

[TRANSLATION]

The following is an unofficial English translation of “The 86th Ordinary General Meeting of Shareholders Other Matters Related to Electronic Provision Measures (Matters Omitted from the Delivery Document)” by Sumitomo Forestry Co., Ltd. (“Company”). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between it and this English translation.

The 86th Ordinary General Meeting of Shareholders Other Matters Related to Electronic Provision Measures (Matters Omitted from the Delivery Document)

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(January 1, 2025, to December 31, 2025)

Sumitomo Forestry Co., Ltd.

Matters concerning stock acquisition rights and other of the Company

(1) Stock acquisition rights held by directors as of the end of the fiscal year

Name	Allotment date	Number of share acquisition rights	Type and number of shares to be issued	Issue price	Exercise price	Exercise date	Number of people holding
Sumitomo Forestry Co., Ltd. 2015 Stock Acquisition Rights (Stock-based Compensation Type)	August 20, 2015	54	Common stock of the Company 16,200 shares	¥411/share	¥1/share	August 21, 2015, to August 20, 2035	1 (excluding outside directors)
Sumitomo Forestry Co., Ltd. 2016 Stock Acquisition Rights (Stock-based Compensation Type)	August 19, 2016	98	Common stock of the Company 29,400 shares	¥364/share	¥1/share	August 20, 2016, to August 19, 2036	4 (excluding outside directors)
Sumitomo Forestry Co., Ltd. 2017 Stock Acquisition Rights (Stock-based Compensation Type)	August 18, 2017	84	Common stock of the Company 25,200 shares	¥419/share	¥1/share	August 19, 2017, to August 18, 2037	3 (excluding outside directors)

(Notes) 1. A portion of stock acquisition rights held by directors include those allotted during their tenure as executive officers.

2. The Company conducted a stock split in a ratio of three shares for every one common share effective on July 1, 2025. Accordingly, “number of shares to be issued” and “issue price” have been adjusted.

Matters concerning Accounting Auditor

(1) Name of the Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration and other of the Accounting Auditor

Item	Amount paid
i. Amount of remuneration and other to be paid by the Company to the Accounting Auditor for services related to Article 2, Paragraph 1 of the Certified Public Accountants Act (auditing or certification services)	¥ million 125
ii. Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	169

- (Notes)
1. The Audit & Supervisory Board has confirmed and reviewed the details of the audit plan of the Accounting Auditor, the status of execution of the duties of the accounting audit, and the basis for calculation of the estimate of remuneration by obtaining the necessary materials and hearing reports from directors, relevant internal departments, and the Accounting Auditor. As a result, the Audit & Supervisory Board has determined that the amount of remuneration and other paid to the Accounting Auditor is appropriate, and has given its consent under Article 399, Paragraph 1 of the Companies Act.
 2. In the audit contract between the Company and the Accounting Auditor, the amount of remuneration for the audit based on the Companies Act and for the audit based on the Financial Instruments and Exchange Act are not and cannot be separated practically. Hence, the amount in item i. indicates the sum of these amounts.
 3. Of the Company's major subsidiaries, Henley Arch Unit Trust, Met Group Holdings Pty Ltd, Scott Park Group Pty Ltd., Bloomfield Homes, L.P., Crescent Communities, LLC, DRB Enterprises, LLC, Edge Utah HoldCo, LLC, SFA JPI Top Holdings, LLC, MainVue Homes LLC, and Mark III Properties, LLC are audited by auditors other than the Company's Accounting Auditors.

(3) Policy on the dismissal or non-reappointment of the Accounting Auditor

The Audit & Supervisory Board shall dismiss the Accounting Auditor upon the consent of all Audit & Supervisory Board members in the event that it is determined that any item under Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor.

In addition, if it is determined that the Accounting Auditor is unable to appropriately perform its duties, following a decision by the Audit & Supervisory Board, the Board of Directors will submit a resolution for the dismissal or non-reappointment of the Accounting Auditor at the General Meeting of Shareholders.

System to ensure the appropriateness of business operations and outline of the operational status of such system

< The system to ensure the appropriateness of business operations >

(1) Basic Policy for Execution of Duties

- i. Since its establishment in the Genroku Era (1688-1704), the Sumitomo Business Spirit, as exemplified by such phrases as “placing prime importance on integrity and sound management” and “under no circumstances shall Sumitomo pursue easy gains or act imprudently,” has been the core of our management. We have inherited the philosophy of “national gratitude” where we aim to be a corporate entity that is truly essential to nations and society, and our business stance to create “sustainable forestry” where we nurture and manage forests continuously in an environmentally conscious manner. With this background, the Company has adopted the management philosophy of “The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo’s Business Spirit, which places prime importance on fairness and integrity for the good of society.” To realize these goals, the following five Action Guidelines have been set:
 - We provide high-quality products and services that bring joy to our customers.
 - We create new jobs that lead to happiness for generations to come with a fresh perspective.
 - We promote a free and open corporate culture that respects diversity.
 - We set and strive to achieve ambitious goals through ongoing effort.
 - We do work that wins us the trust of society with fair and honest conduct.
- ii. The Company’s ethics guidelines and values, which all Group executives and employees must observe and which we are sincerely striving to fulfill, have been set forth as the Group Code of Conduct and other rules.
- iii. Maintaining an uncompromising stance against anti-social activities is part of the Group’s basic policy and one that we adhere to.

(2) System to Ensure Compliance by Executives and Employees to Laws, Regulations and the Articles of Incorporation

- i. The Company, as part of the Group’s basic policy, has positioned the promotion of compliance as an important management issue and is working to implement the systems and environment to secure this.
- ii. For the complete and thorough management of compliance, the Company has formulated relevant regulations and established a Company-wide compliance system with the aim to reinforce internal control functions and enhance remedial capacity across the entire Group on an ongoing basis. It has done so by creating a horizontal, Group-wide compliance promotion committee and an internal reporting system (compliance counter) that can be used by the Group’s and subcontractor’s executives and employees, which reports to an outside law firm and the general manager of the General Administration Department.
- iii. For a system to adequately and appropriately protect financial and accounting statements and other information, the Company will formulate documents with relevant rules and the standardization of operational procedures. The Company has created a system where major departments verify the appropriateness of the financial reporting process and the effectiveness of internal control systems, which is then evaluated by the Internal Audit Department. The Company continues to work to improve the quality of internal control-related functions associated with the appropriateness of financial reporting.

(3) System for the Storing and Maintaining Information Related to Director Duties

- i. The Company, in accordance with regulations regarding the storage and maintenance of documents and information, appropriately records and stores important documents, such as minutes of the General Meeting of Shareholders, minutes of the Board of Directors meetings and other legal documents, and other important documents related to decision making, such as requests for management approval.
- ii. The Company will work to improve the storage, viewing and sharing functions of information using IT.

- (4) Regulations Concerning the Management of the Risk of Loss or Other Relevant Risk Management System at the Company and its Subsidiaries
- i. With the aim to establish unified internal control and risk management systems, the Company has formulated regulations regarding risk management and at the same time, has created a committee on risk management, which grasps and assesses Group risks and formulates countermeasures. In such ways, the Company puts into place and reinforces in an ongoing manner the Group's risk management system.
 - ii. The committee on risk management monitors the progress of countermeasures to various risk scenarios and makes regular reports to the Company's Board of Directors and Audit & Supervisory Board Members.
 - iii. For serious emergency situations that occur within the Group, Group employees must strive to appropriately apply the "two-hour rule" and report to Company top management in a timely manner. The Company works in an ongoing manner to reinforce the ability to avoid or reduce risk.
 - iv. In preparation for large-scale disasters, pandemics and other emergencies, the Company promotes business continuity management (BCM) including the formulation of business continuity planning (BCP) to mitigate losses from continuing business operations and thus creates a structure to handle emergency situations. Furthermore, the Company is providing the necessary guidance and advice on promoting BCM to subsidiaries.
- (5) System to Ensure the Effective Execution of Business Duties of Company Directors, Subsidiary Directors and Others
- i. With the implementation of the executive officer system, the Company has separated decision-making and supervisory functions from operational functions, and with the Board of Directors made up of a small number of members, has created a structure that allows for speedy decision making. Each of the Executive Officers, as the person in charge of the execution of operations, must effectively perform the duties of the operation he/she is responsible for under the guidance and supervision of the Board of Directors.
 - ii. To enable speedy decision making in response to changes in the operating environment and the optimal assignment of authority, the Company reevaluates in an appropriate manner the Board of Directors agenda criteria, administrative authority regulations and other.
 - iii. Based on the Group's long-term management plan, the Company formulates a medium-term management plan as well as annual fiscal budget goals and concrete strategies for each business segment and strives to optimally and effectively allocate management resources to fulfill them.
 - iv. In compliance with internal regulations, the Company assigns a department with primary responsibility for each of the individual subsidiaries. The Company has officers and employees of the departments with primary responsibility assume the position of director at the subsidiaries and so on to appropriately manage the progress of management measures and policies and to effectively promote the execution of business duties at the subsidiaries.
- (6) System Regarding the Reporting by Directors and Others of the Subsidiaries on the Execution of Duties and System to Ensure the Appropriateness of Operations of the Corporate Entity Comprising of the Company and its Subsidiaries
- i. The Company, through the primary departments in charge, requires important subsidiary management issues to be brought up and the execution of duties to be reported to the Board of Directors, and in doing so, exercises a system of control, checks and balances for the entire corporate entity.
 - ii. The Company, to ensure effective internal controls of the entire corporate entity, formulates regulations for each of the subsidiaries. In addition, taking into account each company's situation, the Company puts in place an internal audit department and other efforts to promote an environment for autonomous, internal control at each company.
 - iii. The Company, through the Internal Audit Department, the primary departments in charge, etc., reinforces the checks and balances system and strives in an ongoing manner to raise the quality of oversight and supervision functions, including enhancing compliance systems, of each of the subsidiaries.
- (7) In Situations Where the Company's Audit & Supervisory Board Members Request Support Staff to Aid in Their Duties, Matters Concerning Support Staff to Audit & Supervisory Board Members, the Independence of Support Staff from the Directors and Ensuring the Effectiveness of Audit & Supervisory Board Members' Instructions to Support Staff.
- i. The Company's representative directors and directors, upon discussion with the audit & supervisory board members, may assign appropriate personnel as support staff to the audit &

