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SUMITOMO FORESTRY

November 5, 2026

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

Name of Company: Sumitomo Forestry Co., Ltd. Stock Exchange Listing: Tokyo
Securities Code: 1911 URL: https://sfc.jp/english/
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Scheduled Date to commence Dividend Payments: -
Supplementary Documents on Financial Results: Yes
Financial Results Briefing: Yes (for analysts and institutional investors, in Japanese)

(Note: Amounts are rounded to nearest million Yen.)

1. Consolidated financial results for the nine months of the FY ending December 2026 (January 1, 2026 – September 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	%
Nine months ended September 30, 2026	1,978,489	21.1	99,637	(19.3)	77,169	(39.7)	39,654	(43.6)
Nine months ended September 30, 2025	1,633,880	9.5	123,539	(11.3)	127,924	(8.4)	70,336	(15.5)

(Note) Comprehensive income
Nine months ended September 30, 2026 97,320 Million yen [84.9 %]
Nine months ended September 30, 2025 52,640 Million yen [(53.8) %]

	Net income per share	Net income per share fully diluted
	Yen	Yen
Nine months ended September 30, 2026	64.67	64.65
Nine months ended September 30, 2025	114.76	114.73

(Notes) 1. During the previous consolidated fiscal year, the provisional accounting treatment for business combination was finalized. Accordingly, the figures for the nine months ended September 30, 2025 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 September 30, 2026	3,582,400	1,183,015	29.2
As of December 31, 2025	2,572,032	1,136,786	39.0

(Reference) Shareholders' equity
As of September 30, 2026 1,045,295 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	2,780,000	22.6	125,000	(25.9)	92,500	(47.1)	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 quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards and other regulations : None

(b) Changes in accounting policies due to other reasons : None

(c) Changes in accounting estimates : None

(d) Restatements : None

(4) Number of issued shares (common stock)

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

As of September 30, 2026	618,584,004	As of December 31, 2025	618,555,804

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

As of September 30, 2026	5,383,058	As of December 31, 2025	7,121,943

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

As of September 30, 2026	613,174,887	As of September 30, 2025	612,922,426

(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 (nine 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 September 30, 2026: 2,755,300 shares, as of December 31, 2025: 2,757,700 shares). The Company's shares held by the said trust are included in treasury stock to be deducted in the calculation of the average number of shares outstanding during the period.

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

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors.

(Obtain 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 result briefing for securities analysts and institutional investors on Thursday, November 5, 2026. The explanatory material on the financial results will be published on the website.

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1. Overview of the Results of Operations, etc.

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

During the nine months ended September 30, 2026, the Group's results of operations were as follows: net sales of ¥1,978.489 billion (up 21.1% year on year), operating income of ¥99.637 billion (down 19.3% year on year), recurring income of ¥77.169 billion (down 39.7% year on year), and net income attributable to shareholders of parent of ¥39.654 billion (down 43.6% year on year).

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

From the first quarter of the fiscal year ending December 31, 2026, categories of reporting segments have been changed. Accordingly, the following year-on-year comparisons are based on the revised categories.

<Timber and Building Materials>

A decrease in earnings caused by transfer of the shares of our consolidated subsidiaries to GEOLIVE Group Corporation, an equity-method affiliate, was offset mainly by a recovery in sales of biomass fuel and building materials in the domestic distribution business. As a result, net sales increased year on year. On the other hand, affected by the factors such as delays in ramping up production at the U.S. sawmill acquired in the previous fiscal year, recurring income decreased year on year.

In the Timber and Building Materials, net sales were ¥190.049 billion (up 2.9% year on year) and recurring income was ¥2.079 billion (down 64.2% year on year).

<Housing>

Since the number of houses under construction increased due to strong orders received in the previous fiscal year in the custom-built detached housing business, net sales increased year on year. Meanwhile, recurring income decreased year on year, mainly due to a decrease in gains on sale of land at a consolidated subsidiary and an increase in selling, general and administrative expenses in the custom-built detached housing business.

In the Housing, net sales were ¥408.396 billion (up 5.3% year on year) and recurring income was ¥22.825 billion (down 10.7% year on year).

