Happiness Grows from Trees

SUMITOMO FORESTRY

Full-Year FY12/2025 Financial Results Briefing

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

February 16, 2026

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1. Long-Term Vision

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Long-Term Vision

Mission TREEING 2030

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

Value for our planet × Value for people and society × Value for the market economy

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.

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

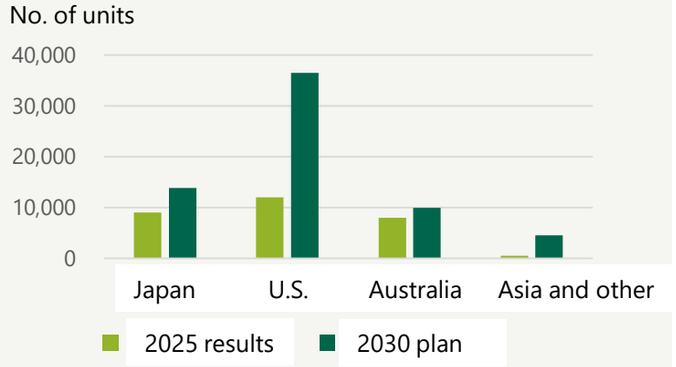
Targets for a decarbonized society

Owned/Managed forest area	**1 million ha**
Timber industrial complexes domestic timber usage	**1 million m³**
Number of housing units sold yearly	**65,000 units**

Financial targets

FY2030 Recurring Income Target
¥350.0 billion

Comparison of units sold and sales target by region



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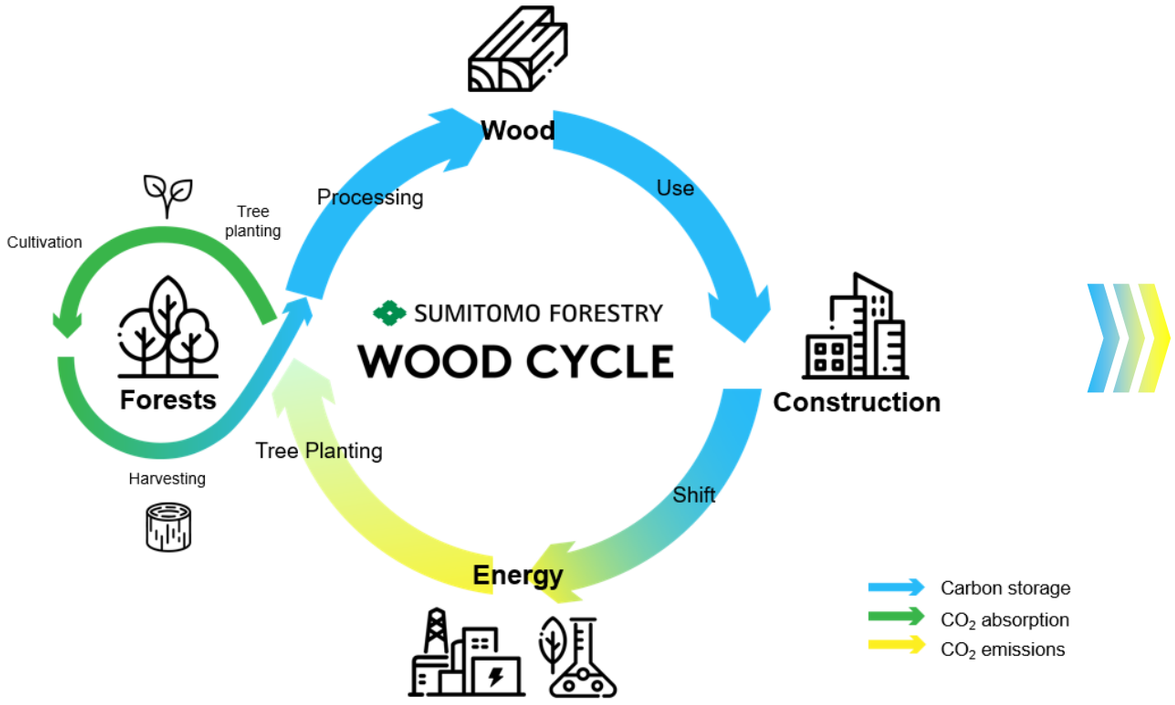
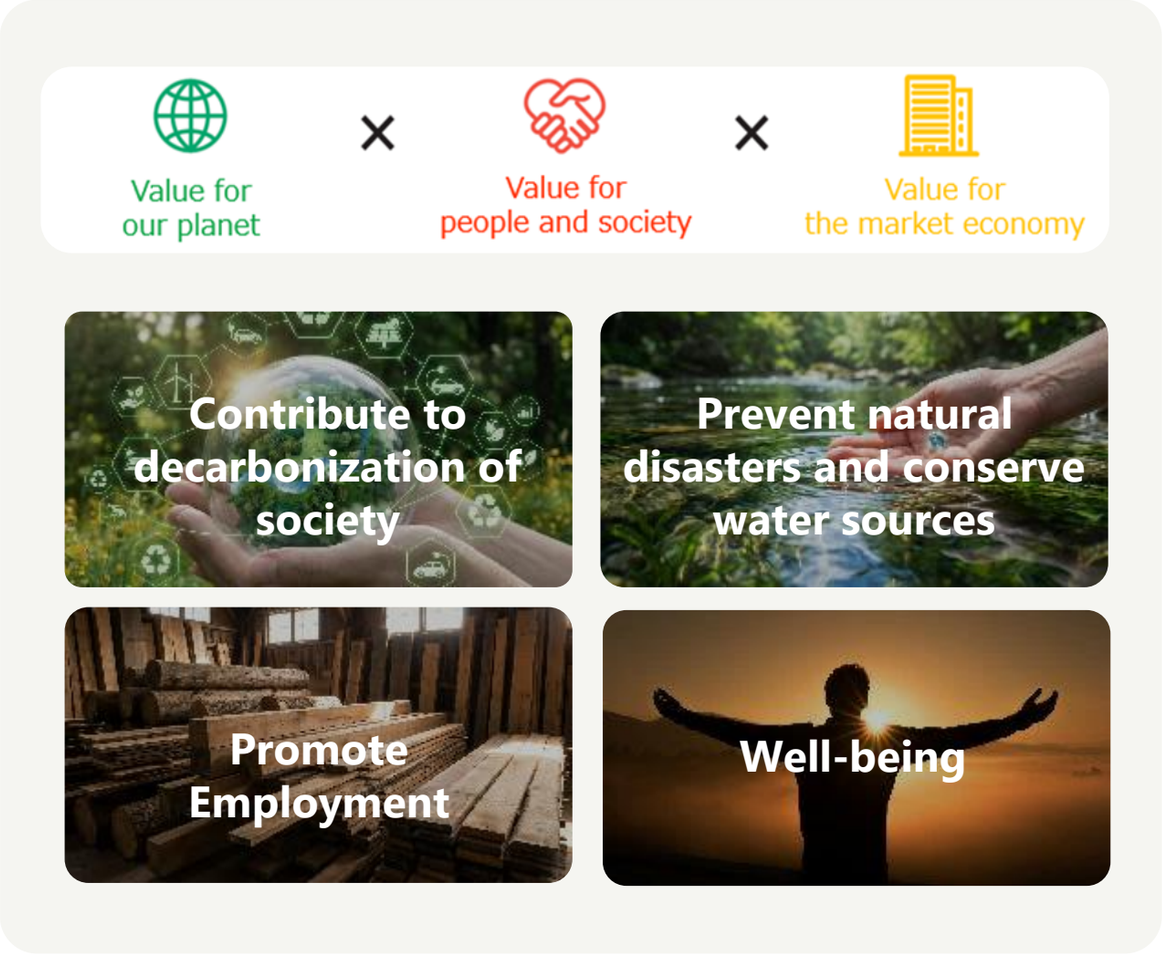
Value Brought by WOOD CYCLE

- ✓ WOOD CYCLE is the upstream to downstream value chain centered on wood resources and their decarbonization effects.
- ✓ By implementing this cycle, unique to the Sumitomo Forestry Group, we aim to contribute to decarbonization impacts and bring about the realization of "value for our planet," "value for people and society" and "value for the market economy."





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2. Consolidated Results and Full-Year Forecast

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Consolidated Results
FY12/2025 Full-Year Results

✓Due to the consolidation effect of Metricon in Australia and the continued strong performance of the domestic housing business, **net sales increased year on year.**

✓**Recurring income and net income exceeded the earnings forecast, announced in August 2025, but decreased year on year** due to the sluggish U.S. market.

Consolidated results

(billion yen)	FY12/2024	FY12/2025	Year-on-year change	Full-year forecast (Announced on August 7, 2025)	Change from forecast
Net sales	2,053.7	**2.267.6**	**+10.4%**	2,320.0	**-2.3%**
Operating income	194.6	**168.7**	**-13.3%**	164.0	**+2.9%**
Recurring income	198.0	**174.9**	**-11.6%**	170.0	**+2.9%**
Net income	116.5	**106.7**	**-8.5%**	96.0	**+11.1%**

Net sales by segment

(billion yen)	FY12/2024	FY12/2025	Change
Timber and Building Materials	253.2	**253.0**	**-0.1%**
Housing	542.3	**585.4**	**+7.9%**
Global Construction and Real Estate	1,240.0	**1,411.1**	**+13.8%**
Environment and Resources	27.0	**26.8**	**-0.7%**
Other	27.3	**28.1**	**+2.9%**
Adjustment	-36.1	**-36.8**	**—**
Total	2,053.7	**2,267.6**	**+10.4%**

Recurring income by segment

(billion yen)	FY12/2024	FY12/2025	Change
Timber and Building Materials	10.0	**12.8**	**+27.5%**
Housing	35.2	**41.3**	**+17.3%**
Global Construction and Real Estate	147.5	**119.7**	**-18.8%**
Environment and Resources	0.2	**-1.3**	**—**
Other	0.7	**4.9**	**+593.1%**
Adjustment	4.4	**-2.4**	**—**
Total	198.0	**174.9**	**-11.6%**

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

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FY12/2026 Full-Year Forecast

✓ Due to a slowdown in the U.S. housing business, which is the key driver of our business, **we have revised our full-year earnings forecast for FY12/2026 downward from the target figures announced in February 2025.**

Full-year forecast

(billion yen)	FY12/2025 Results	FY12/2026 Forecast	Year-on-year Change	Change from previous forecast
Net sales	2,267.6	**2,590.0**	**+14.2%**	**-9.7%**
Operating income	168.7	**157.0**	**-6.9%**	**—**
Recurring income	174.9	**160.0**	**-8.5%**	**-33.3%**
Net income	106.7	**95.0**	**-10.9%**	**-36.2%**

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

Supplementary notes on earnings forecast

1. Recurring income forecast for FY12/2026 was revised downward by 80 billion yen from the Medium-Term Management Plan Target of 240 billion yen.

