

FY12/2025 Financial Results and FY12/2026 Forecast



SUMITOMO FORESTRY (Securities Code: 1911)

February 16, 2026

- “Net income attributable to owners of parent” is expressed as “net income.”
- From FY12/2026, we established a new Real Estate Business segment and transferred the real estate business and construction business that had been included in the “Global Construction and Real Estate Business segment” and the “Housing Business segment” to this new segment.
- In addition, in connection with the new establishment of the Real Estate Business, we renamed the Global Construction and Real Estate Business segment to the Overseas Housing (Business 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 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.

FY12/2025 Results

Statements of Income

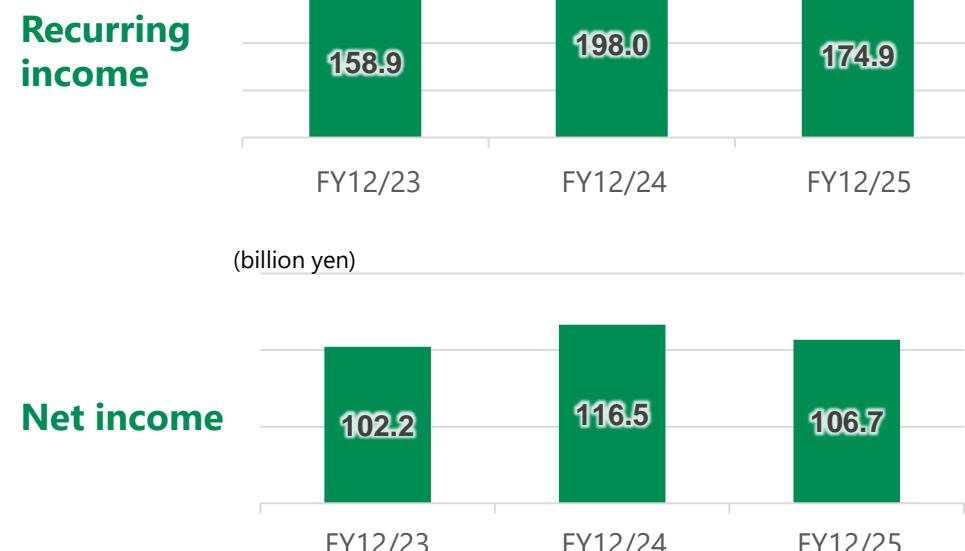
- While net sales increased due to the acquisition of Metricon in Australia, sales increased but income decreased due to a decline in units sold and a decline in profit margins in the U.S. housing business. The decrease in the current estimated payment for performance-based acquisition consideration related to past acquisitions in the United States was recorded as extraordinary income.

(billion yen)	FY12/24	FY12/25	Change	Pct.
Net Sales	2,053.7	2,267.6	+213.9	+10.4%
Gross Profit	503.0	524.6	+21.7	+4.3%
SG&A Expenses	308.4	355.9	+47.6	+15.4%
Operating Income	194.6	168.7	△ 25.9	△13.3%
Non-operating income/expenses	3.4	6.2	+2.8	+83.4%
Recurring income	198.0	174.9	△ 23.1	△11.6%
Effect of FX rate change		-1.5		
Recurring income to Net sales ratio	9.6%	7.7%	△1.9%pt	-
Extraordinary income/loss	△ 5.9	5.3	+11.3	-
Net income	116.5	106.7	△ 9.9	△8.5%

FX rate (average during term)

USD/JPY	151.47	149.66
AUD/JPY	99.92	96.51

(billion yen)	FY12/24	FY12/25	Change	Pct.
Recurring income (excluding actuarial difference)	188.2	172.3	△ 15.9	△8.4%

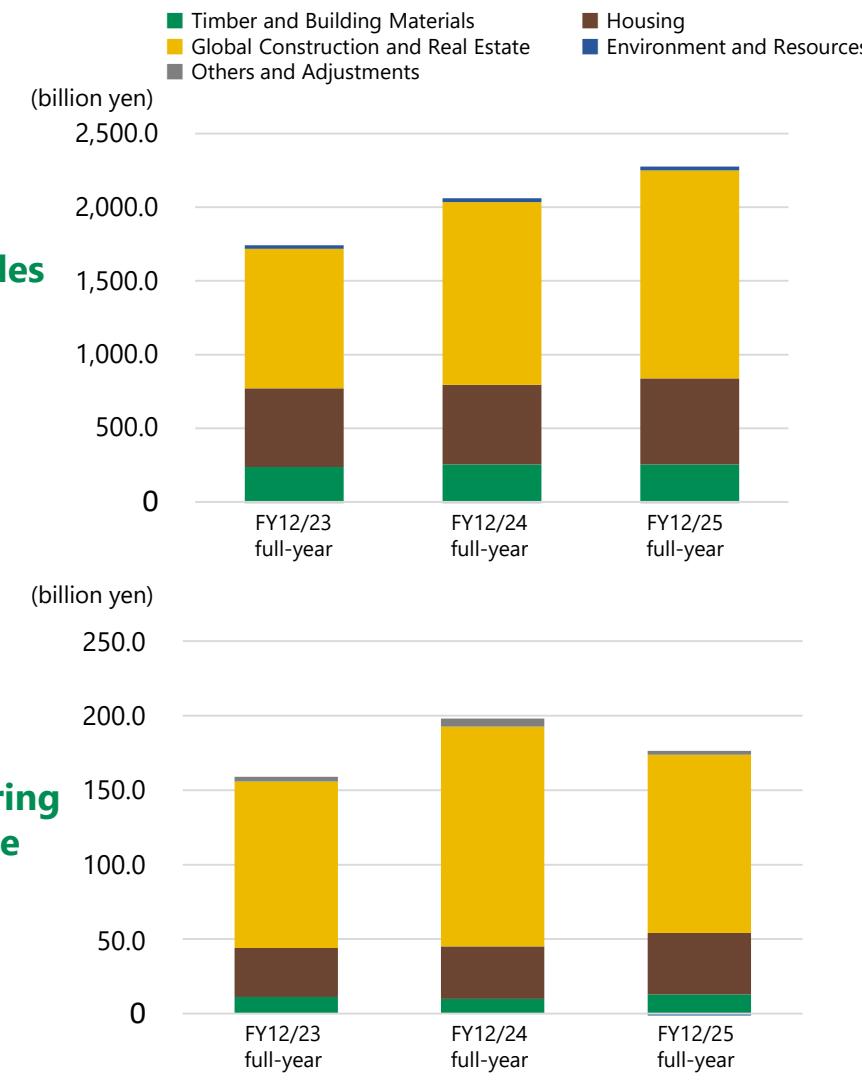


Results by Segment (Previous Segment Structure)

- While performance in the Global Construction and Real Estate Business, primarily the U.S. housing businesses, fell below that of the previous fiscal year, the Domestic Housing Business achieved increased sales and income, supported by strong orders in the previous fiscal year.