- supervisory board members, and in the event of a transfer, assessment or disciplinary action of such personnel, will seek the approval of the audit & supervisory board members.
- ii. As needed, the Company's audit & supervisory board members will conduct audit work by directing support staff.
 - iii. The Company's audit & supervisory board members, to ensure that the support staff's independence is not unfairly controlled, will make any necessary requests to the Company's representative directors or the Board of Directors. The representative directors or the Board of Directors will take the necessary measures in regard to these requests.
- (8) System for Reporting to Audit & Supervisory Board Members by the Company's Directors and Support Staff, the Company's Subsidiary Directors and Others, Auditors, Staff and People Who Receive Reports from Them, and Other Systems Related to Reporting to Audit & Supervisory Board Members.
- i. The Company's audit & supervisory board members, to grasp the decision-making process of important items and the execution of duties by directors, attend the Company's Board of Directors meetings and as needed, Executive Committee meetings and other important meetings.
 - ii. The Company's executives and employees, when requested by the audit & supervisory board members to report on items related to their execution of duties, will do so in a timely manner. In addition, the Company's executives and employees, in the event they become aware of a situation that could cause grave damage to the Company, unethical behavior or a serious incident that is in violation of laws or regulations, must report to the Company's audit & supervisory board members.
 - iii. The Company's audit & supervisory board members receive regular reports from the Company's Internal Audit Department and others regarding the Group's compliance, status of risk management activities and internal audit results, and supervise and verify that they are all functioning effectively.
 - iv. The Company's representative directors regularly exchange opinions with the Company's audit & supervisory board members and at the same time, work to secure an audit environment that ensures the effectiveness of audits.
 - v. The Company appoints appropriate personnel as audit & supervisory board members for the major subsidiaries and regularly holds Group Board of Auditor meetings to improve the effectiveness of audits at each company and to exchange information.
- (9) System to Ensure that People Who Have Made Reports Under the Provisions Listed Above Are Not Subjected to Disadvantageous Treatment
The Company, in the event that an executive or employee makes a report to the audit & supervisory board members under the provisions listed above, will formulate rules and systems to ensure that the reporter is not subjected to disadvantageous treatment and in addition, will create a strict information management system for that reporter and the content of the report, and will ensure the full understanding of this to the subsidiaries.
- (10) Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties as Audit & Supervisory Board Members and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties
The Company's Audit & Supervisory Board will accommodate for expenses required by audit & supervisory board members for the execution of duties in the Company's budget. In addition, for emergency or extraordinary expenditures required by the Company's audit & supervisory board members in the execution of duties, the statutory auditor may request a reimbursement from the Company after the fact. The representative directors or the Board of Directors will take the necessary measures in regard to these requests.
- (11) Other Relevant Systems to Ensure the Proper Functioning of Audits
- i. The Company's Audit & Supervisory Board will strive to ensure the effectiveness of audits by exchanging information and closely coordinating with the Company's Board of Directors during the process of important decision making.
 - ii. The Company's Audit & Supervisory Board will regularly exchange information with Accounting Auditors to ensure more effective audits.

< Outline of the operational status of the system to ensure the appropriateness of business operations >

(1) Risk Management and Compliance System

- i. The Company conducts Risk Management Committee meetings once a quarter, elects priority management risks after analyzing and evaluating the content of risks identified by each

- division and department and prioritizes the monitoring of progress in addressing priority management risks that are of particularly high importance as individual priority matters. Under the Risk Management Committee, the Company has the Compliance Subcommittee and the Business Continuity Management (BCM) Subcommittee, which enhance the effectiveness of risk management pertaining to Group-wide compliance risks and business interruption risks. The details of these activities are reported to the Board of Directors, and the findings are reflected in the execution of business, such as by the performance of management reviews. During the current fiscal year, the Risk Management Committee met four times, the Compliance Subcommittee met twice, and the BCM Subcommittee met twice, and reports to the Board of Directors were made four times.
- ii. To enhance compliance, the Compliance Subcommittee improved the compliance system on an ongoing basis by inspecting legal requirements important for business continuity and other efforts. In addition, the Compliance Counter, the internal reporting contact division, responded appropriately to all reports.
 - iii. To promote BCM, the Company conducted one safety confirmation drill, one simulated drill of the Temporary Disaster Action Headquarter in Osaka, and one simulated drill of the Disaster Action Headquarter. To enhance the ability to perform critical operations in the event of a contingency and to improve the viability of the BCM system, executive officers in charge of BCM have been stationed in Osaka.
 - iv. With regard to internal control related to the appropriateness of financial reporting, the Internal Audit Department constantly evaluates each division and subsidiary it oversees in accordance with Company rules and regulations related to financial reporting internal control.
- (2) System to Ensure the Efficiency of the Execution of Business Duties by Directors
- i. The Company has implemented an executive officer system. In terms of decision-making and supervisory functions, the Board of Directors (held 15 times during the current fiscal year) confirmed important matters related to decision making, progress on the medium-term management plan and the annual budget, financial results, and other matters, and worked to enhance the supervisory function of business execution. In terms of business execution functions, the Board of Executive Officers (held 12 times during the current fiscal year) reported on the progress of business execution and received instructions regarding policies for business execution and other matters from the president.
 - ii. By appointing officers and employees of the primary departments in charge to serve as officers of subsidiaries, the Company monitored the progress of management initiatives and promoted the efficient execution of business at the subsidiaries.
- (3) Systems to Ensure the Appropriateness of Business Operations within the Corporate Group
- i. In accordance with the Board of Directors agenda criteria and the affiliated company management regulations, the Company, through the primary departments in charge, discussed important management matters of the subsidiaries and received reports on the execution of business operations at the Board of Directors.
 - ii. In accordance with the affiliated company management regulations, the Internal Audit Department periodically audited subsidiaries and provided guidance and confirmation of improvements when there were matters requiring attention.
- (4) Audit system of the audit & supervisory board members
- i. The Company has assigned full-time employees to assist Audit & Supervisory Board Members in their audit duties and auditing inspectors who concurrently hold positions of senior management of major departments and the auditing inspectors' meeting is held once a month. At the auditing inspectors' meeting, Audit & Supervisory Board Members received reports on the status of business inspections from the auditing inspectors and performed their auditing duties.
 - ii. Audit & Supervisory Board Members attended important meetings such as the Board of Directors meetings and Executive Committee meetings, and are able to obtain accurate information regarding the managerial decision-making process at appropriate times. To enhance the effectiveness of audits, the Audit & Supervisory Board Members strive to cooperate with the Accounting Auditor as well as the Internal Audit Department. They also received reports regularly from the departments responsible for risk management and compliance, accounting and labor, and monitor and verified that internal controls were functioning effectively. Furthermore, Group Audit & Supervisory Board, attended by Audit & Supervisory Board Members of the major subsidiaries as members, were held six times during the current fiscal year to reinforce the oversight functions of status of Group management activities.
 - iii. In line with monthly Audit & Supervisory Board, Deputy Divisional Manager of Corporate Division who oversees Corporate Planning and other related personnel in charge of agenda items of Executive Committee are provided the opportunity to give explanations to and exchange opinions with Audit & Supervisory Board Members and Outside Directors. In addition, Audit & Supervisory Board Members also exchange opinions with representative directors, generally, every half year.

(Figures in the above Business Report that are less than the indicated unit have been rounded off)
(unless otherwise noted.)