2. This forecast does not include impact of the acquisition of shares (subsidiarization) of Tri Pointe Homes, Inc., announced on February 13, 2026.

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3. Review of the Medium-Term Management Plan and Future Initiatives

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Review of the Medium-Term Management Plan

✓ In FY12/2025 which was the first year of the Medium-Term Management Plan, we made progress in our efforts to address decarbonization both domestically and internationally, and in deepening our global expansion through investments in M&A and new projects.
Nevertheless, challenges remained in "enhancement of earning power" and "strengthening management base."

Phase 2 Basic Policies	Main Outcomes
Efforts to Address Decarbonization Challenge	● Achieved asset growth for first forestry fund and commenced business for Japan Forest Asset Co., Ltd. ● Promoted medium- to large-scale wooden constructions in U.S., Australia, Japan and UK
Enhancement of Earning Power	● Made progress in investments and financing, including the capital and business alliance with GEOLIVE Group and the acquisition of LeTech ● Further accelerated the shift toward a business model in the Timber and Building Materials Business independent of housing starts
Deepening of Global Expansion	● Made the Teal Jones Plain Dealing sawmill in the U.S. a subsidiary ● Embarked on township development projects in Vietnam and Indonesia
Strengthening Management Base	● Newly established the Corporate Division and commenced efforts to strengthen its global governance ● There is room for improvement in medium- to large-scale timber construction technology, in real estate development expertise, and in human resource development for global expansion
Further Integration of Business Operation and ESG	● Awarded Gold Rating in the PRIDE Index for the fourth consecutive year ● Selected for CDP's Climate A List for the 10th consecutive year, and newly selected for the Forests A List

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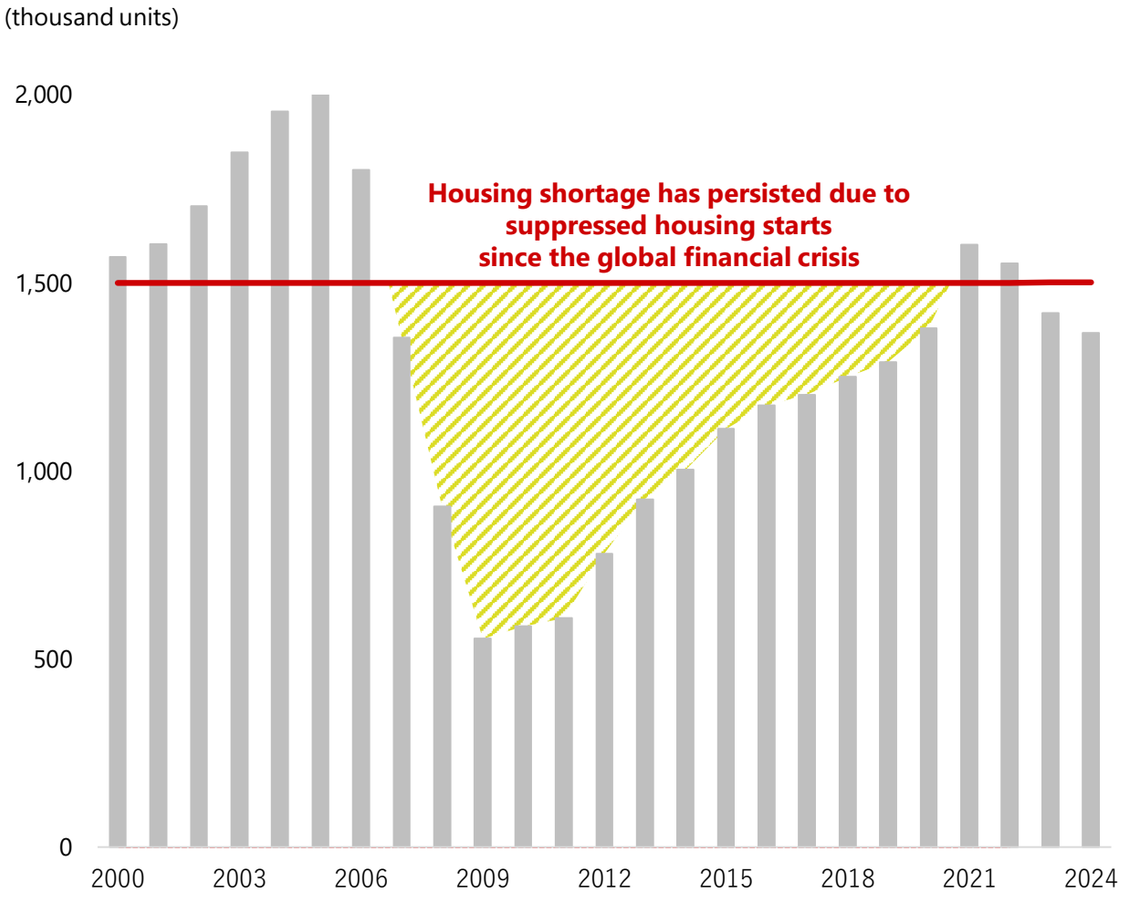
Business Environment of the U.S. Single-Family Homes Business (1) Housing Supply Shortages and Demographic Trends

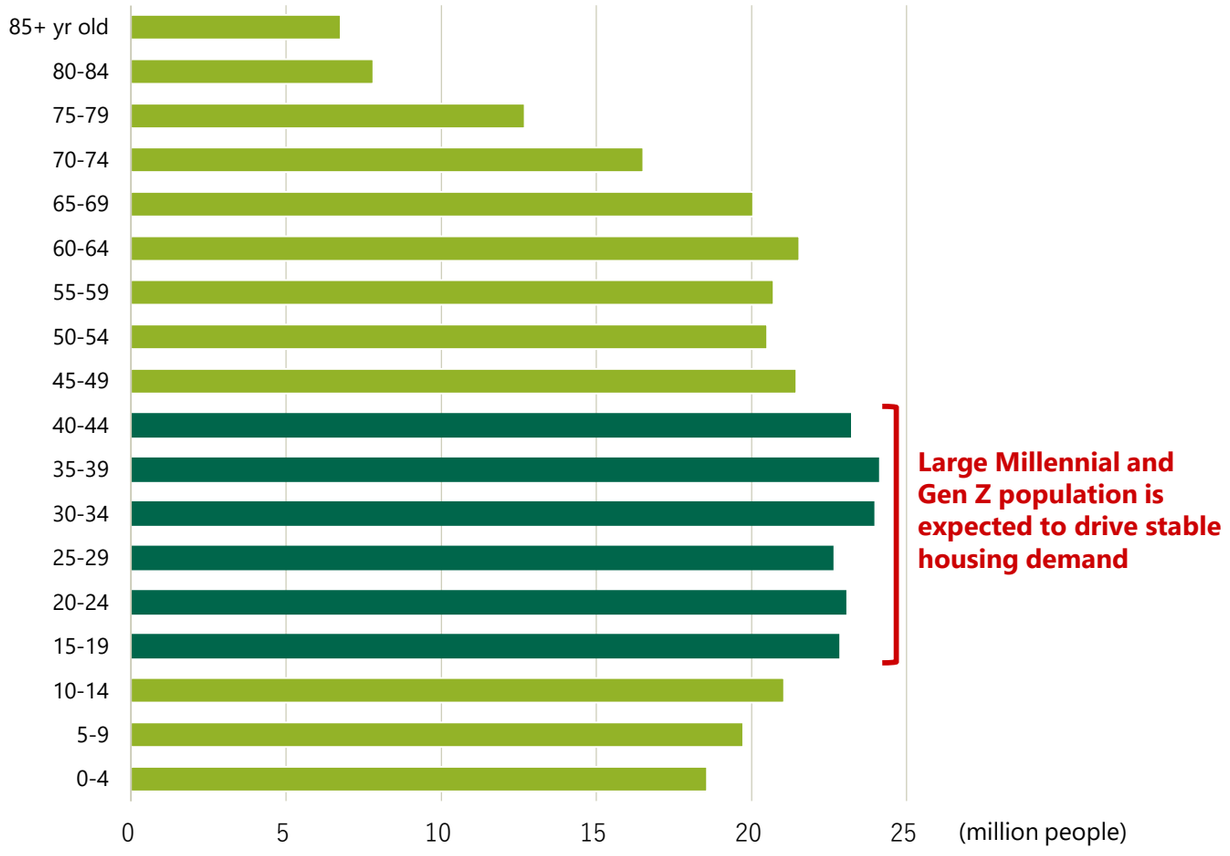
✓ In addition to shortages of existing home inventory due to reduced housing starts after the global financial crisis, the pool of new home buyers including Millennials and Gen Z constitutes large portion of the population thus solid home demand is expected.

