

Happiness Grows from Trees



# **FY12/2022 Financial Results –Second Quarter Financial Results and Full Year Forecast–**



August 10, 2022

# **FY12/2022 Second Quarter Results**



## 1. Statements of Income

- Overseas Housing and Real Estate, primarily in United States, and Timber and Building Materials drove performance, with both recurring income and net income breaking second quarter records.

(billion yen)

(Consolidated)	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Net Sales	632.9	<b>782.8</b>	+149.9	+23.7%
Gross Profit	146.7	<b>187.5</b>	+40.8	+27.8%
SG&A Expenses	98.5	<b>114.6</b>	+16.0	+16.3%
Operating Income	48.2	<b>73.0</b>	+24.8	+51.4%
Recurring Income	51.7	<b>93.6</b>	+41.9	+81.0%
Net Income	29.1	<b>49.6</b>	+20.4	+70.1%

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

# FY12/2022 Second Quarter Results

## 2. Segment Sales and Recurring Income

(billion yen)

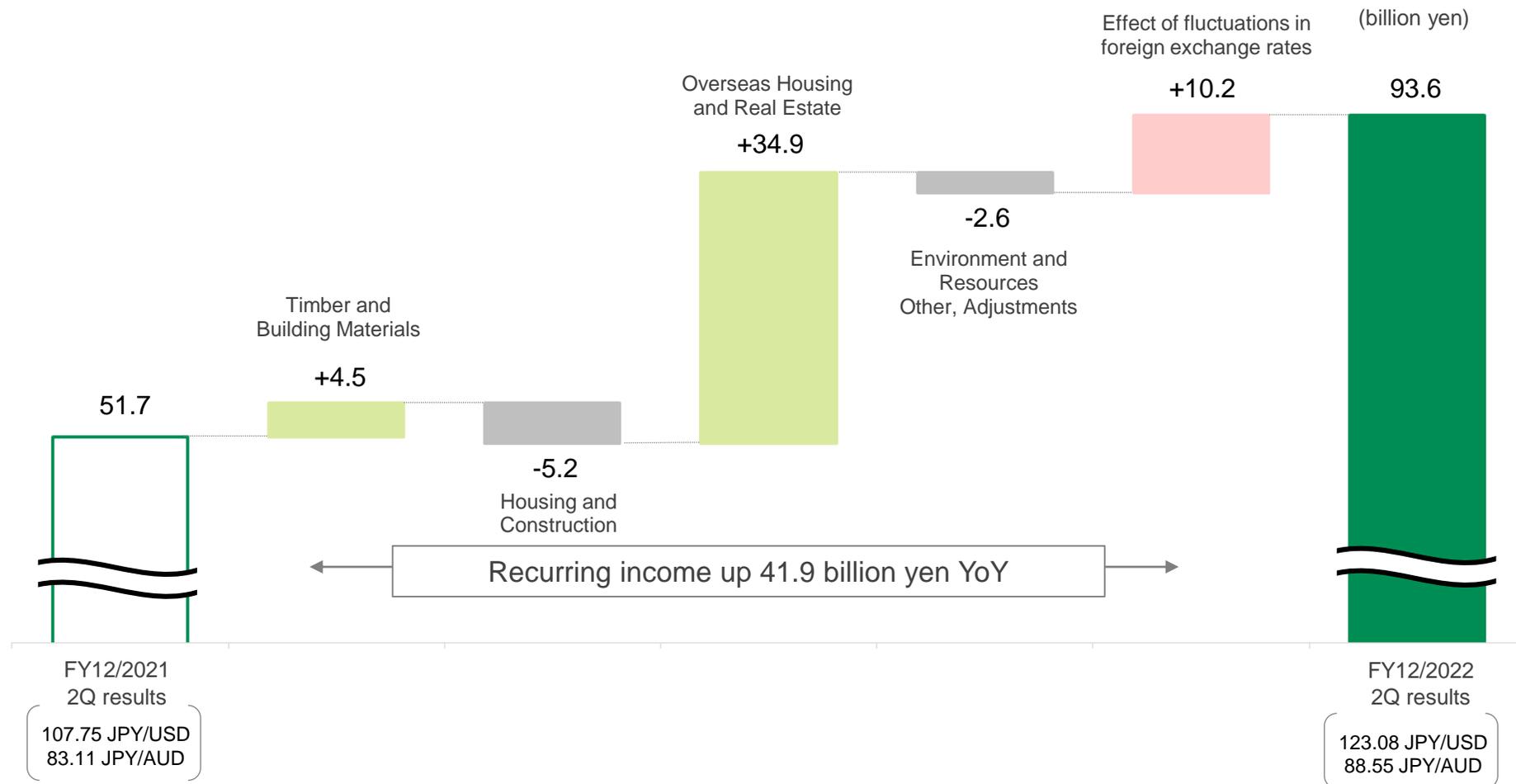
(Consolidated)	Net Sales				Recurring Income			
	FY12/21 2Q	FY12/22 2Q	Change	Pct.	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Timber and Building Materials	98.4	136.5	+38.1	+38.7%	2.9	7.4	+4.5	+157.9%
Housing and Construction	247.2	255.9	+8.7	+3.5%	11.1	5.9	-5.2	-47.1%
Overseas Housing and Real Estate	279.8	384.3	+104.5	+37.3%	36.1	81.2	+45.1	+125.2%
Environment and Resources	11.1	10.4	-0.7	-6.7%	2.0	1.1	-1.0	-47.6%
Other	12.1	11.8	-0.3	-2.4%	1.4	1.3	-0.1	-9.4%
Adjustment	-15.7	-16.1	-0.3	-	-1.7	-3.2	-1.5	-
Total	632.9	782.8	+149.9	+23.7%	51.7	93.6	+41.9	+81.0%

