

2Q FY2022 Earnings Announcement

Event Summary

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

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

Presentation

Moderator: Now that we are at the appointed time, WOWOW INC. will hold the financial results briefing for Q2 of the fiscal year ending March 31, 2023. Thank you very much for taking the time out of your busy schedule to join us today.

Please note that a full transcript of today's presentation and Q&A session will be posted on our corporate website through an external organization. For the materials to be used in the presentation, please refer to our IR site, financial results briefing materials page.

After we have finished our explanation, you can use the raise your hand function at the bottom of the screen to post questions by voice. We will send you a request to unmute in turn, so please ask your questions after you have been unmuted.

Now, I would like to introduce today's speakers: Akira Tanaka, Representative Director, President & CEO; Hideki Tashiro, Board Director, Managing Executive Officer; Hitoshi Yamamoto, Board Director, Managing Executive Officer; Junichi Onoue, Board Director, Managing Executive Officer; and Masanori Gunji, Board Director, Managing Executive Officer. These five are the attendees for today.

Tanaka will now present the financial highlights for Q2 of fiscal year ending March 31, 2023. President Tanaka, please go ahead.

2022年度第2四半期決算 ハイライト①

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加入

- 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、解約件数ともに前年同期よりも減少
- サッカーの新シーズン開幕や音楽ライブ等が新規加入件数に貢献。さらに、WOWOWオンデマンドのリニューアルや、映画コンテンツの充実などがお客さまの満足度が向上につながり、解約が抑えられたため、8月、9月と2カ月連続で正味加入件数は純増

(単位:千件)

	2021年度2Q	2022年度2Q	前年同期差	前年同期比
新規加入件数	335	282	△53	84.1%
解約件数	400	342	△58	85.6%
正味加入件数	△65	△61	4	—
累計正味加入件数	2,727	2,620	△107	96.1%

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Tanaka: I am Tanaka. Thank you very much for participating in our financial results briefing today. Let me begin by presenting some highlights of Q2.

Please refer to page three.

In Q2 of the fiscal year ending March 31, 2023, there were 282,000 new subscriptions and 342,000 cancellations, thus resulting in a net decrease of 61,000 net subscriptions.

Both the number of new subscriptions and cancellations decreased from the same period of the previous year due to the absence of the broadcasting and distribution of major sports content that took place in the same period of the previous year. However, August and September saw a net increase in net subscriptions for the second consecutive month. The quarterly net subscriptions from July to September were also positive for the first time in five quarters, and we feel that the trend in subscriptions is beginning to turn upward.

Factors contributing to new subscriptions included the start of the new soccer season in August and September, such as the Champions League and La Liga. Also, a number of live music performances and other events which had been canceled due to COVID-19 were held after another, including SUMMER SONIC held for the first time in three years. In addition, new subscriptions through distribution increased from the same period of the previous year.

Also, the renewal of WOWOW On-Demand at the end of July, and the fact that the cancellation of subscriptions after July has been kept below target, contributed to the result. Net subscriptions increased by 4,000 compared to the same period last year.

2022年7月～9月の主なトピックス

WOWOWオンデマンド

- 7月27日（水）にWOWOWオンデマンドを新しいUI・UXにリニューアル

スポーツ

- 「UEFAチャンピオンズリーグ」2022-23シーズンや「スペインサッカー ラ・リーガ」「LPGA女子ゴルフツアー」などを放送・配信。
- 「全米オープンテニス」では、全試合・全コート配信&4K生中継に加え、初となる「日本人選手カメラ」配信を実施

音楽

- 宮本浩次、TWICE、LUNA SEA、GLAY、SUMMER SONIC 2022などのライブを放送・配信

ドラマ

- 連続ドラマW HOTEL -NEXT DOOR-、連続ドラマW 雨に消えた向日葵、連続ドラマW 鶺鴒川村事件などを放送・配信

映画/イベント

- WOWOW FILMS『アキラとあきら』を8月26日（金）より全国劇場公開
- ブロードウェイミュージカル『ジャニス』や俳優によるコンサート「Night Spectacles」シリーズを上演

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Page four of the slide shows the topics for July through September.

As I mentioned earlier, in addition to the favorable reception of live entertainment such as sports and music content as shown here, the renewal of WOWOW On-Demand and the enrichment of movie content has helped to curb cancellations.

