

FY2021 Earnings Announcement

Event Summary

Date : May 13, 2022 15:30-16:30

Speakers : Akira Tanaka Representative Director, President & CEO

Hitoshi Yamamoto Board Director, Executive Officer

Junichi Onoue Board Director, Executive Officer

Masanori Gunji Board Director, Executive Officer

Presentation

Moderator: It is now time to commence the financial result briefing for the FY2021 of WOWOW INC. Thank you very much for taking time out of your busy schedule to join us today.

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 we have finished our explanation, we will take questions.

First, I would like to introduce today's attendees. Akira Tanaka, Representative Director, President, and CEO. Hitoshi Yamamoto, Board Director, Executive Officer. Junichi Onoue, Board Director, Executive Officer. Masanori Gunji, Board Director, Executive Officer. These are the attendees for today.

Tanaka will now explain the highlights of the financial results for FY2021. President Tanaka, please go ahead.

2022年1月～3月の主な取組み内容

<p>メディア・サービス</p>	<p>スポーツ：「UEFAチャンピオンズリーグ」2021-22シーズン 決勝トーナメント、「ラグビー欧州6カ国対抗戦 シックス・ネーションズ」、「LPGA女子ゴルフツアー」などを放送・配信。 「全豪オープンテニス」では、WOWOWオンデマンドおよびWOWOWテニスワールドで、当社初の試みとして全コート全試合（629試合）をライブ配信 音楽：スピッツやYOASOBI、L'Arc~en~Cielなどのライブを放送・配信 情報・バラエティ：映画『ドライブ・マイ・カー』の国際長編映画賞受賞が注目を浴びた「第94回アカデミー賞授賞式」を生中継</p>
<p>コミュニティ・サービス</p>	<p>ミュージカル：オリジナルミュージカルコメディ福田雄一×井上芳雄「グリーン&ブラックス」が一夜限りのライブ配信イベントを3月18日(金)に開催。5月7日(土)に放送・配信</p>
<p>エンターテインメント・サービス</p>	<p>アニメ&映画：開局30周年記念オリジナル長編アニメ「永遠の831」を放送・配信後、3月18日(金)から全国劇場公開 ドラマ&映画：「アクターズ・ショート・フィルム2」を放送・配信後、4月1日(金)から全国劇場公開</p>

※ 3つのサービスについては中期経営計画（2021-2025年度）（30ページ）をご覧ください。

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Tanaka: I am Tanaka. Thank you very much for participating in our financial results briefing today. I will now explain the financial highlights for FY2021.

Can you see page three of the slides? I would like to explain the highlights of our activities in the fourth quarter in the three business domains outlined in our medium-term management plan.

First, in the area of Media Services, we broadcasted/transmitted sports content such as the UEFA Champions League final soccer tournament and the European Six Nations rugby tournament. Japanese players, especially on the LPGA women's golf tour, showed tremendous success. We followed up on this with our own camera and received a great response.

We also received support for our live broadcast of the 94th Academy Awards ceremony, which was highlighted by the Best International Feature Film Award for *Drive My Car*, as well as the original live performance by Spitz and the serial drama *W Shotai*. We received good response. In addition, at the Australian Open Tennis Tournament, we broadcast and transmitted live coverage of all matches on all courts, a first for the Company, which was also very well received by our customers.

In the area of Community Services, we held a live-streaming event of our original musical program, *Green & Blacks*, which was attended by many customers.

In the area of Entertainment Services, we have expanded our service multiply by releasing in theatre the original animation *Eien-no 831*, commemorating the station's 30th anniversary, and the *Actors' Shorts Film 2*, after their broadcast and transmission

2021年度決算 ハイライト②

加入

- サッカーやテニス、矢沢永吉、スピッツなどの音楽ライブ、「WOWOW×東海テレビ共同製作連続ドラマ 准教授・高槻彰良の推察」、「連続ドラマW 華麗なる一族」などが好評を得た。
- しかしながら、コロナ禍により急速に加速した生活者のライフスタイルの多様化、映画や音楽ライブのラインナップに苦戦したこと、配信サービスとの競争激化などの要因により、正味加入件数は純減

	2020年度	2021年度	前期差	前期比
新規加入件数	542	612	70	112.8%
解約件数	606	723	117	119.4%
正味加入件数	△63	△111	△48	—
累計正味加入件数	2,791	2,680	△111	96.0%

(単位:千件)

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Please see page four. Here are some highlights about new subscription.

The number of new subscriptions in FY2021 is 612,000. The number of cancellations was 723,000. Therefore, there was a net decrease of 111,000 in subscriptions. New subscriptions were due to sports content such as European Football Championships and Champion's League soccer or tennis, as well as live music performances by Eikichi Yazawa and Spitz, or dramas such as *Junkyoju*, *Takatsuki Akira's Suisatsu* and *Karei Naru Ichizoku* that were well-received.

On the other hand, factors such as the diversification of consumers' lifestyles, which was rapidly accelerated by the COVID-19 pandemic, struggled with movie and live music lineups, and intensified competition from streaming services resulted in a net decrease in subscriptions.

2021年度決算 ハイライト③

収支（連結）

- 売上高は前期と比べ有料放送収入が減少したものの、子会社の外部売上高増加に伴い、増収
- 経常利益は大型スポーツ番組への戦略的な費用投下等により、減益に

(単位:百万円)

	2020年度	2021年度	前期差	前期比
売上高	79,165	79,657	492	100.6%
経常利益	6,934	5,349	△1,584	77.1%

※それぞれ百万円未満は切り捨てております。

配当

- 1株当たり期末配当金は、当初計画50円に開局30周年記念配当10円を加え、60円に

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Please see page five of the slides. These are the highlights of the income and expenditure. Sales increased mainly due to an increase in external sales of subsidiaries, despite a decrease in viewing fee revenue compared to the same period of the previous fiscal year. Ordinary income decreased due to strategic investments in large-scale sports programming.

We have decided to pay a year-end dividend of JPY60 per share, adding a commemorative dividend of JPY10 per share for the 30th anniversary of the station's opening to our original plan of JPY50 per share.

企業価値の向上を実現するための取り組み

プライム市場へ移行

- 当社はプライム市場の上場基準のうち、流通株式比率（35.0%以上）を満たしていないことから、「自己株式の処分及び当社株式の売出し」を実施（2021年11月26日（金）公表）
- 2022年3月末時点の流通株式比率は37.8%となり、すべての上場維持基準を充たす見込み（※）

※2021年6月末の東証による算出方法に合わせて、当社が2022年3月末時点の株券等の分布状況等をもとに試算

コーポレート・ガバナンスの強化

- 経営の透明性の向上と、意思決定および業務執行の迅速化を図るため、6月22日（水）開催予定の第38回定時株主総会での承認を条件として、「監査等委員会設置会社」へ移行

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Please see page six.

