Happiness Grows from Trees

SUMITOMO FORESTRY

FY12/2026 Second Quarter Financial Results Briefing

Current Business Environment and Future Business Strategy

August 10, 2026

Good afternoon. My name is Mitsuyoshi. Thank you very much for taking time out of your busy schedule to attend our financial results briefing today.

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 express our heartfelt sympathies to all those affected by the recent 2026 Kumamoto Earthquake. With intermittent aftershocks continuing, and amid the severe heat that persists day after day, the recovery work must place a heavy burden on those involved, and we sincerely hope for the earliest possible return to peaceful daily life.

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I will first outline our second quarter financial results and full-year forecast, as well as the current business environment and our future business strategy, after which Executive Vice President Kawata will explain the details of the results and forecast.

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1. FY12/2026 Second Quarter Results

First, I will outline our FY12/2026 second quarter results.

FY12/2026 Second Quarter Consolidated Results

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✓ While **net sales increased year on year**, driven mainly by the effect of the acquisition of Tri Pointe Homes, Inc. (hereinafter "TPH") and the strong performance of the Australian housing business, consolidated **recurring income declined to 49.8 billion yen (change: -43.6%)**, reflecting the continued wait-and-see attitude among customers in the U.S. housing business and sluggish orders received.

Consolidated results

(billion yen)	FY12/25 Q2	FY12/26 Q2	Pct.
Net sales	1,074.8	1,263.2	+17.5%
Operating income	83.7	59.9	-28.4%
Recurring income	88.2	49.8	-43.6%
Net income*	49,3	26.9	-45.5%

*"Net income attributable to owners of parent" is expressed as "net income."

Net sales by segment

(billion yen)	FY12/25 Q2	FY12/26 Q2	Pct.
Timber and Building Materials	121.7	122.2	+0.5%
Housing	261.2	277.4	+6.2%
Overseas Housing	572.8	725.6	+26.7%
Real Estate	111.6	131.6	+17.9%
Environment and Resources	12.7	13.8	+9.1%
Others	13.9	14.7	+6.1%
Adjustment	-19.0	-22.0	-
TOTAL	1,074.8	1,263.2	+17.5%

Recurring income by segment

(billion yen)	FY12/25 Q2	FY12/26 Q2	Pct.
Timber and Building Materials	3.0	0.6	-79.4%
Housing	18.0	16.9	-6.4%
Overseas Housing	74.5	45.7	-38.6%
Real Estate	-6.3	-12.9	-
Environment and Resources	-0.8	-1.2	-
Others	2.5	1.4	-42.2%
Adjustment	-2.6	-0.7	-
TOTAL	88.2	49.8	-43.6%

Please turn to page 5.

Our second quarter results are as shown here. While net sales increased year on year, driven mainly by the effect of the Tri Pointe Homes acquisition and the strong performance of the Australian housing business, recurring income declined by 43.6% year on year, as performance in the U.S. housing business, a pillar of our earnings, was sluggish.

2. Business Environment and Business Strategy

Next is the current business environment and our future business strategy.

Business Environment | U.S. Housing Business (1)

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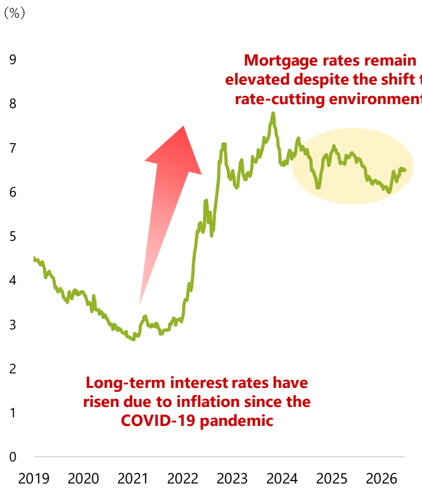
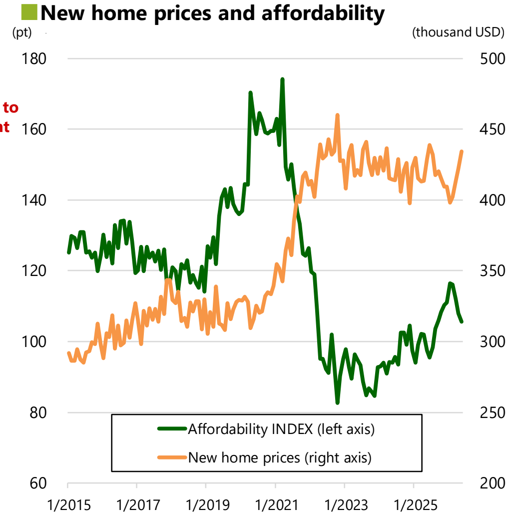
- ✓ Although employment conditions remain solid, **with mortgage rates and home prices staying high, affordability has not improved, and housing demand remains stagnant**.
- ✓ On the other hand, **the pool of new home buyers, including Millennials and Gen Z, is large, and firm housing demand is expected**.

30-Year fixed rate mortgage



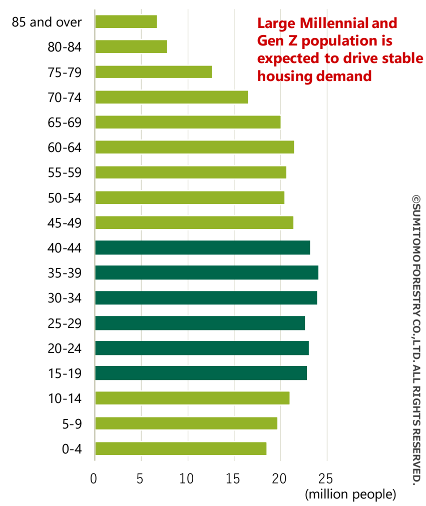
Source: Prepared by the Company based on Freddie Mac data (as of June 25, 2026)

New home prices and affordability



Source: Prepared by the Company based on NAR and U.S. Census Bureau data (as of April 2026)

Population breakdown by age group



Source: Prepared by the Company based on United Nations Population Division data

First, I will explain the business environment for the U.S. housing business. Please turn to page 7.

In the U.S., the employment environment remains solid, with the unemployment rate holding at a low level of around 4.1%. With home prices, which surged following the pandemic-era housing boom, and the benchmark 30-year fixed mortgage rate staying high in the mid-6% range, housing affordability has not improved, and stagnant demand has become prolonged. In addition, the ongoing tensions in the Middle East and soaring energy prices have significantly dampened the sentiment of prospective homebuyers.

On the other hand, our long-held view remains unchanged: the home-buying population in the U.S., including the Millennial and Gen Z generations, is large, and firm housing demand is expected to continue over the medium to long term.

Business Environment | U.S. Housing Business (2)

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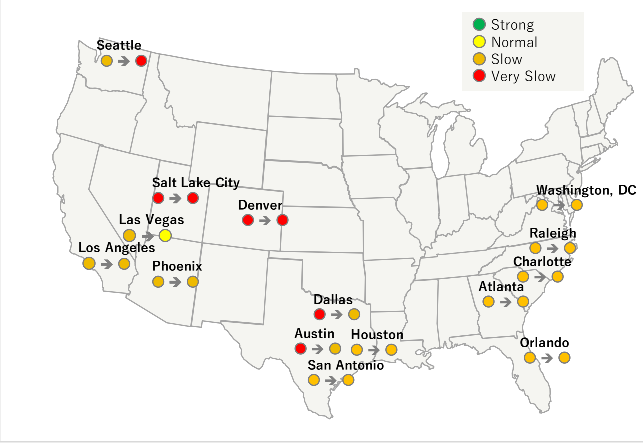
✓ Home prices in the U.S. are expected to trend downward in the second half of 2026, with **a market recovery projected from 2027 onward**. Attention is focused on developments and the impact of the homebuyer support measure, the 21st Century ROAD to Housing Act, enacted in July.

