

## Eleven-Year Consolidated Financial Summary

	2023/12	2022/12	2021/12	2020/12 (9M)*5	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3
<b>Operating results</b> (¥ million)											
Net sales	¥1,733,169	¥1,669,707	¥1,385,930	¥ 839,881	¥1,104,094	¥1,308,893	¥1,221,998	¥1,113,364	¥1,040,524	¥997,256	¥972,968
Gross profit	408,830	392,970	321,994	191,323	242,689	232,146	219,315	204,138	183,134	169,492	160,162
Selling, general and administrative expenses	262,076	234,717	208,344	143,862	191,312	182,899	166,294	150,149	153,041	135,498	126,747
Operating income	146,755	158,253	113,651	47,462	51,377	49,247	53,021	53,989	30,093	33,994	33,415
Recurring income	159,418	194,994	137,751	51,293	58,824	51,436	57,865	57,841	30,507	36,424	33,567
Net income attributable to shareholders of parent / Net income	102,479	108,672	87,175	30,398	27,853	29,160	30,135	34,532	9,727	18,572	22,531
Recurring income (excluding actuarial differences)	154,416	187,027	134,491	46,470	61,396	54,846	55,574	52,860	42,038	36,681	34,586
<b>Financial position</b>											
Total assets	¥1,812,722	¥1,537,598	¥1,314,226	¥1,091,152	¥1,004,768	¥ 970,976	¥ 899,120	¥ 794,360	¥ 710,318	¥665,538	¥645,197
Working capital*1	648,039	578,653	470,909	297,669	273,167	236,047	209,506	190,386	178,215	158,110	120,725
Interest-bearing debt	423,872	348,323	302,763	302,933	268,491	248,885	200,630	163,817	119,069	103,369	92,975
Net assets	823,296	682,554	540,089	399,456	357,064	353,489	345,639	295,857	265,257	260,782	226,078
<b>Cash flows</b>											
Cash flows from operating activities	¥ 125,300	¥ 55,276	¥ 91,576	¥ 46,840	¥ 45,724	¥ 40,689	¥ 13,732	¥ 40,337	¥ 45,705	¥ 14,709	¥ 54,057
Cash flows from investment activities	(112,497)	(52,385)	(40,254)	(44,635)	(38,874)	(71,659)	(46,250)	(62,350)	(9,972)	(23,575)	(10,476)
Cash flows from financing activities	10,236	(32,998)	(7,029)	(6,782)	1,142	11,523	25,156	14,267	1,813	(17,286)	8,511
Cash and cash equivalents at the end of the year	174,771	147,373	170,035	122,220	112,565	105,102	125,555	132,707	141,265	103,296	128,343
<b>Capital investment</b>											
Property, plant and equipment	¥ 23,367	¥ 31,657	¥ 21,844	¥ 18,124	¥ 32,414	¥ 17,071	¥ 17,685	¥ 48,204	¥ 18,042	¥ 12,617	¥ 14,735
Intangible fixed assets	4,913	5,334	3,892	2,989	3,470	3,173	2,470	2,839	2,006	2,488	2,417
Others	10,154	7,026	2,488	2,834	2,267	2,088	3,792	3,085	400	282	252
Total	38,433	44,017	28,224	23,946	38,151	22,331	23,947	54,128	20,448	15,388	17,404
Depreciation and amortization	19,918	17,911	16,491	11,503	14,388	13,696	13,727	12,887	11,753	11,453	9,810
<b>Per share data</b> (¥)											
Net income	¥ 505.53	¥ 543.80	¥ 457.69	¥ 167.54	¥ 153.54	¥ 160.80	¥ 168.49	¥ 194.95	¥ 54.92	¥ 104.85	¥ 127.20
Net assets	3,686.51	3,140.26	2,479.76	2,025.13	1,777.57	1,755.06	1,719.05	1,552.04	1,374.47	1,387.39	1,234.53
Cash dividends	125.0	125.0	80.0	35.0	40.0	40.0	40.0	35.0	24.0	21.5	19.0
<b>Financial ratios</b> (%)											
Gross profit margin	23.6	23.5	23.2	22.8	22.0	17.7	17.9	18.3	17.6	17.0	16.5
Operating income margin	8.5	9.5	8.2	5.7	4.7	3.8	4.3	4.8	2.9	3.4	3.4
Recurring income margin	9.2	11.7	9.9	6.1	5.3	3.9	4.7	5.2	2.9	3.7	3.4
Return on assets (ROA)*2	9.5	13.7	11.5	4.9	6.0	5.5	6.8	7.7	4.4	5.6	5.6
Return on equity (ROE)*2	14.8	19.4	20.2	8.8	8.8	9.3	10.3	13.3	4.0	8.0	11.0
Equity ratio	41.6	40.8	37.7	33.7	32.1	32.8	34.7	34.6	34.3	36.9	33.9
Interest-bearing debt ratio*3	36.0	35.7	37.9	45.2	45.4	43.9	39.2	37.3	32.8	29.6	29.8
Current ratio	210.2	217.1	211.9	178.3	175.3	163.2	158.8	158.8	156.9	154.1	137.0
Interest coverage ratio (times)*4	29.3	18.4	39.7	24.9	16.9	20.1	9.6	27.1	43.1	12.6	44.2

