Review of Medium-term Management Plans

	2018 Medium-term Management Plan Fiscal year ended March 2017 to fiscal year ended March 2019	2021 Medium-term Management Plan Fiscal year ended March 2020 to fiscal year ended December 2021	Mission TREEING 2030 Phase 1 Fiscal year ended December 2022 to fiscal year ended December 2024
	Promoting change for a new stage Also implementing reform of corporate climate to further solidify business foundation	**Promoting creation and growth of new businesses based on future-oriented business strategies**	**Three years for creating a foundation aimed at future growth and contribution to decarbonization**
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	● 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 • Improvement of organizational capabilities ● Accelerating R&D and technological innovation utilizing timber • Achievement of W30 Plan (30m wooden high-rise buildings) • Business labor saving and efficiency • Acceleration of technological innovation ● 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.	● Efforts to address decarbonization challenges using timber resources • Expand new businesses in Japan and abroad marketing the value of forests as a CO_2 sink • Promote measures to boost competitiveness of domestic timber • Expand medium- and large-scale wooden architecture business ● Promotion of more resilient earnings base • Restore earnings power of Housing and Construction business and Timber and Building Materials business as well as promote reforms based on future market changes • Boost asset efficiency ● Acceleration of global expansion • Expand Housing and Real Estate business in the United States and Australia and establish earnings base in Asia ● Strengthen management base for sustainable growth • Promote digitalization • Secure human capital and enhance HR development, and increase employee engagement • Reinforce risk management ● Further integration of business operations and ESG • Steady implementation of measures aimed at achievement of RE100/SBT (Science Based Targets)
Review	FY2019/3 results Net sales: 1,308.9 billion yen (Vs. target + 138.9 billion yen) Recurring income: 54.8 billion yen*1 (Vs. target − 0.2 billion yen) ● Recurring income for the fiscal year ended March 2018 was 55.6 billion yen,*1 achieving the target for the fiscal year ended March 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. ● 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.	FY2021/12 results Net sales: 1,385.9 billion yen (Vs. target + 125.9 billion yen) Recurring income: 134.5 billion yen*1 (Vs. target + 49.5 billion yen) Net income attributable to owners of parent: 87.2 billion yen (Vs. target + 39.2 billion yen) ● Achieved all numerical targets for the fiscal year ended December 2021, exceeding the plan in all target areas. ● 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.	FY2024/12 results Net sales: 2,053.7 billion yen (Vs. target + 283.7 billion yen) Recurring income: 198.0 billion yen*2 (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%) Based on our five basic policies, we are building a foundation for future growth and contributing to decarbonization. Results ● Increased market share in custom-built housing business. ● Expanded business in single-family homes and multi-family housing in the United States and promoted FITP business. ● Established top market share in single-family homes business in Australia. Issues ● Business expansion into rental, spec homes, renovations in the Housing Business. ● Diversification and stabilization of earnings in the real estate development business. ● Realization of synergies in Australian housing business.

*1 Excluding the effect of actuarial differences

*2 Recurring income includes actuarial differences regarding employees' retirement benefit obligation (Actuarial differences regarding employees' retirement benefit obligation in the fiscal year ended December 2024 were positive 9.8 billion yen.)

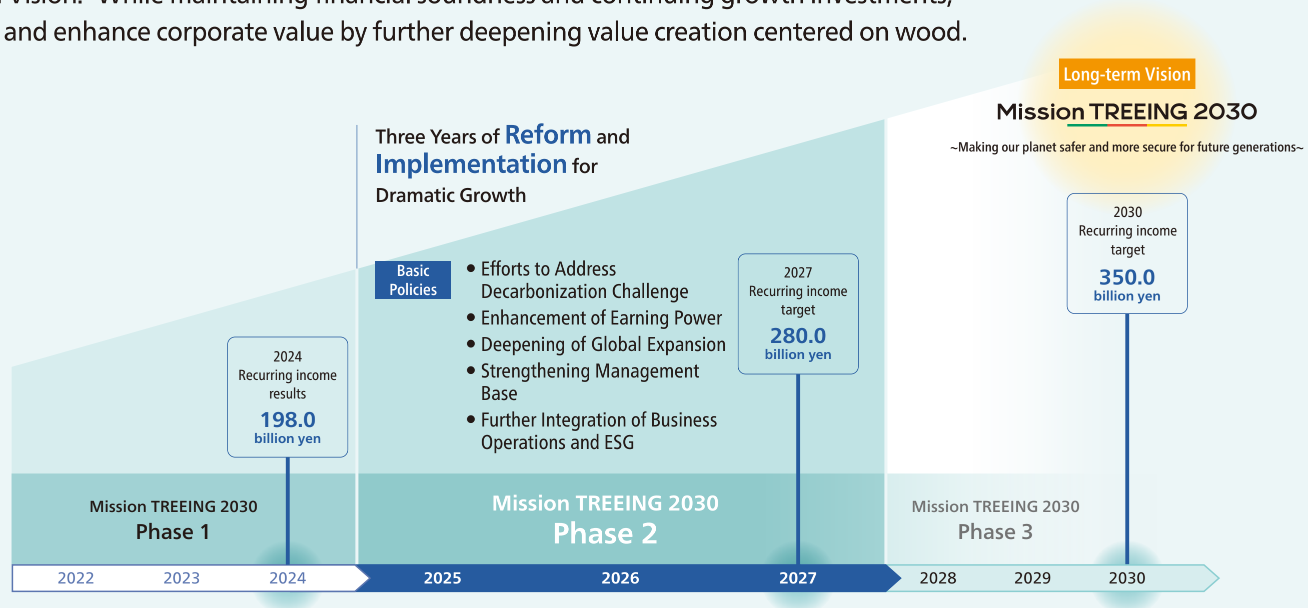
Medium-term Management Plan Mission TREEING 2030 Phase 2 (Fiscal year ended December 2025 to fiscal year ending December 2027)

