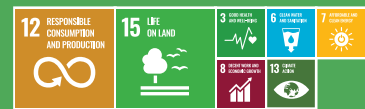


Timber and Building Materials Segment

Timber and Building Materials Business



Koji Tanaka
Managing Executive Officer
Divisional Manager of Timber and Building
Materials Division



Based on a global network built up over years of developing operations worldwide, the timber and building materials distribution business sources stable supplies of high-quality timber from properly managed forests. As the No. 1 share company in the domestic timber and building materials distribution markets, Sumitomo Forestry operates a broad range of businesses, from procurement to the manufacture and distribution of timber and building materials.

The Group's manufacturing operations in Japan produce furniture and fixtures, wood interior fittings and staircases. Overseas, from our bases in Southeast Asia, Oceania and North America, we also produce wooden board products such as plywood, medium-density fiberboard (MDF) and particle board and various building materials such as flooring, furniture and kitchen cabinets. We supply them all over the world including Japan.

Review of FY ended December 2021

In the face of a rapid worldwide increase in demand for wood, the timber and building materials distribution business leveraged its domestic and international procurement power and focused on maintaining a stable supply system for our customers. Moreover, to diversify our revenue sources, we endeavored to increase our handling of wood fuel for use in biomass power generation and undertook measures to use domestically-produced timber while also striving to expand sales of plywood and building materials made from sustainable plantation timber. The segment performed strongly as a result.

On the other hand, business was sluggish in the manufacturing business due to soaring manufacturing costs, including raw materials in Japan. Overseas, the particle board business for the Indonesian market performed well locally, but the plywood business and construction material business both produced disappointing

results. In New Zealand, the effects of city-wide lockdowns led to fewer sales of MDF, leading to poor performance.



Sumitomo Forestry Crest Co., Ltd., Kashima Plant

Initiatives for the medium-term management plan (FY 22/12 - FY 24/12)

In the timber and building materials distribution business, we will utilize supply chains for sustainable procurement of timber to promote sales of environmentally conscious products like plantation timber. We will also continue to expand our efforts in the non-residential building construction market while working to build a stable supply system for

wood fuel used in biomass power generation.

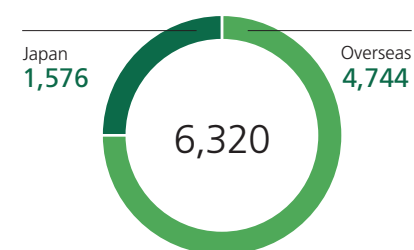
In the manufacturing business, we aim to increase profitability by linking up with the timber and building materials distribution business to further integrate sales and manufacturing, and by developing high-value-added products that satisfy customer needs.

Basic policy

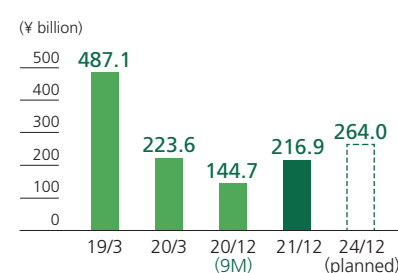
- | | |
|---|---|
| Domestic timber business | <ul style="list-style-type: none"> Establish a circular material supply system with timber industrial complexes as central pillars Expand forest harvesting and reforestation by enhancing the functions of Sumitomo Forestry Wood Products Co., Ltd. |
| Promote decarbonization | <ul style="list-style-type: none"> Visualize LCA for products handled and thereby create new businesses Deepen involvement in environment-related businesses Expand biomass fuel business |
| Domestic distribution business | <ul style="list-style-type: none"> Create new functions and services using digital transformation |
| Overseas manufacturing and distribution businesses | <ul style="list-style-type: none"> Build value chains and expand business areas in North America, Southeast Asia and other regions |

Data

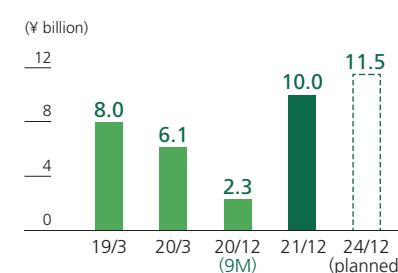
Number of employees



Net sales



Recurring income



* Starting in the FY ended March 31, 2020, Sumitomo Forestry adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). For transactions where the Company's role in providing the product to the customer is fulfilled by an agent, instead of the total amount, revenue is now recognized in the net amount.

Signed agreement with Shibushi City in Kagoshima Prefecture for the construction of a new plant

Sumitomo Forestry and Shibushi City in Kagoshima Prefecture have concluded a basic agreement on location for the construction of a new plant and biomass power plant at the Shibushi City Seaside Industrial Park.