Regarding the renewal of WOWOW On-Demand in July, we have improved the appearance and operability of the service, and in terms of functionality, we have enabled background playback and content downloading, and increased the number of compatible TV models. As a result, we have received positive feedback from customers. We are still working daily to make improvements.

Finally, as for events, *Janis*, a musical about the life of Janis Joplin, was held at the Tokyo International Forum in August. This was the first time our company produced a Japanese production of a Broadway musical, and it ended with great success.

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増益

(単位:百万円)

	2021年度2Q	2022年度2Q	前年同期差	前年同期比
売上高	40,185	38,463	△1,722	95.7%
経常利益	1,780	2,065	284	116.0%

※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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Please refer to page five. Here are the highlights of this quarter.

Net sales decreased mainly due to lower membership revenues compared to the same period of the previous year. Ordinary income increased mainly due to the absence of strategic spending on major sports programs, which was the case in the same period of the previous year.

Onoue, in charge of accounting, will explain the details of the figures.

2022年度第2四半期決算 加入状況

(単位:千件)

	2021年度2Q	2022年度2Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	335	282	△53	84.1%
解約件数	400	342	△58	85.6%
正味加入件数	△65	△61	4	—
累計正味加入件数	2,727	2,620	△107	96.1%
内) 複数契約*1	390	368	△21	94.6%
内) 宿泊施設契約*2	77	80	3	103.4%

※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: I am Onoue in charge of accounting and IR. I will explain it myself until the dividend plan on page 14.

First, slide seven, subscription status.

The number of new subscriptions in Q2 of FY2022 was 282,000, a decrease of 53,000 from the same period last year.

The number of cancellations was 342,000, a decrease of 58,000. Both the number of new subscriptions and cancellations decreased, mainly due to the absence of the 2020 UEFA European Football Championship which were broadcasted and distributed in the same period of the previous year. As a result, subscriptions decreased by 61,000 and net increased by 4,000. In addition, the cumulative net subscriptions totaled 2.62 million, a decrease of 107,000.

2022年度第2四半期決算 収支状況（連結）

(単位:百万円)

	2021年度2Q		2022年度2Q		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	40,185	100.0%	38,463	100.0%	△1,722	95.7%
営業利益	1,537	3.8%	2,131	5.5%	593	138.6%
経常利益	1,780	4.4%	2,065	5.4%	284	116.0%
親会社株主に帰属する 四半期純利益	1,299	3.2%	1,333	3.5%	33	102.6%

※それぞれ百万円未満は切り捨てております。

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Slide eight shows the consolidated income and expenses.

Compared with the same period of the previous year, both sales and income decreased. Net sales were JPY38.463 billion, down JPY1.722 billion. Operating income was JPY2.065 billion, an increase of JPY0.284 billion.

The revision of the earnings forecast was announced on October 27, 2022. Consolidated net sales were up approximately JPY0.1 billion, mainly due to higher-than-planned orders for call center operations from outside customers in the telemarketing segment.

Ordinary income was approximately 1.8 billion higher than planned. This is mainly due to the postponement of program-related expenses and advertising expenses to Q3 and beyond.

There is no change to the full-year forecast. I will explain the details on the next page.

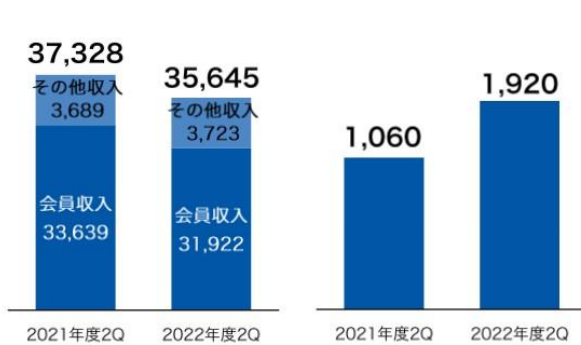
セグメント別連結売上高/営業利益対比

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メディア・コンテンツ

(単位:百万円)

売上高	営業利益
前年同期比 95.5%	前年同期比 181.1%

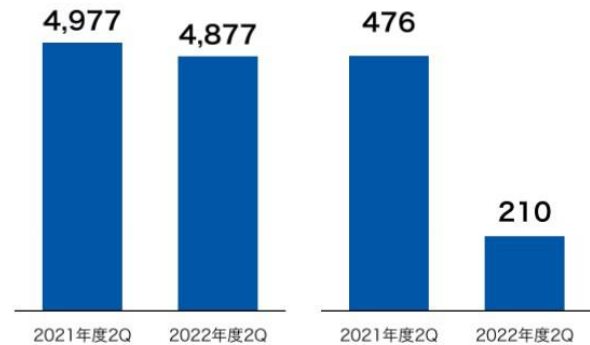


※それぞれ百万円未満は切り捨てております。
 ※各セグメントの金額は、セグメント間取引を含んでおります。

テレマーケティング

(単位:百万円)

売上高	営業利益
前年同期比 98.0%	前年同期比 44.2%



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Page nine shows the status by segment.

