

FY12/2025 Second Quarter Financial Results Briefing

Progress on Medium-Term Management Plan and Initiatives for the Future

August 8, 2025



Table of Contents

- 1. Consolidated Results and Full-Year Forecast**
- 2. Progress on Medium-Term Management Plan and Initiatives for the Future**
- 3. Returns to Shareholders**
- 4. Long-Term Vision**

Consolidated Results

FY12/2025 Second Quarter Results

- In the U.S. housing and real estate business, demand continues to slow, which resulted in a decline in both recurring income and net income.
- The Australian housing business and the domestic housing business are progressing at a pace exceeding the initial forecast.

Consolidated results

(billion yen)	FY12/2024 Q2	FY12/2025 Q2	Change
Net sales	981.4	1,074.8	+9.5%
Operating income	91.1	83.0	-8.9%
Recurring income	93.0	87.5	-5.9%
Net income	54.1	48.6	-10.3%

* "Net income attributable to owners of parent" is expressed as "Net income."

Recurring income by segment

(billion yen)	FY12/2024 Q2	FY12/2025 Q2	Change
Timber and Building Materials	5.0	3.0	-39.9%
Housing	14.4	19.2	+33.2%
Global Construction and Real Estate	75.0	65.6	-12.5%
Environment and Resources	-0.8	-0.6	-
Other	0.6	2.4	+334.7%
Adjustment	-1.1	-2.2	-
Total	93.0	87.5	-5.9%

Consolidated Results

FY12/2025 Full Year Forecast

- We expect that the Australian and domestic housing businesses will continue to perform well for this fiscal year, and we assume that there will be a full recovery in the U.S. market in the next fiscal year. Accordingly, we have revised our full-year earnings forecast downward, and our annual dividend forecast has been revised to ¥150* per share. * Based on pre-stock-split conversion

Forecast of full year consolidated results

(billion yen)	FY12/2024 Results	FY12/2025 Previous forecast <small>*Announced Apr 30</small>	FY12/2025 Forecast	Change in forecast
Net sales	2,053.7	2,556.0	2,320.0	-236.0
Operating income	194.6	195.0	164.0	-31.0
Recurring income	198.0	205.0	170.0	-35.0
Net income	116.5	123.0	96.0	-27.0

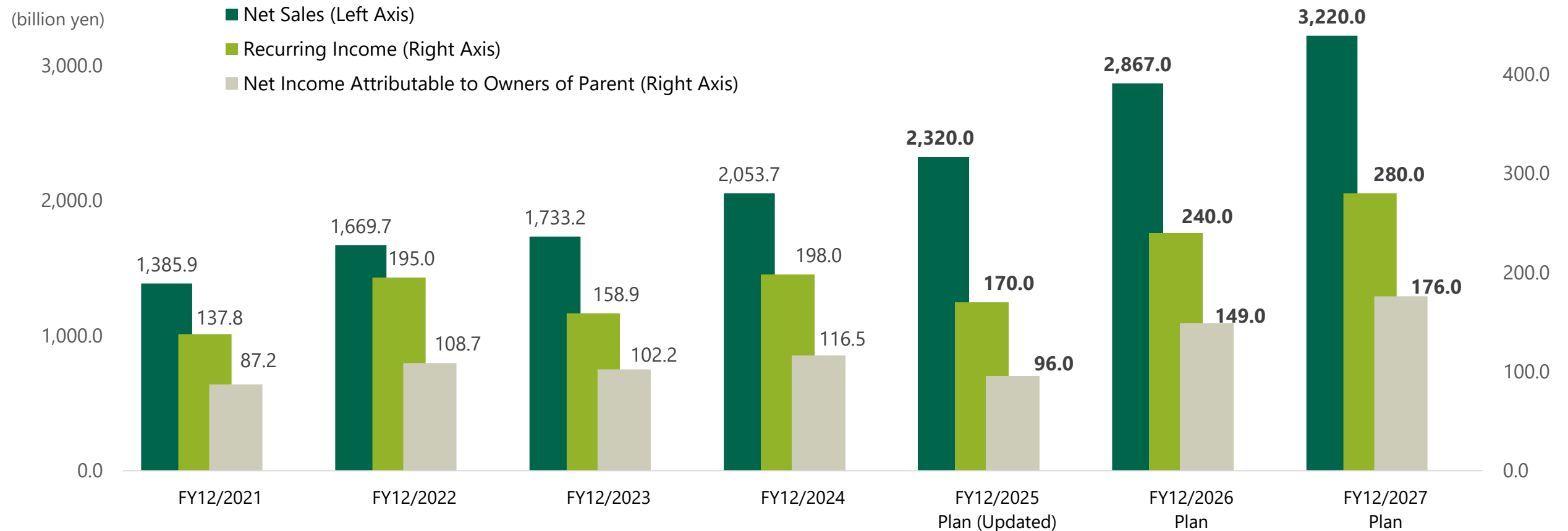
Forecast of full year recurring income by segment

(billion yen)	FY12/2024 Results	FY12/2025 Previous forecast <small>*Announced Apr 30</small>	FY12/2025 Forecast	Change in forecast
Timber and Building Materials	10.0	12.0	8.5	-3.5
Housing	35.2	38.0	40.0	+2.0
Global Construction and Real Estate	147.5	161.0	124.0	-37.0
Environment and Resources	0.2	0.0	-0.8	-0.8
Other	0.7	1.3	3.8	+2.5
Adjustment	4.4	-7.3	-5.5	+1.8
Total	198.0	205.0	170.0	-35.0

* "Net income attributable to owners of parent" is expressed as "Net income."

Medium-Term Management Plan

- While preparing for short-term risks, we will execute growth investments based on strategic capital allocation with a view toward medium- to long-term growth, aiming for ¥280.0 billion in recurring income in FY2027.



