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SUMITOMO FORESTRY

February 13, 2025

Summary of Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP] (Consolidated)

Name of Company:	Sumitomo Forestry Co., Ltd.	Stock Exchange Listing: Tokyo
Securities Code	1911	URL: http://sfc.jp/english/
Representative	Title: President / Representative Director	Name: Toshiro Mitsuyoshi
Inquiries:	Title: General Manager, Corporate Communications Dept.	Name: Takashi Mizuno
	Phone: +81-3-3214-2270	

Scheduled Date of Ordinary General Meeting of Shareholders:	March 28, 2025
Scheduled Date to commence Dividend Payments:	March 31, 2025
Scheduled Date to file Securities Report:	March 28, 2025
Supplementary Documents on Financial Results:	Yes
Financial Results Briefing:	Yes (for analysts and institutional investors, in Japanese)

(Note: Amounts are rounded to nearest million Yen.)

1. Consolidated financial results for the FY ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(1) Consolidated results of operations (Cumulative total) (% change from the same period of the previous year)

	Net sales		Operating income		Recurring income		Net income attributable to shareholders of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2024	2,053,650	18.5	194,588	33.0	197,955	24.6	116,528	14.1
FY ended December 31, 2023	1,733,169	3.8	146,258	(7.6)	158,921	(18.5)	102,170	(6.0)

(Note) Comprehensive income

FY ended December 31, 2024 232,614 Million yen [37.6%]

FY ended December 31, 2023 169,056 Million yen [(9.7%)]

	Net income per share	Net income per share fully diluted	Return on equity	Ratio of recurring income to assets	Operating income margin
	Yen	Yen	%	%	%
FY ended December 31, 2024	569.40	569.01	13.9	9.7	9.5
FY ended December 31, 2023	504.01	498.93	14.8	9.5	8.4

(Note) Equity in income (losses) of affiliates

FY ended December 31, 2024 (1,900) Million yen

FY ended December 31, 2023 8,338 Million yen

(Note) Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Shareholder's equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	2,261,128	1,020,127	40.7	4,497.17
As of December 31, 2023	1,824,727	826,462	41.3	3,684.87

(Note) Shareholders' equity

As of December 31, 2024 920,347 Million yen

As of December 31, 2023 754,080 Million yen

(Note) Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended December 31, 2024	27,078	(135,103)	133,225	206,297
FY ended December 31, 2023	125,300	(112,497)	10,236	174,771

(Note) Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

2. Cash Dividends

	Cash dividends per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended December 31, 2023	–	60.00	–	65.00	125.00	25,713	24.8	3.7
FY ended December 31, 2024	–	65.00	–	80.00	145.00	29,837	25.5	3.5
FY ending December 31, 2025 (forecast)	–	91.00	–	91.00	182.00		30.3	

3. Forecast of the consolidated financial results for the FY ending December 31, 2025 (January 1, 2025- December 31, 2025)

(% change from the previous year)

	Net sales		Operating income		Recurring income		Net income attributable to shareholders of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,556,000	24.5	195,000	0.2	205,000	3.6	123,000	5.6	601.03

* Notice

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included	: 3 companies	(Company name)	:	SKN GREEN DEVELOPMENT LTD. Met Group Holdings Pty Ltd PHSF Capital Pty Ltd
Excluded	: None	(Company name)	:	

(2) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards and other regulations : None

(b) Changes in accounting policies due to other reasons : None

(c) Changes in accounting estimates : None

(d) Restatements : None

(3) Number of issued shares (common stock)

(a) Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2024	206,067,368	As of December 31, 2023	206,058,468

(b) Number of treasury stock at the end of the period

As of December 31, 2024	1,416,955	As of December 31, 2023	1,416,107

(c) Average number of shares outstanding during the period

FY ended December 31, 2024	204,648,540	FY ended December 31, 2023	202,715,328

Non-consolidated financial results (For reference)

Financial results for the fiscal year ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(1) Non-consolidated result of operations

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2024	519,029	0.9	15,650	3.1	56,271	34.9	51,200	29.0
FY ended December 31, 2023	514,556	(3.0)	15,175	556.7	41,721	150.9	39,688	—

	Net income per share	Net income per share fully diluted
	Yen	Yen
FY ended December 31, 2024	248.82	248.65
FY ended December 31, 2023	194.71	192.76

(Note) As the percentage change from the previous year of the net income for the year ended December 31, 2023 exceeds 1,000%, it is indicated as "—".

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	1,040,814	343,053	33.0	1,666.78
As of December 31, 2023	923,263	316,470	34.3	1,537.63

(Note) Shareholders' equity
As of December 31, 2024 342,984 Million yen
As of December 31, 2023 316,395 Million yen

<Reason for difference from previous non-consolidated results>

The recurring income and the net income increased mainly due to higher dividend received from subsidiaries.

* Financial results report is exempt from interim review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors. Please see “1. Overview of the Results of Operations, etc. (4) Future Outlook” on page 9 of the accompanying materials for assumptions underlying the financial results forecast, notes on using the financial results forecast, and other relevant matters.

(Obtain Supplemental Explanatory Material)

The Financial Factbook which is supplementary documents on Financial Results is published on the website as below.

https://sfc.jp/english/ir/

Additionally, the Company will hold a financial results briefing for securities analysts and institutional investors on Friday, February 14, 2025. The explanatory material on the financial results will be published on the website.

○ Contents of Accompanying Materials

1. Overview of the Results of Operations, etc.

(1) Overview of the Results of Operations for the Period under Review

During the fiscal year under review, the global economy saw inflation ease due to the impact of monetary tightening policies that have been taken in major countries. Real wages rose and personal consumption increased in the U.S. In Europe, the economy showed signs of picking up except in some parts of the region. The Japanese economy recovered moderately despite the impact of rising prices, as the income environment improved due to corporate wage hikes and personal consumption showed signs of picking up.

With regard to the housing market, new housing starts in Japan fell as construction costs continued to rise due to soaring construction material prices and consumers showed signs of cautiousness in spending amid concerns over mortgage rate rises resulting from policy rate hikes. In the U.S., the market remained in its adjustment phase as selling prices remained persistently high on the back of a shortage of housing supply and long-term interest rates and mortgage rates rose again after showing signs of pausing. In Australia, market conditions continued to be difficult amidst such factors as persistently high mortgage rates and selling prices.

