

1Q FY2022 Earnings Announcement

Event Summary

Date : July 29, 2022 15:30-16:30

Speakers : Akira Tanaka Representative Director, President & CEO
Hitoshi Yamamoto Board Director, Managing Executive Officer
Junichi Onoue Board Director, Managing Executive Officer
Masanori Gunji Board Director, Managing Executive Officer

Presentation

Moderator: It is now time to commence the financial results briefing for Q1 of FY2022 of WOWOW INC. Thank you very much for taking time out of your busy schedule to join us today. Since the previous meeting, we have been using the Zoom webinar format for this information session.

Please note that the content of today's briefing and the question-and-answer session will be transcribed in full via external organizations and posted on our corporate website. Please refer to the materials used in the briefing session, which are available on the Financial Results Briefing Materials page of our IR website. After our briefing, we will accept questions via voice using the "raise your hand" function at the bottom of the screen.

First, I would like to introduce today's attendees:

Akira Tanaka, Representative Director, President & CEO; Hitoshi Yamamoto, Board Director, Managing Executive Officer; Junichi Onoue, Board Director, Managing Executive Officer; Masanori Gunji, Board Director, Managing Executive Officer. These are the attendees for today.

Tanaka will now explain the highlights of the financial results for Q1 of FY2022. President Tanaka, please go ahead.

2022年4月～6月の主なトピックス

スポーツ

- 「UEFAチャンピオンズリーグ」2021-22シーズン決勝や「LPGA女子ゴルフツアー」「全仏オープンテニス」などを放送・配信。
- 伊達公子氏によるテニスジュニア育成プロジェクト『リポピタンPresents 伊達公子xYONEX PROJECT ～Go for the GRAND SLAM～』に参画

音楽

- BTSが出演した「第64回グラミー賞授賞式」やNCT 127初となる東京ドーム公演を放送・配信

ドラマ

- WOWOWとHBO Maxの日米共同制作ドラマ「TOKYO VICE」、連続ドラマW 松本清張「眼の壁」などのオリジナルドラマを放送・配信

イベント/映画

- 「FUJI&SUN」やオリジナル番組「INVITATION」と吉川晃司がコラボレーションしたイベント等を開催。いずれのイベントも7月に放送・配信
- 出資映画『PLAN75』が第75回カンヌ国際映画祭「ある視点」部門でカメラドール特別表彰

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Tanaka: I am Tanaka. Thank you very much for participating in our financial results briefing today. Now, please turn to page three of the slides.

Here are the main topics of Q1.

In sports, we broadcast and transmitted the final of the UEFA Champions League 2021/22 season and the French Open Tennis Tournament. At the French Open, following the Australian Open, all matches and all courts were transmitted.

We also participated in a junior tennis training project run by Kimiko Date. We, together with Ms. Date and tennis fans, would like to support the dreams of these future stars by selling supporting goods, and use the proceeds to pay for the junior players' travel expenses.

In music, we broadcast and transmitted the 64th Annual Grammy Awards ceremony featuring BTS, as well as the first Tokyo Dome performance of the globally popular group NCT 127.

In drama production, we broadcast and transmitted *TOKYO VICE*, a Japan-US co-produced drama series, which received a great response.

In addition, our events included a camp festival event called FUJI&SUN, and an original program called *INVITATION* – a collaboration between a music program and Koji Kikkawa. Both events were also broadcast and transmitted in July.

Moreover, *PLAN75*, the film we funded, won the Caméra d'Or Special Mention at the 75th Cannes International Film Festival. As you may remember from the news, the director of the film, Chie Hayakawa, was a member of our Movie & Entertainment Acquisition Department for about 10 years. We are very happy and proud.

加入

- 「UEFAチャンピオンズリーグ」2021-22シーズン 決勝、NCT 127、「第64回グラミー賞授賞式」などが好評を得たが、前年同期にあった大型スポーツコンテンツの放送・配信がなかったことの影響等により、新規加入件数は減少
- チャンピオンズリーグのシーズン終了など、目的番組の終了に伴い、解約件数が増加したこと等から、正味加入件数は純減

	2021年度1Q	2022年度1Q	前年同期差	前年同期比
新規加入件数	215	133	△82	62.0%
解約件数	177	207	29	116.4%
正味加入件数	38	△73	△111	—
累計正味加入件数	2,829	2,607	△222	92.2%

(単位:千件)

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Slide four shows subscription highlights. In Q1 of FY2022, there were 133,000 new subscriptions and 207,000 cancellations, for a net new subscriptions of negative 73,000. In Q1, sports content such as soccer and tennis, and live music performances by NCT 127 and others, which I mentioned earlier, were well received. However, there was no large-scale sports content such as the UEFA European Football Championships, which we had in the same period last year, which led to a decrease in new subscriptions YoY.

