

Agenda: Appropriation of surplus

Details of Shareholder Proposal

Appropriation of surplus of the company shall be as follows:

If the company's board of directors proposes an appropriation of surplus at the 97th Annual General Meeting of Shareholders, this proposal shall be independent of and in addition to the said board proposal.

(1) Type of dividend property

Cash

(2) The dividend amount per ordinary share

360 yen, less the amount of dividends per share of common stock based on the proposal for the appropriation of surplus proposed by the board of directors of the company that was approved at the 97th Ordinary General Meeting of Shareholders and the amount of interim dividends per share of common stock of 22 yen for the fiscal year ended March 31, 2024.

(3) Allocation of dividend property and total amount thereof

The amount of dividend per share of common stock of the Company shall be the amount of dividend per share as described in (2) above.

The total amount of dividends shall be calculated by multiplying the dividend per share by the total number of common shares outstanding (excluding treasury stock) as of March 31, 2024.

(4) Effective date of distribution of dividends of surplus

The day of the 97th Ordinary General Meeting of Shareholders of the Company

Reasons for the Proposal

At the end of last year, TBS Holdings held investment securities of 800 billion yen or more, accounting for no less than 80% of the company' total net assets. Hibiki Path Advisors, as the investment manager of the proposing shareholder, sent to the company and publicized a letter "Proposals on Measures to Enhance Corporate Value" ([Letter-to-TBS_final-English-2.pdf \(hibiki-path-advisors.com\)](#)) in May last year. As stated on pages 8-13 of the letter, while management strategy of the company is highly regarded, we believe that improvement in ROE and achieving a >1.0x PBR of the company can only be realized through a decisive Balance Sheet management, i.e., fixed amount dividend (exceeding the level of profit of the company) for certain consecutive years.

Our proposed dividend amount is approximately ten times as much as the average of amounts of the past three years. We consider that the company's financial soundness would not be deteriorated, through disciplined liquidation of investment securities.

If the proposed agenda is approved, we would request the company to keep the same amount fixed dividend for a minimum of 5 years, and ideally for 10 years, to strive for continuous improvement in ROE.