

1Q FY2023 Earnings Announcement

Event Summary

Date : July 28, 2023 15:30-16:30

Speakers : Akira Tanaka Representative Director, President & CEO
Hitoshi Yamamoto Board Director, Executive Vice President
Tami Ihara Board Director, Senior Managing Executive Officer
Hideki Tashiro Senior Managing Executive Officer
Seiichi Yokoyama Executive Officer

Presentation

Moderator: Now it's time to begin the financial results briefing of WOWOW INC. for Q1 FY2023.

Thank you very much for taking time out of your busy schedules to join us today. Please kindly understand that a full transcript of today's briefing and question-and-answer session will be posted on our corporate website through an external organization.

I would now like to introduce the attendees for today's meeting.

We have Akira Tanaka, Representative Director, President & CEO, Hitoshi Yamamoto, Board Director, Executive Vice President, Hideki Tashiro, Senior Managing Executive Officer, and Seiichi Yokoyama, Executive Officer. In addition, Tami Ihara, Board Director, Senior Managing Executive Officer will attend the meeting. Junichi Onoe, who was scheduled to attend today, is not present for personal reasons.

We will now explain the financial highlights for Q1 FY2023.

President Tanaka, please start.

Tanaka: I am President Tanaka. Thank you very much for attending today's financial results briefing.

Before I explain the financial results, I would like to talk about the leak of personal information that we have just announced.

When logging in to WOWOW On-Demand using a Web browser, including TV devices, a glitch occurs if another customer logs in at the same time. The simultaneous logins occur at the 1/1,000th of a second level, and a glitch has not occurred from logins on smartphones or tablets.

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The simultaneous login glitch caused one person's subscription information to be linked to another person's. Consequently, such incidents occurred that some content could not be viewed, the viewing history of another person could be viewed, or an unintended change of subscription could be made.

We apologize for any inconvenience caused. Please accept our sincerest apologies.

However, personally identifiable information, names, addresses, and contact information have not been divulged. Currently, the cause has been identified and countermeasures are in place to ensure safe operations.

We will also send an email to potentially affected customers and respond to them individually. In that sense, things are not yet complete. I would also like to report the fact that this is still an ongoing process.

Once again, we apologize to our customers for any inconvenience or concern this may have caused. We are terribly sorry.

加入

- 「UEFAチャンピオンズリーグ」、Stray Kidsや東方神起、B'zの音楽ライブ等のコンテンツや、今期強化しているデジタルマーケティング施策などが功を奏し、新規加入・解約件数ともに前年同期と比べ良化
- 結果、正味加入件数は前年同期と比べ良化

(単位:千件)

	2022年度1Q	2023年度1Q	前年同期差	前年同期比
新規加入件数	133	158	25	118.5%
解約件数	207	205	△2	99.1%
正味加入件数	△73	△47	26	—
累計正味加入件数	2,607	2,513	△94	96.4%

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I will now explain the highlights of the Q1 financial results. Please take a look at page three. In Q1 FY2023, there were 158,000 gross new subscriptions and 205,000 cancellations, for a decrease of 47,000 net new subscriptions.

In Q1, sports content such as soccer and tennis, as well as live music performances by Stray Kids, TOHOSHINKI, and others, were well received. In addition, the digital marketing measures we have been strengthening this fiscal year have been successful, and both new subscriptions and cancellations have improved YoY.

As a result, the number of net new subscriptions has improved YoY, but the situation where we saw a net decrease has not changed.

Although net new subscriptions were negative as of Q1, there is no change to the plan for net new subscriptions coming out even for FY2023.

収支（連結）

- 売上高は前年同期と比べ会員収入が減少したこと等により減収
- 経常利益は、為替差損益が改善したものの、売上高の減少による利益減等の影響により、減益に

(単位:百万円)

	2022年度1Q	2023年度1Q	前年同期差	前年同期比
売上高	19,337	18,314	△1,022	94.7%
経常利益	1,111	732	△379	65.8%

※それぞれ百万円未満は切り捨てております。

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Next, page four shows highlights of the financial results.

Revenue decreased mainly due to a decline in membership revenue YoY. Ordinary income decreased, despite an improvement in foreign exchange gains or losses, mainly due to the impact of lower profits from lower revenue.

