TBS

# TBS GROUP INTEGRATED REPORT 2022

### **Corporate Philosophy**

The TBS Group aims to deliver timeless content and services to the world, respecting diverse values and striving to make a positive contribution to society.

### **Brand Promise**

To create entertaining and inspiring experiences that move hearts and minds.

# From each moment, a better tomorrow.

From TBS



# **TBS Group's Six Materialities**

Key issues identified to create and deliver "wonderful moments"



To achieve the "TBS Group VISION 2030" and the "TBS Group Medium-Term Management Plan 2023" announced in 2021, we discussed what we should do in 2022 and identified six materialities, three in the business domain and three in the sustainability domain. ⇒P.20



# Deliver Wonderful "Moments" to All the Lives on the Earth

The TBS Group has been working to achieve the SDGs under the slogan "Make the Earth Smile." We will become "a starting point for influencing society" by taking advanced measures to address global warming and climate change. As a first step toward setting and implementing goals toward making zero carbon a reality, which is one of our materialities, we established the following targets.

# FY2023

# Achieving carbon neutrality at the

TBS Broadcast Center , Akasaka Sacas Cultural Facility , and Midoriyama Studio

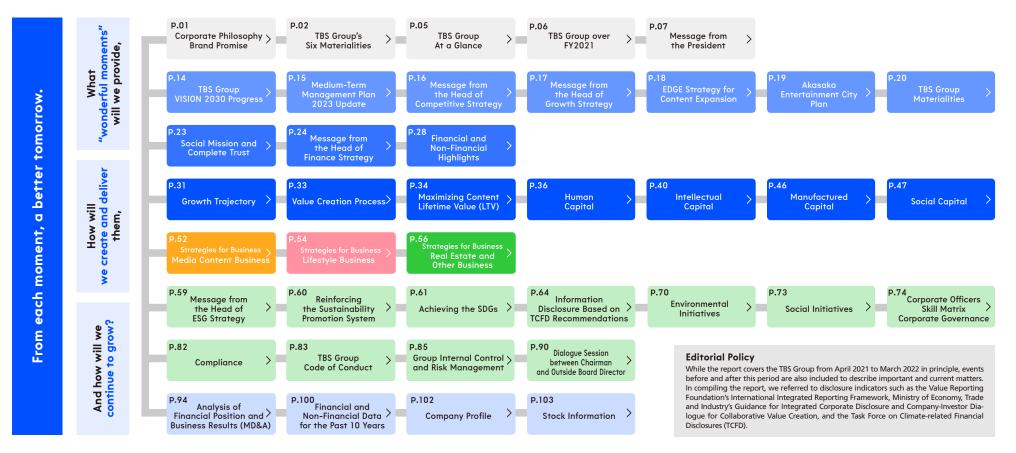
The targets of this endeavor are Scope 1 (direct emissions resulting from fuel combustion, etc.) and Scope 2 (indirect emissions resulting from the use of purchased electricity, etc.) emissions.

"Information Disclosure Based on TCFD Recommendations" with regard to CO2 emissions reduction initiatives and medium- to long-term targets >P.64

# **Contents** (Overall Report Structure)

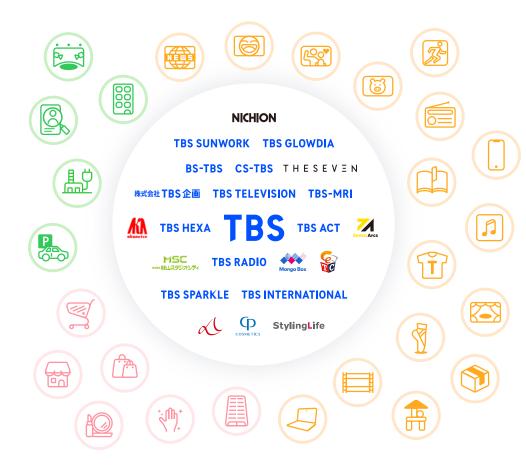
The purpose of this report is to provide a systematic understanding of what kinds of contents and services the TBS Group plans to create and provide to deliver "wonderful moments" as well as improve its corporate value and sustain growth.

Click the boxes on each of the following pages to access them directly.



# **TBS Group At a Glance**

Businesses ranging from broadcasting to content creation, culture, lifestyle, and real estate



Media Content Business/ Real Estate and Other Business (one company)

TBS TELEVISION, INC.

#### Media Content Business (13 companies)

TBS RADIO, Inc. BS-TBS, INC. TBS SPARKLE, Inc. TBS GLOWDIA, Inc. TBS ACT, INC. CS-TBS, INC. SEVEN-ARCS Co., Ltd. TC Entertainment Incorporated TBS International, INC. TBS MEDIA RESEARCH INSTITUTE Inc. NICHION, INC. MANGA BOX Co., Ltd. THE SEVEN, Inc. (Company name changed from THE Factory, Inc. on August 1, 2022)

#### Lifestyle Business (three companies)

StylingLife Holdings Inc. CP Cosmetics Inc.

LightUp Shopping Club Inc.

# Real Estate and Other Business (five companies)

Akasaka Heat Supply, Co., Ltd. TBS Kikaku Co., Ltd. TBS Sunwork, Inc. TBS HEXA. Inc. Midoriyama Studio City, Inc.

22 companies total

# **TBS Group over FY2021**

Providing wonderful "moments" for everyone through timeless content and services



# Message from the President



Message from the Head of Plan Finance Strategy

Strategies for

Message from the President

# To secure complete trust, we will provide "wonderful moments" through original content that goes beyond the framework of broadcasting

### Takashi Sasaki

President & Representative Director TBS HOLDINGS, INC. TBS TELEVISION, INC.

# Message from the President

#### <The social significance of TBS>

We will continue to provide "wonderful moments" by disseminating accurate information

What is the social significance of TBS, which reports the news on the wars and natural disasters happening in the world today? I feel that the news of Russia's invasion of Ukraine has brought this significance back into focus.

The "wonderful moments" that TBS wants to provide are essentially the things that move people's hearts and put them at ease. However, the "moments" of war are the exact opposite of that. War steals people's smiles and harms them. We would like to provide "wonderful moments" to heal those harmed by war. We would like to use the media to stop war.

I believe our purpose and social significance lies in playing a role that gives peace of mind by communicating the correct "moment" accurately.

The prerequisite for playing this role is securing "complete trust" **P.23**. We will continue to broadcast accurate information without distorting the facts and build up new trust even though it takes time. We are committed to always acting to protect the lives and property of our viewers, even when struck by

Performance and Corporate Data

a major disaster. This is what we have learned from the mistakes and errors of the past. I believe that when each and every one of us has this commitment, we can create "moments" that lead to "complete trust" in all areas, including the internet.

TBS content goes beyond television and radio, and includes movies, stage performances, streaming, and even education and retail. It is precisely in times of turmoil that our value also lies in continuing to be a company that makes people smile with "relaxing moments" and provides "wonderful moments" beyond the framework of broadcasting using our original content loved across the world.

#### <Progress of VISION 2030 and Medium-Term Management Plan 2023 over the past year>

#### A new "expansion" will take shape through enhancement of quality and transformation of ourselves

In terms of business performance in FY2021, the first year of TBS Group VISION 2030 ("VISION 2030") →P.14, and the TBS Group Medium-Term Management Plan 2023 (hereinafter the "MTMP 2023") →P.15, which we announced in May 2021, operating profit exceeded ¥18.5 billion, the target for FY2023, which is the final year of the MTMP, recording the highest level since FY2009, when the Company became a holding company. Therefore, we updated the existing MTMP 2023, while keeping FY2023 as its final year. We are retaining the quantitative targets for FY2030, which are the goals of VISION 2030, and will review them based on the fruitfulness of the seeds we sow when we come to announce MTMP 2026, which is Phase 2 of VISION 2030.

One reason why we were able to exceed the targets of MTMP 2023 by more than expected was the strong performance of spot sales revenues. We believe that one of the factors in this is a reassessment of the value of television commercials in terrestrial broadcasting. It is said that the effect of television commercials in terrestrial broadcasting is difficult to measure. When TBS and other commercial broadcasters conducted surveys on the appeal, impact on purchasing, and other aspects of television commercials and measured their effectiveness, it was found they were actually lower-priced by unit and more effective than online commercials. While we think the trend of economic recovery from the COVID-19 pandemic is also a factor, it can also be argued it is the result of a rapid reassessment of the value of television commercials by customers.

At a time when people are losing interest in television, the TBS Group will continue to reconstruct its value while focusing in particular on developing the next generation of viewers and expanding the appeal of television, taking responsibility for the quality of programs and commercials we provide. As for our specific competitive strategies, we will reorganize and strengthen regular morning shows and prime time variety shows, which had been key issues in terms of profitability, and also nurture young creators to further accelerate production of content that can develop the next generation of viewers. Moreover, we will enhance the "power and value of broadcasting" and offer proposals for society through large-scale sports events and SDGs WEEK **PP.61**. We will also log television commercials and promote content targeting by reanalyzing and utilizing viewer data to make propos-

als aligned with the needs of advertisers. We will raise the quality of program production to enhance its appeal targeting the male and female individuals in the four to 49-year-old demographic that TBS now considers the "new Family Core." If the value of television commercials can get recognized, we think revenue from program sponsorship and spot advertising will increase.

Strategies for

Business

Under VISION 2030, we are aiming for a non-broadcasting business sales ratio of 60%, and the EDGE (Expand Digital Global Experience) **P.14** strategy forms the foundation of our growth strategy for achieving this. One year after we set out VISION 2030, we have been steadily and swiftly implementing this initiative. Companies we had never considered before have been spontaneously reaching out to us, and our partnerships with overseas companies have also started to grow. I have been reminded that once we begin to transform ourselves, those around us also respond to the change.

For example, in the globally expanding area of electronic manga, we established Studio TooN, a new webtoon production company in South Korea, in cooperation with NAVER WEBTOON Ltd., a group company of South Korean IT major NAVER, and manga production company SHINE Partners. The new company brings together the outstanding creative capabilities of Japan and South Korea to develop original works for the world, which it will roll out in English-speaking countries and Asia, in addition to South Korea. We will strive to maximize the value of this venture through visualization at TBS.

As a further mechanism based on TBS, we have established THE SEVEN, Inc. (company name changed from THE Factory, Inc. on August 1, 2022) P.18, a new company for our overseas

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strategy to serve as a trading company specializing in the provision of Japanese content to the overseas market, with intellectual property (IP) business at its core. We have prepared a total budget of ¥30.0 billion to enable us to compete in the global market and will specialize in the planning and development of high-end content with the aim of producing two to three global hits within five years. As our base for promoting this global expansion, we will build one of Japan's largest studios with global-standard specifications in Midoriyama to deliver studio functions that will be capable of recording 4K HDR and other high-definition image standards and 5.1 surround sound. In addition to opening up new sales channels, we will not only sell the formats of programs such as *"Takeshi's Castle"* and *"SASUKE/Ninja Warrior"* **P.3.5**, which are very popular overseas, but will also focus on employing and developing talent in order to sell newly developed content



to Netflix, Amazon Prime Video, Home Box Office (HBO), and the BBC in the UK, etc.

Video streaming companies such as Netflix are simultaneously our rivals and our partners. Netflix has been streaming "JAPAN SINKS: People of Hope" on the same day as its terrestrial broadcast, and will also exclusively stream new TBS drama "Rikon Shiyoyo (Let's Get Divorced)" worldwide in 2023. We take the same approach to terrestrial television stations, with the desire to adopt a flexible position on collaboration as we do with TVer, our free streaming service, while also competing at times.

In the Experience area of our EDGE strategy, we have established the Real Estate Strategy Division to produce content and space. The goal is to enable people in the field to work across organizational boundaries toward achieving VISION 2030. The Real Estate Strategy Division will work across organizational boundaries because inter-departmental collaboration is vital for treating and producing real estate as a space rather than simply managing it as buildings.

The Akasaka Entertainment City Plan, under which we are not only redeveloping the Akasaka 2-chome and 6-chome areas DIP but also working on new urban development that is integrated with the existing area, is proceeding on schedule for completion and operation in 2028. We recently announced the "Shake the World AKASAKA" area concept for disseminating cutting-edge entertainment from Akasaka to the world.

On July 8, *Harry Potter and the Cursed Child* opened as the first stage show embodying the Shake the World AKASAKA concept. It is the first Asian production of a live show that is shaking the world, and we have set the challenge of creating a

long-running production. As soon as visitors leave the subway station, they can take a "moment" to truly experience the city of Akasaka immersed in the world of Harry Potter. Our goal is to reach an audience of 500,000 people a year. To allow visitors to fully enjoy their time before and after the show, we have also opened a shop and the Harry Potter Cafe in one section of the area, where visitors can enjoy the world of Harry Potter.

Strategies for

Business

We will expand our business through multimedia uses of content including movies and live entertainment with IP (intellectual property) content at its core, thereby growing into a global content brand.

My dream is to turn the TBS Group into a corporate entity that is capable of demonstrating the strength of its brand in diverse areas of people's lives around the world like The Walt Disney Company. The Walt Disney Company has been around for about 100 years. With its incalculable intellectual property, I consider it to be a model for the EDGE strategy and our infinitely more experienced mentor. In 1995, The Walt Disney Company acquired the ABC television network group, and added a broadcasting station to its platform. However, we started as a broadcasting station, fulfilling our social significance by delivering news as well as entertainment, and we are trying to grow through a broader range of platforms. Fulfilling our social mission as a broadcasting station is the foundation on which we will generate solid earnings. I believe the EDGE strategy will come to life precisely because we have this foundation.

#### <Materialities>

Embodying "wonderful moments" through six materialities

In response to our first integrated report published in 2021, we received comments and observations from various stakeholders about the feasibility of our business strategy and explanations of the path ahead, our quantitative targets, the formulation of materiality **P.20**, and other topics. In particular, we ourselves recognized that the formulation of materiality is an issue, so we repeatedly examined it while raising management awareness of the issue at meetings of the Board of Directors. In updating MTMP 2023, we established a total of six priority issues for the TBS Group to work on with three issues in the area of business and three in the area of ESG strategy.

The three materialities in the area of business are issues in the growth strategy.

The first issue is related to "create original content loved across the world." If there is a complicated relationship regarding IP rights, it may not be possible to turn content into stage shows or movies or to roll it out to the global market, even though terrestrial broadcasting may be possible. Therefore, it is necessary to develop as much of TBS's original IP as possible. I feel that awareness of "using IP to earn profits" has become considerably more widespread at TBS through continual repetition of this message.

In December 2021, we resolved on a total capital increase of ¥2.5 billion for SEVEN-ARCS Co., Ltd., a Group company that produces anime. This will enable us to build a value chain from upstream to downstream in the anime business, based on the planning and production capabilities of the Movie and Anime Division at TBS TELEVISION, INC. and THE SEVEN, Inc., and capitalizing on the development of original works by MANGA BOX Co., Ltd. and anime production at SEVEN-ARCS Co., Ltd.

In addition, for our future growth, we must transform ourselves from being a media group to being a content group. In order to demonstrate our commitment to this, I am taking the lead in respecting our creators and go as far to say that "the people who can produce things are the greatest." Of course, the backyard employees who support the creators are also important. However, as the skills of creators are becoming more important than ever before, we treat them as experts and have established incentives to reward creators who produce outstanding results. We place importance on the Life Time Value (LTV) → P.34 of content in addition to ratings as the indicators for incentives. We will establish management and utilization systems to value content with longevity which continues to generate profit or enhance the value of the TBS brand even when it is no longer being broadcast.

I mentioned "fulfilling 'social mission' of a media group" at the beginning of my message, and one of the challenges we face is establishing standards and systems to instill the social significance of TBS as a prerequisite for winning "complete trust" in all of our content. I have also stated that as a media group TBS aspires to be a leading company that can say it is a "pioneering SDGs station." Therefore, we have positioned becoming a starting point for influencing society through content as one of our materialities for achieving the SDGs.

With regards to "innovate work through development and utilization of technology," TBS has a wealth of proprietary technology, including STORM, which can transfer large files at high speed, TBS BELL, a remote appearance system for large numbers of people, and the Mojiko transcription service. We will continue to promote the development and utilization of proprietary technology to "enhance the quality of content" while also taking up issues such as the strengthening of analysis infrastructure in order to become "data driven." On the other hand, in terms of our materialities in the area of ESG strategy, we have taken up the issues of delivering wonderful "moments" to all the lives on the earth and for all with whom we work together and strengthening governance as a responsible company to achieve this.

Strategies for

Business

We have established targets to achieve carbon neutrality (achievement of carbon neutrality at the TBS Broadcast Center, the Akasaka Sacas Cultural Facility, and the Midoriyama Studio in FY2023) P.38, and we are working to make our targets a reality. At the same time, we will be constantly aware of producing sustainable content that is Earth-friendly. It is also essential to create working environments that are fair as well as physically and mentally safe allowing people of diverse backgrounds, including creators, to flourish and to enhance education and training to upgrade the skills of the people working with us. In terms of governance, in addition to strengthening strategic decision-making and risk management alongside the transformation of the business portfolio, securing diversity in the skills, gender, and other attributes of directors and executive officers will be a challenge.

We will aim for the sustainable growth of TBS and society based on a long-term perspective while speedily addressing these materialities. An issue for the future is the formulation of KPIs. We will continue to examine how we can present indicators that are easy for all stakeholders to understand.

Strategies for

Business

Performance and Corporate Data

#### <Engaging with stakeholders and uniting the Group>

Facing the world beyond organizational boundaries, beyond the framework of broadcasting, and beyond Tokyo

The transformation into a content group means that the TBS Group is proceeding along a new path as a corporate entity. As might be expected with its more than 70 years of history, it is undeniable that TBS has made decisions that are constrained by certain limits in the past. However, to conquer this "moment," which is a major turning point for achieving VISION 2030, we must use zero-based thinking to reconsider both things we previously took for granted and things we disregarded as being unnecessary, and present a commitment to engaging with stakeholders.

To this end, we have been holding inter-group lunch meetings and promoting initiatives to consciously think together as one group.

The achievements of the group restructuring that we implemented in FY2021 include cost optimization and the securing of outstanding human resources. However, above all, I believe it has accelerated the promotion of understanding for the meaning of existence for the TBS Group and the concept of "complete trust," with the beginning of moves to go beyond the conventional vertical boundaries in our organization.

With regards to the SDGs, momentum is starting to build for group companies to link up with the "pioneering SDGs station" on their own accord. For example, TBS SPARKLE, Inc. has quantified the volumes of CO<sub>2</sub> and waste generated in the program production process and produced a program that obtained

Albert Certification **P.70**, a three-level certification based on the degree of contribution to reductions. I think that our "Week to Make the Earth Smile" campaign, which disseminates information about the SDGs, is also a BtoC-oriented initiative for the entire Group to make contact and think together with individual consumers through the media and events.

From our outside directors  $\rightarrow$  **P.90**, we receive many opinions with a third party perspective that trigger significant change in the company. This includes encouraging a change in the management mindset on the significance of a listed company for stakeholders, including shareholders and investors. They play a valuable role in breaking down our fixed ideas.

TBS is now becoming a group of human resources who think about things in terms of global standards. We will continue working to enhance our corporate value as a company that contributes to the development of a sustainable society by providing the world with "wonderful moments" created through content and services beyond the framework of broadcasting. Continue to expect great things from the evolution of the TBS Group.





# TBS Group VISION 2030

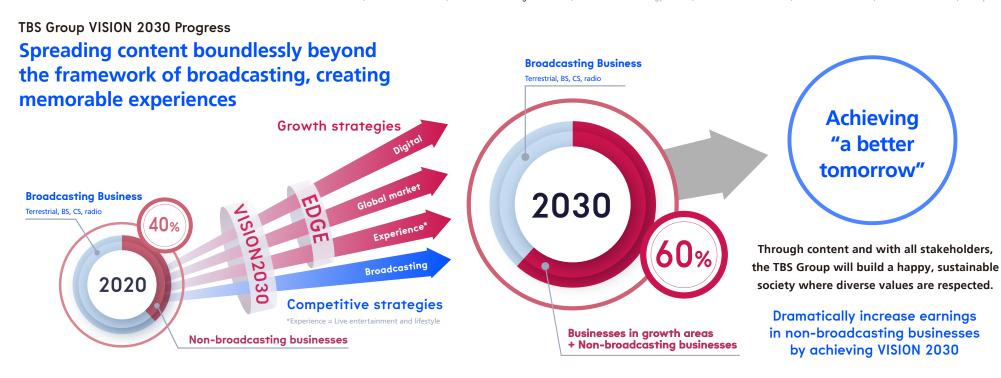
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# Medium-term Management Plan 2023

Long-Term Strategy and Medium-Term Management Plan Finance Strategy

Value Creation Story

Performance and Corporate Data



#### Updated Medium-Term Management Plan 2023: "Sowing Seeds for Growth in Anticipation of the Post-COVID-19 Period"

Digital/Global domain: content production for the global market

- Established THE SEVEN, Inc., a new overseas strategic company (name changed from THE Factory, Inc. on August 1, 2022), and currently constructs a new studio in Midoriyama
- Experience domain: Utilizing the Akasaka site Turning it into a location that delivers "wonderful moments"
- Long-running stage production of "Harry Potter and the Cursed Child" began in July 2022

Identified TBS Group's Materialities

Quantitative	targets
let sales	¥390 billion

Operating profit	¥26 billior
Ratio of operating profit to net sales	6.67%
Simplified EBITDA*	¥39.5 billior
*Simplified EBITDA : Operating p	rofit + depreciatio

Non-broadcasting revenue share: 47.0% of total (up 3.6 points from FY2021)

#### **Growth investment**

#### More than ¥140 billion total over 3 years

Sales of assets assume sales of cross-shareholdings Proactively seize opportunities for investment in growth, and apply funds from sales of assets to synergistic investments

#### Updated Medium-Term Management Plan 2023

# Accelerate and promote increased earnings through growth strategies and advance toward where we want to be in 2030

#### Changed the Theme to "Sowing Seeds for Growth in Anticipation of the Post-COVID-19 Period"

The "TBS Group Medium-Term Management Plan 2023" (hereinafter the "MTMP 2023") was Phase 1 (FY2021 - FY2023) of the "TBS Group VISION 2030" (hereinafter "VISION 2030"), with the theme being "focusing on recovery from the pandemic and sowing seeds for growth." In May 2022, after meeting our operating profit target in the first year, we formulated the new "Updated MTMP 2023" with the theme of "sowing seeds for growth in anticipation of the post-COVID-19 period." We will accelerate and promote increased earnings through growth strategies and advance toward where we want to be in 2030.

#### Events Leading to the Update

In terms of what led to the update, there were events affecting the Group's earnings, including many industries shifting toward a post-COVID-19 future, the rebound in terrestrial TV advertising, and the diversification of content supply formats. Events that affected profits included the awareness of the need to contain costs that was brought about by COVID-19 and the acceleration of technological innovation. Events that had a non-financial impact on our Group included the risk of power loss due to natural disasters, cyberterrorism, and the Russia factor, particularly the situation in Ukraine.

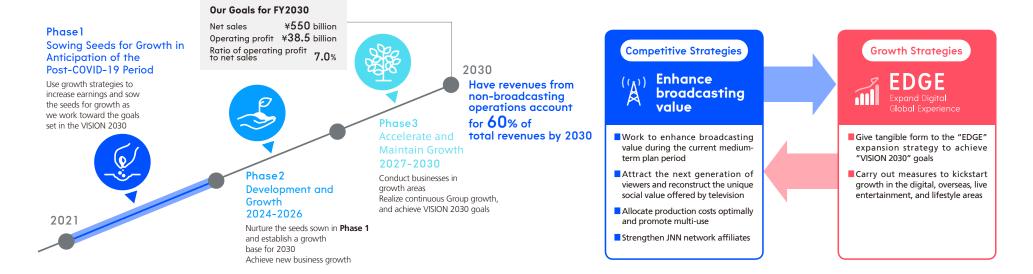
#### Creating Synergy by Promoting Competitive and Growth Strategies

Strategies for

Business

To achieve the goals of the MTMP 2023, we aim to generate positive synergy by pursuing a competitive strategy centered on enhancing broadcasting value and a growth strategy centered around "EDGE," a strategy for expanding content.

As an initiative for enhancing broadcasting value, we will strive to develop and expand our reach with next-generation viewers by focusing on individual viewership within the new family core (males and females 4 - 49 years old). We will also rebuild the value of TV advertising by crafting proposals that satisfy advertisers' needs based on utilization of data.



Strategies for

Business

Message from the Head of Competitive Strategy

# We will provide "wonderful moments" as a content company



We consider all things that enrich minds and lives and move people's hearts to be content. The TBS Group's greatest power lies in its ability to create content. At TBS, we are a group with content for providing value that is not swept along by the times or the environment and which deepens trust.

Since 2019, TBS has been strategically targeting the new Family Core demographic (male and female individuals age 4 years to 49). This is not only because of strong demand from advertisers, but also our policy to enhance our appeal to win the next generation of TBS fans. The new Family Core demographic is the key to boosting earnings in the broadcasting business as well as remaining a media organization that is trusted by all generations. In fact, the new Family Core demographic has been expanding. In FY2021, sales growth exceeded increase in area allocation as the spot advertising share of the five Tokyo stations exceeded 20% for the first time in 13 years.

TBS is pursuing the creation and acquisition of original intellectual property (IP). To give one example, in the 12 slots for regular dramas in the prime time slots (19:00-23:00) each year, only one was an original drama with no original story in FY2019, but there will be 11 original dramas in FY2022. Original IP makes it possible to be idea-oriented in areas such as the content production process, the production of spin-off dramas, and serialization. It also delivers earnings directly to the TBS Group from expansion to other media and platforms and the production of character goods.

In FY2021, TBS's free streaming ranked first out of the commercial broadcasters for the second year running, both for average monthly number of views at 52.05 million (up 51.7% year on year) and average monthly number of unique browsers (UBs) at 9.06 million (up 35.8% year on year). Among our free streaming offerings, the free streaming service TVer, recorded an all-time high monthly number of views of over 250 million in March 2022. Furthermore, in the future, we aim to deliver the most optimal service to each and every individual user utilizing TVer ID and will explore data coordination with television broadcasting to provide unprecedented services with television content as the starting point. TBS and Japan News Network (JNN) also established the website TBS NEWS DIG Powered by JNN →P.49 in April 2022, launching a new business for all generations which combines the speed of online news with the trustworthiness of JNN. Furthermore, TBS Tech Design X, a space where Group employees will be free to access cutting-edge technology, will start operating at the beginning of 2023. TBS Tech Design X will be equipped with a cutting-edge environment to enable virtual production using LEDs and remote appearances using next-generation networks such as 5G and IPv6. It will tackle a variety of challenges, including real time remote appearances using 3D video. Together with Midoriyama Studio, one of the largest in Japan equipped with world-class studios, it will take on the challenge of maximizing the value of our content.

The internet has now become a part of daily life, and we are inundated with information. This is the world in which TBS respects diversity, contributes to society, and fulfills a social mission as a content group that cannot be measured purely in terms of

economic value. We will provide "wonderful moments" anytime and anywhere to maximize enhancement of broadcasting value.



Performance and Corporate Data

Message from the Head of Growth Strategy

# EDGE: Transformation and growth, we aim to be a company that "also" broadcasts among a variety of businesses



In October 2020, we changed the company name. We changed from the previous name TOKYO BROADCASTING SYSTEM HOLDINGS, INC. to TBS HOLDINGS, INC. The slogan at the time was Beyond Tokyo, Beyond the Framework of Broadcasting. By changing the corporate name, we expressed our resolve to make a further leap forward by maintaining and expanding our value and responsibility as a broadcaster while delivering content and services beyond the framework of broadcasting, including streaming, movies, stage performances, and retail, etc. to the world.

We detailed the direction and scale of the growth we are aim-

ing for in the TBS Group VISION 2030 ■P.14, published in May 2021. We will change the revenue ratio of broadcasting business to non-broadcasting businesses, which is currently 6:4, to 4:6 by 2030. While we will be expanding the broadcasting business of course, we have set ourselves the task of achieving even greater growth in non-broadcasting businesses. Under the EDGE strategy, Expand Digital Global Experience, which will be central to achieving this, and the updated TBS Group Medium-Term Management Plan 2023 ■P.15, we are investing ¥140.0 billion for growth.