In FY2021, we have selected the Prime Market, a new market segment of the TSE, as an initiative to achieve higher corporate value.

In transitioning to the prime market, we faced the challenge of increasing the ratio of tradable shares. Therefore, last year we disposed of treasury stock and conducted a secondary offering of our shares, and as a result of these efforts, as of the end of March 2022, the ratio of shares in circulation at this time is 37.8%, which is expected to meet all listing maintenance criteria. In addition, in order to improve management transparency and speed up decision-making and business execution, we resolved in March to shift to a company with an Audit Committee, subject to approval at the Ordinary General Meeting of Shareholders scheduled for June 22.

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

2021年度決算 加入状況

(単位:千件)

	2020年度	2021年度	前期比較	
			前期差	前期比
新規加入件数	542	612	70	112.8%
解約件数	606	723	117	119.4%
正味加入件数	△63	△111	△48	—
累計正味加入件数	2,791	2,680	△111	96.0%
内) 複数契約*1	397	379	△18	95.4%
内) 宿泊施設契約*2	75	77	2	102.6%

※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. Thank you. I will explain up to page 12, the changes to the program costs.

First, please see page eight for the subscription status. In FY2021, there were 612,000 new subscriptions, an increase of 70,000 over the previous year. In addition, the number of cancellations was 723,000, an increase of 117,000 from the same period last year. As a result, subscriptions decreased in net by 111,000, a decrease of 48,000 YoY. As a result, net cumulative subscriptions totaled 2.68 million.

2021年度決算 収入状況（連結）

(単位:百万円)

	2020年度		2021年度		前期比較	
	実績	収入比	実績	収入比	前期差	前期比
売上高	79,165	100.0%	79,657	100.0%	492	100.6%
営業利益	6,789	8.6%	5,268	6.6%	△1,521	77.6%
経常利益	6,934	8.8%	5,349	6.7%	△1,584	77.1%
親会社株主に帰属する 当期純利益	2,942	3.7%	4,239	5.3%	1,297	144.1%

※それぞれ百万円未満は切り捨てております。

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Page nine shows income and expenditure.

In FY2021, sales increased from the previous year, while operating income decreased. Sales totaled JPY79.657 billion, an increase of JPY492 million YoY. Ordinary income was JPY5.349 billion, a decrease of JPY1.584 billion YoY. Net income increased due to the recording of approximately JPY2.1 billion in impairment losses in the previous year.

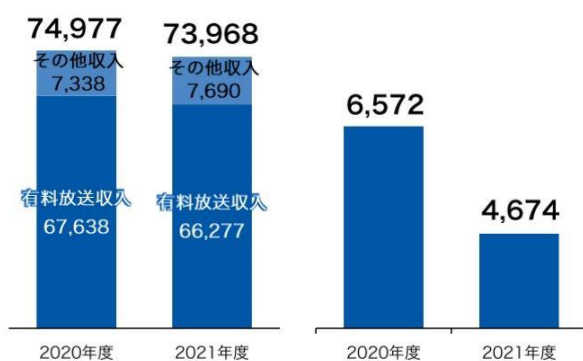
The details are explained in the following pages.

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 (旧・放送) (単位:百万円)

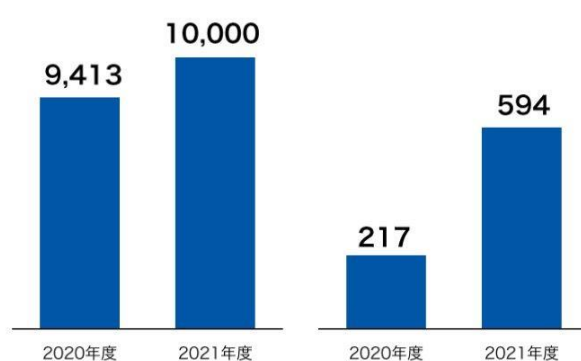
売上高	営業利益
前期比 98.7%	前期比 71.1%



※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
前期比 106.2%	前期比 273.9%



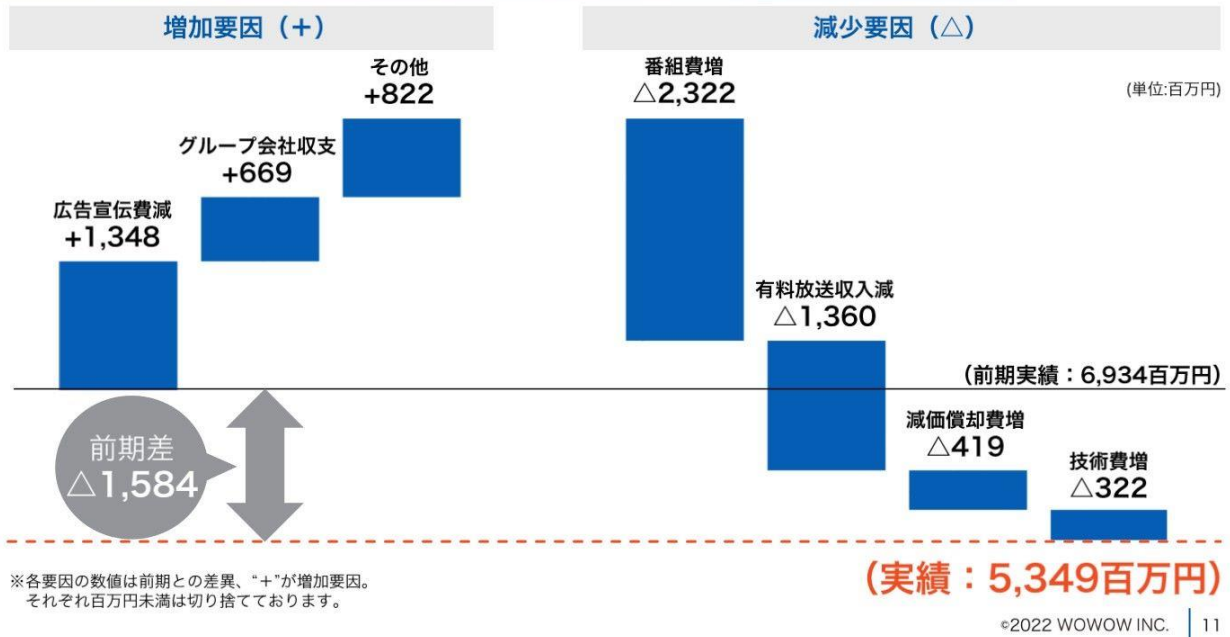
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Page 10 shows the performance of each segment.

