Happiness Grows from Trees

SUMITOMO FORESTRY

FY12/2026 Second Quarter Financial Results Briefing

Current Business Environment and Future Business Strategy

August 10, 2026

SUMITOMO FORESTRY

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

We sincerely wish for the swiftest possible recovery.

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1. FY12/2026 Second Quarter Results

FY12/2026 Second Quarter Consolidated Results

✓ 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

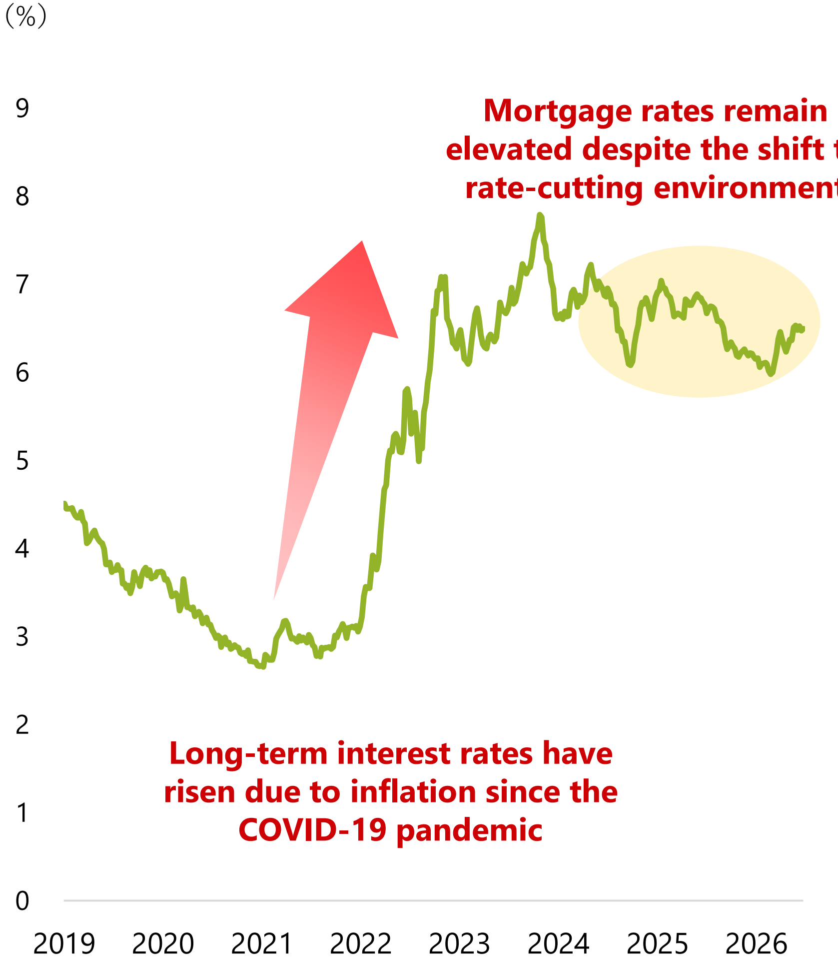
(billion yen)	FY12/25 Q2	FY12/26 Q2	Pct.
Timber and Building Materials	3.0	0.6	-79.4%
Housing	18.0	16.9	-6.4%
Overseas Housing	74.5	45.7	-38.6%
Real Estate	-6.3	-12.9	-
Environment and Resources	-0.8	-1.2	-
Others	2.5	1.4	-42.2%
Adjustment	-2.6	-0.7	-
TOTAL	88.2	49.8	-43.6%

2. Business Environment and Business Strategy

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

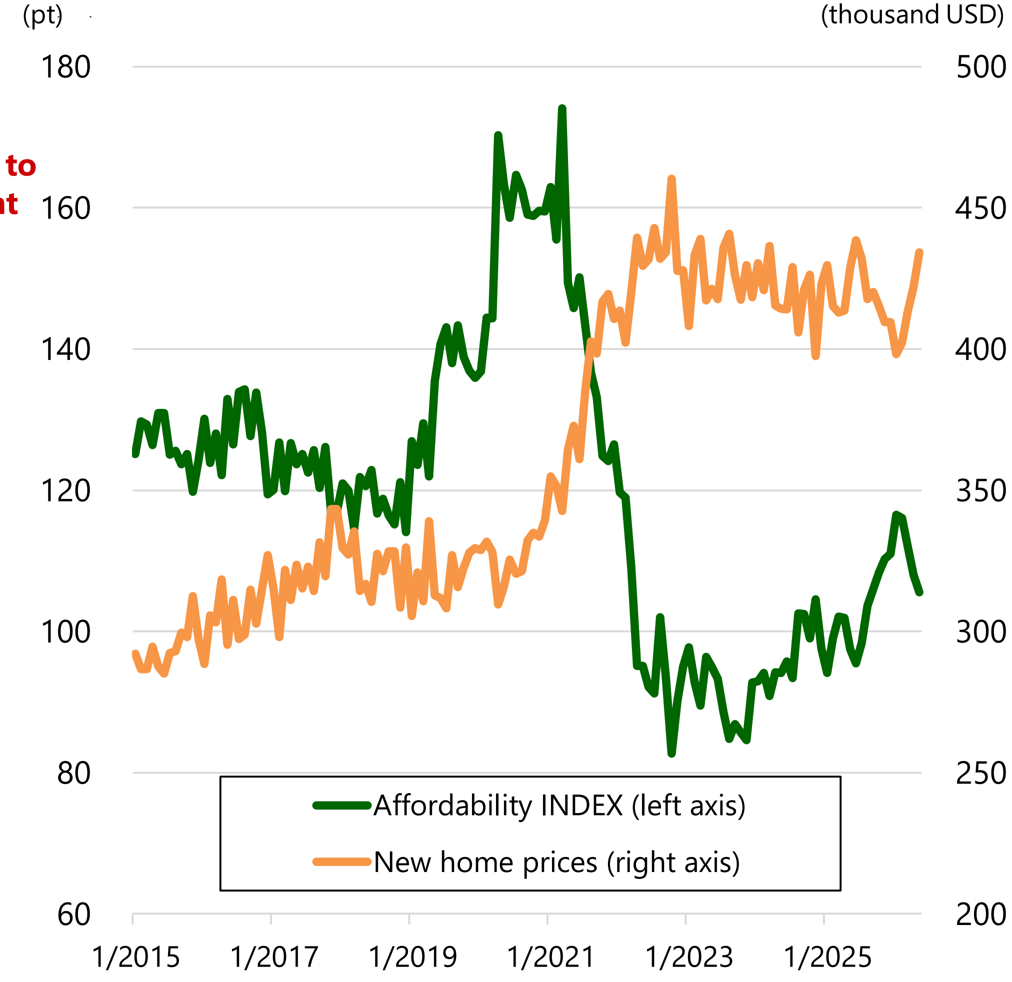
- ✓ Although employment conditions remain solid, **with mortgage rates and home prices staying high, affordability has not improved, and housing demand remains stagnant**.
- ✓ On the other hand, **the pool of new home buyers, including Millennials and Gen Z, is large, and firm housing demand is expected**.

30-Year fixed rate mortgage



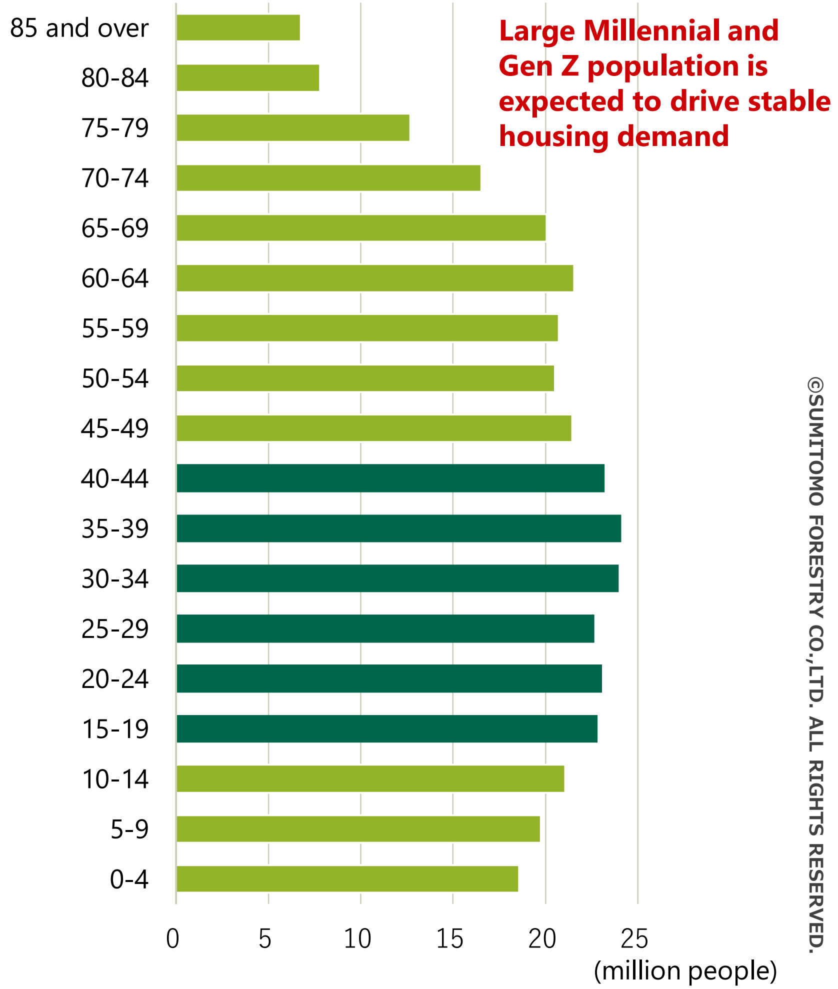
Source: Prepared by the Company based on Freddie Mac data (as of June 25, 2026)