In this business environment, the Group has been working toward achieving our targets in the Medium-Term Management Plan "Mission TREEING 2030 Phase 1," the final year of which was the fiscal year under review. In Japan, we advanced initiatives to promote greater use of Japanese timber. Specifically, we started the construction of a factory in Iwaki City, Fukushima Prefecture to produce timber and processed wood products mainly from Japanese cedar. We also put effort into promoting businesses toward the further growth of the Group. In the U.S., we acquired the housing business of a company that builds single-family homes in Florida, with a view to further expanding the single-family homes business. In Australia, we acquired the largest home builder in the country to expand the scale of our business.

As a result, net sales were ¥2,053.650 billion (up 18.5% year on year), operating income was ¥194.588 billion (up 33.0%), recurring income was ¥197.955 billion (up 24.6%), and net income attributable to shareholders of parent was ¥116.528 billion (up 14.1%). The actuarial difference related to retirement benefit accounting were ¥9,802 million, so recurring income came to ¥188.153 billion when actuarial differences were excluded.

The following summarizes the performance of each business segment. Note that the segment name of the Global Housing, Construction and Real Estate Business has been changed to the Global Construction and Real Estate Business beginning from the consolidated fiscal year under review. Net sales for each segment include intersegment internal sales.

(1) Timber and Building Materials Business

In the distribution business, we worked continuously on strengthening collaboration with our partners and expanding sales, amid a difficult market environment on the back of a drop in new housing starts in Japan. In addition, we focused on expanding sales of wood fuels for biomass power generation, which is unaffected by housing starts. As a result, the sales volume and unit selling price of fuels for biomass power generation increased. However, unit sales prices of timber and wood products for housing construction declined, which served as the main cause of sluggish performance.

In the manufacturing business, results were sluggish in Japan as sales of building materials to homebuilders decreased. Overseas, results recovered partly due to increased sales volume of laminated veneer lumber (LVL) in New Zealand and particle board in Vietnam.

In addition, we continued to focus on promoting "One Click LCA*," which aims to standardize carbon neutral designs. To help construction material distributors improve operational efficiency, we also expanded the functions of JUCORE Estimate** and launched the JUCORE Logistics*** service in the Tokyo metropolitan area.

*One Click LCA software can estimate the CO2 emissions generated in the processes from the procurement of raw materials related to construction, to processing, transportation, manufacturing, construction, renovation, and disposal.

**JUCORE Estimate software can centrally manage data, including property information, quotes, order prospects, and budgets and actual spendings.

***JUCORE Logistics is a joint logistics service for construction materials, which improves the efficiency of delivery to each housing construction site and the productivity of on-site construction works.

As a result of the above, net sales for the Timber and Building Materials Business came to ¥253.156 billion (up 7.2% year on year) and recurring income was ¥10.001 billion (down 10.6% year on year).

(2) Housing Business

In the custom-built detached housing business, we continued to put effort into making high-added-value proposals for housing that meets ZEH specifications, which produces net zero energy consumption. We also put effort into promoting sales of "Forest Selection BF," a product that offers customers over 1,500 pre-planned room layouts online to select from, and increasing orders for products in the high price range through the Grand Estate Design Project. As a result, business performance remained strong, also buoyed by the effects of selling price revisions implemented by the previous fiscal year.

In the rental housing business, we launched in May last year "The Forest Barque," a wooden commercial construction brand, to promote the use of wood for offices, medical facilities, etc. In addition, we continued to put effort into increasing orders for "Forest Maison GRANDE," wooden-construction rental apartments that strike a balance between design and performance.

In the spec homes business, performance was sluggish as a result of price adjustments in some projects, although the number of houses sold increased from the previous fiscal year.

In the renovation business, we accelerate the effort to receive orders for environmentally conscious renovation, such as the improvement of insulation efficiency. We also drew customers' attention to the benefits of our proprietary quake-resistant technology and energy-saving retrofitting through "Reforest," our renovation product for custom-built homes, leading to strong business performance.

It has been found that specifications of some of the buildings we constructed do not meet the Ministry of Land, Infrastructure, Transport and Tourism approval requirements for 45-minute semi-fireproof eaves. We reported the matter to the Ministry of Land, Infrastructure, Transport and Tourism in December last year. Under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism and designated administrative agencies, detailed explanations will be made to our customers, necessary investigations will be conducted, and renovations, etc. will be carried out swiftly. We sincerely apologize to our customers and other stakeholders for the concerns and inconvenience caused by this matter. Taking this incident seriously, we will take corrective measures swiftly and make company-wide efforts to prevent recurrence.

As a result of the above, net sales for the Housing Business came to ¥542.300 billion (up 1.5% year on year) and recurring income was ¥35.173 billion (up 7.3% year on year).

(3) Global Construction and Real Estate Business

In the single-family homes business in the U.S., performance remained strong, as unit selling prices increased against the backdrop of robust demand for housing and the number of units sold also increased in the states of Texas, Maryland, Utah, Washington, etc., where the Group conducts business. In March last year, we acquired the housing business of Biscayne Homes, a company that builds single-family homes in Florida, enhancing our business presence in the state. In the Fully Integrated Turnkey Provider (FITP) business, which integrates the processes of panel design, manufacturing, delivery, and installation in a streamlined production system, results were sluggish due to the impact of a weak multi-family housing market, although measures were taken to enhance the business structure. Such measures include the start of operation of a new factory in North Carolina.

In the real estate development business, results were sluggish due to the partial postponement of the sale of multi-family housing and commercial and mixed-use complexes that had been scheduled to take place in the fiscal year under review. Nevertheless, we promoted initiatives that contribute to the realization of a decarbonized society. For example, we completed the construction of an ESG conscious, seven-floor wooden office building in Texas, U.S. in April last year, in collaboration with IINO KAIUN KAISHA, LTD., Kumagai Gumi Co., Ltd., and a major local developer.