Mr. Yamamoto, who is responsible for corporate strategy, will explain the details of the figures.

2023年度第1四半期決算 加入状況

(単位:千件)

	2022年度1Q	2023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	133	158	25	118.5%
解約件数	207	205	△2	99.1%
正味加入件数	△73	△47	26	—
累計正味加入件数	2,607	2,513	△94	96.4%
内) 複数契約*1	372	350	△22	94.1%
内) 宿泊施設契約*2	78	82	4	104.8%

※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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Yamamoto: I am Yamamoto, responsible for corporate strategy. I will continue through the FY2023 dividend plan on page 13.

First, take a look at page six, the subscription status.

In Q1 FY2023, there were 158,000 gross new subscriptions, an increase of 25,000 YoY. The number of cancellations totaled 205,000, a decrease of 2,000 YoY.

Both new subscriptions and cancellations improved YoY. As a result, net new subscriptions decreased by 47,000, but improved by 26,000 YoY.

Net cumulative subscriptions totaled 2,513,000, a decrease of 94,000 YoY.

2023年度第1四半期決算 収支状況（連結）

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(単位:百万円)

	2022年度1Q		2023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	19,337	100.0%	18,314	100.0%	△1,022	94.7%
営業利益	1,297	6.7%	531	2.9%	△765	41.0%
経常利益	1,111	5.8%	732	4.0%	△379	65.8%
親会社株主に帰属する 四半期純利益	773	4.0%	451	2.5%	△321	58.4%

※それぞれ百万円未満は切り捨てております。

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Page seven shows the consolidated results.

Both revenue and income decreased YoY.

Revenue decreased by JPY1,022 million to JPY18,314 million, and ordinary income decreased by JPY379 million to JPY732 million.

As of Q1, each income exceeded the forecast figures for Q2, but this is mainly due to the impact of program cost deferral from period to period. There is no change in the plan as the costs are scheduled to be invested from Q2 onward.

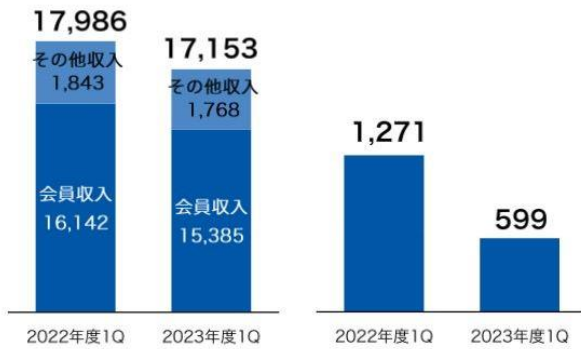
セグメント別連結売上高/営業利益対比

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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 95.4%	前年同期比 47.2%

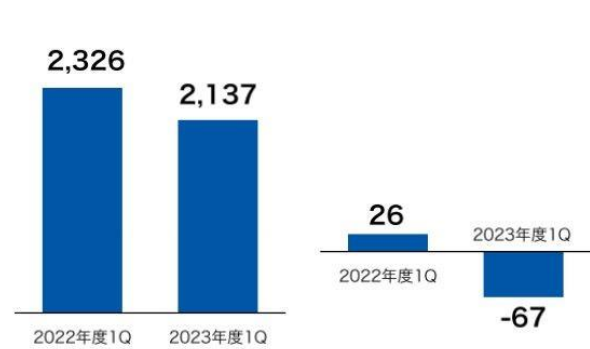


※それぞれ百万円未満は切り捨てております。
 ※各セグメントの金額は、セグメント間取引を含んでおります。

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 91.9%	前年同期比 -



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Page eight shows the situation by segment.

