

Securities Code: 9401
June 7, 2021

Dear Shareholders:

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

Notice of Convocation of the 94th Ordinary General Meeting of Shareholders

We are pleased to announce the 94th Ordinary General Meeting of Shareholders of the Company, which will be held as described below.

From the perspective of preventing the spread of the novel coronavirus disease (COVID-19), all shareholders are kindly requested to refrain from attending this Ordinary General Meeting of Shareholders on the date it is held as much as possible, and exercise voting rights either in writing (by mail) or via the Internet in advance.

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 Monday, June 28, 2021 (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. [Tuesday], June 29, 2021
(the reception will start at 9:00 A.M.)
- 2. Place of the Meeting** “LA ROSE,” 5F, Dai-ichi Hotel Tokyo
1-2-6 Shimbashi, 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 94th fiscal year (from April 1, 2020 to March 31, 2021)
2. Report on the non-consolidated financial statements for the 94th fiscal year (from April 1, 2020 to March 31, 2021).

Matters for Resolution

- First Item of Business:** Appropriation of Surplus
Second Item of Business: Election of Nine (9) Directors

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

- End -

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 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.

<p>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.)</p>
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Institutional investors may exercise voting rights using the voting platform for institutional investors operated by ICJ, Inc.

Reference Materials for the 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 basic 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:
¥15 per share of common stock of the Company
The total amount: ¥2,562,162,600
- (3) Effective date for dividends from surplus to shareholders:
June 30, 2021

Second Item of Business: Election of Nine (9) Directors

The terms of all nine (9) Directors of the Company will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company would like to 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 continue to be 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	13/13 (100%)
2	Re-election	Takashi Sasaki	President and Chief Executive Officer	13/13 (100%)
3	Re-election	Toshiaki Kawai	Representative Director	13/13 (100%)
4	Re-election	Tatsuo Sugai	Director	13/13 (100%)
5	Re-election	Shoichi Watanabe	Director	13/13 (100%)
6	Re-election	Masaya Chisaki	Director	13/13 (100%)
7	Re-election Independent Director Outside Director	Hitoshi Kashiwaki	Outside Director	13/13 (100%)
8	Re-election Independent Director Outside Director	Yosuke Yagi	Outside Director	10/10 (100%)
9	Re-election Independent Director Outside Director	Makoto Haruta	Outside Director	10/10 (100%)

Note: Directors Mr. Yosuke Yagi and Mr. Makoto Haruta were newly elected as Directors at the 93rd Ordinary General Meeting of Shareholders held on June 26, 2020, and therefore the number of meetings of the Board of Directors differs from that of the other directors.

Candidate number 1	Shinji Takeda	Date of birth Jul. 5, 1952	Re-election	Number of shares of the Company owned: 39,912 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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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. 2014:	Director of the Company
Apr. 2007:	Executive Officer, General Manager of Management Media Division		Director of Tokyo Broadcasting System Television, Inc.
Jun. 2007:	Director, General Manager of Management Media Division	Jun. 2014:	President and Representative Director of BS-TBS, INC.
Apr. 2009:	Director of the Company	Apr. 2015:	President and Representative Director of Tokyo Broadcasting System Television, Inc.
	Director of Tokyo Broadcasting System Television, Inc.	Apr. 2016:	President and Chief Executive Officer of the Company
Jun. 2009:	Director and Chairman of TBS Radio, Inc.	Jun. 2018:	Chairman and Director of the Company (incumbent)
Apr. 2011:	Managing Director of the Company		Chairman and Director of Tokyo Broadcasting System Television, Inc. (incumbent)
	Managing Director of Tokyo Broadcasting System Television, Inc.		

<Areas of responsibility>

Chair of Board of Directors

Important concurrent position outside the Company

Chairman and Director of Tokyo Broadcasting System Television, Inc.

Director of StylingLife Holdings Inc.

Outside Director of MBS MEDIA HOLDINGS, INC.

Outside Audit & Supervisory Board Member of RKB MAINICHI HOLDINGS CORPORATION

Outside Director of CHUBU-NIPPON BROADCASTING CO., LTD.

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 2	Takashi Sasaki Date of birth Jul. 5, 1959	Re-election	Number of shares of the Company owned: 39,758 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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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.		Managing Director of Tokyo Broadcasting System Television, Inc.
Apr. 2012:	Division President of Programming Division of Tokyo Broadcasting System Television, Inc.	Jun. 2017:	Senior Managing Director of the Company
Apr. 2013:	Executive Officer, Division President of Programming Division of Tokyo Broadcasting System Television, Inc.		Senior Managing Director of Tokyo Broadcasting System Television, Inc.
Feb. 2014:	Executive Officer of the Company	Jun. 2018:	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

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 3	Toshiaki Kawai Date of birth Nov. 1, 1959	Re-election	Number of shares of the Company owned: 31,322 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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Summary of career and position and areas of responsibility in the Company

Apr. 1982:	Joined the Company	Apr. 2015:	Managing Director of Tokyo Broadcasting System Television, Inc.
Apr. 2012:	Division President of Technology Division of Tokyo Broadcasting System Television, Inc.	Apr. 2016:	Managing Director of the Company
Apr. 2013:	Executive Officer, Division President of Technology Division of Tokyo Broadcasting System Television, Inc.	Jun. 2018:	Senior Managing Director and Representative Director of the Company
Feb. 2014:	Executive Officer of Tokyo Broadcasting System Television, Inc.		Senior Managing Director and Representative Director of Tokyo Broadcasting System Television, Inc.
Mar. 2014:	Director of Tokyo Broadcasting System Television, Inc.	Jun. 2020:	Representative Director of the Company (incumbent)
Apr. 2014:	Executive Officer of the Company		Executive Vice President and Board Director of Tokyo Broadcasting System Television, Inc. (incumbent)
Jun. 2014:	Director of the Company		

<Areas of responsibility>

Head of financial strategy

Important concurrent position outside the Company

Executive Vice President and Board 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 Representative Director and the head of the financial strategy division. He has extensive experience and achievements in corporate management, as well as a deep understanding and knowledge of the business environment.

Candidate number 4	Tatsuo Sugai Date of birth Sep. 28, 1959	Re-election	Number of shares of the Company owned: 23,049 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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Summary of career and position and areas of responsibility in the Company

<p>Apr. 1983: Joined the Company</p> <p>May 2010: Division President of Sales Division of Tokyo Broadcasting System Television, Inc.</p> <p>Apr. 2012: Division President of Group Managerial Planning Division of the Company</p> <p>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.</p> <p>Feb. 2014: Executive Officer of the Company</p>	<p>Mar. 2014: Director of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2015: Director of the Company</p> <p>Jun. 2018: Managing Director of the Company Managing Director of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2020: Director of the Company (incumbent) Senior Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)</p>
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<Areas of responsibility>

Head of growth strategy

Important concurrent position outside the Company

Senior 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 Director as the head of the growth strategy division. He has extensive experience and achievements in corporate management.

Candidate number 5	Shoichi Watanabe Date of birth Aug. 23, 1960	Re-election	Number of shares of the Company owned: 12,705 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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Summary of career and position and areas of responsibility in the Company

<p>Apr. 1985: Joined the Company</p> <p>Apr. 2016: Division President of TV Production Division of Tokyo Broadcasting System Television, Inc.</p> <p>Jun. 2018: Director of the Company (incumbent) Director of Tokyo Broadcasting System Television, Inc.</p>	<p>Jun. 2020: Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)</p>
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<Areas of responsibility>

Head of competitive strategy, General Manager of Multi-Platform Media Division

Important concurrent position outside the Company

Managing Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Shoichi Watanabe contributes to enhancing the corporate value of the Group in the post of Director as the head of the competitive strategy division and General Manager of Multi-Platform Media Division. He has extensive experience and achievements in corporate management.

Candidate number 6	Masaya Chisaki Date of birth Jun. 16, 1959	Re-election	Number of shares of the Company owned: 15,198 shares Attendance to meetings of Board of Directors: 13/13 (100%)
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Summary of career and position and areas of responsibility in the Company

Apr. 1983:	Joined the Company	Jun. 2018:	Director of the Company (incumbent)
Apr. 2012:	Division President of President's Office of the Company		Director of Tokyo Broadcasting System Television, Inc.
Apr. 2015:	Division President of Administration Division of the Company	Jun. 2020:	Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)
Apr. 2016:	Division President of Division of Human Resources and Labor of the Company Division President of Division of Human Resources and Labor of Tokyo Broadcasting System Television, Inc.		

<Areas of responsibility>

Head of ESG strategy

Important concurrent position outside the Company

Managing Director of Tokyo Broadcasting System Television, Inc.

Reason for nomination as Director

Mr. Masaya Chisaki contributes to enhancing the corporate value of the Group in the post of Director as the head of the ESG strategy division. He has extensive experience and achievements in corporate management.

Candidate number 7	Hitoshi Kashiwaki 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: 13/13 (100%)
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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.
		Feb. 2021:	Outside Director of Kewpie Corporation (incumbent)

Important concurrent position outside the Company

Outside Director of ASICS Corporation

Outside Director of Kewpie Corporation

Outside Director of Matsuya Co., Ltd.

Reason for nomination and expected role as Outside 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 is expected to continuously offer useful opinions and suggestions to the management of the Group as well as supervision over and advice regarding duties executed by Directors, he is nominated as candidate for Outside Director of the Company.

Candidate number 8	Yosuke Yagi	Date of birth Aug. 12, 1955	Re-election Independent Director Outside Director	Number of shares of the Company owned: 0 shares Attendance to meetings of Board of Directors: 10/10 (100%)
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Summary of career and position and areas of responsibility in the Company

Apr. 1980:	Joined Nippon Kokan K.K. (current JFE Steel Corporation)	Jan. 2017:	Representative Director of People First, Ltd. (incumbent)
Jan. 1999:	General Manager of Human Resource Department of GE Yokogawa Medical Systems Ltd. (current GE Healthcare Japan Corporation)		Board Member of ICMG Co., Ltd. (incumbent) Chairman and Representative Director of IWNC Inc., Ltd.
Jun. 1999:	Director and General Manager of Human Resource Department of GE Healthcare Japan Corporation	Jun. 2017:	Chairman and Director of IWNC Inc., Ltd. (incumbent)
Dec. 2002:	Director of GE Japan Inc.	Jun. 2020:	Outside Director of the Company (incumbent)
Apr. 2012:	Executive Officer and Executive Vice President of JS Group Corporation (current LIXIL Corporation)	Apr. 2021:	Audit & Supervisory Board Member of GE Healthcare Japan Corporation (incumbent)

Important concurrent position outside the Company

Representative Director of People First, Ltd.
Board Member of ICMG Co., Ltd.

Chairman and Director of IWNC Inc., Ltd.
Audit & Supervisory Board Member of GE Healthcare Japan Corporation

Reason for nomination and expected role as Outside 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 continuously offer useful opinions and suggestions to the management of the Group as well as supervision over and advice regarding duties executed by Directors, he is nominated as candidate for Outside Director of the Company.