With regard to the single-family homes business in Australia, performance recovered as demand mainly from first-time home buyers remained strong in the state of Western Australia and unit selling prices rose, although the market environment continued to be difficult due to persistently high policy rates and construction costs. In November last year, we acquired equity shares in Metricon Group, Australia's largest home builder that mainly engages in the order home business in eastern Australia, in our efforts to further expand the single-family homes business in Australia.

In the medium- to large-scale wooden construction business in Japan, we steadily advanced collaboration with Kumagai Gumi Co., Ltd. For example, in December last year, a joint venture between the Company and Kumagai Gumi Co., Ltd. started the construction of an elementary school facility in Yachiyo City, Chiba Prefecture, which is made of a mixed structure of wood and steel.

As a result of the above, net sales for the Global Construction and Real Estate Business came to ¥1,239.997 billion (up 30.8% year on year) and recurring income was ¥147.451 billion (up 31.6% year on year).

(4) Environment and Resources Business

In the renewable energy business, results were sluggish as fuel prices continued to soar and caused a decline in profit margin, although the wood biomass power plants established in six locations across Japan were in stable operation.

In the forest resources business, the selling price of logs bound for China dropped in New Zealand and costs for maintaining planted forests in Indonesia increased, leading to sluggish results.

In August last year, the Company started a new pilot peatland management project in Indonesia, using advanced technologies. Under a Memorandum of Cooperation signed by Japan's Ministry of the Environment and Indonesia's Ministry of Environment and Forestry, the project aims to achieve forest management that balances both the economy and the environment, by preventing peat fires and haze and taking other measures toward the establishment of a sustainable tropical peatland management model.

As a result of the above, net sales for the Environment and Resources Business came to ¥26.950 billion (up 8.5% year on year) and recurring income was ¥0.236 billion (down 58.1% year on year).

(5) Other Businesses

Besides the aforementioned businesses, the Group is engaged in a wide range of service businesses, including management of private nursing home/private elderly care facilities with nursing care and non-life insurance agency services for residential customers. This also includes the share of profit of entities accounted for using equity method associated with Kumagai Gumi Co., Ltd.

As a result of the above, net sales of Other Businesses came to ¥27.314 billion (up 4.9% year on year) and recurring income was ¥0.705 billion (down 67.8% year on year).

(2) Overview of Financial Position for the Period under Review

Total assets came to ¥2,261.128 billion at the end of the fiscal year under review, an increase of ¥436.402 billion year on year. This increase was attributable mainly to an increase in real estate for sale accompanying the expansion of the spec home business chiefly in the U.S., and the impact of foreign currency conversion and newly consolidated entities. Liabilities increased ¥242.737 billion from the end of the previous consolidated fiscal year to ¥1,241.002 billion, mainly due to an increase in borrowings. Net assets came to ¥1,020.127 billion and equity ratio was 40.7%.

(3) Overview of Cash Flow for the Period under Review

There was a net increase of ¥31.526 billion in cash and cash equivalents (hereafter, "cash") to ¥206.297 billion as at the end of the fiscal year under review.

A summary of cash flow is presented below.

(Operating activities)

Net cash provided by operating activities was ¥27.078 billion (compared to ¥125.300 billion the previous consolidated fiscal year). This was due mainly to an increase in cash resulting from posting of ¥192.029 billion in income before income taxes, even as cash decreased as a result of an increase in real estate for sale associated with the expansion of the spec home business mainly in the U.S.

(Investment activities)

Net cash used in investment activities was ¥135.103 billion (compared to ¥112.497 billion the previous consolidated fiscal year). This was due mainly to the use of cash for the development of multi-family homes, as well as the acquisition of the housing business of a company that builds single-family homes, in the U.S.

(Financing activities)

Net cash provided by financing activities was ¥133.225 billion (compared to ¥10.236 billion the previous consolidated fiscal year). This was due mainly to cash provided by an increase in long-term borrowings, which offset the use of cash for the payment of dividends.

(4) Future Outlook

In the global economy, despite the expectation that the economy will continue to show signs of picking up, the outlook remains highly uncertain due to the manifestation of geopolitical risks, among other factors. In the U.S., there are concerns over a resurgence of inflation caused by shifts in immigration, fiscal, and economic policies following the change of administration. In the Japanese economy, while moderate economic recovery is likely to continue as the employment and income environment continues to improve, there is a need to pay attention to the impact of such factors as financial market fluctuations resulting from policy rate hikes.

(Summary of the Medium-Term Management Plan "Mission TREEING 2030 Phase 1")

Under the Medium-Term Management Plan "Mission TREEING 2030 Phase 1," the Group drove forward the building of a foundation that will secure future growth and enable us to contribute to decarbonization, based on the five basic policies of "efforts to address decarbonization challenges using wood resources," "promotion of a more resilient earnings base," "acceleration of global expansion," "strengthen management base for sustainable growth," and "further integration of business operations and ESG."

Numerical targets and results are shown in the table below.

	Period covered by "Mission TREEING 2030 Phase 1"				Targets for the 85th fiscal year (ended December 31, 2024)
	Results for the 83rd fiscal year (ended December 31, 2022)	Results for the 84th fiscal year (ended December 31, 2023)	Results for the 85th fiscal year (ended December 31, 2024)	Difference from target	
Net sales	¥1,669.7 billion	¥1,733.2 billion	¥2,053.7 billion	+¥283.7 billion	¥1,770.0 billion
Recurring income (Note 2)	¥195.0 billion	¥158.9 billion	¥198.0 billion	+¥25.0 billion	¥173.0 billion
Net income attributable to shareholders of parent	¥108.7 billion	¥102.2 billion	¥116.5 billion	+¥0.5 billion	¥116.0 billion
Return on equity (ROE)	19.4%	14.8%	13.9%	(1.1)%	15% or higher

(Notes) 1. Numerical targets in the Medium-Term Management Plan "Mission TREEING 2030 Phase 1" are target values for the fiscal year ended December 31, 2024, set at the time when the plan was prepared.

2. Recurring income includes actuarial differences related to retirement benefit accounting. Actuarial differences related to retirement benefit accounting for the fiscal year ended December 31, 2024 was ¥9.8 billion.

