

FY2022 Earnings Announcement

Event Summary

Date : May 15, 2023 16:30-17:30

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
Seiichi Yokoyama Executive Officer

Presentation

Moderator: Now that we are at the appointed time, I would like to start the briefing on the financial results of WOWOW INC. for fiscal year 2022. 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 also refer to the materials used in the presentation, which are posted on the financial results presentation materials page of our IR website.

After our presentation, we will be happy to answer any questions you may have. Please use the raise your hand function at the bottom of the screen. In turn, we will send you an unmute request from here, so please ask your questions on the microphone after unmuting.

I would now like to introduce the attendees for today's meeting. Akira Tanaka, Representative Director, President and CEO. Hitoshi Yamamoto, Board Director, Managing Executive Officer. Hideki Tashiro, Board Director, Managing Executive Officer. Junichi Onoue, Board Director, Executive Officer. Also, Mr. Seiichi Yokoyama, Executive Officer in charge of media business, will join the meeting. These are the attendees for today.

Mr. Tanaka will begin by presenting the financial highlights for FY2022. Thank you, President Tanaka.

コロナ禍を契機に市場や顧客などの外部環境が大きく変化するなか、
当社は苦戦が続く

市場や顧客などの外部環境

- 動画配信サービスの台頭によるコンテンツおよび会員獲得競争の激化
- 動画配信業界で合従連衡の動きが活発に
- コンテンツやサービスに対するユーザーのニーズ変化の加速

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Tanaka: My name is Tanaka. Thank you very much for attending today's financial results meeting.

Please see page three of the slide.

As noted here, the Company continues to struggle in the midst of major market and lifestyle changes triggered by the coronavirus disaster.

Before I present the financial highlights, I would like to discuss our current perception of WOWOW INC.'s competitive environment.

One of the main reasons, needless to say, is the rise of video distribution services, which has intensified competition to acquire content and members. In particular, the battle for the rights to major sports content is fierce, and sports that WOWOW has been working on are being transferred to other services.

The second is the merging of the video distribution industry. As you know, U-NEXT has integrated Paravi. In addition, business alliances among companies are actively underway, as DAZN has linked its products with DMM. In this context, NTT DOCOMO has launched a new service. In this small Japanese market, there are more than 10 services in disarray, and there are signs of further business collaboration and mergers and acquisitions. Moreover, low-cost competition continues in Japan that seems to disregard the profitability of the domestic business. The power structure a year from now may be quite different from what it is today. I must say that it is chaotic and extremely fluid. I am aware that WOWOW also has a place among them.

Third is the speed at which user needs change. The variety of styles in which users enjoy content no longer goes back to pre-coronavirus days. Some users move daily through the

WOWOW

online world in search of new, exciting, and original content. And the speed is accelerating. In addition to that, we have no idea how the evolution of technologies such as generative AI will affect users' choice of services and our creative world. In an extremely fluid competitive environment, we believe it is of utmost importance to maintain and enhance WOWOW's unique value.

We will talk about this later.

2022年度決算 ハイライト①

加入

- 「UEFAチャンピオンズリーグ」やNCT 127、東方神起などの音楽ライブ、初のハリウッドとの日米共同制作ドラマ「TOKYO VICE」等のコンテンツが新規加入を獲得
- WOWOWオンデマンドの大幅な刷新やTV対応デバイス拡張等を実施
- しかしながら、配信サービスとの競争激化等により、結果として、正味加入件数は4期連続の純減に

	2021年度	2022年度	前期差	前期比
新規加入件数	612	551	△60	90.1%
解約件数	723	672	△51	93.0%
正味加入件数	△111	△121	△10	—
累計正味加入件数	2,680	2,560	△121	95.5%

(単位:千件)

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Next page. From here, I would like to present the financial highlights for FY2022.

In FY2022, in addition to enhanced exclusivity in sports and live music, broadcasting and distribution of major original content such as *TOKYO VICE*, our first Japan-US co-production with Hollywood, led to the acquisition of gross new subscribers.

In addition, in order to increase customer usage and contact time, WOWOW On Demand has greatly expanded its content, and in July 2022, WOWOW On-Demand implemented UI/UX improvements.

However, due to the trend of changes in the external environment that I mentioned earlier, the result was a large net decrease in net subscriptions for the fourth consecutive fiscal year.

2022年度決算 ハイライト②

収支（連結）

- 売上高は前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、番組費が減少したものの、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)

	2021年度	2022年度	前期差	前期比
売上高	79,657	77,101	△2,556	96.8%
経常利益	5,349	3,547	△1,801	66.3%

※それぞれ百万円未満は切り捨てております。

株主還元

- 1株当たり期末配当金は50円※（予定）
- 自己株式の取得を実施（当社普通株式600,000株。発行済株式総数（自己株式を除く）に対する割合2.09%）

※ 2022年度の期末配当は、2023年5月19日に開催の当社取締役会に付議予定

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Page five, please. Income and expenditure highlights.

Net sales decreased compared to the previous fiscal year, mainly due to a decline in membership revenue. Ordinary income decreased despite a decrease in program cost, mainly due to the impact of lower profits from lower sales.

