Timber and Building Materials Segment

Timber and Building Materials Business

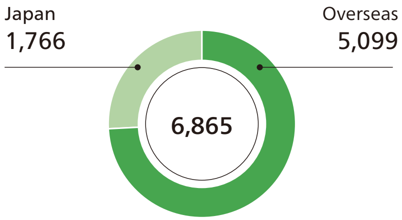
We will establish a robust business model by promoting solutions that address customer challenges and improve productivity while building a diversified business portfolio.

Although the number of new housing starts in Japan continues to decline and the market environment is becoming increasingly challenging due to regulatory requirements such as structural calculations and energy-efficiency standards, we will enhance customer convenience by developing structural, exterior, and operations platforms that directly contribute to improving productivity at construction sites.

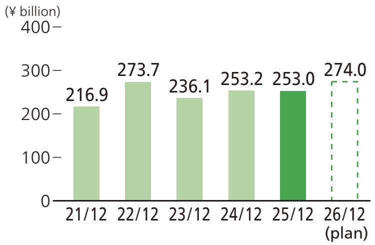
For domestic timber, we will continue promoting its utilization through initiatives such as Kowanomori Co., Ltd., the first timber industrial complex project, while expanding the use of mass timber in the non-residential sector and strengthening exports through overseas marketing activities. In the manufacturing business, we will pursue new value creation through integrated manufacturing and sales initiatives across multiple projects, including the sawmill in Louisiana, U.S., acquired last year. We will also focus on our global timber and building materials strategy through collaboration with the Overseas Housing business and Real Estate business, primarily in the United States, Australia, and Asia. In the biomass fuel business, we will expand long-term stable supply chains and promote technological development. We will also continue advancing decarbonized design and promoting EPD-certified products.

Special Feature 1: Pursuing the Realization of the "Wood Cycle" in the United States →P.27

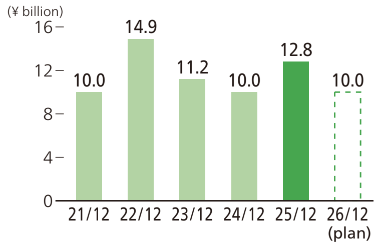
Number of employees (as of December 31, 2025)



Net sales



Recurring income



* The planned figure represents the initial plan as of February 13, 2026.
* For more information about performance for the fiscal year ended December 2025, please visit our website. https://sfc.jp/english/ir/library/statements/2025.html

Business opportunities

- Structural changes in distribution and construction systems in Japan's construction and housing markets
- Growing demand among small and medium-sized homebuilders for structural design support in response to revisions to the Building Standards Act* and compliance with energy-efficiency standards

* Revision of the special exemption for Category 4 buildings, under which certain review and inspection requirements were exempted for small-scale wooden buildings designed and supervised by licensed architects.

- Expansion of domestic timber utilization
- Growing momentum toward decarbonization (renewable energy and carbon credit demand, mandatory disclosure of building LCA, and increasing adoption of wooden construction and wood interior utilization, particularly in non-residential buildings)
- Business expansion into housing growth markets such as the United States, Australia, and Asia

Risks and challenges

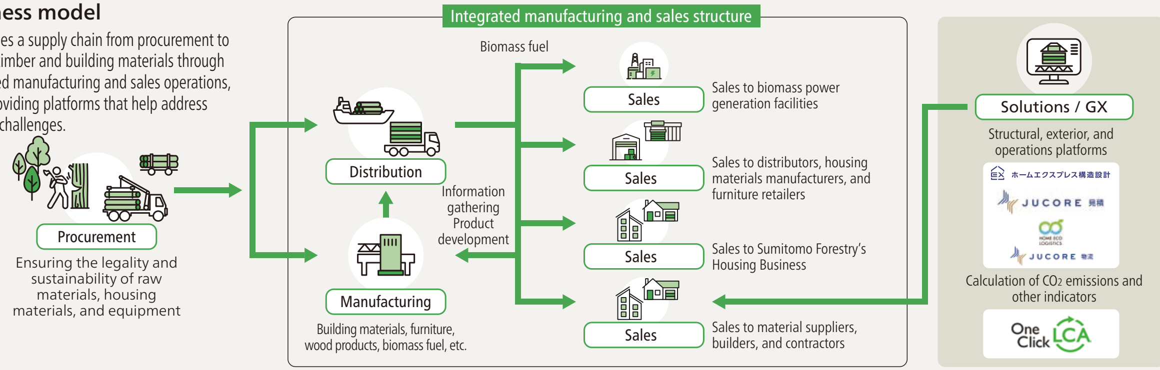
- Ensuring a stable supply of domestic timber and enhancing price competitiveness
- Securing a stable supply of mass timber and biomass fuel
- Promoting decarbonized design and EPD-certified products

Platforms supporting productivity improvement at construction sites

Structural platform	Promotes structural design support, optimization of wood volume, achievement of seismic performance grades, labor-saving construction methods, shorter construction periods, and compliance with regulations.
Exterior platform	Promotes labor-saving exterior construction through initiatives such as siding precutting and panelization centered on Sumirin Sash Co., Ltd.
Operations platform	Promotes rationalization and labor savings through DX initiatives, including quotations, order processing, and on-site delivery management.

Business model

Establishes a supply chain from procurement to sales of timber and building materials through integrated manufacturing and sales operations, while providing platforms that help address industry challenges.



Timber and Building Materials Segment

Timber and Building Materials Business

Strategic indicators

Domestic timber usage at timber industrial complexes

2030 target **1.0 million m³**

Competitive advantages

- Stable supply network of wood resources with ensured legality and sustainability
- Strong procurement capabilities for high-quality wood resources through a global network
- Integrated manufacturing and sales structure enabled by the Group's overseas manufacturing facilities, supporting the development and marketing of high value-added products
- A fully integrated value chain spanning upstream operations (forests) to downstream operations (construction), maximizing wood utilization and enhancing added value across the Group

Main products handled

Non-financial information (Results for FY2025)

Recycling rate at manufacturing facilities Japan **99.5%** Overseas **98.5%**

Rate of sustainability procurement surveys conducted for imported wood product suppliers **100%**

Progress of Mission TREEING 2030 Phase 2

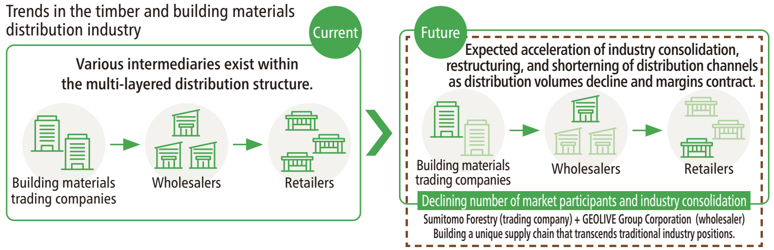
Japan	Growth strategy	• Strengthen the stable supply and price competitiveness of domestic timber through the establishment of timber industrial complexes*1 • Expand decarbonization-related businesses and productivity improvement support services for the industry through solution-based functions and services • Build a proprietary supply chain and a robust earnings base
	Results for FY2025	• Increased sales volume through expanded sales of wood fuel for biomass power generation • Entered into a capital and business alliance agreement with GEOLIVE Group Corporation, a building materials distribution company • Increased sales of interior building materials, supported by strong order intake and sales in the Group's Housing Business
	Future initiatives and challenges	• Provide solutions to issues facing the housing and construction industries through the development of structural, exterior, and operations platforms • Strengthen the supply chain and create synergies through functional complementarity in collaboration with GEOLIVE Group
Overseas	Growth strategy	• Further expand the global timber and building materials strategy, primarily in the United States, Australia, and Asia
	Results for FY2025	• Made Plain Dealing Lumber,*2 a U.S. sawmill company in Louisiana, a subsidiary Special Feature 1: Pursuing the Realization of the "Wood Cycle" in the United States ➔P.27
	Future initiatives and challenges	• Promote Wood Change by expanding production capacity and business locations for biomass-related businesses, including panels and boards, building materials and wood products, engineered wood products, and wood pellets • Maximize business value by connecting supply chains spanning forest plantations, manufacturing and distribution, and construction across key and growth markets, including Japan, the United States, Australia, and Asia

Zoom In

Challenges undertaken

Creating synergies through a capital and business alliance with GEOLIVE Group

In August 2025, Sumitomo Forestry entered into a capital and business alliance agreement with GEOLIVE Group. To address changes in the market environment surrounding the timber and building materials distribution industry, the two companies will combine their respective functions and expertise to advance business operations. Through these efforts, we will establish a unique end-to-end supply chain that transcends the traditional boundaries between trading companies and wholesalers, while building a robust earnings base.