(Advancement of the Medium-Term Management Plan "Mission TREEING 2030 Phase 2")

The Company has formulated the Medium-Term Management Plan "Mission TREEING 2030 Phase 2," which covers the three years from the 86th fiscal year (ending December 31, 2025) to the 88th fiscal year (ending December 31, 2027). Under the plan, we aim to achieve net sales of ¥3,220.0 billion, recurring income of ¥280.0 billion, net income attributable to shareholders of parent of ¥176.0 billion, and ROE of 15% or higher in three years, by the end of the 88th fiscal year (ending December 31, 2027). The overall theme of this Medium-Term Management Plan is "Three years for reform and materialization toward dramatic growth.” Under the five basic policies of “efforts to address decarbonization challenges,” “improvement of earning capacity,” “deepening of global expansion,” “strengthening of management base,” and “further integration of business operations and ESG,” we will work to achieve the targets.

<Basic policy>

(1) Efforts to address decarbonization challenges

- We will create new value of forests that are properly managed and expand sustainable forests.
- We will aim to further utilize wood by expanding the manufacturing business and build a foundation for the expansion of the range of use and consumption.
- We will increase the supply of wooden houses and promote the use of wood for medium- to large-scale constructions in and outside Japan.

(2) Improvement of earning capacity

- We will accelerate innovation and structural reforms in businesses in Japan.
- We will establish a foundation for the real estate development business in and outside Japan.
- We will pay attention to capital costs and aim to further improve the efficiency and profitability of assets and investments.

(3) Deepening of global expansion

- We will further improve the profitability of the overseas housing and real estate business and expand the business base for its stable growth.
- We will expand the scope and scale of business in each of the Japan, the U.S., Oceania, Southeast Asia, and Europe regions, build the foundation for and deepen the concept of Wood Cycle, and enhance the support by corporate departments.

(4) Strengthening of management base

- We will secure and nurture human resources that transform and create businesses, foster a free and open-minded organizational culture, and promote health and productivity management.
- We will revamp our business base through the use of IT and digitalization, and fundamentally transform operations and improve efficiency by promoting digital transformation.
- We will accelerate value creation with technology at the core, and advance the improvement of the quality of our work.

(5) Further integration of business operations and ESG

- We will steadily implement initiatives to achieve SBTs (Science Based Targets).
- We will draw attention to the value of sustainable products and services that contribute to decarbonization, and promote their market penetration.
- We will thoroughly ensure “safety first” and “zero defects.”
- We will make sure that our business operations give due consideration to local stakeholders.

<Policy on return to shareholders>

Sumitomo Forestry Co., Ltd. considers providing returns to shareholders to be one of its highest priorities. Our shareholder return policy under the Medium-Term Management Plan “Mission TREEING 2030 Phase 2" is to provide returns in accordance with profits, with a payout ratio of 30% or higher of net income attributable to shareholders of parent, as well as to ensure an annual dividend of at least ¥150.00 per share from the perspective of paying out stable dividends.

(Reference) Positioning of the Long-Term Vision and Medium-Term Management Plan “Mission TREEING 2030 Phase 2”

Mission TREEING 2030

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

By providing value for the global environment, for people and society, and for the market economy, we at Sumitomo Forestry Group will strive to make our planet safer and more secure for current and future generations of people and all living beings. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future.

Value for our planet × Value for people and society × Value for the market economy

Business Policy

1. Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy
2. Advancing globalization
3. Striving for transformation and the creation of new value
4. Transforming our business foundation for growth

Medium-Term Management Plan “Mission TREEING 2030 Phase 1”

(FY12/2022–FY12/2024)

Three years to build a foundation for future growth and for contributing to decarbonization

Medium-Term Management Plan “Mission TREEING 2030 Phase 2”

(FY12/2025–FY12/2027)

Three years for reform and materialization toward dramatic growth

Basic policy

1. **Efforts to address decarbonization challenges**
2. **Improvement of earning capacity**
3. **Deepening of global expansion**
4. **Strengthening of management base**
5. **Further integration of business operations and ESG**

(Achievement of SDGs(Sustainable Development Goals) and contribution to the realization of a sustainable society)

In our Long-term Vision, “Mission TREEING 2030: Making our planet safer and more secure for future generations,” the Group has identified nine key issues so that we can provide “Value for our planet” through our business activities as the foundational value as well as “Value for people and society” and “Value for the market economy” as the derivative value.

The Medium-Term Management Plan “Mission TREEING 2030 Phase 2” continues to include “further integration of business operations and ESG" as one of the basic policies, and we have established individual indicators linked to the respective SDGs for each key issue. With regard to the climate change issue, we are steadily promoting initiatives to disclose information based on the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations and other international frameworks, as well as to achieve RE100 and SBTs (Science Based Targets). In relation to the existing targets approved as SBTs, we have set new long-term targets for Scope 1*, 2**, and 3*** to achieve net zero emissions by 2050, as well as reviewed the targets for 2030.

We address not only the climate change issue but also nature-related issues. In 2023, we declared our intention to disclose information in line with the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations. We will promote initiatives to ensure biodiversity and protect and restore nature. The Group will meet expectations from society, including the SDGs, by achieving the targets set for each material issue, and put effort into improving corporate value.

* Scope 1 refers to direct greenhouse gas emissions from the use of fuels within the Group. (E.g. CO2 emissions from the use of gasoline in company cars)

** Scope 2 refers to indirect greenhouse gas emissions from purchased electric power and heat. (E.g. CO2 emissions from the use of electric power at offices)

*** Scope 3 refers to greenhouse gas emissions from supply chains. (E.g. CO2 emissions from the use of products sold)

Along with the aforementioned efforts, the Group will anticipate social changes and further improve our corporate value by such means as enhancing corporate governance, coexisting with the environment, improving customer satisfaction, respecting human rights and diversity, and managing risks as well as complying with laws as we accept feedback from our shareholders and other stakeholders.

