

Happiness Grows from Trees



FY12/2022 Financial Results

Third Quarter Financial Results

and Full Year Forecast



October 31, 2022

FY12/2022 Third Quarter Results



FY12/2022 Third Quarter Results

1. Statements of Income

- Sales and income up with favorable performance of Overseas Housing and Real Estate Business, primarily in US, and Timber and Building Materials Business.

(billion yen)

(Consolidated)	FY12/21 3Q	FY12/22 3Q	Change	Pct.
Net Sales	968.1	1,206.3	+238.2	+24.6%
Gross Profit	220.6	287.1	+66.5	+30.1%
SG&A Expenses	151.1	176.0	+24.9	+16.5%
Operating Income	69.5	111.1	+41.6	+59.9%
Recurring Income	88.2	141.9	+53.7	+60.8%
Net Income	53.6	82.7	+29.1	+54.3%

● Conversion rate (average during term)

	FY12/21 3Q	FY12/22 3Q
USD/JPY	108.55	128.16
AUD/JPY	82.36	90.55

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

FY12/2022 Third Quarter Results

2. Segment Sales and Recurring Income

(billion yen)

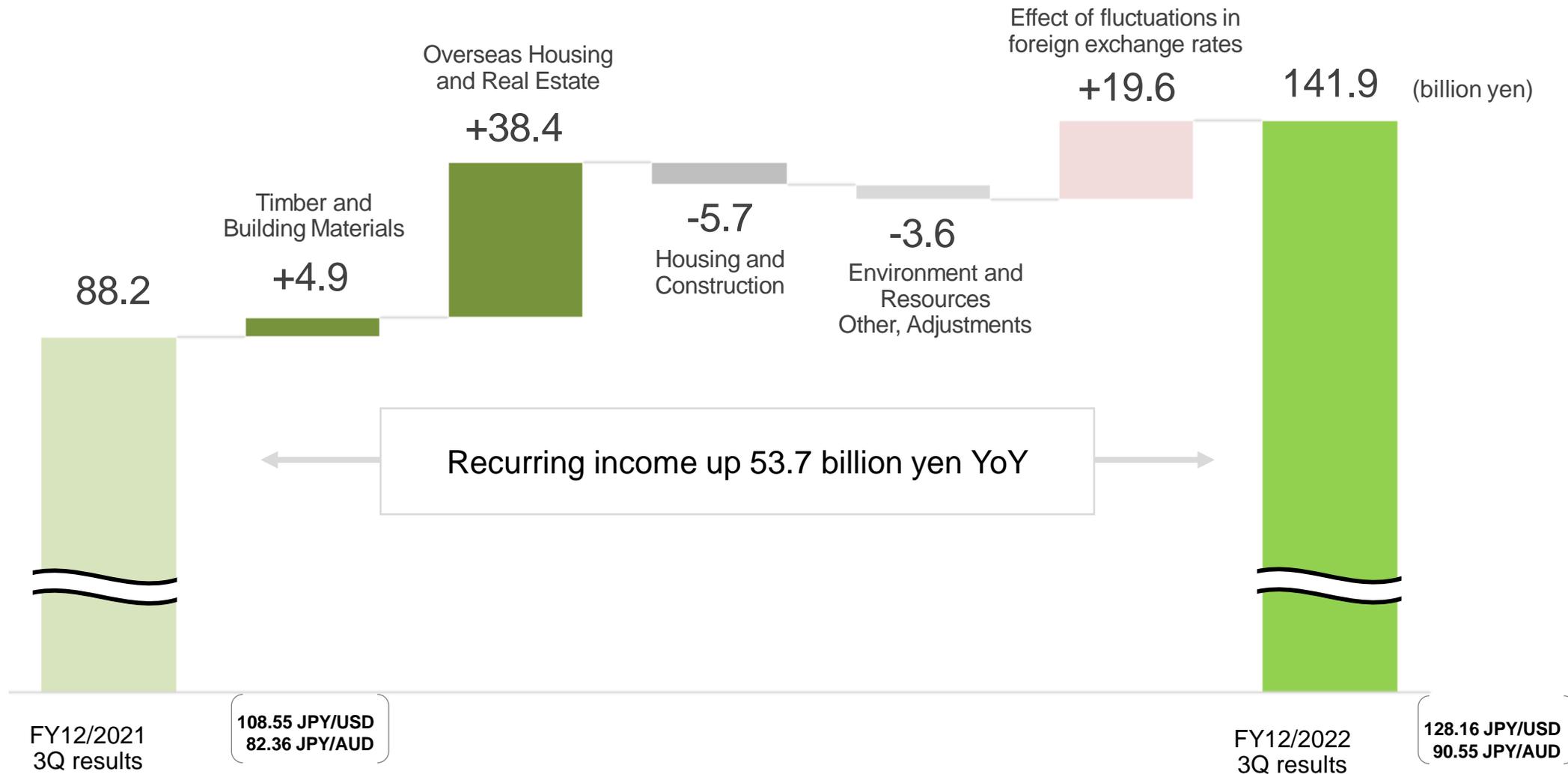
(Consolidated)	Net Sales				Recurring Income			
	FY12/21 3Q	FY12/22 3Q	Change	Pct.	FY12/21 3Q	FY12/22 3Q	Change	Pct.
Timber and Building Materials	154.2	205.9	+51.6	+33.5%	5.6	10.6	+5.1	+91.4%
Housing and Construction	365.5	381.8	+16.3	+4.5%	13.3	7.6	-5.7	-42.5%
Overseas Housing and Real Estate	437.6	608.9	+171.3	+39.2%	68.5	126.4	+57.8	+84.4%
Environment and Resources	16.8	16.1	-0.7	-4.1%	3.0	1.3	-1.7	-56.9%
Other	18.3	18.2	-0.1	-0.6%	2.0	2.0	-0.0	-1.4%
Adjustment	-24.4	-24.6	-0.2	—	-4.2	-6.0	-1.9	—
Total	968.1	1,206.3	+238.2	+24.6%	88.2	141.9	+53.7	+60.8%