Medium-Term Management Plan
Mission TREEING Phase 1
FY12/2022 - FY12/2024

Medium-Term Management Plan
Mission TREEING Phase 2
FY12/2025 - FY12/2027

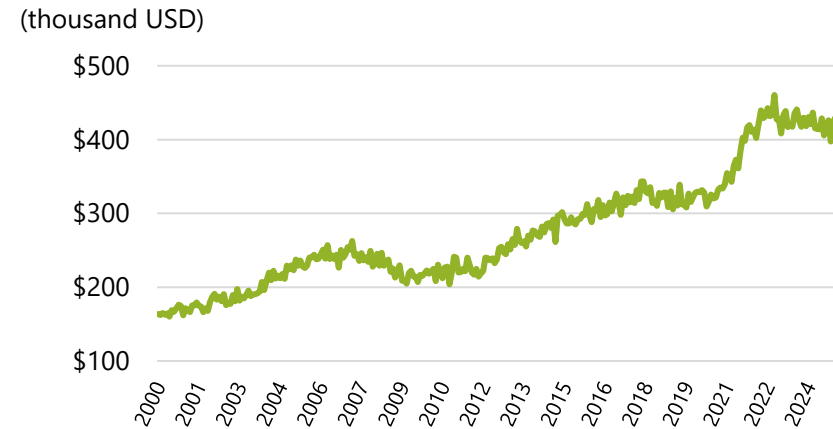
U.S. Single-Family Homes Business

- In the U.S. housing market, affordability has declined due to persistently high mortgage rates and rising new home prices. On the other hand, the structural housing shortage has yet to be resolved, thus stable housing demand is expected over the medium- to long-term.