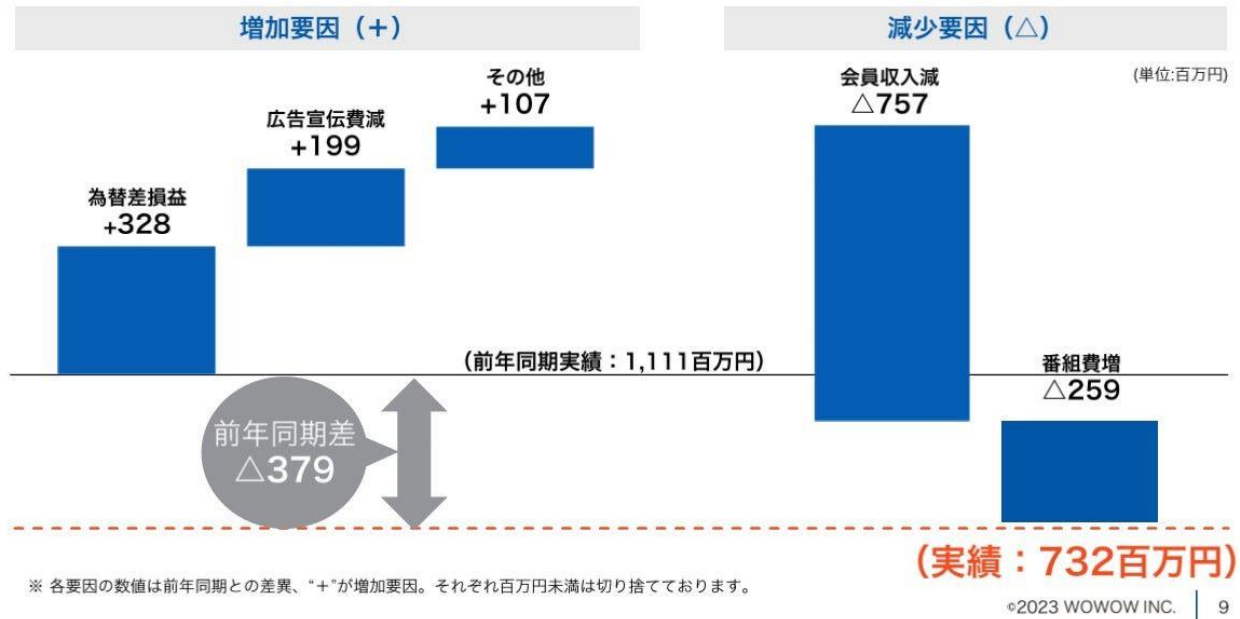
First is the media and content segment. Membership revenue, which is primarily from a viewing fee from customers, accounts for a large portion of revenue.

Revenue decreased by JPY833 million, mainly due to a JPY757 million decrease in membership revenue YoY. Operating income decreased by JPY671 million, mainly due to lower revenue.

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

Revenue decreased by JPY188 million YoY. This was mainly due to a decrease in telemarketing services from outside customers. Operating income decreased by JPY93 million due to a decrease in external revenue.

連結経常利益 前年同期との差異要因



Page nine shows the increase or decrease factors for consolidated ordinary income. The left portion is the increase factors for income, and the right portion is the decrease factors.

First, I will explain the increase factors.

Foreign exchange gains or losses improved by JPY328 million YoY. The sharp depreciation of the yen in Q1 of the previous fiscal year caused a valuation loss on foreign currency-denominated accounts payable that had already been recorded, resulting in a foreign exchange loss, whereas a foreign exchange gain was recorded in the current quarter.

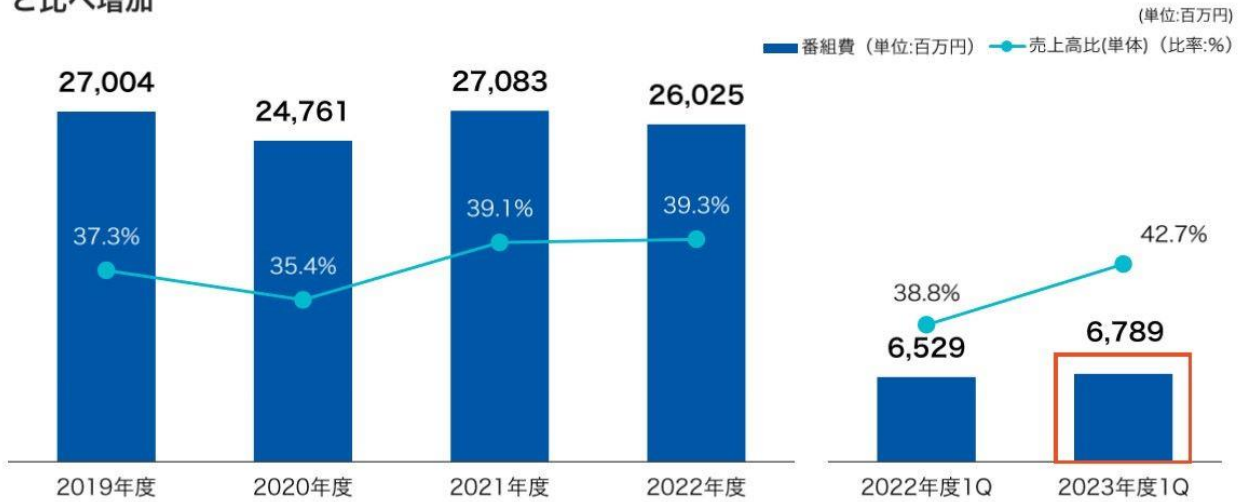
Advertising expenses decreased by JPY199 million YoY. This was mainly due to a decrease in TV commercials. Others were mainly due to a decrease in sales promotion expenses and other expenses.

