

## Timber and Building Materials Segment

## Timber and Building Materials Business

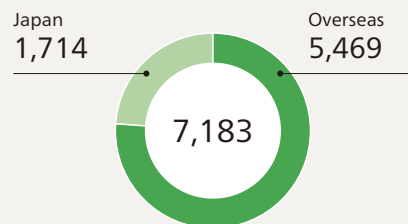


Promote wood change

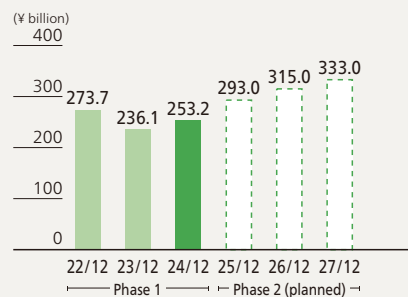


Standardize carbon neutral design

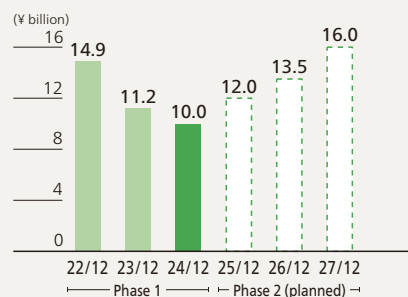
## Number of employees (As of December 31, 2024)



## Net sales

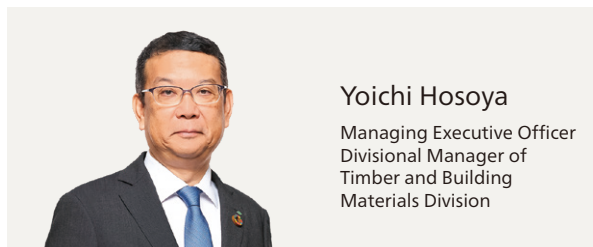


## Recurring income



\* The planned figure represents the initial plan as of February 13, 2025.

\* For more information about performance for the FY ended December 2024, please visit our website. <https://sfc.jp/english/ir/library/statements/2024.html>



Yoichi Hosoya

Managing Executive Officer  
Divisional Manager of  
Timber and Building  
Materials Division

**We will swiftly respond to changes in the business environment and accelerate the development of solution services that will help solve the challenges of our customers**

## Review of Mission TREEING 2030 Phase 1

During Phase 1, we focused on strengthening partnerships with business partners and expanding sales in the distribution business, promoting the timber industrial complex business, and establishing a system for the long-term stable supply of biomass fuel. In the manufacturing business, sales of building materials to home builders struggled in Japan, but overseas sales of laminated veneer lumber (LVL) in New Zealand and particle board in Vietnam increased. In addition, we have launched a new service to accelerate green transformation (GX) and digital transformation (DX) in the industry as part of our efforts to shift to a solution-based business model. We are promoting the spread of the Japanese version of One Click LCA, our CO<sub>2</sub> emissions visualization software used in 170 countries around the world, and have launched JUCORE Mitsumori, an estimation streamlining service for building materials distributors, and JUCORE Logistics, a service that improves the efficiency of last-mile delivery to construction sites, in the Tokyo metropolitan area. While the biomass fuel business and the manufacturing business grew, the challenging business environment continued with a decline in the number of owner-occupied housing starts in Japan. As a result, for the fiscal year ended December 31, 2024, net sales

increased 7.2% year on year to 253.156 billion yen, while recurring income decreased 10.6% to 10.001 billion yen, resulting in higher sales but lower profits.

## Initiatives for Mission TREEING 2030 Phase 2

During Phase 2, we will continue to build a diverse business portfolio while adapting to changes in the external environment surrounding the domestic construction and distribution industries. While promoting the expansion of supply and technological development in the growth area of biomass fuel, we will also promote the use of Japanese timber. Starting with the establishment of the timber industrial complex Kowanomori Co., Ltd. in Iwaki City, Fukushima Prefecture, we will utilize Sumitomo Forestry Wood Products' Japanese timber network to achieve the Wood Cycle and build a business model that maximizes added value through an integrated production and sales system. We will continue to grow our manufacturing business both domestically and internationally, and promote our expansion into overseas markets. In North America and Australia in particular, we will accelerate our business by collaborating with our established construction and real estate businesses and creating a stable supply chain with competitive advantages. We will also focus on growth areas, such as non-residential applications for mass timber and exports of Japanese timber. In addition, we will contribute to raising productivity and convenience for the industry and our customers by promoting solution-based business models, such as Home Eco Logistics, which supports various services and structural calculations to promote various types of DX and GX, and panelization, which leads to reduced work steps at construction sites.

For the fiscal year ending December 31, 2025, we plan to increase net sales by 15.7% year-on-year to 293 billion yen and recurring income by 20.0% to 12 billion yen by expanding our share of the domestic distribution business and growing our manufacturing business.

## Timber and Building Materials Segment

## Timber and Building Materials Business

## Toward achieving Phase 2

## Strategic indicators



## Business opportunities

- Demand for structural calculation support for small and medium-sized building contractors that have met energy conservation standards due to the scope reduction of the Article 4 Exemption\*
- The overseas housing market, centered on the U.S. and Australia, is expected to see stable demand

## Challenges

- Transition to businesses that do not depend on domestic housing starts
- Business development leveraging our foundations in the U.S. and Australia

## Competitive advantages

- Stable supply of wood resources with guaranteed legal compliance and sustainability
- Ability to procure high-quality wood resources through our global network
- A system for developing and selling high-value-added products through our integrated production and sales system, enabled by possessing in-house manufacturing bases overseas
- An integrated value chain across the Group, from upstream (forests) to downstream (construction), maximizing the use of wood and increasing added value

## Growth strategies

- Stable supply of Japanese timber and enhanced price competitiveness through the establishment of a timber industrial complex
- Centered on solution-based functions and services, development of support businesses related to decarbonization and raising productivity for the industry
- Strengthening the manufacturing business and expanding business foundations both domestically and internationally
- Promoting further expansion of overseas operations, mainly in the U.S. and Australia

\* For small-scale wooden buildings that meet certain conditions, some of the rules for review and inspection can be omitted if an architect designed and supervised the construction; however, the April 2025 revision of the Building Standards Act narrowed the scope of these exceptions.

## Creating functions and services (Administrative, structural, and exterior platforms)

Sumitomo Forestry leverages its industry-leading network partnerships and long-standing expertise to create functions and services across the entire supply chain. In administrative platform services, we will raise productivity by streamlining and reducing the labor required for tasks such as estimating, in-bound and out-bound ordering, and site delivery through DX.