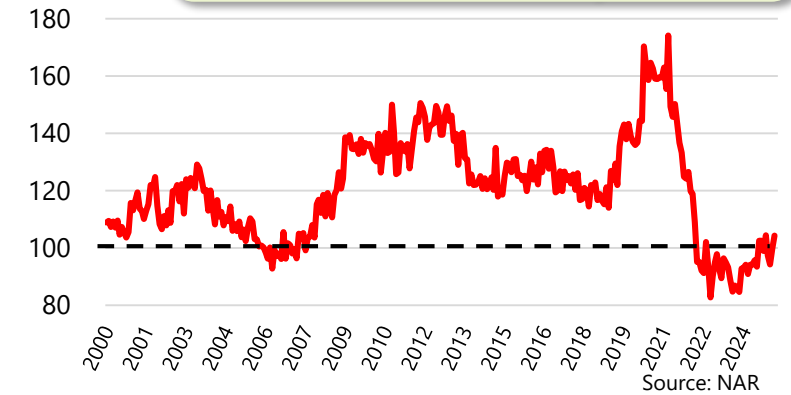
■ 30-Year Fixed Rate Mortgage



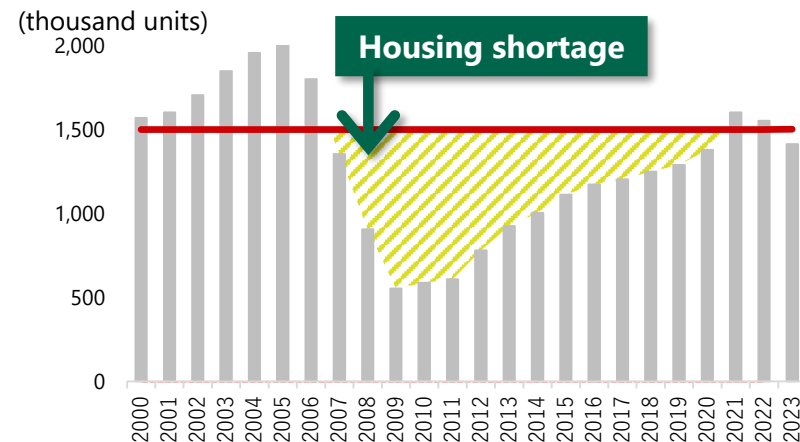
■ New Home Prices



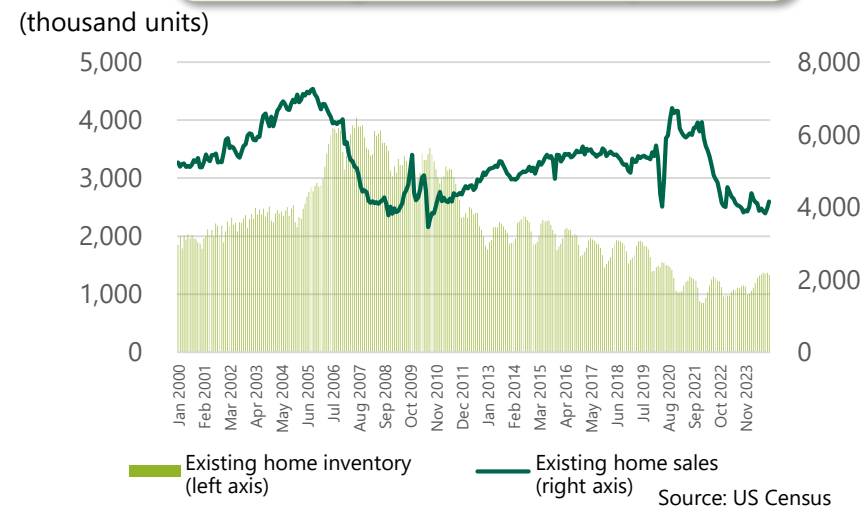
■ Affordability



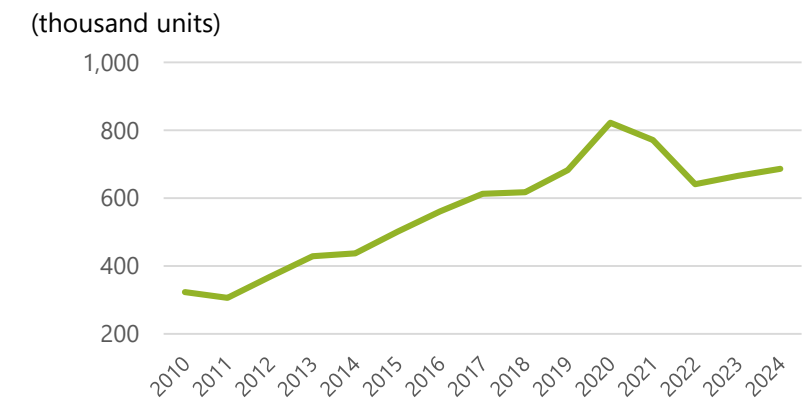
■ Number of New Housing Starts



■ Existing Home Inventory & Sales



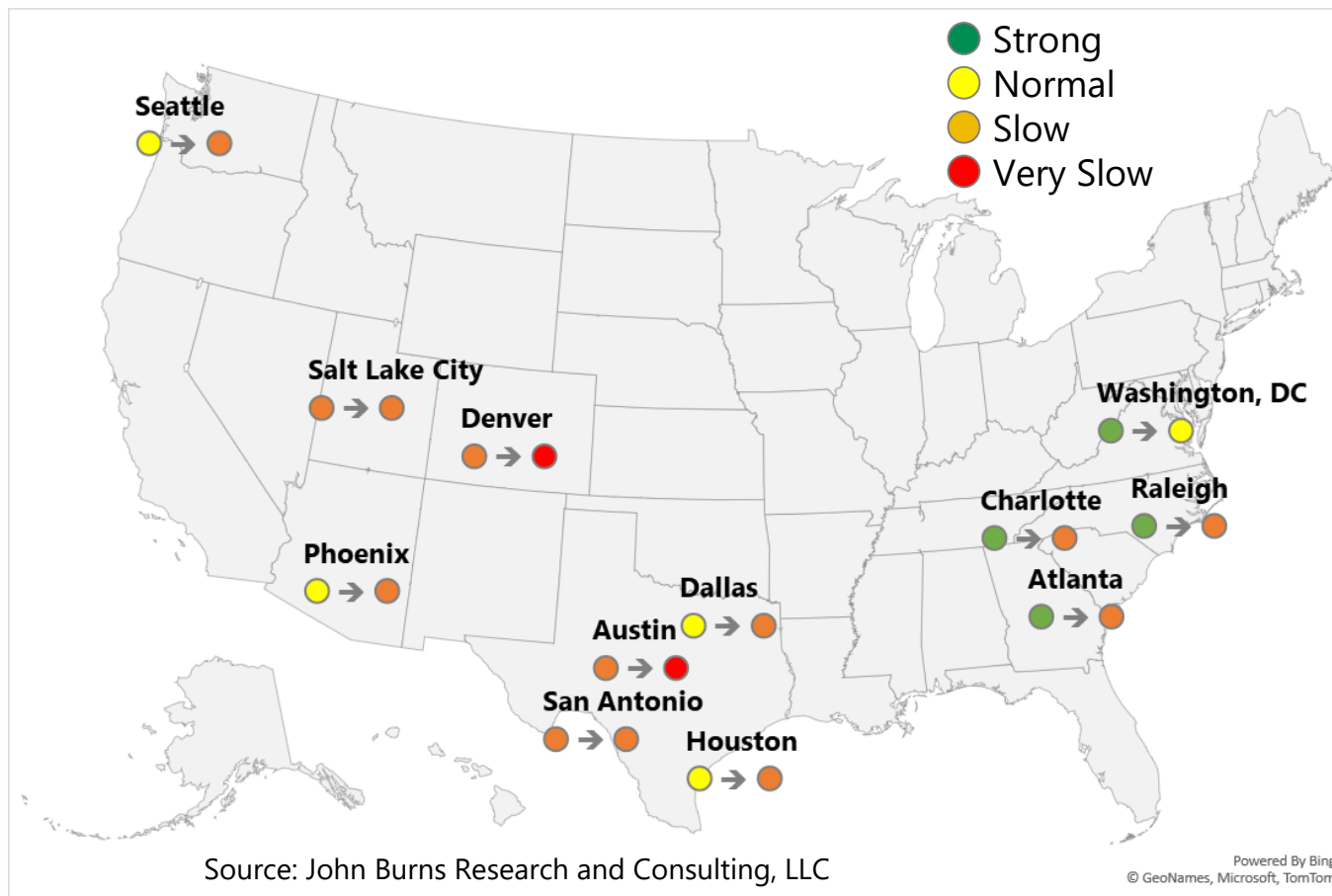
■ New Home Sales Trend



- In addition to promoting property sales through effective incentives, we operate the business with a focus on balancing profit margins and inventory turnover, while controlling the pace of housing starts carefully.

- Areas with Weakening Market Prices
- Areas with Steady Market Prices
- Focus on boosting sales through active use of incentives and price adjustments
- Maintain profit margins by controlling the pace of housing starts

Market Conditions across Our Business Areas July 2024 → July 2025



Forecast for Market Home Prices in 2025 (year-on-year)

Salt Lake City	+3%	Houston	~0%
Seattle	+2%	Atlanta	~0%
Washington, DC	+2%	Phoenix	~0%
Charlotte	+1%	Dallas	-1%
Raleigh	+1%	Austin	-1%
Denver	0%~	San Antonio	-2%

Source: John Burns Research and Consulting, LLC

Our Rate Buy-Down Usage Rates

Over 70%

Austin
Dallas (BF)
Salt Lake City (ED)
San Antonio

(BF): Bloomfield
(ED): Edge Homes
(MV): Mainvue
No label: DRB

40 to 70%

Atlanta
Dallas
Phoenix

40% or less

Charlotte
Denver
Houston
Raleigh
Seattle (MV)
Washington DC

- We will strengthen our competitive advantage in the growing U.S. housing market by pursuing initiatives aimed at expanding profits over the medium- to long-term.

Improve Management Efficiency

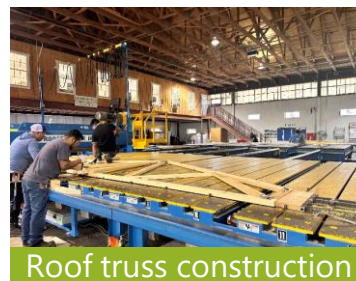
- Management integration of DRB and Brightland



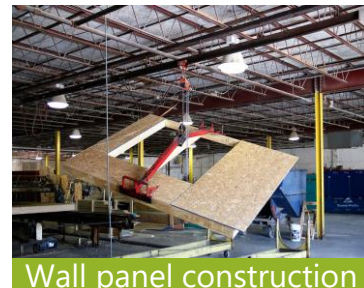
Stable Material Supply and Streamlining the Overall Construction Processes

- Through the FITP* business, establish a stable material supply and construction system, and streamline the overall construction process

