

FY12/2025 First Quarter Financial Results and FY12/2025 Forecast



SUMITOMO FORESTRY (Securities code 1911)

May 1, 2025

- "Net income attributable to owners of parent" is expressed as "net income."
- From FY12/2024, segment names have been changed as follows:
 Global Housing, Construction and Real Estate segment
 → Global Construction and Real Estate Segment
- In November 2024, we made Metricon, Australia's largest homebuilder, a consolidated subsidiary. For FY12/2024, only the balance sheet has been consolidated, while the statement of income has not been incorporated. Starting from FY12/2025, both the statement of income and the balance sheet have been consolidated.
- Regarding the FY12/2023 and FY12/2024 results, we have revised the initial purchase price allocation due to the finalization of provisional accounting treatment related to business combinations.

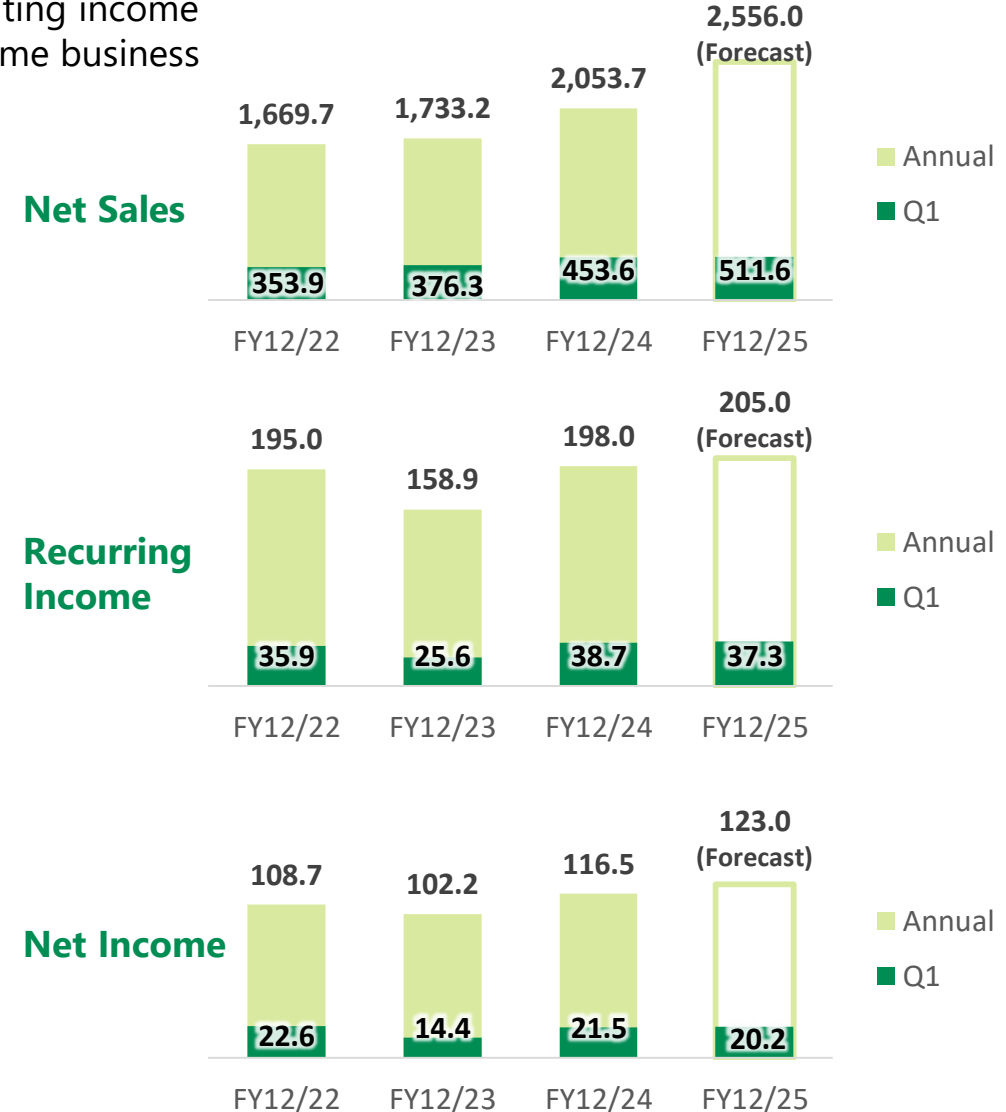
FY12/2025 First Quarter Results



- The U.S. single-family home market continued to lack momentum in sales, as homebuyers maintained a wait-and-see attitude due to persistently high mortgage rates and uncertainty regarding the US economic outlook.
- In the U.S., there is structurally strong housing demand driven by population growth and a shortage of housing, particularly among the homebuying demographic known as Generation Z and Millennials, and the housing market is expected to continue growing in the future.
- While the business environment for the U.S. real estate development business continues to be challenging, leasing of rental apartment complexes has generally remained firm. As such, we will carefully assess conditions and timing in making decisions regarding sales of properties.
- In the Australian housing business, profit margins have improved. Orders in Western Australia continue to perform well, and Metricon, the industry-leading home builder that became a consolidated subsidiary last year, is seeing steady growth in orders and sales.
- In Japan's custom-built detached housing business, the rise in order unit prices due to a higher adoption rate of ZEH (Net Zero Energy Houses) has enabled us to secure a wide range of orders, from high-end price ranges to those around ¥35 million. Due to the increase in the number of units under construction as a result of strong orders in the previous fiscal year, combined with higher selling prices, our profit margins improved, which led to both increased sales and profits.
- As for the impact of the Trump administration's policies on the U.S. housing and real estate business, many housing-related items, including wood, will be exempted from both additional tariffs and reciprocal tariffs. At this time, we expect the impact on our results from direct cost increases, etc. to be limited. The future business environment is extremely uncertain, so we have left our full-year results forecast unchanged from the initial forecast.

- Although net sales increased due to our acquisition of Metricon in Australia, operating income decreased as a result of rising costs, including for land, in the U.S. single-family home business and increased personnel in preparation for business expansion.

