

Securities Code: 9401
June 5, 2023

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 96th Ordinary General Meeting of Shareholders

We are pleased to announce the 96th Ordinary General Meeting of Shareholders of the Company, which will be held as described below.

In convening this General Meeting of Shareholders, we have taken measures to provide the contents of the Reference Documents for the General Meeting of Shareholders in electronic format (matters to be provided in electronic format), which are posted on each of the following websites. Please access any of these websites to confirm the contents.

[The Company’s website]

<https://www.tbsholdings.co.jp/en/ir/stakeholders/meeting.html>

[Website for posting Materials for the General Meeting of Shareholders]

<https://d.sokai.jp/9401/teiji/> (in Japanese only)

If you do not attend the meeting, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for the General Meeting of Shareholders, and follow the procedures below to exercise your voting rights by 5:30 P.M. on Wednesday, June 28, 2023 (JST).

Exercise of voting rights via the Internet

Please access the website for exercising voting rights designated by the Company (<https://evote.tr.mufg.jp/> in Japanese only) and follow the instructions on the screen to enter your approval or disapproval of the proposals by the above-stated deadline for exercising your voting rights.

Exercising Voting Rights in Writing (by Mail)

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form and send it to the Company so that it arrives by the above-stated deadline for exercising your voting rights.

Details

- 1. Time and Date of the Meeting** 10:00 A.M. [Thursday], June 29, 2023
(the reception will start at 9:00 A.M.)
- 2. Place of the Meeting** TBS Akasaka BLITZ Studio
5-3-2 Akasaka, Minato-ku, Tokyo, JAPAN
- 3. Purpose of the Meeting**

Matters for Reporting:

1. Report on the business report, the consolidated financial statements and the audit results of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 96th fiscal year (from April 1, 2022 to March 31, 2023)
2. Report on the non-consolidated financial statements for the 96th fiscal year (from April 1, 2022 to March 31, 2023).

Matters for Resolution

- First Item of Business:** Appropriation of Surplus
- Second Item of Business:** Election of Ten (10) Directors
- Third Item of Business:** Revision of the Amount of Remuneration for Directors
- Fourth Item of Business:** Revision of the Share-based Remuneration System with Restricted Stock Acquisition Rights for Directors (Excluding Outside Directors)

4. Matters Determined for the Convocation of the Meeting (Information Concerning the Exercise of Voting Rights)

- (1) If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of the proposals on the voting form, it will be treated as an indication of approval.
- (2) If you exercise your voting rights more than once via the Internet, the last vote will be treated as the valid vote.
- (3) If you exercise your voting rights both via the Internet and in writing (by mail), the vote exercised via the Internet will be treated as valid, regardless of the arrival date and time.
- (4) If you wish to exercise your voting rights by proxy, you may delegate your voting rights to one other shareholder who has voting rights in accordance with the provisions of the Articles of Incorporation of the Company. However, a written document evidencing the proxy's power of representation must be submitted in advance.

- End -

- If you plan to attend the meeting, please submit the Voting Rights Exercise Form to the reception desk on the day.
- In the event of any amendments to the matters to be provided in electronic format, a notice of such amendments will be posted on the Company's website and on the website for posting materials for the General Meeting of Shareholders, as well as items before and after such amendments.
- The following items are not included in the written documents provided to shareholders who have requested the delivery of such documents, pursuant to the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company.

Business Report	Consolidated Financial Statements
The Current Position of TBS Holdings, Inc. and its Subsidiaries	Consolidated Balance Sheets
Business Activities and Results	Consolidated Statements of Income
Priorities	Consolidated Statements of Changes in Equity
Assets and Profit/Loss	Notes to Consolidated Financial Statements
Main Business Activities	Financial Statements
Principal Sales Office	Non-Consolidated Balance Sheets
Work Force	Non-Consolidated Statements of Income
Main Lenders	Non-Consolidated Statements of Changes in Equity
Common Stock	Notes to Non-Consolidated Financial Statements
Accounting Auditors	Audit Reports
System for Ensuring the Appropriateness of Business Operations	Independent Auditors' Report (Consolidated Statutory Report)
Basic Policy Regarding Parties Deciding on Financial and Business Policies of TBS Holdings, Inc.	Independent Auditors' Report (Statutory Report)
	Audit & Supervisory Board's Report

These items are included in the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements audited by the Accounting Auditor or Audit & Supervisory Board members when preparing the Audit Reports or the Independent Auditors' Report.

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.

Inquiries on exercising voting rights via the Internet

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.)

To Institutional Investors:

Institutional investors may also exercise voting rights at this General Meeting electronically using the "Electronic Voting Rights Platform" 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 on a stable and continual basis, 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. The Company has decided that dividend per share during the period of this Medium-term Management Plan (FY2021 to FY2023) shall not fall below ¥30. With respect to the year-end dividend for FY2022, 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:
¥22 per share of common stock of the Company
The total amount: ¥3,704,357,602
- (3) Effective date for dividends from surplus to shareholders:
June 30, 2023

Second Item of Business: Election of Ten (10) Directors

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

Accordingly, in order to promote diversity and strengthen its supervisory function, the Company would like to ask shareholders to elect one (1) additional female Outside Director, and elect ten (10) 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	Nomination Advisory Committee*	Remuneration Advisory Committee*
1	Re-election	Shinji Takeda	Chairman and Director	100%		
2	Re-election	Takashi Sasaki	President and Chief Executive Officer	100%	○	○
3	Re-election	Toshiaki Kawai	Representative Director	100%	○	○
4	Re-election	Tatsuo Sugai	Director	100%		
5	Re-election	Shoichi Watanabe	Director	100%		
6	Re-election	Masaya Chisaki	Director	100%	○	○
7	Re-election Independent Outside	Hitoshi Kashiwaki	Outside Director	100%	◎	◎
8	Re-election Independent Outside	Yosuke Yagi	Outside Director	100%	○	○
9	Re-election Independent Outside	Makoto Haruta	Outside Director	100%	○	○
10	Newly-appointed Independent Outside	Natsuko Takei	—	—	—	—

◎ Refers to chair of Advisory Committee

* As for the composition of the committees, half of the members shall be Outside Directors, and each committee is chaired by an Outside Director to ensure its independence and objectivity.

* If Ms. Takei is elected as a Director, she will become a member of the committees.

Board of Directors Skills Matrix

The skillsets necessary for the Company’s Board of Directors and the skills of each Director candidate are as follows.

The Company has formulated “TBS Group VISION 2030” and is accelerating its transformation from a media group to a content group. These are the skill categories needed to realize that vision, such as improving the value of broadcasting, executing the growth strategy “EDGE,” addressing materialities (priority issues), and enhancing corporate value through ESG management, as described in the plan.

Name	Company Management	Finance & Accounting	ESG	Legal & Compliance	Human Resource Management	Competitive Strategy	Growth Strategy “EDGE”		
						Media Content	Digital Domain	Global Domain	Experience Domain
Shinji Takeda	○					○			
Takashi Sasaki	○					○			
Toshiaki Kawai	○	○				○	○		
Tatsuo Sugai						○	○	○	○
Shoichi Watanabe						○	○		○
Masaya Chisaki			○	○	○	○			
Hitoshi Kashiwaki	○							○	
Yosuke Yagi	○				○			○	
Makoto Haruta	○	○					○		○
Natsuko Takei				○				○	

Candidate number 1	Shinji Takeda	Date of birth Jul. 5, 1952	Re-election	Number of shares of the Company owned: 68,151 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.

Outside Director of MBS MEDIA HOLDINGS, INC.

Director of StylingLife Holdings Inc.

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: 60,690 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.	Jun. 2017:	Senior Managing Director of the Company
Apr. 2012:	Division President of Programming Division of Tokyo Broadcasting System Television, Inc.		Senior Managing Director of Tokyo Broadcasting System Television, Inc.
Apr. 2013:	Executive Officer, Division President of Programming Division of Tokyo Broadcasting System Television, Inc.	Jun. 2018:	President and Chief Executive Officer of the Company (incumbent)
Feb. 2014:	Executive Officer of the Company		President and Representative Director of Tokyo Broadcasting System Television, Inc. (incumbent)
	Executive Officer of Tokyo Broadcasting System Television, Inc.		

<Areas of responsibility>

Office of Internal Audit

Important concurrent position outside the Company

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

Outside Director of The Mainichi Newspapers Group Holdings Co., Ltd.

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: 47,508 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: 37,840 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	Mar. 2014:	Director of Tokyo Broadcasting System Television, Inc.
May 2010:	Division President of Sales Division of Tokyo Broadcasting System Television, Inc.	Jun. 2015:	Director of the Company
Apr. 2012:	Division President of Group Managerial Planning Division of the Company	Jun. 2018:	Managing Director of the Company Managing Director of Tokyo Broadcasting System Television, Inc.
Apr. 2013:	Executive Officer, Division President of Group Managerial Planning Division of the Company Executive Officer, Division President of Office of Corporate Planning of Tokyo Broadcasting System Television, Inc.	Jun. 2020:	Director of the Company (incumbent) Senior Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)
Feb. 2014:	Executive Officer of the Company		

<Areas of responsibility>

Head of growth strategy

Important concurrent position outside the Company

Senior Managing Director of Tokyo Broadcasting System Television, Inc.

CEO of THE SEVEN, 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: 25,263 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. 1985:	Joined the Company	Jun. 2020:	Managing Director of Tokyo Broadcasting System Television, Inc. (incumbent)
Apr. 2016:	Division President of TV Production Division of Tokyo Broadcasting System Television, Inc.		
Jun. 2018:	Director of the Company (incumbent) Director of Tokyo Broadcasting System Television, Inc.		

<Areas of responsibility>

Head of competitive strategy

Important concurrent position outside the Company

Managing Director of Tokyo Broadcasting System Television, Inc.

Director of THE SEVEN, 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. 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: 27,756 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 as candidate for Outside Director and outline of expected role

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 as well as supervision over and advice regarding duties executed by Directors toward the execution of the growth strategy EDGE set forth in "TBS Group VISION 2030" and continuous enhancement of the corporate value of the Group, 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: 13/13 (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.	Chairman and Director of IWNC Inc., Ltd.
Board Member of ICMG Co., Ltd.	Audit & Supervisory Board Member of GE Healthcare Japan Corporation

Reason for nomination as candidate for Outside Director and outline of expected role

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 as well as supervision over and advice regarding duties executed by Directors toward the execution of the growth strategy EDGE set forth in “TBS Group VISION 2030” and continuous enhancement of the corporate value of the Group, 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: 13/13 (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)	Mar. 2017:	Adviser of Money Forward, Inc. (incumbent)
Feb. 2000:	Joined DeNA Co., Ltd.	Oct. 2017:	Representative Director & Chairman of ExaWizards Inc.
Sep. 2000:	Director and Head of Corporate Planning Division of DeNA Co., Ltd.	Nov. 2018:	Director & Chairman of ExaWizards Inc.
Jun. 2011:	Director, Executive Chairman and Executive Officer of DeNA Co., Ltd.	Jun. 2020:	Outside Director of the Company (incumbent)
Apr. 2015:	Representative Director and CEO of betaCatalyst Inc. (incumbent)	Apr. 2022:	Director of Panasonic Corporation (incumbent)
		Apr. 2023:	Representative Director & President of ExaWizards Inc. (incumbent)

Important concurrent position outside the Company

Representative Director and CEO of betaCatalyst Inc.	Adviser of Money Forward, Inc.
Representative Director & President of ExaWizards Inc.	Director of Panasonic Corporation

Reason for nomination as candidate for Outside Director and outline of expected role

Mr. Makoto Haruta has considerable experience and a high degree of knowledge as the head of financial strategy and a member of top management of an operating company. As he is expected to offer useful opinions and suggestions to the management as well as supervision over and advice regarding duties executed by Directors toward the execution of the growth strategy EDGE set forth in “TBS Group VISION 2030” and continuous enhancement of the corporate value of the Group, he is nominated as candidate for Outside Director of the Company.