		FY12/24	FY12/25	Change	Pct.
(billion yen)					
Timber and Building Materials	Net Sales	253.2	253.0	△ 0.2	△0.1%
	Recurring income	10.0	12.8	+2.8	+27.5%
	RI/Net sales ratio*	4.0%	5.0%	+1.1%pt	-
Housing	Net Sales	542.3	585.4	+43.1	+7.9%
	Recurring income	35.2	41.3	+6.1	+17.3%
	RI/Net sales ratio*	6.5%	7.0%	+0.6%pt	-
Global Construction and Real Estate	Net Sales	1,240.0	1,411.1	+171.1	+13.8%
	Recurring income	147.5	119.7	△ 27.7	△18.8%
	RI/Net sales ratio*	11.9%	8.5%	△3.4%pt	-
Environment and Resources	Net Sales	27.0	26.8	△ 0.2	△0.7%
	Recurring income	0.2	△ 1.3	△ 1.5	-
	RI/Net sales ratio*	0.9%	-	-	-
Others	Net Sales	27.3	28.1	+0.8	+2.9%
	Recurring income	0.7	4.9	+4.2	+593.1%
	RI/Net sales ratio*	2.6%	17.4%	+14.8%pt	-
Adjustment	Net Sales	△ 36.1	△ 36.8	△ 0.7	-
	Recurring income	4.4	△ 2.4	△ 6.8	-
TOTAL	Net Sales	2,053.7	2,267.6	+213.9	+10.4%
	Recurring income	198.0	174.9	△ 23.1	△11.6%
	RI/Net sales ratio*	9.6%	7.7%	△1.9%pt	-

* Recurring income to Net sales ratio



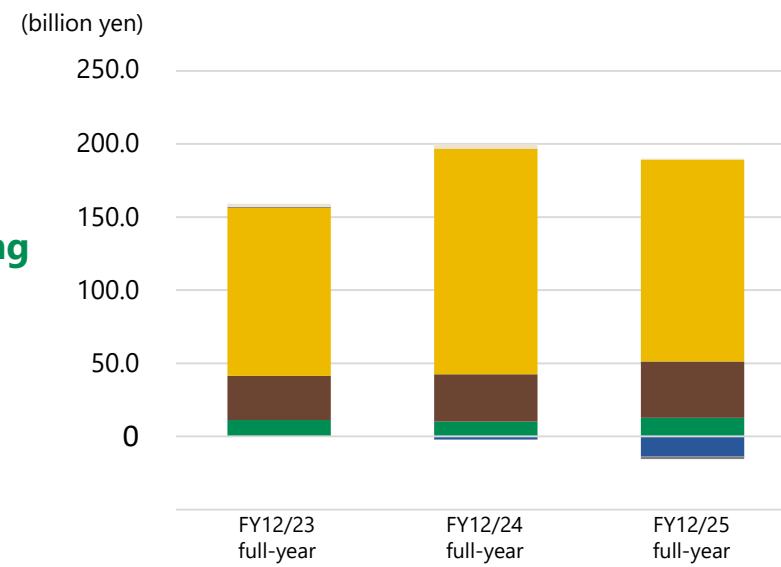
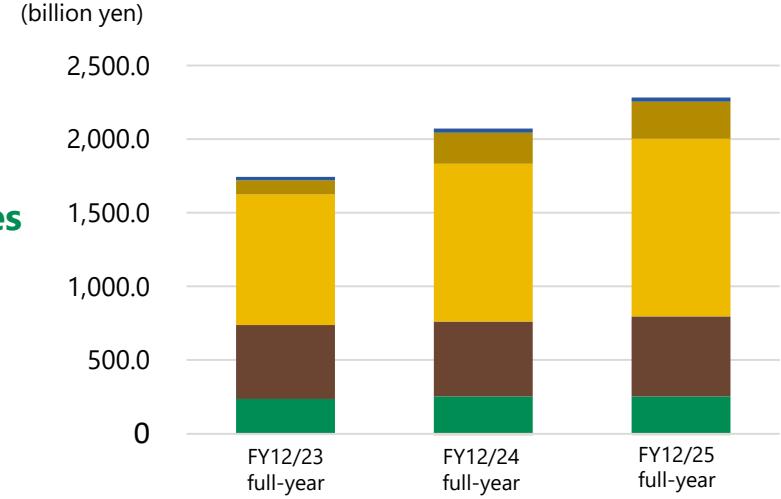
Results by Segment (New Segment Structure)

- We transferred the Global Construction and Real Estate segment's domestic and overseas real estate development and construction businesses, as well as the Housing segment's domestic rental management and real estate development businesses, to the Real Estate segment.

		FY12/24	FY12/25	Change	Pct.
(billion yen)					
Timber and Building Materials	Net Sales	253.2	253.0	△ 0.2	△0.1%
	Recurring income	10.0	12.8	+2.8	+27.5%
	RI/Net sales ratio*	4.0%	5.0%	+1.1%pt	-
Housing	Net Sales	508.4	542.3	+34.0	+6.7%
	Recurring income	32.5	38.5	+6.1	+18.7%
	RI/Net sales ratio*	6.4%	7.1%	+0.7%pt	-
Overseas Housing	Net Sales	1,071.5	1,205.9	+134.4	+12.5%
	Recurring income	154.0	138.0	△ 16.1	△10.4%
	RI/Net sales ratio*	14.4%	11.4%	-	-
Real Estate	Net Sales	211.5	254.1	+42.5	+20.1%
	Recurring income	△ 2.2	△ 13.8	△ 11.6	-
	RI/Net sales ratio*	-	-	-	-
Environment and Resources	Net Sales	27.0	26.8	△ 0.2	△0.7%
	Recurring income	0.2	△ 1.4	△ 1.5	-
	RI/Net sales ratio*	0.7%	-	-	-
Others	Net Sales	27.3	28.1	+0.8	+2.9%
	Recurring income	0.8	5.0	+4.3	+559.0%
	RI/Net sales ratio*	2.8%	17.9%	+15.1%pt	-
Adjustment	Net Sales	△ 45.1	△ 42.5	+2.6	-
	Recurring income	2.7	△ 4.2	△ 6.9	-
TOTAL	Net Sales	2,053.7	2,267.6	+213.9	+10.4%
	Recurring income	198.0	174.9	△ 23.1	△11.6%
	RI/Net sales ratio*	9.6%	7.7%	-	-

* Recurring income to Net sales ratio

 Timber and Building Materials	 Overseas Housing	 Environment and Resources
 Housing	 Real Estate	 Others and Adjustments



(billion yen)		FY12/24	FY12/25	Change	Pct.
Orders received	Custom-built detached houses	397.9	420.2	+22.3	+5.6%
	Apartments	19.3	26.3	+7.1	+36.6%
Units & Prices of Custom-built detached houses	Units	8,108	8,357	+249	+3.1%
	Unit price (mil. Yen)	44.6	45.9	+1.3	+2.9%
Sales	Custom-built detached houses	362.8	389.0	+26.2	+7.2%
	Apartments	18.9	19.1	+0.2	+0.9%
	Detached spec home	21.5	20.1	△ 1.4	△6.5%
	Renovation	72.1	77.9	+5.8	+8.0%
	Others & Adjustments	67.0	79.4	+12.3	+18.4%
	TOTAL	542.3	585.4	+43.1	+7.9%
	RI/Net sales ratio	6.5%	7.0%	+0.6%pt	-
Units & Prices of Custom-built detached houses	Units	7,551	7,772	+221	+2.9%
	Unit price (mil. Yen)	46.7	48.7	+2.0	+4.3%

• Order Status

Order unit prices rose due to factors such as our successes in promoting Grand Estate Design Projects. Additionally, due to marketing there was also an increase in the number of units ordered for Forest Selection targeting a broad range of price segments.