New home prices and affordability



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

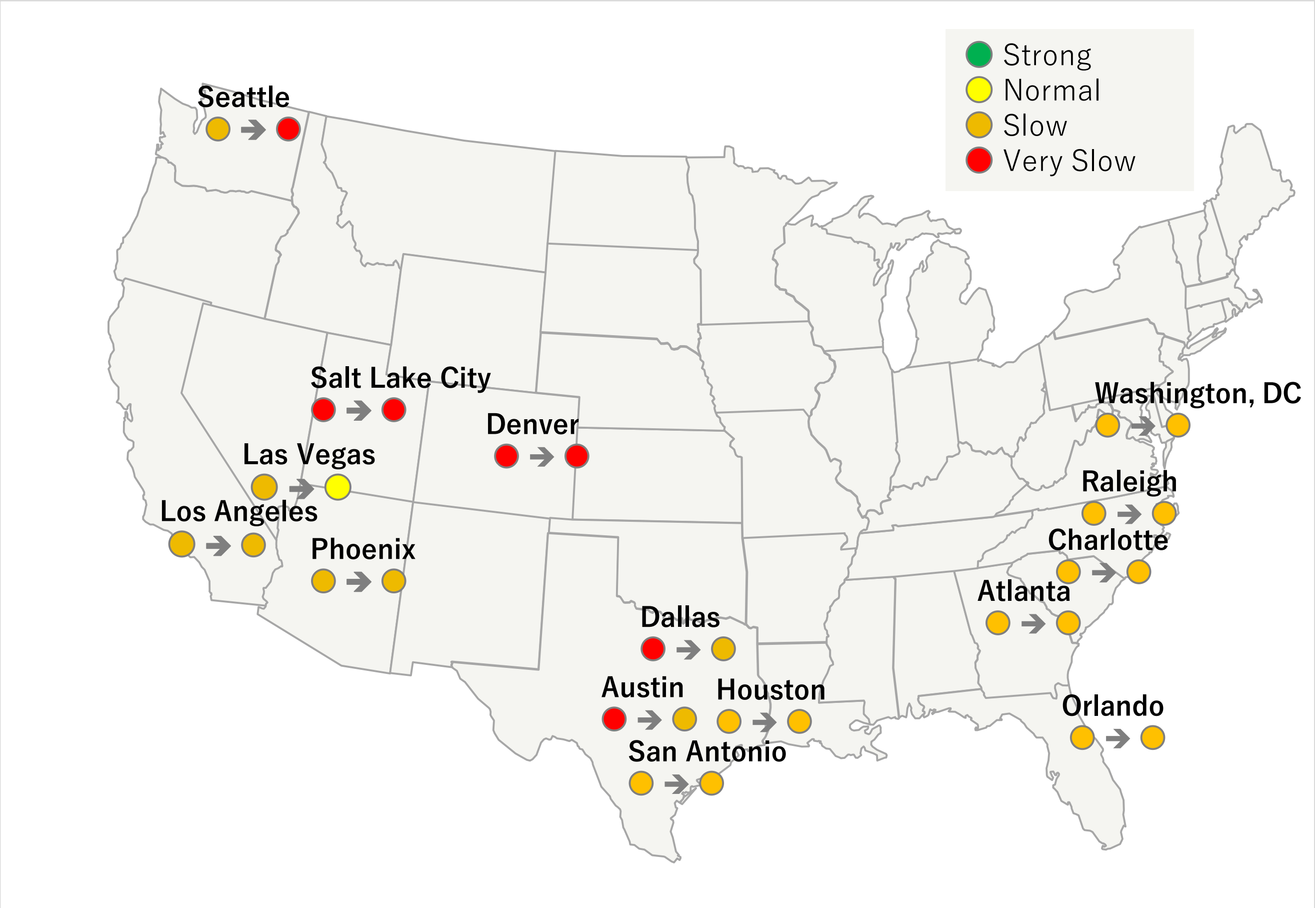
Population breakdown by age group



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

✓ 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**

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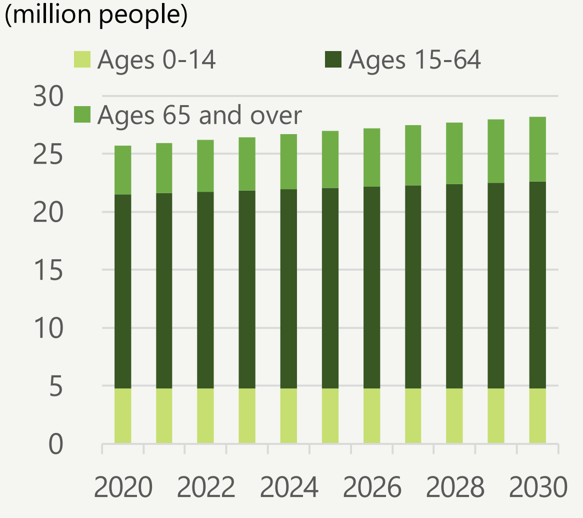
Australia

Market environment in our operating areas

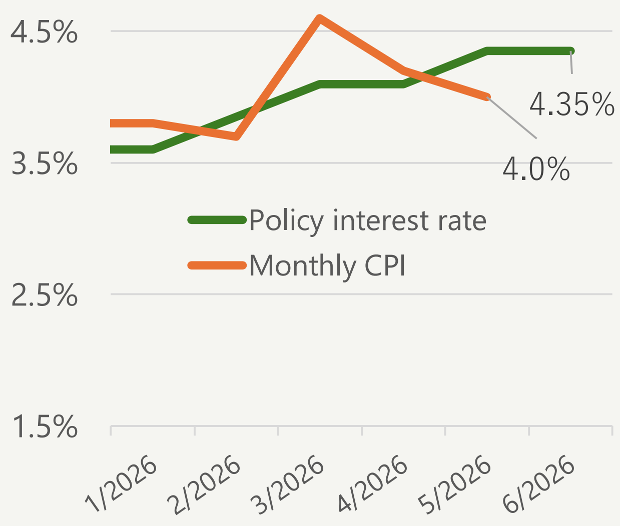
Victoria New South Wales	The housing market remains subdued with **a challenging sales environment**. Consumer sentiment has weakened in metropolitan VIC, and in NSW there has been deteriorating affordability due to land shortages and intense competition.
Queensland Western Australia South Australia	**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

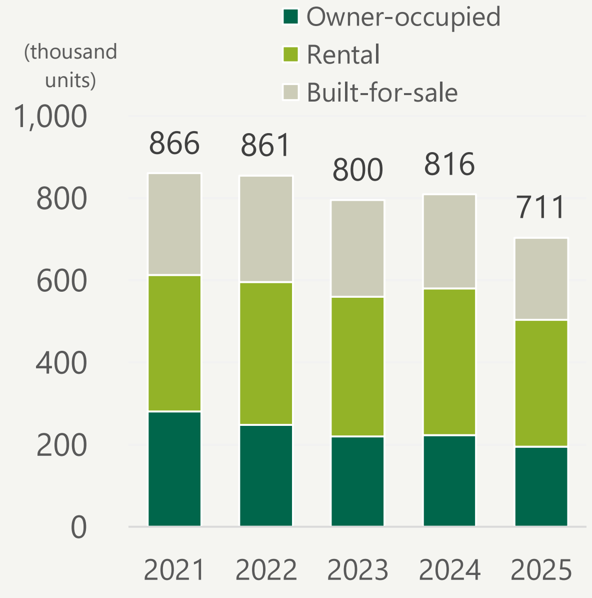


Source: ABS, RBA

Japan

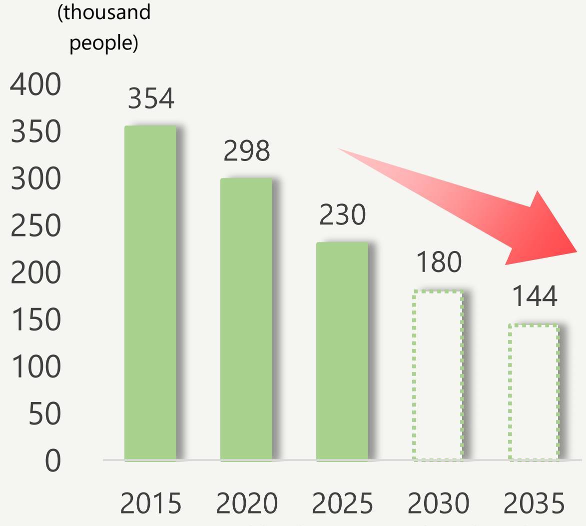
- Housing starts in FY2025 **declined to 710,000 units**
- **Rising interest rates** and **persistently high material and labor costs** continue, and the risk of longer construction periods due to labor shortages is increasing
- Against a backdrop of growth in the housing stock and vacant homes and expanding 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

