

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



 **SUMITOMO FORESTRY** (Securities Code: 1911)

August 8, 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
- As we have revised the initial purchase price allocation due to the finalization of provisional accounting treatment related to business combinations, the figures for the previous year on this material have also been revised and presented differently from its initial announcement.
- A stock split has been carried out in a ratio of three shares for every one share of common stock, with June 30, 2025 as the record date and July 1, 2025 as the effective date.

FY12/2025 Second Quarter Results

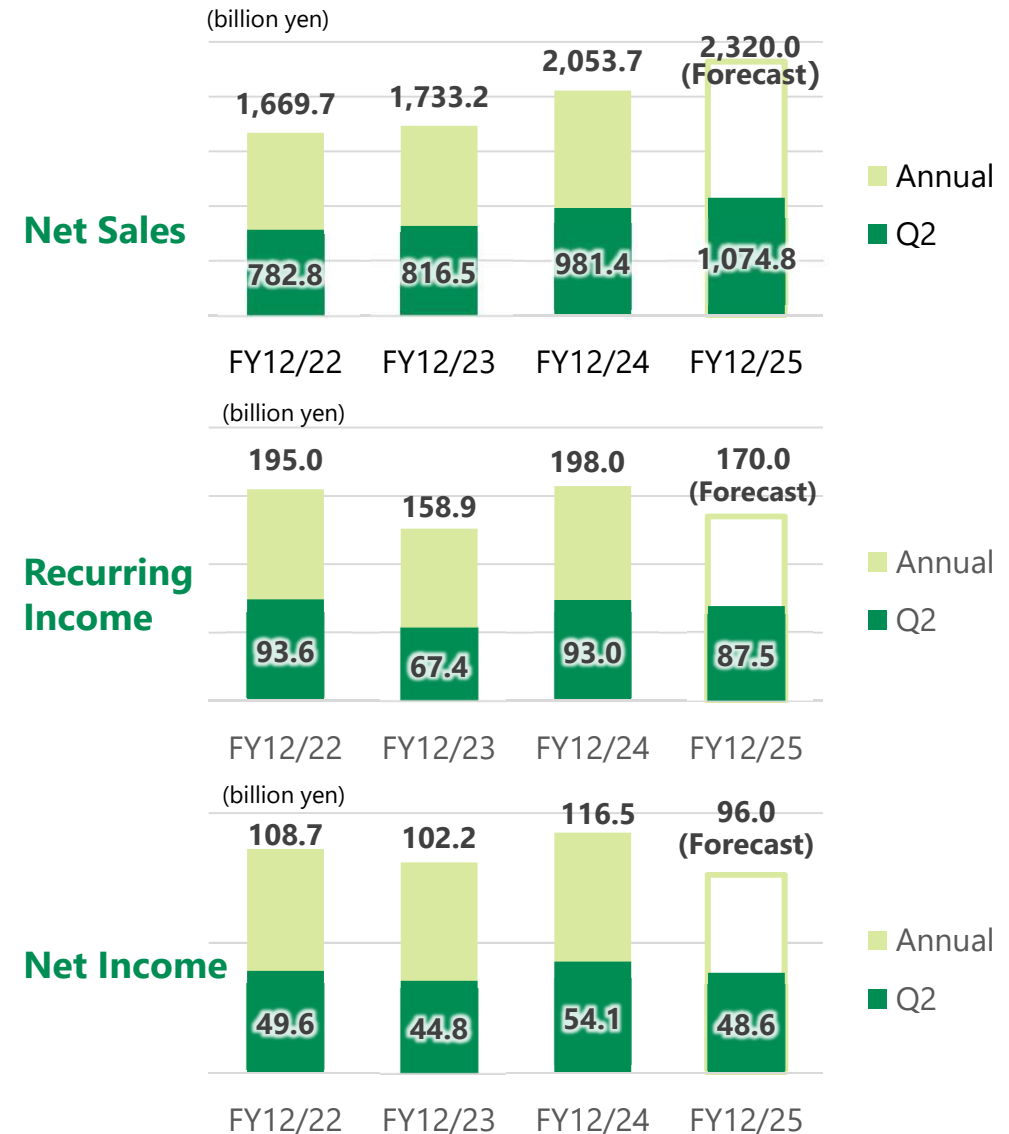


- Although net sales increased due to our acquisition of Metricon in Australia, the slump in the U.S. housing business and other areas of operation resulted in a decline in income.

(billion yen)	FY12/24 Q2	FY12/25 Q2	Change	Pct.
Net Sales	981.4	1,074.8	+93.3	+9.5%
Gross Profit	241.2	254.6	+13.4	+5.6%
SG&A Expenses	150.1	171.7	+21.5	+14.3%
Operating Income	91.1	83.0	-8.1	-8.9%
Non-operating income	1.9	4.5	+2.6	+138.9%
Recurring income	93.0	87.5	-5.5	-5.9%
Effect of FX rate change		-2.2		
Recurring income to Net sales ratio	9.5%	8.1%	△1.3%pt	-
Extraordinary income/loss	-	-	-	-
Net income	54.1	48.6	-5.6	-10.3%

FX rate (average during term)