• Sales Status

Reflecting strong orders in the previous year, the custom-built detached housing business exceeded the previous fiscal year in sales value, units sold, and unit price, and the RI/net sales ratio also increased.

Global Construction and Real Estate Segment (Previous Segment Structure)

Happiness Grows from Trees

 SUMITOMO FORESTRY

(billion yen)			FY12/24	FY12/25	Change	Pct.
U.S.	Housing	Net Sales	848.3	786.1	△ 62.3	△7.3%
		Recurring income	147.0	105.2	△ 41.7	△28.4%
		RI/Net sales ratio	17.3%	13.4%	△3.9%pt	-
	Real estate	Net Sales	179.9	207.6	+27.8	+15.4%
		Recurring income	1.7	1.8	+0.2	+9.7%
		RI/Net sales ratio	0.9%	0.9%	-	-
	FITP	Net Sales	42.0	55.3	+13.3	+31.8%
		Recurring income	4.0	0.9	△ 3.2	△78.1%
		RI/Net sales ratio	9.6%	1.6%	△8.0%pt	-
Australia	Housing	Net Sales	155.7	337.8	+182.0	+116.9%
		Recurring income	12.7	26.3	+13.6	+107.1%
		RI/Net sales ratio	8.2%	7.8%	△0.4%pt	-
Others & Adjustments	Net Sales	14.1	24.4	+10.3	+73.0%	
	Recurring income	△ 17.9	△ 14.5	-	-	
TOTAL	Net Sales	1,240.0	1,411.1	+171.1	+13.8%	
	Recurring income	147.5	119.7	△ 27.7	△18.8%	
	RI/Net sales ratio	11.9%	8.5%	△3.4%pt	-	

FX rate (average during term)

USD/JPY	151.47	149.66
AUD/JPY	99.92	96.51

- **U.S. Housing**

Units sold declined, and profit margins deteriorated due to the use of incentives, resulting in lower sales and income.

- **U.S. Real Estate**

Sales increased due to higher fee income at JPI and the sale of real estate development properties.

- **FITP**

Despite making upfront investments to expand the business area, profit decreased due to weak housing starts and intensified competition..

- **Australian Housing**

Sales and profits increased due to the addition of Metricon's performance and growth in the number of units sold in Western Australia, among other factors.

(billion yen)		FY12/24	FY12/25	Change	Pct.
U.S. Housing	No. of Units order received	10,566	9,932	△ 634	△6.0%
	No. of Units sold	11,267	10,262	△ 1,005	△8.9%
	Sales (mil. USD)	5,601	5,252	△ 349	△6.2%
	Unit sales price (thousand USD)	486	490	+4	+0.8%
	RI/Net sales ratio	17.3%	13.4%	△3.9%	-
	Order backlog (units)	2,678	2,346	△ 332	△12.4%
	Lots owned	50,494	50,894	+400	+0.8%
	completed inventory	1,871	2,251	+380	+20.3%
	Option lots	29,790	28,671	△ 1,119	△3.8%
Australia Housing	No. of Units order received	3,669	8,342	+4,673	+127.4%
	No. of Units sold	3,287	7,404	+4,117	+125.3%
	Sales (mil. AUD)	1,559	3,500	+1,941	+124.5%
	Unit sales price (thousand AUD)	474	473	△ 2	△0.3%
	RI/Net sales ratio	8.2%	7.8%	△0.4%pt	-
	Order backlog (units)	7,867	8,107	+240	+3.1%

• U.S. Housing

Customers continue to take a wait-and-see attitude, and both orders and sales have been sluggish.

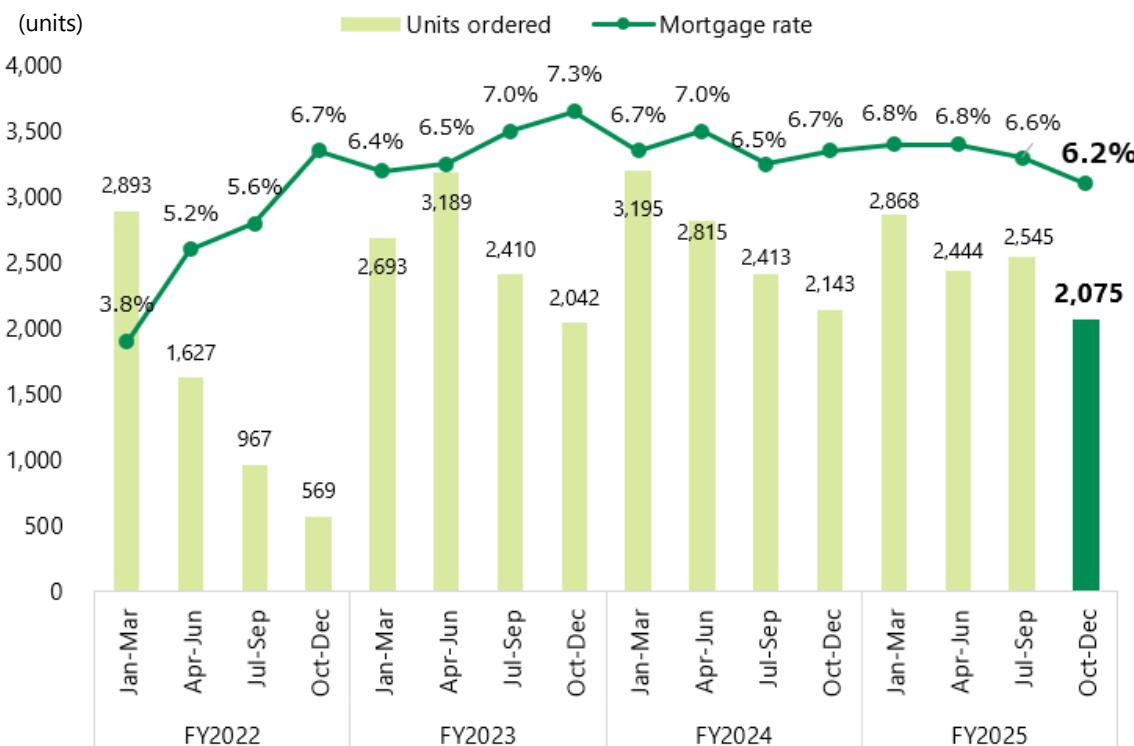
• Australian Housing

There was a significant increase in units sold due to Metricon's full-year contribution to performance and strong order backlog in Western Australia.