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

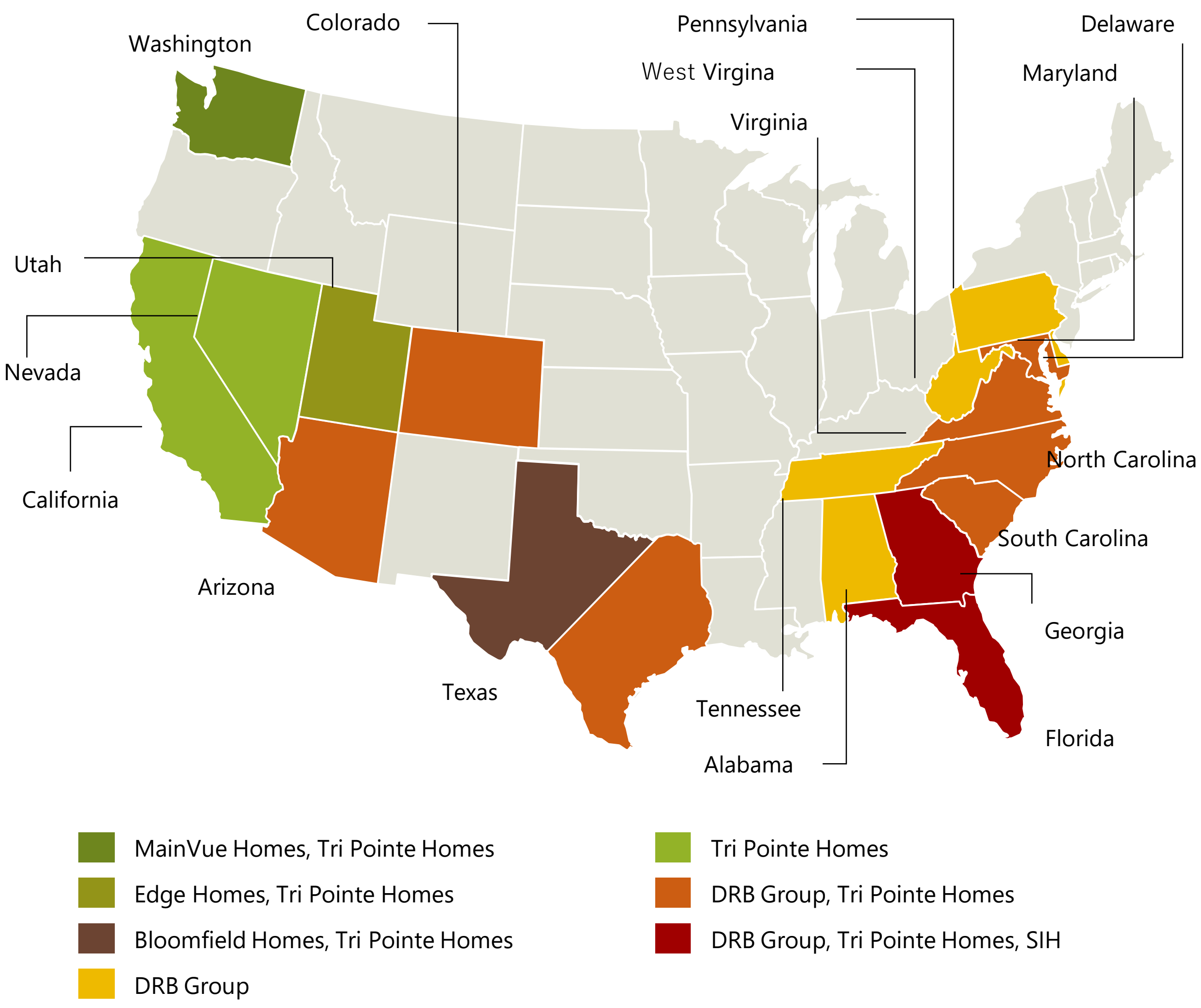
While the Company's existing builders mainly target first- and second-time buyers (USD 400,000–500,000 price range), TPH operates in the higher price range (over USD 600,000)

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



U.S. Housing Business | Business Strategy: Creating Synergies with TPH

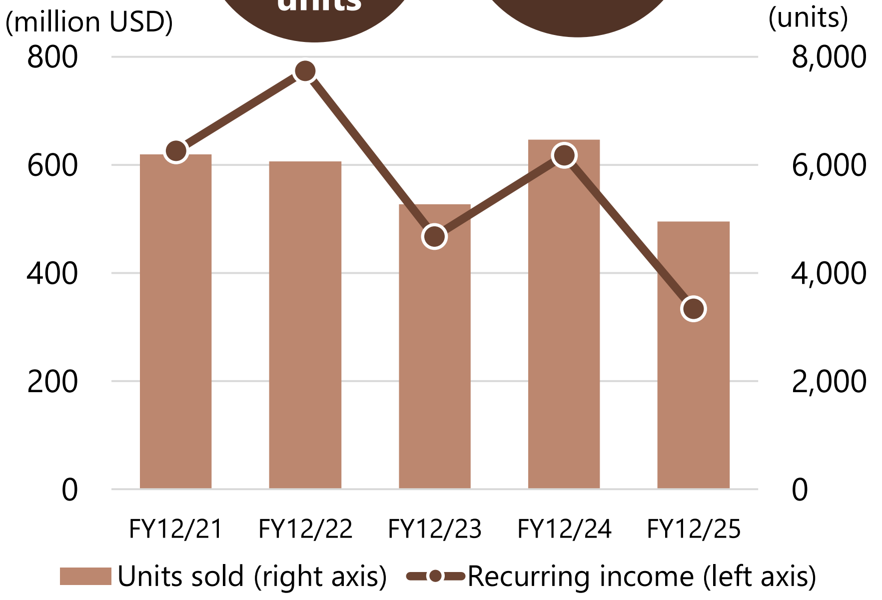
- ✓ Through Group collaboration within the U.S., we aim to create synergies across the entire Group and achieve sales of 23,000 units in 2030.
- ✓ By deploying FITP business to TPH, leverage group synergies to ensure construction efficiency and safety, and to shorten construction periods.

tri pointe HOMES

Trends in TPH's recurring income and units sold over the past five years

Annual avg. units sold: **5,786 units**

Annual avg. recurring income: **USD 563 million**



Integration of management resources

Existing U.S. Builders

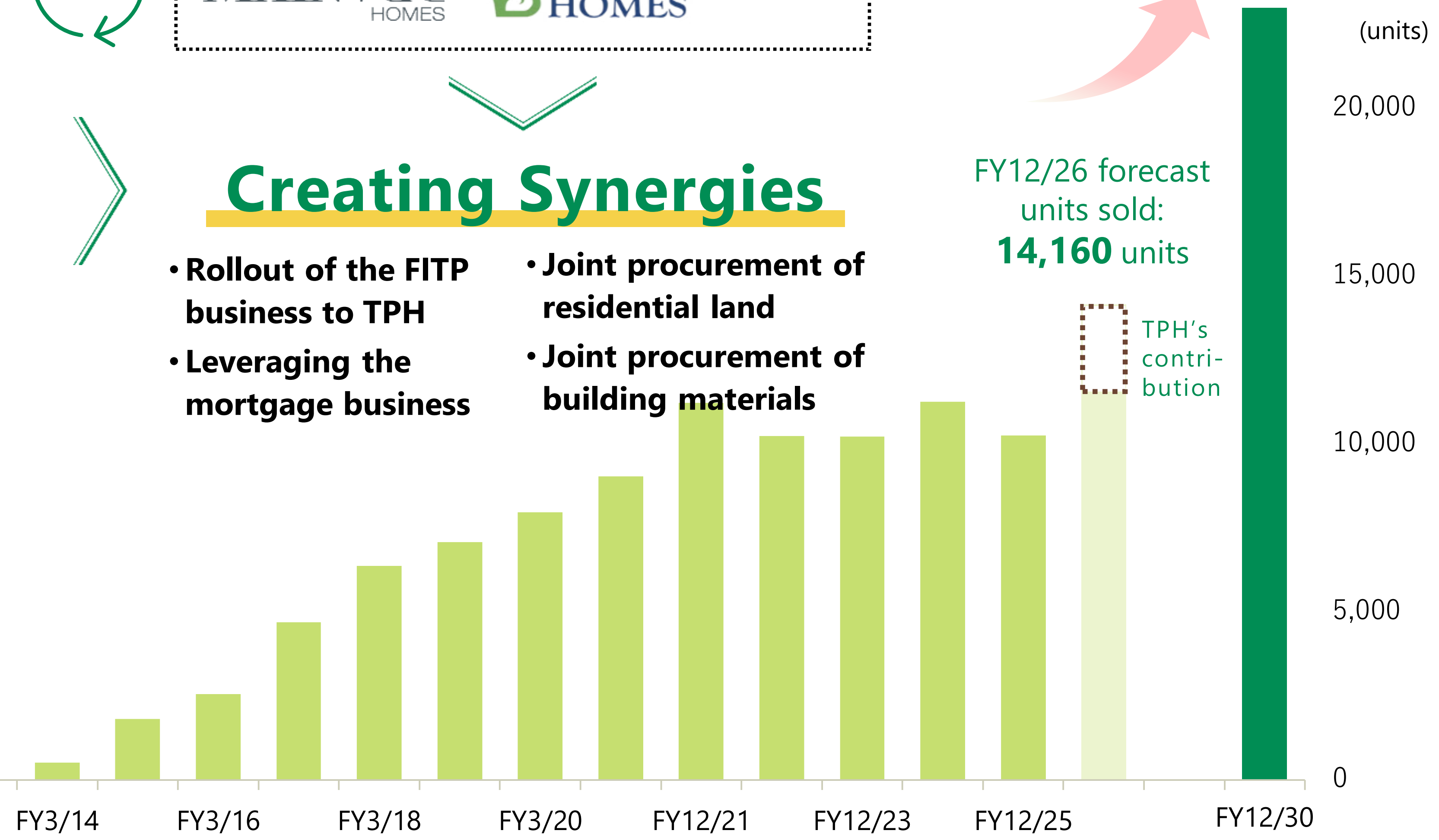
DRB GROUP, EDGEhomes, Southern Impression Homes, MAINVUE HOMES, BLOOMFIELD HOMES

Creating Synergies

- **Rollout of the FITP business to TPH**
- **Leveraging the mortgage business**
- **Joint procurement of residential land**
- **Joint procurement of building materials**

FY12/30 target units sold: **23,000** units

FY12/26 forecast units sold: **14,160** units



U.S. Housing Business | Business Strategy

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

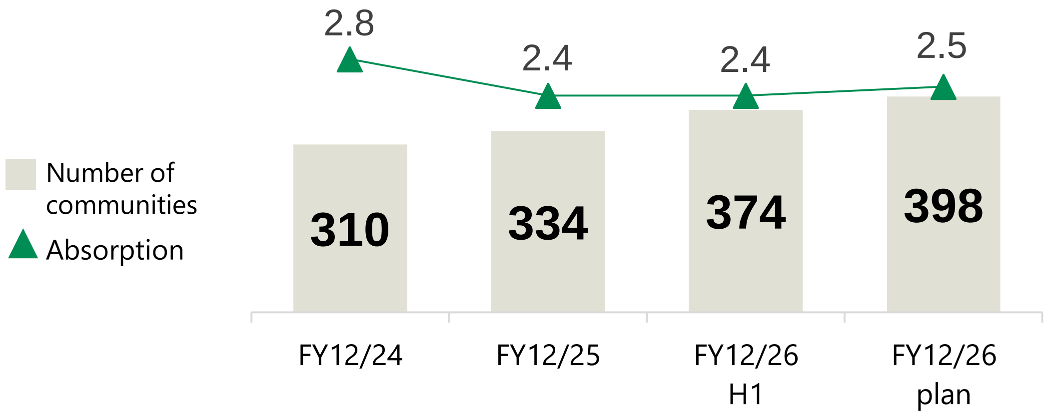
✓ Improve the inventory turnover ratio while maintaining appropriate inventory levels.