USD/JPY	152.12	148.50
AUD/JPY	100.15	94.12

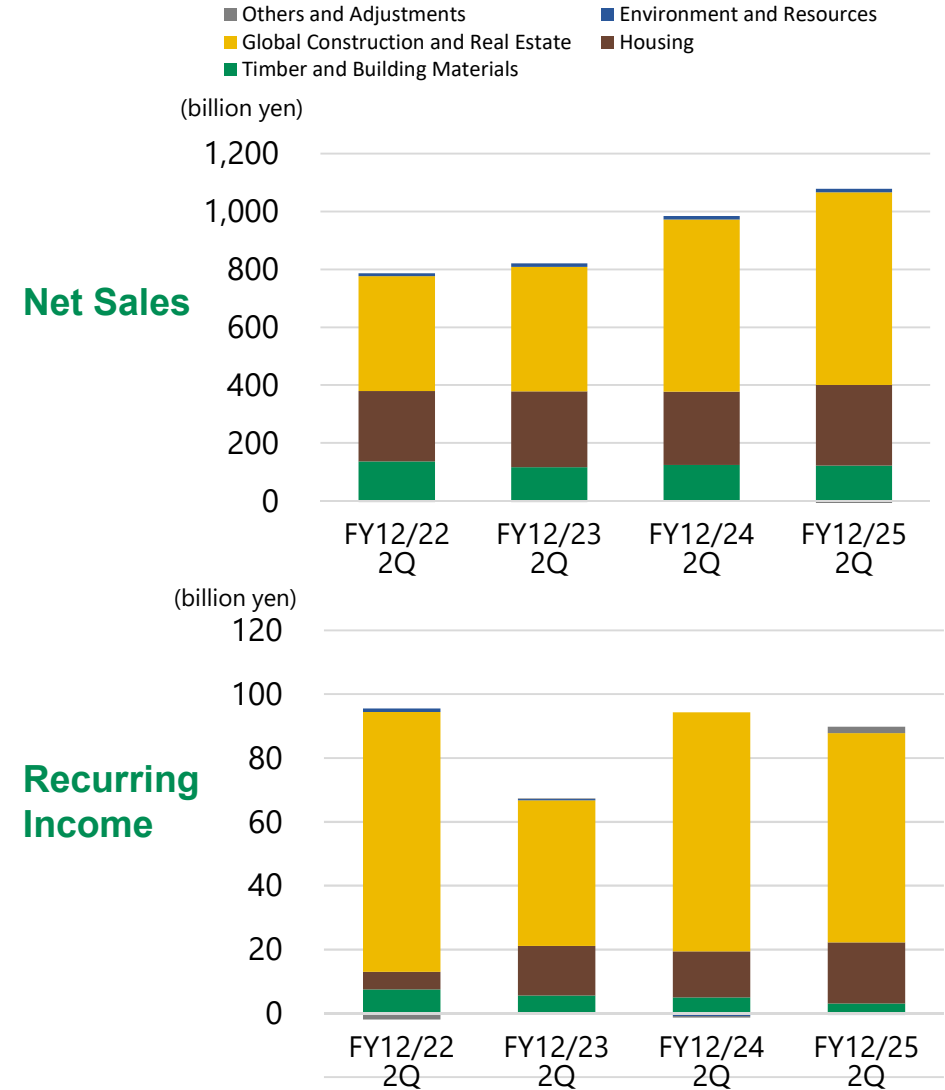


Results by Segment

- In the Global Construction and Real Estate Business, despite a year-on-year fall in the results of its core U.S. housing and real estate business, both sales and income increased on the back of strong order performance in the Housing Business in the previous fiscal year.

(billion yen)		FY12/24 Q2	FY12/25 Q2	Change	Pct.
Timber and Building Materials	Net Sales	124.3	121.7	-2.7	-2.2%
	Recurring income	5.0	3.0	-2.0	-39.9%
	RI/Net sales ratio*	4.0%	2.5%	-1.5%pt	-
Housing	Net Sales	253.0	278.4	+25.3	+10.0%
	Recurring income	14.4	19.2	+4.8	+33.2%
	RI/Net sales ratio*	5.7%	6.9%	+1.2%pt	-
Global Construction and Real Estate	Net Sales	595.0	665.8	+70.8	+11.9%
	Recurring income	75.0	65.6	-9.4	-12.5%
	RI/Net sales ratio*	12.6%	9.9%	-2.7%pt	-
Environment and Resources	Net Sales	12.7	12.7	-0.0	-0.2%
	Recurring income	-0.8	-0.6	+0.2	-
	RI/Net sales ratio*	-	-	-	-
Others	Net Sales	13.4	13.9	+0.5	+3.5%
	Recurring income	0.6	2.4	+1.9	+334.7%
	RI/Net sales ratio*	4.1%	17.4%	+13.3%pt	-
Adjustment	Net Sales	-17.1	-17.6	-0.6	-
	Recurring income	-1.1	-2.2	-1.0	-
TOTAL	Net Sales	981.4	1,074.8	+93.3	+9.5%
	Recurring income	93.0	87.5	-5.5	-5.9%
	RI/Net sales ratio*	9.5%	8.1%	-1.3%pt	-

* Recurring income to Net sales ratio



(billion yen)		FY12/24 Q2	FY12/25 Q2	Change	Pct.
Orders received	Custom-built detached houses	203.8	210.1	+6.3	+3.1%
	Apartments	9.4	12.6	+3.2	+33.9%
Units & Prices of Custom-built detached houses	Units	4,209	4,223	+1.4	+0.3%
	Unit price (mil. Yen)	44.0	45.2	+1.2	+2.7%
Sales	Custom-built detached houses	171.6	186.9	+15.4	+9.0%
	Apartments	8.3	9.4	+1.1	+12.7%
	Detached spec home	8.2	9.2	+1.0	+12.6%
	Renovation	31.7	35.5	+3.7	+11.8%
	Others & Adjustments	33.3	37.4	+4.1	+12.4%
	TOTAL	253.0	278.4	+25.3	+10.0%
	RI/Net sales ratio	5.7%	6.9%	+1.2%pt	-
Units & Prices of Custom-built detached houses	Units	3,543	3,755	+212	+6.0%
	Unit price (mil. Yen)	46.0	48.1	+2.1	+4.6%

• Order Status

Proposals that were tailored to our customers' needs, including the Grand Estate Design Project that leverages our design and proposal capabilities, and semi-customized "Forest Selection" products and single-story houses for the mid-price market, were successful. As a result, both the value and units of orders received, as well as unit price, increased year-on-year.

