

[Translation]

Description (Details of the Series 1 Bond-Type Class Shares)

The details of the Series 1 Bond-Type Class Shares are as follows.

A Preferred Dividends

- (1) When the Company makes a distribution of surplus dividends with the last day of fiscal year as the record date, the Company shall pay in cash to holders of the Series 1 Bond-Type Class Shares (the “Series 1 Bond-Type Class Shareholders”) or pledgees of Series 1 Bond-Type Class Shares (collectively with the “Series 1 Bond-Type Class Shareholders”, the “Series 1 Bond-Type Class Shareholders, Etc.”) recorded in the registry of the shareholders as of the record date of that dividend, before paying dividends to the holders of the Company’s common shares (the “Common Shares”; the holders thereof, the “Common Shareholders”) and pledgees of Common Shares (collectively with Common Shareholders, the “Common Shareholders, Etc.”), in the following amount (the “Preferred Dividend to Series 1 Bond-Type Class Shares”); provided that if Interim Preferred Dividend to Series 1 Bond-Type Class Shares (as defined in B below) has been paid during the fiscal year in which the record date for such dividend falls, the amount of the Interim Preferred Dividend to Series 1 Bond-Type Class Shares so paid shall be deducted from such Preferred Dividend to Series 1 Bond-Type Class Shares.

With respect to one share, the product of the equivalent of the amount to be determined as the issue price per Series 1 Bond-Type Class Share (the “Issue Price”) multiplied by the annual dividend rate to be determined taking into account the demand under the provisional condition pertaining to the annual dividend rate after the resolution of issuance by the similar method to the book building method as prescribed in Article 25 of the Rules Concerning Underwriting, Etc. of Securities provided by the Japan Securities Dealers Association. (Such provisional condition shall be determined, while comprehensively taking into account the factors such as valuation report on the fair value of the Series 1 Bond-Type Class Shares received by the Company, the market price and other conditions of Bond-Type Class Shares issued by other operating companies and the market prices of bonds with subordination clauses, etc. issued by companies that have credit ratings similar to those of the Company.)

The annual dividend rate for the period from the fiscal year in which the issuance date of the Series 1 Bond-Type Class Shares falls until the fiscal year in which the

date five years after that issuance date falls shall be the fixed base dividend rate determined by the resolution of issuance plus the initial spread to be determined by the similar method to the book building method stated above (the “Initial Spread”) (\*), and those for subsequent periods shall be the floating base dividend rate determined by the resolution of issuance plus the Initial Spread and 1%; provided that any dividend rate shall be within the limit of 10%, in accordance with the provision of the Articles of Incorporation.

\* Under the market conditions as of February 13, 2026, the annual dividend rate will be 5% or less for the first five years from the issuance of the Series 1 Bond-Type Class Shares.

- (2) If the amount of surplus dividends paid in cash to the Series 1 Bond-Type Class Shareholders, Etc. per Series 1 Bond-Type Class Share in a given fiscal year in which the record date falls is less than the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for that fiscal year, that shortfall amount shall accumulate in subsequent fiscal years by a simple interest calculation calculated by the method determined by the resolution of issuance based on the annual dividend rate to be determined by the similar method to the book building method stated above (the accumulated shortfall, the “Accumulated Dividends Payable to Series 1 Bond-Type Class Shares”). With respect to the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares, surplus dividends shall be paid in cash to Series 1 Bond-Type Class Shareholders, Etc. until such payment reaches the amount of Accumulated Dividends Payable to Series 1 Bond-Type Class Shares per Series 1 Bond-Type Class Share, before paying the Preferred Dividend to Series 1 Bond-Type Class Shares and Interim Preferred Dividend to Series 1 Bond-Type Class Shares.
- (3) No surplus dividends shall be paid to the Series 1 Bond-Type Class Shareholders, Etc. in excess of the total of the Preferred Dividend to the Series 1 Bond-Type Class Shares and the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares.

## B Interim Preferred Dividend

When the Company makes a distribution of surplus dividends with June 30 as the record date (an “Interim Dividend Record Date”), the Company shall pay in cash to the Series 1 Bond-Type Class Shareholders, Etc. recorded in the registry of the shareholders as of the Interim Dividend Record Date, before paying dividends to the Common Shareholders, Etc., in the amount per Series 1 Bond-Type Class Share equal to one half of the Preferred Dividend to the Series 1 Bond-Type Class Shares (provided that, if the dividend of surplus fund is made in the fiscal year in which the issuance date of the Series 1 Bond-Type Class Shares falls with the Interim Dividend Record Date as the record date, in the amount

reasonably adjusted in accordance with the number of days in the period from and including the payment date to and including the Interim Dividend Record Date) (the “Interim Preferred Dividend to Series 1 Bond-Type Class Shares”); provided, however that the amount of the Interim Preferred Dividend to Series 1 Bond-Type Class Shares in a given fiscal year in which the Interim Dividend Record Date falls shall not exceed the amount of the Preferred Dividend to Series 1 Bond-Type Class Shares for the fiscal year in which such record date falls.

