

## Review of Past Medium-term Management Plans

### 2018 Medium-term Management Plan

Fiscal year ended March 2017 to fiscal year ended March 2019

#### Promoting change for a new stage

Also implementing reform of corporate climate to further solidify business foundation

##### Basic Policies

Pursuing a strategy that anticipates societal changes

- Expansion of the overseas business
- Utilization of (domestic) timber
- Expansion of the elderly care business
- Expansion of the resources/energy business

Diversifying revenue sources in the global market

- In the housing/real estate business, establish a structure for a total of 8,000 houses, 5,000 in the United States and 3,000 in Australia, including via new region entry and M&A.
- Development of a sustainable afforestation business that takes biodiversity conservation and local communities into account while keeping an eye on global timber demand.

Transforming the value of wood

- Creation of new wood value

##### Review

- Recurring income for the fiscal year ended March 31, 2018 was 55.6 billion yen\*<sup>1</sup>, achieving the target for the fiscal year ended March 31, 2019 ahead of schedule.
- Although recurring income for the fiscal year ended March 2019 was slightly below the initial plan, performance is on track to build a business structure facilitating consistent recurring income of 55 billion yen.
  - **Net sales: 1,308.9 billion yen**  
Vs. target +138.9 billion yen
  - **Recurring income: 54.8 billion yen\*<sup>1</sup>**  
Vs. target -0.2 billion yen

- Growth in renewable energy businesses, such as wood biomass power generation.
- Created the W350 Plan, a research and technology development concept for the construction of a wooden high-rise building 350 meters above ground.
- M&A and subsequent business growth in the Overseas Housing and Real Estate Business drove overall performance.

### 2021 Medium-term Management Plan

Fiscal year ended March 2020 to fiscal year ended December 2021

#### Promoting creation and growth of new businesses based on future-oriented business strategies

##### Basic Policies

Promoting future-oriented business strategies for further growth

- Acceleration of the development and creation of businesses serving as pillars of Group profits by rolling out strategies that anticipate the times and customer needs.

Strengthening the management base for sustainable growth

- **Improvement of the financial standing**
  - Tie previous investments to results.
  - Generate free cash flows over three-year period (cumulative).
- **Improvement of organizational capabilities**
  - Engage in thorough risk management by strengthening governance.
  - Promote diversity management and also focus on work style reform and human resources development.

Accelerating R&D and technological innovation utilizing timber

- **Achievement of W30 Plan (30m wooden high-rise buildings)**
  - Aim for achievement by end of FY21/12.
- **Business labor saving and efficiency**
  - Utilization of ICT, including BIM and robotics.
- **Acceleration of technological innovation**
  - Increase in number of personnel in IT Solutions Department by 20% compared to March 31, 2019.

Promoting further integration of business operations and ESG

- Promotion of integration with business, including further consideration for the environment and strengthening of governance, along with enhancement of disclosures from a medium- to long-term perspective.

##### Review

- Achieved all numerical targets for the fiscal year ended December 2021, exceeding the plan in all target areas.
  - **Net sales: 1,385.9 billion yen**  
Vs. target +125.9 billion yen
  - **Recurring income: 134.5 billion yen\*<sup>1</sup>**  
Vs. target +49.5 billion yen
  - **Net income attributable to owners of parent: 87.2 billion yen**  
Vs. target +39.2 billion yen

- Steadily expanded business areas in single-family homes in the United States and Australia.
- Actions in the United States' real estate development business led to expansion of business scale and diversification.
- Worked to develop businesses with the potential to become pillars for the next generation through the expansion of wood biomass power generation facilities and the construction of new large-scale residential facilities for the elderly with living support services.
- Implemented capital increases through public offering and private placements to improve financial standing.

\*1 Excluding the effect of actuarial differences

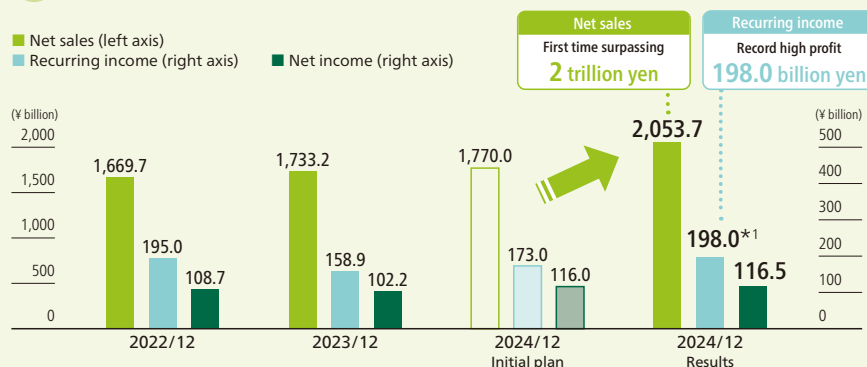
## Review of the Previous Medium-Term Management Plan