Nine material issues and related SDGs

Value for our planet	To enhance the value of forests and wood through sustainable forest management	Nurturing forests to enhance and harness the value of wood and other forest resources.	13, 15
	To realize carbon neutrality by leveraging forests and wood resources	Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequestrate carbon, and by providing low-carbon/carbon-free products and services.	7, 13
	To realize a circular bioeconomy by leveraging forests and wood resources	Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.	11, 12, 15
Value for people and society	To provide comfortable and secure spaces for society at large	Providing safe, comfortable and secure spaces to society at large.	3, 9, 11
	To improve the livelihood of the local communities where we operate	Creating jobs through our businesses and contributing to the development of local communities.	3, 8, 11
	To create a vibrant environment for all workers	Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.	3, 5, 8
Value for the market economy	To create new markets with forests and wood	Creating new markets that enrich the economy through the resourceful use of forests and wood.	9, 11
	To transform markets through DX and innovation	Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.	9
	To establish a robust business structure	Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.	16

(5) Basic Policy on Profit Distribution and Dividends for FY12/24 and FY12/25

Sumitomo Forestry Co., Ltd. considers providing returns to shareholders to be one of its highest priorities. We will work to improve return on equity (ROE) and increase shareholders' equity by effectively utilizing internal reserves in effective investments and research and development activities that contribute to the improvement of long-term corporate value. At the same time, we will return an appropriate level of earnings to shareholders in accordance with profits, while taking into account the need to balance these distributions with the base of operations, financial position, cash flow and other items. Based on the previous basic policy to return profit continuously and stably, for the fiscal year ended in December 2024, the Company plans to pay a fiscal year-end dividend of ¥80.00 per share. Together with the interim dividend of ¥65.00 per share that the Company has already paid, this will bring the dividend for the full year to ¥145.00 per share.

Our shareholder return policy under the Medium-Term Management Plan "Mission TREEING 2030 Phase 2" (FY12/2025–FY12/2027) is to provide returns in accordance with profits, with a payout ratio of 30% or higher of net income attributable to shareholders of parent, as well as to ensure an annual dividend of at least ¥150.00 per share from the perspective of paying out stable dividends. For the fiscal year ending in December 2025, the Company plans to pay an annual dividend of ¥182.00 per share consisting of an interim dividend of ¥91.00 and a year-end dividend of ¥91.00.

2. Basic Thinking on Selection of Accounting Standards

The Sumitomo Forestry Group applies Japanese standards when preparing consolidated financial statements. Our policy on the application of international accounting standards is to address the matter appropriately based on circumstances in Japan and other countries where we do business.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	Current consolidated fiscal year (as of December 31, 2024)
Assets		
Current assets		
Cash and deposits	154,067	181,043
Notes and accounts receivable-trade	103,164	104,734
Electronically recorded monetary claims	41,053	44,652
Accounts receivable from completed construction contracts and contract assets	65,213	93,219
Marketable securities	3,167	5,062
Merchandise and finished goods	21,209	22,970
Work in process	2,026	2,524
Raw materials and supplies	12,409	13,838
Costs on construction contracts in progress	16,176	20,435
Real estate for sale	127,930	178,921
Real estate for sale in process	524,556	681,755
Short-term loans receivable	27,358	30,381
Accounts receivable-other	87,420	101,301
Other	50,972	66,022
Allowance for doubtful account	(489)	(767)
Total current assets	1,236,230	1,546,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	118,115	131,943
Accumulated depreciation	(59,443)	(66,327)
Buildings and structures, net	58,671	65,616
Machinery, equipment and vehicles	95,486	102,615
Accumulated depreciation	(72,070)	(77,715)
Machinery, equipment and vehicles, net	23,416	24,900
Land	52,317	71,641
Timber	43,177	44,356
Leased assets	28,429	43,169
Accumulated depreciation	(9,821)	(20,486)
Leased assets, net	18,608	22,683
Construction in process	22,410	47,958
Other	24,011	28,135
Accumulated depreciation	(16,265)	(19,185)
Other, net	7,746	8,950
Total property, plant and equipment	226,345	286,103
Intangible assets		
Goodwill	41,335	42,246
Other	34,755	32,760
Total intangible assets	76,091	75,006
Investments and other assets		
Investment securities	229,667	268,895
Long-term loans receivable	16,418	30,941
Retirement benefit assets	4,653	14,189
Deferred tax assets	8,312	9,460
Other	28,089	31,288
Allowance for doubtful account	(1,078)	(843)
Total investments and other assets	286,062	353,929
Total non-current assets	588,497	715,038
Total assets	1,824,727	2,261,128

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	Current consolidated fiscal year (as of December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	107,458	96,983
Electronically recorded obligations	30,931	33,864
Accounts payable for construction contracts	130,618	156,300
Short-term borrowings	51,755	93,702
Commercial papers	30,000	-
Current portion of bonds payable	10,012	10,044
Lease obligations	3,615	5,778
Income taxes payable	8,152	8,910
Contract liabilities	86,916	97,588
Provision for bonuses	21,970	23,742
Provision for bonuses for directors (and other officers)	144	168
Provision for warranties for completed construction	10,203	17,699
Asset retirement obligations	325	1,033
Other	104,729	116,340
Total current liabilities	596,829	662,152
Long-term liabilities		
Bonds payable	80,192	70,116
Long-term borrowings	230,306	413,856
Lease obligations	17,991	19,915
Deferred tax liabilities	34,612	38,340
Provision for retirement benefits for directors (and other officers)	372	171
Retirement benefits liability	10,587	9,724
Asset retirement obligations	3,248	2,568
Other	24,128	24,161
Total long-term liabilities	401,437	578,850
Total liabilities	998,265	1,241,002
Net assets		
Shareholders' equity		
Common stock	55,088	55,101
Capital surplus	36,530	34,667
Retained earnings	523,988	613,765
Treasury shares	(2,517)	(2,521)
Total shareholders' equity	613,089	701,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,201	37,902
Deferred gains (losses) on hedges	5,812	8,533
Foreign currency translation adjustment	97,933	172,840
Remeasurements of defined benefit plans	45	62
Total accumulated other comprehensive income	140,991	219,335
Share acquisition rights	74	69
Non-controlling interests	72,307	99,711
Total net assets	826,462	1,020,127
Total liabilities and net assets	1,824,727	2,261,128

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(million yen)