Candidate number 9	Makoto Haruta	Date of birth Jan. 5, 1969	Re-election Independent Director Outside Director	Number of shares of the Company owned: 0 shares Attendance to meetings of Board of Directors: 10/10 (100%)
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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.		
Sep. 2000:	Director and Head of Corporate Planning Division of DeNA Co., Ltd.	Jun. 2011:	Director, Executive Chairman and Executive Officer of DeNA Co., Ltd.
Apr. 2009:	Managing Director, Head of Management Planning Unit, Executive Officer and Chief Financial Officer (CFO) of DeNA Co., Ltd.	Apr. 2015:	Representative Director and CEO of betaCatalyst Inc. (incumbent)
		Mar. 2017:	Adviser of Money Forward, Inc. (incumbent)
		Jun. 2020:	Outside Director of the Company (incumbent)

Important concurrent position outside the Company

Representative Director and CEO of betaCatalyst Inc.

Adviser of Money Forward, Inc.

Reason for nomination and expected role as Outside 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 continuously offer useful opinions and suggestions to the management of the Group as well as supervision over and advice regarding duties executed by Directors, he is nominated as candidate for 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, Mr. Yosuke Yagi and Mr. Makoto Haruta as independent directors with the Tokyo Stock Exchange and will continue to appoint them as independent directors if they are reappointed.
 - (2) Number of years since assuming the office of Outside Director (until the conclusion of this General Meeting of Shareholders):
Hitoshi Kashiwaki: 3 years
Yosuke Yagi: 1 year
Makoto Haruta: 1 year
- Note 4: Liability Limitation Agreement:
The Company has entered into an agreement with Mr. Hitoshi Kashiwaki, Mr. Yosuke Yagi and Mr. Makoto Haruta that limits their liabilities as defined in the provision of Article 423, Paragraph 1 of the Companies Act. The Company will extend such agreement with them provided they are reappointed.
- Note 5: Directors and Officers Liability Insurance Policy:
The Company has entered into a directors and officers liability insurance policy between an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act. A summary of the contents of the said insurance policy is as stated on page 31 of the Business Report. If the nomination of the candidates for Director is approved, they will continue to be included as the insureds under the said insurance. The insurance policy will be renewed with the contents unchanged on its next renewal.

(Reference)

Policy in regard to diversity, etc. in the Board of Directors as a whole

Candidates for Directors (including President and Chief Executive Officer) are nominated as those with high business execution skills capable of implementing management strategies, and understanding the Company's business characteristics with extensive experience and knowledge as a member of the top management. Furthermore, those who are not involved in business execution but have an important role of supervising Directors with high effectiveness are nominated as candidates for Outside Directors. The structural diversity of the overall Board of Directors and a good balance between business execution and supervision are taken into account upon nomination.

The structure and expertise of the Board of Directors will be as follows if the second item of business is approved as originally proposed at this Ordinary General Meeting of Shareholders.

Name		Current position in the Company	Areas where expertise can be demonstrated in particular					Nomination Advisory Committee	Remuneration Advisory Committee
			Corporate management	Business strategy	Finance and accounting	ESG	Legal and compliance		
Shinji Takeda	Re-election	Chairman and Director	○	○					
Takashi Sasaki	Re-election	President and Chief Executive Officer	○	○				○	○
Toshiaki Kawai	Re-election	Representative Director	○	○	○			○	○
Tatsuo Sugai	Re-election	Director		○					
Shoichi Watanabe	Re-election	Director		○					
Masaya Chisaki	Re-election	Director				○	○	○	○
Hitoshi Kashiwaki	Re-election Independent Outside	Outside Director	○					◎	◎
Yosuke Yagi	Re-election Independent Outside	Outside Director	○					○	○
Makoto Haruta	Re-election Independent Outside	Outside Director	○		○			○	○

◎ Refers to chair of Advisory Committee

Business Report

From April 1, 2020 to March 31, 2021

1. The Current Position of TBS Holdings, Inc. and its Subsidiaries

(1) Business Activities and Results

During the consolidated fiscal year under review, Japan's economy was severely affected by the pandemic of the novel coronavirus disease (COVID-19), and business conditions deteriorated rapidly after the declaration of a state of emergency in April. After the declaration was lifted in May, there were some signs of recovery thanks to the government's economic measures, but the future of the economy remained uncertain as the infection spread again in January and a second state of emergency was declared.

In this environment, according to the "2020 Advertising Expenditures in Japan" (published by DENTSU INC.), total advertising expenditures in Japan were ¥6,159.4 billion (down 11.2% year-on-year), marking the first negative growth in nine years since the Great East Japan Earthquake in 2011. Of this, terrestrial television advertising expenditures were ¥1,538.6 billion (down 11.3% year-on-year), satellite media-related advertising expenditures were ¥117.3 billion (down 7.4% year-on-year), and radio advertising expenditures were ¥106.6 billion (down 15.4% year-on-year). On the other hand, Internet advertising expenditures were ¥2,229 billion, up 5.9% from the previous fiscal year.

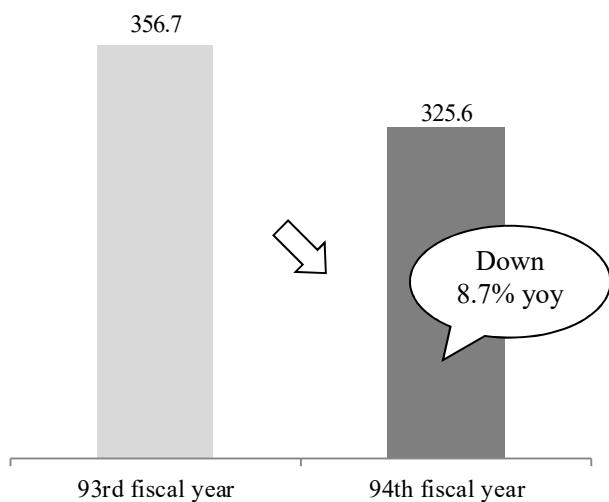
In the TV advertising market, spot advertising spending in the Kanto region was 86.4% of the previous year's total, a very challenging situation.

Against this backdrop, consolidated net sales of the Group for the fiscal year ended March 31, 2021 decreased 8.7% from the previous fiscal year to ¥325,682 million. This was mainly due to a significant decrease in time and spot revenues, and a fall in concerts and stage performances revenue due to cancellation, postponement, and admission restriction of events caused by the spread of COVID-19.

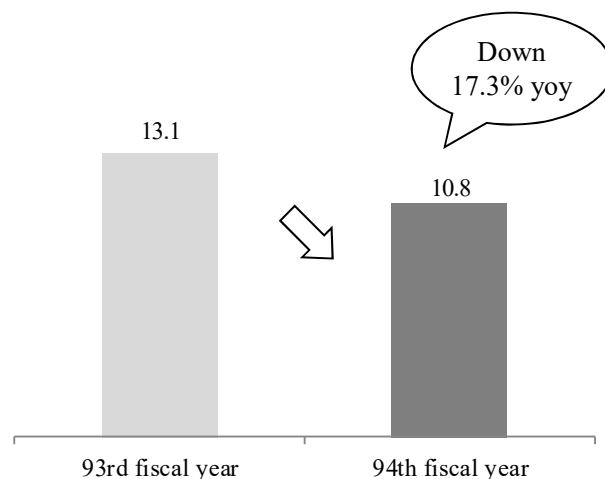
Operating expenses (i.e. cost of sales and selling, general and administrative expenses) decreased 8.4% from the previous fiscal year to ¥314,840 million, mainly due to a reactionary decrease in production cost and broadcasting rights fees related to large-scale one-off sports events in the previous year and a decrease in advertising agent fees.

As a result, operating profit decreased 17.3% from the previous fiscal year to ¥10,841 million, while ordinary profit decreased 9.6% to ¥19,233 million due to a decrease in dividend income, and profit attributable to owners of parent decreased 7.0% to ¥28,072 million, mainly due to the posting of a gain on sales of investment securities as extraordinary income.

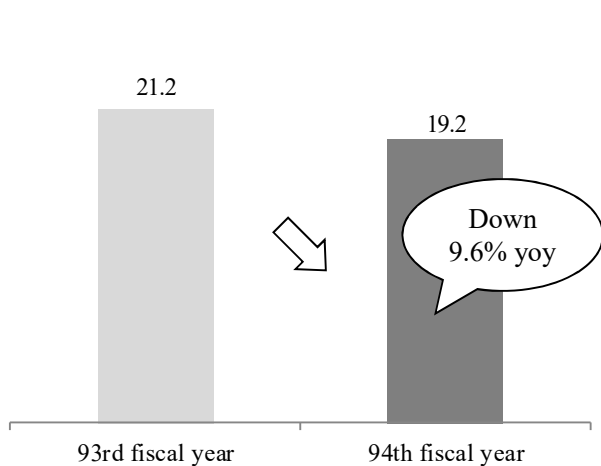
Net sales (billions of yen)



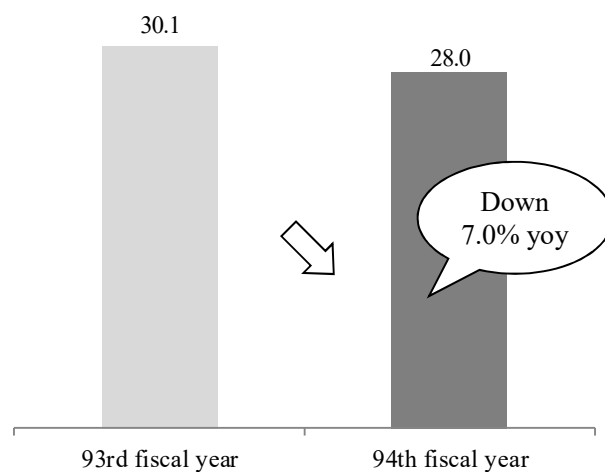
Operating profit (billions of yen)



Ordinary profit (billions of yen)

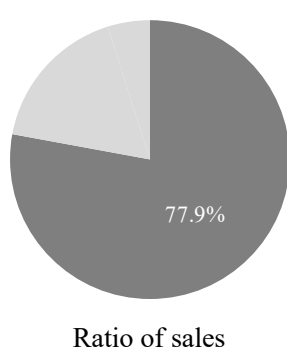


Profit attributable to owners of parent (billions of yen)



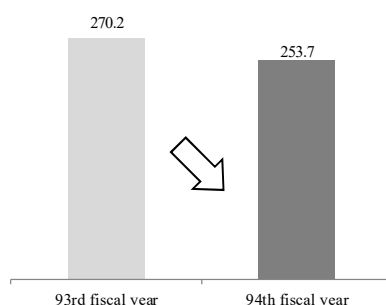
<<Media & Contents>>

Net sales ¥253.7 billion (Down 6.1% year-on-year)

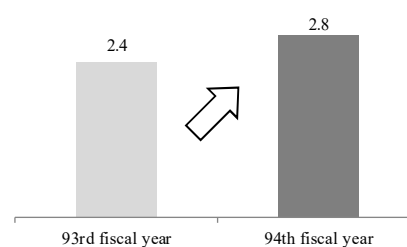


Ratio of sales

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 ¥253,778 million (down 6.1% year-on-year) and operating profit was ¥2,881 million (up 19.6% year-on-year).