Number of new housing starts



Source: Prepared by Sumitomo Forestry based on data from the U.S. Census Bureau (FY2024)

Population breakdown by age group



Source: Prepared by Sumitomo Forestry based on data from the United Nations Population Division (Population estimates for 2025 published as of February 1, 2026)

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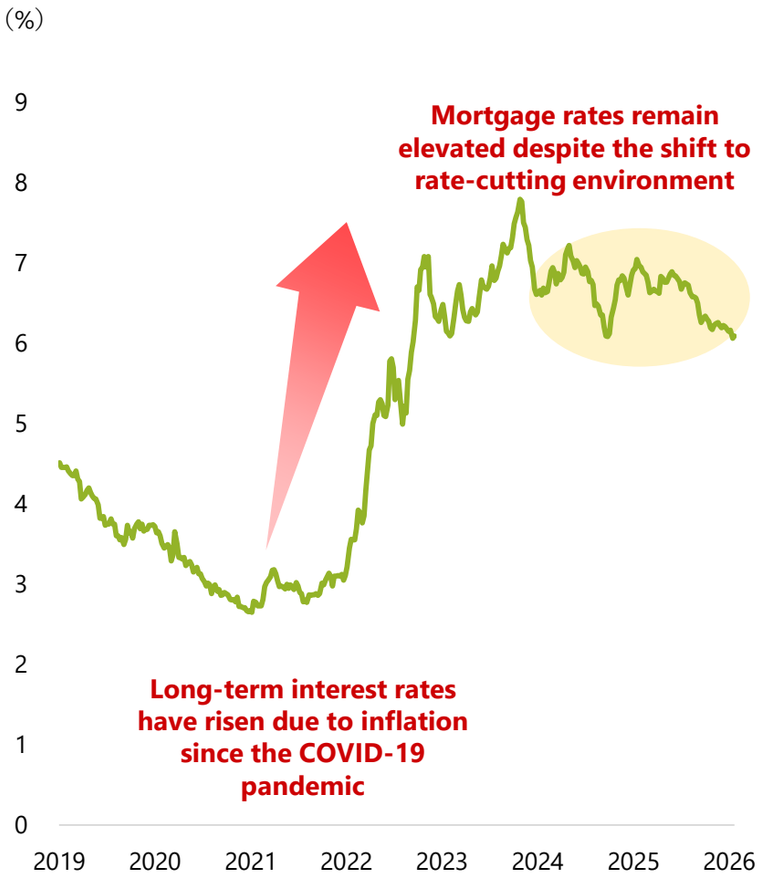
Business Environment of the U.S. Single-Family Homes Business (2) Affordability and Consumer Sentiment

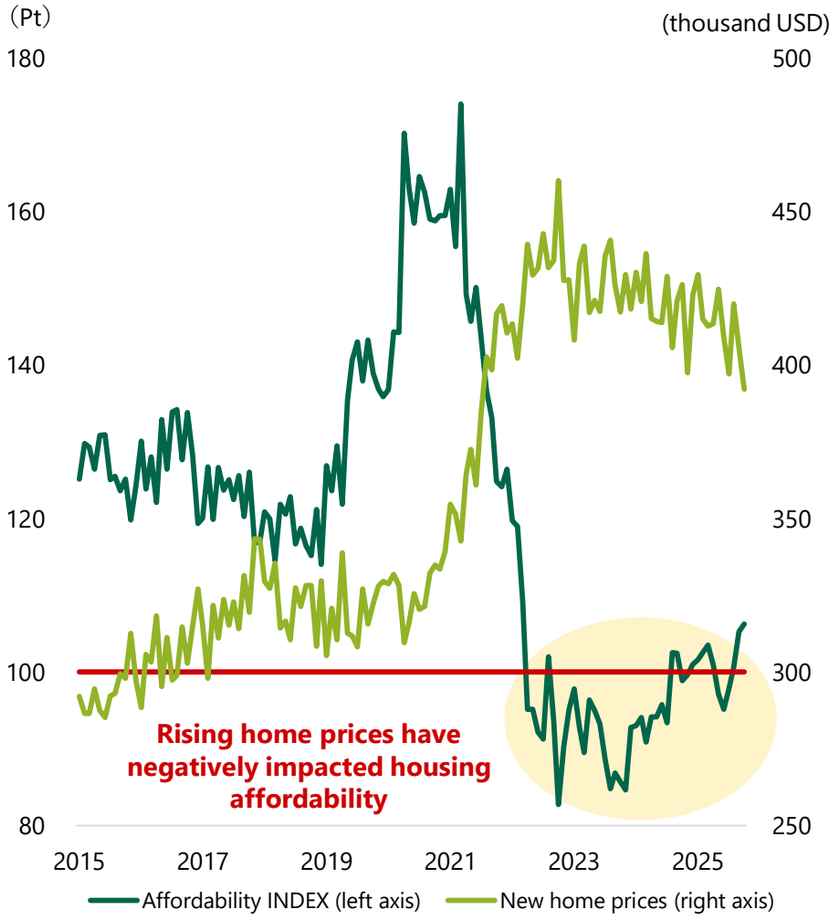
✓ Housing market conditions have deteriorated due to elevated mortgage rates and home prices, leading to declining affordability, and weakening consumer sentiment.

■30-year fixed rate mortgage



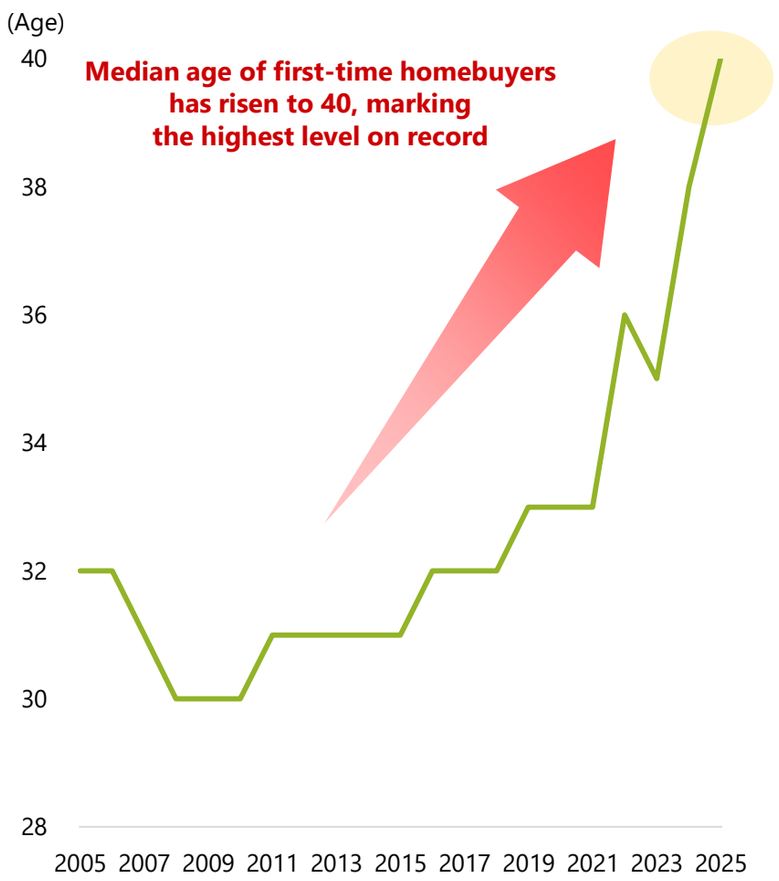
Source: Prepared by Sumitomo Forestry based on data from Freddie Mac (as of January 22, 2026)

■New home prices and affordability



Source: Prepared by Sumitomo Forestry based on data from the National Association of REALTORS* and the U.S. Census Bureau (as of November 2025)

■Median age of first-time homebuyers



Source: Prepared by Sumitomo Forestry based on data from NAR (as of November 2025)

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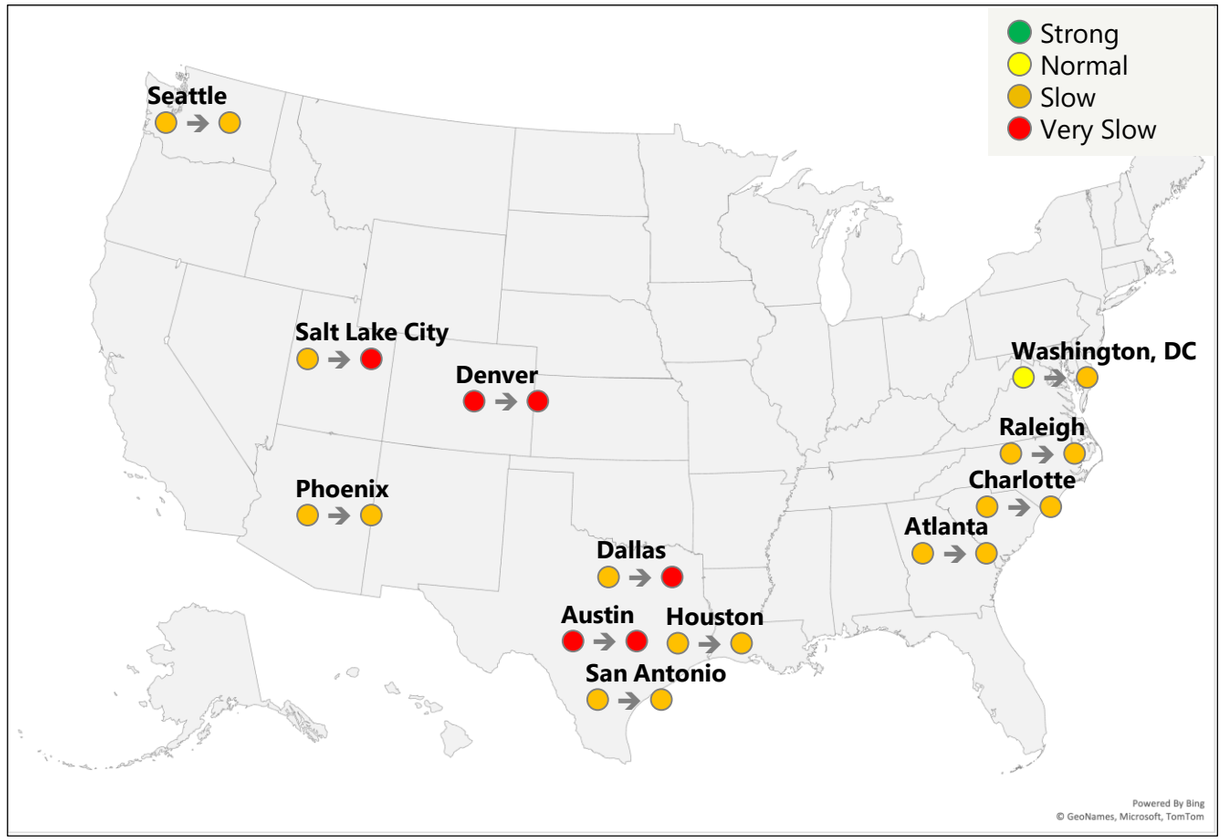
Business Environment of the U.S. Single-Family Homes Business (3) Market Conditions across Our Business Areas

- ✓ The slowdown in the housing market within our operating areas persisted even in the second half of 2025.
- ✓ Housing prices in 2026 are predicted to trend downward across all areas.

