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We present the TBS Group Medium-Term Business Plan 2026.

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"TV" used to exclusively represent "Television" that is broadcast television for us for a long time. However, since the launch of our "TBS Group VISION2030" in 2021, our unified efforts to advance VISION2030 have profoundly transformed our perspective. Our content IPs are now expanding beyond broadcasting into various businesses. Therefore, we have here redefined "TV" for "Timeless Value" that means our goal is to provide content with timeless value and pursue this value in all business areas.

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We have introduced the basic policy of our new medium-term business plan. Aligned with our VISION2030, we set the second phase up to 2026 as "Rise Up TBS Global Business", during which we will focus on investing our management resources.

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Our core strength lies in our content production capabilities, which generate our valuable "content IPs". In addition to our core content, such as dramas, news, variety shows, and animations, we have acquired content in the EDGE area over the past three years through strategic investments.

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We have expressed our content creation model as a funnel. This funnel divides the process of creating strong content IPs into three key stages: (1) Enhance our planning and development efforts to gather strong content ideas from all 8,000 TBS Group employees, (2) Strengthen our marketing and selection capabilities to identify and choose the most promising ideas, and (3) Refine and evolve the selected content IPs. We will set KPIs for each of these three stages to ensure their effectiveness. Of course, we will not only develop content IPs ourselves but also actively acquire IPs through investment.

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"Drive EDGE Forward Leveraging Creative Engine". Creating strong content IPs will accelerate the EDGE strategy. Content IPs with substantive value can expand into various business areas, including the EDGE area. This is what we mean by content IP creating Timeless Value, which in turn will promote the business growth of the TBS Group. Of course, we will not only strengthen the EDGE area but also enhance our broadcasting business, fueled by our unwavering commitment to be No. 1.

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Through these efforts, we aim to achieve sales of 450 billion yen and operating income of 24 billion yen in FY2026. To reach these targets, we need to manage our operations with an even

greater focus on capital efficiency. Therefore, we have set a KPI for capital efficiency for the first time. We aim to achieve ROIC of 5% or more by FY2030.

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To accomplish this, we have established a concept of capital allocation based on three key points. First, we aim to steadily generate operating cash flow from the growth investments made in the Medium-Term Plan 2023. Second, to improve the efficiency of working capital, we will consider various financing methods, including debt. Third, we will accelerate the improvement of the balance sheet by reducing cross-shareholdings and promoting shareholder returns. These are our three main objectives.

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We outline the key points of our financial strategy. To accelerate our business growth, we will keep growth investments. During the period of the Medium-Term Plan 2023, we made growth investments of 140 billion yen, including investments in U-NEXT, YARUKI Switch Group and THE SEVEN. Under the Medium-Term Plan 2026, we plan to make growth investments of 160 billion yen, exceeding the previous medium-term plan period. In addition, we will carefully monitor these investments to ensure they contribute to the Group's growth.

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We sold more than 80 billion yen of cross-shareholdings during the period of the Medium-Term Plan 2023. During the period of the Medium-Term Plan 2026, we plan to sell more than 90 billion yen, exceeding the previous period, and tackle the improvement of our balance sheet.

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Next, we explain our shareholder returns. During the period of the Medium-Term Plan 2026, we will return approximately 60 billion yen to shareholders. We aim to achieve dividend payout ratio of 40%, while flexibly purchasing treasury stock considering the total payout ratio.

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Next, we will explain how to achieve the quantitative targets explained so far.

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We address our business challenges to maximize the strengths of the TBS Group in the face of a rapidly changing external environment.

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Under the Medium-Term Plan 2026, we will further expand our business portfolio by creating new businesses. We have divided our business phases into three: "Stable Revenue areas" "Growth Focus areas" and "Seeding areas". We will thoroughly manage investments and business growth in each of these areas. Also, we have defined three new business domains:

“New IP Strategy” “Technology” and “Branding Design” in the Seeding areas.

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For each business portfolio, we have set a target of increasing operating income from 15 billion yen in FY2023 to 24 billion yen in FY2026. Previously, KPIs were classified by segment, but we plan to set and manage KPIs by business.

