FY12/2026 Second Quarter Financial Results and FY12/2026 Full-Year Forecast

SUMITOMO FORESTRY (Securities Code: 1911)

August 10, 2026

My name is Kawata. Thank you very much for taking time out of your busy schedule to attend our briefing today. Now, I will explain the Q2 financial results and the full year forecast of FY12/2026.

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We extend our heartfelt sympathies to all those affected by the 2026 Kumamoto Earthquake.

We sincerely wish for the swiftest possible recovery.

First, we would like to extend our heartfelt sympathies to all those affected by the recent Kumamoto Earthquake. We sincerely hope that recovery and reconstruction in the affected areas will proceed steadily and that those affected will be able to return to their normal lives as soon as possible.

Notes

- "Net income attributable to owners of parent" is expressed as "net income."
- From FY12/2026, we newly established *a Real Estate segment* and transferred the real estate business and the construction business to this new segment, that had previously been included in *the Global Construction and Real Estate segment* and *the Housing segment*.
- In addition, in connection with the new establishment of *the Real Estate segment*, the segment name has been renamed from *the Global Construction and Real Estate segment* to *the Overseas Housing segment*.
- As we have revised the initial purchase price allocation due to the finalization of provisional accounting treatment related to business combinations, the figures for the previous fiscal year on this material have also been revised.
- A stock split has been carried out in a ratio of three shares for every one share of common stock, with June 30, 2025 as the record date and July 1, 2025 as the effective date.
- On May 14, 2026, we acquired shares of Tri Pointe Homes, Inc. (hereinafter, "TPH"), making it a consolidated subsidiary. For the cumulative second quarter of the fiscal year under review, TPH's results have been consolidated for the three-month period from April 1, 2026 to June 30, 2026. Provisional accounting treatment has been applied to the purchase price allocation (PPA).

Before I begin, I would like to note a few points. The notes, including the segment changes, are as indicated. In particular, please note that Tri Pointe Homes, Inc., the acquisition of which was completed on May 14 of this year, has been added to the scope of consolidation, and its results for April have been incorporated.

FY12/2026 Second Quarter Results

Statements of Income

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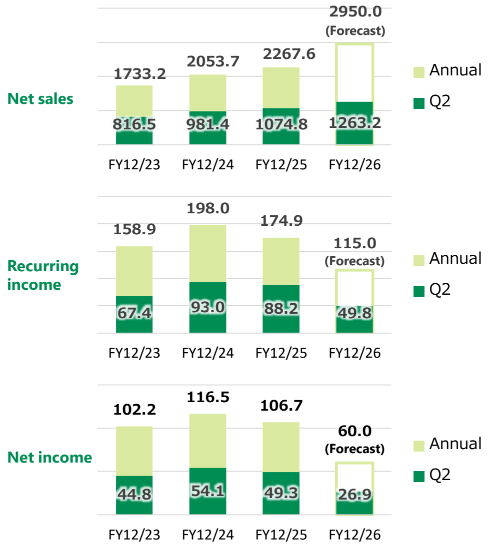
- Net sales increased on the effect of consolidating TPH and growth in the Australian housing business.
- In addition to higher SG&A expenses, deteriorating earnings in the U.S. housing and real estate businesses pushed income down.

(billion yen)	FY12/25 Q2	FY12/26 Q2	Change	Pct.
Net Sales	**1,074.8**	**1,263.2**	**+188.5**	**+17.5%**
Gross Profit	254.6	**277.7**	+23.0	+9.0%
SG&A Expenses	170.9	**217.7**	+46.8	+27.4%
Operating Income	83.7	**59.9**	-23.8	-28.4%
Non-operating income/expenses	4.5	**-10.2**	-14.7	-
Recurring income	**88.2**	**49.8**	**-38.5**	**-43.6%**
Recurring income to Net sales ratio	8.2%	**3.9%**	-4.3%pt	-
Extraordinary income/loss	-	**9.6**	+9.6	-
Net income	**49.3**	**26.9**	**-22.4**	**-45.5%**

FX rate (average during term)

USD/JPY	148.50	**158.14**
AUD/JPY	94.12	**111.05**



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Please refer to slide 5. I will walk you through our consolidated financial results for the cumulative second quarter.

Net sales increased 17.5% year on year to ¥1,263.2 billion, driven by the newly consolidated Tri Pointe Homes as well as the strong performance of our Australian housing business.

On the profit side, although the Australian housing business posted higher income, recurring income declined 43.6% year on year to ¥49.8 billion and net income attributable to owners of parent fell 45.5% year on year to ¥26.9 billion, reflecting the recording of expenses related to the acquisition of Tri Pointe Homes, lower profit margins in the U.S. housing business, and the recording of valuation losses in the U.S. real estate business.

In addition, in the first quarter we recorded extraordinary income derived from the partial sale of Kumagai Gumi Co., Ltd. shares, the gain on the transfer of building materials subsidiaries to GEOLIVE Group Corporation, and the partial sale of strategically-held shares.

Results by Segment

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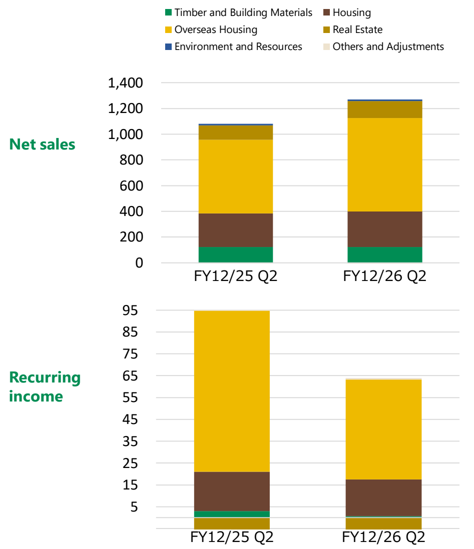
- Net sales increased in the Timber and Building Materials, Housing, Overseas Housing, Real Estate, and Environment and Resources businesses; however, income declined in every one of these businesses.

