



Mission TREEING 2030 Phase 2

Overview of the Medium-Term Management Plan
(FY Ending December 2025 - FY Ending December 2027)

 **SUMITOMO FORESTRY CO.,LTD.**

February 14, 2025



Happiness Grows from Trees



Long-Term Vision Mission TREEING 2030

Sumitomo Forestry "WOOD CYCLE"

Mission TREEING 2030

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

By providing value for our planet, for people and society, and for the market economy, we at the 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

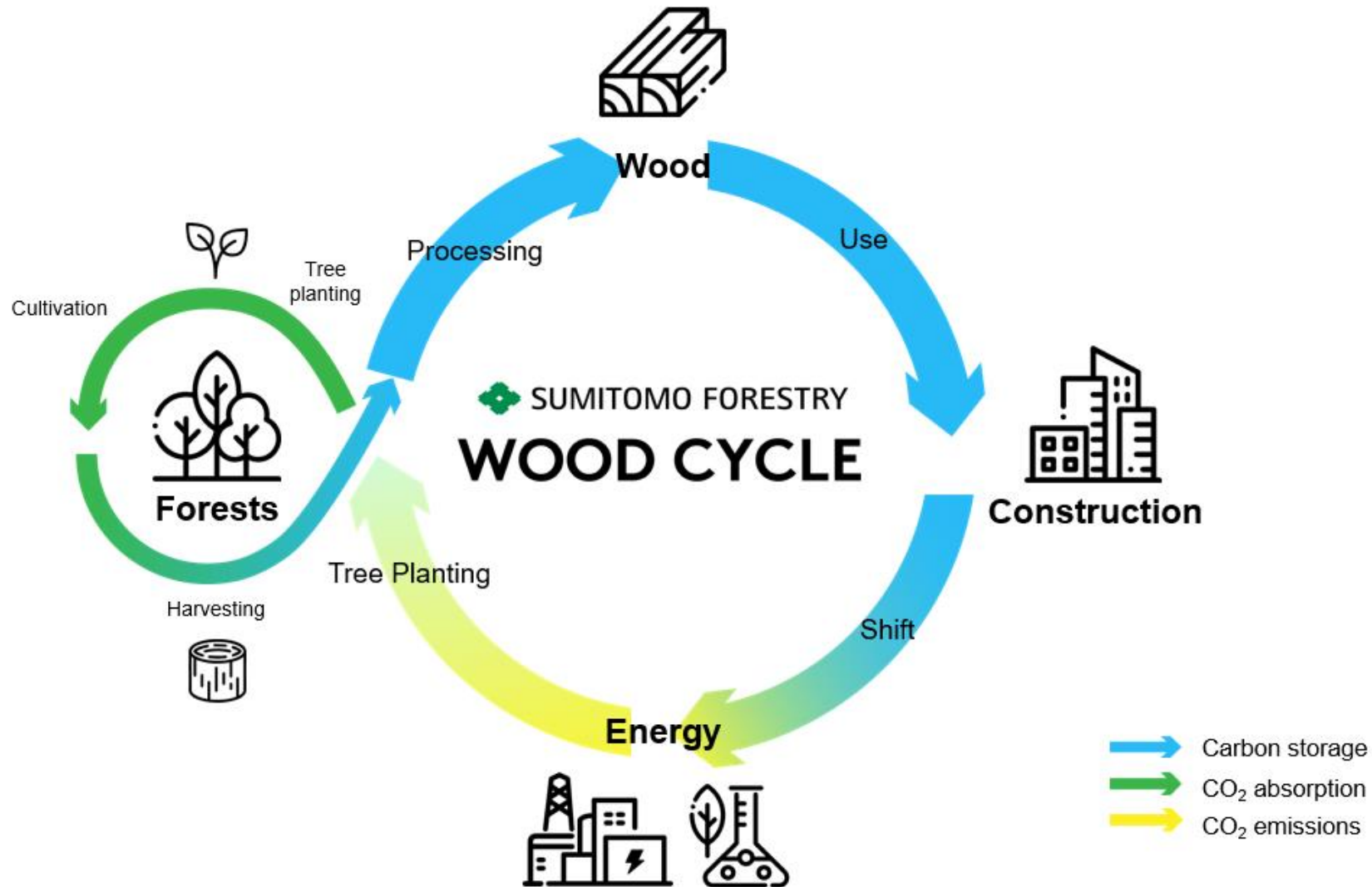


Value for
the market economy

Business policy

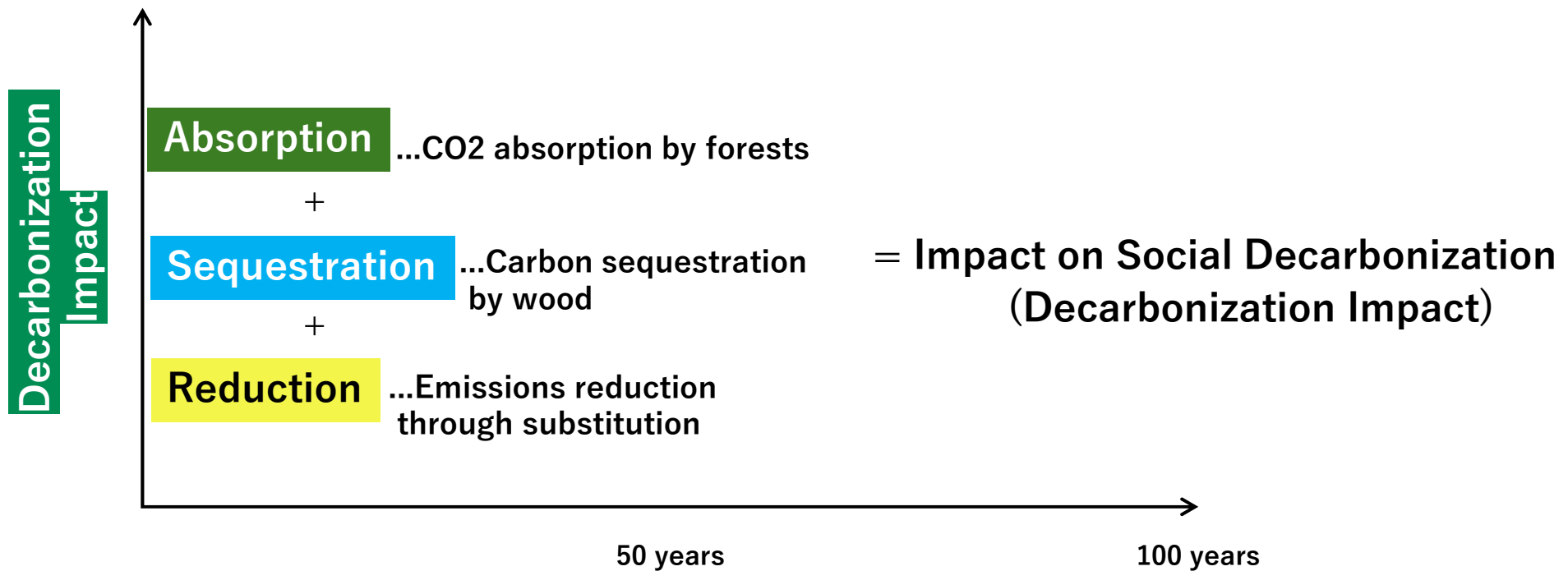
- Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy
- Advancing globalization
- Striving for transformation and the creation of new value
- Transforming our business foundation for growth

- Value Chain Centered on "Wood" - "WOOD CYCLE"



- Visualizing the **decarbonization impact** of wood resources.

※ Graph shows decarbonization impact on vertical axis and elapsed years on horizontal axis.



● Decarbonization impact in case of no harvesting

Absorption

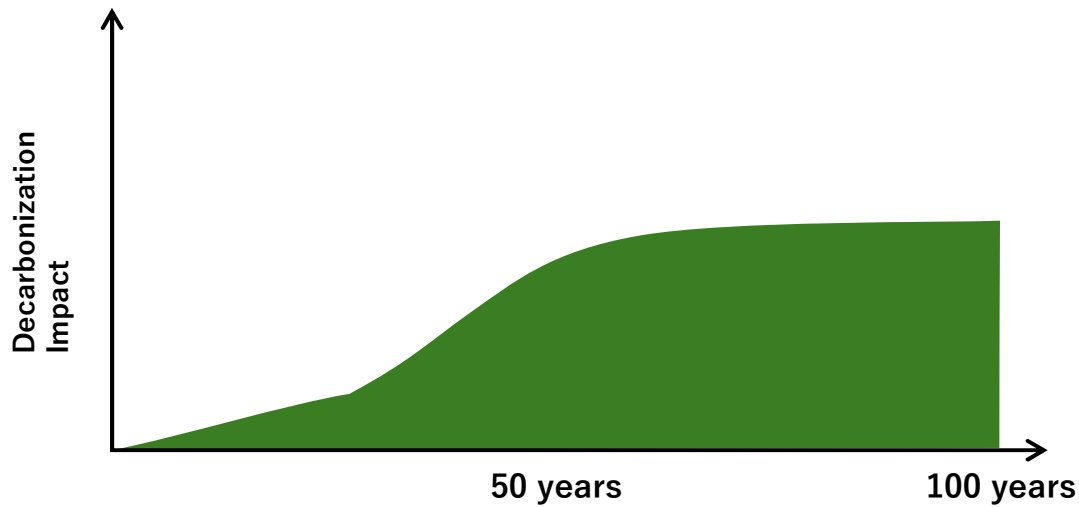
...CO2 absorption by forests

Sequestration

...Carbon sequestration by wood

Reduction

...Emissions reduction through substitution

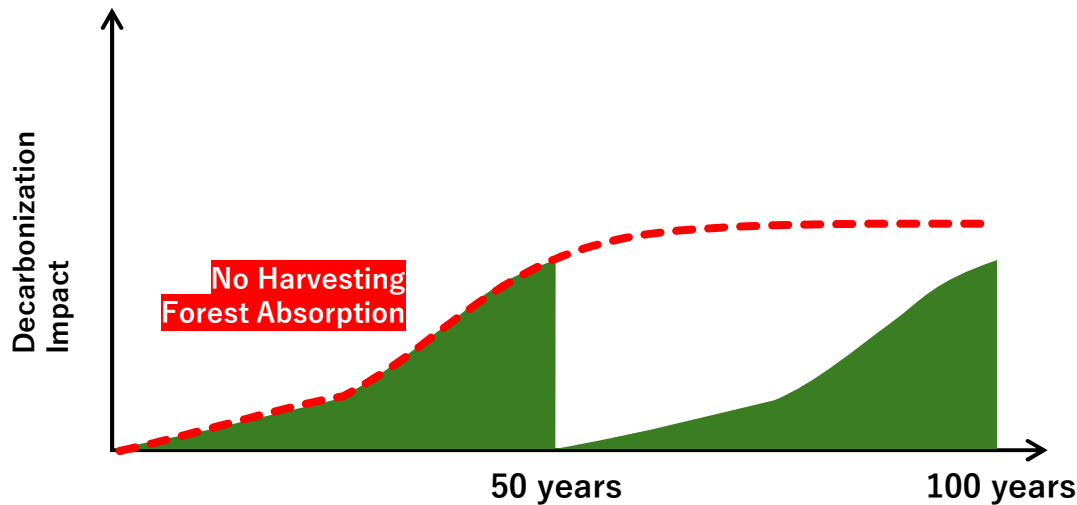


※This graph shows the accumulated CO2 absorption by forests.

※This is an example calculated based on company-owned forests (Japanese cedar) in Miyazaki.

Carbon absorption through forest harvesting & reforestation.

※After zoning into conservation forests and working forests, harvesting & reforestation of a portion of working forests (2% for domestic company-owned forests).

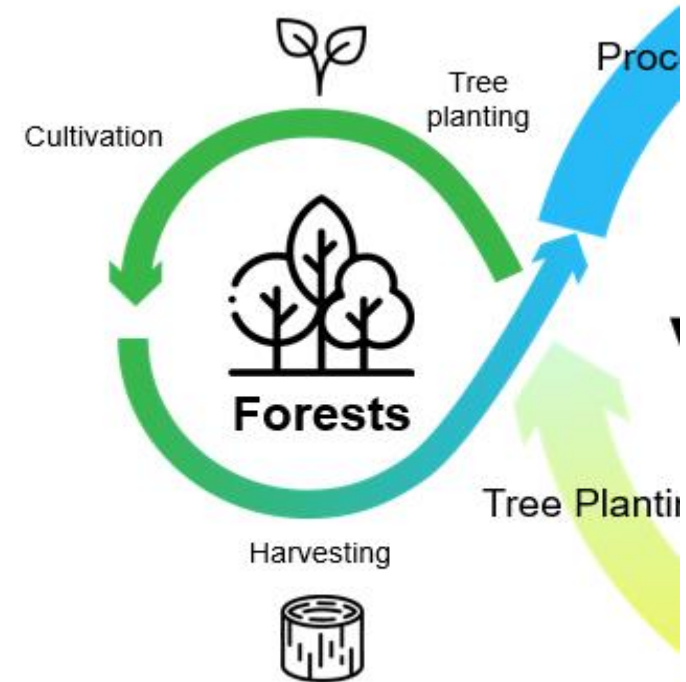


※This is an example calculated based on company-owned forests (Japanese cedar) in Miyazaki.

Absorption ...CO2 absorption by forests

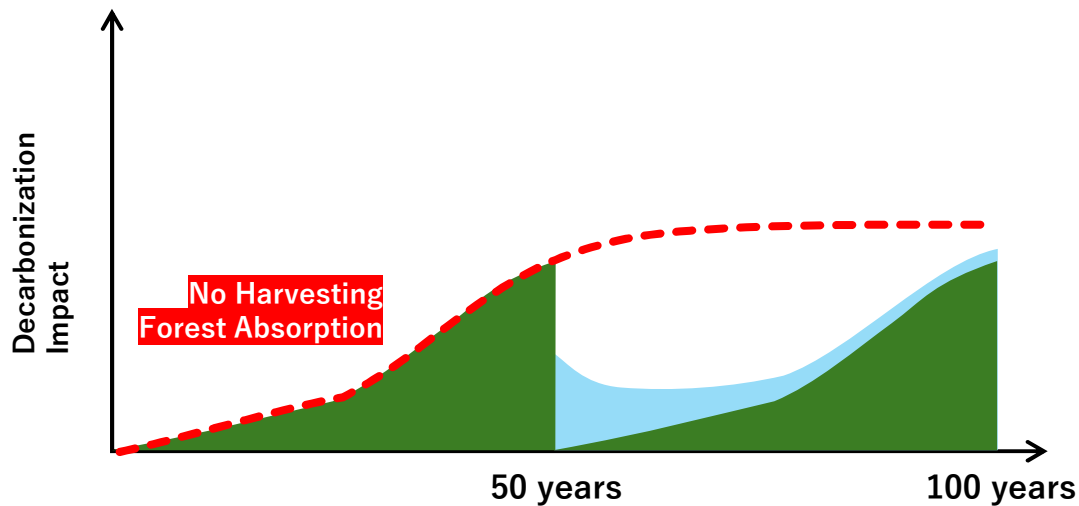
Sequestration ...Carbon sequestration by wood

Reduction ...Emissions reduction through substitution

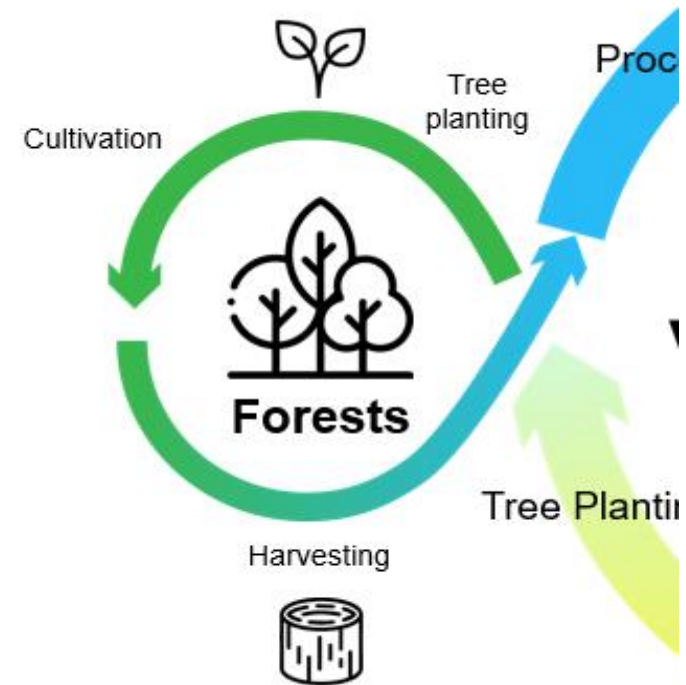
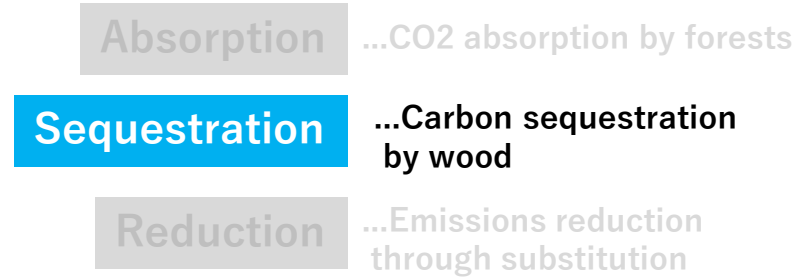


Carbon sequestration in woodland residue.