* Fully Integrated Turnkey Provider



Roof truss construction

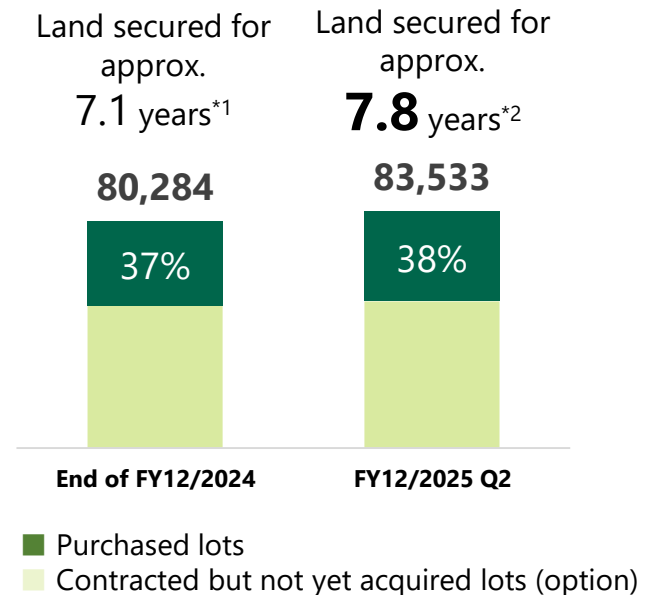


Wall panel construction



Securing Land for Future Growth

- Secure land with a long-term growth outlook while properly controlling inventory risk



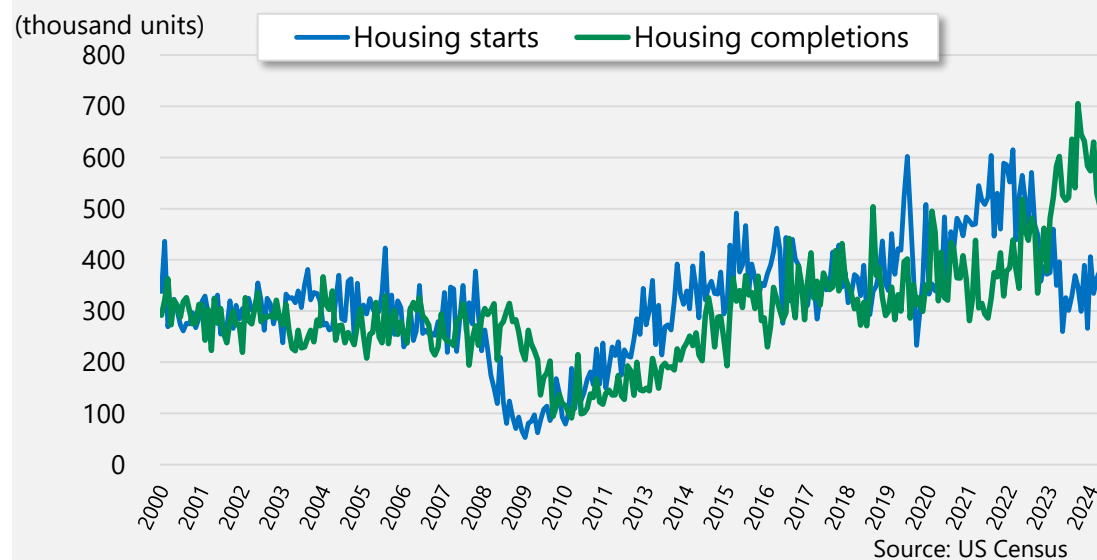
*1. Total number of secured lots / Actual number of units sold in 2024
 *2. Total number of secured lots / Projected number of units sold in 2025

- Although leasing remains firm, property sales have slowed recently due to persistently high interest rates.
- For the time being, we will operate with a focus on risk management while continuing efforts to establish a stable earnings base.

Business Environment

- The real estate market remains challenging due to persistently high interest rates
- The supply of multi-family housing is expected to gradually decline starting in 2025

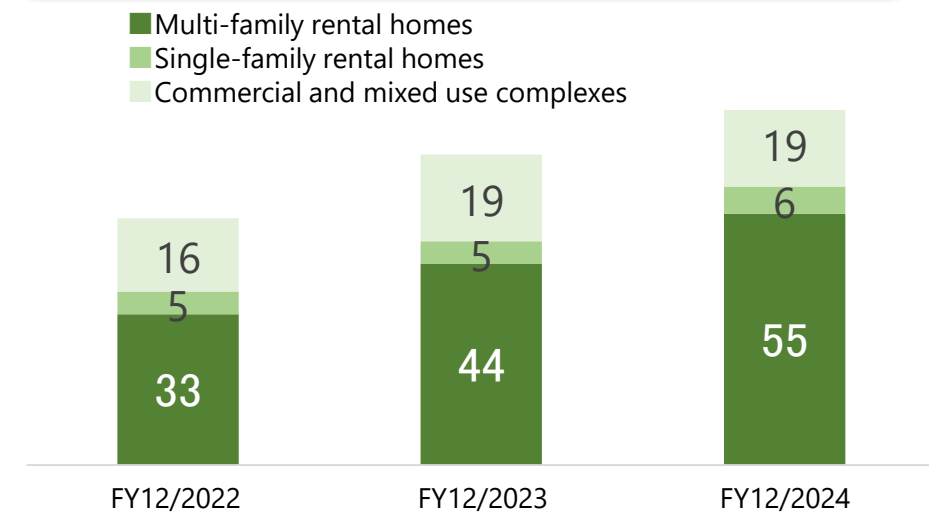
U.S. Multi-family Housing: Housing Starts and Completions



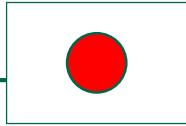
Future Initiatives

- Build a stable earnings structure which includes fee income and other sources
- Shift toward a business structure with a greater focus on balance sheet management
- Develop "mass timber projects," where demand is expected

Number of Projects in the U.S. Real Estate Business



- We are promoting medium- to large-scale wooden constructions both domestically and internationally, and will continue to expand the number of properties and areas.



Use of wood for schools, hotels,
and rental housing, etc.