As the steep rise in timber prices worldwide and the aging of forest resources in Japan become issues to be tackled, Sumitomo Forestry aims to establish a new plant to process the timber and thinnings that are shipped from Shibushi Harbor as logs into value-added products in order to reinforce the stable supply system in Japan and export products to Asia, North America and other regions. Moreover, the factory will help increase the value of domestic timber and encourage its use by using wood fully without waste for everything from the manufacture of wood products to the use of wood as fuel for biomass power generation.

We plan to commence operations in 2025 after formulating detailed business plans and selecting equipment.



Overview of Shibushi Port
Source: Shibushi Port Office, Kyushu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Housing and Construction Segment

Housing and Construction Business



Ikuro Takahashi
Director, Managing Executive Officer
Divisional Manager of Housing and Construction
Division



The Sumitomo Forestry Group has been providing quality living environments by doing our part to increase the prevalence of high-quality homes that last a long time. “Sumitomo Forestry Home Houses,” made from advanced construction methods while fully expressing the attractiveness and qualities of wood, is a leading brand in custom-built wooden detached homes. They have received high accolades for being gentle on the environment, and as comfortable, safe and secure homes that can be lived in for a long time.

Furthermore, leveraging the designing and technological capabilities it accumulated in the custom-built detached housing business, Sumitomo Forestry has diversified its

operations into the apartment business, residential property development (spec homes) business, landscaping business, and existing homes business, offering the unique comfort of wood. The use of wood in non-residential building construction fields has increased in recent years, contributing to the expansion in the production and consumption of timber promoted by the Japanese government.

The Sumitomo Forestry Group will continue to offer abundant lifestyles by providing high-value-added products and services while harnessing synergies in housing-related businesses.

Review of FY ended December 2021

The custom-built detached housing business further improved its digital marketing as part of its measures to strengthen sales in the face of the coronavirus crisis. We also focused on utilizing our design capabilities to offer plans tailored to changes in our customers' lifestyles. Additionally, in response to our customers' growing awareness of environmental issues, we endeavored to undertake more orders for zero net energy consumption houses (Net Zero Energy Houses, or ZEH), resulting in a high level of orders. When it comes to construction, although the COVID-19 crisis threw the supply chain into chaos, we pressed on with the equalization of housing starts and are working to build a stable construction system. As a result of these factors, while sales rose, performance was sluggish due to a decline in profits caused by a global increase in building material costs, especially wood.

Despite efforts to continue receiving orders through the “Town

Square” model room, the apartment business performed sluggishly due to the effects of the same rise in building material costs that affected custom-built detached houses. The spec homes business performed solidly, buoyed by vigorous purchasing demand as well as success in obtaining prime land. In the renovation business, we focused energy on boosting orders for earthquake resistance renovations which leverage our advanced technical expertise rooted in the Group's original seismic resistance and seismic-vibration damper construction methods, and we also stepped up sales activities directed at owners of “Sumitomo Forestry Home houses”.

In addition to this, we welcomed COHNAN KENSETSU INC. to the group in January 2021, reinforcing our medium- to large-scale construction business and the use of wood in non-residential building construction fields.

Initiatives for the medium-term management plan (FY 22/12 - FY 24/12)

By promoting digital marketing and streamlining construction, we aim to improve our competitiveness and increase the market share of the custom-built detached housing business while continuing to

expand the spec homes business, renovation business and non-residential building business.

Basic policy

Custom-built detached housing business	<ul style="list-style-type: none"> Expand sales of ZEH and LCCM (Life Cycle Carbon Minus) homes Promote digital marketing Streamline construction Develop new materials
Apartment business	<ul style="list-style-type: none"> Expand sales of high added-value apartments such as ZEH-M
Residential property development (spec homes) business	<ul style="list-style-type: none"> Carefully select sites to purchase Improve information-gathering on sites to purchase Strengthen brand by obtaining environmental certifications
Renovation business	<ul style="list-style-type: none"> Accelerate the development of infrastructure and mechanisms aimed at maintaining ties with owners
The use of wood in non-residential building construction fields	<ul style="list-style-type: none"> Selection and concentration in sales Secure and develop human resources with technological skill Increase synergy with Kumagai Gumi Co., Ltd. and COHNAN KENSETSU INC.

ZEH popularization target: 80% by fiscal 2025

Fiscal year	17/3	18/3	19/3	20/3	20/12	21/12	22/12 Plan
ZEH rate (%)	32.0	33.0	40.0	51.0	51.5	67.4	75.0

* It includes Nearly ZEH and has included ZEH Oriented in narrow areas since FY ended March 2019 and ZEH Oriented in heavy snowfall areas since FY ended March 2020.

* It has included Hokkaido since FY ended December 2020.

