

3Q FY2022 Earnings Announcement

Event Summary

Date : January 31, 2023 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, we will hold the financial results briefing of WOWOW, Inc. for Q3 of FY2022. Thank you very much for taking 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. Please refer to our IR site, Financial Results Briefing Materials page, for the materials to be used in the presentation. After we have finished our explanation, you can use the raise your hand function at the bottom of the screen to take questions by voice. In turn, we will send you a request to unmute it from here, so please ask your questions after you have unmuted it.

I would now like to introduce the attendees for today's meeting. Akira Tanaka, Representative Director, President, and Chief Executive Officer. Hideki Tashiro, Director, Managing Executive Officer. Director, Managing Executive Officer, Hitoshi Yamamoto. Junichi Onoue, Director, Managing Executive Officer. Director, Managing Executive Officer, Masanori Gunji. These are the attendees for today.

Mr. Tanaka will now present the financial highlights for Q3 of FY2022. President Tanaka, please.

2022年度第3四半期決算 ハイライト①

加入

- 前年同期にあった「UEFA EURO 2020™ サッカー欧州選手権」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
- 10月以降は、新規加入を大きくけん引するコンテンツがなかったことに加え、サッカーワールドカップの影響により、UEFAチャンピオンズリーグの中断期間が通常よりも長かったことなどから解約が増加

	2021年度3Q	2022年度3Q	前年同期差	前年同期比
新規加入件数	460	380	△80	82.7%
解約件数	555	506	△49	91.2%
正味加入件数	△95	△126	△31	—
累計正味加入件数	2,696	2,554	△142	94.7%

(単位:千件)

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Tanaka: My name is Tanaka. Thank you very much for participating in today's online financial results briefing. I will explain from slide three.

Q3 of FY2022 saw 380,000 new subscriptions, 506,000 cancellations, and a net decrease of 126,000 for net subscriptions, a challenging result.

In addition, both the number of new subscriptions and cancellations decreased from the same period of the previous year due to the absence of UEFA European Football Championship™ that was held in the same period of the previous year.

The number of net subscriptions from July to September was the first positive growth in five quarters, and the subscription trend was beginning to turn upward, but from October onward, the number of new subscriptions was sluggish due to the lack of content that would significantly drive new subscriptions.

In addition, due to the World Cup, UEFA Champions League and the Spanish League were suspended for about a month longer than usual, resulting in an increase in cancellations by customers who were looking for these leagues.

As a result, net subscriptions decreased by a net 31,000 compared to the same period last year.

2022年10月～12月の主なトピックス

スポーツ

- 「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」や「スペインサッカー ラ・リーガ」「LPGA女子ゴルフツアー」、「WOWOWテニススペシャル ありがとう、ロジャー・フェデラー」などを放送・配信

音楽

- 氣志團万博、back number、SEKAI NO OWARI、超特急、ATEEZや[Alexandros]などのライブを放送・配信

ドラマ

- 池井戸潤原作「連続ドラマW シャイロックの子供たち」、「連続ドラマW 両刃の斧」、「FBI4：特別捜査班」などを放送・配信

アニメ

- WOWOW×ソニー・ピクチャーズ×米アニメ配信大手クランチロール、3社共同での大型オリジナルアニメ制作プロジェクトがスタート。第1弾は、沖方 丁原作「ばいばい、アース」

WOWOWオンデマンド

- 新たにWOWOWオンデマンドがApple TV、レグザ AndroidTV非搭載モデル、popIn Aladdin、FUNAIブランド 4K Android TV搭載テレビに対応

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Slide four, page four, topics from October through December.

The sports, music, and original dramas you see were well received.

In the animation field, Sony Pictures and Crunchyroll, a major US animation distribution company, have embarked on a large-scale original animation production project in collaboration with these three companies. The first one is *Bye Bye, Earth* written by Tow Ubukata. Going forward, the three companies will work together to plan, develop, and produce an appealing animated TV series that will be widely enjoyed in Japan and around the world, while leveraging their accumulated know-how and expertise.