Candidate number 10	Natsuko Takei	Date of birth Feb. 10, 1961	Newly-appointed Independent Director Outside Director	Number of shares of the Company owned: 0 shares
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Summary of career and position and areas of responsibility in the Company

Apr. 1983:	Joined Sony Corporation (current Sony Group Corporation)	Jun. 2021:	Executive Vice President of Sony Group Corporation
Jun. 2013:	Senior Vice President, Corporate Executive of Sony Group Corporation		Officer in charge of Legal, Compliance, and Privacy Senior General Manager, Legal Department

Important concurrent position outside the Company

Director of Sony Institute of Higher Education

Reason for nomination as candidate for Outside Director and outline of expected role

Ms. Natsuko Takei has considerable experience and a high degree of knowledge as the head of legal affairs and compliance at an operating company. As she is expected to offer useful opinions and suggestions to the management as well as supervision over and advice regarding duties executed by Directors toward the execution of the growth strategy EDGE set forth in “TBS Group VISION 2030,” especially in promoting activities in the global domain, and continuous enhancement of the corporate value of the Group, she 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, Mr. Makoto Haruta, and Ms. Natsuko Takei 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. In addition, Ms. Natsuko Takei meets the requirements for independent director as stipulated by the Tokyo Stock Exchange, and is expected to be appointed as an independent director if she is appointed.
 - (2) Number of years since assuming the office of Outside Director (until the conclusion of this General Meeting of Shareholders):
Hitoshi Kashiwaki: 5 years
Yosuke Yagi: 3 years
Makoto Haruta: 3 years
- 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. Additionally, if the election of Ms. Natsuko Takei is approved, the Company will enter into such agreement with her.
- 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 in “Summary of Contents of a Directors and Officers Liability Insurance Policy, etc.” of the Business Report. If the nomination of each candidate 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.

Third Item of Business: Revision of the Amount of Remuneration for Directors

The amount of remuneration, etc. for Directors of the Company was approved to be not more than ¥900 million per year (including not more than ¥60 million for Outside Directors, and not including the salary portion payable to Directors who also serve as employees of the Company) at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014. Furthermore, with the aim of fulfilling the common interests of our shareholders of enhancing our corporate value and fulfilling our public mission, the introduction of a Restricted Share-based Remuneration System (hereinafter, the “System”) for Directors of the Company (excluding Outside Directors) was approved at the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019, in which an amount not more than ¥180 million per year (however, not including the salary portion payable to Directors who also serve as employees of the Company) in the form of monetary remuneration receivables is set as the remuneration framework pertaining to the System.

The Company has set the composition ratio of Outside of Directors to be more than one third of the Board of Directors, in order to achieve yet more prompt, transparent and fair decision-making and to clarify the roles between the supervisory and executive functions. In consideration of the increasingly important role of Outside Directors in promoting diversity while further strengthening and enhancing the effectiveness of corporate governance, the Company would like to ask shareholders for approval to revise the maximum of remuneration for Outside Directors to not more than ¥80 million per year, while leaving unchanged the ¥900 million per year maximum of the amount of remuneration for all Directors.

This proposal is deemed to be appropriate as it has been formulated and determined in consideration of the above-mentioned objectives, business conditions of the Company, policy for determining details of remuneration, etc. for each individual Director (please refer to “Matters Related to Determination Policy on Details of Remuneration, etc. for Each Individual Director” of the Business Report) and various other circumstances, and deliberated at the Remuneration Advisory Committee then determined by the Board of Directors.

Currently, the number of Directors is nine (including three Outside Directors). If “Second Item of Business: Election of Ten (10) Directors” is approved as originally proposed, the number of Directors will be ten (including four Outside Directors).

Fourth Item of Business: Revision of the Restricted Share-based Remuneration System for Directors (Excluding Outside Directors)

The amount of remuneration, etc. for Directors of the Company was approved to be not more than ¥900 million per year (including not more than ¥60 million for Outside Directors, and not including the salary portion payable to Directors who also serve as employees of the Company) at the 87th Ordinary General Meeting of Shareholders held on June 27, 2014. Furthermore, with the aim of fulfilling the common interests of our shareholders of enhancing our corporate value and fulfilling our public mission, the introduction of a Restricted Share-based Remuneration System (hereinafter, the “System”) for Directors of the Company (excluding Outside Directors; hereinafter, “Eligible Directors”) was approved at the 92nd Ordinary General Meeting of Shareholders held on June 27, 2019, in which an amount not more than ¥180 million per year (however, not including the salary portion payable to Directors who also serve as employees of the Company) in the form of monetary remuneration receivables is set as the remuneration framework pertaining to the System within the above-mentioned limit, while setting the maximum of the number of common shares to be delivered to a number not exceeding 90,000 shares per year.

On this occasion, the Company intends to revise the System with the aim of incentivizing the Eligible Directors to enhance our corporate value and fulfil our public mission, while further driving their enthusiasm aiming to maximize the Group’s shareholder value and contribute to the sustainable enhancement of its corporate value. Specifically, the System grants monetary remuneration receivables to the Eligible Directors for the allotment of restricted shares, who shall receive common shares of the Company issued or disposed of in return for the payment of the whole of such monetary remuneration receivables as contribution in kind. With respect to the conditions for lifting the transfer restrictions pertaining to the term of office of the Eligible Directors, as set out under the restricted shares allotment contract (hereinafter, the “Allotment Contract”) concluded with the Eligible Directors at the time of the allotment of restricted shares, the Company would like to ask shareholders for approval to change the existing wording “as a Director of the Company” to “as an officer or employee of the Company or its subsidiary with specific position designated in advance by the Board of Directors of the Company,” while making associated changes as required. If this proposal is approved as originally proposed, the Company also intends to make similar changes to the conditions for lifting the transfer restrictions pertaining to the term of office with respect to the restricted shares already granted to the Eligible Directors based on the System prior to the revision, subject to the approval of this proposal as well as to obtaining the consent of the Eligible Directors who hold such shares.

The changes intended by this proposal is restricted to the above-mentioned changes in the incumbency requirements and other associated changes as required, while no changes are made in the areas such as the total number of common shares of the Company to be issued or disposed (not exceeding 90,000 shares per year) under the System, the total amount of monetary remuneration receivables provided for the purpose of the allotment of restricted shares (not exceeding ¥180 million per year), and the transfer restriction period (between three years and 30 years from the date allotment of shares is received).

The resolution at the 92nd Ordinary General Meeting of Shareholders introducing the System, and the conditions set out thereunder including the maximum amount of remuneration, the total number of common shares of the Company to be issued or disposed, and other matters for granting restricted shares to the Eligible Directors based on the resolution are deemed to be appropriate, as they have been formulated in consideration of the above-mentioned objectives, business conditions of the Company, policy for determining details of remuneration, etc. for each individual Director (please refer to “Matters Related to Determination Policy on Details of Remuneration, etc. for Each Individual Director” of the Business Report of the Company) and various other circumstances, and deliberated at the Remuneration Advisory Committee then determined by the Board of Directors.

Currently, the number of Directors is nine (including three Outside Directors). If “Second Item of Business: Election of Ten (10) Directors” is approved as originally proposed, the number of Directors will be ten (including four Outside Directors).

The Allotment Contract pertaining to the System after the revision includes the following provisions.

(1) Transfer Restriction Period

Eligible Directors shall not transfer, create security interests, or otherwise dispose of the Company's common shares (hereinafter, "Transfer Restrictions") allotted (hereinafter, "Allotted Shares") during a period predetermined in advance by the Company's Board of Directors, which shall be between three years and 30 years from the date the allotment of shares is received under the Allotment Agreement (hereinafter, the "Transfer Restriction Period").

(2) Handling in the case of retirement from office

If an Eligible Director retires from office as an officer or employee of the Company or its subsidiary with specific position designated in advance by the Board of Directors of the Company prior to the expiration of the Transfer Restriction Period, the Company shall, by rights, acquire the Allotted Shares without contribution, with the exception of expiration of term of office, death, or other justifiable reasons.

(3) Lifting of Transfer Restrictions

Notwithstanding the provision in (1) above, the Company shall lift Transfer Restrictions on all Allotted Shares at the expiration of the Transfer Restriction Period on the condition that an Eligible Director remained in office as an officer or employee of the Company or its subsidiary with specific position designated in advance by the Board of Directors of the Company continuously during the Transfer Restriction Period. However, if said Eligible Director retires the position specified in (2) above prior to the expiration of the Transfer Restriction Period due to the expiration of term of office, death, or other justifiable reason specified in (2) above, the Company shall adjust to a reasonable extent as necessary the number of Allotted Shares on which Transfer Restrictions are lifted and the timing of lifting of Transfer Restrictions. Moreover, the Company shall, by rights, acquire the Allotted Shares without contribution on which Transfer Restrictions have not been lifted immediately after Transfer Restrictions have been lifted in accordance with the above provisions.

(4) Handling in case of reorganization, etc.

Notwithstanding the provision in (1) above, if a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to reorganization, etc. is approved at a General Meeting of Shareholders of the Company (provided, however, at a meeting of the Board of Directors of the Company if approval of the General Meeting of Shareholders for the relevant reorganization, etc. is not required) during the Transfer Restriction Period, the Company shall, prior to the effective date of said reorganization, etc., lift Transfer Restrictions on a number of Allotted Shares determined in a reasonable manner by resolution of the Board of Directors of the Company based on the period from the date of commencement of the Transfer Restriction Period until the date of approval of said reorganization, etc. In addition, for the case specified above, the Company shall, by rights, acquire the Allotted Shares without contribution on which Transfer Restrictions have not been lifted immediately after Transfer Restrictions have been lifted.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

If this proposal is approved as originally proposed, the Company also intends to make similar

changes for Executive Officers of the Company, subject to obtaining the consent of the eligible Executive Officers who hold the shares, and introduce a restricted share-based remuneration system similar to the System for directors and executive officers of the Company's subsidiaries.

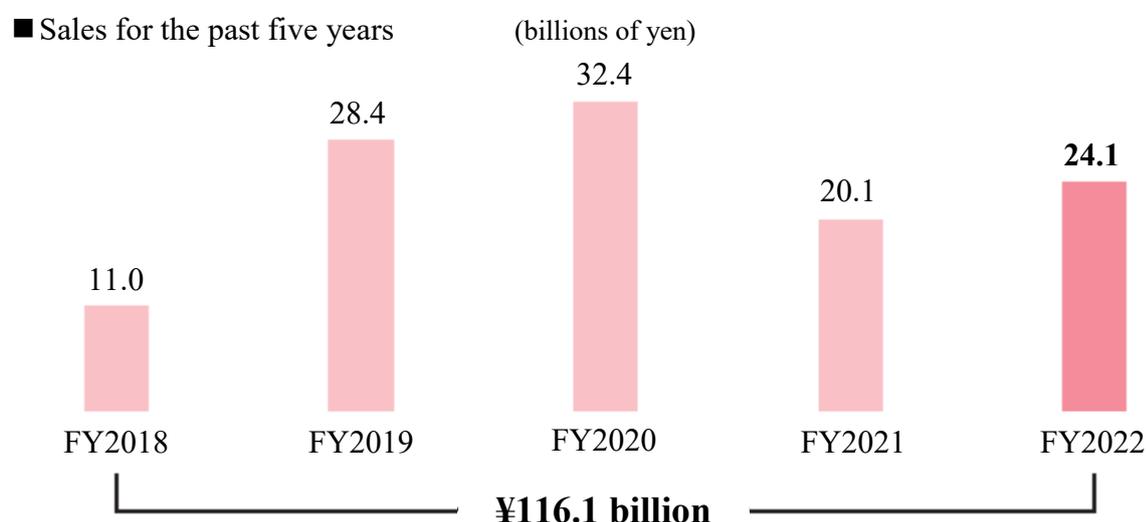
(Reference) Reduction of Cross-shareholdings and Exercise of Voting Rights

The Company has been progressively reducing cross-shareholdings in accordance with [Principle 1.4 Cross-Shareholdings] of the Corporate Governance Code. As a result, cumulative proceeds from the sale (including partial sale) of holdings of 17 stocks in the five years up to FY2022 amounted to approximately ¥116.1 billion.

