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SUMITOMO FORESTRY

August 7, 2026

Summary of Financial Results for the Six 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/
Representative: Title: President / Representative Director
Name: Toshiro Mitsuyoshi
Inquiries: Title: General Manager, Corporate Communications Dept.
Name: Takashi Mizuno
Phone: +81-3-3214-2270

Scheduled date to file Semi-annual Securities Report: August 13, 2026
Scheduled Date to commence Dividend Payments: September 7, 2026
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 six months of the FY ending December 2026 (January 1, 2026 – June 30, 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	%
Six months ended June 30, 2026	1,263,248	17.5	59,921	(28.4)	49,769	(43.6)	26,885	(45.5)
Six months ended June 30, 2025	1,074,750	9.5	83,718	(8.1)	88,221	(5.1)	49,320	(8.9)

(Note) Comprehensive income
Six months ended June 30, 2026 127,877 Million yen [- %]
Six months ended June 30, 2025 (10,263) Million yen [- %]

	Net income per share	Net income per share fully diluted
	Yen	Yen
Six months ended June 30, 2026	43.85	43.83
Six months ended June 30, 2025	80.38	80.36

(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 June 30, 2026	3,590,048	1,240,832	30.5
As of December 31, 2025	2,572,032	1,136,786	39.0

(Reference) Shareholders' equity
As of June 30, 2026 1,094,600 Million yen
As of December 31, 2025 1,003,973 Million yen

2. Cash Dividends

	Cash dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2025	–	25.00	–	28.00	53.00
FY ending December 31, 2026	–	25.00			
FY ending December 31, 2026 (Forecast)			–	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	2,950,000	30.1	143,000	(15.2)	115,000	(34.2)	60,000	(43.7)	97.85

(Note) Revisions to the forecast of consolidated results most recently announced: Yes

* Notice

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included	: 4 companies	(Company name)	: Tri Pointe Homes, Inc. Tri Pointe Homes IE-SD, Inc. Tri Pointe Homes Texas, Inc. Tri Pointe Homes Holdings, Inc.
Excluded	: None	(Company name)	:

(2) Application of accounting treatment specific to the preparation of the semi-annual 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 June 30, 2026	618,566,304	As of December 31, 2025	618,555,804

(b) Number of treasury stock at the end of the period

As of June 30, 2026	5,384,484	As of December 31, 2025	7,121,943

(c) Average number of shares outstanding during the period (six months from the beginning of the fiscal year)

As of June 30, 2026	613,165,021	As of June 30, 2025	613,611,342

(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 (six 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 June 30, 2026: 2,756,100 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.

* Semi-annual financial results report is exempt from interim review conducted by certified public accountants or an audit firm.

* 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 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 Monday, August 10, 2026. The explanatory material on the financial results will be published on the website.

○ Contents of Accompanying Materials

Semi-annual Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	Second quarter cumulative period (as of June 30, 2026)
Assets		
Current assets		
Cash and deposits	185,405	232,579
Notes and accounts receivable-trade	99,256	103,063
Electronically recorded monetary claims	47,865	49,162
Accounts receivable from completed construction contracts and contract assets	94,535	111,350
Merchandise and finished goods	25,246	26,518
Work in process	2,838	3,271
Raw materials and supplies	13,957	15,117
Costs on construction contracts in progress	22,663	23,908
Real estate for sale	227,668	316,940
Real estate for sale in process	756,634	1,318,766
Short-term loans receivable	38,367	18,646
Accounts receivable-other	103,635	123,851
Other	79,039	96,580
Allowance for doubtful account	(3,361)	(3,606)
Total current assets	1,693,747	2,436,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	163,502	163,103
Accumulated depreciation	(70,698)	(71,659)
Buildings and structures, net	92,803	91,444
Machinery, equipment and vehicles	119,506	130,036
Accumulated depreciation	(82,002)	(86,307)
Machinery, equipment and vehicles, net	37,503	43,730
Land	68,202	65,665
Timber	44,575	45,301
Leased assets	47,821	68,255
Accumulated depreciation	(24,892)	(29,182)
Leased assets, net	22,929	39,073
Construction in process	46,644	43,312
Other	30,577	49,974
Accumulated depreciation	(20,576)	(31,636)
Other, net	10,002	18,338
Total property, plant and equipment	322,658	346,862
Intangible assets		
Goodwill	35,499	199,446
Other	40,622	42,626
Total intangible assets	76,121	242,072
Investments and other assets		
Investment securities	377,339	450,039
Long-term loans receivable	37,548	36,383
Retirement benefit assets	17,629	18,120
Deferred tax assets	9,344	16,708
Other	38,365	44,371
Allowance for doubtful account	(719)	(653)
Total investments and other assets	479,506	564,968
Total non-current assets	878,285	1,153,903
Total assets	2,572,032	3,590,048