The scheduled broadcast and distribution dates will be announced as soon as they are determined.

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、番組費が減少したものの、売上高の減少に加え、WOWOWオンデマンドの認知度向上のために広告宣伝費が増加したこと等により、減益に

	2021年度3Q	2022年度3Q	前年同期差	前年同期比
売上高	59,621	57,633	△1,987	96.7%
経常利益	4,948	4,181	△767	84.5%

(単位:百万円)

※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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Continued on page five, income and expenditure highlights.

Net sales decreased mainly due to lower membership revenues compared to the same period of the previous year.

Ordinary income decreased due to lower sales and higher advertising expenses, despite lower program expenses.

The details of the figures will be explained by Onoue, the accounting officer, later in this presentation.

2022年度第3四半期決算 加入状況

WOWOW

(単位:千件)

	2021年度3Q	2022年度3Q	前年同期比較	
			前年同期差	前年同期比
新規加入件数	460	380	△80	82.7%
解約件数	555	506	△49	91.2%
正味加入件数	△95	△126	△31	—
累計正味加入件数	2,696	2,554	△142	94.7%
内) 複数契約*1	384	362	△22	94.4%
内) 宿泊施設契約*2	77	81	3	104.1%

※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: My name 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, page seven, subscription status.

The number of new subscriptions in Q3 of FY2022 was 380,000, a decrease of 80,000 from the same period last year.

The number of cancellations was 506,000, a decrease of 49,000.

The number of new subscriptions and cancellations both decreased due to the impact of UEFA European Football Championship™ broadcast and distributed in the same period of the previous year.

As a result, net subscriptions decreased by 126,000, a net decrease of 31,000, and cumulative net subscriptions were 2,554,000, a decrease of 142,000.

2022年度第3四半期決算 収支状況（連結）

(単位:百万円)

	2021年度3Q		2022年度3Q		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	59,621	100.0%	57,633	100.0%	△1,987	96.7%
営業利益	4,690	7.9%	4,131	7.2%	△559	88.1%
経常利益	4,948	8.3%	4,181	7.3%	△767	84.5%
親会社株主に帰属する 四半期純利益	3,520	5.9%	2,807	4.9%	△712	79.8%

※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, page eight, shows the consolidated income and expenses.

Both sales and profits decreased compared with the same period of the previous year.

Net sales decreased JPY1,987 million to JPY57,633 million, and ordinary income decreased JPY767 million to JPY4,181 million.

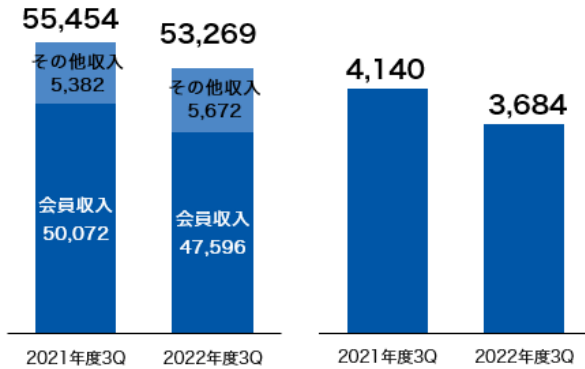
セグメント別連結売上高/営業利益対比

WOWOW

メディア・コンテンツ

(単位:百万円)