The Board of Directors verifies the appropriateness of continued cross-shareholdings on an annual basis, by comprehensively taking into account their economic rationale in terms of holding purposes, status of relationship and capital cost. The Company classifies cross-shareholdings into three groups, namely (1) Stocks that are essential for the purpose of core business strategies such as JNN affiliated stations and advertising companies, (2) Stocks of business partners such as TV sponsors, and (3) Source of capital for funding growth strategies. Stocks categorized in (1) and (2) are sold as appropriate if their significance of holding has deteriorated. Stocks categorized in (3) are sold for funding strategic investments in a flexible manner. In FY2022, the Board of Directors verified the cross-shareholdings in meetings held in September and October, and the Company conducted the sale (including partial sale) of six stocks with proceeds amounting to approximately ¥24.1 billion.

The Company as a shareholder shall exercise its voting rights appropriately based on close examination of each proposal from the perspective whether it contributes to increasing the investee's medium to long-term corporate value, while respecting the management policy of each investee; provided, however, that if the proposal should possibly impair the Company's corporate value or involve serious violations of law, etc., the Company shall have sufficient dialogue with the investee as appropriate including confirmation of the intention of proposal, before carefully making decisions.

As the Company believes in the importance of having regular dialogue with investees, in FY2022, the Representative Director who is the head of financial strategy and Executive Officer in charge of financial strategy conducted interviews with the representatives of 15 investees.



Evaluation result of effectiveness of the Board of Directors as a whole

The Company recognizes that it is important for the Board of Directors to fully fulfill its expected role and improve its functions in order to sustainably enhance corporate value and maximize the common interests of shareholders, and has been conducting self-evaluations of the Board of Directors in an effort to improve its effectiveness.

In order to obtain a more objective perspective, the Company has been conducting an evaluation of the effectiveness of the Board of Directors since FY2021, with the support of Japan Board Review Co., Ltd., which is a third-party institution. In FY2021, we conducted questionnaires and individual interviews with each Director and Audit & Supervisory Board Member, and then in FY2022, we conducted questionnaires with each Director and Audit & Supervisory Board Member, and based on the report of the third-party institution, the Board of Directors discussed and evaluated the effectiveness.

<p>Summary of evaluation</p>	<p>As a result of the evaluation of the effectiveness of the Board of Directors, the Board of Directors confirmed the following matters.</p> <p>(1) <u>Size and composition of the Board of Directors</u> The size, composition, and membership were continuously evaluated to be generally appropriate.</p> <p>(2) <u>Management of the Board of Directors</u> The Board of Directors engaged in open and lively debates, continuing deliberations on the supervision of the progress in the TBS Group VISION 2030 and the new TBS Group Medium-term Management Plan 2023, as well as the review of business portfolio. There were also improvements in follow-up on the execution status and the results of the proposals approved, reported and deliberated at the Board of Directors.</p> <p>(3) <u>Status of the Nomination Advisory Committee and Remuneration Advisory Committee</u> The size, composition ratio, and deliberation activities at the Nomination and Remuneration Advisory Committees are found to be reliable by those outside the committees as well. It is believed that the committees have achieved open and lively debates.</p>
<p>Future challenges</p>	<p>Based on this effectiveness evaluation, we recognized the following issues as challenges to be addressed by the Board of Directors in the future.</p> <p>(1) <u>Composition of the Board of Directors</u> In order to achieve the TBS Group VISION 2030, we will engage in deeper debates on the desirable state of the Board of Directors under the ideal form of the Company in addition to the skills and career background required of Directors, and pursue talent development and recruiting to ensure diversity, including the appointment of female officers and diversification of management.</p> <p>(2) <u>Consideration of medium- to long-term investment and human resources strategies, and communicating information to the market</u> With a view to making changes to the medium to long-term business portfolio, we will engage in specific consideration on our investment and human resources strategies, conduct deeper discussions on the future vision of the Company from a long-term perspective including the financial strategies to achieve such changes, and actively communicate information on these matters to shareholders and investors.</p> <p>(3) <u>Sharing of information required by Outside Officers to enhance their supervisory functions</u> In order to enhance the effectiveness of Outside Officers' supervisory functions by assisting them to utilize their insight and skills, we will share the understanding of the challenges we face with Outside Officers, through organizing offsite meetings and opinion exchanges with the Audit & Supervisory Board Members and Outside Directors.</p>

	<p>(4) <u>Communication between the Nomination Advisory Committee, the Remuneration Advisory Committee and the Board of Directors</u></p> <p>We will remain engaged in our initiatives to improve ongoing issues, including information sharing between the Nomination Advisory Committee, the Remuneration Advisory Committee and the Board of Directors regarding the deliberation at the committees, and the arrangement to reflect such information on the deliberation at the Board of Directors.</p>
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The Company will continue to work to improve the effectiveness of the Board of Directors based on these evaluation results.

Business Report

From April 1, 2022 to March 31, 2023

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

(1) Business Activities and Results

During the fiscal year under review (from April 1, 2022 to March 31, 2023), Japan's economy, especially personal consumption, maintained a moderate recovery trend due to the absence of restrictions on behavior such as priority measures to prevent the spread of the novel coronavirus disease (COVID-19), aiming to achieve a balance between infection prevention and economic activities, amid continued warnings of the spread of the disease. At the same time, however, caution was required regarding the risk of a downturn in overseas economies due to global monetary tightening and the impact on household budgets of rising prices due to surging energy and raw material prices.

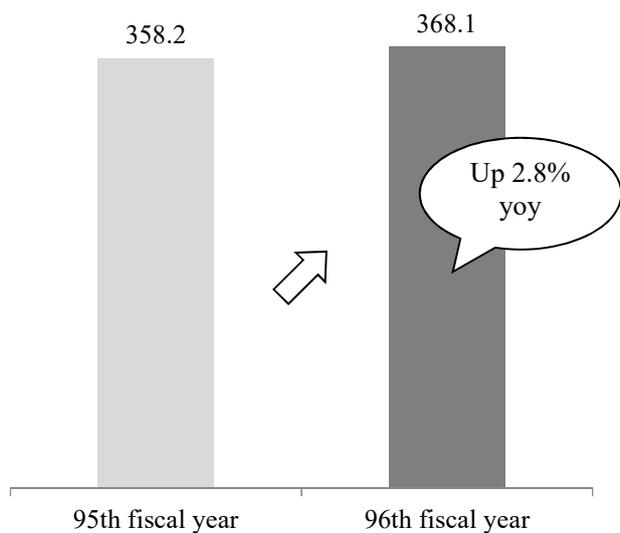
In the TV advertising market, spot advertising spending in the Kanto region was estimated to be 95.7% of the previous year's total.

Against this backdrop, consolidated net sales of the Group for the fiscal year ended March 31, 2023 increased 2.8% from the previous fiscal year to ¥368,130 million, thanks to a significant increase in revenue in the Live Entertainment and Media Business, despite a decrease in TV time revenue.

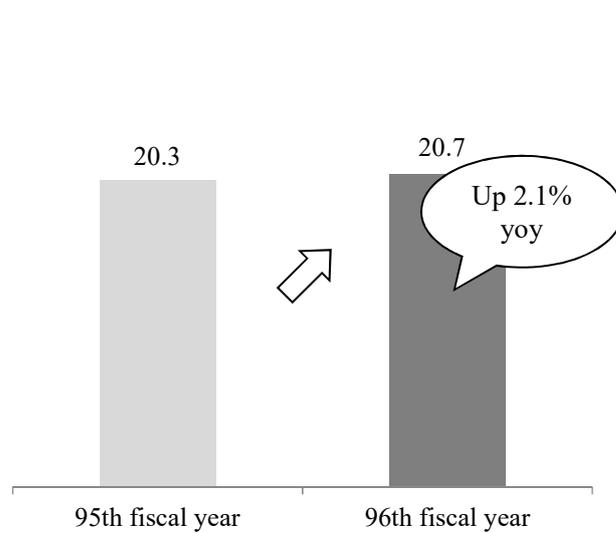
Operating expenses (i.e., cost of sales and selling, general and administrative expenses) increased 2.8% from the previous fiscal year to ¥347,347 million, mainly due to increases in program production expenses and event implementation expenses.

As a result, operating profit increased 2.1% from the previous fiscal year to ¥20,782 million, while ordinary profit increased 14.3% to ¥35,086 million and profit attributable to owners of parent increased 9.9% to ¥35,182 million.

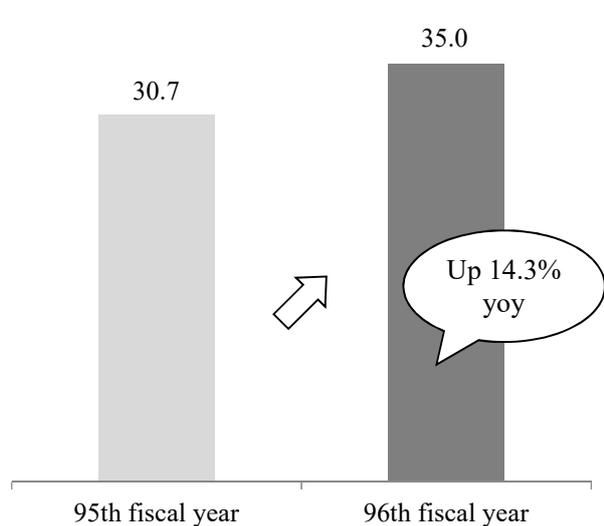
Net sales (billions of yen)



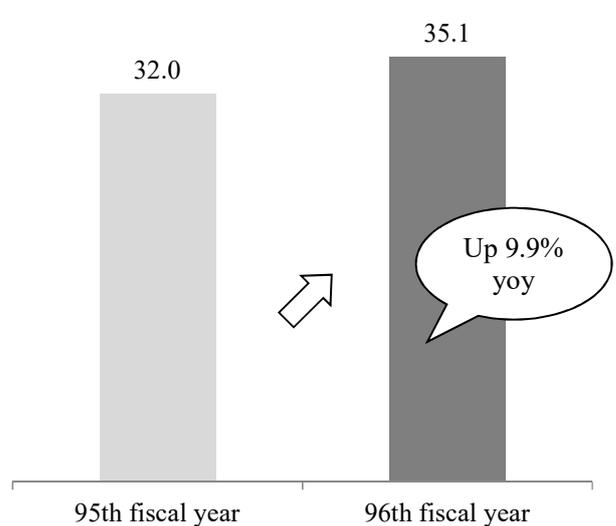
Operating profit (billions of yen)



Ordinary profit (billions of yen)

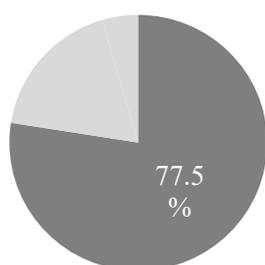


Profit attributable to owners of parent (billions of yen)



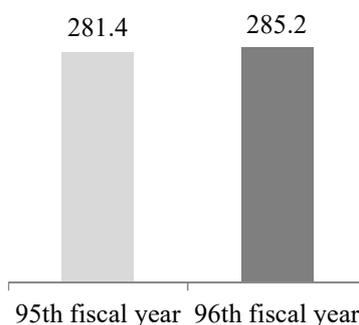
<<Media & Content>>

Revenue ¥285.2 billion (Up 1.4% year-on-year)

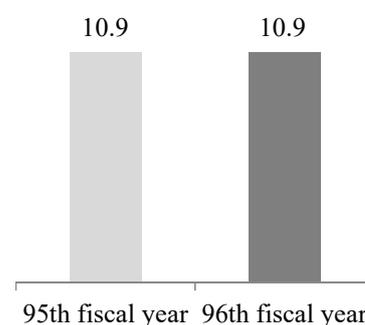


Ratio of sales

Revenue (billions of yen)



Operating profit (billions of yen)



In the Media & Content business segment, revenue for the fiscal year under review were ¥285,230 million (up 1.4% year-on-year) and operating profit was ¥10,911 million (down 0.2% year-on-year).