Net sales in the Television division of Tokyo Broadcasting System Television, Inc. for the fiscal year under review decreased ¥13,936 million to ¥168,147 million (down 7.7% year-on-year). Of this total, time revenue was ¥78,467 million (down 10.0% year-on-year), spot revenue was ¥69,879 million (down 11.9% year-on-year), and content revenue (including advertising revenue earned through domestic broadcast syndication and free video streaming) was ¥15,870 million (up 45.7% year-on-year). In terms of time revenue, in addition to the reaction to “IAAF World Championships Doha 2019” in the previous year, sales declined significantly due to a series of cancellations and postponements of large-scale one-off events, mainly sports programs, led by the postponement of “Tokyo 2020 Olympic Games” due to the spread of COVID-19, as well as sluggish regular sales. In spot sales, although the market share of five stations increased 0.4 percentage points year-on-year to 19.7%, the market conditions were very severe as advertisers’ investment in the Kanto region dropped 13.6% from the previous year, resulting in a decline from the previous year. Content revenue saw a significant increase in both free and paid video streaming, capturing the demand for “home nesting” that has increased due to changes in lifestyles since the declaration of the state of emergency.

Net sales in the Business division of Tokyo Broadcasting System Television, Inc. for the fiscal year under review decreased ¥6,862 million to ¥18,441 million (down 27.1% year-on-year).

For events and concerts and stage performances, there was a significant decrease in revenue due to continued admission restrictions as a measure against the spread of COVID-19 even after the declaration of the state of emergency was lifted. In the film business, “Threads - Our Tapestry of Love” and the Hinatazaka46 documentary film, “Debut after 3 years” had long runs, but did not reach the revenue scale of the same period last year, resulting in a decrease in revenue. In the overseas business, although there were some signs of improvement in market conditions, mainly in the Asian market, market conditions remained severe, and revenue decreased.

In the media business, revenue increased in the CS business due to improved channel unit prices from various platforms, but, overall revenues decreased due to the transfer of the streaming business to the Television division. Sales in the licensing business increased due to strong DVD sales and hit products related to high-rating dramas such as “MIU404.”

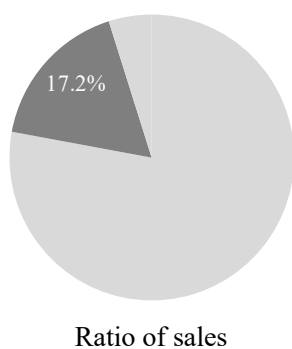
Net sales of BS-TBS, INC. for the fiscal year under review decreased ¥1,475 million to ¥15,374 million (down 8.8% year-on-year) due to a decline in one-off sports event programs impacted by the spread of COVID-19 and sluggish regular sales.

Net sales of TBS Radio Inc. for the fiscal year under review decreased ¥1,074 million to ¥8,492 million (down 11.2% year-on-year) in the midst of a difficult radio advertising market.

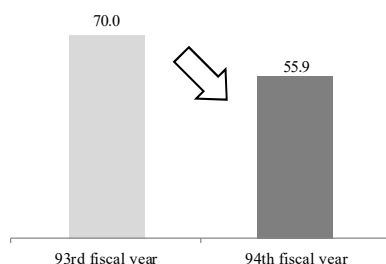
In terms of expenses, in addition to a significant decrease in production costs due to the cancellation or postponement of program recordings as a result of the spread of COVID-19, the business division also saw a decrease in expenses due to the cancellation of events and performances.

As a result, operating profit in this segment increased ¥471 million to ¥2,881 million (up 19.6% year-on-year).

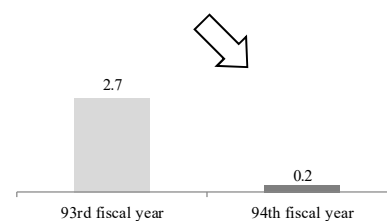
<<Lifestyle>> Net sales ¥55.9 billion (Down 20.0% year-on-year)



Net sales (billions of yen)



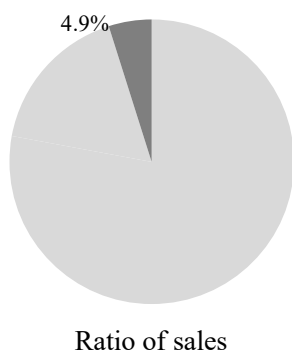
Operating profit (billions of yen)



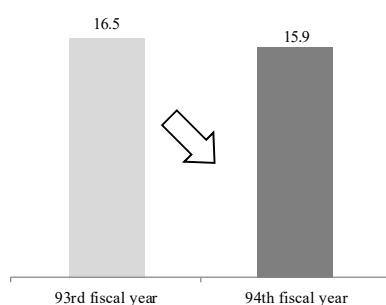
In the Lifestyle business segment, net sales for the fiscal year under review were ¥55,983 million (down 20.0% year-on-year), and operating profit was ¥281 million (down 89.8% year-on-year).

StylingLife Group saw increases in both sales and profit in the mail-order business “LightUp Shopping Club Inc.” due to the expansion of demand for home nesting. However, the impact of temporary closures and shortened hours at stores in the core retailing business, PLAZASTYLE COMPANY, was significant, resulting in substantial decreases in both sales and profit.

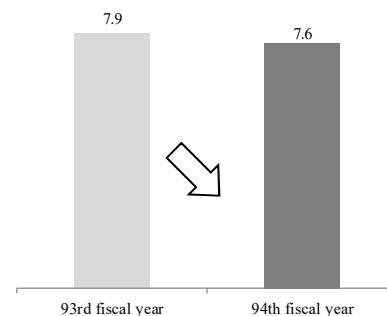
<<Real Estate & Other>> Net sales ¥15.9 billion (Down 3.6% year-on-year)



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 ¥15,920 million (down 3.6% year-on-year), and operating profit was ¥7,679 million (down 3.3% year-on-year).

In terms of sales, the lower occupancy rate of Akasaka Biz Tower due to the impact of COVID-19 resulted in a decrease in sales. On the cost front, although expenses were controlled by shortening business hours, profit decreased.

(2) Capital Investment

Total capital investment in the fiscal year under review was ¥39.6 billion.

Capital investment consists of ¥31,200 million for the Company, ¥6,100 million in Tokyo Broadcasting System Television, Inc., ¥400 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 accounting system. Major capital investments of Tokyo Broadcasting System Television, Inc. included the upgrading of security gates, news helicopter equipment, and file-based systems. Major capital investments of StylingLife Group were made on PLAZA new store openings, 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 ¥27.6 billion 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 commitment line agreements totaling ¥11 billion with Sumitomo Mitsui Banking Corporation and other three financial institutions (the balance of the funds drawn is nil, and the available balance is ¥11 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," TBS Art & Technology Inc. was established on June 22, 2020 as a new company engaged in technology, art, and computer graphics (CG). The company changed its trade name to TBS ACT, INC. on January 15, 2021.

The Company, thereafter on April 1, 2021, made TBS ACT, INC. a company surviving an absorption-type merger, in which six consolidated subsidiaries (Art Communication System Inc., TBS-TEX, Inc., TOTSU Inc., TLC Co., Ltd., Akasaka Graphics Art, Inc., and OXYBOT, Inc.) and six wholly-owned subsidiaries became companies disappearing in the absorption-type merger.

The Company has been reorganizing the subsidiaries in stages since FY2018, and has so far integrated 30 subsidiaries into 3, and will continue to work on thorough governance of the entire Group and improvement of management efficiency in order to build a foundation for strengthening content capabilities.

(5) Priorities

Review of "TBS Group Medium-term Management Plan 2020"

The Group set FY2020 performance targets of ¥400.0 billion in consolidated net sales and ¥25.0 billion in consolidated operating profit under its "TBS Group Medium-term Management Plan 2020," but ended up falling short of both figures as a result of having been hit by the spread of COVID-19 coupled with a downward trend in television advertising expenditures. Meanwhile, having set an audience ratings target of second-place ranking or better in the Family Core segment (individuals aged 13 to 59), Tokyo Broadcasting System Television managed to achieve the number-two ranking for FY2020 in the golden time and prime time slots.

With respect to the aim of achieving "diversification and challenges in total media through investment and restructuring," moreover, the Company made investment on the scale of ¥50.0 billion and carried out mergers of Group subsidiaries with the aim of building a foundation for strengthening content capabilities. Also, when it comes to the aim of achieving "apt performance of social responsibility," the Company contributed to achieving the Sustainable Development Goals (SDGs) in a manner distinctive to media by actively engaged in ESG initiatives and establishing the SDG Planning Division.

Formulation of "TBS Group VISION 2030" and "TBS Group Medium-term Management Plan 2023"

The environment surrounding the Company is changing drastically due to the declining birthrate, aging population, diversification of lifestyles, and digitalization. Furthermore, the business of the Group has been greatly affected by the spread of COVID-19 since last year.

We recognize that the greatest challenge for the Group is to continuously improve our corporate value as a company that is sought after by society, even in an unpredictable and ever-changing business environment. To address these challenges, we have formulated "TBS Group VISION 2030," our vision for the year 2030, by backcasting from our future vision with a long-term perspective, rather than the conventional accumulation method. As the first phase to achieve this goal, we have formulated "TBS Group Medium-term Management Plan 2023"

covering the period from FY2021 to FY2023.

Outline of “TBS Group VISION 2030”

The key concept is to: **Go beyond the boundaries of broadcasting and infinitely expand content into “each ‘moment’”**

The Group’s greatest strength is its ability to “create content.” Amid drastic changes in the media environment, such as the diversification of lifestyles and the rise of the Internet, we must respond more than ever to the “trust” of people, “create” wonderful content that enriches their minds and lives, and “expand” (deliver) it beyond the boundaries of broadcasting. Defining content as all that “moves people’s hearts and minds,” we aim to be a content group that maximizes the value of such content.

Specifically, we will promote the development of original intellectual property and strengthen our creativity. We will also promote “EDGE” as an expansion strategy to infinitely expand the content we create.

EDGE: Expand Digital Global Experience

We will focus our resources on cultivating digital content by strengthening distribution (Digital), pursuing further growth in overseas markets (Global), and expanding business where people “experience” our live entertainment and lifestyle (Experience).

In “TBS Group VISION 2030”, the expansion strategy “EDGE” states that the Group will aim for growth by expanding growth business areas and non-broadcasting businesses so they account for 60% of Group sales.

Nevertheless, the broadcasting business is the foundation for this growth, and we will continue to aim to enhance its value. In the future, the broadcasting business will further deepen the value of “trust” that we have cultivated to date, go beyond the function of an advertising medium to become a value co-creation hub, and propose new value with partners. We will also aim to evolve our media power by promoting data marketing.

As a group that encompasses media with a public and social mission, we will take a variety of measures as part of our unique ESG management to provide “each ‘moment’” for the earth we live on (E), society and our colleagues (S), and as a responsible company (G). Through our content, we will work together with all stakeholders to create a happy and sustainable society in which diverse values are respected.

Outline of “TBS Group Medium-term Management Plan 2023”

“TBS Group Medium-term Management Plan 2023” is Phase 1 of the period (FY2021 to FY2030) covered by “TBS Group VISION 2030,” with the theme of “Recovery and Sowing.” Under the theme, we will plant the seeds for growth toward “VISION 2030” while recovering from the Corona Shock and expanding revenue through our growth strategy.

First, as an imperative task for the period of this Medium-term Management Plan, we will work to transform our core business of broadcasting.