First is the Media and Content segment. Pay-per-view broadcasting revenue, which is the viewing fees from customers, accounts for the majority of our sales. Other revenue increased due to an increase in ancillary services revenue. Viewing fee revenue decreased by JPY1.36 billion YoY, mainly due to the impact of a net decrease in subscriptions. As a result, sales decreased by JPY1.09 billion YoY. Operating income decreased by JPY1.898 billion YoY due to a decrease in viewing fee revenue as well as the impact of broadcasting and transmission of major sports content.

The Telemarketing segment is the business of consolidated subsidiary WOWOW COMMUNICATIONS INC. Net sales increased by JPY586 million YoY, mainly due to an increase in telemarketing service contracts from customers outside of the Group. WOWOW COMMUNICATIONS net sales have surpassed JPY10 billion for the first time since the Company's inception, a record high. Operating income increased by JPY377 million YoY due to an increase in sales outside of the Group.

連結経常利益 前期との差異要因



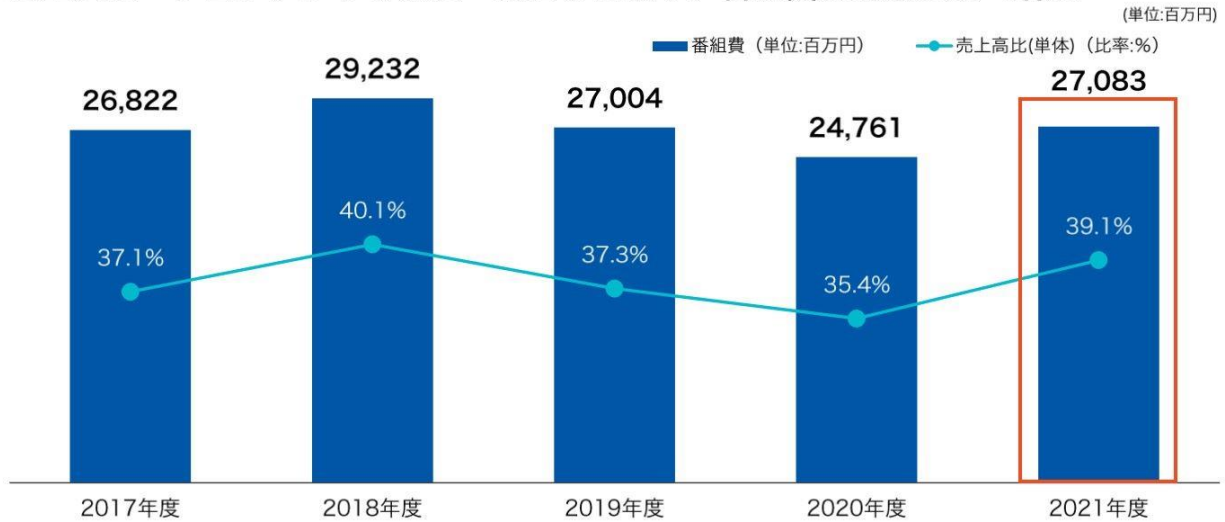
Page 11 shows the consolidated ordinary income factors in difference from previous period. The left part is the factor that increases profit, and the right part is the factor that decreases profit.

First, on increase factors. Advertising expenses decreased by JPY1.348 billion due to more efficient management compared to the previous fiscal year. In Telemarketing Segment, group company profit increased by JPY669 million, mainly due to an increase in contract works from customers outside of the Group. For other factors contributing to the increase, profit increased due to the fact that we had provision of allowance for doubtful accounts in the previous year.

Next, about the decrease factors. Program cost increased by JPY2.322 billion. I will explain the details on the next page. Viewing fee revenue decreased by JPY1.36 billion. In addition, we started 4K broadcasting in March last year, and as related expenses, depreciation and amortization increased by JPY419 million and technical expenses by JPY322 million.

番組費の推移

大型スポーツコンテンツの放送・配信等により、番組費は前期と比べ増加



※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。

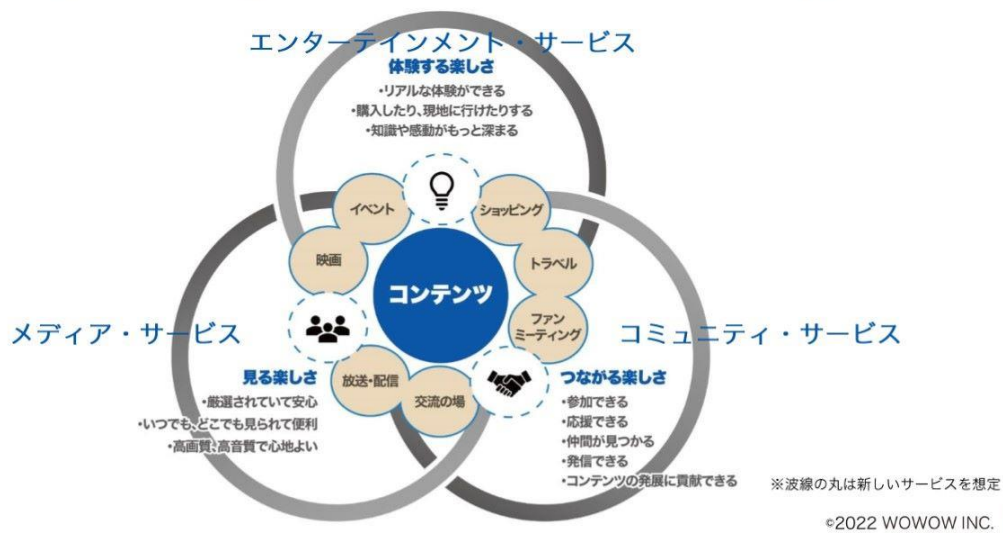
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Page 12 is the changes in program costs. In FY2020, program costs decreased significantly due to the postponement and cancellation of sporting events as a result of COVID-19 infection, but in FY2021, program costs increased by JPY2.322 billion from the previous year, mainly due to the broadcasting and transmission of major sports content. That is all for the explanation from me.

Moderator: Now, please take a look at the VTR of the upcoming programs that we have put together.

Moderator: Next, Tanaka will give an overview of the FY2022 business plan. President Tanaka, please go ahead.