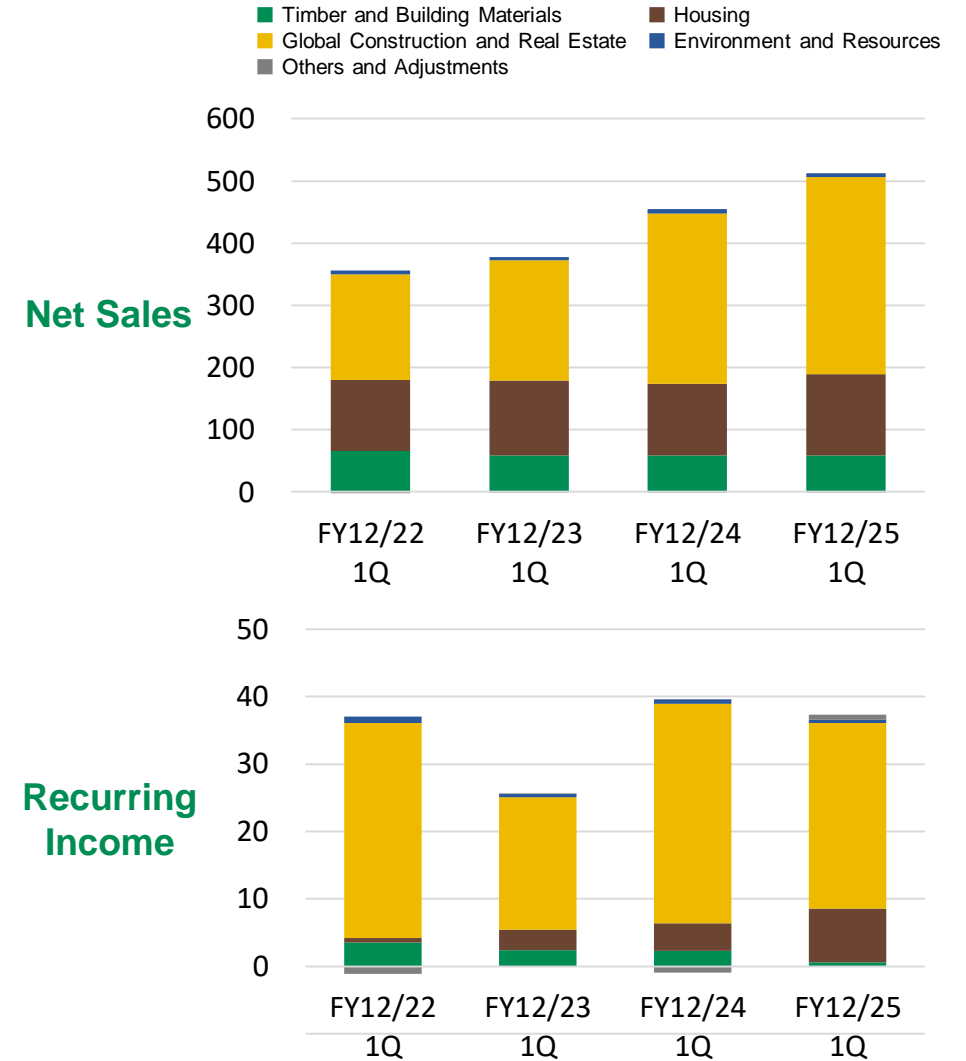
(billion yen)	FY12/24 Q1	FY12/25 Q1	Change	Pct.
Net Sales	453.6	511.6	+58.0	+12.8%
Gross Profit	110.8	122.5	+11.7	+10.6%
SG&A Expenses	71.2	84.0	+12.8	+17.9%
Operating Income	39.5	38.5	-1.0	-2.7%
Non-operating income	-0.9	-1.2	-0.3	-
Recurring income	38.7	37.3	-1.4	-3.6%
Effect of FX rate change		0.6		
Recurring income to Net sales ratio	8.5%	7.3%	-1.2%pt	-
Extraordinary income/loss	-	-	-	-
Net income	21.5	20.2	-1.3	-5.9%
FX rate (average during term)				
USD/JPY	148.43	152.62		
AUD/JPY	97.61	95.72		



- While the Housing business saw increased sales and profits due to strong orders, the Global Construction and Real Estate business saw increased sales but decreased profits.

(billion yen)		FY12/24	FY12/25	Change	Pct.
		Q1	Q1		
Timber and Building Materials	Net Sales	58.3	58.2	-0.0	-0.0%
	Recurring income	2.3	0.6	-1.8	-75.7%
	RI/Net sales ratio*	4.0%	1.0%	-3.0%pt	-
Housing	Net Sales	115.6	130.8	+15.3	+13.2%
	Recurring income	4.1	8.0	+3.9	+95.1%
	RI/Net sales ratio*	3.5%	6.1%	+2.6%pt	-
Global Construction and Real Estate	Net Sales	274.2	317.2	+42.9	+15.7%
	Recurring income	32.5	27.5	-5.0	-15.4%
	RI/Net sales ratio*	11.9%	8.7%	-3.2%pt	-
Environment and Resources	Net Sales	7.2	6.7	-0.5	-6.8%
	Recurring income	0.7	0.5	-0.2	-31.0%
	RI/Net sales ratio*	9.2%	6.8%	-2.4%pt	-
Others	Net Sales	6.6	6.9	+0.2	+3.6%
	Recurring income	0.5	2.0	+1.5	+322.2%
	RI/Net sales ratio*	7.3%	29.6%	+22.4%pt	-
Adjustment	Net Sales	-8.2	-8.2	+0.0	-
	Recurring income	-1.4	-1.3	+0.1	-
TOTAL	Net Sales	453.6	511.6	+58.0	+12.8%
	Recurring income	38.7	37.3	-1.4	-3.6%
	RI/Net sales ratio*	8.5%	7.3%	-1.2%pt	-

* Recurring income to Net sales ratio



(billion yen)		FY12/24 Q1	FY12/25 Q1	Change	Pct.
Orders received	Custom-built detached houses	96.8	102.2	+5.3	+5.5%
	Apartments	4.8	6.0	+1.2	+24.9%
Units & Prices of Custom-built detached houses	Units	2,048	2,089	+41	+2.0%
	Unit price (mil. Yen)	43.2	44.9	+1.8	+4.1%
Sales	Custom-built detached houses	81.7	87.8	+6.1	+7.5%
	Apartments	4.3	4.8	+0.5	+11.2%
	Detached spec home	2.9	4.3	+1.4	+50.5%
	Renovation	12.0	14.2	+2.2	+18.5%
	Others & Adjustments	14.9	19.8	+5.0	+33.5%
	TOTAL	115.6	130.8	+15.3	+13.2%
	RI/Net sales ratio	3.5%	6.1%	+2.6%pt	-
Units & Prices of Custom-built detached houses	Units	1,756	1,773	+17	+1.0%
	Unit price (mil. Yen)	45.7	48.0	+2.2	+4.9%

• Order Status

In addition to expanding orders in the high-end price range by leveraging our proposal capabilities, including the Grand Estate Design Project, an increase in orders for the semi-customized "Forest Selection" product led to a year-on-year increase on both the average unit price and the number of units.