Market conditions across our operating areas in 2026 (January 2026 → June 2026)



Source: Prepared by the Company based on John Burns Research and Consulting, LLC data

2026 Housing price forecast (vs. 2025)

Area	% change (YoY)
Salt Lake City	+1%
San Antonio, Charlotte, Los Angeles	+0% to under 1%
Houston, Tampa, Las Vegas	Around 0%
Washington DC, Phoenix, Dallas, Raleigh, Seattle, Atlanta, Denver, Orlando	-1%
Austin	-2%

Source: Prepared by the Company based on John Burns Research and Consulting, LLC data

★ Enactment of homebuyer support measure

The 21st Century ROAD to Housing Act, a bill aimed at expanding housing supply and improving housing affordability, **has been enacted**.

【Objectives of the Act】

- Expand housing supply
- Strengthen financing
- Streamline regulations
- Support demand

Please turn to page 8.

This is an update on market conditions that we have shared with you previously. While there are areas such as Dallas and Austin showing signs of bottoming out, conditions overall remain challenging, with markets such as Seattle, where layoffs at major tech companies continue, seeing deterioration. Forecasts of market home prices by research firms also project a continued downward trend in home prices across many areas in 2026.

In July, the 21st Century ROAD to Housing Act was enacted in Congress with bipartisan support from both Republicans and Democrats as a homebuyer support measure. We expect it will take some time for its effects to materialize, but we will continue to monitor developments at the state government level in each area and the impact on market conditions.

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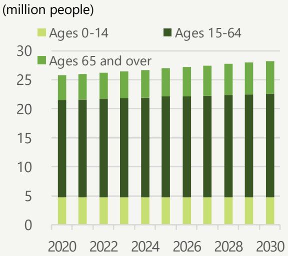
Australia

Market environment in our operating areas

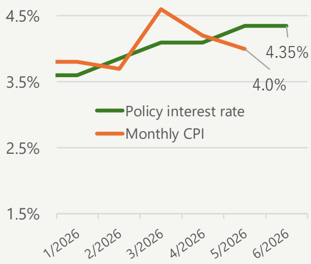
Victoria New South Wales	The housing market remains subdued with **a challenging sales environment**. Consumer sentiment has weakened in metropolitan VIC, and in NSW there has been deteriorating affordability due to land shortages and intense competition.
Queensland Western Australia South Australia	**Market conditions are strong on the back of robust housing demand** driven by population growth. Interest rate hikes, deteriorating affordability from price increases, land shortages, and rising labor costs are areas of concern.

Population composition by age group



Source: United Nations population projections

CPI and policy interest rate

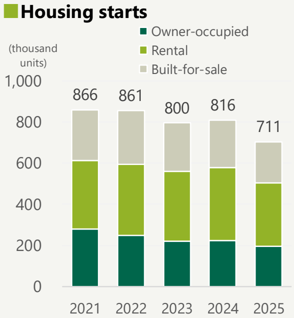


Source: ABS, RBA

Japan

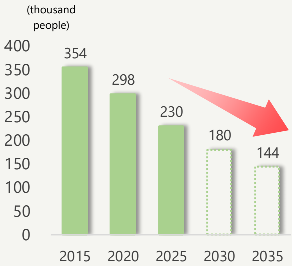
- Housing starts in FY2025 **declined to 710,000 units**
- **Rising interest rates** and **persistently high material and labor costs** continue, and the risk of longer construction periods due to labor shortages is increasing
- Against a backdrop of growth in the housing stock and vacant homes and expanding needs for inheritance planning, **the existing property business market is expected to continue growing** in areas such as renovation and buy-and-resell
- The wealth effect from rising stock prices is expected to stimulate transactions in the real estate market and expand demand for renovation

Housing starts



Source: Ministry of Land, Infrastructure, Transport and Tourism

Projected future number of carpenters



Source: Prepared by the Company based on the Construction Economy Report of the Research Institute of Construction and Economy

Next, I will explain the business environment for the Australian and domestic housing businesses. Please turn to page 9.

In Australia, affordability has recently declined due to rising prices and policy interest rate hikes stemming from the situation in the Middle East, but there is no change to the trend of continued housing market growth driven by continued population growth.

At the same time, housing market conditions vary by area. Victoria and New South Wales continue to face a challenging sales environment, while Queensland, Western Australia, and South Australia continue to see strong market conditions driven by robust housing demand.

In Japan, amid a continued decline in the number of new housing starts, the risk of longer construction periods is increasing due to rising interest rates, persistently high material and labor costs, and labor shortages.

At the same time, against a backdrop of growth in the housing stock and vacant homes and expanding needs for inheritance planning, the existing properties business market, including renovation and resale of renovated properties, can be expected to continue growing. In addition, the wealth effect from rising stock prices is currently expected to stimulate transactions in the real estate market and expand demand for renovation.

U.S. Housing Business | Business Strategy: Acquisition of TPH

Deepening of Global Expansion

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Effects of the TPH Acquisition

① **Expansion of scale**

② **Entry into new areas and diversification of products**

③ **Strengthening of the value chain**

④ **Strengthening of the management base**

Complementing nationwide expansion

Entry into California and Nevada, where the Company had no presence, covering the sun belt region

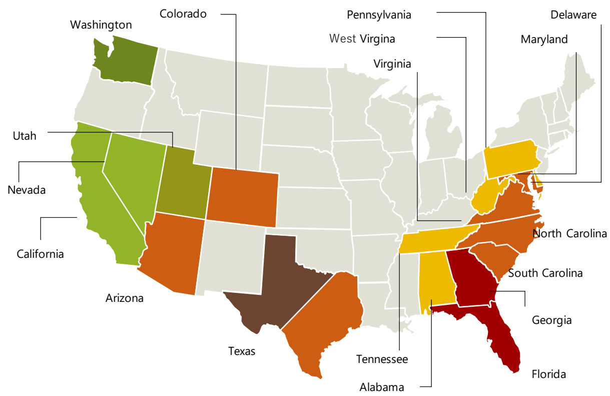
Diversification of customer segments

While the Company's existing builders mainly target first- and second-time buyers (USD 400,000–500,000 price range), TPH operates in the higher price range (over USD 600,000)

Toward a builder group equivalent to the 6th largest in the U.S.

Source: Referenced to BUILDER "2026 The Top 100" ranked by closings

Areas of Operation of U.S. Single-Family Homes Business
Operations in 18 states



- MainVue Homes, Tri Pointe Homes
- Edge Homes, Tri Pointe Homes
- Bloomfield Homes, Tri Pointe Homes
- DRB Group
- Tri Pointe Homes
- DRB Group, Tri Pointe Homes
- DRB Group, Tri Pointe Homes, SIH