Revenue in the Television division of Tokyo Broadcasting System Television, Inc. for the fiscal year under review increased ¥675 million to ¥193,292 million (up 0.4% year-on-year). Of this total, time revenue was ¥79,916 million (down 2.3% year-on-year), as strong sales of “*World Athletics Championships Oregon 22*” and “*WBC 2023*,” which were held for the first time in three years, were not enough to cover the rebound from “*Tokyo Olympic and Paralympic Games*” of the previous year. Spot revenue was ¥82,969 million (down 1.9% year-on-year), due to very difficult market conditions as advertisers’ investment in the Kanto region fell below the previous year’s level although the estimated market share of five stations increased 0.5 percentage points year-on-year to 20.6%. On the other hand, advertising revenue through streaming rose to ¥5,668 million (up 16.4% year-on-year), reflecting the continued strong performance of free ad-supported streaming services in Japan, as well as strong paid subscription streaming services in Japan and overseas, resulting in an overall increase in revenue for the Television division.

Revenue in the Live Entertainment and Media Business of Tokyo Broadcasting System Television, Inc. for the fiscal year under review increased ¥5,996 million to ¥27,817 million (up 27.5% year-on-year). For events, concerts and stage performances, in addition to a rebound from the previous year, when the business was greatly affected by COVID-19, the long-run performance of “*Harry Potter and the Cursed Child*” on the TBS 70th anniversary stage started in July, and the success of the “*Paris Saint-Germain JAPAN TOUR 2022*” contributed greatly to the significant increase in revenue compared to the previous year. Movie and animation revenue also increased thanks to hit movies such as “*99.9 Criminal Lawyer THE MOVIE*,” “*The Quintessential Quintuplets*” and “*FROM SIBERIA WITH LOVE*.” The Merchandising Center saw a revenue increase due to the merchandising of October dramas such as “*Kurosagi*” and “*Kimi no Hana ni Naru*” and the strongly performing IP development of the character “*Lappy*” from the morning belt program “*LOVE it!*,” offsetting a reactionary decline in demand from the previous year’s home nesting demand. In the global business, revenue increased due to continued strong sales in the “*SASUKE*” format.

Revenue of TBS Radio Inc. decreased ¥253 million to ¥8,490 million (down 2.9% year-on-year) due to lower advertising revenue in both time and spot advertising, despite higher event revenue from strong performance.

Revenue of BS-TBS Corporation increased ¥794 million to ¥17,218 million (up 4.8% year-on-year) due to higher time and spot revenues, as well as continued strong business revenue, including streaming.

Revenue of TBS GLOWDIA, Inc. increased ¥550 million to ¥28,089 million (up 2.0% year-on-year) due mainly to a recovery in customer traffic at special exhibitions and events, despite decreases in Shopping division sales and DVD revenue.

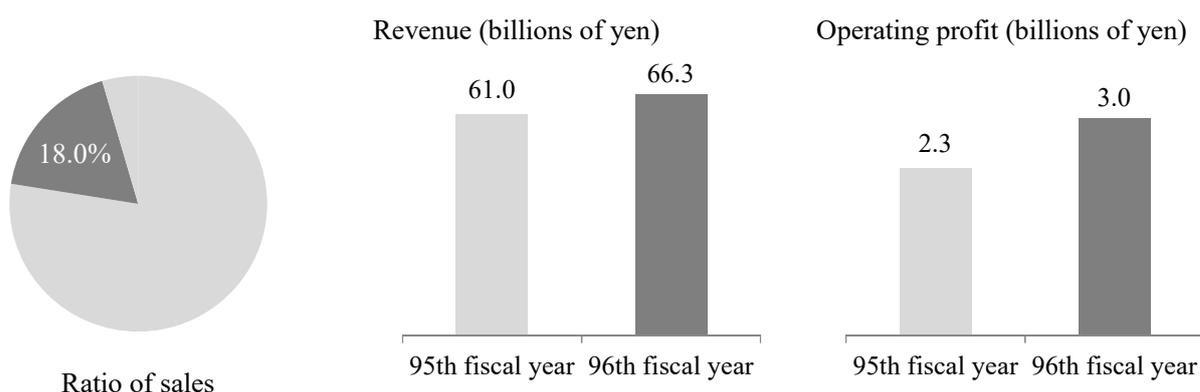
Revenue of Nichion, Inc. increased ¥190 million to ¥8,574 million (up 2.3% year-on-year) due to an increase in business agent revenue.

Revenue of TC Entertainment, Inc. decreased ¥1,060 million to ¥7,122 million (down 13.0% year-on-year) due to a decrease in DVD sales.

In terms of expenses, expenses increased from the previous year due to an increase in program production costs as well as the implementation of major events in the Live Entertainment and Media Business.

As a result, operating profit in this segment decreased ¥22 million to ¥10,911 million (down 0.2% year-on-year).

<<Lifestyle>> Revenue ¥66.3 billion (Up 8.8% year-on-year)



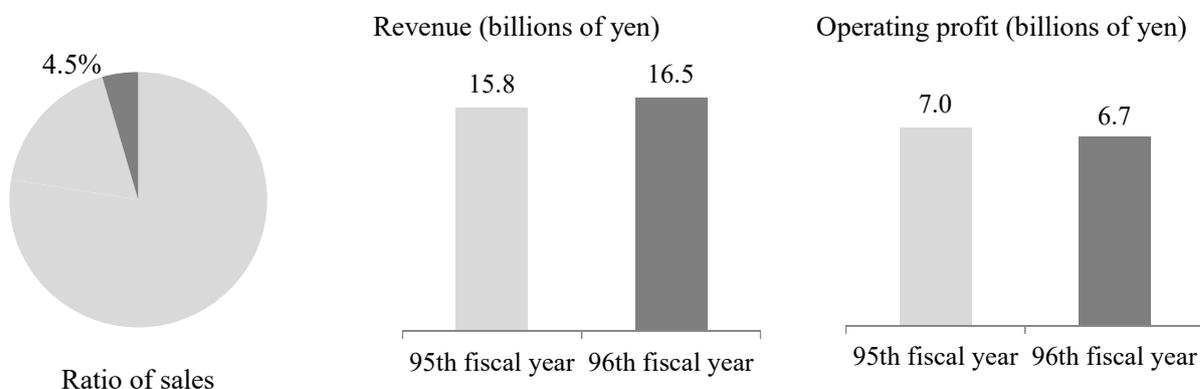
In the Lifestyle business segment, both revenue and profit increased. Revenue for the fiscal year under review was ¥66,391 million (up 8.8% year-on-year), and operating profit was ¥3,064 million (up 29.7% year-on-year).

In the StylingLife Group, the mail-order business, Light-Up Shopping Club Inc., posted declines in both revenue and profit due to a slowdown in orders, which had been strong in the previous year.

In the Beauty & Wellness business, overall revenue and profit increased due mainly to an increase in cosmetics sales at CP Cosmetics Inc., while the BCL Company, which engages in development, production and sales of cosmetics, continued to face difficult conditions.

In the core general merchandise retailing business, PLAZASTYLE COMPANY, achieved significant increases in both revenue and profit due to a recovery in the flow of people as a result of the lifting of requests for voluntary restraint during the COVID-19 pandemic. As a result, both revenue and profit increased for the StylingLife Group as a whole.

<<Real Estate & Other>> Revenue ¥16.5 billion (Down 4.3% year-on-year)



In the Real Estate & Other business segment, revenue for the fiscal year under review was ¥16,508 million (up 4.3% year-on-year), and operating profit was ¥6,798 million (down 3.7% year-on-year).

Although revenue increased due to a recovery in rent income, profit decreased due mainly to an increase in utilities expenses.

(2) Capital Investment

Total capital investment in the fiscal year under review was ¥26.9 billion.

Capital investment consists of ¥15,400 million for the Company, ¥9,200 million in Tokyo Broadcasting System Television, Inc., and ¥500 million in the StylingLife Group.

The Company's major capital investments were related to the Planning of Akasaka Entertainment City Initiative. Major capital investments of Tokyo Broadcasting System Television, Inc. included the upgrading of studio equipment and broadcasting center equipment. 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 ¥20.0 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 ¥9.0 billion with Sumitomo Mitsui Banking Corporation and other three financial institutions (the balance of the funds drawn is nil, and the available balance is ¥9.0 billion).

(4) Priorities

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 formulated "TBS Group VISION 2030" in May 2021 as our future vision from a long-term perspective and, as the first phase to achieve this goal, formulated "TBS Group Medium-term Management Plan 2023" covering the period from FY2021 to FY2023.

Outline of "TBS Group VISION 2030"

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 streaming business (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 Group aims for growth by expanding growth business areas and non-broadcasting businesses through the expansion strategy "EDGE" so that 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 "Updated TBS Group Medium-term Management Plan 2023"

"Updated TBS Group Medium-term Management Plan 2023" was formulated in May 2022, as we had achieved, in FY2021, the operating profit targets set forth in "TBS Group Medium-term Management Plan 2023," which is Phase 1 of the period covered by "TBS Group VISION 2030" (FY2021 to FY2030). In order to forge ahead to accelerate and promote revenue expansion through our growth strategy to realize our ideal form in 2030, the previous theme "Recovery from the COVID-19 disaster and planting seeds for growth" has been updated to the new

one, “Planting seeds for growth with an eye on post-COVID-19 world.”

First, we will continue to work on “improving value of broadcasting” as part of our competitive strategy. We will focus on the new Family Core (audience ratings of individuals aged 4 to 49) as a priority target, and work to increase the next generation of viewers and extend our reach. We will also aim to rebuild value of TV advertising by making proposals in line with needs of advertisers through data utilization.

Then, as part of our growth strategy, we will accelerate the promotion of the content expansion strategy “EDGE” set forth in “VISION 2030.”