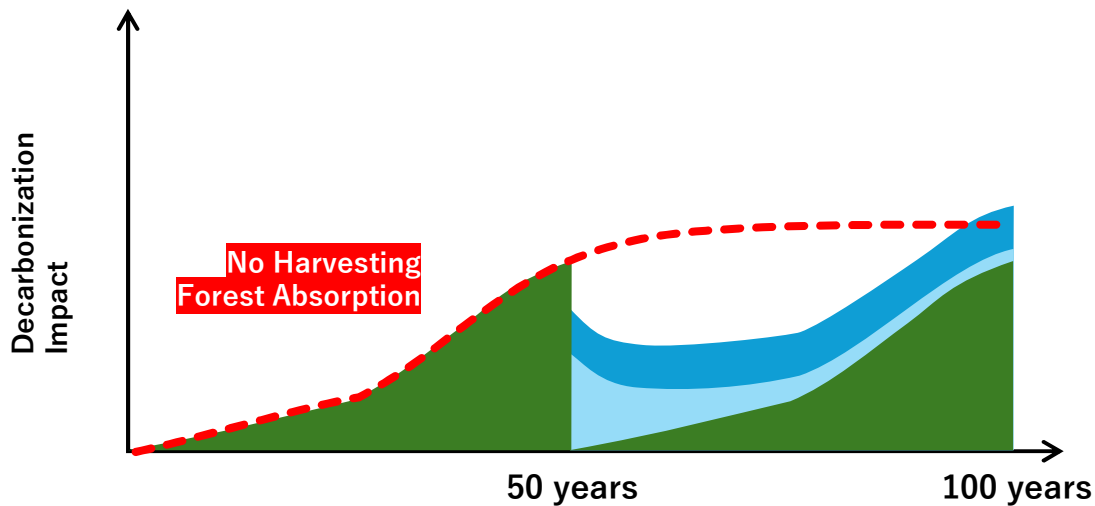
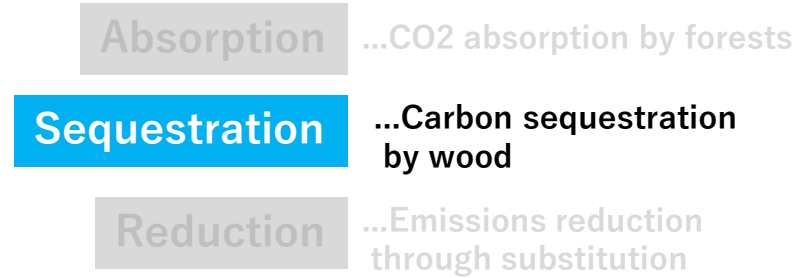
(Increase in sequestered woodland residue due to conducting not only initial thinning but also final cutting)



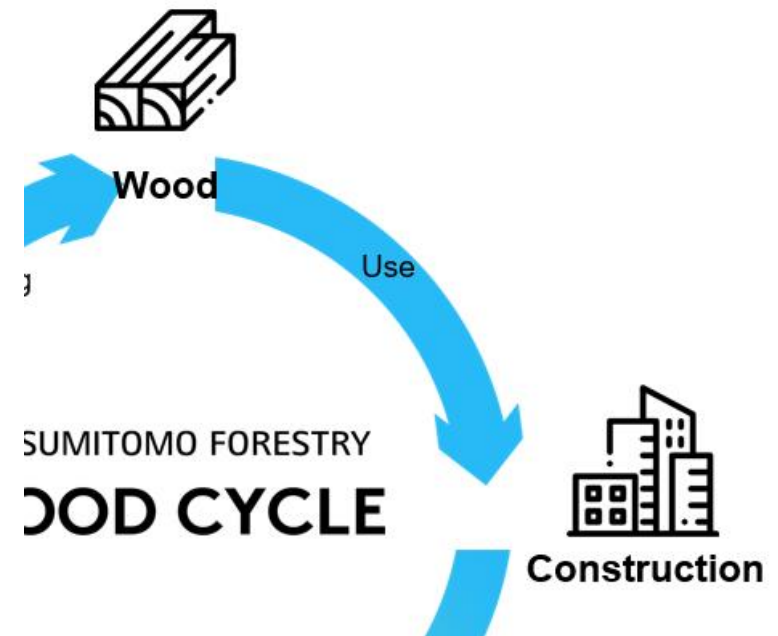
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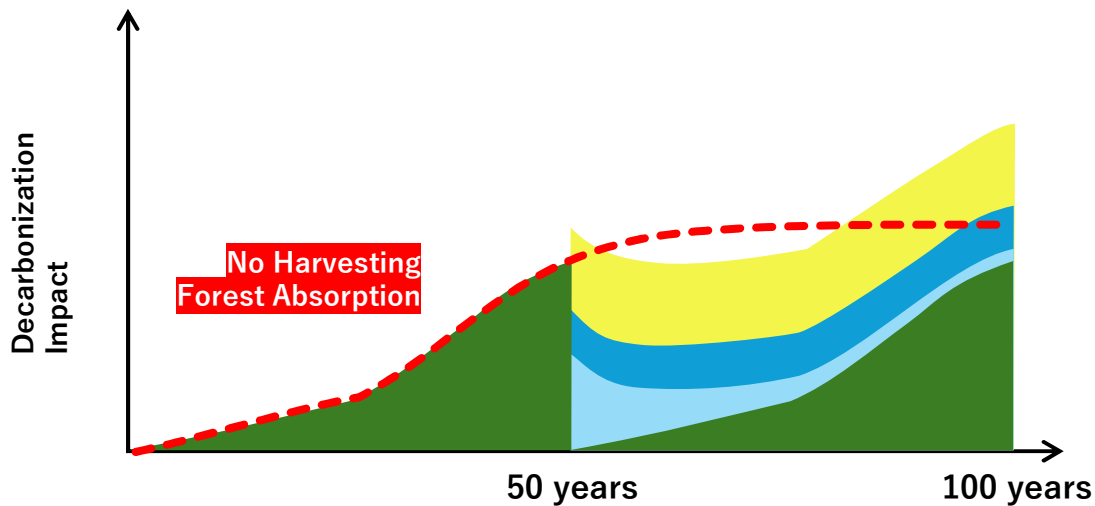
● **Carbon sequestration** in wood products (construction/wood products) known as HWP (Harvested Wood Products).



※This is an example calculated based on company-owned forests (Japanese cedar) in Miyazaki.



● Reduction of construction emissions through substitution of steel/RC construction material with wood products.

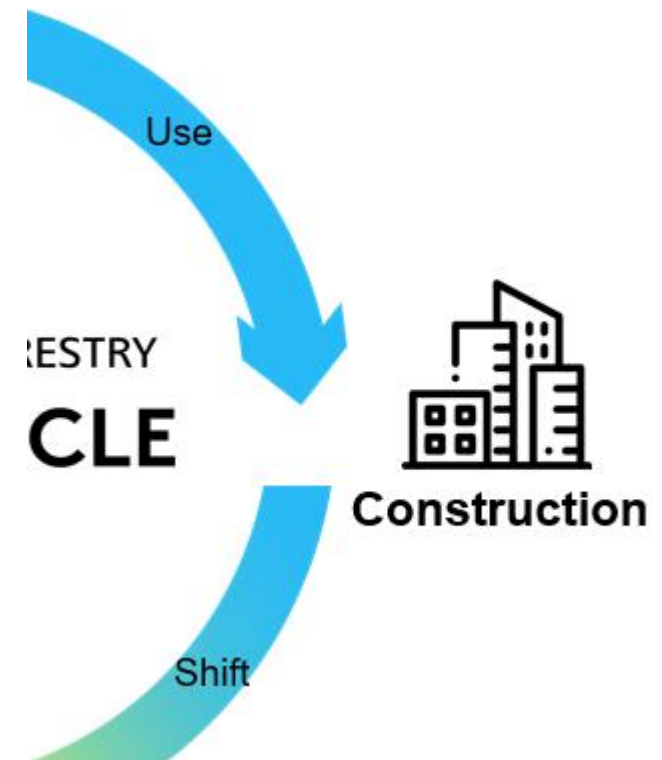


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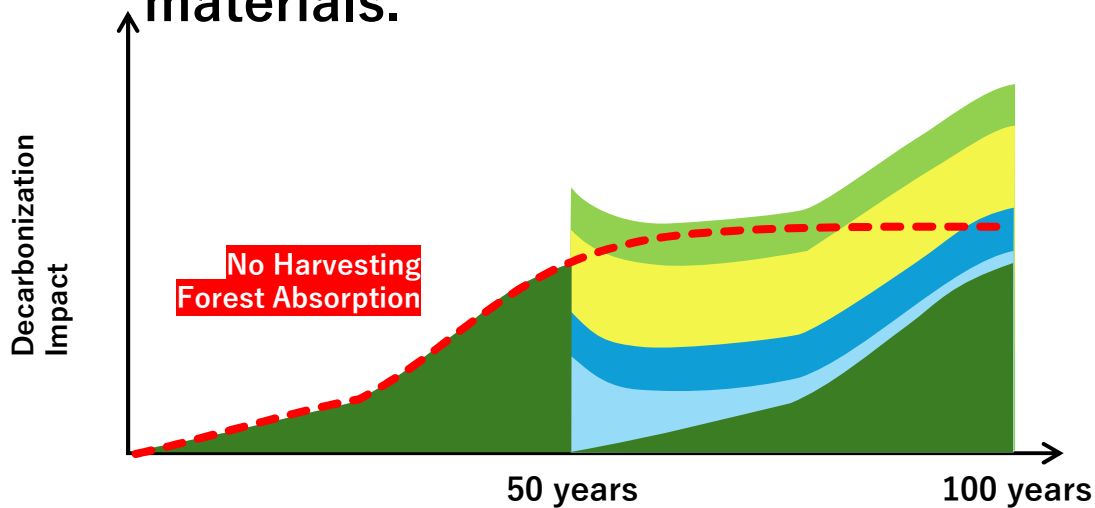
Absorption ...CO2 absorption by forests

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Reduction ...Emissions reduction through substitution

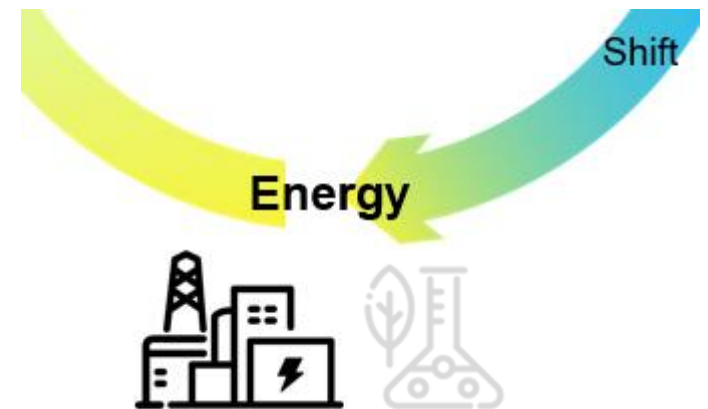


● Reduction of disposal/combustion emissions through substitution of fossil fuels with wood biomass-derived materials.



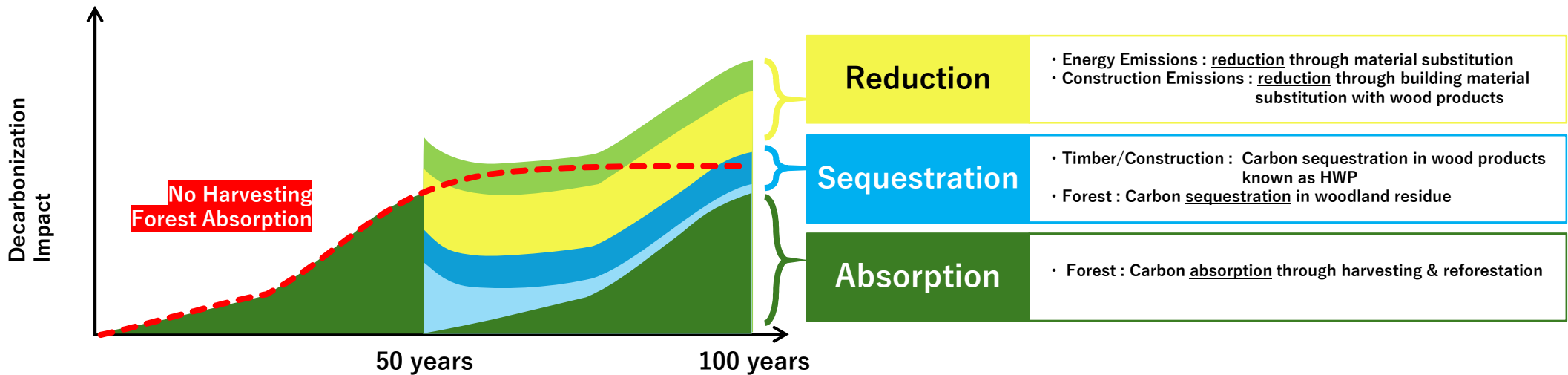
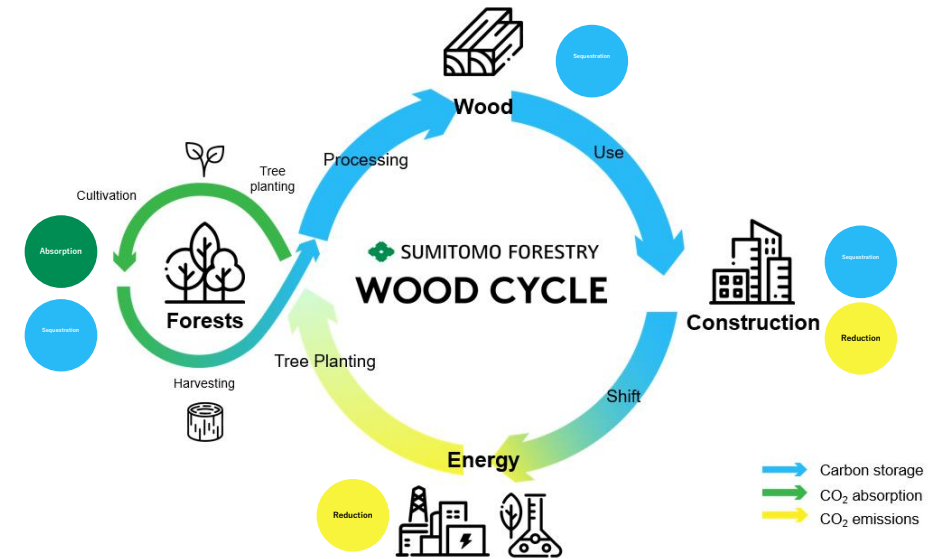
※This is an example calculated based on company-owned forests (Japanese cedar) in Miyazaki.

- Absorption ...CO2 absorption by forests
- Sequestration ...Carbon sequestration by wood
- Reduction** ...Emissions reduction through substitution



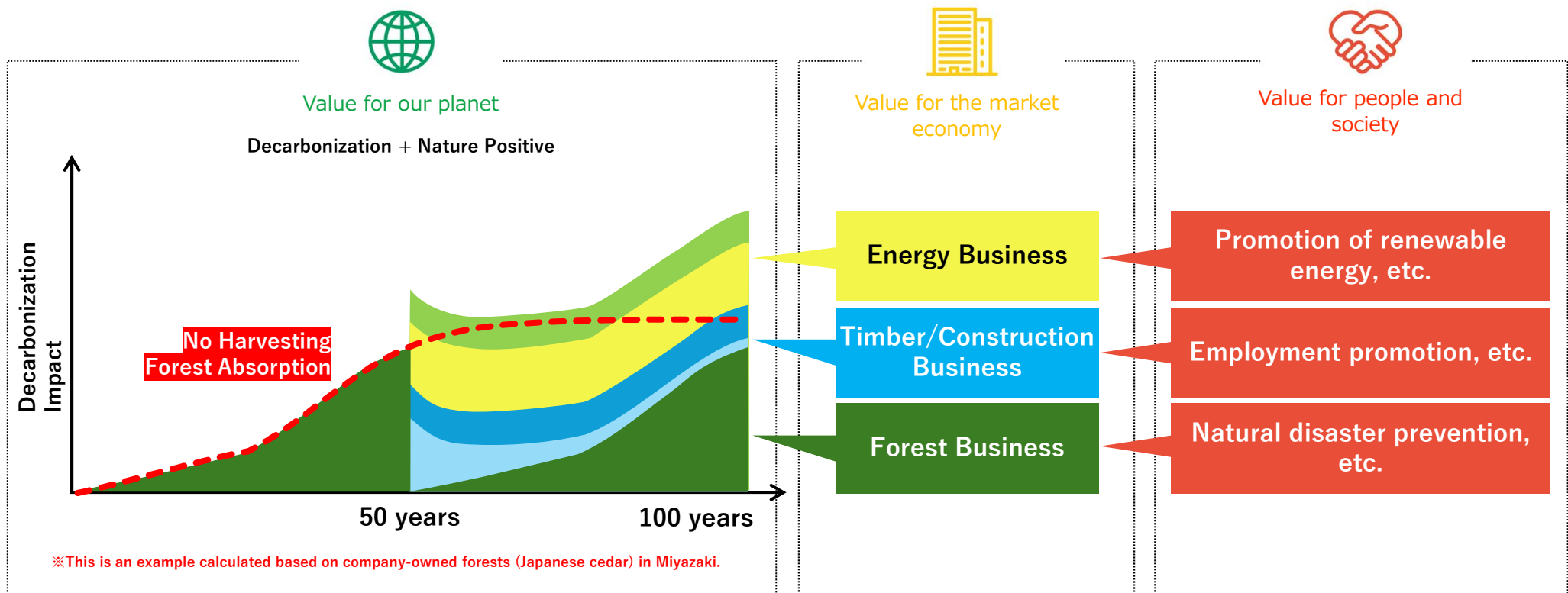
※The reduction effect from SAF is not included in the figure above.