売上高	営業利益
前年同期比 96.1%	前年同期比 89.0%

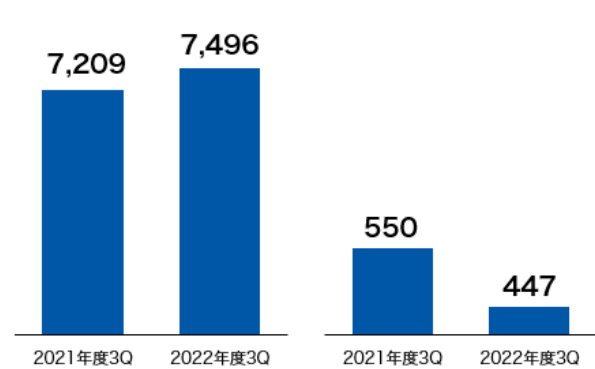


※それぞれ百万円未満は切り捨てております。
 ※各セグメントの金額は、セグメント間取引を含んでおります。

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 104.0%	前年同期比 81.3%



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Slide nine, page nine, by segment.

First is the media content segment. The majority of our revenues come from membership income, which is primarily a viewing fee paid by our customers.

Net sales decreased by JPY2,185 million, mainly due to a JPY2,475 million decreases in membership income compared to the same period last year, despite an increase in sales outside the Group by subsidiaries.

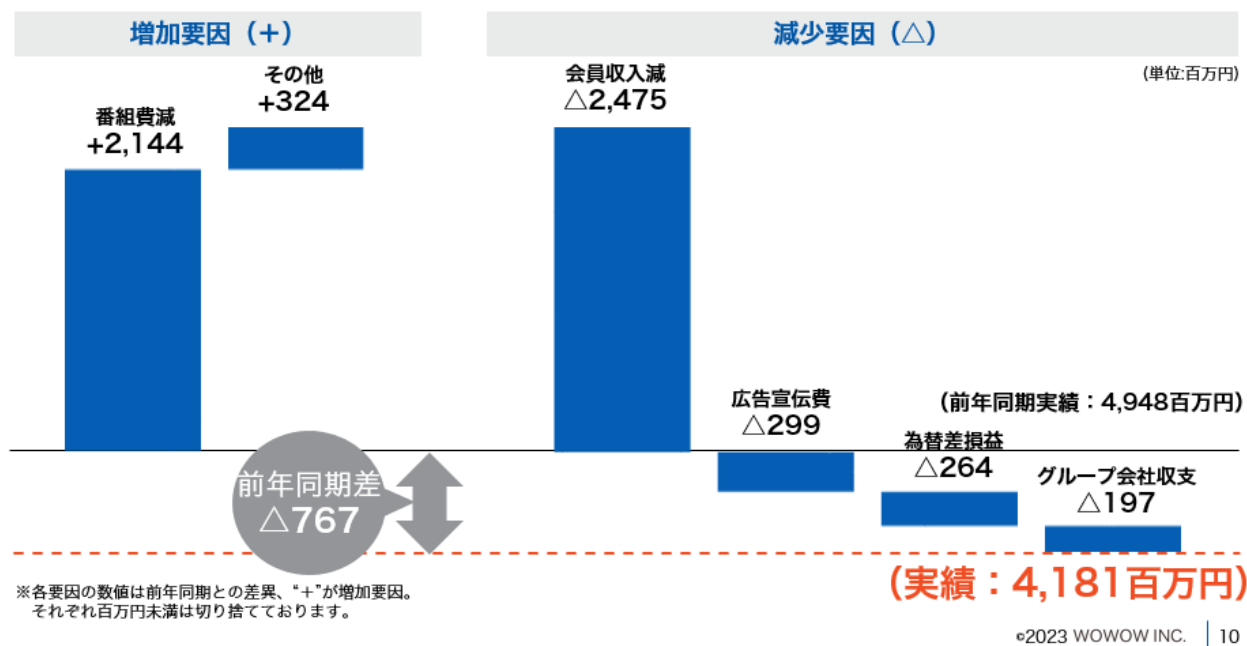
Operating profit decreased by JPY456 million, mainly due to lower sales and higher advertising expenses, despite lower program costs.

Next is the telemarketing segment. This business is conducted by WOWOW COMMUNICATIONS INC., a consolidated subsidiary.