- Timber and Building Materials: Sales and income up due in part to improved income in overseas manufacturing industry on top of increased sales and profit ratio owing to soaring timber prices
- Housing and Construction: Sales up but income down due to higher costs arising from soaring prices of timber and other materials despite increase in net sales of custom-built detached houses
- Overseas Housing and Real Estate: Sales and income up owing in part to sale of real estate development properties on top of increase in unit selling prices and profit ratio in US single family homes business
- Environment and Resources: Both sales and income down due to sluggish performance in New Zealand forestry business resulting from economic slowdown in China and termination of measures to mitigate radical changes in wood biomass power generation business in March 2021

# FY12/2022 Second Quarter Results

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

- Recurring income up 41.9 billion yen owing to substantial increase in income in Overseas Housing and Real Estate.
- Up 31.7 billion yen when excluding effect of fluctuations in foreign exchange rates.



\* Effect of fluctuations in foreign exchange rates refers to impact on Overseas Housing and Real Estate

# FY12/2022 Second Quarter Results

## 4. Domestic Housing Business Orders Received and Sales

- Order amounts for custom-built detached houses up YoY with increase in unit prices owing to ZEH and other value-added proposals and price revisions.
- Sales up in terms of both number of units and amount, but profit ratio down due to higher costs.

(billion yen)

		Orders received				Sales			
		FY12/21 2Q	FY12/22 2Q	Change	Pct.	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Contract business	Custom-built detached houses *1	187.9	193.2	+5.3	+2.8%	160.2	173.3	+13.1	+8.2%
	(Units)	(4,670)	(4,500)	(-170)	(-3.6%)	(3,848)	(3,893)	(+45)	(+1.2%)
	(Unit price (mil. yen)) *2	(36.4)	(38.9)	(+2.5)	(+6.9%)	(38.0)	(40.4)	(+2.4)	(+6.3%)
	Apartments	6.9	7.3	+0.4	+5.6%	9.7	6.9	-2.9	-29.3%
	Other contracts	0.7	2.8	+2.1	+304.8%	1.1	2.0	+0.9	85.4%
Other	Detached spec home					9.5	8.9	-0.7	-7.0%
	Other *3					1.8	1.7	-0.1	-6.4%
Net Sales Total						182.3	192.7	+10.4	+5.7%
Profit Ratio						22.2%	18.8%	-3.4p	
Gross Profit						40.5	36.2	-4.3	-10.7%

\*1. Custom-built detached houses sales amount includes land for custom-built housing and interior products, etc.

\*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, and commission sales from insurance agency business.