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net sales	1,733,169	2,053,650
Cost of sales	1,324,339	1,550,698
Gross profit	408,830	502,952
Selling, general and administrative expenses	262,573	308,364
Operating income	146,258	194,588
Non-operating income		
Interest income	1,972	3,626
Purchase discount	347	325
Dividend income	2,039	3,182
Share of profit of entities accounted for using equity method	8,338	-
Foreign exchange gains	317	227
Gain on sale of investment securities	-	3,063
Other	9,223	9,290
Total non-operating income	22,236	19,714
Non-operating expenses		
Interest expense	4,338	7,718
Share of loss of entities accounted for using equity method	-	1,900
Other	5,234	6,730
Total non-operating expenses	9,572	16,347
Recurring income	158,921	197,955
Extraordinary income		
Gain on sale of investment securities	1,935	-
Total extraordinary income	1,935	-
Extraordinary loss		
Impairment loss	-	5,926
Total extraordinary loss	-	5,926
Profit before income taxes	160,856	192,029
Income taxes-current	36,688	41,697
Income taxes-deferred	(1,570)	2,926
Total income taxes	35,118	44,624
Net income	125,738	147,405
Net income attributable to non-controlling interests	23,568	30,877
Net income attributable to shareholders of parent	102,170	116,528

Consolidated Statements of Comprehensive Income

(million yen)

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net income	125,738	147,405
Other comprehensive income		
Valuation difference on available-for-sale securities	221	755
Deferred gains (losses) on hedges	1,053	1,436
Foreign currency translation adjustment	36,621	73,057
Share of other comprehensive income of entities accounted for using equity method	5,424	9,961
Total other comprehensive income	43,319	85,209
Comprehensive income	169,056	232,614
(Breakdown)		
Comprehensive income attributable to shareholders of parent	141,969	194,872
Comprehensive income attributable to non-controlling interests	27,088	37,742

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (January 1 to December 31, 2023)

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	50,074	31,493	447,216	(2,465)	526,318
Changes during the period					
Issuance of new shares					-
Issuance of new shares (exercise of share acquisition rights)	5,014	5,014			10,028
Dividends from surplus			(25,398)		(25,398)
Net income attributable to shareholders of parent			102,170		102,170
Purchase of treasury stock				(52)	(52)
Disposal of treasury stock					-
Change in stake of parent company related to transactions with non-controlling interests		24			24
Net changes in items other than shareholders' equity					
Total changes during the period	5,014	5,038	76,771	(52)	86,771
Balance at the end of current period	55,088	36,530	523,988	(2,517)	613,089

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	36,926	3,775	60,443	49	101,192	96	54,948	682,554
Changes during the period								
Issuance of new shares								-
Issuance of new shares (exercise of share acquisition rights)								10,028
Dividends from surplus								(25,398)
Net income attributable to shareholders of parent								102,170
Purchase of treasury stock								(52)
Disposal of treasury stock								-
Change in stake of parent company related to transactions with non-controlling interests								24
Net changes in items other than shareholders' equity	275	2,037	37,490	(3)	39,799	(22)	17,360	57,137
Total changes during the period	275	2,037	37,490	(3)	39,799	(22)	17,360	143,908
Balance at the end of current period	37,201	5,812	97,933	45	140,991	74	72,307	826,462

Current consolidated fiscal year (January 1 to December 31, 2024)

(million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	55,088	36,530	523,988	(2,517)	613,089
Changes during the period					
Issuance of new shares	11	11			21
Issuance of new shares (exercise of share acquisition rights)	3	3			5
Dividends from surplus			(26,750)		(26,750)
Net income attributable to shareholders of parent			116,528		116,528
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
Change in stake of parent company related to transactions with non-controlling interests		(1,877)			(1,877)
Net changes in items other than shareholders' equity					
Total changes during the period	13	(1,863)	89,778	(4)	87,923
Balance at the end of current period	55,101	34,667	613,765	(2,521)	701,012

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	37,201	5,812	97,933	45	140,991	74	72,307	826,462
Changes during the period								
Issuance of new shares								21
Issuance of new shares (exercise of share acquisition rights)								5
Dividends from surplus								(26,750)
Net income attributable to shareholders of parent								116,528
Purchase of treasury stock								(4)
Disposal of treasury stock								0
Change in stake of parent company related to transactions with non-controlling interests								(1,877)
Net changes in items other than shareholders' equity	701	2,721	74,906	16	78,344	(5)	27,403	105,742
Total changes during the period	701	2,721	74,906	16	78,344	(5)	27,403	193,665
Balance at the end of current period	37,902	8,533	172,840	62	219,335	69	99,711	1,020,127

(4) Consolidated Statements of Cash Flows

(million yen)

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	160,856	192,029
Depreciation and amortization	20,618	27,916
Impairment loss	-	5,926
Amortization of goodwill	5,563	8,453
Provision for (reversal of) doubtful accounts	27	(38)
Provision for (reversal of) employees' bonuses	(4,251)	272
Provision for (reversal of) directors' bonuses	(19)	24
Provision for (reversal of) warranties for completed construction	1,496	2,499
Provision for (reversal of) directors' retirement benefits	3	(201)
Net defined benefit liability (decrease)	(5,197)	(10,566)
Interest and dividends income	(4,011)	(6,808)
Interest expenses	4,338	7,718
Equity in (earnings) losses of affiliates	(8,338)	1,900
Losses (gains) on sale of marketable securities and investment securities	(1,935)	(2,965)
Decrease (increase) in notes and accounts receivable-trade and contract assets	7,731	(17,456)
Decrease (increase) in inventories	(49,042)	(112,119)
Decrease (increase) in other current assets	(11,882)	(16,470)
Increase (decrease) in notes and accounts payable-trade	12,270	(10,321)
Increase (decrease) in advances received	102	2,709
Increase (decrease) in contract liabilities	(813)	348
Increase (decrease) in accrued consumption taxes	2,731	(1,853)
Increase (decrease) in other current liabilities	2,848	3,517
Other	3,970	(9,142)
Subtotal	137,064	65,371
Interest and dividends income received	23,221	12,265
Interest paid	(4,272)	(7,540)
Income taxes paid	(30,713)	(43,018)
Net cash provided by (used in) operating activities	125,300	27,078