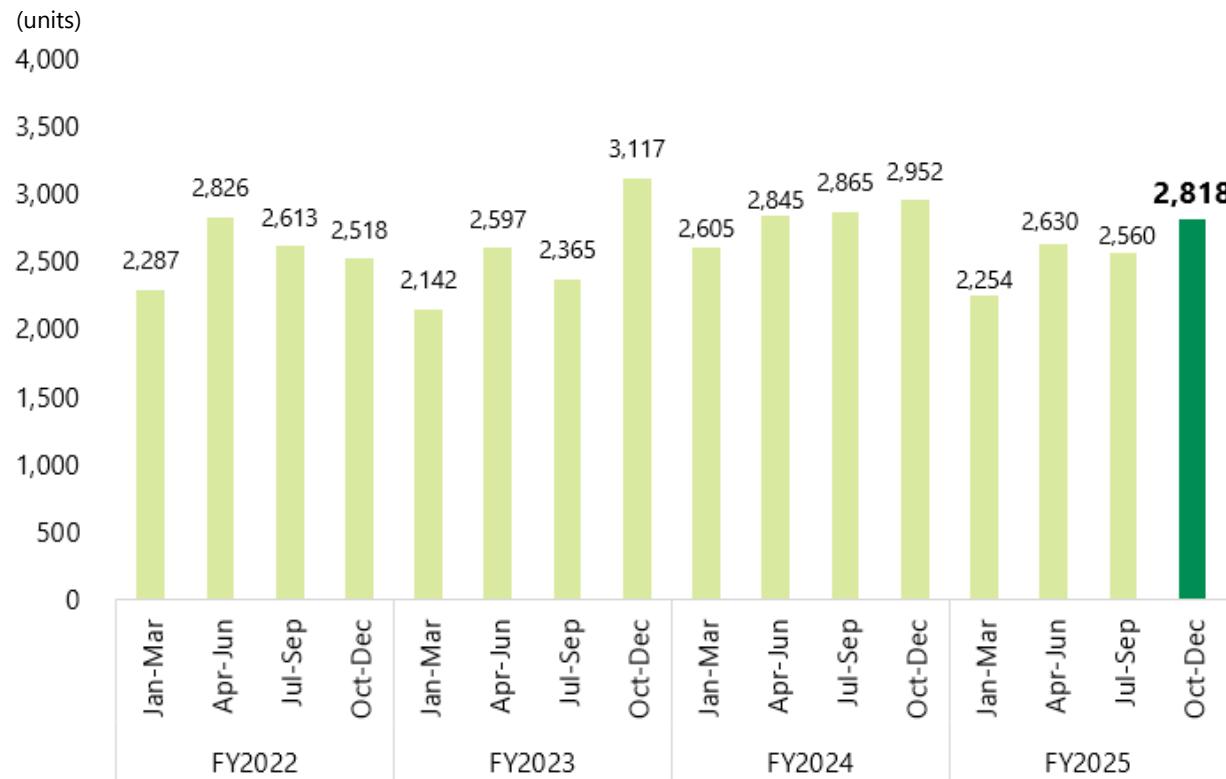
U.S. Single-Family Homes Business – Trends in Orders Received and Units Sold

- Due to rising and persistently high mortgage rates and uncertainty about the economic outlook, customers have remained cautious, and the number of orders and units sold for U.S. single-family homes have been sluggish.

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



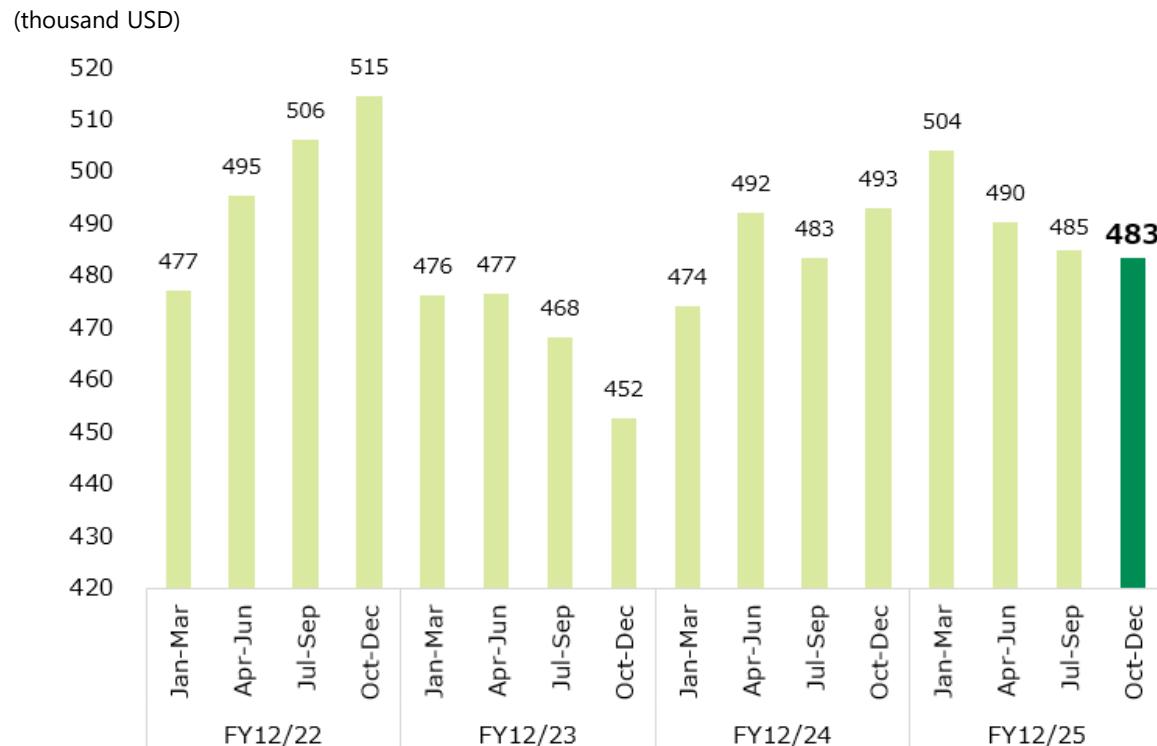
Trends in number of units sold for U.S. single-family homes (on a delivery basis)



