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April 30, 2025

## Summary of Financial Results for the Three Months of the Fiscal Year Ending December 2025 [Japanese GAAP] (Consolidated)

Name of Company: Sumitomo Forestry Co., Ltd.	Stock Exchange Listing: Tokyo
Securities Code: 1911	URL: <a href="https://sfc.jp/english/">https://sfc.jp/english/</a>
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 to commence Dividend Payments: -	
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 three months of the FY ending December 2025 (January 1, 2025 – March 31, 2025)

(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	%
Three months ended March 31, 2025	511,632	12.8	38,480	(2.7)	37,272	(3.6)	20,188	(5.9)
Three months ended March 31, 2024	453,632	20.5	39,529	62.2	38,670	51.1	21,457	49.0

(Note) Comprehensive income

Three months ended March 31, 2025	(24,922) Million yen [- %]
Three months ended March 31, 2024	84,352 Million yen [255.1%]

	Net income per share	Net income per share fully diluted
	Yen	Yen
Three months ended March 31, 2025	98.65	98.57
Three months ended March 31, 2024	104.85	104.79

(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
	Million yen	Million yen	%
As of March 31, 2025	2,205,795	970,912	39.7
As of December 31, 2024	2,261,128	1,020,127	40.7

(Reference) Shareholders' equity

As of March 31, 2025	876,238 Million yen
As of December 31, 2024	920,347 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. Cash Dividends

	Cash dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2024	—	65.00	—	80.00	145.00
FY ending December 31, 2025	—				
FY ending December 31, 2025 (Forecast)		91.00	—	91.00	182.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

## 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

(Note) Revisions to the forecast of consolidated results most recently announced: None

\* Notice

(1) Significant changes in the scope of consolidation during the period: None

Newly included : None (Company name) :

Excluded : None (Company name) :

(2) Application of accounting treatment specific to the preparation of the quarterly consolidated financial statements: None

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

(a) Changes in accounting policies due to revision of accounting standards and other regulations : Yes

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

(c) Changes in accounting estimates : None

(d) Restatements : None

(4) Number of issued shares (common stock)

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

As of March 31, 2025	206,068,168	As of December 31, 2024	206,067,368
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(b) Number of treasury stock at the end of the period

As of March 31, 2025	1,417,168	As of December 31, 2024	1,416,955
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(c) Average number of shares outstanding during the period (three months from the beginning of the fiscal year)

As of March 31, 2025	204,650,937	As of March 31, 2024	204,644,054
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\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

\* 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.

(Obtain Quarterly 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 Thursday, May 1, 2025. The explanatory material on the financial results will be published on the website.

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## 1. Overview of the Results of Operations, etc.

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

During the three months ended March 31, 2025, the Group's results of operations were as follows: net sales of ¥511.632 billion (up 12.8% year on year), operating income of ¥38.480 billion (down 2.7% year on year), recurring income of ¥37.272 billion (down 3.6% year on year), and net income attributable to shareholders of parent of ¥20.188 billion (down 5.9% year on year).

The following summarized the results of operations by business segment. Net sales for each business segment include intersegment sales or transfer.

#### <Timber and Building Materials>

In the manufacturing business in New Zealand and Indonesia, profit margin deteriorated due to a decline in unit selling prices and an increase in costs. In addition, sales of timber and building materials were sluggish in the distribution business in Japan. As a result, both net sales and recurring income decreased year on year.

In the Timber and Building Materials, net sales were ¥58.245 billion (down 0.0% year on year) and recurring income was ¥564 million (down 75.7% year on year).

#### <Housing>

The number of houses under construction increased due to strong orders received in the previous fiscal year in the custom-built detached housing business, and profit margin improved mainly due to an increase in unit selling prices. As a result, both net sales and recurring income increased year on year.

In the Housing, net sales were ¥130.841 billion (up 13.2% year on year) and recurring income was ¥7.979 billion (up 95.1% year on year).