\*1 Working capital = Current assets - Current liabilities

\*2 ROA and ROE are calculated using the simple average of beginning and end of term balance sheet figures.

\*3 Interest-bearing debt ratio = Interest-bearing debt / (Interest-bearing debt + Shareholders' equity)

\*4 Interest coverage ratio (times) = Cash flows from operating activities / Interest payments

\*5 In conjunction with the change in fiscal year-end, the fiscal year ended December 2020 is an irregular transition period covering the nine months from April to December 2020 on a consolidated basis.

## ESG Information

		2023/12	2022/12	2021/12	2020/12	2020/3
<b>Environment (E)</b>						
Energy consumption (MWh)		2,862,493	2,880,398	2,878,334	2,848,460	2,903,124
Water use volume (thousand m <sup>3</sup> )		2,916	2,937	2,858	2,851	2,897
Greenhouse gas emissions (t-CO <sub>2</sub> e)	Scope 1	221,516	239,635	252,833	262,105	265,192
Greenhouse gas emissions (t-CO <sub>2</sub> e)	Scope 2	114,156	116,292	117,939	108,421	115,449
Greenhouse gas emissions (ten thousand t-CO <sub>2</sub> e)	Scope 3	944.6	940.0	983.5	911.9	1,025.5
Renewable energy introduction rate (%)		78.1	75.7	74.5	74.1	72.2
Renewable energy introduction rate in electricity used in the Group overall (%)		19.6	17.5	17.2	17.4	15.8
Sustainability procurement survey rate for imported wood product suppliers (%)		100.0	100.0	100.0	100.0	100.0
Sustainable wood use rate among principal structural materials (%)		100.0	100.0	100.0	95.8	80.6
Recycling rate at domestic manufacturing plants (%)		99.6	99.4	99.1	99.1	99.0
ZEH order ratio for new custom-built detached houses (%) (order basis)		79.7	77.2	67.4	51.5	51.0
Rate of new custom-built detached houses certified as long-life quality housing (%)		95.9	96.3	94.9	94.7	94.4
Area under forest ownership/management (ten thousand ha)	Domestic	4.8	4.8	4.8	4.8	4.8
	Overseas	23.8	24.0	22.9	22.9	21.9
Carbon storage amount in area under forest ownership/management (carbon dioxide equivalent) (ten thousand t-CO <sub>2</sub> )	Domestic	1,384	1,373	1,361	1,348	1,330
	Overseas*1	5,191	5,264	5,240	5,212	933
<b>Social (S)</b>						
Number of employees (persons)	Non-consolidated	5,235	5,139	5,091	5,073	4,914
	Consolidated	24,815	21,948	21,254	20,562	19,332
Ratio of female employees (%)	Non-consolidated	23.8	23.1	22.6	22.0	21.6
	Consolidated in Japan	36.1	33.4	34.4	32.4	32.7
	Consolidated overseas	28.4	28.2	30.0	30.8	30.2
Ratio of female employees in management position (%)	Non-consolidated	6.8	6.3	5.6	4.8	4.2
	Consolidated in Japan	9.4	8.9	8.4	7.1	6.1
	Consolidated overseas	25.4	23.2	20.9	19.5	17.1
Ratio of newly graduated female recruits (%)	Non-consolidated	34.1	33.1	26.9	30.2	26.9
	Consolidated in Japan	41.8	34.6	35.1	43.4	45.7
	Consolidated overseas	35.7	39.5	32.8	38.7	-
Employment ratio of persons with disabilities (%)	Non-consolidated	2.46	2.40	2.38	2.25	2.40
	Consolidated in Japan	2.25	2.23	2.04	1.85	1.77
Rate of childcare leave taken by male employees (%) <sup>*2</sup>	Non-consolidated	70.0	49.0	50.4	46.8	31.3