#### C Distribution of Residual Assets

- (1) When the Company makes a distribution of residual assets, the Company shall pay in cash to the Series 1 Bond-Type Class Shareholders, Etc. before making payments to the Common Shareholders, Etc., in the following amount:

With respect to one share, the amount calculated by the method determined by the resolution of issuance as the sum of the equivalent of the issue price plus the total of the Accumulated Dividends Payable to Series 1 Bond-Type Class Shares and the equivalent of the Preferred Dividend to Series 1 Bond-Type Class Shares pertaining to the period from and including the first day of the fiscal year in which the date of the distribution of residual assets falls to and including the date of the distribution of residual assets.

- (2) No distribution of residual assets shall be made to the Series 1 Bond-Type Class Shareholders, Etc. other than the distribution provided for in (1) above.

#### D Order of Priority

Payments of Preferred Dividends to Series 1 Bond-Type Class Shares through Series 10 Bond-Type Class Shares and Interim Preferred Dividends to Bond-Type Class Shares, and distribution of residual assets to shares of each series of Bond-Type Class are ranked *pari passu*.

#### E Voting Rights

The Series 1 Bond-Type Class Shareholders shall not be entitled to exercise voting rights at the General Meeting of Shareholders with respect to any matter.

#### F Resolutions of General Meetings of Class Shareholders

- (1) With the exception of cases where separate means are stipulated either in relevant laws and ordinances or the Articles of Incorporation, adoption of resolutions by the General Meetings of Class Shareholders shall be determined by a majority vote by shareholders in attendance with the right exercise voting rights.
- (2) Paragraph 2, Article 324 of the Companies Act stipulates that the adoption of resolutions requires the attendance of shareholders holding no less than one third of voting rights and a majority vote of two thirds.
- (3) No resolution of a General Meeting of Class Shareholders composed of Series 1 Bond-Type Class Shareholders is required for the Company to conduct any of the acts provided for in the items of Paragraph 1, Article 322 of the Companies Act, unless otherwise provided by law.
- (4) If the Company performs any of the following acts and it is likely to cause detriment to the Series 1 Bond-Type Class Shareholders, that act shall not take effect without a resolution of the General Meeting of Class Shareholders composed of Series 1 Bond-Type Class Shareholders, in addition to a resolution of the General Meeting of Shareholders or the Board of Directors, unless there are no Series 1 Bond-Type Class Shareholders who are entitled to vote at that General Meeting of Class Shareholders:
  - a) a merger in which the Company will be the absorbed company or a share exchange or share transfer in which the Company will be the wholly owned subsidiary company (except for a sole-share transfer conducted by the Company); or
  - b) an approval by the Board of Directors of a demand for a cash-out by a Special Controlling Shareholder against the other shareholders of the Company.

G Acquisition (Acquisition by the Company in Exchange for Cash)

- (1) If an event provided for by the resolution of issuance arises with respect to the Series 1 Bond-Type Class Shares, such as when five years have elapsed from and including the payment date (issuance date), the Company may acquire all or part of the Series 1 Bond-Type Class Shares as of the acquisition date separately determined by a resolution of the Board of Directors. In such case, the Company shall, in exchange for its acquisition of the Series 1 Bond-Type Class Shares, deliver to the Series 1 Bond-Type Class Shareholders the amount of money determined by the resolution of issuance based on the Issue Price per Series 1 Bond-Type Class Share; provided that (i) the Company cannot make acquisitions where either acquisition date or a Book-Entry Acquisition Date (as defined below) falls in a different calendar year to the Settlement Date (as defined below) and (ii) the Company's acquisition with a date

from January 1 to March 31 as an acquisition date or a Book-Entry Acquisition Date may only be made after the date of resolution of the Board of Directors concerning distribution of surplus dividends with the last day of fiscal year immediately preceding the fiscal year in which such Book-Entry Acquisition Date falls as the record date.

“Book-Entry Acquisition Date” means the date on which the increase in the number of Series 1 Bond-Type Class Shares are entered or recorded in the holdings column of the Company’s transfer account in accordance with the application for transfer based on the acquisition in exchange for cash pursuant to this G, or the entry or record of Series 1 Bond-Type Class Shares is deleted in accordance with a notice of entire deletion based on such acquisition.

“Settlement Date” means the date (limited to the business day) on which the Company delivers cash in exchange for its acquisition pursuant to this G.