■ Market conditions across our operating areas in 2025

(July 2025 – January 2026)



Source: John Burns Research and Consulting, LLC

■ 2026 Housing price forecast (year-on-year)

Area	% change (YoY)
Salt Lake City, San Antonio	~0%
Seattle, Charlotte, Atlanta, Austin	-1%
Phoenix, Houston, Dallas Washington, DC, Denver Raleigh, Tampa	-2%

Source: John Burns Research and Consulting, LLC

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U.S. Single-Family Homes Business Product Development / Community Strategy

Initiative 1 Product development

As affordability continues to decline, **we strengthen sale of product lines with price advantages, such as new townhome models and narrow-front single-family homes.**

Townhome-related initiatives (FY12/2026)

- By adapting a two-row row-house configuration with units sharing not only the walls on both sides but also the rear wall (back-to-back), **it becomes possible to construct more units in the same lot area, thereby reducing land costs.**

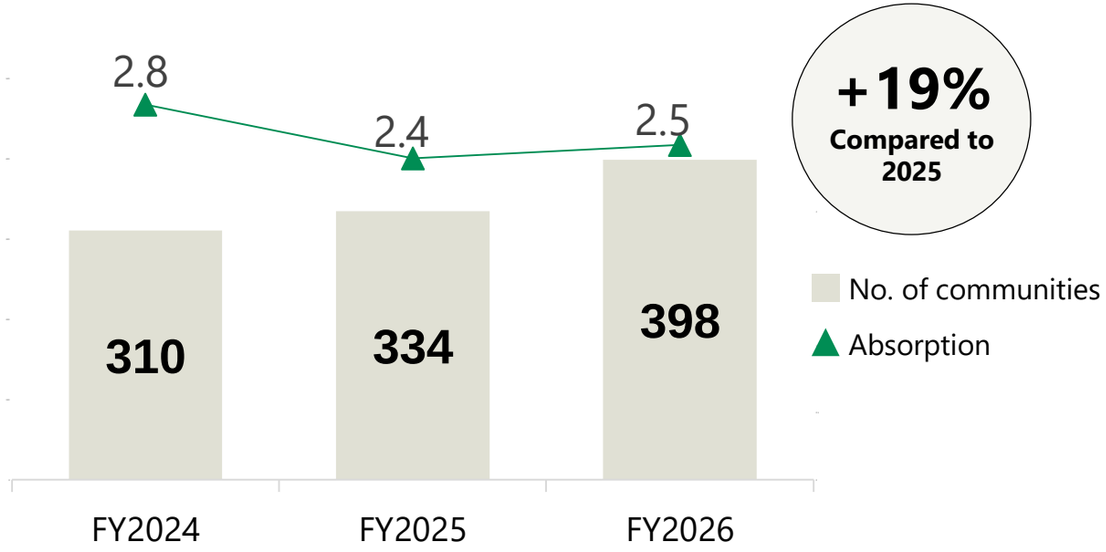
Edge: Back-to-back townhomes

Rear view

Initiative 2 Community strategy

We achieve number of units sold by securing more communities and by appealing to a wider customer base.

Four U.S. group homebuilders: No. of communities and absorption trends



*Absorption refers to the number of monthly contracts per community

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U.S. Single-Family Homes Business Management Integration / Financial Soundness

Initiative 3 Management integration

Following the management integration of DRB and Brightland, we are making ongoing efforts to improve our business operating structure **to build a robust profit structure** – through thorough cost reduction and production streamlining.

Strengthening management base

- Rebranding as DRB Homes
- Strengthening risk management, such as inventory control

Management efficiency

- Integrating core systems
- Reviewing personnel systems and strengthening HR development
- Introducing DRB's management methods

Cost optimization

- Joint procurement of materials
- Financing

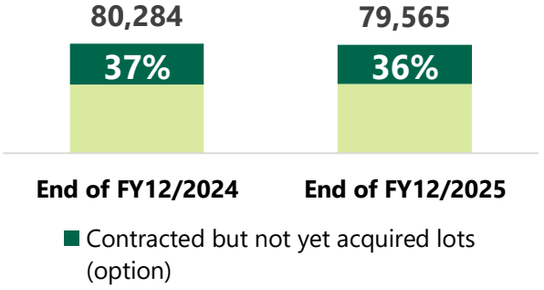
Initiative 4 Maintaining financial soundness

We are working to control inventory risks properly by restraining construction starts, promoting the sale of spec homes, and securing land through option contracts.

(1) Maintaining an optimal level of construction starts

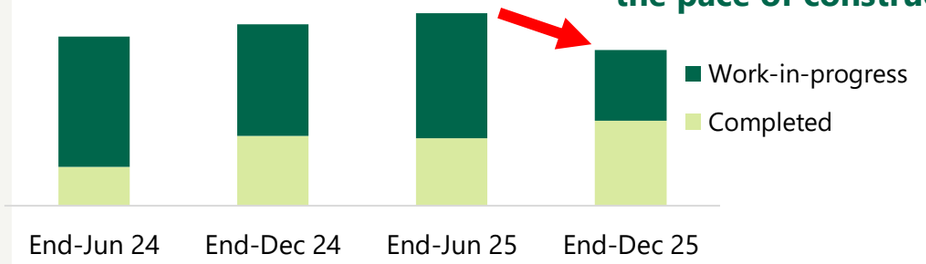
- ✓ Restrain spec construction starts corresponding to the sales condition for each community
- ✓ Boost spec home sales by granting incentives, etc.

(2) Land acquisition strategy



Inventory of Spec Homes

Maintain an appropriate inventory level by controlling the pace of construction starts



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Initiative 5

Collaboration with the FITP Business

We aim to further enhance efficiency and expand scale through efforts such as advancing vertical integration of the construction supply chain (procurement, design, manufacturing, and construction) within the Group, and streamlining construction processes.

[Vertical integration] Streamlining, cost reduction, eliminating middleman margins

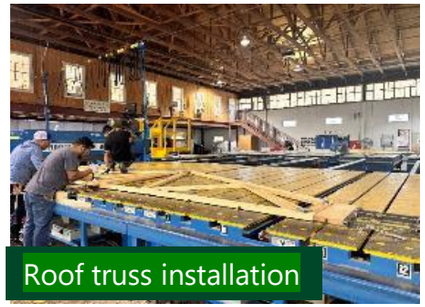
Sale

Outside the Group
Sell to single-family homes and multi-family housing businesses
(Also expand external sales)

Wood procurement

Panel/truss design

Panel/truss manufacturing


Roof truss installation

Wall panel installation

Advance design rationalization and enhance construction efficiency

Material supply/Digital integration

Cabinets, etc.
Collaboration with Group companies

Installation, framing, interiors

Installation services

Sale

Within the Group
Sell to single-family homes and multi-family housing businesses

Percentage of sales within Sumitomo Forestry Group companies
23.4% (FY12/2025)

No. of FITP Business factories
11 factories (FY12/2025)

***FY12/2027 target: 15+ factories**

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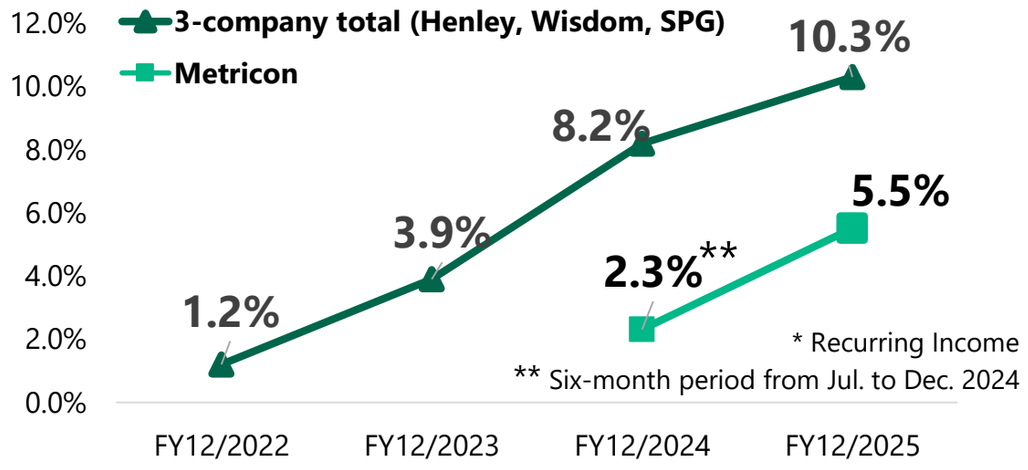
Business environment

- ✓ The policy rate was lowered from 4.35% to 3.60% in FY2025.
- ✓ Although post-COVID rising material costs, labor shortages, and construction delays have been eased, single-family home prices are currently on the rise.
- ✓ Housing demand has been growing due to population growth, including immigration, and stable demand is expected to continue going forward.

RI*/Net Sales Ratio



Efforts toward further profit enhancement

Share expertise

By leveraging our expertise and human resources in the custom-built housing business in Japan, we will focus on cost reduction, shortening construction periods, and development of new construction methods.

Leverage economies of scale

As the Australia's largest homebuilder, we will create Group synergies by implementing joint procurement of materials and shared insurance programs.

Strengthen marketing capabilities

By expanding our product lineup from high-end to affordable offerings, we will enhance our product marketing effectiveness.

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Asian Business

✓We aim to achieve recurring income of 10 billion yen in the Asian business in 2030.

✓We promote development of the large-scale townships in Indonesia and Vietnam.

Indonesia

- Promote "Kota Wisata ECOVIA," the large-scale township development project near Jakarta
- **Scheduled to start delivery from the end of 2027**
- **Total units (planned): Approx. 4,100**

  Scheduled completion and delivery sequentially through 2041
- Strengthen organizational capabilities and human resource development to increase profits

Kota Wisata ECOVIA project

Vietnam

- Promote the Hoa Lan project in collaboration with Kumagai Gumi and NTT Urban Development
- Started infrastructure construction such as water supply and sewerage system
- **Total units (planned): Approx. 6,700**

  Scheduled completion and delivery sequentially through 2034
- Also considering new project formation to increase profits

Hoa Lan project

Design for low-rise housing (Phase I)

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Real Estate Business

✓We newly established the Real Estate Division on January 1, 2026 – **this is to establish an organizational structure that enables professionals with real estate development expertise to operate globally.**

✓**We aim to pursue sound expansion of the Real Estate Business** by leveraging our design and construction technologies for wooden construction, and strengthening collaboration across business segments.