	Consolidated in Japan	28.0	32.8	28.0	13.2	6.2
Rate of childcare leave taken by female employees (%) <sup>*2</sup>	Non-consolidated	81.4	110.3	108.8	84.4	100.0
	Consolidated in Japan	96.8	114.3	118.8	122.0	115.3
Rate of paid leave taken (%)	Non-consolidated	69.0	68.4	64.1	60.7	60.2
	Consolidated in Japan	68.1	66.6	59.6	58.1	63.0
Training hours per employee (hours)	Non-consolidated	19.6	15.5	13.0	10.5	18.0
Training expenses per employee (thousand yen)	Non-consolidated	117	106	77	59	102
Turnover ratio (%)	Non-consolidated	3.1	3.2	2.7	1.8	2.5
New graduate employee retention rate (three years with the Company) (%)	Non-consolidated	83.7	82.9	83.3	82.3	84.4
Employee satisfaction (%)	Non-consolidated	76.3	77.0	78.2	80.1	78.8
<b>Governance (G)</b>						
Number of Board of Directors meetings held		15	15	16	10	15
Number of Directors		9	9	9	9	8
Ratio of Outside Directors (%)		33	33	33	33	25
Attendance rate of Outside Directors at Board of Directors meetings (%)		100	100	100	100	100

\*1 Overseas conservation forests have been added to the scope of aggregation from the FY ended December 2020.

\*2 Rate of childcare leave taken = Number of employees who started childcare leave during the fiscal year / Number of employees who had a child born during the fiscal year.

## Major Evaluations and Awards Achieved

In recent years, there has been growing interest in ESG investment, which considers not only financial aspects but also environmental, social, and governance factors as investment criteria. The Sumitomo Forestry Group received the following ESG-related evaluations and awards. (As of March 31, 2024)

### External Evaluations

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA



### Included as a constituent stock in all six ESG indices selected by the GPIF



\* The inclusion of Sumitomo Forestry Co., Ltd. in MSCI indices and the use of the MSCI logo, trademarks, service marks, and/or index names on its website do not constitute sponsorship, endorsement, or advertising by MSCI or its affiliates of Sumitomo Forestry Co., Ltd. MSCI indices are the exclusive property of MSCI. MSCI and MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



## Major Initiative Participations and Endorsements



## Statement of Authenticity



### Publication of Integrated Report 2024

Tatsumi Kawata  
Representative Director, Executive Vice President

In fiscal 2022, the Sumitomo Forestry Group established its Long-term Vision Mission TREEING 2030, identified the Nine Material Issues of material importance to management, and launched a three-year Medium-term Management Plan. In this report, we have attempted to explain the progress of the Medium-term Management Plan, which has entered its final year, as well as our future prospects for the next plan, while devoting particular space to our U.S. housing and real estate development business and human resources strategy to provide a deeper understanding of our growth potential.

