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April 30, 2024

## Summary of Financial Results for the Three Months of the Fiscal Year Ending December 2024 [Japanese GAAP] (Consolidated)

Name of Company: Sumitomo Forestry Co., Ltd.	Stock Exchange Listing: Tokyo
Securities Code: 1911	URL: <a href="https://sfc.jp/english/">https://sfc.jp/english/</a>
Representative: Title: President / Representative Director	Name: Toshiro Mitsuyoshi
Inquiries: Title: General Manager, Corporate Communications Dept.	Name: Takashi Mizuno
Phone: +81-3-3214-2270	
Scheduled Date to file Quarterly Securities Report: May 13, 2024	
Scheduled Date to commence Dividend Payments: -	
Supplementary Documents on Financial Results: Yes	
Financial Results Briefing: Yes (for analysts and institutional investors, in Japanese)	

(Note: Amounts are rounded to nearest million Yen.)

### 1. Consolidated financial results for the three months of the FY ending December 2024 (January 1, 2024 - March 31, 2024)

(1) Consolidated results of operations (Cumulative total) (%: change from the same period of the previous year)

	Net sales		Operating income		Recurring income		Profit attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2024	453,632	20.5	40,631	66.8	39,772	55.4	22,231	54.4
Three months ended March 31, 2023	376,305	6.3	24,364	-12.3	25,591	-28.7	14,401	-36.3

(Note) Comprehensive income

Three months ended March 31, 2024	84,863 Million yen (257.3%)
Three months ended March 31, 2023	23,754 Million yen (-57.0%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
Three months ended March 31, 2024	108.63	108.57
Three months ended March 31, 2023	72.07	70.33

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2024	1,923,408	891,597	42.3
As of December 31, 2023	1,812,722	823,296	41.6

(Note) Shareholders' equity

As of March 31, 2024	814,366 Million yen
As of December 31, 2023,	754,415 Million yen

## 2. Cash Dividends

	Cash dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 2023	—	60.00	—	65.00	125.00
FY ending December 2024	—				
FY ending December 2024(Forecast)		65.00	—	65.00	130.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecast of the consolidated financial results for the FY ending December 2024 (January 1, 2024 - December 31, 2024)

(% : change from the previous year)

	Net sales		Operating income		Recurring income		Profit attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,065,000	19.1	161,500	10.0	173,000	8.5	105,500	2.9	515.53

(Note) Revisions to the forecast of consolidated results most recently announced: None

### \* Notice

(1) Changes in significant subsidiaries during the period (Changes in Specified Subsidiaries resulting in the changes in scope of consolidation): None

Newly included : None (Company name) : -

Excluded : None (Company name) : -

(2) Application of accounting treatment specific to the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards and other regulations : None

(b) Changes in accounting policies due to other reasons : None

(c) Changes in accounting estimates : None

(d) Restatements : None

(4) Number of shares outstanding (common stock)

(a) Total number of shares outstanding at the end of the period (including treasury stock)

As of March 31, 2024	206,061,168	As of December 31, 2023	206,058,468
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(b) Number of treasury stock at the end of the period

As of March 31, 2024	1,416,270	As of December 31, 2023	1,416,107
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(c) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of March 31, 2024	204,644,054	As of March 31, 2023	199,821,554
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended to as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors.

(Obtain Supplemental Explanatory Material)

The Financial Factbook which is supplementary documents on Financial Results is published on the website as below.

<https://sfc.jp/english/ir/>

Additionally, the Company will hold a financial result briefing for securities analysts and institutional investors on Wednesday, May 1, 2024. The explanatory material on the financial results will be published on the website.

○ Contents of Accompanying Materials

Quarterly Consolidated Financial Statements and Main Notes	3
(1) Consolidated Balance Sheet	3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Consolidated Statements of Income	
For the first quarter cumulative period (consolidated)	8
Consolidated Statements of Comprehensive Income	
For the first quarter cumulative period (consolidated)	9
(3) Notes to the Consolidated Financial Statements	10
(Notes related to the Assumption of a Going Concern)	10
(Notes on Significant Changes in Shareholders' Equity)	10
(Segment Information)	10