Net sales increased by JPY286 million, mainly due to an increase in sales outside the Group.

Operating profit decreased by JPY103 million, mainly due to initial costs incurred for new orders from customers outside the Group.

連結経常利益 前年同期との差異要因



Slide 10, page 10, is the variance factors for consolidated ordinary income. The left portion is the increasing factor of profit, and the right portion is the decreasing factor.

First, the increase factor. Program expenses decreased by JPY2,144 million. Details are explained 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, the decline factor. Membership income decreased by JPY2,475 million.

Advertising expenses increased by JPY299 million. TV commercials, et cetera, were conducted to increase awareness of WOWOW On-Demand.

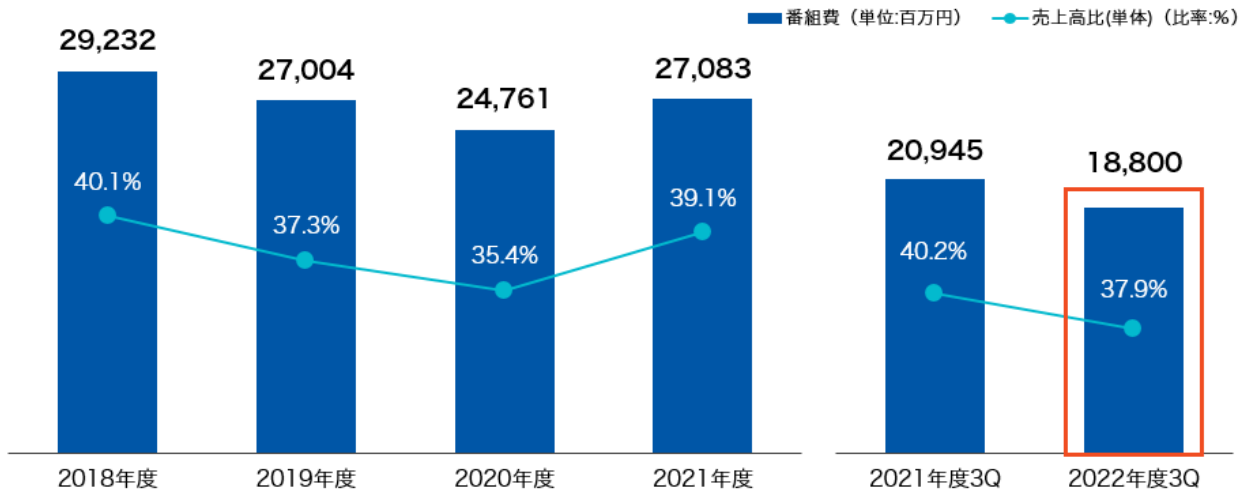
In addition, the sharp depreciation of the yen since the end of the previous fiscal year resulted in a valuation loss on foreign currency-denominated accounts payable, which had been recorded at the end of the previous fiscal year, and a foreign exchange loss was recorded. Although the Company has hedged against the risk of fluctuations by entering into forward exchange contracts, the rapid depreciation of the yen between the recording of accounts payable and the booking of these contracts resulted in the recording of a net loss.

Group company income and expenses decreased by JPY197 million compared to the same period of the previous year, mainly due to the prior investment of expenses.

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, page 11, shows the program expenses.

Programming expenses decreased by JPY2,144 million from the same period of the previous fiscal year, mainly due to the absence of broadcasting and distribution of major sports content such as UEFA European Football Championship™, which was broadcasted 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, page 12, plan for subscriptions.

The number of net subscriptions for the year, minus 50,000, is unchanged from the figure in the original plan.

Although we recognize from the Q3 results that we are in a difficult situation regarding the achievement of the plan, we intend to get as close as possible to the planned figures by strengthening promotion and sales promotion measures, including the promotion of strong content drops and subscriptions for distribution.