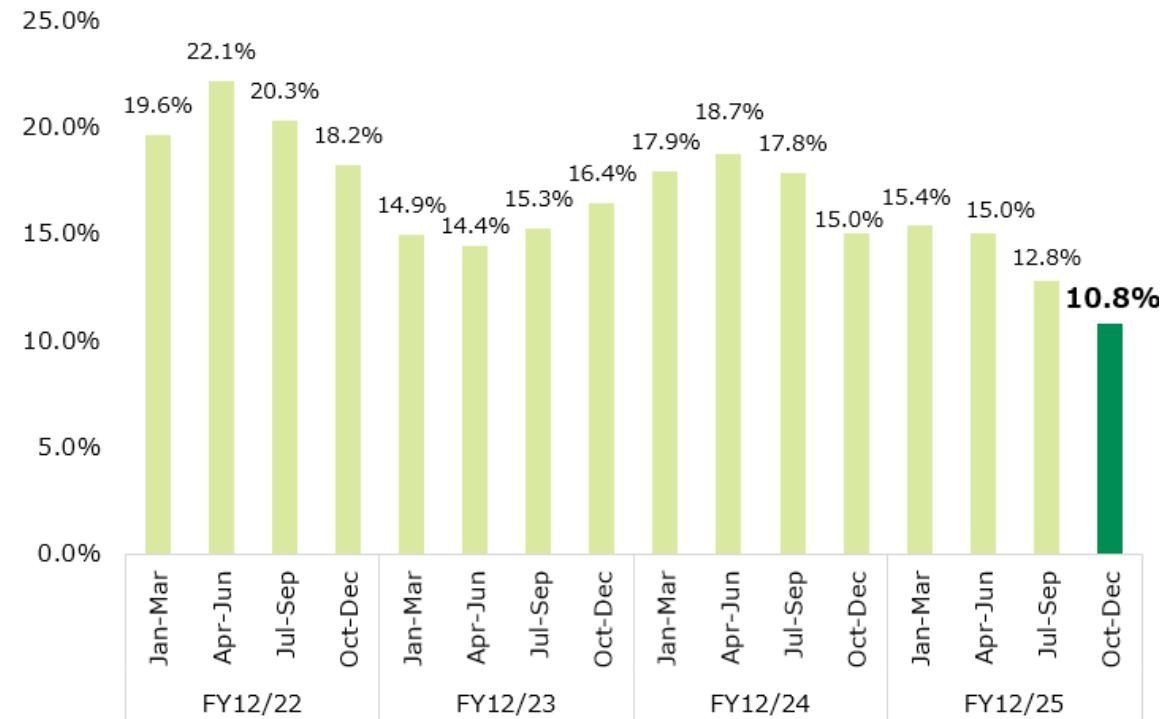
* Source: Federal National Mortgage Association (Fannie Mae): <https://www.fanniemae.com/media/56586/display>

- The RI/net sales ratio declined due to lower sale prices and the use of incentives.

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



(billion yen)		FY12/24	FY12/25	Change	Pct.
Timber and Building Materials	Net Sales	253.2	253.0	△ 0.2	△0.1%
	Recurring income	10.0	12.8	+2.8	+27.5%
	RI/Net sales ratio	4.0%	5.0%	+1.1%pt	-
Environment and Resources	Net Sales	27.0	26.8	△ 0.2	△0.7%
	Recurring income	0.2	△ 1.3	△ 1.5	-
	RI/Net sales ratio	0.9%	-	-	-

- **Timber and Building Materials**

In the manufacturing business, sales decreased and income increased due to a decline in the number of units sold and a decline in sale prices coupled with equity-method investment income (negative goodwill) associated with the acquisition of shares in GEOLIVE Group Corporation, etc.

- **Environment and Resources**

The forestry resources business saw a deterioration in performance, primarily due to damage from wind-fallen trees caused by heavy rainfall and storms in New Zealand.

(billion yen)	End of 12/2024	End of 12/2025	Changes
Current assets	1,546.1	1,693.7	+147.7
Cash, deposits, securities	181.0	185.4	+4.4
Receivables	242.6	241.7	△ 0.9
Real estate for sale	178.9	227.7	+48.7
Real estate for sale in process	681.8	756.6	+74.9
Other receivables	101.3	103.6	+2.3
Others	160.5	178.7	+18.3
Non-current assets	721.4	878.3	+156.9
Land and Construction in process	119.6	114.8	△ 4.8
Other non-current assets	166.5	207.8	+41.3
Intangible fixed assets	81.4	76.1	△ 5.2
Investment securities	268.9	377.3	+108.4
Others	85.0	102.2	+17.1
Non-current assets	2,267.5	2,572.0	+304.5

	End of 12/2024	End of 12/2025	Changes
Real estate for sale and Real estate for sale in process	860.7	984.3	+123.6
U.S. (bil. Yen)	765.3	833.9	+68.7
U.S. (mil. USD)	4,838	5,327	+489

- **Balance Sheet - Assets**

As real estate for sale increased due to the new consolidation of the U.S. single-family home business and domestic LeTech Corporation, and investment securities also increased due to investments in the U.S. real estate development business and an equity investment in township development in Indonesia, among other factors, total assets increased by 304.5 billion compared with the end of FY12/2024.

FX rate (end of term)

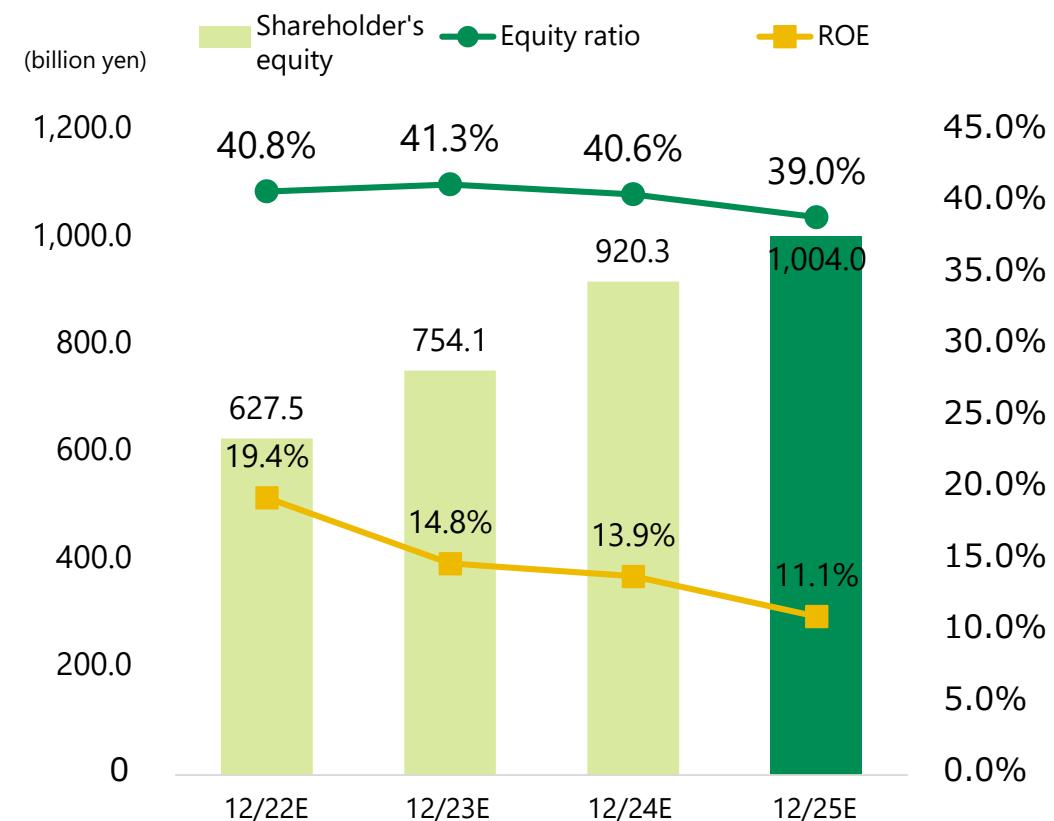
USD/JPY	158.18	156.56
AUD/JPY	98.50	104.82