Next is shareholder return. The year-end dividend per share is planned to be JPY50 as initially forecasted. The matter is scheduled to be discussed at the Company's Board of Directors meeting to be held on May 19. In addition, the Company repurchased 600,000 shares of its common stock on February 27.

Mr. Onoue, Board Director, Executive Officer, will now explain the details of the figures.

2022年度決算 加入状況

(単位:千件)

	2021年度	2022年度	前期比較	
			前期差	前期比
新規加入件数	612	551	△60	90.1%
解約件数	723	672	△51	93.0%
正味加入件数	△111	△121	△10	—
累計正味加入件数	2,680	2,560	△121	95.5%
内) 複数契約*1	379	357	△22	94.1%
内) 宿泊施設契約*2	77	81	4	105.0%

※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, Board Director, Executive Officer. I will explain until the FY2023 dividend plan on page 16.

First, page seven, subscription status.

In FY2022, the number of gross new subscriptions was 551,000, a decrease of 60,000 from the previous fiscal year, and the number of cancellations was 672,000, a decrease of 51,000.

Both the number of new subscriptions and cancellations decreased, mainly due to the impact of the UEFA European Football Championship TM broadcast and distributed in the previous fiscal year.

As a result, net new subscriptions decreased by 121,000, a net decrease of 10,000 from the previous year.

Net cumulative subscriptions totaled 2.56 million, a decrease of 121,000 from the previous year.

2022年度決算 収支状況（連結）

(単位:百万円)

	2021年度		2022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	79,657	100.0%	77,101	100.0%	△2,556	96.8%
営業利益	5,268	6.6%	3,225	4.2%	△2,043	61.2%
経常利益	5,349	6.7%	3,547	4.6%	△1,801	66.3%
親会社株主に帰属する 当期純利益	4,239	5.3%	2,398	3.1%	△1,841	56.6%

※それぞれ百万円未満は切り捨てております。

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Page 8 shows the consolidated income and expenses.

Compared to the previous fiscal year, both sales and profits decreased.

Net sales decreased by JPY2,556 million to JPY77,101 million, and ordinary income decreased by JPY1,801 million to JPY3,547 million.

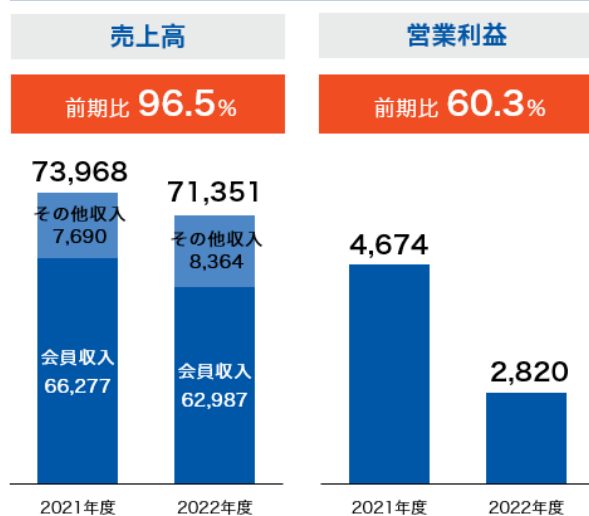
Factors for the difference are explained on the next page and thereafter.

セグメント別連結売上高/営業利益対比

WOWOW

メディア・コンテンツ

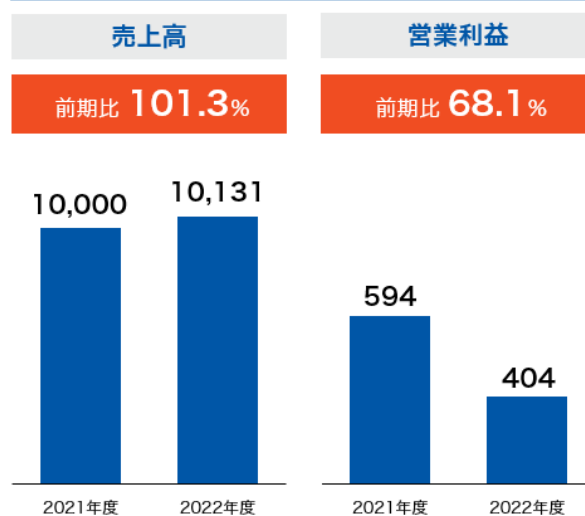
(単位:百万円)



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

テレマーケティング

(単位:百万円)



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Page 9, sales by segment.