<Overseas Housing>

In addition to effects of the acquisition of Tri Pointe Homes, Inc. (hereinafter "TPH"), which operates a single-family homes business in the U.S., the market remained strong in the single-family homes business in Australia. Accordingly, net sales increased year on year. On the other hand, in the single-family homes business in the U.S., selling, general and administrative expenses increased partly due to the recording of acquisition-related expenses, homebuyers continuously adopted wait-and-see attitude amid persistently high mortgage rates and uncertain economic outlook, and profit margin declined mainly with grant of incentives. As a result, recurring income decreased year on year.

In the Overseas Housing, net sales were ¥1,164.3 billion (up 33.4% year on year) and recurring income was ¥71.207 billion (down 33.8% year on year).

<Real Estate>

In addition to increased revenue resulting from factors such as higher contract values for construction business in Japan, net sales increased year on year due to the contribution from LeTech Corporation, which became a consolidated subsidiary in the previous fiscal year. Meanwhile, recurring income was in the red mainly due to the recording of a valuation loss on some limited partner (LP) investment projects based on a careful examination of profitability of individual projects, and the postponement of sale of real estate development properties in the U.S. and Japan.

In the Real Estate, net sales were ¥202.893 billion (up 14.1 % year on year) and recurring loss was ¥14.384 billion (recurring loss of ¥8.521 billion in the same period of the previous consolidated fiscal year).

<Environment and Resources>

In the overseas forestry business, net sales increased year on year due to an increase in sales unit. On the other hand, in the overseas forestry and biomass power generation businesses, recurring income was in the red with profits suppressed mainly by higher costs arising from soaring fuel prices.

In the Environment and Resources, net sales were ¥21.224 billion (up 9.8% year on year) and recurring loss was ¥1.328 billion (recurring loss of ¥633 million in the same period of the previous consolidated fiscal year).

<Other>

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

In the Other, net sales were ¥22.427 billion (up 8.1% year on year) and recurring income was ¥2.639 billion (down 20.6% year on year).

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

Total assets came to ¥3,582.4 billion at the end of period under review, an increase of ¥1,010.368 billion from the end of the previous consolidated fiscal year, mainly due to increases in inventories and goodwill with TPH newly consolidated. Liabilities increased ¥964.139 billion from the end of the previous consolidated fiscal year to ¥2,399.386 billion. This increase was mainly attributable to increases in short-term borrowings, long-term borrowings and bonds payable resulting from the acquisition of TPH. Net assets came to ¥1,183.015 billion and equity ratio was 29.2%.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

The Company has revised its consolidated financial results forecast for the fiscal year ending December 2026, in light of recent business trends and other factors. The differences from the consolidated financial results forecast for the fiscal year ending December 2026, which was announced in the “Summary of Financial Results for the Six Months of the Fiscal Year Ending December 2026” dated August 7, 2026, are as shown in the table below.

Revisions to consolidated financial results forecast for the FY ending December 2026 (January 1, 2026 - December 31, 2026)

	Net sales	Operating income	Recurring income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	2,950,000	143,000	115,000	60,000	97.85
Amended forecast (B)	2,780,000	125,000	92,500	60,000	97.85
Amount of increase/decrease (B-A)	(170,000)	(18,000)	(22,500)	-	-
Rate of increase/decrease (%)	(5.8%)	(12.6%)	(19.6%)	-	-