The Sumitomo Forestry Group positions the Medium-term Management Plan Mission TREEING 2030 Phase 2 as "three years of reform and implementation toward the realization of its Long-term Vision." While maintaining financial soundness and continuing growth investments, we aim to achieve sustainable and steady profit growth and enhance corporate value by further deepening value creation centered on wood.

In the fiscal year ended December 2025, the first year of the Medium-term Management Plan Mission TREEING 2030 Phase 2 (Phase 2), net sales reached a record high of 2,267.6 billion yen, up 10.4% year on year, driven by the consolidation of Metricon, Australia's largest homebuilder, and increased sales in the domestic housing business, which continued to perform strongly.

Meanwhile, in the U.S. housing business and U.S. real estate business, both of which are core businesses of the Group, market conditions remained weak amid persistently high mortgage interest rates and uncertainty over the economic outlook. As a result, recurring income decreased 11.6% year on year to 174.9 billion yen.

While we made progress in initiatives toward decarbonization in Japan and overseas and in the "deepening of global expansion" through M&A and new projects, challenges remain in improving profitability, securing global talent, and other areas related to "enhancement of earning power" and "strengthening management base."



Mission TREEING 2030 Phase 2 Basic Policies, Initiatives and Results

Basic Policies	Measures	FY2025 Results
Efforts to address decarbonization challenge	• Create new value from properly managed forests and expand sustainable forestry • Build foundation for expanded use and consumption through deeper wood utilization via manufacturing business expansion • Promote expanded supply of wooden housing and conversion to wooden construction in medium- to large-scale buildings both domestically and internationally	• Expanded assets under the first forest fund and launched the reforestation project in Japan • Promoted medium- to large-scale wooden buildings in the United States, Australia, Japan, and the United Kingdom
Enhancement of earning power	• Accelerate innovation and structural reform in domestic business • Establish foundation for real estate development business domestically and internationally • Further improve asset and investment efficiency and profitability with focus on cost of capital	• Made progress in investments and financing activities, including a capital and business alliance with the GEOLIVE Group Corporation and the acquisition of LeTech Corporation • Further accelerated the transformation of the Timber and Building Materials Business toward a business model less dependent on housing starts
Deepening of global expansion	• Further improve profitability of overseas housing and real estate business and enhance business base for stable growth • Strengthen support by corporate departments while expanding business domains and scale in each region (Japan, United States, Oceania, Southeast Asia, and Europe) to build and deepen Wood Cycle foundation	• Made a U.S. sawmill company a subsidiary • Launched urban development projects in Vietnam and Indonesia
Strengthening management base	• Secure and develop human resources to drive business transformation and creation, promote free and open organizational culture and health management • Renovate business base through IT and digitalization, fundamentally transform operations and improve efficiency through DX promotion • Accelerate technology-driven value creation and promote the improvement of operational quality	• Established the Corporate Division and initiated efforts to strengthen global governance • Identified opportunities for further enhancement in medium- to large-scale wooden construction technologies, real estate development expertise, and the development of talent to support global expansion
Further integration of business operation and ESG	• Steadily implement measures to achieve SBT goals • Promote value proposition and market penetration of sustainable and decarbonization-contributing products and services • Thoroughly implement "SAFETY FIRST" and "ZERO DEFECTS" • Conduct business operations with consideration for regional stakeholders	• Received Gold certification under the PRIDE Index for the fourth consecutive year • Selected for the Climate Change A List for the tenth consecutive year and newly included in the Forests A List

Medium-term Management Plan Mission TREEING 2030 Phase 2 (Fiscal year ended December 2025 to fiscal year ending December 2027)

Financial indicators

	24/12 result	25/12 result	Mission TREEING 2030 Phase 2 Target (through 27/12)
ROE	13.9%	11.1%	15.0% or higher
Consolidated recurring income	¥198.0 billion	¥174.9 billion	¥280.0 billion
Equity ratio	40.6%	39.0%	40.0% or higher
Net D/E ratio	0.4x	0.5x	Approx. 0.7x