- Timber and Building Materials: Sales and income up owing to improved profitability of the timber and building materials manufacturing business in New Zealand on top of higher prices of imported timber.
- Housing and Construction: Sales up but income down due to rising timber and other construction material costs despite higher unit selling prices resulting from a higher percentage of ZEH.
- Overseas Housing and Real Estate: Sales and income up substantially with steady sales of real estate development properties on top of higher unit selling prices and profit ratios with success of strategy of effectively raising prices.
- Environment and Resources: Sales and income down due to sluggish exports in New Zealand Forestry Business associated with economic deceleration in China as well as rising fuel procurement costs for domestic biomass power generation business increased costs related to and new business development.

FY12/2022 Third Quarter Results

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

- Recurring income up 53.7 billion yen owing to substantial increase in income in Overseas Housing and Real Estate business.
- Up 34.1 billion yen when excluding effect of fluctuations in foreign exchange rates.



FY12/2022 Third Quarter Results

4. Domestic Housing Business Orders Received and Sales

- Number of units ordered for custom-built detached houses down due in part to last-minute rush ahead of revision to mortgage tax reduction program last September on top of lull in housing demand.
- Gross profit down due to impact of increased material costs despite increase in sales of custom-built detached houses.

(billion yen)

		Orders received				Sales			
		FY12/21 3Q	FY12/22 3Q	Change	Pct.	FY12/21 3Q	FY12/212 3Q	Change	Pct.
Contract business	Custom-built detached houses *1	283.5	272.5	-11.0	-3.9%	239.1	257.1	+18.0	+7.5%
	(Units)	(6,992)	(6,279)	(-713)	(-10.2%)	(5,663)	(5,779)	(+116)	(+2.0%)
	(Unit price (mil. yen)) *2	(36.9)	(39.2)	(+2.3)	(+6.4%)	(38.2)	(40.6)	(+2.5)	(+6.5%)
	Apartments	10.3	13.4	+3.1	+30.2%	13.7	10.5	-3.2	-23.5%
	Other contracts	3.5	3.3	-0.2	-6.4%	1.4	2.7	+1.3	+95.5%
Spec home and development business	Detached spec home					14.4	14.1	-0.3	-2.3%
	Other *3					2.6	2.5	-0.1	-3.1%
Net Sales Total						271.2	286.9	+15.7	+5.8%
Profit Ratio						21.6%	18.7%	-2.8p	
Gross Profit						58.5	53.8	-4.7	-8.0%

*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 Third Quarter Results

5. Renovation Business Orders Received and Sales

<Sumitomo Forestry Home Tech>

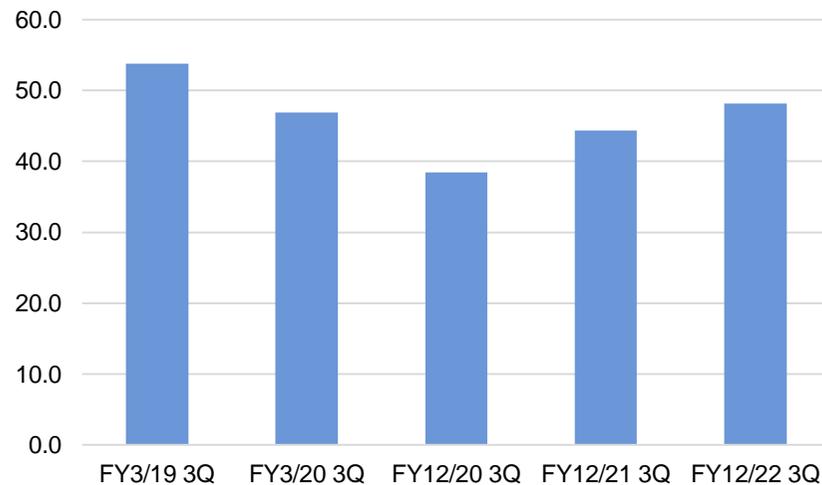
(billion yen)

	FY12/21 3Q	FY12/22 3Q	Change	Pct.
Orders received	44.4	48.2	+3.8	+8.6%
Construction Completed	41.3	42.1	+0.8	+1.9%
Backlog of Orders Received at Term End	24.6	26.9	+2.3	+9.3%

➤ Orders from owners of Sumitomo Forestry homes up.

◆ Trends in Orders Received

(billion yen)



◆ Trends in Construction Completed

(billion yen)



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

(billion yen)

		Net Sales				Recurring Income			
		FY12/21 3Q	FY12/22 3Q	Change	Pct.	FY12/21 3Q	FY12/22 3Q	Change	Pct.
USA	US housing companies	353.5	497.9	+144.4	+40.8%	56.8	103.3	+46.6	+82.0%
	US real estate companies	18.0	31.8	+13.8	+76.6%	12.0	24.3	+12.3	+102.7%
Australia	Australian housing companies	64.2	66.1	+1.9	+2.9%	2.8	-0.1	-2.9	-
Other, Housing and Real Estate		0.6	0.6	+0.0	+2.3%	-0.2	1.4	+1.6	-
Other, consolidated adjustments, etc.		1.3	12.5	+11.3	+889.4%	-2.8	-2.6	+0.2	-
Total		437.6	608.9	+171.3	+39.2%	68.5	126.4	+57.8	+84.4%

● Conversion rate (average during term)

	FY12/21 3Q	FY12/22 3Q
USD/JPY	108.55	128.16
AUD/JPY	82.36	90.55

- USA: Sales and income up substantially in single family homes and real estate development.
- Australia: Recorded recurring loss due to material and labor shortages, longer construction periods arising from poor weather, and increased costs.
- Other: Real estate development business in Vietnam performing well.