In the U.S. single-family home business, the Company has factored in a decline in sales volume and lower profitability due to homebuyers’ continued wait-and-see attitude, driven by rising mortgage rates and economic uncertainty. Furthermore, in the U.S. real estate business, the Company has also factored in a decrease in the number of properties to sell. Due to these reasons, net sales, operating income, and recurring income are expected to come in below the previously announced figures.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	Third quarter cumulative period (as of September 30, 2026)
Assets		
Current assets		
Cash and deposits	185,405	198,249
Notes and accounts receivable-trade	99,256	100,529
Electronically recorded monetary claims	47,865	51,114
Accounts receivable from completed construction contracts and contract assets	94,535	122,234
Merchandise and finished goods	25,246	28,297
Work in process	2,838	3,541
Raw materials and supplies	13,957	15,307
Costs on construction contracts in progress	22,663	28,719
Real estate for sale	227,668	374,680
Real estate for sale in process	756,634	1,291,733
Short-term loans receivable	38,367	18,544
Accounts receivable-other	103,635	123,201
Other	79,039	99,062
Allowance for doubtful account	(3,361)	(3,551)
Total current assets	1,693,747	2,451,660
Non-current assets		
Property, plant and equipment		
Buildings and structures	163,502	162,098
Accumulated depreciation	(70,698)	(72,296)
Buildings and structures, net	92,803	89,803
Machinery, equipment and vehicles	119,506	127,382
Accumulated depreciation	(82,002)	(85,888)
Machinery, equipment and vehicles, net	37,503	41,494
Land	68,202	64,128
Timber	44,575	44,101
Leased assets	47,821	72,545
Accumulated depreciation	(24,892)	(29,843)
Leased assets, net	22,929	42,703
Construction in process	46,644	38,011
Other	30,577	50,500
Accumulated depreciation	(20,576)	(32,030)
Other, net	10,002	18,470
Total property, plant and equipment	322,658	338,710
Intangible assets		
Goodwill	35,499	188,097
Other	40,622	43,661
Total intangible assets	76,121	231,758
Investments and other assets		
Investment securities	377,339	451,444
Long-term loans receivable	37,548	36,801
Retirement benefit assets	17,629	18,397
Deferred tax assets	9,344	17,318
Other	38,365	37,002
Allowance for doubtful account	(719)	(689)
Total investments and other assets	479,506	560,272
Total non-current assets	878,285	1,130,740
Total assets	2,572,032	3,582,400

(million yen)

	Previous consolidated fiscal year (as of December 31, 2025)	Third quarter cumulative period (as of September 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	87,380	74,505
Electronically recorded obligations	45,456	44,159
Accounts payable for construction contracts	159,748	203,205
Short-term borrowings	140,788	509,030
Current portion of bonds payable	20,047	47,196
Lease obligations	6,622	8,917
Income taxes payable	10,846	11,646
Contract liabilities	98,970	122,760
Provision for bonuses	24,222	35,016
Provision for bonuses for directors (and other officers)	129	-
Provision for warranties for completed construction	15,824	35,611
Asset retirement obligations	414	194
Other	119,175	120,138
Total current liabilities	729,620	1,212,378
Long-term liabilities		
Bonds payable	50,284	348,622
Long-term borrowings	532,159	708,996
Lease obligations	19,565	36,976
Deferred tax liabilities	52,036	57,468
Provision for retirement benefits for directors (and other officers)	141	144
Retirement benefits liability	9,446	9,329
Provision for share awards for employees	163	239
Asset retirement obligations	2,597	2,833
Other	39,236	22,402
Total long-term liabilities	705,626	1,187,008
Total liabilities	1,435,246	2,399,386
Net assets		
Shareholders' equity		
Common stock	55,332	55,343
Capital surplus	25,520	25,970
Retained earnings	688,527	695,444
Treasury shares	(6,557)	(5,413)
Total shareholders' equity	762,822	771,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,824	71,841
Deferred gains (losses) on hedges	9,554	9,058
Foreign currency translation adjustment	175,710	192,801
Remeasurements of defined benefit plans	63	251
Total accumulated other comprehensive income	241,151	273,951
Share acquisition rights	51	44
Non-controlling interests	132,762	137,675
Total net assets	1,136,786	1,183,015
Total liabilities and net assets	2,572,032	3,582,400

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

(million yen)