In structural platform services, we aim to provide one-stop services for structural design assistance, material

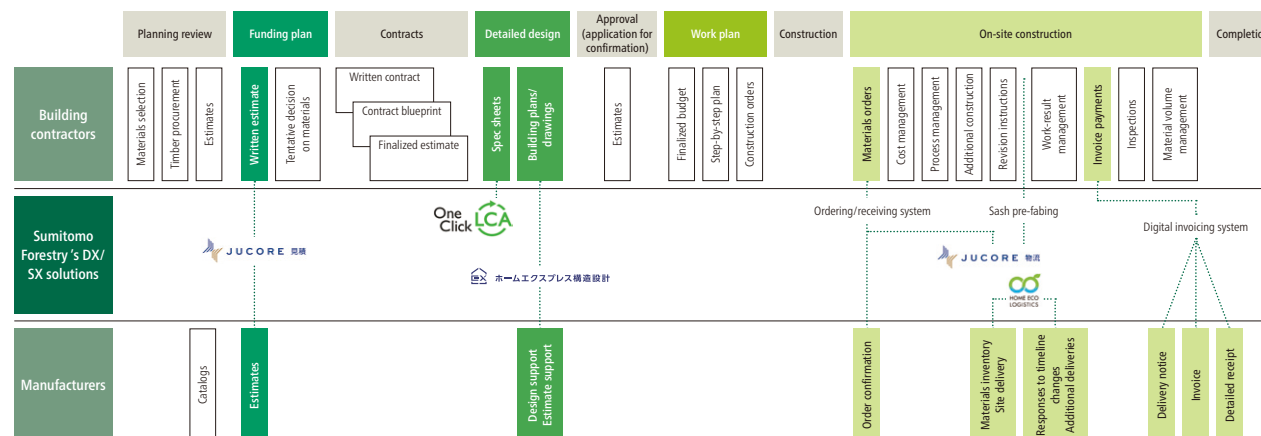
volume optimization, seismic resistance rating assurance, construction efficiency, construction time reduction, and legal compliance for the structural components of new housing construction projects. In exterior platform services, we will promote the streamlining of exterior construction sites through siding pre-cutting and panelization, leveraging Sumirin Sash.

Through the above initiatives, we will strive to realize a sustainable society by balancing environmental impact reduction and economic efficiency.

## Sumitomo Forestry's main solutions for solving management issues in the construction industry



## Sumitomo Forestry's efforts to standardize operations and raise productivity through DX in the construction industry



## Housing Segment

## Housing Business



Promote wood change

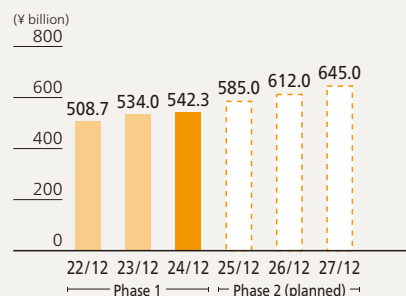


Standardize carbon neutral design

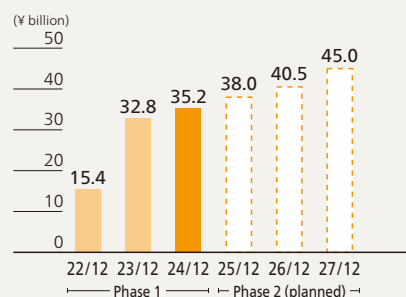
## Number of employees (As of December 31, 2024)



## Net sales



## Recurring income



\* The planned figure represents the initial plan as of February 13, 2025.

\* For more information about performance for the FY ended December 2024, please visit our website. <https://sfc.jp/english/ir/library/statements/2024.html>



**In addition to increasing our share of the housing market, we will accelerate innovation and aim to further improve profitability**

## Review of Mission TREEING 2030 Phase 1

Despite the continuing decline in the number of housing starts for owner-occupied houses, as well as the severe business environment, the Company was able to win orders across a wide price range thanks to our custom-built houses, which boast a high level of customer satisfaction backed by our advanced design capabilities. In the custom-built detached housing business, we were able to raise order prices and sales unit prices by offering high value-added proposals through Net Zero Energy Houses (ZEH), which consume zero net energy, and the Grand Estate Design Project. In addition to focusing on sales activities utilizing the internet and social media, we worked to promote sales of our semi-customized product, Forest Selection. Furthermore, profit margins improved due to sales price revisions and reductions in construction material costs. In the rental housing business, we launched The Forest Barque, a wooden commercial construction brand, to promote the use of wood in offices and medical facilities, and focused on expanding orders for Forest Maison GRANDE, a wood construction apartment for rent that combines design and performance. In the renovation business, performance remained strong thanks to efforts to promote orders for environmentally conscious renovations and the promotion of the benefits of

our unique seismic-resistance and seismic-vibration damper technologies in the detached house renovation product Reforest. As a result, net sales for fiscal 2024 amounted to 542.3 billion yen, up 1.5% year on year, and recurring income was 35.173 billion yen, up 7.3% year on year, both exceeding our initial Phase 1 plan.

## Initiatives for Mission TREEING 2030 Phase 2

In Phase 2 of our Medium-term Management Plan, we recognize that the domestic housing market is expected to shrink further due to declining population and household numbers, and that the business environment will become even more challenging than before. Amidst such circumstances, our unique Big-Frame (BF) Structure celebrated its 20th anniversary in February 2025. Through continuous refinement and improvement of our technology, the BF Structure, which combines seismic resistance with design flexibility, has become the standard for Sumitomo Forestry homes. We will continue to make improvements to ensure the safety, security, and comfort of our customers' lives. In addition, our original kitchen, Germoglio, was developed to enhance the appeal of the wood-focused PRIME WOOD space. We will continue to grow orders for custom-built detached houses by developing products that leverage our strengths. Furthermore, in order to strengthen profitability, we established a Construction Process Innovation Department in 2023 and, in addition to integrating management data, we will standardize high-quality designs to strengthen "modular design," which will reduce the workload of design, production, and building contractors, thereby improving profitability.

We will also strengthen our business foundations in areas with growth potential, such as rental housing, spec homes, renovations, real estate brokerage, rental management, and greening, with the aim of achieving a recurring income of 60 billion yen by 2030.

## Housing Segment

## Housing Business

## Toward achieving Phase 2

## Strategic indicators



## Business opportunities

- Custom-built houses: demand for environmentally conscious homes is growing in response to the increasing focus on decarbonization
- Rental homes: stable demand is expected due to declining affordability of owner-occupied houses and an increase in the number of households

## Challenges

- Growth of the rental, for-sale, and renovation businesses (among others)
- Reduction of construction time and increase of productivity

## Competitive advantages

- Unique BF Structure, product lineup and technical capability meeting diverse needs, building proposal and construction capabilities which integrate housing exteriors
- Networks within and outside Japan for procuring timber and wood-based materials, cooperative relationships with contractors
- Brand strength in wooden construction cultivated over many years
- Relationships with owners of approximately 360,000 homes delivered in Japan (cumulative total)

## Growth strategies

- Expanding the market share of the custom-built housing business by strengthening land procurement and implementing sales strategies based on price ranges, such as for single-story houses, Forest Selection, and the Grand Estate Design Project
- Expanding rental business through promotion of wooden 3-story apartment housing
- Promoting initiatives to reduce construction time through increased pre-cutting rates and panelization
- Strengthening Group company operations in renovation, real estate brokerage, rental management, landscaping, etc.

## Design capabilities

## Strengthening design capabilities through expansion of the Grand Estate Design Project

Sumitomo Forestry offers a Grand Estate Design Project tailored to high-net-worth individuals, providing homes that embody the customer's ideal through careful design proposals by highly specialized chief designers.

This project is positioned as part of the basic policy of "strengthening the profitability of custom-built detached houses" in our Medium-term Management Plan, and aims to expand market share, particularly in the high-end market. We will provide competitive products and services by training chief designers and strengthening our ability to offer differentiated proposals through interior design. By providing our customers with unique value of Sumitomo Forestry, we aim to enhance the value of our brand and achieve sustainable growth.