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

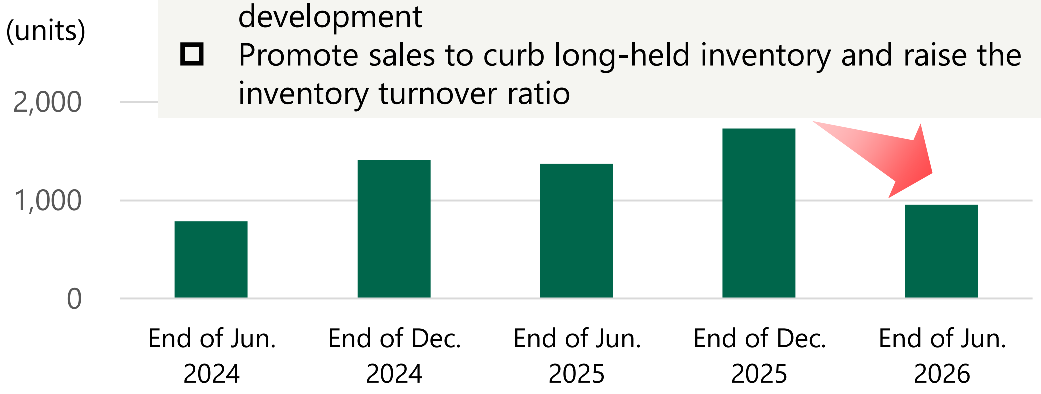
- Promote land acquisition through option contracts
- Maintain appropriate inventory levels by controlling housing starts

Lighten the balance sheet and improve the inventory turnover ratio

Completed inventory of spec homes (excluding TPH)

Inventory management policy

- ☐ Set appropriate inventory levels for each residential development
- ☐ Promote sales to curb long-held inventory and raise the inventory turnover ratio



Australian Housing Business | Business Strategy

✓ 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.

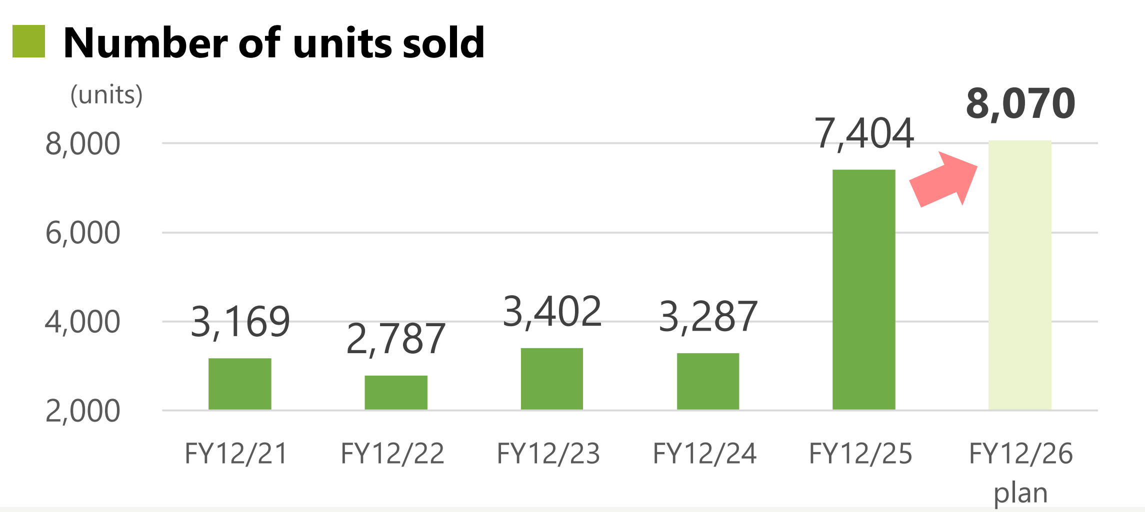
Strategy 1 Creating scale synergies across the four Australian group companies

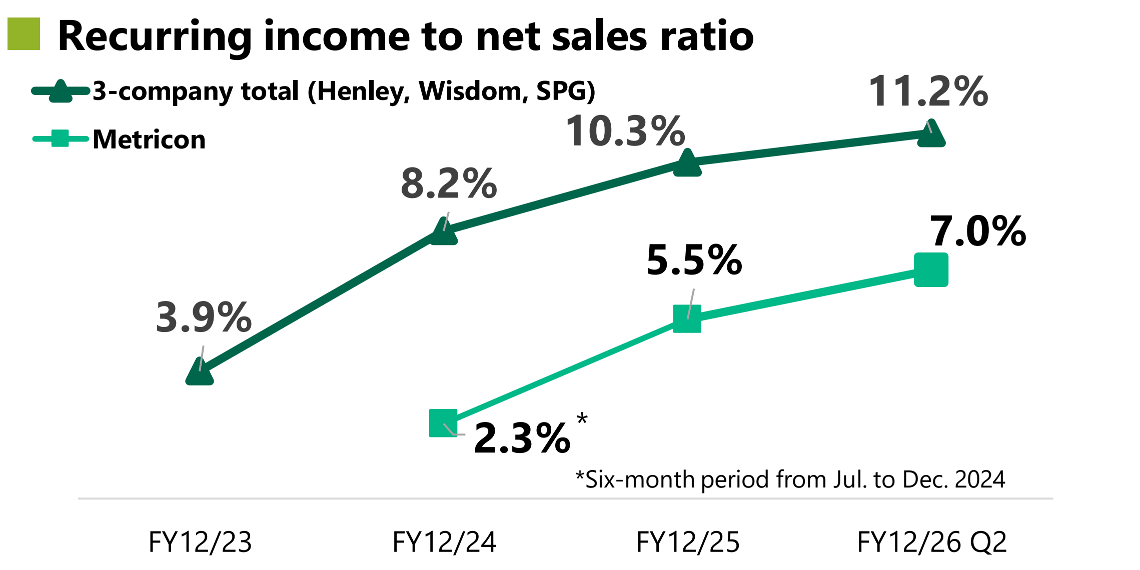
- Cost reductions through joint procurement of materials
- Standardization of product specifications and components
- Transfer of back-office operations to the Group BPO company

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





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

✓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**

Design and Construction:
- Sumitomo Forestry, AS Department
- COHNAN KENSETSU
- AIM CREATE

Developer:
- **LeTech Corporation**

Support:
- Sumitomo Forestry, UD Department
- Sumitomo Forestry Home Service
- Sumitomo Forestry Residential

Domestic Housing Business | Business Strategy

✓ **A product strategy capturing a wide range of housing demand has proven successful, with the value of orders received up year on 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)

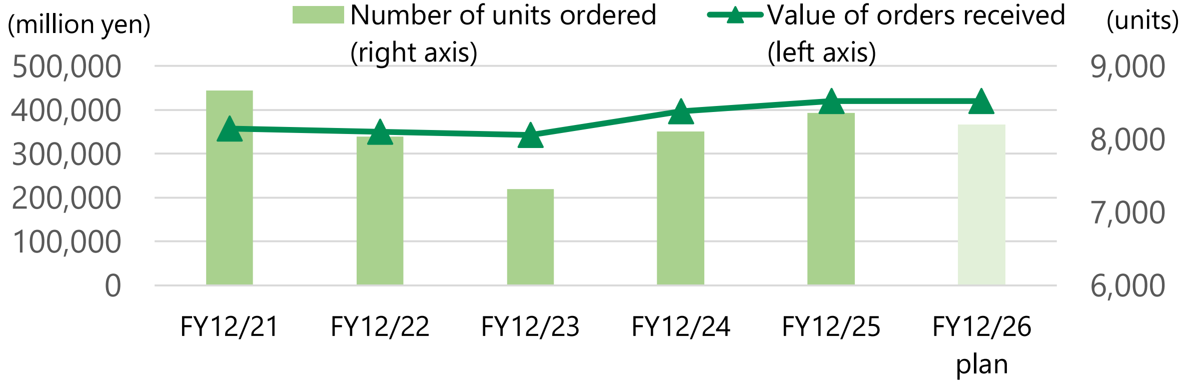
65 million yen and above
(grand estate design)

Realizing a product strategy spanning a wide range of price points

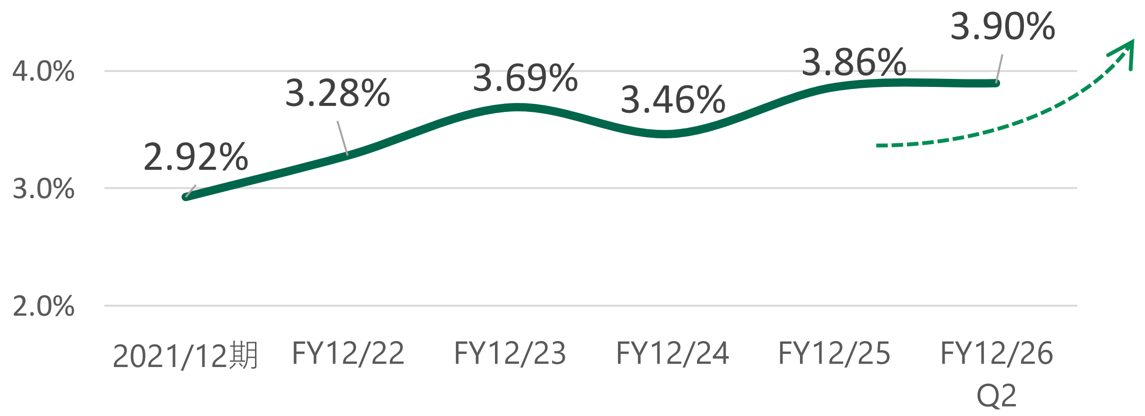
Our original "Big-Frame (BF) Structure," "PRIME WOOD," and "Germoglio" as the foundation

* 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



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

3. FY12/2026 Full-Year Forecast

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.