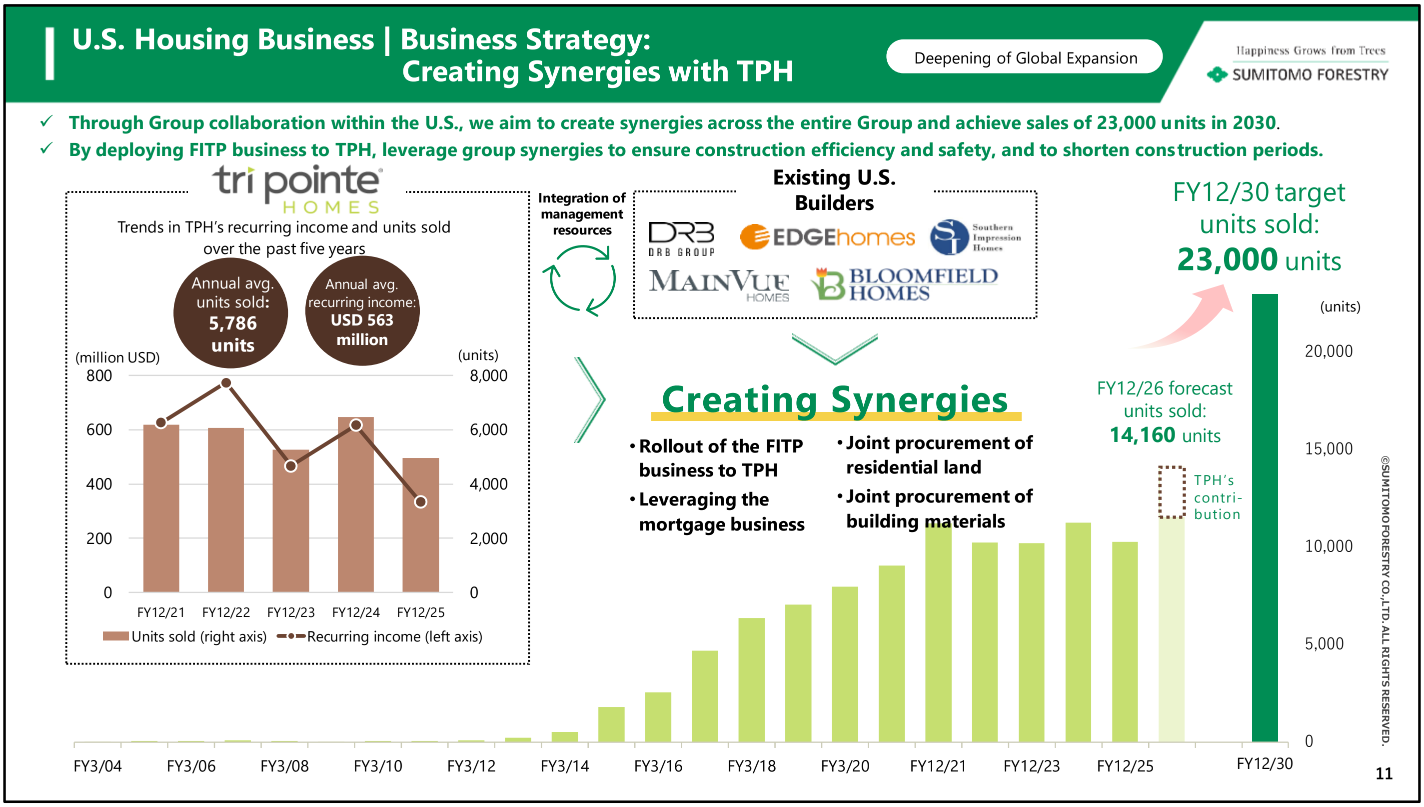
Based on this understanding of the business environment, I will now explain the business strategy for our main businesses.

On May 14 this year, we acquired 100% of the shares of U.S.-based Tri Pointe Homes, Inc., and I will now revisit the rationale for the acquisition.

By welcoming Tri Pointe Homes into the Sumitomo Forestry Group, we can expect a range of benefits, including an expansion of business scale, entry into new areas, diversification of products, strengthening of the value chain, and strengthening of the management base.

By entering California, the third-largest housing market in the U.S., and Nevada—areas where our Group previously had no presence—, we have established a structure that covers the Sun Belt region from the East Coast to the West Coast and offers a well-balanced range of customer segments, from first-time buyers to the higher price range.

In addition, amid a continued challenging business environment and expected further intensification of competition among builders, we plan to leverage our business scale—equivalent to the sixth-largest in the U.S. together with our existing five builders—to realize various synergies, including the FITP business, thereby enhancing our competitiveness and further strengthening our earnings base.



On page 11, I will explain the creation of synergies between our existing five builders and Tri Pointe Homes.

Tri Pointe Homes is a major homebuilder with an average of 5,786 units sold and average recurring income of USD 563 million over the past five years. Through collaboration with our existing Group builders, we will pursue synergies from a range of angles—not only measures that leverage economies of scale, such as joint procurement of residential land and building materials, but also the use of Tri Pointe Homes' residential mortgage business for existing Group builders' customers, and the rollout of the FITP business to Tri Pointe Homes.

Through this, we aim to achieve both an expansion of scale and improved profitability, and to reach our Long-term Vision target of 23,000 units sold in 2030.

We plan to explain the specific targets and progress of synergy creation in detail when we announce the full-year results next February. We have already assigned Kawamura, our Director and Executive Vice President, to the U.S., and under his strong leadership, we are advancing efforts to improve the profitability of the U.S. housing business and strengthen governance.

✓ Accelerate orders received in the second half by expanding the number of new communities and maintaining absorption.

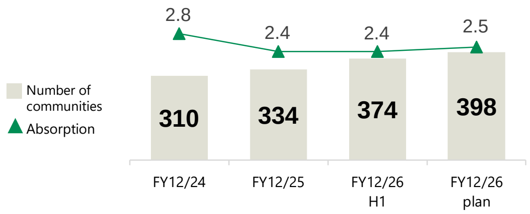
✓ Improve the inventory turnover ratio while maintaining appropriate inventory levels.

Toward expanding orders received and sales

- Flexible use of incentives
- Strengthen pre-sale orders to secure profit margins

Accelerate orders received and sales while maintaining absorption

Number of communities and absorption (excluding TPH)



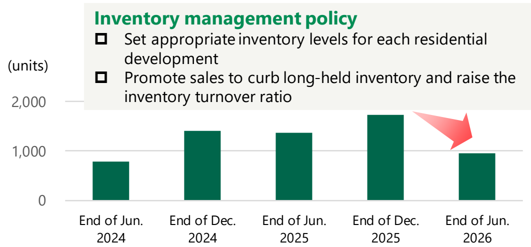
*Absorption refers to the number of monthly contracts per community.
The number of communities is the monthly average for each period.

Improving capital efficiency

- Promote land acquisition through option contracts
- Maintain appropriate inventory levels by controlling housing starts

Lighten the balance sheet and improve the inventory turnover ratio

Completed inventory of spec homes (excluding TPH)



Page 12 sets out the current business strategy for our U.S. housing business.

Amid continued weak housing demand due to declining affordability, we aim to build up orders received by expanding the number of new communities while maintaining the average monthly number of contracts per community, what we call the absorption rate.

To date, the number of communities has steadily increased, but the spring selling season lacked momentum, and the absorption rate has been running lower than expected. We will maintain the absorption rate and profit margins, and accelerate orders received and sales, through the flexible use of incentives and stronger pre-sales efforts.

Improving the inventory turnover ratio is also an important priority. We will promote efficient land acquisition through the use of option contracts, while maintaining appropriate inventory levels through fine-tuned control of housing starts according to the pace of orders received at each community.

Australian Housing Business | Business Strategy

Deepening of Global Expansion

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✓ Achieve both sales expansion and stronger earning power through synergies leveraging the scale of the top share in Australia and the sharing of know-how with the domestic business.