- Creating **“Decarbonization impact”** through three approaches
 - absorption, sequestration, and reduction by circulating the wood cycle.





※This is an example calculated based on company-owned forests (Japanese cedar) in Miyazaki.


- Based on Sumitomo's spirit of **“benefit for self and others”**, Sumitomo Forestry will achieve **economic revitalization** and **contributions to people and society** by balancing and building up environmental contributions with business growth.



Wood



Value for our planet



Value for the market economy



Value for people and society

- Carbon sequestration through handled timber
- Handling of timber and wood products
- Sales of the Timber and Building Materials business
- Establishment of timber industrial complexes
- Biophilic design utilizing wood

Forest



Value for our planet



Value for the market economy



Value for people and society

- Carbon absorption and sequestration through domestic and overseas afforestation and reforestation
- Forest ownership and management both domestically and internationally
- Establishment of U.S. forest funds
- Job creation around overseas afforestation sites
- Fire prevention through tropical peatland restoration

Construction



Value for our planet



Value for the market economy



Value for people and society

- Carbon sequestration through housing supply
- Housing supply both domestically and internationally
- Sales of the Housing business and Global Construction and Real Estate business
- Enhanced wellbeing of residents and facility users through wooden construction

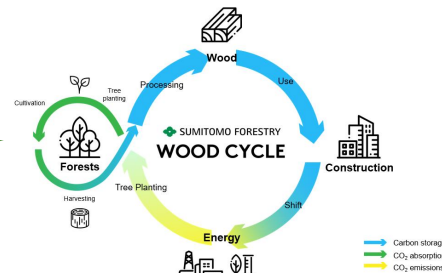
Energy


Value for our planet

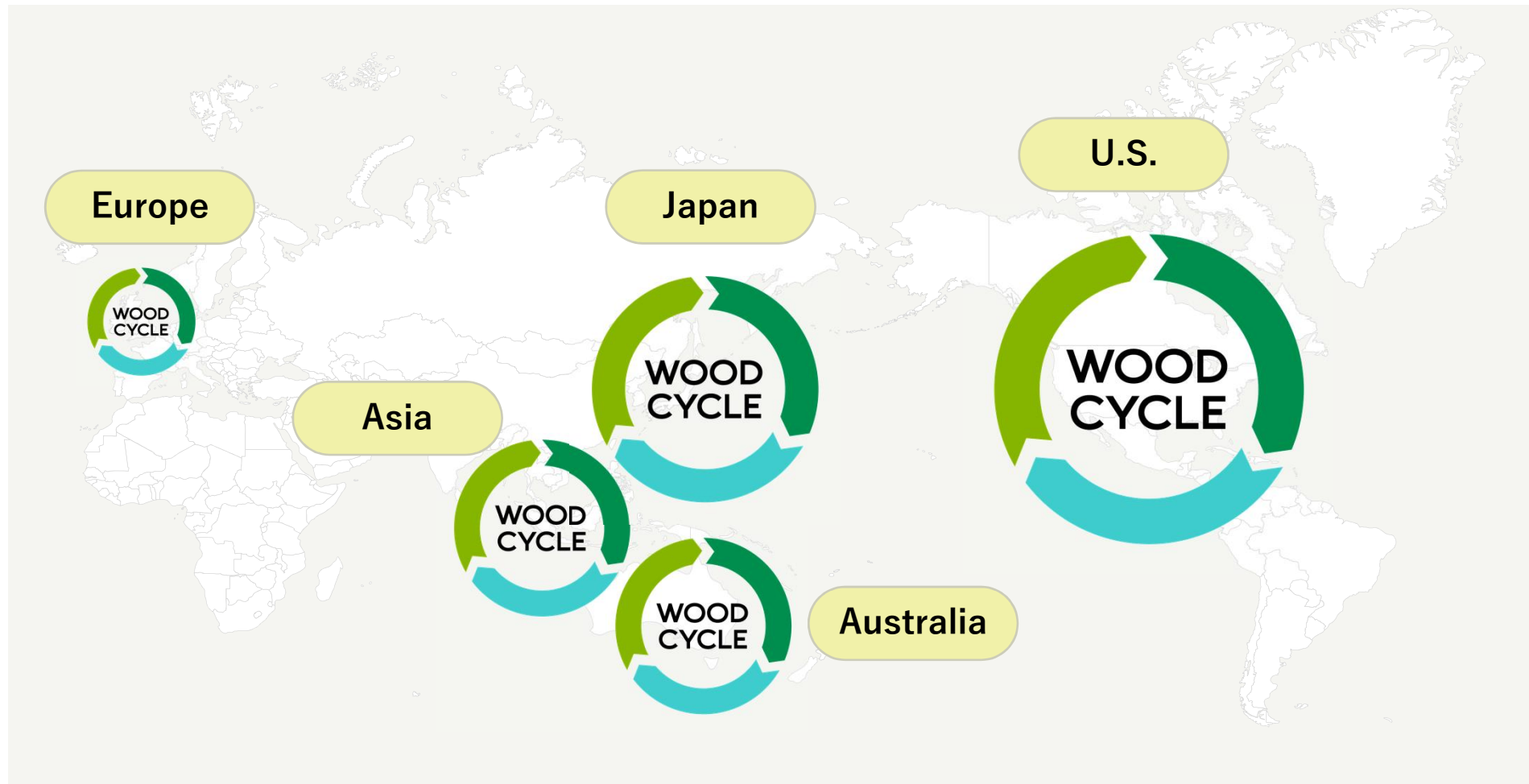

Value for the market economy


Value for people and society

- CO2 emissions reduction through fuel material substitution with wood biomass
- Operation of wood biomass power plants
- Power supply from wood biomass generation




- Developing businesses that contribute to Wood Cycle while creating value for our planet, people and society, and the market economy



Multinational Development of Wood Cycle

- **Developing businesses that contribute to Wood Cycle while creating value for our planet, people and society, and the market economy**



Environment, Society,
and Economy:
Simultaneously
delivering three values

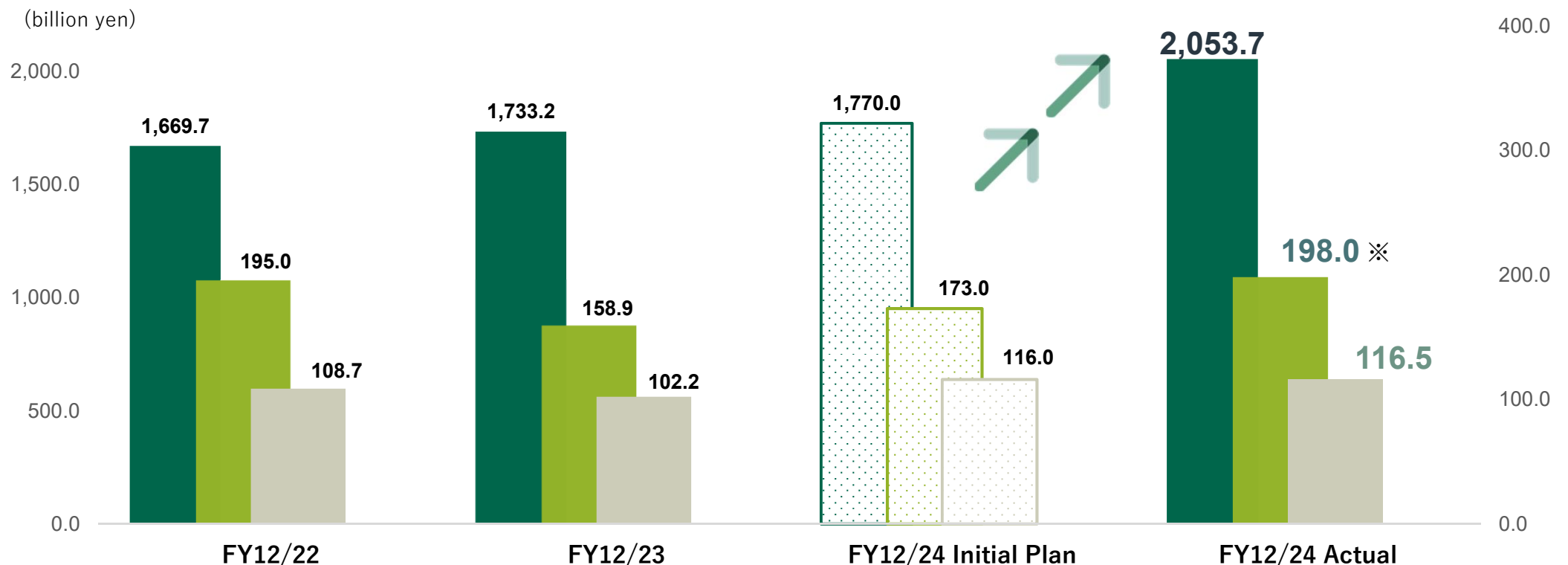
Multinational Development of Wood Cycle

Review of Previous Medium-Term Management Plan
(FY Ending December 2022 – FY Ending December 2024)
Mission TREEING 2030 Phase 1

Consolidated Financial Results Trends

- Full-year results for FY12/24 achieved **recurring income of ¥198.0 billion and marked a record high.**
- The Global Construction and Real Estate business, driven by strong performance in the U.S. housing business, led overall company performance, exceeding the initial Phase 1 Medium-Term Management Plan target for FY12/24 of ¥173.0 billion by **¥25.0 billion.**

■ Net Sales (Left Axis) ■ Recurring Income (Right Axis) ■ Net Income Attributable to Owners of Parent (Right Axis)



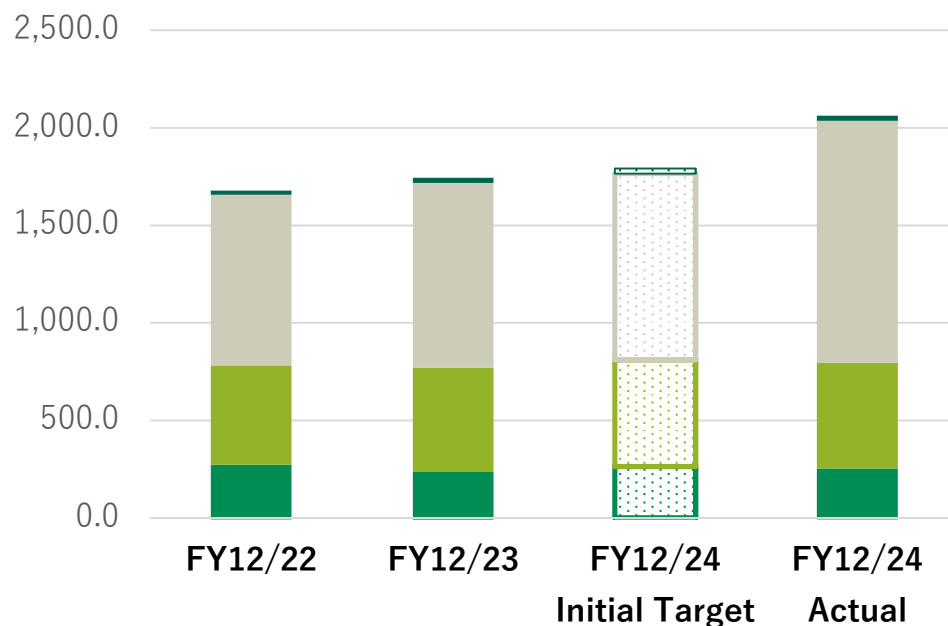
Note: Includes ¥9.8 billion in actuarial differences related to retirement benefit accounting

Segment Performance Trends

- The Global Construction and Real Estate business significantly exceeded initial targets, primarily due to strong housing demand in the U.S.
- The Housing business achieved its profit targets through improved gross profit margins from price revisions and other measures, despite continuing decline in domestic housing starts.
- The Timber and Building Materials business and the Environment and Resources business struggled due to challenging market conditions, including shrinking domestic housing market and soaring fuel prices in the biomass power generation business.

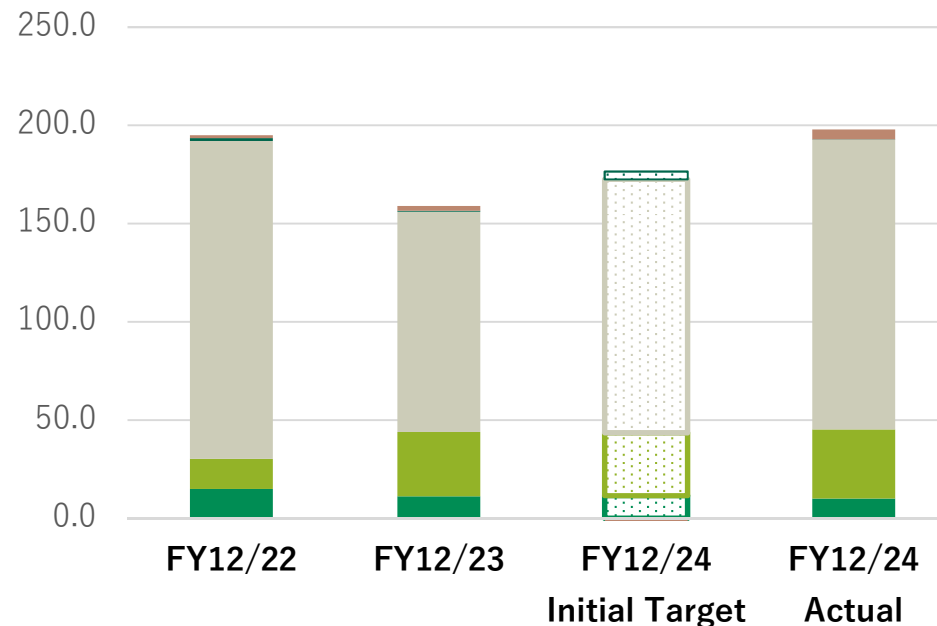
Net Sales by Segment

(billion yen)



Recurring Income by Segment

(billion yen)



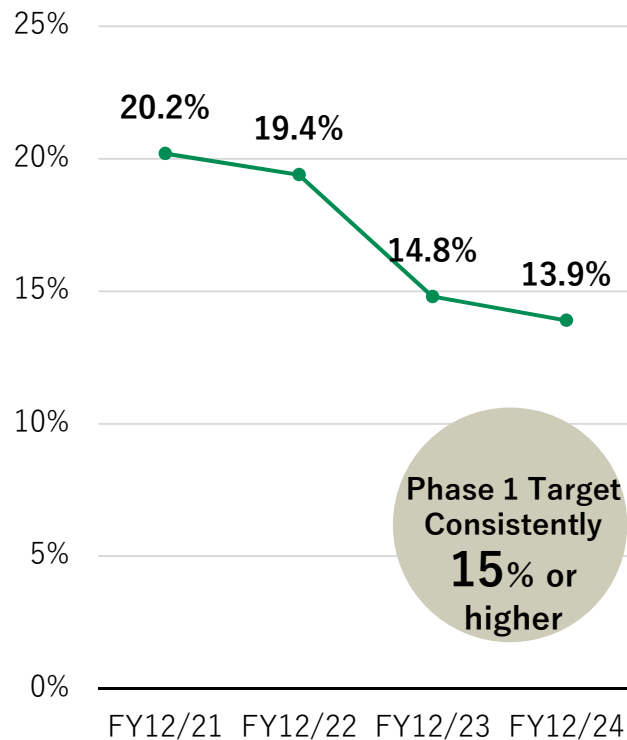
- Timber and Building Materials
- Housing
- Global Construction and Real Estate
- Environment and Resources
- Other and Adjustments

Note: The "Construction Business," which was included in the "Housing" segment until FY12/23, has been transferred to the "Global Construction and Real Estate" segment. As the impact on financial results is minimal, results for FY12/21 and earlier have not been restated.