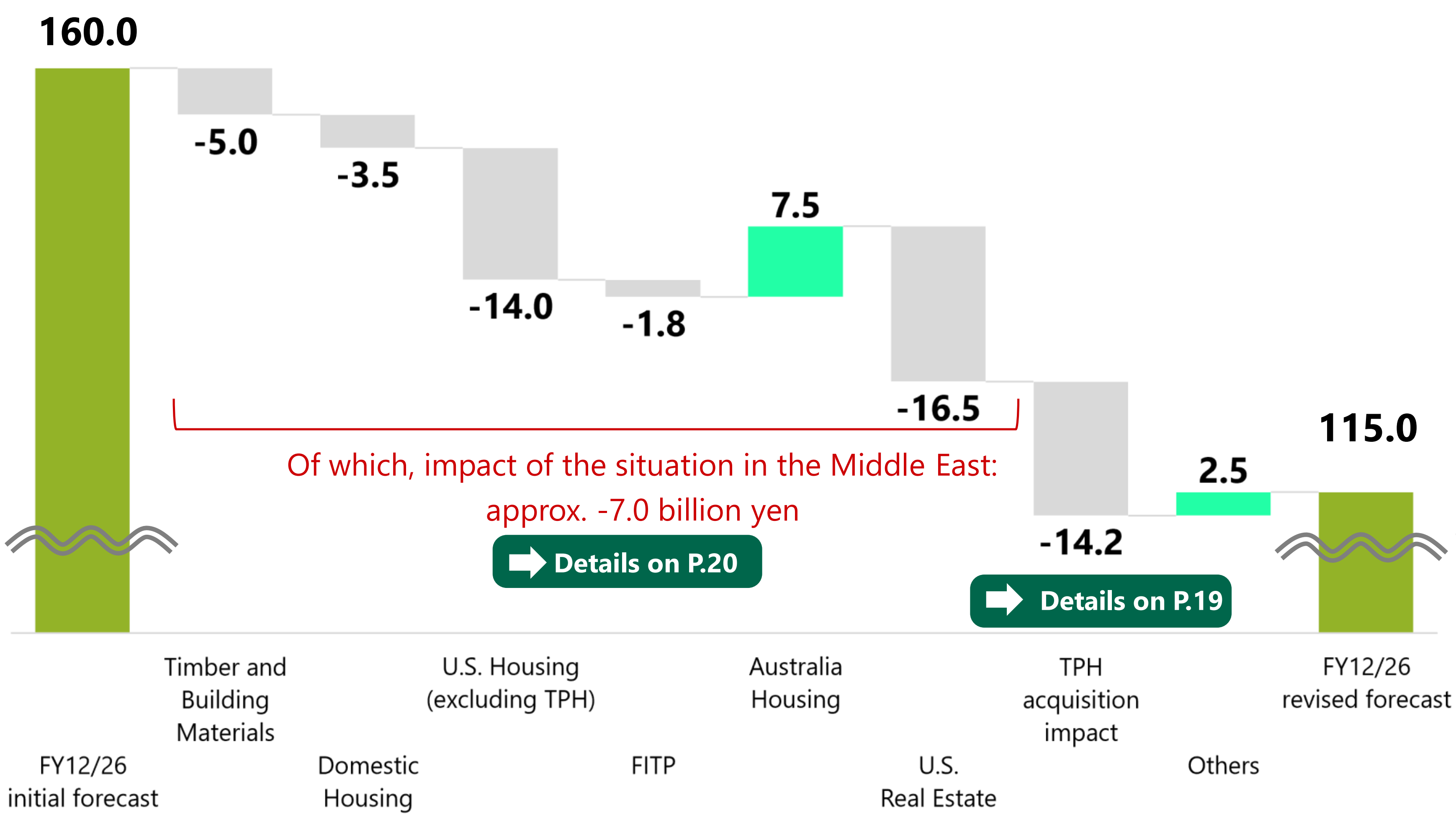
Full-year forecast Statements of income

(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**

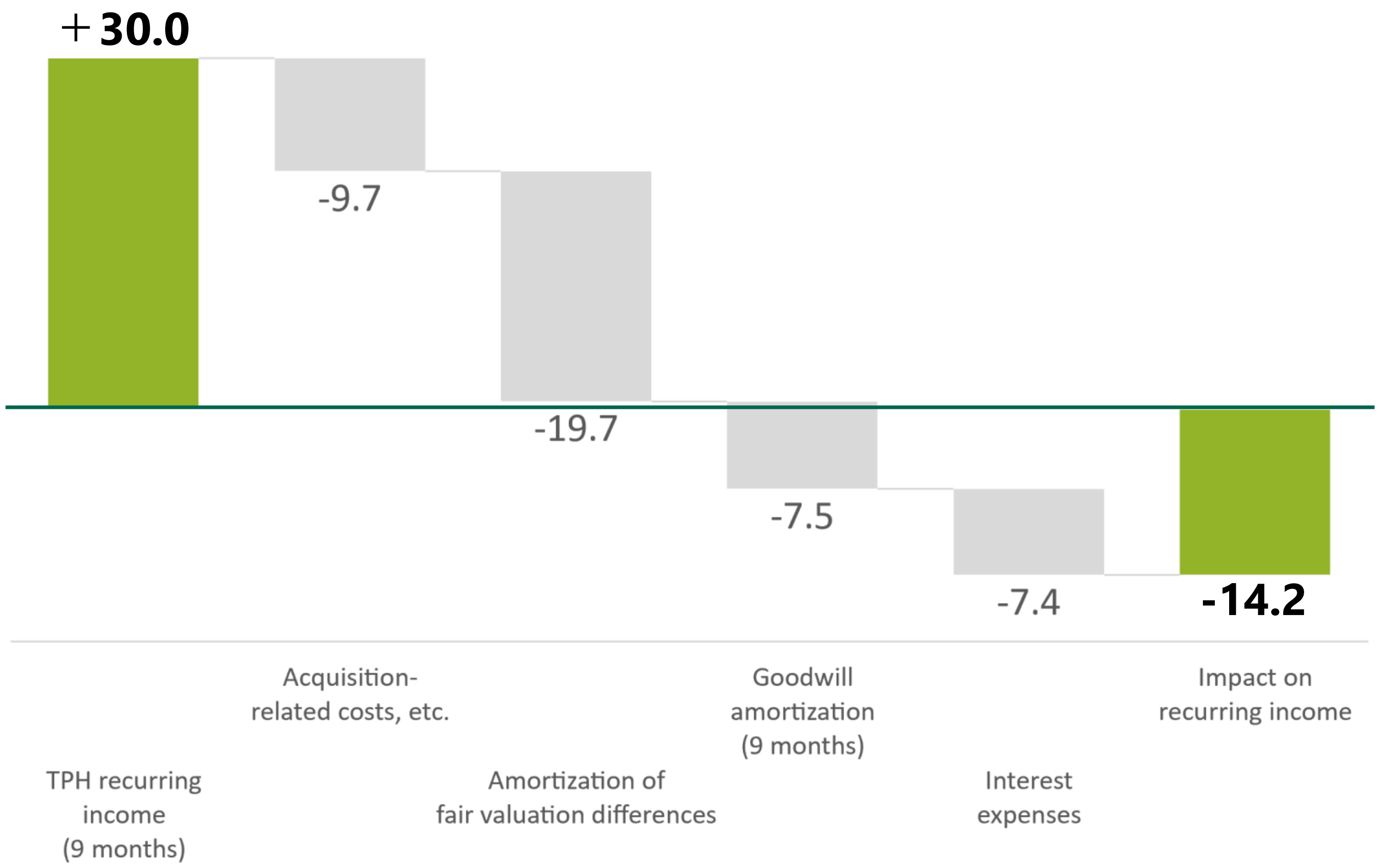
Factors in the change in recurring income (billion yen)



✓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.

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

✓ 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.

4. Financial Strategy

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

✓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**.

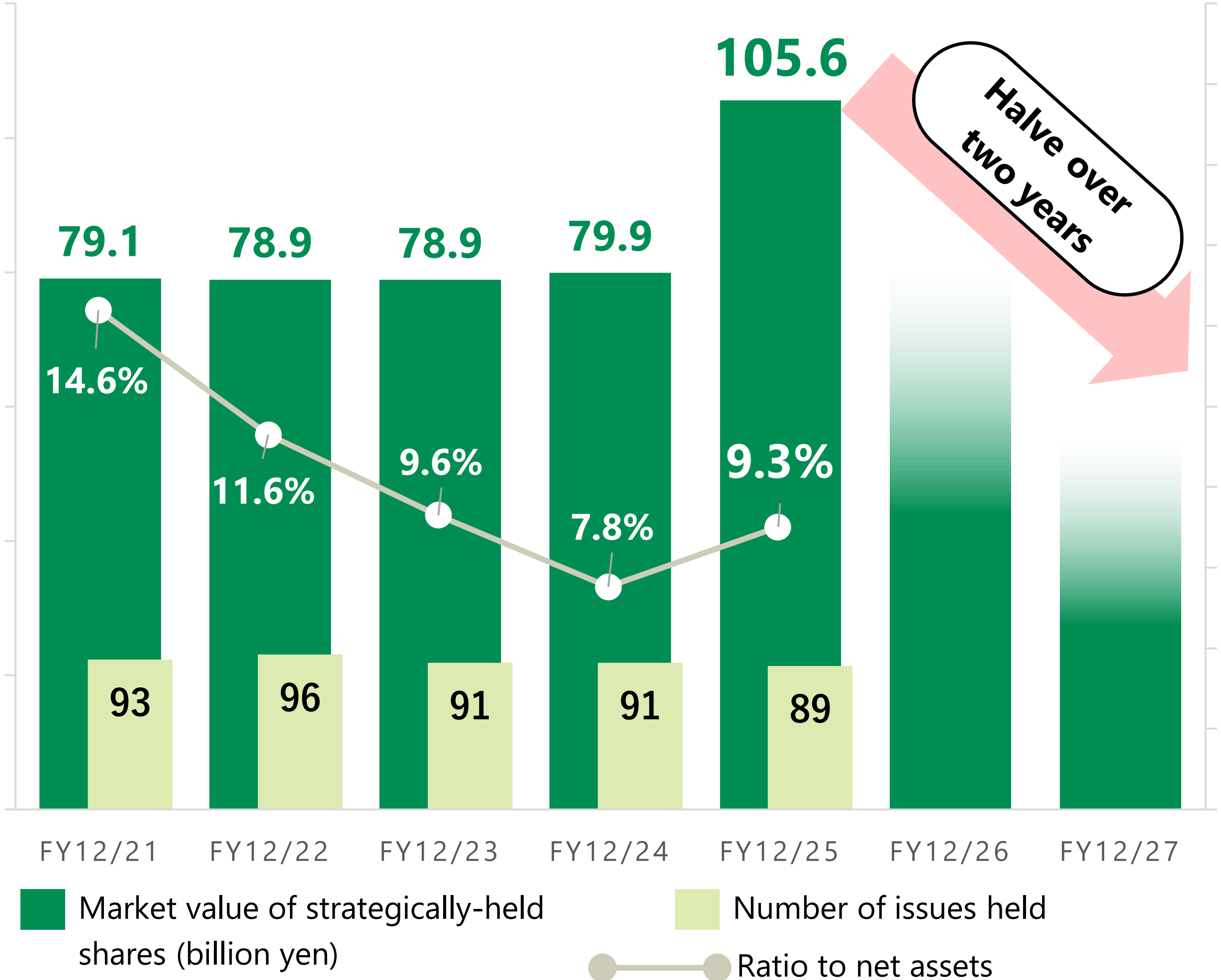
Planned permanent financing amount	Permanent financing funding method	Overview
Bridge loan 610.0 billion yen (yen-denominated)	**Hybrid financing 350.0 billion yen (yen-denominated)**	• Subordinated bonds and subordinated loans having a degree of equity credit in rating purpose will be issued. • Dated 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

