

For Immediate Release

**Indonesian JV enters wood pellet manufacturing and sales business
~for a stable supply of wood biomass fuel~**

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter Sumitomo Forestry) has entered wood pellet manufacturing and sales business. An Indonesian joint venture company PT. Biomassa Lestari Nusantara (President: Efendi Sulisetyo; hereinafter, BLN) has commissioned (operational trial) of the first wood pellet plant in September. Sumitomo Forestry Group will purchase all the pellets and sell them primarily to biomass power generation plants in Japan. BLN was established in 2023 in Central Java Province, Indonesia, as a joint venture between PT. Sumitomo Forestry Indonesia (President: Fumihide Nakatsu; hereinafter, SFI) and PT. Dharma Energi Investama, an energy-related wholly owned subsidiary of PT. Dharma Satya Nusantara Tbk (President: Andrianto Oetomo; hereinafter, DSN Group). DSN Group will be in charge of the manufacture of wood pellets and the collection of raw materials. Sumitomo Forestry Group will be in charge of quality control and wood pellet sales.



<PT. Biomassa Lestari Nusantara >

■Business outline and aims

- Leveraging the raw material collection system and network of the DSN Group, which operates plywood and wood flooring factory subsidiaries, BLN will gather raw materials that previously had little value, such as wood wastes and unused small-diameter logs, from nearby wood processing plants and forests of local communities to manufacture wood pellets.
- Sumitomo Forestry Group will purchase the manufactured wood pellets and supply them to power plants, etc.
- Starting September 2024, Phase 1 annual production will be 60,000 tons, with plans to increase annual production to 120,000 tons in Phase 2 starting around 2026.

By having a manufacturing site within our own Group operations, we will be able to avoid the impact of unexpected external factors and provide a stable, long-term supply of reliable quality wood pellets. This project will promote the cascade use of trees to maximize the value of trees and promote decarbonization.

■Background

The Sixth Strategic Energy Plan announced by the Ministry of Economy, Trade and Industry's Agency for Natural Resources and Energy raised the biomass power generation ratio target from 3.7%~4.6% to 5% by fiscal 2030. With the increased importance of wood biomass as a baseload power source,* we forecast that the demand for wood pellets for biomass power generation fuel will rise.

*Baseload power source: a power supply that can consistently and reliably provide a steady amount of electricity at low cost, regardless of the season, weather or time of day.

Following Russia's invasion of Ukraine, the supply of fuel for power generation (natural gas, coal, wood pellets, etc.) has become both unstable and tight worldwide and wood pellet prices have skyrocketed. While the supply-demand situation has since stabilized, it is important that the supply system be structured to anticipate such contingencies to ensure the long-term operation of biomass power generation plants.

< DSN and Sumitomo Forestry Group's relationship >

Sumitomo Forestry Group began working with the DSN Group in the 1990s to import plywood. For many years, we have been supplying floor base plywood for home flooring primarily in Japan. In addition to our existing plywood business, we will use our collaboration in the wood pellet business to further our efforts in the renewable energy sector together.

■ Joint venture company outline

Company name	PT. Biomassa Lestari Nusantara
Location	Boyolali Regency, Central Java Province, Indonesia
Representative	Efendi Sulisetyo
Capital	USD 12 million (including Phase 2, planned / investment ratios: PT. Dharma Energi Investama 51%, Sumitomo Forestry Indonesia 49%)
Establishment	April 2023
Employees	52 (as of 1 st September 2024)
Business description	Manufacture and sale of wood pellets for fuel
Production volume	Phase 1: 60,000 tons/year (from September 2024) Phase 2: 120,000 tons/year (from 2026, planned)
Raw material used	Wood wastes and unused small-diameter logs, from nearby wood processing plants and forests



■ DSN

Company name	PT. Dharma Satya Nusantara Tbk (listed on the Indonesia Stock Exchange)
Location	Jakarta, Indonesia
Representative	Andrianto Oetomo
Capital	Rp211,997 million
Employees	20,274 (as of December 2023)
History	1980: Sawmill established (Samarinda, East Kalimantan Province) 1988: Bare core, block board factory established (East Java Province) 1997: Entered the palm oil business (Kalimantan) 2005: Established a plywood factory (Temanggung Regency, Central Java Province) 2013: Listed on the Indonesia Stock Exchange (IDX)
Business description	Palm oil business, wood processing business, renewable energy business
Affiliated companies	Palm oil business: 29 companies Wood processing business: 5 companies Renewable energy business: 3 companies

■DEI

Company name	PT. Dharma Energi Investama
Location	Jakarta, Indonesia
Representative	Soediono
Business description	Renewable energy businesses

■SFI

Company name	PT. Sumitomo Forestry Indonesia
Location	Jakarta, Indonesia
Representative	Fumihide Nakatsu
Business description	Sale of wood products, adhesives and building materials; housing real estate development operations in Indonesia; conservation of mangrove forests through a subsidiary

Sumitomo Forestry Group is engaged in a broad range of global businesses centered on wood, including forestry management, the manufacture and distribution of wood building materials, the contracting of single-family homes and medium- to large-scale wooden buildings, real estate development, and wood biomass power generation. In our long-term vision Mission TREEING 2030, we are seeking to promote the Sumitomo Forestry Wood Cycle, our value chain to contribute to decarbonization for not only our own company but also for the whole of society by increasing the CO₂ absorption of forests and popularizing wooden buildings that store carbon for long periods of time. We will continue our efforts to accelerate decarbonization by promoting the use of wood and wood-derived materials and the substitution of wood for other materials in construction.

【Reference】

A commissioning ceremony at BLN was held on September 20th.