(billion yen)		FY12/25 Q2	FY12/26 Q2	Change	Pct.
Timber and Building Materials	Net Sales	121.7	**122.2**	+0.6	+0.5%
	Recurring income	3.0	**0.6**	-2.4	-79.4%
	RI/Net sales ratio	2.5%	**0.5%**	-1.9%pt	-
Housing	Net Sales	261.2	**277.4**	+16.2	+6.2%
	Recurring income	18.0	**16.9**	-1.1	-6.4%
	RI/Net sales ratio	6.9%	**6.1%**	-0.8%pt	-
Overseas Housing	Net Sales	572.8	**725.6**	+152.8	+26.7%
	Recurring income	74.5	**45.7**	-28.8	-38.6%
	RI/Net sales ratio	13.0%	**6.3%**	-6.7%pt	-
Real Estate	Net Sales	111.6	**131.6**	+20.0	+17.9%
	Recurring income	-6.3	**-12.9**	-6.6	-
	RI/Net sales ratio	-	**-**	-	-
Environment and Resources	Net Sales	12.7	**13.8**	+1.2	9.1%
	Recurring income	-0.8	**-1.2**	-0.5	-
	RI/Net sales ratio	-	**-**	-	-
Others	Net Sales	13.9	**14.7**	+0.8	+6.1%
	Recurring income	2.5	**1.4**	-1.0	-42.2%
	RI/Net sales ratio	17.7%	**9.6%**	-8.1%pt	-
Adjustment	Net Sales	-19.0	**-22.0**	-3.0	-
	Recurring income	-2.6	**-0.7**	+1.9	-
TOTAL	Net Sales	1,074.7	**1,263.2**	+188.5	+17.5%
	Recurring income	88.2	**49.8**	-38.5	-43.6%
	RI/Net sales ratio	8.2%	**3.9%**	-4.3%pt	-

* Recurring Income to Net sales ratio



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Please turn to slide 6. These are our results by segment.

In the Timber and Building Materials business, although net sales increased in the distribution business and in manufacturing operations in New Zealand, Indonesia and elsewhere, income declined due to factors such as the delayed launch of the U.S. sawmill.

In the Housing business, the number of construction starts increased, reflecting favorable orders received in the custom-built detached housing business, and net sales exceeded those of the prior-year period. On the other hand, recurring income declined owing to a decrease in land sales gains at a subsidiary and an increase in expenses.

In the Overseas Housing business, net sales increased due to the new consolidation of Tri Pointe Homes and the strong performance of the Australian housing business. Regarding the profit side, however, income declined despite higher income from the Australian housing business, due to the recording of expenses associated with the acquisition of Tri Pointe Homes and the lower profitability of the U.S. housing business against a challenging business environment.

In the Real Estate business, net sales increased due to factors such as higher fee income in the U.S. business; however, losses widened as a result of valuation losses recorded on certain projects and the postponement of the sale timing of domestic projects.

In the Environment and Resources business, net sales exceeded those of the prior-year period due to an increase in sales in the overseas forestry business. On the profit side, however, the recurring loss widened due to higher costs.

Domestic Housing Segment

		FY12/25 Q2	FY12/26 Q2	Change	Pct.
Orders received	Custom-built detached houses	209.8	**228.1**	+18.3	+8.7%
	Apartments	12.9	**14.8**	+1.8	+14.3%
Units & Prices of Custom-built detached houses	Units	4,223	**4,349**	+126.0	+3.0%
	Unit price (mil. Yen)	45.1	**47.8**	+2.7	+6.0%
Sales	Custom-built detached houses	186.0	**200.0**	+14.0	+7.5%
	Apartments	10.3	**11.0**	+0.7	+6.3%
	Detached spec home	9.2	**10.3**	+1.1	+11.5%
	Renovation	35.5	**35.7**	+0.3	+0.8%
	Others & Adjustments	20.2	**20.4**	+0.2	+1.1%
	TOTAL	261.2	**277.4**	+16.2	+6.2%
Units & Prices of Custom-built detached houses	Units	3,755	**3,784**	+29	+0.8%
	Unit price (mil. Yen)	47.8	**50.0**	+2.2	+4.6%

- **Order Status**

  Orders for higher-priced properties grew, drawing on the design capabilities that are one of our strengths, as exemplified by the Grand Estate Design Project. In addition, we expanded our value-added proposals, including original kitchens and vanities. As a result, both orders received and unit price exceeded the same period of the previous year.

- **Sales Status**

  Reflecting the strong orders received in the previous fiscal year, both sales and unit price in the custom-built detached housing business exceeded the same period of the previous year.

Next, I will explain the orders received and sales situation for our domestic housing business.

For orders of custom-built detached houses, as a result of promoting the Grand Estate Design Project targeting the higher price range, strengthening “Forest Selection” and one-story home proposals in the mid-price range, and reinforcing value-added proposals such as our original kitchens and vanities, orders received exceeded those of the prior-year period in terms of value, number of units and unit price alike.

As for sales, on the back of strong orders received, the number of units sold, the unit sales price and sales revenue all exceeded those of the prior-year period.

Overseas Housing Segment

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(Reference) Excluding the impact of TPH

(billion yen)			FY12/25 Q2	FY12/26 Q2	Changes	Pct.	(Reference) FY12/26 Q2	(Reference) Changes	(Reference) Pct.
U.S.	Housing	Net Sales	374.0	**458.3**	+84.3	+22.5%	**347.3**	-26.7	-7.1%
		Recurring income	56.8	**37.0**	-19.8	-34.8%	**31.6**	-25.2	-44.4%
		RI/Net sales ratio	15.2%	**8.1%**	-7.1%pt	-	**9.1%**	-6.1%pt	-
	FITP	Net Sales	25.6	**32.5**	+6.9	+26.8%	**32.5**	+6.9	+26.8%
		Recurring income	0.9	**-0.1**	-1.1	-	**-0.1**	-1.1	-
		RI/Net sales ratio	3.6%	**-**	-	-	**-**	-	-
Australia	Housing	Net Sales	158.9	**217.9**	+59.0	+37.1%	**217.9**	+59.0	+37.1%
		Recurring income	11.5	**19.7**	+8.3	+72.0%	**19.7**	+8.3	72.0%
		RI/Net sales ratio	7.2%	**9.1%**	+1.8%pt	-	**9.1%**	+1.8%pt	-
Indonesia, Vietnam	Housing	Net Sales	0.0	**0.0**	+0.0	+3.4%	**0.0**	+0.0	+3.4%
		Recurring income	-0.1	**-0.1**	+0.0	-	**-0.1**	+0.0	-
Others & Adjustments		Net Sales	14.2	**16.8**	+2.6	+18.4%	**16.8**	+2.6	+18.4%
		Recurring income	5.3	**-10.9**	-16.2	-	**-0.5**	-5.8	-
TOTAL		Net Sales	572.8	**725.6**	+152.8	+26.7%	**614.5**	+41.8	+7.3%
		Recurring income	74.5	**45.7**	-28.8	-38.6%	**50.7**	-23.8	-32.0%
		RI/Net sales ratio	13.0%	**6.3%**	-6.7%pt	-	**8.2%**	-4.8%pt	-