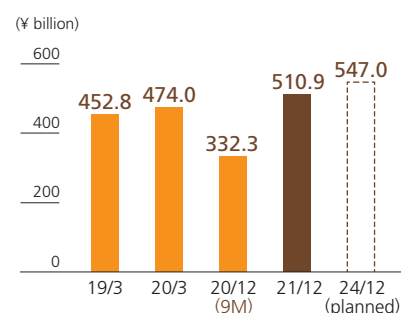
* Calculation period: Accounting period (January 2020 - December 2020 for FY ended December 2020 only)

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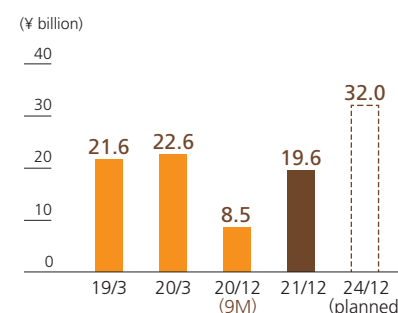
Number of employees



Net sales



Recurring income



* Starting in the FY ended March 31, 2020, Sumitomo Forestry adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). For transactions where the Company's role in providing the product to the customer is fulfilled by an agent, instead of the total amount, revenue is now recognized in the net amount.

Toho Gakuen Munetsugu Hall wins the Forestry Agency Director-General Award

Toho Gakuen Munetsugu Hall, designed and constructed as a joint venture between Sumitomo Forestry and Maeda Corporation, won the Forestry Agency Director-General Award in the Outstanding Facilities Using Timber Contest for 2021. The facility is a musical hall that features CLT (cross-laminated timber) in its design, construction and acoustics. Among other things, it was praised for the construction of flat surfaces such as the ceiling and walls in a bent folding screen shape to increase strength, for the pillarless space spanning 17m and for creating a sound environment overflowing with the essence of wood.

According to our estimates, 1,757t of CO₂ was emitted from the production of the materials used in the main structural framework of Toho Gakuen Munetsugu Hall, representing a reduction of 21% compared to a steel-frame structure and 29%, compared to a reinforced concrete structure.



Toho Gakuen Munetsugu Hall



Atsushi Kawamura

Director, Managing Executive Officer
Divisional Manager of Overseas Housing
and Real Estate Division



Since the launch of the detached housing business in the United States in 2003, the Group has actively entered into promising growth markets, and it is currently conducting businesses in the United States, Australia, and Asia. In these regions, it is expected that demand for housing will be solid in the medium to long term against the backdrop of their stably growing populations.

The detached housing business, which mainly targets actual demand, is a business with strong local characteristics that is required to accommodate local customs and lifestyle habits. Therefore, we manage this business by making full use of the knowledge of our Group companies in each region and their ability to propose products tailored to the needs of those regions.

Review of FY ended December 2021

In the detached housing business in the United States, all the Group companies performed strongly thanks to increased housing prices due to low mortgage interest rates and rising interest in moving from urban areas to the suburbs. Profits rose significantly in the real estate development business as properties sold briskly due to the increased willingness of investors to invest in the real estate market.

In the detached housing business in Australia, we experienced a major increase in orders received due to the effects of governmental housing purchase subsidy policies implemented up to March 2021. The sector therefore performed solidly despite the effects of lockdowns to counter the spread of COVID-19. Furthermore, as parts of our efforts towards a decarbonized society, in October 2021, we decided to participate in a project for the

In the real estate development business, in the United States, we are progressing with the detached apartment development business which is expected to synergize with the detached housing business. In Australia and the UK, we are participating in medium- to large-scale wooden construction projects to help realize a decarbonized society. Additionally, we are working to visualize and reduce CO₂ emissions in the construction industry through life cycle assessment.

We will continue to leverage the comprehensive strength of the Group to increase profitability by procuring materials, streamlining construction and moving into peripheral businesses such as land development and landscaping. We will also strive to bolster governance and manage in a way that fosters group-wide unity.

development of a wooden office building on the outskirts of Melbourne. This marks the start of our initiatives to realize Net Zero Carbon Buildings.

In Southeast Asia, the coronavirus crisis caused delays in the construction and selling plans for the landed houses and condominium projects we are working on in Vietnam, Indonesia and Thailand. In our new project, a large-scale housing development in the city of Makassar in Indonesia, we intend to develop environmentally conscious housing in Southeast Asia as well through designs that bring out the power of nature and through the use of building materials with a low energy loss, both of which are elements we have cultivated through our domestic housing businesses.

Initiatives for the medium-term management plan (FY 22/12 - FY 24/12)

In the single family home business, we plan to move into new growth areas, carefully select lands to purchase and develop products tailored to the characteristics of the area so as to greatly increase the number of units sold.