• Sales Status

Sales of custom-built detached houses increased year-on-year both in value and in number of units, driven by higher unit prices due to an increase in the ratio of ZEH, etc., as well as by a high level of order backlog at the beginning of the period due to strong orders in the previous fiscal year.

(billion yen)			FY12/24	FY12/25	Change	Pct.
			Q1	Q1		
U.S.	Housing	Net Sales	188.4	179.8	-8.6	-4.5%
		Recurring income	33.7	27.6	-6.1	-18.0%
		RI/Net sales ratio	17.9%	15.4%	-2.5%pt	-
	Real estate	Net Sales	37.5	45.7	+8.3	+22.1%
		Recurring income	-0.9	-2.4	-1.4	-
		RI/Net sales ratio	-	-	-	-
	FITP	Net Sales	9.5	10.9	+1.4	+14.6%
		Recurring income	1.3	0.1	-1.2	-89.2%
		RI/Net sales ratio	14.1%	1.3%	-12.8%pt	-
Australia	Housing	Net Sales	30.2	73.2	+43.0	+142.5%
		Recurring income	1.1	4.1	+3.1	+287.8%
		RI/Net sales ratio	3.5%	5.6%	+2.1%pt	-
Others & Adjustments		Net Sales	8.7	7.5	-1.1	-13.2%
		Recurring income	-2.6	-2.0	-	-
TOTAL		Net Sales	274.2	317.2	+42.9	+15.7%
		Recurring income	32.5	27.5	-5.0	-15.4%
		RI/Net sales ratio	11.9%	8.7%	-3.2%pt	-

FX rate (average during term)

USD/JPY	148.43	152.62
AUD/JPY	97.61	95.72

• U.S. Housing

Both sales and profits decreased due to a decrease in the number of units sold resulting from persistently high mortgage rates and uncertainty regarding the U.S. economic outlook, as well as increases in costs and expenses.

• U.S. Real Estate

Profits decreased due to delays in property sales caused by persistently high expected returns (cap rates).

• FITP

While there was an increase in sales volume due to expanding our business areas through the addition of new facilities, rising costs and rising labor costs resulted in increased sales but decreased profits.

• Australia Housing

Both sales and profits increased due to the effects of newly consolidating Metricon.

(billion yen)		FY12/24	FY12/25	Change	Pct.
		Q1	Q1		
U.S. Housing	No. of Units order received	3,195	2,868	-327	-10.2%
	No. of Units sold	2,605	2,254	-351	-13.5%
	Sales (mil. USD)	1,235	1,135	-100	-8.1%
	Unit sales price (thousand USD)	474	504	+29	+6.2%
	RI/Net sales ratio	17.9%	15.4%	-2.5%pt	-
	Order backlog (units)	3,982	3,293	-689	-17.3%
	Lots owned	46,898	52,672	+5,774	+12.3%
	completed inventory	1,575	2,163	+588	+37.3%
Australia Housing	Option lots	25,068	26,797	+1,729	+6.9%
	No. of Units order received	795	1,834	+1,039	+130.7%
	No. of Units sold	663	1,671	+1,009	+152.2%
	Sales (mil. AUD)	309	764	+455	+147.3%
	Unit sales price (thousand AUD)	466	457	-9	-1.9%
	RI/Net sales ratio	3.5%	5.6%	+2.1%pt	-
	Order backlog (units)	3,760	8,435	+4,675	+124.3%

• U.S. Housing

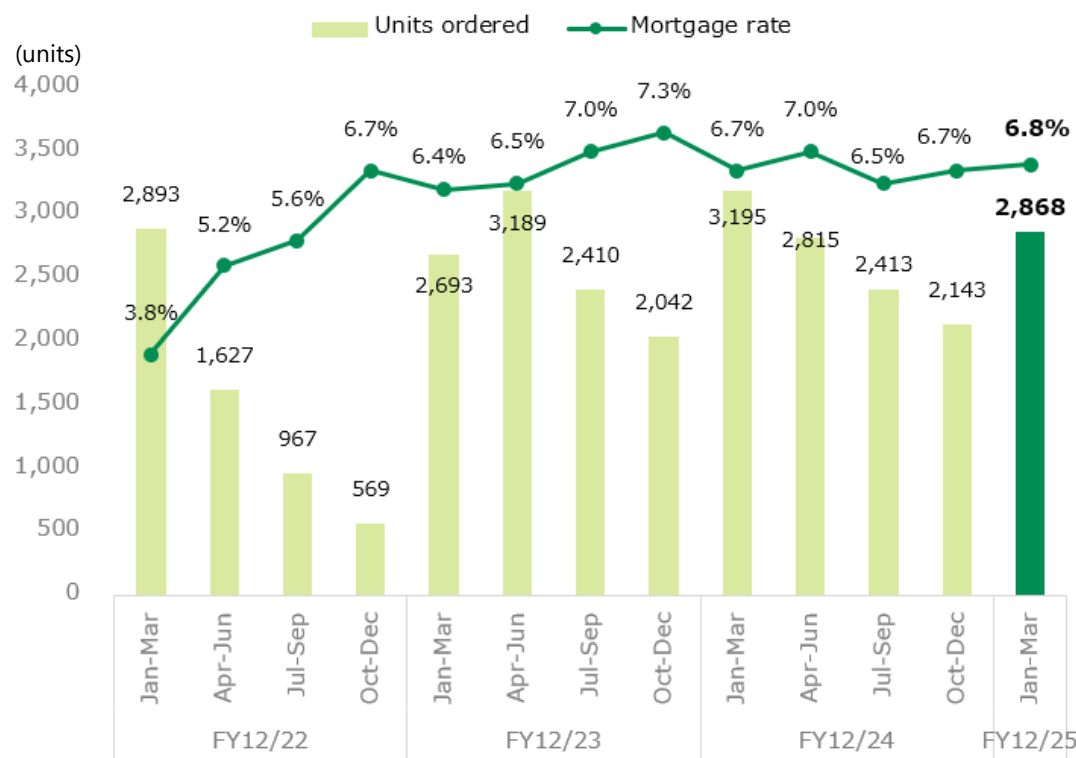
The number of units ordered declined year-on-year due to uncertainty regarding the US economic outlook and persistently high mortgage rates.