In the Digital and Global domains, we will promote global content streaming on overseas streaming platforms which we launched in FY2021, while commencing content production based on the premise of distribution in the global market and expanding collaboration with overseas creators. Specifically, “THE SEVEN,” a new company established in FY2021 as part of our overseas strategy, will plan, develop and produce world-class content under a total content production budget of about ¥30.0 billion, and develop business globally with a focus on IP (intellectual property), such as movies, live entertainment and licensing business, aiming to create two or three global blockbuster hits within five years. We are also constructing a new studio in Midoriyama, which is to be one of the largest in Japan and serve as a content production base living up to global standards.

In the Experience domain, the indefinite long run of the stage play “*Harry Potter and the Cursed Child*,” which made its Asian debut in July 2022, will begin its second year after a huge success. The development plan for the Akasaka 2 & 6 Chome areas was designated a national strategic urban plan project within a National Strategic Special Zone plan in November 2021. In addition to TBS’s existing areas, the Company will strive to further increase Akasaka’s value as a neighborhood that delivers each “moment” closely tied to people’s happiness and welfare under the concept of “Shake the World. AKASAKA.”

As a result of the above initiatives, “Updated TBS Group Medium-term Management Plan 2023” sets the following quantitative targets for FY2023: consolidated net sales of ¥390.0 billion, consolidated operating profit of ¥26.0 billion, and a ratio of operating profit to net sales of 6.67%. By segment, the Media & Content business aims for net sales of ¥307.4 billion and segment profit of ¥16.0 billion, the Lifestyle business aims for net sales of ¥66.0 billion and segment profit of ¥2.6 billion, and the Real Estate & Other business aims for net sales of ¥16.6 billion and segment profit of ¥7.4 billion. We plan to use the proceeds from the sale of strategic shareholdings and operating cash flow to invest ¥140.0 billion for growth, aiming at medium- to long-term profit growth and improved capital efficiency.

TBS Group Materialities

In May 2022, we announced the TBS Group Materialities as key issues that must be addressed in order to realize the EDGE expansion strategy set forth in the TBS Group VISION 2030 and promote ESG management, based on the Group’s corporate philosophy and Brand Promise. Six materialities have been set: three as materialities in the area of business and three as materialities in the area of ESG strategy.

In the area of business, the materialities are “to create original contents loved across the world,” “to fulfill ‘social mission’ as a media business,” and “to innovate work through development and use of technology.” The materialities in the area of ESG strategy are “to provide ‘each ‘moment’ for the earth with echoes of all sorts of lives,” “to provide ‘each ‘moment’ for all colleagues,” and “to strengthen governance as a responsible company.”

For the identified materialities, we are working to set specific targets (including numerical targets) for each item and will announce them as needed.

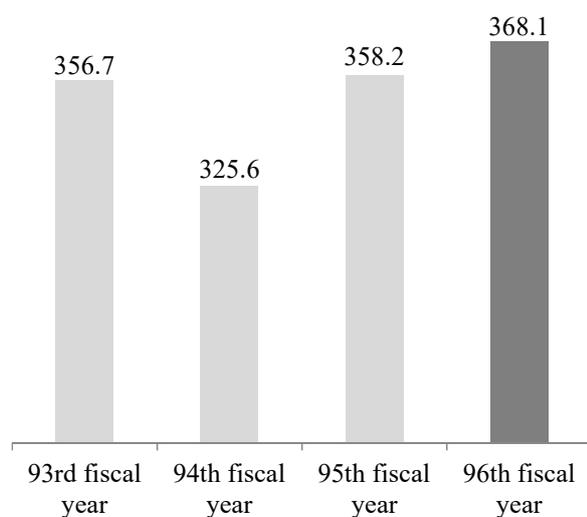
(5) Assets and Profit/Loss

Assets and Profit/Loss of the Group

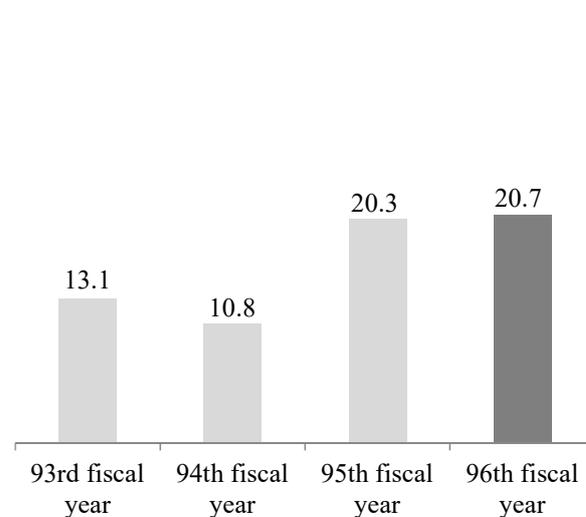
Category	93rd Business Term Year ended March 31, 2020	94th Business Term Year ended March 31, 2021	95th Business Term Year ended March 31, 2022	96th Business Term Year ended March 31, 2023 (fiscal year under review)
Net sales (millions of yen)	356,796	325,682	358,269	368,130
Operating profit (millions of yen)	13,103	10,841	20,346	20,782
Ordinary profit (millions of yen)	21,274	19,233	30,707	35,086
Profit attributable to owners of parent (millions of yen)	30,174	28,072	32,008	35,182
Earnings per share (yen)	173.28	164.32	187.35	208.76
Net assets (millions of yen)	591,931	794,884	883,002	796,184
Total assets (millions of yen)	783,024	1,100,223	1,201,632	1,067,865

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 95th business term.

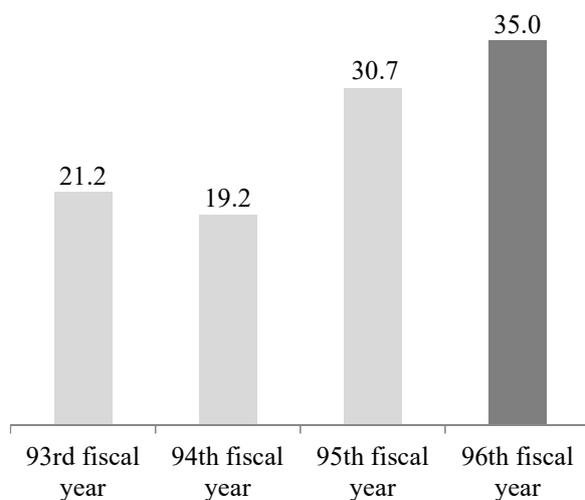
Net sales (billions of yen)



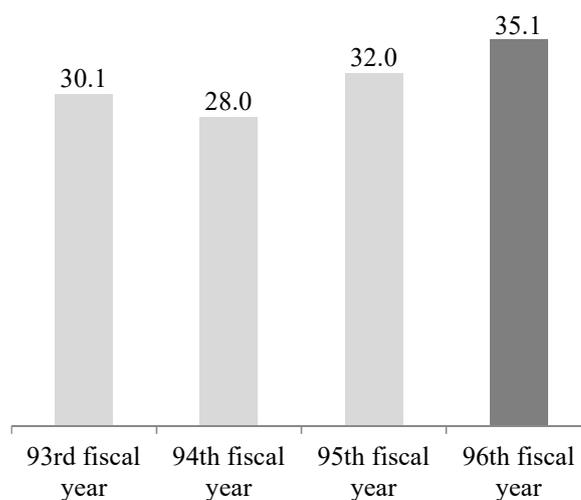
Operating profit (billions of yen)



Ordinary profit (billions of yen)



Profit attributable to owners of parent (billions of yen)



(6) Status of Parent Company and Principal Subsidiaries

1. Parent Company

TBS Holdings, Inc. has no parent company.

2. Principal Subsidiaries (As of March 31, 2023)

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 ACT, INC.	50	100	Technology, art, and computer graphics (CG)-related operations for program production, content production, etc.
THE SEVEN, Inc. (Note 3)	50	100	Planning, production, distribution and sales of content
TBS Media Research Institute Inc.	12	100	Surveys and research on broadcasting and multimedia, collection and supply of media information
Tokyo Broadcasting System International, Inc.	US\$3.28 million	100	Collection of media information and news coverage in the United States

Company name	Capital stock (millions of yen)	Voting rights owned (%)	Main business activities
Nichion, Inc.	50	100	Administration and development of copyright, scout and development of artists, song pitching, planning and production of master recordings etc.
Seven Arcs Co., Ltd.	10	100	Planning and production of TV animation, theater pieces, games etc., sale of goods, copyright management etc.
CS-TBS, Incorporated	100	90	Approved basic broadcast services using a communications satellite
TC Entertainment, Inc.	200	51	Planning, production and duplication etc. of video and audio software and computer software
Manga Box Co., Ltd.	100	51	Electronic publication business
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.
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.	100	100	Real estate business
Akasaka Heat Supply Co., Ltd.	400	70	Heat supply services under the Heat Supply Business Act

Note 1: The 22 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: As of August 1, 2022, "THE Factory, Inc." changed its name to "THE SEVEN, INC."

Note 4: 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	¥781,426 million

(7) Main Business Activities (As of March 31, 2023)

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

(8) Principal Sales Office (As of March 31, 2023)

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 ACT, INC., THE SEVEN, Inc., TBS Media Research Institute Inc., Nichion, Inc., CS-TBS, Incorporated, TC Entertainment, Inc., Manga Box Co., Ltd., 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.	Musashino City, 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.

(9) Work Force (As of March 31, 2023)

Segment	Number of employees	Change since end of previous fiscal year
Media & Content	4,547	Increase of 80
Lifestyle	1,418	Decrease of 11
Real Estate & Other	84	Increase of 7
Corporate (shared)	537	Increase of 56
Total	6,586	Increase of 132

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

(10) Main Lenders (As of March 31, 2023)

Lender	Amount (millions of yen)
Syndicated loan (Note 1)	20,000

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: StylingLife Holdings Inc., a consolidated subsidiary of the Company, has signed agreements with Sumitomo Mitsui Banking Corporation and other three financial institutions to establish ¥9.0 billion commitment line in total.

(Refer to “Capital Procurement” of Business Report: the balance of the funds drawn is nil, and the available balance is ¥9.0 billion)

2. The Current Position of TBS Holdings, Inc.

(1) Common Stock (As of March 31, 2023)

1. Total Number of Shares Issuable 400,000,000 shares
2. Issued Number of Shares 171,591,065 shares
3. Number of Shareholders 21,638
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)	13,996,400	8.29
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	5.52
MBS MEDIA HOLDINGS, INC.	8,848,100	5.25
Mitsui Fudosan Co., Ltd.	5,713,728	3.39
NTT DOCOMO, INC.	5,713,000	3.39
Nippon Life Insurance Company	5,006,235	2.97
STATE STREET BANK AND TRUST COMPANY 505001	4,478,782	2.65
MITSUMI & CO., LTD.	4,288,000	2.54
BIC CAMERA INC.	4,190,000	2.48
KODANSHA LTD.	3,771,200	2.23

Note 1: Percentage of shares held was calculated excluding its treasury share (3,211,174 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 15.95%.

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)	52,882 shares	6 persons

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

6. Other Important Matters Concerning Shares

At the meeting of the Board of Directors held on February 10, 2022, the Company resolved on purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same act following the deemed replacement of terms, and carried out the purchase, with the aim of returning profits to shareholders and improving capital efficiency.

Purchase of treasury shares

Type of shares purchased	Common stock
Total number of shares purchased	3,500,000 shares
Total purchase price of shares	¥5,937,655,921
Period of purchase	From March 3, 2022 to October 20, 2022

In addition, at the meeting of the Board of Directors held on February 9, 2023, the Company introduced an incentive plan using a trust (Stock-Granting ESOP Trust) for employees of Tokyo Broadcasting System Television, Inc., a wholly-owned subsidiary of the Company, for the purpose of enhancing employee welfare and increasing corporate value over the medium to long term. As of March 31, 2023, 3,185,000 shares of the Company were held by the Stock-Granting ESOP Trust Account.