FY12/2022 Third Quarter Results

7. Overseas Detached Housing Business

<USA>

(Units/billion yen)

	FY12/21 3Q	FY12/22 3Q	Change	Pct.
Number of units ordered	831.2	548.7	-282.5	-34.0%
Number of units sold	830.8	772.6	-58.2	-7.0%
Sales (billion yen)	353.5	497.9	+144.4	+40.8%
(million USD)	3,257	3,885	+628	+19.3%
Unit selling price (million yen)	42.6	64.4	+21.9	+51.4%
(thousand USD)	392	503	+111	+28.3%

<Australia>

(Units/billion yen)

	FY12/21 3Q	FY12/22 3Q	Change	Pct.
Number of units ordered	244.8	233.1	-11.7	-4.8%
Number of units sold	233.7	199.3	-34.3	-14.7%
Sales (billion yen)	64.2	66.1	+1.9	+2.9%
(million AUD)	780	730	-50	-6.4%
Unit selling price (million yen)	27.5	33.2	+5.7	+20.7%
(thousand AUD)	334	366	+33	+9.8%

(Units/lots)

Order backlog	7,381	4,838	-2,543	-34.5%
(Lots owned)	35,470	42,432	+6,962	+19.6%
(completed inventory)	222	657	+435	+195.9%
Option lots	36,152	31,706	-4,446	-12.3%

● Conversion rate (average during term)

	FY12/21 3Q	FY12/22 3Q
USD/JPY	108.55	128.16
AUD/JPY	82.36	90.55

- **US:** Number of units ordered and sold both down due primarily to rising interest rates and longer construction periods. However, unit selling prices up significantly YoY owing to effective price increases, resulting in substantial increase in sales.
- **Australia:** Number of units ordered and sold both down due primarily to longer construction periods and delays in government permit process.

FY12/2022 Third Quarter Results

8. Balance Sheet

- Inventories increased at overseas subsidiaries, due in part to further weakening of yen.

(billion yen)

	End of December 2021	End of September 2022	Change		End of December 2021	End of September 2022	Change
Cash, deposits, securities	143.3	136.4	-6.8	Payables	232.2	228.3	-3.9
Receivables	189.6	210.9	+21.3	Short-term debt(Bank loans)	25.0	42.9	+17.9
Finished goods	35.6	46.1	+10.5	Contract liabilities	0.0	94.7	+94.7
Real estate for sale	49.2	82.6	+33.4	Advances received from customers	40.1	0.0	-40.1
Real estate for sale in process	332.9	514.9	+182.0	Other current liabilities	123.6	117.6	-6.0
Construction projects in progress	15.0	17.6	+2.6	Long-term debt/bonds issued	268.5	356.9	+88.5
Other receivables	54.7	53.5	-1.1	Liability for retirement benefits	17.1	19.0	+1.9
Other current assets	71.7	89.1	+17.3	Other long-term liabilities	67.5	67.6	+0.0
Total current assets	891.9	1,151.1	+259.2	Liabilities	774.1	927.0	+152.9
Tangible fixed assets	184.2	205.4	+21.2	Shareholders' equity	441.2	500.4	+59.1
Intangible fixed assets	20.7	26.4	+5.7	Accumulated other comprehensive income	54.4	150.7	+96.3
Investments and other assets	217.5	255.3	+37.8	Non-controlling interests	44.5	60.0	+15.5
Total non-current assets	422.3	487.0	+64.7	Net assets	540.1	711.0	+170.9
Total assets	1,314.2	1,638.1	+323.9	Total liabilities/net assets	1,314.2	1,638.1	+323.9

FY12/2022 Forecast



FY12/2022 Forecast

1. Statements of Income

- Remains unchanged from previous forecast.