#### <Global Construction and Real Estate>

In the single-family homes business in U.S., while unit sales prices increased, the number of units sold decreased with a tendency of wait-and-see attitude in homebuyers due mainly to mortgage rates remaining high. In the single-family homes business in Australia, the number of units sold increased with the consolidation of Metricon Group which became a subsidiary of the Company at the end of the previous consolidated fiscal year, as well as steady sales in Western Australia. In addition, profit margin improved due to a decline in costs.

In the Global Construction and Real Estate, net sales were ¥317.153 billion (up 15.7% year on year) and recurring income was ¥27.539 billion (down 15.4% year on year).

#### <Environment and Resources>

Due partly to a decrease in sales of overseas forestry business, both net sales and recurring income decreased year on year.

In the Environment and Resources, net sales were ¥6.717 billion (down 6.8% year on year) and recurring income was ¥456 million (down 31.0% year on year).

#### <Other>

Mainly due to an increase in the occupancy ratio of private nursing home/private elderly care facilities with nursing care and an increase in share of profit of entities accounted for using equity method, both net sales and recurring income increased year on year.

In the Other, net sales were ¥6.854 billion (up 3.6% year on year) and recurring income was ¥2.031 billion (up 322.2% year on year).

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

Total assets came to ¥2,205.795 billion at the end of the period under review, a decrease of ¥55.333 billion from the end of the previous consolidated fiscal year. This decrease was attributable mainly to a decline in yen-translated amounts in foreign currency-denominated assets of overseas subsidiaries caused by the appreciation of the yen. Liabilities decreased ¥6.118 billion from the end of the previous consolidated fiscal year to ¥1,234.883 billion. This decrease was attributable to a decline in yen-translated amounts in foreign currency-denominated liabilities of overseas subsidiaries caused by the appreciation of the yen, despite an increase in borrowings. Net assets came to ¥970.912 billion and equity ratio was 39.7%.

## Quarterly Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2024)	First quarter cumulative period (as of March 31, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	181,043	157,711
Notes and accounts receivable-trade	104,734	95,473
Electronically recorded monetary claims	44,652	38,916
Accounts receivable from completed construction contracts and contract assets	93,219	92,887
Marketable securities	5,062	3,062
Merchandise and finished goods	22,970	22,403
Work in process	2,524	2,678
Raw materials and supplies	13,838	12,666
Costs on construction contracts in progress	20,435	21,841
Real estate for sale	178,921	178,090
Real estate for sale in process	681,755	678,080
Short-term loans receivable	30,381	36,968
Accounts receivable-other	101,301	86,396
Other	66,022	58,767
Allowance for doubtful account	(767)	(694)
Total current assets	1,546,090	1,485,244
Non-current assets		
Property, plant and equipment		
Buildings and structures	131,943	133,206
Accumulated depreciation	(66,327)	(66,652)
Buildings and structures, net	65,616	66,554
Machinery, equipment and vehicles	102,615	99,744
Accumulated depreciation	(77,715)	(75,924)
Machinery, equipment and vehicles, net	24,900	23,819
Land	71,641	70,486
Timber	44,356	42,872
Leased assets	43,169	42,425
Accumulated depreciation	(20,486)	(21,264)
Leased assets, net	22,683	21,162
Construction in process	47,958	52,771
Other	28,135	27,392
Accumulated depreciation	(19,185)	(18,825)
Other, net	8,950	8,567
Total property, plant and equipment	286,103	286,231
Intangible assets		
Goodwill	42,246	40,025
Other	32,760	31,249
Total intangible assets	75,006	71,275
Investments and other assets		
Investment securities	268,895	272,963
Long-term loans receivable	30,941	32,689
Retirement benefit assets	14,189	14,531
Deferred tax assets	9,460	10,094
Other	31,288	33,569
Allowance for doubtful account	(843)	(801)
Total investments and other assets	353,929	363,045
Total non-current assets	715,038	720,551
Total assets	2,261,128	2,205,795

(million yen)