Kasugai High School Aichi Building No. 1



Tokyo University of Agriculture
Seiun Dormitory

Company Housing
6-story Wooden Mixed Structure



Wooden extensions/alteration
to existing office buildings

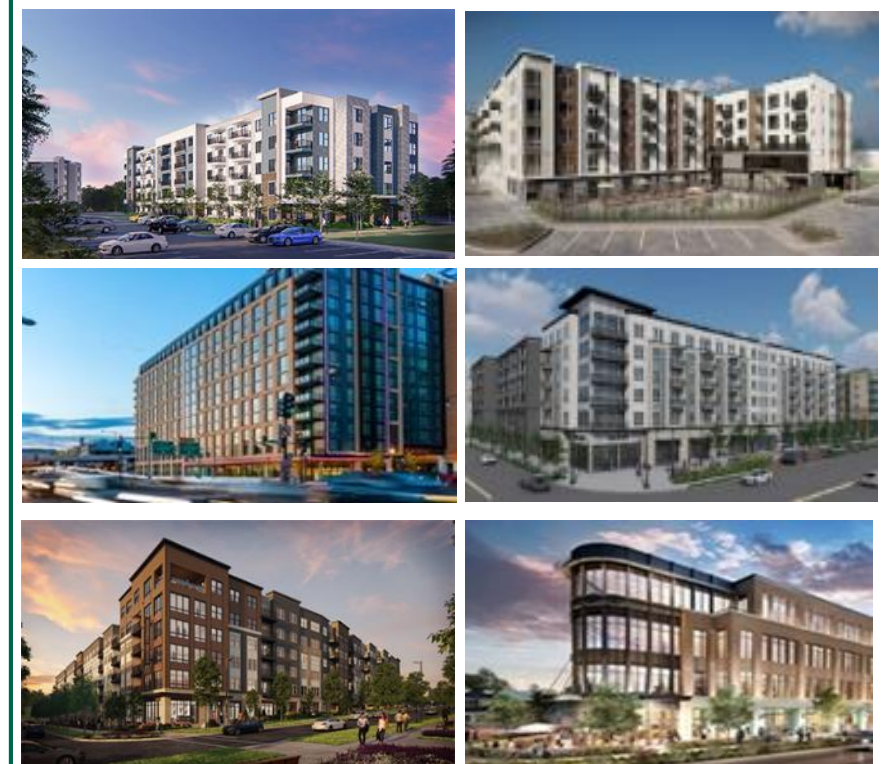
Paradise Project



Golden Lane Project



Promoting medium- to large-scale
wooden rental housing



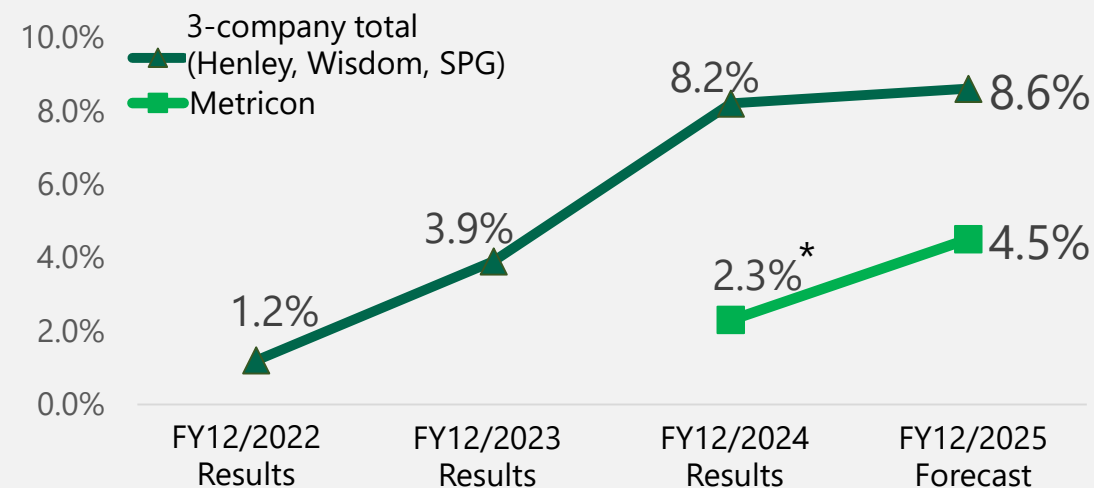
80 commercialized projects in FY2024

- We will leverage scale advantages as Australia's largest homebuilder to further grow and improve profits.

Business Environment

- The policy rate was lowered down from 4.10% to 3.85%
- Gradual improvement in customer sentiment contributing to increased traffic
- Surges in material costs, labor shortages, and construction delays are gradually easing

RI/Net Sales Ratio



*6 months from Jul. to Dec. in 2024

Initiatives for Improving Profits

1

Strengthen our business operations structure after the acquisition of Metricon and expand our product lineup.

2

Focus on creating group synergies through joint purchasing of materials and the development of technologies and components.

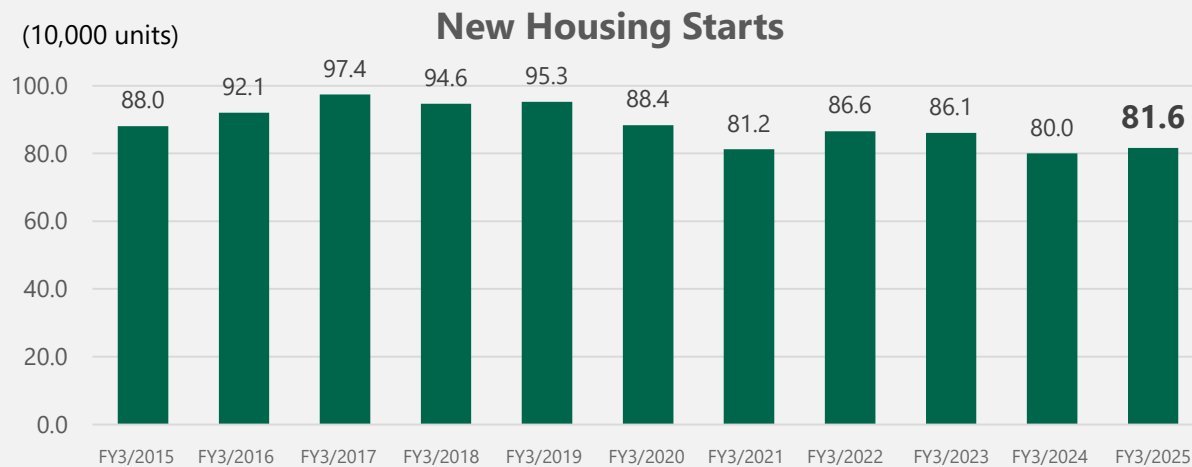
3

Diversifying our business into build-to-rent (BTR) multi-family housing, landscaping, and more.

- Our differentiation strategy, leveraging strengths in design capabilities and product strength, has been effective, and the unconsolidated gross profit margin of the housing business continues to improve.