Next is the decrease factors.

Membership revenue decreased by JPY757 million. Program costs increased by JPY259 million. Details are explained on the next page.

番組費の推移

ハリウッドメジャー映画のヒット作を多く放送・配信したことなどにより、番組費は前年同期と比べ増加



※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 10 shows the change in program costs.

In Q1 of the current fiscal year, program costs increased by JPY259 million YoY, mainly due to the broadcast and distribution of many Hollywood movie hits.

2023年度 加入計画 (2023年5月15日公表値)

WOWOW

(単位:千件)

	2022年度 実績	2023年度 計画	前期比較	
			前期差	前期比
新規加入件数	551	650	99	117.9%
解約件数	672	650	△22	96.7%
正味加入件数	△121	—	121	—
累計正味加入件数	2,560	2,560	—	100.0%

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Page 11 shows the FY2023 subscription plan.

Net new subscriptions are expected to come out even, and net cumulative subscriptions will be 2.56 million, unchanged from the figures announced in May.

As of Q1, net new subscriptions were minus 47,000, exceeding our plan, but we had expected a certain amount of cancellations in Q1 due to the termination of soccer and music content.

The new UEFA Champions League season starts in September, and we expect that customers who have cancelled their subscriptions will gradually return.

2023年度 収支計画(連結) (2023年5月15日公表値)

WOWOW

(単位:百万円)

	2022年度実績		2023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	77,101	100.0%	75,400	100.0%	△1,701	97.8%
営業利益	3,225	4.2%	1,800	2.4%	△1,425	55.8%
経常利益	3,547	4.6%	2,500	3.3%	△1,047	70.5%
親会社株主に帰属する 当期純利益	2,398	3.1%	1,600	2.1%	△798	66.7%

※番組費：単体の売上高比として約39.0%を見込む（2023年度 単体売上高予想：65,200百万円）
 ※想定為替レート：1ドル135円 ※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 income and expenditure plan for FY2023.

There is no change from the May figures.

Consolidated revenue is expected to decrease YoY, mainly due to a decrease in membership revenue, although we expect an increase in other income such as event business.

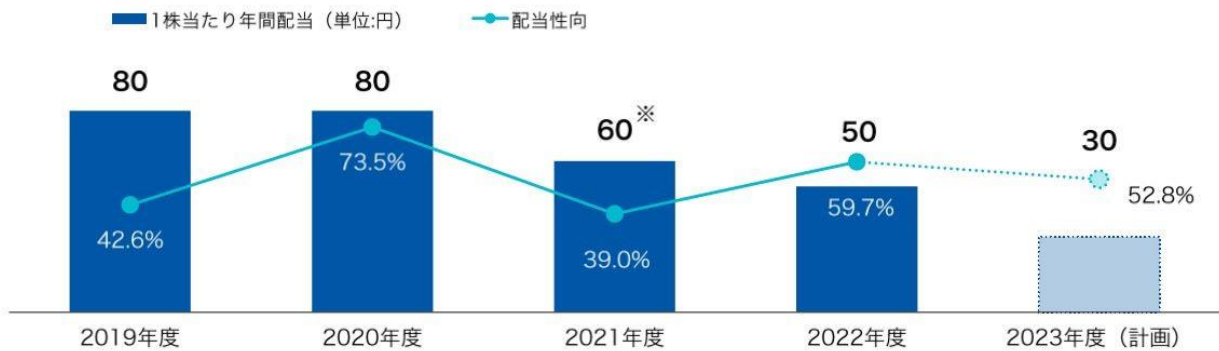
Ordinary income is expected to decrease YoY, mainly due to the impact of lower profits resulting from lower revenue.