Strategy 1 **Creating scale synergies across the four Australian group companies**

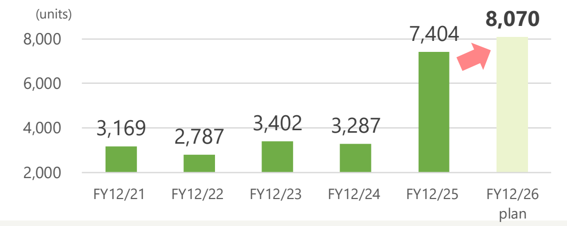
- Cost reductions through joint procurement of materials
- Standardization of product specifications and components
- Transfer of back-office operations to the Group BPO company

Strategy 2 **Strengthening collaboration with the domestic housing business**

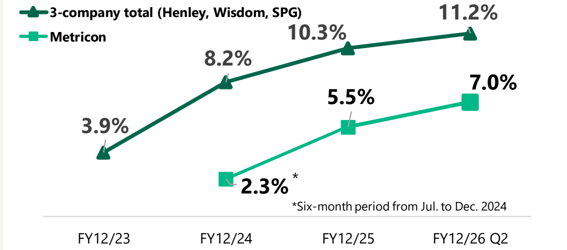
- Higher contract conversion rates through sharing of sales methods and design proposal capabilities developed in Japan
- Shorter construction periods and greater operational efficiency through sharing of construction management know-how

Aiming for annual sales of 10,000 units in 2030

Number of units sold



Recurring income to net sales ratio



Next, the Australian housing business. Please turn to page 13.

The Australian housing business continues to perform well. With the addition of Metricon, which joined the Group two years ago, our Group has become the largest builder group in Australia, reaching 8,000 units in annual sales.

The recurring income to net sales ratio is also steadily improving through synergies leveraging our top share. Regarding our outlook for the second half, we have factored in the risk of higher costs due to the impact of the situation in the Middle East, but going forward, through the sharing of know-how with Sumitomo Forestry's domestic business in Japan, we aim to achieve both an expansion of units sold and stronger earning power, with the goal of reaching annual sales of 10,000 units in 2030.

Real Estate Business | Business Strategy: U.S. / Japan

Enhancement of Earning Power

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✓In the U.S., secure **diverse revenue sources** in addition to property sales; in Japan, aim to **create synergies through Group collaboration**.

U.S.

Business Environment

- Concerns over interest rate hikes and persistently high cap rates
- Occupancy rates and rents have stagnated amid an expanded supply of properties invested in and built during the favorable low-interest-rate era

Business Strategy

【Crescent】

Plan to raise the in-house construction ratio for new projects and capture construction revenue and site management fees

【JPI】

In-house handling of development, design, and construction, and standardization / streamlining of processes


Multi-family rental complex "NOVEL Lulah Hills"


Jefferson Portico project

Japan

Business Environment

- Although interest rates remain low compared with other countries, expectations of rate hikes are growing

Business Strategy

Promote development that maximizes real estate value across the entire Group, including LeTech Corporation, which has joined the Group

Design and Construction	Developer	Support
Sumitomo Forestry, AS Department	LeTech Corporation	Sumitomo Forestry, UD Department
COHNAN KENSETSU		Sumitomo Forestry Home Service
AIM CREATE		Sumitomo Forestry Residential

On page 14, I will explain the real estate business.

In the U.S., a challenging business environment continues, with cap rates remaining high due to concerns over future interest rate hikes, and an environment in which property sales are difficult to advance continues. In light of this situation, we are lowering our target for the number of properties to be sold this fiscal year from 20 at the start of the year to 10.

In addition, having scrutinized the profitability of individual projects in certain LP investments, we recognized losses and have taken steps to shut off additional risk. This case involved LP contributions to projects organized by a specific GP, and no similar issue has occurred in projects where our Group's JPI or Crescent organizes and manages the project as GP.

For properties already developed, we will carefully assess market conditions and determine the timing of sales, but at the same time, moving away from a business model that relies on property sales is essential to stable business operations.

We will secure diverse revenue sources by raising our in-house construction ratio to capture general contractor fees, and by further internalizing, standardizing and streamlining the development, design and construction processes.

In Japan, by leveraging the developer functions, including land-sourcing capabilities, of LeTech Corporation, which joined the Group last year, we will create synergies with each business within the Group and work to maximize returns from properties.

Domestic Housing Business | Business Strategy

Enhancement of Earning Power

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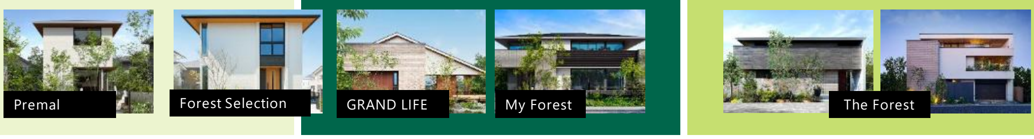
✓ **A product strategy capturing a wide range of housing demand has proven successful, with the value of orders received up yearon year for 14 consecutive months.**

✓ Going forward, **we aim to further expand market share through the twin drivers of a differentiation strategy** leveraging our product appeal, design capabilities and other strengths, **and productivity improvement** from DX and other initiatives.

Under 35 million yen
(fully standard & semi-custom products)

35 million to 65 million yen
(full-custom order)

65 million yen and above
(grand estate design)

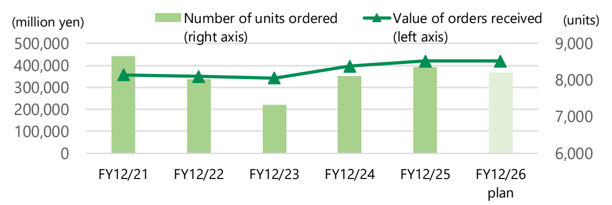


Realizing a product strategy spanning a wide range of price points

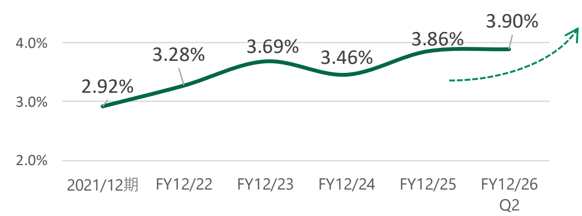
Our original "Big-Frame (BF) Structure," "PRIME WOOD," and "Germoglio" as the foundation

* Germoglio is our original product line, comprising kitchens, vanities, chairs and other items.

Number and value of orders received (Housing business, non-consolidated)



Market share of the Company's custom-built detached houses in owner-occupied houses



On page 15, I will explain the strategy for our domestic housing business.

In our core custom-built detached housing business, a product strategy tailored to a wide range of customer profiles, from first-time buyers to affluent customers, has enabled us to maintain steady orders received, in both units and value, and to steadily grow our market share, even as the owner-occupied housing market continues to shrink.

Going forward, we aim to further expand our share while improving productivity and profitability, through a differentiation strategy that leverages our technical and design capabilities, which are valued by customers—including strengthening our Grand Estate Design Projects, and capturing demand under ¥35 million through the use of our fully standardized product Premal—together with as the use of DX and AI.

Strategy 1 Full-scale operation of the Kowanomori Yotsukura Factory

- **Using approx. 110,000 m³ of logs per year**, mainly Japanese cedar from Fukushima Pref., the factory has begun production and sales of 2×4 dimension/minor framing lumber. JAS certification for 2×4 dimension FJ lumber[*1] was obtained in July, and certification for solid lumber is scheduled for October.

  *1: FJ lumber refers to finger joint lumber
- **In addition to selling 2×4 dimension lumber to housing manufacturers** including Daito Trust Construction Co., Ltd., **we will promote sales of minor framing lumber to precut factories and other customers**.
- Through optimization of equipment on the finished-product line, we will raise productivity and expand supply capacity.

【Sales Plan for 2027】

- 2×4 dimension lumber: approx. 29,000 m³/year
- Minor framing lumber: approx. 10,500 m³/year

Strategy 2 Accelerating collaboration with Geolive Group

- The Company holds 30.3% of the shares of Geolive Group, making it an equity-method affiliate of the Company
- Establish a solid earnings base through collaboration that transcends business-category boundaries

SUMITOMO FORESTRY GEOLIVE

【Themes of initiatives】

01 / Streamlining logistics and various operations through the promotion of DX

02 / Building a structural frame supply system and promoting labor-saving construction

03 / Promoting decarbonized design, the use of decarbonized materials, and the utilization of domestic timber

04 / Developing new markets and expanding sales of original products

05 / Utilization of human resources

On page 16, I will explain the timber and building materials business.

