

Japan Catalyst, Inc.

Shareholder Proposal to Sumitomo Densetsu Co., Ltd. (1949)

TOKYO, May 14, 2025 – Japan Catalyst, Inc. (hereinafter referred to as "JCI") implements an engagement strategy with Japanese listed companies through two investment vehicles under its advisory: the Monex Activist Mother Fund ("MAMF", a Japan-registered mutual fund) and the Japan Catalyst Fund ("JCF", a Cayman-registered corporate-type investment fund).

As part of our ongoing engagement with Sumitomo Densetsu Co., Ltd. ("Sumitomo Densetsu"), one of the key holdings of both MAMF and JCF, MAMF, advised by JCI, has submitted the attached shareholder proposal to be presented at Sumitomo Densetsu's 100th Annual General Meeting of Shareholders, scheduled for June 2025.

**This shareholder proposal was submitted by Monex Asset Management, Inc. ("MAM"), acting as the proxy agent for MAMF. JCI has provided support to MAM in connection with the submission of this proposal.*

Appendix

*In this shareholder proposal, “the Proposer” refers to Monex Asset Management, Inc., and “the Company” refers to Sumitomo Densetsu Co., Ltd.

Shareholder Proposal (Summary Only)

All company figures referenced in the following proposal are based on the consolidated financial statements.

1. Proposal: Appropriation of Surplus

(1) Overview of the Proposal:

We propose that retained earnings be appropriated such that the total annual dividend amounts to a value equivalent to 6% of net assets.

This proposal is submitted independently of any proposal for appropriation of surplus that may be submitted by the Company’s Board of Directors at the Annual General Meeting.

a) Type of dividend asset:

Cash

b) Amount of dividend per share

The amount shall be ¥124 minus the amount of dividend per share proposed by the Board of Directors and approved at the Annual General Meeting.

If the amount obtained by multiplying the average of the net asset per share at the beginning and end of the 100th fiscal year by 0.06 (rounded down to the nearest yen), and then subtracting ¥60 (hereinafter referred to as the “amount equivalent to a 6% dividend on equity”) differs from ¥124, then ¥124 shall be replaced with the amount equivalent to a 6% dividend on equity.

c) Method of allocation and total amount:

A dividend of the per-share amount described in item (b) shall be paid for each share of the Company’s common stock. The total amount of dividends shall be calculated by multiplying the per-share dividend by the total number of issued shares as of March 31, 2025, excluding treasury shares.

d) Effective date of dividend distribution:

The date of the Annual General Meeting.

e) Commencement date of dividend payment:

Three weeks after the business day following the date of the Annual General Meeting.

(2) Reason for the Proposal:

Following the discussions at the Tokyo Stock Exchange’s “Council of Experts Concerning the Follow-up of Market Restructuring,” listed companies have increasingly taken steps to review their capital policies and

enhance protections for minority shareholders. As the Company operates under a parent-subsidary listing structure, there are concerns that fair capital policies for minority shareholders may not be sufficiently considered or implemented.

This proposal aims to establish a minimum level of capital discipline that can be regarded as fair to minority shareholders, by targeting dividend payments equivalent to a 6% Dividend on Equity (DOE).

The Company operates an asset-light business model centered on the utilization of human capital and does not require large-scale capital investment. Given the Company's business characteristics, high profitability, and a favorable operating environment amid labor shortages, we believe that further accumulation of shareholders' equity is unnecessary.

If the Company maintains its current shareholder return policy, the continued growth in equity is likely to lead to a decline in Return on Equity (ROE). We therefore believe that maintaining a DOE of 6%—equivalent to a dividend payout ratio of approximately 60%—is an appropriate minimum level to sustain ROE.

This material is an English translation of a Japanese announcement made on the date above. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this English translation is not guaranteed and thus you are encouraged to refer to the original Japanese document.