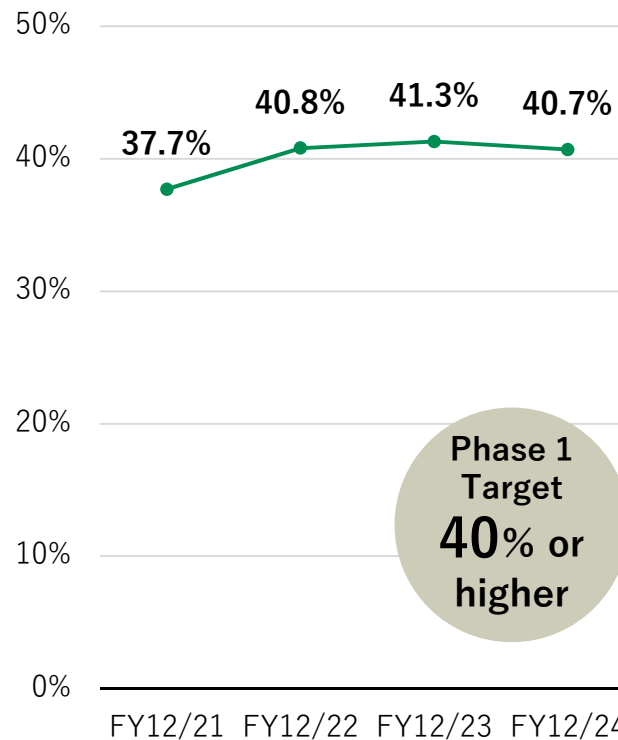
Financial Indicators Trends

- Consistently achieving ROE above the cost of shareholders' equity (approximately 7.4%) while maintaining a stable financial foundation

ROE

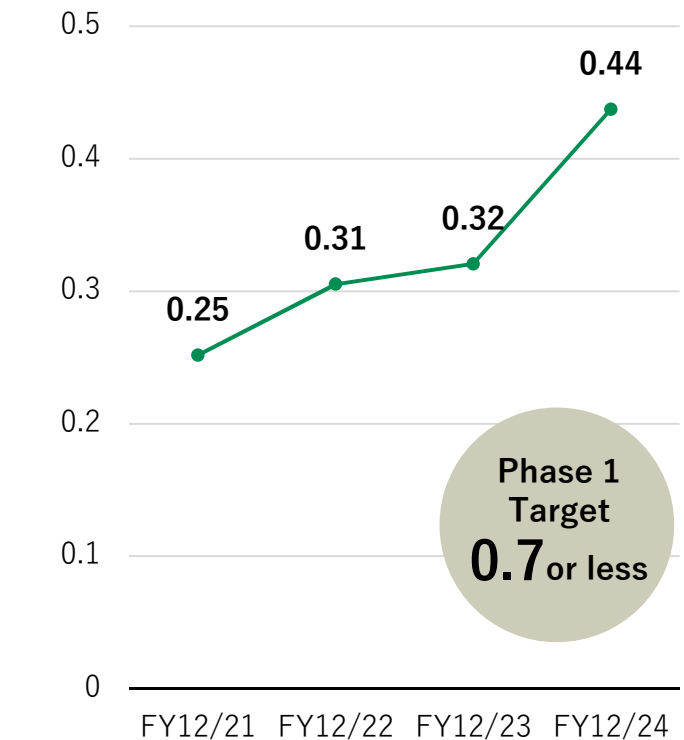


Equity Ratio



Net D/E Ratio

(Units: Times)



- Achieved significant business expansion centered on U.S. and Australia
- In Japan, promoted expansion of revenue base independent of new housing starts trends

	Achievements	Challenges
Timber and Building Materials	<ul style="list-style-type: none"> ● Launched new services aimed at DX in the timber industry ● Promoted adoption of One Click LCA 	<ul style="list-style-type: none"> ● Transform business structure to reduce dependence on housing starts ● Develop business leveraging U.S. and Australian business base
Housing	<ul style="list-style-type: none"> ● Increased market share in custom-built housing business ● Securing orders through one-story houses, Forest Selection, and grand estate design projects 	<ul style="list-style-type: none"> ● Expand rental, spec home, renovation and other businesses ● Reduce construction time and improve productivity
Global Construction and Real Estate	<ul style="list-style-type: none"> ● Expanded single/multi-family housing business and promoted FITP ● Established No. 1 market share across Australia 	<ul style="list-style-type: none"> ● Diversification and stabilization of real estate development business revenue ● Realize synergies in Australian housing business
Environment and Resources	<ul style="list-style-type: none"> ● Launched forest credit support services ● Initiated tropical peatland management technology pilot project 	<ul style="list-style-type: none"> ● Strengthen overseas forestry business marketing ● Enhance competitiveness of biomass power generation business

- Business scale expansion and initiatives are steadily progressing. Some 2030 targets have been revised

Acceleration of Circular Forest Business

- Expanding forest area through establishing forest funds and protecting/expanding forests and peatlands. Contributing to partner companies' and social carbon offsetting
- Established first forest fund in June 2023

Progress Status

Forest Ownership and Management Area
366,000 ha
 (End of FY12/24 Actual)

2030 Target

Forest Ownership and Management Area
500,000 ha
 → **1,000,000 ha**

Upward revision

Promotion of Wood Change

- Contributing to increased carbon sequestration through efficiency improvements in domestic forestry and wood manufacturing via establishment of timber industrial complexes, and through substitution with wood-derived materials
- Established "Kowa-no-mori," the first timber industrial complex, in November 2023

Progress Status

Multiple Projects in Progress
Established First Project "Kowa-no-mori"

2030 Target

Timber Industrial Complex Domestic Timber Usage
1 million m³/year

Standardization of Decarbonized Design

- Contributing to industry-wide decarbonization through establishment of decarbonized design principles
- Expanding wooden housing supply primarily in U.S., Japan, and Australia. Participating in medium- to large-scale wooden construction projects both domestically and internationally

Progress Status

Annual Housing Supply
24,465 units
 (FY12/24 Actual)

2030 Target

Annual Housing Supply
50,000 units
 → **65,000 units**

Upward revision

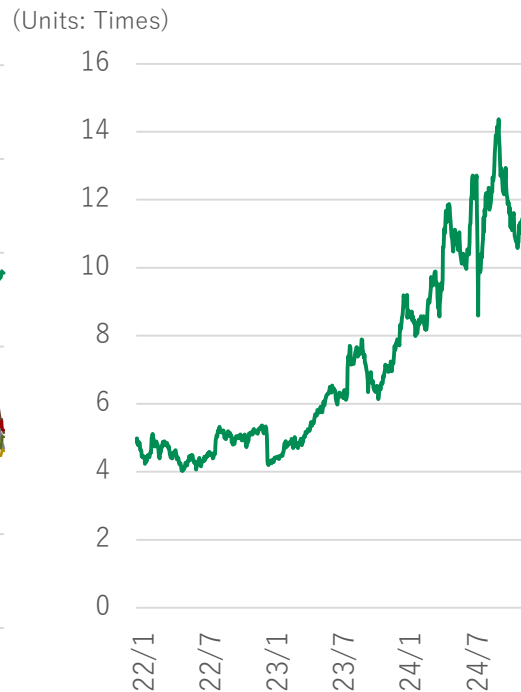
- Stock price, PER, and PBR rose significantly. We continue to aim for increased corporate value

■ Stock Price Performance



Source: FactSet

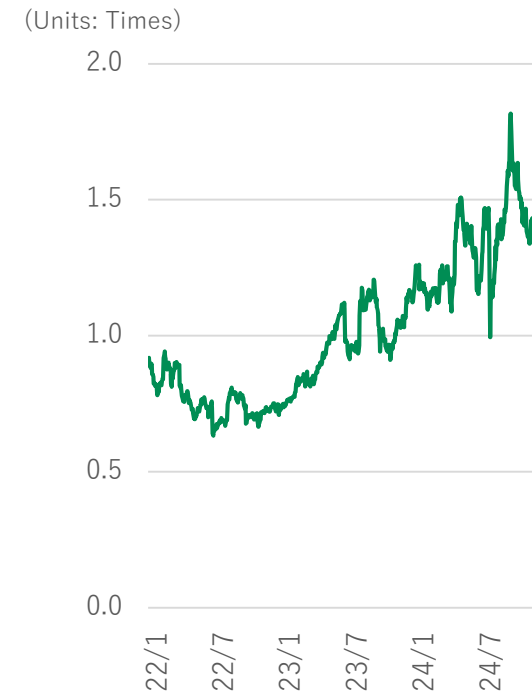
■ PER



FY12/21 End: 4.9x

→ FY12/24 End: **9.3x**

■ PBR



FY12/21 End: 0.9x

→ FY12/24 End: **1.2x**

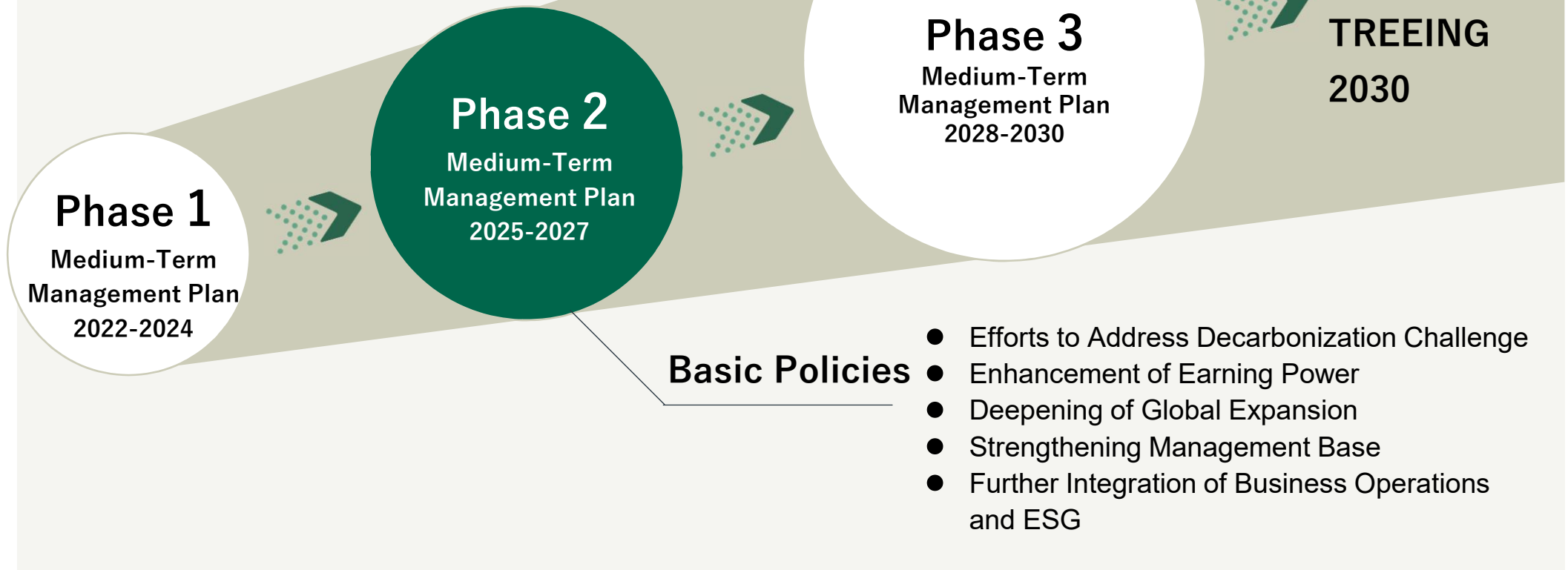
Medium-Term Management Plan

(FY Ending December 2025 - FY Ending December 2027)

Mission TREEING 2030 Phase 2

- While maintaining financial soundness, we will continue proactive investments through profit reinvestment to achieve sustainable and steady profit growth

Three Years of
Reform and Implementation
for Dramatic Growth



Efforts to Address Decarbonization Challenge

- Create new value from properly managed forests and expand sustainable forestry
- Build foundation for expanded use and consumption through deeper wood utilization via manufacturing business expansion
- Promote expanded supply of wooden housing and conversion to wooden construction in medium- to large-scale buildings both domestically and internationally

Enhancement of Earning Power

- Accelerate innovation and structural reform in domestic business
- Establish foundation for real estate development business domestically and internationally
- Further improve asset and investment efficiency and profitability with focus on cost of capital

Deepening of Global Expansion

- Further improve profitability of overseas housing and real estate business and enhance business base for stable growth
- Strengthen support by corporate departments while expanding business domains and scale in each region (Japan, U.S., Oceania, Southeast Asia, and Europe) to build and deepen Wood Cycle foundation

Strengthening Management Base

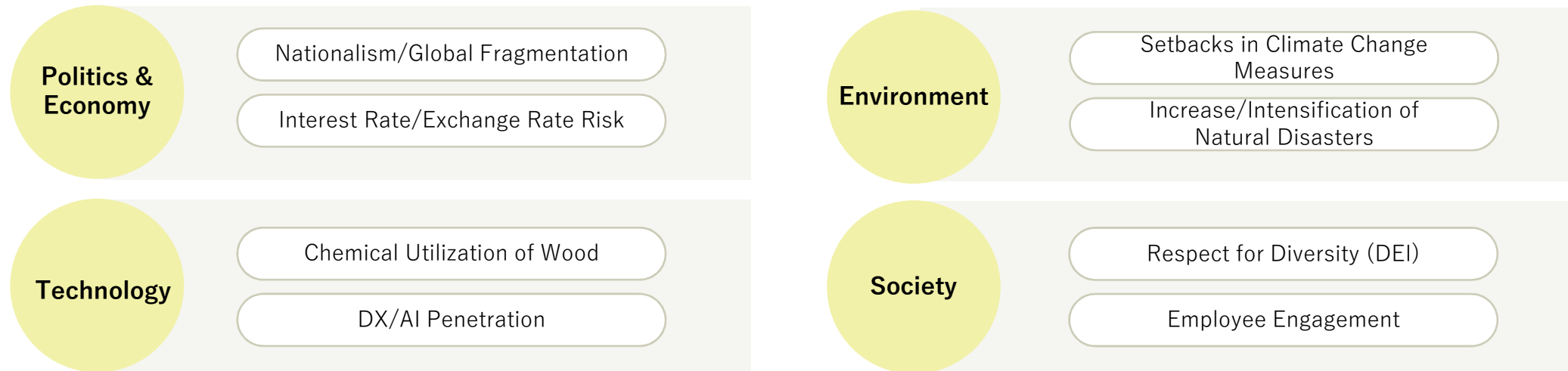
- Secure and develop human resources to drive business transformation and creation, promote free and open organizational culture and health management
- Renovate business base through IT and digitalization, fundamentally transform operations and improve efficiency through DX promotion
- Accelerate technology-driven value creation and promote the improvement of operational quality

Further Integration of Business Operation and ESG

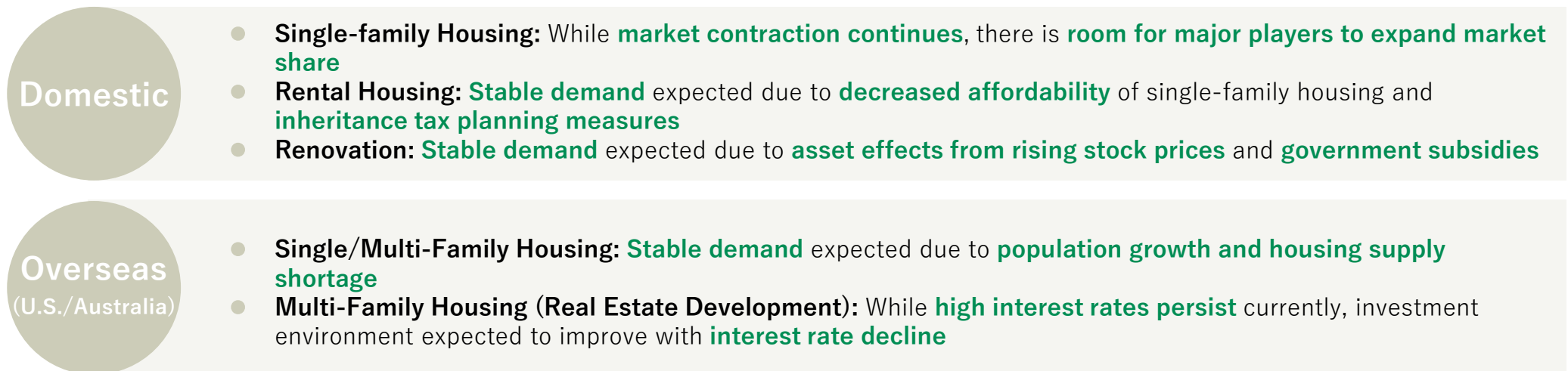
- Steadily implement measures to achieve SBT goals
- Promote value proposition and market penetration of sustainable and decarbonization-contributing products and services
- Thoroughly implement SAFETY FIRST ZERO DEFECTS
- Conduct business operations with consideration for regional stakeholders