2023年度 配当計画 (2023年5月15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



※ 普通配当50円+開局30周年記念配当10円

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Page 13 is the FY2023 dividend plan.

There has been no change from the May figures. We plan to pay a dividend of JPY30 per share.

In order to put the membership business back on track for growth from this fiscal year onward, we will strengthen our content, invest in systems to make the membership business more sophisticated, and invest in various new business development initiatives for growth. In order to move forward with various initiatives for future growth, we plan to reduce our dividend. We would appreciate your understanding.

That is all from me.

全米オープンテニス 錦織選手が出場予定

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第1四半期	第2四半期	第3四半期	第4四半期
 <p>全米オープンテニス</p> <p>8月28日(月)～9月11日(月) 連日生中継[第1日無料放送]</p>	 <p>欧州サッカー UEFA チャンピオンズリーグ 2023-24 シーズン</p> <p>9月20日(水)開幕 グループステージ～決勝まで WOWOWで独占放送・配信!</p>	 <p>欧州サッカー UEFA ヨーロッパリーグ 2023-24 シーズン</p> <p>9月22日(金)開幕 グループステージ～決勝まで 注目試合を生放送&ライブ配信</p>	

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Tashiro: I am Tashiro, in charge of content and creative management. I would like to explain the upcoming featured programs.

In this fiscal year, we have lined up unique content that attracts the world's attention in order to increase the number of opportunities for customers to become aware of WOWOW each quarter.

In the US Open tennis Championships, which will be broadcast live exclusively, Nishikori, who won the tournament of the Challenger category in Puerto Rico this June after a year and eight months absence, is scheduled to participate. This week, Nishikori is competing in the ATP 250 Atlanta Open, and today he won the second round and advanced to the quarterfinals. Expectations are high for his heroic performance in the US.

We also look forward to seeing Nishioka, who made it to the top 16 at this year's Australian and French Opens.

In addition, the UEFA Champions League and UEFA Europa League, in which a number of Japanese national team players are expected to participate, will be broadcast and distributed again this season.

This will be Kubo's first appearance in the Champions League. He belongs to Real Sociedad. In addition, Arsenal with Tomiyasu, and Celtic with Furuhashi and Daizen Maeda are all scheduled to participate. In the Europa League, Brighton with Mitoma and Freiburg with Doan are scheduled to participate.

A total of 11 Japanese players are scheduled to participate in the Champions League and Europa League.

SUMMER SONIC 2023を独占ライブ配信

WOWOW

 <p>独占ライブ配信! SUMMER SONIC 2023</p> <p>SONICMANIA 8月18日(金) SUMMER SONIC 2023 8月19日(土)、20日(日)</p> <p>日本を代表する都市型フェス、 SUMMER SONIC&SONICMANIAを オフィシャルTVのWOWOWが3日間、独占ライブ配信。</p> <p>※配信アーティストは後日発表いたします</p>	 <p>連続ドラマW フィクサー Season2</p> <p>7月9日(日)スタート (全5話)【第1話無料放送】</p>
<p>©SUMMER SONIC, All Copyrights Reserved.</p>	 <p>ラグビー テストマッチ 2023 サマー・ネーションズシリーズ</p> <p>7月29日(土)～8月28日(月)</p> <p>©2023 WOWOW INC.</p>

Please turn to page 16.

In the current fiscal year, WOWOW On-Demand is being strengthened. SUMMER SONIC, one of Japan's leading urban festivals, will be exclusively streamed live on WOWOW following last year.

Top artists from Japan and abroad will perform, including BLUR and Liam Gallagher from overseas, and [Alexandros] and YOASOBI from Japan.

In addition, the all-night festival SONICMANIA will be held on the eve of SUMMER SONIC, and WOWOW, the official TV station, will stream the hot stage live for three days from August 18 to 20. Please stay tuned.