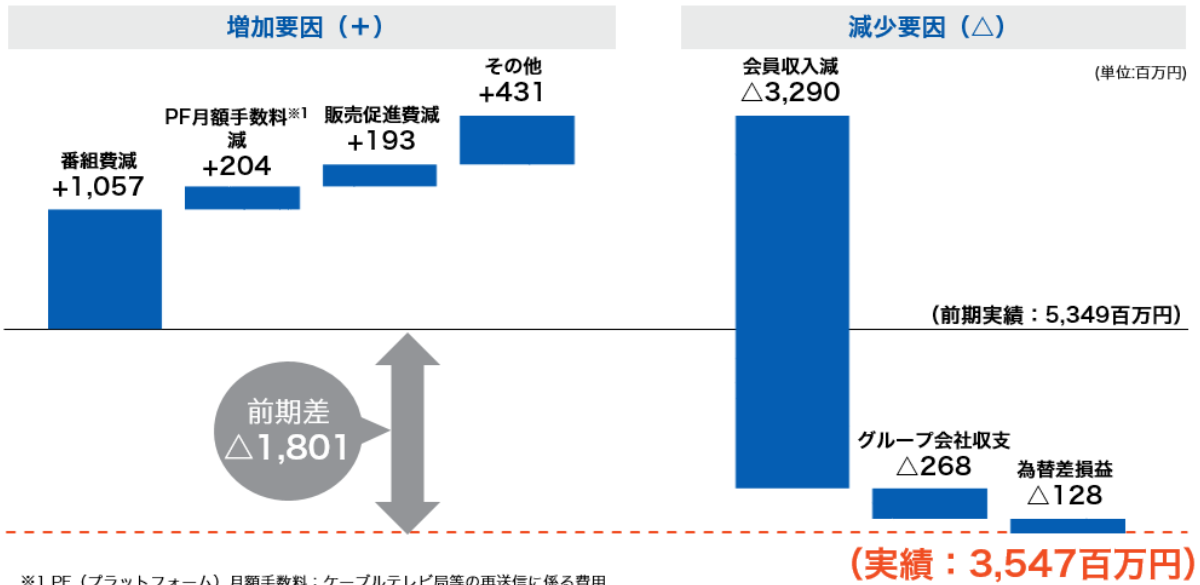
First is the media content segment. Membership revenue, which is primarily a viewing fee from customers, accounts for a large portion of sales.

Net sales decreased by JPY2,616 million, mainly due to a JPY3,290 million decrease in membership revenue from the previous year, despite an increase in other income due to strong performance in the event and other businesses. Operating income decreased by JPY1,853 million, despite a decrease in program cost, mainly due to lower sales.

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

Net sales increased by JPY131 million from the previous year, mainly due to an increase in external sales. Operating income decreased by JPY189 million, mainly due to initial costs incurred for new orders from external customers.

連結経常利益 前期との差異要因



※1 PF (プラットフォーム) 月額手数料: ケーブルテレビ局等の再送信に係る費用
 ※2 各要因の数値は前期との差異、"+"が増加要因。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 highlights the variance factors for consolidated ordinary income.

The left-hand side shows the factors increasing profit and the right-hand side shows the factors decreasing profit.

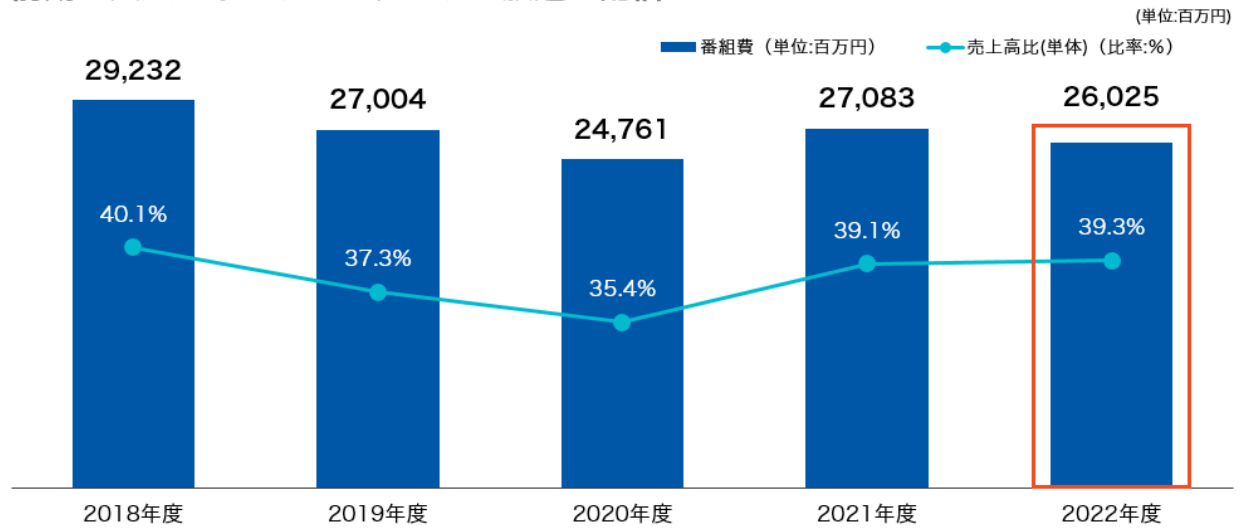
The first factor is the increase. Program cost decreased by JPY1,057 million. Details are explained on the next page.

In addition, monthly platform Fees and merchandising expenses decreased due to a decrease in subscribers. The other category is mainly due to a decrease in program guide costs due to a decline in subscribers.

The next factor is the decline. Membership revenue decreased by JPY3.29 billion. Income and expenditure of group companies decreased by JPY268 million due to the prior investment of expenses compared to the previous year. In addition, exchange rate income/loss decreased by JPY128 million compared to the previous period.