(2) Refinancing Restrictions

The Company shall not acquire the Series 1 Bond-Type Class Shares in exchange for cash pursuant to this G or repurchase the Series 1 Bond-Type Class Shares pursuant to agreements with specific holders of the Series 1 Bond-Type Class Shares or through market trade, etc. pursuant to Paragraph 1, Article 165 of the Companies Act (together with the acquisition in exchange for cash pursuant to this G, the “Cash Acquisition”) if it has not procured any funds for the Required Amount of Refinancing (as defined below) through the issuance, disposal or borrowing (“Issuing, etc. ”) of the Refinancing Securities (as defined below) within 12 months prior to the date of the Cash Acquisition. However, this is except as determined by the resolution of issuance.

The “Required Amount of Refinancing” means, if the Refinancing Securities are the Common Shares, the Equity Equivalent Value (as defined below) of the Series 1 Bond-Type Class Shares subject to the Cash Acquisition, and if the Refinancing Securities are securities other than the Common Shares, the amount calculated by dividing the Equity Equivalent Value of the Series 1 Bond-Type Class Shares subject to the Cash Acquisition by the equity credit (expressed as a percentage) given by the Credit Rating Agency for such Refinancing Securities. In the case of Issuing, etc. of both the Common Shares and the Refinancing Securities other than the Common Shares, the respective formulas shall be applied mutatis mutandis.

The “Refinancing Securities” means the following securities or borrowings; provided, however, that (i) in any of the cases (a) through (c) below, only if the Company announces that those are the Refinancing Securities, (ii) in the cases (a) or (b) below, only if Issuing, etc., to persons other than the Subsidiaries or the Affiliates (as defined in Article 2, Item 3 or Item 7, respectively, of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements), and (iii) in case of

(b) or (c) below, only those approved by the Credit Rating Agency as having the equity credits equivalent to or greater than those of the Series 1 Bond-Type Class Shares as of the Payment Date of the Series 1 Bond-Type Class Shares:

(a) The Common Shares;

(b) Class shares other than (a) above; and

(c) All other securities and obligations of the Company other than (a) or (b) above.

The “Equity Equivalent Value” is the aggregate amount of the Issue Price of the Series 1 Bond-Type Class Shares multiplied by the equity credit (expressed as a percentage) given by the Credit Rating Agency.

- (3) When acquiring a part of the Series 1 Bond-Type Class Shares pursuant to (1) above, the Company shall determine the Series 1 Bond-Type Class Shares to be acquired from the Series 1 Bond-Type Class Shareholders in accordance with a reasonable method as determined by the Board of Directors.

#### H Share Consolidation or Share Split, etc.

- (1) The Company shall not conduct any share consolidation or share split with respect to the Series 1 Bond-Type Class Shares, unless otherwise provided by law.
- (2) The Company shall not make any gratis allotment of shares or stock acquisition rights to the Series 1 Bond-Type Class Shareholders.
- (3) The Company shall not grant to Series 1 Bond-Type Class Shareholders any right to receive allotment of shares offered for subscription or stock acquisition rights offered for subscription.
- (4) If the Company conducts a share transfer (limited to a sole-share transfer conducted by the Company), the Company shall deliver to Series 1 Bond-Type Class Shareholders, Etc. shares issued by the wholly owning parent company incorporated in the share transfer that are of the same class as the Series 1 Bond-Type Class Shares in exchange for the Series 1 Bond-Type Class Shares, in the same ownership ratio. In such a case, the adjustment of the Preferred Dividend to Series 1 Bond-Type Class Shares and Accumulated Dividends Payable to Series 1 Bond-Type Class Shares shall be conducted by the method determined by the resolution of issuance.

#### I Absence of Seller Put Options When the Company Acquires Series 1 Bond-Type Class Shares

If the Company decides to acquire all or part of the Series 1 Bond-Type Class Shares held by a specific Series 1 Bond-Type Class Shareholder under an agreement with such Series 1 Bond-Type Class Shareholder pursuant to a resolution of the General Meeting of Shareholders, and further decides to notify such Series 1 Bond-Type Class Shareholder of matters prescribed in any item of Paragraph 1, Article 157 of the Companies Act, the provisions of Paragraphs 2 and 3, Article 160 of the Companies Act shall not apply.

## J Listing

A listing application in respect of the Series 1 Bond-Type Class Shares for the Prime Market of the Tokyo Stock Exchange, Inc. is planned to be made.

**Note:**

This document has been prepared solely for the benefit of the holders of Common Shares of Sumitomo Forestry Co., Ltd. in exercising the voting rights with respect to the Bond-Type Class Shares at the 86th Annual General Meeting of Shareholders planned to be held on March 27, 2026 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country.

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