- ✓ 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)

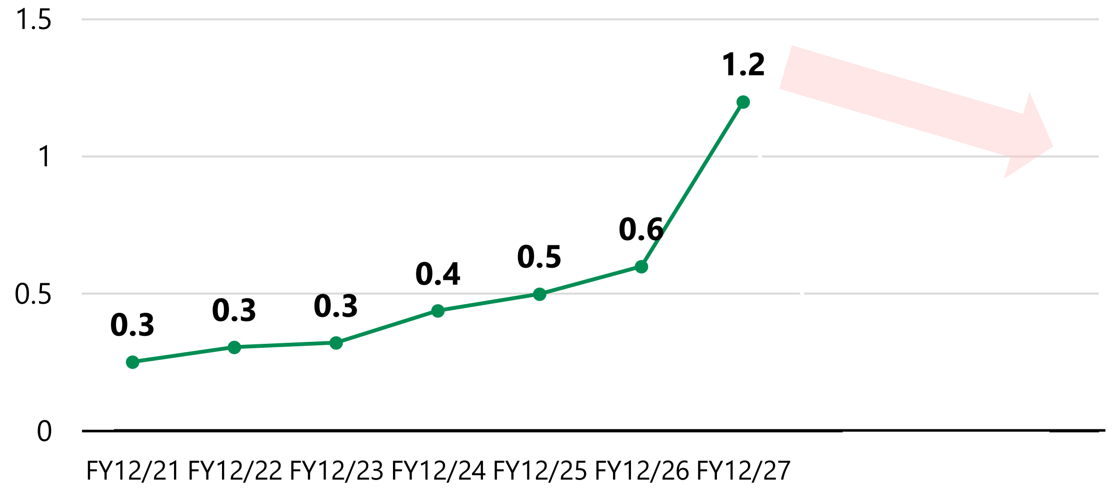


Rigorous selection of investments and loans; selection and concentration of businesses

- ✓ 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.**

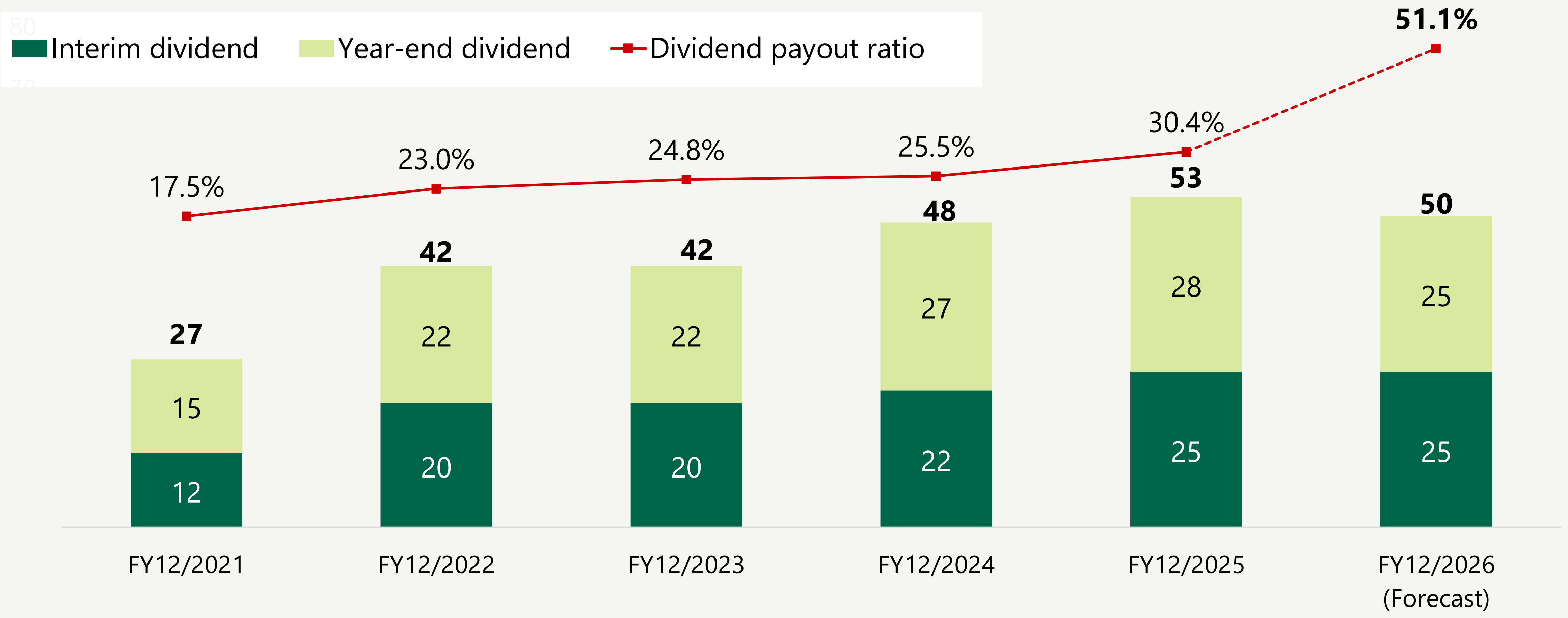
Net D/E ratio

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.**



✓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.

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Mission TREEING 2030

~Making our planet safer and more secure for future generations~

By providing value for our planet, for people and society, and for the market economy, we at Sumitomo Forestry Group will strive to make our planet safer and more secure for current and future generations of people and all living beings. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future.

Targets

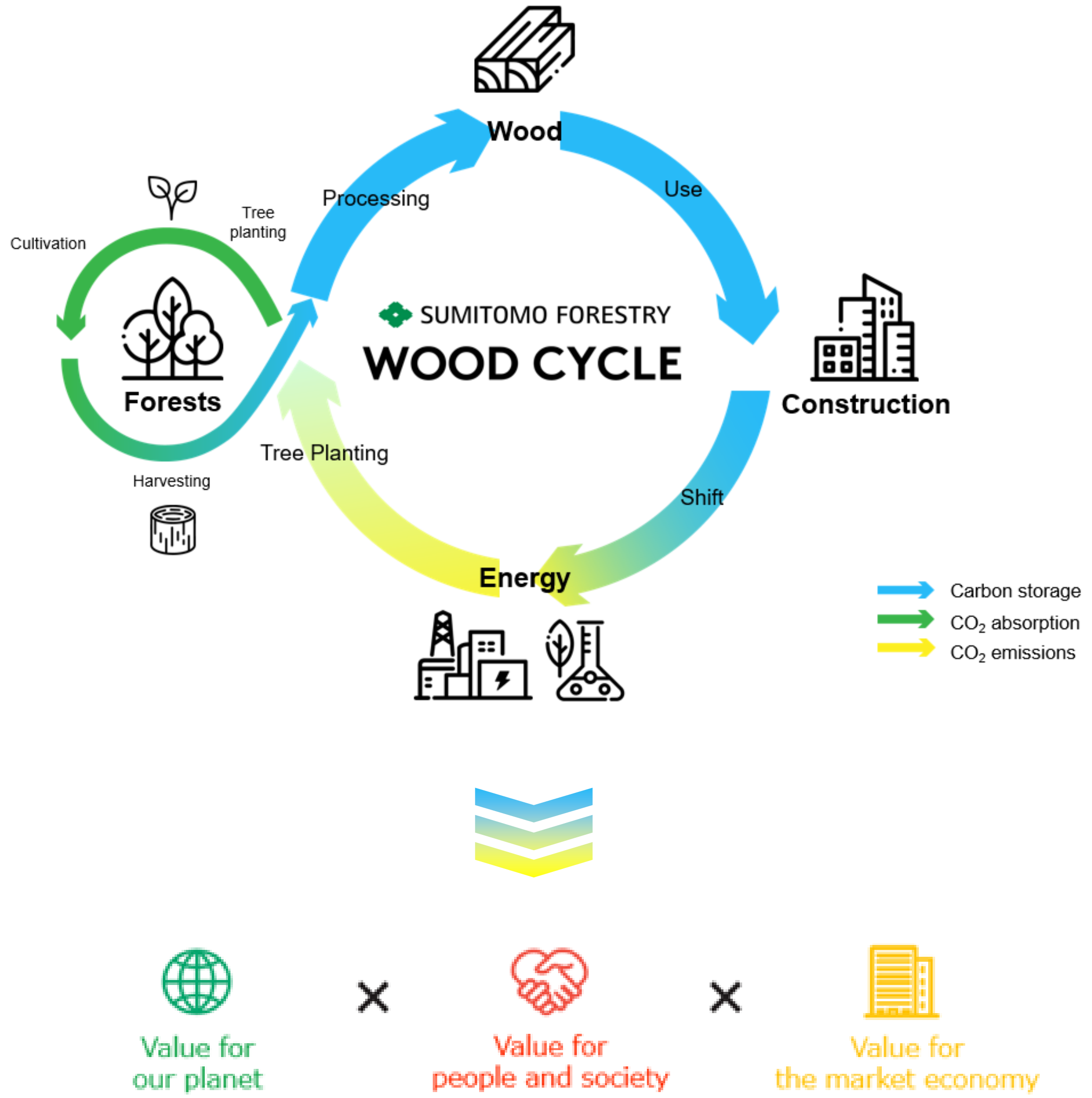
Targets for a decarbonized society

Owned/managed forest area	1 million ha
Domestically produced timber usage at timber industrial complexes	1 million m³
Annual housing supply	65,000 units