番組費の推移

前期は大型スポーツコンテンツを放送・配信



※数値はすべて単体
※それぞれ百万円未満は切り捨てております。

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Page 11 shows the program cost.

Programming cost decreased by JPY1,057 million from the previous fiscal year, mainly due to the absence of the UEFA EURO European Football Championship TM and the broadcast and distribution of a major original drama commemorating the station's 30th anniversary, which was the case in the previous fiscal year.

2023年度 加入計画

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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We will continue with our business plan for FY2023. I will begin by explaining the numbers in the business plan.

Page 13, the 2023 subscription plan.

Our subscription plan for FY2023 is 650,000 gross new subscriptions and cancellations, plus or minus zero net new subscriptions, for a cumulative total of 2.56 million net subscriptions.

We aim to improve net new subscriptions compared to the previous fiscal year through marketing reforms and efforts to strengthen content, as I will explain later, and to improve churn through closer communication with customers using member IDs as keys, and by strengthening efforts to reflect customer feedback in our content and services.

Details of the FY2023 initiatives are explained on page 17 and beyond.

2023年度 収支計画(連結)

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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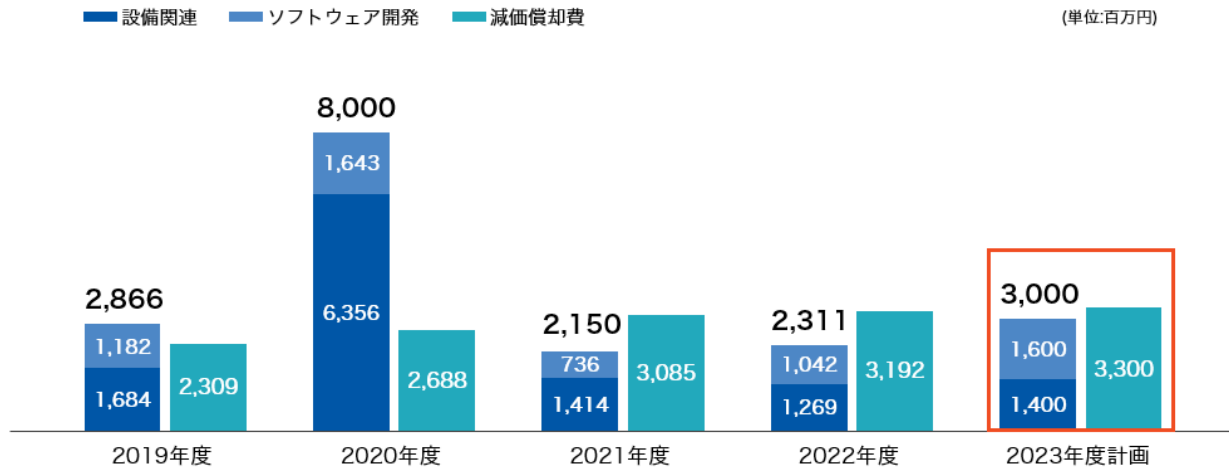
Page 14, the revenue and expenditure plan for 2023.

For FY2023, we expect a decrease in revenue and profit. Consolidated net sales are expected to decrease from the previous year due to a decline in membership revenue, although other income such as event business is expected to increase.

Ordinary income is expected to decrease from the previous year due to the impact of lower profits resulting from lower sales and other factors, despite a decrease in program cost.

2023年度 投資計画（単体）

2022年度は主に放送・配信設備、顧客管理システムの改修等に投資を実施。2023年度は主に放送・配信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。

Page 15, our investment plan for 2023.

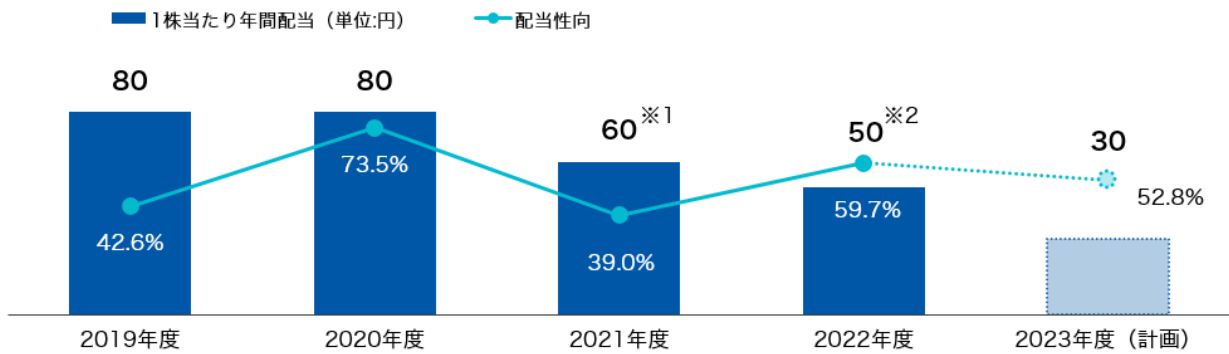
In FY2022, the Company invested mainly in broadcasting and distribution facilities and in the renovation of customer management systems. Planned investment for FY2023 is JPY3 billion. The Company plans to invest in broadcasting and distribution facilities and content management systems.