(2) Corporate Officers

1. Directors and Audit & Supervisory Board Members (As of March 31, 2023)

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 Audit
Representative Director	Toshiaki Kawai	Head of financial strategy
Director	Tatsuo Sugai	Head of growth strategy
Director	Shoichi Watanabe	Head of competitive strategy
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: Among the Directors, Mr. Hitoshi Kashiwaki, Mr. Yosuke Yagi and Mr. Makoto Haruta are Outside Directors.

Note 2: Among the Audit & Supervisory Board Members, Mr. Teisuke Kitayama, Ms. Mie Fujimoto and Mr. Somitsu Takehara are Outside Audit & Supervisory Board Members.

Note 3: 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 4: Audit & Supervisory Board Member Mr. Somitsu Takehara is well versed in accounting and finance as a certified public accountant, and has considerable knowledge of accounting and finance as a certified public accountant.

Note 5: Important positions of other organizations concurrently assumed by Directors and Audit & Supervisory Board Members relevant to the fiscal year under review are as follows. There are no special relationships between the Company and the companies where Outside Officers (*) hold concurrent positions

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

2. Amounts of Remuneration etc. for 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)	491 (28)	233 (28)	168 (-)	90 (-)	9 (3)
Audit & Supervisory Board Members (subtotal: Outside Audit & Supervisory Board Members)	87 (27)	87 (27)	-	-	5 (3)
Total (subtotal: Outside Officers)	578 (55)	320 (55)	168 (-)	90 (-)	14 (6)

Note 1: The above total amount of remuneration etc. for Directors does not include salaries paid to directors who were also employees.

Note 2: Outside Audit & Supervisory Board Members, who concurrently serve at the subsidiaries of the Company, do not receive remuneration from said subsidiaries.

Note 3: Performance-linked remuneration, etc. consists of performance-linked assessment remuneration and qualitative assessment remuneration. Amount or number of performance-linked assessment remuneration is to be calculated by determining the payment rate based on the ratio of the actual consolidated operating income to the projected consolidated operating income in the 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 177%, which, along with the consideration for special circumstances related to the COVID-19 pandemic, served as the basis to determine the payment rate.

With respect to qualitative assessment remuneration, the payment rate is determined based on the seven-grade evaluation of the Director subject to assessment in terms of qualitative performance and achievement status as a Director in charge of strategy.

Note 4: 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 5: 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
<Determination method of the determination policy>

At the meeting of the Board of Directors held on April 22, 2021, the Company resolved a determination policy on details of remuneration, etc. for each individual Director.

<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.

<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:

- After entering into the agreement, 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 and supervision over and advice regarding duties executed by Directors, toward the execution of the growth strategy "EDGE" set forth in TBS Group VISION 2030 and continuous enhancement of the corporate value of the Group, appropriately playing his role.
Yosuke Yagi	13/13	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 and supervision over and advice regarding duties executed by Directors, toward the execution of the growth strategy "EDGE" set forth in TBS Group VISION 2030 and continuous enhancement of the corporate value of the Group, appropriately playing his role.
Makoto Haruta	13/13	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 and supervision over and advice regarding duties executed by Directors, toward the execution of the growth strategy "EDGE" set forth in TBS Group VISION 2030 and continuous enhancement of the corporate value of the Group, appropriately playing his role.

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	13/13	13/14	Mr. Kitayama asks questions and gives advice based on extensive experience and high degree of knowledge as a member of the top management of a financial institution.
Mie Fujimoto	12/13	13/14	Ms. Fujimoto asks questions and gives advice based on extensive experience and high degree of knowledge as a lawyer specialized in corporate legal affairs.
Somitsu Takehara	13/13	14/14	Mr. Takehara asks questions and gives advice based on extensive experience and high degree of knowledge as a certified public accountant and a member of the top management of a company.

(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	¥53 million
B. Total amount of cash and other asset-based benefits payable to the accounting auditors of TBS Holdings, Inc. and its subsidiaries	¥101 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 Determination of 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 of broadcasting, 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 system
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, directly 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 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 Legal & Compliance Division 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 Audit to conduct internal audits 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 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, the Office of Internal 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 TBS Group General Risk Management Regulations, Document Handling Regulations, and other internal regulations, and holds meetings of the TBS Group General 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 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 TBS Group General Risk Management Regulations. Specialized departments lead efforts to formulate and implement the plan to respond to “core items,” and the TBS Group General 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 TBS Group General 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 control systems 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 Audit, which reports directly to the President. The Office of Internal 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 Company established the Basic Policy Regarding Parties Deciding on Financial and Business Policies of the Company (hereinafter referred to as the “Basic Policy”) at the Board of Directors’ meeting held on February 28, 2007. On May 14, 2021, the Company formulated “TBS Group Medium-term Management Plan 2023,” a medium-term management plan of the Group. Furthermore, in connection with the upward revisions to the numerical targets made on May 13, 2022, the Company revised the sections of the Basic Policy that are related to the medium-term management plan as follows at the Board of Directors’ meeting held on May 13, 2022.

(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 affiliated companies 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 a 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. Furthermore, the Company formulated “TBS Group Medium-term Management Plan 2023” on May 14, 2021 as a new medium-term management plan of the Group and made upward revisions to the numerical targets on May 13, 2022. Accordingly, the Company is working to achieve the new targets.

(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 Company formulated “TBS Group VISION 2030,” as our future vision from a long-term perspective. As part of formulating the vision, the Group defined content as all that “moves people’s hearts and minds,” and expressed 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. Therefore, as the first phase of efforts to achieve that, the Company formulated the “TBS Group Medium-term Management Plan 2023” for fiscal 2021 through fiscal 2023. Moreover, the Company also made upward revisions to the numerical targets and will implement various measures based on the theme of “Planting seeds for growth with an eye on post-COVID-19 world.” Through the 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 were 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”) to the Company, 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 of the Company and the Group 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 broadcaster
- 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 share certificates, 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 Stock 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, as a result of 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), or 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 2022.

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.

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

The Plan aimed at ensuring and improving both the Company's corporate value and the common interests of shareholders and based on the policy for responding to takeover proposals, adopted at the Board of Directors' meeting held on May 18, 2005, was repositioned and partially amended at the Board of Directors' meeting held on February 28, 2007 to prohibit inappropriate parties in light of the basic policy 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 within the necessary and minimum scope, 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	96th Business Term <small>As of March 31, 2023</small>	Accounting Item	96th Business Term <small>As of March 31, 2023</small>
ASSETS		LIABILITIES	
Current assets:	209,058	Current liabilities:	104,059
Cash and deposits	97,649	Notes and accounts payable - trade	42,411
Notes and accounts receivable - trade, and contract assets	66,422	Current portion of long-term borrowings	20,000
Inventories	20,358	Accounts payable - other	11,947
Prepaid expenses	10,971	Income taxes payable	8,449
Other	13,759	Accrued consumption taxes	1,013
Allowance for doubtful accounts	(102)	Accrued expenses	2,333
		Provision for bonuses	4,286
		Provision for bonuses for directors (and other officers)	21
Non-current assets:	858,807	Other	13,595
Property, plant and equipment:	260,348	Non-current liabilities:	167,621
Buildings and structures	83,388	Retirement benefit liability	15,305
Machinery, equipment and vehicles	8,178	Lease liabilities	208
Tools, furniture and fixtures	2,518	Deferred tax liabilities	136,999
Land	163,680	Other	15,107
Leased assets	196		
Construction in progress	2,385	Total liabilities	271,681
Intangible assets:	14,897	NET ASSETS	
Software	6,354	Shareholders' equity:	472,047
Goodwill	7,815	Share capital	54,986
Other	727	Capital surplus	42,547
		Retained earnings	385,868
		Treasury shares	(11,354)
Investments and other assets:	583,560	Accumulated other comprehensive income:	308,619
Investment securities	572,436	Valuation difference on available- for-sale securities	308,393
Long-term loans receivable	127	Deferred gains or losses on hedges	10
Deferred tax assets	2,603	Foreign currency translation adjustment	168
Long-term prepaid expenses	186	Remeasurements of defined benefit plans	47
Other	8,358	Non-controlling interests	15,517
Allowance for doubtful accounts	(152)	Total net assets	796,184
Total assets	1,067,865	Total liabilities and net assets	1,067,865

Consolidated Statements of Income

(Millions of yen)

Accounting Item	96th Business Term From April 1, 2022 to March 31, 2023
Net sales	368,130
Cost of sales	251,711
Gross profit	116,419
Selling, general and administrative expenses	95,636
Operating profit	20,782
Non-operating income	15,179
Interest income	15
Dividend income	14,423
Share of profit of entities accounted for using equity method	106
Other	634
Non-operating expenses	875
Interest expenses	78
Loss on retirement of non-current assets	196
Non-deductible consumption tax, etc.	185
Loss on investments in investment partnerships	32
Other	381
Ordinary profit	35,086
Extraordinary income	21,286
Gain on sale of investment securities	20,638
Gain on exchange of shares of subsidiaries and associates	647
Extraordinary losses	2,389
Retirement benefit expenses	860
Business restructuring expenses	654
Loss on sale of investment securities	536
Removal expenses of non-current assets	196
Impairment losses	118
Loss on valuation of investment securities	22
Profit before income taxes	53,984
Income taxes - current	18,318
Income taxes - deferred	(693)
Profit	36,358
Profit attributable to non-controlling interests	1,176
Profit attributable to owners of parent	35,182

Consolidated Statements of Changes in Equity

(Fiscal Year from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	54,986	42,576	357,818	(1,552)	453,829
Changes during period					
Dividends of surplus			(7,132)		(7,132)
Profit attributable to owners of parent			35,182		35,182
Purchase of treasury shares				(10,904)	(10,904)
Disposal of treasury shares		(29)		1,104	1,074
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	(29)	28,049	(9,801)	18,218
Balance at end of period	54,986	42,547	385,868	(11,354)	472,047

	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	414,390	25	81	127	414,625	14,547	883,002
Changes during period							
Dividends of surplus							(7,132)
Profit attributable to owners of parent							35,182
Purchase of treasury shares							(10,904)
Disposal of treasury shares							1,074
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Net changes in items other than shareholders' equity	(105,997)	(15)	87	(80)	(106,006)	969	(105,036)
Total changes during period	(105,997)	(15)	87	(80)	(106,006)	969	(86,818)
Balance at end of period	308,393	10	168	47	308,619	15,517	796,184

Notes to Consolidated Financial Statements

Basis of Preparing Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 22

Names of principal consolidated subsidiaries

Principal subsidiaries are as listed in Business Report “Principal Subsidiaries.”

(2) Non-consolidated subsidiaries

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

The 22 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: 4

WOWOW Inc.

Amazing Sports Lab Japan Inc. was included in the scope of application of the equity method effective from the fiscal year under review due to additional acquisition of its shares. Premium Platform Japan, Inc. is excluded from the scope of application of the equity method effective from the fiscal year under review due to equity transfer by share exchange.

(2) Affiliated companies to which equity method is not applied

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

The 22 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, 2023.

4. Notes on Accounting Policies

(1) Basis and method of valuation of major assets

a. Basis and method of valuation of securities

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

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

Available-for-sale securities:

Securities other than shares without a market price, etc.: At market value (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

Shares without a market price, etc.: At cost based on the moving average method

b. 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) Accounting policies for significant revenue and expenses

The Group recognizes revenue using the following five-step approach.