Business Environment

- Due to the impact of factors such as a rush in demand ahead of a reduction in the scope of Item 4 Special Exemptions, the number of new housing starts for FY2024 increased year-on-year
- Japan's housing market is expected to shrink due to population decline



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

Initiatives for Improving Profits

- In addition to a broad product lineup across various price ranges, we are implementing a differentiation strategy through offerings such as Prime Wood and "Germoglio," our original kitchen line

Semi-custom-built products
FS Order Ratio: 31%
*FY12/2025 1H

One-Story Homes
Order Ratio: 46%
*FY12/2025 1H

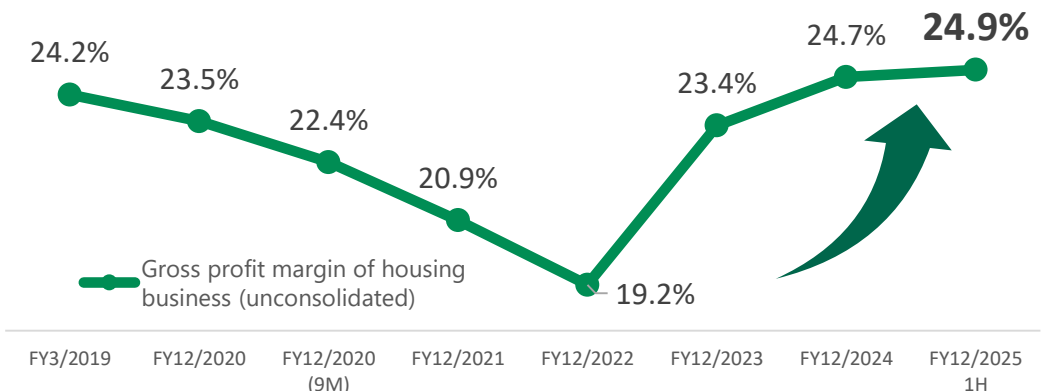
Grand Estate Design Project

Low

Price Range

High

Gross profit margin of housing business (unconsolidated)



- We aim to expand our rental housing business by strengthening our land-set development business* through the consolidation of LeTech as a subsidiary.

*The land-set development business is a real estate investment model in which land and buildings are acquired as a package for rental operations.

Consolidation of LeTech as a Subsidiary

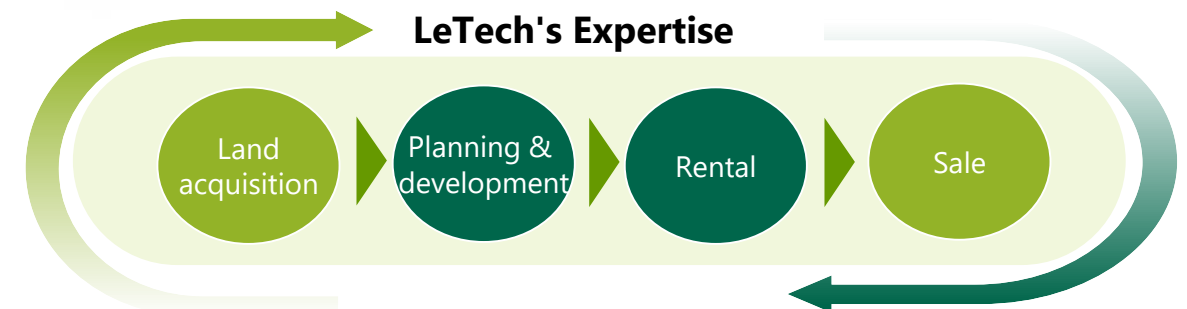
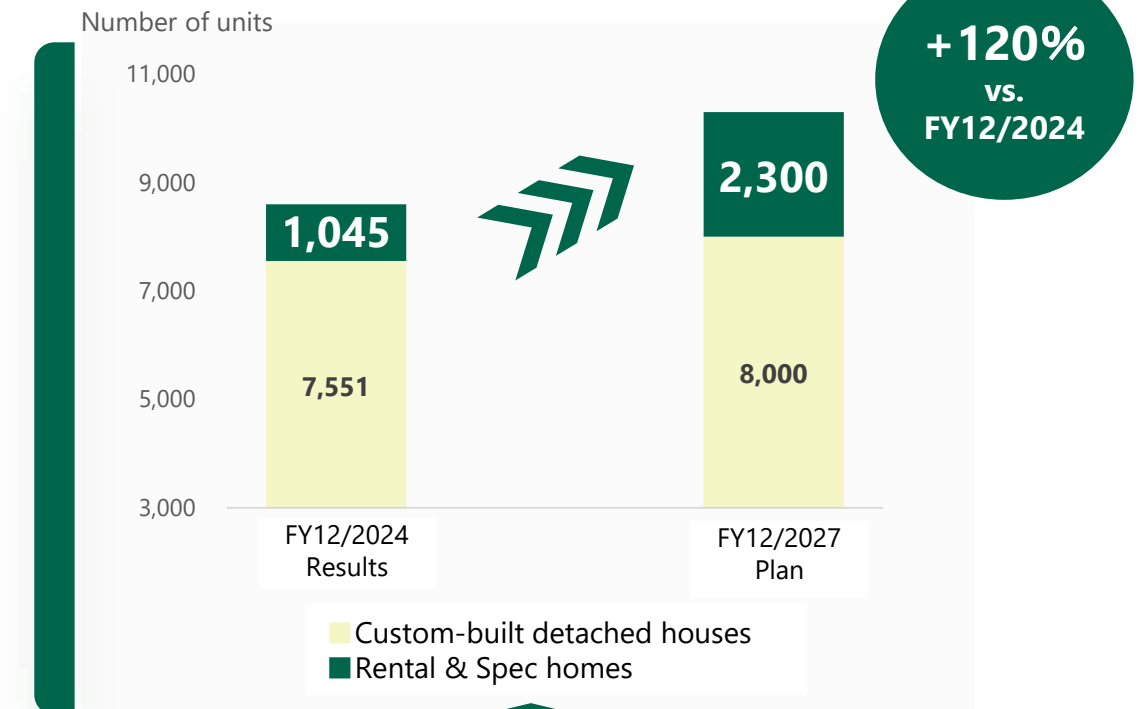
Background

- Demand for rental housing is expected to remain stable, with the decline in affordability of homeownership and an increasing number of households
- Wooden constructions are gaining attention for their stable construction costs, compared to reinforced concrete and steel-frame buildings

Objective

- We will leverage LeTech's expertise to expand our land-set development business
- By developing our own wooden properties in addition to reinforced concrete buildings, we will expand our business area and scale
- We expect to achieve synergies with our existing spec homes business and others

Business Targets (Number of units sold)



Timber and Building Materials Business – Launch of First Overseas Timber Industrial Complex

- We have made a major North American sawmill into a subsidiary, aiming to ensure a stable supply of timber and to realize our "Wood Cycle" in the U.S.