In preparing this report, we referred to the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry. In addition, in order to accurately convey the Group's strategy, awareness of issues, and response, many related departments cooperated and collaborated closely during the preparation. For important non-financial information, we are working to improve reliability by obtaining a limited warranty from a third-party warranty organization, all in an effort to increase the reliability of the reported matters. As the officer in charge of the department responsible for preparing the integrated report, I hereby declare that the process of preparing this report is adequate and that the contents of the report are accurate.

We hope that this report will help stakeholders further deepen their understanding of the Group's medium- to long-term growth and enhancement of corporate value. We will continue striving to further enhance information disclosure and use it in our dialogue with stakeholders.

We look forward to your continued support as we move forward.

## IR FAQ

### Question 1

#### Answer

**What is your outlook for the future of the single-family homes market in the United States?**

While the number of housing starts in the United States has remained at a low level for a long period of time since the Global Financial Crisis (GFC), the country's population is continuously increasing, rising by approximately 30 million people since the GFC to over 330 million in 2023, and there is a shortage of housing. In particular, the population of millennials and Generation Z, the core of the home-buying population, is growing at a high rate, and we expect housing demand to remain stable for the foreseeable future. According to the S&P Case-Shiller Home Price Index, home prices are rising but household incomes are rising as well, with home prices in the United States remaining at a healthy level of around six times the yearly household income on average. Delinquencies (mortgage delinquency rates) have also remained low, indicating that the housing market continues to face low risk conditions, and we expect stable growth to continue.

### Question 2

#### Answer

**What is your roadmap for achieving your target of 23,000 units sold annually in the United States single-family homes business by 2030?**

Currently, through five builders of single-family homes in the United States, we are developing our housing business from Washington State to the East Coast, mainly in the Sunbelt, an area of robust economic growth. In 2023, we entered the previously unexplored state of Florida through M&A. In March 2024, through DRB, a Group company engaged in the single-family homes business in the United States, we acquired Biscayne Homes, which operates a single-family homes business in Tampa, Florida, thereby establishing a framework for further business expansion. Florida is an area where housing demand is expected to stably increase based on population and employment growth, and growth in the state will be one of the keys to building out a framework for reaching 23,000 units sold annually in the United States by 2030. On top of organic growth, we will continue to expand the number of houses supplied while exploring new M&A opportunities, aiming to sell 5,000 houses per year in Florida by 2030.

### Question 3

#### Answer

**What is the status of plant operations and synergies with Group companies in the Fully Integrated Turn-Key Provider (FITP) business?**

Including the new plant in North Carolina, which commenced operations in May 2024, we currently have six plants in operation as manufacturing bases for roof trusses, wall panels, and other construction materials. For Group companies, An Cuong, a furniture manufacturing affiliate in Vietnam, assembles and installs cabinets and supplies them to DRB, a single family homes builder in the United States, for its for-sale homes, and to Crescent, a real estate developer in the United States, for its multi-family housing. In this way, collaboration between Group companies is progressing.

Through the FITP business, we will promote construction rationalization and creation of new value, and build Group synergies in collaboration with our Group companies to achieve our target of 23,000 housing units sold annually in the United States.

### Question 4

#### Answer

**What initiatives are you pursuing to strengthen the earnings base in the custom-built detached housing business in Japan?**

In the domestic housing business in the fiscal year ended December 31, 2023, the number of new owner-occupied housing starts declined year-on-year for 25 consecutive months, and the business environment remained challenging, but the profit margin improved due to cost reductions, the implementation of operational efficiency measures, and the effect of price revisions. We promoted the spread of ZEH, which contributes to decarbonization and reduces energy costs, and renewed our single-story product GRAND LIFE by integrating the house and landscape design and incorporating efficient housework flow lines, in an effort to provide customers with a higher level of satisfaction.