In order to attract the next generation of viewers and rebuild social value, we will focus on the new Family Core (audience ratings of individuals aged 4 to 49) as a priority target, while also aiming to maximize our reach. We will also appeal, explain, and propose media value by strengthening data collaboration.

Then, with the theme of communicating messages serving as a catalyst that moves society, we will promote the cross-sectional development of large-scale programs addressing social issues and dreams, rebuilding the value we offer based on trust and reach.

In order to improve the efficiency and competitiveness of our affiliates across the country, we will promote measures to strengthen our management base jointly across all affiliates.

As part of our growth strategy, we will embody the “EDGE” expansion strategy set forth in “VISION 2030.” First, in the Digital area, we will strengthen distribution and promote the development of digital content. We will increase the use of video streaming every fiscal year to expand revenue, while expanding the reach of news and pursuing new development in the digital content business.

In the Global area, with the aim of taking a further leap forward into overseas markets, we will rebuild sales channels, expand the format business, create global distribution content based on the premise of distribution in the global market, and develop new businesses with other overseas partners through expanding alliances and M&A.

In the Experience area, with the aim of expanding the “experience” business of live entertainment, we will

launch “*Harry Potter and the Cursed Child*” long-run show for the first time in Asia, develop original projects and deploy them for multiple uses, and open a studio with a viewing function in the akasaka Sacas area to realize the Planning of Akasaka Entertainment City Initiative.

The Lifestyle business will aim for a new growth trajectory based on the recovery of StylingLife Group’s commercial facility stores and inbound revenue. In addition, we will work to develop experiential value businesses in the early childhood development and education areas.

In terms of the management base to support and promote these initiatives, we will continue to strengthen the corporate brand and the organization through Group reorganization.

As a growth driver, we will make strategic investments, ensure competitiveness and growth potential with digital technology, and improve our organizational strength through creative human resources who are eager to take on challenges.

As for our unique ESG management, in order to fulfill the social mission and responsibility of the media, we will communicate facts fairly and accurately, disseminate reliable information, address social issues, work to be a catalyst that motivates individuals and moves society, and work together with various partners to contribute to the achievement of the SDGs by 2030.

As a result of the above initiatives, “TBS Group Medium-term Management Plan 2023” sets the following quantitative targets for FY2023: consolidated net sales of ¥370.0 billion, consolidated operating profit of ¥18.5 billion, and a ratio of operating profit to net sales of 5.0%. By segment, the Media & Contents business aims for net sales of ¥290.5 billion and segment profit of ¥9.0 billion, due to the recovery in broadcasting revenue, expansion of the streaming business, and a recovery in live entertainment. The Lifestyle business aims for net sales of ¥63.5 billion and profit of ¥2.2 billion, thanks to a recovery in the performance of the StylingLife Group. The Real Estate & Others business aims for net sales of ¥16.0 billion and profit of ¥7.3 billion.

In terms of business performance, this will be a period of recovery from the Corona disaster, but at the same time, we will plant seeds to realize growth as we head toward the new TBS Group.

We will use the proceeds from the sale of strategic shareholdings and operating cash flow to make decisive investments of over ¥100 billion for growth, aiming at medium- to long-term profit growth and improved capital efficiency.

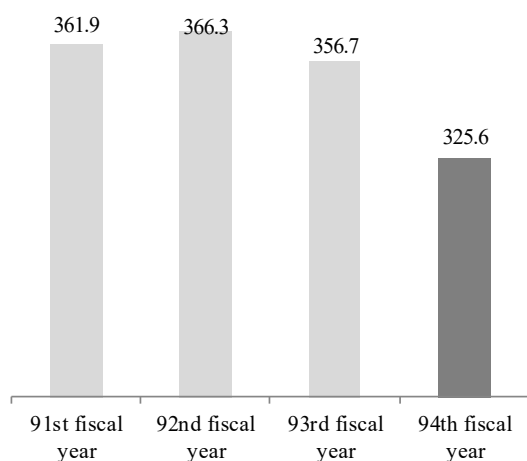
* Please refer to our website for further details on “TBS Group VISION 2030” and “TBS Group Medium-term Management Plan 2023.” (<https://www.tbsholdings.co.jp/about/plan.html>)

(6) Assets and Profit/Loss

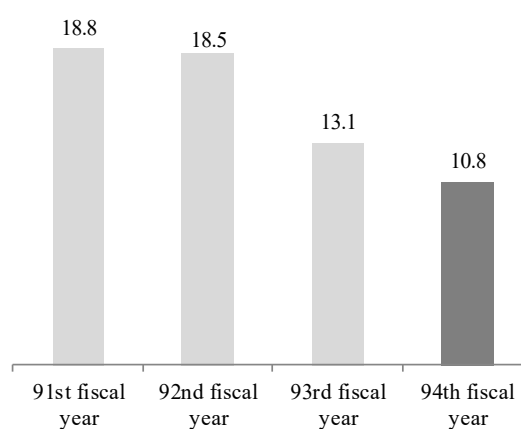
Assets and Profit/Loss of the Group

Category	91st Business Term Year ended March 31, 2018	92nd Business Term Year ended March 31, 2019	93rd Business Term Year ended March 31, 2020	94th Business Term Year ended March 31, 2021 (fiscal year under review)
Net sales (millions of yen)	361,954	366,353	356,796	325,682
Operating profit (millions of yen)	18,800	18,572	13,103	10,841
Ordinary profit (millions of yen)	26,923	28,835	21,274	19,233
Profit attributable to owners of parent (millions of yen)	17,182	25,205	30,174	28,072
Earnings per share (yen)	98.38	144.31	173.28	164.32
Net assets (millions of yen)	600,950	601,291	591,931	794,884
Total assets (millions of yen)	821,737	798,481	783,024	1,100,223

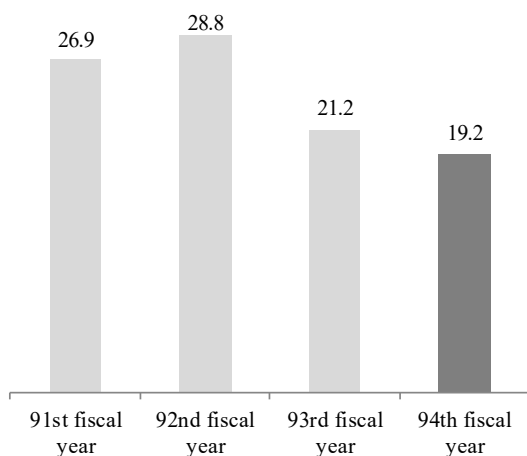
Net sales (billions of yen)



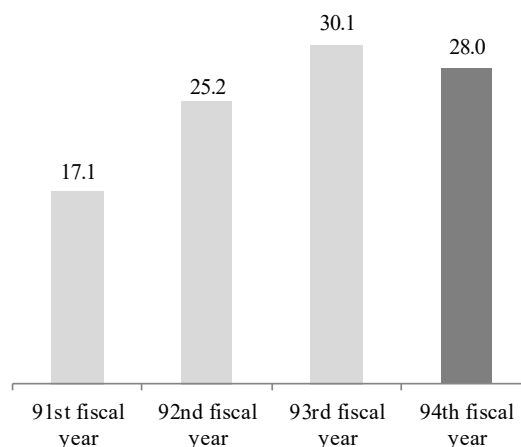
Operating profit (billions of yen)



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

TBS Holdings, Inc. has no parent company.

2. Principal Subsidiaries (As of March 31, 2021)

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.	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. (Note 5)	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. (Note 5)	150	100	Production and sales of broadcast programs, general video and sound recordings, recording and transmitting services etc. of broadcast programs
TOTSU Inc. (Note 5)	453	100	Technical services related to broadcast program production and services incidental thereto
TLC Co., Ltd. (Note 5)	21	100	Planning and operation etc. of lighting mainly for TV, theater, movies and various events
Akasaka Graphics Art, Inc. (Note 5)	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. (Note 5)	10	100	Planning, production and sales of computer-generated video, cinema film investment
CS-TBS, Incorporated (Note 3)	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.	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 4)	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 principal 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: C-TBS, Incorporated changed its trade name to CS-TBS, Incorporated on April 1, 2020.

Note 4: As of March 25, 2021, the Company transferred a part of the rights and obligations of the real estate business to TBS HEXA. Inc. through a company split (simple absorption-type company split).

Note 5: The Company made TBS ACT, INC. the company surviving an absorption-type merger on April 1, 2021. Through the absorption-type merger, six consolidated subsidiaries (Art Communication System Inc., TBS-TEX, Inc., TOTSU Inc., TLC Co., Ltd., Akasaka Graphics Art, Inc., and OXYBOT, Inc.) and six wholly-owned subsidiaries became companies disappearing in the absorption-type merger (refer to page 17 “Status of Important Reorganization”).

Note 6: 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	¥762,970 million

(8) Main Business Activities (As of March 31, 2021)

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	* 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. * 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 etc.
Lifestyle	Mail-order marketing, retail of general merchandise, production and sales of cosmetics etc.
Real Estate & Other	* 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.

(9) Principal Sales Office (As of March 31, 2021)

1. TBS 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, Inc., TOTSU Inc., TLC Co., Ltd., Akasaka Graphics Art, Inc., Nichion, Inc., OXYBOT, Inc., CS-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 83 “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, 2021)

Segment	Number of employees	Change since end of previous fiscal year
Media & Contents	3,986	Increase of 36
Lifestyle	1,617	Decrease of 67
Real Estate & Other	76	Decrease of 7
Corporate (shared)	455	Decrease of 7
Total	6,134	Increase of 17

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

(11) Main Lenders (As of March 31, 2021)

Lender	Amount (millions of yen)
Syndicated loan (Note 1)	20,000
Sumitomo Mitsui Banking Corporation	3,000
MUFG Bank, Ltd.	2,000
Resona Bank, Limited	2,000
Syndicated loan (Note 2)	600

Note 1: The syndicated loan was provided by 22 financial institutions, with Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. acting as arrangers.

Note 2: The syndicated loan was provided by five financial institutions, with Sumitomo Mitsui Banking Corporation acting as an arranger.

Note 3: StylingLife Holdings Inc., a consolidated subsidiary of the Company, has signed agreements with Sumitomo Mitsui Banking Corporation and other three financial institutions to establish ¥11 billion commitment line in total.

(Refer to page 17 “Capital Procurement”: the balance of the funds drawn is nil, and the available balance is ¥11 billion)

2. The Current Position of TBS Holdings, Inc.

(1) Common Stock (As of March 31, 2021)

1. Total Number of Shares Issuable 400,000,000 shares
2. Issued Number of Shares 174,709,837 shares
3. Number of Shareholders 12,330
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. (Trust Account)	11,739,300	6.87
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	5.45
MBS MEDIA HOLDINGS, INC.	8,848,100	5.18
Mitsui Fudosan Co., Ltd.	5,713,728	3.34
NTT DOCOMO, INC.	5,713,000	3.34
Nippon Life Insurance Company	5,006,235	2.93
Custody Bank of Japan, Ltd.	4,532,800	2.65
MITSUI & CO., LTD.	4,288,000	2.51
BIC CAMERA INC.	4,190,000	2.45
Panasonic Corporation	3,813,180	2.23

- Note 1: Percentage of shares held was calculated excluding its treasury share (3,898,997 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 14.60%.
- 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.