No. 2 Komazawa exhibition house crafted by a chief designer



## Product capabilities

## Creating homes that are chosen for their enhanced appeal with Forest Selection

Our semi-customized product, Forest Selection, is a popular housing plan chosen by more than 1,000 households annually. While offering the same level of amenities and guarantees as custom-built houses, these homes are highly regarded for their flexibility in responding to diversifying lifestyles and needs.

The semi-customized approach helps reduce the workload and raise productivity in sales, design, and construction at each work site. In February 2025, we introduced a new original kitchen called Germoglio, developed jointly with Sumitomo Forestry Crest. The high-quality design with a wood-focused texture and high functionality further enhance the appeal of the entire living space.

Going forward, we will continue to enhance the value of our homes as "the homes of choice" by strengthening our product appeal, thereby expanding the revenue base of our detached housing business and further improving customer satisfaction.



Germoglio is an original kitchen that pursues both design and functionality.

## Promoting Group collaboration and business innovation with DX at its core

Based on the basic policy of "building a Group-wide growth model," as stated in our new Medium-term Management Plan, we will work with our housing branches, Sumitomo Forestry Home Tech and Sumitomo Forestry Landscaping, to maximize profits on a regional basis, with DX promotion at the core. From fiscal 2025, we established a new DX Strategy Group and are promoting IT integration that includes our affiliated companies. Furthermore, we aim to significantly improve operational efficiency and customer service capabilities through the introduction of AI automation for structural design work, electronic contracts, and database restructuring. This will enable us to visualize consolidated performance for each area and develop Group marketing strategies based on area characteristics, with the aim of providing value as a unified Group, while further improving customer satisfaction.

## Housing Segment

## Housing Business

## Accelerating the decarbonization of homes in the rental housing business

Sumitomo Forestry is also working to decarbonize our rental housing business by leveraging the strengths of wooden construction. Forest Maison GRANDE, launched in November 2023, are wooden apartments that combine design and performance, and meet the ZEH-M Oriented<sup>\*1</sup> standard at the unit level, thanks to the installation of solar power generation panels. Compared to reinforced concrete and steel-frame apartment buildings, wooden apartment buildings generate lower CO<sub>2</sub> emissions (embodied carbon) during the manufacturing of materials and the construction phase, and also have a carbon storage effect, thereby reducing their environmental impact. Based on the Forestry Agency's guidelines,<sup>\*2</sup> the estimated carbon storage amount for the model plan (three stories, total floor area of 652.13 m<sup>2</sup>) is approximately 110 tons (CO<sub>2</sub> equivalent), which is comparable to the amount of CO<sub>2</sub> absorbed by approximately 1.7 hectares of cedar forest (approximately 1,700 trees) over 50 years.

In addition, in 2025, we will strengthen our build-and-land package business,<sup>\*3</sup> which combines rental housing and land sales, through a takeover bid for LeTech Corporation. We will expand the supply of environmentally friendly wooden rental properties, mainly in urban areas, and promote low-carbon urban development.

<sup>\*1</sup> Apartments that reduce energy consumption by 20% or more compared to the 2016 energy efficiency standards.

<sup>\*2</sup> Forestry Agency of Japan "Guidelines to Indicate Carbon Storage in Wood Used for Buildings"

<https://www.rinya.maff.go.jp/j/mokusan/mieruka.html> (Available in Japanese only)

<sup>\*3</sup> A method whereby a business acquires land, builds rental housing, and then sells the land and rental housing together to an individual or corporation.



**FOREST MAISON  
GRANDE**

## Promoting decarbonization of homes through renovation

Sumitomo Forestry's renovation business contributes to the creation of a decarbonized society by extending the life of existing homes and improving their energy conservation through seismic-resistant renovations, exterior renovations, and other measures. Energy-saving renovations aimed at improving thermal insulation efficiency improve heating and cooling efficiency and reduce CO<sub>2</sub> emissions through the introduction of insulation materials and high-performance sashes. The amount of CO<sub>2</sub> reduced by thermal insulation renovation is equivalent to the annual absorption amount of approximately 71 Japanese cedar trees.<sup>\*4</sup> Furthermore, we are improving the overall environmental performance of homes by proposing the introduction of high-efficiency water heaters and water-saving equipment, as well as smart renovations such as solar power generation and storage batteries. In addition, our Reforest renovation products promote the use of wood in homes, actively utilizing wood in interior design and contributing to long-term carbon sequestration. By proposing spaces that combine the warmth of wood with environmental performance, we can satisfy both comfort and environmental considerations at the same time.

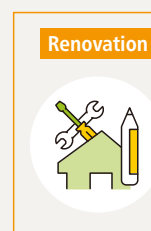
Additionally, it is possible to redesign the layout to suit the customer's lifestyle, such as modifying the floor plan or making it accessible to all, contributing to the realization of a comfortable living environment that can be enjoyed for many years to come.

Through these initiatives, the Sumitomo Forestry Group will contribute to the creation of a decarbonized society as part of its Long-term Vision Mission TREEING 2030.

<sup>\*4</sup> Based on the insulation renovation model plan (two-story wooden structure, construction area of 69.56 m<sup>2</sup>, energy-saving region classification 6), calculated using the CO<sub>2</sub> emission coefficient for fiscal 2021 reported by Tokyo Electric Power Company to the Ministry of Economy, Trade and Industry and the Ministry of the Environment in 2022, the primary energy consumption data from the Homes-kun Energy-Saving Diagnosis, and the figures published by the Forestry Agency in "How Much Carbon Dioxide Do Forests Absorb?"



## Energy-saving benefits from renovation



- Seismic-resistant renovation
- Exterior renovation
- Insulation renovation
- Smart renovation (solar power generation, battery storage, etc.)

## Benefits

- Long-term carbon sequestration and resource conservation through longer-lasting homes
- Energy conservation, CO<sub>2</sub> reduction, and low carbon emissions
- Energy creation





## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

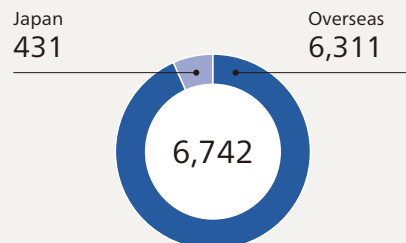


Promote wood change

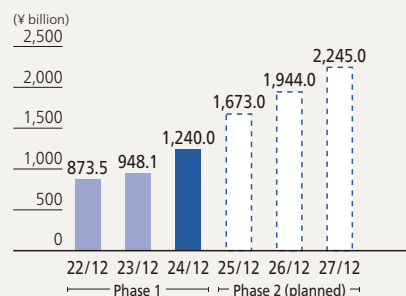


Standardize carbon neutral design

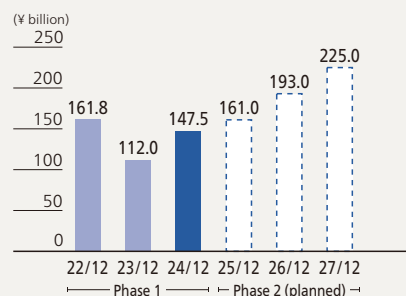
Number of employees (As of December 31, 2024)



Net sales

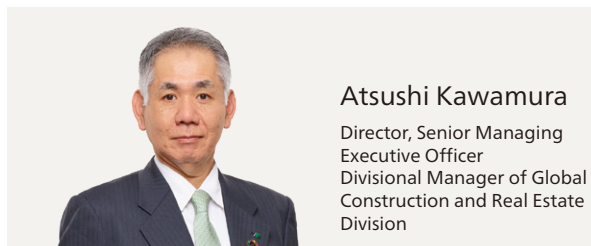


Recurring income



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**With the two pillars of single-family homes and multi-family housing specialized in wooden construction, we will expand our business while responding to the needs of each region**