Background and purpose of establishment

Key initiatives

1 **Human resource development, expansion of technical departments**
Promote mass timber projects and build technical expertise both in Japan and overseas

2 **Strengthening collaboration between businesses**
Integration between rental housing contract business and rental management business

3 **Establishment of Land Information Coordination Committee**
Swift response to land opportunities

4 **Roll-out of new BF construction method**
Roll out and promote the new BF construction method for medium- to large-scale wooden construction

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Real Estate Business (U.S./Japan/Australia)

U.S.

Business environment

Policy interest rates have been cut several times and are expected to continue; however, **it will take time for the supply-demand balance to improve.**

Business strategy

Diversify revenue sources
Stabilize profits and losses over the period

Improve capital efficiency

Promote vertically-integrated mass timber construction

Japan

Business environment

There is growth potential in the **shift toward wooden construction for non-residential buildings**, and there is also room for expansion in rental housing-related businesses due to factors such as **demand tied to inheritance.**

Business strategy

Shift toward wooden construction for non-residential buildings such as public facilities and hotels

Create synergies with LeTech

LeTech

Australia

Business environment

The rental housing market is expected to be robust against the backdrop of population growth.

Business strategy

Focus on medium- to large-scale wooden construction

Strengthen the build-to-rent (BTR) multi-family housing business

*Nine-story wooden multi-family housing development for rental in the suburbs of Sydney, Australia

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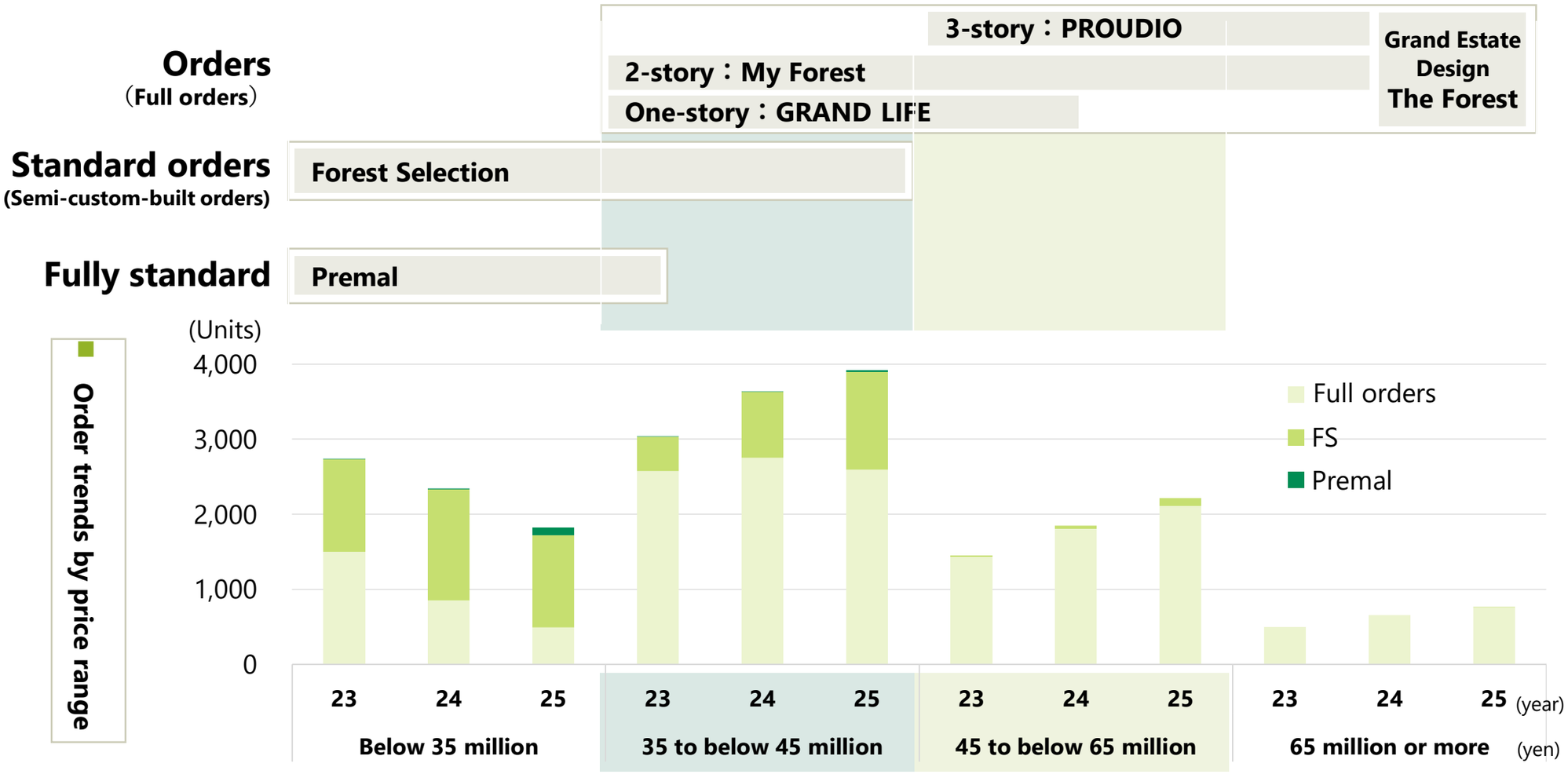
Domestic Housing Business

Enhancement of Earning Power

Happiness Grows from Trees
SUMITOMO FORESTRY

- ✓ **We will pursue stable growth** not only by increasing market share of the custom-built housing business, but also **by expanding the rental, spec home, and renovation businesses** by means of strengthening collaboration among group companies and others.
- ✓ **Alongside maintaining the number of units sold in the largest volume segment, we aim to increase orders for premium products.**



FS order ratio: 30.2%
FY12/2025 results

One-story homes order ratio: 46.0%
FY12/2025 results

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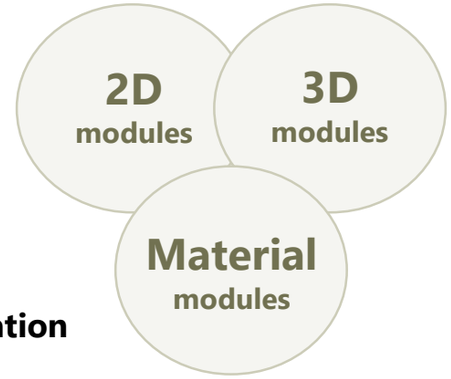
Domestic Housing Business

Improving operational efficiency to enhance profitability

Front-loading of work processes

✓ **Enhance overall operational efficiency** of sales, design, and construction work **by front-loading the design processes**

- **Advance the modular design for Forest Selection**
- **Centralize design and production information through digital transformation**



MYHOME WORKS / Data-driven

- **Expand customer touchpoints through digital channels**
- **Enhance convenience for customers, and enhance sales and design efficiency**

Customers

- **Even on the train while commuting**
- **Even for family members living far away**

MYHOME WORKS

Information platform

Employees

- **Sharing information internally**

Creating synergies with Group companies

Revenue diversification through group synergies

Rental business	Create synergies, such as joint development of wooden condominiums and Land-set package products with LeTech
Greening business	Promote integrated home designs including exterior landscaping tailored to fits the area, and increase its construction coverage
Renovation business	Strengthen connection with former Sumitomo Forestry customers spanning 370,000 projects

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Timber and Building Materials Business

Enhancement of Earning Power

✓ **We aim to establish a firm business model less dependent on new housing starts, and to enhance earning power,** such as by developing global timber and building materials strategy, by building platforms which address customer challenges, and by creating synergies with GEOLIVE Group.

1. Global timber and building materials strategy

- **Advance efforts to expand bases and production scale** of panels and boards, building materials and wooden products, wooden structural materials, biomass-related business including pellets, which leads to **promote WOOD CHANGE**
- Connect the forestation, manufacturing/distribution, construction supply chains in key markets including Japan, U.S., Australia and Europe, **in order to maximize business value**

2. Building platforms

Provide comprehensive solutions to address various issues faced by the housing and construction sectors

Structure	Support small and medium builders and building contractors in streamlining construction and shift to pre-working
Exterior	Provide functions to cover comprehensive exterior works (streamlining construction, shortening construction periods, compliance with legal revisions, etc.)
Operations	Provide digital tools that support each operational process, such as estimates and material delivery

3. Partnership with GEOLIVE Group

We have concluded capital and business alliance agreements with GEOLIVE Group. **We will promote collaboration beyond the boundaries between trading companies and wholesalers, leveraging respective strengths** to create synergies through supply chain reinforcement and functional complementarity.

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Human Resource Strategy Adapted to Globalization

Strengthening Management Base

✓ **We aim to strengthen global governance** by developing highly skilled global talent and deploying them to each region.

■ Acquisition and enhancement of expertise

To cultivate strategically minded global talent, we support employees to acquire professional qualifications and enhance their skills in finance, accounting, legal, etc.

Human Resources

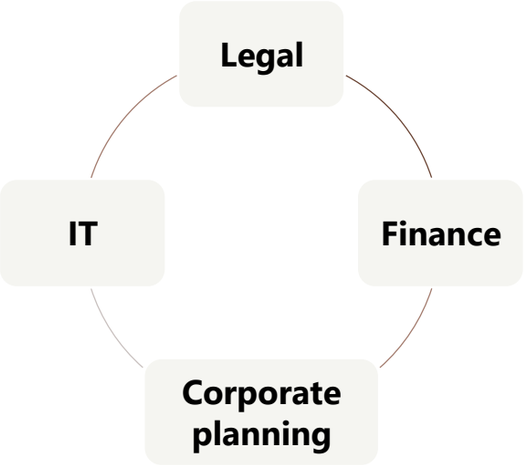
Legal

Accounting / Finance

IT / Languages

■ Implementation of personnel rotation

We implement personnel rotation within the Corporate Division, in order to develop human resources who are capable of supporting a wide range of operations.