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets (January 1, 2025 to December 31, 2025)

(Unit: million yen)

	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the current period	55,101	34,667	613,765	Δ2,521	701,012	37,902	8,533	172,840	62	219,335	69	99,711	1,020,127
Adjustments for the finalization of provisional accounting treatment								0		0		3,836	3,836
Balance at the beginning of the current period reflecting the finalization of provisional accounting treatment	55,101	34,667	613,765	Δ2,521	701,012	37,902	8,533	172,840	62	219,335	69	103,547	1,023,963
Changes during the consolidated period													
Issuance of new shares	222	222			445								445
Issuance of new shares (exercise of share acquisition rights)	9	9			18								18
Dividends of surplus			Δ31,904		Δ31,904								Δ31,904
Net income attributable to shareholders of parent			106,666		106,666								106,666
Purchase of treasury shares				Δ4,037	Δ4,037								Δ4,037
Disposal of treasury stock				1	1								1
Changes in ownership interest of parent due to transactions with non-controlling interests		Δ9,378			Δ9,378								Δ9,378
Changes in items other than shareholders' equity (net amount)						17,923	1,021	2,871	1	21,816	Δ18	29,215	51,013
Total changes during the consolidated period	231	Δ9,147	74,762	Δ4,036	61,810	17,923	1,021	2,871	1	21,816	Δ18	29,215	112,823
Balance at the end of the current period	55,332	25,520	688,527	Δ6,557	762,822	55,824	9,554	175,710	63	241,151	51	132,762	1,136,786

Notes to the Consolidated Financial Statements

Important Fundamental Items and Other Related to the Preparation of the Consolidated Financial Statements

1. Scope of consolidation

There are 509 consolidated subsidiaries. The major consolidated subsidiaries are Sumitomo Forestry Wood Products Co., Ltd., Sumitomo Forestry Home Engineering Co., Ltd., Sumitomo Forestry Home Tech Co., Ltd., Sumitomo Forestry Residential Co., Ltd., Henley Arch Unit Trust, Henley Arch Pty Ltd., Met Group Holdings Pty Ltd., Scott Park Group Pty Ltd., Bloomfield Homes, L.P., Crescent Communities, LLC, DRB Enterprises, LLC, Edge Utah HoldCo, LLC, SFA JPI Top Holdings, LLC, MainVue Homes LLC and Mark III Properties, LLC.

From the current fiscal year, LeTech Corporation and 82 other companies have been included in the scope of consolidation due to new acquisition of shares and other reasons. Meanwhile, Pan Asia Packing Ltd. and 22 other companies, which were consolidated subsidiaries in the previous consolidated fiscal year, have been excluded from the scope of consolidation due to sale of shares liquidation and other reasons.

2. Accounting periods of consolidated subsidiaries

The settlement date for 1 domestic consolidated subsidiary is March 31, so when preparing the consolidated financial statements for the consolidated fiscal year under review, the financial statements based on a provisional settlement of accounts conducted as of the consolidated settlement date were used. Additionally, the settlement date for other consolidated subsidiaries is the same as the consolidated settlement date.

3. Application of equity method

(1) There are 248 affiliates that are accounted for by the equity method. The major equity-method affiliate is Kumagai Gumi Co., Ltd.

From the current fiscal year, PT. Kurnia Sinergi Mas and 58 other companies have been included in the scope of equity-method affiliates due to new acquisition of equity and other reasons. Meanwhile, DNS Asia Investment Pte. Ltd. and 15 other companies, which were equity-method affiliates in the previous consolidated fiscal year, have been excluded from the scope of equity-method affiliates due to liquidation and other reasons.

(2) For equity-method affiliates that have a fiscal year end that differs from the Company's fiscal year end, financial statements for these different fiscal years are used.

4. Accounting Policies

(1) Basis and method of measuring significant assets

i. Marketable securities

Held-to-maturity debt securities

Reported by amortized cost method (straight-line method)

Available-for-sale securities

Items other than stocks, etc. for which market quotations are not readily available

Reported at fair value based on the market price on the closing date, etc. (All valuation differences are reflected in net assets, with the cost of securities sold determined by the moving average method.)

Stocks, etc. for which market quotations are not readily available

Reported by cost accounting based on the moving average method

ii. Derivatives

Derivatives are carried by the market value method.

iii. Inventories

Cost accounting based on the moving average method is the main method applied to merchandise, finished goods, work in process, raw materials, and supplies, while cost accounting based on the specific identification method is applied to costs on construction contracts in progress, real estate for sale, and real estate for sale in process. Balance sheet values are calculated using the write-down method based on the decrease in profitability.

(2) Accounting method for depreciation of significant assets

i. Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) as well as facilities attached to buildings and structures acquired on or after April 1, 2016. Overseas consolidated subsidiaries mainly use the straight-line method.

ii. Intangible assets (excluding leased assets)

The straight-line method is used. Note that for software used in-house, the straight-line method based on usable period within the company (five years) is applied.

iii. Leased assets

For leased assets associated with finance lease transactions other than ownership transfer, the straight-line method is applied by taking the useful life of the asset as the lease period and the salvage value as zero.

(3) Accounting policy for significant provisions

i. Allowance for doubtful accounts

To prepare for possible bad debts losses such as on trade receivables and loans receivables, an allowance for doubtful accounts is provided to estimate uncollectable amounts based on the historical loan-loss ratio for general accounts receivable, while specific accounts receivable including doubtful accounts based on their individual collectability assessment are provided.

ii. Provision for bonuses

To prepare for the payment of bonuses to employees, the estimated amount to be paid is recorded.

iii. Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the estimated amount to be paid is recorded.

iv. Provision for warranties for completed construction

To prepare for the payment of repair costs associated with completed construction, provision for warranties for completed construction is estimated based on actual amounts paid in the past.

v. Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to directors (and other officers), some consolidated subsidiaries state the amount to be paid at the end of the fiscal year based on internal policies.

vi. Provision for share awards for employees

To prepare for the awards of the Company's shares to employees based on the Employee Share Delivery Regulations, the estimated amount of share award obligations as of the end of the consolidated fiscal year under review is recorded.

(4) Accounting method for retirement benefits

i. Method of attributing estimated retirement benefits to period of service

In calculating the retirement benefit obligations, benefit formula method is used to attribute the estimated amount of retirement benefits to periods until the end of the current fiscal year.

ii. Treatment of actuarial gains or losses and prior service costs

Actuarial gains and losses and prior service costs are recognized in profit or loss in the fiscal year in which the gain and losses are incurred.

(5) Accounting policy for recognition of significant revenues and expenses

The main performance obligations in the main business related to the revenue arising from contracts with the Group's customers, and the ordinary timing for fulfilling the performance obligations in question (ordinary timing of revenue recognition) are set out below.

i. Merchandise sales

The Company is engaged in the sale of timber and building materials through its Timber and Building Materials Business and Environment and Resources Business, and in the sale of spec homes, etc. in its Housing Business and Global Construction and Real Estate Business. With regard to these sales, revenue is recognized mainly at the point of delivery to the customers because this is the point when significant risks and economic value is transferred alongside legal ownership, physical possession, and the ownership of the merchandise, as well as the point when the entitlement to receive payment is established.

For transactions in which the Group's role of providing merchandise to customers mainly in the Timber and Building Materials Business is fulfilled by an agent, revenue is recognized on the net amount obtained after deducting the amount paid to the supplier of goods, etc. purchased, from the amount received from the customer as consideration for the merchandise. As consideration for transactions is received promptly after delivery and the period from the fulfillment of performance obligations to the receipt of consideration is generally within a one-year period, significant financing components are not included.

ii. Construction contracts, etc.

The Housing Business and Global Construction and Real Estate Business carries out the contracting of construction work for single family homes and multi-family housing. For these construction contracts, revenue is recognized over a certain period of time as the performance obligations are fulfilled with the creation of the asset and the controlling of said asset by the customer. The method for estimating the progress rate for the fulfillment of the performance obligations mainly follows the input method

based on costs incurred.

However, for construction contracts with a short period from the start date of transaction under the contract to the point when the performance obligation is expected to be completely fulfilled, revenue is not recognized over a certain period of time, but at the point of delivery when the performance obligation is deemed to be fulfilled.

The consideration for transactions follows the contract terms, and consideration for transactions is generally received in stages corresponding to the progress of the performance obligations. As the period from the fulfillment of performance obligations to the receipt of consideration is generally within a one-year period, significant financing components are not included.

(6) Significant accounting policies for hedge accounting

i. Hedge accounting method

Deferred hedge accounting is applied. The allocation method is applied to foreign exchange hedging transactions. The exceptional method is applied to interest rate swaps if they satisfy the requirements for the exceptional method.

ii. Hedging method

Foreign exchange forward exchange contracts and foreign currency swaps are used as hedging instruments to mitigate foreign currency exchange risks. Interest rate swap transactions are used as a hedging method to mitigate interest rate fluctuation risks.

iii. Hedged items

In line with the policies set out in the management policies, hedged items include certain trade transactions, including planned transactions, as well as borrowings exposed to interest rate fluctuation risk.

iv. Hedge effectiveness evaluation method

Hedge effectiveness is evaluated by comparing the cumulative changes in the fair value or cash flows of the hedged items with the cumulative changes in the fair value or cash flows of the hedging instruments, based on the ratio of these changes. However, the evaluation of effectiveness is omitted for interest rate swaps accounted for by the exceptional accounting method.

(7) Goodwill amortization method and period

Goodwill is amortized using the straight-line method over its estimated useful life, up to a maximum of 20 years. Insignificant amounts are charged to income in the fiscal year when incurred.

Changes in Accounting Policies

(Application of the “Accounting Standard for Current Income Taxes”)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter “Current Income Taxes Standard (revised 2022)”) and other standards from the beginning of the consolidated fiscal year under review.

With regard to the revision related to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the Current Income Taxes Standard (revised 2022), and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter “Tax Effect Accounting Guidance (revised 2022).” The changes in accounting policies have no impact on the Consolidated Financial Statements for the period under review.