For achieving growth, we place most importance on the value that is not shown on the balance sheet, which is creativity. We believe that the sources of our growth are our ability to create content which has never been seen before and content that looks at society and gives a voice to the vulnerable, which we have cultivated since our founding 70 years ago, in addition to our ability to provide our content to many more people and the very existence of viewers, listeners, and customers who empathize and support it.

To implement the EDGE strategy, we are currently proceeding rapidly with a number of preparatory steps. These include the construction of a new studio with world-class production capabilities (a new studio at Midoriyama Studio) → P.18, new company THE SEVEN, Inc. (company name changed from THE Factory, Inc. on August 1, 2022) specializing in global streaming, a joint venture company to develop intellectual property (IP) in South Korea, and the redevelopment of Akasaka into a base for sending content to the world (Akasaka Entertainment City Plan) → P.19. We are investing in a new company in the field of art and in the intellectual training/education sector. We are also aggressively investing so that creators from all over the world are free to produce new works.

Strategies for

Business

"The end of the road for broadcasting" is an often-heard phrase due to the declining birthrate and aging population. However, it is precisely because we are in this environment that we are working to maintain and enhance the value of broadcasting, take various measures in non-broadcasting businesses and bring them to fruition as quickly as possible. We will use our outstanding content and service capabilities to jump out of Tokyo and go beyond the framework of broadcasting. We believe that mega-hit content is needed to win support in this outside world. Our current target is for three global hits within five years. Fortunately, we have the people and the funds to be able to achieve that.

We are on the move from being a broadcasting company to being a company that "also" broadcasts among the variety of businesses. I hope you will be keeping a close eye on our transformation and growth.



#### EDGE Strategy for Content Expansion

### Dramatic Growth through "Digital," "the Global Market," and "Hands-on Experiences"

Message from the

President

#### **Digital/Global Domains**

### Shifting toward content creation centered around the global market

In the Digital and Global domains, we are going to promote global content distribution on the overseas streaming platform, since its first launch in FY2021. We will also begin content production that is intended for distribution to the global market, as well as expand our collaboration with overseas creators.

# New overseas strategic company, THE SEVEN, Inc.,\* was established

A total budget of around 30 billion yen has been allocated for content production. The company will specialize in the planning and development of high-end content that targets the global market, which is markedly different from terrestrial broadcasting.

Within five years, we will create two to three global hits, and using those IPs as a base, we will expand our business domain by developing movies, live entertainment, and more.

\*The company name was changed from THE Factory, Inc. as of August 1, 2022

#### New Studio in Midoriyama (currently under construction)

One of the largest studios in Japan with specifications that meet international standards will be completed in June 2023. It will serve as the production base for THE SEVEN's high-end content, and there are plans to add more studios to Midoriyama Studio City in the future.

# Strong performance in video streaming business continues

Long-Term Strategy and Medium-Term Management Plan

In FY2021, TBS content was viewed a total of 624 million times (a 51.7% increase YoY) in the free streaming domain, which includes free streaming service TVer and others. The number of unique browsers (the number of non-duplicate users per device) also increased by 35.8% YoY, and both the number of views and the number of unique browsers were the highest among all terrestrial television stations. We will continue to maintain our No. 1 position in both TV drama series and variety categories.

# NETFLIX



Message from the Head of Finance Strategy



#### **Experience Domain**

Value Creation Story

# Turning Akasaka Base into a location that delivers "wonderful moments"

Strategies for

Business

#### Akasaka Entertainment City Plan

In the Experience domain, the long-running stage play "Harry Potter and the Cursed Child" made its Asia debut in July 2022. In addition, the redevelopment plan of the Akasaka 2-chome and 6-chome areas (scheduled for completion in 2028) was approved

in November 2021 as a National Strategic Urban Planning Building Development Project under the National Strategic Special Zone Plan → P.19.



#### StylingLife Group

Sales at Plaza Style Company, which operates the general merchandise retailer PLAZA, have been on the upswing ever since the emergency declaration for addressing the COVID-19 pandemic was lifted.

As a new attempt in the overseas domain, in FY2021, we established the joint venture BCL China Inc. to manage intellectual

property and manufacturing and sales rights in China.

In addition, the VISION 2030 project has been launched with the goal of generating new value for the StylingLife Group  $\rightarrow$  **P.54**.





Performance and Corporate Data

Sustainability

## Akasaka Entertainment City Plan

## Making Akasaka a Wellspring of Cutting-edge Entertainment

TBS has decided on an area concept for the redevelopment plan of the Akasaka 2-chome and 6-chome areas and existing areas (TBS Broadcast Center, Akasaka Sacas, TBS Akasaka BLITZ Studio, TBS Akasaka ACT Theater, Akasaka Biz Tower), which received approval as a National Strategic Special Zone and are slated to be completed and operational in 2028. The area concept is "An entertainment hub that inspires the world. Shake the World. AKASAKA." This area concept takes into consideration the phrase "move hearts" contained within the preamble to our Brand Promise of "From each moment, a better tomorrow," which is "To create entertaining and inspiring experiences that move hearts and minds." We at TBS, who have been collaborating with the city of Akasaka for 70 years since our establishment, would like to make a concerted effort to pursue the wonderful value of moving people's hearts. We want to spread heart-stirring joy, wonder, and delight to people all over the world in every domain, including food and music. It is also our

aspiration to make Akasaka a wellspring of cutting-edge entertainment.

Moreover, for the next generation of entertainment enthusiasts both in Japan and abroad, we will pursue the following goals:

1. Turning Akasaka into a hub of global content

2. Turning Akasaka into a place where young creators gather

 Turning Akasaka into a vibrant and entertaining location
 Turning Akasaka into a place that is always evolving
 With the above goals in mind, we will use concrete experiences to bring Akasaka to life.

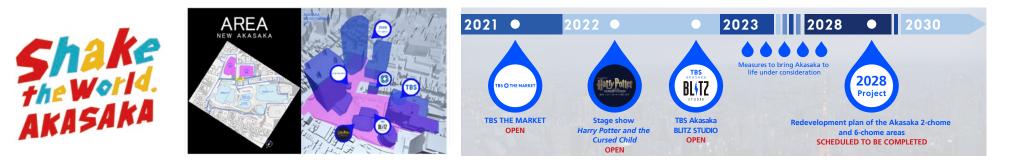
The first part of this effort was the stage play "Harry Potter and the Cursed Child," which opened on July 8. Ever since its opening in London's West End in June 2016, the show has taken the world by storm, and it will now take on the challenge of its first performance in Asia.



Strategies for

Business

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#### **TBS Group Materialities**

### Proclamation of Key Issues to Engage with to Achieve VISION 2030



Create original content loved across the world

- Secure and mentor creators who will produce "Original IP"
- Foster corporate culture and policies that support taking on "challenges"
- Secure personnel and improve structures for global market expansion
- Establish management and utilization structures that increase "Lifetime Value" of content



Fulfill "social mission" as a media group

- Establish regulations and structures to secure "complete trust" with all types of content
- Further upgrade "information lifeline" functions in emergencies
- Serve as a starting point to influence society through content aimed at "achievement of SDGs"
- Enhance global strategies in role of party responsible for "dissemination of Japanese culture"



Innovate work through development and utilization of technology

- Develop and utilize proprietary technologies for "content quality improvement"
- Enhance analysis platforms to be "data-driven"
- Develop technologies enabling greater efficiencies and reduced energy usage (cost reductions) in business operations



Deliver wonderful "moments" to all the lives on the earth

Define and implement "carbon-zero" targets

- Promote earth-friendly "sustainable content production"
- Enhance policies for "biodiversity preservation"



Deliver wonderful "moments" for all with whom we work together

- Create working environments that are fair as well as physically and mentally safe, allowing "peoples of diverse backgrounds" to flourish
- Improve education and training for "skills improvements" for our staff
- Promote appropriate "supply chain" commitments



Strengthen governance as a responsible company

- "Enhance strategic decision-making and risk management" with focus on business portfolio reformation
- Ensure "diversity" in skills, gender, etc., of Board Directors and Executive Officers
- "Ensure engagement" with shareholders and all other stakeholders

WEF : World Economic Forum SDGs : Sustainable Development Goals Strategies for

Business

#### **Process for Identifying Materialities**

### Discussed and Approved by TBS HOLDINGS, INC. Board of Directors

Based on TBS's corporate philosophy and Brand Promise, in May 2022, we identified and announced the materialities (key issues) that are essential for achieving EDGE, the expansion strategy established in the TBS Group VISION 2030, as well as promoting ESG management.

The Sustainability Committee, chaired by the president, conducted a general review of TBS Group's business domains. and it studied and reviewed the main disclosure items in the ESG domain indicated by information disclosure promotion groups. such as GRI, SASB, and WEF. Upon also reviewing the evaluation items of major ESG assessment organizations, it listed them in accordance with the Group's business characteristics. After a discussion at a board meeting of TBS TELEVISION, INC. attended by full-time directors and being identified and selected by President Sasaki himself, TBS HOLDINGS Board of Directors considered them and granted approval.

Over a half-year period, much consideration and discussion was devoted to several questions, all with the 169 SDG targets in mind, including: Which issues are especially important for TBS to enhance the Group's value and achieve sustainable growth by delivering the "wonderful moments" to the world? What initiatives are essential for TBS to continue fulfilling its social mission as a media company? And how do we become a company that fulfills its responsibilities to all stakeholders, including shareholders, employees, and colleagues?

For the identified materialities, we will set specific targets (including numerical targets) to address issues and achieve our goals.



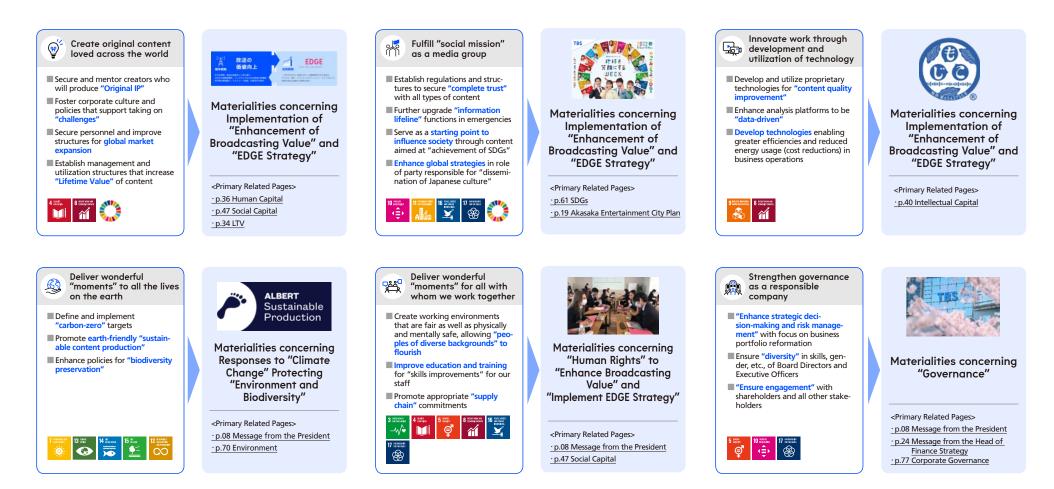
indicators

Strategies for

Business

#### Initiatives to Implement Materialities

### Promote Business Strategy, Improved Non-Financial Capital and ESG



#### Social Mission and Complete Trust

### Aiming to "Earn Complete Trust" to Fulfill "Social Mission" as a Media Group

TBS, started out as a broadcasting company entrusted with radio waves as assets of the people, has embarked along a path for more than 70 years with its social mission as a public institution all the while being maintained as a private company.

In terms of broadcasting through content and services, TBS conveys the truth with fairness, supports people's lives and livelihoods as an information lifeline in times of natural disaster (such as earthquakes, tsunamis, abnormally heavy rain, volcanic eruptions, etc.) which have been increasing in both scale and frequency in recent years, and serves as a starting point for society as a whole to solve the numerous problems facing the earth and the world we live in. That is our social mission.

The spirit of constantly looking at what information the earth, the world, and society really need now runs through all TBS content, from its news and information programs to its dramas, variety shows and sports program.

To fulfill this social mission, TBS HOLDINGS president, Takashi Sasaki, emphasizes to all Group employees the need to win complete trust in TBS. At a time when we are flooded with information from the Internet, we need to challenge ourselves to deliver information and content that is trusted more than anyone else. No matter how well content and services are created, for if the viewers, listeners, or customers are misled in any way, it will bring the very idea of trust crashing to the ground in an instant. As such, Sasaki is calling on colleagues to work not so much in the casual sense of the word "trust," but instead in a way that says we want to be "completely trusted."

This was also discussed when identifying the Company's materialities in 2022, which included fulfilling our social mission as a key issue in the business area, and to that end, aiming to earn complete trust.

#### Fulfill "social mission" as a media group

Establish regulations and structures to secure "complete trust" with all types of content

Further upgrade "information lifeline" functions in emergencies

Serve as a starting point to influence society through content aimed at "achievement of SDGs"

Enhance global strategies in role of party responsible for "dissemination of Japanese culture"



#### Further upgrading of "information lifeline" functions in emergencies

Communication capabilities that make full use of broadcasting and the Internet, and reporting capabilities based on JNN network covering every part of the country

Quick, agile setup for special disaster programming
 Providing a wealth of life-related information on a dedicated website



# Establishing regulations and structures to secure "complete trust" with all types of content

Analyzing various cases in TV and radio coverage, editing, and on-air reporting, the Media Ethics Guidelines have been published, and are revised as and when needed and shared with all employees.

Normative training is also being enhanced through such means as the in-house university, TBS Group University (TGU).



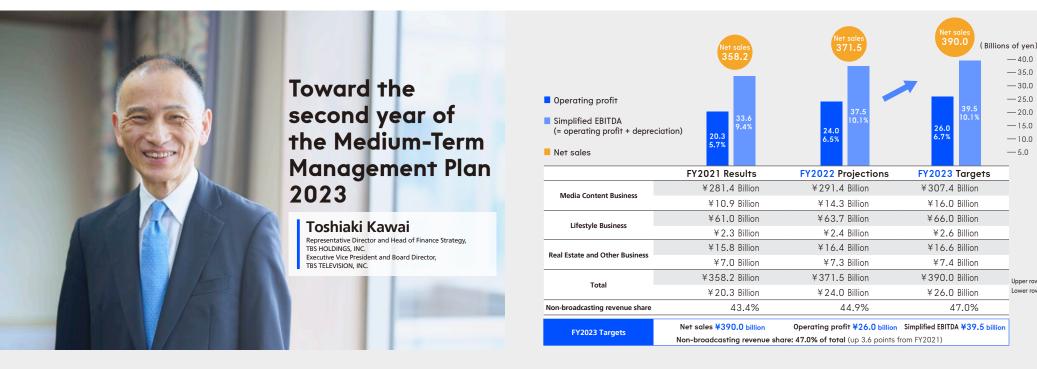
#### Serving as a starting point to influence society through content aimed at "achievement of SDGs"

The large-scale SDGs campaign, Week to Make the Earth Smile, was launched in 2020. No campaign on the same scale has been made by any other media organization in the world. The campaign was recognized by the United Nations as a groundbreaking initiative and led to an exclusive interview with UN Secretary-General António Guterres in 2020. In addition

to these broadcasts, a wide range of initiatives are taking place including the handson event, Plaza to Make the World Smile, and the publication, SDGs Action Book to Make the Earth Smile. 
 >p.61

地球さ 笑顔にする WEEK

#### Message from the Head of Finance Strategy



#### Progress of the Medium-Term Management Plan 2023

#### Significantly exceeded initial targets in first year. Medium-Term Management Plan 2023 updated.

While the severe restrictions put in place due to COVID-19 have been eased, this past year has been guite special with both the Tokyo Summer and Beijing Winter Olympics and Paralympics being held in the same fiscal year. Against this backdrop, the Group has taken various measures on its path of "recovery and

sowing" with phase 1 of the TBS Group Vision 2030 (hereinafter the "VISION 2030," → P.14 ) and the first year of the TBS Group Medium-Term Management Plan 2023 (hereinafter the "MTMP 2023") →P.15. The consolidated results for FY2021 were higher for both sales and profit. Both net sales and operating profit exceeded pre-pandemic levels. We did not reach the ¥21.5 billion target for operating profit as indicated in the earnings forecast for the third guarter, but we did break ¥20.3 billion, the highest profit seen since FY2009 when TBS became a holdings company.

Net income attributable to owners of parent also increased due to gain on sales of investment securities.

In terms of sales, the recovery from the pandemic progressed faster than anticipated with a focus on spot sales revenues. This was in contrast to the budget plan which was based on the assumption that impacts from COVID-19 would remain. As a lesson for formulating future medium-term management plans, in this update we have reconfigured projections in line with the actual economic outlook after thoroughly analyzing the business envi-

Corporate Data

-40.0 -35.0

- 30.0 -25.0

-20.0

-15.0

-10.0

- 5.0

Upper row: Net sales

Lower row: Operating profit

ronment in which the media is placed and thoroughly reviewing the measures we are currently taking.

In terms of costs, there were two aspects of the cost control measures we took owing to the pandemic. The first was that production costs were kept down because it was not possible to plan overseas locations or gather a large number of performers. This will return to normal once the pandemic subsides. On the other hand, cost reductions made because of working from home, web conferencing, and in-house developed IT tools will continue to take effect even in the future. This at least is one positive outcome to arise from the COVID-19 pandemic.

The COVID-19 crisis has reminded us of the stability of our real estate business ( $\rightarrow$ P.56). Our core Media Content Business ( $\rightarrow$ P.52) is easily affected by economic trends, and oftentimes content can be very much hit or miss. The Lifestyle Business ( $\rightarrow$ P.54) was also significantly impacted by COVID-19. On the other hand, real estate owned in prime locations in central Tokyo was relatively unaffected by economic fluctuations and the pandemic. So that we can maintain highly reliable news coverage and continue to create high-quality content, I believe that the highly volatile Media Content Business and the Real Estate Business with its stable earnings, have a good complementary relationship.

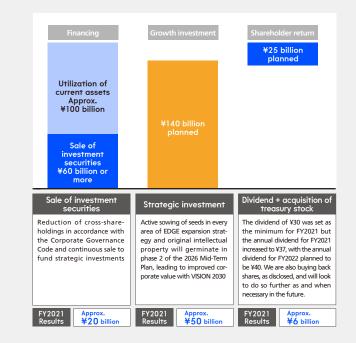
We are often asked how we differentiate ourselves in the Real Estate Business, but I am proud to say that we are the only media and entertainment company that develops built up areas in a unified way.

The establishment of the Realty Strategy Office is part of this effort. In the past, we left the role of development to major developers and we were only involved in the final management stage, but moving forward, we will take a more active interest in developing built up areas centered on the Realty Strategy Office. Considering that the property value of any office buildings built within a potential cityscape will rise, I think that it makes a great deal of sense to own real estate. Although the impact of the situation in Ukraine, such as the soaring price of raw materials and the postponement of advertising campaigns by sponsors, are cause for concern, we aim to achieve FY2023 targets of consolidated net sales of ¥390 billion, operating profit of ¥26 billion, simplified EBITDA of ¥39.5 billion, and a 47% share of non-broadcasting business revenue.

#### Growth investment

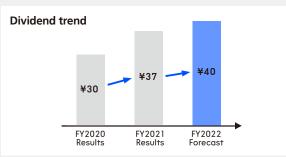
## Focusing on EDGE with active seeding over the next three years

We have made a more than ¥50 billion investment in growth in FY2021 in line with the EDGE (Expand Digital Global Experience) strategy. While our main investments were in the establishment of Akasaka Entertainment City and a new company THE SEVEN, Inc. (company name changed from THE Factory, Inc. on August 1, 2022) to produce content for overseas markets, we are also making investments to acquire intellectual property, with for example, increasing our capital in the anime production company SEVEN-ARCS Co., Ltd., and MANGA BOX Co., Ltd., which operates a manga magazine app. We will continue to focus on overseas-related, digital transformation-related, intellectual training/ education, and content-related technology development, etc. As part of our work style reforms, we are also making investments to give employees a more comfortable and rewarding workplace, and to attract the very best creators. The space on the top floor of the HEXAGON building (owned by TBS) has a beautiful view and has been turned into a campus for the inhouse university, TBS Group University (TGU) ( **P.37**) where employees come together to receive training and education. On



the floor below, capital investments are being made that lead to investment in human resources, such as installing virtual production equipment for streaming, and an incubation center for developing new technologies.

We are also focusing on efforts to reduce our environmental impact ( **P.70**). For example, a company we invest in, Minna Denryoku, INC. (now UPDATER, Inc.), already supplies 100% renewable energy to TBS Radio Toda Transmitting Station, TBS Midoriyama Studio, and buildings related to Akasaka Sacas such as TBS Akasaka ACT Theater and Akasaka BLITZ. Although there will be a slight increase in costs, we believe that we will be able to absorb these by switching to LED lighting and power-saving equipment, and as such we will continue to push forward with our renewable energy initiatives.



#### Shareholder return

# Continuing stable dividends and acquisition of treasury stock Post-COVID-19

In FY2021, we increased the dividend by ¥7 to ¥37. In the MTMP 2023, we set a lower dividend limit of ¥30 for the first time in light of the impacts from the pandemic. Our intention was to put forward a message saying that even if there are significant impacts from the pandemic resulting in no profit, we will still pay a minimum dividend of ¥30. The dividend payout ratio will be 30% during the period of this medium-term plan. However, gains on the sale of cross-shareholdings ( $\rightarrow$  P.81), which are used for growth investments for medium- to long-term profits, are not included in the dividend payout ratio as a special factor.

As for the acquisition of treasury stock, we have announced in press releases to the Tokyo Stock Exchange. But some people have certainly voiced the opinion that, "while there are restrictions on foreign investment, they are not sufficient." However, since becoming TBS HOLDINGS, foreign shareholders have never exceeded 20%, and we believe that the shares we hold are a source of funds for growth investment, so we will continue to acquire treasury stock as and when necessary.

To raise our stock price, we recognize that the most important thing to do is to improve corporate value and demonstrate sustainable growth. We recognize that engagement born from daily meetings with shareholders and investors, as well as information disclosure and investor relations activities are also important, so we have recently been making some positive steps forward. In order to increase the number of long-term shareholders, we will also enhance measures to increase the number of TBS fans.

#### Soundness of the financial base

Strategies for

Business

At this point, we do not anticipate any borrowing or issuance of corporate bonds, but we believe we need to maintain our credit rating.

Disclosing our cash allocation as part of our balance sheet projections in the MTMP 2023 was a major change for us. Thinking about cash allocation has led to efforts to make essential improvements to the balance sheet, such as the sale of cross-shareholdings.

Regarding cross-shareholdings, the Board of Directors discusses the significance of holding individual stocks every year in terms of the economic benefits relative to business relationships and cost of capital. As such, we are proceeding, as and when needed, with the sale of stocks for which the significance of holding them has somewhat diminished.

TBS classifies cross-shareholdings into three groups and examines them. The first group is those that are essential to core business strategies, such as JNN affiliates and advertising companies. The second is business partners, such as sponsors. We have decided to sell them after careful examination. And the last group is a source of funds that can be utilized for growth strategies. We are selling them as and when needed for strategic investment.

#### Key Performance Indicators (KPI)

We are fully aware that capital efficiency figures, such as ROE, are key indicators for performance. However, we have not set an ROE target in the MTMP 2023 for two reasons. This is because, due to the public nature of a news organization entrusted with radio waves, it is necessary to maintain a certain amount of capital, which from a numerical point of view, reduces capital efficiency. Another reason is that we have a high ratio of securities held in proportion to equity capital. It will take time to reduce our excessive cross-shareholdings. While it is not possible to make big reductions quickly, the denominator of ROE is greatly influenced by fluctuations in the market value of these cross-shareholdings, so at this point in time we have not set an ROE target.

While strengthening investment and management efforts that are conscious of the capital efficiency given by ROE, we hope to present an ROE target, or another metric to replace ROE, when we announce our next medium-term management plan.

#### Creating value through dialogue with stakeholders

Our perceptions of investor relations have changed dramatically. Since about four years ago, I myself have been actively promoting dialogue and communication with shareholders, investors, and other stakeholders, and the frequency and density of dialogue has greatly increased. We will continue to do our best to respond to the feedback and requests received through this kind of engagement.

I would like to talk about the "Policy on Responses to Takeover Bids for Company Shares (anti-takeover measures)" ( ¬P.81). Although we believe that a certain degree of independence is necessary to maintain the public nature as a broadcasting station entrusted with the public's radio waves and neutrality as a news organization ( ¬P.82), we cannot deny the possibility that some people will try to use the air waves, such as the television and radio waves owned by the Company, for their own benefit by ignoring the values of fairness and neutrality. These things should not be taken lightly and so we strongly believe that such a situation should not come about. It is for this reason that we maintain such an anti-takeover policy. However, if the Special Committee for Corporate Value Evaluation, an advisory body independent of the Board of Directors, evaluates and examines any takeover proposal and recommends that the anti-takeover policy should not be invoked, then the policy will not be implemented. The Special Committee consists of six members, two of whom are independent outside directors, two independent outside corporate auditors, and one university professor and one lawyer. Four members of the committee are chosen by our shareholders. The committee chair is also an outside director. I would like to inform you that we are gradually changing the nature of the Special Committee based on feedback from our shareholders.

Of course, we do not intend to have an anti-takeover policy in place forever. We recognize that further increasing our corporate value is a major issue. As such, we have set targets for our MTMP 2023 and VISION 2030 with our top priority being not only broadcasting, but also growth as a new content group. As a result, if corporate value improves, then the risk of being taken over will also likely decrease.

In response to questions from shareholders and investors regarding the above anti-takeover policy, please refer to the press release issued in May, which explains our approach and plan.

This year, we also identified our materialities. This stemmed from an investor's suggestion when we published our first integrated report last year. We identified our material issues after thorough internal discussions, and in the future, we intend to set KPIs for each issue, tying them to corporate value improvements while monitoring their progress. As we work to increase our corporate value with digital, global, and experience as the pillars of our growth strategy, we will hold ever more proactive meetings with investors to increase engagement. TBS aims to be a sustainable corporate group for all stakeholders, from shareholders and investors, viewers, customers, employees, staff, performers, interviewees, sponsors, clients, business partners, local communities, and the global environment.