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	Second quarter cumulative period (as of June 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	87,380	78,675
Electronically recorded obligations	45,456	41,402
Accounts payable for construction contracts	159,748	213,736
Short-term borrowings	140,788	822,314
Current portion of bonds payable	20,047	48,688
Lease obligations	6,622	9,262
Income taxes payable	10,846	13,112
Contract liabilities	98,970	121,094
Provision for bonuses	24,222	25,167
Provision for bonuses for directors (and other officers)	129	-
Provision for warranties for completed construction	15,824	36,408
Asset retirement obligations	414	430
Other	119,175	123,338
Total current liabilities	729,620	1,533,625
Long-term liabilities		
Bonds payable	50,284	106,870
Long-term borrowings	532,159	578,854
Lease obligations	19,565	32,963
Deferred tax liabilities	52,036	54,819
Provision for retirement benefits for directors (and other officers)	141	140
Retirement benefits liability	9,446	9,309
Provision for share awards for employees	163	197
Asset retirement obligations	2,597	2,622
Other	39,236	29,817
Total long-term liabilities	705,626	815,591
Total liabilities	1,435,246	2,349,216
Net assets		
Shareholders’ equity		
Common stock	55,332	55,340
Capital surplus	25,520	25,768
Retained earnings	688,527	698,117
Treasury shares	(6,557)	(5,414)
Total shareholders’ equity	762,822	773,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,824	66,729
Deferred gains (losses) on hedges	9,554	10,770
Foreign currency translation adjustment	175,710	243,033
Remeasurements of defined benefit plans	63	257
Total accumulated other comprehensive income	241,151	320,790
Share acquisition rights	51	51
Non-controlling interests	132,762	146,180
Total net assets	1,136,786	1,240,832
Total liabilities and net assets	2,572,032	3,590,048

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income
For the second quarter cumulative period (consolidated)

(million yen)

	Previous second quarter cumulative period (January 1, 2025 – June 30, 2025)	Current second quarter cumulative period (January 1, 2026 – June 30, 2026)
Net sales	1,074,750	1,263,248
Cost of sales	820,136	985,597
Gross profit	254,615	277,651
Selling, general and administrative expenses	170,897	217,730
Operating income	83,718	59,921
Non-operating income		
Interest income	2,472	4,359
Purchase discount	235	220
Dividend income	1,585	1,596
Share of profit of entities accounted for using equity method	5,149	-
Foreign exchange gains	-	600
Other	3,955	6,210
Total non-operating income	13,396	12,986
Non-operating expenses		
Interest expense	5,539	9,242
Share of loss of entities accounted for using equity method	-	11,278
Foreign exchange losses	806	-
Other	2,547	2,618
Total non-operating expenses	8,893	23,138
Recurring income	88,221	49,769
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	88,221	59,320
Income taxes-current	21,797	19,233
Income taxes-deferred	1,501	(473)
Total income taxes	23,298	18,760
Net income	64,922	40,560
Net income attributable to non-controlling interests	15,603	13,675
Net income attributable to shareholders of parent	49,320	26,885

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

(million yen)

	Previous second quarter cumulative period (January 1, 2025 – June 30, 2025)	Current second quarter cumulative period (January 1, 2026 – June 30, 2026)
Net income	64,922	40,560
Other comprehensive income		
Valuation difference on available-for-sale securities	937	10,980
Deferred gains (losses) on hedges	(737)	525
Foreign currency translation adjustment	(64,781)	75,191
Share of other comprehensive income of entities accounted for using equity method	(10,604)	621
Total other comprehensive income	(75,185)	87,317
Comprehensive income	(10,263)	127,877
(Breakdown)		
Comprehensive income attributable to shareholders of parent	(18,312)	106,524
Comprehensive income attributable to non-controlling interests	8,050	21,353

