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May 7, 2026

Summary of Financial Results for the Three Months of the Fiscal Year Ending December 2026 [Japanese GAAP] (Consolidated)

Name of Company: Sumitomo Forestry Co., Ltd.	Stock Exchange Listing: Tokyo
Securities Code: 1911	URL: https://sfc.jp/english/
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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 2026 (January 1, 2026 – March 31, 2026)

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

	Net sales		Operating income		Recurring income		Net income attributable to shareholders of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2026	532,063	4.0	23,905	(38.5)	21,775	(42.2)	16,758	(18.6)
Three months ended March 31, 2025	511,632	12.8	38,870	(1.7)	37,662	(2.6)	20,578	(4.1)

(Note) Comprehensive income

Three months ended March 31, 2026	64,747 Million yen [- %]
Three months ended March 31, 2025	(24,578) Million yen [- %]

	Net income per share	Net income per share fully diluted
	Yen	Yen
Three months ended March 31, 2026	27.33	27.32
Three months ended March 31, 2025	33.52	33.49

(Notes) 1. Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

2. The Company conducted a stock split in a ratio of three shares for every one common share on July 1, 2025. Accordingly, the net income per share and the net income per share fully diluted were calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2026	2,612,798	1,179,723	39.8
As of December 31, 2025	2,572,032	1,136,786	39.0

(Reference) Shareholders' equity

As of March 31, 2026	1,041,012 Million yen
As of December 31, 2025	1,003,973 Million yen

(Note) Due to the finalization of the provisional accounting treatment for business combination, the figures reflect a significant revision to the initial allocation of acquisition cost.

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 31, 2025	–	25.00	–	28.00	53.00
FY ending December 31, 2026	–				
FY ending December 31, 2026 (Forecast)		25.00	–	25.00	50.00

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

* The Company conducted a stock split in a ratio of three shares for every one common share on July 1, 2025. The amounts after the stock split are stated above.

3. Forecast of the consolidated financial results for the FY ending December 31, 2026 (January 1, 2026 - December 31, 2026)

(%: change from the previous year)

	Net sales		Operating income		Recurring income		Net income attributable to shareholders of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,590,000	14.2	157,000	(6.9)	160,000	(8.5)	95,000	(10.9)	155.09

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

* Notice

(1) Significant changes in the scope of consolidation during the period: 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 issued shares (common stock)

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

As of March 31, 2026	618,555,804	As of December 31, 2025	618,555,804
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(b) Number of treasury stock at the end of the period

As of March 31, 2026	5,385,247	As of December 31, 2025	7,121,943
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(c) Average number of shares outstanding during the period (three months from the beginning of the fiscal year)

As of March 31, 2026	613,148,117	As of March 31, 2025	613,952,813
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(Notes) 1. The Company conducted a stock split in a ratio of three shares for every one common share on July 1, 2025.

Accordingly, the average number of shares outstanding during the period (three months from the beginning of the fiscal year) was calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

2. The Company has introduced the Employee Stock Compensation Plan. The number of treasury stock at the end of the period includes the Company's shares held by the Employee Stock Delivery Trust (as of March 31, 2026: 2,757,100 shares, as of December 31, 2025: 2,757,700 shares). The Company's shares held by the said trust are included in treasury stock to be deducted in the calculation of the average number of shares outstanding during the period.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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 as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors.

(Obtain Quarterly 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 results briefing for securities analysts and institutional investors on Thursday, May 7, 2026. The explanatory material on the financial results will be published on the website.

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1. Overview of the Results of Operations, etc.

(1) Overview of the Results of Operations for the Period under Review

During the three months ended March 31, 2026, the Group's results of operations were as follows: net sales of ¥532.063 billion (up 4.0% year on year), operating income of ¥23.905 billion (down 38.5% year on year), recurring income of ¥21.775 billion (down 42.2% year on year), and net income attributable to shareholders of parent of ¥16.758 billion (down 18.6% year on year).

The following summarized the results of operations by business segment. Net sales for each business segment include intersegment sales or transfer.

From the first quarter of the fiscal year ending December 31, 2026, categories of reporting segments have been changed. Accordingly, the comparisons and analyses for the three months ended March 31, 2026 are based on the revised categories.

<Timber and Building Materials>

With the aim of restructuring and strengthening the domestic distribution business, the Company transferred the shares of its consolidated subsidiaries to GEOLIVE Group Corporation, an equity-method affiliate. With impacts of the transfer and other factors, net sales decreased year on year. In addition, affected by the factors such as production delays at the U.S. sawmill acquired in the previous fiscal year, recurring loss was recorded.