Strategies for

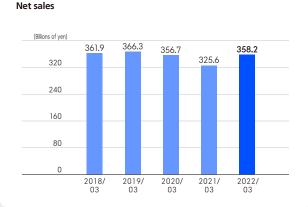
Business

# Notice Regarding Renewal of Plan for Responding to Takeover Attempts

https://ssl4.eir-parts.net/doc/9401/ir\_material4/183129/00.pdf



#### **Financial Highlights**

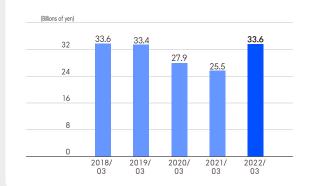


#### Operating profit/Ratio to net sales

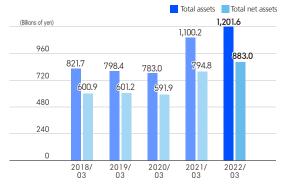


#### Simplified EBITDA (operating profit + depreciation)

Strategies for Business



#### Total assets/Net assets

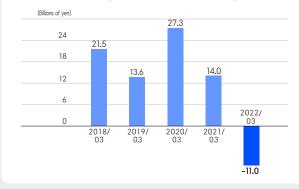


#### Capital expenditures/Depreciation

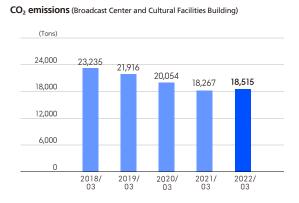


#### Free cash flows

(cash flows from operating activities + cash flows from investing activities)



#### **Non-Financial Highlights**



**Employee education** 

TGU courses 161 Total number of participants\* 14,600 (FY2021)

Training and exchange of ideas among Group employees at the in-house university, TBS Group University (TGU) \* Based on number of applicants Initiatives toward the SDGs

# Total broadcast time $75_{hours}$ Total number of programs 125

Strategies for

Business

(November 23-29, 2020, April 26-May 5, 2021, November 1-7, 2021, May 2-8, 2022)

News, information, and variety programs participating in the SDGs campaign, WEEK to Make the Earth Smile

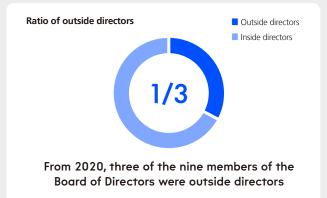
#### Albert Certification



First commercial TV program to receive 2 stars as part of the Albert Sustainable Production Certification given to programs recognized as greener productions Percentage of female managers (TBS TELEVISION, INC., as of February 1, 2022)

14.3%

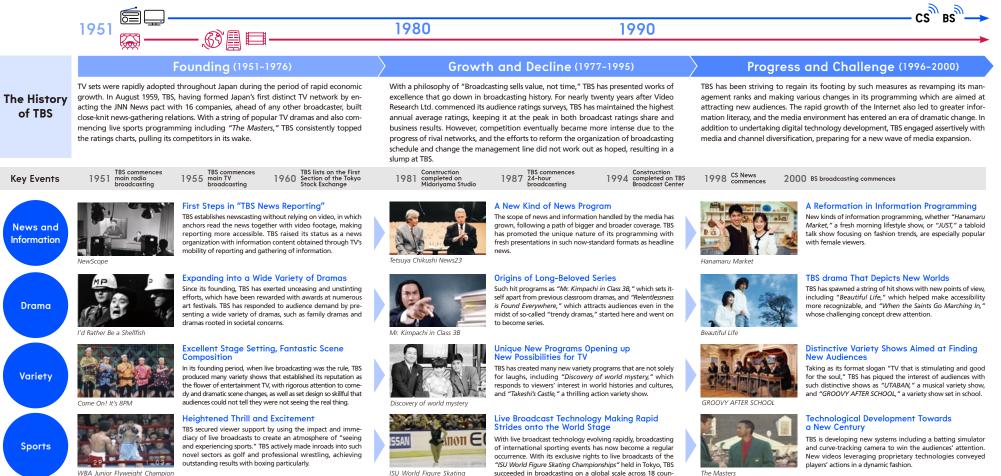
We are aiming to achieve at least 20% female managers by FY2026, and are implementing training and corporate culture initiatives



# Value Creation Storv

#### Growth Trajectory 1 1951-2000

### Content Creativity Honed over Generations, Reliability Achieved through Observing Moments in Society and Times



tries

Championships

WBA Junior Flyweight Champion Title Match Juan José Guzmán ×Yoko Gushiken

31

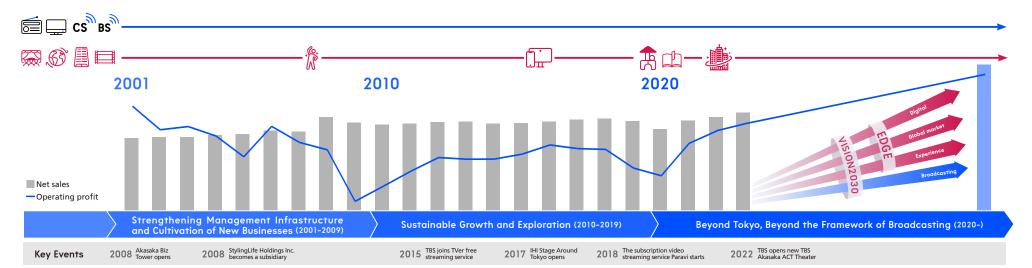
#### Growth Trajectory 2 2001– Present

### **Building a Business Model to Deliver Emotional Content** on a Wide Range of Platforms

The History of TBS

As the phrase "IT revolution" has become popular with the arrival of the 21st century, the age of smartphones and social networks arrived, and ways to enjoy entertainment diversified dramatically. Having expanded and evolved into a wide range of businesses while focusing on broadcasting business, TBS is reforming itself from a "media group" to a "content group" by aspiring to provide content that is good for the soul while staying in touch with changing times and lifestyles.

Business





Rookies the Movie: Graduation,

c. 2009 "ROOKIES" Production

Committee

Non-

broadcasting

businesses

"TBS for Drama"

TBS delivered its unique value in drama production yet again by putting out many hit productions, including "GOOD LUCK !! " which received historically high ratings, "Crying out Love, in the Center of the World," which sparked a societal phenomenon on both TV and movie screens, and "JIN," which went on to become a series.

TBS has also found success in movie making, with such

features as "Rookies the Movie: Graduation." the TBS

movie with the highest box office revenue of all time.

and the Academy Award-winning "Departures." TBS

has further built even more solid revenue streams.

including opening the Akasaka Biz Tower, and making

New Forms of Entertainment

inroads into lifestyle businesses.



Seven Souls in the Skull Castle (c)2017 "Seven Souls in the Skull Castle" HANA/ TBS · Village · Gekidan 🕸 Shinkansen Photo by Aki Tanaka

#### Hit Content that Became a Societal Phenomenon

TBS has broadcast hit shows that have gone viral on social networks, such as "NAOKI HANZAWA," which won Japan's expression of the year for "I will pay them back double," and "The Full-Time Wife Escapist," which was popular for its "Love Dance." Variety shows such as "The World Unknown to Matsuko" and "Secrets of the Pros Revealed" premiered and are ongoing as well.



VOD "The Future Diary Season Two'

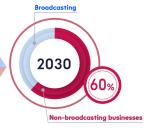


Riding a Unicorn

#### Creating Original IP with an Eye Toward Maximizina LTV

Golden Prime Time regular dramas in July 2022 are structured into "Original works not based on other stories" which are all suited to multi-platform deployment, with an eye toward maximizing LTV. In addition to working on increased broadcasting value, TBS strives to create content based on its IP portfolio.

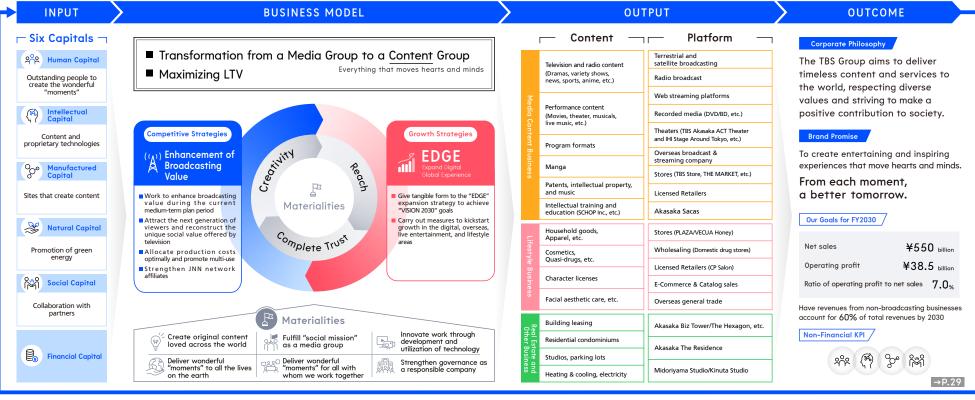






#### **Value Creation Process**

# Transformation from a media group to a content group Maximizing LTV



	External Environmental Awareness				Stakeho	olders		
Response with Post-COVID-19 Conditions in View	COVID-19 Spread Instills Cost Control Awareness	Changing Social Conditions						
Restoring Terrestrial TV Advertising	Accelerated Technological Innovation	Accelerated SDG Initiatives	Viewers, Listeners, Customers	Shareholders, Investors	Advertisers	Employees	Business Partners	Society Natural Environment
Diversification of Content Supply Formats	Trends in Economic Conditions, Financial Markets	Legal Regulations including soft law (Software Copyright and Protection Act)						

The TBS Group emphasizes Lifetime Value (LTV) of content when it comes to value creation. The TBS Group maximizes content LTV by generating original content and delivering it through various platforms.

#### Maximizing Content Lifetime Value (LTV) 1

Utilizing Diverse Platforms Multilateral Deployment of Original IP (Intellectual Property) Utilizing Diverse Kinds of Creativity

#### **TBS Strengths: Creativity × Reachability** Establishing LTV Maximizing Model Cases

TBS productions, including dramas and anime, are deployed and utilized multilaterally using creativity born of the diverse platforms and equally diverse personnel possessed by the TBS Group, including secondary use of video content such as online streaming over streaming platforms, secondary creation of such as movies or streaming spinoff dramas, and licensing for merchandising or novelizations.

Of particular interest is "MIU404." broadcast in June 2020. which was promoted by the unique initiative of a nationwide caravan of the "MARIGOTO MELONPANGO," which appeared in the program itself. The show also lent itself to merchandising and utilization on other platforms such as domestic broadcast syndication, and established a model case of maximizing LTV.

The TBS Group is planning to maximize LTV by intentionally creating "works that increase both broadcasting and secondary use," such as "MIU404."



Multilateral Deployment of "MIU404"



**Terrestrial Broadcasting** 

June 2020-

Maximizing LTV



0



Free streaming on TVer, TBS FREE, GYAO!, and subscription streaming service Paravi (only Paravi as of this writing). TBS is also streaming previously unreleased footage only on Paravi.

Strategies for

Business

#### Blu-ray & DVD December 2020-

Sales of Blu-rays and DVDs in just three months starting December 25, 2020 amounted to ¥784 million, the second highest in the TBS rankings for FY2020.



#### August 2020

TBS produced "In Conversation: Yonezu Kenshi and Nogi Akiko on 'MIU404'," between the theme song composer and the scriptwriter.



TBS arranged simultaneous live streaming on Instagram, Twitter, Facebook, and YouTube as a digital-jack project. The stream was viewed some 2.2 million times on YouTube.

#### Merchandising

June 2020-

Over 150 kinds of original program merchandise, books, and other items are sold via the TBS SHOPPING online store and the brick-and-mortar TBS Stores. All-time top TBS sales.

Displays

September 2020-

้อะกู

The "MARIGOTO MELONPANGO" nationwide caravan, which was used in the actual show, went on for some two years. Merchandise was also sold that was available only with the caravan, and events were held at all stops.

**Domestic Broadcast Syndication** 

January 20<u>20-</u>

TBS sells programs to TV stations across Japan, chiefly to JNN group stations. Syndicated reruns were sold in association with the "MARIGOTO MELONPANGO" nationwide caravan events, and the show was aired again at all stops.

Performance and Corporate Data

SMART DOG MEDIA

LOVE by A.I.

#### Maximizing Content Lifetime Value (LTV) 2

#### Utilizing IP to the Utmost to Pave Its Way into the Global Market Format Sales

#### **TBS Global Marketing History**

Global marketing of TBS content began in 1961, with the sale of the broadcasting rights to "I'd Rather Be a Shellfish" to what was then West Germany, which duly aired the program. TBS led the Japanese broadcasting industry in format sales with the sale of "Waku Waku Animal Land" to the South Korean network KBS in 1985. With a history spanning more than six decades, TBS global marketing is known worldwide as a pioneer in the format sales category.

#### **Format Sales Expertise**

Beginning in the earliest stages of format sales, TBS has built trusting relationships with overseas agents, such as Bellon Entertainment, and customers. TBS has also leveraged its content production capabilities and its in-house know-how regarding global marketing to effect such business developments as securing advantageous format sales agreements that include localized program rights as well as merchandising and tie-ins.

Global syndication - TBS sells overseas broadcast and streaming rights to programs originally broadcast in Japan. These programs are translated into languages other than Japanese for such overseas broadcast. TBS sells program concepts and production know-how. Buyers produce localized versions of these programs. Format sales

When sold in format versions, TBS content is produced with the character of each destination country in mind, such as employing local talent, remaking such shows in localized versions.

"SASUKE/Ninja Warrior" is particularly popular in the U.S. and indeed around the world, making it the supreme example of successful live-action Japanese TV content in the global market.

#### "SASUKE/Ninja Warrior" Global Marketing

Global syndication	Format sales	Multi-platform marketing
Broadcast in 165 countries	Localized versions produced in 25 countries	Merchandising Tie-ins Theme parks, etc.



#### Offering Wonderful "Moments" to the World through Format Development

Business

Of the many formats that TBS markets, "SASUKE/Ninja Warrior," "Kato and Ken's Good-Time TV Funny Home Video Corner." and "Takeshi's Castle" are marketed around the world and have posted especially strong revenues over the long term.

TBS is actively sowing seeds for format development to succeed these formats, including joint development with Smart Dog Media, creators of the worldwide hit "The Masked Singer," on "Love by A.I."

**Maximizing LTV** 

#### "SASUKE/American Ninja Warrior"

NINJA

- 14 seasons produced as of issue
- More than 100 million viewers in the most popular seasons
- Top prime time rated show for 14 consecutive weeks
- More than 200 kinds of merchandise

### Human Capital

## Human Resources to Create the Wonderful "Moments" Further Refining "TBS Quality" via In-house University

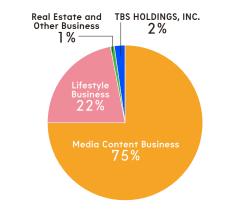
As a media group striving to making changes to a content group, TBS is engaged in the broadcasting, video, culture, video streaming, real estate, and shopping businesses. Employing and mentoring personnel in all of these areas is a critical issue in order to achieve TBS Group VISION 2030. In terms of employment, TBS proactively recruits both college graduates and qualified people for career positions. TBS mentors its employees in a variety of ways, chiefly through expanding the TBS Group University (TGU), the in-house university that assists employee learning.

In addition to such cultivation of human resources, it is also important for TBS to offer a working environment in which employees may thrive. TBS periodically holds seminars on harassment of all kinds and the promotion of LGBT acceptance so as to eliminate harassment and discrimination. TBS instituted a telework policy in 2019 to promote diverse working styles. Beginning in February 2020, TBS made telework available to more employees as a means of preventing the spread of COVID-19.

In order to develop in terms of management while still recognizing the highly public nature of our position, it is essential to have employees with a sense of ethics who are willing to engage in self-led education and development. TBS will continue to build human resources development initiatives to nurture employees who can contribute to the creation of a more hopeful society, and one that is more sustainable and prosperous.

#### Breakdown of TBS Group Employees (6,454 total employees)

Long-Term Strategy and Medium-Term Management Plan Message from the Head of Finance Strategy



#### Human Capital Strategy for Implementing Materialities



Message from the

President

Create original content loved across the world

- Secure and mentor creators who will produce "Original IP"
- Foster corporate culture and policies that support taking on "challenges"
- Secure personnel and improve structures for global market expansion
- Establish management and utilization structures that increase "Lifetime Value" of content



Sustainability

Strategies for

Business

Value Creation Story





#### Deliver wonderful "moments" for all with whom we work together

Create working environments that are fair as well as physically and mentally safe, allowing "peoples of diverse backgrounds" to flourish

Improve education and training for "skills improvements" for our staff

Promote appropriate "supply chain" commitments

→P.73

Performance and Corporate Data

43%

Proportion of FY2021 TBS TELEVISION, INC. hires

who were recruited from

other careers

#### Initiatives for Human Capital Improvement

## Boosting "Challenging," "Global Marketing," and "Skills Improvement"

#### Foster corporate culture and policies that support taking on "challenges"

#### Human resources policies that bring out the best in people TBS continues to enact new human resources policies that enable employees to take risks aimed at achieving the TBS Group VISION 2030.

In addition to the "in-house free agent program," which assists employees who have been in a given section for five years or more in changing jobs, in FY2022 TBS has introduced an "inhouse recruitment program" in which personnel are recruited for new projects across all sections, and a "short-term in-house study program" in which employees change jobs on a limited basis in order to acquire skills in a variety of fields.

TBS has also embarked on a policy of employee monitoring and training. With the TBS "360-degree evaluation," results of observations from many perspectives, including subordinates and co-workers, are used to give feedback to management-class em-

ployees. With the TBS "One-on-one meeting," TBS carries out an initiative in which bosses and subordinates periodically meet one-on-one for management to listen to subordinates. TBS strives to build a workplace with good communication.

# 20 minutes per month

Pace at which bosses and subordinates meet one-on-one (approximately)

# 360-degree evaluation

## Secure personnel and improve structures for global market expansion

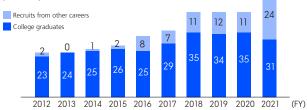
#### Proactive recruitment of personnel from other careers who are versed in digital and global market businesses

To increase revenues from non-broadcasting businesses, TBS has proactively carried out hiring of personnel from other careers since FY2016, in addition to employing new college graduates. With regard to recruitment, TBS hires primarily personnel who contribute to the TBS growth strategy, meaning of course those who are enthusiastic about the broadcasting business, as well as digitally skilled personnel in accordance with the increasing demand resulting from TBS's entry into the streaming business, and those with such advanced specialties as investment, law, accounting, and real estate. TBS made 24 career hires in FY2021, approaching the 31 college graduate hires for the same year.

Over the past several years, with the EDGE strategy in mind,

TBS has hired many employees capable of underpinning global marketing growth, including people with experience in the international licensing business or the foreign video streaming business.

## TBS TELEVISION, INC. Hiring numbers



## Improve education and training for "skills improvements" for our staff

Strategies for

Business

#### "In-house university" opens physical campus

TBS Group University (TGU) was established in 2018 to provide learning opportunities to the approximately 7,000 TBS Group employees. In January 2022, TBS opened its long-awaited physical campus in buildings adjacent to TBS Broadcast Center. This campus is a base that provides a variety of programs, with courses running the gamut from the latest in the media to trends in the entertainment business and digital technology to SDGs, branding, human rights, and broadcast ethics, and up to and including business skills, mentoring personnel who will carry out the EDGE strategy.

Remote courses were established in FY2021, with 161 such courses being offered. There were 14,600 aggregate enrollments in TGU courses in FY2021.

Following normalizing after the COVID-19 pandemic, TGU will also utilize the campus as a site for interchange, forming a bridge to employee growth.

#### 14,600 FY2021 Enrollments (aggregate)



Message from the Long-Term Strategy and Mes President Medium-Term Management Plan

Message from the Head of Finance Strategy Value Creation Story

Performance and Corporate Data

TBS's Human Capital 1 Drama Producer and Director

## Supporting the "TBS Drama" Production through Lore and Creativity



Executive Creator Drama/movie Section, Entertainment Division TBS SPARKLE, Inc.

## Ayuko Tsukahara

#### Profile

1997: Joined DREAMAX TELEVISION INC. (presently TBS SPARKLE, Inc.)

2018: TBS Friday Drama "Unnatural"

2020: TBS Friday Drama "MIU404" → P.34

2021: TBS Friday Drama "Dearest"-and many more directorial credits

Made feature film directorial debut with "Cafe Funiculi Funicula" in 2018. Sophomore directorial effort was "As Long as We Both Shall Live," scheduled for release in Spring 2023. Has received numerous awards, including the 2020 (71st) "The Minister of Education, Culture, Sports, Science and Technology's Art Encouragement Prize for New Artists." Production sites are changing dramatically due to reformations in workstyles and the spread of COVID-19. This leader in drama production speaks about the human resources development that helped strengthen its drama production over time as well as what she hopes to achieve as a creator going forward.

#### Mentoring in reformations of workstyles and the spread of COVID-19

It used to be that one would watch films with senior directors to learn how to stage drama and the like. Lots of us would also go to directors' homes to watch their previous films. In this way, we picked up a lot from our predecessors learning off the set.

Now, however, with our juniors working eight-hour shifts, I feel that there is an issue with whether I can teach them what I learned in ways completely different from what went before.

I think it'll take another four or five years to find out, probably of trying these reformations of workstyles, seeing what can be improved, and updating them in ways suited to upcoming generations.

COVID-19 has also had a big impact. While I saw my predecessors up close, in good times and bad, my juniors don't see me in the same way, because we do everything at home nowadays. I'm trying to figure out how to work around this.

#### I want to cross content boundaries

What with there being hardly any boundaries between us and the global market, and platforms taking all manner of forms, I think we have a much stronger sense than before of being on an equal footing with all manner of content creators. I think it would be great to emphasize content creation itself, in the manner of a team of creators. I think that, for example, we're in an era when we can sell such ideas as what the team that made "Dearest" is going to do next.

Strategies for

Business

Boundaries between film and drama are going away, and we're going to see new mentoring of personnel, such as having drama shot by filmmakers, and drama cameramen and directors working on films. This will also likely lead to expanded expression, and I think that, for anime and CG creators too, boundaries will go away as we all meet and work with different people.



TBS's Human Capital 2 **News Program Producer** 

## Making Programs with a "Normal" Lifestyle Sensibility

Aya Hoga

Message from the

President



"News Studio" Producer Profile 1996: Joined TBS Worked primarily as news videographer, local-news bureau reporter, morning news program producer, and daytime news editor prior to her current post

Worked eight years in society bureau, reporting on police matters

Took maternity and childcare leave while working as a reporter

The wave of reformations in workstyles, accelerated by COVID-19, is bearing down on news programming as elsewhere in which long hours on the job was taken for granted. Many program staffers are mothers and fathers raising children, in about a 50-50 male-to-female ratio. The secret to drawing audiences lies in that selfsame everyday lifestyle, however.

Long-Term Strategy and Medium-Term Management Plan

Message from the Head of

**Finance Strategy** 

#### Striving to create a sustainable workplace

There is a 50-50 male-to-female ratio of editors and associate editors working on programs, with there being an almost exactly 50-50 ratio of the over 120 staffers.

Regardless of sex, staffers with children do a good job of balancing work and home, helping children with their studies before work and taking them to and from daycare.

A "News Studio" broadcast finishes at 7PM. There are days when we finish preparations for the next day and leave the office at 9 or 10PM. As living such a life day in and day out would tear homes apart, we balance work such that we work hard when we're on duty, and we're able to leave at five o'clock when we don't have to stay, as well as telecommute.

Even I as producer get someone to fill in for me once a week even while the show is on the air and go home, because I like having dinner with my kids once in a while, too. In so doing, I strive for a workplace atmosphere in which we can all talk about family and

personal matters, and people feel comfortable speaking up about such things as their wives being ill or their needing to pick up the kids from school on a given day. It seems to me that valuing families, giving a realistic feel of "normal" lifestyle sensibilities, such as rising food prices and problems with school closures, shows in our production as well, and leads to us drawing viewers across a wide age range.

#### Enhanced social media presence centered on staffers in their 20s

Strategies for

Business

Value Creation Story

In this day and age, even news programs need to make money, and "News Studio" communicates via social media as well as terrestrial broadcasting. It's our 20-something staffers who are digital natives who are most effective here.

They creatively distribute content to each unique users of Twitter, Instagram, and TikTok, so as to take an up-close at our anchors.

We continue to compete fiercely with other networks in the early evening time slot, but social media postings provide an opportunity to entice particularly younger audiences to watch "News Studio."



"News Studio" Second Block (17:50-19:00) Audience Share



First Half Second Half First Half Second Half First Half Second Half (FY) 2019 2019 2020 2020 2021 2021

Performance and Sustainability Corporate Data

#### Intellectual Capital

Content and Proprietary Technology Accelerates the Ability to Create Content with the Power of Digital Technology for Delivering "the Wonderful Moments to Touch the Heart"

## **Outline of TBS Group's Intellectual Capital**

TBS's intellectual capital is built upon the vast array of content created since its founding as a television broadcaster, and now ranges far beyond the television framework. This also includes the expertise, skills, and unique technology needed to create that content. Based on our core value of delivering "the wonderful moments to touch the heart," we have promised in the TBS Group VISION 2030 to accelerate content production through digital skills.

Our vast array of content, and the proprietary technology we developed to create it, are the two capitals most representative of TBS.

From broadcast programs to movies and stage performances, TBS's reach has expanded beyond Japan to nations overseas, and all the specialized skills (expertise in coverage, composition, editing, script writing, direction, and more) cultivated in the production process have been passed from generation to generation, and are being refined on a daily basis.

TBS has a high ratio of internal production, which gives it the advantage of a large internal skill reserve.

Content does not end with a program broadcast. It lives on in the ongoing copyright and reaches viewers through online streaming, DVD sales, etc., which generates multiple layers of revenue through overseas program sales and "format sales" (multi-use of content). Our knowledge of marketing, including the impact of advertising on content distribution, is also growing stronger every day.

TBS continues to develop its own proprietary technology for content production and delivery, and technologies initially envisioned for its own broadcasting are increasingly being used by other companies in the industry, as well as for academic research.

**Enhancing Intellectual Capital with Initiatives to** Implement Materialities



Create original content loved across the world

Secure and mentor creators who will produce "Original IP"

Foster corporate culture and policies that support taking on "challenges"

Secure personnel and improve structures for global market expansion

Establish management and utilization structures that increase "Lifetime Value" of content

Innovate work through development **C** and utilization of technology

Develop and utilize proprietary technologies for "content quality improvement"

Enhance analysis platforms to be "data-driven"

Develop technologies enabling greater efficiencies and reduced energy usage (cost reductions) in business operations

## **TBS's Intellectual Capital**

#### Patents and Trademarks

		Notes	
Patents	Registered and Existing	20	Including joint
Patents	Pending	9	
	Japan - Registered and Existing	175	Including 14 shared— HD/TV/R only
Trademarks	Japan - Pending	11	All independently owned - HD/TV/R only
Trademarks	Overseas - Registered and Existing	89	All independently owned - HD/TV/R only
	Overseas - Pending	6	All independently owned - HD/TV/R only

Strategies for

Business

#### Content

	Television and radio content (Dramas, variety shows, news, sports, anime, etc.)
Media	Performance content (Movies, theater, musicals, live music, etc.)
Content	Program formats
Business	Manga
	Patents, intellectual property, and music
	Intellectual training and education (SCHOP Inc., etc.)

	Specialist skills for content creation     (Expertise in coverage, composition, editing, script writing, direction, and more)	
Content	Copyright portfolio built through content creation	
Production Abilities	Expertise in content transmission and delivery built on a core of broadcasting technology	
	Marketing knowledge, including advertising effectiveness	
	<ul> <li>Proprietary technology (Mojiko, a transcription editor that uses Al voice recognition, has won various awards including the Minister of Economy, Trade and Industry Award)</li> </ul>	

#### **TECH VISION 2030**

## Using Technology to Improve Content Quality, and Deliver the Experience to Audiences

Technology is key to successful implementation of the TBS Group VISION 2030. "Improving the quality of content, delivering it for audiences to experience." To this end, TBS acquires various intellectual property (IP) both Japan and abroad, and engages with enhancement and reconfiguration of IP management policies.

TBS TELEVISION, INC. Media Technology Bureau and TBS ACT, INC. are rich in personnel with the ability to make content capable of taking on the world.

As technology greatly reforms the ways in which audiences watch video, such as by the addition of such new sectors as the

## TECH VISION 2030

streaming and experience-based businesses, it is incumbent upon broadcasting engineers to adapt to change and find new ways of doing things, in addition to existing forms, in order to produce world-class content.

To this end, TBS is presently (1) maintaining the guality of its broadcast programming and (2) innovating by repeatedly taking chances.

TBS TV stations have technologies that implement services with world-class precision and equilibrium. Production is well-versed in the substance of entertainment, cultivated in program production.

At TBS, we continually make opportunities for audiences to come into contact with content, whether at Akasaka Entertainment City and Midoriyama Studio, or on personal devices,

anytime, anywhere. The broadcasting industry is undergoing a transformation from a business of gigantic infrastructure.

Strategies for

Business

The time is close at hand when master TV recordings will be stored in the cloud, and cinematographers will operate cameras from their own homes, with no one sitting in editing rooms.

At the same time, advertisers are demanding that we present data on ratings and purchasing actions for commercials. Our future depends on changing the infrastructure investment and the services that we have thus far taken for granted. The future of broadcasting is in our own hands.

Following is a roadmap summarizing media technology issues based on VISION 2030, which we call "TECH VISION 2030."		Expanding Strengths, Areas of Expertise	Compensating for Inadequacies through Coordination with Other Businesses	Allying with Outside Experts
Changing How Broadcast Content Is Made	<ul> <li>Systems Delivering Content on Demand</li> <li>Securing Rights to Content</li> <li>Securing and Mentoring Creators</li> </ul>	Production Independent of Place, Utilizing the Cloud and Al     Building a System in Which Broadcasting and Streaming Are Integrated     Mentoring of Programmers and CG Artists	•Coordination with Outside Partners Having HD Infrastructure •Developing Digital Content Rights Protection Systems •Enhancing Recruitment of Career Workers from Various Industries	Mentoring of Project Managers     Tie-ups with Outside Experts Having Strong Levels of     Expertise
Enlarging the Delivery Range of Broadcast Content = Global Market Experience Business				•Investment Strategy, M&A, Collaboration
Changing How the Broadcasting Business Operates		•Establishment of New Production Structures •Systemization of Operations •Utilization of the Cloud and AI	<ul> <li>Analysis of Audience Data</li> <li>Utilization of News Platforms, the Web, Social Media</li> <li>Archives, Server Security Policies</li> </ul>	Fusion of Broadcasting and Telecommunications     Central Casting     Investigation of Shared Infrastructure with Other Networks     Terrestrial 4K Study

Strategies for

Business

#### Proprietary Technologies and Structures Supporting Technologies

## Develop, Utilize Proprietary Technologies for Content Quality Improvement



#### Structures Underpinning TBS Technologies

#### **TBS TELEVISION, INC.** Media Technology Bureau

This is the core organization that provides support for TBS Group technologies. Following are two representative structures in new technologies and experimental development, which are organized chiefly around sections responsible for broadcasting infrastructure and program production.