Commencement of operations at Kowanomori, a timber industrial complex*1

Kowanomori, a Sumitomo Forestry Group company, established the Yotsukura Plant in Iwaki City, Fukushima Prefecture, and commenced operations in March 2026. The plant primarily manufactures lumber and processed wood products using domestically sourced Japanese cedar, contributing to sustainable forest management and the revitalization of timber markets. This initiative represents the first timber industrial complex project under the Long-term Vision, Mission TREEING 2030. In addition to Kowanomori, we will pursue the establishment of timber industrial complexes in other regions, aiming to achieve annual domestic timber usage of 1.0 million m³ at timber industrial complexes by 2030.

Kowanomori's Yotsukura Plant

*1 A business model that enhances the value of wood utilization from material use to energy and chemical applications while realizing long-term carbon storage. Specifically, it promotes cascade utilization that fully utilizes logs sourced from sustainably managed forests and advances wood processing businesses to maximize the value of low-grade timber and residual materials.

*2 Renamed from Teal Jones Plain Dealing in May 2026.

Housing Segment

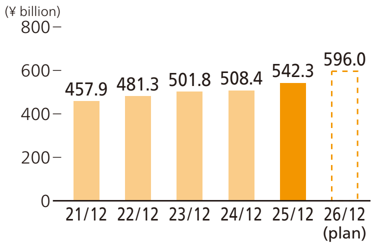
Housing Business

Leveraging our superior design capabilities and product competitiveness, we will expand our market share of custom-built houses while strengthening a stable business foundation through collaboration with Group companies.

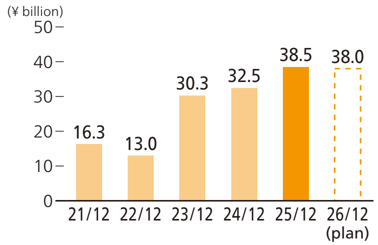
The business environment is becoming increasingly challenging due to a decline in new housing starts associated with Japan's shrinking population, as well as rising construction material and labor costs. Under these circumstances, we will accelerate the deployment of products that capitalize on our strengths, including our proprietary Big-Frame (BF) Structure, and focus on expanding orders for custom-built detached houses. To further strengthen profitability, we are promoting structural reforms centered on the Innovation Strategy Department. In addition to accelerating DX initiatives, we will enhance our Modular Design approach, which standardizes highly refined design details, thereby reducing workloads for design, production, and construction partners while improving productivity and profitability. At the same time, we will strengthen the business foundations of growth areas, including rental housing, spec homes, renovation, resale of renovated properties, and greening businesses, with the aim of achieving sustainable growth.

Number of employees (as of December 31, 2025)

Net sales



Recurring income



* Effective from the fiscal year ending December 2026, the Real Estate Segment was newly established, and the Real Estate Business and Construction Business previously included in the Global Construction and Real Estate Segment and Housing Segment were transferred to the new segment.
* In line with the above segment reclassification, net sales and recurring income for the fiscal years ended December 2021 through December 2025 have been reclassified. The number of employees is based on the segment classification prior to the reclassification as of December 31, 2025, and partially overlaps with the number of employees in the Real Estate Segment.
* The planned figure represents the initial plan as of February 13, 2026.
* For more information about performance for the fiscal year ended December 2025, please visit our website. https://sfc.jp/english/ir/library/statements/2025.html

Business opportunities	• Increased borrowing capacity driven by the growth of dual-income households and the wider use of joint mortgages, supporting housing demand • Growing demand for wooden and environmentally conscious housing amid increasing interest in decarbonization • Stable demand for rental housing driven by the increase in single-person households • Expanding housing stock and expected growth in renovation demand
Risks and challenges	• Declining new housing starts due to Japan's shrinking population • Rising housing loan interest rates in addition to increasing construction material and labor costs • Diversification of revenue through expansion of rental housing, spec homes, and renovation businesses, as well as Group synergies • Strengthening profitability through shorter construction periods and improved productivity

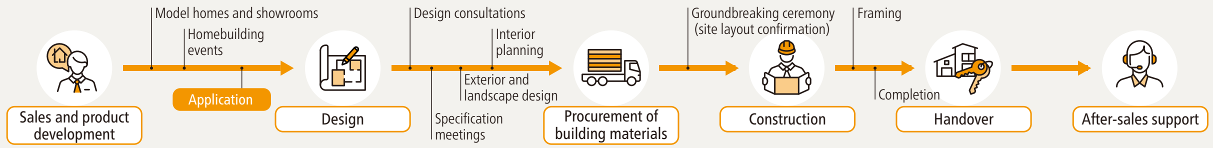
Creating synergies with Group companies

Revenue diversification through Group synergies

Rental housing business	Joint development of wooden apartment buildings and land-set products with LeTech Corporation
Greening business	• Promotion of integrated design of exterior landscaping • Increase in the coverage rate of exterior landscaping
Renovation business	Strengthening relationships with approximately 370,000 Sumitomo Forestry homeowners

Business model — Domestic custom-built detached housing business

A dedicated team supports customers throughout every stage of the homebuilding process. After handover, we continue to provide comprehensive support, including maintenance, renovation, and home replacement services.



Sales representative Conducts customer interviews and provides guidance on financing plans, mortgages, and procedures.	**Architect / Designer** Proposes ideal plans by incorporating ideas and solutions tailored to customer needs.	**Interior coordinator** Provides interior proposals, including lighting, curtains, and furniture, suited to each customer's lifestyle.	**Production supervisor** Responsible for explaining construction details and schedules, as well as supervising construction progress.	**Exterior coordinator** Proposes exterior designs and landscaping plans, including gardens and gates.

Housing Segment

Housing Business

Strategic indicators

Unit sales*	2025 result	2027 plan
	8,727	10,300

*Total of custom-built detached houses, rental housing, and spec homes

Competitive advantages

- Proprietary Big-Frame (BF) Structure, superior design capabilities and product competitiveness that address diverse customer needs, and comprehensive design and construction expertise extending to exterior landscaping
- Domestic and international procurement network for timber and wood-based materials, supported by strong partnerships with construction contractors
- Strong brand equity in wooden construction cultivated over many years
- Extensive after-sales services trusted by approximately 370,000 Sumitomo Forestry homeowners across Japan

Non-financial information (results for FY2025)

ZEH ratio for newly built custom-built detached houses in Japan (order basis)*1 81.3%

*1 Includes ZEH, nearly ZEH, and ZEH oriented for heavy snowfall areas.

Move-in survey (Standalone NPS*2 score) 56.6 pt

*2 Net Promoter Score (NPS), an indicator used to measure customer loyalty and the degree of trust and value customers associate with a company or brand.


Custom-built wooden houses


Big-Frame (BF) Structure


Spec homes


Rental housing

Progress of Mission TREEING 2030 Phase 2

Growth strategy	• Expand market share through pricing-segmented sales strategies, including GRAND LIFE single-story homes, the semi-custom Forest Selection series, and the Grand Estate Design Project • Promote fundamental operational reforms utilizing real data, accelerate DX, and improve operational efficiency through front-loading initiatives • Expand environmentally conscious wooden rental housing with superior seismic resistance and sound insulation performance • Promote initiatives to shorten construction periods through higher precut utilization rates and panelization • Strengthen Group businesses, including renovation, resale of renovated properties, real estate brokerage, and greening, while building a cross-organizational growth model
Results for FY2025	• Custom-built houses: Orders remained strong through effective communication of value tailored to customer needs. Both units sold and average selling prices increased • Rental housing: Orders remained solid, and higher average selling prices for rental housing products contributed to steady business performance • Spec homes: Launched the Grand Estate Development Project and intensified sales promotion efforts to meet demand for high-quality homes in urban areas • Renovation: Promoted environmentally conscious renovation projects and actively developed demand among homeowners, resulting in solid business performance
Future initiatives and challenges	• Custom-built houses: Promote sales of high-value-added homes, improve operational efficiency to strengthen profitability, and enhance order acquisition activities through web and social media channels • Rental housing: Improve profitability through construction efficiency improvements, cost reductions, and shorter construction periods • Spec homes: Acquire high-quality development sites, further expand the Grand Estate Development Project • Renovation: Promote the value of proprietary seismic resistance and vibration-control technologies while strengthening construction capabilities to support increasing order volume

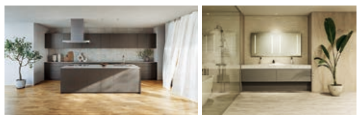
Domestic custom-built detached housing business: Promoting unique value through enhanced proprietary products

We continue to highlight the unique value of our products, including the proprietary BF Structure, which serves as the standard for Sumitomo Forestry homes; PRIME WOOD, which showcases the beauty and quality of wood; and the Germoglio series of original kitchens and vanity units.

