2	1,270.7	+179.5	Total liabilities/net assets	1,091.2	1,270.7	+179.5

FY12/2021 Forecast



FY12/21 Forecast

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

(billion yen)

(Consolidated)	FY3/20	FY12/21 Forecast	Change	Pct.	Previous forecast	Change	Pct. change
Net Sales	1,104.1	1,367.0	+262.9	+23.8%	1,310.0	+57.0	+4.4%
Gross Profit	242.7	313.0	+70.3	+29.0%	295.0	+18.0	+6.1%
SG&A Expenses	191.3	210.0	+18.7	+9.8%	207.0	+3.0	+1.4%
Operating Income	51.4	103.0	+51.6	+100.5%	88.0	+15.0	+17.0%
Recurring Income	58.8	126.0	+67.2	+114.2%	100.0	+26.0	+26.0%
Net Income	27.9	75.0	+47.1	+169.3%	60.0	+15.0	+25.0%

*Without actuarial differences

SG&A Expenses	188.7	210.0	+21.3	+11.3%
Recurring Income	61.4	126.0	+64.6	+105.2%

- Revised upward in light of progress made through 3Q, in which Overseas Housing and Real Estate Business performed well, especially in US.

* Previous forecast was announced on August 10.

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

(billion yen)

(Consolidated)	Net Sales					Recurring Income				
	FY3/20	FY12/21 Forecast	Change	Pct.	Change from previous forecast	FY3/20	FY12/21 Forecast	Change	Pct.	Change from previous forecast
Timber and Building Materials	223.6	219.0	-4.6	-2.1%	+4.0	6.1	8.5	+2.4	+39.5%	+3.0
Housing and Construction	474.0	510.0	+36.0	+7.6%	+7.0	22.6	19.5	-3.1	-13.6%	+1.5
Overseas Housing and Real Estate	399.4	635.0	+235.6	+59.0%	+44.0	34.5	98.0	+63.5	+183.7%	+20.0
Environment and Resources	19.3	22.0	+2.7	+14.2%	-	3.6	4.0	+0.4	+12.6%	+1.0
Other	23.4	26.0	+2.6	+11.0%	-	1.5	3.0	+1.5	+102.1%	+0.5
Adjustment	-35.6	-45.0	-9.4	-	+2.0	-9.4	-7.0	+2.4	-	-
Total	1,104.1	1,367.0	+262.9	+23.8%	+57.0	58.8	126.0	+67.2	+114.2%	+26.0

Timber and Building Materials: Sales down and income up from FY3/20 due to decrease in volume handled and increase in profit margin. Timber selling prices have trended higher in domestic market compared to previous forecast, so both net sales and recurring income revised upward.

Housing and Construction: Sales up and income down from FY3/20 due to increase in number of houses sold and addition of COHNAN KENSETSU to Group as well as increase in timber costs. Both net sales and recurring income revised upward from previous forecast based on recent progress on construction.

Overseas Housing and Real Estate: Both net sales and recurring income revised upward owing to increase in number of units sold and profit margin in US detached housing business and higher selling prices in real estate development business.

Environment and Resources: Recurring income revised upward owing to favorable progress in overseas forestry business and contribution of Kanda biomass power generation business, which began commercial operation in June, being higher than initial plan.

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	347.0	+33.3	+10.6%	312.8	330.0	+17.2	+5.5%
	(Units)	(8,143)	(8,600)	(+457)	(+5.6%)	(7,630)	(8,300)	(+670)	(+8.8%)
	(Unit price (mil. yen)) *2	-	(36.8)	-	-	-	(39.0)	-	-
	Apartments	16.6	12.0	-4.6	-27.6%	18.3	19.0	+0.7	+4.1%
	Other contracts	1.6	4.4	+2.8	+177.2%	2.8	2.1	-0.7	-25.0%
Other	Detached spec home					19.3	20.0	+0.7	3.4%
	Other *3					5.1	4.9	-0.2	-3.9%
Net Sales Total						358.3	376.0	+17.7	+5.0%
Profit Ratio						22.7%	21.0%	-1.7p	
Gross Profit						81.3	79.0	-2.3	-2.8%