2022年度 収支計画(連結) (2022年10月31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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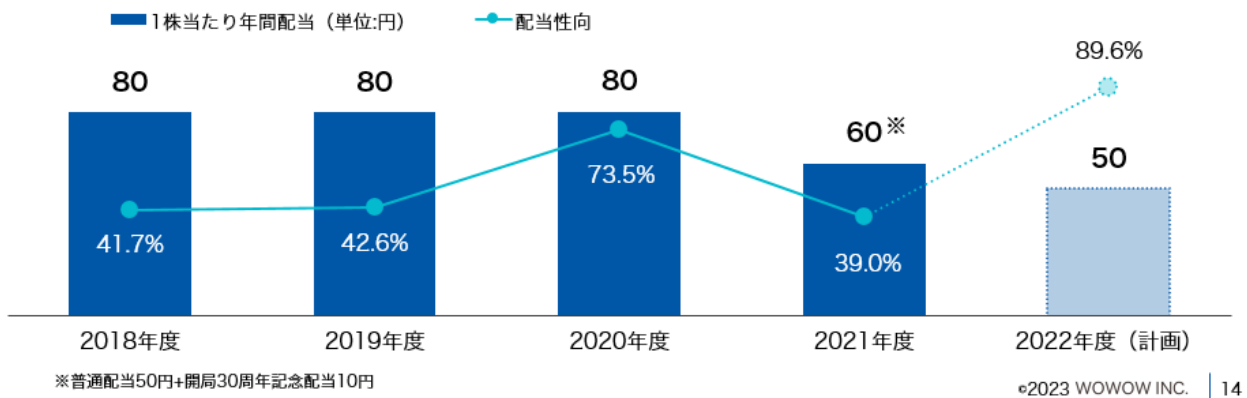
Slide 13, page 13, income and expenditure plan.

The Q3 profit, which I have just explained, is higher than the profit in the FY2022 annual plan, but it is unchanged from the previously announced figure because we will invest in strong content, such as UEFA Champions League and live music concerts, as well as in promotional and sales promotion measures by the end of the fiscal year. However, the Company has not made any changes from the previously announced figures.

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, page 14, dividend plan.

This also remains unchanged from the May announcement. We plan to pay a dividend of JPY50 per share.

That is all for my explanation.

Moderator: Next, the director in charge will explain our future initiatives.



欧州サッカー UEFA チャンピオンズリーグ 決勝トーナメント開幕

2月15日(水)より決勝戦まで
全試合を独占生放送・ライブ配信!



LPGA女子ゴルフツアー

1月20日(金)スタート



ラグビー欧州 6カ国対抗戦 シックス・ネーションズ

2月5日(日)~3月20日(月)

Tashiro: My name is Tashiro, and I am in charge of content strategy. We will explain the upcoming programs.

Please see the slide on page 16.

The final tournament of the UEFA Champions League, which decides the strongest club in Europe, will finally begin in February.

The focus of attention will be the realization of last season's final card of Liverpool versus Real Madrid as soon as possible in the first round of the final tournament, and the match of Paris Saint-Germain, which has many star players, especially Messi and Mbappé, who fascinated the world at the World Cup last year. Also of note is the performance of Frankfurt's Daichi Kamada, who participated in the World Cup.

In addition to Nasa Hataoka and Hinako Shibuno, LPGA Tour will be joined by Minami Katsu and Yuna Nishimura from the 2023 season, for a total of six Japanese players. Broadcast and distribution of 30 tournaments, including three major competitions.

WOWOW On-Demand will also be delivering the popular camera footage dedicated to Japanese players, providing you with plenty of footage of the Japanese team in action.