• Sales Status

Against the backdrop of strong orders in the previous fiscal year, both sales value and number of units sold, as well as unit price, in the custom-built detached house business increased year-on-year, and recurring income to net sales ratio rose significantly.

(billion yen)			FY12/24	FY12/25	Change	Pct.
			Q2	Q2		
U.S.	Housing	Net Sales	414.5	374.0	-40.5	-9.8%
		Recurring income	75.9	56.8	-19.1	-25.2%
		RI/Net sales ratio	18.3%	15.2%	-3.1%pt	-
	Real estate	Net Sales	81.9	94.4	+12.5	+15.3%
		Recurring income	-2.5	-2.8	-0.3	-
		RI/Net sales ratio	-	-	-	-
	FITP	Net Sales	20.3	25.6	+5.3	+26.1%
		Recurring income	2.7	0.9	-1.8	-66.1%
		RI/Net sales ratio	13.5%	3.6%	-9.9%pt	-
Australia	Housing	Net Sales	72.0	158.9	+86.9	+120.6%
		Recurring income	4.9	11.5	+6.6	+135.5%
		RI/Net sales ratio	6.8%	7.2%	+0.5%pt	-
Others & Adjustments		Net Sales	6.3	12.9	+6.6	+105.8%
		Recurring income	-6.0	-0.7	+5.3	-
TOTAL		Net Sales	595.0	665.8	+70.8	+11.9%
		Recurring income	75.0	65.6	-9.4	-12.5%
		RI/Net sales ratio	12.6%	9.9%	-2.7%pt	-

FX rate (average during term)

USD/JPY	152.12	148.50
AUD/JPY	100.15	94.12

• U.S. Housing

Amid the severe business environment, both sales and income declined due to factors such as the provision of incentives to maintain the number of units sold, in addition to a fall in the number of units sold.

• U.S. Real Estate

Sales increased but income decreased due to delays in property sales caused by persistently high expected returns (cap rates).

• FITP

Sales increased but income decreased due to a slump in the number of housing starts and intensifying competition.

• Australia Housing

Both sales and income increased due to the effects of the acquisition of Metricon and improved profitability.

		FY12/24 Q2	FY12/25 Q2	Change	Pct.
U.S. Housing	No. of Units order received	6,010	5,312	-698	-11.6%
	No. of Units sold	5,450	4,884	-566	-10.4%
	Sales (mil. USD)	2,725	2,519	-206	-7.6%
	Unit sales price (thousand USD)*	483	496	+13	+2.7%
	RI/Net sales ratio	18.3%	15.2%	-3.1%pt	-
	Order backlog (units)	3,875	3,106	-769	-19.8%
	Lots owned	48,829	51,832	+3,003	+6.2%
	completed inventory	1,526	2,075	+549	+36.0%
	Option lots	30,256	31,701	+1,445	+4.8%
* we are displaying only the unit sales price for single-family homes excluding land sales and other items.					
Australia Housing	No. of Units order received	1,795	3,991	+2,196	+122.3%
	No. of Units sold	1,524	3,636	+2,111	+138.5%
	Sales (mil. AUD)	719	1,688	+969	+134.8%
	Unit sales price (thousand AUD)	472	464	-7	-1.6%
	RI/Net sales ratio	6.8%	7.2%	+0.5%pt	-
	Order backlog (units)	3,808	7,872	+4,064	+106.7%

• U.S. Housing

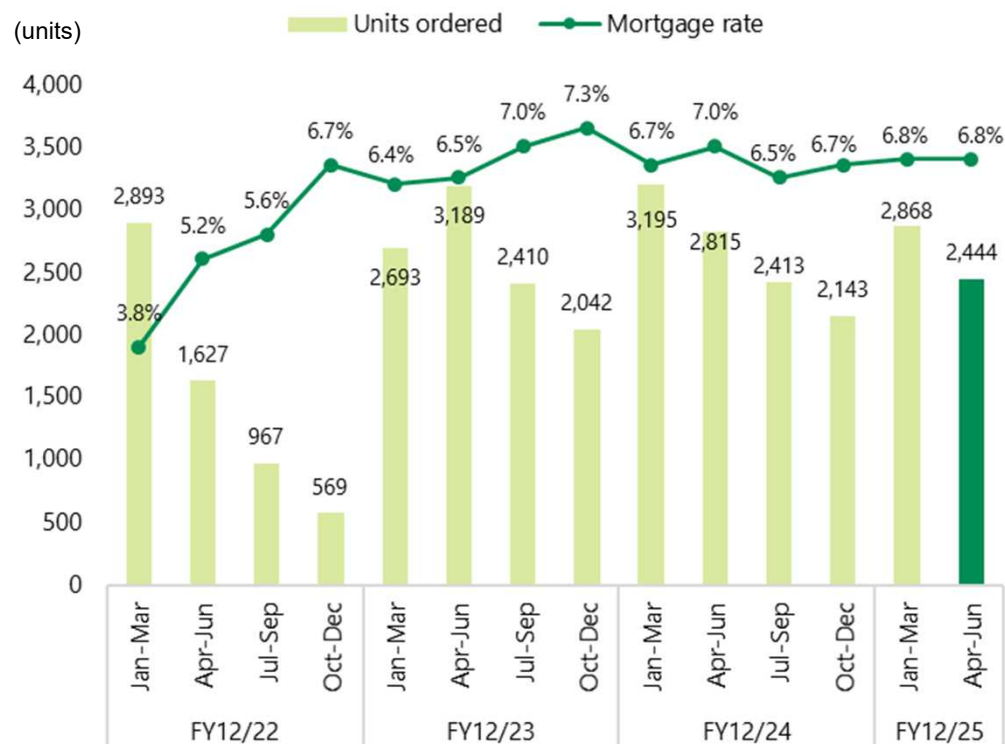
The number of units ordered declined year-on-year due to uncertainty regarding the economic outlook and persistently high mortgage rates.