PRIMEWOOD

Germoglio
(Original kitchens and vanity units)

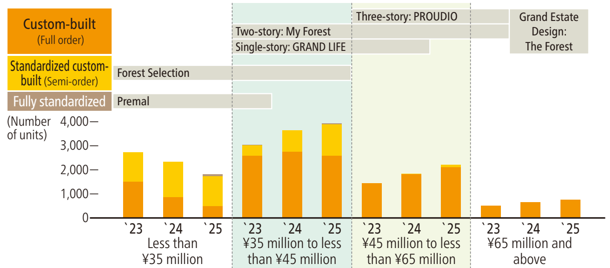

PRIME WOOD


Germoglio

A product lineup offering a wide range of price points to meet diverse customer needs

In the mass-market segment, we secure sales volume through the semi-custom Forest Selection product line, while in the premium segment we offer custom-built houses such as the Grand Estate Design Project. Through sales strategies tailored to different price ranges, we aim to expand market share.

Order trends by price range



Housing Segment

Housing Business

Zoom In

Challenges undertaken

Expanding customer touchpoints through real-world experiences: "Cho Sumai Haku" housing fair

In November 2025, Sumitomo Forestry held the "Cho Sumai Haku" housing fair, its first large-scale exhibition event in 12 years. The event was designed to provide an immersive brand experience and make the Company's fan base visible. Attendance exceeded 2,000 groups, surpassing the original target of 1,500 groups. Many visitors were younger generations and families with children, particularly people in their 30s.

At the venue, visitors experienced the value of wood and homebuilding through exhibits featuring the structural framework of the BF Structure, PRIME WOOD displays, and proposals utilizing Gywood®, compressed cedar lumber. Exhibitions showcasing the use of wood in furniture and non-building applications, as well as demonstrations by manufacturers and seminars by experts, also attracted significant interest.

The event reaffirmed the significant influence that real-world experiences—seeing, touching, and experiencing products firsthand—continue to have on customer decision-making, even in an increasingly digital society.

Constructions using Big-Frame Structure

Customer meeting platform MYHOME WORKS rolled out across all branches

MYHOME WORKS digitally supports consultations and meetings between customers planning to purchase a Sumitomo Forestry Home and the sales, design, and other staff members involved in their projects. By enabling customers and staff to share and centrally manage documents within the system, information can be organized more efficiently than through conventional paper-based or PDF-based management. Customers can access materials anytime and anywhere, allowing them to make more effective use of their time outside meetings while reducing the burden associated with reviewing materials and preparing for discussions. The comprehensive digital integration of customer meeting information represents an advanced initiative within the housing industry.

MYHOME WORKS functions

Rental housing business: Promoting decarbonization through wooden rental housing

In its rental housing business, Sumitomo Forestry offers Forest Maison GRANDE, a wooden apartment building brand that combines design excellence with superior performance, as well as The Forest Barque, a commercial construction brand that promotes the use of wood and woodification for offices, medical facilities, and other non-residential buildings. Compared with reinforced concrete and steel-frame apartment buildings, wooden apartment buildings generate lower CO_2 emissions (embodied carbon) during material manufacturing and construction while also providing carbon storage benefits through the use of wood. As a result, they help reduce environmental impacts. These buildings also offer industry-leading sound insulation performance, as well as excellent seismic resistance and thermal insulation. They are designed from the perspective of residents to maximize comfort and livability. By leveraging the advantages of wooden construction, we are advancing decarbonization while also focusing on improving profitability through greater construction efficiency, cost reductions, and shorter construction periods.

FOREST MAISON GRANDE

Wooden rental apartment

THE FOREST BARQUE

Commercial construction

Renovation business: Providing renovation solutions that maximize the value of wood

Reforest, our detached house renovation brand, enhances both spatial value, including wood aesthetics and interior design, and performance value through thermal insulation and seismic reinforcement improvements. It also provides a sense of safety with services that help resolve issues associated with renovation projects, including temporary housing arrangements. In addition, through M Reforest, our condominium renovation brand that combines functionality and design, we propose a new lifestyle concept: "A wooden home within a condominium." These offerings enable us to deliver renovation solutions that leverage Sumitomo Forestry's unique strengths.

Our energy-saving renovation solutions improve heating and cooling efficiency through the installation of insulation materials and high-performance windows, thereby reducing CO_2 emissions. The resulting CO_2 reduction is equivalent to the annual carbon absorption of approximately 71 cedar trees.* We also enhance the overall environmental performance of homes by proposing smart renovation solutions, including solar power generation systems, high-efficiency water heaters, and storage batteries.

Sumitomo Forestry renovations create living spaces that convey the warmth of wood through the extensive use of timber in interior finishes. At the same time, they contribute to improving the global environment through higher environmental performances and the promotion of long-term carbon storage achieved by extending the life of homes. In this way, we simultaneously deliver comfort and environmental value.

* Based on the insulation renovation model plan (two-story wooden structure, construction area of 69.56 m^2, energy-saving region classification 6), calculated using the CO_2 emission coefficient for fiscal 2021 reported by Tokyo Electric Power Company to the Ministry of Economy, Trade and Industry and the Ministry of the Environment in 2022, the primary energy consumption data from the Homes-kun Energy-Saving Diagnosis, and the figures published by the Forestry Agency in "How Much Carbon Dioxide Do Forests Absorb?"

Insulation renovation

Condominium renovation

Overseas Housing Segment

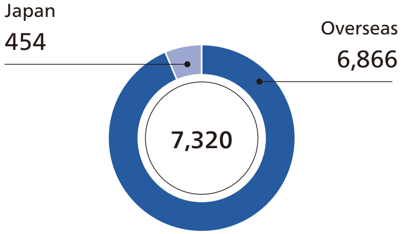
Overseas Housing Business

Atsushi Iwasaki
Managing Executive Officer
Divisional Manager of Overseas Housing Division

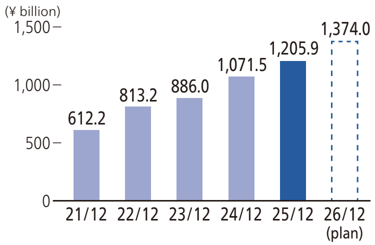
We aim to dramatically expand our business scale by establishing an overwhelming market position through M&A in overseas markets where housing demand remains strong.

In overseas markets where robust housing demand is expected, we will drive expansion of the Group's overall performance through the organic growth of existing builders and strategic M&A. In the United States, we are expanding our business footprint with the goal of establishing an annual supply capacity of 23,000 homes by 2030 by steadily capturing solid demand driven by population growth and housing shortages. In Australia, leveraging our strong network covering the country's five major cities, we are promoting initiatives to establish an annual supply capacity of 10,000 homes by 2030. In the U.S. FITP business, we are pursuing fundamental rationalization of the construction process by establishing a vertically integrated system covering everything from the production of structural components to construction. In Asia, we are focusing on large-scale township development projects in Vietnam and Indonesia, among other initiatives, and will achieve sustainable growth through business development tailored to the characteristics and needs of each regional market.

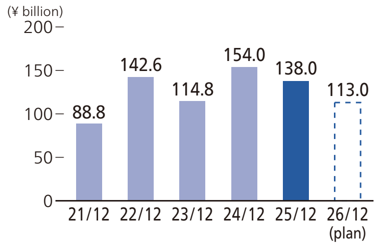
Number of employees (as of December 31, 2025)



Net sales



Recurring income



* Effective from the fiscal year ending December 2026, the Real Estate Segment was newly established, and the Real Estate Business and Construction Business previously included in the Global Construction and Real Estate Segment and Housing Segment were transferred to the new segment.
* Effective from the fiscal year ending December 2026, the Global Construction and Real Estate Segment was renamed the Overseas Housing Segment.
* In line with these segment changes, net sales and recurring income for the fiscal years ended December 2021 through December 2025 have been reclassified. The number of employees is based on the segment classification prior to the reclassification as of December 31, 2025, and partially overlaps with the number of employees in the Real Estate Segment.
* The planned figure represents the initial plan as of February 13, 2026.
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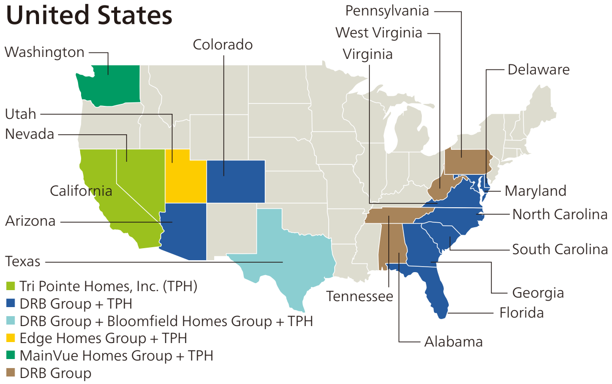
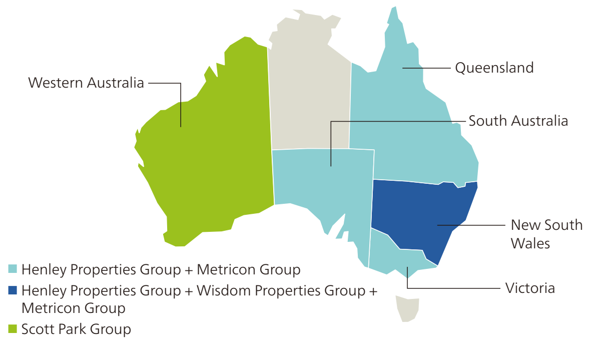
Major development regions for the Overseas Housing Business