# FY12/2022 Second Quarter Results

## 5. Renovation Business Orders Received and Sales

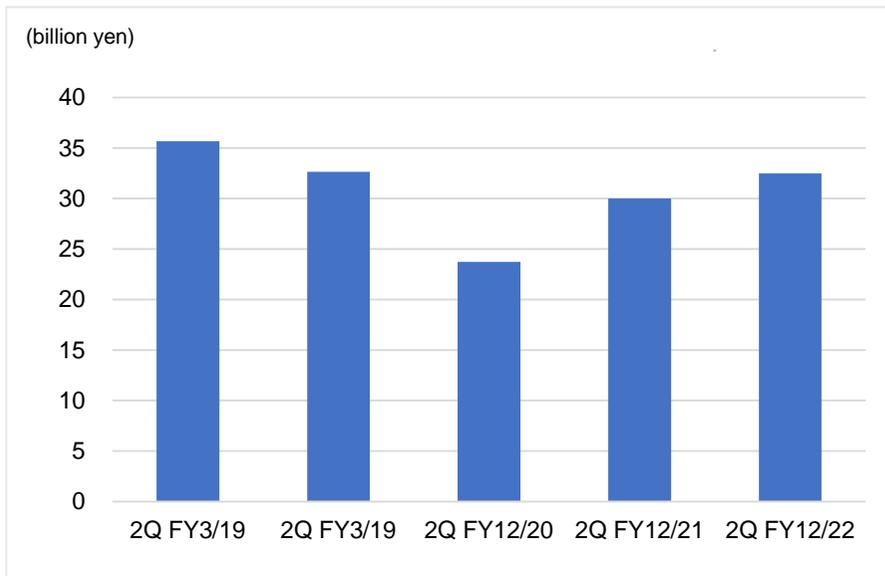
### <Sumitomo Forestry Home Tech>

(billion yen)

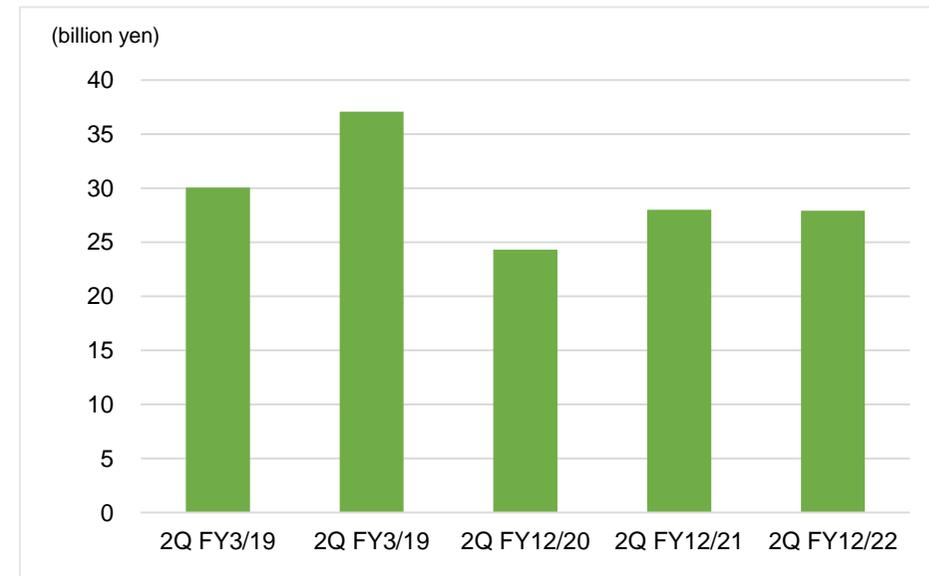
	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Orders received	30.0	32.5	+2.5	+8.2%
Construction Completed	28.0	27.9	-0.1	-0.4%
Backlog of Orders Received at Term End	23.5	25.4	+1.9	+8.0%

- Orders from owners of Sumitomo Forestry homes up.
- Construction completed down from previous year due to housing equipment delivery delays.

#### ◆ Trends in Orders Received



#### ◆ Trends in Construction Completed



# FY12/2022 Second Quarter Results

## 6. Overseas Housing and Real Estate Segment Sales and Recurring Income

(billion yen)

	Net Sales				Recurring Income			
	FY12/21 2Q	FY12/22 2Q	Change	Pct.	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Affiliate Total	281.2	385.5	+104.2	+37.1%	38.2	84.1	+45.9	+120.2%
USA	238.4	343.0	+104.6	+43.9%	36.7	83.0	+46.2	+125.8%
US housing companies	224.2	313.7	+89.5	+39.9%	36.6	65.9	+29.3	+80.0%
US real estate companies	12.2	21.5	+9.3	+76.7%	-0.6	16.6	+17.2	-
Australia	42.4	42.0	-0.4	-1.0%	1.6	0.2	-1.4	-88.3%
Australian housing companies	41.6	40.9	-0.8	-1.8%	1.5	0.3	-1.2	-82.6%
Other, Housing and Real Estate	0.4	0.4	+0.0	+4.5%	-0.1	0.9	+1.1	-
Other, consolidated adjustments, etc.	-1.4	-1.1	+0.3	-	-2.1	-2.9	-0.8	-
Total	279.8	384.3	+104.5	+37.3%	36.1	81.2	+45.1	+125.2%