(billion yen)

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

* 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	123.08	128.16
AUD/JPY	82.48	88.55	90.55

* Full year figures for previous forecast are from 2Q announcement (August 9).

FY12/2022 Forecast

2. Segment Sales and Recurring Income

➤ Remains unchanged from previous forecast.

(billion yen)

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

* Full year figures for previous forecast are from 2Q announcement (August 9).

3. Domestic Housing Business Orders Received and Sales

- Number and amount of orders for custom-built detached houses revised downward in light of current circumstances. Unit selling prices revised upward based on rising percentage of ZEH.

(billion yen)

		Orders received					Sales				
		FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast
Contract business	Custom-built detached houses *1	358.3	351.0	-7.3	-2.0%	-17.0	335.6	351.0	+15.4	+4.6%	-
	(Units)	(8,663)	(8,100)	(-563)	(-6.5%)	(-490)	(8,347)	(8,250)	(-97)	(-1.2%)	-
	(Unit price (mil. yen)) *2	(37.4)	(39.2)	(+1.8)	(+4.7%)	(+0.2)	(38.8)	(41.4)	(+2.6)	(+6.6%)	(+0.6)
	Apartments	14.0	17.0	+3.0	+21.6%	+2.7	18.2	15.0	-3.2	-17.7%	-
	Other contracts	4.4	4.3	-0.1	-2.8%	-	2.0	4.2	+2.2	+111.3%	-
Other	Detached spec home						19.5	19.3	-0.2	-0.8%	-
	Other *3						3.4	2.5	-1.0	-28.5%	-
Net Sales Total							378.8	392.0	+13.2	+3.5%	-
Profit Ratio							20.9%	19.1%	-1.8p		-
Gross Profit							79.1	75.0	-4.1	-5.2%	-

*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

4. Renovation Business Orders Received and Sales

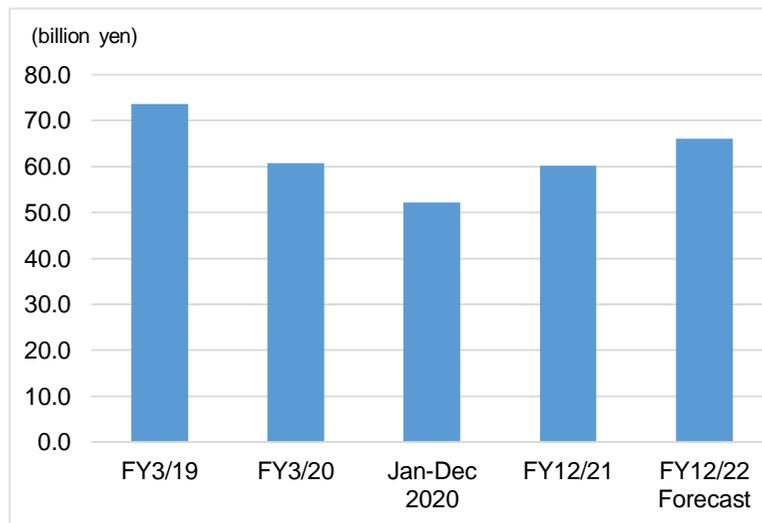
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(billion yen)