United States



Business opportunities	• Stable housing demand is expected to continue due to population growth and housing shortages • Growing expectations for the FITP business as a solution to structural issues such as labor shortages and rising construction costs
Risks and challenges	• Development of business infrastructure to achieve 23,000 homes sold in 2030 • Leveraging of economies of scale for an organization equivalent to the fifth-largest homebuilder in the United States for land acquisition and procurement of building materials • Strengthening of collaboration with the single-family homes business and multifamily housing business through expansion of FITP business areas

Australia



Business opportunities	• Strong housing demand and ongoing housing shortages driven by population growth
Risks and challenges	• Persistently high housing prices and declining affordability due to population growth and rising land prices • Realization of Group synergies leveraging economies of scale as Australia's leading homebuilder

Overseas Housing Segment

Overseas Housing Business

United States

Strategic indicators

Unit sales	2025 result	2030 target
	10,262	23,000

Competitive advantages

- Business operations in the Sun Belt,*1 where population and employment growth are significant
- Superior regionally focused land acquisition capabilities
- Financial strength, procurement capabilities, and unified governance

*1 A warm region of the United States extending from California on the West Coast to North Carolina on the East Coast, south of latitude 37 degrees north, characterized by high employment and population growth rates.

Non-financial information (Results for FY2025)

Number of homes with environmental certification

(U.S. Total): **3,585**

Examples of homes built by Group housing companies

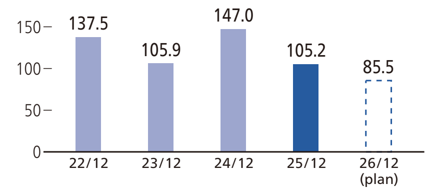

MainVue Homes Group


Edge Homes Group


Bloomfield Homes Group


DRB Group

Recurring income (¥ billion)

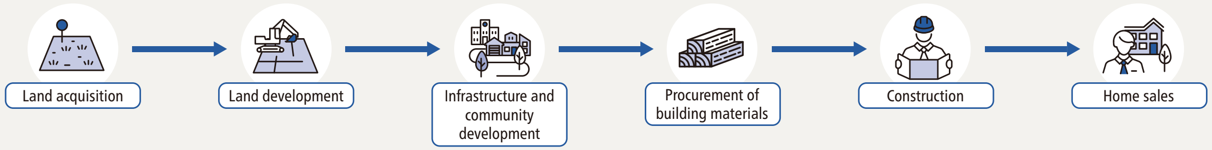


Results and challenges for the fiscal year ended December 2025

Growth strategy	• Continuation of organic growth of four U.S. builders while exploring new M&A opportunities, targeting 17,700 homes sold in 2027 • Sequential expansion of the FITP business within Group business areas
Results for FY2025	• Challenging market conditions continued due to persistently high mortgage interest rates, declining affordability resulting from soaring home prices, and deterioration in consumer sentiment caused by uncertainty regarding the economic outlook, resulting in lower home sales
Future initiatives and challenges	• Development of business infrastructure toward achieving 23,000 homes sold in 2030 • Responding to persistently high mortgage interest rates and uncertainty regarding the economic outlook • Execution of diverse product strategies and effective sales measures suited to market conditions, along with acquisition of quality land • Appropriate control of inventory risk while maintaining financial soundness

Business model — U.S. single-family homes business

Established a unique position that combines extensive experience and a proven track record as a local builder deeply rooted in regional markets with the strengths of a national builder, including financial capabilities and procurement power for building materials.



Specific future initiatives

Initiative 1: Product development

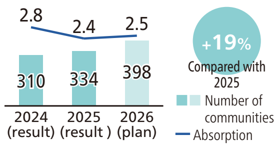
- Strengthening of sales of competitively priced product lines, including new townhome models and single-family homes designed for narrow lots, amid declining affordability


Back-to-Back townhomes
Edge Homes Group

Initiative 2: Community strategy

- Increase of the number of communities and appeal to a broader customer base to secure sales volume

Number of communities and absorption*2 trends of four U.S. builders



*2 Monthly contract volume per community.

Initiative 3: Management integration

- Integration of the management operations of DRB Group and Brightland Group to establish a robust earnings structure through thorough cost reductions and production rationalization

Strengthening the management foundation	• Rebranding to DRB Homes • Strengthening of risk management including inventory management
Improving management efficiency	• Integration of core systems • Review and strengthening of personnel development systems • Introduction of DRB Group management methods, including on-site decision-making authority and financial controls
Cost reductions	• Joint procurement of materials • Financing initiatives

Initiative 4: Maintaining financial soundness

- Appropriate control of inventory risk through restrained housing starts, promotion of sales of spec homes, and land acquisition through option contracts

Maintaining appropriate housing starts	• Restriction of starts of spec homes based on sales conditions at each community • Strengthening of sales of spec homes through incentives and other measures
Land holding strategy	• Reduction of financial burdens through the use of option contracts

Overseas Housing Segment

Overseas Housing Business

Zoom In

Challenge Undertaken — Becoming a homebuilder equivalent to the 5th largest in the United States through acquisition of Tri Pointe Homes

Tri Pointe Homes, Inc. (TPH) is one of the leading U.S. homebuilders listed on the New York Stock Exchange.*1 Founded in California, the company has established a strong business foundation in the western United States while also expanding operations in central and eastern regions.

Through the acquisition completed in May 2026, we made significant progress toward achieving the target of supplying 23,000 homes annually in the United States by 2030, as set forth in Mission TREEING 2030. By incorporating the operational expertise cultivated by TPH as a listed U.S. company, we will strengthen our management foundation. We aim to elevate the Overseas Housing Business to a new growth stage and establish a solid position as a national builder.

*1 Delisted on May 14, 2026.

Company overview

Company name	Tri Pointe Homes, Inc.
Representative	Douglas F. Bauer (Chief Executive Officer) Tom J. Mitchell (President and Chief Operating Officer)
Year established	2009
Number of employees	1,579 (as of December 31, 2025)

Characteristics

Business areas*2: **13** states across the United States

Cumulative homes sold*2: Approximately **58,000** homes

Customer satisfaction rate*3: **91.7**%

*2 As of February 12, 2026.

*3 Based on surveys conducted by TPH in FY2024. Calculated based on the average of responses regarding satisfaction with housing quality, whether the homebuilder fulfilled its responsibilities, and willingness to recommend the builder to friends and family.

Examples of communities

Altis at Serenity @North Carolina

Alterra @Seattle

Lark at Valencia @Los Angeles

Rationale for the TPH acquisition

1. Further expansion of the U.S. single-family homes business

- As a homebuilder **equivalent to the 5th largest** in the United States, pursuit of further scale merits, management efficiency, and enhanced profitability

U.S. single-family home closings ranking (2025)

Sumitomo Forestry*4		TPH
11th 10,262 homes	+	19th 4,947 homes

Equivalent to the **5th largest** in the United States*5 based on homes sold

Source: "2026 The Top 100," BUILDER

*4 Total homes sold by the Group's existing builders in the fiscal year ended December 2025.

*5 Pro forma ranking after the acquisition.