会員事業構造の再設計
「映像メディア業」から「コンテンツ・コミュニティ業」へ



Tanaka: Please see page 14.

As we reported earlier, FY2021 was a difficult year for us, with a net decrease of over 100,000 in subscriptions, the third consecutive year of net declines. Again, I have the impression that competition with video streaming services has accelerated quickly due to the dramatic change in consumers' lifestyles caused by the COVID-19 pandemic. We take these results seriously and will further focus on the policies set forth in our medium-term management plan.

We intend to redesign our membership business structure and transform ourselves into a content and community business by working on the expansion of the three service areas shown in the diagram you see.

In order to reverse the current trend of net decrease, we have listed three priority points to be addressed in FY2022 on the following pages and beyond.

「中期経営計画（2021-2025年度）」で掲げた 「コンテンツ・コミュニティ業」への変革に向けた3つの重点ポイント

1.コンテンツの 大幅な強化	<ul style="list-style-type: none"> ● ハリウッドとの共同制作オリジナルドラマ「TOKYO VICE」のようなオリジナルコンテンツの開発や、スポーツ、音楽などのライブエンターテインメントの独占性の強化など、これまでとは異なる規模・本数のラインナップをそろえていく ● 参加、応援、体験等による顧客体験価値の向上に資するコンテンツ開発を行なう
2.メディア・サービスの 改善と充実	<ul style="list-style-type: none"> ● WOWOWオンデマンドでは、コンテンツの本数のさらなる拡大に加え、2022年度中には、UI/UXの改善を行ない、さらにTVOD[®]サービスを開始予定。 ● お客様の理解を深めて、その声をサービスやコンテンツの改善に反映し、放送・配信サービスの利用時間増加、お客様満足度と加入継続率の向上につなげる
3.収益拡大	<ul style="list-style-type: none"> ● デジタル化の推進と徹底的な業務見直しによるリソースの捻出や、コスト構造の改革に取り組み、収益を生み出す体質強化を図る ● コンテンツを軸に、コミュニティ・サービス、エンターテインメント・サービス領域でのサービス開発を行ない、お客様満足度向上と新たな収益源確保に取り組む

※視聴レンタル制の都度課金型動画配信

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Please turn to page 15. Until now, our approach to marketing has always been based on the assumption that there will always be a certain amount of churn, with a heavy emphasis on acquiring new customers over and above that. The business environment has changed dramatically as the options for consumers increase. We have the power of content to attract new customers. We had a record number of new clients come in during the first quarter of last fiscal year as well. However, the result was a significant net decrease.

From now on, in addition to acquiring new customers, we will invest management resources in improving the satisfaction level of existing customers and work to increase the retention rate. We will listen to our customers more than ever before, reflect their opinions in the improvement of our contents and services, increase the number of touch points with WOWOW, and increase the total time of use and contact time through broadcasting, transmission, and real experience.

Three key points were indicated. The first step is a significant enhancement of content. WOWOW will continue to refine its originality and quality in the diverse genres that are typical of WOWOW. An example is investment in large-scale original content. We are preparing for a major original drama following *TOKYO VICE*, our first drama co-produced with Hollywood, which has already been broadcast.

In addition, WOWOW will also utilize its curation capabilities to deliver excellent content from around the world that has not been introduced in Japan until now. Our exclusive agreement with Viaplay, a Nordic distribution service, allows us to offer excellent original European dramas. We will also offer ambitious Chinese content ahead of other services. In sports, which is one of WOWOW's strengths, WOWOW will provide a unique way of

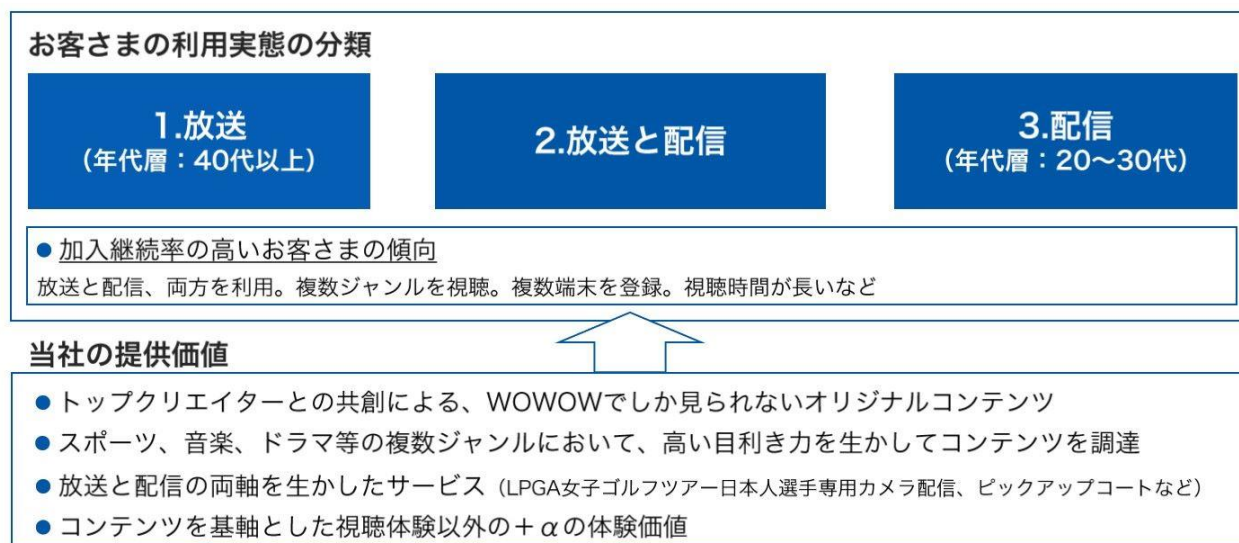
WOWOW

enjoyment by combining broadcasting and transmission. Again, we are working on the transmission of all tennis matches, cameras dedicated to Japanese golfers, fan communities, and so on.

Next is the improvement and enhancement of media services. WOWOW On-Demand will greatly expand the number of contents distributed. We also plan to improve the UI/UX to make it easier for customers to use and hope to update the application by the end of this fiscal year. Based on that, we plan to launch a TVOD service, a pay-as-you-go video delivery service. We will build a unique position in the growing video streaming market and enrich the value of WOWOW members in all three service areas, as shown on the previous page. The third is to increase revenues. We will work to improve ourselves to have lean structure through a thorough review of our operations and reform of our cost structure. Above all, we will work to increase the subscription retention rate and expand new sources of revenue by providing additional value beyond viewing, such as participation, experience, and support based on the content.