	Previous third quarter cumulative period (January 1, 2025 – September 30, 2025)	Current third quarter cumulative period (January 1, 2026 – September 30, 2026)
Net sales	1,633,880	1,978,489
Cost of sales	1,250,998	1,543,530
Gross profit	382,881	434,959
Selling, general and administrative expenses	259,342	335,322
Operating income	123,539	99,637
Non-operating income		
Interest income	3,769	8,033
Purchase discount	347	322
Dividend income	1,455	1,641
Share of profit of entities accounted for using equity method	5,063	-
Other	7,105	11,172
Total non-operating income	17,738	21,168
Non-operating expenses		
Interest expense	8,978	16,552
Share of loss of entities accounted for using equity method	-	17,234
Foreign exchange losses	668	2
Other	3,708	9,848
Total non-operating expenses	13,353	43,636
Recurring income	127,924	77,169
Extraordinary income		
Gain on sale of investment securities	-	2,720
Gain on sale of shares of subsidiaries and associates	-	6,973
Total extraordinary income	-	9,692
Profit before income taxes	127,924	86,862
Income taxes-current	32,395	27,261
Income taxes-deferred	247	(396)
Total income taxes	32,642	26,865
Net income	95,282	59,996
Net income attributable to non-controlling interests	24,945	20,342
Net income attributable to shareholders of parent	70,336	39,654

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

(million yen)

	Previous third quarter cumulative period (January 1, 2025 – September 30, 2025)	Current third quarter cumulative period (January 1, 2026 – September 30, 2026)
Net income	95,282	59,996
Other comprehensive income		
Valuation difference on available-for-sale securities	8,966	16,079
Deferred gains (losses) on hedges	(459)	(352)
Foreign currency translation adjustment	(45,131)	29,351
Share of other comprehensive income of entities accounted for using equity method	(6,018)	(7,754)
Total other comprehensive income	(42,642)	37,323
Comprehensive income	52,640	97,320
(Breakdown)		
Comprehensive income attributable to shareholders of parent	32,578	72,454
Comprehensive income attributable to non-controlling interests	20,062	24,865

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Segment Information, etc.)

Previous Third Quarter Cumulative Period (January 1, 2025 – September 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 quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	169,355	387,383	869,110	177,633	17,886	1,621,367	12,076	1,633,444	436	1,633,880
(2) Intersegment sales/transfer	15,336	313	3,617	140	1,439	20,846	8,661	29,507	(29,507)	—
Total	184,692	387,696	872,727	177,773	19,326	1,642,213	20,737	1,662,950	(29,071)	1,633,880
Segment income (loss)	5,813	25,559	107,504	(8,521)	(633)	129,723	3,324	133,047	(5,123)	127,924

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 ¥5,123 million includes ¥(1,602) million in eliminated intersegment transactions and ¥3,521 million in corporate losses which are not allocated to any of the reporting segments.
Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

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

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

This information has little significance and has therefore been omitted.

Current Third Quarter Cumulative Period (January 1, 2026 – September 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 quarterly consolidated fiscal statement (Note 3)
	Timber and Building Materials	Housing	Overseas Housing	Real Estate	Environment and Resources	Total				
Net sales										
(1) Unaffiliated customers	174,670	407,549	1,161,541	201,798	19,599	1,965,157	12,617	1,977,774	715	1,978,489
(2) Intersegment sales/transfer	15,379	847	2,759	1,094	1,626	21,705	9,810	31,515	(31,515)	—
Total	190,049	408,396	1,164,300	202,893	21,224	1,986,862	22,427	2,009,289	(30,800)	1,978,489
Segment income (loss)	2,079	22,825	71,207	(14,384)	(1,328)	80,399	2,639	83,038	(5,869)	77,169

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 ¥5,869 million includes ¥1,158 million in eliminated intersegment transactions and ¥7,027 million in corporate losses which are not allocated to any of the reporting segments.
Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.

3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

2. Matters regarding Changes in Reporting Segments, etc.

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

Segment Information for the previous third 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, the 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 third quarter cumulative period.

The above amount was provisional, as the allocation of the acquisition cost had not been completed as of the end of the third quarter of the current consolidated fiscal year.

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.

(Notes related to Statements of Cash Flows)

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

	Previous third quarter cumulative period (January 1, 2025 – September 30, 2025)	Current third quarter cumulative period (January 1, 2026 – September 30, 2026)
Depreciation and amortization	22,231 Million yen	24,333 Million yen
Amortization of goodwill	3,595	12,115

(Note) During the previous consolidated fiscal year, the provisional accounting treatment for business combination was finalized. Accordingly, the figures for the previous third quarter cumulative period reflect a significant revision to the initial allocation of acquisition cost.