## Review of Mission TREEING 2030 Phase 1

During the three years of Phase 1, in the United States we expanded the business scale of both single-family homes and multi-family rental housing, and also entered the Fully Integrated Turn key Provider business (FITP business), which provides everything from design to manufacturing, delivery, and construction of panels and trusses in an integrated manner, achieving rationalization of our production system. In 2022, we acquired an equity stake in Southern Impression Homes, which engages in the development and management business of single-family rental homes, and entered Florida, which boasts the second-highest number of single-family housing permits issued in the United States. Furthermore, in 2024 we acquired the business of Biscayne Homes, which operates a single-family homes business, strengthening our business foundation toward achieving annual sales of 5,000 units in the state. In the Australian single-family homes business, through the acquisition of Metricon in 2024, our annual sales exceeded 7,000 units, establishing an overwhelming top share across Australia. Not only did we expand the number of units sold, but our lineup also broadened to include Metricon's affordable second brand products,

townhouses, and products for affluent customers.

In each area of the real estate development business, Australian business, Asian business, domestic real estate development and construction business, we also implemented initiatives for new projects that connect to Phase 2. In April 2024, through collaboration with IINO KAIUN KAISHA, LTD., Kumagai Gumi Co., Ltd., and a major local developer in Texas, U.S., we completed a seven-story wooden ESG-conscious office building, advancing initiatives that contribute to the realization of a decarbonized society. As a result of these efforts, this business achieved net sales of 1,239.997 billion yen (30.8% increase year on year) and recurring income of 147.451 billion yen (31.6% increase) for the fiscal year ended December 2024. In Phase 2, we will continue proactive resource investment, aiming to achieve sales of 2,245 billion yen and recurring income of 225 billion yen in the final fiscal year ending December 2027.

## Initiatives for Mission TREEING 2030 Phase 2

In Medium-term Management Plan Phase 2, while robust housing demand continues to be expected mainly in the United States, we will expand our business responding to housing demand in each region with two pillars: single-family homes and multi-family housing development centered on wooden construction.



## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

## United States Single-family homes business

## Toward achieving Phase 2

## Strategic indicators

Actual 2024 Unit Sales **11,267** Plan 2027 Unit Sales **17,700**

## Business opportunities

- Stable demand is expected to continue due to population growth and housing supply shortages
- Mortgage interest rates are expected to decline gradually over the medium term

\* Short-term financial volatility and existing home market trends need to be closely monitored.

## Challenges

- Development of business infrastructure toward achieving 23,000 unit deliveries in 2030

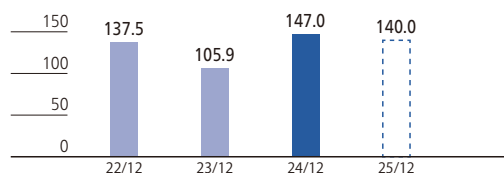
## Competitive advantages

- Operating business in the Sun Belt with remarkable population and employment growth
- Excellent community-based land procurement capabilities
- Financial strength, material procurement capabilities, and unified governance

## Growth strategies

- Continuing organic growth of four U.S. builders
- Constantly exploring new M&A opportunities
- Sequentially expanding the FITP business in our Group's business areas

## Recurring income (¥ billion)



## United States Single-family homes business

In the United States, stable housing demand is expected to continue due to population growth and chronic housing shortages. In the United States single-family homes business, we aim for further business expansion toward achieving sales of 23,000 units in 2030. While there is potential for short-term impact from persistently high mortgage interest rates and trends in the existing homes market, we will continue aggressive investment toward business expansion in growth markets. During the Phase 2 period, centered on four U.S. builders\*<sup>1</sup>, we will advance business expansion through organic growth in growth

markets called the Sun Belt\*<sup>2</sup> and M&A as opportunities arise. While aggressively advancing land acquisition necessary for business expansion, we operate our business with awareness of capital efficiency, appropriately controlling inventory risks while closely monitoring market trends. As of the end of December 2024, we owned and controlled 80,284 housing lots, securing a foundation for immediate growth, but we will continue to strive to explore and secure quality properties.

\*<sup>1</sup> In March 2025, we announced making Brightland Homes a subsidiary of DRB.

\*<sup>2</sup> A warm region in the southern United States south of the 37th parallel north, spanning from California to North Carolina, maintaining high rates of employment and population growth.

## Single-family homes business areas in the United States

## ● MainVue Homes Group

WA: Washington

## ● Edge Homes Group

UT: Utah

## ● Bloomfield Homes Group

TX: Texas

● DRB Group  
(including Brightland Homes)

PA: Pennsylvania

MD: Maryland

WV: West Virginia

VA: Virginia

TX: Texas

AZ: Arizona

CO: Colorado

TN: Tennessee

NC: North Carolina

SC: South Carolina

DE: Delaware

GA: Georgia

AL: Alabama

FL: Florida



MainVue Homes Group



Edge Homes Group



Bloomfield Homes Group



DRB Group

## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

## United States Real estate development business

## Toward achieving Phase 2

## Strategic indicators



## Business opportunities

- High occupancy rates and sustained demand for multi-family housing due to population growth and housing supply shortages
- Improvement in medium- to long-term investment environment due to gradual interest rate decline
- Rising demand for woodification due to responses to decarbonization and carbon neutrality, expansion of mass timber usage, and increasing well-being orientation

## Challenges

- Diversification and stabilization of real estate development business revenues

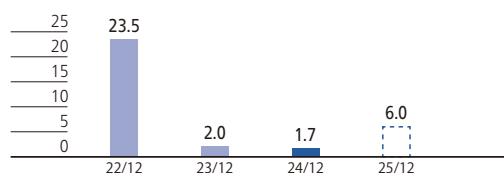
## Competitive advantages

- Operating business in the Sun Belt with remarkable population and employment growth
- Developing high added value properties through community-based resident dialogue
- Capabilities to optimize cost and quality with design and construction functions

## Growth strategies

- Developing multi-family rental housing
- Promoting the decarbonized sustainable real estate development business including woodification

## Recurring income (¥ billion)



## United States Real estate development business

In the U.S. real estate development business, Crescent Communities, our wholly owned subsidiary, develops multi-family rental housing, commercial and mixed-use complexes, logistics facilities, single-family rental homes, and other projects mainly in the Sun Belt area. During the Phase 1 period, together with Sumitomo Forestry Asset Management Co., Ltd., we formed an ESG-conscious real estate development private fund, marking our full-fledged entry into the asset management business. Also in 2023, we made JPI Group, which develops and constructs multi-family housing, a consolidated subsidiary, expanding our business area to Southern California, a massive market. Our Group's multi-family rental housing starts in the United States totaled approximately 5,300 units in 2024, equivalent to 4th place nationwide.\*<sup>1</sup> In the fiscal year ended December 2024, due to persistently high expected returns (cap rates), the gap between expected sale prices and prices desired by buyers expanded, and the number of sales remained low, resulting in decreased profits. On the other hand, leasing remained solid, and against the backdrop of supply shortages and price increases in single-family homes, we believe demand for multi-family housing will remain to be firm, and we will continue to carefully select quality projects for business development.