That is all from me.

デジタルマーケティング施策の強化

- 「放送経由」と「配信経由」の2つの加入導線があったが、6月にWebサイトでの加入手続きをシンプル化
- お客さまが会員になるきっかけ作りに取り組むため、今期より、WOWOWオンデマンドに未ログインの状態でも、テニスや連続ドラマWなどのコンテンツを視聴できるといった施策を実施

会員メリット創出の取り組み

- 藤井フミヤのデビュー40周年コンサートツアーの「ライブ観覧&リハーサル見学ご招待」などを実施
- WOWOWの会員は、全国のユナイテッド・シネマでの映画鑑賞が割引になる施策を期間限定で展開

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Yokoyama: I am Yokoyama, in charge of media business. I will explain the marketing measures.

Please take a look at page 17. First, in June, we simplified the web-based subscription process to ensure a smooth process from arousing interest to completing the contract. As a strategy for the current fiscal year, we are also strengthening the area of digital marketing and working to make WOWOW's unique content known to as many people as possible.

For example, we have distributed highlights of soccer, tennis, golf, and other sports content through Google, and we have set up a free area on WOWOW On-Demand that does not require IDs, passwords, or log-ins. In addition, WOWOW On-Demand has offered sports content such as the French Open Tennis, Wimbledon Tennis, and the first and second days of the LPGA Tour, as well as free distribution of all episodes of season one in conjunction with the start of season two of drama series W Fixer. A very large number of people have viewed, which has led to an increase of new subscriptions.

We are also working on creating membership benefits for our members. For example, invitations to attend live performances and rehearsals of the live tours of TOHOSHINKI in June and Fumiya Fujii in July.

In addition, we invited customers to watch a training session of the Celtic FC Japan Tour and to act as escort kids. WOWOW continues to provide premium value that is unique to WOWOW and that cannot be seen or experienced in other ways.

Furthermore, we have partnered with UNITED CINEMAS to offer WOWOW members discounts on movies at UNITED CINEMAS nationwide for a limited time. That is all from me.

ディズニー・ブロードウェイ・ヒッツ feat.アラン・メンケン supported by ディズニー★JCBカード



日程：8月16日（水）～8月18日（金）
会場：東京国際フォーラム ホール A

劇場版 優しいスピッツ a secret session in Obihiro



スピッツによる帯広を舞台としたオリジナルライブ
番組に特別アフタートーク&メイキングが加わり
＜劇場版＞として全国劇場公開中

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Ihara: I am Ihara, in charge of business and entertainment development. I would like to explain our event and film business, as well as our investment performance.

Now, please turn to page 18. First, I will talk about initiatives in the event and film business to increase earnings.

Disney Broadway Hits feat. Alan Menken, which was scheduled to be held last July, will finally be held next month. Due to popular demand, all three performances are already sold out.

In addition, the original live program, YASASHII SPITZ A SECRET SESSION IN OBIHIRO, which was broadcast and distributed on WOWOW last year, has been reconstructed as a theater version and has been shown in movie theaters nationwide from June 2. As this is enormously well-received, the number of theaters has been expanded, and the films are still being shown in conjunction with SPITZ's live concert schedule, contributing to revenue.

投資実績について①

株式会社アルファコードと 資本業務提携



- VR/XRプラットフォームとして高い技術力とノウハウを持つアルファコードとの協業により、VR/XR市場に参入

ZAIKO PTE. LTD.と資本業務 提携および子会社であるZAIKO 株式会社と業務提携



- イベント、動画配信、eコマース、ファンクラブ、NFT※など幅広いプロダクトやサービスを持つZAIKOグループとの協業により、さまざまなサービスの提供を目指す

※NFT（非代替性トークン）

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Now please look at page 19.

In order to accelerate the creation of new revenue opportunities, the Company is pursuing investments in domestic and foreign companies and venture funds as a means of strengthening existing businesses and creating new businesses.

In July, the Company formed a capital and business alliance with Alpha Code Inc., which is engaged in the distribution platform business for VR/XR content based on 3D live-action video. We have entered the VR/XR market through collaboration with this company. We believe that the VR/XR market is a promising market that is expected to grow remarkably in the future due to the wide range of expression methods available in content creation and the evolution of head-mounted displays and other devices.