First is the media content segment. Membership revenues, which are viewing fees from customers, account for majority of sales.

Net sales decreased by JPY1.682 billion, mainly due to a JPY1.717 billion decrease in membership revenue from the same period of the previous year, caused by a decline in cumulative net subscriptions.

Operating income increased by JPY0.859 billion, mainly due to the absence of broadcasting and distribution of major sports content, which was the case in the same period of the previous year.

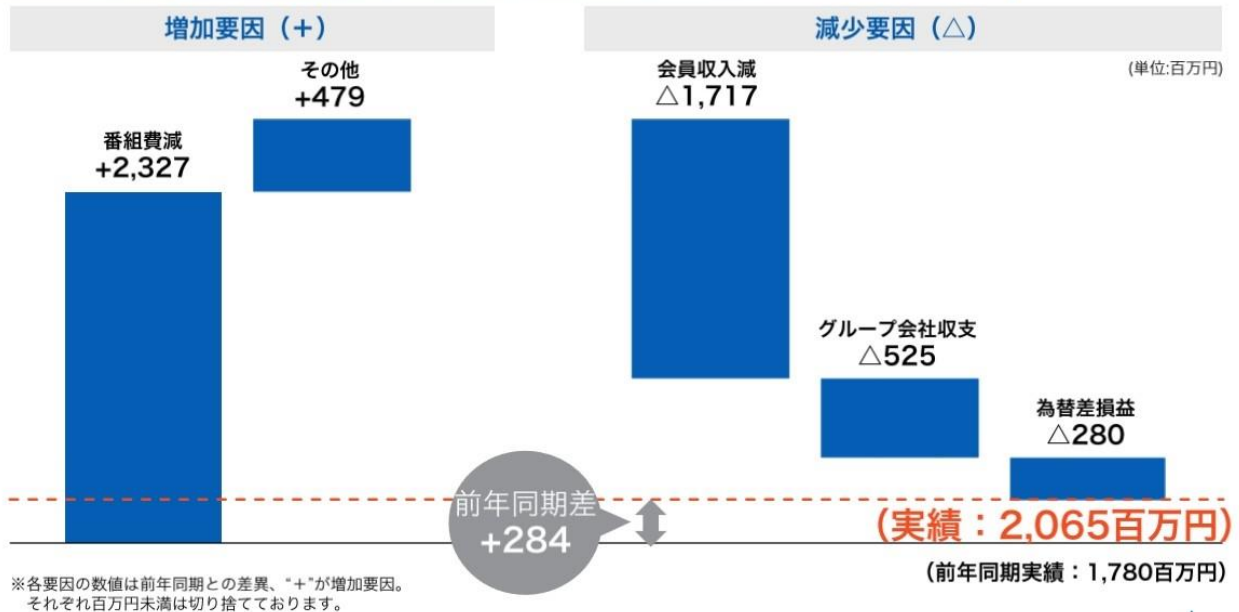
Next is the telemarketing segment. This business is conducted by WOWOW Communications, Inc, a consolidated subsidiary.

Net sales decreased JPY0.1 billion due to a decrease in the Group's internal sales.

Operating income decreased by 0.266 billion due to the decrease in sales and the initial cost for new orders from external customers.

連結経常利益 前年同期との差異要因

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Slide 10 shows the variance factors for consolidated ordinary income. The left side shows the increase in profit and the right side shows the decrease.

The first factor is the increase. Program expenses decreased by JPY2.327 billion. I will explain the details on the next page. Others are mainly due to a decrease in sales promotion expenses and commissions paid to cable TV routes and others, mainly due to a decrease in subscriptions.