External Environment and Domestic /Overseas Housing Market Conditions

● External environment is rapidly changing with increasing uncertainty

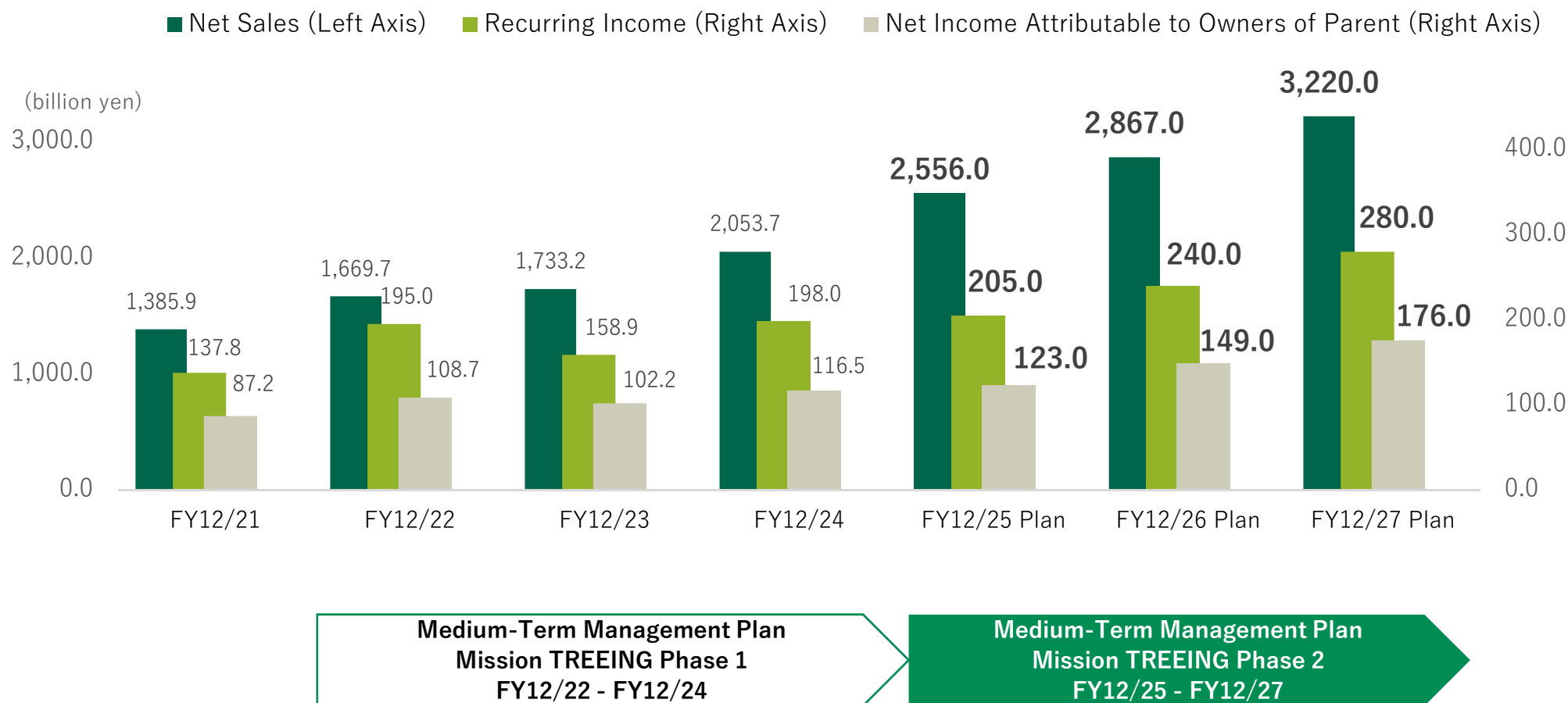


● While the domestic housing market is expected to shrink, stable demand is projected in the U.S. and Australia due to continuing housing supply shortages accompanying population growth and increases in home-buying demographics



Consolidated Performance Targets

- Aiming to achieve net sales of ¥3,220.0 billion (increase of ¥1,166.3 billion from FY12/24) and recurring income of ¥280.0 billion (increase of ¥82.0 billion) in FY12/27 through growth in single-family and multi-family housing unit sales in the U.S. and Australia, improved profitability in domestic business, and proactive investment in growth areas



Segment Performance Targets

Happiness Grows from Trees

 SUMITOMO FORESTRY

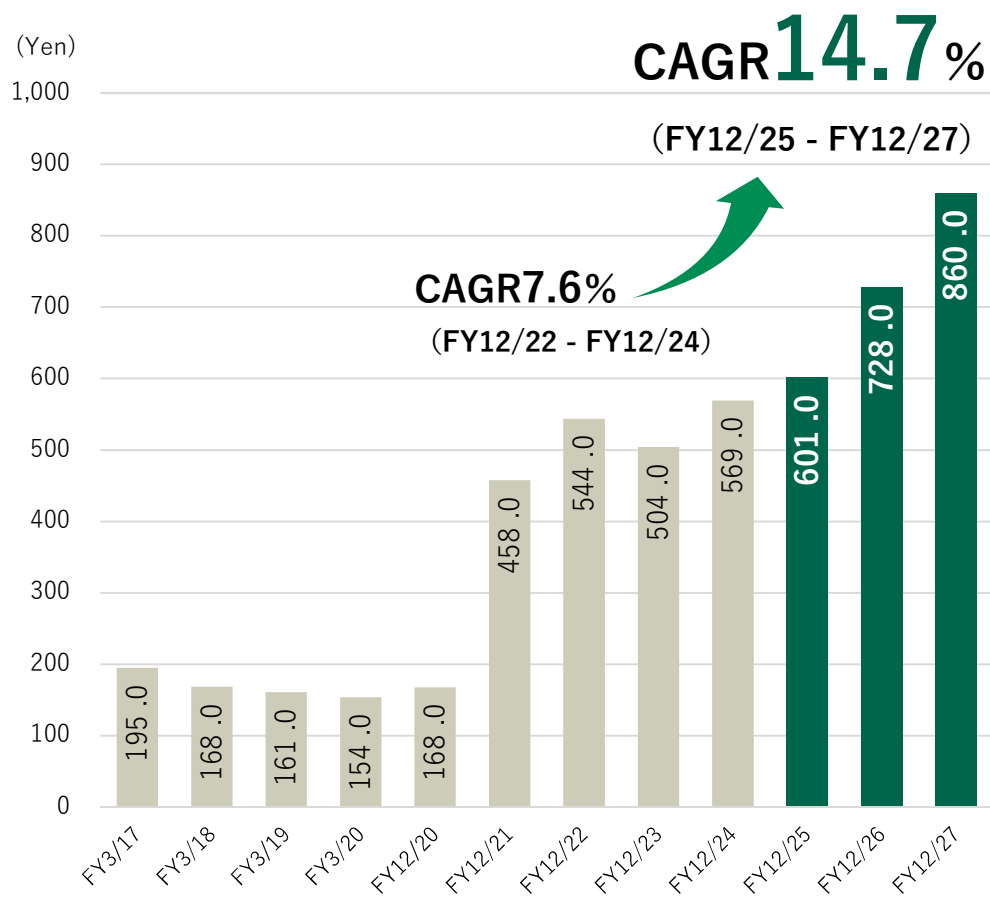
- In the Global Construction and Real Estate segment, aiming for recurring income exceeding ¥200.0 billion in FY12/27 through proactive resource allocation
- In the Housing segment, targeting stable growth through improved gross profit margins and expansion in rental and renovation businesses
- In the Timber and Building Materials segment, pursuing recovery in earning power through expansion of manufacturing business and improvement of value-added in distribution business

(billion yen)	Net Sales					Recurring Income				
	FY12/24 Actual	FY12/25 Plan	FY12/26 Plan	FY12/27 Plan	Change from FY12/24	FY12/24 Actual	FY12/25 Plan	FY12/26 Plan	FY12/27 Plan	Change from FY12/24
Timber and Building Materials	253.2	293.0	315.0	333.0	+ 79.8	10.0	12.0	13.5	16.0	+ 6.0
Housing	542.3	585.0	612.0	645.0	+ 102.7	35.2	38.0	40.5	45.0	+ 9.8
Global Construction and Real Estate	1,240.0	1,673.0	1,944.0	2,245.0	+ 1,005.0	147.5	161.0	193.0	225.0	+ 77.5
Environment and Resources	27.0	27.5	28.0	31.5	+ 4.5	0.2	0.0	0.7	2.3	+ 2.1
Other	27.3	30.5	31.5	32.5	+ 5.2	0.7	1.3	1.5	1.8	+ 1.1
Corporate/Adjustments	- 36.1	- 53.0	- 63.5	- 67.0	- 30.9	4.4	- 7.3	- 9.2	- 10.1	- 14.5
Total	2,053.7	2,556.0	2,867.0	3,220.0	+ 1,166.3	198.0	205.0	240.0	280.0	+ 82.0

High EPS Growth Rate and ROE Exceeding Cost of Shareholders' Equity

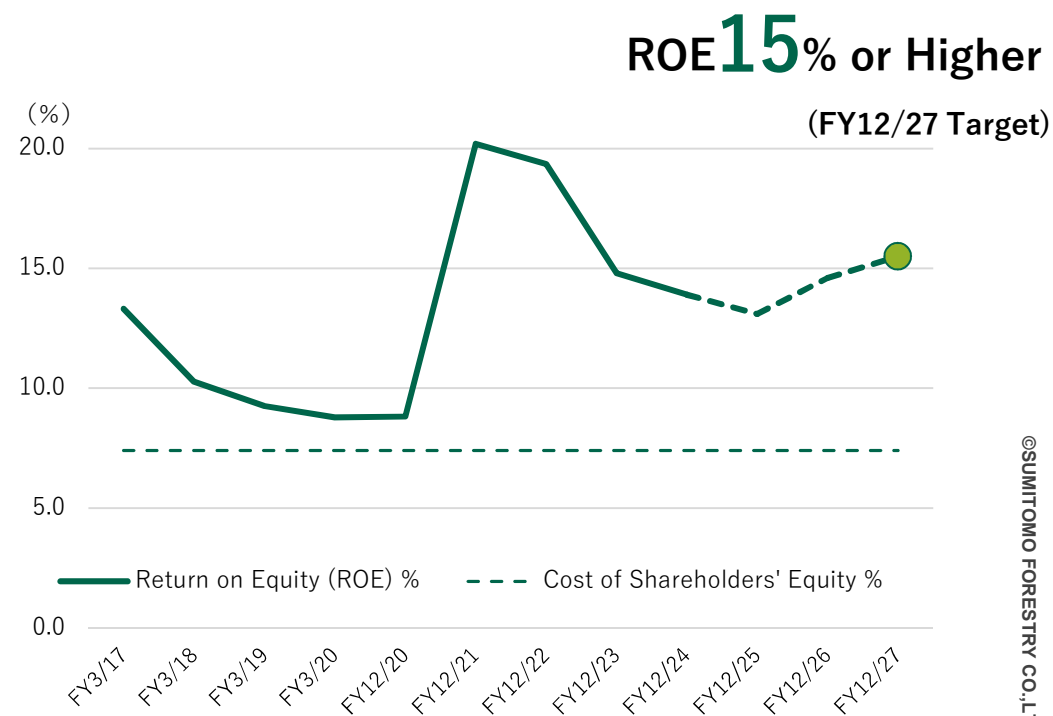
- EPS growth rate for the next three years is projected to exceed the previous Medium-Term Management Plan period. ROE will significantly exceed the cost of shareholders' equity, with expanding equity spread

Earnings Per Share (EPS) Trend



(Note) EPS for each period from FY12/25 to FY12/27 is calculated using the number of shares as of end-December 2024

ROE Trends



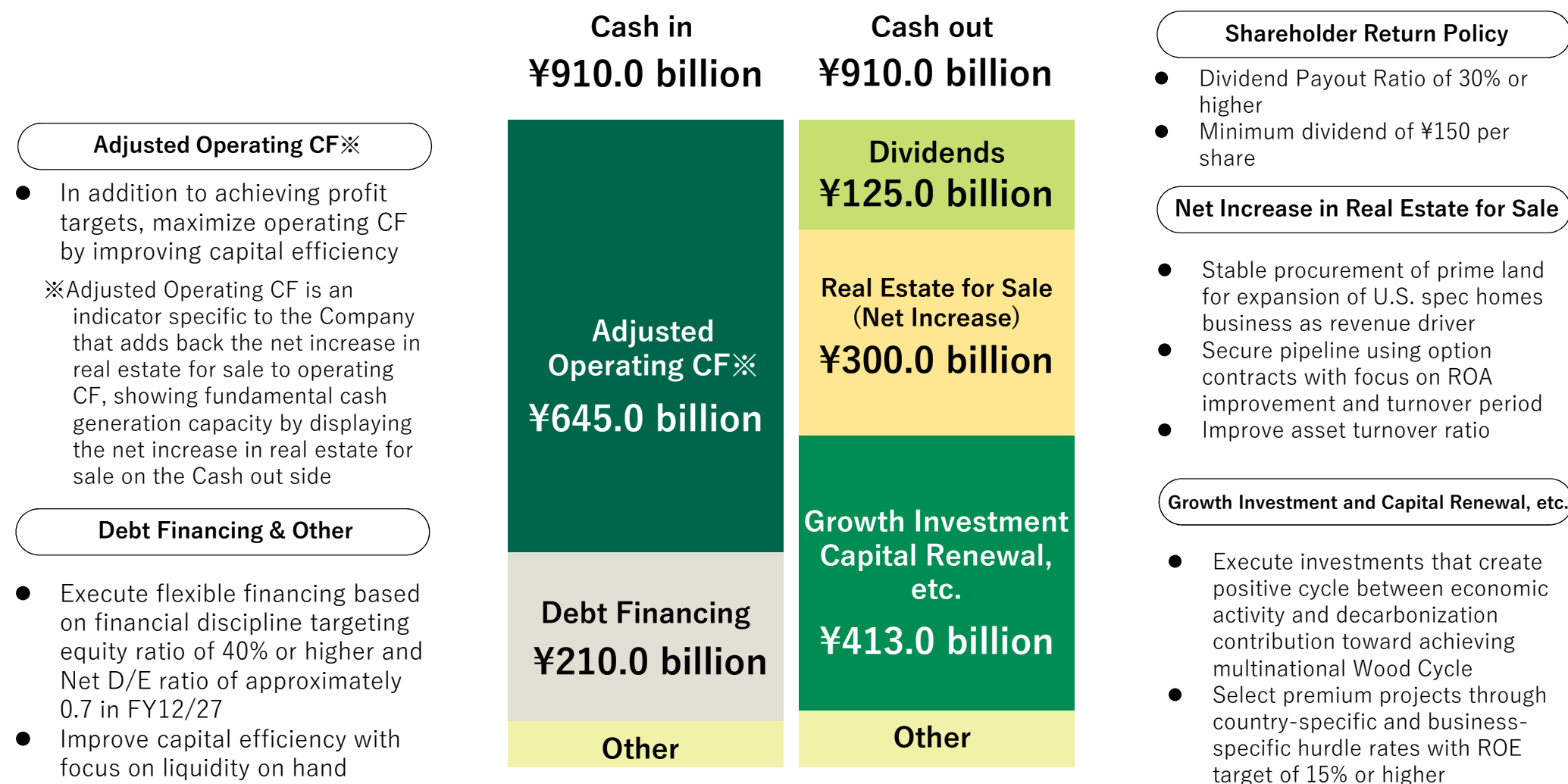
Cost of Shareholders' Equity (%)

Risk-Free Rate	+	Beta (β) Sensitivity	×	Risk Premium	=	Cost of Shareholders' Equity
Safe Asset/Risk-Free Rate ※Set based on 10-year government bond yield		Company-Specific Risk		Expected Excess Return on Equity Investment ※Set based on historical stock market returns		7.40% Calculated using CAPM

Separate capital costs by business and country are used for investment decisions.

- Secure funds for investment necessary for sustainable growth through maximization of operating cash flow from achievement of profit targets and flexible financing based on maintained financial discipline. Aim to enhance shareholder returns through further improvement in corporate value

Cumulative Three-Year Capital Allocation for Medium-Term Management Plan (2025-2027)



- Proactively execute investments in decarbonization-related and growth areas to achieve Medium-Term Management Plan (2025-2027) and Long-Term Vision targets

■ Growth Investment and Capital Renewal, etc.