#### Innovative Technologies Design Department

This department is responsible for developing advanced content technology, i.e., virtual production, remote production, 5G, AI, mainly focusing on agile development. The department has developed new real-time streaming systems that commenced service in April 2022. It also develops "LMV" and "TBS BELL," and carries out development for rapid adoption of XR technology in TBS programming. New innovation tech space, "TBS Tech Design X(cross)" is scheduled to be launched in 2023.

#### Media Solutions Department

This department focuses on medium- to long-term "development of platforms for content creation." In the TBS Group, it develops and certifies

systems to smooth out content production workflow archive management and multi-use. This department is responsible for the majority of development of systems that manage content in TBS Group divisions. This department has also developed the "STORM" high-speed file transfer software, as well as "NewsPublisher." the system that streams news to "TBS NEWS DIG Powered by JNN," which was launched in April 2022.

#### **TBS Tech Design Lab**

This voluntary support research and development team was formed chiefly from members of the technology and art departments of the

TBS Group, such as TBS TELEVISION, INC., TBS ACT, INC, and TBS GLOWDIA, Inc. As this unit shares and researches technologies and measures that seem interesting, and seeks ideas that can be applied to programming and live events, it conducts agile development to ultimately create new content, products, and tools, through trial and error.

V TBS Tech

A Desian Lab

As a team, this unit has three missions that it undertakes on a daily basis: (1) Improving the leading-edge technology and design capabilities of the

TBS Group;

(2) Mentoring of TBS Group Personnel: and (3) Dissemination of TBS Group Technologies.

#### **R&D** Organization

The TBS Group has a research and development program in place for engineers who take on the challenges of new technologies. It operates entirely outside the regular TBS Group infrastructure budget. In the past three years, 11 budgets have been adopted for this program, and projects for "Mojipa"



and "Senrigan," which are used in greater business operational efficiency were outgrowths of the R&D program's efforts.

#### Performance and Corporate Data

## Example of New Technology: Live Multi Viewing (LMV) Realizing a Live Feeling That Surpasses Reality with Multi-Angle Streaming

#### "Live Multi Viewing": Multi-angle Streaming of Video of a Live Event

Live Multi Viewing is a multi-angle streaming application provided by a video processing engine developed by TBS Television, Inc. The technology is capable of switching among multiple camera feeds with low latency, and has been used to good effect in serial broadcasting of such events as the Kirin Challenge Cup, the New Year Ekiden, and TBS All Star Thanksgiving Festival.

There is high demand for Live Multi Viewing by businesses other than TBS, such that TBS has partnered with WOWOW Inc. and WOWOW Entertainment. Inc. to form a licensing concern that has thus far succeeded in selling licenses to the technology chiefly to other broadcast networks and sporting facilities.

TBS has also engaged in an event outsourcing concern focused primarily on major sporting events, and together with the aforementioned licensing concern, has posted more than ¥170 million in total profit since FY2019.

New Year Ekiden

TBS All Star Thanksgiving Festival



January 2021

March 2021

November 2018	Kirin Challenge Cup	
June 2019	Kirin Challenge Cup	
August 2020	Golden Gran Prix	
October 2020	Princess Ekiden	
November 2020	Queen's Ekiden	



Multi-view/Ultra-Low-Latency Multi-viewpoint event viewing Actual latency of 0.1 second This technology offers a sense of being in the action!



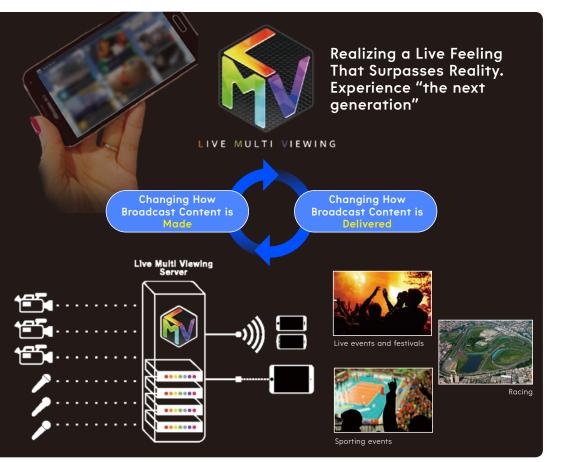
Multi-device Smartglass, watches Support for HMD too

TBS creates the next generation of technology!



**Cloud Support** LMV supports streaming with

cloud servers. The scope is endless!



Message from the Long-Term Strategy and Medium-Term Management Plan

Message from the Head of Finance Strategy Performance and Corporate Data

People Who Underpin TBS's Intellectual Capital Media Technology Bureau Expert

## Developing Day In, Day Out with a Sense of "Making Something Better," "What Can We Improve on?"



#### Expert, Media Solutions Department, Media Technology Bureau TBS TELEVISION, INC.

## Aki Hanzawa

#### Profile

Ms. Hanzawa worked in the Systems Development Department, Development Bureau , after joining TBS in 2001.

There, she was in charge of building Electronic Data Processing System that is the backbone broadcasting system, as well as the TBS intranet, and Identity and Access Management system.

In 2007, she was assigned to the Technology Promotion Department, Technology Bureau (since renamed the Media Solutions Department, Media Technology Bureau), where she developed Liveback, the ultra-low-latency system for meeting internal demand primarily for IP transmission, and STORM, the high-speed file transfer software which is used in medical and game industries as well as in broadcasting. She participated in recommending and developing completely media-less systems for broadcasting, in which tape used to be the main medium. At press time, she is in charge of digital transformation of Midoriyama drama production and the development of a delivery system that removes barriers between broadcasting and streaming.

#### <Awards and Commendations>

72nd Technical Development Incentive Award, Motion Picture and Television Engineering Society of Japan

2020 The Japan Commercial Broadcasters Association Technology Category Grand Prize

We spoke with this leader in development who has worked not only in broadcasting but has also developed proprietary technologies and given onsite feedback.

#### The TBS development philosophy

TBS engineers have strong commitment for their works. It's long been said by hardware manufacturers.

We have a mindset of undertaking new things while remaining craftspeople at heart. I also engage in development so as to foster an environment conducive to manufacturing and taking on challenges.

When I'm doing development work, I want to make things that are efficient, that eliminate wasted effort, that people are happy to use. Making systems without such notions in mind results in systems that just create more wasted effort.

When it comes to development, I'm always thinking, day in, day out, "Let's make something better," and "What can we improve on?"

From the time I started at TBS, the technology section here has had the divisions which experimented and accumulated know-how of a sort that no one else was doing.

#### The TBS environment as regards new technologies —

It seems to me that there are more young personnel these days who want to make things that are new and more challenging than before. And TBS has R&D and other programs in place to assist with this.

And when it comes to me developing something new, I've put out feelers to gather information on my own on the latest broadcast technologies and IT and proceeded by trial and error, but nowadays, the isolation between broadcast technologies and IT is fading, and I think the good aspects of both cultures are starting to come together.

Strategies for

Business

TBS is also getting more recruits from careers in other industries lately, and we also have groups such as the "TBS Tech Design Lab," which share technology know-how throughout the whole of the TBS Group, which leads me to believe that there will be even more merging of knowledge in times to come.

#### About the EDGE strategy

I think it's a really great objective, but it also has its complexities. It takes freedom of action to do something new. And I think that the best thing for that too is to be able to give rise to freedom of action through greater business operational efficiency driven by technology. I think that even if we can't fix things right away, lots of little things can induce freedom of action in existing business operations, allowing us to do new kinds of work.

#### Technology and business -

When I was developing STORM, I had an image of a technology that could be used generally, not just in broadcasting. The Technology Bureau (presently the Medial Technology Bureau) used to be a section that spent money rather than made money. And I was craving to make a difference.

By being conscious of the "TBS Group VISION 2030," I believe that little by little the idea is sinking in that even in-house technology development can contribute to business. Ultimately, we want many people to use what we make. I think that's the only distinction between in-house and external.

## Data-Driven Case History: "TBS Group ID" Matching Users with Content that Delivers "Wonderful Moments"

#### Data-Driven: "TBS Group ID"

Mass media such as radio and TV have had strong public service aspects, with an emphasis on delivering similar content to everyone. In modern times, however, when people have increasingly diverse actions and values, it is becoming important not to deliver uniform content, but to be able to deliver content on demand, what an end user wants when they want it.

In other words, this refers to matching users with content. Succeeding in this transformation demands establishing a customer information (ID) platform and utilizing data derived from such information. In August 2021, we at TBS commenced a project to develop this platform, and in July 2022, we inaugurated two new business bureaus. Specifically, this concerns making use of the TBS Group ID Business Bureau, which is responsible for building and operating of TBS Group IDs, and the Personal Information Management Bureau, which is responsible for risk management in regard to Group IDs. TBS Group ID fulfillment is defined as one of the key aspects to achieving the "TBS Group VISION 2030," and as such, we anticipate that by utilizing data gathered by all the various businesses of the TBS Group for further business expansion, we can diversify our revenue streams. We also believe that, as content is further forecast to increase in quantity in the entertainment industry going forward, this will provide a source of competitiveness for TBS to continue to be the choice of end users.

Strategies for

Business



TBS ACT

## Bases for Content Creation

Constant Development and Innovation of Facilities and Infrastructure for "Creation" and "Delivery"

#### **Investment Development**

TBS Akasaka ACT Theater, THE HEXAGON, and Akasaka Biz Tower: the Akasaka Entertainment City Plan

In carrying out the Akasaka Entertainment City Plan, we at TBS have conducted a comprehensive renewal of the Akasaka area.

The first part of this effort has been to set aside the TBS Akasaka ACT Theater serving as a dedicated theater for the stage production of "Harry Potter and the Cursed Child," which began its long-run presentation on this stage in July 2022. In association with its premiere, TBS has proactively engaged in tieins with local commercial facilities, bringing about hustle and bustle throughout the area. Plans call for the adjacent Akasaka BLITZ (which closed temporarily in 2020) to reopen in October 2022 under the new name of TBS Akasaka BLITZ Studio, with audience viewing capabilities. Plans also call for THE HEXAGON, which TBS acquired in 2019, to launch a restaurant in collaboration with the "*King's Brunch*" program in order to enhance its entertainment dissemination function. TBS is also carrying out the redevelopment plan of the Akasaka 2-chome and 6-chome areas with construction scheduled for completion in 2028.

TBS will elevate the whole of the Akasaka area, making it into a base for dissemination of entertainment that will give rise to ever greater business synergies.

#### Manufactured Capital

**Construction of New Content Production Studio** 

The M6 Studio brings international-standard specs to Midoriyama. TBS Akasaka BLITZ Studio, specializes in variety show production.

One of the largest studios in Japan, with specifications that meet international standards, is scheduled for completion in Midoriyama in June 2023. The facility will be a site for high-end content production by a new company THE SEVEN, Inc. (as of August 1, 2022; formerly THE Factory). Plans also call for further expansion within the Midoriyama Studio going forward.

In Akasaka, the aforementioned TBS Akasaka BLITZ Studio will specialize in high-end variety show production. Additional sites for content creation are also being established. C Studio, s to Midoriyama. how production. Akasaka's oldest, has had

an infrastructure upgrade for the first time in 17 years to bring it up to spec capable of use in large-scale program production, making it capable of handling 4K production and virtual reality programming in addition to other formats. The studio also features the function of a central sub, which is also capable of content production using cameras installed in and around Akasaka.

#### One of Japan's Largest General Production Companies, Working in Broadcast Technology and Art

TBS ACT, INC. is one of Japan's largest general production companies, comprising 12 companies in the TBS Group. Its three units—technology, art, and computer graphics—center on TV programs broadcast by TBS.

#### In-house Development of Broadcasting Systems, Apps, and Web Services

TBS GLOWDIA, Inc. handles a wide range of operations for smartphone apps and Web Services, including planning, graphics and UI design, development, and operation. The company is also involved in such work as developing Web apps using VR, AR, and AI, EC site system operation, video streaming, and producing and managing of websites for programs.

# **TBS GLOWDIA**

StylingLife

#### PLAZASTYLE



LightUp Shopping Club

# Manufacturing Development Capabilities That Develop Wide-ranging Distribution Channel and Market Needs

Strategies for

Business

The StylingLife Group operates chains of retail stores such as PLAZA across Japan, offering specialty shops, big box retailers, and beauty salons as well as a wide range of distribution channels up to and including online shopping and mail order, in its primary sector of beauty and wellness. This Group is also responsible for the major hit "Saborino," and has robust manufacturing development functions capable of generating "demand creation" businesses that create demand for new markets.

By equipping this Group with both marketing functions and manufacturing development functions, it is possible to leverage a combined integrated manufacturing and sales capability not found elsewhere, continually developing and providing ever more profitable products and services.

#### Organization

- Realty Strategy Bureau, Akasaka Entertainment City Promotion Office
- Development Facilities, including Media Technology Bureau/ICT Bureau/Tech Design Lab
- Consultation Facilities, including Facility Planning Committee and Loan Committee
   Programming Quality Management Facilities (Program reviews, etc.)

Capital	FY2021 Result	FY2022 Forecast
expenditures	¥28.9 billion	¥35.3 billion

#### **Social Capital**

## O, O Collaboration with Partners

## In Partnership with "All the World's Peoples and Organizations"

Message from the

President

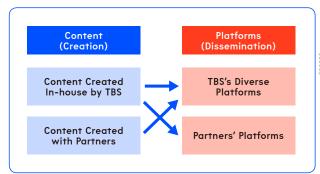
Long-Term Strategy and Medium-Term Management Plan

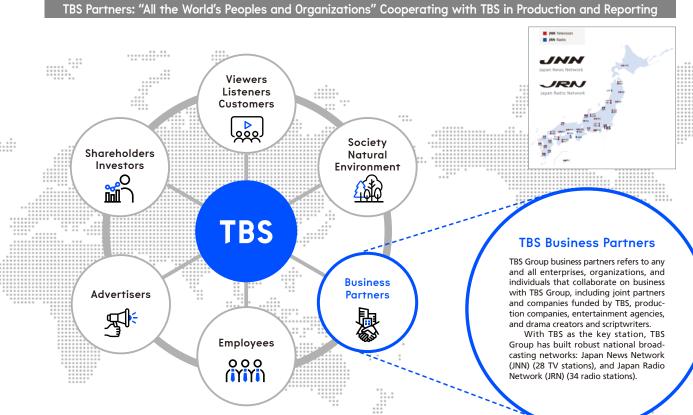
#### **TBS's Social Capital**

It is no exaggeration to say that the work of TBS as a content business would be impossible without "joint development" among TBS and other outside parties. In that sense, "Social Capital" as TBS defines it is capable of securing cooperation from "all the world's peoples and organizations" in production and reporting.

TBS is able to expand its reach through the presence of its many "partners" particularly in its business model for "content creation" and "dissemination through platform."

#### Content and Platforms, Expanding Value Together with **Business Partners**





**Finance Strategy** 

Strategies for

Business

ly on Amazon Prime Video in 2023

platforms.

To further strengthen TBS's "content=creativity" and "platforms=reachability," we at TBS are accelerating and expanding

"cross-partnerships," including joint content creation with partners and making TBS in-house content available on our partners'

#### **Partnerships**

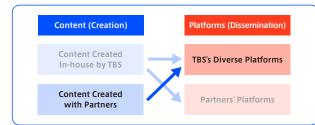
Partnerships 1

# Big Projects, Accelerating and Expanding

# Began its long-run presentation at TBS Akasaka ACT Theater in July 2022

Author J. K. Rowling and a world-class creative team assembled to bring Harry Potter to the stage, 19 years after *Harry Potter and the Deathly Hallows*. The team created a magical stage experience in which the audience becomes part of Harry Potter's world. In addition to the new purpose-built theater, the very streets of Akasaka themselves become part of the platform; the moment one exits the subway station, one is surrounded by the fictional world of Harry Potter.







"Takeshi's Castle" to be streamed worldwide exclusive-

"Takeshi's Castle," produced and aired by TBS in the 1980s, was

an action-oriented variety show with audience participation. The

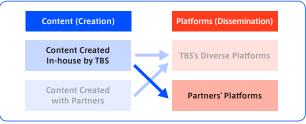
show became an unprecedented social phenomenon. The show

was a big hit outside Japan as well, and is retuning in a new stream-

ing version on Amazon Prime Video, one of the world's top online

platforms. TBS original content brings "wonderful moments" of

excitement and laughter to the world via new platforms.



#### Executing the "EDGE" World Strategy Through Partnerships

Strategies for

Business

- Signing a strategic partnership agreement with Korea's CJ ENM
- Worldwide streaming of the dramas "JAPAN SINKS: People of Hope" on NETFLIX and "TOKYO MER: Mobile Emergency Room" on Disney+
- TBS founds THE SEVEN, Inc. (formerly THE Factory, renamed as of August 1, 2022), a new world strategy company targeting the global market, with an initial content creation budget on the order of ¥30 billion.
- One of the largest studios in Japan, with specifications that meet international standards, is scheduled for completion in Midoriyama in June 2023.



Message from the Head of Finance Strateay

Value Creation Story

Performance and Corporate Data

#### **Partnerships**

#### Partnerships 2

## **Robust TV and Radio Networks** with National Coverage

With TBS as the key station, we have built a robust nationwide broadcasting network with the 28-station Japan News Network (JNN) on television and 34-station Japan Radio Network (JRN) on radio.

While there are stations in both JNN and JRN with no TBS capital investment, and which are based in contractual relationships between independent companies, increased revenues are being pursued systemwide, along with cost reductions and greater efficiencies, by means of such initiatives as shared business development among stations, as well as shared use of infrastructure and systems, to respond to the ever-changing environmental conditions confronting the broadcasting industry. July 2020 saw the inauguration of the "JNN Affiliate Enhanced Manager Council," which has planned and In TV and radio, respectively, JNN and JRN are important "joint creation partners," implementing broadcasting in Japan on a national scale. JNN is founding a next-generation news platform that goes beyond the TV paradigm, and is also promoting new business development, as well as digital transformation and cost reductions.

carried out a variety of policies to achieve these objectives.

"TBS NEWS DIG Powered by JNN," an online platform for JNN, commenced operations in April 2022. Its purpose is to reform systems and enhance Japanese national news streaming, as well as to effect greater monetization through such initiatives as introducing practical display advertising.

In addition, since the FY2021 start of "JNN Business Challenge," a business proposal scheme which has new business development as its objective, the scope of participation therein has increased, and the scheme is undertaking initiatives encompassing JNN affiliate stations as well as the TBS Group itself.

Turning to broadcasting infrastructure and systems, we are

carrying out the digital transformation and sharing of systems across all affiliates, including integration of data broadcasting infrastructure centers in 2023, and are also effecting compression and reduction of infrastructure investments and operating costs.

Business

Additionally, we are continuing with existing measures such as enhancing coordination and reducing costs by gathering the Tokyo branches of the 12 JNN affiliates in shared offices. We

will continue to enhance our partnerships through our affiliate networks.



#### Partnerships 3

## **Associates Who Create Content and Generate Value Together with Us**

TBS creates programs in news, drama, variety, sports, music, anime, and other diverse content and films, as well as events as stage shows, art exhibitions, and concerts, and broadcast, streams, and administrates them. Our production facilities are supported by more than 3,000 distinctive staffers, combining varying kinds of expertise, in some 200 companies, including program production companies, technology and art companies, and dispatches. At TBS, we believe that the enrichment and manifestation of the abilities of these staffers, working both in-house and externally to the TBS Group, will be the driving force, both of new growth for TBS, and also of the "TBS Group VISION 2030" itself.

We are doing our utmost to allow staff both in-house and outside with creative skills to use their abilities to the full. Work environment for telework, remote reporting and learning, also available to staff both in-house and outside, are on an equal footing with office employees.

For new growth, TBS is providing to everyone who works in the TBS Group "job satisfaction," "new employment environments," and "training opportunities." At TBS, we are enabling all who work here to have a strong sense that anyone can take a chance, by building a new awards program such that in workplaces where plentiful creativity is demanded, all staffers, whether in-house or outside, can offer ideas, make full use of their talents, have them evaluated, and feel stronger "job satisfaction." In addition, we are providing many of the staffers who work for the TBS Group with "training opportunities" for proactive personal learning and growth, by expanding such "new employment environments" as telework and remote conferences

and reporting, as well as establishing the TBS Group University (TGU), our own in-house university. In order to strive for further value enhancement in our programming, live events, and other content, and to drive our broadcasting business to new levels, we at TBS will grow, and generate and offer new value, together with the production companies and dispatches, and the many staffers, which are our part-

ners in production.



# Strategies for Business

#### **Business Outline**

By integrating the three businesses, TBS seeks to strike an optimum balance for both growth and stability

## **Media Content Business**

The Group's most profitable business segment consisting mainly of TBS's six core companies. While we enhance the value of our mainstay broadcasting business, we will further strengthen profitability to drive performance of the TBS Group as a whole with the three fields of our streaming business, overseas business, and live entertainment as growth areas.



#### Lifestyle Business

Developing a business based on "demand creation" that develops new needs in the market. In the main field of Beauty & Wellness, we aim to leverage our advantage in integrated manufacturing and sales to further develop and provide products and services with superior profitability.



## Real Estate and Other Business

Covering all business involved in real estate management, from the TBS Broadcast Center to Akasaka Sacas and Midoriyama Studio City.

TBS is also working on urban development to help turn Akasaka into "the city offering the greatest emotional experiences in the world" with the Akasaka Entertainment City Plan.



**Strategies for Business** 

### **Media Content Business**

## **Offering timeless and** beloved content and services to people all over the world

#### Six core companies

# **TBS TELEVISION**

TBS TELEVISION, INC.

A core company of the TBS Group that creates entertainment in a wide range of fields, including, in addition to TV broadcasting, video content such as streaming and movies, live entertainment, overseas business, and licensing,

## **TBS RADIO**

#### TBS RADIO, Inc.

In addition to its main business of radio broadcasting. TBS Radio also invests in events and films, and operates a housing business (show homes).

## **BS-TBS**

Business

**BS-TBS, INC.** 

A TBS-affiliated satellite broadcaster that provides BS digital broadcasting. Began broadcasting in 4K in 2018, creating realistic productions with ultra-high-definition images.

#### **TBS SPARKLE TBS SPARKLE, Inc.**

One of Japan's largest video production companies that makes programs and content across all genres, from dramas, variety shows, documentaries, movies and animations to news, information and sports.

**TBS GLOWDIA** TBS GLOWDIA, Inc.

TBS GLOWDIA provides a wide range of services, including entertainment and events, program and merchandise sales, video-related businesses such as DVDs and streaming, radio program production, as well as broadcasting and digital technologies.

## **TBS ACT** TBS ACT, INC.

One of Japan's largest general production companies working in technology, art, and computer graphics. TBS ACT has the equipment and human resources to handle all kinds of content production, from broadcasting and stage shows to events and streaming.

#### CS-TBS, INC., SEVEN-ARCS Co., Ltd., TC Entertainment Incorporated, TBS International, Inc., TBS MEDIA RESEARCH INSTITUTE Inc., NICHION, INC., MANGA BOX, Co., Ltd., THE SEVEN, Inc.\*

In addition to the six core companies mentioned above, the Media Content Business segment includes satellite broadcasters, animation production companies, video package companies, bases for overseas operations, research institutes for the media environment, music copyright-related businesses, manga businesses, and overseas strategic companies. The Media Content Business is therefore made up of companies that enable growth through the creation of content from all aspects.

\*Company name changed from THE Factory, Inc. on August 1, 2022

## Media Content Business Performance and Strategy

#### Business Segment Strength

Leveraging the strengths of the largest reach in the media industry, content production and comprehensive promotion capabilities cultivated over many years, and overwhelming reliability in the midst of information overload, this is the business segment with the largest earning power of the TBS Group. While enhancing the value of its mainstay broadcasting business, the segment also includes a range of many other different businesses in the areas of streaming, overseas business, and live entertainment.

#### **Market Overview**

#### **Opportunities**

Reach across all platforms in competitive and growth areas

- Development of next-generation viewers and greater reach
- Growth and expansion of digital business, including streaming
- Borderless content distribution
- "Goods Time Emotion" consumption behavior, experience, and fulfillment needs
- Corporate, organizational, and individual social issue initiatives (SDGs)

#### **Risks and Issues**

#### Weighing the risks and benefits of diversification

- Dependence on terrestrial TV advertising revenue and domestic economic fluctuations
- Intermedia competition and content acquisition
- Event cancellations and restrictions because of the COVID-19 pandemic
- Copyrights and other intellectual property rights
- Increase in capital expenditures with equipment upgrades
- Technology, systems, security becoming obsolete
- Human resource development, organizational and workstyle reform
- Growth strategy investment & R&D

#### TBS Group Medium-Term Management Plan 2023—First Year Review

Significant increase in revenue and profit due to TV advertising value reassessment and growth in streaming business

Broadcasting revenues, which had fallen sharply due to the COVID-19 pandemic, recovered faster than expected in many industries. Furthermore, both free and paid video streaming centered on dramas grew significantly, and box office and movie sales recovered, resulting in a significant increase in both sales and profits overall.

TBS also launched measures to create its own original intellectual property. For example, the Group established THE SEVEN, Inc., a new company responsible for overseas strategies with a production cost budget of ¥30 billion. The Group also made additional investment in SEVEN-ARCS Co., Ltd. to strengthen the structure of its animation production companies, and it acquired MANGA BOX Co., Ltd. as a consolidated subsidiary positioning it as an intellectual property creation company.

#### Growth Strategies

#### Always bringing new entertainment as the best content provider

#### Digital/global domain

TBS TELEVISION, INC. provides programs and a lot of original content broadcast on TBS to overseas overthe-top media service providers such as NETFLIX, Amazon Prime Video, and Disney+. Going forward, THE SEVEN, Inc., a new overseas strategic company established in January 2022, will plan and develop high-end content separate from terrestrial broadcasting. It aims to create two or three global hits within five years to demonstrate the TBS Group's presence in the overseas streaming market.

#### Live entertainment domain

As part of the Akasaka Entertainment City Plan, the long-running stage show "Harry Potter and the Cursed Child" opened in July 2022.

TBS's real live content aims to evolve further together with the city of Akasaka.



#### TBS TELEVISION, INC. Performance Highlights

Strategies for

Business

#### Broadcasting business revenue

Terrestrial broadcasting revenue	FY2021 Results (billion yen)	ΥοΥ
Time sales revenues	81.8	+4.3%
Spot sales revenues	84.5	+21.0%
Advertising expenditures in the Kanto area	-	+19.0%
Share among 5 stations	20.1%	+0.4%

#### Free Catch-up Streaming





Monthly average 52.05 million views (up 51.7% year on year)



#### Ticket Sales System (Business Division)

## TBS TICKETS

Launched in December 2021, exceeding 270,000 members

53

Strategies for Business

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Lifestyle Business

Bringing customers a more comfortable, more individual lifestyle

#### Primary KPIs

- Number of purchasers
   & Unit purchase price
- Customer base
- Shops, mail order membership, membership base
- Number of shops (retailers, wholesale customers, etc.)
  Number of licensed beauty
- Number of beauty salons
- Ratio of overseas sales (BCL)
  Ratio of operating profit to



Message from the Long-Term Strategy and President Medium-Term Management Plan

Message from the Head of Finance Strategy

Value Creation Story

#### StylingLife Holdings Group Organization



#### **Lifestyle Business**

Content	Platform
<ul> <li>Household goods, Apparel, etc.</li> </ul>	• Stores (PLAZA/VECUA Honey)
•Cosmetics, Quasi-drugs, etc.	• Wholesaling (Domestic drug stores)
	•Licensed Retailers (CP Salon)
Character licenses	•E-Commerce & Catalog sales
•Facial aesthetic care, etc.	•Overseas general trade

	Number	of shops	
PLAZA 121 stores	CP Salon 1,240 stores	LightUp 4 stores	BCL (VECUA·ROA) 14 stores
	PLAZA	PASS	
PLAZA Members PLAZA App 4.37 million 4.83 million			

138% yoy

Number of chone

Note: All figures are current as of the end of March 2022; PLAZA App number is the total number of downloads.