2. Expansion into new areas and diversification of products

- Enhance presence in existing business areas while expanding into **California and Nevada, where the Group previously had no presence**, thereby further expanding the Group's product lineup to address diverse homebuyer needs

Competitive advantages of TPH

High value-added brand strategy: business development centered on a "Premium Lifestyle Brand"

Customer focus: Maintains high customer satisfaction through a strong customer-first approach

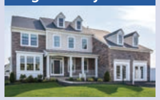
High quality: Provides highly functional homes tailored to customer needs through materials, technology, and other features

Personalization: Design Studio Personalized consultants provide support tailored to each customer's lifestyle

3. Strengthening the value chain

- Expansion of the housing business strengthens the Wood Cycle value chain we aim to establish in the United States together with our sawmill business and FITP business

Single-family homes



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Multifamily housing

Expansion of the housing business through this acquisition

FITP business: Realization of stable material supply, construction systems, and construction rationalization

Sawmill business: Supply of wood and timber products leveraging stable raw material procurement networks

4. Strengthening the management foundation

- By incorporating the operational expertise cultivated by TPH as a listed U.S. company, we will strengthen our management foundation and elevate the U.S. single-family homes business to a new growth stage while establishing a solid position as a national builder

TPH's business operations integrating regional expertise and economies of scale

Utilization of platforms: Accelerating growth and stable earnings creation in new markets by leveraging brand strength and product capabilities

Driving force for market expansion: Expansion into new markets through dedicated land acquisition teams

Regionally focused organizational structure: Capturing local characteristics and needs through broad expertise and networks

Overseas Housing Segment

Overseas Housing Business

Australia

Strategic indicators

Unit sales	2025 result	2030 target
	7,404	10,000

Competitive advantages

- Ability to expand operations, improve efficiency, and create Group synergies by leveraging economies of scale as Australia's largest homebuilder

Non-financial information (Results for FY2025)

Standard installation of all-electric systems and solar panels

Examples of homes built by Group housing companies

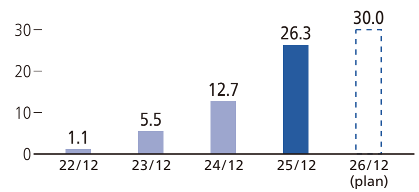

Henley Properties


Wisdom Properties


Scott Park


Metricon

Recurring income (¥ billion)

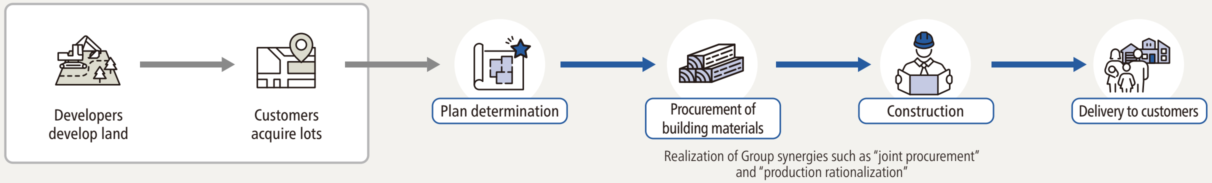


Progress of Mission TREEING 2030 Phase 2

Growth strategy	• Expand product lineup including affordable products, townhouses, and products for high-income customers
Results for FY2025	• Business environment improved due to policy interest rate cuts and other factors • Housing market in Western Australia remained strong • Full-scale contribution to earnings from consolidation of Metricon Group, Australia's largest homebuilder acquired in 2024 • Began creating synergies as Australia's largest homebuilder group
Future initiatives and challenges	• Focus on production rationalization utilizing expertise and human resources from Japan's custom-built detached housing business • Continued focus on realization of synergies such as joint procurement of materials • Strengthening of product marketing capabilities through a broad product lineup ranging from high-end to affordable housing • Focus on securing land to support stable business growth

Business model — Australian order homes business

Leveraging the scale advantages of the order homes business, which has strong cash flow generation capabilities, we aim to create and expand Group synergies.

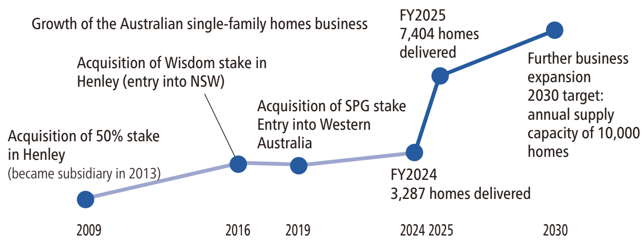


Zoom In

Challenges undertaken — Establishing a stable supply structure as Australia's leading homebuilder

The Group is accelerating expansion of its single-family homes business in Australia, including the acquisition of Metricon Group, Australia's largest homebuilder, in 2024. Through this acquisition, we achieved our Long-term Vision target of supplying 5,500 homes annually six years ahead of the original schedule.

Going forward, in addition to our core single-family homes business, we will steadily generate earnings from landscaping and land development businesses to achieve further profit growth across Australia. We aim to establish an annual supply capacity of 10,000 homes by 2030.



Overseas Housing Segment

Overseas Housing Business

U.S. FITP business

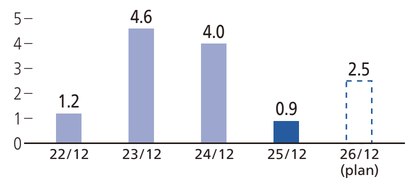
Strategic indicators

	2025 result	2027 plan
Number of manufacturing sites	11 plants	15 plants or more
Expansion of sales ratio to Group Companies	23.4%	

Competitive advantages

- Synergies through collaboration with the Timber and Building Materials business and the U.S. single-family homes and multi-family housing businesses
- High-level construction quality including safety measures

Recurring income (¥ billion)

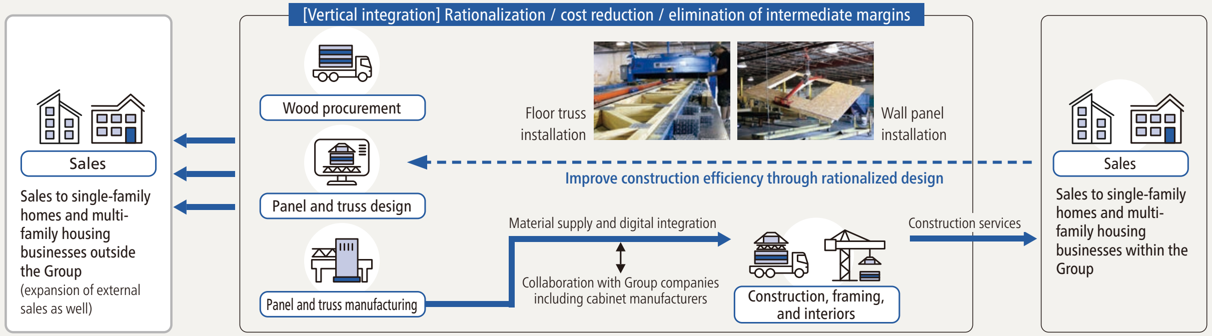


Progress of Mission TREEING 2030 Phase 2

Growth strategy	• Rationalization of production systems through integrated operations from design to construction
Results for FY2025	• Although net sales increased due to the establishment of new plants and other factors, earnings growth remained limited due in part to sluggish housing starts in the single-family homes and multi-family markets
Future initiatives and challenges	• Strengthen collaboration with U.S. single-family homes and multi-family housing businesses • Rationalize construction processes and reduce construction costs

Business model FITP business

Promote vertical integration of the construction supply chain (from procurement to design, manufacturing, and construction) within the Group, improving efficiency through construction rationalization while also pursuing scale expansion.



Asia and other regions

Strategic indicators

- Establishment as the third pillar following the United States and Australia

Business opportunities

- Strong housing demand driven by population growth

Progress of Mission TREEING 2030 Phase 2

Growth strategy	• Large-scale township development in Asia • Sustainable real estate development business
Results for FY2025	• Indonesia: Promoted the large-scale urban development project "Kota Wisata ECOVIA" in the Jakarta metropolitan area • Vietnam: Promoted township development jointly with local developers
Future initiatives and challenges	• Establish systems capable of securing stable earnings • Contribute to realization of a decarbonized society through acquisition of environmental certifications and supply of environmentally conscious housing

Real Estate Segment

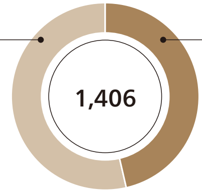
Real Estate Business

We will consolidate domestic and overseas real estate functions, strengthen management systems, optimize capital efficiency, and accelerate the expansion of environmentally responsible real estate businesses.

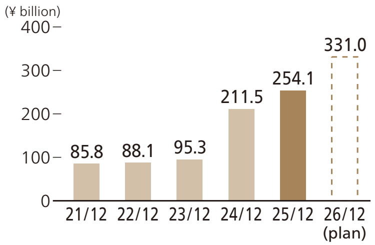
To accelerate the expansion of environmentally conscious real estate businesses that contribute to realizing the Wood Cycle centered on wooden construction both in Japan and overseas, we consolidated functions that had previously been dispersed across multiple business divisions (effective January 2026). Through this organizational restructuring, we will promote domestic and overseas real estate development businesses and medium- to large-scale wooden construction businesses in an integrated manner, while strengthening risk management and improving capital efficiency. In addition, by further strengthening collaboration among businesses, we will establish a business model that generates stable earnings not only through property sales but also through in-house construction, asset management, and property management services. Against the backdrop of growing global momentum toward carbon neutrality, demand is increasing in domestic and overseas real estate markets for mass timber*1 construction, one of our key strengths. Through effective business operations, we will contribute to the realization of a decarbonized and sustainable society.

