

Securities Code: 9401  
June 9, 2020

Dear Shareholders:

**TOKYO BROADCASTING SYSTEM HOLDINGS, INC.**  
(the “Company”)  
Takashi Sasaki  
President and Chief Executive Officer  
5-3-6 Akasaka, Minato-ku, Tokyo

### **Notice of Convocation of the 93rd Ordinary General Meeting of Shareholders**

We are pleased to announce the 93rd Ordinary General Meeting of Shareholders of the Company, which will be held as described below.

In light of this situation where the novel coronavirus disease (COVID-19) is going around, please take your physical condition into consideration, and if you have cold-like symptoms or if you are feeling unwell, do not overexert yourself and consider abstaining from attending the General Meeting of Shareholders. Seniors, people with preexisting medical conditions and pregnant women in particular should consider abstaining from attending the General Meeting of Shareholders.

If you do not wish to attend on the day of the meeting, you can exercise voting rights either in writing or via electromagnetic means (the Internet, etc.). Please review the following reference materials for the General Meeting of Shareholders, complete the enclosed Voting Rights Exercise Form by indicating your approval or disapproval for each matter for resolution and send it to the Company before 5:30 P.M. on Thursday, June 25, 2020 (JST).

#### **Notice Concerning the Novel Coronavirus Disease (COVID-19)**

- In order to prevent the spread of COVID-19, we ask that you confirm the prevalence of infections as of the date of the meeting and your own physical condition, and please take measures to protect yourself from infection when you attend. In addition, we may take measures to prevent infections for the safety of shareholders at the venue, and we would appreciate your cooperation. You are also encouraged to exercise your voting rights in advance in writing or via the Internet.
- We will not be providing gifts this year in order to prevent the spread of infection through contact.
- In the event that major changes are made to the operation, etc. of the General Meeting of Shareholders due to the future prevalence of infections, we will post them on our website (<https://www.tbsholdings.co.jp/>), and ask that you please refer to it.

## Details

**1. Time and Date of the Meeting** 10:00 A.M. [Friday], June 26, 2020  
(the reception will start at 9:00 A.M.)

**2. Place of the Meeting** TBS Akasaka ACT Theater  
5-3-2 Akasaka, Minato-ku, Tokyo, JAPAN

### 3. Purpose of the Meeting

#### Matters for Reporting:

1. Report on the business report, the consolidated financial statements and the audit results of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 93rd fiscal year (from April 1, 2019 to March 31, 2020)
2. Report on the non-consolidated financial statements for the 93rd fiscal year (from April 1, 2019 to March 31, 2020).

#### Matters for Resolution

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|---------------------------------|--|
| <b>First Item of Business:</b>  | Appropriation of Surplus                               |
| <b>Second Item of Business:</b> | Reduction in the Amount of Legal Capital Surplus       |
| <b>Third Item of Business:</b>  | Partial Amendments to the Articles of Incorporation    |
| <b>Fourth Item of Business:</b> | Election of Nine (9) Directors                         |
| <b>Fifth Item of Business:</b>  | Election of Five (5) Audit & Supervisory Board Members |

### 4. Matters Concerning Exercise of Voting Rights

#### (1) Exercising Voting Rights by Proxy

If you are unable to attend the General Meeting of Shareholders, you are entitled to attend the General Meeting of Shareholders by designating another shareholder with voting rights of the Company as your proxy. Provided, however, a document certifying the power of proxy needs to be submitted.

#### (2) Exercising Voting Rights in Contrasting Votes

If you intend to exercise voting rights in contrasting votes (that is, exercising some voting rights for and some against the same proposal), please notify the Company in writing of your intention and reasons no later than three (3) days prior to the date of the General Meeting of Shareholders.

#### (3) Handling of Voting Rights Exercised Twice or More

- (i) In case of exercising voting rights twice or more in writing (by mail) and via Internet, the content of voting rights exercised via Internet shall be treated as valid.
- (ii) In case of exercising voting rights twice or more times via Internet, the content of last voting rights exercised shall be treated as valid.

- End -

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In the event of any amendment to the business report, consolidated financial statements, non-consolidated financial statements and reference materials for the General Meeting of the Shareholders, please note that amendments to such documents might be posted on the Company's website (<https://www.tbsholdings.co.jp/>).

### **Electronic Voting Platform**

Regarding the exercise of voting rights via electronic means at the Company's General Meeting of Shareholders, nominee shareholders such as trust and custody banks (including standing proxies) may, as an alternative to the voting via the Internet described above, use the Electronic Voting Platform organized by the Investor Communications Japan (ICJ) Inc., a joint venture company established by the Tokyo Stock Exchange, etc., provided that application for the use of the Electronic Voting Platform is made in advance.

**If you are not certain about how to operate a PC, smartphone, or mobile phone to exercise voting rights via the Internet, please contact the location shown in the column to the following.**  
Stock Transfer Agency (Help Desk), Mitsubishi UFJ Trust and Banking Corporation  
0120-173-027 (toll free, only in Japan, from 9:00 A.M. to 9:00 P.M.)

Institutional investors may exercise voting rights using the voting platform for institutional investors operated by ICJ, Inc.

## **Reference Materials for General Meeting of Shareholders**

### **First Item of Business: Appropriation of Surplus**

Since returning the Company's profits to the shareholders is one of the significant managerial issues, the Company takes policies to implement annual dividends depending upon business results, with a target of a dividend payout ratio of 30% of the consolidated profit attributable to owners of parent for the fiscal year under review. With respect to the dividends for the fiscal year under review, taking elements of revenues for the fiscal year under review and the financial conditions, among other things into consideration comprehensively, it is proposed as follows:

#### **Matters related to year-end dividend:**

- (1) Type of dividend property: Cash
- (2) Matters related to distribution of cash to shareholders and total amount:  
¥17 per share of common stock of the Company  
The total amount: ¥2,930,161,310
- (3) Effective date for dividends from surplus to shareholders:  
August 31, 2020

**Second Item of Business:        Reduction in the Amount of Legal Capital Surplus**

**1. Reason for reduction in the amount of legal capital surplus**

In order to ensure agility and flexibility of the future capital policy, it is proposed to reduce the amount of legal capital surplus and transfer it to other capital surplus in accordance with the provisions of Article 448, Paragraph 1 of the Companies Act.

**2. Details of reduction in the amount of legal capital surplus**

**(1) Amount of legal capital surplus to be reduced**

Out of ¥55,026,114,648 in legal capital surplus, ¥20,000,000,000 will be reduced and the entire amount of reduction will be transferred to other capital surplus, bringing the amount of legal capital surplus after the reduction to ¥35,026,114,648.

**(2) Effective date of reduction in the amount of legal capital surplus**

August 31, 2020

### Third Item of Business: Partial Amendments to the Articles of Incorporation

#### 1. Reasons for the proposal

Since its establishment in 1951, the Company has developed its core businesses in broadcasting, visual culture, and real estate, etc. and played a role in the development of Japan's broadcasting culture, particularly in the TV sector, where its drama, variety shows, news and sports programs have proved popular with a broad range of people. In recent years, at the Company we have further widened the scope of our business development to include live entertainment and overseas businesses, and as a comprehensive media group, we are striving to provide content and services that are loved by people around the world.

While the environment surrounding the media is changing significantly, in order to carry on the spirit of our Group's founding and to take on the challenge of a new era, the Group has, this year, established a new "Corporate Philosophy" and "Brand Promise" as a commitment to society in order to realize the corporate philosophy. In addition, the brand logo has been revamped.

Furthermore, as the Company celebrates its 70th anniversary next year in 2021, Article 1 (Trade name) of the current Articles of Incorporation will be amended to use the long-time loved "TBS" as its title.

Under the new trade name "TBS Holdings," the TBS Group will aim to further enhance its corporate and brand values.

#### 2. Details of the amendments are as follows.

(The underlined portions indicate the changes.)

Current Articles of Incorporation	Proposed amendments
Chapter 1 General Provisions (Trade name)	Chapter 1 General Provisions (Trade name)
Article 1. The Company shall be known as <u>TOKYO BROADCASTING SYSTEM HOLDINGS, INC.</u>	Article 1. The Company shall be known as <u>TBS HOLDINGS, INC.</u>
2. <u>The Company name shall be abbreviated as TBS Holdings.</u>	(Deleted)
(Newly established)	<u>Supplementary Provision</u>  <u>(Timing of trade name change)</u> <u>The amendments to Article 1 (Trade name) shall take effect on October 1, 2020, and the Supplementary Provision shall be deleted as of the effective date thereof.</u>

**Fourth Item of Business: Election of Nine (9) Directors**

The terms of all seventeen (17) Directors of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, in order to speed up the decision-making process and ensure transparency and fairness of the Board of Directors, the Company would like to reduce the number of Directors and ask shareholders to elect nine (9) Directors at this Ordinary General Meeting of Shareholders.

If this item is approved as originally proposed, the Company will change to a structure where Outside Directors make up 1/3 of all Directors.

The candidates for Directors are as follows:

Candidate number	Name		Current position in the Company	Attendance to meetings of Board of Directors
1	Re-election	Shinji Takeda	Chairman and Director	12/12
2	Re-election	Takashi Sasaki	President and Chief Executive Officer	12/12
3	Re-election	Toshiaki Kawai	Senior Managing Director and Representative Director	12/12
4	Re-election	Tatsuo Sugai	Managing Director	12/12
5	Re-election	Shoichi Watanabe	Director	11/12
6	Re-election	Masaya Chisaki	Director	12/12
7	Re-election Independent Director Outside Director	Hitoshi Kashiwaki	Outside Director	12/12
8	Newly-appointed Independent Director Outside Director	Yosuke Yagi		
9	Newly-appointed Independent Director Outside Director	Makoto Haruta		

Candidate number <b>1</b>	<b>Shinji Takeda</b> Date of birth Jul. 5, 1952	Re-election	Number of shares of the Company owned: 30,103 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Nov. 1991:	Joined the Company	Apr. 2012:	Senior Managing Director of the Company
May 2004:	Division President of Head Office of Sales Division		Senior Managing Director of Tokyo Broadcasting System Television, Inc.
Jun. 2005:	Executive Officer, Deputy General Manager of Head Office of Sales Division		
Apr. 2007:	Executive Officer, General Manager of Management Media Division	Apr. 2014:	Director of the Company
Jun. 2007:	Director, General Manager of Management Media Division		Director of Tokyo Broadcasting System Television, Inc.
Apr. 2009:	Director of the Company	Jun. 2014:	President and Representative Director of BS-TBS, INC.
	Director of Tokyo Broadcasting System Television, Inc.	Apr. 2015:	President and Representative Director of Tokyo Broadcasting System Television, Inc.
Jun. 2009:	Director and Chairman of TBS Radio, Inc.	Apr. 2016:	President and Chief Executive Officer of the Company
Apr. 2011:	Managing Director of the Company	Jun. 2018:	Chairman and Director of the Company (incumbent)
	Managing Director of Tokyo Broadcasting System Television, Inc.		Chairman and Director of Tokyo Broadcasting System Television, Inc. (incumbent)

Important concurrent position outside the Company

Chairman and Director of Tokyo Broadcasting System Television, Inc.	Chairman and Director of TBS SPARKLE, Inc.
Chairman and Director of TBS GLOWDIA, Inc.	Director of StylingLife Holdings Inc.
Outside Director of MBS MEDIA HOLDINGS, INC.	Outside Audit & Supervisory Board Member of RKB MAINICHI HOLDINGS CORPORATION

Reason for nomination as Director

Mr. Shinji Takeda contributed to enhancing corporate value as President and Chief Executive Officer, leading the management of the Group, and currently serves as Chairman and Director. He has extensive experience and achievements as a top manager, and a deep understanding and knowledge of the business environment.



Candidate number <b>2</b>	<b>Takashi Sasaki</b> Date of birth Jul. 5, 1959	Re-election	Number of shares of the Company owned: 29,313 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Apr. 1982:	Joined the Company	Mar. 2015:	Director of Tokyo Broadcasting System Television, Inc.
Jun. 2009:	Division President of Finance Division of Tokyo Broadcasting System Television, Inc.	Jun. 2015:	Director of the Company
Nov. 2010:	Division President of Group Managerial Planning Division of the Company	Apr. 2016:	Managing Director of the Company
	Division President of Office of Corporate Planning of Tokyo Broadcasting System Television, Inc.	Jun. 2017:	Managing Director of Tokyo Broadcasting System Television, Inc.
Apr. 2012:	Division President of Programming Division of Tokyo Broadcasting System Television, Inc.		Senior Managing Director of the Company
Apr. 2013:	Executive Officer, Division President of Programming Division of Tokyo Broadcasting System Television, Inc.	Jun. 2018:	Senior Managing Director of Tokyo Broadcasting System Television, Inc.
Feb. 2014:	Executive Officer of the Company		President and Chief Executive Officer of the Company (incumbent)
	Executive Officer of Tokyo Broadcasting System Television, Inc.		President and Representative Director of Tokyo Broadcasting System Television, Inc. (incumbent)

<Areas of responsibility>

Office of Internal Business Audit and Overall Management of The Marketing Lab

Important concurrent position outside the Company

President and Representative Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Takashi Sasaki currently supervises the policy for enhancing the corporate value of the Group as President and Chief Executive Officer of the Company and Tokyo Broadcasting System Television, Inc. He has extensive experience and achievements in corporate management, as well as a deep understanding and knowledge of the business environment.

Candidate number <b>3</b>	<b>Toshiaki Kawai</b> Date of birth Nov. 1, 1959	Re-election	Number of shares of the Company owned: 23,223 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Apr. 1982:	Joined the Company	Apr. 2014:	Executive Officer of the Company
Apr. 2012:	Division President of Technology Division of Tokyo Broadcasting System Television, Inc.	Jun. 2014:	Director of the Company
Apr. 2013:	Executive Officer, Division President of Technology Division of Tokyo Broadcasting System Television, Inc.	Apr. 2015:	Managing Director of Tokyo Broadcasting System Television, Inc.
Feb. 2014:	Executive Officer of Tokyo Broadcasting System Television, Inc.	Apr. 2016:	Managing Director of the Company
Mar. 2014:	Director of Tokyo Broadcasting System Television, Inc.	Jun. 2018:	Senior Managing Director and Representative Director of the Company (incumbent)
			Senior Managing Director and Representative Director of Tokyo Broadcasting System Television, Inc. (incumbent)

<Areas of responsibility>

In charge of Overall Businesses, HD Comprehensive Media Council and Information System Technology Division, Overall Technology of Television Business

Important concurrent position outside the Company

Senior Managing Director and Representative Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Toshiaki Kawai contributes to enhancing the corporate value of the Group in the post of Senior Managing Director and Representative Director by supervising the general administrative section and the technology section. He has extensive experience and achievements in corporate management, as well as a deep understanding and knowledge of the business environment.

Candidate number <b>4</b>	<b>Tatsuo Sugai</b> Date of birth Sep. 28, 1959	Re-election	Number of shares of the Company owned: 15,658 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Apr. 1983:	Joined the Company	Feb. 2014:	Executive Officer of the Company
May 2010:	Division President of Sales Division of Tokyo Broadcasting System Television, Inc.	Mar. 2014:	Director of Tokyo Broadcasting System Television, Inc.
Apr. 2012:	Division President of Group Managerial Planning Division of the Company	Jun. 2015:	Director of the Company
Apr. 2013:	Executive Officer, Division President of Group Managerial Planning Division of the Company Executive Officer, Division President of Office of Corporate Planning of Tokyo Broadcasting System Television, Inc.	Jun. 2018:	Managing Director of the Company (incumbent) Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)

<Areas of responsibility>

Sales of Television Business, Overall Multi Visual Ventures and Cultural Events of Television Business and in charge of Akasaka Entertainment City Project Office

Important concurrent position outside the Company

Managing Director of Tokyo Broadcasting System Television, Inc.      Director of StylingLife Holdings Inc.

Reason for nomination as Director

Mr. Tatsuo Sugai contributes to enhancing the corporate value of the Group in the post of Managing Director by supervising sales of the television business, as well as multi-visual ventures and cultural events. He has extensive experience and achievements in corporate management.

Candidate number <b>5</b>	<b>Shoichi Watanabe</b> Date of birth Aug. 23, 1960	Re-election	Number of shares of the Company owned: 6,482 shares Attendance to meetings of Board of Directors: 11/12
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Summary of career and position and areas of responsibility in the Company

Apr. 1985:	Joined the Company	Jun. 2018:	Director of the Company (incumbent)
Apr. 2016:	Division President of TV Production Division of Tokyo Broadcasting System Television, Inc.		Director of Tokyo Broadcasting System Television, Inc. (incumbent)

<Areas of responsibility>

Overall Production and Sports of Television Business

Important concurrent position outside the Company

Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Shoichi Watanabe supervises the fields of Production and Sports of the Group, and he has extensive experience and achievements in corporate management.

Candidate number <b>6</b>	<b>Masaya Chisaki</b> Date of birth Jun. 16, 1959	Re-election	Number of shares of the Company owned: 8,957 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Apr. 1983:	Joined the Company	Apr. 2016:	Division President of Division of Human Resources and Labor of Tokyo Broadcasting System Television, Inc.
Apr. 2012:	Division President of President's Office of the Company	Jun. 2018:	Director of the Company (incumbent) Director of Tokyo Broadcasting System Television, Inc. (incumbent)
Apr. 2015:	Division President of Administration Division of the Company		
Apr. 2016:	Division President of Division of Human Resources and Labor of the Company		

<Areas of responsibility>

In charge of President's Office, Legal & Compliance Division, Division of Human Resources and Labor and Office of TBS Group University

Important concurrent position outside the Company

Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Masaya Chisaki is mainly in charge of the internal control section of the Company and Tokyo Broadcasting System Television, Inc. He has extensive experience and achievements in the corporate management of the Group.

Candidate number <b>7</b>	<b>Hitoshi Kashiwaki</b> Date of birth Sep. 6, 1957	Re-election Independent Director Outside Director	Number of shares of the Company owned: 0 shares Attendance to meetings of Board of Directors: 12/12
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Summary of career and position and areas of responsibility in the Company

Jun. 2003:	President and Representative Director of Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)	Mar. 2016:	Outside Director of ASICS Corporation (incumbent)
Apr. 2012:	Director and Senior Advisor of Recruit Holdings Co., Ltd.	May 2016:	Outside Director of Matsuya Co., Ltd. (incumbent)
Dec. 2012:	Outside Director of Suntory Beverage & Food Limited	Jun. 2018:	Outside Director of the Company (incumbent) Director of Tokyo Broadcasting System Television, Inc. (incumbent)

Important concurrent position outside the Company

Director of Tokyo Broadcasting System Television, Inc.

Outside Director of Matsuya Co., Ltd.

Outside Director of ASICS Corporation

Reason for nomination as Director

Mr. Hitoshi Kashiwaki has considerable experience and a high degree of knowledge as a member of top management of an operating company. As he has offered useful opinions and comments on the management of the Group, the Company has judged that he is qualified for the post of Outside Director of the Company.

Candidate number			Newly-appointed Independent Director	Number of shares of the Company owned:
8	Yosuke Yagi	Date of birth Aug. 12, 1955	Outside Director	0 shares

Summary of career and position and areas of responsibility in the Company

Apr. 1980:	Joined Nippon Kokan K.K. (current JFE Steel Corporation)	Apr. 2012:	Executive Officer and Executive Vice President of JS Group Corporation (current LIXIL Group Corporation)
Jan. 1999:	General Manager of Human Resource Department of GE Yokogawa Medical Systems Ltd. (current GE Healthcare Japan Corporation)	Jan. 2017:	Representative Director of People First, Ltd. (incumbent) Board Member of ICMG Co., Ltd. (incumbent)
Jun. 1999:	Director and General Manager of Human Resource Department of GE Healthcare Japan Corporation		Chairman and Representative Director of IWNC Inc., Ltd. (incumbent)
Dec. 2002:	Director of GE Japan Inc.	Jun. 2017:	Chairman and Director of IWNC Inc., Ltd. (incumbent)

Important concurrent position outside the Company

Representative Director of People First, Ltd.

Chairman and Director of IWNC Inc., Ltd.

Board Member of ICMG Co., Ltd.

Reason for nomination as Director

Mr. Yosuke Yagi has considerable experience and a high degree of knowledge as the head of human resources strategy and a member of top management of an operating company. As he is expected to offer useful opinions and comments on the management of the Group, the Company has judged that he is qualified for the post of Outside Director of the Company.