Balance Sheet – Liabilities and Net Assets

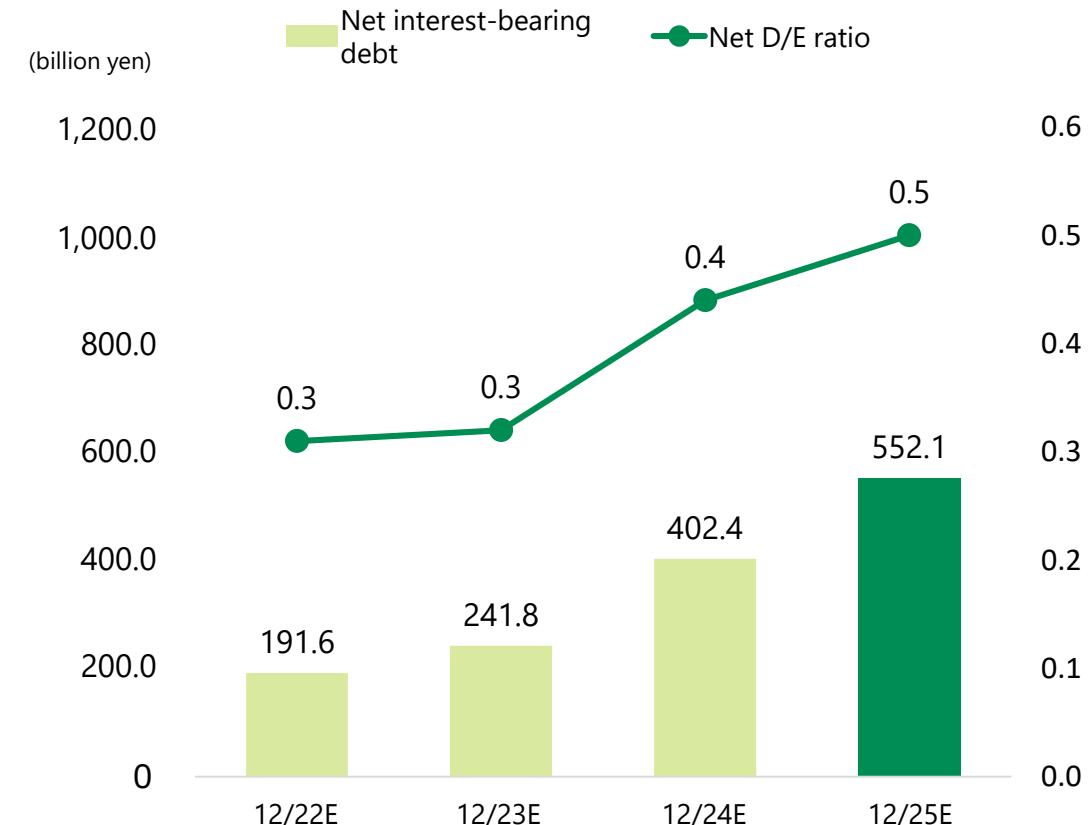
(billion yen)	End of 12/2024	End of 12/2025	Changes	(billion yen)	End of 12/2024	End of 12/2025	Changes
Liabilities	1,243.5	1,435.2	+191.7	Interest bearing debt	613.4	769.5	+156.1
Payables	287.1	292.6	+5.4	Short-term borrowings	93.7	140.8	+47.1
Interest bearing debt	613.4	769.5	+156.1	Long-term borrowings	413.9	532.2	+118.3
Contract liabilities	97.6	99.0	+1.4	Bonds payable	80.2	70.3	△ 9.8
Income taxes payable	8.9	10.8	+1.9	Lease obligations	25.7	26.2	+0.5
Others	236.5	263.4	+26.9				
Net assets	1,024.0	1,136.8	+112.8				
Shareholders' equity	701.0	762.8	+61.8	<ul style="list-style-type: none"> • Balance Sheet – Liabilities and Net Assets <p>Interest-bearing debt increased due to an increase in real estate for sale and as we advanced investments and financing for the real estate development business.</p>			
Accumulated other comprehensive income	219.3	241.2	+21.8				
Foreign currency translation adjustment	172.8	175.7	+2.9				
Non-controlling interests	103.5	132.8	+29.2				
Share acquisition rights	0.1	0.1	△ 0.0				
Total liabilities and net assets	2,267.5	2,572.0	+304.5				

- The equity ratio declined due to an increase in interest-bearing debt associated with higher real estate for sale and investment securities related to the real estate development business. The net D/E ratio rose, and we will carefully select investments to improve profitability.

Financial Soundness/Capital Efficiency



Financial Discipline



■ Investment

(billion yen)	Phase1 Results*	FY12/25
Forestry-fund related	3.9	0.5
Forest resources business	5.1	1.1
Timber industrial complex	6.7	8.1
Manufacturing business	8.1	6.7
FITP business	31.2	3.2
Housing business	35.1	26.7
Medium- to large-scale wooden constructions	24.4	1.3
Real estate development business	138.0	90.0
Renewable energy business	2.7	0.2
System-related	16.9	4.7
Others	54.2	12.2
Total	326.4	154.5

■ Real Estate for Sale (Increase)

(billion yen)	Phase1 Results*	FY12/25
Overseas Housing	266.4	81.3
Domestic Housing	20.4	42.3
Total	286.8	123.6

* Medium-Term Management Plan Phase1 : FY12/2022 to FY12/2024

• Investments

90.0 billion yen in investments for the real estate development businesses primarily in the U.S.; 18.0 billion yen for model home investments and other items in the domestic and global housing businesses; 7.1 billion yen for the acquisition of domestic LeTech Corporation (housing business); 4.3 billion yen for the acquisition of TJPD in Louisiana; 5.1 billion yen for the capital alliance with GEOLIVE Group Corporation (among others); and 8.0 billion yen in investment in the timber industrial complex in Iwaki City, Fukushima Prefecture.