At "Kowanomori," Japan's first timber industrial complex, the Yotsukura Factory began operations in March this year. The Yotsukura Factory will produce dimension lumber and minor framing lumber, mainly using Japanese cedar sourced from Fukushima Prefecture. We plan to move to a full capacity production in October, following the acquisition of JAS certification for dimension lumber, our main product.

In addition, through deeper collaboration with Geolive Group, which became an equity-method affiliate last year, we aim to establish a solid earnings base that does not depend solely on the number of domestic housing starts.

Through collaboration that transcends the boundaries between trading companies and wholesalers, we will leverage Geolive Group's strong relationships with local contractors and construction firms to develop a DX-enabled platform business for logistics and structural calculations with the aim of shifting to a higher value-added business model.

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3. FY12/2026 Full-Year Forecast

Next, I will explain our full-year forecast for FY12/2026.

FY12/2026 Full-Year Forecast

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✓ Full-year recurring income forecast has been revised downward to **115.0 billion yen**, due to factors including the impact of the TPH acquisition, a revision to the number of properties to be sold and to the assumed sales amounts in the U.S. real estate business, and a decrease in the number of units solid in the U.S. single-family homes business.

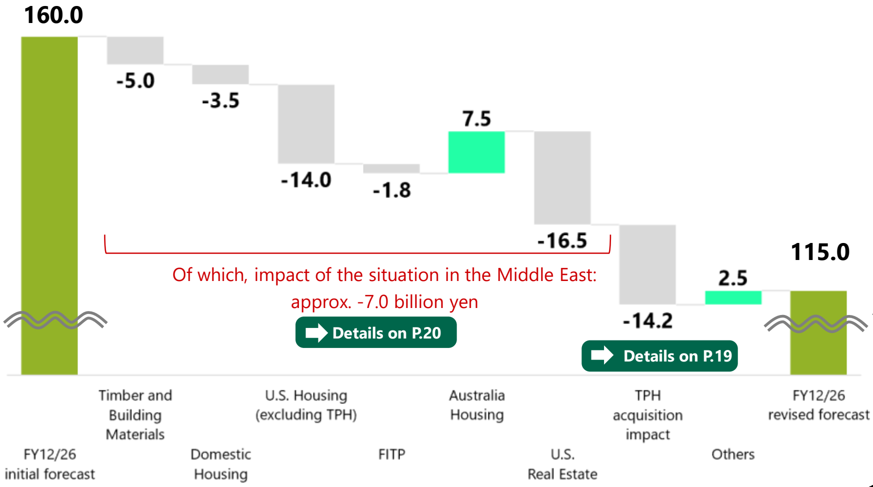
Full-year forecast Statements of income

(billion yen)	FY12/26 initial forecast	FY12/26 revised forecast	Change in forecast
Net sales	2,590.0	2,950.0	+360.0
Operating income	157.0	143.0	-14.0
Recurring income	160.0	115.0	-45.0
Net income	95.0	60.0	-35.0

Full-year forecast No. of units sold

(units)	FY12/26 initial forecast	FY12/26 revised forecast	Change in forecast
U.S.	11,635	14,160	+2,525
U.S. excluding TPH	11,635	10,290	-1,345
Australia	7,800	8,070	+270
Japan	8,100	7,750	-350

Factors in the change in recurring income (billion yen)



We sincerely regret that we have revised our full-year recurring income forecast for FY12/2026 downward to ¥115.0 billion.

There are three main factors behind this downward revision.

The first is the impact of a decrease in the number of units sold by our existing five builders due to sluggish market conditions in U.S. housing, which is expected to fall by 1,350 units, from the initial forecast of 11,635 units to 10,290 units, representing a negative impact of ¥14.0 billion.

The second is the impact of timing shifts in property sales in the U.S. real estate business and the recognition of losses on certain LP investments, as I explained earlier. This represents a negative impact of ¥16.5 billion against the initial plan.

The third is a one-time factor related to the Tri Pointe Homes acquisition, which represents a negative impact of ¥14.2 billion; I will explain the details on the next slide.

In addition, we expect the impact of higher procurement costs due to the situation in the Middle East to be approximately ¥7.0 billion for the full year. I will also explain this in more detail shortly.

FY12/2026 Full-Year Forecast | Impact of the TPH Acquisition

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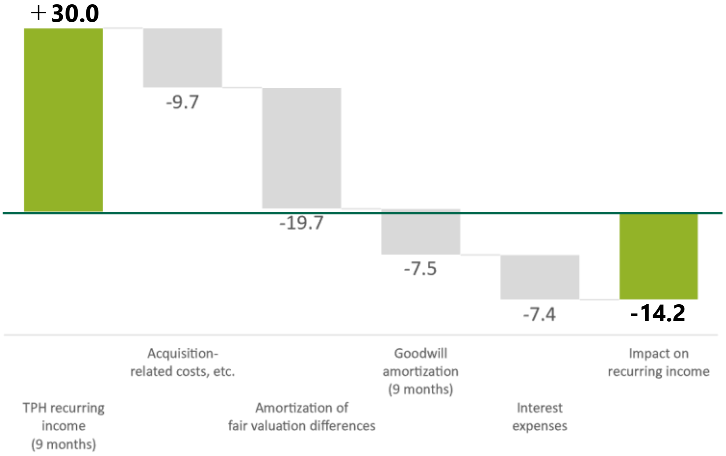
✓The impact of the TPH acquisition on FY12/2026 forecast is **-14.2 billion yen on a recurring income basis**.

✓The impact of the acquisition is a provisional calculation as of the end of June 2026 (the current outlook), and will be finalized in the FY12/2026 financial results.

Factors in the change in FY12/2026 recurring income from the TPH acquisition (billion yen)



TPH recurring income (Apr. – Dec. 2026)
- Recurring income for the 9-month period is planned at 30.0 billion yen, with 3,870 units sold from Apr. to Dec. 2026.

Share acquisition costs and others (one-time acquisition-related costs)
- Payments to external advisors and other parties, as well as arrangement fees related to financing, are recognized.

Amortization of fair valuation differences
- Valuation differences on real estate for sale recognized at acquisition are amortized. As sales of the relevant properties are concentrated in the current fiscal year, the downward impact on income in the next fiscal year will be smaller.

Goodwill amortization
- Goodwill is approximately 94.0 billion yen (projected balance at fiscal year-end), assumed to be amortized over 10 years.

Interest expense Interest expenses on the bridge loan and other borrowings are recognized.

This is a detailed explanation of the earnings impact of the Tri Pointe Homes acquisition. The breakdown of the negative ¥14.2 billion impact on recurring income is shown in this waterfall chart. The figures shown are on a post-PPA basis, reflecting the allocation of the acquisition cost.

First, Tri Pointe Homes's recurring income for the nine-month period is projected at ¥30.0 billion. At the same time, four main types of expenses will be incurred.

First, one-time expenses, including share acquisition-related costs such as legal and advisory fees, amount to ¥9.7 billion.

Next, the amortization expense for this fiscal year arising from the fair valuation differences of real estate for sale is projected at ¥19.7 billion.

Goodwill amortization for the nine-month period is ¥7.5 billion. The goodwill balance at the end of this fiscal year is projected at ¥94.0 billion, and we are assuming amortization over 10 years.

Finally, interest expense on borrowings related to the acquisition is ¥7.4 billion.

The total of these items, ¥14.2 billion, represents the negative impact on this fiscal year's recurring income. These figures are provisional as of the current time, and will be finalized in the full-year financial results to be announced next February.