FX rate (average during term)	FY12/25 Q2	FY12/26 Q2
USD/JPY	148.50	**158.14**
AUD/JPY	94.12	**111.05**

- **U.S. Housing**
  Recurring income is expected to decline year-on-year due to sluggish demand and intensified sales competition.
- **Australian Housing**
  Due to strong order results and improved profitability, both net sales and recurring income increased.
- **Others & Adjustments**
  Recording of acquisition-related expenses associated with TPH.

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Next, please turn to slide 8. I will explain the Overseas Housing segment.

In the U.S. housing business, sales at existing subsidiaries declined owing to sluggish demand against a backdrop of persistently high mortgage rates and an uncertain economic outlook, while overall net sales increased owing to the new consolidation of Tri Pointe Homes. On the profit side, even including the contribution from Tri Pointe Homes, income fell below that of the prior-year period, due to factors such as an increased incentive burden resulting from intensifying sales competition.

In the FITP business, higher raw material prices and transportation costs could not be covered by the increase in net sales, resulting in a loss.

In the Australian housing business, profitability improved on the back of strong orders received and cost-reduction initiatives, and both sales and income increased even as the competitive environment grew tougher in some regions.

Provisional amounts of expenses related to the acquisition of Tri Pointe Homes and goodwill amortization are recorded under “Others & Adjustments.”

As a result, for the Overseas Housing business as a whole, income decreased despite an increase in sales. Excluding the impact of consolidating Tri Pointe Homes as well, we secured an increase in sales owing to growth in the Australian housing business, while income declined due to the lower profitability of the U.S. housing business.

Overseas Single-Family Homes Business

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(billion yen)		FY12/25 Q2	FY12/26 Q2	Change	Pct.
U.S. Housing	No. of Units order received	5,312	**6,476**	+1,164	+21.9%
	No. of Units sold	4,884	**5,392**	+508	+10.4%
	Sales (mil. USD)	2,519	**2,898**	+380	+15.1%
	Unit sales price (thousand USD)	496	**506**	+9	+1.9%
	RI/Net sales ratio	15.2%	**8.1%**	-7.1%pt	-
	Order backlog (units)	3,106	**4,699**	+1,593	+51.3%
	Lots owned	51,832	**67,321**	+15,489	+29.9%
	completed inventory	2,075	**2,152**	+77	+3.7%
	Option lots	31,701	**41,597**	+9,897	+31.2%
Australia Housing	No. of Units order received	3,991	**4,375**	+384	+9.6%
	No. of Units sold	3,636	**4,005**	+369	+10.2%
	Sales (mil. AUD)	1,688	**1,962**	+273	+16.2%
	Unit sales price (thousand AUD)	464	**490**	+25	+5.5%
	RI/Net sales ratio	7.2%	**9.1%**	+1.8%pt	-
	Order backlog (units)	7,872	**8,467**	+595	+7.6%

- **U.S. Housing**

  On a basis including TPH, both orders received and sales exceeded the same period of the previous year.

  Excluding the impact of TPH, orders remained on par with the previous year. However, the recurring profit margin declined year-on-year due to lower selling prices and higher sales incentives.

(Reference) Excluding the impact of TPH

(billion yen)		FY12/25 Q2	FY12/26 Q2	Change	Pct.
U.S. Housing	No. of Units order received	5,312	**5,329**	+17	+0.3%
	No. of Units sold	4,884	**4,379**	-505	-10.3%
	Sales (mil. USD)	2,519	**2,196**	-322	-12.8%
	Unit sales price (thousand USD)	496	**466**	-30	-6.1%
	RI/Net sales ratio	15.2%	**9.1%**	-6.1%pt	-

- **Australian Housing**

  Orders grew, centered on Western Australia and South Australia, with the number of units ordered up 9.6% year on year. The number of units sold also exceeded the same period of the previous year as construction progressed smoothly.

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Next, please turn to slide 9.

I will explain the status of our single-family homes businesses in the U.S. and Australia.

In the U.S., both the number of units order received and the number of units sold exceeded those of the prior-year period, owing to the new consolidation of Tri Pointe Homes.

On a basis excluding Tri Pointe Homes, the number of units order received was maintained at roughly the same level as the prior-year period, owing to factors such as an expansion in the number of communities and an increase in incentives.

Meanwhile, the recurring income to net sales ratio fell below that of the prior-year period due to discounts and an increase in incentives.

In the Australian single-family homes business, the number of units order received exceeded that of the prior-year period, with products for first-time buyers performing strongly, mainly in Western Australia and South Australia. The number of units sold also exceeded that of the prior-year period, reflecting smooth construction progress.