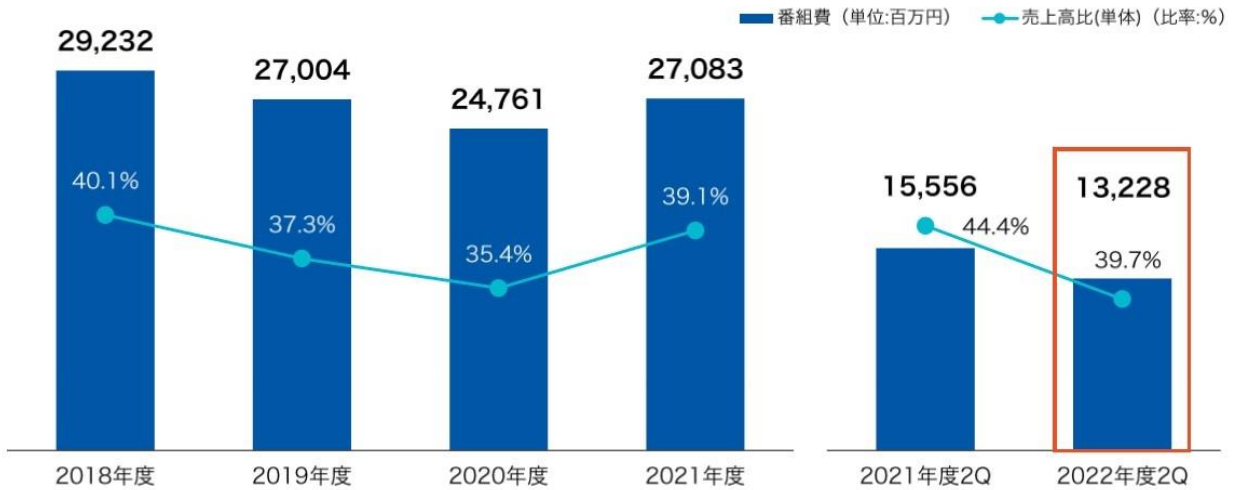
Next are the declining factors. Membership income decreased by JPY1.717 billion. Group company income deteriorated by JPY0.525 billion due to a decrease in sales and prior investment in expenses compared to the same period of the previous year.

In addition, the sharp depreciation of yen since the end of the previous fiscal year resulted in a valuation loss on foreign currency-denominated accounts payable, which had been recorded at the end of the previous fiscal year, and a foreign exchange loss was recorded. Although the Company hedges its exposure to foreign exchange rate fluctuations by foreign exchange forward contracts, in this case the sudden depreciation of yen between the recording of the accounts payable and the booking of the forward contracts resulted in the recording of a net loss.

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

(単位:百万円)



※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 trend of the program expenses.

Programming expenses decreased by JPY2.327 billion from the same period of the previous fiscal year, mainly due to the absence of broadcasting and distribution of major sports content such as the 2020 UEFA European Football Championship in the same period of the previous fiscal 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, subscription plan.

There is no change from the value announced in May. We plan to have an annual net subscription, minus 50,000. In the next fiscal year, we plan to raise the number of net subscriptions to the level of plus/minus zero, and turn it into a positive trend.

2022年度 収支計画(連結) (2022年10月31日公表値)

WOWOW

(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145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 shows the revenue and expenditure plan for FY2022. These are consolidated results.

The Company aims to achieve net sales of JPY76.5 billion and ordinary income of JPY2.5 billion.

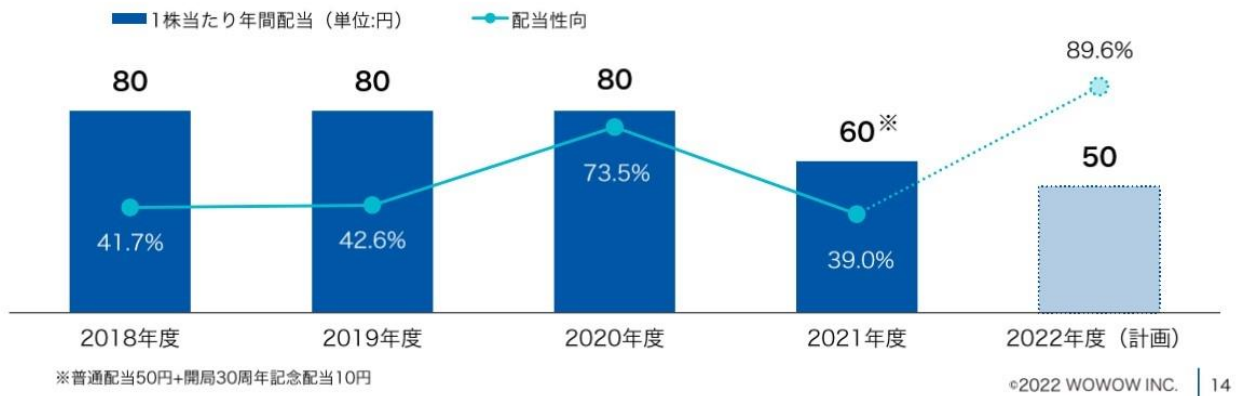
There is no change in income and expenses from the May forecast, but the assumed exchange rate of US dollar has been changed from JPY125 to JPY145 in the light of recent exchange rate trends. Since the Company conducts foreign currency transactions in the purchase of broadcasting rights from overseas, a weaker yen will result in higher costs. However, since the Company hedges risks by individual forward exchange contracts, etc., for payments of large contents, the impact on the Company's financial results for the current fiscal year is negligible. However, if yen continues to depreciate in the future, it may lead to an increase in program procurement costs in the future.