With regard to the revision associated with the review of treatment in Consolidated Financial Statements in case that gain or loss on sale of shares in a subsidiary, etc. among consolidated companies is deferred for tax purpose, the Tax Effect Accounting Guidance (revised 2022) has been applied from the beginning of the consolidated fiscal year under review. The changes in accounting policies have no impact on the Consolidated Financial Statements.

Notes regarding Significant Accounting Estimates

Initial measurement of trademark rights recognized following the acquisition of Met Group Holdings Pty Ltd

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Unit: million yen)

	Current consolidated fiscal year
Intangible assets (Other)	10,288
Goodwill	2,667

As of the date of the business combination, trademark rights amounted to 9,667 million yen and goodwill amounted to 3,341 million yen.

(2) Other information that contributes to an understanding of the estimates

i. Calculation method

The Group recognizes the excess earning power anticipated at the time of acquisition as goodwill of the acquired company.

In the purchase price allocation related to the acquisition of the shares of Met Group Holdings Pty Ltd, of identifiable assets, intangible assets (trademark rights) are calculated using the income approach (the relief-from-royalty method) based on significant assumptions such as the business plan and royalty rates.

ii. Key assumptions used in the calculation of amounts

Intangible assets (trademark rights) are calculated using the relief-from-royalty method under the income approach. The key assumptions used in applying the relief-from-royalty method include the projected revenue growth in the business plan forming the basis of future cash flows, the royalty rate, and the discount rate.

iii. Impact on the consolidated financial statements of the next fiscal year

If there are changes in the conditions and assumptions underlying these estimates, impairment losses may need to be recorded in the consolidated financial statements for the following fiscal year.

Recoverability of deferred tax assets

(1) Amounts recorded in the current fiscal year financial statements

(Unit: million yen)

	Current fiscal year
Deferred tax assets (after offsetting)	9,344
Deferred tax liabilities (after offsetting)	52,036

(2) Other information that contributes to understanding of the details of estimates

i. Calculation method

Deferred tax assets are recognized for future deductible temporary differences determined to be recoverable based on estimates of future taxable income estimated, scheduling for the expected fiscal year of future reversal of deductible temporary differences, etc. In addition, the recoverability of the Company and its major consolidated subsidiaries in Japan are determined in consideration of the classification of the entity as indicated in the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26).

ii. Key assumptions used in the calculation of amounts

Estimates of future taxable income are based on budgets approved by the Board of Directors and other bodies and medium-to long-term business plans, and the major assumptions used in these estimates include forecasts of unit sales prices, sales figures, gross profit margins and expenses.

iii. Impact on the consolidated financial statements of the next fiscal year

The recoverability of deferred tax assets is dependent on the estimation of future taxable income and the scheduling of future deductible temporary differences. Therefore, if there are changes in the conditions and assumptions underlying these estimates, adjustments to deferred tax assets may be recorded as either income or expenses in the consolidated financial statements for the following fiscal year.

Notes to the Consolidated Balance Sheet

1. Balance of contract assets and contract liabilities

The amounts of accounts receivable from completed construction contracts and contract assets arising from contracts with customers are shown in the consolidated financial statements in the “Notes to the Consolidated Financial Statements, Notes regarding Revenue Recognition, 3. (1) Balance of contract assets and contract liabilities, etc.” and hence are omitted.

2. Pledged assets and secured liabilities

(1) Pledged assets

Cash and deposits	1,395 (Unit: million yen)
Notes and accounts receivable-trade	1,110
Accounts receivable from completed construction contracts and contract assets	6,132
Real estate for sale	36,497
Real estate for sale in process	32,378
Accounts receivable-other	498
Buildings and structures	35,360
Machinery, equipment and vehicles	20,897
Land	19,390
Construction in progress	6,979
Investment securities	58,851
Other	9,127
Total	228,614

※Other than the above, the following pledged assets are offset due to consolidated adjustments.

Subsidiary shares	6 (Unit: million yen)
Affiliate borrowings	2,879

(2) Secured liabilities

Short-term borrowings	20,707 (Unit: million yen)
Corporate bonds redeemable within 1 year	12
Bonds payable	104
Long-term borrowings	41,134
Total	61,957

3. Cumulative depreciation of property, plant and equipment 198,169 (Unit: million yen)

4. Guaranteed liabilities, etc.

Guarantee on loans, etc. from financial institutions

Purchasers with housing loans applied	33,194 (Unit: million yen)
JPI Group affiliates	32,735
Crescent Communities Group affiliates	25,931
Kanda Biomass Energy K.K.	12,334
Paradise 11 Limited	2,445
PT Biomassa Lestari Nusantara	635
Kawasaki Biomass Electric Power Co., Ltd.	1
Total	107,275

5. Matured notes, etc. at the end of the fiscal year

Matured notes, etc. at the end of the fiscal year are settled on the notes exchange date or at the date of note clearing. As the last day of the current consolidated fiscal year was a bank holiday, the following matured notes at the end of the fiscal year are included in the balance at the end of the current consolidated fiscal year.

Notes receivable	296 (Unit: million yen)
Electronically recorded monetary claims	4,940
Notes payable	8
Electronically recorded payables	5,338

Notes to the Consolidated Statements of Changes in Net Assets

1. The number of issued shares as of the end date of the consolidated fiscal year
 Common shares 618,555,804 (Unit: shares)
 (Note) The Company conducted a stock split in a ratio of three shares for every one common share effective on July 1, 2025.
2. The number of treasury stock as of the end date of the consolidated fiscal year
 Common shares 7,121,943 (Unit: shares)
 (Note) The Company conducted a stock split in a ratio of three shares for every one common share effective on July 1, 2025. The number of treasury stock stated above includes 2,757,700 shares held in trust under the trust account name for the employee stock delivery trust.

3. Items related to dividends

(1) Dividend payment

Resolution	Share type	Total dividends (million yen)	Per share dividends (yen)	Base date	Effective date
March 28, 2025, Ordinary General Meeting of Shareholders	Common shares	16,462	80.00	December 31, 2024	March 31, 2025
August 7, 2025, Board of Directors' meeting	Common shares	15,442	75.00	June 30, 2025	September 8, 2025

- (Notes) 1. The Company conducted a stock split of common shares in a ratio of three shares for every one common share effective on July 1, 2025. With respect to the year-end dividend for the previous consolidated fiscal year and the interim dividend for the current consolidated fiscal year, dividends will be paid based on the number of shares before the stock split.
2. With respect to the interim dividend for the current consolidated fiscal year, for the purpose of calculating total dividends, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the number of shares outstanding at the end of the period.

- (2) Dividends for which the base date falls in the consolidated fiscal year but the effective date falls after the end of the consolidated fiscal year
 The following are due to be resolved

Resolution	Share type	Total dividends (million yen)	Dividend source	Per share dividends (yen)	Base date	Effective date
March 27, 2026, Ordinary General Meeting of Shareholders	Common shares	17,295	Retained earnings	28.00	December 31, 2025	March 30, 2026

- (Notes) 1. The Company conducted a stock split of common shares in a ratio of three shares for every one common share effective on July 1, 2025. With respect to the year-end dividend for the current consolidated fiscal year, dividends were paid based on the number of shares after the stock split.
2. With respect to the year-end dividend for the current consolidated fiscal year, for the purpose of calculating total dividends, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the number of shares outstanding at the end of the period.

4. Type and number of shares subject to subscription rights to shares as of the last day of the consolidated fiscal year under review (excluding those for which the execution period has not yet come)
 Common shares 129,600 (Unit: shares)

Notes regarding Financial Instruments

1. Matters regarding the status of financial instruments

(1) Policy for financial instruments

The Company and its consolidated subsidiaries ("Group") invest temporary surplus funds in highly safe

and secure financial instruments, and use bank loans and bond issues as the primary means of raising capital.

Derivative transactions are used to hedge exchange fluctuation risks of foreign currency denominated transactions and interest rate fluctuation risks of loans payable, not for speculative purposes.

(2) Details and risk of financial instruments

Operating receivables, notes and accounts receivable-trade, electronically recorded monetary claims and accounts receivable-other are exposed to customer credit risks. Short-term loans are primarily repurchase agreement transactions for investment of short-term funds with financial institutions that have a credit rating above a certain level, thus the credit risk is minor. Investment securities are primarily held-to-maturity bonds and shares related to our business, and they are exposed to market price fluctuation risks. Most operating payables, such as notes and accounts payable, electronically recorded payables and construction accounts payables, are due and payable within one year.

Borrowings and corporate bonds are mainly used to procure funds for working capital and capital investments. To hedge interest rate fluctuation risks, the company uses derivative transactions (interest rate swaps) for some borrowings with floating interest rates.

Derivative transactions represent forward exchange contracts and currency swaps to hedge foreign currency exchange rate fluctuation risks, and interest swaps to hedge interest rate fluctuation risks.

(3) Risk management for financial instruments

i. Management of credit risk (risks related to the nonperformance of counterparties)

In accordance with the Group's credit management guidelines, the Company reviews due dates and outstanding balances by corporate customers, and also monitors their credit standing at least once a year.

ii. Management of market risk (fluctuation risk of currency rates, interest rates, etc.)

For investment securities, the Company regularly monitors the market value and financial conditions and other aspects of the issuers (corporate customers), and except for held-to-maturity bonds, the Company constantly reviews its holdings in consideration of market conditions and its relationships with issuers.