	Previous consolidated fiscal year (as of December 31, 2024)	First quarter cumulative period (as of March 31, 2025)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	96,983	85,530
Electronically recorded obligations	33,864	34,128
Accounts payable for construction contracts	156,300	152,252
Short-term borrowings	93,702	105,224
Current portion of bonds payable	10,044	44
Lease obligations	5,778	5,438
Income taxes payable	8,910	7,069
Contract liabilities	97,588	105,774
Provision for bonuses	23,742	25,875
Provision for bonuses for directors (and other officers)	168	-
Provision for warranties for completed construction	17,699	16,710
Asset retirement obligations	1,033	320
Other	116,340	98,458
<b>Total current liabilities</b>	<b>662,152</b>	<b>636,824</b>
<b>Long-term liabilities</b>		
Bonds payable	70,116	70,116
Long-term borrowings	413,856	437,105
Lease obligations	19,915	18,629
Deferred tax liabilities	38,340	36,592
Provision for retirement benefits for directors (and other officers)	171	149
Retirement benefits liability	9,724	9,682
Asset retirement obligations	2,568	2,674
Other	24,161	23,114
<b>Total long-term liabilities</b>	<b>578,850</b>	<b>598,060</b>
<b>Total liabilities</b>	<b>1,241,002</b>	<b>1,234,883</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	55,101	55,102
Capital surplus	34,667	34,697
Retained earnings	613,765	617,491
Treasury shares	(2,521)	(2,522)
<b>Total shareholders' equity</b>	<b>701,012</b>	<b>704,768</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	37,902	37,279
Deferred gains (losses) on hedges	8,533	7,980
Foreign currency translation adjustment	172,840	126,154
Remeasurements of defined benefit plans	62	57
<b>Total accumulated other comprehensive income</b>	<b>219,335</b>	<b>171,470</b>
Share acquisition rights	69	68
Non-controlling interests	99,711	94,606
<b>Total net assets</b>	<b>1,020,127</b>	<b>970,912</b>
<b>Total liabilities and net assets</b>	<b>2,261,128</b>	<b>2,205,795</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income  
For the first quarter cumulative period (consolidated)

(million yen)

	Previous first quarter cumulative period (January 1, 2024 – March 31, 2024)	Current first quarter cumulative period (January 1, 2025 – March 31, 2025)
Net sales	453,632	511,632
Cost of sales	342,870	389,145
Gross profit	110,762	122,486
Selling, general and administrative expenses	71,232	84,007
Operating income	39,529	38,480
Non-operating income		
Interest income	741	1,173
Purchase discount	80	124
Dividend income	306	76
Share of profit of entities accounted for using equity method	-	303
Gain on sale of investment securities	42	-
Other	1,218	1,583
Total non-operating income	2,387	3,259
Non-operating expenses		
Interest expense	1,461	2,634
Share of loss of entities accounted for using equity method	132	-
Foreign exchange losses	81	172
Other	1,571	1,661
Total non-operating expenses	3,246	4,467
Recurring income	38,670	37,272
Profit before income taxes	38,670	37,272
Income taxes-current	10,701	10,489
Income taxes-deferred	(1,035)	(1,255)
Total income taxes	9,666	9,234
Net income	29,005	28,038
Net income attributable to non-controlling interests	7,547	7,850
Net income attributable to shareholders of parent	21,457	20,188

Consolidated Statements of Comprehensive Income  
For the first quarter cumulative period (consolidated)

(million yen)

	Previous first quarter cumulative period (January 1, 2024 – March 31, 2024)	Current first quarter cumulative period (January 1, 2025 – March 31, 2025)
Net income	29,005	28,038
Other comprehensive income		
Valuation difference on available-for-sale securities	6,268	(658)
Deferred gains (losses) on hedges	877	(415)
Foreign currency translation adjustment	41,871	(45,828)
Share of other comprehensive income of entities accounted for using equity method	6,331	(6,060)
Total other comprehensive income	55,347	(52,961)
Comprehensive income	84,352	(24,922)
(Breakdown)		
Comprehensive income attributable to shareholders of parent	73,302	(27,677)
Comprehensive income attributable to non-controlling interests	11,050	2,755

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes and other standards)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter "Current Income Taxes Standard (revised 2022)") and other standards from the beginning of the period under review.

With regard to the revision related to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the Current Income Taxes Standard (revised 2022), and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter "Tax Effect Accounting Guidance (revised 2022).") The changes in accounting policies have no impact on the Quarterly Consolidated Financial Statements for the period under review.