Step 1: Identifying the contract with a customer

Step 2: Identifying the performance obligations under the contract

Step 3: Calculating the transaction price

Step 4: Allocating the transaction price to the performance obligations under the contract

Step 5: Recognizing the revenue when the relevant company has satisfied the performance obligations

The details of the main performance obligations stemming from the primary businesses that generate revenue from contracts with the Group's clients and normal timing for satisfying those performance obligations (normal timing for recognizing the revenue) are as follows.

The Group mainly engages in the broadcasting-related business and the retailing business. In the broadcasting-related business, the Company broadcast programs and advertisements primarily for viewers and listeners. The performance obligations are judged to be satisfied upon broadcasting programs and advertisements; therefore, revenue is recognized upon said point in time. In the retailing business, the Company has judged that the performance obligations are satisfied when merchandise and finished goods are delivered and the customer acquires control over said merchandise and finished goods; therefore, revenue is recognized upon delivery of merchandise and finished goods. However, for wholesale and mail order sales via the Internet, the period from the shipment to the time when control over merchandise and finished goods are transferred to the customer is normal, and therefore the revenue is recognized upon shipment. Furthermore, for revenue, the estimated amount of rebates and similar items are deducted from the compensation stipulated in contracts with customers, and only revenue from items highly unlikely to suffer

significant impairment are recognized. As for the sales of merchandise and finished goods in which the Group falls under the category of agent of when providing goods or services to customers, the net amount after deducting payments to other related parties from the relevant total compensation is recognized as revenue.

(5) 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.

(6) Other significant items for preparing consolidated financial statements

a. 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.

b. 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.

Notes on Changes in Accounting Policies

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021 (hereinafter the “Fair Value Measurement Guidance”)) from the beginning of the fiscal year under review. Accordingly, the new accounting policy provided for by the Fair Value Measurement Guidance will be applied prospectively in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Guidance. There is no impact of this application on these consolidated financial statements.

Notes on Consolidated Balance Sheets

1. Inventories	
Merchandise and finished goods	¥8,937 million
Programs and work in progress	¥10,621 million
Raw materials and supplies	¥798 million
2. Accumulated Depreciation of Property, Plant and Equipment	¥221,210 million
Accumulated depreciation includes accumulated impairment loss.	
3. Guarantee Liabilities	
Employees’ housing loans	¥370 million
4. Amount Deducted From Acquisition Prices of Property, Plant and Equipment for State Subsidies Etc. Received	¥1,742 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	171,591,065	–	–	171,591,065
Total	171,591,065	–	–	171,591,065
Treasury Shares				
Common Stock (Notes 1, 2, 3)	874,583	6,195,553	634,197	6,435,939
Total	874,583	6,195,553	634,197	6,435,939

Note 1: The number of treasury shares at the end of the fiscal year under review includes 3,185,000 shares of the Company held by the Stock-Granting ESOP (Employee Stock Ownership Plan) Trust.

Note 2: An increase of 6,195,553 treasury shares of common stock was due to the purchase of 2,995,700 treasury shares by the resolution of the Board of Directors, the purchase of 3,185,000 treasury shares by the Stock-Granting ESOP Trust, the purchase of 13,462 shares from retirees with restricted share-based incentives for the Employees' Shareholding Association, the purchase of 633 shares as less-than-one-unit shares, and an increase of 758 shares arising from change in equity in entities accounted for using the equity method.

Note 3: A decrease of 634,197 treasury shares of common stock was due to the disposal of 109,797 treasury shares as restricted share-based remuneration, and the disposal of 524,400 treasury shares as restricted share-based incentives for the Employees' Shareholding Association.

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 29, 2022	Common stock	3,756	22	Mar. 31, 2022	Jun. 30, 2022
Board of Directors' meeting on November 11, 2022	Common stock	3,375	20	Sep. 30, 2022	Dec. 6, 2022

(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, 2023	Common stock	3,704	Retained earnings	22	Mar. 31, 2023	Jun. 30, 2023

Note: The amount of "Total Dividends" includes dividends of ¥70 million for shares of the Company held by the Stock-Granting ESOP Trust.

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, and contract assets 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.

2. Fair Values of Financial Instruments

The consolidated balance sheets amounts, fair values, and differences between the two as of March 31, 2023 (the consolidated balance sheets date) are as follows. Shares without a market price, etc. (consolidated balance sheet amount of ¥23,831 million) are not included in "investment securities."

(Millions of yen)

	Consolidated balance sheets amount (*)	Fair value (*)	Difference
(1) Notes and accounts receivable - trade, and contract assets	66,422	66,396	-26
(2) Investment securities			
a. Held-to-maturity securities	120	117	-2
b. Shares of subsidiaries and associates	9,569	5,690	-3,879
c. Available-for-sale securities	538,915	538,915	-
(3) Long-term borrowings (including current portion of long-term borrowings)	(20,000)	(20,000)	-

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

Note 1: "Cash and deposits," "Notes and accounts payable - trade" and "Accounts payable - other"

The amount has been omitted because they are cash and items with a fair value that is close to the book value since they are settled in a short period.

Note 2: Notes on calculating fair value of financial instruments and securities

(1) Notes and accounts receivable - trade, and contract assets

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.

(2) Investment securities

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

(3) Long-term borrowings (including current portion of 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.

Note 3: Information is omitted with respect to the investments in partnership or equivalent entities, the equity in which is recorded in net amount on the consolidated balance sheet. The consolidated balance sheet amount of such investments stood at ¥4,180 million.

3. Breakdown of Fair Values of Financial Instruments by Level

Fair values of financial instruments are categorized into the following three levels according to the observability and significance of inputs related to fair value measurement.

Fair Value Level 1: Among observable inputs related to fair value measurement, the fair value measured based on the quoted price, formed in an active market, related to the asset or liability subject to the said fair value measurement

Fair Value Level 2: Among observable inputs related to fair value measurement, the fair value measured using inputs related to the fair value measurement other than the Level 1 inputs

Fair Value Level 3: The fair value measured using unobservable inputs related to fair value measurement

If multiple inputs which have a significant impact on fair value measurement are used, the fair value is categorized into the lowest level in terms of the priority in fair value measurement among the levels of these inputs.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	538,915	–	–	538,915
Total assets	538,915	–	–	538,915

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	–	66,396	–	66,396
Investment securities				
Held-to-maturity securities				
Bonds payable	–	117	–	117
Shares of subsidiaries and affiliated companies				
Shares of affiliated companies	5,690	–	–	5,690
Total assets	5,690	66,513	–	72,203
Long-term borrowings (including current portion of long-term borrowings)	–	(20,000)	–	(20,000)
Total liabilities	–	(20,000)	–	(20,000)

Notes and accounts receivable - trade, and contract assets

For some accounts receivable - trade held by the Company, the present value calculated by discounting at a rate with collection period and credit risk taken into account is used as the fair value, and that fair value is categorized as Fair Value Level 2 because the quoted price cannot be deemed as that in a vigorous market as the frequency of trades in markets is small.

Investment securities

Listed shares are traded in an active market. Therefore, the fair value is categorized into Fair Value Level 1. On the other hand, bonds payable held by the Company are rarely traded in markets and the quoted price cannot be deemed as that in an active market. Therefore, the fair value is categorized into Fair Value Level 2.

Long-term borrowings (including current portion of long-term borrowings)

The fair value of long-term borrowings is measured at present value calculated by discounting the principal and interest using the interest rate deemed applicable to borrowings with similar conditions, and categorized into Fair Value Level 2.

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
71,983	307,813

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.”

Notes on Revenue Recognition

1. Information on Disaggregation of Revenue from Contracts with Customers

Disaggregation of revenue recognized from contracts with customers is as follows.

(Millions of yen)

		Media & Content business	Lifestyle business	Real Estate & Other business	Total
Terrestrial advertising revenue	Time	79,124	–	–	79,124
	Spot	82,886	–	–	82,886
Other broadcasting-related revenue		37,068	–	–	37,068
Other real estate revenue		–	–	16,508	16,508
Other business revenue		86,151	66,391	–	152,542
Net sales to external customers		285,230	66,391	16,508	368,130

Note: Leasing revenue, etc. under leasing contracts is included.

2. Basic Information for Understanding Revenue

Basic information for understanding revenue is given in “(4) Accounting policies for significant revenue and expenses” under “4. Notes on Accounting Policies” of “Basis of Preparing Consolidated Financial Statements.”

3. Information on Relationship Between Satisfaction of Performance Obligations under Contracts with Customers and Cash Flows Generated from Said Contracts, and Amount and Timing of Revenue Expected to Be Recognized in the Following Fiscal Year Onward Based on Contracts with Customers Existing as of the End of the Fiscal Year Under Review

(1) Balance, etc. of contract assets and contract liabilities

Receivables arising from contracts with customers during the fiscal year under review are as follows. For the Group, there is no significance in the balance of contract assets and contract liabilities as of the end of the fiscal year under review and changes from the end of the previous fiscal year.

Considerations related to revenue that the Group has recognized have been received within two months from the satisfaction of the performance obligations in general, and do not involve significant financial elements.

(Millions of yen)

	As of April 1, 2022	As of March 31, 2023
Receivables arising from contracts with customers	66,228	65,869

(2) Transaction prices allocated to remaining performance obligations

For the Group, there are no significant contracts the term of which is expected to exceed one year. In addition, in consideration arising from contracts with customers, there are no monetary amounts not included in transaction prices.

Per Share Information

1. Net Assets per Share ¥4,726.87
2. Profit per Share ¥208.76

Note: Shares of the Company held by the Stock-Granting ESOP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares that are excluded from the calculation of the average number of treasury shares during the year to calculate profit per share, and are included in the treasury shares that are excluded from the total number of issued shares at the year end to calculate net assets per share.

Number of the treasury shares at the year end that are excluded to calculate net assets per share
3,185,000 shares at the end of the fiscal year under review

Average number of the treasury shares during the year that are excluded to calculate profit per share
222,245 shares for the fiscal year under review

Other Notes

1. Stock-Granting ESOP (Employee Stock Ownership Plan) Trust

The Company has introduced an employee incentive plan (hereinafter the "Plan") for the purpose of enhancing the employee welfare and increasing the medium- to long-term corporate value of its wholly-owned subsidiary, Tokyo Broadcasting System Television, Inc. (hereinafter "TBS Television").

(1) Outline of the transactions

The Company has introduced the Plan with a view to enhancing the welfare of part of the employees of TBS Television (hereinafter the "TBS Television employees") and further motivating them to contribute to increasing the Group's medium- to long-term business performance and its corporate value.

The introduction of the Plan involved the adoption of an arrangement called Stock-Granting ESOP (Employee Stock Ownership Plan) Trust (hereinafter the "ESOP Trust"). The ESOP Trust, which is an employee incentive plan formulated based on the ESOP in the United States, purchases shares of the Company and delivers such shares and/or grants the amount of cash to be realized from such shares to the TBS Television employees according to their job grade, etc.

As the Plan shall allow the TBS Television employees to benefit economically from the rising price of the Company's shares, it is expected to incentivize the TBS Television employees who are conscious of the share price to better perform at work, as well as to enhance their morale. Furthermore, the Plan ensures that the exercise of voting rights in the shares of the Company as part of the Trust's assets reflects the intention of the TBS Television employees as potential beneficiary, and thus is expected to prove effective in improving the Company's corporate value through enhancing the TBS Television employees' sense of participation in the management.