However, compared to FY2020, the year before last, the number of new subscriptions in Q1 was up approximately 33%.

Even so, the number of net new subscriptions was negative due to an increase in the number of cancellations following the end of the UEFA Champions League season and other target programs.

収支（連結）

- 売上高は前年同期と比べ会員収入※1が減少したこと等により減収
- 経常利益は前年同期にあった大型スポーツ番組への戦略的な費用投下がなかったこと等により、黒字に

(単位:百万円)

	2021年度1Q	2022年度1Q	前年同期差	前年同期比
売上高	19,968	19,337	△631	96.8%
経常利益	△322	1,111	1,434	—

※1 旧・有料放送収入。勘定科目名を変更

※2 それぞれ百万円未満は切り捨てております。

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Page five shows the earnings highlights. Net sales decreased compared to the same period of the previous year, mainly due to lower membership revenue. Beginning with Q1 of FY2022, pay TV revenues previously used will be changed to membership revenue. The account names have been changed in line with the transformation to a content community business based on member services.

Ordinary income was positive, mainly due to the absence of strategic investments in major sports programs, etc., which existed in the same period of the previous year.

Now, regarding the details of the figures, Onoue, our accountant, will provide an explanation.

2022年度第1四半期決算 加入状況

WOWOW

(単位:千件)

	2021年度1Q	2022年度1Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	215	133	△82	62.0%
解約件数	177	207	29	116.4%
正味加入件数	38	△73	△111	—
累計正味加入件数	2,829	2,607	△222	92.2%
内) 複数契約*1	393	372	△21	94.7%
内) 宿泊施設契約*2	75	78	3	103.8%

※1 同一契約者による2契約目と3契約目のデジタル契約に割引制度を適用(月額2,530円の視聴料金を990円に割引。金額は税込)

※2 宿泊施設の客室で視聴するための宿泊施設事業者との個別契約

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Onoue: This is Onoue and I am in charge of accounting and IR. I will explain up to the dividend plan on page 14.

First, slide seven is regarding the status of subscriptions.

The number of new subscriptions in Q1 of FY2022 was 133,000, a decrease of 82,000 from the same period last year.

The number of cancellations was 207,000, an increase of 29,000 from the same period last year.

As a result, net decrease in new subscriptions was 73,000. It is a decrease of 111,000 YoY, bringing cumulative net subscriptions to 2.607 million, a decrease of 222,000 YoY.

As explained earlier, new subscriptions increased significantly due to the UEFA European Football Championships in June of the previous year, and cancellations increased due to the end of targeted programs such as the UEFA Champions League season in May. As a result, the number of net subscriptions decreased compared to the same period last year.

2022年度第1四半期決算 収入状況（連結）

(単位:百万円)

	2021年度1Q		2022年度1Q		前年同期比較	
	実績	収入比	実績	収入比	前年同期差	前年同期比
売上高	19,968	100.0%	19,337	100.0%	△631	96.8%
営業利益	△418	△2.1%	1,297	6.7%	1,715	—
経常利益	△322	△1.6%	1,111	5.8%	1,434	—
親会社株主に帰属する 四半期純利益	△185	△0.9%	773	4.0%	958	—

※それぞれ百万円未満は切り捨てております。

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Please turn to slide eight for income and expenditure. Sales decreased and profits increased in Q1 of FY2022 compared to the same period of the previous fiscal year. Sales were JPY19.337 billion, a decrease of JPY631 million YoY. Ordinary income was JPY1.111 billion, an increase of JPY1.434 billion YoY.