The number of units sold decreased year-on-year as the market failed to pick up even during the high-demand period in spring.

• Australia Housing

Although the strong market conditions in Western Australia appear to have slowed down, the effects of the acquisition of Metricon have contributed to a significant year-on-year increase in both the number of units ordered and sold the number of units sold.

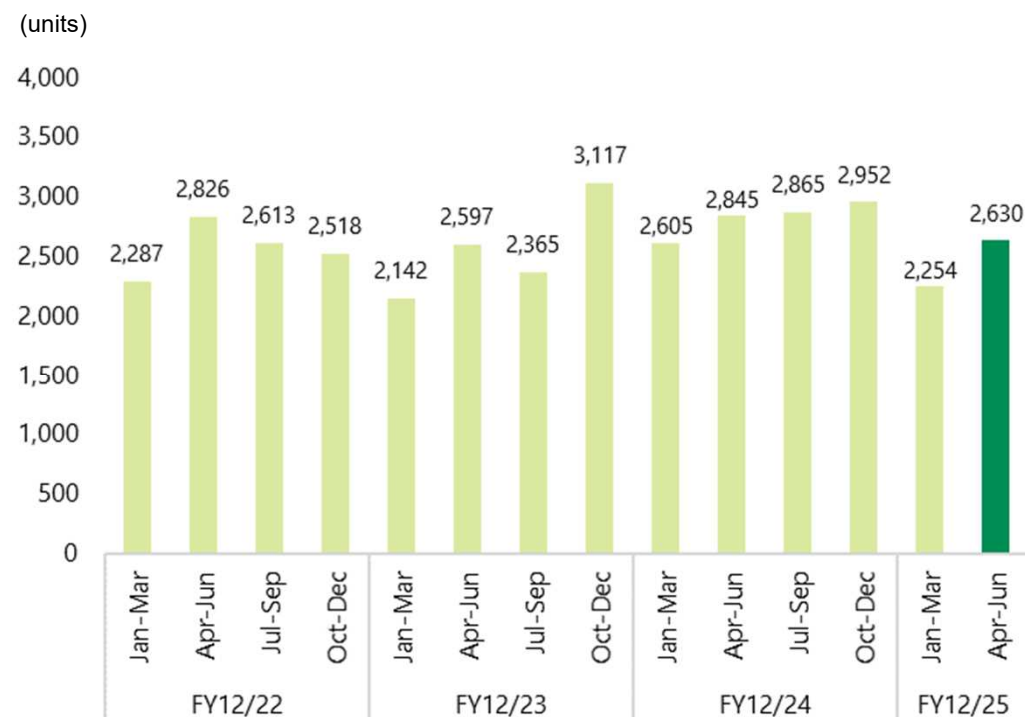
Trends in number of units ordered for U.S. single-family homes, and mortgage rates*



Due to persistently high mortgage rates, the number of units ordered fell compared to the previous quarter and the same period last fiscal year.

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

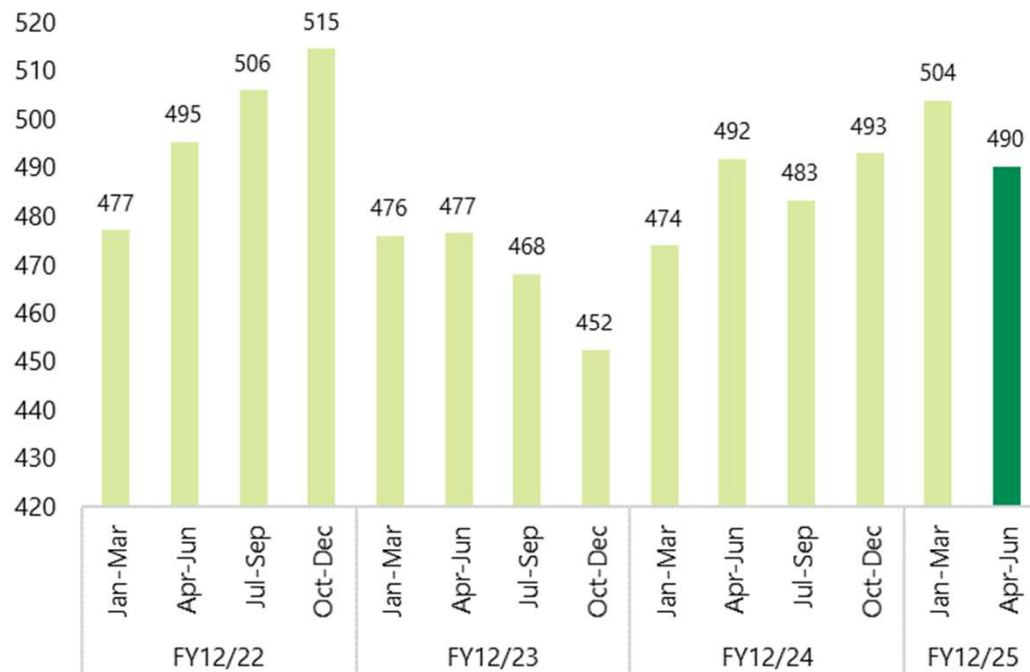
Trends in number of units sold for U.S. single-family homes (on a delivery basis)



The number of units sold was lower than the results for the previous fiscal year due to uncertainty regarding the outlook for the U.S. economy and mortgage rates arising from various economic policies under the Trump administration.