加入継続率向上への取り組み

当社の提供価値に磨きをかけ、お客さまと長期的な関係を構築



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Please turn to page 16. I would like to provide a supplementary explanation of our efforts to improve the subscription retention rate.

More than a year has passed since the launch of transmission subscriptions that do not require a CAS card contract. The actual status of customer usage in WOWOW is now becoming clear. First, about 30% of new customers came via transmission. In terms of age, the majority of customers via traditional broadcasting, or CAS contracts, are in their 40s or older, while the majority of transmission-based customers are in their 30s or younger. The fact that we have built a transmission subscription route means that we can reach all generations. We believe this will be an advantage for our company, which offers both broadcasting and transmission services.

As shown in the figure, we categorized customers by their actual usage of WOWOW. 1. is a broadcast-only customer. The majority are over 40 years old. 2. are customers who enjoy both broadcast and WOWOW On- Demand. 3. are customers who enjoy WOWOW On-Demand only. And we know that the customers with the highest contract retention rate are the customers in the second category.

Based on this trend, we plan to expand the volume of customers in the second category through measures written in the box marked “the value we offer.” We hope to provide value beyond the price by producing original content that can only be seen on WOWOW, procuring high quality content in multiple genres, providing services that take advantage of the characteristics of both broadcasting and transmission, and providing an additional value-added experience beyond content viewing.

We are actually feeling the response. For example, in LPGA women’s golf, as I mentioned

WOWOW

earlier, was transmitted with Japanese-only cameras on Demand, and we received great response. Great successes by Shibuno and others have also created a community of support for Japanese athletes. We can imagine fans enjoying their phones as a second screen along with the broadcast screen. As we previously reported, we transmitted all the matches at the Australian Open Tennis Tournament in January. The practice court and press conference of the featured players were streamed live. And we actively held talk events between commentators and fans.

As a result, the average number of unique users on WOWOW On-Demand increased 30% compared to last year. Furthermore, approximately 80% of the respondents who subscribed to WOWOW and used WOWOW Tennis World indicated that their intention to continue subscribing to WOWOW had increased.

We hope to grow our content community by activating this kind of interactive communication with our customers, not only in sports.

1.コンテンツの大幅な強化①

ドラマの強化・拡充

- WOWOWとHBO Maxの日米共同制作ドラマ「TOKYO VICE」が4月からスタート
- 北欧配信サービスViaplayとアジア初の独占的ブランドコンテンツ契約を締結



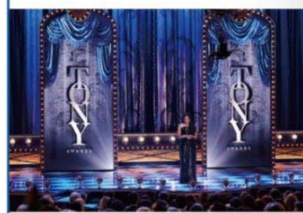
TOKYO VICE

放送・配信中



生中継! NCT 127 2ND TOUR 'NEO CITY : JAPAN —THE LINK'

5月28日(土)



生中継! 第75回トニー賞授賞式

6月13日(月)

第75回トニー賞授賞式より画像。アワードショー・ワンダー・ロード・ショー Getty Images

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Please see page 17. *TOKYO VICE* is a blockbuster drama series co-produced by WOWOW and HBO Max in Japan and the US. It is exclusively broadcast and transmitted by WOWOW in Japan and by HBO Max in the US. This content is enjoyed around the world. This *TOKYO VICE* has started transmission on On Demand ahead of broadcasting on April 24. On WOWOW On Demand service, it has been ranked high in terms of the number of times it has been replayed, and many people have also seen it on air.

Also in May, the global group NCT 127, which has been highly acclaimed for its music, performance and expressive ability will be broadcast live. Sorry, I'm not familiar with this group, but we will stream live the very popular NCT 127's first Tokyo Dome performance. In addition, NCT 127 will be featured in special programs and past live performances for four consecutive months through August.

1.コンテンツの大幅な強化②



欧州サッカー UEFA チャンピオンズリーグ 決勝

5月29日(日)

Getty Images



全仏オープンテニス

5月22日(日)～6月5日(日)
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/ヘーゲルス、チチバタ、ジャコビツ、カリンカ、トナリ、シフトオンテニス、クレイコフ、Getty Images、大塚なほみ 写真:アフロ



LPGA女子ゴルフツアー メジャー KPMG 全米女子 プロゴルフ選手権

6月24日(金)～27日(月)

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スーパーラグビー パシフィック

放送・配信中

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Please see page 18. In sports, the UEFA Champions League final will finally be held on May 29. Real Madrid, aiming for a record 14th championship, and Liverpool, aiming for their 7th championship in three seasons, will play each other.

It was decided that WOWOW will exclusively broadcast and transmit the 2022 to 2023 Champions League season from the group stage to the final. In addition, all matches will be streamed live on WOWOW On- Demand.

2.メディア・サービスの改善と充実

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お客さまのニーズやライフスタイルに合わせた楽しみ方を提供するため、WOWOWオンデマンドのコンテンツを大幅に拡充し、UI/UXの改善を実施

1.配信本数は大幅に増加

2022年6月の配信本数は、配信加入がスタートした21年1月と比べ、約60%増加となる見込み

2.オリジナルドラマ、海外ドラマが充実

オリジナルドラマは200作品以上。「CSI：科学捜査班」は全15シーズン+最終章（全336話）、Viaplayドラマは1年を通じて全260話を順次配信

3.最新アニメ作品を拡充

「パリピ孔明」、「かぐや様は告らせたい-ウルトラロマンティック-」等、最新アニメ9タイトルを配信

4.最新映画をラインナップ

最新作を含む「007」特集やアカデミー賞6部門受賞『DUNE/デューン 砂の惑星』を配信

2022年度中にUI/UXの改善を実施、さらにTVOD※1サービスを開始



WOWOWオンデマンドの画面イメージ※2

※1 視聴レンタル制の都度課金型動画配信

※2 画面イメージは開発中のものです。実際の画面とは一部異なる場合があります

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Please turn to page 19. WOWOW On-Demand will greatly expand its content, improve its UI/UX, and launch a new TVOD service in order to enhance enjoyment in accordance with customer needs and lifestyles.

First, in terms of content, the number of programs transmitted in June 2022 is expected to increase by 60% compared to January of last year, when transmission subscriptions began. We will offer a large number of contents, including transmission of all tennis matches in all courts, transmission of all episodes of foreign drama series, a lineup of more than 200 original dramas, and an increase in live music streaming. In addition, nine newest titles of note in animation, including *Palipi Komei*, will start in April. Anime is also a top viewing ranking item on transmission services of other companies. In light of such market environment, we will strengthen animation to meet the needs of our customers and increase the use and appeal of WOWOW On-Demand.