Financial targets

2030 Recurring income target
350 billion yen

Value delivered by the Wood Cycle



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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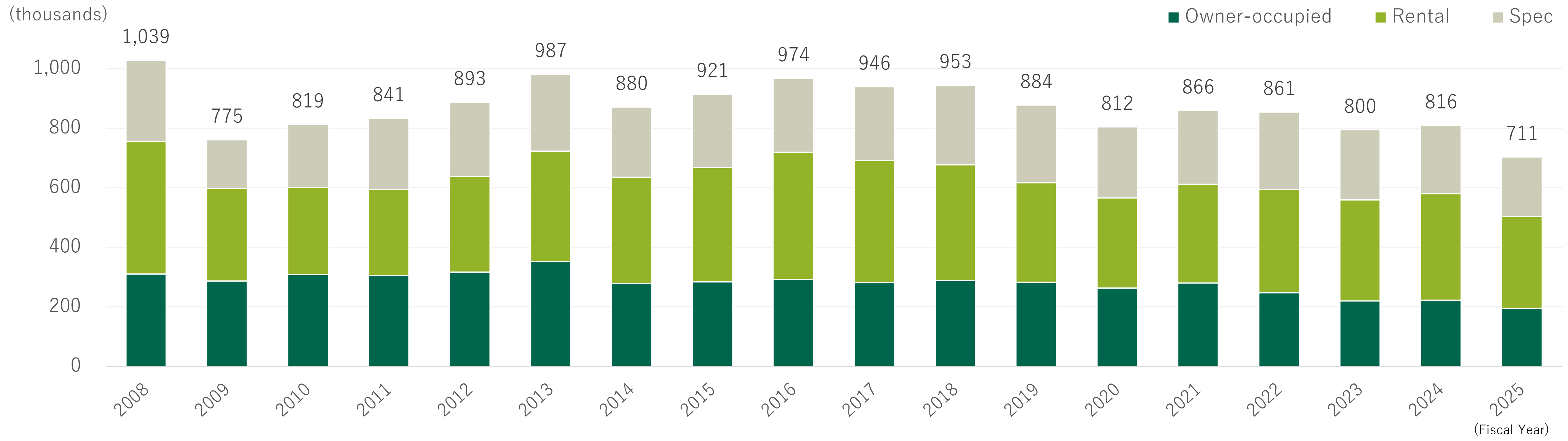
Appendix

Domestic New Housing Starts

- ✓ 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.

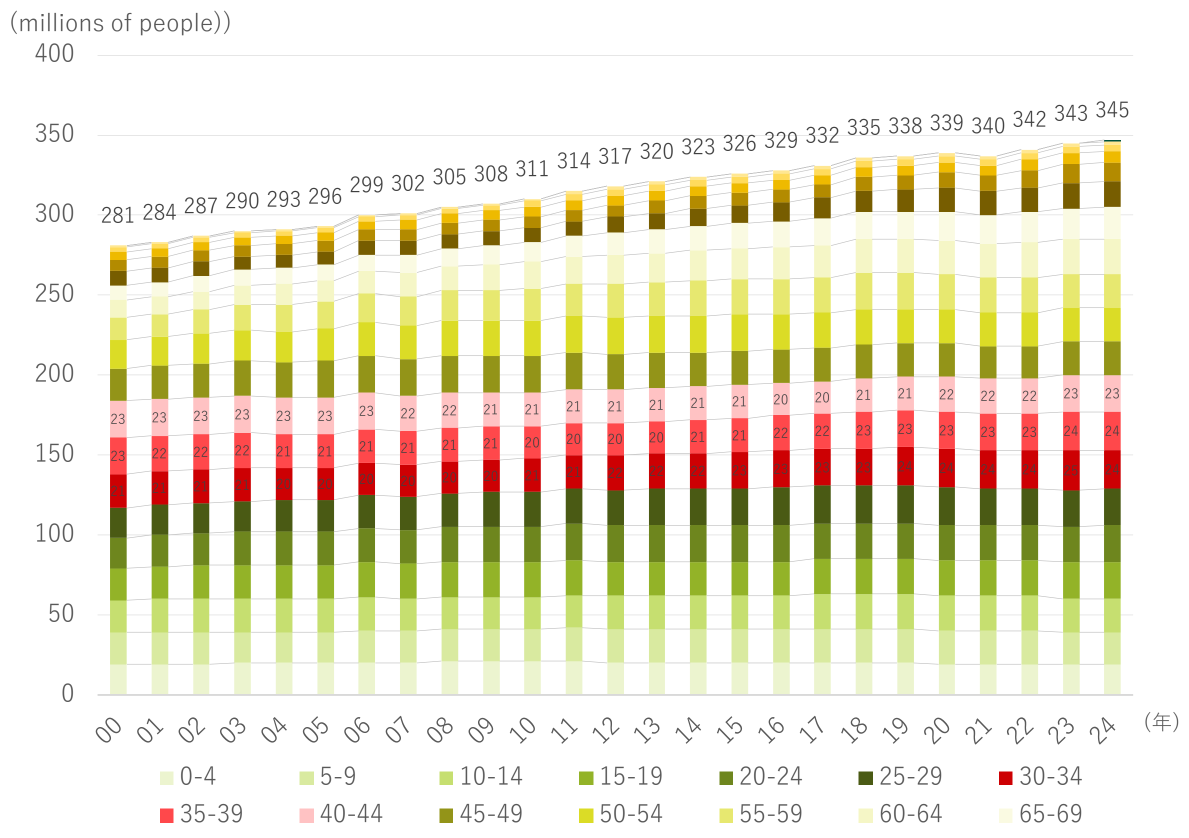
■Trends of Housing Starts



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

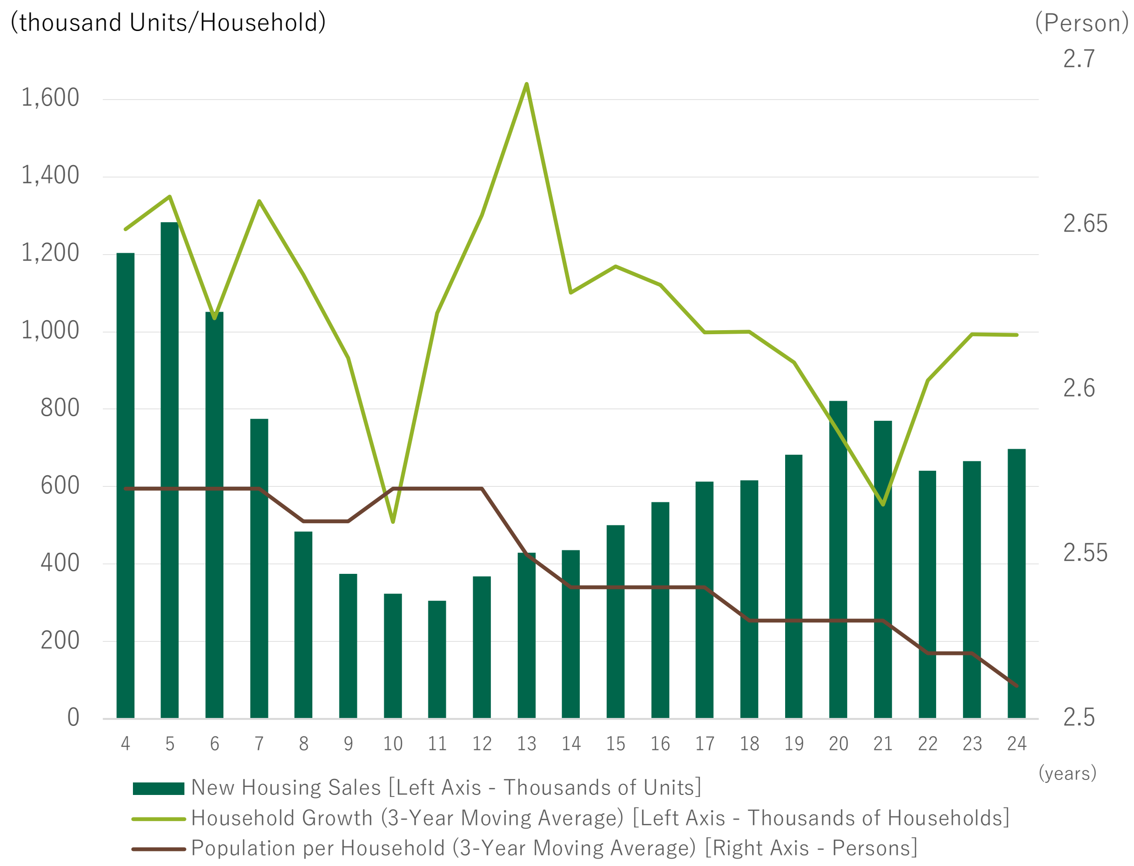
✓ Population growth will ensure steady demand for both detached and multi-unit housing over the medium to long term.