● Conversion rate (average during term)

	FY12/21 2Q	FY12/22 2Q
USD/JPY	107.75	123.08
AUD/JPY	83.11	88.55

- US: Sales and income up substantially in single family homes and real estate development
- Australia: Material and labor shortages worsened. Sales and income down due to longer construction periods and increased costs.
- Other: Real estate development business in Vietnam performing well.

# FY12/2022 Second Quarter Results

## 7. Overseas Detached Housing Business

### <USA>

(Units/billion yen)

	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Number of units ordered	6,121	4,520	-1,601	-26.2%
Number of units sold	5,467	5,113	-354	-6.5%
Sales (billion yen)	224.2	313.7	+89.5	+39.9%
(million USD)	2,081	2,549	+468	+22.5%
Unit selling price (million yen)	41.0	61.4	+20.3	+49.6%
(thousand USD)	381	498	+118	+31.0%

### <Australia>

(Units/billion yen)

	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Number of units ordered	1,675	1,457	-218	-13.0%
Number of units sold	1,523	1,290	-232	-15.3%
Sales (billion yen)	41.6	40.9	-0.8	-1.8%
(million AUD)	501	462	-39	-7.9%
Unit selling price (million yen)	27.3	31.7	+4.3	+15.9%
(thousand AUD)	329	358	+29	+8.7%

(Units/lots)

Order backlog	8,003	6,475	-1,528	-19.1%
(Lots owned)	34,068	42,238	+8,170	+24.0%
(completed inventory)	315	450	+135	+42.9%
Option lots	29,893	35,083	+5,190	+17.4%

● Conversion rate (average during term)

	FY12/21 2Q	FY12/22 2Q
USD/JPY	107.75	123.08
AUD/JPY	83.11	88.55

- US: Number of units ordered and sold both down due to market deceleration. However, unit selling prices up significantly YoY owing to effective price increases, resulting in substantial increase in sales.
- Australia: Performance down YoY due mainly to increased costs, longer construction periods, and delays in government permit process.

## 8. Investments

### ◆ Capital Expenditures

- Total of 19.1 billion yen in capital expenditures, including domestic and overseas housing display centers and US profit-earning real estate development

(billion yen)

(Consolidated)	FY12/21 2Q	FY12/22 2Q	Change	Pct.
Tangible Fixed Assets	7.1	12.1	+4.9	+68.8%
Intangible Fixed Asstes	1.6	2.0	+0.4	+27.2%
Other	1.1	5.0	+3.9	+351.0%
Total	9.8	19.1	+9.3	+94.3%

### ◆ Main Investments

Domestic and overseas model homes  
 … 3.2 billion yen

IT investment … 2.0 billion yen

US profit-earning real estate  
 development … 5.5 billion yen

Capital investment in manufacturing  
 business … 1.0 billion yen

# FY12/2022 Second Quarter Results

## 9. Balance Sheet

- Amounts converted into yen and accumulated other comprehensive income (foreign currency translation adjustment) on balance sheets of overseas subsidiaries increased with depreciation of yen (billion yen)