Candidate number			Newly-appointed Independent Director	Number of shares of the Company owned:
9	Makoto Haruta	Date of birth Jan. 5, 1969	Outside Director	0 shares

Summary of career and position and areas of responsibility in the Company

Apr. 1992:	Joined Sumitomo Bank Co., Ltd. (current Sumitomo Mitsui Banking Corporation)	Apr. 2010:	Managing Director, Head of EC Business Unit, Executive Officer and Chief Financial Officer (CFO) of DeNA Co., Ltd.
Feb. 2000:	Joined DeNA Co., Ltd.	Jun. 2011:	Director, Executive Chairman and Executive Officer of DeNA Co., Ltd.
Sep. 2000:	Director and Head of Corporate Planning Division of DeNA Co., Ltd.	Apr. 2015:	Representative Director and CEO of betaCatalyst Inc. (incumbent)
Apr. 2009:	Managing Director, Head of Management Planning Unit, Executive Officer and Chief Financial Officer (CFO) of DeNA Co., Ltd.	May 2016:	Management Advisor of MedPeer, Inc. (incumbent)
		Mar. 2017:	Adviser of Money Forward, Inc. (incumbent)

Important concurrent position outside the Company

Representative Director and CEO of betaCatalyst Inc.

Adviser of Money Forward, Inc.

Management Advisor of MedPeer, Inc.

Reason for nomination as Director

Mr. Makoto Haruta has considerable experience and a high degree of knowledge as the head of financial strategy and a member of top management of an operating company. As he is expected to offer useful opinions and comments on the management of the Company, the Company has judged that he is qualified for the post of Outside Director of the Company.

- Note 1: Each of candidates has no special interest in the Company.
- Note 2: Mr. Hitoshi Kashiwaki, Mr. Yosuke Yagi and Mr. Makoto Haruta are candidates for Outside Directors.
- Note 3: The following are matters regarding candidates for Outside Directors:
- (1) Independent Directors  
The Company has registered Mr. Hitoshi Kashiwaki as an independent director with the Tokyo Stock Exchange and will continue to appoint him as an independent director if he is reappointed. In addition, Mr. Yosuke Yagi and Mr. Makoto Haruta meet the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and both are expected to be appointed as independent directors.
  - (2) Number of years since assuming the office of Outside Director (until the conclusion of this General Meeting of Shareholders):  
Hitoshi Kashiwaki: 2 years
- Note 4: Liability Limitation Agreement:  
The Company entered into an agreement with Mr. Hitoshi Kashiwaki that limits his liabilities as defined in the provision of Article 423, Paragraph 1 of the Companies Act. The Company will extend such agreement with him provided he is reappointed. Additionally, if the election of Mr. Yosuke Yagi and Mr. Makoto Haruta is approved, the Company will enter into such agreement with them.

**Fifth Item of Business: Election of Five (5) Audit & Supervisory Board Members**

The terms of all five (5) Audit & Supervisory Board Members of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company would like shareholders to elect five (5) Audit & Supervisory Board Members at this Ordinary General Meeting of Shareholders.

With respect to this item, the Company has obtained consent from the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows:

Candidate number	Name		Current position in the Company	Attendance to meetings of Audit & Supervisory Board
1	Newly-appointed	Tomohiko Nishino	Division President of Office of Internal Business Audit	
2	Newly-appointed	Tetsuya Ichikawa		
3	Re-election Independent Outside	Teisuke Kitayama	Outside Audit & Supervisory Board Member	11/12
4	Re-election Independent Outside	Mie Fujimoto	Outside Audit & Supervisory Board Member	12/12
5	Newly-appointed Independent Outside	Somitsu Takehara		

Candidate number <b>1</b>	<b>Tomohiko Nishino</b> Date of birth Oct. 30, 1958	Newly-appointed	Number of shares of the Company owned: 3,140 shares
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Summary of career and position in the Company

Apr. 1983:	Joined Jiji Press Ltd.	Apr. 2016:	Division President of General Affairs Division of Tokyo Broadcasting System Television, Inc.
Jan. 1996:	Joined the Company	Jul. 2018:	General Manager of Office of Internal Business Audit of the Company (incumbent)
Apr. 2012:	Division President of TBS News of Tokyo Broadcasting System Television, Inc.	Jul. 2018:	Division President of Office of Internal Audit of Tokyo Broadcasting System Television, Inc. (incumbent)
Apr. 2016:	Division President of Administration Division of the Company		

Reason for nomination as Audit & Supervisory Board Member

Mr. Tomohiko Nishino has considerable knowledge of internal controls and audits through leadership as Division President of Administration Division and Office of Internal Business Audit. Therefore, the Company has judged that he is an appropriate candidate for an Audit & Supervisory Board Member of the Company.

Candidate number <b>2</b>	<b>Tetsuya Ichikawa</b> Date of birth Oct. 28, 1959	Newly-appointed	Number of shares of the Company owned: 417 shares
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Summary of career and position in the Company

Apr. 1983:	Joined the Company	Jun. 2019:	Director of TBS Sun Work, Inc. (incumbent)
Jul. 2018:	General Manager of Legal Management Center of Administration Division of the Company		
Jul. 2018:	General Manager of Legal Management Center of General Affairs Division of Tokyo Broadcasting System Television, Inc.		

Reason for nomination as Audit & Supervisory Board Member

Mr. Tetsuya Ichikawa has considerable knowledge of corporate legal affairs through leadership as the head of legal departments. Therefore, the Company has judged that he is an appropriate candidate for an Audit & Supervisory Board Member of the Company.

Candidate number <b>3</b>	<b>Teisuke Kitayama</b> Date of birth Oct. 26, 1946	Re-election Independent Audit & Supervisory Board Member Outside Audit & Supervisory Board Member	Number of shares of the Company owned: 0 shares Attendance to meetings of Board of Directors: 11/12 Attendance to meetings of Audit & Supervisory Board: 11/12
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Summary of career and position in the Company

Jun. 2005:	Representative Director and President of Sumitomo Mitsui Financial Group, Inc.	Apr. 2017:	Director of Sumitomo Mitsui Banking Corporation
Jun. 2005:	Representative Director and Chairman of the Board of Sumitomo Mitsui Banking Corporation	Jun. 2017:	Special Advisor of Sumitomo Mitsui Banking Corporation
Apr. 2011:	Chairman of the Board of Sumitomo Mitsui Banking Corporation	Jun. 2018:	External Director of Daicel Corporation (incumbent)
Jun. 2016:	Outside Audit & Supervisory Board Member of the Company (incumbent)	Oct. 2018:	Honorary Advisor of Sumitomo Mitsui Banking Corporation (incumbent)
Jun. 2016:	Audit & Supervisory Board Member of Tokyo Broadcasting System Television, Inc. (incumbent)		

Important concurrent position outside the Company

Audit & Supervisory Board Member of Tokyo Broadcasting System Television, Inc.      External Director of Daicel Corporation

Honorary Advisor of Sumitomo Mitsui Banking Corporation

Reason for nomination as Audit & Supervisory Board Member

Mr. Teisuke Kitayama has abundant experience and deep insights in the management of a financial institution and is expected to provide beneficial opinions, findings, and the like to the management of the Group from objective viewpoints. Accordingly, the Company has judged that he can appropriately perform the duties as an Outside Audit & Supervisory Board Member of the Company.

Candidate number <b>4</b>	<b>Mie Fujimoto</b> Date of birth Aug. 17, 1967	Re-election Independent Audit & Supervisory Board Member Outside Audit & Supervisory Board Member	Number of shares of the Company owned: 0 shares Attendance to meetings of Board of Directors: 12/12 Attendance to meetings of Audit & Supervisory Board: 12/12
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Summary of career and position in the Company

Apr. 1993:	Registered as lawyer Joined SHIN-TOKYO SOHGOH LAW OFFICE	Jun. 2016:	Outside Audit & Supervisory Board Member of the Company (incumbent)
Apr. 2015:	Joined TMI Associates (incumbent)	Jun. 2016:	Audit & Supervisory Board Member of Tokyo Broadcasting System Television, Inc. (incumbent)
Jun. 2015:	Outside Audit & Supervisory Board Member of SEIKAGAKU CORPORATION (incumbent)	Mar. 2020:	Independent Director of EBARA CORPORATION (incumbent)

Important concurrent position outside the Company

Audit & Supervisory Board Member of Tokyo Broadcasting System Television, Inc.      Outside Audit & Supervisory Board Member of SEIKAGAKU CORPORATION

Partner of TMI Associates (lawyer)

Independent Director of EBARA CORPORATION

Reason for nomination as Audit & Supervisory Board Member

Ms. Mie Fujimoto has abundant experience and deep insights as a lawyer specialized in corporate legal affairs. Although Ms. Fujimoto has not been involved in corporate management by other means than serving as an outside officer, for the above reason, she is expected to provide beneficial opinions, findings, and the like to the management of the Group from objective viewpoints. Accordingly, the Company has judged that she can appropriately perform the duties as an Outside Audit & Supervisory Board Member of the Company.



Candidate number <b>5</b>	<b>Somitsu Takehara</b> Date of birth Apr. 1, 1952	Newly-appointed Independent Audit & Supervisory Board Member Outside Audit & Supervisory Board Member	Number of shares of the Company owned: 0 shares
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Summary of career and position in the Company

May 1982:	Registered as Japanese Certified Public Accountant	Jun. 2016:	Outside Director of Mitsubishi Paper Mills Limited (incumbent)
Aug. 1996:	Representative Partner of Chuo Audit Corporation	Nov. 2017:	Director and Chairman of ZECOO Partners Inc. (incumbent)
Apr. 2005:	Representative Director of ZECOO Partners Inc.		
Jun. 2014:	Outside Audit & Supervisory Board Member of EDION Corporation (incumbent)	Oct. 2018:	Outside Director of SHINMEI Holdings Co., LTD. (incumbent)
Jun. 2015:	Outside Director of GENKI SUSHI CO., LTD. (incumbent)		

Important concurrent position outside the Company

Director and Chairman of ZECOO Partners Inc.	Outside Director of Mitsubishi Paper Mills Limited
Outside Audit & Supervisory Board Member of EDION Corporation	Outside Director of SHINMEI Holdings Co., LTD.
Outside Director of GENKI SUSHI CO., LTD.	

Reason for nomination as Audit & Supervisory Board Member

Mr. Somitsu Takehara has abundant experience and deep insights as a certified public accountant and member of corporate management. For the above reason, he is expected to provide beneficial opinions, findings, and the like to the management of the Group from objective viewpoints. Accordingly, the Company has judged that he is an appropriate candidate for an Outside Audit & Supervisory Board Member of the Company.

- Note 1: Each of candidates has no special interest in the Company.
- Note 2: Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Somitsu Takehara are candidates for Outside Audit & Supervisory Board Members.
- Note 3: The following are special notes regarding candidates for Outside Audit & Supervisory Board Members:
- (1) Independent Audit & Supervisory Board Members  
The Company has registered Mr. Teisuke Kitayama and Ms. Mie Fujimoto as independent audit & supervisory board members with the Tokyo Stock Exchange and will continue to appoint them as independent audit & supervisory board members if they are reappointed. In addition, Mr. Somitsu Takehara meets the requirements for independent audit & supervisory board members as stipulated by the Tokyo Stock Exchange, and he is expected to be appointed as an independent audit & supervisory board member.
  - (2) Number of years since assuming the office of Outside Audit & Supervisory Board Member (until the conclusion of this General Meeting of Shareholders):  
Teisuke Kitayama: 4 years  
Mie Fujimoto: 4 years
- Note 4: Liability Limitation Agreement:  
The Company entered into an agreement with Mr. Teisuke Kitayama and Ms. Mie Fujimoto in which their liabilities pursuant to Article 423, Paragraph 1 of the Companies Act is limited to the minimum amount stipulated in laws and ordinances. The Company will extend such agreement with them provided they are reappointed. Additionally, if the election of Mr. Somitsu Takehara is approved, the Company will enter into such agreement with him.

## **Business Report**

From April 1, 2019 to March 31, 2020

### **1. The Current Position of Tokyo Broadcasting System Holdings, Inc. and its Subsidiaries**

#### **(1) Business Activities and Results**

During the consolidated fiscal year under review, Japan's economy continued on a path of modest recovery, with improvements seen in the employment and income environments. However, in addition to the impact of overseas economic trends such as the tension over trade issues and fluctuations in financial and capital markets, the recent pandemic of the novel coronavirus disease (COVID-19) has had a major impact on the domestic and international economies. As a result, the situation rapidly turned severe and the future outlook remains uncertain.

In this environment, according to "2019 Advertising Expenditures in Japan" (published by DENTSU INC.), total advertising expenditures in Japan were ¥6,938.1 billion (up 6.2% year-on-year), marking the eighth consecutive year of positive growth. Of this, terrestrial television advertising expenditures were ¥1,734.5 billion (down 2.8% year-on-year), satellite media-related advertising expenditures were ¥126.7 billion (down 0.6% year-on-year), and radio advertising expenditures were ¥126.0 billion (down 1.4% year-on-year). Internet advertising expenditures exceeded ¥2 trillion, surpassing television media advertising expenditures for the first time.

In the TV advertising market, spot advertising spending in the Kanto area was 93.5% of the previous year's total, a very challenging situation.

Against this backdrop, consolidated net sales of the Group for the fiscal year ended March 31, 2020 decreased 2.6% from the previous fiscal year to ¥356,796 million. This was mainly due to a decrease in spot revenue, which was caused by a drop in volume in the Kanto region, a decrease in concerts and stage performances revenue following the spread of COVID-19, and a reactionary decline in time revenue.

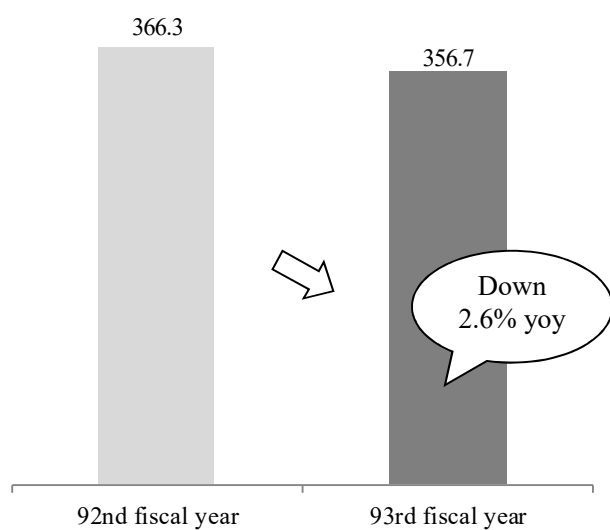
Operating expenses (i.e. cost of sales and selling, general and administrative expenses) decreased 1.2% from the previous fiscal year to ¥343,692 million, mainly due to a reactionary decrease in production cost and broadcasting rights fees related to large-scale one-off sports events in the previous year.

As a result, operating profit decreased 29.4% from the previous fiscal year to ¥13,103 million, while ordinary profit decreased 26.2% to ¥21,274 million, mainly due to decreased dividend income, and profit attributable to owners of parent increased 19.7% to ¥30,174 million, mainly due to the posting of a gain on sales of investment securities as extraordinary income.

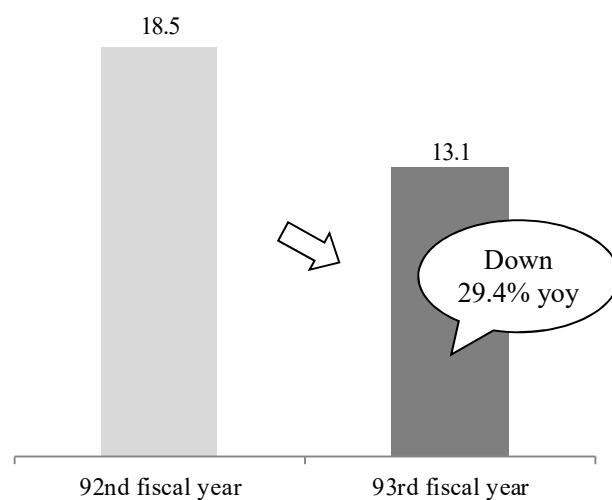
At the meeting of the Board of Directors held on May 14, 2019, the Company resolved to change its segment classification.

The "Broadcasting," "Multi Visual Ventures and Cultural Events," and "Real Estate" segments in the previous fiscal year were changed to the "Media & Contents," "Lifestyle," and "Real Estate & Other" segments in the fiscal year under review. The figures for the reportable segments in the previous fiscal year have been prepared based on the segments after the change.

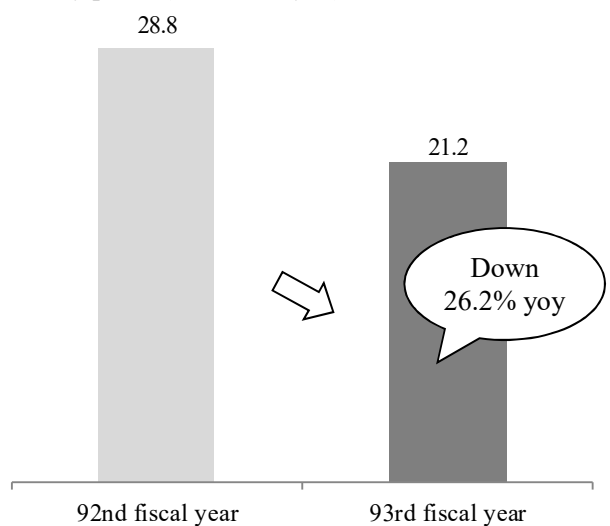
Net sales (billions of yen)



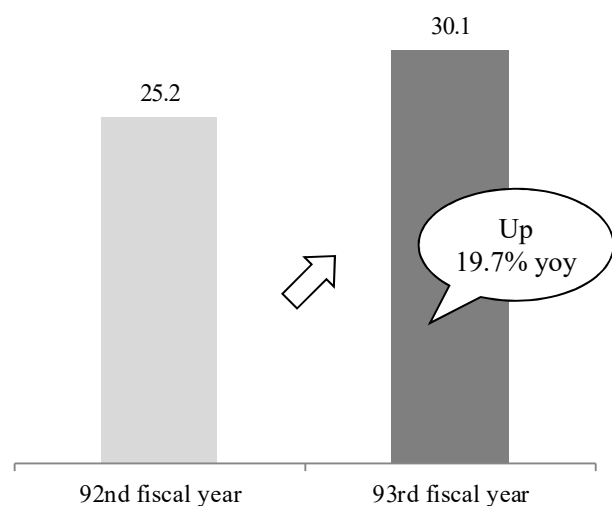
Operating profit (billions of yen)



Ordinary profit (billions of yen)

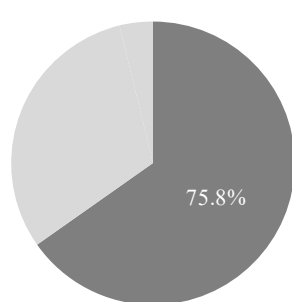


Profit attributable to owners of parent (billions of yen)



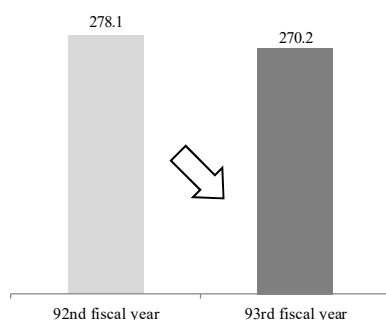
## &lt;&lt;Media &amp; Contents&gt;&gt;

Net sales ¥270.2 billion (Down 2.8% year-on-year)

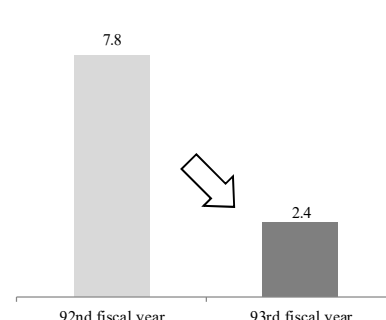


Ratio of sales

Net sales (billions of yen)



Operating profit (billions of yen)



In the Media & Contents business segment, net sales for the fiscal year under review were ¥270,265 million (down 2.8% year-on-year) and operating profit was ¥2,409 million (down 69.5% year-on-year).