105% YoY

Strategies for

Business

## Lifestyle Business Performance and Strategy

#### **Business Segment Strengths**

Through the strengthening of the retail business with private brand products that leverage the development and manufacturing functions of BCL, and the promotion of cosmetics development utilizing the sales capabilities and retail business data possessed by PLAZASTYLE COMPANY, the segment has achieved high profitability through its superiority in integrated manufacturing and sales that mutually utilizes robust product sales functions.

#### Market Overview

#### Opportunities

## Developing a business based on "demand creation" that develops new needs in the market

- Respond to changes in consumer mindset or behavior
- Strengthen targeting for younger demographic, which has increasing demand for cosmetics, by integrating production and sales
- Expand customer contact opportunity and time through enhanced coordination between retail shops and web/social media presence
- Respond to market changes
- Life Post-/With-COVID-19: Enhanced mail-order and regional (FC) development
- Reorganized drugstore market: Faster proposals to major distributors

#### **Risks and Issues**

## Flexible response to changes in the business environment

- More diversified product development due to falling birthrate, aging and declining population, and lifestyle changes
- Strengthen digital functions including e-commerce and compensate for rural gaps in the currently urban-focused network of directly managed stores in readiness for more frequent and severe disasters such as earthquakes, typhoons, and infectious diseases, as well as more frequent unseasonable weather
- Accelerate overseas business to reduce Japanese business focus

#### TBS Group Medium-Term Management Plan 2023—First Year Review

## Retail sales and mail-order business continued to perform well. Overall sales and profit increased

PLAZASTYLE COMPANY, a core general merchandise retail sales business, was forced to close stores and shorten business hours because of the repeated state of emergency, but after this was lifted, the number of customers started to bounce back, resulting in an increase in revenue. In addition, the mail-order business LightUp Shopping Club Inc., which saw growth in the previous fiscal year following the increase in number of people staying at home, continued to perform well in FY2021, as seen in an increase in the number of customers and unit price per customer, resulting in an increase in sales and profit as a whole. Although the business segment has not yet reached pre-pandemic levels, it is steadily recovering and we expect to see increased sales and profits in FY2022.

#### Growth Strategies

#### Growth of food, clothing, home, and beauty, and challenges toward new business areas

The StylingLife Group seeks and nurtures buds with growth potential that lie dormant in existing businesses as well as things of value that can challenge beyond the domains of existing businesses. It aims to

maximize brand value by using these strategies as an engine for growth.

Moreover, the enormous amount of customer data owned by the StylingLife Group, which has a nationwide network of stores and receives tremendous support from Gen Z customers, is important information that contributes to data-driven management in the TBS Group. The data is being used to build a secure information management and analysis system to expand Group synergies.









**Real Estate and Other Business** 

## Transforming Akasaka to provide wonderful 'moments" to every visito

#### **Primary KPIs**

- Capacity rate
- Occupancy rate
- Renewable energy rate
- CO<sub>2</sub> reduction rate

# Estate

Other

## TBS HOLDINGS, INC. / TBS TELEVISION, INC. / TBS HEXA. Inc.

Involved in the leasing of land and buildings owned by TBS HOLDINGS, INC. and TBS TELEVISION, INC. (Akasaka Biz Tower, Akasaka The Residence, THE HEXAGON, etc.) and in the maintenance and operation of the TBS Broadcast Center, Also handles urban development in the Akasaka Entertainment City Plan area, supporting the TBS Group's entertainment from an infrastructure and facilities perspective.

## Midoriyama Studio City, Inc.

Midoriyama Studio City's main business is the running, as well as the leasing and maintenance of studios, centered on one of Japan's largest television studios Midoriyama Studio, and outdoor sets and art production facilities.

## **TBS Sunwork, Inc.**

Business

TBS Sunwork supports the infrastructure of the entire TBS Group and provides lateral support, including TBS Broadcast Center's equipment maintenance and management, security, temporary staffing, and outsourcing of accounting, general affairs, and payroll work

## Akasaka Heat Supply, Co., Ltd.

Akasaka Heat Supply's main business is supplying heat for air conditioning and hot water supply to buildings and facilities in the Akasaka 5-chome and Akasaka Sacas areas, such as the TBS Broadcast Center, Akasaka Biz Tower, TBS Akasaka ACT Theater, and Akasaka Park Building.

## TBS Kikaku Co., Ltd.

TBS Kikaku operates and manages parking lots as well as an insurance agency.

#### **Real Estate and Other Business**

Content		Platform	
	•Building leasing	•Akasaka Biz Tower/The Hexagon, etc.	
	<ul> <li>Residential condominiums</li> </ul>	•Akasaka The Residence	
	<ul> <li>Studios, parking lots</li> </ul>	•Midoriyama Studio/Kinuta Studio	
	•Heating & cooling electricity		

#### Real estate operated by the TBS Group

TBS Broadcast Center/Akasaka Biz Tower/ Akasaka The Residence/TBS Akasaka ACT Theater/The Hexagon/Midoriyama Studio City/ Kinuta Studio/TBS Housing, etc.

## **Real Estate and Other Business Performance and Strategy**

#### **Business Segment Strengths**

Starting with the Akasaka Biz Tower, the segment has several profitable properties in the Akasaka area, including offices, stores, and residential condominiums. One of the segment's strengths lies in its generating of stable profits through its real estate leasing business that makes use of these properties. The segment will promote the construction of an even stronger foundation to achieve the Akasaka Entertainment City Plan.

#### Market Overview

#### Opportunities

Increase in revenues from both new and existing facilities associated with the Akasaka Entertainment City Plan

- Increase in rent income due to the acquisition of properties in the Akasaka area
- Increase in revenues from attracting customers to existing facilities because of promotion of the Akasaka Entertainment City Plan
- Acquisition of land and buildings will increase number of spaces that can be utilized, dramatically expanding range of entertainment on offer

#### **Risks and Issues**

#### Requirement for post-pandemic response

- Unused offices trend and declining tenant occupancy rate owing to sluggish restaurant business because of the pandemic
- Limited business expansion due to finite tenant capacity
- Impact on rental income due to changes in the real estate and lease market
- Increase in capital expenditures due to soaring real estate market value in the Akasaka area
- Increase in operating costs due to real estate acquisitions

#### TBS Group Medium-Term Management Plan 2023—First Year Review

#### Despite slight decrease in sales and profit, stable earnings base remains intact. Continued active investment to energize Akasaka

Despite the lingering impact from the pandemic, business performance remained strong meaning we were able to limit any significant decline in revenue. However, due to an increase in repair costs, including the upgrading of broadcasting equipment, overall financial results showed a decrease in profit but we are still generating stable profits.

Active capital investment was made to energize Akasaka. For example, TBS Akasaka ACT Theater was given a new lease of life as the Harry Potter Theater with the Akasaka Biz Tower decked out in the world of Harry Potter. Akasaka began featuring a Harry Potter Cafe and the Harry Potter – Mahou Dokoro (themed shops).

#### **Growth Strategies**

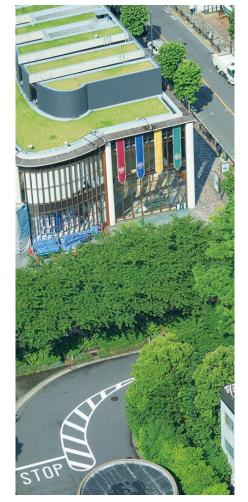
# Producing content called "space." Remaking Akasaka into a city that provides wonderful "moments"

As part of the Akasaka Entertainment City Plan, a district development plan was drafted for the 2-chome and 6-chome areas in Akasaka. The plan was certified by the Prime Minister in November 2021 as a na-

tional strategic city planning building development project as part of the National Strategic Special Zone Plan.

With the Realty Strategy Bureau (newly established by TBS HOLDINGS, INC. in July 2022) at the helm, we will produce content called "space" around Akasaka to foster an environment for delivering the best entertainment. We will remake Akasaka into a city that provides wonderful "moments."







Performance and Corporate Data

# Contributing to the Sustainability of the Earth and the World as a Starting Point for Influencing Society



Since its founding, TBS has squared up to the many different social issues, such as the environment, human rights, freedom, peace, discrimination, education and poverty, and has continued to send out messages aimed at solving these problems. From news and information programs to the drama "I'd Rather Be a Shellfish" (1958), which questioned the absurdity of war, to "Mr. Kimpachi in Class 3B" (1979~), which directly addressed the problems of teenage pregnancy and LGBT issues  $\rightarrow$  P.31, what is consistent is TBS's desire to make the world a better place through content to give people hope and energy. It is, so to speak, the DNA of TBS that we have inherited from our predecessors.

In today's world, where large-scale disasters occur frequently due to climate change, and discrimination and prejudice persist, our DNA, as a media organization's social mission, is becoming more important than ever before. To fulfill our important mission of supporting the sustainability of the earth, the world and society, the Group will promote its own unique sustainability initiatives.

Typical of these is our SDGs campaign, "Week to Make the Earth Smile"  $\rightarrow$  P.61, which we have been doing every spring and autumn since 2020. Together with our partner companies, we are taking on the challenge of solving the social issues raised by the SDGs, making full use of TBS's communication platform to deliver that vision to society. Indeed, it is difficult for one individual or one company to solve these issues, so we should use the power of empathy and understanding of us all to solve the problems with society as a whole. TBS will fulfill this role as a hub, or center of activity. These initiatives have received high praise from our partner companies, viewers and listeners, and at the same time, they have also led to the growth of TBS, creating a virtuous cycle.

In October 2021, we established the Sustainability Committee and we are enhancing various measures to ensure sustainable growth and value creation. We are also disclosing information based on our endorsement of the TCFD recommendations → P.64 and analysis of climate change scenarios, as well as securing and developing human resources (the source of talent and skill) for the Content Group, and improving the workplace environment. These key issues were identified, and announced in May 2022, as TBS Group materialities → P.20 . In August, as one of the KPIs for ESG materiality, we set a carbon neutral target for the TBS Broadcast Center, Akasaka Sacas Cultural Facilities, and Midoriyama Studio by FY2023 → P.70.

Strategies for

Business

As stated in our corporate philosophy  $\rightarrow$  P.01. TBS aims to respect diverse values and strives to make a positive contribution to society. To that end, each and every member of the Group must be prepared to fulfill the mission of this media organization to convey the truth, and we must hold dearly our desire to earn complete trust from society. We will contribute to the sustainability of the earth, the world and society as a starting point for influencing society, a message at the very heart of our Brand Promise.



#### Reinforcing the Sustainability Promotion System

## Establishment of "the Sustainability Committee" and Formulation of the "TBS Group Sustainability Policy"

To further strengthen and accelerate efforts throughout the Group to realize a sustainable society, on October 1, 2021, TBS HOLDINGS, INC. established the Sustainability Committee, chaired by the President & Representative Director and vice-chaired by the Board Director & Head of ESG Strategy. And in November of the same year, the committee formulated a Sustainability Policy,

which was approved by the Board of Directors.

The Sustainability Committee examines and implements specific measures related to ESG and the SDGs, such as tackling climate change, human rights, labor, the environment, and governance.

Three working groups were established in FY2021 on tack-

ling climate change, work style, and wellness. The Workstyle Working Group puts forward a wide range of different work styles so that employees can demonstrate their individual capabilities. And the Wellness Working Group is making efforts to strengthen health management by promoting the creation of a rewarding and fulfilling workplace environment for employees.



#### **TBS Group Sustainability Policy**

As a media outlet with a social mission, the TBS Group will build broad partnerships with all ranges of the stakeholders in order to co-create a delighted and sustainable society.

- We will work on resolving environmental and social issues through the fair and accurate dissemination of intelligence and the provision of content and services.
- We will respect human rights and diverse values, and contribute to making a community full of hope.
- We will comply with laws, admire social norms, and conduct fair and transparent corporate activities.
- We will recognize diverse work styles and create a safe and rewarding workplace where employees can exercise their creativity.

#### < Contribution to the achievement of the SDGs >

The TBS Group will contribute to the achievement of the SDGs by 2030 by providing a wide range of content and services, acting as a starting point for social action, and through broad-based partnerships, contributing to the realization of a society full of hope where "no one is left behind."

## Achieving the SDGs Inspiring action for the future with content



#### Sustainable Development Goals (SDGs) Campaign "Week to Make the Earth Smile"

The SDGs campaign, "Week to Make the Earth Smile," was launched in 2020. Ambassadors for the 2022 campaign were Anne Watanabe, Akira Kawashima of the comedy duo Kirin, as well as Sakura Inoue and TBS announcer Hasen Kuniyama. Its theme was "Get Involved with the SDGs!," and it urged viewers to begin efforts that they could carry out on their own.

This was the fourth campaign and was held from May 2nd to 8th and featured 28 TBS TV news, information, and entertainment programs covering all 17 goals of the SDGs. All the programs delved deeper into the SDGs by focusing on people taking real and meaningful action in various parts of Japan and around the world.

On various programs each day, TBS Radio put a spotlight on young people, dubbed "challengers," who are interested in solving social issues and taking action in different ways. A record 15 programs from BS-TBS joined the campaign, highlighting the SDGs from a unique BS perspective, including a travel program introducing SDG initiatives from around the country, and a revealing history of gender equality in Japan. The programs are also available on all platforms, including the free streaming service TVer, CS's TBS channel, YouTube, and social media.

The campaign is supported by various partner companies from many different industries that are actively working on the SDGs. The social issues and related initiatives each of these companies are working on were taken up in the programs.

Recognizing that one of the areas in which the media can contribute most to the SDGs is Goal 17, "Partnerships for the goals." Through campaigns and other means, the Group hopes to play a role in connecting industry (companies), government (national and local), the private sector (citizens and organizations), and academia (education and research institutions) to solve various social issues.



#### Contributing to taking action for SDGs

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Business

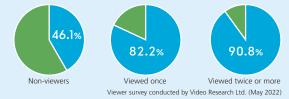
People's awareness of the SDGs has reached a rate of 86%\*, and as taking action to achieve the goals will be an issue for society as a whole, a survey was conducted on those who have continued to watch our SDGs campaign, "Week to Make the Earth Smile," which has already taken place four times. The percentage of respondents who answered "I took action" or "I want to take action" for helping to achieve the SDGs was 90.8% for those who watched the campaign, far higher than the 46.1% for those who didn't watch any of the campaign programs. With the theme being "Get Involved with the SDGs!," the campaign, which aims to encourage viewers by giving them the opportunity to take action, has achieved a certain level of success.

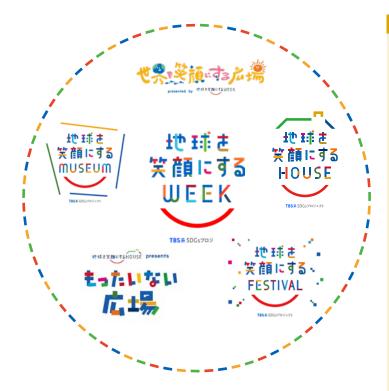
It has become a challenge to encourage action on more difficult topics, aside from the easy to tackle actions like using your own bag or bottle rather than plastic ones, but the results show that younger people in their teens who watched the campaign were highly motivated to take action in a wide range of fields from human rights and gender issues to diverse work style. As more and more young people are moving away from television, it is hoped that the SDGs will become a new way to bring younger people closer to TV.

\* Source: 5th Consumer Survey on SDGs, Dentsu, April 2022

#### Viewer Survey on the 4th Campaign, Week to Make the Earth Smile (May 2022)

Those who took action or want to take action on the SDGs





#### xperience

Message from the

President

#### **MOTTAINAI Plaza**

In conjunction with the third SDGs campaign, an event was held at Akasaka Sacas Square for five days from November 3 to 7, 2021, where parents and children could enjoy learning about global warming.

Long-Term Strategy and Medium-Term Management Plan

More than 3,000 children came in 5 days to experience a mini train powered by electricity generated from pedaling of bicycles, a honey bee class featuring bees kept on the 8th floor terrace of the TBS Broadcast Center, and a workshop making kaleidoscopes using plastic waste from the sea.



#### Experience

Value Creation Story

Message from the Head of

Finance Strategy

#### Plaza That Makes the Earth Smile

Strategies for

Business

In conjunction with the fourth SDGs campaign and supported by Minato Ward, the Plaza that Makes the Earth Smile was held for three days during Golden Week in 2022 in and around Akasaka Sacas Square.

Amid the continuing Russian invasion of Ukraine, the theme of the event was "world and peace." If we learn about the countries of the world, the lifestyles and cultures of their peoples, and deepen our understanding of each other, the seeds of conflict will diminish, leading to a peaceful world where "no one is left behind." With this idea in mind, workshops and stage events were held where people could come to experience food and fun from around the world, and learn about children living in conflict zones.

The excitement of the event, which featured popular TBS programs at booths and stages where people could have fun learning about the world, was featured in information and news programs every day, with over 13,000 people, mainly children, taking part over the three days.



#### **Co-create**

#### Participation in the United Nations Climate Change Campaign

The TBS Group is participating in the United Nations' SDG Media Compact campaign "Promise of 1.5°C. - Act now to stop global warming" which calls for concrete action to halt climate change. The campaign, which was launched by the United Nations Information Centre in Tokyo to the approximately 170 members of the SDG Media Compact in Japan, is held as a period of strengthening efforts from September to November 2022 to coincide with the United Nations General Assembly and the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27). TBS will also use a variety of programs and news to promote understanding and action on climate change.

The United Nations SDG Media Compact calls on the media to raise public awareness of the SDGs and to help spur further action towards achieving the goals. TBS joined as a Group in August 2019. And on November 12, 2021, all 28 JNN affiliates joined the initiative for the first time as a Japanese TV network. Going forward, we will further strengthen collaboration throughout the network.

#### Co-create

#### **MUSEUM That Makes the Earth Smile**

This project, which has been running since October 2020, displays in a temporary enclosure in Akasaka Sacas Square art works related to the SDGs.

To date, works have been exhibited by artists from all over the country with intellectual disabilities in collaboration with the venture company HERALBONY Co., Ltd., works provided by members of the KYOSAREN, the association of community workshops for disabled persons, and works taken by world-renowned photographer Leslie Kee of children in care homes in Tokyo.

The fourth installation, which began in May 2022, featured works drawn by children from various countries and regions around the world in the Biggest Painting in the World project. The goal of this project is to nurture children's love of peace beyond nationalities, religions and races, and it also seeks to be exhibited in time for the 2024 Paris Olympics.

#### Publish

# SDGs Action Book That Makes the Earth Smile

Strategies for

Business

The SDGs Action Book 2021-2022 that Makes the Earth Smile, which summarizes TBS's efforts related to SDGs, was published in November 2021. As well as given free of charge to schools and groups of young people working on TBS's SDGs, and students seeking employment, it is also available on the TBS website.

The book begins with three students from elementary school, junior high school, and high school interviewing TBS President Takashi Sasaki under the title of "Let's think together about the SDGs and the earth." Examples of collaboration with partners, environmental measures, and internal work styles that are conscious of sustainability, are also highlighted in the book.

The book finishes with a call to the younger generation who will shoulder the responsibility of the earth in the future to propose concrete action, saying, "Let's take action together with TBS!"







The Action Book is set to be published every year

Strategies for

Business

## Climate Change Information Disclosure Based on the TCFD Tackling climate change as a responsible company



In November 2021, TBS endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) toward the realization of a decarbonized society. Going forward, we will actively disclose information from the perspectives of governance, strategy, risk management, and metrics and targets on both the risks posed by climate change to our business and the opportunities that lead to business and growth. The entire Group will also contribute to the realization of a sustainable society by leveraging its ability to communicate as a content group with an even greater variety of media than ever before, raising awareness of climate change issues on a global scale, and promoting innovation and behavioral change.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Recomm Four Thema		TBS Initiatives		
Governance		<ul> <li>Established the Sustainability Committee, chaired by the president and vice-chaired by the director responsible for ESG strategy and attended by board directors and executive officers of TBS HOLDINGS, INC.</li> <li>The Climate Change Working Group examines the formulation of targets and measures related to climate change, such as decarbonization and improved energy efficiency. These are then approved by the Sustainability Committee with results reported to the Board of Directors.</li> <li>Continuous review of the organizational structure in order to strengthen the supervisory function and speed up decision-making on long-term goals, directions, and policies, etc. related to sustainability, including climate change.</li> </ul>		
Strategy	₽ Ĉ	Identify risks and opportunities related to climate change, conduct business impact assessments, and consider countermeasures.		
Risk management		<ul> <li>Established the TBS Group General Risk Management Committee under the TBS Group Corporate Activities Committee, chaired by the president, to supervise and respond to important risks that may arise in the course of operations in the TBS Group, including climate-related risks.</li> <li>From among the climate-related risks tentatively examined by the TBS Group General Risk Management Committee, departments in charge identify important risks in consideration of the degree of impact and likelihood of occurrence, analyze and evaluate them, and then decide and implement response policies.</li> <li>In principle, the TBS Group General Risk Management Committee reports on the status of risk management during the relevant period once every six months, in April and November.</li> </ul>		
Metrics and targets		Targets       The three main facilities including the TBS Broadcast Center, Akasaka Sacas Cultural Facilities (TBS Akasaka ACT Theater, TBS Akasaka BLITZ Studio, Akasaka Sacas Plaza), and TBS Midoriyama Studio aim to be carbon neutral (Scope 1+2) by FY2023.         In addition to further reducing emissions and using renewable energy at the TBS Broadcast Center, we plan to start calculating Scope 3 emissions and calculating and reducing greenhouse gas emissions at each Group company.		
		Results       Achieved a 42% reduction in CO2 emissions from the TBS Broadcast Center and cultural facility buildings compared to average emissions from 2002 to 2004, and a 25% reduction compared to FY2015.         TBS Radio Toda Transmitting Station, three cultural facilities including TBS Akasaka ACT Theater, and TBS Midoriyama Studio converted to 100% renewable energy.         Implemented the SDGs campaign "Week to Make the Earth Smile" twice a year, calling for action on various social issues including tackling climate change and global warming.		

Message from the Head of **Finance Strateav** 

Strategies for

Business

#### **Risks and Opportunities**

## Organizing Risks and Opportunities by 1.5°C and 4°C Scenarios





#### Risks posed by changes in climate change policies and regulations. ransition technological developments, market trends, market valuations, etc. Risks

#### Introduction and tightening of carbon-free regulations

Reduction targets for CO<sub>2</sub> emissions become stricter year by year, affecting corporate activities

Risk of economic downturn due to rising costs for companies trying to keep emissions down Increased costs due to the imposition of a carbon tax on companies' CO<sub>2</sub> emissions

and the requirement to use facilities and equipment with low CO2 emissions

Financial impact of carbon tax and carbon offset costs



→ Financial impact due to faster equipment update cycle, etc. \*Risks that exist for both TBS and client companies

Reputation risk with more external pressure (from companies, viewers, investors) etc.) to address environmental issues

If the Company is not able to fulfill its role as a news organization as expected by society or has not been able to take environmental measures such as decarbonization, there is a risk that it will be the target of criticism or could lead to less advertising placement

Strengthening of policies toward a decarbonized society and changes in the external environment (public opinion) can become major risks

#### Physical Risks

#### Risk of acute or chronic damage from disasters brought about by climate change

#### Changes in broadcast content owing to climate disasters

Due to more special disaster programs, there may be less time to broadcast regular programs



2 Implementation of policies to introduce and strengthen business continuity plan Introduction of a system that can withstand extreme conditions (a system that is more robust than ever before is required)

Increased costs associated with response to more intense natural disasters could affect the economy and become a major risk

#### **Opportunities**



## **Business opportunities**

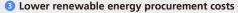
#### **1** Growing need for environmental awareness campaigns

Increased earnings due to growing need for content creation and advertising campaigns that help solve climate change and environmental issues

#### 2 Development of energy-saving technologies

Less energy consumption and corresponding reduction in electricity prices with the development of energy-saving technologies

Increased earnings from external sales of framework for low-carbon program production, etc.



Lower procurement costs due to increased use of renewable energy

Overlaps and equipment of recycling technologies for materials and equipment



Reduced costs through the joint use of equipment and creation of materials, and through encouraging the reuse of materials



#### **Business opportunities**

#### **5** Increasing need for information related to climate disaster countermeasures



Increased earnings due to increased demand from viewers and advertisers for weather and disaster-related programs and information

## **6** Greater demand to strengthen resilience of news media function

Better reputation by ensuring resilience of reporting function due to more frequent and severe disasters



Strategies for

Business

### Impact on Business, Strategy and Finances

## Analyzing the impact on TBS's business, strategy and finances by scenario

Message from the



#### Identification of Risks and Opportunities and Financial Impact Assessment

The table on the right assesses the financial impact of climaterelated risks and opportunities identified through scenario analysis on the TBS Group's business activities. In the 1.5°C scenario, costs are expected to rise due to the introduction and tightening of carbon-free regulations, while in the 4°C scenario, repair costs are expected in the event of damage due to climate disasters. In both scenarios, a drop in sales owing to a cooling advertising market is also cited as a risk.

On the other hand, there will be a greater need for information in either scenario, so by fulfilling our role as a media outlet, which is at the heart of the Group, we will improve our reputation, leading to increased earnings.

#### Scenario analysis reference information

Scenario	Reference information	
1.5°c	RCP2.6 / SDS (Sustainable Development Scenario) /IEA NZE2050 (Net Zero Emissions by 2050)	
4°C RCP8.5 / STEPS (Stated Policies Scenario)		
SR1.5, which has stricter regulations, and the IEA, which describes carbon prices, are used as supplementary materials to calculate financial impact and formulate countermeasures based on RCP2.6 and RCP8.5		

#### Impact on TBS business by scenario

Risk/ Opportunity	Activity	Type of Impact	Level of Impact	
			1.5°C scenario	4°C scenario
Transition Risks	Introduction and tightening of carbon-free regulations	Cost	22	_
	Establishment of advertising rules from a $CO_2$ perspective by governments and industry groups	Sales	2.2	-
	Greater external pressure to respond to environmental issues (acquisition of environmental certification)	Cost	<b>N</b>	_
	Greater external pressure to respond to environmental issues (less advertising volume from advertisers)	Sales	22	_
Physical Risks	Cooling of the advertising market due to climate disasters	Sales	2.2	NN N
	Damage to assets and equipment due to climate disasters	Cost	_	-
	Drop in corporate evaluation due to lack of business continuity plan	Sales	22	_
Opportunities	Development of energy-saving technologies	Cost	**	—
	More government subsidies for environmental activities	—	**	—
	Lower renewable energy procurement costs	Cost	**	11
	Development of recycling technologies for materials and equipment	Cost	1	—
	Growing need for environmental awareness campaigns (more ad spend)	Sales	1	—
	Growing need for environmental awareness campaigns (increased media revenue)	Sales	**	—
	Increasing need for information related to climate disaster countermeasures	Sales	_	1
	Greater demand to strengthen resilience of news media function	Sales	_	11

"One arrow" indicates an expected financial impact of less than 100 million yen, and "two arrows" indicates an expected financial impact of between 100 million and 1 billion yen. The level of impact of risks and opportunities that are difficult to estimate is limited to qualitative evaluation for the activity and is therefore indicated with a hyphen.