	End of December 2021	End of June 2022	Change		End of December 2021	End of June 2022	Change
Cash, deposits, securities	143.3	117.2	-26.1	Payables	232.2	229.5	-2.8
Receivables	189.6	206.9	+17.4	Short-term debt (bank loans)	25.0	32.0	+7.0
Finished goods	35.6	45.0	+9.4	Contract liabilities	0.0	90.2	+90.2
Real estate for sale	49.2	68.6	+19.4	Advances received from customers	40.1	0.0	-40.1
Real estate for sale in process	332.9	470.3	+137.4	Other current liabilities	123.6	102.2	-21.4
Construction projects in progress	15.0	14.9	-0.1	Long-term debt/bonds issued	268.5	311.1	+42.6
Other receivables	54.7	52.9	-1.8	Liability for retirement benefits	17.1	18.5	+1.4
Other current assets	71.7	63.6	-8.1	Other long-term liabilities	67.5	65.4	-2.2
<b>Total current assets</b>	<b>891.9</b>	<b>1,039.3</b>	<b>+147.4</b>	<b>Liabilities</b>	<b>774.1</b>	<b>848.9</b>	<b>+74.7</b>
Tangible fixed assets	184.2	200.2	+16.0	Shareholders' equity	441.2	479.3	+38.1
Intangible fixed assets	20.7	22.5	+1.8	Accumulated other comprehensive income	54.4	121.8	+67.4
Investments and other assets	217.5	242.1	+24.6	Non-controlling interests	44.5	54.1	+9.6
<b>Total non-current assets</b>	<b>422.3</b>	<b>464.7</b>	<b>+42.4</b>	<b>Net assets</b>	<b>540.1</b>	<b>655.2</b>	<b>+115.1</b>
<b>Total assets</b>	<b>1,314.2</b>	<b>1,504.1</b>	<b>+189.8</b>	<b>Total liabilities/net assets</b>	<b>1,314.2</b>	<b>1,504.1</b>	<b>+189.8</b>

# FY12/2022 Forecast



# FY12/2022 Forecast

## 1. Statements of Income

- Revised upward from forecast announced on April 27 in light of current circumstances.
- Conversion rate from 2Q applied due to difficulty in predicting it.

(billion yen)

(Consolidated)	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast*
Net Sales	1,385.9	1,613.0	+227.1	+16.4%	+89.0
Gross Profit	322.0	390.0	+68.0	+21.1%	+39.5
SG&A Expenses	208.3	248.0	+39.7	+19.0%	+16.0
Operating Income	113.7	142.0	+28.3	+24.9%	+23.5
Recurring Income	137.8	175.0	+37.2	+27.0%	+40.0
Net Income	87.2	100.0	+12.8	+14.7%	+14.0

\*Without actuarial differences

SG&A Expenses	211.6	248.0	+36.4	+17.2%
Recurring Income	134.5	175.0	+40.5	+30.1%

● Conversion rate

	FY12/21	FY12/22 (previous forecast)	FY12/22 (current)
USD/JPY	109.85	115.00	123.08
AUD/JPY	82.48	83.00	88.55

\* Figures for previous forecast are from 1Q announcement (April 27).

## 2. Segment Sales and Recurring Income

(billion yen)