In the real estate development business, we will promote the

development of medium- to large-scale wooden construction in the United States, Australia and Europe while at the same time continuing to obtain environmental certifications and pursuing developments with regional communities in mind. We will establish a structure to stabilize revenue.

Basic policy

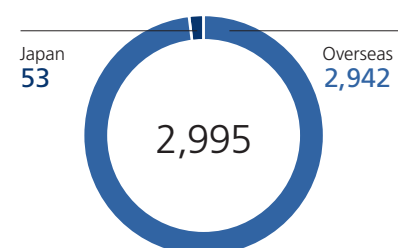
Housing business in the United States	<ul style="list-style-type: none"> Establish a system for constructing 16,000 units a year (one of the top 10 in the United States) Obtain land after careful selection and develop products tailored to the characteristics of the area Off-balance assets through joint ventures, land banks and other means Enter the construction contract business and the manufacturing business for items like structural panels, and expand our contract work business with a focus on single-family rentals.
Real estate development business in the United States	<ul style="list-style-type: none"> Continue to obtain environmental certifications and pursue developments with regional communities in mind Use structures such as joint ventures and funds to constitute and promote businesses with high capital efficiency Full-scale deployment of the detached apartment development business
Housing business in Australia	<ul style="list-style-type: none"> Establish a system to construct 4,000 units a year through market share expansion Expand business portfolio (enter landscaping business, promote development of medium- to large-scale wooden constructions)
Housing business in Asia	<ul style="list-style-type: none"> Use the Group's technology and knowhow to add value to existing businesses and obtain new projects Prepare a system for the company to be able to carry out business independently; build a revenue structure to bring in medium- to long-term growth
Real estate development business in Europe	<ul style="list-style-type: none"> Perform market research and search for business opportunities using "decarbonization" and "wood construction" as keywords

Quantitative targets

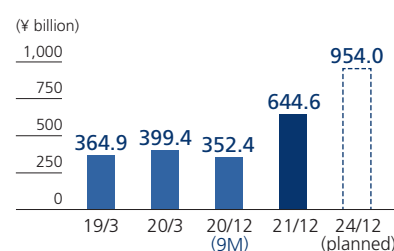
Housing in U.S.	Results in FY 21/12 11,230 units	Targets for FY 24/12 16,000 units	New detached apartments from Crescent Communities to be commercialized
Housing in Australia	Results in FY 21/12 3,169 units	Targets for FY 24/12 4,000 units	3-year total (2022-2024) 1,700 units

Data

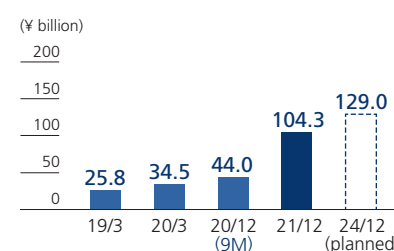
Number of employees



Net sales



Recurring income



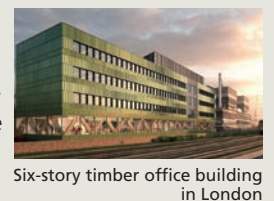
* Starting in the FY ended March 31, 2020, Sumitomo Forestry adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). For transactions where the Company's role in providing the product to the customer is fulfilled by an agent, instead of the total amount, revenue is now recognized in the net amount.

Participating in an environmentally conscious six-story timber office building development project in London, England

As part of our drive to achieve net-zero carbon emissions, Sumitomo Forestry has set up a joint venture company with Bywater Properties Limited, a real estate development company in the UK, to participate in the development of an environmentally conscious six-story timber office project in London.

In this project, the first for the overseas housing and real estate business in Europe, we intend to achieve an about 80% reduction in CO₂ emissions at all stages from raw material procurement to construction and demolition compared to typical reinforced concrete structures in the UK. Moreover, the CO₂-fixing effect of wood, the use of energy-saving and energy-creating technology and the use of renewable energy make this an extremely advanced initiative that is expected to emit net-zero carbon for approximately 60 years from the end of construction even accounting for the added CO₂ emissions from the use of the building.*

*Based on the British standard for environmental performance assessment of buildings (BS EN15978).