FY12/2026 Full-Year Forecast | Impact of the Situation in the Middle East

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✓ With regard to the impact of the situation in the Middle East, we do not expect any delays in deliveries in our housing businesses. Higher prices for materials and raw materials are expected to have an downside impact **on recurring income by approximately 7.0 billion yen** across the Group as a whole, mainly in the second half.

Business	Current status and countermeasures
Timber and Building Materials	✓ Although the business is affected by higher raw material prices, no suspension of operations has occurred at our Group's plants. ✓ The impact has been smaller than anticipated, owing to the pass-through of costs to selling prices in the manufacturing business and to the securing of raw materials. We are also diversifying our suppliers.
Housing	✓ In addition to higher material costs resulting from rising petrochemical product prices, logistics costs have also risen. ✓ The situation for items such as PVC drainage pipes and adhesives is improving through delivery schedule adjustments and enhanced inventory arrangements, and no delivery delays have occurred.
Overseas Housing	✓ In the U.S., although suppliers have requested price increases, there has been no significant impact to date, thanks to measures such as price negotiations and time-limited surcharge arrangements. In the FITP business as well, the impact is limited owing to the pass-through of costs and price negotiations with carriers. ✓ In Australia, costs have also risen, but no construction delays due to material shortages have occurred.

Page 20 shows our estimate of the impact of the situation in the Middle East.

At this time, no delays in property deliveries have occurred in our housing businesses.

On the other hand, due to rising materials and raw material costs, we expect a negative impact of approximately ¥7.0 billion on recurring income across the Group as a whole, mainly in the second half.

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4. Financial Strategy

Finally, I will explain our financial strategy.

Financial Strategy | Permanent Financing for the Bridge Facility Related to the TPH Acquisition

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✓ With the aim of **maintaining our credit rating** and **securing financial discipline**, **we will implement hybrid financing (350.0 billion yen in total)**.

✓ The remainder will be funded through debt financing to achieve an optimal capital structure; **we do not anticipate financing methods that would result in dilution of common equity**.

✓ Completion of the permanent financing is assumed to be **around April 2027**.

Planned permanent financing amount	Permanent financing funding method	Overview
Bridge loan 610.0 billion yen (yen-denominated)	Hybrid financing 350.0 billion yen (yen-denominated)	• Subordinated bonds and subordinated loans having a degree of equity credit in rating purpose will be issued. • Dated August 7, 2026, the following documents were submitted and disclosed with respect to the issuance of subordinated bonds – An amendment to shelf registration statement was submitted to the Kanto Reginal Finance Bureau. – Notice on Issuance of Publicly Offered Hybrid Bonds (Subordinated Bonds) was disclosed as timely disclosure. • Of the hybrid financing, the amount to be raised through subordinated bonds is expected to be approximately 250.0 billion yen. • We expect that 50% of the funds to be raised through hybrid instruments will be evaluated as having the equity credit by rating agencies (175.0 billion yen in total).
	Debt financing 260.0 billion yen	• Taking market conditions and financing terms into account, we will consider appropriate funding methods from the perspective of both containing funding costs and securing stable financing.

Basic policy on permanent financing

- Maintain our credit rating
- No financing that entails dilution

Page 22 sets out our policy on permanent financing for the bridge loan related to the Tri Pointe Homes acquisition.

We expect to complete permanent financing around April 2027, and our basic policy is to maintain our credit rating while not using financing that would entail dilution.

The bonds and bank borrowing facilities held by Tri Pointe Homes are to be maintained going forward, and we expect no new financing to be needed.

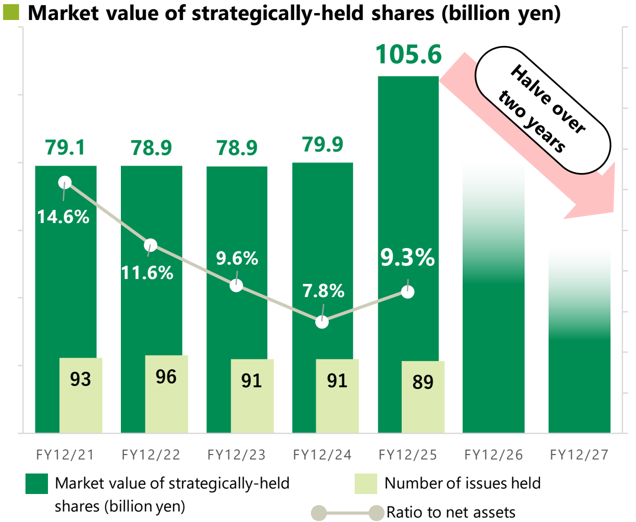
First, from the perspective of securing a degree of equity credit for rating purposes, we plan to raise ¥350.0 billion through hybrid financing using subordinated bonds and subordinated loans. We expect to raise approximately ¥250.0 billion through these subordinated bonds, and on August 7 last week, we submitted an amended shelf registration statement for the issuance to the Director-General of the Kanto Local Finance Bureau, and issued a corresponding timely disclosure; please refer to those materials.

The final issuance amount, interest rate, and other terms will be determined at a later date, taking into account demand and interest rate trends and other factors comprehensively. We expect rating agencies to grant equity credit for 50% of the amount raised through hybrid financing.

The remaining ¥260.0 billion will be raised through debt financing. As for the specific method, we will consider the appropriate approach in light of market conditions and financing terms, from the perspective of both containing funding costs and securing stable financing.

- ✓ We plan to **halve our strategically-held shares from the balance of 105.6 billion yen (as of the end of Dec. 2025)** by the end of Dec. 2027.
- ✓ The proceeds from the sale of shares (approx. 50.0 billion yen) will be used to reduce interest bearing debt and to fund investment in growth areas.

Market value of strategically-held shares (billion yen)

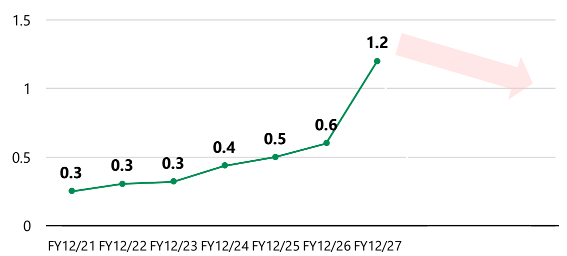


Rigorous selection of investments and loans; selection and concentration of businesses

- ✓ For investments and loans, priority will be given to the **acquisition of real estate for sale** and to the maintenance and renewal of facilities.
- ✓ Growth investments will be made **within the bounds of our established financial discipline**.
- ✓ Going forward, in addition to the rigorous selection of investments and loans, we will advance the **selection and concentration of businesses.**

Net D/E ratio

The net D/E ratio rose to approximately 1.2x as of the end of June 2026, but we aim to bring it **below 1.0x over the next several years**.



We will also work to generate cash through the sale of strategically-held shares and the rigorous selection of investments and loans.

As of the end of December 2025, the market value of our strategically-held shares was ¥105.6 billion, and we plan to halve this by the end of December 2027. The proceeds from these sales, approximately ¥50.0 billion, will be used to reduce interest-bearing debt and to fund investment in growth areas.

Going forward, priority for investments and loans will be given to the acquisition of real estate for sale, mainly in the U.S. housing business, and to the maintenance and renewal of facilities. Growth investments will be made within the bounds of our established financial discipline.

In addition to the rigorous selection of investments and loans, we will also advance the selection and concentration of businesses with lower strategic significance.

The net D/E ratio rose to approximately 1.2x as of the end of June, but we aim to bring it below 1.0x over the next several years.

