



Special Feature Roadmap to Achieve the Long-term Vision

Mission TREEING 2030 Phase 2

Fiscal year ending December 31, 2025 to fiscal year ending December 31, 2027

* Plan figures are for the initial plan as of February 13, 2025.

Aiming to achieve sustainable and steady profit growth by maintaining financial soundness and continuing to make aggressive investments.

In our newly-formulated Medium-term Management Plan Mission TREEING 2030 Phase 2, we aim to achieve sales of 3,220 billion yen, recurring income of 280 billion yen, net income attributable to shareholders of parent of 176 billion yen, and return on equity (ROE) of over 15% by the end of fiscal 2027.

Long-term Vision

Mission TREEING 2030

~Making our planet safer and more secure for future generations~



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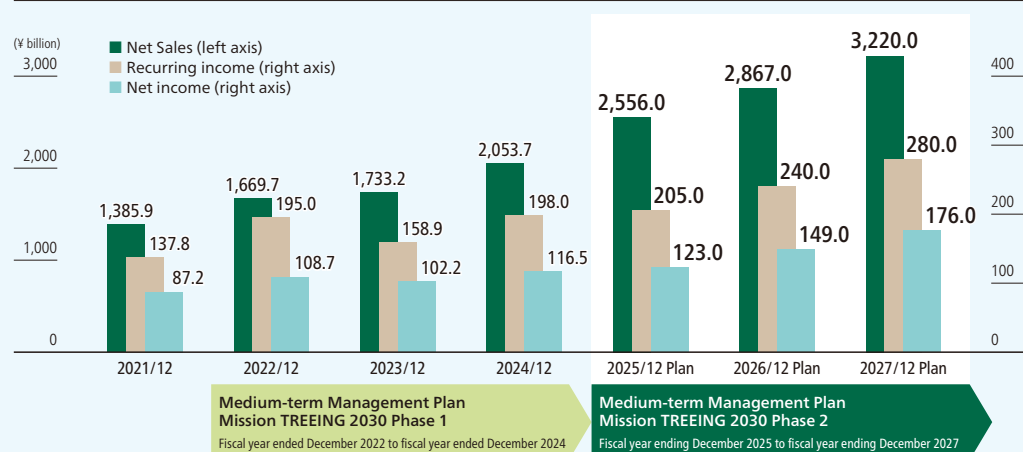
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Mission TREEING 2030 Phase 2 Basic Policies

Basic Policies	Measures
Efforts to Address Decarbonization Challenge	<ul style="list-style-type: none"> 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
Enhancement of Earning Power	<ul style="list-style-type: none"> 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
Deepening of Global Expansion	<ul style="list-style-type: none"> 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, U.S., Oceania, Southeast Asia, and Europe) to build and deepen Wood Cycle foundation
Strengthening Management Base	<ul style="list-style-type: none"> 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
Further Integration of Business Operation and ESG	<ul style="list-style-type: none"> 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

Consolidated performance trends and targets



Investment in focus areas

Actively investing in decarbonization-related and growth areas to achieve the goals of Mission TREEING 2030 Phase 2 and Long-term Vision.



Breakdown of Growth Investment and Capital Renewal (¥ billion)

Forest Fund Related	22.0	Medium- to Large-Scale Wooden Construction	45.0
Forest Resource Business	5.0	Real Estate Development Business	144.0
Timber Industrial Complex	46.0	Renewable Energy	20.0
Manufacturing Business	44.0	System-Related	20.0
FITP Business	4.0	Other	30.0
Housing Business	33.0		

* Total amount for the three years covered by Phase 2 (2025-2027)



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Segment Performance Targets

Timber and Building Materials segment

Pursuing recovery in earning power through expansion of manufacturing business and improvement of value-added in distribution business

Housing segment

Targeting stable growth through improved gross profit margins and expansion in rental and renovation businesses

Global Construction and Real Estate segment

Aiming for recurring income exceeding ¥200.0 billion in FY27/12 through proactive resource allocation

Domestic and Overseas Housing Sales Targets

- U.S. single-family housing business addressing steady demand based on housing shortage gap, planning steady growth
- Australian single-family housing business aims to expand share further by leveraging top share position

Sales Volume (Units)	2024/12 Actual	2027/12 Plan
Housing Business	8,596	10,300
U.S. Single-Family Housing	11,267	17,700
U.S. Multi-Family Housing* ¹	757	2,800
Australia Single-Family Housing	3,287	8,200
Asia Single/Multi-Family Housing	97	950
Total* ²	24,465	Approx. 40,000

*1 Represents development properties where the Group participates as General Partners

*2 Total includes other properties such as fee-build in U.S.

Financial Indicators

- Continuing from the previous medium-term plan, we will adopt ROE, equity ratio, and net D/E ratio as key performance indicators to ensure stability while pursuing profitability.