With regard to the revision associated with the review of treatment in Consolidated Financial Statements in case that gain or loss on sale of shares in a subsidiary, etc. among consolidated companies is deferred for tax purpose, the Tax Effect Accounting Guidance (revised 2022) has been applied from the beginning of the period under review. The changes in accounting policies have been retrospectively applied, and the Quarterly Consolidated Financial Statements for the first quarter in the previous consolidated fiscal year and the Consolidated Financial Statements for the previous consolidated fiscal year reflect the changes in accounting policies. The changes in accounting policies have no impact on the Quarterly Consolidated Financial Statements for the first quarter in the previous consolidated fiscal year and the Consolidated Financial Statements for the previous consolidated fiscal year.

(Notes on Segment Information, etc.)

Previous First Quarter Cumulative Period (Consolidated) (January 1, 2024 to March 31, 2024)

1. Information regarding sales and income (loss) for each reporting segment

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Global Construction and Real Estate	Environment and Resources	Total				
Net sales									
(1) Unaffiliated customers	53,348	115,507	274,044	6,934	449,834	3,654	453,488	144	453,632
(2) Intersegment sales/transfer	4,916	50	162	271	5,400	2,965	8,365	(8,365)	—
Total	58,265	115,557	274,206	7,205	455,233	6,619	461,852	(8,220)	453,632
Segment income (loss)	2,323	4,090	32,542	660	39,614	481	40,095	(1,425)	38,670

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. The adjusted segment loss of ¥1,425 million includes ¥109 million in eliminated intersegment transactions and ¥1,534 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. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

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

2. Information on Impairment Losses on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

This information has little significance and has therefore been omitted.

Current First Quarter Cumulative Period (Consolidated) (January 1, 2025 to March 31, 2025)

1. Information regarding sales and income (loss) for each reporting segment

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Global Construction and Real Estate	Environment and Resources	Total				
Net sales									
(1) Unaffiliated customers	53,587	130,778	316,919	6,276	507,560	3,926	511,486	146	511,632
(2) Intersegment sales/transfer	4,658	63	234	441	5,395	2,928	8,323	(8,323)	—
Total	58,245	130,841	317,153	6,717	512,955	6,854	519,809	(8,178)	511,632
Segment income (loss)	564	7,979	27,539	456	36,538	2,031	38,569	(1,297)	37,272

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. The adjusted segment loss of ¥1,297 million includes ¥(6) million in eliminated intersegment transactions and ¥1,290 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. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

2. Information on Impairment Losses on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

Not applicable.

(Notes related to Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows for the period under review were not prepared.

Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the current first quarter cumulative period were as follows.

	Previous first quarter cumulative period (January 1, 2024 – March 31, 2024)	Current first quarter cumulative period (January 1, 2025 – March 31, 2025)
Depreciation and amortization	6,784 Million yen	7,498 Million yen
Amortization of goodwill	1,961	1,606

(Significant Subsequent Events)

(Establishment of a subsidiary)

At the meeting of the Board of Directors held on April 30, 2025, the Company decided by resolution to establish Edge Land, LLC through Sumitomo Forestry America, Inc., a consolidated subsidiary of the Company. Edge land, LLC will be a consolidated subsidiary of the Company.

1. Purpose for the establishment of the subsidiary

For the purpose of enabling Edge Utah HoldCo, LLC, a subsidiary of the Company that operates the spec home business in Utah, U.S., to stably ensure land lots for a long time, the Company will establish Edge Land, LLC to acquire sites and prepare for land development for Edge Utah HoldCo, LLC.

2. Outline of a subsidiary to be established

(1) Name: Edge Land, LLC

(2) Location: Utah, U.S.

(3) Name and title of representative: Steven Maddox, Manager

(4) Business description: Land development preparation business in Utah, U.S.

(5) Capital at establishment: USD 48.5 million (¥7,263 million) (scheduled) (Note)

(6) Date of establishment: May 2025 (scheduled)

(7) Investment ratio: Sumitomo Forestry America, Inc. 95%

(Note) The amount in Japanese yen was converted at the exchange rate on April 1, 2025.