U.S. Single-Family Homes Business — Trends in Orders Received and Units Sold

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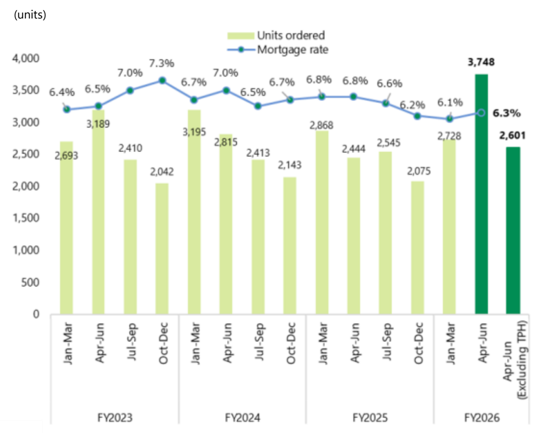
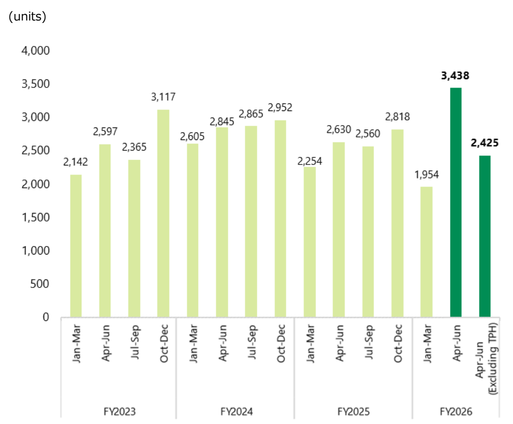
Trends in number of units ordered for U.S. single-family homes, and mortgage rates



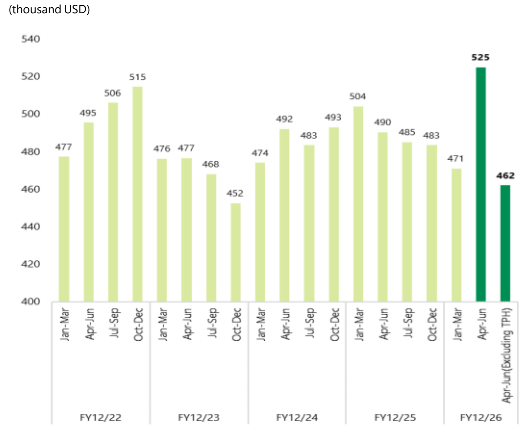
Trends in number of units sold for U.S. single-family homes (on a delivery basis)



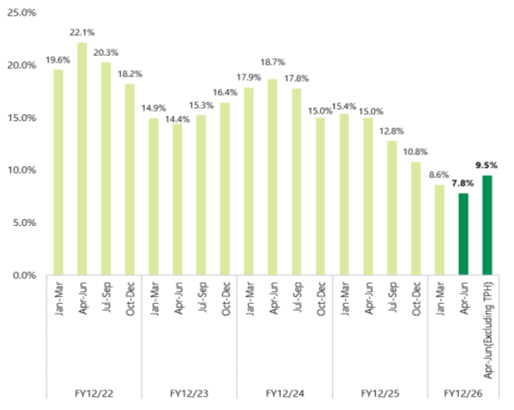
*Source: Federal National Mortgage Association (Fannie Mae)
https://www.fanniemae.com/research-and-insights/forecast

Slides 10 and 11 show the quarterly trends for our U.S. single-family homes business, so please review them.

Trends in unit sales price for U.S. single-family homes



Trends in recurring income to net sales ratio for U.S. single-family homes



Real Estate Segment

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(billion yen)			FY12/25 Q2	FY12/26 Q2	Change	Pct.
Overseas	U.S. Real Estate	Net Sales	80.1	**91.0**	+10.8	+13.5%
		Recurring income	-2.8	**-10.9**	-8.2	-
		RI/Net sales ratio	-	**-**	-	-
Domestic	Property Management and Real Estate Development	Net Sales	17.3	**21.8**	+4.6	+26.4%
		Recurring income	1.2	**0.4**	-0.8	-63.9%
		RI/Net sales ratio	7.0%	**2.0%**	-5.0%pt	-
	Construction	Net Sales	14.5	**18.9**	+4.4	+30.0%
		Recurring income	1.3	**1.5**	+0.1	+9.8%
		RI/Net sales ratio	9.2%	**7.8%**	-1.4%pt	-
Others & Adjustments		Net Sales	-0.4	**-0.1**	+0.2	-
		Recurring income	-6.1	**-3.9**	+2.2	-
TOTAL		Net Sales	111.6	**131.6**	+20.0	+17.9%
		Recurring income	-6.3	**-12.9**	-6.6	-
		RI/Net sales ratio	-	**-**	-	-

FX rate (average during term)		
USD/JPY	148.50	**158.14**
AUD/JPY	94.12	**111.05**

- **Overseas (U.S. Real Estate)**

  The recurring loss widened due to the recognition of valuation losses on certain LP investment projects.

- **Domestic (Property Management and Real Estate Development)**

  While sales increased due to earnings contributions from LeTech, income declined as the timing of sales of some projects was pushed back.

Please refer to slide 12. These are the results of the Real Estate business.

Net sales in the U.S. real estate business exceeded those of the prior-year period, due to factors such as an increase in fee income from construction contracting. On the profit side, however, the disposition of properties has remained difficult as cap rates have stayed elevated, and only one property was sold in the cumulative second quarter.

In addition, we recorded valuation losses on some of the LP investment projects organized by a particular general partner (GP), following a review of project profitability.

As a result, the extent of losses widened from the prior-year period.

In the domestic rental management and real estate development business, net sales increased owing to the contribution from LeTech, which was consolidated in the second quarter of the previous fiscal year. On the profit side, however, income declined as the timing of sales for projects was pushed back to the second half.

Timber and Building Materials/Environment and Resources Segment

(billion yen)		FY12/25 Q2	FY12/26 Q2	Change	Pct.
Timber and Building Materials	Net Sales	121.7	**122.2**	+0.6	+0.5%
	Recurring income	3.0	**0.6**	-2.4	-79.4%
	RI/Net sales ratio	2.5%	**0.5%**	-1.9%pt	-
Environment and Resources	Net Sales	12.7	**13.8**	+1.2	+9.1%
	Recurring income	-0.8	**-1.2**	-0.5	-
	RI/Net sales ratio	-	**-**	-	-

- **Status of Timber and Building Materials**

  Net sales increased on the solid performance of the manufacturing business in New Zealand and elsewhere. On the other hand, income declined due to factors such as delays in the launch of the U.S. sawmill acquired in the previous fiscal year.

- **Status of Environment and Resources**

  Net sales increased due to higher sales in the overseas forestry business; on the other hand, income declined due to an increase in costs in the same business.

Slide 13 shows net sales and recurring income for the Timber and Building Materials business and the Environment and Resources business.

In both segments, income decreased despite an increase in sales, due to the delayed launch of the U.S. sawmill in the Timber and Building Materials business and the impact of higher costs in the Environment and Resources business.