In addition to improving profitability through operational efficiency and other measures, we will work to develop products that appeal to a wide range of customers in terms of price by reducing design costs, and to strengthen measures for land for residential construction. We will promote orders for three-story wooden multi-apartment residential buildings and strengthen the business of each Group company, including the renovation business, in order to solidify the earnings base of the domestic housing business as a whole.

### Question 5

#### Answer

**What progress is being made in the acquisition of forest assets through your forest fund?**

At present, we have completed the acquisition of forest assets in New York State. Including projects under negotiation, we expect to acquire about a quarter of the forest area originally planned, and we are making steady progress in the purchase of assets.

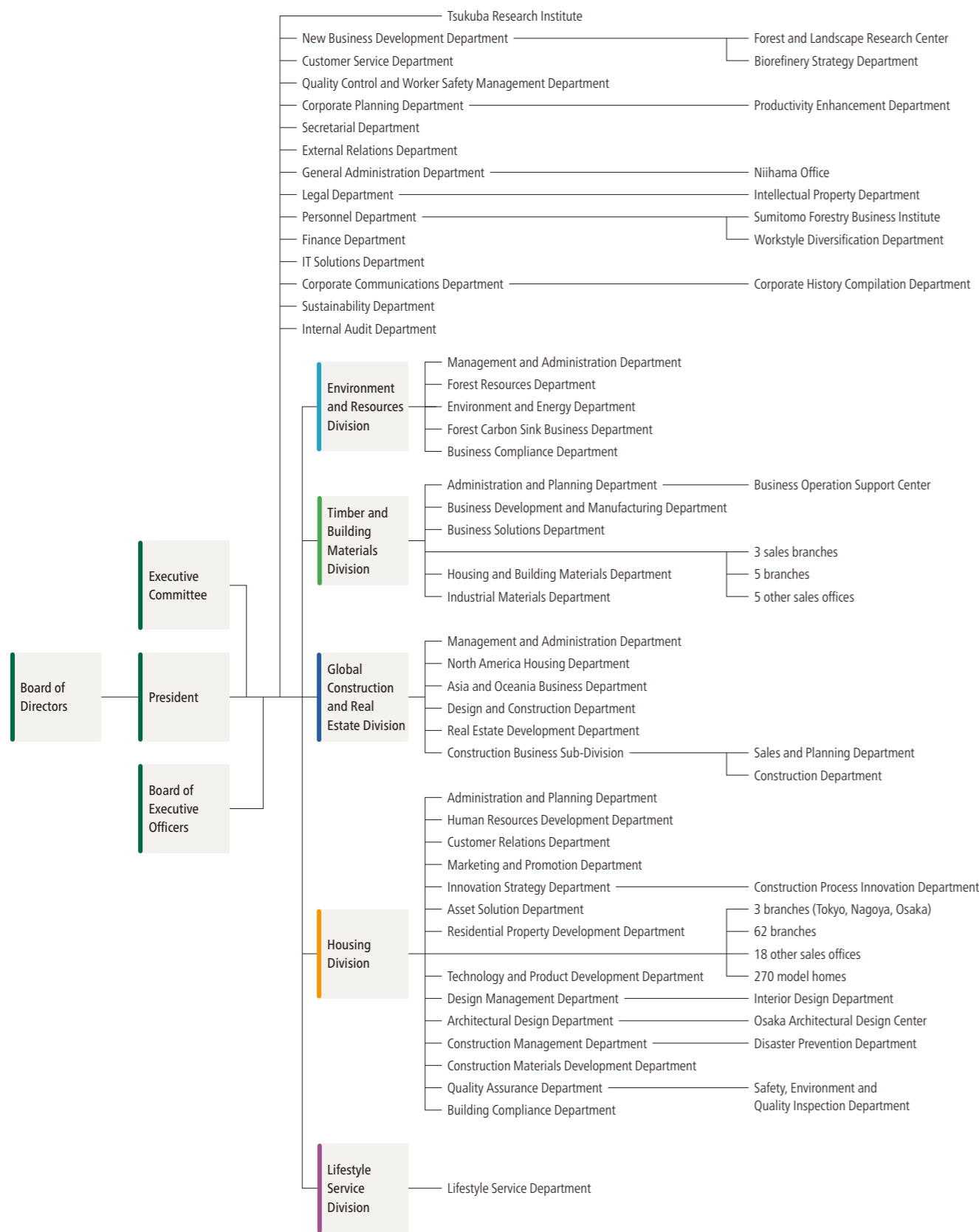
### Question 6

#### Answer

**Can you share the progress of the investment and loan plan within the Medium-term Management Plan?**

The current Medium-term Management Plan calls for a cumulative total of approximately 300 billion yen in investments and loans by the fiscal year ending December 31, 2024. The total investment and loan amount for the two years ending December 31, 2022 and 2023, respectively was 178.7 billion yen, leaving approximately 120 billion yen remaining to reach 300 billion yen. In the fiscal year ending December 2024, the final year of the current Medium-term Management Plan, we plan to promote decarbonization-related investments that will form the foundation of the next Medium-term Management Plan, including investments in the overseas single-family homes and multi-family housing businesses, which have driven the Group's growth, as well as in the overseas non-residential wooden building field, the launch of a timber industrial complex, and asset acquisition for the forest fund.