*1 Construction utilizing mass timber, a type of engineered wood of substantial dimensions manufactured by combining multiple wood materials such as CLT and LVL.

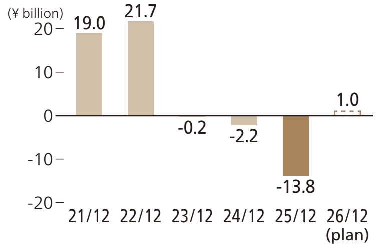
Number of employees (as of December 31, 2025)



Net sales



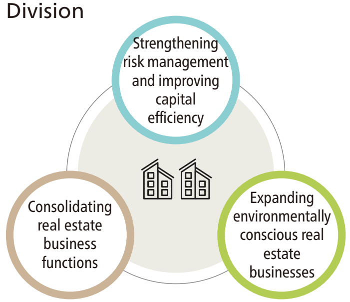
Recurring income



* The number of employees is a reference figure representing the total number of employees at consolidated subsidiaries under the Real Estate Division as of December 31, 2025.
* The planned figure represents the initial plan as of February 13, 2026.
* For more information about performance for the fiscal year ended December 2025, please visit our website. https://sfc.jp/english/ir/library/statements/2025.html

Business opportunities	• Growing demand for wooden and wood-based commercial buildings in Japan and overseas • Expansion of rental housing markets driven by housing shortages in countries and regions with expected population growth • Opportunities to further develop Japan's rental housing market, supported by inheritance planning needs and other factors • Expansion of the market for mass timber projects driven by decarbonization and carbon-neutral initiatives
Risks and challenges	• Impact of rising interest rates on real estate markets, including weaker investor sentiment • Fluctuations in supply-demand balance due to changes in property supply • Economic slowdowns caused by geopolitical risks, inflation concerns, and other factors

Background and objectives of establishing the Real Estate Division



1 **Strengthening human capital development and technical functions**
Accumulating expertise in business operations and technologies in Japan and overseas

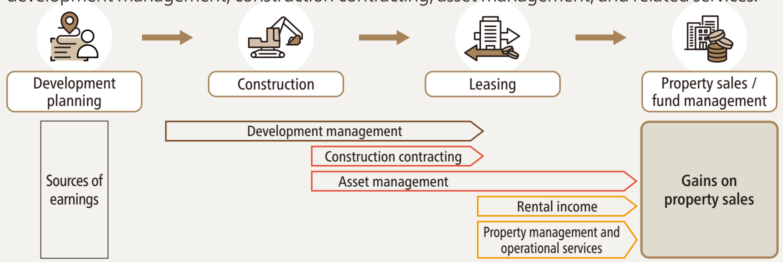
2 **Strengthening collaboration among businesses**
Enhancing collaboration between the rental housing contracting business and rental management business

3 **Establishing the Land Information Committee**
Enabling prompt responses to land information

Promoting medium- to large-scale wooden construction utilizing mass timber

Business model — Real estate development business

Based on the characteristics of each area and development site, we plan and develop multi-family housing, logistics facilities, office buildings, hotels, nursing care facilities, and other properties. We promote development projects through joint ventures with capital partners. In addition to gains on property sales following project completion, we generate diverse fee income through development management, construction contracting, asset management, and related services.



	Business strategy
United States / United Kingdom	Diversify sources of earnings and stabilize periodic earnings Improve capital efficiency Promote vertically integrated mass timber construction
Japan	Build a resilient real estate business that generates synergies among development, services, and construction Promote the use of wood in non-residential buildings, including public facilities and hotels
Australia	Increase medium- to large-scale wooden construction projects Strengthen the Build to Rent (BTR) multi-family housing business

Real Estate Segment

Real Estate Business

Strategic indicators

Overseas

	2025 result	2027 plan
Number of properties sold in the real estate development business	14 properties	20 properties (Average annual number during the Medium-term Management Plan period)
Multi-family housing units sold in the United States*1	1,277 units	2,800 units

*1 Refers to the number of units sold in multi-family housing developments in which the Group participates as General Partner

Competitive advantages

Overseas

- Business operations in areas with strong population and employment growth potential
- Development of high-value-added properties through community-based engagement with local residents
- Capabilities spanning development, construction, and operation that optimize cost and quality

Japan

- Rental housing products backed by the Group's long-standing expertise in wooden construction
- Strong capability to promote wooden construction across the Group
- Utilization of expertise within Group companies and creation of business synergies

Non-financial information (results for FY2025)

- Acquisition of environmental certifications for real estate development projects in the United States and Australia
- Achievement of energy-efficiency standards exceeding industry averages based on Energy Use Intensity (EUI)*2
- Introduction of renewable energy-derived temporary power at construction sites in Japan

*2 Energy Use Intensity (EUI), an energy performance metric defined by the U.S. Environmental Protection Agency (EPA).


Building 1 of Kasugai High School


Wellness Center of Tsuda University

Progress of Mission TREEING 2030 Phase 2

Overseas	Growth strategy	• Strengthen a stable earnings base through multifamily housing development in areas with growing populations, encompassing development, construction, and operation • Promote decarbonized and sustainable real estate development through wooden construction • Establish in-house capabilities to support mass timber developments, including design and structural planning, cost estimation and project controls, government relations, supply chain management, and financing
	Results for FY2025	• Property sales slowed amid a stagnant U.S. real estate market • Initiated development of systems to streamline design and construction management, shorten construction periods, and reduce costs • Launched wooden rental housing development projects in Sydney and Canberra, Australia
	Future initiatives and challenges	• In light of uncertainties in the business environment, promote the expansion of stable sources of earnings in addition to property sales while maximizing capital efficiency
Japan	Growth strategy	• Leverage the Group's expertise and experience in real estate development and construction businesses in Japan and overseas to expand global collaboration • Further deepen business development in the non-residential wooden construction market, which offers significant growth potential
	Results for FY2025	• Promoted development projects for low-rise wooden residential buildings utilizing the BF Structure • Completed Midorino no Niwa, an employee dormitory in Tsukuba City that serves as a model case for medium- to large-scale wooden-mixed multi-family housing Special Feature 2: Expanding the Value of Wood Through Medium- to Large-Scale Wooden Construction →P.28
	Future initiatives and challenges	• Advance the development of a private REIT focused on environmentally conscious real estate • Strengthen collaboration with Group companies, including LeTech Corporation and COHNAN KENSETSU in real estate development and construction businesses

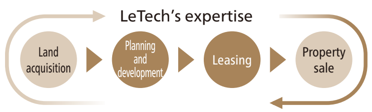
Zoom In

Challenges undertaken

Strengthening the land-and-build package business to expand the rental housing business

LeTech Corporation, which joined the Sumitomo Forestry Group in 2025, is primarily engaged in the real estate solutions business and rental housing development business. By leveraging the company's expertise in land acquisition and site selection, as well as its integrated capabilities spanning product planning and development through property sales, we will expand our domestic real estate development business. LeTech develops rental housing tailored to the characteristics of each area in Japan's two largest markets, Osaka and Tokyo. In addition, we are working to create synergies and strengthen collaboration through initiatives such as enhancing the Group's existing land-and-build package business*3 and expanding the development of suburban wooden apartment buildings.

*3 A real estate investment approach in which land and buildings are acquired as a package and operated as rental properties.



Reducing environmental impact through mass timber construction

We are planning a wooden rental multi-family housing project near Sydney, Australia, that combines environmental performance with residential comfort. The project is scheduled to receive a Green Star 5 Star certification*4 and begin leasing operations in 2028. The structure is planned to incorporate mass timber in floors 2 through 9. Compared with conventional reinforced concrete (RC) construction, the project aims to reduce embodied carbon—CO_2 emissions generated during construction—by approximately 30%. In addition, the use of approximately 1,800 m^3 of timber is expected to result in carbon storage of approximately 1,500 tons on a CO_2 basis. The Sumitomo Forestry Group is promoting the global adoption of mass timber construction. In Australia, we will continue expanding real estate development utilizing wooden construction and contribute to reducing CO_2 emissions.

*4 An environmental certification program developed and administered by the Green Building Council of Australia (GBCA). Buildings are rated on a scale from 4 Star to 6 Star.


Representation of the finished project

Environment and Resources Segment

Environment and Resources Business

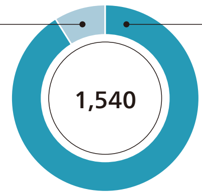
Expanding the potential of forest resources and enhancing the value created by forests.

As efforts toward carbon neutrality continue to accelerate, demand for high-quality forest-derived carbon credits is growing. Under Mission TREEING 2030 Phase 2, we will utilize capital from forest funds and other sources to expand the area of appropriately managed forests both in Japan and overseas, while establishing a foundation for sustainable forestry. We will also seek to maximize the value of timber resources through businesses including biomass power generation and biorefinery initiatives. In addition, we are advancing demonstration projects for tropical peatland management technologies in Indonesia, with the aim of establishing a model for sustainable forest management that balances economic value with environmental conservation.