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Now let's explore some key business strategies. In this medium-term business plan, our primary emphasis will be on expanding our global business. We have already developed the format of the terrestrial program “SASUKE” as “NINJA WARRIOR” worldwide, and it has even been adopted as an Olympic event. Moving forward, we will further enhance our content distribution network to bring excitement and smiles to people around the world with all our content.

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As a first step, we will establish strategic bases overseas. We will acquire a content IP sales agency in North America, targeting the U.S. and European markets. Also, we will establish a base in South Korea to target the entire Asian region. In the future, we will not only build a content distribution network but also jointly develop content IPs with partner companies in each country.

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THE SEVEN, which have produced content for overseas OTT platforms, signed a strategic partnership with NETFLIX and has begun production of high-end content. THE SEVEN aims for sales of 10 billion yen by 2025. Additionally, we invested in MEGALIS, a VFX creator group whose world-class technology has been proven in Hollywood movies. This investment is intended to strengthen the TBS Group's VFX capabilities and elevate the quality of our content to the world's top level.

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This section outlines our global business initiatives that are already taking in place. In addition to rolling out content IPs overseas, we will actively acquire rights to utilize overseas partners' IPs within Japan. TBS NEWS DIG has recently signed a strategic partnership with Bloomberg, an American financial technology company. We will together launch a premium business news platform and accelerate our efforts to target global markets. Through these initiatives, we are transforming ourselves into a “Global Content Company.”

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Regarding our anime business, this fiscal year, we have increased the number of terrestrial anime time slots to three and also entered into a capital and business alliance with Shochiku Co., Ltd. Through these initiatives, we will cover the entire “anime value chain”. We will create

high-end theatrical productions and expand our business worldwide.

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This is a new addition to our intellectual training and education business. YARUKI Switch Group joined our group in 2023. We will develop “unique video educational content” by leveraging our strengths in video production and the valuable video materials we have accumulated. Furthermore, we will accelerate our store openings in cooperation with the JNN affiliates, as well as provide our unique educational methods to children overseas.

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As part of our new IP strategy, we have already begun to develop games under “TBS GAMES” that originate from our TV show IP. We will also focus on the joint development of new games with major game companies. Additionally, we will create a reverse trend of games becoming dramas, variety shows, and anime. For new IP measures, we are developing a new physical game format to follow “SASUKE”. In collaboration with a Korean company, we have also formed a Japan-Korea boy band as “Human IP.” Furthermore, Styling Life Group is planning to launch its first original apparel brand.

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Akasaka Entertainment City is scheduled to be completed in 2028, and even during the construction period, we will launch a series of measures to attract people and turn Akasaka into a creative cultural center. This is not just a real estate business, but our content creative activity to create an entertainment district like New York’s Broadway.

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We will strengthen the infrastructure to support this growth.

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Over the next three years, we will hire 300 experts to expand our business. We will acquire the human resources needed to expand our content IPs globally.

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Accelerating the development of human resources to win on the world stage is also a priority. First, creators who have specialized in content production will be asked to acquire “expansion” skills as well. In other words, “ambidextrous” human resources will be developed. Next, “Bet on Passion, Pay for Performance” will be thoroughly implemented as a personnel system reform. Young, highly motivated employees will be promoted, and a performance-based compensation system will be adopted. Additionally, the TBS Group University program, our in-house university program, will be expanded, and employees will be dispatched overseas to nurture independent human resources capable of succeeding globally. This, along with environmental improvements, will lead to direct investments of 1 billion yen per year, aiming for a 13% increase in sales per employee.

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In a rapidly changing business environment, it is difficult to create new value with only the Group's human resources. Therefore, we will foster open innovation, especially in the rapidly evolving areas of technology and design. The stage is set at "Tech Design X" which was opened in 2023. Through academia-industry collaboration, we will bring together various talents here to create and nurture the "seeds" of new businesses, such as VFX and remote production.

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Promoting sustainability management is another important theme. As a news media, we have a significant social responsibility.

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Our strength lies in our ability to share content effectively. As a media platform that connects with its audience, we envision a better society and create movements to resolve issues with our partners. Our key initiative, the SDGs campaign "WEEK to the Earth Smile," will continue until 2030.

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We will implement specific measures in line with our three ESG initiatives: "Commitment to Measures against Climate Change", "Solutions for Issues through News" and "Acceleration of Business and Human Rights Initiatives". As a news organization, we will pursue a "just society".