■U.S. - Population Composition by Age Group



Source：United Nation "World Population Prospects 2024"

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



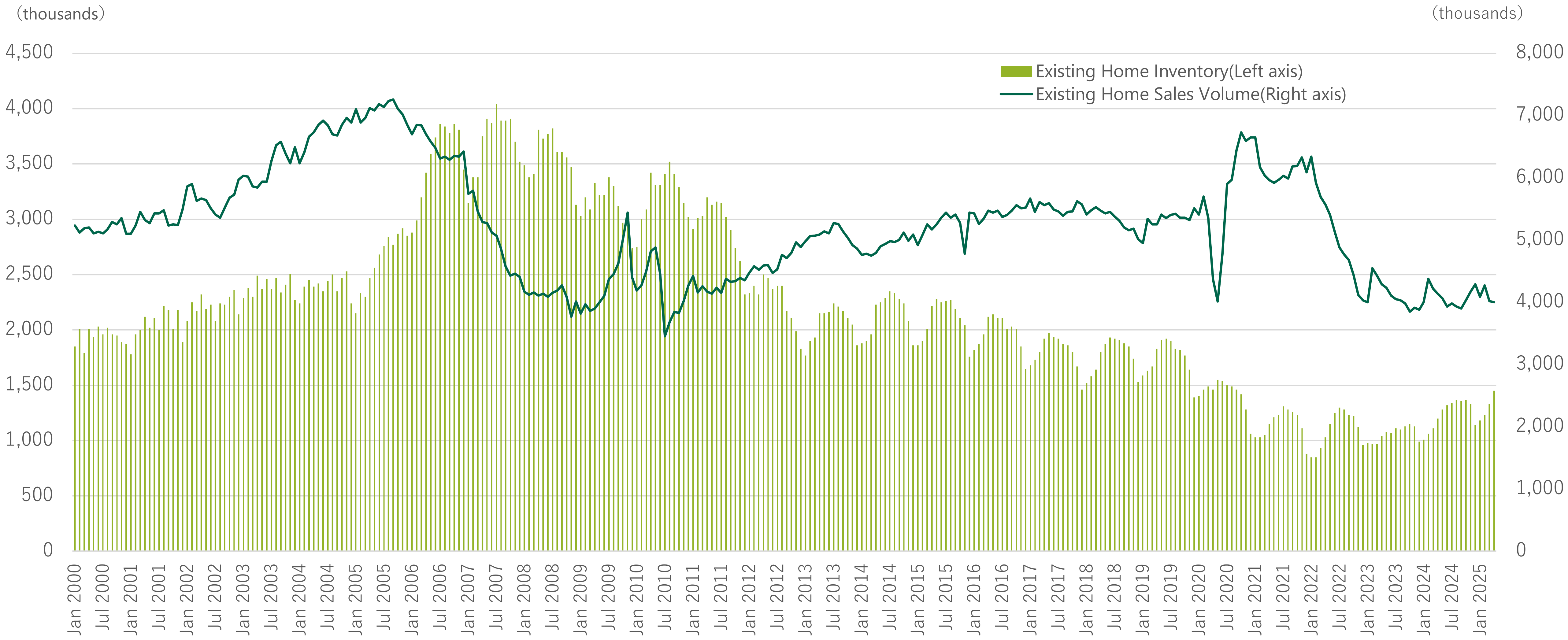
Source: U.S. Census

U.S. Housing Market
(Existing Home Inventory)

Happiness Grows from Trees
SUMITOMO FORESTRY

✓ Existing home inventory remains at historically low levels.

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



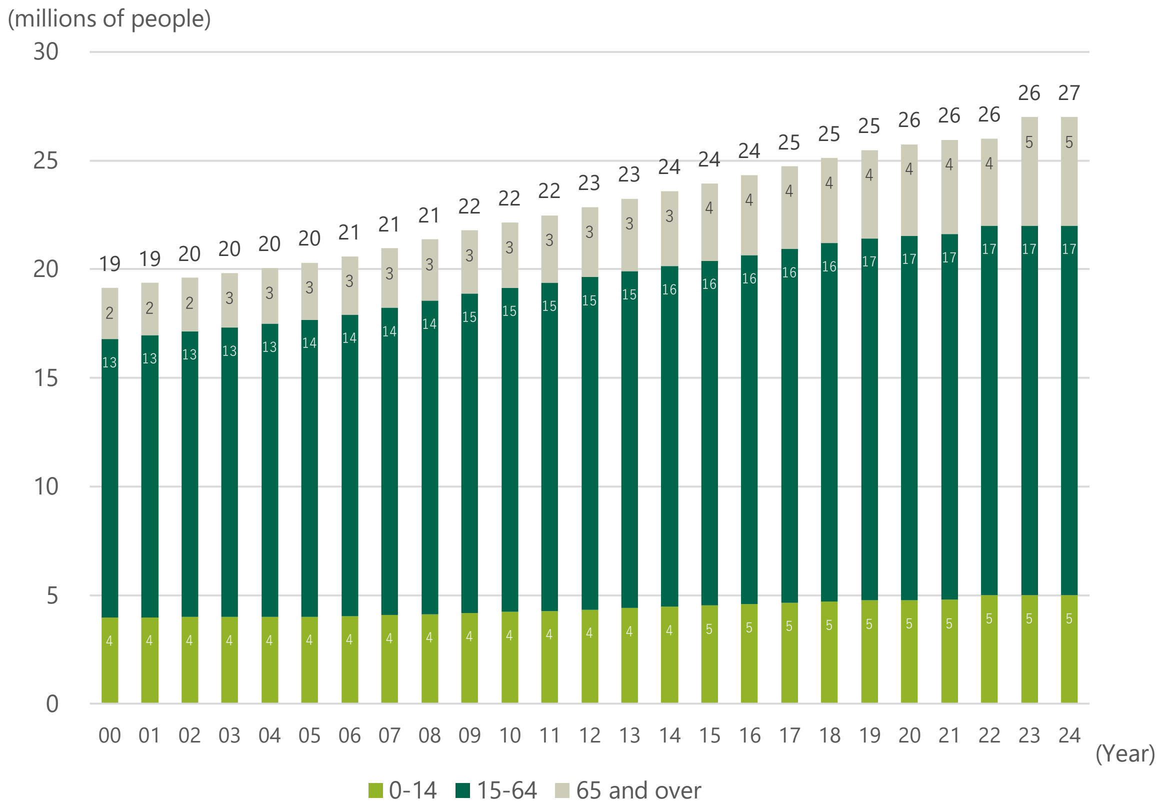
Source： NAR

Australian Housing Market
(Demographics and Housing Starts)

Happiness Grows from Trees
SUMITOMO FORESTRY

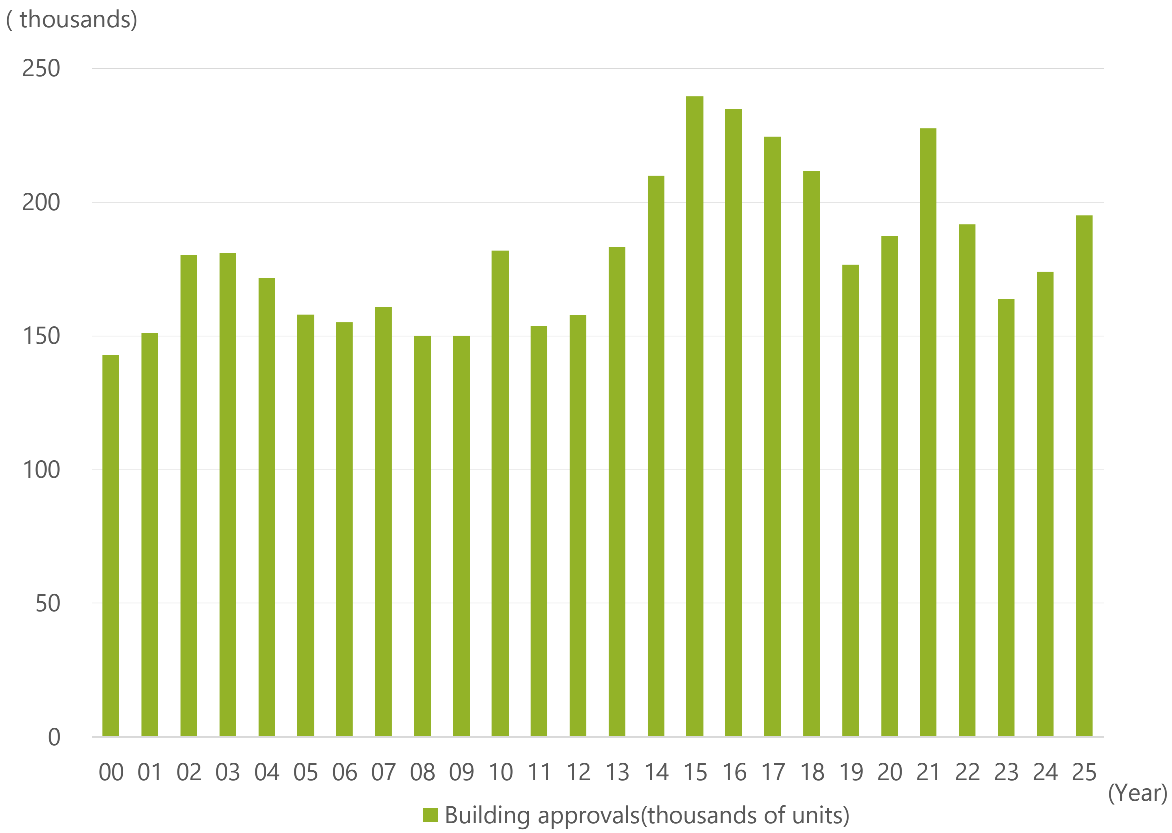
✓ In addition to population growth, the number of new housing starts is recovering, thus stable demand is expected to continue.

Australia - Population Composition by Age Group



Source: United Nation "World Population Prospects 2024"

Australia - Trends of Building Approvals



Source: Australian Bureau of Statistics