The execution and management of derivative transactions are conducted by the relevant department of each company, within the prescribed limit and in accordance with certain rules outlined in the internal regulations, and the implementation status is regularly reported to the Board of Directors.

Additionally, these transactions are diversified and conducted with domestic and overseas financial institutions with high credit; hence, the default risk is considered to be extremely low.

iii. Management of liquidity risk concerning capital procurement (risk of failure to make payments when due)

The Group manages liquidity risk by having the Finance Department prepare and update funding plans based on reports from each department and consolidated subsidiary.

(4) Supplemental explanation on the market value of financial instruments

Given that variable factors are incorporated into calculations of the fair values of financial instruments, such values are subject to change with the adoption of different assumptions and other factors.

2. Matters regarding the fair value of financial instruments

Consolidated balance sheet amounts, market values, and the differences between them are as follows.

(Unit: million yen)

	Amount stated in consolidated balance sheets*1	Market value*1	Difference
(1) Investment securities*3			
i Held-to-maturity securities	32	32	△1
ii Affiliates shares	54,138	69,949	15,811
iii Other securities	103,175	103,175	—
Total assets	157,346	173,156	15,810
(1) Corporate bonds*4	(70,331)	(64,962)	△5,369
(2) Long-term loans payable*5	(569,291)	(555,326)	△13,965
Total liabilities	(639,622)	(620,289)	△19,334
Derivative transactions*6			
i Hedge accounting not applied	90	90	—
ii Hedge accounting applied	8,575	8,575	—
Total derivatives	8,665	8,665	—

*1 Amounts stated under liabilities are shown in parentheses ().

*2 Cash and cash equivalents are omitted from the notes, and deposits, notes and accounts receivable-trade, notes and accounts payable-trade, and accounts payable-construction are stated at their carrying amounts as they are settled in a short period of time therefore are omitted from the notes. In addition, items of insignificant amount are also omitted.

*3 Stocks, etc. for which market quotations are not readily available are not included in “(1) Investment Securities.” The carrying amounts of such financial instruments in the consolidated balance sheet are as follows.

(Unit: million yen)

Classification	Current consolidated fiscal year
Unlisted shares	5,430
Affiliate shares	214,562

These include investments in partnerships and other similar business entities that record the net amount equivalent to equity interest in the consolidated balance sheet (Carrying amounts in balance sheet: 10,524 million yen).

*4 Amount of corporate bonds includes corporate bonds redeemable within 1 year.

*5 Amount of long-term loan payables includes long-term loans payable due within 1 year.

*6 Assets and liabilities from derivative transactions are shown in the net amount.

3. Matters concerning a breakdown of the fair values of financial products by level, etc.

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of the input used to calculate fair values.

Level 1: Among the input used to calculate observable fair values, fair values are calculated based on the quoted market prices for the assets or liabilities in an active market.

Level 2: Among the input used to calculate observable fair values, fair values are calculated using input other than Level 1 input.

Level 3: Fair values calculated using input that is not observable.

When multiple forms of input having significant impact on the calculation of fair values are used, fair values are classified at the lowest level of input used to calculate fair values.

(1) Financial instruments recorded on the consolidated balance sheet at fair values

(Unit: million yen)

Classification	Fair values			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other marketable securities				
Stocks	103,175	—	—	103,175
Derivative transactions				
Currency related	—	8,765	—	8,765
Interest related	—	2	—	2
Total assets	103,175	8,767	—	111,942
Derivative transactions				
Currency related	—	91	—	91
Interest related	—	10	—	10
Total liabilities	—	102	—	102

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair values

(Unit: million yen)

Classification	Fair values			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, municipal bonds, etc.	32	—	—	32
Affiliate shares	69,949	—	—	69,949
Total assets	69,981	—	—	69,981
Bonds payable	—	64,962	—	64,962
Long-term borrowings	—	555,326	—	555,326
Total liabilities	—	620,289	—	620,289

(Note) Explanation of valuation techniques to calculate fair values and input used to calculate fair values

Investment securities

Listed stocks, government bonds and municipal bonds are valued using market prices. As these are traded in active markets, their fair values are classified as Level 1 fair value.

Derivative transactions

As over-the-counter transactions have no published quoted market price, fair values are calculated based on prices and other factors provided by financial institutions that handle them and are classified as Level 2 fair value.

Corporate bonds

The fair values of bonds are calculated using the discounted current value method based on the total amount of principal and interest and an interest rate, taking into account the remaining term of the bond and credit risk. They are classified as Level 2 fair value.

Long-term borrowings

The fair values of long-term borrowings with floating interest rates are based on book value because the interest rate of long-term borrowings reflects market interest rates quickly and the Company's credit standing has not changed significantly since implementing the loans. The fair values of long-term borrowings with floating interest rates are classified as Level 2 fair value.

The fair values of long-term borrowings with fixed interest rates are based on the present value of the total principal and interest(*) of the relevant long-term borrowings classified by certain periods of time and discounted by the interest rate for similar borrowings. The fair values of long-term borrowings with fixed interest rates are classified as Level 2 fair value.

(*) For long-term borrowings that qualify for extraordinary treatment of interest rate swaps, the fair values are based on the sum of the principal and interest rate of the interest rate swap.

Notes regarding Investment and Rental Property

- Matters related to leased and other real estate
The Company and some of its consolidated subsidiaries own rental multi-family housing, etc. in areas like Tokyo, and overseas (primarily the United States).
- Matters related to the market value of leased and other real estate
(Unit: million yen)

Consolidated balance sheet amount	Market value
68,135	73,840

(Notes)

- The amount stated on the consolidated balance sheet is the acquisition cost less the accumulated depreciation.
- The market value at the end of the term is based on appraisal values by real estate appraisers, the amount based on indices deemed to appropriately reflect market prices, and others.

Notes regarding Per Share Information

Net assets per share	¥1,642.00
Net income per share	¥174.13

- (Notes) 1. The Company conducted a stock split in a ratio of three shares for every one common share effective on July 1, 2025. Net assets per share and net income per share were calculated on the assumption that the stock split was conducted at the beginning of the current consolidated fiscal year.
2. For the purpose of calculating net income per share, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the average number of shares outstanding during the period. In addition, for the purpose of calculating net assets per share, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the total number of issued shares at the end of the period.

Notes regarding Revenue Recognition

- Breakdown information about revenue arising from contracts with customers
(Unit: million yen)

		Major regional markets (Note) 1	Current consolidated fiscal year
Reporting segment	Timber and Building Materials Business	Japan	182,571
		Other	49,472
		Subtotal	232,043
	Housing Business	Japan	554,978
		Global Construction and Real Estate Business	USA
	Global Construction and Real Estate Business	Australia	347,264
		Other	32,361
		Subtotal	1,408,578
		Environment and Resources Business	Japan
	China		3,941
Indonesia	2,726		
Other	3,375		
Subtotal	24,767		
Other	Japan	11,146	
Revenue from contracts with customers			2,231,513
Other revenue (Note) 2			36,064
Sales to external customers			2,267,577

(Notes)

- Classification is based on the location of the customer.
 - Other revenue includes rental income based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).
2. Basic information to understand revenue arising from contracts with customers

Notes are omitted because the same information is presented in the Consolidated Financial Statements in the section, “Notes to the Consolidated Financial Statements, Important Fundamental Items and Other Related to the Preparation of the Consolidated Financial Statements, 4. Significant Accounting Policies (5) Basis for recording revenues and expenses.”

3. Information about the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized in the next consolidated fiscal year based on contracts with customers that exist for the current consolidated fiscal year

- (1) Balance of contract assets and contract liabilities, etc.

(Unit: million yen)

Classification	Beginning of current fiscal year	End of current fiscal year
Liabilities arising from contracts with customers	168,894	162,381
Contract assets (Note) 1	73,711	79,275
Contract liabilities (Note) 2	97,588	98,970

(Notes) 1. Contract assets are primarily unbilled accounts receivable for revenues recognized according to the level of progress in construction and other contracts and are included in the consolidated balance sheets as “Current assets” under “Accounts receivable from completed construction contracts and contract assets.” When construction work is completed with the customer’s inspection and when the rights of the Company and its consolidated subsidiaries become unconditional, the amount is transferred to receivables.

2. Contract liabilities are primarily advances received from customers for construction contracts, real estate transactions, etc. Performance obligations are fulfilled in line with the level of progress in construction and services provided, and contract liabilities are transferred as revenues. Furthermore, the balance of contract liabilities at the beginning of the consolidated fiscal year out of the amount of revenue recognized in the current consolidated fiscal year is 69,919 million yen. Changes in the balances of contract assets and contract liabilities and the amount of revenue recognized from performance obligations that were fulfilled in prior periods were not material in the current fiscal year.

- (2) Transaction prices allocated to remaining performance obligations

For transaction prices allocated to remaining performance obligations, because there are no material contracts with an initially expected contract period of more than a year, the Group applies the practical expedient method and has omitted them from the notes.

Notes to Significant Subsequent Events

(Business combination through acquisition)

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to acquire 100% of the shares in Tri Pointe Homes, Inc. (hereinafter, TPH), which is engaged in homebuilding business in the United States, through our U.S. subsidiary Sumitomo Forestry America, Inc. (hereinafter, SFAM), and to begin procedures to make TPH a consolidated subsidiary. The acquisition will be completed subject to approval at a shareholders meeting convened by TPH, receipt of customary approvals and other permissions required from relevant authorities and fulfillment of other necessary procedures.