Breakdown (unit: billion yen)	Phase1	Phase2	
	Actual	Plan	up/down Rate from Phase 1
Forest Fund Related	3.9	22.0	+ 466%
Forest Resource Business	5.1	5.0	- 1%
Timber Industrial Complex	6.7	46.0	+ 585%
Manufacturing Business	8.1	44.0	+ 443%
FITP Business	31.2	4.0	- 87%
Housing Business	35.1	33.0	- 6%
Medium- to Large-Scale Wooden Construction	24.4	45.0	+ 84%
Real Estate Development Business	138.0	144.0	+ 4%
Renewable Energy	2.7	20.0	+ 632%
System-Related	16.9	20.0	+ 18%
Other	54.2	30.0	- 45%
Total	326.4	413.0	+ 27%

Note: Amounts shown for both Phase 1 and Phase 2 represent three-year cumulative totals

■ Net Change in Real Estate for Sale

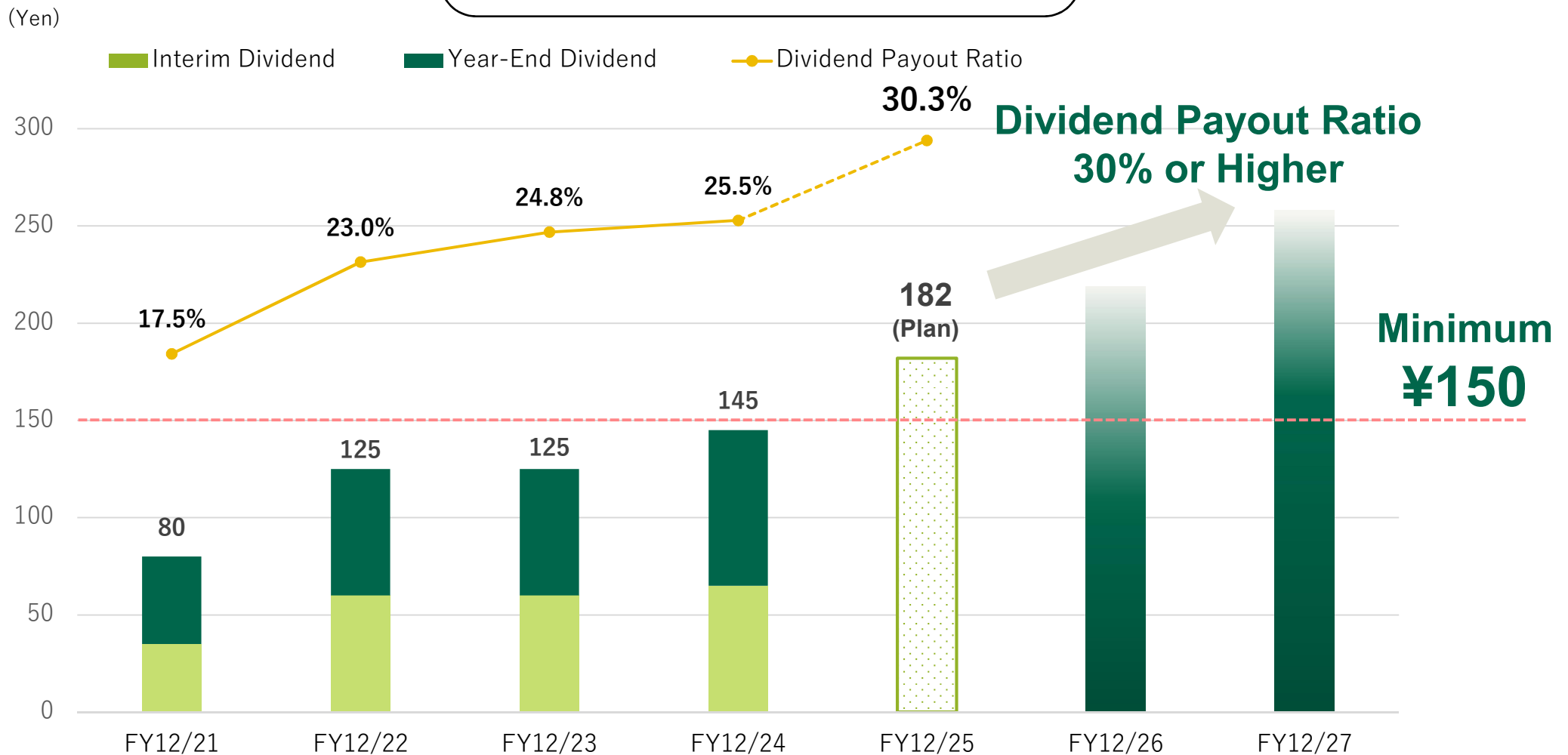
Breakdown (unit: billion yen)	Phase1	Phase2	
	Actual	Plan	up/down Rate from Phase 1
Overseas Housing	266.4	265.0	- 1%
Domestic Housing	20.4	35.0	+ 72%
Total	286.8	300.0	+ 5%

Note: Amounts shown for both Phase 1 and Phase 2 represent three-year cumulative totals

Shareholder Return Policy

- The shareholder return policy for the Medium-Term Management Plan (2025-2027) sets **dividend payout ratio at 30% or higher**, providing returns according to profit levels, while revising the **minimum annual dividend to ¥150 per share** from the perspective of maintaining stable dividends

Annual Dividend per Share and Dividend Payout Ratio

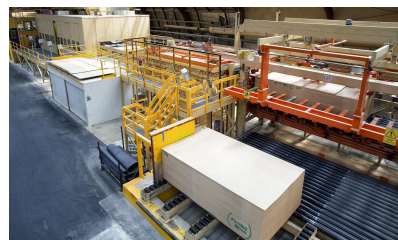
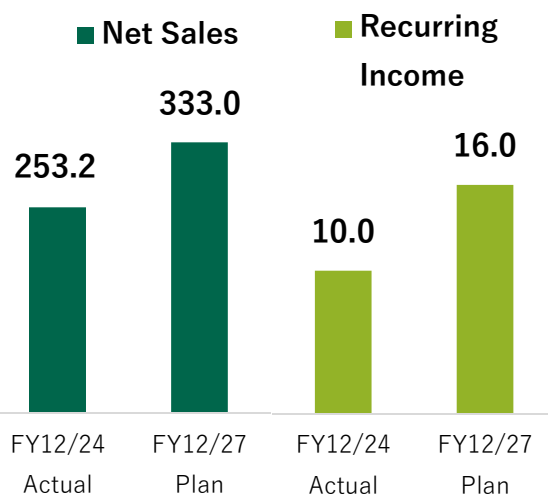


- Rapidly respond to changing business environment in domestic construction and distribution industries, accelerating the **development of functions and services that solve customer challenges**
- **Build supply chains in each region leveraging the housing business foundation expanding in U.S. and Australia to circulate the Wood Cycle globally**

Business Environment

- **Domestic housing market expected to shrink with population decline**, and business environment for small and medium-sized builders expected to become more challenging due to **reduction of Building Code Article 4 exceptions and mandatory energy efficiency standards**
- **Overseas housing markets, particularly in U.S. and Australia, expected to maintain stable demand**

(billion yen)



Future Initiatives

- Break away from traditional business model heavily dependent on new housing starts. Focus on **creating and implementing solution-based functions and services that enhance both customer problem-solving and value-added in timber and building materials business**, such as "Home Express Structural Design," "JUCORE Estimation," "Home Eco-Logistics," and "One Click LCA," while building business foundation overseas
- Expand manufacturing operations centered on timber industrial complexes to **develop an integrated manufacturing and sales business model**, while accelerating initiatives for **revitalizing domestic forestry** including **further utilization of domestic timber**

Strategic Indicators

**2024
(Actual)**

- Panel and Board Business Production Volume: Approx. 850,000 m³

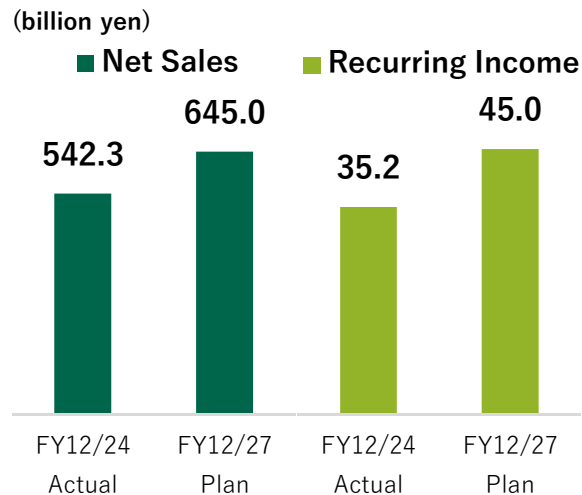
**2030
(Target)**

- Panel and Board Business Production Volume: 1.3 million m³ or more

- In addition to increasing custom-built single-family housing business share, we will accelerate innovation to improve profitability further
- Aiming to achieve recurring income of ¥60 billion by 2030 through dramatic growth in rental, spec homes, and renovation businesses

Business Environment

- Domestic housing market expected to contract further due to population decline, with competition intensifying more than ever
- Regarding rental housing, stable demand expected to continue due to reduced affordability of owned homes and increasing number of households
- For renovation, demand remains stable due to asset effects from rising stock prices and government subsidies



Future Initiatives

- Expand market share by strengthening sales strategies by price range such as one-story house, planned product “Forest Selection” and grand estate design projects, and land acquisition
- Promote fundamental business reforms including business model transformation using real data
- Expand rental business through promotion of wooden 3-story apartment housing
- Strengthen group company operations in renovation, real estate brokerage, rental management, landscaping, etc.
- Promote initiatives to reduce construction time through increased pre-cutting rates and panelization

Strategic Targets

2024
(Actual)

- Custom-Built + Rental + Spec homes: 8,596 units

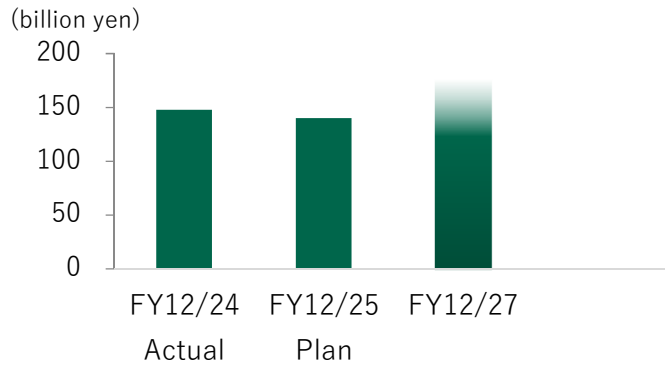
2027
(Plan)

- Custom-Built + Rental + Spec homes: 10,300 units

- Centered on the U.S., we will continue to expand our business by meeting regional housing demand through two core pillars: single-family homes and multi-family housing with wood construction expertise ※All graphs show recurring income

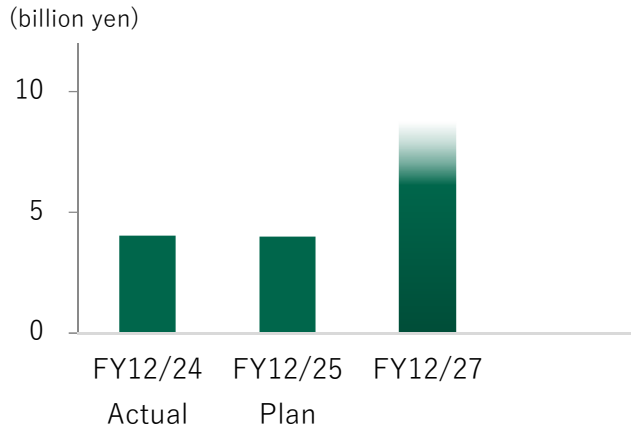
U.S. Single-Family Homes

Achieving steady growth toward the sales target of 23,000 units in 2030



FITP

Business growth through expansion of operating areas, construction process optimization, and pursuit of synergies



Single-Family Homes



Multi-Family Housing



Business expansion capturing steady housing demand driven by population growth and housing shortage

FITP

(Fully Integrated Turn key Provider)

Providing integrated panel and truss design, manufacturing, and installation.

Contributing to stability and rationalization of construction for both single/multi-family housing

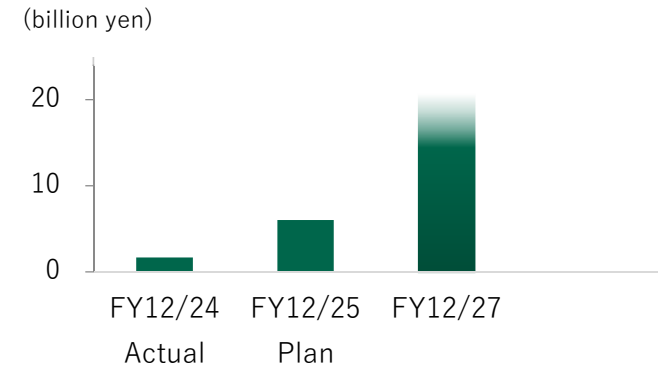


Others (Asia/Europe)

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

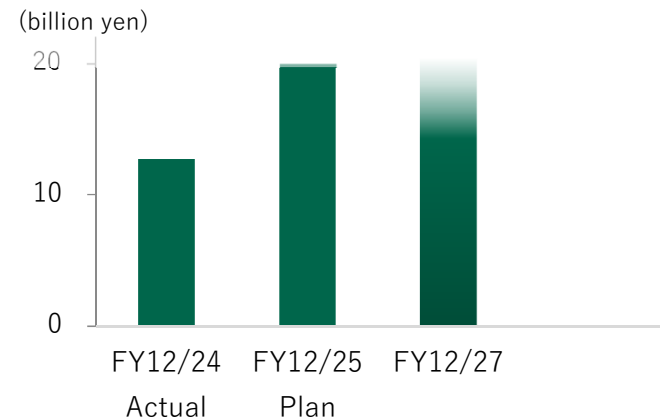
U.S. Real Estate Development

Expanding business centered on multi-family housing, stabilizing profits through increased property sales and fee income



Australia Single-Family Homes

Business expansion targeting 10,000 unit sales by 2030, pursuing scale merits as Australia's No. 1 builder



- In addition to organic growth of our existing 5 companies, we continuously explore opportunities for new M&As, aiming for **further business expansion to achieve sales of 23,000 units by 2030**

Business Environment

- Population growth and housing supply shortages suggest **stable demand going forward**
- While **short-term financial volatility and existing home market trends need to be closely monitored**, mortgage interest rates are expected to gradually decline in the medium term



Future Initiatives

- Along with executing growth strategies of 5 existing companies in sun belt area, such as expansion in Florida where high demand is expected, **advancing business infrastructure development** to strengthen group management
- Promoting **environmental certification acquisition** including Energy Star and Zero Energy Ready Home certification
- While pursuing **strategic land acquisition** to expand unit sales, conducting **business operations with emphasis on capital efficiency** while appropriately controlling inventory risk in response to market conditions
- As of December 31, 2024, real estate for sale secured **80,284 lots**, of which **29,790 lots are under contract but not yet acquired (option contracts)**

Strategic Targets

2024
(Actual)

- Unit Sales 11,267

2027
(Plan)

- Unit Sales 17,700

- We are globally promoting sustainable real estate development projects focused on decarbonization and wood construction, such as multi-family housing development in the U.S., Australia, and Europe, and large-scale township development in Asia, aiming for growth as a pillar of profit alongside the single-family housing business

Business Environment

- Similar to single-family housing, population growth and housing supply shortage suggest **stable demand is expected in the future**
- While short-term interest rate increases and market trends need to be monitored, **investment opportunities are expected to increase** through gradual interest rate decline in the medium term
- The **need for wooden building construction is increasing** through initiatives aimed at decarbonization and carbon neutrality, expanded use of mass timber, improvements in well-being and other added value



Future Initiatives

- While monitoring interest rates and market trends, **carefully select and develop premium projects based on actual demand from a medium to long-term perspective**
- **Diversify revenue by expanding various fee income** to achieve a balanced and **stable business structure**
- Promote **sustainable and decarbonization-focused real estate development projects** focusing on wooden building construction and reduction of embodied carbon and operational carbon

Strategic Targets

2024
(Actual)

- U.S. Real Estate Development Business Property Sales: 6 properties

2027
(Plan)

- U.S. Real Estate Development Business Property Sales: 20 properties (annual average during medium-term plan)

- Through FITP (Fully Integrated Turn key Provider) business which provides a comprehensive service from panel and truss design, manufacturing, delivery, and installation, we will establish a stable material supply and construction system, and promote rationalization of the entire construction process

Business Environment

- In the U.S. housing industry, **labor shortages** and **rising material costs** are structural challenges
- Future concerns include **potential construction material cost increases due to tariff policies**

Future Initiatives

- **Expanding FITP business centered on the areas of single and multi-family housing business we operate**
- **Linking data from design through manufacturing, delivery, and installation to achieve further process rationalization and cost reduction**

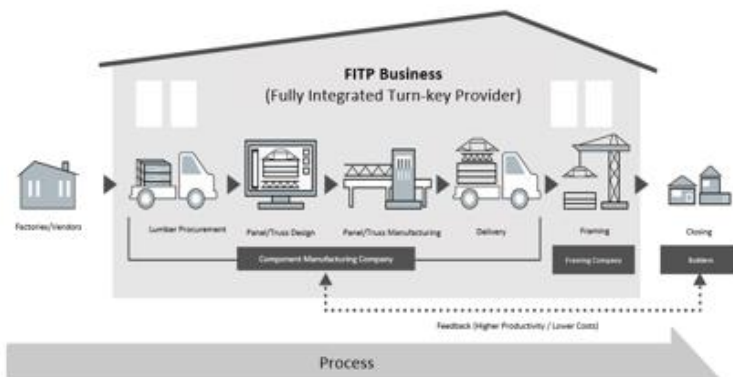
Strategic Indicators

2024
(Actual)

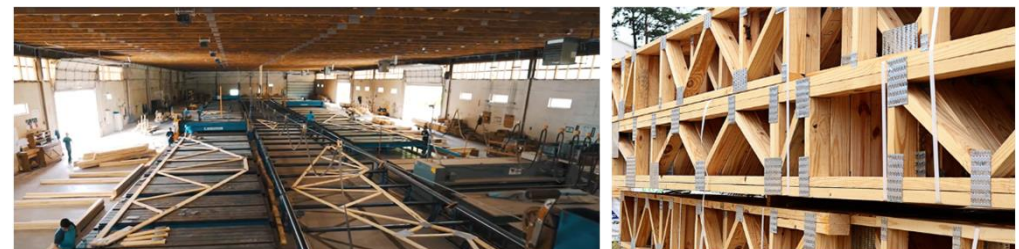
- Manufacturing locations: 9 factories

2027
(Plan)

- Manufacturing locations: 15 or more factories



- Company's single-family housing and real estate development business areas
- FITP manufacturing locations (as of 2024 end)



- Leveraging top share scale advantages secured through the acquisition of Metricon, we will realize group synergies and **aim to improve profitability and achieve annual sales of 10,000 units by 2030**

Business Environment

- The issues that arose due to the sharp increase of housing starts under the economic stimulus measures taken during COVID-19 pandemic, such as material prices hike and workforce shortage, are being resolved.
- Against the backdrop of strong housing demand due to population growth and rising land prices, housing prices have remained high, and **affordability has declined**



Future Initiatives

- While **strengthening the business management system post-Metricon acquisition**, we aim to expand product lineup including affordable products and townhouses, and products for the wealthy
- Leverage scale advantages exceeding 7,000 units across the group, and aim to **realize group synergies** through joint material procurement, development of construction method, system integration and sales method reform, etc.
- Address operational carbon reduction by revising specification to comply with stricter building standards and expanding solar panel installation

Strategic Targets

2024
(Actual)





- Sales Units: 3,287 units
- Reference: Does not include Metricon's sales results of 4,178 units

2027
(Plan)

- Sales Units: 8,200 units

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)	FY12/24 Actual	FY12/27 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
 Australian 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.