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Environment

In addition to our decarbonization efforts through the WOOD CYCLE, we aim to enhance the value of natural capital including forest resources, formulate a Nature Positive Statement, and realize decarbonization and nature positivity.

SBT targets

	Scope1+2	Scope3 (emissions intensity)
Near-term targets (by 2030)	**42% reduction** compared to 2021 levels	**51.6% reduction** compared to 2021 levels
Net zero targets (by 2050)	**90% reduction** compared to 2021 levels	**97% reduction** compared to 2021 levels
	Neutralizing residual emissions to achieve net-zero emissions	

Climate CDP A List 2025

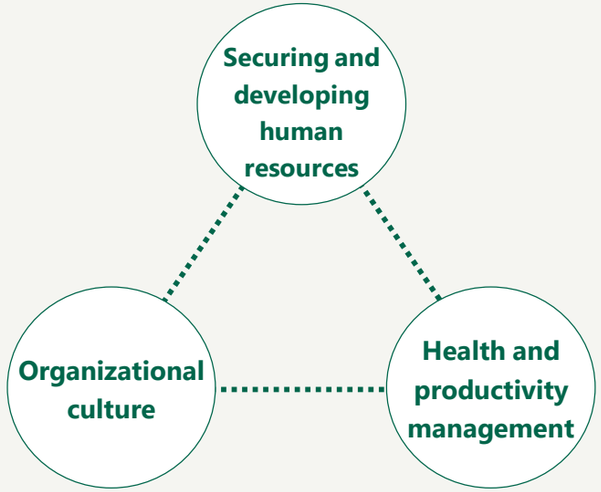
Forests CDP A List 2025

S&P/JPX Carbon Efficient Index

Under CDP 2025, Sumitomo Forestry was selected for Climate A List for the 10th consecutive year, and newly selected for the Forests A List. It is also added to an environmental index, which is adopted by the GPIF.

Society

We have established three pillars as our human resources strategies to realize the Long-Term Vision, aiming to enhance employee engagement and realize mutual growth for individuals and the organization alike.



2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

work with Pride Gold 2025

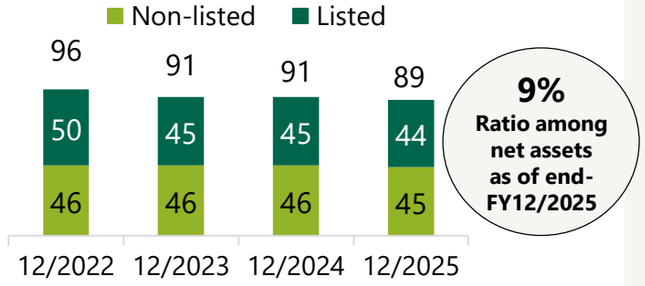
2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

Governance

Based on Sumitomo's Business Spirit, places prime importance on fairness and integrity for the good of society, we will strive to ensure management transparency and strengthen internal controls and governance, in order to enhance our corporate value.

- Reduce Strategically-held Shares

■Stocks held (non-investment purposes)



- Promote employee ownership of the Company's stocks
- Review executive remuneration system
- Strengthen information security and promote digital transformation

Digital Transformation Certification

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4. Dividend Policy

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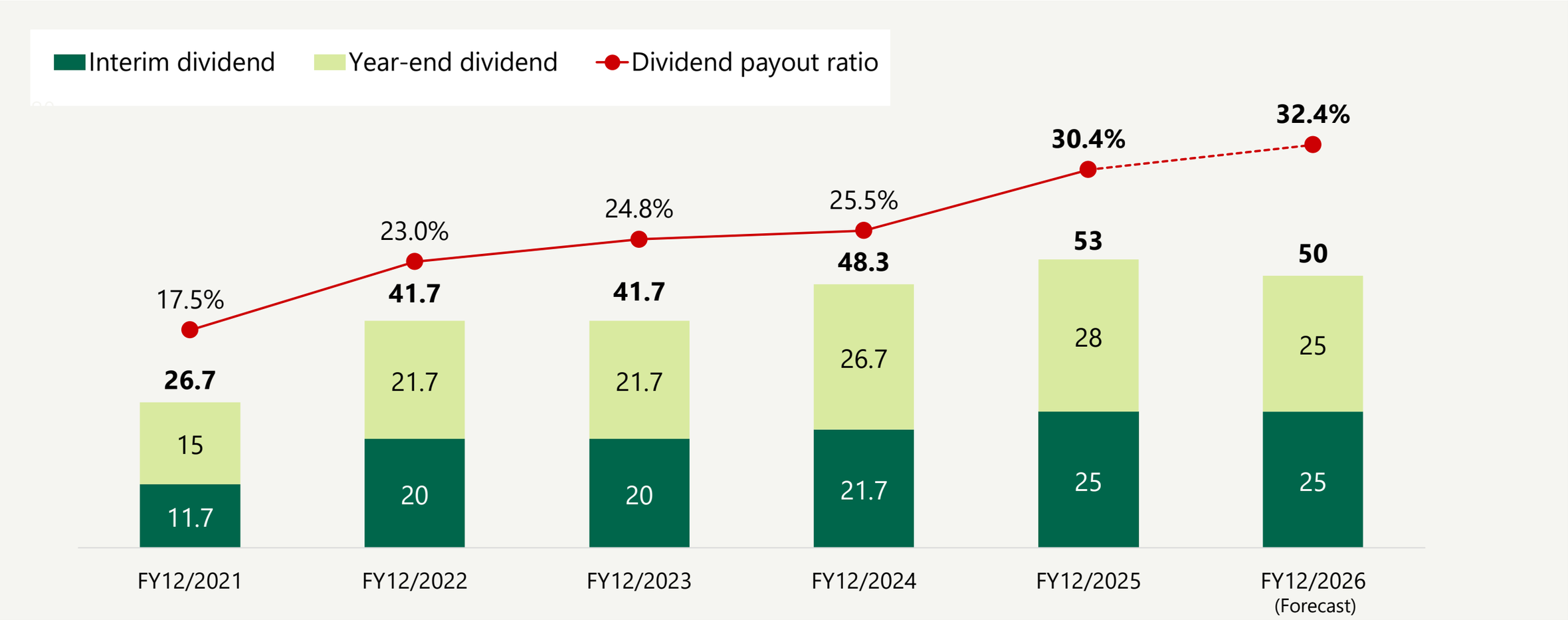
Dividend Policy

✓**Annual dividend for FY12/2025 was revised to 53 yen per share, an increase of 3 yen per share** from the dividend forecast of 50 yen per share announced in August 2025.

✓There is no change to the shareholder return policy set out in the current Medium-Term Management Plan, comprising of dividend payout ratio of 30% or higher and minimum annual dividend per share of 50 yen.

✓**For the annual dividend forecast for FY12/2026, we have applied the minimum dividend of 50 yen per share.**



*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. Historical dividend records have been retroactively adjusted accordingly.

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Disclaimer

- 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 without prior notice.

Inquiries

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appendix

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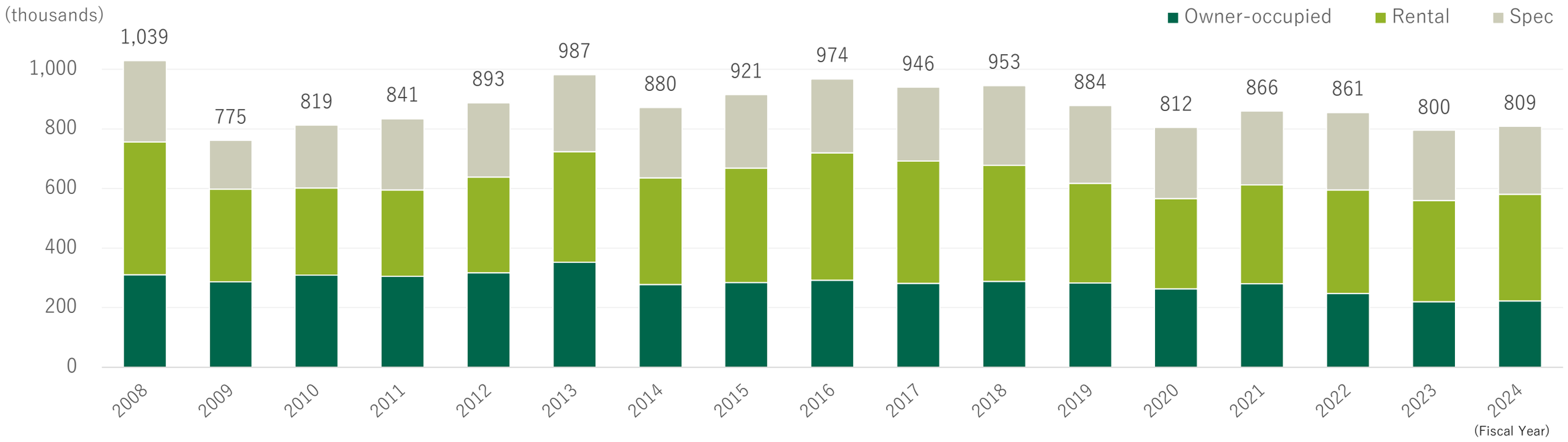
Domestic New Housing Starts

- ✓ Wage increases have not kept pace with price increases, weighing on homebuyer sentiment.
- ✓ Since April 2025, structural documentation submission became mandatory for many two-story wooden houses due to the scope reduction of the Article 4 Exemption. Along with legal revisions such as energy efficiency standard compliance requirements, small and medium-sized contractors are facing increased costs and administrative burdens.
- ✓ Rental housing is expected to maintain relatively steady growth compared to that of owner-occupied housing, driven by investment demand and increasing number of households.