■ Teal Jones Plain Dealing Sawmill Becomes a Subsidiary

Background

- Southern Yellow Pine, the sawmill's raw material for timber manufacturing, is widely distributed in the region, and the volume of available resources is expected to increase further
- The area around this sawmill is one of the areas where we are actively expanding our housing business
- Expectations for improved cost competitiveness of U.S.-produced timber

Objective

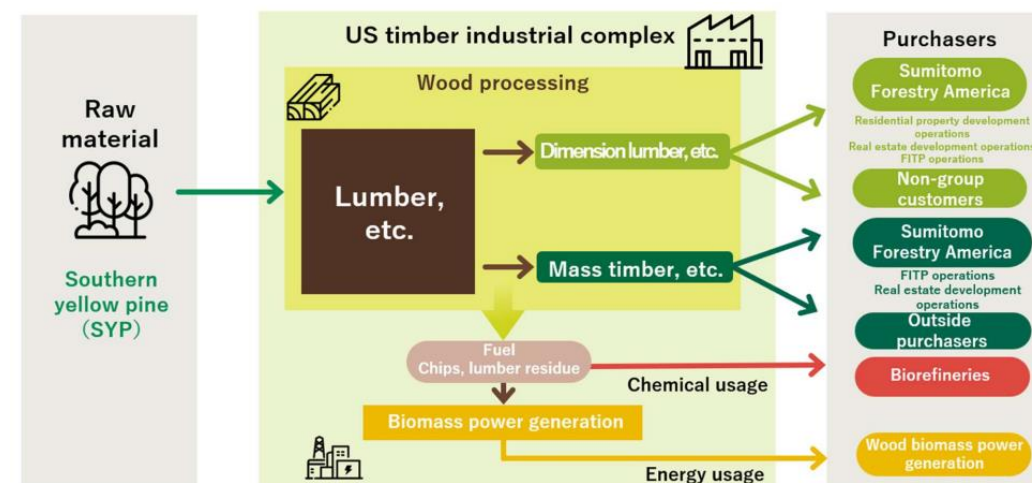
- Secure a stable supply of raw materials that is less susceptible to external factors
- Develop a timber industrial complex to realize the "Wood Cycle" in the U.S. as well
- Pursue synergies with our existing U.S. operations

■ Business Plan Overview

- Produce approximately 14,000 homes worth of dimension timber per year
- Also consider manufacturing mass timber products such as CLT and LVL
- Aim to maximize wood value through the cascade utilization of timber



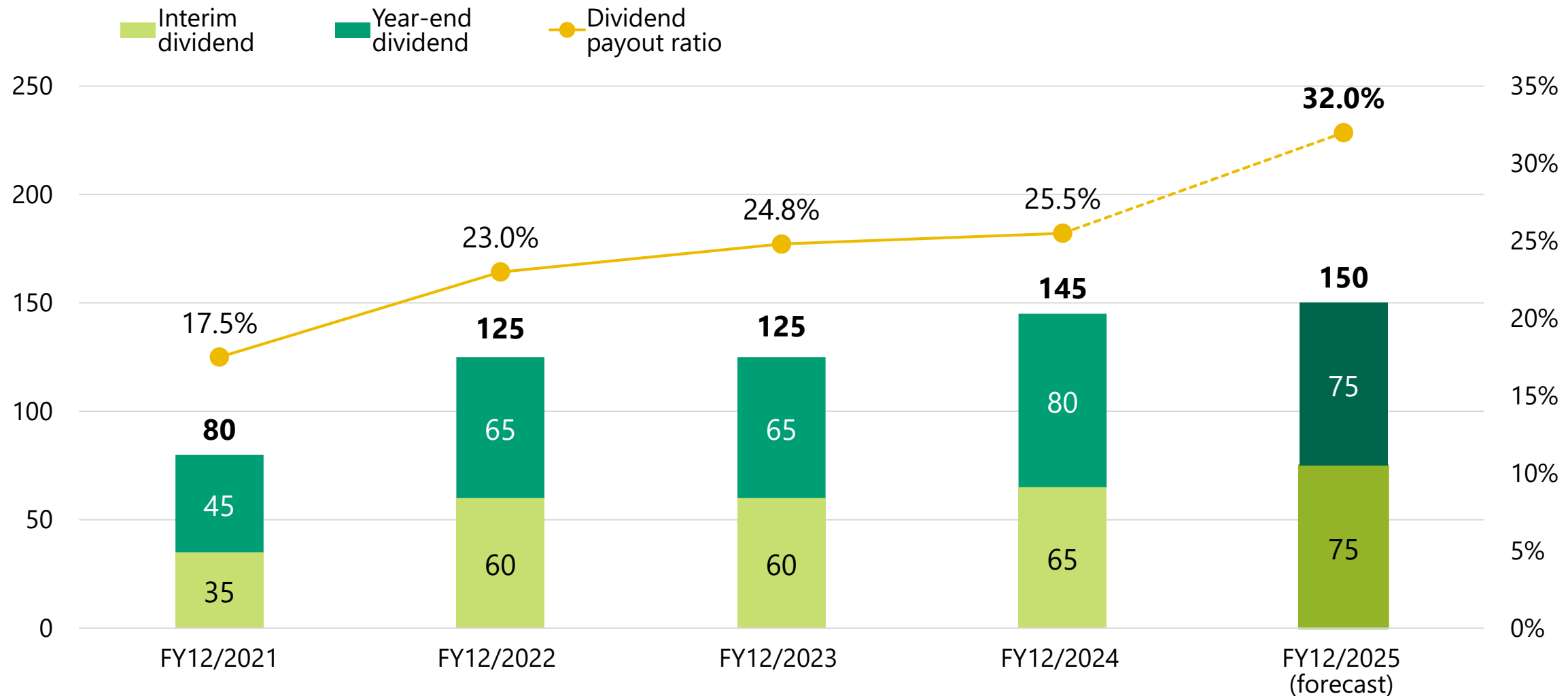
Dimension timber



Returns to Shareholders

- In line with the downward revision of this fiscal year's earnings forecast, we have applied the minimum dividend under our shareholder return policy and revised the annual dividend forecast to ¥150* per share. As a result, the dividend payout ratio will be 32.0%, representing a ¥5* increase compared to the previous year.