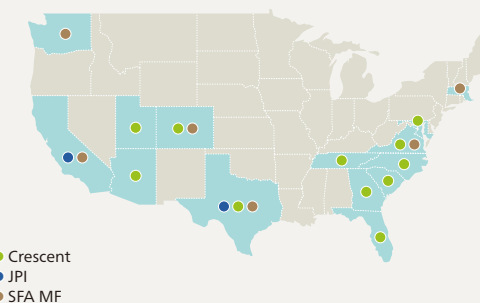
During the Phase 2 period, we are expanding initiatives to diversify and stabilize revenue sources, including not

only capital gains from property sales but also income gains such as construction fee income from in-house construction and rent income. As efforts toward carbon neutrality accelerate in the global construction industry, demand for wooden mass timber\*<sup>2</sup> construction, where our company has strengths, is also growing. We will broadly promote the decarbonized sustainable real estate development business from multi-family rental housing to commercial and mixed-use complexes as well as offices.

\*<sup>1</sup> Combined 2024 construction start results of our Group's three companies (Crescent, JPI, SFA MF). Equivalent to 4th place in the NMHC2025 national multi-family housing business ranking.

\*<sup>2</sup> Construction using "mass timber," which is engineered wood of relatively large mass and volume formed by combining multiple types of wood such as CLT and LVL.

## U.S. real estate development business area



## Trend in development projects (Construction starts [as of fiscal year end])

	21/12		22/12		23/12		24/12	
	Number of projects	Total number of units	Number of projects	Total number of units	Number of projects	Total number of units	Number of projects	Total number of units
Multi-family rental housing	27	8,631	33	10,533	44	14,385	55	17,915
Single-family rental homes	4	398	5	440	5	447	6	759
Commercial and mixed use complexes	11	—	16	—	19	—	19	—



## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

## United States FITP business

## Toward achieving Phase 2

## Strategic indicators



## Business opportunities

- Stable demand is expected to continue due to population growth and housing supply shortages
- Growing expectations for the FITP business to address structural challenges such as labor shortages and rising construction costs

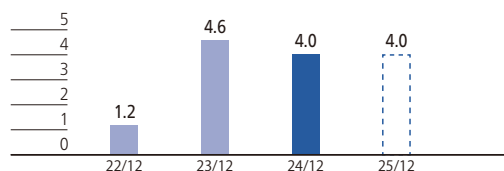
## Challenges

- Business expansion in areas where our single-family homes business and real estate development business operate

## Competitive advantages

- Community-based human connections and trust relationships
- High-level construction quality including safety measures

## Recurring income (¥ billion)



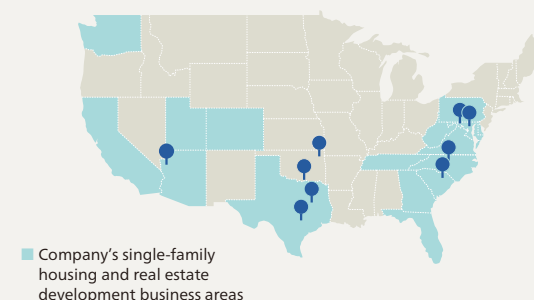
## United States FITP business

The U.S. FITP business is sequentially expanding to areas where our single-family homes business and real estate development business operate. In the U.S. architecture and construction industry, the decrease in young people and progression of aging among workers has made craftsman shortages and accompanying cost increases a structural challenge. Our Group addresses these challenges through the FITP business, which provides everything from factory production to construction of structural components such as trusses and floor/wall panels, establishing stable material supply and construction systems, and promoting rationalization of the entire construction process, quality improvement, and safety assurance.

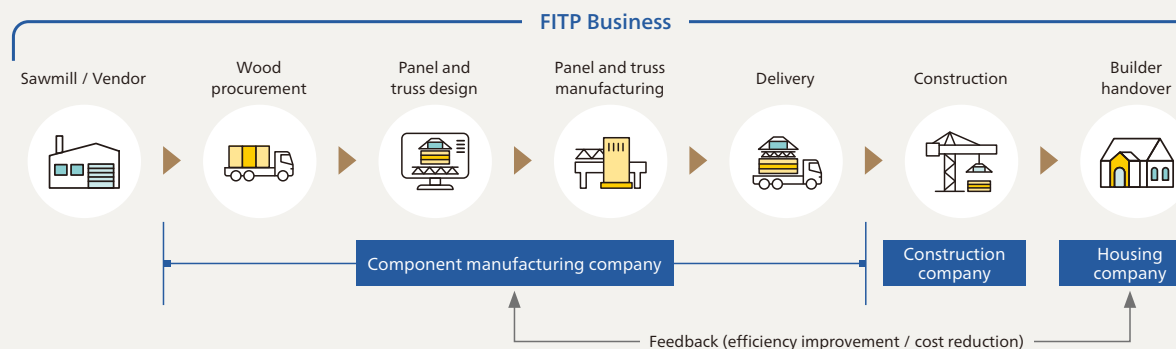
In the fiscal year ended December 2024, while net sales increased due to business system expansion including full-year contribution from new consolidated companies and operation of new factories, profits decreased due to sluggish sales prices from multi-family housing market deceleration and advance expenses. During the three years of Phase 2, we will improve productivity and construction

quality of business processes and construction sites through digitalization and linkage of various data from design to construction. We will also pursue business growth through expansion of operating areas and further rationalization of construction processes, while expanding inter-group synergies including collaboration with the Timber and Building Materials Business, aiming for further business expansion and growth.

## FITP manufacturing locations (as of end of December 2024)



## Flow of the FITP business process



## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

## Australia Housing business

## Toward achieving Phase 2

## Strategic indicators

Actual 2024  
Unit Sales **3,287**

Plan 2027  
Unit Sales **8,200**

## Business opportunities

- Robust housing demand against the backdrop of population growth and continuing housing shortages
- Persistently high housing prices and declining affordability due to population growth and rising residential land prices

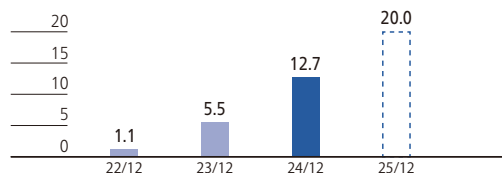
## Challenges

- Realization of group synergies leveraging the scale advantages of having the top market share in Australia

## Growth strategies

- Expanding the product lineup including affordable products, townhouses, and products for affluent customers

## Recurring income (¥ billion)



## Australia Single-family homes business

In the Australian single-family homes business, we operate in the five major cities of Melbourne, Brisbane, Sydney, Adelaide, and Perth. In the fiscal year ended December 2024, the final year of Phase 1, we acquired Australia's largest housing company Metricon Group (hereinafter, Metricon), bringing our Group's single-family housing starts in Australia to over 7,000 units annually, equivalent to 1st place nationwide. This enabled us to achieve the target of 5,500 single-family homes supply units set forth in our Long-term Vision six years ahead of schedule.

In Phase 2, we will strengthen our business operation system following the Metricon acquisition while expanding our product lineup including affordable products, townhouses, and products for affluent customers. Leveraging the advantage of our scale of over 7,000 units across the Group, we will realize group synergies through joint purchasing of materials, construction method development, system integration, and transformation of sales methods, aiming to improve profitability and achieve

sales of 10,000 units in 2030. We will also work to reduce operational carbon through specification revisions in line with stricter building codes and expanded introduction of solar power generation systems.