*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 Forecast

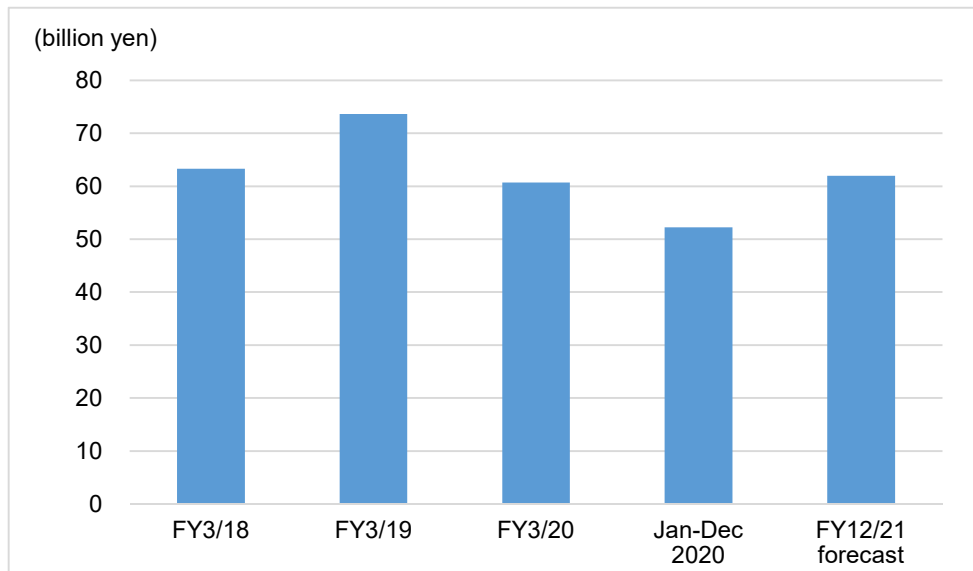
4. Renovation Business Orders Received and Sales (Comparison with Jan-Dec 2020)

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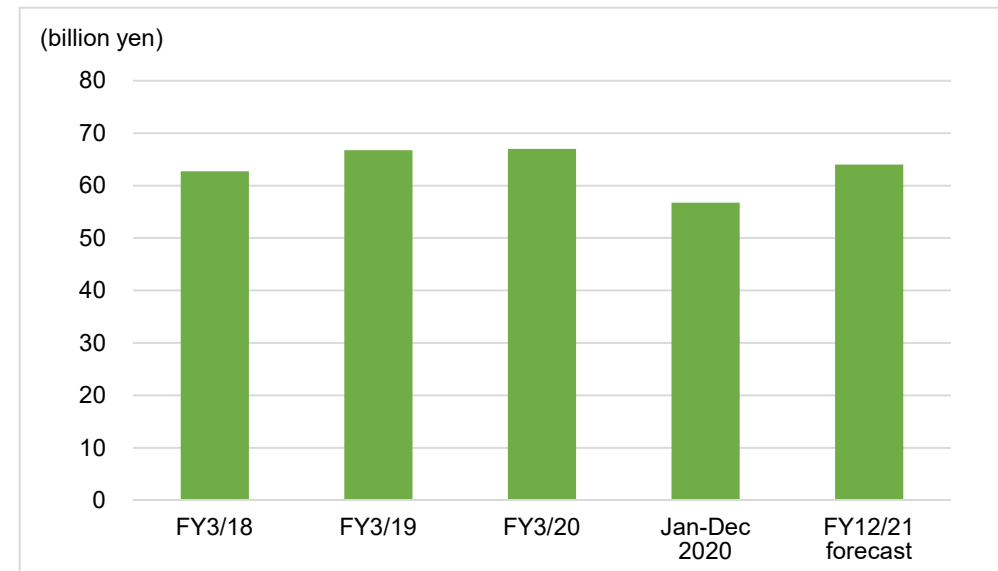
(billion yen)

	Jan-Dec 2020	FY12/21 Forecast	Change	Pct.
Orders received	52.3	62.0	+9.7	+18.6%
Construction Completed	56.7	62.0	+5.3	+9.3%
Backlog of Orders Received at Term End	21.5	21.5	±0.0	±0.0%

◆ 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)

(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	635.9	+234.3	+58.4%	42.8	101.8	+59.0	+138.0%
US	327.4	541.8	+214.4	+65.5%	38.4	96.0	+57.6	+149.8%
Australia	73.5	93.2	+19.8	+26.9%	4.3	4.5	+0.2	+5.0%
Other	0.7	0.8	+0.1	+18.3%	0.1	1.3	+1.2	-
Other, Consolidated Adjustments, etc.	-2.2	-0.9	+1.3	-	-8.2	-3.8	+4.4	-
Total	399.4	635.0	+235.6	+59.0%	34.5	98.0	+63.5	+183.7%

● Number of Units Sold by Country

	FY3/20 (Jan-Dec 2019)	FY12/21 Forecast (Jan-Dec 2021)	Change	Pct.
US	7,973	11,550	+3,577	+44.9%
Australia	2,417	3,300	+883	+36.5%
Total	10,390	14,850	+4,460	+42.9%

● Conversion rate (average during term)

	FY3/20 (Jan-Dec 2019)	FY12/21 Forecast (Jan-Dec 2021)
US\$/JPY	109.01	108.00
AU\$/JPY	75.80	83.00

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	2,841	3,242	9,107	11,550
Australia	685	838	814	963	2,615	3,550
Total	3,128	3,862	3,655	4,205	11,722	14,850

■ Year on year

Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec	Jan-Dec
US	+42.6%	+44.8%	+18.6%	+13.8%	+24.2%	+27.7%
Australia	+26.3%	+25.1%	+10.9%	+18.4%	+17.9%	+19.6%
Total	+38.7%	+40.0%	+16.8%	+14.8%	+22.8%	+25.8%

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.