■Trends of Housing Starts



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

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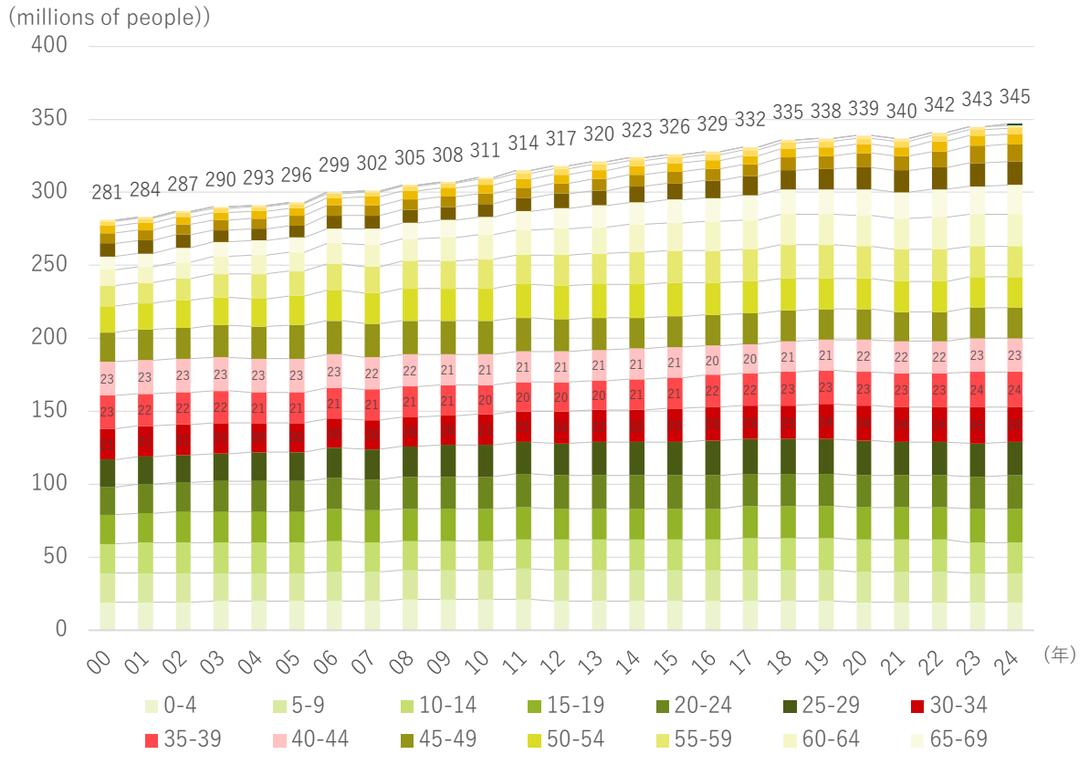
U.S. Housing Market
(Demographics and Housing Starts Trends)

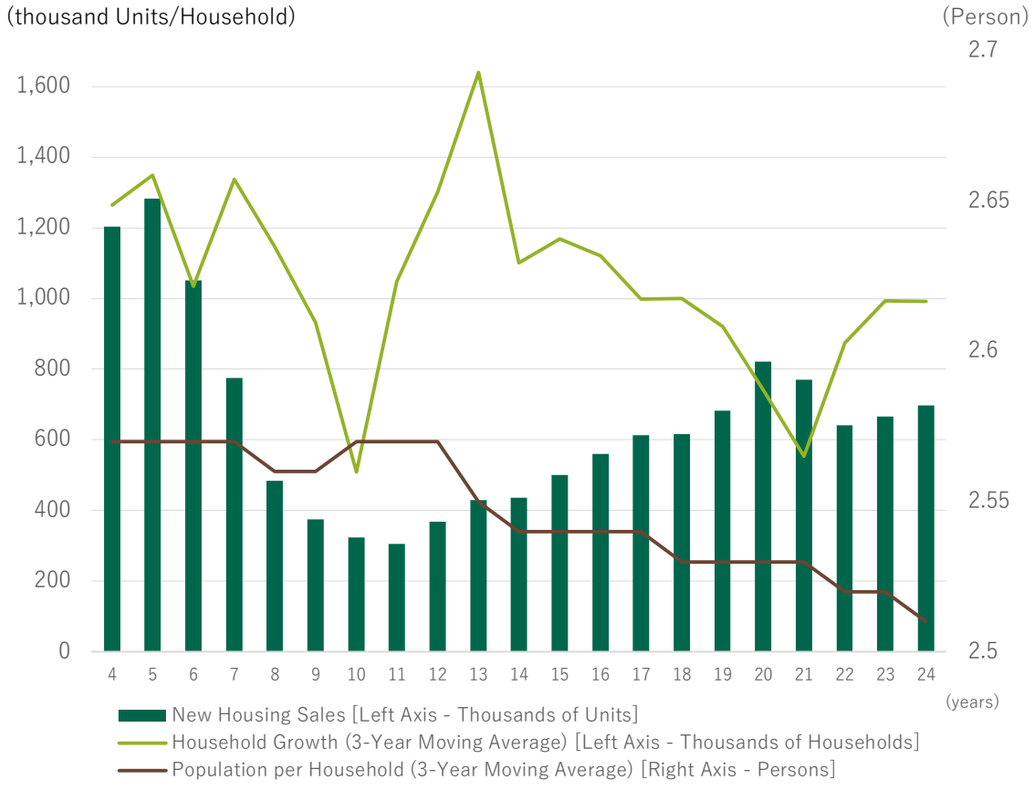
✓ Population growth will ensure steady demand for both detached and multi-unit housing over the medium to long term.

■U.S. - Population Composition by Age Group



Source：United Nation “World Population Prospects 2024”

■U.S. - New Housing Sales and Household Formation



Source: U.S. Census

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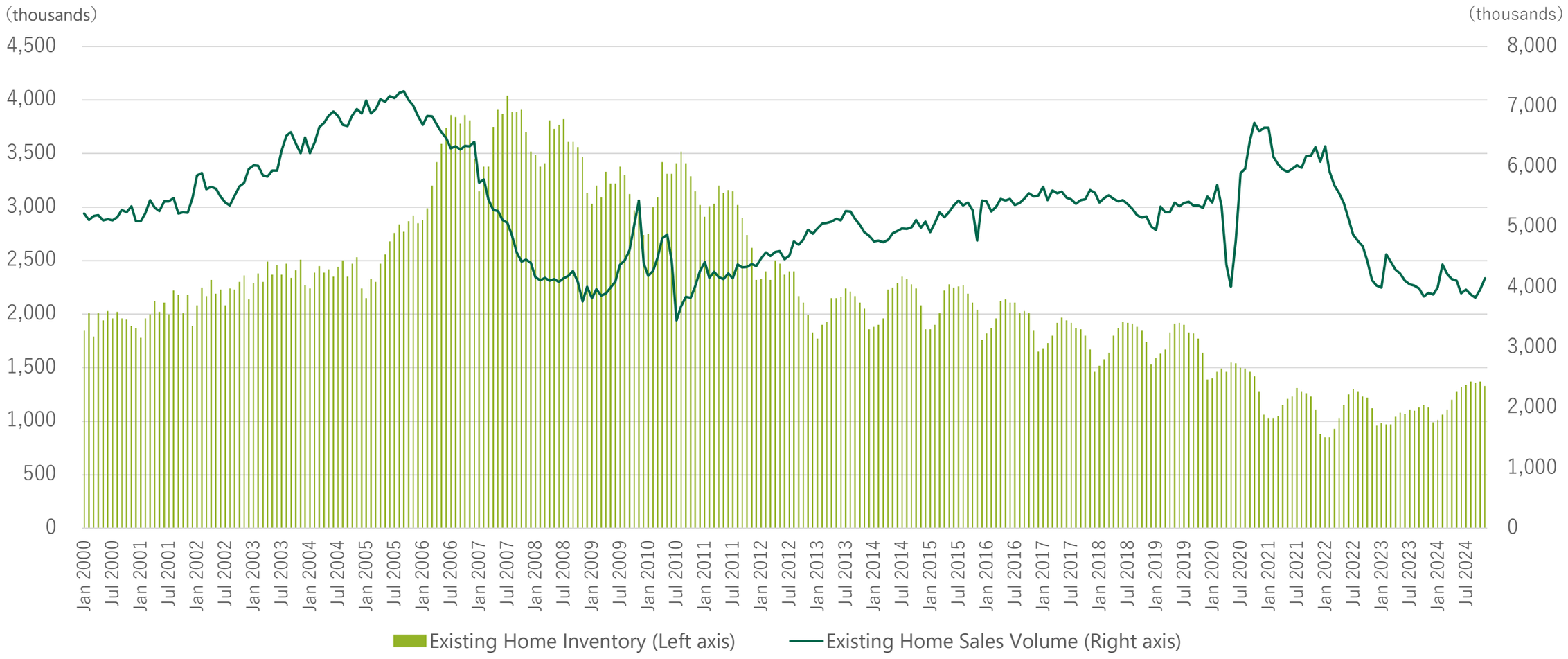
U.S. Housing Market
(Existing Home Inventory)

✓ Existing home inventory remains at historically low levels.