## Trend in single-family home sales in Australia

(Units)

21/12	22/12	23/12	24/12*1	25/12 (planned)*2
3,169	2,787	3,402	3,287	7,790

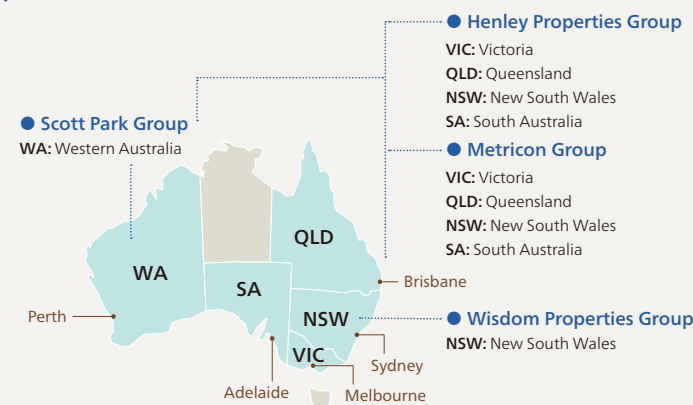
\*1 Metricon sales results not included in December 2024 period results: 4,178 units

\*2 The planned figure represents the initial plan as of February 13, 2024.

## Australia Multi-family rental housing business and others

Using the multi-family rental housing business "50 Quay Street Project" in Queensland, which began operations in 2024, as a foothold, we will pursue the medium- to large-scale rental housing development business while actively promoting the single-family rental homes business and land development business, aiming to diversify revenue.

## Single-family homes business areas in Australia



## Construction works of single-family home operating companies



Henley Properties Group



Wisdom Properties Group



Scott Park Group



Metricon Group

## Global Construction and Real Estate Segment

## Global Construction and Real Estate Business

## Asia/U.K. Housing and real estate development business

## Toward achieving Phase 2

## Strategic indicators

- Asia: Third pillar after U.S. and Australia
- Europe: Building business foundation and stabilizing profits

## Business opportunities

- Asia: Strong housing demand against the backdrop of population growth
- Europe: Growing interest in wooden construction that contributes to decarbonization

## Growth strategies

- Multi-family housing development in Europe
- Large-scale township development in Asia
- Sustainable real estate development business

## Asia Housing and real estate development business

In Asia, we are currently working on condominium development projects and the single-family homes business in Vietnam, Indonesia, and Thailand in collaboration with local companies. We plan to develop a system to secure stable revenue in Phase 2 in order to grow our Asian business into the third pillar following the U.S. and Australia. In Asia, economic development and increased demand for housing are expected against the backdrop of population growth, and environmentally conscious housing is also attracting attention due to growing environmental awareness. We will continue to expand the housing and real estate development business by leveraging our network, focusing on areas where synergies can be expected, and contribute to the realization of a decarbonized society by acquiring environmental certifications such as EDGE certification\*1 and supplying homes with low environmental impact.

\*1 EDGE (Excellence in Design for Greater Efficiencies): A green building certification introduced by IFC (International Finance Corporation), part of the World Bank Group, in 2014. It is now used in over 170 countries.

## United Kingdom Housing and real estate development business

During the Phase 1 period, in 2022, we started the development of a six-story wooden office building in London in collaboration with Bywater Properties in the U.K., entering the U.K. real estate market which is significantly advanced in terms of addressing environmental issues. In 2023, we co-founded a property development company Bywater SFC with Bywater Properties, and in 2024 we began the office development "Golden Lane Project" in London through extension and alteration to wooden structures in joint investment with Fuyo General Lease Co., Ltd. We will promote environmentally conscious development of wooden and wood-based real estate by utilizing our network, which boasts the highest level of European timber handled by a Japanese company, and by cooperating with European forestry companies. With this, we will build our business foundation and aim to stabilize revenue.



Golden Lane Project exterior image

## Expanding medium- to large-scale wooden constructions business in Japan and abroad

Demand for medium- to large-scale wooden constructions (mass timber constructions) is increasing in Japan and abroad because wooden buildings can store the carbon absorbed by wood for a long period of time and contribute to decarbonization. With the aim of realizing a net-zero carbon building,\*2 we are promoting a joint development project for a large-scale wooden office building. In 2023, we completed a 15-story wooden office building in Melbourne, Australia, and in 2024, we completed a 7-story wooden building in Dallas, Texas. We will expand our medium- to large-scale wooden constructions business globally to realize a decarbonized society.

\*2 A building that effectively achieves zero operational carbon dioxide (CO<sub>2</sub>) emissions during use.



15-story wooden office in Melbourne



7-story wooden office in Dallas

## Environment and Resources Segment

## Environment and Resources Business

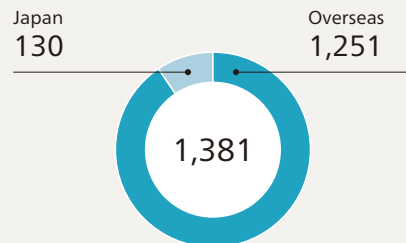


Accelerate the cyclical forest business

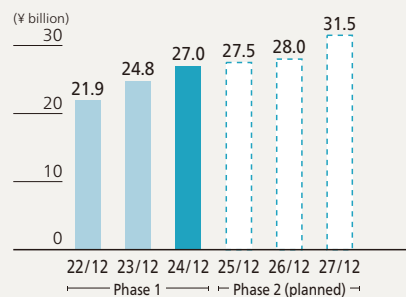


Promote wood change

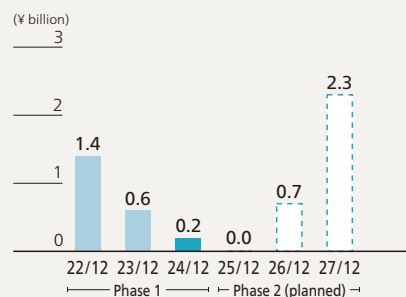
Number of employees (As of December 31, 2024)



Net sales

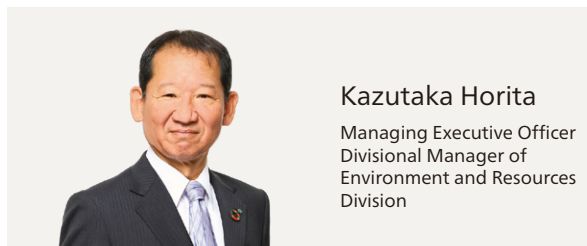


Recurring income



\* The planned figure represents the initial plan as of February 13, 2025.

\* For more information about performance for the FY ended December 2024, please visit our website. <https://sfc.jp/english/ir/library/statements/2024.html>



Kazutaka Horita

Managing Executive Officer  
Divisional Manager of  
Environment and Resources  
Division

### We aim to expand sustainable forests, realize the Wood Cycle, and maximize the value of forest resources

#### Review of Mission TREEING 2030 Phase 1

In the Environment and Resources Business, through the advancement of upstream businesses such as forestry management and forestry funds, we aim to expand properly managed sustainable forests and are engaged in the business to achieve a sustainable Wood Cycle while making maximum use of forest resources. During the Phase 1 period, in addition to forming and starting operation of forestry funds targeting forest assets in North America and Central America, we began initiatives for a demonstration project of new peatlands management technology utilizing advanced technology in Indonesia in August 2024. Under this project, based on a cooperation memorandum concluded between Japan's Ministry of the Environment and Indonesia's Ministry of Environment and Forestry (at the time), we will work to build a sustainable tropical peatlands management model utilizing cutting-edge satellite, drone, and AI technologies contributing to building cooperative relationships toward decarbonization between Japan and Indonesia through reduction of GHG emissions.