2022年度 配当計画 (2022年5月13日公表値)

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 shows the FY2022 dividend plan.

There is no change from the figures announced at the beginning of the fiscal year. We plan to pay an annual dividend of JPY50 per share.

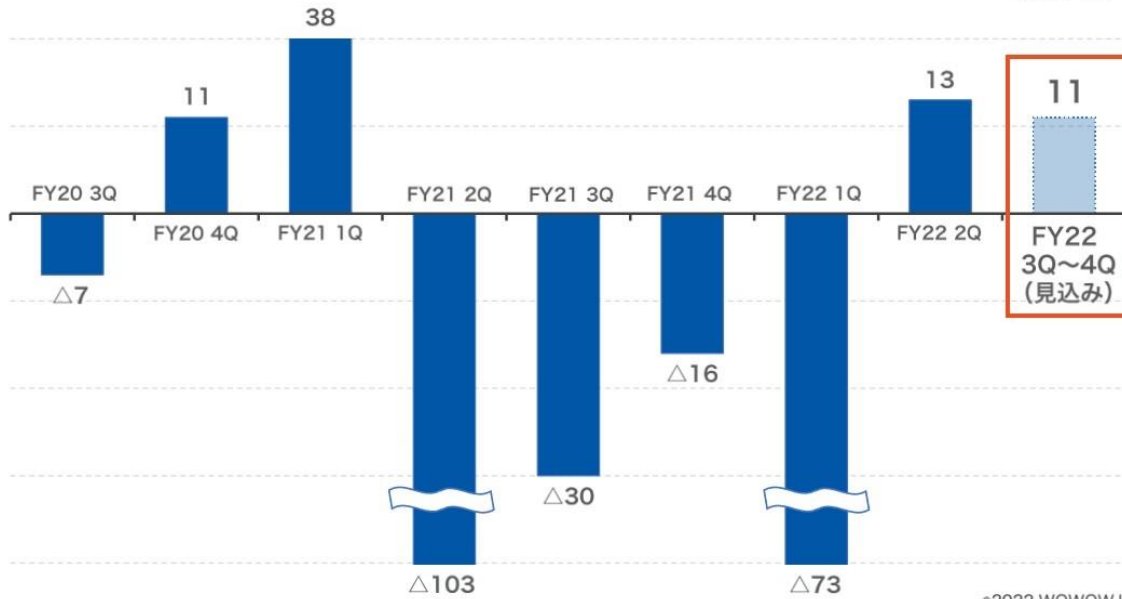
This is the end of my presentation.

Moderator: Next, the directors in charge will explain about future initiatives.

正味加入件数は5四半期ぶりにプラスに転換

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(単位：千件)



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Gunji: I am Gunji, in charge of customer experience.

Please refer to slide 16. This is the quarterly trend of net subscriptions.

Net subscriptions have been in a net decline since Q2 of FY2021 due to the termination of viewing of purpose-built programs, but for the first time in five quarters, net subscriptions are positive.

From Q3 onward, in addition to delivering attractive contents, we aim to achieve a net increase of 11,000 net subscriptions by implementing measures such as improving the recognition of WOWOW On-Demand through TV commercials and digital advertisements, continuous improvement of WOWOW On-Demand and the launch of TVOD.

加入手続きの簡素化ならびに利便性の向上で、さらに多くのお客さまがWOWOWをお楽しみいただけるように



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Please refer to slide 17. Here are some specific examples of measures.