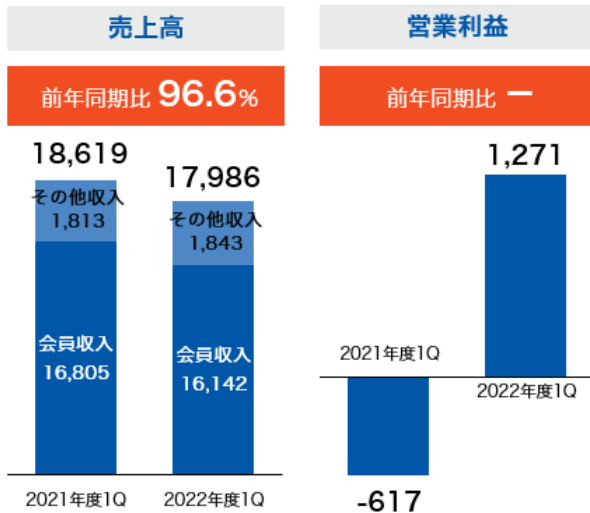
Factors behind the changes will be explained in the following pages.

セグメント別連結売上高/営業利益対比

WOWOW

メディア・コンテンツ

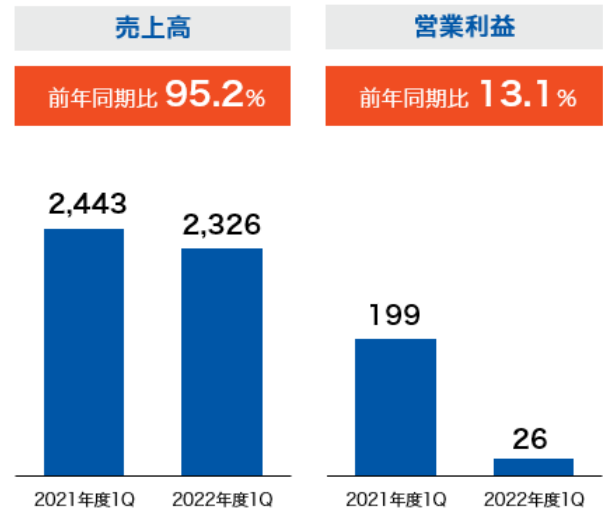
(単位:百万円)



※それぞれ百万円未満は切り捨てております。
 ※各セグメントの金額は、セグメント間取引を含んでおります。

テレマーケティング

(単位:百万円)



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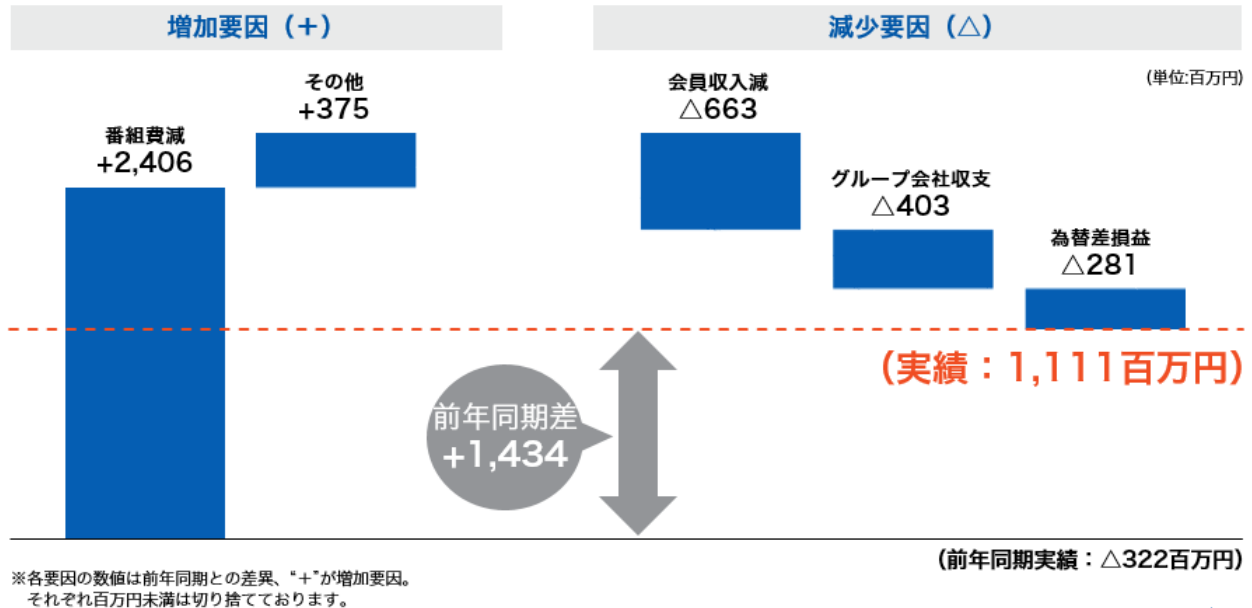
Slide nine shows the performance of each segment. In the media contents segment, membership revenue, which are primarily customer viewing fee revenues, account for the majority of net sales.