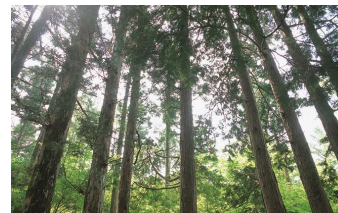
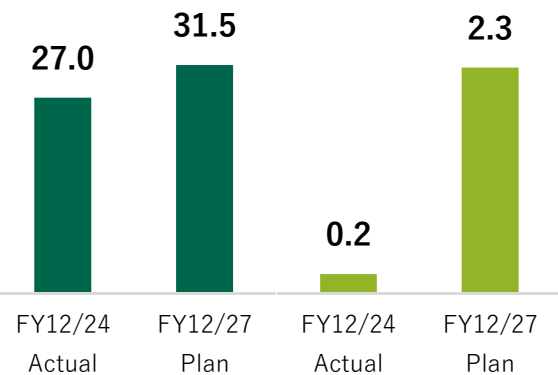
- Through the advancement of upstream businesses such as forestry management and forest funds, we aim to **expand properly managed sustainable forests** and achieve a sustainable Wood Cycle while maximizing the value of forest resources

Business Environment

- Globally, forest area is decreasing due to agricultural expansion and forest fires, while domestically, cedar and cypress trees that were planted after the war are now reaching the point where they can be harvested
- Society-wide initiatives toward carbon neutrality are accelerating, and **there is a growing demand for high-quality credits of natural origin, such as forest credits**
- Expectations are rising for biorefinery fields such as SAF and biodegradable plastics as alternatives to fossil fuels
- In domestic forestry, **reforestation remains at low levels** due to labor shortages caused by prolonged low timber prices and aging workforce

(billion yen)

■ Net Sales ■ Recurring Income



Future Initiatives

- Through the **promotion of forest fund business**, expand properly managed sustainable forests while creating new value
- In Indonesia, advance pilot project of tropical peat management technology, aiming to model sustainable forest management that balances economy and environment
- Aim to maximize the value of wood resources, including improving profitability of wood **biomass power generation business** leveraging forestry expertise and wood fuel procurement capabilities, as well as biorefinery development
- **Accelerate reforestation of harvested areas** centered on Japan Forestry Assets Co., Ltd., leading to **revitalization of domestic forestry**

Strategic Indicators

2024
(Actual)

- Forest conservation/management area: 366,000 ha

2030
(Target)

- Forest conservation/management area: 1,000,000 ha

- 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

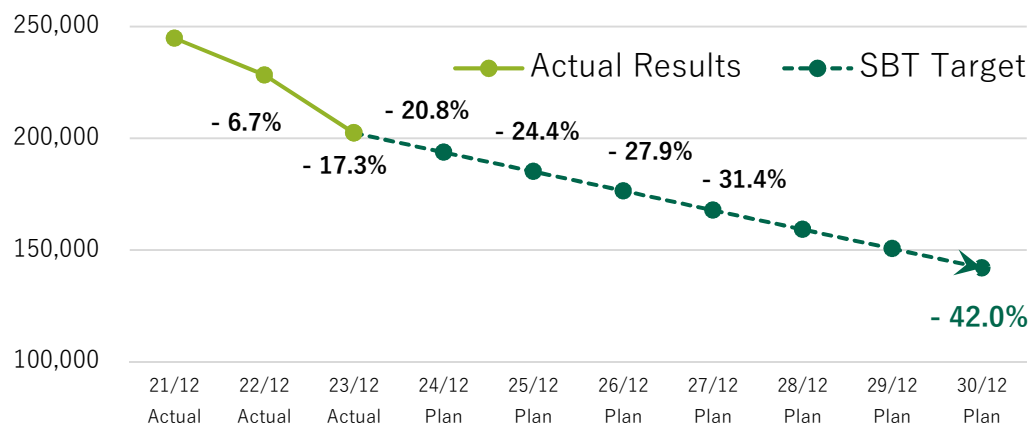
	Scope1+2	Scope3 (Base unit)
Short-term target (by 2030)	42% reduction vs 2021	51.6% reduction vs 2021
Long-term target (by 2050)	90% reduction vs 2021	97% reduction vs 2021
	Achieve net-zero emissions by offsetting remaining emissions	

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

Greenhouse Gas Emissions Scope 1+2 Reduction Targets

(Unit: t-CO₂e)



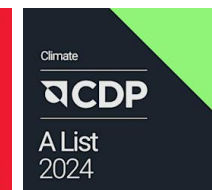
Major External Evaluations

- As investment criteria, there is increasing interest in ESG investment that considers ESG factors beyond financials.
- Our company has been selected for CDP Climate Change A List for 9 consecutive years and received certain evaluations from various global ESG rating organizations.




Member of
Dow Jones Sustainability Indices
 Powered by the S&P Global CSA



FTSE4Good



- 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"**

<p>HR Securing & Development</p> 	<p>Key Measures</p>	<ul style="list-style-type: none"> ● 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
<p>Organizational Culture</p> 	<p>Key Measures</p>	<ul style="list-style-type: none"> ● 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
<p>Health Management</p> 	<p>Key Measures</p>	<ul style="list-style-type: none"> ● 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

Sumitomo Forestry Group DEI Declaration

Leveraging the diverse capabilities and values of each employee to create innovation and drive growth for both employees and the company

Promotion of women's participation

Promotion of employment of persons with disabilities

LGBTQ initiatives

Optional retirement and post-retirement reemployment system

Systems for diverse career development

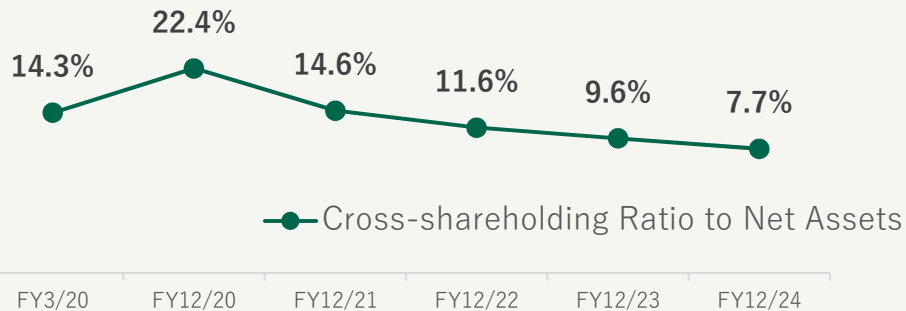
Major External Evaluations



- 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
- Since December 2021, ratio of strategic shareholdings to net assets has continuously decreased (Complete sale of 7 issues over 3 years from FY12/22 to FY12/24)



Promotion of Employee Stock Ownership

- To improve engagement, build sense of belonging to company, and increase awareness of management participation, 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
- To strengthen sustainability focus, revising ratio of performance-linked stock compensation (15% of total) to 2/3 based on "SBT-based greenhouse gas reduction target achievement rate" and 1/3 on "Company stock price total return growth rate vs. TOPIX" (previously 1/3 and 2/3 respectively)

Information Security and DX

- Improving security and governance including supply chain in response to globalization
- Renovating business systems to support business growth
- Promoting data-driven approaches through digital infrastructure

Review of Collaboration

6-year cumulative total for both companies, FY3/19-FY3/24

- Held business collaboration promotion committee and joint subcommittee meetings to advance collaboration according to medium-term targets
- Contract business established two pillars: large-scale wooden construction and environmental greening construction with added value proposals
- Investment business executed real estate development investments in the United States and Vietnam

Orders Received	Net Sales	Investment Amount
110.0 billion yen Target	80.0 billion yen Target	20.0 billion yen Target

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

Cumulative Three-Year Total for Both Companies (FY3/25-FY3/27)

Contract Business

Medium/Large-scale Wooden Construction, Renovation, Environmental Greening

Orders Received

130.0 billion yen
Target

Net Sales

110.0 billion yen
Target

Gross Profit

10.0 billion yen
Target

Investment Business

Environment & Energy, Overseas Construction & Development

Investment Amount

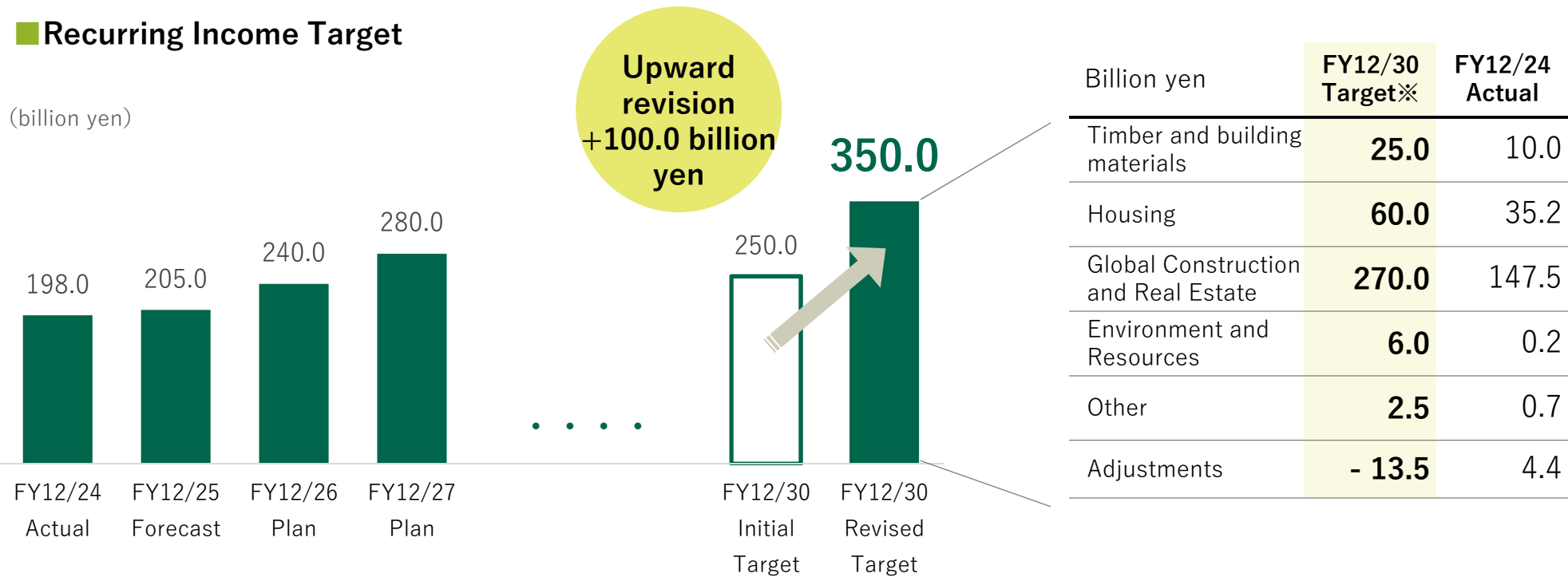
30.0 billion yen
Target

- Investment in Domestic and Overseas Real Estate Development Projects
- Promotion of Investment in Domestic and Overseas Renewable Energy Projects

Revision of Final Year Targets for Long-Term Vision (FY12/2030)

- In the mid-term management plan, review the profit targets and revise the final year's target profit figure for the Long-Term Vision. Targeting recurring income of ¥350.0 billion for FY12/2030, increase by ¥100.0 billion from the current target of ¥250.0 billion

■ Recurring Income Target



■ Achievement Targets for Decarbonized Society

Forest Ownership & Management Area

1,000,000 ha

(Initial Target 500,000 ha)

Timber Industrial Complexes Domestic Timber Usage

1.0 million m³

Annual Housing Supply Units

65,000 units

(Initial Target 50,000 units)

appendix

Segment Performance Trends Under Previous Medium-term Management Plan

Happiness Grows from Trees



- The Global Construction and Real Estate business significantly exceeded initial targets, primarily due to strong housing demand in the U.S.
- Housing business achieved mid-term plan targets through total added value increases from price revisions despite declining domestic housing starts
- Timber and Building Materials business and Environment and Resources business faced challenging market conditions due to factors such as domestic housing market contraction and rising fuel prices in biomass power generation

Units: Billions of Yen		FY12/22	FY12/23	FY12/24 Medium-Term Plan	FY12/24 Actual	Medium-Term Plan Comparison	Review
Timber and Building Materials	Net Sales	273.7	236.1	264.0	253.2	- 10.8	While 2022 recorded highest-ever profits due to the wood shock effect, entering an inventory adjustment and price decline phase from 2023 onward due to decreased domestic housing demand.
	Recurring Income	14.9	11.2	11.5	10.0	- 1.5	
Housing	Net Sales	508.7	534.0	547.0	542.3	- 4.7	Despite continuing decline in domestic housing starts, covered the decrease in unit volume through improved total value-added ratio from price revisions. Progressed steadily with stabilizing material prices.
	Recurring Income	15.4	32.8	32.0	35.2	+ 3.2	
Global Construction and Real Estate	Net Sales	873.5	948.1	954.0	1,240.0	+ 286.0	In the core U.S. housing business, sales grew due to strong housing demand and shortage of existing home supply. Unit prices maintained high levels, significantly exceeding both net sales and recurring income targets in the medium-term plan.
	Recurring Income	161.8	112.0	129.0	147.5	+ 18.5	
Environment and Resources	Net Sales	21.9	24.8	26.5	27.0	+ 0.5	Challenging business environment continued with falling log prices and soaring procurement prices for biomass fuel. Issues remained in forest business operational structure.
	Recurring Income	1.4	0.6	4.0	0.2	- 3.8	
Other and Adjustments	Net Sales	- 8.1	- 9.9	- 21.5	- 8.8		
	Recurring Income	1.5	2.3	-3.5	5.1		
Total	Net Sales	1,669.7	1,733.2	1,770.0	2,053.7		
	Recurring Income	195.0	158.9	173.0	198.0		

Note: The Construction Business, which was included in the Housing segment until FY12/23, has been transferred to the Global Construction and Real Estate segment. As the impact on financial results is minimal, results for FY12/21 and earlier have not been restated.

- 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.