In the fiscal year ended December 2024, although various initiatives progressed, we were affected by severe market conditions including falling log prices in the

forestry business and soaring purchase prices for biomass fuel in the renewable energy business, resulting in net sales of 26.95 billion yen (8.5% year on year increase) and recurring income of 236 million yen (58.1% decrease).

#### Initiatives for Mission TREEING 2030 Phase 2

##### Toward improving profitability

As society-wide efforts toward carbon neutrality accelerate, demand for high-quality forest-derived carbon credits is growing worldwide. In Phase 2, we will expand the area of appropriately managed forests domestically and internationally by utilizing forestry fund capital, and develop a foundation for sustainable forestry. We aim to maximize the value of wood resources, including the biomass power generation business and biorefinery field. Furthermore, we will advance the pilot project of tropical peatlands management technology in Indonesia, aiming to model sustainable forest management that balances economy and environment.

Meanwhile, in domestic forestry, reforestation rates remain at low levels due to the prolonged slump in timber prices and labor shortages caused by aging. Centered on Japan Forest Asset Co., Ltd., we will accelerate reforestation of harvested areas and connect this to revitalization of domestic forestry.

In the fiscal year ending December 2025, we expect decreased income due to recording of advance expenditures related to our tropical peatlands demonstration project in Indonesia.



## Environment and Resources Segment

## Environment and Resources Business

## Toward achieving Phase 2

## Strategic indicators



## Business opportunities

- World: Decrease in forest area
- Japan: Growing momentum for promoting utilization of domestic timber due to the arrival of harvest time for Japanese cedar and Japanese cypress planted after the war
- Growing demand for high-quality carbon credits derived from nature
- Growing expectations for the biorefinery field
- Low-level trends in reforestation rates in domestic forestry

## Challenges

- Strengthen overseas forestry business marketing
- Enhance competitiveness of biomass power generation business

## Competitive advantages

- Accumulation of various technologies and knowledge related to forest management
- Sustainable tropical peatlands management technology
- Expertise in renewable energy power generation and fuel procurement capabilities through the Group's network

## Growth strategies

- Through the promotion of forestry fund business, expand properly managed sustainable forests
- In Indonesia, advance the pilot project of tropical peatlands management technology, aiming to model sustainable forest management
- Aim to maximize the value of wood resources, including improving profitability of the wood biomass power generation business and biorefinery field
- Accelerate reforestation of harvested areas and connect to revitalization of the domestic forestry business

## Contribute to carbon offsets for society through forestry fund mechanisms

## Utilization of sustainable forest resources

In the forestry business in Japan and overseas, Sumitomo Forestry owns and manages approximately 365,000 hectares of forests, including forests with third-party forestry certification such as FSC®, and manages these forests based on the sustainable forestry approach, contributing to preserving biodiversity and developing local communities. The Group also operates a renewable energy business in Japan that uses mainly wood resources effectively. (Forest Stewardship Council® (FSC®) License Number: FSC-C113957)

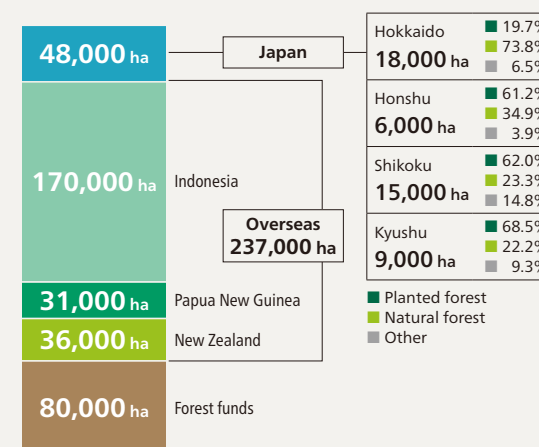
## Formation of forest funds

Our group company Eastwood Forests, LLC formed the large-scale forest fund Eastwood Climate Smart Forestry Fund I to promote decarbonization in June 2023. The fund acquires forest assets mainly in North America, where carbon credit systems are also advanced, and produces timber generated from appropriate forest management and creates carbon credits. As of December 2024, the fund had acquired approximately 80,000 hectares of forest assets. Through the fund mechanism, we will appropriately manage forests over large areas and maximize utilization

of biodiversity conservation and the CO<sub>2</sub> absorption and fixation functions that forests possess as strategic indicators, contributing to the realization of a decarbonized society.

## Area of forest owned and managed

(as of end of December 2024)



## Wood biomass power plant operated in partnership by the Company (as of end of December 2024)

	Service areas	Start of operations	Sumitomo Forestry's investment ratio	Power generation capacity	Fuel
Kawasaki	Kawasaki City, Kanagawa Prefecture	February 2011	34%	33 MW	Construction waste and others
Mombetsu	Mombetsu City, Hokkaido	December 2016	51%	50 MW	Unused forest resources and others
Tomakomai	Tomakomai City, Hokkaido	April 2017	20%	6.2 MW	Unused forest resources and others
Hachinohe	Hachinohe City, Aomori Prefecture	April 2018	52%	12.4 MW	Unused forest resources and others
Kanda	Miyako District, Fukuoka Prefecture	June 2021	41.49%	75 MW	Imported wood pellets and others
Morinomiyako	Sendai City, Miyagi Prefecture	November 2023	15.0%	75 MW	Imported wood pellets and others



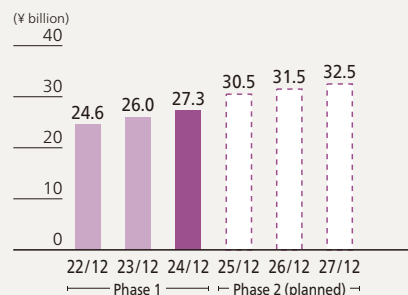
## Other Segment

## Lifestyle Services Business

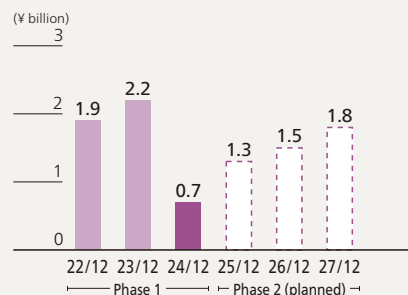
## Number of employees (As of December 31, 2024)



## Net sales



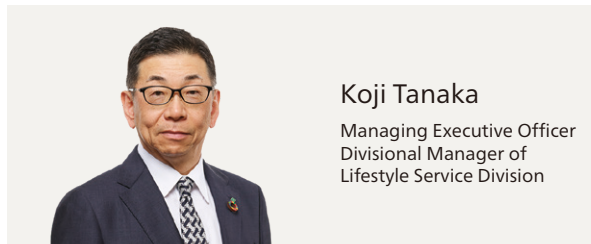
## Recurring income



\* The Other segment includes the elderly care business as well as various service businesses such as housing-related insurance agency. Recurring income includes investment loss (profit) on equity method related to Kumagai Gumi Co., Ltd.

\* The planned figure represents the initial plan as of February 13, 2025.