We will then implement UI/UX improvements during FY2022, preferably in the first half of the year. In addition to the change to an easy-to-use UI, we will provide new encounters to customers more than ever by enhancing the recommendation function and focusing on special features and curation by utilizing our programming know-how cultivated through broadcasting. In addition, we plan to implement a content download function, a chat function among viewing customers, and expansion of compatible devices for TV devices. In addition, a new TVOD service will be launched. During the COVID-19 pandemic, music performances are now also being held online, and with the launch of the TVOD service, the Company will also be able to offer live content on a pay-as-you-go basis. We would also like to make the TVOD service available to those who are not subscribers to WOWOW. Details

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of the service will be announced in the future.

3. 収益拡大



FUJI & SUN '22

5月14日(土)、15日(日)
静岡県富士市「富士山こどもの国」で
開催されるキャンプフェス



吉川晃司「KIKKAWA KOJI Premium Night “Guys and Dolls” presented by WOWOW『INVITATION』」

4月28日(木)ほか
吉川晃司のスペシャルライブと
WOWOWオリジナル音楽レギュラー番組
『INVITATION』がコラボレーション



WOWOW FILMS 『アキラとあきら』

2022年8月26日(金)
全国東宝系にて公開
W主演 竹内涼真&横浜流星
×
原作・池井戸潤
×
監督・三木孝浩

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Continuing onto page 20. FUJI & SUN '22, above left, will be held tomorrow in Fuji City, Shizuoka Prefecture. I am sorry to hear that the weather was a bit bad. Against the maximum capacity of 10,000 people at Fuji Kodomo no Kuni, we will limit the participants to 5,000 or less per day to hold a camp fest during this COVID-19 era, keeping reasonable distance between participants. WOWOW FILMS will also be adapting *Akira and Akira* written by Jun Ikeido, which aired as a serial drama W in July 2017, into a live-action film. Ryoma Takeuchi and Ryusei Yokohama will play the lead roles in the film, which is scheduled to be released nationwide on August 26, 2022.

With content as the core, we aim to expand the scale of our business by creating a number of projects linked to each business area.

2022年度、2023年度 加入計画

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(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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Page 21 is the subscription plan for FY2022 to FY2023.

The subscription plan for FY2022 is 580,000 new subscriptions, 630,000 cancellations, and 50,000 net decreases, for a cumulative net subscription total of 2.63 million. By steadily implementing the three priority points I have just explained in detail, we expect the number of net subscriptions in FY2022 to improve by approximately 60,000 compared to the previous fiscal year, but to remain in the negative. However, by steadily implementing measures, we plan to raise the level of net increase/decrease in subscriptions to be zero in FY2023 and turn it into a positive trend.

2022年度 収支計画(連結)

(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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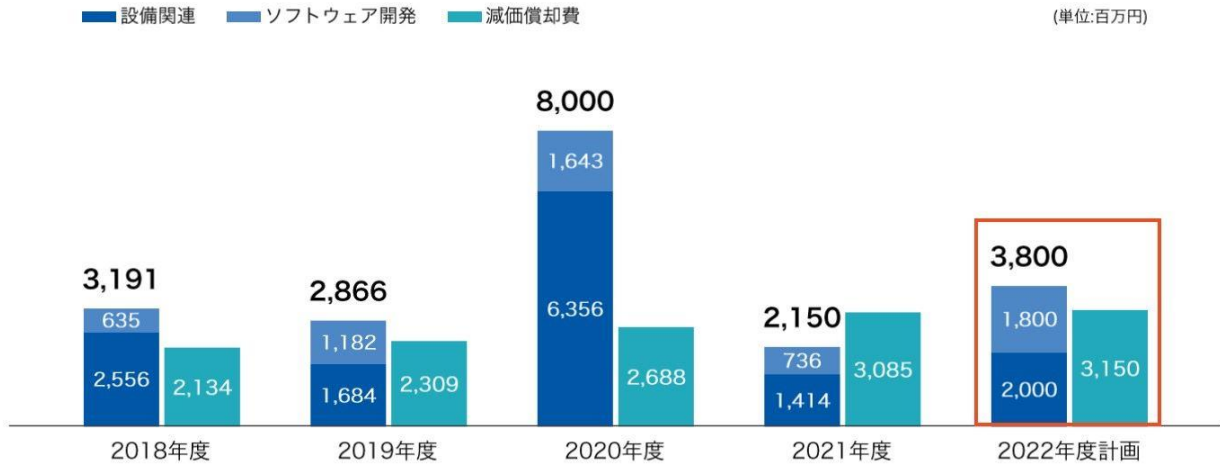
On page 22, the revenue and expenditure plan for FY2022. The revenue and expenditure plan for FY2022 projects a decrease in sales and profit.

Consolidated net sales are expected to decrease from the previous year due to a decline in viewing fee revenues and a decrease in external sales of subsidiaries. Ordinary income is expected to decrease from the previous fiscal year due to the decrease in sales, expenses to improve usability of WOWOW On-Demand, and an increase in advertising expenses to raise recognition of WOWOW On-Demand.

Although sales and profit will decline in FY2022, we plan to reverse the negative trend in subscriptions and grow the membership business again by addressing the priority measures I mentioned earlier. At the same time, we will undertake structural reforms to increase profitability, including a thorough review of operations through the promotion of digitalization. We will also work on new businesses such as TVOD as a way to plant seeds for the future, which will lead to increased earnings.

2022年度 投資計画（単体）

2020年度に行なった4K放送への設備投資が一巡したことにより、2021年度の設備投資額は前期と比べ大幅に減少。2022年度は放送設備や、コンテンツ管理システム等に投資を行なう予定



※それぞれ百万円未満は切り捨てております。

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Page 23, Investment Plan for FY2022.