Sales decreased by JPY632 million YoY, mainly due to a JPY663 million decrease in membership revenue from the impact of the decline in cumulative net subscriptions.

Operating income increased by JPY1.889 billion YoY, mainly due to the impact of the absence of broadcasting and transmission of major sports content, which was the case in the same period of the previous year. The telemarketing segment is the business of the consolidated subsidiary WOWOW COMMUNICATIONS INC.

Sales decreased JPY117 million YoY, mainly due to a decrease in the Group's internal sales. Operating income decreased by JPY173 million YoY due to a decrease in internal sales.

連結経常利益 前年同期との差異要因



Slide 10 shows the consolidated ordinary income factors and the difference from the previous period. The left part is the factor that increases profit and the right part is the factor that decreases profit.

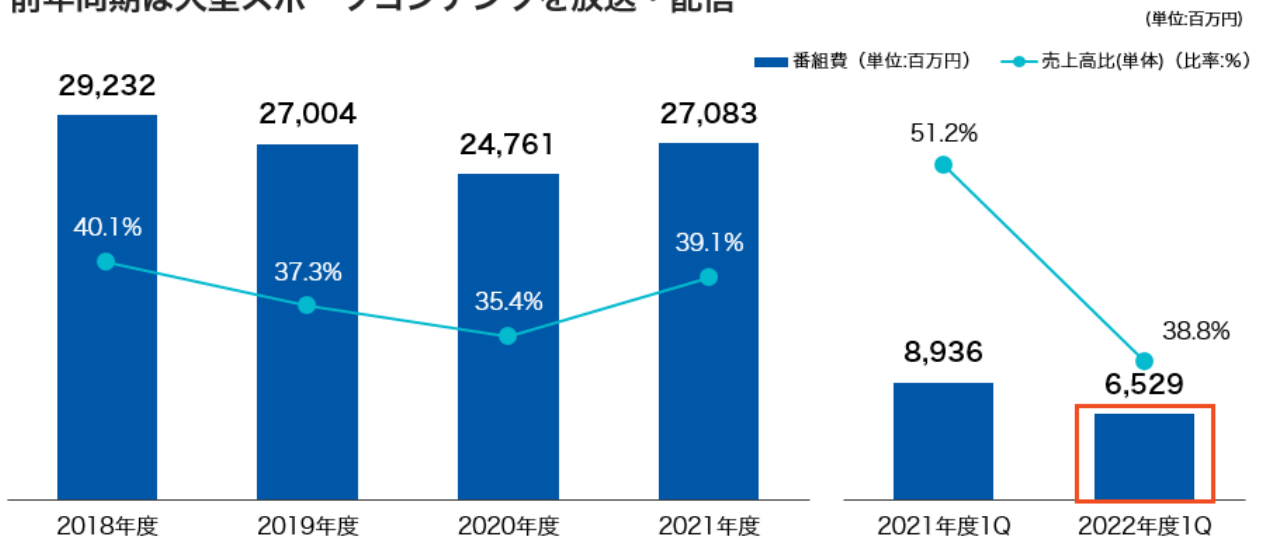
First, on factors that increase profit. Program cost decreased by JPY2.406 billion; I will explain the details on the next page. Other items were mainly due to a decrease in sales promotion and advertising expenses.

Next, the factors that decrease profit. Membership revenue decreased by JPY663 million. Group company income and expenditures deteriorated by JPY403 million due to a decrease in sales, and upfront investment in expenses compared to the same period of the previous year.

In addition, the sharp depreciation of the yen since the end of the previous fiscal year resulted in a valuation loss on foreign currency-denominated accounts payable recorded at the end of the previous fiscal year, resulting in a foreign exchange loss. Although we hedged the risk of exchange rate fluctuations by making forward exchange contracts, this time we recorded a net loss due to the rapid depreciation of the yen between recording the accounts payable and booking contracts.