1. Overview of business combination

- (1) Name of acquired company and description of its business

Name of acquired company: Tri Pointe Homes, Inc. and 37 other companies

Description of business: Operates homebuilding businesses and other related businesses in U.S.

- (2) Main reasons for business combination

Since the opening of the Besshi Copper Mine in 1691, Sumitomo Forestry Group began with the management of forests for copper mining and over a history of 335 years expanded business domains in line with the needs of the times and growth in overseas market has become one of key strategic pillars in recent years. In the U.S., we entered single-family homes business in 2003, followed by the establishment of Henley USA (currently known as MainVue Homes) in 2010. Since 2013, we have welcomed homebuilders with competitive footprint in each region into the Group, including Bloomfield Homes, Brightland Homes^{※1}, DRB Group, and Edge Homes, and expanded our business areas, primarily in metropolitan regions with strong population and employment growth. Annual number of units sold have increased significantly from 516 units in 2013^{※2} to 10,262 units in 2025^{※3}, making the U.S. single-family homes business a core driver of our growth. Furthermore, the multifamily rental housing business operated by Crescent and JPI has also expanded steadily, with combined housing starts by the two

companies exceeding 5,000 units in 2024.

U.S. is the world's largest wooden housing market, with a population just over 340 million and approximately 1.5 million housing starts annually. Supported by continued population growth and a structural housing supply shortage, the market is expected to see stable medium to long-term growth. In response to persistent industry-wide challenges such as labor shortages, rising labor costs, and longer construction timelines, we are advancing our FITP business^{※4}. Furthermore, we acquired a sawmill factory in Louisiana to make them a consolidated subsidiary in 2025. Through businesses covering log procurement, the production and sale of wood products, and housing supply, we seek to enhance the value of timber resources and create synergies across its businesses by realizing a value chain centered around "Wood" referred to as the "Wood Cycle."

Under our Long-Term Vision "Mission TREEING 2030," we aim to further expand our U.S. single-family homes business and increase annual housing supply to 23,000 units by 2030. To achieve this, we have pursued both organic growth within existing home builders and new M&A opportunities.

TPH is a leading homebuilder listed on New York Stock Exchange with 6,460 deliveries in 2024, operating across 13 states, including regions where we are yet to enter. TPH has established a particularly strong presence in California, Texas, and Arizona, with a differentiated strategy focused on value added brand and prime locations.

Through achieving the following four objectives of this acquisition, we aim to elevate the U.S. single-family homes business to a new stage of growth and further solidify its position as a national builder

i. Further Expansion of the U.S. Single-Family Homes Business

- The combined annual number of units sold of approximately 18,000 units (equivalent to a top 5 U.S. homebuilder)^{※5} from our existing U.S. homebuilders and TPH, represents a major step toward achieving the target of supplying 23,000 homes in the U.S. by 2030 as set forth in "Mission TREEING 2030."
- As a homebuilder equivalent to the 5th largest in the U.S., we aim to further pursue economies of scale and enhance profitability by improving management efficiency.

ii. Expansion of Geographic Footprint and Product Diversification

- TPH operates in California and Nevada, states where we are yet to enter, and has built a particularly strong business foundation in California. We will expand our business footprint through capturing demand in the state ranked third nationwide in housing construction permits.
- TPH pursues a value-added brand strategy, "Premium Lifestyle Brand," focused on customer centricity, superior quality and personalization and offers a broad product line-up. We will further diversify our products to accommodate diverse customer demand.

iii. Strengthening Value Chain

- Through the expansion of our U.S. single-family homes business, together with our sawmill operations and FITP business operating across the U.S., we will strengthen "WOOD CYCLE" value chain.

iv. Strengthening Business Foundation

- We will establish a solid business foundation by incorporating the business management expertise TPH has cultivated as a publicly listed U.S. company.
- We aim to elevate our U.S. single-family housing business to a new stage of growth and establish a solid position as a national homebuilder.

※1 Gehan Homes changed its registered name to Brightland Homes and is consolidated under DRB Group

※2 Results for the fiscal year ended March 31, 2014

※3 Results for the fiscal year ended December 31, 2025

※4 FITP Business: An abbreviation for "Fully Integrated Turn-key Provider," a business that provides end-to end services covering the design, manufacturing, delivery, and construction of panels and trusses

※5 Calculated by aggregating the combined number of units sold of our existing homebuilders in FY2024 with TPH's FY2024 number of units sold, with reference to Builder Online 2025 Builder 100

(3) Date of business combination

Second quarter of the fiscal year 2026 (planned)

Execution of the acquisition is subject to receipt of approval at a shareholders meeting convened by TPH, and approval from relevant authorities and other customary closing conditions.

(4) Legal form of business combination

The acquisition will be implemented by way of “reverse triangular merger,” in which Teton NewCo, Inc., a wholly owned subsidiary of SFA Operations, LLC. established as a wholly owned subsidiary by SFAM (the “Acquisition Subsidiary”), will be merged with TPH. The surviving company will be TPH and its shareholders will receive cash, while TPH, the surviving company, will become an indirect wholly owned subsidiary of SFAM as the Acquisition Subsidiary will merge into TPH and dissolve.

(5) Name of company after business combination

Tri Pointe Homes, Inc. (planned)

(6) Percentage of voting rights to be acquired

100% (planned)

(7) Main basis for determining the acquiring company

SFAM, a wholly owned consolidated subsidiary, is acquiring the shares with cash.

2. Breakdown of acquisition price and type of consideration

Acquisition price: approximately USD 4,281 million (654,946 million yen) (cash)

Acquisition cost: approximately USD 4,281 million (654,946 million yen)

(Note) Acquisition price includes the full amount required to purchase all outstanding shares, Performance Share Unit Awards and approximate amount of advisory fees and other expenses payable in association with the acquisition. The amounts in Japanese yen are calculated at a rate of 1 USD = 153 yen.

3. Description and amount of primary acquisition-related costs

Nothing has been finalized at this time.

4. Amount of goodwill, reason for recognition, and method and period of amortization

Nothing has been finalized at this time.

5. Amount and breakdown of assets to be acquired and liabilities to be assumed on the date of business transfer

Nothing has been finalized at this time.

6. Financing of acquisition cost

The acquisition will be funded through a bridge loan followed by permanent financing within approximately one year from completion of the acquisition. For permanent financing, we are considering borrowings from financial institutions and hybrid financing taking financial soundness into account. We do not anticipate financing methods that would result in dilution of common equity.

(Sale of shares in equity-method affiliate)

At a meeting of the Board of Directors held on December 26, 2025, the Company resolved to partially sell the common stock of Kumagai Gumi Co., Ltd. (hereinafter, “Kumagai Gumi”), an equity-method affiliate of the Company, and, following a resolution by Kumagai Gumi on January 8, 2026 for the sale of shares, shares were sold as follows.

1. Purpose of the sale of shares

The purpose of the sale is to improve capital efficiency and optimize the capital relationship. Even after the sale, Kumagai Gumi will continue to be an equity-method affiliate of the Company as the Company will continue to have significant influence through the seconding of officers and the maintaining of a close alliance relationship. In addition, the Company will further strengthen its alliance relationship with Kumagai Gumi while proactively exploring and promoting investment in areas of collaboration, including in the construction business.

2. Method of sale

Secondary offering through purchase and underwriting by the underwriter (Underwriter: Daiwa Securities Co., Ltd.)

3. Timing of sale
January 26, 2026

4. Number of shares sold, shareholding ratio after sale, sale price, and gain on sale

- (1) Number of shares sold : 9,976,900 shares
- (2) Shareholding ratio after sale : 15.9%
- (3) Sale price : 16,003 million yen
- (4) Gain on sale : The Company expects to record a gain on sale of shares of subsidiaries and associates of 4,954 million yen as extraordinary income.

5. Other important special provisions

Regarding the secondary offering through purchase and underwriting by the underwriter, taking into consideration demand and other factors, Daiwa Securities Co., Ltd. may conduct an offering via over-allotment of a maximum of 1,496,500 shares of Kumagai Gumi borrowed from the Company. In connection with this offering, Daiwa Securities Co., Ltd. has been granted the right to acquire a maximum of 1,496,500 additional shares of Kumagai Gumi from the Company at the same price as the underwriting price (hereinafter, the “greenshoe option”), as follows.

- (1) Exercise deadline : February 20, 2026
- (2) Maximum number of shares subject to sale : 1,496,500 shares
- (3) Shareholding ratio after the sale : 15% (in the event that the greenshoe option is exercised in full)

The impact of exercising the greenshoe option is currently being calculated.

(Filing of a lawsuit against a consolidated subsidiary)

PT. Mayangkara Tanaman Industri (hereinafter, “MTI”), a consolidated subsidiary of the Company, has been named as a defendant in a lawsuit filed with the Pontianak District Court of the Republic of Indonesia (hereinafter, “Indonesia”) on January 9, 2026, as described below.