## Quarterly Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	First quarter cumulative period (as of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	154,067	135,926
Notes and accounts receivable-trade	103,164	100,992
Electronically recorded monetary claims	41,053	41,176
Accounts receivable from completed construction contracts and contract assets	65,213	68,147
Marketable securities	3,167	3,156
Merchandise and finished goods	21,209	22,973
Work in process	2,026	2,291
Raw materials and supplies	12,409	12,012
Costs on construction contracts in progress	16,176	17,258
Real estate for sale	127,930	142,846
Real estate for sale in process	524,556	592,272
Short-term loans receivable	27,358	27,108
Accounts receivable-other	87,218	83,847
Other	50,972	46,663
Allowance for doubtful account	(489)	(496)
Total current assets	1,236,028	1,296,170
Non-current assets		
Property, plant and equipment		
Buildings and structures	118,115	122,105
Accumulated depreciation	(59,443)	(61,115)
Buildings and structures, net	58,671	60,990
Machinery, equipment and vehicles	95,486	98,012
Accumulated depreciation	(72,070)	(74,497)
Machinery, equipment and vehicles, net	23,416	23,515
Land	52,317	58,704
Timber	43,177	43,761
Leased assets	28,359	28,361
Accumulated depreciation	(9,821)	(10,362)
Leased assets, net	18,537	17,999
Construction in process	22,410	29,654
Other	24,011	25,449
Accumulated depreciation	(16,265)	(17,170)
Other, net	7,746	8,279
Total property, plant and equipment	226,274	242,902
Intangible assets		
Goodwill	45,892	47,699
Other	18,466	19,465
Total intangible assets	64,358	67,164
Investments and other assets		

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	First quarter cumulative period (as of March 31, 2024)
Investment securities	229,667	253,804
Long-term loans receivable	16,418	21,486
Retirement benefit assets	4,653	4,882
Deferred tax assets	8,312	9,165
Other	28,089	28,781
Allowance for doubtful account	(1,078)	(946)
Total investments and other assets	286,062	317,172
Total non-current assets	576,694	627,238
Total assets	1,812,722	1,923,408

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	First quarter cumulative period (as of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	107,458	98,512
Electronically recorded obligations	30,931	30,232
Accounts payable for construction contracts	130,618	120,137
Short-term borrowings	51,755	46,776
Commercial papers	30,000	80,000
Current portion of bonds payable	10,012	10,012
Lease obligations	3,615	3,005
Income taxes payable	8,152	4,012
Contract liabilities	86,916	95,623
Provision for bonuses	21,970	24,343
Provision for bonuses for directors (and other officers)	144	-
Provision for warranties for completed construction	10,203	10,263
Asset retirement obligations	325	318
Other	95,889	86,963
<b>Total current liabilities</b>	<b>587,989</b>	<b>610,195</b>
Long-term liabilities		
Bonds payable	80,192	70,192
Long-term borrowings	230,306	259,701
Lease obligations	17,991	18,170
Deferred tax liabilities	34,612	37,882
Provision for retirement benefits for directors (and other officers)	372	314
Retirement benefits liability	10,587	10,689
Asset retirement obligations	3,248	3,247
Other	24,128	21,420
<b>Total long-term liabilities</b>	<b>401,437</b>	<b>421,615</b>
<b>Total liabilities</b>	<b>989,426</b>	<b>1,031,811</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	55,088	55,089
Capital surplus	36,530	36,603
Retained earnings	524,297	533,152
Treasury shares	(2,517)	(2,518)
<b>Total shareholders' equity</b>	<b>613,398</b>	<b>622,327</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,201	43,524
Deferred gains (losses) on hedges	5,812	7,326
Foreign currency translation adjustment	97,960	141,128
Remeasurements of defined benefit plans	45	60
<b>Total accumulated other comprehensive income</b>	<b>141,018</b>	<b>192,039</b>
Share acquisition rights	74	71

(million yen)

	Previous consolidated fiscal year (as of December 31, 2023)	First quarter cumulative period (as of March 31, 2024)
Non-controlling interests	68,807	77,160
Total net assets	823,296	891,597
Total liabilities and net assets	1,812,722	1,923,408

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

For the first quarter cumulative period (consolidated)

(million yen)