The number of units sold also decreased year-on-year, as the order backlog at the beginning of the period was low and the business environment deteriorated. Due to rising costs, including for land, and an increase in personnel, the recurring income margin was approximately 2.5 percentage points lower year-on-year.

• Australia Housing

Due to the acquisition of Metricon, both the number of units ordered and the number of units sold significantly increased year-on-year. Profit margins also steadily recovered, and the recurring income margin exceeded the level of the full-year plan.

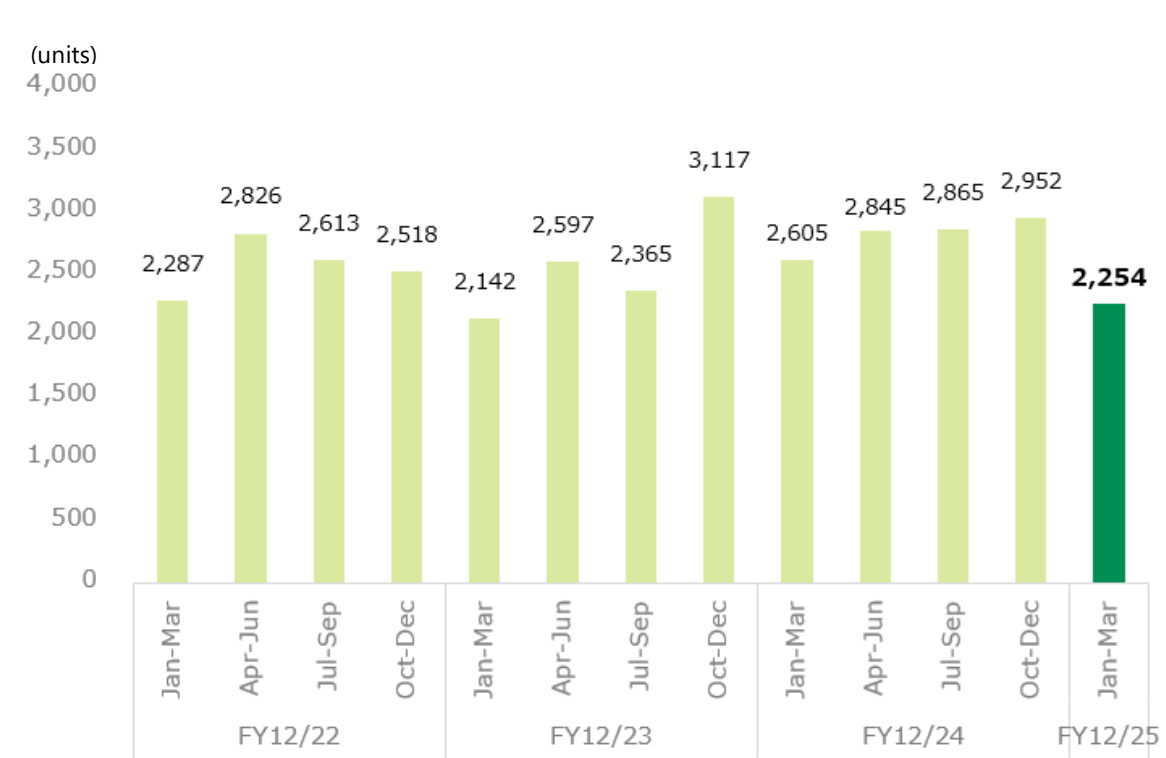
Trends in number of units ordered for U.S. single-family homes, and mortgage rates*



* Source: Federal National Mortgage Association (Fannie Mae): <https://www.fanniemae.com/research-and-insights/forecast>

Due to persistently high mortgage rates and customers maintaining a wait-and-see attitude, the number of units ordered fell year-on-year.

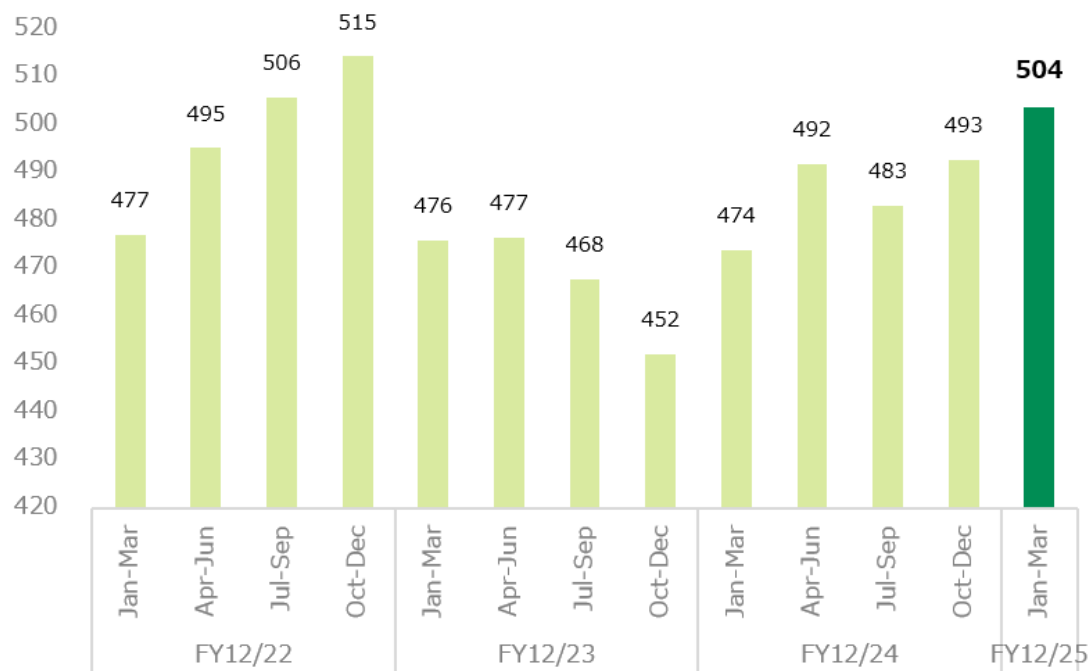
Trends in number of units sold for U.S. single-family homes (on a delivery basis)



Sales slowed due to uncertainty regarding the outlook for the U.S. economy and mortgage rates arising from various economic policies under the Trump administration.