Financial Strategy | Dividend Policy

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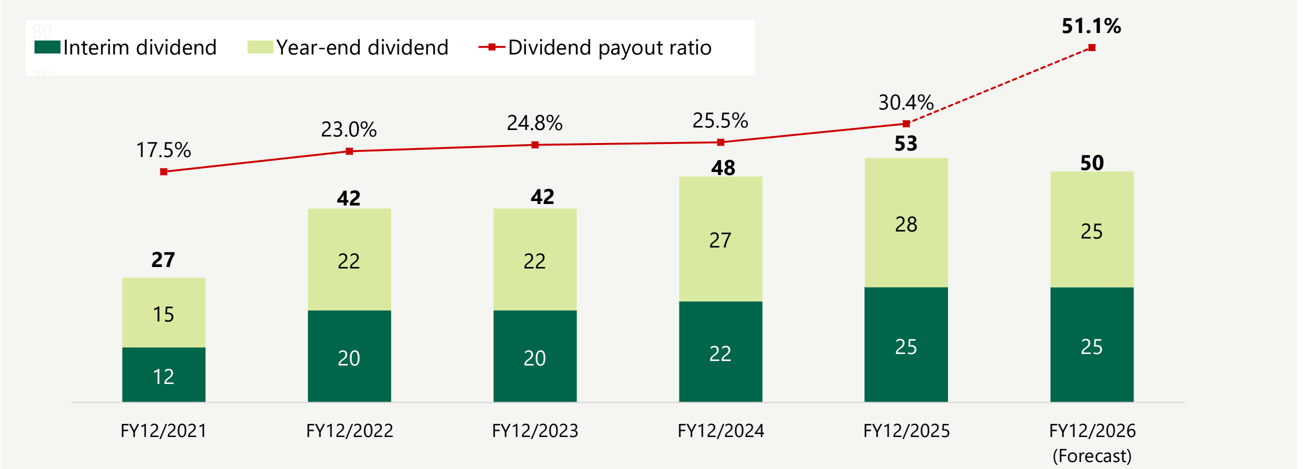
✓There is no change to the shareholder return policy set out in the current Medium-Term Management Plan: a dividend payout ratio of 30% or higher, with a minimum annual dividend per share of 50 yen.

✓**For the annual dividend forecast for FY12/2026, we have applied the minimum dividend of 50 yen per share.**

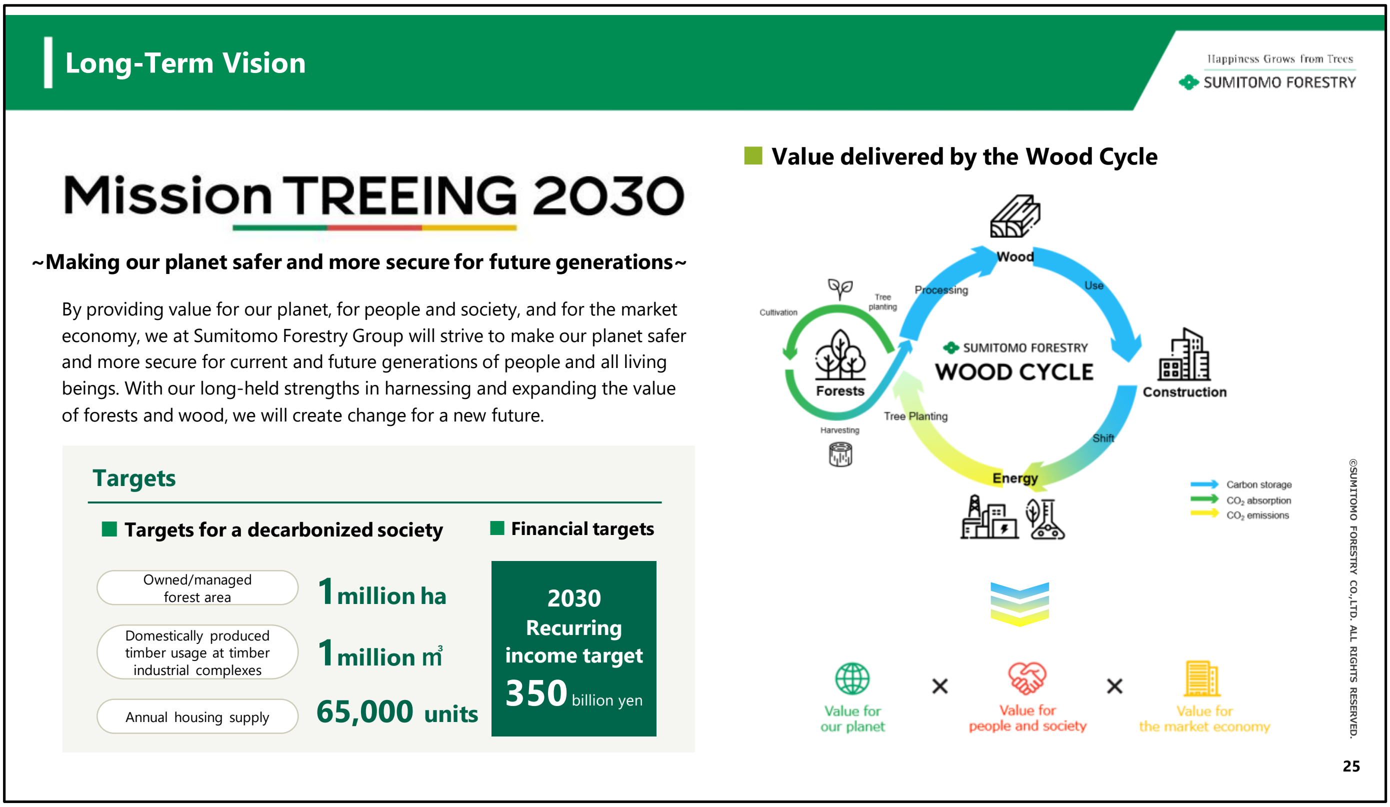


*A stock split has been carried out in a ratio of three shares for every one share of common stock, with June 30, 2025 as the record date. Historical dividend records have been retroactively adjusted accordingly. Dividends and the dividend payout ratio are rounded to the displayed unit.

Finally, I will explain our dividend policy for this fiscal year.
Please turn to page 24.

There is no change to the shareholder return policy set out in the current Medium-term Management Plan: a dividend payout ratio of 30% or more, with a minimum annual dividend of ¥50 per share.

For the annual dividend forecast for FY12/2026, we have applied the minimum dividend, at ¥50 per share. The dividend payout ratio based on the net income forecast is 51.1%.



Toward achieving the targets set out in our Long-term Vision "Mission TREEING 2030"—annual housing supply of 65,000 units and recurring income of ¥350.0 billion in 2030—we will aim to expand sales in each region, including Japan, the U.S., Australia, and Asia, while circulating our unique value chain, the Wood Cycle, globally to contribute to decarbonization impact and to realize value for the global environment, for people and society, and for the market economy.

This concludes my presentation. Thank you very much for your attention.