2023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



※1 普通配当50円+開局30周年記念配当10円

※2 2022年度期末配当は、2023年5月19日に開催の当社取締役会に付議予定

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Page 16, the 2023 dividend plan.

The Company's dividend policy is to aim for continuous stable dividends while enhancing internal reserves, taking into consideration the Company's performance for each fiscal year, financial strength, and medium- to long-term business strategies. To put the membership business back on a growth trajectory from this fiscal year onward, the Company should strengthen its content and invest in systems to enhance the sophistication of the membership business.

In addition, as we will explain later, we plan to pay a dividend of JPY30 per share in FY2023, JPY20 less than in the previous year, in order to promote various initiatives for future growth, including investments in various new business developments for growth. Thank you for your understanding.

That concludes my explanation.

Moderator: Next, the directors in charge will explain the details of the business plan for fiscal year 2023.

First of all, President Tanaka, please address the policies of the business plan.

外部環境の変化



2023年度 事業計画の方針

1. 「会員ファースト」

2. 「独自性の追求」

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Tanaka: Yes. This is page 17 of the presentation material.

From this point on, we will explain our strategies and other matters to achieve the plan for FY2023.

As I mentioned at the outset, the business environment is chaotic and extremely fluid. Earlier, I mentioned that the most important thing is to maintain and enhance WOWOW's unique value. Unique value is simply two things. We have 2.5 million members who love the quality content we select and the 2.5 million members who love that content and pay more for it than any other service.

The policies of our business plan for FY2023 are "Members First" and "Pursuit of Uniqueness". It is an obvious policy, but we believe it is an important weapon in a fluid business environment.

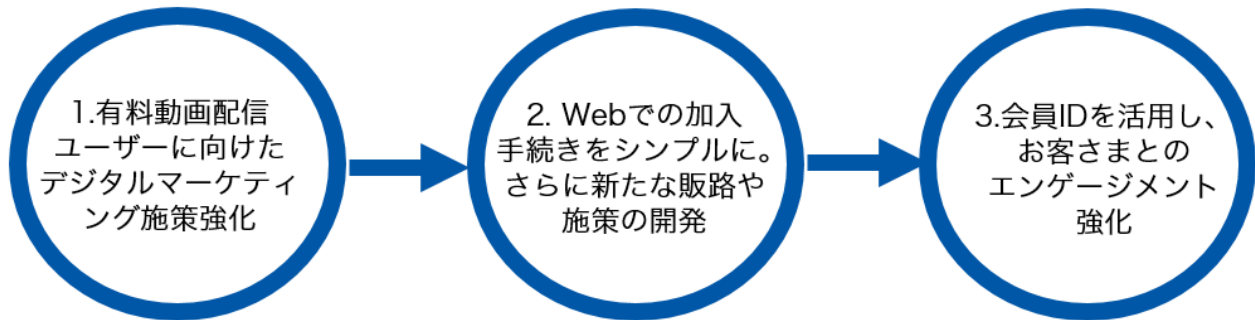
First, we must restore the foundation of our media services by expanding our content and pursuing our originality. And not just viewing, but creating value in addition to viewing, providing customers with more than JPY2,300 per month in value and creating a revenue base. To this end, we will undertake marketing reforms, including a shift to communication through member IDs.

In addition, we will invest in the development of new businesses to diversify our revenue sources.

The executive officer in charge will explain the details. Mr. Yokoyama, the Media Business Supervisor, who has been in charge since April.

1. 「メディア・コンテンツ」セグメントの事業基盤回復①

Webでの加入手続きをシンプルにすることや、会員IDを活用してお客さまとのコミュニケーションを強化



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Yokoyama: My name is Yokoyama, who assumed the position of Executive Officer in April and is in charge of media business management. Thank you. See page 18.

On the marketing side, as I mentioned earlier, we are working on three reforms to hasten the shift to communication centered on member IDs.

The first is a major shift toward digital marketing and SNS measures aimed at paid video distribution users to increase awareness of WOWOW On-Demand.

Second, we will develop new sales channels, measures, and this one in order to increase the number of contacts to subscribe to WOWOW. Last year, WOWOW subscription became available from Amazon Fire TV, and we also expanded the number of TV-compatible devices for WOWOW On-Demand, etc. We will work on developing new sales channels and measures in the same way this year. Furthermore, during H1 of the fiscal year, we will simplify the subscription process on the web to make the process from arousing interest to completing the contract smoother. Through this measure, we expect that more than 70% of new subscribers will obtain a member ID.

Third, based on the member IDs of actual subscribers, we will personalize our communications and strengthen our efforts to better reflect customer feedback in our content and services.

By implementing these marketing reforms, the Company aims to break away from the trend of a net decrease in net subscriptions.

That concludes my explanation.

Moderator: Next, Mr. Tashiro, who is in charge of contents and creative management, will give an explanation. Director Tashiro, thank you.