(3) Consolidated Statements of Cash Flows

(million yen)

	Previous second quarter cumulative period (January 1, 2025 – June 30, 2025)	Current second quarter cumulative period (January 1, 2026 – June 30, 2026)
Net cash provided by (used in) operating activities		
Income before income taxes	88,221	59,320
Depreciation and amortization	14,485	15,505
Amortization of goodwill	2,339	6,774
Provision for (reversal of) doubtful accounts	(103)	(37)
Provision for (reversal of) employees' bonuses	(2,007)	(569)
Provision for (reversal of) directors' bonuses	(168)	(129)
Provision for (reversal of) warranties for completed construction	(1,317)	(330)
Provision for (reversal of) directors' retirement benefits	(39)	8
Net defined benefit liability (decrease)	(638)	(609)
Increase (decrease) in provision for share awards for employees	53	34
Interest and dividends income	(4,057)	(5,955)
Interest expenses	5,539	9,242
Equity in (earnings) losses of affiliates	(5,149)	11,278
Losses (gains) on sale of marketable securities and investment securities	-	(2,578)
Loss (gain) on sale of shares of subsidiaries and associates	-	(6,973)
Decrease (increase) in notes and accounts receivable-trade and contract assets	13,232	(16,350)
Decrease (increase) in inventories	(74,994)	(73,516)
Decrease (increase) in other current assets	1,587	4,643
Increase (decrease) in notes and accounts payable-trade	(17,961)	1,200
Increase (decrease) in advances received	(1,230)	333
Increase (decrease) in contract liabilities	4,006	14,012
Increase (decrease) in accrued consumption taxes	(100)	(1,482)
Increase (decrease) in other current liabilities	1,561	(35,328)
Other	1,464	(2,000)
Subtotal	24,725	(23,507)
Interest and dividends income received	11,647	6,988
Interest paid	(5,201)	(10,537)
Income taxes paid	(22,699)	(18,274)
Net cash provided by (used in) operating activities	8,473	(45,329)

(million yen)

	Previous second quarter cumulative period (January 1, 2025 – June 30, 2025)	Current second quarter cumulative period (January 1, 2026 – June 30, 2026)
Net cash provided by (used in) investment activities		
Payments into time deposits	(63)	(4,344)
Proceeds from withdrawal of time deposits	72	430
Decrease (increase) in short-term loans receivable	604	2,977
Proceeds from sales and redemption of securities	62	-
Payments for purchases of property, plant and equipment	(35,624)	(25,415)
Proceeds from sales of property, plant and equipment	2,416	4,989
Payments for purchases of intangible assets	(2,924)	(3,684)
Payments for purchase of investment securities	(20,512)	(33,956)
Proceeds from sales and redemption of investment Securities	2,989	26,265
Payments for purchase of subsidiary shares resulting in change in scope of consolidation	(2,964)	(478,162)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	3,344
Payments in long-term loans payable	(4,687)	(3,934)
Repayments of long-term loans receivable	33	33
Other payments	(5,243)	(4,048)
Other proceeds	361	1,333
Net cash provided by (used in) investment activities	(65,481)	(514,173)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	11,663	633,284
Repayments of finance lease obligations	(3,798)	(4,374)
Proceeds from long-term debt	105,257	32,366
Repayment of long-term debt	(43,619)	(34,635)
Redemption of bonds	(10,022)	(20,024)
Purchase of treasury shares	(4,001)	(0)
Proceeds from stock issuance to non-controlling interests	8,809	3,155
Cash dividends paid	(16,462)	(17,295)
Cash dividends paid to non-controlling interests	(17,393)	(10,945)
Proceeds from sale of subsidiary shares not resulting in change of scope of consolidation	380	-
Payments for purchase of subsidiary shares not resulting in change of scope of consolidation	(3,063)	(119)
Net decrease (increase) in deposits with withdrawal and usage restrictions	(982)	628
Other proceeds	0	395
Other payments	(28)	(7)
Net cash provided by (used in) financing activities	26,740	582,430
Effect of exchange rate change on cash and cash equivalents	(4,456)	3,576
Net increase (decrease) in cash and cash equivalents	(34,725)	26,505
Cash and cash equivalents at the beginning of period	206,297	208,577
Cash and cash equivalents at the end of period	171,572	235,082