番組費の推移

前年同期は大型スポーツコンテンツを放送・配信



※数値はすべて単体
 ※それぞれ百万円未満は切り捨てております。

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Slide 11 shows the changes in program cost. Program cost decreased JPY2.406 billion YoY, mainly due to the fact that there was the broadcasting and transmission of major sports content such as the UEFA European Football Championships and original dramas commemorating the station's 30th anniversary in the same period last year.

2022年度、2023年度 加入計画 (2022年5月13日公表値)

WOWOW

(単位:千件)

	2021年度 実績	2022年度 計画	前期比較		2023年度 計画
			前期差	前期比	
新規加入件数	612	580	△32	94.8%	
解約件数	723	630	△93	87.1%	
正味加入件数	△111	△50	61	—	—
累計正味加入 件数	2,680	2,630	△50	98.1%	2,630

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Slide 12 is about subscription plans. The figures you see are unchanged from those announced in May. As of Q1, there was net decrease of 70,000 in the number of subscriptions, about 20,000 more than the planned net decrease of 50,000. In the plan, we had assumed that there would be some churn in Q1 due to the termination of soccer and music content.

WOWOW's exclusive sports content will begin in September with the UEFA Champions League 2022/23 season and the start of the US Open Tennis Tournament. We will enhance promotions in order to attract customers who cancelled their subscriptions due to the end of the target programs, and this will also lead to continued subscriptions through the implementation of community and other measures.

2022年度 収支計画(連結) (2022年5月13日公表値)

(単位:百万円)

	2021年度実績		2022年度計画		前期比較	
	実績	収入比	計画	収入比	前期差	前期
売上高	79,657	100.0%	76,500	100.0%	△3,157	96.0%
営業利益	5,268	6.6%	2,300	3.0%	△2,968	43.7%
経常利益	5,349	6.7%	2,500	3.3%	△2,849	46.7%
親会社株主に帰属する 当期純利益	4,239	5.3%	1,600	2.1%	△2,639	37.7%

※番組費：単体の売上高比として約38.0%を見込む (2022年度 単体売上高予想：66,700百万円)
 ※想定為替レート：1ドル125円 ※それぞれ百万円未満は切り捨てております。

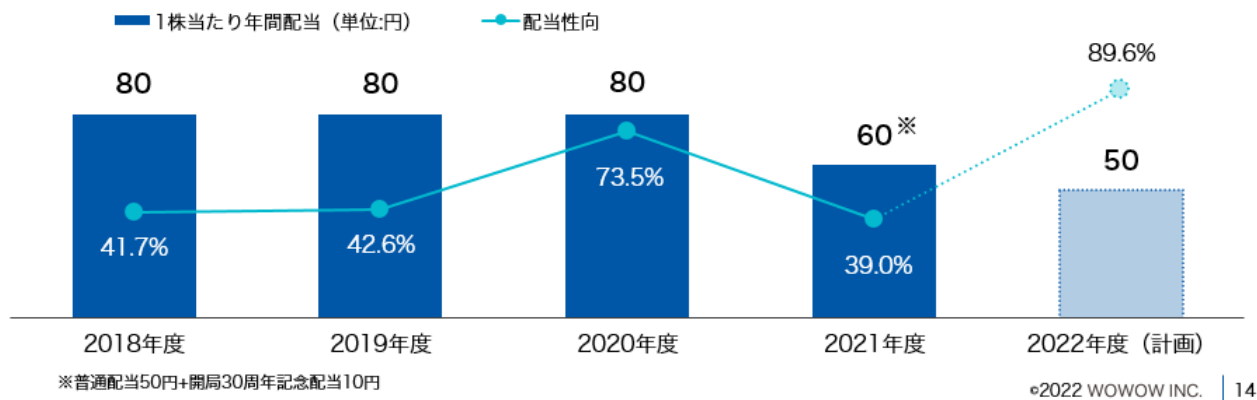
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Slide 13 is about the income and expenditure plan for FY2022. There is no change from the May forecast. We will aim for consolidated ordinary income of JPY2.5 billion.

配当方針

各事業年度の業績、財務体質の強化、中長期事業戦略などを総合的に勘案して、内部留保の充実を図りつつ、継続的に安定的な配当を目指しております。

5カ年配当推移/配当性向



Slide 14 is the dividend plan. There is no change from the May forecast. We plan to pay a dividend of JPY50 per share.

That is all from me.

Moderator: Next, future initiatives will be explained.