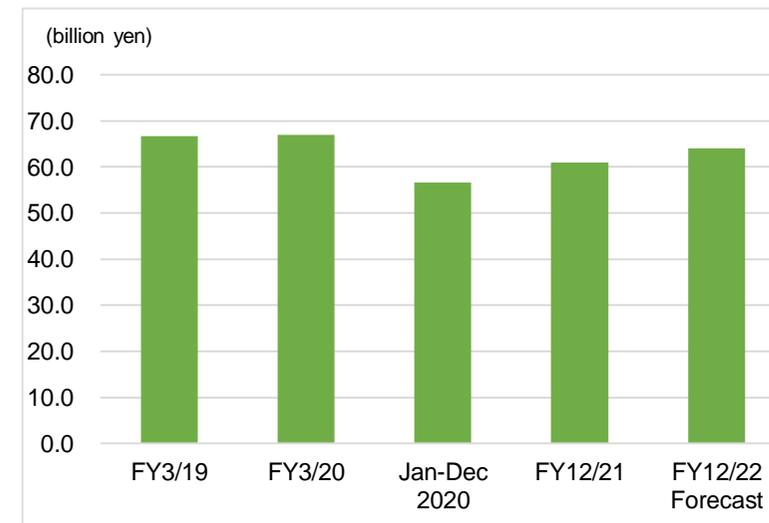
	FY12/21	FY12/22	Change	Pct.
Orders received	60.2	66.0	+5.8	+9.6%
Construction Completed	60.9	64.0	+3.1	+5.0%
Backlog of Orders Received at Term End	20.8	22.8	+2.0	+9.6%

- No changes to forecasts.
- Continuing to focus on sales to owners of Sumitomo Forestry homes.

◆ 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				
		FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast
USA	US housing companies	509.9	688.0	+178.1	+34.9%	+9.0	82.8	134.5	+51.7	+62.5%	+2.0
	US real estate companies	43.1	32.0	-11.1	-25.7%	+6.0	20.0	20.0	+0.0	+0.1%	+0.0
Australia	Australian housing companies	89.9	102.0	+12.1	+13.4%	-10.0	4.9	2.5	-2.4	-48.7%	-2.0
Other, Housing and Real Estate		0.9	0.8	-0.1	-6.8%	-	0.5	1.8	+1.4	+296.8%	-
Other, Consolidated Adjustments, etc.		0.9	6.2	+5.3	+602.6%	-5.0	-3.7	-3.8	-0.1	-	-
Total		644.6	829.0	+184.4	+28.6%	-	104.3	155.0	+50.7	+48.6%	-

● Conversion rate (average during term)

	FY12/21	FY12/22
USD/JPY	109.85	128.16
AUD/JPY	82.48	90.55

- US: Number of units sold lowered, but net sales and recurring income revised upward owing in part to depreciation of yen. Effect of foreign exchange included in difference from previous recurring income forecast is approx. 6.0 billion yen.
Amid difficult market environment arising primarily from rising mortgage rates, measures implemented to promote orders according to area characteristics.
- Australia: Net sales and recurring income both revised downward in light of current circumstances.

FY12/2022 Forecast

6. Overseas Detached Housing Business

<USA>

(Units/Billion yen)

	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast
Number of units sold	11,230	10,550	-680	-6.1%	-300
Sales (billion yen)	509.9	688.0	178.1	+34.9%	+9.0
(million USD)	4,641	5,368	+727	+15.7%	-148
Unit selling price (million yen)	45.4	65.2	+19.8	+43.6%	+2.6
(thousand USD)	413	508	+95	+22.9%	-

- US: Number of units sold revised downward due to market deceleration. Sales revised upward on yen basis, incorporating yen depreciation.

- Australia: Number of units sold and sales both revised downward, due in part to longer construction periods.

<Australia>

(Units/Billion yen)

	FY12/21	FY12/22	Change	Pct.	vs. Previous Forecast
Number of units sold	3,169	2,860	-309	-9.8%	-290
Sales (billion yen)	89.9	102.0	+12.1	+13.4%	-10.0
(million AUD)	1,090	1,126	+36	+3.3%	-138
Unit selling price (million yen)	28.4	35.7	+7.3	+25.7%	+0.1
(thousand AUD)	344	394	+50	+14.5%	-8

● Conversion rates

	FY12/21	FY12/22
USD/JPY	109.85	128.16
AUD/JPY	82.48	90.55

Long-term Vision Mission TREEING 2030

Developing wood solutions based on three pillars of forestry, timber, and construction

Sumitomo Forestry is involved in everything from forest management to timber processing and distribution, wooden construction, and wood biomass power generation. By implementing a wood cycle, we will contribute to the absorption and fixation of CO₂ not only for our own emissions, but also for those of society as a whole.