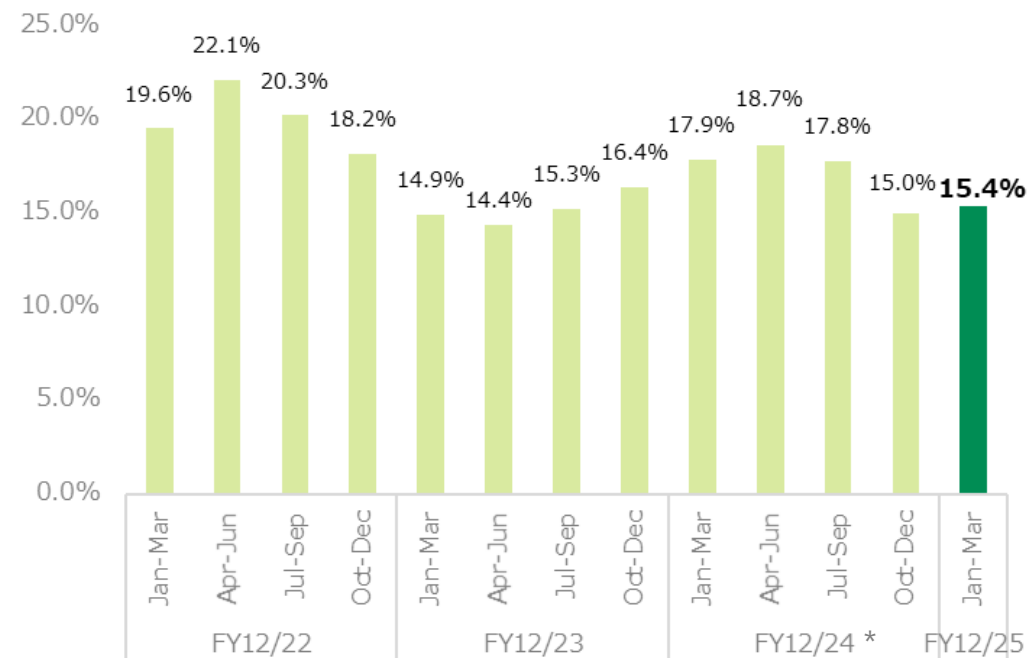
Trends in unit sales price for U.S. single-family homes

(thousand USD)



Average prices rose due to a decrease in the number of units sold in areas with fierce competition and relatively low sales prices, such as Dallas.

Trends in recurring income to net sales ratio for U.S. single-family homes



Due to rising costs, including for land, and upfront increases in personnel for business expansion, the recurring income margin declined year-on-year.

* Figures in each quarter in FY12/2024 are revised.

(billion yen)

		FY12/24 Q1	FY12/25 Q1	Change	Pct.
Timber and Building Materials	Net Sales	58.3	58.2	-0.0	-0.0%
	Recurring income	2.3	0.6	-1.8	-75.7%
	RI/Net sales ratio	4.0%	1.0%	-3.0%pt	-
Environment and Resources	Net Sales	7.2	6.7	-0.5	-6.8%
	Recurring income	0.7	0.5	-0.2	-31.0%
	RI/Net sales ratio	9.2%	6.8%	-2.4%pt	-

• Timber and Building Materials

Both sales and profits decreased as sales of lumber and building materials slumped due to a decline in the number of new housing starts.

• Environment and Resources

Although fee income from the forestry fund increased, sales and profits decreased due to sluggish lumber exports to Asia.

(billion yen)	End of 12/2024	End of 3/2025	Changes
Current assets	1,546.1	1,485.2	-60.8
Cash, deposits, securities	181.0	157.7	-23.3
Receivables	242.6	227.3	-15.3
Real estate for sale	178.9	178.1	-0.8
Real estate for sale in process	681.8	678.1	-3.7
Other receivables	101.3	86.4	-14.9
Others	160.5	157.7	-2.8
Non-current assets	715.0	720.6	+5.5
Land and Construction in process	119.6	123.3	+3.7
Other non-current assets	166.5	163.0	-3.5
Intangible fixed assets	75.0	71.3	-3.7
Investment securities	268.9	273.0	+4.1
Others	85.0	90.1	+5.0
Total Assets	2,261.1	2,205.8	-55.3

FX rate (end of term)

USD/JPY	158.18	149.52
AUD/JPY	98.50	93.97

(billion yen)	End of 12/2024	End of 3/2025	Changes
Real estate for sale and Reals estate for sale in process	860.7	856.2	-4.5
U.S. (bil. Yen)	765.3	759.4	-5.8
U.S. (mil. USD)	483.8	507.9	+24.1

• Balance Sheet - Assets

Total assets decreased by ¥55.3 billion from the end of December 2024, to ¥2,205.8 billion, due in part to the impact of the stronger yen.