# Organization Chart (As of May 1, 2024)



# Corporate Profile and Stock Information (as of December 31, 2023)

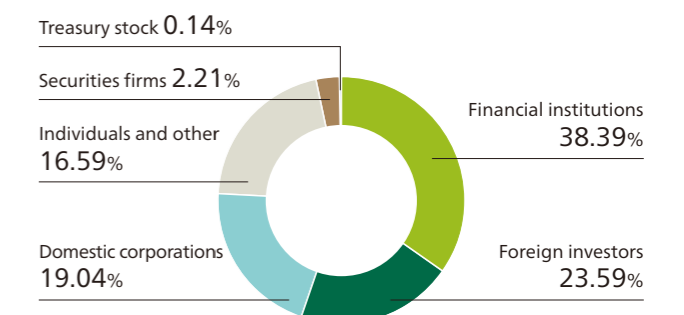
## Corporate profile

Company name	Sumitomo Forestry Co., Ltd.
Founded	1691
Incorporated	1948
Paid-in capital	¥55,088 million
Head office	Keidanren Kaikan, 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8270, Japan
Consolidated subsidiaries	376 (Overseas 337)
Affiliated companies	176 (Overseas 164)
Number of employees (consolidated)	24,815
Homepage	<a href="https://sfc.jp/english/">https://sfc.jp/english/</a>
Accounting auditor	Ernst & Young ShinNihon LLC
Contacts	Sumitomo Forestry Co., Ltd. Corporate Communications Department IR Group Tel: 81-3-3214-2270 Fax: 81-3-3214-2272  IR contact <a href="https://inquire.sfc.jp/sfc/m/contact/english/">https://inquire.sfc.jp/sfc/m/contact/english/</a>

## Shareholders & stock information

Stock exchange listing	Tokyo
Total number of authorized shares	400,000,000
Total number of shares issued	206,058,468
Ordinary General Meeting of Shareholders	March
Number of shareholders	60,197

### Breakdown of Shareholders



\* Percentages in breakdown of shareholders are rounded down.

## Major shareholders

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	29,873	14.5
Sumitomo Metal Mining Co., Ltd.	10,110	4.9
Custody Bank of Japan, Ltd. (trust account)	10,027	4.8
The Iyo Bank, Ltd.	5,849	2.8
Kumagai Gumi Co., Ltd.	5,197	2.5
Sumitomo Corporation	4,383	2.1
Sumitomo Life Insurance Company	4,227	2.0
The Hyakujushi Bank, Ltd.	4,197	2.0
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A / C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	3,411	1.6
Sumitomo Forestry Group Employee Shareholding Association	3,156	1.5

\* Number of shares held and shareholding ratio are rounded down. Shareholding ratio is calculated by subtracting treasury stock from the total number of outstanding shares.