5. Status of Shares Issued to Officers of the Company as Remuneration for Executing Duties During the Fiscal Year under Review

	Number of shares	Number of Directors eligible for issuance
Directors (excluding Outside Directors)	47,748 shares	6 persons

- Note 1: Details of the Company's share-based remuneration are described in "3. Matters Related to Resolution of the General Meeting of Shareholders on Remuneration, etc. of Directors and Audit & Supervisory Board Members" and "4. Matters Related to Determination Policy on Details of Remuneration, etc. for Each Individual Director" on pages 28 to 30 of the Business Report.

(2) Corporate Officers

1. Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Position	Name	Areas of responsibility
Chairman and Director	Shinji Takeda	Chair of Board of Directors
President and Chief Executive Officer	Takashi Sasaki	Office of Internal Business Audit
Representative Director	Toshiaki Kawai	Head of financial strategy
Director	Tatsuo Sugai	Head of growth strategy
Director	Shoichi Watanabe	Head of competitive strategy, General Manager of Multi-Platform Media Division
Director	Masaya Chisaki	Head of ESG strategy
Director	Hitoshi Kashiwaki	
Director	Yosuke Yagi	
Director	Makoto Haruta	
Standing Statutory Audit & Supervisory Board Member	Tomohiko Nishino	
Standing Statutory Audit & Supervisory Board Member	Tetsuya Ichikawa	
Audit & Supervisory Board Member	Teisuke Kitayama	
Audit & Supervisory Board Member	Mie Fujimoto	
Audit & Supervisory Board Member	Somitsu Takehara	

Note 1: Mr. Yosuke Yagi and Mr. Makoto Haruta were both elected as Directors at the 93rd Ordinary General Meeting of Shareholders held on June 26, 2020 and assumed office, respectively. On the same date, ten (10) Directors, namely Mr. Mikio Kokubu, Mr. Ken Sonoda, Mr. Hiroyuki Aiko, Mr. Masashi Nakao, Mr. Hideki Isano, Mr. Eiichi Iwata, Mr. Masamine Ryuho, Mr. Yutaka Asahina, Mr. Tadashi Ishii, and Mr. Keiichi Mimura, retired due to expiration of their term of office.

Note 2: Mr. Tomohiko Nishino, Mr. Tetsuya Ichikawa and Mr. Somitsu Takehara were all elected as Audit & Supervisory Board Members at the 93rd Ordinary General Meeting of Shareholders held on June 26, 2020 and assumed office, respectively. On the same date, three (3) Audit & Supervisory Board Members, namely Mr. Takafumi Kannari, Mr. Tatsuo Tanaka and Mr. Toshiaki Katsushima, retired due to expiration of their term of office.

Note 3: Mr. Tomohiko Nishino and Mr. Tetsuya Ichikawa were both appointed as Standing Statutory Audit & Supervisory Board Members at the meeting of the Audit & Supervisory Board held on June 26, 2020 and assumed office, respectively.

Note 4: Among the Directors, Mr. Hitoshi Kashiwaki, Mr. Yosuke Yagi and Mr. Makoto Haruta are Outside Directors.

Note 5: Among the Audit & Supervisory Board Members, Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Somitsu Takehara are Outside Audit & Supervisory Board Members.

Note 6: The Company has registered Directors Mr. Hitoshi Kashiwaki, Mr. Yosuke Yagi and Mr. Makoto Haruta, and Audit & Supervisory Board Members, Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Somitsu Takehara as Independent Directors/Audit & Supervisory Board Members with the Tokyo Stock Exchange.

Note 7: Audit & Supervisory Board Member Mr. Somitsu Takehara has considerable knowledge of accounting and finance as a certified public accountant.

Note 8: 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.	Chairman and Director	
		StylingLife Holdings Inc.	Director	
		MBS MEDIA HOLDINGS, INC.	Outside Director	
		RKB MAINICHI HOLDINGS CORPORATION	Outside Audit & Supervisory Board Member	
		CHUBU-NIPPON BROADCASTING CO., LTD.	Outside Director	
		Takashi Sasaki	Tokyo Broadcasting System Television, Inc.	President and Representative Director
		Toshiaki Kawai	Tokyo Broadcasting System Television, Inc.	Executive Vice President and Board Director
		Tatsuo Sugai	Tokyo Broadcasting System Television, Inc. StylingLife Holdings Inc.	Senior Managing Director Director
		Shoichi Watanabe	Tokyo Broadcasting System Television, Inc.	Managing Director
Masaya Chisaki	Tokyo Broadcasting System Television, Inc.	Managing Director		
Audit & Supervisory Board Members	Hitoshi Kashiwaki	ASICS Corporation	Outside Director	
		Matsuya Co., Ltd.	Outside Director	
		Kewpie Corporation	Outside Director	
		Yosuke Yagi	People First, Ltd. ICMG Co., Ltd. IWNC Inc., Ltd.	Representative Director Board Member Chairman and Director
		Makoto Haruta	betaCatalyst Inc. Money Forward, Inc.	Representative Director and CEO Adviser
		Tomohiko Nishino	Tokyo Broadcasting System Television, Inc.	Audit & Supervisory Board Member
			TBS GLOWDIA, Inc.	Audit & Supervisory Board Member
			BS-TBS, INC.	Audit & Supervisory Board Member
			Tetsuya Ichikawa	Tokyo Broadcasting System Television, Inc.
TBS Radio, Inc.	Audit & Supervisory Board Member			
TBS SPARKLE, Inc.	Audit & Supervisory Board Member			
StylingLife Holdings Inc.	Audit & Supervisory Board Member			
Teisuke Kitayama	Tokyo Broadcasting System Television, Inc.	Audit & Supervisory Board Member		
	Sumitomo Mitsui Banking Corporation Daicel Corporation	Advisor External Director		
Mie Fujimoto	Tokyo Broadcasting System Television, Inc.	Audit & Supervisory Board Member		
	TMI Associates	Partner (lawyer)		
	SEIKAGAKU CORPORATION EBARA CORPORATION	Outside Audit & Supervisory Board Member Independent Director		
Somitsu Takehara	ZECOO Partners Inc.	Director and Chairman		
	EDION Corporation	Outside Audit & Supervisory Board Member		
	GENKI SUSHI CO., LTD.	Outside Director		
	Mitsubishi Paper Mills Limited	Outside Director		

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

Category	Total amount of remuneration etc. (million yen)	Total amount of remuneration etc. by type (million yen)			Number of eligible officers
		Base remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (subtotal: Outside Directors)	487 (27)	387 (27)	13 (—)	86 (—)	19 (6)
Audit & Supervisory Board Members (subtotal: Outside Audit & Supervisory Board Members)	82 (25)	82 (25)	—	—	8 (4)
Total (subtotal: Outside Officers)	570 (53)	470 (53)	13 (—)	86 (—)	27 (10)

Note 1: The above recipients include ten (10) Directors (including three (3) Outside Directors) and three (3) Audit & Supervisory Board Members (including one (1) Outside Audit & Supervisory Board Member) who retired at the conclusion of the 93rd Ordinary General Meeting of Shareholders.

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

Note 3: Outside Audit & Supervisory Board Members, who concurrently serve at the subsidiaries of the Company, do not receive remuneration from said subsidiaries.

Note 4: Amount or number of performance-linked remuneration, etc. is to be calculated by determining the payment rate based on the ratio of actual EPS (earnings per share which is calculated as profit per share) value to the EPS financial forecast for the fiscal year subject to assessment disclosed in the Consolidated Financial Results for the previous fiscal year-end. The achievement rate of performance is 83.2%.

Note 5: Non-monetary remuneration, etc. shall be a share-based remuneration, a restricted share-based remuneration (RS), as resolved in the General Meeting of Shareholders and the Board of Directors. Specifically, there shall not be more than 90,000 common shares per year, and remuneration provided to grant restricted shares shall be monetary remuneration receivables. Eligible Directors shall pay the monetary remuneration receivables provided in full amount as property contributed in kind, and receive the Company's common shares issued. The transfer restriction period, handling in the case of retirement from office, lifting of transfer restrictions, and handling in case of reorganization, etc. are specified for the shares issued.

Note 6: The above total amount of remuneration, etc. associated with restricted share-based remuneration includes amounts recorded as expenses for the fiscal year under review.

3. Matters Related to Resolution of the General Meeting of Shareholders on Remuneration, etc. of Directors and Audit & Supervisory Board Members

The amount of monetary remuneration for Directors was resolved to be not more than ¥900 million per year (of which remuneration for Outside Directors to be not more than ¥60 million per year; not including any employee salary portion payable to Directors who also serve as employees) at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014. The number of Directors at the conclusion of the said Ordinary General Meeting of Shareholders was fourteen (14) (of which four (4) were Outside Directors). In addition, within the above-mentioned remuneration limit and aside from the said monetary remuneration, the share-based remuneration amount was resolved to be not more than ¥180 million per year with an upper limit for number of shares to be not more than 90,000 shares per year (Outside Directors not subject to granting) at the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019. The number of Directors (excluding Outside Directors) at the conclusion of the said Ordinary General Meeting of Shareholders was thirteen (13).

The amount of monetary remuneration for Audit & Supervisory Board Members was resolved to be not more than ¥100 million per year at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014. The number of Audit & Supervisory Board Members at the conclusion of the said Ordinary General Meeting of Shareholders was five (5).

The amount of remuneration for Audit & Supervisory Board Members shall be determined by deliberation of the Audit & Supervisory Board Members within the limit of the total amount of annual remuneration.

4. Matters Related to Determination Policy on Details of Remuneration, etc. for Each Individual Director
(i) Fiscal year under review

<Basic remuneration policy>

With regard to Directors' remuneration of the Company, the following basic policy is adopted based on the report from the Remuneration Advisory Committee at the request of the Board of Directors.

- The remuneration system shall secure and maintain talented human resources so as to enhance corporate value and fulfill our public mission, and serve as a stable business foundation.
- The remuneration system shall focus on the shareholders' point of view and further share value with shareholders.
- The determination process shall be objective and highly transparent through deliberation of the Remuneration Advisory Committee.

<System and other aspects of Directors' remuneration>

The system, level, structure, etc. of Directors' remuneration of the Company are deliberated by the Remuneration Advisory Committee at the request of the Board of Directors in accordance with the basic remuneration policy, and determined based on the report therefrom.

<Structure of Directors' remuneration>

Directors' remuneration of the Company (after the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019) is composed of base remuneration, performance-linked remuneration, and share-based remuneration. Outside Directors independent from business execution only shall be eligible for the base remuneration.

Base remuneration is a fixed monetary remuneration. It shall be determined for each Director as a monthly remuneration, with matters such as title, years of experience, status of responsibilities and concurrent holding of positions, and change in business environment taken into account.

Performance-linked remuneration is a variable monetary remuneration. As an annual incentive remuneration, it shall be determined by the payment rate based on the ratio of actual EPS (earnings per share which is calculated as profit per share) value of the fiscal year concerned to the EPS forecast of the fiscal year concerned disclosed to all shareholders and investors in the Consolidated Financial Results for the previous fiscal year. The aim is to motivate Directors to achieve good single-fiscal-year performance. In case profit significantly changes due to special causes, etc., the remuneration shall be determined by the Remuneration Advisory Committee at the request of the Board of Directors with impact taken into account. As for the fiscal year under review, remuneration was determined in consideration of the change in extraordinary income due to special causes.