In H1, WOWOW On-Demand significantly expanded its content, improved its UI/UX, and expanded the number of compatible TV devices.

By improving the convenience of the WOWOW subscription process, more customers will be able to enjoy WOWOW.

From October 25, Apple TV and REGZA, a non-Android TV model released in 2022, will support WOWOW On -Demand. REGZA was previously limited to models with Android TV, but now it is also compatible with non-Android TV models.

We will continue to make various efforts to meet the needs and lifestyles of our customers.

	<p>ラグビー テストマッチ 2022 オータム・ネーションズ シリーズ</p> <p>10月30日(日)~11月27日(日)</p>		<p>WOWOW テニススペシャル ありがとう、 ロジャー・フェデラー</p> <p>11月19日(土)</p>
	<p>久保建英 スペシャル ドキュメンタリー</p> <p>12月放送・配信予定</p>		<p>男子テニス Nitto ATPファイナルズ</p> <p>11月13日(日)~11月20日(日)</p>

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Tashiro: I am Tashiro in charge of content strategy. I will explain about the upcoming programs, although there are some parts that overlap with the VTR.

Please refer to slide 18.

In November, we decided to have live broadcasts of Japan's national rugby team matches for two consecutive weeks. We will bring you England vs Japan on the 12th and France vs Japan on the 20th. Please look forward to The Autumn Nationals featuring two matches in hostile territories which will be a test for the Rugby World Cup starting next September, as well as the powerful nations battling it out.

Also, Roger Federer retired from active duty at the Laver Cup last month. In his last match, he teamed up with longtime rival Rafael Nadal for a doubles match and it became the talk of the town. On November 19, WOWOW will present a special program reviewing Federer's achievements. On this day, the 19th, Federer is visiting Japan for a UNIQLO event, and we are currently negotiating an appearance on WOWOW.

In tennis, WOWOW On-Demand will present the climax of the men's professional tennis season, the men's tennis Nitto ATP Finals, exclusively on WOWOW.

年末に向けて人気アーティストのライブが続々登場

WOWOW

	<p>SEKAI NO OWARI DOME TOUR 2022 「Du Gara Di Du」</p> <p>11月27日(日)</p>		<p>連続ドラマW 両刃の斧</p> <p>11月13日(日)スタート (全6話) [第1話無料放送]</p>
	<p>back number 「SCENT OF HUMOR TOUR 2022」</p> <p>11月19日(土)</p>		<p>FBI4: 特別捜査班</p> <p>12月17日(土)スタート (全22話) [第1話無料放送]</p>

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Slide 19, please.

In November, we will feature SEKAI NO OWARI which became the center of attention on social networking sites and from all quarters for the unique dance performed in the music video for *Habit*. This is an exclusive look at their first Tokyo Dome performance.

In addition, we will broadcast and distribute live performances by back number, Kishidan Expo 2022, which will be held locally in Chiba Prefecture for the first time in three years, and TUBE's performance at Yokohama Stadium. We plan to bring you a series of live performances by popular artists in December too.

In the field of foreign dramas, WOWOW On-Demand will exclusively distribute all seasons of popular foreign dramas such as *FBI* and *S.W.A.T.*, which are the killer contents of foreign dramas. This will further enhance the WOWOW On-Demand lineup.

That is all from me.

Moderator: This is the end of our presentation.

Question & Answer

Moderator: We will now move on to the question & answer session. Do we have any questions? Since there are no questions, we will finish the session.

Finally, President Tanaka, please say a few words.

Tanaka : Once again, thank you for joining us today.

As reported, the number of subscribers decreased by a net 61,000 at the end of H1, but the net increase in the number of subscribers in Q2 and the renewal of WOWOW On Demand in July are expected to bring positive results in the future.

Although we expect a net decrease again in October, we believe it is meaningful that the churn rate continues to improve more than expected.

We are sensing a change in the tide, as customer activity, which has been unstable for some time in stay home demand with COVID-19, may be calming down a bit.

We believe that if we can continue to control the churn rate and introduce good content, we can turn around the net increase trend as we did in September.

We hope you will continue to look forward to selected content that is typical of WOWOW. Thank you very much for your time today.

Moderator: I will make another announcement on November 2 regarding the membership mentioned earlier. We kindly ask for your understanding.

This concludes the financial results briefing for Q2 of the fiscal year ending March 2023. Thank you very much for joining us.

[END]