Tanaka: On the 27th of this month, the night before last, we relaunched WOWOW On-Demand.

First, Gunji, the director in charge of the project, will give an explanation about this. Mr. Gunji, please go ahead.



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Gunji: I am Gunji, the person in charge. Thank you.

Please see slide 16. WOWOW On-Demand, with a newly revamped UI and UX, was launched on the 27th.

The main points of the renewal are introduced on the next page.

1.スポーツジャンルの見せ方の工夫

コンテンツ数が最も多いスポーツは、競技、大会ごとにページを設けたほか、サムネイルも新規に作成し、より見やすく、探しやすくした。ライブ中の競技はトップページ等で表示し、見逃さない工夫も。

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Page 17, please. The first point is that we have changed the screen design to make it easier for customers to understand and use.

In particular, for sports with the largest amount of content, a page was created for each competition and tournament, and new thumbnails were also created. Competitions being streamed live are displayed on the top page and other pages to ensure that they are not missed, making it easier for customers to view and search for content.

2.WOWOWオンデマンド独自の特集

多様なジャンルのコンテンツを有していることを活かし、映画やドラマなど、ジャンルミックスした特集を WOWOWオンデマンド独自で実施。また、何を見ていいかわからないお客さまにも、気軽にコンテンツをご覧いただくために、「おすすめ」メニューを作成



3.その他追加機能等

- チャット機能
- ダウンロード機能
- バックグラウンド再生
- 自動Picture-in-Picture再生
- プッシュ通知、メール配信
- キャスト、スタッフごとの作品検索
- 画質向上など

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Please turn to slide 18. The second is an effort to encourage customers to view content other than their target program.

WOWOW On-Demand will feature a mix of genres, including movies and dramas, by taking advantage of its diverse genre content, which is one of the strengths of the Company. We have also created a menu of recommendations for customers who do not know what to watch, so that they can easily watch our content.

In addition, it has a chat function, a content download function, and a background playback function. We have also improved image quality, among other things. We plan to start TVOD and add other features that will lead to new ways of enjoyment by the end of FY2022.

For example, we are considering a function that would allow highlights and player data to be displayed in real time during live streaming of sports and other events. Through these efforts, we will increase the amount of time people spend in contact with WOWOW On-Demand, thereby raising the level of satisfaction and increasing the subscription retention rate.

7月27日(水)より、Panasonic 4Kテレビ「ビエラ」に対応

テレビデバイス対応状況

AQUOS

BRAVIA

Google Chromecast

Amazon FireTV

J:COM

FUNAI/FireTV

KDDI ケーブルプラス STB-2



新規対応



対応機器の詳細はWOWOWオンデマンドのサービス概要ページをご覧ください
<https://www.wowow.co.jp/wod/info/>

Slide 19, please. Furthermore, WOWOW On-Demand is sequentially expanding the number of compatible TV devices. Smart TVs from Sharp, Sony, and others are equipped with the WOWOW On-Demand app, but starting July 27, Panasonic 4K VIERA TVs released in 2017 or later will be compatible with WOWOW On-Demand.

By the end of FY2022, we aim to further equip TV models with WOWOW On-Demand from manufacturers that do not yet support it. That is all from me.

全米オープンテニスで錦織 圭選手が復帰予定

WOWOW



全米オープンテニス

8月29日(月)～9月12日(月)連日生中継[第1日無料放送]

WOWOWオンデマンドおよび
WOWOWテニスワールドで
全試合・全コートのライブ配信を実施

© AFP/REUTERS, N. J. COOPER, 大塚由紀夫, C. P. RAY, S. D. MAYER/JEFF J. JEFFREY/Getty Images, 藤原まこと/フォトバンク 写真工房



欧州サッカー UEFA チャンピオンズリーグ 2022-23シーズン

プレーオフ 8月17日(水)スタート
グループステージ 9月7日(水)スタート
グループステージ毎節10試合生放送
※9月7日(水)、8日(木)を除く
決勝トーナメント全試合生放送
グループステージ～決勝まで
全125試合 独占ライブ配信

Getty Images



畑岡・笹生・古江・渋野ら 出場予定! LPGA女子ゴルフツアー メジャー 全英AIG 女子オープン

8月4日(木)～7日(日)
連日生中継 [大会第1日無料放送]

Getty Images/ロビン・クーパー/Getty Images, コーリー・スミス/ロビン・クーパー/Getty Images, 田村和也/写真工房, 写真工房

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Tanaka: We have just spoken about the new WOWOW on-Demand. Thankfully, we are receiving very supportive feedback from our customers.