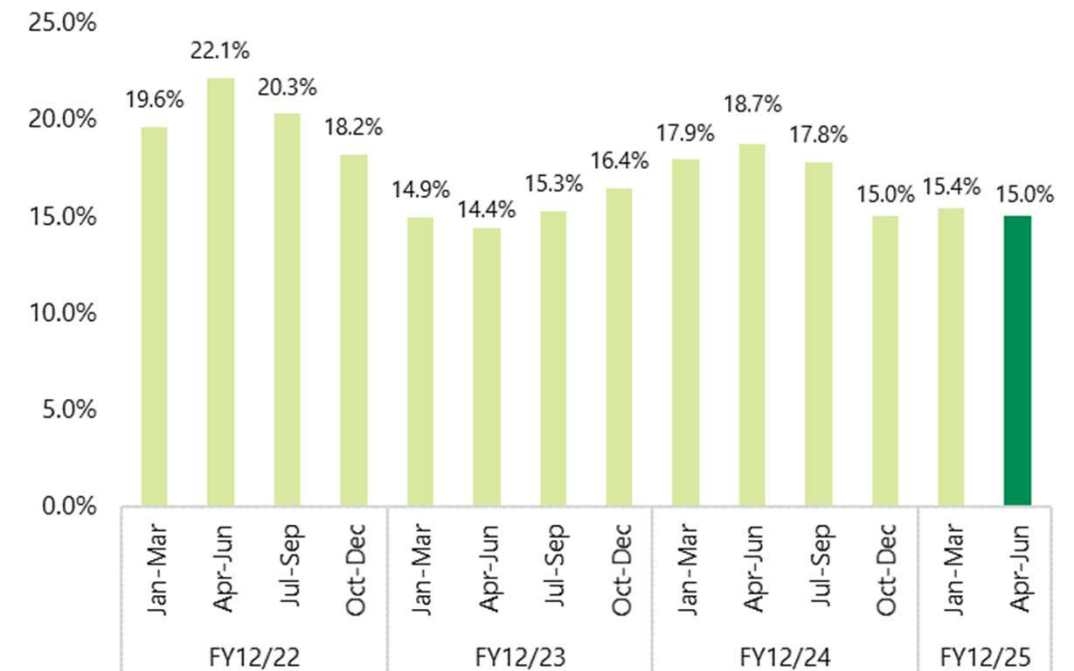
Trends in unit sales price for U.S. single-family homes

(thousand USD)



Unit sales price rose in the previous quarter due to a decrease in the proportion of units sold in areas with relatively low sales prices, such as Texas, but remained flat in the second quarter compared to the same period last fiscal year.

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



Recurring income margin declined year-on-year due to rising costs such as the granting of incentives and land costs, as well as the increase in expenditures associated with workforce expansion.

(billion yen)		FY12/24 Q2	FY12/25 Q2	Change	Pct.
Timber and Building Materials	Net Sales	124.3	121.7	-2.7	-2.2%
	Recurring income	5.0	3.0	-2.0	-39.9%
	RI/Net sales ratio	4.0%	2.5%	-1.5%pt	-
Environment and Resources	Net Sales	12.7	12.7	-0.0	-0.2%
	Recurring income	-0.8	-0.6	+0.2	-
	RI/Net sales ratio	-	-	-	-

• Timber and Building Materials

Both sales and income decreased due to sluggish sales in the distribution business associated with a decline in the number of new housing starts in Japan, an increase in costs in the manufacturing business, and other factors.

• Environment and Resources

Profitability declined due to factors such as rising fuel costs in the biomass power generation business.

(billion yen)	End of 12/2024	End of 6/2025	Changes
Current assets	1,546.1	1,514.3	-31.7
Cash, deposits, securities	181.0	142.2	-38.8
Receivables	242.6	227.4	-15.2
Real estate for sale	178.9	186.3	+7.3
Real estate for sale in process	681.8	701.9	+20.2
Other receivables	101.3	90.3	-11.0
Others	160.5	166.3	+5.8
Non-current assets	715.0	732.9	+17.8
Land and Construction in process	119.6	122.5	+2.9
Other non-current assets	166.5	162.7	-3.8
Intangible fixed assets	75.0	68.9	-6.1
Investment securities	268.9	287.6	+18.7
Others	85.0	91.2	+6.2
Total assets	2,261.1	2,247.2	-13.9

FX rate (end of term)

USD/JPY	158.18	144.81
AUD/JPY	98.50	94.50

(billion yen)	End of 12/2024	End of 6/2025	Changes
Real estate for sale and Reals estate for sale in process	860.7	888.2	+27.5
U.S. (bil. Yen)	765.3	766.7	+1.4
U.S. (mil. USD)	4,838	5,294	+45.6

• Balance Sheet – Assets

Total assets decreased by ¥13.9 billion from the end of December 2024, to ¥2,247.2 billion, due in part to the impact of the stronger yen.

(billion yen)	End of 12/2024	End of 6/2025	Changes
Liabilities	1,241.0	1,266.2	+25.2
Payables	287.1	273.2	-13.9
Interest bearing debt	613.4	671.2	+57.8
Contract liabilities	97.6	99.1	+1.6
Income taxes payable	8.9	8.4	-0.6
Others	233.9	214.3	-19.7
Net assets	1,020.1	981.0	-39.1
Shareholders' equity	701.0	726.3	+25.3
Accumulated other comprehensive income	219.3	151.9	-67.4
Foreign currency translation adjustment	172.8	105.8	-67.1
Non-controlling interests	99.7	102.7	+3.0
Share acquisition rights	0.1	0.1	-0.0
Total liabilities and net assets	2,261.1	2,247.2	-13.9

(billion yen)	End of 12/2024	End of 6/2025	Changes
Interest bearing debt	613.4	671.2	+57.8
Short-term borrowings	93.7	114.7	+21.0
Long-term borrowings	413.9	462.7	+48.8
Bonds payable *	80.2	70.4	-9.8
Lease obligations *	25.7	23.4	-2.3

* Including both long-term and short-term.

• Balance Sheet – Liabilities and Net Assets

On the liabilities side, short- and long-term borrowings increased by ¥69.9 billion, while on the net assets side, the foreign currency translation adjustment account decreased by ¥67.1 billion.