Balance Sheet — Assets

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(billion yen)	End of 12/2025	End of 6/2026	Changes
Current assets	1,693.7	**2,436.1**	+742.4
Cash, deposits, securities	185.4	**232.6**	+47.2
Receivables	241.7	**263.6**	+21.9
Real estate for sale	227.7	**316.9**	+89.3
Real estate for sale in process	756.6	**1,318.8**	+562.1
Other receivables	103.6	**123.9**	+20.2
Others	178.7	**180.4**	+1.7
Non-current assets	878.3	**1,153.9**	+275.6
Land and Construction in process	114.8	**109.0**	-5.9
Other non-current assets	207.8	**237.9**	+30.1
Intangible fixed assets	76.1	**242.1**	+166.0
Investment securities	377.3	**450.0**	+72.7
Others	102.2	**114.9**	+12.8
Non-current assets	2,572.0	**3,590.0**	+1,018.0

FX rate (end of term)		
USD/JPY	156.56	**162.39**
AUD/JPY	104.82	**111.56**

	End of 12/2025	End of 6/2026	Changes
Real estate for sale and Reals estate for sale in process	984.3	**1,635.7**	+651.4
U.S. (bil. Yen)	833.9	**1,450.3**	+616.4
U.S. (mil. USD)	5,327	**8,931**	+3,605

- **Balance Sheet — Assets**

  Total assets increased due to factors such as the new consolidation of TPH in the U.S. and the depreciating yen.

Slides 14 and 15 present the balance sheet as of the end of the second quarter.

Total assets increased by ¥1,018.0 billion from the end of the previous fiscal year. This was mainly attributable to an increase of approximately ¥920.0 billion from the new consolidation of Tri Pointe Homes, together with a foreign currency translation impact of approximately ¥99.0 billion arising from the weaker yen.

Balance Sheet ― Liabilities and Net Assets

(billion yen)	End of 12/2025	End of 6/2026	Changes
Liabilities	1,435.2	**2,349.2**	+914.0
Payables	292.6	**333.8**	+41.2
Interest bearing debt	769.5	**1,599.0**	+829.5
Contract liabilities	99.0	**121.1**	+22.1
Income taxes payable	10.8	**13.1**	+2.3
Others	263.4	**282.2**	+18.9
Net assets	1,136.8	**1,240.8**	+104.0
Shareholders' equity	762.8	**773.8**	+11.0
Accumulated other comprehensive income	241.2	**320.8**	+79.6
Foreign currency translation adjustment	175.7	**243.0**	+67.3
Non-controlling interests	132.8	**146.2**	+13.4
Share acquisition rights	0.1	**0.1**	+0.0
Total liabilities and net assets	2,572.0	**3,590.0**	+1,018.0

(billion yen)	End of 12/2025	End of 6/2026	Changes
Interest bearing debt	769.5	**1,599.0**	+829.5
Short-term borrowings	140.8	**822.3**	+681.5
Long-term borrowings	532.2	**578.9**	+46.7
Bonds payable	70.3	**155.6**	+85.2
Lease obligations	26.2	**42.2**	+16.0

- **Balance Sheet ― Liabilities and Net Assets**

  Interest-bearing debt increased due to factors such as the new consolidation of TPH and the depreciating yen. On the net assets side, foreign currency translation adjustment increased.

On the liabilities side on slide 15, interest bearing debt increased by ¥829.5 billion due to the financing associated with the acquisition of Tri Pointe Homes and the impact of consolidating the company. On the net assets side, the foreign currency translation adjustment increased by ¥67.3 billion as a result of the weaker yen.

Investments / Real Estate for Sale / Cash Flow

■Investment

(billion yen)	Phase2 Plan	FY12/25	26/12 2Q	Progress Rate
Foresty-fund related	22.0	**0.5**	**1.8**	+10.2%
Forest resources business	5.0	**1.1**	**1.0**	+41.0%
Timber industrial complex	46.0	**8.1**	**3.0**	+24.1%
Manufacturing business	44.0	**6.7**	**1.1**	+17.7%
FITP business	4.0	**3.2**	**1.4**	+113.7%
Housing business	33.0	**26.7**	**623.6**	+1970.8%
Medium- to large-scale wooden constructions	45.0	**1.3**	**2.0**	+7.4%
Real estate development business	144.0	**90.0**	**27.1**	+81.3%
Renewable energy business	20.0	**0.2**	**0.2**	+2.1%
System-related	20.0	**4.7**	**3.7**	+42.2%
Others	30.0	**12.2**	**-13.4**	-4.0%
Total	**413.0**	**154.5**	**651.6**	**+195.2%**

■Real Estate for Sale（Increase)

(billion yen)	Phase2 Plan	FY12/25	26/12 2Q	Progress Rate
Overseas Housing	265.0	**81.3**	**43.2**	+47.0%
Domestic Housing	35.0	**42.3**	**27.0**	+198.0%
Total	**300.0**	**123.6**	**70.2**	**+64.6%**

* Medium-Term Management Plan Phase2 : FY12/2025 to FY12/2027

- **Status of Investments / Real Estate for Sale**

  Investment in the housing business includes equity contributions related to the acquisition of TPH.
  The increase in properties for sale was mainly attributable to growth in the U.S. housing business and LeTech.

Next, please turn to slide 16. This shows the status of our investments.

Investments for the cumulative second quarter of FY12/2026 totaled ¥651.6 billion, and the increase in real estate for sale was ¥70.2 billion.

Of the investment amount, approximately ¥610.0 billion represents the acquisition of Tri Pointe Homes. As this was a large-scale investment that had not been factored in when the current Medium-Term Management Plan was formulated, the cumulative amount as of the second quarter exceeds the total investment plan under the Medium-Term Management Plan.

With regard to real estate for sale, we made a net investment of ¥70.2 billion, reflecting factors such as construction progress and land purchases at our U.S. housing companies and LeTech.

That concludes the overview of our financial results for the second quarter of FY12/2026.