(million yen)

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net cash provided by (used in) investment activities		
Payments into time deposits	(5,102)	(5,342)
Proceeds from withdrawal of time deposits	10,061	5,371
Decrease (increase) in short-term loans receivable	1,292	(2,655)
Proceeds from sales and redemption of securities	-	5
Payments for purchases of property, plant and equipment	(28,394)	(63,852)
Proceeds from sales of property, plant and equipment	3,861	6,336
Payments for purchases of intangible assets	(4,498)	(5,579)
Payments for purchase of investment securities	(32,811)	(45,563)
Proceeds from sales and redemption of investment securities	4,287	11,554
Payments for transfer of business	(3,974)	(18,378)
Payments for purchase of subsidiary shares resulting in change in scope of consolidation	(49,242)	(776)
Payments in long-term loans payable	(7,726)	(14,916)
Repayments of long-term loans receivable	942	2,790
Other payments	(4,705)	(6,038)
Other proceeds	3,513	1,940
Net cash provided by (used in) investment activities	(112,497)	(135,103)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	(4,990)	36,220
Net increase (decrease) in commercial papers	30,000	(30,000)
Repayments of finance lease obligations	(3,631)	(4,150)
Proceeds from long-term debt	95,016	225,553
Repayment of long-term debt	(63,095)	(45,664)
Redemption of bonds	(28)	(10,044)
Proceeds from stock issuance to non-controlling interests	3,410	12,183
Cash dividends paid	(25,398)	(26,750)
Cash dividends paid to non-controlling interests	(19,510)	(22,271)
Proceeds from sale of subsidiary shares not resulting in change of scope of consolidation	-	674
Payments for purchase of subsidiary shares not resulting in change of scope of consolidation	(8)	(5,662)
Net decrease (increase) in deposits with withdrawal and usage restrictions	(1,526)	3,217
Other proceeds	0	0
Other payments	(4)	(81)
Net cash provided by (used in) financing activities	10,236	133,225
Effect of exchange rate change on cash and cash equivalents	4,358	6,327
Net increase (decrease) in cash and cash equivalents	27,398	31,526
Cash and cash equivalents at the beginning of period	147,373	174,771
Cash and cash equivalents at the end of period	174,771	206,297

(5) Notes to the Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Segment Information)

1. Outline of Reporting Segments

Reporting segments are discrete constituent units of the Sumitomo Forestry Group for which financial statements are separately prepared. In order to determine the allocation of the Group's management resources and evaluate its business results, the Board of Directors regularly discusses the reporting segments.

The Sumitomo Forestry Group has established divisions in its Headquarters to handle its products and services. Each division formulates comprehensive strategies for the products and services that it handles and uses these strategies to conduct its business activities.

Therefore, the Sumitomo Forestry Group consists of different product and service-oriented segments which are based around divisions. There are four reporting segments: the Timber and Building Materials Business, the Housing Business, the Global Construction and Real Estate Business, and the Environment and Resources Business.

The Timber and Building Materials Business is engaged in the purchase, manufacture, processing and sale, etc. of timber and building materials. The Housing Business is engaged in the contracted construction, aftersales maintenance, and renovation of detached houses and apartment buildings, the sale of spec homes, the leasing, management, purchase and sale and brokerage of real estate, house exterior fixtures and landscaping works contracting, urban greening works, CAD and site surveys, etc. The Global Construction and Real Estate Business is engaged in the sale of spec homes, construction of detached houses, development of multi-family and commercial mix use properties in overseas markets, the contracted construction of medium- to large-scale construction projects in Japan, etc. The Environment and Resources Business is engaged in the renewable energy generation business, the forestry business, and more.

(Matters Related to Changes in Reporting Segments)

Beginning from the consolidated fiscal year under review, the segment name of the Global Housing, Construction and Real Estate Business has been changed to the Global Construction and Real Estate Business. The change is only for the name of the reportable segment and does not affect segment information.

The name after the change is used to present the reporting segment for the previous consolidated fiscal year.

2. Method Used for Calculating Sales, Income (loss), Assets and Other Items by Each Reporting Segment

The accounting treatment used for all reporting segments is basically the same as the accounting treatment method adopted in the preparation of the consolidated financial statements, except for the treatment used to account for retirement benefit cost.

Lump-sum expenses such as actuarial differences for retirement benefit cost are not included in the income or losses of business segments.

Segment income figures are based on recurring income.

Intersegment sales and transfers are priced in accordance with prevailing market prices.

Due to the finalization of the provisional accounting treatment for business combination, segment information for the previous consolidated fiscal year reflects a significant revision to the initial allocation of acquisition cost.

3. Information regarding Sales, Income (loss), Assets and Other Items by Each Reporting Segment

Previous consolidated fiscal year (January 1 to December 31, 2023)

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the consolidated financial statement (Note 3)
	Timber and Building Materials	Housing	Global Construction and Real Estate	Environment and Resources	Total				
Net sales									
(1) Unaffiliated customers	213,903	533,499	947,276	23,523	1,718,201	14,375	1,732,576	593	1,733,169
(2) Intersegment sales/transfer	22,198	529	796	1,319	24,841	11,663	36,504	(36,504)	—
Total	236,101	534,028	948,072	24,842	1,743,042	26,038	1,769,080	(35,911)	1,733,169
Segment income (loss)	11,185	32,784	112,044	564	156,578	2,193	158,770	151	158,921
Segment assets	226,743	216,917	1,046,585	88,990	1,579,236	75,886	1,655,122	169,605	1,824,727
Other items									
Depreciation and amortization (Note 4)	4,333	5,712	5,221	2,173	17,439	2,060	19,500	1,118	20,618
Amortization of goodwill	—	180	5,383	—	5,563	—	5,563	—	5,563
Interest income	294	10	1,584	87	1,975	0	1,975	(3)	1,972
Interest expenses	853	527	5,019	649	7,047	180	7,227	(2,889)	4,338
Equity in earnings (losses) of affiliates	128	—	6,046	(26)	6,148	2,189	8,338	0	8,338
Investments in equity method affiliates	7,813	—	93,468	6,194	107,475	41,109	148,584	6	148,590
Increase in property, plant and equipment and intangible assets (Note 4)	4,743	7,374	34,700	3,844	50,662	3,276	53,937	971	54,908

(Notes) 1. “Other” is business segments not included in the reporting segments. Such segments include private nursing home/private elderly care facilities with nursing care business, insurance agency business, and civil engineering/construction work.