Net sales in the Television division of Tokyo Broadcasting System Television, Inc. for the fiscal year under review decreased ¥4,106 million to ¥182,083 million (down 2.2% year-on-year). Of this total, time revenue was ¥87,230 million (down 0.8% year-on-year), spot revenue was ¥79,275 million (down 5.2% year-on-year), and content revenue (including advertising revenue earned through domestic broadcast syndication and free video streaming) was ¥10,892 million (up 0.6%). In terms of time revenues, regular programs were strong and one-off sales such as “the IAAF World Championships Doha 2019” contributed. However, this was not enough to match revenues from the previous year’s “Asian Games 2018 in Jakarta” and “2018 FIFA World Cup Russia.” In spot sales, while advertisers’ investment in the Kanto region remained sluggish throughout the year, down 6.5% year-on-year, the market share of five stations increased 0.2 percentage points year-on-year to 19.3%, but was below the previous year’s level. Content revenue increased from the previous year, which had the World Cup advertising, due to a rise in demand for free video streaming and other factors.

Net sales in the Business division of Tokyo Broadcasting System Television, Inc. for the fiscal year under review decreased ¥2,926 million to ¥25,304 million (down 10.4% year-on-year).

For events, “The Habsburg Dynasty: 600 Years of Imperial Collections” at the National Museum of Western Art in October drew more than 395,000 visitors, and a special exhibition “Mummies of the World: in Search of Eternal Life” at the National Museum of Nature and Science in November drew more than 460,000 visitors. For concerts and stage performances, “BOUM!BOUM!BOUM! Shingo Katori NIPPON First Exhibition” at IHI Stage Around Tokyo, Asia’s first 360-degree revolving theater, resulted in sound performance. However, overall events and concerts and stage performances revenues were down due to a reactionary decline from the previous year’s “Seven Souls in the Skull Castle” series and “Stars on Ice 2018” and the cancellation of performances due to the spread of COVID-19. In the film business, sales decreased due to a decline in the number of new titles from the previous year and a decrease in the number of visitors since February, despite the blockbuster release of the movie “Kaguya-sama: Love Is War” (starring Sho Hirano, Kanna Hashimoto and others, Directed by Hayato Kawai) in September.

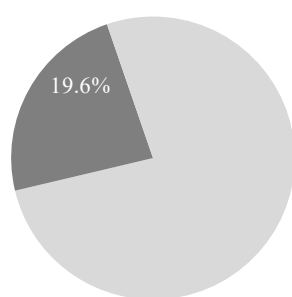
In the media business, revenue from video streaming and video content businesses increased due to steady performance, but revenue from businesses targeting overseas markets declined due to struggling broadcast syndication in China and other Asian markets, as well as poor commercialization in the licensing business.

Net sales of BS-TBS, INC. for the fiscal year under review increased ¥450 million to ¥16,849 million (up 2.7% year-on-year), thanks to growth in time regulars and solid sales of shopping programs.

Net sales of TBS Radio Inc. for the fiscal year under review decreased ¥217 million to ¥9,567 million (down 2.2% year-on-year) in the midst of a difficult radio advertising market.

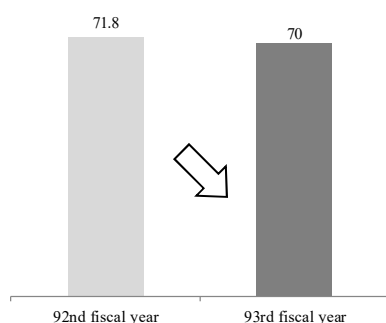
In terms of expenses, operating profit in this segment decreased ¥5,481 million to ¥2,409 million (down 69.5% year-on-year), despite a reactionary decline in the production costs and broadcasting rights fees of large-scale one-off sports events in the previous year.

<<Lifestyle>> Net sales ¥70.0 billion (Down 2.6% year-on-year)

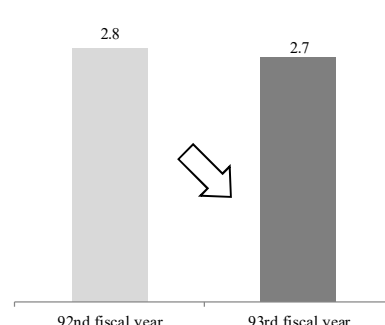


Ratio of sales

Net sales (billions of yen)



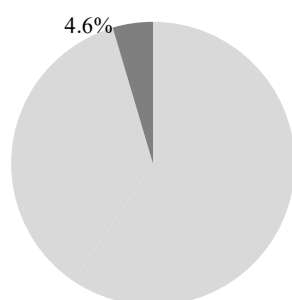
Operating profit (billions of yen)



In the Lifestyle business segment, net sales for the fiscal year under review were ¥70,007 million (down 2.6% year-on-year), and operating profit was ¥2,751 million (down 5.0% year-on-year).

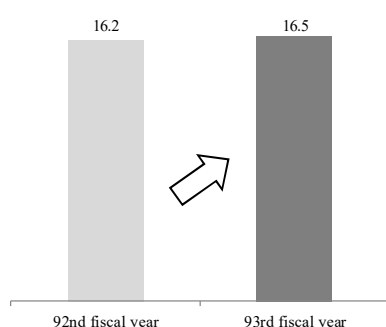
“PLAZASTYLE COMPANY,” a core retailing business of StylingLife Holdings Inc., saw strong sales of cosmetics and other products, but sales of sundries and clothing were weak due in part to the warm winter. “BCL Company,” a division of the cosmetics business, struggled to sell its products overseas, particularly in China and other Asian regions. In addition, a decline in consumption after the consumption tax hike and, most recently, the impact of the spread of COVID-19 on sales activities were serious, resulting in decreased sales and profit.

<<Real Estate & Other>> Net sales ¥16.5 billion (Up 1.6% year-on-year)

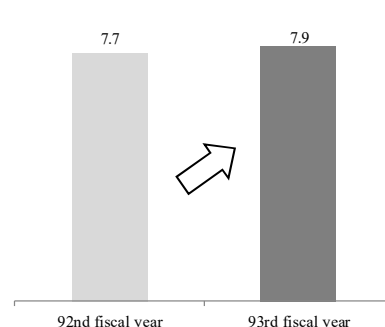


Ratio of sales

Net sales (billions of yen)



Operating profit (billions of yen)



In the Real Estate & Other business segment, net sales for the fiscal year under review were ¥16,523 million (up 1.6% year-on-year), and operating profit was ¥7,942 million (up 2.0% year-on-year).

Sales rose due to occupancy of Akasaka Biz Tower which continued to remain high and earnings from “The Hexagon” building, which is adjacent to the Company’s premises, were added from the previous fiscal year. Operating profit increased despite an increase in expenses such as repair and maintenance.

## **(2) Capital Investment**

Total capital investment in the fiscal year under review was ¥18.8 billion.

Capital investment consists of ¥7,500 million for the Company, ¥7,900 million in Tokyo Broadcasting System Television, Inc., ¥1,000 million in the StylingLife Group.

The Company's major capital investments were related to the Planning of Akasaka Entertainment City Initiative and upgrading of the Akasaka Biz Tower common gates. Major capital investments of Tokyo Broadcasting System Television, Inc. included the upgrading of emergency power generation systems and high-voltage power supply facilities at Midoriyama Studio, and a sub-renewal of D Studio. Major capital investments of StylingLife Group were made on PLAZA store refurbishment and systems investment.

## **(3) Capital Procurement**

Total interest-bearing debt of the Group at the end of the fiscal year under review was ¥1,800 million in long-term borrowings (including the current portion). (Excluding lease obligations.)

In order to ensure flexible access to operating capital, as of the end of the fiscal year under review, StylingLife Holdings Inc., a consolidated subsidiary of the Company, had established a commitment line agreement totaling ¥3 billion with Sumitomo Mitsui Banking Corporation (the balance of the funds drawn is nil, and the available balance is ¥3 billion).

Besides the above, with the aim of streamlining of funds, some of the account receivables are in the process of liquidation.

## **(4) Status of Important Reorganization**

In order to review the structure of the Group and focus the strengths of the Group, in accordance with the "Group Medium-term Management Plan 2020," the Company, on April 1, 2019, made TBS GLOWDIA, Inc. a company surviving an absorption-type merger, in which seven companies, including five consolidated subsidiaries (TBS ProNex, Inc., Vecte, Inc., TBS Service, Inc., Grand Marche, Inc., TBS TriMedia, Inc.) and two wholly-owned subsidiaries, became companies disappearing in the absorption-type merger.

## **(5) Priorities**

The business environment surrounding the Group is undergoing significant changes. The spread of COVID-19, which began in January this year, has had a major impact on economic activities, and the degree of impact on the future advertising market is also unclear, given the growing forecast that the growth of the domestic economy will turn negative.

On the other hand, the media viewing environment is diversifying, with the increasing sophistication of devices making it easier to enjoy video content on smartphones and tablets on a daily basis. According to "2019 Advertising Expenditures in Japan," Internet advertising has surpassed television media advertising for the first time.

In the area of video streaming, the competition for users has intensified as international platform giants are increasing their presence in the Japanese market, and NHK is constantly conducting live streaming. One of our major challenges is how to increase the number of touch points in the Internet domain and connect them to monetization.

Under these circumstances, the Group has renewed its corporate philosophy in April this year.

The new corporate philosophy is as follows.

"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."

In realizing this Philosophy, we have also established the Brand Promise, which is an important commitment to our customers and an aspiration for the future that all members of the Group must always keep in mind.

"From each moment, a better tomorrow."

Our Group aims to create entertaining and inspiring experiences that move hearts and minds. The promise embodies our determination towards that future.

The Corporate Philosophy and Brand Promise shall serve as a guide for all our management activities, in striving to provide fair and speedy reporting and content that is loved, while taking on new challenges.

In this endeavor, we have been making group-wide efforts to achieve the "Group Medium-term Management Plan 2020" covering FY2018 to FY2020.

Priorities under the "Group Medium-term Management Plan 2020" and major initiatives in FY2019 are as follows:

<Priorities>

- (1) Increase of the competitiveness of Tokyo Broadcasting System Television
- (2) Diversification and challenges in total media that creates synergies for TBS
- (3) Performance of the social responsibility that the TBS Group should fulfill

With regard to Priority (1) “Increase of the competitiveness of Tokyo Broadcasting System Television,” the household audience ratings for FY2019 went down slightly year-on-year. However, we have named the male-and-female viewer tier between the ages of 13 and 59 as our Family Core. Beginning in FY2019, we have made improvements to increase the number of shows that can be watched by families with the aim of increasing the individual audience ratings in the said tier as a production indicator. As a result, we have proved popular with many Family Core viewers, especially for dramas and variety shows. Particularly in dramas, many hit titles were released, including “*The ship of Theseus*,” “*AN INCURABLE CASE OF LOVE*,” “*La Grande Maison Tokyo*” and “*No Side Manager*.”

In addition, through our news media activities, we have strengthened the system for distributing news reports 24 hours a day, 365 days a year by promoting the integrated operation of terrestrial broadcasting and digital media, with the emphasis on the real-time nature of news and the provision of accurate information. In reporting on COVID-19, we have established a special reporting structure and been providing information continuously to ensure that the public is informed with accurate information, alerted in a correct manner, and responds to the coronavirus correctly. Furthermore, the Company has actively utilized digital tools, sending out daily reports of press conferences and commentary through live streaming and SNS.

With regard to Priority (2) “Diversification and challenges in total media,” we focus on enhancing and monetizing our video streaming services as the key area of our comprehensive media strategy.

The use of a free catch-up streaming service is growing as the content lineup is enhanced, and advertising revenue is increasing year by year. TVer, the official commercial TV portal at the core of the service, has a cumulative total of more than 25 million app downloads, and will be upgraded to become an even more available service in the future.

Regarding paid video streaming, the number of paid subscriptions for “Paravi,” a flat-rate all-you-can-watch streaming service, continues to increase. In addition to our serial dramas, the director’s cut versions and exclusive spin-off content have contributed significantly to subscriber acquisition. We will continue to make efforts to further promote our video streaming business in the future.

In December 2019, capital and business alliances were concluded with Uzabase, Inc., the operator of an online economic medium NewsPicks. In collaboration with the IT company in the fast-growing digital media sector, we aim to co-produce content and jointly develop digital advertising by combining the know-how of both companies.

In order to expand into new business areas, investments were made in several startups working on content development using AR and VR technologies. This is an area in which the Group can fully demonstrate its video production capabilities. In collaboration with these companies, we are working to provide groundbreaking entertainment and commercialize cutting-edge technology.

The Planning of Akasaka Entertainment City Initiative, announced in January 2019, is also making sound progress. Established in July of the same year, the “Akasaka Entertainment City Project Office” has examined factors from various angles to create a completely new entertainment center that makes full use of the latest technology.

At the Company, we will continue to make strategic investments to further expand our wings for sustainable growth, aiming to be a comprehensive media group that prospers.

With regard to Priority (3) “Performance of the social responsibility that the TBS Group should fulfill,” we acceded to the United Nations “SDG Media Compact” to accelerate the promotion of sustainable development goals (SDGs) adopted by the United Nations in 2015. Since January this year, we have been broadcasting the series “SDGs to the World of 2030” mainly on the news program, and in cooperation with JNN affiliates, we have reported on “people tackling common global issues.”

In October 2019, TBS Akasaka ACT Theatre and Mynavi BLITZ AKASAKA were converted to 100% renewable energy facilities. This was the first initiative in the country to renewable-energize theaters and concert halls. We will continue to accelerate the Group’s promotion of sustainability activities and work on various measures for a “better world.”

As a result of these initiatives in the Group Medium-term Management Plan, consolidated net sales of ¥356.7 billion, consolidated operating profit of ¥13.1 billion, and a ratio of operating profit to net sales of 3.7% were

achieved in the fiscal year under review. These figures compared to the quantitative targets of ¥400.0 billion in consolidated net sales, ¥25.0 billion in consolidated operating profit, and a ratio of operating profit to net sales of 6.3% for FY2020.

We will continue to respond swiftly to the changes of the times and evolve into a media group that is always loved and trusted by our customers, while at the same time striving to further enhance our corporate value and meet the expectations of our shareholders.

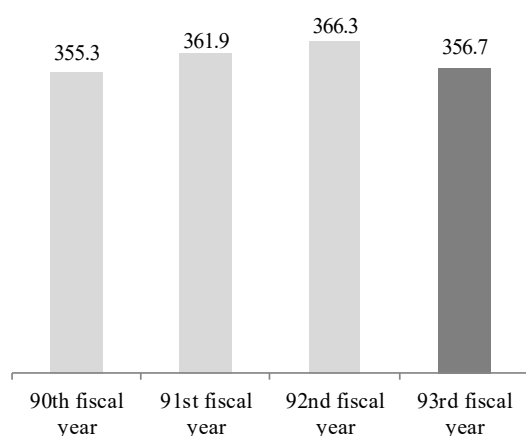


## (6) Assets and Profit/Loss

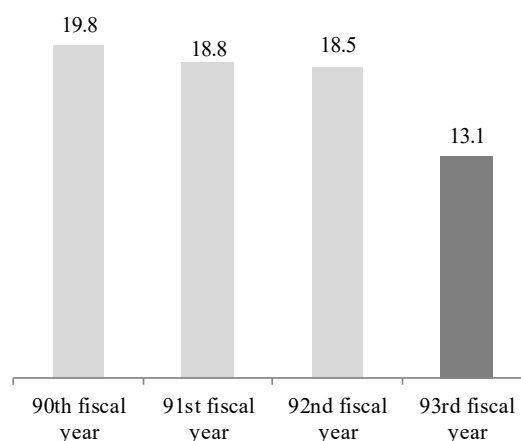
### Assets and Profit/Loss of the Group

	90th Business Term Year ended March 31, 2017	91st Business Term Year ended March 31, 2018	92nd Business Term Year ended March 31, 2019	93rd Business Term Year ended March 31, 2020 (fiscal year under review)
Net sales (millions of yen)	355,363	361,954	366,353	356,796
Operating profit (millions of yen)	19,878	18,800	18,572	13,103
Ordinary profit (millions of yen)	26,207	26,923	28,835	21,274
Profit attributable to owners of parent (millions of yen)	16,136	17,182	25,205	30,174
Earnings per share (yen)	92.46	98.38	144.31	173.28
Net assets (millions of yen)	517,430	600,950	601,291	591,931
Total assets (millions of yen)	707,063	821,737	798,481	783,024

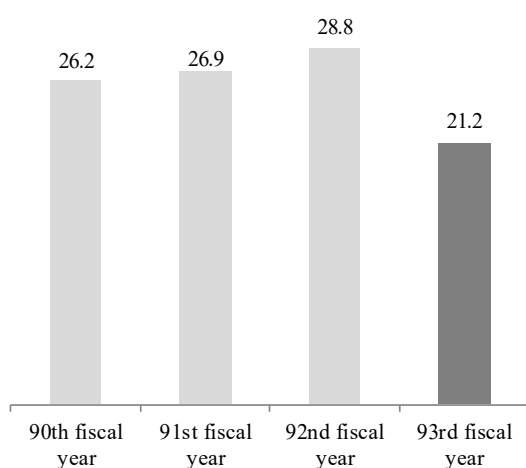
Net sales (billions of yen)



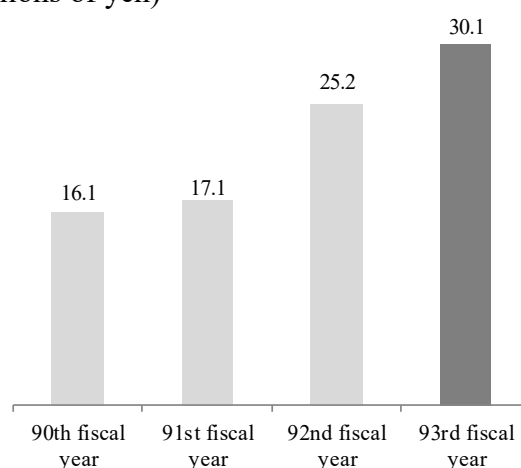
Operating profit (billions of yen)



Ordinary profit (billions of yen)



Profit attributable to owners of parent (billions of yen)



## (7) Status of Parent Company and Principal Subsidiaries

### 1. Parent Company

Tokyo Broadcasting System Holdings, Inc. has no parent company.

### 2. Principal Subsidiaries (As of March 31, 2020)

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
TBS Radio, Inc.	100	100	Radio broadcasting Planning and production of radio programs
Tokyo Broadcasting System Television, Inc.	100	100	Television broadcasting Planning, production and sales of television programs etc.
BS-TBS, INC.	5,844	100	Provision of broadcast services via broadcast satellites, planning, production and sales of programming etc.
TBS SPARKLE, Inc.	50	100	Program production (dramas, variety shows, news reports, information, sports, and others), content production etc.
TBS GLOWDIA, Inc. (Note 3)	50	100	Sales of programs and software, shopping business, planning and production of events and radio programs, digital technology
TBS Media Research Institute Inc.	12	100	Surveys and research on broadcasting and multimedia, collection and supply of media information
Art Communication System Inc.	30	100	Planning, production and procurement of studio sets, costumes, and designs, sound effect, management and operation of studio equipment etc.
Tokyo Broadcasting System International, Inc.	US\$3.28 million	100	Collection of media information and news coverage in the United States
TBS-TEX, Inc.	150	100	Production and sales of broadcast programs, general video and sound recordings, recording and transmitting services etc. of broadcast programs
TOTSU Inc.	453	* 100	Technical services related to broadcast program production and services incidental thereto
TLC Co., Ltd.	21	* 100	Planning and operation etc. of lighting mainly for TV, theater, movies and various events
Akasaka Graphics Art, Inc.	10	100	Planning, production and sales of computer graphic screens etc.
Nichion, Inc.	50	100	Administration and development of copyright, scout and development of artists, song pitching, planning and production of master recordings etc.
OXYBOT, Inc.	10	100	Planning, production and sales of computer-generated video, cinema film investment
C-TBS, Incorporated (Note 7)	100	90	Approved basic broadcast services using a communications satellite

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
TC Entertainment, Inc.	200	51	Planning, production and duplication etc. of video and audio software and computer software
StylingLife Holdings Inc.	100	51	Planning of management strategy as an operating holding company, general imported merchandise retail business, production and sales of cosmetics etc.
LightUp Shopping Club Inc.	100	* 100	Store and non-store sales of cloths, sports and leisure goods, electronic products, and household products
CP Cosmetics Inc.	100	* 100	Development, production and sales of cosmetics and quasi drugs etc.
Seven Arcs Co., Ltd. (Note 4)	10	100	Planning and production of TV animation, theater pieces, games etc., sale of goods, copyright management etc.
Midoriyama Studio City Inc.	100	100	Leasing, operation and management of buildings, studios etc.
TBS Kikaku Co., Ltd.	150	100	Operation and management of parking lots, insurance agency services
TBS Sun Work, Inc.	40	100	Operation, maintenance and management of buildings and auxiliary facilities, temporary staffing service, transport service, repair and maintenance of cars, car service arrangement etc.
TBS HEXA, Inc. (Note 5)	100	100	Real estate business
Akasaka Heat Supply Co., Ltd.	400	70	Heat supply services under the Heat Supply Business Act

Note 1: The 25 important subsidiaries above are consolidated subsidiaries of the Company.