■ Investment

(billion yen)	Phase1 Actual ^{*1}	Phase2 Plan ^{*2}	FY12/25 Q2	vs. Phase2 Plan
Forest Fund Related	3.9	22.0	0.0	+0.2%
Forest Resource Business	5.1	5.0	0.5	+9.7%
Timber Industrial Complex	6.7	46.0	3.8	+8.4%
Manufacturing Business	8.1	44.0	0.8	+1.8%
FITP Business	31.2	4.0	2.4	+60.3%
Housing Business	35.1	33.0	11.0	+33.4%
Medium- to Large-Scale Wooden Construction Business	24.4	45.0	0.3	+0.7%
Real Estate Development Business	138.0	144.0	52.9	+36.7%
Renewable Energy	2.7	20.0	△0.1	△0.5%
System-Related	16.9	20.0	1.6	+8.0%
Other	54.2	30.0	2.8	+9.4%
TOTAL	326.4	413.0	76.2	+18.4%

■ Net Change in Real Estate for Sale

(billion yen)	Phase1 Actual ^{*1}	Phase2 Plan ^{*2}	FY12/25 Q2	vs. Phase2 Plan
Overseas Housing	266.4	265.0	70.3	+26.5%
Domestic Housing	20.4	35.0	4.0	+11.3%
TOTAL	286.8	300.0	74.2	+24.7%

*1 Medium-Term Management Plan Phase 1: FY12/22 - FY12/24

*2 Medium-Term Management Plan Phase 2: FY12/25 - FY12/27

• Investments / Real Estate for Sale

The main growth investments made in Q2 were investments in real estate development in the U.S. and the acquisition of LeTech in the Housing Business.

FY12/2025 Forecast



(billion yen)	FY12/24	FY12/25 forecast	Changes	Pct.	vs. previous forecast
Net Sales	2,053.7	2,320.0	+266.3	+13.0%	-236.0
Gross Profit	503.0	529.0	+26.0	+5.2%	-48.0
SG&A Expenses	308.4	365.0	+56.6	+18.4%	-17.0
Operating Income	194.6	164.0	-30.6	-15.7%	-31.0
Non-operating income	3.4	6.0	+2.6	+78.2%	-4.0
Recurring income	198.0	170.0	-28.0	-14.1%	-35.0
Effect of FX rate change		-3.8			
Recurring income to Net sales ratio	9.6%	7.3%	-2.3%pt	-	-0.7%pt
Extraordinary profit/loss	-5.9	-	+5.9	-	-
Net income	116.5	96.0	-20.5	-17.6%	-27.0
EPS	189.80	156.45	-33.35	-17.6%	-43.89
FX rate					
USD/JPY	151.47	148.50			
AUD/JPY	99.92	94.12			

• Statements of Income

The full-year performance forecast has been revised downward due to factors including the status of sales in the U.S. housing business and the outlook for property sales in the U.S. real estate business.

In line with the downward revision of the performance forecast, the interim dividend will be reduced by 16 yen from the forecast of 91 yen announced at the beginning of the fiscal year, representing a year-on-year increase of 10 yen to 75 yen per share, along with a planned year-end dividend of 25 yen (after the stock split).

Annual dividend per share

	Second quarter-end	Fiscal-year end	Total
Previous forecasts (Calculated on a pre-stock split basis)	91.00 yen (-)	30.50 yen (91.50 yen)	- (182.50 yen)
Revised forecasts (Calculated on a pre-stock split basis)	75.00 yen (-)	25.00 yen (75.00 yen)	- (150.00 yen)
Actual dividends paid in the previous fiscal year (Fiscal year ended December 2024)	65.00 yen	80.00 yen	145.00 yen

(billion yen)		FY12/24	FY12/25 forecast	Changes	Pct.	vs. previous forecast
Timber and Building Materials	Net Sales	253.2	260.0	+6.8	+2.7%	-33.0
	Recurring income	10.0	8.5	-1.5	-15.0%	-3.5
	RI/Net sales ratio	4.0%	3.3%	-0.7%pt	-	-0.8%pt
Housing	Net Sales	542.3	588.0	+45.7	+8.4%	+3.0
	Recurring income	35.2	40.0	+4.8	+13.7%	+2.0
	RI/Net sales ratio	6.5%	6.8%	+0.3%pt	-	+0.3%pt
Global Construction and Real Estate	Net Sales	1,240.0	1,462.0	+222.0	+17.9%	-211.0
	Recurring income	147.5	124.0	-23.5	-15.9%	-37.0
	RI/Net sales ratio	11.9%	8.5%	-3.4%pt	-	-1.1%pt
Environment and Resources	Net Sales	27.0	26.0	-1.0	-3.5%	-1.5
	Recurring income	0.2	-0.8	-1.0	-	-0.8
	RI/Net sales ratio	0.9%	-	-	-	-
Others	Net Sales	27.3	29.0	+1.7	+6.2%	-1.5
	Recurring income	0.7	3.8	+3.1	+438.7%	+2.5
	RI/Net sales ratio	2.6%	13.1%	+10.5%pt	-	+8.8%pt
Adjustment	Net Sales	-36.1	-45.0	-8.9	-	+8.0
	Recurring income	4.4	-5.5	-9.9	-	+1.8
TOTAL	Net Sales	2,053.7	2,320.0	+266.3	+13.0%	-236.0
	Recurring income	198.0	170.0	-28.0	-14.1%	-35.0
	RI/Net sales ratio	9.6%	7.3%	-2.3%pt	-	-0.7%pt

• Net Sales and Recurring Income by Segment

In the Global Construction and Real Estate business, the recurring income forecast was lowered in light of the slowdown in the U.S. housing business, and the current situation in the U.S. real estate business.