Share-based remuneration is a variable share-based remuneration. As a long-term incentive remuneration linked to stock price, restricted shares are annually issued to motivate Directors to enhance the medium- to long-term shareholder value and to share value with shareholders.

(ii) From and after resolution of Board of Directors held on April 22, 2021

<Basic remuneration policy>

With regard to Directors' remuneration of the Company, the following basic policy is adopted based on the report from the Remuneration Advisory Committee at the request of the Board of Directors.

- The remuneration system shall secure and maintain talented human resources so as to enhance corporate value and fulfil our public mission, and serve as a stable business foundation.
- The remuneration system shall focus on the shareholders' point of view and further share value with shareholders.
- The determination process shall be objective and highly transparent through deliberation of the Remuneration Advisory Committee.

<System and other aspects of Directors' remuneration>

The system, level, structure, etc. of Directors' remuneration of the Company are deliberated by the Remuneration Advisory Committee at the request of the Board of Directors in accordance with the basic remuneration policy, and determined based on the report therefrom.

<Determination policy of remuneration>

The Company has developed a determination policy in regard to details of remuneration, etc. for each individual Director (hereinafter referred to as “Determination Policy”) as follows.

In regard to the determination policy on amount of remuneration, etc. for each individual Director or the method of calculating such, the base remuneration, representing the basis of remuneration, shall be a fixed monetary remuneration. Base remuneration shall be determined for each Director as a monthly remuneration with matters such as title, strategic division they are responsible for, and change in business environment taken into account. The remuneration is paid on a monthly basis.

In regard to the determination policy on the contents of performance indicators associated with performance-linked remuneration, etc., and amount or method of calculating such, the performance-linked remuneration shall be a variable monetary remuneration. As an annual incentive remuneration, performance-linked remuneration shall be determined by the Board of Directors following a qualitative assessment of the level of achievement of the numerical target for consolidated operating profit under the Medium-term Management Plan and achievement status of the strategic divisions each Director is responsible for, and deliberation by the Remuneration Advisory Committee. The remuneration shall be paid with the aim of motivating Directors to achieve good single-fiscal-year performance.

The contents of the said performance indicators and the reason for selecting them is to motivate Directors to achieve good single-fiscal-year performance and continuously enhance corporate value, adequately sharing the profits with shareholders.

In regard to the determination policy on the contents of non-monetary remuneration, etc. and amount or method of calculating such, share-based remuneration, as long-term incentive remuneration linked to stock price, with restricted shares shall be annually issued to motivate Directors to enhance the medium- to long-term shareholder value and to share the value with shareholders.

In regard to the determination policy on the ratio between the base remuneration, performance-linked remuneration, and non-monetary remuneration for the remuneration, etc. for each individual Director, Directors’ remuneration shall be composed of base remuneration, performance-linked remuneration, and non-monetary remuneration, while Outside Directors’ remuneration shall be only base remuneration. The said remuneration shall be deliberated by the Remuneration Advisory Committee at the request of the Board of Directors in accordance with the basic remuneration policy, and determined based on the report therefrom.

The contents of remuneration, etc. for each individual Director for the fiscal year concerned shall be deliberated by the Remuneration Advisory Committee at the request of the Board of Directors, and further determined by the Board of Directors based on a report therefrom. Therefore, the Board of Directors judges that contents are in accordance with the determination policy.

5. Matters Related to Delegation on Determining Details of Remuneration, etc. for Each Individual Director

Based on the delegation of authority resolution by the Board of Directors, determination of remuneration amount, etc. for each individual Director in the Company is to be made by President and Chief Executive Officer Takashi Sasaki after a report from the Remuneration Advisory Committee.

The authority to determine remuneration, etc. on an individual basis is delegated as determination by the President and Chief Executive Officer who controls and supervises business execution. This is thought to be appropriate when details of remuneration are determined by assessing the performance of Directors responsible for each strategic division while the Company’s overall performance is comprehensively viewed.

Determination measures are taken by the Board of Directors within the scope of its authorization by having the Remuneration Advisory Committee deliberate to ensure the said authorization is properly exercised by the Chief Executive Officer, and considering the report therefrom. As the remuneration amount for each individual Director is determined by following such procedure, the Board of Directors judges that the contents are in accordance with the determination policy.

6. 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.

7. Summary of Contents of a Directors and Officers Liability Insurance Policy, etc.

(a) Scope of the insured

Directors and Audit & Supervisory Board Members of the Company and Tokyo Broadcasting System Television, Inc.

(b) Summary of compensation

The directors and officers liability insurance policy is an insurance policy which compensates damages and litigation costs, etc. incurred by the insured as a result of a claim against the insured from an action (including inaction) taken associated with duties as officer. However, criminal acts such as bribery and damages, etc. incurred by the officer in person by intentionally performing an illegal act shall not be subject to the compensation. By doing so, measures are taken so as not to impair the adequacy of business execution by officers, etc. The insurance premium is borne by the Company in full amount and the policy is annually renewed. The next renewal will be made with the contents unchanged.

8. Items Pertaining to Outside Officers

(a) Principal Activities in the Fiscal Year under Review

Outside Directors

Name	Attendance to meetings of the Board of Directors	Status of expression of opinions and summary of duties performed in regard to expected roles
Hitoshi Kashiwaki	13/13	With extensive experience and a high degree of knowledge as a member of the top management of an operating company, Mr. Kashiwaki gives valuable opinions and suggestions to the management of the Group and supervision over and advice regarding duties executed by Directors, appropriately playing his role.
Yosuke Yagi	10/10	With extensive experience and a high degree of knowledge as the head of human resources strategy and a member of the top management of an operating company, Mr. Yagi gives valuable opinions and suggestions to the management of the Group and supervision over and advice regarding duties executed by Directors, appropriately playing his role.
Makoto Haruta	10/10	With extensive experience and a high degree of knowledge as the head of financial strategy and a member of the top management of an operating company, Mr. Haruta gives valuable opinions and suggestions to the management of the Group and supervision over and advice regarding duties executed by Directors, appropriately playing his role.

Note: Directors Mr. Yosuke Yagi and Mr. Makoto Haruta were newly elected at the 93rd Ordinary General Meeting of Shareholders held on June 26, 2020, and therefore the number of meetings of the Board of Directors differs from that of Director Mr. Hitoshi Kashiwaki.

Outside Audit & Supervisory Board Members

Name	Attendance to meetings of the Board of Directors	Attendance to meetings of the Audit & Supervisory Board	Status of expression of opinions
Teisuke Kitayama	12/13	12/13	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	13/13	13/13	Ms. Fujimoto asks questions and gives advice based on extensive experience and knowledge as a lawyer specialized in corporate legal affairs.
Somitsu Takehara	9/10	9/9	Mr. Takehara asks questions and gives advice based on extensive experience and knowledge as a certified public accountant and a member of the top management of a company.

Note: Audit & Supervisory Board Member Mr. Somitsu Takehara was newly elected at the 93rd Ordinary General Meeting of Shareholders held on June 26, 2020, and therefore the number of meetings of the Board of Directors and the Audit & Supervisory Board differs from that of other Audit & Supervisory Board Members.

(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 TBS Holdings, Inc. and its subsidiaries	¥112 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, TBS 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) TBS 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 TBS 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 Board of Standing Directors and Officers.
- (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 Board of Standing Directors and Officers, which is in principle held once a week. Decisions on executive actions are taken after these deliberations.
- (c) The Board of Standing Directors and Officers, 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 TBS 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 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 TBS 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 TBS 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. As the Group’s medium-term management plan “Group Medium-term Management Plan 2020” ended on March 31, 2021, the Company plans to revise the Basic Policy and the sections related to the medium-term management plan after formulating a new medium-term management plan “TBS Group Medium-term Management Plan 2023” at the Board of Directors’ meeting held on May 14, 2021.

(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 TBS 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, TBS 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 TBS 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 TBS Holdings, Inc., where the acquirer etc., is unsuitable as a party controlling decisions concerning the financial or business policies of TBS 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. In addition, as the Group’s medium-term management plan “Group Medium-term Management Plan 2020” ended on March 31, 2021, the Company plans to formulate a new medium-term management plan “TBS Group Medium-term Management Plan 2023” on May 14, 2021.

(2) Raising Corporate Value and Maximizing the Common Interests of Shareholders by Formulating and Implementing the “TBS Group Medium-term Management Plan 2023”

Since its establishment, the Group has been striving to enhance its corporate value by serving the public’s right to know through television and radio broadcasting, and by providing high-quality entertainment that will appeal to a wide range of audiences. However, the recent business environment surrounding the Company has changed rapidly due to the declining birthrate, aging population, diversification of lifestyles, digitalization, and other factors. In addition, the business environment continues to be difficult to predict due to natural disasters and the spread of COVID-19. Recognizing that the greatest challenge for the Group is to sustainably increase its corporate value as a company that is sought after by society, even in this environment, the Group will work from a long-term perspective and backcast from its future vision, rather than the conventional accumulation method. In this way, the Company will formulate “TBS Group VISION 2030,” its vision for the year 2030, at the Board of Directors’ meeting to be held on May 14, 2021. Defining content as all that “moves people’s hearts and minds,” the aim is to express its vision of becoming a content group that goes beyond the boundaries of broadcasting to capture “each ‘moment’” by focusing on the Group’s greatest strength, its ability to create content. In addition, as the first phase toward the realization of this vision, the Company will formulate at the Board of Directors’ meeting, “TBS Group Medium-term Management Plan 2023,” which covers the period from FY2021 to FY2023. It aims to implement various measures under the theme of “Recovery from the COVID-19 disaster and planting seeds for growth.” Through the formulation and implementation of “TBS Group Medium-term Management Plan 2023,” the Company will endeavor to maximize the corporate value of the Company and the Group and common interests 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 hereinafter will be referred to 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. Furthermore, with approval by consent of a majority of the incumbent members and a majority of the outside expert members of the Special Committee as of March 4, 2021, the composition of the Special Committee and the requirements regarding conflicts of interest of its members were changed within the frame of the resolution approved at the 2007 shareholders’ meeting, resolved by the Board of Directors’ meeting of the Company held on the same day. 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 Board of 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 outside expert 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 outside members including: (1) one to three 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) one to three 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. (However, all these parties shall have no interest in the Acquirer Group that is the target of the preliminary responses or countermeasures.) 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. Impact on Shareholders, etc.

(a) Impact of renewal of the Plan on shareholders and investors

Since the Stock Acquisition Rights will not be issued at the renewal of the Plan, the rights of shareholders and investors will not be affected.

(b) Impact on shareholders and investors during the Board of Directors Evaluation Period

In the preliminary response during the Board of Directors Evaluation Period, the Company will disclose to the shareholders and investors as appropriate and to the extent necessary the materials, etc. provided by the Acquirer Group or collected by the Company, as well as our opinions and judgments based on such materials, etc. In addition, we will present an alternative proposal, if any. The Company considers the preliminary response as an important opportunity to disclose information necessary for shareholders and investors to make decisions.