Note 2: An asterisk (\*) indicates the shareholding ratio, including shares held by subsidiaries, parties closely connected with the Company, and parties having agreements with the Company.

Note 3: The Company made TBS GLOWDIA, Inc. the company surviving an absorption-type merger on April 1, 2019. Through the absorption-type merger, five consolidated subsidiaries (TBS ProNex, Inc., Vecte, Inc., TBS Service, Inc., Grand Marche, Inc., TBS TriMedia, Inc.) and two wholly-owned subsidiaries became companies disappearing in the absorption-type merger (refer to page 22 of “Status of Important Reorganization”).

Note 4: The Company made SEVEN·ARCS·PICTURES Co., Ltd. the company surviving an absorption-type merger on October 1, 2019. Through the absorption-type merger, two companies (Arcturus Inc. and SEVEN·ARCS Co., Ltd.) became companies disappearing in the absorption-type merger. Effective from the same date, SEVEN·ARCS·PICTURES Co., Ltd. changed its trade name to Seven Arcs Co., Ltd.

Note 5: As of March 25, 2020, the Company established TBS HEXA, Inc. through a company split (simple incorporation-type company split) and transferred the rights and obligations of the real estate business of the Company’s building “The Hexagon” to TBS HEXA, Inc.

Note 6: As of March 16, 2020, the Company transferred all of the shares of Golf Network Plus Co., Ltd.

Note 7: C-TBS, Incorporated changed its trade name to CS-TBS, Incorporated on April 1, 2020.

Note 8: The state of specified wholly-owned subsidiaries at the end of the fiscal year under review is as in the following.

Name of specified wholly-owned subsidiary	Tokyo Broadcasting System Television, Inc.
Address of specified wholly-owned subsidiary	5-3-6 Akasaka, Minato-ku, Tokyo
Book value of shares of specified wholly-owned subsidiary of the Company or wholly-owned subsidiary thereof	¥243,580 million
Total assets of the Company	¥593,842 million

**(8) Main Business Activities (As of March 31, 2020)**

The core activities of the Group are television and radio broadcasting, and the production and sales of video and audio software and cultural events. Other areas of activity include maintenance, services relating to these core activities.

Business activities in the fiscal year under review were as follows:

Segment	Activities
Media & Contents	<p>* Broadcasting-related business Broadcasting, program production, video technology, art production, computer graphics, audio technology, lighting technology, camera filming, cable TV investment, video investment, surveys and research etc.</p> <p>* Events, planning and production of video software etc., CS business Production, sales and streaming of video and audio software, events and programs, program syndication, production and sales of video software, planning and production of animation, planning and production of audio software</p>
Lifestyle	Mail-order marketing, retail of general merchandise, production and sales of cosmetics
Real Estate & Other	<p>* Real estate leasing, maintenance and services Studio management, cooling and heating control services, parking lot management, equipment leasing, insurance agency services, real estate leasing etc.</p>

Note: The Company changed its segment classification. The “Broadcasting,” “Multi Visual Ventures and Cultural Events,” and “Real Estate” segments in the previous fiscal year were changed to the “Media & Contents,” “Lifestyle,” and “Real Estate & Other” segments in the fiscal year under review.

**(9) Principal Sales Office (As of March 31, 2020)**

## 1. Tokyo Broadcasting System Holdings, Inc.

Sales Office	Address
Head office and studios	5-3-6 Akasaka, Minato-ku, Tokyo

## 2. Subsidiaries

Company name	Location
TBS Radio, Inc., Tokyo Broadcasting System Television, Inc. (Note 1), BS-TBS, INC., TBS SPARKLE, Inc., TBS GLOWDIA, Inc., TBS Media Research Institute Inc., Art Communication Systems, Inc., TBS-TEX, Co., Ltd., TOTSU Inc., TLC Co., Ltd., Akasaka Graphics Art, Inc., Nichion, Inc., OXYBOT, Inc., C-TBS, Incorporated, TC Entertainment, Inc., TBS Kikaku Co., Ltd., TBS Sun Work, Inc., TBS HEXA, Inc., Akasaka Heat Supply Co., Ltd.	Minato-ku, Tokyo
StylingLife Holdings Inc. (Note 2) LightUp Shopping Club Inc. CP Cosmetics Inc. (Note 3)	Shinjuku-ku, Tokyo
Seven Arcs Co., Ltd.	Nerima-ku, Tokyo
Midoriyama Studio City Inc.	Yokohama City, Kanagawa Prefecture
Tokyo Broadcasting System International, Inc.	New York, U.S.A.

Note 1: Tokyo Broadcasting System Television, Inc. has Kansai Branch Office in Osaka City, Osaka Prefecture, a TV studio in Yokohama City, Kanagawa Prefecture, and a TV transmitter station in Sumida-ku, Tokyo.

Note 2: StylingLife Holdings Inc. operates a nationwide store network in Japan consisting of 89 “PLAZA” stores, etc. and a sales office in Osaka City, Osaka Prefecture and has its main plant in Yaizu City, Shizuoka Prefecture.

Note 3: CP Cosmetics Inc. has sales offices in Shinagawa-ku, Tokyo, Sapporo City, Hokkaido, Nagoya City, Aichi Prefecture, Osaka City, Osaka Prefecture, and Fukuoka City, Fukuoka Prefecture.

**(10) Work Force (As of March 31, 2020)**

Segment	Number of employees	Change since end of previous fiscal year
Media & Contents	3,950	Increase of 35
Lifestyle	1,684	Decrease of 1
Real Estate & Other	83	Decrease of 1
Corporate (shared)	438	Increase of 32
Total	6,155	Increase of 65

Note 1: As segments have changed from the fiscal year under review, change since end of previous fiscal year was made by restating the figures from the previous fiscal year to the segments after the change.

Note 2: Employees classed as “corporate (shared)” are administrative employees who cannot be allocated to any specific segment.

**(11) Main Lenders (As of March 31, 2020)**

Lender	Amount (millions of yen)
Syndicated loan	1,800

Note 1: The syndicated loan was provided by five financial institutions, with Sumitomo Mitsui Banking Corporation acting as an arranger.

Note 2: StylingLife Holdings Inc., a consolidated subsidiary of the Company, has signed an agreement with Sumitomo Mitsui Banking Corporation to establish a ¥3 billion commitment line.  
(Refer to page 22 of “Capital Procurement”: the balance of the funds drawn is nil, and the available balance is ¥3 billion)

## 2. The Current Position of Tokyo Broadcasting System Holdings, Inc.

### (1) Common Stock (As of March 31, 2020)

1. Total Number of Shares Issuable 400,000,000 shares
2. Issued Number of Shares 174,709,837 shares
3. Number of Shareholders 12,274
4. Major Shareholders and Number of Shares Held (Top 10)

Shareholders	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	5.40
MBS MEDIA HOLDINGS, INC.	8,848,100	5.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,507,200	4.93
Mitsui Fudosan Co., Ltd.	5,713,728	3.31
NTT DOCOMO, INC.	5,713,000	3.31
Nippon Life Insurance Company	5,006,235	2.90
Panasonic Corporation	4,423,180	2.56
mitsui & co., ltd.	4,288,000	2.48
BIC CAMERA INC.	4,190,000	2.43
Sumitomo Mitsui Banking Corporation	3,775,267	2.19

- Note 1: Percentage of shares held was calculated excluding its treasury share (2,347,407 shares) and rounded down to two decimals.
- Note 2: The percentage of voting rights held by foreign shareholders at the end of the fiscal year under review, as defined in the Broadcasting Act, was 16.66%.
- Note 3: 9,310,500 shares held by the Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.) are the Company's shares owned by DENTSU INC. and deposited in DENTSU INC.'s pension trust.

## (2) Corporate Officers

### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Position	Name	Areas of responsibility
Chairman and Director	Shinji Takeda	
President and Chief Executive Officer	Takashi Sasaki	Office of Internal Business Audit and Overall Management of The Marketing Lab
Senior Managing Director and Representative Director	Toshiaki Kawai	In charge of Overall Businesses, HD Comprehensive Media Council and Information System Technology Division and Overall Technology of Television Business
Managing Director	Tatsuo Sugai	Sales of Television Business and Overall Multi Visual Ventures and Cultural Events of Television Business
Managing Director	Mikio Kokubu	In charge of Administration Division and Finance Division
Director	Ken Sonoda	In charge of Group Managerial Strategy
Director	Hiroyuki Aiko	In charge of Media Strategy
Director	Masashi Nakao	In charge of Division of Corporate Planning, Division of Multi-Platform Media and Akasaka Entertainment City
Director	Hideki Isano	Overall Programming of Television Business
Director	Masaya Chisaki	In charge of President's Office, Legal & Compliance Division, Division of Human Resources and Labor and Office of TBS Group University
Director	Eiichi Iwata	Overall News and Information of Television Business
Director	Shoichi Watanabe	Overall Production and Sports of Television Business
Director	Masamine Ryuho	In charge of Sales of Television Business and The Marketing Lab
Director	Yutaka Asahina	
Director	Tadashi Ishii	
Director	Keiichi Mimura	
Director	Hitoshi Kashiwaki	
Standing Statutory Audit & Supervisory Board Member	Takafumi Kannari	
Standing Statutory Audit & Supervisory Board Member	Tatsuo Tanaka	
Audit & Supervisory Board Member	Teisuke Kitayama	
Audit & Supervisory Board Member	Mie Fujimoto	
Audit & Supervisory Board Member	Toshiaki Katsushima	

- Note 1: At the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019, Mr. Yasushi Yoshida retired from the office of Director upon completion of his term.
- Note 2: Among the Directors, Mr. Yutaka Asahina, Mr. Tadashi Ishii, Mr. Keiichi Mimura and Mr. Hitoshi Kashiwaki are Outside Directors.
- Note 3: Among the Audit & Supervisory Board Members, Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Toshiaki Katsushima are Outside Audit & Supervisory Board Members.
- Note 4: The Company has registered Directors Mr. Yutaka Asahina and Mr. Hitoshi Kashiwaki, and Audit & Supervisory Board Members, Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Toshiaki Katsushima as Independent Directors/Audit & Supervisory Board Members with the Tokyo Stock Exchange.
- Note 5: Standing Statutory Audit & Supervisory Board Member, Mr. Takafumi Kannari has an experience as General Manager of Finance Division and Director in charge of accounting at the Company and has considerable knowledge of accounting and finance.
- Note 6: Audit & Supervisory Board Member Mr. Toshiaki Katsushima has knowledge of accounting and tax affairs as a certified public accountant and tax accountant, and has considerable knowledge of accounting and finance.
- Note 7: Important positions of other organizations concurrently assumed by Directors and Audit & Supervisory Board Members relevant to the fiscal year under review are as follows:

Category	Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold a concurrent position	Concurrent position held
Directors	Shinji Takeda	Tokyo Broadcasting System Television, Inc. TBS SPARKLE, Inc. TBS GLOWDIA, Inc. StylingLife Holdings Inc. MBS MEDIA HOLDINGS, INC. RKB MAINICHI HOLDINGS CORPORATION	Chairman and Director Chairman and Director Chairman and Director Director Outside Director Outside Audit & Supervisory Board Member
	Takashi Sasaki	Tokyo Broadcasting System Television, Inc.	President and Representative Director
	Toshiaki Kawai	Tokyo Broadcasting System Television, Inc.	Senior Managing Director and Representative Director
	Tatsuo Sugai	Tokyo Broadcasting System Television, Inc. StylingLife Holdings Inc.	Managing Director Director
	Mikio Kokubu	Tokyo Broadcasting System Television, Inc. SKY Perfect JSAT Holdings Inc.	Managing Director Outside Audit & Supervisory Board Member
	Ken Sonoda	Tokyo Broadcasting System Television, Inc. TBS GLOWDIA, Inc.	Director President and Representative Director
	Hiroyuki Aiko	Tokyo Broadcasting System Television, Inc. BS-TBS, INC.	Director President and Representative Director
	Masashi Nakao	Tokyo Broadcasting System Television, Inc. WOWOW Inc.	Director Outside Director
	Hideki Isano	Tokyo Broadcasting System Television, Inc.	Director
	Masaya Chisaki	Tokyo Broadcasting System Television, Inc.	Director
	Eiichi Iwata	Tokyo Broadcasting System Television, Inc.	Director
	Shoichi Watanabe	Tokyo Broadcasting System Television, Inc.	Director
	Masamine Ryuho	Tokyo Broadcasting System Television, Inc. Broadcasting System of Niigata Inc.	Director Outside Director



Category	Name	Company in which Directors and Audit & Supervisory Board Members of the Company hold a concurrent position	Concurrent position held
Directors	Yutaka Asahina	Tokyo Broadcasting System Television, Inc. The Mainichi Newspapers Group Holdings, Co., Ltd. The Mainichi Newspapers Co., Ltd. MBS MEDIA HOLDINGS, INC. RKB MAINICHI HOLDINGS CORPORATION Shochiku Co., Ltd.	Director Chairman and Representative Director Chairman Outside Director Outside Director Outside Audit & Supervisory Board Member
	Tadashi Ishii	Tokyo Broadcasting System Television, Inc. Dentsu Group Inc.	Director Executive Advisor
	Keiichi Mimura	Tokyo Broadcasting System Television, Inc. MBS MEDIA HOLDINGS, INC. Mainichi Broadcasting System, Inc.	Director Chairman and Representative Director President and Representative Director
	Hitoshi Kashiwaki	Tokyo Broadcasting System Television, Inc. ASICS Corporation Matsuya Co., Ltd.	Director Outside Director Outside Director
Audit & Supervisory Board Members	Takafumi Kannari	Tokyo Broadcasting System Television, Inc. TBS Radio, Inc. StylingLife Holdings Inc. TBS SPARKLE, Inc.	Audit & Supervisory Board Member Audit & Supervisory Board Member Audit & Supervisory Board Member Audit & Supervisory Board Member
	Tatsuo Tanaka	Tokyo Broadcasting System Television, Inc. BS-TBS, INC. TBS GLOWDIA, Inc.	Audit & Supervisory Board Member Audit & Supervisory Board Member Audit & Supervisory Board Member
	Teisuke Kitayama	Tokyo Broadcasting System Television, Inc. Sumitomo Mitsui Banking Corporation Daicel Corporation	Audit & Supervisory Board Member Advisor External Director
	Mie Fujimoto	Tokyo Broadcasting System Television, Inc. TMI Associates SEIKAGAKU CORPORATION EBARA CORPORATION	Audit & Supervisory Board Member Partner (lawyer) Outside Audit & Supervisory Board Member Independent Director
	Toshiaki Katsushima	Tokyo Broadcasting System Television, Inc. Toshiaki Katsushima, CPAs & Tax Accountancy Office	Audit & Supervisory Board Member Representative

## 2. Amounts of Fees etc. Paid to Directors and Audit & Supervisory Board Members

Category	Recipients	Total amount of fees etc.
Directors (subtotal: Outside Directors)	18 (4)	¥724 million (¥33 million)
Audit & Supervisory Board Members (subtotal: Outside Audit & Supervisory Board Members)	5 (3)	¥77 million (¥25 million)

Note 1: The above recipients include one (1) Director who retired at the conclusion of the 92nd Ordinary General Meeting of Shareholders.

Note 2: The above total amount of fees etc. does not include salaries paid to directors who were also employees.

Note 3: Resolutions were passed at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014 stipulating maximum amounts of ¥900 million per year (of which the portion for Outside Directors will be an amount not exceeding ¥60 million, however, it does not include employee salaries) for Directors' fees. In addition, resolutions were passed at the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019, stipulating that monetary remuneration receivables for granting restricted shares provided to Directors (excluding Outside Directors) will be an amount not exceeding ¥180 million per year (however, it does not include employee salaries) within the limit of the fee. The above total amount of fees, etc. includes the amount recorded as expenses for granting restricted shares for the fiscal year under review.

Note 4: Resolutions were passed at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014 stipulating maximum amounts of ¥100 million per year for Audit & Supervisory Board Members' fees.

Note 5: Outside Directors and Outside Audit & Supervisory Board Members, who concurrently serve at the subsidiaries of the Company, do not receive fees from said subsidiaries.

## 3. General Intent of Limited Liability Agreement

The Articles of Incorporation of the Company include provisions on limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members.

The general intent of the limited liability agreement that the Company entered into with each of the Outside Directors and Outside Audit & Supervisory Board Members pursuant to the Articles of Incorporation is as follows:

- The liability of an Outside Director or an Outside Audit & Supervisory Board Member pursuant to Article 423, Paragraph 1 of the Companies Act is limited to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act in the absence of ill intent and gross negligence on the part of the relevant director or audit & supervisory board member in the execution of his or her responsibilities.

#### 4. Items Pertaining to Outside Officers

##### (a) Principal Activities in the Fiscal Year under Review

Category	Name	Attendance to meetings of the Board of Directors	Attendance to meetings of the Audit & Supervisory Board	Status of expression of opinions
Directors	Yutaka Asahina	12/12	-	With extensive experience and knowledge as a member of the top management of a newspaper company, Mr. Asahina gives valuable opinions and suggestions.
	Tadashi Ishii	11/12	-	With extensive experience and knowledge as a member of the top management of an advertising company, Mr. Ishii gives valuable opinions and suggestions.
	Keiichi Mimura	12/12	-	With extensive experience and knowledge as a member of the top management of a broadcasting company, Mr. Mimura gives valuable opinions and suggestions.
	Hitoshi Kashiwaki	12/12	-	With extensive experience and knowledge as a member of top management of a human resources service company, Mr. Kashiwaki gives valuable opinions and suggestions.
Audit & Supervisory Board Members	Teisuke Kitayama	11/12	11/12	Mr. Kitayama asks questions and gives advice based on extensive experience and knowledge as a member of the top management of a financial institution.
	Mie Fujimoto	12/12	12/12	Ms. Fujimoto asks questions and gives advice based on extensive experience and knowledge as a lawyer specialized in corporate legal affairs.
	Toshiaki Katsushima	11/12	12/12	Mr. Katsushima asks questions and gives advice based on extensive experience and knowledge as a certified public accountant and tax accountant.

##### (b) Relationships between the Company and Other Companies Where Positions are Held Concurrently

Outside Directors, Mr. Yutaka Asahina, Mr. Tadashi Ishii, Mr. Keiichi Mimura and Mr. Hitoshi Kashiwaki concurrently serve as Directors, and Outside Audit & Supervisory Board Members Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Toshiaki Katsushima concurrently serve as Audit & Supervisory Board Members of Tokyo Broadcasting System Television, Inc., which is a subsidiary of the Company, forms the core of the Group. The relationships between Tokyo Broadcasting System Television, Inc. and other significant companies, where Outside Directors of the Company concurrently serve, are as follows:

- Mr. Yutaka Asahina, an Outside Director, is Chairman of The Mainichi Newspapers Co., Ltd. and the company has continuing business transactions with Tokyo Broadcasting System Television, Inc. ("TBS TV"), with respect to placing advertisements and supplying news materials.
- Mr. Keiichi Mimura, an Outside Director, is President and Representative Director of Mainichi Broadcasting System, Inc. and the company has a competitive business relationship with TBS TV in the broadcasting business, while maintaining business relationships in areas such as broadcast syndication and television frequency fees.

### (3) Accounting Auditors

(i) Name of Accounting Auditor: KPMG AZSA LLC

(ii) Fees etc. Paid to Accounting Auditors in the Fiscal Year under Review

	Amount paid
A. Fees etc. pertaining to the fiscal year under review	¥43 million
B. Total amount of cash and other asset-based benefits payable to the accounting auditors of Tokyo Broadcasting System Holdings, Inc. and its subsidiaries	¥85 million

Note 1: The audit agreement between the Company and the accounting auditor does not separate the amounts of fees etc. for audits under the Companies Act from the amounts of fees etc. for audits under the Financial Instruments and Exchange Act. Since it is essentially impossible to separate these amounts, the amount shown for A. above represents the sum of both.