第65回グラミー賞授賞式(R)を独占生中継・配信

WOWOW

 <p>生中継! 第65回グラミー賞授賞式*</p> <p>2月6日(月)</p> <p>案内役: ジョン・カピラ、ホラン千秋 / スペシャルゲスト: Travis Japan</p>	 <p>生中継! NCT DREAM TOUR 'THE DREAM SHOW2 : In A DREAM' in JAPAN</p> <p>2月19日(日)</p>
<p>Travis Japan meets The GRAMMY*</p> <p>~グラミー賞* 直前スペシャル~ 2月5日(日) ~グラミー賞* 事後スペシャル~ 3月5日(日)</p>	 <p>東方神起 LIVE TOUR 2023 ~CLASSYC~ WOWOW SPECIAL</p> <p>Vol.1 3月26日(日) Vol.2 4月放送・配信予定 Vol.3 5月放送・配信予定</p>

*第65回グラミー賞授賞式 © 4/5/Getty Images

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Please see the slide on page 17.

BTS was nominated for the GRAMMY Awards(R) for the third year in a row. All eyes are now on the award to see if it will be the first time it has been awarded.

In addition, Johnny's Travis Japan, which made its worldwide major debut last year, will be the special guest for the live broadcast of the awards ceremony. In February, we will broadcast and distribute a special program about our thoughts on the GRAMMY Awards(R), and in March, we will broadcast and distribute a special program about our thoughts after experiencing the GRAMMY Awards(R) and our outlook for the future.

In addition, NCT DREAM, which debuted as a derived unit of the next-generation global group NCT, will broadcast live its first solo dome performance.

In addition, a special tag of Tohoshinki and WOWOW will be broadcast and distributed. This time, we will implement a premium policy of inviting 100 subscribers by drawing lots to a rehearsal of a performance at Saitama Super Arena in April. This will be the first time in history that Tohoshinki will open their rehearsals to the public.

We will also bring you a series of live performances by other major artists toward the end of the fiscal year, including Tsuyoshi Nagabuchi, Seikima-II, and the Red Hot Chili Peppers, who will be making their first solo visit to Japan in 16 years.

	<p>生中継！ 第95回アカデミー賞 授賞式</p> <p>3月13日(月)</p> <p>案内役： ジョン・カビラ、宇垣美里 スペシャルゲスト： 中島健人(Sexy Zone)</p>		<p>「トップガン」& 「トップガン マーヴェリック」 一挙放送</p> <p>3月11日(土)</p>
	<p>WOWOW共同制作作品 『私たちの声』</p> <p>2023年公開予定</p> <p>主題歌「Applause」が 第95回アカデミー賞の 歌曲賞部門にノミネート</p>		<p>連続ドラマW フェンス</p> <p>3月19日(日)スタート (全5話) [第1話無料放送]</p> <p>脚本：野木亜紀子</p>

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Please see the slide on page 18.

The Academy Awards Ceremony will be broadcast exclusively live again this year. Nominations were announced last week, and the nominees for Best Picture include *Top Gun: Maverick*. *Top Gun: Maverick* will be distributed from March 9, and *Top Gun* and *Top Gun: Maverick* will be broadcast on March 11.

In addition, our co-production, the film *Watashi tachi no koe*, originally titled *Tell It Like A Woman*. Its theme song, *Applause*, was nominated in the Best Song category. This is the first film we have co-produced with an overseas company. The film is scheduled to be released in 2023.

That's all from me.

Moderator: That concludes our explanation.

Question & Answer

Moderator: We will now move on to the question-and-answer session.

If you have any questions, please press the Raise Your Hand button at the bottom of the screen. We will send you an unmute request in turn. After you unmute us, please speak up and mention your company name and name.

Now, I will take your questions. Thank you for your cooperation.

How about your question?

Then, since there seems to be no further questions, I will close here.

Now, President Tanaka, please say a few words in closing.

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

As I mentioned, we are in a difficult situation in terms of membership, but as Director Tashiro mentioned, we have very strong contents for February and March, and we are determined to run to the end to achieve our goal.

Thank you very much for your time today.

Moderator: With that, we will conclude the financial results briefing for Q3 of FY2022.

Thank you very much for your participation today.

[END]