* Based on pre-stock-split basis



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 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.



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

Targets for a Decarbonized Society

Forest Area Owned and Managed

1 million ha

Domestically Produced Timber Usage
at Timber Industrial Complexes

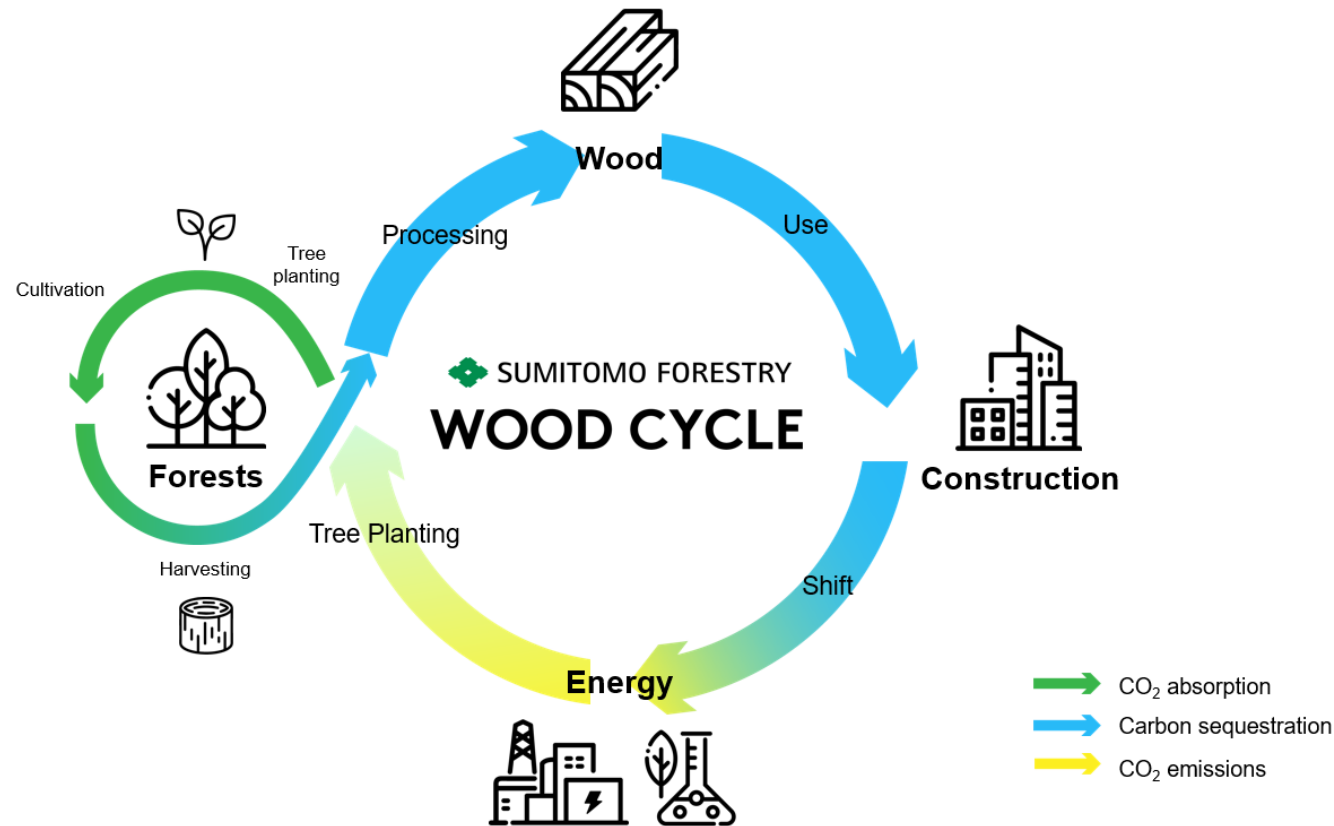
1 million m³

Annual Housing Supply

65,000
units

Long-Term Vision

- Leveraging our unique expertise, we will proactively invest in decarbonization-related and growth areas to achieve our Long-Term Vision and achieve further growth.

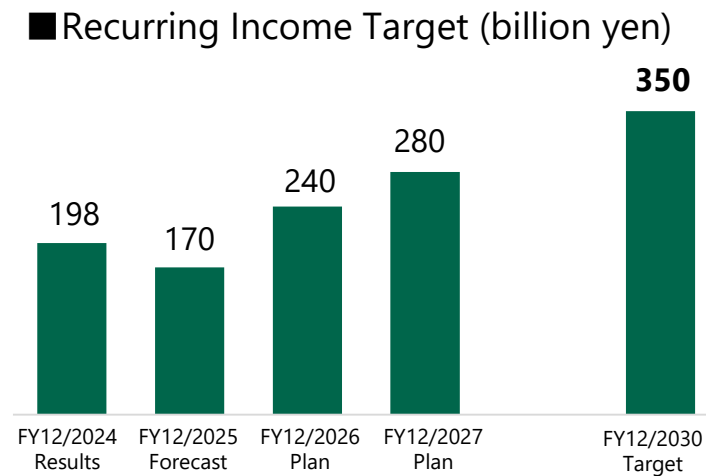


Cumulative investment under the
Medium-Term Management Plan (2025-2027)

¥713.0 billion*

* Includes "Net Increase in Real Estate for Sale" +
"Growth Investments & Facility Upgrades"

Long-Term Vision
FY2030 Recurring Income Target
¥350.0 billion



- The performance forecasts, outlooks, business plans, etc. in this document are based on the assumptions and judgment of the Group made based on information available as of the time of preparation. No promise or guarantee is made with respect to the accuracy or completeness thereof.
- Performance forecasts, outlooks, business plans, etc. are subject to change.
- This material is not intended to solicit investment or acquisition of any other financial instrument.
- The Company and other relevant parties make no guarantee and bears no responsibility on the accuracy, certainty, reliability, and completeness of the information provided in this document. The contents thereof are subject to change or deletion.

[Inquiries]

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