Six-story timber office building in London

Overview of regional development overseas

United States

Conducting a detached housing business and a real estate development business over a wide region, from the west coast to the east coast

The Group started construction and sales of specs homes in 2003 in Seattle, Washington, the site of the distribution base with more than 50 years’ experience in timber and building materials. This marked our entry into the United States, the world’s largest housing market. We have built long-term partnerships and expanded our business by adding leading local builders to the group, accumulating knowhow while valuing the United States’ unique housing culture, customs, and construction methods. In 2021,

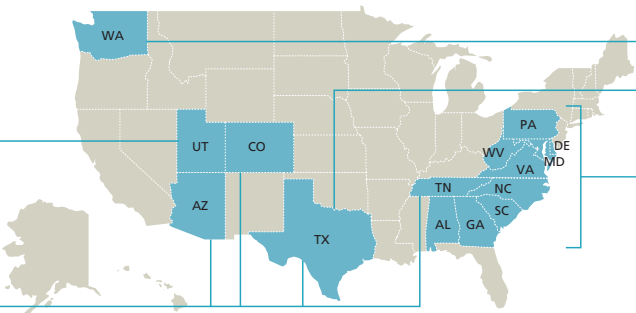
Gehan Homes Group entered the Nashville, Tennessee market, expanding our business area. We also leveraged our strengths as a Group with both detached housing and real estate development businesses to enter the detached apartment development business in earnest. Going forward, we will promote advancement into peripheral businesses like panel manufacturing, framing construction and asset management. We will also search for business opportunities involving the development of medium- to large-scale wooden buildings.

Based on the relationships of trust with the management team of each company, which we have established by sharing our management philosophy and business policy, we are working to improve construction quality, environmental performance and design features. Moreover, we are further progressing business expansion and development and providing living environments and communities that meet the needs of our business areas.

Detached housing business areas in U.S.

Edge Homes Group
UT : Utah

Gehan Homes Group
TX : Texas
AZ : Arizona
CO : Colorado
TN : Tennessee



MainVue Homes Group
WA : Washington

Bloomfield Homes Group
TX : Texas

DRB Group
PA : Pennsylvania
MD : Maryland
WV : West Virginia
VA : Virginia
NC : North Carolina
SC : South Carolina
DE : Delaware
GA : Georgia
AL : Alabama

Detached housing business companies of the Sumitomo Forestry Group



MainVue Homes Group (WA)



Edge Homes Group (UT)



Gehan Homes Group (TX/AZ/CO/TN)

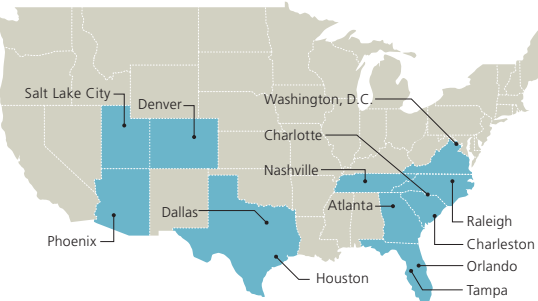


Bloomfield Homes Group (TX)



DRB Group (MD/VA/WV/NC/SC/PA/DE/GA/AL)

Crescent Communities business areas



Crescent Communities (NC/SC/DC/GA/TN/FL/TX/AZ/CO/UT)

Australia

Expanding our detached housing business throughout Australia

In Australia we mainly construct and sell order home housing and spec homes. Since launching our housing business there in 2008, we have been steadily expanding our business area. We currently operate in all the major five cities - Melbourne, Brisbane, Sydney, Adelaide, and Perth. Utilizing a network spanning all Australia, we are building and selling high-quality housing. In Australia, where the population is expected to grow in the medium to long term, we are offering housing that meets the needs of a wide range of demographics by developing multiple brands, each with their own characteristics.

In 2021, we launched a wooden office building development project in Melbourne. This project aims to receive the maximum 6-star rating in Australia’s Green Star environmental certification and be certified net-zero carbon according to Australian standards, furthering efforts to create a decarbonized society.

We also entered the landscaping business by adding Regal Innovations to the Group in April 2022, helping us diversify our businesses.

Detached housing business areas in Australia

Henley Properties Group

VIC : Victoria
QLD : Queensland

NSW : New South Wales
SA : South Australia



Wisdom Properties Group
NSW : New South Wales

Scott Park Group

WA : Western Australia

Detached housing business companies of the Sumitomo Forestry Group



Henley Properties Group(VIC/QLD/NSW/SA)



Wisdom Properties Group(NSW)



Scott Park Group(WA)

Asia

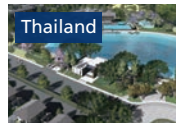
Developing real estate including multi-family housing, commercial and mixed-use facilities, and detached housing

Asia is a region that is expected to experience medium- to long-term economic growth along with a rise in housing demand, so we have positioned it as the third pillar of the overseas housing and real estate business after the United States and Australia and are working to strengthen our revenue bases there.