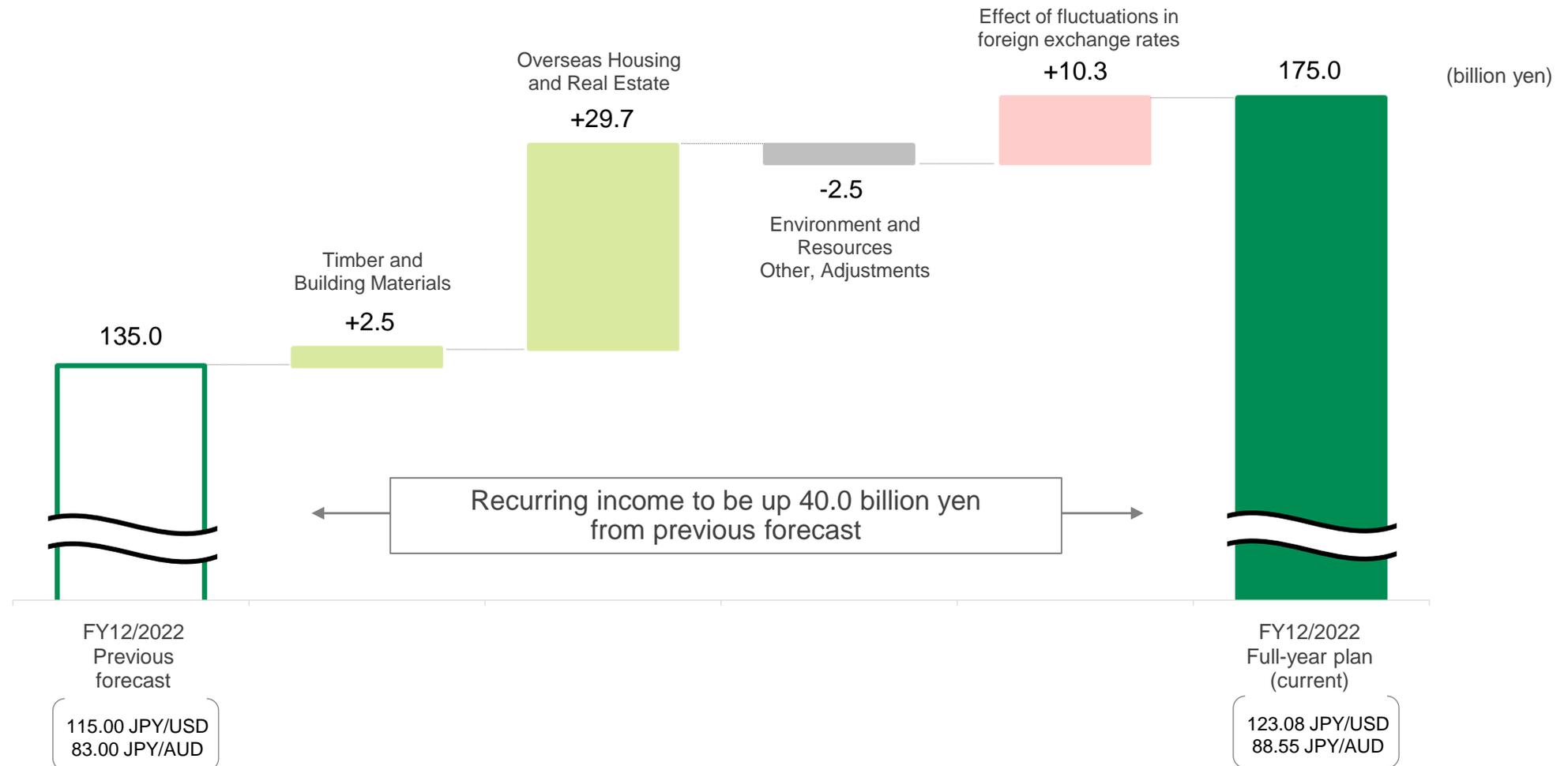
(Consolidated)	Net Sales					Recurring Income				
	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast
Timber and Building Materials	216.9	258.0	+41.1	+19.0%	+22.0	10.0	12.5	+2.5	+25.2%	+2.5
Housing and Construction	510.9	527.0	+16.1	+3.1%	+11.0	19.6	12.0	-7.6	-38.9%	—
Overseas Housing and Real Estate	644.6	829.0	+184.4	+28.6%	+63.0	104.3	155.0	+50.7	+48.6%	+40.0
Environment and Resources	22.3	23.5	+1.2	+5.4%	—	3.9	2.5	-1.4	-36.4%	-0.5
Other	23.9	26.5	+2.6	+10.7%	—	3.0	3.0	-0.0	-0.4%	-0.5
Adjustment	-32.7	-51.0	-18.3	—	-7.0	-3.1	-10.0	-6.9	—	-1.5
Total	1,385.9	1,613.0	+227.1	+16.4%	+89.0	137.8	175.0	+37.2	+27.0%	+40.0

- Timber and Building Materials: Market environment expected to slow down starting in 3Q, but forecasts revised upward based on results up to 2Q
- Housing and Construction: Although sales expected to increase with higher unit selling prices of custom-built detached houses, material prices remain high, so forecast for recurring income left as-is.
- Overseas Housing and Real Estate: Revised upward due to higher unit selling prices and profit margins in US single family homes business, higher-than-expected property sales in real estate development business, and review of yen conversion rate due to depreciation of yen
- Environment and Resources: Recurring income revised downward due to sluggish performance of overseas forestry business and review of costs associated with decarbonization
- Other: Recurring income revised downward due to review of forecast for equity in earnings/losses of affiliates.

# FY12/2022 Forecast

## 3. Full-year Forecast for Recurring Income (vs. Previous Forecast)

- Forecast revised upward 40.0 billion yen, owing primarily to growth of Overseas Housing and Real Estate Business.
- Up 29.7 billion yen when excluding effect of fluctuations in foreign exchange rates.



\* Effect of fluctuations in foreign exchange rates refers to impact on Overseas Housing and Real Estate

## 4. Domestic Housing Business Orders Received and Sales

- Number and amount of orders for custom-built detached houses revised upward owing to success of digital strategy and higher unit prices.
- Gross profit ratio down due to soaring material prices.