FY12/2026 Full-Year Forecast

Profit and Loss Statement

(billion yen)	FY12/25	FY12/26 forecast	Changes	Pct.	vs. previous forecast
Net Sales	**2,267.6**	**2,950.0**	**+682.4**	**+30.1%**	**+360.0**
Gross Profit	524.6	**614.0**	+89.4	+17.0%	+54.0
SG&A Expenses	355.9	**471.0**	+115.1	+32.3%	+68.0
Operating Income	168.7	**143.0**	-25.7	-15.2%	-14.0
Non-operating income	6.2	**-28.0**	-34.2	-	-31.0
Recurring income	**174.9**	**115.0**	**-59.9**	**-34.2%**	**-45.0**
Recurring income to Net sales ratio	7.7%	**3.9%**	-3.8%pt	-	-2.3%pt
Extraordinary profit/loss	5.3	**9.6**	+4.3	+80.2%	+0.0
Net income	**106.7**	**60.0**	**-46.7**	**-43.7%**	**-35.0**
EPS	**174.13**	**97.85**	**-76.28**	**-43.8%**	**-57.24**

FX rate

USD/JPY	149.66	**158.14**
AUD/JPY	96.51	**111.05**

- **Overview of FY12/26 Forecast**

  Full-year earnings forecast revised in light of Q2 results and other factors. Net sales have been revised upward by 360.0 billion yen, while recurring income and net income have been revised downward by 45.0 billion yen and 35.0 billion yen, respectively. FX assumptions remain unchanged from the first-half average rates.

Next, I will explain our full-year forecast. Please refer to slide 18.

As Mitsuyoshi explained earlier, we have revised our full-year earnings plan in light of the second-quarter results and the outlook going forward.

We now forecast net sales of ¥2,950.0 billion, up ¥360.0 billion vs. the previous forecast; recurring income of ¥115.0 billion, down ¥45.0 billion; and net income of ¥60.0 billion, down ¥35.0 billion.

The exchange rates applied to the full-year forecast are the same as the average rates for January through June that were applied to the second-quarter results.

Segment Net Sales and Recurring Income

Happiness Grows from Trees
SUMITOMO FORESTRY

(billion yen)		FY12/25	FY12/26 forecast	Changes	Pct.	vs. previous forecast
Timber and Building Materials	Net Sales	253.0	**255.0**	+2.0	+0.8%	-19.0
	Recurring income	12.8	**5.0**	-7.8	-60.8%	-5.0
	RI/Net sales ratio	5.0%	**2.0%**	-3.1%pt	-	-1.7%pt
Housing	Net Sales	542.3	**586.0**	+43.7	+8.1%	-10.0
	Recurring income	38.5	**34.5**	-4.0	-10.5%	-3.5
	RI/Net sales ratio	7.1%	**5.9%**	-1.2%pt	-	-0.5%pt
Overseas Housing	Net Sales	1,205.9	**1,776.0**	+570.1	+47.3%	+402.0
	Recurring income	138.0	**98.0**	-40.0	-29.0%	-15.0
	RI/Net sales ratio	11.4%	**5.5%**	-5.9%pt	-	-2.7%pt
Real Estate	Net Sales	254.1	**319.0**	+64.9	+25.6%	-12.0
	Recurring income	- 13.8	**-14.5**	-0.7	-	-15.5
	RI/Net sales ratio	-	**-**	-	-	-
Environment and Resources	Net Sales	26.8	**28.0**	+1.2	+4.6%	+0.0
	Recurring income	- 1.4	**- 1.3**	+0.1	-	+0.2
	RI/Net sales ratio	-	**-**	-	-	-
Others	Net Sales	28.1	**31.0**	+2.9	+10.3%	+1.0
	Recurring income	5.0	**4.5**	-0.5	-10.5%	+1.0
	RI/Net sales ratio	17.9%	**14.5%**	-3.4%pt	-	+2.8%pt
Adjustment	Net Sales	- 42.5	**- 45.0**	-2.5	-	-2.0
	Recurring income	- 4.2	**- 11.2**	-7.0	-	-7.2
TOTAL	Net Sales	2,267.6	**2,950.0**	+682.4	+30.1%	+360.0
	Recurring income	174.9	**115.0**	-59.9	-34.2%	-45.0
	RI/Net sales ratio	7.7%	**3.9%**	-3.8%pt	-	-2.3%pt

- **Overview of Recurring Income by Major Segment**

  Timber and Building Materials:
  Income is expected to decrease due to delays in ramping up the U.S. manufacturing subsidiary, and the previous forecast has also been revised downward.

  Domestic housing business:
  Recurring income has been revised downward due to a decrease in the number of completed units resulting from prolonged construction periods, as well as rising material costs.

  Overseas Housing:
  While incorporating improved profitability in the Australian housing business, the profit forecast has been revised downward due to the recording of PPA-related expenses and a decline in profitability in the US housing business.

  Real Estate:
  Reflecting the recording of valuation losses and a revision to the number of property sales in light of market conditions.

Let me explain by segment on slide 19.

For the Timber and Building Materials business, the delayed launch of the U.S. sawmill is expected to affect the second half as well, and we have revised recurring income downward by ¥5.0 billion.

For the Housing business, factoring in the current delays in construction progress as well as the impact of rising material prices against the backdrop of the situation in the Middle East, we have set recurring income at ¥34.5 billion, ¥3.5 billion below the previous forecast.

For the Overseas Housing business, although we expect higher income from the Australian housing business, this will be outweighed by the recording of expenses associated with the acquisition of Tri Pointe Homes and by lower profitability at existing subsidiaries in the U.S. We have set recurring income at ¥98.0 billion, ¥15.0 billion below the previous forecast.

For the Real Estate business, reflecting the impact of the valuation losses recorded in the second quarter as well as a reduction in the number of property sales factored in following a careful assessment of market conditions, recurring income is projected to fall ¥15.5 billion below the previous forecast, resulting in an expected loss of ¥14.5 billion.