Note 2: The Audit & Supervisory Board consents to the fees etc. paid to the accounting auditor as stipulated under Article 399, Paragraph 1 of the Companies Act after comparing audit plans in prior years of the accounting auditor to actual audit results, reviewing changes in audit hours and fees for audits, and considering the reasonableness of audit hours and estimated fees in the fiscal year under review.

(iii) Policy on Dismissal or Non-Reappointment of Accounting Auditor

If there are grounds for dismissal under the provisions of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board of the Company will dismiss the accounting auditor, subject to approval by all Audit & Supervisory Board Members.

In addition, when the Audit & Supervisory Board deems there is a clear need for action, such as when the Audit & Supervisory Board recognizes it would be difficult for the accounting auditor to execute their duties, it may decide upon the content of a proposal concerning the dismissal or non-reappointment of the accounting auditor, and based on this decision, the Board of Directors may submit this as an item for approval at the general meeting of shareholders.

### **3. Systems Ensuring that Directors Perform their Duties in Accordance with the Laws and Regulations and the Articles of Incorporation and that Other Operations are Conducted Appropriately**

The Company adopted the “policy concerning the establishment of the systems necessary to ensure that the business performance by the Directors complies with laws and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a stock company and a corporate group consisting of the stock company and its subsidiaries,” as stipulated in Item 6, Paragraph 4 of Article 362 of the Companies Act and Paragraphs 1 and 3 of Article 100 of the Regulation for Enforcement of the Companies Act.

#### **Introduction**

As a certified broadcast holding company, with broadcasters under its umbrella that are entrusted with the use of finite and valuable radio waves, Tokyo Broadcasting System Holdings, Inc. is profoundly aware of the social responsibilities and public mission, as stated in the TBS Group Activities Charter, and will continue to fulfill and strengthen its corporate governance.

As part of our efforts to carry out our business activities appropriately and efficiently while maintaining and enhancing the corporate value of the TBS Group, we have established the TBS Group Corporate Activities Committee to build and implement internal control systems for the Group.

The Committee is chaired by the President and made up of directors from the Company and its Group companies, as well as outside members. Its responsibilities are as follows:

1. Matters pertaining to the development, evaluation and improvement of internal control systems
2. Matters pertaining to upholding business ethics
3. Matters pertaining to the risk management and the appropriate and efficient performance of operations
4. Matters pertaining to information disclosure
5. Matters pertaining to questions from the Board of Directors of TBS Group Companies

#### **(1) Systems Ensuring that Directors Perform their Duties in Accordance with the Laws and Regulations and the Articles of Incorporation**

- (a) All officers and employees swear a basic oath under the TBS Group Activities Charter, which defines the corporate philosophy under which the TBS Group is working to achieve growth based on excellence as a corporate group. We are working to ensure the full implementation of the TBS Group Activities Standards, which were formulated as standards for the realization of the Charter.
- (b) We have formulated the TBS Group Information Disclosure Policies, and we will fulfill our responsibilities to provide good explanations to shareholders as a corporate group through the timely disclosure of accurate information.
- (c) The Special Committee for Appraising Corporate Value, consisting of outside directors, outside audit & supervisory board members and outside experts, assesses policies from the perspective of maximizing corporate value in response to questions submitted by the Board of Directors, and advises the Board of Directors of the results of its deliberations.
- (d) Tokyo Broadcasting System Holdings, Inc. is audited by the Audit & Supervisory Board, formed by standing statutory audit & supervisory board members and outside audit & supervisory board members. The important subsidiary, Tokyo Broadcasting System Television, Inc. does not set the Audit & Supervisory Board but is audited by outside audit & supervisory board members on the basis of the structure of Tokyo Broadcasting System Holdings, Inc.

#### **(2) Systems Concerning the Storage and Management of Information Pertaining to the Performance of Directors’ Duties**

- (a) We have formulated the Document Handling Regulations, which define standards for the handling of documents containing information pertaining to the performance of directors’ duties. Documents are stored and managed appropriately and reliably during the periods stipulated in those regulations.
- (b) We will maintain document storage and management systems capable of responding promptly to requests from directors and audit & supervisory board members who wish to peruse documents pertaining to the performance of directors’ duties.

### **(3) Risks of Loss Management Regulations and Other Systems**

- (a) We will establish the TBS Group General Risk Management Policies, the TBS Group General Risk Management Regulations, and other regulations required to support ongoing controls on risks of losses affecting our business activities and operations, and monitor risks based on implementation guidelines. Risk management conditions will be evaluated semi-annually by the TBS Group General Risk Management Committee, which is a sub-committee of the TBS Group Corporate Activities Committee.
- (b) We have formulated Basic Policies for Managing Market Risk. This policy is reviewed semi-annually to ensure an appropriate response to the risk of share price, foreign exchange rate and interest rate fluctuations.
- (c) We have formulated the Investment and Financial Management Regulations to support the management, coordination and efficient use of investments and finance. The appropriateness of investments and loans is assessed by the Investment and Financial Judging Committee after consultation with the Group Managerial Strategy Council.
- (d) To prepare for serious risks such as damage to our corporate brand, we have formulated the TBS Group Crisis Response Regulations, which define the establishment of an organization in charge, operational procedures, information management approach, and other systems that differ from those in normal times, and will respond to the emergence of serious risks.
- (e) We have established the TBS Group Information Liaison Conference to summarize and share information required to handle situations when risks arise.
- (f) We have formulated the TBS Group Information Security Policy to ensure appropriate network use and prevent threats, such as unauthorized access, system damage caused by computer viruses etc., and data leakage or tampering etc.

### **(4) Systems Ensuring the Efficient Performance of Directors' Duties**

- (a) In principle, the Board of Directors meets regularly once every month. This is the basic system for ensuring the efficient performance of directors' duties.
- (b) Important matters pertaining to management policy and strategies are discussed at the Group Managerial Strategy Council, which is in principle held once a week. Decisions on executive actions are taken after these deliberations.
- (c) The Group Managerial Strategy Council, which advises the President, supports comprehensive long-term management planning by facilitating and coordinating long-term management planning activities.

### **(5) Systems Ensuring that Employees Perform their Duties in Compliance with Laws and Regulations and the Articles of Incorporation**

- (a) We have formulated the TBS Group Activities Charter as a basic oath that all officers and employees are required to uphold. We have also adopted the TBS Group Activities Standards as standards for the realization of the Charter.
- (b) We will ensure that the Legal & Compliance Division is able to function effectively and appropriately as the coordinating unit for the development and operation of our internal control and compliance system, and that the Office of Internal Business Audit can function effectively and appropriately as the internal audit unit.
- (c) We will maintain the TBS Hotline as an internal reporting system for the Group, and we will make effective use of the Office of Internal Business Audit and outside law offices as contact points for the reporting of problems, such as situations that contravene laws and regulations or corporate rules.
- (d) We will maintain internal checks and balances, such as personnel-related systems, to eliminate the concentration of authority in the hands of individual employees.

**(6) Systems Ensuring the Appropriateness of Business Operations of the Group Consisting of Tokyo Broadcasting System Holdings, Inc. and Its Subsidiaries**

- (a) We will apply the TBS Group Activities Charter and the TBS Group Activities Standards as the oath and behavior guidelines for the Group. The Company will conduct a review of each company in the Group on a regular basis, in order to ensure strict compliance therewith.
- (b) Tokyo Broadcasting System Television, Inc., TBS Radio, Inc. and BS-TBS, INC., broadcasters under its umbrella, will set the Broadcast Council in accordance with the Broadcasting Act, and Broadcast Council will be the committee for consultation and proposal of all queries, aiming for the improvement and the development of broadcast programs.
- (c) The Company will set the Office of Internal Business Audit to audit the operations of all related Group companies.
- (d) Each company within the Group will lay down the TBS Group Corporate Governance, aim the penetration of formulation and operation of internal control systems, and straighten the system to maintain the soundness of the parent and subsidiary relationships in the Group.
- (e) Each company within the Group will participate in the TBS Hotline and set out and operate a structure to raise awareness of the participation.
- (f) We have formulated the Subsidiaries and Affiliates Management Regulations as the basis for ensuring the appropriateness of business operations and enhancing the management efficiency of the Group, as well as accelerating their development through the provision of guidance, while developing a system under which directors of subsidiaries report matters concerning the execution of duties to the Company.

**(7) Systems Ensuring the Effectiveness of Audits Conducted by the Audit & Supervisory Board Members and Systems Concerning Reports to the Audit & Supervisory Board Members**

- 1. Items Pertaining to Employees in the Audit & Supervisory Board Member Support Organization and the Independence of those Employees from Directors
  - (a) We will ensure that the Office of Audit & Supervisory Board Members is able to function as a support unit for the activities of the audit & supervisory board members, and employees who provide that support will assist in the work of the audit & supervisory board members pursuant to instructions from the audit & supervisory board members. We will also maintain a system whereby approval of the audit & supervisory board members will be obtained for personnel appraisals and transfers of such employees, and for any disciplinary action against such employees.
  - (b) The Audit & Supervisory Board will establish an Audit & Supervisory Board Headquarters if required, such as when there are matters requiring investigation by the Audit & Supervisory Board Members. Employees nominated by the Audit & Supervisory Board will provide assistance to the Audit & Supervisory Board Headquarters or the audit & supervisory board members. The Company will appropriately bear expenses incurred for the investigation by the Audit & Supervisory Board Headquarters.
- 2. Systems for Reporting to the Audit & Supervisory Board Members by Directors and Employees and for Other Reports to the Audit & Supervisory Board Members
  - (a) The directors and employees will report to the Audit & Supervisory Board Members whenever there are important matters affecting operations or performance. A system will also be secured to ensure they are not treated unfavorably based on facts reported or details thereof.
  - (b) The Audit & Supervisory Board Members may require reports from directors or employees as required at any time.
  - (c) We will operate the TBS Group Information Liaison Conference and the TBS Hotline appropriately and maintain appropriate reporting systems, so that the Audit & Supervisory Board Members can be informed of any compliance issues, including violations of laws and regulations.
  - (d) The Audit & Supervisory Board Members will receive reports on the results of internal audits conducted by the Office of Internal Business Audit.
  - (e) The Audit & Supervisory Board Members can attend important meetings, peruse documents concerning important decisions, and require directors to provide reports concerning the performance of operations. If necessary, the audit & supervisory board members can also hold direct hearings in any department.

- (f) The Audit & Supervisory Board Members, Accounting Auditors, Office of Internal Business Audit and the Legal & Compliance Division will share information to maintain effective and efficient internal control systems.
  - (g) The Company will appropriately bear expenses that arise from executing the duties of the Audit & Supervisory Board Members, respecting the will of audit & supervisory board members.
3. Systems under Which Directors and Employees of Subsidiaries of the Company and Directors and Employees Who Received Reports from them Report to Audit & Supervisory Board Members and Other Systems Concerning Reports to the Audit & Supervisory Board Members
- (a) We will secure a system at Group companies under which directors and employees report serious risks and matters concerning internal controls to Audit & Supervisory Board Members of the Company and a system under which audit & supervisory board members of the Company may require reports from directors, audit & supervisory board members, or employees of Group companies as required at any time.
  - (b) We will secure a system to ensure that directors, Audit & Supervisory Board Members, or employees of Group companies who report to audit & supervisory board members and directors or employees who receive reports from them will not be treated unfavorably based on the facts reported to audit & supervisory board members and details thereof.



#### **4. Summary of Status of Implementation of System for Ensuring the Appropriateness of Business Operations**

In accordance with a resolution adopted by the Board of Directors for a “system ensuring the appropriateness of business operations” as stipulated in Item 6, Paragraph 4 of Article 362 of the Companies Act and Paragraphs 1 and 3 of Article 100 of the Regulation for Enforcement of the Companies Act, the department in charge of internal controls of the Company leads efforts to develop and operate internal control systems, highlighted by the development of Risk Management Regulations, Document Management Regulations, and other internal regulations, and holds meetings of the Risk Management Committee and other committees. As part of our efforts to carry out our business activities appropriately and efficiently, while maintaining and enhancing the corporate value of the TBS Group, we have established the TBS Group Corporate Activities Committee, which is chaired by the President, to build and implement internal control systems for the Group.

As of the end of the fiscal year under review, the department in charge of internal controls and the Office of Internal Business Audit confirmed that internal control systems of the Company are properly implemented in accordance with a resolution adopted by the Board of Directors for a “system ensuring the appropriateness of business operations” and function effectively by perusing minutes of the Board of Directors’ meetings and other important meetings, receiving reports from departments, and conducting interviews. Besides, matters of note on the specific status of implementation can be listed as follows.

- (1) Among our efforts to promote risk management, we follow the process of 1. Identifying risks that impede achieving management objectives and internal control objectives of the Company, 2. Evaluating risks identified, 3. Identifying “core items” that could significantly affect the Company, 4. Formulating a plan to respond to “core items” to minimize risks, and 5. Confirming the progress of the plan to respond to “core items” based on the Risk Management Regulations. Specialized departments lead efforts to formulate and implement the plan to respond to “core items,” and the Risk Management Committee coordinates those efforts on a company-wide basis.
- (2) We have formulated rules to be complied with as the TBS Group based on the TBS Group Corporate Governance, and require each company within the Group to comply with such rules for developing internal control systems of the Group including its consolidated subsidiaries. The Risk Management Committee and the department in charge of internal control check whether target companies appropriately perform business operations in accordance with such rules and request them to make improvements when any issue is found.
- (3) Concerning the operation of internal controls at Tokyo Broadcasting System Holdings, Inc. and its consolidated subsidiaries, the Company established the Proper Activities Inspection Special Subcommittee, which inspects systems that ensure the appropriateness of the Group companies’ activities, and reports to the TBS Group Corporate Activities Committee.
- (4) Regarding internal controls performed to ensure the reliability of financial reporting, we evaluate their effectiveness based on procedures compliant with generally accepted valuation standards as stipulated by the provisions of the Financial Instruments and Exchange Act and other related laws and regulations, and report its results to outside parties. The President performs this evaluation in accordance with the “regulations for evaluating the effectiveness of internal controls over financial reporting,” assisted by the Office of Internal Business Audit, which reports directly to the President. The Office of Internal Business Audit, upon consulting with the accounting auditor, formulates an evaluation plan, which defines the scope of evaluations and other matters, and evaluates the status of developing and implementing internal controls. When a deficiency is found, the Office recommends internal control managers to correct the relevant process, counts the number of deficiencies at the year end, and reports them to the President, the Board of Directors, the audit & supervisory board members, and others.

## **5. Basic Policy Regarding Parties Deciding on Financial and Business Policies of Tokyo Broadcasting System Holdings, Inc.**

The Basic Policy Regarding Parties Deciding on Financial and Business Policies of the Company (hereinafter referred to as “Basic Policy”) was implemented by the Company at the Board of Directors’ meeting held on February 28, 2007. In connection with the formulation and execution of “Group Medium-term Management Plan 2020,” a new medium-term management plan of the Group, the sections of the Basic Policy that are related to the medium-term management plan were revised as follows at the Board of Directors’ meeting held on April 3, 2018.

### **(1) Basic Policy**

As a listed company, the Company has a responsibility to contribute to the development of market economy. We also have an important public mission as a certified broadcast holding company, with broadcasters under our umbrella that are entrusted with the use of finite and valuable radio waves. The corporate characteristics of the Company are expressed as follows in the “TBS Group Activities Charter,” which was formulated by the Company. “We consistently commit ourselves to the freedom of expression and make efforts to transmit fair, honest and accurate information, thereby fulfilling the mission expected of a news medium” and “We place a great importance on relations with society and harmonious coexistence with nature, and commit ourselves to a sustainable society as well as in the realization of a better global environment.” In addition, the Company is given a vital role as a certified broadcast holding company with broadcasters under its umbrella that are, as our country’s key media, expected to perform the function of social lifeline particularly at the time of disasters and emergencies without any delay.

With the emergence of full-scale digital terrestrial broadcasting and the arrival of the multimedia era, the challenge for the broadcasting industry is the improvement of program production, planning and development capabilities and program quality.

We recognize our work force, including the employees and associated workers of Tokyo Broadcasting System Holdings, Inc. and its subsidiaries and affiliates as a business resource that is vital to the fulfillment of our public mission and social role, and to our efforts to improve program production, planning and development capabilities and program quality, which are key to our competitiveness as a broadcaster. Furthermore, the relationships of trust that we have built over many years with our contractors and suppliers, and with all of the people who contribute to the development of programs and content, play an extremely important role as a business resource. These above all are the sources of our corporate value.

To maximize our corporate value and the common interests of our shareholders, we must develop and strengthen the sources of our corporate value from a medium to long-term perspective. Decisions concerning our financial and business policies need to be based on an awareness of these facts.

As a listed company, we are not opposed to a Large-Scale Acquisition of our shares if this contributes to the maximization of our corporate value and the common interests of our shareholders. Nor are we opposed to the proposal of ideas relating to these actions. However, if decisions on our corporate financial and business policies are controlled by parties who do not share our belief in the need to strengthen the aforementioned sources of our corporate value from a medium to long-term perspective, there is a risk that these resources will be impaired in the medium to long-term. If so, this would compromise our efforts to maximize our corporate value and the common interests of all shareholders.

For these reasons, and in keeping with the spirit of the Broadcasting Act and the Radio Act, Tokyo Broadcasting System Holdings, Inc. may, under certain circumstances, take steps to secure and maximize its corporate value and the common interests of all shareholders, within the limits allowable under the laws and regulations and the Articles of Incorporation of Tokyo Broadcasting System Holdings, Inc. We may take such steps if there is a risk that a specific party or group, or its related parties (hereinafter collectively referred to as the “acquirer etc.”), may damage the sources of our corporate value from a medium to long-term perspective, for instance through the acquisition of voting rights equivalent to 20% or more of the total voting rights in Tokyo Broadcasting System Holdings, Inc., where the acquirer etc., is unsuitable as a party controlling decisions concerning the financial or business policies of Tokyo Broadcasting System Holdings, Inc.

The certified broadcast holding company structure is intended to provide new management platforms that enable broadcasters to further promote management efficiency in line with the purport of the principle of excluding multiple ownerships of the media by granting broadcasters avail of the holding company structure. Under the structure, those shareholders with the legal voting right more than 33% are restricted from holding the portion of the voting right in excess of 33% for the purpose of securing pluralism, diversity and regionality of broadcasting. Thus, this restriction is already applied to the Company shareholders as the result of the Company’s shift to a certified broadcast holding company.

Even after the shift to a certified broadcast holding company, the Company has been placing “all-around business alliance policy” in a tie-up policy that aims at adherence to the impartiality of broadcasting and realization of optimal tie-ups with optimal business partners in each field, thereby building all-around relationships with various business partners as a whole. In light of this policy, however, the appearance of shareholders with a shareholding ratio exceeding 20% still remains unfavorable for the Company’s corporate value as well as the common interest of our shareholders unless it is expected to bring more benefit than the case where the tie-up policy above is strictly observed. Accordingly, regardless of an application of the voting right holding restriction structure to the Company as the result of the shift to a certified broadcast holding company system, the Company will continuously maintain its engagement to prevent controls over the decision on the Company’s financial and business policies by inappropriate parties in light of the Basic Policy. Further, the Company formulated “Group Medium-term Management Plan 2020” on February 8, 2018 as a new medium-term management plan of the Group, and we are moving forward with initiatives to realize the plan.

## **(2) Raising Corporate Value and Maximizing the Common Interests of Shareholders under the “Group Medium-term Management Plan 2020”**

The Company and the Group will continue to use television and radio broadcasting to serve the public’s right to access information, and to provide quality entertainment that will appeal to a wide range of audiences. At the same time, in order to make further progress as a leading company in the digital content business, the Company formulated “V! up” Plan in FY2006 as a medium-term management plan of the Group and worked on the implementation of the plan from that time. Then the Company revised the medium-term management plan to “Group Management Plan 2014” and worked on the implementation of the revised plan during the period leading to FY2014. After taking into account the development and evolution of digital devices along with the changes to the business environment, the Company has formulated “Group Medium-term Management Plan 2015” on May 10, 2013. Furthermore, following on from Plan 2015, the Company launched the “Group Medium-term Management Plan 2018” on May 11, 2016. In addition, taking into perspective the era of integration between broadcasting and telecommunications services and the post-Olympic and Paralympic Games Tokyo 2020 period, the Group has developed “Group Medium-term Management Plan 2020” on February 8, 2018 in a bid to further reinforce the TBS Group’s foundation.