### Mission TREEING 2030 Phase 1

Fiscal year ended December 2022 to fiscal year ended December 2024

### Three years for creating a foundation aimed at future growth and contribution to decarbonization

#### Consolidated performance trends



#### Basic Policies

- 1 Efforts to address decarbonization challenges using wood resources
- 2 Promotion of a more resilient earnings base
- 3 Acceleration of global expansion

- 4 Strengthen management base for sustainable growth
- 5 Further integration of business operations and ESG

#### Review

Based on our five basic policies, we are building a foundation for future growth and contributing to decarbonization.

- The Global Construction and Real Estate Business, centered on the U.S. housing business, is driving performance.
- Sales surpassed 2 trillion yen for the first time in the fiscal year ended December 2024, the final year of the Medium-term Management Plan.
- Recurring income reached 198.0 billion yen, 25.0 billion yen higher than the target of 173.0 billion yen.

- Net sales: **2,053.7 billion yen**  
Vs. target +283.7 billion yen
- Recurring income<sup>\*1</sup>: **198.0 billion yen**  
Vs. target +25.0 billion yen
- Net income attributable to shareholders of the parent company: **116.5 billion yen**  
Vs. target +0.5 billion yen
- Return on equity (ROE): **13.9%**  
Vs. target -1.1%

#### Results and issues

	Targets by business division	Results	Issues
Timber and Building Materials	<ul style="list-style-type: none"> <li>• Rebuild overseas manufacturing business</li> <li>• Investment in new businesses that can become future business pillars (domestic timber manufacturing including timber industrial complex, decarbonization business, promotion of DX, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Launched new service aiming for digital transformation in the wooden construction industry</li> <li>• Promoted spread of One Click LCA</li> </ul>	<ul style="list-style-type: none"> <li>• Transformation into a business that is not dependent on new housing starts</li> <li>• Business development utilizing bases in the U.S. and Australia</li> </ul>
Housing	<ul style="list-style-type: none"> <li>• Increase market share and streamline construction in custom-built housing business</li> <li>• Expand the spec homes business, the non-residential business, the renovation business, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased market share in custom-built housing business</li> <li>• Secured orders through single-story houses, Forest Selection, and Grand Estate Design Project</li> </ul>	<ul style="list-style-type: none"> <li>• Business expansion into rental, spec homes, renovations, etc.</li> <li>• Shortening of construction time and raise of productivity</li> </ul>
Global Construction and Real Estate	<ul style="list-style-type: none"> <li>• Continue to grow the housing and real estate development business in the United States, Australia, and Asia</li> <li>• Commercialize medium- to large-scale wooden construction business in non-residential segments in all markets including Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded business in single-family homes and multi-family housing in the U.S. and promoted FITP business</li> <li>• Established top market share in single-family homes business in Australia</li> </ul>	<ul style="list-style-type: none"> <li>• Diversification and stabilization of earnings in the real estate development business</li> <li>• Realization of synergies in Australian housing business</li> </ul>
Environment and Resources	<ul style="list-style-type: none"> <li>• Expand forest management area in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>• Launched support service for forest carbon credit creation</li> <li>• Launched pilot project on tropical peatlands management technology</li> </ul>	<ul style="list-style-type: none"> <li>• Bolstering of marketing efforts in the overseas forestry business</li> <li>• Strengthening of competitiveness in the biomass power generation business</li> </ul>

<sup>\*1</sup> Recurring income includes actuarial differences regarding employees' retirement benefit obligation (Actuarial differences regarding employees' retirement benefit obligation in the fiscal year ended December 31, 2024 were positive 9.8 billion yen.)