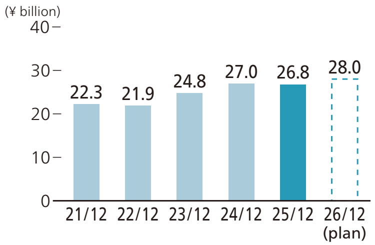
In the fiscal year ending December 2026, we will focus on strengthening profitability through optimization of sales strategies in the forestry business and increasing annual timber production from plantation forests through the establishment of a data-driven management platform. We will also create high-quality carbon credits through forest fund initiatives and other mechanisms, thereby contributing to the realization of a decarbonized society.

Number of employees (as of December 31, 2025)

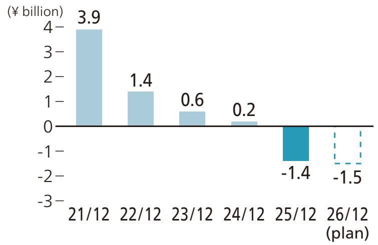
Japan 136 | Overseas 1,404



Net sales



Recurring income



* The planned figure represents the initial plan as of February 13, 2026.
* For more information about performance for the fiscal year ended December 2025, please visit our website. https://sfc.jp/english/ir/library/statements/2025.html

Business opportunities

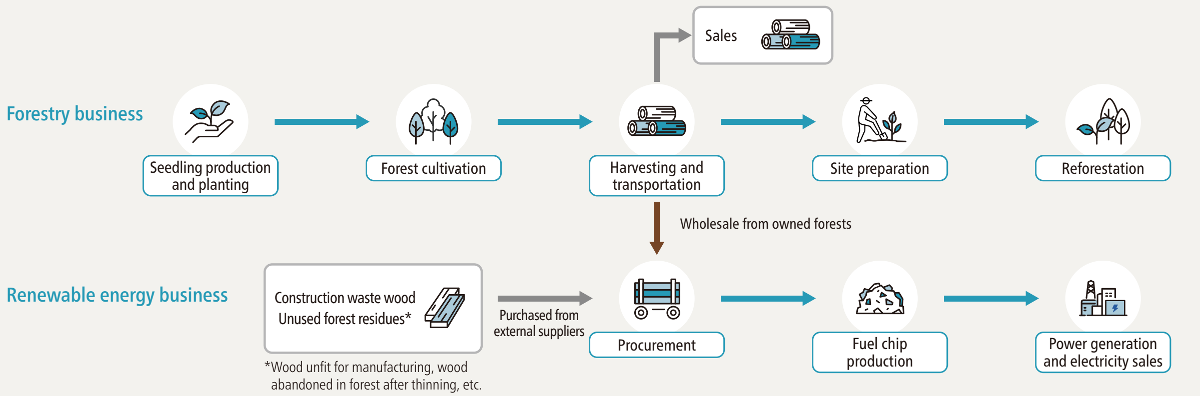
- Growing demand for high-quality carbon credits
- Establishment of economically viable forest management models utilizing J-Credits and other schemes, contributing to higher reforestation rates through the revitalization of Japan's forestry industry
- Growing expectations for the biorefinery sector

Risks and challenges

- Strengthening marketing capabilities in overseas forestry businesses
- Enhancing the competitiveness of the biomass power generation business

Business model

Realizing the Wood Cycle and maximizing the value of forest resources.



Environment and Resources Segment

Environment and Resources Business

Strategic indicators

Forest area owned and managed	2025 result	2030 target
	374,000 ha	1,000,000 ha

Competitive advantages

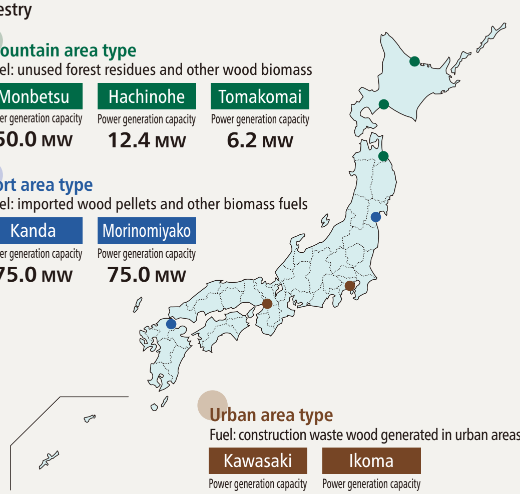
- Extensive expertise and accumulated knowledge in forest management
- Sustainable tropical peatland management technologies
- Expertise in renewable energy power generation and strong fuel procurement capabilities through the Group network

Non-financial information (results for FY2025)

Carbon sequestration in forests 65,334 thousand tons*
Japan: 14,187 thousand tons
Overseas: 51,147 thousand tons

* Carbon sequestration in forests is calculated as follows: Standing timber volume × basic wood density × biomass expansion factor × (1 + root-to-shoot ratio) × carbon content factor (using species-specific coefficients).

Wood biomass power plants operated by or invested in by the Sumitomo Forestry



Mountain area type
Fuel: unused forest residues and other wood biomass

Monbetsu	Hachinohe	Tomakomai
Power generation capacity 50.0 MW	Power generation capacity 12.4 MW	Power generation capacity 6.2 MW

Port area type
Fuel: imported wood pellets and other biomass fuels

Kanda	Morinomiyako
Power generation capacity 75.0 MW	Power generation capacity 75.0 MW

Urban area type
Fuel: construction waste wood generated in urban areas

Kawasaki	Ikoma
Power generation capacity 33.0 MW	Power generation capacity 10.0 MW

Progress of Mission TREEING 2030 Phase 2

Forestry business

Growth strategy	• Expand sustainably managed forests and generate high-quality carbon credits through the promotion of the forest fund business • Advance demonstration projects for tropical peatland management technologies in Indonesia and establish a model for sustainable forest management • Accelerate reforestation of harvested sites and contribute to the revitalization of Japan's forestry industry
Results for FY2025	• Strengthened sales strategies in the forestry business • Made progress in initiatives to create high-quality carbon credits through forest funds and the Forest Value Creation Platform
Future initiatives and challenges	• Create high-quality carbon credits and monetize their value • Develop new sales channels and promote new applications for wood • Maximize the value of natural capital

Environment and energy business

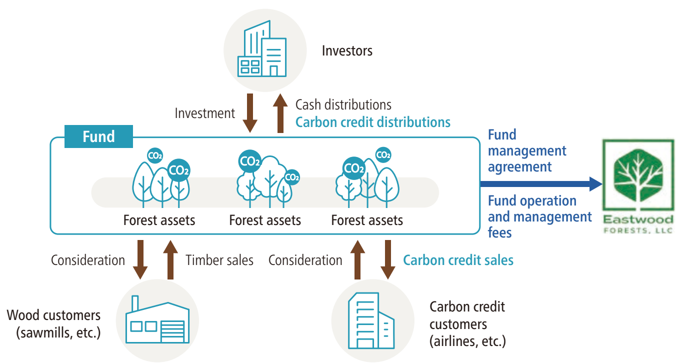
Growth strategy	• Improve the profitability of the wood biomass power generation business while maximizing the value of wood resources, including through initiatives in the biorefinery sector
Results for FY2025	• Wood biomass power plants operated stably • Initiated efforts to produce bioethanol derived from wood biomass
Future initiatives and challenges	• Ensure the continued stable operation of each power plant • Implement initiatives to reduce fuel costs

Zoom In

Challenge undertaken Creating high-quality forest-derived carbon credits

As the world moves toward carbon neutrality, expectations for carbon credits generated through forests' CO_2 absorption function are increasing. The Sumitomo Forestry Group acquires and manages forest assets through forestry funds and creates and sells both timber and carbon credits through sustainable forest management. In June 2023, we launched the Eastwood Climate Smart Forest Fund I, our first forest fund. As of December 31, 2025, the fund had completed the acquisition of approximately 94,000 hectares of forestland across North America and Central and South America.

In Japan, we are promoting the creation of J-Credits utilizing privately owned and municipally owned forests in Kinko Town, Kagoshima Prefecture, and Shioya Town, Tochigi Prefecture. Through a mechanism that returns revenues to forest owners, we aim to realize sustainable forest management, including for small privately owned forests.



Other Segment

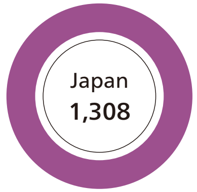
Lifestyle Services Business

Contributing to the resolution of social issues through businesses that support diverse life stages and maximizing value for people and society.