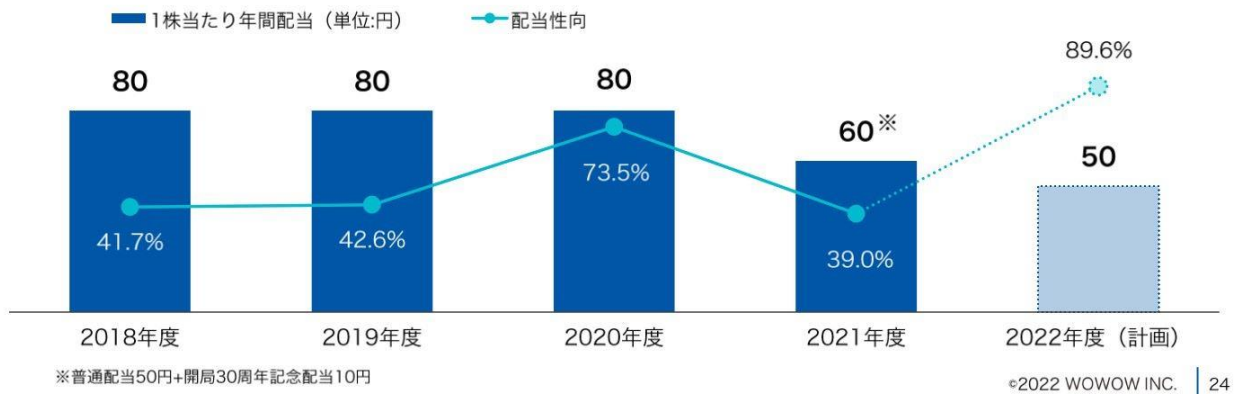
Capital expenditures for 4K broadcasting made in FY2020 have been completed, resulting in a significant decrease in capital expenditures in FY2021 compared to the previous fiscal year. Planned capital investment for FY2022 is JPY3.8 billion. We plan to invest in broadcasting equipment and content management systems.

2022年度 配当計画

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



Page 24 shows the dividend plan for FY2022. The plan for FY2022 is JPY50 per share. That is all from me.

Question & Answer

Moderator [M]: We will now move on to the question-and-answer session. Please mention your company name and name before asking questions. We will now take questions. Thank you.

Questioner A[Q]: Thank you. I have two questions. The first is about the forecast for the current fiscal year ending March 2023. The first point is that operating income and ordinary income will decrease considerably. Could you please break this down a bit more? Also, looking at the forecast for the current fiscal year, operating income is JPY200 million for the first half and roughly JPY2.1 billion for the second half. Please tell me about the situation for the first and the second half. This is one point.

The second point is dividends. This is the second consecutive fiscal year that the dividend has been reduced. JPY80 and JPY60. Moreover, the Company plans to pay JPY50 for the current fiscal year, which is a payout ratio of approximately 90%, a considerably high level. What is the appropriate level of dividends for your company in the future, and will you continue to maintain a high dividend payout ratio, or will you raise profits more and lower the dividend payout ratio? Thank you. That's all.

Tanaka [M]: This will be answered by Onoue, the person in charge.

Onoue [A]: Let me answer. First, on the forecast and plan for FY2022. I assume you are asking about the details of the large decrease in operating income. First, the factor that will cause a large decrease in profit is the decrease in subscriptions in FY2021, and although we hope to bring the trend to a positive level in FY2022, we are planning for a decrease of 50,000 in subscriptions. The large decrease in revenue from viewing fees has had a direct impact on profits.

Also, as noted in the plan section, we plan to have program costs at 38% of sales. This is equivalent to over JPY25 billion on calculation, a decrease of about JPY1.7 billion from the previous year.

On the other hand, as I mentioned earlier, the cost for the transformation into a new contents and community business from FY2022 onward will be used for the investment on WOWOW On Demand, on advertising expenses to raise recognition level of WOWOW On-Demand, and on strategic investment to strengthen the community website, etc. Therefore, the decrease in program costs will be used for these areas. As a result, the decrease in marginal profit due to the decline in viewing fee revenues has had an impact on the decrease in operating income.

On the other hand, in the consolidated financial results for FY2021, consolidated subsidiaries, especially in the Telemarketing business, saw an increase in sales from external customers and an increase in profits, but for FY2022, we expect a decrease in

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sales and profits as these areas will return to normal.

You also mentioned the level of profits for the first and second half of the year. For the first half of this fiscal year, ordinary income is planned to be JPY200 million and JPY2.3 billion in the second half on a consolidated basis, with profits increasing in the second half. As I mentioned earlier in the introduction of the program, the main reason for this is the investment in large-scale content, such as dramas co-produced with Hollywood, and, although this is a minor detail, the fact that the Grammy Awards were moved from the previous fiscal year to this fiscal year has led to a greater investment in program costs in the first half of the year.

We also mentioned that we were improving the new WOWOW On-Demand application. We are planning to implement this in the first half of the fiscal year if possible, so costs related to this service and advertising expenses to raise awareness of the launch are heavily weighted toward the first half of the fiscal year, resulting in such a level of profit in the first and second half.

And about our dividend. First, last fiscal year we announced a plan at the beginning of the fiscal year to reduce the dividend from JPY80 to JPY50, due to a significant decrease in profits. On the other hand, as already announced, in FY2021, although some costs were shifted to this fiscal year and subscriptions decreased, the profit exceeded the plan. Based on this and also on the 30th anniversary of the station's opening, we have included the JPY10 commemorative dividend, making it JPY60. In the past, we have paid a commemorative dividend every five years to show our appreciation to our shareholders. In FY2022, we expect subscriptions to bottom out in the current fiscal year and increase in the next fiscal year and thereafter. In this context, we would like to continue the regular dividend of JPY50, as we did last year. As we have announced, we do not have a policy of linking dividends to business performance, but rather determine the amount of dividends based on the level of sustainable and stable dividends. In that sense, the dividend payout ratio will be high for this fiscal year, but we have indicated a dividend of JPY50 for now. That is all for my explanation.

Questioner B[Q]: First, you have been strengthening events such as sports and music, but the number of cancellations has been increasing, and it seems to me that these strengthening measures have not been effective in keeping the number of members together. What do you think about that?

Tanaka [A]: I will answer this. Certainly, in the short term, I believe that sports are experiencing a greater surge of subscriptions and cancellations. That is why we will not only provide viewing but also create a fan community, etc., and introduce content that customers are interested in in between major tournaments, including the community, so that those who have cancelled their subscriptions will want to stay on as long as possible, even for a month. This is the plan I explained to you. As I mentioned earlier with the

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example of tennis, many customers actually responded that their intention to continue the contract has increased. Therefore, we are planning to incorporate customers' voice by listening to our customers' opinions into measures that will increase the continuation of the contract.

Moderator [M]: Thank you very much for your questions. Are there any other questions?

Questioner C[Q]: I would like to ask you about your subscription plan. The situation is difficult, and you are looking at a decrease of 110,000 in FY2022 and a decrease of 50,000 in FY2023, but you are looking at plus/minus zero in FY2023. Can you tell us why you expect that the decline will stop in FY2023, and what kind of measures you think will have a positive impact by then?