## Review of the Previous Medium-Term Management Plan

### Segment targets (¥ billion)

Net sales	FY22/12 result	FY23/12 result	FY24/12 result	Year-on-year change	FY24/12 Medium-term Management Plan targets*1
Timber and Building Materials	273.7	236.1	253.2	+7.2%	264.0
Housing	508.7	534.0	542.3	+1.5%	547.0
Global Construction and Real Estate	873.5	948.1	1,240.0	+30.8%	954.0
Environment and Resources	21.9	24.8	27.0	+8.5%	26.5
Others	24.6	26.0	27.3	+4.9%	29.0
Adjustments	-32.7	-35.9	-36.1	—	-50.5
Total	1,669.7	1,733.2	2,053.7	+18.5%	1,770.0

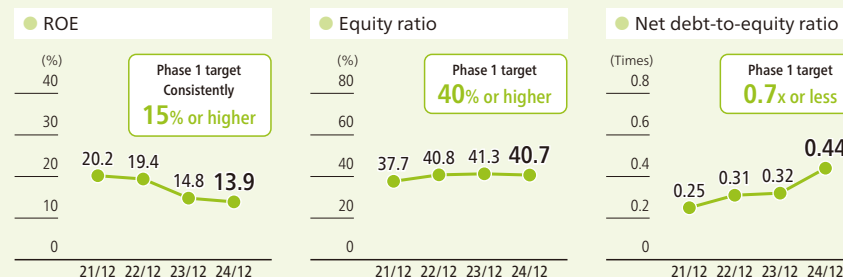
Recurring income**2	FY22/12 result	FY23/12 result	FY24/12 result	Year-on-year change	FY24/12 Medium-term Management Plan targets*1
Timber and Building Materials	14.9	11.2	10.0	-10.6%	11.5
Housing	15.4	32.8	35.2	+7.3%	32.0
Global Construction and Real Estate	161.8	112.0	147.5	+31.6%	129.0
Environment and Resources	1.4	0.6	0.2	-58.1%	4.0
Others	1.9	2.2	0.7	-67.8%	5.0
Adjustments	-0.4	0.2	4.4	—	-8.5
Total	195.0	158.9	198.0	+24.6%	173.0
(Reference) Excluding the effect of actuarial gains and losses	187.0	153.9	188.2	+22.2%	173.0

### Performance trends by segment

In the Timber and Building Materials business, profits struggled amid a decline in new starts of detached houses in Japan. As a result, we focused on growth areas such as sales of wood fuel for biomass power generation and the overseas manufacturing business. In the housing business, profits exceeded the initial plan following the business takeover of Sasazawa Construction in July 2023, the effect of price revisions for custom-built detached houses, and growth in the renovation business. In the Global Construction and Real Estate Business, in response to strong housing demand in the U.S., we expanded our business scale locally and newly entered the FITP business, resulting in performance that significantly exceeded the initial plan. In Australia, we also achieved the top market share in the single-family homes business. In the Environment and Resources Business, profits struggled due to the challenging market environment, including soaring fuel prices in the biomass power generation business. Yet, we managed to achieve certain results in preparation for the start of our next medium-term management plan. This included the launch of a forestry fund and a pilot project for tropical peatlands management technology.

### Trend in financial indicators

As for the financial indicators we set as KPIs, we achieved our targets for both shareholders' equity ratio and net debt-to-equity ratio, and we have continued to achieve an ROE that exceeds the cost of shareholders' equity (approximately 7.4%) while maintaining a stable financial base. ROE fell short of the target at 13.9%, which was because of the inflated foreign exchange translation adjustments attributed to the weaker yen following the growth of our overseas business.



### Decarbonized initiatives

We are making steady progress toward the expansion of our business footprint and implementing measures for the pillars of our decarbonization business in our Long-term Vision Mission TREEING 2030: accelerating the cyclical forest business, promoting wood change and standardizing carbon neutral design. Based on our results up to the fiscal year ended December 2024, we have revised some of our targets for 2030.

	Accelerate the cyclical forest business	Promote wood change	Standardize carbon neutral design
Update	Owned/managed forest area <b>365,000 ha</b> (Fiscal 2024 results)	Multiple projects underway <b>First installment Established</b> <b>Kowanomori Co., Ltd.</b>	Number of housing units sold yearly <b>24,465 units</b> (Fiscal 2024 results)
2030 targets	Owned/managed forest area <b>50,000 ha</b> <b>1.0 million ha</b> <small>Upward revision</small>	Timber industrial complexes domestic timber usage <b>1.0 million m³/year</b>	Number of housing units sold yearly <b>50,000 units</b> (in Japan and overseas) <b>65,000 units</b> (in Japan and overseas) <small>Upward revision</small>

\*1 Plan at the time of formulating the Medium-term Management Plan.

\*2 For the fiscal year ended December 2023, the initial allocation of the acquisition cost has been revised due to the finalization of provisional accounting treatment for business combinations.