In the Timber and Building Materials, net sales were ¥56.429 billion (down 3.1% year on year) and recurring loss was ¥1.058 billion (recurring income of ¥564 million in the same period of the previous consolidated fiscal year).

<Housing>

Since the number of houses under construction increased due to strong orders received in the previous fiscal year in the custom-built detached housing business, net sales increased year on year. Meanwhile, recurring income decreased year on year, mainly due to the factors such as a decrease in gains on sale of land at a consolidated subsidiary, and also due to increase in labor costs. In the Housing, net sales were ¥126.691 billion (up 3.4% year on year) and recurring income was ¥6.480 billion (down 12.6% year on year).

<Overseas Housing>

In the single-family homes business in Australia, since market conditions remained strong and the number of units sold increased, net sales increased year on year. On the other hand, in the single-family homes business in the U.S., recurring income decreased year on year due to factors such as a decline in the number of units sold resulting from homebuyers adopting wait-and-see attitude amid persistently high mortgage rates and uncertain economic outlook.

In the Overseas Housing, net sales were ¥280.973 billion (up 3.7% year on year) and recurring income was ¥19.889 billion (down 39.1% year on year).

<Real Estate>

Since LeTech Corporation that became a consolidated subsidiary in the previous fiscal year contributed to sales, net sales increased year on year. In addition, losses shrank mainly due to improved profit margins and reduced selling, general, and administrative expenses in the global real estate development business.

In the Real Estate, net sales were ¥63.127 billion (up 14.8% year on year) and recurring loss was ¥3.155 billion (recurring loss of ¥4.2 billion in the same period of the previous consolidated fiscal year).

<Environment and Resources>

In the overseas forestry business, while net sales increased year on year due to an increase in sales unit, recurring income decreased year on year mainly due to increased costs.

In the Environment and Resources, net sales were ¥7.207 billion (up 7.3% year on year) and recurring income was ¥254 million (down 41.7% year on year).

<Other>

Recurring income decreased year on year due to a decrease in equity in earnings of affiliates, resulting from a reduction in the ownership percentage following the partial sale of shares in an equity-method affiliate.

In the Other, net sales were ¥7.138 billion (up 4.1% year on year) and recurring income was ¥1.187 billion (down 42.1% year on year).

(2) Overview of Financial Position for the Period under Review

Total assets came to ¥2,612.798 billion at the end of period under review, an increase of ¥40.766 billion from the end of the previous consolidated fiscal year. This increase was mainly attributable to an increase in yen-translated amounts in foreign currency-denominated assets of overseas subsidiaries caused by the depreciation of the yen. Liabilities decreased ¥2.170 billion from the end of the previous consolidated fiscal year to ¥1,433.076 billion. This decrease was attributable to a decrease in notes and accounts payable-trade, despite an increase in yen-translated amounts in foreign currency-denominated liabilities of overseas subsidiaries caused by the depreciation of the yen. Net assets came to ¥1,179.723 billion and equity ratio was 39.8%.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	First quarter cumulative period (as of March 31, 2026)
Assets		
Current assets		
Cash and deposits	185,405	150,560
Notes and accounts receivable-trade	99,256	88,316
Electronically recorded monetary claims	47,865	45,102
Accounts receivable from completed construction contracts and contract assets	94,535	114,098
Marketable securities	-	6,000
Merchandise and finished goods	25,246	25,990
Work in process	2,838	3,024
Raw materials and supplies	13,957	14,116
Costs on construction contracts in progress	22,663	24,513
Real estate for sale	227,668	219,034
Real estate for sale in process	756,634	804,982
Short-term loans receivable	38,367	25,356
Accounts receivable-other	103,635	103,438
Other	79,039	98,315
Allowance for doubtful account	(3,361)	(3,310)
Total current assets	1,693,747	1,719,533
Non-current assets		
Property, plant and equipment		
Buildings and structures	163,502	162,790
Accumulated depreciation	(70,698)	(70,368)
Buildings and structures, net	92,803	92,422
Machinery, equipment and vehicles	119,506	127,314
Accumulated depreciation	(82,002)	(84,182)
Machinery, equipment and vehicles, net	37,503	43,132
Land	68,202	68,092
Timber	44,575	45,132
Leased assets	47,821	48,272
Accumulated depreciation	(24,892)	(25,567)
Leased assets, net	22,929	22,705
Construction in process	46,644	43,390
Other	30,577	33,572
Accumulated depreciation	(20,576)	(22,601)
Other, net	10,002	10,971
Total property, plant and equipment	322,658	325,843
Intangible assets		
Goodwill	35,499	34,971
Other	40,622	41,419
Total intangible assets	76,121	76,390
Investments and other assets		
Investment securities	377,339	383,059
Long-term loans receivable	37,548	41,409
Retirement benefit assets	17,629	17,754
Deferred tax assets	9,344	10,358
Other	38,365	39,130
Allowance for doubtful account	(719)	(678)
Total investments and other assets	479,506	491,032
Total non-current assets	878,285	893,265
Total assets	2,572,032	2,612,798