Domestic Housing Segment

Happiness Grows from Trees
SUMITOMO FORESTRY

		FY12/25	FY12/26 forecast	Changes	Pct.	vs. previous forecast
Orders received	Custom-built detached houses	420.1	**435.0**	+14.9	+3.5%	+15.0
	Apartments	26.4	**26.0**	-0.4	-1.4%	+0.0
Units & Prices of Custom-built detached houses	Units	8,357	**8,300**	-57	-0.7%	+100
	Unit price (mil. Yen)	45.9	**48.0**	+2.1	+4.6%	+1.5
Sales	Custom-built detached houses	389.0	**412.0**	+23.0	+5.9%	-14.0
	Apartments	19.1	**23.9**	+4.8	+25.4%	+1.2
	Detached spec home	20.1	**28.0**	+7.9	+39.2%	+1.8
	Renovation	77.9	**80.0**	+2.1	+2.7%	+0.5
	Others & Adjustments	36.3	**42.1**	+5.8	+16.1%	+0.5
	TOTAL	542.3	**586.0**	+43.7	+8.1%	-10.0
Units & Prices of Custom-built detached houses	Units	7,772	**7,750**	-22	-0.3%	-350
	Unit price (mil. Yen)	48.6	**50.4**	+1.8	+3.7%	-0.3

- **Orders received(Custom-built detached houses)**

  (vs. Previous Forecast) Reflecting solid first-half performance supported by product strategies and sales initiatives, the second-half plan has been revised upward for both unit prices and order volume.

  (vs. Previous Year) Order value is expected to exceed the same period of the previous year due to higher unit prices.

- **Sales(Custom-built detached houses)**

  (vs. Previous Forecast) Sales value is expected to be below the previous forecast due to a reduction in the number of units sold.

  (vs. Previous Year) Although longer construction periods are expected to weigh on unit sales, sales value is projected to exceed the same period of the previous year, supported by higher selling prices.

 20

Next, please turn to slide 20. These are the forecasts for orders received and sales in the domestic housing business.

The number of units order received for custom-built detached houses has been solid, supported by the effects of our product strategy and sales measures, even as the business environment remains challenging. In light of this, we have raised our order outlook for the second half, and the value of orders received are planned to exceed the prior-year result.

Regarding the number of units sold, as I mentioned earlier, we have lowered the number of units sold from the previous forecast in light of the lengthening of construction periods, and it is now expected to be below the prior-year result. However, as we expect unit prices to rise on the back of expanded sales of high-value-added products, sales revenue is projected to exceed the prior-year result.

Overseas Housing Segment

Happiness Grows from Trees
SUMITOMO FORESTRY

(billion yen)			FY12/25	FY12/26 forecast	Changes	Pct.	vs. previous forecast
U.S.	Housing	Net Sales	786.1	**1,232.0**	+445.9	+56.7%	+370.0
		Recurring income	105.2	**101.5**	-3.7	-3.5%	+16.0
		RI/Net sales ratio	13.4%	**8.2%**	-5.1%pt	-	-1.7%pt
	FITP	Net Sales	55.3	**69.0**	+13.7	+24.8%	+6.0
		Recurring income	0.9	**0.7**	-0.2	-20.8%	-1.8
		RI/Net sales ratio	1.6%	**1.0%**	-0.6%pt	-	-3.0%pt
Australia	Housing	Net Sales	337.8	**442.0**	+104.2	+30.9%	+28.0
		Recurring income	26.3	**37.5**	+11.2	+42.5%	+7.5
		RI/Net sales ratio	7.8%	**8.5%**	+0.7%pt	-	+1.2%pt
Indonesia, Vietnam	Housing	Net Sales	+0.1	**+0.0**	-0.0	+34.2%	+0.0
		Recurring income	△0.7	**+0.8**	+1.5	-	+1.9
Others & Adjustments		Net Sales	26.7	**33.0**	+6.3	+23.4%	-2.0
		Recurring income	6.2	**-42.5**	-48.7	-	-38.6
TOTAL		Net Sales	1,205.9	**1,776.0**	+570.1	+47.3%	+402.0
		Recurring income	138.0	**98.0**	-40.0	-29.0%	-15.0
		RI/Net sales ratio	11.4%	**5.5%**	-5.9%pt	-	-2.7%pt

FX rate	FY12/25	FY12/26 forecast
USD/JPY	149.66	**158.14**
AUD/JPY	96.51	**111.05**

- **Status of U.S. Housing**

  Net sales are expected to increase due to the new consolidation effect of TPH. Although profit is expected to decline year-on-year due to a decrease in profitability in the existing US housing business, it is projected to exceed the previous forecast.

- **Status of Australian Housing**

  Against a backdrop of strong order performance and steady construction progress, both net sales and recurring income are expected to exceed both the same period of the previous year and the previous forecast.

- **Others & Adjustments**

  Profit has been revised downward due to the recording of PPA-related expenses associated with TPH. As a result, the overseas housing business segment as a whole is expected to fall below both the same period of the previous year and the previous forecast.

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Please refer to slide 21. This provides details on the Overseas Housing segment.
This is a more detailed presentation of what I described earlier in the segment forecast.

The details are as shown; note that “Others & Adjustments” includes expenses associated with the acquisition of Tri Pointe Homes, such as one-time acquisition-related costs, goodwill amortization, and amortization of fair valuation differences on real estate.

Overseas Single-Family Homes Business

Happiness Grows from Trees
SUMITOMO FORESTRY

(billion yen)		FY12/25	FY12/26 forecast	Changes	Pct.	vs. previous forecast
U.S. Housing	No. of Units sold (including TPH)	10,262	**14,160**	+3,898	+38.0%	+2,525
	No. of Units sold (excluding TPH)	10,262	**10,290**	+28	+0.3%	-1,345
	Sales (mil. USD)	5,252	**7,791**	+2,538	+48.3%	+2,045
	Unit sales price (thousand USD)	490	**520**	+30	+6.1%	+54
	RI/Net sales ratio	13.4%	**8.2%**	-5.1%pt	-	-1.7%pt
Australia Housing	No. of Units sold	7,404	**8,070**	+666	+9.0%	+270
	Sales (mil. AUD)	3,500	**3,980**	+480	+13.7%	+37
	Unit sales price (thousand AUD)	473	**493**	+20	+4.3%	-10
	RI/Net sales ratio	7.8%	**8.5%**	+0.7%pt	-	+1.2%pt

- **U.S. Housing**
  Reflecting the expansion of housing lots by the five existing companies and the effect of the new consolidation of TPH, the number of units sold is expected to exceed both the previous forecast and the actual results of the previous year. On the other hand, the profit margin has been revised downward to reflect an increase in sales promotion incentives.