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.
- Financial forecasts, outlooks, and business plans are subject to change.
- This document is not intended to solicit investment or other transactions in any financial products.
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Appendix

Domestic New Housing Starts

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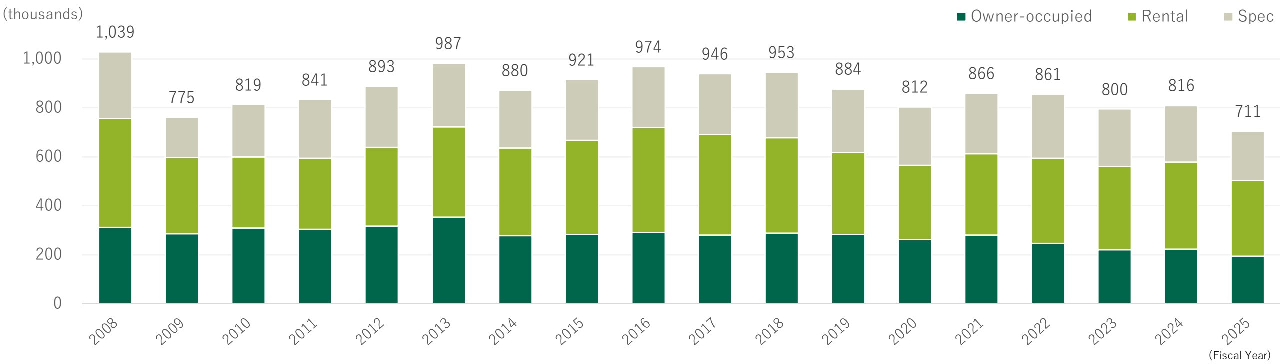
- ✓ Wage increases have not kept pace with price increases, weighing on homebuyer sentiment.
- ✓ Since April 2025, structural documentation submission became mandatory for many two-story wooden houses due to the scope reduction of the Article 4 Exemption. Along with legal revisions such as energy efficiency standard compliance requirements, small and medium-sized contractors are facing increased costs and administrative burdens.
- ✓ Rental housing is expected to maintain relatively steady growth compared to that of owner-occupied housing, driven by investment demand and increasing number of households.

■Trends of Housing Starts



Source: "Housing Starts Statistics" Ministry of Land, Infrastructure, Transport and Tourism

U.S. Housing Market
(Demographics and Housing Starts Trends)

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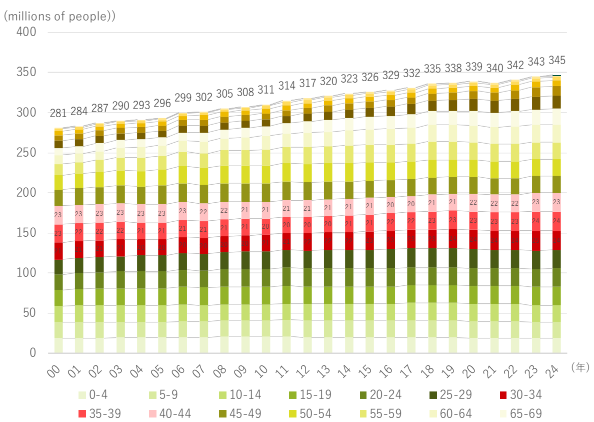
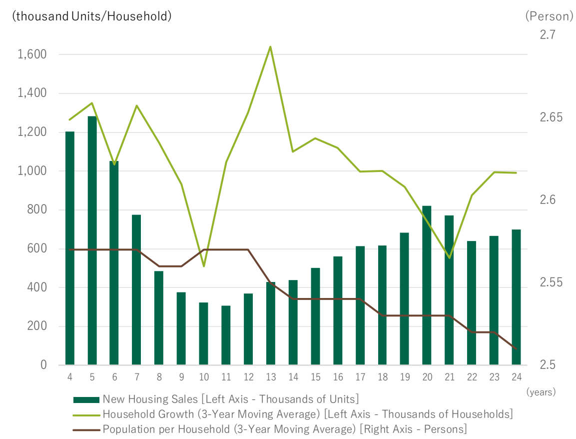
✓ Population growth will ensure steady demand for both detached and multi-unit housing over the medium to long term.

■U.S. - Population Composition by Age Group



Source：United Nation "World Population Prospects 2024"

■U.S. - New Housing Sales and Household Formation



Source: U.S. Census

U.S. Housing Market
(Existing Home Inventory)

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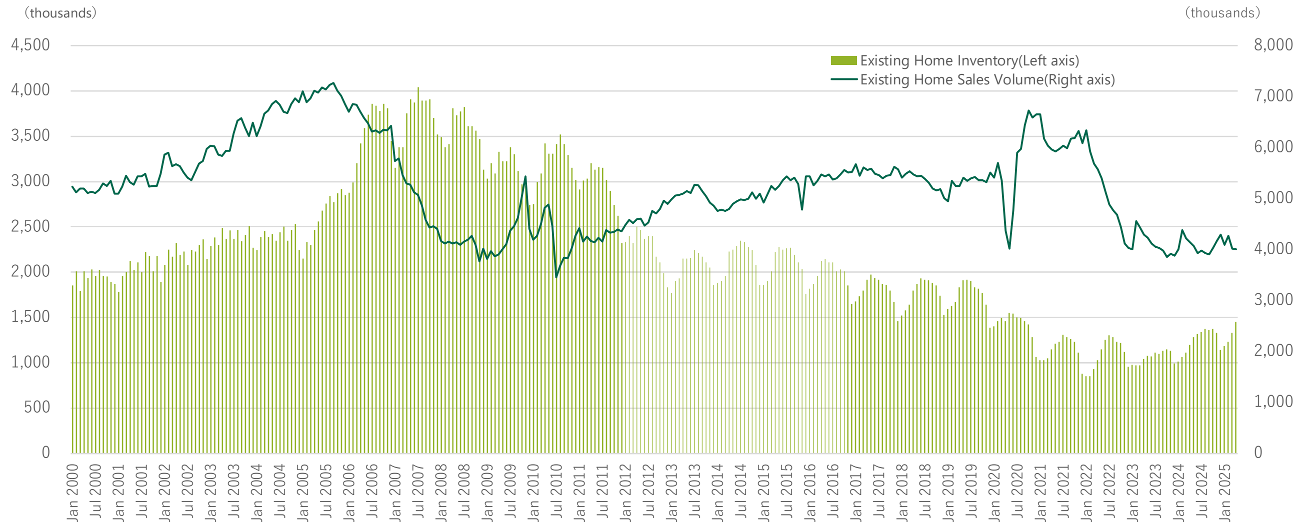
✓ Existing home inventory remains at historically low levels.

■U.S. - Existing Home Inventory and Sales Volume



Source： NAR

Australian Housing Market
(Demographics and Housing Starts)

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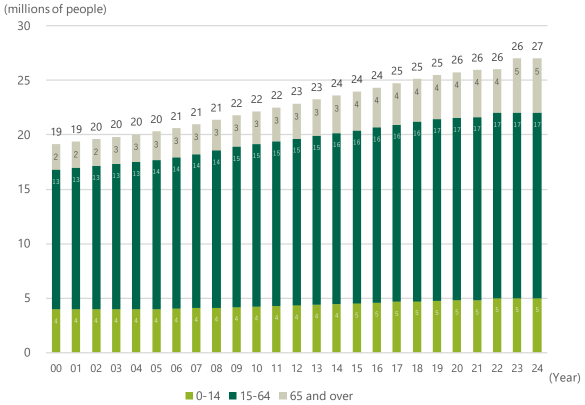
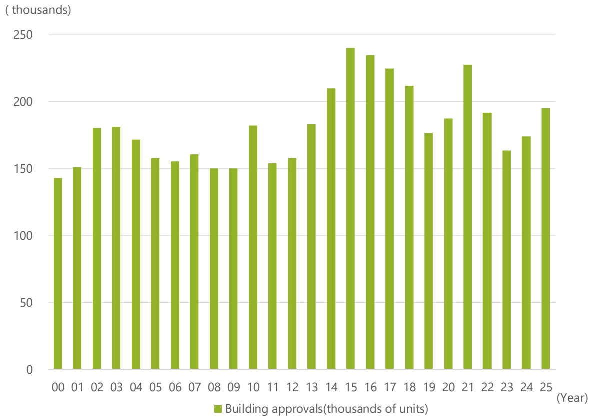
✓ In addition to population growth, the number of new housing starts is recovering, thus stable demand is expected to continue.

■Australia - Population Composition by Age Group



Source: United Nation "World Population Prospects 2024"

■Australia - Trends of Building Approvals



Source: Australian Bureau of Statistics