(2) Shares of the Company remaining within the Trust

Shares of the Company remaining within the Trust are recorded as treasury shares under net assets in the consolidated balance sheet, based on the book value in the Trust. The book value and the number of such shares at the end of the fiscal year under review were ¥5,872 million and 3,185,000 shares, respectively.

Financial Statements

Non-Consolidated Balance Sheets

(Millions of yen)

Accounting Item	96th Business Term As of March 31, 2023	Accounting Item	96th Business Term As of March 31, 2023
ASSETS		LIABILITIES	
Current assets:	14,537	Current liabilities:	92,635
Cash and deposits	3,125	Accounts payable - trade	1,351
Accounts receivable - trade	596	Short-term borrowings from subsidiaries and associates	68,526
Prepaid expenses	140	Current portion of long-term borrowings	20,000
Accounts receivable - other	8,410	Accounts payable - other	412
Other	2,263	Income taxes payable	1,672
		Accrued consumption taxes	158
		Accrued expenses	180
		Provision for bonuses	260
		Other	72
Non-current assets:	766,889	Non-current liabilities:	107,026
Property, plant and equipment:	94,022	Long-term deposits received	19,277
Buildings	29,829	Provision for retirement benefits	7,162
Structures	857	Deferred tax liabilities	80,447
Machinery and equipment	246	Other non-current liabilities	138
Vehicles	0		
Tools, furniture and fixtures	812		
Land	60,807		
Construction in progress	1,468		
Intangible assets:	1,321	Total liabilities	199,661
Software	1,260		
Other	60	NET ASSETS	
		Shareholders' equity:	392,323
Investments and other assets:	671,545	Share capital	54,986
Investment securities	301,239	Capital surplus	50,100
Shares of subsidiaries and associates	363,776	Legal capital surplus	35,026
Investments in capital of subsidiaries and associates	4,180	Other capital surplus	15,074
Long-term loans receivable	12	Retained earnings	298,538
Long-term prepaid expenses	65	Legal retained earnings	4,217
Other	2,298	Other retained earnings	294,321
Allowance for doubtful accounts	(27)	General reserve	194,312
		Retained earnings brought forward	100,009
		Treasury shares	(11,302)
		Valuation and translation adjustments:	189,442
		Valuation difference on available- for-sale securities	189,442
Total assets	781,426	Total net assets	581,765
		Total liabilities and net assets	781,426

Non-Consolidated Statements of Income

(Millions of yen)

Accounting Item	96th Business Term From April 1, 2022 to March 31, 2023
Operating revenue	17,188
Real estate lease revenue	15,919
Other revenue	1,268
Operating expenses	17,279
Real estate lease expenses	7,920
Other business expenses	222
General and administrative expenses	9,135
Operating loss	(90)
Non-operating income	66,851
Interest and dividend income	66,792
Other	58
Non-operating expenses	1,027
Interest expenses	315
Share-related expenses	445
Non-deductible consumption tax, etc.	147
Loss on investments in investment partnerships	32
Other	87
Ordinary profit	65,733
Extraordinary income	17,101
Gain on sale of investment securities	17,101
Extraordinary losses	3,583
Loss on exchange of shares of subsidiaries and associates	2,909
Loss on sale of investment securities	536
Business restructuring expenses	136
Profit before income taxes	79,252
Income taxes - current	7,434
Income taxes - deferred	71
Profit	71,747

Non-Consolidated Statements of Changes in Equity

(Fiscal Year from April 1, 2022 to March 31, 2023)

(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	35,026	15,103	50,129	4,217	194,312	64,867	263,397
Changes during period								
Dividends of surplus							(7,132)	(7,132)
Profit							71,747	71,747
Purchase of treasury shares								
Disposal of treasury shares			(29)	(29)				
Decrease by corporate division							(29,473)	(29,473)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	(29)	(29)	–	–	35,141	35,141
Balance at end of period	54,986	35,026	15,074	50,100	4,217	194,312	100,009	298,538

	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	(1,502)	367,011	259,794	259,794	626,805
Changes during period					
Dividends of surplus		(7,132)			(7,132)
Profit		71,747			71,747
Purchase of treasury shares	(10,904)	(10,904)			(10,904)
Disposal of treasury shares	1,104	1,074			1,074
Decrease by corporate division		(29,473)			(29,473)
Net changes in items other than shareholders' equity			(70,351)	(70,351)	(70,351)
Total changes during period	(9,800)	25,311	(70,351)	(70,351)	(45,040)
Balance at end of period	(11,302)	392,323	189,442	189,442	581,765

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 affiliated companies: At cost, using the moving average method

Available-for-sale securities:

a. Securities other than shares without a market price, etc.:

Market value method (Net unrealized gains/losses are shown in net assets. Realized gains/losses are calculated using the moving average method.)

b. Shares without a market price, etc.:

At cost based on the moving average method

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. Accounting Policies for Significant Revenue and Expenses

The Company recognizes revenue using the following five-step approach.

Step 1: Identifying the contract with a customer

Step 2: Identifying the performance obligations under the contract

Step 3: Calculating the transaction price

Step 4: Allocating the transaction price to the performance obligations under the contract

Step 5: Recognizing the revenue when the relevant company has satisfied the performance obligations

The details of the main performance obligations stemming from the primary businesses that generate revenue from contracts with the Company's clients and normal timing for satisfying those performance obligations (normal timing for recognizing the revenue) are as follows.

The main revenue generated from contracts with customers are management fees, and based on the contracts with the various subsidiaries and associates, the Company is obligated to conduct management operations. Obligations related to these management fees are recognized as revenue over the contract period.

5. 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.
6. Other Significant Basic Items for Preparing Financial Statements
 - (1) 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 Changes in Accounting Policies

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021 (hereinafter the “Fair Value Measurement Guidance”)) from the beginning of the fiscal year under review. Accordingly, the new accounting policy provided for by the Fair Value Measurement Guidance will be applied prospectively in accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Guidance. There is no impact of this application on these non-consolidated financial statements.

Notes on Non-Consolidated Balance Sheets

- | | |
|---|-----------------|
| 1. Accumulated depreciation of property, plant and equipment | ¥43,869 million |
| 2. Guarantee liabilities | |
| Employees’ housing loans | ¥370 million |
| 3. Receivables from and payables to subsidiaries and associates (excluding accounting items presented separately) | |
| Short-term receivables from subsidiaries and associates | ¥1,414 million |
| Short-term payables to subsidiaries and associates | ¥407 million |

Notes on Non-Consolidated Statements of Income

- | | |
|--|-----------------|
| 1. Transactions with subsidiaries and associates | |
| Operating revenue | ¥1,932 million |
| Operating expenses | ¥2,308 million |
| Transactions other than ordinary operation | ¥56,386 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 1,2,3)	835,576	6,194,795	634,197	6,396,174
Total	835,576	6,194,795	634,197	6,396,174

Note 1: The number of treasury shares at the end of the fiscal year under review includes 3,185,000 shares of the Company held by the Stock-Granting ESOP (Employee Stock Ownership Plan) Trust.

Note 2: An increase of 6,194,795 treasury shares of common stock was due to the purchase of 2,995,700 treasury shares by the resolution of the Board of Directors, the purchase of 3,185,000 treasury shares by the Stock-

Granting ESOP Trust, the purchase of 13,462 shares from retirees with restricted share-based incentives for the Employees' Shareholding Association, and the purchase of 633 shares as less-than-one-unit shares.
 Note 3: A decrease of 634,197 treasury shares of common stock was due to the disposal of 109,797 treasury shares as restricted share-based remuneration, and the disposal of 524,400 treasury shares as restricted share-based incentives for the Employees' Shareholding Association.

Tax Effect Accounting

1. Main sources of deferred tax assets and liabilities

	Millions of yen
Investment securities and Shares of subsidiaries and associates	23,859
Provision for retirement benefits	2,193
Accrued enterprise taxes	330
Provision for bonuses	80
Valuation difference on available-for-sale securities	(83,542)
Others	<u>675</u>
Subtotal	(56,405)
Valuation reserve	<u>(24,041)</u>
Total	<u><u>(80,447)</u></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	0.06%
Dividend income	(22.55%)
Increase or decrease in valuation reserve	1.06%
Others	<u>0.29%</u>
Effective income tax rate after applying tax effect accounting	<u><u>9.47%</u></u>

Notes on Revenue Recognition

1. Basic information for understanding revenue

Basic information for understanding revenue is given in "4. Accounting Policies for Significant Revenue and Expenses" under "Basis of Preparing Non-Consolidated Financial Statements."

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)	9,107 (Note 2)	Short-term borrowings to subsidiaries and associates	2,168
Subsidiary	THE SEVEN, Inc.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	26 (Note 2)	Short-term borrowings to subsidiaries and associates	29,673
Subsidiary	BS-TBS, INC.	Directly owning: 100%	Operation management Sharing of officers Borrowing of funds	Borrowings (Note 1)	3,784 (Note 2)	Short-term borrowings to subsidiaries and associates	12,611

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.

Per Share Information

- | | |
|-------------------------|-----------|
| 1. Net Assets per Share | ¥3,521.69 |
| 2. Profit per Share | ¥425.63 |

Note: Shares of the Company held by the Stock-Granting ESOP Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares that are excluded from the calculation of the average number of treasury shares during the year to calculate profit per share, and are included in the treasury shares that are excluded from the total number of issued shares at the year end to calculate net assets per share.

Number of the treasury shares at the year end that are excluded to calculate net assets per share
3,185,000 shares at the end of the fiscal year under review

Average number of the treasury shares during the year that are excluded to calculate profit per share
222,245 shares for the fiscal year under review

Other Notes

1. Stock-Granting ESOP (Employee Stock Ownership Plan) Trust

Notes on the transactions related to the Stock-Granting ESOP Trust are omitted because the same details are described in "Other Notes" in Notes to Consolidated Financial Statements.

Audit Reports

Independent Auditors' Report (Consolidated Statutory Report)

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

Independent Auditors' Report

May 8, 2023

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. as of March 31, 2023 and for the 96th business term from April 1, 2022 to March 31, 2023 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. 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.

Other Information

Other Information consists of the business report and its supporting schedules. It is the responsibility of management to prepare and disclose Other Information. In addition, 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 Other Information reporting process.

Other Information is not included in the scope of our audit opinion on the consolidated statutory report, and we do not express our opinion on Other Information.

Our responsibility in auditing the consolidated statutory report is to read through Other Information and, in the course of reading through Other Information, examine whether there is any significant discrepancy between Other Information and the consolidated statutory report or our knowledge obtained during the process of the audit, and in addition, pay attention to whether there is any sign of material error in Other Information other than such significant discrepancy.

We are required to report to that effect if we determined that there is any material error in Other Information based on the work we carried out.

There is no matter that we should report concerning Other Information.

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 is 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 8, 2023

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. as of March 31, 2023 and for the 96th business term from April 1, 2022 to March 31, 2023 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.

Other Information

Other Information consists of the business report and its supporting schedules. It is the responsibility of management to prepare and disclose Other Information. In addition, 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 Other Information reporting process.

Other Information is not included in the scope of our audit opinion on the statutory report, etc., and we do not express our opinion on Other Information.

Our responsibility in auditing the statutory report, etc. is to read through Other Information and, in the course of reading through Other Information, examine whether there is any significant discrepancy between Other Information and the statutory report, etc. or our knowledge obtained during the process of the audit, and in addition, pay attention to whether there is any sign of material error in Other Information other than such significant discrepancy.

We are required to report to that effect if we determined that there is any material error in Other Information based on the work we carried out.

There is no matter that we should report concerning Other Information.

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 96th business term from April 1, 2022 through March 31, 2023 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 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 12, 2023

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