In the Housing business, forecasts for both sales and recurring income were raised due to robust orders for custom-built detached houses and the strong performance of Group companies, including the renovation business.

(billion yen)		FY12/24	FY12/25 forecast	Changes	Pct.	vs. previous forecast
Orders received	Custom-built detached houses	397.9	400.0	+2.1	+0.5%	+10.0
	Apartments	19.3	23.0	+3.7	+19.4%	+3.0
Units & Prices of Custom-built detached houses	Units	8,108	8,100	-8	-0.1%	+0
	Unit price (mil. Yen)	44.6	45.0	+0.4	+0.9%	+1.0
Sales	Custom-built detached houses	362.8	387.0	+24.2	+6.7%	-8.0
	Apartments	18.9	19.9	+1.0	+5.4%	+0.2
	Detached spec home	21.5	22.8	+1.3	+5.9%	-0.9
	Renovation	72.1	76.0	+3.9	+5.4%	+0.0
	Others & Adjustments	67.0	82.4	+15.3	+22.9%	+11.8
	TOTAL	542.3	588.0	+45.7	+8.4%	+3.0
	RI/Net sales ratio	6.5%	6.8%	+0.3%pt	-	+0.3%pt
Units & Prices of Custom-built detached houses	Units	7,551	7,740	+189	+2.5%	-200
	Unit price (mil. Yen)	46.7	48.9	+2.2	+4.7%	-0.5

• Order Status

Despite a severe business environment, product strategies and sales measures are producing results. Therefore, the forecast for the second half of the fiscal year remains as planned.

• Sales Status

With the amendment to the Building Standards Act to abolish Item 4 Special Exemption, the period until the start of construction has become extended since April, leading to delays in starting work. Therefore, the forecast of units sold for the full fiscal year has been revised downward.

(billion yen)			FY12/24	FY12/25 forecast	Changes	Pct.	vs. previous forecast
U.S.	Housing	Net Sales	848.3	830.0	-18.3	-2.2%	-144.0
		Recurring income	147.0	110.5	-36.5	-24.8%	-29.5
		RI/Net sales ratio	17.3%	13.3%	-4.0%pt	-	-1.1%pt
	Real estate	Net Sales	179.9	210.0	+30.1	+16.8%	-37.0
		Recurring income	1.7	-2.5	-4.2	-	-8.5
		RI/Net sales ratio	0.9%	-	-	-	-
	FITP	Net Sales	42.0	55.0	+13.0	+31.0%	+4.0
		Recurring income	4.0	2.5	-1.5	-38.1%	-1.5
		RI/Net sales ratio	9.6%	4.5%	-5.1%pt	-	-3.3%pt
Australia	Housing	Net Sales	155.7	338.0	+182.3	+117.0%	-35.0
		Recurring income	12.7	24.0	+11.3	+88.9%	+4.0
		RI/Net sales ratio	8.2%	7.1%	-1.1%pt	-	+1.7%pt
Others & Adjustments		Net Sales	14.1	29.0	+14.9	+105.8%	+1.0
		Recurring income	-17.9	-10.5	+7.4	-	-1.5
TOTAL		Net Sales	1,240.0	1,462.0	+222.0	+17.9%	-211.0
		Recurring income	147.5	124.0	-23.5	-15.9%	-37.0
		RI/Net sales ratio	11.9%	8.5%	-3.4%pt	-	-1.1%pt

FX rate

USD/JPY	151.47	148.50
AUD/JPY	99.92	94.12

• Global Construction and Real Estate Segment

In the U.S. housing and U.S. real estate businesses, demand continues to slow down due to persistently high interest rates and an uncertain political and economic outlook. In view of this, recurring income has been revised downward.

On the other hand, recurring income to net sales ratio for the Australia housing business have exceeded expectations, so recurring income has been revised upward.

		FY12/24	FY12/25 forecast	Changes	Pct.	vs. previous forecast
U.S. Housing	No. of Units sold	11,267	10,750	-517	-4.6%	-1,990
	Sales (mil. USD)	5,601	5,591	-10	-0.2%	-904
	Unit sales price (thousand USD)	486	490	+4	+0.9%	+1
	RI/Net sales ratio	17.3%	13.3%	-4.0%pt	-	-1.1%pt
Australia Housing	No. of Units sold	3,287	7,630	+4,343	+132.1%	-160
	Sales (mil. AUD)	1,559	3,590	+2,031	+130.3%	-141
	Unit sales price (thousand AUD)	474	471	-3	-0.7%	-8
	RI/Net sales ratio	8.2%	7.1%	-1.1%pt	-	+1.7%pt