Through implementation of the “Group Medium-term Management Plan 2020,” the Group will aim to build its unique “TBS quality” toward the era of fusion of broadcasting and communication and the period of post-Tokyo 2020 Olympic and Paralympic Games. It will do this with three approaches: “Increase of the competitiveness of Tokyo Broadcasting System Television, Inc. Creation of the strongest and best content,” “Diversification and challenge to total media that creates the synergy of TBS,” and “Performance of the social responsibility that the TBS Group should fulfill.” At the same time, the Group will endeavor to maximize corporate value of the Company and the Group and common profits of shareholders and fulfill their expectations.

## **(3) Outline of Approaches to Prohibiting Control by Inappropriate Parties in Light of Basic Policy**

In accordance with a resolution adopted by the Board of Directors on February 28, 2007, the Company has made the amendments to its policy for responding to takeover proposals, which was announced on May 18, 2005. We have retained the essence of the plan, which is intended to secure and improve our corporate value and the common interests of all shareholders, while making the changes to place an even greater emphasis on the wishes of shareholders. The amended policy will be referred to hereinafter as “the Plan.” The Plan and its continuation was approved at the 80th Ordinary General Meeting of Shareholders held on June 28, 2007 (hereinafter referred to as the “resolution approved at the 2007 shareholders’ meeting”) by a majority vote of the shareholders present who may exercise their right to vote. Subsequently, the Plan was partially amended, within the necessary and minimum scope, within a frame of the resolution approved at the 2007 shareholders’ meeting with the prior and unanimous approval of all incumbent members of the Special Committee for Appraising Corporate Value (hereinafter referred to as the “Special Committee”). As described above, the amendment was in line with the Company’s shift to a certified broadcast holding company as of April 1, 2009 and such changes in the legal environment as the amendment and enforcement of the Companies Act and the Financial Instruments and Exchange Act. Details of the Plan are as indicated below. It is partially simplified/rationalized to secure the understandability of descriptions as in a business report.

## 1. Plan Details

### (a) Procedures for Triggering the Plan

#### (i) Acts Subject to the Plan

The Plan is applied when an act that falls under any item from I. to III. below (hereinafter referred to as “Large-Scale Acquisition”) is implemented and the Plan procedures shall be initiated when a party emerges that maintains a policy of conducting such act (including a party that the Company’s Board of Directors reasonably determines as having such policy based on the recommendations of the Special Committee, but excluding cases in which the Board of Directors has given a prior approval).

The details of the countermeasures against a Large-Scale Acquisition are as set out in (iv) below. The countermeasures under the Plan shall not be triggered as a matter of course when a party as described above emerges, and the decision to trigger the countermeasures against such party shall be determined in strict accordance with the procedures in (ii), (iii) and (v) to (vii) below.

- I. A tender offer intended to result in the holding ratio of share certificates, etc. of the tender offeror group amounting to a total of 20% or more of the share certificates, etc. issued by the Company after the acquisition;
- II. An acquisition, etc. that would result in the owning ratio of share certificates, etc. of a Large-Scale Acquisition group amounting to 20% or more of the share certificates, etc. issued by the Company after the acquisition;
- III. Notwithstanding the implementation by the Company of a tender offer or other acquisition of share certificates, etc. issued by the Company, a) an agreement or other act made or conducted between the Large-Scale Acquisition group and another shareholder of the Company whose total owning ratio of share certificates, etc. together with the Large-Scale Acquisition group is 20% or more of the total ownership in the Company’s share certificates, and results in such other shareholder becoming a joint holder of such Large-Scale Acquisition group, or b) an act that establishes a relationship between the Company’s core shareholders in the Large-Scale Acquisition group and other shareholders where one party has substantial control over the other party, or that leads to the parties taking joint or collaborative action.

The tender offeror group, the Large-Scale Acquisition group and the other shareholders in III. above, shall be collectively referred to as the “Acquirer Group.”

#### (ii) Request etc. of Information from the Acquirer Group

Unless the Company’s Board of Directors determines otherwise, the Acquirer Group shall, before the commencement or implementation of the Large-Scale Acquisition, submit a written document with the information set out in the items below (hereinafter referred to as “Necessary Information”), and if during the Board of Directors evaluation period (as defined in (iii) below) or as a result of the evaluation period, the Company’s Board of Directors resolves to convene a General Meeting of Shareholders pursuant to (vi) below, a written document stating that the Company’s share certificates may not be purchased during the waiting period of 21 days following such point of time (“Waiting Period”), and a covenant pledging its compliance with the Plan procedures.

If the Special Committee finds the submitted information insufficient as Necessary Information, it may request the Acquirer Group to provide additional information by a suitable reply deadline (as a general rule, 60 days).

- I. A Summary of the Acquirer Group
- II. The purpose, method and details of the Large-Scale Acquisition
- III. Whether or not there was communication of intent between a third party in regards to the Large-Scale Acquisition and if the communication of intent occurred, the name of the other party, a brief description of the party, the specific manner in which the intent was communicated and the details thereof
- IV. The basis for the calculation of the consideration for the Large-Scale Acquisition and the process of calculation
- V. The underlying funds for the Large-Scale Acquisition
- VI. The Company and the Group’s management policy, business plan, financial plan, funding plan, investment plan, capital and dividend policies, and program scheduling policy planned for after the Large-Scale

Acquisition is conducted, and other policies dealing with the treatment of the Company and the Group's officers, employees, clients, customers, business collaborators and other interested parties after the completion of the Large-Scale Acquisition

- VII. Existence of connections with antisocial powers or terrorist organizations and policies for dealing with such
- VIII. The Company's approach to fulfilling its public mission as a certified broadcast holding company and Tokyo Broadcasting System Television, Inc. as a broadcasting station
- IX. Other information that the Company's Board of Directors or the Special Committee reasonably deems necessary

(iii) Consideration by the Board of Directors and the Special Committee

The Company's Board of Directors and the Special Committee shall stipulate either I. or II. stated below that complies with the details of the Large-Scale Acquisition disclosed by the Acquirer Group, as the period for the Company's Board of Directors to evaluate, consider, form an opinion, devise an alternative proposal and negotiate with the Acquirer Group (hereinafter referred to as the "Board of Directors Evaluation Period").

- I. If all the Company's shares etc. are acquired through a tender offer where the consideration is only in cash (yen): 60 days
- II. If a Large-Scale Acquisition other than I. above is conducted: 90 days

The Company's Board of Directors shall, within the Board of Directors Evaluation Period, evaluate, consider, form an opinion, devise an alternative proposal and negotiate with the Acquirer Group with respect to a Large-Scale Acquisition proposed by the Acquirer Group based on the Necessary Information provided by the Acquirer Group with a view to maximizing the corporate value of the Company and the common interests of the shareholders.

At that time, the Special Committee shall also evaluate and consider the Acquirer Group's proposal and may obtain advice from third-party professionals independent from the Company's Board of Directors during such evaluation and consideration as necessary, and the expenses shall be borne by the Company.

The Special Committee may, when it acknowledges that the Acquirer Group has initiated the Large-Scale Acquisition without complying with the Plan procedures herein, recommend for the Company's Board of Directors to trigger the required countermeasures provided in (iv) below, such as the gratis allotment of the Stock Acquisition Rights, except in unusual situations where further consultations and negotiations with the Acquirer Group are required in order to obtain the Necessary Information. In such case, the Company's Board of Directors shall trigger the required countermeasures in (iv) below, such as the gratis allotment of the Stock Acquisition Rights, with the utmost respect to the Special Committee's aforementioned recommendation, except in unusual situations where the director has obviously breached the duty of care as a good manager.

(iv) Specific Details of the Countermeasure

The countermeasures against the Large-Scale Acquisition to be triggered by the Company in accordance with the Plan shall be, as a general rule, a gratis allotment of the Stock Acquisition Rights. Provided, however, that if it is determined that the triggering of other countermeasures granted under the Companies Act, other laws and regulations, or the Company's Articles of Incorporation are appropriate, such countermeasures shall be triggered instead.

A summary regarding the gratis allotment of the Stock Acquisition Rights as a countermeasure against the Large-Scale Acquisition is as set out in "3. Outline of Gratis Allotment of Stock Acquisition Rights" below, but for the actual gratis allotment of the Stock Acquisition Rights to take place the following, as well as the exercise period, exercise terms and acquisition terms etc., in view of its effectiveness as a countermeasure for the Large-Scale Acquisition, shall be included:

- I. Terms that prohibit the Exceptional Party (defined in (c) of "3. Outline of Gratis Allotment of Stock Acquisition Rights" below) from exercising their Stock Acquisition Rights;
- II. Acquisition provisions which provide that the Company may acquire the Stock Acquisition Rights through various considerations depending on whether or not the Acquisition Rights holder is an Exceptional Party (provisions that provide that the Stock Acquisition Rights held by a Stock Acquisition Rights holder who is not an Exceptional Party shall be acquired by the Company in exchange for shares of common stock, and if

the Company deems it appropriate, a Stock Acquisition Rights holder who is an Exceptional Party, may acquire new stock acquisition rights and other assets as a replacement for the Stock Acquisition Rights), or

- III. Acquisition provisions which provide that when acquiring a part of the Stock Acquisition Rights, the Company may only acquire the Stock Acquisition Rights held by a Stock Acquisition Rights holder who is not an Exceptional Party.

(v) Recommendation to Non-trigger the Countermeasures

Regardless of whether or not the Directors Evaluation Period is complete, the Special Committee shall make a recommendation to the Company's Board of Directors that the countermeasure of a gratis allotment of the Stock Acquisition Rights should not be triggered if the Special Committee determines that the Acquirer Group is not, overall, an abusive acquirer in accordance with the Company's guidelines after considering the Acquirer Group's Large-Scale Acquisition and the acquisition proposal details, consulting or negotiating with such group, and the incumbent members of the Special Committee reaching a unanimous decision.

If the Special Committee recommends to non-trigger the gratis allotment of Stock Acquisition Rights and other countermeasures, the Company's Board of Directors shall follow such recommendation and resolve not to trigger the gratis allotment of Stock Acquisition Rights and other countermeasures in accordance with the recommendation except in an unusual situation where the director has obviously breached the duty of care as a good manager.

(vi) Convocation of a General Meeting of Shareholders

If, after exploring the Acquirer Group's Large-Scale Acquisition and its proposal and as a result of consultations and negotiations with the Acquirer Group, the Special Committee cannot reach a unanimous decision by the incumbent Special Committee members to make the recommendation in (v) above, the Special Committee shall recommend for the Company's Board of Directors to seek the judgment of a General Meeting of Shareholders in order to determine whether to make a gratis allotment of the Stock Acquisition Rights, trigger the acquisition provision and other countermeasures. In such case, the Company's Board of Directors shall promptly carry out convocation procedures for a General Meeting of Shareholders at which the agenda items shall be to seek approval regarding the gratis allotment of Stock Acquisition Rights, and triggering of the acquisition provision and other countermeasures.

The resolution of the General Meeting of Shareholders shall be adopted by a majority vote of the shareholders present who may exercise their right to vote. The result of the General Meeting of Shareholders shall be disclosed promptly after such resolution is made.

(vii) Resolution of the Board of Directors

The Company's Board of Directors shall make a resolution regarding the gratis allotment of Stock Acquisition Rights, the triggering of the acquisition provision, and the triggering or non-triggering of other countermeasures without delay, as an entity under the Companies Act, by following the prescribed Plan procedures and paying the utmost respect to the Special Committee's recommendations (recommendations regarding the triggering of the countermeasures pursuant to (iii) above, or the non-triggering of countermeasures pursuant to (v) above), and in accordance with the above resolution of the General Meeting of Shareholders, except in an unusual situation where a director has obviously breached the duty of care as a good manager.

The Acquirer Group shall not conduct the Large-Scale Acquisition unless the Company's Board of Directors has resolved not to trigger the gratis allotment of Stock Acquisition Rights or other such countermeasures by following the prescribed Plan procedures.

**(b) The Plan's Effective Period, Abolition and Changes**

The Plan will automatically renew for a successive period of three years and the same shall apply thereafter unless a resolution is passed to abolish the Plan at the first Ordinary General Meeting of Shareholders convened after April 2019.

However, if a resolution is made by the Company's Board of Directors or at the Company's General Meeting of Shareholders to abolish the Plan or the Special Committee unanimously resolves to abolish the Plan, the Plan shall be abolished at that point, even during the effective period.

The Plan may also be modified or changed prior to the expiration of the effective period by the Company's Board of Directors to the extent approved by the General Meeting of Shareholders subject to the approval of a majority of the incumbent members and a majority of the third-party professional members of the Special Committee.

**2. Outline of the Company's Special Committee for Appraising Corporate Value**

The Company's Special Committee for Appraising Corporate Value is an outside advisory body separate from the Board of Directors that will consider the adequacy of measures for matters such as those inquired about by the Company's Board of Directors based on the Plan and other such matters in determining whether such items will maximize the Company's corporate value, and give recommendations based upon the results. The Company's Board of Directors will respect the Special Committee's recommendation to the utmost degree and make final decisions on preliminary responses based on the response policy and matters that are necessary to the countermeasures. The Company's Audit & Supervisory Board shall supervise the Board of Directors' and the Special Committee's decision making process.

The Special Committee shall consist of: (1) one to two of the Company's or Tokyo Broadcasting System Television Inc.'s outside directors; (2) one to two of the Company's or Tokyo Broadcasting System Television Inc.'s outside audit & supervisory board members, and (3) three to four experts from outside the Company with achievements as attorneys-at-law, public accountants, persons experienced in investment banking companies, management, and experienced scholars knowledgeable about the Companies Act. The term of office for each committee member shall be two years.

**3. Outline of Gratis Allotment of Stock Acquisition Rights**

**(a) Entitled Shareholders**

The Company will make a gratis allotment of stock acquisition rights to the shareholders whose names are entered or recorded in the last register of shareholders on the record date determined by the Company's Board of Directors (the date immediately following the occurrence of the acts subject to the Plan as set out in the body of (a)(i) of "1. Plan Details" above), for one stock acquisition right per share in the Company held by those shareholders (excluding shares of common stock held by the Company).

**(b) Class and Number of Shares to be Issued upon Exercise of Stock Acquisition Rights**

The class of shares to be issued upon exercise of stock acquisition rights will be shares of common stock in the Company and the number of shares to be issued upon exercise will be one share or a fraction of one share of common stocks in the Company as determined by the Company's Board of Directors.

**(c) Conditions for Exercise of Stock Acquisition Rights**

The Company's Board of Directors will determine the conditions for exercise of stock acquisition rights. (The Company may attach a condition for exercise that the Company will not allow an exercise of the rights by any party it designates pursuant to the procedures prescribed by the Board of Directors as a party who belongs to an Acquirer Group (hereinafter referred to as the "Exceptional Party")).

**(d) Acquisition of Stock Acquisition Rights by the Company**

- (i) The Company may establish, by resolution of its Board of Directors, an acquisition clause allowing only an acquisition of (x) all stock acquisition rights or (y) the stock acquisition rights owned by stock acquisition rights holders other than the Exceptional Party upon the occurrence of certain events or the arrival of certain dates that are determined by the Board of Directors.

- (ii) If the Company establishes an acquisition clause set out in (i) above and acquires stock acquisition rights from a stock acquisition rights holder other than the Exceptional Party, the Company will, in exchange for one stock acquisition right, deliver to the stock acquisition rights holder the number of shares of common stock in the Company to be predetermined by the Board of Directors as one share or a fraction of one share. Also, if the Company acquires stock acquisition rights from a stock acquisition rights holder who is the Exceptional Party, the Company may, in exchange for one stock acquisition right, deliver to the stock acquisition rights holder new stock acquisition rights issued in place of the existing stock acquisition rights or other property.
- (iii) If, as a result of acquiring the stock acquisition rights pursuant to the acquisition clause set out in (i) above, foreign shareholders that do not fall under the Exceptional Party will hold 20% or more of the total voting rights of the Company, for those shares of common stock to be issued to those foreign shareholders as consideration for acquisitions that will compose 20% or more of the total voting rights of the Company, the Company will, in exchange for one stock acquisition right, deliver new stock acquisition rights or other property in place of the existing stock acquisition right, both in proportion to the holding ratio of each such foreign shareholders.

#### **(4) Positions of the Board of Directors Concerning Specific Initiatives, and Reasons for Those Positions**

The Plan aimed at ensuring and improving both the Company's corporate value and the common interests of shareholders and based on the policy for responding to takeover proposals, adopted at the Board of Directors' meeting held on May 18, 2005, was repositioned and partially amended at the Board of Directors' meeting held on February 28, 2007 to prohibit inappropriate parties from controlling the decisions on the Company's financial and business policies, and approved by the resolution approved at the 2007 shareholders' meeting. The partial amendment was made of the Board of Directors on April 3, 2009, which we assessed that the amendment made was within the resolution approved at the 2007 shareholders' meeting.

The response policy after the revision (the "Plan") was developed, adheres to the corporate legal systems such as the Companies Act, the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the "Government Guidelines"), the "Partially Revised Listing Examination Criteria for Share Certificates Following an Overhaul of the Listing System Pertaining to the Introduction of Takeover Defense Policies" released by Tokyo Stock Exchange Inc. on March 7, 2006, and various Tokyo Stock Exchange Inc. rules, with sufficient regard to the shareholder's rights, the exercise thereof, and the Company shares' impact on the stock markets on which the Company's shares are listed, and a General Meeting of Shareholders will be convened as a general rule to allow direct canvassing of the wishes of shareholders before the countermeasures are triggered, and to ensure fairness and objectivity, a Special Committee for Appraising Corporate Value, consisting of highly independent outside directors, outside audit & supervisory board members and outside experts, shall give advice about triggering or not triggering the countermeasures, and such advice shall be followed to the greatest possible extent, and the Plan can be terminated by a single resolution of a General Meeting of Shareholders. Accordingly, the amended policy is seen as contributing to our corporate value and the common interests of shareholders and not as a policy designed to maintain the positions of officers of the Company.