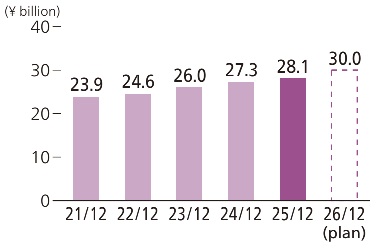
The Lifestyle Services Business includes the operation of private nursing homes and assisted living facilities, as well as a variety of service businesses such as insurance agency services for housing customers and others. Through the provision of value such as safety, security, enjoyment, and enrichment offered by each business, we aim to maximize value for people and society.

Japan's aging rate has continued to rise since the country entered the era of a super-aged society in 2010 and is projected to exceed 30% by 2030, driving further growth in demand for elderly care services. We will proactively seize these opportunities by investing in enhanced training systems and the promotion of DX initiatives, while securing a stable workforce, including overseas talent, to achieve sustainable growth in the elderly care business. At the same time, we will work to improve and strengthen existing businesses, including the insurance business and golf course operations, and continue building a stable earnings base.

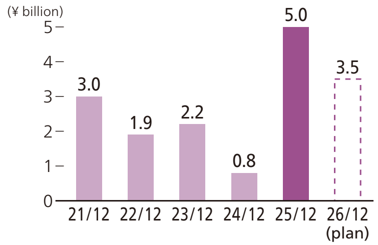
Number of employees (as of December 31, 2025)



Net sales



Recurring income



* In addition to the elderly care business, the Other Segment includes various service businesses, such as insurance agency services related to housing. Recurring income also includes equity in earnings of affiliates, including Kumagai Gumi Co., Ltd.
* The planned figure represents the initial plan as of February 13, 2026.
* For more information about performance for the fiscal year ended December 2025, please visit our website. https://sfc.jp/english/ir/library/statements/2025.html

Growth strategy	• Improve and strengthen existing businesses • Launch new initiatives and business development opportunities in the elderly care business, both in Japan and overseas • Leverage expertise cultivated through the Housing Business in creating comfortable living environments				
Results for FY2025	• Number of rooms in housing for the elderly as of December 31, 2025: 1,882 units (combined total for Sumirin Fill Care Co., Ltd. and Sumirin Care Life) • Sumirin Fill Care integrated its brands and established a medical care support system				
	Number of nursing care facilities (as of December 31, 2025)	Sumirin Fill Care	• Private nursing homes: 16 facilities • Private nursing homes (hospice residences): 1 facility • Senior daycare centers: 3 locations	Sumirin Care Life	• Private nursing homes: 3 facilities • Private nursing homes (assisted living): 1 facility • Home care services: 7 locations
Future initiatives and challenges	• Further enhance elderly care services • Create diverse sources of earnings • Foster an attractive and comfortable working environment				

Zoom In

Challenge undertaken Sumirin Fill Care integrates brands and establishes a medical care support system with the opening of a new facility

The Sumitomo Forestry Group is working to strengthen its Lifestyle Services Business in anticipation of the continued aging of society. In November 2025, Sumirin Fill Care opened Grand Forest Noborito, a private nursing home. At the same time, the company integrated its two nursing home brands, Grand Forest and Esperanza, under the Grand Forest brand. In addition, Esperanza Kawasaki was converted from a private nursing home into a hospice residence with enhanced medical support and renamed Hospice Residence Grand Forest Kawasaki. By leveraging the expertise in creating wood-based living environments cultivated through the Housing Business, we aim to provide high-quality nursing care services through closer collaboration between nursing care and medical care.

Interior of Grand Forest Noborito

Exterior of Grand Forest Noborito

Other Segment

Alliance with Kumagai Gumi

Review of collaboration

Under our alliance with Kumagai Gumi Co., Ltd., we are promoting collaboration initiatives from a medium- to long-term perspective.

In the fiscal year ended December 2025, we held business collaboration promotion committee and joint subcommittee meetings. In the contract business, we established two pillars: medium- to large-scale wooden construction and value-added proposals for environmental greening construction. In the investment business, we continued to pursue real estate development investments, primarily in the United States.

As disclosed on January 8, 2026, we changed the shareholding ratios between Sumitomo Forestry and Kumagai Gumi with the aim of improving capital efficiency. We will, however, continue to advance collaborative initiatives with the company.

6-year cumulative total for both companies, FY2019/3–FY2024/3

Orders received	Net sales	Investments
110 billion yen scale	80 billion yen scale	20 billion yen scale

Areas of Collaboration	Collaboration Results
Medium- to large-scale wooden construction	• Launched the medium- to large-scale wooden construction brand "with TREE" • First joint venture project completed: fire-resistant timber building in Sapporo • Secured an order for a hybrid office building combining wooden and steel-frame construction, incorporating numerous timber technologies developed by both companies • Actively promoting wooden and wood-based buildings, primarily offices and schools, through collaboration between the two companies • Implementing jointly developed technologies in medium- to large-scale wooden construction projects
Environmental greening	• Expanded proposals and orders for environmentally conscious real estate projects integrating architectural design and greening plans
Overseas construction and development	• Completed the largest seven-story mass timber office buildings near Dallas, Texas • Commenced construction of a commercial real estate development project near Seattle featuring a hybrid wood-and-concrete structure

Collaboration plan FY2025/3–FY2027/3

Three-year cumulative targets for both companies

Contract business

Medium- to large-scale wooden construction, renovation, and environmental greening

- Orders received: 130 billion yen scale
- Net sales: 110 billion yen scale
- Gross profit: 10 billion yen scale

Investment business

Environment and energy, overseas construction and development

- Investments: approximately 30 billion yen scale
- Invest in domestic and overseas real estate development projects
- Promote investments in domestic and overseas renewable energy projects

Research and Development

Policy on research and development

Trees have great potential for both the sustainability of the global environment and the development of our society and economy. One of the business policies in our Long-term Vision Mission TREEING 2030 is "Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy." In the field of research and development, we are also working to create a more vibrant environment for people, from the global environment to the living environment, based on our basic policy of increasing the value of trees.

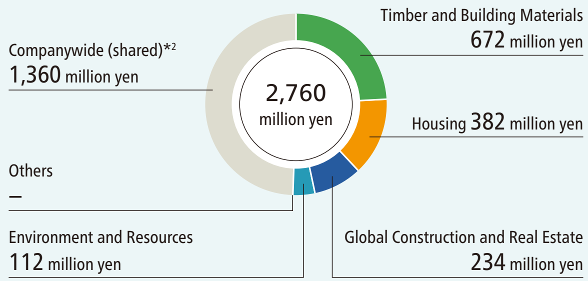
Research and development strategy

At the Tsukuba Research Institute, which serves as the driving force behind the Sumitomo Forestry Group's research and development activities, we conduct R&D across a broad range of fields, from resources and materials to housing and construction, as well as areas that support the realization of wood-based cities, focusing on the multifaceted value of wood.

Our research themes are defined based on social issues such as the realization of a decarbonized society and the advancement of resource circulation, with an emphasis on areas that contribute to the sustainable utilization of forest resources and the expanded use of wood. In addition to basic research aimed at scientifically elucidating the characteristics of wood and forests, we seek to translate research findings into practical applications through the accumulation of data obtained from performance evaluations and demonstration projects.

By applying these insights across a wide range of fields—including residential and non-residential buildings as well as infrastructure—we aim to create new markets and applications for wood and expand the value of wood throughout society. Our R&D activities are promoted through two complementary approaches: Business Unit R&D, which is aligned with business strategies, and Corporate R&D, which focuses on creating new business opportunities and generating new value. As the core of these efforts, the Tsukuba Research Institute works closely with universities and research institutions to accelerate the social implementation of research outcomes.

Research and development expenses by segment*1 in FY2025



*1 Based on the previous segment classification.
*2 Companywide (shared) refers to expenses that are not attributed to a specific segment.

Tsukuba Research Institute

Resources Group
Tree breeding, afforestation, and environmental greening research
Conducts R&D on domestic and overseas afforestation as well as new tree breeding technologies.

Materials Group
High-performance materials and structural materials development
Develops new wood-based materials utilizing domestic timber and fast-growing tree species, as well as technologies for the effective use of wood.

Housing and Architecture 1 Group
Building structures and fire resistance technologies development
Develops structural technologies, fire resistance and fire protection technologies, and sound and vibration control technologies for wooden buildings.

Housing and Architecture 2 Group
Living environment research
Conducts research on the functions and characteristics of wood and greenery, as well as the effects of the environment on human comfort and health.

Housing and Architecture 3 Group
Construction methods development and quality inspection
Conducts R&D across a wide range of areas, from building components and construction methods to labor-saving technologies, while also carrying out quality inspections.

Planning Group
Research planning

Administration Group
Research infrastructure development

Supports research and development from multiple perspectives, including the development of research infrastructure, various surveys and studies, creation of new research themes, and coordination and collaboration with internal and external stakeholders.