



Happiness Grows from Trees



Results Briefing for FY Ended March 31, 2020 Business Environment and Future Initiatives

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- Basic Policy: Top priority is health and safety of all stakeholders
- Japan: Fully resume operating activities with thorough measures to prevent spread of virus

Transition away from reservation-only to normal operations at housing display centers. Enhance online measures. Continue construction, confirming customer wishes and taking into account safety of those nearby and prevention of spread.

- Overseas: Business development according to gradual relaxation of restrictions

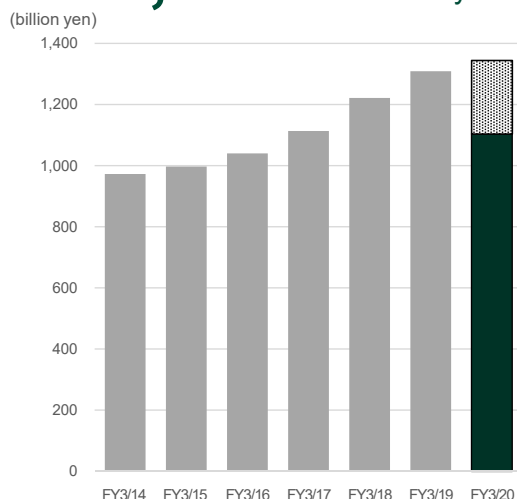
	Status of economic activity	Status of Group response
USA	Stay-at-home order did not apply to housing business Even in states where restrictions applied, construction can resume in May	Display centers transitioning to normal operations Some housing starts have also resumed
Oceania	Australia: Stay-at-home order did not apply to housing business New Zealand: Alert level gradually lowered to "2"	Display centers transitioning to normal operations Operations have resumed in manufacturing and forestation businesses
Southeast Asia	Economic activity gradually resuming in Thailand and Vietnam Restrictions on large-scale activities extended in Indonesia	Housing construction, manufacturing business, and forestation business continuing, including in Indonesia
China	Spread is mostly under control. Supply of housing equipment has mostly recovered.	CAD operations continuing Timber and building materials exports returning to normal

FYE March 2020 Full Year Results

- Sales up with favorable performance of housing and real estate business in US.

FY3/20 Net Sales*1

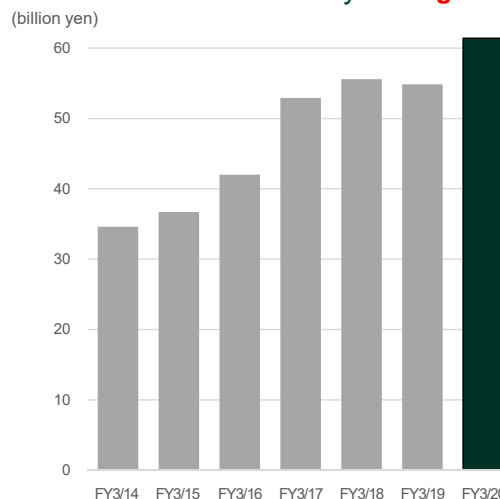
1,104.1 billion yen



FY3/20 Recurring Income

(Excluding actuarial gains and losses*2)

61.4 billion yen **Highest ever**



*1 Accounting Standard for Revenue Recognition applied as of FYE3/20. Primarily timber and building materials business, net rather than gross amount now used for net sales related to transactions in which we are the agent. In housing and construction business, percentage of completion method now used for all buildings. FYE3/20 net sales before application of Accounting Standard for Revenue Recognition were 1,344.4 billion yen.

*2 Actuarial gains and losses associated with retirement benefit accounting are treated collectively as SG&A in year in which they occur. FYE3/20 recurring income including actuarial gains and losses was 58.8 billion yen.

- COVID-19 situation to gradually come under control by December 2020.
- Degree and timing of impact on each business will vary.

		Degree of impact*	
Assumptions of plan	Timber and Building Materials	M	<ul style="list-style-type: none"> • Housing starts trend impacted. Sales sluggish through second half. Impact will continue through beginning of next year. • Operations temporarily suspended on production lines in overseas manufacturing business.
	Housing and Construction	H	<ul style="list-style-type: none"> • Construction completed decreased substantially due to lower number of orders and construction starts. Renovations and real estate brokerage sluggish due to deterioration of consumer sentiment. • Orders received expected to improve gradually beginning in July, but impact on results expected to persist from second half to first half of next year.
	Overseas Housing and Real Estate	M	<ul style="list-style-type: none"> • Number of contracts down due to restrictions on sales activities. • Business has begun recovering in USA and will improve gradually from June onward. • Difficult situation in Australia to continue for remainder of year.
	Environment and Resources	L	<ul style="list-style-type: none"> • Impact of COVID-19 not that severe, but cost of imported wooden material for biomass power generation expected to increase.