1. Overview of the lawsuit filed

- (1) Name: Ministry of the Environment, and Environmental Control Agency of the Republic of Indonesia (hereinafter, “plaintiff”)
- (2) Location: Special Regional Province of Jakarta, Republic of Indonesia

2. Cause of the lawsuit and background leading to the filing

MTI conducts forestry business in West Kalimantan Province, Indonesia. In 2023, a fire broke out within part of the business site. According to the petition, the plaintiff is understood to have filed the lawsuit in connection with this fire.

3. Details of the lawsuit

According to the petition, the plaintiff’s main claims are as follows.

- (1) The issuance of a provisional injunction to suspend planting activities in the affected area for the duration of the lawsuit and until a final judgment is reached.
- (2) Payment of compensation to the public treasury in the amount of IDR 347,689 million (3,234 million yen) for damages caused by the fire.
- (3) Implementation of environmental restoration measures for the affected area.

* The amounts in Japanese yen are calculated at a rate of 1 IDR = 0.0093 yen.

4. Future outlook

The Company and MTI will respond appropriately after reviewing the details of the lawsuit. At this stage, there are discrepancies between the Company’s understanding and the plaintiff’s claims regarding the cause of the fire, its location and the extent of the affected area, and the Company intends to contest these claims. It is difficult at present to reasonably estimate the impact of the lawsuit.

Notes on Additional Information

(Employee Stock Compensation Plan)

Based on a resolution at a Board of Directors meeting held on January 31, 2025, the Company has introduced an employee stock compensation plan (hereinafter, the “Plan”) with the objectives of not only enhancing employee benefits, but also nurturing among employees a greater sense of belonging and management participation and raising awareness of the Company’s rising financial results and stock prices, thereby aiming

to increase medium- to long-term corporate value.

1. Outline of the Plan

For this Plan, a trust will be established using funds contributed by the Company. The trust will acquire shares of the Company and employees who meet certain criteria will be granted shares at the time of retirement based on the number of points they have earned. Points will be awarded in accordance with the Share Delivery Regulations formulated by the Board of Directors, taking into account such factors as the number of years of service and the Company's financial performance. The number of points earned by the employee will determine the number shares granted.

2. The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares within net assets at the book value in the trust (excluding incidental expenses). As of the end of the consolidated fiscal year under review, the book value and the number of such treasury shares are 3,998 million yen and 2,757,700 shares, respectively.

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets (January 1, 2025, to December 31, 2025)

(Unit: million yen)

	Shareholders' equity								Valuation and translation adjustments		Subscription rights to shares	Total net assets	
	Capital stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges			
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings								
					Reserve for reduction entry	General reserve							Retained earnings brought forward
Balance at the beginning of the current period	55,101	54,042	259	2,857	1,715	120,794	64,576	△301	299,043	38,209	5,733	69	343,053
Changes during the period													
Issuance of new shares	222	222							445				445
Issuance of new shares (exercise of subscription rights to shares)	9	9							18				18
Reversal of reserve for reduction entry					△22		22		-				-
Reversal of general reserve						10,662	△10,662		-				-
Dividends from surplus							△31,904		△31,904				△31,904
Net income							56,531		56,531				56,531
Purchase of treasury stock								△4,003	△4,003				△4,003
Disposal of treasury stock								1	1				1
Net changes in items other than shareholders' equity (net amount)										17,782	201	△18	17,964
Total changes during the period	231	231	-	-	△22	10,662	13,988	△4,002	21,088	17,782	201	△18	39,052
Balance at end of current period	55,332	54,273	259	2,857	1,693	131,456	78,563	△4,303	320,131	55,990	5,934	51	382,106

Notes to the Non-Consolidated Financial Statements

Significant Accounting Policies

1. Basis and method of measuring securities

- (1) Held-to-maturity debt securities
Reported by amortized cost method (straight-line method)
- (2) Shares of subsidiaries and affiliates
Reported by cost accounting based on the moving average method
- (3) Available-for-sale securities
Items other than stocks, etc. for which market quotations are not readily available
Reported at fair value based on the market price on the closing date, etc. (All valuation differences are reflected in net assets, with the cost of securities sold determined by the moving average method.)
Stocks, etc. for which market quotations are not readily available
Reported by cost accounting based on the moving average method

2. Basis and method of measuring inventories

Cost accounting based on the moving average method is the main method applied to merchandise, while cost accounting based on the specific identification method is applied to costs on construction contracts in progress, real estate for sale, and real estate for sale in process. Balance sheet values are calculated using the write-down method based on the decrease in profitability.

3. Accounting method for depreciation of non-current assets

- (1) Property, plant and equipment (excluding leased assets)
The declining-balance method is used. However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) as well as facilities attached to buildings and structures acquired on or after April 1, 2016.
- (2) Intangible assets (excluding leased assets)
The straight-line method is used. Note that for software used in-house, the straight-line method based on usable period within the company (five years) is applied.
- (3) Leased assets
For leased assets associated with finance lease transactions other than ownership transfer, the straight-line method is applied by taking the useful life of the asset as the lease period and the salvage value as zero.

4. Accounting policy for provisions

- (1) Allowance for doubtful accounts
To prepare for possible bad debts losses such as on trade receivables and loans receivables, an allowance for doubtful accounts is provided to estimate uncollectable amounts based on the historical loan-loss ratio for general accounts receivable, while specific accounts receivable including doubtful accounts based on their individual collectability assessment are provided.
- (2) Provision for bonuses
To prepare for the payment of bonuses to employees, the estimated amount to be paid is recorded.
- (3) Provision for bonuses for directors (and other officers)
To prepare for the payment of bonuses to directors (and other officers), the estimated amount to be paid is recorded.
- (4) Provision for warranties for completed construction
To prepare for the payment of repair costs associated with completed construction, provision for warranties for completed construction is estimated based on actual amounts paid in the past.
- (5) Provision for retirement benefits
To prepare for the payment of retirement benefits to employees, provision for retirement benefits is estimated based on projected benefit obligations and pension assets at the end of the current fiscal year. If the estimated amount of pension assets exceeds the estimated amount of retirement benefit obligations at the end of the fiscal year, the excess amount is recorded as prepaid pension costs.
 - i. Method of attributing estimated retirement benefits to period of service
In calculating the retirement benefit obligations, benefit formula method is used to attribute the estimated amount of retirement benefits to periods until the end of the current fiscal year.
 - ii. Treatment of actuarial gains or losses and prior service costs
Actuarial gains and losses and prior service costs are recognized in profit or loss in the fiscal year in which the gain and losses are incurred.
- (6) Provision for share awards for employees
To prepare for the awards of the Company's shares to employees based on the Employee Share Delivery Regulations, the estimated amount of share award obligations as of the end of the fiscal year under review

is recorded.

(7) Provision for loss on business of subsidiaries and associates

To prepare for possible losses related to the business of subsidiaries and affiliates, the Company records estimated losses considering the financial conditions of such companies.

5. Accounting policy for recognition of significant revenues and expenses

The main performance obligations in the main business related to the revenue arising from contracts with the Company's customers, and the ordinary timing for fulfilling the performance obligations in question (ordinary timing of revenue recognition) are set out below.

i. Merchandise sales

The Company is engaged in the sale of timber and building materials through its Timber and Building Materials Business, and in the sale of spec homes, etc. in its Housing Business. With regard to these sales, revenue is recognized mainly at the point of delivery to the customers because this is the point when significant risks and economic value is transferred alongside legal ownership, physical possession, and the ownership of the merchandise, as well as the point when the entitlement to receive payment is established.

For transactions in which the Company's role of providing merchandise to customers mainly in the Timber and Building Materials Business is fulfilled by an agent, revenue is recognized on the net amount obtained after deducting the amount paid to the supplier of goods, etc. purchased, from the amount received from the customer as consideration for the merchandise.

As consideration for transactions is received promptly after delivery and the period from the fulfillment of performance obligations to the receipt of consideration is generally within a one-year period, significant financing components are not included.

ii. Construction contracts, etc.

The Housing Business and Global Construction and Real Estate Business carries out the contracting of construction work for single family homes and multi-family housing. For these construction contracts, revenue is recognized over a certain period of time as the performance obligations are fulfilled with the creation of the asset and the controlling of said asset by the customer. The method for estimating the progress rate for the fulfillment of the performance obligations mainly follows the input method based on costs incurred.

However, for construction contracts with a short period from the start date of transaction under the contract to the point when the performance obligation is expected to be completely fulfilled, revenue is not recognized over a certain period of time, but at the point of delivery when the performance obligation is deemed to be fulfilled.

The consideration for transactions follows the contract terms, and consideration for transactions is generally received in stages corresponding to the progress of the performance obligations. As the period from the fulfillment of performance obligations to the receipt of consideration is generally within a one-year period, significant financing components are not included.

6. Accounting policies for hedge accounting

(1) Hedge accounting method

Deferred hedge accounting is applied. The allocation method is applied to foreign exchange hedging transactions. The exceptional method is applied to interest rate swaps if they satisfy the requirements for the exceptional method.

(2) Hedging method

Foreign exchange forward exchange contracts and foreign currency swaps are used as hedging instruments to mitigate foreign currency exchange risks. Interest rate swap transactions are used as a hedging method to mitigate interest rate fluctuation risks.

(3) Hedged items

In line with the policies set out in the management policies, hedged items include certain trade transactions, including planned transactions, as well as borrowings exposed to interest rate fluctuation risk.