Tanaka [M]: This will be answered by Director Gunji.

Gunji [A]: I am Gunji. Thank you for your question. First, regarding our efforts to improve the net decrease to approximately 60,000 cases this year from the previous year, we have a history of focusing on expanding our subscriptions by acquiring more new customers than cancellations since the opening of our broadcasting station. In light of the situation of continued net decline over the past three years, that approach would no longer work. I believe that we must first have a proper grasp of the fact that the world is changing in order to understand the current situation.

Based on this, the question is what kind of initiatives we will take this fiscal year. I have explained earlier the specifics of our measures. Fundamentally, however, and particularly significant in the net decrease of over 100,000 in FY2021, is the fact that customers who have been with WOWOW for some time have been cancelling their subscriptions. We recognized that this was the biggest challenge.

Therefore, from FY2022 onward, we will of course focus on acquiring new customers to expand subscription, but from now on, we will also focus on increasing the satisfaction level of our existing customers, the most important customers who have been with WOWOW for a long time, so that they can continue to enjoy our services and have a long-lasting relationship with WOWOW.

To achieve this, we must first increase the satisfaction level of current customers, whether in broadcasting, transmission, creation of individual contents, or development of new services, so that they will consider continuing their relationship with WOWOW. We would like to change our perspective in this way and move forward in the future.

As a result, we projected 60,000 cases as the key point in our improvement, although it is still not strong enough compared to the net decrease of more than 110,000 cases in the previous year. By continuing this trend, we would like to bring our subscription to more than a level where we can achieve the plus/minus zero in FY2023. We believe that this has resulted in the plus/minus zero plan in FY2023 as I mentioned earlier. That's all from me.

Moderator [M]: Thank you very much for your questions. Are there any other questions?

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No more questions?

Questioner A [Q]: I'm sorry for asking a question again. Please tell me one point. The share price has been quite weak and has dropped considerably. How do you perceive this?

The reason I ask is, although it also relates to the earlier discussion of dividends, that perhaps the market is now assessing how your company will grow in the future. I wondered if this is reflected in the weakness of the stock price. Probably, looking at your situation, there is pretty much no other place to use the profits and past retained earnings that have been saved up until now, other than as dividends. If that is the case, the market wonders whether or not this company will grow, which led to the current weak share price. What do you think about it? Thank you.

Tanaka [A]: Tanaka will answer. Stock prices fluctuate due to a variety of factors, so there is no single factor. However, clearly, the way to enjoy the paid contents has changed as a result of the demand from stay-at-home under the COVID-19 pandemic, as well as the spread of video streaming, mainly by foreign companies, which led to an intensified competition. We believe that one of the factors is that concerns about our business performance and future prospects are reflected. However, although we can't say that we are fully confident that we would be alright, I do not think that we are losing our content power, and our services are getting better and better. We are also developing attractive services using broadcasting and transmission, which I have mentioned in detail. Therefore, I believe that we will regain the support of the market.

Moderator [M]: Thank you very much for your questions. Does anyone have any other questions? No more questions?

Questioner B [Q]: May I? I think you have been able to keep program costs under 40%, but with the difficulty of increasing the number of subscribers in the future, I think program costs will decrease as sales decline. On the other hand, with broadcasting rights skyrocketing in recent years, even if you plan to strengthen the contents in the future, I think the amount of money you can spend on original dramas may be limited. What is your view on that?

Tanaka [A]: Of course, we are not spending or intend to spend contents cost endlessly. We will put a certain cap on content cost against sales, and within that range we will invest in content. However, as you know, we maintain lineup of contents by spending money on a wide variety of genres. It is still fully controllable, so we have not reached the level of concern in that area.

Questioner B [Q]: Do you have a policy on how much of the program cost is accounted for by events and drama, or something like that?

Tanaka [A]: The budget for each genre is planned by the Content Strategy Bureau, which is in charge of it. In order to take advantage of our unique strengths, we are focusing on competitive sports, music, etc., and investing more money in the production of original

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content, including original dramas, while cutting back on other areas.

Questioner B [Q]: Also, may I ask you to repeat your answer to my first question that the enhancement of sports and events may not be working to retain customers, as I lost the audio in the middle?

Tanaka [A]: Yes. I answered earlier that we have customers who, for example, start a subscription every time there is a major 4 tennis event and then cancel after that. Therefore, for customers who are affected by the season, such as those who cancel after the season ends in soccer's Liga or Champions League, or those who do not return until the final tournament begins, we will introduce attractive content in between major tournaments. For example, in tennis, we create ATP content, and in soccer, etc., we produce various contents in advance. The other is the way to acquire content rights. For example, in rugby, four or five years ago, the only way to acquire content rights was the Six Nations, a European six-nation tournament in the wintertime. But to keep rugby fans entertained year-round, we have now also procured rugby content from the southern hemisphere. We are working hard to ensure that our customers can enjoy world-class rugby content throughout the year, so that even after the sports season is over, there will be no cancellation of subscriptions.

Questioner B [Q]: I understand. Also, in the forecast for this fiscal year, the number of subscribers is expected to decrease by 50,000 on a net basis. Do you feel the competition with video streaming by other companies and changes such as the sign of getting out of stay-at-home demand?

Tanaka [A]: From our 30 years of experience, paid subscription services will increase subscribers up to a certain point. It is possible, though not easy, to increase the number of these.

That's probably true for various streaming services as well. However, once you reach a certain point, you will always be struggling with churn. This has been the case with other pay-TV broadcasters, such as SKY PerfecTV, and we have been competing in such a situation for many years now. I assume that all such services will soon be in such a situation, although I have no idea since the companies have not announced the figures for transmission services.

Questioner B [M]: I understand. Thank you very much.

Moderator [M]: Thank you very much for your questions. As the time is approaching, the next question will be the last question. Are there any other questions? Then, this concludes the briefing. President Tanaka will say a few words at the end. Please go ahead.

Tanaka [M]: Once again, thank you very much for participating in today's briefing session. As you have questioned, the situation continues to be difficult. We are also clearly aware that the competitive environment has changed completely from the past. However, as I mentioned in my response, I believe that our content is competitive enough, or rather, that

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we are able to provide sufficient value. In addition, we have begun to offer services that allow our content to be enjoyed even more, both broadcast and On Demand, and I feel great response. We will continue to leverage our strengths to meet the expectations of our customers and continue to be needed and loved by them, so we would like to ask for your continued support this year as well. Thank you very much for today.

Moderator [M]: This concludes the financial results briefing for the FY2021 of our company. Thank you very much for your participation today.

[END]