(c) Impact on shareholders and investors due to gratis allotment of Stock Acquisition Rights

Under the structure of countermeasures envisioned in the Plan, at the time of gratis allotment of Stock Acquisition Rights, there will be a dilution of the value per share of the Company's stocks held by shareholders, but there will be no dilution of the value of our stocks held as a whole. Therefore, we do not expect any direct or specific impact on the legal rights and economic interests of shareholders and investors. However, there is a possibility that the legal rights and economic interests of the Exceptional Party could be affected as a result of the triggering of countermeasures.

When triggering the countermeasures under the Plan, the Company will disclose the information in a timely and appropriate manner in accordance with the relevant laws and regulations and the rules of the relevant financial instruments exchanges, and will give sufficient consideration and take appropriate measures to prevent any unforeseen damage or disadvantage to our shareholders and investors.

In addition, after the resolution of the gratis allocation of Stock Acquisition Rights as a countermeasure and the ex-rights pertaining to the gratis allocation of Stock Acquisition Rights, the Company will not cancel the gratis allocation of Stock Acquisition Rights or acquire the Stock Acquisition Rights allocated without contribution in order to avoid any unforeseen damage or disadvantage to our shareholders and investors.

IV. 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	94th Business Term <small>As of March 31, 2021</small>	Accounting Item	94th Business Term <small>As of March 31, 2021</small>
ASSETS		LIABILITIES	
Current assets:	190,053	Current liabilities:	86,176
Cash and deposits	116,121	Notes and accounts payable - trade	39,289
Notes and accounts receivable - trade	43,008	Current portion of long-term borrowings	600
Inventories	14,452	Accounts payable - other	13,439
Prepaid expenses	8,063	Income taxes payable	14,893
Other	8,554	Accrued consumption taxes	2,359
Allowance for doubtful accounts	(147)	Accrued expenses	1,723
		Provision for bonuses	3,940
		Provision for bonuses for directors (and other officers)	40
Non-current assets:	910,170	Other	9,890
		Non-current liabilities:	219,162
Property, plant and equipment:	231,883		
Buildings and structures	87,333	Long-term borrowings	27,000
Machinery, equipment and vehicles	7,500	Retirement benefit liability	15,128
Tools, furniture and fixtures	2,406	Lease obligations	436
Land	126,409	Deferred tax liabilities	161,073
Leased assets	361	Other	15,523
Construction in progress	7,871		
		Total liabilities	305,338
Intangible assets:	19,234	NET ASSETS	
Software	7,062	Shareholders' equity:	424,807
Goodwill	11,408	Share capital	54,986
Other	762	Capital surplus	47,473
		Retained earnings	328,723
		Treasury shares	(6,376)
Investments and other assets:	659,052	Accumulated other comprehensive income:	356,566
Investment securities	646,435	Valuation difference on available- for-sale securities	356,515
Long-term loans receivable	210	Deferred gains or losses on hedges	49
Deferred tax assets	2,477	Foreign currency translation adjustment	(8)
Long-term prepaid expenses	169	Remeasurements of defined benefit plans	9
Other	9,951	Non-controlling interests	13,511
Allowance for doubtful accounts	(192)		
		Total net assets	794,884
Total assets	1,100,223	Total liabilities and net assets	1,100,223

Consolidated Statements of Income

(Millions of yen)

Accounting Item	94th Business Term From April 1, 2020 to March 31, 2021
Net sales	325,682
Cost of sales	230,263
Gross profit	95,418
Selling, general and administrative expenses	84,576
Operating profit	10,841
Non-operating income	9,431
Interest income	19
Dividend income	8,489
Share of profit of entities accounted for using equity method	132
Other	789
Non-operating expenses	1,039
Interest expenses	85
Loss on retirement of non-current assets	247
Non-deductible consumption tax, etc.	224
Other	481
Ordinary profit	19,233
Extraordinary income	30,766
Gain on sales of investment securities	29,757
Subsidies for employment adjustment	848
Gain on sales of non-current assets	159
Extraordinary losses	5,823
Impairment losses	2,769
Loss on spread of COVID-19	1,532
Restructuring-related expenses	645
Removal expenses of non-current assets	403
Business restructuring expenses	259
Loss on valuation of investment securities	207
Loss on sales of investment securities	6
Profit before income taxes	44,176
Income taxes - current	18,125
Income taxes - deferred	(2,005)
Profit	28,057
Profit attributable to non-controlling interests	(15)
Profit attributable to owners of parent	28,072

Consolidated Statements of Changes in Equity

(Fiscal Year from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	54,986	47,474	306,150	(3,952)	404,659
Changes during period					
Dividends of surplus			(5,492)		(5,492)
Profit attributable to owners of parent			28,072		28,072
Purchase of treasury shares				(2,605)	(2,605)
Disposal of treasury shares		(8)		181	172
Transfer from retained earnings to capital surplus		8	(8)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	22,572	(2,423)	20,147
Balance at end of period	54,986	47,473	328,723	(6,376)	424,807

	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	173,905	26	(17)	(211)	173,701	13,569	591,931
Changes during period							
Dividends of surplus							(5,492)
Profit attributable to owners of parent							28,072
Purchase of treasury shares							(2,605)
Disposal of treasury shares							172
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	182,609	23	9	221	182,864	(58)	182,805
Total changes during period	182,609	23	9	221	182,864	(58)	202,953
Balance at end of period	356,515	49	(8)	9	356,566	13,511	794,884

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” (pages 21 to 22).

(2) Non-consolidated Subsidiaries

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

The 28 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 28 non-consolidated subsidiaries and 26 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, 2021.

4. Notes on Accounting Policies

(1) Basis and Method of Valuation of Major Assets

a. Basis and method of valuation of securities

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.

(4) Notes on Changes in Presentation Methods

(Changes due to the application of “Accounting Standard for Disclosures of Accounting Estimates”) “Accounting Standard for Disclosures of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied to the consolidated financial statements from the fiscal year under review, and “(5) Notes on Accounting Estimates” has been included in the notes to the consolidated financial statements accordingly.

(5) Notes on Accounting Estimates

Items for which the amount was recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates, and which may have a material impact on the consolidated financial statements for the following fiscal year, are as follows.

Valuation of goodwill related to import and general merchandise retail business ¥5,055 million

(i) Amount recorded in the consolidated financial statements for the fiscal year under review

(ii) Information that contributes to understanding of the content of accounting estimates

If there is an indication that a larger unit, which is a group of assets related to the business to which goodwill is attributable plus goodwill, may be impaired, the Company determines whether an impairment loss should be recognized by comparing the total undiscounted future cash flows from the larger unit including goodwill with the carrying amount including goodwill.

If, as a result of the judgment, the total undiscounted future cash flows are less than the carrying amount including goodwill and it is necessary to recognize an impairment loss, the carrying amount including goodwill is reduced to its recoverable amount and the reduction in the carrying amount including goodwill is recognized as an impairment loss.

The undiscounted future cash flows used to determine the recognition of impairment losses are estimated based on the medium-term business plan for the import and general merchandise retail business, which begins in FY2021. Although sales at directly managed stores will gradually recover from the level after the declaration of the state of emergency was lifted, the Company expects sales in FY2023, the final year of the medium-term business plan, to be below the level before the spread of COVID-19, and believes that recovery will continue to take time. However, as part of structural reforms, the Company expects to recover its

profitability by reducing personnel expenses through the implementation of a review of the personnel system and allocation.

Such sales assumptions and the feasibility of measures taken through structural reforms are subject to a high degree of uncertainty, and this may have a significant impact on the estimates of undiscounted future cash flows.

(6) 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.

(7) 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 retirement 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	¥7,610 million
Programs and work in progress	¥6,287 million
Raw materials and supplies	¥554 million
2. Accumulated depreciation of property, plant and equipment	¥223,388 million
3. Guarantee liabilities	
Employees' housing loans	¥636 million
4. Amount deducted from acquisition prices of property, plant and equipment for state subsidies etc. received	¥2,724 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)	2,388,826	1,650,950	(99,444)	3,940,332
Total	2,388,826	1,650,950	(99,444)	3,940,332

Note 1: An increase of 1,650,950 treasury shares of common stock was due to the purchase of treasury shares by the resolution of the Board of Directors (1,650,000 shares) and the purchase of less-than-one-unit shares (950 shares).

Note 2: A decrease of 99,444 treasury shares of common stock was due to the disposal of 99,360 shares of treasury shares as restricted share-based remuneration and a decrease of 84 shares due to changes in the equity ratio of equity method affiliated companies.

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 26, 2020	Common stock	2,930	17	Mar. 31, 2020	Jun. 29, 2020
Board of Directors' meeting on November 5, 2020	Common stock	2,562	15	Sep. 30, 2020	Dec. 4, 2020

(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 29, 2021	Common stock	2,562	Retained earnings	15	Mar. 31, 2021	Jun. 30, 2021

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, 2021 (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	116,121	116,121	–
(2) Notes and accounts receivable - trade	43,008	43,006	–1
(3) Securities and investment securities			
a. Shares of subsidiaries and associates	9,331	12,770	3,439
b. Available-for-sale securities	614,296	614,296	–
(4) Notes and accounts payable - trade	(38,289)	(38,289)	–
(5) Accounts payable - other	(13,439)	(13,439)	–
(6) Long-term borrowings	(27,600)	(27,600)	–
(7) Derivative transactions	43	43	–

(*) 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 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. Long term borrowings with fixed interest rates are calculated based on their present value by discounting the total amount of principal and interest using interest rates that would presumably apply under a scenario of arranging new borrowings of a similar nature.

(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 ¥22,808 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 ¥600 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
83,221	303,872

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 ¥4,575.61
2. Profit per share ¥164.32

Significant Subsequent Events

Merger between wholly-owned subsidiaries

Effective April 1, 2021, the Company conducted an absorption-type merger with TBS ACT, INC., Akasaka Graphics Art, Inc., Art Communication System Inc., UNCLE Co., Ltd, NST CO. Ltd., OXYBOT, Inc., TAMCO Co Ltd., TLC Co., Ltd., TBS-TEX, Inc., TECT co.,ltd., DATA TRAFFIC Inc., TOTSU Inc., and LA LUCE Co., Ltd., which had been the Company’s wholly-owned subsidiaries. Through the absorption-type merger, TBS ACT, 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 ACT, INC. Business related to program production technology, art and computer graphics production, etc.
Business description of the companies disappearing in the absorption-type merger	Akasaka Graphics Art, Inc. Computer graphics production business, etc.
	Art Communication System Inc. Art production business, etc.
	UNCLE Co., Ltd Temporary staffing services business, etc.
	NST CO. Ltd. Video technology business, etc.
	OXYBOT, Inc. Computer graphics production business, etc.
	TAMCO Co Ltd. Audio technology business, etc.
	TLC Co., Ltd. Lighting related business, etc.
	TBS-TEX, Inc. Video technology business, etc.
	TECT co.,ltd. Business related to program production, including relay technology, etc.
	DATA TRAFFIC Inc. Subtitle production business, etc.
	TOTSU Inc. Business related to program production technology, etc.
	LA LUCE Co., Ltd. Lighting related business, etc.

(2) Purpose of the merger

The Group wishes to help enrich the lives of people in all regions of “Japan” and the “world” beyond the framework of “Tokyo,” and achieve the goal of delivering “each ‘moment’” to everyone by making full use of all media and future technologies. To this end, going beyond the conventional main business of “broadcasting,” the TBS Group has integrated the technology, art/computer graphics and other functions that had been dispersed among its subsidiaries into TBS ACT Inc.