Global Forestry Fund

October 2022
Established forestry asset management company

Timber industrial complex

First project underway in Shibushi City, Kagoshima
High value-added finished products in development
Currently selecting timber processing machines to install



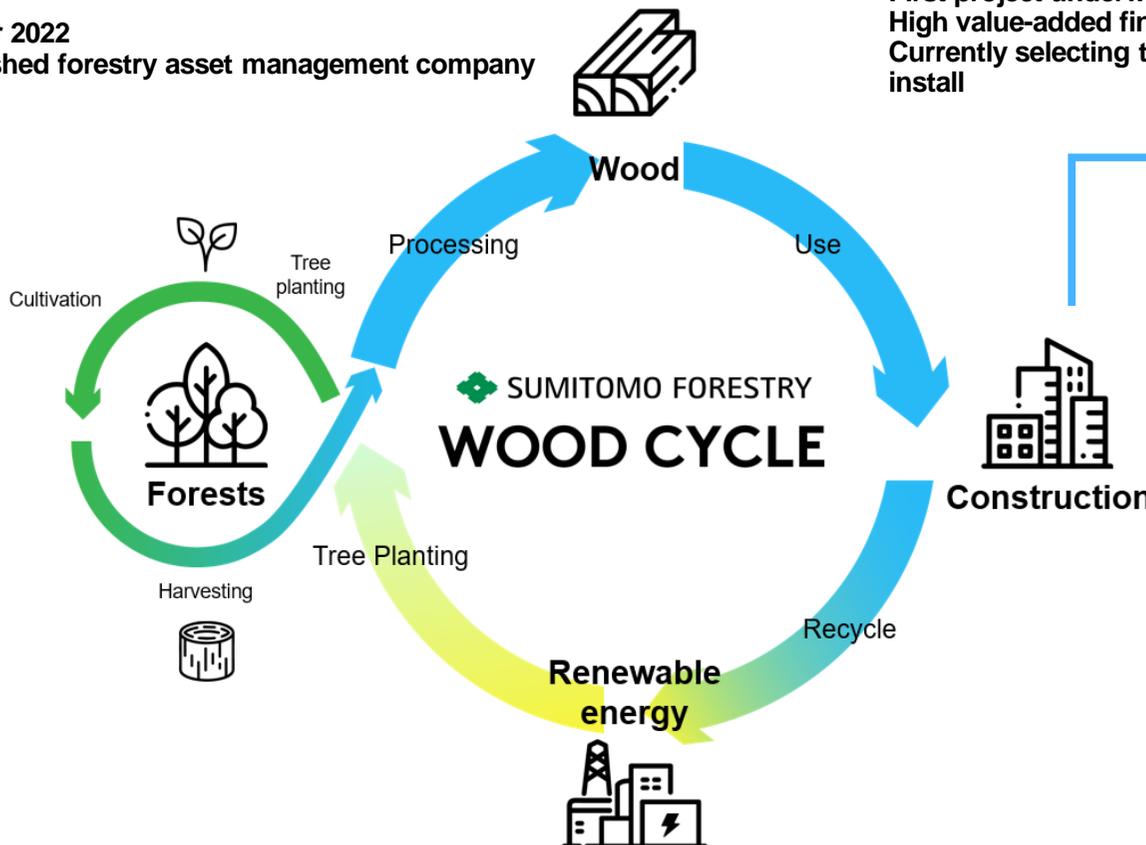
Standardization of carbon neutral design

● Wooden office development in Melbourne, Australia



● One Click LCA

- Agreements signed with several design firms, developers, and general contractors
- Briefing to be held in November 2022 with 150 major companies from construction industry





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.**