2. Adjustments are as presented below.

(1) Adjusted sales to unaffiliated customers of ¥593 million are attributable to the administrative departments and comprised mainly of rent from Company landholdings.

(2) The adjusted segment income of ¥151 million includes ¥(76) million in eliminated intersegment transactions, a ¥5,003 million actuarial gain associated with retirement benefit costs, and ¥(4,776) million in corporate losses which are not allocated to any of the reporting segments.

Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

(3) The adjusted segment assets of ¥169,605 million include ¥(12,183) million in eliminated intersegment transactions and ¥181,787 million in corporate assets which are not allocated to any of the reporting segments.

Corporate assets are mainly unused funds after management (cash and deposits, securities, and short-term debt), long-term investments (investment securities) and assets used by administrative departments.

3. Total segment income (loss) and segment assets are adjusted against recurring income and assets shown in the consolidated financial statements, respectively.

4. The increase in depreciation expenses, property, plant and equipment and intangible assets includes long-term prepaid expenses and write offs associated with these expenses.

Current consolidated fiscal year (January 1 to December 31, 2024)

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the consolidated financial statement (Note 3)
	Timber and Building Materials	Housing	Global Construction and Real Estate	Environment and Resources	Total				
Net sales									
(1) Unaffiliated customers	231,519	541,803	1,238,859	25,619	2,037,801	15,257	2,053,057	593	2,053,650
(2) Intersegment sales/transfer	21,637	497	1,138	1,331	24,603	12,057	36,660	(36,660)	—
Total	253,156	542,300	1,239,997	26,950	2,062,404	27,314	2,089,717	(36,067)	2,053,650
Segment income (loss)	10,001	35,173	147,451	236	192,860	705	193,566	4,389	197,955
Segment assets	243,739	236,358	1,393,753	90,907	1,964,757	73,725	2,038,482	222,646	2,261,128
Other items									
Depreciation and amortization (Note 4)	4,374	6,118	12,116	2,042	24,649	2,342	26,991	925	27,916
Amortization of goodwill	—	359	8,093	—	8,453	—	8,453	—	8,453
Interest income	366	12	3,155	66	3,598	0	3,598	28	3,626
Interest expenses	967	763	9,355	757	11,841	164	12,005	(4,287)	7,718
Equity in earnings (losses) of affiliates	(193)	—	(2,331)	232	(2,292)	391	(1,901)	1	(1,900)
Investments in equity method affiliates	8,360	—	126,497	11,069	145,926	39,876	185,801	6	185,807
Increase in property, plant and equipment and intangible assets (Note 4)	10,543	7,837	54,767	4,681	77,829	1,550	79,378	1,506	80,884

(Notes) 1. “Other” is business segments not included in the reporting segments. Such segments include private nursing home/private elderly care facilities with nursing care business, insurance agency business, and civil engineering/construction work.

2. Adjustments are as presented below.

(1) Adjusted sales to unaffiliated customers of ¥593 million are attributable to the administrative departments and comprised mainly of rent from Company landholdings.

(2) The adjusted segment income of ¥4,389 million includes ¥57 million in eliminated intersegment transactions, a ¥9,802 million actuarial gain associated with retirement benefit costs, and ¥(5,470) million in corporate losses which are not allocated to any of the reporting segments.

Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

(3) The adjusted segment assets of ¥222,646 million include ¥(11,599) million in eliminated intersegment transactions and ¥234,245 million in corporate assets which are not allocated to any of the reporting segments.

Corporate assets are mainly unused funds after management (cash and deposits, securities, and short-term debt), long-term investments (investment securities) and assets used by administrative departments.

3. Total segment income (loss) and segment assets are adjusted against recurring income and assets shown in the consolidated financial statements, respectively.

4. The increase in depreciation expenses, property, plant and equipment and intangible assets includes long-term prepaid expenses and write offs associated with these expenses.

(Per-Share Information)

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net assets per share	¥3,684.87	¥4,497.17
Net income per share	¥504.01	¥569.40
Net income per share fully diluted	¥498.93	¥569.01

(Notes) 1. The basis for calculating net assets per share is as follows.

	Previous consolidated fiscal year (December 31, 2023)	Current consolidated fiscal year (December 31, 2024)
Total net assets (million yen)	826,462	1,020,127
Breakdown of deductions from total net assets (million yen)	72,382	99,780
(Subscription rights to shares (million yen))	(74)	(69)
(Non-controlling interests (million yen))	(72,307)	(99,711)
Total net assets for common stock (million yen)	754,080	920,347
Number of common shares issued (shares)	206,058,468	206,067,368
Number of treasury shares (shares)	1,416,107	1,416,955
Number of common stocks used for calculation of net asset per share (shares)	204,642,361	204,650,413

2. The basis for calculating net income per share and net income per share fully diluted is as follows.

	Previous consolidated fiscal year (January 1, 2023 – December 31, 2023)	Current consolidated fiscal year (January 1, 2024 – December 31, 2024)
Net income per share		
Net income attributable to shareholders of parent (million yen)	102,170	116,528
Income not available to common stockholders (million yen)	—	—
Net income attributable to shareholders of parent for common stock (million yen)	102,170	116,528
Weighted average number of shares outstanding (shares)	202,715,328	204,648,540
Net income per share fully diluted		
Adjusted net income attributable to shareholders of parent (million yen)	—	—
Common shares increase (shares)	2,061,189	142,031
(Convertible bonds with stock acquisition rights (shares))	(1,929,902)	(—)
(Stock acquisition rights (shares))	(69,046)	(59,081)
(Performance-linked stock compensation (shares))	(62,241)	(82,950)
Overview of potentially dilutive common shares not included in computation of net income per share fully diluted because of their anti-dilutive effect	—	—

3. Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

(Significant Subsequent Events)

Not applicable