(4) Hedge effectiveness evaluation method

Hedge effectiveness is evaluated by comparing the cumulative changes in the fair value or cash flows of the hedged items with the cumulative changes in the fair value or cash flows of the hedging instruments, based on the ratio of these changes. However, the evaluation of effectiveness is omitted for interest rate swaps accounted for by the exceptional accounting method.

Changes in Accounting Policies

(Application of the "Accounting Standard for Current Income Taxes")

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter “Current Income Taxes Standard (revised 2022)”) and other standards from the beginning of the fiscal year under review.

With regard to the revision related to classification to record income taxes, the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the Current Income Taxes Standard (revised 2022). The changes in accounting policies have no impact on the Non-Consolidated Financial Statements for the period under review.

Notes on Important Accounting Estimates

Recoverability of deferred tax assets

(1) Amounts recorded in the current fiscal year financial statements

(Unit: million yen)

	Current fiscal year
Deferred tax assets (after offsetting)	—
Deferred tax liabilities (after offsetting)	27,491

(2) Other information that contributes to understanding of the details of estimates

The notes are omitted because “Notes to the Consolidated Financial Statements, Notes Regarding Significant Accounting Estimates” in the Consolidated Financial Statements contain the same information.

Notes to the Non-consolidated Balance Sheet

1. Pledged assets and secured liabilities

Pledged assets

Investment securities	35,721 (Unit: million yen)
Stocks of subsidiaries and affiliates	3,424
Long-term loans receivable from subsidiaries and affiliates	96
Other	2,487
Total	41,728

The above assets have been pledged due to guarantees for deferred payments of import duties, guarantees for borrowings of affiliates from financial institutions, and security deposits of defect warranties under law for execution of warranty against housing defects, etc.

2. Accumulated depreciation on property, plant and equipment 36,572 (Unit: million yen)

3. Accumulated advanced depreciation on property, plant and equipment 1,465 (Unit: million yen)

4. Guaranteed liabilities, etc.

(1) Guarantee on loans, etc. of subsidiaries and affiliates from financial institutions

Sumitomo Forestry America, Inc.	88,926 (Unit: million yen)
Kowa no Mori Inc.	13,675
Kanda Biomass Energy K.K.	12,334
Sumitomo Forestry Australia Pty Ltd.	10,770
Hachinohe Biomass Electric Power Co., Ltd.	1,489
PT. Sumitomo Forestry Indonesia	1,302
PT. Kutai Timber Indonesia	1,174
Open Bay Timber Ltd.	308
Mombetsu Biomass Electric Power Co.,Ltd.	306
Sumikyo Co., Ltd.	175
Michinoku Bio Energy Co., Ltd.	89
Sumitomo Forestry (Singapore) Ltd.	59
Sumikyo Wintec Co., Ltd.	9
Kawasaki Biomass Electric Power Co., Ltd.	1

Total 130,617

(2) Guarantee on other loans from financial institutions	
Purchasers with housing loans applied	32,055 (Unit: million yen)
5. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding amounts disclosed under separate classifications)	
Short-term monetary receivable	45,104 (Unit: million yen)
Short-term monetary payable	112,945
Long-term monetary payable	1,074
6. Matured notes, etc. at the end of the fiscal year	
Matured notes, etc. that matured at the end of the fiscal year that are settled on the notes exchange date or at the date of note clearing. As the last day of the current fiscal year was a bank holiday, the following matured notes, etc. at the end of the fiscal year were included in the balance at the end of the current fiscal year.	
Notes receivable	259 (Unit: million yen)
Electronically recorded monetary claims	4,768
Electronically recorded payables	5,149

Notes to the Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates	
Net sales	21,101 (Unit: million yen)
Purchase of goods	158,584
Non-operating income	
Interest income	330
Dividends income	45,827
Other	418
Non-operating expenses	175

Notes to Non-consolidated Statements of Changes in Net Assets

The number of treasury stock as of the end of the reporting fiscal year

Common shares 3,633,536 (Unit: shares)

(Note) The Company conducted a stock split of common shares in a ratio of three shares for every one common share effective on July 1, 2025. The number of treasury stock stated above includes 2,757,700 shares held in trust under the trust account name for the employee stock delivery trust.

Notes on Tax Effect Accounting

1. Details of the main reason for occurrence of deferred tax assets and liabilities

Deferred tax assets	
Allowance for doubtful accounts	2,888 (Unit: million yen)
Provision for bonuses	2,851
Devaluation of real estate for sale	153
Provision for loss on business of subsidiaries and affiliates	1,195
Devaluation of securities of subsidiaries and affiliates	7,190
Devaluation of financial instruments/golf-club memberships	1,213
Provision for warranties for completed construction	1,228
Other	7,261
Subtotal deferred tax assets	23,978
Valuation allowance	△15,179
Total deferred tax assets	8,798
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	779 (Unit: million yen)
Prepaid pension costs	4,589
Gain on securities contributed to employee retirement benefit trusts	1,087

Valuation difference on available-for-sale securities	25,626
Other	4,209
Total deferred tax liabilities	36,289

Deferred tax liabilities in net $\Delta 27,491$ (Unit: million yen)

2. Breakdown of major items giving rise to material differences between the statutory effective tax rate and the effective tax rate after the application of tax effect accounting

Statutory effective tax rate	30.6%
(Adjustment)	
Permanently non-deductible expenses for tax purposes such as entertainment expenses	0.8%
Permanently non-taxable items such as dividend income	$\Delta 21.7\%$
Per capita portion of inhabitant tax	0.3%
Valuation allowance	$\Delta 0.6\%$
Other	$\Delta 1.7\%$
Effective corporate income tax rate after application of tax effect accounting	7.8%

3. Revision to the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate income tax rates

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and the “special defense corporate income tax” will be imposed for fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences and other items expected to reverse in fiscal years beginning on or after January 1, 2027 were calculated using a statutory effective tax rate of 31.5%, revised from 30.6%.

As a result of this change, for the current fiscal year, deferred tax assets (after deducting deferred tax liabilities) decreased by 922 million yen, income taxes - deferred increased by 112 million yen, and valuation difference on available-for-sale securities and deferred gains (losses) on hedges each decreased by 732 million yen and 78 million yen, respectively.

4. Accounting treatment for corporate income tax and local corporate income tax, or tax effect accounting related thereto

The Company has adopted the group tax sharing system, and its accounting and disclosure treatments for corporate income tax and local corporate income tax and the related tax effect accounting conform to the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

Notes on Transactions with Related Parties

1. Subsidiaries and affiliates, etc.

(Unit: million yen)

Type	Name of company	Share of voting rights owned by the Company	Relationship	Transaction description	Transaction amount	Accounting item	Year-end balance
Subsidiary	Kowa no Mori Inc.	Direct 71.2%	Sales and procurement of timber, Concurrent directors	Debt guarantees (*3)	13,675	—	—
Subsidiary	Sumitomo Forestry Home Engineering Co., Ltd.	Direct 100.0%	Supply of paid materials, Construction of ordered housing, Concurrent directors	Construction of housing ordered by the company (*1)	106,122	Accounts receivable-other Accounts payable for construction contracts	32,190 35,129
Subsidiary	Sumitomo Forestry Home Tech Co., Ltd.	Direct 100.0%	After maintenance of housing, Concurrent directors	Deposit of surplus funds (*2)	—	Deposits received	25,955
Subsidiary	Sumitomo Forestry Residential	Direct 100.0%	Lease of buildings, Concurrent directors	Deposit of surplus funds (*2)	—	Deposits received	12,519

	Co., Ltd.						
Subsidiary	Sumitomo Forestry America, Inc.	Direct 100.0%	Concurrent directors	Debt guarantees (*3)	88,926	—	—
Affiliate	Kanda Biomass Energy K.K.	Direct 41.5%	Concurrent directors	Debt guarantees (*3)	12,334	—	—

(*1) Transaction terms and the policies for determining transaction terms are the same as for general transaction terms.

(*2) Transaction amounts are not shown because the transactions are conducted repeatedly and the purpose of the transactions is to centrally manage funds within the Group.

(*3) The Company guarantees borrowings from financial institutions.

Notes on Per-Share Information

Net assets per share ¥621.31

Net income per share ¥91.78

(Notes) 1. The Company conducted a stock split in a ratio of three shares for every one common share effective on July 1, 2025. Net assets per share and net income per share were calculated on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

2. For the purpose of calculating net income per share, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the average number of shares outstanding during the period. In addition, for the purpose of calculating net assets per share, the Company's shares held by the employee stock delivery trust are included in treasury shares which are deducted from the calculation of the total number of issued shares at the end of the period.

Notes on Revenue Recognition

The same content is stated in "Notes to Consolidated Financial Statements, Notes Regarding Revenue Recognition" in the consolidated financial statements, and thus the notes are omitted.

Notes to Significant Subsequent Events

(Sale of shares in equity-method affiliate)

Gain on sale of shares of subsidiaries and associates of 6,703 million yen is expected to be recorded as extraordinary income.

Other than above, the same content is stated in "Notes to Consolidated Financial Statements, Notes to Significant Subsequent Events" in the consolidated financial statements, and thus the notes are omitted.

Notes on Additional Information

The same content is stated in "Notes to Consolidated Financial Statements, Notes on Additional Information" in the consolidated financial statements, and thus the notes are omitted.