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	First quarter cumulative period (as of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	87,380	75,632
Electronically recorded obligations	45,456	35,720
Accounts payable for construction contracts	159,748	165,884
Short-term borrowings	140,788	133,336
Current portion of bonds payable	20,047	20,047
Lease obligations	6,622	6,532
Income taxes payable	10,846	13,568
Contract liabilities	98,970	113,806
Provision for bonuses	24,222	27,922
Provision for bonuses for directors (and other officers)	129	-
Provision for warranties for completed construction	15,824	15,744
Asset retirement obligations	414	449
Other	119,175	108,975
Total current liabilities	729,620	717,616
Long-term liabilities		
Bonds payable	50,284	50,267
Long-term borrowings	532,159	545,578
Lease obligations	19,565	19,542
Deferred tax liabilities	52,036	58,396
Provision for retirement benefits for directors (and other officers)	141	135
Retirement benefits liability	9,446	9,240
Provision for share awards for employees	163	205
Asset retirement obligations	2,597	2,598
Other	39,236	29,500
Total long-term liabilities	705,626	715,460
Total liabilities	1,435,246	1,433,076
Net assets		
Shareholders' equity		
Common stock	55,332	55,332
Capital surplus	25,520	25,912
Retained earnings	688,527	687,989
Treasury shares	(6,557)	(5,404)
Total shareholders' equity	762,822	763,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,824	60,966
Deferred gains (losses) on hedges	9,554	23,250
Foreign currency translation adjustment	175,710	192,704
Remeasurements of defined benefit plans	63	262
Total accumulated other comprehensive income	241,151	277,182
Share acquisition rights	51	51
Non-controlling interests	132,762	138,660
Total net assets	1,136,786	1,179,723
Total liabilities and net assets	2,572,032	2,612,798

(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, 2025 – March 31, 2025)	Current first quarter cumulative period (January 1, 2026 – March 31, 2026)
Net sales	511,632	532,063
Cost of sales	389,145	414,475
Gross profit	122,486	117,588
Selling, general and administrative expenses	83,617	93,683
Operating income	38,870	23,905
Non-operating income		
Interest income	1,173	1,632
Purchase discount	124	119
Dividend income	76	186
Share of profit of entities accounted for using equity method	303	-
Foreign exchange gains	-	303
Other	1,583	3,562
Total non-operating income	3,259	5,801
Non-operating expenses		
Interest expense	2,634	4,033
Share of loss of entities accounted for using equity method	-	2,349
Foreign exchange losses	172	-
Other	1,661	1,550
Total non-operating expenses	4,467	7,932
Recurring income	37,662	21,775
Extraordinary income		
Gain on sale of investment securities	-	2,578
Gain on sale of shares of subsidiaries and associates	-	6,973
Total extraordinary income	-	9,551
Profit before income taxes	37,662	31,326
Income taxes-current	10,489	11,639
Income taxes-deferred	(1,255)	(3,347)
Total income taxes	9,234	8,292
Net income	28,428	23,034
Net income attributable to non-controlling interests	7,850	6,276
Net income attributable to shareholders of parent	20,578	16,758

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

(million yen)

	Previous first quarter cumulative period (January 1, 2025 – March 31, 2025)	Current first quarter cumulative period (January 1, 2026 – March 31, 2026)
Net income	28,428	23,034
Other comprehensive income		
Valuation difference on available-for-sale securities	(658)	5,097
Deferred gains (losses) on hedges	(415)	13,401
Foreign currency translation adjustment	(45,874)	22,030
Share of other comprehensive income of entities accounted for using equity method	(6,060)	1,185
Total other comprehensive income	(53,007)	41,713
Comprehensive income	(24,578)	64,747
(Breakdown)		
Comprehensive income attributable to shareholders of parent	(27,557)	52,788
Comprehensive income attributable to non-controlling interests	2,978	11,958

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Segment Information, etc.)