We are currently engaged in joint development of condominiums for sale and the landed homes business with local companies in Vietnam, Indonesia, and Thailand. Utilizing our accumulated design expertise in the effective use of spaces, the improvement of functionality and the creation of attractive interiors rich with the essence of wood, we provide high-quality living environments that improve people's quality of life. In 2021, we joined a large-scale residential development project in Makassar City, Indonesia. This is the first time a foreign company has undertaken a large-scale residential project in Makassar, and we aim to develop environmentally conscious detached homes. We will use this opportunity to accelerate the development of environmentally



Thailand
Condominium development business



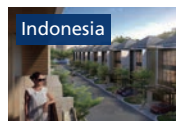
Thailand
Landed homes development business



Vietnam
Condominium development business



Indonesia
Commercial and mixed-use complex development business



Indonesia
Landed homes development business



Indonesia
Landed homes development business

conscious residences and real estate in Southeast Asia as well.

We intend to stabilize our business foundation while capturing housing demand that is strong during this time when infrastructure is being rapidly established, populations are increasing, and income levels are rising.

Environment and Resources Segment

Environment and Resources Business



Masanobu Nishikawa
Managing Executive Officer
Divisional Manager of Environment and
Resources Division



The environment and resources business deploys businesses that maximize the use of forest resources in Japan and overseas. In the forestry business, Sumitomo Forestry owns a total of approximately 48,000 hectares of forest in Japan, which is approximately 1/800th of the country's land area, for which we engage in sustainable forestry management based on a "sustainable forestry" approach of planting, growing, logging, and utilizing trees, and then replanting trees. This includes acquiring forestry certification from the Sustainable Green Ecosystem Council (SGEC). In Indonesia, Papua New Guinea, and New Zealand, we own and manage approximately 229,000 hectares of plantation forests,

including forests that have acquired third-party forestry certification such as FSC®, while we are also contributing to preserving biodiversity and developing local communities. As awareness of climate change countermeasures rises globally, we also manage renewable energy businesses in Japan that use mainly wood resources in an effective way. In 2022, we established the Forest Carbon Sink Business Department to undertake efforts such as expanding the area of forests we own and manage in order to achieve our long-term "Mission TREEING 2030" vision that seeks to decarbonize all of society. (FSC® license code: FSC-C113957)

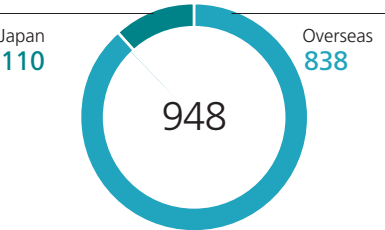
Review of FY ended December 2021

In the renewable energy business, Kanda Biomass Energy K.K. commenced operations in June 2021. Including Kanda Biomass Energy, our five wood biomass generation plants around Japan operated stably, but the end of the government's drastic mitigation measures under FIT (the feed-in tariff system) resulted in a need to revise contracts with energy buyers, which affected performance negatively. The overseas forestry business posted solid results due to rising domestic and foreign demand for timber in New Zealand. Additionally, to reinforce the forestry business domestically and

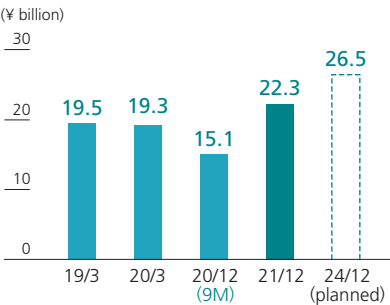
internationally, in June 2021 we concluded a business partnership agreement with IHI Corporation. This partnership will allow us to set up a consulting business to manage tropical peatland properly and also create and sell high-quality carbon credits by correctly assessing the value of natural capital like forest and soil carbon storage. Through such initiatives, coupled with strengths such as the forest management technology we have accumulated in Japan and elsewhere and the tropical peatland management technology we gained in Indonesia, the Sumitomo Forestry Group will continue to contribute to the achievement of a decarbonized society.

Data

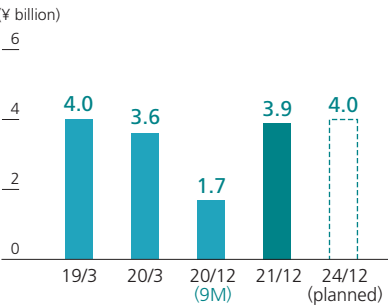
Number of employees



Net sales



Recurring income



* Starting in the FY ended March 31, 2020, the Environment and Resources Business was transferred from the "Other" segment.