• Real Estate for Sale

Due to land acquisitions and an increase in the number of subdivisions, overseas real estate for sale increased by 81.3 billion yen, mainly in the U.S. housing business, and domestic real estate for sale increased by 42.3 billion yen due to the impact of the new consolidation of LeTech Corporation.

FY12/2026 Forecast

(billion yen)	FY12/25	FY12/26 forecast	Changes	Pct.
Net Sales	2,267.6	2,590.0	+322.4	+14.2%
Gross Profit	524.6	560.0	+35.4	+6.7%
SG&A Expenses	355.9	403.0	+47.1	+13.2%
Operating Income	168.7	157.0	△11.7	△6.9%
Non-operating income	6.2	3.0	△ 3.2	△51.4%
Recurring income	174.9	160.0	△14.9	△8.5%
Effect of FX rate change	△1.5			
Recurring income to Net sales ratio	7.7%	6.2%	△1.5%pt	-
Extraordinary profit/loss	5.3	7.5	+2.2	+40.8%
Net income	106.7	95.0	△ 11.7	△10.9%
EPS	174.13	155.09	△ 19.0	△10.9%

FX rate (average during term)

USD/JPY	149.66	150.00
AUD/JPY	96.51	105.00

- **Statements of Income**

We expect higher sales driven by an increase in units sold in the U.S. and Australian housing businesses, an increase in units sold in the domestic housing business, and an increase in the number of projects in the U.S. real estate development business. However, profit margins are expected to decline due to intensifying competition, and we expect overall income to be lower due to an increase in personnel, etc. In addition, extraordinary income includes gains from the partial sale of shares in Kumagai Gumi Co., Ltd. and gains from the sale of building materials distribution subsidiaries to GEOLIVE Group Corporation.

*Excludes the impact of the acquisition of The Tri Pointe Homes, Inc. was disclosed on February 13.

(billion yen)		FY12/25	FY12/26 forecast	Changes	Pct.
Timber and Building Materials	Net Sales	253.0	274.0	+21.0	+8.3%
	Recurring income	12.8	10.0	△ 2.8	△21.6%
	RI/Net sales ratio	5.0%	3.6%	△1.4%pt	-
Housing	Net Sales	542.3	596.0	+53.7	+9.9%
	Recurring income	38.5	38.0	△ 0.5	△1.4%
	RI/Net sales ratio	7.1%	6.4%	△0.7%pt	-
Overseas Housing	Net Sales	1,205.9	1,374.0	+168.1	+13.9%
	Recurring income	138.0	113.0	△ 25.0	△18.1%
	RI/Net sales ratio	11.4%	8.2%	△3.2%pt	-
Real Estate	Net Sales	254.1	331.0	+76.9	+30.3%
	Recurring income	△ 13.8	1.0	+14.8	-
	RI/Net sales ratio	-	0.3%	-	-
Environment and Resources	Net Sales	26.8	28.0	+1.2	+4.6%
	Recurring income	△ 1.4	△ 1.5	△ 0.1	-
	RI/Net sales ratio	-	-	-	-
Others	Net Sales	28.1	30.0	+1.9	+6.7%
	Recurring income	5.0	3.5	△ 1.5	△30.4%
	RI/Net sales ratio	17.9%	11.7%	△6.2%pt	-
Adjustment	Net Sales	△ 42.5	△ 43.0	△ 0.5	-
	Recurring income	△ 4.2	△ 4.0	+0.2	-
TOTAL	Net Sales	2,267.6	2,590.0	+322.4	+14.2%
	Recurring income	174.9	160.0	△ 14.9	△8.5%
	RI/Net sales ratio	7.7%	6.2%	△1.5%pt	-

• Segment Net Sales and Recurring Income

Timber and Building Materials business:
While we expect higher net sales in the domestic and overseas manufacturing businesses, we are forecasting lower income due to factors including the expiration of negative goodwill in the fiscal year ending December 2025.

Domestic Housing Business:

Although we expect units sold to increase due to strong orders, we anticipate income to be lower than the previous period due to rising costs, increased expenses, and other factors..

Overseas Housing Business:

Sales are expected to increase due to growth in the number of units sold, but for the segment overall we forecast higher sales and lower income due to a decline in profit margins and increased expenses.

(billion yen)		FY12/25	FY12/26 forecast	Changes	Pct.
Orders received	Custom-built detached houses	4,202	4,200	△ 2	△0.0%
	Apartments	263	260	△ 3	△1.2%
Units & Prices of Custom-bulit detached houses	Units	8,357	8,200	△ 157	△1.9%
	Unit price (mil. Yen)	45.9	46.5	+0.6	+1.3%
Sales	Custom-built detached houses	389.0	426.0	+37.0	+9.5%
	Apartments	19.1	22.7	+3.6	+19.1%
	Detached spec home	20.1	26.2	+6.1	+30.3%
	Renovation	77.9	79.5	+1.6	+2.0%
	Others & Adjustments	36.3	41.6	+5.3	+14.7%
	TOTAL	542.3	596.0	+53.7	+9.9%
	RI/Net sales ratio	7.1%	6.4%	△0.7%pt	-
Units & Prices of Custom-bulit detached houses	Units	7,772	8,100	+328	+4.2%
	Unit price (mil. Yen)	48.7	50.7	+2.0	+4.1%

• Order Status

We plan to secure orders for 8,200 units. We will strengthen sales activities and promote a shift to higher value-added offerings.

• Sales Status

We expect higher unit prices and increased units sold due to a high level of order backlog, but profit margins are expected to decline due to rising material and labor costs, among other factors.

			FY12/25	FY12/26 forecast	Changes	Pct.
U.S.	Housing	Net Sales	786.1	862.0	+75.9	+9.7%
		Recurring income	105.2	85.5	△ 19.7	△18.7%
		RI/Net sales ratio	13.4%	9.9%	△3.5%pt	-
FITP		Net Sales	55.3	63.0	+7.7	+13.9%
		Recurring income	0.9	2.5	+1.6	+182.7%
		RI/Net sales ratio	1.6%	4.0%	+2.4%pt	-
Australia	Housing	Net Sales	337.8	414.0	+76.2	+22.6%
		Recurring income	26.3	30.0	+3.7	+14.0%
		RI/Net sales ratio	7.8%	7.2%	△0.5%pt	-
Others & Adjustments		Net Sales	26.8	35.0	+8.2	+30.8%
		Recurring income	5.5	△ 5.0	△ 10.5	-
TOTAL		Net Sales	1,205.9	1,374.0	+168.1	+13.9%
		Recurring income	138.0	113.0	△ 25.0	△18.1%
		RI/Net sales ratio	11.4%	8.2%	△3.2%pt	-

FX rate (average during term)

USD/JPY	149.66	150.00
AUD/JPY	96.51	105.00

• U.S. Housing

We expect units sold to increase through expansion of subdivisions, but profit margins are expected to decline due to increased incentives and increased costs associated with workforce expansion.