	Previous first quarter cumulative period (January 1, 2023 – March 31, 2023)	Current first quarter cumulative period (January 1, 2024 – March 31, 2024)
Net sales	376,305	453,632
Cost of sales	293,924	342,870
Gross profit	82,381	110,762
Selling, general and administrative expenses	58,017	70,131
Operating income	24,364	40,631
Non-operating income		
Interest income	291	741
Purchase discount	86	80
Dividend income	61	306
Share of profit of entities accounted for using equity method	821	-
Foreign exchange gains	31	-
Gain on sale of investment securities	189	42
Other	1,637	1,218
Total non-operating income	3,116	2,387
Non-operating expenses		
Interest expense	1,140	1,461
Share of loss of entities accounted for using equity method	-	132
Foreign exchange losses	-	81
Other	748	1,571
Total non-operating expenses	1,888	3,246
Recurring income	25,591	39,772
Profit before income taxes	25,591	39,772
Income taxes-current	6,584	10,701
Income taxes-deferred	(418)	(1,035)
Total income taxes	6,166	9,666
Net income	19,425	30,106
Net income attributable to non-controlling interests	5,024	7,876
Net income attributable to shareholders of parent	14,401	22,231

Consolidated Statements of Comprehensive Income  
For the first quarter cumulative period (consolidated)

(million yen)

	Previous first quarter cumulative period (January 1, 2023 – March 31, 2023)	Current first quarter cumulative period (January 1, 2024 – March 31, 2024)
Net income	19,425	30,106
Other comprehensive income		
Valuation difference on available-for-sale securities	943	6,268
Deferred gains (losses) on hedges	404	877
Foreign currency translation adjustment	2,518	41,280
Share of other comprehensive income of entities accounted for using equity method	464	6,331
Total other comprehensive income	4,329	54,756
Comprehensive income	23,754	84,863
(Breakdown)		
Comprehensive income attributable to shareholders of parent	18,448	73,252
Comprehensive income attributable to non-controlling interests	5,306	11,611

(3) Notes to the Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Previous First Quarter Cumulative Period (Consolidated) (From January 1, 2023 to March 31, 2023)

1. Information regarding sales and income (loss) for each reporting segment

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Construction and Real Estate	Environ- ment and Resources	Total				
Net sales									
(1) Unaffiliated customers	54,002	119,774	193,225	5,542	372,543	3,619	376,162	143	376,305
(2) Intersegment sales/transfer	4,782	27	182	342	5,334	2,520	7,854	(7,854)	—
Total	58,784	119,802	193,407	5,884	377,877	6,139	384,016	(7,710)	376,305
Segment income (loss)	2,366	3,074	19,684	421	25,545	948	26,494	(902)	25,591

Notes 1. "Other" is business segments not included in the reporting segments. Such segments include private nursing home/private elderly care facilities with nursing care business, insurance agency business, and civil engineering/construction work.

2. The adjusted segment loss of ¥902 million includes ¥108 million in eliminated intersegment transaction and ¥1,011 million in corporate losses which are not allocated to any of the reporting segments.

Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

2. Information on Important Loss on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

(Significant Changes in Amount of Goodwill)

In the Construction and Real Estate segment, we acquired equity interest in SI HoldCo, LLC and 11 other companies and made it a consolidated subsidiary. The increase in goodwill from this event was ¥5,818 million.

Current First Quarter Cumulative Period (Consolidated) (January 1, 2024 to March 31, 2024)

1. Information regarding sales and income (loss) for each reporting segment

(million yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Total shown in the quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Construction and Real Estate	Environment and Resources	Total				
Net sales									
(1) Unaffiliated customers	53,348	115,507	274,044	6,934	449,834	3,654	453,488	144	453,632
(2) Intersegment sales/transfer	4,916	50	162	271	5,400	2,965	8,365	(8,365)	—
Total	58,265	115,557	274,206	7,205	455,233	6,619	461,852	(8,220)	453,632
Segment income (loss)	2,323	4,090	33,643	660	40,716	481	41,197	(1,425)	39,772

Notes 1. “Other” is business segments not included in the reporting segments. Such segments include private nursing home/private elderly care facilities with nursing care business, insurance agency business, and civil engineering/construction work.

2. The adjusted segment loss of ¥1,425 million includes ¥109 million in eliminated intersegment transaction and ¥1,534 million in corporate losses which are not allocated to any of the reporting segments.

Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

2. Matters Related to Changes to Reporting Segments, etc.

Beginning from the first quarter consolidated accounting period under review, the previous reporting segment of Global Housing, Construction and Real Estate segment has been changed to the Construction and Real Estate segment. This is only a change in the name of the reporting segment has no impact on segment information.

The new segment name is also shown for reporting segments in the previous first quarter cumulative period (consolidated).

3. Information on Important Loss on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

This information has little significance and has therefore been omitted.