- **Australian Housing**
  Owing to strong orders and smooth construction progress, both the number of units sold and profit margins have exceeded the plan, and the recurring income forecast has been revised upward.

 22

Please refer to slide 22, which provides details on the Overseas Single-Family Homes Business.

For the U.S. single-family homes business, the full-year number of units sold is expected to exceed both the previous forecast and the prior-year result, owing to the steady opening of communities at our existing subsidiaries as well as the new consolidation of Tri Pointe Homes.

On the other hand, the business environment surrounding the U.S. housing business remains challenging, and as further increases in sales promotion incentives are anticipated from the third quarter onward, we have revised the recurring income to net sales ratio downward from the previous forecast.

For the Australian housing business, we have raised our outlook for the number of units sold on the back of strong orders received and smooth construction progress to date, and as profit margins are also tracking above our assumptions, we have revised our recurring income forecast upward.

Real Estate Segment

Happiness Grows from Trees
SUMITOMO FORESTRY

(billion yen)			FY12/25	FY12/26 forecast	Change	Pct.	vs. previous forecast
Overseas	U.S. Real Estate	Net Sales	179.7	**218.5**	+38.8	+21.6%	-15.5
		Recurring income	-1.1	**-12.5**	-11.4	-	-16.5
		RI/Net sales ratio	-	**-**	-	-	-
Domestic	Property Management and Real Estate Development	Net Sales	43.3	**62.0**	+18.7	+43.3%	+4.0
		Recurring income	3.1	**3.5**	+0.4	+13.8%	+0.0
		RI/Net sales ratio	7.1%	**5.6%**	-1.5%pt	-	-0.4%pt
	Construction	Net Sales	31.5	**39.0**	+7.5	+23.6%	+0.0
		Recurring income	3.0	**4.0**	+1.0	+33.5%	+1.5
		RI/Net sales ratio	9.5%	**10.3%**	+0.8%pt	-	+3.8%pt
Others & Adjustments		Net Sales	-0.5	**-0.5**	-0.0	-	-0.5
		Recurring income	-18.8	**-9.5**	+9.3	-	-0.5
TOTAL		Net Sales	254.1	**319.0**	+64.9	+25.6%	-12.0
		Recurring income	-13.8	**-14.5**	-0.7	-	-15.5
		RI/Net sales ratio	-	**-**	-	-	-

FX rate		
USD/JPY	149.66	**158.14**
AUD/JPY	96.51	**111.05**

- **U.S. Real Estate business**

  In addition to the loss recorded in Q2, the forecast has been revised downward to reflect delays in asset sales.

- **The Property Management and Real Estate Development business, the Construction business**

  The Property Management and Real Estate Development business is expected to perform broadly in line with the plan, while recurring income in the Construction business is expected to surpass the previous forecast due to steady progress on large-scale projects.

- **Others & Adjustments**

  The year-on-year variance was attributable to one-off factors recorded in the previous fiscal year, including impairment losses on real estate development projects in Europe and Australia recognized at fiscal year-end.

Please refer to slide 23.

For the U.S. real estate business, reflecting the valuation losses recorded together with a cautious assessment of the property sales environment from the third quarter onward, we now expect a recurring loss of ¥12.5 billion, a deterioration of ¥16.5 billion from the previous plan.

For the domestic rental management & real estate development business, although the timing of some sales of LeTech’s residential projects has been delayed, we expect to make up for this in the second half and anticipate broadly on-plan progress.

For the domestic construction business, recurring income is expected to exceed the previous forecast, as construction on large-scale projects is progressing smoothly.

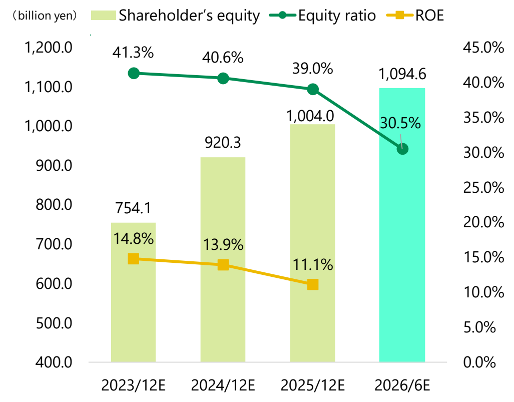
The remainder of the year on year change reflects special factors in the previous fiscal year, such as the valuation losses on real estate development projects in Europe and Australia recorded at the end of the previous fiscal year.

Financial Indicators

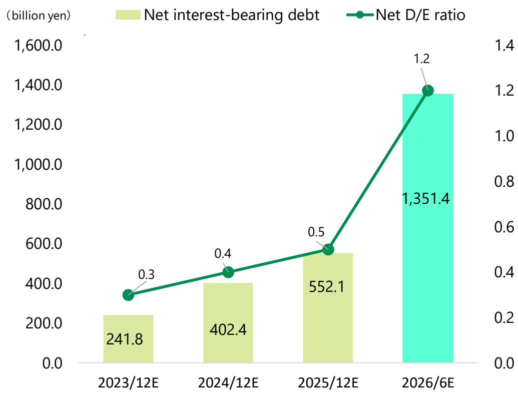
Happiness Grows from Trees
SUMITOMO FORESTRY

- Due to the effect of the weaker yen and the increase in assets and interest-bearing debt associated with the acquisition of TPH, the equity ratio declined, and the net D/E ratio rose.

Shareholders' Equity / Equity Ratio / ROE



Net Interest-Bearing Debt/Net D/E Ratio



 24

Please refer to slide 24.

Total assets increased due to the weaker yen and the acquisition of Tri Pointe Homes, and as the increase in interest bearing debt associated with the acquisition financing outpaced the growth in shareholders' equity, the equity ratio declined and the net D/E ratio rose.

Going forward, we intend to maintain financial discipline by advancing greater selectivity in investments and the selection and concentration of our businesses, while steadily executing growth investments to drive future earnings expansion.

This concludes the explanation. Thank you very much.

Disclaimer

- The financial forecasts, outlooks, and business plans contained in this document are based on assumptions and judgments made by our Group using information available at the time of preparation, and do not constitute a guarantee or promise of their accuracy or completeness.
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Happiness Grows from Trees

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