	FY12/21 Results	FY12/24 Results	Medium-term Management Plan Phase 2 Target (through FY12/27)
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

- To achieve our long-term vision, we have organized 9 key issues into three categories - "Our planet," "People and Society," and "the Market Economy" - and are promoting business activities that simultaneously fulfill these three values
- Through initiatives aimed at realizing the wood cycle, we will contribute to solving environmental and social issues

Value for Our Planet

Key Issue 1

Enhancing the Value of "Forests" and "Wood" through Forest Management

Key Issue 2

Achieving Carbon Neutrality through Utilization of "Forests" and "Wood"

Key Issue 3

Realizing a Circular Bio-economy through Utilization of "Forests" and "Wood"

Value for People and Society

Key Issue 4

Providing Comfortable Spaces for Society at Large

Key Issue 5

Improving the Lives of People in Communities Where We Operate

Key Issue 6

Creating an Environment Where People Can Work Actively

Value for the Market Economy

Key Issue 7

Creating New Markets for "Forests" and "Wood"

Key Issue 8

Transforming Markets through DX and Innovation

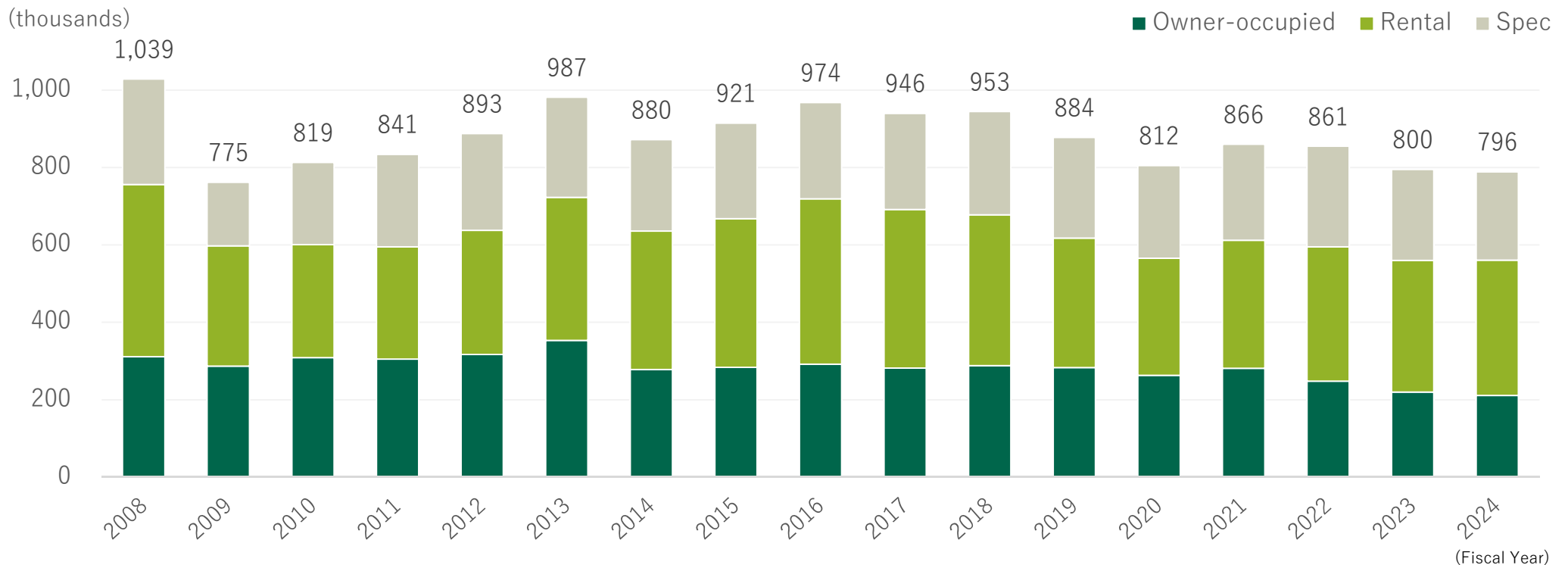
Key Issue 9

Building a Robust Business Structure

Domestic New Housing Starts

- Wage increases have not kept pace with price increases, weighing on homebuyer sentiment. The outlook for owner-occupied housing starts remains unclear due to lack of visibility
- Starting April 2025, structural documentation submission will be required for many two-story wooden houses due to the Article 4 special measure reduction. Along with legal revisions such as energy efficiency standard compliance requirements, small and medium-sized contractors are expected to face increased costs and administrative burdens
- Rental housing is expected to maintain relatively steady growth compared to owner-occupied housing, driven by investment demand and increasing number of households

Trends and Forecast of Housing Starts



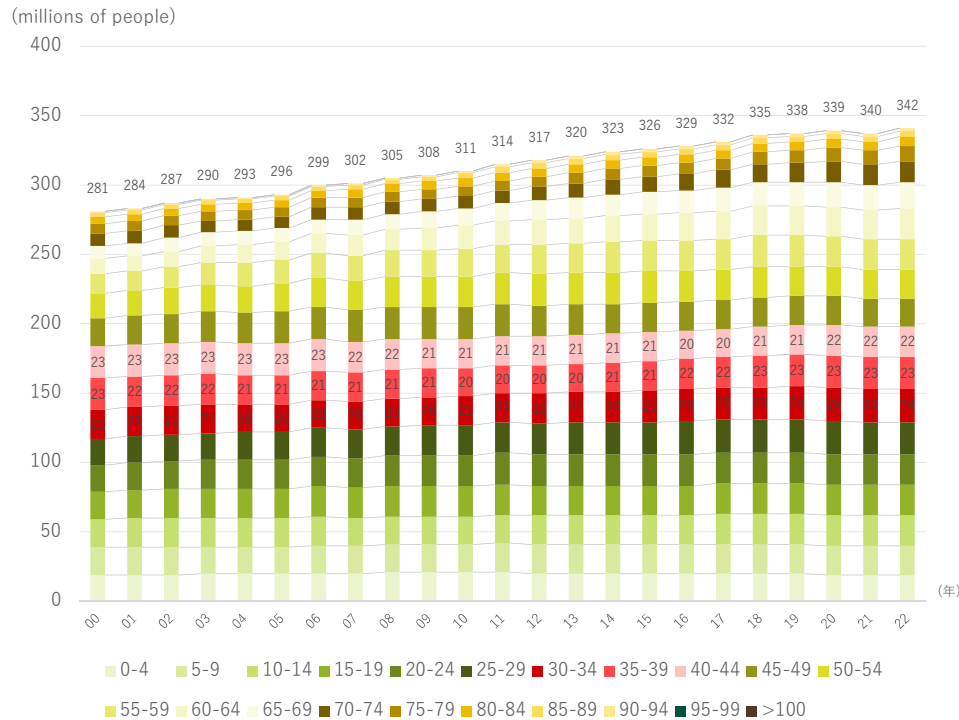
Source: "Housing Starts Statistics" Ministry of Land, Infrastructure, Transport and Tourism

U.S. Housing Market (Demographics and Housing Starts Trends)

- While the decline in new housing starts and widening supply-demand gap are causing housing supply shortages, with interest rates being a concerning factor, chronic housing shortages are expected to continue due to population growth. From a medium to long-term perspective, there is strong underlying demand for both single- and multi-family housing

U.S. Population Composition by Age Group

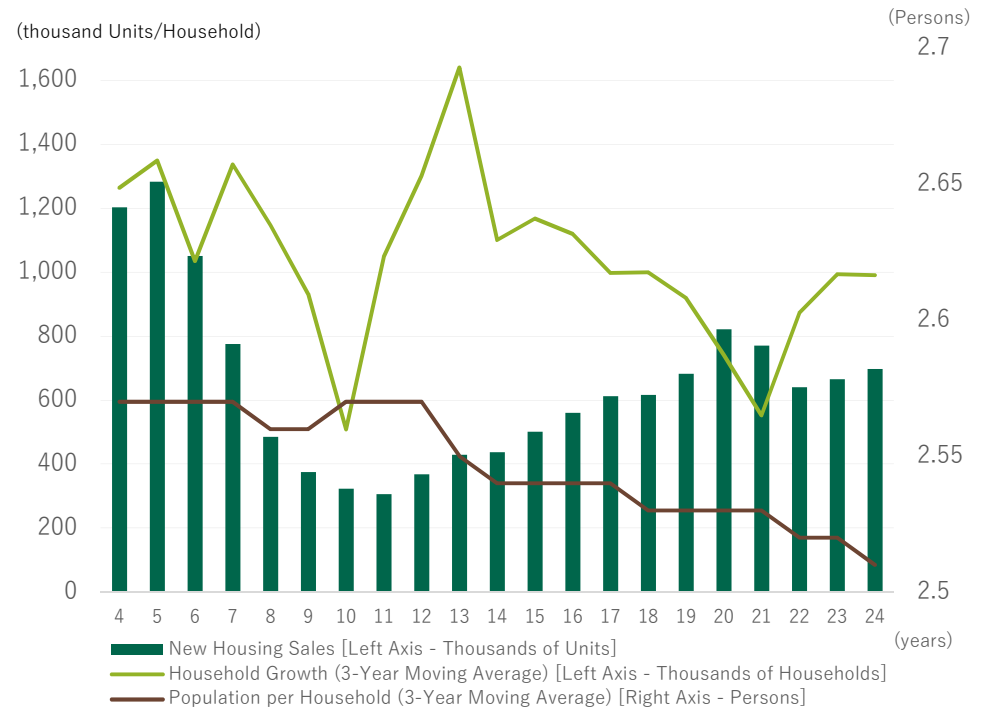
Total population growth is slowing, with working-age population projected to show minimal growth



Source: United Nation "World Population Prospects 2022"

Trends and Forecast of New Housing Starts in the U.S.

While underlying housing demand remains strong due to household growth, home sales are expected to recover gradually over the next few years as inflation subsides

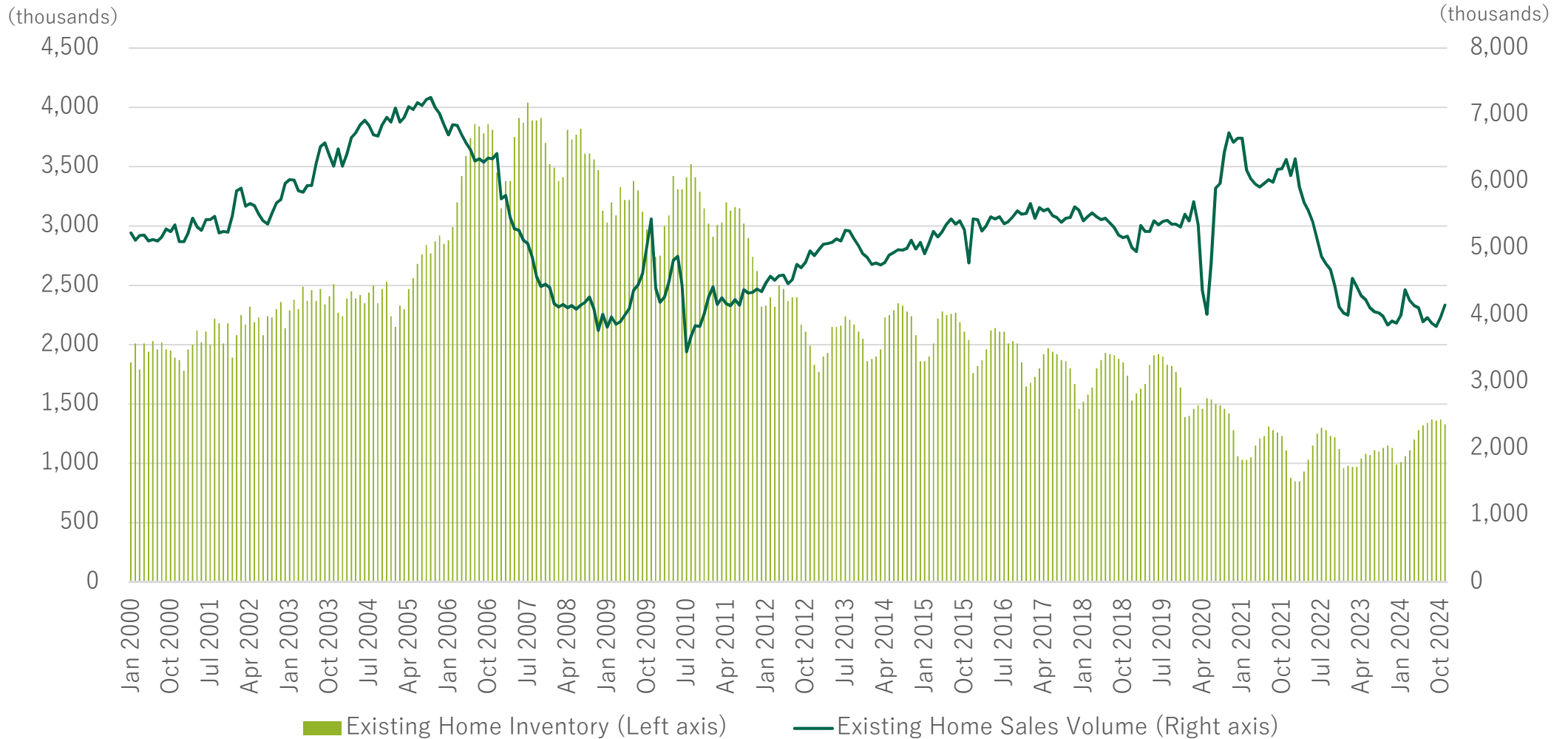


Source: U.S. Census

U.S. Housing Market (Existing Home Inventory)

- While existing home inventory is showing a slight increase at around 1.3 million units, it remains at historically low levels

■ U.S. Existing Home Inventory and Sales Volume



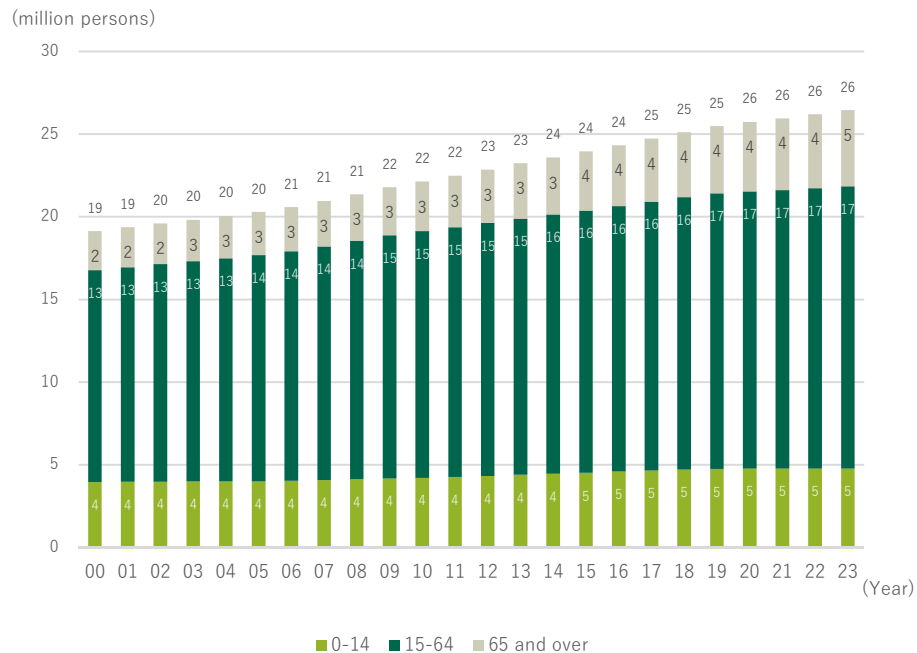
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Australian Housing Market (Demographics and Housing Starts)

- The deterioration in housing affordability due to rising labor and construction costs is gradually improving. With the recovery of immigration and continued robust housing demand, new housing starts are expected to show steady growth

Australian Population Growth Rate and Age Composition

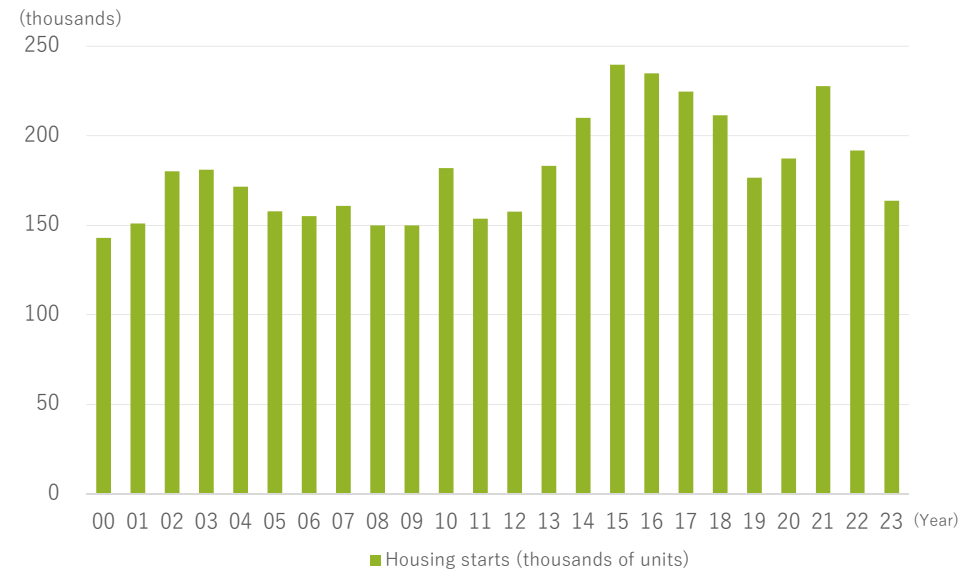
Population is growing at a high rate, with projected increase in home-buying demographic



Source: United Nation "World Population Prospects 2022"

Trends in Australian Housing Starts

Housing starts temporarily increased due to housing stimulus measures introduced in June 2020, followed by extended construction timelines. While high interest rates contributed to subsequent decline in housing starts, levels have bottomed out with signs of an upward trend emerging. The housing market is expected to show stable growth supported by population and household growth



Source: Australian Bureau of Statistics

- The financial forecasts, outlooks, and business plans contained in this document are based on assumptions and judgments made by our Group using information available at the time of preparation, and do not constitute a guarantee or promise of their accuracy or completeness.
- Financial forecasts, outlooks, and business plans are subject to change.
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