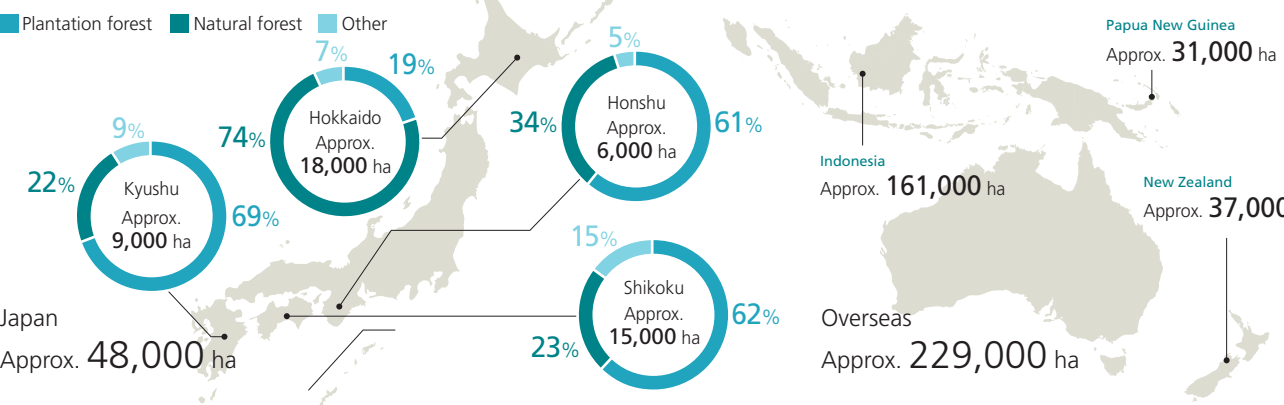
Initiatives for the medium-term management plan (FY 22/12 - FY 24/12)

Japan, along with many other countries, has declared the goal of reducing greenhouse gas emissions to virtually zero by 2050, and society at large is working towards decarbonization. To help attain a carbon-neutral future, the Environment and Resources department will use the three-year period until 2024 to expand existing businesses and make new investments that use forest resources efficiently.

Basic policy

Domestic forestry business	<ul style="list-style-type: none">Promote reforestation and the stable supply of seedlings to expand sustainable forestryExpand business contracting from municipalities to revitalize the forestry and wood industry, and create carbon sink businesses for private businessesIncrease safety and productivity of operations by upgrading forest management technology and enhancing human resource development
Overseas forestry business	<ul style="list-style-type: none">Increase value of forests by increasing forest area managed, diversifying tree species and strengthening connections with businesses outside the GroupPursue new uses and new purchasers for wood based on medium- to long-term predictions of demandIncrease safety and productivity of operations by upgrading forest management technology and enhancing human resource development
Renewable energy business	<ul style="list-style-type: none">Maximize profits from the development of power sources in light of the FIT system and select optimum power sources from a post-FIT viewpointTake post-FIT business continuation measures for existing biomass generation businesses by, for example, developing low-cost fuelsSecure and develop expert personnel
Decarbonization initiatives	<ul style="list-style-type: none">Develop high-precision measurement technology to create high-quality carbon credits and thereby promote the visualization of CO₂ absorption amountsExpand business by creating new forest value to form the core component of carbon sink businesses

Area of forest owned and managed (as of end of December 2021)



Our wood biomass power plants (as of end of December 2021)

	Kawasaki Biomass	Mombetsu Biomass	Tomakomai Biomass	Hachinohe Biomass	Kanda Biomass	Morinomiyako Biomass
Service areas	Kawasaki City, Kanagawa Prefecture	Mombetsu City, Hokkaido	Tomakomai City, Hokkaido	Hachinohe City, Aomori Prefecture	Kyoto, Fukuoka Prefecture	Sendai City, Miyagi Prefecture
Start of operation	February 2011	December 2016	April 2017	April 2018	June 2021	November 2023 (planned)
The Company's investment ratio	34%	51%	20%	52%	41.5%	15.0%
Power generation capacity	33MW	50MW	6.2MW	12.4MW	75MW	75MW
Fuel	Construction waste and others	Unused forest resources and others	Unused forest resources and others	Unused forest resources and others	Imported wood pallets and others	Imported wood pallets and others

Other Segment Lifestyle Services Business



Kunihiko Takagiri
Managing Executive Officer
Divisional Manager of Lifestyle Service
Division



In the lifestyle services business, the Group offers a wide range of living-related services centered on our elderly care business. Japan is currently confronted with a multitude of social issues. One particularly glaring issue is the country's rapidly accelerating birthrate decline and aging population. The Sumitomo Forestry Group operates services such as private-pay elderly care facilities and home care services, catering to a wide variety of needs. Our private-pay elderly care facilities leverage our expertise in creating spaces with the comforting effect of wood and lifestyles that incorporate the greenery of the seasons, in order to offer our residents

comfortable places to live that are fulfilling for both mind and body.