(billion yen)	End of 12/2024	End of 3/2025	Changes
Liabilities	1,241.0	1,234.9	-6.1
Payables	287.1	271.9	-15.2
Interest bearing debt	613.4	636.6	+23.2
Contract liabilities	97.6	105.8	+8.2
Income taxes payable	8.9	7.1	-1.8
Others	233.9	213.5	-20.4
Net assets	1,020.1	970.9	-49.2
Shareholders' equity	701.0	704.8	+3.8
Accumulated other comprehensive income	219.3	171.5	-47.9
Foreign currency translation adjustment	172.8	126.2	-46.7
Non-controlling interests	99.7	94.6	-5.1
Share acquisition rights	0.1	0.1	-0.0
Total liabilities and net assets	2,261.1	2,205.8	-55.3

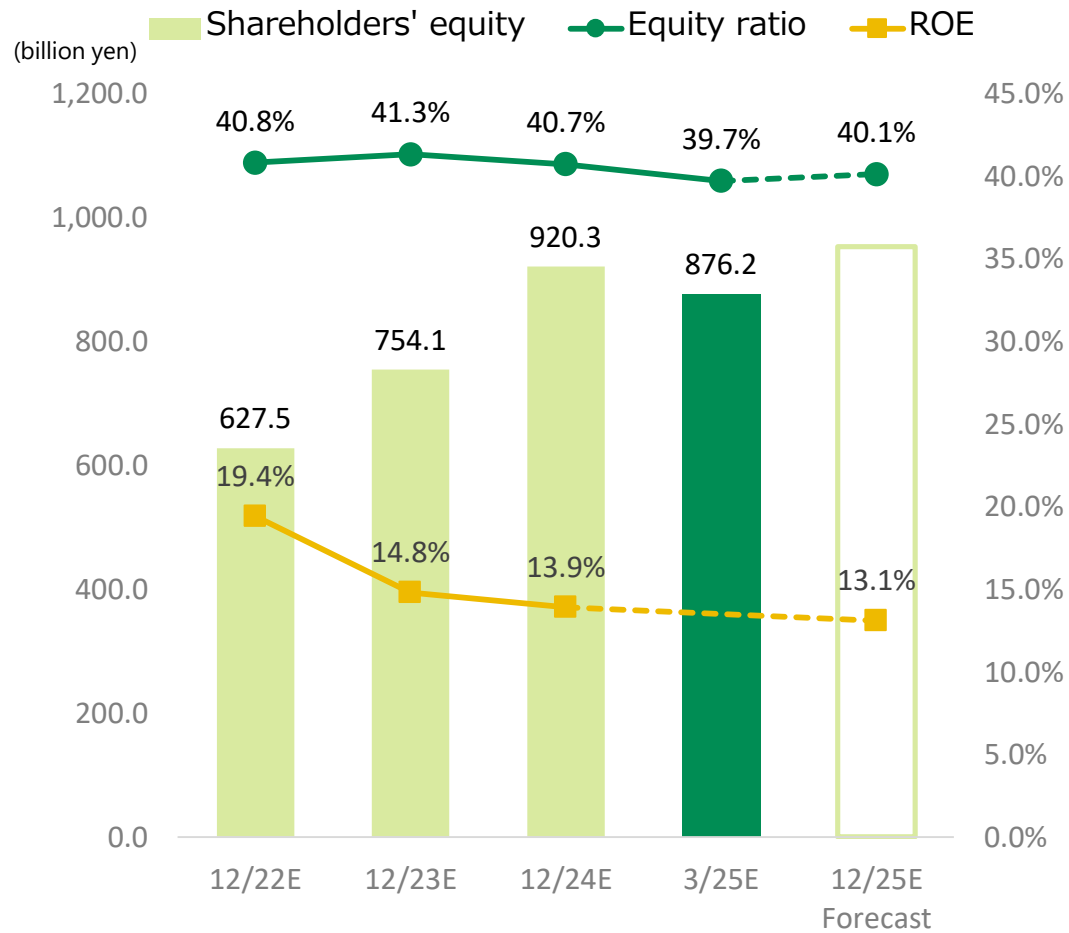
(billion yen)	End of 12/2024	End of 3/2025	Changes
Interest bearing debt	613.4	636.6	+23.1
Short-term borrowings	93.7	105.2	+11.5
Long-term borrowings	413.9	437.1	+23.2
Bonds payable	80.2	70.2	-10.0
Lease obligations	25.7	24.1	-1.6

• Balance Sheet – Liabilities and Net Assets

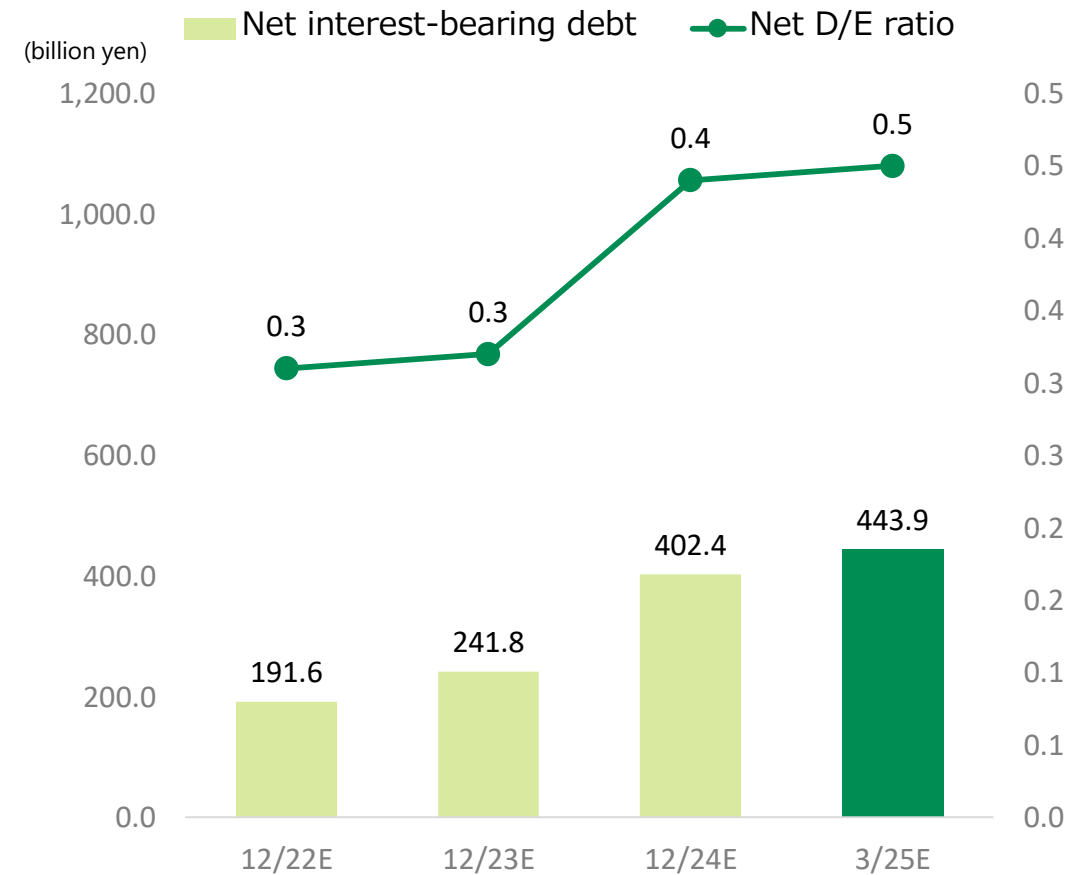
On the liabilities side, short- and long-term borrowings increased by ¥34.7 billion, while on the net assets side, the foreign currency translation adjustment account decreased by ¥46.7 billion.