(billion yen)

		Orders received					Sales				
		FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast
Contract business	Custom-built detached houses *1	358.3	368.0	+9.7	+2.7%	+21.0	335.6	351.0	+15.4	+4.6%	+12.0
	(Units)	(8,663)	(8,590)	(-73)	(-0.8%)	(+290)	(8,347)	(8,250)	(-97)	(-1.2%)	(- 9.0)
	(Unit price (mil. yen)) *2	(37.4)	(39.0)	(+1.6)	(+4.2%)	(+0.1)	(38.8)	(40.8)	(+2.0)	(+5.2%)	(+0.4)
	Apartments	14.0	14.3	+0.3	+2.3%	+0.0	18.2	15.0	-3.2	-17.7%	+0.1
	Other contracts	4.4	4.3	-0.1	-2.8%	-0.2	2.0	4.2	+2.2	+111.3%	+0.4
Other	Detached spec home						19.5	19.3	-0.2	-0.8%	+0.8
	Other *3						3.4	2.5	-1.0	-28.5%	-1.2
Net Sales Total							378.8	392.0	+13.2	+3.5%	+12.0
Profit Ratio							20.9%	19.1%	-1.8p		-0.2p
Gross Profit							79.1	75.0	-4.1	-5.2%	+1.5

\*1. Custom-built detached houses sales amount includes land for custom-built housing and interior products, etc.

\*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, and commission sales from insurance agency business.

# FY12/2022 Forecast

## 5. Renovation Business Orders Received and Sales

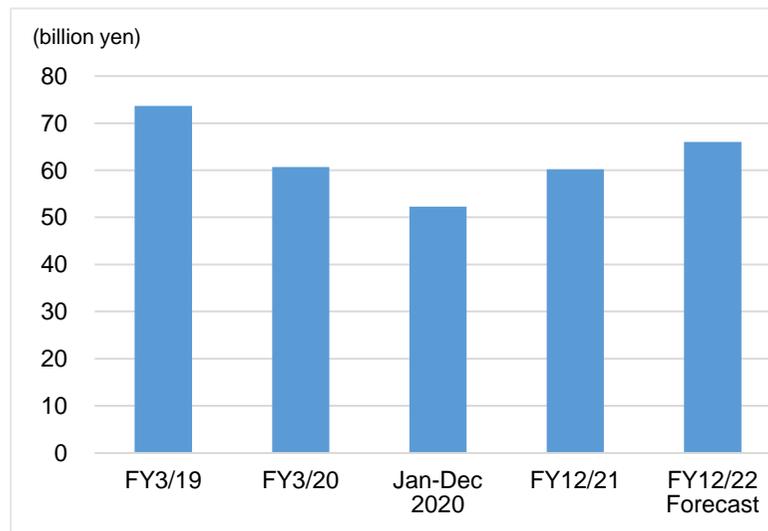
### <Sumitomo Forestry Home Tech>

(billion yen)

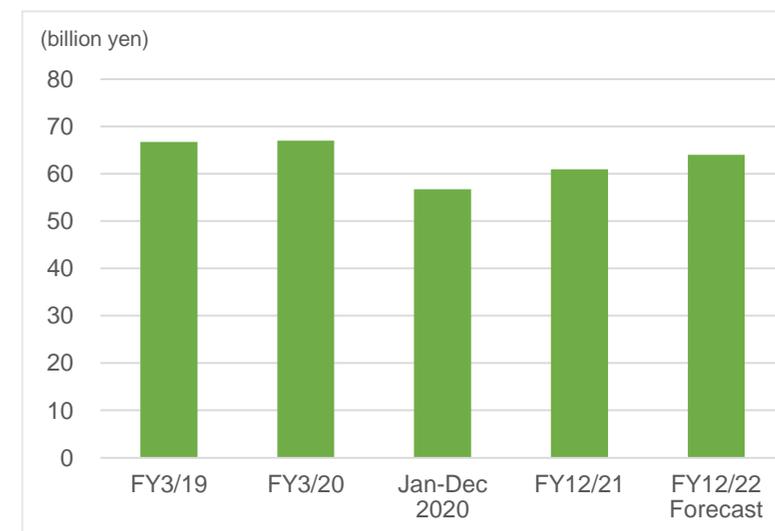
	FY12/21	FY12/22 Forecast	Change	Pct.
Orders received	60.2	66.0	+5.8	+9.6%
Construction Completed	60.9	64.0	+3.1	+5.0%
Backlog of Orders Received at Term End	20.8	22.8	+2.0	+9.6%

- Remains unchanged from initial forecast.
- Continuing to focus on sales to owners of Sumitomo Forestry homes.