Segment targets Net sales

(¥ billion)	24/12 result	25/12 result	Year-on-year change	26/12 plan	27/12 plan
● Timber and Building Materials	253.2	253.0	-0.1%	274.0	333.0
● Housing	508.4	542.3	+6.7%	596.0	645.0
● Overseas Housing	1,071.5	1,205.9	+12.5%	1,374.0	2,245.0*1
● Real Estate	211.5	254.1	+20.1%	331.0	
● Environment and Resources	27.0	26.8	-0.7%	28.0	31.5
● Others	27.3	28.1	+2.9%	30.0	32.5
Adjustment	-45.1	-42.5	-	-43.0	-67.0
Total	2,053.7	2,267.6	+10.4%	2,590.0	3,220.0

Segment targets Recurring income

(¥ billion)	24/12 result	25/12 result	Year-on-year change	26/12 plan	27/12 plan
● Timber and Building Materials	10.0	12.8	+27.5%	10.0	16.0
● Housing	32.5	38.5	+18.7%	38.0	45.0
● Overseas Housing	154.0	138.0	-10.4%	113.0	225.0*1
● Real Estate	-2.2	-13.8	-	1.0	
● Environment and Resources	0.2	-1.4	-	-1.5	2.3
● Others	0.8	5.0	+559.0%	3.5	1.8
Adjustment	2.7	-4.2	-	-4.0	-10.1
Total	198.0	174.9	-11.6%	160.0	280.0

* Effective from the fiscal year ending December 2026, the Real Estate Segment was newly established, and the Real Estate Business and Construction Business previously included in the Global Construction and Real Estate Segment and Housing Segment were transferred to the new segment.
* Effective from the fiscal year ending December 2026, the Global Construction and Real Estate Segment was renamed the Overseas Housing Segment.
* The FY2026/12 plan is based on the forecast announced on February 13, 2026.
* The FY2027/12 plan is based on the forecast announced on February 13, 2025, and the segment classifications are based on those in effect at the time of the announcement.

Building on achievements and addressing challenges to drive the next stage of growth in Phase 2

In the first year of Phase 2, we advanced investments and strengthened our business foundations in Japan and overseas, while focusing on initiatives to support further growth. In Japan, we strengthened our integrated business platform covering land acquisition, development, operation, and sale through the acquisition of LeTech, with the aim of expanding the rental housing business. In addition, we entered into a capital and business alliance with GEOLIVE Group to strengthen building materials distribution and further enhance the supply chain for timber and building materials distribution.

Overseas, we strengthened our integrated value chain spanning wood, housing and real estate through the acquisition of Tri Pointe Homes, Inc. to expand our U.S. housing business and by making a Louisiana-based sawmill a subsidiary to enhance our timber supply capabilities. In Australia, following the acquisition of Metricon in 2024, we worked to strengthen our housing supply capacity and sales capabilities.

Through these initiatives, we further diversified our business portfolio and advanced the development of a foundation for expanding medium- to long-term earnings opportunities. At the same time, although we achieved growth in net sales, profit growth remained limited. This highlighted several key challenges for the future, including accelerating the conversion of investments into earnings, improving capital efficiency, and further strengthening our earnings structure.

Investments

(¥ billion)	Phase 1*2 result	25/12 full year	Phase 2*3 plan
Forestry fund related	3.9	0.5	22.0
Forest resource business	5.1	1.1	5.0
Timber industrial complex	6.7	8.1	46.0
Manufacturing business	8.1	6.7	44.0
FITP business	31.2	3.2	4.0
Housing business	35.1	26.7	33.0
Medium- to large-scale wooden construction	24.4	1.3	45.0
Real estate business	138.0	90.0	144.0
Renewable energy	2.7	0.2	20.0
System-related	16.9	4.7	20.0
Other	54.2	12.2	30.0
Total	326.4	154.5	413.0

Real estate for sale (net increase)

(¥ billion)	Phase 1*2 result	25/12 full year	Phase 2*3 plan
Overseas Housing	266.4	81.3	265.0
Domestic Housing	20.4	42.3	35.0
Total	286.8	123.6	300.0

*1 Planned figures for the former Global Construction and Real Estate Segment before the segment reclassification.
*2 Cumulative amount for the three-year period from FY2022/12 to FY2024/12.
*3 Cumulative amount for the three-year period from FY2025/12 to FY2027/12.

Further integration of business operations and ESG

From a non-financial perspective, we continued to pursue the further integration of business operations and ESG by globally expanding the Wood Cycle, our unique value chain, across the four business fields of forests, wood, construction, and energy, thereby contributing to the realization of a decarbonized society. The expansion of medium- to large-scale wooden buildings and the broader and more advanced utilization of wood contribute both to carbon storage and to reductions in CO_2 emissions during construction, and we have made steady progress in the sustainable circulation of forest resources. We have also continued our efforts to improve the energy efficiency of our housing and real estate businesses. On the other hand, securing and developing the talent needed to support the growth of our global businesses remains an important management challenge.

GHG emissions reduction (SBT targets)

	25/12 result	Short-term target vs 2021 (by 2030)	Net-zero targets vs 2021 (by 2050)	
Scope 1 and 2	40.4%	42% reduction	90% reduction	Achieve net-zero emissions by offsetting remaining emissions
Scope 3 (Base unit)	18.0%	51.6% reduction	97% reduction	