*Degree of negative impact of COVID-19 on the Company's recurring income

- FYE12/20 to be 9 months due to change in fiscal year end.

Net Sales

Results for first 9 months of FYE3/20

802.7 billion yen



FY12/20 Plan

744.0 billion yen

YoY

-7.3%

Recurring Income (Excluding actuarial gains and losses)

Results for first 9 months of FYE3/20

43.1 billion yen



FY12/20 Plan

15.0 billion yen

YoY

-65.2%

*Periods for which gains and losses of overseas subsidiaries incorporated: [3Q FYE3/20] Jan-Sep; [FYE12/20] Apr-Dec

Future Issues and Measures

- ❑ Quickly and steadily implement measures to overcome crisis. Tie into future improvement of results.

Changes in customer values and housing needs

- Roll-out of products based on keywords of telecommuting and health
- Promotions highlighting new way of life

Changes in overseas housing market trends

- Flexible response to changing housing market
- Acquisition of new land for housing and spec home construction starts taking risks into account

- ❑ Taking every step with respect to management structure.

- On financial side, we have built up cash on hand to higher-than-normal level of 100 billion yen. Corporate bond and commercial papers issuance limits increased to secure liquidity of around 100 billion yen.
- Accelerating development of IT environment in anticipation of 2nd and 3rd wave of COVID-19 and spread of telecommuting.



House with work space

Promotion of Integration of ESG Initiatives with Business

- ❑ ESG/SDGs initiatives essential for sustainable growth. Promote integration with business and tie into growth of Sumitomo Forestry Group.

■ Joining international RE100 initiative

Aim to use 100% renewable energy for power used in business activities and fuel used in power generation business by 2040.

RE 100

THE CLIMATE GROUP



■ Changing director term of office from 2 years to 1

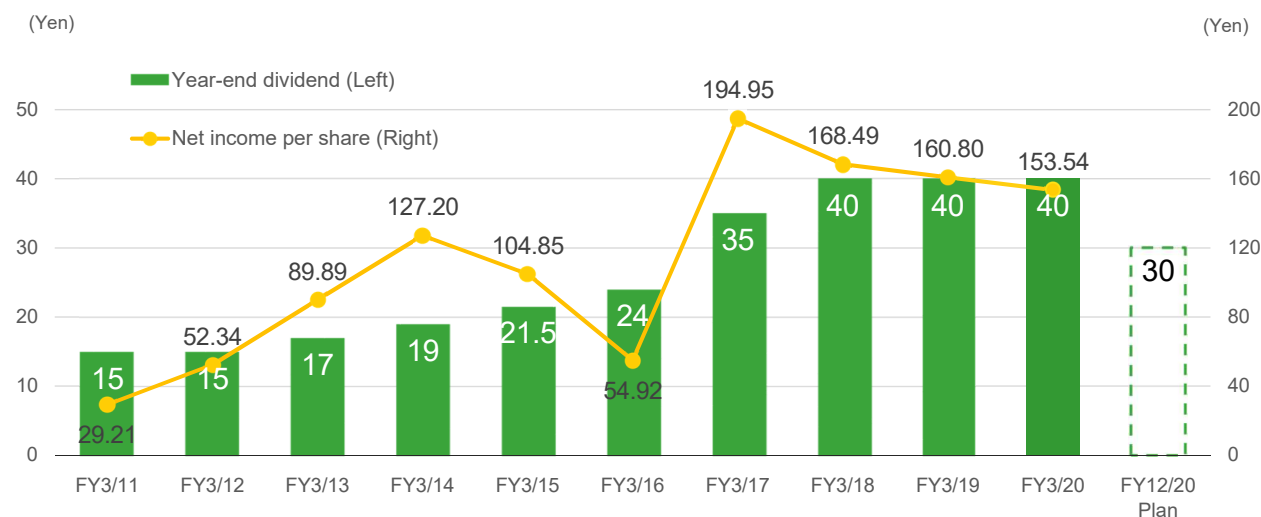
■ Unifying fiscal year end (December)

Develop environment for swift response to changes in business environment. Work to improve management transparency.

■ Accelerating promotion of W350 Plan for constructing wooden high-rise buildings

Accelerate our vision for research and technological development to achieve Environmentally-Friendly and Timber-Utilizing Cities. Promote the use of wood in medium- to high-rise non residential buildings.

- ❑ Basic policy: Engage in continuous and stable distribution of dividends
- ❑ Combined total of interim and year-end dividend for 9 months of FYE 12/20 will be 30 yen based on 40-yen dividend of normal years.



- The outlooks, business plans, etc. in this document are based on the Sumitomo Forestry Group's assumptions and judgments made based on information available at the time of preparation. No guarantee or assurance is provided with respect to the accuracy or completeness thereof.
- Outlooks, business plans, etc. may change in the future.

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