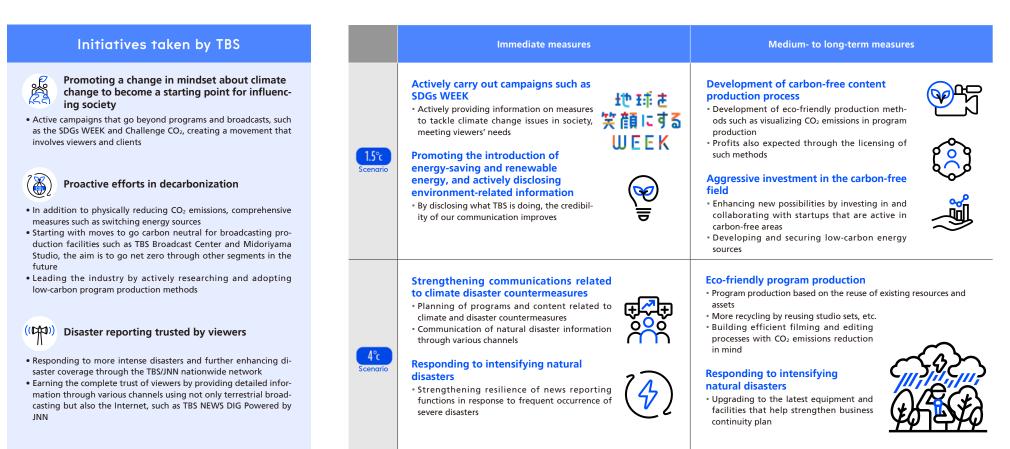
Strategies for

Business

#### Measures against Risks and Opportunities

# Clarifying What Needs to Be Done Going Forward by Separating into Immediate and Medium- to Long-Term Measures





Ian Message from the Head of Finance Strategy Strategies for

Business

#### Metrics and Targets

## Initiatives to Reduce Energy Consumption and Convert Power Use to Renewable Energy



#### Scope 1 and Scope 2 reductions

#### **Reduce energy consumption**

At the TBS Broadcast Center, we have reduced power consumption at the studios by approximately 30% by switching to LED lighting, etc., and we have also reduced electricity use by using inverter air conditioners and using them for a shorter length of time. Going forward, we will continue to reduce power consumption by upgrading our studio equipment and through other means. Also from the perspective of our business continuity plan, which ensures we have power in the event of a power cut or disaster so that, as a responsible news organization, we can continue to broadcast, we own our own private co-generation system in the basement of our headquarters. By extending the downtime of the system at night from the current 2 hours and 30 minutes to 5 hours, we can reduce CO<sub>2</sub> emissions by about 200 tons per year.

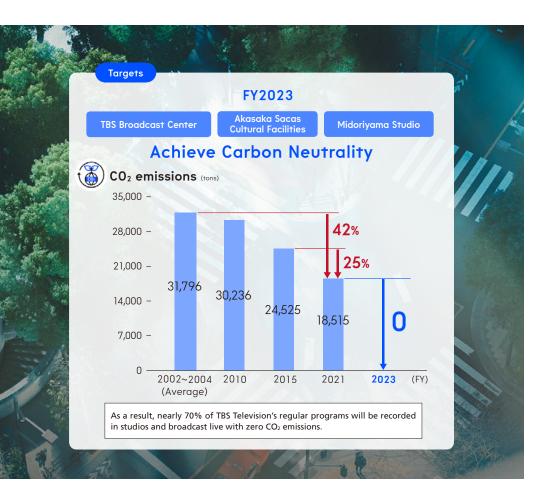
In the medium to long term, we will continue to make efforts to reduce emissions, by, for instance, looking at switching to more efficient equipment.

#### Convert power use to renewable energy

Since 2018, the TBS Group has been promoting the use of renewable energy through a capital and business alliance with UPDATER, Inc. (formerly Minna-Denryoku Inc.), a venture company dealing in renewable energy. In December 2018, the TBS Radio Toda Transmitting Station, which is the main transmitting station for TBS Radio AM, and in October 2019, three cultural facilities, including the TBS Akasaka ACT Theater, were converted to 100% renewable energy.

In FY2021, Midoriyama Studio also completed its conversion to renewable energy, giving rise to Japan's largest 100% renewable energy studio. Likewise, studio filming from all of the TBS dramas aired since April 2021 are being produced using 100% renewable energy.

In the future, the TBS Broadcast Center will also aim for 100% renewable energy.



## **Metrics and Targets** Fulfilling our responsibility to tackle climate change

#### **Responsibilities of the TBS Group**

Since 2020, TBS has been conducting an SDGs campaign, Week to Make the Earth Smile, twice a year. Under the theme of "Get Involved with the SDGs!," we are calling on people to take action on various social issues, including climate change and global warming. In a survey\*, 90.8% of those who watched the campaign programs answered that they "have done, or want to, take action for the SDGs," nearly double the number of viewers who did not watch the programs (46.1%). The campaign will continue to run until 2030 and lead to concrete actions involving companies, local governments and viewers.

We are also focusing on in-house initiatives and raising awareness among our employees and staff.

Long-Term Strategy and Medium-Term Management Plan

Message from the

President

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Message from the Head of Finance Strategy

In the news program "News Studio," we have succeeded in reducing the amount of paper used in each broadcast by 58% by doing away with paper print outs, such as scripts, and using tablet devices instead in broadcasts since April 2022.

In dramas as well, we are encouraging the reuse of sets, by for example, keeping frequently used sets such as operating rooms and court rooms together in units. We have achieved a high recycling rate of around 90% by separating waste wood and polystyrene.

In parallel with the SDGs campaign, we are also implementing a 3Rs Campaign in which all employees and staff participate. In the Reduce Campaign held in the spring of 2022, we cut down on the use of paper in each workplace, reducing paper waste by 9.4% compared to the same month of the previous year.

Strategies for

Business

Value Creation Story

As a news organization and content group with a diverse range of media, TBS will continue to make use of its power of communication capabilities and influence to become a starting point for influencing society toward the realization of a decarbonized society.

\*Viewer survey conducted by Video Research Ltd. (May 2022)



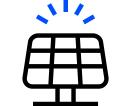
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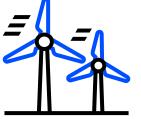


Performance and

Corporate Data









#### Promoting Sustainable, Earth-Friendly Content Production

## Working to Reduce CO<sub>2</sub> Emissions and Recycle Resources Related to Content Production

#### Promote usage of renewable energy

## Midoriyama Studio achieves effective 100% renewable energy in FY2021

TBS Group has been converting its TBS Radio Toda Transmitting Station and such cultural facilities as the TBS Akasaka ACT Theater to 100% renewable energy.

The TBS Midoriyama Studio converted to 100% renewable energy in FY2021. In the first year, it was procured using "J-Credits," derived from renewable energy generated from solar cells installed on homes in Japan. As a result, the Midoriyama Studio has become Japan's largest 100% renewable energy studio. This means that all TBS dramas filmed at the Midoriyama Studio after April 2021 are produced with 100% renewable energy.

Additionally, the TBS Broadcast Center building has been covering one million kilowatt-hours\* of the energy it uses annually with green electricity derived from natural energy sources since 2010. Going forward, we will promote greater energy efficiency as we undertake to convert TBS Broadcast Center to 100% renewable energy use as well.

\*Comparable to 4% of the 24.5 million kilowatt-hours' total energy consumption by TBS Broadcast Center in FY2021.



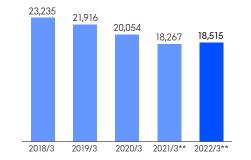
## TBS Group facilities that have to-date adopted renewable energy:

Dec. 2018: TBS Radio Toda Transmitting Station Oct. 2019: TBS Akasaka ACT Theater, Akasaka Sacas Plaza, Akasaka BLITZ

FY2021: TBS Midoriyama Studio

These facilities have all converted to 100% renewable energy for the electricity used in all infrastructure.

#### CO<sub>2</sub> emissions from within TBS Broadcast Center\* (in Metric Tons)



\*Broadcast Center and Cultural Facilities Building \*\*Data for FY2020 and FY2021 take into account impact of state of emergency declared by Government

\*\*Data for FY2020 and FY2021 take into account impact of state of emergency declared by Government of Japan in response to the COVID-19 pandemic.

#### TBS became the first commercial broadcaster in Japan to receive Albert Certification

# For undertaking reductions in $CO_2$ emissions generated in program production, TBS is awarded a two-star Albert Certification.

"Style2030," produced by TBS SPARKLE, Inc., and aired on BS-TBS in March 2022, was awarded two stars on the Albert Certification, which is awarded in recognition of "Sustainable Production," for aspects including reductions in CO<sub>2</sub> emissions. This is the first such certification awarded to a Japanese commercial broadcast program.

#### What Is Albert Certification?

The Albert Certification is a process managed by Albert, an industry consortium which began at the BBC. One, two, or three stars are awarded in recognition of carbon emission reductions, based on a calculation of the carbon footprint of a program, which takes into account its entire lifecycle, including energy used and waste generated in the course of that program's production. Since the certification commenced in 2014, more than 2,500 productions worldwide have been awarded Albert Certifications.



Performance and

Corporate Data

#### Effective use of limited resources

#### Reduction, Reuse, Recycle of Sets

Production sites make use of lots of sets, whether scenery or props, day in and day out. At TBS Group, we maintain and repair props and scenery used in past programs, and carefully keep them in continuous use over the medium and long term in various other programs, whether dramas, information, or variety, thereby reusing our sets.

In dramas as well, we are encouraging the reuse of sets, by for example, keeping frequently used sets such as operating rooms and courtrooms together in units, and making them appear to be different spaces with such materials as walls and flooring.

When we finally do dispose of scenery and other program sets, we transport them to Midoriyama Studio City for that pur-

pose, with the assistance of commercial industrial waste disposal firms. By undertaking to sort and recycle by material, such as waste wood and polystyrene, we achieve recycling rates in the neighborhood of 90%.



#### "News Studio" Reduces Per-Broadcast Paper Usage 58%

In association with our SDGs campaign of May 2022, at TBS TELEVISION, INC., we switched our evening news program *"News Studio"* from paper to digital tablets for such tasks as scripts and flowcharts for broadcasting.

In typical news programs and other production sites, paper would be used to manage the program in order to avoid problems during live broadcasts. In response to calls from our audience, however, as well as a sense on our own part that we needed to reform our procedures in line with the changing times, we embarked on a trial run of a paperless production. As a result, we were able to reduce per-broadcast paper use by 58%. In addition, the new methodology has been proven to be highly effective in terms of promptness and accuracy of post-broadcast streaming as well, as it allows instant propagation to all staff of changes to initial plans during said live broadcasts.

Going forward, we will adopt techniques appropriate to changing times, thereby undertaking to maintain broadcast quality as well as such goals as reducing environmental load and reforming ways of working.



Strategies for

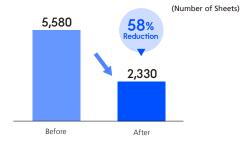
Business

Reuse Example: the operating room set that was made for the 2017 drama "A LIFE: A LOVE" was made into a unit, which has since been reused in such programs as "Dr.STOAKS Season2."



Paperless program progress at "News Studio." Anchors and other on-camera parties perform live with tablets on hand.

#### Estimated Effects of Going Paperless at "News Studio"



Reuse Example: the desks used in the classroom drama "Mr. Kimpachi in Class 3B" from 1979, were also used in "Dragon Sakura 2," which aired in 2021, keeping these props in service for more than 40 years.

Primary Objects for Reuse Props: mailboxes, signs, lights, chairs, tables, tableware, etc. Scenery: Flooring, columns, etc.

#### Biodiversity Initiatives

#### Communicating "The Connectedness of Life" with the Power of Video

At TBS TELEVISION, INC., we have filmed wild animals all over the world for more than 40 years, though such programs as "Waku Waku Animal Land" and "Amazing Animals." We utilize these rare videos, considered the foremost of their kind in commercial broadcasting, in streaming on our YouTube channel "Amazing Animals/WAKUWAKU." Since its launch in October 2020, this channel has streamed more than 400 of these rare videos, of which it may not be possible to film again due to changes in the environment. These videos have been viewed some 100 million times, and the channel itself has more than 310,000 subscribers. making it one of the leading animal YouTube channels in Japan. Viewers between teens to early 30s account for more than half of the channel's audience, and parents frequently watch with their children, giving rise to a widespread awareness among younger generations of educational content allowing learning in an entertaining manner about nature and the environment. The channel has also begun attracting audiences in the U.S. as well as the Asia region, chiefly India, in addition to Japan.

There are two pillars that must be kept in mind with regard to video production for this channel. The first is that, rather than obsessing with animals merely seeming "cute," we join researchers in confronting audience questions such as, "Why do they act the way they do?" and "Why do they look the way they do?" In this way, we discover the mysteries and attractions of all lifeforms with which we live on Earth, from insects to reptiles, amphibians, and mammals.

The second is a statement by the late zoologist Sengoku

Shoichi, who acted as supervisor when these films were originally broadcast terrestrially "Life connects us all (nature falls apart if even one species of animal is lost)."

With these pillars as our concept, we present the natural state in which diverse lifeforms exist in complex interactions, communicating the importance of biodiversity. This "communication" is what we at TBS are able to do. We believe that informing as many people as possible about the environment, nature, and biodiversity though our YouTube channel will lead to a better future.



"Amazing Animals/WAKUWAKU" is streamed over YouTube. Rare footage of wild animals filmed all over the world over more than 40 years is being viewed by a wide age range in Japan, the U.S., and Asia.



#### **Honeybee Project**

Strategies for

Business

The Group started the Honeybee Project in 2011, in which we cultivate honevbees at TBS Broadcast Center. With this activity. TBS is contemplating biodiversity and coexistence with nature throughout the community, through activities such as beekeeping, honey collection, and interactive children's classes, together with the residents of Akasaka.

In FY2021, TBS partnered with the government to plant nectar source plants that honeybees like, in parks and elementary schools in the vicinity of TBS Broadcast Center. TBS honevbees fly among and pollinate the flowers in the area, helping them bear fruit.



Ratio of female managers at TBS TELEVISION, INC.\*

Organizing Workplace Environments Conducive to Work

### Creating a Workplace Where Colleagues Can All Thrive

#### Promoting "T-work," the TBS Way of Working

### Creating an Environment Where People with Diverse Values and Ideas Can Work Together

Beginning in April 2020, TBS has been promoting "T-work," a way of working unique to TBS in which people with diverse values and ideas can work in concord to create new value.

The "T" in T-work stands for TBS, Time management, and Telework. In addition to promoting telework as an environment in which employees who work while raising children can function, we are organizing an environment in which employees who may also have matters such as childrearing, caregiving, or medical conditions find it conducive to work, by installing our in-house Hanasakasu Nursery School. In addition, with an eye toward securing diversity in personnel, we are undertaking training programs at TBS

Group University (TGU), our in-house university, wherein employees may learn and put into practice a variety of values, such as LGBT, thereby fostering a climate in which diverse individuals are respected.





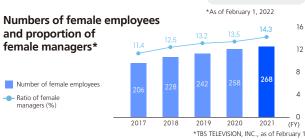
#### Diversity Policy Enrichment

#### Establishment of an Employment Environment in Which Diverse Human Resources, Including Women, Can Play an Active Role

TBS is promoting the appointment of female managers and has set a goal of increasing the ratio of female managers to 20% or more by FY2026. As part of this initiative, TBS TELEVISION, INC. is undertaking to improve what is a labor environment peculiar to the broadcasting industry, including late-night overtime. As of July 1, 2022, there were 21 women, in management positions such as line bureau chief, center chief, and line department head, which are responsible for core businesses, accounting for 15.1% of total company management.

We are also progressing with organizing environments in which diverse personnel may continue working even when confronted with various life events such as childrearing, caregiving, or medical conditions. We are carrying out career support training for employees of all ages, from youth to seniors, as well as family-friendly boss

training for management positions. With these initiatives, in cases of childbirth in FY2019, women took parental leave at a 100% rate, while men did so at a rate of 19.1%, a year-on-year increase.



#### Utilizing Shareholding Association to Enrich Employee Welfare

#### Participation Rate Nears 90% Through Incentives

Strategies for

Business

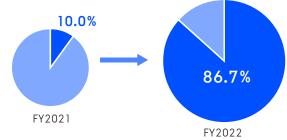
TBS has long supported employee asset formation through its employee shareholding association. With a campaign of new incentives on the occasion of the company's 70th anniversary, however, many employees who had not previously taken part decided to participate, raising the participation rate from 10% to nearly 90%.

As part of our employee welfare policy, the employee shareholding association program financially supports future designs of employees. In addition, owning shares of stock in one's own company fosters a sense of participation in the management of the company on the part of employees.

With employees united in achieving the targets of TBS Group VISION 2030, further improving the corporate value of the TBS Group, they can thereby live their respective life plans to the fullest.

**4,961** Number of TBS Employee Shareholding Association Participants

Participation rate of employees shareholding association



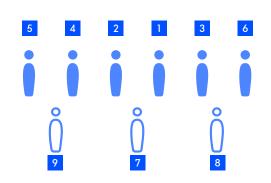
#### **Corporate Officers**

#### **Board of Directors Skills Matrix**

The skill set required for the Board of Directors of TBS HOLDINGS, INC. and the skills of each individual director are as follows. TBS has formulated TBS Group VISION 2030 (hereinafter the "VISION 2030"), and is carrying out a reformation from a media group to a content group.

This is a breakdown of the skills necessary to achieve such aspects of VISION 2030 as improving corporate value through enhancing broadcast value, executing the EDGE expansion strategy, resolving materialities (key issues), and ESG management.





No	Name	Present Position at	Attendance at	Nomination	Compensation	Corporate	Finance and	ESG	Legal and	Human Resources	Competitive Strategy	EDG	E Growth Strat	egies
No.	Name	TBS HOLDINGS, INC.	Board of Directors	Advisory Committee	Advisory Committee	Management	Accounting	ESG	Compliance	Management	Media Content Business	Digital Domain	Global Domain	Experience Domain
1	Shinji Takeda	Chairman & Board Director	13/13 (100%)			0					0			
2	Takashi Sasaki	President & Representative Director	13/13 (100%)	0	0	0					0			
3	Toshiaki Kawai	Representative Director	13/13 (100%)	0	0	0	0				0	0		
4	Tatsuo Sugai	Board Director	13/13 (100%)								0	0	0	0
5	Shoichi Watanabe	Board Director	13/13 (100%)								0	0		0
6	Masaya Chisaki	Board Director	13/13 (100%)	0	0			0	0	0	0			
7	Hitoshi Kashiwaki	Outside Director Independent Outside	13/13 (100%)	O	O	0							0	
8	Yosuke Yagi	Outside Director Independent Outside	13/13 (100%)	0	0	0				0			0	
9	Makoto Haruta	Outside Director Independent Outside	13/13 (100%)	0	0	0	0					0		0

Concentric circles signify chairman

#### Corporate Officers (as of June 29, 2022)

#### Board Directors



Chairman & Director, TBS TELEVISION, INC.

Director, StylingLife Holdings Inc.

June 2007

June 2018

21,384

54,345

Director, MBS Media Holdings, Inc.

Shinji Takeda Chairman & Board Director

Concurrent position Appointed as Director Number of shares held

> Concurrent position

Appointed as Director

Number of shares held



Takashi Sasaki President & Representative Director

President and Representative Director, TBS TELEVISION, INC.

-	June 2015
	50,069
_	

June 2014

39,295



Executive Vice President and Board Director, TBS TELEVISION, INC.



Senior Managing Director, TBS TELEVISION, INC.



Shoichi Watanabe

Performance and Corporate Data

Board Director

Managing Director, TBS TELEVISION, INC.

June 2018		
18,891		



Managing Director, TBS TELEVISION, INC.



Hitoshi Kashiwaki Independent Outside Director

Outside Director, ASICS Corporation Outside Director, Matsuya Co., Ltd. Outside Director, Kewpie Corporation



Yosuke Yagi Independent Outside Director

Representative Director, people first, Ltd. Director, ICMG Co., Ltd. Chairman and Director, IWNC Inc., Ltd. Auditor, GE Healthcare Japan Corporation



Makoto Haruta Independent Outside Director

June 2015

30,335

Representative Director and CEO, betaCatalyst Inc. Chairman and Director, ExaWizards Inc. Adviser, Money Forward, Inc. Director, Panasonic Corporation

#### June 2020

0

75

#### Corporate Auditors





Tomohiko Nishino

Standing Statutory Auditor

Tetsuya Ichikawa Standing Statutory Auditor



Teisuke Kitayama

Auditor

Advisor, Sumitomo Mitsui Banking Corporation



Mie Fujimoto

Auditor

Lawyer Partner (lawyer), TMI Associates



Somitsu Takehara

Auditor

Certified Public Accountant Director & Chairman, ZECOO Partners Inc.

Concurrent position

#### Executive Officers

Executive Officers	Senior Executive Officers of TBS Group	Executive Officers of TBS Group	Project Executive Officer
Ryujiro Abe	Mikio Kokubu	Keishi Takahashi	Kunio Tokui
Yasushi Gemba	Ken Sonoda	Takanari Mimura	
Jin Yokoi	Hideki Isano	Kazumo Inoue	
Shigetoshi Ida			
Mei Takeuchi			

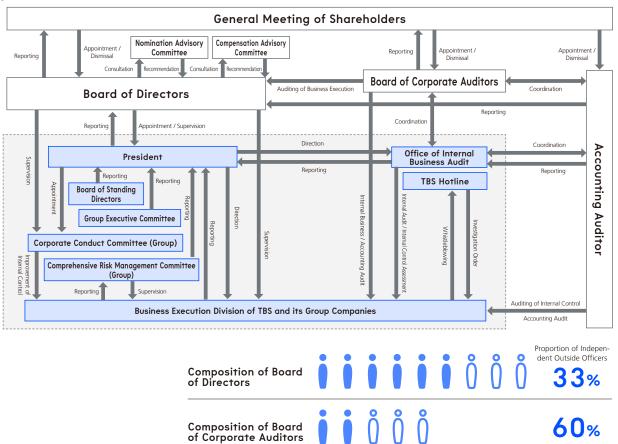
#### **Corporate Governance**

#### **Basic Corporate Governance Philosophy**

TBS has a responsibility to contribute to the market economy growth as a listed company. And at the same time, as a certified broadcasting holding company entrusted with radio waves, which are finite resources, having broadcasters under its umbrella, TBS is the company empowered with a high public mission. Our basic approach to corporate governance is to improve the management efficiency of the Group and maximize TBS's corporate value, while fulfilling the social responsibility as a certified broadcasting holding company.

#### **Corporate Organizational Description**

TBS employs a structure of governance by a Board of Directors and a Board of Corporate Auditors. Unless otherwise indicated, the Board of Directors of TBS meets monthly to carry out decisions regarding crucial administration of business matters and reporting of crucial matters. Additionally, TBS has appointed a Board of Standing Directors as a consultation organ for the president's decision-making and administration of business matters. This Board conducts deliberations concerning such matters as overall management administrative policy including group operations. As of this writing, the Board of Standing Directors is composed of Standing Directors and Executive Officers, and meets weekly unless otherwise indicated. The Board of Standing Directors further comprises subcommittees on such matters as budget and investment and lending, for expert consideration.



#### Corporate Governance Structure (as of June 29, 2022)

#### Initiatives for Improved Supervisory Functions of Board of Directors

In order to establish promptness, transparency, and fairness in decision-making, in June 2020 TBS changed the number of Directors on its Board of Directors from 17 to nine. In this way, the component distribution ratio of Independent Outside Directors on the Board of Directors rose to one-third or more.

For the Nomination and Compensation Advisory Committees, TBS changed and enhanced its policies in January 2021 such that, in addition to Outside Directors serving as Chairmen, Outside Directors would constitute half of these Committees overall.

TBS will improve the efficacy of its Corporate Governance going forward by clarifying the roles of the Supervisory and Administrative Organs.

#### **Diversity in Directors**

By choosing as the three TBS Outside Directors persons with extensive knowledge and experience, who all have experience in corporate management, and excel in such fields as finance and accounting and organizational human resources, TBS ensures diversity and multifacetedness.

Whereas no female Directors have been appointed as of this writing, TBS is making efforts such that gualified persons may be appointed. Pursuant to the stipulations of the Japanese Broadcast Act, foreigners are not eligible for appointment as Directors.

#### **Nomination Advisory Committee**

TBS has established a Nomination Advisory Committee which deliberates on the appointment and dismissal of Directors and the President and Representative Director. Outside Directors constitute half of the Committee. An Outside Director also serves as Chairman. Thus, the Committee's independence and objectivity are guaranteed.

The Committee debates the Representative Director succession plan and the mentoring of candidates for succession, and reports the results to the Board of Directors within the appropriate scope.

The Committee met three times in FY2021, as it did in FY2020. All members attended all meetings.

#### **Compensation Advisory Committee**

TBS has established a Compensation Advisory Committee which deliberates on the system and level of Director compensation. Outside Directors constitute half of the Committee. An Outside Director also serves as Chairman. Thus, the Committee's independence and objectivity are guaranteed.

Drawing on policies established by the Board of Directors, the Committee deliberates on the system and level of Director compensation from a standpoint of objectivity and fairness, and reports to the Board of Directors.

The Committee met four times in FY2021, compared with five times in FY2020. All members attended all meetings.

#### **Executive Officer System of TBS Group**

We have introduced the Group Executive Officer System for Group companies with the aim of expeditiously implementing management strategies, and improving the effectiveness of their business execution. Presidents and Representative Directors of six TBS Group companies were appointed as Executive Officers of TBS Group in FY2021.

The Group Executive Committee of TBS Group meets weekly, unless otherwise indicated. This Committee comprises Directors of TBS HOLDINGS, INC., Executive Officers responsible for the Group, and Executive Officers of TBS Group. It serves as a body for liaising and consulting among companies, in order to supplement the business execution of the President of TBS HOLDINGS. INC. This Committee has been incorporated as a part of the corporate governance system.

#### TBS Corporate Conduct Committee (Group)

Function: To achieve suitable and efficient business execution, and to maintain and increase corporate value as a corporate group Membership: TBS and TBS Group Directors and Outside **Committee Members** Jurisdiction: 1. Development, evaluation, and improvement of the internal control system 2. Establishment of corporate ethics 3. Risk management and the promotion of appropriate and effective business operations 4. Information disclosure system 5. Advising the Board of Directors for each Group company

Strategies for

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#### **Evaluation of Effectiveness of Board of Directors**

## Evaluation and Analysis of Effectiveness of Board of Directors

In order to improve sustainable corporate value and maximize collective shareholder profit, we at TBS recognize the importance of having the Board of Directors sufficiently fulfill its intended roles, as well as the importance of improving the Board's functions. To improve the effectiveness of the Board of Directors, the Board has been conducting self-evaluations since FY2015.

In FY2020, TBS carried out a change in the composition of the Board of Directors, increasing the number of its Independent Outside Directors. In order to obtain a more objective view with regard to the mechanism of the Board's effectiveness evaluations, surveys and personal interviews of each Director and Corporate Auditor were conducted with the assistance of Japan Board Review Co., Ltd. as a disinterested third party. The Board of Directors held discussions and conducted evaluations of effectiveness on the basis of this third party's report.



#### Outline of Effectiveness Evaluation and Future Concerns Raised Thereby

Outline of Evaluation	<ul> <li>From the results of the Board of Directors Effectiveness Evaluation, the following matters were identified:</li> <li>(1) Size and Composition of Board of Directors <ul> <li>The size, composition proportions, and membership of the Board were assessed as being generally appropriate.</li> </ul> </li> <li>(2) Operations of Board of Directors <ul> <li>Owing to changes in the composition of the Board of Directors, tensions have emerged in debates, leading to vital debates regarding the formulation of such pillars of management strategy as the TBS Group Medium-Term Management Plan 2023 and TBS Group VISION 2030.</li> <li>(3) Group Governance <ul> <li>By separating the composition of the Boards of Directors of TBS HOLDINGS, INC. and its core subsidiaries, as well as the restructuring of subsidiaries, systems have been put in place for effective supervision as TBS HOLDINGS, INC. of the TBS Group as a whole, for the purpose of achieving the TBS Group's medium- and long-term plans.</li> </ul> </li> </ul></li></ul>
Future Concerns	<ul> <li>On the basis of the present effectiveness evaluation, the Board of Directors recognizes the following as concerns to be dealt with going forward:</li> <li>(1) Ongoing Examination of Medium-Term Management Plan 2023 and VISION 2030 To respond to changes in business environment, hold debates regarding management resource allocation and financial strategies aimed at medium- to long-term business model conversion, and examine on an ongoing basis such matters as supervision of progress and follow-up of performance situations for TBS Group Medium-Term Management Plan 2023 and TBS Group VISION 2030. (2) Enrichment of Workings Underpinning Debate on Part of Board of Directors Devising reporting methods will be enriched such that the executive-side decision-making processes can be understood by Outside Officers, as will opportunities for information sharing and exchange of opinions among Outside Directors and Corporate Auditors. (3) Enhanced Group Risk Management By establishing systems in the course of group restructuring, Group Governance and Risk Management utilizing the Group Executive Committee and the Group Board of Corporate Auditors will be enhanced. (4) Roles of Nomination and Compensation Advisory Committees, and Board of Directors' Communication The Nomination and Compensation Advisory Committees, were assessed as generally functioning properly. With regard to the succession plans being investigated by these Advisory Committees, the Committees will proactively coordinate and share information with the Board of Directors.</li></ul>

Based on these findings, TBS will continue to improve the effectiveness of its Board of Directors.