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Previous Second Quarter Cumulative Period (Consolidated) (January 1, 2025 to June 30, 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 semi-annual consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	111,454	260,855	571,016	111,483	11,717	1,066,525	7,923	1,074,448	302	1,074,750
(2) Intersegment sales/transfer	10,199	361	1,778	88	966	13,393	5,940	19,332	(19,332)	－
Total	121,653	261,216	572,794	111,571	12,684	1,079,918	13,862	1,093,780	(19,030)	1,074,750
Segment income (loss)	2,983	18,019	74,471	(6,310)	(763)	88,400	2,455	90,856	(2,635)	88,221

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 ¥2,635 million includes ¥(705) million in eliminated intersegment transactions and ¥1,930 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 semi-annual 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

This information has little significance and has therefore been omitted.

Current Second Quarter Cumulative Period (Consolidated) (January 1, 2026 to June 30, 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 semi-annual consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	112,121	276,687	722,533	130,482	12,711	1,254,534	8,414	1,262,948	300	1,263,248
(2) Intersegment sales/transfer	10,097	693	3,042	1,078	1,128	16,038	6,293	22,331	(22,331)	—
Total	122,217	277,380	725,575	131,560	13,839	1,270,572	14,708	1,285,279	(22,031)	1,263,248
Segment income (loss)	616	16,872	45,701	(12,926)	(1,214)	49,048	1,419	50,466	(697)	49,769

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 ¥697 million includes ¥1,392 million in eliminated intersegment transactions and ¥2,089 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 semi-annual 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 second quarter cumulative period of the fiscal year ending December 31, 2026.

Segment Information for the previous second 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

(Important Change in the Amount of Goodwill)

In the Overseas Housing, Tri Pointe Homes Group (Tri Pointe Homes, Inc. and other 40 companies) has become our consolidated subsidiary. Due to this event, goodwill increased by ¥140,425 million for the current second quarter cumulative period.

The above amount is provisional, as the allocation of the acquisition cost had not been completed as of the end of the current second quarter cumulative period.

4. Information on Assets for Each Reporting Segment

(Significant Increase in Assets due to Acquisition of Subsidiaries)

Assets for the "Overseas Housing" segment have increased compared to the end of the previous consolidated fiscal year due to the addition of the Tri Pointe Homes Group (Tri Pointe Homes, Inc. and 40 other companies) as a consolidated subsidiary.

(Significant Subsequent Events)

(Issuance of Corporate Bonds)

At the meeting of the Board of Directors held on August 7, 2026, the Company made a comprehensive resolution regarding the issuance of corporate bonds as follows.

1.	Type:	Unsecured subordinated bonds with optional interest payment deferral and early redemption provisions
2.	Scheduled period of issuance:	From August 7, 2026 to July 9, 2027
3.	Total amount of issuance:	Within ¥300 billion However, not preclude multiple issuances within this limit.
4.	Interest rate:	<From the day following payment date until first optional redemption date> Interest rate of Japanese government bonds with the same term of maturity as the corporate bonds to be issued + 3.0% or less (fixed rate) <On and after the day following first optional redemption date> Interest rate of 1-year Japanese government bonds + 4.0% or less (annually-revised interest rate)
5.	Amount to be paid in:	Not less than ¥100 per ¥100 of the principal amount of each series of the bonds for subscription
6.	Maturity period:	Within 40 years
7.	Method of redemption:	Bullet redemption at maturity However, early redemption is available (1) on each interest payment date on and after the first optional redemption date, (2) for tax reasons, or (3) upon the occurrence of an equity credit change event
8.	Use of proceeds:	To be applied to funds for investment and loans, equipment, investment and loans to affiliates, repayment of borrowings, redemption of corporate bonds, operating capital, and redemption of commercial papers