In addition, we entered into a capital and business alliance with ZAIKO PTE. Ltd., which operates in the areas of online live and fan engagement.

Through the collaboration between our company, which provides a wide range of live entertainment such as music, stage performances, and sports, and the ZAIKO Group, which has a wide range of products and services such as events, video distribution, e-commerce, fan clubs, and NFT, we will provide not only live distribution events but also a variety of services to connect creators, artists, and athletes with their fans.

On July 26, MR. BIG's performance at Nippon Budokan was broadcast live on our company, and at the same time, we used ZAIKO's platform to distribute the same performance.

株式会社PLAYと合併会社を設立



- 株式会社PLAYと共同出資により「株式会社WOWOWクロスプレイ」を6月に設立 (PLAY 51.0%、WOWOW 49.0%)

株式会社サムライインキュベートが組成したファンドにLP出資※

名称	Samurai Incubate Fund 7号 投資事業有限責任組合
ファンド規模	5,000百万円 (目標)
投資対象国	日本、一部海外
投資対象領域	エンターテインメントからIT、素材・化学、ヘルスケアまで幅広く対象
運用会社	株式会社サムライインキュベート
運用期間	10年

※LP出資：有限責任組合員の立場で投資事業有限責任組合へ出資すること

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Now, please move on to page 20.

Jointly with PLAY, inc., which entered into a capital and business alliance in March 2023, WOWOW CROSS PLAY, Inc. was established in June. Through the establishment of this joint venture, the two groups will integrate their resources to promote DX in broadcasting and create new value in content distribution.

We also made an LP investment in a fund formed by SAMURAI INCUBATE INC. By investing in this fund, which has affinity with the entertainment domain, we aim to develop collaborative partners that will contribute to the Group's medium- to long-term growth and to acquire investment knowledge.

Through the implementation of these investments, WOWOW will be able to achieve the worldview of WOWOW set forth in the medium-term management plan: "Liking the content even more, enjoying every day even more, and living an even richer life".

This concludes our explanation. Thank you very much.

Question & Answer

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

We will now take your questions.

Questioner A [Q]: Thank you for taking my question. Thank you for your briefing. I have two questions.

First, I would like to know about the Q1 results. You explained that there was a slight deviation in the actual results due to the impact of the program cost deferral.

Please let me know what else, if any, was different from your company's expectations or different in the landing area. This is the first question.

Yamamoto [A]: I will answer your question. In Q1, profits exceeded the plan mainly due to the impact of the postponement of music projects, but we plan to invest the costs from Q2 onward. Although we have been spending more on programs than in the same period of the previous fiscal year, we do not dare to overspend on programs, as we plan to proceed as budgeted for the year as a whole. We believe that we are on schedule. That is all.

Questioner A [Q]: Thank you very much. In addition, I would like to know about the outlook for my second question. Looking at the plan, it seems to me that Q2 will probably be in the red and then the performance will improve significantly in H2. You have explained a little about this, but I would like you to explain the background to this deficit and what assumptions you are making about the driving force behind your performance in H2 and beyond. Thank you.

Yamamoto [A]: I will explain our plans for the current fiscal year, divided into H1 and H2. Although membership revenue is expected to decrease this fiscal year, we plan to record a large project in "other business income" in H2. In terms of profit, expenses are expected to be higher in H1 than in H2, mainly due to the broadcasting and distribution of music concerts by major artists and major original dramas. Although there were some delays, progress has been in line with the original plan.

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

Moderator [M]: Thank you very much. Does anyone have any other questions? Since there seem to be no questions, we will close here.

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

Tanaka [M]: Once again, thank you for your participation. Today, in addition to future content and marketing initiatives, we also reported on investments for new business development.

In broadcasting and distribution, which are the pillars of our business, we will continue to make every effort to achieve a net change of zero in the number of subscribers at the end of the fiscal year, and we will also continue to make aggressive business investments as I

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explained today, aiming to improve customer satisfaction and diversify our revenue sources. We appreciate your continued support.

Thank you for joining us today.

Moderator [M]: This concludes the briefing of financial results for Q1 FY2023. Thank you very much for your participation today.

[END]