1 WOWOWオンデマンドのコンテンツを充実

- 映画・アニメなど新旧問わずお客さまの日常利用されるコンテンツ、スポーツ、音楽コンテンツの充実。特にアニメは選び抜かれた新作・旧作を常時50タイトル強を配信
- 他社配信サービスと比べて差別化を図れるスポーツ、音楽、オリジナルドラマを強化
(例：LPGA女子ゴルフツアーにおいて、「日本人選手専用カメラ」映像を配信)

2 注目を集める「独自コンテンツ」を四半期ごとにラインナップ

- 「連続ドラマW フィクサー」は2023年度内に3シーズン展開する大型シリーズ
- アーティストと長期間で取り組む音楽企画
- 複数年にわたり、映画とドラマが連動した大型企画

Tashiro: Yes. I am Tashiro, in charge of contents and creative.

Please see page 19.

We will explain the reforms in the content.

In fiscal year 2023, in addition to enhancing the content of WOWOW On-Demand, we will add unique content that attracts the world's attention to our lineup on a quarterly basis. In addition to expanding content that leads to daily use, such as animations like *Kimetsu no Yaiba* and *Jujutsu Kaisen*, we will also strengthen music and dramas that differentiate us from other distribution services.

In addition, in order to further enhance the uniqueness of our sports, we will continue to distribute camera footage exclusively for Japanese players on the LPGA(Ladies Professional Golf Association) Tour.

And in order to increase the opportunities for customers to become aware of WOWOW, we will line up unique contents that will attract the world's attention. For these contents, we aim to create a virtuous cycle by focusing on promotions and customer satisfaction measures to increase contact with customers, which will lead to awareness, recognition, and use of other contents.

1. 「メディア・コンテンツ」セグメントの事業基盤回復③

テレビアニメ「鬼滅の刃」刀鍛冶の里編




配信中

選び抜かれた新作アニメ等を常時50タイトル強を配信予定

©鬼滅の刃製作委員会/集英社、アニメーション制作：ufotable

欧州サッカー UEFAチャンピオンズリーグ



準決勝 1st leg 5月10日(水)、11日(木)
2nd leg 5月17日(水)、18日(木)
決勝 6月11日(日)

Catly Images

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Next, page 20.

In particular, more than 50 titles of selected new and old animation are available at any given time. By enhancing the attractiveness of WOWOW On Demand, we will promote customer use and lead to continued subscription.



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Continuing on page 21.

Drama series *W Fixer*, which started in April, is an original drama by screenwriter Yumiko Inoue, starring Toshiaki Karasawa, and has been well received. It will be developed as a large-scale series spanning three seasons.

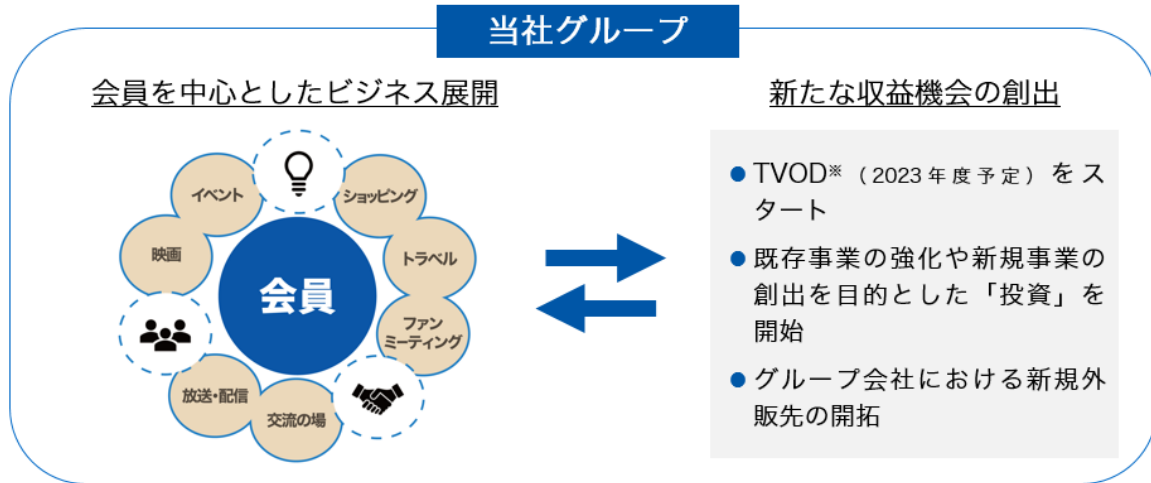
We also plan to work with artists on long-term music projects, and on large-scale projects such as multi-year film and drama productions.

In any case, what is important is to demonstrate creativity that is unique to WOWOW and unrivaled by other companies.

Moderator: Next, Mr. Yamamoto, Corporate Strategy Supervisor, will give an explanation. Director Yamamoto, thank you.

2. 収益拡大：新たな収益機会の創出

会員を中心としたビジネス展開に加え、新たな収益機会を創出



※ Transactional Video On Demand (視聴レンタル制の都度課金型動画配信)

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Yamamoto: I am Yamamoto, Corporate Strategy Supervisor.

Please see page 22.

