

Japan Catalyst, Inc.

Shareholder Proposal to TBS Holdings, Inc. (9401)

TOKYO, May 16, 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 TBS Holdings, Inc. ("TBS HD"), one of the key holdings of both MAMF and JCF, MAMF, advised by JCI, has submitted the attached shareholder proposal to be presented at TBS HD's 98th 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 TBS Holdings, Inc.

Shareholder Proposals (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 as follows so that the total amount of annual dividends corresponds to the amount equivalent to a 60% payout ratio.

This proposal is made 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 net income per share for the 98th fiscal year ending March 2025 by 0.6 (rounded down to the nearest yen) and subtracting ¥27 (hereinafter referred to as the “amount equivalent to a 60% payout ratio”) differs from ¥124, then ¥124 shall be replaced with the amount equivalent to a 60% payout ratio.

(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 :

This proposal is not intended to call for asset sales or excessive short-term shareholder returns. Instead, it seeks an appropriate capital allocation aimed at achieving a sustained improvement in ROE.

Excluding extraordinary gains such as proceeds from the sale of investment securities, the Company's ROE has not exceeded 3% in any of the past five years, and is expected to fall below 2% for the fiscal year ending March 2025.

Given these circumstances, it is difficult to conclude that the Company has made sufficient progress toward implementing "management with consciousness of cost of capital and stock price", as called for by the Tokyo Stock Exchange.

Therefore, we believe the Company should adopt a capital discipline framework under which the combined amount of dividends and share buybacks equals or exceeds 8% of shareholders' equity until an ROE of 8% is achieved. As part of this framework, we propose setting a minimum dividend payout ratio of 60%.

While enhancing the profitability of the Media and Content business is essential, we believe that achieving an ROE of 8% will be difficult without implementing a disciplined capital policy.

2. Proposal: Acquisition of Treasury Stock

(1) Overview of the Proposal :

Pursuant to Article 156, Paragraph 1 of the Companies Act, we propose that the Company be authorized to acquire up to 15 million shares of its common stock for a total acquisition amount not exceeding ¥54 billion, by means of monetary payment, within one year from the conclusion of this Annual General Meeting.

(2) Reason for the Proposal :

This proposal, together with the above dividend proposal, aims to achieve a total shareholder return comprising dividends and share buybacks, equal to or greater than 8% of shareholders' equity.

The Company's net assets exceed ¥1 trillion. Taking into account the value of its investment securities and real estate holdings, we believe that a shareholder return of several tens of billions of yen is unlikely to impair the Company's capacity to invest in content and that such an approach will enhance capital efficiency and contribute to maximizing long-term corporate value.

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.