• FITP

While moving forward with construction streamlining and cost control, we will focus on expanding our footprint within the U.S.

• Australian Housing

Although profit margins are expected to decline due to rising costs, we forecast growth in both sales and income due to an increase in units sold.

(billion yen)	FY12/25	FY12/26 forecast	Changes	Pct.
U.S. Housing	No. of Units sold	10,262	11,635	+1,373 +13.4%
	Sales (mil. USD)	5,252	5,746	+494 +9.4%
	Unit sales price (thousand USD)	490	466	△ 24.0 △4.9%
	RI/Net sales ratio	13.4%	9.9%	△3.5%pt -
Australia Housing	No. of Units sold	7,404	7,800	+396 +5.3%
	Sales (mil. AUD)	3,500	3,943	+443 +12.7%
	Unit sales price (thousand AUD)	473	503	+30 +6.4%
	RI/Net sales ratio	7.8%	7.2%	△0.5%pt -

• U.S. Housing

We expect units sold to increase through expansion of subdivisions, but profit margins are expected to decline due to increased incentives and costs associated with workforce expansion.

• Australian Housing

Although we expect an increase in units sold and higher sales prices, profit margins are forecasted to decline.

(billion yen)		FY12/25	FY12/26 Forecast	Change	Pct.
U.S.	Housing	Net Sales	179.7	234.0	+54.3 +30.2%
		Recurring income	△1.1	4.0	+5.1 -
		RI/Net sales ratio	△0.6%	1.7%	+2.3%pt -
Domestic	Domestic rental management & real estate development	Net Sales	43.3	58.0	+14.7 +34.1%
		Recurring income	3.1	3.5	+0.4 +13.8%
		RI/Net sales ratio	7.1%	6.0%	△1.1%pt -
	Net Sales	Net Sales	31.5	39.0	+7.5 +23.6%
		Recurring income	3.0	2.5	△0 △16.6%
		RI/Net sales ratio	9.5%	6.4%	△3.1%pt -
Others & Adjustments	Net Sales	△0.5	0.0	+0.5	△100.0%
	Recurring income	△18.8	△9.0	+9.8	-
TOTAL		Net Sales	254.1	331.0	+76.9 +30.3%
		Recurring income	△13.8	1.0	+14.8 -
		RI/Net sales ratio	-	0.3%	- -

FX rate (average during term)

USD/JPY	149.66	150.00
AUD/JPY	96.51	105.00

• Real Estate Segment

In January 2026, we established the Real Estate Division, integrating domestic and overseas real estate development businesses and the medium- to large-scale wooden construction business. In the U.S. real estate development business, we expect fee income to increase due to property sales and an increase in the number of projects. In domestic medium- to large-scale wooden construction business, we aim to expand orders by strengthening collaboration with Kumagai Gumi Co., Ltd. and Cohnan Kensetsu Inc.

Features of Bond-Type Class Shares

Bond-Type Class Shares are treated as shares under the Companies Act and lead to an increase in capital for accounting/rating purposes through the issuance.

Meanwhile, Bond-Type Class Shares do not have voting rights and are not convertible into Common Shares, and the product nature of such shares is expected to give consideration to the Common Shareholders.

	Issuance	Approx. 5 years after issuance
Equity Credit for Accounting Purposes	Entire issue amount will be recorded as equity for accounting purposes	100% equity
Equity Credit for Rating Purposes	Expected to be evaluated as having the equity credit (50% of the issue amount) by the rating agency (R&I)	Treat 50% of issue amount as equity and 50% as debt
Voting Rights	No rights to vote at general shareholders meetings	No dilution of Common Shares
Rights to Convert	No rights to convert into Common Shares	
Tokyo Stock Exchange Listing	A listing application for the Prime Market of the Tokyo Stock Exchange is planned to be made	Listing on Tokyo Stock Exchange
Preferred Dividend	Fixed dividend for approx. five years from the issuance (floating dividend thereafter) ^{(*)1} The order of distribution is senior to dividends to Common Shares, Non-participating ^{(*)2} , Cumulative ^{(*)3}	Fixed Dividend
Call Option in Exchange for Cash (Our Option)	In principle, we may acquire the Bond-Type Class Shares after five years from the issuance ^{(*)4} (Acquisition in the amount equal to the issue price plus unpaid and accrued dividends payable)	Floating Dividend We may acquire the shares for cash

*1 The annual dividend rate will be the sum of the fixed base rate plus the initial spread for approximately five years from the issuance, and thereafter, the sum of the floating base rate plus the initial spread+1%.

*2 Bond-Type Class Shares are "non-participating", meaning that no dividend is paid more than the amount of the preferred dividend to be determined at the time of issuance.

*3 Bond-Type Class Shares are "cumulative", meaning that any unpaid dividends shall be carried over to subsequent fiscal years.

*4 The specific events triggering the call option will be determined at the time of issuance.

Effects and Impacts on Financial Indicators, etc.

Regarding the Bond-Type Class Shares, the impact on ROE and EPS for Common Shares is limited.

Dividends and distribution of residual assets are senior to those for Common Shares, and a fixed amount will be paid for the preferred dividend for a certain period of time, and no dividend is paid beyond the preferred dividend stipulated at the time of issuance.

In addition, the Bond-Type Class Shares lead to a decline in the Net D/E Ratio, etc., and contributes to the improvement of financial soundness indicators.

Impact on Key Financial Indicators	ROE for Common Shares	$\frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Equity capital for Common Shares}^{(*1)}}$	Impact is mostly limited to the preferred dividend amount
	EPS for Common Shares	$\frac{\text{Net Income} - \text{Preferred Dividend}}{\text{Number of issued shares for Common Shares}}$	
	PBR for Common Shares	$\frac{\text{Market Capitalization (Common Shares)}}{\text{Equity capital for Common Shares}^{(*1)}}$	
	Net D/E Ratio	$\frac{\text{Interest-Bearing Debt} - \text{Cash and Deposits}}{\text{Equity capital (including Bond-Type Class Shares)}}$	
Distribution to Bond-Type Class Shareholders	Preferred Dividend	Senior to Common Shares, limited to the annual dividend rate determined at the time of issuance (fixed dividend for approx. 5 years from the issuance)	Contribution to improvement of financial soundness
	Distribution of Residual Assets	Senior to Common Shares, limited to the amount equivalent to the issue price and the amount of preferred dividend	

*1 In calculating equity capital for Common Shares, we have deducted the equity capital for the Bond-Type Class Shares and preferred dividend from equity capital.

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Contact Information

**Sumitomo Forestry Co., Ltd.
IR Group, Corporate Communications Department**
icom@sfc.co.jp

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