■U.S. - Existing Home Inventory and Sales Volume



Source： NAR

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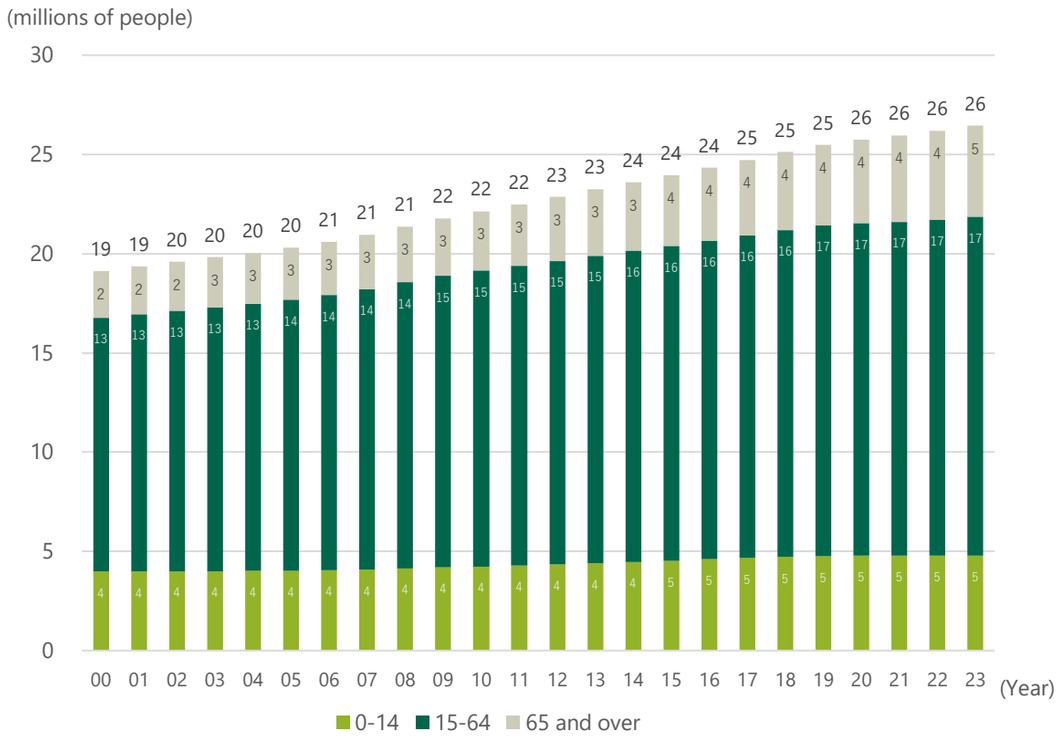
Australian Housing Market
(Demographics and Housing Starts)

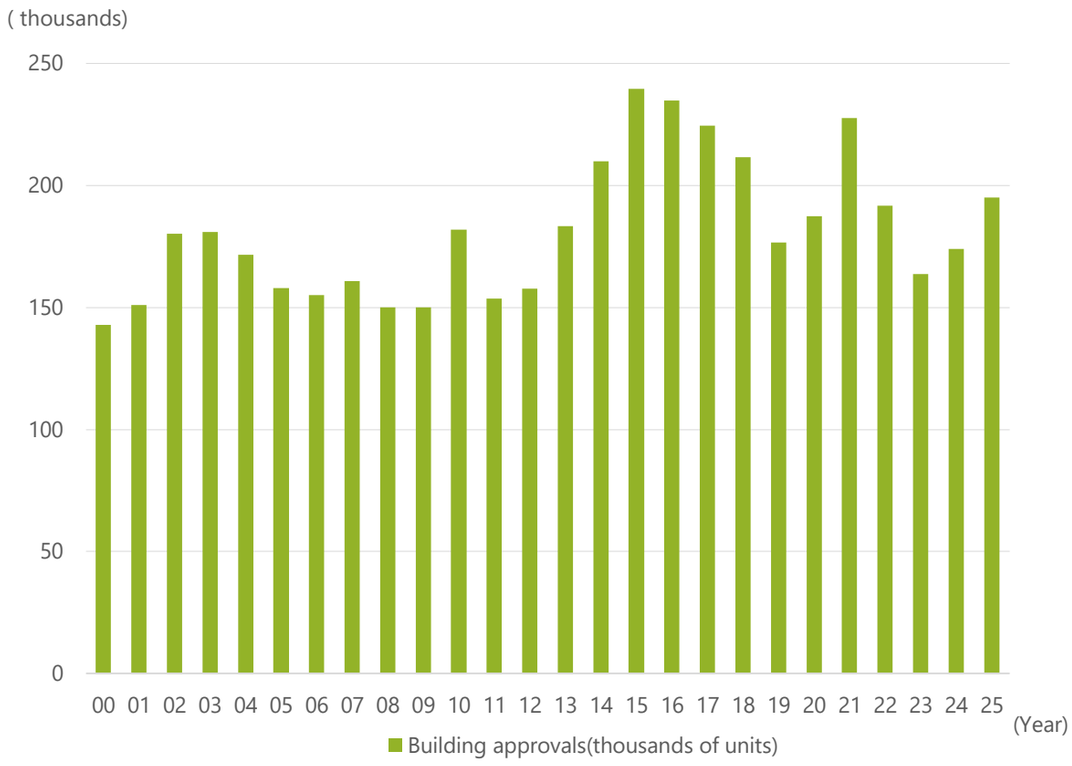
✓ In addition to population growth, the number of new housing starts is recovering, thus stable demand is expected to continue.

■Australia - Population Composition by Age Group



Source: United Nation "World Population Prospects 2024"

■Australia - Trends of Building Approvals



Source: Australian Bureau of Statistics

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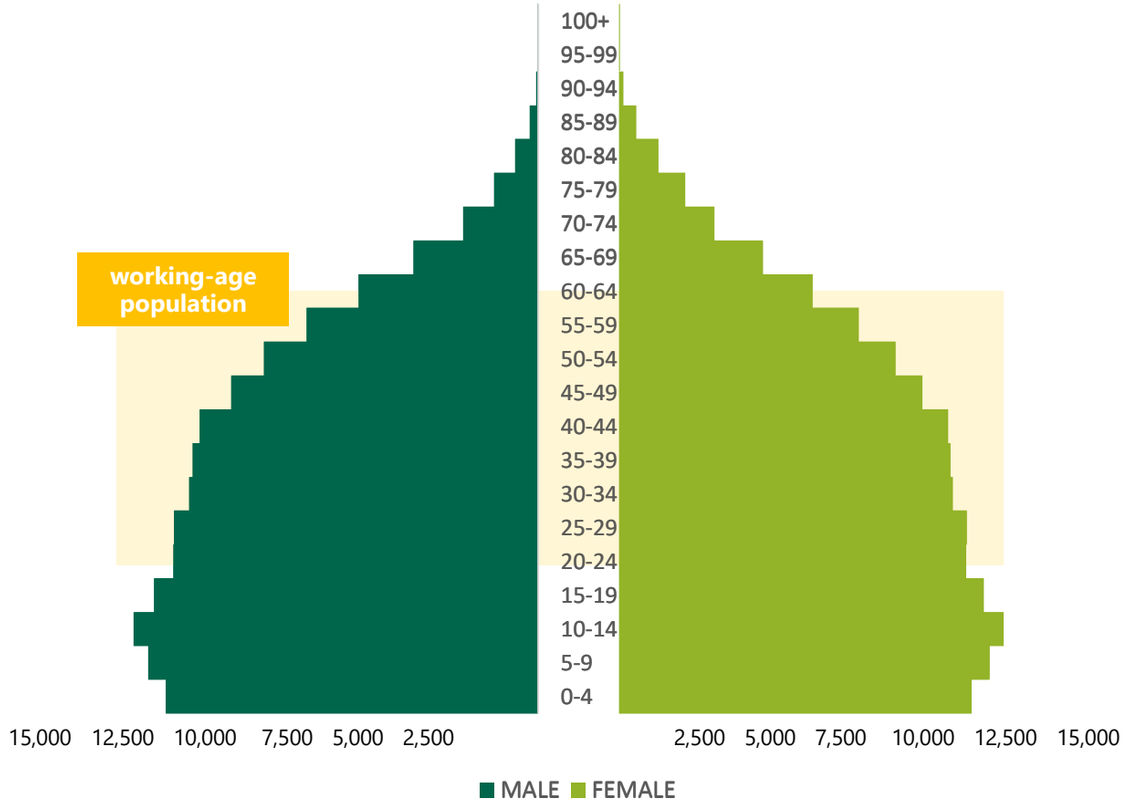
Indonesia / Vietnam
Population Composition by Age Group

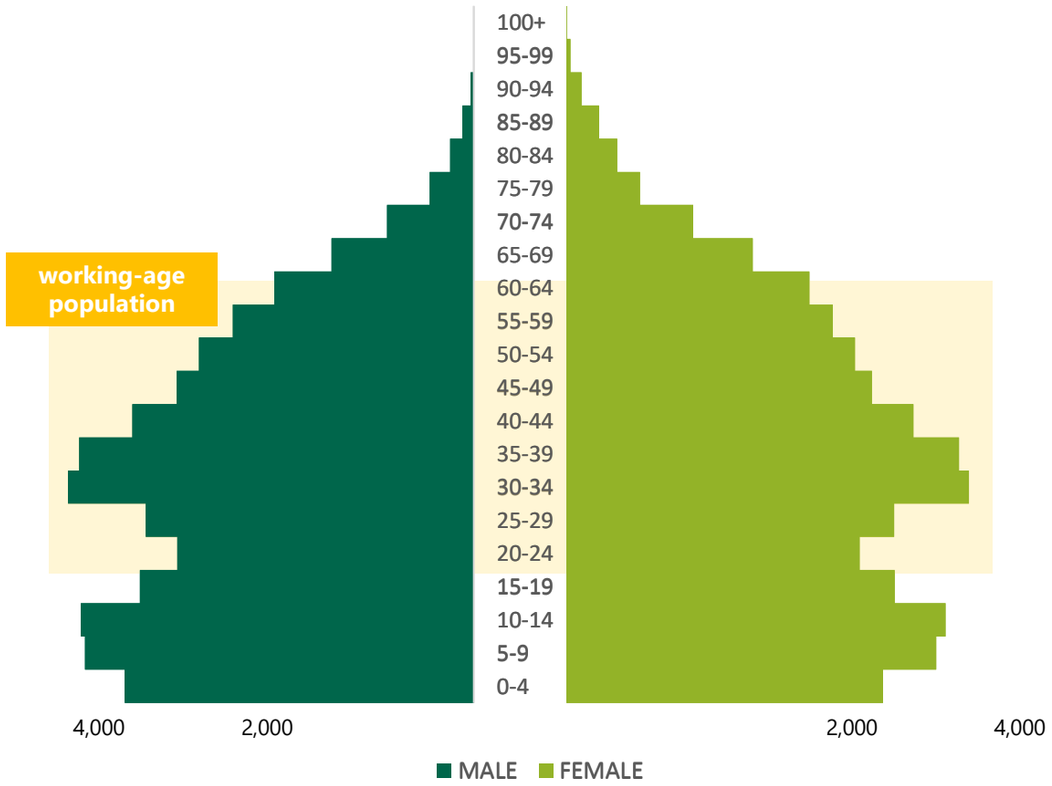
✓ Indonesia and Vietnam have large working-age population, thus stable housing demand is expected to continue.

■Indonesia - Population Composition by Age Group



Source：United Nation "World Population Prospects 2024"

■Vietnam - Population Composition by Age Group



Source：United Nation "World Population Prospects 2024"

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