As Tanaka explained earlier, our policy for FY2023 is "Members First". There is no change in the concept of the medium-term management plan announced two years ago, but we have shifted from a content-centered approach to a member-centered approach to business development.

Furthermore, in this fiscal year, we will work to expand earnings by creating new revenue opportunities. For example, in order to create value-added content experiences, in FY2023 we will launch a new TVOD service and further strengthen external sales by group companies.

And as announced at the end of March, in order to accelerate these efforts, we have begun investing in domestic and foreign companies, venture companies, and venture funds as a means of strengthening existing businesses and creating new businesses. The details are explained on the next page and beyond.

Amid the drastically changing environment surrounding the entertainment industry, we believe it is necessary to utilize and incorporate external resources, such as human resources and technology, in addition to internal resources, in order to achieve the vision of the mid-term business plan.

2.収益拡大：エンターテインメントを軸とした幅広い領域への投資を実行

既存事業の強化や新規事業創出等を目的に、国内外の企業やベンチャーファンド等を対象とした投資を2023年3月より開始

<p>1.投資対象</p>	<ul style="list-style-type: none"> ・動画配信関連ビジネスを手掛ける企業 ・ファンコミュニティ事業を手掛ける企業 ・映像にとどまらない次世代のデジタルエンターテインメント企業 ・シニア層の健康や生活をサポートする製品やサービスを手掛ける企業
<p>2.投資形態</p>	<ul style="list-style-type: none"> ・当社からの直接投資 ・ベンチャー企業を対象としたファンドへの出資

Please see page 23.

The investment targets include companies mainly involved in video distribution-related businesses and fan community businesses, as well as next-generation digital entertainment companies that are not limited to video, and companies that provide services for seniors.

These investments will be made based on cash flow from existing operations and cash on hand.

2. 収益拡大：投資実績

投資実績	投資形態	概要
1. 株式会社PLAY	資本業務提携	<ul style="list-style-type: none"> ・ 事業概要：動画ソリューション事業 (2022年7月に実施したWOWOWオンデマンドのリニューアルをはじめ、国内大手の動画配信サービスを多く支援)
2. ファンド 「DIMENSION2号投資 事業有限責任組合」	LP出資※	<ul style="list-style-type: none"> ・ ファンド規模：10,150百万円 ・ 投資対象領域：デジタル、DX、ヘルスケア（バイオを除く）、Deep Tech

※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

Next, page 24. Finally, we would like to present our investment performance. PLAY, inc. supports many of Japan's leading video distribution services, including the renewal of WOWOW On-Demand in July 2022. This capital and business alliance will strengthen the cooperative relationship with PLAY, inc. and will speed up the development of the distribution business and improve the efficiency of its operation. In addition, we invested LP-financed in a fund established by DIMENSION, Inc., Inc. DIMENSION No.2 Fund has a number of listed entrepreneurs among its investors and has a route to develop new projects through introductions. These deals were handled by the new business development office, a department established last year. About a year after its establishment, sourcing of projects became clear as an important issue. In order to solve this sourcing issue, we have decided to develop a cooperative partner by investing in a fund that has an affinity with our investment area. That concludes my explanation.

Question & Answer

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

We would like to reiterate our instructions on how to ask a question from Zoom. If you have any questions, please press the raise your hand button on your screen to ask your question. We will unmute you in turn, so please turn on the microphone and say your company name and your name before asking your question.

Now, I will take your questions. Are there any questions?

Well, please begin.

Questioner A: Thank you. I have several questions, and I would like to ask them in a question-and-answer format.

My first question is: I heard that you are going to make marketing reforms in order to stop the trend of net decrease in subscribers. As President Tanaka explained at the beginning of this presentation, the competitive environment is becoming more and more intense, and we feel that simply strengthening your existing sales promotion activities may not be enough.

I would like to ask you once again, to the extent possible, in detail about the measures that will serve as an engine for your company to halt this net downward trend. Thank you. First point.

Tanaka: Yes. Since this is a question-and-answer session, Yokoyama, who is in charge of media business, will answer.

Yokoyama: Yes. This is Yokoyama who oversees our media business. I will answer your question.

As I explained earlier, we are still lacking in digital marketing and social networking services. We will be working hard this year to strengthen these areas.

We have been talking about member IDs for a while now, but until now it has been a little difficult to understand the subscription procedures for broadcasting and distribution on the website. We will make it one entry point to simplify the procedure.

This would reduce the number of points at which customers were leaving, so basically, we would have them join there, and furthermore, we would make sure that they acquire a membership ID there. By acquiring this certificate, we will be able to better understand the needs of our customers, which will make it easier for us to recommend services and content that are suited to our customers and to communicate with them in a way that brings us closer to them.

By doing so, I believe that we can change our content and services to better meet the needs of our customers, and thus make our services more appreciated by them. That is all.

WOWOW

Questioner A: I understand that there were some aspects of the subscription process that were difficult to understand in the past. What exactly were the challenges?

Yokoyama: As I mentioned earlier, there were two separate entry points for subscription: broadcasting and distribution on the website. For customers, it was an entrance that made them wonder which way they wanted to enter, and which way they should enter. It will become one during H1 of the year. With a single point of entry, customers will be able to easily go through the process of subscribing, finalizing the contract, and watching the video without hesitation. I hope these answers will help you understand.