Previous First Quarter Cumulative Period (Consolidated) (January 1, 2025 to March 31, 2025)

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	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	53,587	122,392	270,376	54,929	6,276	507,560	3,926	511,486	146	511,632
(2) Intersegment sales/transfer	4,658	116	585	44	441	5,844	2,928	8,772	(8,772)	—
Total	58,245	122,507	270,962	54,973	6,717	513,403	6,854	520,258	(8,626)	511,632
Segment income (loss)	564	7,417	32,662	(4,200)	436	36,879	2,051	38,930	(1,268)	37,662

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 ¥1,268 million includes ¥22 million in eliminated intersegment transactions and ¥1,290 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.
4. Due to the finalization of the provisional accounting treatment for business combination, the figures in Segment income (loss) reflect a significant revision to the initial allocation of acquisition cost.

2. Information on Impairment Losses on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

Not applicable.

Current First Quarter Cumulative Period (Consolidated) (January 1, 2026 to March 31, 2026)

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	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	51,403	126,298	280,229	63,084	6,721	527,736	4,182	531,918	145	532,063
(2) Intersegment sales/transfer	5,026	393	744	42	486	6,690	2,956	9,646	(9,646)	—
Total	56,429	126,691	280,973	63,127	7,207	534,426	7,138	541,565	(9,501)	532,063
Segment income (loss)	(1,058)	6,480	19,889	(3,155)	254	22,409	1,187	23,596	(1,822)	21,775

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.

- The adjusted segment loss of ¥1,822 million includes ¥97 million in eliminated intersegment transactions and ¥1,918 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.
- Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

2. Matters regarding Changes in Reporting Segments, etc.

With the organizational restructuring in January 2026, the Company has changed the reporting segments to five categories, “Timber and Building Materials,” “Housing,” “Overseas Housing,” “Real Estate,” and “Environment and Resources”, from previous four categories, “Timber and Building Materials,” “Housing,” “Global Construction and Real Estate,” and “Environment and Resources,” effective from the first quarter of the fiscal year ending December 31, 2026.

Segment Information for the previous first quarter cumulative period was prepared based on the revised categories of reporting segments.

3. Information on Impairment Losses on Noncurrent Assets, Goodwill, etc. for Each Reporting Segment

Not applicable.

(Notes related to Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows for the period under review were not prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the current first quarter cumulative period were as follows.

	Previous first quarter cumulative period (January 1, 2025 – March 31, 2025)	Current first quarter cumulative period (January 1, 2026 – March 31, 2026)
Depreciation and amortization	7,498 Million yen	7,371 Million yen
Amortization of goodwill	1,216	1,574

(Significant Subsequent Events)

(Borrowing of Funds)

At a meeting of the Board of Directors held on May 7, 2026, the Company resolved to enter into the following loan agreement in order to procure the funds necessary to acquire shares of Tri Pointe Homes, Inc. (hereinafter, TPH) of the United States.

1. Date of conclusion of the loan agreement: May 7, 2026
2. Use of proceeds: Acquisition of TPH shares and refinancing of TPH's existing debt, etc.
3. Loan disbursement date: May 11, 2026 (scheduled)
4. Lender: Sumitomo Mitsui Banking Corporation
5. Loan amount: 835.1 billion yen
6. Loan interest rate: Floating interest rate (base rate + spread)
7. Method of repayment: Bullet repayment at maturity
8. Repayment date: May 10, 2027 (scheduled)
9. Details of collateral, etc.: Not applicable
10. Details of major financial covenants
 - (1) The total amount of net assets recorded in the consolidated balance sheet at each fiscal year-end and at the end of each interim accounting period must not fall below 75% of the total net assets recorded in the consolidated balance sheet at the end of the immediately preceding fiscal year.
 - (2) The total amount of net assets recorded in the non-consolidated balance sheet at each fiscal year-end must not fall below 75% of the total net assets recorded in the non-consolidated balance sheet at the end of the immediately preceding fiscal year.
 - (3) The issuer credit rating assigned by Rating and Investment Information, Inc. (R&I) must be maintained at BBB- (minus) or higher.