(3) Schedule of the merger

Effective date of the merger/Commencement date of the business operation April 1, 2021

(4) Legal form of the merger

Form of absorption-type merger where TBS ACT, INC., is a surviving company and 12 companies, including Akasaka Graphics Art, Inc., Art Communication System Inc., UNCLE Co., Ltd, NST CO. Ltd., OXYBOT, Inc., TAMCO Co Ltd., TLC Co., Ltd., TBS-TEX, Inc., TECT co.,ltd., DATA TRAFFIC Inc., TOTSU Inc., and LA LUCE Co., Ltd., are disappearing companies.

(5) Name of the merging company

TBS ACT, 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.

Other Notes

1. Additional information

During the consolidated cumulative period under review, the spread of COVID-19 had a significant impact on the Group's activities due to a substantial fall in corporate advertising, despite the increase in home nesting demand for mail-order and video streaming and the effect of increased profits from cost reductions.

The Group has made accounting estimates based on a scenario in which the downward trend in corporate advertising due to COVID-19 continues until the second quarter of the fiscal year under review and then begins to recover.

The Group makes accounting estimates based on information available at the time of preparing the consolidated financial statements. However, due to the high degree of uncertainty that the impact of COVID-19 has on economic activities, any change in the above assumptions may affect the financial position and operating results for the following fiscal year.

Financial Statements

Non-Consolidated Balance Sheets

(Millions of yen)

Accounting Item	94th Business Term As of March 31, 2021	Accounting Item	94th Business Term As of March 31, 2021
ASSETS		LIABILITIES	
Current assets:	9,109	Current liabilities:	97,915
Cash and deposits	3,423	Accounts payable - trade	1,623
Accounts receivable - trade	492	Short-term borrowings from subsidiaries and associates	94,152
Programs and work in progress	44	Accounts payable - other	1,475
Short-term loans receivable from subsidiaries and associates	735	Income taxes payable	155
Prepaid expenses	102	Accrued consumption taxes	100
Accounts receivable - other	4,309	Accrued expenses	93
Other	51	Provision for bonuses	176
Allowance for doubtful accounts	(49)	Other	138
Non-current assets:	753,860	Non-current liabilities:	127,478
Property, plant and equipment:	94,186	Long-term borrowings	20,000
Buildings	32,969	Long-term deposits received	13,603
Structures	855	Provision for retirement benefits	8,052
Machinery and equipment	250	Deferred tax liabilities	85,685
Vehicles	0	Other non-current liabilities	136
Tools, furniture and fixtures	645		
Land	53,211		
Construction in progress	6,253		
Intangible assets:	1,626	Total liabilities	225,393
Software	1,570		
Other	56	NET ASSETS	
Investments and other assets:	658,047	Shareholders' equity:	336,605
Investment securities	317,217	Share capital	54,986
Shares of subsidiaries and associates	335,620	Capital surplus	55,026
Investments in capital of subsidiaries and associates	3,004	Legal capital surplus	35,026
Long-term loans receivable	30	Other capital surplus	20,000
Long-term prepaid expenses	8	Retained earnings	232,914
Other	2,194	Legal retained earnings	4,217
Allowance for doubtful accounts	(27)	Other retained earnings	228,697
		General reserve	194,312
		Retained earnings brought forward	34,384
		Treasury shares	(6,322)
		Valuation and translation adjustments:	200,971
		Valuation difference on available- for-sale securities	200,971
		Total net assets	537,577
Total assets	762,970	Total liabilities and net assets	762,970

Non-Consolidated Statements of Income

(Millions of yen)

Accounting Item	94th Business Term From April 1, 2020 to March 31, 2021
Operating revenue	16,701
Real estate lease revenue	15,108
Other revenue	1,592
Operating expenses	14,302
Real estate lease expenses	7,320
Other business expenses	217
General and administrative expenses	6,764
Operating profit	2,399
Non-operating income	14,244
Interest and dividend income	14,093
Other	150
Non-operating expenses	586
Interest expenses	277
Non-deductible consumption tax, etc.	76
Commission expenses	62
Other	171
Ordinary profit	16,056
Extraordinary income	1
Gain on sales of investment securities	1
Extraordinary losses	451
Restructuring-related expenses	200
Loss on valuation of shares of subsidiaries and associates	123
Removal expenses of non-current assets	121
Loss on sales of investment securities	6
Profit before income taxes	15,606
Income taxes - current	1,187
Income taxes - deferred	545
Profit	13,874

Non-Consolidated Statements of Changes in Equity
(Fiscal Year from April 1, 2020 to March 31, 2021)

(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	0	55,026	4,217	194,312	55,621	254,151
Changes during period								
Dividends of surplus							(5,492)	(5,492)
Profit							13,874	13,874
Purchase of treasury shares								
Disposal of treasury shares			(8)	(8)				
Decrease by corporate division							(29,610)	(29,610)
Transfer from legal capital surplus to other capital surplus		(20,000)	20,000	–				
Transfer from retained earnings to capital surplus			8	8			(8)	(8)
Net changes in items other than shareholders' equity								
Total changes during period	–	(20,000)	19,999	(0)	–	–	(21,236)	(21,236)
Balance at end of period	54,986	35,026	20,000	55,026	4,217	194,312	34,384	232,914

	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	(3,898)	360,266	86,470	86,470	446,737
Changes during period					
Dividends of surplus		(5,492)			(5,492)
Profit		13,874			13,874
Purchase of treasury shares	(2,605)	(2,605)			(2,605)
Disposal of treasury shares	181	172			172
Decrease by corporate division		(29,610)			(29,610)
Transfer from legal capital surplus to other capital surplus		–			–
Transfer from retained earnings to capital surplus		–			–
Net changes in items other than shareholders' equity			114,501	114,501	114,501
Total changes during period	(2,423)	(23,661)	114,501	114,501	90,840
Balance at end of period	(6,322)	336,605	200,971	200,971	537,577

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. Notes on Changes in Presentation Methods

(Changes due to the application of “Accounting Standard for Disclosures of Accounting Estimates”)

“Accounting Standard for Disclosures of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied to the non-consolidated financial statements from the fiscal year under review, and “5 Notes on Accounting Estimates” has been included in the notes to the non-consolidated financial statements accordingly.

5. Notes on Accounting Estimates

Items for which the amount was recorded in the non-consolidated financial statements for the fiscal year under review based on accounting estimates, and which may have a material impact on the non-consolidated financial statements for the following fiscal year, are as follows.

[English Translation]

Valuation of investment interest in shares of affiliated companies in the video streaming business

(i) Amount recorded in the financial statements for the fiscal year under review ¥5,000 million yen

(ii) Information that contributes to the understanding of accounting estimates

When the real value of equity securities whose fair value is extremely difficult to determine declines significantly due to deterioration in the financial position of the issuing company, a valuation loss is recognized, unless the possibility of recovery is supported by sufficient evidence.

At the end of fiscal year under review, the Company did not recognize any valuation loss on its investments in affiliated companies because it judged that the recovery of the real value of these investments was sufficiently supported by future business plans, although the real value of these investments had significantly declined.

A possibility of the recovery of said real value has been judged based on the medium- to long-term business plan prepared by the affiliated company, and the Company expects sales to increase by enhancing and securing distribution content with respect to acquiring new paying subscribers and maintaining the number of continuing paying subscribers on the video streaming platform.

The feasibility of such measures based on sales assumptions is subject to a high degree of uncertainty and may have a significant impact on estimates of the acquisition of new paying subscribers and the maintenance of the number of continuing paying subscribers.

6. 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.

7. Other Significant Basic Items for Preparing Financial Statements

(1) Consumption Taxes

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	¥39,216 million
2. Guarantee liabilities	
Employees' housing loans	¥636 million
3. Receivables from and payables to subsidiaries and associates (excluding accounting items presented separately)	
Short-term receivables from subsidiaries and associates	¥446 million
Short-term payables to subsidiaries and associates	¥355 million
Long-term payables to subsidiaries and associates	¥94 million

Notes on Non-Consolidated Statements of Income

1. Transactions with subsidiaries and associates	
Operating revenue	¥2,586 million
Operating expenses	¥1,873 million
Transactions other than ordinary operation	¥9,066 million

Notes on Non-Consolidated Statements of Changes in Equity

1. Class and number 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
Common stock (Notes 1,2)	2,347,407	1,650,950	(99,360)	3,898,997
Total	2,347,407	1,650,950	(99,360)	3,898,997

Note 1: An increase of 1,650,950 treasury shares of common stock was due to the purchase of treasury shares by the resolution of the Board of Directors (1,650,000 shares) and the purchase of less-than-one-unit shares (950 shares).

Note 2: A decrease of 99,360 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	13,363
Provision for retirement benefits	2,465
Accrued enterprise taxes	35
Provision for bonuses	54
Valuation difference on available-for-sale securities	(88,634)
Others	589
Subtotal	(72,126)
Valuation reserve	(13,559)
Total	<u>(85,685)</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	0.16%
Dividend income	(19.31%)
Others	(0.37%)
Effective income tax rate after applying tax effect accounting	<u>11.10%</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)	(6,743) (Note 2)	Short-term borrowings to subsidiaries and associates	29,768
				Interest expenses (Note 1)	91		
Subsidiary	BS-TBS, INC.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	(1,038) (Note 2)	Short-term borrowings to subsidiaries and associates	15,975
Subsidiary	TBS GLOWDIA, Inc.	Directly owning: 100%	Sharing of officers Borrowing of funds	Borrowings (Note 1)	(2,899) (Note 2)	Short-term borrowings to subsidiaries and associates	11,390
Subsidiary	Nichion, Inc.	Directly owning: 100%	Sharing of officers Borrowing of funds	Borrowings (Note 1)	(1,397) (Note 2)	Short-term borrowings to subsidiaries and associates	9,473

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. The increase in borrowings is shown in parentheses.

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

Per Share Information

- | | |
|-------------------------|-----------|
| 1. Net assets per share | ¥3,147.21 |
| 2. Profit per share | ¥81.20 |

Audit Reports

Independent Auditors' Report (Consolidated Statutory Report)

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

Independent Auditors' Report

May 7, 2021

The Board of Directors
TBS Holdings, Inc.

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 TBS Holdings, Inc. (former company name: Tokyo Broadcasting System Holdings, Inc.) as of March 31, 2021 and for the 94th business term from April 1, 2020 to March 31, 2021 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 TBS Holdings, Inc. (former company name: Tokyo Broadcasting System Holdings, Inc.) 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 7, 2021

The Board of Directors
TBS Holdings, Inc.

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 TBS Holdings, Inc. (former company name: Tokyo Broadcasting System Holdings, Inc.) as of March 31, 2021 and for the 94th business term from April 1, 2020 to March 31, 2021 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 94th business term from April 1, 2020 through March 31, 2021 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, 2021

Audit & Supervisory Board of
TBS Holdings, Inc.

Standing Statutory Audit & Supervisory Board Member
Tomohiko Nishino

Standing Statutory Audit & Supervisory Board Member
Tetsuya Ichikawa

Outside Audit & Supervisory Board Member
Teisuke Kitayama

Outside Audit & Supervisory Board Member
Mie Fujimoto

Outside Audit & Supervisory Board Member
Somitsu Takehara