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

Accounting Item	93rd Business Term As of March 31, 2020	Accounting Item	93rd Business Term As of March 31, 2020
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>158,800</b>	<b>Current liabilities:</b>	<b>81,021</b>
Cash and deposits	85,419	Notes and accounts payable - trade	38,479
Notes and accounts receivable - trade	41,476	Current portion of long-term borrowings	1,200
Securities	800	Accounts payable - other	15,510
Inventories	15,351	Income taxes payable	9,001
Prepaid expenses	11,344	Accrued consumption taxes	2,191
Other	4,512	Accrued expenses	1,602
Allowance for doubtful accounts	(104)	Provision for bonuses	4,365
		Provision for bonuses for directors (and other officers)	80
<b>Non-current assets:</b>	<b>624,223</b>	Other provisions	330
		Other	8,259
<b>Property, plant and equipment:</b>	<b>210,669</b>	<b>Non-current liabilities:</b>	<b>110,072</b>
Buildings and structures	91,229	Long-term borrowings	600
Machinery, equipment and vehicles	10,056	Provision for environmental measures	121
Tools, furniture and fixtures	2,400	Retirement benefit liability	15,625
Land	96,820	Lease obligations	736
Leased assets	1,569	Deferred tax liabilities	77,342
Construction in progress	8,592	Other	15,646
		<b>Total liabilities</b>	<b>191,093</b>
<b>Intangible assets:</b>	<b>20,027</b>	<b>NET ASSETS</b>	
Software	5,321	<b>Shareholders' equity:</b>	<b>404,659</b>
Goodwill	13,205	<b>Share capital</b>	<b>54,986</b>
Leased assets	5	<b>Capital surplus</b>	<b>47,474</b>
Other	1,494	<b>Retained earnings</b>	<b>306,150</b>
		<b>Treasury shares</b>	<b>(3,952)</b>
<b>Investments and other assets:</b>	<b>393,527</b>	<b>Accumulated other comprehensive income:</b>	<b>173,701</b>
Investment securities	379,820	<b>Valuation difference on available-for-sale securities</b>	<b>173,905</b>
Long-term loans receivable	198	<b>Deferred gains or losses on hedges</b>	<b>26</b>
Deferred tax assets	2,108	<b>Foreign currency translation adjustment</b>	<b>(17)</b>
Long-term prepaid expenses	236	<b>Remeasurements of defined benefit plans</b>	<b>(211)</b>
Other	11,331	<b>Non-controlling interests</b>	<b>13,569</b>
Allowance for doubtful accounts	(167)	<b>Total net assets</b>	<b>591,931</b>
<b>Total assets</b>	<b>783,024</b>	<b>Total liabilities and net assets</b>	<b>783,024</b>

## Consolidated Statements of Income

(Millions of yen)

Accounting Item	93rd Business Term From April 1, 2019 to March 31, 2020
<b>Net sales</b>	<b>356,796</b>
<b>Cost of sales</b>	<b>249,788</b>
<b>Gross profit</b>	<b>107,008</b>
Selling, general and administrative expenses	93,904
<b>Operating profit</b>	<b>13,103</b>
<b>Non-operating income</b>	<b>9,712</b>
Interest income	23
Dividend income	8,668
Other	1,021
<b>Non-operating expenses</b>	<b>1,541</b>
Interest expenses	25
Share of loss of entities accounted for using equity method	559
Loss on retirement of non-current assets	236
Other	720
<b>Ordinary profit</b>	<b>21,274</b>
<b>Extraordinary income</b>	<b>27,365</b>
Gain on sales of investment securities	27,339
Gain on sales of shares of subsidiaries and associates	25
<b>Extraordinary losses</b>	<b>1,772</b>
Impairment loss	835
Loss on valuation of investment securities	821
Restructuring-related expenses	114
<b>Profit before income taxes</b>	<b>46,867</b>
Income taxes - current	15,859
Income taxes - deferred	(5)
<b>Profit</b>	<b>31,014</b>
Profit attributable to non-controlling interests	839
<b>Profit attributable to owners of parent</b>	<b>30,174</b>

## Consolidated Statements of Changes in Equity

(Fiscal Year from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	54,986	46,751	281,372	(57)	383,053
Changes during period					
Dividends of surplus			(5,234)		(5,234)
Profit attributable to owners of parent			30,174		30,174
Decrease by merger			(162)		(162)
Purchase of treasury shares				(3,991)	(3,991)
Disposal of treasury shares		0		96	96
Purchase of shares of consolidated subsidiaries		722			722
Net changes in items other than shareholders' equity					
Total changes during period	—	722	24,778	(3,894)	21,606
Balance at end of period	54,986	47,474	306,150	(3,952)	404,659

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	201,539	25	(2)	(2)	201,560	16,677	601,291
Changes during period							
Dividends of surplus							(5,234)
Profit attributable to owners of parent							30,174
Decrease by merger							(162)
Purchase of treasury shares							(3,991)
Disposal of treasury shares							96
Purchase of shares of consolidated subsidiaries							722
Net changes in items other than shareholders' equity	(27,634)	0	(15)	(209)	(27,858)	(3,107)	(30,966)
Total changes during period	(27,634)	0	(15)	(209)	(27,858)	(3,107)	(9,360)
Balance at end of period	173,905	26	(17)	(211)	173,701	13,569	591,931

# Notes to Consolidated Financial Statements

## Basis of Preparing Consolidated Financial Statements

### 1. Scope of Consolidation

#### (1) Consolidated Subsidiaries

Number of consolidated subsidiaries: 25

Names of principal consolidated subsidiaries

Principal subsidiaries are as listed in Business Report “Principal Subsidiaries” (page 26).

Grand Marche, Inc., TBS Service, Inc., TBS TriMedia, Inc., TBS ProNex, Inc., and Vecte, Inc., which were previously the Company’s consolidated subsidiaries, disappeared due to the absorption-type merger with TBS GLOWDIA, Inc. and are excluded from the scope of consolidation effective from the fiscal year under review.

TBS GLOWDIA, Inc. was included in the scope of consolidation effective from the fiscal year under review because of its increased materiality.

TBS HEXA, Inc. was included in the scope of consolidation effective from the fiscal year under review, as it was established through a new company split with the Company being the splitting company on March 25, 2020.

Arcturus Inc. and SEVEN·ARCS Co., Ltd., which were previously the Company’s consolidated subsidiaries, disappeared due to the absorption-type merger with SEVEN·ARCS·PICTURES Co., Ltd., a consolidated subsidiary of the Company, and are excluded from the scope of consolidation effective from the fiscal year under review.

In addition, SEVEN·ARCS·PICTURES Co., Ltd. changed its trade name to Seven Arcs Co., Ltd. on October 1, 2019.

Golf Network Plus Inc., which was previously the Company’s consolidated subsidiary, is excluded from the scope of consolidation effective from the fiscal year under review, following the sales of shares held by the Company.

#### (2) Non-consolidated Subsidiaries

Name of principal non-consolidated subsidiary: Telepac Co. Ltd.

The 32 non-consolidated subsidiaries are all minor in terms of various items, including total assets, net sales, profit/loss (based on the Company’s share interest) and retained earnings (based on the Company’s share interest), and their overall effect on the Company’s consolidated financial statements is minimal.

### 2. Application of Equity Method

#### (1) Affiliated Companies to Which Equity Method Is Applied

Number of companies: 3

WOWOW Inc., Premium Platform Japan, Inc.

#### (2) Affiliated Companies to Which Equity Method Is Not Applied

Name of principal non-equity-method company: Kids Station Inc.

The 32 non-consolidated subsidiaries and 19 affiliated companies are all minor in terms of profit/loss (based on the Company’s share interest) and retained earnings (based on the Company’s share interest), and have minimal effect on the Company’s consolidated financial statements. Because of their limited overall significance, the equity method has not been applied and the companies have instead been valued at cost.

### 3. Fiscal Year Ends of Consolidated Subsidiaries

Tokyo Broadcasting System International, Inc. had fiscal year that ended on December 31. The consolidated financial statements were prepared using its financial statements as of its term-end and have been adjusted to reflect important transactions that took place between the term-end of the company and March 31, 2020.

### 4. Notes on Accounting Policies

#### (1) Basis and Method of Valuation of Major Assets

##### a. Basis and method of valuation of securities

Held-to-maturity securities: Amortized cost method (straight-line method)

Shares in subsidiaries and affiliated companies: At cost, using the moving average method

Available-for-sale securities:

Those with market value: At market value, based on market price at fiscal year-end (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

Those without market value: At cost based on the moving average method

b. Basis of valuation of derivatives: At market value

c. Basis and method of valuation of inventories

Merchandise and finished goods:

Mainly at cost, using the moving average or total average method (book value written down based on decline in profitability)

Programs and work in progress:

Mainly at cost, using the identified cost method (book value written down based on decline in profitability)

Raw materials and supplies:

Mainly at cost, using the moving average or total average method (book value written down based on decline in profitability)

## (2) Method of Depreciation of Major Depreciable Assets

Property, plant and equipment (excluding leased assets)

Buildings Straight-line method

Structures Straight-line method (However, declining balance method is adopted for structures acquired on or before March 31, 2016.)

Others Declining balance method

Intangible assets (excluding leased assets)

Straight-line method: Software (items used in-house) is amortized using the straight-line method over the estimated useful life of the item (five years).

Leased assets

Leased assets under finance leases that transfer ownership

Depreciated based on the same depreciation method as is applied to our own non-current assets.

Leased assets under finance leases that do not transfer ownership

Depreciated using the straight-line method over the lease period with no residual value.

Long-term prepaid expenses

Amortized using the straight-line method

## (3) Accounting Policies for Major Provisions

a. Allowance for doubtful accounts:

To provide against losses on defaults of notes and accounts receivable - trade and loans receivable, the Company provides the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

b. Provision for bonuses:

To provide for the payment of bonuses to employees, the Company provides the amount accrued at the end of the current fiscal year out of the amount of bonuses expected to be paid.

c. Provision for bonuses for directors (and other officers):

The Company provides a provision for bonus payments to directors and audit & supervisory board members based on the amount estimated at the end of the fiscal year.

d. Provision for environmental measures:

The Company provides a provision for the expenditure for environmental measures based on the amount reasonably estimated at the end of the fiscal year.

## (4) Standards for Foreign Currency Translation of Important Foreign Currency-denominated Assets or Liabilities

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the consolidated balance sheets date with translation differences recorded as profit or loss. Assets, liabilities, revenue and expenses of overseas subsidiaries are translated into Japanese

yen at the spot exchange rate with translation adjustments included in foreign currency translation adjustment under net assets.

(5) Other Significant Items for Preparing Consolidated Financial Statements

a. Major hedge accounting

Accounting method for hedges: Deferral hedge accounting is applied.

Hedging instruments: Derivatives (forward exchange contracts) covering accounts payable - trade  
Derivatives (interest rate swaps) covering interest expenses on borrowings

Hedged items: Items exposed to risk of loss resulting from market fluctuations but whose fluctuations are not reflected in its fair value, and items for which fluctuations can be avoided by fixing cash flows

Hedging policy

Foreign exchange fluctuation risk:

Hedged items are limited and hedging is used, in principle, only for actual needs.

Interest rate fluctuation risk:

Fixed and floating interest rates are swapped to reduce interest on borrowings.

Assessment of hedging effectiveness:

Hedging effectiveness is assessed by analyzing fluctuation in cash flows and fair values.

b. Accounting Treatment for Retirement Benefits

To provide for retirement and severance payments to employees, retirement benefit liability is accounted for based on the estimated amount at the end of the fiscal year and the difference between benefit obligations and fair value of pension assets is recognized. In calculating the benefit obligations, the Company has mainly adopted the straight-line basis while some subsidiaries have adopted benefit formula basis as a method of attributing the estimated amount to the period up to the fiscal year under review. Prior service cost is mainly amortized starting at the time of occurrence of such cost, and actuarial gains and losses are mainly amortized starting from the following fiscal year after the period in which such cost is incurred.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded after adjusting tax effects in remeasurements of defined benefit plans in accumulated other comprehensive income under net assets.

c. Amortization of Goodwill

Goodwill is amortized on a straight-line basis within 20 years from the year of acquisition. However insignificant goodwill is charged or credited to profit in the year of acquisition.

d. Consumption Taxes

In respect to consumption tax and local consumption tax, the Company has adopted the tax-exclusive method.

## Notes on Consolidated Balance Sheets

1. Inventories	
Merchandise and finished goods	¥8,518 million
Programs and work in progress	¥6,176 million
Raw materials and supplies	¥657 million
2. Accumulated depreciation of property, plant and equipment	¥221,367 million
3. Guarantee liabilities	
Employees' housing loans	¥799 million
4. Amount deducted from acquisition prices of property, plant and equipment for state subsidies etc. received	¥2,714 million

## Notes on Consolidated Statements of Changes in Equity

### 1. Class and Total Numbers of Shares Issued, and Class and Numbers of Treasury Shares

(Shares)

	Number of Shares at the Beginning of Fiscal Year under Review	Increase during Fiscal Year under Review	Decrease during Fiscal Year under Review	Number of Shares at the End of Fiscal Year under Review
Numbers of Shares Issued				
Common stock	174,709,837	—	—	174,709,837
Total	174,709,837	—	—	174,709,837
Treasury shares				
Common stock (Note 1, 2)	43,205	2,398,366	(52,745)	2,388,826
Total	43,205	2,398,366	(52,745)	2,388,826

Note 1: An increase of 2,398,366 treasury shares of common stock was due to the purchase of treasury shares by the resolution of the Board of Directors (2,396,700 shares) and the purchase of less-than-one-unit shares (1,666 shares).

Note 2: A decrease of 52,745 treasury shares of common stock was due to the disposal of treasury shares as restricted share-based remuneration.

## 2. Dividends

### (1) Cash dividends paid

Resolution	Class of Shares	Total Dividends (Millions of Yen)	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 27, 2019	Common stock	2,970	17	Mar. 31, 2019	Jun. 28, 2019
Board of Directors' meeting on November 7, 2019	Common stock	2,264	13	Sep. 30, 2019	Dec. 4, 2019

### (2) Dividends for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year.

Scheduled Resolution	Class of Shares	Total Dividends (Millions of Yen)	Source of Dividends	Dividends Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 26, 2020	Common stock	2,930	Retained earnings	17	Mar. 31, 2020	Jun. 29, 2020



## Notes on Financial Instruments

### 1. Status of Financial Instruments

The Company and the Group limit our fund management options to short-term savings and the like, procuring funding through borrowings from banks and other financial institutions.

Efforts are made to reduce client credit risk regarding notes and accounts receivable - trade by regularly monitoring clients' financial positions. Investment securities mainly consist of stock of companies which have business relationships with the Company and are exposed to market price fluctuation risks. However, the market values of listed shares are monitored on a quarterly basis.

Borrowings were made mainly to provide funds for working capital, capital investments, business finance and repayment of borrowings.

The purpose of derivative transactions is to hedge risks of fluctuations in foreign exchange and interest rates. They are conducted within actual demand in accordance with internal management rules.

### 2. Fair Values of Financial Instruments

The consolidated balance sheets amounts, fair values, and differences between the two as of March 31, 2020 (the consolidated balance sheets date) are as follows. This disclosure does not include those financial instruments whose fair values are deemed to be extremely difficult to determine (See Note 2.).

(Millions of yen)

	Consolidated balance sheets amount (*)	Fair value (*)	Difference
(1) Cash and deposits	85,419	85,419	—
(2) Notes and accounts receivable - trade	41,476	41,472	—3
(3) Securities and investment securities			
a. Held-to-maturity securities	600	598	—1
b. Shares of subsidiaries and associates	9,171	10,899	1,728
c. Available-for-sale securities	350,023	350,023	—
(4) Notes and accounts payable - trade	(38,479)	(38,479)	—
(5) Accounts payable - other	(15,510)	(15,510)	—
(6) Long-term borrowings	(1,800)	(1,800)	—
(7) Derivative transactions	7	7	—

(\*) The liability items are in brackets ( ).

Note 1: Fair value measurement of financial instruments and securities & derivative transactions

#### (1) Cash and deposits, (2) Notes and accounts receivable - trade

Since they are mostly settled within a short period, the fair values thereof are essentially equal to the book values. Accordingly, the corresponding book value is used as the fair value. The fair values of part of accounts receivable - trade are based on the present values calculated by discounting at a rate with collection period and credit risk taken into account.

#### (3) Securities and investment securities

The market quotation at the exchange is used as the fair value for shares and the market quotation at the exchange or the price presented by the correspondent financial institution and other entities is used as the fair value for bonds and others.

#### (4) Notes and accounts payable - trade, (5) Accounts payable - other

Since they are settled within a short period, the fair values thereof are essentially equal to the book values. Accordingly, the corresponding book value is used as the fair value.

#### (6) Long-term borrowings

Long-term borrowings with variable interest rates are all stated at book value as the interest rate on these borrowings reflects the market rate in a short period of time and their market values approximate book values. Therefore, they are based on their respective book values.

#### (7) Derivative transactions

The fair value is calculated based on the price and other information presented by the correspondent financial institution and other entities.

Note 2: Unlisted shares (consolidated balance sheets amount of ¥20,825 million) are not included in “(3) Securities and investment securities,” since the fair values thereof are deemed extremely difficult to determine because no market price is available and it is impossible to estimate future cash flows.

Note 3: (6) Long-term borrowings includes ¥1,200 million of current portion of long-term borrowings.

## Notes on Investment and Rental Properties

### 1. Status of Investment and Rental Properties

The Company and some of its subsidiaries own office buildings (including land) for rent in Tokyo and other locations.

### 2. Fair Values of Investment and Rental Properties

(Millions of yen)

Consolidated balance sheets amount	Fair value at the end of the fiscal year under review
85,333	313,784

Note 1: The consolidated balance sheets amount was obtained by deducting the accumulated depreciation from the acquisition cost.

Note 2: The fair values of major properties at the end of the fiscal year under review were based on the appraisal report(s) prepared by an external real-estate appraiser(s). However, in case that no significant changes have occurred in certain estimated values and the index that seems to reflect market price appropriately since the latest evaluation, the corresponding estimated value and index are used for adjustment. The fair values of other properties were evaluated internally with reference to the “Real Estate Appraisal Standard.”

## Per Share Information

- |                         |           |
|-------------------------|-----------|
| 1. Net assets per share | ¥3,356.30 |
| 2. Profit per share     | ¥173.28   |

## Notes on the Business Combination

### Merger between wholly-owned subsidiaries

Effective April 1, 2019, the Company conducted an absorption-type merger with TBS GLOWDIA, Inc., Grand Marche, Inc., CREi Inc., TBS Service, Inc., TBS DigNet, TBS TriMedia, Inc., TBS ProNex Inc. and Vecte, Inc., which had been the Company’s wholly-owned subsidiaries. Through the absorption-type merger, TBS GLOWDIA, Inc. became a surviving company.

1. Outline of the merger

(1) Name and business description of companies involved with the merger

Business description of the company surviving the absorption-type merger	TBS GLOWDIA, Inc. Entertainment and events, sale of programming, sale of goods through TV shopping, etc.
Business description of the companies disappearing in the absorption-type merger	Grand Marche, Inc. Sale of goods through TV shopping, etc.
	CREi Inc. Sale of programming, temporary staffing services, etc.
	TBS Service, Inc. Entertainment and events, sale of programming, etc.
	TBS DigNet Digital-related services, etc.
	TBS TriMedia, Inc. Production of programs, entertainment and events, etc.
	TBS ProNex, Inc. Production of radio programs, etc.
	Vecte, Inc. Digital-related services, etc.

(2) Purpose of the merger

In order to “review the structure of the Group and gather strengths of the Group,” which is set forth in the “Group Medium-term Management Plan 2020,” the functions of entertainment and events, sale of programming, sale of goods through TV shopping, video-related, radio-related and digital-related services etc., which had been scattered to subsidiaries of the TBS Group, were consolidated into TBS GLOWDIA, Inc.

(3) Schedule of the merger

Effective date of the merger/Commencement date of the business operation      April 1, 2019

(4) Legal form of the merger

Form of absorption-type merger where TBS GLOWDIA, Inc., is a surviving company and 7 companies, including Grand Marche, Inc., CREi Inc., TBS Service, Inc., TBS DigNet, TBS TriMedia, Inc., TBS ProNex Inc. and Vecte, Inc., are disappearing companies.

(5) Name of the merging company

TBS GLOWDIA, Inc.

2. Outline of the accounting procedure performed

In accordance with the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21; January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; January 16, 2019), the Company dealt with the merger as a transaction under the common control.