- The equity ratio stood at 39.7%, and the net D/E ratio remained below 0.5, maintaining a stable financial base.

Financial Soundness/Capital Efficiency



Financial Discipline



FY12/2025 Forecast



(billion yen)	FY12/24	FY12/25 forecast	Changes	Pct.
Net Sales	2,053.7	2,556.0	+502.3	+24.5%
Gross Profit	503.0	577.0	+74.0	+14.7%
SG&A Expenses	308.4	382.0	+73.6	+23.9%
Operating Income	194.6	195.0	+0.4	+0.2%
Non-operating income	3.4	10.0	+6.6	+197.0%
Recurring income	198.0	205.0	+7.0	+3.6%
Recurring income to Net sales ratio	9.6%	8.0%	-1.6%pt	-
Extraordinary profit/loss	-5.9	-	+5.9	-
Net income	116.5	123.0	+6.5	+5.6%
EPS	569.40	601.03	+31.63	+5.6%
ROE	13.9%	13.1%	-0.8%pt	-

FX rate (average during term)

USD/JPY	151.47	150.00
AUD/JPY	99.92	100.00

• Statements of Income

No change from initial forecast

(billion yen)		FY12/24	FY12/25 forecast	Changes	Pct.
Timber and Building Materials	Net Sales	253.2	293.0	+39.8	+15.7%
	Recurring income	10.0	12.0	+2.0	+20.0%
	RI/Net sales ratio	4.0%	4.1%	+0.1%pt	-
Housing	Net Sales	542.3	585.0	+42.7	+7.9%
	Recurring income	35.2	38.0	+2.8	+8.0%
	RI/Net sales ratio	6.5%	6.5%	+0.0%pt	-
Global Construction and Real Estate	Net Sales	1,240.0	1,673.0	+433.0	+34.9%
	Recurring income	147.5	161.0	+13.5	+9.2%
	RI/Net sales ratio	11.9%	9.6%	-2.3%pt	-
Environment and Resources	Net Sales	27.0	27.5	+0.5	+2.0%
	Recurring income	0.2	0.0	-0.2	-
	RI/Net sales ratio	0.9%	0.0%	-0.9%pt	-
Others	Net Sales	27.3	30.5	+3.2	+11.7%
	Recurring income	0.7	1.3	+0.6	+84.3%
	RI/Net sales ratio	2.6%	4.3%	+1.7%pt	-
Adjustment	Net Sales	-36.1	-53.0	-16.9	-
	Recurring income	4.4	-7.3	-11.7	-
TOTAL	Net Sales	2,053.7	2,556.0	+502.3	+24.5%
	Recurring income	198.0	205.0	+7.0	+3.6%
	RI/Net sales ratio	9.6%	8.0%	-1.6%pt	-

• Net Sales and Recurring Income by Segment

No change from initial forecast

(billion yen)		FY12/24	FY12/25 forecast	Changes	Pct.
Orders received	Custom-built detached houses	397.9	390.0	-7.9	-2.0%
	Apartments	19.3	20.0	+0.7	+3.9%
Units & Prices of Custom-built detached houses	Units	8,108	8,100	-8	-0.1%
	Unit price (mil. Yen)	44.6	44.0	-0.6	-1.4%
Sales	Custom-built detached houses	362.8	395.0	+32.2	+8.9%
	Apartments	18.9	19.7	+0.8	+4.3%
	Detached spec home	21.5	23.7	+2.2	+10.2%
	Renovation	72.1	76.0	+3.9	+5.4%
	Others & Adjustments	67.0	70.6	+3.6	+5.4%
	TOTAL	542.3	585.0	+42.7	+7.9%
	RI/Net sales ratio	6.5%	6.5%	+0.0%pt	-
Units & Prices of Custom-built detached houses	Units	7,551	7,940	+389	+5.2%
	Unit price (mil. Yen)	46.7	49.4	+2.7	+5.8%

• Order Status

No change from initial forecast

• Sales Status

No change from initial forecast

(billion yen)			FY12/24	FY12/25 forecast	Changes	Pct.
U.S.	Housing	Net Sales	848.3	974.0	+125.7	+14.8%
		Recurring income	147.0	140.0	-7.0	-4.7%
		RI/Net sales ratio	17.3%	14.4%	-3.0%pt	-
	Real estate	Net Sales	179.9	247.0	+67.1	+37.3%
		Recurring income	1.7	6.0	+4.3	+261.7%
		RI/Net sales ratio	0.9%	2.4%	+1.5%pt	-
	FITP	Net Sales	42.0	51.0	+9.0	+21.5%
		Recurring income	4.0	4.0	-0.0	-0.9%
		RI/Net sales ratio	9.6%	7.8%	-1.8%pt	-
Australia	Housing	Net Sales	155.7	373.0	+217.3	+139.5%
		Recurring income	12.7	20.0	+7.3	+57.4%
		RI/Net sales ratio	8.2%	5.4%	-2.8%pt	-
Others & Adjustments		Net Sales	14.1	28.0	+13.9	-
		Recurring income	-17.9	-9.0	+8.9	-
TOTAL		Net Sales	1,240.0	1,673.0	+433.0	+34.9%
		Recurring income	147.5	161.0	+13.5	+9.2%
		RI/Net sales ratio	11.9%	9.6%	-2.3%pt	-