	2021/12 Results	2024/12 Results	Mission TREEING 2030 Phase 2 Target (through 2027/12)
ROE	20.2%	13.9%	15.0% or higher
Consolidated Recurring Income	¥137.8 billion	¥198.0 billion	¥280.0 billion
Equity Ratio	37.7%	40.7%	40.0% or higher
Net D/E Ratio	0.3x	0.4x	Approx. 0.7x

Net Sales (¥ billion)

	2024/12 Results	Plan			Change from 2024/12
		2025/12	2026/12	2027/12	
Timber and Building Materials	253.2	293.0	315.0	333.0	+79.8
Housing	542.3	585.0	612.0	645.0	+102.7
Global Construction and Real Estate	1,240.0	1,673.0	1,944.0	2,245.0	+1,005.0
Environment and Resources	27.0	27.5	28.0	31.5	+4.5
Other	27.3	30.5	31.5	32.5	+5.2
Corporate/Adjustments	-36.1	-53.0	-63.5	-67.0	-30.9
Total	2,053.7	2,556.0	2,867.0	3,220.0	+1,166.3

Recurring Income (¥ billion)

	2024/12 Results	Plan			Change from 2024/12
		2025/12	2026/12	2027/12	
Timber and Building Materials	10.0	12.0	13.5	16.0	+6.0
Housing	35.2	38.0	40.5	45.0	+9.8
Global Construction and Real Estate	147.5	161.0	193.0	225.0	+77.5
Environment and Resources	0.2	0.0	0.7	2.3	+2.1
Other	0.7	1.3	1.5	1.8	+1.1
Corporate/Adjustments	4.4	-7.3	-9.2	-10.1	-14.5
Total	198.0	205.0	240.0	280.0	+82.0

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Further Integration of Business Operations and ESG

The Sumitomo Forestry Group has identified its Nine Material Issues in our Long-term Vision Mission TREEING 2030 ~Making our planet safer and more secure for future generations~ in order to provide society with fundamental value for our planet, on which value for people and society and value for the market economy are built. In the Medium-term Management Plan Mission TREEING 2030 Phase 2, under our ongoing fundamental policy of “further integration of business operations and ESG,” we will continue our work to bring about a sustainable society through efforts aimed at creating a Wood Cycle.

Environmental: Environment

In addition to decarbonization initiatives through the Wood Cycle, we aim to increase the value of natural capital, starting with forest resources, and operate our business with consideration for biodiversity

SBT Targets

- Obtained SBT certification to achieve net-zero greenhouse gas emissions by 2050

	Scope 1+2	Scope 3 (Base unit)
Short-term target (by 2030)	42% reduction vs 2021	51.6% reduction vs 2021
Long-term target (by 2050)	90% reduction vs 2021	97% reduction vs 2021
	Achieve net-zero emissions by offsetting remaining emissions	

TCFD/TNFD Response

- For TCFD, conducting scenario analysis on climate change impacts to our Group and reflecting in management plan
- For TNFD, registered as ‘TNFD Early Adopter’ in December 2023 and conducting LEAP analysis on nature-related risks to our Group
- Going forward, while advancing analysis and disclosure in line with TNFD recommendations, accelerating initiatives for biodiversity, nature conservation, and recovery, contributing to nature-positive realization

Social: People and Society

Toward achieving our Long-term Vision, we have established three pillars as our human resource strategy and aim to improve employee engagement, realizing mutual growth between the “individual” and “organization”

HR Securing & Development

- Securing **global talent** through enhanced recruitment of international students
- Strengthening human resource development through establishment of new **Corporate Division** integrating head office management departments
- Development of skilled craftspeople through specialized technology and advancement of “**Construction Partner Promotion Center**” initiatives

Organizational Culture

- Implementation of **talent management** based on evaluation of individual employee skills and behaviors
- Implementation of **organizational culture reform projects** tailored to organizational characteristics
- Implementation of **psychological safety training** targeting management level

Health Management

- Improvement guidance for high-risk individuals and departments in health diagnoses and stress checks
- Preventive measures to reduce **absenteeism and presenteeism**
- Education to improve health literacy

Governance: Governance

Based on “Sumitomo’s Business Spirit” which emphasizes fairness and trust to benefit society, we aim to increase corporate value by ensuring management transparency and strengthening internal controls and governance

Reduction of Strategic Shareholdings

- Board of Directors examines return and trading status for each holding, reducing holdings when rationality and necessity cannot be confirmed

Promotion of Employee Stock Ownership

- Expanding employee shareholding association and newly introducing “**Employee Stock Compensation System**”

Review of Officer Compensation System

- Aiming for **further improvement in performance and corporate value**, revising upward the base profit that serves as basis for variable compensation from 100 billion yen to 150 billion yen

Information Security and DX

- Improving security and governance
- Renovating business systems
- Promoting data-driven approaches through digital infrastructure