# Financial Statements

## Non-Consolidated Balance Sheets

(Millions of yen)

Accounting Item	93rd Business Term As of March 31, 2020	Accounting Item	93rd Business Term As of March 31, 2020
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets:</b>	<b>5,186</b>	<b>Current liabilities:</b>	<b>90,087</b>
Cash and deposits	3,344	Accounts payable - trade	1,442
Accounts receivable - trade	542	Short-term borrowings from subsidiaries and associates	79,844
Programs and work in progress	46	Accounts payable - other	873
Short-term loans receivable from subsidiaries and associates	230	Income taxes payable	7,159
Prepaid expenses	100	Accrued consumption taxes	257
Accounts receivable - other	311	Accrued expenses	78
Other	643	Provision for bonuses	262
Allowance for doubtful accounts	(32)	Other	167
<b>Non-current assets:</b>	<b>588,656</b>	<b>Non-current liabilities:</b>	<b>57,018</b>
<b>Property, plant and equipment:</b>	<b>96,618</b>	Long-term deposits received	13,622
Buildings	35,045	Provision for retirement benefits	8,534
Structures	958	Provision for environmental measures	121
Machinery and equipment	234	Deferred tax liabilities	34,610
Vehicles	0	Other non-current liabilities	129
Tools, furniture and fixtures	584		
Land	53,211		
Construction in progress	6,584		
<b>Intangible assets:</b>	<b>373</b>	<b>Total liabilities</b>	<b>147,105</b>
Software	315		
Other	57	<b>NET ASSETS</b>	
		<b>Shareholders' equity:</b>	<b>360,266</b>
<b>Investments and other assets:</b>	<b>491,644</b>	<b>Share capital</b>	<b>54,986</b>
Investment securities	152,663	<b>Capital surplus</b>	<b>55,026</b>
Shares of subsidiaries and associates	332,351	Legal capital surplus	55,026
Investments in capital of subsidiaries and associates	2,824	Other capital surplus	0
Long-term loans receivable	17	<b>Retained earnings</b>	<b>254,151</b>
Long-term prepaid expenses	19	Legal retained earnings	4,217
Other	3,360	Other retained earnings	249,934
Allowance for doubtful accounts	(22)	General reserve	194,312
		Retained earnings brought forward	55,621
		<b>Treasury shares</b>	<b>(3,898)</b>
		<b>Valuation and translation adjustments:</b>	<b>86,470</b>
		Valuation difference on available-for-sale securities	86,470
		<b>Total net assets</b>	<b>446,737</b>
<b>Total assets</b>	<b>593,842</b>	<b>Total liabilities and net assets</b>	<b>593,842</b>

## Non-Consolidated Statements of Income

(Millions of yen)

Accounting Item	93rd Business Term From April 1, 2019 to March 31, 2020
<b>Operating revenue</b>	<b>17,759</b>
Real estate lease revenue	16,162
Other revenue	1,597
<b>Operating expenses</b>	<b>15,385</b>
Real estate lease expenses	7,998
Other business expenses	282
General and administrative expenses	7,104
<b>Operating profit</b>	<b>2,374</b>
<b>Non-operating income</b>	<b>16,064</b>
Interest and dividend income	15,619
Other	445
<b>Non-operating expenses</b>	<b>689</b>
Interest expenses	409
Commission for purchase of treasury shares	94
Non-deductible consumption tax, etc.	85
Other	99
<b>Ordinary profit</b>	<b>17,750</b>
<b>Extraordinary income</b>	<b>26,009</b>
Gain on sales of investment securities	<b>26,009</b>
<b>Extraordinary losses</b>	<b>1,552</b>
Loss on valuation of shares of subsidiaries and associates	1,317
Loss on valuation of investment securities	171
Restructuring-related expenses	63
<b>Profit before income taxes</b>	<b>42,207</b>
Income taxes - current	9,923
Income taxes - deferred	(85)
<b>Profit</b>	<b>32,369</b>

# Non-Consolidated Statements of Changes in Equity

(Fiscal Year from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	54,986	55,026	—	55,026	4,217	194,312	28,487	227,017
Changes during period								
Dividends of surplus							(5,234)	(5,234)
Profit							32,369	32,369
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	0	0	—	—	27,134	27,134
Balance at end of period	54,986	55,026	0	55,026	4,217	194,312	55,621	254,151

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(3)	337,026	84,404	84,404	421,431
Changes during period					
Dividends of surplus		(5,234)			(5,234)
Profit		32,369			32,369
Purchase of treasury shares	(3,991)	(3,991)			(3,991)
Disposal of treasury shares	96	96			96
Net changes in items other than shareholders' equity			2,065	2,065	2,065
Total changes during period	(3,894)	23,240	2,065	2,065	25,305
Balance at end of period	(3,898)	360,266	86,470	86,470	446,737

# Notes to Non-Consolidated Financial Statements

## Basis of Preparing Non-Consolidated Financial Statements

### 1. Basis and Method of Valuation of Assets

#### (1) Basis and method of valuation of securities

Shares of subsidiaries and affiliates:

At cost, using the moving average method

Available-for-sale securities:

a. Those with market value:

At market value, based on market price at fiscal year-end (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

b. Those without market value:

At cost based on the moving average method

#### (2) Basis and method of valuation of inventories

Programs and work in progress:

Mainly at cost, using the identified cost method (book value written down based on decline in profitability)

### 2. Method of Depreciation of Non-current Assets

Property, plant and equipment

Buildings Straight-line method

Structures Straight-line method (However, declining balance method is adopted for structures acquired on or before March 31, 2016.)

Others Declining balance method

Intangible assets

Straight-line method: Software (items used in-house) is amortized using the straight-line method over the estimated useful life of the item (five years).

Long-term prepaid expenses

Amortized using the straight-line method

### 3. Accounting Policies for Provisions

#### (1) Allowance for doubtful accounts

To provide against losses on defaults of notes and accounts receivable - trade, the Company provides the allowance for doubtful accounts based on a historical experience for general claims and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

#### (2) Provision for bonuses

To provide for the payment of bonuses to employees, the Company provides the amount accrued at the end of the current fiscal year out of the amount of bonuses expected to be paid.

#### (3) Provision for retirement benefits

The Company provides a provision for retirement and severance payments to employees based on the benefit obligations estimated at the end of the fiscal year under review. The Company has adopted the straight-line basis as a method of attributing the estimated amount to the period up to the fiscal year under review. Actuarial gains and losses are amortized in the following fiscal year after the period in which they are incurred.

#### (4) Provision for environmental measures

The Company provides a provision for the expenditure for environmental measures based on the amount reasonably estimated at the end of the fiscal year under review.

### 4. Standards for Foreign Currency Translation of Foreign Currency-denominated Assets or Liabilities

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the balance sheets date with translation differences recorded as profit or loss.

### 5. Other Significant Basic Items for Preparing Financial Statements

#### (1) Consumption Taxes

[English Translation]

In respect to consumption tax and local consumption tax, the Company has adopted the tax-exclusive method.  
(2) Accounting Treatment for Retirement Benefits

In the non-consolidated financial statements, treatment for unrecognized actuarial gains and losses for retirement benefits in the non-consolidated balance sheets is different from that in the consolidated financial statements.

## Notes on Non-Consolidated Balance Sheets

1. Accumulated depreciation of property, plant and equipment	¥37,621 million
2. Guarantee liabilities	
Employees' housing loans	¥799 million
3. Receivables from and payables to subsidiaries and associates (excluding accounting items presented separately)	
Short-term receivables from subsidiaries and associates	¥460 million
Short-term payables to subsidiaries and associates	¥411 million
Long-term payables to subsidiaries and associates	¥52 million

## Notes on Non-Consolidated Statements of Income

1. Transactions with subsidiaries and associates	
Operating revenue	¥2,660 million
Operating expenses	¥1,878 million
Transactions other than ordinary operation	¥10,674 million

## Notes on Non-Consolidated Statements of Changes in Equity

1. Class and number of treasury shares

	Number of shares at the beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	(shares) Number of shares at the end of fiscal year under review
Common stock	1,786	2,398,366	(52,745)	2,347,407
Total	1,786	2,398,366	(52,745)	2,347,407

Note 1: An increase of 2,398,366 treasury shares of common stock was due to the purchase of treasury shares by the resolution of the Board of Directors (2,396,700 shares) and the purchase of less-than-one-unit shares (1,666 shares).

Note 2: A decrease of 52,745 treasury shares of common stock was due to the disposal of treasury shares as restricted share-based remuneration.



## Tax Effect Accounting

### 1. Main sources of deferred tax assets and liabilities

	Millions of yen
Investment securities and Shares of subsidiaries and associates	4,158
Provision for retirement benefits	2,613
Accrued enterprise taxes	450
Provision for bonuses	81
Valuation difference on available-for-sale securities	(38,103)
Others	<u>630</u>
Subtotal	(30,168)
Valuation reserve	<u>(4,441)</u>
Total	<u>(34,610)</u>

### 2. Main reasons for significant differences, if any, between the effective statutory tax rate and the effective income tax rate after applying tax effect accounting

Effective statutory tax rate (adjusted)	30.62%
Entertainment expenses	0.07%
Dividend income	(8.26%)
Others	<u>(0.88%)</u>
Effective income tax rate after applying tax effect accounting	<u>23.31%</u>

## Transactions with Related Parties

### 1. Subsidiaries

(Millions of yen)

Classification	Name of Company etc.	Voting rights ownership	Relationship	Nature of transactions	Amount	Item	Year-end balance
Subsidiary	Tokyo Broadcasting System Television, Inc.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	[66,839] (Note 2)	Short-term borrowings to subsidiaries and associates	23,025
				Interest expenses (Note 1)	246	—	—
Subsidiary	BS-TBS, INC.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	409 (Note 2)	Short-term borrowings to subsidiaries and associates	14,936
Subsidiary	TBS GLOWDIA, Inc.	Directly owning: 100%	Sharing of officers Borrowing of funds	Borrowings (Note 1)	8,410 (Note 2)	Short-term borrowings to subsidiaries and associates	8,490
Subsidiary	Nichion, Inc.	Directly owning: 100%	Sharing of officers Borrowing of funds	Borrowings (Note 1)	913 (Note 2)	Short-term borrowings to subsidiaries and associates	8,076

Transaction terms and conditions, and policy for setting transaction terms and conditions, etc.

Note 1: The interest rate for borrowings is reasonably determined, taking market interest rates into account.

Note 2: This amount is the net of borrowings and repayments of short-term borrowings.

Note 3: The figures in the “amount” column do not include consumption taxes.

## Per Share Information

- Net assets per share ¥2,591.85
- Profit per share ¥185.84

[English Translation]

# Audit Reports

## Independent Auditors' Report (Consolidated Statutory Report)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### **Independent Auditors' Report**

May 13, 2020

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC  
Tokyo Office

Katsunori Tsukahara  
Designated and Engagement Partner  
Certified Public Accountant

Kentaro Mikuriya  
Designated and Engagement Partner  
Certified Public Accountant

#### Audit Opinion

We have audited the consolidated statutory report, comprising the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in equity and the related notes of Tokyo Broadcasting System Holdings, Incorporated as of March 31, 2020 and for the 93rd business term from April 1, 2019 to March 31, 2020 in accordance with Article 444 (4) of the Companies Act.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of Tokyo Broadcasting System Holdings, Incorporated and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

#### Basis for the Audit Opinion

The audit was conducted in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the section "Responsibility of Auditor in the Audit of the Consolidated Statutory Report." In accordance with the rules of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and have fulfilled our other ethical responsibilities as Auditors. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

#### Responsibility of Management, Audit & Supervisory Board and its Members for the Consolidated Statutory Report, etc.

Management is responsible for the preparation and fair presentation of the consolidated statutory report in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated statutory report that are free from material misstatement due to fraud or error.

In preparing the consolidated statutory report, management is responsible for assessing whether it is appropriate to prepare the consolidated statutory report on the basis of going concern assumptions, and for disclosing going concern matters in accordance with business accounting principles generally accepted in Japan, if such disclosures are necessary.

It is the responsibility of the Audit & Supervisory Board members and the Audit & Supervisory Board to monitor the performance of Directors' duties in the development and operation of the financial reporting process.

### Responsibility of Auditor in the Audit of the Consolidated Statutory Report

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated statutory report as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an opinion on the consolidated statutory report in the Auditor's Report from an independent standpoint. A misstatement may result from fraud or error and is considered material if it, individually or in aggregate, could reasonably be expected to affect the decision-making of users of the consolidated statutory report. The auditor shall exercise professional judgment throughout the course of the audit in accordance with auditing standards generally accepted in Japan, maintain professional skepticism, and perform the following.

- Identify and assess the risk of material misstatement due to fraud or error. Also design and implement audit procedures that address the risk of material misstatement. The selection and application of audit procedures is at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence on which to base the opinion.
- In making risk assessments, the auditor considers internal controls that are relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Assess the suitability of the accounting policies adopted by management and the method of application thereof, and the rationality of the accounting estimates made by management and the related notes.
- Conclude whether it is appropriate for management to prepare the consolidated statutory report on a going concern basis and whether, based on the audit evidence obtained, there is a material uncertainty about events or circumstances that would give rise to a material doubt about the going concern. If there is a material uncertainty about the going concern, the auditor is required to draw attention to the notes to the consolidated statutory report in the auditor's report or, if the notes to the consolidated statutory report regarding the material uncertainty are not appropriate, to express an opinion on the consolidated statutory report with excepted matter. Although the auditor's conclusions are based on audit evidence obtained up to the date of the audit report, future events and circumstances may cause the entity to cease to be a going concern.
- Assess whether the presentation and notes to the consolidated statutory report comply with accounting principles generally accepted in Japan, and whether the presentation, structure and content of the consolidated statutory report, including related notes, and the presentation of transactions and the accounting matters on which the consolidated statutory report are based are appropriate.
- Obtain sufficient and appropriate audit evidence about the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated statutory report. The auditor is responsible for the direction, supervision and implementation of the audit of the consolidated statutory report. The auditor is solely responsible for the audit opinion.

The auditor shall report to the Audit & Supervisory Board members and the Audit & Supervisory Board on the scope and timing of the planned audit, any material audit findings, including any material weaknesses in internal controls identified in the course of conducting the audit, and any other matters required by the auditing standards.

The auditor shall report to the Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the rules of professional ethics on independence in Japan and any matters reasonably believed to affect the auditor's independence and any safeguards that have been put in place to remove or mitigate impediments.

Interests

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Independent Auditors' Report (Statutory Report)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### **Independent Auditors' Report**

May 13, 2020

The Board of Directors  
Tokyo Broadcasting System Holdings, Incorporated

KPMG AZSA LLC  
Tokyo Office

Katsunori Tsukahara  
Designated and Engagement Partner  
Certified Public Accountant

Kentaro Mikuriya  
Designated and Engagement Partner  
Certified Public Accountant

#### Audit Opinion

We have audited the statutory report, comprising the balance sheets, the statements of income, the statements of changes in equity and the related notes, and its supporting schedules (hereinafter collectively referred to as the "statutory report, etc.") of Tokyo Broadcasting System Holdings, Incorporated as of March 31, 2020 and for the 93rd business term from April 1, 2019 to March 31, 2020 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

In our opinion, the statutory report, etc. referred to above presents fairly, in all material respects, the financial position and the results of operations for the period, for which the statutory report, etc. was prepared, in conformity with accounting principles generally accepted in Japan.

#### Basis for the Audit Opinion

The audit was conducted in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are described in the section "Responsibility of Auditor in the Audit of the Statutory Report, etc." In accordance with the rules of professional ethics in Japan, we are independent from the Company and have fulfilled our other ethical responsibilities as Auditors. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

#### Responsibility of Management, Audit & Supervisory Board and its Members for the Statutory Report, etc.

Management is responsible for the preparation and fair presentation of the statutory report, etc. in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the statutory report, etc. that are free from material misstatement due to fraud or error.

In preparing the statutory report, etc., management is responsible for assessing whether it is appropriate to prepare the statutory report, etc. on the basis of going concern assumptions, and for disclosing going concern matters in accordance with business accounting principles generally accepted in Japan, if such disclosures are necessary.

It is the responsibility of the Audit & Supervisory Board members and the Audit & Supervisory Board to monitor the performance of Directors' duties in the development and operation of the financial reporting process.

#### Responsibility of Auditor in the Audit of the Statutory Report, etc.

The auditor's responsibility is to obtain reasonable assurance about whether the statutory report, etc. as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an opinion on the statutory report, etc. in the Auditor's Report from an independent standpoint. A misstatement may result from fraud or error and is considered material if it, individually or in aggregate, could reasonably be expected to affect the decision-making of users of the statutory report, etc. The auditor shall exercise professional judgment throughout the course of the audit in accordance with auditing standards generally accepted in Japan, maintain professional skepticism, and perform the following.

- Identify and assess the risk of material misstatement due to fraud or error. Also design and implement audit procedures that address the risk of material misstatement. The selection and application of audit procedures is at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence on which to base the opinion.
- In making risk assessments, the auditor considers internal controls that are relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Assess the suitability of the accounting policies adopted by management and the method of application thereof, and the rationality of the accounting estimates made by management and the related notes.
- Conclude whether it is appropriate for management to prepare the statutory report, etc. on a going concern basis and whether, based on the audit evidence obtained, there is a material uncertainty about events or circumstances that would give rise to a material doubt about the going concern. If there is a material uncertainty about the going concern, the auditor is required to draw attention to the notes to the statutory report, etc. in the auditor's report or, if the notes to the statutory report, etc. regarding the material uncertainty are not appropriate, to express an opinion on the statutory report, etc. with excepted matter. Although the auditor's conclusions are based on audit evidence obtained up to the date of the audit report, future events and circumstances may cause the entity to cease to be a going concern.
- Assess whether the presentation and notes to the statutory report, etc. comply with accounting principles generally accepted in Japan, and whether the presentation, structure and content of the statutory report, etc., including related notes, and the presentation of the transactions and the accounting matters on which the statutory report, etc. are based are appropriate.

The auditor shall report to the Audit & Supervisory Board members and the Audit & Supervisory Board on the scope and timing of the planned audit, any material audit findings, including any material weaknesses in internal controls identified in the course of conducting the audit, and any other matters required by the auditing standards.

The auditor shall report to the Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the rules of professional ethics on independence in Japan and any matters reasonably believed to affect the auditor's independence and any safeguards that have been put in place to remove or mitigate impediments.

#### Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit & Supervisory Board' Report

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

### **AUDIT REPORT**

The Audit & Supervisory Board has received the reports of the business performance of the directors during the 93rd business term from April 1, 2019 through March 31, 2020 from each of the audit & supervisory board members. After discussing the reports we have prepared this Audit Report and report as follows.

#### 1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board established the audit policy and division of responsibilities, received reports on the status and results of audits from Audit & Supervisory Board Members, received reports on the status of execution of duties from directors and independent auditors, and requested explanations when necessary.

Each of the Audit & Supervisory Board Members, in accordance with the auditing standards established by the Audit & Supervisory Board, audit plan and division of responsibilities, worked to communicate with directors, Legal & Compliance Division, the Office of Internal Business Audit and other employees, made efforts to gather information and establish the audit environment, in addition to attending the meetings of the Board of Directors and other important meetings, receiving reports from the directors and other managers on their duties, requesting explanations when necessary, inspecting documents concerning matters such as important decisions, and investigating the conditions of the business and financial conditions. Standing Statutory Audit & Supervisory Board Members concurrently serve as Audit & Supervisory Board Members of important subsidiaries, and we worked to communicate and exchange information with directors and Audit & Supervisory Board Members of subsidiaries and received reports on operations when necessary. From the perspective of Group audits, liaison meetings were held with Standing Statutory Audit & Supervisory Board Members of the Group companies as members to exchange information and opinions.

In addition, we received periodic reports from directors and employees on the status with respect to the content of the resolution of the Board of Directors concerning the establishment and operation of the systems necessary to ensure that the business performance by the directors, as shown in the Business Report, complies with laws and the Articles of Incorporation, and other systems necessary to ensure the properness of operations of a Corporate Group consisting of a Stock Company and its subsidiaries stipulated in Paragraphs 1 and 3 of Article 100 of the Regulation for Enforcement of the Companies Act and the status of the system based on such resolution (internal control system). When necessary, we expressed opinions. We examined the principal of policies and efforts of controlling the company (Item 3 (a) and (b) of Article 118 of the Regulation for Enforcement of the Companies Act) as shown in the Business Report, understanding discussions made at the Board of Directors' meeting or other occasions.

Furthermore, in addition to monitoring and examining whether the independent auditor maintained an independent position and performed auditing appropriately, we received reports from the independent auditor on the execution of its duties and requested explanations when necessary. In addition, we received notice from the independent auditor that "The systems for ensuring the proper execution of duties" (set forth in each Item of Article 131 of the Rules of Corporate Accounting) is organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council) and other relevant standards, and requested explanations when necessary.

Based on the above methods, we examined the Business Report and supporting schedules, non-consolidated financial statements (balance sheets, statements of income, statements of changes in equity, notes to non-consolidated financial statements), supporting schedules, and the consolidated financial statements (consolidated balance sheets,

consolidated statements of income, consolidated statements of changes in equity, notes to consolidated financial statements) for the fiscal year under review.

## 2. Result of Audit

### (1) Result of audit of Business Report

- i) The Business Report and supporting schedules fairly represent the condition of the company in accordance with the law and the Articles of Incorporation of the company.
- ii) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws or the company's Articles of Incorporation by any of the directors in carrying out their duties.
- iii) We believe the details of resolutions of the Board of Directors regarding the internal control system are appropriate. We found no matters of note regarding the contents of the Business Report and the execution of duties of directors regarding the internal control system.
- iv) Nothing has to be reported to point out in the principle policies for controlling the company as a part of the Business Report.  
We have assured that the efforts made to realize the policies in the Business Report are accordance with Item 3 (b) of Article 118 of the Regulation for Enforcement of the Companies Act and they are aiming at neither harming the common interest of shareholders nor protecting own interests of the directors of the company.

### (2) Result of audit of non-consolidated financial statements and supporting schedules

In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

### (3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

May 14, 2020

Audit & Supervisory Board of  
Tokyo Broadcasting System Holdings, Incorporated

Standing Statutory Audit & Supervisory Board Member  
Takafumi Kannari

Standing Statutory Audit & Supervisory Board Member  
Tatsuo Tanaka

Outside Audit & Supervisory Board Member  
Teisuke Kitayama

Outside Audit & Supervisory Board Member  
Mie Fujimoto

Outside Audit & Supervisory Board Member  
Toshiaki Katsushima