The decline of Japan's rural areas due to depopulation is also a serious problem. In response, our Group is actively involved in regional revitalization initiatives to spur regional economies, including participation in the development of commercial facilities opened as an industry-government-academia collaborative project. With the comfortable living environments that we build in communities throughout the country, we are doing our part to keep Japanese society attractive into the future.

Review of FY ended December 2021

In July 2021, we opened a new lodging and accommodations business at VISON, the largest commercial resort facility in Japan in the town of Taki, Mie Prefecture. VISON is an industry-government-academia joint project centered on the keywords of food, knowledge, and health, with the goals of promoting industry and creating jobs utilizing local resources.

Our private-pay elderly care facilities business performed strongly, maintaining high occupancy rates.



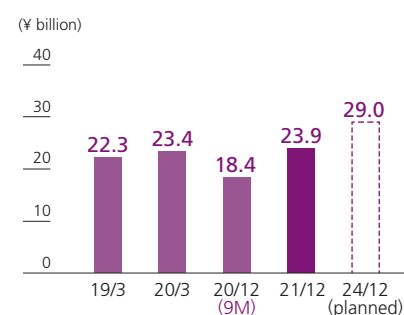
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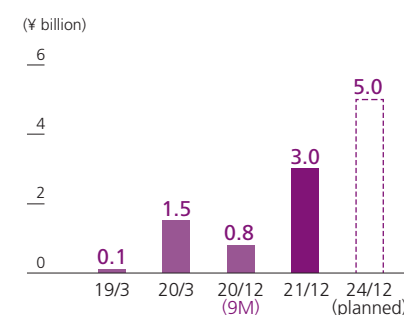
Number of employees



Net sales



Recurring income



* Starting in the FY ended March 31, 2020, Sumitomo Forestry adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). For transactions where the Company's role in providing the product to the customer is fulfilled by an agent, instead of the total amount, revenue is now recognized in the net amount. We also separated the Environment and Resources Business as an independent category from the Other segment in the FY ended March 2020. Net sales and recurring income up to the FY ended March 2018 correspond to the categories before this change. The Other segment covers the elderly care services business, insurance agency business related to homes, and various other service businesses. Recurring profit includes equipment-method investment income from Kumagai Gumi Co., Ltd.

Initiatives for the medium-term management plan (FY 22/12 - FY 24/12)

In our elderly care business, we provide spaces with the comforting effect of wood and nursing care geared toward each individual. We help to maintain and improve the health and lifestyle of the users of our services, and reduce the caretaking burden on their families. We are also continuously engaged in human resources development for our staff, and are constantly looking for ways to further improve our occupancy rates and achieve business stability. Working together with local communities to deliver advanced, high-quality services, we help to create a society in which people can enjoy vibrant, healthy lives.

When running a lodging business at VISON, which was opened as a new business to trigger regional development and revitalization, our aim is stable management and an increase in earning power through cooperation with commercial establishments. Working together with multiple companies and government agencies participating in the project, Sumitomo

Forestry intends to expand business opportunities and contribute to local revitalization by deploying open innovation to solve problems in communities.



Marché VISON

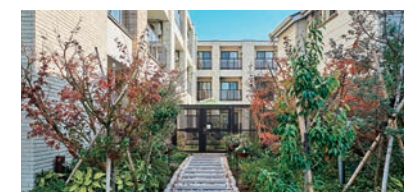
Sumirin Fill Care

Number of private-pay elderly care facilities operated: 16

Number of day care business facilities operated: 3

(As of end of December 2021)

Sumirin Fill Care Co., Ltd. operates 16 private-pay elderly care facilities and three day care business facilities, mainly in the Greater Tokyo area, advocating "the warmth of people and trees" and "elderly care services for changing times." With the introduction of advanced systems that use ICT to improve the quality and efficiency of our services, the company is actively undertaking initiatives that use the latest technology for elderly care.



Gran Forest Gakugei Daigaku

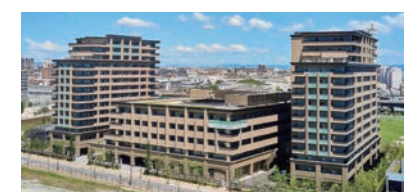
Sumirin Care Life

Number of private-pay elderly care facilities operated: 3

Number of private-pay elderly care facilities (residences that include living support services) operated: 1

(As of end of December 2021)

In May 2020 we opened large-scale private-pay elderly care facility Elegano Nishinomiya with 309 rooms in Nishinomiya, Hyogo Prefecture. We now operate four large-scale private-pay elderly care facilities and seven stations that provide home care services. Our private-pay elderly care facilities offer various forms of recreation, as well as living support services tailored to the life stages of residents through partnerships with medical institutions.



Elegano Nishinomiya