#### ◆ Trends in Orders Received



#### ◆ Trends in Construction Completed



## 6. Overseas Housing and Real Estate Segment Sales and Recurring Income

(billion yen)

	Net Sales					Recurring Income				
	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast
Affiliate Total	647.7	829.7	+182.0	+28.1%	+62.2	108.9	160.3	+51.4	+47.2%	+40.9
USA	555.9	714.4	+158.5	+28.5%	+74.4	103.3	153.8	+50.5	+48.8%	+40.6
US housing companies	509.9	679.0	+169.1	+33.2%	+65.0	82.8	132.5	+49.7	+60.1%	+28.5
US real estate companies	43.1	26.0	-17.1	-39.6%	+2.2	20.0	20.0	+0.0	+0.1%	+11.4
Australia	90.9	114.5	+23.6	+25.9%	-12.2	4.9	4.5	-0.4	-8.9%	-0.5
Australian housing companies	89.9	112.0	+22.1	+24.5%	-12.7	4.9	4.5	-0.4	-7.6%	-0.7
Other, Housing and Real Estate	0.9	0.8	-0.1	-8.1%	+0.0	0.6	2.0	+1.4	+211.3%	+0.9
Other, Consolidated Adjustments, etc.	-3.1	-0.7	+2.4	-	+0.8	-4.6	-5.3	-0.7	-	-0.9
Total	644.6	829.0	+184.4	+28.6%	+63.0	104.3	155.0	+50.7	+48.6%	+40.0

### ● Conversion rates

	FY12/21	FY12/22
USD/JPY	109.85	123.08
AUD/JPY	82.48	88.55

- US: Revised upward in light of increase in profit ratio for single family homes. Effect of foreign exchange included in difference from previous US recurring income forecast is 10.0 billion yen. Will implement regional sales promotion measures as market environment decelerates.
- Australia: Revised downward in light of current circumstances.
- Other: Reflected favorable performance of real estate development business in Vietnam.

# FY12/2022 Forecast

## 7. Overseas Detached Housing Business

### <USA>

(Units/Billion yen)

	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast
Number of units sold	11,230	10,850	-380	-3.4%	- 940
Sales (billion yen)	509.9	679.0	+169.1	+33.2%	+65.0
(million USD)	4,641	5,517	+875	+18.9%	+178
Unit selling price (million yen)	45.4	62.6	+17.2	+37.8%	+10.5
(thousand USD)	413	508	+95	+23.0%	+56

➤ US:  
Number of units sold lowered substantially from previous forecast, but amount of sales increased owing to higher unit prices.

➤ Australia:  
Revised downward due to lack of progress on shortening construction periods.

### <Australia>

(Units/Billion yen)

	FY12/21	FY12/22 Forecast	Change	Pct.	Vs. Previous Forecast
Number of units sold	3,169	3,150	-19	-0.6%	-770
Sales (billion yen)	89.9	112.0	+22.1	+24.5%	-12.7
(million AUD)	1,090	1,265	+175	+16.0%	-238
Unit selling price (million yen)	28.4	35.6	+7.2	+25.3%	+3.7
(thousand AUD)	344	402	+57	+16.7%	+18

● Conversion rates

	FY12/21	FY12/22
USD/JPY	109.85	123.08
AUD/JPY	82.48	88.55

## 8. Investments

### ◆ Capital Expenditures

- Plan to invest total of 47.3 billion yen, primarily in US profit-earning real estate development

(billion yen)

(Consolidated)	FY12/21	FY12/22 Forecast	Change	Pct.
Tangible Fixed Assets	21.8	35.3	+13.4	+61.6%
Intangible Fixed Asstes	3.9	5.8	+1.9	+48.1%
Other	2.5	6.2	+3.7	+149.9%
Total	28.2	47.3	+19.0	+67.5%

### ◆ Main Investments

Domestic and overseas housing  
model homes      ···8.3 billion yen

IT investment      ···5.8 billion yen

US profit-earning real estate  
development      ···15.7 billion yen

Capital investment in manufacturing  
business      ···3.8 billion yen

**The forecasts in this document are based on current forecasts.  
Actual results may vary from these forecasts.**