Strategies for

Business

#### **Officers' Compensation**

#### Policies and Procedures Concerning Officers' Compensation

By resolution at the General Meeting of Shareholders on June 27, 2014, TBS has determined that the maximum total compensation for all Directors and Auditors respectively will not exceed ¥900 million annually (exclusive of salaries paid for Directors who are also employees), ¥100 million annually.

At the General Meeting of Shareholders on June 27, 2019, a restricted share-based remuneration system was introduced. It was determined that, for Directors other than Outside Directors, the maximum total compensation of the above amount for grants of restricted stocks will not exceed ¥180 million annually.

Basic Policy on remuneration for directors is established on the basis of reports from the Compensation Advisory Committee, which is an advisory body to the Board of Directors. The Compensation Advisory Committee deliberates on such aspects of Director Compensation as system, level, and constitution, based on the Basic Policy for Compensation by advisory to the Board of Directors, which decides on these factors on the basis of the Committee's Report.

Director compensation is composed of base compensation, performance-based compensation, and share-based remuneration. Outside Directors only receive base compensation, as they are independent of administration of business execution. Auditor compensation is determined through discussions by the auditors, within the total annual compensation limits.

#### Basic Policy for Officers' Compensation, Etc.

- Such compensation shall be the basis for securing and maintaining superior personnel and stable management for implementing improved corporate value and accomplishing our mission of public service;
- The compensation system shall focus on the shareholder viewpoint, and establish co-ownership of value between the officers and our shareholders; and
- The process of determining compensation shall be objective and highly transparent, in accordance with deliberations on the part of the Compensation Advisory Committee.

#### **Composition of Director Compensation**

ltem	Form of Payment	Outline
Base Compensation	Fixed, Cash	<b>Monthly Compensation (Monthly Pay)</b> Determined by taking into consideration for each Director such factors as position, strategic divisions that given directors are in charge of, and changes in business environment.
Performance-based Compensation	Variable, Cash	Annual Incentive Compensation With the aim of giving incentives for performance achievements per fiscal year, qualitative assessments are made of (i) the extent of achievement of numerical targets for consolidated operating profit, and (ii) achievement situations of strategic divisions that directors are var- iously responsible for.
Share-based Remuneration	Variable, Shares of Stock	<b>Long-Term Incentive Compensation</b> With the aim of giving incentives for improving medium- to long-term shareholder value and establishing co-ownership of value between the directors and shareholders, grants are made annually for restricted share-based remuneration (RS).

#### Cross-shareholdings

We are aware that, in order to maximize the profits that the TBS Group holds in common with its shareholders, it is incumbent upon us both to strive for improved corporate value and to fulfill our high public mission as a certified broadcasting holding company. From these standpoints, we hold shares of stock in corporations that, upon comprehensive consideration of such factors as cooperative relations, transactions, and business partnerships, we have determined to be necessary as part of our management strategy.

We sell off cross-shareholdings where we have determined, upon inquiry into recent business fiscal year-end conditions, that no significance can be found in holding thereof. On an annual basis, for individual cross-shareholdings, the Board of Directors comprehensively considers such factors as objectives for holding said shares, relational situations, and economic rationality, and examines the appropriateness of continuing to hold said shares.

As regards economic rationality, the Board of Directors examines benefits and risks associated with shareholdings with TBS Group capital costs as a reference.

In terms of exercise of voting rights, TBS Group scrutinizes the content of agenda items and exercises such rights judiciously, from a standpoint of whether such action will contribute to medium- to long-term improvement of corporate value, while also respecting the management policies of businesses in which we invest. However, in situations such as where there is reason to think that TBS Group's corporate value may be harmed or that there may be serious breaches of laws and ordinances, TBS Group will conduct sufficient dialogue with businesses in which we invest as necessary, including checking the aims of agenda items, and make decisions in a careful manner.

FY2021 Sales of Stock: ¥20.161 billion Eight brands, all or in part

## Overview of the "Policy for Responding to Takeover Attempts"

At a TBS Board of Directors meeting held on February 28, 2007, the Company formulated a "Policy for Responding to Takeover Attempts." At the Ordinary General Meeting of Shareholders held on June 28, 2007, this Policy and its continued application were approved through the approval of a majority of shareholders who were entitled to exercise their voting rights.

This policy was put in place in accordance with the Companies Act and other corporate laws and regulations, governmental guidelines issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and rules and regulations issued by the Tokyo Stock Exchange, and as a result of thorough consideration of the impact on shareholders' rights and their exercising, and the impact of Company shares on the market. As a publicly traded company, TBS Group has a responsibility to contribute to the development of the market economy, while at the same time, we believe we need to maintain both our public nature as a broadcasting station entrusted with a finite broadcast spectrum, and our autonomy, diversity, and independence in order to uphold our impartiality as a news organization.

An important feature of takeover defense measures is that as long as a purchasing group which has the intent to acquire shares representing 20% or more of the voting rights complies with the policy, a General Meeting of Shareholders shall in principle be held prior to the implementation of any takeover defense measures (measures to counter takeover bids), and shareholders will be entrusted with the decision as to whether or not to implement such measures. Thus, our objectives are to enable securing information and time sufficient for our shareholders to make pertinent decisions, and for TBS Group management team to make alternative proposals, carry out evaluations, investigations, negotiations, and other measures of such as proposals relating to large-scale takeover actions by purchasing groups.

Strategies for

Business

However, if the Special Committee for Corporate Value Evaluation, an advisory body independent of the Board of Directors, evaluates and examines the takeover proposal and recommends that the takeover defense measures not be exercised, then said countermeasures will not be implemented without waiting for the Ordinary General Meeting of Shareholders to be convened. We thus have plans in place to prevent these measures being used for management's own self-protection.

In May 2021, we enacted TBS Group VISION 2030, our decadal plan, and TBS Group Medium-Term Management Plan 2023, aimed at achieving VISION 2030, and we are executing an audacious management reformation aimed at generating medium- to long-term growth. We believe that it will take some time for these efforts to bear fruit and manifest as a reasonable share price, and for this reason, it is necessary that we maintain our present policy of response. In October 2021, we also had an exchange of opinions between our Outside Directors and our Outside Auditors concerning the maintaining of our present policy of response.

Following these processes, we resolved to maintain and update the present policy of response at the May 2022 meeting of the Board of Directors.

Details of the "Policy for Responding to Takeover Attempts" are available on the TBS company website.

Notice Regarding Renewal of Plan for Responding to Takeover Attempts

https://ssl4.eir-parts.net/doc/9401/ir\_material4/183129/00.pdf

#### **Compliance System**

As a core aspect of promoting compliance within the TBS Group, a Compliance Office has been established under the Compliance Division that can provide employees and staff with guidance as to how to prevent violations of laws and regulations, internal rules, ethics, and harassment. In the event there is a problem with compliance, the department in charge works in collaboration with the Division of Human Resources and Labor, seeking advice from outside lawyers if necessary to promptly investigate the problem. There is in place a system to take measures as appropriate, including internal disciplinary action, investigation of causes, and formulation of measures to prevent recurrence.

#### **Internal Reporting Systems**

The TBS Hotline has been established in order to purge any sort of fraudulent activity on the part of the TBS Group. This can be used by not only employees and staff of the TBS Group, but also former employees and business partners to report any wrongdoing that they may become aware of. Whistleblower confidentiality is maintained, and they may not be subject to any disadvantageous treatment whatsoever. Points of contact are set up within the company, and also at an external lawyer's office.

Furthermore, separate from the TBS Hotline, the Personnel Department has set up a Harassment Desk which can respond to inquiries at any time regarding sexual harassment and power harassment. If instances of harassment are found, then action will be taken in accordance with employment regulations.

#### **Program Improvement Initiatives**

TBS strives for program improvement while correspondingly applying the TBS Broadcasting Standards, which TBS independently enacted when it first went on the air in 1951 and revises as occasion demands, and the broadcasting standards of the Japan Commercial Broadcasters Association.

We have drafted the TBS TELEVISION, INC. Citizens' Protection Operating Plan, with the objective of protecting citizens in the event that Japan faces armed aggression or other threat by information propagation of the issuance and cancelation of warnings and evacuation notices, and effect propriety in program production with our Policy on Rejection of Anti-Social Forces.

The Program Council that we are required by the Broadcast Act to establish makes reports and gives opinions in response to TBS consultation, and TBS takes necessary steps in respect thereof.

We also air TBS Review, an examination program that serves as a point of contact between TBS and our viewers, twice monthly, in the morning on the second and fourth Sunday of the month. Here, we take on and examine a broad range of problems facing TBS and broadcasting as a whole.

Strategies for

Business

Regarding program production outsourcing transactions between TBS and outside production companies, we treat such firms at all times as partners on equal footing, upholding broadcast culture as set down in our Independent Standards Pertaining to Program Production Outsourcing Transactions. In this way, we have a basic attitude of maintaining and cultivating close mutual cooperative relations and proactively furthering transactions in which fairness and transparency are assured.

Regarding the Broadcasting Ethics and Program Improvement Organization (BPO), which The Japan Commercial Broadcasters Association and Japan Broadcasting Corporation (NHK) launched with the objective of contributing to accurate broadcasts and improved broadcasting ethics, given the significance of fairness and social impact in the broadcasting business, TBS Group responds to complaints about broadcasts and problems of broadcasting ethics from an autonomous, independent third-party stance, to protect the basic human rights of viewers while ensuring freedom of speech and expression.

#### **TBS Group Code of Conduct**

Providing Content, Information, and Services That Enrich the Mind — Pledge to Our Customers

#### Offer wonderful moments to each and every person

We will continually strive to be inventive and go beyond time and place to provide high quality, captivating content, events, products, and services that enrich the mind.

#### Communication of fair, just and accurate

We will honor the freedom of expression, strive to disseminate fair, just and accurate information, and fulfill our mission as a media organization.

## Respect for feedback from viewers, listeners, and customers

We will listen closely to feedback from viewers, listeners, and customers and continually provide a worthwhile time to ever more people. Respecting Diverse Values and Striving to Make a Positive Contribution to Society – Pledge to Society

#### Respect for human rights and diversity

We uphold human rights, respect diverse values, and reject all forms of discrimination and prejudice.

#### Philanthropy and environmental preservation

We value our bonds with society and harmony with nature, and will work together with a sustainable society to build a better environment.

#### Legal compliance

As a member of a media group, we have a strong sense of ethics, uphold laws and social norms, respect all faiths, and conduct ourselves with fairness and transparency.

Aiming to Realize Our Philosophy with a Free Spirit — Pledge to Our Staff

#### Development of outstanding talents

We develop outstanding talents that have a powerful sensitivity and the capacity to build the future. Accepting of diverse working styles, we will continue trying new things with a view to the future in the world.

#### Building uninhibited workplaces

Because people accepting each other with a free spirit are important to us, we build workplaces where everyone can develop their creativity to the fullest.

#### As a member of the Group

In recognition of ourselves as a member of the TBS Group, and towards the realization of our corporate philosophy, we seek to work with all staff to make ourselves a media group second to none.

April 1, 2020

Strategies for

Business

#### Information Security and Protection of Personal Information

One key pillar of our EDGE expansion strategy is expanding into the digital field through enhanced content streaming to a diverse range of devices and cultivation of digital content. With advances in data-driven content streaming utilizing user data and content production utilizing digital technologies come increased risk of cyberattacks and leaks of personal information. In response to these heightened risks, TBS is undertaking to strengthen its information security and personal information protection systems.

#### **Information Security**

As cyberattacks become more sophisticated and skillful, cyber security becomes an extremely important element of modern broadcasting infrastructure. TBS has joined ICT Information Sharing And Analysis Center Japan (ICT-ISAC), a general incorporated association composed of such firms as communications houses and broadcasters, and strives to ensure cyber security in broadcasting infrastructure in accordance with ICT-ISAC guidelines.

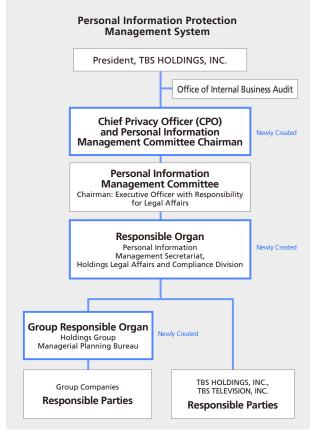
As an independent initiative, TBS founded TBS CSIRT, an organization dedicated to security, which is enacting various security measures.

#### **Protection of Personal Information**

With the Revised Act on the Protection of Personal Information taking effect in April 2022 and awareness of rights regarding personal information rising all the time, in order to promote a balance between the protection and use of personal information, and to respond to risks associated with increased data flows between Japan and the outside world, TBS is enhancing its management systems, from its pre-existing broadcasting business-centric management systems to managing legal restrictions concerning privacy protections online.

As part of these efforts, we have revamped our management systems with a Personal Information Management Committee, and newly appointed a Chief Privacy Officer (CPO) with responsibility for these matters. We have also established an internal control system and built a Personal Information Management Secretariat, functioning as a standing organization with responsibility for practical operations.

We have further compiled the handling rules across all the primary companies of the TBS Group and enacted Personal Information Handling Regulations which encompass the Group as a whole. By establishing systems allowing appropriate personal information management on the basis of uniform standards for the entire Group, we will strive for proper protection with regard to the handling of personal information.



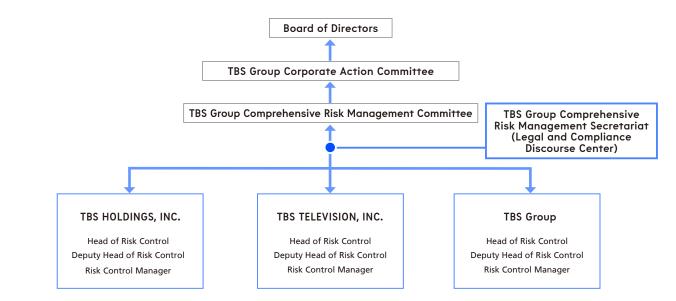
#### **Risk Management Systems**

In order to establish and promote the internal control system within the TBS Group, the Company has established the TBS Group Corporate Action Committee chaired by the President to achieve appropriate and efficient business execution and to maintain and increase corporate value as a corporate group. The committee comprises the directors of the Company and the Group, as well as outside committee members (lawyers), and this is responsible for the following matters.

- 1. Development, evaluation, and improvement of the internal control system
- 2. Establishment of corporate ethics
- 3. Risk management and the promotion of appropriate and effective business operations
- 4. Information disclosure system
- 5. Advising the Board of Directors for each Group company

Specific methods for risk management are overseen and promoted by the TBS Group Integrated Risk Management Committee which has been established as a subcommittee supervised by the TBS Group Corporate Action Committee. The Integrated Risk Management Committee in principle meets semiannually in April and November, and receives reports regarding risk management for that period.





#### **Specific Methods for Risk Management**

This committee identifies individual potential risks reported from TBS HOLDINGS, INC. and Group companies and aggregates these based upon their degree of impact and their frequency with which these materialize. As well as working to visualize risks, if a risk materializes, this makes efforts to control the risk by analyzing why this happened and putting in place improvement measures within each department to prevent its recurrence. Through the steady application of these efforts, the Group as a whole properly addresses these risks, thus hoping to become an organization trusted by customers, stakeholders, society, and our employees.

Performance and

Corporate Data

#### **Risks for the Media Content Business**

Dependence on advertising revenue from terrestrial television broadcasting and domestic economic fluctuations

Revenue from terrestrial television broadcasting is closely linked to advertiser performance and the psychology of the consumers who buy from advertisers. Furthermore, advertisers are taking the opportunity afforded them by the COVID-19 pandemic to accelerate their moves to shift from fixed ad spending (i.e., program sponsorship with half-year contracts) to variable ad spending (i.e., one-off sponsorship for a particular or special program and spot ad). Advertisers have also been making a greater shift to digital since online advertising revenue first exceeded advertising revenue from terrestrial television broadcasting in 2019.

TBS Responses

- Terrestrial TV's strengths are its broad reach and its solid cost-performance. As we catch our breath in the midst of the COVID-19 pandemic, the value of TV is being re-evaluated and is rapidly recovering.
- We are proceeding with a review of advertising value through utilization of audience data, and are undertaking both a qualitative (i.e., unit price) increase and a quantitative (i.e., commercial placement amount) expansion of TV commercial placement.

Consumption trends continue to be unclear and social uncertainty persistent on the basis of post-COVID-19 declarations. It is also impossible to estimate the impact on the Japanese economy of such factors as the political uncertainty caused by the Russian invasion of Ukraine, rising fuel prices, grain shortages, supply chain instabilities, and sharply rising inflation in the U.S. It is thus probable that individual consumption will decline and the advertising market will shrink.



To respond to such environmental changes, we are responding to more fine-grained sponsor requirements by carrying out product development of what we call Smart Ad Sales, or SAS, in which dates and positions can be designated starting with a single commercial, allowing more flexible commercial placement. We are also forging new relations with corporations, such as carrying out SDGs Week, in which we work in unison with corporate partners in fomenting such as social awareness of SDGs.

#### 2 Intermedia competition and content acquisition

The forecast for TV and other audio-video propagation media is that there will be diversification therein, such as progress in mass adoption of online streaming in addition to terrestrial, satellite (BS and CS), and cable, leading to an ever more intense scramble over so-called "disposable time." Conversely, as demand for content increases and streaming platforms mature, the scope for revenue will grow sustainably.

In addition to promoting our TVer free streaming service and our subscription streaming service Paravi which is operated by Premium Platform Japan, Inc., which we started in partnership with such firms as TV TOKYO Holdings Corporation, we are also proactively providing content to such major platforms as NETFLIX and Disney+. Large viewers are present at these diverse outlets, and we will pursue maximizing our reach by corralling these people's time. We will also accelerate the speed of our investment in content itself.

TBS Response Performance and

Corporate Data

#### **3** Copyrights and other intellectual property rights

When deploying multi-use content, TBS Group does so with due regard for the rights of various copyright holders, etc. In cases where permission cannot be obtained from rights holders, or if by some mischance inappropriate action has been taken with regard to copyright holders, etc., it is possible that TBS Group business results and financial position may be affected by such measures as broadcast bans and litigation for damages.

#### 4 Capital expenditures

Turning to the core infrastructure that underpins the TBS broadcasting and streaming businesses, we are transitioning from conventional limited-use purpose-built devices to standard general-application equipment. In the course of so doing, there is a possibility of business process interruption, etc., resulting from loss of important data or unforeseen faults in developed software.

There is also a possibility that such matters as unforeseen cost increases in large-scale software development or significant delays or discontinuances in crucial and essential system development will have an impact on business continuity.

#### **5** Technology, systems, and security

The speed of technological innovation and changes in consumer demand are very rapid, and should supplementary investment over and above what initial plans call for become necessary, such as when technologies and systems that have been invested in and developed become obsolete faster than initially forecast, and when either greater revenue or business process efficiency in line with the amount of investment cannot be expected, there is a possibility that TBS Group business results and financial position may be affected, such as impairment losses on non-current assets and increase in depreciation, etc.



We are intentionally enriching human resources, including bringing personnel into important fields and securing ICT-related personnel. In conjunction, we are working on technological innovations such as promoting greater business process efficiency in our production and management divisions. There are risks of system damage due to cyberterrorism or leaks of personal or confidential information due to ransomware as all business processes proceed with Internet connectivity and moving into the Cloud.

Strategies for

Business

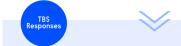


TBS Group is enhancing TBS CSIRT, its dedicated security response team, and undertaking a variety of security countermeasures. While we are undertaking responses such as taking out cyber security insurance against the worst-case scenario, there is a possibility that TBS Group business results and financial position may be affected depending on scale.

#### Lifestyle Business Risks

#### **6** Consumer lifestyle changes and cost structures

Turning to our Lifestyle Business, as COVID-19 becomes a longterm condition, there is a possibility of opportunities to gain revenue may be lost due to such factors as reduced customer flow due to store closings, business hours being shortened, or constraints on movements of people, as well loss of inbound demand or supply chain instability or disruption, thus affecting TBS Group business results and financial position.



Home shopping and streaming businesses expanded significantly due to demand by people staying home due to COVID-19. Whereas we anticipated that recovery from the COVID-19 pandemic would take a significant amount of time, many industries have adapted more rapidly than forecast.

#### Real Estate and Other Business Risks

#### 7 Real estate and lease market

We forecast reductions and closings of office space due to falling revenue by corporate tenants and changing work situations such as telework due to the effects of COVID-19.

### TBS Responses

There is a consumer trend of shifting from consumption of things to consumption of experiences, in which consumers are finding value in the experiences that can be obtained with the purchase of goods and services. In response to this phenomenon, we at TBS Group have established Realty Strategy Bureau which carries out investigations into efficacious utilization in addition to conventional real estate management.

#### 8 Investment securities market price evaluations

Strategies for

Business

While changes in market price values of investment securities do not directly affect cash flow, there is a possibility that indices indicating business results and financial position may be affected. In addition, investment securities holdings are evaluated appropriately at the end of the consolidated fiscal year, and business results and financial position may be affected by such factors as impairment losses.

#### 9 Handling of personal information, etc.

TBS Group uses and retains data of various types in in-house databases and external Cloud services. Turning to handling of personal and other information, while we attend closely and implement sophisticated security countermeasures, there is a possibility that TBS Group business results and financial position may be affected by damaged confidence in and liability for damages by TBS Group in the worst-case event of such as leaks, hacks, or misappropriation of personal information, or information leaks or system damage caused by ransomware.

#### 10 Impact of legal regulations

TBS is regulated by the Japanese Broadcast Act and related laws and ordinances as a Certified Broadcasting Holding Company as stipulated by the Japanese Broadcast Act. Additionally, the television broadcast business is regulated by the Radio Act, the Broadcast Act, and other laws and regulations.

Under the Japanese Broadcast Act, a company may refuse to enter or record any foreigners, etc., as stipulated by the Act, in the shareholders' register if they will comprise, either directly or indirectly, one-fifth or more of the company's voting rights. In addition, pursuant to the stipulations of the Japanese Broadcast Act and the enforcement regulations thereof, should the total proportion of shares of TBS stock either held or perceived to be held by a single party exceed 33% of the voting rights of all TBS shareholders, said party shall be considered to have no voting rights in excess of said 33%.

#### **11** Impact of the COVID-19 pandemic

The TBS Group Media Content Business segment is experiencing increased sales and profit as TV advertising market conditions recover, while our Lifestyle Business segment is likewise experiencing increased sales and profit as our stores see increased customer flows, as the strict constraints of COVID-19 are gradually being eased. We recognize, however, that there are significant risks in terms of business execution due to the impact of COVID-19.



- Money usage in production processes is changing with the renovation of program presentation. Having been afforded an opportunity to eliminate waste from established customs, we are in the process of establishing a sustainable cost control structure.
- While there are limits on the number of attendees at live entertainment events such as theatrical plays or concerts, our live streaming business has been developed and adopted anew, contributing to increased profitability ratios. As live streaming allows sales above and beyond hall capacities, we are also successfully securing repeat audiences.
- We are taking steps regarding live streaming content, such as profiting on differences in ticket prices through the number and positions of cameras, and providing multiple products from a single piece of content, thereby promoting diversification of revenue streams.

#### **12** Impact of climate change and disasters

Strategies for

Business

In the event of an actual or potential disaster, broadcasters are obligated under the Japanese Broadcast Act to conduct broadcasts for the prevention or mitigation of damages from such disasters. TBS's revenues may experience decrease owing chiefly to suspension of airing of previously scheduled commercials by broadcasting special emergency news report programs in the event of major disasters, etc., amid concerns for impact of climate change.



 TBS also endorses TCFD recommendations, and as of this writing is proceeding with analyses of risks and opportunities that climate change affords our business.

#### Dialogue Session between Chairman and Outside Board Directors

## Sound and Active Discussions Facilitate Speedy Reforms to Achieve the VISION 2030 and the MTMP 2023

Shinji Takeda, Chairman & Board Director of TBS HOLDINGS, INC. exchanged opinions with outside directors Mr. Kashiwaki, Mr. Yagi, and Mr. Haruta about their views on the progress of the TBS Group VISION 2030 and the MTMP 2023 in the past year since their release, as well as changes in TBS Group and TBS Board of Directors.



#### Review of the past year

Determine the company's general direction to discuss how to increase corporate value

Takeda: One year has passed since the VISION 2030 and the Medium-Term Management Plan 2023 (hereinafter the "MTMP 2023") →P.14, P.15 were created. What is your opinion of the Board of Directors over the past year?

Kashiwaki: I believe that our role as outside directors is to review

the internal situation from an objective perspective and point out issues. Something I learned through discussions on the VISION 2030 and the MTMP 2023 is that everyone in the company is very diligently monitoring the progress of the plans. They take to heart our suggestions and opinions about the situation.

The next step will be to stimulate board discussions. Especially when you start something completely new like this VISION, our views from completely different perspectives will help you deepen discussions and make more interesting developments. Haruta: I feel that our Board of Directors has a sound atmosphere where members can express their opinions comfortably. The great success in 2021 was that we were able to have discussions to determine the company's general direction, such as a long-term perspective on VISION 2030, MTMP 2023, and countermeasures against COVID-19.

Strategies for

Business

Sustainability

The challenge for this year is how much we can deepen those discussions. I am particularly concerned about how everyone in the company is thinking about stock prices  $\rightarrow$  P.103. There should be a discussion about how to improve corporate value.

Yagi: I think that continuously asking, "How does this initiative relate to the VISION?" has helped keep the goals in mind more vividly. Once you have declared the VISION 2030 and the MTMP 2023, I expect you to take action to achieve them. I have seen the internal governance and operations becoming more integrated thanks to our comments from external perspectives.

Takeda: We are accelerating various activities to implement our EDGE strategy, including the establishment of a new company and the construction of a new studio. →P.18 The long-running stage production *Harry Potter and the Cursed Child* will start as a part of Akasaka Entertainment City Plan. →P.19 Identifying and publishing our materialities →P.21 is also a part of our EDGE strategy. During the past year, we have been working as the entire group together to materialize our strategy and plan we set last year. We are still on our way.

Performance and Corporate Data

#### What should be done for business innovation

Listen to opinions from outside the company to try out opportunities for innovation and promptly achieve good results

Takeda: Questions from you, the three outside directors, have strongly stimulated us to start various discussions centered on the VISION 2030.

Kashiwaki: To further deepen the discussions, I think it would be OK if internal directors could get involved more in departments other than their own. They may assume that they should refrain from speaking out about other departments. However, don't you think there should be an atmosphere in which anyone can speak freely? Yagi: To that end, I think outside directors can sometimes be an "opponent party" to those in the company. Conflicts of opinion may generate new ideas. There is no need to fight, but I would rather enjoy discussions without hesitation.

When you make an innovation, it is important to set a target date by which you will have made the change.



Kashiwaki: There have been some good changes in terms of setting goals. In recent years, TBS has become more conscious of numerical aspects of management. As we, outside directors, have been saying to you, "It is better to provide such-and-such numerical data," your executives' mindsets have changed significantly.

The next step is to utilize such numbers as information that benefits the shareholders rather than keep them for managerial use. That will benefit the company as well. By communicating improvements, you will have a more meaningful conversation with investors.

In addition, while the declaration of the VISION and the Medium-Term Management Plan is a significant step forward, it would be good to see you more proactively trying out something you have never done before. If you don't succeed, you will be criticized and have to pay for it. Nevertheless, you can look for another way by analyzing the process and building on it. The shareholders must also have high expectations for the company. **Haruta:** When you say, "We will raise the stock price," "This is the company we are aiming for," you must be prepared to make it happen. I think you have to promote yourself more. In other words, you lack a culture of making a confident statement.

Yagi: It is not easy to be number one, but I would like to see you more willing to take on challenges.

Takeda: I believe that the current stock price shows investors' assumption that the broadcasting industry will not change even amidst rapid changes. What should we do to make the stock price reflect our VISION 2030's determination to be one step ahead? We must develop the ability to break through this problem. I believe we must work to help not only the current management team, but



also help the next generation of TBS executives to gain that ability.

Strategies for

Business

So far we have been talking about our challenges. Now, what are TBS's strengths that we should keep developing to increase corporate value?

Yagi: Psychological safety is crucial to foster a spirit for a challenge, and TBS has a sincere attitude toward solving any problem. I believe this assures a sense of safety with which anyone can speak frankly.