Questioner A: I understand. Thank you very much.

Yokoyama: Yes, thank you.

Questioner A: Thank you very much. This will be my second question.

You mentioned that you will actively promote investment in domestic and foreign companies and funds, which you have already done. You mentioned that the investment targets include digital entertainment companies that are not limited to video, as well as companies that provide services to support the health and wellness of senior citizens.

Simply put, I wonder if you are trying to realize services that WOWOW has not been involved in before through investments in companies and funds like this, and to make them a new source of revenue. What kind of services are you planning to realize by partnering with these non-entertainment digital companies and other companies that provide services for seniors? Second point.

Tanaka: This will be explained by Yamamoto, who is in charge.

Yamamoto: Yes. Thank you for your question, Hasegawa.

Since its inception, WOWOW has always been a member-oriented business in terms of viewing. It has been a membership business, meaning that we receive a monthly viewing fee from our members. However, in the midst of such digital development, we would like to step forward to monetize and generate revenue by providing newer services to WOWOW's 2.55 million members. This is why we have decided to invest aggressively.

The core of WOWOW is still entertainment content, but in the age of Web3 and the emergence of various new ideas in digital entertainment, we believe that by partnering with such ventures, we can provide entertainment content other than the viewing experience to our customers.

Also, WOWOW subscribers are seniors, and many of them are customers who enjoy paying for entertainment in content. By providing new value-added services and entertainment to these customers, WOWOW will be able to expand the possibilities for them to use our services for seniors. We would like to actively explore investment targets, including research.

The base is on the membership and member business. I mentioned earlier that we will change the focus from contents to members, and that we will develop our business by

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doing so. We hope you will understand that we have put that meaning here. That is all.

Questioner A: I understand. Thank you very much.

Are the specifics of the new service still undecided, as it depends on the type of company you are going to work with?

Yamamoto: Yes. To be determined.

Questioner A: Yes, I understand. Thank you very much. Next, third and final question. This will be my last question.

As you explained, the media industry is also making moves to utilize generative AI. For example, Netflix created a film using generative AI and released it in January of this year. If you have any thoughts on how you intend to utilize generative AI in your company, please let us know. Thank you.

Tanaka: Yes. I will answer this. We are aware that the trend of AI generation will have a huge impact.

There are two aspects. One is the impact on the day-to-day development of the business, and the other is how to utilize this impact to increase productivity. I think the practical talk will be about how to achieve this while putting more emphasis on that and ensuring security.

The other thing is, as you have just mentioned Netflix, we are in the business of creativity and entertainment. In its creative stage, we are in an era where this generative AI can, simply put, easily create the plot of a drama project. It is an environment where ideas that would take a human being days to come up can come up in about 30 seconds. I think this will have a great deal to do with the selection of projects and how they are created in this context.

And the past data on which they are based, i.e. copyright issues, etc., are no longer inseparable. Therefore, with regard to creativity, we would like to take a very careful look at the situation, or rather, be cautious, and think things through with our own minds. I don't think it is the correct answer, though, because it is a world without answers. That is all.

Questioner A: Yes, I understand. That is all the questions I have for you. Thank you very much.

Questioner B: With regard to the company plan that you have announced, can you give us a breakdown of the reasons for the increase or decrease, if any? That's all from me.

Tanaka: Okay, Mr. Onoue will answer your question.

Onoue: As I explained, we are planning a decrease in sales and profit for FY2023. As for the decrease in revenue, net subscriptions are plus or minus zero, which means that the net cumulative subscriptions will remain the same as the FY2022 figure but will increase or decrease over the course of this period. In this sense, the total membership income for FY2023 is lower than in the previous year, and the main reason for this is the decrease in profit.

WOWOW

On the other hand, some of the group companies' profits from sales in the previous fiscal year are not expected to reach the level of this fiscal year, resulting in a partial decrease in sales and profits.

On the other hand, we are aiming for consolidated ordinary income of JPY2.5 billion by making appropriate investments in programming and marketing costs, depending on the situation. That is all.

Questioner B: Thank you very much.

Moderator: Thank you very much for your question, Mr. Abe. Do you have any other questions?

Since there seem to be no questions, we will close here.

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

Tanaka: Thank you all for attending the financial results briefing. We did not use ChatGPT for today's briefing, and we held the meeting in a handmade, not efficient manner.

We have appointed three young executive officers since this April. Yokoyama is one of them. Yokoyama is someone who, until March, worked as a director on the front lines of marketing for Paravi, which has now merged with U-NEXT. Yokoyama and three other young executive officers have joined us, and all three are bringing a new breeze to the Company.

In order to overcome the current difficult business environment, I believe it is very important to appoint such young and diverse human resources. We intend to continue to recruit and appoint diverse human resources and promote and appoint them as employees or Board members in order to overcome the difficult-to-understand fluid environment ahead.

We look forward to your continued support this year. Thank you. Thank you very much.

Moderator: With that, we will conclude the financial results briefing session for fiscal year 2022. Thank you very much for your participation today.

[END]