\* For more information about performance for the FY ended December 2024, please visit our website. <https://sfc.jp/english/ir/library/statements/2024.html>



Koji Tanaka

Managing Executive Officer  
Divisional Manager of  
Lifestyle Service Division

### Through a wide range of services, we solve social issues and provide secure and affluent lifestyles for all life stages

#### Review of Mission TREEING 2030 Phase 1

The Other segment, which includes the Lifestyle Services Business, operates private nursing homes and assisted living, various service businesses such as insurance agency services for housing customers, and other operations. As of the end of December 2024, Sumirin Fill Care and Sumirin Care Life provided a total of 1,842 rooms in housing for the elderly. Furthermore, we are working on regional economic revitalization, including participation in hotel development and operation business at VISON, a commercial and mixed use complex opened in collaboration among industry, government, and academia, contributing to solving social issues and providing secure and affluent lifestyles for all life stages. The Other segment

achieved net sales of 27.314 billion yen (4.9% year-on-year increase) and recurring income of 705 million yen (67.8% decrease) in the fiscal year ended December 2024.

#### Initiatives for Mission TREEING 2030 Phase 2

##### Toward improving profitability

During the Phase 2 period, we aim for improvement and strengthening of existing businesses and initiating new developments and initiatives in the nursing care business domestically and globally. The population aged 75 and above in the main operating areas of our Group's nursing care business is expected to increase by approximately 3 million people over the 30 years from 2020 to 2050, presenting opportunities for further business expansion. In Phase 2, we will actively capture these opportunities and promote educational system enhancement and equipment investment such as digital transformation leveraging our business scale, while securing stable human resources including overseas human resources, aiming for sustainable growth of the nursing care business.

We will also promote further improvement and strengthening of existing businesses including not only the nursing care business but also insurance, the accommodation business of VISON, and the golf course management business, building a stable earnings base.

#### Businesses that solve social issues and support people's lives

At private nursing homes operated by the Sumitomo Forestry Group, we are promoting support for independence and service provision tailored to each resident and enhancing hospitality while improving operational efficiency through the introduction of systems that utilize ICT.

For buildings and housing exteriors, we leverage group resources and know-how to provide comfortable spaces where people can enjoy the warmth of wood and greenery. At Grand Forest Denenchofu, we are working to create a housing exterior that considers biodiversity\*, including obtaining the ABINC Certification\*.

We plan to newly open the private nursing home "Grand Forest Noborito" in fall 2025.

##### Nursing care business (As of end of December 2024)

###### Sumirin Fill Care

- Number of private nursing homes operated: **17**
- Number of senior daycare centers operated: **3**

###### Sumirin Care Life

- Number of private nursing homes operated: **3**
- Number of private nursing homes (assisted living) operated: **1**
- Home care services: **8** locations

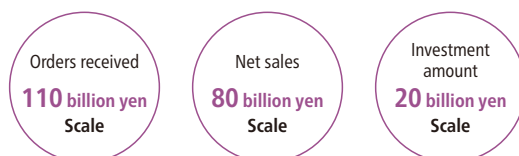
## Other Segment

## Alliance with Kumagai Gumi

## Review of collaboration

In our alliance with Kumagai Gumi, we are promoting collaboration with a medium- to long-term perspective. In the fiscal year ended December 2024, we held business collaboration promotion committee and joint subcommittee meetings. For the contract business, we have established two pillars: medium- to large-scale wooden construction and environmental greening construction with added value proposals. For the investment business, we are implementing real estate development investments in the United States, Vietnam, and other countries.

## 6-year cumulative total for both companies, FY2019/3-FY2024/3



Collaboration Field	Collaboration Results
Medium- to large-scale wooden construction	<ul style="list-style-type: none"> <li>Launched medium- to large-scale wooden construction brand with TREE</li> <li>First JV construction project completed - Sapporo fire-resistant wooden building</li> <li>Actively expanding wooden construction, primarily for offices and schools through joint collaboration</li> </ul>
Environmental greening	<ul style="list-style-type: none"> <li>Proposed and expanded orders for environmental real estate integrating architectural design and greening plans</li> </ul>
Overseas construction & development	<ul style="list-style-type: none"> <li>Completed largest wooden 7-story office building in Dallas area</li> <li>Township development in Binh Duong Province, Vietnam</li> </ul>

## Future collaboration plan cumulative three-year total for both companies (FY2025/3-FY2027/3)

## Contract business

Medium- to large-scale wooden constructions, renovation, environmental greening

- Orders received: **130 billion yen scale**
- Net sales: **110 billion yen scale**
- Gross profit: **10 billion yen scale**

## Investment business

Environment and energy, overseas construction and development

- Investment amount: **30 billion yen scale**
  - Investment in domestic and overseas real estate development business
  - Promotion of investment in domestic and overseas renewable energy business

## Research and Development

## Policy on research and development

Trees have great potential for both the sustainability of the global environment and the development of our society and economy. One of the business policies in our Long-term Vision Mission TREEING 2030 is "Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy." In the field of research and development, we are also working to create a more vibrant environment for people, from the global environment to the living environment, based on our basic policy of increasing the value of trees.

## Research and development strategy

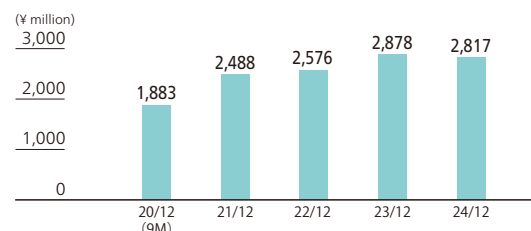
The Tsukuba Research Institute, the core driver of the Group's research and technological development, was established in 1991. Since then, it has supported the Sumitomo Forestry Group with its advanced research and technological development capabilities related to trees. The Tsukuba Research Institute consists of a total of 7 groups, split between two main activities: research and development linked to business divisions, which is based in our business strategies; and corporate research and development, which seeks to create new business opportunities and value.

At the Tsukuba Research Institute, each research group advances research and technological development comprehensively covering trees from upstream to downstream areas, from resources and materials to housing and construction. Through new value-creating research to enhance the value of trees and greenery, we are advancing research and development toward realizing a Timberized Eco City that transforms cities into forests through various future technologies such as innovative construction technologies, new wood materials, and development of new tree species, aiming to achieve Sumitomo Forestry's goals of decarbonization and realization of the circular bioeconomy through various business activities.

## Research and development expenses

In fiscal 2024, research and development expenses for the entire Group were 2,817 million yen. We effectively advance research and development activities by maintaining close collaborative relationships with research and development institutions of universities and the government.

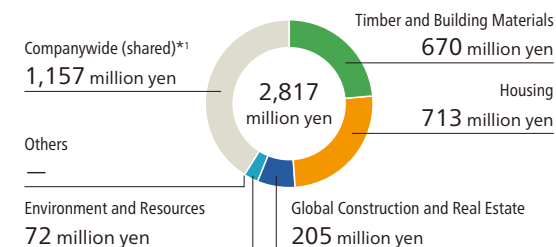
## Research and development expenses



\* Includes research and development expenses for Tsukuba Research Institute which are not allocated to any segment.

\* The end of the FY was changed from March 31 to December 31 starting in the FY ended December 2020. This FY is a nine-month transition period from April 1 to December 31, 2020 reflecting the change in the FY's start and end.

## Research and development expenses by segment in FY2024



\*1 Companywide (shared) refers to expenses that are not attributed to a specific segment.