Haruta: Management's strong will for change. That is what employees keenly observe. They recognize that the company is trying to change. This is what differentiates you from other companies. TBS has such a top management, internal directors, and outside directors like us, working together to create a medium-term plan. I see that your willingness to take on challenges has been increasing gradually.

In this context, however, you must deliver good results. Good results inspire you with confidence. You should share them within the company, and publish them outside the company. Observing your current situation, I still feel as if you are satisfied with your slow steps. An organization must not accept that innovations take time. You must change that mindset, and your organization will become sounder.

Performance and Corporate Data



#### Human capital strategy

Maximize TBS value by utilizing new forces and outside forces

**Takeda:** In recent years, we have been focusing on recruiting qualified people for career positions  $\rightarrow$  **P.37**. As outside directors, how do you view our human capital strategy?

Kashiwaki: TBS's strength lies in its ability to create good things and carry through what it has set out to do. These are made possible by its human resources. Another advantage is its culture of openness and no secrecy. Such ambiance allows employees to show their talent easily. Indeed, I also appreciate that you have been promoting women and young people.

At the same time, I would like every employee to envision their own careers beyond the boundary of TBS. If they are only concerned about success within the TBS framework, they will not change the way of working they have been used to. You need to increase the number of employees who even plan to "take advantage of TBS" for their career advancement. To do so, you must utilize new and outside forces. It is also important for employees themselves to consciously break away from the conventional way of working. I expect that each employee's further growth will create a culture to produce good content on a sustainable basis.

Yagi: Talking about diversity, it is essential to consider it not as a part of CSR, but of management strategy. It is important that the company be invigorated by the diversity of ideas. I believe that the more diverse a company is, the sounder it is. It means that the company listens to different opinions. To implement that strategy, you have to set numerical targets.

I find that your in-house university, TBS Group University (TGU) **P.37** is a very good initiative. I sense your strong will to break down barriers within the company, such as "I am from the news department," and "I am from the sales department," and to train employees to think about the growth of TBS through TGU. **Kashiwaki:** TBS has been getting an increasing number of opportunities to take on challenges. For such opportunities, I believe it will be better to use young people more without minding the existing hierarchy. If there are more opportunities to use young employees, others will be motivated to work harder as well.

Takeda: As I mentioned before, we have been focusing on recruiting qualified people for career positions. In fiscal 2021 we hired more than 20 mid-careers, compared to about 30 newly graduates.

Yagi: Understanding the essential significance of mid-career recruitment is vital. The quintessence of mid-career recruitment is how to instill the competition principle into an organization that has been developing "harmony" over many years, by adding people from the outside. Nevertheless, competition must not demotivate those not selected. To avoid that, employees need to understand they are in a completely different system from the previous one. And to encourage employees to engage in friendly competition, the company should develop the ability to be number one. This will increase the number of employees who say, "I joined this company to be number one." This will lead to a virtuous cycle.

Strategies for

Business

Takeda: I am proud to say that over the past year, we have been transforming ourselves and accelerating new businesses. On the other hand, you reminded me today that we must not forget we still have many areas to improve in, such as the spirit for a challenge, prompt response, and a culture of friendly competition. We look forward to continuing to receive stimulating questions and advice from all three of you.

Thank you very much for today's talk.



# Performance

## ONC

## porote

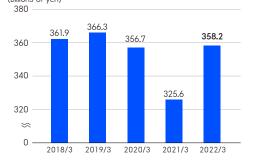
#### Analysis of Financial Position and Business Results (MD&A)

#### [Business Results]

#### **Performance Highlights**

The Japanese economy in FY2021 showed some signs of recovery as the harsh conditions resulting from the spread of COVID-19 were eased. Turning to future prospects, as efforts to stop the spread of COVID-19 are redoubled and socioeconomic activity returns to normal, we see the results of our various initiatives as well as improvement in the global economy, which give reason for optimism that the economic climate is recovering. Against these factors, given the uncertainty arising chiefly from the situation in Ukraine, it will be necessary to closely monitor the risk of a downturn that may be caused by such factors as rising costs of raw

Ukraine, it will be necessary to closely monitor the risk o ownturn that may be caused by such factors as rising costs of r Figure 1 Net sales



materials, financial capital market fluctuations, and supply-side constraints. It is also incumbent upon us to pay close attention to the impact of COVID-19.

The TV advertising market is recovering in many business sectors, with spot advertising expenditures in the Kanto Region up 19% year on year.

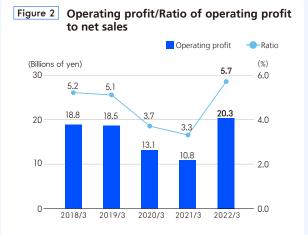
Given these conditions, consolidated **net sales** Figure 1 for the TBS Group in FY2021 stood at ¥358.269 billion, an increase of 10.0% year on year, owing to a significant increase in time (program sponsorship) and spot advertising revenue.

Owing to such factors as program production costs, chiefly the airing of the Tokyo Olympic and Paralympic Games, as well as increased advertising agency commissions, operating expenses (sum of cost of sales and selling, general and administrative expenses) stood at ¥337.923 billion, an increase of 7.3% year on year.

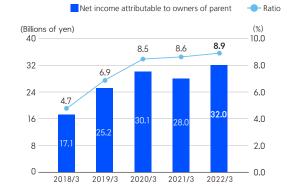
Strategies for

Business

As a result, **operating profit** [Figure 2] reached ¥20.346 billion (up 87.7% year on year). Ordinary income totaled ¥30.707 billion (up 59.7% year on year), mainly due to a decrease of dividends received, and **net income attributable to owners of parent** [Figure 3] totaled ¥32.008 billion (up 14.0% year on year), mainly due to a gain on sales of investment securities as extraordinary income.



#### Figure 3 Net income attributable to owners of parent/ Ratio of net income to net sales



#### [Performance by Segment] Media Content Business Segment

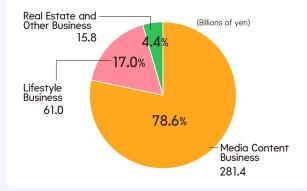
The Media Content Business segment reported **net sales** Figure 4 of ¥281.414 billion (up 10.9% year on year) and operating profit of ¥10.933 billion (up 279.5% year on year) in FY2021.

Net sales in the Television division of TBS TELEVISION, INC. for FY2021 increased ¥24.469 billion to ¥192.616 billion (up 14.6% year on year). Of these, time (program sponsorship) advertising revenue totaled ¥81.831 billion (up 4.3% year on year), spot advertising revenue totaled ¥84.559 billion (up 21.0% year on year), and content sales revenue, which advertising revenue earned through domestic broadcast syndication and free video streaming, totaled ¥20.981 billion (up 32.2% year on year). Time advertising revenue increased due to such positive influences as large one-off events such as the Tokyo Olympic and Paralympic Games and New Year's sales, as well as activities such as the "Week to Make the Earth Smile" campaign for SDGs. Spot advertising revenue improved significantly, due largely to a 19.0% year-onyear increase in Kanto Region spot advertising expenditures on the part of advertisers. The five-station share stood at 20.1%, up 0.4 point year on year, with particular growth in O4 of 0.7 point approaching year's end. Despite reduced demand in the year-ago period from domestic program sales activity on the part of people staying at home, content sales revenue was up significantly owing to satisfactory performance in free and subscription streaming, primarily of dramas.

Net sales in Live Entertainment and Media Business division of TBS TELEVISION, INC. for FY2021 increased ¥3.378 billion to ¥21.82 billion (up 18.3% year on year).

In entertainment, various productions premiered, including "Standing Ovation," "Stars On Ice: Japan Tour 2021," and the stage show "Touken Ranbu the Stage." These, together with the special Van Gogh exhibit "Collecting Van Gogh: Helene Kröller-Müller's Passion for Vincent's Art," generated increased revenues through their respective successes. In the film business, "99.9 Criminal Lawyer THE MOVIE" was a hit, generating increased revenues. In anime, earnings from overseas sales of "The Quintessential Quintuplets" and "Platinum End" also contributed to increased revenues. Our overseas business declined, despite format sales such as "SASUKE/Ninja Warrior" trending toward recovery. While the CS segment of our media business was successful, chief-

Share of consolidated net sales by segment (FY2021)



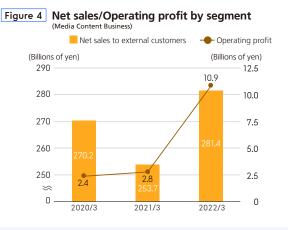
ly through improved allocations, the transfer of control of the subscription streaming business to the Television division resulted in reduced revenues overall. Merchandising Center revenues were down due to reduced demand by people staying at home in the year-ago period.

Strategies for

Business

Net sales for TBS RADIO, Inc. in FY2021 increased ¥250 million to ¥8.743 billion (up 3.0% year on year) on continuing solid time advertising sales.

Time advertising sales at BS-TBS, INC. offset a shortfall in regular sales with one-off special event sales including the Olympics and volleyball tournaments, resulting in increased revenues overall. Buoyed by home shopping sponsors, spot sales and shopping



showed significant growth of ¥1.049 billion to ¥16.424 billion (up 6.8% year on year).

TBS GLOWDIA, Inc. showed a revenue shortfall of ¥4.917 billion to ¥27.539 billion (down 15.1% year on year), owing chiefly to the shopping division experiencing reduced demand by people staying at home and reduced demand for DVDs that had been hits in the previous year.

NICHION, INC. showed a shortfall of ¥1.651 billion to ¥8.384 billion (down 16.5% year on year) owing to falling revenues on Western music.

TC Entertainment Incorporated showed a shortfall of ¥178 million to ¥8.182 billion (down 2.1% year on year), owing to reduced demand for DVDs that had been hits in the previous year.

Turning to expenses, these increased due in part to higher production costs owing to renewed production of regular programming as well as sporting specials, as well as restarting of events, concerts and stage performances by the TBS TELEVISION, INC. business division. Advertising agency commissions have also increased as the revenues of the Television division of TBS TELEVISION, INC. have increased.

As a result, **operating profit** in the segment increased ¥8.052 billion to ¥10.933 billion (up 279.5% year on year).

#### Lifestyle Business Segment

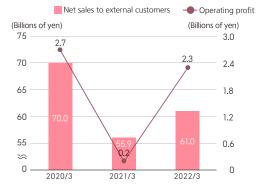
The Lifestyle Business segment reported **net sales** Figure 5 of ¥61.023 billion (up 9.0% year on year) and **operating profit** of ¥2.362 billion (up 740.5% year on year) in FY2021.

Turning to the StylingLife Group, while PLAZASTYLE COMPANY, the core general merchandise retail sales business of this group, was compelled either to operate under reduced business hours or close stores entirely due to the government's state of emergency declaration, the state of emergency was lifted in October, resulting in increased customer traffic, which combined with solid sales of seasonal gifts to deliver growth in both revenues and profits.

Following the trend of increased demand by people staying home, LightUp Shopping Club Inc., our mail-order business, added more customers and increased customer unit prices, resulting in both increased revenues and profits.

Turning to our beauty and wellness business, while BCL COMPANY, which develops, manufactures, and markets cosmetics, is strug-





gling in the global market, its domestic Japanese business has been on a recovery trend and steadily improved its performance both in self-service and BCL Company retail stores since the state of emergency was lifted. Also, CP Cosmetics Inc. has maintained solid support in home care sets and supplements. In this way, this business has produced both increased revenues and profits overall.

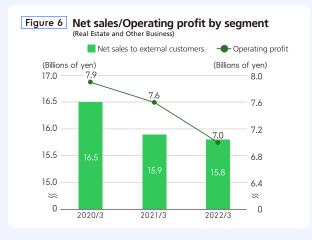
Strategies for

Business

#### Real Estate and Other Business Segment

The Real Estate and Other Business segment reported **net sales** Figure 6 of ¥15.831 billion (down 0.6% year on year), and **operating profit** of ¥7.062 billion (down 8.0% year on year) in FY2021.

Revenues remained solid even while declining. In terms of expenses, profits declined owing to increased repair costs.

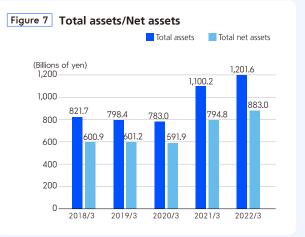


nd Message from the Head of The Finance Strategy

#### [Financial Position]

Total assets Figure 7 at the end of FY2021 stood at ¥1,201.632 billion, an increase of ¥101.408 billion compared to the end of FY2020. Cash and deposits declined ¥17.354 billion, owing chiefly to corporate tax and other payments, as well as dividends and acquisitions of property, plant and equipment. Conversely, notes receivable, accounts receivable, and contract assets rose ¥23.680 billion compared to notes receivable and accounts receivable at the end of FY2020, and investment securities rose ¥80.511 billion owing primarily to unrealized gains on shares held, also year on year.

**Total liabilities** stood at ¥318.629 billion, an increase of ¥13.291 billion compared to the end of FY2020. Factors involved



include income taxes payable having declined by ¥11.759 billion, while deferred tax liabilities increased by ¥25.335 billion due to an increase in the fair value of shares held, and accounts payable increased by ¥1.238 billion.

**Total net assets** stood at ¥883.002 billion, an increase of ¥88.117 billion compared to the end of FY2020. Factors were that retained earnings increased by ¥29.095 billion because of the recording of net income attributable to owners of parent and payment of dividends as well as valuation difference on available-for-sale securities increased by ¥57.875 billion.

As a result, the **equity ratio** Figure 8 reached 72.3%, and net assets per share equaled ¥5,087.12.

#### [Cash Flows]

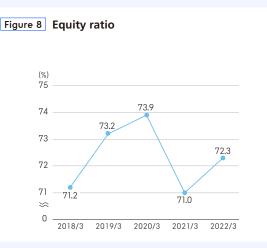
Cash and cash equivalents at the end of FY2021 totaled ¥98.707 billion, a decrease of ¥17.354 billion compared to the end of FY2020. Each cash flow and their factors were as follows:

Strategies for

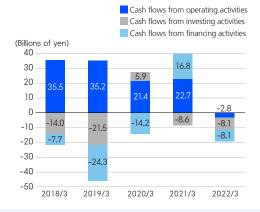
Business

#### Cash flows from operating activities

**Net cash used in operating activities** Figure 9 stood at ¥2.853 billion (compared to ¥22.713 billion provided in the previous fiscal year). Positive factors included income before income taxes of ¥47.796 billion, depreciation of ¥13.348 billion, and interest and dividend income of ¥11.181 billion, while negative factors included gain on sales of investment securities of ¥18.818 billion and income taxes paid of ¥30.797 billion.







Message from the Head of Ian Finance Strategy

#### Cash flows from investing activities

**Net cash used in investing activities** Figure 9 stood at ¥8.154 billion (compared to ¥8.618 billion used in the previous fiscal year). Major factors included proceeds from sales of investment securities of ¥20.277 billion, purchase of property, plant and equipment of ¥25.884 billion, and purchase of shares in subsidiaries and associates of ¥639 million.

#### Cash flows from financing activities

**Net cash used in financing activities** Figure **9** stood at ¥8.164 billion (compared to ¥16.898 billion provided in the previous fiscal year). Major factors included repayment of long-term loans payable of ¥1.6 billion, purchase of treasury shares of ¥908 million, and cash dividends paid of ¥5.125 billion.

#### [Financing]

Cash flows from operating activities for FY2021 declined ¥25.566 billion year on year. While revenues of ¥20.277 billion were posted from sales of investment securities, cash on hand declined ¥17.354 billion chiefly due to acquisitions of property, plant and equipment in the amount of ¥25.884 billion. Short-term capital expenditures and strategic investments are now expected to be financed by cash on hand and full-year operating cash flows.

#### [Capital Expenditures]

**Capital expenditures** Figure 10 for FY2021 which include intangible assets but exclude asset retirement obligations, totaled ¥27.716 billion. Capital expenditures by reportable segment were as follows:

#### Media Content Business

Capital expenditures totaled ¥6.153 billion.

Major items included ¥3.2 billion in broadcasting infrastructure for TBS Broadcast Center, including studio equipment for TBS TELEVISION, INC. and updating of other general facilities.

There was no disposal or sale of important facilities in FY2021.

#### Lifestyle Business

Capital expenditures totaled ¥503 million.

Major items included updating of general facilities. There was no disposal or sale of important facilities in FY2021.

#### Real Estate and Other Business

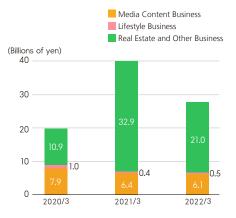
Capital expenditures totaled ¥21.059 billion.

Major items include ¥16.132 billion related to TBS's Akasaka Entertainment City Plan, and updating of other general facilities. There was no disposal or sale of important facilities in FY2021.



Strategies for

Business



#### [Research & Development]

The TBS Group devotes its lifework to providing high-quality and diverse services to the people over the public airwaves. In addition, we are researching and developing new program production, transmission, and broadcasting technologies to contribute to the practical use of next-generation digital broadcasting.

The R&D activities by reportable segment were as follows:

#### Media Content Business

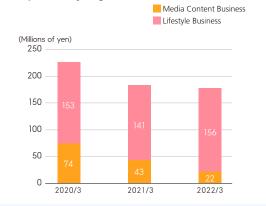
Key research and development activities include 1) development of XR stages using virtual and augmented reality technologies and 360-degree videos, 2) development of remote production systems using network connections, and 3) development of news streaming systems using image-recognition and speech-recognition Al technologies. Item number 1) in particular, used at the Beijing Olympics, for example, wherein travel onsite by athletes and staff would be restricted due to the COVID-19 pandemic, succeeded in making it seem as though participants were actually onsite from stages in Tokyo. Plans call for extensively utilizing these technologies in future productions.

R&D expenses totaled ¥22 million.

#### Lifestyle Business

We endeavor to research ideal skincare for modern women, plan new product concepts from the perspective of consumer needs, marketability, and differentiation from competitors, and develop unique products based on the planned product concepts. As for basic research, we are primarily engaged in the development of new raw materials. We also conduct joint research with external research organizations to ensure the effective application of advanced research.

R&D expenses totaled ¥156 million.



#### R&D expenses by segment

#### Real Estate and Other Business

There was no specific research and development activity.

Strategies for

Business

#### Financial Data for the Past 10 Years

										Millions of yen
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
Fiscal Year:									· · · · · ·	
Net sales	352,351	354,338	347,817	348,539	355,363	361,954	366,353	356,796	325,682	358,269
Gross profit	107,164	108,839	106,665	107,072	113,296	113,750	115,728	107,008	95,418	114,818
Selling, general and administrative expenses	90,975	93,142	90,936	89,893	93,417	94,949	97,156	93,904	84,576	94,472
Operating profit	16,188	15,696	15,728	17,179	19,878	18,800	18,572	13,103	10,841	20,346
Ordinary income	17,671	18,096	18,915	22,678	26,207	26,923	28,835	21,274	19,233	30,707
Net income attributable to owners of parent	9,173	9,644	12,811	14,497	16,136	17,182	25,205	30,174	28,072	32,008
Cash flows from operating activities	28,156	23,038	27,851	32,337	36,485	35,536	35,215	21,406	22,713	(2,853)
Cash flows from investing activities	(13,649)	(11,326)	(2,326)	(8,956)	(10,078)	(14,028)	(21,588)	5,962	(8,618)	(8,154)
Cash flows from financing activities	(25,475)	(23,567)	(25,242)	(5,326)	(36,718)	(7,730)	(24,387)	(14,202)	16,898	(8,164)
Free cash flows	14,507	11,712	25,525	23,381	26,407	21,508	13,627	27,368	14,095	(11,007)
At year-end:										
Total assets	559,626	579,039	653,732	649,970	707,063	821,737	798,481	783,024	1,100,223	1,201,632
Current assets	139,130	130,262	131,127	149,478	145,479	155,660	144,192	158,800	190,053	198,692
Cash and cash equivalents at end of period	68,031	56,312	56,728	74,734	67,391	81,129	72,033	85,059	116,061	98,707
Non-current assets	420,496	448,777	522,604	500,492	561,583	666,076	654,289	624,223	910,170	1,002,939
Liabilities	215,152	193,068	197,613	191,762	189,633	220,786	197,189	191,093	305,338	318,629
Current liabilities	96,090	83,117	63,072	95,278	77,231	93,382	80,099	81,021	86,176	75,592
Non-current liabilities	119,062	109,951	134,541	96,483	112,402	127,403	117,090	110,072	219,162	243,037
Net assets	344,473	385,971	456,118	458,208	517,430	600,950	601,291	591,931	794,884	883,002
Key Performance Indicators (%)										
Net sales growth rate	1.7	0.6	(1.8)	0.2	2.0	1.9	1.2	(2.6)	(8.7)	10.0
Operating profit growth rate	33.1	(3.0)	0.2	9.2	15.7	(5.4)	(1.2)	(29.4)	(17.3)	87.7
Ratio of operating profit to net sales	4.6	4.4	4.5	4.9	5.6	5.2	5.1	3.7	3.3	5.7
Net income attributable to owners of parent	2.6	2.7	3.7	4.2	4.5	4.7	6.9	8.5	8.6	8.9
ROE	2.9	2.8	3.2	3.3	3.4	3.2	4.3	5.2	4.1	3.9
ROA	3.2	3.2	3.1	3.5	3.9	3.5	3.6	2.7	2.0	2.7
Equity ratio	58.7	63.3	66.7	68.3	71.1	71.2	73.2	73.9	71.0	72.3
Total assets turnover	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.3
PER	23.4	19.5	19.2	21.0	21.5	22.9	14.0	8.7	13.2	9.5
Payout ratio	29.9	31.0	27.8	30.1	30.3	30.5	22.9	17.2	18.3	19.7
Per Share Data (yen)										
Annual dividend per share	18.00	19.00	22.00	25.00	28.00	30.00	33.00	30.00	30.00	37.00
EPS	60.27	61.22	79.12	83.12	92.46	98.38	144.31	173.28	164.32	187.35
BPS	2,158.00	2,263.65	2,689.56	2,545.60	2,878.29	3,349.52	3,347.03	3,356.30	4,575.61	5,087.12

#### Non-Financial Data for the Past 10 Years

	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
Number of employees (Year-end)	5,234	5,634	5,585	5,641	5,610	5,552	6,090	6,155	6,134	6,454
CO <sub>2</sub> emissions (tons)*	26,952	26,019	25,336	24,525	24,123	23,235	21,916	20,054	18,267	18,515
CO <sub>2</sub> reduction (tons)*	4,844	5,777	6,460	7,271	7,673	8,561	9,880	11,742	13,529	13,281
CO <sub>2</sub> reduction rate (%)*	15.2	18.2	20.3	22.9	24.1	26.9	31.1	36.9	42.5	41.8
Recycling rate (%)*	73.7	72.7	72.2	67.5	67.8	70.7	68.4	71.3	72.3	69.2
Tap water usage (m³)*	100,392	103,508	98,972	97,322	80,258	73,558	73,840	74,759	53,855	74,549
Groundwater usage (m <sup>3</sup> )*	109,322	115,897	102,169	106,967	102,376	96,064	99,032	96,254	75,526	94,668
Percentage of male employees taking childcare leave (%)**	-	-	_	-	-	-	7.5	18.2	19.1	
Percentage of female employees taking childcare leave (%)**	_	-	_	-	-	-	100.0	100.0	100.0	
Ratio of female managers (%)***	9.7	10.2	10.1	10.4	11.2	11.4	12.5	13.2	13.5	14.3
Ratio of persons with disabilities employed (%)***				2.1	2.1	2.0	2.2	2.5	3.2	3.2

\*Only in TBS Broadcast Center (Broadcast Center + Cultural Facilities Building) \*\* TBS HOLDINGS, INC. + TBS TELEVISION, INC.

\*\*\* As of February 1, TBS TELEVISION, INC.

#### Company and Investor Information

#### Company Profile (as of March 31, 2022)

Name	TBS HOLDINGS, INC.
Date Established	May 1951
Head Office	5-3-6 Akasaka, Minato-ku, Tokyo 107-8006 Japan (+81) 3-3746-1111 (main)
Number of Employees (consolidated)	6,454
Total Number of Shares Issued	171,591,065 shares (including treasury stock)
Minimum	100 Shares
Number of Shareholders	13,707
Listing	Prime Market (formerly First Section) of Tokyo Stock Exchange
	Stock Exchange
Closing Date	March 31
Closing Date Ordinary General Meeting of Shareholders	5
Ordinary General Meeting of	March 31
Ordinary General Meeting of Shareholders Administrator of Shareholders'	March 31 June
Ordinary General Meeting of Shareholders Administrator of Shareholders' Registry	March 31 June Mitsubishi UFJ Trust and Banking Corporation
Ordinary General Meeting of Shareholders Administrator of Shareholders' Registry Capital	March 31 June Mitsubishi UFJ Trust and Banking Corporation ¥54,986,892,896

#### **External Assessments**

#### Awards

Programs and Services	Name of Award
Sunday Theater, "NAOKI HANZAWA"	26th AMD Award, AMD Chairman Award
Mojipa (Real-time subtitle broadcasting using voice recognition AI)	Content Technology Award, Institute of Image Information and Television Engineers
Senrigan (Video Preview System from Outside)	Progress and Development Award, Institute of Image Information and Television Engineers
OTO ATTRACTION	Content Asia Awards: Best Asian Original Game Show
TBS BELL (Remote Appearance System)	Motion Picture and Television Engineering Society of Japan, Best Technology Development Award
Mojipa and TBS BELL	The Japan Commercial Broadcasters Association, Technology Category Grand Prix
"NAOKI HANZAWA"	Busan's Asia Content Awards, Judges' Special Award
Designer: Ryotaro Kushioka	48th Kisaku Ito Awards, Newcomer Award of the Year
Sounds of "the 62nd Japan Record Awards"	27th Japan Professional Recording Awards, Broadcasting Category Two-Channel Stereo Award
Reporter: Hiroshi Sukagawa	Vaughn-Ueda Memorial Reporters' Awards
"Dearest"	2021 Digital Content of the Year/27th AMD Award, First Prize, Minister of Internal Affairs and Communications Prize
"Dearest"	2021 TVer Awards, Drama First Prize
Producer: Aki Isoyama	2021 Artistic Nominations, Minister of Education, Culture, Sports, Science and Technology Prize
BS-TBS "Style2030" (A TBS SPARKLE, Inc. Production)	Albert Certification
3-D Illumilink	Technology Promotion Award, Content Technology Award, Institute of Image Information and Television Engineers
3-D Illumilink (CG lighting and decorative illumination simulation system)	Technology Promotion Award, Content Technology Award, Institute of Image Information and Television Engineers
"Dearest"	TV Division Committee, 59th Galaxy Awards for programs highly recommended
"News Special": Tokyo Olympics Investigative Reporting Campaign	Press Activity Division Committee, 59th Galaxy Awards for outstanding programs
Kiyoshi Nakagawa (Lighting director for "The 63rd Japan Record Awards")	Japan Association of Lighting Engineers and Designers Awards, First Prize and Minister of Education, Culture, Sports, Science and Technology Prize
Mojiko Al-using text generation editor	Japan Digital Transformation Promotion Association Awards, Grand Prix

Strategies for Business

#### **Stock Information**

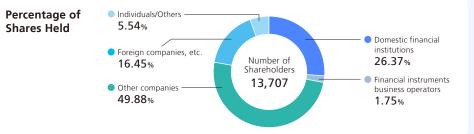
#### Major Shareholders (March 31, 2022)

Shareholder Name	Number of Shares Held (thousand)	Percentage (%)*
The Master Trust Bank of Japan, Ltd.	27,616	16.17
MBS Media Holdings, Inc.	8,848	5.18
Custody Bank of Japan, Ltd.	6,277	3.67
Mitsui Fudosan Co., Ltd.	5,713	3.34
NTT DOCOMO, INC.	5,713	3.34
Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	5,006	2.93
STATE STREET BANK AND TRUST COMPANY 505001 (Standing agent: Mizuho Bank, Ltd.)	4,435	2.59
MITSUI & CO., LTD. (Standing agent: Custody Bank of Japan, Ltd.)	4,288	2.51
BIC CAMERA INC.	4,190	2.45
Kodansha Ltd.	3,771	2.20

\*Percentage of shares held to total number of shares issued (excluding treasury stock)

#### Trends in Share Price (yen)







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