• U.S. Housing

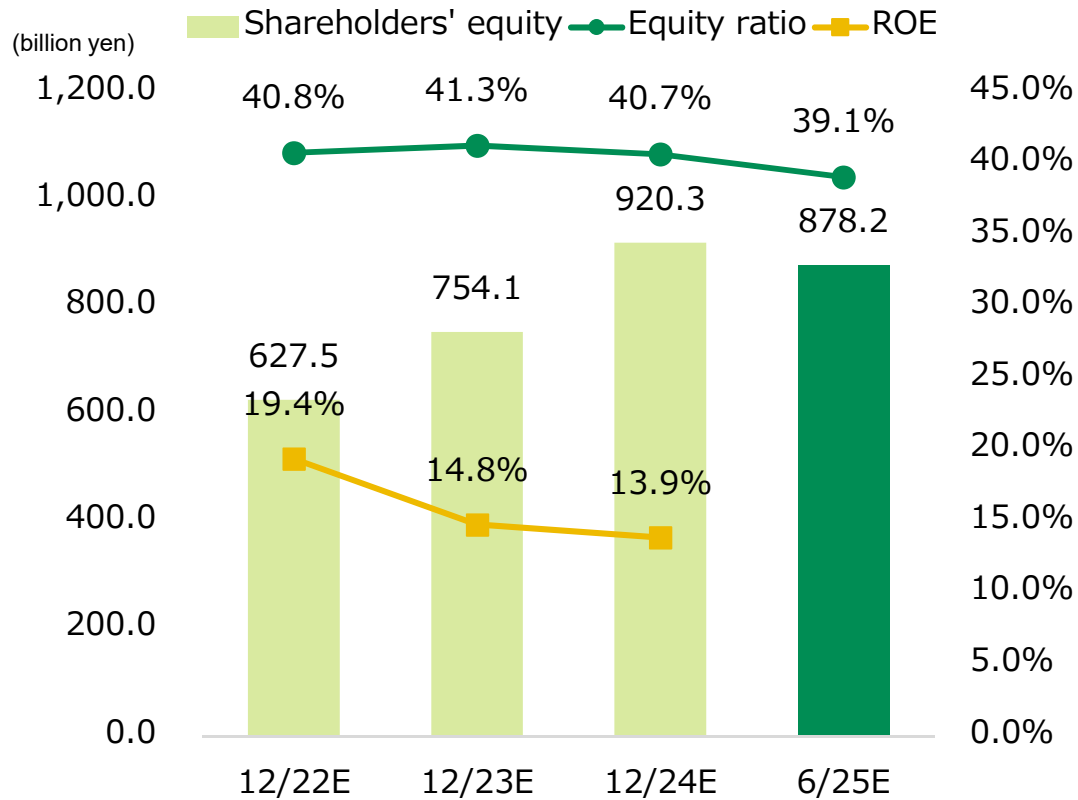
In light of the current market environment, the number of units sold in the full-year forecast has been revised from 12,740 to 10,750, and recurring income to net sales ratio is expected to fall by 1.1 percentage points due to an increase in incentives and other factors.

• Australia Housing

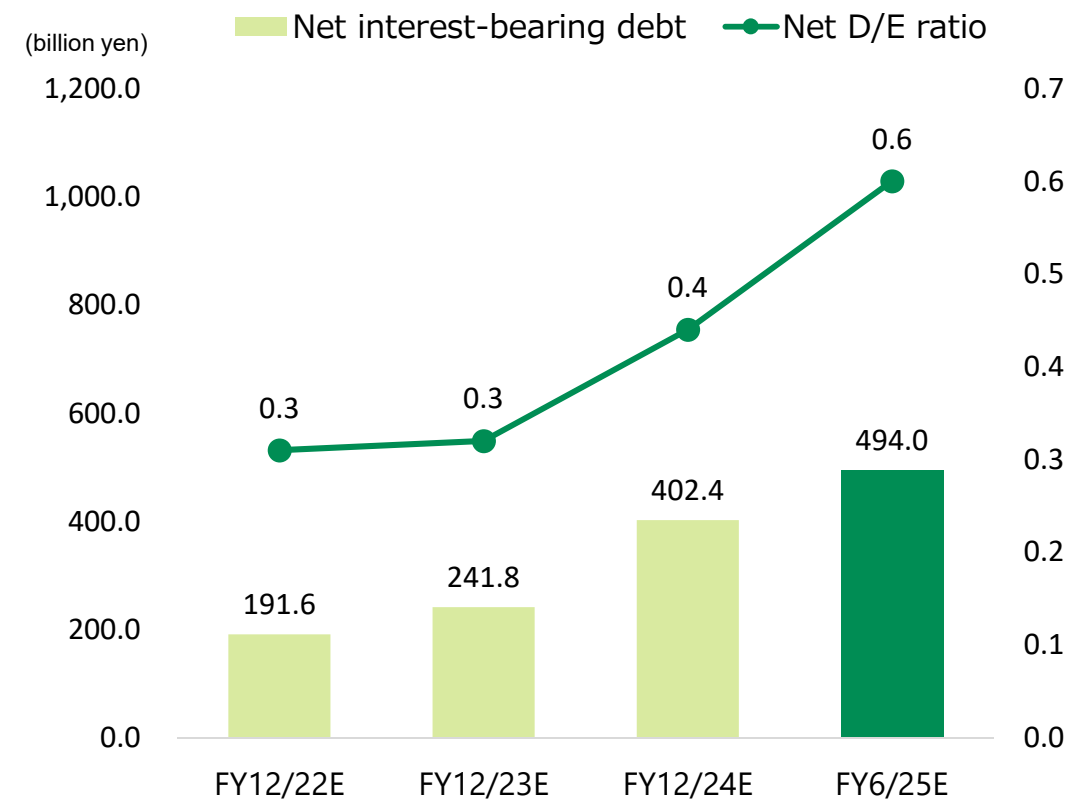
Although the number of units sold and the unit sales price are down slightly from the previous forecast, the recurring income to net sales ratio is expected to improve.

- Due to the appreciation of the yen and increase in interest-bearing debt, equity ratio fell and net D/E ratio rose. Efforts will be made to improve profitability through continued investments while maintaining financial discipline.

Financial Soundness/Capital Efficiency



Financial Discipline

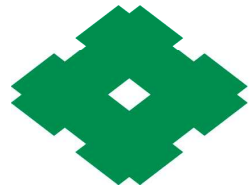


- The financial forecasts, outlooks, and business plans contained in this document are based on assumptions and judgments made by our Group using information available at the time of preparation, and do not constitute a guarantee or promise of their accuracy or completeness.
- Financial forecasts, outlooks, and business plans are subject to change.
- This document is not intended to solicit investment or other transactions in any financial products.
- With regard to the information provided in this document, neither the Company nor any related parties assume any responsibility for its accuracy, certainty, reliability, or completeness. Please be aware that the content may be changed or discontinued without prior notice.

Contact Information

Sumitomo Forestry Co., Ltd.
IR Group, Corporate Communications Department
icom@sfc.co.jp

Happiness Grows from Trees



SUMITOMO FORESTRY