I would like to add some additional information about other content.

Please see page 20. The US Open Tennis Tournament, which will mark the 30th anniversary of its broadcasts on our company, will begin in August. The highlight of the event will be the participation of Kei Nishikori, who has been undergoing rehabilitation since undergoing surgery in January of this year and is now aiming for a comeback.

Nishikori is scheduled to return to the Winston-Salem Open, a prelude to the US Open Tennis Championships, which will be held from August 20. Nishikori will be making his return to the tournament after a 10-month absence, and we have high expectations for his performance.

For the US Open Tennis Tournament, all matches on all courts will be broadcast live, and the men's and women's singles finals will also be broadcast live in 4K on WOWOW On-Demand and WOWOW Tennis World.

ブロードウェイミュージカルの日本版制作を初プロデュース

WOWOW

	 <p>映画『アキラとあきら』</p> <p>8月26日(金) 全国東宝系にて公開</p>
<p>ブロードウェイミュージカル『ジャニス』</p> <p>8月23日(火)、25日(木)、26日(金)</p> <p>ジャニス・ジョプリン: アイナ・ジ・エンド アレサ・フランクリン: UA ニーナ・シモン / ブルース・シンガー / ジョプリナーズ: 浦嶋りんこ オデッタ / ベッシー・スミス: 藤原さくら エタ・ジェイムス: 長屋晴子(緑黄色社会) 総合プロデューサー: 亀田誠治 会場: 東京国際フォーラム ホールA</p>	<p>吉田羊 Night Spectacles The Parallel ~ウタウヒツジ~ 25th Anniversary Special</p> <p>9月22日(木)、23日(金・祝) 会場: Billboard Live TOKYO</p>

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Slide 21, please. WOWOW has focused on the field of musicals, including the Tony Awards ceremony, the original Green & Blacks program, and community services such as the WOWOW Musical Lounge.

We are pleased to announce that for the first time we will be producing a Japanese production of a Broadway musical. This Broadway musical, *Janis*, is based on the concept of a one-night concert one week before the death of that legendary rock star Janis Joplin, who changed the course of American music history.

The role of Janice will be played by AiNA THE END, who is also a member of BiSH. As you can see from the materials distributed to you, this is a musical of an unprecedented type, with Seiji Kameda as the overall producer, and a lineup of very splendid musicians. Expectations are high for this title.

We also have a movie being featured. *Akira and Akira*, which aired as a serial drama W in 2017, has been adapted into a movie, with a new cast and other changes. In conjunction with the theatrical release of the film on August 26, we will feature the drama and movie based on Jun Ikeido's novel.

As a reminder, we are pleased to announce that *Shylock's Children*, also based on Jun Ikeido's novel, will be broadcast and transmitted as a serial drama series W in October. The lead actor here is Yoshihiko Inohara.

In addition, as a new initiative, a series of concerts by actors, *Night Spectacles*, will begin in September. The first in this series will be Yo Yoshida, who celebrates the 25th anniversary of her debut in 2022. We hope you will enjoy the concert by Ms. Yo Yoshida.

Moderator: That is all from us.

Question & Answer

Moderator: We will now move on to the question-and-answer session. We are now taking questions. Thank you.

Anybody?

Since you do not seem to have any questions, may I?

Then, we will conclude the question-and-answer session.

Lastly, President Tanaka, please give us a few words.

Tanaka: Thank you very much for your participation today. COVID-19 is raging throughout Japan. How are you all doing? Naturally, the infection has spread to our employees and workers, and we are taking precautions.

Fortunately, the broadcasting business has not been affected, but some business activities have been affected. We had planned to hold a musical event called *Disney Broadway Hits* this week, but were forced to postpone it because Alan Menken, the star of the show, was unable to come to Japan due to testing positive for COVID-19.

In addition, several other events for which we have contracted recording services have been cancelled. As I mentioned earlier, we have a number of events coming up, and we are concerned about how they will be impacted.

We would appreciate your continued support. Thank you very much for today.

Moderator: This concludes the financial results briefing for Q1 of FY2022. Thank you very much for your participation today.

[END]