- Global Construction and Real Estate Segment**

No change from initial forecast

FX rate

USD/JPY	151.47	150.00
AUD/JPY	99.92	100.00

		FY12/24	FY12/25 forecast	Changes	Pct.
U.S. Housing	No. of Units sold	11,267	12,740	+1,473	+13.1%
	Sales (mil. USD)	5,601	6,493	+893	+15.9%
	Unit sales price (thousand USD)	486	490	+4	+0.8%
	RI/Net sales ratio	17.3%	14.4%	-3.0%pt	-
Australia Housing	No. of Units sold	3,287	7,790	+4,503	+137.0%
	Sales (mil. AUD)	1,559	3,730	+2,171	+139.3%
	Unit sales price (thousand AUD)	474	479	+5	+1.1%
	RI/Net sales ratio	8.2%	5.4%	-2.8%pt	-

- U.S. Housing**

No change from initial forecast

- Australia Housing**

No change from initial forecast

Topics

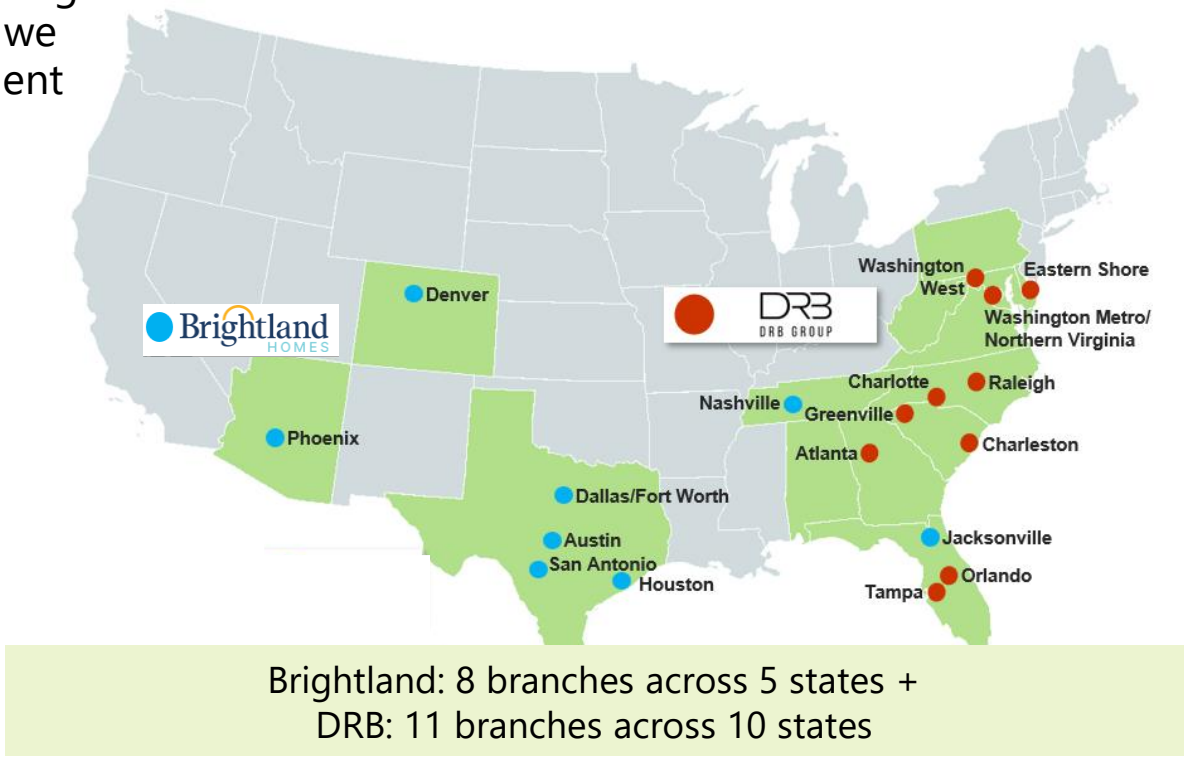


- Under the Medium-Term Management Plan "Mission TREEING 2030 Phase 2," one of the basic policies is to **expand our business foundation to further improve profitability and achieve stable growth** in the overseas housing and real estate business. We are aiming to achieve **17,700 units sold** in the fiscal year ending December 2027.
- By integrating our U.S. housing subsidiaries DRB and Brightland, **we will strengthen Brightland's management structure by leveraging DRB's management expertise and business infrastructure.**

Through the integration of the two companies, we will be creating a builder with a scale equivalent to 16th place nationwide,* and we aim to further expand the business through greater management efficiency.

*Source: Builder Online 2024 Builder 100 (based on 2023 closings)

- Strengthen Brightland's Management Structure
Expand regional management functions and strengthen the management structure of each branch
- Strengthen material procurement capabilities
Reduce costs by enhancing negotiation power with suppliers
- Reduce system operation and update costs
Lower IT costs by integrating the two companies' systems



News Release Titles

January	Development of multi-family rental community near Dallas, Texas ~First partnership with Nomura Real Estate Development in the U.S.~
	First for a Japanese company: Office development through wooden expansion and renovation in London, UK ~Higher building performance and wood expansion to reduce life cycle CO2 emissions~
February	Sumitomo Forestry Makes CDP's Climate A List for ninth consecutive year ~Wins highest rating in CDP 2024~
	Sumitomo Forestry wins the highest top 1% assessment in S&P Global's Sustainability Yearbook 2025
	Sumitomo Forestry Group Medium-Term Management Plan "Mission TREEING 2030 Phase 2" (FY December 2025 - FY December 2027)
	Financial Results for the Fiscal Year Ended December 2024
	Sumitomo Forestry and Daito Trust Construction conclude basic agreement on wide-ranging business alliance including utilization of Japanese timber ~First stage to ensure stable supply and procurement of Japanese structural timber~
March	A first for Sumitomo Forestry: winning iF DESIGN AWARD 2025, one of the world's three most prestigious design awards ~Mass-timber office "T3 Collingwood" receives the top honor, the GOLD AWARD~
	Commencement of a tender offer for LeTech Corporation ~To expand our rental housing operations by reinforcing our build-to-rent property development business~
	Notice of commencement of a tender offer for LeTech Corporation
	Notice regarding reorganization and name change of subsidiary
	Notice Regarding the Acquisition of Shares (Subsidiarization) of Teal Jones Louisiana Holdings LLC and the Change of a Specified Subsidiary
	View and Policy Concerning Reduction of Investment Unit

- 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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Happiness Grows from Trees



SUMITOMO FORESTRY